

24 February 2021

LPE Announces H1 Net Profit of \$0.2 Million

Highlights - on an underlying basis unless otherwise indicated

- Statutory net profit after tax of \$0.2 million, versus \$3.3 million loss in the first half last year
- Revenue of \$24.8 million, 28.2% higher than the first half last year
- Gross profit of \$4.8 million, 36.3% higher than the first half last year
- Gross margin improvement of 1.15% to 19.4% compared to the first half last year
- Operating costs of \$4.9 million, 2.6% lower than the first half last year
- Result demonstrates strong and consistent revenue growth, cost discipline and operating leverage

Strong first half result, full year outlook unchanged

“For the period ending 31 December 2020 the company has delivered a 28% increase in revenues while in parallel reducing operating costs by 2.6%, resulting in an outstanding gross profit uplift of over 36% compared to the previous comparable period” said Justin Pettett, LPE’s Chairman. “Performance metrics across the entire business have significantly improved over the last 12 months, and the Company is close to operating cash neutral excluding finance costs. Throughout the 2021 calendar year our focus will be on reducing finance costs as the financials of the company continues to improve.”

LPE’s CEO Mr Damien Glanville said “We are pleased with the result achieved for the first half, noting that there is still a lot of work ahead of us. The financial performance for the period shows continued strong top-line growth, while achieving expanded gross margins and a reduction in operating costs.

“To achieve these outcomes, LPE has diligently pursued a balance of investing for performance, while maintaining a steadfast focus on team productivity and preparing the business for future growth. The whole team should be immensely proud of the significant gains achieved during the half.

“LPE remains on track to achieve full-year customer growth guidance of 10,000 new customers, which was provided in early July 2020 and has not been revised. The current financial year is also expected to mark a significant milestone in the company’s evolution, as benefits of improved scale are becoming evident in our financial performance. As a founder and major shareholder of LPE, it is very satisfying to observe our improving financial profile take shape.

“LPE’s core business of embedded network electricity retailing is exceptionally resilient and durable through the economic cycle, supported by the ownership of electricity supply infrastructure and long-term contracts with our customers. This is complemented by our adjacent high-growth business segments which provide LPE with immense opportunity for sustained expansion over the long-term in the traditional electricity retail market. Our strategy is both sound and effective, and the opportunities for LPE over the long-term are considerable. We are committed to strategic execution and shareholder value creation and look forward to delivering further strides towards our vision of building a leading Queensland energy company.”

Summary Financial Result

Consolidated Profit & Loss

(AUD million)

	1H21	1H20	% chg
Sales Revenue	24.8	19.3	+28.2%
COGS	(20.0)	(15.8)	+26.4%
Gross Profit	4.8	3.5	+36.3%
Operating Costs	(4.9)	(5.0)	-2.6%
Depreciation & Amortisation	(0.3)	(0.3)	
EBIT (underlying)	(0.4)	(1.9)	
Unrealised hedging gain/loss & other	1.4	(1.3)	
Finance Costs	(0.8)	(0.2)	
Income Tax	0.0	0.0	
NPAT (statutory)	0.2	(3.3)	

KPI's

	1H21	1H20	% chg
Gross Margin	19.4%	18.2%	+1.15%
Operating Expenditure / Sales Ratio	19.8%	26.1%	-6.3%

Key Financial Performance Indicators:

- Revenue of \$24.8 million, 28.2% higher than the first half last year
- Gross profit of \$4.8 million, 36.3% higher than the first half last year
- Gross margin of 19.4% +1.15% compared to the first half last year
- Operating costs of \$4.9 million, 2.6% lower than the first half last year
- Underlying EBIT of -\$0.4 million, a significant improvement on -\$1.9 million reported in the first half last year
- Net debt at period end of \$10.1 million

Key Operating Highlights:

- Total customers at period end of 35,878, an increase of 33.9% compared to the first half last year
- Embedded Network customer retention rate of 100% during the half
- Strong sales traction in direct-market customer segment across residential & SME
- Successful efficiency program generated significant productivity gains during the period
- Continued investment in internal systems and capability to prepare for future growth

Authorised by the Board.

Contact: Daniel Seeney

Company Secretary

investors@localityenergy.com.au

ENDS