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## NEWS RELEASE

18 May 2015

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**NZX: MRP**

**ASX: MYT**

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## Investor Roadshow Presentation – May 2015

Mighty River Power today released its Investor Roadshow for May 2015. The presentation includes an overview of the New Zealand economy and electricity market, as well as Mighty River Power's retail innovation, sustainable energy production, strategic priorities and Company financials.

ENDS

 [www.mightyriver.co.nz](http://www.mightyriver.co.nz)

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Mighty River Power is a company with a great New Zealand heritage, and a leader in this country's electricity industry. Our core business is focused on harnessing natural resources to produce electricity.

Every year the power stations operated by Mighty River Power generate enough electricity for about 1 million New Zealand homes. We are proud to be more than 95% renewable and, through our listing on the New Zealand Stock Exchange (NZX: "MRP") and the Australian Stock Exchange (ASX: "MYT"), to have over 100,000 shareholders alongside the Crown as our majority owner.

Mighty River Power supplies electricity to about 1-in-5 homes and businesses across New Zealand, through our flagship brand Mercury Energy and other specialty brands. Our metering business, Metrix, the second largest meter provider in New Zealand, is building an important strategic platform with a growing network of 'smart' meters and services to electricity retailers and their customers. We are one of the world's largest geothermal power station owners.

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May 2015

# Mighty River Power

Investor Roadshow



**MIGHTY RIVER POWER**

**Presented by:**

**Fraser Whineray**

Chief Executive

**William Meek**

Chief Financial Officer

**MIGHTY RIVER POWER INVESTOR ROADSHOW**

## Disclaimer

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A number of non-GAAP financial measures are used in this presentation, which are outlined in the appendix of the presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements, which are available at [www.mightyriver.co.nz](http://www.mightyriver.co.nz).

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## ► MIGHTY RIVER POWER

### Mighty River Power at a glance

#### INTEGRATED ELECTRICITY GENERATOR/RETAILER

With market capitalisation of \$4 billion, \$1.1b debt, 10th largest NZX listed company

With more than 385,000 customers we supply nearly

# 1-in-6

homes and businesses with retail service and product innovation



#### RENEWABLE

Generates ~6,800 GWh; 15–17% of New Zealand's annual electricity from sustainable hydro and geothermal

# 3

Strategic platforms to drive efficiencies and growth

#### RESILIENT CASHFLOW

EBITDAF ~\$500m; gross dividend yield guidance of 6.8% despite 2-year dry spell

Over

# 100,000

Retail and institutional shareholders alongside the Crown as our majority owner



 **MIGHTY RIVER POWER**

# Economy & Industry

## ► ECONOMY & INDUSTRY

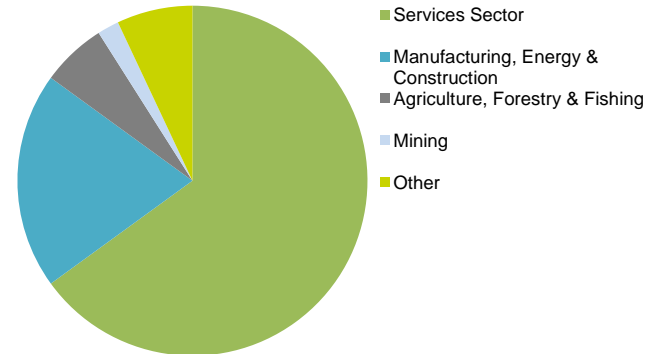
### About New Zealand

- > Population of 4.5m; 1.5m based in Auckland, 3.4m based in North Island
- > Economy dominated by services, manufacturing and export-oriented agriculture
- > Considerable rainfall supports pastoral agriculture, horticulture and hydro generation
- > Historical development of energy-based processing industries such as aluminium refining as a result of relatively cheap sources of renewable energy
- > Shallow economic recession during 2008 with real GDP growth above 2% since 2012

#### ECONOMIC SUMMARY

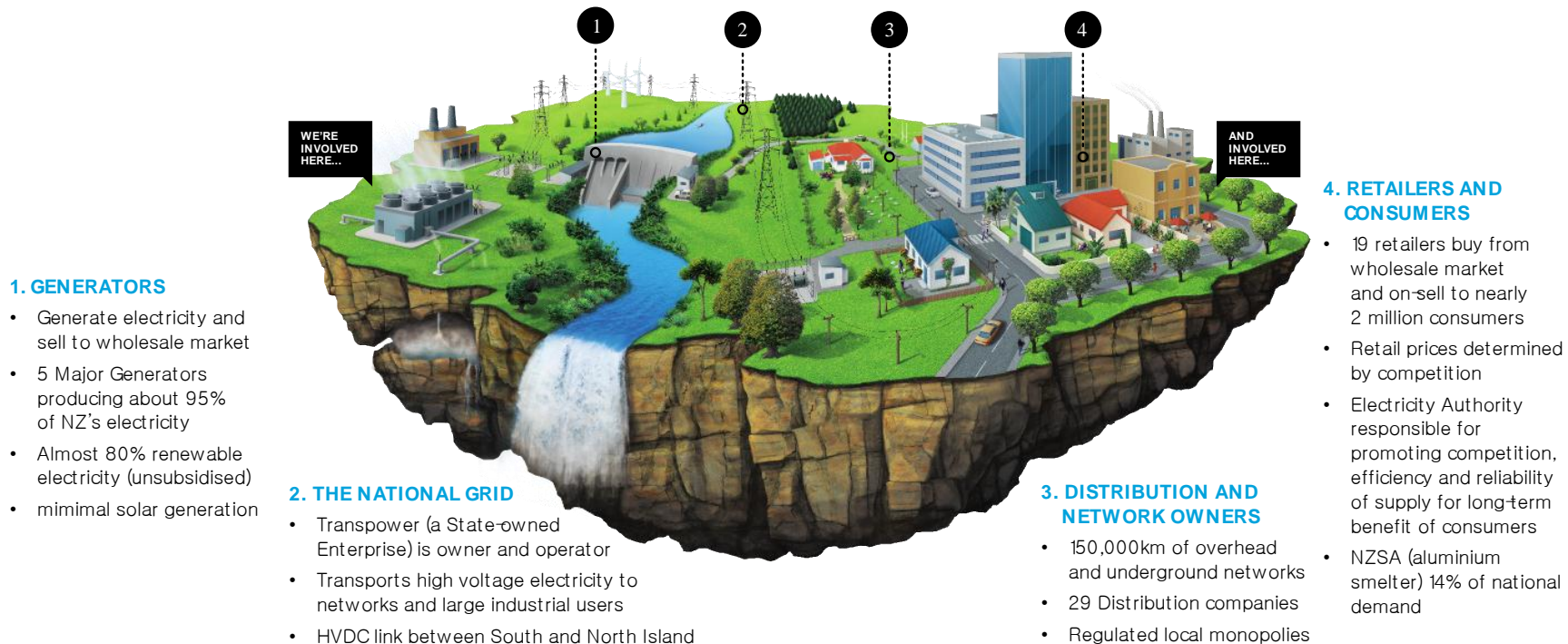
|                             |                      |
|-----------------------------|----------------------|
| GDP                         | NZ\$237.9b           |
| Credit Rating               | AA/Stable (positive) |
| Inflation (2014)            | 0.1%                 |
| Official Cash Rate (OCR)    | 3.5%                 |
| Current Account Deficit     | NZ\$7.8b             |
| Stock Market Capitalisation | NZ\$102.2b           |
| Exchange rate (NZ\$)        | £0.47; USD 0.74      |

#### NEW ZEALAND GDP BY SECTOR



## ► ECONOMY & INDUSTRY

### The industry we operate in



### Regulation

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#### Market structure

- > Framework has been fairly settled since 1999 after a period of significant reform in late 1990s
- > Labour have publicly moved away from the policy to introduce a Single Buyer model
- > Market performing well against key metrics:
  - > record levels of new retail entry and flat/falling pricing
  - > world leading reliability (4<sup>th</sup> under recent global rankings) and pricing (12<sup>th</sup> lowest)
  - > renewables displacing fossil fuel generation

#### Transmission Pricing Methodology (TPM)

- > Electricity Authority (EA) announced new TPM in October 2012 – extremely complex, applied to all transmission (not just HVDC) and was retrospective in nature
- > Strong negative feedback by almost all submitters has resulted in protracted consultation
- > Rationale diminished due to pragmatic changes proposed by Transpower (currently under consultation) and reduced future efficiency gains
- > Options paper now expected in June 2015. Will canvas a wider set of options – not limited to beneficiary pays

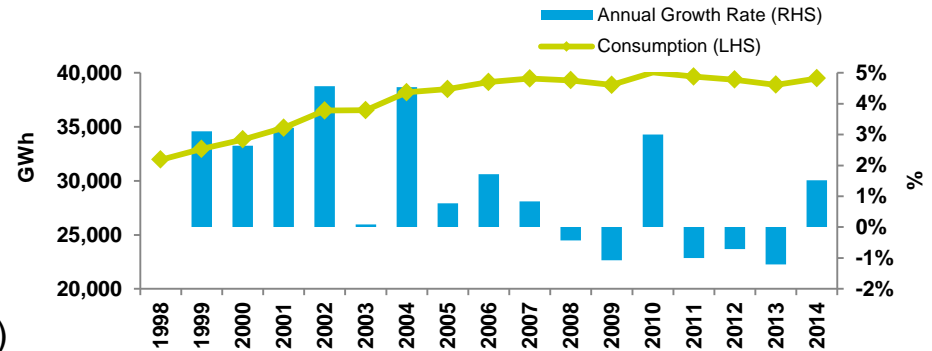


## ► ECONOMY & INDUSTRY

### Demand

- > Demand fell from 2007 – 2013 driven by industrial demand
- > Demand up 2% in CY2014; trend continued in 2015
  - > increased industrial load
  - > new/upgraded dairy factories
  - > lower winter temperatures relative to 2013
- > Solar represents 24GWh (0.3% of consumption) - not an economic investment for consumers
- > NZAS off-take agreement; most likely outcome to stay at 572MW
  - > CFD of 400MW with Meridian; thermal generators incentivised to hedge remainder
  - > on-going rights to terminate creates industry uncertainty
  - > industry proven ability to dynamically respond to changes in demand/supply

**NZ ELECTRICITY CONSUMPTION AND GROWTH**



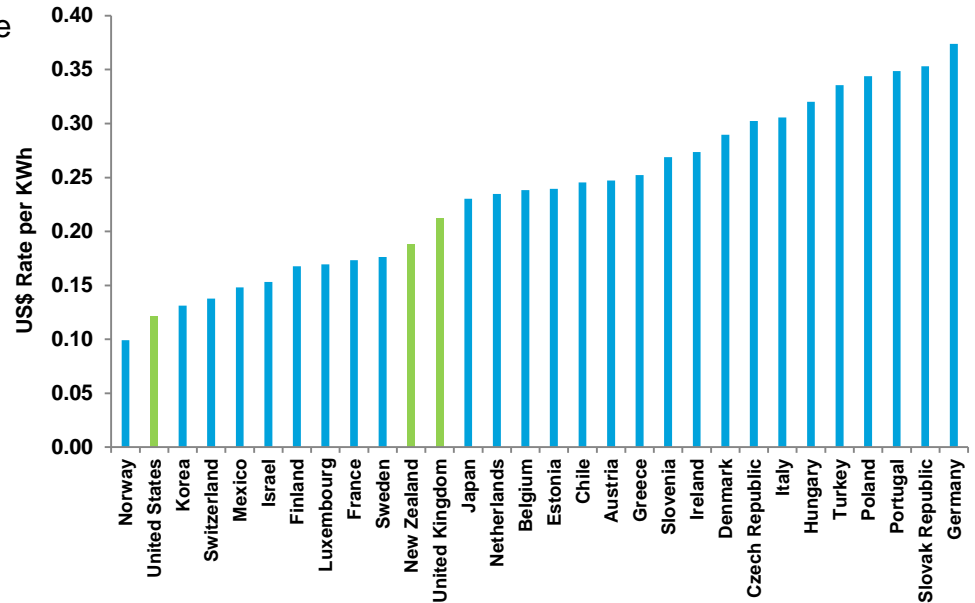
**CONSUMPTION ANNUAL GROWTH RATE**



### Competitive retail market

- > Electricity prices fallen to lower-half of the OECD
  - > most major retailers continue to signal stable energy prices
  - > prompt payment, dual fuel, incentive discounts, product differentiation
- > Customer churn second highest (behind Victoria) in OECD; including property churn
- > Electricity Authority's survey shows 69% of consumers think the retail market is competitive - up 13% from 2011

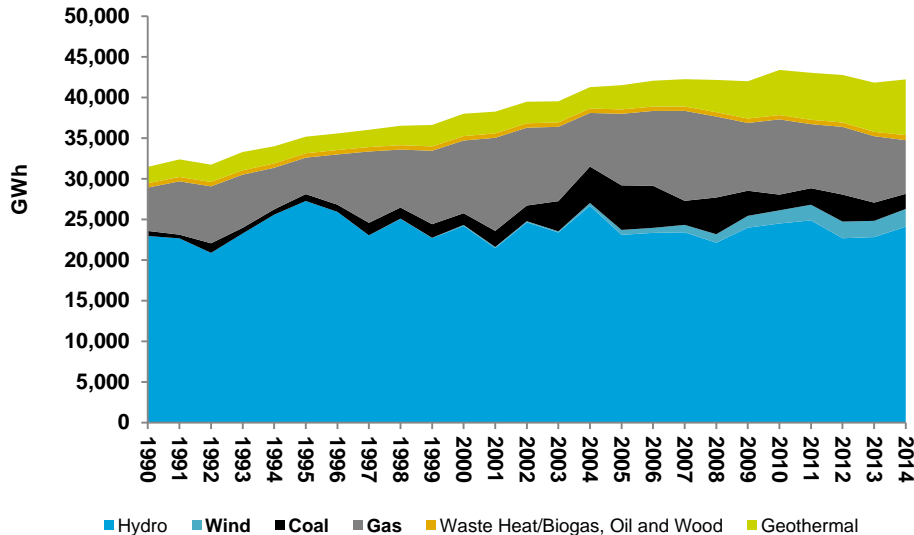
2013 OECD ELECTRICITY PRICES (PPP BASIS)



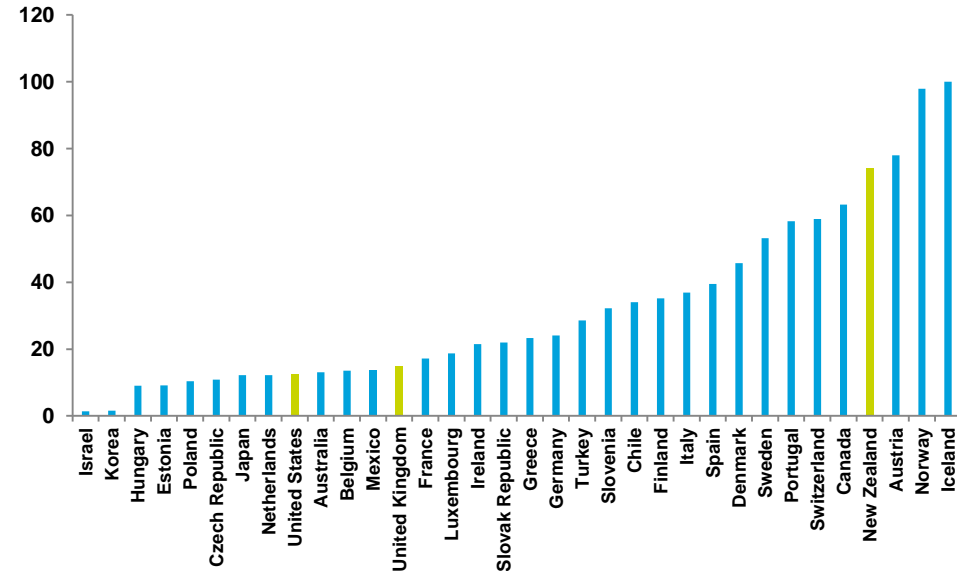
# Unsubsidised Renewable Energy: advantage for New Zealand

- > 1,200MW of unsubsidised renewable generation built over the past 10 years; displacement of fossil fuels

**NEW ZEALAND'S GENERATION MIX**



**% OF RENEWABLE ENERGY**

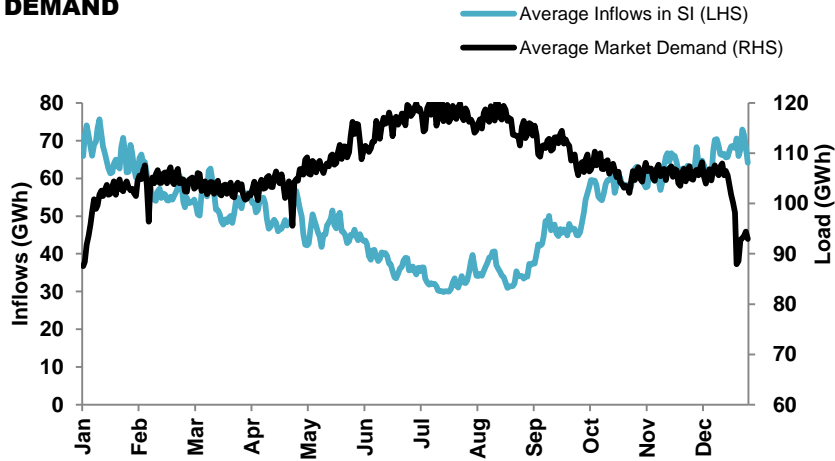


## ► ECONOMY & INDUSTRY

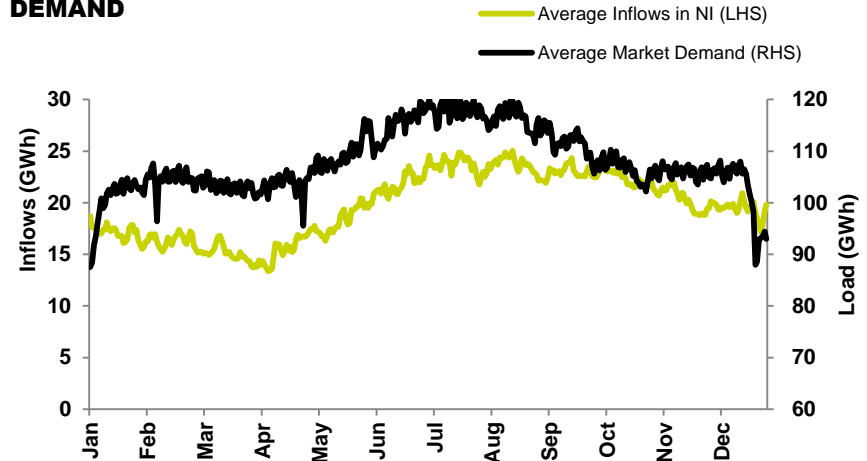
### Supply

- > Hydro generation accounts for 57% of supply
  - > South Island 43%, inflows highest in summer – negative correlation to peak demand
  - > North Island 14%, rain-fed inflows highest in winter – correlated with peak demand

**AVERAGE SOUTH ISLAND INFLOWS VS MARKET DEMAND**



**AVERAGE NORTH ISLAND INFLOWS VS MARKET DEMAND**

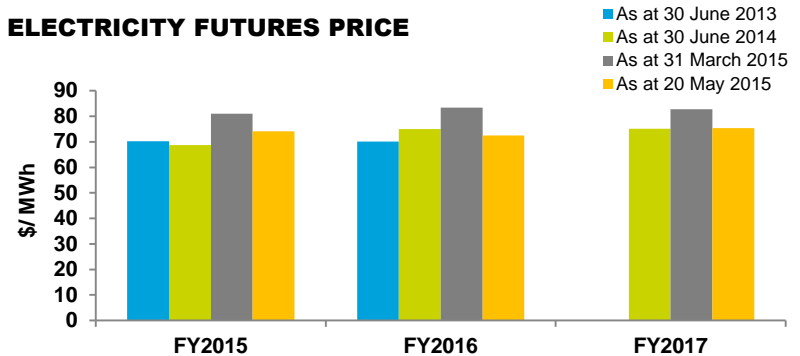


## ► ECONOMY & INDUSTRY

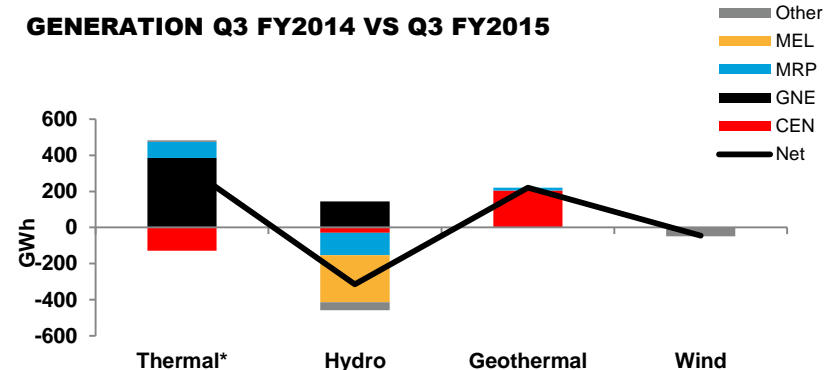
### Wholesale prices

- > Established electricity futures contracts for three years forward
- > Short term futures prices respond to near term hydrology; Longer dated futures typically respond to fundamental demand/supply
- > Reduction of 4,500GWh of thermal fuel commitments by the end of CY2015 (from CY2013)
- > As at 31 March, FY2016 futures prices up \$13/MWh (up 19%) since 30 June 2013 reflecting lower thermal fuel commitments
- > Recent softness in longer dated futures curve reflecting additional renewable generation on-line and significantly higher thermal generation seen in Q3 FY2015

**ELECTRICITY FUTURES PRICE**



**GENERATION Q3 FY2014 VS Q3 FY2015**



\* MRP's gas station was out for routine maintenance during Q3 FY2014 and vital peaker volumes included in Q3 FY2015



▶ **MIGHTY RIVER POWER**

# **Business Overview**

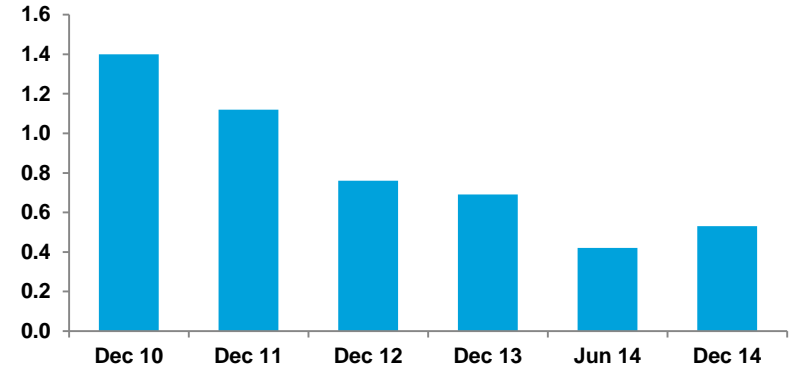
## ► BUSINESS OVERVIEW

### Together safe

- > Goal continues to be zero-harm – extensive engagement with contractors and subcontractors
  - > implemented contractor pre-qualification, providing a framework for improved safety standards
- > Significant focus on serious harm
- > Aim for both industry and Company to be best in class
  - > Industry-wide initiatives benefiting from StayLive including sharing of hazard information and statistics

#### TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

(rolling 12 month, per 100,000 hours; includes contractors)



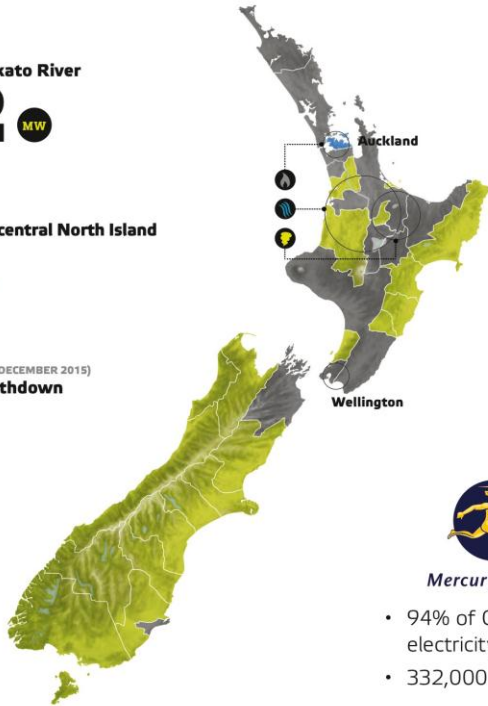
## ► BUSINESS OVERVIEW

# An integrated electricity generation/retail company

**HYDRO**  
9 stations on the Waikato River  
**1,052** MW

**GEOTHERMAL**  
5 stations through the central North Island  
**334** MW

**GAS-FIRED** (TO BE CLOSED DECEMBER 2015)  
1 station, 3 units, Southdown  
**140** MW



## ► RETAIL MARKET SHARE (%)

0-9

10-29

30-49

50-69



Mercury Energy

- 94% of Company's electricity sales volume
- 332,000 customers

GLOBUG

- Prepay power
- 20,000 customers



BOSCO

- Niche utility retailer to apartment customers
- 12,000 customers

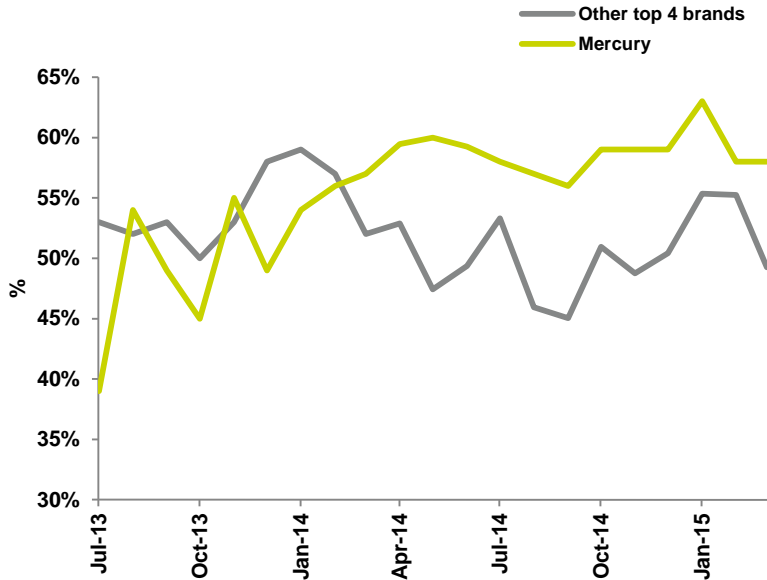


- Retail electricity into smaller regional towns
- 22,000 customers

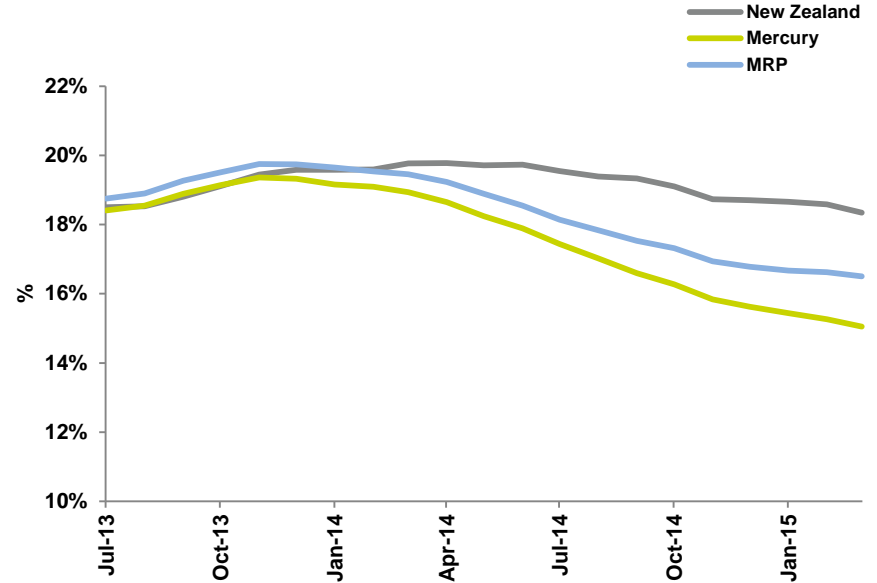
## ▶ RETAIL SERVICE INNOVATOR

# Focus on value-differentiation in highly competitive market

**% of CUSTOMERS HIGHLY SATISFIED<sup>1</sup>**



**ANNUAL CUSTOMER CHURN<sup>2</sup>**



1. The Research Agency & Colmar Brunton
2. Electricity Authority and internal data. Excludes internal transfer between Mighty River Power brands

### Customer first

- > Passing on the benefits of strong competition
  - > no increase in headline energy prices for residential electricity and gas customers in April 2015
  - > reward for loyalty – customers who commit for 2 years get additional 3% discount
  - > 33% of customers on fixed price contracts (1-3 years)
- > Leading reduced industry disconnections
  - > Mercury reached record low in October of only 18 disconnected customers
  - > GLOBUG assists customers' cash management and keeps them connected
- > Focus on customer-led technology
  - > Good Energy Monitor
  - > growth in digital customers - 82% of customers pay electronically and 54% receive bills online
  - > GLOBUG (pre-pay) online and app based self service





## ► RETAIL SERVICE INNOVATOR

# GLOBUG – a smart platform for growth

- > Home-grown pre-pay technology
  - > lowers disconnection rates and bad debts
  - > GLOBUG online and app based self service
- > Lower cost of electricity for customers
  - > eliminates late payment fees and use of debt collection agencies
- > Platform for growth
  - > currently 22,000 GLOBUG customers
  - > new lower price rate offer to Community Services Card holders (estimated 495,000 households)

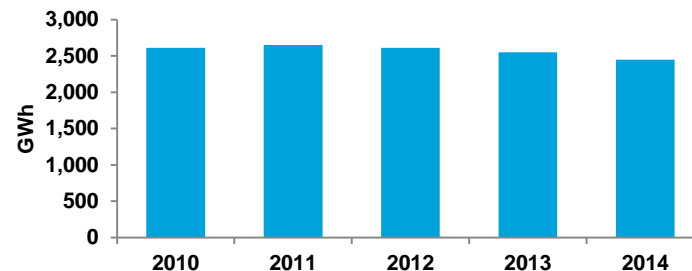


## ► RETAIL SERVICE INNOVATOR

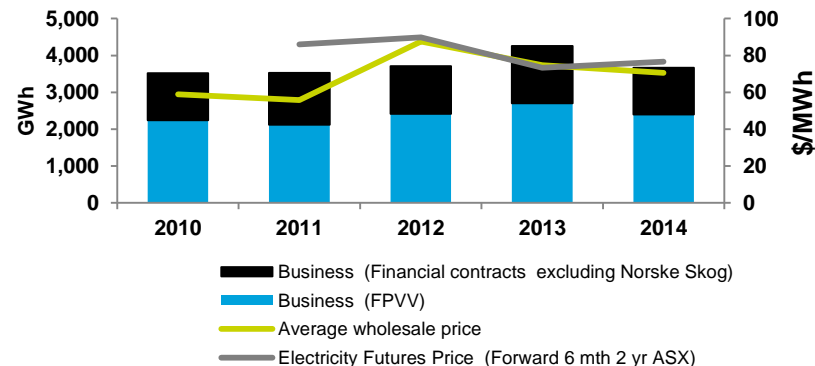
### Actively manage sales book for multi-year value

- > Actively manage sales book for value, rather than customer numbers by optimising across customer segments
- > Decision not to renew expiring business contracts (put in place at higher yields in 2012) at low yields
  - > increases generation flexibility
  - > benefit when ASX curve increases flow through to business pricing

#### RESIDENTIAL SALES



#### COMMERCIAL SALES

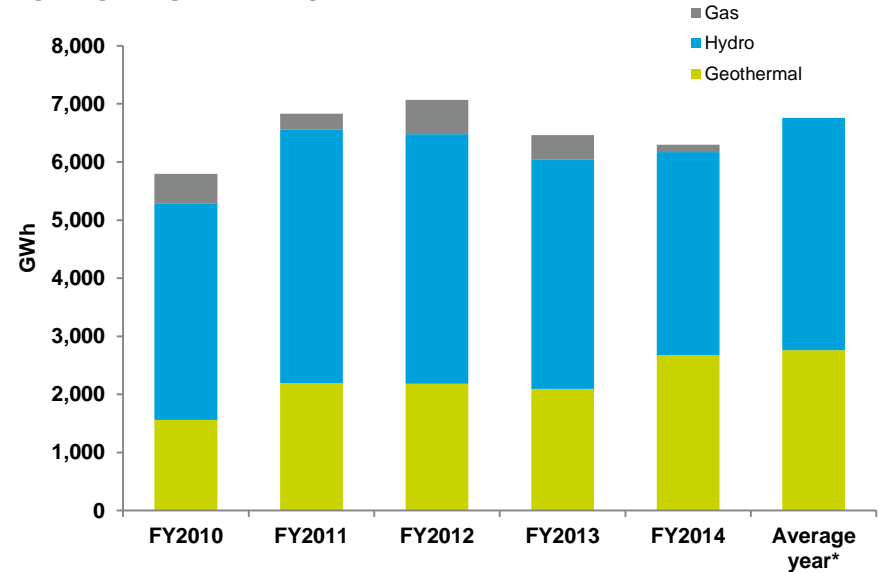


## ► SUSTAINABLE ENERGY PRODUCER

### Electricity Generation

- > Will be a 100% renewable electricity generator following closure of Auckland gas-fired station in December 2015
- > High up-front build cost, low operating cost
- > Complementary fuel sources – steady base-load geothermal (40%), flexible hydro (60%)
- > Rain-fed catchments (in winter peaking market), located in central North Island (close to peak load)

**ELECTRICITY GENERATION**



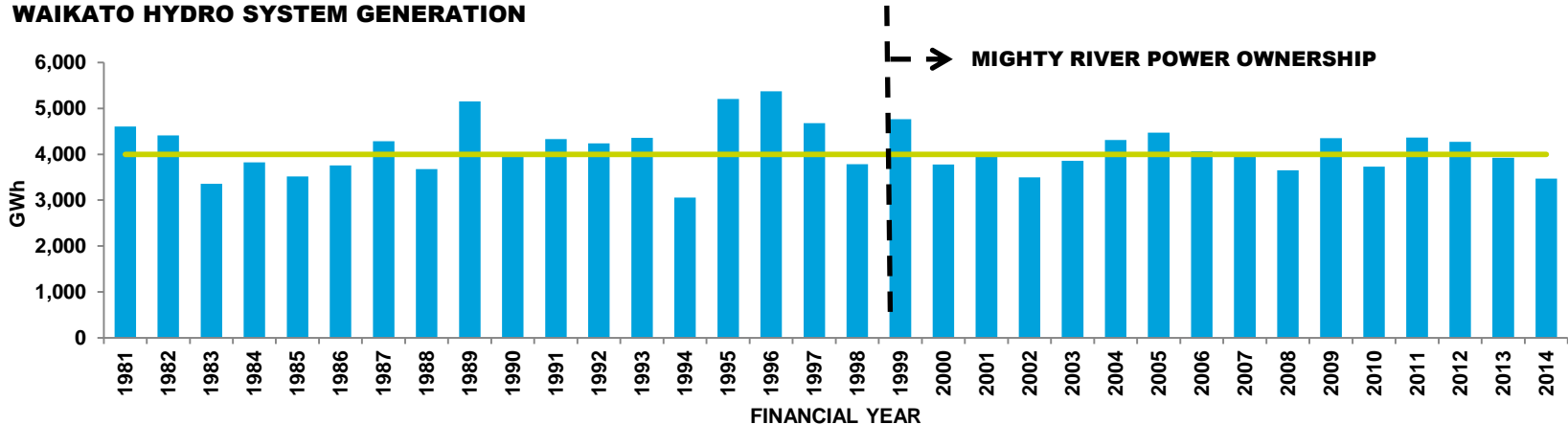
\* Average year assumes 4,000GWh hydro generation, 95% geothermal capacity, closure of Gas station in December 2015

## ► SUSTAINABLE ENERGY PRODUCER

### Waikato Hydro System

- > 100% own and operate nine power stations along the Waikato River
- > Flexible – output can be increased or decreased very quickly and efficiently
- > Supports generation of 4,000GWh annually – since 1999 ranged from 3,500GWh to 4,800GWh
- > Maximum storage capacity of 580GWh; minimum flow requirement 7.5GWh per day

#### WAIKATO HYDRO SYSTEM GENERATION



## ► SUSTAINABLE ENERGY PRODUCER

### Geothermal – the baseload renewable

- > Reliable renewable geothermal generation – normally runs 24/7, not dependent on weather
- > Resource consents generally for 35 years
- > Exiting International geothermal development. Own small stake in ~50MW geothermal plant in US



|                    |       |
|--------------------|-------|
| 01/ Kawerau        | 100MW |
| 02/ Mokai*         | 112MW |
| 03/ Rotokawa       | 34MW  |
| 04/ Nga Awa Purua* | 138MW |
| 05/ Ngatamariki    | 82MW  |

\* Not 100% owned by Mighty River Power





## ► SUSTAINABLE ENERGY PRODUCER

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### Partnerships

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- > Aligned values around harnessing natural resources and sustainability
- > Joint venture partnerships with Maori landowners a key foundation of successful track record in geothermal development
- > Tuwharetoa Maori Trust Board and Mighty River Power reached long-term partnership agreement over future of Lake Taupo

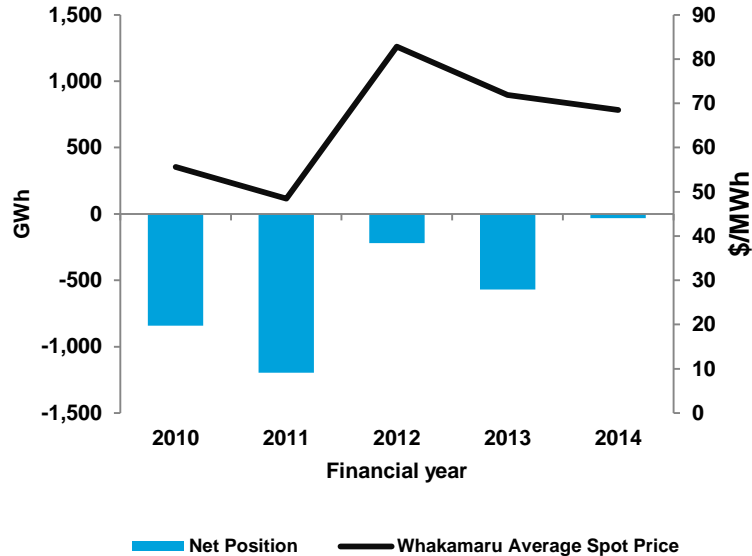


## ► A PORTFOLIO APPROACH

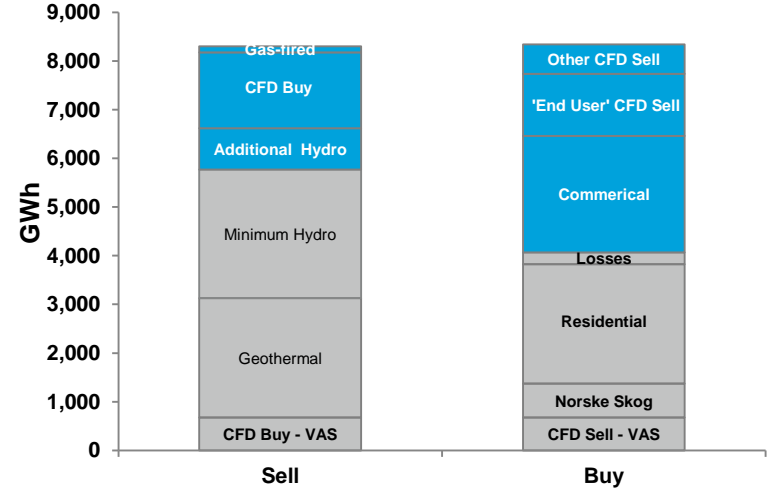
### Net position

> Average net position moved towards square, reflecting view of market

**NET POSITION**



**FY2014 NET POSITION**

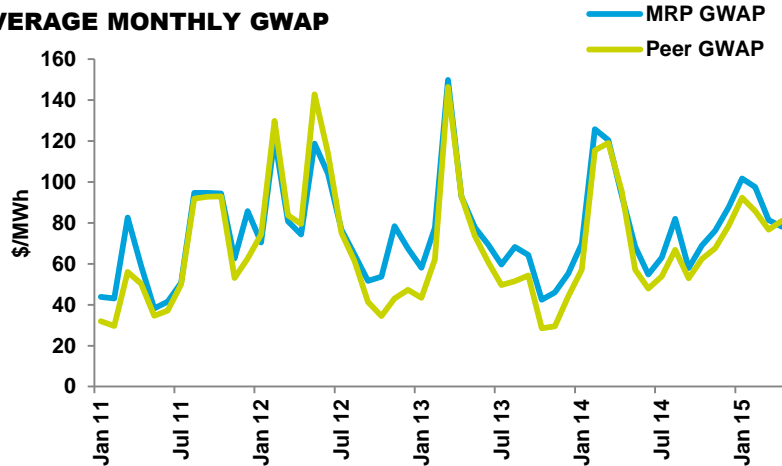


## ▶ A PORTFOLIO APPROACH

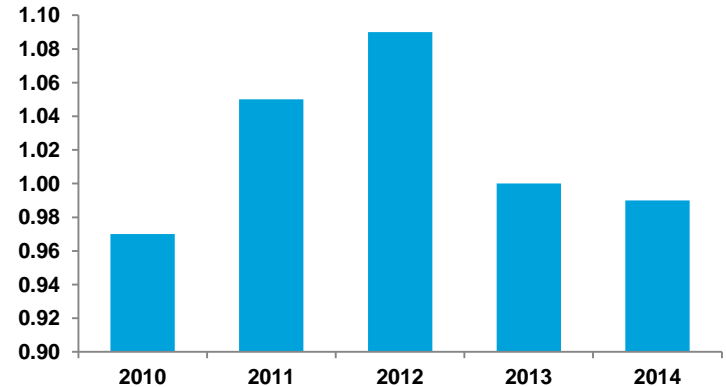
### LWAP/GWAP

- LWAP/GWAP – ratio of the cost of electricity purchased (LWAP) relative to price received for generation (GWAP)
- Active managing generation dispatch to maximise value over time, combined with inherent advantages of location of generation portfolio allows GWAP more favourable than peers

**AVERAGE MONTHLY GWAP**



**LWAP/GWAP**

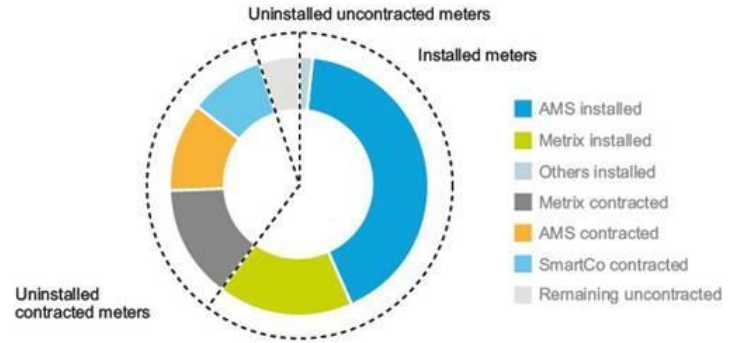


## ► DATA & TECHNOLOGY SUPPLIER

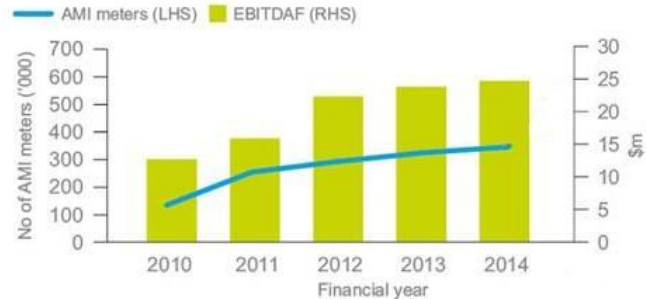
### A leader in metering

- > Advanced Metering Infrastructure (AMI) metering propositions commercially driven by energy retailers (not regulation)
- > Metrix is the second largest meter provider in New Zealand
  - > over 377,000 AMI meters installed
  - > providing services to 14 different companies
- > Focus on systems development and integration to prepare for deployment of AMI meters to Trustpower's residential customers with scale deployment in 2016

#### NZ AMI METERING MARKET – MARCH 2015



#### METRIX AMI METERS AND EBITDAF CONTRIBUTION



## ► MANAGEMENT

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### Leadership team

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- > Successful Chief Executive transition completed in August 2014
  - > Fraser Whineray took up role on 1 September 2014; previously GM Operations
- > Completed realignment of the leadership team to provide stability and support the Company's strategic priorities
- > Total shareholder return based LTI plan in place for executive management team
- > STI based on financial (40%), operational excellence (20%), reputation (20%) and people (20%) for senior leaders



**Fraser Whineray**  
Chief Executive



**William Meek**  
Chief Financial  
Officer



**Phil Gibson**  
GM Hydro &  
Wholesale



**Toni Laming**  
GM Strategy &  
Communications



**James Munro**  
GM Customer



**Tony Nagel**  
GM Corporate  
Affairs



**Matt Olde**  
CE Metrix



**Marlene Strawson**  
GM People & Safety



**Nick Clarke**  
GM Geothermal  
(starts July 2015)

## ► MANAGEMENT

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### Board of Directors

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- > Independent Board; Chair nominated by Board; must be approved by Minister of Finance
- > A diverse and complementary mix of skills with eight directors following the appointment of Patrick Strange (February 2014) and Andy Lark (July 2014)
- > Tania Simpson will retire from the Company's Board in June 2015; process of recruiting a new director well advanced
- > Diverse experience in sector and in large leading NZX listed companies; average tenure of 5 years



**Prue Flacks**

**James Miller**

**Michael Allen**

**Tania Simpson**

**Patrick Strange**

**Joan Withers**

**Keith Smith**

**Andy Lark**

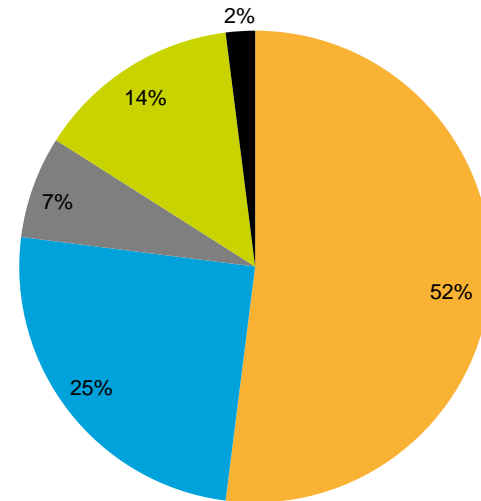
Chair

## ► MIGHTY RIVER POWER

### Ownership

- > Listed on NZX and ASX in May 2013
- > More than 100,000 shareholders
- > Loyalty shares transferred from Crown 14 May 2015, almost 95,000 eligible shareholders
- > Crown majority ownership
  - > Public Finance Act and Company's constitution require at least 51% Crown ownership
  - > No other person may hold more than 10% of shares

**SHARE REGISTER  
AT MARCH 2015**



- Crown
- NZ Retail
- NZ Institutions
- International Institutions
- Treasury Stock



## ► STRATEGY

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### Fresh thinking – Customer, Company, Country

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#### Operate

- › Together Safe - Zero Harm
- › Portfolio Optimisation
- › Cost Efficiency
- › Capital Productivity

#### Build

- › Strengthen Customer Empowerment
- › Grow AMI

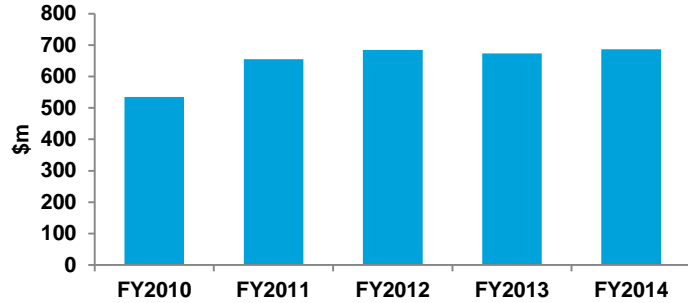
#### Grow

- › New Customer Experience
- › A Better Water Ecosystem
- › Electric Vehicles
- › Photovoltaic Solutions

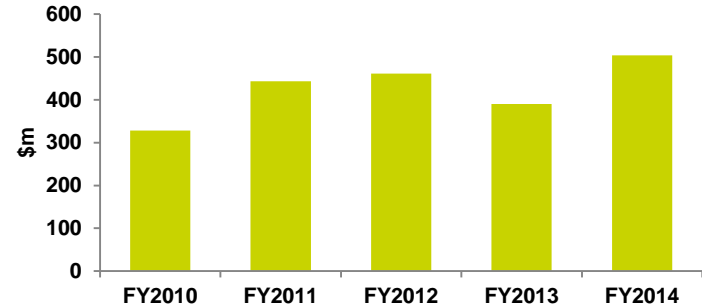
# Financial

## Financial track record

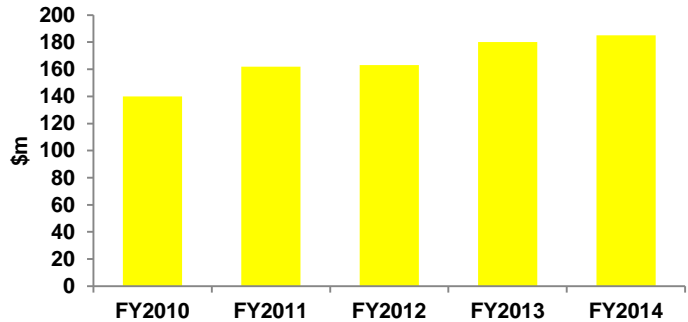
**ENERGY MARGIN – CAGR 7%**



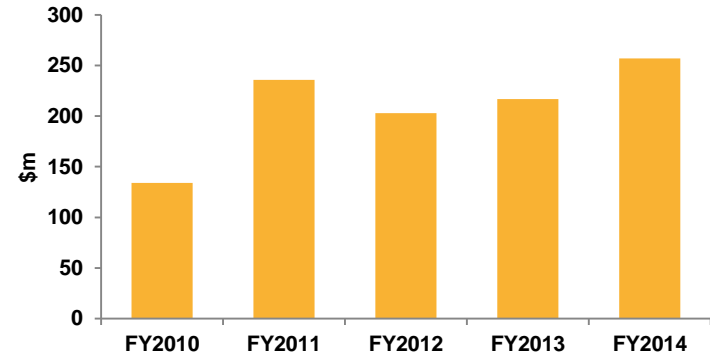
**EBITDAF – CAGR 11%**



**UNDERLYING EARNINGS – CAGR 7%**

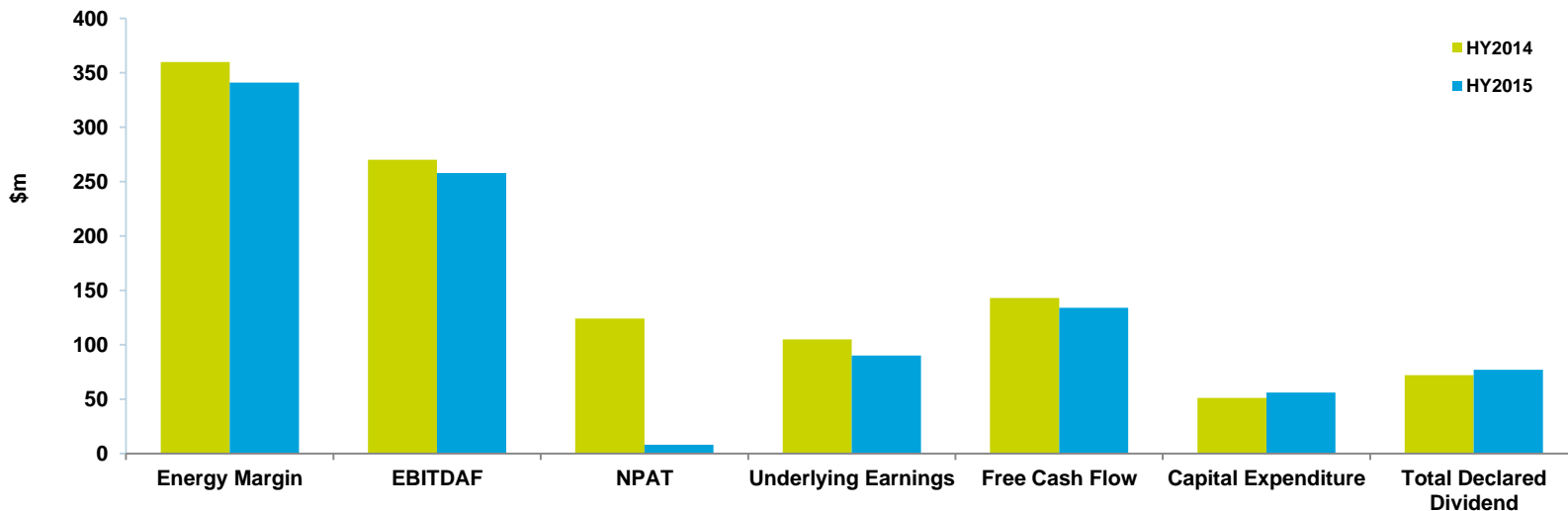


**FREE CASH FLOW – CAGR 18%**





## HY2015 vs HY2014



- > Energy Margin, EBITDAF and Underlying Earnings impacted by lower hydro generation and the roll off of higher yield commercial contracts put in place in 2012
- > Profit relative to prior period impacted by non-cash \$83m impairment relating to exiting international geothermal development and favourable fair value movements of \$20m recognised in the previous half year
- > Free cash flow and capital expenditure impacted by higher-than-average reinvestment capital expenditure (drilling two geothermal wells)

## FY2015 guidance and outlook

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### Interim results guidance

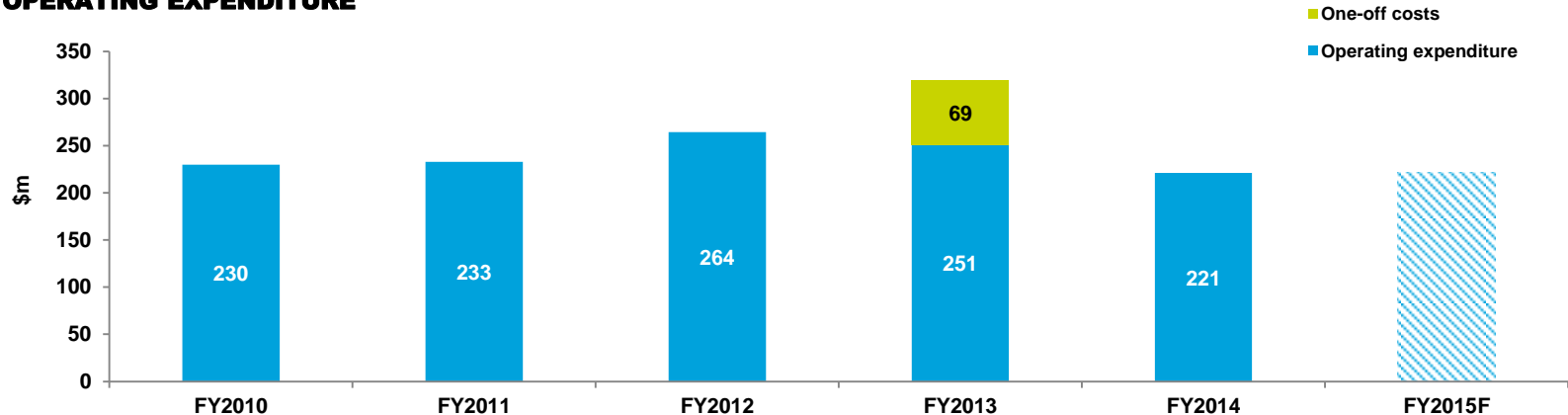
- > FY2015 dividend guidance of 14 cents per share
- > FY2015 EBITDAF guided to be in the range of \$480m - \$500m subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances assumes:
  - > 3,455GWh of hydro production which assumes average inflows from March until year end;
  - > FY2015 operating costs comparable with FY2014;
  - > the completion of additional property sales; and
  - > excludes crystallisation of non-cash FX translation reserve loss which will occur on the completion of the Chile divestments (approx \$10m)

## ► FINANCIAL

### Operating expenses

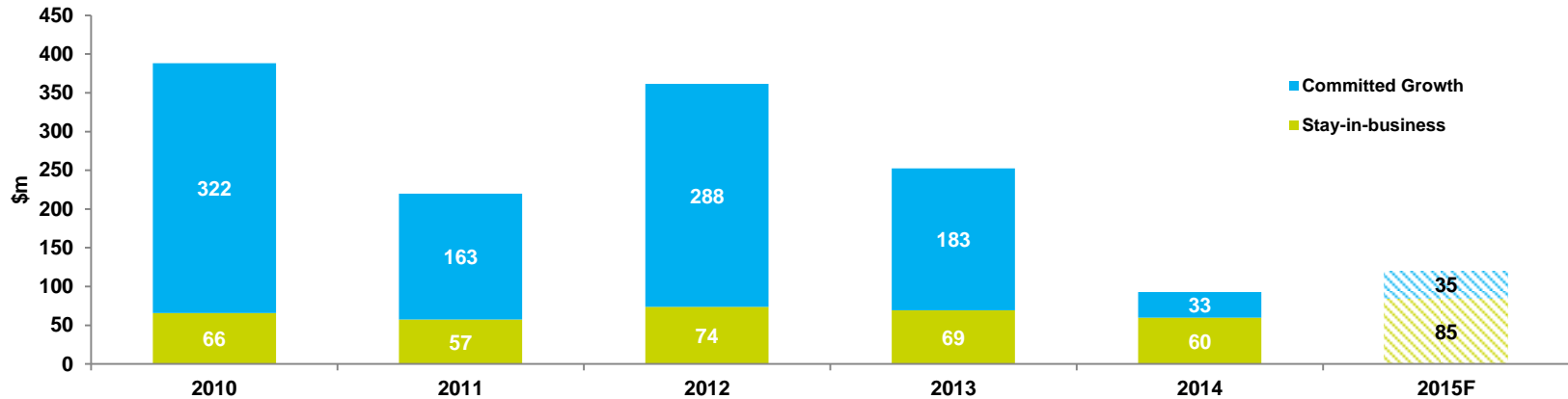
- > \$30m of permanent savings since listing consistent with a clear focus on group-wide efficiency and effectiveness programme
  - > right sizing business for current market environment and activity levels
  - > optimisation of asset management programme
- > Operating expenditure now below 2010 levels, despite 220MW additional generating capacity added

#### OPERATING EXPENDITURE



## Capital expenditure

- > FY2015 interim results guidance of \$85m for stay-in-business and \$35m for committed growth capex
- > Completed \$1.4b geothermal development programme in FY2013; FY2015 growth capex mainly reflects smart metering spend
- > Reinvestment capital expenditure is forecast in the long run to be \$70 to \$80m p.a.
  - > variable year on year given scale and uncertain timing of geothermal makeup wells
  - > high expenditure period currently as complete lifecycle maintenance programme



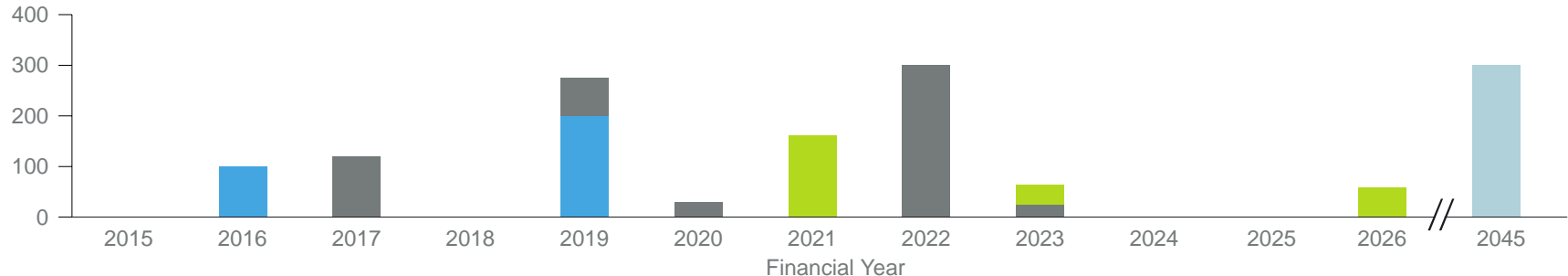


## Funding profile

- > Drawn debt as at 31 December 2014 was \$1,110m with undrawn facilities of \$300m
- > Average interest rates of 8.3% in FY2014 - reflection of interest rate hedges put in place in 2008 ahead of the major domestic geothermal investment programme. These hedges roll off progressively from the end of FY2018
- > Debt includes \$300m of Capital Bonds assigned with Intermediate Equity Credit from S&P
- > The average maturity profile for committed facilities at period end was 10.3 years

### DEBT MATURITIES AS AT 31 DECEMBER 2014

■ Undrawn Bank Facilities ■ Domestic Capital Bond ■ Domestic Wholesale Bonds ■ US Private Placement



## Credit rating and funding ratios

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- > bbb stand alone rating is key reference point for dividend policy and a sustainable capital structure
  - > S&P confirmed BBB+ credit rating under revised corporate credit criteria in May 2014
  - > One-notch upgrade given majority Crown ownership
  - > Key ratio for stand alone S&P credit rating bbb requires Debt / EBITDAF between 2.0x and 2.8x

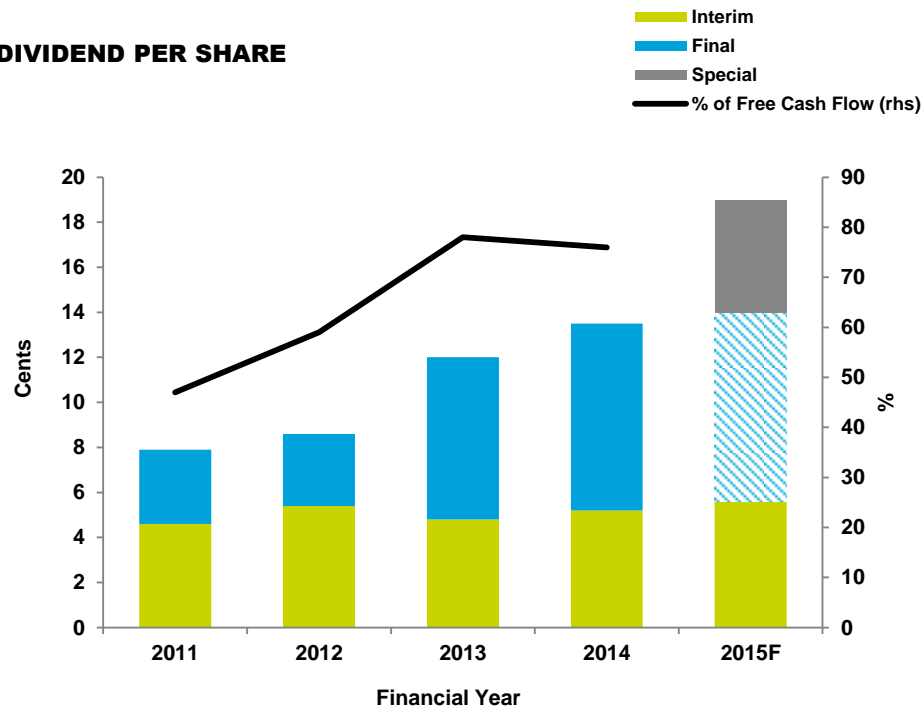
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|                   | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 | 30 June 2010 |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Net debt (\$m)    | 1,031        | 1,028        | 1,116        | 976          | 971          |
| Gearing ratio (%) | 24.3         | 24.4         | 27.0         | 25.1         | 26.5         |
| Debt/EBITDAF (x)  | 2.1          | 2.7          | 2.6          | 2.2          | 3.0          |

## Dividend

- > Dividend policy targets 70% to 85% of Free Cash Flow on average over time
- > Supplementary dividends paid to foreign investors
- > Guidance of 14 cents per share FY2015 fully imputed dividend (gross yield 6.8%)
- > Capital return of \$485m since listing in May 2013
  - > \$435m (31.3cps) dividends
  - > \$50m buyback
- > Capital management continues to be reviewed
  - > optionality for share buyback if beneficial to shareholders

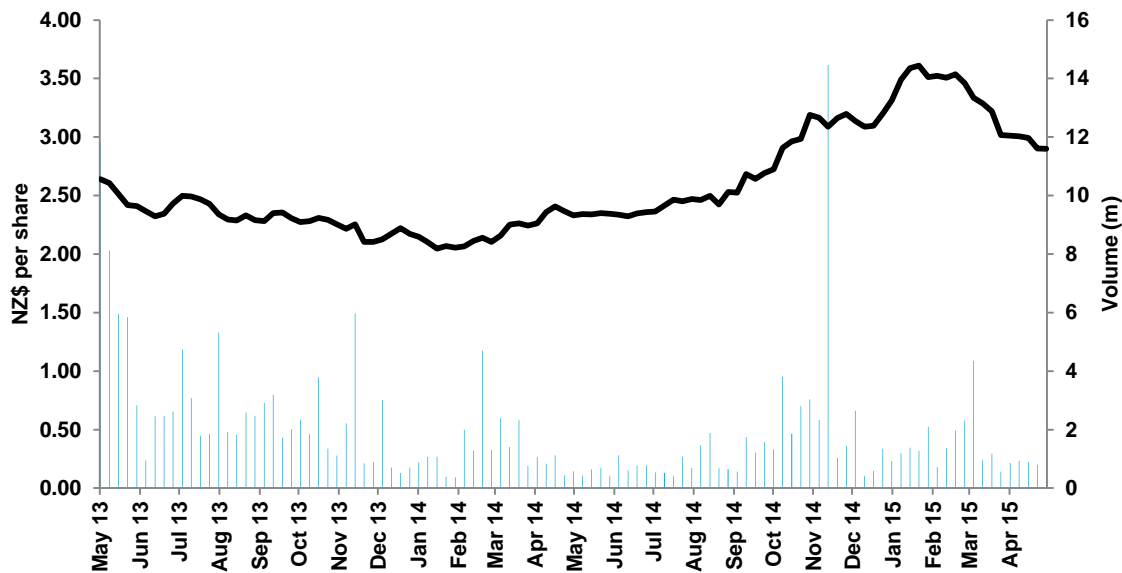
**DIVIDEND PER SHARE**



# Appendix

# MRP.NZ

**MRP SHARE PRICE AND VOLUME**



**KEY METRICS**

|                               |         |
|-------------------------------|---------|
| PE ratio (FY2016)*            | 21x     |
| EV/EBITDAF (FY2016)           | 10x     |
| Cash Dividend Yield (FY2015)  | 4.9%    |
| Gross Dividend Yield (FY2015) | 6.8%    |
| Shares issued (m)             | 1,400   |
| Market Capitalisation         | \$3.94b |
| Enterprise Value              | \$5.02b |
| Ave Daily Volume (m)          | 2.0     |
| Ave Daily Volume (NZ\$m)      | 4.7     |

\* Accounting policy to revalue assets annually, which increases depreciation charges

## ► APPENDIX

### Supplementary dividends to non-resident shareholders

- > Reduces or eliminates the economic impact of Non-Resident Withholding Taxes
- > For illustrative purposes see below worked example for a corporate investor. This should not be interpreted as tax advice

|  | NZ investor  | Foreign investor          |                        |
|--|--------------|---------------------------|------------------------|
|  |              | no Supplementary dividend | Supplementary dividend |
| Gross dividend   | 100.00       | 100.00                    | 100.00                 |
| Imputation credits   | (28.00)      | (28.00)                   | (28.00)                |
| Supplementary dividend   | -            | -                         | 12.71                  |
|  | 72.00        | 72.00                     | 84.71                  |
| Less: Corporation tax (@28%)                                     | (28.00)      | -                         | -                      |
| Add: Imputation credits  | 28.00        | -                         | -                      |
| Less: Non-resident withholding tax (@15% of dividend where DTA*) | -            | (10.80)                   | (12.71)                |
| <b>Cash dividend</b>   | <b>72.00</b> | <b>61.20</b>              | <b>72.00</b>           |

\* Includes United Kingdom and United States

## ► APPENDIX

### Non-GAAP measure: Energy margin

- > Energy Margin provides a measure that, unlike sales or total revenue, accounts for the variability or the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

| \$m  | HY2015     | HY2014     | FY2014     | FY2013     | FY2012     | FY2011     | FY2010     |
|--|------------|------------|------------|------------|------------|------------|------------|
| Sales  | 856        | 827        | 1,272      | 1,806      | 1,904      | 1,547      | 1,485      |
| Less: lines charges  | (223)      | (227)      | (431)      | (454)      | (424)      | (404)      | (403)      |
| Less: energy costs   | (266)      | (216)      | (505)      | (636)      | (761)      | (446)      | (501)      |
| Less: other direct cost of sales, including third-party metering | (26)       | (24)       | (44)       | (37)       | (34)       | (42)       | (46)       |
| <b>Energy Margin</b>   | <b>341</b> | <b>360</b> | <b>692</b> | <b>679</b> | <b>685</b> | <b>655</b> | <b>535</b> |



## ► APPENDIX

# Income Statement

| \$m   | HY2015     | HY2014     | FY2014     | FY2013     | FY2012     | FY2011     | FY2010     |
|---|------------|------------|------------|------------|------------|------------|------------|
| <b>Energy Margin</b>  | <b>341</b> | <b>360</b> | <b>692</b> | <b>673</b> | <b>685</b> | <b>655</b> | <b>535</b> |
| Other revenue   | 18         | 15         | 33         | 31         | 41         | 21         | 23         |
| Operating expenses  | (101)      | (105)      | (221)      | (314)      | (264)      | (233)      | (230)      |
| <b>EBITDAF</b>  | <b>258</b> | <b>270</b> | <b>504</b> | <b>390</b> | <b>461</b> | <b>443</b> | <b>328</b> |
| Depreciation and amortisation   | (85)       | (78)       | (161)      | (150)      | (158)      | (145)      | (98)       |
| Change in fair value of financial instruments   | 1          | 20         | 32         | 25         | (93)       | (26)       | 8          |
| Impaired assets   | (83)       | -          | -          | (85)       | (4)        | (20)       | (31)       |
| Equity accounted earnings of associate companies and interests in jointly controlled entities | 1          | -          | 4          | 63         | (24)       | 5          | (34)       |
| Net interest expense  | (48)       | (39)       | (84)       | (57)       | (73)       | (72)       | (31)       |
| Income tax expense  | (36)       | (49)       | (83)       | (71)       | (41)       | (58)       | (57)       |
| <b>Net profit for the year</b>  | <b>8</b>   | <b>124</b> | <b>212</b> | <b>115</b> | <b>68</b>  | <b>127</b> | <b>85</b>  |
| <b>Underlying earnings after tax</b>  | <b>90</b>  | <b>105</b> | <b>185</b> | <b>180</b> | <b>163</b> | <b>162</b> | <b>140</b> |

## ► APPENDIX

### Balance sheet

| \$m                         | As at<br>31<br>December<br>2014 | As at<br>31<br>December<br>2013 | As at 30<br>June 2014 | As at 30<br>June 2013 | As at 30<br>June 2012 | As at 30<br>June 2011 | As at 30<br>June 2010 |
|-----------------------------|---------------------------------|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Shareholders' Equity</b> |                                 |                                 |                       |                       |                       |                       |                       |
| Total shareholders' equity  | 3,010                           | 3,185                           | 3,219                 | 3,183                 | 3,014                 | 2,907                 | 2,689                 |
| <b>Assets</b>               |                                 |                                 |                       |                       |                       |                       |                       |
| Current assets              | 270                             | 273                             | 292                   | 312                   | 394                   | 272                   | 238                   |
| Non-current assets          | 5,293                           | 5,404                           | 5,397                 | 5,490                 | 5,483                 | 5,104                 | 4,657                 |
| <b>Total assets</b>         | <b>5,563</b>                    | <b>5,677</b>                    | <b>5,689</b>          | <b>5,802</b>          | <b>5,877</b>          | <b>5,376</b>          | <b>4,895</b>          |
| <b>Liabilities</b>          |                                 |                                 |                       |                       |                       |                       |                       |
| Current liabilities         | 212                             | 314                             | 271                   | 399                   | 635                   | 224                   | 311                   |
| Non-current liabilities     | 2,341                           | 2,178                           | 2,199                 | 2,220                 | 2,228                 | 2,245                 | 1,895                 |
| <b>Total liabilities</b>    | <b>2,553</b>                    | <b>2,492</b>                    | <b>2,470</b>          | <b>2,619</b>          | <b>2,863</b>          | <b>2,469</b>          | <b>2,206</b>          |
| <b>Total net assets</b>     | <b>3,010</b>                    | <b>3,185</b>                    | <b>3,219</b>          | <b>3,183</b>          | <b>3,014</b>          | <b>2,907</b>          | <b>2,689</b>          |

## ► APPENDIX

### Consolidated cash flow

| \$m   | HY2015 | HY2014 | FY2014 | FY2013 | FY2012 | FY2011 | FY2010 |
|---|--------|--------|--------|--------|--------|--------|--------|
| Net cash provided by operating activities           | 176    | 171    | 317    | 286    | 277    | 293    | 200    |
| Net cash used in investing activities               | (47)   | (64)   | (99)   | (84)   | (292)  | (202)  | (296)  |
| Net cash (used in)/provided by financing activities | (118)  | (86)   | (213)  | (230)  | 28     | 69     | 48     |
| Cash at the end of the period                       | 33     | 35     | 19     | 11     | 38     | 29     | 8      |

## ► APPENDIX

### Non-GAAP measure: Free Cash Flow

- > Free Cash Flow is a measure that the Company uses to evaluate the levels of cash available for debt repayments, growth capital expenditure and dividends

| \$m  | HY2015     | HY2014     | FY2014     | FY2013     | FY2012     | FY2011     | FY2010     |
|--|------------|------------|------------|------------|------------|------------|------------|
| Net cash provided by operating activities                        | 176        | 171        | 317        | 286        | 277        | 293        | 200        |
| Less: Reinvestment capital expenditure (including accrued costs) | (42)       | (28)       | (60)       | (69)       | (74)       | (57)       | (66)       |
| <b>Free Cash Flow</b>  | <b>134</b> | <b>143</b> | <b>257</b> | <b>217</b> | <b>203</b> | <b>236</b> | <b>134</b> |