



Locality Planning Energy
(ASX:LPE)

Creating value powering strata communities



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Creating value powering strata communities



	High value customers on long term energy supply contracts	<ul style="list-style-type: none">• LPE provides a win-win situation for customers living in strata communities, with access to competitive prices for electricity with no upfront cost on infrastructure• Value add through centralised hot water, renewable generation behind the meter
	Strong recurring predictable revenues	<ul style="list-style-type: none">• Contracted embedded network business is on track to meet FY23's \$40m annualised revenue guidance
	Compelling market fundamentals	<ul style="list-style-type: none">• Queensland's population moving to higher density living in apartments with strata communities using over \$1 billion of electricity per annum and growing
	Near-term goals	<ul style="list-style-type: none">• Continue to grow organically and through acquisition to facilitate the transition to profitability in FY24
	Experienced Board & Management Team	<ul style="list-style-type: none">• Board and management have deep industry experience with LPE being one of the first and largest embedded network providers in Queensland• The founders, CEO and Chairman, aligned with stakeholders as major shareholders

About us



Fast-growing and innovative electricity provider to strata communities with long term electricity, hot water, and renewable energy supply contracts that provide strong, stable contracted revenues



Saving money and creating sustainable communities for the future with no upfront costs, through long-term supply contracts, reducing carbon footprint and delivering competitive electricity pricing



One of the largest residential embedded network operators in Queensland



Embedded Networks

- Aggregating electricity for a community via one market facing meter (the “parent meter”) where all apartments connect to the parent meter reducing network costs i.e. “one charge spread over many”
- Electricity is supplied to individual apartments via dedicated meters, with each apartment only paying for their own electricity usage
- Same customer protections, service and experience as standard supply arrangements
- **Long-term contracts secured through funding building infrastructure**

Centralised Hot Water

- LPE installs, maintains and owns the hot water plants, entering into long-term infrastructure and supply agreements
- Hot water, without the space constraints of individual electric heating systems or requiring access to apartments to carry out service and maintenance
- Sustainable hot water solutions using solar power to heat electric element water heaters – provides communities with carbon neutral hot water



Re-set to transition to profitability in FY24



- Having undergone a material re-set following the May-June 2022 restructure, a clear positive has emerged with operating cashflow reaching \$5.6m net inflow 1HFY23 vs a \$4.1m net outflow in 1HFY22
- Further, improving customer traction verifies the high value-add contracted embedded network business is on track to meet FY23's \$40m annualised revenue guidance
- Significant debt restructure, which included financing the closed hedge position for \$17.8m, enabled all Blackrock debt to be extinguished, leaving a \$2.8m cash balance at period close
- \$5m in capital works fund to be repaid from Bundaberg BioHub which will strengthen the balance sheet in 2HFY23
- \$10m growth facility to be deployed to fund capital works and acquire existing embedded operations/billing agents, **to facilitate the transition to profitability in FY24**



Strata: the ideal customer profile



Strata communities are highly loyal and sticky



\$10.4bn

Queensland's total energy market is worth ~\$10.4bn/yr with ~55% from residential and 22% from commercial customers¹



12%

Queensland's population that live in apartments or strata communities²



QLD

Queensland has over 54,000 schemes with 27,000 registered with 30 or more lots³



\$1.2bn

Strata communities eligible for embedded networks use circa \$1.2 billion of electricity per annum⁴

- 1. Australian Energy Regulator's State of the Energy Market 2021 report
- 2. Census of Population and Housing: Reflecting Australia - Stories from the Census
- 3. Census data from the Australian Bureau of Statistics
- 4. <https://aemo.com.au/-/media/files/electricity/nem/national-electricity-market-fact-sheet.pdf>

Outlook



- Growth driven by the embedded network business, organically and through acquisition, as LPE remains a prominent supplier to Queensland's strata communities
- Stronger operating platform, new customers, normalising margins due to controlled operating costs in 2HFY23 and robust balance sheet: **Transitioning to profitability from FY24 onwards**



Embedded Network

Pursuing takeovers of existing embedded networks and developer opportunities



Centralised Hot Water Solutions

Carbon neutral hot water utilising solar generation aligns with communities appetite for lower emissions targets



M&A

Consolidation opportunity in the embedded network space

Significant discount to SOTP valuation



Currently trading at a 70% discount to sum of the parts (SOTP) value, while ignoring the value of LPE's unique IP and brand in the strata industry:

Cash	\$3m
Debt	(\$1m)
Net cash	\$2.0m
Embedded business*	\$22.4m
BioHub investment**	\$5m
Net investments/value	\$29.4m

Sum of the parts	
Net cash	\$2.0m
Net investments/value	\$27.4m
Total Equity Value	\$29.4m
Shares on issue	178m
Value/share (undiluted)	\$0.16

*Embedded Business

- 1) Based on recent M&A activity for embedded networks for long-term contracted customers, the range of values have traded from \$800 to over \$1,000 per customer
- 2) Note, LPE have used the lower end of the scale being \$800 in the SOTP calculation above

**BioHub investment

- 1) The Board is working with Bundaberg BioHub to secure the early repayment of the \$5m capital works funds which is expected in 2HFY23

Corporate Snapshot



Key Metrics

ASX CODE:	LPE
Share Price (price @ 17/2/23)	\$0.05
Shares on Issue (m)	178.1
Market Capitalisation (m)	\$9
\$0.30 options (listed) exp. 26/10/23	130.1
\$0.20 options (unlisted) exp. 30/03/26	1
52 Week High/ Low	\$0.12/ \$0.04

Major Shareholders

Holder	Shares	% of SOI
Fernsha Pty Limited	18,119,843	10.1
Mr Stanislav Michael Kolenc	11,165,930	6.2
Justin Pettett (Chairman)	9,409,102	5.3
HSBC Nominees	8,970,176	5.0
Damien Glanville (CEO)	8,400,955	4.7
Top 5	56,066,006	31.47

Shareholder Breakdown

10%

CEO and Chairman

59%

Top 20

Tight capital structure with highly incentivised management owning 10% of the shares on issue

Board of Directors



Justin Pettett

Non-Executive Chairman

Co-founder of LPE with over 21 years of ASX company experience having founded and helped numerous companies from start-up to takeover/acquisition and public-listing.

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.



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.



Kathryn Giudes

Non-Executive Director

Kathryn was previously the Senior Director of Xbox Games Marketplace, as well as the Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies, with both having an annual revenue budget in the mid US\$1 billion range.

She holds a Bachelor of Science (BSc) in International Marketing from Oregon State University and Associate of Science (ASc) - Computer Science and Information Systems from Shoreline Community University. Kathryn is a member of the Australian Institute of Company Directors.



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.

Contact



Authorised by the Board

Justin Pettett

Non-Executive Chairman

jpettett@localityenergy.com.au

1800 040 168

investors.joinlpe.com.au