

# Half Year Results Presentation

For the period ending 31 December 2019



**NZ Windfarms**  
POWERED BY NATURE

Information in this document is provided for general information purposes only.

It is not an offer or an invitation for subscription, purchase or recommendation of securities in NZ Windfarms Limited (the Company, or NWF).

Neither NZ Windfarms Limited, nor the directors, executives or advisors of NZ Windfarms Limited make any representation or warranty, expressed or implied, as to the accuracy or completeness of any of the information contained herein, including any opinion, or of any other written or oral communication transmitted or made available.

Each recipient of this information waives any and all claims or actions against the directors, officers of, or any advisors to, NZ Windfarms Limited relating to or resulting from the use of this information and any communications received by a recipient, or any of its affiliates, advisors or representatives.

No representation or warranty is given as to the achievement or reasonableness of any future projections, estimates or statements about the future prospects of NZ Windfarms Limited that may be comprised within this information.

This document may contain information from third parties believed to be reliable. However, no representations or warranties are made as to the accuracy or completeness of such information.

This document does not propose to be all inclusive or to contain all of the information the recipient may require.

The Company is under no obligations to update this presentation or the information contained in it after it has been released.

Nothing in this presentation constitutes financial, legal, tax or other advice.

All dollar amounts are in New Zealand dollars and all figures are subject to rounding and in some cases may not appear to add up.

Some non-GAAP financial measures could be used in this document and these are usually defined as footnotes. Financial information should be read in conjunction with the latest audited financial statements for the Company available at [www.nzwindfarms.co.nz](http://www.nzwindfarms.co.nz)

## Snapshot

- Independent merchant wind generator
- 92 x 500kW turbines, 46 MW nameplate capacity
- FY20 YTD turbine availability, 96.8%
- All maintenance carried out in house
- Grid connected via Trustpower T3 substation
- ~30 km of underground reticulation network
- The project received resource consent in 2005 with turbines installed in four stages with the final stage being completed in 2011

## Asset base

- 92 wind turbines (51% of fixed asset base)
- 56 consented but undeveloped turbine sites
- 500 acre freehold farm
- Land access agreements for 32 turbines (Eastern extension)
- Workshop and office buildings
- Extensive spares, tools and inventory
- Underground connection system
  - Connects each turbine to the Te Rere Hau substation
  - 2 x 33kV transmission lines that connect Te Rere Hau substation to Tilt's grid injection point
  - Permits injection up to 48.5MW into the national grid

# Half Year Ended 31 December 2019 Key Metrics

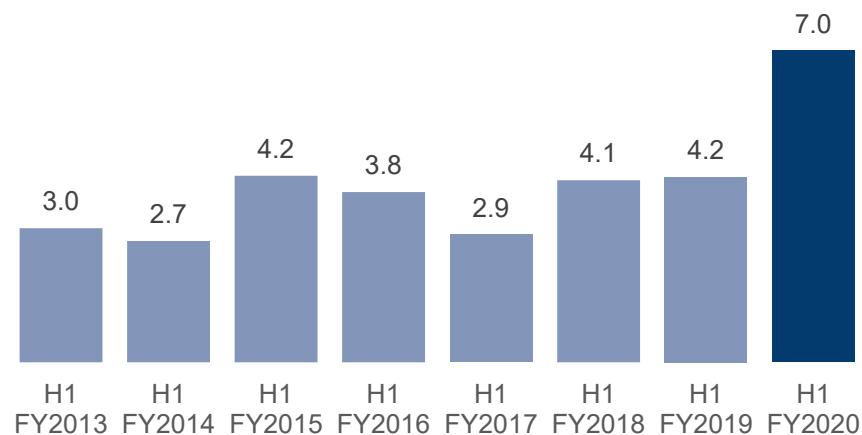
- **Record Total Revenue: \$7.0m** (2018: \$6.4m)
- **Record Electricity Prices** received by the Company - Net GWP\*\* **\$103.50 MWh** (2018: \$78.33 MWh)
- **Good Turbine availability 96.8%** vs 97.0% (Industry benchmark)
- **Generation: 67.7 GWh** (2018: 53.2 GWh)
- **Record EBITDAF\*\*\*: \$5.1m** (2018: \$2.0m)
- **NPAT: \$0.58m** (2018: -\$0.02m)
- **Operating Cashflow: \$4.7m** (2018: \$2.4m)
- **Debt repayment \$0.47m** (2018 \$0.47m)
- **30 Sep 2019 Dividend: 0.40 cents per share (cps) (unimputed)** (2018: 0.00 cps)
- **31 Dec 2019 Dividend: 0.70 cents per share (cps) (unimputed)** (2018: 0.00 cps)
- **On Market Share Buyback for up to 5% of shares on issue** (pcp: none)
- **Continuation of an excellent health and safety record**

\* Hedging operations are referred to as energy futures or derivatives in the financial statements.

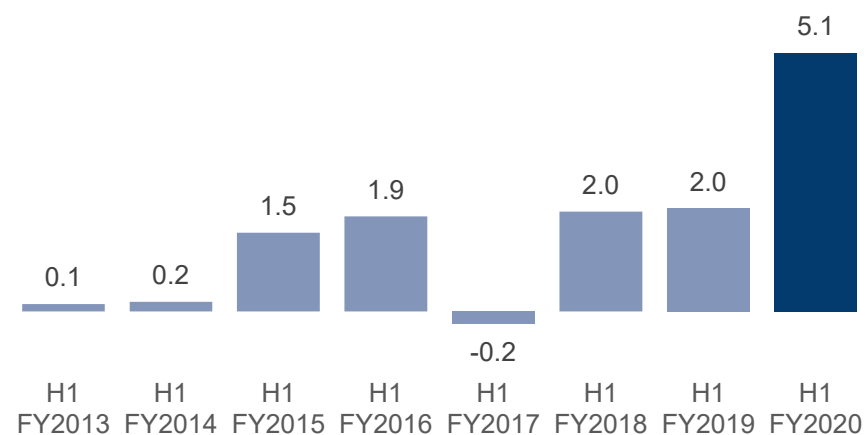
\*\* Net GWP = Net generation weighted price = (electricity sales + gain on realised derivatives – loss on realised derivatives) / generation

\*\*\* EBITDAF - Earnings before interest, tax, depreciation, amortisation and financial instruments. EBITDAF is a non-GAAP financial measure. Any hedges that have been transacted or closed within the period that replicate future hedging positions are excluded. In NWF's case, EBITDAF excludes electricity hedges that relate to transactions that fall outside of the reporting period. The Company utilises EBITDAF internally to evaluate profit and loss that relates to the financial period.

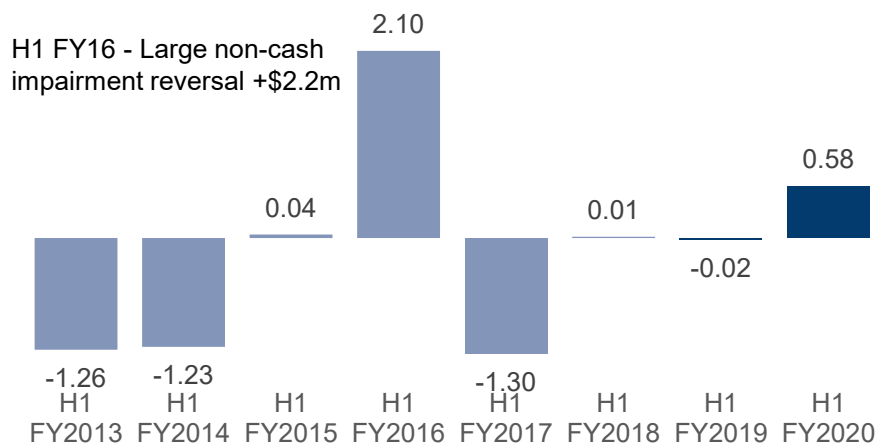
### H1 Electricity Sales (Incl realised hedges) (\$m)



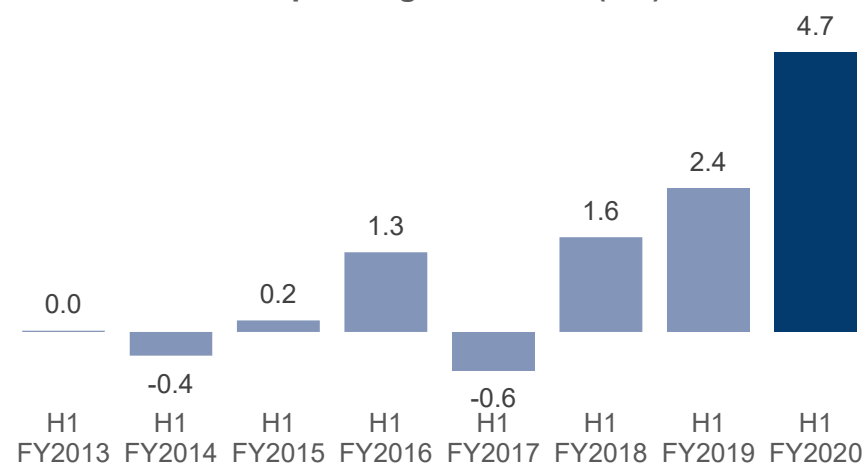
### H1 EBITDAF (\$m)



### H1 NPAT (\$m)

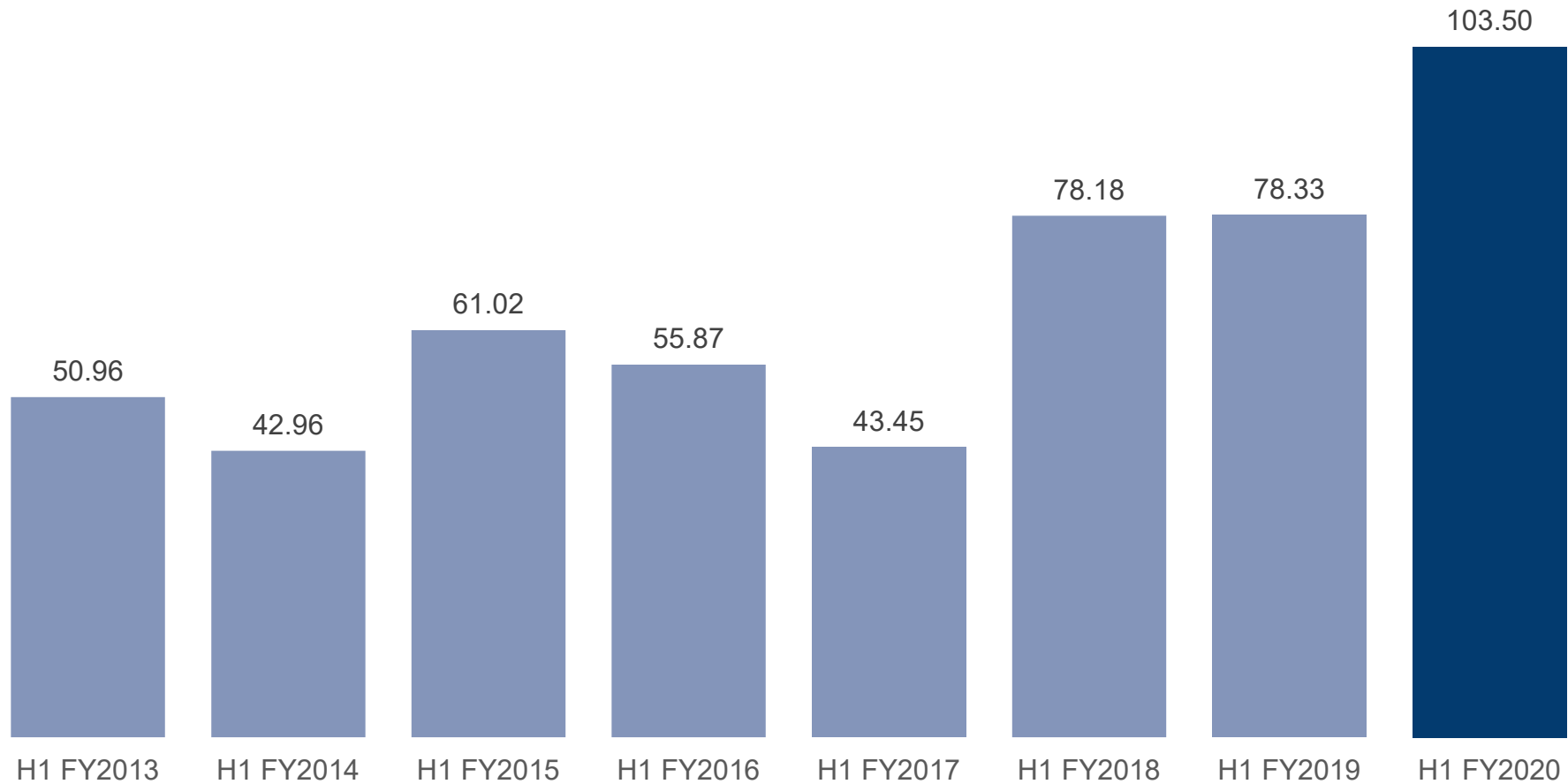


### H1 Operating Cash Flow (\$m)



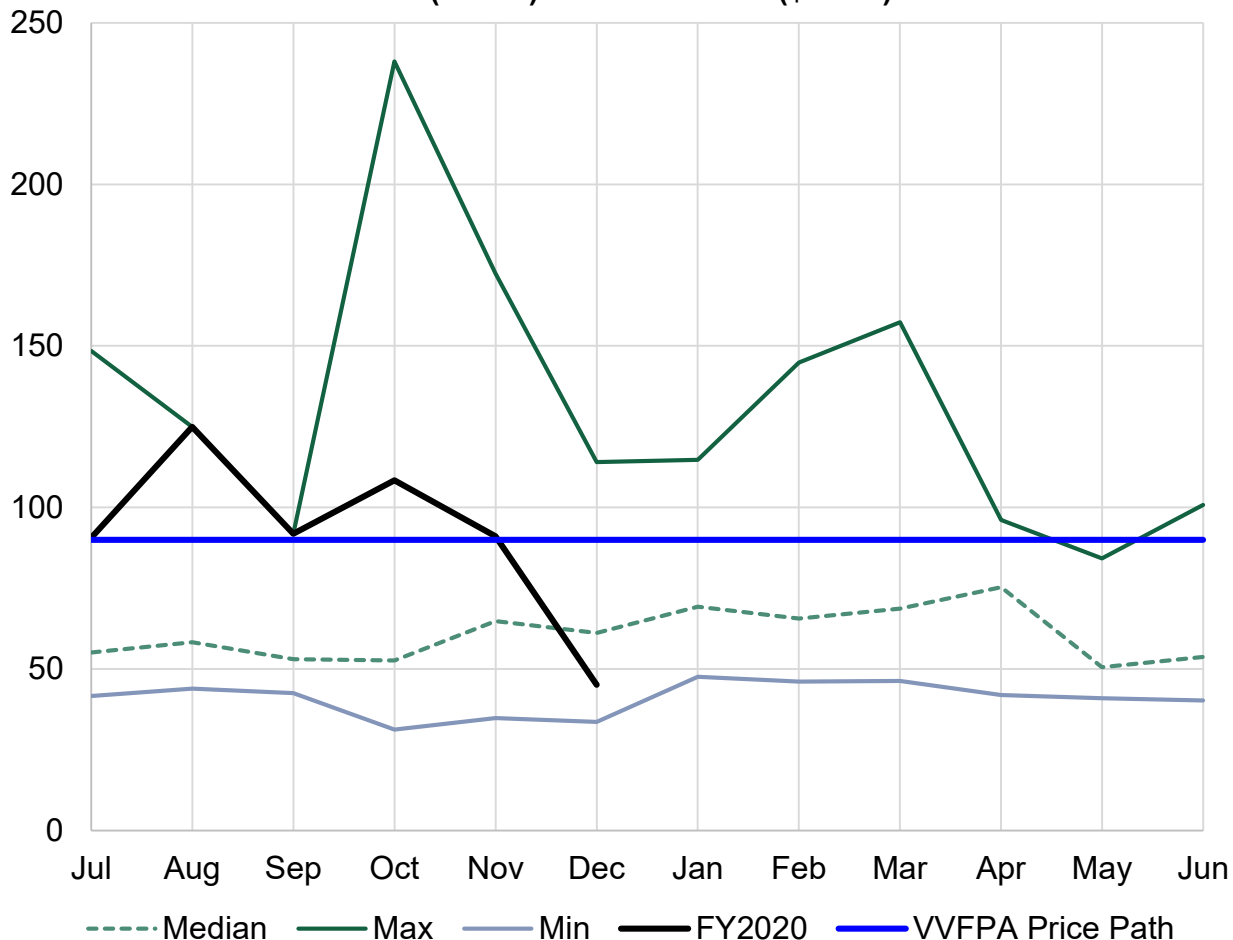
# H1 Electricity Price (GWP \$MWh) – (incl realised hedges)

## H1 Electricity Price (incl realised hedges) (GWP \$MWh)



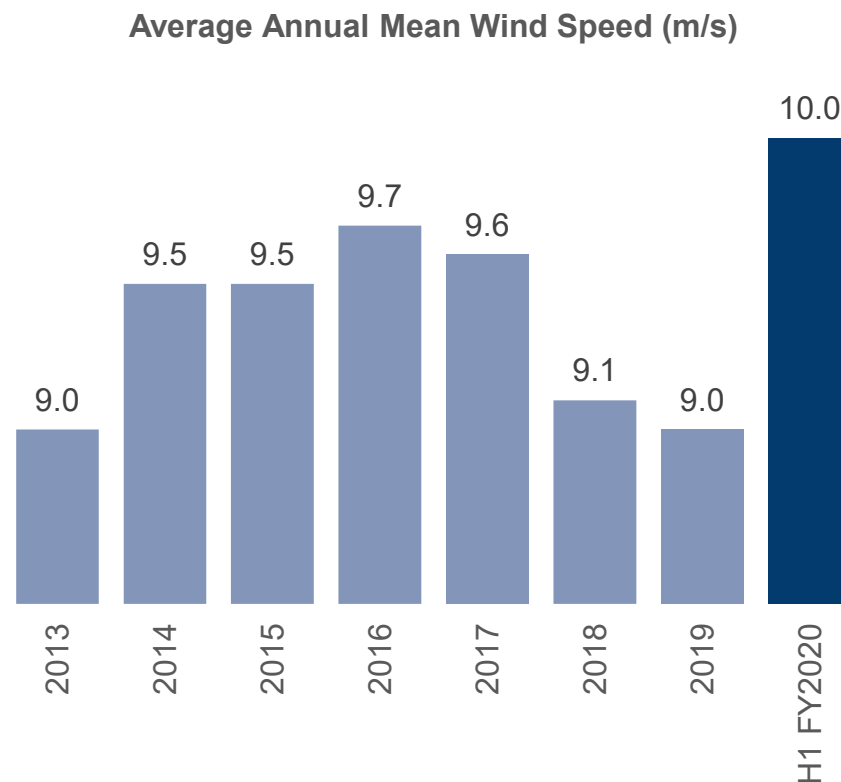
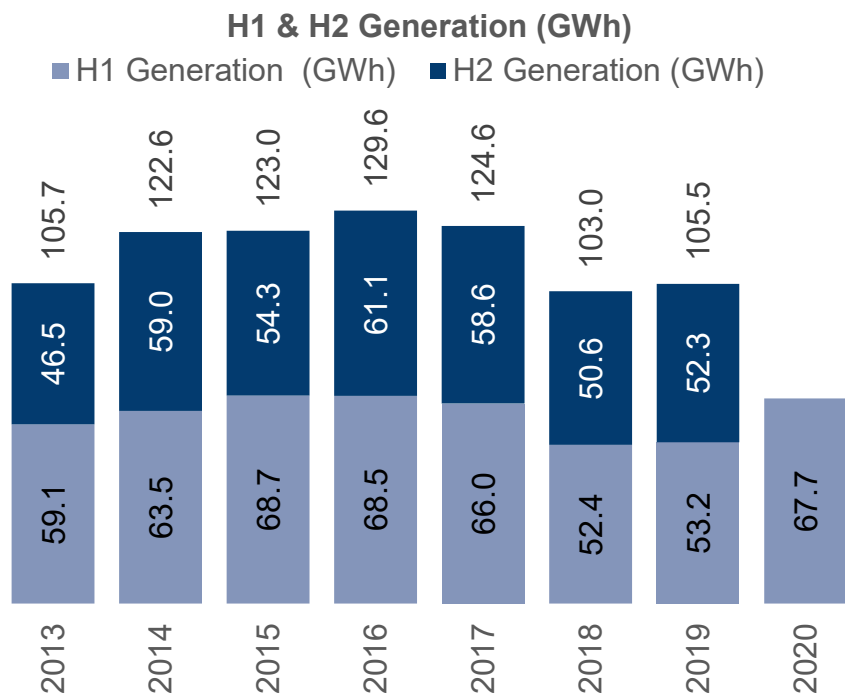
# Average monthly wholesale power price (\$MWh)

Max / Med / Min - Average Monthly Wholesale Electricity Prices (GWP\*) - FY12 to FY20 (\$MWh)



- Average GWP monthly wholesale electricity prices have been volatile over the half year period.
- The average GWP wholesale electricity prices received, reached company records over the months of August and September 2019 but dipped to near company lows in December 2019.
- Note this analysis excludes hedging. When hedging is included the average price for the period received by the Company was \$103.50 MWh (2018: \$78.33 MWh)
- The variable volume fixed price agreement (VVFPA) price level (blue line) is indicative of forward prices at the time of contract entry.

# Generation (GWh) and Average Mean Wind Speed (m/s)



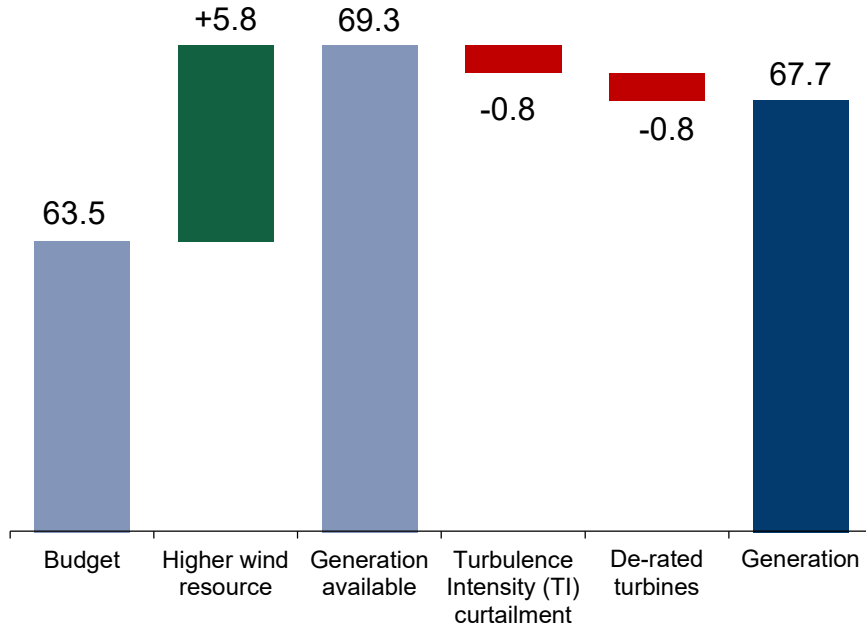
- Half year end generation was **67.7GWh** (2018: 53.2GWh).
- The Company’s budgeted half year end generation is **63.5GWh** (2018: 63.5GWh)

- Average mean wind speeds are directly correlated to generation
- Note the last period is H1 average annual wind speed (m/s) whereas all the others are full year averages. H2 average annual wind speed is historically lower.

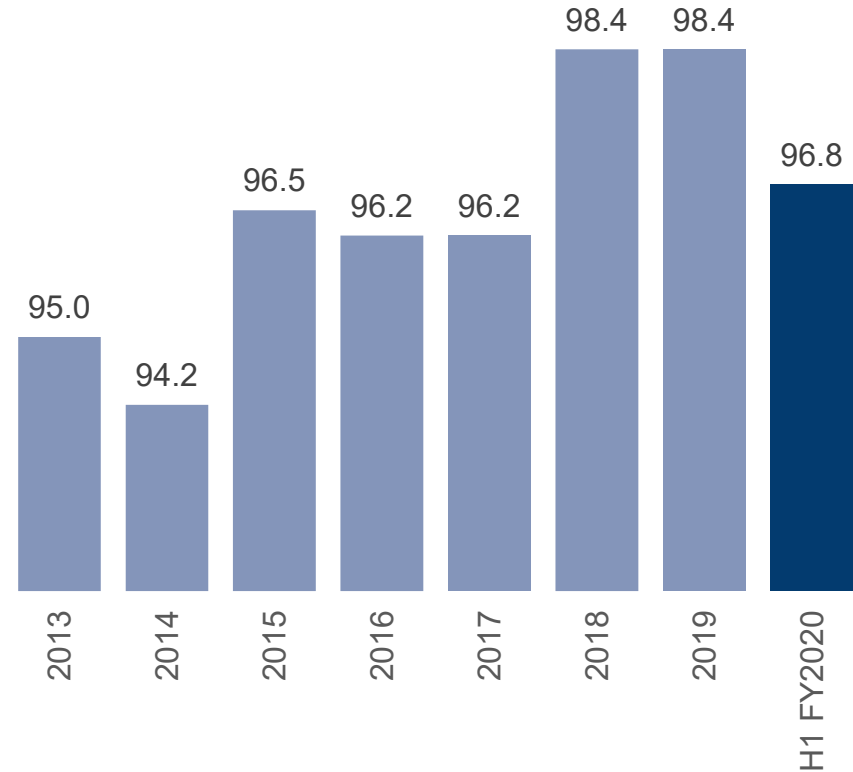


# Generation Waterfall Chart (GWh) and Availability (%)

Generation waterfall chart for half year ending 31 December 2019 (GWh)



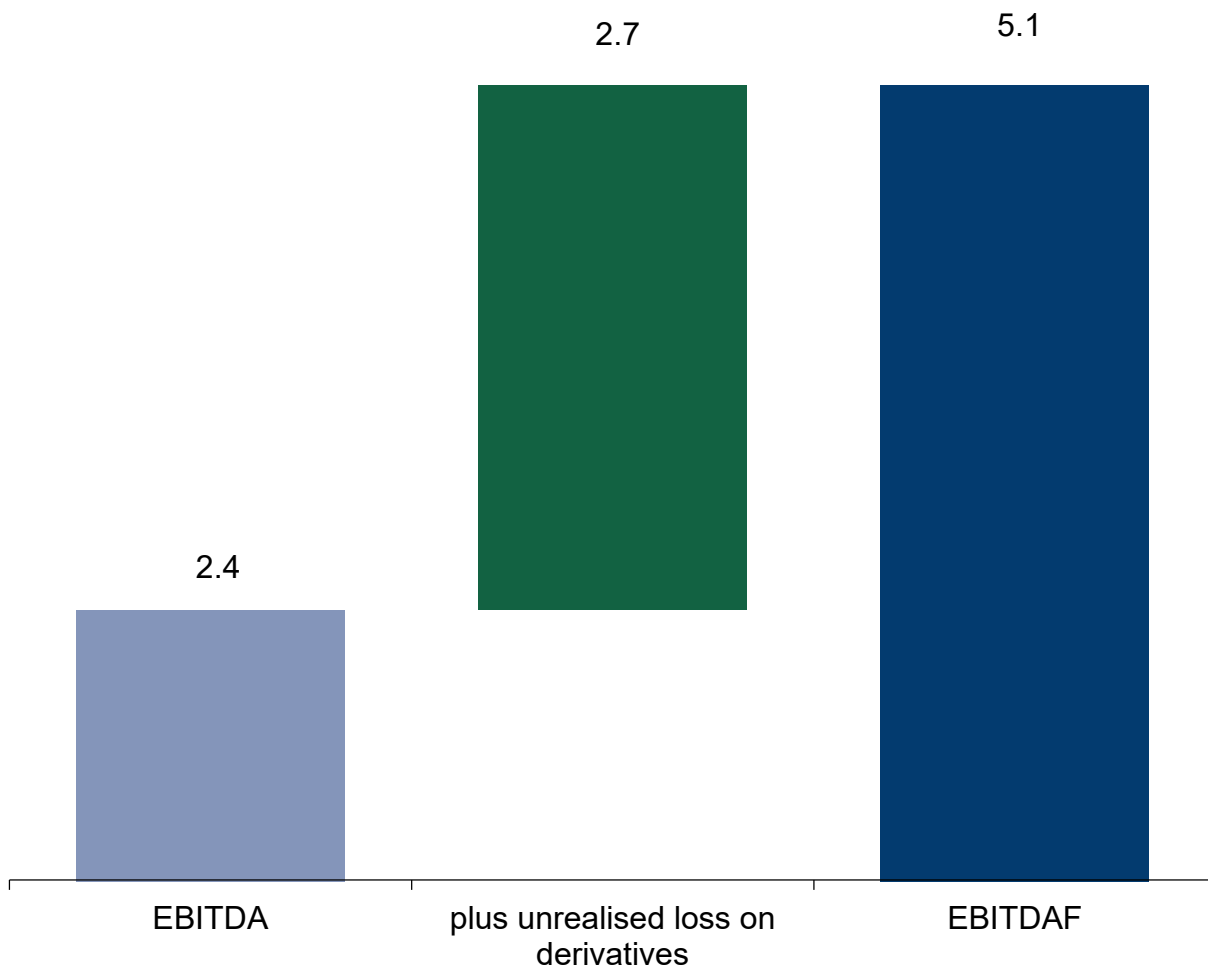
Availability (%)



- The +4.2Wh difference between budgeted and actual generation is explained in the waterfall chart above.

- The turbine manufacturers benchmark for availability is 95% and the industry benchmark is 97%.

EBITDAF Waterfall Chart (\$m)



EBITDAF\* H1 FY20 was **\$5.1m** (2018: \$2.0m).

Any hedges that have been transacted or closed within the period that replicate future hedging positions are excluded. In NWF's case, EBITDAF excludes electricity hedges that relate to transactions that fall outside of the reporting period.

The Company utilises EBITDAF internally to evaluate profit and loss that relates to the financial period and is consistent with other listed companies.

\*Earnings before interest, tax, depreciation, amortisation and financial instruments. EBITDAF is a non-GAAP financial measure.

## Guidance

The Board previously announced an EBITDA guidance range for the full year ending 30 June 2020.

To clarify, the actual metric should be EBITDAF, which strips out the impact of fair value movement in financial instruments that fall outside the reporting period. As an example, any unrealised marked to market gains or losses in financial instruments that are not related to the reporting period are excluded.

The revised guidance statement is for EBITDAF of between \$7.0m and \$7.5m for the full year ending 30 June 2020. Note the guidance range has been narrowed and focussed to the top end of the prior range. EBITDAF for the half year ended 31 December 2019 is \$5.1m (2018: \$2.0m).

Guidance is provided on the information that the Board has available to it at this time and is subject to variation due to climatic and other factors outside of NWF's control.

EBITDA (non GAAP measure) is referred to as profit before interest, impairment, amortisation, depreciation and tax in the financial statements.

Subsequent to the reporting period, the Board refinanced the Company's lending for three years on improved terms with BNZ.

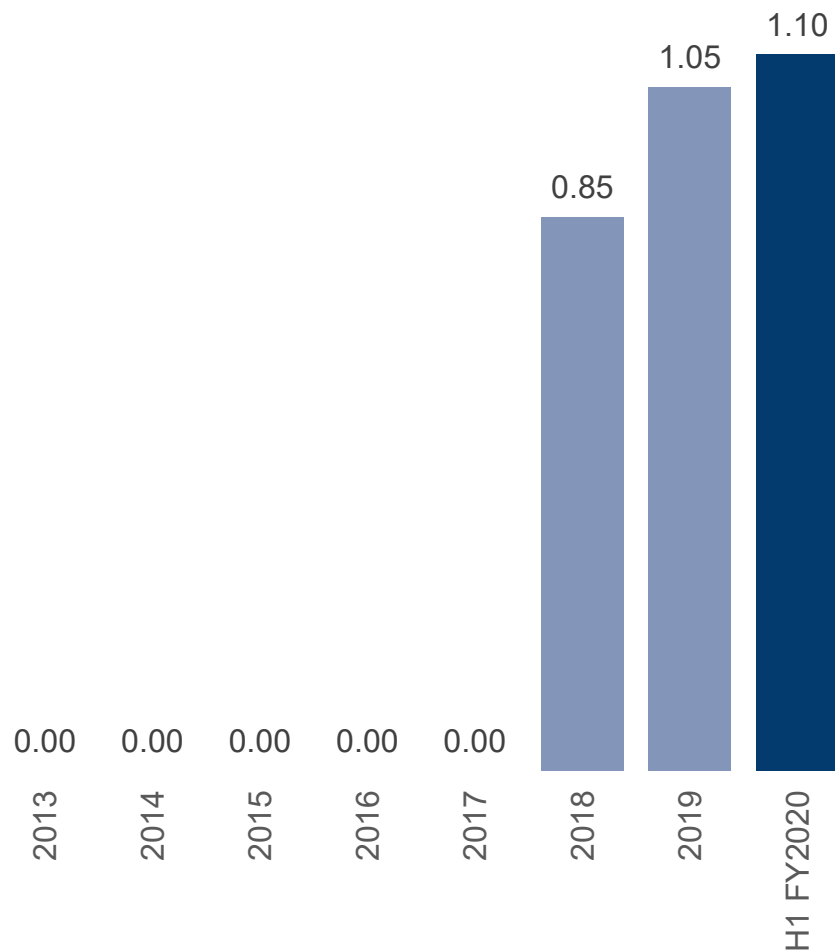
This will lower the Company's cost of debt, improve its WACC, and continue to optimise its capital structure.

Net debt is \$6.3m (2018: \$7.3m) and net debt to H1 EBITDAF is 1.25 times (2018: 3.59 times).

During the half year period, the Company amortised \$0.47m of principal. (2018: \$0.47m)

The Company has comfortably met its lending covenants since establishment and are forecast to remain within them over the next 12 months.

### Gross Dividends (cps)



Over the past year, the Board has taken steps to transform the Company into a stable income producing asset for its shareholders. While this process is not complete, it is progressing positively.

Today the Board is pleased to announce a 0.70 cps unimputed dividend to be paid 19 March 2020. Details are included in the accompanying distribution notice.

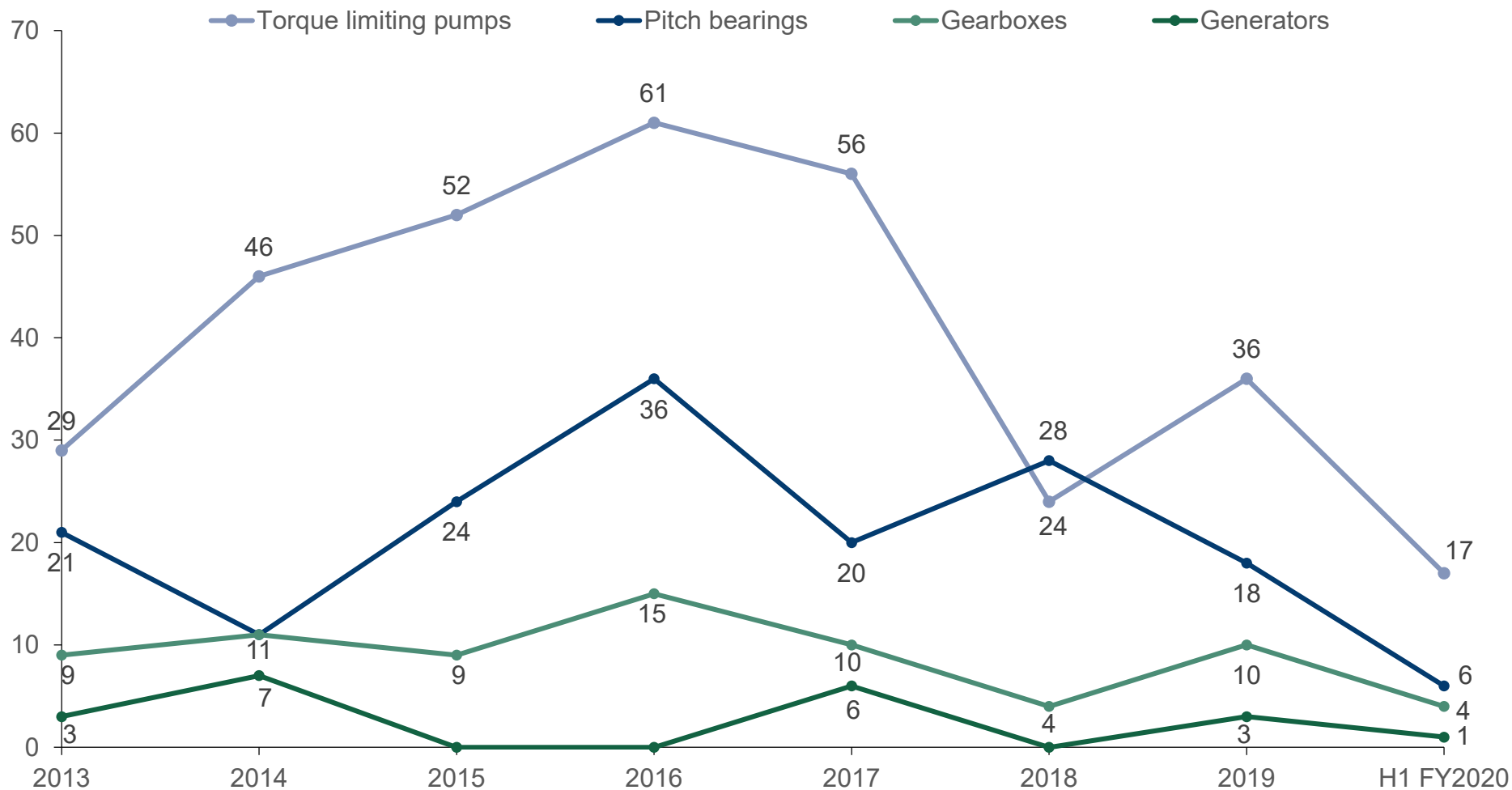
The Board has paid a 0.40 cps unimputed dividend for the 30 September 2019 quarter (2018: nil).

This brings the total unimputed dividends paid related to the half year reporting period to 1.10 cps (2018: nil).

Note a 0.55 cps unimputed dividend was paid on 23 September 2019. That related to the FY2019 reporting period.

# Key components replaced

### Key Components Replaced





**Contacts:**

John Southworth, Chairman  
Warren Koia, Chief Executive  
Telephone: + 64 (6) 280 2773  
Email: [info@nzwindfarms.co.nz](mailto:info@nzwindfarms.co.nz)