

ENERGY CONSULTANCY FOR THE COMMERCIAL WORLD



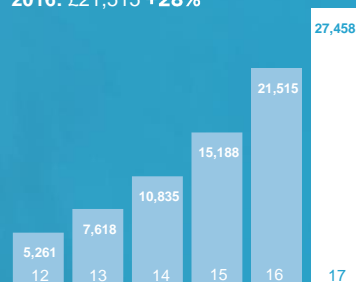
Final Results Presentation
Year to 31 December 2017

GROUP – 2017 FINANCIAL HIGHLIGHTS

Revenue (£'000)

£27,458

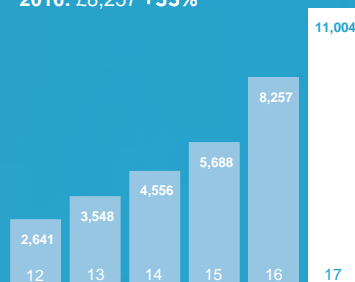
2016: £21,515 **+28%**



Adjusted EBITDA (£'000)

£11,004

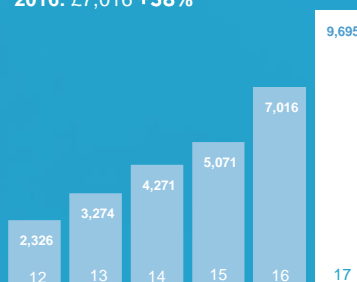
2016: £8,257 **+33%**



Adjusted profit before tax (£'000)

£9,695

2016: £7,016 **+38%**



Adjusted earnings per share (p)

1.57p

2016: 1.27p **+23%**



Dividend (p)

0.55p

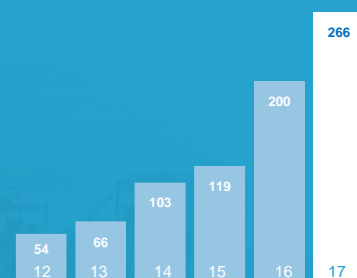
2016: 0.45p **+22%**



Average headcount

266

2016: 200 **+33%**



OPERATIONAL HIGHLIGHTS – FY 2017

Operational Highlights

- Record revenues delivered by the Corporate Division growing 32% to £21.5m (2016: £16.3m).
- Procurement Corporate Order Book increased 39% to £39.0m, with strong customer retention at 85% and robust performance from strong new customer wins.
- SME Division has matured, generating record EBITDA of £2.5m providing material cash generation.
- Initiated process of restructuring the Corporate service offering by client category under a unified “Inspired” brand, which is due to complete in H1 2018.

Acquisition Highlights

- Integration of FEML and Churchcom, acquired in April 2017, progressing well and in line with expectations.
- Acquired Horizon in July 2017, increasing geographical presence and strengthening position as a market leader in Ireland.
- Horizon traded in line with Board expectations in H2 2017, and trading in 2018 has started strongly.
- Final settlement, in cash, of the outstanding consideration due to the vendors of STC Energy and Carbon Holdings Limited, Wholesale Power UK and Informed Business Solutions.

Board Transition

- Mark Dickinson appointed Chief Executive Officer of the Group in October 2017.
- Richard Logan appointed as an Independent Non-Executive Director in March 2017.
- Gordon Oliver appointed as an Independent Non-Executive Director in January 2018.
- Matthew Thornton steps down as Sales Director and moves to Non-Executive Director, completing the transition of the Board to two Executive Directors, supported by a Non-Executive Chairman and three Non-Executive Directors.



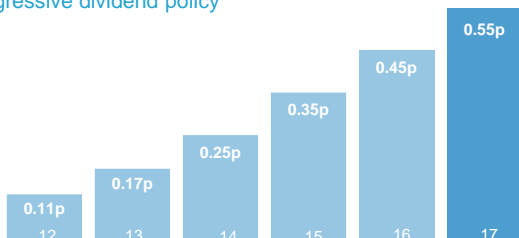
FINANCIAL REVIEW

GROUP – KEY STATS AS AT FEBRUARY 2018

Floated in November 2011 at 3.0 pence



Progressive dividend policy

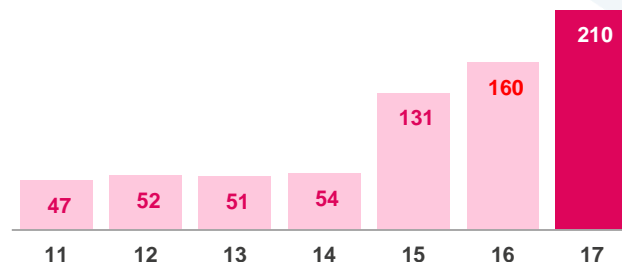


Board	Shares(m)	Holding (%)
Matthew Thornton	38.6	7%
Praetura Ventures LLP	11.1	2%
Mark Dickinson	0.7	0.1%
Richard Logan	0.3	0.1%
	50.7	9.2%
Significant shareholders (as at 14.02.2018)	Shares (m)	Holding (%)
Miton Asset Management	80.3	14%
Living Bridge	67.1	12%
Hargreave Hale	49.5	9%
Janet Thornton	38.6	7%
Slater Investments	31.5	6%
Regent Gas Holdings	30.7	5%
BGF Investment Management	17.1	3%
River and Mercantile Asset Mgt	16.5	3%
Santander Asset Management	16.2	3%

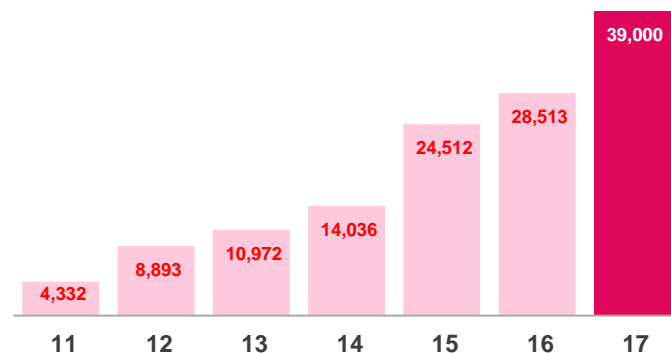
CORPORATE DIVISION – 2017 OVERVIEW

Corporate (£'000)	2017	2016	Variance
Revenue	21,460	16,320	+32%
Gross profit	19,230	14,568	+32%
Gross profit margin (%)	90%	89%	
EBITDA	10,197	7,596	+34%
EBITDA margin (%)	48%	47%	

Headcount

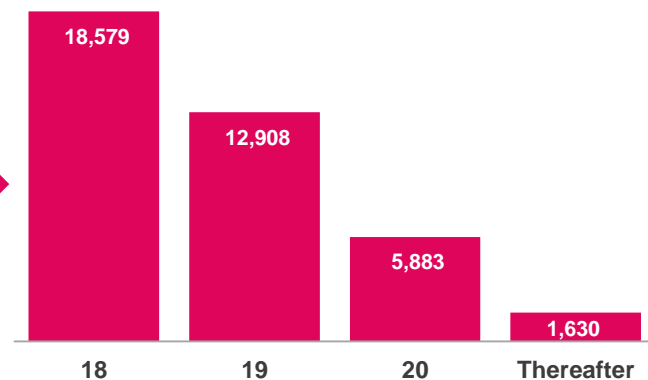


Procurement order book (£'000)



Secured procurement revenue profile (£'000) (When procurement order book will convert to revenue and cash)

Sum = £39.0m

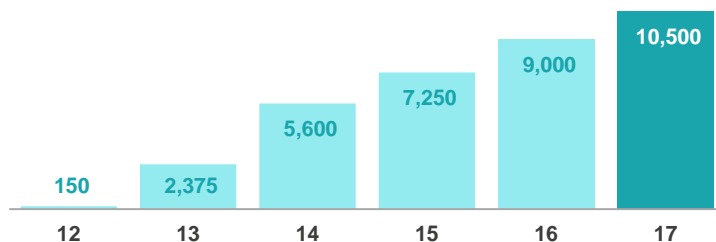


SME DIVISION – 2017 OVERVIEW

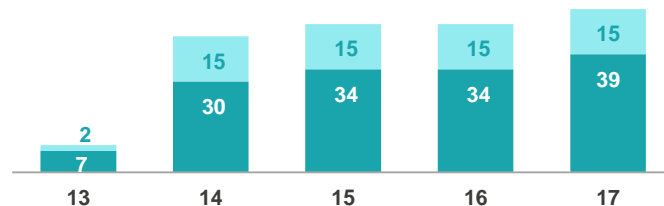
SME (£'000)	2017	2016	Variance
Revenue	5,998	5,195	15%
Gross Profit	3,583	2,741	31%
Gross Profit Margin (%)	60%	53%	
EBITDA	2,455	1,752	40%
EBITDA Margin %	41%	34%	

Revenue by suppliers	2017	2016	Terms
Supplier A	38%	32%	80% on live date
Supplier B	26%	33%	80% on live date
Supplier C	0%	1%	100% on live date
Supplier D	12%	7%	80% on live date
Supplier E	1%	7%	Monthly in arrears
Supplier F	14%	10%	80% on live date
Supplier G	2%	1%	Monthly in arrears
Supplier H	1%	4%	Monthly in arrears
Others	6%	5%	Various

Clients



Headcount



■ Sales ■ Back Office

GROUP – INCOME STATEMENT

Income statement (£'000)	31 December 2017	31 December 2016	
Revenue	27,458	21,515	Revenue growth <ul style="list-style-type: none"> > Growth in revenue primarily driven by growth in Corporate Division revenue of £5.1m and a £0.8m increase in SME Division revenue
Cost of sales	(4,645)	(4,206)	
Gross profit	22,813	17,309	
Gross Profit Margin	83%	80%	EBITDA margin <ul style="list-style-type: none"> > Increasing gross profit and EBITDA margin due to change in mix of revenue between Corporate and SME > 78% of revenue contributed from Corporate Division (2016: 76%)
Employment costs	(8,235)	(6,345)	
Other administrative expenses	(3,574)	(2,707)	
EBITDA	11,004	8,257	Finance expenditure <ul style="list-style-type: none"> > Increase as a result of the £607k unwinding of deferred consideration and £89k of foreign exchange variance in the period.
EBITDA margin	40%	38%	
Depreciation	(495)	(422)	
Finance expenditure	(1,561)	(819)	
Adjusted PBT	9,695	7,016	Exceptional Costs <ul style="list-style-type: none"> > Deal fees in FY17 relate to the 3 Corporate acquisitions of FEML, Churchcom and Horizon. > Restructuring costs generated by the integration of the Corporate Division under a unified "Inspired" brand.
Stated before:			
Deal-related costs	(896)	(408)	
Restructuring costs	(614)	(122)	
Amortisation	(3,297)	(2,149)	Amortisation <ul style="list-style-type: none"> > Increase in the year driven by amortisation generated from acquired intangibles > £2.56m FY17 vs £1.57m FY16
Share-based payment costs	(591)	(318)	Share-based payment costs <ul style="list-style-type: none"> Increase as a result of LTIP granted in the year

GROUP – STATEMENT OF FINANCIAL POSITION

Statement of financial position (£'000)	31 December 2017	31 December 2016	
Non-current assets			
Goodwill	21,680	12,988	Goodwill > Increase in goodwill in the year driven by acquisition of FEML, Churchcom and HEG
Intangible assets	11,662	7,391	
Tangible assets	1,406	1,332	
Current assets			
Trade and other debtors	16,305	12,409	Trade and other debtors > Accrued revenue – £11.4m (2016: £8.9m) with £1.2m relating to the acquisitions in the year > Trade Debtors – £3.3m (2016: £2.6m)
Cash	5,183	984	
Total assets	56,236	35,103	
Current liabilities			
Trade and other payables	2,532	1,712	Bank borrowings > Within FY17, £1.5m RCF shown as current borrowings
Bank borrowings	2,037	3,338	
Contingent consideration	3,036	2,460	
Current tax liability	3,022	2,413	Contingent consideration > Total of £4.4m relating to HEG and IBSL > £3.4m HEG > £1.0m IBSL Of which: > £3.0m current > £1.4m non-current
Non-current liabilities			
Bank borrowings	17,809	8,286	
Trade and other payables	32	62	Net debt > Increased to £14.9m (2016: £10.8m) as a result of funding acquisitions of FEML and Churchcom
Contingent consideration	1,375	797	
Interest rate swap	144	149	
Deferred tax liability	1,126	1,004	
Total liabilities	31,114	20,229	
Net assets	25,122	14,874	

GROUP – CASH FLOW STATEMENT

Cash flow statement (£'000)	31 December 2017	31 December 2016
Profit before income tax	3,553	4,019
Adjustments		
Depreciation	495	422
Amortisation	3,297	2,149
Share-based payment costs	591	318
Finance expenditure	1,557	742
Other financial items	(292)	77
Cash flows before changes in working capital	9,201	7,727
Movement in working capital		
Increase in trade and other receivables	(2,441)	(2,949)
Increase in trade and other payables	152	200
Cash generated from operations	6,912	4,978
Income taxes paid	(1,418)	(533)
Net cash flows from operating activities	5,494	4,446
Cash flows from investing activities		
Contingent consideration paid	(2,550)	(1,250)
Acquisition of a subsidiary, net of cash acquired	(10,672)	(1,374)
Payments to acquire PPE	(458)	(369)
Payments to acquire intangible assets	(1,221)	(1,071)
Cash flows from financing activities		
New bank loans (net of debt issue costs)	23,960	2,624
Proceeds from equity fundraising	8,870	423
Repayment of bank loans	(16,149)	(1,509)
Interest on bank loans paid	(699)	(713)
Dividends paid	(2,457)	(1,826)
Increase/(decrease) in cash and cash equivalents	4,193	(621)
Cash and cash equivalents brought forward	984	1,605
Exchange differences on cash and cash equivalents	5	-
Cash and cash equivalents carried forward	5,183	984

Cash generated from operations

- > 39% increase in cash generated from operations in the year

Contingent consideration

- > £1.3m for STC paid in October 2017
- > £250k for WPUK paid in November 17
- > £1.0m for IBSL paid in July/October 17

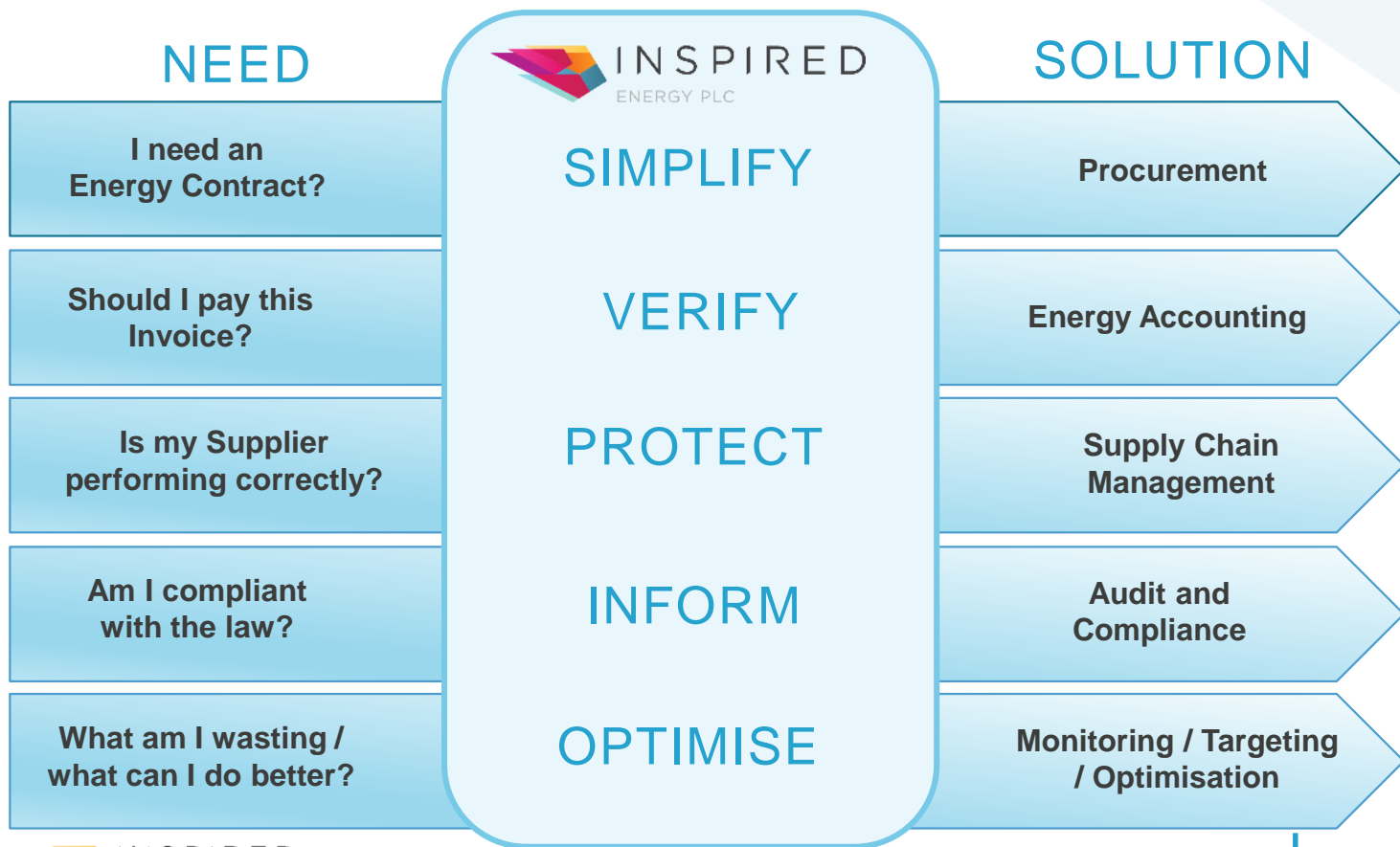
Acquisitions

- > Relates to the acquisitions of FEML, Churchcom and HEG during 2017

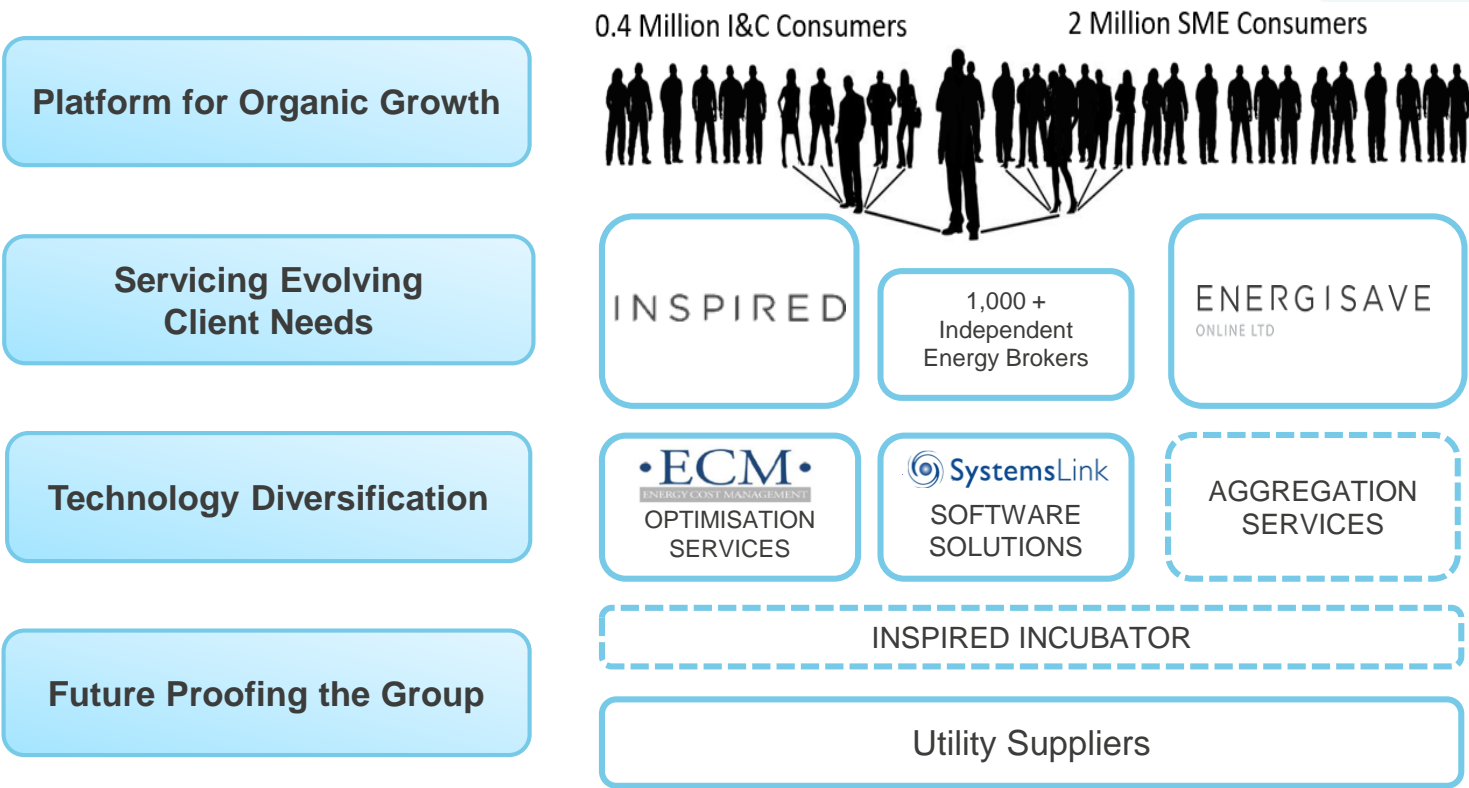


BUSINESS PERFORMANCE & OUTLOOK

INSPIRED ENERGY – WHAT WE DO



GROUP OUTLOOK – PLATFORM FOR GROWTH



CORPORATE DIVISION – FY18 ACQUISITIONS



Acquired:

March 2018

Consideration:

£3.875m (£3.25m cash and issue of 2,948,113 new ordinary INSE shares)

- SystemsLink is a supplier of energy management software, enabling customers to monitor and manage their utilities consumption effectively
- SystemsLink's energy management platform "Energy Manager" is licensed to public and private sector energy users, energy consultancies and third party intermediaries
- Inspired has been a licensee of Energy Manager since the Group's IPO in 2011, to support its service offering and energy management needs of the core Corporate Division. This acquisition brings this capability in-house, providing security of access
- Consideration of £3.875 million to be satisfied in cash and shares
- Will form the basis of our software solutions division and will operate as a stand alone business unit
- Consideration Shares are subject to a 12 month lock-in from the date of admission (First Lock-in Period). On expiry of the First Lock-in Period, 50% of the Consideration Shares will remain subject to a lock-in for a further 12 months with the balance subject to orderly market provisions for 12 months.

CORPORATE DIVISION – FY18 ACQUISITIONS



Acquired:
Consideration:

March 2018
up to £2.0m (initial consideration of
£0.5m)

- ECM is a niche operator of water and energy management services, specialising in water engineering solutions
- ECM provides a range of water management services to corporate customers, including water procurement, bill validation, retrospective audit of water bills, leak detection and repair and compliance services, broadening Inspired's service offering within its core Corporate Division
- ECM is based in Kirkham, Lancashire, close to Inspired's head office, facilitating an easier integration into the Group
- Consideration to be satisfied by an initial cash payment of £0.5 million to the shareholders of ECM, with a potential further deferred consideration of up to £1.5 million to be satisfied by up to £1.0 million of cash and the issue of up to £0.5 million of new ordinary shares in the Group



APPENDICES

GROUP – BOARD

Michael Fletcher, Non-Executive Chairman

- > Board Director since IPO, appointed Non-Executive Chairman in September 2016
- > Managing Partner of Praetura Capital LLP, chartered accountant (PwC)
- > Extensive capital markets experience



Mark Dickinson, Chief Executive Officer

- > Joined the Board in September 2016
- > Appointed Chief Operating Officer in June 2017 and CEO in October 2017
- > Energy consultancy specialist with 20 years' experience within the sector
- > CEO of M&C Energy Group before selling the company to Schneider Electric in 2013



Paul Connor, Finance Director

- > Appointed FD in 2014 from Head of Finance
- > Driving acquisition strategy and integration
- > Chartered accountant



Matthew Thornton, Non-Executive Director

- > Established Risk Management division of Inspired
- > Developed innovative buying solutions with major suppliers
- > Board Director since IPO



Richard Logan, Non-Executive Director

- > FD of iomart Group PLC since 2006, c.£400m Market Cap, who joined the Board in March 2017
- > Chartered accountant, trained at Ernst & Young



Gordon Oliver, Non-Executive Director

- > FD of James Halstead plc since 1999, c.£875m Market Cap, who joined the Board in January 2018
- > Chartered accountant, trained at KPMG



CORPORATE DIVISION – ACQUISITIONS IN 2017



Acquired July 2017

Consideration: up to €15.0m
(€9.0m paid on completion)

Rationale

- > Corporate energy procurement consultant based in Cork, Ireland.
- > Customers include large corporates, public sector bodies and SMEs.
- > Brings high earnings visibility and offers synergies with Corporate Division whilst sales team benefits from cross-selling opportunities and access to Inspired's broader capabilities.
- > Ireland's energy procurement sector is relatively underdeveloped compared to the UK, providing a significant opportunity for Inspired to deploy its expertise to secure increased market share in a growing market.

Earnings enhancing and traded in line with expectations in H2 2017.



Acquired April 2017

Consideration: £2.70m
(£2.20m cash)

Rationale

- > Public sector energy procurement specialist based in Manchester.
- > Large portfolio of customers including NHS Trusts/hospitals, academic and sporting institutions which can now benefit from Inspired's energy procurement expertise and breadth of service offering.
- > Enhanced Inspired's presence and credentials within the public sector, augmenting the organic growth and presence established by STC.
- > OJEU frameworks provide a vehicle to accelerate growth in the sector.

Earnings enhancing in FY17 and trading in line with expectations.



CHURCHCOM
ENERGY SOLUTIONS

Acquired April 2017

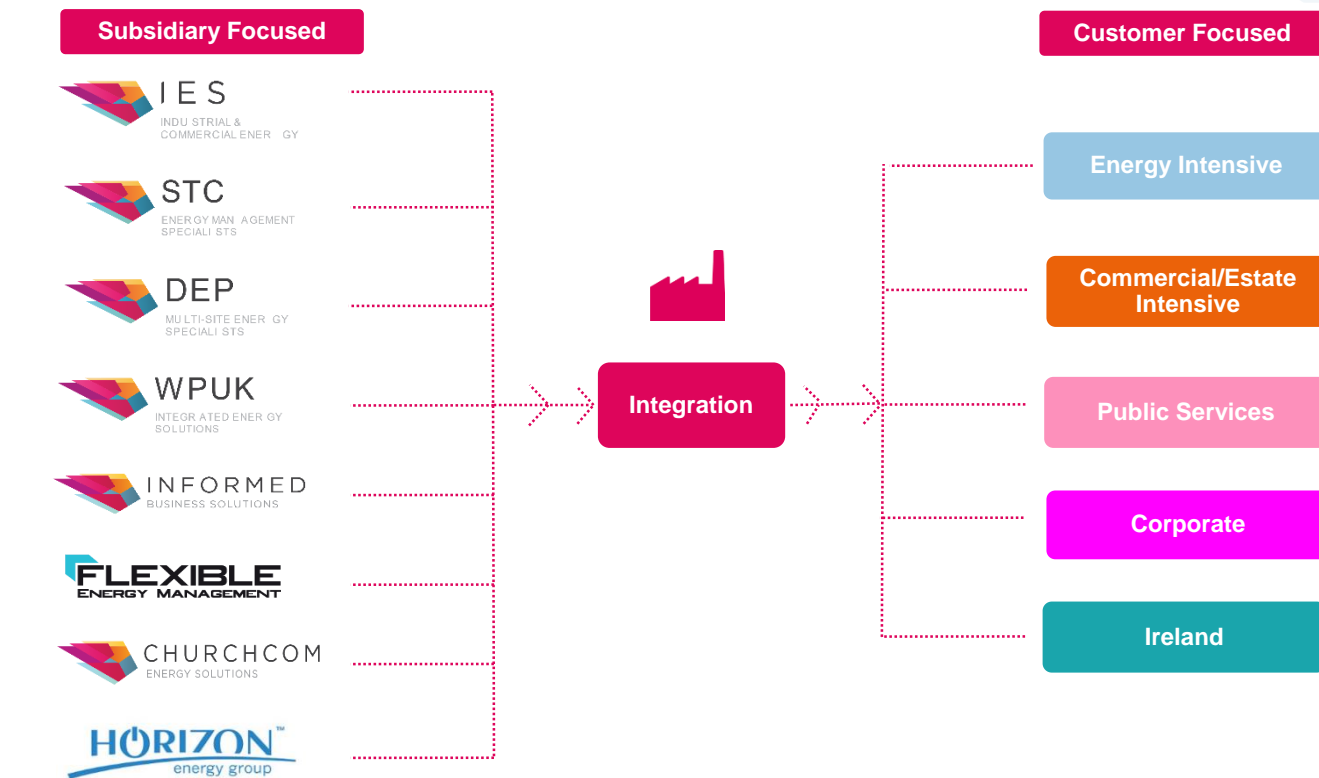
Consideration: £1.40m cash

Rationale

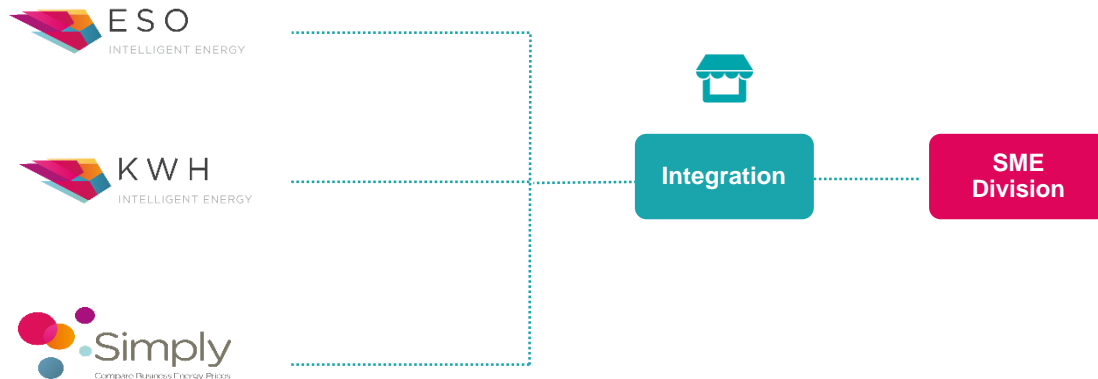
- > Energy procurement consultant, based in County Durham.
- > Operates under two trading divisions, Church Energy Purchasing Group, and Energy Partners (commercial customers) complementing Inspired's core Corporate Division.
- > Benefits from a strong order book and has a long history of retaining customers and growing revenues within both divisions.
- > The acquisition added a new sector specialism.

Earnings enhancing in FY17 and trading in line with expectations.

CORPORATE DIVISION – OVERVIEW & INTEGRATION



GROUP – OVERVIEW & STRUCTURE





INSPIRED

ENERGY PLC

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