

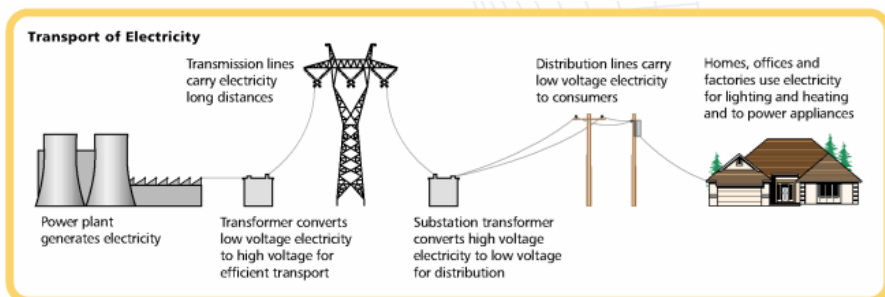
Australian Power & Gas Limited

Status: Exited

Arthur Phillip identified the deregulating Australian retail energy sector as an area of opportunity. A strategic alliance was formed with the Cobra Group (international direct sales organisation) and industry experienced management to form Australian Power & Gas Limited ("APG") in 2007. APG was listed on the Australian Stock Exchange until taken over by AGL.

Retail Energy Provider

- APG entered the market to take advantage of the deregulation of retail energy market, initially in Victoria then into QLD and NSW.
- Core to the strategy was that APG would deliver an excellent service to residential Australia at a competitive price.
- The company sold greenricity, a renewable energy generated from the sun, wind, water, and waste.



Recognition / Awards

- APG was awarded the Winner of the Fast Starters 2010 by the Business Review Weekly.
- Later that same year APG took out 1st Place in the BRW Fast 100 awards, which recognizes the fastest growing companies



Share Price Trending Upwards



Investment Rationale

- ✓ Proven business model, as observed in the UK and the USA
- ✓ Experienced management and Board with the ability to guide growth.
- ✓ Alignment of interests between investors, Board and management.
- ✓ Capital structure ensured support through cash-negative early years.
- ✓ Capital value grows with every customer acquired.
- ✓ Annuity style income once sufficient scale achieved and customers are retained.

Australian Power & Gas Limited (cont'd)

Arthur Phillip were part of the founding team, a cornerstone investor and an advisor to APG. Arthur Phillip provided strategic and corporate advice, and also formulated and lead the capitalization of the business (debt and equity) as required.

2007

APG is founded and with revenues of less than \$1 million in that year. Concentrated on building a retail energy business in Victoria, Australia.

2008

APG report annual revenues of \$35 million from a customer base of 54,000. Business is still purely focussed on the Victorian market

2009

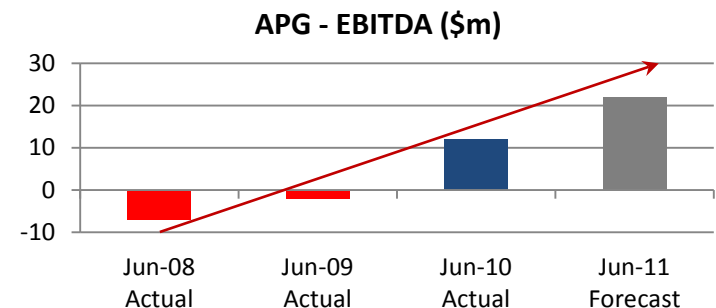
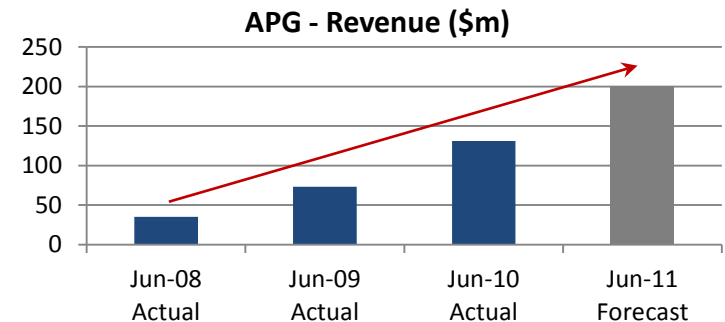
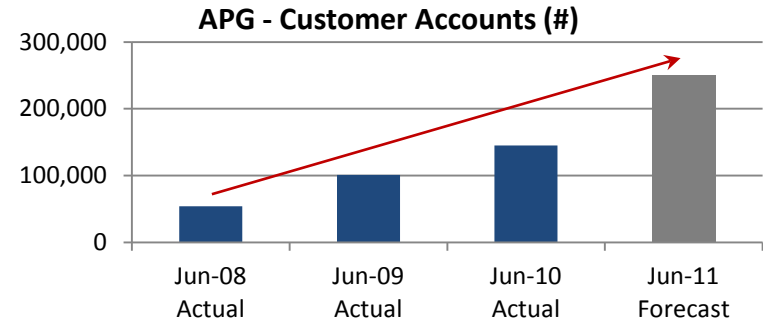
More than 100,000 customers are registered with revenues of \$73 million. The business displays positive operating cashflows .

2010

Australian Power & Gas enters the Queensland and New South Wales market. Winner of BRW Fast Starters. Customer accounts reach 145,000 with annual revenues now \$131 million. EBITDA of \$22million.

2011

Winner of BRW Fast 100 Awards. Customer accounts reach 200,000 with forecasts of 250,000 before year end. Forecast revenues of >\$200 million and EBITDA of ~\$22.0 million.



Australian Power & Gas Limited (cont'd)

After 7 years of operation, APG was approaching revenues of \$500 million and a 10% market share of the residential energy market. Arthur Phillip lead a strategic review that brought together management and shareholder interests and determined that sale of the business to a major player would result in the best outcome for shareholders. Arthur Phillip then lead the negotiations and settlement of the transaction.

Lead strategic review of APG business

Vetted management reports and forecasts and prepared valuation models for various scenarios

Identified and lead discussions with major industry players. Managed due diligence process

Negotiated sale price and terms with purchaser and major shareholders of APG, along with other key stakeholders (including debt providers).

BUSINESS SPECTATOR

AGL strikes takeover deal for APG

Business Spectator | 8:32PM July 15, 2013



Save

By a staff reporter

AGL Energy Ltd has struck a takeover deal for upstart energy retailer Australian Power & Gas Company Ltd that values the target at \$158 million.

The deal will see AGL, which has raised its stake in the independent to 19.9 per cent, buy a 36.9 per cent stake from the three major shareholders, Nippon Gas, The Cobra Group and The Poole Interests.

The all cash offer - which is supported by the APG board - will see the suitor pay 52c for each APG share.

It would see AGL pick up the target's 354,000 customers across New South Wales, Queensland and Victoria.