

Friday, 25 May 2018

## TRADING UPDATE: ERM POWER AFFIRMS AUSTRALIAN BUSINESS OUTLOOK & UPDATES US OUTLOOK

ERM Power Limited [ASX: EPW] today affirmed the previously stated outlook provided on 22 February 2018 for its Australian operations with Retail, Generation and Energy Solutions all performing strongly and anticipated to meet or exceed expectations for FY2018.

ERM Power CEO Jon Stretch said the performance of the Australian businesses for FY2019 was anticipated to be in line with market expectations. There is no change to the update on the LGC strategy provided in February.

In relation to its US Retail business, ERM Power expects the sales volume to be around 6.3TWh in FY2018 against the 6.5TWh previously indicated, increasing to around 7.2TWh in FY2019. Gross margin for the US business in FY2018 is expected to be around A\$3.70/MWh relative to the A\$4.50/MWh previously indicated, and about A\$3.30/MWh in FY2019.

ERM Power had previously stated that it expected the US business to be NPAT breakeven in FY2020. While FY2020 is forecast to show a material improvement over FY2019 based on written customer margins, this position will be assessed during FY2019 and an update provided as required.

“Our US business continues to grow but at more moderate levels than projected in this investment phase, with margins and load lower than expectation but improving with market experience and increased execution capability,” Mr Stretch said.

“Operating expenses for the US business will be around A\$22m in FY2018, with a small increase in FY2019. All other cost items are materially in line with previous indications.

“We continue to build value in the US business as we move through this investment phase and grow scale and customer relationships, experience and capability in this sizable market.”

### About ERM Power

ERM Power is an Australian energy company operating electricity sales, generation and energy solutions businesses. The Company has grown to become the second largest electricity provider to commercial businesses and industrials in Australia by load, and is the only energy retailer licensed to sell electricity in all Australian states as well as the Northern Territory and the Australian Capital Territory. A growing range of energy solutions products and services are being delivered, including lighting and energy efficiency software and data analytics, to the Company's existing and new customer base. ERM Power also sells electricity in several markets in the United States. The Company operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland.

[www.ermpower.com.au](http://www.ermpower.com.au)

### For further information

**Sarah McNally**

Investor Relations Manager

Phone: +61 7 3020 5513; Mobile: +61 409 004 298

Email: [smcnally@ermpower.com.au](mailto:smcnally@ermpower.com.au)