

OPERATIONAL PERFORMANCE FOR THE 9 MONTHS ENDED 31 MARCH 2020

Operational performance highlights:

- **578,106** electricity network connections, up 1.6% on the same period last year
- **113,578** gas network connections, up 2.4% on the same period last year
- **6.6%** lift in 9kg LPG bottle swaps
- **10.5%** growth of smart meter fleet (1,677,405 installed across Aus/NZ)
- **250,000** advanced meters now installed in Australian market

Commentary:

To preface Vector's quarterly operational update, it's important to acknowledge COVID-19 and the context of New Zealand in alert level 4 lockdown. Only one week of the lockdown falls in this quarterly update and as such it is too early to draw definitive conclusions on any impact to volumes. As a lifeline utility, Vector has continued to operate essential services during this period across its' electricity, gas, fibre and metering businesses. Vector teams were working under strict physical distancing, hygiene protocols with reconfigured teams where necessary. All Vector businesses are now preparing to safely increase operations further under alert level 3, from April 28.

In the third quarter of FY20 Auckland's growth continued to rise, in turn driving strong network connection numbers across Vector's electricity and gas networks. In the nine months to 31 March, total ICP connection numbers grew by 1.6% compared with the same period last year.

Electricity distributed volume was down by 0.1% on the equivalent period – driven by closures and reduced activity from the industrial and commercial sectors due to the COVID-19 Level 4 lockdown.

The extent of the COVID-19 impact on volume and revenue will depend on how long each of the different alert levels continue and how the industrial and commercial sector recover in the coming weeks and months.

From 1 April, the new DPP3 revenue cap regime will apply. This is designed to mitigate the impact of changes in volume on Vector's electricity revenues,

Auckland's third quarter growth helped drive an uplift in gas network distribution customers, with a 2.4% increase compared with the same period last year. Gas distribution volume is also up on last year's corresponding period.

Vector's metering business continues to perform in an increasingly competitive market both here and in Australia. Connection numbers increased by 10.5% on the prior six-month period, bringing the total fleet number to 1,677,405. In early April AMS Australia installed its 250,000th meter in Australia, marking a significant milestone for the business.

The seasonable weather has delivered an uplift in 9kg LPG bottle swap sales. Bottleswap 9kg and residential 45kg gas products saw a short-term but significant spike in demand at the start of the COVID-19 Level 4 lockdown in late March. Demand has since flattened to usual levels.

Liquigas LPG tolling sales increased due to demand adjustments from large commercial customers. Natural gas and gas liquids are down on the corresponding period, with the reduction in natural gas volumes driven primarily by the loss of a large customer in January 2020.

SAIDI minutes for the twelve months ended 31 March 2020 are 15.5% lower than the comparable period which is primarily due to fewer extreme weather events, significant investments and ongoing initiatives to improve network resilience.

	9 Months ended 31		
	March		
	2020	2019	% change
Electricity			
Customers ^{1, 6}	578,106	568,897	1.6%
New connections	9,367	7,889	18.7%
Net movement in customers ²	6,981	5,821	19.9%
Volume distributed (GWh)	6,296	6,304	(0.1%)
SAIDI (minutes) – 9 months to 31 March ³			
Normal operations	167.8 ⁴	198.6	(15.5%)
Extreme events	3.0 ⁵	347.1	(99.1%)
Total	170.8	545.7	(68.7%)
Gas Distribution			
Customers ^{1, 6}	113,578	110,867	2.4%
New connections	2,647	2,374	11.5%
Net movement in customers ²	1,936	1,638	18.2%
Distribution volume (PJ)	10.8	10.6	1.9%
Gas Trading			
Natural gas sales (PJ) ⁷	10.2	12.0	(15.0%)
Gas liquid sales (tonnes) ⁸	54,414	59,278	(8.2%)
9kg LPG bottles swapped ⁹	541,588	508,157	6.6%
Liquigas LPG tolling (tonnes) ¹⁰	86,393	81,328	6.2%
Metering			
Electricity: smart meters ^{1, 11}	1,677,405	1,517,677	10.5%

1. As at 31 March.
2. Net number of customers added during the period, includes disconnected, reconnected and decommissioned ICPs.
3. SAIDI (minutes) for the 12 months ended 31 March 2020 is an unaudited value and subject to change.
4. Normal Operations SAIDI includes the impact of 1 Major Event Day (MED) at the cap of 3.37 SAIDI minutes for each event.
5. This is the amount over and above the MED cap.
6. Billable ICPs.
7. Excludes gas sold as gas liquids. These sales are included within the gas liquids sales tonnages.
8. Total of retail and wholesale LPG and natural gasoline.
9. Number of 9kg LPG bottles swapped and sold during the year.
10. The group has revised the methodology for Liquigas LPG tolling to reflect new contractual terms and calculates product tolling domestic and exports. Product further tolled in South Island has been removed.
11. The number of smart meters as at 31 March 2020 includes 167,165 meters managed but not owned by Vector (31 March 2019: 151,472).

The Excel version can be found at: <http://vector.co.nz/news>

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About Vector

Vector is New Zealand's leading network infrastructure company which runs a portfolio of businesses delivering energy and communication services to more than one million homes and commercial customers across the country. Vector is leading the country in creating a new energy future for customers and continues to grow and invest in the growth of Auckland, and in a wide range of activities and locations. Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.1%, is Entrust. For further information, visit www.vector.co.nz