



# **Investor Presentation April 2020**



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# Investor Highlights

## Defensive Core Business

- Long-term contracts with strata communities generally 5 – 10 years
- 70% of revenue is recurring providing the Company with a high level of customer retention

## Strong Customer Growth

- 28,500 residential customers at 31 March 2020 and growing, up from ~17,000 in December 2018
- SME customer base continuing to grow from small base; 3,400 customers at 31 March 2020 from just 340 in December 2018
- LPE's exclusive Solar Distribution Centre (solar-in-strata) to be rolled out to over 300 communities starting second half of CY2020

## Alternative Energy Exposure

- Exposure to growing demand for renewable energy generation behind-the-meter solar PV solutions
- Ability to cross-sell utilities through-out its customer base; electricity, water and hot water
- Growing market in home and SME electricity customers capturing all strata communities where embedded networks cannot be deployed

## BlackRock Funding

- Offers financing to accelerate customer growth and provides strong validation of our business from one of the worlds largest assets managers
- Headline \$30.0m facility; \$17.2m drawn as at 31 March 2020 (available until 22 May 2020)

# Summary



Company Overview



Business Update



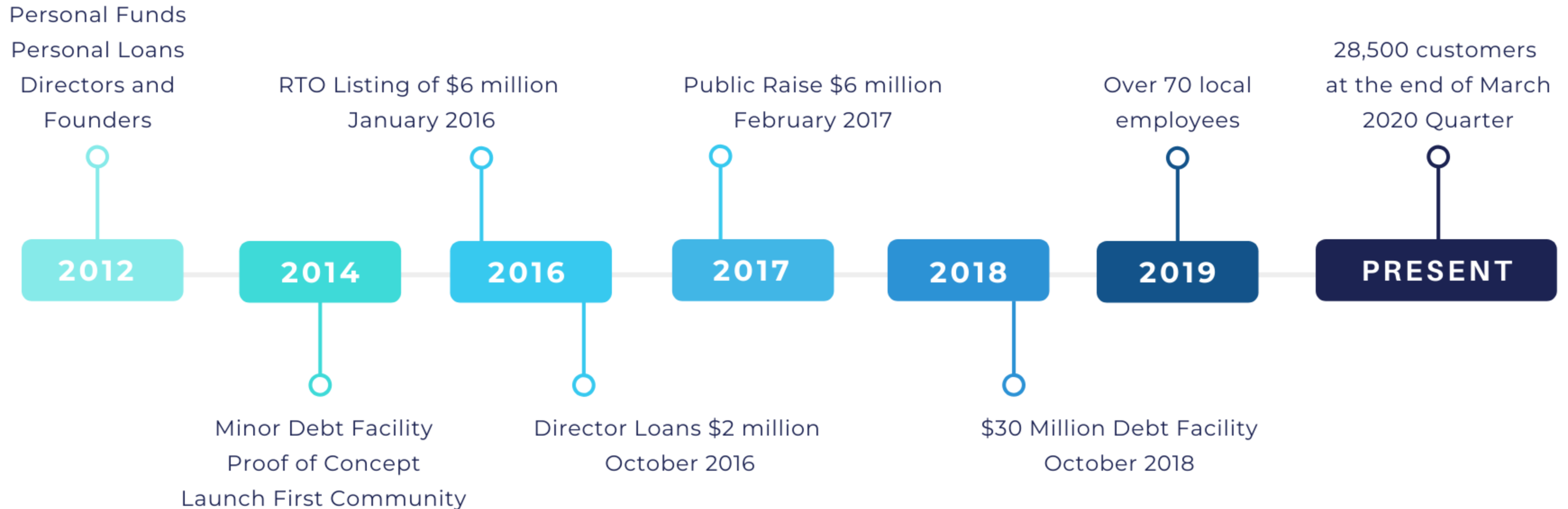
Growth Strategy



# Company Overview

Locality Planning Energy (ASX:LPE)

# Corporate Timeline





# Capital Structure

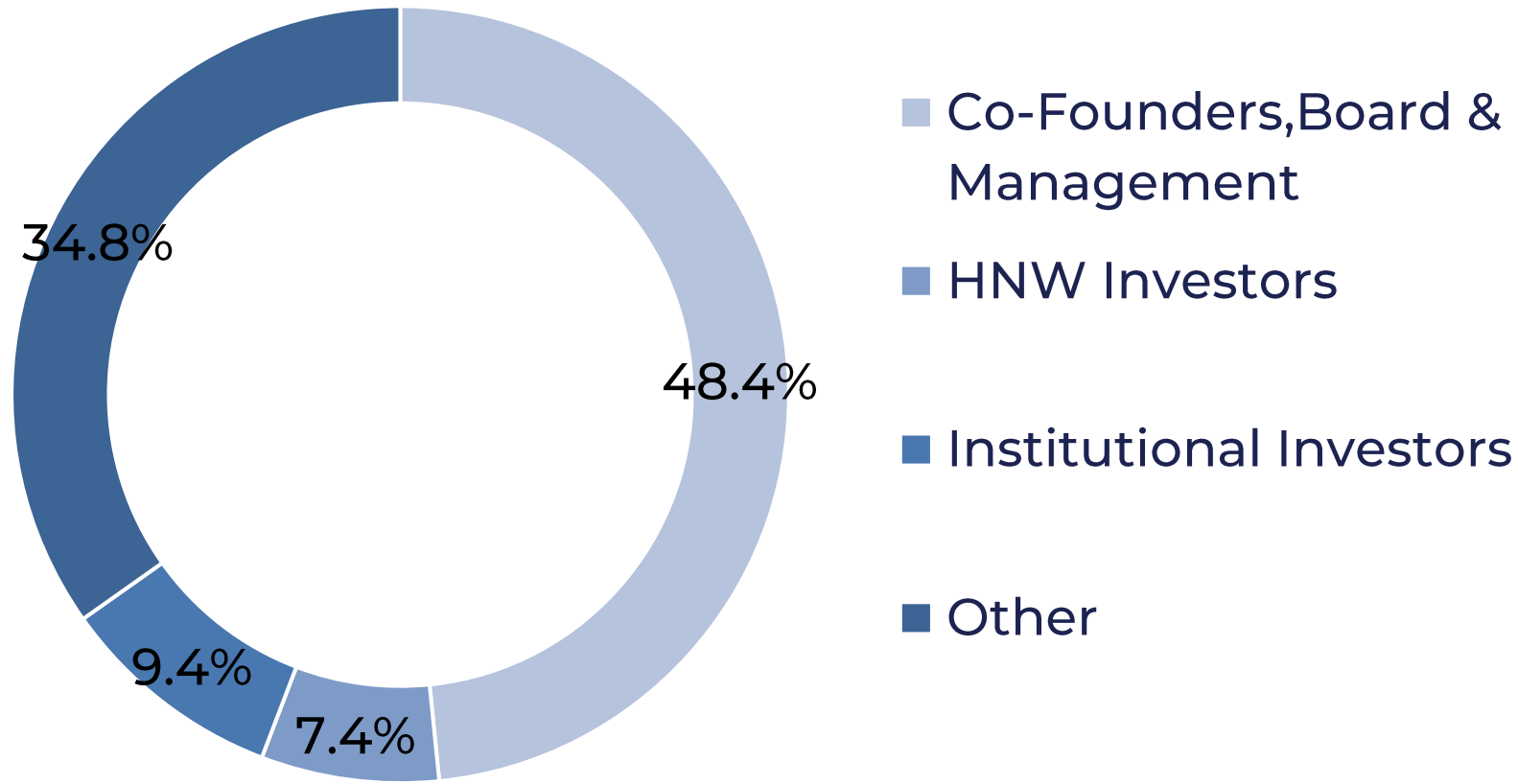
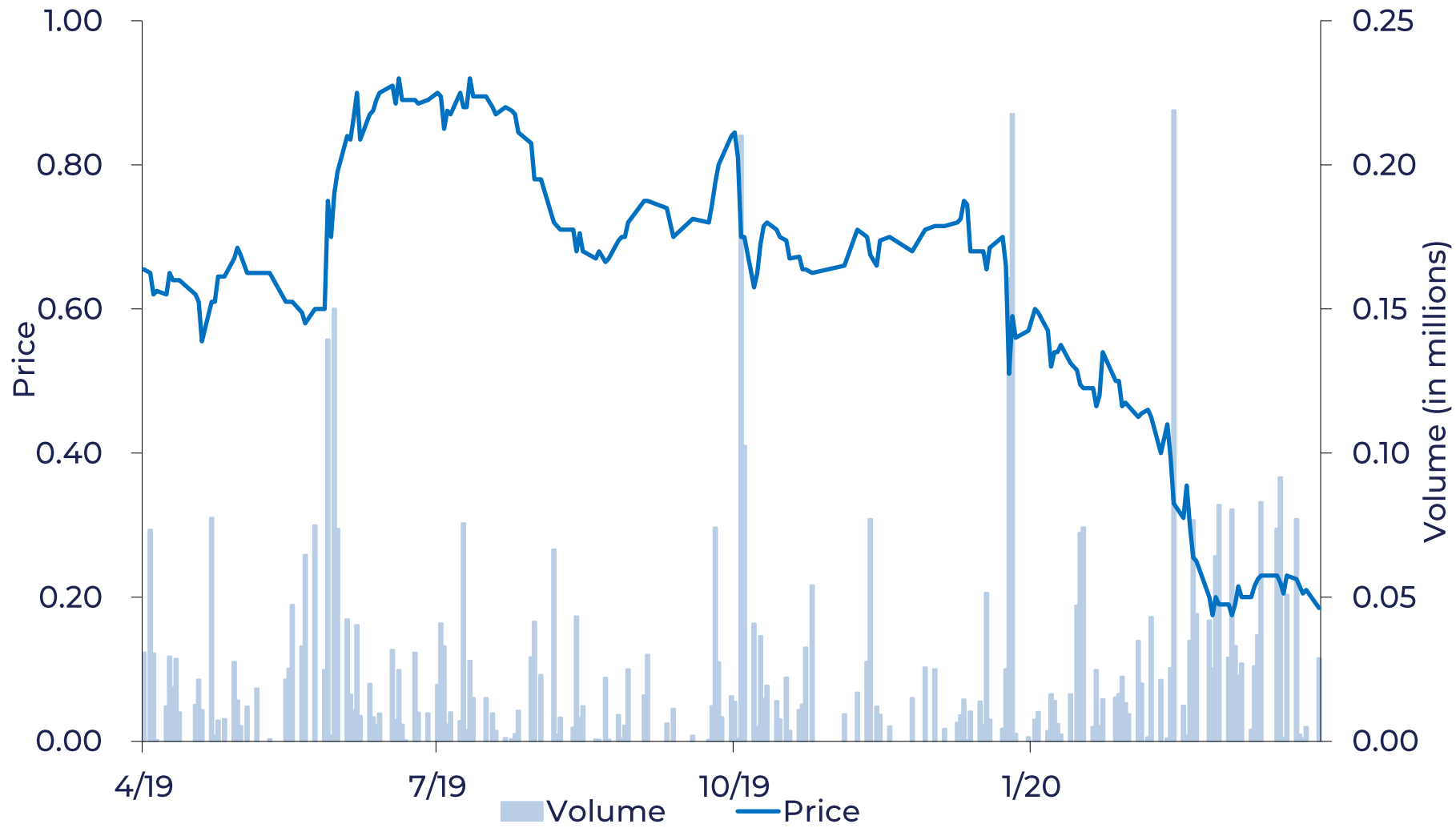
## Market Data

Last Traded Price	\$0.21
Shares on Issue (m)	50.2
Market Capitalisation (m)	\$10.8
Net Debt (m)	\$(8.9)
Enterprise Value (m)	\$19.7
52 Week High/ Low	\$0.95/ \$0.21

## Shareholders

Holder	Shares	% of SOI
Lumber Co Pty Ltd	8,510,995	16.9
Damien Glanville	8,400,995	16.7
Justin Pettett	7,349,102	14.6
Jarwil Pty Ltd	3,738,003	7.5
EGP Capital	3,055,000	6.1
Top 20	37,960,773	75.6

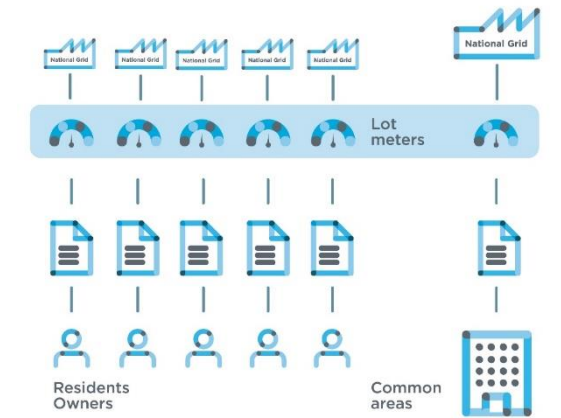
Source: CapitalIQ 26 April 2020



# A Full-Service Electricity Supplier

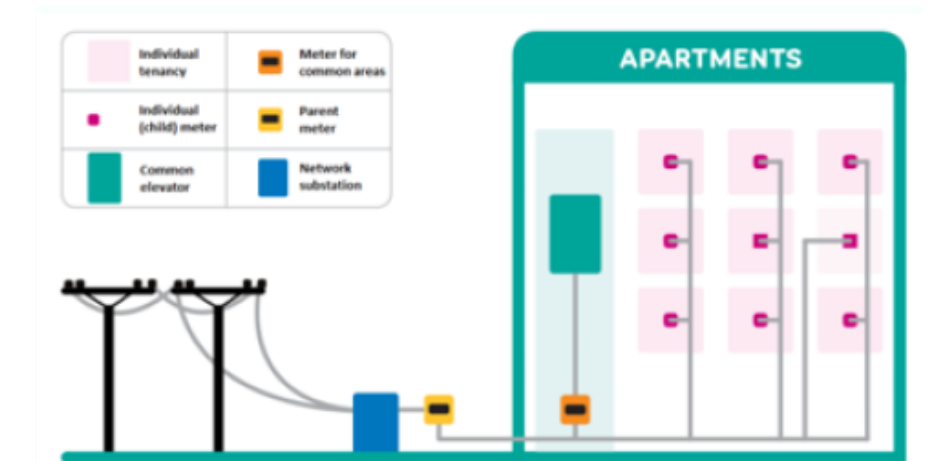
## Traditional Electricity Supplier

- Electricity sales to residential and SME customers
- Sells electricity to all consumers under 100MW; normal market mechanism



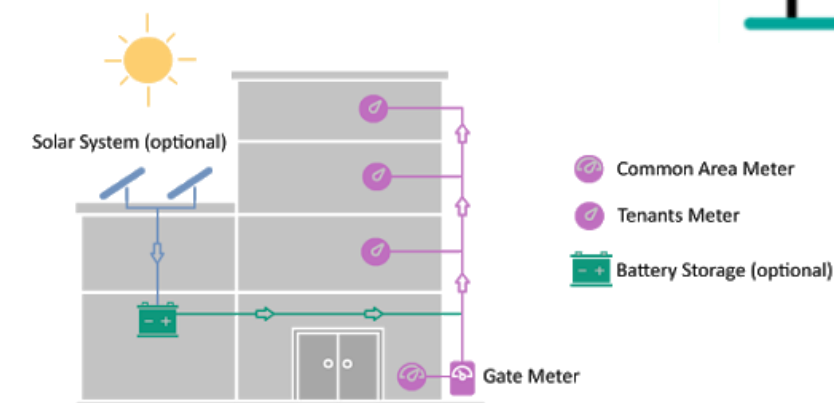
## Embedded Networks

- Buy electricity from the national grid and sell to lot owners
- Single connection point to the grid allowing lot owners to benefit from the reduced cost of a multiple grid connection



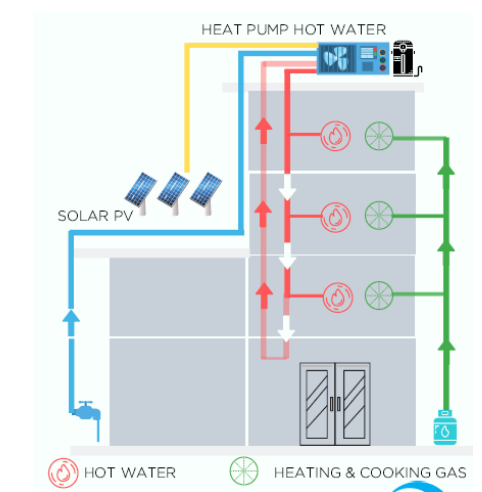
## Solar in Strata

- Behind the meter solar solutions for strata communities
- No capital outlay required by the strata community
- Maximised ability to share and sell solar electricity generated
- No disagreements over rooftop space usage



## Centralised Hot Water

- Energy efficient heat pumps used to heat water
- Solar PV offsets electricity usage
- Cost efficient and sustainable hot water for the whole strata community

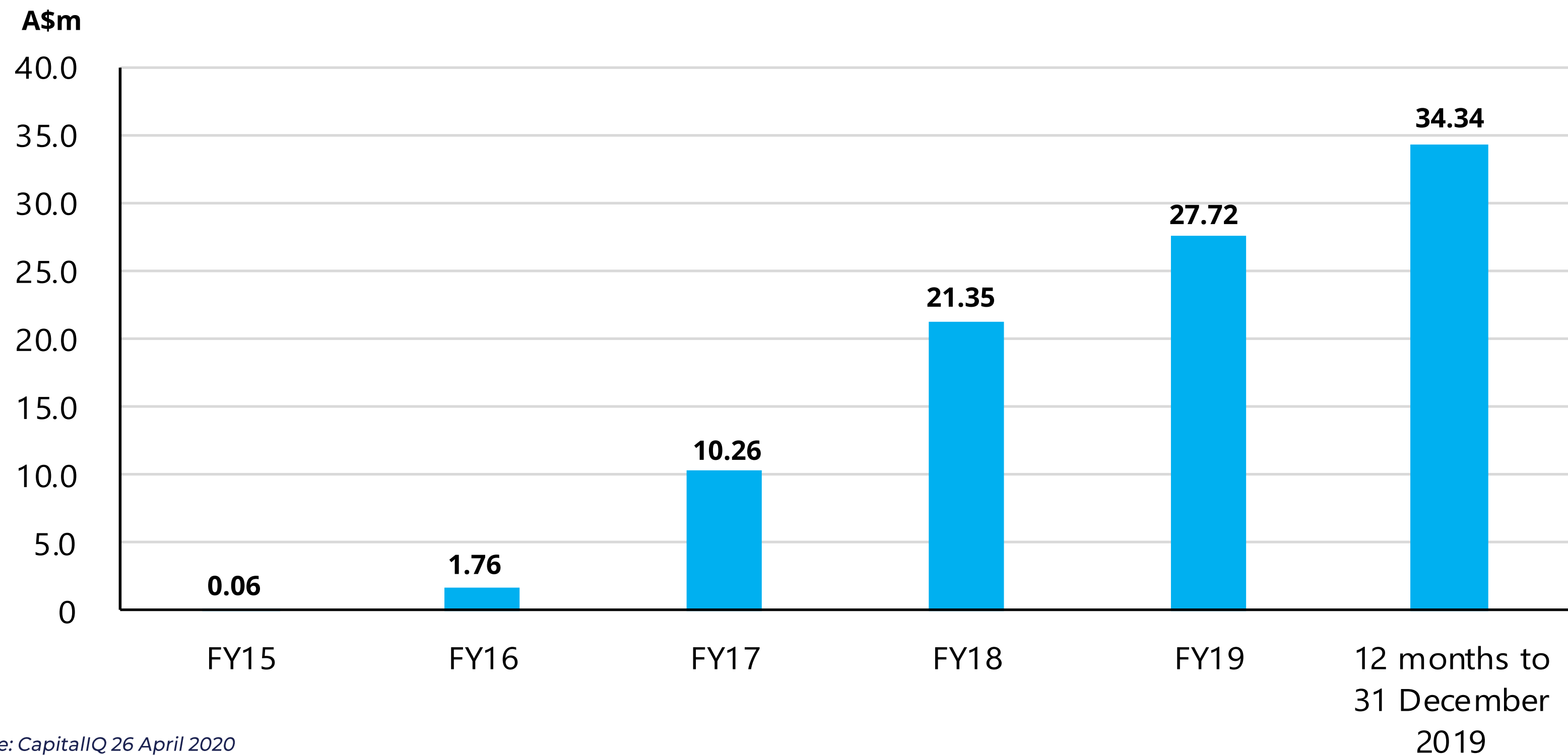




# Strong Revenue Growth

LPE has a strong track record of revenue growth

Company has achieved a 4-year revenue CAGR of ~364% from FY15 – FY19

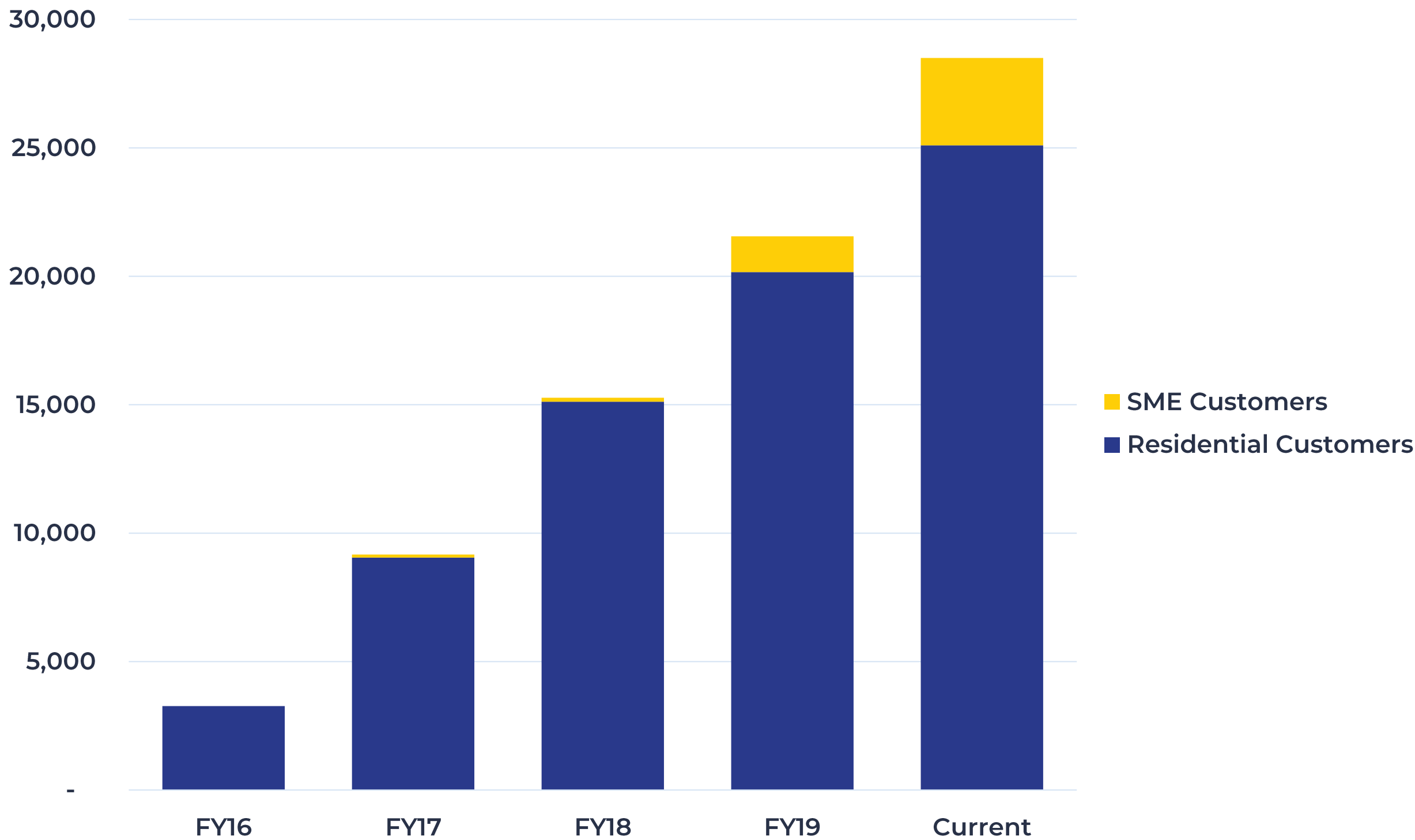


Source: CapitalIQ 26 April 2020

# Customer Growth cont.

51% CAGR  
Customer Growth  
over 3 years

LPE continues to aim for over  
40,000 Customers by 30 June  
2021 despite COVID-19



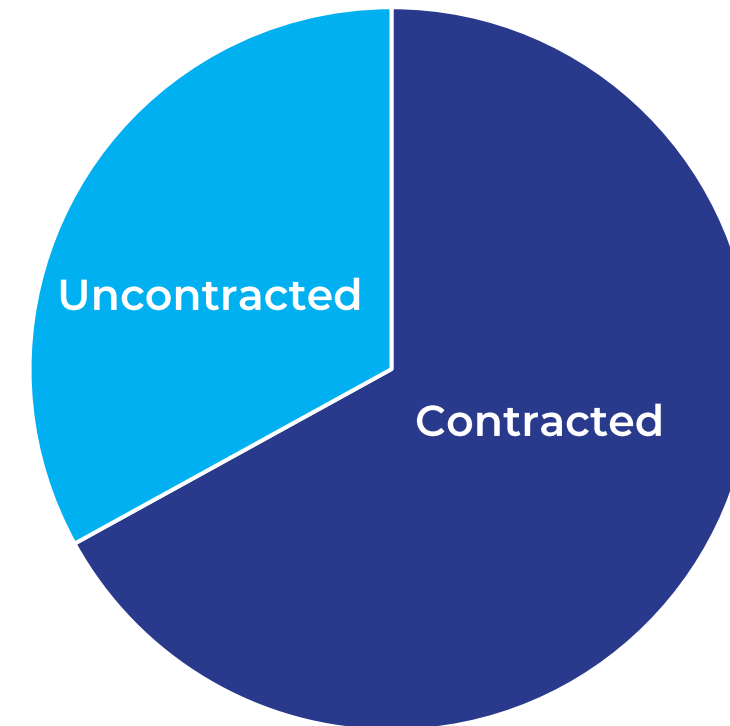
# Contracted and Recurring Revenue

**88% residential electricity customers** durable consumer stable end market segment

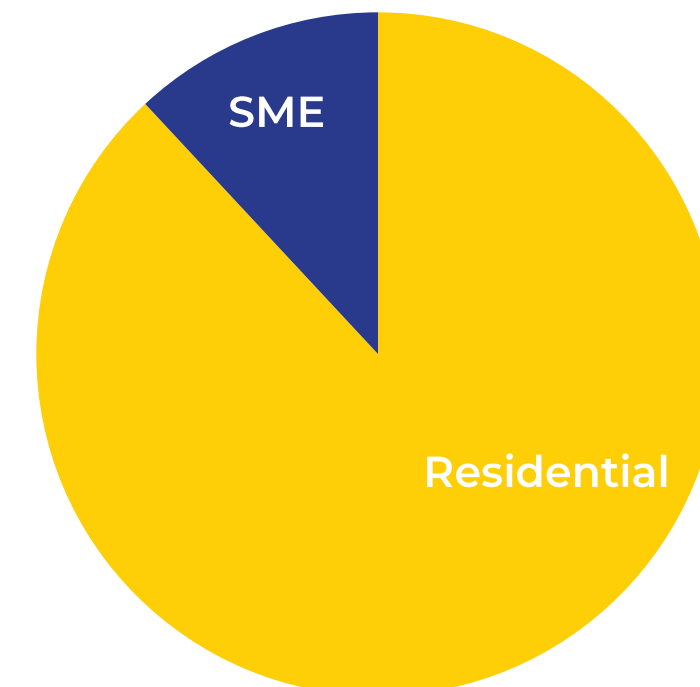
**Majority customers in strata** contracted for an average of ~7.1 years

**100% customer retention in strata** To date no strata customers have churned away from LPE, representing 67% of our current customers

Customer Base is Largely Contracted:



Residential vs SME customer split:





# Management Team and Board



**Justin Pettett**  
Non-Executive Chairman

Justin has over 20 years of ASX company experience having founded and helped build businesses and taken companies from start-up to take-over/acquisition/public-listing stages, working closely with key stakeholders, investors and industry partners. He has a proven track record in identifying and maximising business opportunities, particularly in the energy sector with strengths including capital raising, negotiation, investment analysis and leading teams to deliver successful results. Justin is a co-founder of LPE and as such has operational and strategic insight into the electricity retailing industry.



**Damien Glanville**  
Managing Director & CEO

Damien has 17 years' experience in senior management, logistics, and Executive director roles. He engineered the business case for the deployment of the Sunshine Coast 16MW Solar Farm. Damien is co-founder and architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation and is also the CEO of the LPE and the listed responsible person for the management components of the Australian Energy Regulator Authorisation to retail electricity.



**Melissa Farrell**  
Executive Director & CFO

Melissa has 20 years' experience working in accounting and finance, five of which have been in senior executive roles. She has worked in various sectors including banking and mining. Both in Australia and overseas for publicly listed companies. She is highly skilled in the area of financial control, reporting and risk management.



**Barnaby Egerton-Warburton**  
Non-Executive Director

Barnaby has over 20 years of trading, investment banking, international investment and market experience with positions at JP Morgan, BNP Equities (New York) and Prudential Securities (New York). He is an experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, oil & gas and resource sectors. Mr Egerton-Warburton holds a degree in economics, is a graduate of the Australian Institute of Company Directors, and a member of the American Association of Petroleum Geologists.



**Daniel Seeney**  
Company Secretary

Daniel has more than 15 years experience in financial services and capital markets, having previously worked at industry leaders including JP Morgan, Citigroup and PwC. He has worked across a range of industry sectors in roles including corporate finance, investment research, funds management and investment banking.



# Business Update

Locality Planning Energy (ASX:LPE)

# FY20 Business Update and COVID

## Core Business Stable & Durable

- LPE's core business of retail electricity sales in strata communities is largely unaffected, with potential for higher than normal energy consumption with people spending more time at home particularly through the winter months
- Lower wholesale electricity prices a potential opportunity to lock in lower cost of goods to deliver competitive energy rates at the same time preserve and increase margins

## Growth Strategy Adapting to COVID

- Face to face sales interactions have been constrained under COVID social distancing measures.
- Ramping up and refining online marketing programs and early traction has been positive
- Increased focus on achieving growth in capital light segments of strata and traditional electricity supply
- We expect smaller bolt-on acquisition opportunities to present themselves as smaller providers experience high customer churn and bad debts



# Recent Developments

Several factors have challenged the Company in the past 6 months however the platform for strong future growth has been established.

## Board Renewal

- Board renewal in early 2020 as the Company sought additional expertise to move through the next phase of growth
- Right-sized Board for a company the size of LPE; allocating capital to growth
- Appointed Directors with requisite experience in areas the Company previously had strategic gaps
- Majority of Directors now have a material holding in the Company and alignment of interests with shareholders

## Revenue Growth

- Previous guidance of \$55m - \$60m has been withdrawn due to COVID-19 interruptions
- Like most public companies LPE has been forced to remove guidance since the outbreak of COVID-19
- Initial guidance revision was due to delays in solar equipment availability and deployment
- Social-distancing restrictions have constrained the sales team's ability to execute on strategic growth initiatives
- LPE has implemented sales initiatives designed to manage the business through this period including its online sales capabilities



# Growth Strategy

Locality Planning Energy (ASX:LPE)

# Market Opportunity

LPE has a substantial addressable market as strata community specialists and will expand its customer base through traditional electricity supply along with offering, water and hot water and solar-in-strata.

## Strata Communities

- Strata communities eligible for embedded networks estimated at \$940m of electricity use per annum
- Approximately 9% of Australia's population live in apartments or strata communities
- Queensland has 45,989 schemes and 473,838 residential lots
- NSW has 76,565 schemes and 819,490 residential lots
- Victoria has 101,298 schemes and 771,939 residential lots
- Strata communities are highly loyal, sticky customers with high switching costs; the ideal customer

## Traditional Electricity Supply

- Australia's total energy market is worth ~\$17 billion per annum
- ~6.3m residential customers and 656K SME customers
- Estimate the electricity usage of residential and SME customers not eligible for embedded networks ~\$1.7 billion per annum
- LPE has the opportunity to add traditional electricity supply without interrupting our core strata community focus



# LPE Growth Strategy

## Traditional electricity supply rollout to increase client base

- LPE continue to support residential customers with our LPE Mates Rate home offer one of the cheapest in the South East Queensland market together with our recently launched referral program where each customer referral earns a credit off their bill
- SME sales team to be redeployed in July if conditions permit to continue our growth in the SME sector
- The delivery of our strengthened online marketing strategy is delivering our best ever traditional electricity supply residential customer growth in conjunction with our local customer care team
- Expanding our presence in all pockets of South East Queensland with a push into Northern New South Wales

## Exclusive solar-in-strata

- Leverage the sales team's established Body Corporate networks
- The launch of the Solar Distribution Centre (SDC) in South East Queensland and New South Wales providing access to solar electricity for all residents inside strata communities which was not possible before this launch
- Over 300 proposals issued for both our SDC and standard behind the meter solar

## Further embedded network Growth to increase customer base

- Strata account managers actively targeting new developments and existing embedded networks as body corporates opt for better governance and service and lower risk through an on-market retailer

## Cross-selling of additional utilities services such as hot water

- The launch of our zero-net carbon centralised hot water plant to meet strata communities newly created appetite for lower emission of hot water plants.
- Growth in traditional LNG fuelled centralised hot water plants and billing services.

## Explore potential acquisitions of smaller or similar sized retailers to create economies of scale



**LPE<sup>®</sup>**

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