

06 January 2020

**Energy One Limited (ASX : EOL)**

**Energy One signs share purchase agreement to acquire eZ-nergy**

Further to our announcement of 24 December 2019, please find attached presentation in relation to the signing of a share purchase agreement to acquire 100% of eZ-nergy, a French company selling Software as a Service (SaaS) to utility customers across Europe.

**Shaun Ankers**

**Chief Executive Officer**

# Energy One Limited (ASX:EOL)

Signs share purchase agreement to acquire  
100% of eZ-nergy



**energyone**

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Energy one is pleased to  
announce it has signed a share  
purchase agreement to acquire  
100% of eZ-nergy



Energy trading made easy

# Transaction is earnings accretive

eZ-nergy is a French based company selling Software as a Service (SaaS) to the energy and utilities industry.

<https://www.ez-nergy.com/>

eZ-nergy is an established profitable company, will be immediately earnings accretive, and will be funded using bank debt and equity.



# About eZ-nergy





# A profitable SaaS company

Established in 2013 by its three founders, eZ-nergy is headquartered in Paris, France with 44 customers in 8 countries and a staff of 18.

A pure Software-as-a-Service (SaaS) business with 86% recurring revenue

Well established, profitable, power scheduling/nominations software underpins the business.



# eZ is a company with high growth potential

Our analysis indicates there may be ~1,500 potential EU customers for the eZ software and services with little penetration by competing vendor systems. It appears most customers use internally built systems.

eZ currently have 44 customers.



# A robust suite of software serving multiple European energy markets

Three software modules run under a single user interface:

Physical	eZ-Ops balancing	Energy flows management, data aggregation, rapid pre-settled actions, Dashboard to monitor traded and nominated positions and imbalances.
	eZ-Ops scheduling	European Power and Gas nominations for 20 European Power TSOs (system operators) and 30 European Gas TSOs. Physical scheduling and ancillary services for 3 markets. Gas Storage nomination. These are day-ahead and intra-day markets and the emphasis is on the physical scheduling of energy.
Financial	eZ-Ops automated trading	Short term automated algo-trading for EPEX M7 & Nord Pool involving 'intra day' trading for physical energy.



# Profitable power nominations software underpins the business

The Balancing and Scheduling modules are mature and highly functional in both electricity and gas.

The modules have extensive market-readiness with market interfaces in multiple countries available 'out-of-the-box'.

The Scheduling/nominations business is very stable, successful and underpins the business profitability.

# Contigo and eZ-nergy - a perfect match

Contigo is strong in the UK with ambitions towards European growth and eZ is the other way, complementing each other.

Operationally we will combine products, strengths and expertise to better reach and serve our Customers.

An EU office gives us a Brexit hedge

Product integration means development of improved Euro-wide product offerings





# Highly synergistic with Contigo

- eZ-nergy and Contigo written in the same software language
  - This will allow easy product integration, sharing of functionality, tools and development resources.
    - In fact, enTrader (Contigo) and eZ-Ops (eZ-nergy) already work together. Have 3 common customers together and often submit joint bids for work/projects.
- eZ-nergy has UK Gas support which Contigo had planned to build into enVoy.
- eZ-nergy also have Ancillary Services support for a number of European markets; again, this was on the roadmap for Contigo's enVoy product



# Products are very complimentary

eZ-nergy's and Contigo's shared language provides immediate product combination.

This is particularly true with enVoy/eZ-Ops where we can quickly offer a unique and comprehensive end to end solution for European power and gas scheduling (physical) and, by including enTrader, a one-stop shop for power and gas trading (financial).

This will provide a strong competitive solution over our competitors



# Opportunity to leverage combined sales & marketing

eZ-nergy's focus to date has been building and marketing their excellent technology.

As a start-up with a limited sales and marketing budget eZ-nergy has been successful based on the strength of their product.

Sales of eZ software will benefit from being part of a wider product offering and bigger sales team.

Contigo and eZ-nergy target similar customer segments so will both benefit from a broader product offering and this combined sales and marketing approach.



# eZ-nergy's blue chip customer base





# Operational

# Two excellent management teams



- Contigo's executive and technical team have been integral in the due diligence.
- The founders of eZ-nergy have grown a very successful business based on the strength of their technology and sound leadership.
- Culturally the eZ and Contigo management teams are an extremely good fit.
- The two management teams are excited about the opportunity of merging the two businesses and the additional growth that will result



# Positive operational integration



- Simon Wheeler the European CEO successfully led the operational integration of Contigo into the Energy One group.
- The eZ-nergy and Contigo management teams have already identified a clear path for product integration & ownership of product development.

# There will also be back office synergies

Reduced back office costs arising from economies of scale with the combined use of:

- Cloud infrastructure
- Database licenses
- Combined accounting system







# Remaining regulatory hurdles

While both legal and operational due diligence have been completed and finance 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 expect these remaining regulatory hurdle to be completed in approximately two to three months.

# Key benefits

- ✓ **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



# Transaction financials

# 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
<b>€4,000,000</b>	<b>\$6,504,000</b>	<b>Total Consideration**</b>	

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.

\* 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 February or March 2020 there will only be three to four 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

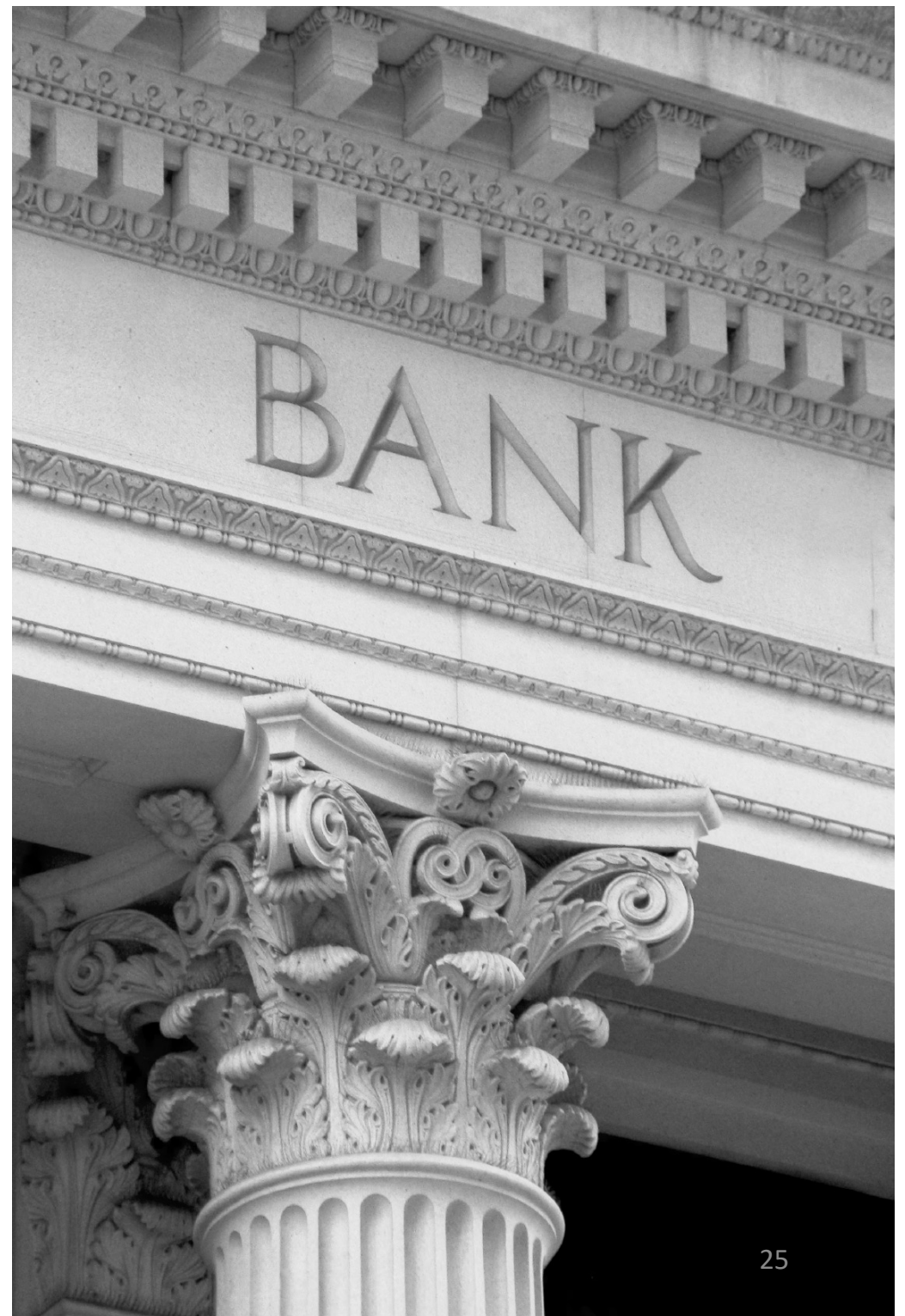
Note: Due to the timing of the acquisition the financial results for the first half of FY20 will be impacted by one off acquisition costs with no corresponding revenue to offset these costs.

\* Based on 22,207,310 shares on issue



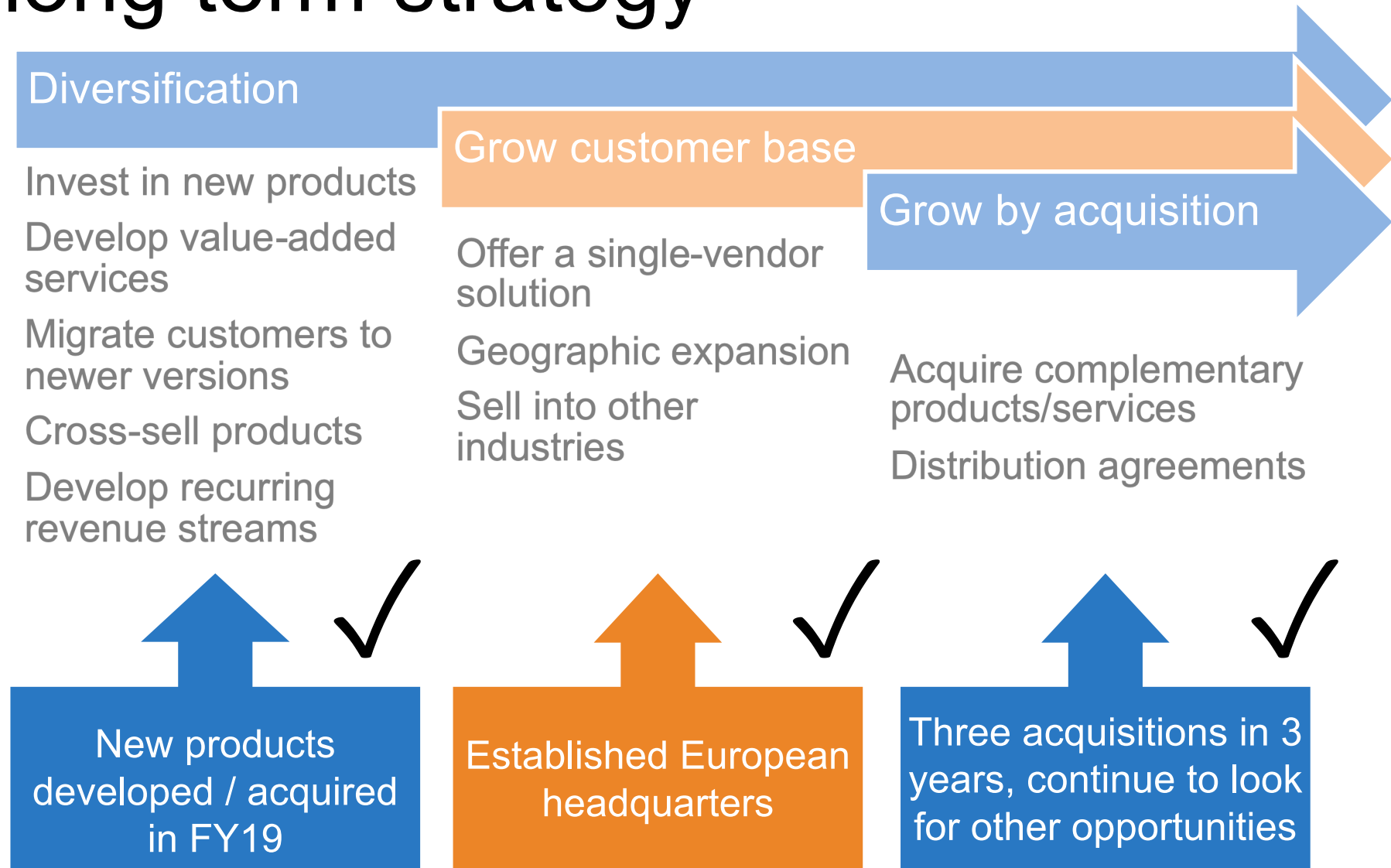
# A combination of debt and equity will be used to acquire eZ-nergy

- We will look to expand the existing Westpac debt facility. (5-year amortising debt with a current interest rate of 3.60%)
- Equity will be issued to the vendors and we may also perform a small capital raise depending on debt sizing.
- The business is generating strong free cash flow enabling debt repayment.



# Strategy

# We're successfully executing our long term strategy

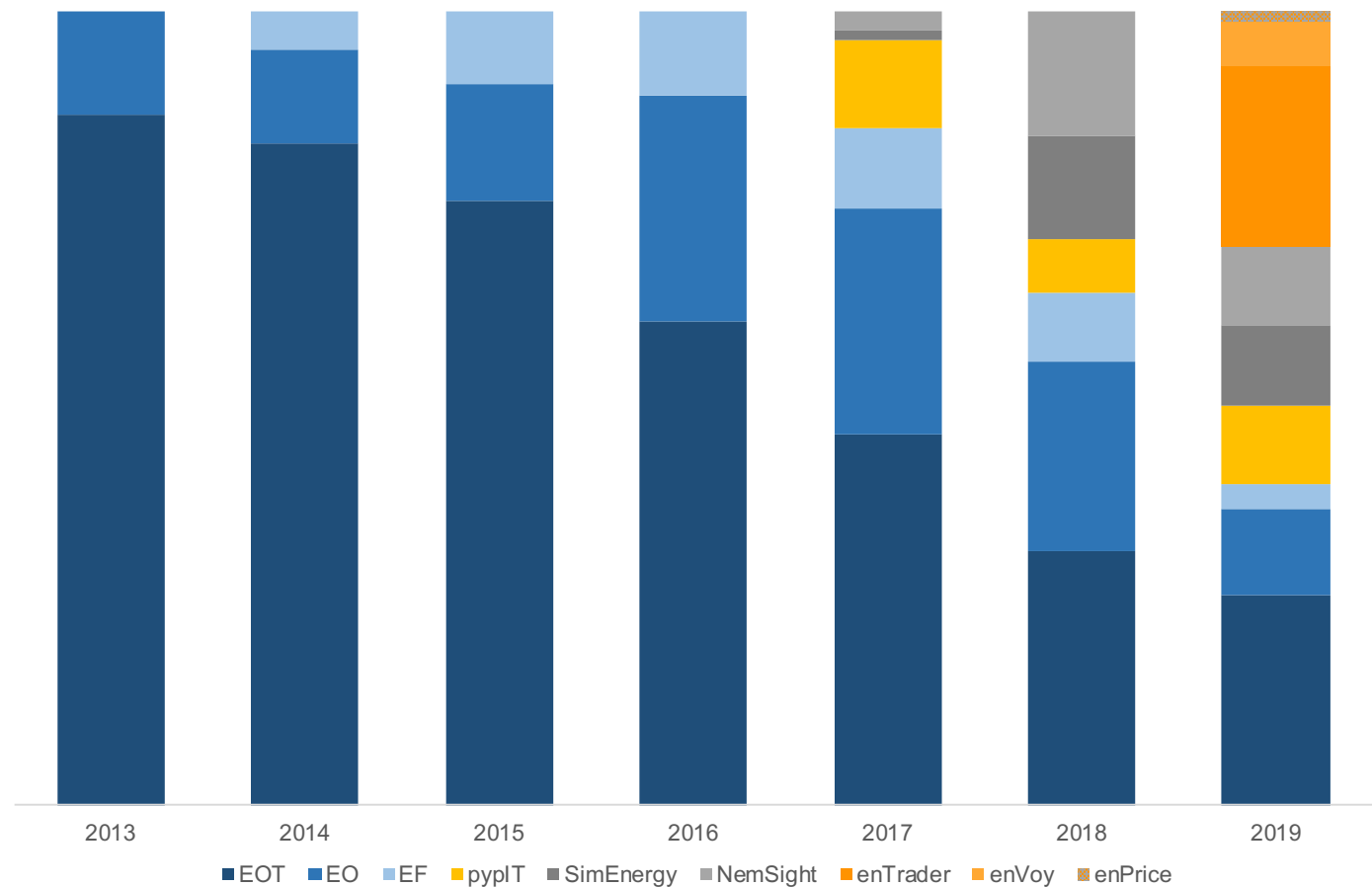




# The strategy to diversify revenue by product and geography is creating a robust business

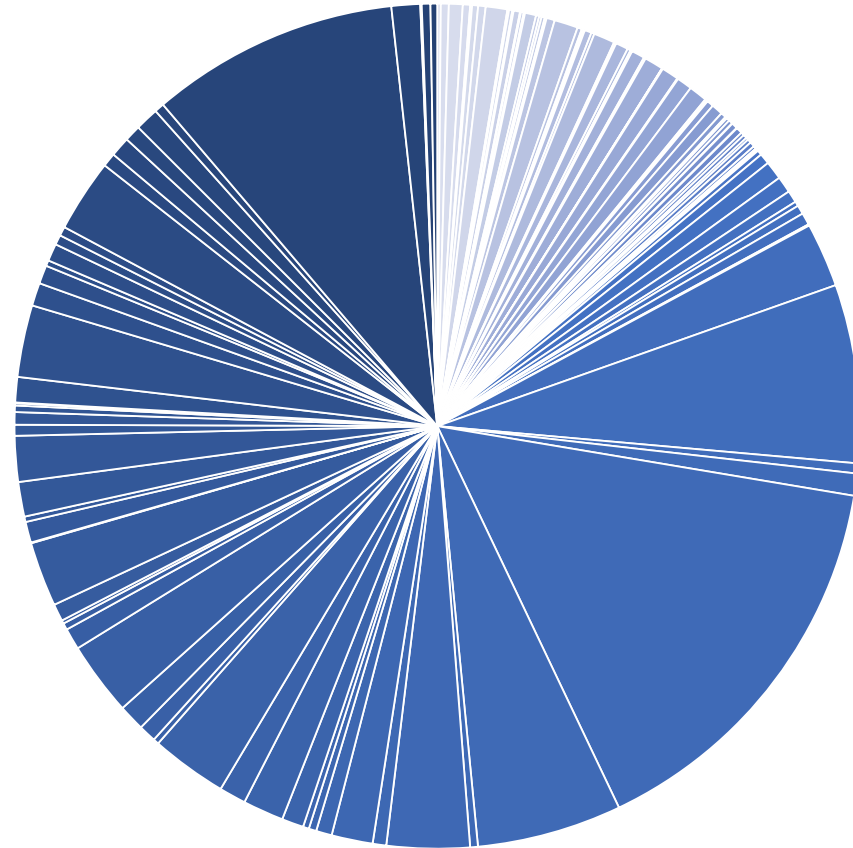
In 2013 EOT was our biggest product with ~\$1.5M in sales. This represented almost 90% of total revenue.

In 2019 (i.e. pre-eZ) EOT was still a significant product with ~\$4.2M in revenue but importantly now only represents 26% of total revenue



# Acquisitions have also helped diversify our customer base

- With eZ in the group, the business now has more than 250 customer installations in 17 countries
- Anticipated combined recurring revenues will be >70%
- Opportunity to cross-sell/bundle/package offerings to existing customers
- Greater leverage of future development in other power/gas/oil markets through multi-commodity offerings to a wider range of customers



Group revenue by customer

# The EOL group is now a truly global vendor of ETRM systems



Following the acquisition of eZ-nergy the Energy One group will have over 250 customer installations in 17 countries.





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# Appendix

## Additional information

# eZ power scheduling software for multiple European markets

Country/region	Market TSO's
France	RTE (PEB & Morgan)
Germany	Amprion / 50 Hertz / Tennet / Transnet
Belgium	Elia
Netherlands	Tennet
Denmark	Energinet
Sweden	Svenska Kraftnät
Austria	APG / APCS
Switzerland	Swissgrid
Italy	Terna
UK	Elexon / IFA / Britned
Luxembourg	Creos
Nordics	eSett



# eZ gas scheduling software for multiple European markets

Country/region	Market TSO's
France	GRTgaz/Terega/Storengy
Germany	NCG/Gaspool/Bayernets/EWE/Fluxys/Tenp/Gascade/ GRTGazD/GTG/Nord/GasunieD/Nowega/Ontras/OGE/ Terranets/Thyssengas/Trianel
Belgium	Fluxys/Huberator
Netherlands	GTS
Denmark	Energinet (transport & storage) & JBZ
Sweden	Swedegas & JBZ
Austria	CEGH/GCA/OMV
Norway	Gassco
Italy	Snam
UK	National Grid Gemini
Slovakia	Eustream