NZX and ASX Market Announcement

22 May 2020

Tilt Renewables results announcement for the financial year ended 31 March 2020

Tilt Renewables Limited ("TLT") released today its financial statements for the year ended 31 March 2020 ("FY2020"), together with key highlights and operating metrics for the year. Financial references in this release are in Australian Dollars unless noted.

Key highlights for FY2020

FY2020 was underscored by TLT closing two significant transactions, demonstrating its ability to pivot with market conditions capturing value for shareholders from its attractive operating asset portfolio and high-quality development pipeline, which produces opportunities in Australia and New Zealand.

Highlights for the year include:

- 1 Lost Time Injury (down from 4 last year) and a 58% reduction in Total Recordable Injury Frequency Rate.
- Financial close of the NZ$270M, 133MW Waipipi Wind Farm following execution of a 20-year offtake agreement with Genesis Energy.
- Successful divestment of the 270MW Snowtown 2 Wind Farm ("SWF2") in a $1B transaction which produced a $486M profit on sale.
- Total renewable electricity production volume of 1,835GWh.
- Earnings Before Interest, Tax Depreciation, Amortisation, Fair Value Movements of Financial Instruments ("EBITDAF") of $117.5M.
- Net cashflow from operating activities of $96.4M.

Chief Executive, Deion Campbell, said "we are pleased that our strong operating cashflow allowed us to fund construction of the Waipipi Wind Farm without the need for additional shareholder equity, and with the release of additional capital from a benchmark Australian renewables transaction, we are well positioned to self-fund future growth opportunities".

Construction project updates

- The 336MW Dundonnell Wind Farm remains positioned for completion later in CY2020, with first generation achieved in March 2020. Site construction activity is now in the final stages with 70% of turbines installed and all foundations completed. A third long term offtake agreement for the project was executed recently with ALDI Foods, bringing the level of contracting of that asset to ~93% until 2030 and ~87% to 2035.

- The 133MW Waipipi Wind Farm is also progressing close to plan, following a 4-5 week suspension due to COVID-19 restrictions in New Zealand. More than 30% of the foundations have now been constructed and turbine components are expected to start arriving on site over the next few weeks. Project completion remains on programme for early in CY2021.

Operational performance in FY2020

TLT's success is founded upon maintaining a safe work environment for its employees, contractors and communities, and this is as evident as ever during the COVID-19 pandemic.

Having two large and complex construction projects underway concurrently, the total hours worked by TLT staff and contractors has nearly tripled from the prior year and a continued focus on safety outcomes has resulted in the Lost Time Injury (LTI) tally dropping from 4 in FY2019 to 1 in FY2020. At the same time, the Total Recordable Injury Frequency Rate (TRIFR) has decreased by 58%.

The SWF2 sale which completed in December 2019, resulted a reduction in production volume against the prior year. Normalised for the sale of SWF2, production was largely in line with long term expectations.

In New Zealand, the Tararua 1 Wind Farm reached 20 years of operation and is still recognised as one of the highest producing wind farms in the world.

Financial performance in FY2020

The company performed ahead of expectations during the year and, prior to the sale SWF2, was tracking to exceed prior year revenue and EBITDAF benchmarks. The sale of SWF2 removed operating revenue from that asset for approximately 3.5 months, resulting in a ~$28M revenue reduction on the prior year.

TLT delivered an FY2020 EBITDAF result of $117.5M, with earnings after tax of $478M.

Following the repayment of $548M of debt, TLT's balance sheet is deleveraged to 12% gearing at 31 March 2020. The company has no debt refinancing requirements until 2023 and maintains significant headroom for future growth, commencing FY2021 with a net debt position of $32.1M[1].

[1] Excludes other financials assets of A$450M which is predominantly near-dated term deposits that TLT is free to use for future growth and the proposed capital return. Total available cash including these term deposits exceeded total borrowings and finance lease liabilities as at 31 March 2020.

Even with the planned capital return and future construction debt drawdowns, TLT will remain well positioned to capture additional growth opportunities.

Balanced scorecard	Units	FY2020	FY2019	△
Safety – TRIFR (Total Recordable Injury Frequency Rate)	Incidents per million hours	10.2	24.6	(58%)
Energy production	GWh	1,835	2,054	(11%)
Revenue	AUD $M	170.2	193.3	(12%)
EBITDAF	AUD $M	117.5	134.8	(13%)
Profit after tax	AUD $M	478.4	12.2	3,821%
Underlying earnings after tax	AUD $M	0.97	14.2	(93%)
Net operating cashflow	AUD $M	96.4	112.4	(14%)
Balance sheet gearing ratio	%	12%	48%	(75%)

Guidance

FY2021 is a transitional year for TLT, with 469MW of new generation planned to come on-line during the year. Ramp up of production from these new assets is influenced by many factors and is inherently harder to forecast than production from commissioned assets. In addition, commissioning production volume is exposed to spot market pricing. Therefore, EBITDAF is expected to be in the range of $80M to $95M, based on current construction schedules, market prices and assuming P50 wind production.

Capital Management

As announced previously, TLT is holding a special (virtual) meeting on 10 June 2020 for shareholders to vote on a scheme of arrangement which would return approximately $260M of excess cash to shareholders.

Whilst operating cashflows are expected to be well in excess of debt repayment and interest obligations, TLT does have attractive near-term investment opportunities, therefore the Board has determined not to pay a final dividend.

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Notes

1. EBITDAF is a non-GAAP financial measure but is commonly used within the energy and infrastructure sectors as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use this measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.
2. Underlying earnings is a non-GAAP financial measure that Tilt Renewables chooses to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or gain/impairment of generation assets.
3. Net debt is a measure of indebtedness to external funding providers through secured loans and finance lease arrangements, net of cash at bank deposits. It does not include other financial assets such as term deposits that have not reached maturity or restricted margin accounts.
4. Balance sheet gearing is defined as net debt over the sum of net debt and net assets.