

## **MEDIA RELEASE**

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### **Australian retailers missing out on billions in energy savings**

Research released today by National Australia Bank (NAB) and ClimateWorks reveals that a focussed investment in energy efficient initiatives could be more significant for retail businesses' overall performance than hitting forecast growth numbers.

ClimateWorks' *Low Carbon Growth Plan for Australia - Retail Sector Summary* addresses energy efficiency opportunities for the whole retail sector. NAB has separately developed a finance supplement which analyses the specific circumstances of 40% of the ASX 200 leading retailers.

Analysis by NAB uncovered potential gross annual energy savings ranging from \$75 million for grocery and departments stores to \$2.4 million for clothing and travel businesses.

Spiro Pappas, Head of Institutional Banking, NAB said the report highlights that energy efficient initiatives are one of the greatest opportunities for retail businesses to improve their underlying profitability.

"The research shows that the energy savings achieved are equivalent to 2.1% to 5.5% growth in revenue, which is as much as five times historical growth rates and double current projections for the retail sector," Mr Pappas said.

Anna Skarbek, Executive Director, ClimateWorks said the research demonstrates that Australian retailers could collectively save up to \$1 billion by 2020.

"The report is also a significant step forward in raising awareness of the impact of introducing energy efficient initiatives and the material contributions can make to retail businesses," Ms Skarbek said.

The average upfront cost of implementing energy efficiency initiatives, such as lighting and temperature control, for a large retailer would require a 25% boost to capital expenditure or a reprioritisation of existing spend.

#### **Key findings include:**

- Energy efficiency opportunities can make a material contribution to the Earnings before Interest and Tax (EBIT) growth of retail companies
- The sector has the ability to add an additional 3 to 14 per cent to EBIT through a focus on energy efficiency. This is equivalent to approximately \$2 billion in revenue growth
- Retail corporations could realise an annual rate of return of between 15% and 38% on energy efficiency investments over five years

- Within the retail sector the research highlighted that the best opportunities are in grocery and department stores due to the combination of low margins, large floor space and modest revenue growth.

Mr Pappas said the value of delivered cost reductions will grow significantly as electricity prices rise.

“If electricity prices are to double as forecast by 2015, investments in energy efficiency will be even more compelling. Retailers who have already started down this path will have a powerful advantage over their counterparts,” Mr Pappas said.

While securing improvements will require a boost to capital expenditure the returns are significant and the risks are largely to the upside with energy prices forecast to double or triple between now and 2015.

“For these reasons, we expect to see many retailers introduce energy efficient upgrades over the next 12 months,” Mr Pappas said.

NAB has a range of general funding options available to retailers who wish to lower energy consumption to realise cost reductions. Specialist asset finance is also available to help fund energy efficiency equipment to lower energy costs and reduce upfront capital expenditure.

“NAB is keen to bring its sector knowledge and environmental finance expertise together in this area to help customers unlock their energy efficiency opportunities,” Mr Pappas said.

For further information:

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**About ClimateWorks**

ClimateWorks Australia is a non-profit collaboration hosted by Monash University in partnership with The Myer Foundation that provides practical solutions dedicated to a sustainable and prosperous low carbon society. ClimateWorks Australia seeks to develop projects that deliver substantive and lasting reductions in greenhouse gas emissions in the fastest and most cost effective way.