



Locality Planning Energy (ASX:LPE)

Preliminary Unaudited Full Year Results
2021 Financial Year

**Creating Sustainable Communities of the
Future through a High Growth, Recurring
Revenue Business Model**



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FY2021 HIGHLIGHTS



\$55m

RECURRING
REVENUE

LPE achieved record annual revenues of \$55m for the 2021 Financial Year.

+27%

REVENUE
GROWTH

An increase of 27% from 2020 Financial Year of \$44m, with strong growth forecast.

+8%

OPERATING
COSTS

A modest increase of 8% from \$11m in FY20 to \$11.8m in FY21, representing a small increment considering the strong revenue growth achieved.

+163%

GROSS
PROFIT*

An increase to \$14.9m for FY21, from \$5.7m in gross profit for the 2020 Financial Year.

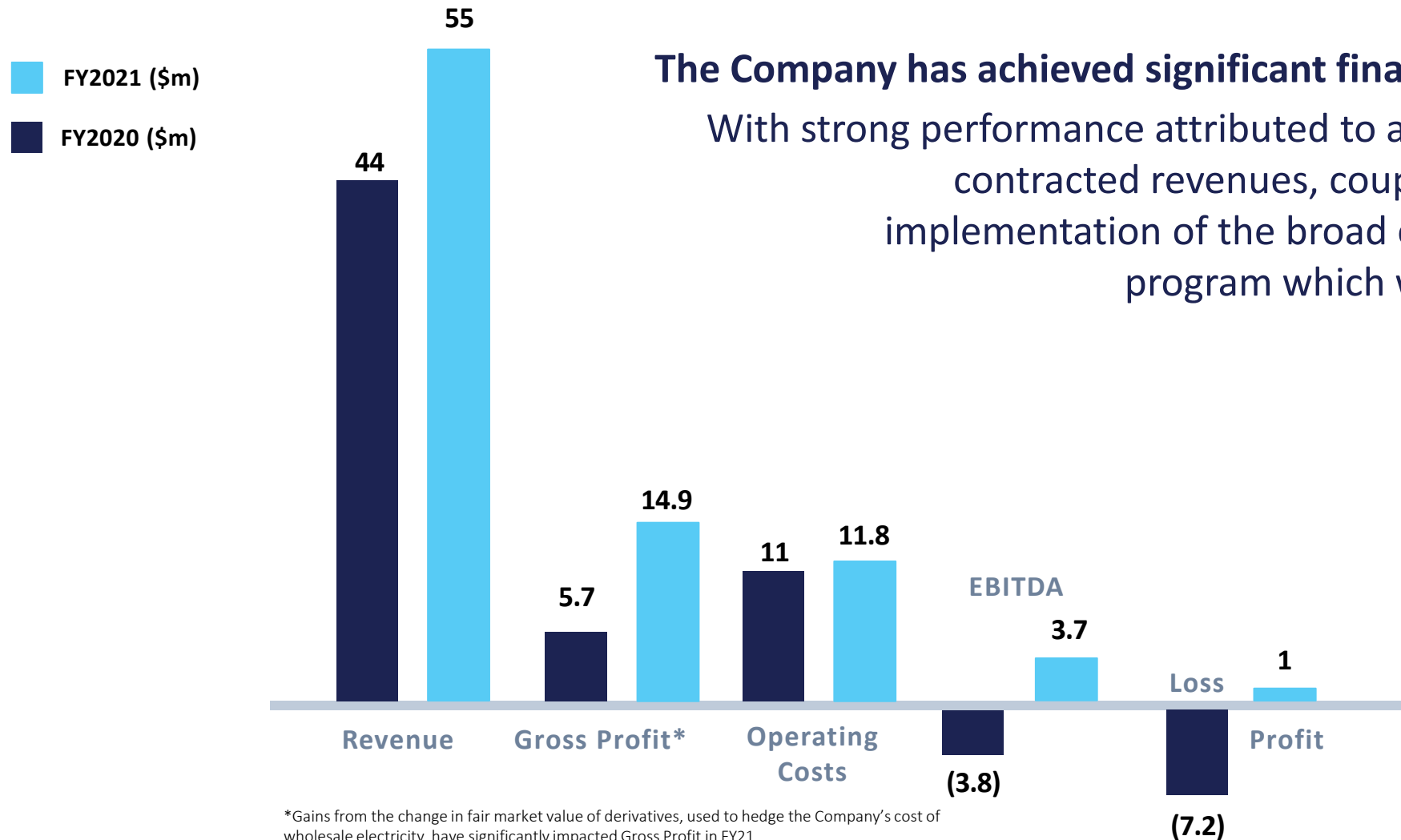
+217%

INCREASE IN
EBITDA

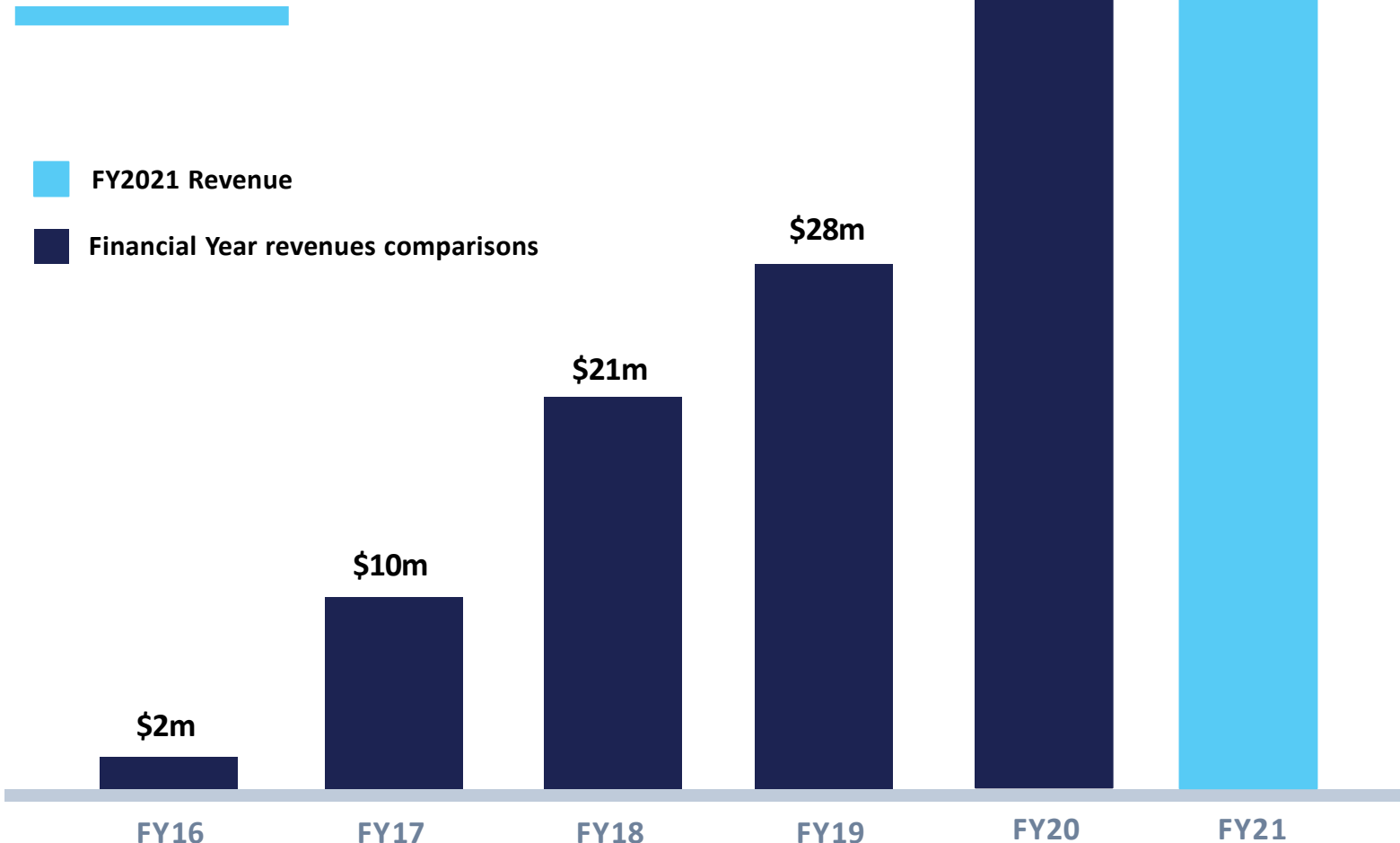
EBITDA increased by 217% from (\$3.8m) in FY20 to \$3.7m in FY21.

*Gains from the change in fair market value of derivatives, used to hedge the Company's cost of wholesale electricity, have significantly impacted Gross Profit in FY21.

FY2021 VS FY2020



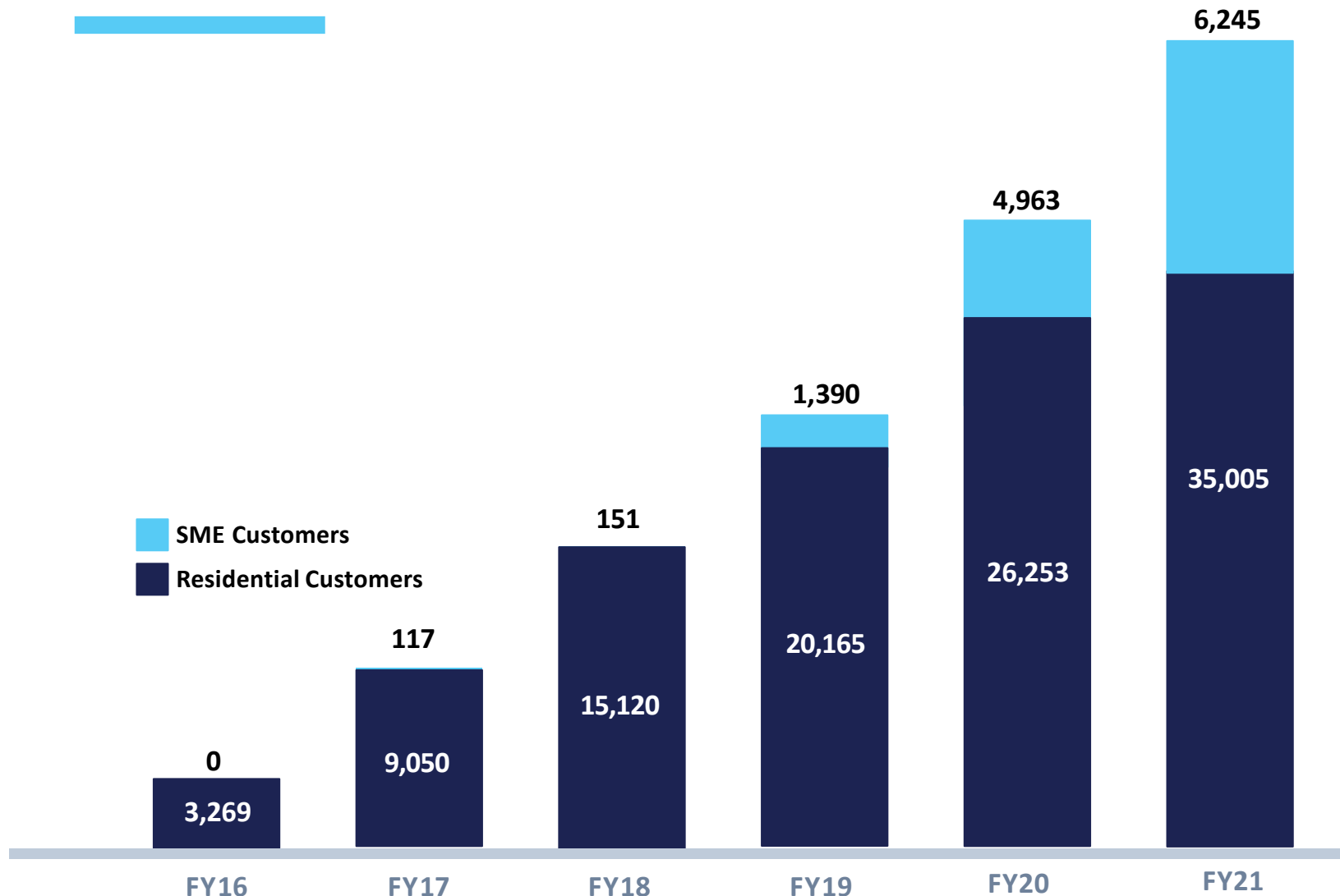
TRACK RECORD OF GROWTH



“During the 2021 Financial Year, LPE has continued to achieve strong growth with a 27% increase in revenue, and the Company is now positioned for further growth with the uptake of our exclusive shared solar for apartment living.”

Justin Pettett
Non-Executive Chairman

STRONG CUSTOMER GROWTH



10,000 Additional Customers Achieved

During the 2021 calendar year, representing healthy growth of

~30% Growth

From the previous year.

In South-East Queensland, LPE expects to continue to expand its market leading position in residential embedded-networks, whilst delivering continual growth in retail electricity sales to residential and business customers.

ABOUT US



LPE is a **fast-growing electricity provider** challenging the way customers receive their electricity; going beyond being just a traditional supplier, the Company is a leader in innovation supporting strata communities to think of tomorrow.



With **first to market technology**, LPE has delivered **shared solar for apartment living and carbon neutral centralised hot water systems**, creating shareholder value through long term supply agreements that provide strong recurring revenue.



LPE service the Queensland and New South Wales energy market, **selling electricity, hot water, solar and battery systems** to homes, business and strata communities.



We provide strata communities the solution to reduce their carbon footprint and energy bills with no upfront cost, and **empower people to save money and create sustainable communities of the future**.

MARKET SHARE



LPE is one of the largest electricity retailers in Queensland on the Energex network:

Origin: 28%

AGL: 18.3%

Alinta Energy: 9.8%

Energy Australia: 5.2%

Red Energy: 2.3%

Locality Planning Energy: 1.2%

Simply Energy: 0.7%

Powershop: 0.6%

Dodo: 0.5%

Powerdirect: 0.4%

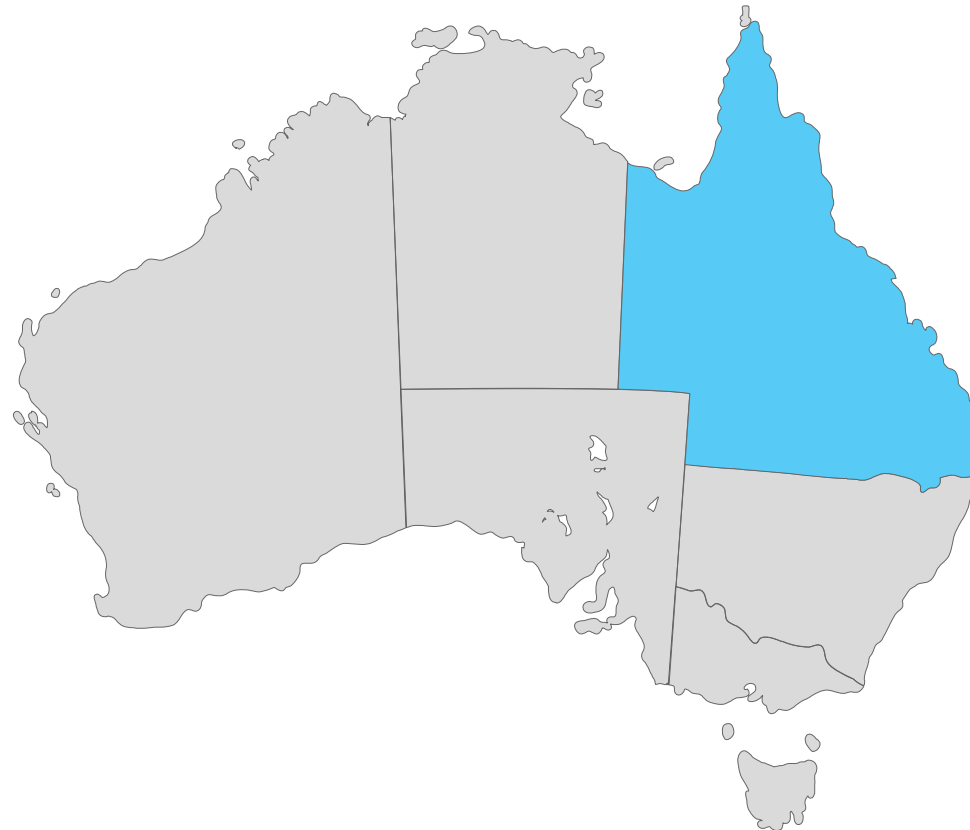
ReAmped Energy: 0.4%

1st Energy: 0.2%

Diamond Energy: 0.2%

Energy Locals: 0.1%

QEnergy: 0.1%



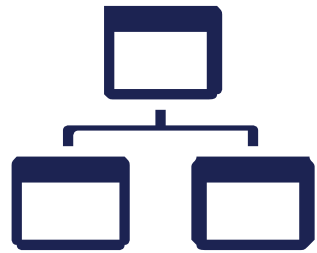
LPE = 6th Largest Electricity Market Share in SE Queensland with much more upside and growth available

The above figures have been sourced from the Australian Energy Regulator (AER) Retail Energy Market Performance Update for Quarter 2, 2020-21.
<https://www.canstarblue.com.au/electricity/biggest-energy-companies-qld/>

A SIGNIFICANT MARKET OPPORTUNITY



**Strata communities are highly loyal and sticky;
the ideal customer**



\$940m

Strata communities eligible for embedded networks use an estimated \$940m of electricity per annum



10%

Australia's population that live in apartments or strata communities



**Queensland
& NSW**

Queensland has over 45,000 schemes and 431,000 residential lots and NSW has over 83,000 schemes and 961,000 residential lots



\$13b

Australia's total energy market is worth ~\$13 billion per annum with ~8m residential customers and 1m SME customers

Source: Census of Population and Housing: Reflecting Australia - Stories from the Census
<https://www.lookupstrata.com.au/strata-information/state/nsw/>
<https://mybodycorpreport.com.au/how-many-strata-schemes-queensland/>
<https://aemo.com.au/-/media/files/electricity/nem/national-electricity-market-fact-sheet.pdf>

FY2022 GROWTH STRATEGY



Exclusive shared solar-in-strata

- Commitment for 300 shared solar systems in FY2022 and growing, with several hundred opportunities already in the pipeline.
- Shared solar overcomes apartment living's greatest barriers to solar electricity; who is allowed access to the shared roof and responsibility for upfront capital investment.



Centralised Hot Water Solutions

- LPE's carbon neutral centralised hot water plant utilising solar electricity and electric water heaters aligns with strata communities appetite for lower emissions targets.
- Growth in traditional LNG fuelled centralised hot water systems.



Embedded network growth to increase customer base

- Strata sales team actively targeting existing embedded networks looking to join LPE.
- New build growth primarily in micro embedded networks of 15 lots or less, another section of the strata market that has been overlooked and currently being targeted by LPE.

GROWTH STRATEGY



Traditional electricity supply rollout to increase customer base

- Direct campaign to capture 6,000 customers per year moving out of an embedded network.
- Business sales team to continue to drive strategic growth (in the current environment) in SME sector.
- Expanding presence in all pockets of Queensland with a push into Northern New South Wales.



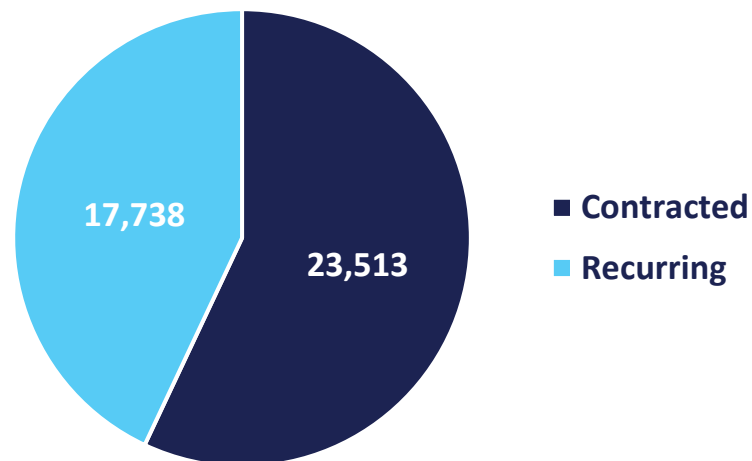
Residential solar and batteries

- Drive the sale, supply and installation of solar electricity and/or battery solutions to residential and business customers.
- Leverage off existing customer base / cross sell opportunities.

INVESTOR OPPORTUNITY



Based on recent M&A activity, LPE is currently trading at a 32% discount to existing customer value



LPE enterprise value (EV)*	\$23m
Contracted customers value**	\$24m
Recurring customer value***	\$9m
Total customer value	\$33m
Difference to EV	\$10m
EV Discount to Customer Value	32%
Indicative LPE share price at customer value	~\$0.40

*LPE Enterprise Value (EV)

- This is the value of the LPE market cap, plus net debt.

**Contracted

- Based on recent M&A activity for embedded network, or long-term contracted customers, have traded from \$800 for a distressed business, to \$1,650 for strong mature business. Based on these historical transactions LPE management believe \$1,000 is a fair and conservative value to use.

***Recurring

- In August 2020 Amaysim (AYS) sold to AGL for \$535 per customer. LPE management believe LPE's retention and branding is superior, but view using the same valuation as fair and conservative.

INVESTMENT OPPORTUNITY

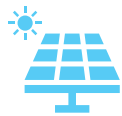


41,250
CUSTOMERS

Recurring revenue business model with over 41,000 customers, and the majority in long term contracts with a current growth rate of over 30% per annum.

60%
RECURRING
REVENUE

Defensive core embedded network business with approximately 60% of total recurring revenues contracted and 100% customer retention attained to date when contracts end.



SHARED SOLAR

Shared solar overcomes all barriers for strata communities in the adoption of solar electricity generation and meets their objectives of becoming more sustainable as they drive to reducing their carbon emissions.



MULTIPLE
PRODUCTS

Multiple products and solutions for strata communities, nimble and innovative, leading the way as the preferred utility service provider with the opportunity to cross sell electricity, solar and battery, water and hot water to existing customers.



CARBON FREE

LPE is enabling strata communities to become carbon free through innovation, easy to adopt solutions, that don't require owners to administer.

\$940M
ELECTRICITY
PER ANNUM

A significant market opportunity with strata communities eligible for embedded networks using an estimated \$940m of electricity per annum, and approximately 9% of Australia's population living in apartments or strata communities.

CORPORATE SNAPSHOT



- **LPE achieved its customer guidance adding over 10,000 customers during FY21 taking LPE's total customers to 41,250.**
- Significant financial gains during FY21 have been achieved as compared to the previous corresponding period.
- The Company is at an inflection point of operational leverage to deliver strong financial performance as it rolls out its unique shared solar product allowing strata communities to benefit from solar energy.

Key Metrics

ASX CODE:	LPE
Share Price (14/7/21)	\$0.20
Shares on Issue (m)	62.8
Market Capitalisation (m)	\$11.3
Net Debt (m)	\$(10.0)
Enterprise Value (m)	\$23
52 Week High/ Low	\$0.38/ \$0.155

Major Shareholders

Holder	Shares	% of SOI
Damien Glanville (MD and CEO)	8,000,000	12.7
Lumber Co Pty Ltd	7,978,995	12.6
Justin Pettett (Chairman)	7,295,000	11.6
EGP Capital	4,750,000	7.5
Fernsha Limited	3,800,000	6.0
Top 20	31,823,995	50.4

Shareholder Breakdown



Tight capital structure with highly incentivised management owning 24% of the shares on issue



EMBEDDED NETWORKS

- Embedded networks aggregate electricity for a community via one market facing meter, the parent meter, thereby reduces network costs by connecting multiple apartments to the National Electricity Market.
- Electricity is supplied to individual apartments via their meter, with each apartment only paying for their own electricity usage.
- Reduced network charges through one parent meter to many meters provides occupiers lower electricity bills compared to the reference price.
- LPE is one of the largest residential embedded network operators in Southeast Queensland.

SHARED SOLAR

- LPE's Shared Solar over comes all barriers including no capital cost to the community with instant savings, and long-term 15 year supply contracts.
- Occupiers are sold the solar electricity at a c/kWh rate lower than their traditional grid supplied electricity, creating greater savings.
- Solar electricity is optimised through the exclusive* and proprietary solar diverter designed and built in Australia by Allume Energy.
- Facilitates efficient distribution of solar electricity in real time with excess solar electricity used in water heating and/or charging batteries, maximising the solar electricity generated.

*LPE has an exclusivity agreement in place with Allume Energy to supply and distribute their SolShare diverter throughout Queensland and New South Wales



SHARED SOLAR

- The solar electricity charge covers capital costs and increases LPE's customer margin.
- Target gross profit (GP) of over 20% separate to capital recovery while at the same time saving the customer on their electricity costs.
- For an apartment, increases the customer GP to over \$250 (~22% GP) after capital recovery compared to LPE's grid only margin of \$150 (~16% GP)*.
- Shared solar makes an LPE customer more profitable and builds brand awareness through delivering sustainable energy solutions to the fastest growing home segment in the market.

*LPE has multiple customer types. These numbers are not typical but shown as an example only. Based on a customer using 3600kWh per annum





CENTRALISED HOT WATER

- LPE installs, maintains and owns the hot water plants entering into long-term 10-year supply agreements.
- LPE are at the forefront of sustainable water heating solutions using solar electricity to heat electric element water heaters providing communities with carbon neutral hot water, meeting their needs of reducing their carbon emissions.

RETAIL ELECTRICITY

- The LPE team is passionate about sharing their expert knowledge to help customers understand their electricity usage and charges
 - No Lock-in Contracts
 - Flexible Payment Options
 - Simple plans
- Differentiation is based on a commitment to local people, service and honest pricing.

LPE supplies thousands of residential and business customers with their day-to-day electricity needs.



BOARD OF DIRECTORS



Justin Pettett – Non-Executive Chairman

- Co-founder of LPE with over 21 years of ASX company experience having founded and helped companies from start-up to take-over/acquisition/public-listing stage.
- Proven track record in identifying and maximising business opportunities in the energy sector having led teams to deliver successful results, working closely with key stakeholders, investors and industry partners.
- Ethos to support the transition from fossil fuels to a dependable, renewable form of energy source for future generations to come.



Damien Glanville – Managing Director & CEO

- Co-founder of LPE with over 18 years' experience in senior management, logistics, and Executive Director roles and engineered the business case for the deployment of the Sunshine Coast 16MW Solar Farm.
- Architect of the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation.
- Listed responsible person for the management components of the Australian Energy Regulator Authorisation to retail electricity.



Melissa Farrell – Executive Director & CFO

- 20 years' experience working in accounting and finance, five of which have been in senior executive roles.
- Worked in various sectors including banking and mining, both in Australia and overseas for publicly listed companies.
- Highly skilled in the area of financial control, reporting and risk management.



Barnaby Egerton-Warburton – Non-Executive Director

- Over 25 years of trading, investment banking, international investment and market experience with positions at JP Morgan, BNP Equities and Prudential Securities.
- Experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, technology and the resource sectors.
- Degree in economics, and a graduate of the Australian Institute of Company Directors.

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