



FOCUS YOUR ENERGY

**LGI LIMITED**

ABN 49 138 085 551

# People engineering a clean energy, zero carbon future

1H FY24 Results Presentation  
22 February 2024

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# Presenting Today



**ADAM BLOOMER**

**Managing Director**

Founded LGI in 2009, with decades of experience developing projects in the waste, landfill and renewable energy sectors.



**DR. JESSICA NORTH**

**Executive Director and  
Chief Executive Officer**

Over 20 years' of experience in the waste industry, in particular carbon abatement and biogas management from landfills.



**JARRYD DORAN**

**Chief Operating Officer and  
Chief Executive Officer elect**

Over 15 years of engineering and multi-stakeholder project management experience in the local Government, waste and renewable energy industry.



**DEAN WILKINSON**

**Chief Financial Officer**

CFO with over 20 years' of experience across energy generation, distribution, retail and trading, both in listed and large private companies.



# Contents

- 1 Business highlights
- 2 Financial performance
- 3 Operational performance
- 4 Bunya Battery Project
- 5 Strategy, Growth and outlook

Appendix Reconciliation to statutory results



# Business Highlights



# LGI's Geographic Footprint

One of Australia's leading vertically integrated landfill gas companies

Number of sites under contract<sup>1</sup>

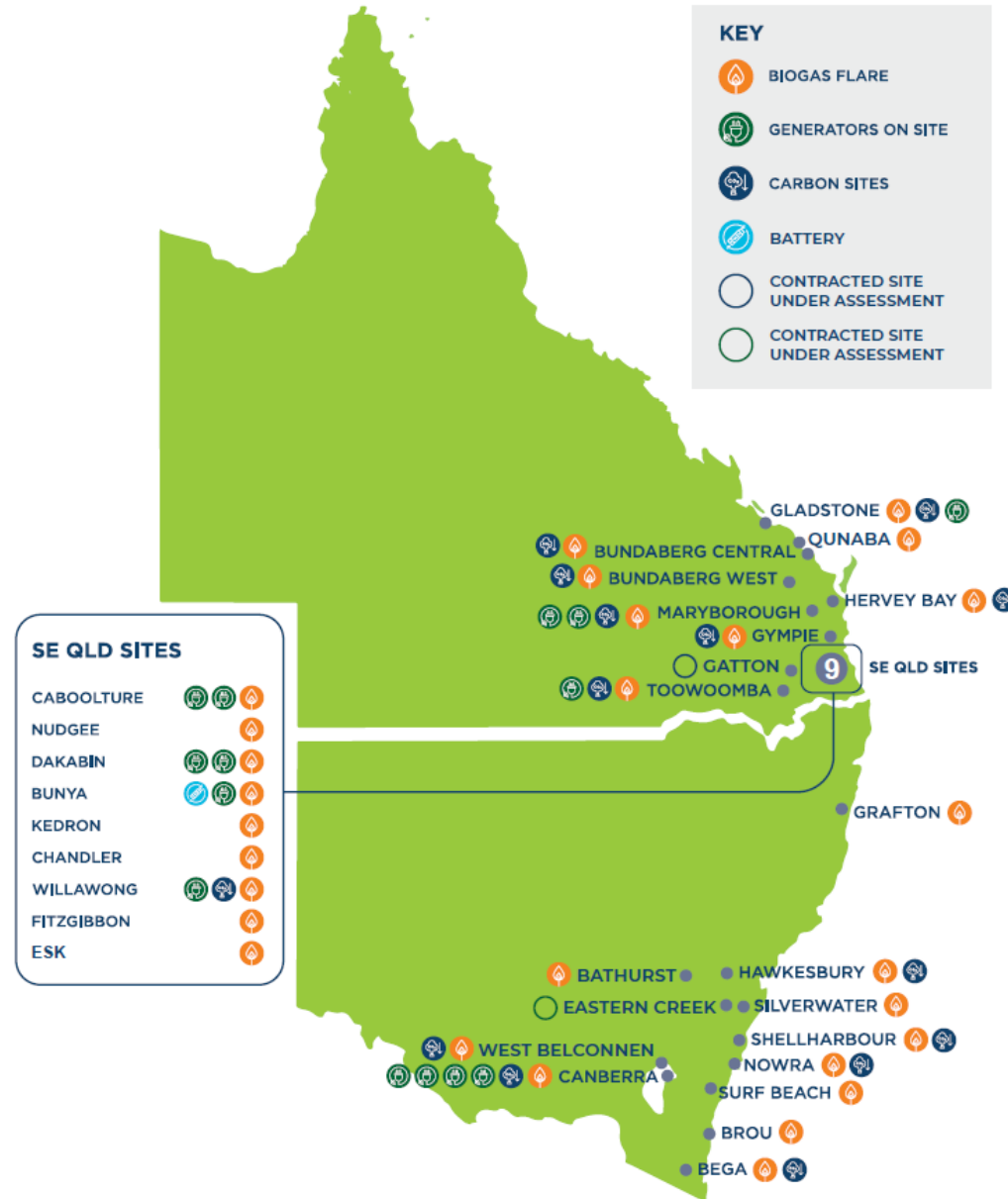
30

up 7.1% in the last 6 months

New contracted sites:

Sydney (BINGO)  
Gatton (QLD)

<sup>1</sup> as at 22 February 24



# 1H FY24 Results Highlights

Six months ended 31 December 2023



## Financial results compared to previous corresponding period (“pcp”)

Revenue<sup>1</sup>

**\$15.9m**

Down 3%

Gross Margin<sup>1</sup>

**\$11.5m**

Up 2%

Statutory EBITDA

**\$7.0m**

Up 16%

EBITDA<sup>1</sup> Margin

**44%**

Steady

Statutory NPAT

**\$3.1m**

Up 25%

Operating cashflow

**\$7.6m**

Up 100%

<sup>1</sup> Underlying operations excluding IPO costs and any significant items  
<sup>2</sup> Work completed on sites where LGI has the beneficial rights to landfill gas  
<sup>3</sup> Numbers as at 22 February 2024 and total staff includes all Directors

## People

Safety

**1**

Reported lost time injuries

41,069 hours worked by the team with  
2 reportable incidents

LGI Team

**10%**

Increase in total staff <sup>3</sup>

## Operational compared to previous corresponding period (“pcp”)

Gas flows

**57.1 Mm<sup>3</sup>**

up 3%

Generation

**46.7 GWh**

up 2%



# Financial Performance





# Financial Snapshot

Six months ended 31 December 2023

A\$ '000	1H FY24 Statutory	1H FY23 Statutory	Change	1H FY24 Underlying <sup>1</sup>	1H FY23 Underlying <sup>1</sup>
Revenue	15,851	16,318	-3%	15,851	16,318
Gross Profit	11,562	11,295	2%	11,562	11,295
EBITDA	7,048	6,098	16%	7,048	7,134
EBITDA margin	44.5%	37.0%	+750bps	44%	43.72%
EBIT	4,524	3,824	18%	4,524	4,860
EBIT margin	28.5%	23.0%	+550bps	29%	30%
NPAT	3,099	2,485	25%	3,099	3,479
Underlying <sup>1</sup>	1H FY24	1H FY23	Change		
Operating cash flow ('000)	7,612	3,780	101%		
Cash conversion	108%	62%			
Net Debt / (Cash) to EBITDA	1.0	(0.1)			
ROIC	25%	32%			

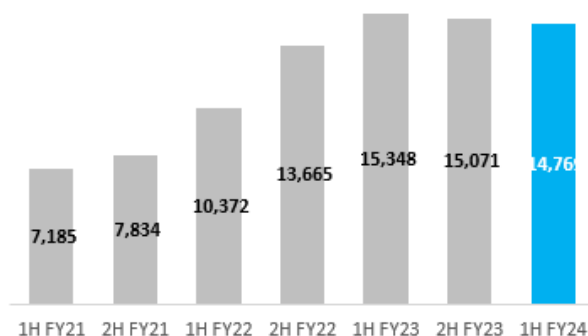
<sup>1</sup> Underlying numbers excluding IPO costs and any significant items

# Key Financial Metrics

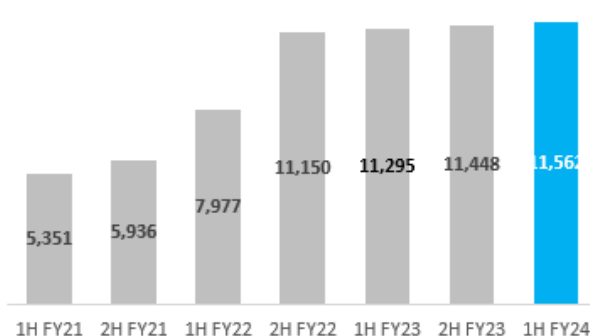
## Historical earnings growth

Net Revenue (\$'000)

CAGR 62%  
1H FY21 to 1H FY24

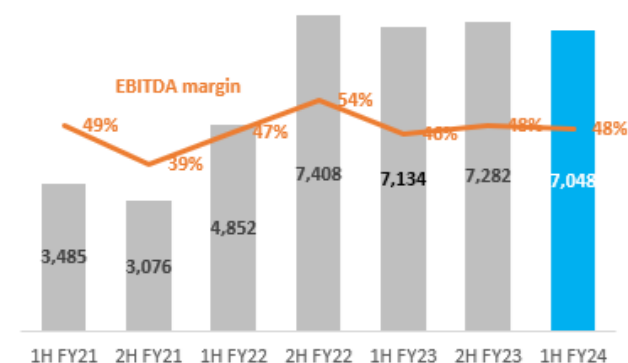


Gross Profit (\$'000)



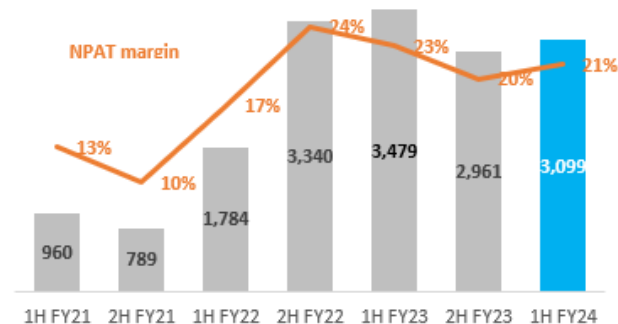
Underlying EBITDA (\$'000)

CAGR 60%

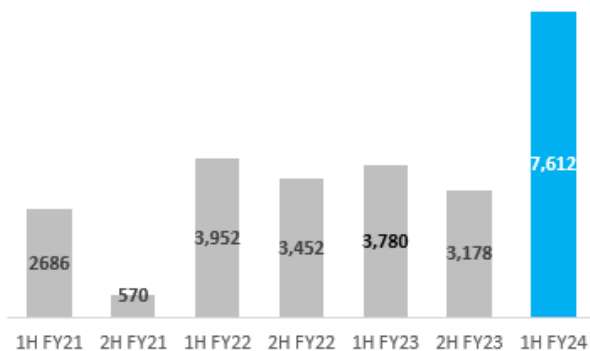


Underlying NPAT (\$'000)

CAGR 119%  
1H FY21 to 1H FY24

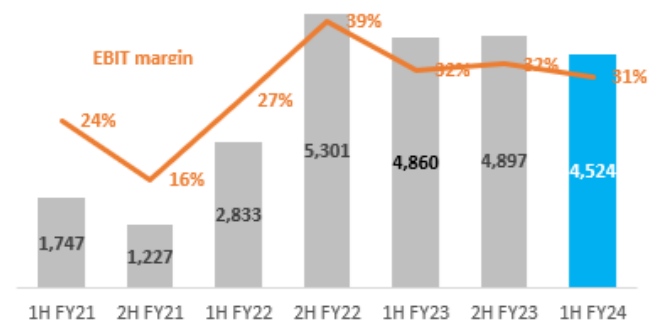


Operating Cashflow (\$'000)



Underlying EBIT (\$'000)

CAGR 89%



1 Underlying numbers excluding IPO costs and any significant items



# Balance Sheet

AS '000	31 Dec 2023	30 Jun 2023	31 Dec 2022
<b>Assets</b>			
Cash	7,680	52	2,104
Receivables	1,535	1,157	1,865
ACCU Environmental Certificates	8,470	11,401	9,051
LGC Environmental Certificates	455	1,001	947
Hedge receivable	1,479	1,140	-
Property, plant and equipment	50,694	42,377	38,266
Goodwill	314	314	314
Other assets	7,286	5,921	8,616
<b>Total Assets</b>	<b>77,912</b>	<b>63,363</b>	<b>61,163</b>
<b>Liabilities</b>			
Payables	2,329	2,984	2,724
Provisions	407	529	391
Hedge payable	-	-	-
Debt including lease liability	15,751	6,083	4,016
Other liabilities	7,739	4,392	6,230
<b>Total Liabilities</b>	<b>26,226</b>	<b>13,988</b>	<b>13,361</b>
<b>Net Assets</b>	<b>51,686</b>	<b>49,375</b>	<b>47,802</b>
<b>Equity</b>			
Issued shares	31,928	31,928	32,029
Reserves	1,893	1,621	2,920
Retained earnings	17,865	15,826	12,853
<b>Total Equity</b>	<b>51,686</b>	<b>49,375</b>	<b>47,802</b>

- Cash balance increased for anticipated capex in late December early January.
- The bulk of the ACCUs created in the six month to 31 December sold to partially fund capex
- Capex on projects resulting in increased property plan and equipment
- Increase in debt to partially fund capex

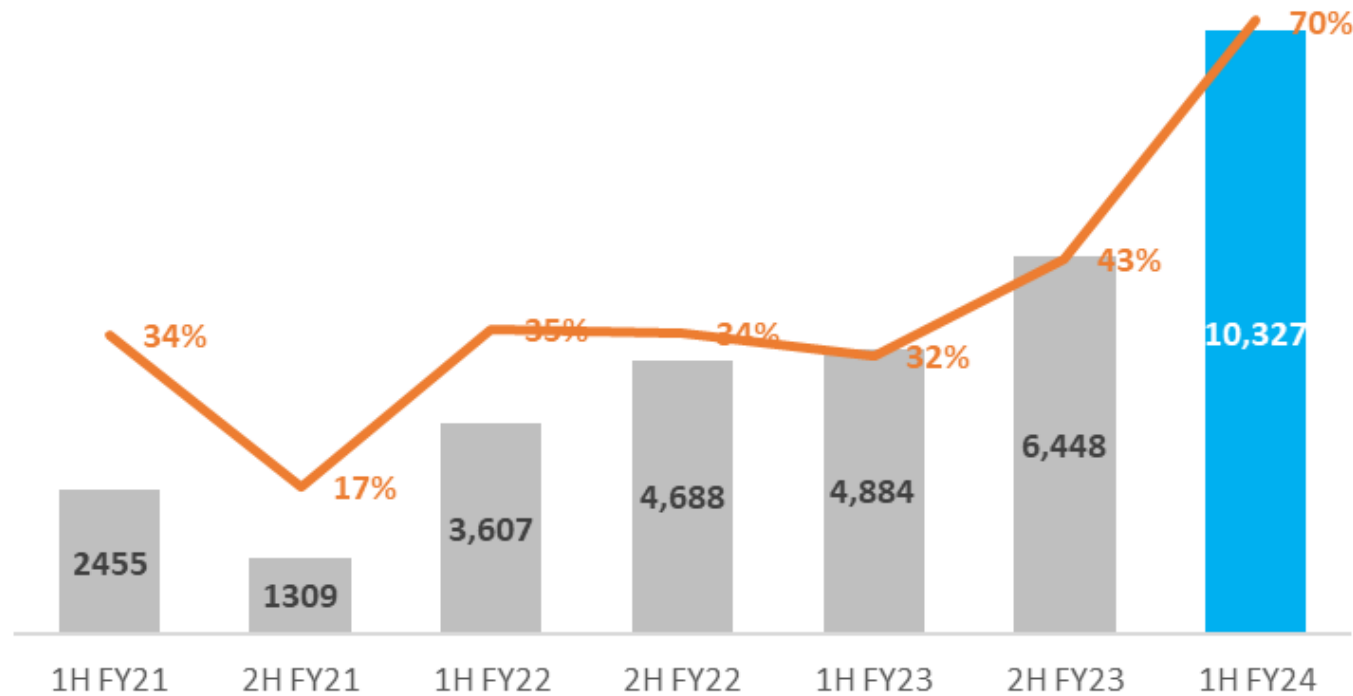


# Capital Expenditure

## Capital requirements reflective of pipeline growth opportunities

During first half LGI successfully completed an elevated capex program, including

- Final stage capex for Bunya battery projects
- Canberra network connection costs and power generation equipment costs
- Construction of flares for flaring projects



Canberra (Mugga Lane) facility with 2 new engines in situ



Bunya battery project during final stages of construction



# Cash flow

<b>Underlying</b>		
A\$ '000	1H FY24	1H FY23
Underlying EBIT	4,524	4,860
Add depreciation and amortisation	2,524	2,275
Underlying EBITDA	7,048	7,134
Statutory Operating cash flow	7,612	3,780
Underlying adjustments in relation to the IPO	-	47
Underlying operating cash flow	7,612	3,827
Underlying EBITDA cash conversion	108%	54%
Underlying cash from operating activities	7,612	3,827
Underlying cash (used) in investing activities	(10,327)	(4,884)
Underlying cash from/(used) in financing activities	10,343	2,319
Net change in cash and cash equivalents	7,628	1,262
<b>Statutory</b>		
A\$ '000	1H FY24	1H FY23
Net cash from operating activities	7,612	3,780
Net cash used in investing activities	(10,327)	(4,884)
Net cash from/used in financing activities	10,343	2,319
Net change in cash and cash equivalents	7,628	1,215

- Underlying removes the cost associated with the IPO, the IPO funds and the repayment of the debt with the IPO funds.
- Cash conversion impacted by the sale of stock ACCUs in the six months to 31 December 2023
- Cash drawn from the debt facility to fund capex.
- Cash drawn down in December in anticipation of capex in late December and early January.

# Debt and facilities

	as at 31 Dec 2023 \$'000	as at 30 June 2023 \$'000
Leases <sup>1</sup>	1,690	1,299
Balance of debt facility	13,200	1,500
Gross debt	<b>14,890</b>	<b>2,799</b>
Cash and cash equivalents	7,680	52
<b>Net debt</b>	<b>7,210</b>	<b>2,747</b>
Net debt to underlying EBITDA ratio (times)	1.0	0.2
Interest cover ratio	8.4	9.2

<sup>1</sup> For the purposes of this table leases are considered amounts payable to banks (excludes right of use liabilities for land or premises).

- During 1H FY24, LGI's focus on expanding its capabilities in Brisbane (Bunya) and Canberra (Mugga Lane) resulting in a significant step up in capex
- Each of these projects will be EBITDA accretive immediately upon commissioning
- For the first time, LGI has spent more than \$10 million in a six-month period
- This capex was funded partly by selling a portion of the environmental products inventory, and in drawing down available debt
- An elevated cash position which is being used to fund capex spend in the early part of calendar year 2024

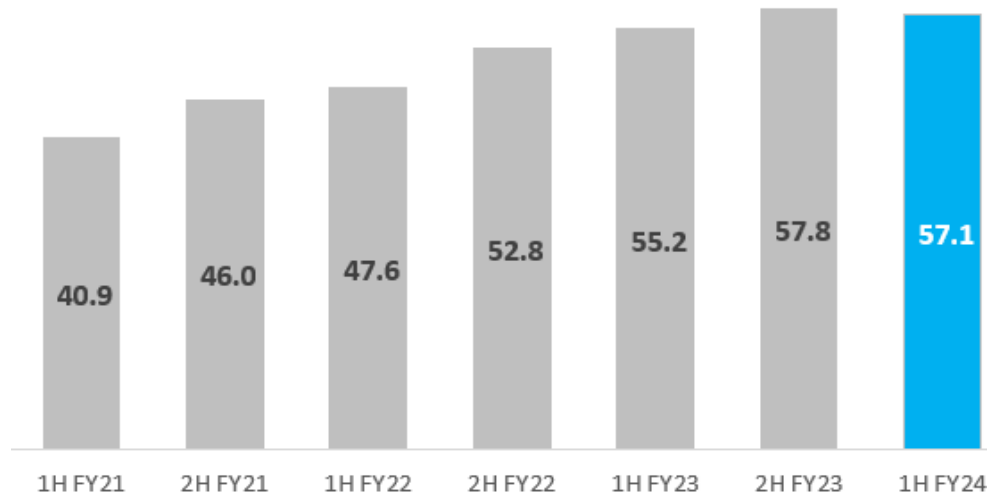


# **Operational Performance and Key Project Update**

# Recovered Biogas

## Sustained gas flow

Recovered biogas (Mm<sup>3</sup>)



- Gas flow growth 3% versus 1H FY23
- Increased focus on proactive planning with clients, allowing LGI to maximise biogas recovery

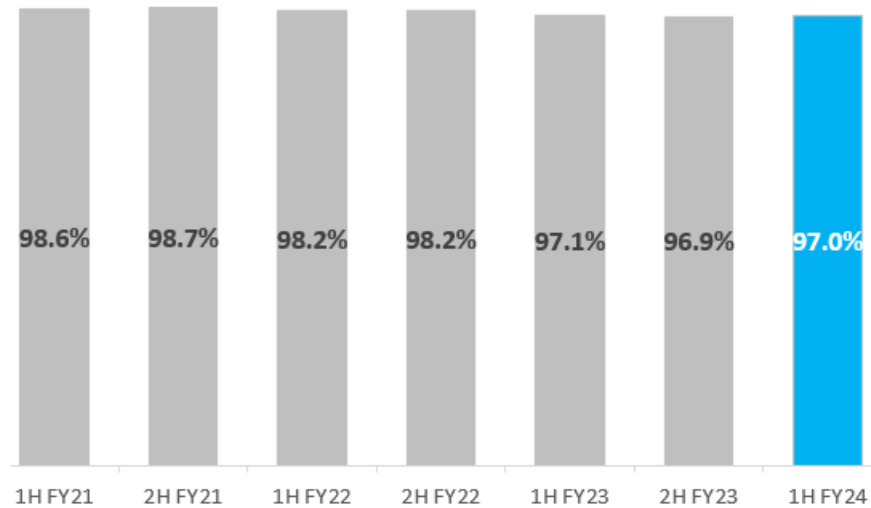




# Energy Generation

## Generation growth reflecting high levels of availability

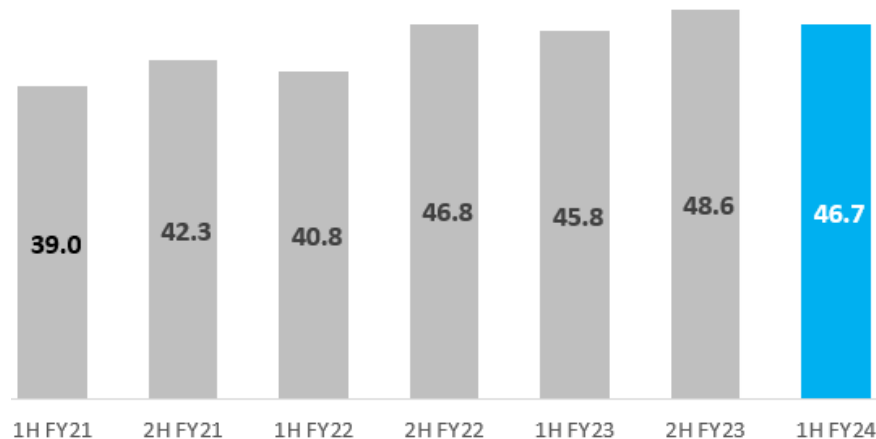
Availability (% of period) LGI's Target 95%



### Generator availability remained above internal target of 95%

- Continued industry-leading focus on gas conditioning, removing harmful contaminants prior to entering LGI engines (eg siloxane)
- Favourable outcomes include reduced maintenance costs and increased uptime and availability

Generation (GWhs)



Generation performance typically weighted to the second half of each financial year. Up 2% versus pcp



# Key Project Updates

## Battery in Brisbane (Bunya), Construction in Bathurst, Generation in Canberra

Operationally, LGI has maintained its focus on chasing the gas. LGI continued to drill wells, extend pipework and deliver flares. In addition, focusing on clean gas and generator maintenance has again enabled LGI to deliver on above target generator availability. A key project focus in 1H FY24 was the commissioning of the battery in Brisbane (Bunya), the contracting work at Bathurst and preparing for expansion at Canberra.

### Bathurst

LGI won the tender to supply and install gas extraction equipment and a flare at the Bathurst landfill. This project was substantially completed in 1H FY24.



Installation of flare at Bathurst

### Canberra

Work started in 1H FY24 in preparation for expansion, initially of 2 Jenbacher 1 MW engines, then 14 MWs of batteries.



Canberra (Mugga Lane) facility

### Bunya

Refer added detail on slides 19-21

# Bunya Battery Project







# Bunya Battery Project



Through the deployment of battery technology at LGI existing sites - in conjunction with proprietary software used to dispatch energy - LGI enables enhanced operational performance alongside increased flexibility for key stakeholders in the management of electricity demands.

After two years in development, and a world first for this combination of equipment, this battery technology is setting up significant benefits for the grid, the local council and LGI. Where previously the generator could respond in minutes, with batteries the project can store and dispatch energy generated with landfill gas within seconds.

*“Landfills are sizable emitters of harmful greenhouse gas. However, the Bunya Renewable Power Station significantly reduces the emission rate and the battery pack means we’ll be able to store power and export it more efficiently during high demand periods and when other renewable energy like solar are less available.”*

**City of Moreton Bay Mayor, Peter Flannery**

Part of the large team at LGI working on getting the Bunya battery project finalised



# Bunya Battery Project

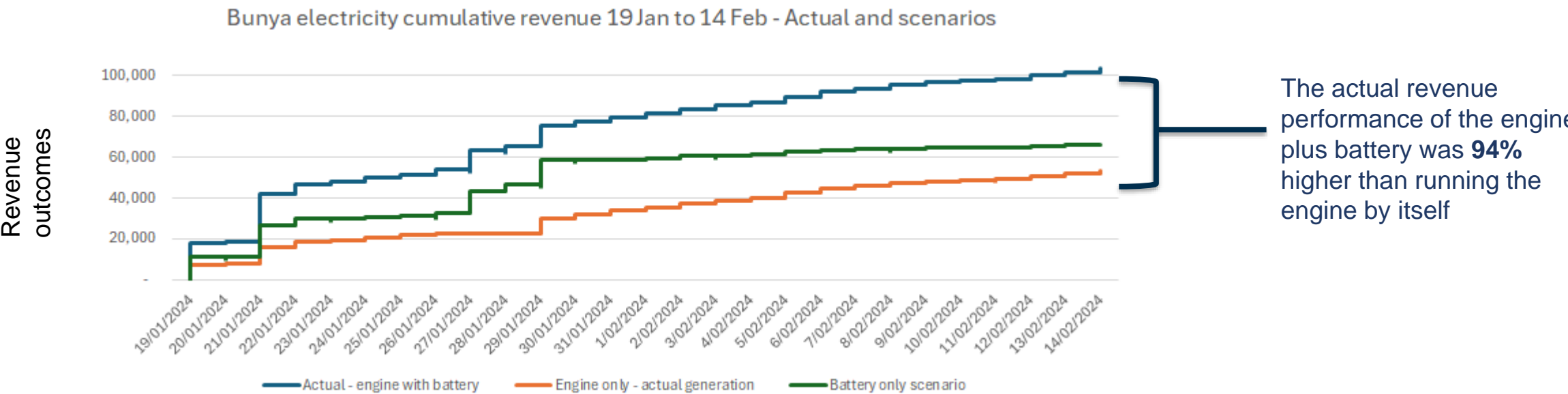


The Battery was installed and commenced operation on the 19<sup>th</sup> of January.

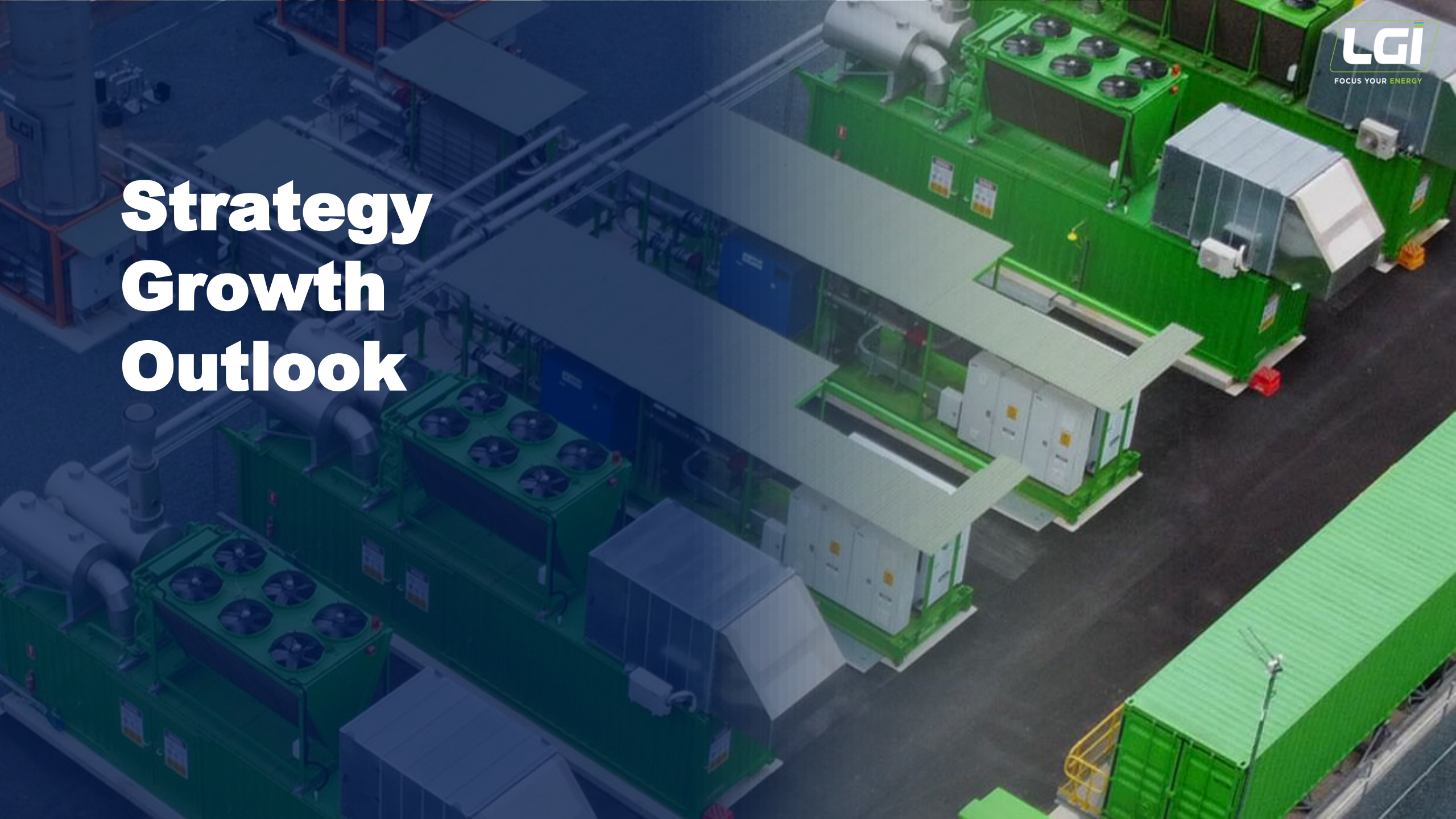
During the period 19 January to 14 February, engine and battery weighted average price received **\$355.75MWh** vs AEMO average of **\$181.22MWh – 96%** above flat average.

LGI is highly encouraged by early observations and performance, providing increased confidence it can deliver significant benefits via the future deployment of this technology.

The financial results of how the combined power station compare to the alternative scenarios are represented on the graph below:



# Strategy Growth Outlook



# Contracted Projects Pipeline



MW LFGE



MW batteries



MW solar PV



ACCU

## **Sydney (BINGO) Project** (phase 1 - 4MW generators)

- Design of gas field and power station commenced
- Finalising connection agreement
- See ASX announcement <https://lgi.com.au/for-investors/#announcements>

## **Canberra (Mugga Lane) 20MW generator and battery project**

- Network authority has commenced construction of the interconnection
- LGI equipment located on site

## **Brisbane (Dakabin) Upgrade Project**

- Network authority undertaking assessment of existing connection capacity

## **Nowra generator and battery project** (MWs to be confirmed - feasibility stage)

- Network authority undertaking assessment, design and construct works
- FEED<sup>1</sup> complete

## **Carbon Abatement Projects** (ACCUs)

- Assessment being carried out – Qunaba, Esk and Gatton

## **Dynamic Asset Control System** (DACS)

- During 1H FY24 DACS commenced controlling all LGI generation sites
- In late January 2024 DACS started controlling the Bunya battery



# Projects

## Major projects near-term horizon

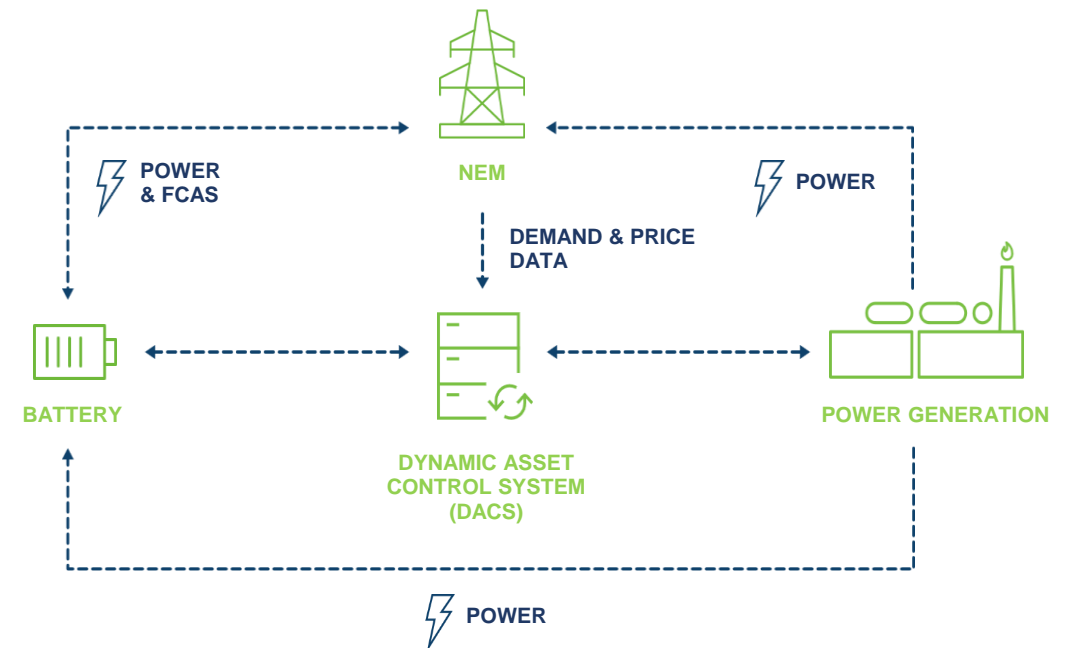
As LGI continues to expand projects, the Company is also focused on driving improved performance from existing assets and infrastructure, notably via the installation and deployment of batteries and its proprietary software system, Dynamic Asset Control System (DACS)

Expanding carbon abatement portfolio with new sites, and continuing to maximise biogas recovered from the existing sites

Material increase in MW biogas to energy capacity across portfolio

Deploying battery capacity across the portfolio

Sites with solar PV adjacent to existing biogas to energy plant including storage



# FY24 Priorities and outlook

## Growth and continued operational excellence

### FY24 Priorities

- Continued focus on Health, Safety, Environment and Quality
- Deliver key near term projects, expansion of Canberra, BINGO and Nowra
- Explore the expansion of power stations on contracted sites
- Work on contracted landfill sites to expand the gas collection facilities
- Actively pursue new opportunities for landfill gas management

### Outlook

LGI reconfirms its previously provided EBITDA guidance for FY24, from 29 August 2023, of an increase of between 6.0% and 14% from FY23, being between \$15.2 million to \$16.4 million.

# Questions





# Financial reconciliation to statutory results

A\$ '000	1H FY24			1H FY23		
	Statutory before Underlying items	Underlying items	After Underlying items	Statutory before Underlying	Underlying items	After Underlying items
Revenue	15,919	-	15,919	16,318	-	16,318
EBITDA	7,048	-	7,048	6,098	1,036	7,134
Depreciation and Amortisation	2,524	-	2,524	2,275	-	2,275
EBIT	4,524	-	4,524	3,824	1,036	4,860
Net Interest Expense	381	-	381	511	192	319
Income tax	1,044	-	1,044	828	(234)	1,062
Profit after tax	3,099	-	3,099	2,485	994	3,479