

# ENERGY CONSULTANCY FOR THE COMMERCIAL WORLD



**Half Year Presentation**  
Results to 30 June 2017

# GROUP – PRESENTATIONAL TEAM

---

Janet Thornton, Chief Executive Officer

- > Founder of Inspired Energy
- > 20 years' industry experience
- > Driving acquisition strategy, integration and key supplier relationships



---

Mark Dickinson, Chief Operating Officer

- > 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
- > Joined the Board in September 2016



---

Paul Connor, Finance Director

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

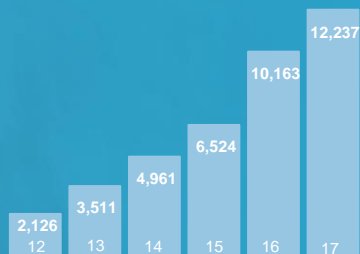


# GROUP – H1 2017 FINANCIAL HIGHLIGHTS

Revenue (£'000)

## £12,237

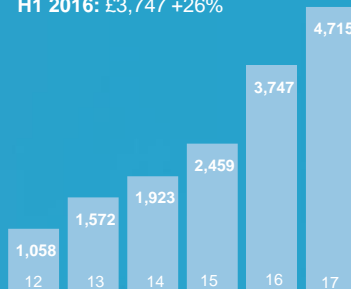
H1 2016: £10,163 +20%



Adjusted\* EBITDA (£'000)

## £4,715

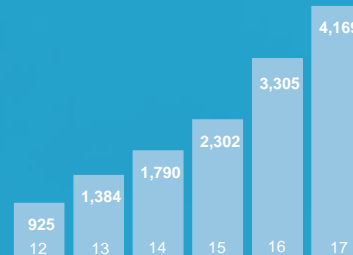
H1 2016: £3,747 +26%



Adjusted\*\* profit before tax (£'000)

## £4,169

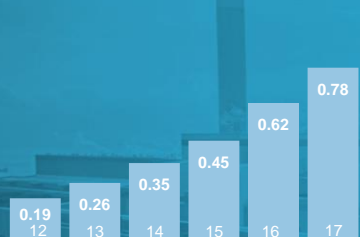
H1 2016: £3,305 +26%



Adjusted earnings per share (p)

## 0.78p

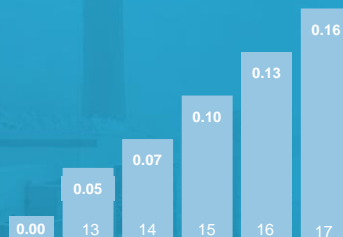
H1 2016: 0.62p 26%



Dividend (p)

## 0.16p

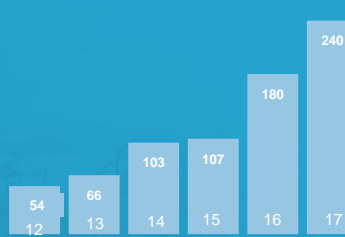
H1 2016: 0.13p +23%



Average headcount

## 240

H1 2016: 180 +33%



\* Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, excluding exceptional items and share based payments.

\*\*Adjusted profit before tax is earnings before amortisation, excluding exceptional items and share based payments.

# GROUP HIGHLIGHTS – H1 2017

## Overview

- > H1 results in line with management's expectations
- > Strong cash generation from operations representing 74% of adjusted EBITDA (H1 2016: 68%; FY16: 60%)
- > Interim dividend increased by 23% to 0.16p per share (H1 2016: 0.13p)
- > The Procurement Corporate Order Book, which provides strong visibility of revenues and is a consistent guide to the future performance of the Corporate Division, has increased by 60% to £41.2m (H1 2016: £25.7m)
- > Corporate division EBITDA reaches 91% of Group EBITDA for the period (2016: 86%)

## Acquisitions & Finance

- > Completed the acquisitions of FEML and Churchcom, with both businesses performing well
- > Completed the acquisition of Horizon Energy Group Limited ("Horizon") in July 2017 for a consideration of up to €15.0m, of which €9.0m was paid on completion
- > The Group entered into new banking facilities with Santander for £29.6m and €7.0m, of which £14.6m and €7.0m, was drawn, to refinance the existing indebtedness of Group and to further support the Group's acquisition strategy. The new facilities include a £12.5m acquisition facility and a £2.5m revolving credit facility. Both remain undrawn. As at 30 June 2017, Group net indebtedness was £12.6m (2016: £8.08m)
- > The Group raised £9.0m via the placing of 62,068,966 new ordinary shares in the Company in June 2017, which was significantly oversubscribed, to fund the initial cash consideration in the acquisition of Horizon

## Board

- > Mark Dickinson appointed Chief Operating Officer ("COO") of the Group in June 2017
- > Richard Logan appointed non-executive Director in March 2017

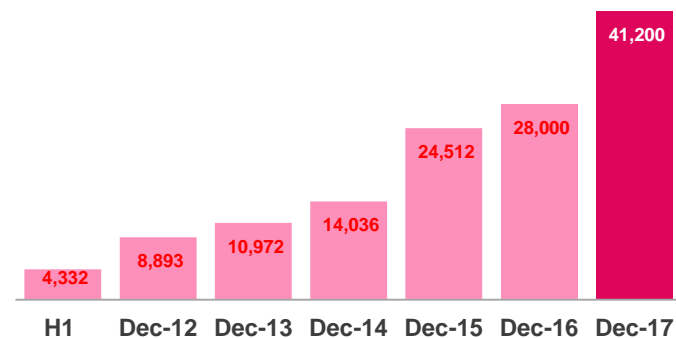


CORPORATE DIVISION

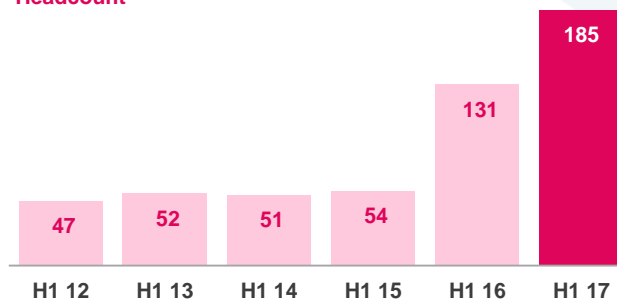
# CORPORATE DIVISION – H1 2017 OVERVIEW

Corporate (£'000)0	H1 2017	H1 2016	Variance	FY 2106
Revenue	9,188	7,498	23%	16,320
Gross profit	8,166	6,591	24%	14,568
Gross profit margin (%)	89%	88%		89%
EBITDA	4,285	3,234	32%	7,596
EBITDA margin (%)	47%	43%		47%

## Procurement order book (£'000)



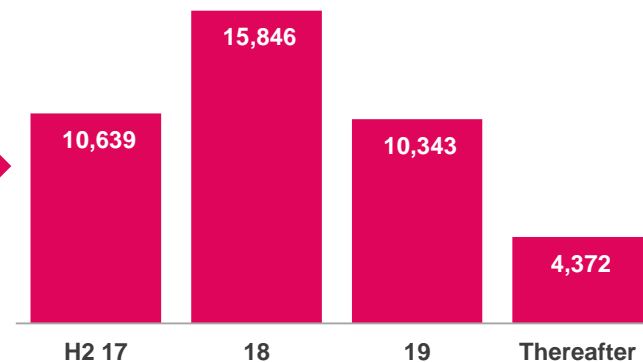
## Headcount



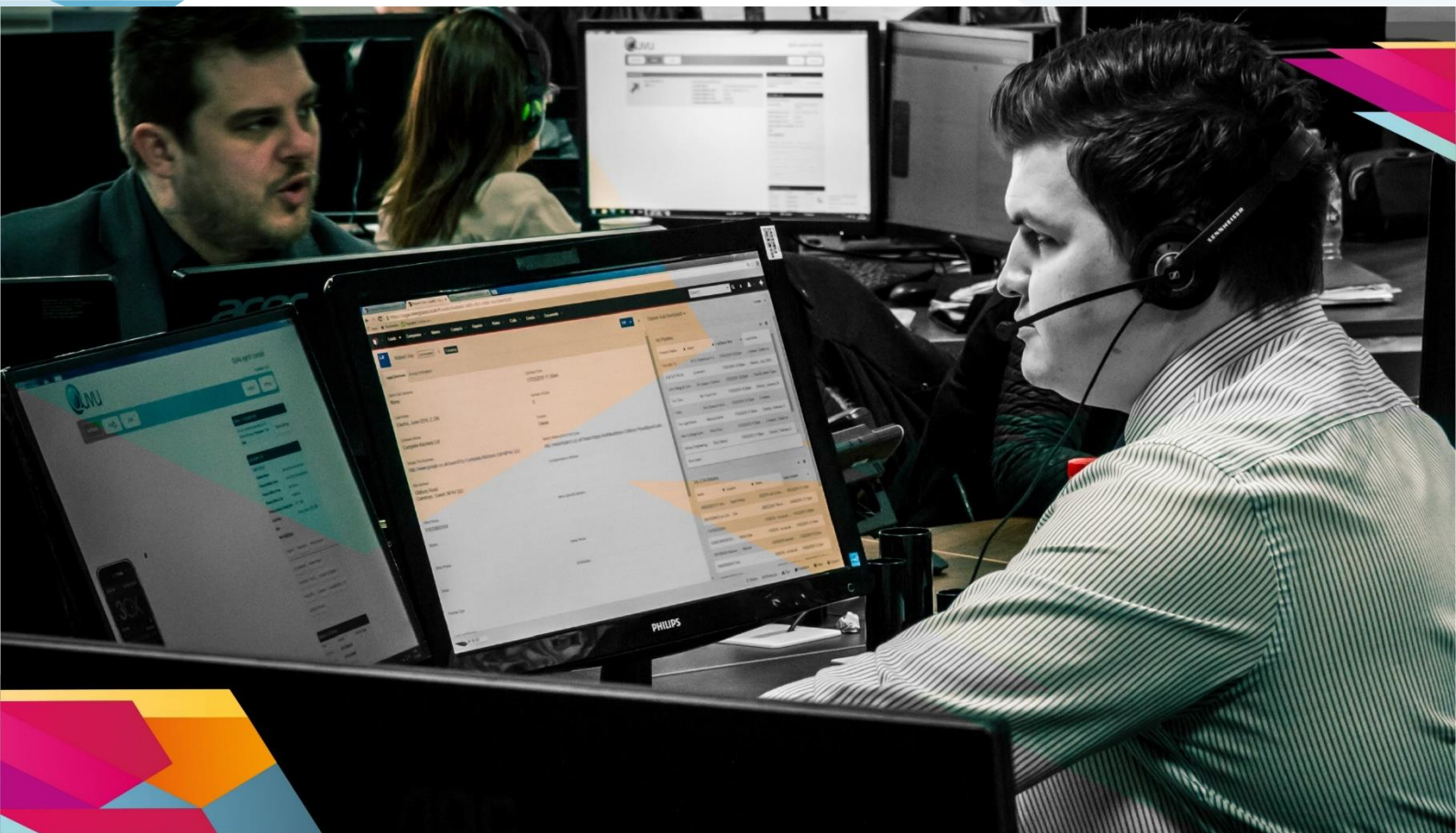
## Secured procurement revenue profile (£'000)

(When procurement order book will convert to revenue and cash)

Sum = £41.20m







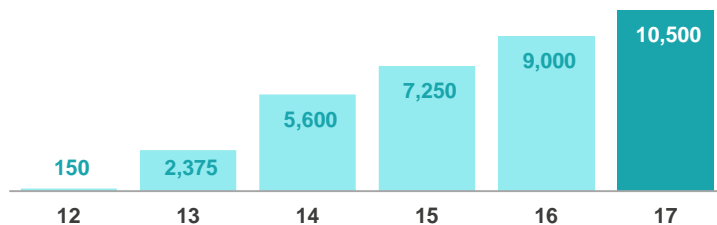
SME DIVISION

# SME DIVISION – H1 2017 OVERVIEW

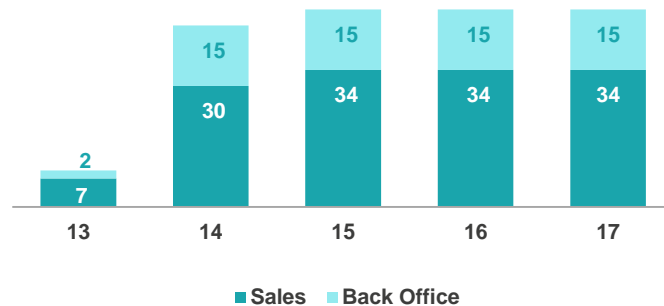
SME (£'000)	H1 2017	H1 2016	Variance	FY2016
Revenue	3,050	2,606	17%	5,195
Gross Profit	1,661	1,300	28%	2,714
Gross Profit Margin (%)	54%	50%		53%
EBITDA	1,007	868	16%	1,752
EBITDA Margin %	33%	33%		34%

Revenue by suppliers	H1 2017	2016	Terms
Supplier A	19%	32%	80% on live date
Supplier B	28%	33%	80% on live date
Supplier C	0%	1%	100% on live date
Supplier D	9%	7%	80% on live date
Supplier E	6%	7%	Monthly in arrears
Supplier F	9%	10%	80% on live date
Supplier G	10%	1%	Monthly in arrears
Supplier H	5%	4%	80% on live date
Others	14%	20%	Various

## Clients



## Headcount





# CORPORATE DIVISION – ACQUISITIONS IN H1 2017



# CORPORATE DIVISION – ACQUISITIONS IN H1 2017



Acquired: April 2017  
Consideration: £2.70m (£2.20m cash)

## Rationale

- > Public sector energy procurement specialist.
- > Customer base comprising of NHS foundations trusts/hospitals and academic and sporting institutions, through two NHS sponsored OJEU frameworks.
- > OJEU frameworks will allow Inspired to accelerate its growth into the public sector
- > Further enhances the Group's sector specialism
- > Based in Manchester, and therefore easily integrated into the Group's head office.
- > Expected to be earnings enhancing in FY17



Acquired: April 2017  
Consideration: £1.40m cash

## Rationale

- > Energy procurement consultant, offering energy procurement service for commercial customers, complementing Inspired's core Corporate Division
- > Developed a niche in energy procurement for churches, further enhancing the Group's sector specialism
- > Compliments Inspired's core Corporate Division.
- > Expected to be earnings enhancing in FY17

## CORPORATE DIVISION – ACQUISITION



Acquired:

July 2017

Consideration:

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

- > Corporate energy procurement consultant based in Cork, Ireland focussed securing better energy deals for its customers with contracts usually established for 24 to 36 months
- > Customer base ranging from large Corporates to SME's to Public Sector bodies
- > 32 employees, all based in Cork
- > Generates the majority of its revenues through commissions charged, to the suppliers, on energy consumption by Horizon's customers with the energy supplier ("**Commission Revenues**").
  - > Horizon has contracts with key energy suppliers in Ireland such as SSE Airtricity, Energia and Electric Ireland
  - > The level of commission is agreed at the outset of any contract
- > Horizon secured a contract in 2015, commencing January 2016 with the Office of Government Procurement to manage Public Sector Electricity Procurement, including schools, hospitals and care homes
- > In FY 2016 Commission Revenues represented 92 per cent. of Horizon's total revenue.- fees generated under the OGP contract represented 6 per cent. of Horizon's revenues, the balance of Horizon's revenues (2 per cent.) were generated by ancillary services
- > Provides Inspired with an established position within the Irish energy market where historically it has not been operational
- > Expected to be earnings enhancing in FY17

# FINANCIAL STATEMENTS H1 FY17 – GROUP PERFORMANCE



# GROUP – INCOME STATEMENT

Income statement (£'000)	30 June 2017	30 June 2016	31 December 2016	
Revenue	12,237	10,163	21,515	<b>Revenue</b> 20% increase in revenue, driven by: > £1.7m growth in Corporate revenue > £0.4m growth in SME revenue
Cost of sales	(2,410)	(2,212)	(4,206)	
Gross profit	9,828	7,951	17,309	
Gross Profit Margin	80%	78%	80%	<b>Gross profit margin</b> > Increasing gross profit margin since Jun-16 due to change in mix of revenue between Corporate and SME > 75% of revenue contributed from Corporate division (H1 2016: 74%)
Administrative expenses	(5,113)	(4,204)	(9,052)	
EBITDA	4,715	3,747	8,257	<b>EBITDA</b> 26% increase in EBITDA, driven by: > £1.1m increase in Corporate contribution > £0.1m increase in SME contribution > (£0.2m) increase in PLC Costs
EBITDA margin	38%	37%	38%	
Depreciation	(216)	(197)	(422)	<b>EBITDA Margin</b> > EBITDA margin remaining stable for FY16
Finance expenditure	(328)	(244)	(819)	
Adjusted PBT	4,171	3,306	7,016	
Stated after:				
Deal-related costs	332	53	408	<b>Deal-related costs</b> > Deal fees in FY17 relate three acquisitions completed YTD, being FEML, Churchcom and HEG
Restructuring costs	229	98	122	
Amortisation	1,270	1,065	2,149	<b>Restructuring costs</b> > Relating to relocation and integration of Informed to Kirkham head office.
Share-based payment costs	159	156	318	



# GROUP – STATEMENT OF FINANCIAL POSITION

Statement of financial position (£'000)	30 June 2017	30 June 2016	31 December 2016
<b>Non-current assets</b>			
Goodwill	16,543	9,401	12,988
Intangible assets	7,133	6,698	7,391
Tangible assets	1,301	1,350	1,332
<b>Current assets</b>			
Trade and other debtors	13,406	10,574	12,409
Cash	2,296	1,775	984
<b>Total assets</b>	<b>40,679</b>	<b>29,799</b>	<b>35,103</b>
<b>Current liabilities</b>			
Trade and other payables	2,116	1,447	1,712
Bank borrowings	3,038	1,513	3,338
Contingent consideration	3,064	457	2,460
Current tax liability	1,677	920	2,413
<b>Non-current liabilities</b>			
Bank borrowings	11,896	8,340	8,286
Trade and other payables	-	54	62
Contingent consideration	194	1,486	797
Interest rate swap	-	-	149
Deferred tax liability	1,131	1,538	1,004
<b>Total liabilities</b>	<b>23,116</b>	<b>15,755</b>	<b>20,229</b>
<b>Net assets</b>	<b>17,563</b>	<b>14,044</b>	<b>14,874</b>

## Goodwill + Intangible Assets

- > Increase in goodwill in the year driven by acquisitions of Informed (Sept 2016), and FEML + Churchcom (April 2017)

## Trade and other debtors

- > Accrued revenue – £8.9m (Dec-16: £8.9m) – Representing no increase since Dec-16
- > Trade Debtors – £2.8m (Dec-16: £2.6m)

## Bank borrowings

- > £1.5m RCF shown as current borrowings

## Contingent consideration

- > £3.2m total contingent consideration
- > £0.2m WPUK
- > £1.3m STC
- > £1.7m IBSL

## Net debt

- > Increased to £12.6m (Dec-16: £10.8m) to finance acquisition of FEML + Churchcom in April 2017

# GROUP – CASH FLOW STATEMENT

Cash flow statement (£'000)	30 June 2017	30 June 2016	31 December 2016
Profit before income tax	2,179	1,933	4,019
Adjustments			
Depreciation	216	197	422
Amortisation	1,270	1,065	2,149
Share-based payment costs	159	157	318
Finance expenditure	328	244	742
Other financial items			77
Cash flows before changes in working capital	4,153	3,596	7,727
Movement in working capital			
Increase in trade and other receivables	(970)	(1,113)	(2,949)
Increase in trade and other payables	285	70	200
Cash generated from operations	3,468	2,553	4,978
Income taxes paid	(1,184)	(533)	(533)
Net cash flows from operating activities	2,284	2,020	4,446
Cash flows from investing activities			
Contingent consideration paid	—	(750)	(1,250)
Acquisition of a subsidiary, net of cash acquired	(3,503)	—	(1,374)
Payments to acquire PPE	(177)	(188)	(369)
Payments to acquire intangible assets	(308)	(226)	(1,071)
Proceeds from disposal of PPE	—	—	—
Cash flows from financing activities			
New bank loans (net of debt issue costs)	3,582	—	2,624
Proceeds from equity fundraising	222	258	423
Repayment of bank loans	(459)	(700)	(1,509)
Interest on bank loans paid	(329)	(244)	(713)
Dividends paid	—	—	(1,826)
Repayment of hire purchase agreements	—	—	—
Increase/(decrease) in cash and cash equivalents	1,312	170	(621)
Cash and cash equivalents brought forward	984	1,605	1,605
Cash and cash equivalents carried forward	2,296	1,775	984

## Cash generated from operations

> 36% increase in cash generated from operations in the period

## Contingent consideration

> £750k for STC paid in May 2016  
> £500k November/December 2016

## Acquisitions

> £3.503m relates to acquisitions of FEML + Churchcom in April 2017  
> £1.374m in FY16 relates to the acquisition of IBSL in September 2016

## Bank loans

> £3.6m new bank loans to fund FEML + Churchcom acquisitions.

# NEW BANKING FACILITIES

- > New banking facility entered with Santander comprising of £29.6 million and €7.0 million split as follows:

	Term	Facility provided	Nature of facility
Facility A	5 years	£6.3 million	Amortising term loan
Facility B	5 years	€7 million	Amortising term loan
Facility C	5.5 years	£8.3 million	Bullet term loan
Facility D	5 years	£2.5 million	RCF
Facility E	From 30 months to 5 years following completion of the acquisition	£12.5 million	Acquisition facility

- > Facilities A, B and C will be drawn down on completion of the acquisition with facilities D and E remaining undrawn.
- > The facilities have covenants that will be tested on a quarterly basis relating to interest cover, debt to EBITDA and debt service cover.

## GROUP – OUTLOOK – PLATFORM FOR GROWTH

---

- > Strong start to H2 2017, underpinning robust platform to deliver further growth in the year ahead.
- > Structures and people established and in place to deliver further organic growth.
- > Established acquisition strategy has delivered great results as demonstrated by the success achieved by the acquisition of FEML, Churchcom and Horizon, whilst organic growth momentum has continued.
- > Increase in interim dividend to 0.16 pence (2016: 0.13 pence).
- > Excellent position on which to add additional complementary and strategic corporate acquisitions.



INSPIRED

ENERGY PLC



# ENERGY CONSULTANCY FOR THE COMMERCIAL WORLD



**Business Overview**  
August 2017

# INSPIRED ENERGY – WHAT WE DO

---

- > Established in 2000 to provide expert consultancy on the negotiation of energy contracts with the primary aim of reducing costs for its clients
- > Inspired offers a range of services to its clients through the life of each contract including:
  - > Market analysis, bureau services and management services
- > Inspired's core focus is undertaking reviews into large industrial and commercial clients' energy needs and devising tailored energy purchasing strategies with reference to energy purchasing goals and risk appetite

## **Corporate Division**

- > Comprises five subsidiaries and provides review, analysis and negotiation of gas and electricity contracts on behalf of corporate clients. Services provided include:
  - > Energy review, benchmarking, negotiation and bill validation
- > The Group's Corporate division benefits from a trading team, who actively focus on high volume customers, providing more complex, long-term energy frameworks based on agreed risk management strategies
- > In FY 2016 the Corporate division generated revenues of £16.3 million and EBITDA of £7.6 million

## **SME Division**

- > Set up in 2012, SME comprises the operations of EnergiSave Online Limited, KWH Consulting Limited and Simply Business Energy Limited
- > The Group's energy consultants contact prospective SME clients to offer reduced tariffs and contracts based on the unique situation of the customer
- > The Group is actively working with new suppliers to increase the range of products available to SME clients
- > In FY 2016 the SME division generated revenues of £5.2 million and EBITDA of £1.8 million

*\*Horizon's order book meets the definition of **Inspired's Corporate Procurement Book***

# 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



**Janet Thornton**, Chief Executive Officer

- > Founder of Inspired Energy
- > 20 years' industry experience
- > Driving acquisition strategy, integration and key supplier relationships



**Matthew Thornton**, Sales Director

- > Established Risk Management division of Inspired
- > Develops innovative buying solutions with major suppliers



**Mark Dickinson**, Chief Operating Officer

- > 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
- > Joined the Board in September 2016



**Paul Connor**, Finance Director

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



**David Foreman**, Corporate Development Director

- > Founding partner of Praetura Capital LLP, a specialist investment company
- > Chartered accountant, trained at KPMG



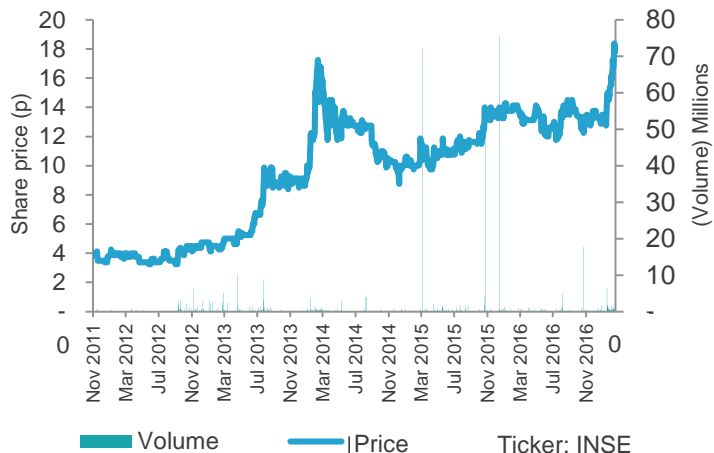
**Richard Logan**, Non-Executive Director

- > FD of iomart Group PLC since 2006.
- > Chartered accountant, trained at Ernst & Young
- > Joined the Board in March-2017

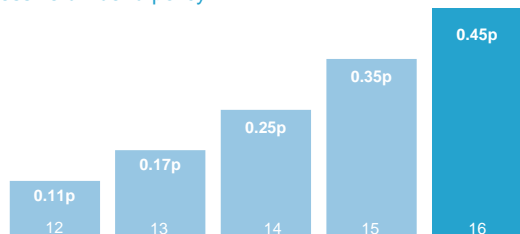


# GROUP – KEY STATS AS AT JULY 2017

Floated in November 2011 at 3.0 pence

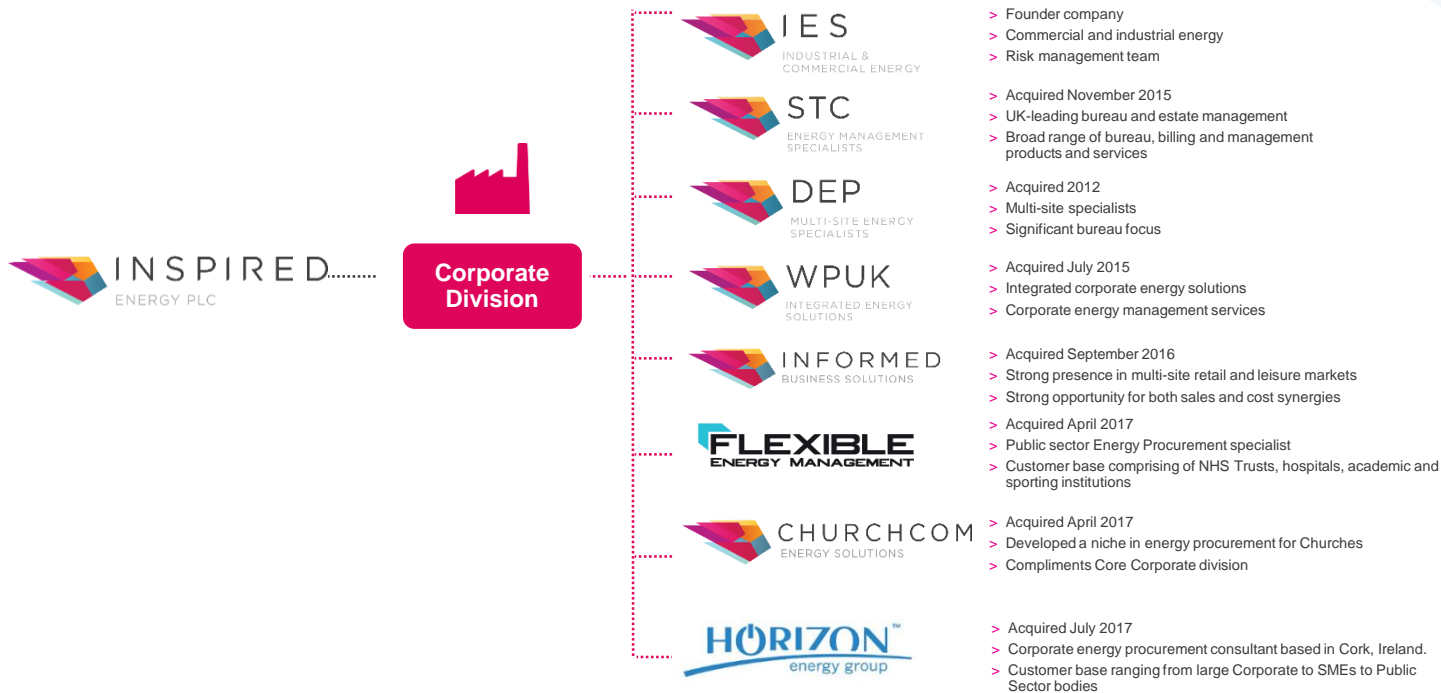


Progressive dividend policy



Board	Shares (m)	Holding (%)
Janet Thornton	38.6	7%
Matthew Thornton	38.6	7%
Praetura Capital LLP	11.1	2%
Mark Dickinson	0.7	0.1%
Richard Logan	0.3	0.1%
	89.3	16.2%
Significant shareholders (As at 17.07.17)	Shares (m)	Holding (%)
Miton Asset Management	78.5	14%
Livingbridge	66.4	12%
Hargreave Hale	47.2	9%
Regent Gas Holdings	37.3	7%
Slater Investments	31.5	6%
River and Mercantile Asset Management	19.2	3%
Business Growth Fund	17.1	3%
Octopus Investments	14.8	3%
Legal & General Investment Management	11.5	2%
Lombard Odier	6.9	1%
City Financial	6.9	1%

# GROUP – OVERVIEW & STRUCTURE





# GROUP – OVERVIEW & STRUCTURE



# HORIZON ENERGY GROUP – TERMS OF ACQUISITION

---

## Initial Consideration

- > Under the terms of the acquisition agreement, Inspired has agreed to acquire 90 per cent. of the issued share capital of Horizon from the Vendors for an initial cash consideration of €9.0 million, the balancing interest of 10 per cent. will be subject to an option agreement (“**Option Agreement**”)

## Option Agreement

- > The Option Agreement consists of a put and call option between Inspired and Colin Barry
- > Under the Option Agreement Colin Barry will retain a 10 per cent. interest in Horizon following completion
- > The Option Agreement is exercisable for a six month period following the first anniversary of completion of the acquisition
- > Under the terms of the Option Agreement Inspired may, by exercise of a call option, require Colin Barry to sell the outstanding 10 per cent. interest and Colin Barry may, under a put option, require Inspired to acquire the outstanding 10 per cent. interest
- > The purchase price for outstanding 10 per cent. interest is €1 million in cash
- > Based on Horizon’s historic BBITDA, Inspired is buying Horizon on a 5.8x EV/EBITDA multiple based on the €10m of initial consideration and exercise of the option agreement

# HORIZON ENERGY GROUP – EARN OUT MECHANISM

---

- > Further contingent consideration of up to a maximum of €5 million, in cash, may be payable subject to the achievement of certain performance criteria (“**Earn-out Consideration**”). Payment of the Earn-out Consideration is based upon the financial performance of Horizon for the FY 2017 and FY 2018.

## **FY 2017**

- > To the extent that Horizon generates an EBITDA that is equal to or more than €2,200,000 in FY 2017 Inspired will pay the Vendors a further €1,250,000 (“**FY 2017 Base Threshold**”)
- > Inspired shall pay a further €1 for every €1.25 by which Horizon’s EBITDA exceeds the FY 2017 Base Threshold capped at €750,000
- > The Earn-out Consideration, in respect of FY 2017, will be payable prior to 31 March 2018

## **FY 2018**

- > To the extent that Horizon generates an EBITDA that is equal to or more than €2,450,000 in FY 2018 Inspired will pay the Vendors a further €1,250,000 (“**FY 2018 Base Threshold**”).
- > Inspired shall pay a further €1 for every €2 by which Horizon’s EBITDA exceeds the FY 2018 Base Threshold capped at €750,000
- > The Earn-out Consideration, in respect of FY 2018, will be payable prior to 31 March 2019

## **Order Book**

- > Inspired shall pay the Vendors a further €1 for every €1 by which Horizon’s contracted order book, as at 31 December 2018, exceeds €14.5 million capped at €1,000,000
- > The Earn-out Consideration will be payable prior to 31 March 2019

# DISCLAIMER

---

This presentation has been prepared by Inspired Energy PLC (the “Company” or “Inspired”) solely in connection with providing information on the Company and to certain institutional and professional investors in the United Kingdom.

This presentation does not constitute or form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any securities in the Company, nor shall this presentation or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore.

No reliance may be placed, for any purposes whatsoever, on the information contained in this presentation or on its completeness and this presentation should not be considered a recommendation by the Company in relation to any purchase of or subscription for securities in the Company. The content of this presentation has not been verified and has not been approved by an authorised person. Reliance on this document for the purpose of engaging in any investment activity may expose you to a significant risk of losing all of the property invested or of incurring additional liability. If you are in any doubt about this document, you should consult an appropriate independent advisor.

Neither this presentation nor any copy of it may be (i) taken or transmitted into the United States of America; (ii) distributed, directly or indirectly, in the United States of America or to any US person (within the meaning of regulations made under the Securities Act 1933, as amended); (iii) taken or transmitted into or distributed in Canada, Australia, the Republic of Ireland or the Republic of South Africa, or to any resident thereof; or (iv) taken or transmitted into or distributed in Japan, or to any resident thereof. Any failure to comply with these restrictions may constitute a violation of the securities laws or the laws of any such jurisdiction. The distribution of this document in other jurisdictions may be restricted by law and the persons into whose possession this document comes should inform themselves about, and observe, any such restrictions or other applicable legal requirements.

This presentation includes statements that are, or may be deemed to be, “forward-looking statements”. Such forward-looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. No representation or warranty express or implied is made as to the fairness, accuracy, completeness or correctness of the presentation or opinions contained therein and each recipient of the presentation must make their own investigation and assessment of the matters contained therein. In particular, but without prejudice to the generality of the foregoing, no representation or warranty is given, and no responsibility of liability is accepted, as to the achievement or reasonableness of any future projections or the assumptions underlying them, forecasts, estimates or statements as to loss howsoever arising from any use of, or in connection with, the presentation. No responsibility or liability whatsoever is accepted by any person for any loss howsoever arising from any use of, or in connection with, the presentation or its contents or otherwise arising in connection therewith. In issuing the presentation, the Company does not undertake any obligation to update or to correct any inaccuracies which may become apparent in the presentation.