

# ASX CONFERENCE PRESENTATION

SEPTEMBER 2018



NOVA POWER STATION



# DISCLAIMER



This document dated 10 August 2018 has been prepared by Zenith Energy Limited (**Company**) and is provided for information purposes only. This document does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in the Company nor does it constitute financial product advice. This document is not a prospectus, product disclosure statement or other offer document Australian law or under any other law. This document has not been filed, registered or approved by regulatory authorities in any jurisdiction. By reading this document you agree to be bound by the limitations set out in this document.

This document and the information contained within it is strictly confidential and is intended for the exclusive benefit of the persons to whom it is given. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express written consent of the Company. By receiving this document, you agree to keep the information confidential, not to disclose any of the information contained in this document to any other person and not to copy, use, publish, record or reproduce the information in this document without the prior written consent of the Company, which may be withheld in its absolute discretion.

The information contained in this document is not intended to be relied upon as advice or a recommendation to investors and does not take into account the investment objectives, financial situation, taxation situation or needs of any particular investor. An investor must not act on the basis of any matter contained in this document but must make its own assessment of the Company and conduct its own investigations and analysis. Investors should assess their own individual financial circumstances and consider talking to a financial adviser, professional adviser or consultant before making any investment decision.

Statements and information in this document are current only as at 10 August 2018 and the information in this document remains subject to change without notice. The information contained in this document is for information purposes only and is an overview and does not contain all information necessary to make an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (Corporations Act). The information contained in this document is of a general nature and does not purport to be complete or verified by the Company or any other person. Neither the Company nor any other person have any responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of this document, which may affect any matter referred to in this document.

While reasonable care has been taken in relation to the preparation of this document, none of the Company or their respective directors, officers, employees, contractors, agents, or advisers nor any other person (**Limited Party**) guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the accuracy, reliability, completeness or fairness of the information, opinions, forecasts, reports, estimates and conclusions contained in this document. No Limited Party represents or warrants that this document is complete or that it contains all information about the Company that a prospective investor or purchaser may require in evaluating a possible investment in the Company or acquisition of shares in the Company. To the maximum extent permitted by law, each Limited Party expressly disclaims any and all liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of or reliance on information contained in this document including representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions, forecasts, reports or other matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom.

Certain statements in this document constitute forward looking statements and comments about future events, including the Company's expectations about the performance of its businesses. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward looking statement. Subject to any continuing obligations under applicable law the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given. Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company. No Limited Party or any other person makes any representation, or gives any assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will occur.

This document is only being provided to persons who are the holders of an Australian financial services license and their representatives, sophisticated investors (in accordance with section 708(8) of the Corporations Act) and professional investors (in accordance with section 708(11) of the Corporations Act) or to such other persons whom it would otherwise be lawful to distribute it.

# CORPORATE SNAPSHOT



## CAPITAL STRUCTURE\*

<b>ASX Code</b>	<b>ZEN</b>
<b>Shares on Issue</b>	<b>98,000,000</b>
<b>Market Capitalisation</b>	<b>\$104.86 million</b>

## BOARD AND MANAGEMENT

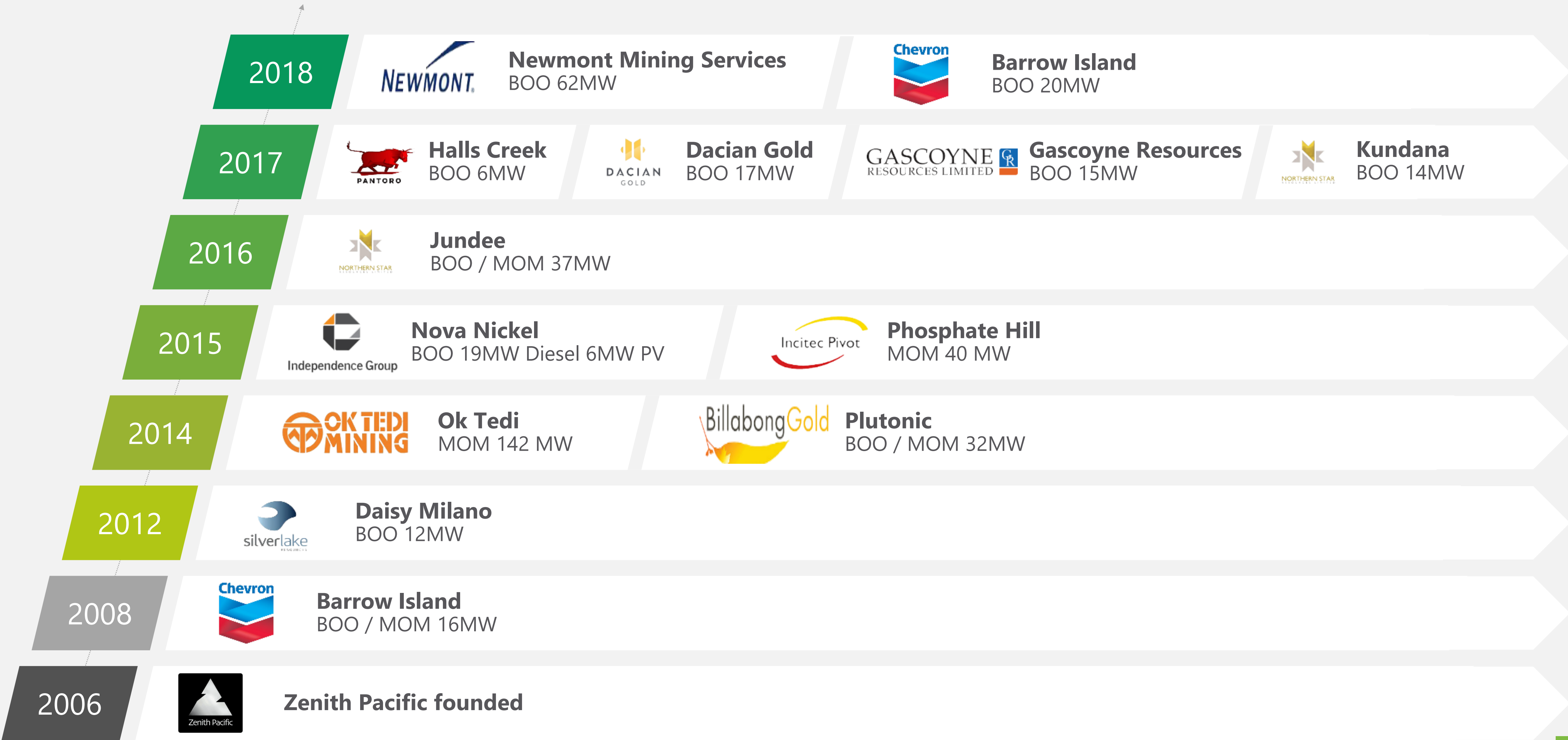
Doug Walker	Executive Chairman
Hamish Moffat	Managing Director
Darren Smith	Non-Executive Director
Stephanie Unwin	Non-Executive Director
Peter Torre	Joint Company Secretary
Rebecca Stringer-Krein	Chief Financial Officer / Company Secretary
Graham Cooper	Chief Operating Officer

*Share price \$1.095 as at 8 August 2018*

## SHARE PRICE SINCE ASX LISTING, MAY 2017



# Our Heritage



# OUR REGIONAL PRESENCE





# BUILDING AUSTRALIA'S LEADING INDEPENDENT POWER PRODUCER

- Serving resources and energy sector clients operating in **remote locations**
- Specialising in **tailored, reliable, cost effective solutions** utilising gas, diesel, solar and hybrid generation
- Tier 1 clients with **12 contracts in place** and robust pipeline of opportunities
- **Perth and Cairns offices** delivering solutions across Australia and South East Asia
- Total generation capacity in excess of **423MW** under control and expanding rapidly

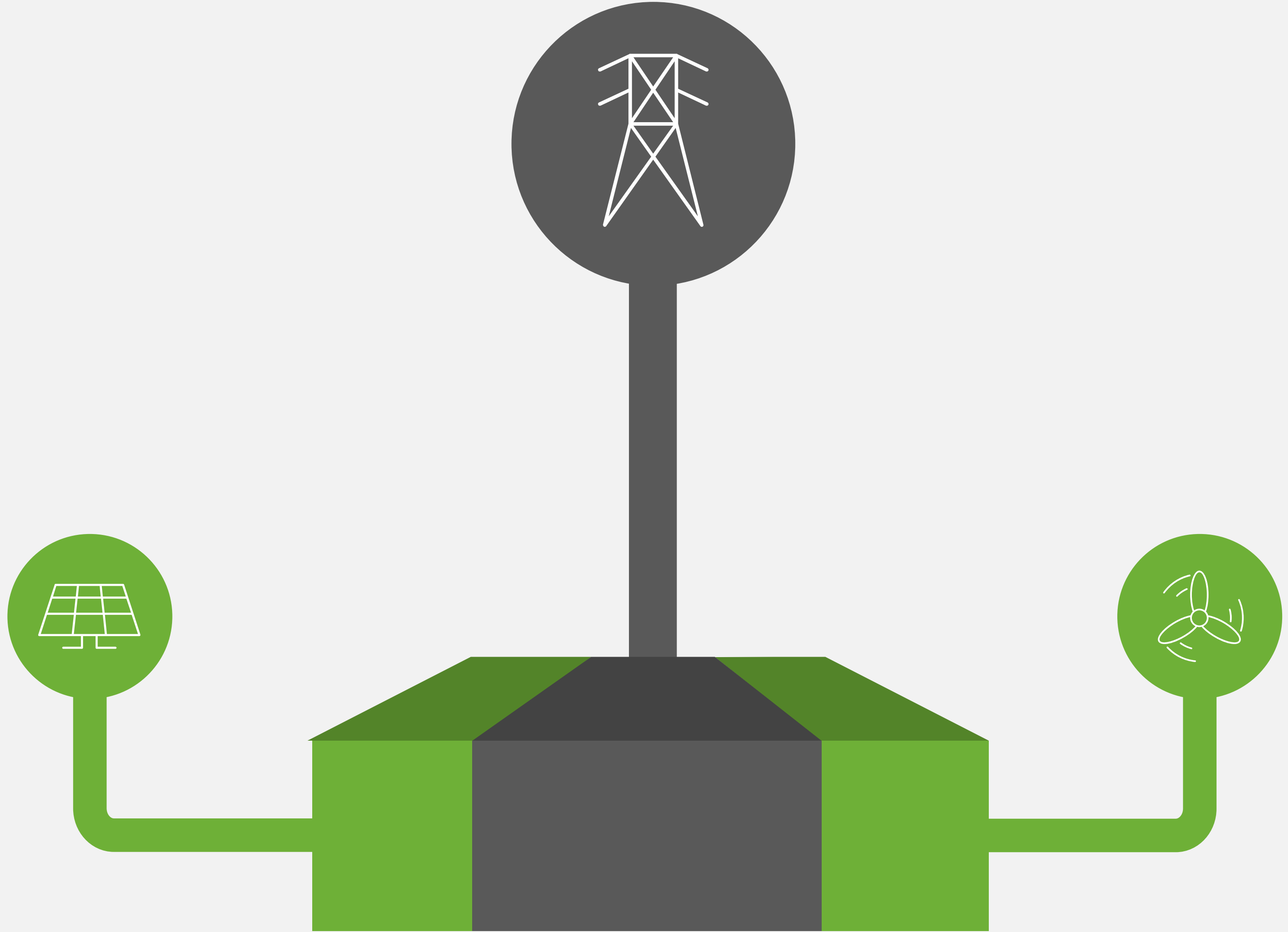


# WHAT WE DO





# INTEGRATED HYBRID SOLUTIONS





# OUTPERFORMING FORECASTS

Preliminary FY18 earnings demonstrate successful delivery of innovative remote power solutions

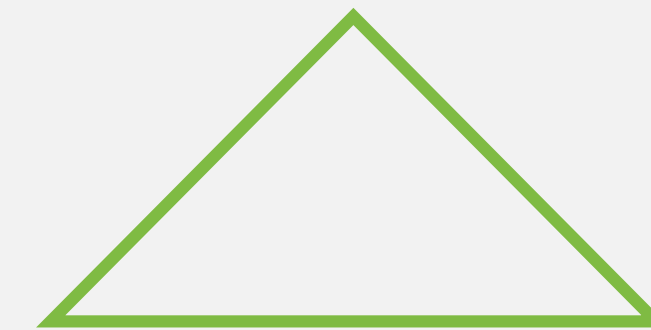


REVENUE



\$51.81m | +64%\*

EBITDA



\$18.22m | +85%

NPAT



\$8.47m | +171%

PROPERTY, PLANT  
& EQUIPMENT



\$75.94 | +93%

*\*all percentages are over the previous corresponding period (30 June 2017)*



# STRONG BALANCE SHEET GROWTH



	2018	2017	2016
	\$m	\$m	\$m
Cash	1.99	19.29	2.52
Receivables	9.22	3.78	4.70
Inventories	2.69	0.65	1.21
Current Tax Asset	0.76	1.38	0.43
Non-Current Tax Asset	0.84	0.77	0.32
Property, Plant & Equipment	75.99	39.43	24.77
Intangibles	0.01	0.01	0.01
Other Assets	4.92	3.85	0.61
<b>TOTAL ASSETS</b>	<b>96.42</b>	<b>69.16</b>	<b>34.56</b>
Current Liabilities (ex debt)	9.69	5.36	3.62
Current Debt*	7.41	16.63	3.73
Current Tax	1.58	0.10	-
Non Current debt	30.73	8.17	16.81
Other	2.46	2.86	3.24
<b>TOTAL LIABILITIES</b>	<b>51.86</b>	<b>33.12</b>	<b>27.41</b>
<b>NET ASSETS</b>	<b>44.56</b>	<b>36.04</b>	<b>7.15</b>
<b>NET TANGIBLE ASSETS</b>	<b>44.55</b>	<b>36.03</b>	<b>7.14</b>

	2018	2017	2016
<b>EPS (cents)<sup>1,2,3</sup></b>	<b>8.65</b>	<b>5.88</b>	<b>3.93</b>

1. 2018 EPS based on Preliminary Results
2. 2017 EPS based on weighted average ordinary shares of 53.15m
3. 2016 EPS based on weighted average ordinary shares of 40.80m

\*\$40m FIIG bond settled 10 August 2018. Cash at bank

\*At 30 June 2017, Zenith was in the process of converting a \$16m Trade Advance facility to a long term Equipment Finance facility, this was finalised after balance date.

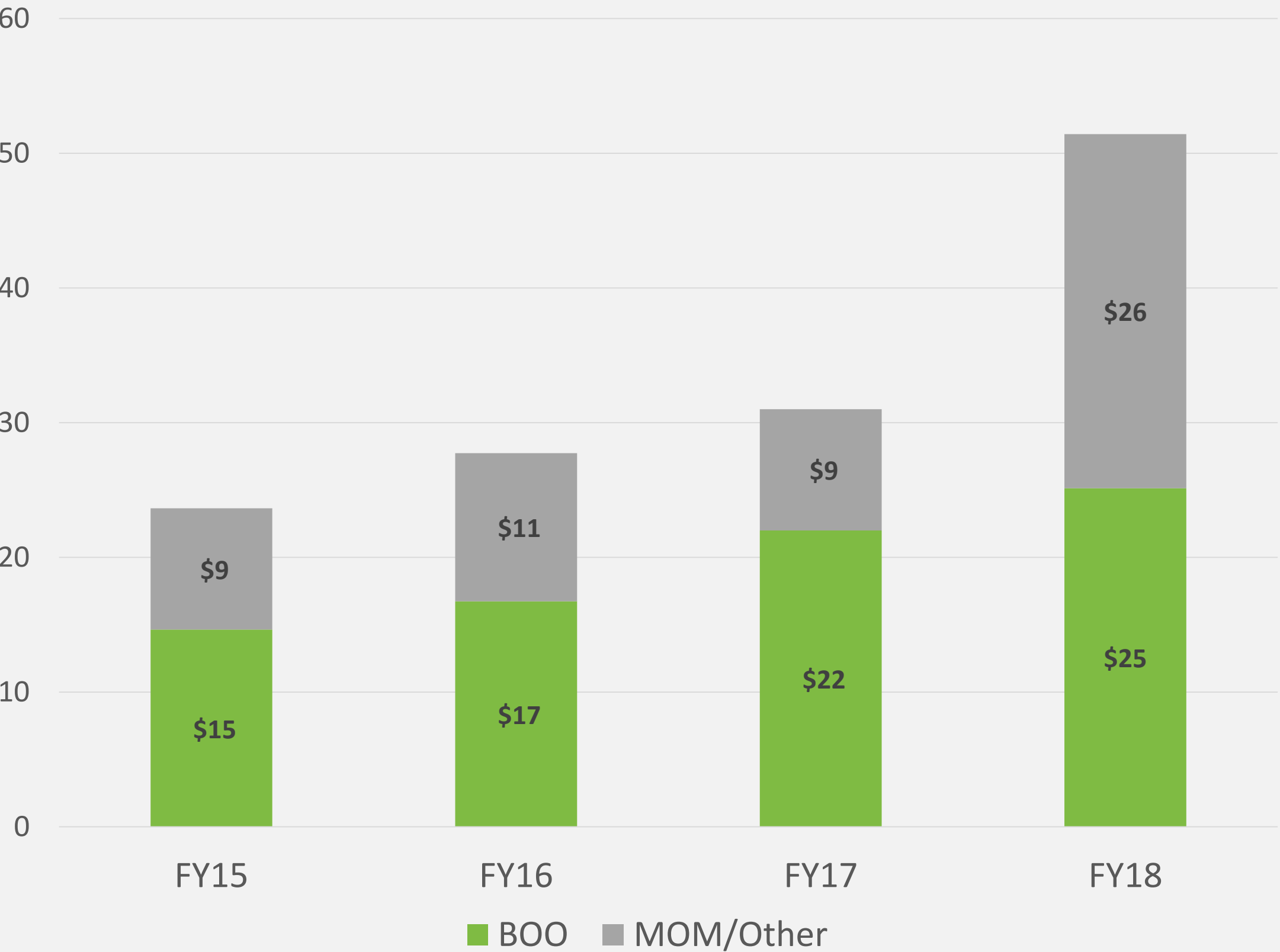


# STRONG GROWTH IN BOO

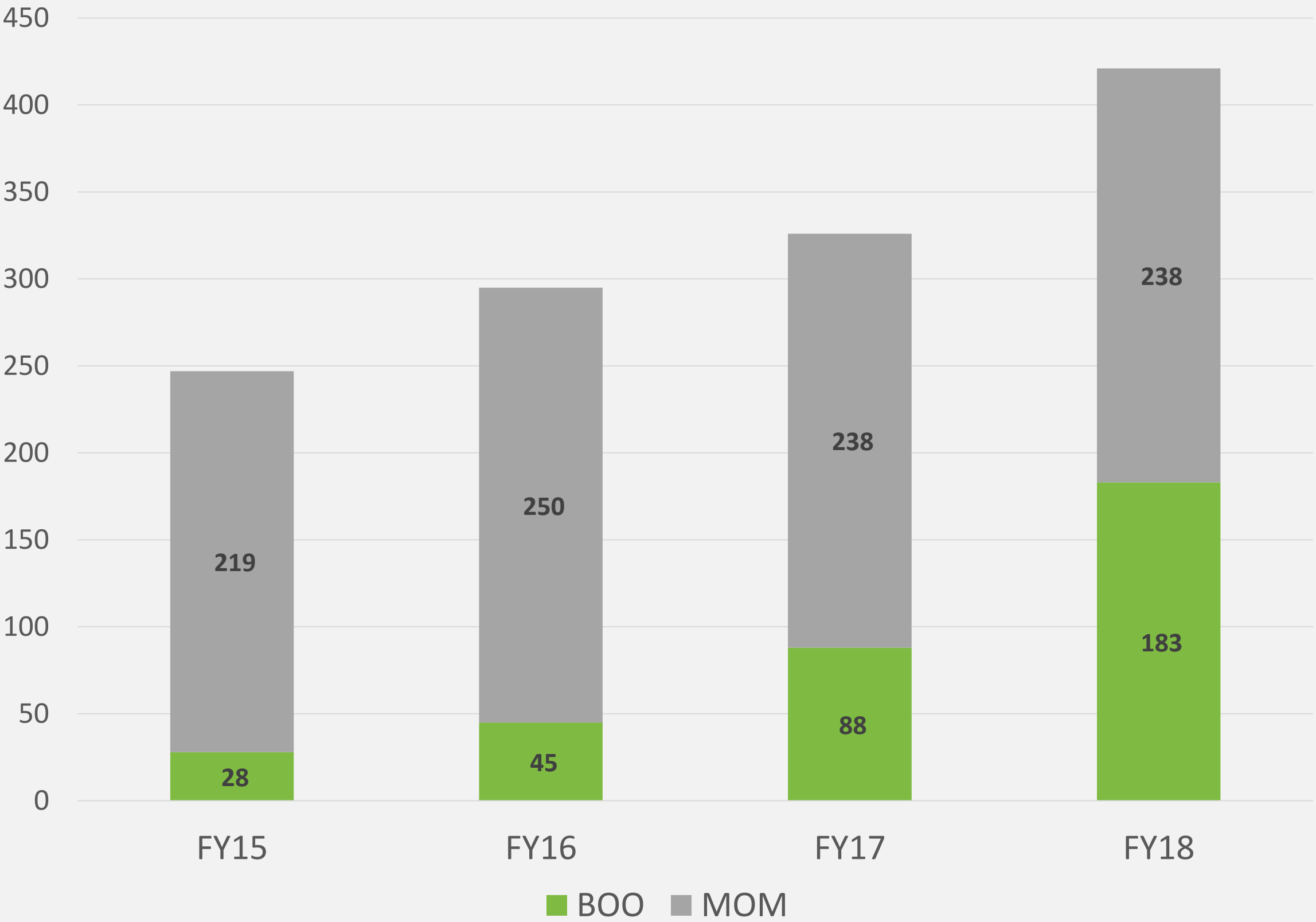


Build Own Operate contracts were expected to account for \$23m of total revenue in FY18, BOO exceeded expectations and delivered ~\$25m during this period

REVENUE BREAKDOWN (\$m)



MW BREAKDOWN





# Outlook FY19



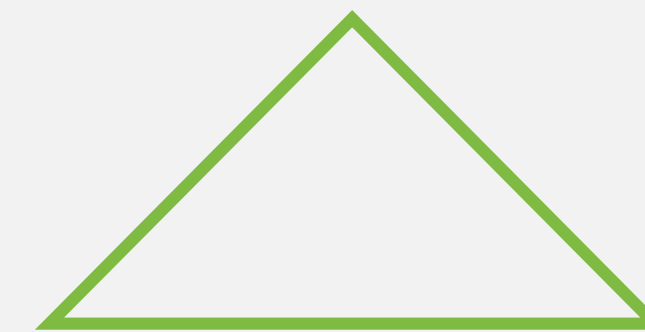
**FY18 demonstrated Zenith's ability to successfully deliver multiple power stations in a single period. FY19 will deliver full year benefit of the Mt Morgans and Dalgaranga power stations, with the company focussing on its BOO revenue stream, expected to be ~\$35-38m<sup>1,2,3,4</sup>.**

**REVENUE**



**\$50m-\$55m**

**EBITDA**



**\$19m-\$21m**

1. Inclusive of MOM revenue component for two hybrid projects, where it is not feasible to isolate BOO v MOM margins
2. Tanami expected to commence production of power under the PPA in Q3 FY19
3. Barrow Island will transition from a hybrid to a full BOO PPA at the end of construction in December 2019
4. BOO Revenues forecast to grow ~\$10 - \$13m over FY18



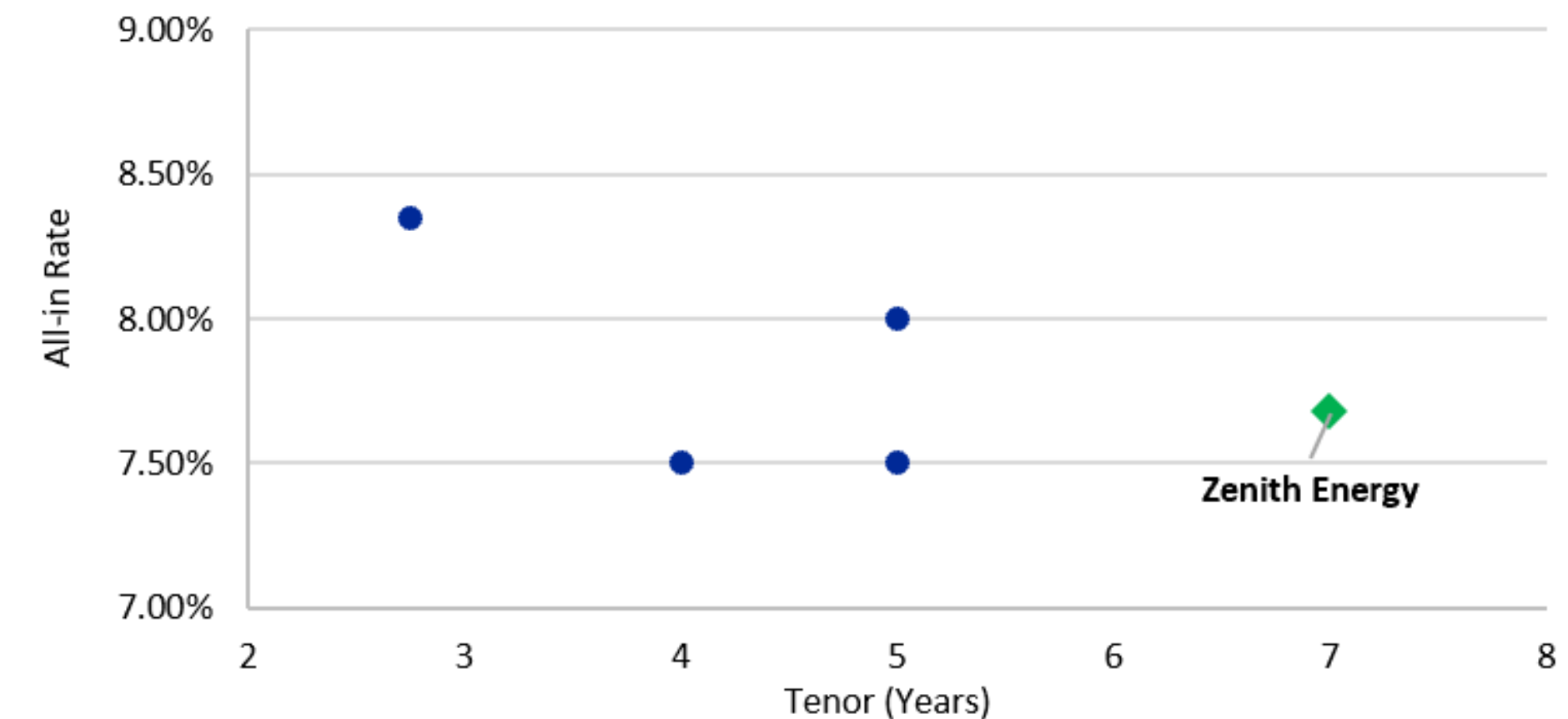
# New FIIG Originated Bond

## Benefits of the 7 year FIIG Bond

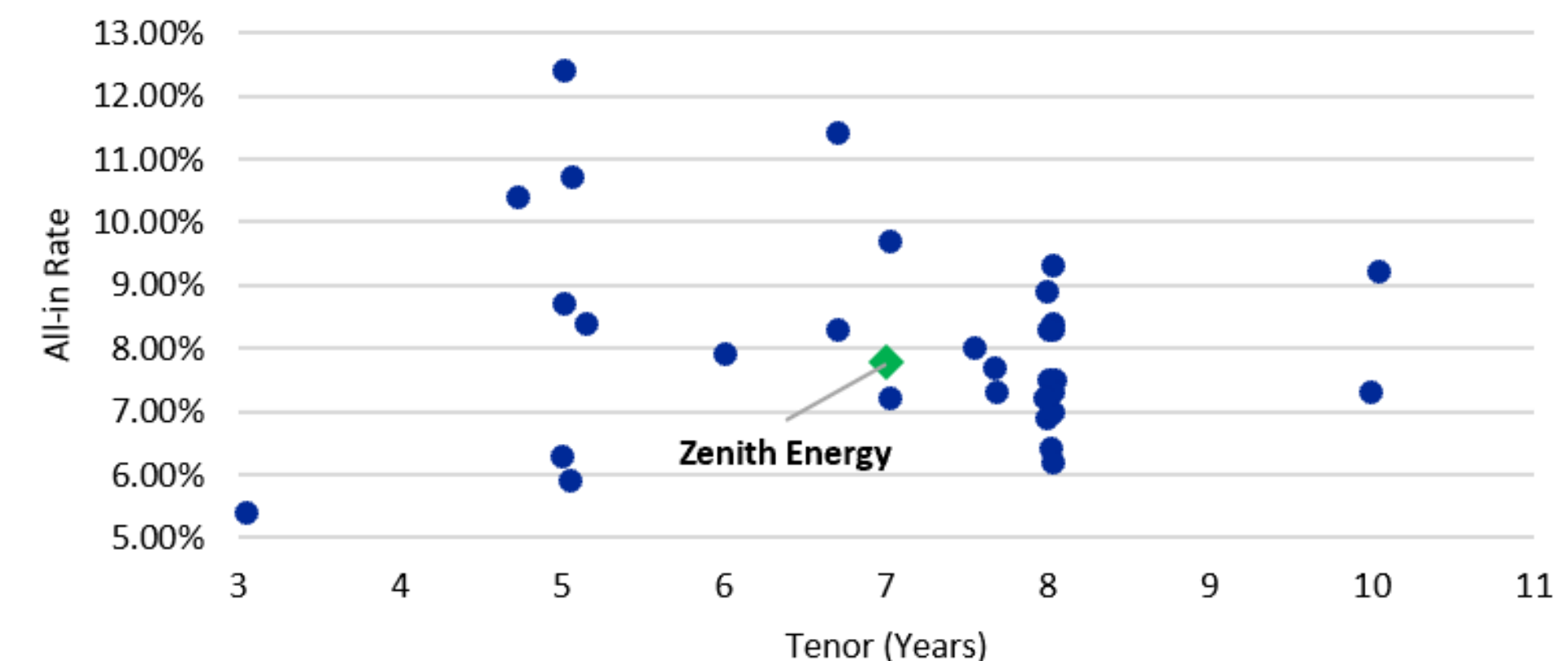
- ✓ **Long term capital:** Provides long term funding certainty and removes any short term refinancing risk with CBA debt facility maturing in 2021 and more appropriately aligns with the long-term contractual nature of Zenith's Power Purchase Agreements (PPA).
- ✓ **Diversify funding sources:** Limits funding concentration with each debt provider and allows Zenith an opportunity to establish new debt financier relationships for future new projects.
- ✓ **Tailored solution and cash flow benefit:** Amortises 75% of the face value of the Bond over the term of the bond and includes a principal repayment grace period limiting cash flow impact for investment in further project development activities (i.e. recognises the duration of the construction of a new power stations).
- ✓ **Terms and Conditions:** Aligns with existing senior debt covenants and does not impose any further unnecessary restrictions, including distributions.
- ✓ **Subordinated security position:** Provides a platform that allows other senior debt providers to provide additional senior debt funding, subject to an agreed level of external permitted financial indebtedness.
- ✓ **Competitive pricing and favourable tenor (demonstrated market appetite):**
  - ✓ **Against bank debt funding:** FIIG's 7.55% fixed rate compares favourably considering the long term tenor of the FIIG bond, noting that appetite for long term senior debt funding is limited in the Australian bank market;
  - ✓ **Against FIIG recent issuances:** Strong funding appetite from FIIG debt investors demonstrated by comparing recent FIIG issuances with Zenith enjoying the benefit from the longest tenor and competitively priced outcome (refer top right graph); and
  - ✓ **Against comparable global transactions:** Tenor and pricing outcome achieved by Zenith demonstrates that the Bond compared favourably to recent global bond issuances in the Utilities, Metals and Mining, Oil and Gas sectors (after adjusting for establishment fees and AUD-USD swap rates) – refer bottom right graph. Further, it is worth noting that US bond issuances benefits from a larger and deeper liquidity pool but would likely require a significantly larger commitment (>US\$200m).

## Selected transactions

Selected AUD comparables (FIIG recent issuances)



Selected US comparables (B-BB credit rating), AUD adjusted



Source: Piper Jaffray, FIIG, KPMG internal analysis



# DELIVERING ON ROBUST PIPELINE OF OPPORTUNITIES



**Continued delivery of innovative, reliable and cost effective solutions:**

**Barrow Island Project:** Ten-year contract to supply electricity under an upgraded BOO PPA agreement with Chevron Australia\*

**Phosphate Hill Project:** One-year extension of its MOM Power Purchase Agreement (PPA) with Incitec Pivot

**Tanami Gold Project:** Ten-year contract to supply electricity under a BOO PPA with Newmont Mining Services

**Mt Morgans Project:** Power station was commissioned on 28 March, 2018 under the Eight-year BOO PPA with Dacian Gold

**Dalgaranga Project:** Power station became operational on 17 May, 2018 under the Six-year BOO PPA with Gascoyne Resources

*\*Executed in August, 2018*

**MT MORGANS POWER STATION**

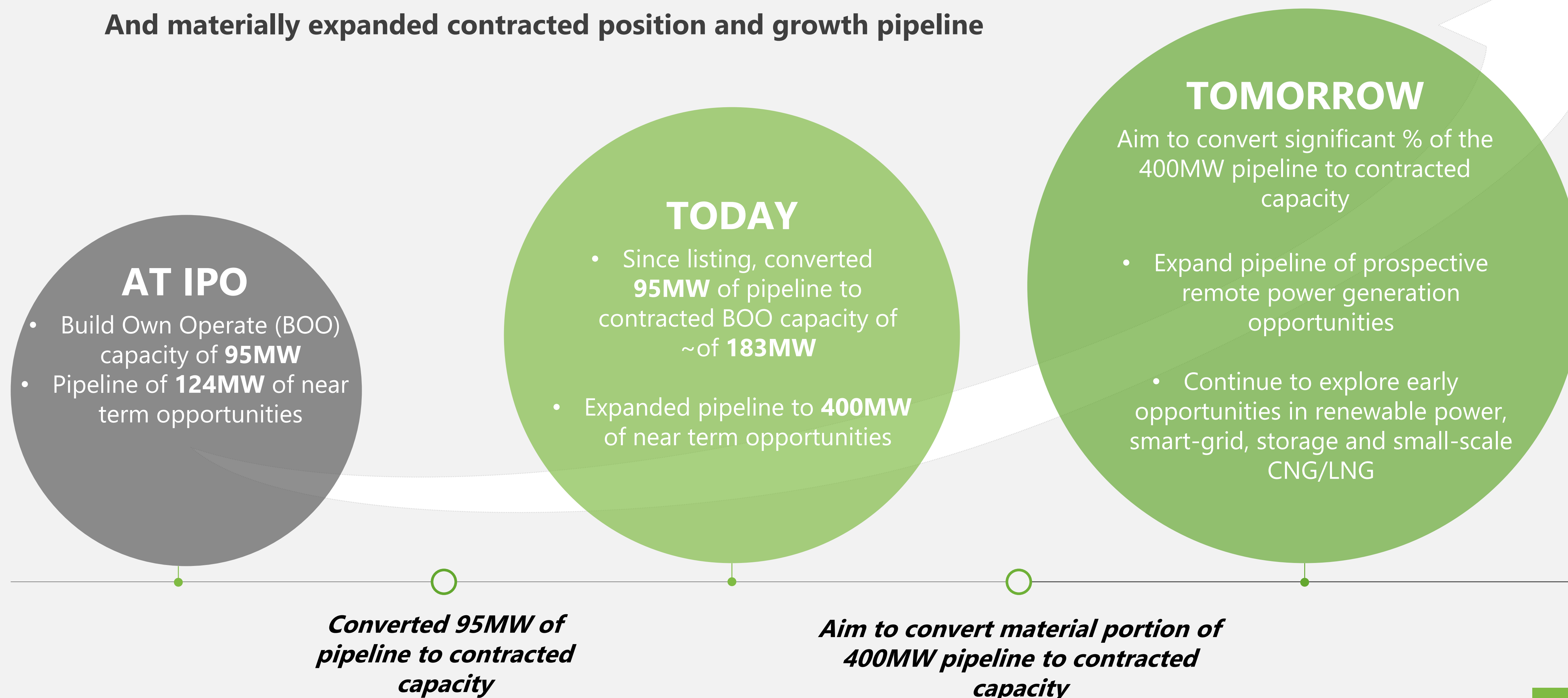
**ZENITH ENERGY | ASX: ZEN**

**14**



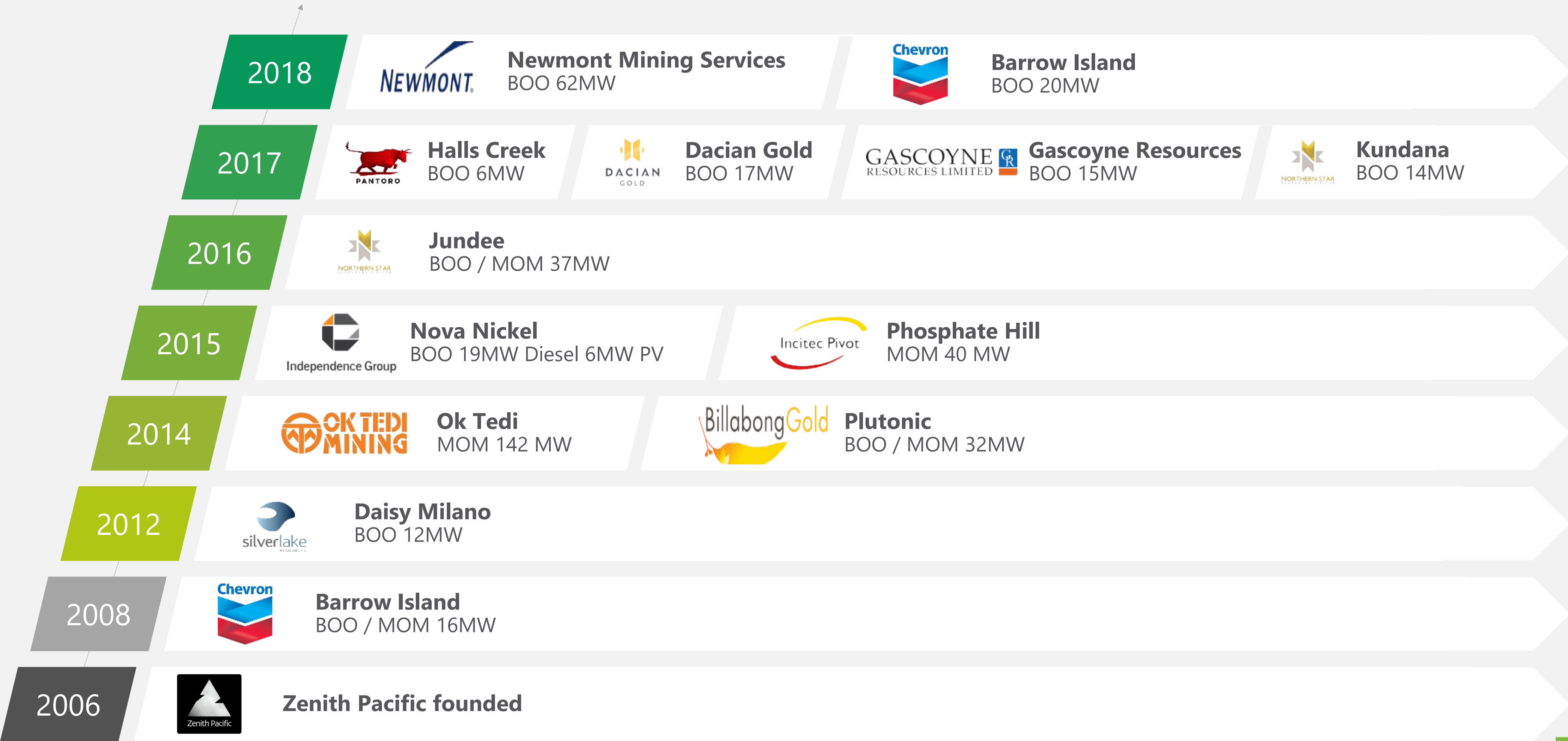
# EXCEEDED EXPECTATIONS

And materially expanded contracted position and growth pipeline





# TIER 1 CLIENTS ACROSS AUSTRALIA AND SOUTH EAST ASIA





# CONTRACT TERMS

**AVERAGE  
PPA TERM**

**7.3**YRS

**AVERAGE  
STATION AGE**

**1.7**YRS

**AVERAGE  
REMAINING TERM**

**5.86**YRS

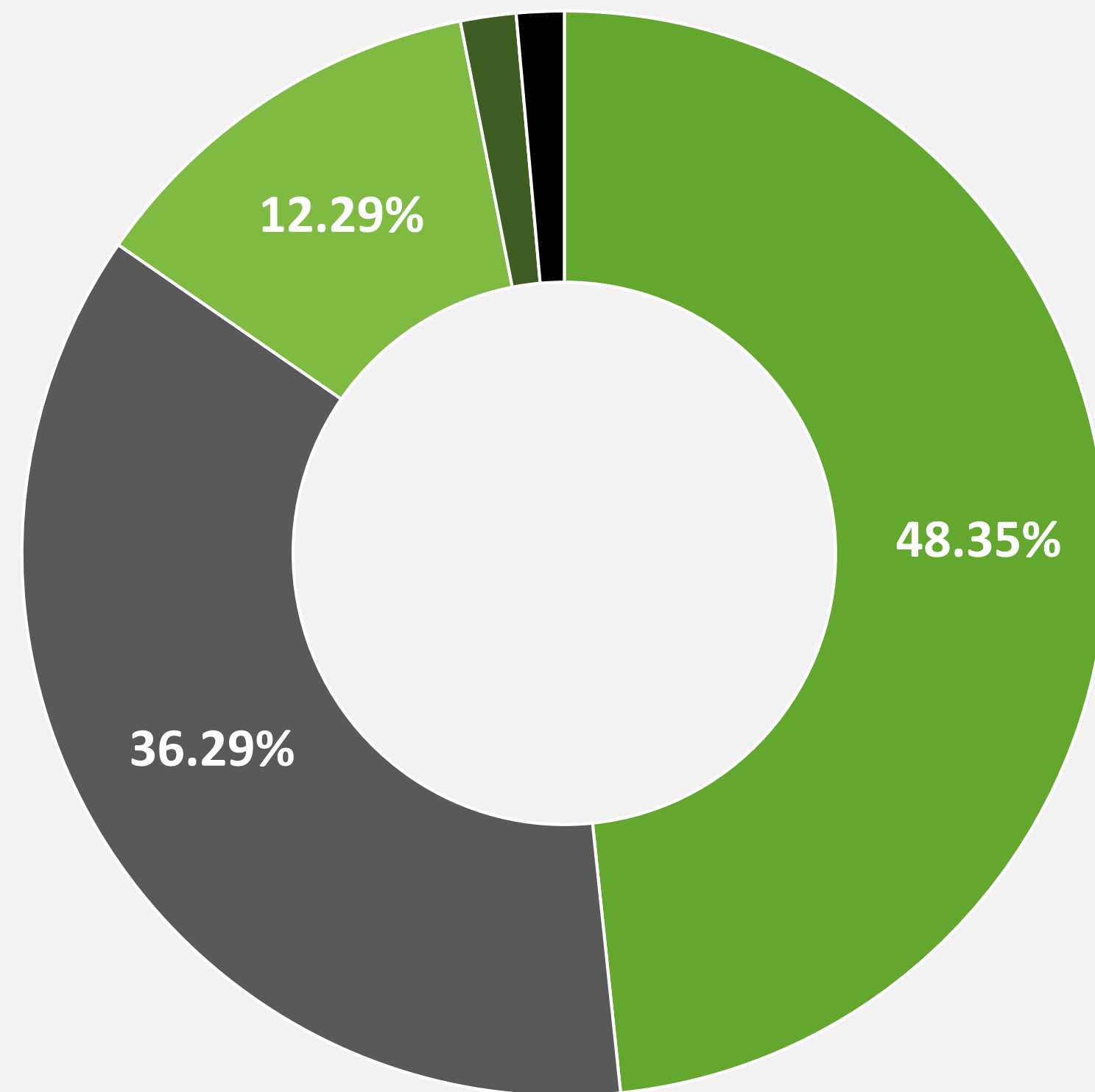


**NOVA POWER STATION**



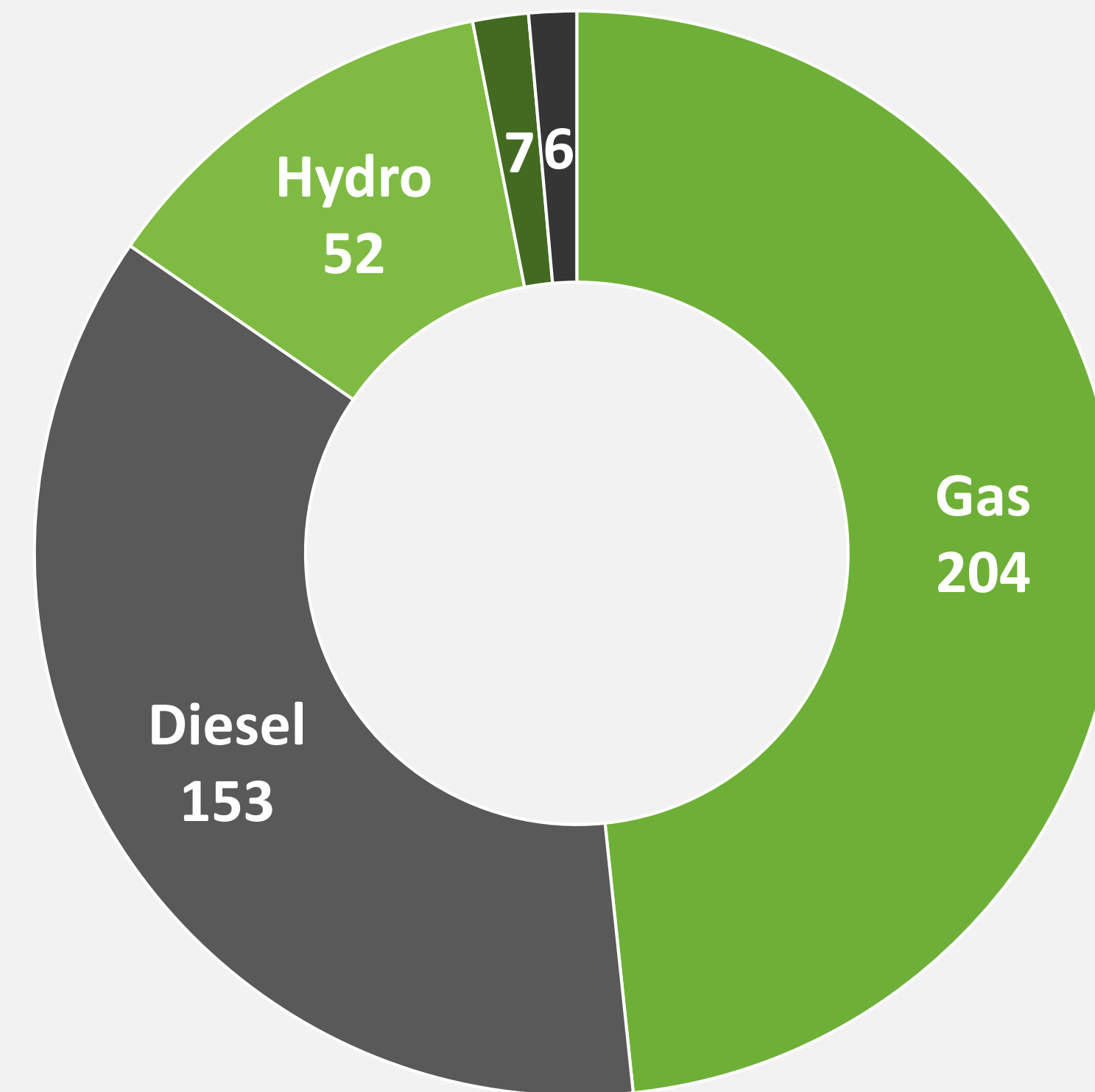
# FUEL TYPE

TOTAL CONTRACTED CAPACITY BREAKDOWN



■ Gas ■ Diesel ■ Hydro ■ Steam ■ Solar

FUEL TYPE MW BREAKDOWN



■ Gas ■ Diesel ■ Hydro ■ Steam ■ Solar

\* Zenith has 26MW of dual fuel generating capacity, which are run using 99% gas



# OUR VISION, MISSION AND STRATEGY



## VISION

To be the largest independent power producer specialising in reliable, sustainable and innovative solutions

## MISSION

Power solutions no boundaries

### CREATE THE ZENITH WAY

Building on our people, systems and processes

### ESTABLISH OPERATIONAL EXCELLENCE

Embracing technology to drive operational excellence

### GROW OUR BUSINESS

Remain competitive by leveraging the core and adjusting to the new energy landscape

S

**SAFETY:** *Safety for people and the environment.*

A commitment to protecting the safety, health and wellbeing of our team, our contractors, our customers and the environment in which we operate

P

**PERFORMANCE:** *Delivering sustainable energy solutions*

Dedicated to providing safe, reliable and sustainable solutions with real benefits to our customers and our shareholders

A

**ACCOUNTABILITY:** *Taking ownership*

Valuing the ability of our people and organisation to work diligently and honor our commitments, responsibly and with integrity

R

**RELIABILITY:** *Consistency in the supply of energy*

Inspiring confidence in our business model, our products and further enhancing our reputation in the market

K

**KNOWLEDGE:** *Innovative Solutions & People*

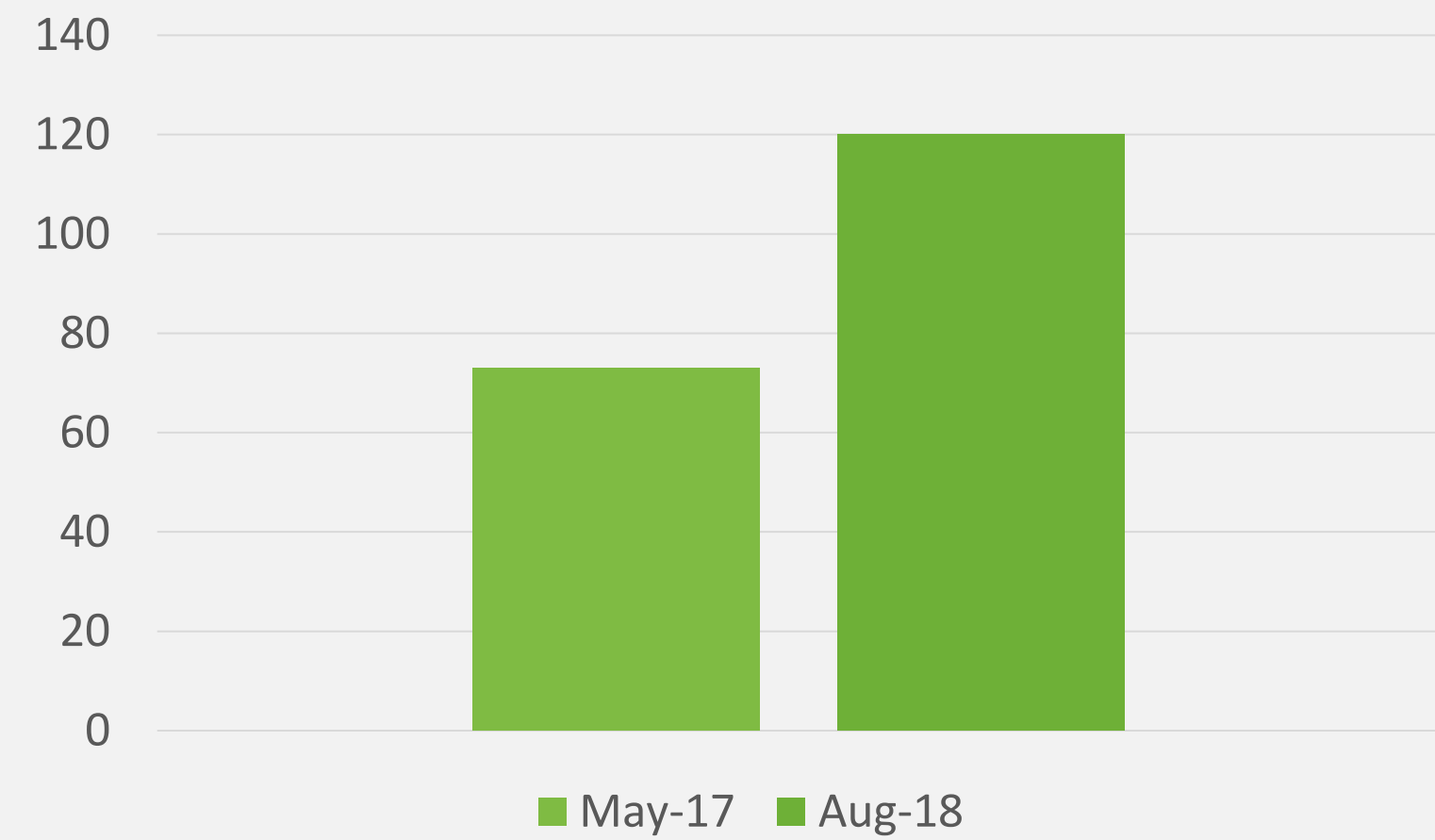
A commitment to continuous technical development and innovation of our products, services and our team



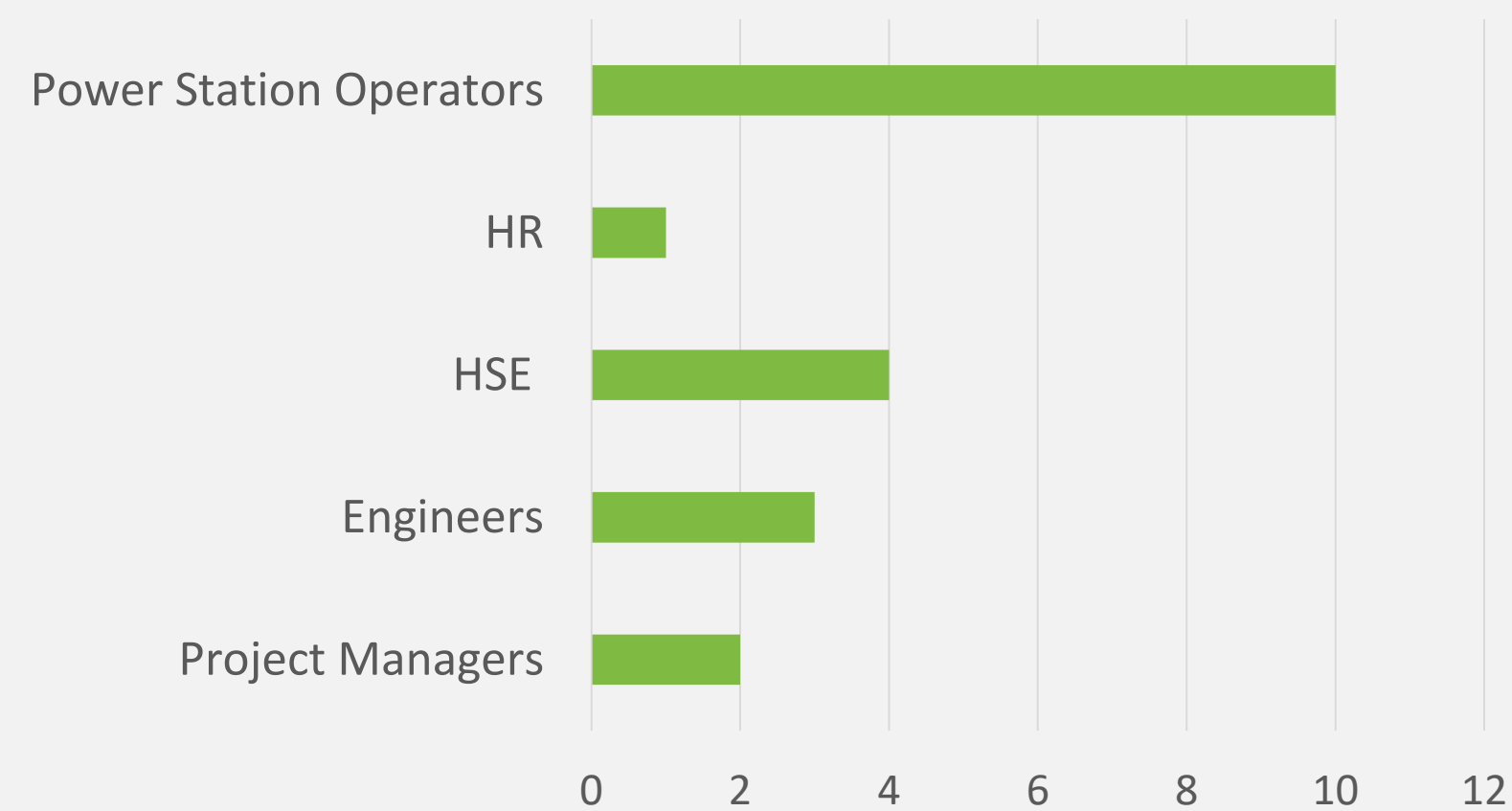
# PEOPLE



## EMPLOYEES



## KEY ROLES ADDED FY18





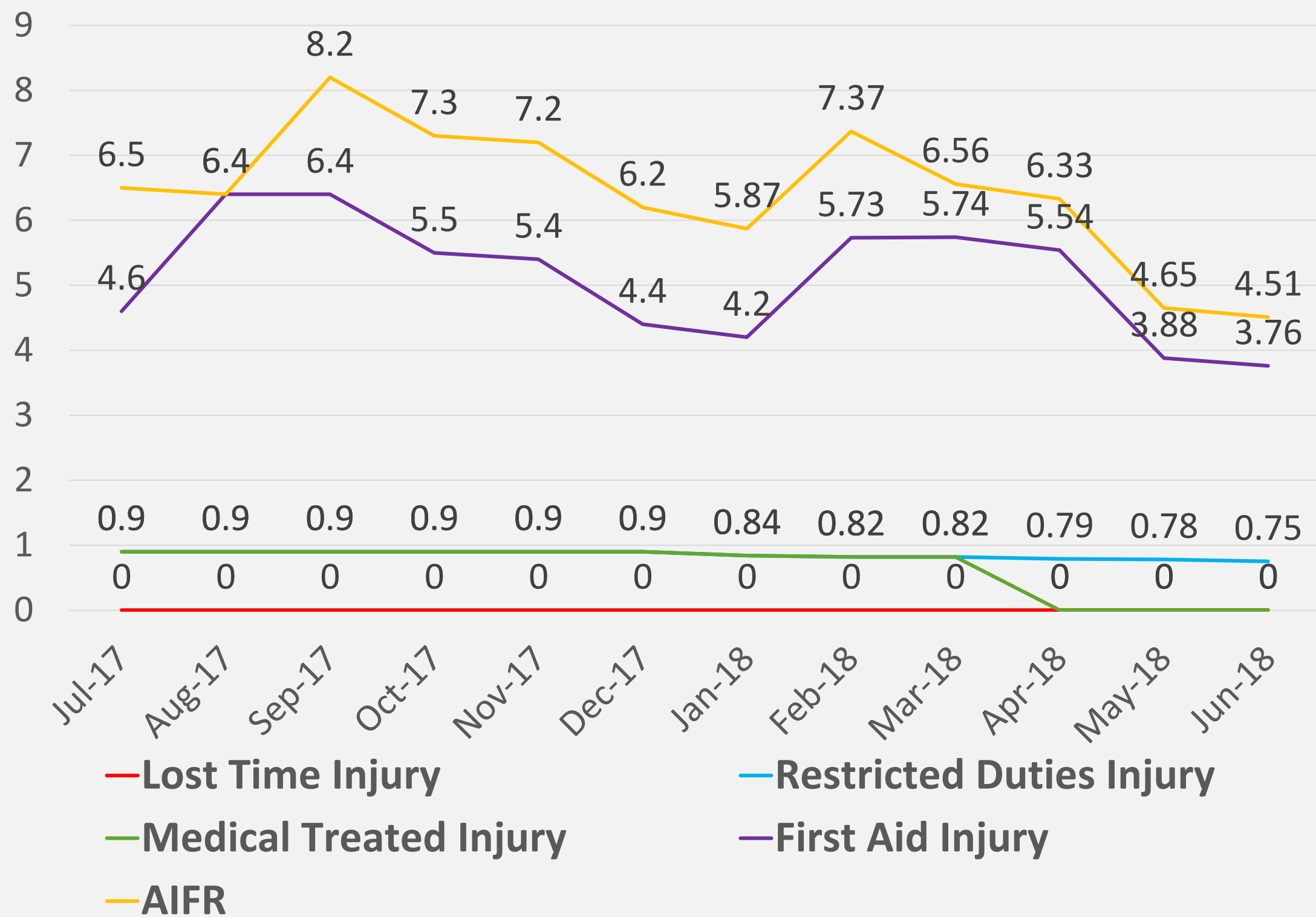
# SAFETY



## LTI MAN HOURS



## INJURY FREQUENCY RATE





# WELL-POSITIONED FOR FURTHER GROWTH



**DALGARANGA POWER STATION**

**BUILDING A  
STRONG TRACK  
RECORD OF  
DELIVERY**

**ROBUST  
PIPELINE OF  
OPPORTUNITIES**

**EXPERIENCED  
AND CAPABLE  
MANAGEMENT  
TEAM**

**STRONG  
BALANCE  
SHEET**



# Dead Bullock Soak Construction







**ZENITH ENERGY**

**ZENITH PACIFIC PTY LTD**

ACN: 091 534 637

**PERTH**

24 Brennan Way, Belmont  
Western Australia 6104

Phone: +61 8 9416 2000

**CAIRNS**

80 Fearnley Street, Cairns  
Queensland, Australia 4870

Phone: +61 7 4051 9533