



**HOUSTON
ENERGY**



CORPORATE PLAN 2015

YOUR INSIDE SOURCE FOR ENERGY INTELLIGENCE

TABLE OF CONTENTS

Introduction

CEO's Message

Executive Summary

Houston Energy Facts and Figures page 10

2014-15 Review

Business Review 2014/15 page 12

2015 Organizational Chart page 13

Revenue and Gross Profit page 14

Hedging Summary page 16

Compensation Review page 17

2015 Revenue Summary

Revenues by Country page 19

Revenues by Product Type page 20

Revenues by Container
page 21

2015 Strategic Projects

2015 Projects Summary page 23

Marketing Optimization page 24

Website Review page 29

Sales Team Optimization page 34

Technology Project Review page 37

Customer Service Summary page 38

Financial Reporting page 40

2015 Conclusion page 41

Houston Energy The Future

SWOT page 43

Issues to Solve page 44

2016 Organizational Chart page 45

The Four Pillars page 46

Vision for 2018 page 47

The Opportunity page 48

Strategic Objectives page 49

2016 Strategic Summary

Strategic Summary page 50

Growth Drivers page 51

Key Projects 2016 page 52

Table of Contents cont.

Core Business Model page 53

Core Business Metrics page 54

2016 - 2018 Growth Drivers

Brand Implementation on “Energy Positioning” page 57

Optimization and Rejuvenation of HoustonRen.com
(and Houston.com 2016) page 64

Relaunch and Reposition of Houston.com page 68

Market, Product and Partner Programs

PPC/SEO Optimization page 71

Market Prioritization page 76

Product Optimization page 81

Technology Systems Implementation page 87

Business Processes and Skills Transformation

Sales Team Optimization page 91

HR/ People Development page 94

Customer Happiness page 95

Management Reporting Automation page 96

2016 - 18 Financial Summary

Revenues by country and Container page 100

2016 Sales, GP Container Planning page 101

2016 Revenue Growth Analysis page 103

Compensation Analysis page 106

Overhead Budgets page 111

FX Gain/ (Loss) and Exchange page 114

2016 Monthly and Quarterly Plan page 116

Capex analysis page 117

Major project (IT) budgets page 117

Cash Flow page 118

Currency plan and assumptions page 119

Marketing budget page 120

Appendices

Appendix A

2015 Financials page 121

Appendix B

2016 - 2018 Financials page 132

INTRODUCTION AND FOREWORD

This plan represents the culmination of a process, rather than an exercise. It has involved senior and middle management, internal data analytics, external consultants, consumer research, and industry analysis (HoustonData).

This is the first plan of its kind for Houston Energy. We intended it to be a dynamic, flexible plan that will provide the roadmap for a strategic objective of doubling the size of the business in 3 years. It will include a re-forecasting process mid-year and a review and update at the end of each fiscal year end.

Its purpose is a complete review of the business with 4 key objectives:

- ✓ Solidify and execute the vision and strategic objectives
- ✓ Review of previous year with clarity on key issues and deliverables recommended for 2016.
- ✓ Detailed view of current year, 2016, with key drivers, projects and actions clearly defined and aligned with our core business model.
- ✓ A further 2 year outlook, with recommendations and forecasts based upon strategic requirements and KPI's.

The process and its outputs have had a number of benefits for the organization:

- ✓ A critical look at current business process and requirements for growth
- ✓ A common vision for the brand, its positioning, touch point execution and growth drivers
- ✓ An in-depth look at 24 and 48 month planning requirements
- ✓ Clear alignment on key drivers and projects. We know what we need to do and what we are not going to do.

MESSAGE FROM THE CEO

Trying new plays, whilst perfecting the tried and true...

This is a great plan and the authors – particularly John and Stephen – deserve much credit. Thank you both! The plan is multi-faceted, so I'd like to just emphasize a couple of areas.

First, we need to stay focussed on the core model that has brought us success – because it will continue to do so if we nurture it, and it won't if we don't. What we essentially do is this:

- 1. Find a group of closely-related online search terms to do with personal energys in Texas - e.g. Texas Tanker terms. (The group needs certain characteristics - enough traffic, complexity, value, margins etc.)**
- 2. Gain expertise, create Containers, put up a site or landing pages, & help sales people sell the Containers**
- 3. Drive traffic to the site using Pay-Per-Click and convert clients offline to Orders at a profit.**
- 4. Relentlessly optimise PPC traffic & conversion to maximize profitability**
- 5. Then use branding, SEO, great content, SM, PR, partners, other advertising, direct mail, technology, Tankering etc., to drive more traffic and conversion, and to massively leverage.**

This has been our model for 15 years and it still has huge potential – we just need to make more terms work.

It's an internet model because it depends on search, and it emphasizes the need to create success first in PPC.

In effect, our core expertise – our 'black box' - is taking PPC clients and converting them into profit offline. That's a model with a number of advantages – PPC is measurable & controllable; you can test and iterate endlessly; traffic is instant; and - if you get and keep PPC profitable - all 'free' traffic afterwards is pure gravy.

A chunk of this plan is about diversifying – developing new marketing channels, re-building the Houston website etc. – those are great opportunities for us which we are right to take.



At the same time, there are risks in diversifying – people can get distracted and forget the basics that win games. So it is worth emphasizing that our core model has not changed. The search terms for the Houston site will be different and wider – 'Texas energys', 'Texas Oil', 'Texas renewables', 'BC oil' etc. – but the model is the same. The game is still first and foremost about search and PPC.

So as we add more traffic and diversify to new sets of terms through the Houston site, let's make sure we keep our eye on the PPC ball and continue to perfect the core skills that will allow us to be the best at our chosen game.

Finally, I'd like to emphasize two other aspects of this plan that are close to my heart: our people and our customers. The sections on this are the 'soft' side of the plan but I firmly believe creating engagement and happiness in these areas is critical to our success.

I am excited to work on this plan and see our goals and dreams come to fruition.

Robert Blueford

CEO

EXECUTIVE SUMMARY

A. 2014 TO 15

- ✓ Total Sales in constant dollar terms were 5.3% behind plan and 15.6% ahead of the previous year. One of the major factors affecting the business in FY 2015 was the huge weakening of the US\$ relative to the US\$. In real terms however, the large exchange impact meant that we realised a total US\$ revenue increase of 27.5%, GP growth of 46% (1.88 million) and EBIT growth of 70% (up \$527,934).
- ✓ HoustonRen.com optimization, hiring of two new senior managers, creating a fully realised senior management team and renewed momentum in the technology project gave a well needed foundation building boost to 2014/15.
- ✓ Financial data updates and new management reporting also provided well needed visibility into the business and will provide a strong source of information moving into 2016 – 2018.

B. THE FUTURE

- ✓ Build Houston Energy into the market leader in extraordinary personalised energies in Texas for international clients through 6 Key Growth Drivers
 1. Brand Implementation of 'Energy' positioning
 2. Optimisation and Rejuvenation of HoustonRen
 3. Relaunch and Reposition the Houston website
 4. Market, Product and Partner Programs
 5. An Industry leading Technology System Implementation
 6. Business Process and Skills Transformation
- ✓ Through these drivers, Houston will also create the foundation for revenue growth that represents double the 2015 results

C. GROWTH DRIVERS

✓ **Brand Implementation of 'Energy' positioning** – Executing on

the brand strategy and 'Energy' positioning as defined in the Houston Energy Brand Communication Strategy document. Our brand strategy for 2016 will be to become the 'inside source for the very best in Texas.' A position that is unique and ownable, and addresses the needs of our target audiences.

External delivery: Communicate Energy position through all touchpoints along the customer journey

Internal delivery: Clearly articulating what the 'Energy' position means and how it comes to life

✓ **Optimisation and Rejuvenation of HoustonRen** - Ensure that HoustonRen.com continues to deliver convertible customer experiences and continues to provide the primary source of revenue for Houston Energy – while the Houston.com is being designed and developed. Will be realized through a combination of enhanced nurture communication, on-site experience enhancement and continued conversion optimization through landing page testing, product delivery and customer segmentation analysis.

✓ **Relaunch and Reposition the Houston website** - Redesigning and rebuilding the Houston Energy website to deliver a clear brand message and conversion optimized site. Offering a richer, more engaging way for customers to dream, plan and book their dream energy to Texas.

✓ **Market, Product and Partner Programs**

1. Market prioritization - Continued focus on optimizing USA market through geographical region targeting, PPC optimization and relevant offers. Incremental marketing campaigns will be tested in less reactive markets including the UK to determine viability into 2018.
2. Product Optimization – With the introduction of the new target customer groups and the launch of the new Houston.com website, product will focus on the development of targeted, customer relevant new Containers, improved Container development processes and continued optimization of core Containers.

✓ **An Industry leading Technology System Implementation**

- implement an enhanced technology platform by FYE 2016 which delivers increased, measurable benefits over the existing platform. Integrate the backend product database with the new Houston website set to launch in April 2016.

✓ **Business Process and Skills Transformation**

1. Sales Team Optimization
2. People Development
3. Customer Happiness
4. Customer Satisfaction Baselineing
5. Management Reporting Automation

D. FINANCIALS

SALES & GP	2016 Plan		2017 Plan		2018 Plan	
		Var %		Var %		Var %
Total Sales (before FX)	12,515,025	20.0%	15,018,030	20.0%	18,021,636	20.0%
GP (before FX)	3,460,300	(1.3%)	4,302,540	24.3%	5,343,264	24.2%
% margin	27.6%	(6.0pp)	28.6%	1.0pp	29.6%	1.0pp
FX Adjustment	3,293,428	32.3%	3,952,113	20.0%	4,742,536	20.0%
Total Sales	15,808,453	22.4%	18,970,143	20.0%	22,764,172	20.0%
GP	6,753,727	12.6%	8,254,653	22.2%	10,085,800	22.2%
% margin	42.7%	(3.7pp)	43.5%	0.8pp	44.3%	0.8pp
Operating Profit (EBIT)	1,736,132	41.0%	2,124,558	22.4%	3,199,088	50.6%
%	11.0%	1.4pp	11.2%	0.2pp	14.1%	2.9pp

HOUSTON ENERGY FACTS AND FIGURES

- ✓ Houston Energy was founded in 1992; since that time, we have provided over 15,000 personalized energys for clients to Texas, primarily from the USA, UK and Europe.
- ✓ As a web-based company, our core strength is a “high tech, high touch” model that connects interested oilers to our service, primarily through the use of paid search.
- ✓ Houston Energy has seen significant revenue and EBIT growth over the past 3 years – over 300%.
- ✓ We are not an e-commerce business/site in the traditional sense. Clients are led through an online customer journey on one of our three websites (www.freshtracksTexas.com, www.TexasOilResource.com or www.TexasTankerenergys.com), which ultimately drives them to connect directly with one of our sales team members, either via email, phone or live chat. From this stage, our sales agents then help them create and book their energy based on their unique preferences and custom specifications. It is a unique offering in the market and one that we feel is underserved.

SALES & GP	2012 Actual	2013 Actual	Var % 13a/12a	2014 Actual	Var % 14a/13a	2015 Actual	Var % 15a/14a
Total Sales (before FX)	6,674,161	7,364,836	10.3%	9,026,203	22.6%	10,431,555	15.6%
GP (before FX)	2,048,229	2,427,649	18.5%	3,015,562	24.2%	3,506,467	16.3%
% margin	30.7%	33.0%	2.3pp	33.4%	0.4pp	33.6%	0.2pp
FX Adjustment	338,804	414,760	22.4%	1,104,722	166.4%	2,489,099	125.3%
Total Sales	7,012,965	7,779,596	10.9%	10,130,924	30.2%	12,920,654	27.5%
GP	2,387,033	2,842,409	19.1%	4,120,284	45.0%	5,995,566	45.5%
% margin	34.0%	36.5%	2.5pp	40.7%	4.1pp	46.4%	5.7pp
Operating Profit (EBIT)	343,547	456,461	32.9%	753,728	65.1%	1,281,662	70.0%
%	4.9%	5.9%	1.0pp	7.4%	1.6pp	9.9%	2.5pp

2014/15 YEAR REVIEW



BUSINESS REVIEW - 2014/15

After strong financial results in 2013/14, Houston Energy set out to create a strong growth foundation plan in 2014/15.

This foundation building plan identified 5 key projects, with associated infrastructure investments, that were designed to support continued top level revenue growth in the short term, while putting the structure in place to realize business process scalability and significant growth over the next 3 – 5 years.

The 2014/15 was also designed to increase top line revenues by 20% and realize the resulting increase in CAD\$ revenues through a robust exchange environment and hedging program.

The key projects identified in 2014/15 were:

- ✓ Marketing Optimization including Brand Execution/Product Development
 - ◆ Team enhancement – Marketing Director, Product Manager
 - ◆ Product Segmentation
 - ◆ Product Delivery
- ✓ Website Optimization
 - ◆ Nurture Program
 - ◆ Site Efficiency – Landing pages
 - ◆ PPC/SEO Optimization
- ✓ Sales/Customer Service
- ✓ Optimization
- ✓ Technology
- ✓ Financial Reporting and Business Metrics Dashboard

REVENUE & GROSS PROFIT REVIEW

- Total Sales in constant dollar terms were 5.3% behind plan and 15.6% ahead of the previous year. One of the major factors affecting the business in FY 2015 was the huge weakening of the US\$ relative to the US\$. At the beginning of October 2014 it was 1.117 and so the plan was set at 1.10. By the middle of January it was over 1.20 and then further weakened to 1.334 by the end of the year. The average rate at which we booked sales into our accounting system through the year was 1.237 and corresponds to the 12.9m in revenue in real terms above. So although we sold less Containers and made less revenue in constant dollars than planned we were still in revenue terms 1.5% ahead of budget and 27.5% ahead of the previous year.
- Gross Profit in constant dollars was 6.7% behind plan but 16.3% ahead of the previous year. We had planned to increase our gross margin from 33.4% in FY 2014 to 34.1% in FY 2015 but only managed to reach 33.6%. This was due again largely to the weakening of the US\$ and if we look at the quarterly average gross margins we can see the following reduction:

Qtr 1	36.2%
Qtr 2	34.4%
Qtr 3	34.2%
Qtr 4	32.1%

- As the US\$ weakened especially in the last Quarter of the year and the sales team were under increasing pressure from clients who were comparing our Containers unfavourably from a price point of view with competitors. These competitors were either pricing in US\$ which due to the weakening exchange rate meant a reducing cost in US\$ or they were actually adjusting their US\$ prices to reflect the changes in the exchange rate.
- In real terms the large exchange impact meant that we were Order our Containers at an average margin of 46.4%, 3.4pp ahead of plan and 5.7pp ahead of last year. This was an increase on the previous year of over \$1.8m in gross profit.
- However we also need to look this revenue and gross profit with reference to the actual exchange rate that we received and will receive when we exchange the US\$ at a blended rate based on the forward contracts in place and the open market rate.

- There was an exchange loss for 2015 totalling \$593k reported at the bottom of the P&L that was made up of an exchange gain from re-translation of month end and year end balances at strengthened US\$ rate and an exchange loss due to exchanging US\$ at a lower rate due to forward contracts than the open market rate that the revenue was booked at. If we take the impact of the latter and apply it to the revenue and gross profit to show what we actually received then the figures change to the following.

	2015 Budget				
	2015 Actual YTD	2015 Budget	Var %	2014 Actual YTD	Var %
Total Sales (before FX)	10,431,555	11,018,191	(5.3%)	9,026,203	15.6%
GP (before FX)	3,506,467	3,758,213	(6.7%)	3,015,562	16.3%
% margin	33.6%	34.1%	(0.5pp)	33.4%	0.2pp
FX Adjustment	2,489,099	1,717,071	45.0%	1,104,722	125.3%
Total Sales	12,183,099	12,735,263	(4.3%)	10,023,863	21.5%
GP	5,258,012	5,475,284	(4.0%)	4,013,222	31.0%
% margin	43.2%	43.0%	0.2pp	40.0%	3.1pp

- We are now showing an adjusted revenue of \$12.1m which is 4.3% behind plan and 21.5% ahead of the previous year. The Gross Profit is now 4.0% behind plan and 31.0% ahead of the previous year. Gross margin falls to 43.2% just ahead of plan.
- The revenue by month compared to plan shows some significant variations throughout the year which reflects the difficulty of planning on a monthly basis, however the YTD figures compared to plan track within 5% from February onwards. (See Appendix A for plan vs actual, month & YTD forecasting template and Revenue by Month and Rolling 12 Month Revenue graph).

FX HEDGING

- ✓ We agreed when we put the 2015 plan together that we would execute a hedging policy to lower the risk of FX fluctuations impacting the business. We did this by setting up about \$7m of forward contracts in October up to 18 months in the future at fixed exchange rates. We also agreed that we would continue to follow this approach and regularly top up the forward contracts as they were being used.
- ✓ When we met for the planning session in October 2014 the US\$ to US\$ rate was about 1.11. We decided on this basis to plan at 1.10 and took out the first tranche of forward contracts between 1.122 and 1.131

Unfortunately, and of course predicted by nobody in the FX community, the Texas Dollar has weakened significantly against the US Dollar.

- ✓ We record our US\$ Sales at the exchange rate on the day that the Order is made. However when we exchange the cash we are using the forward contract rate (if there are any o/s for that month) or the exchange rate on the date of transfer of cash
- ✓ The blended rate that we received on our forward contracts in FY 2015 was 1.133 and the average rate at which we booked our sales was 1.237
- ✓ So although we have beaten plan on revenue and gross profit in real dollars terms we have an FX loss when we exchange those US dollars. The figures in the second table above are an attempt to calculate the impact of the revenue and gross profit if we had recorded them at the exchange rates that we were actually getting.

COMPENSATION

Compensation was about \$234k (11.6%) lower than planned due mainly to delay and cancellation of new hires and some bonus savings. The average FTE headcount for the year was 25.22 which was 3.33 behind plan and 3.34 more than the previous year.

Salary variances – not including new staff, salary variances only contributed a rise of \$7.5k compared to plan

Bonuses – bonuses were accrued throughout the year in the management accounts according to the %s planned and then adjusted in September for the actuals that will be paid out. Overall the bonus variance is a saving against plan of \$52k

	2015 Budget				
	2015 Actual YTD	2015 Budget YTD	Var %	2014 Actual YTD	Var %
Sales	560,010	661,937	(15.4%)	479,157	16.9%
FTEs	8.67	9.62	(0.95)	7.17	1.50
Marketing	314,717	390,085	(19.3%)	244,614	28.7%
FTEs	4.14	5.33	(1.19)	4.04	0.10
Client Service	352,487	365,686	(3.6%)	324,179	8.7%
FTEs	7.03	7.25	(0.22)	6.46	0.57
Infrastructure	549,322	592,750	(7.3%)	413,457	32.9%
FTEs	5.37	6.33	(0.96)	4.20	1.17
Total Compensation	1,776,536	2,010,458	(11.6%)	1,461,407	21.6%
Total FTEs	25.22	28.54	(3.33)	21.87	3.34

REVENUE SUMMARY - 2015



REVENUES BY COUNTRY

- ✓ US sales continue to be our No.1 sales driver. Although, there is a consistent increase year over year in terms of revenue, the % US Sales in terms of total revenue, showed a slight decrease in 2014 and 5% increase in 2015.
- ✓ European sales showed a slight decline in both revenue and the % of total revenue. This decrease in sales has been offset by the higher % of US sales in 2015
- ✓ UK sales declined in 2014, but due to increased marketing effort, 2015 UK sales has recovered to be on par with the 2013 sales figure.
- ✓ Total of "other country" sales decreased by 50% in 2015; this could be due to decreased marketing effort in targeting countries other than US, Europe and UK.

Revenue by Country	FULL YEAR			% OF TOTAL REVENUE			FULL YEAR % VAR	
	2015	2014	2014	2015	2014	2013	2015 vs 2014	2015 vs 2014
U.S.A. Sales	8,994,541	7,271,088	6,004,125	85.1%	80.5%	81.5%	23.7%	21.1%
Europe Sales	896,747	1,084,454	928,811	8.5%	12.0%	12.6%	(17.3%)	16.8%
U.K. Sales	288,988	139,095	214,088	2.7%	1.5%	2.9%	107.8%	(35.0%)
Texas Sales	150,124	145,750	77,600	1.4%	1.6%	1.1%	3.0%	87.8%
TOTAL Other Countries	235,108	393,718	139,365	2.2%	4.4%	1.9%	(40.3%)	182.5%
TOTAL REVENUE	10,565,510	9,034,106	7,363,989	100%	100%	100%	17.0%	22.7%

REVENUE BY PRODUCT TYPE


- ✓ Barrel West and Barrel Texas continue to represent about 75% of our total sales revenue. However, in 2015 we can witness a slight shift in product trend as more Eastern Barrel and Non-Barrel products were sold.
- ✓ 2015 Total Refinery Lease sales represents one of the largest product sale increase, as it grew 94.5% over last year. This may indicate that more marketing efforts can be allocated to further grow Refinery Lease sales in 2016.
- ✓ Texas East Containers also showed a strong growth over last year. Sales increased by 74% in 2014 and 122% in 2015. Most Eastern Barrel Containers are customized Containers, so this is an indication that if we positioned ourselves effectively in the Container customization market, we will be doing exceptionally well in the Eastern Texas region.

Revenue by Product Type	FULL YEAR			% OF TOTAL REVENUE			FULL YEAR % VAR	
	2015	2014	2013	2015	2014	2013	2015 vs 2014	2015 vs 2014
Barrel West	5,236,542	4,848,147	4,192,659	49.6%	53.7%	57.0%	8.0%	15.6%
Barrel Texas	2,617,258	2,415,468	1,703,269	24.8%	26.7%	23.2%	8.4%	41.8%
Barrel East	1,433,459	1,058,507	718,086	13.6%	11.7%	9.8%	35.4%	47.4%
Refinery Lease	596,804	306,858	288,393	5.6%	3.4%	3.9%	94.5%	6.4%
Texas East	366,195	164,773	94,671	3.5%	1.8%	1.3%	122.2%	74.0%
Texas West	315,252	240,352	356,651	3.0%	2.7%	4.8%	31.2%	(32.6%)
TOTAL REVENUE	10,565,510	9,034,106	7,353,729	100%	100%	100%	17.0%	22.9%

REVENUE BY CONTAINER

- ✓ Top 15 Containers signifies an increase in % of total revenue; 86.6% of 2015 Orders came from these Containers, hence a slight decrease in any of the top 15 Container sales will have a larger impact on total sales revenue for the year.
- ✓ Ultimate Oil (68.90%), Refinery Lease Expedition by Tanker (88.4%), and Dallas city getaway (68.5%) represent the highest growth in 2015.
- ✓ East meets West (35.8%), Oil Barrel Winter (15.1%), and Custom Containers (3.3%) showed a decrease in revenue growth.
- ✓ Almost all of the top 15 Containers are Tanker Containers; this is evident of lack of Container product diversification.

Revenue by Container (Based on 2015)	FULL YEAR			% OF TOTAL REVENUE			FULL YEAR % VAR	
	2015	2014	2013	2015	2014	2013	2015 vs 2014	2015 vs 2014
Complete Texas Oil by Barrel	1,607,005	1,616,998	1,354,292	15.2%	17.9%	18.4%	(0.6%)	19.4%
Across Texas by Tanker	953,366	831,479	599,005	9.0%	9.2%	8.1%	14.7%	38.8%
Ultmate Texas Oil Barrel Journey	872,714	516,746	460,559	8.3%	5.7%	6.3%	68.9%	12.2%
Texas's Eastern Barrel Classic	840,441	508,358	381,311	8.0%	5.6%	5.2%	65.3%	33.3%
Essential Oil by Tanker	739,083	727,424	775,995	7.0%	8.1%	10.6%	1.6%	(6.3%)
Custom Containers	738,523	763,733	112,795	7.0%	8.5%	1.5%	(3.3%)	577.1%
Texas Oil Voyage by Tanker	708,54	51 1,942	403,493	6.7%	5.7%	5.5%	38.4%	26.9%
Texas Coast to Coast by Tanker	629,909	533,471	360,766	6.0%	5.9%	4.9%	18.1%	47.9%
Trans Texas by Barrel in a Week	557,014	451,133	397,998	5.3%	5.0%	5.4%	23.5%	13.4%
Houston and Dallas City Getaway by Barrel	286,960	170,266	153,403	2.7%	1.9%	2.1%	68.5%	11.0%
Refinery Lease Expedition by Tanker	288,562	153,150	167,709	2.7%	1.7%	2.3%	88.4%	(8.7%)
East Meets West Tanker Explorer	270,986	421,971	240,645	2.6%	4.7%	3.3%	(35.8%)	75.3%
Texas History and Culture by Barrel	243,960	149,093	116,049	2.3%	1.7%	1.6%	63.6%	28.5%
Oil Barrel Refinery	206,855	243,532	215,900	2.0%	2.7%	2.9%	(15.1%)	12.8%
Discover Whistler & Texas Oil by Barrel	205,964	138,258	169,617	1.9%	1.5%	2.3%	49.0%	(18.5%)
Total Revenue of Top15 Containers	9,149,888	7,737,553	5,909,538	86.6%	85.6%	80.4%	18.3%	30.9%
Total Other Containers	1,415,622	1,298,552	1,444,191	13.4%	14.4%	19.6%	9.2%	(10.2%)
Total Revenue	10,565,510	9,034,106	7,353,729	100.0%	100.0%	100.0%	17.0%	22.9%

A blurred background image of a business meeting. In the foreground, a person's hands are visible, holding a blue pen and pointing at a document with a bar chart. To the right, another person's hands are seen holding a laptop. The overall scene is brightly lit and out of focus, emphasizing the text overlay.

2014/15 STRATEGIC PROJECT SUMMARY

HOUSTON ENERGY 2015

Marketing Optimization Website Optimization Brand Product	Sales Optimization	Technology Project	Customer Service	Financial Reporting
POSITIVES				
<p>Hired Dir. Marketing Hired Product manager Nurture Program - Houston Landing Page Optimization - HoustonR SEO quick wins -HoustonR Sales Collateral/Tools Website Brief/Agency Selection PPC Troubleshooting/ Growth Roadmap</p>	<p>Sales Manager Tankering / development Hired x3 Refined Incentive Plan Lead Optimization planning Standard texts / auto-response testing One on one Tankering / development plans Margin/Average sale focus Strategic planning proces</p>	<p>Hired Technology Manager Requirements document completed Steering committee introduction Freshtracker optimization plan/execution begun Departmental metric identification/baseline plan RFP and roadmap completed</p>	<p>Permanent vs. seasonal staffing optimization Metric identification/baselining Strategic planning process</p>	<p>Sales report update/ optimization Management reporting templates</p>
NEGATIVES				
<p>PPC Costs PPC account management Pricing optimization Margin</p>	<p>Workload inconsistencies Lead complexity (April/May) Performance inconsistencies Exchange environment pricing Freshtracker limitations</p>	<p>Project management consistency Consultant inefficiency Lack of consistent direction/planning Lack of stakeholder participation</p>	<p>Inconsistent workload Freshtracker limitations Supplier experience inconsistencies</p>	<p>Adjustment workload Data inconsistencies Resources</p>

WEBSITE/MARKETING OPTIMIZATION - PPC ACTIVITY

There is an overall decrease (18%) in conversion per site when comparing traditional lead sources to 2014.*

Houston and HoustonRen 2015 conversion per site represented the highest negative growth at 20% and 18% respectively

2015 Cost per visitor increased significantly for CPB (133.49%) and Houston (64.95%)

Cost to acquire a new lead has increased by 96% from 2013, meaning our efficiency for gaining new business opportunities is decreasing and putting upward pressure on costs

Description	2015	2014	% change	2013	% Change
Clients					
Houston	186,614	155,197	20%	120,587	29%
HoustonRen	656,715	515,159	27%	389,204	32%
CPB	22,016	20,906	5%	28,534	-27%
Total Clients	865,345	691,262	25%	538,325	28%
Leads					
Houston	3,198	3,320	-4%	3,022	10%
HoustonRen	8,305	7,909	5%	8,777	-10%
CPB	389	373	4%	452	-17%
Total Leads	11,892	11,602	2%	12,251	-5%
Conversion Per Site					
Houston	1.71%	2.14%	-20%	2.51%	-15%
HoustonRen	1.26%	1.54%	-18%	2.26%	-32%
CPB	1.77%	1.78%	-1%	1.58%	13%
Total	1.37%	1.68%	-18%	2.28%	-26%
Conversion Per Visitor					
Houston	\$0.76	\$0.46	485.78%	\$0.58	8.37%
HoustonRen	\$0.72	\$0.69		\$0.65	
CPB	\$0.71	\$0.30		\$0.26	
Total	\$0.72	\$0.63	16%	\$0.61	2%
Cost per Lead					
Houston	\$44.10	\$21.42	106%	\$22.98	-7%
HoustonRen	\$56.68	\$44.94	26%	\$28.73	56%
CPB	\$39.99	\$16.96	136%	\$16.72	1%
Cost per Lead	\$52.75	\$37.31	41%	\$26.87	39%

*does not include nurture, live chat or personalize leads

PPC ACTIVITY

— SPEND PER SITE

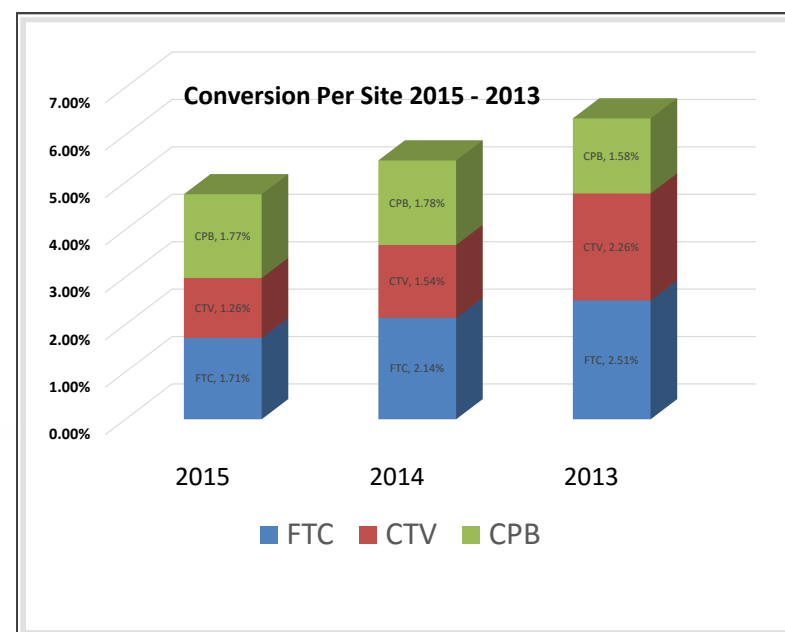
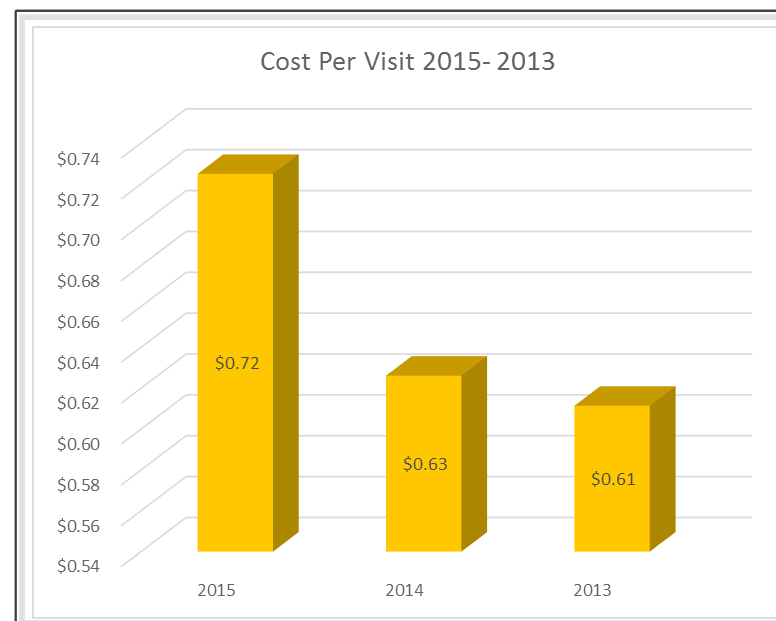
CPB represents the largest spend increase at 146%, however it remains the lowest in spend per site

Houston spend almost doubled in 2015, and remains the second largest spender on PPC activities

HoustonRen had the lowest increased in spend per site but has the highest overall spend among all sites.

Website	2015	2014	%change	2013	2013
Houston	\$141,030	\$71,106	98%	\$69,437	2%
	\$470,717	\$355,407	32%	\$252,146	41%
CPB	\$15,556	\$6,327	146%	\$7,555	-16%
Total	\$627,303	\$432,839	45%	\$329,138	32%

Key PPC issue continues to be site conversion (foundational leads) and cost per lead. Traffic is up on all sites but the relative traditional lead conversion numbers are down. Our traffic has become increasingly less reactive and our websites have become increasingly less effective YoY since 2012.



SALES, MARKETING AND INCREASING CONVERSION

- ✔ While PPC efforts continue to increase clients to the sites, we continued to see a downward conversion trend.
- ✔ With a focus on increasing site conversion, the introduction of the nurture programming on HoustonRen.com has created an incremental Channel.
- ✔ Customer experience was enhanced on HoustonRen.com with the addition of a live chat option – which in addition to the nurture program has increased site conversion significantly.

2015 Lead Conversion

Lead Type	Leads			Conversion %		Revenue		Profit		Margin	Revenue /Order	Order Lead Time
	Google	Filemaker	Orders	Google Leads	Filemaker Leads	\$	% of Total	%	% of Total			
Email	1,788	2,526	202	11.30%	8.00%	\$2,230,193	21.49%	\$750,815	21.69%	33.67%	\$11,040.56	48
Brochure	1,931	1,906	85	4.40%	4.46%	\$819,464	7.89%	\$286,563	8.28%	34.97%	\$9,640.75	110
Phone	6,692	2,107	570	8.52%	27.05%	\$6,264,929	60.36%	\$2,032,778	58.72%	32.45%	\$10,991.10	33
Nurture	NA	513	44	NA	8.58%	\$588,262	5.6%	\$203,384	5.8%	34.57%	\$13,369.59	31
Personolize	1,481	631	19	1.28%	3.01%	\$201,264	1.94%	\$72,334	2.09%	35.94%	\$10,592.84	16
T3	0	115	4	N/A	3.48%	\$0	0.00%	\$0	0.00%	#DIV/0!	\$0.00	N/A
Live Chat	969	242	26	2.68%	10.74%	\$276,005	2.66%	\$116,207	3.36%	42.10%	\$10,615.58	7
TOTAL	12,861	8,040	950	7.39%	11.82%	\$10,380,117	100%	\$3,462,081	100%	33.35%	\$10,926,44	41

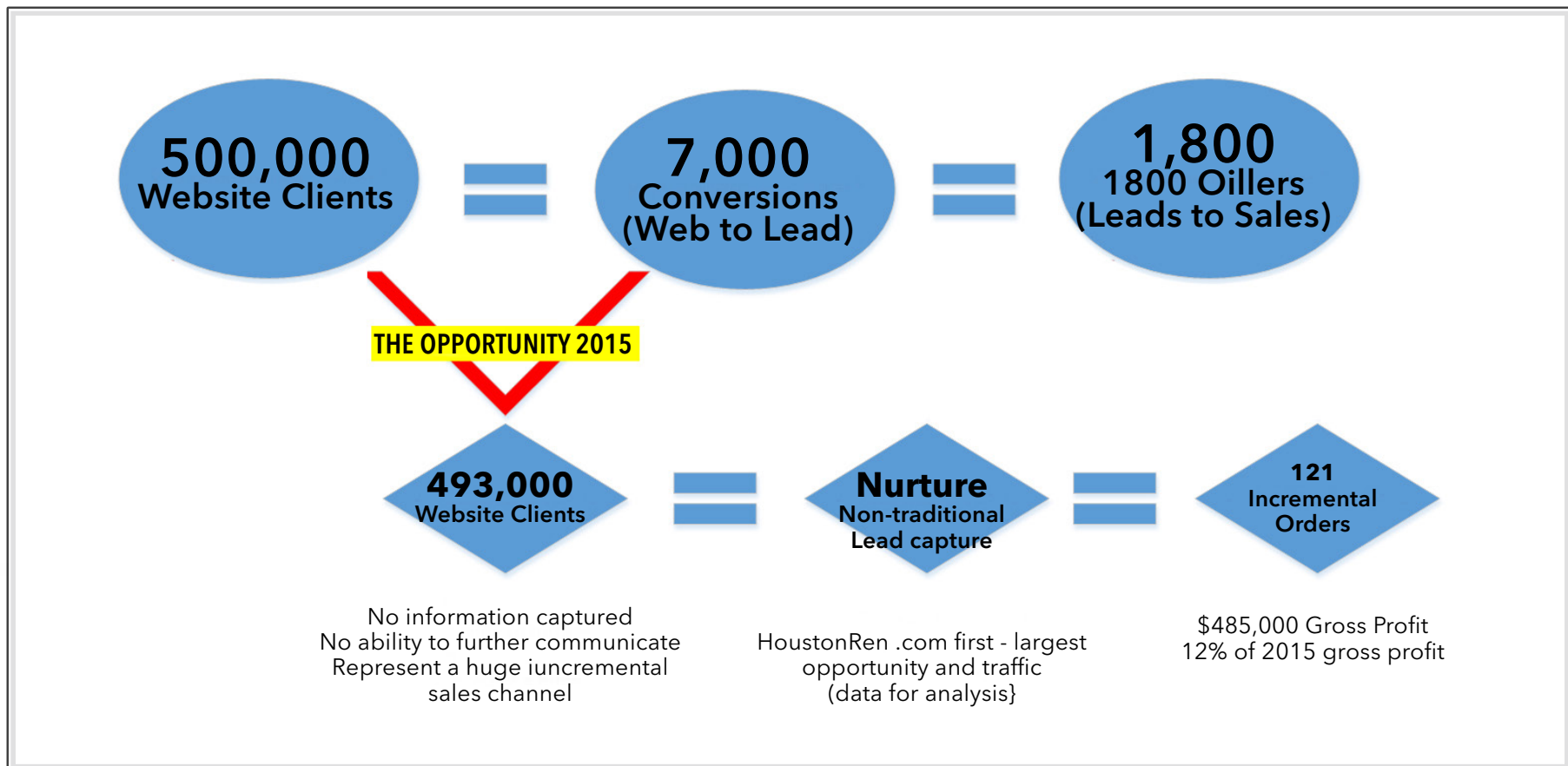
WEBSITE REVIEW – TEXASTANKERENERGYS.COM

- ✓ Total clients continued to increase year over year from 389,204 in 2013 to 656,715 in 2015 as we focused PPC activity against this site.
- ✓ Both emails and brochures leads (google) showed a negative growth year over year; but phone leads increased by 46.07% in 2014 but decreased by 4% in 2015
- ✓ New lead source, personalized Container, has been added into mix and created 1481 leads in 2015
- ✓ Clients on average spend less time and visited less pages to find the information they need. Time will be spent in 2016 to review time on site to find the optimal conversion benchmark.
- ✓ HoustonRen conversion rates do not include our nurture program, which would bring total lead conversion rates up to near 8%

	2015	2014	% Change	2013	% Change
Clients	656,715	515,159	27%	389,204	32.36%
Leads & Conversion					
Email	1,012	1,413	-28%	2,300	-38.57%
Conversion	0.15%	0.27%	-44%	0.59%	-53.59%
Brochures	1,243	1,715	-28%	3,204	-46.47%
Conversion	0.19%	0.33%	-43%	0.82%	-59.56%
Phone call	4,569	4,781	-4%	3,273	46.07%
Conversion	0.70%	0.93%	-25%	0.84%	10.36%
Personalizes Container	1,481	0.00%		0.00%	
Conversion	0.23%	0.00%		0.00%	
Total Leads	8,305	7,909	5%	8,777	-9.89%
Conversion	1.26%	1.54%	-18%	2.26%	-31.92%
Ave. Length of Visit	1.94	2.89	-33%	3.32	-13.08%
Ave. Page Visits	2.60	3.57	-27%	4.06	-12.07%

WEBSITE REVIEW – HOUSTONREN OPTIMIZATION

- ✓ Nurture Program increased HoustonRen.com conversion from 1% to 8% (google leads measured in the initial PPC analysis only included traditional lead sources – email, brochure requests, phone calls)
- ✓ Designed to capture additional incremental leads that were initially identified as an opportunity in early 2014/15.
- ✓ Varied call to action and the introduction of the live chat functionality increased potential lead generation from the site.
- ✓ Introduction of new lead types created a unique sales environment that is still being defined.



PROGRAM SUMMARY – HOUSTONREN.COM

- ✓ The nurture program was implemented in early 2015, with the objective of increasing lead generation opportunities for those clients who visited the site but left without taking any conversion action.
- ✓ Since implementation, we have seen overall on-page conversion rates for HoustonRen.com increase to 7-8%
- ✓ The nurture program has resulted in over 13,000 sign-ups and 121 Orders to date, representing approximately \$1,010,795 in incremental revenue and \$485,000 in incremental GP.

Unique Visits	Exposed to Nurture	Nurture Sign-ups	Nurture Conv Rate	Orders	Order Conv Rate	Revenue	Revenue per Order	GP	GP per Order
527,226	311,537	13,585	4.4%	121	0.89%	\$1,010,795	\$8,354	\$485,384	\$4,011

WEBSITE REVIEW – FRACKSTEXAS.COM

- ✓ Total clients continue to increase year over year from 120,587 in 2013 to 186,614 in 2015
- ✓ Both emails and brochures leads (google) showed a negative growth year over year; phone calls has increased by 65.71% in 2013 and 4% in 2015
- ✓ Clients on average spend less time and visited fewer pages to find the information they need

	2015	2014	% Change	2013	% Change
Clients	186,614	155,197	20%	120,587	28.70%
Leads & Conversion					
Email	649	780	-17%	1,075	-27.44%
Conversion	0.35%	0.50%	-31%	0.89%	-43.62%
Brochures	633	694	-9%	833	-16.69%
Conversion	0.34%	0.45%	-24%	0.69%	-35.27%
Phone call	1,916	1,846	4%	1114	65.71%
Conversion	1.03%	1.19%	-14%	0.92%	28.75%
Total Leads	3,198	3,320	-4%	3,022	9.86%
Total Conversion	1.71%	2.14%	-20%	2.51%	-14.64%
Ave. Length of Visit	2.66	3.03	-12%	3.40	-11.07%
Ave. Page Visits	2.96	3.30	-10%	3.83	-13.98%

WEBSITE REVIEW – TEXASOILRESOURCE.COM

- ✓ Total clients decreased by 26.73% in 2014 and increased by 5%. This may indicate that CPB has become less popular over the years or the suppliers have managed to pull market share.
- ✓ Both emails and phone leads (google) showed a positive increase in 2015 except Brochure has decreased by 19%
- ✓ Phone leads presented the highest conversion rate at 0.94% followed by email at 0.58% and brochures at 0.25%
Clients on average spend less time and visited less pages to find the information they need

	2015	2014	% Change	2013	% Change
Clients	22,016	20,906	5%	28,534	-26.73%
Leads & Conversion					
Email	127	120	6%	160	-25.00%
Conversion	0.58%	0.57%	0%	0.56%	2.37%
Brochures	55	68	-19%	155	-56.13%
Conversion	0.25%	0.33%	-23%	0.54%	-40.12%
Phone call	207	185	12%	137	35.04%
Conversion	0.94%	0.88%	6%	0.48%	84.31%
Total Leads	389	373	4%	452	-17.48%
Total Conversion	1.77%	1.78%	-1%	1.58%	12.63%
Ave. Length of Visit	1.91	1.95	-2%	2.22	-11.95%
Ave. Page Visits	2.64	2.72	-3%	2.76	-1.69%

SALES TEAM OPTIMIZATION – SUMMARY

Key focus for the sales team in 2015 was defined by the following:

- 1) **Conversion optimization** – developing a clearer strategy and roadmap for lead identification and conversion
 - a. Standard texts (email) and auto-response programs provided clear communication a conversion optimised CTA.
 - b. Lead identification and definition
- 2) **Margin optimization** – giving the team the tools and strategy to maximize margins on all Orders
 - a. Add-ons
 - b. Suppliers benefits
- 3) **Product Tankering** - knowing our products and what differentiates them from the competitive set
- 4) **Sales Process Tankering** - creating a sales environment that helps sales team members to develop their sales skills
 - a. External sales Tankerer

SALES RESULTS

Conversion down slightly from 14% in 2014 to 12% in 2015 (mainly due to adapting to the new lead groups) however leads were up 15% over 2013/14.

The sales team delivered a 13% increase in number of Orders and a 4% increase in average sale price which directly influenced the gross revenue increase over 2014 by 17%.

Average commission was down slightly as the impact from the changing exchange environment started to become evident. We saw our competitive set start to challenge and push historically accepted pricing models and the increased pressure on the sales team to reduce prices became a major factor in the latter part of the fiscal.

Margins fell slightly, again in response to external pressures, and the year ended with a 1.8 PP (5%) reduction.

	Full Year		
	2015	2014	2013
October	47	67	27
November	40	41	60
December	47	40	37
January	99	79	75
February	102	86	90
March	94	76	81
April	100	88	54
May	78	90	78
June	92	92	78
July	89	54	69
August	97	78	71
September	63	48	53
Total # of Orders	948	839	773

	Full Year			Full Year % Var	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
October	13,284	11,826	8,720	12.3%	35.6%
November	12,433	12,671	10,846	(1.9%)	16.8%
December	12,342	12,146	10,984	1.6%	10.6%
January	11,041	12,493	9,538	(11.6%)	31.0%
February	11,150	9,499	9,887	17.4%	(3.9%)
March	10,719	9,457	10,133	13.3%	(6.7%)
April	9,605	11,316	9,191	(15.1%)	23.1%
May	11,208	10,031	9,305	11.7%	7.8%
June	9,647	9,692	8,943	(0.5%)	8.4%
July	12,219	12,426	9,433	(1.7%)	31.7%
August	10,741	10,118	9,612	6.2%	5.3%
September	12,290	9,655	7,402	27.3%	30.4%
Container Price	11,145	10,768	9,527	3.5%	13.0%

	Full Year			Full Year % Var	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
October	34%	32%	28%	7.3%	15.2%
November	33%	37%	30%	(9.8%)	24.2%
December	36%	41%	34%	(11.6%)	19.9%
January	34%	35%	28%	(3.5%)	26.7%
February	33%	34%	30%	(3.6%)	13.3%
March	35%	34%	31%	2.8%	9.2%
April	33%	34%	34%	(1.7%)	(0.6%)
May	34%	35%	32%	(4.5%)	10.0%
June	34%	35%	33%	(4.1%)	7.2%
July	33%	34%	34%	(4.4%)	(0.2%)
August	30%	37%	32%	(18.6%)	14.1%
September	31%	35%	36%	(12.0%)	(3.2%)
Average Net Margin %	33.19%	35.00%	31.82%	(5.2%)	10.0%

SALES TEAM METRIC SUMMARY

	2012	2013	%	2014	%	2015	%
	Actual	Actual	Var	Actual	Var	A/F	Var
Revenue As in Sales Report	6,364,567	7,363,989	15.70%	9,026,708	22.6%	10,610,457	17.5%
Net Profit	1,916,178	2,326,515	21.41%	3,152,970	35.5%	3,498,151	10.9%
Net Margin %	30.4%	31.8%	4.5%	35.0%	10.2%	33.4%	(4.6%)
# Orders	667	774	16.04%	839	8.4%	950	13.2%
# Pax	1,552	1,784	14.95%	1,961	9.9%	2,331	18.9%
Av Price per Order	9,318	9,281	(0.39%)	10,440	12.5%	10,764	3.1%
Av Commission per Order	2,873	3,006	4.63%	3,758	25.0%	3,682	(2.0%)
Av Pax per Order	2.33	2.30	232.68%	2.34	232.7%	2.45	5.0%
Av Price per Pax	4,004	4,027	0.55%	4,466	10.9%	4,387	(1.8%)
Av Commission per Pax	1,235	1,304	5.63%	1,608	23.3%	1,501	(6.7%)

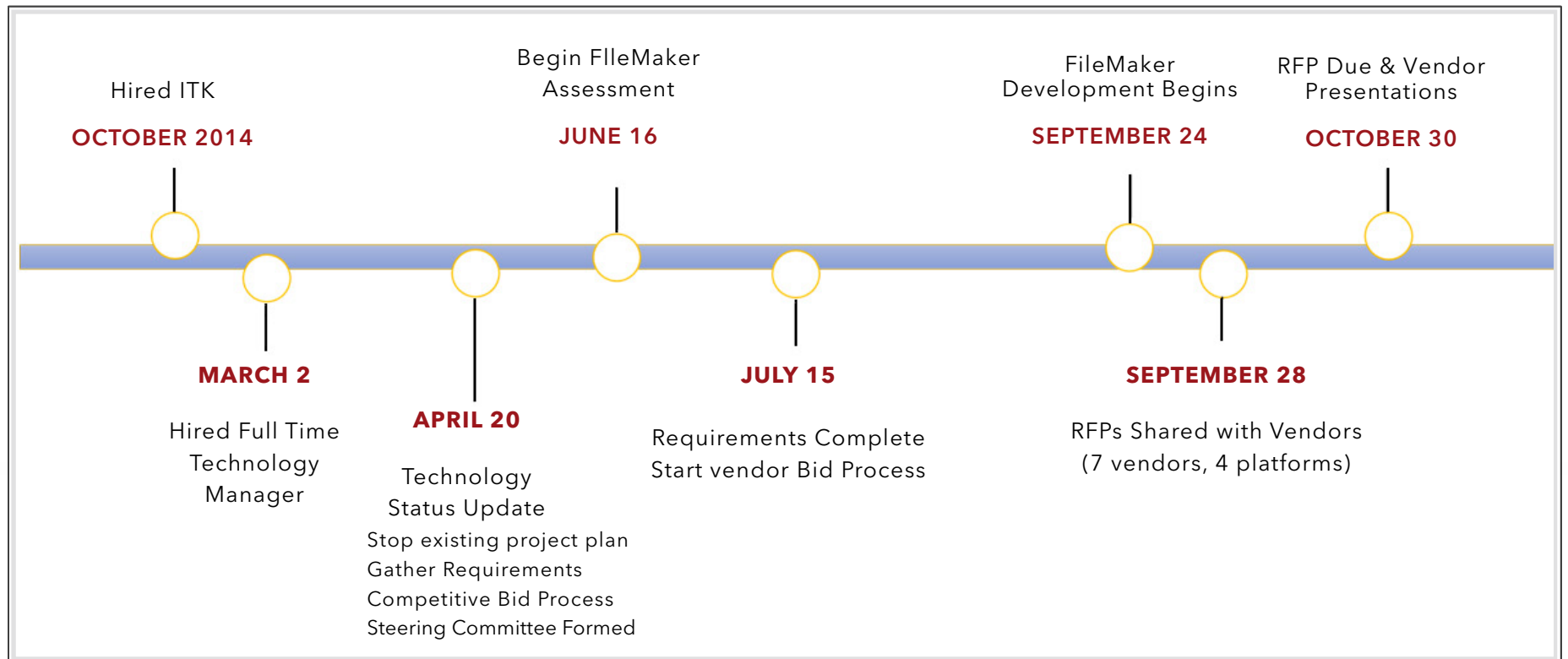
TECHNOLOGY PROJECT REVIEW

Tremendous progress made in only a few short months with the technology project.

A strategy was created and approved by the senior management team and a steering committee was soon formed.

Shortly after, progressed into the Requirements Gathering phase of the project and started to finally understand the scope and breadth of the technology project, including identifying that the vendor bid process should be split between the backend (infrastructure, CRM) and the frontend (website rebrand, redesign, CMS).

Requirements were completed in July and the vendor bid process began. Final numbers were 7 RFPs' representing 4 platforms (Salesforce, MSDynamic, Filemaker, Web Solution)



CUSTOMER SERVICE

- ✓ Permanent vs. seasonal staffing optimization
 - More temp staff hired to off-set impact of 20% increase in Orders expected.
 - Summer optimization - with temp staff focussing on time consuming, manual tasks
- ✓ Metric baselining - key to optimisation in 2016 and to inform the technology project

Book & Confirm all Container components:	48 hours
Send Email Requests to suppliers	20 Minutes
Complete online Order systems per suppliers	25 Minutes
Confirmation Received from Supplier	48 hours later

Follow-up required if no response after 48 hours
– by email
Follow-up again by phone if again no response

Creating A Pre-Departure Package	1 Hour 10 minutes
Writing Detailed Day by Day Itinerary Includes adding each individual supplier confirmation, pick-up times, meeting locations, addresses	45 Minutes
Editing or Creating a Container at a Glance Document	10 Minutes
Creating Manual Voucher per tour or activity	10 Minutes
Pulling up Jonview Vouchers	5 minutes

Review Pre-Departure Package (Average Time)	44 Minutes
Standard Online Container Package (6-8 days)	38 Minutes
Custom Container	45 Minutes
Self-Drives	50 Minutes

Making sure that the detailed itinerary matches with the tour built
Confirmation #'s on detailed itinerary match both Container at a glance and any manual vouchers,
compared to each supplier confirmation
All vouchers are created for each supplier that is required

Packaging a Oil Package	23 Minutes
Selecting & Printing Out all Documents in Color from Y Drive	5 Minutes
Cutting and Organizing All Vouchers	8 Minutes
Folding All Documents and placing in Oil Wallet	4 Minutes
Completing Envelope with specific delivery details	5 Minutes

- ✓ 8% increase in number of files for oil in May 2015 (2014 – 85 files / 2015 – 91 files)
- ✓ 2.5% increase in number of files for oil in June 2015 (2014 – 132 files / 2015 – 135 files)
- ✓ 28% increase in number of files for oil in July 2015 (2014 – 112 / 2015 – 143)

Oil Month	# of Files Per Agent 2012-2013	# of Files Per Agent 2013-2014	# of Files Per Agent 2014-2015	# of Files Per Agent 2015-2016 Based on 20% Increase (Total Already Assigned)
October	n/a	n/a	10	12 (14)
November	n/a	n/a	4	5 (3)
December	n/a	n/a	5	6 (3)
January	n/a	n/a	3	4 (1)
February	n/a	n/a	1.5	2 (1)
March	n/a	n/a	1.5	2 (1)
April	n/a	4	3	4 (1)
May	n/a	21	22	26 (5)
June	n/a	29	32	38 (6)
July	n/a	25	28	33 (3)
August	n/a	31	33	40 (4)
September	n/a	28	37	44 (3)

NOTE: These files are assigned throughout the year and can range anywhere from 1 year in advance of assignment from oil month to 2 weeks prior to oil. Currently don't have any data to measure this.

SEASONAL SALES & CS SUPPORT MEMBER (July 15-August 28, 2015 -30 Day Trial)

Customer Service Task Type	Average Time Spent on Task per day
Review Pre-departure Packages	77 minutes
Customer Questions - research	23 minutes
Writing Itineraries	57 minutes
Amenity Requests - for special occasions	5 minutes
Other CS Tasks - Reconfirming hotel cc info, calling for late/early arrivals or special requests, processing final payment,	46 minutes
CS Total Amount of Time Spent per day	208 Minutes
Sales Task Type	Average Time Spent on Task per day
Order product	20 minutes
Hotel research	17 minutes
Answering phone calls	10 minutes
Pre-CS File Review	15 minutes
Amenity requests	30 minutes
Other Sales Tasks - creating paper file, faxing, call for cc auth.	19 Minutes
Restaurant Guide Spreadsheets	5 minutes
Sales Total Amount of Time Spent per day	116 Minutes

A significant amount of time is spent writing itineraries and reviewing packages before they are printed and sent to the customer. Much of the tasks that take the most time are duplicate tasks that could be alleviated through better controls and templates.

These metrics will be used to create a better gauge of CS performance moving forward and has created measurable baselines for CS to measure the impact of the new technology platform.

FINANCIAL REPORTING

- ✓ Assisted CFO the with completing the management reporting pack, focused on consolidating all financial information from various departments into one set of numbers. The goal is to have the finance team maintain and updated them for all departments on a monthly basis – Management can now rely on the same set of data to benchmark process and make key business decisions. (project completion date: Sep 30, 2015)

- ✓ Completed system requirement gathering tasks for the new CRM system

- ✓ Sales report optimization
 - More efficient access to sales information and product sales information

 - Sales manager report consolidation

 - Sales team member performance summary

- ✓ Completed detailed process and tasks mapping on various accounting functions.

2015 CONCLUSION

While 2015 saw a successful financial result, despite market challenges and pricing volatility, there were some key opportunities identified that will inform and influence the strategic direction in 2016:

- ✓ Continued focus on the Houston core business model will be imperative in 2016 to maintain revenue growth momentum.
- ✓ Continued need to increase sales conversion from all sites, while keeping lead acquisition costs under control. Transition focus from HoustonRen.com to a more widely appealing offering on a new Houston.com must be priority once the new site is live.
- ✓ “Energy” brand needs to be executed and delivered through all touchpoints.
- ✓ Technology will be key in 2016 and beyond. The successful integration of a new system that will enhance our current processes, create solid foundation for the “opportunity” moving forward and ultimately will create a more scalable and efficient business environment.
- ✓ Enhanced and consistent management reporting will be key to understanding and delivering revenue optimization.
- ✓ Sales efficiency has become stabilized, but further optimization will be difficult without a change in technology or process. Margin and avg. sale are being negatively impacted by the competition in the current market and the assumption is that it may be a while before any market stabilization occurs. With that in mind, an increase in sales team headcount is planned to ensure resources are available to meet 20% growth objectives in 2016 and beyond. Focus for 2016 needs to be on Tankering, lead conversion stabilization and Container optimization with a focus on average sale.

HOUSTON - THE FUTURE

**SWOT
ISSUES TO SOLVE
VISION FOR 2018
STRATEGIC OBJECTIVES
THE 6 GROWTH DRIVERS
THE OPPORTUNITY**



