



NZ Windfarms Ltd
POWERED BY NATURE

2020 Annual Shareholders' Meeting

1 October 2020

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All dollar amounts are in New Zealand dollars and all figures are subject to rounding and in some cases may not appear to add up.

Some non-GAAP financial measures could be used in this document and these are usually defined as footnotes. Financial information should be read in conjunction with the latest audited financial statements for the Company available at www.nzwindfarms.co.nz



John Southworth
Chairman
Independent Director



Patrick Brockie
Independent Director



Mark Evans
Independent Director



Philip Lennon
Non - Independent Director

Board of Directors

Pre- Meeting:

- Registration

Presentations:

- Welcome and meeting preamble
- Chairman's address
- Chief Executive's address
- Presentation of the annual report and audited financial statements for the year ending 30 June 2020

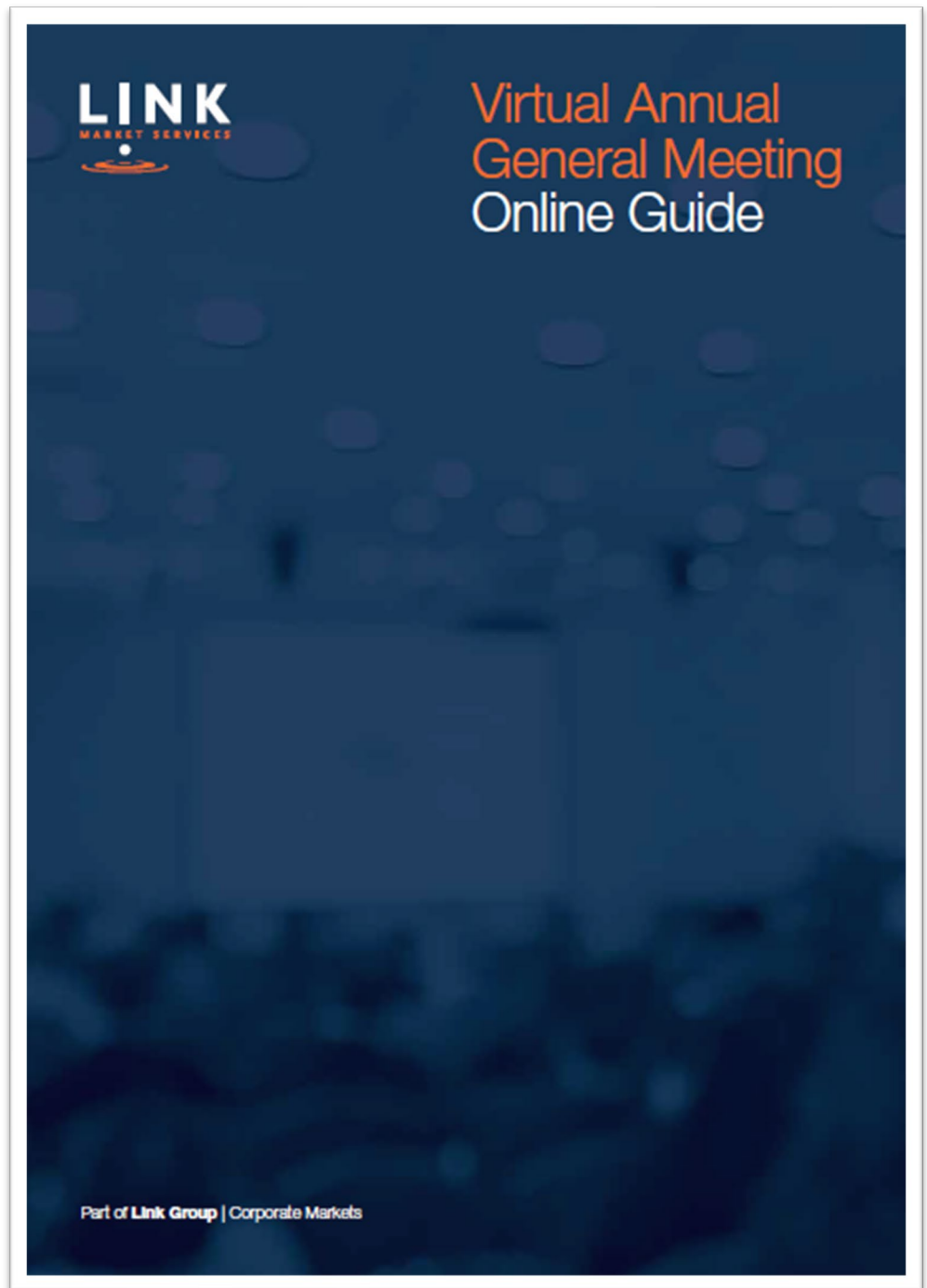
Business of Meeting:

- **Resolution 1:** Re-election of Mr John Southworth as a Director - Ordinary Resolution
- **Resolution 2:** Appointment and remuneration of Auditors - Ordinary Resolution
- General Business and Q & A



NZ Windfarms Annual Meeting

Online Guide



Chairman's Address

Mr John Southworth



Key Metrics - Full Year Ended 30 June 2020

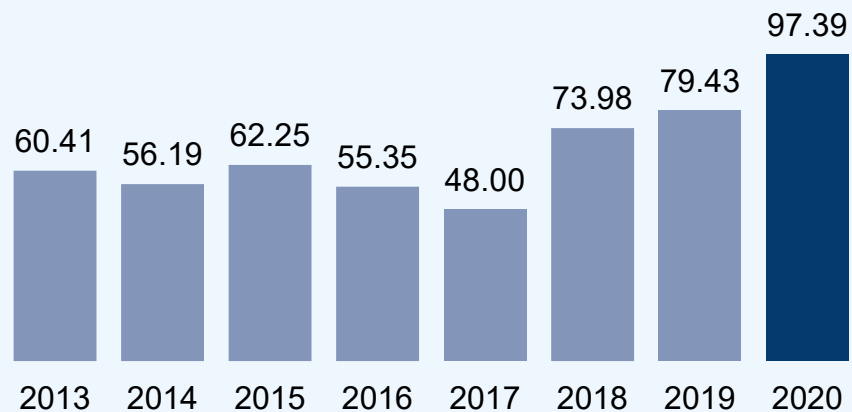
- **Record Revenue (incl realised hedges*): \$11.5m** (2019: \$8.4)
- **Record Electricity Price (incl realised hedges) Net GWP**:** **\$97.39 per MWh** (2019: 79.43 per MWh)
- **Record EBITDAF***:** **\$8.0m** (2019: \$4.5m)
- **Record Operating Cashflow:** **\$7.6m** (2019: \$3.4m)
- **Record Total Dividend - 30 Jun 2020:** **1.80 cps (unimputed)** (2019: 1.05 cps)
- **NPAT:** **\$1.7m** (2019: \$0.6m)
- **Generation:** **118.4 GWh** (2019: 105.5 GWh)
- **Average Mean Wind Speed:** **9.7 m/s** (2019: 9.0 m/s)
- **Debt repayment:** **\$0.95m** (2019: \$0.95m)
- **Interim Dividend - 30 Sep 2019:** **0.40 cps (unimputed)** (pcp: none)
- **Interim Dividend - 31 Dec 2019:** **0.70 cps (unimputed)** (pcp: none)
- **Final Dividend - 30 Jun 2020:** **0.70 cps (unimputed)** (pcp: 0.55 cps)
- **Continuation of excellent health and safety record**

* Hedging operations are referred to as energy futures or derivatives in the financial statements.

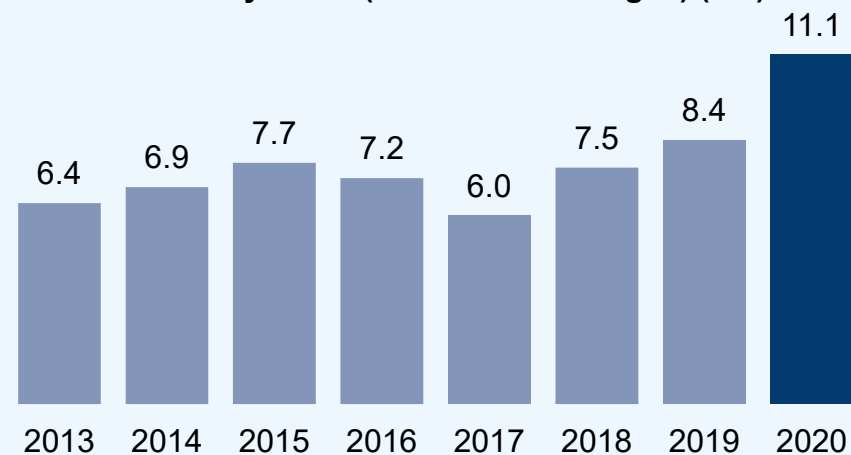
** Net GWP = Net generation weighted price = (electricity sales + gain on realised derivatives – loss on realised derivatives) / generation.

*** EBITDAF - Earnings before interest, tax, depreciation, amortisation and fair value adjustments. EBITDAF is a non-GAAP financial measure. Any hedges that have been transacted or closed within the period that replicate future hedging positions are excluded. In NWF's case, EBITDAF excludes electricity hedges that relate to transactions that fall outside of the reporting period. The Company utilises EBITDAF internally to evaluate profit and loss that relates to the financial period.

Electricity Price (GWP \$MWh)



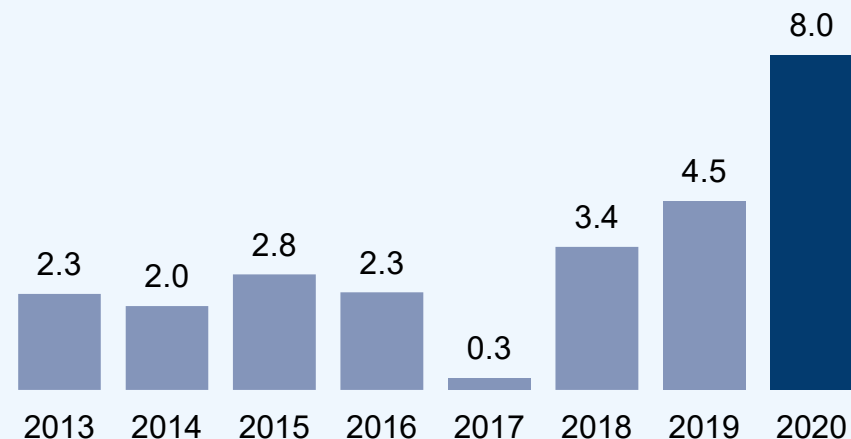
Electricity Sales (Incl realised hedges) (\$m)



Generation (GWh)

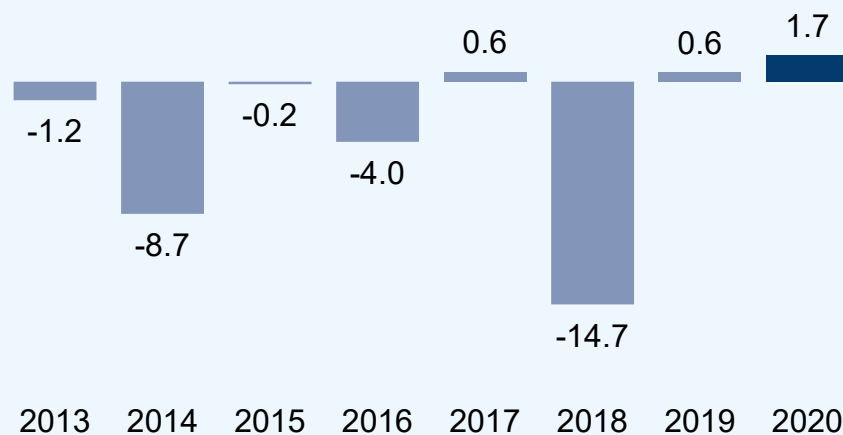


EBITDAF (\$m)

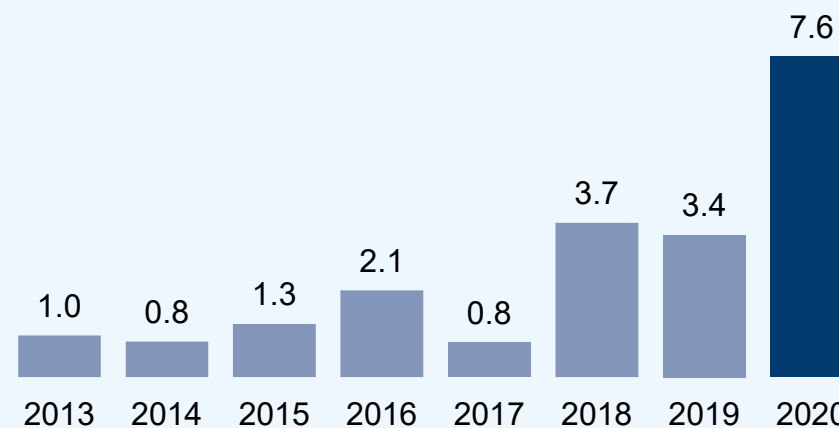


Financial Overview - Continued

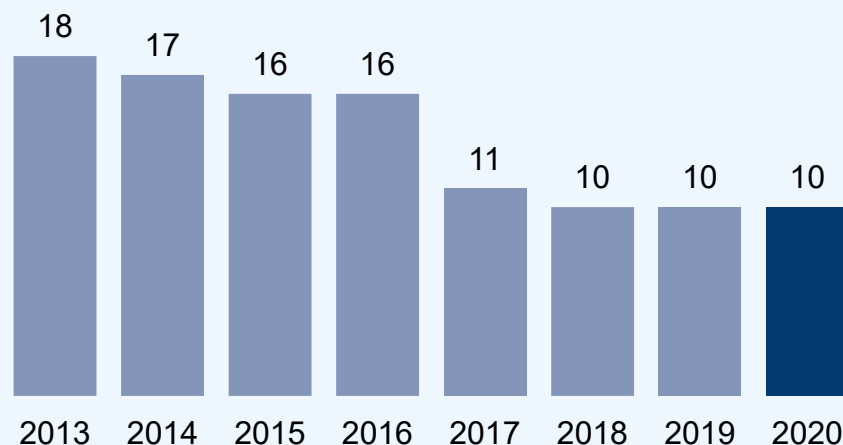
NPAT (\$m)



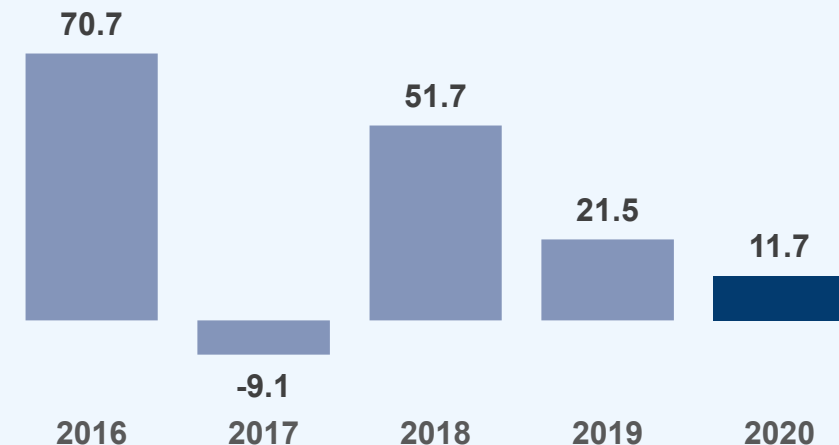
Operating Cash Flow (\$m)



Staff Number's



Total Shareholder Returns - (%pa)



EBITDAF Year Ended: 30 June 2020

EBITDAF Waterfall Chart (\$m)



EBITDAF FY20 was **\$8.0m** (2019: \$4.5m).

The Company utilises EBITDAF internally to evaluate profit and loss that relates to the financial period and is consistent with other listed companies.

EBITDAF was inline with our upgraded FY20 EBITDAF guidance range of \$7.75m to \$8.25m

Variable Volume Fixed Price Agreement - Renewal

- The Company will soon launch the VVFPA renewal process.
- The Company believed it was in its best interest to wait for ASX futures prices to recover after the Tiwai point closure announcement in July 2020.
- Since that decision was made, the ASX futures prices have recovered.
- We believe the market is now pricing in a strong likelihood that NZAS continues operating in some capacity beyond August 2021.

Unaudited Revenue and Generation Update for the quarter just completed

- Prior to this meeting I released Q1 unaudited generation and revenue statistics.
- Generation was **33.0** GWh's for the quarter or **+11.2%** over budget.
- Net revenue after hedging was **\$3.05m**.

Forward Guidance

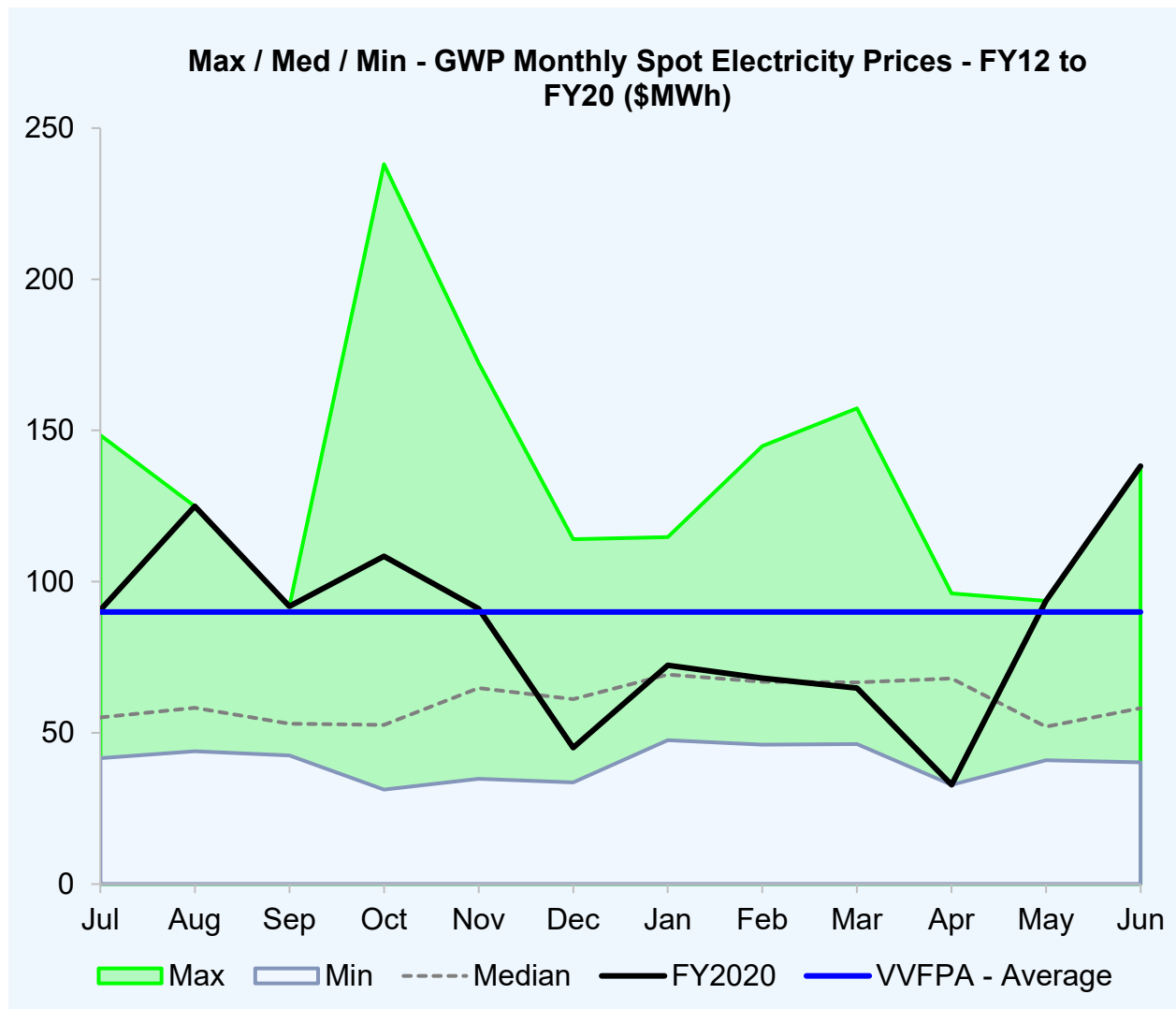
- Once we have finalised the hedging position for the second half of this financial year we will release an EBITDAF guidance range to the market.

Chief Executive's Address

Mr Warren Koia



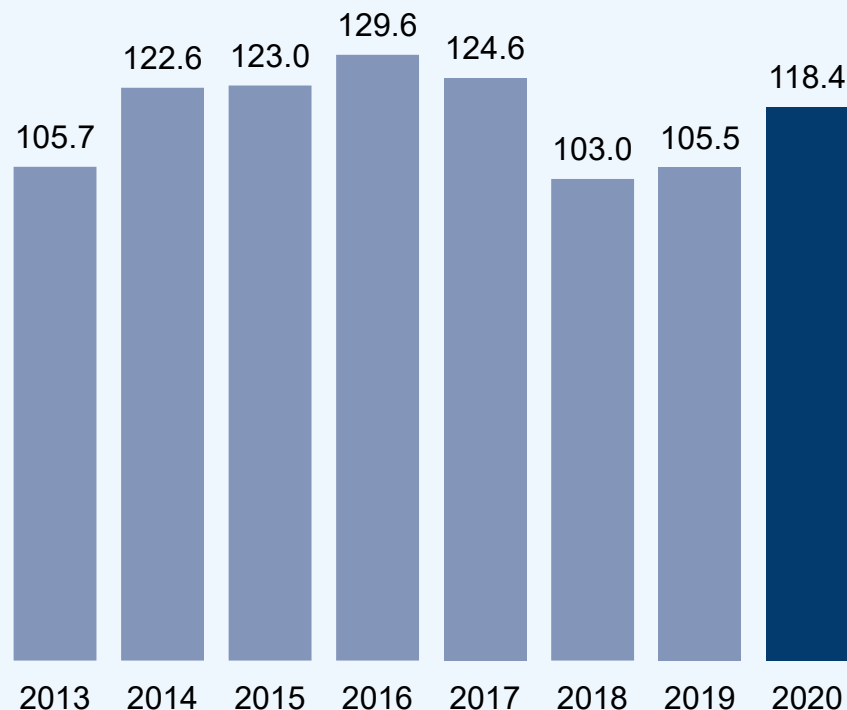
Average monthly spot electricity price (\$MWh)



- Average GWP monthly spot wholesale electricity prices have been volatile over the year.
- The average GWP wholesale electricity prices received, reached company record highs over the months of August and September 2019 and again in May and June 2020, but dipped to company lows in April 2020 (Covid L4 lockdown).
- Note this analysis excludes hedging. When hedging is included the average price for the 12 month period received by the Company was \$97.39 MWh (2019: \$79.43 MWh).
- The variable volume fixed price agreement (VVFPA) price level (blue line) is indicative of forward prices at the time of contract entry.

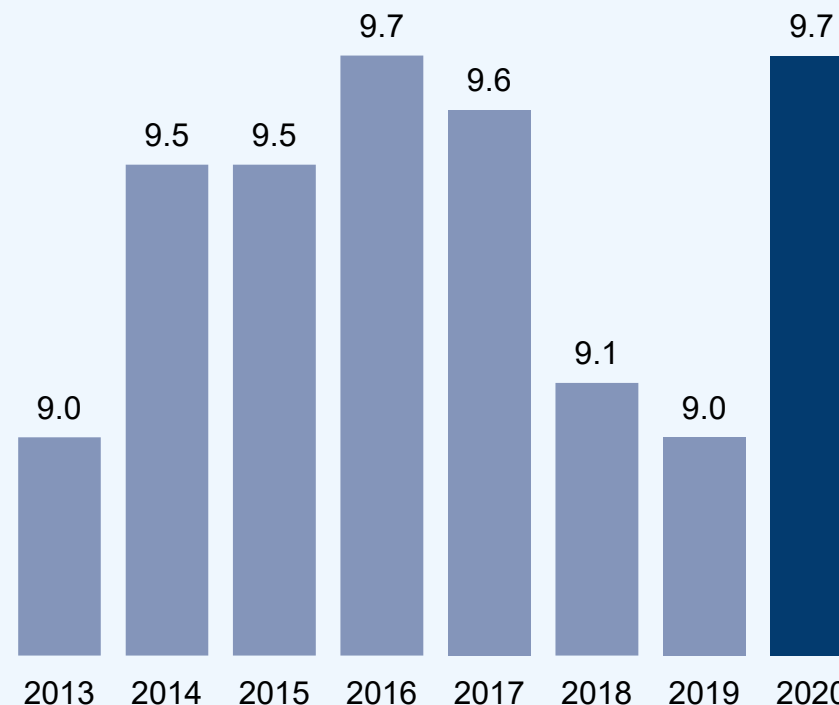
Generation (GWh) and Average Mean Wind Speed (m/s)

Generation (GWh)



- Year end generation was **118.4GWh** (2019: 105.5GWh).
- The Company's budgeted annual generation is **117.2GWh** (2019: 120.0GWh).

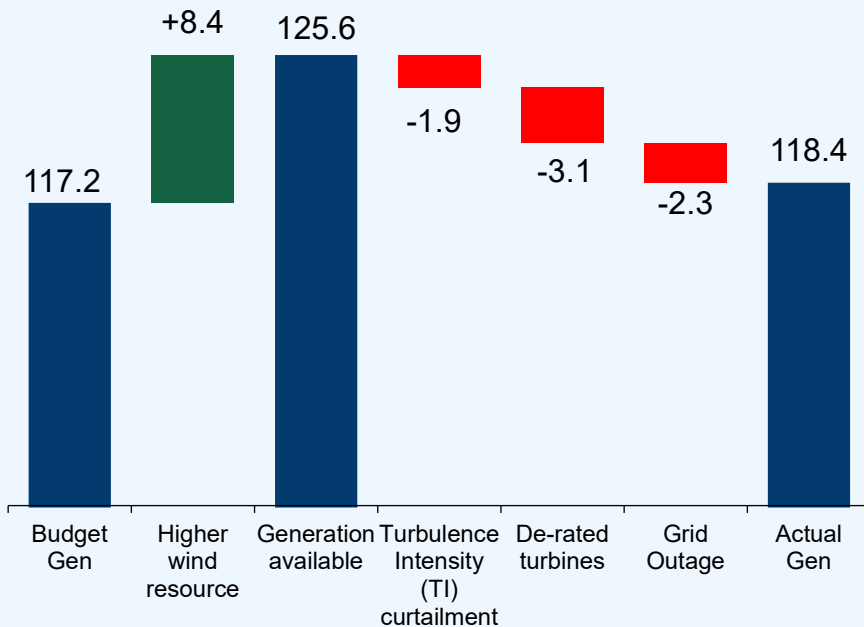
Average Annual Mean Wind Speed (m/s)



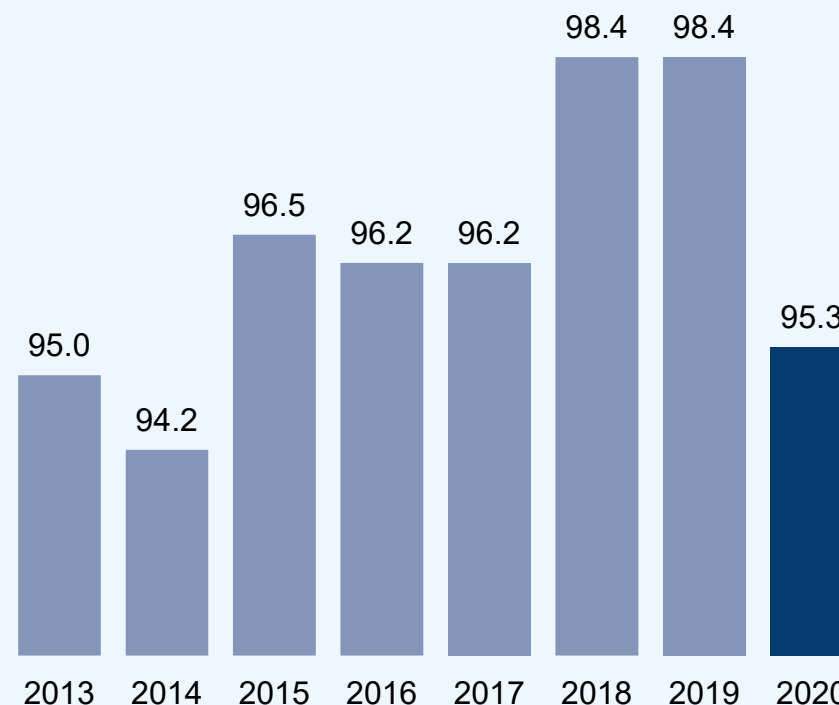
- Average mean wind speeds are correlated to generation.
- See the following waterfall chart for a breakdown of factors impacting annual generation. These factors differed from prior years.

Generation Waterfall Chart (GWh) and Availability (%)

Generation waterfall chart for year ending
30 June 2020 (GWh)



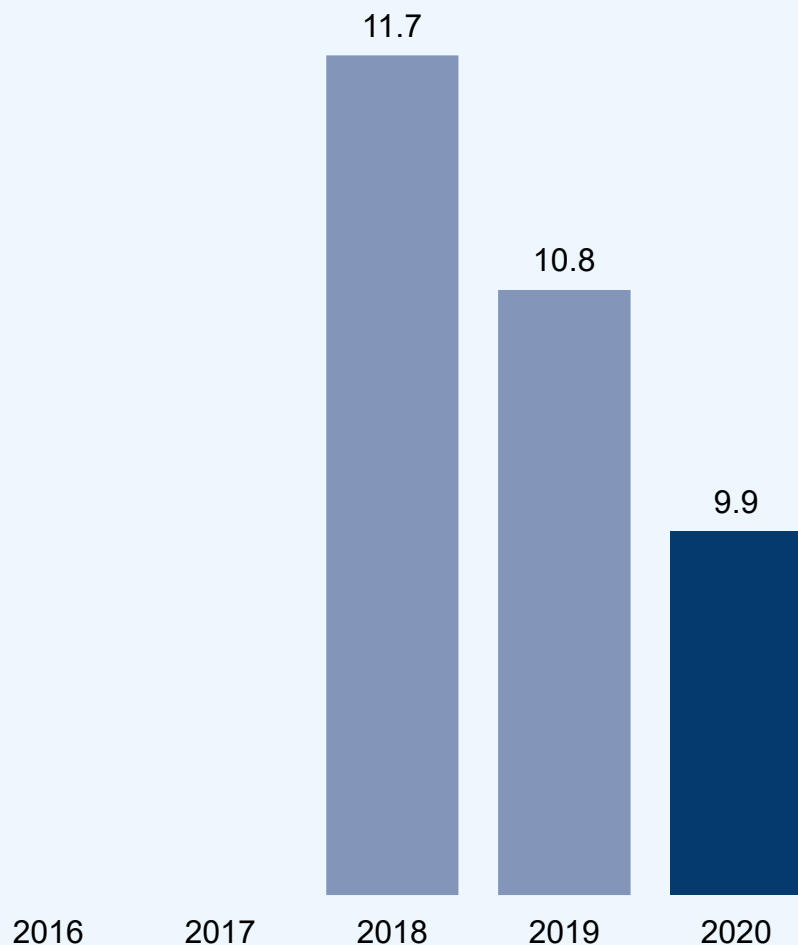
Availability (%)



- The **+1.2GWh** difference between budgeted and actual generation is explained in the waterfall chart above.

- The turbine manufacturers benchmark for availability is 95% and the industry benchmark is 97%.
- See the annual report for commentary on the availability statistic.

Bank Debt (\$m)



The Board recently refinanced the Company's lending for three years on improved terms with BNZ and have also implemented interest rate hedging to cover the same period.

This has lowered the Company's cost of debt, improved its WACC, and we continue to optimise its capital structure.

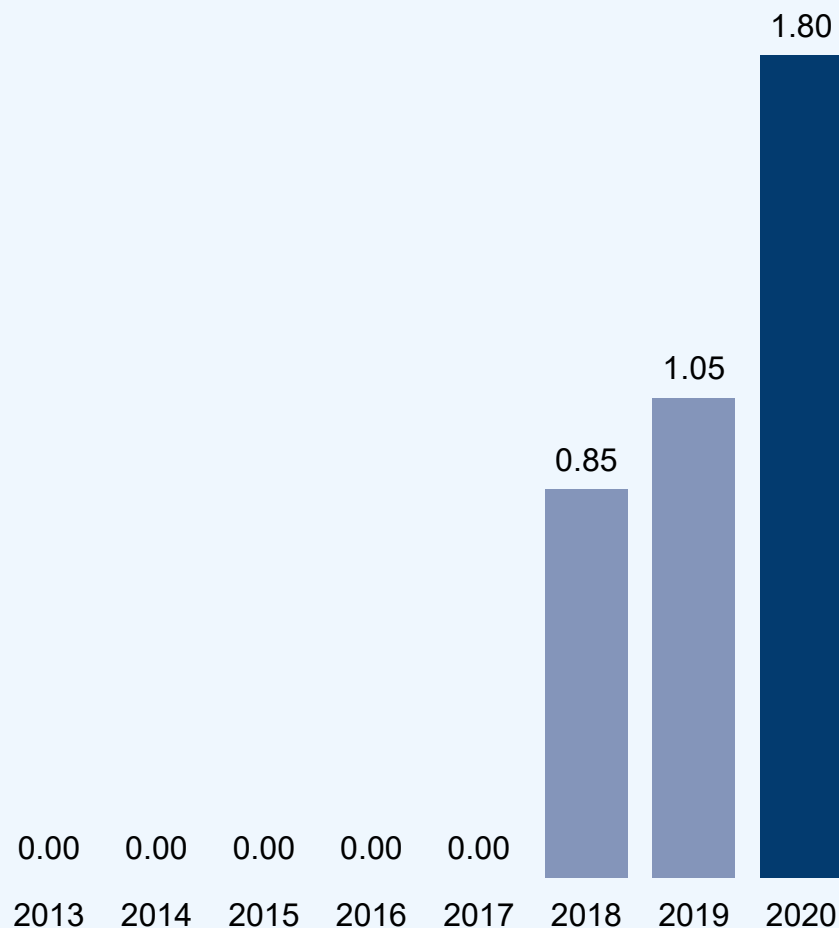
Total Debt is **\$9.9m** (2019: 10.8m), Net debt is **\$6.2m** (2019: \$8.0m) and net debt to EBITDAF is **0.77** times (2019: 1.77 times).

During the year the Company amortised **\$0.95m** of principal. (2019: \$0.95m).

The Company has comfortably met its lending covenants since establishment and is forecast to remain compliant over the next 12 months.

Gross Dividends (cps)

Gross Dividends (cps)



Over the past year, the Board has taken steps to transform the Company into a stable income producing asset for its shareholders.

During the year the Board paid a 0.40 cps unimputed dividend on 1 October 2019 (pcp: nil), a 0.70 cps (pcp: nil) unimputed dividend on 19 March 2020 and a 0.70 cps (pcp: 0.55 cps) unimputed dividend on 22 September 2020.

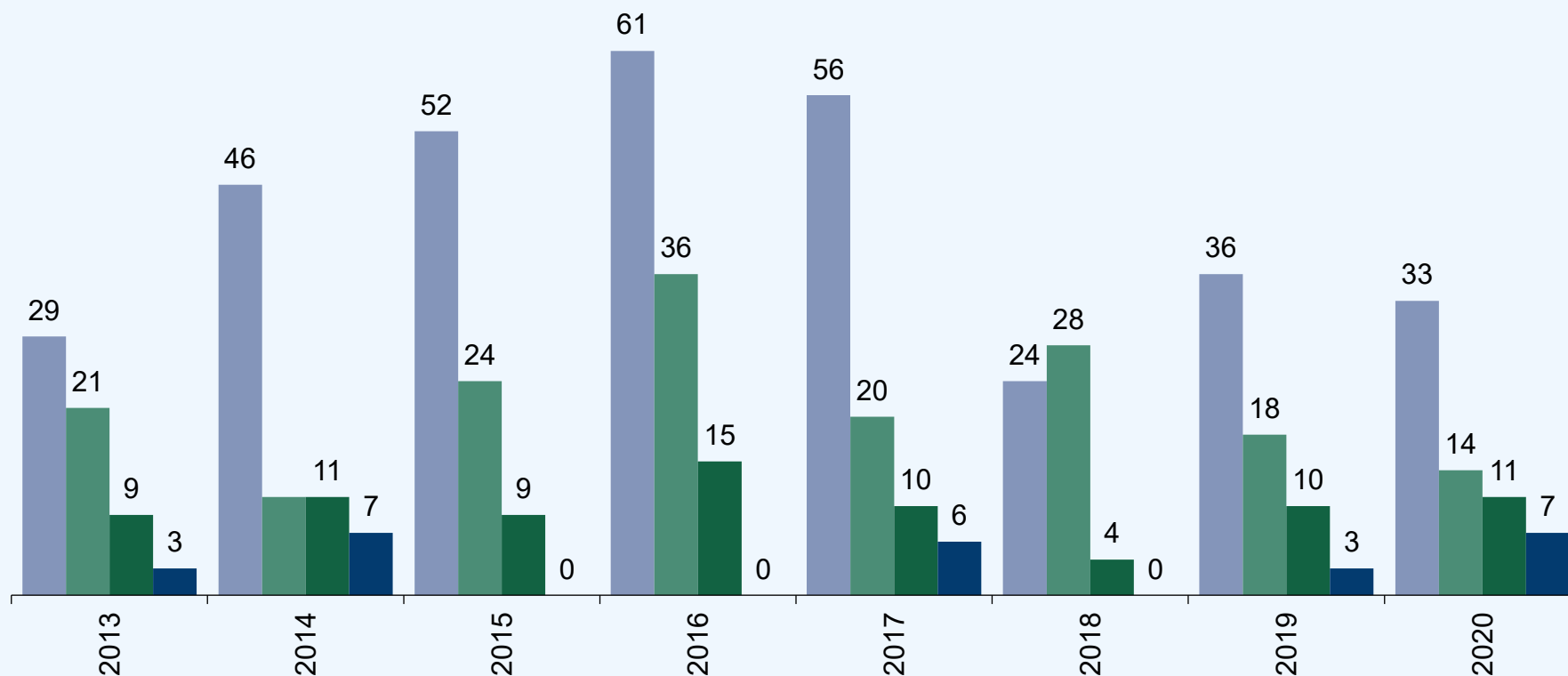
This brings the total unimputed dividends paid related to the reporting period to 1.80 cps (2019: 1.05 cps).

Note a 0.55 cps unimputed dividend was paid on 23 September 2019. That related to the FY2019 reporting period.

Key components replaced

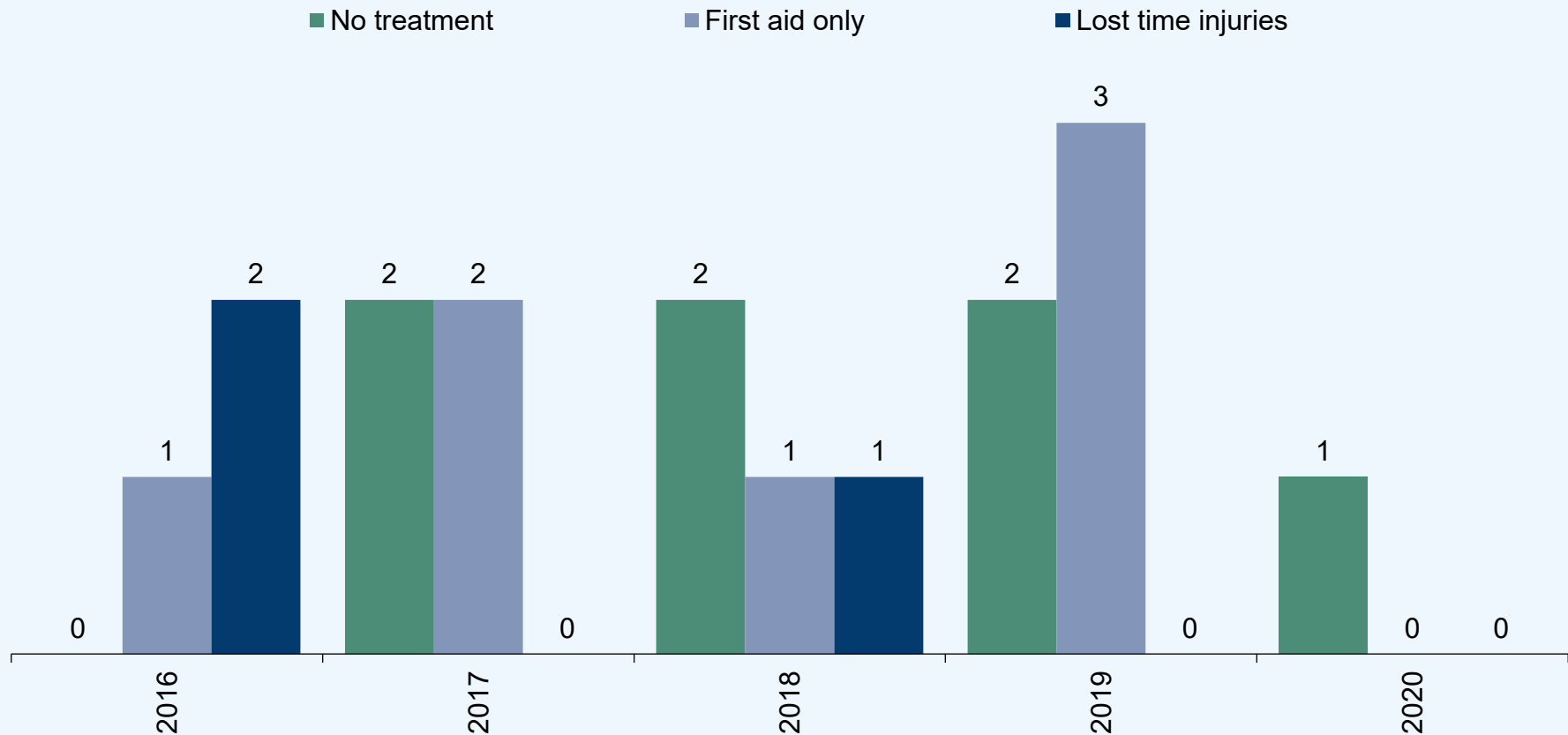
Key Components Replaced

■ Torque limiting pumps ■ Pitch Bearings Replaced ■ Gearboxes Replaced ■ Generators Replaced



- Key component replacement continues to reduce from historic highs.

Health and Safety Metrics



- Health and safety was again excellent this year.

- Prioritisation of health and well being of staff, contractors, and suppliers to deliver renewable electricity to the wholesale market.
- Ongoing focus on safety to continue operations and maintenance of the windfarm.
- Debt was fully re-financed in February before the full extent of the pandemic.
- Split shifts and working from home for some roles was implemented.
- New protocols developed to minimise exposure to the virus.
- Spot wholesale electricity prices fell during the lockdown period, but the VVFPFA cushioned the impact.
- Lessons learned are enhancing our business continuity plans and risk management framework.
- COVID-19 Recovery (Fast-Track Consenting) Act 2020.

Snapshot

- Independent merchant wind generator
- **92 x 500kW** turbines, **46 MW** nameplate capacity
- **30m** hub height, **33m** rotor diameter
- Wind resource - **IEC Class 1A** Certification
- All maintenance carried out in house
- Grid connected via Tilt's T3 substation
- **~30 km** of underground electrical reticulation network
- The project received resource consent in 2005 with turbines installed in four stages with the final stage being completed in 2011

Asset base

- **92** wind turbines (**50%** of fixed asset base)
- **56** consented but undeveloped turbine sites
- **500** acre freehold farm
- Land access agreements for **32** turbines (Eastern extension)
- Workshop and office buildings
- Extensive spares, tools and inventory
- Underground electrical reticulation system
 - Connects each turbine to the Te Rere Hau substation
 - **2 x 33kV transmission lines** that connect Te Rere Hau substation to Tilt's grid injection point
 - Permits injection up to **48.5MW** into the national grid

Presentation of the annual report and audited financial statements for the year ending 30 June 2020



Business of the Meeting



Proxy and Postal Votes as at 29 September 2020

	1. Re-election of Mr John Southworth	2. Appointment and remuneration of Auditors
Proxy votes already cast:		
For	85,740,891	96,737,631
Against	10,845,860	0
Abstain ¹	300,000	0
Discretionary proxy votes not yet cast:²	1,798,568	1,947,688
Total Available Votes:³	98,385,319	98,685,319

1. Abstain votes not counted in total available votes.
2. Votes held by the Chairman and other proxies.
3. This is ~34% of the total issued shares of 288,063,584.

Resolution 1:

**Re-election of Mr John
Southworth as a Director
- Ordinary Resolution**



Resolution 2:

Appointment and
remuneration of Auditors
- Ordinary Resolution

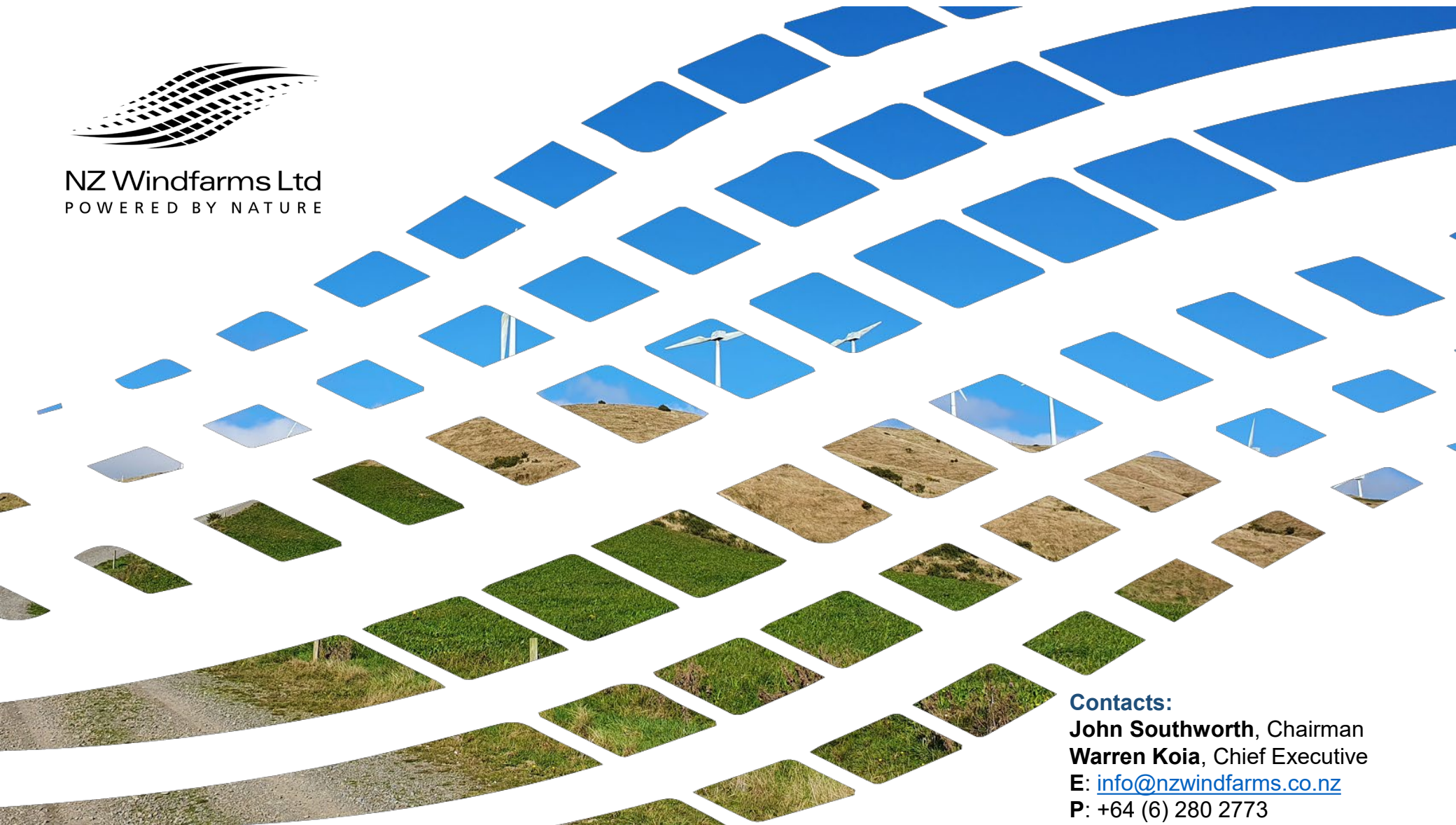


General Business and Q & A





NZ Windfarms Ltd
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Warren Koia, Chief Executive

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