



2007 annual result

Michael Stiasny, Chairman

Simon Mackenzie, Acting Chief Executive Officer

Chris Gallaher, Acting Chief Financial Officer

15 August 2007

Agenda

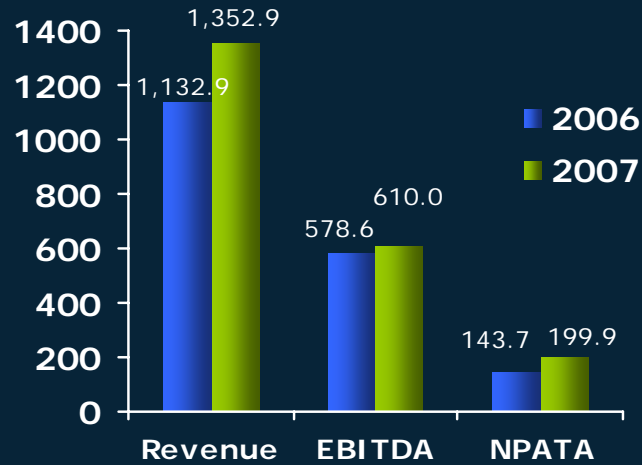
- Health chart
- Regulatory & industry update
- Vector's next phase
- Financial results
- Questions

Health chart

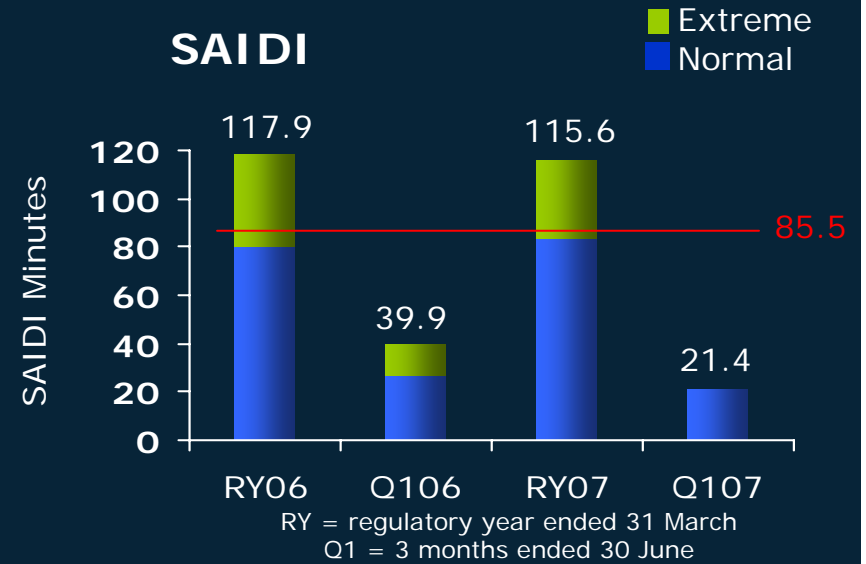
Year ended 30 June



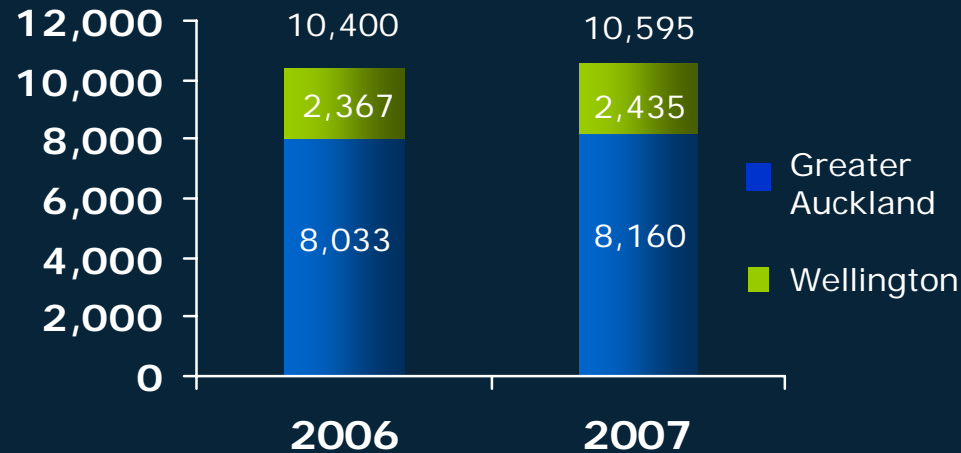
Earnings (\$m)



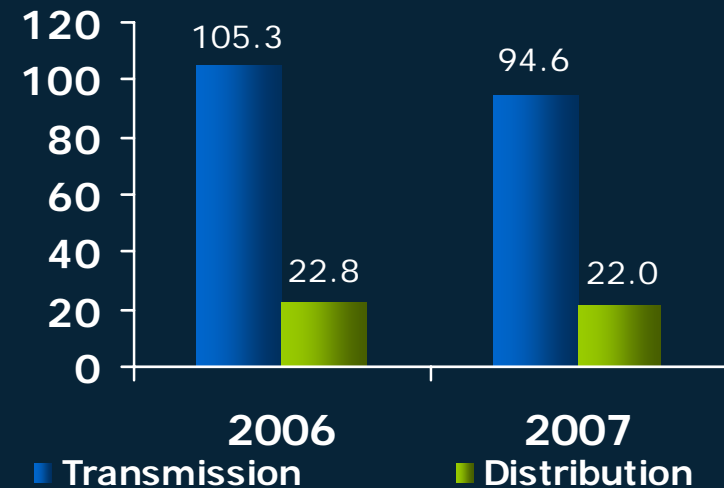
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Electricity distributed (GWh)



Gas throughput (PJ)



Storm response – July '07

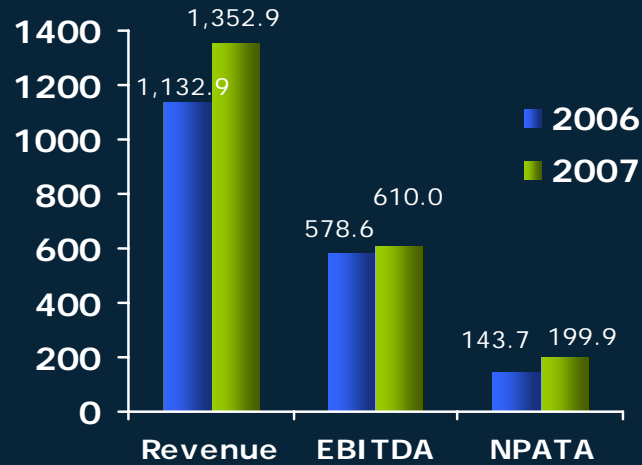


Health chart

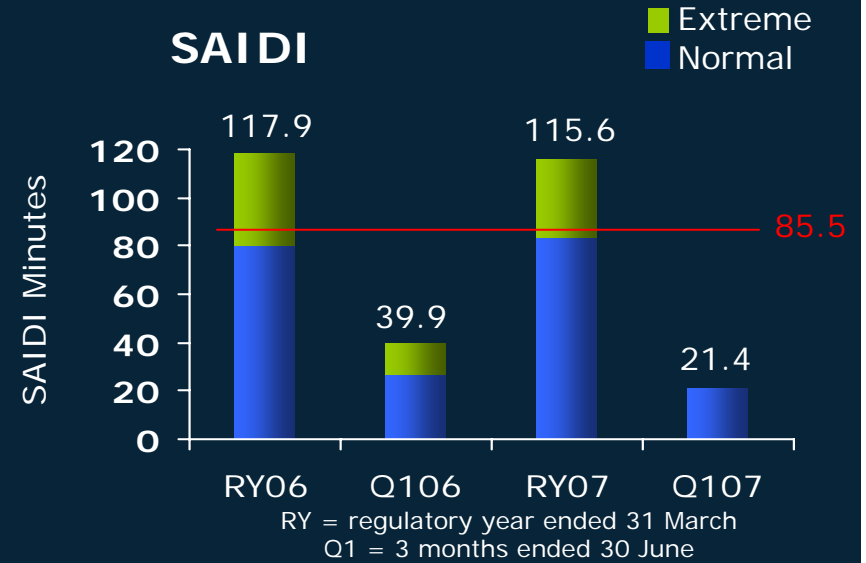
Year ended 30 June



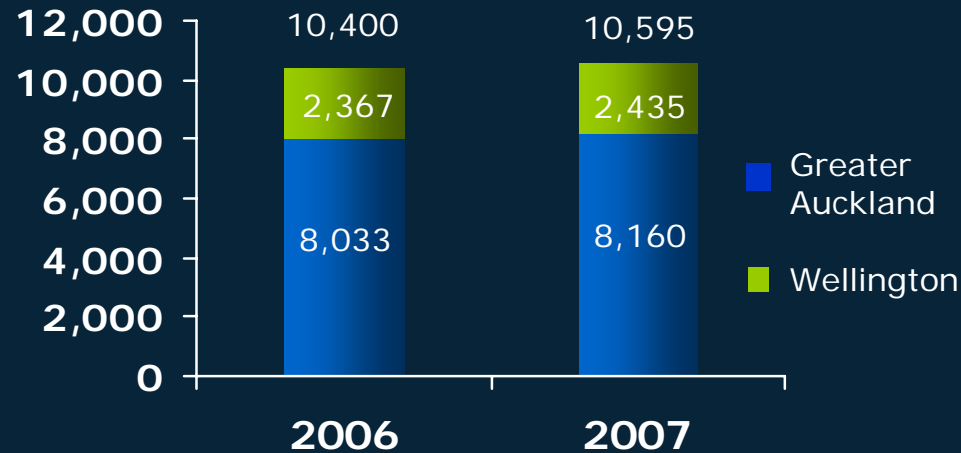
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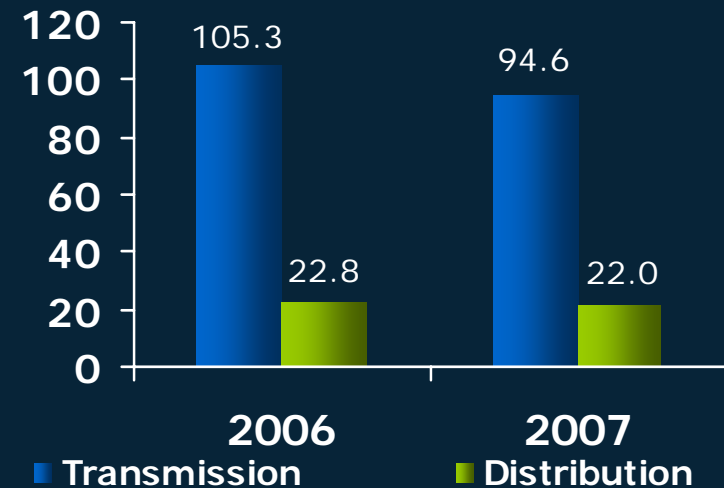
SAIDI



Electricity distributed (GWh)



Gas throughput (PJ)



Albany School broadband launch



Regulation & industry issues

- Regulatory outcomes priority focus for Board and management
- Over 50 regulatory/industry governance related work streams under active management

Key regulatory issues

Commerce Act review

We welcome the review of Parts 4, 4A and 5. We fully support the intention to ensure right balance between investment incentives and consumer protection

Administrative settlement

Recent advice from Commission says consultation likely in September with decision shortly after. Meanwhile continue our voluntary rebalancing programme

Electricity thresholds reset - 2009

Commission yet to communicate reset terms and methodology. Vector working through issues with Commission, another example of constructive working relationship

Key regulatory issues

Gas control final authorisation (Auckland networks)

Continue to operate under provisional authorisation, providing information so final decision can be made

Electricity Reform Act review

Some opportunities may emerge for lines company involvement in generation

Key industry issues

Electricity Commission

Vector involved in range of EC matters, including transmission upgrades, transmission pricing with security of supply key focus

Energy supply security

Electricity grid upgrade approved by EC will improve upper North Island electricity supply security

Initiatives with Transpower – use of assets, joint report

Healthy gas supply position

Key industry issues

Climate change

Revolution not evolution for New Zealand businesses

Vector's vision is to lead demand side solutions

Initial steps include NZ Windfarms and micro wind turbine trials

Customers will demand change, we must be a step ahead

Micro-wind turbine – Waitakere City Council



Vector's next phase

Key drivers to Vector initiatives and decisions:

- Cost efficiency – capex/opex management
- Regulatory and customer outcomes
- Operational excellence/core business enhancement
- Disciplined growth

Explore telecommunications options

Lead demand side solutions for customers

Ensure appropriate focus on customer

Create shareholder value

Financial Results

Chris Gallaher

Acting Chief Financial Officer

Results summary

Year ended 30 June

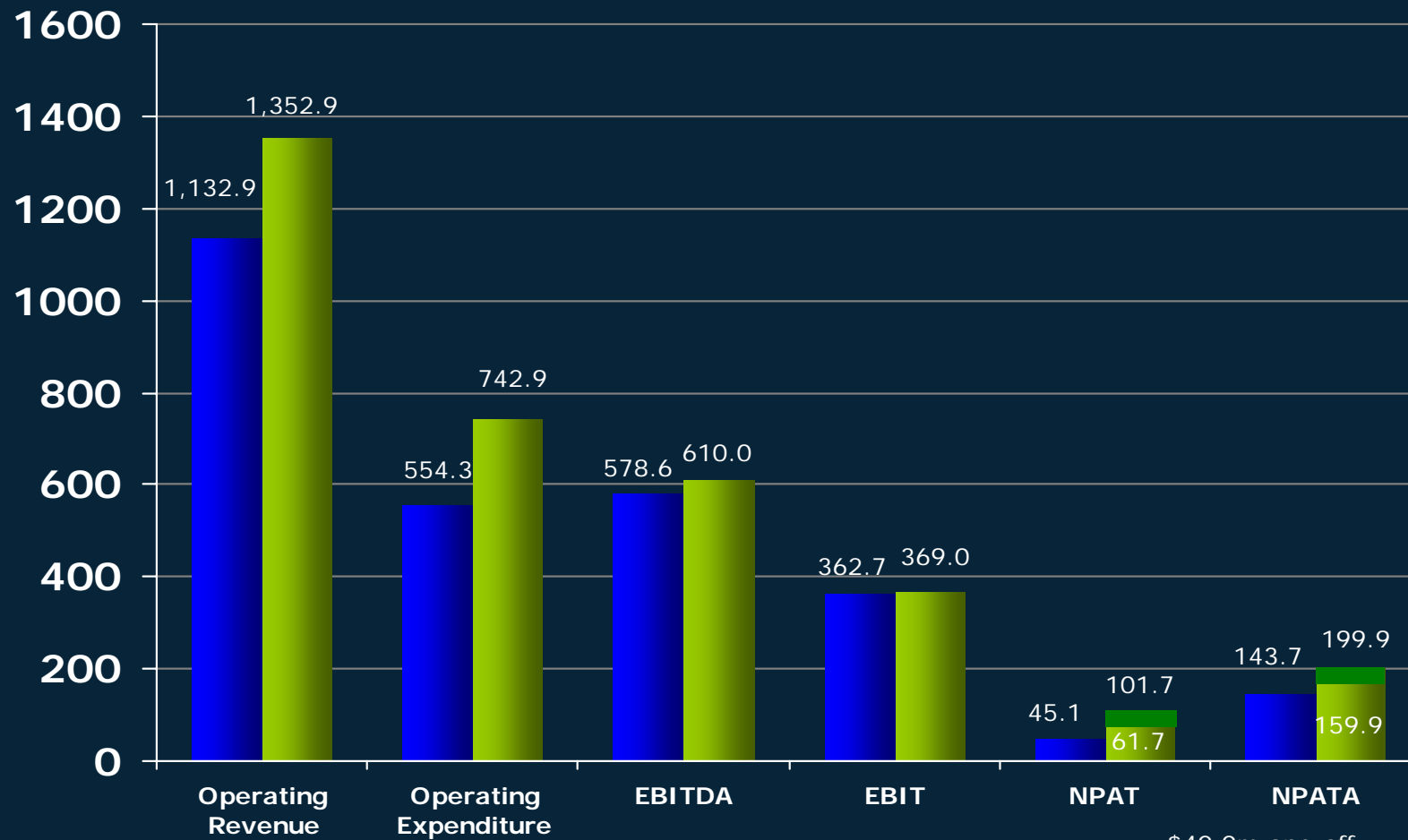
\$ Millions	2007	2006	\$ Change
EBITDA	610.0	578.6	+31.4
EBIT	369.0	362.7	+6.3
NPATA	199.9	143.7	+56.2
NPAT:			
- Underlying	61.7	45.1	+16.6
- One off	40.0	--	+40.0
Total NPAT	101.7	45.1	+56.6

Financial results

Year ended 30 June

2006 2007

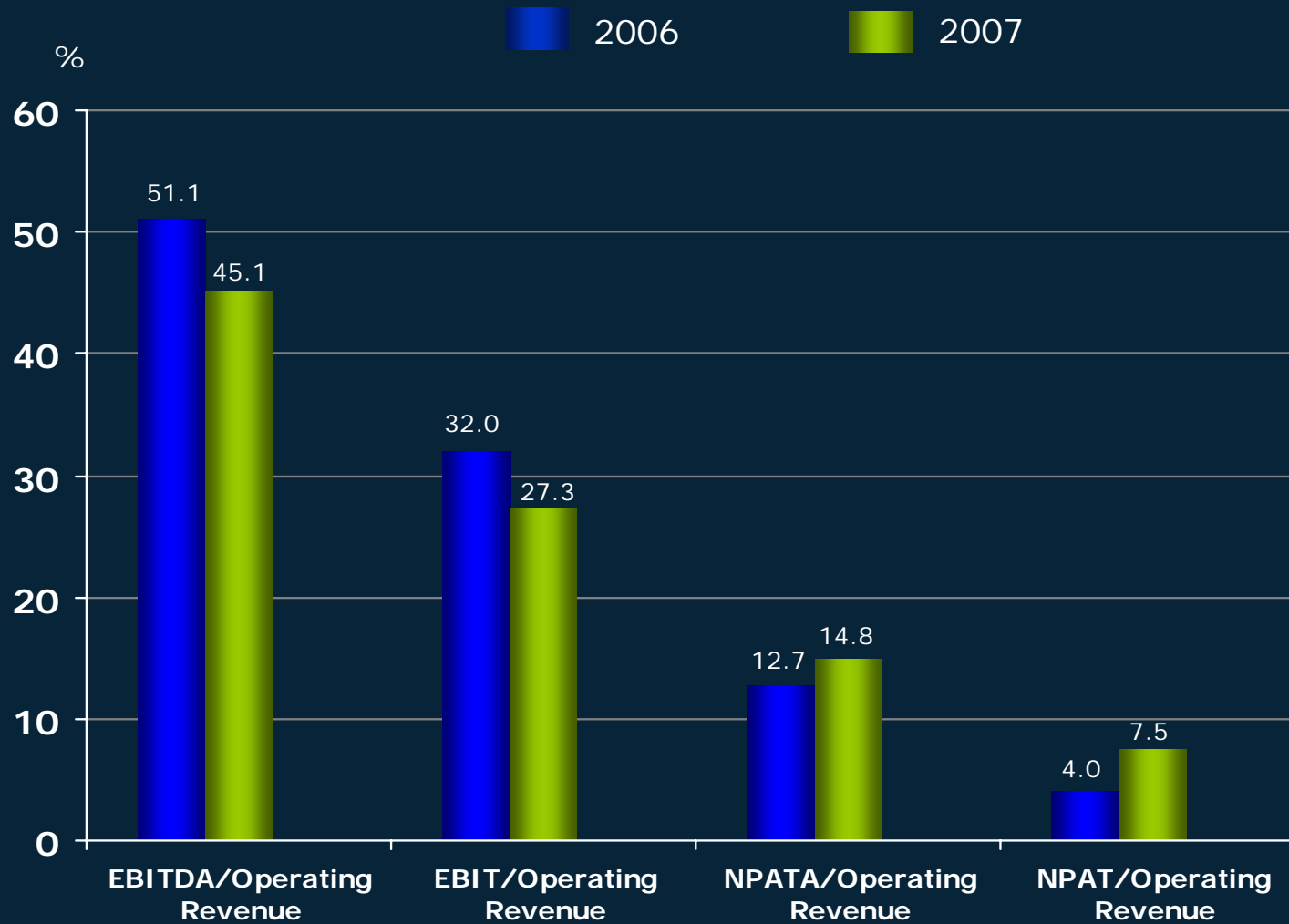
\$ Millions



\$40.0m one-off deferred tax gain

Operating margins

Year ended 30 June



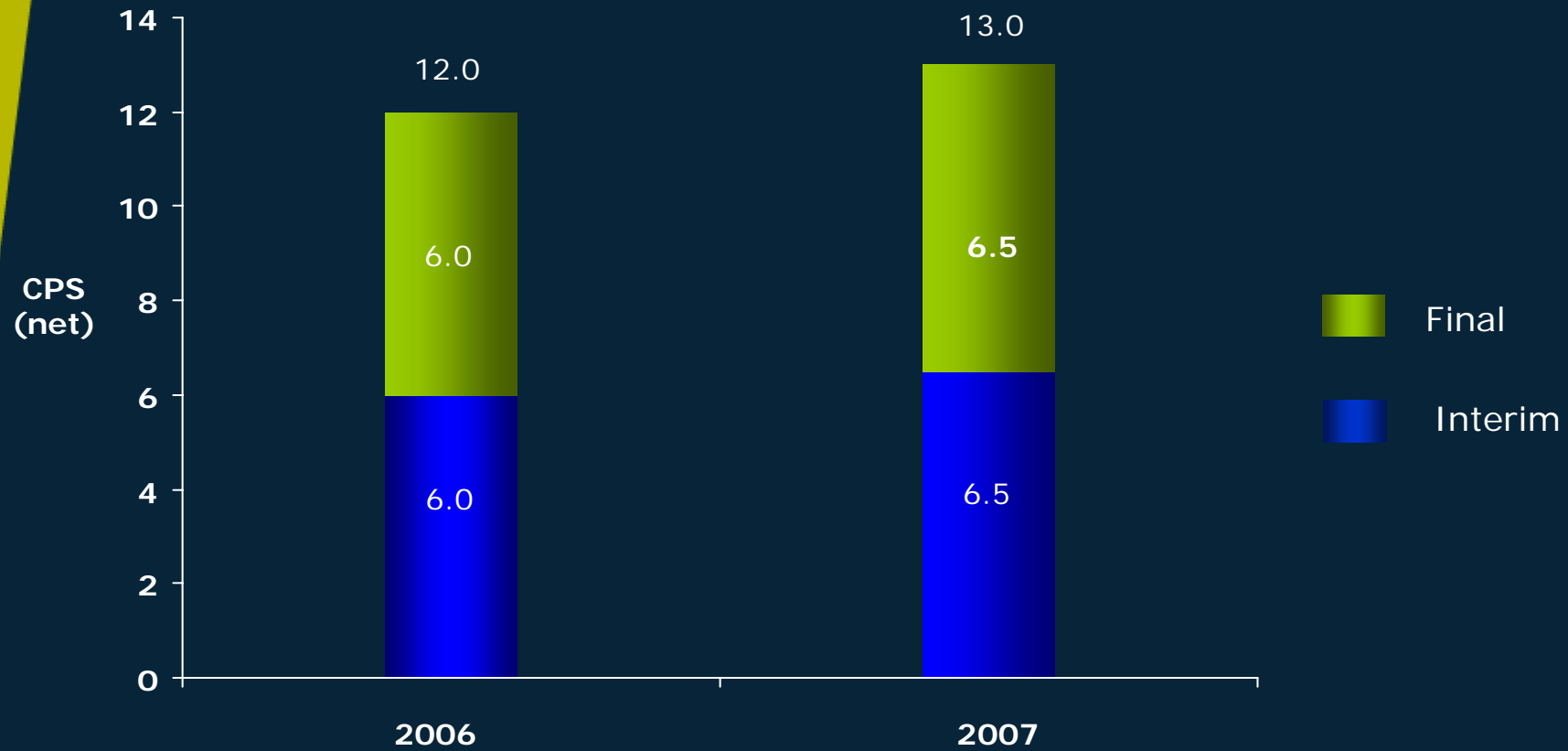
Operating cash flow

Year ended 30 June



\$ Millions	2007	2006	\$ Change
EBITDA	610.0	578.6	↑ 31.4
Net interest paid	(222.5)	(215.6)	↑ 6.9
Tax paid	(59.2)	(20.4)	↑ 38.8
Non cash items	8.6	13.5	↓ 4.9
Change in operating working capital	21.1	(2.9)	↑ 24.0
Operating cash flow	358.0	353.2	↑ 4.8
Dividends to Vector shareholders	(125.0)	(113.6)	↑ 11.4
Capex	(262.6)	(225.3)	↑ 37.3
	(29.6)	14.3	↓ 43.9

Dividends



- All dividends fully imputed
- Shareholders record date 29 August 2007
- Payable 4 September 2007

Divisional results



Year ended 30 June

2007	Electricity	Gas	Technology	Corporate /Other	Total
\$ Millions					
Operating Revenue	611.5	668.2	66.9	6.3	1,352.9
Operating Expenditure	(233.5)	(424.6)	(19.7)	(65.1)	(742.9)
EBITDA	378.0	243.6	47.2	(58.8)	610.0
% Revenue	61.8	36.5	70.5	n/a	45.1
EBIT	266.5	152.7	20.0	(70.2)	369.0

2006	Electricity	Gas	Technology	Corporate /Other	Total
\$ Millions					
Operating Revenue	580.1	486.1	60.3	6.4	1,132.9
Operating Expenditure	(215.6)	(279.0)	(18.4)	(41.3)	(554.3)
EBITDA	364.5	207.1	41.9	(34.9)	578.6
% Revenue	62.8	42.6	69.5	n/a	51.1
EBIT	269.8	121.7	12.9	(41.7)	362.7



Capital expenditure (\$249.3 million)

Year ended 30 June 2007

\$ Millions	Electricity	Gas	Technology	Corporate	Total
Replacement/ Compliance	88.0	14.9	5.9	2.2	111.0
Growth	73.2	26.0	24.9	14.2	138.3
Total	161.2	40.9	30.8	16.4	249.3
% of Total Spend	64.7%	16.4%	12.3%	6.6%	100.0%
2006 total	146.3	44.2	26.9	9.7	227.1

Asset backing & capital structure

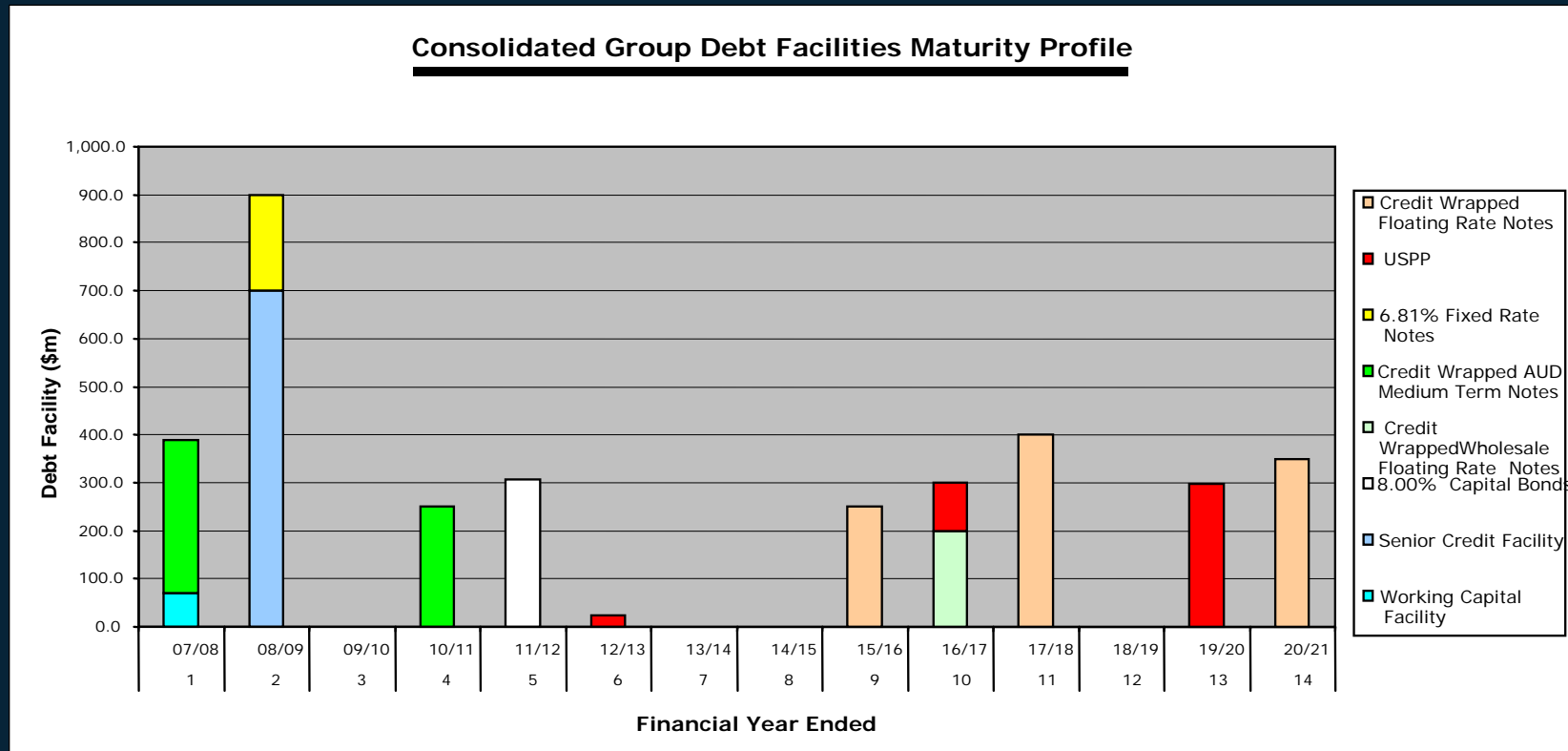
as at 30 June

		2007	2006	2005
Net Debt	\$m	3,127.6	3,081.1	⁽¹⁾ 3,147.6
Equity/Total assets	%	33.2	33.7	21.6
Debt ⁽²⁾ /Debt ⁽²⁾ +Equity	%	62.2	61.5	75.1
Interest (net) cover	X times	1.6	1.6	1.6

⁽¹⁾ Includes PIPES \$354 million as debt under NZ GAAP

⁽²⁾ Net Debt

Debt Facilities Maturity Profile



1-2 years	37.21%	2-5 years	16.08%	5+ years	46.71%
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Questions?