

**ASX/Media Release****For immediate release****30 April 2013**

## Shareholder Update

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Energy management services company, Energy Action Limited (ASX: EAX) (“Energy Action”), is pleased to provide shareholders with the following company update.

### **Operational Update**

Energy Action is on track to procure, on behalf of its business customers, well over \$800 million in energy contracts in FY13, from the winning bids of fifteen participating energy retailers on Energy Action’s Australian Energy Exchange (AEX), the Group’s on-line reverse auction platform.

Whilst uncertainty around the carbon tax has resulted in a reduction in average electricity procurement contract length, contract lengths for the Activ8 product (energy monitoring and reporting), which accounts for approximately 60% of EAX’s revenue have been increasing, with the current average term at 53 months.

Therefore whilst AEX revenue has been impacted by shortening contract lengths, Activ8 FY13 revenue is above expectations.

### **Carbon Exclusive Auctions Performing Well**

As disclosed in the recent half-year results announcement and noted above, uncertainty around the carbon tax has resulted in a reduction in average electricity procurement contract length across the AEX product. As a result, Energy Action has been running a series of ‘carbon exclusive’ auctions on the AEX to help the energy retailers establish both a carbon exclusive product and a market for contracts in 2016.

We are pleased to report that the feedback from all the major retailers participating in the carbon-exclusive auctions has been very positive, with Energy Action taking an industry leading position by potentially allowing customers to lock in energy contracts beyond 2015. It is anticipated that these carbon exclusive auctions will result in an improvement in the average length of AEX contracts and Energy Action intends on progressing these auctions more broadly to achieve this outcome.

### **New Sales Structure in Place**

Following the comprehensive Sales Review announced in the company’s half-year results, Energy Action is pleased to announce that the new Sales Team structure is now in place, with a smooth transition taking place and positive feedback received from sales staff.

The new structure ensures that the Group’s sales team is incentivised effectively for the company’s next phase of growth. As a result, the sales team was split into two departments – Customer Acquisitions (new sales) and Customer Management (renewals), with realigned thresholds and commission structures that more accurately reward performance and align with company objectives. As part of this measure, all commissions will be paid up front going forward, with company recently paying out all existing trailing commissions.

Following a comprehensive internal and external recruitment process Energy Action has appointed two new regional sales managers, from outside the business. One of the new managers will manage and lead the Customer Acquisitions teams based in Melbourne, Adelaide and Perth (Southern), with our other new manager managing and leading the Sydney (NSW) team. Our incumbent Brisbane based Regional Sales Manager will continue to manage and lead the Brisbane (QLD) team.

The new structure is aimed at ensuring all sales staff are focused and high-achieving, and we look forward to seeing the sales force deliver results that will underpin the company's future success.

### **First Solar Project Underway**

Energy Action is pleased to report that the first business solar project is underway as part of the company's Activ8+ sustainability and efficiency offering at Finley Returned Soldiers Club. Energy Action provided the club with advice regarding the most appropriate sustainability option to deliver cost savings, oversaw the installation of the panels and will manage and monitor the project on an ongoing basis.

The panels have been operating for 4 months, and early results indicate significant energy cost savings for the club. A second project is being implemented for 200 KW where Energy Action has already sourced funding of \$192,000 from the Clean Technology Investment Program.

Energy Action's Activ8+ offering continues to perform strongly, with increased interest amongst the business community for sustainability and efficiency solutions both as a result of the cost savings they provide and the significant government incentive schemes in place for those businesses that engage in sustainable practices. The success of this first solar project provides Energy Action with a platform to deliver similar projects to an increasing base of clients looking to adopt sustainable energy practices.

### **Appointment of Corporate Adviser**

Energy Action continues to assess growth opportunities in the market, and as part of this process the company is pleased to announce that in March 2013 it appointed Fort Street Advisers as its corporate adviser.

Fort Street Advisers is an independent corporate advisory firm, comprising senior investment banking executives with expertise accumulated through leading a large volume of transactions through varied markets.

This appointment was made after an extensive selection process and the company looks forward to updating shareholders as growth opportunities progress.

### **CEO Executive Search**

As disclosed in the half-year results announcement in February, Managing Director Valerie Duncan advised the Board of her intention to retire within a period of 12 to 18 months. Valerie will remain on the EAX board of directors, as a non-executive director, immediately following the time that she resigns as Managing Director.

We are pleased to report that we have appointed an executive search firm to assist with the process.

Energy Action Chairman Ron Watts said: "The Company has made significant progress across a number of areas in recent months, from our market-leading carbon-exclusive auctions, to our newly structured and incentivised sales force and our first successful business solar project.

“Whilst the company continues to perform strongly on a number of fronts, we understand the need to continually improve and innovate as we enter our next phase of growth. This is demonstrated by our proactivity in the carbon market and the restructure of our sales force, and we anticipate that these two measures will result in an improvement in our operational performance in the near term.

“As highlighted by our appointment of Fort Street Advisers, we are continuing to explore potential M&A opportunities which would be complimentary to our existing business. We will continue to keep shareholders updated on this initiative.”

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**\*ENDS\***

**Further information:**

Valerie Duncan, Managing Director: (61 2) 9633 6403

Nathan Francis, Chief Financial Officer & Company Secretary: (61 2) 9633 6405

Released through: Sam Wallman, Six Degrees Investor Relations: 0405 399 430