

INVESTOR PRESENTATION  
PRELIMINARY RESULTS TO 31 DECEMBER 2017



THE INNOVATIVE  
BUSINESS  
ENERGY  
SUPPLIER

January 2018



# SUMMARY OF YÜ GROUP PLC

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## Gas, electricity & water supplier:

- Serving SME and larger corporate market
- Not domestic market
- Not a broker

Undertook IPO to provide  
funds for hedging



## Investment profile:

- Rapid growth
  - Solid margins
  - Predictable revenues
  - Cash generative
  - Dividends
- 
- Profile of the business is evolving
  - Opportunity for increased shareholder returns



# HEADLINE RESULTS

	12 months to December 2017	12 months to December 2016	14 months to December 2015	13 months to October 2014
	£'000	£'000	£'000	£'000
Revenue		16,264	3,880	537
<i>Gross Margin</i>		21.2%	19.3%	N/A
Adjusted operating profit/(loss)		205	(1,020)	(143)
Cash and cash equivalents		5,197	47	34
Contracted Revenue at period end		27,800	8,400	N/A
Adjusted earnings/(loss) per share		1.03p	(8.16)p	N/A
Dividend per share		2.25p	Nil	Nil

- Progressive dividend policy supported by cash flow



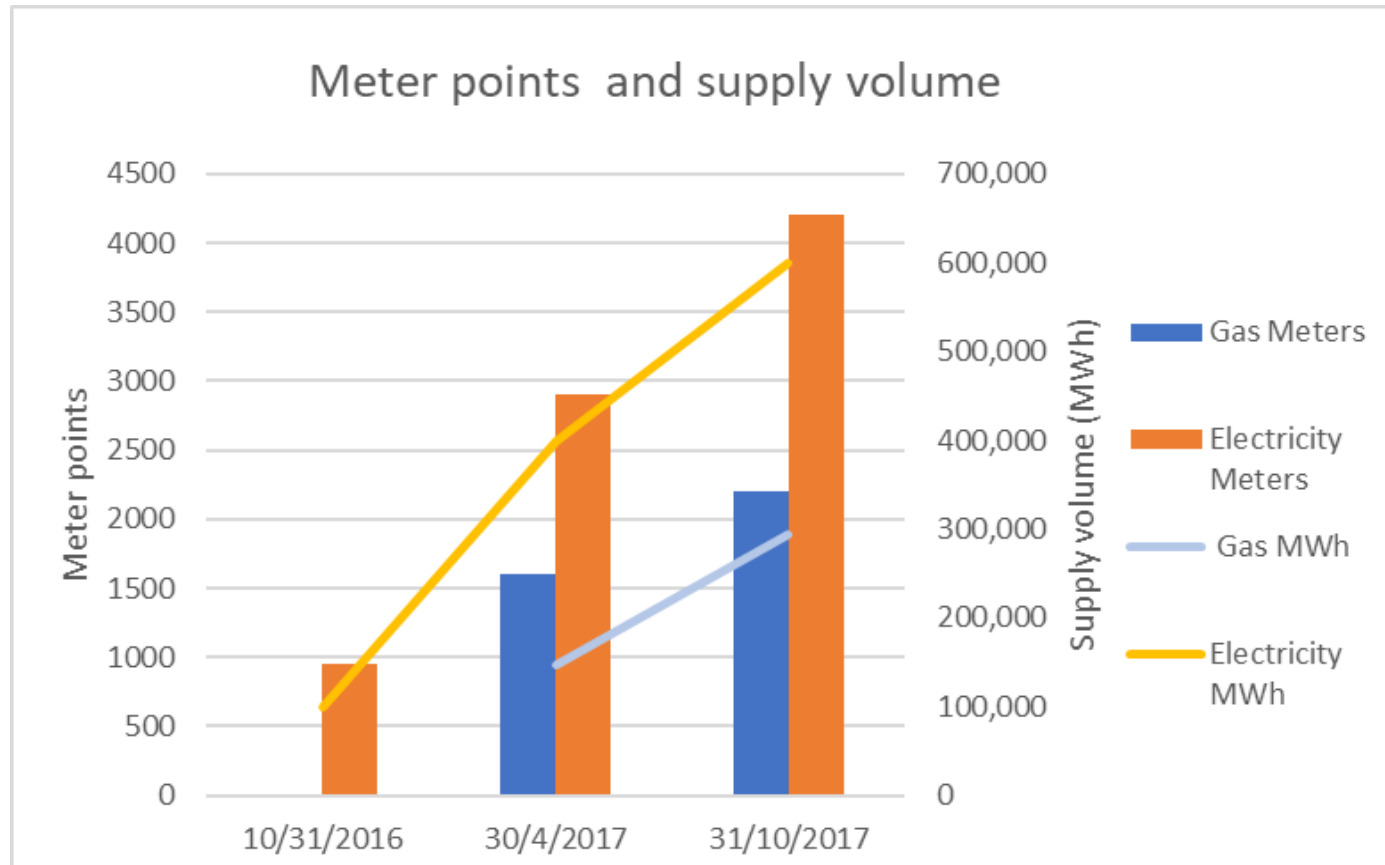
# OPERATIONAL HIGHLIGHTS

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- Employee numbers increased from 58 to 105 as at December 2017 with further recruitment planned
- Call pick up times averaging 6 seconds (less than three rings)
- Additional premises opened in Leicester city centre
- Renewal rate for Direct Sales activities maintained in excess of 80%.
- Licence to supply water granted in November 2017
- Commenced gas shipping providing opportunity to ship on behalf of others and enhance gross margins on in-house gas sales
- Letters of credit for hedging activities in place using £3.5 million of cash reserves (Dec 2016: £3.4 million)



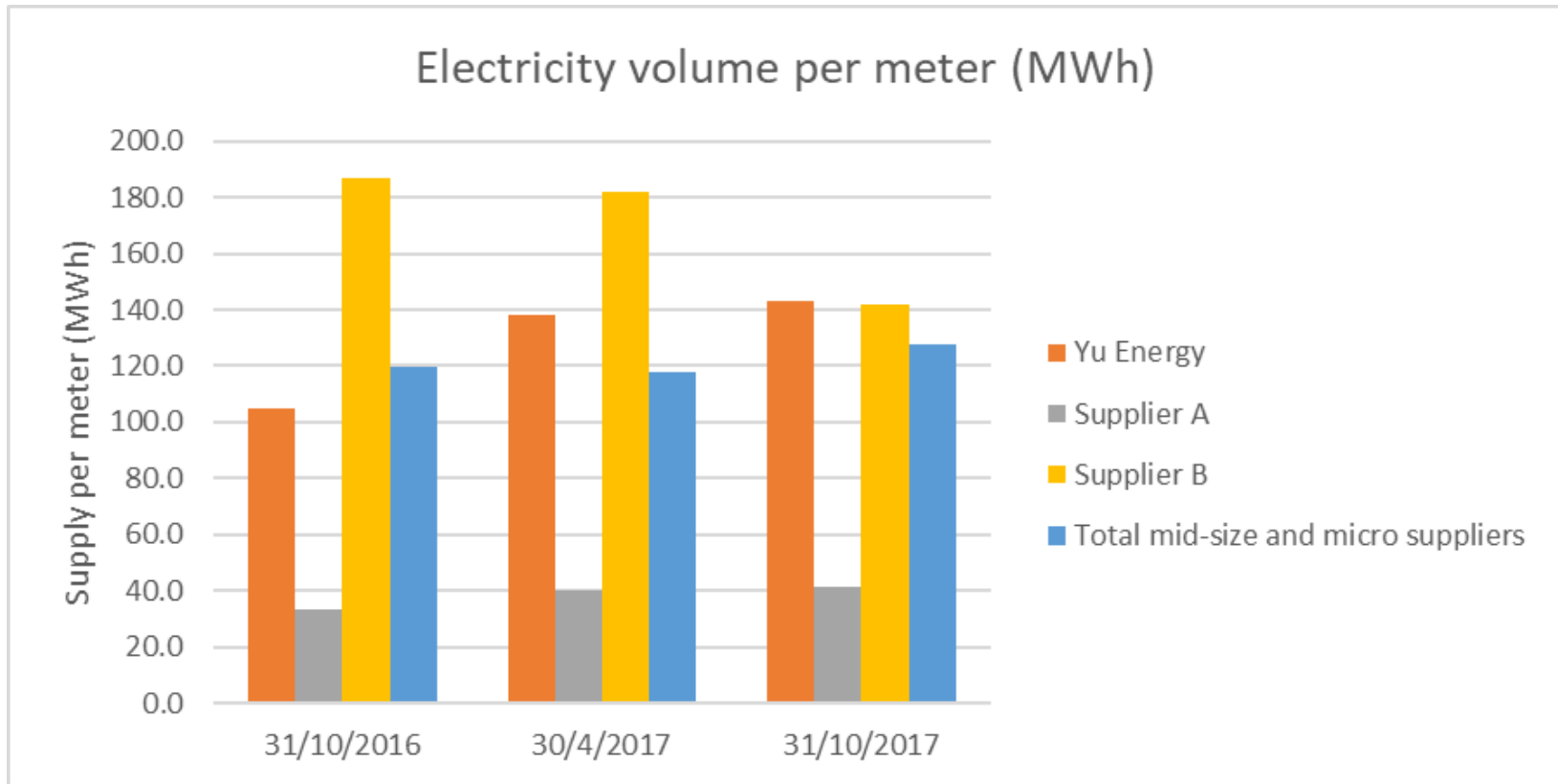
# INDUSTRY DATA



- 47% growth in meter points
- 63% growth in supply volumes



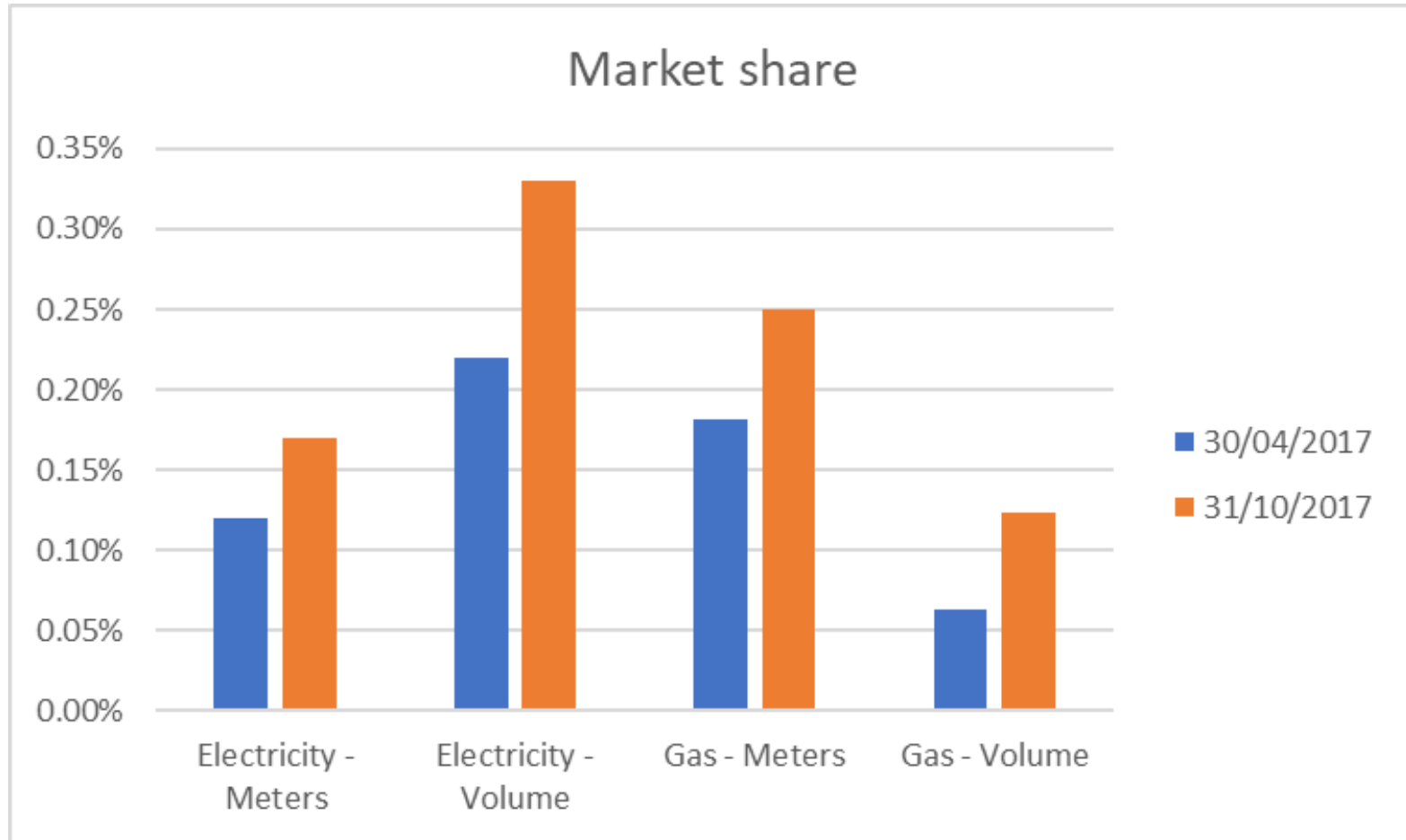
# INDUSTRY DATA



- Increase in volume per meter ahead of comparable suppliers
- Above average volume per meter



# INDUSTRY DATA

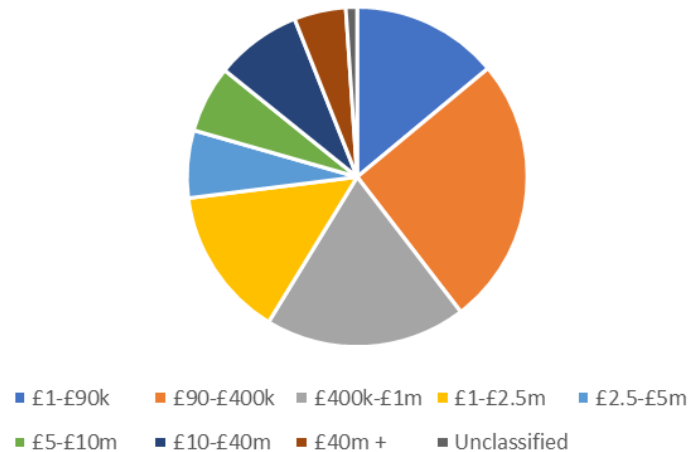


- Market share growth in both meter points and supply volume



# CUSTOMER PROFILE

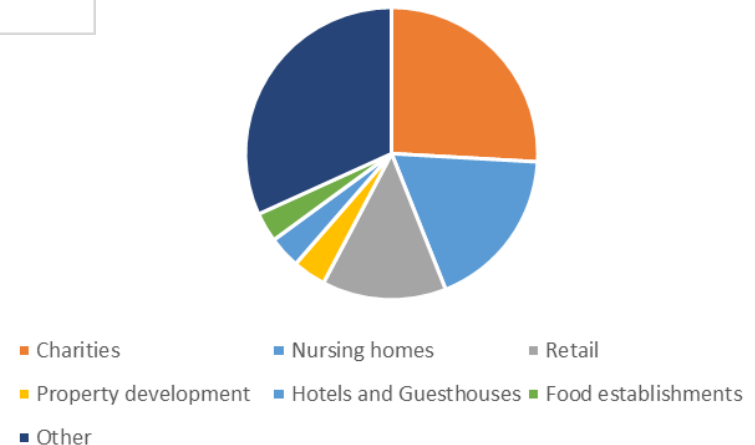
Customer profile by turnover



- 40% customers have a turnover between £1m and £40m+

- Charities, nursing homes and retail account for over 50% of meter points

Customer profile by industry sector



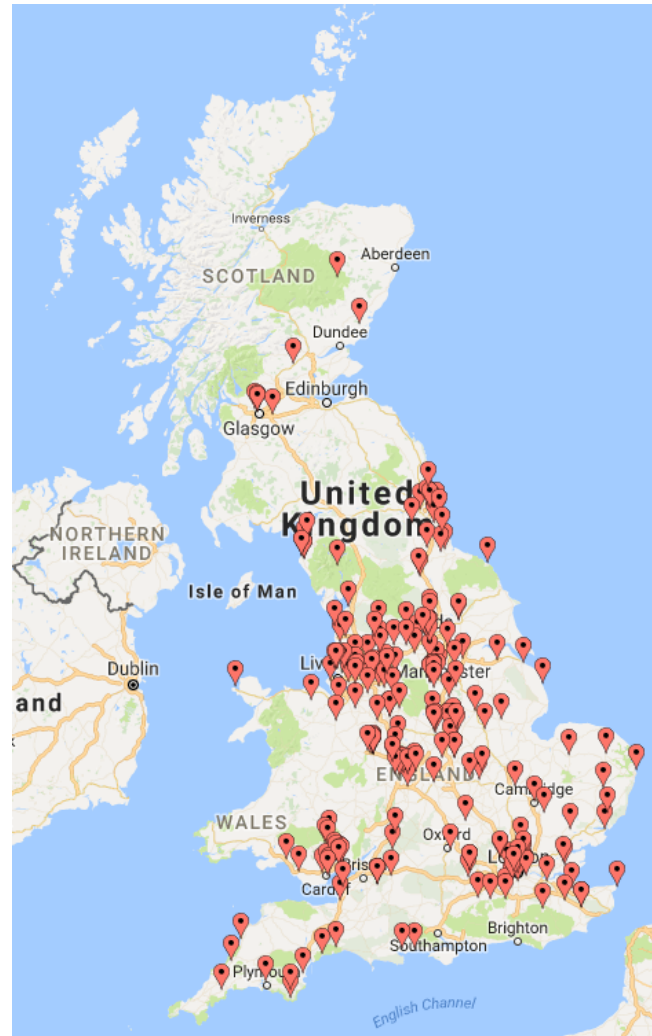


# CUSTOMER PROFILE

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## Customer Location:

National coverage as the customer base has spread beyond the Midlands



# THE NEXT STAGE OF GROWTH

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- Grown rapidly by supplying a wide range of commercial customers
- Now identified ideal customer profile:
  - Half Hour, medium-large capacity meters
  - Professional corporates with multi-responsibility procurement
  - Good or 'complex' credit rating
  - Appreciate good service levels, guidance and technical advice
- Already growing rapidly in this sector to deliver:
  - Greater profitability
  - Greater cash generation
  - Steady operating margins
- Delivery requires:
  - Acceptance of slightly lower gross margins
  - Investment in infrastructure (sales & relationship management teams)
  - Reliance on significant collateral reserves to support solid hedging policy



# FOUR SALES CHANNELS

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## DIRECT SALES

- Outbound telesales team, currently generating up to £2.0 million per month in contracted annual sales
- Team now comprises 26 staff
- Intention to expand the team further over the coming months

2

## BUSINESS DEVELOPMENT MANAGERS (BDM)

- Team established in 2015/6
- Focus on larger energy corporates that require face-to-face engagement
- Generating circa £2.0 million per month in contracted annual sales

3

## BROKER SALES

- Brokers/TPIs in the UK are targeted to encourage them to recommend Yü Energy as a supplier
- Team established in July 2015, currently generating circa £2.0 million per month in contracted annual sales

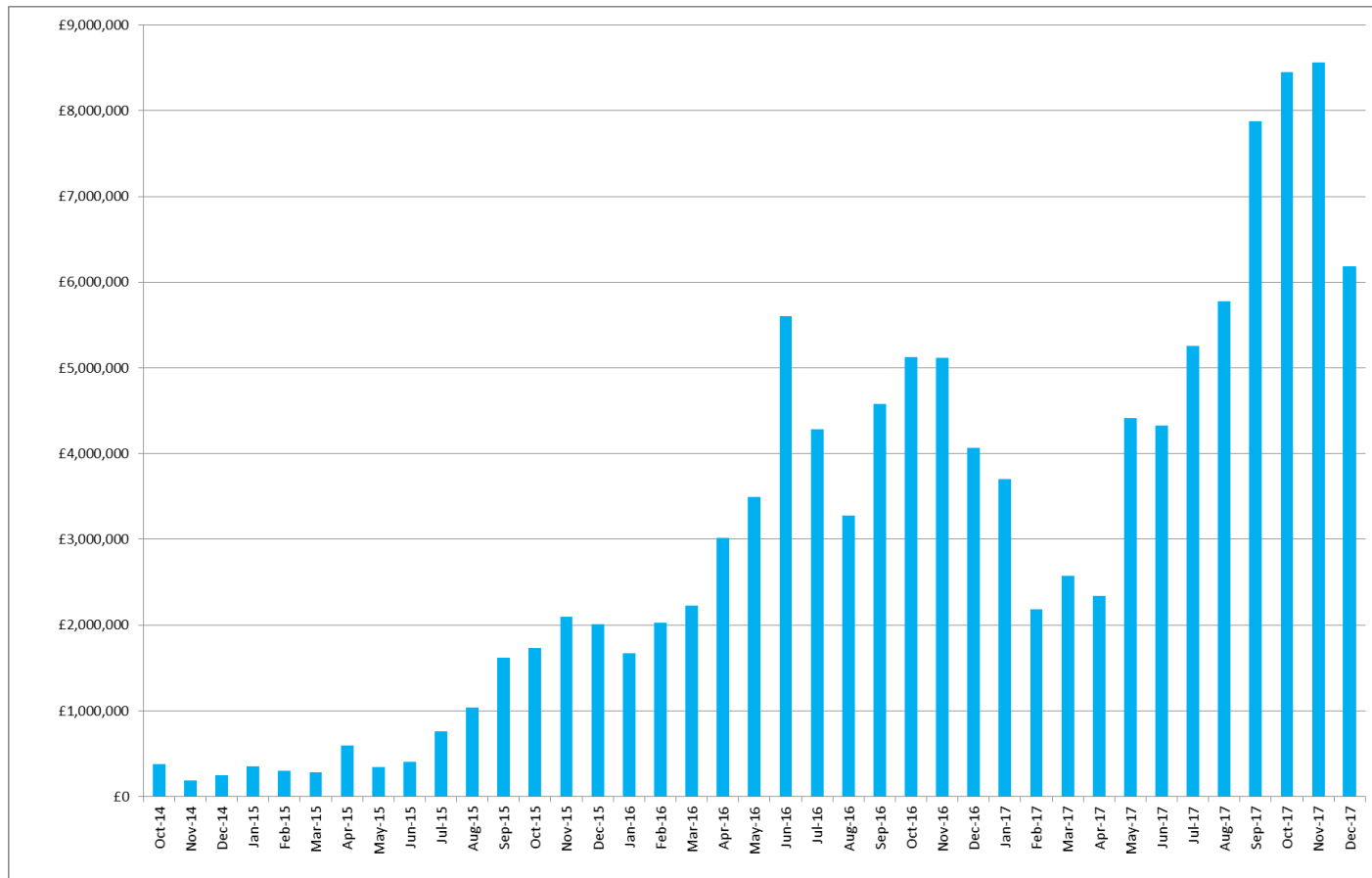
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## RENEWALS AND RE-WINS

- Achieving an average renewal rate for direct sales business in excess of 80% and usually an uplift in margin on renewal
- Broker/BDM re-win business now also being monitored
- “Subscription” model ensures strong foundation for future growth and opportunity to manage the customer base



# ANNUALISED BOOKINGS BY MONTH



- Recent bookings numbers support growth expectations for 2018
- Further expansion of sales force continues



# OUTLOOK

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- Growth opportunity in medium sized corporate sector greater than anticipated
- Growing contracted revenue base provides high level of visibility
- Further investment in business planned, to build on market opportunity
  - Continued recruitment into the sales channels
  - Further recruitment of support staff to maintain service levels
  - Additional business premises
- Operating margins expected to stabilise
- Growing dividend supporting a progressive dividend policy



# APPENDIX



GROUP PLC

# CUSTOMER PROFILE

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# UK COMMERCIAL ENERGY

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## Large players



## Middle market

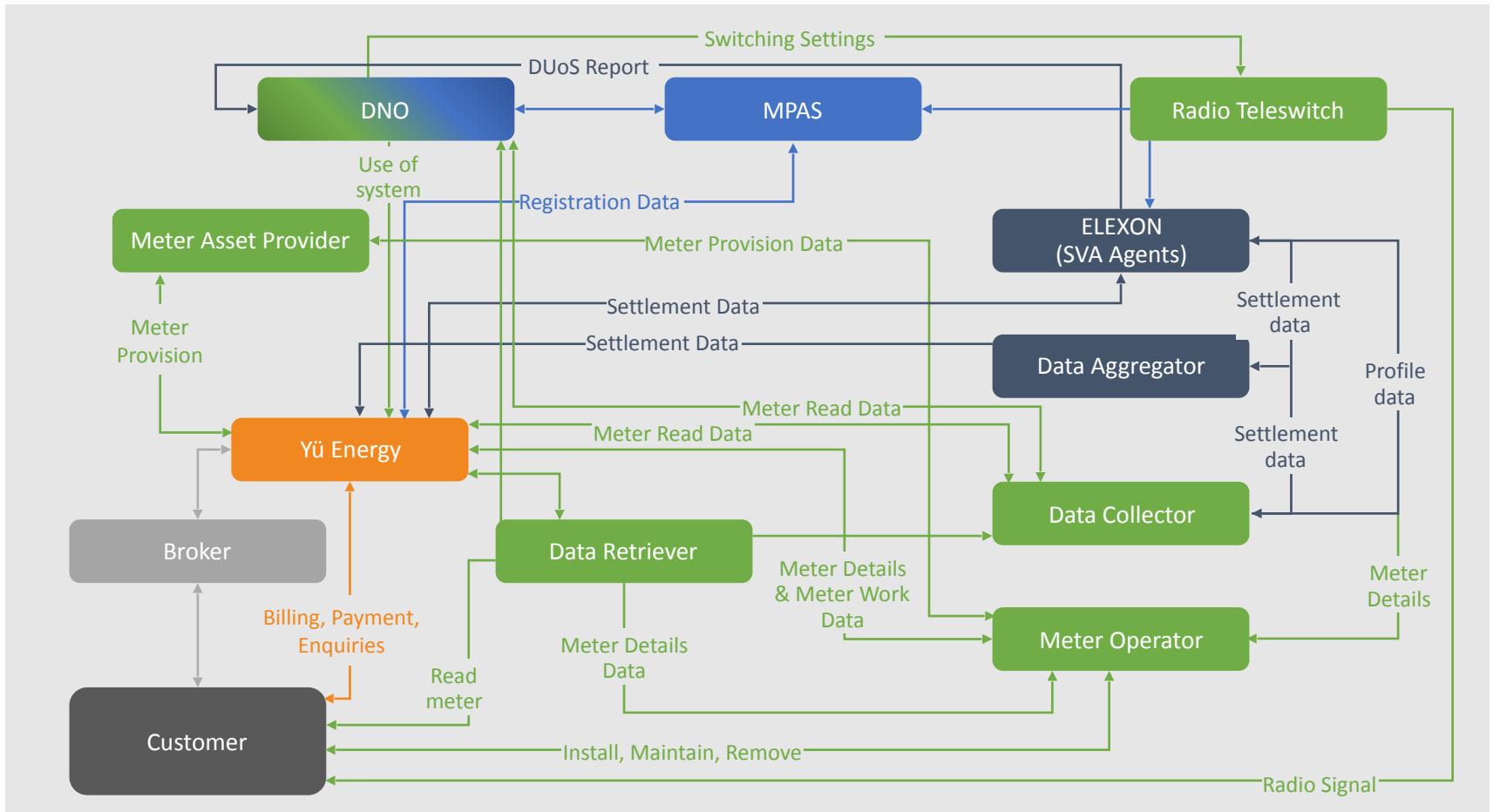


## SME focussed

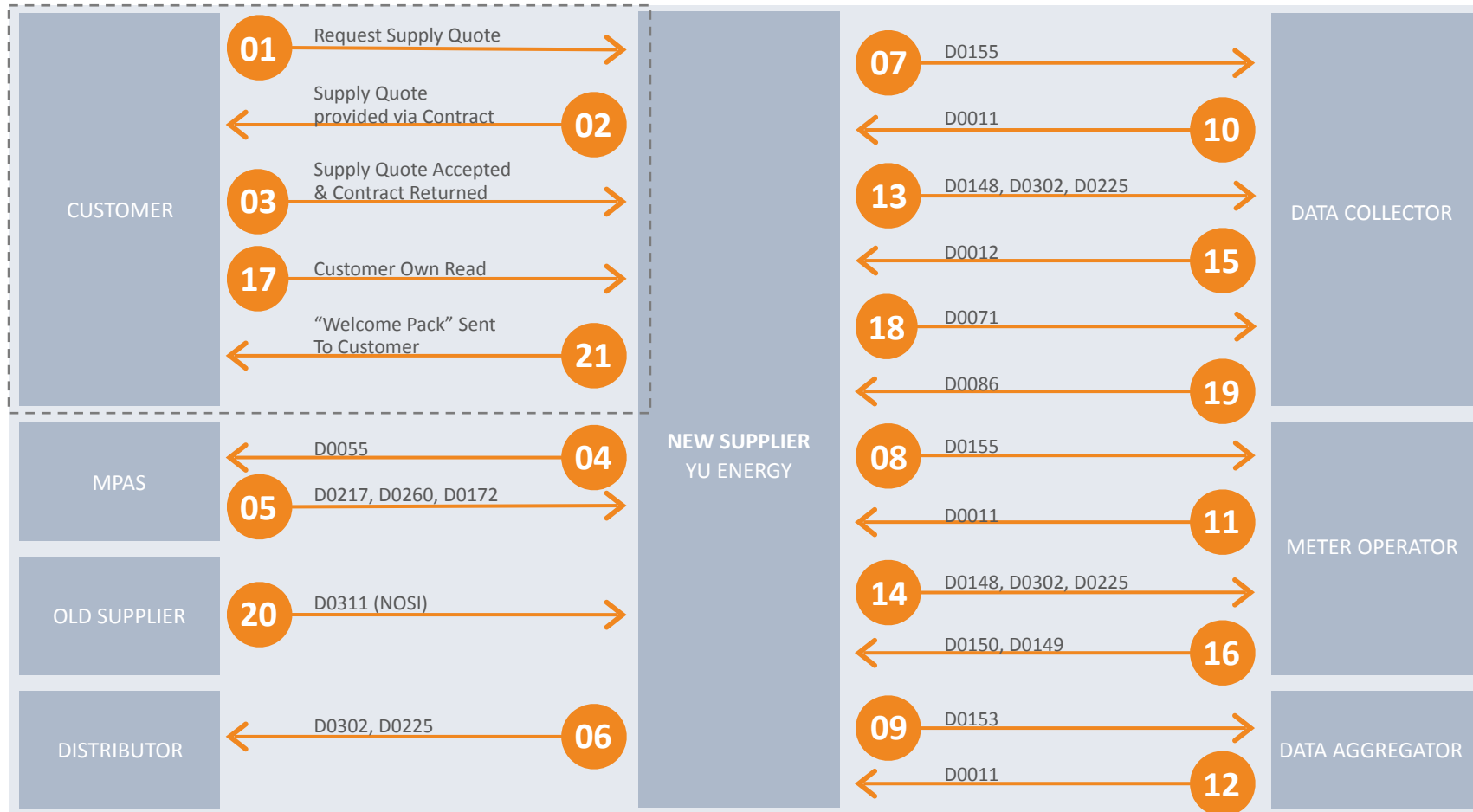




# BARRIERS TO ENTRY



# CASE STUDY: COMPLEX CHANGE OF SUPPLIER PROCEDURE



# RISK MANAGEMENT/HEDGING POLICIES

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Rapid growth and industry terms require Letters of Credit with the wholesale energy market to support this hedging policy:

- Government commissioned Cornwall Report, 2014 (Table 3.6) stated that:
  - *12,500 SME electricity customers would require £3.5 million of collateral*
  - *12,500 SME gas customers would require £1.0 million of collateral*

Policy target of efficient and effective hedging of all sales of energy at fixed prices

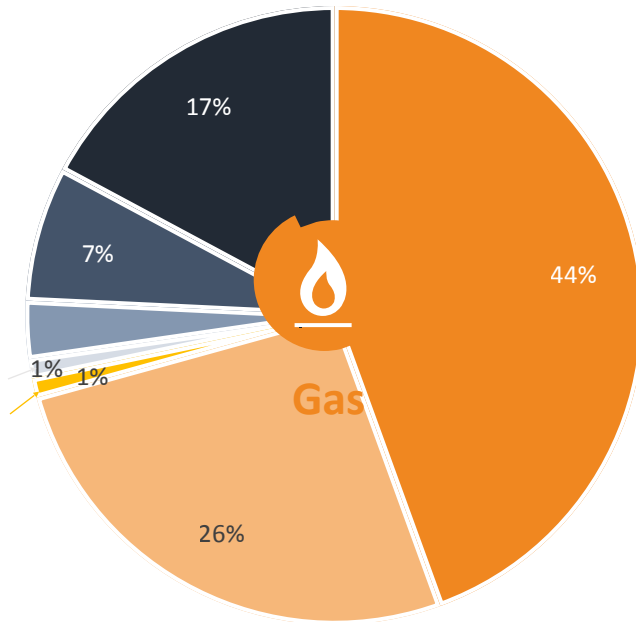
Losses/gains from unhedged purchases/sales due to:

- Contract end dates not being coterminous with energy purchasing periods
- Customer usage not being in line with forecasts
- Unhedged position addressed through balancing and shaping with negligible cash impact

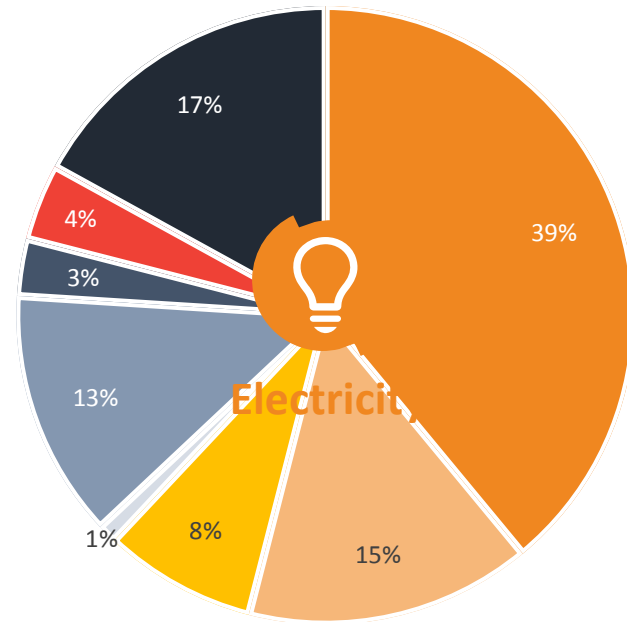
Balance revenue against margin to avoid excessive collateral requirements



# THE COST OF ENERGY COMPOSITION



- Energy
- Local Distribution Capacity
- Metering
- VAT
- National Transmission
- Climate Change Levy



- Energy
- National Transmission
- Renewable Obligations
- Climate Change Levy
- Local Distribution
- Metering
- Feed in Tariffs
- VAT



# EXECUTIVE DIRECTORS

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**BOBBY KALAR**  
CHIEF EXECUTIVE OFFICER

- Founder and sole shareholder of Yü Energy.
- Degree in Electrical and Electronic Engineering, previous roles at Marconi PLC and COLT Telecommunications.
- Owned and managed a chain of care homes which he subsequently sold in 2013.
- Entered energy sector as a TPI broker in 2009 before moving into supply in 2012 to take advantage of the market opportunity presented by deregulation.



**NICK PARKER**  
CHIEF FINANCIAL OFFICER

- Over 30 years of experience in financial positions and, in particular, London Stock Exchange listed companies.
- Previously CFO of WANdisco PLC prior to and immediately following its admission to AIM, CFO of Volex PLC and, for over eight years, CFO of Dyson Group PLC.
- Also served as the Chief Executive of Sheffield Wednesday Football Club and Vice President of Corporate Development at Carclo PLC, where he oversaw numerous acquisitions and disposals in both the UK and overseas.



**GARRY PICKERING**  
CHIEF OPERATING OFFICER

- Degree in Economics, joined East Midlands Electricity PLC on graduation, which was ultimately acquired by E.ON.
- 20 years' experience in Electricity and Gas markets, managing financial risks associated with Supply and Generation portfolios.
- Final role at E.ON before joining Yü Energy was as Head of UK Power Portfolio Optimisation.
- Oversees Yü Energy's operational requirements including energy purchasing and risk management.



# NON EXECUTIVE DIRECTORS

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## RALPH COHEN

### INDEPENDENT NON-EXECUTIVE CHAIRMAN

Ralph was for 10 years until April 2015, the CFO and is now a non-executive director of Judges Scientific plc. He held various senior executive positions within the energy and water divisions of the Paris based Vivendi group between 1981 and 2001, including eight years as Finance Director of a listed subsidiary (for part of the time), followed by positions as Managing Director within that group. In total he has spent 25 years working in the energy sector in roles covering energy services, importation of electricity and electricity supply. He previously spent nine years at Ernst & Young. Latterly he was the founding partner of MC Consultancy Services where he was closely associated with major projects, including electricity supply opportunities in Europe and M&A projects.

## JOHN GLASGOW

### INDEPENDENT NON-EXECUTIVE DIRECTOR

John has over 35 years experience in engineering, operations, trading and IT across the energy industry. Senior roles have included Head of Powergen Technical Audit and Head of Powergen Energy Management Centre, covering energy trading and power plant portfolio optimisation, and General Manager of Powergen Energy Solutions. Latterly he was in Board roles including Head of Strategy at the establishment of the new E.ON Energy Services business, E.ON Director of New Connections & Metering and Director of Operations and Asset Management at E.ON Central Networks. Upon leaving E.ON John became Managing Director of Sterling Power Utilities Ltd until autumn 2013. John is also a board member of the St Modwens Environmental Trust.

