



Annual Results Presentation

For the financial year ended 30 June 2019



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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

Snapshot

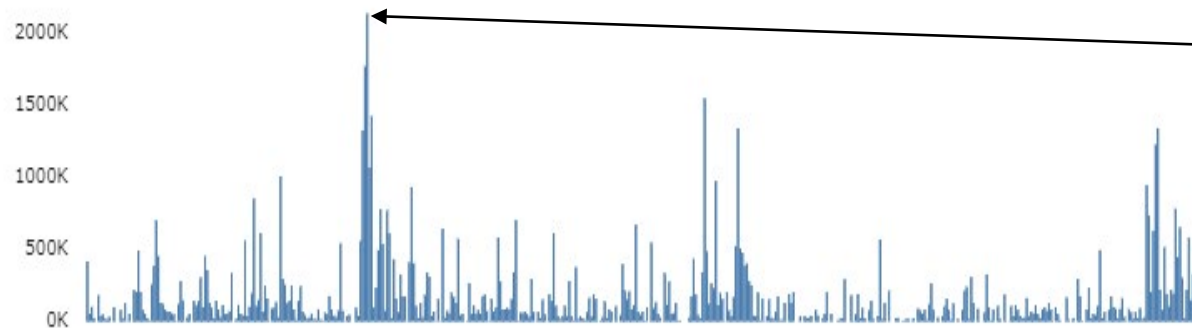
- Independent merchant wind generator
- 92 x 500kW turbines, 46 MW nameplate capacity
- FY19 turbine availability - 98.4%
- All maintenance carried out in house
- Grid connected via Trustpower T3 substation
- ~30 km of underground reticulation network
- The project received resource consent in 2005 with turbines installed in four stages with the final stage being completed in 2011

Asset base

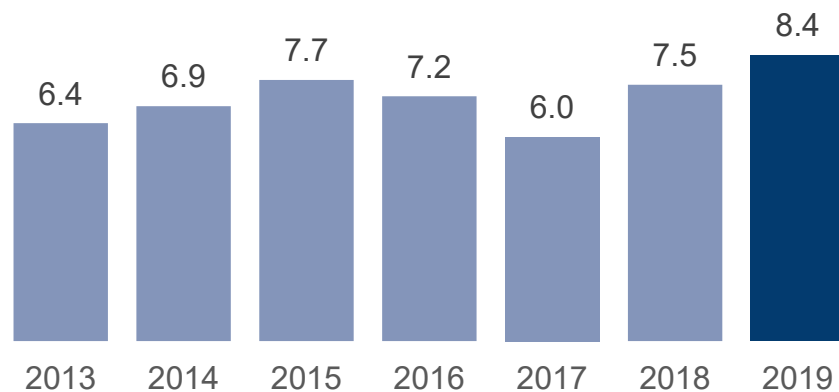
- 92 wind turbines (51% of fixed asset base)
- 56 consented but undeveloped turbine sites
- 500 acre freehold farm
- Land access agreements for 32 turbines (Eastern extension)
- Workshop and office buildings
- Extensive spares, tools and inventory
- Underground connection system
 - Connects each turbine 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

NWF Share Price and Volume

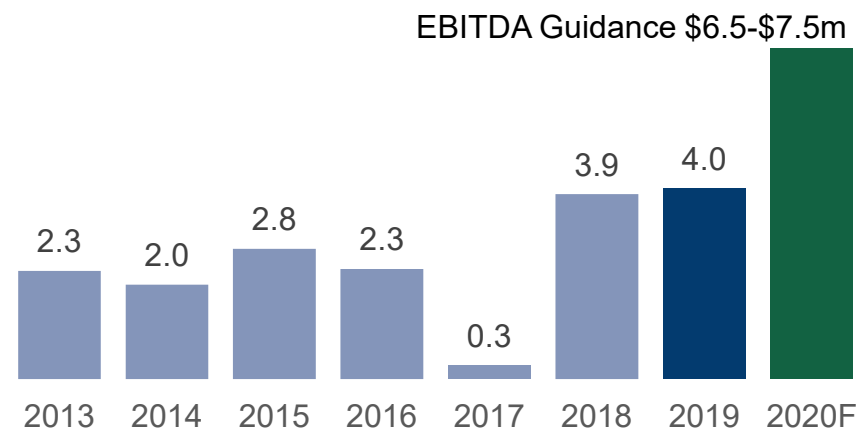
- Chart source [nzx.com](https://www.nzx.com)
- Strategic review / sales process announced.
- Market Update, Guidance, Share Buy Back and Variable Volume Fixed Price Agreement (VVFPA).
- Dividends
- Sale of Vector shareholding



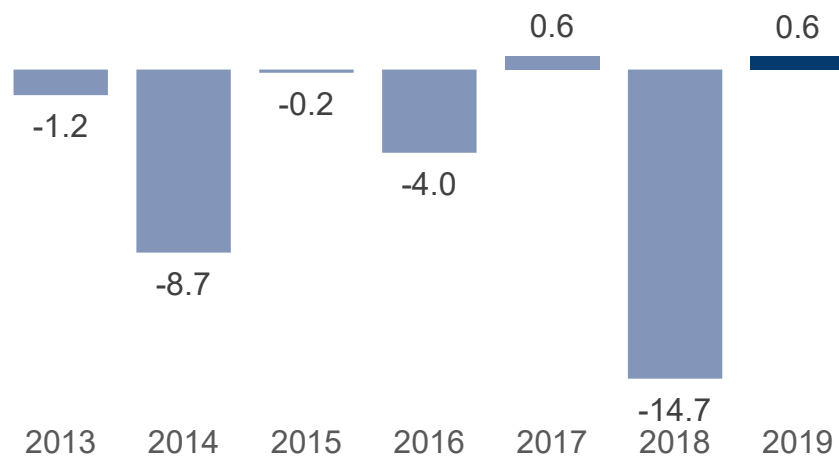
Electricity Sales (Incl realised energy futures)
(\$m)



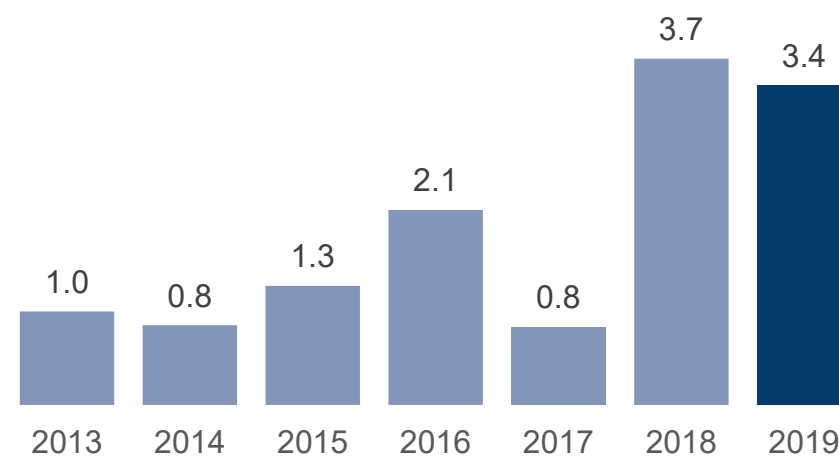
EBITDA (\$m)



NPAT (\$m)



Operating Cash Flow (\$m)



- **Electricity sales (excluding hedging operations*): \$12.2m** (2018: \$7.2m)
- **Total Revenue (including hedging operations): \$8.8m** (2018: \$7.7m)
- **EBITDAF**: \$4.5m** (2018: \$3.9m)
- **NPAT:*** \$0.6m** (2018: -\$14.7m)
- **Generation: 105.5 GWh** (2018: 103.0 GWh)
- **Total Dividend: 1.05 cents per share (cps) (unimputed)** (2018: 0.85 cps (fully imputed))
- **Q1 FY20 Quarterly Dividend: 0.40 cps (unimputed)** (pcp: none)

* Hedging operations are referred to as energy futures in the audited financial statements.

** EBITDAF - Earnings before interest, tax, depreciation, amortisation and financial instruments. EBITDAF is a non-GAAP financial measure. This includes any hedges that have been transacted or closed within the period that replicate future hedging positions. In NWF's case, electricity hedges that relate to hedges that fall outside of FY19 are excluded. The Company utilises EBITDAF to evaluate profit and loss that relates to the financial year.

*** FY18 NPAT was impacted by the loss of deferred tax assets of \$15.5m. Refer to the FY18 annual report for a full explanation.

Guidance

- EBITDA guidance for full year ending 30 June 2020 is for a range of \$6.5m to \$7.5m, which would be an increase of between 61% and 86% over the year just finished.
- This guidance is issued on the basis of historical production volumes (applied to today's turbine fleet) the budgeted revenue for Q1 FY20 and the fixed price agreement for the remainder of the year.
- Average mean wind speed, across the site, over the year is the main factor outside of NWF's control. Other factors that affect production are within NWF's control.
- DNV- GL* reviewed the Company's expected annual production and expects it to average 117.2 GWh (2018: 120.0 GWh).

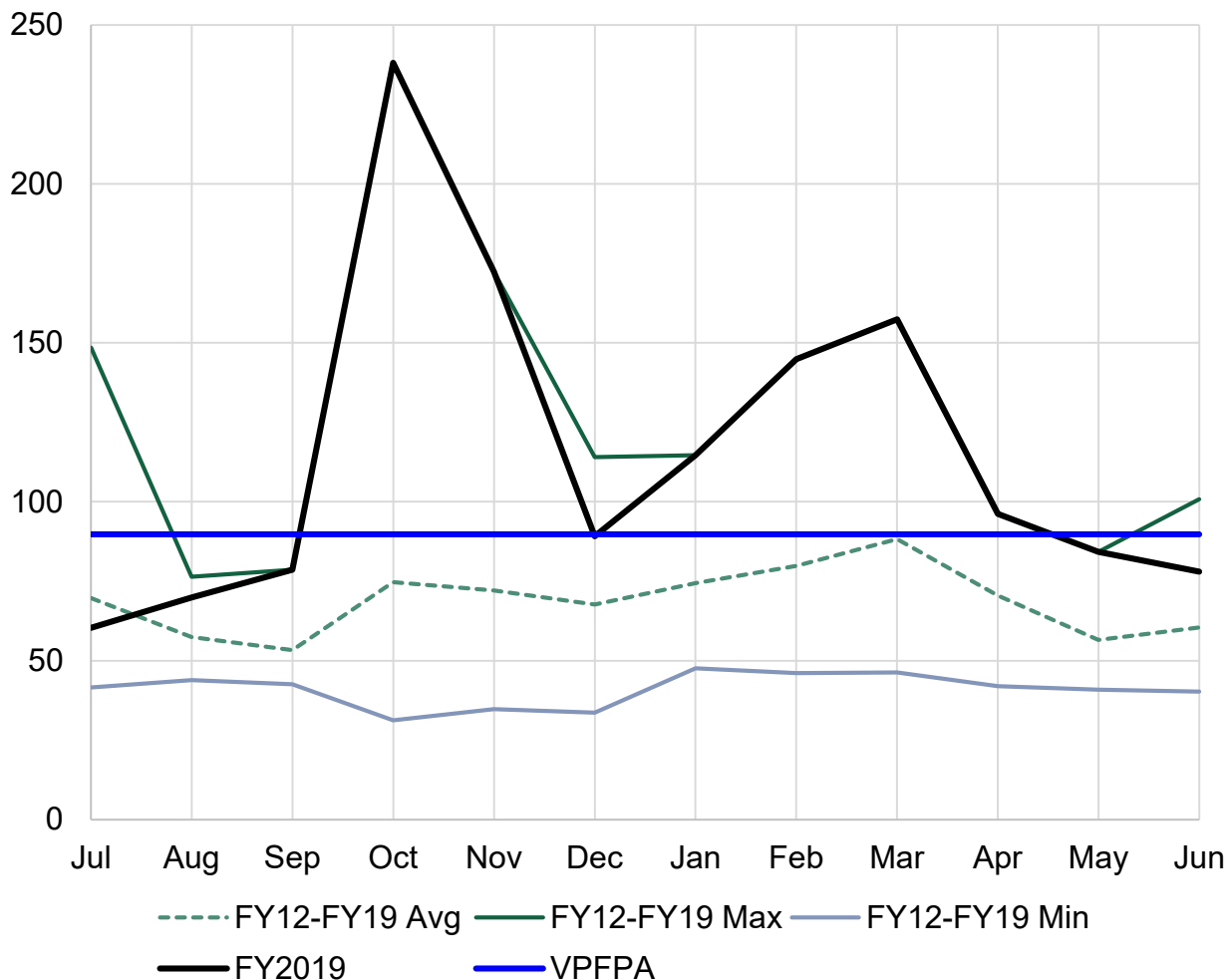
* Independent advisory firm with expertise in renewable energy

Strategic review

- NWF announced in October 2018 that it had engaged First NZ Capital (now Jarden) to conduct a strategic review. As part of that review, NWF decided to gauge the market's interest as to the possibility of a sale of its assets. Interest was shown by a number of parties.
- Whilst several parties expressed interest, indications of value did not match the Director's expectations nor the Company's current strong operating and financial performance.
- Given the Company's improving performance the Director's believe that the Company's focus should be continuing to generate strong earnings and maximising cash returns to shareholders.
- As part of that review questions of new turbines / residual value was identified. Work is underway to address this issue.

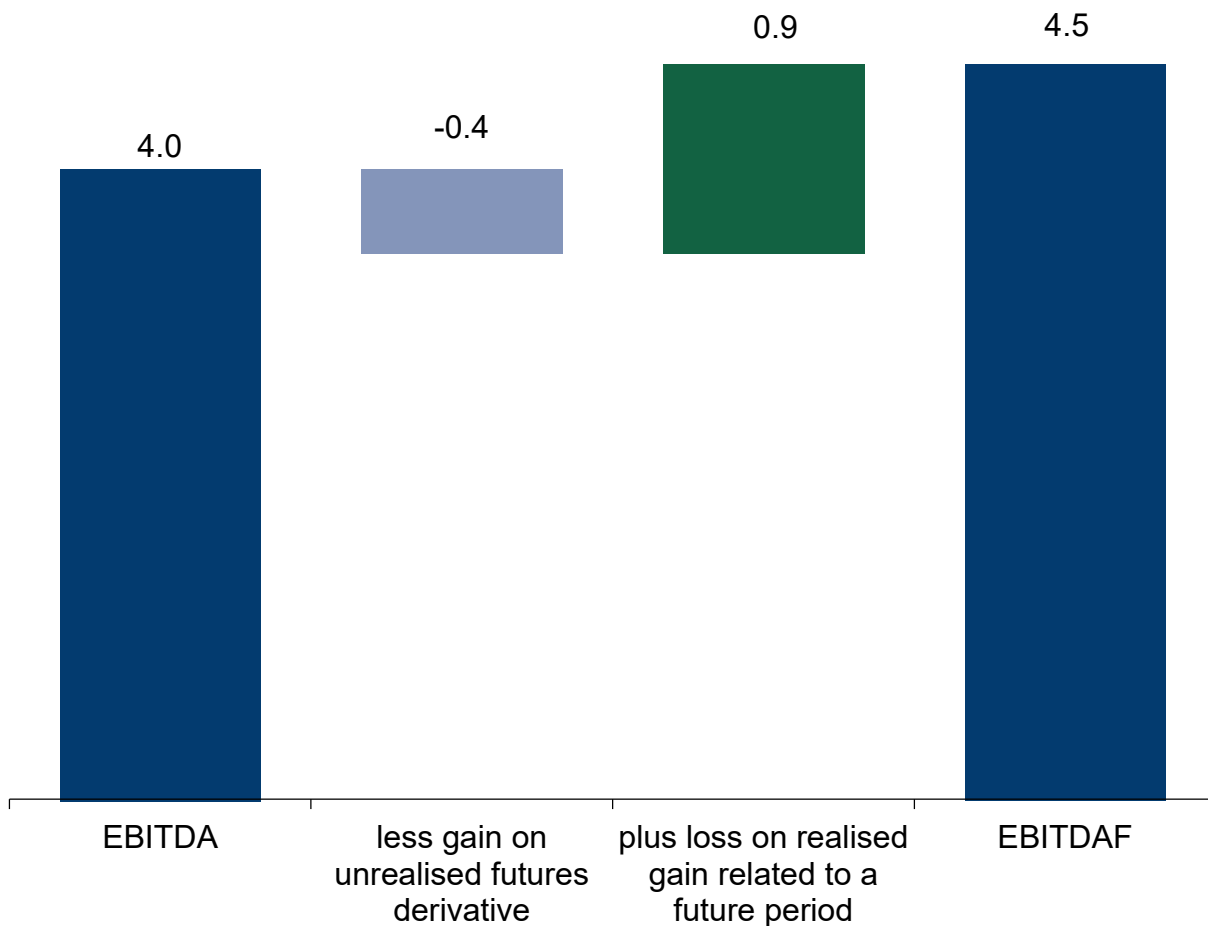
Average monthly wholesale power price (\$MWh)

Average Monthly Wholesale Power Price FY12 to FY19 (\$MWh)



- Price has been volatile over the period with the average annual electricity price received averaging \$115.49MWh (FY18: \$69.56 MWh.). Hedging impacts are excluded for FY18 and FY19.
- High prices and volatility were mainly driven by low hydro levels in the North Island catchment areas and thermal generation supply side constraints.
- Long term ASX forward curve has been robust.
- The variable production fixed price agreement (VPFPA) contract averages \$90 MWh over five qtrs.

EBITDAF Waterfall Chart (\$m)



EBITDAF* FY19 was \$4.5m (FY18: \$3.4m).

To calculate EBITDAF we exclude moves in the fair value of financial instruments. Electricity hedges that relate to hedges that fall outside of FY19 are excluded. This includes any hedges that have been transacted or closed within the period that replicate future hedging positions.

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

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

Variable Volume Fixed Price Agreement

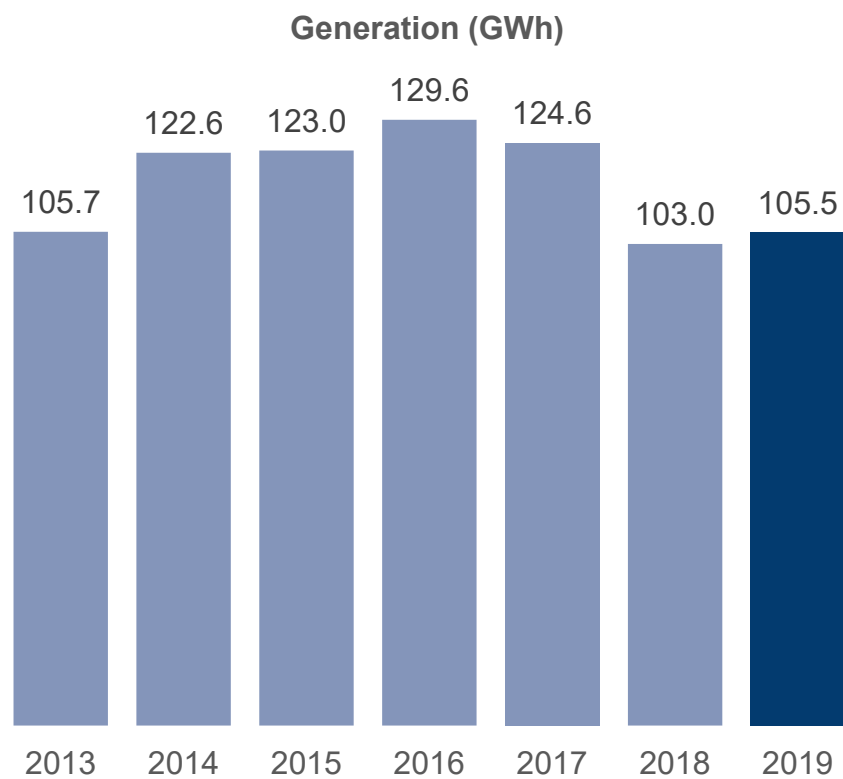
- Price volatility will be managed differently going forward due to the recently announced variable volume fixed price agreement (VPFPA)
- The VVFPA is with an undisclosed major New Zealand based counterparty.
- The price will be fixed for all generation produced for a period of five quarters starting on 1 October 2019.
- We will continue to hedge production that sits outside of the fixed price period and only when a replacement agreement is finalised will we unwind any overlap.

Hedging results for FY19

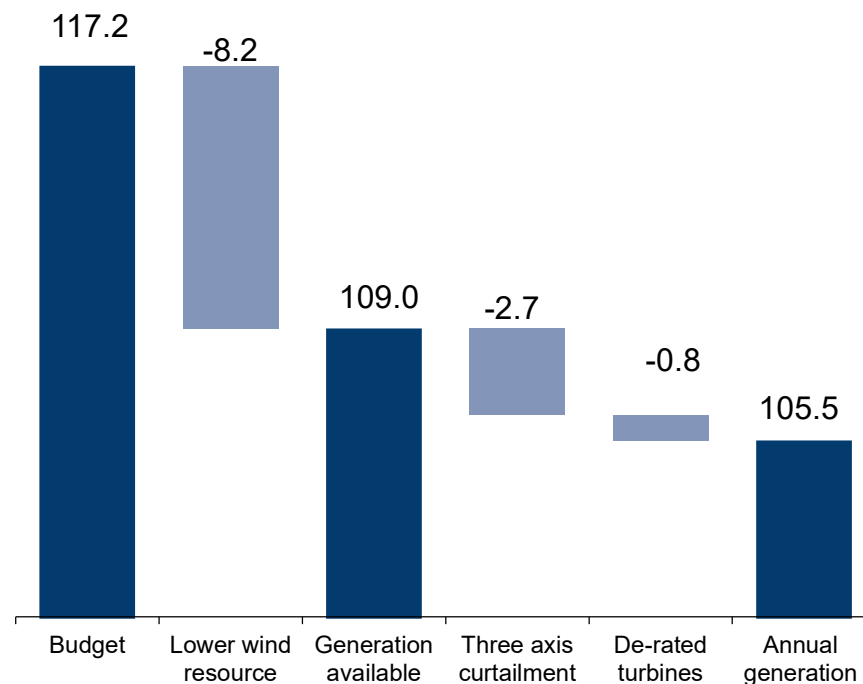
- When hedging operations are factored in electricity sales are reduced by $-\$3.4\text{m}$ (2018: $+\$0.4\text{m}$).
- Hedging losses were the result of low fixed electricity prices at the start of the hedging periods (some opened 18 months in advance) and high spot electricity prices at the conclusion of the hedging periods. This effect has fallen away for FY20.

Hedging Policy

- The hedging policy is to hedge between 20% and 40% of the average quarterly generation volume.
- The hedging policy is designed to provide a degree of certainty to revenue and is not a trading mandate.



Generation waterfall chart for FY2019 (GWh)

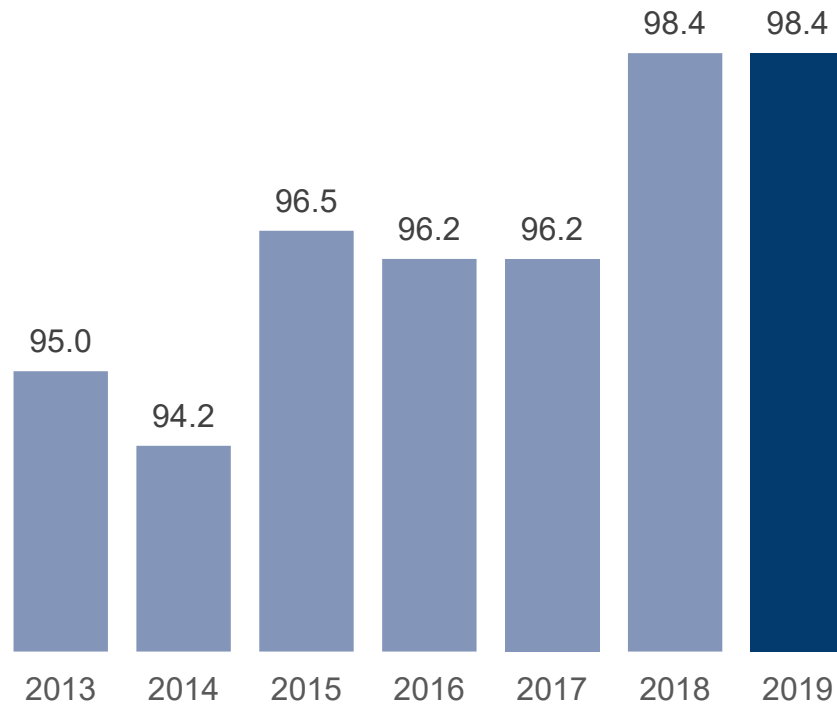


- Annual generation was 105.5GWh (2018: 103.0GWh). The Company’s budgeted generation is 117.2GWh

- The 11.7GWh difference between budgeted and actual generation is explained in the waterfall chart above

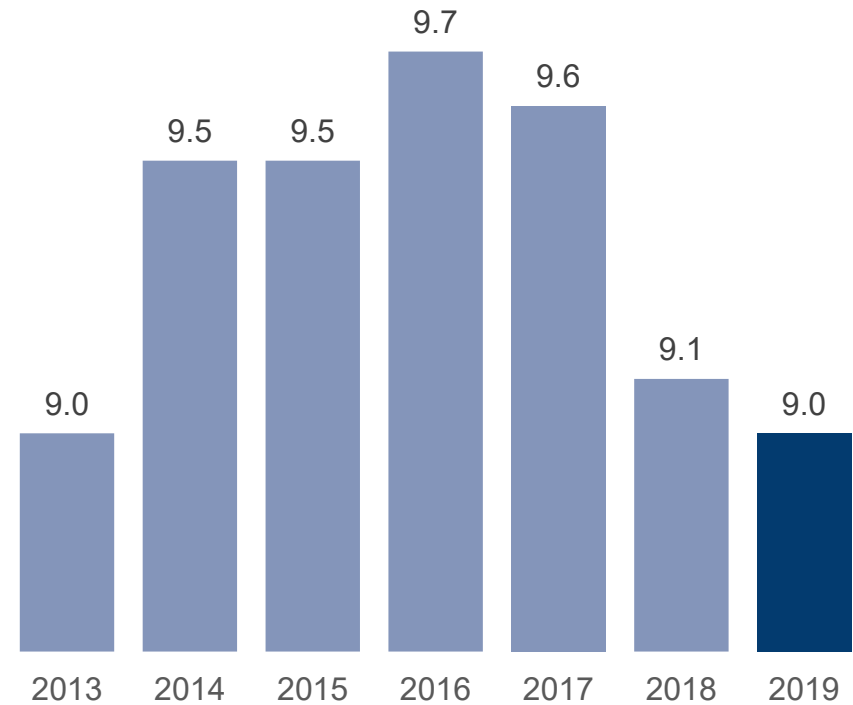
Availability (%) and Average Mean Wind Speed (m/s)

Availability (%)

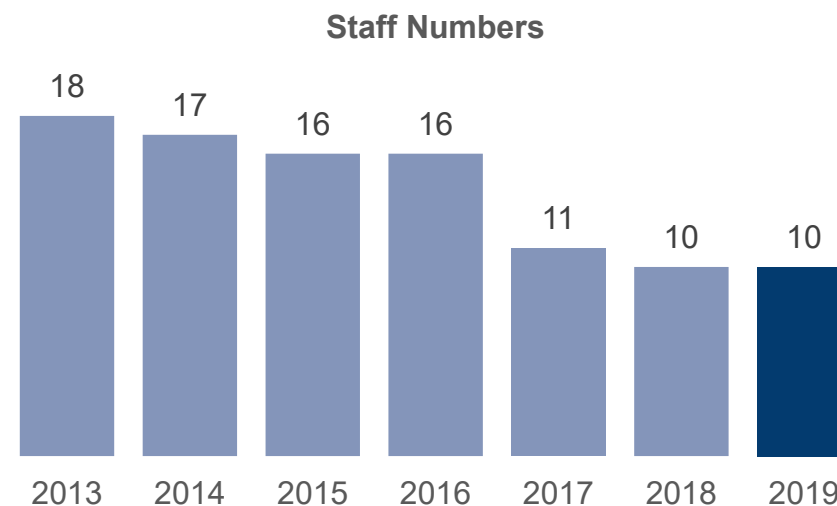
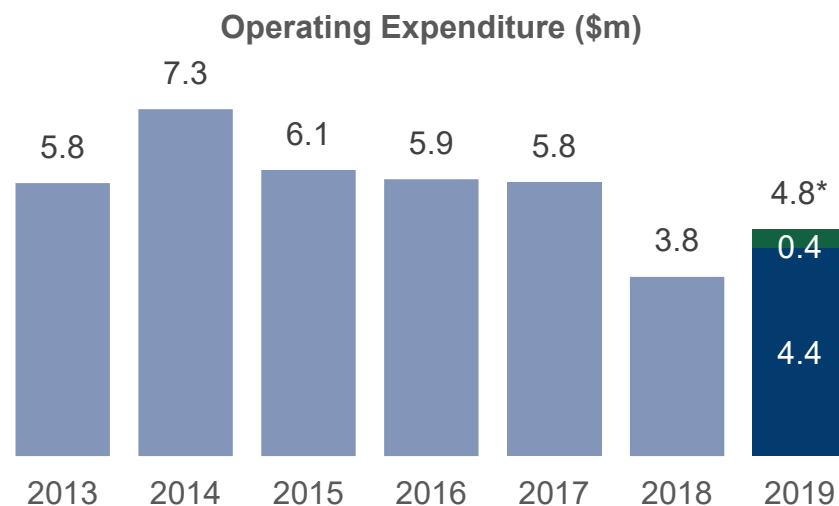


- The turbine manufacturers benchmark for availability is 95%.

Average Mean Wind Speed (m/s)



- Average mean wind speeds are directly correlated to annual generation

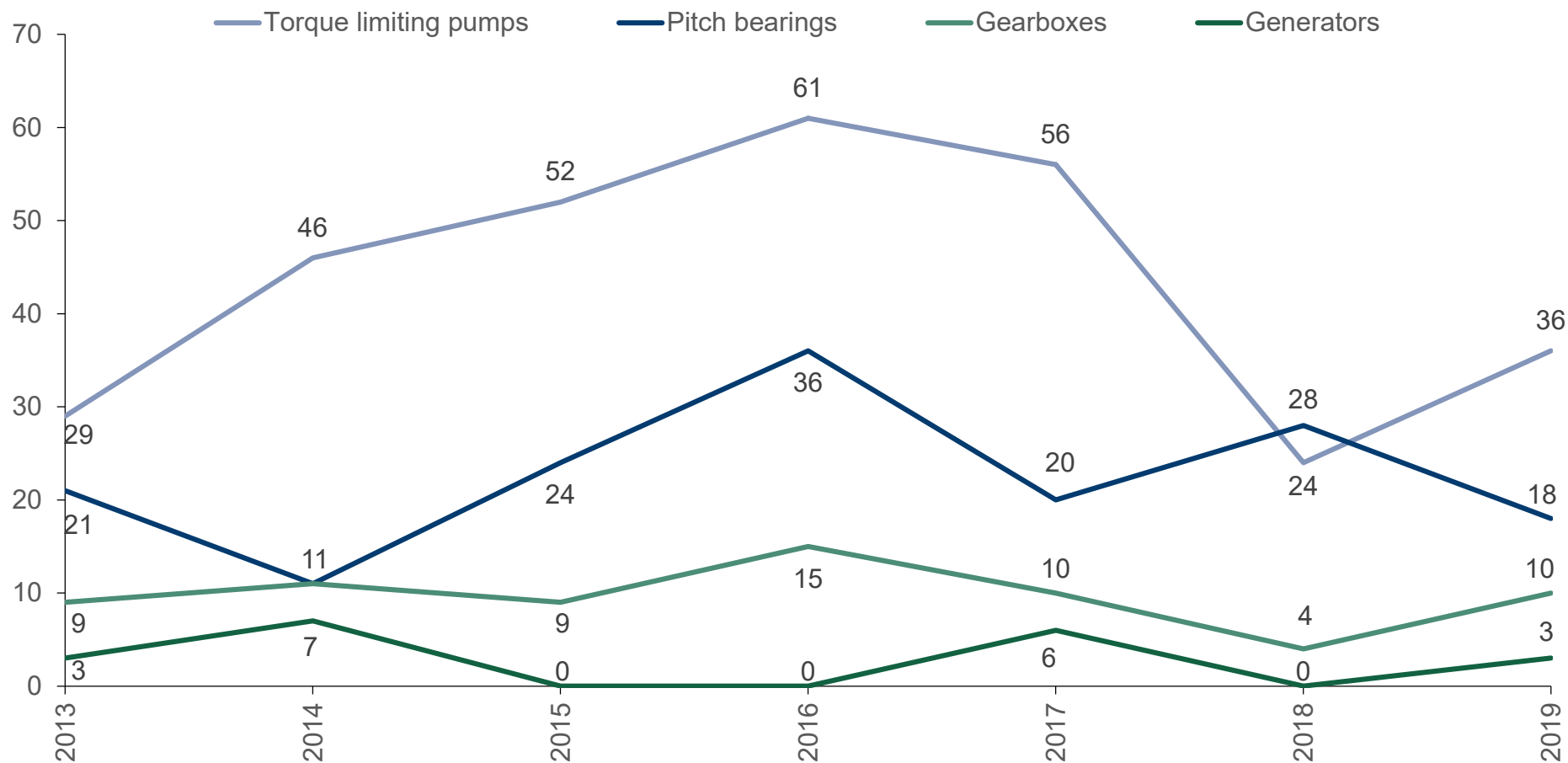


- Operating expenditure has been dropping after a strategic review was carried out in FY17.
- *Realised hedging losses subtracted from operating expenses.
- Non recurring costs (non-GAAP) relate to activities or situations this year that are one offs. These costs total **~\$0.4m** and are made up of:
 - Investment Banking;
 - Legal and consulting services related to strategic review; and
 - Overlap of CE wages to cover two CE transition periods.

- Re-sizing roles and reduction of staff numbers only tells part of the story of reduced costs.
- ** Staff numbers reduced near end of FY17. Lower costs become visible in FY18.

Key components replaced

Key components replaced





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