

- TSX: JE; NYSE: JE**
- **FOR IMMEDIATE RELEASE**

## **PRESS RELEASE**

### **Just Energy Reports First Quarter Fiscal 2015 Results**

*Record new customer additions of 441,000, a 21% increase year over year  
Q1 net customer additions of 127,000 versus net additions of 188,000 for all of F2014*

*First quarter gross margin increases 16% versus F2014*

*Base EBITDA increases 46% year over year*

*Base Funds from operations increases 50% year over year*

*Announced sale of National Home Services for \$505 million*

---

TORONTO, ONTARIO - - August 7, 2014 - -

Just Energy Group, Inc. (TSX:JE; NYSE:JE), a competitive retailer of natural gas and electricity, today announced results for its first quarter of fiscal 2015.

#### **Key 1Q Highlights:**

- Record energy customer additions of 441,000 driven by strong Commercial sales, increased 21% from the previous record 364,000 a year earlier. Net additions of 127,000.
- Total customer base growth to 4.5 million, increased 5% year over year
- Gross Margin of \$123.4 million, increased 16% year over year
- Base EBITDA from continuing operations of \$30.2 million, increased 46% year over year.
- Base funds from continuing operations of \$15.6 million, increased 50% year over year.
- First quarter results are consistent with the Company's published guidance range of \$163 million to \$173 million in fiscal 2014 Base EBITDA from continuing operations.
- National Home Services, Just Energy's water heater and HVAC rental business, was sold in June for \$505 million, subject to certain potential adjustments at closing including working capital balances, with closing expected later this year. The net proceeds of the transaction will be applied to reduce Company debt.

For the three months ended June 30	Fiscal 2015	Fiscal 2014	% increase (decrease)
<b>(Millions of dollars except where indicated and per share amounts)</b>			
Sales	<b>\$821.0</b>	\$728.1	13%
Gross margin	<b>123.4</b>	105.9	16%
Administrative expenses	<b>33.0</b>	29.8	11%
Selling & marketing expenses	<b>55.2</b>	50.8	9%
Finance costs	<b>18.8</b>	16.9	11%
Profit from continuing operations	<b>(45.7)</b>	(39.6)	
Profit (loss) from discontinued operations	<b>6.8</b>	(2.2)	
Profit	<b>(38.9)</b>	(41.8)	
Earnings per share from continuing operations - basic	<b>(0.32)</b>	(0.28)	
Earnings per share from continuing operations - diluted	<b>(0.32)</b>	(0.28)	
Dividends/distributions	<b>30.9</b>	30.8	1%
Base EBITDA from continuing operations	<b>30.2</b>	20.7	46%
Base Funds from continuing operations	<b>15.6</b>	10.4	50%
Payout ratio on Base Funds from continuing operations	<b>198%</b>	296%	
Embedded gross margin	<b>1,685,600</b>	1,691,400	-
Total customers (RCE's)	<b>4,537,000</b>	4,302,000	5%

Commenting on the quarterly results, Co-CEO Deb Merrill stated: “I am very pleased with our financial and operational results during the first quarter, which represents a strong start to our fiscal year. We exceeded our growth and profitability expectations and have laid a solid base for the remainder of fiscal 2015 and beyond. Our 46% Base EBITDA growth and 50% Base Funds from operations growth provide evidence that our business is still growing and generating solid returns. As we’ve said previously, we remain committed to enhancing our balance sheet by reducing our debt levels and refocusing our portfolio towards our core business. During the quarter we executed against this initiative, announcing the sale of NHS, with the intent to utilize the net proceeds from the sale to reduce its debt. We are focused on growing our business through innovative energy products that provide our customers with enhanced value.”

Co-CEO James Lewis added: “We saw considerable momentum with net customer additions of 127,000 which compares to 188,000 customers added during all of fiscal 2014. Record new customers signed and strong net customer additions are a very positive trend reflecting a promising market environment for Just Energy’s products. Natural gas price volatility combined with market expectations for higher electricity prices have focused customers on their energy options for the future. Our product suite directly addresses these concerns and market receptivity is the best we have seen in years.”

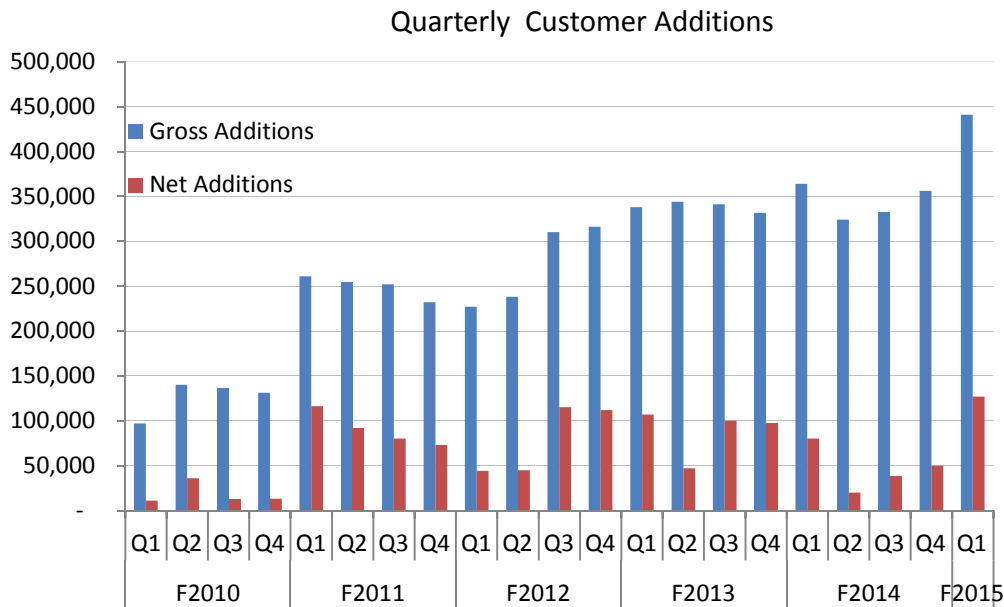
***First Quarter Operating Performance***

The first quarter financial results benefited from the meaningful growth the Company has experienced over the past year and the record number of customer additions signed during the quarter.

***Adding Customers***

Customer additions in the first quarter were 441,000, 21% more than the first quarter of fiscal 2014 which was the previous highest total registered in Just Energy’s history. Net additions were 127,000 for the quarter. This was a significant improvement over levels seen in fiscal 2014 when net additions totaled 188,000 for the entire year. The overall customer base grew to 4.5 million, up 5% from a year earlier.

New additions were generated from all sales channels led by 276,000 new commercial customers, up 43% from the 193,000 added in the first quarter of fiscal 2013. Consumer additions totaled 165,000, down slightly from 171,000 added in the prior comparable quarter.



## Customer aggregation

	April 1, 2014 <sup>1</sup>	Additions	Attrition	Failed to renew	June 30, 2014	% increase (decrease)	June 30, 2013	% increase (decrease)
<b>Consumer Energy</b>								
Gas	747,000	46,000	(49,000)	(10,000)	<b>734,000</b>	(2)%	785,000	(6)%
Electricity	1,198,000	119,000	(79,000)	(30,000)	<b>1,208,000</b>	1%	1,207,000	-
Total Consumer	1,945,000	165,000	(128,000)	(40,000)	<b>1,942,000</b>	-	1,992,000	(3)%
<b>Commercial Energy</b>								
Gas	204,000	13,000	(8,000)	(5,000)	<b>204,000</b>	0%	213,000	(4)%
Electricity	2,261,000	263,000	(17,000)	(116,000)	<b>2,391,000</b>	6%	2,097,000	14%
Total Commercial	2,465,000	276,000	(25,000)	(121,000)	<b>2,595,000</b>	5%	2,310,000	12%
<b>Total Energy</b>								
Marketing RCEs	4,410,000	441,000	(153,000)	(161,000)	<b>4,537,000</b>	3%	4,302,000	5%

<sup>1</sup>The balances at April 1, 2014 have been adjusted for customers who have either grown above 15 RCEs (became a Commercial customer) or have fallen below 15 RCEs (became a Consumer customer) during fiscal 2014. At the beginning of each fiscal year, Just Energy will adjust the opening balances to reflect any changes in allocation of customers between the Consumer Energy and Commercial Energy divisions as a result of increases or decreases in annual consumption.

### *Maintaining Customers*

The combined attrition rate for Just Energy was 16% for the trailing 12 months ended June 30, 2014, an increase from the 12% overall rate reported a year prior and up from 15% in the fourth quarter of fiscal 2014. The attrition in the Consumer Energy division's markets increased from 22% to 28% (up from 27% in the fourth quarter of fiscal 2014). Commercial division attrition increased by 1% to 6% for the trailing 12 months ended June 30, 2014 (flat with the 6% for the fourth quarter of fiscal 2014). The Company continues to focus on maintaining its profitable customers and ensuring that variable rate customers meet base profitability profiles even if this results in higher attrition.

Reducing attrition is and will remain a key driver of the Company's financial success. Consumer attrition rates tracked higher over the past year and remain high. This has been highly correlated to "bill shock" as consumers on fixed prices saw consumption rise sharply in during the cold period last winter resulting in much higher than expected bills. Current gas price volatility and expectations for higher electricity prices should both contribute to a return of attrition to historical levels.

Renewal rates have been steady with Consumer renewals at 75%. This indicates a general level of satisfaction with the Company's products and services. Commercial renewals were down slightly to 63% from 65% a year earlier. Commercial renewals are often subject to competitive bid and will inevitably be more volatile than consumer renewals. Overall management sees stability in renewals at around current levels.

### *Profitability*

Just Energy showed markedly higher operating results compared to the strong first quarter of fiscal 2014. Note that all comparisons to prior periods exclude the results of National Home Services and Hudson Energy Solar due to their current classification as discontinued operations. Gross margin for the quarter was \$123.4 million, up 16% from \$105.9 million in

fiscal 2014. Base EBITDA from continuing operations was \$30.2 million, up 46% from \$20.7 million in the prior comparable period. Base Funds from continuing operations were \$15.6 million, up 50% from \$10.4 million a year earlier. Given that the first quarter is the lowest consumption quarter of the year, Base EBITDA from continuing operations remains well on track to meet or exceed the Company's published guidance range \$163 million to \$173 million for fiscal 2015. The increase in Base funds from operations is consistent with the Company's goal to reduce its payout ratio toward its long term target range of below 65%.

The following factors drove quarterly profitability:

- The 5% year over year growth in customers led to a 16% increase in gross margin. This is despite the fact that 63% of new customers added in the quarter were lower margin Commercial customers.
- Despite the 3% decrease in the Consumer customer base, Consumer gross margin rose 28%. Consumer customers added or renewed in the first quarter were at higher margins (\$184 per year) than the margin on customers lost (\$178 per year).
- Commercial division margins declined 6% despite a 12% increase in customers. Margins on new and renewed customers were \$66 the same as a year earlier and \$80 per year on customers lost during the period. The lower margins are a function of aggressive competition in U.S. markets. While less profitable than in the past, commercial customers continue to generate margins more than double annual aggregation costs ensuring a continued high level of profitability within the business segment.
- The 11% increase in administrative expenses reflects the 5% increase in customer base. The guidance provided by management for fiscal 2015 anticipated administrative costs growing more rapidly than margin for the year. Costs to administer the new U.K. office and increased legal expenses were the major expected contributors to this increase.
- Selling and marketing expenses, which consist of commissions paid to independent sales contractors, brokers and independent representatives as well as sales-related corporate costs, were \$55.2 million, an increase of 9% from \$50.8 million in the first quarter of fiscal 2014. This was lower than the 21% increase in customers added as 63% of those were Commercial division customers with lower annual aggregation costs. There are also a growing number of Consumer division customers generated by affinity and Internet marketing programs where commissions are paid on a residual basis as the customer flows. This would tend to slightly decrease current period average costs but will increase future period average costs in comparison as commissions will be paid on customers that have already been counted in customer aggregation totals.
- Bad debt expense amounted to 2.4% of relevant sales, up from 2.2% in the first quarter of fiscal 2014, and within the target range of 2%-3%.

- Financing costs were \$18.8 million for the quarter, up from \$16.8 million in the prior comparable period. The increase reflects the impact of the issuance of the US\$150 million convertible debentures.

The first quarter is the quarter least impacted by weather and is seasonally the slowest quarter for generating cash flow. That said, profitability shown in the quarter reflects strong year over year growth, and is consistent with the guidance provided by the Company for fiscal 2015 Base EBITDA.

Dividends for the quarter were \$0.21 per share. The payout ratio on Base Funds from continuing operations based on the \$0.84 annual dividend paid in the seasonally slowest quarter was 198% versus 296% a year earlier. The payout ratio includes all dividends paid but excludes base FFO contributions from NHS (sold with closing expected later this year) and HES (held for sale).

The payout ratio, pro forma based on the newly announced \$0.50 annual dividend level following the announcement of the sale of NHS (which had generated approximately 25% of the Company's Base EBITDA), would have been 112%. The results of the first quarter are in line with a targeted payout ratio of less than 100% for the fiscal year.

#### *Sale of NHS*

On June 4, 2014, Just Energy announced an agreement to sell the shares of National Energy Corporation (which operates under the name National Home Services), its water heater and HVAC rental unit to Reliance Comfort Limited Partnership ("Reliance"). Reliance is a Canadian supplier of heating, cooling and water heater rental services.

The agreement calls for a selling price of \$505 million subject to certain potential adjustments at Closing including working capital balances. Additionally, as conditions of Closing, Just Energy must repay all outstanding NHS borrowings and payout the remainder interest in a royalty agreement. The sale is contingent upon approval of the Canadian Competition Bureau and consents of Just Energy lenders.

After the repayment of NHS debt, the buy-out of the royalty interest, taxes and transaction costs, the Company expects to utilize the net proceeds from the sale to reduce its debt. The total debt reduction following Closing is expected to be approximately \$400 million, including the repayment of the NHS debt.

#### *Outlook*

The first quarter of fiscal 2015 showed higher than expected gross and net customer additions, sales, gross margin, Base EBITDA and Base Funds from continuing operations. Management remains confident that Just Energy will realize its \$163 million to \$173 million Base EBITDA guidance range for the year.

Net additions and relevant margins are the main driver of expected Base EBITDA growth in the year following the additions. Residential customers added generate effectively no EBITDA in the first year as the cost of their aggregation is expensed in that period. Following periods have full margin and no aggregation cost to offset. The low single digit

Base EBITDA growth forecast for fiscal 2015 is based on the 188,000 net additions seen last year.

Debt reduction remains a clear priority of management. The Company has a long-term target ratio of no more than 4 times Base EBITDA to total debt. As at June 30, 2014, the ratio was 4.6 times, down from a ratio of 5.8 times a year earlier largely due to the exclusion of NHS and HES debt. Management expects continued reductions in debt based on a lower than 100% payout ratio going forward.

Just Energy retains a strong interest in participating in the sale of solar energy to residential homeowners. The Company is exploring methods of offering residential solar without incurring material additional debt. The Company will provide shareholders with regular updates as to progress as it continues to review possible options for entry into this market.

### **Earnings Call**

The Company will host a conference call and live webcast to review the first quarter results beginning at 10:00 AM eastern daylight time on Thursday August 7, 2014 followed by a question and answer period. Those who wish to participate in the conference call may do so by dialing 1-866-229-4144 and entering pass code 5662147#. The call will also be webcast live over the internet at the following link:

<http://event.onlineseminarsolutions.com/r.htm?e=826253&s=1&k=91FD9785A01988F72B15FEF321879581>

### *About Just Energy Group Inc.*

Established in 1997, Just Energy is primarily a competitive retailer of natural gas and electricity. With offices located across the United States, Canada and the United Kingdom, Just Energy serves over to 2 million residential and commercial customers (4.5 million RCEs) through a wide range of energy programs. The Company's JustGreen® products provide consumers with the ability to reduce the environmental impact of their everyday energy use. Just Energy's business primarily involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price, price-protected or variable-priced contracts under the following trade names: Just Energy, Hudson Energy, Commerce Energy, Smart Prepaid Electric, Amigo Energy, Tara Energy and Green Star Energy.

### **FORWARD-LOOKING STATEMENTS**

*Just Energy's press releases may contain forward-looking statements including statements pertaining to the closing of the sale of NHS and the anticipated benefits thereof, as well as customer revenues and margins, customer additions and renewals, customer attrition, customer consumption levels, general and administrative expenses, dividends, distributable cash and treatment under governmental regulatory regimes. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, the*

*failure to satisfy any of the conditions to the completion of the sale of NHS or the working capital requirements, as well as levels of customer natural gas and electricity consumption, rates of customer additions and renewals, rates of customer attrition, fluctuations in natural gas and electricity prices, changes in regulatory regimes and decisions by regulatory authorities, competition and dependence on certain suppliers. Additional information on these and other factors that could affect Just Energy's operations, financial results or dividend levels are included in Just Energy's annual information form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com), on the U.S. Securities Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or through Just Energy's website at [www.justenergygroup.com](http://www.justenergygroup.com).*

*Neither the Toronto Stock Exchange nor the New York Stock Exchange has approved nor disapproved of the information contained herein.*

FOR FURTHER INFORMATION PLEASE CONTACT:

Ms. Beth Summers, CPA, C.A.  
Chief Financial Officer  
Phone: (905) 795-4206  
[bsummers@justenergy.com](mailto:bsummers@justenergy.com)

or

Michael Cummings  
Investor Relations  
FTI Consulting  
Phone: (617) 897-1532  
[Michael.Cummings@FTIConsulting.com](mailto:Michael.Cummings@FTIConsulting.com)