



# 2009 Annual Meeting

Michael Stiasny, Chairman  
Simon Mackenzie, Group Chief Executive Officer



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Michael Stiasny  
Chairman

# Agenda

## **A. Ordinary business**

1. Chairman's report
2. Group Chief Executive Officer's report
3. Re-election and election of directors
4. Appointment and remuneration of auditors

## **B. General business**

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# Understanding Vector

**Interpreting the financial statements**

**Key performance indicators**

**Business environment**

## Vector 2009 result

### **Net profit from continuing operations**

\$164.9 million (up 16.3%)

### **Dividend**

13.75 cents per share (fully imputed)



Simon Mackenzie  
Group Chief Executive Officer

## Our achievements

- NPAT (total operations) \$370.5 million
- NPAT (continuing operations) \$164.9 million
- EBITDA (continuing operations) \$582.2 million

## Our achievements

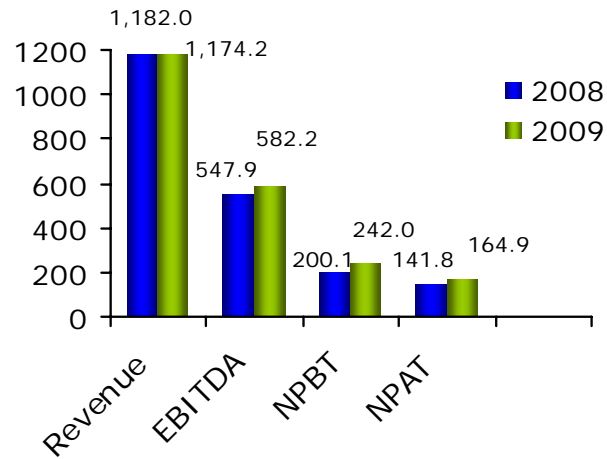
- Reduced costs
- Created growth options
- Regulatory reform - Commerce Act amendments
- Improved our debt profile
- Capital investment



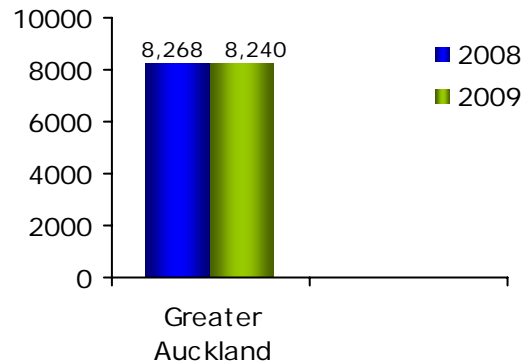
# Health chart

12 months ended 30 June

Earnings – continuing operations (\$m)

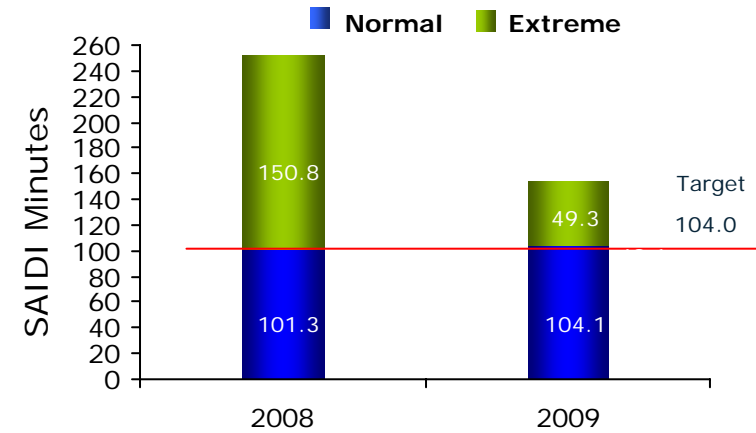


Electricity throughput (GWh)

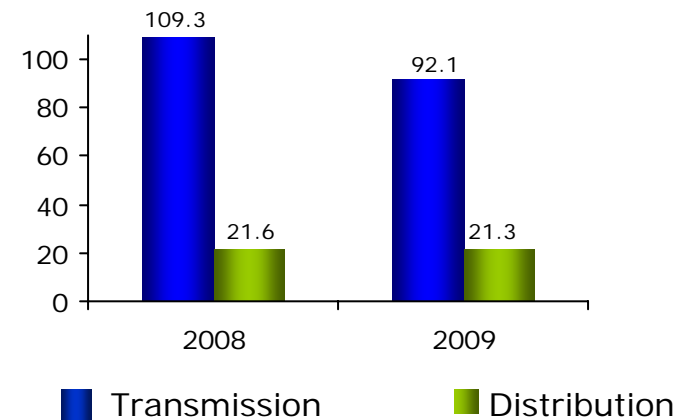


## SAIDI

Regulatory Year - 12 months to 31 March

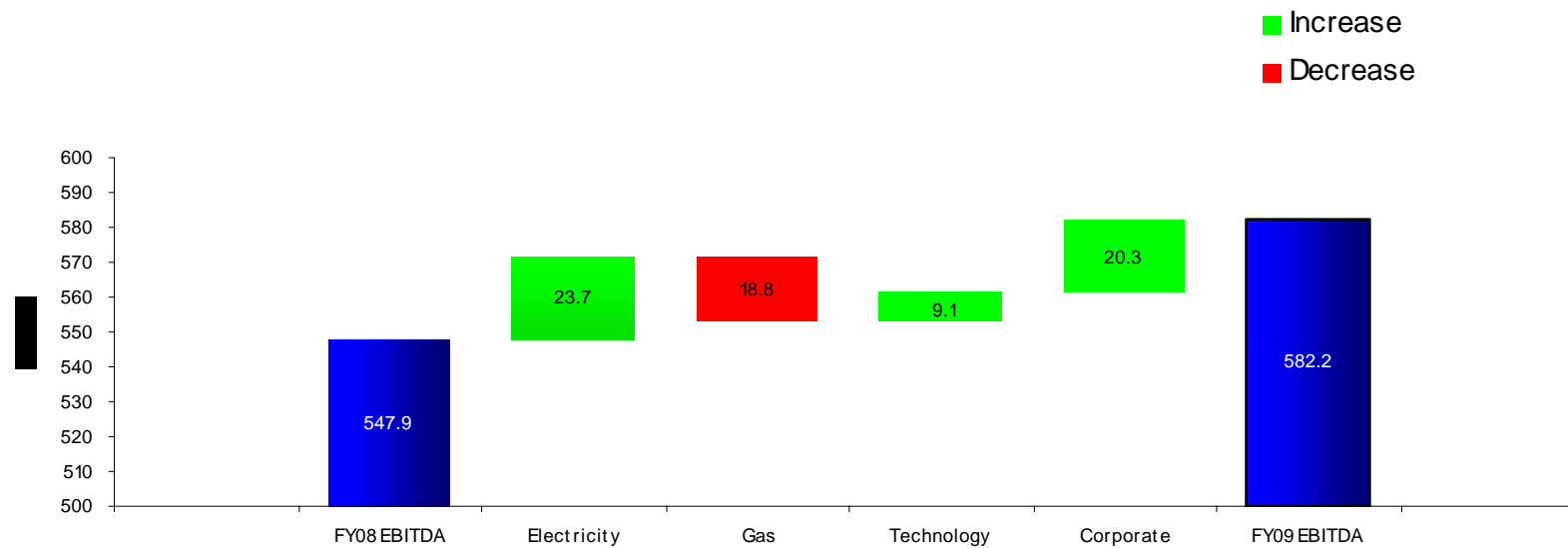


Gas throughput (PJ)

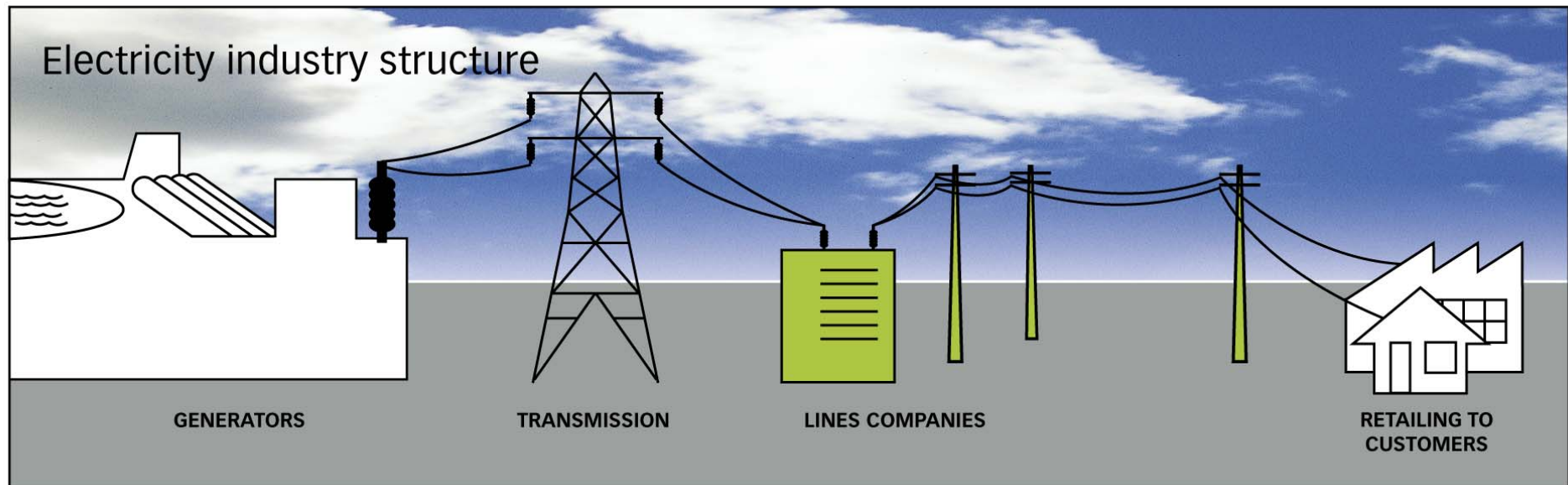


# Financial result summary

## Contributors to group EBITDA growth (continuing operations)

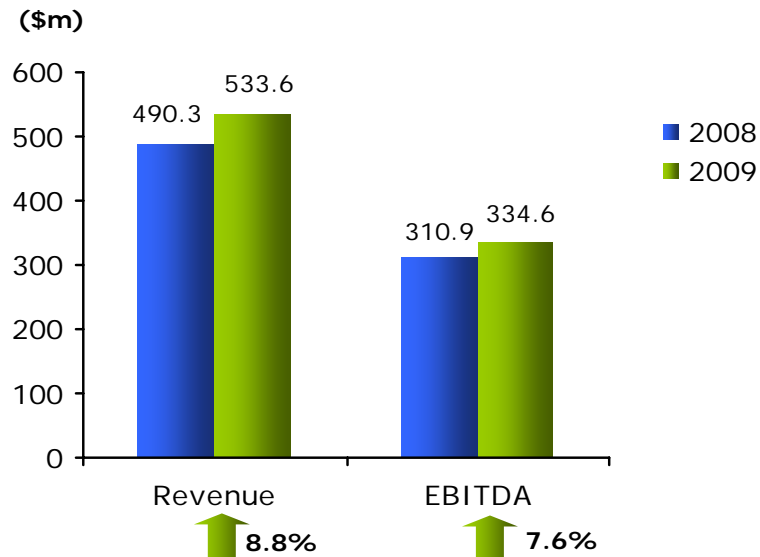


## Electricity industry structure

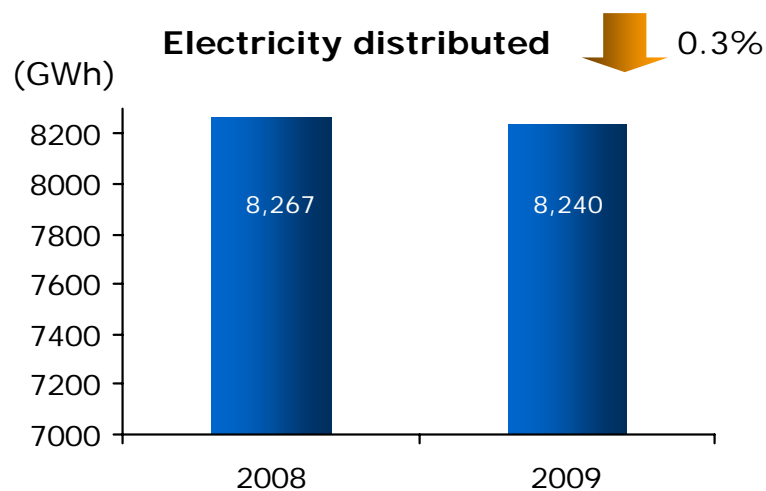


■ The areas shaded green denote the parts of the industry that the Group operates in.

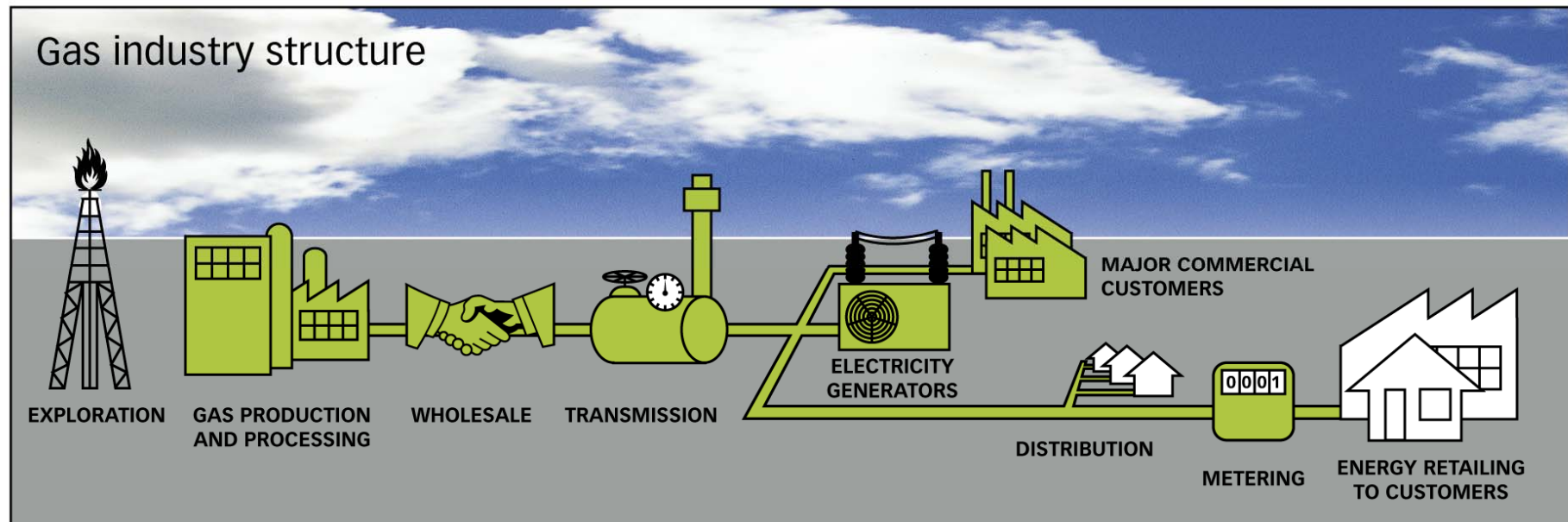
# Electricity (from continuing operations)



- Revenue and EBITDA increases
- Volumes flat (-0.3%)
- Growth capital, replacement capital and maintenance expenditure \$173m

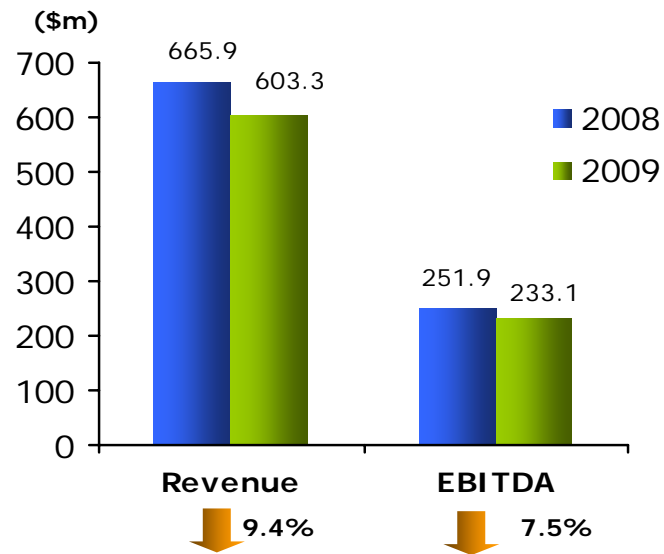


## Gas industry structure

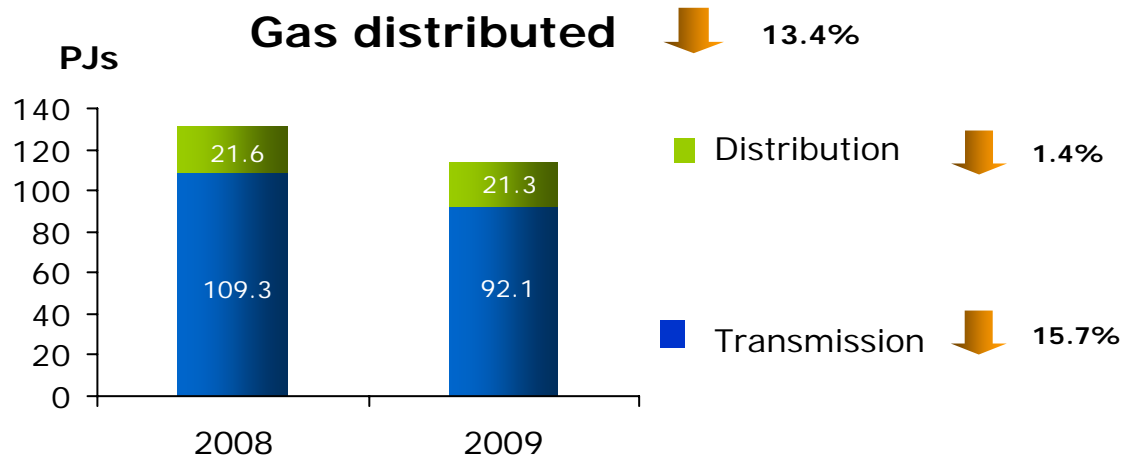


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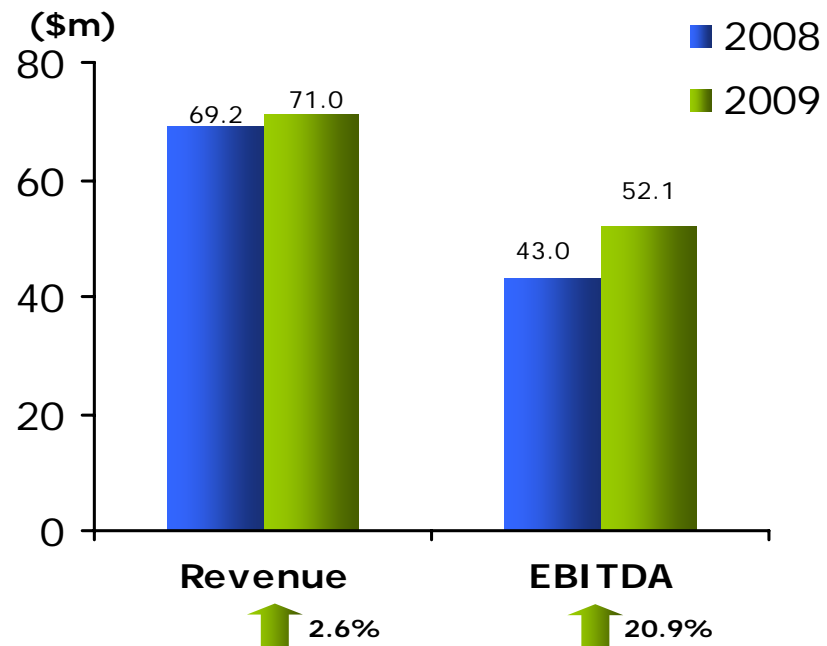
# Gas



- Volatile market
- Performance impacted by lower volumes, prices and increased competition
- Legacy contracts
- Hydro effect

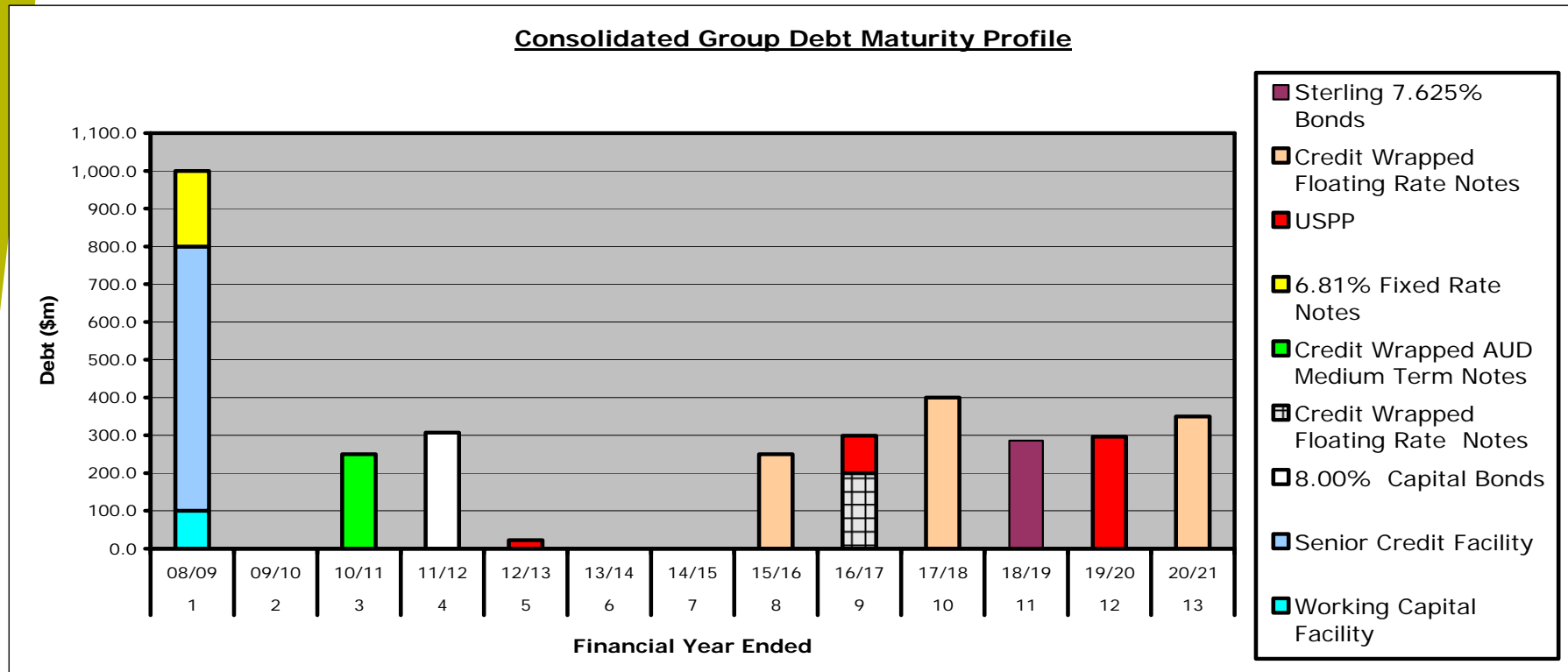


## Technology



- 50,000 smart meters installed
- Auckland fibre network largely complete
- Transpower contract announced
- Strong fibre contender

# Debt facilities maturity profile (30 June 2008)



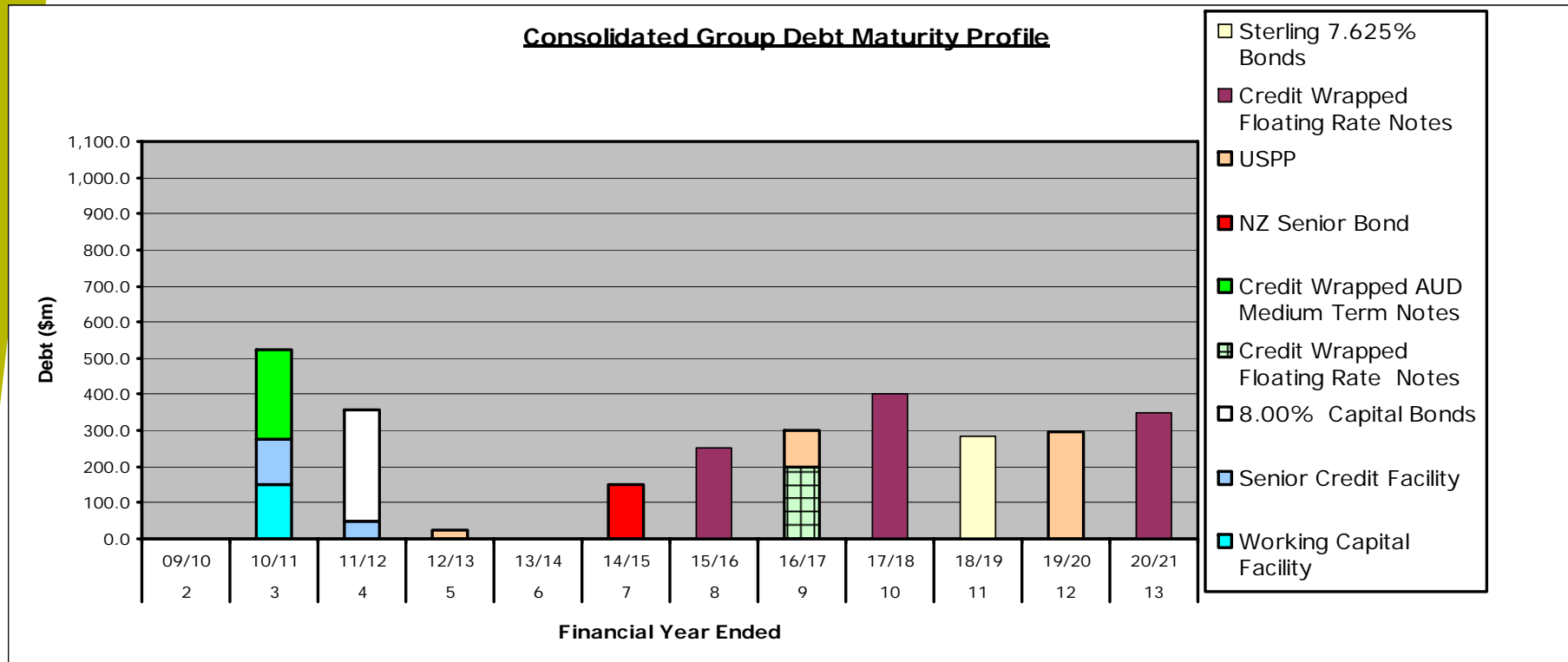
**1-2 years** 28.9%

**3-5 years** 16.8%

**+5 years** 54.3%



# Debt facilities maturity profile (30 June 2009)



**1-2 years** 17.9%

**3-5 years** 12.9%

**+5 years** 69.2%

## Progress

- **Capital and operational efficiency programmes**
- **Operational excellence**
- **Fibre**
- **Regulation**
- **Security of supply**

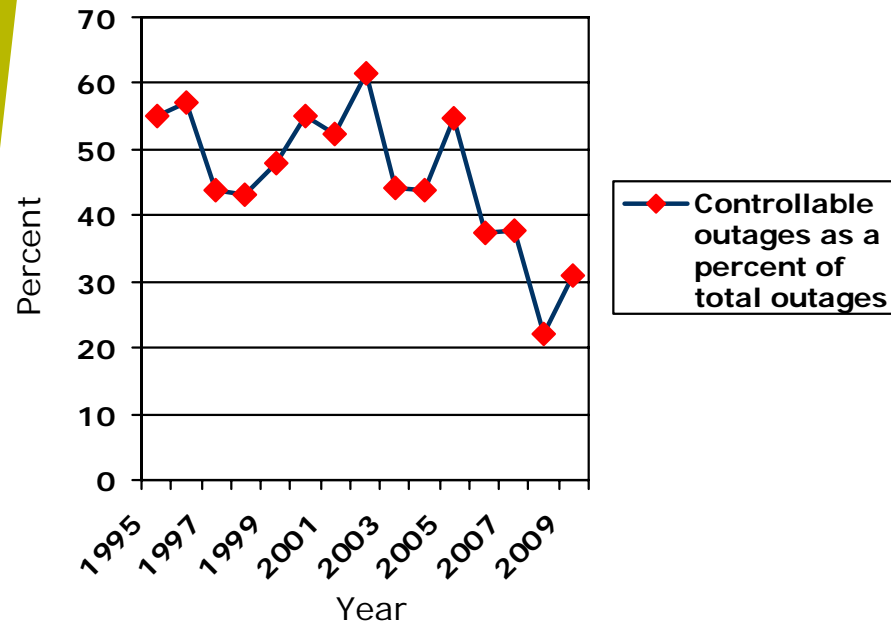
## Efficiency programmes



- \$20m in full year gross savings
- Fully integrated gas and electricity teams to work more efficiently
- Transitioning contracts with external suppliers
- Capital efficiency

# Operational excellence

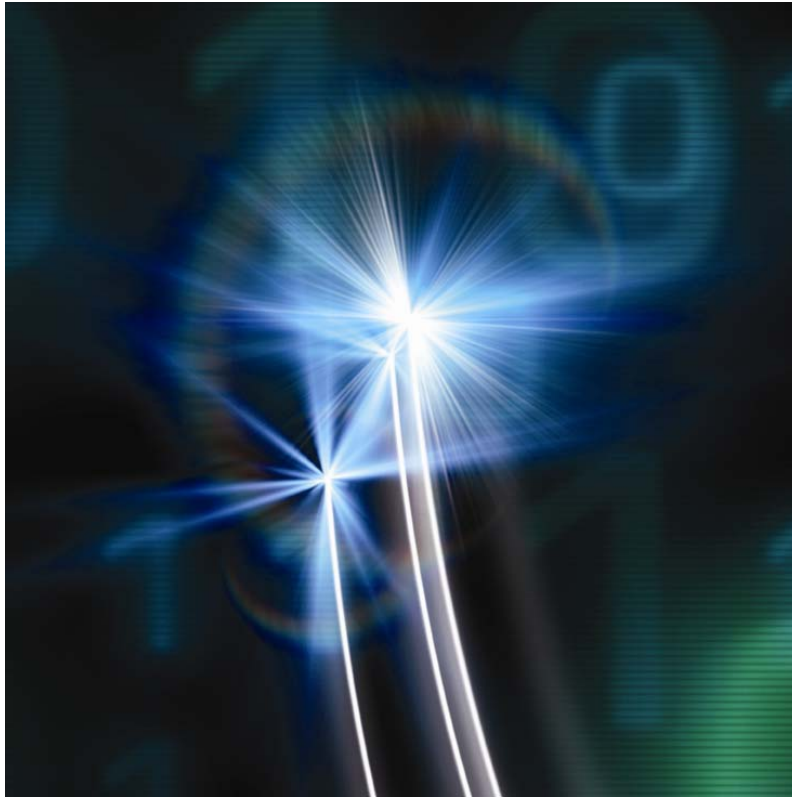
SAIDI 104.1 minutes vs regulatory target of 104.0 minutes



Kapuni uptime 98.15%



## Fibre



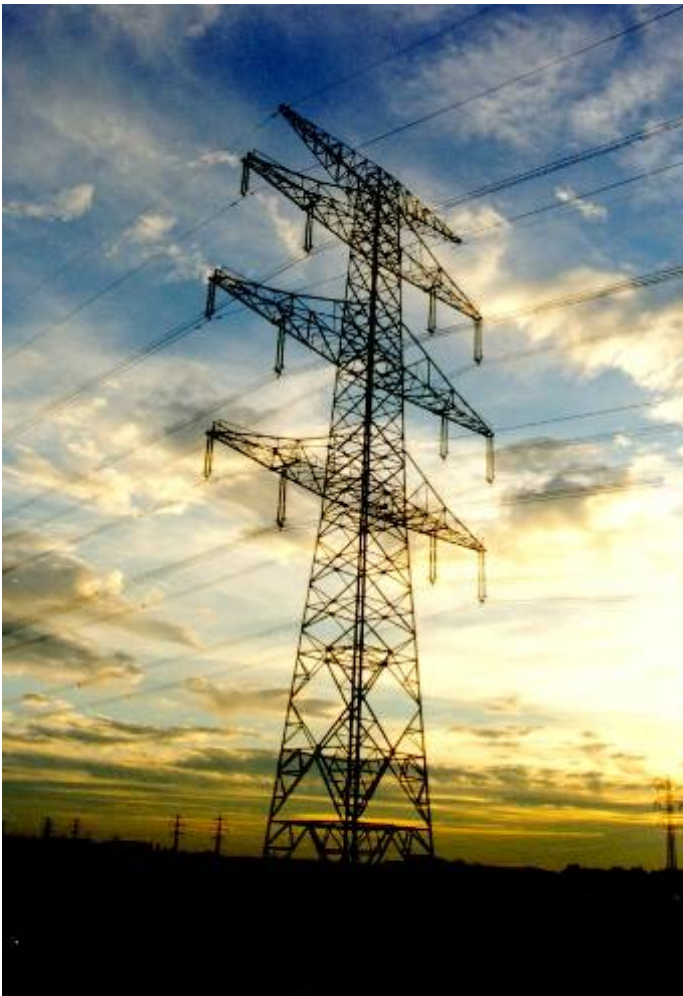
- Strong contender
- Unencumbered by legacy assets
- Has to make commercial sense
- Ready to be part of the solution in **Auckland** and beyond – set up NZRFG

## Regulation



- More robust framework, but still issues to work through
- Next 12 – 18 months critical
- Impact of global financial crisis must be taken into account
- Regulation must deliver incentive to invest and earn a commercially appropriate return

## Security of supply



- An ongoing concern
- Work closely with Transpower
- NAaN project and Rodney power station
- Electricity Review

## Looking ahead

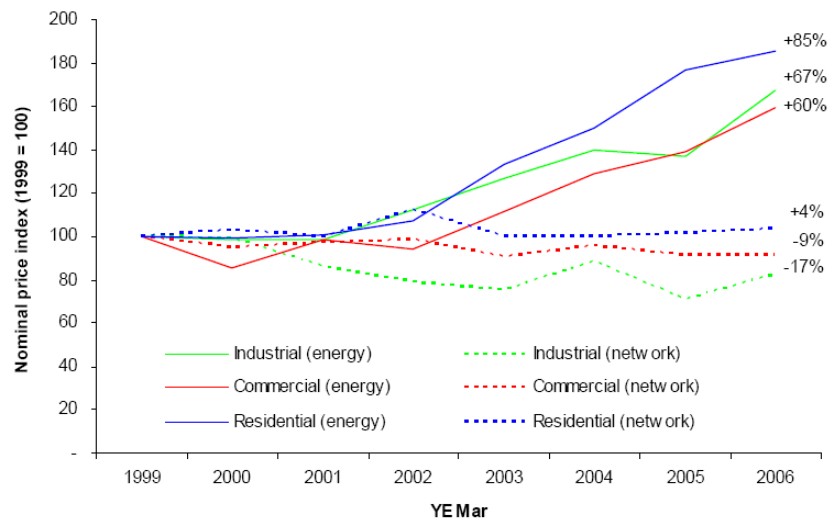
- **Electricity Review**
- **Gas**
- **Renewables**



# Electricity review

## Market Design Review – Options Paper

Figure 2: Trends in total (delivered) electricity prices by component



Source: MED data files

- Electricity Commission changes ✓
- Transmission investment ✓
- Lines businesses ✓

## Gas



- Competition continues
- Emissions Trading Scheme
- Working with Gas Industry  
Company re critical industry  
arrangements

## Renewables



Thin film PV panels



Swift micro-wind turbine



Hills evacuated tube solar hot water heater

## Summary

Delivering to customers and shareholders and concentrating on:

- Productivity and efficiency
- Regulation
- Growth
- Navigating the economic conditions

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Michael Stiasny  
Chairman

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## Agenda Item 1

Annual Report, Financial Statements and  
Auditor's Report

## Agenda Item 2

Re-election and election of directors

## Agenda Item 2 – Election of directors

*1. to re-elect Tony Carter as a director*

| Proxy Voting  |             |
|---------------|-------------|
| For           | 792,938,710 |
| Against       | 1,717,053   |
| Abstain       | 57,664      |
| Discretionary | 6,539,715   |



## Agenda Item 2 – Election of directors

*2. to re-elect Hugh Fletcher as a director*

| Proxy Voting  |             |
|---------------|-------------|
| For           | 792,933,338 |
| Against       | 1,744,669   |
| Abstain       | 86,618      |
| Discretionary | 6,488,517   |

## Agenda Item 2 – Election of directors

*3. to re-elect Alison Paterson as a director*

| Proxy Voting  |             |
|---------------|-------------|
| For           | 793,450,929 |
| Against       | 824,208     |
| Abstain       | 465,919     |
| Discretionary | 6,512,086   |

## Agenda Item 2 – Election of directors

4. *to elect James Miller as a director*

| Proxy Voting  |             |
|---------------|-------------|
| For           | 793,923,114 |
| Against       | 683,251     |
| Abstain       | 81,140      |
| Discretionary | 6,565,637   |

## Agenda Item 3

### Auditor's Appointment and Remuneration

## Agenda Item 3 – Appointment and Remuneration of the Auditor, KPMG

| Proxy Voting  |             |
|---------------|-------------|
| For           | 794,208,778 |
| Against       | 313,423     |
| Abstain       | 113,353     |
| Discretionary | 6,617,588   |

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## Voting on resolutions

# General Business



**Vector<sup>®</sup>**