A photograph of a wind farm with several white wind turbines on a grassy hillside under a clear blue sky. The turbines are the central focus, with their blades extending across the frame.

# Annual Shareholders Meeting

For the financial year ended 30 June 2019



**NZ Windfarms**  
POWERED BY NATURE

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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](http://www.nzwindfarms.co.nz)

## **Pre- Meeting:**

- Registration

## **Meeting:**

- Welcome
- Chairman address
- CE Address
- Annual report and audited financial statements

## **Business of Meeting:**

- Fix auditor remuneration
- Vote Patrick Brockie
- Vote Philip Lennon
- Vote Mark Evans
- Fix Director Fees
- General Business

## **Post Meeting:**

- Tea / Coffee / Snack
- Meet directors and key staff



# Chairman Address

For the financial year ended 30 June 2019



# Chief Executive Address

For the financial year ended 30 June 2019



## 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

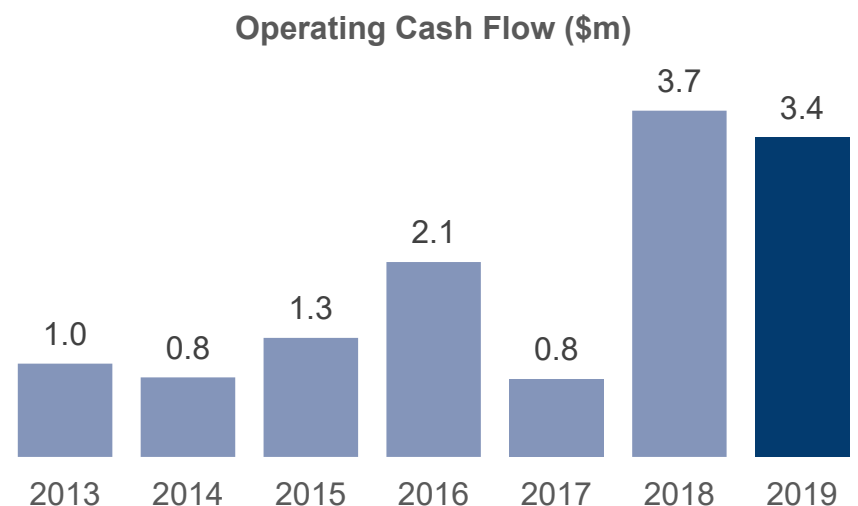
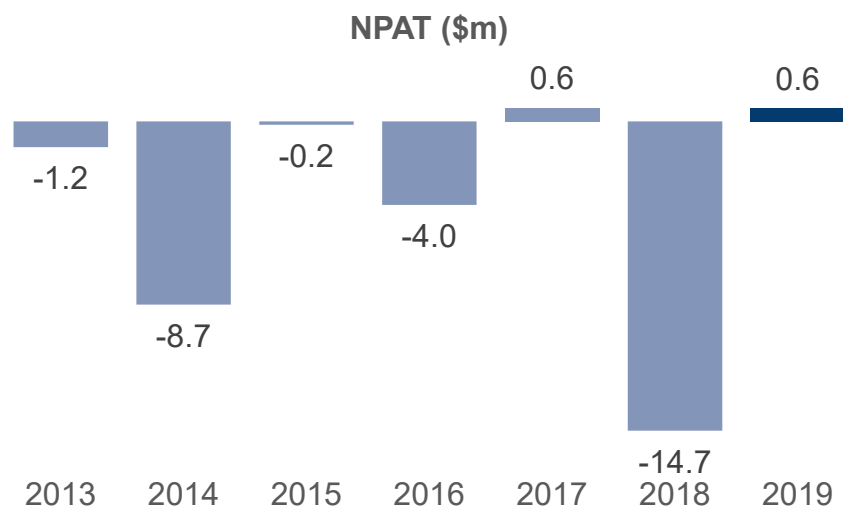
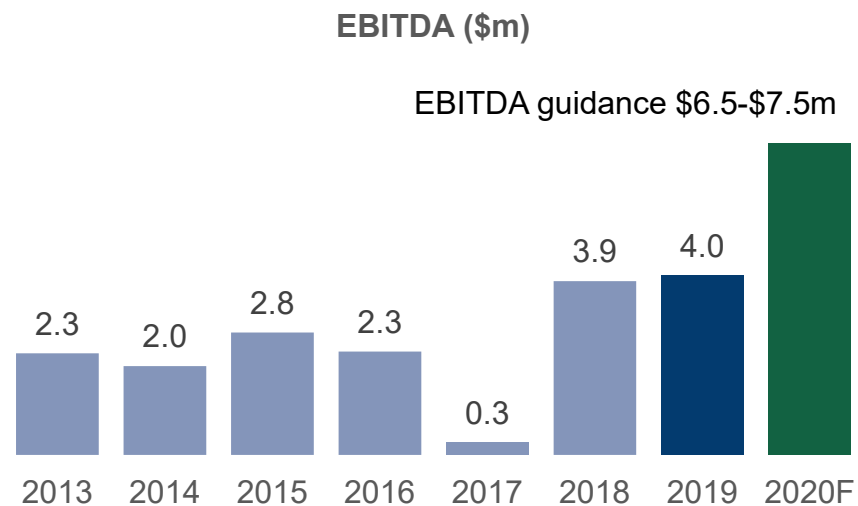
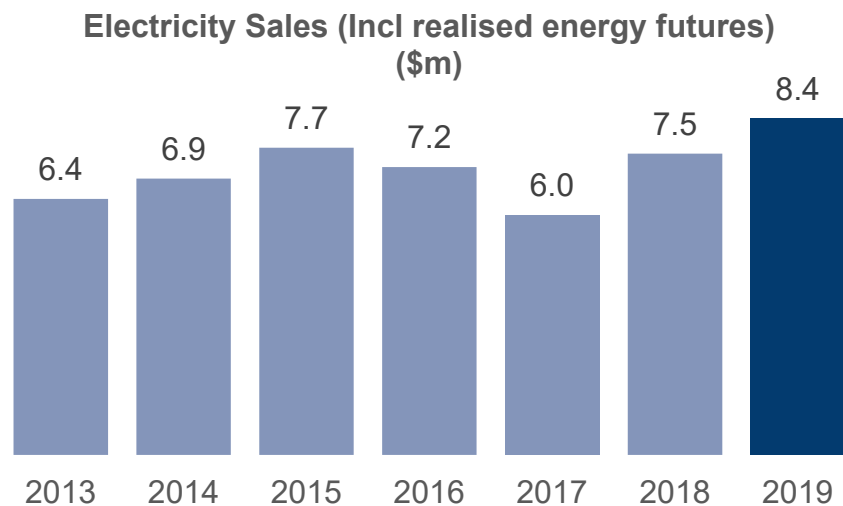


- **Electricity sales (excluding hedging operations\*): \$12.2m** (2018: \$7.2m)
- **Total Revenue (including hedging operations): \$8.8m** (2018: \$7.7m)
- **Record Electricity Prices** received by the Company - Net GWP **\$79.43 MWh** (2018: \$73.98 MWh)
- **Excellent Turbine availability 98.4%** vs 97.0% (Industry benchmark)
- **Generation: 105.5 GWh** (2018: 103.0 GWh)
- **EBITDAF\*\*:** **\$4.5m** (2018: \$3.9m)
- **NPAT:\*\*\* \$0.6m** (2018: -\$14.7m)
- **Operating Cashflow: \$3.4m** (2018: \$3.7m)
- **Debt repayment \$0.9m** (2018 \$0.9m)
- **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)
- **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 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.

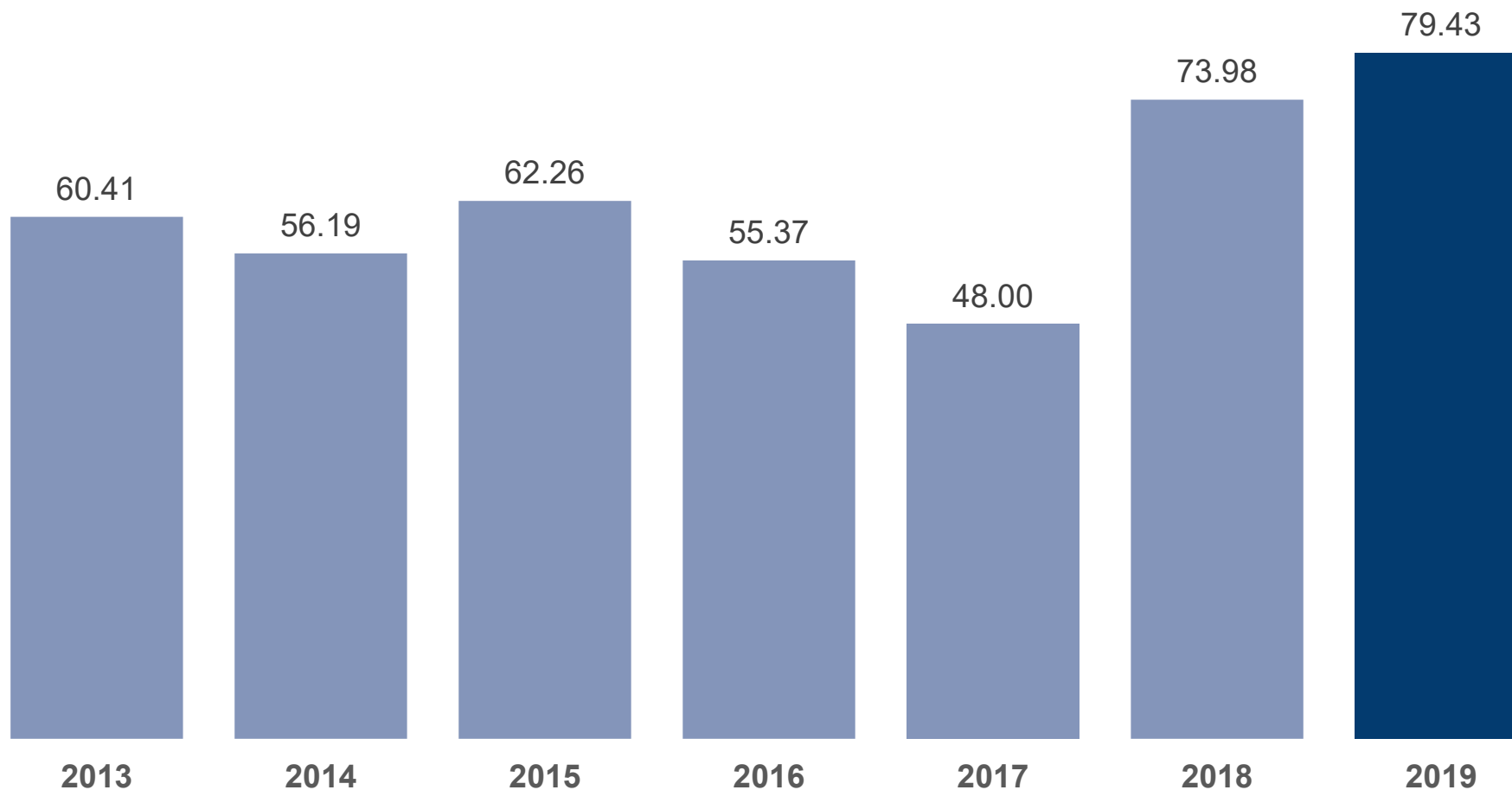
\*\*\* FY18 NPAT was impacted by the loss of deferred tax assets of \$15.5m. Refer to the FY18 annual report for a full explanation.





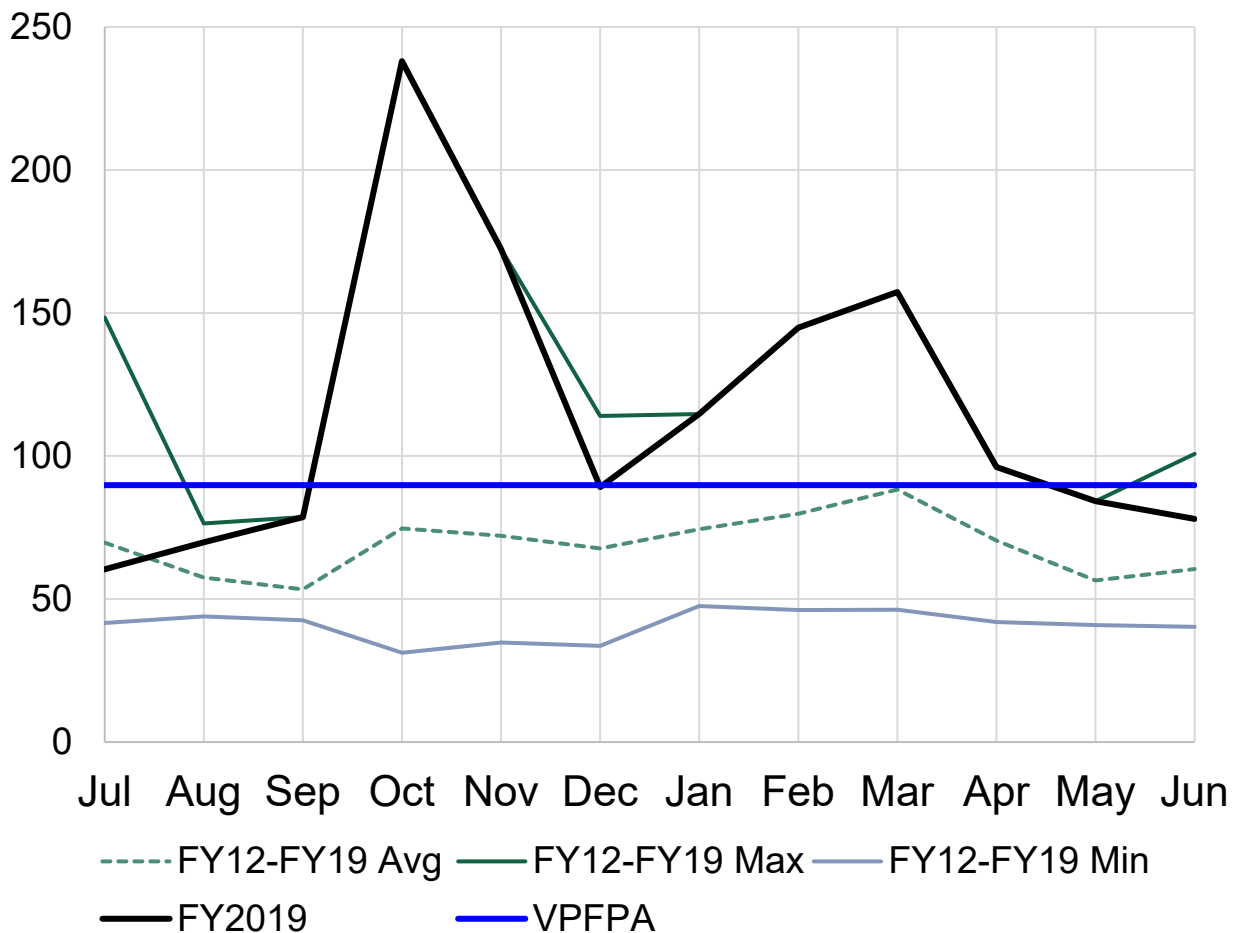
# Price (GWP \$MWh) – (incl realised and unrealised hedges)

Price (GWP \$MWh)



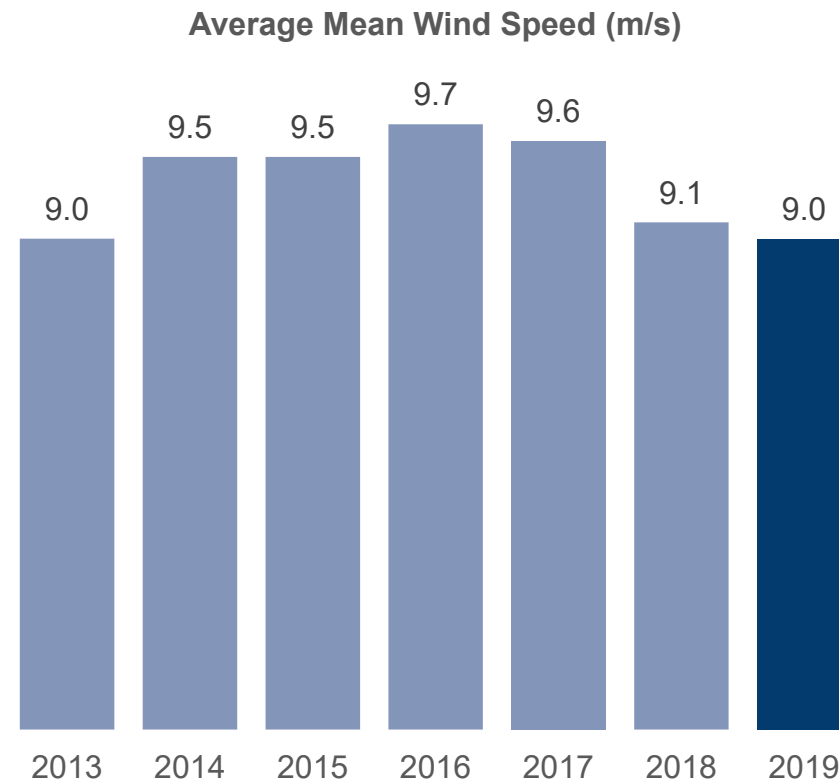
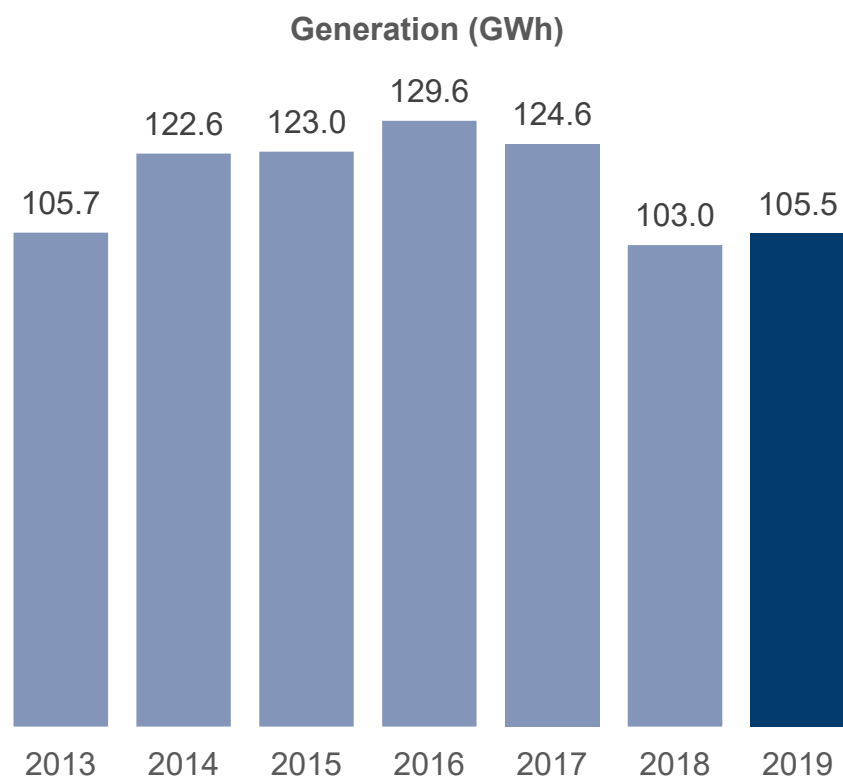
# Average monthly wholesale power price (\$MWh)

**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.

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

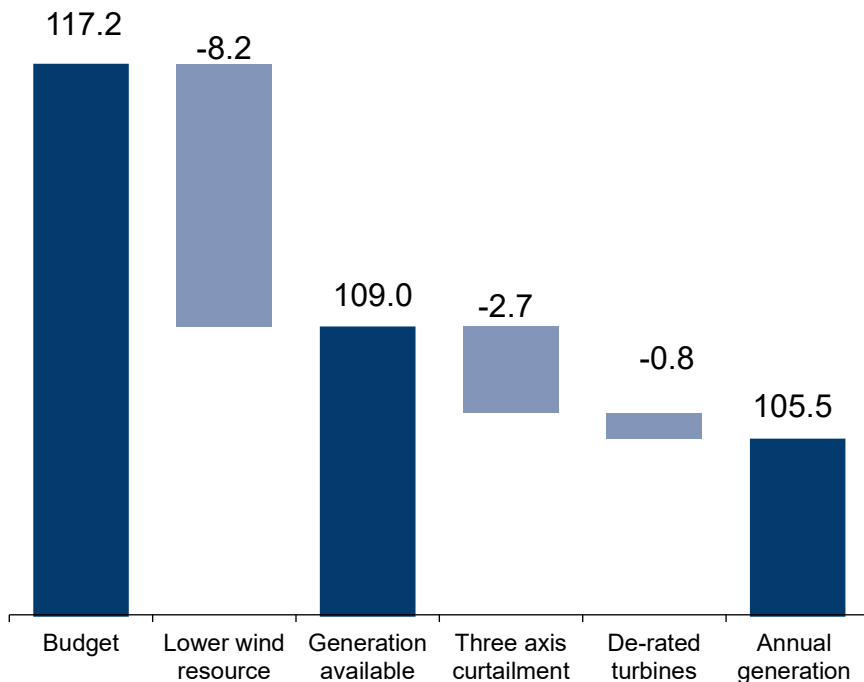


- Annual generation was 105.5GWh (2018: 103.0GWh). The Company's budgeted generation is 117.2GWh

- Average mean wind speeds are directly correlated to annual generation

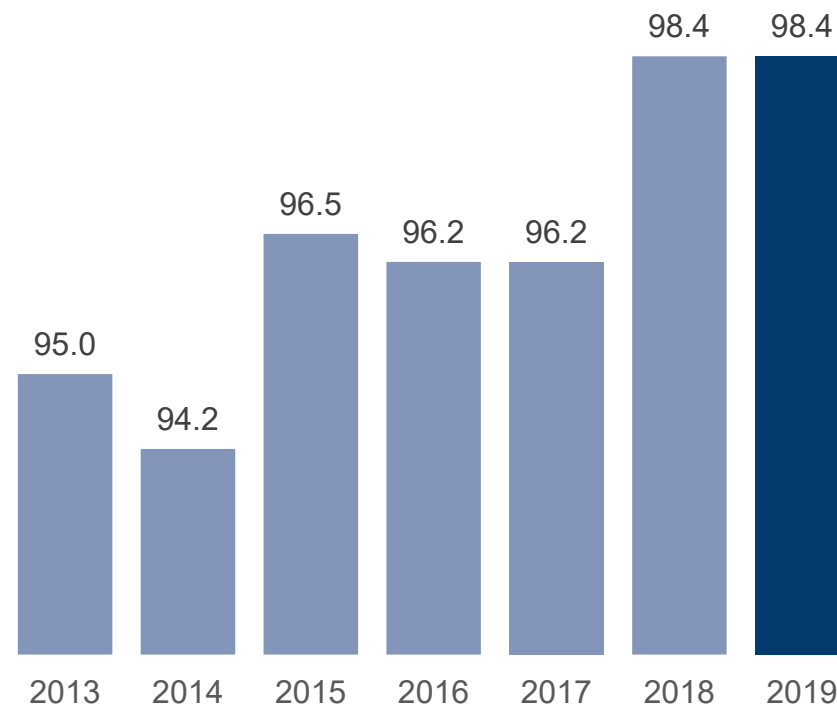
# Generation Waterfall Chart (GWh) and Availability (%)

Generation waterfall chart for FY2019 (GWh)



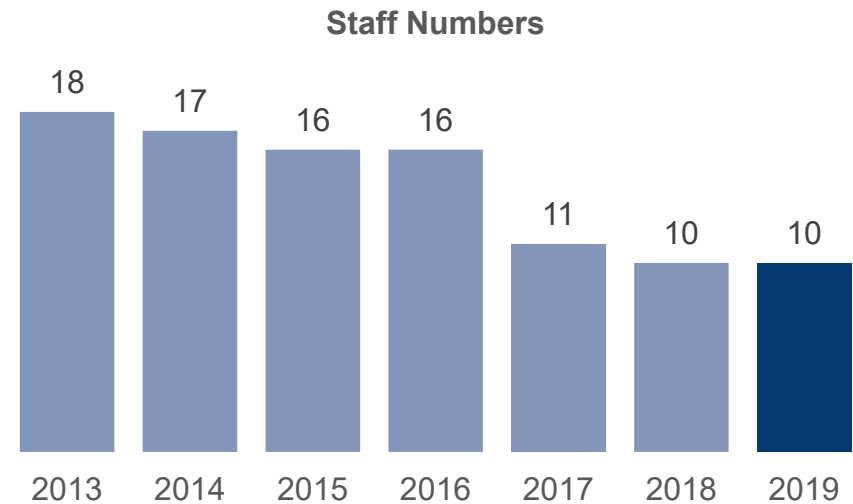
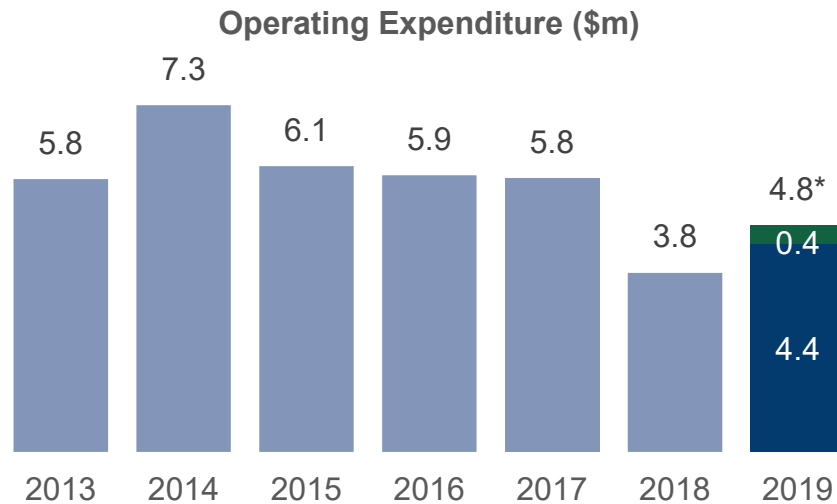
- The 11.7GWh difference between budgeted and actual generation is explained in the waterfall chart above

Availability (%)



- The turbine manufacturers benchmark for availability is 95%.
- Industry benchmark 97%

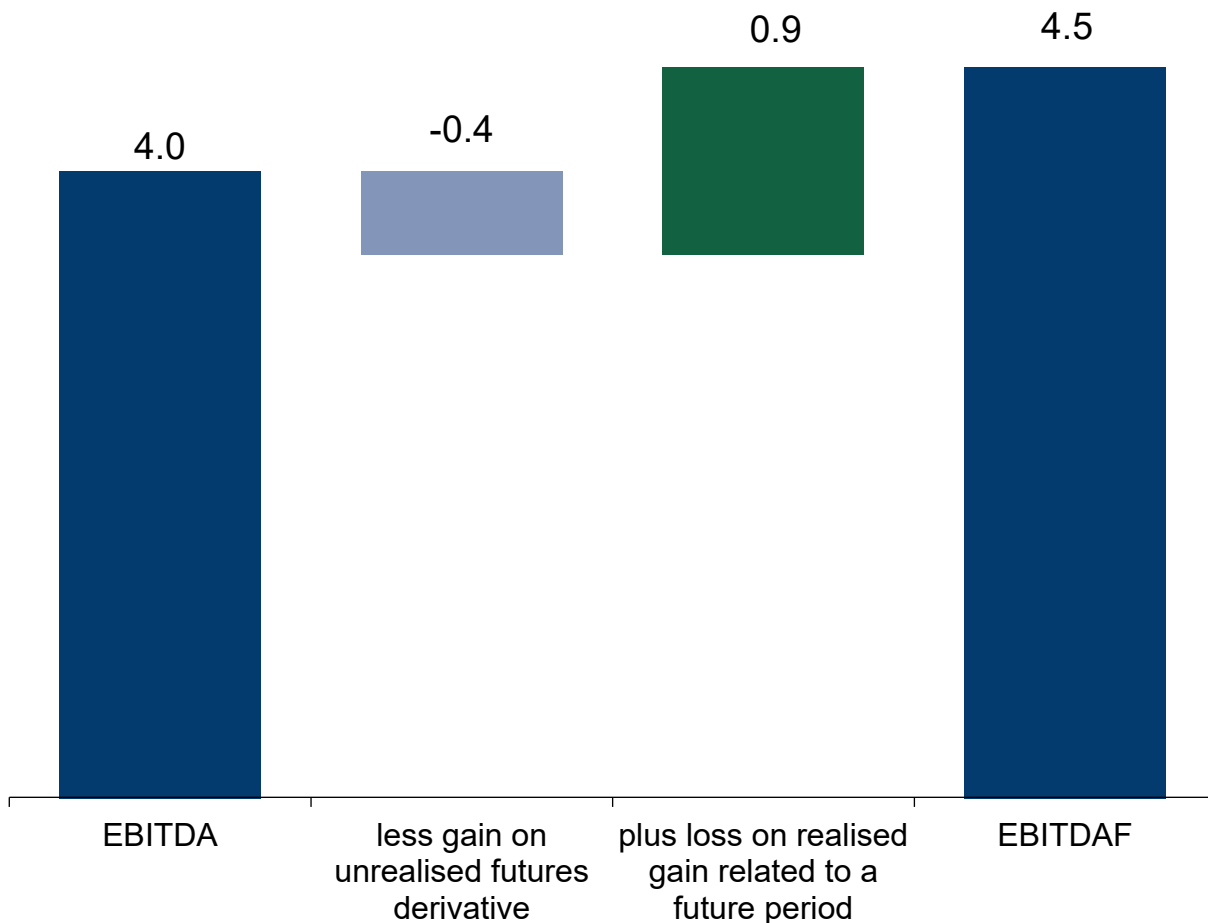




- Operating expenditure has been dropping after a strategic review was carried out in FY17.
- \*Realised hedging losses subtracted from operating expenses.
- Non recurring costs (non-GAAP) relate to activities or situations this year that are one offs. These costs total ~\$0.4m and are made up of:
  - 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.

**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.

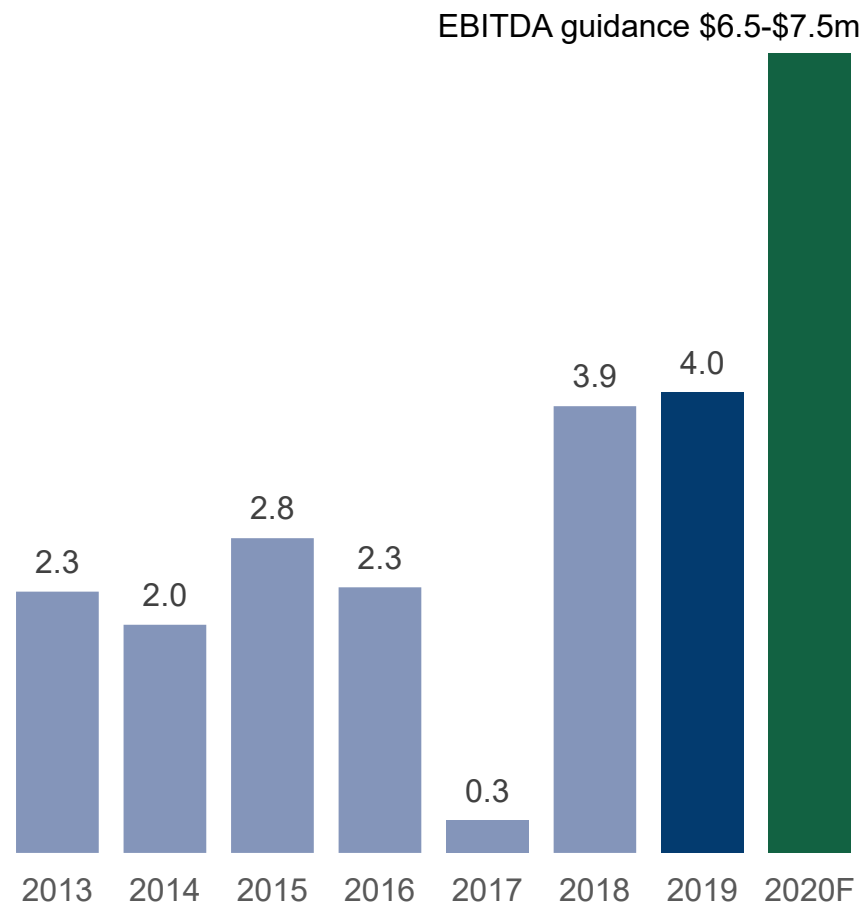
The Company utilises EBITDAF to better evaluate profit and loss that relates to the financial year and is consistent with other listed companies.

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

## 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

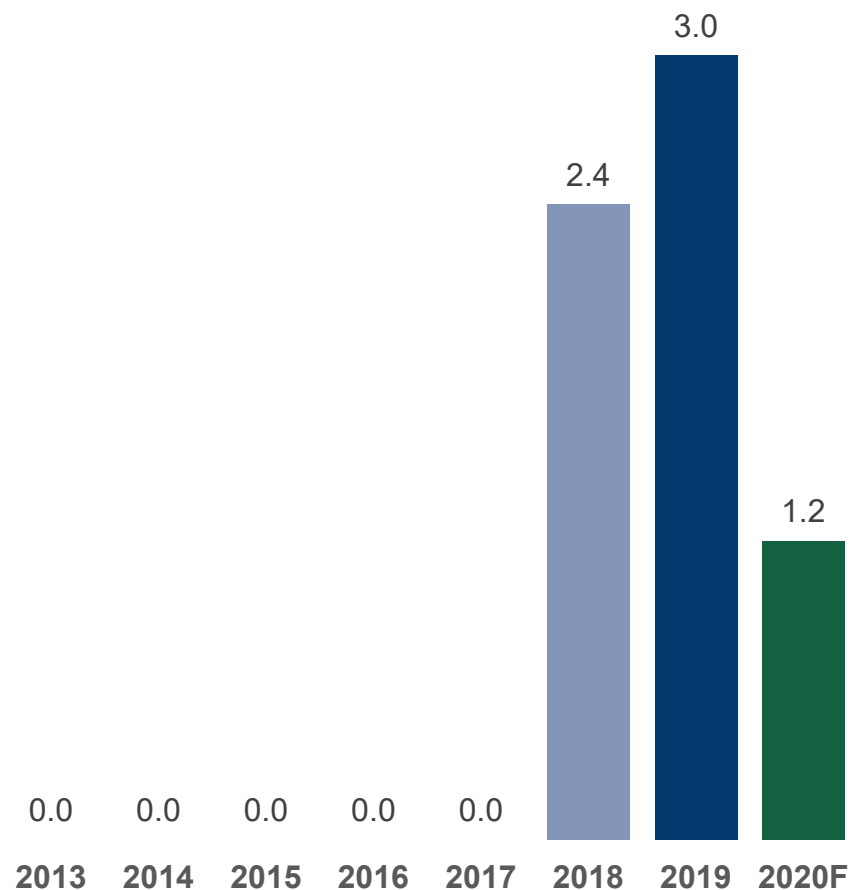
## EBITDA (\$m)



\* Independent advisory firm with expertise in renewable energy

# Dividends (\$m) and 5% on-market share buy-back

Gross Dividends (\$m)



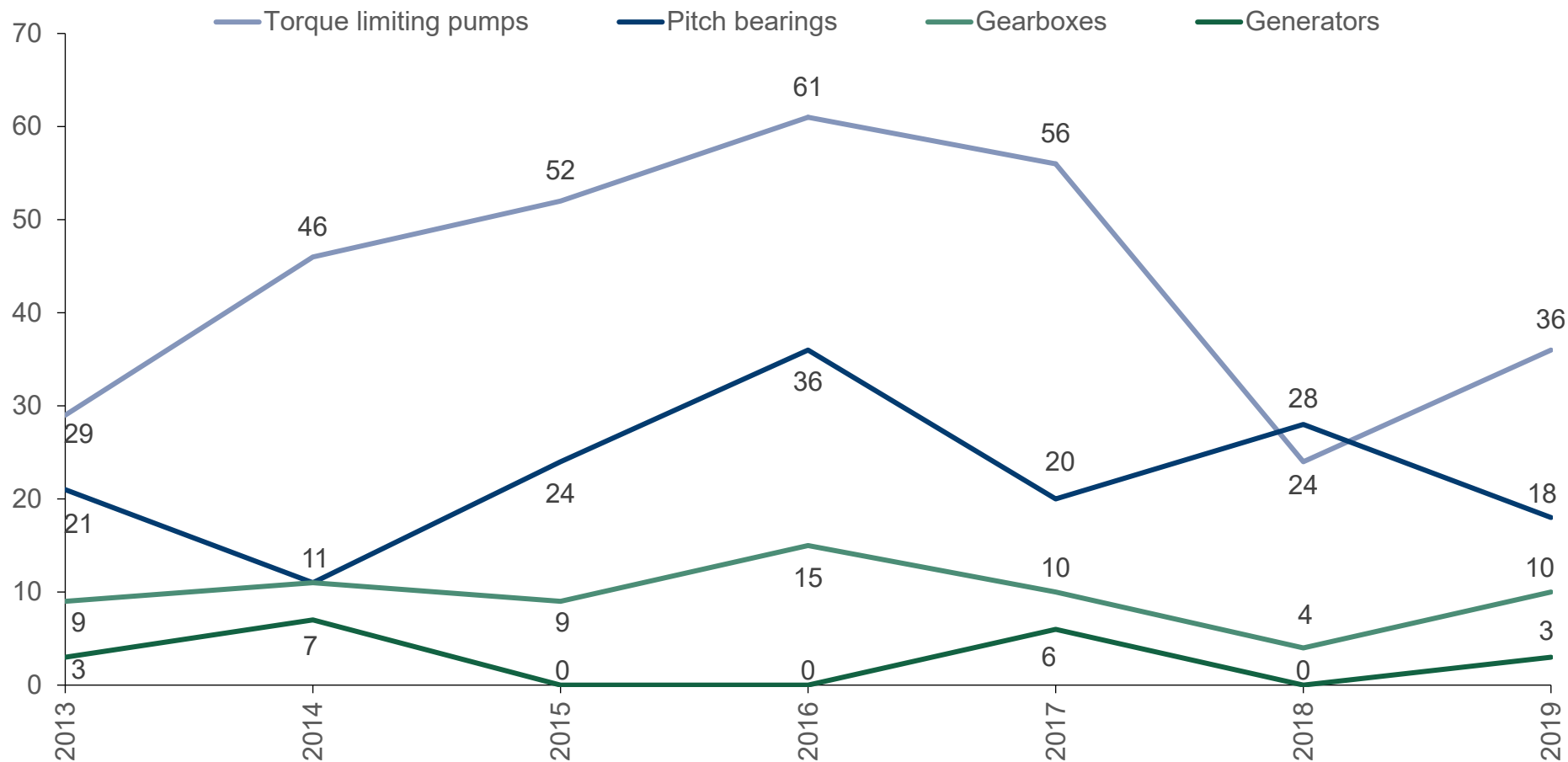
- **Total Dividend: 1.05 cents per share (cps) (unimputed)** (2018: 0.85 cps (fully imputed))
- **Q1 FY20 Quarterly Dividend: 0.40 cps (unimputed)** (pcp: none)
- **On Market Share Buyback for up to 5% of shares on issue** (pcp: none)



- During the year, the Company amortised **\$0.9m** of principal. (2018: \$0.9m)
- The current portion of debt of \$0.9m recognises the amount of principal to be amortised over the next 12 months.
- We have comfortably met our lending covenants since establishment and are forecast to remain within them over the next 12 months.
- Risk free rates are at historically low levels.

# Key components replaced

### Key components replaced



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# BUSINESS OF THE MEETING



## Resolution 1

# **APPOINT AUDITOR AND FIX REMUNERATION FOR FINANCIAL YEAR ENDING 30 JUNE 2020**

## Resolution 2

# **ELECT PATRICK BROCKIE TO THE BOARD**

## Resolution 3

# **ELECT MARK EVANS TO THE BOARD**

## Resolution 4

# **ELECT PHILIP LENNON TO THE BOARD**



# Resolution 5

## **FIX DIRECTOR FEE POOL REMUNERATION**

# GENERAL BUSINESS



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