



NZ Windfarms Ltd
POWERED BY NATURE

Full Year Results Presentation

For the period ending 30 June 2021

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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

- This presentation focuses on the results of the full year audited financial performance for the year ended 30 June 2021.
- The Company has also announced the outcome of a major strategic review and this is discussed further in the Annual Report and the NZX announcement released today.

Full Year Ended 30 June 2021 Key Metrics

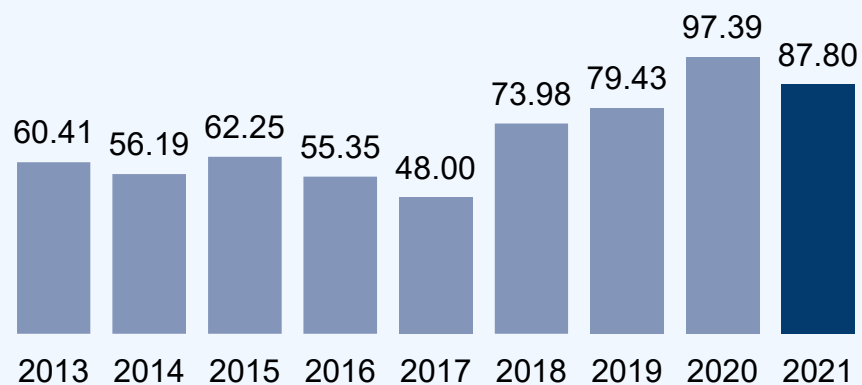
- **Net Electricity Revenue***: **\$9.7m** (2020: \$11.5m)
- **Net Electricity Price GWAP****: **\$87.80 per MWh** (2020: 97.39 per MWh)
- **EBITDAF*****: **\$5.1m** (2020: \$8.0m)
- **Operating Cashflow**: **\$4.9m** (2020: \$7.6m)
- **Total Dividend - 30 Jun 2021**: **1.00 cps (unimputed)** (2020: 1.80 cps)
- **NPAT**: **\$0.3m** (2020: \$1.7m)
- **Interim Dividend – 31 December 2020**: **0.40 cps (unimputed)** (pcp: 0.40)
- **Interim Dividend – 9 April 2021**: **0.15 cps (unimputed)** (pcp: 0.70)
- **Final Dividend - 30 Jun 2021**: **0.45 cps (unimputed)** (pcp: 0.70 cps)
- **Generation**: **110.5 GWh** (2020: 118.4 GWh)
- **Average Mean Wind Speed**: **9.5 m/s** (2020: 9.7 m/s)
- **Debt repayment**: **\$0.93m** (2020: \$0.95m)
- **Continuation of excellent health and safety record**
- **Dividend Policy of 70% - 100% of free cash flow adopted.**
- **Forward EBITDAF Guidance FY2022**: We anticipate EBITDAF in the range of **\$7.8m to \$8.6m. Forward price is 100% fixed at \$107.22 MWh.** (2021: \$87.80 MWh)

* Net Electricity Revenue – Electricity sales revenue less realised gain (loss) on derivatives.

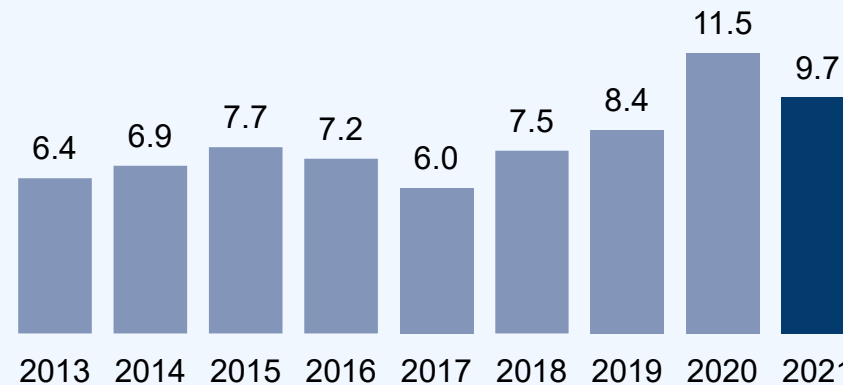
** Net generation weighted average price = (electricity sales + gain on realised derivatives – loss on realised derivatives) / generation

*** EBITDAF - Earnings before interest, tax, depreciation, amortisation, and fair value adjustments. EBITDAF is a non-GAAP measurement. The Company utilises EBITDAF to provide shareholders with a view of underlying operational earnings on a like-for-like basis over time. EBITDAF is a common measure utilised by listed companies. Please note NZ Windfarms definition may be different to others in the market. Please refer to the EBITDAF waterfall chart for a reconciliation of EBITDAF to the financial statements..

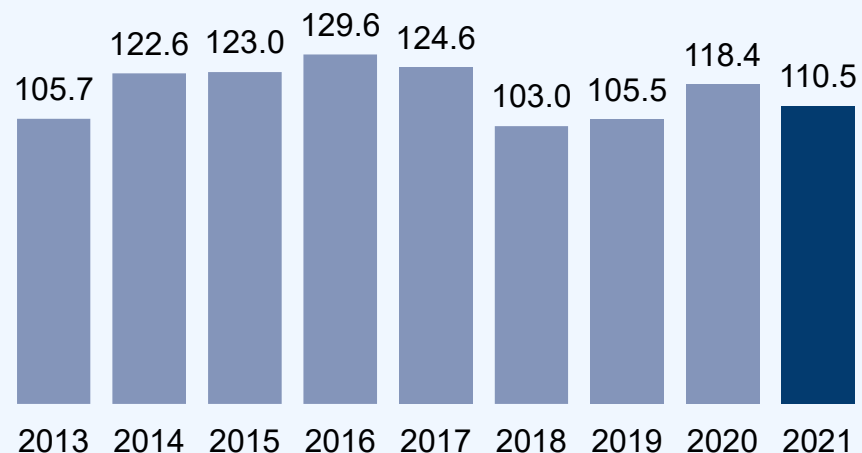
**Net Electricity Price (incl. realised derivatives)
(GWAP \$MWh)**



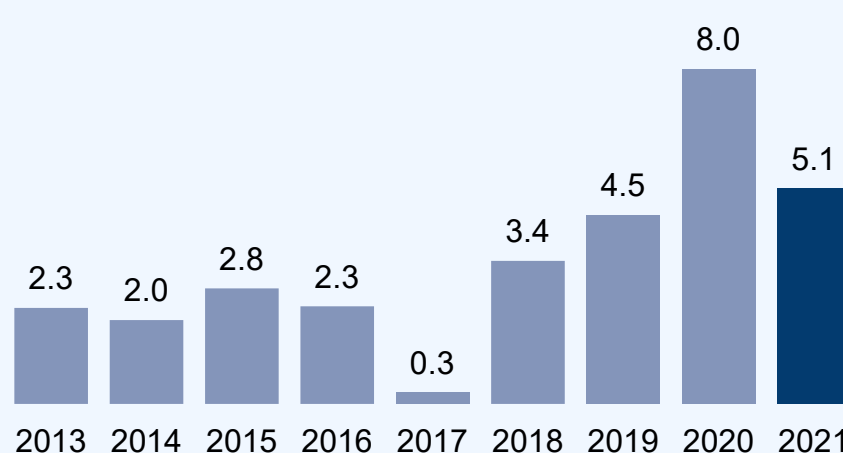
**Net Electricity Sales (incl. realised derivatives)
(\$m)**



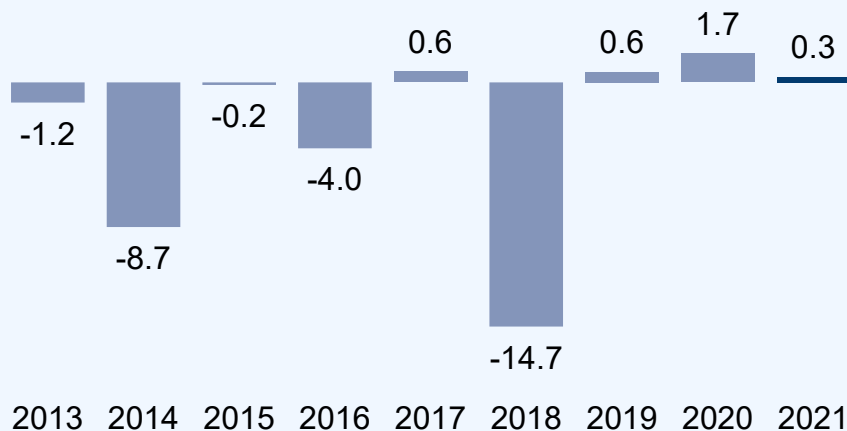
Generation (GWh)



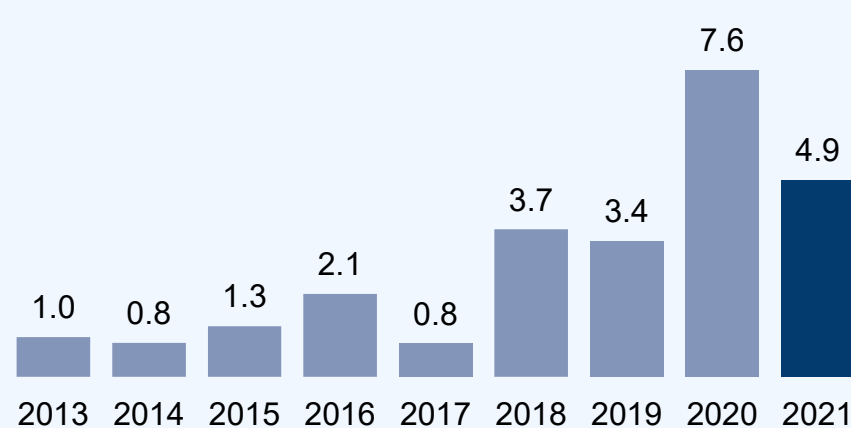
EBITDAF (\$m)



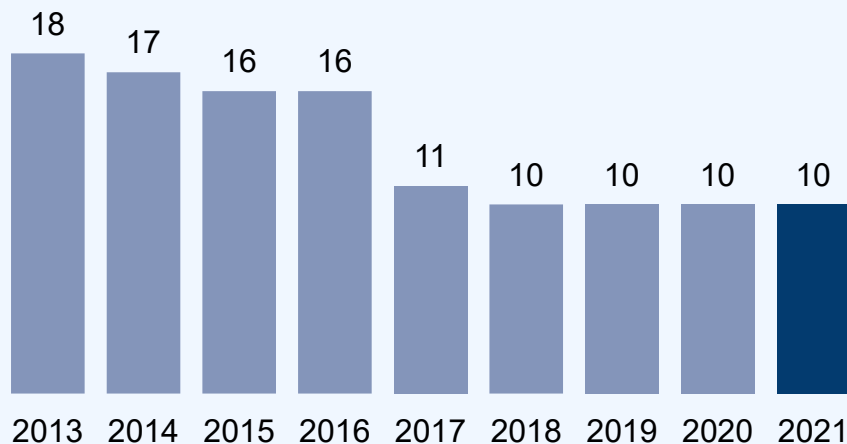
NPAT (\$m)



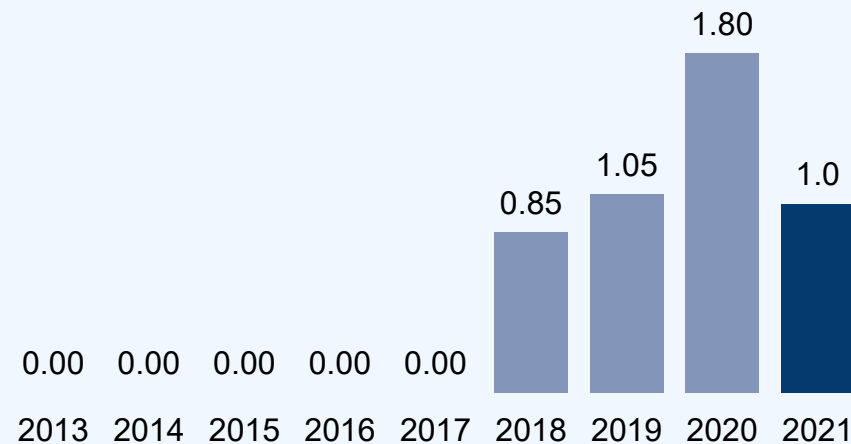
Operating Cash Flow (\$m)



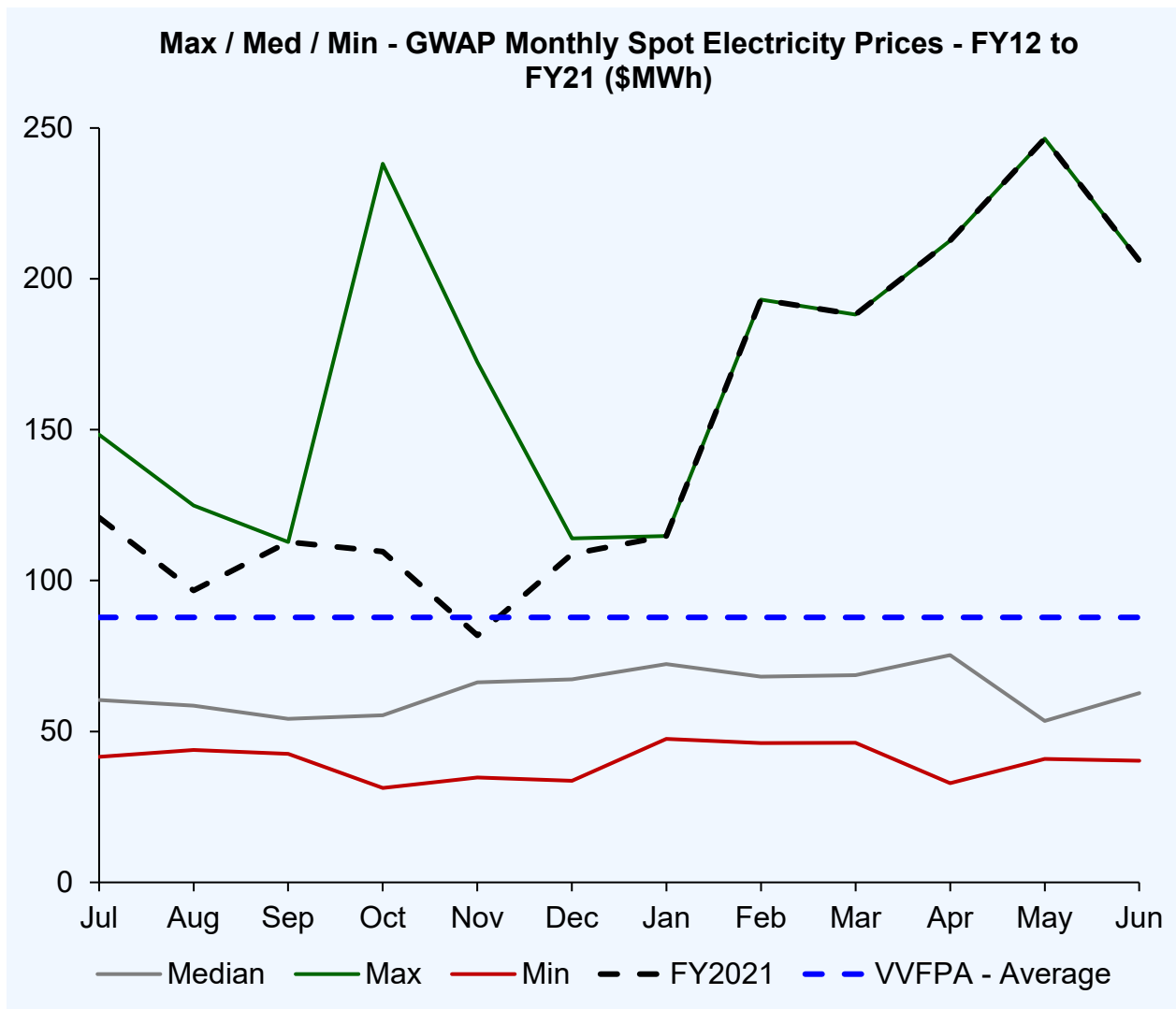
Staff Numbers



Gross Dividends (cps)

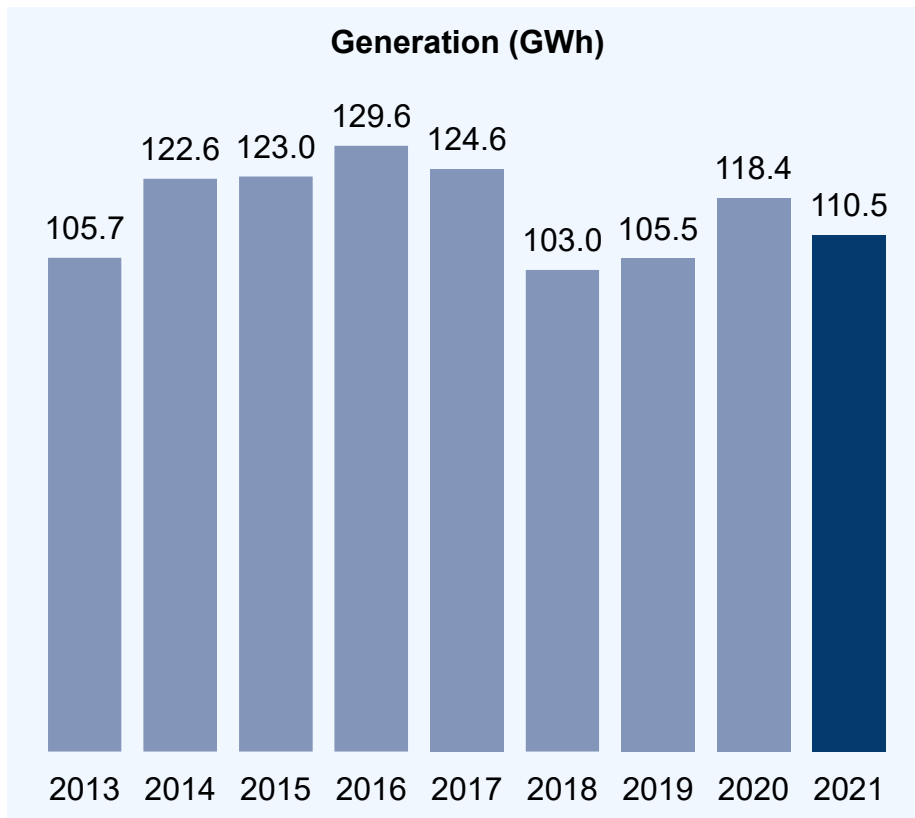


Average monthly spot electricity price (\$MWh)

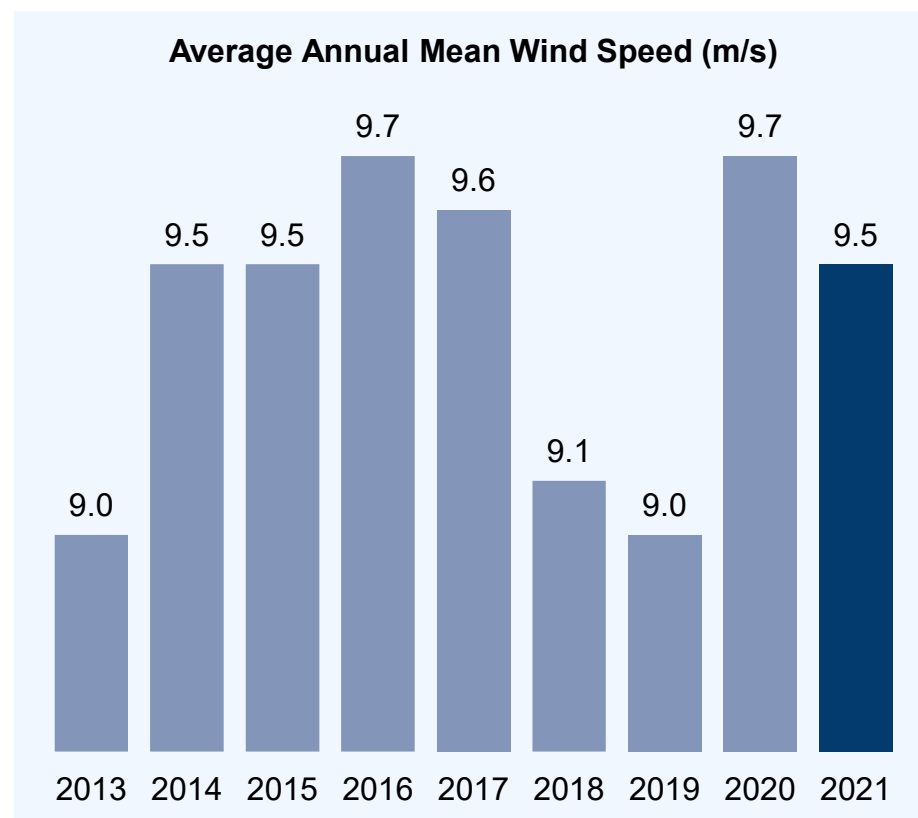


- Average GWAP monthly spot wholesale electricity prices have been elevated and volatile over the year.
- The average GWAP wholesale electricity prices received, were at Company record highs during the second half of the year
- The ASX forward electricity price curve has lifted significantly and firmed across tenures.
- Note this analysis excludes hedging. When hedging is included the average price for the 12 month period received by the Company was \$87.80 MWh (2020: \$97.39 MWh)
- The variable volume fixed price agreement (VVFPA) price level (blue line) is indicative of forward prices at the time of contract entry.
- NWF is currently 100% hedged to 30 September 2022 and 25% hedged to 30 June 2023.

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

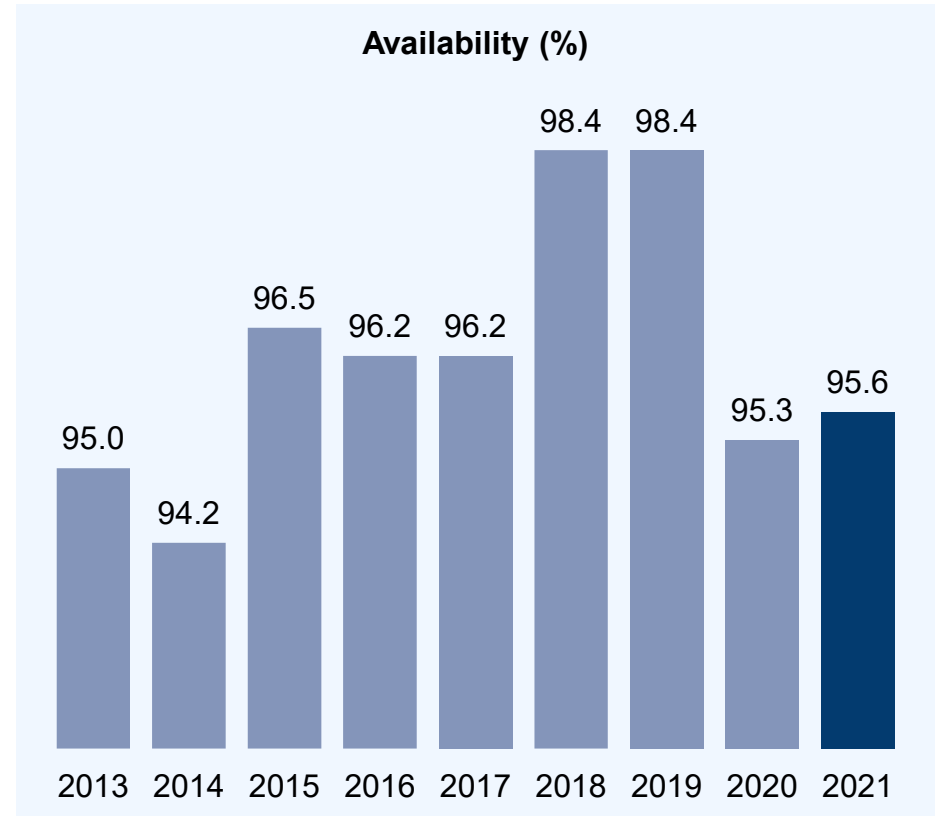
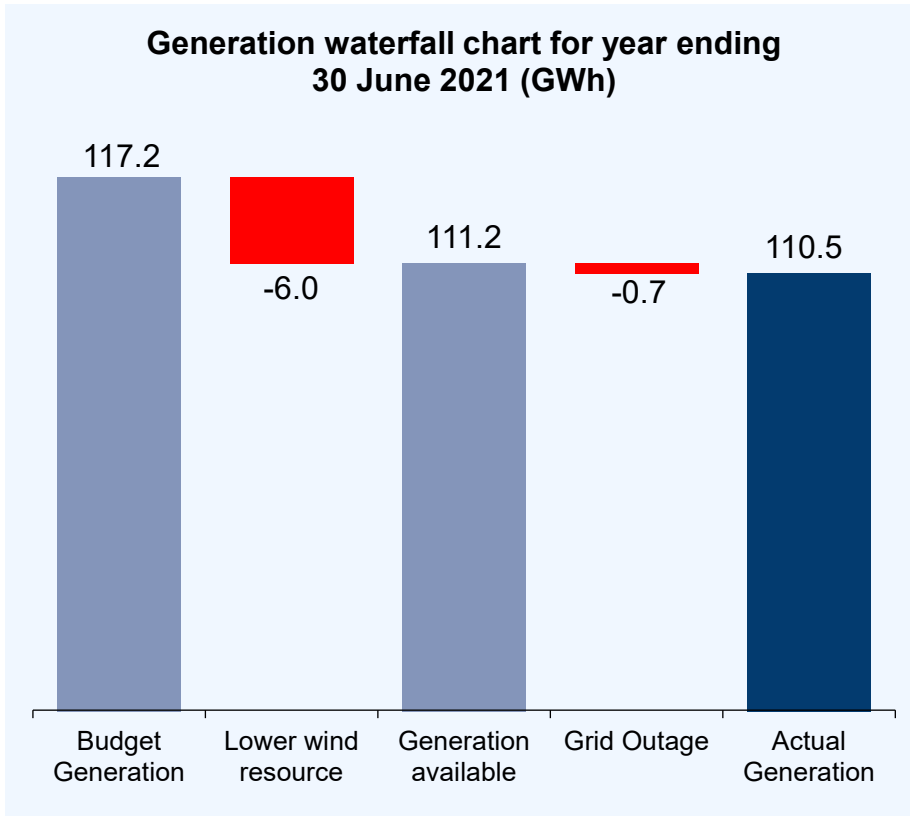


- Year end generation was **110.5GWh** (2020: 118.4GWh).
- The Company's budgeted annual generation is **117.2GWh** (2020: 117.2GWh)



- Average mean wind speeds are correlated to generation.
- Note the fleet size was initially **97** turbines. **5** turbines have been decommissioned and the operational fleet is now **92**.

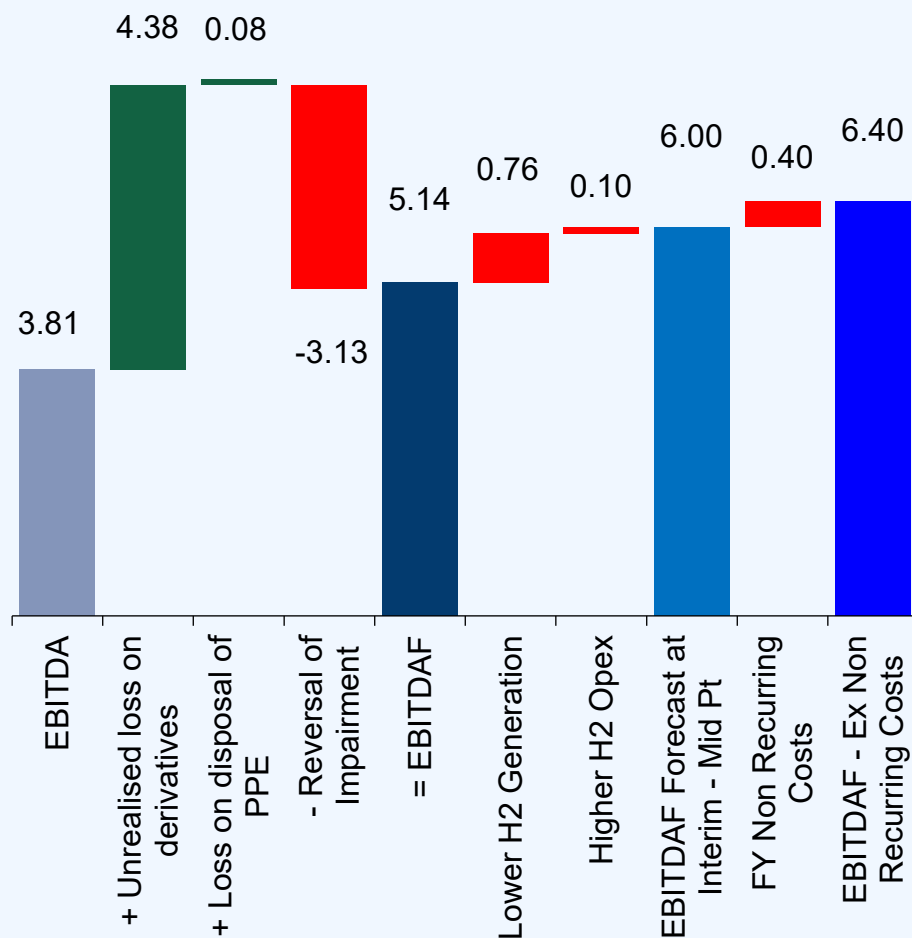
Generation Waterfall Chart (GWh) and Availability (%)



- The **-6.7GWh** 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%.
- See the annual report for commentary on the availability statistic.

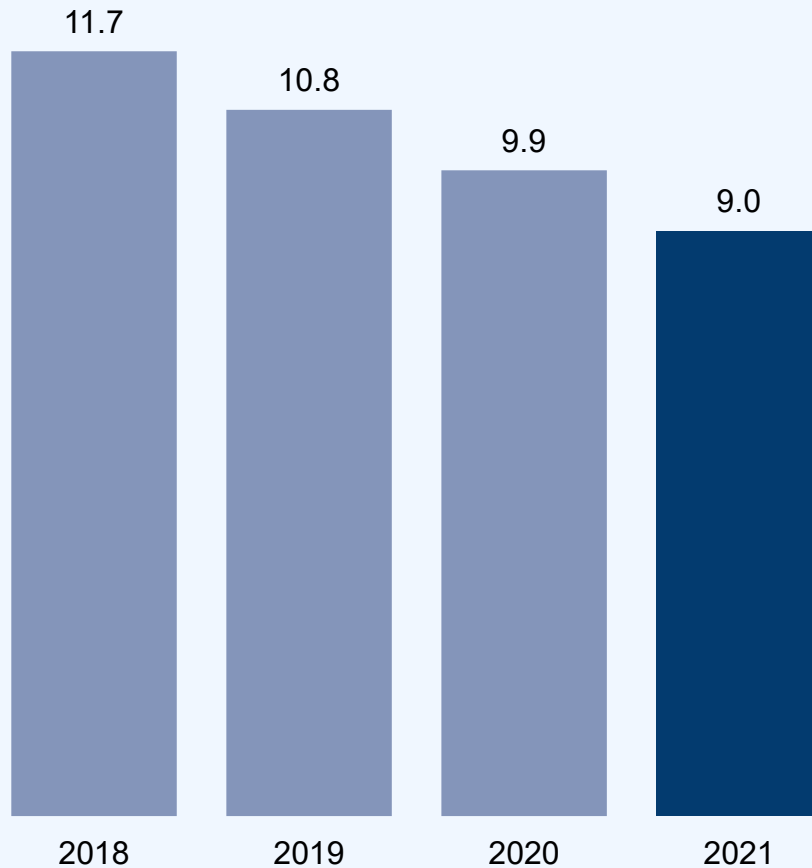
EBITDAF Waterfall Chart (\$m)



- EBITDAF FY21 was **\$5.1m** (2020: \$8.0m).
- The Company utilises EBITDAF internally to evaluate profit and loss that relates to the financial period and is consistent with other listed companies.
- EBITDAF was below our most recent FY21 EBITDAF guidance range of \$5.7m to \$6.3m
- This was a combination of below average generation, especially March through June (-\$0.8m) and higher opex (-\$0.1m) versus mid point of the guidance range confirmed at the interim report.
- Higher opex vs pcp related to additional workflow for non destructive testing (NDT) of towers and blades, rental of elevated work platforms, and one off maintenance on the substation and electrical reticulation.
- Non-recurring costs were (+\$0.4m). Had these not eventuated, EBITDAF would have been higher by +\$0.4m.

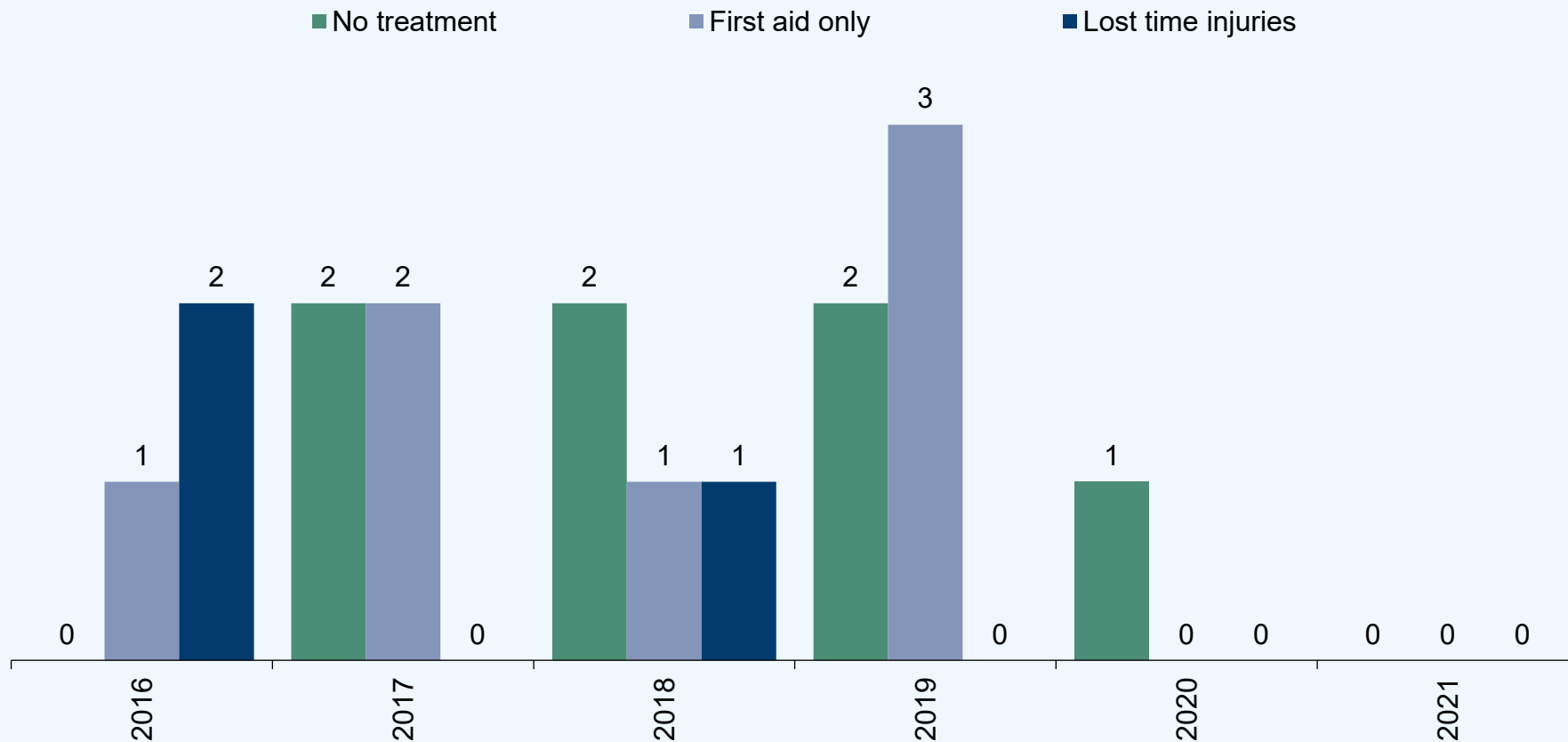
- Based on our forecasts for **FY2022**, we anticipate EBITDAF in the range of **\$7.8m** to **\$8.6m** based on the current cash generation assets.
- This is materially higher than the year just completed and is a result of the elevated forward prices at the time the fixed price contracts were executed.
- The net electricity price for FY2022 is 100% fixed at a GWAP based on our budgeted generation profile of **\$107.22 MWh**. (2021: \$87.80 MWh)
- Guidance is provided on the basis of information available to the Board at this time and is subject to variations such as climatic and other factors outside of the Company's control. Forward electricity generation is based on historical production volumes adjusted for relevant factors. Wind generation can be extremely volatile due to a range of factors outside our control.
- The EBITDAF range excludes all costs related to investigating the repower and re consenting of Te Rere Hau as these costs are expected to be capitalised. Guidance will be updated, at the half year or if a material event occurs.
- The net electricity price for **FY2023** is estimated at a GWAP of **\$108.92 MWh**. The price is 100% fixed for the first quarter of FY2023 and the last three quarters is a blended price of 25% fixed and 75% estimated spot price based on observable forward prices.
- The budgeted generation profile is applied to determine GWAP.
- During the year ahead we will look to fix the remaining 75% of unhedged generation between 1 October 2022 and 30 June 2023 (dependent on market conditions).

Debt (\$m)



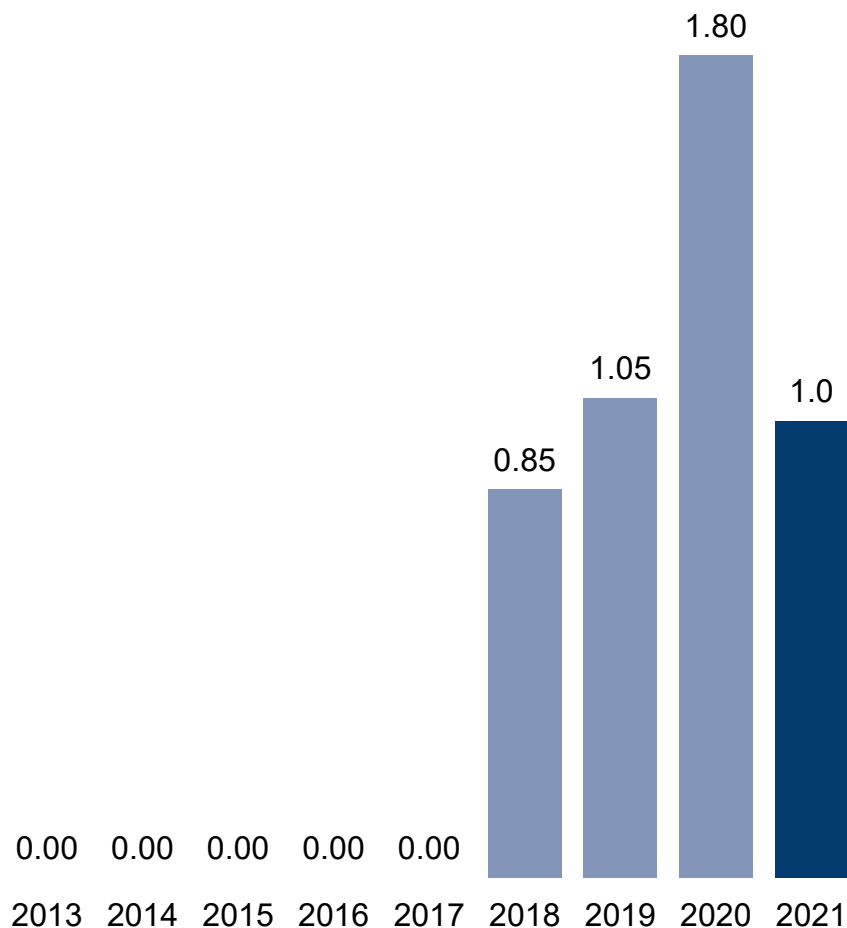
- Total Debt is **\$9.0m** (2019: \$9.9m),
- Net debt is **\$6.5m** (2020: \$6.2m)
- Net debt to EBITDAF is 1.26 times (2020: 0.77 times).
- During the year the Company amortised **\$0.93m** of principal. (2020: \$0.95m).
- \$7.3m of interest rate exposure is fixed at 2.61%pa to 31 March 2023. The balance has floating rate exposure.

Health and Safety Metrics



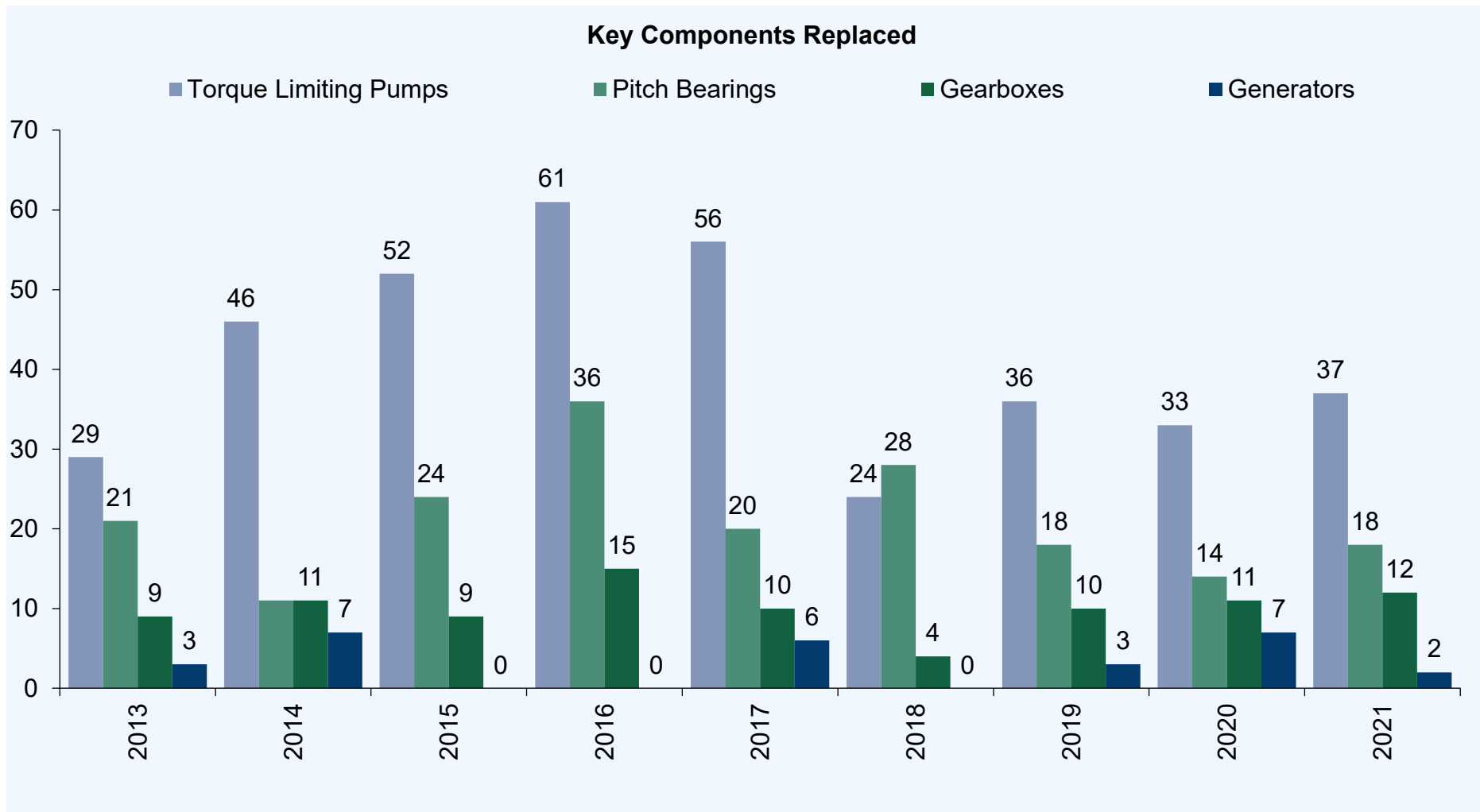
- Health and safety was again excellent this year, with no incidents.

Gross Dividends (cps)



- Today the Board is pleased to announce that it has finalised the Company dividend policy. The policy is included in the documents released today and is posted on the Company’s website.
- The Board also announces today that a **0.45 cps** unimputed final dividend will be paid **on 22 September 2021**. Details are included in the accompanying distribution notice.
- During the year the Board paid a **0.40 cps** (pcp: 0.40) unimputed dividend on 31 December 2021 and **0.15 cps** (pcp: 0.70) unimputed dividend on 9 April 2021.
- This brings the total unimputed dividends paid related to the reporting period to **1.00 cps** (2020: 1.80 cps).

Key components replaced



- Key component replacement is reaching steady state.

Snapshot

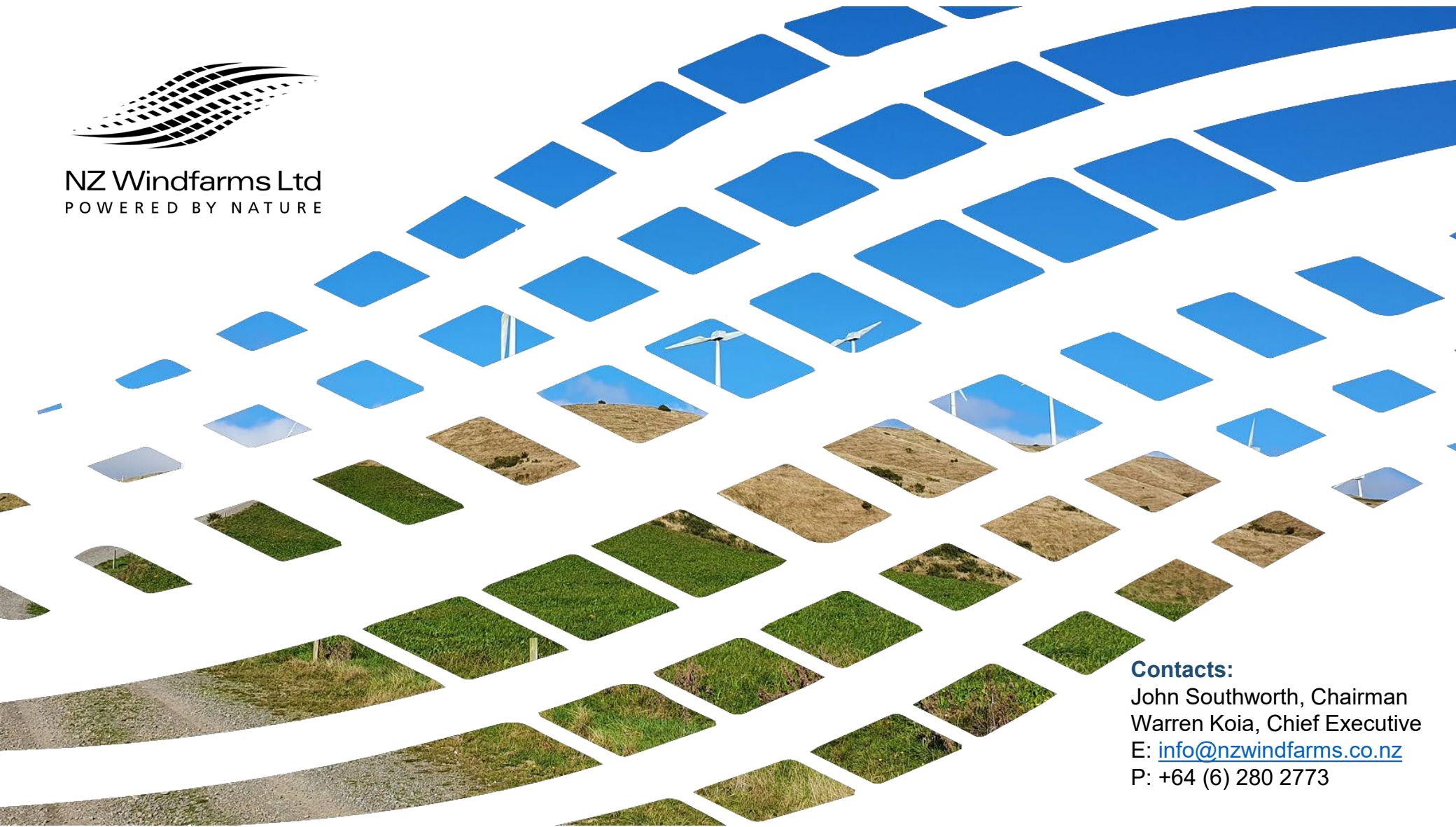
- Independent merchant wind generator.
- **92 x 500kW** turbines, **46 MW** nameplate capacity.
- **30m** hub height, **33m** rotor diameter.
- Wind resource - **IEC Class 1A** Certification.
- All maintenance carried out in house.
- Grid connected via Tilt's T3 substation.
- **~30 km** of underground 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 (**50%** of fixed asset base).
- **56** consented but undeveloped turbine sites.
- **243** hectare 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.



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