

Tuesday, 10th February 2015

ASX/Media Release

For immediate release

Trading Update

- FY2015 Operating NPAT¹ expected to be between \$4.2 million and \$4.8 million compared to \$4.5 million in the previous corresponding period.
 - FY2015 Sales revenue expected to be approximately 30% above FY2014.
 - Acquisition of EnergyAdvice tracking well against business plan.
 - Dividend payout ratio to be maintained at 50% of statutory NPAT² adjusted for non-cash employee share plan costs and accrued deferred consideration associated with the Exergy and EnergyAdvice acquisitions.
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Energy management and procurement company Energy Action Limited (ASX: EAX) (“Energy Action” or “EAX”) provides the following trading update and earnings guidance for the year ended 30 June 2015.

After considering its current trading performance and forecast for the balance of the year, Energy Action expects FY2015 Operating NPAT¹ will be between \$4.2 million and \$4.8 million.

Preliminary unaudited FY2015 Operating NPAT¹ for the half year ending 31 December 2014 of \$1.729 million is 12.1% lower than the prior corresponding period. Revenue of \$15.632 million is 30% higher than the corresponding half year period ending 31 December 2013. As previously announced, FY2015 Operating NPAT is expected to be weighted to the second half of the year.

The two major business areas impacting the full year Operating NPAT are:

- A lower than expected earnings contribution from the Projects & Advisory Services Division
- A change in the anticipated timing of revenue recognition related to Contract Management & Energy Reporting (Activ8)

1) Statutory NPAT adjusted for:

- Deferred consideration on acquisitions required to be expensed for accounting purposes
- Acquisition, transaction and restructuring related costs
- Employee share based payments (non-cash)

Equals Operating NPAT

2) Dividend Calculation:

Statutory NPAT adjusted for:

- Deferred consideration on acquisitions required to be expensed for accounting purposes
- Employee share based payments (non-cash)

Equals amounts available for dividends (payout of 50% of this amount expected)

Projects & Advisory Services

As noted within the FY2014 AGM presentation and announcement, Projects & Advisory Services was performing below expectations at that time and whilst this trend continued for the first half of FY2015, the division is currently experiencing a satisfactory level of new business generation which is expected to result in improved performance in the second half of FY2015.

The division is still anticipated to transition from a loss making position in FY2014 to a profitable position in FY2015. The benefits of consolidating three services delivery teams into a single division at the beginning of FY2015 are now starting to be realised.

Contract Management & Energy Reporting (Activ8)

Overall there has been a strong volume of new and renewed Activ8 contracts signed in H1 FY2015 comparative to the H1 FY2014. The lead time however associated with commencement of revenue recognition of a number of new contracts has not aligned as expected with the ramp down of service delivery for several large client portfolios that were not renewed during Q1 of FY2014. The service delivery under these contracts concluded during H1 of FY2015. This will impact revenue recognition for the Activ8 service during H2 FY2015, noting that revenue from new contracts is recognised from commencement of service delivery under the contract, which is usually three to six months following contract signing.

EnergyAdvice post acquisition performance

EnergyAdvice has immediately contributed to Energy Action as anticipated in the acquisition business plan. Key initial areas delivering immediate results include:

- Strengthening of the large client management practices and approach; and,
- The alternate services offerings that can be now offered to Energy Action clients.

EnergyAdvice's financial performance is tracking to the acquisition business plan and is expected to continue to track against plan for the remainder of the financial year.

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Energy Action Chief Executive Officer Scott Wooldridge said:

“The first half business focus has been on the integration of the recent acquisitions of Exergy and EnergyAdvice. This process has progressed extremely well with the revenue synergies starting to be realised. This provides Energy Action with the scale to now focus on operational synergies and driving better productivity and profitability from the integrated organisation. This is Energy Action’s business priority in the second half of the financial year. As of December, the organisational structure was finalised across the three companies to provide the platform for driving efficiencies within the business.”

“Whilst our FY2015 Operating NPAT is now expected to be relatively consistent with the previous corresponding period, Energy Action has laid the foundation for future growth of the business, and this is being reflected in an increased forward revenue book, details of which will be provided with the half year results announcement.”

The Board intends to pay a dividend for the half year ending 31 December 2014 at the current payout ratio of 50% of statutory NPAT². Energy Action will provide detailed performance metrics as part of its half year results announcement on the 19 February 2015.

ENDS

Further information:

Scott Wooldridge, Chief Executive Officer: (61 2) 9633 6471

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