

**28 August 2020**

## **NZX Announcement**

**For immediate release**

### **NZ WINDFARMS LIMITED (NWF): FULL YEAR RESULTS FOR THE PERIOD ENDING 30 JUNE 2020**

#### **Key Metrics**

- **Record Revenue (incl realised hedges): \$11.5m** (2019: \$8.4)
- **Record Electricity Price (incl realised hedges) Net GWP<sup>1</sup>: \$97.39 per MWh** (2019: 79.43 per MWh)
- **Record EBITDAF<sup>2</sup>: \$8.0m** (2019: \$4.5m)
- **Record Operating Cashflow<sup>3</sup>: \$7.6m** (2019: \$3.4m)
- **Record Total Dividend - 30 Jun 2020: 1.80 cps (unimputed)** (2019: 1.05 cps)
- **NPAT<sup>4</sup>: \$1.7m** (2019: \$0.6m)
- **Generation: 118.4 GWh** (2019: 105.5 GWh)
- **Average Mean Wind Speed: 9.7 m/s** (2019: 9.0 m/s)
- **Debt repayment: \$0.95m** (2019: \$0.95m)
- **Continuation of excellent health and safety record**

#### **Highlights for the year**

The Company achieved record levels across multiple metrics during FY20. These included revenue (incl realised hedges) of \$11.5m (2019: \$8.4m), Electricity Price (incl realised hedges) Net GWP \$97.39 per MWh (2019: \$79.43), EBITDAF \$8.0m (2019: \$4.5m), Operating Cashflow \$7.6m (2019: \$3.4m) and Total Unimputed Dividends of 1.80 cps (2019: 1.05 cps) for a total of \$5.2m (2019: \$3.0m)

Record revenue was driven by a combination of high wholesale and hedge price levels throughout the period and excellent generation conditions, particularly during the first half of the year. Good wind resource represented by average mean wind speed of 9.7 m/s (2019: 9.0 m/s) resulted in full year generation of 118.4 GWh (2019: 105.5 GWh).

<sup>1</sup> Net GWP = Net generation weighted price = (electricity sales + gain on realised derivatives – loss on realised derivatives) / generation

<sup>2</sup> EBITDAF - Earnings before interest, tax, depreciation, amortisation and fair value adjustments. 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.

<sup>3</sup> Operating cashflow is referred to as net cash inflow (outflow) from operating activities in the financial statements.

<sup>4</sup> NPAT = Net profit after tax. This is referred to as total comprehensive income and profit (loss) after tax in the financial statements.

Management achieved further cost savings during the year, which also contributed to record EBITDAF of \$8.0m (2018: \$4.5m). Interest costs are down reflecting historically low interest rates and the diminishing loan balance. This led to NPAT of \$1.7m (2018: \$0.6m).

### **Operational Performance**

A disciplined focus on capital expenditure and operations has resulted in continued strong operating and financial performance. However, as a result of the increased wind resource, generation, and additional run hours, this creates more faults, additional maintenance (some involving long lead time replacement components) and relatively fewer weather windows to carry out crane lifting and high access rope or platform operations. This has led to a decrease in availability for the period to 95.3% (2019: 98.4%). We outperformed the OEM benchmark of 95.0% but underperformed the industry standard of 97.0%

We continue to work with neighbours to optimise our voluntary curtailment effectiveness. Health and safety was again excellent this year, with zero lost time injuries recorded (2019: Zero).

### **Capital Expenditure**

The turbine platform and infrastructure are robust and enhanced component life is slowly being realised as a result of continuous improvement regimes.

We continue to manage our direct relationships with suppliers, with a focus on carrying lower inventory levels, reducing lead times on some component refurbishments, and minimising turbine maintenance costs.

### **Bank Funding**

The Board refinanced the Company's lending for three years on improved terms with BNZ in February 2020. This lowers the Company's cost of debt, improve its WACC, and further optimises its capital structure.

Total debt is \$9.9m (2019: \$10.8m), Net debt is \$6.2m (2019: \$8.0m) and net debt to EBITDAF is 0.77 times (2019: 1.77 times).

### **Distributions**

Over the past year, the Board has continued to transform the Company into a stable income producing asset for its shareholders.

Today the Board is pleased to announce a 0.70 cps unimputed dividend to be paid 22 September 2020. Details are included in the accompanying distribution notice.

In addition, the Board has paid a 0.40 cps unimputed dividend on 1 October 2019 (pcp: nil) and a 0.70 cps unimputed dividend on 19 March 2020 (pcp: nil).

This brings the total unimputed dividends paid related to the full year reporting period to 1.80 cps (2019: 1.05 cps).

### **Clean and renewable energy**

The Company has 92 turbines with a capacity of 46 MW producing enough clean energy to power about 16,000 homes. In comparison, to generate the same amount of energy, a gas-fired power plant would emit roughly 64,000 tonnes of carbon dioxide, the same as an additional 23,000 cars on the road.

### **Outlook**

To conclude, what remains unchanged is the fantastic wind resource available and the ability to harness that into 100% renewable energy, in a safe, cost effective and sustainable manner. The Board takes a long-term view of the business and attempts to look through current uncertainties. An electricity industry

without carbon and a rebalance of electricity supply and demand will create opportunities for those who can see through the current malaise. The Board will continue to manage all the factors within its control and seek value enhancing strategies for all shareholders.



**Warren Koia**  
**Chief Executive**

#### **About NZ Windfarms Limited**

NZ Windfarms Ltd is a long term specialist wind farm owner and operator, with its revenue coming from the sale of sustainably generated electricity from its Te Rere Hau wind farm.

The Te Rere Hau wind farm is located on North Range Road in the Taranaki Ranges outside of Palmerston North. The wind farm has 92 turbines with a capacity of 46 MW producing enough clean energy to power about 16,000 homes. In comparison to generate the same amount of energy, a gas-fired power plant would emit roughly 64,000 tonnes of carbon dioxide, the same as an additional 23,000 cars on the road

NZ Windfarms Ltd (NWF) is a public company listed on the NZ Stock Exchange. Up to date share trading information can be obtained from the NZX website.