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Good Energy Group Plc



Business Overview

ESTABLISHED: 1999

LOCATION: Chippenham, Wiltshire, UK

LISTING: AIM
NEX Exchange, SSX Segment

TYPE OF COMPANY: For profit

NUMBER OF EMPLOYEES: 201 - 500

ISSUED SHARE CAPITAL:
14,970,680 ordinary 5p Shares

BUSINESS AREA:

Renewable Energy: Generation and Distribution of Electricity

COMPANY WEBSITE:

www.goodenergygroup.co.uk

BUSINESS OVERVIEW

Good Energy Group PLC (Good Energy) is holding and management company with a focus on the purchase, generation and sale of electricity and gas from renewable sources, micro-renewable generation services, and the development of new electricity generation sites. Company segments are split into Supply and Electricity Generation companies, including units such as electricity supply, feed-in tariff (FIT) administration and gas supply, wind and solar generation companies, generation development, early-stage development companies, and holding companies.

Good Energy supplies electricity to around 72,250 domestic and commercial customers, and supplies gas to approximately 43,000 domestic customers. It also supports a community of 124,500 independent green power generators across the UK. The Company, through its subsidiary, Good Energy Generation Limited is also an investor in renewable energy projects.¹

Good Energy partners with independent renewable generators and also develops its own renewable generation assets.

SOCIAL MISSION

Around a third of the UK's carbon emissions come from the supply of energy. This makes the sector the country's biggest single contributor to those emissions. The UK is blessed with significant renewable energy sources, but compared to many of our European neighbours these are currently underutilised by the domestic energy market.

Good Energy provides consumers with innovative products and services that allow them to benefit from the deployment of renewable technology. By offering consumers an energy supplier that is committed to increasing the amount of renewable electricity in the UK electricity mix, the company aims to address rising energy costs, reduce carbon emissions and improve security of energy supply.

WHO BENEFITS?

THE ENVIRONMENT: Reduce anthropogenic climate change and keep the world a habitable place for all species. In 2016 customers' consumption was balanced with 100% renewably sourced electricity.

DOMESTIC AND BUSINESS

CUSTOMERS: High level of service with a reliable supply of energy.

MICRO, SMALL AND MEDIUM

GENERATORS: The company provides support for 124,500 of the UK's small and medium scale renewable energy generators (14% of the market). Good Energy buys renewable power from more than 1,000 independent generators (2015), supplying the equivalent of around 75% of the annual electricity demand of its customers.

COMMUNITIES: Minimised adverse impacts from development of energy generators. The company undertakes local engagement and consultations and incorporates feedback into projects.

EMPLOYEES: Living Wage Employer. All employees' pay is benchmarked annually to ensure that it is fair.

GOVERNMENT: Helping the UK Government reach its legally binding target to reduce greenhouse emissions 80% by 2050 from 1990 baseline levels.

¹ Company description taken from <http://markets.ft.com/data/equities/tearsheet/profile?s=GOOD:LSE> with updated customer numbers from the Group's 2016 Interim Report to Shareholders

Commercial and Financial Summary

CAPITAL STRUCTURE

Good Energy Plc is financed through both debt and equity with a debt to total capital ratio of 74.59%.

PRICE CHART²



FINANCIAL INFORMATION

TICKER: GOOD

SHARE PRICE: £2.74 (close 31/12/16)

MARKET CAP: £46.24m³ (close 31/12/16)

BUSINESS HIGHLIGHTS

FINANCIAL: Revenue increased by 40% to £45.6m (H1 2015: £32.6m). Gross profit increased by 50% to £15.3m (H1 2015: £10.2m). Profit before tax increased by 164% to £1.4m (H1 2015: £0.5m) EBITDA increased by 72% to £6.2m (H1 2015: £3.6m). Net operating cash inflow of £0.4m (H1 2015: outflow of £4.1m) an increase of £4.5m.

OPERATING: The company supported renewable generation across the UK by purchasing power from more independent renewable generators the previously, with the current number standing more than 1,000. Introduction of carbon-neutral Green Gas, 6% of which is sourced from biomethane and the remainder from balanced verified carbon reduction schemes. By 30 June 2016 the customer base grew to over 239,750, up 36% from 30 June 2015. Good Energy finished in the top two of the Which? Energy Suppliers Survey for the 5 years to 2016.

FINANCIAL INFORMATION

| Year end (£m) | Dec-2014 | Dec-2015 | 6M Jun-2016 |
|--|----------|----------|-------------|
| Group turnover | 57.6 | 64.3 | 45.5 |
| Profit before tax | 1.3 | 0.1 | 1.4 |
| Tangible Fixed Assets | 44.7 | 60.9 | 60.7 |
| Shareholders' Funds | 17.0 | 16.9 | 20.6 |
| Cash Balances | 13.7 | 4.8 | 6.8 |
| Net Cash flows from operating activities | 0.6 | (1.6) | 0.4 |
| PE (x) | 14.3 | (1.4) | 7.6 |

² <http://www.londonstockexchange.com/exchange/prices-and-markets/>

³ LSE (The market capitalisation of companies reflects the London listed element only. These figures are approximate and are updated monthly)

Impact Assessment Matrix

ECONOMIC IMPACT

| | MEASUREMENT | REPORTED OUTCOME |
|------------------------|---|---|
| Local Economy | Local community funds established for lifetime of each generation development project, with annual payout per MW, rising with inflation Percentage of power sourced from medium-scale renewable generators Average saving from local tariffs from wind farm projects over 4MW Number of independent small and medium generators across the UK that deliver electricity | Approx. £35,000 per year combined total for seven operational solar farms; Approx. £17,500 per year combined total for two operational wind farms Approx. 75% of annual customer consumption equivalent Delabole £107 p.a. (20% acceptance rate) Hampole £124 p.a. (15% acceptance rate) 1,000 |
| Energy Security | Good Energy works closely with over 131 councils and housing associations to administer the feed-in tariff | Around 44% of Good Energy's FIT sites are on council or social housing. |
| End-User | 6 Month trial of UK's first P2P Energy Trading Platform | 37 Participants |

ENVIRONMENTAL IMPACT

| | MEASUREMENT | REPORTED OUTCOME |
|-------------------------|---|--|
| Emissions | Annual CO ₂ emissions saved by customers' consumption Portfolio of renewable energy generating assets | 89,900 tCO ₂ e 2016 86,400 tCO ₂ e 2015 Installed Capacity: 52.4MW (Sept 2016); 42.5MW (2015) |
| Renewable Energy | Create, enhance and improve habitats, restoring ecosystems and allowing wildlife to thrive Biomethane content in Green Gas supplied to customers | To be reported 6% |
| Conservation | Equivalent Emissions of Activities | Awaiting verification |

SOCIAL IMPACT

| | MEASUREMENT | REPORTED OUTCOME |
|---------------------------------------|---|--|
| Energy Security | Domestic consumers generating their own renewable electricity | To be reported |
| Education & Training | Number of employees that have been part of Good Energy's academy programme that aims to improve staff knowledge about the energy industry and the challenges it faces Support thought leadership related to renewable energy | Part of the company's standard induction programme for all employees. 1 PhD Studentship supported |
| Financial Inclusion | Community ownership in developed projects Local Currency Adoption | Ownership of 2 proposed generation farms Accepted Bristol £ for payments |
| Wellbeing & Sustainability | Healthy and sustainable living, sustainable transport and waste | Staff Policies in place to provide guidance |
| Employees | Employee Engagement | 82.5% |

GOVERNANCE

| | MEASUREMENT | REPORTED OUTCOME |
|-----------------------------|---|--|
| Compliance | Compliance with social mission Compliance with community and environmental objectives | 3 reporting methods in place Due diligence on partners / customers Procurement Policy, a Biogeneration Policy and a Renewable Development Charter |
| Corporate Governance | Corporate Disclosure Policy UK Corporate Governance Code Non-Executive Representation | Provides some information that is required of a fully listed company Even though company is not required to comply, the board is familiar with code Non-Executive Chairman |
| Diversity | % of female Board Members | 50% |

MUST READ

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