NZX and ASX Announcement

13 May 2021

Tilt Renewables results announcement for the financial year ended 31 March 2021

Tilt Renewables Limited ("TLT") is pleased to release its financial statements for the year ended 31 March 2021 ("FY2021"), together with key highlights for the year and an investor presentation. Financial references in this release are in Australian Dollars unless noted.

Key highlights for FY2021

FY2021 has been a landmark year for the TLT business with the delivery of two key construction projects and external validation of the value accumulated in the TLT platform, all against the backdrop of a global pandemic. The Scheme Implementation Agreement ("SIA"), signed with Powering Renewables Australia Fund ("PowAR") and Mercury NZ Limited at the end of FY2021, sets the business up to accelerate the transition to renewables in Australia and New Zealand. The shareholder value recognised through the SIA is material, with the NZ$8.10 offer price equivalent to a 106.6% premium above the undisturbed TLT share price prior to the announcement of Infratil Limited's strategic review of its interest in TLT on 4 December 2020.

Looking beyond the pending sale of TLT, FY2021 has been a busy year with Management focused on completing the delivery of the Waipipi Wind Farm ("Waipipi") in March 2021 and advancing the Dundonnell Wind Farm ("Dundonnell") towards its final commissioning milestones during the year.

Highlights for the year include:

- On time and within budget completion of the 133MW Waipipi Wind Farm even with an enforced 5 week site shutdown due to COVID-19 restrictions in New Zealand.
- On time completion of construction activities at Dundonnell which is now TLT's largest asset, with all 80 turbines operational. An AEMO controlled output constraint of 295MW (of an installed 336MW) as at 31 March 2021, allows the wind farm to export circa 97% of expected annual energy.
- Total renewable electricity production volume of 1,840GWh across the portfolio.
- Earnings Before Interest, Tax Depreciation, Amortisation, Fair Value Movements of Financial Instruments ("EBITDAF") of $74.9M.

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- Return of ~$258 million capital from Snowtown 2 sale proceeds via a 1 in 5 share buy-back in July 2020.
- Signing a long-term “foundation” offtake for the Rye Park Wind Farm with Newcrest Mining Limited’s Cadia gold mine – setting up this 396MW wind project for a near-term investment decision to further grow the TLT portfolio of quality, contracted assets.
- Year-end cash and financial assets of $313 million, sufficient for the equity funding requirements of the Rye Park Wind Farm should that or other growth options be approved by the Board.
- Refreshing the vision and values of Tilt Renewables.

***Value 1: We are people powered* – Health and Safety (“H&S”) in FY2021**

The COVID-19 pandemic has demonstrated how daily routines can be changed abruptly through an 8-month lockdown in Melbourne in 2020 and a 5-week lockdown in New Zealand. However, supported by technology and an effective crisis management plan, TLT’s adaptable team were able to efficiently transition to working from home whilst maintaining high levels of productivity, teamwork and collaboration. This enabled the team to continue driving performance across the portfolio of operational, construction and development activities.

A continuous improvement focus within the H&S risk framework ensures TLT maintains a safe work environment for employees, contractors and communities. This has resulted in a 45% reduction in total injury frequency rate which is encouraging.

Safely completing two significant construction projects on-time, even with the addition of COVID-19 related working restrictions, proves the importance of deep contractor and community relationships and demonstrates that “we are people powered”.

***Value 2: We get it done* - Construction and Operational performance in FY2021**

FY2021 was a transition year for TLT following the sale of the 270MW Snowtown 2 Wind Farm (“SWF2”) in the prior period, combined with the ramp up of operations at Dundonnell and Waipipi over the period.

Development and construction of large-scale energy assets is a complex and challenging endeavour with uncertain outcomes that require solid commercial frameworks combined with experience and persistence to produce expected results.

Short duration delays during grid connection testing, like those experienced at Dundonnell are disappointing and have influenced short term earnings, but have minimal impact on the long-term value created by these 30 year assets.

Normalised for the SWF2 sale, revenue was 18% higher than the prior year, with new assets contributing 740GWh in FY2021, 40% of total portfolio production.

The existing portfolio delivered softer production volumes, down 8% in Australia and 9% in New Zealand largely due to below average wind conditions. In addition, a planned mid-life refurbishment program at Tararua 3 Wind Farm is well progressed and will improve availability over the short term at that site.

***Value 3: We lead* - Financial performance and capital return in FY2021**

As noted above, FY2021 was a transition year and the EBITDAF result of $74.9 million, is down from $117.5M in FY2020.

In Australia, commissioning revenue from Dundonnell partially offset the loss of SWF2 production and softer spot prices.

In New Zealand, earnings from Waipipi, which commenced commissioning in November 2020, more than offset the lower earnings from the existing New Zealand assets.

FY2021 net profit after tax was $67.0 million, driven by the favourable derivative and FX movements and minimal interest expense due to interest on construction debt being capitalised.

With the retained portion of SWF2 proceeds (net of the $258 million capital return), TLT's balance sheet remains strongly positioned with cash and liquid financial assets sufficient to fund the anticipated Rye Park equity. With 29% gearing at 31 March 2021 and no debt refinancing requirements until 2023, TLT retains the debt headroom and flexibility to support the large development pipeline, as opportunities present.

Balanced scorecard	Units	FY2021	FY2020	△
Safety – TRIFR (Total Recordable Injury Frequency Rate)	Incidents per million hours	5.9	10.7	(45%)
Energy production	GWh	1,840	1,835	In line
Revenue	AUD $M	128.3	170.2	(25%)
EBITDAF	AUD $M	74.9	117.5	(36%)
Profit after tax	AUD $M	67.0	478.4	(86%)
Balance sheet gearing ratio	%	29%	12%	17%

Guidance

Guidance for FY2022 has been split by portfolio across Australia and New Zealand. Ramp up of Dundonnell production is budgeted to continue through the first half, resulting in an Australian EBITDAF range of A$58 to 66 million. The New Zealand EBITDAF guidance range, incorporating a full 12 month contribution from Waipipi, is expected to be A$46 to 48 million, assuming average AUD/NZD rate of 0.93 and P50 wind production.

Group FY2022 EBITDAF guidance is $A104 to 114 million based on P50 wind.

Capital Management

The Board's position on capital management remains unchanged since the completion of the July 2020 capital return, which was sized to retain the equity funding for Rye Park Wind Farm. As the exact equity requirement for Rye Park has not been finalised the Board has determined not to pay a final dividend for FY2021.

ENDS

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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.