

# Investor Presentation



Power Solutions. No Boundaries.

11 November 2019





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# Investment Highlights

- Long-term contracted earnings with tier one clients provide security of annuity stream
- Build, Own and Operate (BOO) transition generating higher margins and strong cash flow
- Pipeline of target opportunities in excess of 450MW
- Favourable competitive landscape, strong client relationships
- Take-or-pay arrangements provide downside protection, units can be redeployed or sold
- Our clients' organic expansion – through exploration success and mine-life extension – is driving power consumption demand and brownfields opportunities
- Experienced Board, executive team, senior management and engaged workforce





# Australia's Leading Independent Power Producer

## Strategic Delivery

- Serving resources and energy clients in remote locations across Australia and South East Asia
- Specialising in tailored, reliable, cost effective solutions utilising gas, diesel, solar and hybrid generation
- 219MW in contracted build, own and operate (BOO) power stations, plus a manage, operate and maintain (MOM) and EPC offering
- Total generation capacity in excess of 417MW under control and expanding
- 11 BOO contracts in place with an average remaining term of 6.6 years
- 450+MW pipeline of qualified future projects

# Corporate Snapshot

## CAPITAL STRUCTURE\*

<b>ASX Code</b>	<b>ZEN</b>
<b>Shares on Issue</b>	<b>149,385,586</b>
<b>Market Capitalisation</b>	<b>\$91.13 million</b>

## BOARD AND MANAGEMENT

Doug Walker	Executive Chairman
Hamish Moffat	Managing Director
David Riekie	Non-Executive Director
Peter Torre	Non-Executive Director
Rebecca Stringer-Krein	Chief Financial Officer / Company Secretary
Graham Cooper	Chief Operating Officer

## 12-MONTH SHARE PRICE



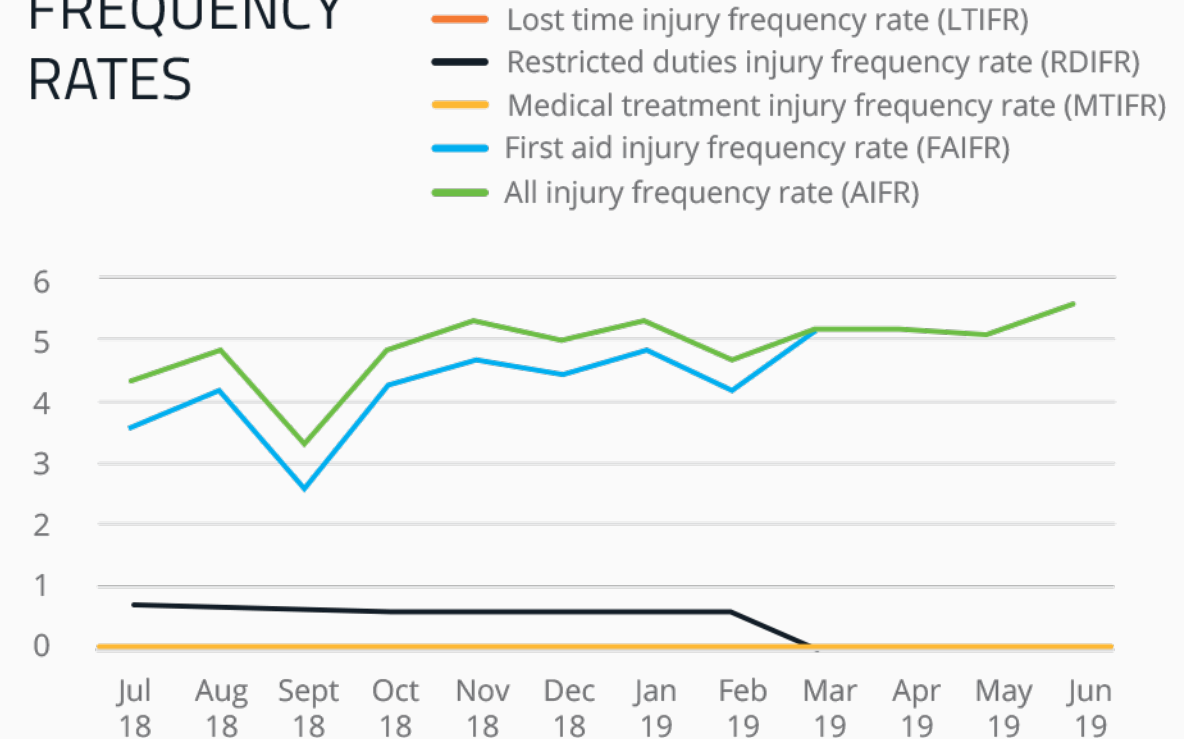
\*Share price \$0.615 as at 7 November 2019

# Safety Performance

## LOST TIME INJURY MAN HOURS



## INJURY FREQUENCY RATES



# FY19 Performance

## Outperforming Forecasts

FY19 earnings demonstrate successful delivery of innovative remote power stations



REVENUE

\$55.04m +7%



EBITDA

\$20.73m +14%



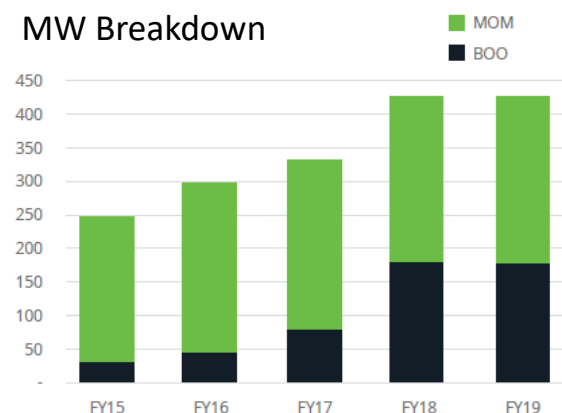
PROPERTY, PLANT &  
EQUIPMENT

\$148.15m +95%

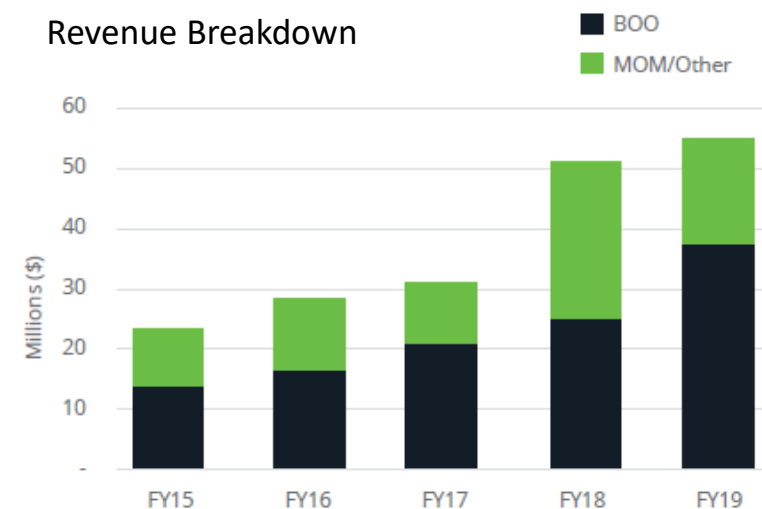
## Strong Growth In BOO

BOO revenue grew strongly to \$38.08m reflecting the Company's successful portfolio transition to annuity-based income streams

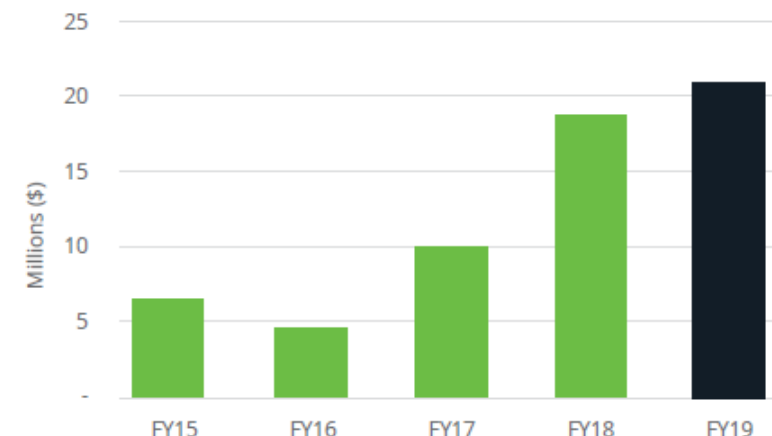
### MW Breakdown



### Revenue Breakdown



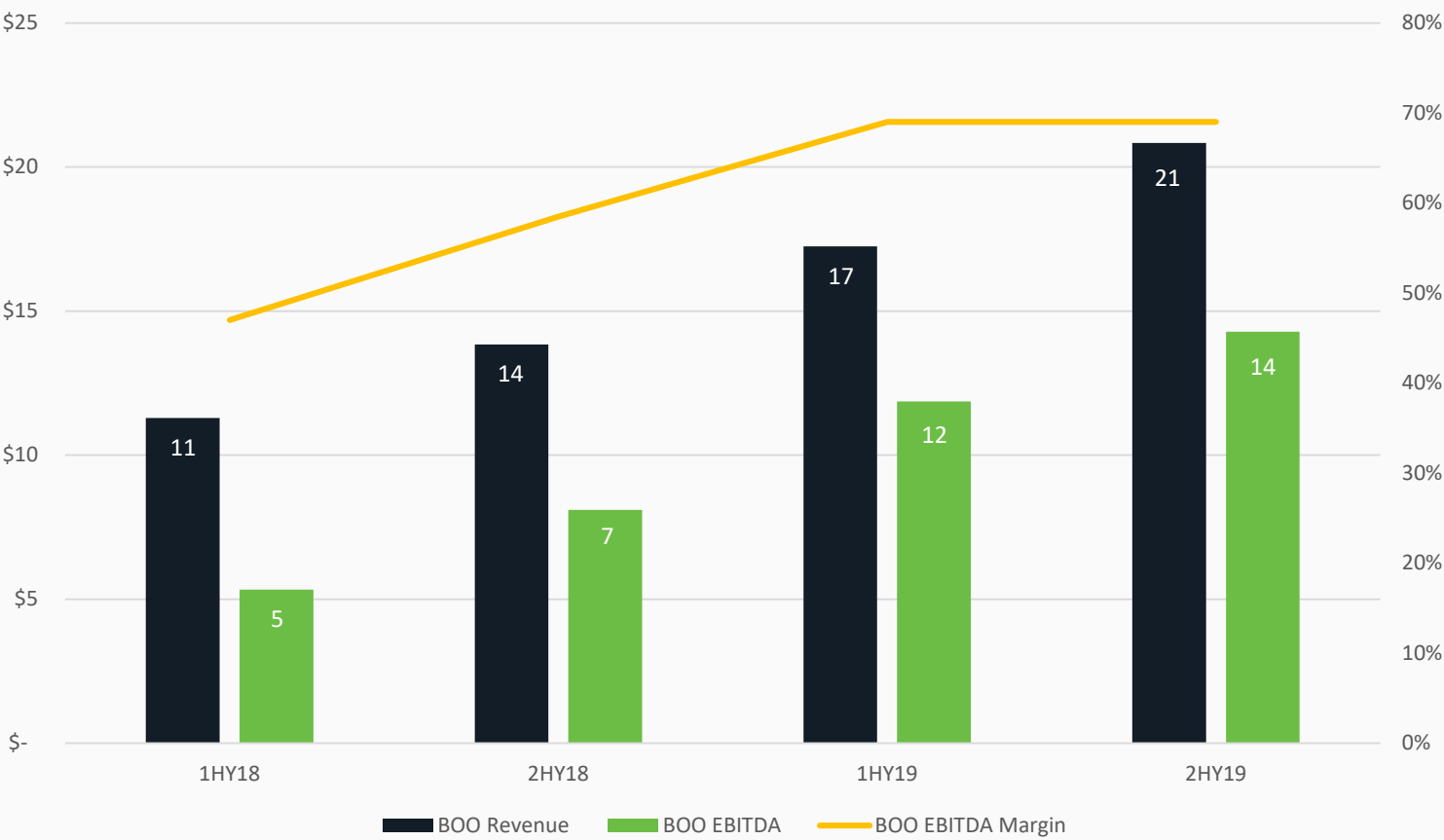
### GROUP EBITDA



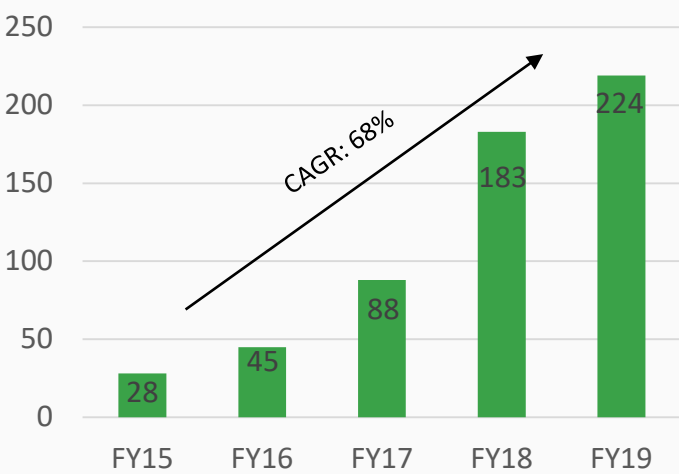
# BOO Transition Generating Higher Margins



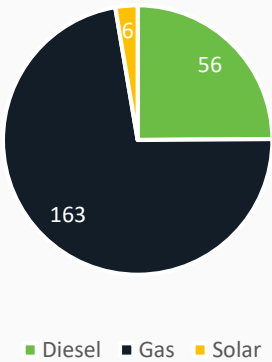
EBITDA (\$m) and EBITDA Margin



BOO MW Growth



BOO Fuel Type (MW)





# Balance Sheet & Funding

	H2 2019	H1 2019	H2 2018	H1 2018	H2 2017 <sup>1</sup>
	\$m	\$m	\$m	\$m	\$m
<b>Cash</b>	7.3	0.8	2.0	11.5	19.3
<b>Receivables</b>	8.4	10.3	11.2	5.6	3.8
<b>Inventories</b>	7.0	11.9	2.7	0.7	0.7
<b>Tax Assets</b>	1.0	0.9	1.6	1.7	1.4
<b>PP&amp;E</b>	148.2	114.2	76.0	58.0	39.4
<b>Other Assets</b>	7.5	4.9	3.0	5.0	4.6
<b>TOTAL ASSETS</b>	<b>179.4</b>	<b>143.0</b>	<b>96.4</b>	<b>82.5</b>	<b>69.2</b>
<b>Current Liabilities<sup>4</sup></b>	8.7	12.4	9.7	9.4	4.8
<b>Current Debt<sup>3</sup></b>	20.6	17.4	7.4	7.2	16.3
<b>Current Tax</b>	0.0	0.0	1.6	2.1	1.0
<b>Non Current debt</b>	75.4	63.9	30.7	17.9	8.2
<b>Other</b>	2.3	2.6	2.5	3.4	2.9
<b>TOTAL LIABILITIES</b>	<b>107.0</b>	<b>96.2</b>	<b>51.9</b>	<b>40.0</b>	<b>33.1</b>
<b>NET ASSETS</b>	<b>72.4</b>	<b>46.8</b>	<b>44.6</b>	<b>43.5</b>	<b>36.1</b>
<b>NET TANGIBLE ASSETS</b>	<b>72.3</b>	<b>46.8</b>	<b>44.6</b>	<b>43.5</b>	<b>36.0</b>

1. Zenith listed on ASX on 9 May 2017

2. Inventory is predominantly generation assets. ~\$5m in inventory was converted to power generating assets in H2 2019.

3. 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

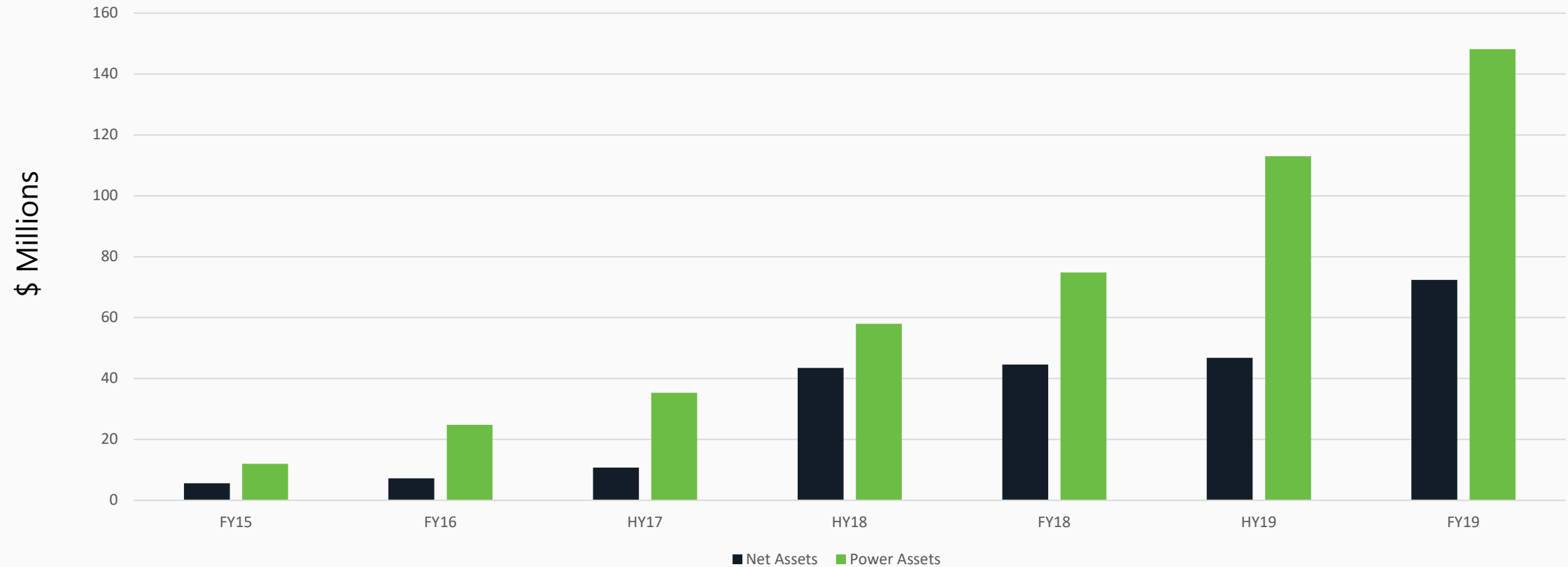
4. Excluding Debt

**Growth in the BOO segment has been funded from IPO funds, the recent Placement and debt**

- **PP&E** | Increased from \$76.0m in H2 2018 to \$148.2m in H2 2019
- **Inventory** | Increased from \$2.7m in H2 2018 to \$7.0m in H2 2019<sup>2</sup>
- **Net Debt 30 June** | \$88.7m
- **Corporate Facilities** | \$120m
- **Facility Headroom** | \$22m as at 31 October
- **Capex to complete currently contracted projects** | \$9.7m as at 31 October

# Strong Asset Backing

Zenith Energy Limited - Assets





# FY20 Guidance

ZEN expects FY20 BOO revenue to be in the range of ~\$52-\$54m<sup>1,2,3,4,5</sup> and BOO segment EBITDA to be ~\$34.5-\$36.5m<sup>1,2,3,4,5,6</sup>.

REVENUE



\$62m-\$64m\*

EBITDA



\$26m-\$27m\*

1. Inclusive of MOM revenue component for two hybrid projects, where it is not feasible to isolate BOO v MOM margins
2. Barrow Island will transition from a hybrid to a full BOO PPA at full completion (end of Q3 FY20)
3. Projects currently contracted and under construction are: Chevron - Barrow Island, Independence Group - Nova Solar, Silverlake – Daisy Milano P2, with expected dates falling throughout FY20.
4. BOO Revenues forecast to grow ~\$16-17m over FY19
5. Impact of Gascoyne Resources' administration expected to limited to 1Qtr loss of revenue and EBITDA (\$0.5m)
6. BOO segment EBITDA guidance does not include overheads (FY19 ~\$9.6m)

# Growing Portfolio

2019	 <b>Kirkalocka</b> BOO 14.5MW	 <b>Daisy Milano</b> BOO 18.3MW		
2018	 <b>Newmont Goldcorp</b> BOO 62MW	 <b>Barrow Island</b> BOO 20MW	 <b>Nova Nickel</b> BOO 19MW Diesel 6MW PV	
2017	 <b>Halls Creek</b> BOO 6MW	 <b>Dacian Gold</b> BOO 17MW	 <b>Gascoyne Resources</b> BOO 15MW	 <b>Kundana</b> BOO 14MW
2016	 <b>Jundee</b> BOO / MOM 37MW			
2015	 <b>Nova Nickel</b> BOO 19MW Diesel 6MW PV	 <b>Phosphate Hill</b> MOM 40MW		
2014	 <b>Ok Tedi</b> MOM 142MW	 <b>Plutonic</b> BOO / MOM 32MW		
2012	 <b>Daisy Milano</b> BOO 12MW			
2008	 <b>Barrow Island</b> BOO / MOM 20MW			
2006	 <b>Zenith Pacific founded</b>			



# Tanami Full Completion

- In April 2019, Zenith announced Full Completion of the 62MW power station and 42km of 66kV transmission interconnect at Newmont's Tanami Gold Mine (N.T.)
- Electricity supply has commenced under the Power Purchase Agreement (PPA)
- The new 62MW power station will materially increase FY20 earnings and deliver a 43% increase in Zenith Energy's total BOO capacity (circa 219MW as at April 2019)
- Zenith has 438MW of total generation capacity under control (including MOM MWs) as at April 2019





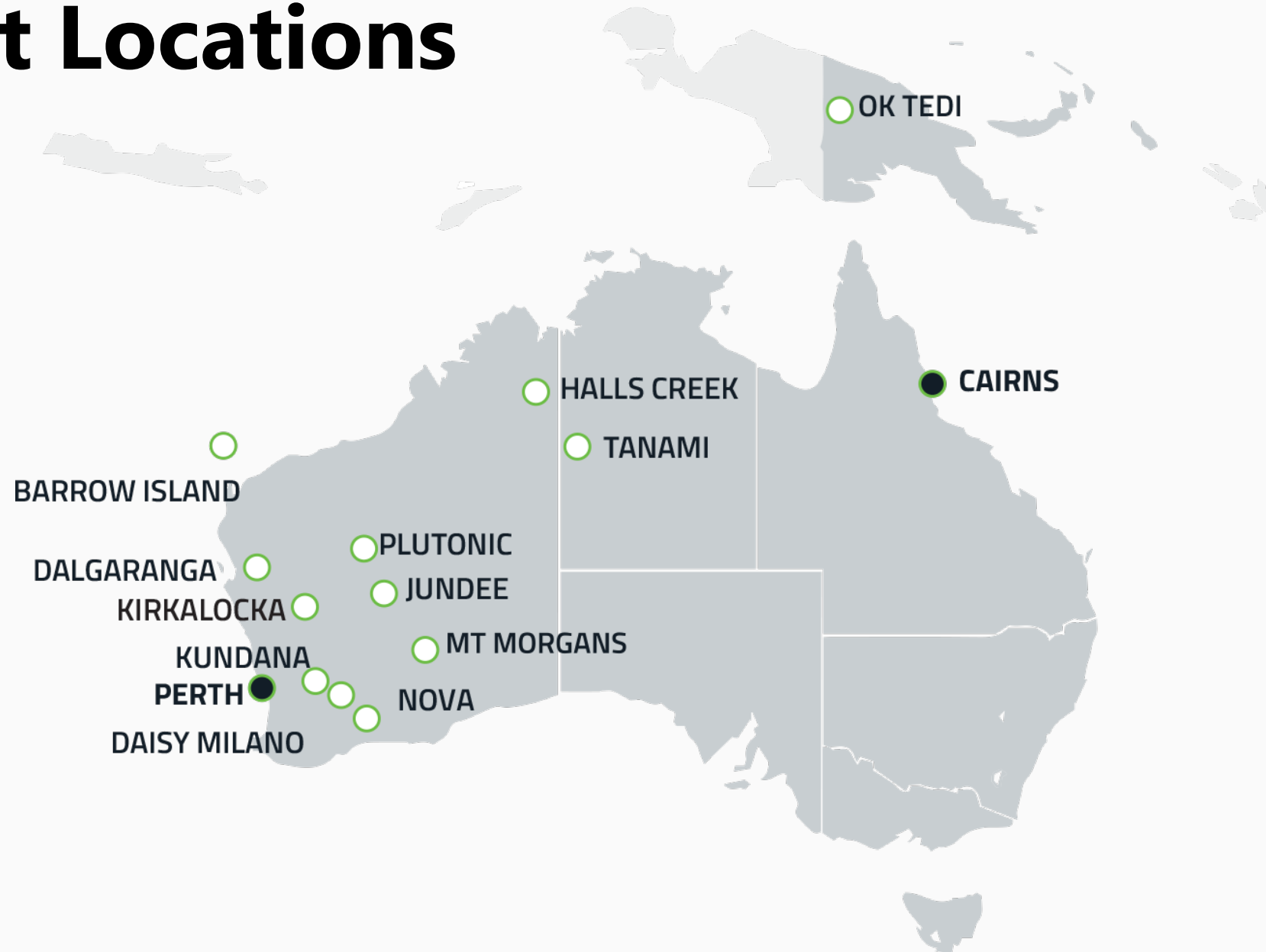
# Nova Nickel Hybrid Diesel-Solar PV Facility

- In an Australian-first, Zenith will design, build, own and operate a solar farm at the Independence Group's (IGO) Nova Nickel mine to offset diesel usage in its existing power station.
- At 5.67MWp the facility represents the world's 8<sup>th</sup> largest Solar PV project integrated into a mining operation.
- This is Australia's first hybrid diesel-Solar PV application not involving the installation of battery storage & is also the first hybrid diesel-Solar PV installation to be funded on a purely commercial standalone basis without support from ARENA or other government agencies.





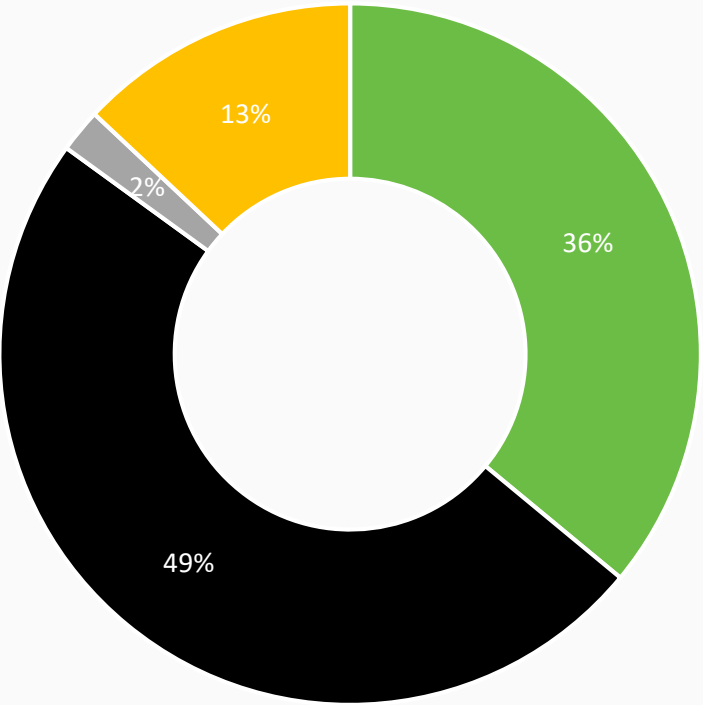
# Client Locations



# Fuel Breakdown

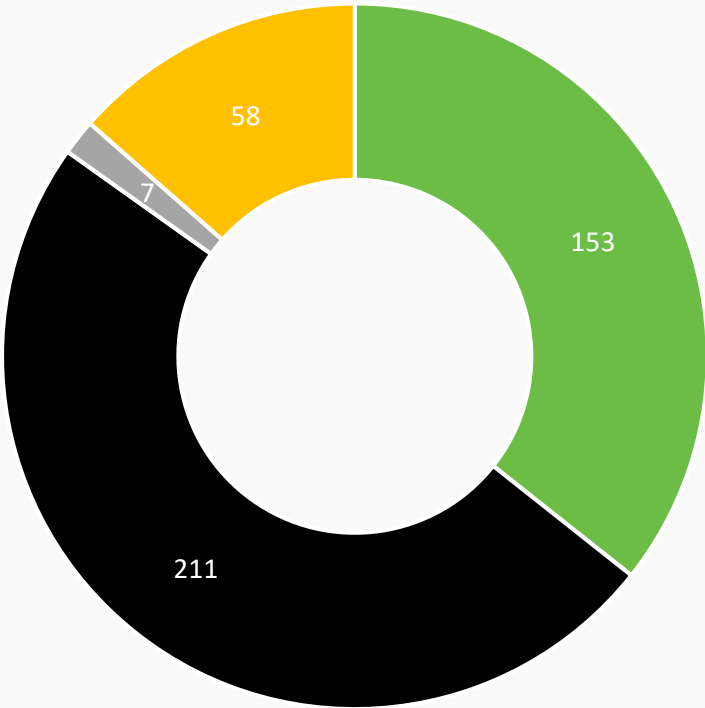


Total Contracted Capacity Breakdown



■ Diesel ■ Gas ■ Solar ■ Other

Fuel Type - MW Breakdown

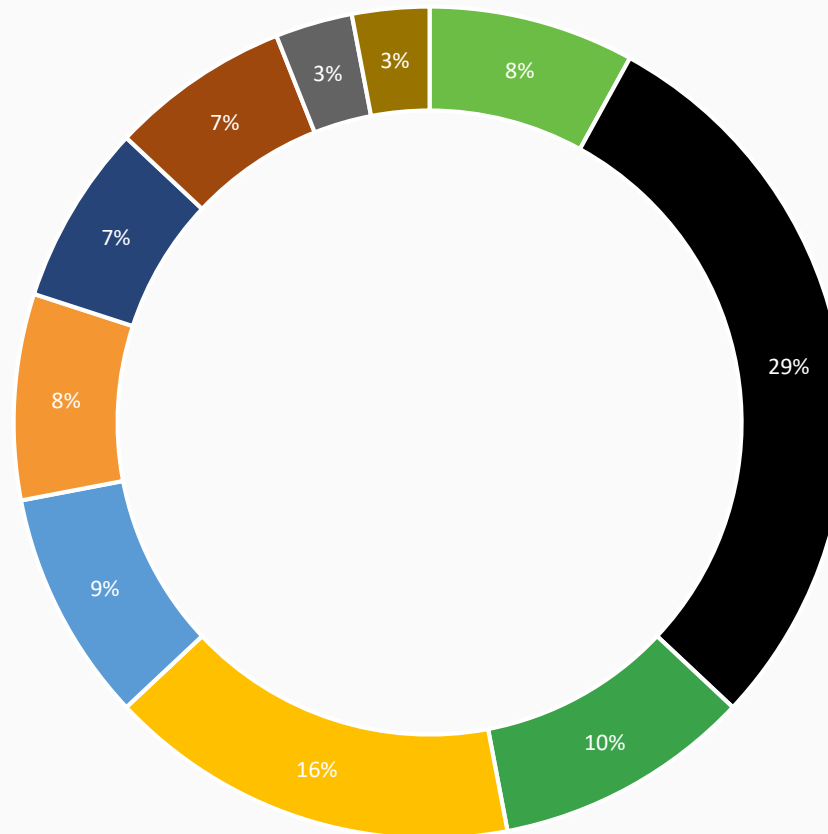


■ Diesel ■ Gas ■ Solar ■ Other

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

# Installed Capacity for BOO Clients

- Long-term relationships with tier one clients
- ~70% of BOO contracted capacity with clients that have market capitalisation above A\$1bn



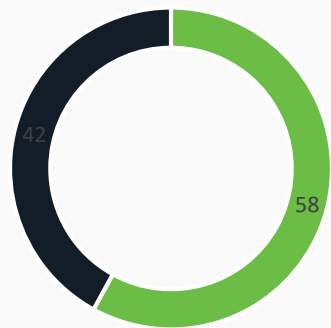
■ Chevron ■ Newmont ■ Independence Group ■ Northern Star ■ Dacian Gold ■ Silver Lake ■ Gascoyne Resources ■ Adaman Resources ■ Superior Gold Inc ■ Pantoro



# Strong Growth Pipeline

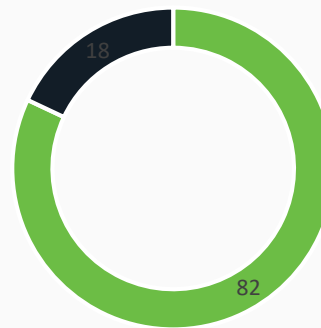
- Pipeline of qualified target opportunities in excess of 450MW (another 700+MW identified growth opportunities not included in pipeline)
- Criteria for inclusion: BOO project, within current geographies, FID within 24 months, at bid/actively engaged in negotiation

Development Type



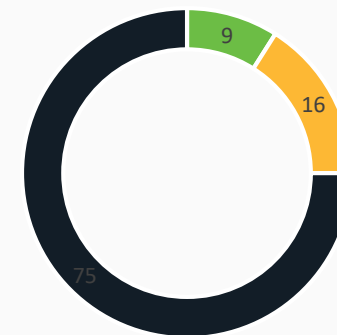
■ Greenfield ■ Brownfield

Customer Type



■ New ■ Existing

Proposed Fuel Source



■ Gas (LNG) ■ Other/Hybrid ■ Pipeline Gas

# Vision, Mission and Execution

<b>VISION</b>	To be the leading Independent Power Producer specialising in reliable, sustainable and innovative solutions		
<b>MISSION</b>	Power Solutions. No Boundaries.		
<b>EXECUTION</b>	The Zenith Way	Operational Excellence	Business Growth

Underpinned by our values



# Growth – No Boundaries

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Strong track record of delivery

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Robust pipeline of opportunities

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Experienced and capable management team

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Strong balance sheet

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High-strength counterparties

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- Key point 6





# Appendices





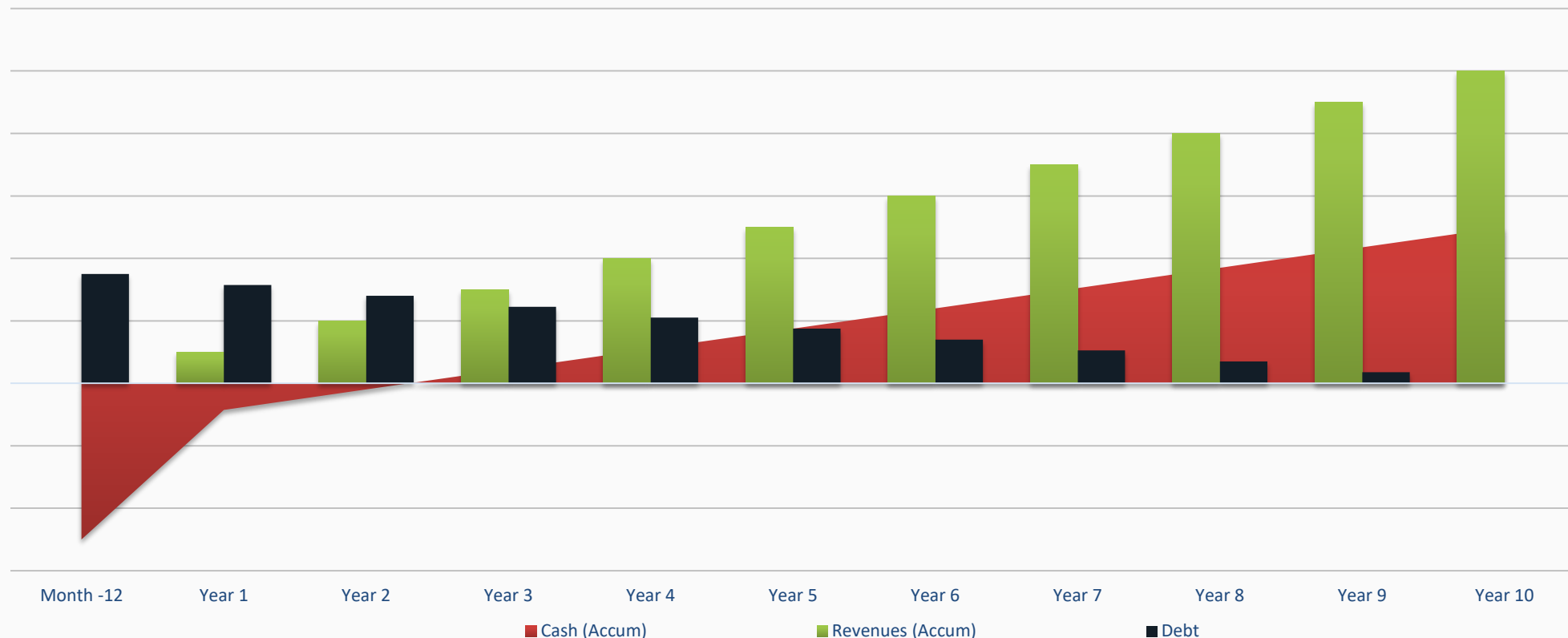
# Segment Analysis

Note 3: Operating Segments	2HY19	1HY19	2HY18	1HY18	2HY19	1HY19	2HY18	1HY18	2HY19	1HY19	2HY18	1HY18	2HY19	1HY19	2HY18	1HY18	
FINANCIAL PERFORMANCE ANALYSIS	OTHER				BOO				MOM/EPC				CONSOLIDATED				
	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	
	2019	2018	2018	2017	2019	2018	2018	2017	2019	2018	2018	2017	2019	2018	2018	2017	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External sales	-	-	-	-	20,834	17,244	13,838	11,296	11,544	5,414	3,942	22,353	32,379	22,658	17,780	33,649	
Intersegment sales	-	-	-	-		-	-	-		-	-	-		-	-	-	
Interest revenue	-	90	151	156	80		-	-		-	-	-	(90)	151	156	80	
Total segment revenue	-	90	151	80	20,834	17,244	13,838	11,296	11,544	5,414	3,942	22,353	32,289	22,808	17,936	33,729	
Other income	-	101	101	-	-	99	-	60	89		-	-	-	(2)	101.00	60	89
Intersegment elimination	-	-	-	-	-		-	-		-	-	-		-	-	-	
Total group revenue	-	191	252	-	80	20,933	17,244	13,898	11,385	11,544	5,414	3,942	22,353	32,287	22,910	17,996	33,818
Segment EBITDA before unusual items	(4,574)	(5,075)	(4,173)	(5,621)		14,288	11,869	8,098	5,331	2,524	1,694	1,372	13,209	12,238	8,488	5,297	12,919
EBITDA Margin (%)						69%	69%	59%	47%	22%	31%	35%	59%	38%	37%	30%	38%

# Project Lifecycle\*

- BOO projects take 6-12 months to construct, with cash outflows peaking at Practical Completion (PC)
- Revenues and EBITDA contribution commence at PC
- Rapid debt paydown following construction generates long-term cash and revenue upside

## 10 year PPA - Generic Project Lifecycle



\* Generic example only, not based on any specific Zenith project.