

NZX Announcement

11 August 2017

For Immediate Release

FOURTH QUARTER, FINANCIAL YEAR TO 30 JUNE 2017

NZ Windfarms Limited ("NWF") is pleased to disclose its Q4 operating statistics:

Fourth Quarter – 1 April 2017 to 30 June 2017

	2017	2016	% Change
Electricity generation output - MWh	18,508	31,165	-40.6
Revenue from electricity sales - \$	1,230,000	1,560,000	-21.2
Average electricity price - \$/MWh	66.46	50.06	+32.8
Turbine availability (average)	97.8%	94.8%	+3.2

Financial year – 1 July 2016 to 30 June 2017

	2017	2016	% Change
Electricity generation output - MWh	124,639	129,572	-3.8
Revenue from electricity sales - \$	5,981,000	7,174,000	-16.6
Average electricity price - \$/MWh	47.98	55.37	-13.3
Turbine availability (average)	96.0%	96.2%	-0.2

The output for the fourth quarter of 18,508MWh, was 40.6 per cent lower than for the prior corresponding period (PCP) as a function of seasonally low wind conditions. The average wholesale electricity price received for the quarter was 32.8 per cent higher than for the PCP on the back of poor South Island hydrology. Revenue from electricity sales for the fourth quarter was 21.2 per cent lower than for the PCP.

NWF's annual revenue from electricity sales reduced from 2016 by 16.6 per cent to \$5.981 million in FY17. The output of the turbine fleet, at 124,639MWh, was 3.8 per cent lower than in the prior corresponding period and was below the long-term forecast of 130,000MWh. The average electricity price received in FY17 of \$47.98/MWh was 13.3 per cent lower than for the PCP.

The output for the quarter, although particularly poor, was a product of highly unusual weather conditions and extremely poor spot prices. Your board is acutely aware of the risks associated with being a merchant generator and to that end are focused on a series of initiatives designed to reduce future risk. These initiatives will be addressed in the forthcoming annual report.

Your directors and CEO have implemented programs to address equipment failures including full fleet turbulence intensity curtailment which held turbine availability for the financial year at 96.0 percent. The 97.8 percent availability level for the fourth quarter was significantly higher than that achieved in the PCP and exceeded the long-term forecast of 95.0 percent. The availability level achieved for the full year reflects the continued strong performance by our on-site operations team and the fourth quarter result indicates that recent curtailment initiatives are effective.

Furthermore, shareholders will be seeing the benefits of the previously disclosed cost-out programme now starting to impact; the last quarter has seen a sustainable reduction in cost equating to \$700,000 in a full year which after earlier one-off costs is forecast to go to the bottom line in the 2018 financial year.

R Kerr-Newell
Chairman

John Worth
Chief Executive Officer

ENDS

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