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Financial Results Presentation for the year ended 30 June 2015

Presented by

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Chief Executive Officer
Energy Action Limited

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Energy Action Limited

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Financial Results

FY15 Financial Highlights

- Revenue of $32 million up 25% driven by the acquisition of Energy Advice and modest organic growth
- Disappointing Operating NPAT of $2.7 million (down 41% vs FY14) impacted by lower Activ8 revenue, PAS product mix and bad debt write-offs
- Positive Operating Cash Flow performance and Operating EBITDA to cash conversion
- Early termination of two major contracts adversely impacted Monitoring revenues
- Organisation restructure announced May 2015, fully implemented in July and expected to deliver ongoing savings of approximately $1.5million per annum

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Operational highlights FY15

Positives

- Completed acquisition of Energy Advice August 2014
- Launch of the WA Auction platform December 2014
- Launch of the Customer portal January 2015
- Energy Action PAS division designed Chifley Tower upgrade received global recognition
- Delivered 46 power factor correction projects in response to funding availability
- Secured largest ever PAS order, $1.6m Mercure Hotel building services upgrade

Negatives

- Acquisition integration taking longer than anticipated
  - Action: Focus on systems integration & realising restructuring benefits
- Adverse margin mix due to lower high margin Contract Management sales and higher PAS sales which are at lower margins
  - Action: Commission structure amended to reward higher margin sales & pro-active measures to improve customer retention
- Historical receivables write-offs of $550K
  - Action: Settlement agreed with metering company, systems changes being implemented

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Statutory to Operating Profit reconciliation

$000's	30 June 2015	30 June 2014	% var	30 June 2015	30 June 2014	% var
	Operating profit after tax			EBITDA		
Statutory results after tax	**(2,147)**	**3,512**	**-161%**	**100**	**6,030**	**-98%**
Adjust for the following items:						
Employee share based payments	294	259	14%	294	259	14%
Deferred consideration on acquisitions	3,749	292	1184%	3,749	292	1184%
Restructuring and M&A costs	793*	441	80%	933	441	112%
Total Significant Items	4,836	992	388%	4,976	992	402%
Operating profit after tax	**2,689**	**4,504**	**-41%**	**5,077**	**7,022**	**-28%**

Statutory Profit / (Loss) is prepared in accordance with Australian Accounting Standards and the Corporations Act. Statutory Profit / (Loss) after tax of ($2.15 million) included a loss after tax of $4.8million treated as a Significant Items (FY14 $0.9 million). Excluding these items, Operating Profit was $2.689 million down 41% from the previous year.

- Deferred consideration on the Exergy & Energy Advice acquisitions is required to be accrued and expensed for accounting purposes.
- Acquisition costs ($360K) include items such as advisor and legal fees associated with the acquisitions of Exergy & Energy Advice
- Restructuring costs include redundancies ($420K), and an onerous contract provision ($153K) on a redundant office lease.

* Net of tax of $140K

Operating Profit is reported to give information to shareholders that provides a greater understanding of operating performance by removing Significant Items and therefore facilitating a more representative comparison of performance between financial periods.

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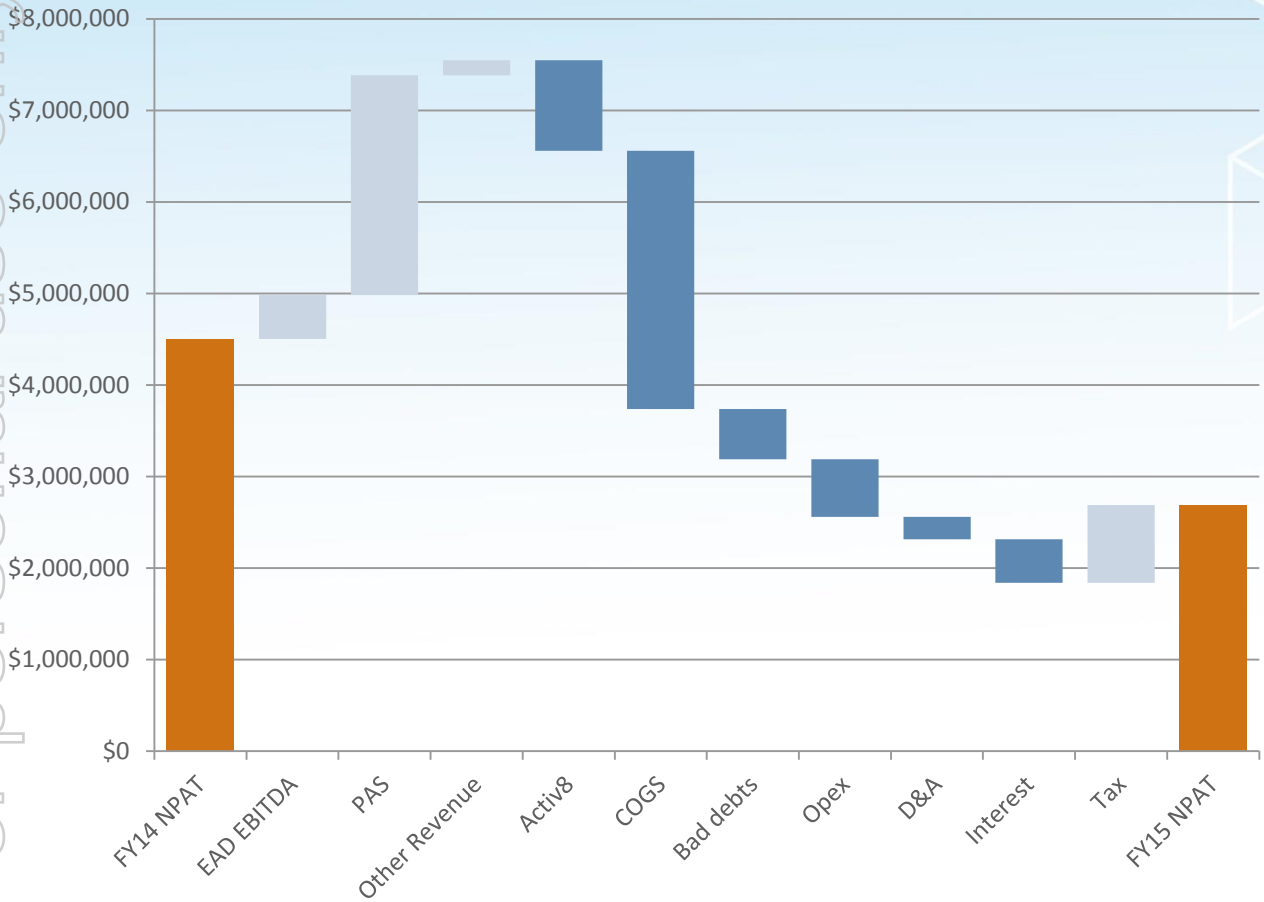
FY15 Operating NPAT – Change versus FY14



- Energy Advice (EAD) EBITDA contribution of $480K
- PAS revenue driven by a full year of Exergy and higher project revenue
- Activ8 revenue down due to early termination of two major customer contracts
- COGS impacted by adverse mix – lower Monitoring and higher PAS revenue
- Historic bad debts write-offs
- Opex increase circa 3.8% excluding bad debts & EAD

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Operating NPAT at $2.7 million down 40%

Impacted by lower than anticipated revenue growth, mix of business and one-time write-offs

	FY15	FY14	Variance %
Revenue	32,059,215	25,655,147	25%
COGS	-5,413,726	-2,288,337	137%
Gross Margin	26,645,489	23,366,810	14%
Opex - excluding D&A	-21,568,789	-16,344,637	32%
EBITDA	**5,076,700**	**7,022,173**	**-28%**
Depreciation and Amortisation	-1,158,077	-913,789	27%
EBIT	**3,918,623**	**6,108,385**	**-36%**
Financing Costs	-302,341	172,191	-276%
Profit before tax	3,616,282	6,280,576	-42%
Tax expense	-927,743	-1,777,414	-48%
Underlying NPAT	**2,688,539**	**4,504,162**	**-41%**
Significant items			
Employee share based payments	-294,207	-258,947	14%
Deferred consideration	-3,749,245	-291,667	1185%
M&A and restructure costs	-933,427	-440,596	112%
Tax significant items	140,762	0	
Total significant items	-4,836,117	-991,210	388%
Statutory profit after tax	-2,147,577	3,511,952	-161%
Operating EBITDA margin	16%	27%	
Operating EBIT margin	12%	24%	

Revenue up 25%

Non operational items excluded from Operating Profit

Statutory NPAT

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Revenue growth driven by acquisition

Revenue up 25% versus prior period

	FY15	FY14	Variance	Variance %
AEX Gas	621,714	502,003	119,711	24%
AEX Electricity	4,532,905	4,334,790	198,115	5%
Administration Fees	429,987	237,110	192,877	81%
AEX Small Sites	750,317	951,398	-201,081	-21%
Tender - Electricity	824,127	-	824,127	n/m
Tender - Gas	142,507	-	142,507	n/m
Procurement consultancy	1,508,952	-	1,508,952	n/m
Total Procurement	**8,810,509**	**6,025,301**	**2,785,208**	**46%**
Activ8	14,009,888	14,997,832	-987,944	-7%
EnergyMetrics - Electricity	1,976,682	-	1,976,682	n/m
Energy Metrics - Gas	158,261	-	158,261	n/m
Total Monitoring	**16,144,831**	**14,997,832**	**1,146,999**	**8%**
Projects & Advisory Services	**6,698,585**	**4,296,809**	**2,401,775**	**56%**
Other revenue	405,289	335,204	70,085	21%
Total Revenue	**32,059,214**	**25,655,147**	**6,404,067**	**25%**

- Higher procurement revenues due to higher volumes and 10 months of Energy Advice contribution
- Lower Activ8 revenues due to higher customer change of occupancy and the termination of some large customer contracts
- Higher PAS revenue due to a full year of Exergy contribution, higher Solar and Power Factor correction work

- Energy Advice (EAD) contributed $4.8 million revenue since acquisition 18 August 2014
- Excluding EAD, revenue grew 6%

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Solid improvement in EBITDA to Operating Cash Flow conversion

	FY15	FY14
Statutory net cash provided by operating activities	2,564,520	4,454,098
Cash flow relating to Significant Items	1,472,973	440,596
Underlying cash flow before Significant Items	4,037,493	4,894,694
Net finance costs paid / received	128,988	-172,191
Income tax paid	1,760,364	1,245,670
Operating cash flow before interest, tax & Sig Items	**5,926,845**	**5,968,173**
Operating EBITDA	**5,076,700**	**7,022,173**
Operating EBITDA conversion to cash	**117%**	**85%**

Strong focus on working capital management has resulted in improved conversion of EBITDA to Operating Cash Flow

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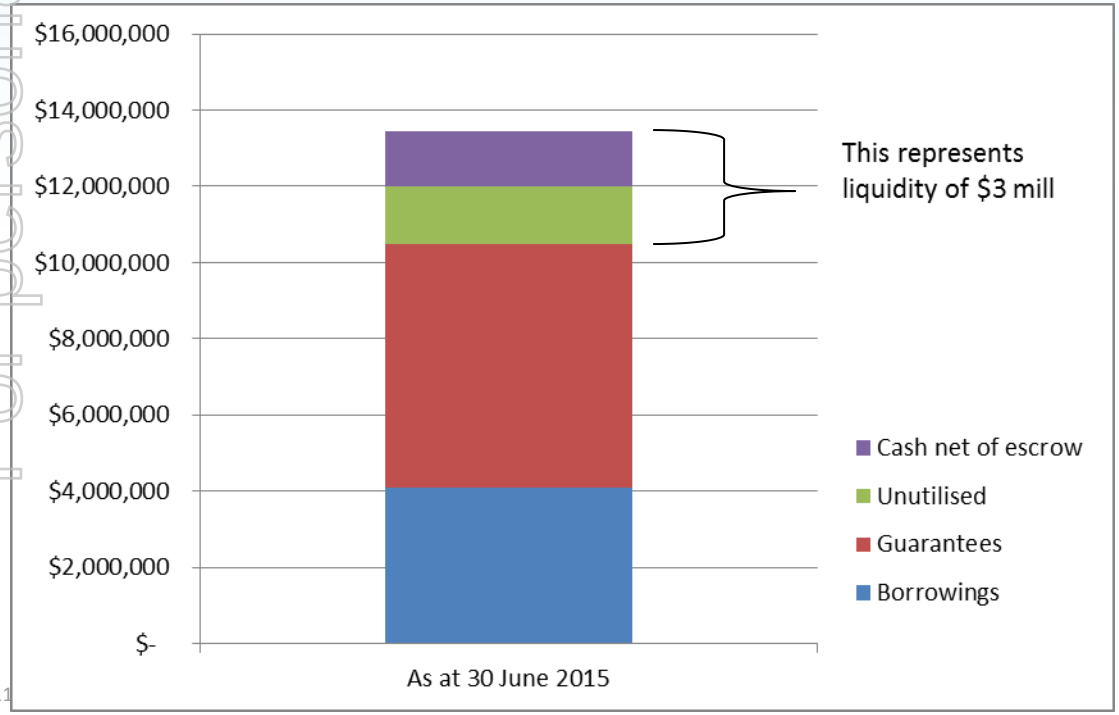
Debt structure and key financial ratios

EAX entered into a 5 year, $12 million multi-option facility agreement in October 2014

- Can be utilised for borrowings, bank guarantees or letters of credit
- Current utilisation comprised of $4.1 million loan and $6.284 million in bank guarantees related to the Energy Advice acquisition

Financial covenant metrics	Target	Jun 30
• Interest cover ratio (EBITDA : Interest)	Min 3.0	14.6
• Gearing ratio (Total Debt : EBITDA)	Max 2.0	1.8



Available facilities and cash on hand of approximately $3 million

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Future Contracted Revenue resumes growth trend

$75.8 million as at June 2015 vs $74.5 million as at June 2014

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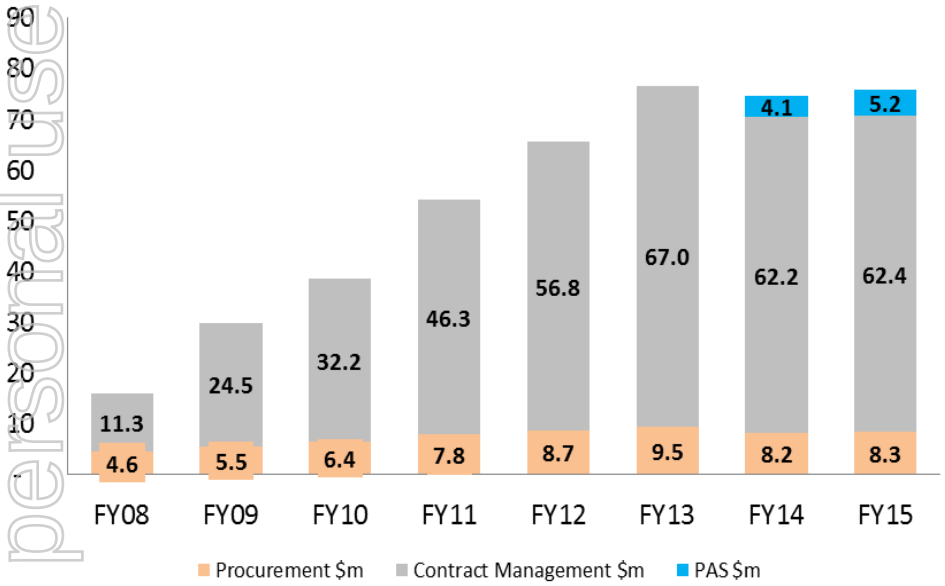
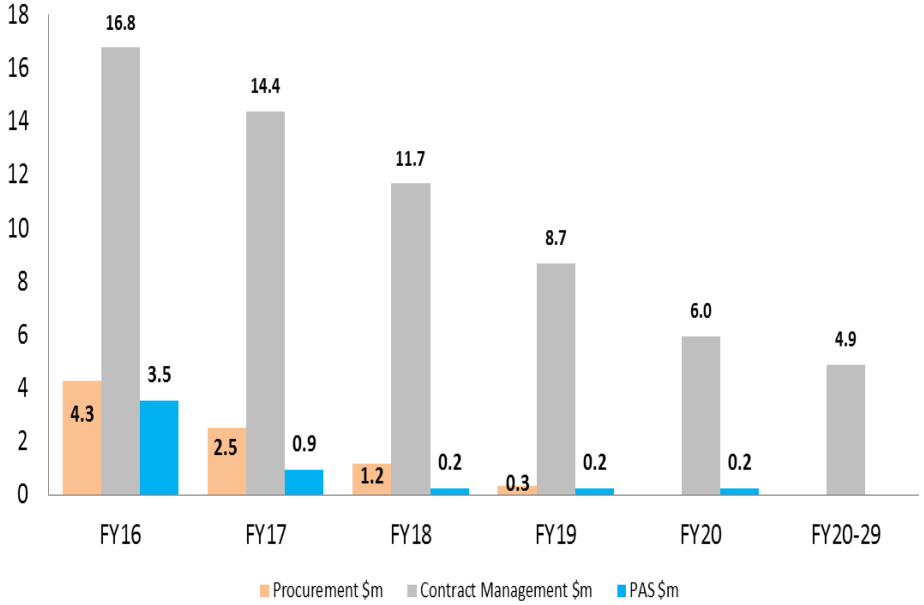
Future Contracted Revenue



Future Contracted Revenue realisation year

FY16 - $24.6 million



Future contracted revenue slightly up versus prior year despite the loss of several large client portfolio's

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Operational Performance

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Executing against strategy

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Revenue increase of 25%

Data Integrity & Completeness

Launch of Client Portal
January 2015

Enhancement of the Australian Energy Exchange (AEX) to deliver auctions in Western Australia
December 2014

Actionable Customer Insights
Trusted Partner

Acquisition of EnergyAdvice
August 2014

Integration Progress for Exergy and EnergyAdvice

Sales team tiering and alignment to different customer profiles

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Energy Procurement

- The Australian Energy Exchange (AEX) is Energy Action's online reverse auction platform.
- Energy suppliers competitively bid for large site electricity contracts
- Auction platform extended to WA December 2014 - volumes have increased in the Jan – June 15 period.
- EnergyAdvice use a tender based methodology. Opportunities to leverage AEX data management are being investigated across a range of client pricing formats.
- Energy Action provides tender based pricing for electricity and gas tariff sites.

	2015	2014	Variance
No of Auctions[1]	1,882	1,406	33.85%
Average contract duration	24.4mth	26mth	-6.15%
MWhs procured via Auction[2]	2.13 m	1.84 m	15.76%
Average $/MWh	$44.56	$44.74	-0.40%
Total Auction bid value	$231 m	$214 m	7.94%
No. of electricity tender events[3]	42	n/a	
MWhs procured via tender[2]	1.91 m	n/a	
No. of gas tender events[3]	83	58	43%
TJ's procured via gas tenders[2]	6,573	2,379	276%

1. Contracted auctions.
2. Annualised figure based on energy only component of bill, excludes network and other charges
3. Includes EnergyAdvice procurement effective 19 August 2014.

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Contract Management & Energy Reporting

Activ8

- Activ8 platform provides contract management services via automated monitoring and reporting
- EnergyAdvice provides an aligned service called EnergyMetrics
- Key Customer deliverables are:
  - Monthly Bill Verification
  - Annual Tariff Reviews
  - Daily, Weekly, Monthly and Annual comprehensive energy and carbon usage, reporting
  - Monthly and Annual Cost, forecasting, budgeting analytics and reporting
  - Front line management of cases and escalations with Energy Retailers
  - Portal access
- Over 10,000 smart metered sites are under management across Australia
- A multi-utility Bureau service is available providing sustainability, NABERS and NGER reporting

Delivering value to customers

- **Tariff reviews identified $4m in potential savings for our customers**
- **Bill validation secured credits of $1.9 million**

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Contract Management & Energy Reporting

Service Offer	2015 No. of active[2] contracts	2015 Annual contract value	2014 No. of active[2] contracts	2014 Annual contract value
Activ8 Gold[1]	4,916	$2,680	5,128	$2,585
Activ8 Silver[1]	188	$2,225	129	$2,110
Activ8 Bronze[1]	132	$1,493	158	$1,263
Activ8 PAS[1] (Tailored Service)	276	$1,740	368	$2,084
EnergyMetrics[1] (EnergyAdvice)	724	$1,362	N/A	N/A
Bureau[3] (EnergyAdvice)	6,006	$224	N/A	N/A
Data Only Contracts (MP/MDA)	2,704	$182	2,131	$177
Number of small sites under contract	**4,909**		**-**	
Number of large sites under contract	**10,037**		**7,914**	
Average Activ8 contract duration (months)	**53**		**54**	

1. Includes gas and electricity
2. Does not include contracts which are signed however are yet to commence service delivery
3. Bureau is a multi-fuel data capture & reporting service

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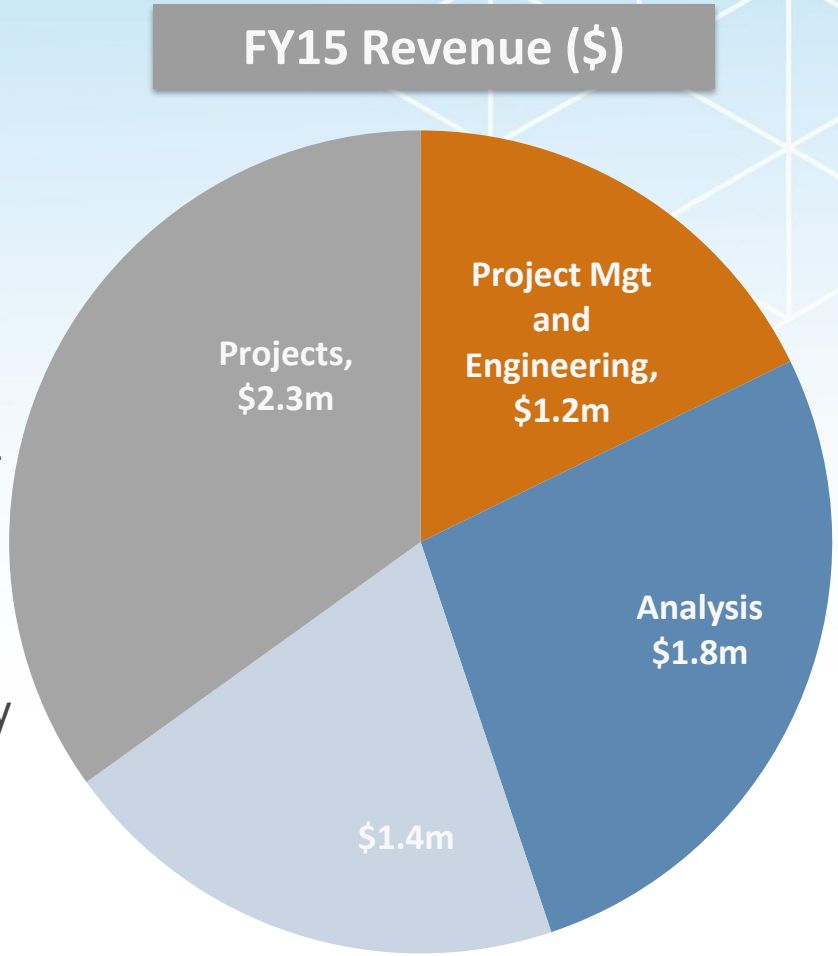
Projects & Advisory Services

- Efficiency and sustainability consultancy services provided by engineers and commercial specialists across a range of energy efficient technologies
- Projects includes Commercial Solar, PFC, HVAC
- Project Management & Engineering deliver customised solutions for energy efficiency projects
- Analysis includes NABERS and Commercial Building Disclosures (CBD) energy efficiency ratings and audits
- Energy Reporting includes measurement, verification and metering services on-line monitoring of metering & building management systems,



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PAS - Marquee Projects Delivered

- 46 Power Factor Projects Delivered successfully
- Chifley Tower received global recognition “Council on Tall Buildings and Urban Habitat’s 2015 Performance Award”
- Secured largest ever project, $1.6m Mercure Hotel building services upgrade
- Paul Bannister winning 2014 Energy Efficiency Champion award
- Multiple design rated 6 star buildings, including The Flannery Centre, Bathurst and Sirius House, Canberra

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Integration update

Focus on completing integration to drive profitability

- Delivering on key strategic intent – consolidating the brokerage market
- Management teams integrated and new management structure announced
- Office locations rationalised in Sydney, Melbourne & Brisbane

Focus for FY16

- Complete consolidation of IT landscapes between organisations
- Drive productivity and profitability across the combined organisation by improving overall staff utilization and leveraging automation opportunities
- Realise cost synergies from recent restructuring
- Implement full brand migration to Energy Action
- Further exploit revenue opportunities including:
  - Tender based large market electricity procurement
  - Structured wholesale market products
  - Stronger presence and expertise in gas contract management
  - PAS acceleration across larger account base

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Outlook and FY16 priorities

FY2016 Priorities

Focus on two key areas to drive profit growth in FY16

Expanding Customer Reach	Operational Improvements
Launch Activ8 platinum	Realise cost synergies from restructure
Launch upgraded Lucida building efficiency offering	Increase PAS utilisation
Portfolio service across multiple utilities	Brand migration
	Further automation of data feeds
	Common finance and CRM platforms

Formal guidance expected to be provided at the AGM in November

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Further information

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Appendices

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Business Overview

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We are a leading energy management consultancy

- Created the market for online reverse auctions for electricity – settled approximately $7 billion worth of electricity contracts since 2009
- Market leading energy management capabilities across procurement, monitoring and Project and Advisory Services
- Established thought leadership within the global energy efficiency community, having played the key role in establishing numerous technical standards including NABERS and the CBD Lighting ratings
- Over 5,000 customers and 23,900 sites under management across a diverse range of commercial and industrial industry sectors
- Over 150 staff with the head office in Parramatta (NSW) and sales and services offices in Sydney CBD, Canberra , Melbourne, Brisbane, Adelaide and Perth

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Energy Action Delivers Business Outcomes across the Energy Supply and Demand Lifecycle

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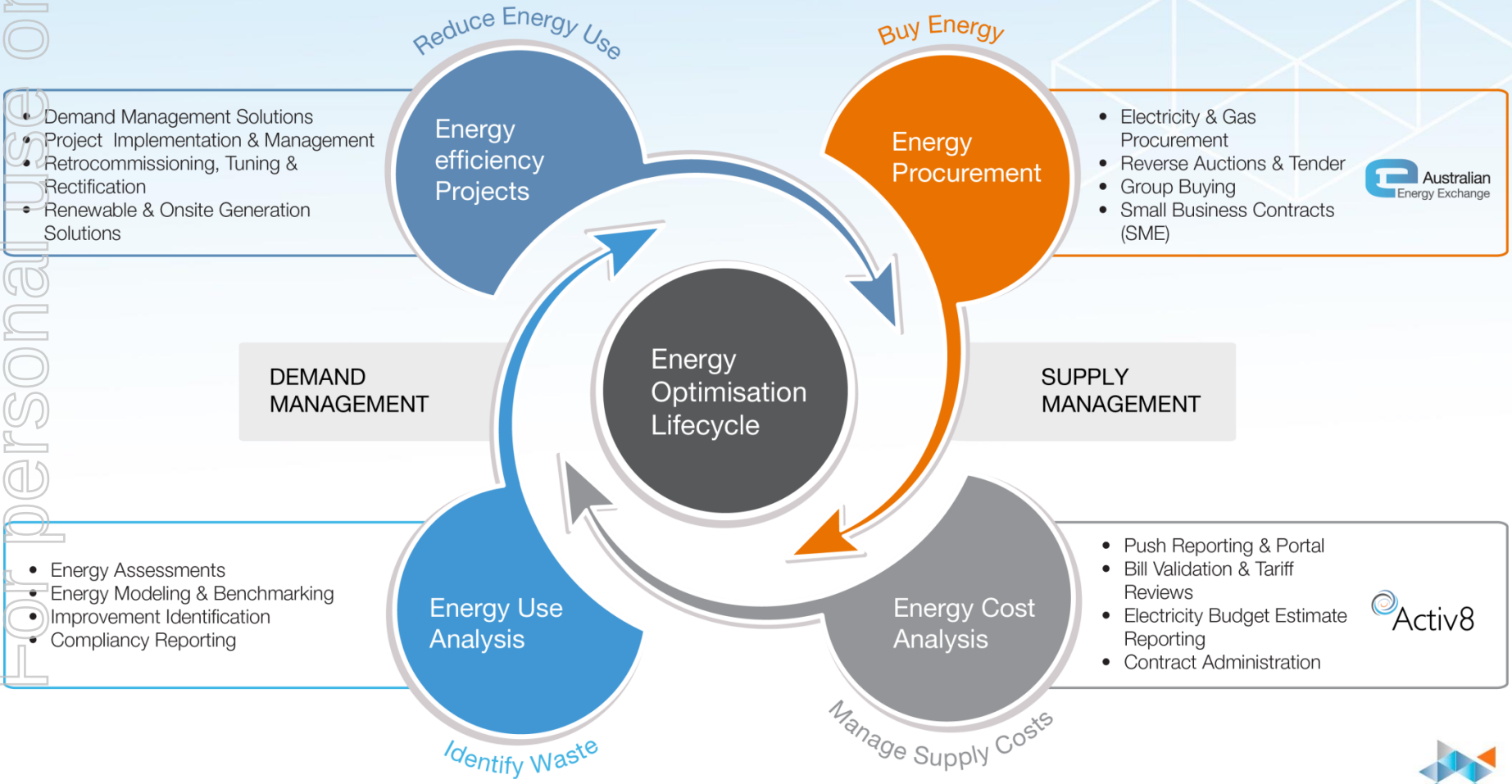

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Our Strategy: Create a Unique Market Position

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Data Integrity & Completeness

We have a comprehensive, transparent view of the market and the past, current and (potentially) future energy use within our client base that provides a high degree of market certainty for all participants.

Innovative Use of Software & Technology

Integrated solutions bridging energy supply and demand

Actionable Customer Insight – Being a Trusted Partner

We are highly attuned to our individual customer's situation and needs – building strong relationships and delivering comprehensive, integrated solutions across the energy supply and demand value chain, both in response to customers requirements and by proactively anticipating where they can derive further value from what we offer.

Effective Stakeholder Engagement

Consultative Sales Process

Effective Customer Relationship Management

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Executive Team

Scott Wooldridge
Chief Executive Officer

Client Management

Paul Cooper
Sales Director

Martin Becker
Strategic Client Services Director

Barry Denton
Corporate Business Development Director

Service Delivery and Operations

Paul Bannister
Projects & Advisory Services Director

David Rylah
Wholesale Markets Director

Bill McLellan
Business Operations Director

Corporate Functions

Michael Fahey
Chief Financial Officer

Madeline Sedrak
Human Resources Executive Manager

Edward Hanna
Strategy & Business Integration Director

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Corporate Snapshot

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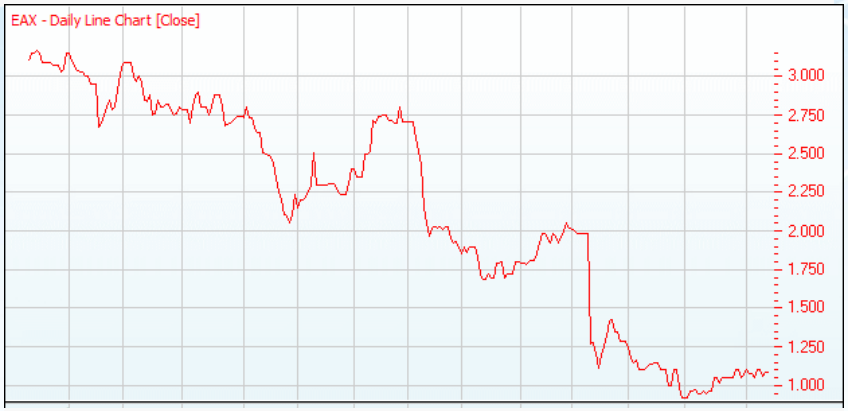
Capital Structure	
ASX Code	EAX
Shares on Issue	25.9 million
Market Cap (30 Jun 2015)	$23.9 million
Share Price (52 week High/Low)	$0.90-$3.24
Shareholders	704
Top 20 holding	84.2%

12mth Share Price Performance



Board of Directors	
Dr. Ronald Watts	Chairman
Valerie Duncan	Non-Executive Director
Paul Meehan	Non-Executive Director
Nitin Singhi	Non-Executive Director
Murray Bleach	Non-Executive Director
Mark de Kock	Non-Executive Director

Substantial Shareholders	%
Paul Meehan	18.3
Microequities	15.1
Perennial Investment Partners	12.3
Dr Ronald Watts	6.5
Stephen Twaddell	6.5

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Balance Sheet reflecting impact of acquisitions

	FY15	FY14
Current Assets		
Cash & Cash equivalents	1,740,288	4,556,558
Restricted Cash	1,000,000	1,000,000
Trade & other receivables	5,868,825	5,293,181
Other assets	1,168,986	1,258,455
Total Current Assets	**9,778,099**	**12,108,194**
Non Current Assets		
Trade & other receivables	93,098	46,322
Property, Plant & Equipment	896,782	563,920
Other assets	898,941	946,829
Intangible assets	14,002,265	7,567,771
Total Non Current Assets	15,891,086	9,124,842
Total Assets	**25,669,185**	**21,233,036**
Current Liabilities		
Trade & other payables	6,202,921	2,137,085
Current tax liabilities	0	492,914
Provisions	1,277,525	946,216
Total Current Liabilities	**7,480,446**	**3,576,215**
Non Current Liabilities		
Provisions & other liabilities	372,667	252,723
Bank Loan	3,759,538	0
Deferred tax liabilities	557,981	803,007
Total Non Current Liabilities	**4,690,186**	**1,055,730**
Total Liabilities	12,170,632	4,631,945
Net Assets	**13,498,553**	**16,601,091**
Equity		
Issued Capital	6,537,906	6,160,906
Share based payment reserve	553,154	258,947
Retained earnings	6,422,739	10,181,587
Foreign currency translation reserve	-15,246	-349
Total Equity	**13,498,553**	**16,601,091**

Reduction in cash following acquisition's

Movement in Intangibles reflecting Exergy & EnergyAdvice acquisitions

Debt funding primarily for acquisitions

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Operating cash flow reflects M&A related outflows

	FY15	FY14	Variance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)	34,560,207	26,202,219	8,357,988
Payments to suppliers and employees (inclusive of GST)	-28,633,362	-20,234,046	-8,399,316
Payments for deferred consideration classified as employment expense	-1,000,000		-1,000,000
Acquisition transaction related costs	-360,668	-440,596	79,928
Restructuring costs	-112,305		-112,305
Interest received	98,009	172,191	-74,182
Interest paid	-226,998		-226,998
Income tax paid	-1,760,364	-1,245,670	-514,694
Net cash provided by operating activities	**2,564,520**	**4,454,098**	**-1,889,578**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-398,203	-145,917	-252,286
Acquisition of Ward Consulting Services		-500,000	500,000
Acquisition of Energy Advice	-5,803,045		-5,803,045
Acquisition of Exergy Holdings	-138,623	-1,805,140	1,666,517
Acquisition of Exergy - Escrow		-1,000,000	1,000,000
Software development costs	-1,053,699	-637,277	-416,422
Net cash used in investing activities	**-7,393,570**	**-4,088,334**	**-3,305,236**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid by parent entity	-1,611,270	-2,253,646	642,376
Bank Loan	4,100,000		4,100,000
Debt establishment fees	-438,248		-438,248
Bank Gurantee fees	-37,703		-37,703
Net cash provided by / (used in) financing activities	**2,012,779**	**-2,253,646**	**4,266,425**
Net (decrease)/increase in cash held	-2,816,271	-1,887,882	-928,390
Cash at beginning of financial year	4,556,559	6,444,441	-1,887,882
Cash at end of financial year	1,740,288	4,556,559	-2,816,271

Excluding Sig Items & Exergy deferred consideration Operating Cash Flow was $4.0 million

Payments for acquisitions

Includes WA & portal costs

Debt funding undertaken

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Any investment decision with respect to any transaction involving Energy Action Limited should be made based Solely upon any offering documents, if applicable, and appropriate due diligence by the prospective investor.

We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Past performance is not a reliable indicator of future performance. This presentation may include forward-looking statements that represent opinions, estimates and projections, which may not be realised. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Energy Action Limited. Actual results may vary from any forecasts and any variation may be materially positive or negative. This presentation includes forward-looking statements that represent opinions, estimates and projections, which may not be realised. We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

All information contained herein is current as at 30 June 2014 unless otherwise stated.

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