



Locality Planning Energy (ASX:LPE)

Full Year Results Presentation for the year ended for 30 June 2024

24 October 2024

**Better Energy Solutions**

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# Agenda

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1. Introduction
2. Performance Highlights
3. Operational and Financial Review
4. Strategic Outlook
5. Summary
6. Q&A

# Introduction – The Team

## Scott Taylor, Chief Executive Officer

Scott has over 30 years' experience in energy, property, and technology management, with a key focus on the development and implementation of innovative businesses that disrupt the traditional approaches to have a positive impact on people, places and profits.

Scott brings commercial experience including several overseas roles in the UK and US, and has a proven track record of leading start-ups through the scale-up phase in new and emerging markets.

As Lendlease's Managing Director of Living Utilities, Scott led the implementation of Barangaroo South's Green Utilities, contributing to place outcomes such as carbon neutrality, water positive and 6-star NABERs, as well as Australia's first Open Embedded Network.

From 2009 to 2013 Scott was a senior executive with Infigen Energy, where he established Infigen's business in the US and then managed the growth of Infigen's Australian business from 3 to 6 windfarms.

A graduate of the Australian Defence Force Academy and the Royal Military College (RMC) Duntroon, with ten years' experience as a commissioned officer within the Australian Army and Defence Force.

## Michelle Alexander, Chief Financial Officer

Michelle has over 20 years' experience in accounting and financial management across the banking, hospitality, and energy sectors.

Michelle has held a diverse range of roles with the following organisations:

- Oaks Hotels & Resorts
- Qantas Credit Union
- Australian Defence Credit Union
- Queensland Teachers Credit Union; and
- A private accounting firm.

As an experienced finance professional, Michelle joined LPE in March 2019 and is passionate about lifelong learning and is committed to optimising financial operations and driving sustainable long-term growth.

Michelle was promoted to the CFO role in January 2024.

A graduate of Queensland University of Technology and a Certified Practising Accountant (CPA) since 2002.

# Introduction – LPE Yesterday

Locality Planning Energy Holdings Limited (LPE) was founded in 2012 seeking to leverage the embedded network business through investments in technology, projects and retailing as follows:

- Australian Energy Regulator authorized in November 2014 and signed its first customer in December 2014.
- LPE listed on the Australian Stock Exchange (ASX) in January 2016 as a Queensland based energy retailer.
- 20 September 2016 LPE deployed Australia's first commercial electric vehicle (EV) charging station with Brisbane-based Tritium's fast charge capabilities at the Noosa Blue Resort in Noosa Heads as a steppingstone for a five site EV charging network.
- In late 2018, LPE commenced retailing to the Direct Market Customers.
- 25 May 2021 - LPE developed and commercialised, "Shared Solar".
- February 2022 LPE invests \$5m in renewable generation BioHub project located in Bundaberg, Queensland.
- In May 2022, LPE exited the retail / direct customer market due to adverse wholesale pricing, leading to a financial net loss of \$12m in FY 2023.
- Lessons have been learned, including the need to restore a focus on the customers, the basics of service delivery, strengthening our commercial and market knowledge to improve our margins and growing our business.
- In February 2024 there was a Board restructure leading to a reset of the leadership, business strategy and investment mandate for LPE.

**LPE is now singularly focussed on being an Embedded Network Manager.**

# Introduction – LPE Today

At LPE, we are passionate about finding better ways to empower our customers and community's lifestyles.

Proudly Australian, LPE is based on the Sunshine Coast, servicing customers, communities, townhouses, apartments and new developments throughout Queensland and New South Wales.

**With a renewed focus on our core business as an Embedded Network Manager**, LPE is a services company that provides local solutions to over 371 communities and 25,582 customers.

With 32,200 contracted service points, LPE provides electricity, hot water, solar and battery systems, creating shareholder value through long term supply agreements that provide strong recurring revenue.

We have a diverse number of sites and a business platform that allows us to add new products and leverage digital opportunities.

We continue to work with customers, communities and partners to find new ways and solutions to take us into the future.

We thank our People for the way they have embraced LPE’s new strategy, direction and values.

## LPE’s new Purpose, Vision and Values

**Purpose** “Working with customers to deliver better local solutions”

**Vision** “Be the provider of choice to deliver better local solutions”

## Our Values

**Integrity**

- Do the right thing
- Deliver on our commitments
- Build trust
- Demonstrate mutual respect

**Teamwork**

- Are one-team
- Maintain open communication
- Have an open mindset
- Seek opportunities to collaborate

**Service**

- Provide the best customer experience
- Have empathy
- Ask ‘*what else can I do*’
- Are outcomes-focused

**Performance**

- Strive for better practice
- Hold ourselves and each other accountable
- Deliver results with positive outcomes
- Embrace change

**Growth**

- Challenge constructively
- Encourage
- Are curious
- Are always learning






# Performance Highlights – FY2024 Challenges

The last 12 months and Financial Year for FY2024 was full of challenges:

- In FY2023 LPE booked a net loss of \$12m.
- Changes in leadership with the Board and Executive.
- Low share price (\$0.03) impacted LPE’s reputation in the financial markets.
- Takeover bid defended as the bid undervalued LPE .
- Concerns about LPE’s future affected sales and growth.



Due to higher wholesale electricity costs re-contracted during the height of the electricity market crisis and associated bad debt write offs, exit payments to Blackrock, and restructuring costs, LPE booked a net loss of \$12.0m for FY23

Locality Planning Energy Holdings Limited 2023 A

Street Talk

### Chapman fields calls for in-play Queensland electricity provider LPE

Sarah Thompson, Kanika Sood and Emma Rapaport

May 19, 2024 – 4.02pm

Listen to this article  
2 min

It's all hands on deck for bombed out ASX-listed electricity provider Locality Planning Energy.

The Sunshine Coast-based business copped an unsolicited takeover bid from private equity group River Capital in April [https://www.afr.com/markets/equity-markets/lpe-in-river-capital-s-cross-hairs-after-ceo-sacking-20240416-p5fk78] just one day after it ousted chief executive, Damien Glanville, for selling shares to the suitor without the board's permission.

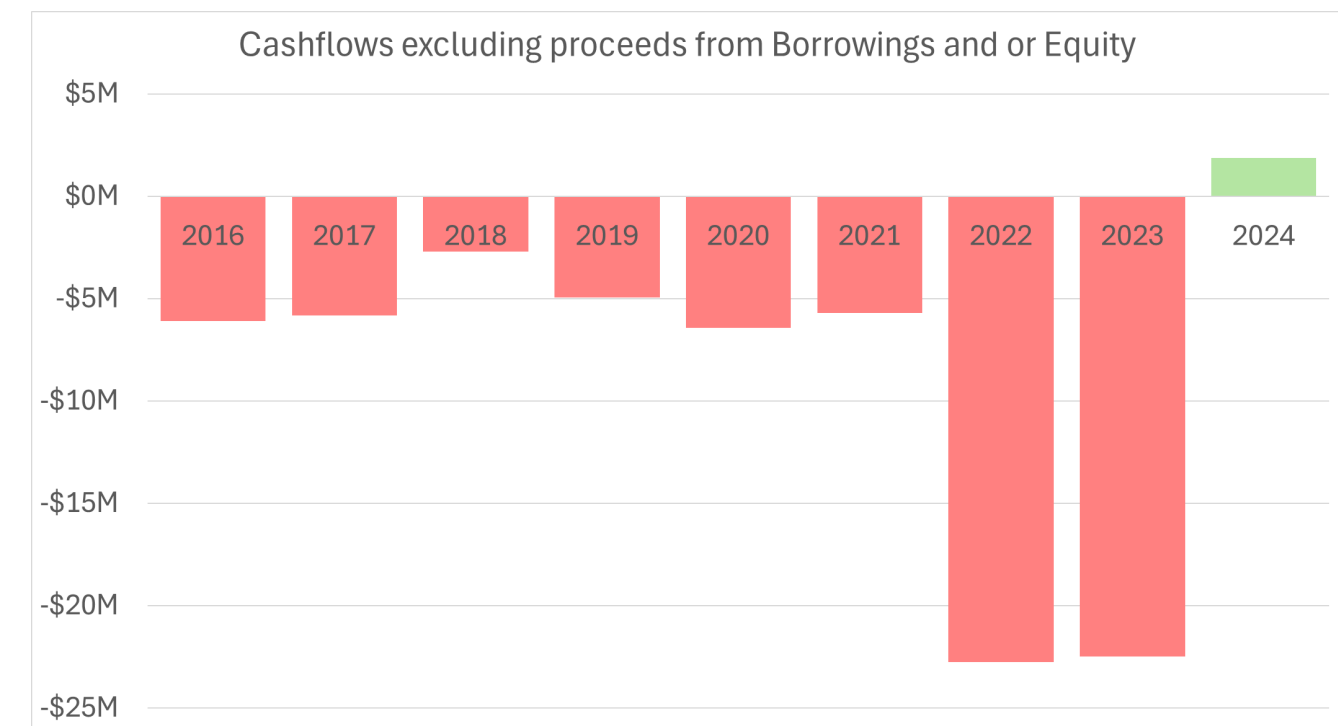
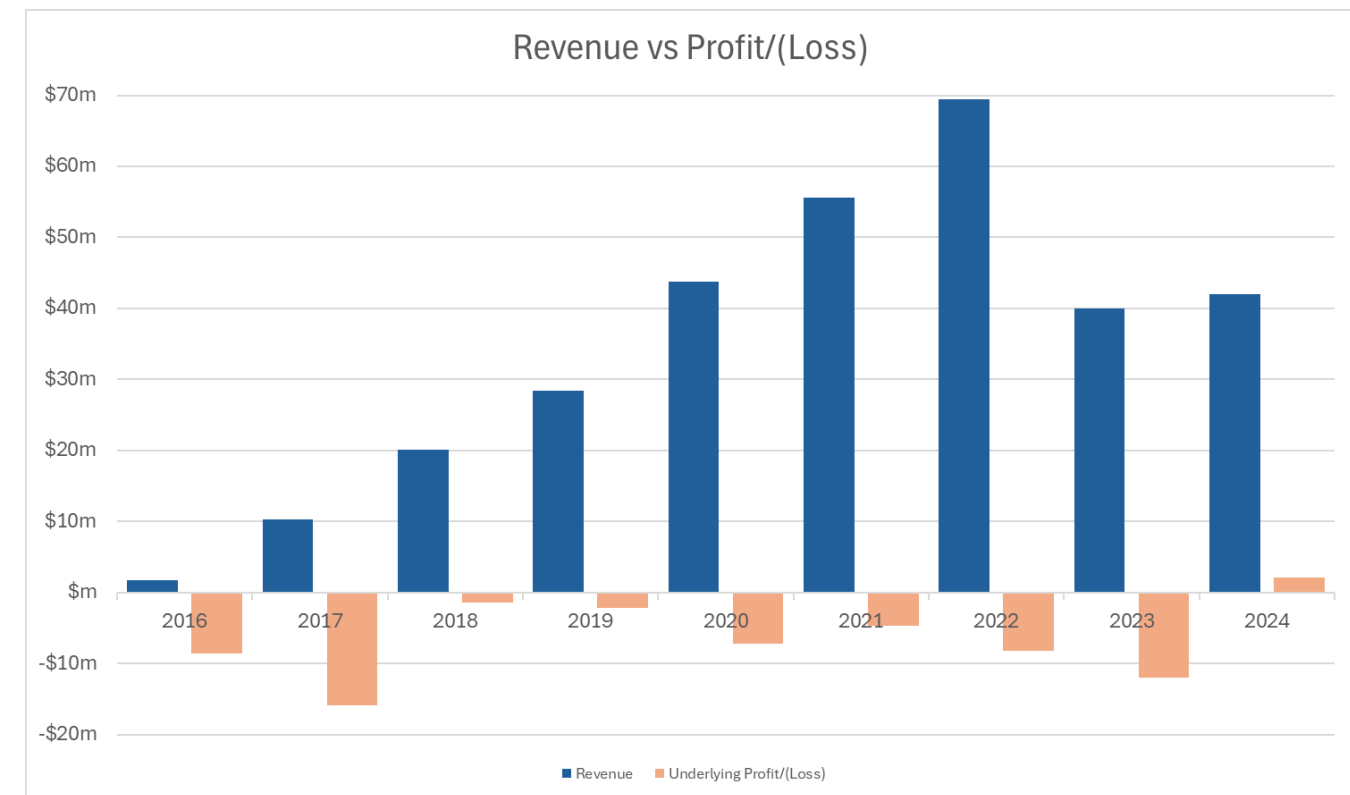
Now, Street Talk can reveal LPE has tapped Chapman Capital Partners and Kinross Wood Mallesons to mount a defence.



# Performance Highlights

## FY2024 Performance Highlights

- Revenue of \$42 million is up 5.1%.
- Increase Net Tangible Assets (NTA) by 27%.
- Reduced our Debt to Total Asset ratio to 17% from 36%.
- Net Profit After Tax (NPAT) is up 117% to \$2m.
- This reflects a \$14m turnaround from FY2023.
- First underlying profit in LPE's ASX history.
- FY2024 is the first year LPE has not relied upon additional capital or additional borrowings to increase the cash position which has strengthened from \$1.5m to \$3.5m
- Share price high was \$0.13 on 23 May 2024.
- Board approved new FY2025 Business Strategy and Plan.



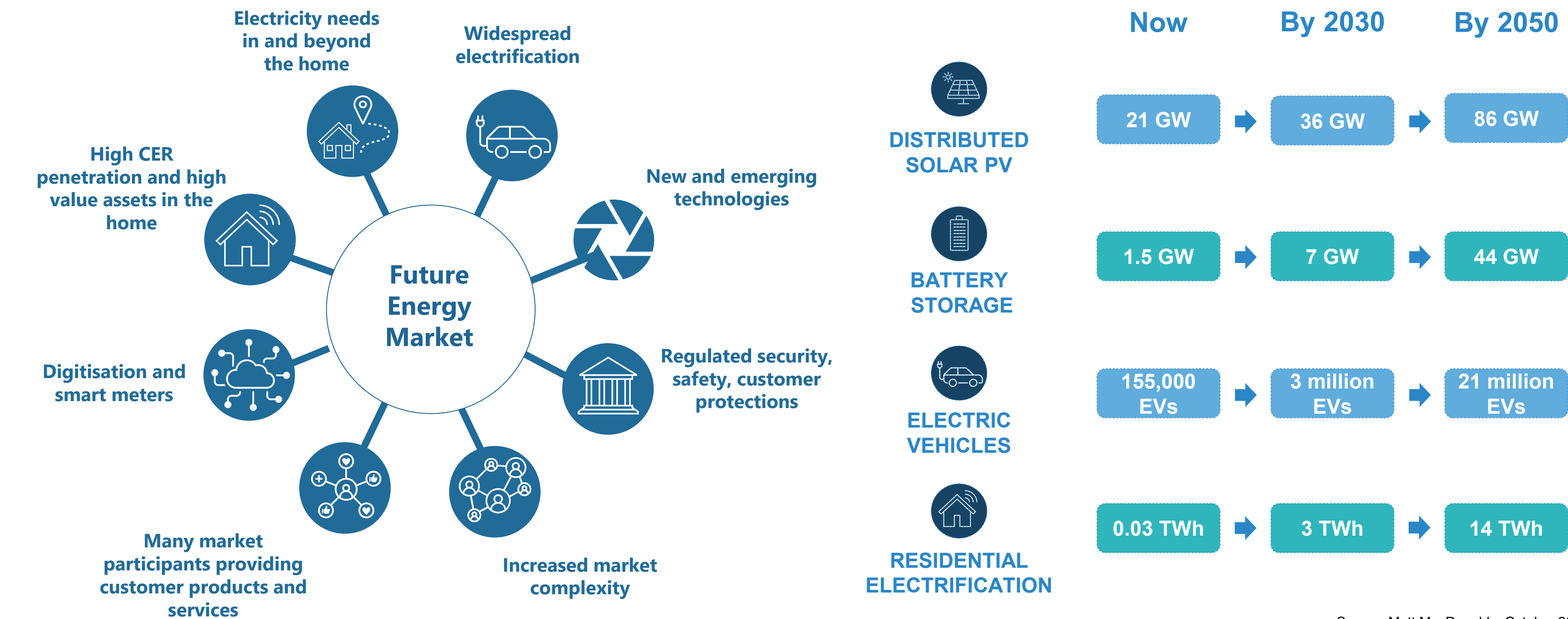


# Operational and Financial Review

- Our People are energised with a fresh focus on our customers, improving performance and growing LPE.
- Our focused strategy and business plan has successfully delivered a profit of \$2 million with notable improvement over the second half of the year.
- This includes expensing extraordinary items for defending the takeover bid. The FY2024 impact has been \$190k.
- Net profit after tax was up 117% to \$2m.
- Due to previous accumulated losses, no tax has been paid for the same period.
- It is particularly pleasing to report that gross profit improved significantly to be the first underlying net profit in LPE's history as a listed entity (2016).
- FY2024 is the first year LPE has not relied upon additional capital or additional borrowings to increase the cash position which has strengthened from \$1.5m to \$3.5m.
- Despite operating in an inflationary environment, operating costs remained stable coupled with the benefit of the debt reduction resulting in materially less finance costs.
- There is a significant improvement of Net Tangible Assets per share of 28% to 5.6c per share from 4.4c per share.
- Further LPE received interest payment of \$461k from the BioHub loan over the last six months of FY2024 in line with our agreement. Interest on cash investments earned \$126k during the year.
- The debt ratio to total assets has reduced to 17% from 36% over the 12-month period.
- The balance sheet continues to be strengthened as we remain focused on reducing legacy debt and resetting the business foundations to prepare for further growth.
- The company looks forward to maintaining positive momentum and financial discipline.

# Strategic Outlook – the Future Energy Market

The future market will be more dynamic, complex and customer-focused.



Source: Mott MacDonald – October 2024

# Strategic Outlook – Benefits of an Embedded Network

## What is an Embedded Network?

Embedded Networks (EN) are private electricity networks that serve multiple premises, such as in apartment blocks, caravan parks and shopping centres.

In an EN the electrical wiring is configured in such a way to allow the owner of the site to appoint an EN manager (e.g. LPE) to sell energy to all the tenants and residents based there (via individual metering).

The site with an EN usually buys energy from an energy retailer and then ‘on-sells’ the energy to the different consumers at the site. In some situations, the energy sold by the EN may include energy (e.g. Solar) generated on site.

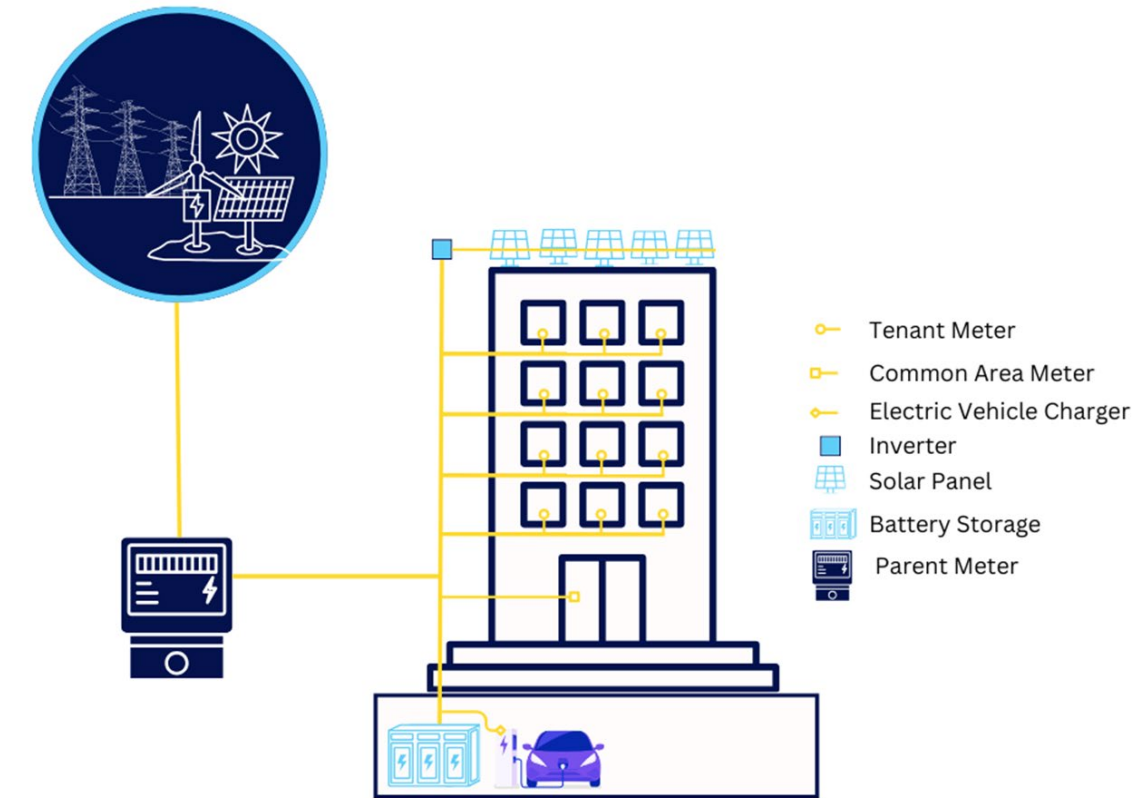
## How does it Work?

A parent meter is installed between the incoming supply and the main switchboard (MSB) to record the total electricity supply to the building.

Individual sub-meters, or child meters, are then installed for every tenant enabling the accurate sale of electricity to each account holder.

LPE as the EN Manager facilitates the supply and installation of the Parent Meter on behalf of the building owner.

LPE then sources the most competitive large market electricity supply arrangement to enable every tenant to receive the most competitive electricity rates compared to traditional small market energy supply.



## Benefits of a Typical Embedded Network

- ✓ Reduced electricity prices for owners and tenants
- ✓ Fully funded metering solutions
- ✓ Greater control of site electrical infrastructure including tenant metering
- ✓ Better energy monitoring and management
- ✓ Billing utility services and debt control
- ✓ Building owners have greater control of tenant electricity supply
- ✓ Building owners have the ability to easily monitor tenant electricity usage

# Strategic Outlook – Our Customers and Communities

There continues to be a growing market and opportunity for Embedded Networks



**\$17.7bn**

traded in FY23-24, suppling 9 million customers, with Queensland consuming 25% of the NEM or \$4.4bn<sup>1</sup>



**500,000**

The AEMC estimates 500,000 consumers purchase energy through ENs<sup>2</sup>, with 3,028 (40%) of the 7,535 AER network exemptions in Qld



**QLD**

Queensland has over 54,000 schemes, 500,000 lot owners and around 14% of Queenslanders now live in strata<sup>3</sup>



**Growth**

By 2046 the SEQ population is expected to be 6 million. That’s an additional 2.2m people needing 900,000 new homes<sup>4</sup> or circa 20,000 new apartment buildings<sup>4</sup>

1. Australian Energy Regulator's State of the Energy Market 2023 report with Qld consuming 25% sourced from energy.gov.au  
2. Australian Energy Regulator's State of the Energy Market 2023 report - The Australian Energy Market Commission (AEMC) cited stakeholder estimates (page 220). As of August 2023, over 3,700 unique businesses were registered in the AER's public register of exemptions to on-sell energy within an embedded network  
3. Strata Communities Association Queensland, 2022 Strata Insights Report- The Queensland Perspective  
4. ShapingSEQ 2023 (15 December 2023) is the Queensland Government's long-term vision for added growth in our changing South East Queensland region. 24% of stock is currently multi-dwelling .Source: ECA analysis of Census of Population and Housing: Housing data summary, 2021

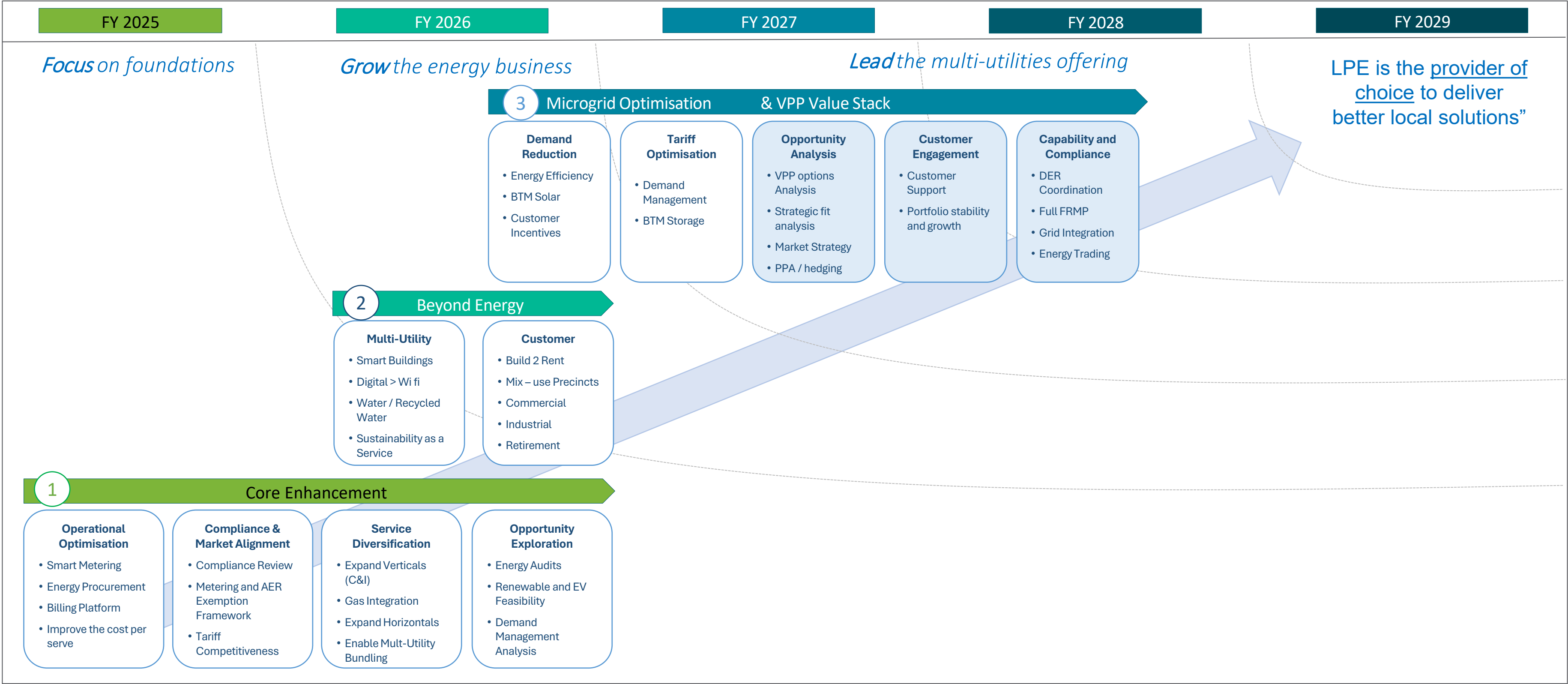


# Strategic Outlook – Towards 2030

- In FY2025, the Board expects continued growth from our core embedded network business.
  - We will continue to implement a simpler, more efficient LPE that we believe is better positioned to capitalise on growing trends in our market.
  - Our Customer Value Proposition continues to evolve as we work with partners, communities and customers to find new ways and solutions to take us into the future.
  - As the population grows and urbanisation increases with our communities pursuing efficient and affordable energy solutions, we continue to position ourselves for success.
  - The next period will have challenges to solve, however it also gives us new opportunities to work with our customers to become an industry leader and provider of choice.
- With a focus on improving outcomes for all stakeholders, LPE has adopted a five-year strategy with the following three horizons:
    1. **Core Enhancement** - Focus on the foundations by of improving customer satisfaction and retention, growing the business through acquiring new sites scale LPE to reduce the cost per serve and increase margins.
    2. **Grow revenues** by extending beyond energy to look at additional services, working with Customers to solve new and emerging problems such as improving our value proposition for Social and Affordable Housing.
    3. **Become an industry leader** through buying energy better, providing better value-added products and looking at the role of batteries, micro-grids and virtual power plants.



# Strategic Outlook – Towards 2030



# Strategic Outlook – FY2025 Priorities

- We acknowledge the importance of our People to the future of LPE, and will continue to invest in our team, culture and requisite capabilities as a key enabler to deliver on our strategy and business performance
- LPE funded all capital growth works in FY24 through working capital and will continue this into FY25.
- The Board's priorities for FY25 continues to be:
  - Developing a capital management strategy to enable growth beyond FY2025
  - Share Buyback - Amounts and timing will be dependent on market conditions, including LPE's share price. At this stage the proposed Buyback will be funded by cashflow and cash reserves.
  - Bundaberg BioHub – LPE has agreed to extend the repayment date for the full loan repayment to 30 March 2025.
  - On 16 July 2024, LPE lodged a Statement of Claim with the Supreme Court of NSW against the Body Corporate for Harbour Towers Strata Plan 77177 for disputed costs. LPE will pursue this matter actively through 2025.
- Our People continue to focus on:
  - improving our customer experience and the basics of service delivery
  - strengthening our knowledge to improve margins and revenue per network; and
  - improving sales through an investment in the team, our products and better solutions.

# Summary – Tomorrow

- 2024 was a pivotal year, LPE focused on business fundamentals, revitalised the Board, and appointed a new experienced CEO.
- Reflecting on the historical performance and the sentiment of investors and customers, it became apparent that LPE was focusing on too many competing priorities and lost focus
- This made LPE vulnerable to an acquisition due to perceived underperformance reflected in the share price.
- **Lessons have been learned.**
- The Board and our team have worked hard to deliver the FY2024 results, simplifying the business and achieving its first profitable year without any new capital since 2016.
- The FY2025 priorities are to focus on the core business of better energy solutions for strata communities and strengthen our service delivery process to improve the customer experience.
- We are focused on our sales and growing our pipeline, working with customers to develop better solutions that meet the needs of our current and future communities.



- Purpose** “Working with customers to deliver better local solutions”
- Vision** “Be the provider of choice to deliver better local solutions”
- Our Values**

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**LPE<sup>®</sup>**



**Thank you**