

Repositioning of Project & Advisory Services Division

Energy Action Limited (ASX:EAX) ("Energy Action" or "Company") has today announced that, following a comprehensive review, it will reposition its Project & Advisory Services (PAS) division to enhance the Company's operating model and improve financial performance.

The newly positioned Advisory Services (AS) division will focus on optimising energy efficiency for commercial buildings, as well as environmental reporting and NABERS rating services for property portfolio clients. Energy Action will also continue to engage in embedded networks implementation.

All activity relating to head contracting on projects, project management, independent commissioning agent and engineering contracts (including upgrades), which often were underperforming areas of the former PAS division, will cease. Energy Action expects to complete a majority of the current order book related to these activities by 30 June 2019 and will be referring any outstanding work to partners.

Energy Action will maintain a specialist AS team, however, the change in operating model will be accompanied by the closure of Energy Action's dedicated Canberra office and staff redundancies in Canberra and Melbourne.

A significant one-off item in relation to the PAS repositioning, currently estimated to be \$0.7 million, will be expensed in the financial results to 30 June 2019, comprising redundancies, lease termination for the Canberra office, provisions for contracts associated with discontinued services and costs related to the restructure.

The change in operating model supports the Company's long-term objective to focus on its core expertise in energy markets, data management and reporting services that can deliver more consistent, and higher-margin, recurring revenues. With a lower cost base and a platform closely aligned to its Metrics reporting services, the Company believes its AS division is well placed for future growth.

Chief Executive Officer, John Huggart, said: "We have introduced a new Advisory Services model to eliminate loss-making activity and support the Company's commercial focus on scalable, platform-based services that add value to our clients."

"We are proud of the work undertaken by our PAS team across a range of successfully completed projects, and our focus is currently on consulting with and transitioning impacted staff members while maintaining services to clients."

"Under the Advisory Services model, we intend to further build our skills in data management to deliver energy insights, property asset performance optimisation, and reporting services for portfolio clients. We are confident that our commercial strategy will continue to restore the foundations for growth based on the relevance and quality of our services and the technology capability we deploy," Mr Huggart added.

Chairman, Murray Bleach added "This is a decisive step to address prolonged commercial performance issues in our Project & Advisory Services division and enable the management team to focus on a targeted range of services that can underpin a profitable growth strategy in this segment."

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