

Energy Action acquires Ward Consulting Services for \$4.15 million¹

- **A leading and profitable energy management business founded in 1999**
- **Immediately EPS accretive**
- **Funded through staged cash payments and issue of scrip**
- **Final purchase price subject to FY13 normalised NPAT**
- **EAX well-funded for further growth, with no bank debt**

Energy Action Limited (ASX:EAX) today announced that it has entered into a Sale and Purchase Agreement (Agreement) to acquire 100% of leading energy procurement and management business Ward Consulting Services for an estimated \$4.15 million¹. The acquisition will be funded through existing cash and the issue of EAX shares, consisting of an initial cash payment and the issue of EAX shares to the vendor. A second payment is likely to be made in the first half of FY14, a proportion of which is expected to be funded by the issue of up to 1 million EAX shares to the vendor, based on Ward Consulting Services FY13 normalised NPAT.

The shares to be issued will be ordinary shares that will rank equally with existing EAX shares and the vendor will be restricted from on-sale for 12 months from the issue date. The issue price of any EAX shares will be calculated based on the VWAP² at the time of issue. Energy Action Limited does not intend to, nor is required to seek shareholder approval in relation to any issue of EAX shares under the Agreement.

Ward Consulting Services is a long established, highly successful and profitable business, with a focus on sustainability reporting and efficiency solutions. It is a highly complementary addition to Energy Action and in the 12 month period ending 31 December 2011 Ward Consulting Services generated net profit after tax of \$638,000. The acquisition is earnings accretive for EAX.

Established in New South Wales in 1999, Ward Consulting Services is a highly-regarded and recognised firm that provides energy procurement and management services to a broad range of blue-chip clients in the property, food and beverage and finance sectors. Clients include some of Australia's leading property owners and commercial property firms. The business has a number of long term contracts that generate stable and predictable revenue streams.

1 – a second payment, based upon Ward Consulting's audited FY13 NPAT will determine the final consideration

2 - the issue price will be calculated based on the 20 day VWAP for the period ending on the day before the issue date

Ward Consulting Services will continue to operate on a stand-alone basis with all back-office functions integrated into EAX's operations. Jenny Ward and her team will stay with the business and continue to drive its growth.

EAX's Managing Director Valerie Duncan said: "This is an excellent transaction for EAX and is in line with our previously stated goal of acquiring one profitable and complementary business within 12 months of our October 2011 IPO. Ward Consulting Services is a highly profitable business, the brand is well recognised, and it adds considerable value to Energy Action. A real advantage is that Jenny Ward and her team will continue to operate the business on an ongoing basis.

"Through this acquisition, EAX will now have an expanded range of energy procurement and management services, increased capabilities in sustainability reporting and efficiency solutions, and the ability to cross-sell more services to a much larger client base."

Ms Duncan said that EAX continues to be well funded with approximately \$4 million of cash on hand post acquisition of Ward Consulting Services, and the company is continuing to assess additional organic growth and acquisition opportunities that complement EAX and make an immediate contribution to earnings and return on equity.

"EAX is in very good shape with a strong balance sheet with no debt, growing forward orders and an expanded service offering. With the contribution from Ward Consulting Services and a number of organic growth opportunities, we are well placed for continued NPAT growth in FY13. We look forward to welcoming the Ward Consulting team and customers to the Energy Action Group."

Jenny Ward said "This transaction represents a very exciting and natural progression for Ward Consulting. By joining two well established, profitable and complementary businesses together we will be able to provide an even greater depth and quality of service to our customers."

The transaction is expected to complete on 31 July 2012.

Energy Action was advised on the acquisition by Martin Rushe of Moss Capital.

ENDS

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