

12 June 2018 ASX Announcement

INVESTOR PRESENTATION

Locality Planning Energy Holdings Limited (ASX: LPE) (the Company) encloses its latest Company presentation showcasing the past, present and future growth of the Company.

Highlights

- Revenues have grown 100% year-on-year over the past 3 years
- LPE's product offering broadened to now service all strata communities
- Customer trajectory and energy under management to increase significantly in the coming years
- LPE's gross profit margin forecast to increase in coming years due to operational scaling.

Ends

About Locality Planning Energy Holdings Limited (LPE)

LPE's wholly owned subsidiary Locality Planning Energy Pty Ltd, holds an Australian Energy Regulator (AER) Authority to sell electricity and utility services to residential, commercial and industrial customers throughout the National Energy Market. LPE specialises in electricity sales to strata communities, both existing and new developments; generating significant savings on electricity delivered to strata communities.

LPE's unique purchasing model is matched against 5 to 10 year supply contracts providing LPE with consistent recurring revenues. LPE is transforming the electricity supply industry by providing an intelligent solution to help its customers reduce high electricity costs, with no risk and no upfront cost. LPE is at the forefront of innovative electricity supply with a commitment to the integration of technology to provide the highest savings and consumer advocacy to its customers.



INVESTOR PRESENTATION

June 2018





2. DISCLAIMER

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This presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. The information contained in this presentation has been prepared without taking into account the objectives, financial situation or needs of individuals. Investors should obtain their own advice before making any investment decision.

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3. INVESTMENT SUMMARY



LPE is a high-growth, small-cap Australian listed energy retailer. Its business is focused on providing electricity and utility services to strata communities. Ending the financial year with an annualised revenue run rate of approximately \$40M.



Revenues have grown at a rate of 100% year on year over the last 3 years. Management expects growth to remain strong. The company has introduced a Direct Market Access product to compliment its Embedded Network and other utility service solutions.



For strata communities 30 units and larger, LPE's Embedded Network offering results in consumer savings of 25-35%. Leveraging its sales force and market goodwill, LPE has introduced a Direct Market Customer product, nearly tripling the company's addressable market.



LPE's business model is secure, scalable and profitable. As it builds out its network during this high-growth phase, a working capital deficit results from a payables/receivables mismatch and making instalment sales of Embedded Networks.



The company anticipates reaching overall cash flow breakeven and profitability in the next few years.

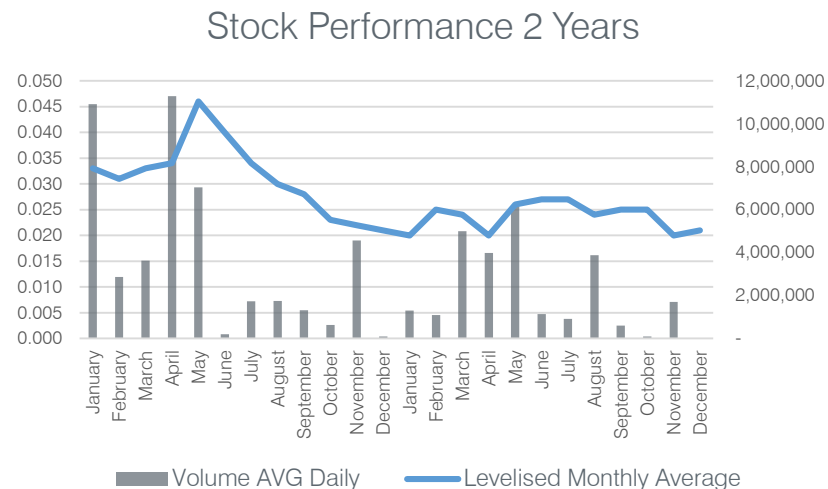


Valuation levels on these projections are attractive.

4. CAPITAL STRUCTURE

Capital Structure June 2018

ASX Code	LPE
Total shares on issue	2,510.54 M
Share price	\$0.018
Market Capitalisation – Fully Diluted	\$45M



Held by Founders and Management

1,505,513,858

59.97 %



Held in top 40
(excluding Founders and Management)

518,365,161

20.65 %



Others
(excluding Founders and Management)

486,657,368

19.38 %

Executive Directors – Shares in Escrow

On 14 February 2018, CEO Damien Glanville and COO Ben Chester placed 91% of their holdings, or 800M shares, into Voluntary Escrow for 12 months.

Top 10 Holders June 2018

MR BEN JAMES CHESTER	16.78%
MR DAMIEN IAN GLANVILLE	16.78%
PETTETT PTY LTD	16.53%
JARWILL PTY LTD	7.44%
NATIONAL NOMINEES LIMITED	4.53%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3.24%
DEFENDER EQUITIES PTY LTD	1.80%
J P MORGAN NOMINEES AUSTRALIA LIMITED	0.81%
WOODVILLE SUPER PTY LIMITED	0.79%
FERNSHA PTY LIMITED	0.79%

5. ABOUT LPE

LPE is an Australian energy retailer specialising in the strata community sector, providing a compelling low cost and service-based energy solution.

Embedded Networks in strata communities have been LPE's core offering. From this core, attractive opportunities have arisen in Direct Market Customer arrangements as well as product expansion to other utility services essential to strata communities, including gas service, hot water and air-conditioning.

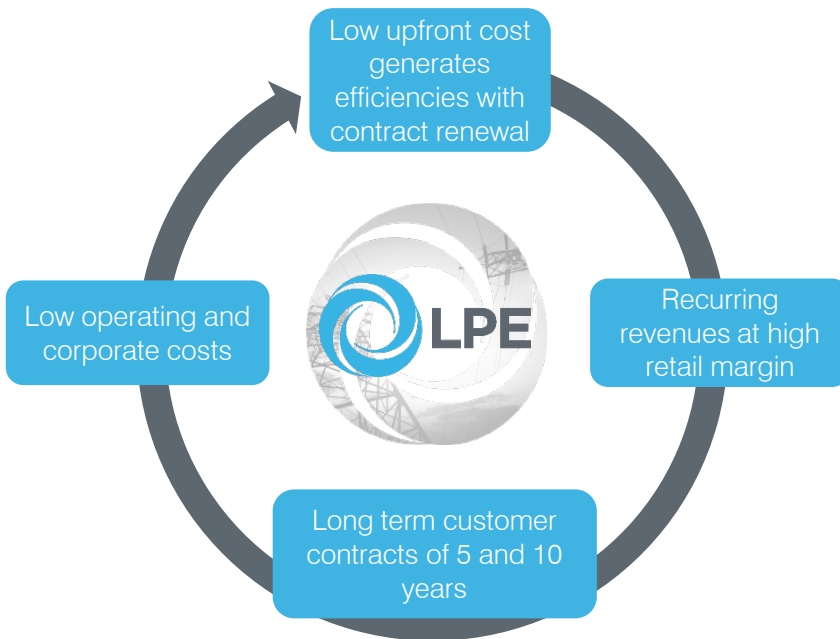
In it's market, LPE has quickly established itself as the industry leader in utility services to strata communities through delivering a simplified approach to the sale and supply of electricity and essential services.

Solid Foundation

LPE has been contributing to the electricity landscape since 2012 with its first community commencing in December 2014.

Currently servicing over 220+ communities throughout SE Queensland and Northern NSW with customers growing rapidly.

Low Risk Business Model



Funding

LPE was privately funded by the founders from inception through to becoming a publicly listed company on the Australian Stock Exchange (ASX) on 4th January 2016. After a capital raise of \$6M, rapid growth found the need for a further funding round of \$6M in February 2017. LPE also had \$2M made available via loans from directors.

Employees

LPE employs 30 staff across Queensland and Northern NSW, with an in-house local call centre at our head office, as well as satellite sales and field operations throughout the state servicing over 220 strata communities. Only modest requirements for additional employees to fund projected growth.



6. CORE PRODUCT OFFERING

LPE OFFERS 5 PRODUCTS FOR STRATA COMMUNITIES

Electricity Services

Embedded Networks are the most efficient way for medium and large strata communities to save on electricity costs.

- Depending on size, savings range from 25-35% below any Direct Market Customer arrangement. This represents a minimum saving of \$250 per annum per consumer versus any other supply method.
- LPE is the leader in supplying electricity through an Embedded Network and provides the safest consumer service available.
- **LPE currently has over 220+ strata communities representing ~177GWh of annual electricity sales.**
- **The company expects a minimum annual growth of 100GWh per annum for the next 3 years.**

Direct Market Customers are the normal supply mechanism for the supply of electricity to individual lots in the market. They are standard retail offerings that are available to all consumers and do not require any infrastructure build-out.

- The difference in LPE's Direct Market Customer (DMC) offering is that it is a specialist in strata communities. Its agreements, terms and services are tailored for strata communities, thus delivering a specialist service at the best price.
- DMC's have a faster and simpler sales cycle, with negligible upfront costs for new customers. Unlike other retailers who employ a one-to-one sales strategy in this segment, LPE will maintain its one-to-many sales cycle by targeting only (smaller) strata customers.
- The company projects 6,000 service points (equivalent to ~27GWh) by end of 2018, estimated to grow to 27,000 by end of 2020.
- DMC margins to LPE are similar to Embedded Networks, but customers have lower switching costs and the average customer life may be shorter.

Utility Services

Serviced Hot water | Gas Service Supply | Central Air-conditioning

LPE has provided these other serviced utilities from inception. Growth in these segments is accelerating as geographic and customer bases expand, with an ever-growing high demand for these services. These utility services maintain margins equal to electricity. With LPE's current operational platform there is no additional core operational expenditure requirements to service these opportunities.

- The company anticipates strong additions to the base revenue from these service offerings.
- Utility services augment contract lengths with operational plant contracts extending to 10 years.

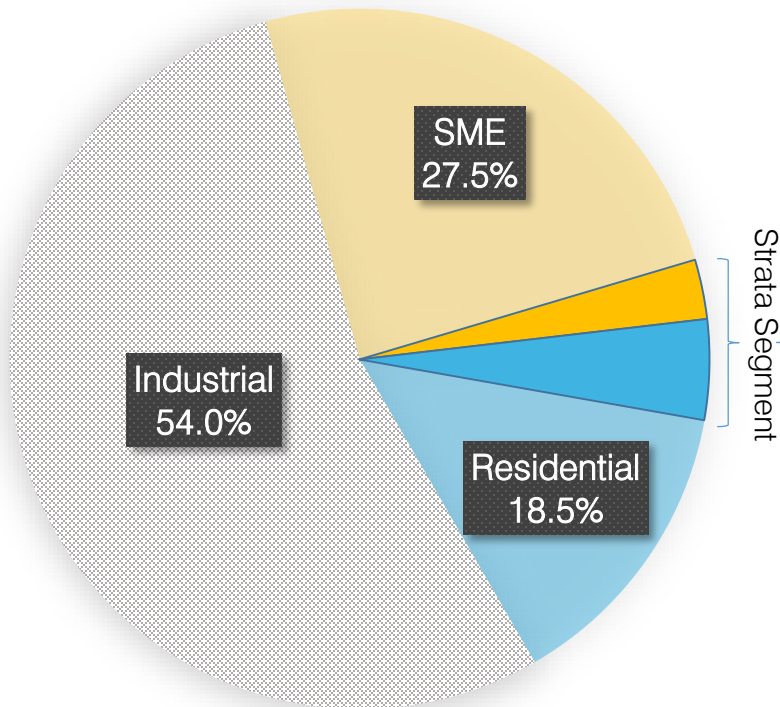


7. LARGE TARGET MARKET OF \$2.6 BILLION

LPE's focus market is medium and high density strata residential communities. Ultimately LPE sells electricity and in response to customer demand the company has broadened its market from Embedded Networks to include Direct Market Customers in strata communities.

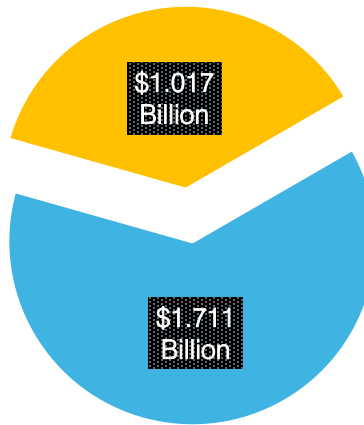
Australian Energy Market

Is worth \$37 Billion annually



SME

\$1 Billion worth of SME electricity sales are inside Strata or Density Buildings

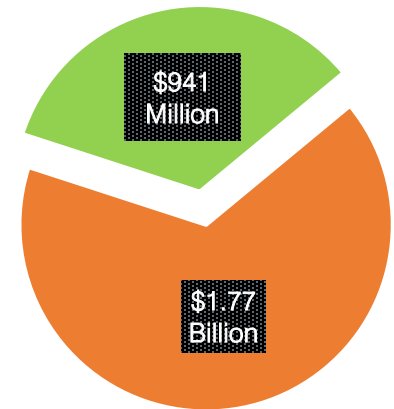


Residential

\$1.7 Billion worth of Residential electricity sales are inside Strata

Embedded Networks

\$941 Million worth of electricity sales are inside properties, both residential and commercial, that have or are eligible for an Embedded Network.

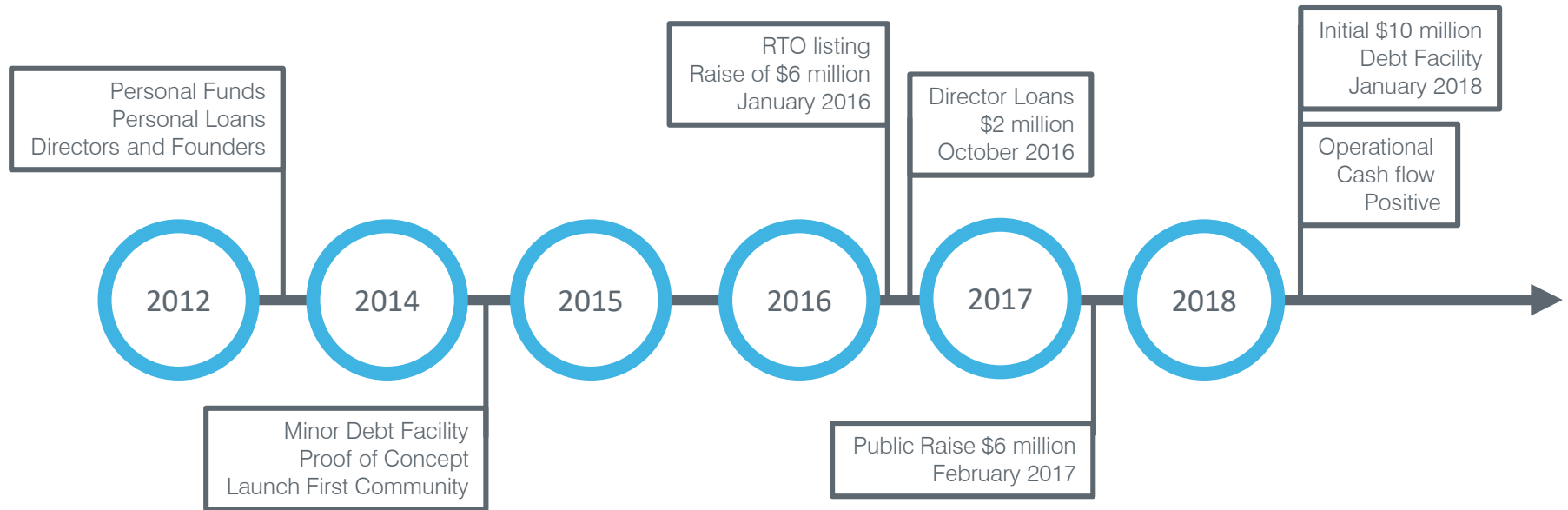


Direct Market Customers

There are \$1.77 Billion worth of electricity opportunities inside Strata, both residential and commercial, that are not specifically serviced.



8. CORPORATE TIMELINE

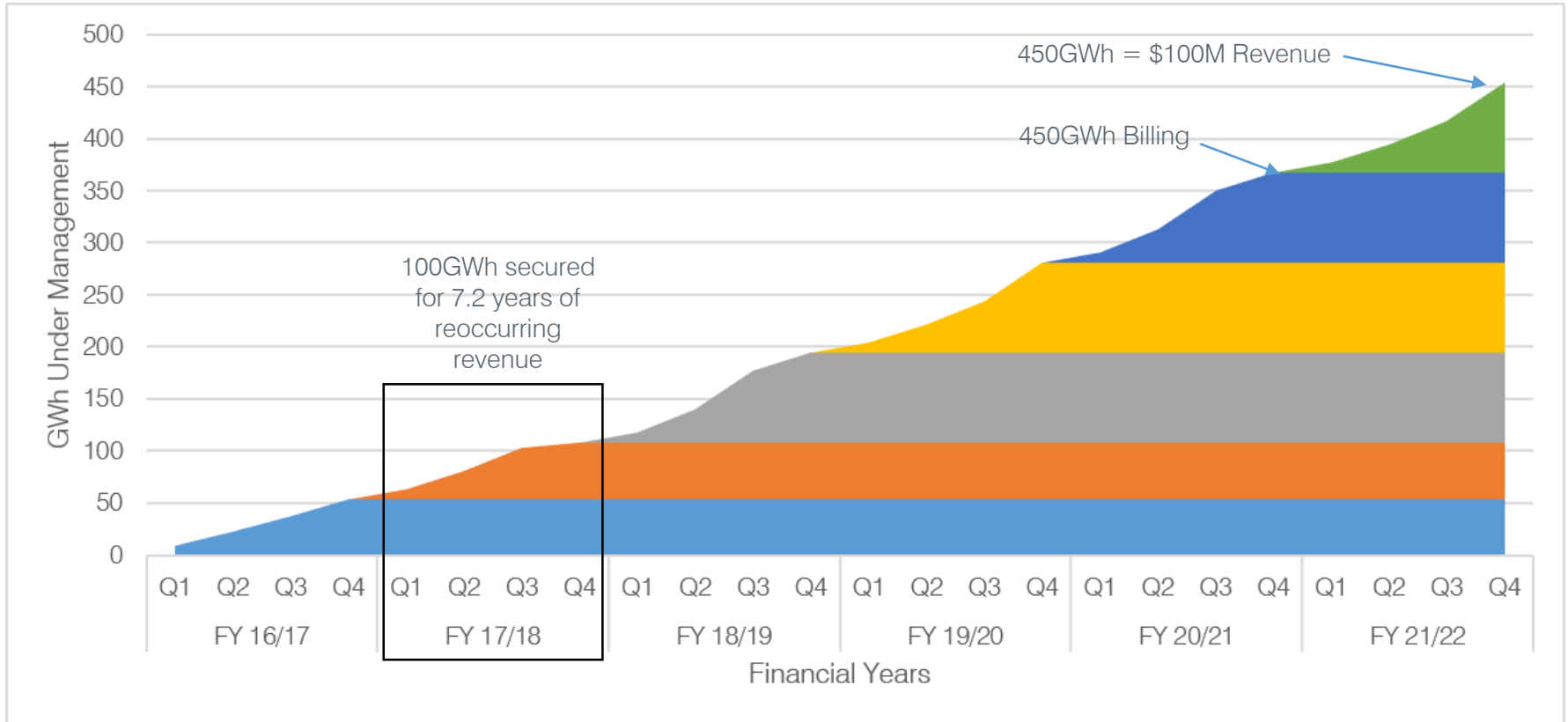


- LPE continue to build operational credibility having serviced the strata market for over 4 years
- Revenue and customer trajectory modelled to more than double in the coming years based on current growth rates only
- Operational team in place and costs steady as only minimal additions to personnel required to achieve 450GWh of energy under management target
- LPE well positioned to take advantage of any value adding acquisitions to accelerate growth



9. CONSISTENT RECURRING REVENUE GROWTH

- New volume is added each year.
- Each line represents new customers acquired in the year and the line extending for years of secured recurring revenue into the future.



Strata Community

The average contract length of an LPE strata community is 7.2 years



GWh Volume

Each community on average uses 0.5GWh per annum.



Gross Profit (GP)

Each GWh contract term on average is worth \$288,000 GP (revenue less cost of goods)

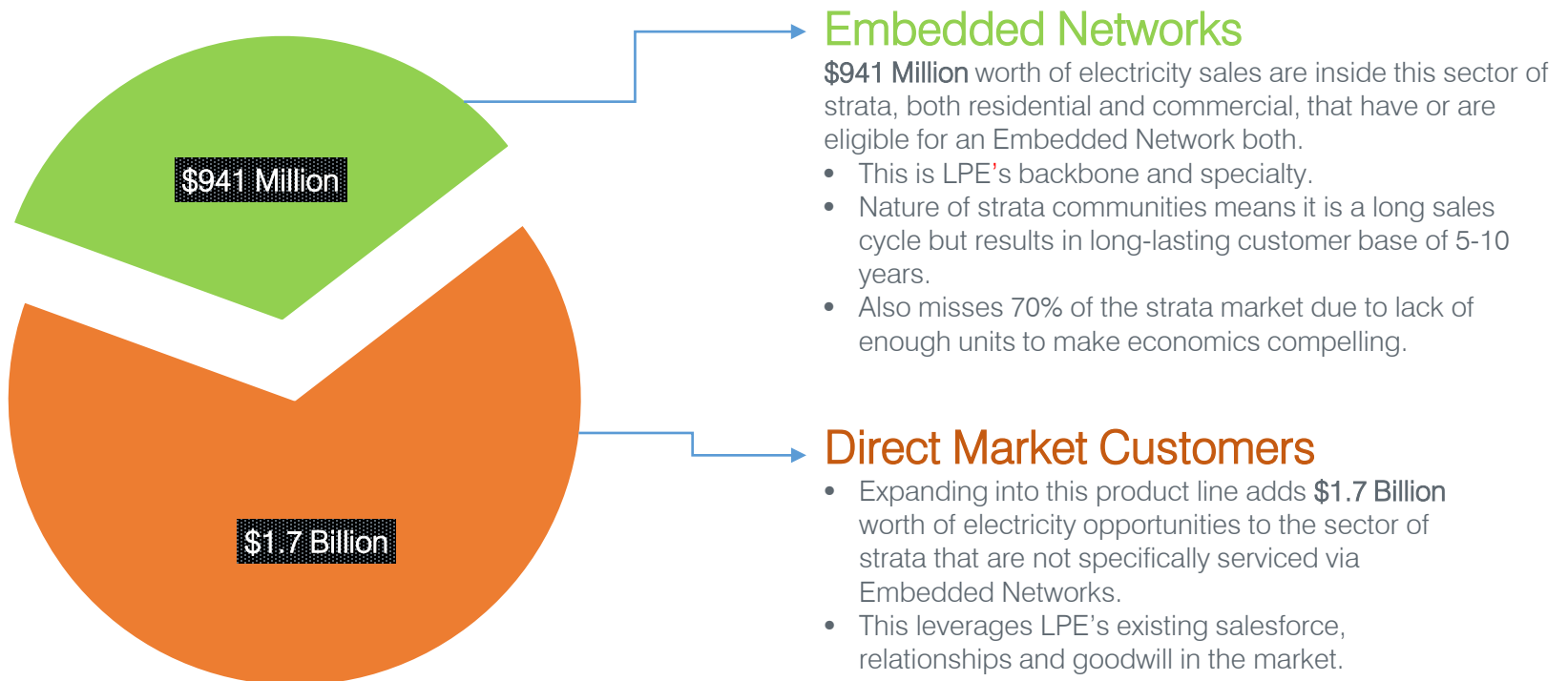


10. DIRECT MARKET CUSTOMERS LEVERAGE STRATA FOCUS AND TRIPLE ADDRESSABLE MARKET

Without moving from its key 'niche' marketplace, LPE intends to expand its reach with an additional product line in order to maintain its leading position and the first mover advantage it has developed in this sector.

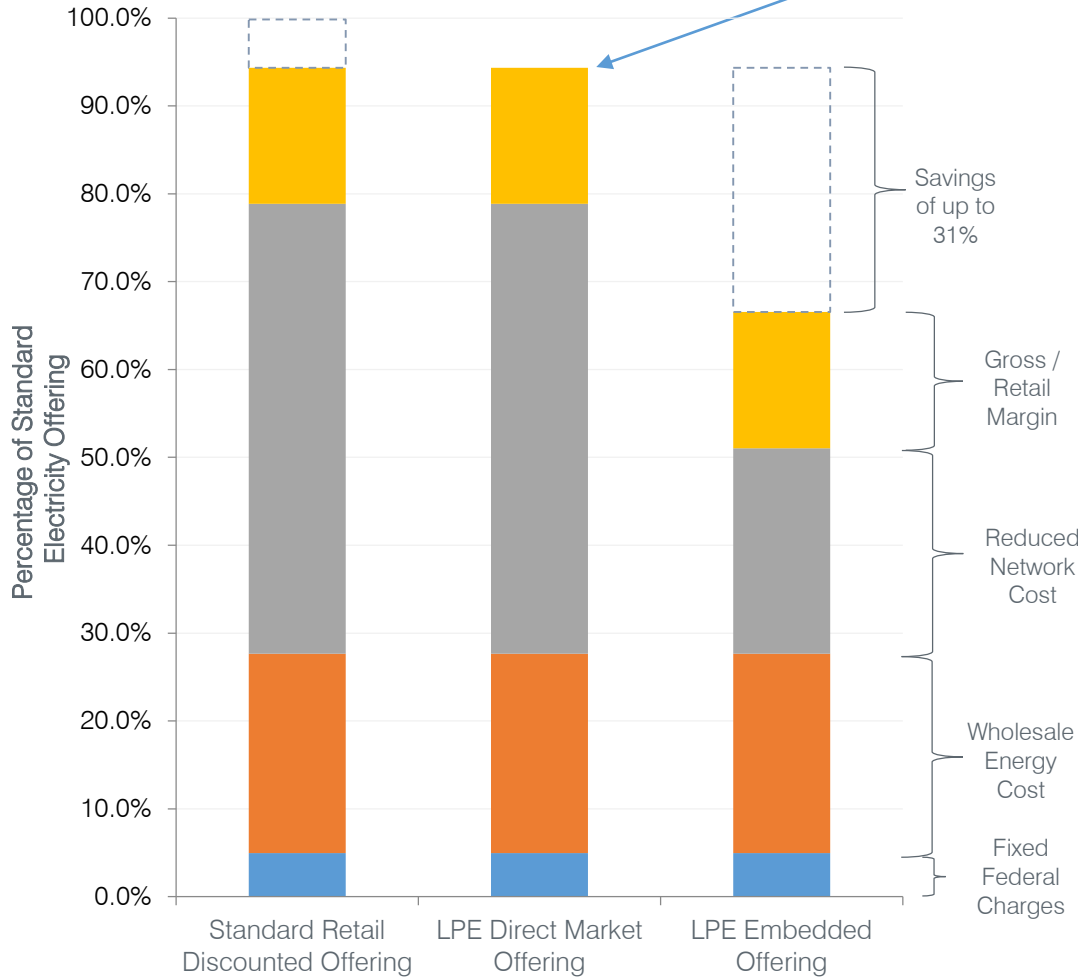
Simply adding an additional product line increases LPE's addressable market by \$1.7billion or 180%.

Currently LPE has secured 4.2% of the embedded market.





11. COMPELLING CONSUMER PROPOSITION



Direct Market Customers

- Expanding this product line into a consumer direct base adds **\$1.7 billion** worth of electricity opportunities to the sector of strata where Embedded Networks are not viable.
- LPE provides a flat rate and not an inflated value that is discounted.
- Dedicated service capabilities for strata.
- Retail gross margins to LPE are similar to those received from Embedded Networks at ~18-20%.

Embedded Networks

- LPE's specialty and driver of growth so far.
- **\$941 Million** worth of electricity sales are inside this sector of strata, both residential and commercial, that have or are eligible for an Embedded Network.
- LPE provides a flat rate, with 100% of the network cost reduction providing the consumer savings.
- Retail Margins are consistent at ~18-20%.

■ Environmental Polices ■ Wholesale ■ Regulated Networks ■ Retail Margin



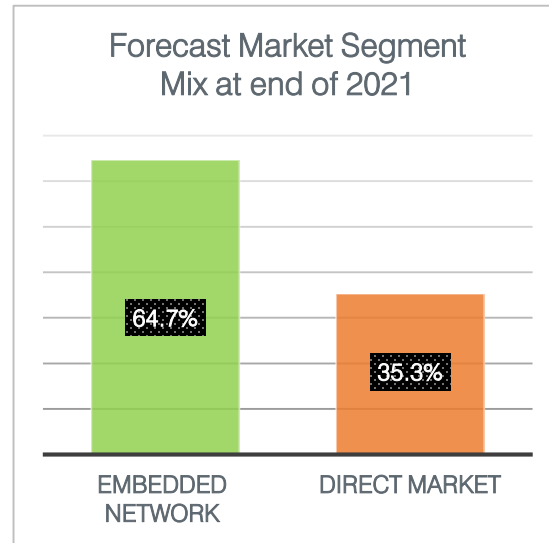
12. PRODUCT EXPANSION REVENUE FORECAST

Embedded Networks

LPE sees very strong and continual growth in the Embedded Network product space. The past 12 months has seen consistent increases of 6.65 GWh per month. Gross profit is forecast at \$40,000 per GWh per year.

Direct Market Customers

LPE is taking a conservative approach to forecasting uptake in the Direct Market Customer product with estimated net growth of 4GWh per month.



Difference in Customers

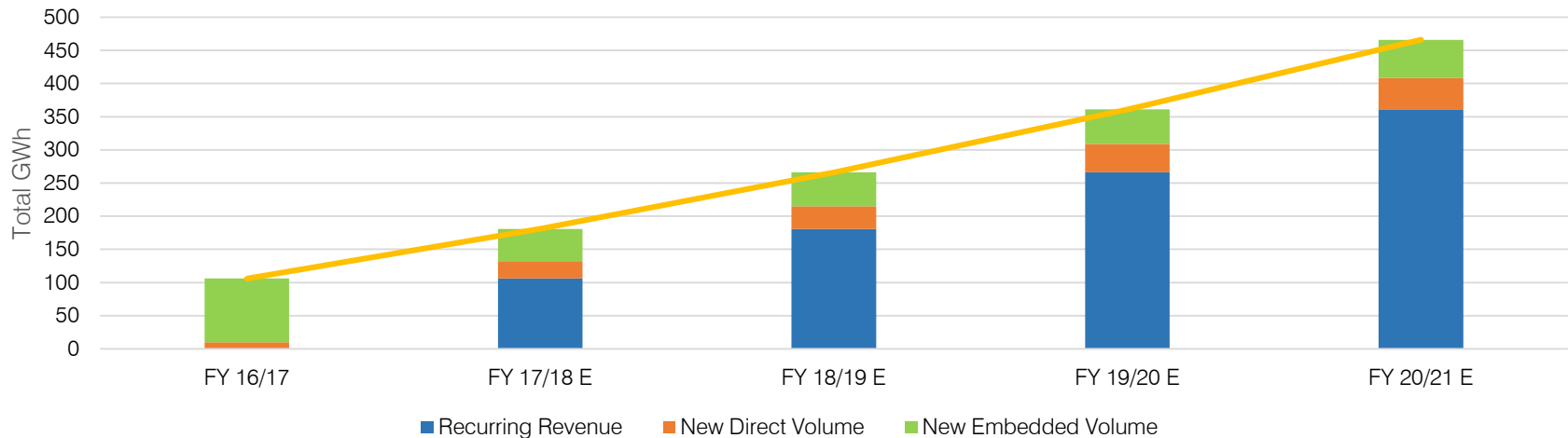
Once a customer is with LPE there is no difference in the service they receive.

The Embedded Network platform creates a longer-term customer benefit and longer contract life.

Direct Market Customer acquisition is low time and cost per customer.

Both customer groups represent similar value in per customer revenue and margin.

Forecast Product Mix





13. FULLY FUNDED CAPITAL ASSET GROWTH THROUGH DEBT FACILITY

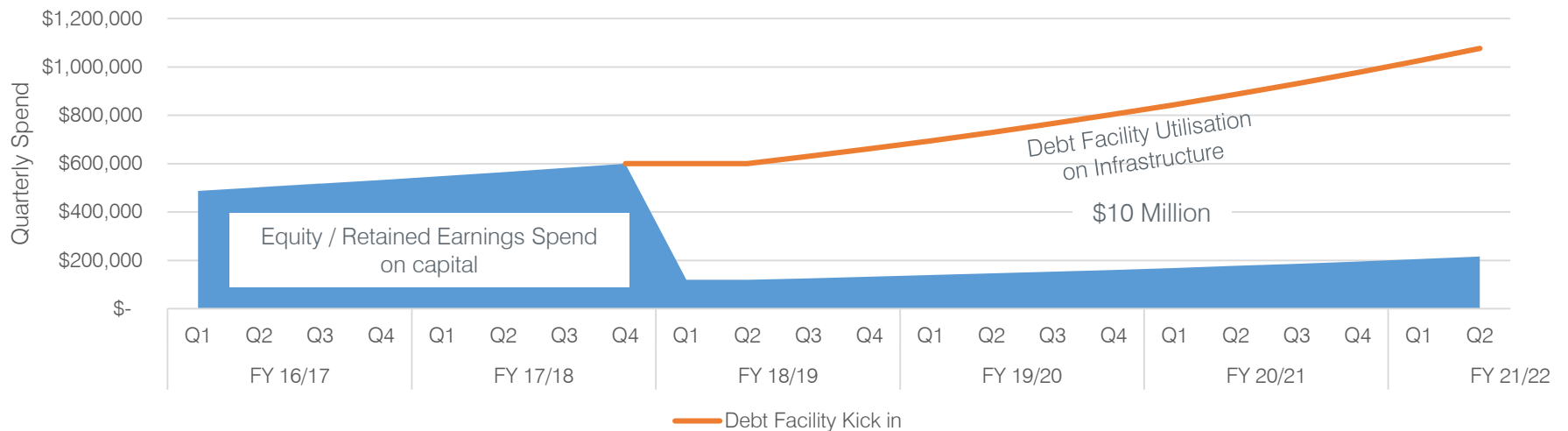
Debt Overview

- The debt facility is to be utilised for capital asset deployment, prior to this LPE has used cash from equity. Utilisation of this facility will have a positive effect on the cash position.
- This facility provides LPE with a **forward runway of 36 months** at an accelerated rate of delivery (including an increase in available funds).

Facility Detail

- Initial facility is for \$10 million
- Interest rate is 7.9%.
- Security is based on company guarantee for each capital asset deployment on an asset-by-asset basis (no fixed and floating charge over company.)
- Ongoing term principal at 5 years.

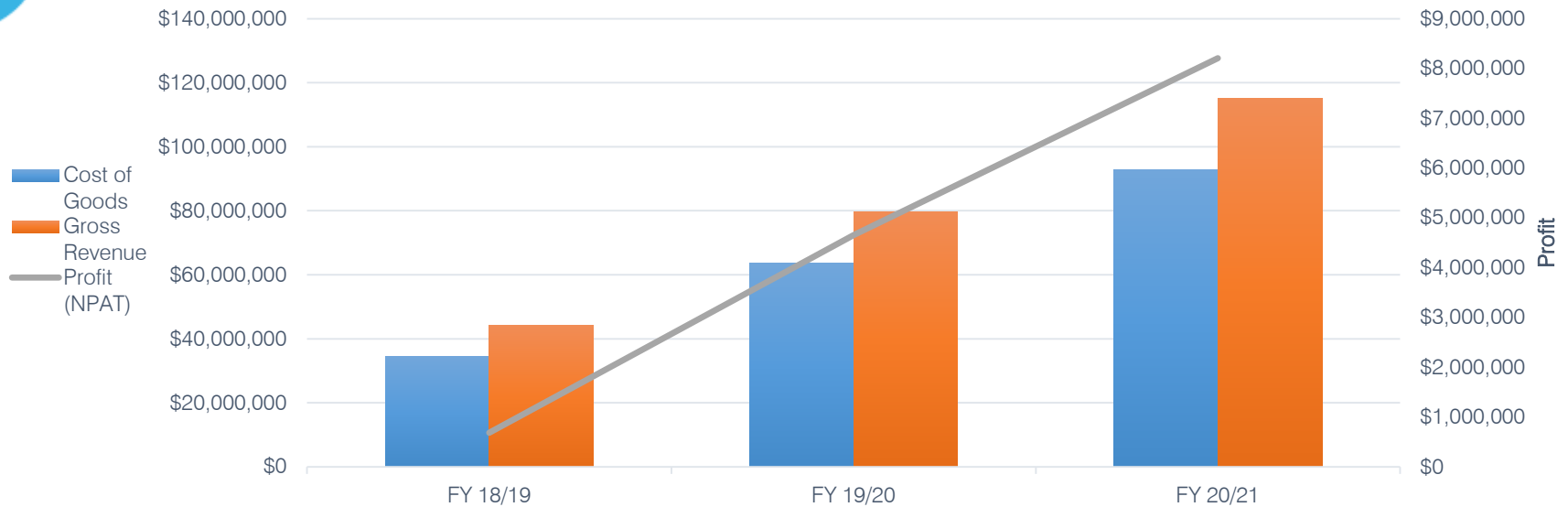
Infrastructure Spending – Debt Facility Utilisation



Graph : Spend on Network infrastructure Capital to date and future contribution with the drawdown capacity of the debt facility out to \$10 million in deployed debt for future embedded network projects.



14. FINANCIAL FORECAST



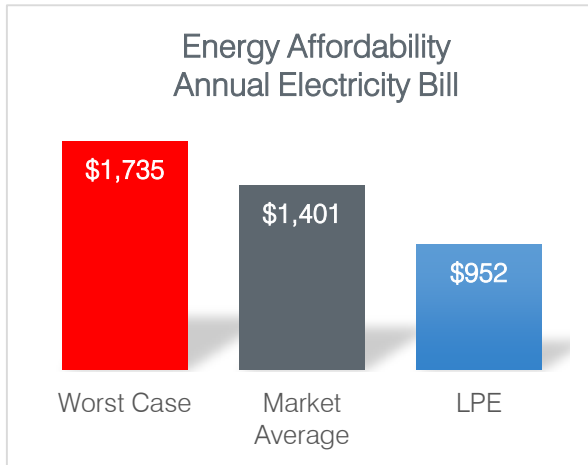
- Current growth trajectory modelled in forecast with company profitability expected to be reached in 2020
- Gross revenues and costs of goods are currently decreasing and are expected to fluctuate over the coming years. Whilst these metrics will be effected, gross profit and NPAT outlined below will not adjust. Percentage margins will increase/decrease based on these market fluctuations.
- Operational expenses steady as only minor additions to personnel required to achieve 450GWh target
- Any acquisitions made is expected to accelerate and boost profitability

Shown in \$ millions	FY 18/19 E	FY 19/20 E	FY 20/21 E
Gross Revenue	\$44.2	\$79.7	\$115.2
Cost of Goods	\$34.4	\$63.6	\$92.8
Gross Profit	\$9.80	\$16.0	\$22.4
Margin %	22%	20%	19%
Operational Expenses	\$9.10	\$11.3	\$13.0
Profit (NPAT)	\$0.68	\$4.65	\$8.20

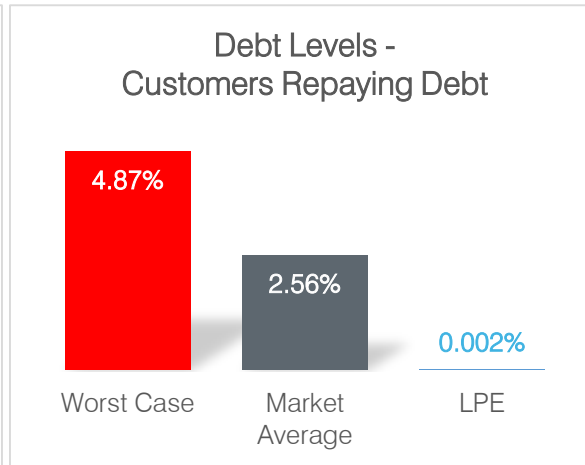
Note. LPE have \$5.78 million carry forward tax losses / Financial year is July 1 – June 30



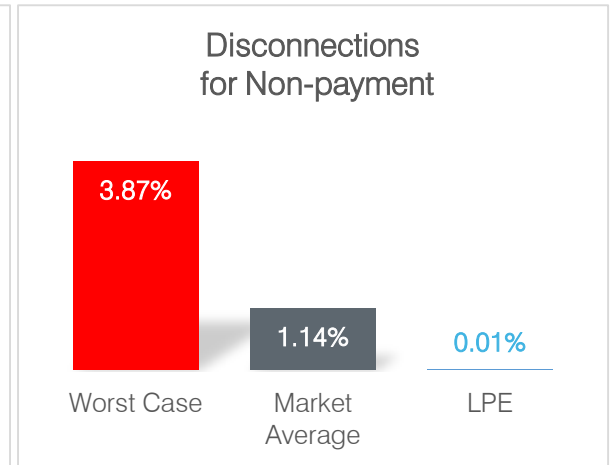
15. LPE COMPARES FAVOURABLY TO INDUSTRY BENCHMARKS



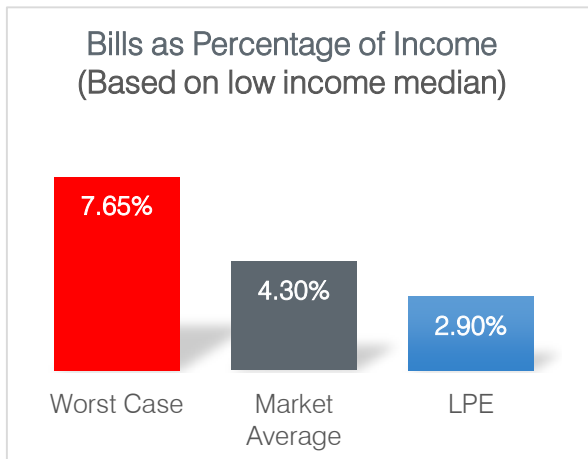
This indicates LPE has the best value proposition in the market.



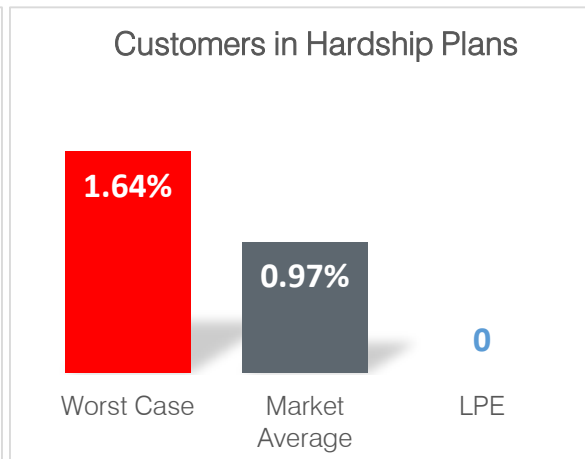
Due to LPE maintaining low costs to consumers we have lower debt levels.



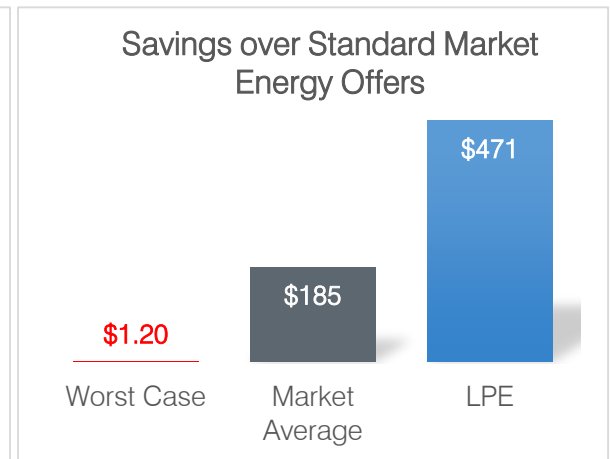
Due to LPE maintaining low costs to consumers we have an almost zero disconnection rate.



This indicator is highly relevant as LPE's core market is in lower or fixed income range demographic.



LPE has never had the requirement to enter a customer into the Hardship Plan due to the lower cost service.



A clear indication of the market comparison in absolute amounts of the LPE Value Proposition.



16. EXPERIENCED EXECUTIVE TEAM



Chairman

Andrew Pierce

Mr Pierce is an accomplished and highly regarded chartered accountant and director, having served on the boards of Variety The Children's Charity (NSW), Guide Dogs NSW/ACT, Royal Guide Dogs Australia and Centre For Eye Health Limited. He is highly skilled in the areas of financial reporting, and company regulatory and governance areas.

Appointed 17 March 2014

CEO / Director

Damien Glanville

Damien is a co-founder and architect of designing the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation. He is also listed as the Chief Executive Officer for the Management components of the Australian Energy Regulators authorisation to retail electricity.

Appointed 11 December 2015

COO / Director

Ben Chester

Ben is a co-founder and architect of designing the electricity retail model that successfully enabled LPE to obtain their Australian Energy Regulator Authorisation. He is also listed as the Chief Operating Officer for the functional and compliance components of the Australian Energy Regulators authorisation to retail electricity.

Appointed 11 December 2015

CFO

Melissa Farrell

Melissa has over 15 years experience working in accounting and finance. She has worked in various sectors, including banking and mining, both in Australia and overseas, for publicly listed companies.

Appointed 31 May 2017

Company Secretary

Bill Lyne

Mr Lyne is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is currently secretary of 4 other listed companies and has a wealth of experience in corporate governance principles and practice.

Appointed 31 May 2017



17. CONTACT US

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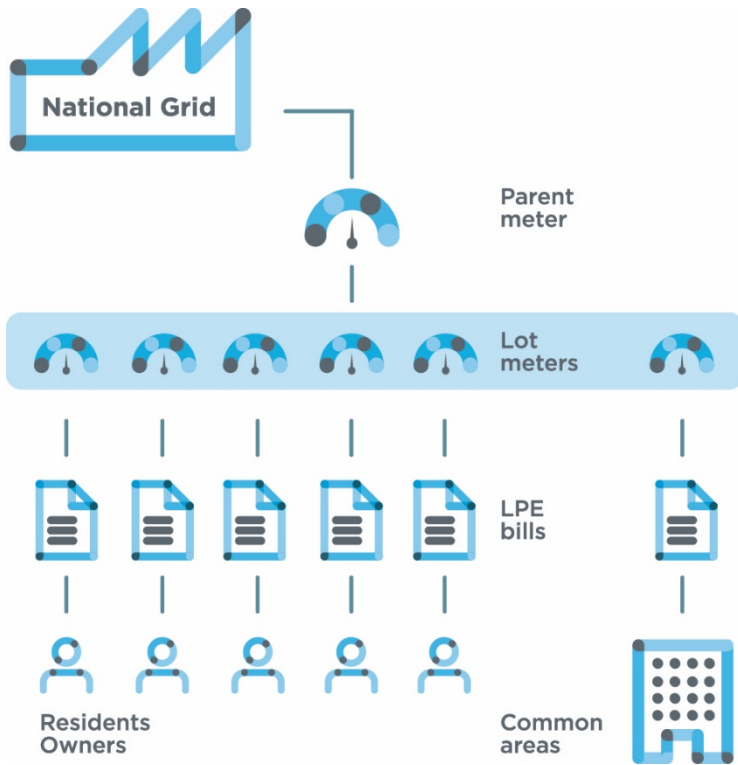
Suite 306, Tower 1,
55 Plaza Parade, Maroochydore
Queensland 4558, Australia





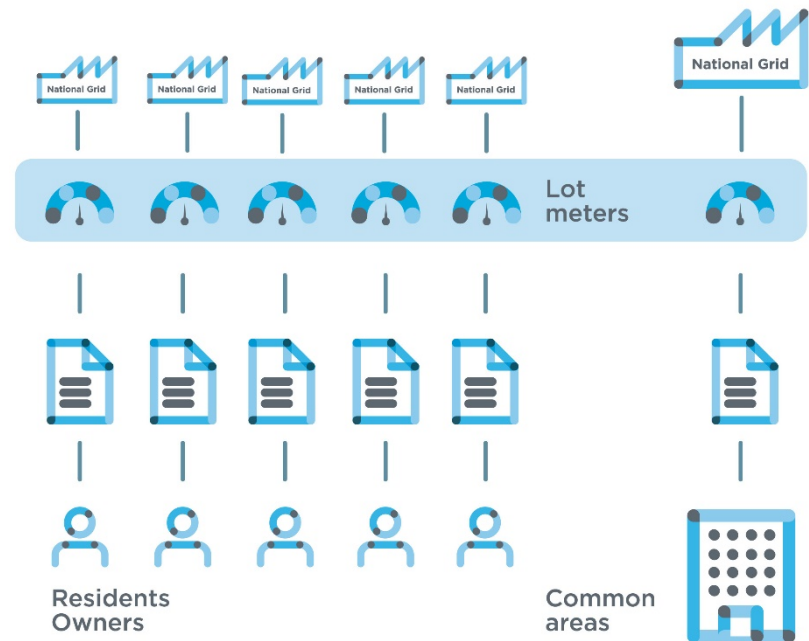
ANNEXURE A – CONNECTION TYPE FUNDAMENTALS

Embedded Network



Embedded Networks create a single point of connection to an entire community behind a single point (Parent Meter). This aggregation of network connections is how the network saving benefit is provided.

Direct Market Customers

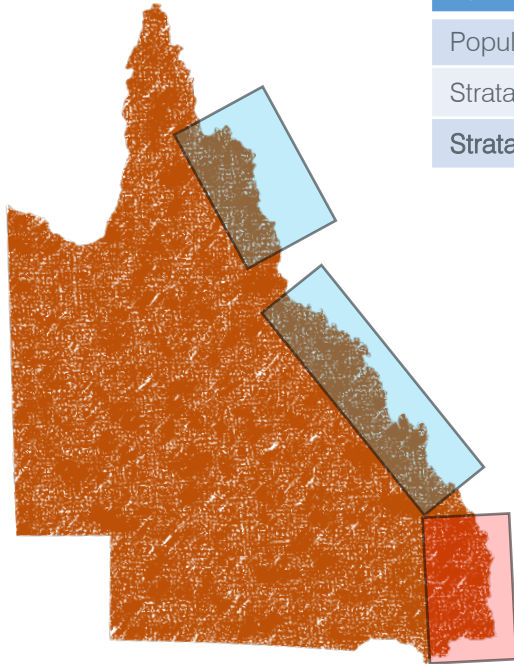


Direct Market Customers sells electricity directly to each lot. This is the normal supply mechanism for the majority of electricity supply.



ANNEXURE B – GEOGRAPHIC RANGE

Queensland
Population: 4,558,312
Total Households: 1,656,837
Strata Communities: 75,642
Strata Households: 351,249

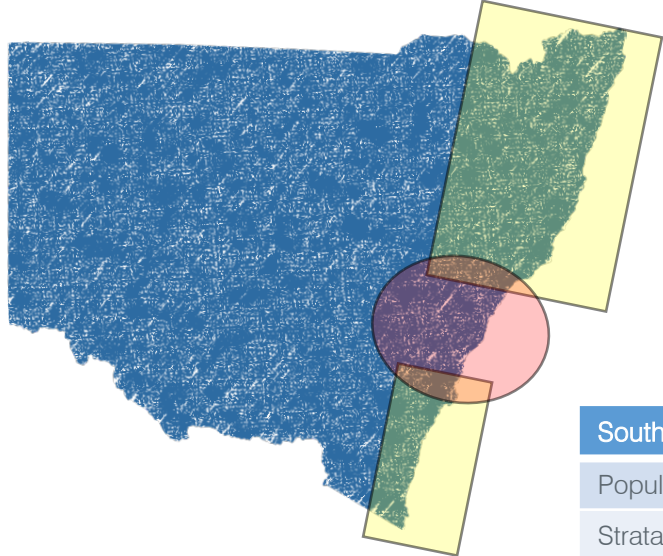


Far North (Cairns, Townsville)
Population: 496,800
Strata Communities: 8,244
Strata Households: 38,887

Mid North (Mackay, Rockhampton, Bundaberg)
Population: 717,000
Strata Communities: 11,898
Strata Households: 56,123

South East (Harvey Bay to NSW Border)
Population: 3,344,512
Strata Communities: 55,500
Strata Households: 261,792

New South Wales
Population: 7,480,228
Total Households: 2,590,171
Strata Communities: 159,224
Strata Households: 836,641



Northern Rivers / North Coast
Population: 1,351,700
Strata Communities: 28,732
Strata Households: 88,930

Greater Sydney
Population: 4,666,928
Strata Communities: 99,200
Strata Households: 307,042

South Coast (Wollongong to Border)
Population: 536,100
Strata Communities: 11,395
Strata Households: 35,271

Map not to scale and is indicative of areas only.
 Source ABS – Housing Data - Urban Centres and Localities (UCLs) and Significant Urban Areas (SUAs)
 *Note NSW figures exclude some regional areas

