Smart Metering Systems plc

Partnership Agreement with Columbia Threadneedle European Sustainable Infrastructure Fund to develop CaRe Assets

Smart Metering Systems plc (AIM: SMS, "SMS", "the Group"), which installs and manages smart meters and carbon reduction assets ("CaRe") to facilitate effective energy management, has signed a partnership agreement with the Columbia Threadneedle Sustainable Infrastructure Fund ("ESIF") to develop SMS’s pipeline of carbon reduction ("CaRe") asset opportunities.

Key points

- Allows significant and rapid expansion of SMS’s CaRe activities
- Partnership with ESIF, managed by Columbia Threadneedle Investments, a leading global asset manager
- Immediately value accretive to SMS, with no additional funding requirements
- Accelerates the next leg of SMS’s evolution

SMS has invested significant resources over more than two decades in developing strong industrial partnerships and establishing a full end-to-end integrated turnkey asset installation and management solution, supported by a strong IT and data platform. The Group has a well-established and profitable Energy Management division and has recently enhanced the breadth of its expertise through the acquisition of Solo Energy in 2019. Solo’s cloud based FlexiGrid platform enables the control and aggregation of data and revenue from renewable generation, vehicle-to-grid charging (V2G) and battery storage assets.

The Energy Management division is now well positioned to extend its offerings to a wide range of CaRe assets and services. SMS has identified a pipeline of opportunities across a number of vertical markets which are at various stages of development, from initial proposals through to feasibility studies and trial stages.

The initial CaRe assets identified include energy efficiency systems, energy storage, distributed generation, EV charging, and these assets and services will be developed for a range of end customers, including critical nation infrastructure (water authorities, rail, mobile telco’s), public sector, developments, and retail / enterprise.

To develop SMS’s pipeline of CaRe assets, it has entered a partnership agreement with ESIF, a sustainable European infrastructure fund managed by Columbia Threadneedle Investments, a leading global asset manager. The partnership will be mutually beneficial for SMS and ESIF. It allows SMS to identify suitable carbon reduction assets and develop its energy efficient projects pipeline, and ESIF to deploy capital and ultimately own sustainable assets on behalf of its investors.

SMS does not anticipate requiring any significant additional resources to accelerate the origination of CaRe assets as a result of the partnership with ESIF. SMS’s revenues and cash flows from CaRe assets and services are expected to increase over time. This partnership therefore fits well with the core Group strategy of investing directly in the UK smart meter rollout.

The UK became the first major economy to pass net zero emissions law in 2019 with significant investments required to achieve this ambition. With 25 years of experience in the UK energy industry and a well-established IT and data platform SMS is now well positioned to contribute positively towards a sustainable future through deployment of smart meters and CaRe assets.
Alan Foy, Chief Executive Officer, commented:

“Sustainability remains at the heart of our operations. The deployment of smart meters and CaRe assets are an integral part of a flexible, decentralised and decarbonised energy system, and central to reducing carbon emissions.

“Substantial investment is required to achieve the UK’s net zero ambitions. Our partnership with ESIF significantly enhances our ability to rapidly originate the CaRe assets in a value accretive way.

“With over two decades of experience in the UK energy industry and a well-established IT and data platform, we are well positioned to continue to contribute positively towards a sustainable future.”

Heiko Schupp, Global Head of Infrastructure Investments at Columbia Threadneedle Investments, commented:

“The partnership with SMS is an exciting investment opportunity for ESIF and allows our investors to develop and own sustainable energy solutions such as EV charging units and efficient energy systems.

“ESIF takes a systematic approach to assessing and integrating sustainability across all stages of the infrastructure investment process. As an end-to-end utility company dedicated to delivering the future of smart energy, SMS brings a strong track record, industry expertise and intellectual property to the table. In turn, ESIF’s open-ended, long-term structure allows for flexible deployment of capital over time, making it an ideal partner for the development of carbon reduction assets.

“We look forward to working with the SMS Energy Management division and developing a successful long-term partnership.”

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Notes to editors

SMS plc (www.sms-plc.com) installs and manages smart meters and carbon reduction assets (“CaRe”) to facilitate effective energy management. Established in 1995, SMS provides a full end-to-end service for metering financing, installation, management and maintenance, with a highly skilled workforce and deep engineering expertise.

SMS had installed 3.73 million meter and data assets as of 31 December 2019. SMS's smart meter expertise also enables the Company to provide consultancy services that allow organisations and corporates to enhance long term efficiency and effectiveness in the management of energy.

SMS's energy management and asset installation services also include infrastructure design, installation, consultancy and project management services for new gas, electricity, water and telecoms
connections for licensed energy and telecoms suppliers, end consumers and the UK’s licensed electricity Distribution Network Owners (DNOs).

SMS employs in excess of 1,200 people across the UK who support the installation and ongoing management of metering assets.

SMS plc is headquartered in Glasgow with 12 locations across the UK.

SMS’s shares are listed on AIM.