Energy One Limited (ASX:EOL)

Investor presentation 1H20

energyone

Disclaimer

This document has been prepared by Energy One Limited (EOL) and comprises written materials and slides for a presentation concerning EOL.

This presentation is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.
Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import.

These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance and achievements expressed or implied by any such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by EOL that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, EOL and its respective officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.
Subject to any continuing obligation under applicable law, or any relevant listing rules of the ASX, EOL disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of EOL since the date of this presentation.

Contents

Financial Results

A strong first half with focused investment in product development

Key financial metrics vs.
previous corresponding period include:

- $9.66M Revenue, up 61%
- $2.34M EBITDA, up 46%
- $0.767M NPBT, flat

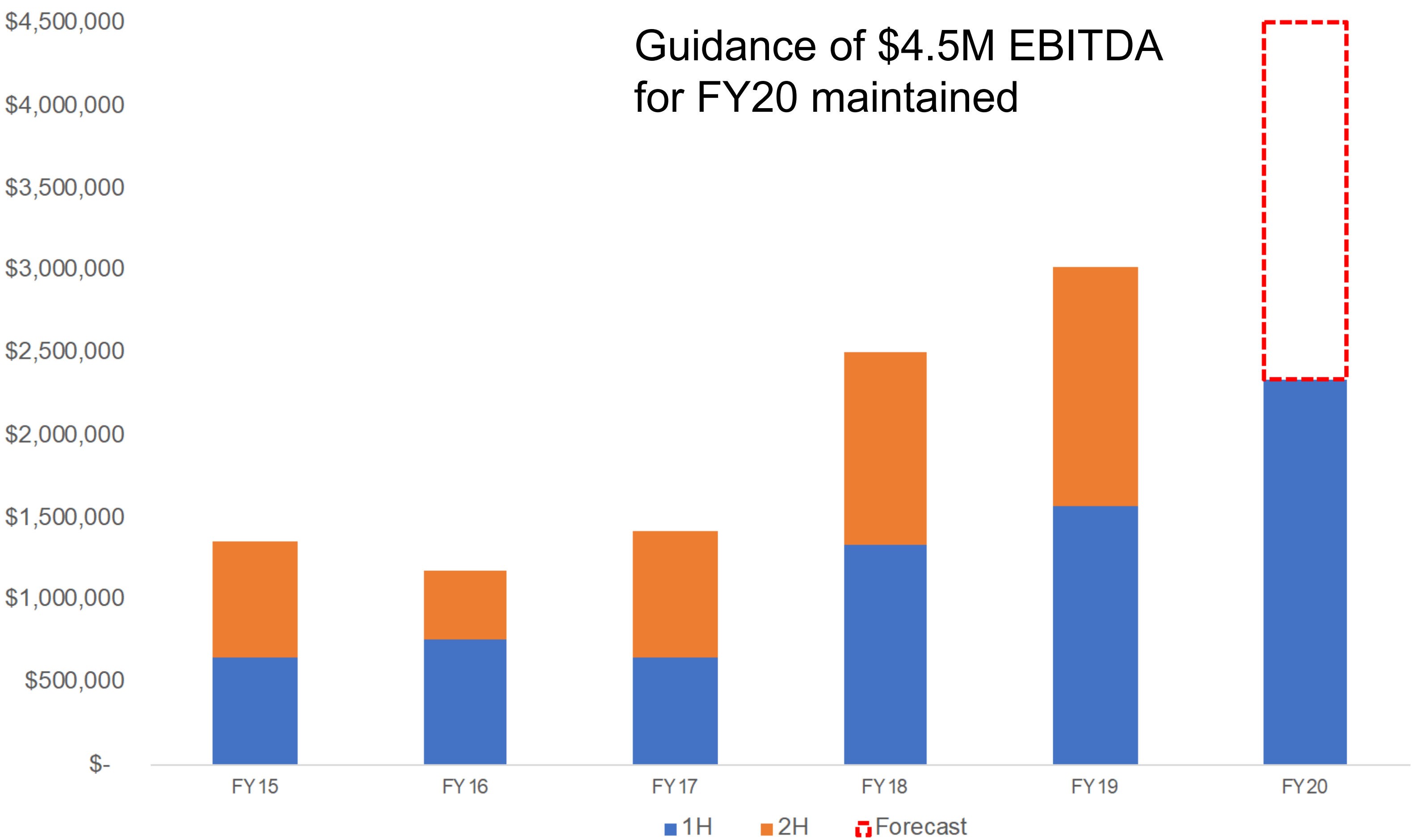
Pleasingly revenue and EBITDA have continued to grow.

As previously advised, the company anticipates subdued profit growth for 2020 due to the substantial, albeit temporary, investment in product development.

On 24 December 2019 the company announced that it had signed a share purchase agreement to acquire eZ-nergy a French based SaaS company.

energyone

EBITDA continues to grow…



energy one

Short burst of additional investment in product development for FY20

Two additional key development initiatives in FY20:

1) 5-minute settlements for Australia.
2) Integration of UK & Australian software modules following the successful Contigo acquisition.

Capitalised R&D represented 9% of revenue for the first half vs. 7% for FY19. The company anticipates this additional investment will be completed within the current financial year.

energyone

The additional product development is already winning customers

During the first half the UK business won a prestigious customer, a European state-based market operator.

Pleasingly the win was based on the combination of two products:

- enTrader, a UK/Contigo product; and
- EnergyFlow, originating in Australia.

The win would not have been possible without the successful combination of these two modules.

This is a large project, in the order of €1M+ over a 12-18 month installation period, with trailing income from SaaS fees.

It's not just growth by acquisition, we're also growing organically

Contigo produced a trailing twelve-month EBITDA of $1.39M, up ~10% on our forecast when we acquired the business.

Trailing twelve-month EBITDA of $2.83M for Australia is up ~11.5% on the prior twelve month period with revenue up 16.5% and an EBITDA margin of 26%

In Australia we acquired new customers for both SimEnergy and NemSight and we have also been installing two major projects for EnergyOneTrading.

energyone

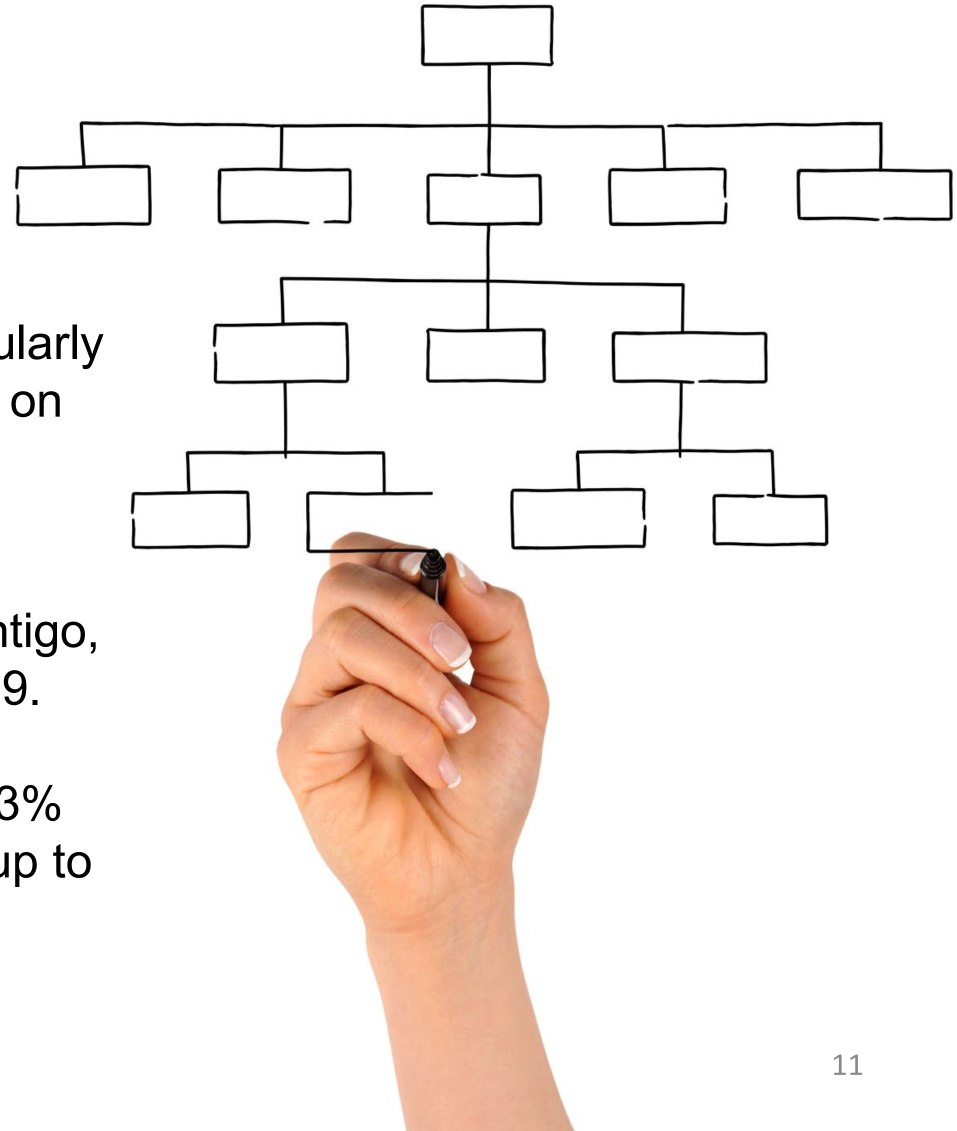
Building a track record of integrating good companies and their products to achieve our diversification strategy

Year	Company	Description	Diversification by: Product	Market
2016	pypIT	Australian gas markets	✓	✓
2017	Creative	Analytics and ETRM	✓	
2018	Contigo	ETRM for U.K. and Europe		✓
2020	eZ-nergy*	Scheduling and auto trading	✓	✓

* Share purchase agreement signed 24/12/19 anticipated completion in March/April 2020

energy one

Contigo integration is performing well with operational improvements showing results



As mentioned Contigo's EBITDA is up ~10% on our forecasts which is particularly pleasing given revenue was down 4% on forecasts (indicating the margin improvements achieved so far)

Recurring revenues were 68% for Contigo, an improvement on the 65% in June 19.

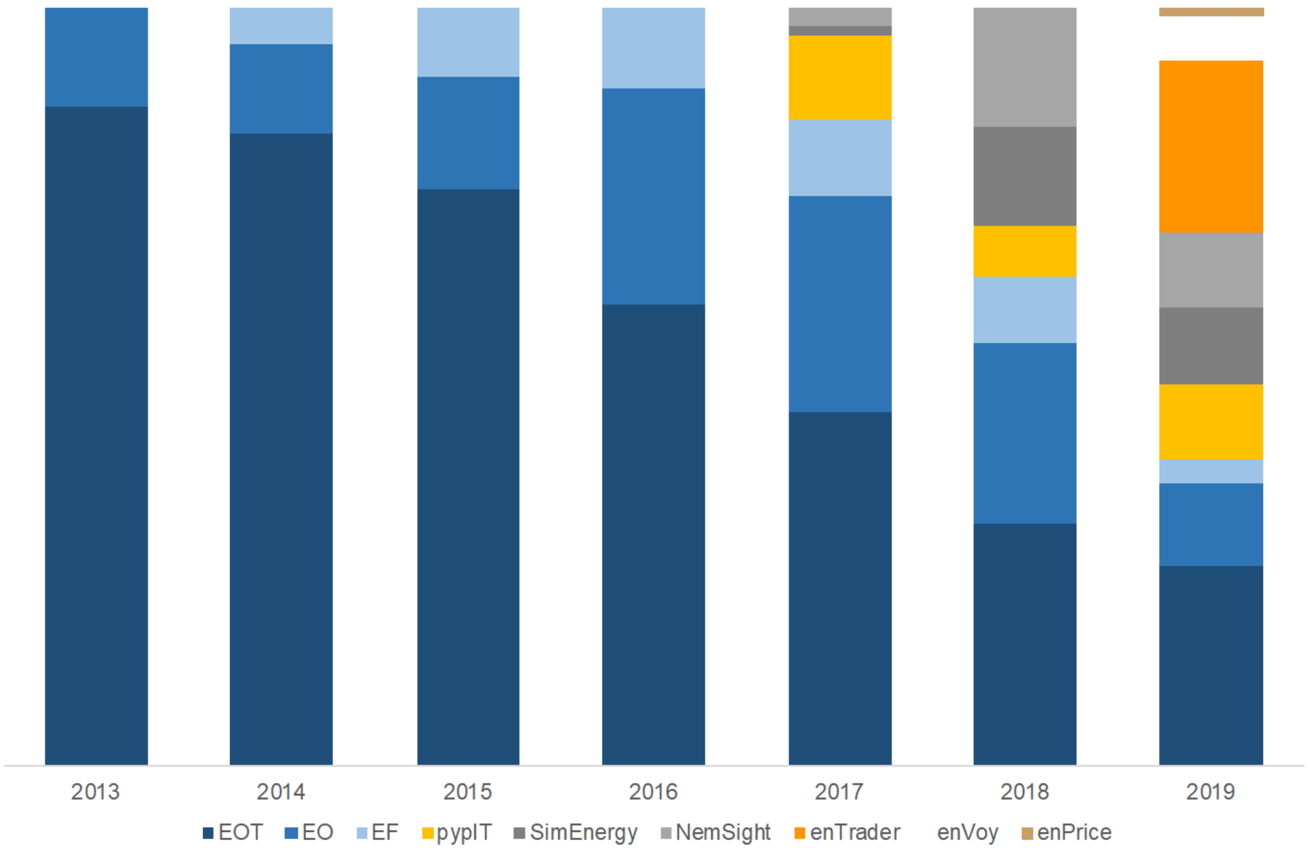
Recurring revenue for Australia was 73% bringing recurring revenue for the group to 71% of operating revenue.

energyone

The strategy to diversify revenue by product and geography is creating a robust business

In 2013 EOT was our biggest product with ~$1.5M in sales. This represented almost 90% of total revenue.

In 2019 (pre eZ) EOT is still a significant product with ~$4.2M in revenue but importantly now only represents 26% of total revenue

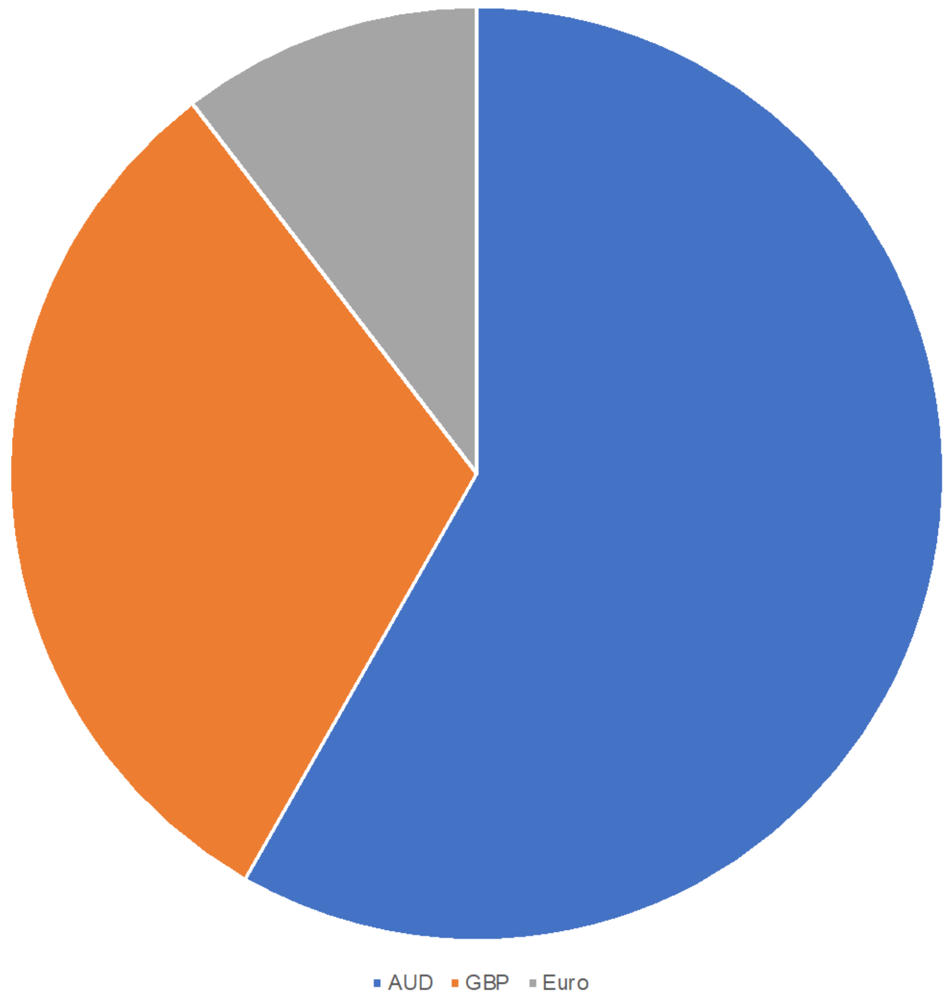


energyone

This also means revenue by market is diversifying

With our expansion into the U.K. and Europe, 31% of our revenue is now generated in GBP and 10% in EURO.

This currency exposure is not currently hedged. The board will continue to monitor and review this exposure.



energyone

While operational cash flow was down it's expected to improve in the second half

Factors that lead to reduced cash flow during the half:

- Timing of project revenue vs. implementation costs
- Some customers also pay an annual fee which is receipted in the second half.
- Finance costs have increased due to the acquisition of Contigo.
- Tax is also now being paid in installments

eZ-nergy acquisition update

Outstanding Conditions Precedents to achieve completion

While both legal and operational due diligence have been completed and finance is well progressed, several regulatory hurdles, including French Foreign Investment Clearance, still need to be completed.

At this stage there are no obvious issues and provided all goes smoothly we hope these remaining CP's will hopefully be completed by the end of April.

energyone

Key benefits of the acquisition

- ✓ **Merging Contigo and eZ provides a unique and comprehensive solution to European Power & Gas Trading and nomination/scheduling**

- ✓ Provides Contigo with:
  - ✓ UK Gas, Gemini nomination capability
  - ✓ European Ancillary Services and physical scheduling capability
  - ✓ Automated trading and short-term optimisation capabilities
  - ✓ EPEX M7 and Nord Pool trading interfaces
- ✓ A relatively simple product integration path
- ✓ Same technology stack so can share technical resources
- ✓ An opportunity to consolidate support and back-office functions
- ✓ Branding opportunity – moves Contigo/eZ to a position as a pan European 'player' and therefore more likely to be chosen by EU customers for the other products

Total cost of acquisition is €4million over 18 months

EURO	AUD*	Consideration	**Payable**
€2,000,000	$3,252,000	Cash	On completion
€500,000	$813,000	Equity	On completion
€500,000	$813,000	Cash	6 months post completion
€500,000	$813,000	Cash	12 months post completion
€500,000	$813,000	Cash	18 months post completion
€4,000,000	**$6,504,000**	**Total Consideration****	

On completion shares equal to €500,000 will be issued to the three founders of eZ-nergy at a price of AUD$2.27 which represents the 20-day VWAP prior to signing the share purchase agreement.

* Based on an exchange rate of AUD:EURO of 0.615

** Note: €1M cash will be left in the business for working capital

The acquisition will be immediately earnings accretive

Given the regulatory hurdles may not be complete until the end of April 2020 there will only be two to three months of financial contribution to FY20.

However we anticipate the first full year (FY21) eZ-nergy will generate income of approximately:

Metric	Euro	AUD	Cents per share*
Revenue	€ 2.4M	$4.0M	
EBITDA	€ 0.8M	$1.3M	$0.05

Note: Due to the timing of the acquisition the financial results for the first half of FY20 were impacted by one off acquisition costs with no corresponding revenue to offset these costs.

* Based on 22,207,310 shares on issue

Optimise capital structure to grow the company

- At 31 December 2019 total debt outstanding was $5.9M, down from a total of $7.28M in December 2018. This represents 1.3x FY20 EBITDA
- Interest rate on loan facility is 3.5%
- EOL is progressing discussions regarding financing for the eZ acquisition.
- Acquisition funding to be optimised between equity and debt.

energyone

The acquisition of eZ-nergy fits EOL's long-term strategy

Diversification

- Invest in new products
- Develop value-added services
- Migrate customers to newer versions
- Cross-sell products
- Develop recurring revenue streams

Grow customer base

- Offer a single-vendor solution
- Geographic expansion
- Sell into other industries

Grow by acquisition

- Acquire complementary products/services
- Distribution agreements

✓ Product diversification with SaaS cross selling opportunities

✓ European market much larger than Australia

✓ eZ-nergy and Contigo have highly complimentary products

Outlook

We are anticipating a strong second half

- We anticipate completing the temporary burst in product development
- Potential financial contribution from ez-Nergy
- Implementation will begin for our large European customer
- Two new large Australian projects in the pipeline
- Maintain guidance for full year EBITDA of $4.5M

energyone

energyone

Mr Shaun Ankers - CEO and Managing Director

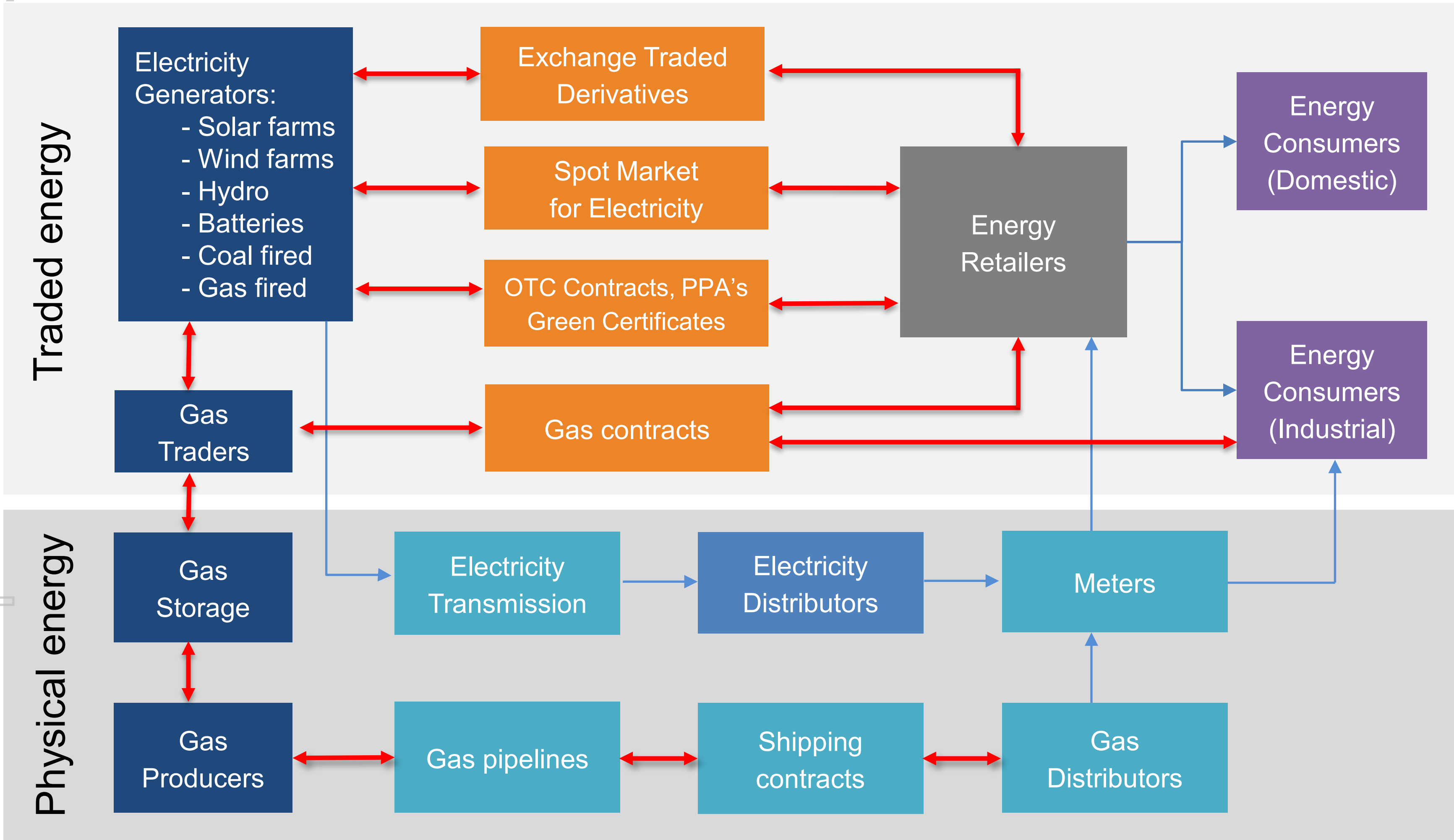
Email: enquiries@energyone.com.au

Level 13, 77 Pacific Highway
North Sydney NSW 2060

About Energy One

- Energy One Limited (ASX:EOL) is a leading independent global supplier of Energy Trading and Risk Management (ETRM) Systems
- More than 10 years experience providing high quality software solutions for customers trading in complex and fast-paced wholesale energy markets
- The Company offers SaaS and automation solutions for the trading and scheduling of physical and contract bulk energy and derivatives (including electricity, gas, liquid commodities and environmental and carbon trading)
- 50% of Australia's bulk energy is traded using our systems. With offices in Australia and UK, the company has ~200 installations in 11 countries, many with blue-chip international energy companies.
- Energy One has a strong track record of year-on-year growth in revenue, earnings and profit.

Many energy market participants use EOL software



Energy One software potentially used to facilitate a transaction

energyone

A comprehensive suite of software

Physical Bidding

Allows a power station to bid it's electricity (quantity, price, time and place) into the National Electricity Market. Takes into account potential constraints in the transmission system allowing optimum dispatch for companies with multiple generators.

Market Analytics

Detailed data and market analytics platform and various trading tools for energy traders

ETRM

Contract management for recording physical trades (PPA's) and financial derivatives (Swaps, Options, Caps etc). Records the trade allocating it to a hedge book / portfolio. As market prices change hedge books are revalued. Forward books can be five years of more. Provides risk analytics such as GMaR, VaR, CaR, Monte Carlo etc. Electricity, gas, carbon, diesel, coal and Fx

Business Process Automation

Many systems and contracts in energy markets can be very complex. These tools automate complex but mundane tasks increasing not only accuracy but also efficiency. Can be used to help transport gas from one point through several different pipelines to and end point. Pipeline capacity for each pipeline has to be bought in advance

Business analytics, intelligence and reporting

Wrapping around various software products is a user-configured dashboard that can provide alerts, various market feeds, task management etc. It also offers comprehensive reporting and analytics

energyone

EOL software makes life easier

Participant	Challenges faced	Energy One products
Generators	Accurate, compliant energy spot market bidding	✓
	Efficiently dispatching generation during constrained network events	✓
	Energy operations (B2B, bid preparation, monitoring, compliance)	✓
	Hedging output against volatile spot market using derivatives	✓
	Management and valuation of complex PPA’s	✓
Renewables	Automated bidding into the spot market	✓
	Curtailing dispatch during negative price events	✓
Retailers	Hedging load against the spot market and reconciliation with spot market	✓
	Trading energy derivatives deal capture and contract management	✓
	Logistics – transporting gas across multiple pipelines	✓
	Evaluation of risk exposure, monitoring risk limits	✓
	Renewable energy compliance	✓
	Energy operations (B2B, bid preparation, monitoring, compliance)	✓
Pipelines	Deal capture, settlements, capacity trading	✓
	Contract and network optimisation	✓
Industrial customers	Management of PPA’s and gas transport logistics	✓
	Carbon trading management	✓
	Energy monitoring	✗
	Retail invoice reconciliation	✗
Energy traders	Single comprehensive source of market data and analytics	✓
	Trading tools to facilitate / manage complex derivative trades	✓