



LOCALITY PLANNING ENERGY HOLDINGS LTD ANNUAL GENERAL MEETING ANNOUNCEMENT TUESDAY 19 NOVEMBER 2019

CEO'S ADDRESS

Thank you, Mr Chairman and good morning Ladies & Gentlemen.

As Andrew has noted it has been a very busy and pivotal year for the company, and we are very pleased with how the company is positioned. The close to tripling of our customer numbers during the year is a testament to our point of differentiation, commitment to customer service, and hard work of our dedicated employees.

I'd like to now turn to the future in a little more detail and update shareholders on how the business is tracking this year, and the larger opportunity we see over the medium term.

The two key messages I'd like to leave you with today are as follows: First, FY20 has gotten off to a good start with a sound performance in the September quarter which was in line with our expectations. Second, and by extension, we remain comfortable with our full-year performance targets and the business remains on-track to deliver FY20 sales guidance of \$80m.

We have previously outlined our strategy for growth, being a continuation of our core business in embedded electricity networks which are highly recurring, durable revenue streams, complemented by direct market residential and SME customer growth, centralised hot water plants, as well as our very exciting behind the meter solar product.

In the embedded networks business, there has been continued steady performance. The longer dated sales cycle and the significance of our reputation and relationships means that few others are willing or able to do the hard work in what remains our core market. The highly recurring revenues in this segment of the electricity supply market provide a steady and predictable foundation from which the company can leverage new growth strategies and demonstrate our ability to innovate.

I'd like to take a minute to reflect on recent media coverage of embedded networks in Australia and why LPE's focus on customers stands us out from the pack: we care about our customers and strive to add real value, both in terms of passing on cost savings but also providing exceptional customer service via our local service staff. While other operators, particularly in the case of new builds, try to lock residential customers into unfavourable contracts, we intentionally focus our efforts on the established market where fairness and value is all that matters. Our success and satisfied customers is a testament to our culture and our motto: Honest Electricity.

Turning to the new direct market offering which is the traditional sale of electricity to residential and business customers, our sales team having only been fully established in June has gone about executing on customer acquisition growth in our core South East Queensland market. The market response has been very strong and as we refine our strategy and sales staff gain



experience; we are confident and excited about both the year ahead and the longer term market opportunity in this segment.

Our centralised hot water plant division has grown from strength to strength in line with our recent employment of a specialists in that field. Owning and operating centralised hot water plants has the added benefit of providing us access to long term customers for two product lines, if the site is not suitable for an embedded network a hot water plant provides access to known customers for traditional electricity supply that we have first data information for direct marketing.

Last but not least we would like to reiterate that we are very excited about the potential of the behind the meter solar product given it talks to our core competency being electricity supply to strata communities where we have many existing customers and strong industry relationships. The long duration contracts and steady recurring revenues also further enhance the financial strength of the company. While the upfront equipment & installation revenues are an important element of our growth in sales this year, they will also contribute approximately 6000 residential customers to the business under long-term energy supply agreements. In the increasingly volatile economic climate, we think this is a highly attractive strategic deployment of capital where LPE can draw on its core skills and earn strong returns.

As a reminder, our FY20 revenue guidance stands at \$80m, up substantially compared to FY19 and predicated on the success of our strategic growth pillars as outlined above. We expect based on traction achieved thus far that our solar in strata up front sales will contribute \$30m of revenue in FY20, a strong expected contribution from a new product adjacency and indicative of the opportunity that lies ahead for LPE over the medium and long term.

LPE has a clear strategy for growth, and as the CEO I can say I am more excited than ever about the future of this company, and the opportunity of being a small differentiated player in a vast and valuable market.

Thank you for your continued support.

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About Locality Planning Energy Holdings Limited (LPE)

In January 2016, Locality Planning Energy was listed on the ASX as an electricity retailer to residential and commercial customers. It quickly developed a reputation as an energy supply specialist in residential apartment communities (embedded networks) throughout South-East Queensland. Two years later in 2018 it received financial backing from investment giant BlackRock. LPE now offers a range of utility supply services to residential, commercial, new build and strata customers. Products and services include direct electricity supply, embedded networks, solar solutions and billing services for other utilities.

Contact: Daniel Seeney
Investor Relations
Investors@localityenergy.com.au