



2015 Financial Report Presentation

Results to 31 December 2015



INSPIRED
ENERGY PLC



Inspired Energy PLC Group

Information & Highlights

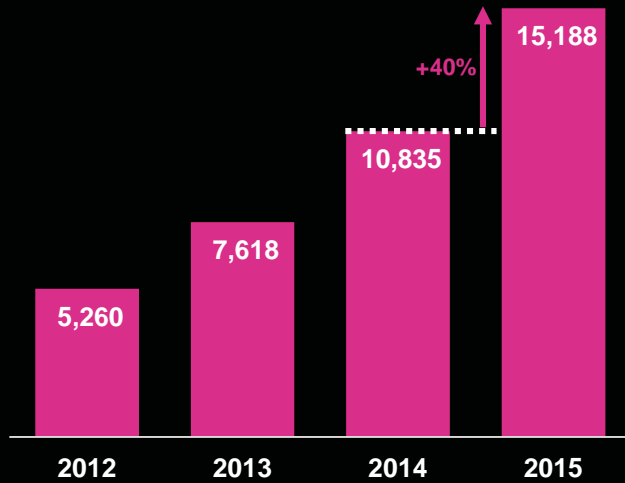
The Board, left to right: David Foreman, Mike Fletcher, Matthew Thornton, Janet Thornton, Bob Holt, Paul Connor



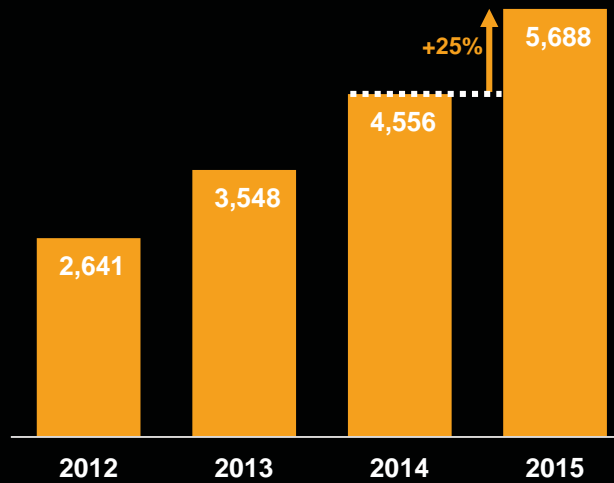
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Group | 2015 Financial Highlights

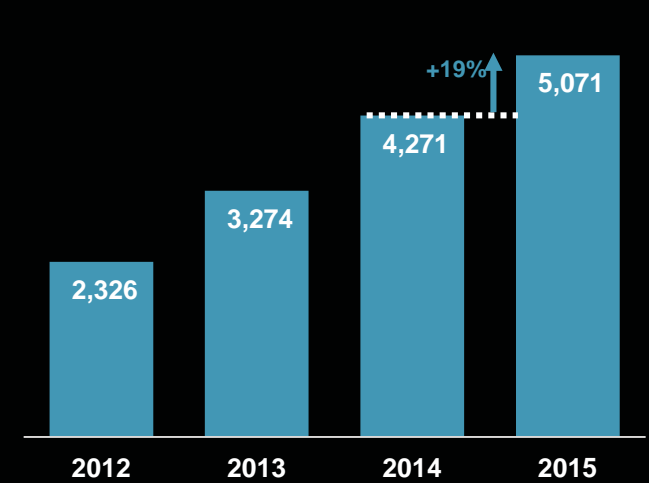
Revenue (£'000)



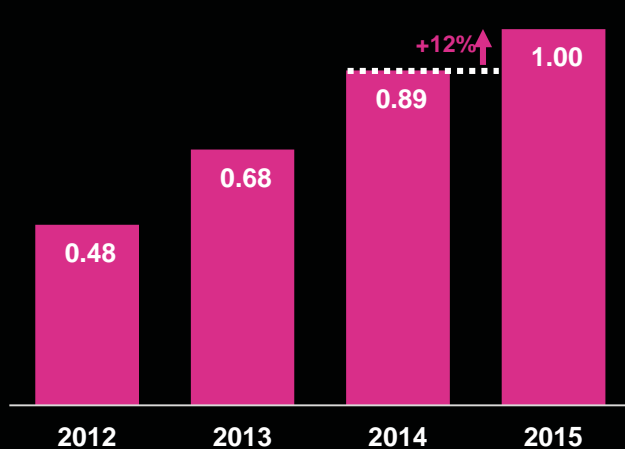
Adjusted EBITDA (£'000)



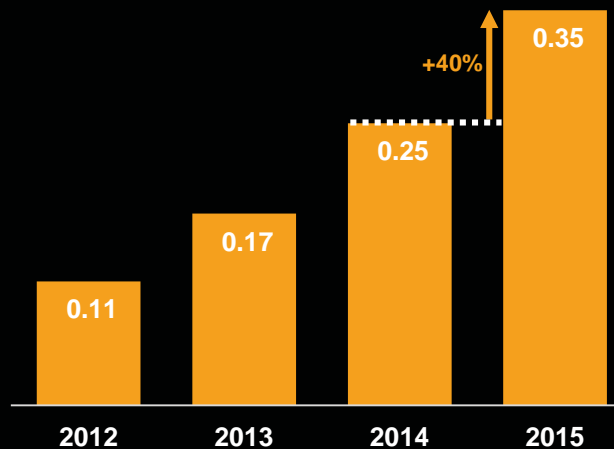
Adjusted PBT (£'000)



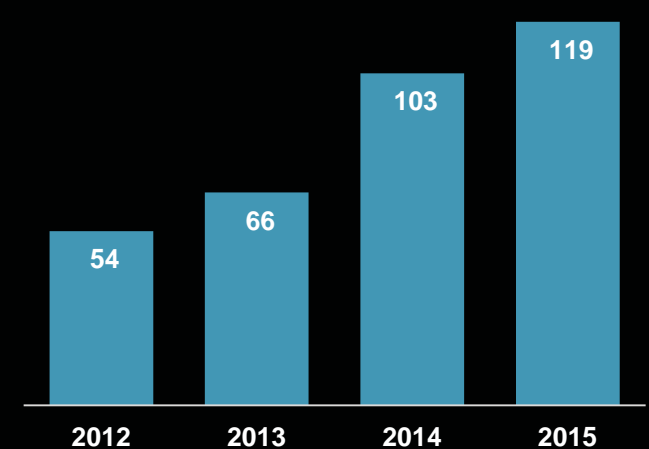
Adjusted EPS



Dividend

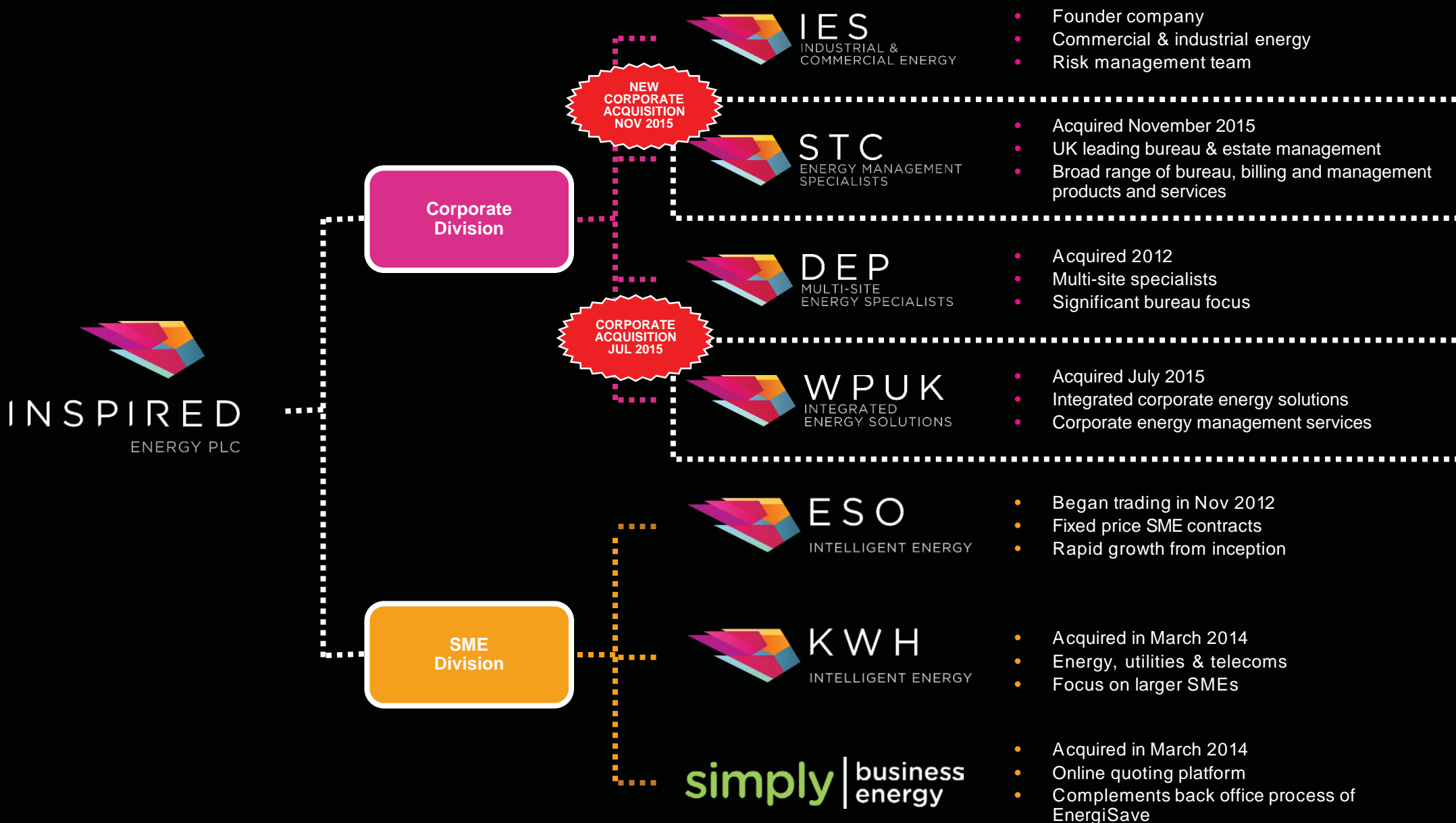


Average Headcount



Group | Overview & Structure

4





Corporate Division

Information & Performance

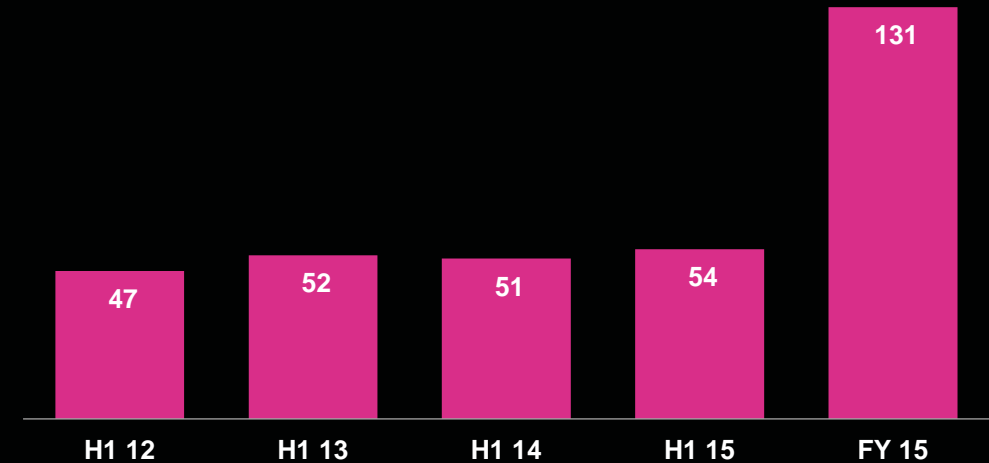


Corporate Division | 2015 Overview

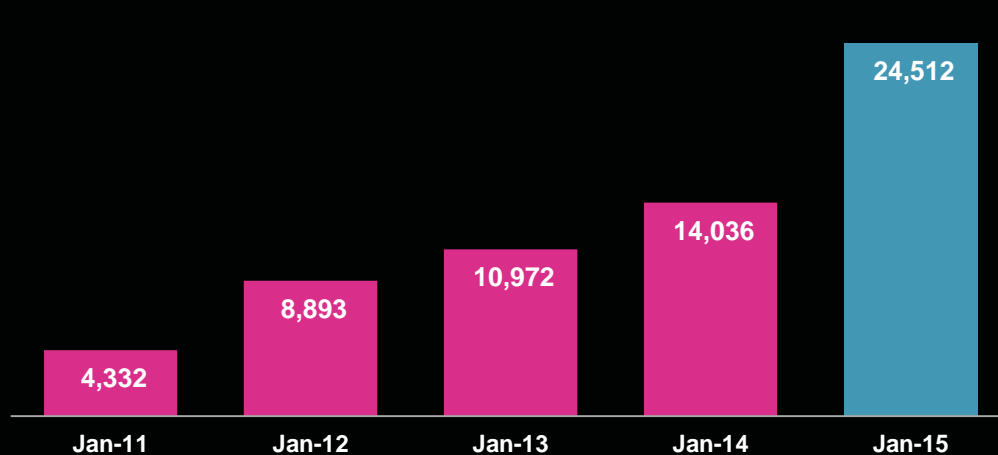
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Corporate (£'000)	2015	2014	Var.
Revenue	10,073	7,200	+40%
Gross Profit	9,092	6,740	+35%
Gross Profit Margin (%)	90%	93%	
EBITDA	4,973	4,012	+24%
EBITDA Margin (%)	49%	56%	

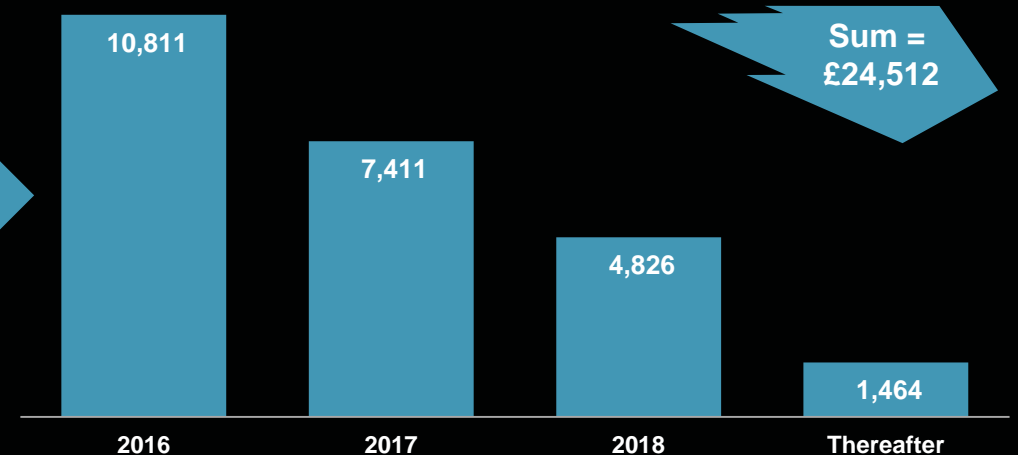
Headcount



Procurement Order Book (£'000)



Secured Procurement Revenue Profile (£'000)
(When Procurement Order Book Will Convert to Revenue and Cash)



Corporate | Acquisitions in FY15

7



Acquired: June 2015
Consideration: £2.00m (£1.50m cash) +
£0.75m contingent

Rationale

- Entry into new industry sectors i.e. Leisure and Logistics
- Provides expertise to enable additional bolt on services for existing Inspired customer base
- Experienced team of engineers & analysts complementing Inspired's market leading Risk Management Team
- 11 highly experienced staff based in Blackpool
- Secured Order Book at acquisition of > £4.0m

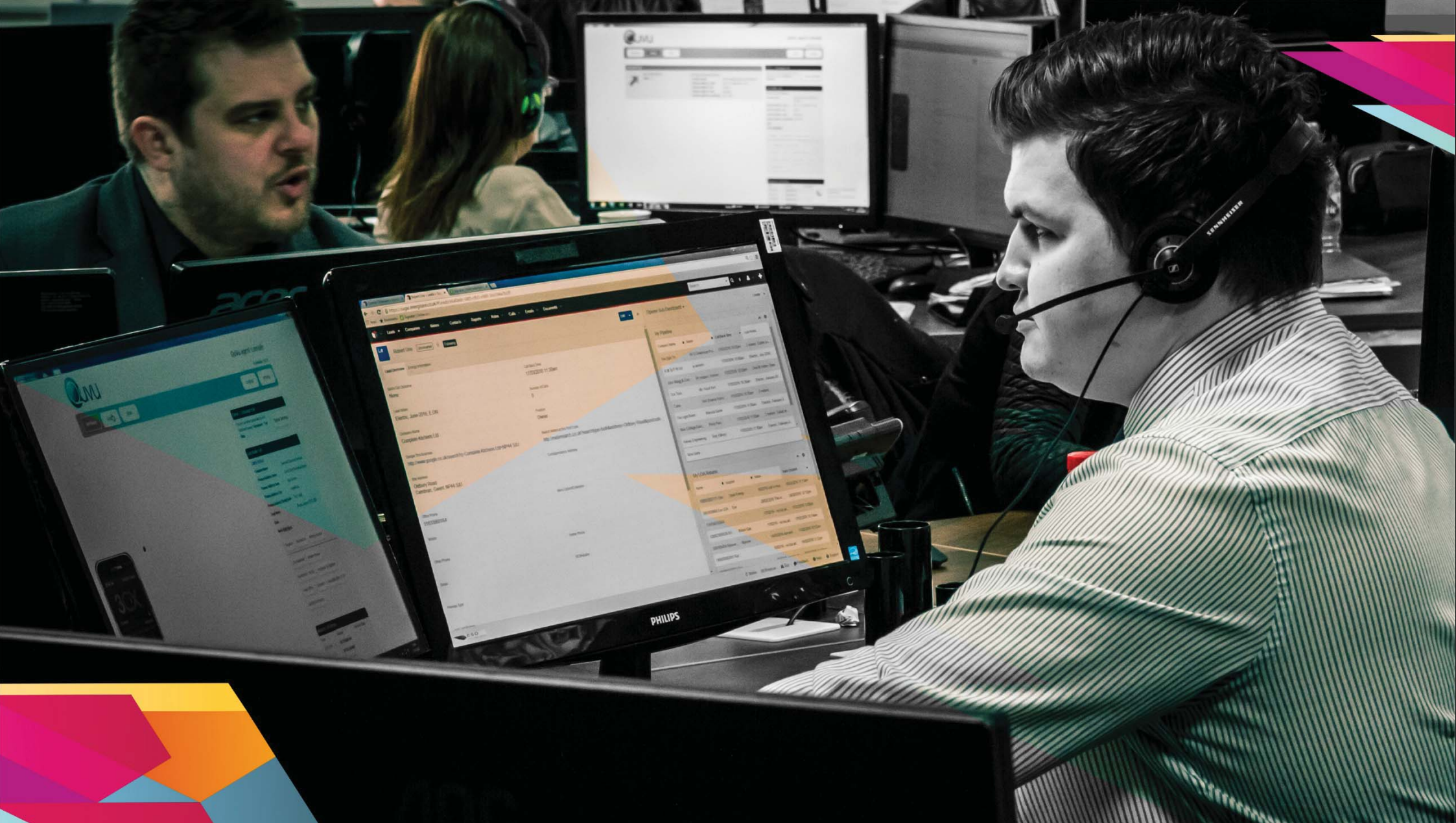


Acquired: November 2015
Consideration: £9.00m (£5.0m cash) +
£3.00m contingent

Rationale

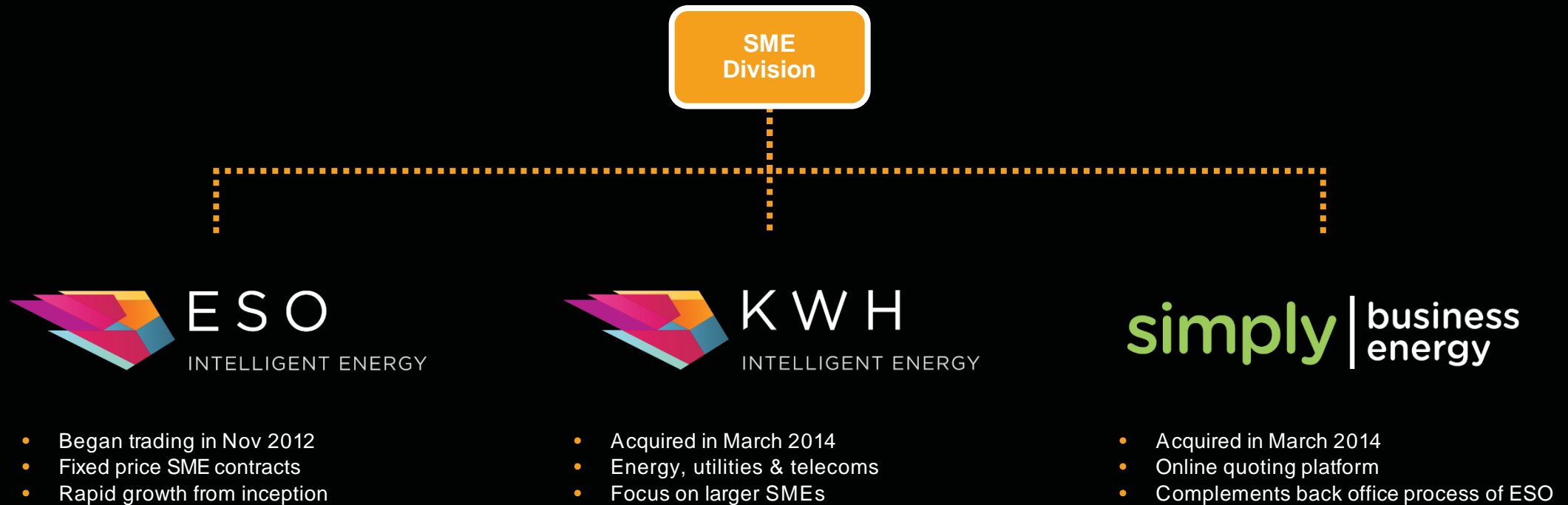
- Specialist technology and software enabled energy consultancy
- Enhances service offering through the broad range of bureau, billing and management products and services
- Broadens the Group's client base through entry into the Public Sector
- Clients with property portfolios ranging between 25 and 4,000 individual sites
- Additional revenue stream through consultancy fees charged directly to clients

Both acquisitions expected to be earnings enhancing



SME Division
Information & Performance





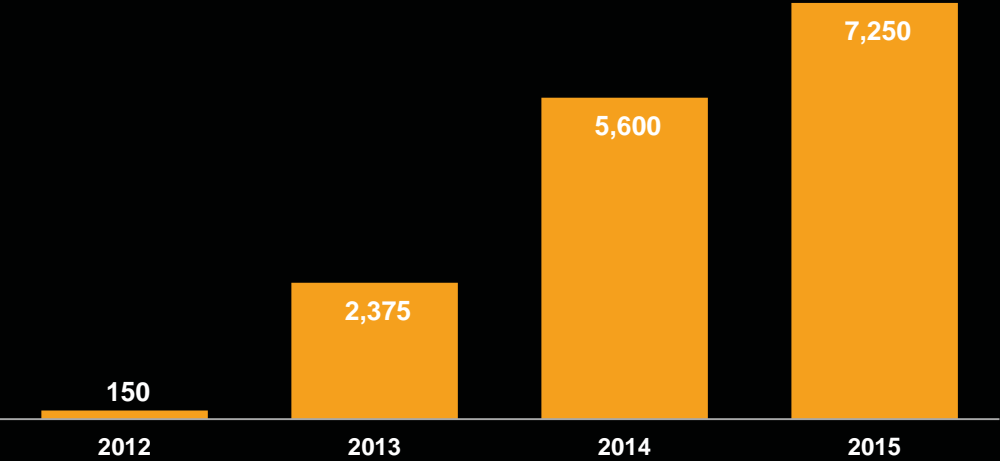
SME | 2015 Overview

SME (£'000)	2015	2014	Var.
Revenue	5,114	3,634	40%
Gross Profit	2,474	1,783	52%
Gross Profit Margin (%)	48%	49%	
EBITDA	1,543	1,155	34%
EBITDA Margin %	30%	31%	

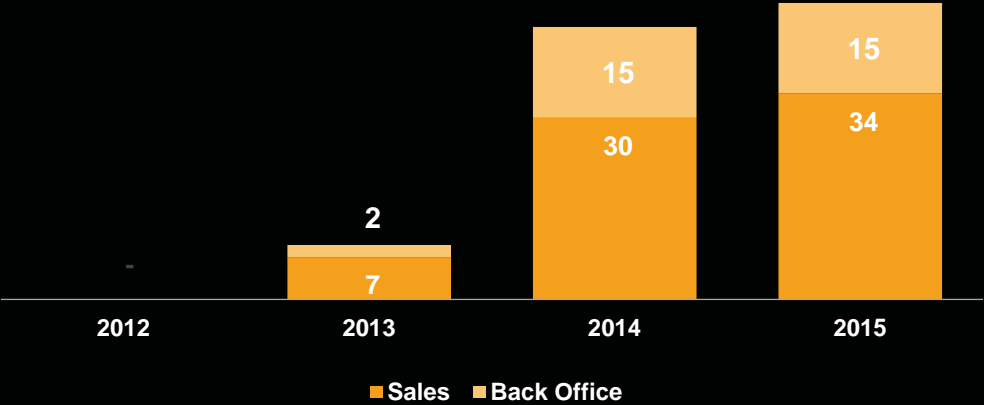
Revenue by Suppliers	2015	2014	Terms
Supplier A	21%	28%	80% on live date
Supplier B	46%	31%	80% on live date
Supplier C	4%	9%	100% on live date
Supplier D	2%	6%	80% on live date
Supplier E	7%	10%	Monthly in arrears
Others	20%	16%	Various

New Terms

Clients



Headcount





Financial Statements

Group Performance



Group | Income Statement

Income Statement (£'000)	31 Dec 2015	31 Dec 2014
Revenue	15,188	10,835
Cost of Sales	(3,622)	(2,312)
Gross Profit	11,565	8,524
Margin	75%	79%
Employment Costs	(3,764)	(2,699)
Other Administrative Expenses	(2,113)	(1,269)
EBITDA	5,688	4,556
EBITDA Margin	38%	42%
Depreciation	(194)	(116)
Finance Expenditure	(420)	(179)
Adjusted PBT	5,074	4,261

Margin

- Reducing margin due to mix of revenue between Corporate and SME
- Divisional margins stable.

EBITDA Margin

- Reduced EBITDA margin due to the following:
 - Change in mix between Corporate and SME
 - Addition of a specialist Public Sector/OJEU team. Revenue generation to accelerate in H2 2016 and 2017
 - Expansion of operation team, including IT Director and Projects Director

Stated after:

Deal related costs	(480)	(50)
Exceptional Costs	-	(408)
Share Based Payment Costs	(312)	(299)

Exceptional Costs in 2014

- Consideration - £141k
- Restructuring of DEP and Ireland - £267k

Group | Statement of Financial Position

Statement of Financial Position (£'000)	31 Dec 2015	31 Dec 2014
Non-Current Assets		
Tangible & Intangible Assets	16,939	3,120
Goodwill	1,360	560
Deferred Tax Asset	-	50
Current Assets		
Trade and Other Debtors	9,460	6,200
Cash	1,605	775
Total Assets	29,364	10,705
Current Liabilities		
Trade and Other Payables	1,357	892
Bank Borrowings	2,000	2,200
Deferred consideration	-	50
Contingent consideration	1,655	-
Current Tax Liability	1,144	1,160
Non-Current Liabilities		
Bank Borrowings	8,491	1,657
Trade and Other Payables	50	184
Deferred Consideration	-	300
Contingent consideration	1,789	-
Interest Rate Swap	77	15
Deferred Tax Liability	1,495	-
Total Liabilities	18,057	6,458
Net Assets	11,307	4,247

Tangible & Intangible Assets

- Tangible assets increased £0.8m through acquisition of STC.
- Intangible assets increased £6.5m through acquisitions of WPUK and STC.
- Goodwill - £9.4m (2014: £2.1m)

Trade and Other Debtors

- Accrued Revenue - £6.7m (2014: £4.8m)
 - 70% of accrued revenue to be invoiced <1 yr
- Trade Debtors - £1.9m (2014: £1.0m)

Bank Borrowings

- £0.6m RCF shown as current borrowings

Contingent Consideration

- £3.4m relating to STC and WPUK
 - £0.7m WPUK
 - £2.7m STC

Net Debt

- Increased to £8.9m (2014: £3.0m) to finance acquisitions of WPUK + STC during 2015.

Group | Cash Flow Statement

Cash Flow Statement (£'000)	31 Dec 2015	31 Dec 2014
Profit before income tax	3,494	2,981
Adjustments		
Depreciation	194	117
Amortisation	787	521
Share based payment costs	313	300
Contingent consideration	-	142
Finance expenditure	359	169
Other financial items	62	10
Cash flows before changes in working capital	5,209	4,240
Movement in working capital		
Increase in trade and other receivables	(2,201)	(2,553)
Increase in trade and other payables	(289)	50
Cash generated from operations	2,719	1,736
Income taxes paid	(988)	(133)
Net cash flows from operating activities	1,731	1,604
Cash flows from investing activities		
Contingent consideration paid	(50)	(750)
Acquisition of a subsidiary, net of cash acquired	(5,571)	(224)
Payments to acquire PPE	(246)	(380)
Payments to acquire intangible assets	(530)	(627)
Proceeds for disposal of PPE	20	-
Cash flows from financing activities		
New bank loans (net of debt issue costs)	7,363	1,500
Proceeds from equity fundraising	315	407
Repayment of bank loans	(613)	(700)
Interest on bank loans paid	(355)	(179)
Dividends paid	(1,211)	(797)
Repayment of hire purchase agreements	(23)	(9)
Increase /(Decrease) in cash and cash equivalents	830	(156)
Cash and cash equivalents brought forward	775	930
Cash and cash equivalents carried forward	1,605	775

Amortisation

- Increased due to increase in Intangibles in 2015, resulting from acquisitions.

Finance expenditure

- Increase in the year due to refinancing activities. Include exception £93k relating to arrangement fees written off from previous facility.

Increase in Trade and Other Receivables

- Increase in trade debtors due to the enlarged Group.
- Increase in SME accrued revenue reflecting 90% up front revenue recognition policy

Cash Generated from Operations

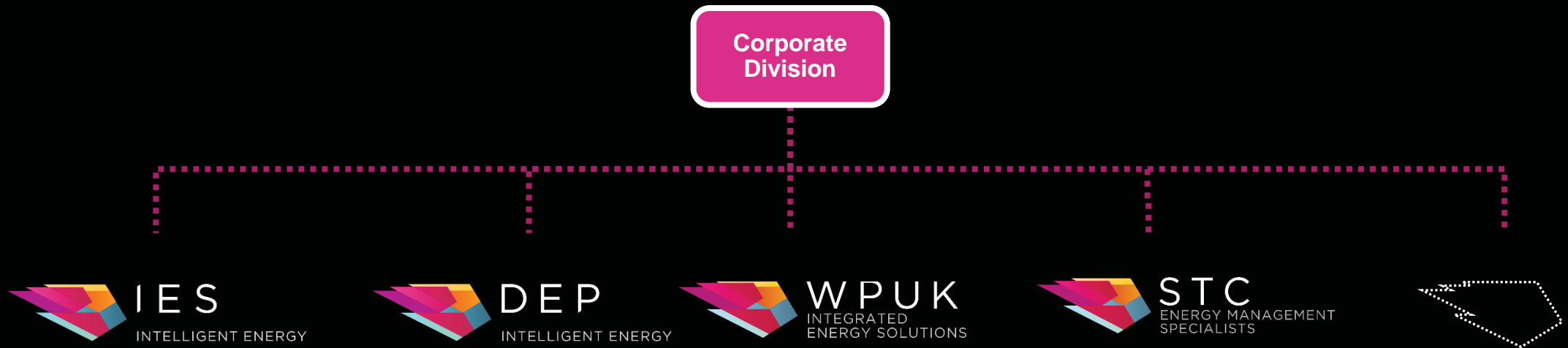
- Increase in cash generation in the year, due to the improvement in cash generation by the SME division
- Cash generation expected to improve further in 2016, through change in revenue/profit mix towards Corporate (12 months trade of WPUK + STC) and improved SME supplier payment terms.

Bank Loans

- Increase to facilitate acquisitions completed in the year.

Group | Outlook – Platform for growth

- The Group has made a strong start to H1 2016, providing a robust platform to deliver further growth for the year ahead
- Structures and people in situ to provide further organic growth
- Both WPUK and STC continue to be successfully integrated into the Group
- Excellent position on which to add additional complementary and strategic Corporate acquisitions
- Increase in dividend to 0.35 pence (2014: 0.25 pence)





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