



28 November 2011

**Inspired Energy plc**  
**("the Company")**

**Admission to AIM and placing raising £3.4 million**

**Inspired Energy plc (AIM:INSE)**, the energy procurement and management business, is pleased to announce that admission and trading of its ordinary shares commenced today on the AIM market of the London Stock Exchange ("Admission"). The Company has raised approximately £3.4 million before expenses by way of a placing of 111,651,668 new ordinary shares at 3 pence per ordinary share (the "Placing"), giving the Company a market capitalisation of approximately £10.6 million on Admission.

The Company was incorporated as Finemore Energy Limited in May 2011 as a platform to acquire companies in the UK energy services sector with strong management teams and the opportunity for rapid growth. In conjunction with Admission, the Company has acquired the entire issued share capital of Inspired Group Holdings Limited ("Inspired"), a respected energy procurement and management company, re-registered as a public company and changed its name to Inspired Energy plc. The proceeds of Placing will be used to fund the acquisition of Inspired and for working capital purposes.

Inspired was founded in June 2000 by Janet Thornton and is based in Kirkham, Lancashire. Inspired offers clients optimised energy procurement strategies, enabling clients to achieve greater certainty or cost efficiency in respect of their energy costs. Inspired currently manages and negotiates approximately 800 gas and electricity supply agreements on behalf of approximately 460 customers.

In the year ended 30 June 2011, Inspired generated revenues of £2.86 million and delivered adjusted EBITDA of £1.59 million. Inspired's business has grown strongly over the past three years and this trend has continued in the period from 30 June 2011. The Company has, based upon existing contracts and estimated customer energy usage, contracted revenues of £4.1 million of which £2.4 million is booked for the year ending 31 December 2012.

Bob Holt, Chairman of the Company said:

"The energy consultancy market is fragmented in the UK, and never have the concerns of energy and its cost been such a priority to UK businesses. Inspired has a strong management team with a proven track record in delivering significant savings for customers, evident in the client retention the business has achieved. We see significant growth opportunities in this market place for the Company."

Janet Thornton, Managing Director, commented:

“We are delighted to have completed the transaction as it facilitates a platform for growth while enabling us to continue to build on the established business we have nurtured over the past 11 years. It is important for us to retain the model we have developed in delivering high quality service, and we are now in a stronger position to grow the business by attracting key players in the industry and through acquisition.”

**Enquires:**

**Inspired Energy plc** +44 (0) 1772 689250

Janet Thornton, Managing Director

David Foreman, Finance Director

**Shore Capital (Nominated Adviser and Broker)** +44 (0) 20 7408 4090

Bidhi Bhoma

Edward Mansfield

**Gable Communications** +44 (0) 20 7193 7463

John Bick +44 (0) 7872 061007

Justine James +44 (0) 7525 324431

email: [inspired@gablecommunications.com](mailto:inspired@gablecommunications.com)

[www.inspiredenergy.co.uk/investorrelations.co.uk](http://www.inspiredenergy.co.uk/investorrelations.co.uk)

**Background on Inspired**

Inspired is a provider of energy purchasing and energy consultancy services to corporate energy users. Through optimising energy procurement strategies, Inspired enables clients to achieve greater certainty or cost efficiency in respect of their energy costs.

Inspired advises on and procures energy (gas and/or electricity) contracts for its customers with energy suppliers. On commencement of a contract, Inspired generates commission based on the customer’s energy consumption, subject to a minimum consumption level. Inspired’s commissions are solely dependent on the client’s overall energy consumption levels and as a result Inspired’s revenue stream is not impacted by energy commodity price fluctuations.

**Inspired’s Service Offering**

Inspired offers five main services to its customers:

- **Energy Review and Benchmarking** – analysing the energy needs of the customer and tailoring a cost efficient energy procurement strategy;
- **Energy purchasing** – developing individual buying strategies on fixed, flexible or risk managed basis along with negotiation and energy procurement from suppliers in line with client strategy;
- **Bill Validation** – a review of all invoices to ensure that correct charges have been made by the suppliers;
- **Historical Audits** – validation of historical billing rates to ensure compliance with the published tariffs and pass through charges throughout the supply periods; and
- **CRC reporting** – production of management information for customers to comply with Carbon Reduction Commitment (“CRC”) legislation.

## **Inspired’s Product Offering**

### ***Fixed contracts***

Approximately half of Inspired’s energy procurement solutions are fixed price contracts. This provides the customer full budgetary certainty for the period, usually 12, 24 or 36 months. The costs of energy are fixed for the duration of the contract and are based on the tariff structures available on the energy market at the time of signing the contract.

### ***Flexible contracts***

Inspired has negotiated exclusive arrangements with some of its suppliers to offer mid-term reviews to its customers on fixed contracts, whereby at the customer’s discretion, the client is able to return to the market at the mid-point of the contract. If a mid-term review is taken up, the contract with the supplier is extended for a further twelve months. This allows customers the certainty of pricing with an upside exposure to potential energy price falls.

In addition, Inspired offers its customers a budget defender, whereby customers purchase 100 per cent. Of their energy in advance but have the ability to renegotiate the rates if energy prices move in their favour. This renegotiation can be undertaken as late as five days ahead of the contract start date.

A further contract is available to customers whereby the day and night unit rates are fixed for electricity but the standing charges for supply over the National Grid and distribution networks are charged at the prevailing rates as and when they fall due.

### ***Risk managed purchasing contracts***

Under risk managed purchasing contracts, customers are not subject to fixed energy prices. A customer is able to agree the ‘collars and cuffs’ for a fixed period as well as the standing charges.

The parameters setting the level of risk are set by the customer. The additional flexibility provided by these purchasing contracts is offset by a corresponding increased level of risk as the client is exposed to market fluctuations in energy prices. Inspired assumes no risk on this type of contract and obtains a commission on the contract in the same manner as all other contracts.

As at 30 June 2011, Inspired's contract mix for 2011 was as follows: fixed contracts (52 per cent.), flexible contracts (46 per cent.) and risk managed (2 per cent.).

### **Lead generation and sales process**

Inspired generates its leads from an external database which is tailored for Inspired. In addition, Inspired has, since inception, developed its own large internal database of customers and targets with whom it has an ongoing dialogue.

Inspired uses proprietary software to review, audit and analyse energy usage to determine and identify appropriate buying strategies for each corporate client. Based on this strategy and energy consumption profile, Inspired obtains quotes from energy suppliers using knowledge of current market prices to negotiate terms on behalf of the client.

Inspired performs open tenders with energy suppliers and is able to source offers from each of the "big six" suppliers – namely British Gas, EDF Energy, E.ON Energy, Npower, Scottish and Southern Energy and Scottish Power. Inspired also obtains quotes from growing suppliers to the UK market such as Regent Gas and Gaz Prom.

### **Customers**

Typically, customers of Inspired have the following characteristics:

- 50 to 250 employees;
- use of half hourly meters;
- sufficient energy usage (above 2,000 MWh) and complexity to warrant third party intermediary ("TPI") involvement; and
- do not have own in-house energy procurement teams.

### **Growth Strategy**

#### ***Focus on new business***

The Board believes that Inspired is now established within the UK energy consultancy industry and represents an excellent platform for further growth. The Board believes that through recruiting, training and developing new and existing staff Inspired can continue to offer existing and potential customers bespoke energy consultancy and procurement services which represent what the Board believes is a leading solution in the marketplace.

#### ***Investment in IT***

The Board intends to maximise productivity at Inspired through the use of the latest software, IT and web based systems available. It is the Board's belief that this will increase efficiencies allowing Inspired's sales and analytical teams to focus on winning new business while at the same time retaining existing customers.

### **Client reporting**

The Board believes there is a significant opportunity to increase revenues through paid for reporting on CRC and energy usage. In addition, it is the Board's belief that this service should increase customer retention rates by creating an increased client dependence on the data generated by Inspired on their behalf.

### **Acquisitions**

The Board believes that Inspired can expand quickly, successfully and profitably through organic growth. In addition, it believes that there may be opportunities for the Enlarged Group to participate in potential industry consolidation. Should any acquisitions be targeted and completed, consideration may be financed through a mixture of cash generated by the Enlarged Group, additional debt finance and/or issue of additional Ordinary Shares to the sellers of future target businesses via a placing for cash or issue of Ordinary Shares as consideration. The Board will consider the most appropriate financing structure at the time of any acquisition.

### **UK Energy Consultancy Market**

Energy is an increasing business cost and UK non-domestic energy prices have increased rapidly in the last decade with electricity prices more than doubling since 2004 rising from 3.1p/kwh to 6.5p/kwh. Gas prices have also increased from 0.96p/kwh to 1.74p/kwh in the same period.

The Board believes that the UK energy consultancy market, in which Inspired operates, is attractive as many businesses look to external service providers (known as TPIs) for support. Already approximately 70 per cent. of companies are currently procuring energy through a TPI. TPIs are regarded by corporates as being an easier procurement route than going directly to the energy suppliers as they provide quick and simple access to a wide variety of packages, allowing companies to achieve the optimal solution in an efficient manner. Furthermore, many energy suppliers are no longer willing to deal directly with SMEs, or even small brokers, and regard larger TPIs as a much more effective route to market.

### **Financial information on Inspired**

The following information has been extracted from the financial information contained in the Company's AIM admission document published on 23 November 2011 ("Admission Document").

<b>Year ended 30 June</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue	2,861	2,153	1,448
EBITDA	1,297	504	417
Adjusted EBITDA	1,590	1,097	510

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Inspired's business has grown strongly over the historical period shown and this trend has continued in the period from 30 June 2011. Inspired has, based upon existing contracts and estimated customer energy usage, contracted revenues of £4.1 million of which £2.4 million is booked for the year ending 31 December 2012.

The recent recruitment of two senior analysts, Michael Allen and David Amann, to head up new business development has so far proved successful and Inspired continues to seek to hire high quality sales and support staff. The Board believes that there are strong growth prospects for Inspired in the market in which it operates and look forward to the future with confidence.

## **Board of Directors**

### **Robert Holt, Non-Executive Chairman**

Bob was appointed Non-executive Chairman of the Company in September 2011. He has a background in developing support service businesses and has operated in the support services sector since 1981, initially in a financial capacity before moving into general management. He is Chairman of Mears Group PLC (MER.L) and a Non-Executive Chairman of Green Compliance plc (GCO.L) and a director of a number of other businesses.

### **Janet Thornton, Managing Director**

Janet is the founder of Inspired and has had a successful career with a number of energy consultancies such as PCMG, McKinnon & Clarke and Utility Auditing. Janet was responsible for the creation of bespoke, exclusive supply contracts which many of Inspired's clients have benefited from. Janet still negotiates supply contracts for significant energy users such as United Castbar Limited, Mexichem UK Limited, TMD Friction UK Limited and Seven Seas Limited.

### **Matthew Thornton Sales Director**

Matthew joined Inspired in 2002. In 2005, he established Inspired's 'risk managed' division, which to date has advised on the procurement of energy on behalf of Inspired's customers with a supply contract value of in excess of £100 million. Matthew and his team have a 100 per cent. client retention rate in this division, which includes customers such as Bombardier Transportation UK Ltd, Brenntag Group, Interfloor Limited and Wedge Group Galvanizing Limited.

### **Michael James Fletcher, Non-Executive Director**

Mike Fletcher was previously a managing director of investment bank Altium Capital Limited. He has over 10 years experience in M&A and corporate finance, advising public companies, private equity houses and entrepreneurs. He is a Chartered Accountant, having completed his training with PwC in 1999. Mike is co-founder and partner of Praetura Capital LLP, a business specialising in venture investment and corporate advisory, which was incorporated in 2011.

### **David Christopher Foreman, Finance Director**

David Foreman was previously Head of M&A for Lifestyle Services Group, part of the 4U Group of Companies owned by BC partners. Prior to that, he was an assistant director at Altium Capital, specialising in private equity, banking advisory and public company advisory. David is a Chartered Accountant, having trained with KPMG. David is co-founder and partner of Praetura Capital LLP, a business specialising in venture investment and corporate advisory, which was incorporated in 2011.

### Senior management team

#### **Michael Allen (45), Commercial Director, Risk Management**

Michael specialises in the analysis of the UK energy markets, product development and managing procurement for Inspired's larger energy users. He joined Inspired in 2011 having worked at Inenco Group Limited since 1995, where he held senior roles in customer management and energy trading.

While at Inenco, Michael was involved in the development of flexibly procured power and gas solutions from wholesale markets, designing and implementing several procurement strategies used by major energy users. Michael is FSA accredited and is an associate of the Securities and Investment Institute.

#### **David Amann (42), Director, Business Development**

David joined Inspired in 2011 from E.ON, where he held the role of Consultant Sales Manager and responsible for developing sales specifically from the energy consultancy (TPI) market. While at E.ON, David was responsible for a significant increase in turnover from this market and had exposure to many of the leading consultancies in the UK market. Prior to E.ON, David worked at The Energy Information Centre as Regional Sales Manager, focusing on the provision of flexible risk managed solutions to energy intensive clients.

### Placing Statistics

Number of Existing Ordinary Shares	64,399,996
Number of Consideration Shares to be issued	163,700,179
Number of Subscription Shares to be issued	14,400,002
Number of Placing Shares to be issued	111,651,668
Placing Price	3p
Gross proceeds of the Placing	£3,349,550
Number of Ordinary Shares in issue following the Placing, Subscription and Acquisition	354,151,845
Market capitalisation of the Company at the Placing Price following Admission	£10,624,555
Placing Shares as a percentage of the Enlarged Share Capital	31.5%

### Copies of the Admission Document

Copies of the Admission Document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of Gateley (Manchester) LLP

at Ship Canal House, 98 King Street, Manchester, M2 4WU from the date of the Admission Document for a period of at least one month from Admission.

Unless otherwise defined, terms used in this announcement have the defined meaning given to them in the Admission Document.