

25 August 2016

ASX ANNOUNCEMENT

Energy One Completes the acquisition of the pypIT software business

Energy One Limited (ASX:EOL) has completed the acquisition of the pypIT software business from Sydac Pty Limited (as announced 30 May 2015) :

- Purchase price \$1,500,000, to be funded from cash
- Software business engaged in the scheduling of gas transmission rights for major gas pipelines
- Customer list includes 5 major pipelines in Australia
- Opportunity to service gas shippers (gas retailers, end users etc.) with other product offerings

Energy One has paid \$1,500,000 to purchase the customer contracts and software assets of pypIT from existing cash reserves, initially bringing approximately \$572,000 annual revenues and approximately \$381,000 EBITDA to the Company.

pypIT is a business providing software and services to Australia's major gas transmission gas pipelines. All of Australia's major energy companies utilise gas transmission pipelines to fulfil their end use or retail gas supply requirements.

The pypIT software allows customers of gas (gas shippers) to place order nominations onto the pipelines for the transmission of bulk gas, to have those nominations scheduled and to receive and settle invoices for transportation.

The pypIT software is used by major pipelines located in NSW, Victoria, SA and WA. Approximately 40% of Australia's domestic gas flows through these pipelines.

Customers for the pypIT software include blue-chip organisations; Jemena, SEAGas, the Dampier-Bunbury pipeline and other gas infrastructure pipeline assets in Tasmania and South Australia.

The acquisition by Energy One will provide corporate, financial and marketing resources to the pypIT business and extend market and potentially further service the needs of shippers and pipelines through access to Energy One's extended suite of products.

For further information on the acquisition please refer to the attached presentation.

About pypIT

The software integrates with existing systems such as SCADA and SAP and manages the end-to-end business needs of gas transmission, including shipper nominations, scheduling and apportionment, invoicing and reporting. It also automates the traditional manual methods of performing these functions, which are prone to errors and are highly reliant on the skills and process knowledge of individuals. It therefore provides the standardisation and auditing ability that is lacking in manual entry systems.

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About EOL

Energy One Limited is a supplier of software products and services to wholesale energy, environmental and carbon trading markets.

Listed on the Australian Stock Exchange since 2007, but with more than 10 years of market experience, Energy One has a successful track record of providing sophisticated, practical solutions to Australian and international energy market customers.

The wholesale energy market is complex, incorporating the trading of physical energy (gas and electricity) with the requirement to capture and settle contracts for hedging, trading and risk management purposes as well as a vast array of wholesale operations needs such as electricity bidding, gas nominations, pipeline logistics and environmental compliance management.

Our integrated Wholesale Energy Trading Suite makes all this possible by incorporating best-of-breed system modules to provide a single platform solution to enable generators, retailers, producers, shippers, large scale users and traders to manage their entire wholesale trading portfolio, specifically:

- Energy Trading and Risk Management (ETRM) for deal capture, risk and settlements – for electricity, gas, coal, oil and Environmental products including carbon.
- Physical Energy (Spot)Trading for all formalised markets for gas and electricity
- Wholesale market operations, gas nominations, contract and network optimisation.
- Energy Business Intelligence, data management, dashboarding and out-of-the-box reporting for managers of wholesale energy operations
- Market and network analytics for electricity and gas

Shaun Ankers
Chief Executive Officer

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energyone



pypIT acquisition

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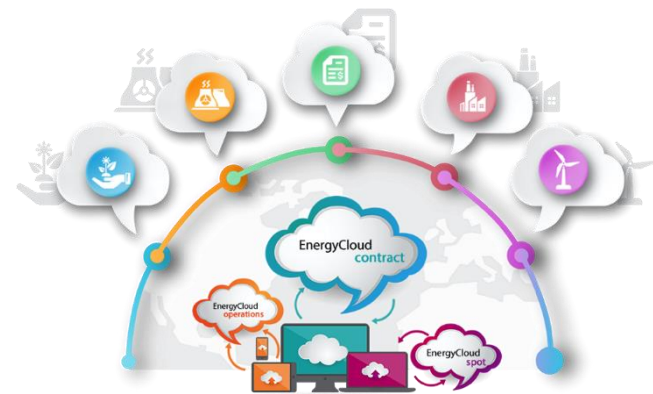
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Contents

| | |
|----------------------|----|
| Acquisition overview | 4 |
| Strategic rationale | 8 |
| Financials | 14 |
| Valuation metrics | 16 |



Energy One successfully acquires pypIT

On 31 May Energy One announced it had entered into an agreement for the acquisition of a business providing software and services to Australian gas companies.

Conditions precedents have now been completed & the integration is ahead of schedule and going according to plan.

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The acquisition provides a strategic addition to EOL's stable of products

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The acquisition is aimed at expanding Energy One's strategic presence in gas markets.

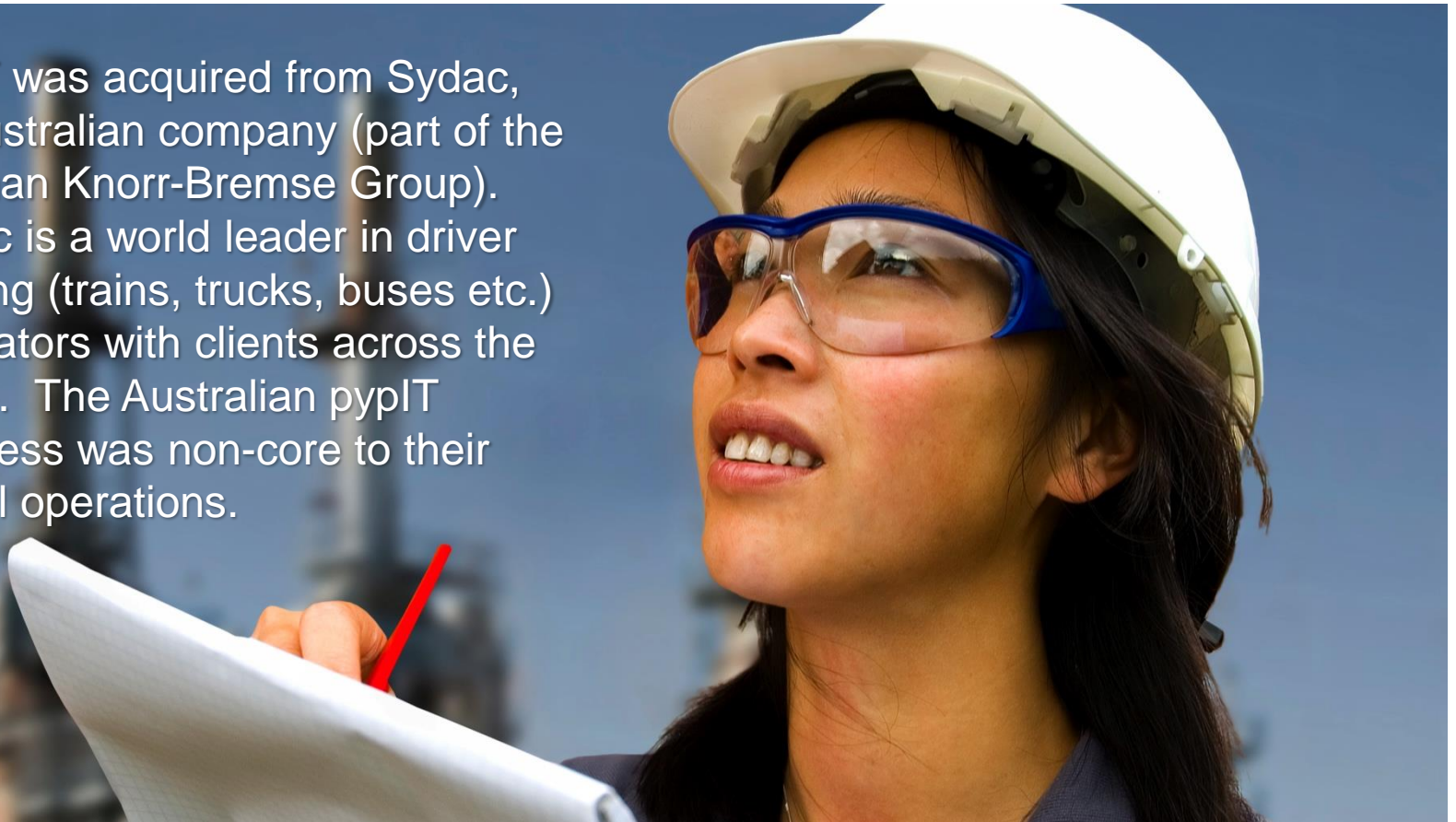
When combined with the Company's existing gas products, Energy One software will be responsible for facilitating the transport of 40% of the domestic gas in Australia's pipeline networks*.

And pypIT expands EOL's blue chip customer base

| Customer* | Asset |
|-------------------|---|
| Jemena | The Queensland Gas pipeline 627km delivers gas from Wallumbilla to Gladstone, Eastern Gas pipeline 797km delivers gas from Gippsland basin to Sydney, VicHub interconnect enables gas to flow to the Eastern Gas pipeline as well as the Victorian gas transmission network |
| SEA Gas | Owns the Adelaide to Melbourne pipeline transporting natural gas from the Otway and Bass Basins to South Australia and Port Campbell. |
| Western Australia | Dampier-Bunbury pipeline in Western Australia. |
| South Australia | A major infrastructure asset in South Australia. |
| Tasmania | A Tasmanian gas pipeline. |

The pypIT software helps pipeline operators manage gas nominations

pypIT was acquired from Sydac, an Australian company (part of the German Knorr-Bremse Group). Sydac is a world leader in driver training (trains, trucks, buses etc.) simulators with clients across the globe. The Australian pypIT business was non-core to their global operations.



Combining pypIT with our existing products will create a seamless process for scheduling the transportation of gas

EOL's current software products manage, for large gas customers (known as 'shippers'), the contractual and nomination processes for the movement and delivery of gas to a specific point on a given pipeline.

The pypIT software receives, on behalf of pipeline operators, these gas nominations processing them in order to schedule the gas for delivery. The platform also issues invoices and manages settlements for these transactions.

The combination of Energy Flow and pypIT can provide a value-add for large industrial gas shippers* by providing a seamless way to manage their entire gas transportation needs and managing their nomination process and, at the same time, providing the operators of the gas pipelines a more efficient and seamless way of receiving and managing the nominations and scheduling process.

...and also provides a new potential customer base of large industrial gas users & shippers

Any large gas user is now a potential customer for EOL:

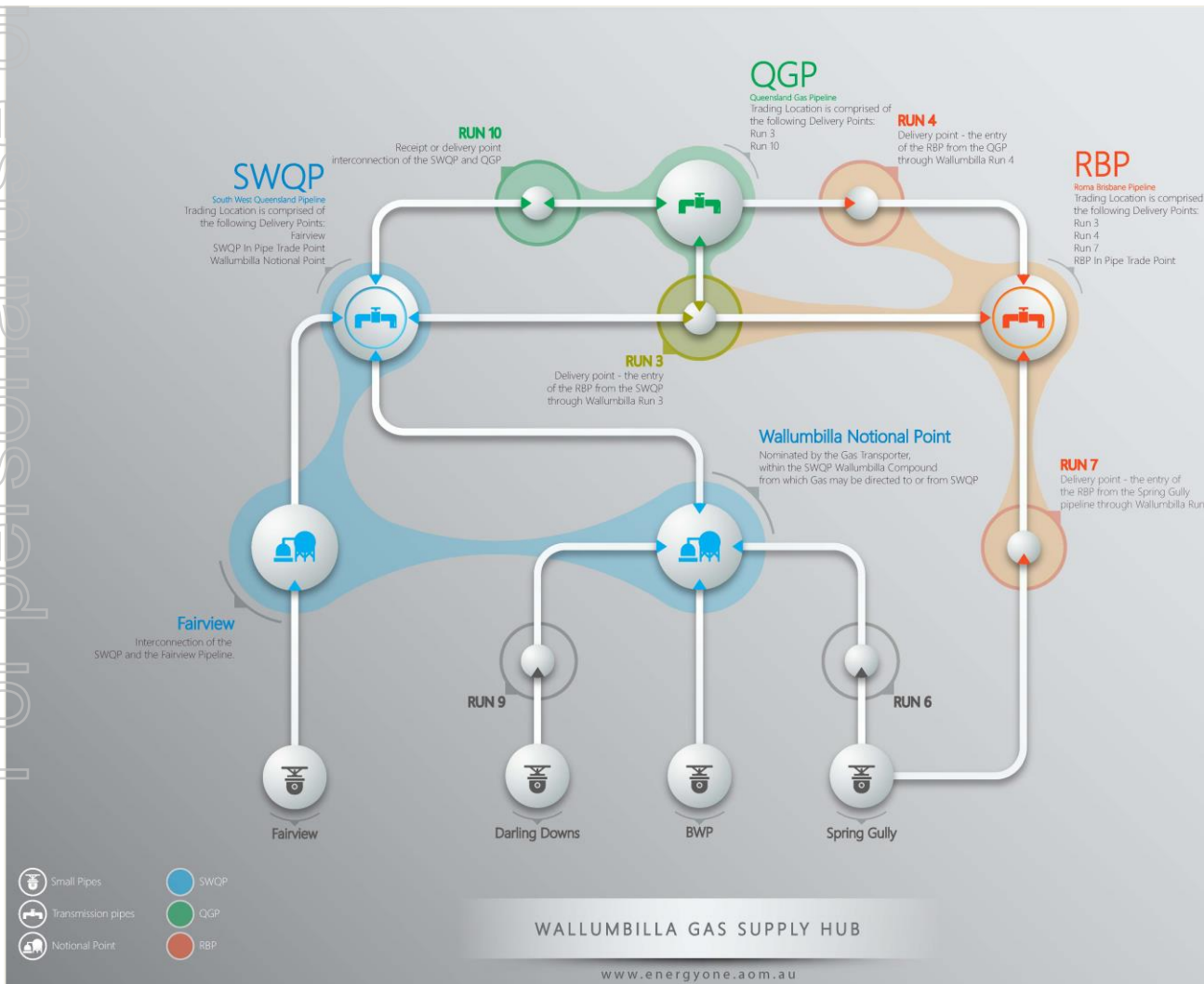
- Steel mills
- Gas fired power stations
- Aluminum smelters
- Timber mills
- Food processing
- Cement production



And moving gas from one place to another is complicated..

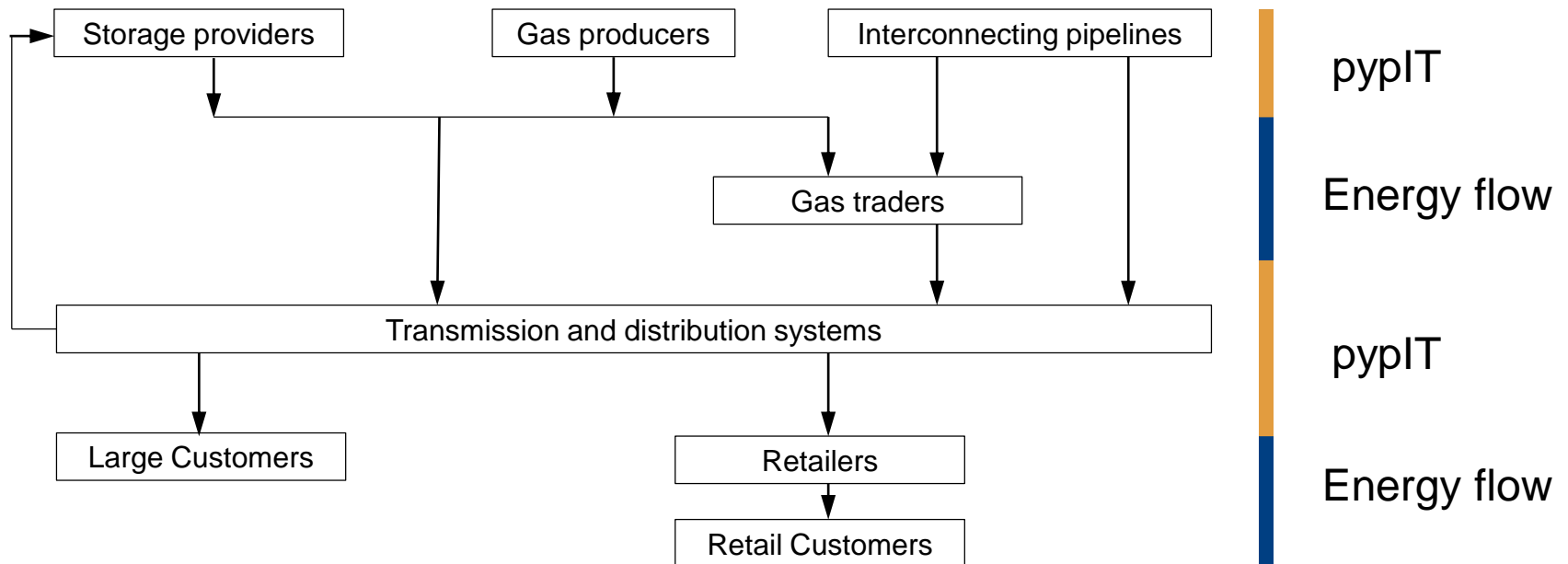
As this snapshot of just the Wallumbilla Gas hub shows, shippers are required to navigate an array of contractual and physical network factors in order to acquire and cost-effectively transport their gas.

Each transaction requires optimization of these factors, nomination to market/counterparty and settlement processes.



EOL's gas transportation software can facilitate both sides of the transaction to provide a more seamless interface for users

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EOL's software will be responsible for facilitating the transport of ~40% of the domestic gas in Australia



The acquisition is earnings accretive

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| | pypIT (base case) \$000 | EOL 2016 \$000 | Combined* \$000 | Increase |
|-------------|-------------------------------|-------------------|--------------------|----------|
| Revenue | \$572 | \$5,059 | \$5,631 | +11.3% |
| EBITDA | \$381 | \$1,176 | \$1,557 | +32.4% |
| NPBT | \$381 | \$923 | \$1,304 | +41.3% |
| NPAT | \$267 | \$464 | \$731 | +57.5% |
| EPS (cents) | 1.44 | 2.51 | 3.95 | +57.4% |

* Pro-forma before one off acquisition and integration costs and accounting treatments

And has been funded using cash...

Acquisition price of \$1,500,000 will be funded using cash
Cash and cash equivalents at 30 June 2016 was \$2,227,869
Trade and other receivables at 30 June 2016 was \$2,055,823
Energy One remains debt free following the acquisition

...which has created substantial shareholder value

| | pypIT (base case) | EOL (2016) | Combined ⁽¹⁾ | Increase |
|------------------------------------|----------------------|----------------------|----------------------------|-------------|
| NPAT | \$267,000 | \$464,000 | \$731,000 | +58% |
| PE ratio | X5.6 | X13.0 ⁽²⁾ | X13.0 | |
| Value | \$1,500,000 | \$6,112,000 | \$9,649,000 ⁽³⁾ | +58% |
| Implied share price (cents) | | 33 | 52 | +58% |

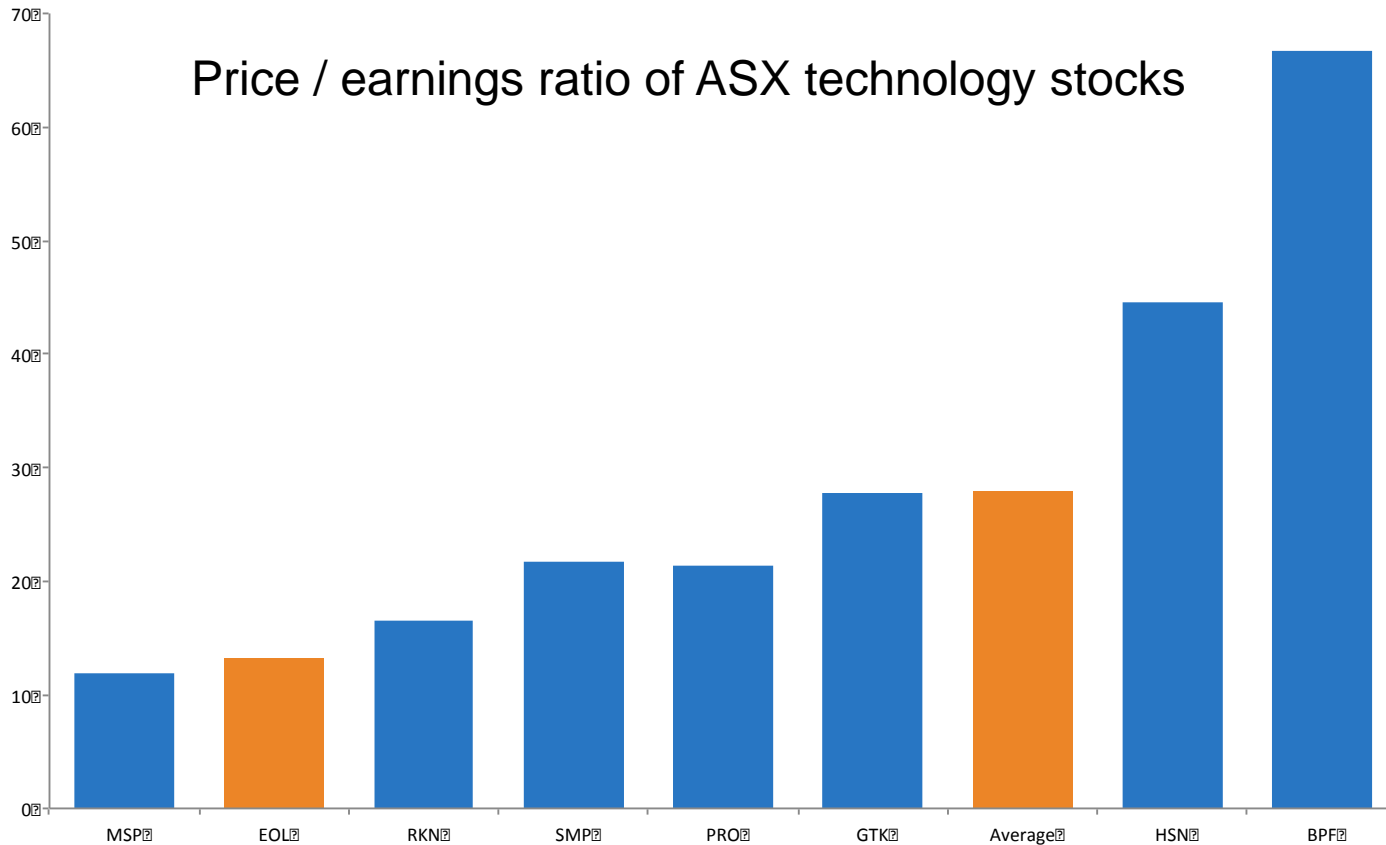
1) Pro-forma before one-off acquisition and integration costs and accounting treatments

2) The PE ratio for EOL (13x) is derived from current (24/8/16) metrics.

3) The combined value is then extrapolated by applying the same implied PE (13x) ratio

Price / Earnings: EOL shares trading at a discount to peers...

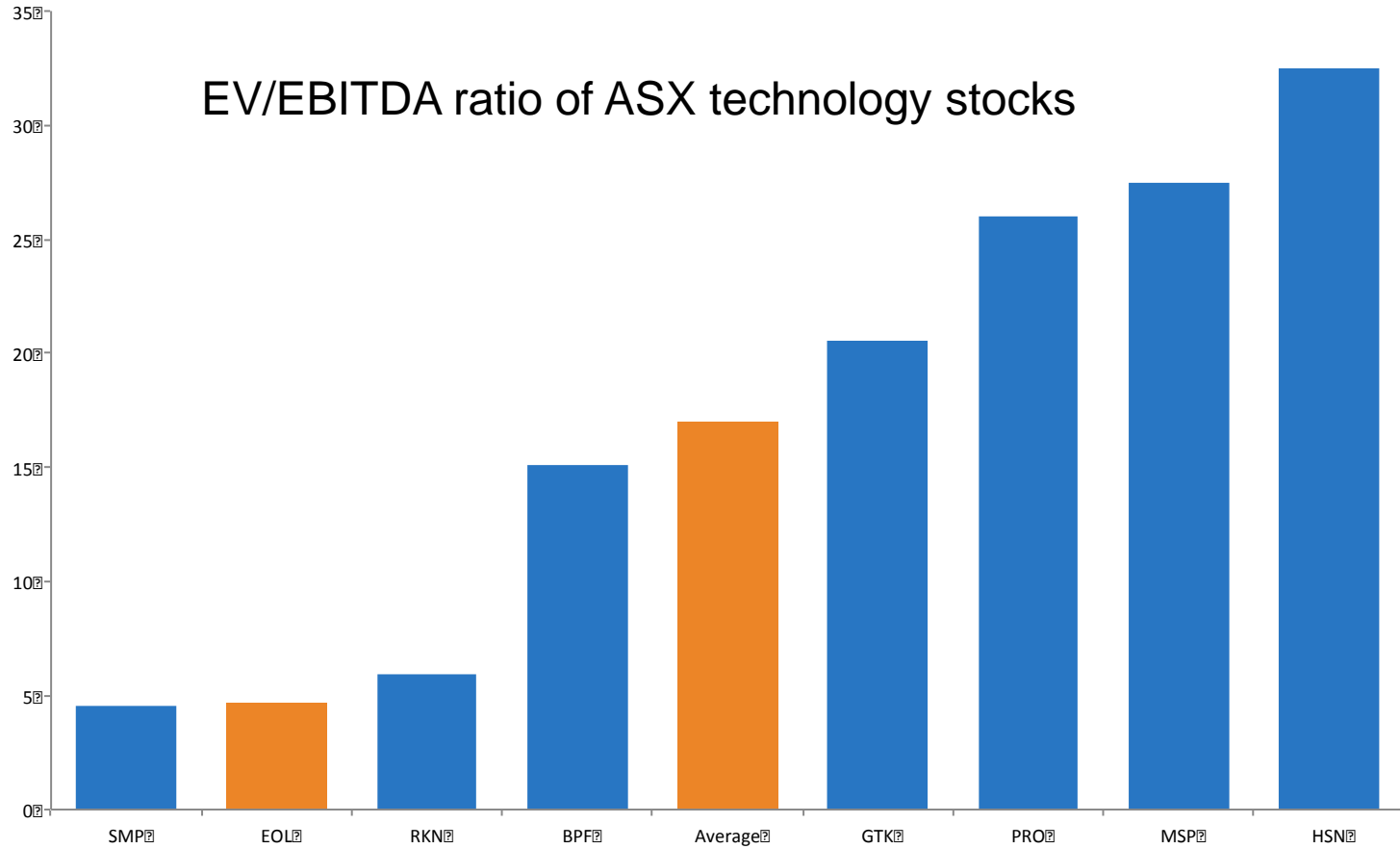
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Data as of 23 August 2016

EV/EBITDA: EOL shares trading at a discount to peers

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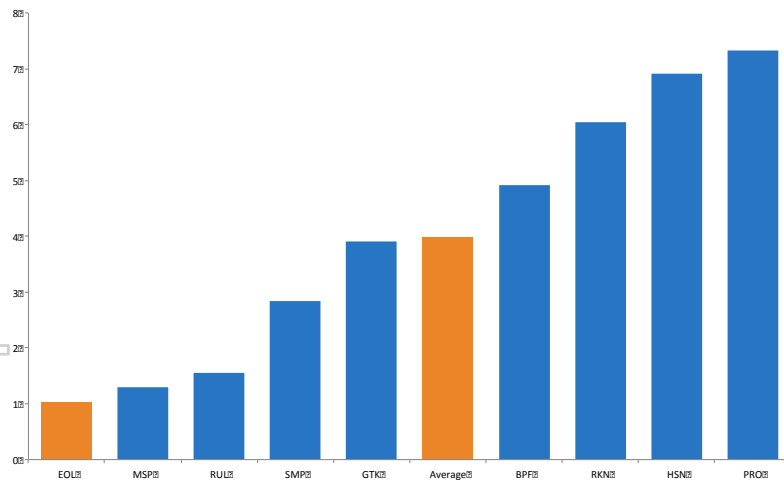


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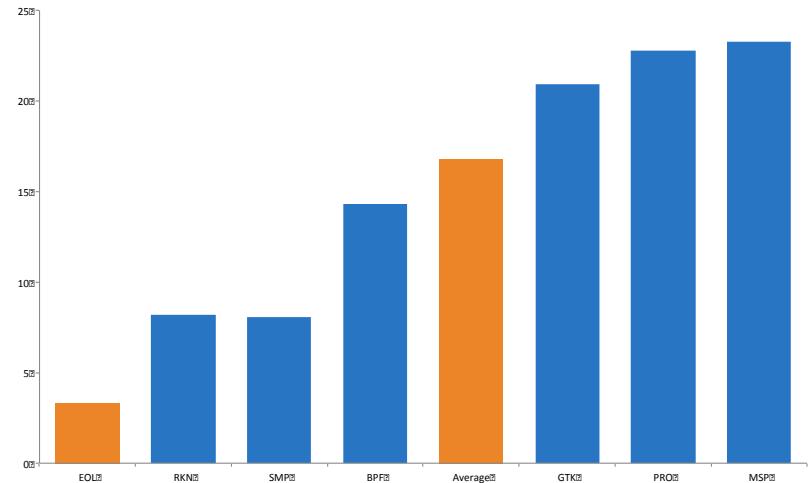
...and similarly on a number of other metrics

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Price to book ratio of ASX technology stocks



EBITDA multiple of ASX technology stocks



Data as of 23 August 2016

Summary: EOL compared to ASX technology stocks

| Metric | EOL | Average* |
|---------------------|-------|----------|
| PE ratio | x13.2 | x28.0 |
| EV/EBITDA ratio | x2.8 | x16.8 |
| Price to book ratio | x1.0 | x4.0 |
| EBITDA multiple | x4.6 | x17.1 |

* Average for selected stocks on previous slides. Data as of 23 August 2016

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Energy One is
a profitable
technology
stock with a
dominant
market share



Company summary

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Company metric

| | |
|--------------------------|---------------|
| Share price (24/8/16) | 33 cents |
| Share price 52 week high | 45 cents |
| Share price 52 week low | 30 cents |
| Shares on Issue | 18,519,876 |
| Market cap | \$6.1 million |
| Cash on hand (30/6/16) | \$2.2 million |
| Debt | Nil |

Substantial shareholders

| | |
|------------------------|-------|
| Mr Ian Ferrier | 36.5% |
| Mr Vaughan Busby | 20.3% |
| Mr Ottmar Weiss | 5.4% |
| Mrs Emma Jane Gracey | 5.2% |
| | |
| Top 10 shareholders | 78.8% |
| Management & directors | 66.3% |

EOL's blue chip customers include:



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We continue to analyse potential acquisition opportunities both domestically and offshore

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