



ASX Announcement

22 August 2019

PRELIMINARY FULL YEAR FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Highlights

- Revenue up 7% to \$55.04 million
- EBITDA up 14% to \$20.73 million
- NPAT down 31% to \$5.81 million
- Earnings Per Share of 5.80 cents (weighted average)

Leading independent power producer Zenith Energy Limited (ASX: ZEN) (“Zenith” or the “Company”) is pleased to report its preliminary unaudited financial results for the financial year ended 30 June 2019 (FY2019), with EBITDA of \$20.73 million and Net Profit After Tax (NPAT) of \$5.81 million.

Managing Director, Hamish Moffat, said the results marked a very successful 12-month period for Zenith Energy and its shareholders.

“Zenith Energy continues to grow shareholder value by successfully delivering on its Build-Own-Operate strategy, and running our existing contracts efficiently,” Mr Moffat said.

This work has seen us successfully rebalance our segment portfolio to be predominantly Build Own Operate whilst delivering revenues of \$55.04m against a forecast of \$50m to \$55m and EBITDA of \$20.73m against a forecast of \$19m to \$21m. Along with these results being at the top of our forecast range we have also expanded our EBITDA margin by 2.5%, moving from 35% in the PCP to 37.5% this period.

“During the year we commissioned our largest project to date, the 62-megawatt (MW) Tanami Power Station, on time and on budget. Meanwhile we amended and extended contracts with leading operators such as Northern Star Resources, Chevron and Independence Group.

“In addition to our ongoing relationships, we executed Power Purchase Agreements with Silver Lake Resources for an 18.3MW power station at its Daisy Milano Project and Adaman Resources for a 14.4MW power station at its Kirkalocka Gold Project. These contracts take our total installed capacity to 403MW distributed across 12 locations, a result we are incredibly proud of.

“Zenith Energy’s financial position has been strengthened during the year, enabling the Company to increase its power generating assets by \$72.31 million. The Company will continue to strengthen its balance sheet to sustain the growth of its generating assets and maintain sufficient working capital, through the application of our prudent capital management policy.”

ZENITH ENERGY LIMITED (ASX: ZEN)

PERTH | 24 Brennan Way, Belmont, WA, 6104 | **P** +61 (0) 8 9416 2000 | **F** +61 (0) 8 9477 1833

CAIRNS | 80 Fearnley Street, Cairns, Qld, 4870 | **P** + 61 (0) 7 4051 9533 | **F** +61 (0) 7 4051 9599

E info@zenithenergyltd.com | **W** www.zenithenergyltd.com | **ACN** 615 682 203

Financial Results Overview

	Unaudited FY2019	FY2018	% Change
Total Revenue	\$55.04m	\$51.43m	7%
Cost of Sales	\$23.72m	\$22.88m	4%
EBITDA	\$20.73m	\$18.22m	14%
EBIT	\$12.59m	\$13.69m	-8%
Net Profit Before Tax	\$8.64m	\$12.25m	-29%
Income Tax Expense	\$2.83m	\$3.74m	-24%
Net Profit After Tax	\$5.81m	\$8.47m	-31%
EBITDA Margin	37.5%	35%	2.5%
Earnings Per Share (cents)	5.80	8.65	-33%
Property, Plant & Equipment	\$148.15m	\$75.94m	95%

Zenith’s revenue was supported by new projects coming online during the period, including the Tanami Project. The benefits of these are now being realised thanks to a fast ramp-up, with the full financial impact to be seen in the Company’s FY2020 results.

NPAT was impacted by the Company’s historical accelerated depreciation policy, which writes power station assets down over the initial term of a Power Purchase Agreement (PPA), disregarding possible contract extensions. In FY2019 a full year of depreciation was recognised on assets at the Mt Morgans and Dalgaranga sites, as these were commissioned at the tail-end of FY2018.

The Company will continue to assess the relevance of its depreciation policy considering the number of recent contract extensions and a trend towards longer average PPA terms being agreed with clients.

FY2020 Outlook

Zenith Energy has entered FY2020 with a strong balance sheet and a qualified near-term Build-Own-Operate (BOO) project pipeline of more than 400MW, targeting new and existing clients, as well as opportunities to further leverage its extensive expertise to develop hybrid, renewable and micro-grid energy solutions.

“We are very pleased to have exceeded the objectives we outlined at the time of our listing on the ASX in 2017. Since then, we have seen a three-fold expansion of our business by BOO MW capacity and power generating assets. Our five-year strategy is in place to see us continue to migrate our existing business base towards BOO and build our portfolio with growth in new geographical territories, as a priority.

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“We will continue to target new market segments, providing energy to isolated projects, clients and communities. We see a real opportunity to apply our expertise, developed through the extensive work in the mining and resources sector, to provide the bespoke solutions these segments require.

“We’re looking forward to building on our success in FY2020 and consolidating our position as one of Australia’s leading independent power producers,” Mr Moffat concluded.

Investor:

Hamish Moffat
Managing Director
P: 08 9416 2000

Media:

Citadel-MAGNUS
Paul Ryan / Henry Downing
M: 0409 296 511 | pryan@citadelmagnus.com / hdowning@citadelmagnus.com

About Zenith Energy

Zenith is a remote energy infrastructure specialist who delivers reliable, cost-effective power generation solutions, primarily for clients operating in the resources and energy sector in remote areas of Australia.

Zenith designs, constructs and manages power generation incorporating a range of fuel types including diesel, natural gas, solar and hybrid systems. Zenith now employs over 120 people and is active in Australia and South East Asia. Zenith’s corporate office is headquartered in Perth, WA, with an additional facility in Cairns, Queensland, providing a platform for operations in South East Asia and Northern Australia.

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