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**NEWS RELEASE**

20 May 2016

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**NZX: MRP****ASX: MYT**

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## Investor Roadshow Presentation – May 2016

**Mighty River Power will be giving presentations at a series of international investor meetings during May 2016.**

**The presentation materials are attached.**

**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 meeting this country's energy needs with the flagship retail brand Mercury and other specialty brands. Every year the hydro and geothermal power stations operated by Mighty River Power generate enough renewable electricity for about 1 million New Zealand homes.

Mighty River Power was listed on the New Zealand Stock Exchange (NZX: "MRP") and the Australian Stock Exchange (ASX: "MYT") in May 2013 and has New Zealand's largest ownership base of nearly 100,000, alongside the Crown as majority owner.

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May 2016

# Mighty River Power / Mercury

Investor Roadshow



**Presented by:**

**Fraser Whineray**

Chief Executive

**William Meek**

Chief Financial Officer

# Disclaimer

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highlights

# Highlights

## ► HIGHLIGHTS

### At a glance

#### **INTEGRATED ELECTRICITY GENERATOR/RETAILER**

with average annual generation of 6,800GWh close to major load centres and with more than 370,000 customers



### **TOP 10**

#### **NZX LISTED COMPANY**

with market capitalisation of \$4.1b and debt of \$1.1b

New single brand,

## **MERCURY**

will bring together our heritage and our customer-driven innovation



# **100%**

## **RENEWABLE GENERATION**

with two complementary fuel sources in base-load geothermal and peaking hydro

# **93,000**

**OWNERS WITH  
CROWN AS MAJORITY OWNER**  
with independent Board of Directors

## **STRONG CASH FLOW**

from diversified customer sales and low cost renewable generation



## ► HIGHLIGHTS

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### Competitive advantage

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100% renewable generation with two low-cost complementary fuel sources in base-load geothermal and peaking hydro

North Island generation is close to major load centres and not dependent on HVDC

Waikato Hydro System is the largest series of peaking stations in North Island

Rain-fed North Island hydro catchment with inflows correlated with winter peak demand (unlike South Island)

Track record of customer innovation and rewarding loyalty

Long-term commercial partnerships with Maori landowners and other key stakeholders

## ► HIGHLIGHTS

### Industry milestones

2013	2014	2015	2016	2017+
<ul style="list-style-type: none"> <li>&gt; Mighty River Power dual listed on NZX/ASX</li> <li>&gt; Meridian IPO</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Genesis IPO</li> <li>&gt; National party re-elected in general election</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Origin Energy sells majority stake in Contact</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Final Transmission Pricing Methodology consultation document released</li> <li>&gt; Trustpower demerger</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Emissions Trading Scheme review</li> <li>&gt; Water allocation and quality standards review</li> </ul>
<ul style="list-style-type: none"> <li>&gt; 3<sup>rd</sup> year of electricity demand decline</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Return of electricity demand growth – 7 consecutive quarters</li> </ul>	<ul style="list-style-type: none"> <li>&gt; NZAS contract with Meridian renegotiated (backed by other participants)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; NZAS 1st option to reduce Meridian contract to 400MW with 12 months notice (by 29 July)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; NZAS 1st option to terminate Meridian contract with 12 months notice (from 1 January)</li> </ul>
		<ul style="list-style-type: none"> <li>&gt; Mighty River Power closes 140MW Southdown OCGT</li> <li>&gt; Contact closes 400MW Otahuhu CCGT</li> <li>&gt; Genesis terminates coal contract with Solid Energy</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Genesis commits to Huntly Rankine units remaining open through 2022</li> </ul>	
	<ul style="list-style-type: none"> <li>&gt; Energy sector focus on the customer intensifies</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Retail competition remains fierce resulting in increased customer choice</li> </ul>		

## ► HIGHLIGHTS

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### Past 12 months

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#### Deliverables

- ✔ Zero serious harm injuries
- ✔ Announced move to single new Mercury brand
- ✔ Continued customer product innovation using smart meters e.g. 'Good Energy Days'
- ✔ Acquisition of solar capability through the purchase of solar business
- ✔ Leadership changes to deliver greater product and service innovation to customers
- ✔ Nga Awa Purua turbine replaced
- ✔ Closure of Southdown gas-fired power station
- ✔ Progress exit of international geothermal development
- ✔ Special dividend paid, increasing total distributions to 100% of FCF in FY2015

#### Industry outcomes

- ✔ "Market will resolve emerging security of supply concerns post 2019"
- ✔ "Positive signs for continued demand growth"
- ✔ "Most likely outcome for NZAS is to contract for 572MW"
- ⊖ "Wholesale price volatility likely to increase due to recent reductions in contracted fuel supply and plant closures"



## ► HIGHLIGHTS

### Growth

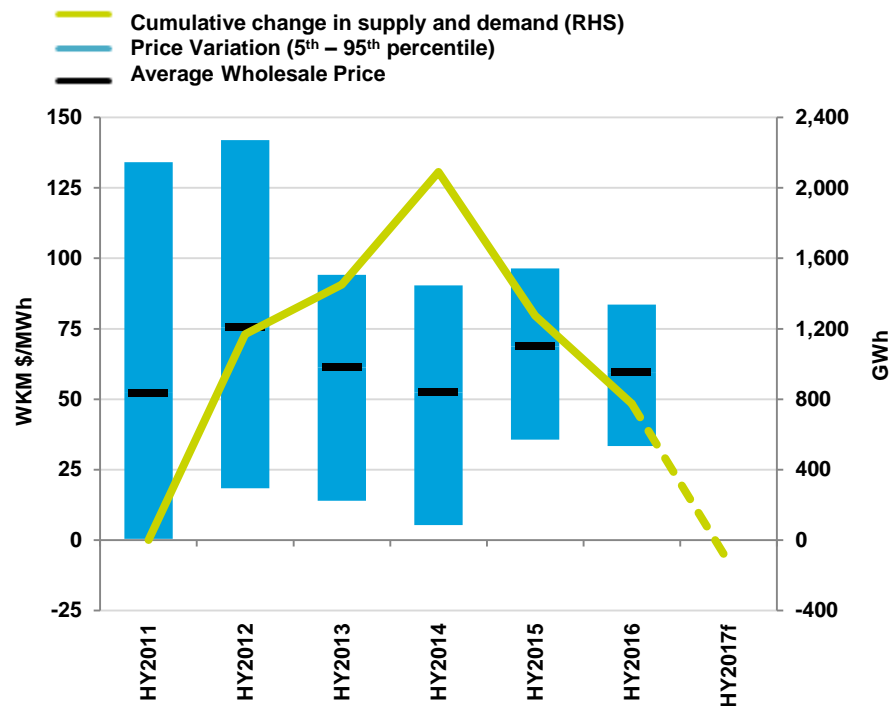
#### Market fundamentals

- > Supply and demand returning to a more balanced state given demand growth and thermal rationalisation
  - > Not currently obvious wholesale and futures pricing due in part to generally above average hydrology in SI and management of thermal fuel positions

#### Development and M&A

- > High quality generation development options available when new supply is required
  - > Consented wind generation of Turitea (60 turbines) and Puketoi (53 turbines)
  - > Options available to further develop brownfield geothermal resources
- > M&A considered if value accretive and strategically aligned with existing business

#### WHOLESALE PRICE VOLATILITY

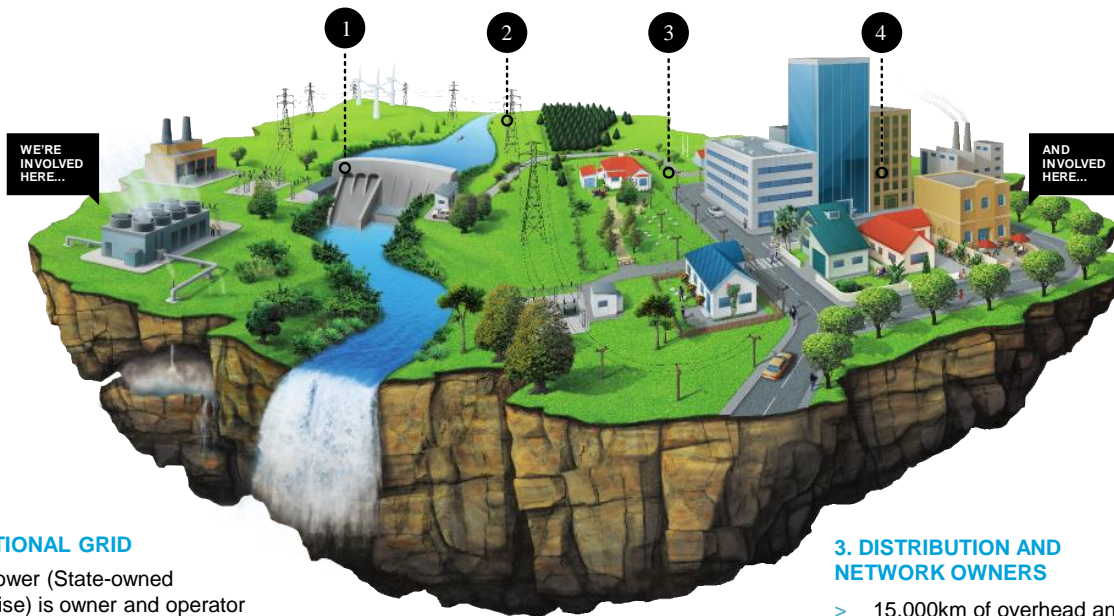




# Industry Structure

## ► INDUSTRY STRUCTURE

# The industry we operate in



### 1. GENERATORS

- > Generate electricity and sell to wholesale market
- > 5 major generators producing about 95% of NZ's electricity
- > 80% renewable electricity (unsubsidised)
- > Solar installed in 9,500 or 0.5% of total customer connections

### 2. THE NATIONAL GRID

- > Transpower (State-owned Enterprise) is owner and operator
- > Transports high voltage electricity to networks and large industrial users
- > 1200MW HVDC link between South and North Islands

### 3. DISTRIBUTION AND NETWORK OWNERS

- > 15,000km of overhead and underground networks
- > 29 distribution companies
- > Regulated monopolies

### 4. RETAILERS AND CONSUMERS

- > 22 retailers buy from wholesale market and on-sell to nearly 2 million consumers
- > Retail prices determined by competition (unregulated)
- > Electricity Authority responsible for promoting competition, efficiency and reliability of supply for long-term benefit of consumers
- > NZAS (aluminium smelter) 14% of national demand
- > 2 major metering companies with national smart meter penetration of 69%

## ► INDUSTRY STRUCTURE

### Strong industry structure



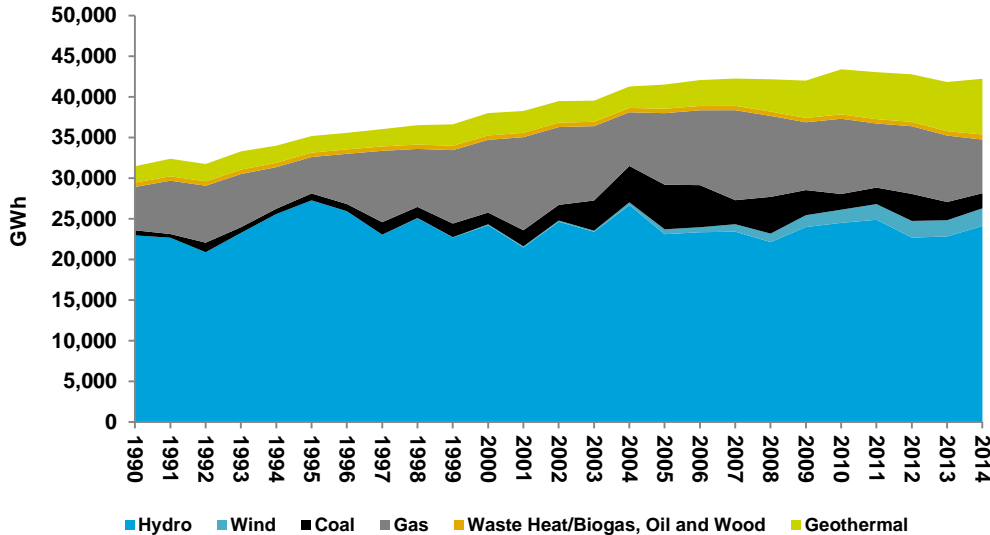
Source: Accenture, Ministry of Business, Innovation & Employment, Institute for 21st Century Energy

## ▶ INDUSTRY STRUCTURE

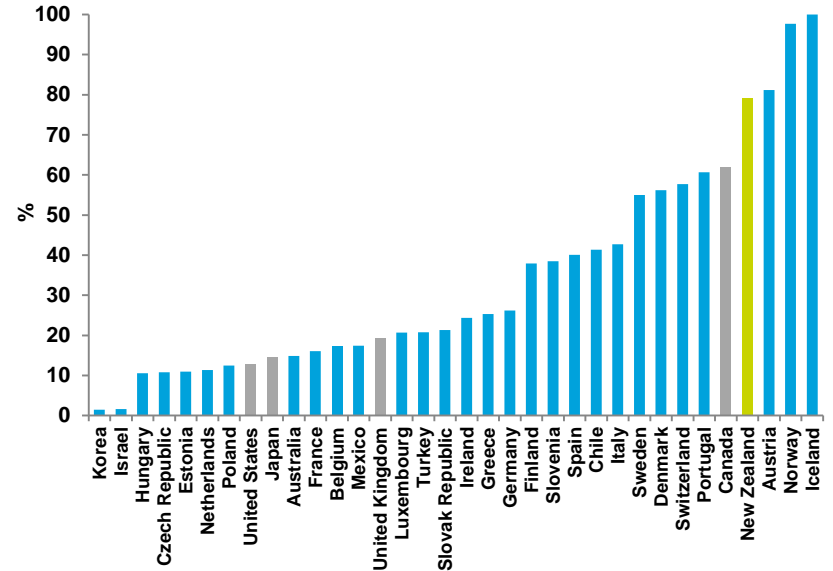
# Unsubsidised renewable electricity

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

### NEW ZEALAND'S GENERATION MIX



### 2014 OECD RENEWABLE ELECTRICITY



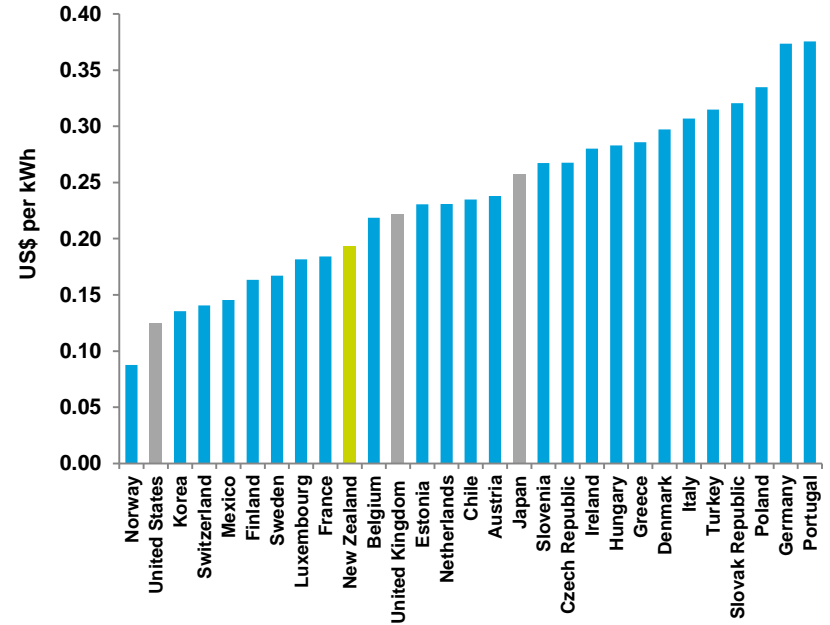
Source: Ministry of Business, Innovation & Employment, IEA

# ▶ INDUSTRY STRUCTURE

## Competitive retail market



2014 OECD RESIDENTIAL ELECTRICITY PRICES<sup>1</sup>



<sup>1</sup> Residential pricing in US dollars per unit using Purchase Price Parity (PPP)

Source: Ministry of Business, Innovation & Employment, IEA, Accenture

## ► INDUSTRY STRUCTURE

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### Regulation

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#### Market Structure

- > Government and opposition parties proactively involved in progressive policy development
- > Electricity Authority (EA) has released second issues paper on Transmission Pricing Methodology with proposal to move to a two part charge (Area-of-Benefit and Residual) to be implemented from 2019
  - > Additional Mighty River Power charges assessed by EA at ~\$5m/annum (broadly in line with 2015 proposal)
  - > Significant consultation led by Transpower still required to determine Area-of-Benefit test

#### Water

- > Government consultation underway on water allocation approaches to address Maori rights and interests as well as national water quality standards
- > Waikato Regional Council consulting with stakeholders regarding long-term water management in the Waikato region

#### Climate

- > Government focus on actions to meet Paris climate change commitments
  - > Carbon cost expected to increase with the removal of the transitional 2-for-1 surrender obligations under the NZ ETS
  - > Government announced policy package to promote the adoption of EVs - target 2% of national fleet by 2021

A close-up, low-angle shot of a large industrial turbine, likely a gas turbine. The image shows several concentric, curved blades or vanes, each with a series of smaller, rectangular openings or slots. The blades are made of a dark, metallic material, possibly titanium or steel, and are arranged in a radial pattern. The background is a bright, yellowish-orange color, suggesting a high-temperature environment. The overall composition is dynamic and emphasizes the scale and complexity of the machinery.

# Market Dynamics



## ➤ MARKET DYNAMICS

### Supply

#### Generation capacity - 540MW

- > Mighty River Power closed 140MW Southdown gas-fired power station in December 2015
- > Contact Energy closed 400MW Otahuhu B gas-fired power station in September 2015

#### Contracted fuel supply - 1,250GWh to June 2017

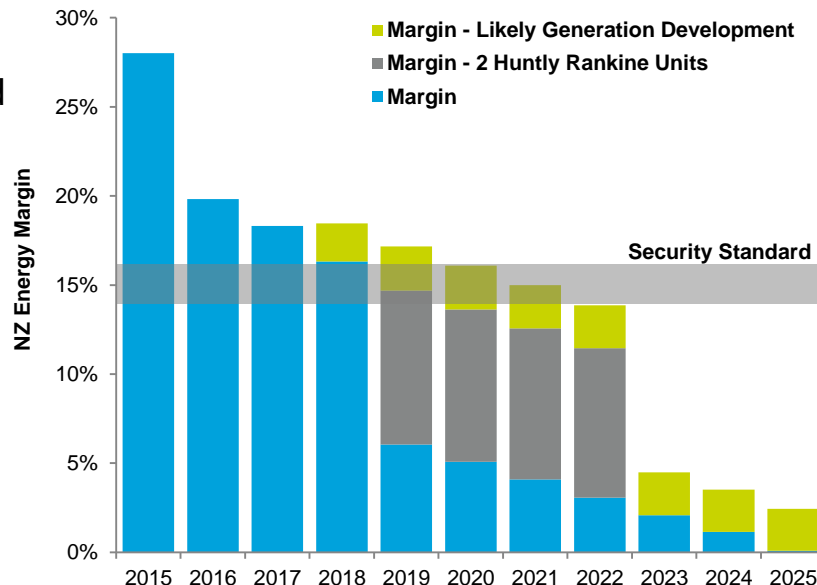
- > Genesis Energy exited its coal supply contract with Solid Energy in August 2015
  - > Foregoing circa 667kT of coal contracted for delivery between November 2015 and June 2017 (equivalent to ~3% of annual demand)

#### Energy security

- > Huntly Rankine units contracted through 2022 ensuring security of supply
  - > Ultimate future linked to on-going operation of NZAS

Source: Transpower, Mighty River Power

#### NZ ENERGY MARGIN

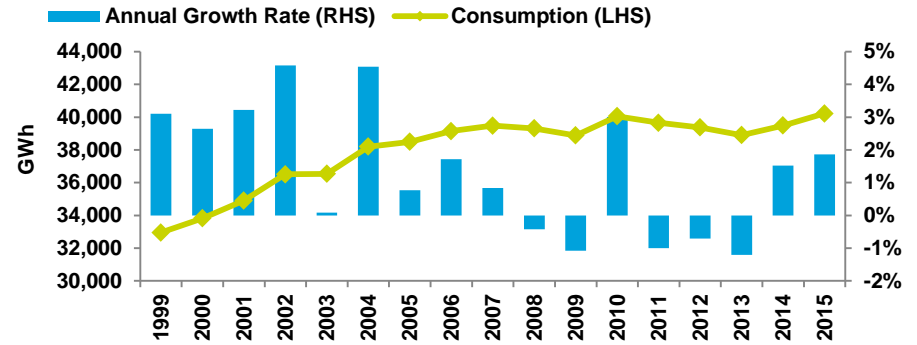


## ➤ MARKET DYNAMICS

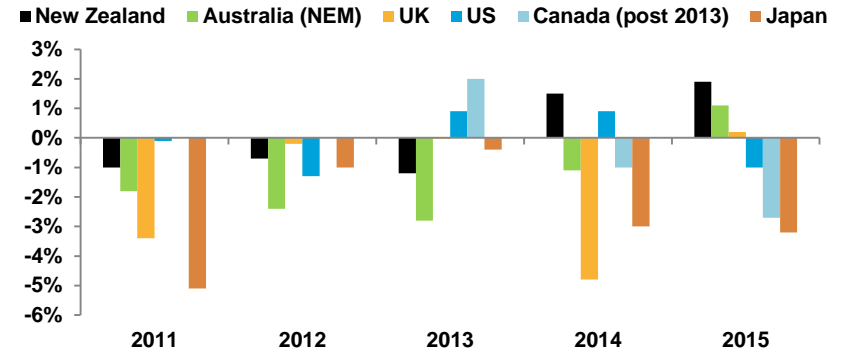
### Demand

- > Two years of moderate but broad-based demand growth
  - > Demand now at record highs
- > Population growth mitigating reduction in per household consumption resulting from efficiency gains
- > Solar installed in 9,500 or 0.5% of total customer connections

#### ANNUAL NZ ELECTRICITY CONSUMPTION AND GROWTH



#### ANNUAL CONSUMPTION GROWTH RATE



Source: Transpower Information Exchange, AEMO, EIA, Gov.uk, Statistics Canada, FEPC

## ► MARKET DYNAMICS

### New Zealand's Aluminium Smelter (NZAS)

- > Contract with Meridian amended in August 2015
  - > Maturity date of 31 December 2030
  - > Annual right to terminate with 12 months notice from 1 January 2017
  - > Right to reduce from 572MW to 400MW with 12 months notice by 29 July 2016 (and from 1 April 2017)
- > Economics currently challenging but likely to be cash flow positive in 2016
  - > “I am confident that every one of our smelters will be cash positive in 2016 without relying on market recovery” - Alf Barrios, CEO of Rio Tinto Aluminium (Dec 2015)
  - > Proposed changes to TPM will provide cost benefit for NZAS (however less than assessed in 2015 proposal)
- > Future of NZAS and Huntly Rankine units intimately linked
  - > Huntly Rankine units are ‘fit for purpose’ to supply dry year cover for South Island hydro generation

#### SYSTEM OPERATOR SECURITY OF SUPPLY RISK 2019<sup>1</sup>

<b>HUNTLY RANKINE UNITS</b>	<b>STAY</b>	Security of supply risk moderate to low	<b>NOT ECONOMICALLY FEASIBLE</b>
	<b>GO</b>	Energy supply risk high but “manageable” with 350MW of new investment	Peak load capacity risk high but “manageable”
		<b>STAY</b>	<b>GO</b>
<b>NZ's ALUMINIUM SMELTER</b>			

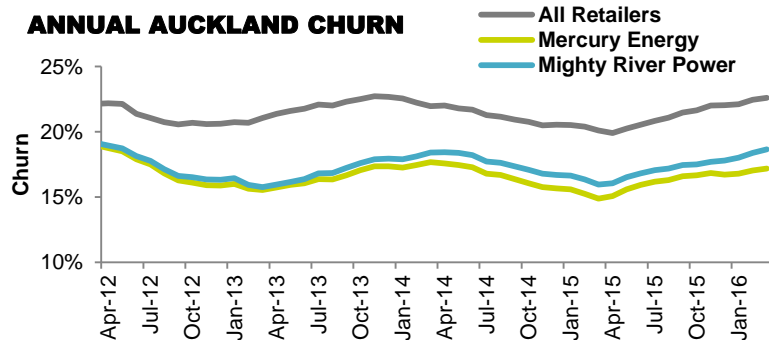
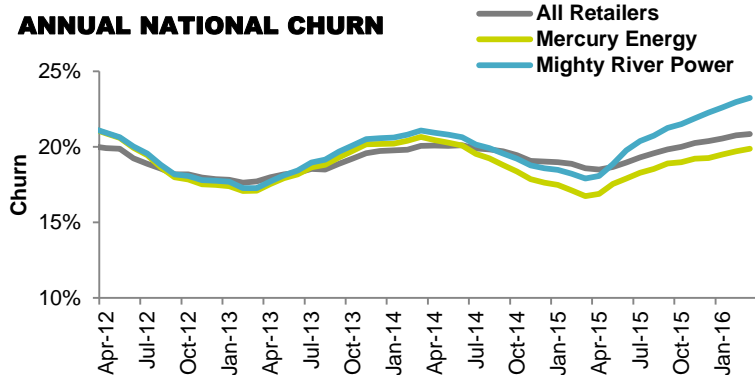
<sup>1</sup> Security of supply analysis findings and implications of thermal decommissioning – System Operator 9 December 2015

## ▶ MARKET DYNAMICS

### Retail competition

- > Retail pricing has been flat to falling, reflecting level of competition
  - > MBIE 'Residential Based Electricity Sales Price'<sup>1</sup> down 2.8% (-4.2% energy and -0.7% lines) for 12 months to 31 December 2015
  - > Energy price increases announced across a number of major retailers in past six months
- > Churn continues at elevated levels
  - > Major centres (such as Auckland) observing slightly higher churn due to customer density
  - > Historic incumbencies (such as Mercury Energy in Auckland) showing churn advantage
  - > Churn rates of niche brands (such as GLOBUG and Bosco) higher reflect behaviours of customer bases

<sup>1</sup> Sales-based costs are after discount costs which reflect actual uptake of prompt payment discounts, dual fuel discounts, and incentive discounts for attracting or retaining a customer



## ► MARKET DYNAMICS

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### Interpreting market dynamics

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**Dynamic: Demand growth and supply rationalisation**

**Fundamentals: Supply and demand better balanced**

#### **Expected market response**

- > Increased wholesale price volatility
- > Futures price increase
- > Commercial and Industrial (C&I) pricing increase
- > Retail margin reduction in the absence of energy price increases

#### **Observed market response**

- > Futures pricing flat
- > Customer churn remains at high levels
- > Growing number of new entrant retailers

#### **Mitigating factors**

- > Benign wholesale prices due to generally above average inflows into South Island catchments and short-term management of thermal fuel positions
- > NZAS closure uncertainty



# Business Overview

## ► BUSINESS OVERVIEW

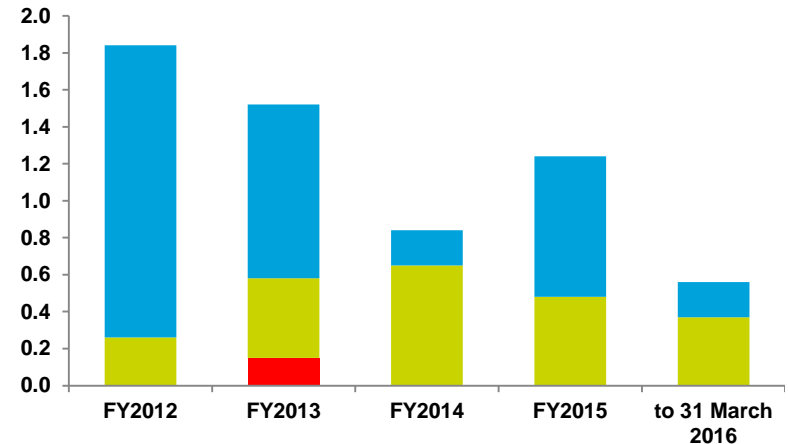
### Health and safety

- > On-going commitment to 'Zero Harm'
  - > Strong focus on low probability, high consequence events as part of further improving process safety
- > Total Recordable Injury Frequency Rate (TRIFR) and severity declining
  - > 3 Lost Time Injuries and 2 Low Severity Injuries in FY2016 to date
- > Adoption of new Health & Safety at Work Act
- > Working toward industry alignment through continued collaboration with industry peers
  - > Framework to better support lone workers
  - > Alignment of confined space entry documentation

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

(per 200,000 hours; includes employees and on-site contractors)

■ Serious Harm ■ Lost Time Injuries ■ Low Severity Injuries



## ► BUSINESS OVERVIEW

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### Mercury

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#### Mighty River Power moving to a single brand – Mercury

- > Company currently operates with two primary brands, being the corporate and generation brand, Mighty River Power, and customer brand, Mercury Energy
- > The change reflects an evolution of our business, allowing all of our energy and focus to be behind a single brand for the first time
- > Mercury will bring the Company's near century-long heritage together with our customer-driven innovation
- > The brand identity, NZX/ASX ticker codes and date of these changes will be announced in the coming months



## ➤ BUSINESS OVERVIEW

# An integrated electricity retail/generation business

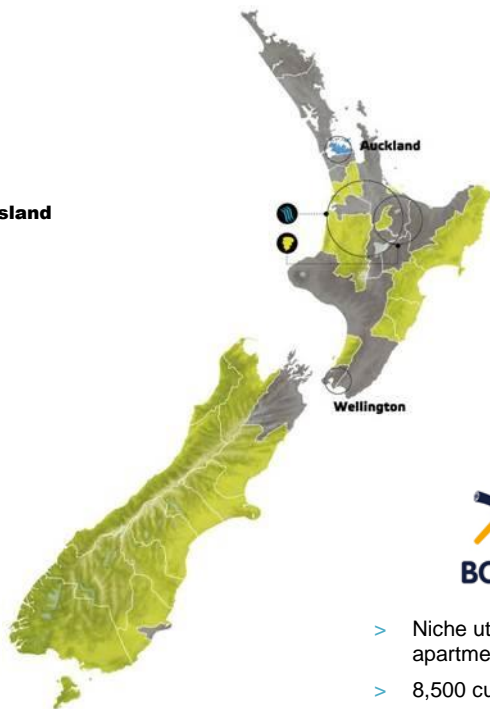
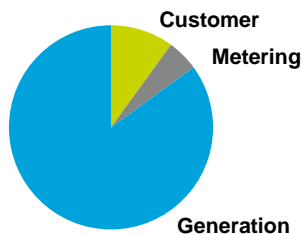
**HYDRO**  
9 stations on the Waikato River

**1,052** MW

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

**446** MW

➤ CONTRIBUTION TO EBITDA<sup>1</sup>



➤ RETAIL MARKET SHARE (%)

0-9

10-29

30-49

50-69



Mercury Energy

- > Flagship retail brand
- > 325,000 customers

**GLOBUG**

- > Prepay power
- > 30,000 customers



- > Niche utility retailer to apartment customers
- > 8,500 customers



- Retail electricity into small regional towns
- 20,000 customers

**METRIX**

- > Meter owner and provider of smart metering services to NZ retailers
- > 393,000 smart meters

<sup>1</sup> Indicative and subject to transfer pricing

## ► BUSINESS OVERVIEW

### Customer

- > Rewarding loyalty leading to increased customer satisfaction
  - > Good Energy Days - a loyalty product which helps customers appreciate the value of electricity
  - > 43% of Mercury Energy residential customers on fixed-price contracts with more than 29,000 customers taking up a two-year offer in preference to an energy price increase in 2016
  - > Overall 61% of Mercury customers are highly satisfied in the Company's regular survey – the highest of the five large retailers
- > On-going focus on increasing depth of customer relationships through innovative propositions
  - > The acquisition of in-house solar capability through the purchase of What Power Crisis (WPC) adds to innovative customer solutions available – GLOBUG, Good Energy Monitor (GEM), fixed-price contracts

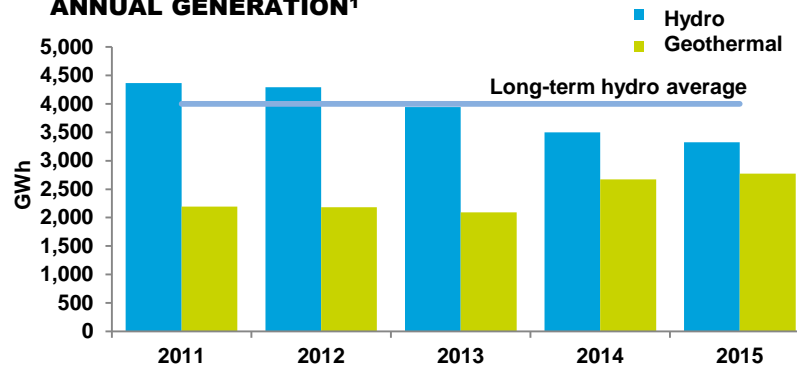


## ► BUSINESS OVERVIEW

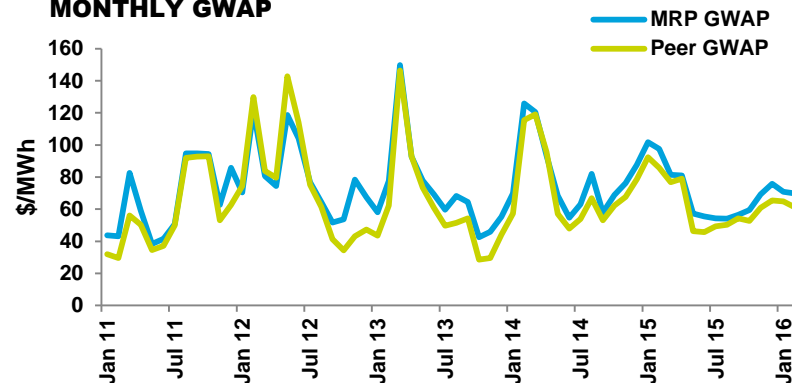
### Electricity generation

- > 100% renewable generation with two complementary low-cost fuel sources
  - > High up-front build cost, low operating cost
  - > Central North Island close to major load centres and not dependent on HVDC
  - > Generation Weighted Average Price (GWAP) favourable to peers reflecting the flexibility and location of assets
- > Flexible hydro generation
  - > Largest series of peaking stations in North Island
  - > Seasonal inflow patterns correlated with demand and inversely correlated to those of the major South Island hydro catchments<sup>2</sup>
- > Base-load geothermal generation
  - > Only renewable not dependent on weather

ANNUAL GENERATION<sup>1</sup>



MONTHLY GWAP



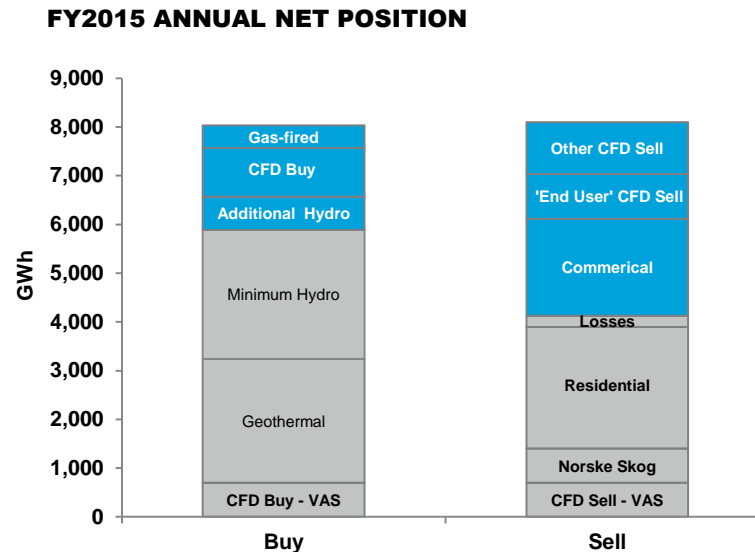
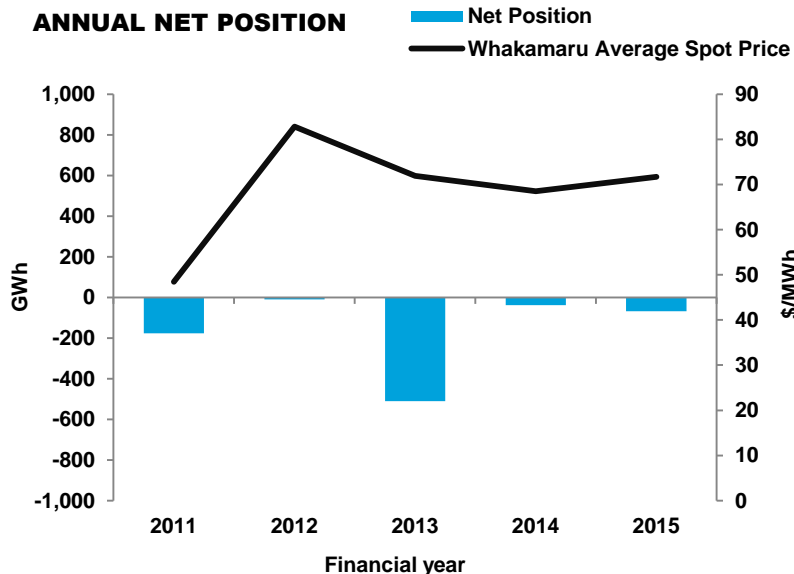
<sup>1</sup> A long term time-series of hydro generation can be found in the appendix (pg. 33)

<sup>2</sup> Further detail can be found in the appendix (pg. 34)

## ► BUSINESS OVERVIEW

### Portfolio management

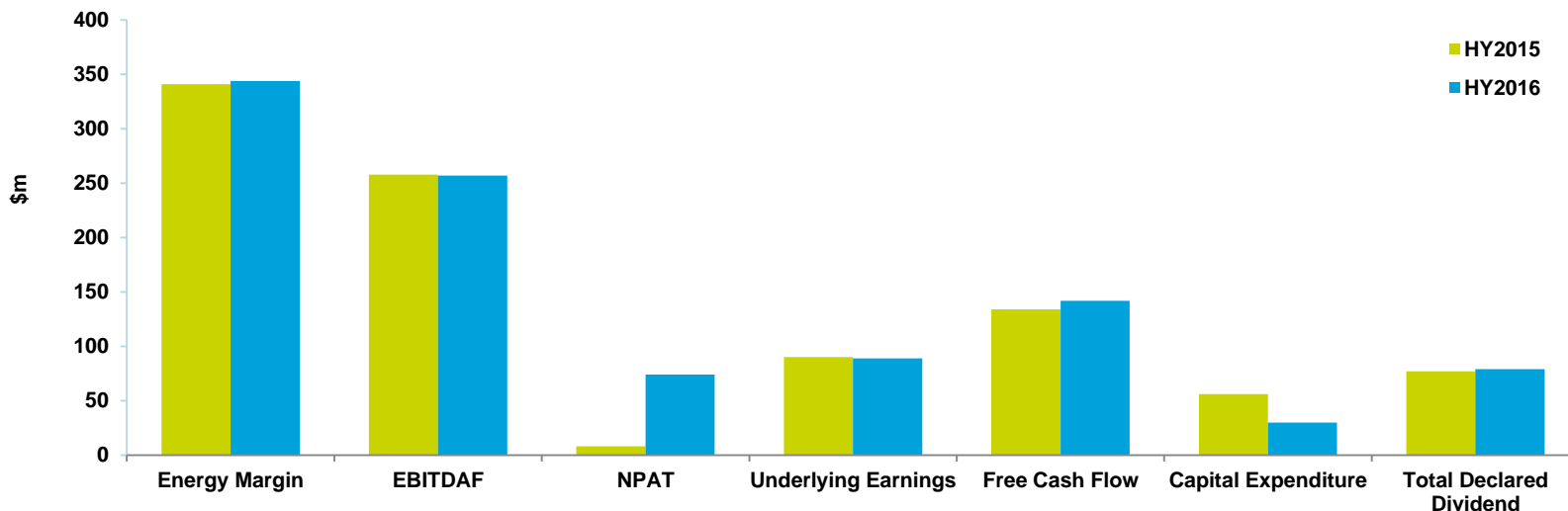
- > Average net position approximately square reflecting integrated portfolio and closure of Southdown
  - > Portfolio management is subject to robust risk management framework
  - > Movement in net position year-on-year due to hydrology, plant availability and value of sales



An aerial photograph of a large concrete dam with multiple spillways. The dam is situated on a river, with water flowing through the spillways and creating white rapids. The surrounding area is lush with green trees and grass. The word "Financial" is overlaid in large white text on the left side of the image.

# Financial

## HY2016 vs. HY2015

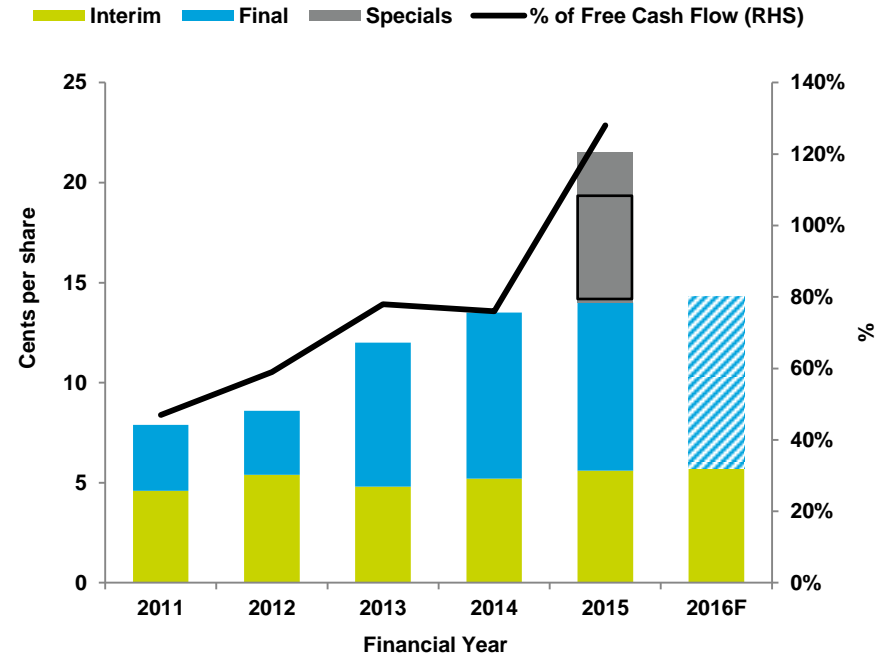


- > Energy Margin, EBITDAF and Underlying Earnings impacted by lower hydro generation and the roll off of higher yield commercial contracts put in place in 2012
- > Profit relative to prior period impacted by non-cash \$83m impairment relating to exiting international geothermal development and favourable 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)

## Dividend

- > Mighty River Power's dividend policy is to make distributions with a pay-out ratio of 70% to 85% of Free Cash Flow on average over time<sup>1</sup>
  - > HY2016 fully imputed dividend up 2% to 5.7 cents per share
  - > FY2016 dividend guidance of 14.3 cents per share maintained
- > Supplementary dividend paid to non-residents to reduce economic impact of Non-Resident Withholding Taxes
- > Capital management continues to be reviewed
  - > Balance sheet strength likely to be maintained due to the Company's limitation to raise equity without Crown support

### DIVIDEND



<sup>1</sup> With consideration given to working capital requirements, maintenance of a BBB+ credit rating, economic market and hydrological risks, and estimated financial performance

# Appendix



**Take charge.**  
Use your own energy.

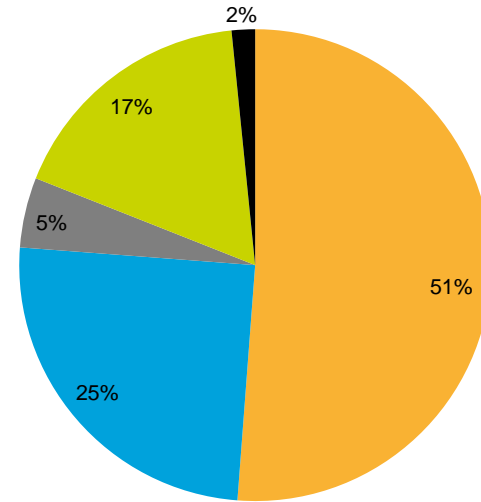


## ► APPENDIX

### Ownership

- > Listed on NZX and ASX in May 2013
- > Currently more than 93,000 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
- > Eight independent Directors
- > No direct Crown Board representation

**SHARE REGISTER  
AT MAY 2016**

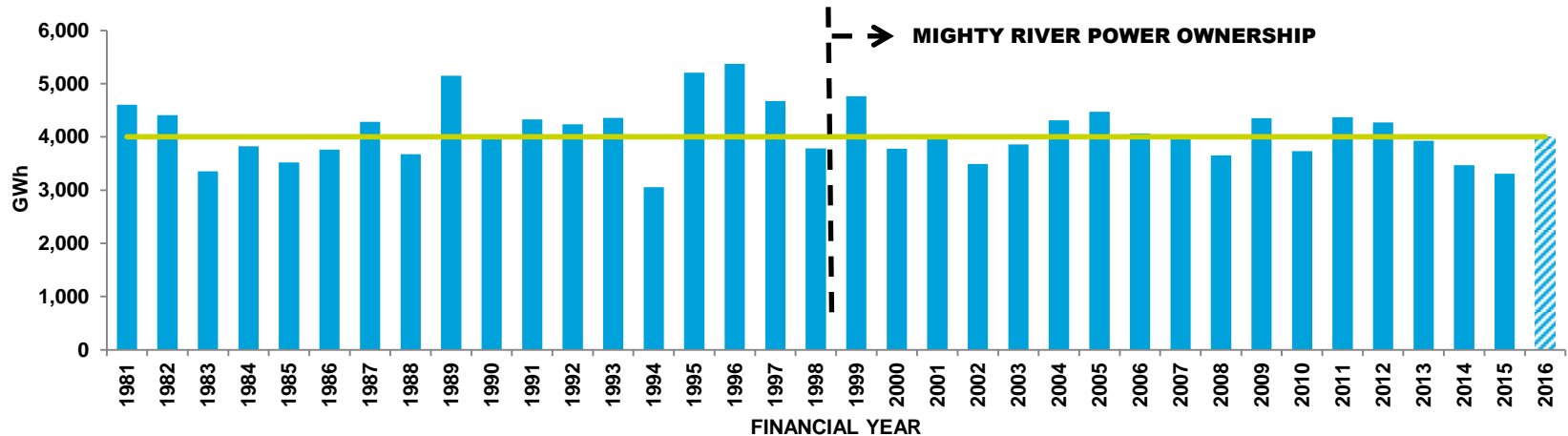


- Crown
- NZ Retail
- NZ Institutions
- International Institutions
- Treasury Stock

## Waikato Hydro System

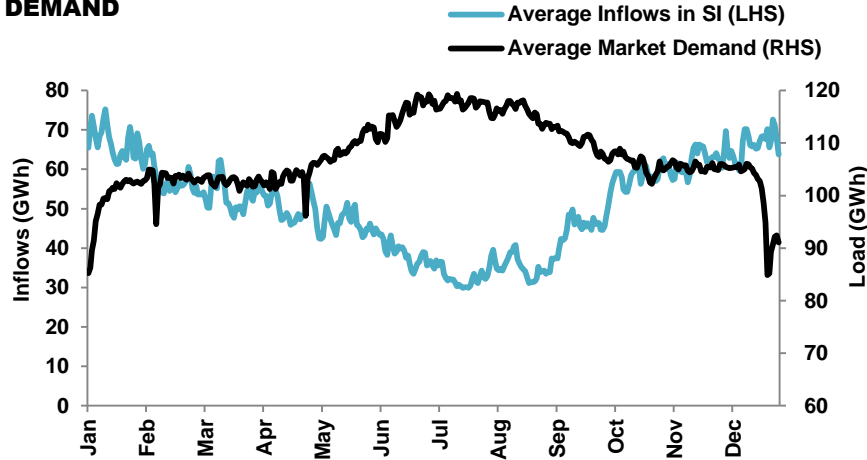
- > A cascade river system with nine power stations along the Waikato River
- > Supports average annual generation of 4,000GWh - since 1999 ranged from 3,300GWh to 4,800GWh
- > Maximum storage capacity of 580GWh in Lake Taupo; minimum flow requirement 7.5GWh per day

### WAIKATO HYDRO SYSTEM GENERATION

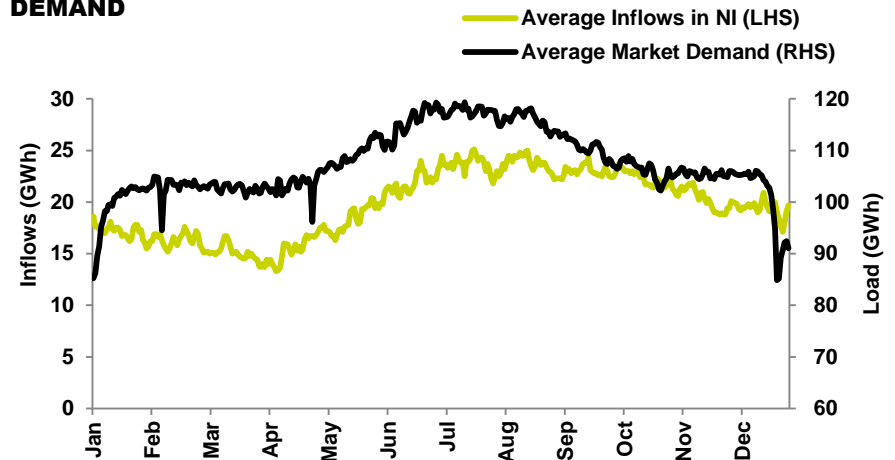


# Inflow distributions

**AVERAGE SOUTH ISLAND INFLOWS VS. MARKET DEMAND**



**AVERAGE NORTH ISLAND INFLOWS VS. MARKET DEMAND**

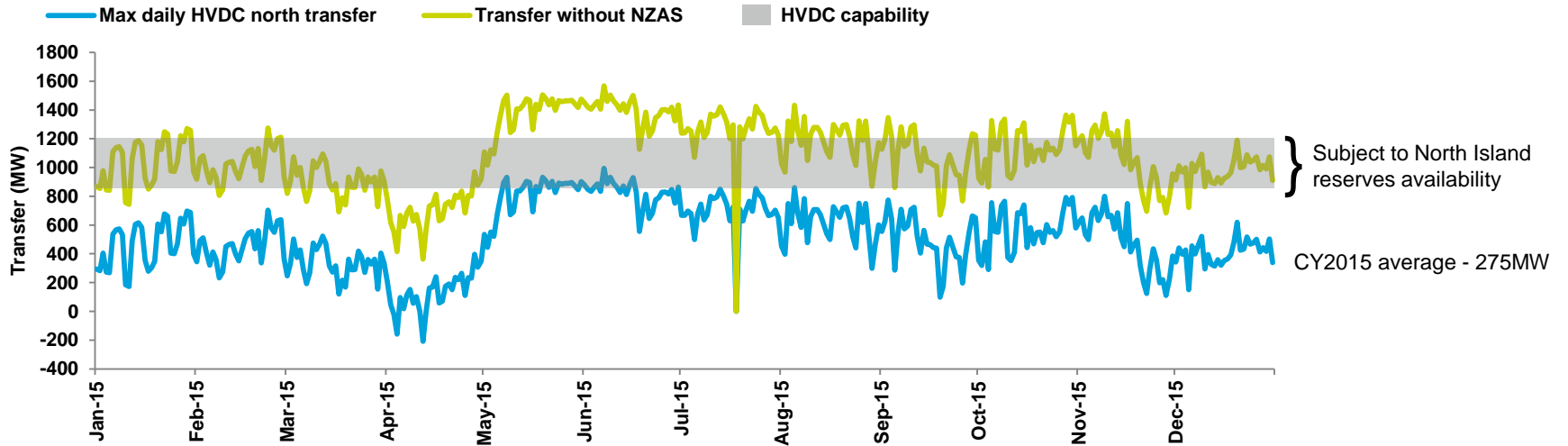


## ► APPENDIX

### HVDC with no NZAS

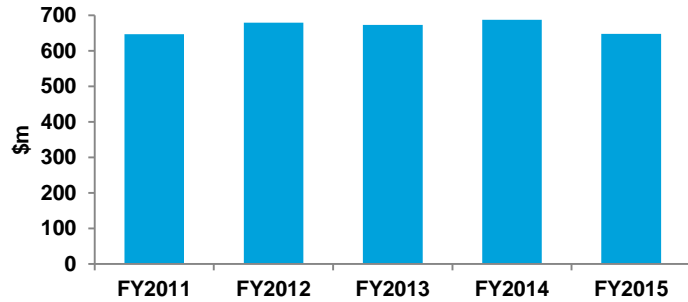
- > An NZAS closure would affect South Island hydro dispatch
- > Impact on transmission cost allocation (HVDC beneficiary) requires further consideration

#### HVDC TRANSFER

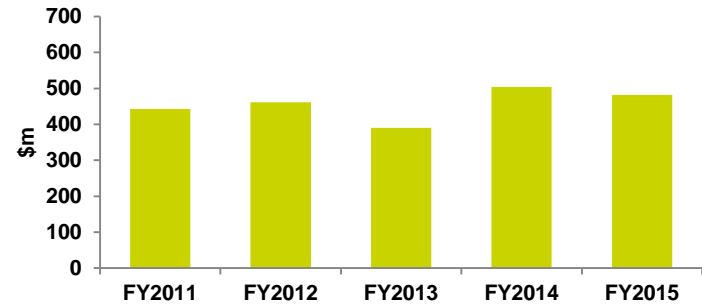


## Financial track record

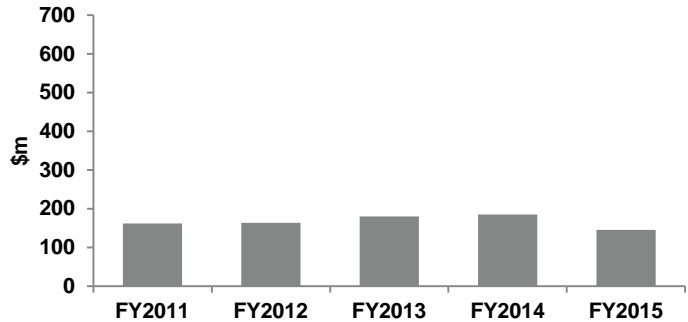
### ENERGY MARGIN



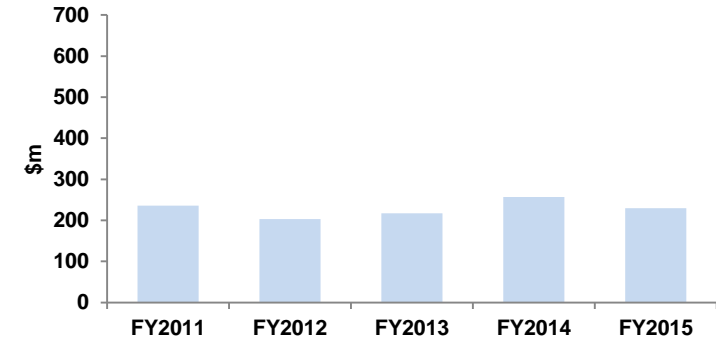
### EBITDAF



### UNDERLYING EARNINGS



### FREE CASH FLOW

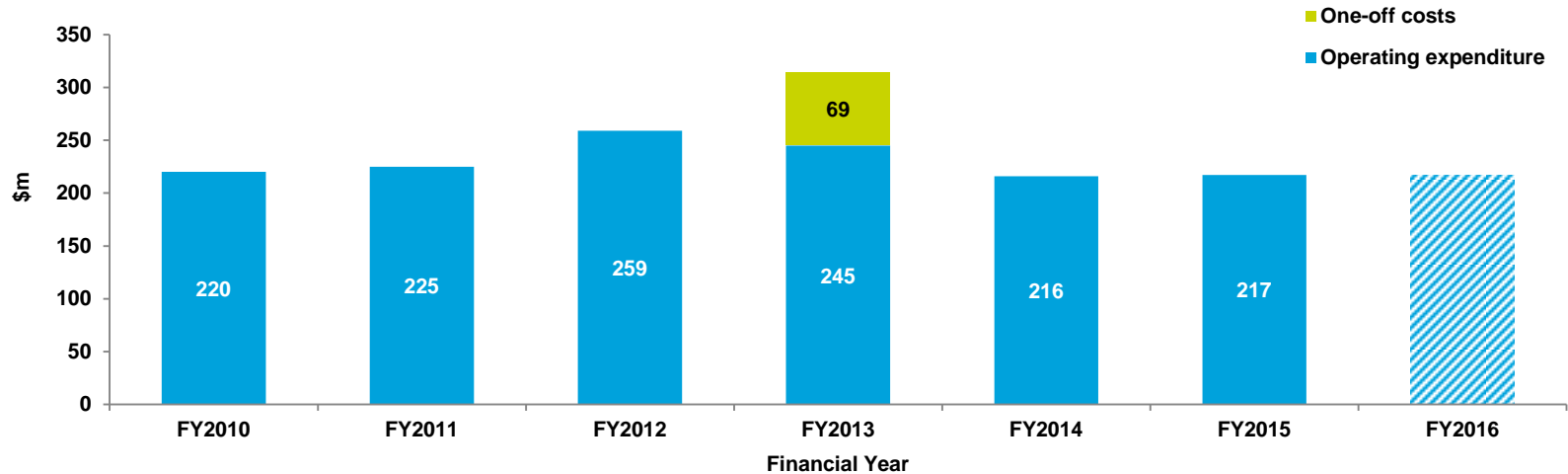


## ► APPENDIX

### Operating expenses

- > FY2016 operating costs guided to be comparable with FY2015 levels
- > Operating expenditure below 2010 levels, despite 2 new geothermal stations added

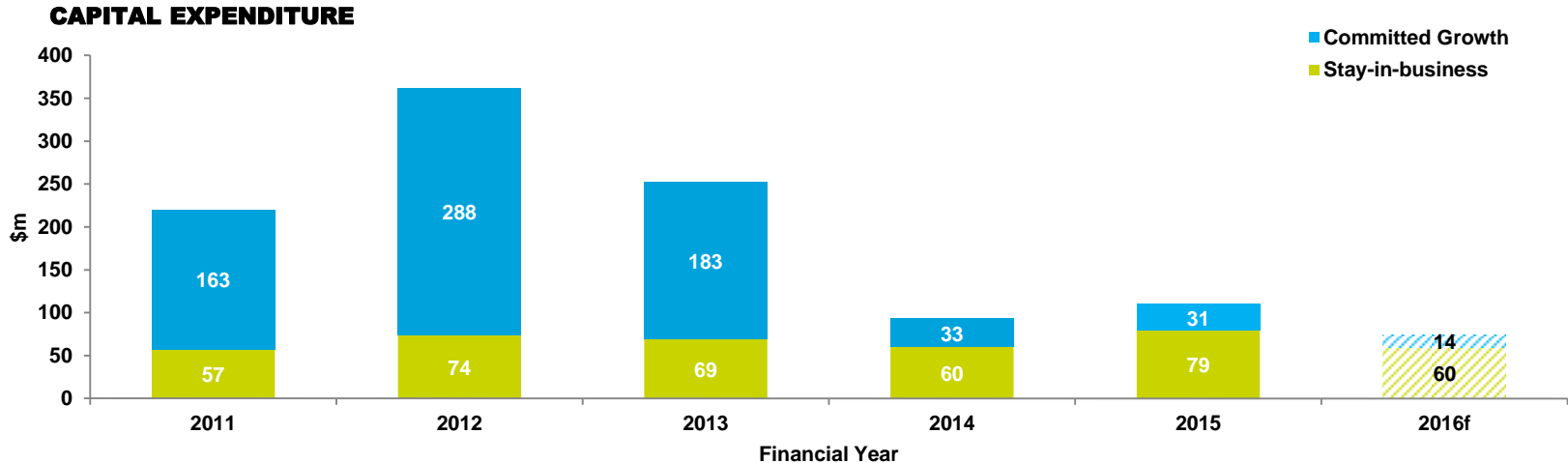
#### OPERATING EXPENDITURE



## ► APPENDIX

### Capital expenditure

- > Reinvestment capital expenditure is forecast over the medium term to be circa \$80m p.a.
  - > variable year-on-year given scale and uncertain timing of geothermal makeup wells
- > Geothermal reservoir management
  - > Drilling campaign planned to commence in FY2017 to co-ordinate reservoir management across multiple fields
  - > Procurement of services, design and equipment complete



## Credit rating and funding ratios

- > bbb stand alone rating is key reference point for dividend policy and a sustainable capital structure
  - > S&P re-affirmed Mighty River Power's credit rating of BBB+/stable on 23 December 2015
  - > 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
- > The average debt maturity profile for committed facilities was 9.4 years at 31 December 2015
- > No material refinancing required in CY2016

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Net debt (\$m)	1,082	1,031	1,028	1,116	976
Gearing ratio (%)	24.5	24.3	24.4	27.0	25.1
Debt/EBITDAF (x)	2.0 <sup>1</sup>	2.1	2.7	2.6	2.2

- > Interest costs elevated due to interest rate hedges put in place in 2008 ahead of domestic geothermal investment. These hedges roll off progressively from the end of FY2018 with an estimated \$20m annual cash flow benefit

<sup>1</sup> Adjusted for S&P treatment of subordinated debt



## Income Statement

\$m	HY2016	HY2015	FY2015	FY2014	FY2013	FY2012	FY2011
<b>Energy Margin</b>	<b>344</b>	<b>341</b>	<b>648</b>	<b>687</b>	<b>673</b>	<b>679</b>	<b>647</b>
Other revenue	21	18	51	33	31	41	21
Operating expenses	(108)	(101)	(217)	(216)	(314)	(259)	(225)
<b>EBITDAF</b>	<b>257</b>	<b>258</b>	<b>482</b>	<b>504</b>	<b>390</b>	<b>461</b>	<b>443</b>
Depreciation and amortisation	(90)	(85)	(170)	(161)	(150)	(158)	(145)
Change in fair value of financial instruments	3	1	8	32	25	(93)	(26)
Impaired assets	(17)	(83)	(130)	-	(85)	(4)	(20)
Equity accounted earnings of associate companies and interests in jointly controlled entities	2	1	3	4	63	(24)	5
Net interest expense	(49)	(48)	(99)	(84)	(57)	(73)	(72)
Income tax expense	(32)	(36)	(47)	(83)	(71)	(41)	(58)
<b>Net profit for the year</b>	<b>74</b>	<b>8</b>	<b>47</b>	<b>212</b>	<b>115</b>	<b>68</b>	<b>127</b>
<b>Underlying earnings after tax</b>	<b>89</b>	<b>90</b>	<b>145</b>	<b>185</b>	<b>180</b>	<b>163</b>	<b>162</b>

## ► APPENDIX

### Balance sheet

\$m	As at 31 December 2015	As at 31 December 2014	As at 30 June 2015	As at 30 June 2014	As at 30 June 2013	As at 30 June 2012	As at 30 June 2011
<b>Shareholders' Equity</b>							
<b>Total shareholders' equity</b>	<b>3,236</b>	<b>3,010</b>	<b>3,337</b>	<b>3,219</b>	<b>3,183</b>	<b>3,014</b>	<b>2,907</b>
<b>Assets</b>							
Current assets	285	270	286	292	312	394	272
Non-current assets	5,662	5,293	5,744	5,397	5,491	5,483	5,105
Held for sale	6	-	28	-	-	-	-
<b>Total assets</b>	<b>5,953</b>	<b>5,563</b>	<b>6,058</b>	<b>5,689</b>	<b>5,802</b>	<b>5,877</b>	<b>5,377</b>
<b>Liabilities</b>							
Current liabilities	337	212	198	271	399	636	225
Non-current liabilities	2,380	2,341	2,518	2,199	2,221	2,228	2,245
Held for sale	-	-	5	-	-	-	-
<b>Total liabilities</b>	<b>2,717</b>	<b>2,553</b>	<b>2,721</b>	<b>2,470</b>	<b>2,619</b>	<b>2,863</b>	<b>2,470</b>
<b>Total net assets</b>	<b>3,236</b>	<b>3,010</b>	<b>3,337</b>	<b>3,219</b>	<b>3,182</b>	<b>3,014</b>	<b>2,907</b>

## ► APPENDIX

### Consolidated cash flow

\$m	HY2016	HY2015	FY2015	FY2014	FY2013	FY2012	FY2011
Net cash provided by operating activities	160	176	309	317	286	277	293
Net cash used in investing activities	(1)	(47)	(103)	(99)	(84)	(292)	(202)
Net cash (used in)/provided by financing activities	(150)	(118)	(195)	(213)	(230)	28	(69)
Cash at the end of the period	41	33	32	19	11	38	29

## ► APPENDIX

### Non-GAAP measure: Energy margin

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

\$m	HY2016	HY2015	FY2015	FY2014	FY2013	FY2012	FY2011
Sales	792	856	1,627	1,672	1,806	1,904	1,547
Less: lines charges	(217)	(223)	(422)	(431)	(454)	(424)	(404)
Less: energy costs	(201)	(266)	(507)	(505)	(636)	(761)	(446)
Less: other direct cost of sales, including third-party metering	(30)	(26)	(50)	(49)	(43)	(40)	(50)
<b>Energy Margin</b>	<b>344</b>	<b>341</b>	<b>648</b>	<b>687</b>	<b>673</b>	<b>679</b>	<b>647</b>

## ► 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	HY2016	HY2015	FY2015	FY2014	FY2013	FY2012	FY2011
Net cash provided by operating activities	160	176	309	317	286	277	293
Less: Reinvestment capital expenditure (including accrued costs)	(18)	(42)	(79)	(60)	(69)	(74)	(57)
<b>Free Cash Flow</b>	<b>142</b>	<b>134</b>	<b>230</b>	<b>257</b>	<b>217</b>	<b>203</b>	<b>236</b>

### Reference material

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Mighty River Power Investor Centre [www.mightyriver.co.nz/Investor-Centre](http://www.mightyriver.co.nz/Investor-Centre)

#### Industry references

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Electricity Authority website [www.ea.govt.nz](http://www.ea.govt.nz)

System Operator website [www.systemoperator.co.nz](http://www.systemoperator.co.nz)

Wholesale spot prices [www.em6live.co.nz](http://www.em6live.co.nz)

ASX futures prices [www.asx.com.au/products/energy-derivatives/new-zealand-electricity.htm](http://www.asx.com.au/products/energy-derivatives/new-zealand-electricity.htm)

#### Industry publications

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Ministry of Business, Innovation and Employment - Energy in New Zealand [www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/publications/energy-in-new-zealand](http://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/publications/energy-in-new-zealand)

Electricity Authority - Electricity in New Zealand [www.ea.govt.nz/about-us/media-and-publications/electricity-nz](http://www.ea.govt.nz/about-us/media-and-publications/electricity-nz)