



Good Energy Group plc

2018 preliminary financial results for the period ended 31 December 2018

20 March 2019

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Agenda

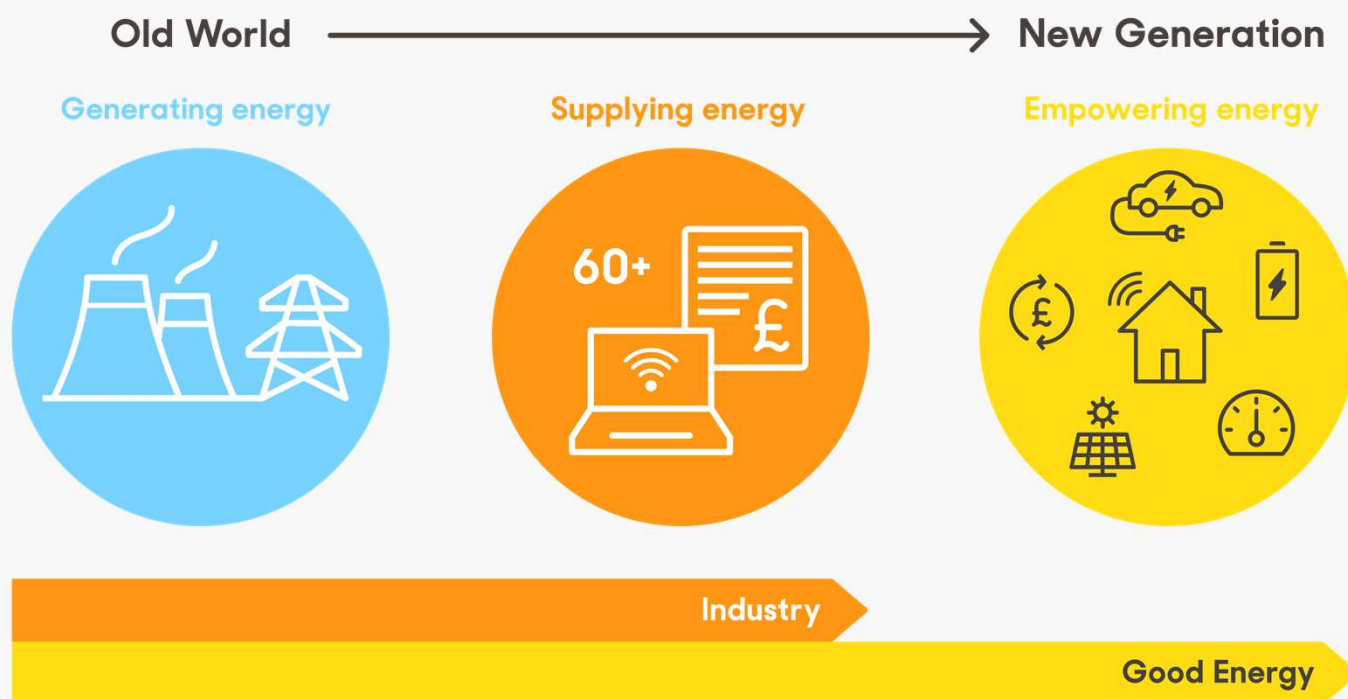
Highlights
Juliet Davenport,
CEO

Financial
performance
Rupert
Sanderson, FD

Operational
performance
Juliet Davenport,
CEO

2019 and
beyond
Juliet Davenport,
CEO

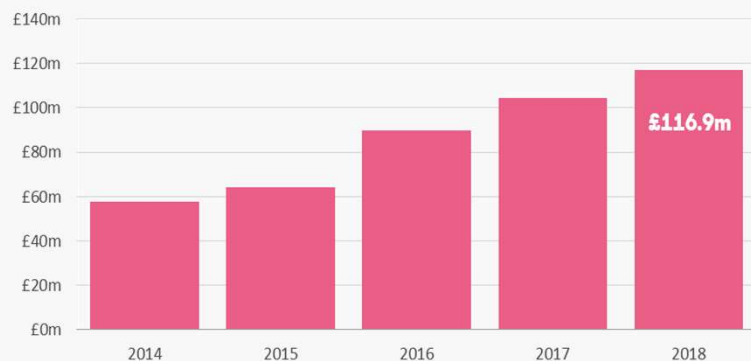
A sustainable, resilient business



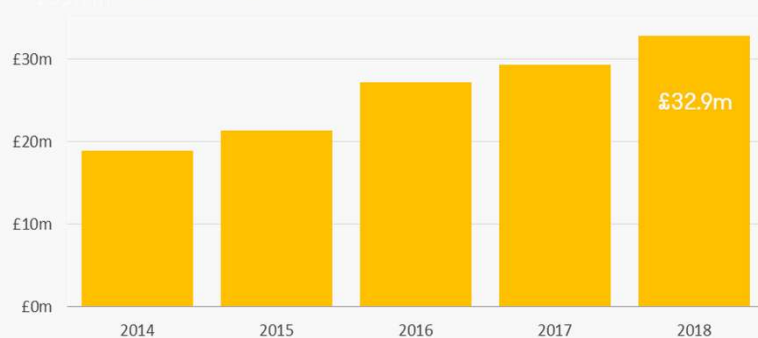
- Strong performance in 2018
- Resilience to changing and difficult markets
- PBT growth and good cash generation
- Accelerated investment in our future strategy and technology
- Strategic investment in EV data platform and energy services
- Facilitating the sharing of clean power for all.

2018 key performance indicators

Revenue



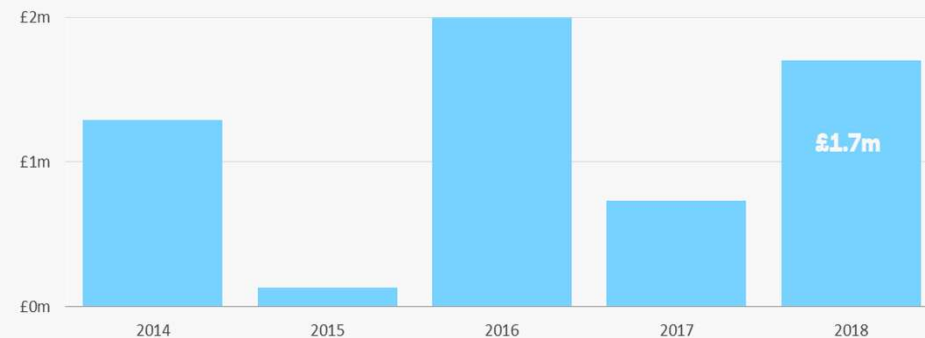
Gross Profit



Operating cashflow



Profit before tax - continuing operations



Performance highlights

2018
What we said
we would do

Deliver a
sustainable
financial
performance

Invest in our
people

Digital
platform for
future growth

New Product
Development

2018
What we did

- Delivered PBT growth
- Strong cash generation
- Billing cycles returned to over 99%

- Executive team in place
- B2B sales team delivering
- Digital & developer capability

- Agile operating model
- Salesforce CRM and Power BI
- 4* Trustpilot score
- Marketing campaign

- SMART meters ready for rollout
- EV, Battery and Home storage
- Great partnerships:
 - Eden Project
 - Honda
 - BestRes

Financial summary

Year end £000s	2018 continued operations	2018 Discontinued operations	2018 reported	2017 continued operations	% change continued operations
Revenue	116,915	9	116,923	104,509	11.9%
Cost of Sales	(84,062)	462	(83,601)	(75,178)	11.8%
Gross Profit	32,852	470	33,323	29,331	12.0%
Administration Costs	(26,800)	(623)	(27,424)	(23,739)	12.9%
Operating Profit	6,052	(153)	5,899	5,592	8.2%
Finance costs	(4,345)	(0)	(4,345)	(4,858)	(10.6%)
Profit before tax	1,707	(153)	1,554	734	132.6%
Tax	(633)	(56)	(689)	566	(211.8%)
Profit after tax	1,074	(209)	865	1,300	(17.4%)

Year end £000s	2018	2017	% change
Gross margin	28.1%	28.1%	0.1%
EBITDA	10,585	9,928	6.6%
Net Debt	40,899	53,164	(23.1%)
Basic EPS (p)	6.7	8.1	(17.8%)

Revenue

- Business supply volume growth
- Price rise implemented early
- Extreme weather conditions at the start of the year

Cost of sales

- Driven by a market wide increase in wholesale commodity prices

Gross profit

- Business supply volumes
- Implementation of the domestic price rise earlier in the year

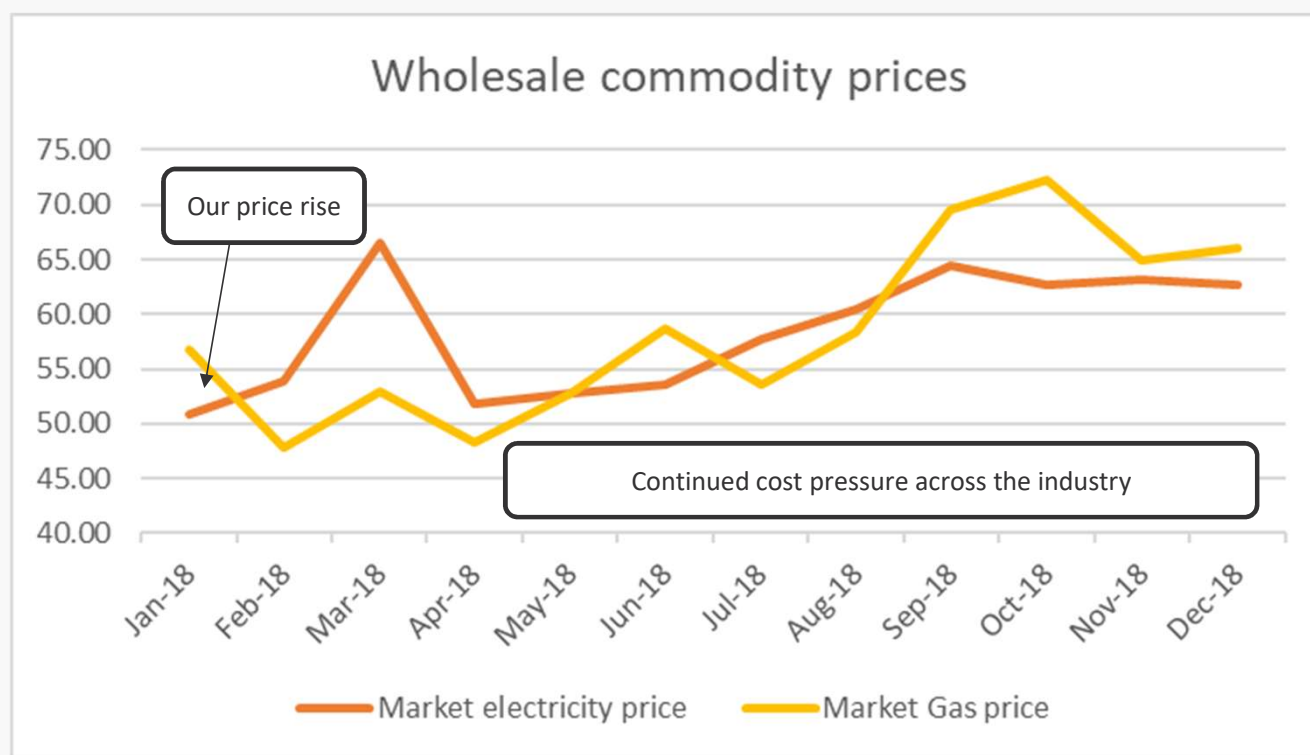
Cashflow

Year end £000s	2018	2017
Operational cashflows before working capital	10,567	5,132
Working capital movement	6,934	(5,106)
Cash generated from operations	17,500	27
Finance and tax cost	(4,350)	(4,956)
Net cashflows from operating activities	13,150	(4,929)
Net cashflow from investing activities	(1,740)	3,800
Net cashflows from financing activities	(9,468)	8,560
Net increase in cash and cash equivalents	1,942	7,431
Cash and cash equivalents at beginning of year	13,720	6,289
Cash and cash equivalents at end of year	15,662	13,720

- Cash generative business model
- £9.4m of debt repaid in the period
- £15.7m cash at end of year
- Operational and billing issues addressed
- Working capital benefit in H2 following warmer autumn / early winter than seasonal trends
- Partial redemption of Bond I
- Repayment of banking facilities lowering net debt

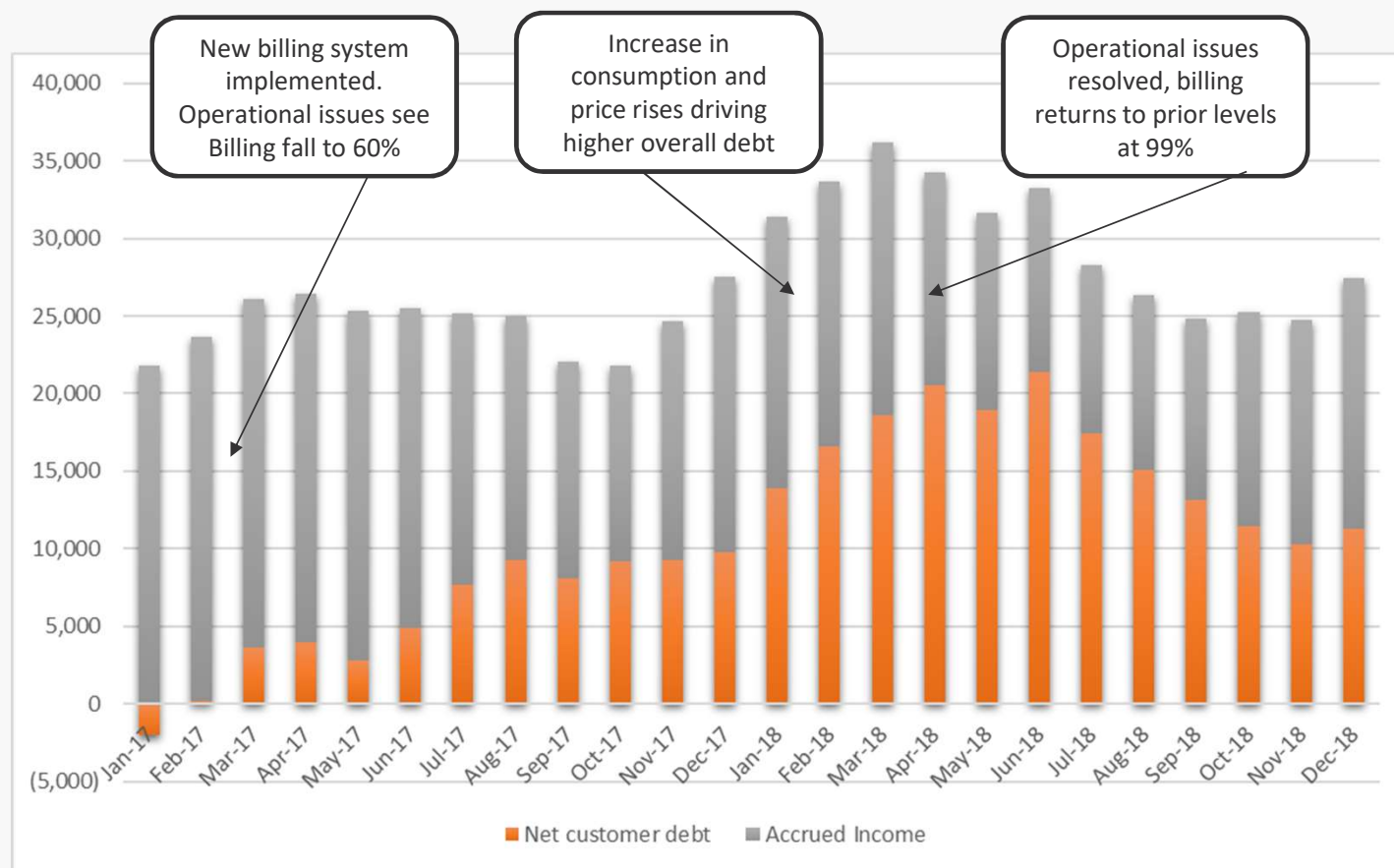
* 2017 Working capital movement excludes WIP write down

Rising wholesale commodity prices



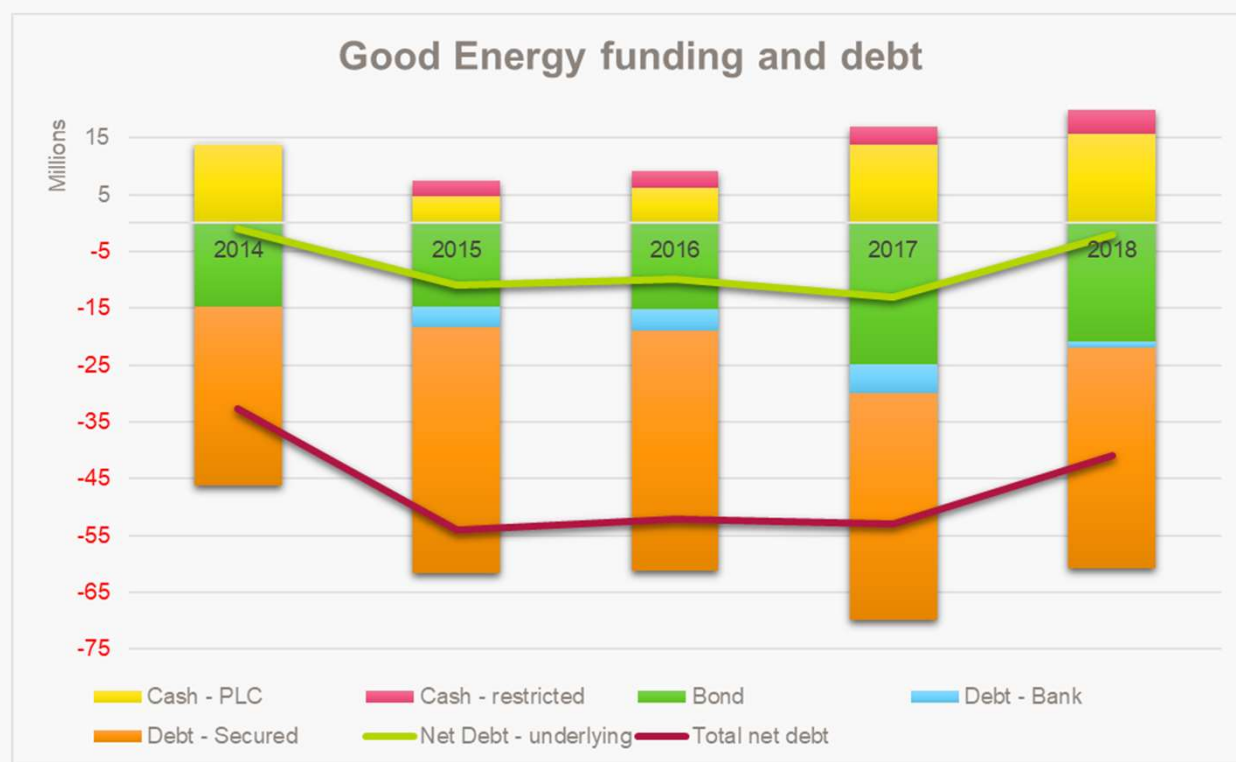
- Wholesale prices increased by over 30% in H1 2018
- Continued cost pressure across the industry
- Proactive decision taken to implement price rise earlier than usual at the beginning of 2018
- Protecting margins to reinvest in future growth, provide customers with certainty and value
- Robust hedging policy in place to mitigate exposure to volatility
- Wholesale prices stabilising in 2019

Continued improvements in billing



- Billing system fully operational, effective processes and controls
- Cash collection performance now normalised
- Additional bad debt provision of £1.4m made in H1 following billing issues in 2017
- Ongoing provision of 2% of supply revenues

Funding and debt



- Paydown in net debt
 - Decreased 23.1% to £40.1m
 - Strong cash generation and bond repayment
- Access to range of funding on good terms to support growth
- Good Energy Bond I partially redeemed
 - £3.6m continuing in Bond I
 - Lower rate of 4.25%
 - £4.3m repaid in March 2018
- Gearing ratio decreased to 67.8%
- Structured capital allocation policy focused on investing for growth

Financial outlook



Profits
weighted to
first half



Continued
investment
across the
business

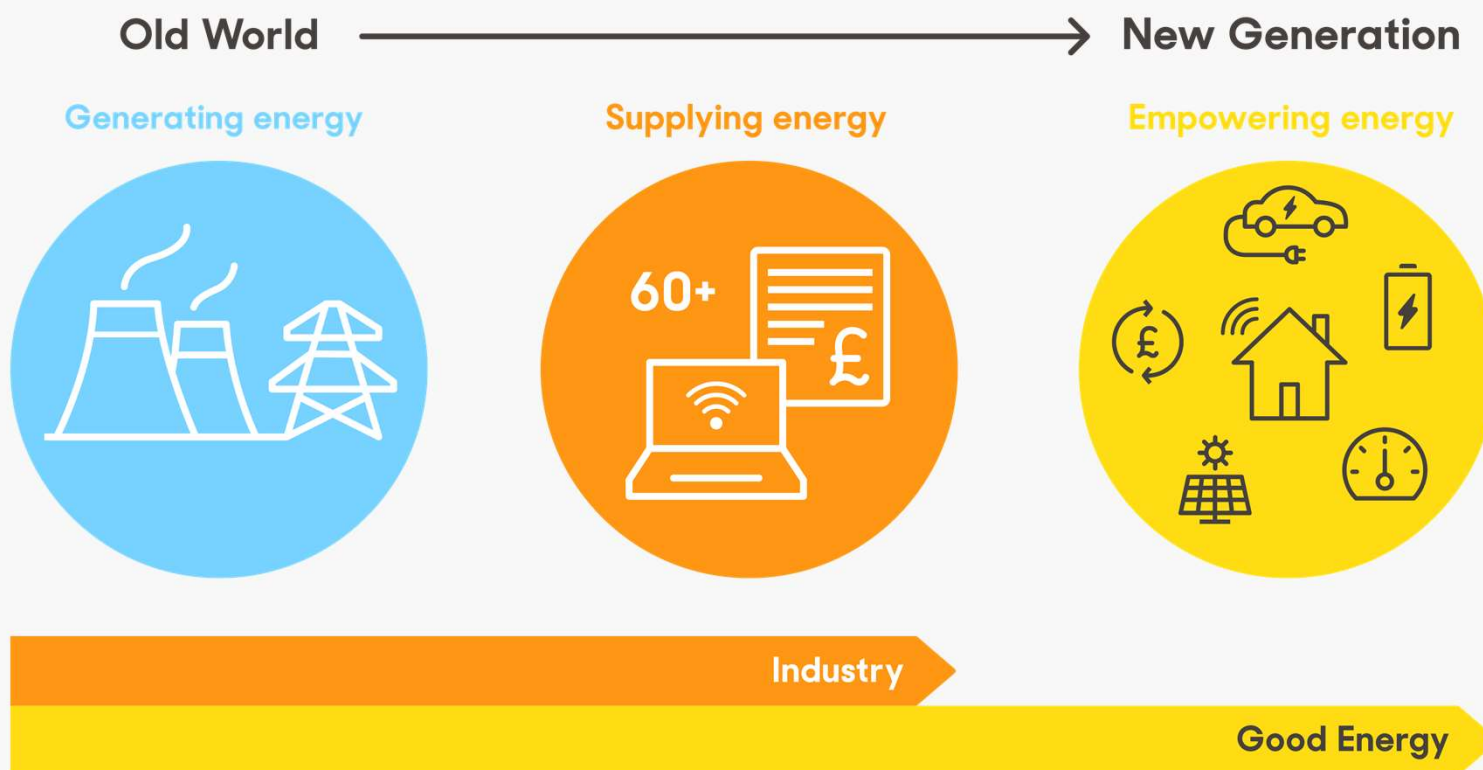


Progressive
dividend
policy

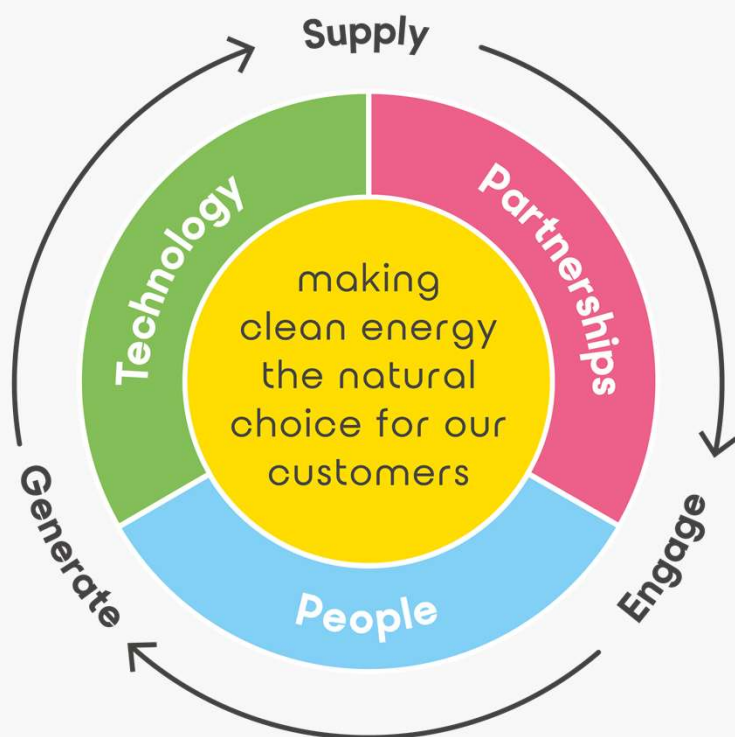


Financial and
strategic
growth

Decentralised energy



The business model



Technology

- SMART technology the foundation of a new energy world
- Data empowers homes and businesses
- Control, storage, EV – sharing economy

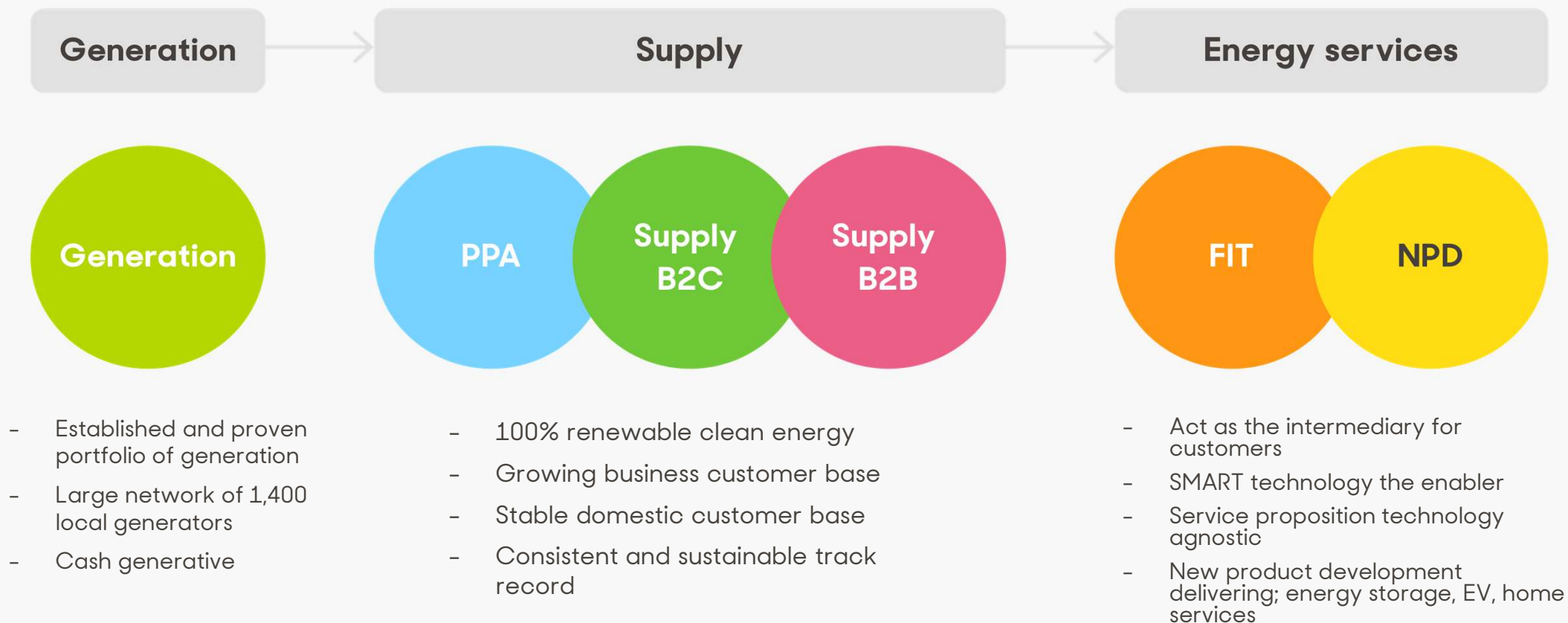
People

- Invest in leadership across the business
- Digital and data expertise
- Customer focused

Partnerships

- Strategic partnerships and investment
- Research and innovation
- Digital platform and data insight

Good Energy – the business



2018 – delivery across our business

Digital

- A platform for future growth
- Agile operating model
- Salesforce CRM and Power BI
- Data driving fast, informed decisions

Marketing

- New campaign launched – just be Good
- 34 million impressions
- 7 million views on YouTube
- Improved NPS rating

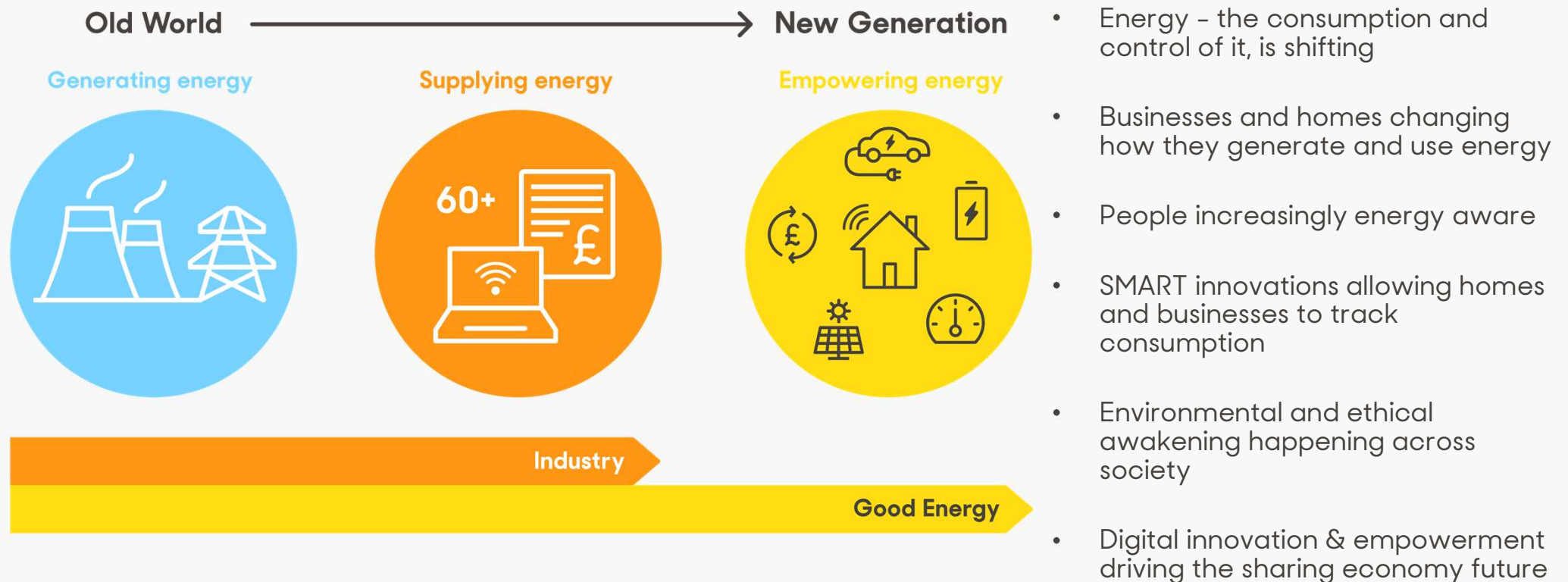
Customer services

- Delivering on our brand promises
- Trustpilot rating increased to 4*
- Billing back to 99%
- Great customer feedback

People

- New Executive team now in place
- New HQ planned for 2020
- Investment across the business
- Increased employee engagement scores

Strategic overview – 2019 and beyond



Today – Our markets



Competitive landscape

- Wholesale market remains volatile following significant commodity price pressure in 2018
- Price war and margin softness continues in domestic supply market
- Maintain our focus on 100% renewables
- Fair price and better service



Focus on business

- Market driven by customer services, quality products and sophisticated solutions
- Business volumes a driver of future growth
- Business volumes increased by 23% in 2018
- Clear policy focused on profitable growth

Today – Regulatory and political changes



SVT price
cap

- Effective 1 January 2019 and first prices rise implemented 1 April 2019
- Good Energy directly support renewable generation across the UK
- Granted derogation by OFGEM recognizing our commitment to renewable energy



FIT
scheme


- FIT scheme closed to all new entrants from 31 March 2019
- Continues for existing customers for up to 20 years and 25 years in some cases
- We will continue to administer the scheme and grow market share
- FIT proposition is the foundation of energy as a service business model

Tomorrow – Strategic direction



Energy as a service

- Shift from the old model of generation
- Energy services, enabled by technology
- Vertically integrated business model – allows constant customer interaction
- Next generation SMART technology enables new services in EV, storage & the home
- Investment in Zap-Map



Making clean energy the natural choice

- Just be Good – switching to clean power another choice to be Good
- 85% of people have Green intentions
- Make the experience straightforward for our customers
- Seamless switching and billing services
- New app launching in 2019, pilot launched in 2018

The vision – new product development and partnerships



New Product Development

- SMART technology is the enabler of the future – full rollout in 2019
- Eden Project – battery storage trial
- HAVEN – home as a virtual energy network with Honda & University of Salford
- BestRes – household energy management



Zap-Map

- Strategic investment in EV data platform
- The 'go-to' app for the UK's EV drivers
- EV market expected to grow at 25% CAGR to 2030
- Single EV charge point payment platform solution
- Zap-Home provides integration potential for EV and GE customers

Our focus for 2019



Driving brand awareness



Continue growth in HH and SME



Strong growth in FIT



Continue investment in systems



Launch of Smart meters



Embed new people promises and leadership behaviours



EV for domestic and business



Domestic improved cost per acquisition and reduced churn



New HQ

Summary and outlook



Good financial
performance
and strong cash
generation



Continued
investment in
digital and data
solutions



SMART meter
rollout in 2019 to
enable future
technology
solutions



Delivery of
energy as a
service for
customers



Good growth driven by business volumes, continued digital investment supported by highly cash generative business model