

Embargoed until 2:00pm
Friday 26 February 2010



2010 half year result

Michael Stiasny, Chairman

Simon Mackenzie, Group Chief Executive Officer

Alex Ball, Chief Financial Officer

26 February 2010

A large, solid yellow triangle pointing downwards, located on the left side of the slide.

Michael Stiasny
Chairman

Agenda

- Results summary
- Segment performance - Electricity, Gas Transportation, Gas Wholesale, Technology
- Update - Fibre, Regulation, Electricity Review, Security of Supply
- CFO financial summary
- Summary
- Questions

Vector results from total operations

Income Statement six months to 31 December

\$millions	31 Dec 2009			31 Dec 2008		
	Continuing	Discontinued	Total	Continuing	Discontinued ¹	Total
Revenue	621	-	621	610	10	620
EBITDA	310	-	310	313	7	320
EBIT	234	-	234	243	7	250
NPBT	147	-	147	136	4	140
NPAT	101	-	101	91	206	297

¹ 23 days' operations relating to the Wellington electricity network until its sale on 24 July 2008. NPAT includes one-off gain on the sale of \$202.9 million.

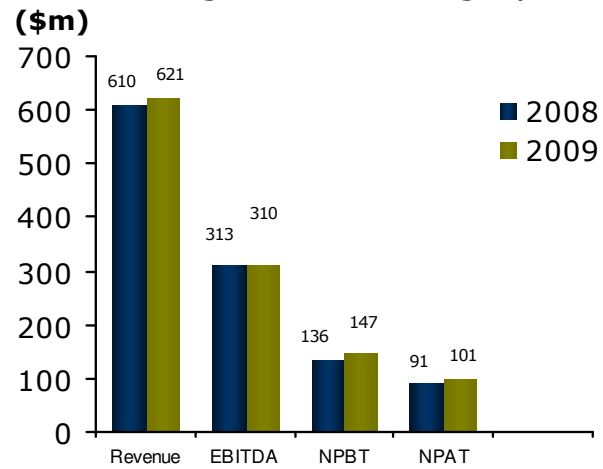
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Simon Mackenzie
Group Chief Executive Officer

Health chart

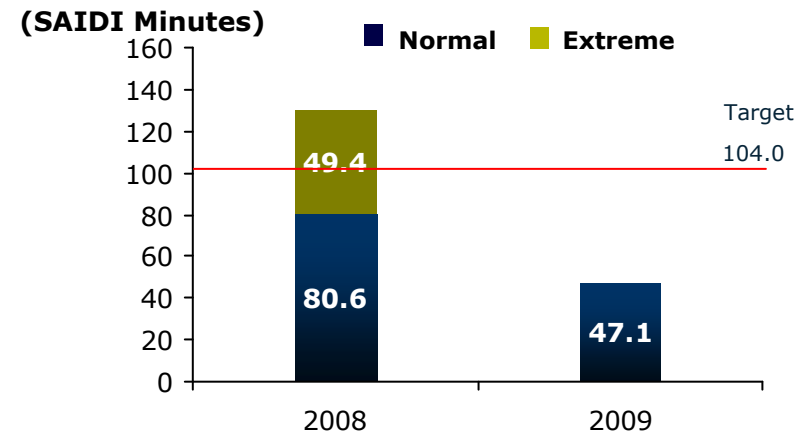
Six months ended 31 December

Earnings - continuing operations

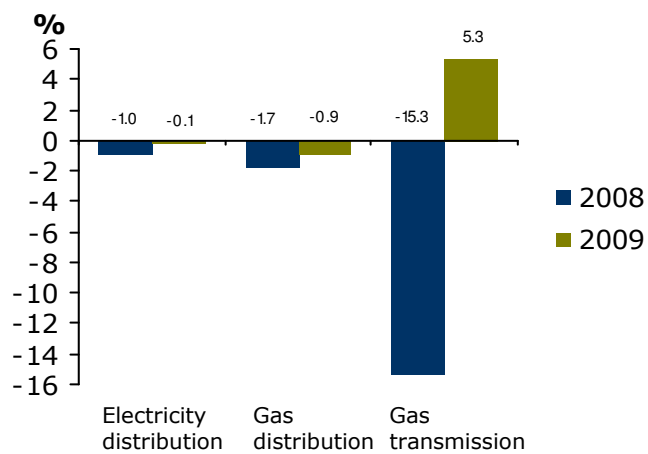


SAIDI

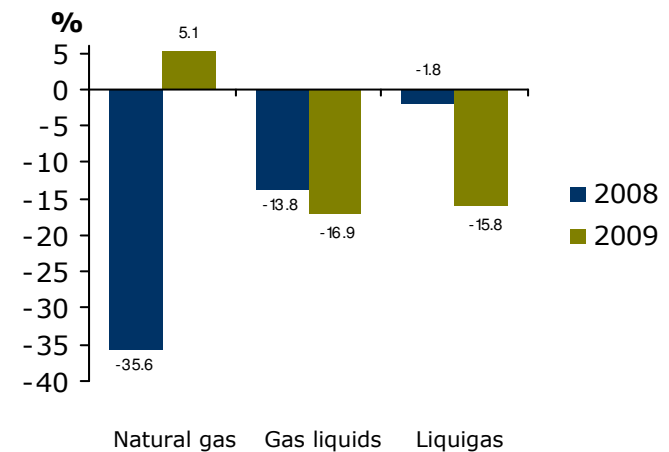
Regulatory year - 9 months to 31 December



Network volume growth



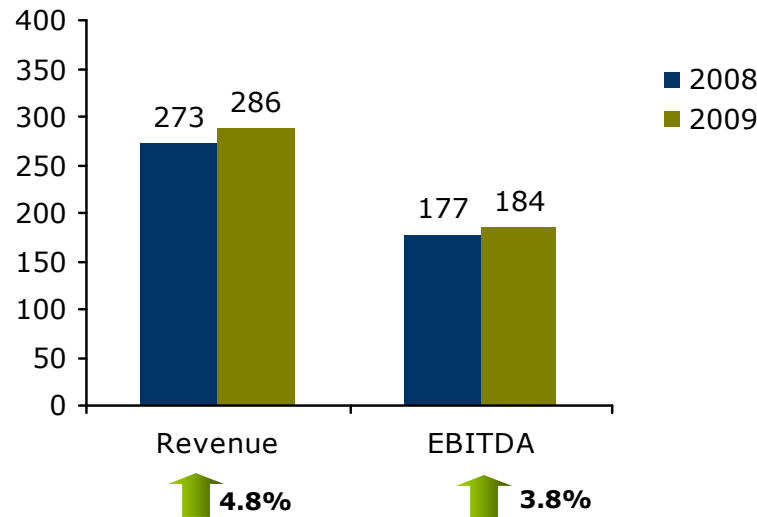
Gas wholesale volume growth



Electricity (from continuing operations)

Six months ended 31 December

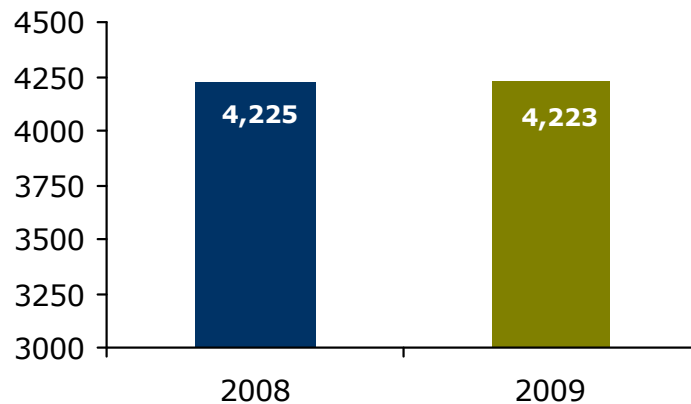
(\$m)



- Revenue and EBITDA increases
- Volumes flat

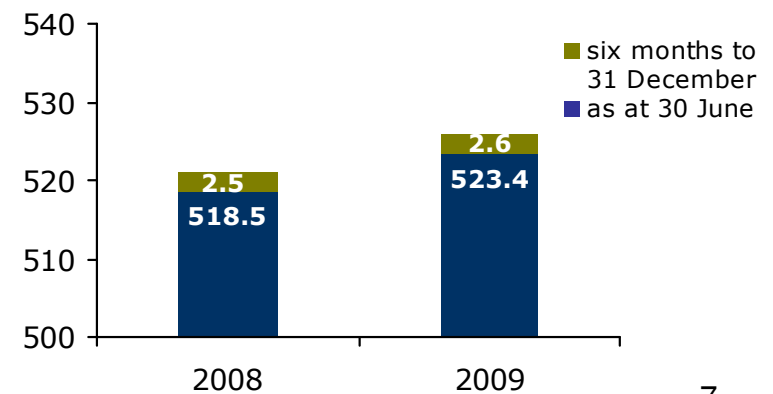
Electricity distributed

(GWh)



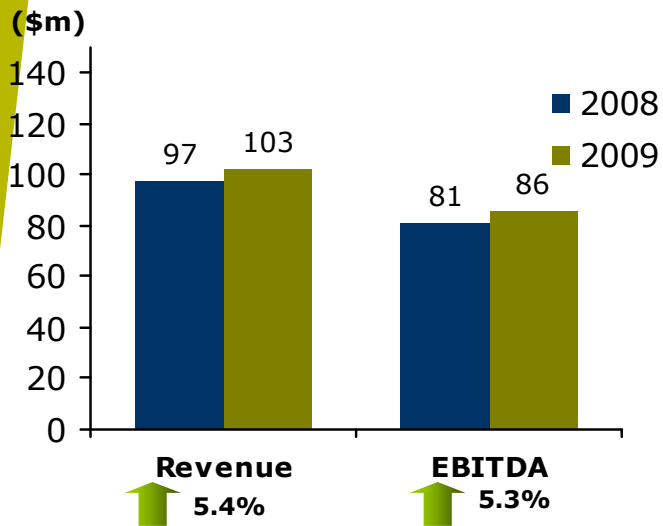
Connections

(ICPs 000)

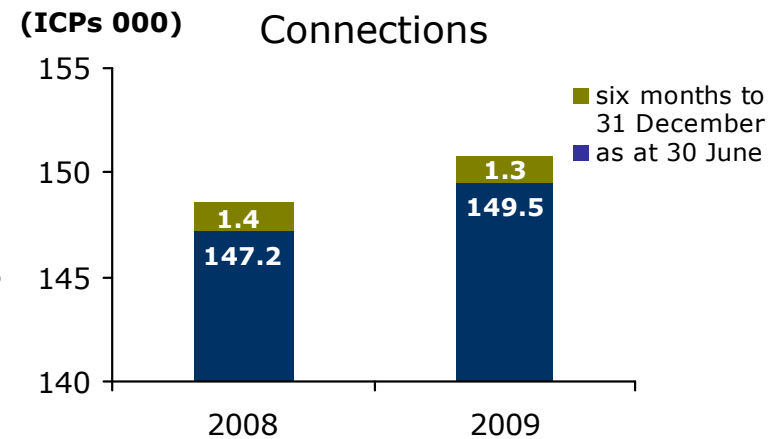
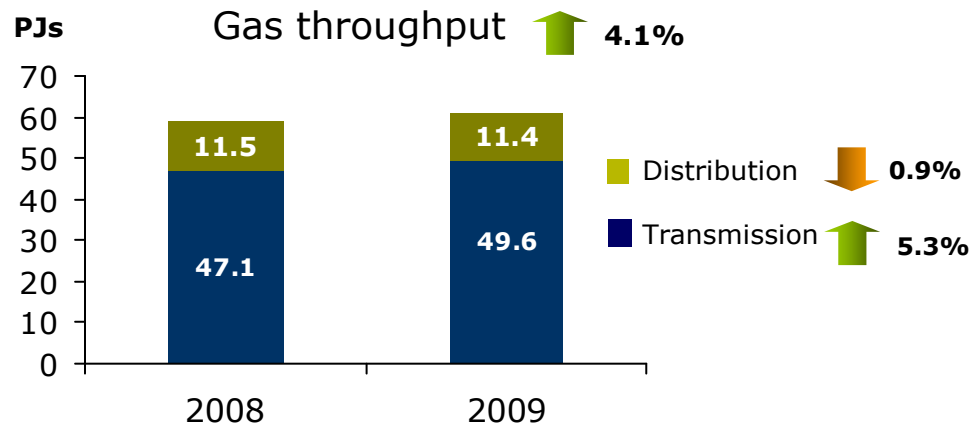


Gas transportation

Six months ended 31 December



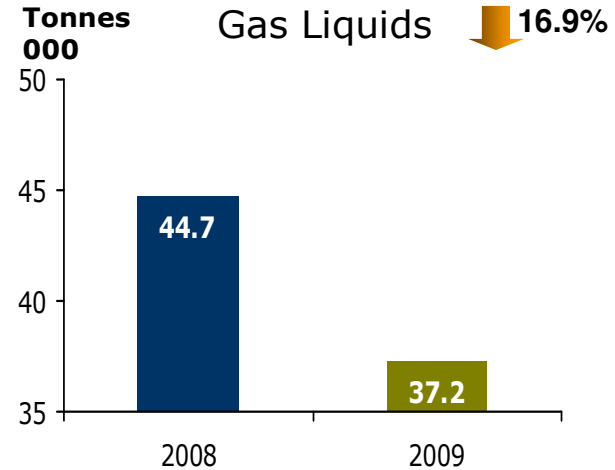
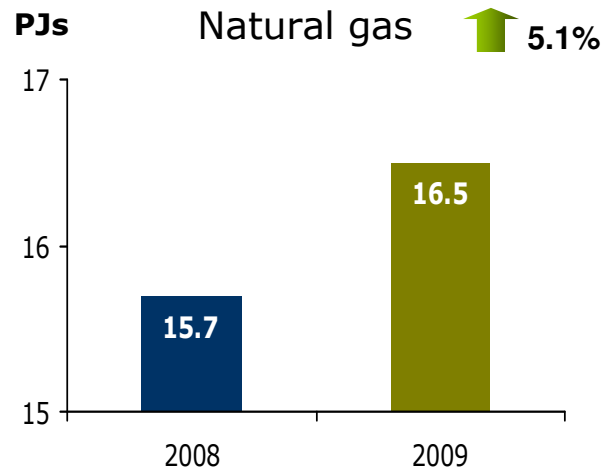
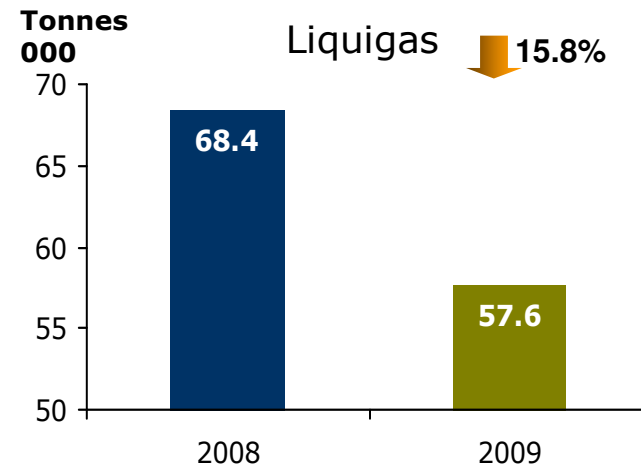
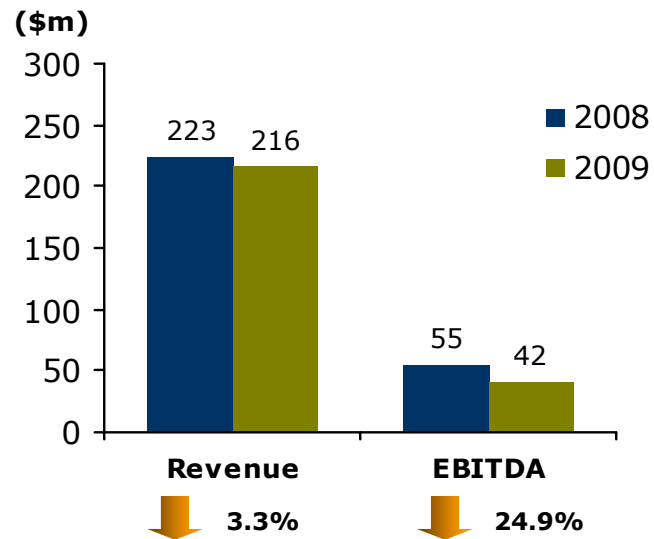
■ Transmission volumes



Gas wholesale

Six months ended 31 December

- Legacy contracts
- Redetermination

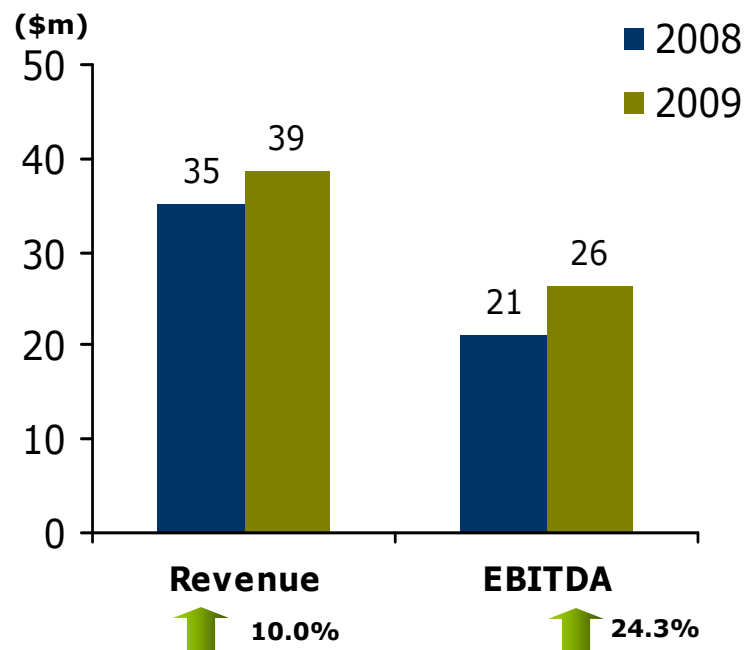


Technology

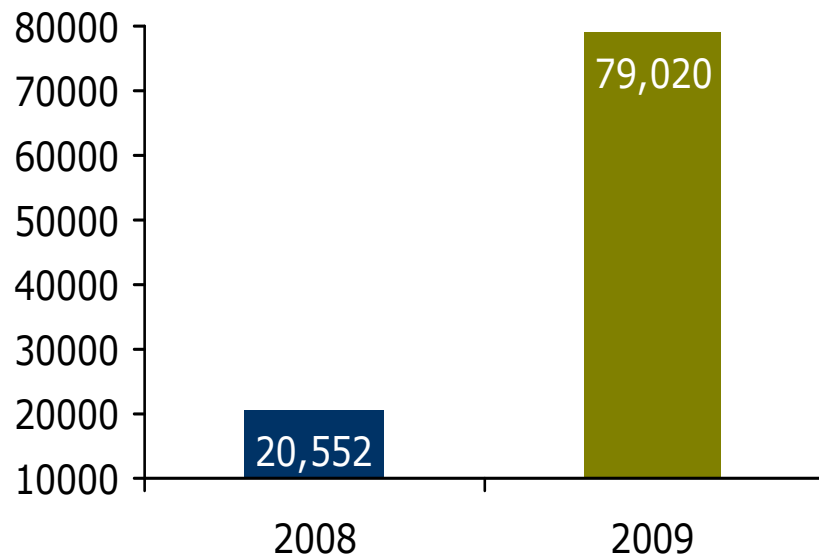
Six months ended 31 December

- >79,000 smart meters installed

- Strong fibre contender



Smart meters



Update

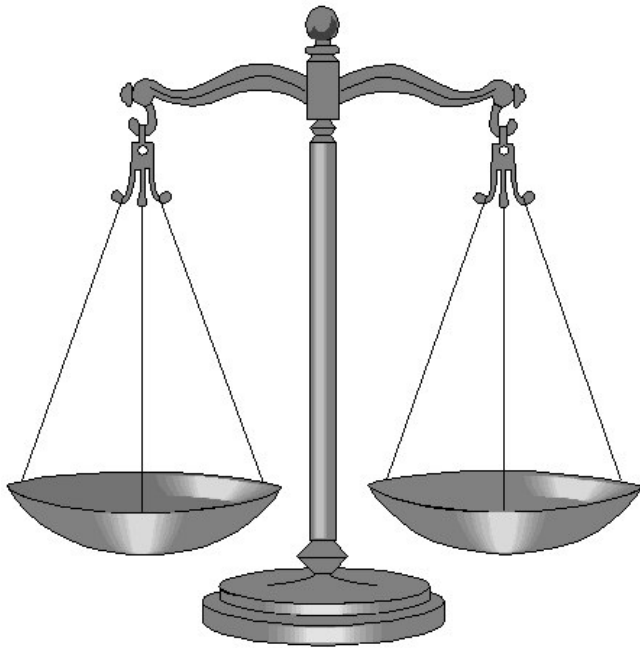
- Fibre
- Regulation
- Electricity Review
- Security of Supply

Fibre



- Must be commercially viable for Vector to participate
- Layer 1 build “dark fibre”
- 100% fibre to the door
- Three years ahead
- No copper assets
- Almost limitless capacity
- NZRFG members focus on local investment and national co-ordination

Regulation



- Input methodologies decision due at the end of the year
- CPI adjustment delayed until 2012

Electricity Review

- The market must be credible
- Level playing field required in respect of access to the wholesale market

Security of supply



- An area of focus
- Transmission events and generation outages are a concern
- Working closely with the industry

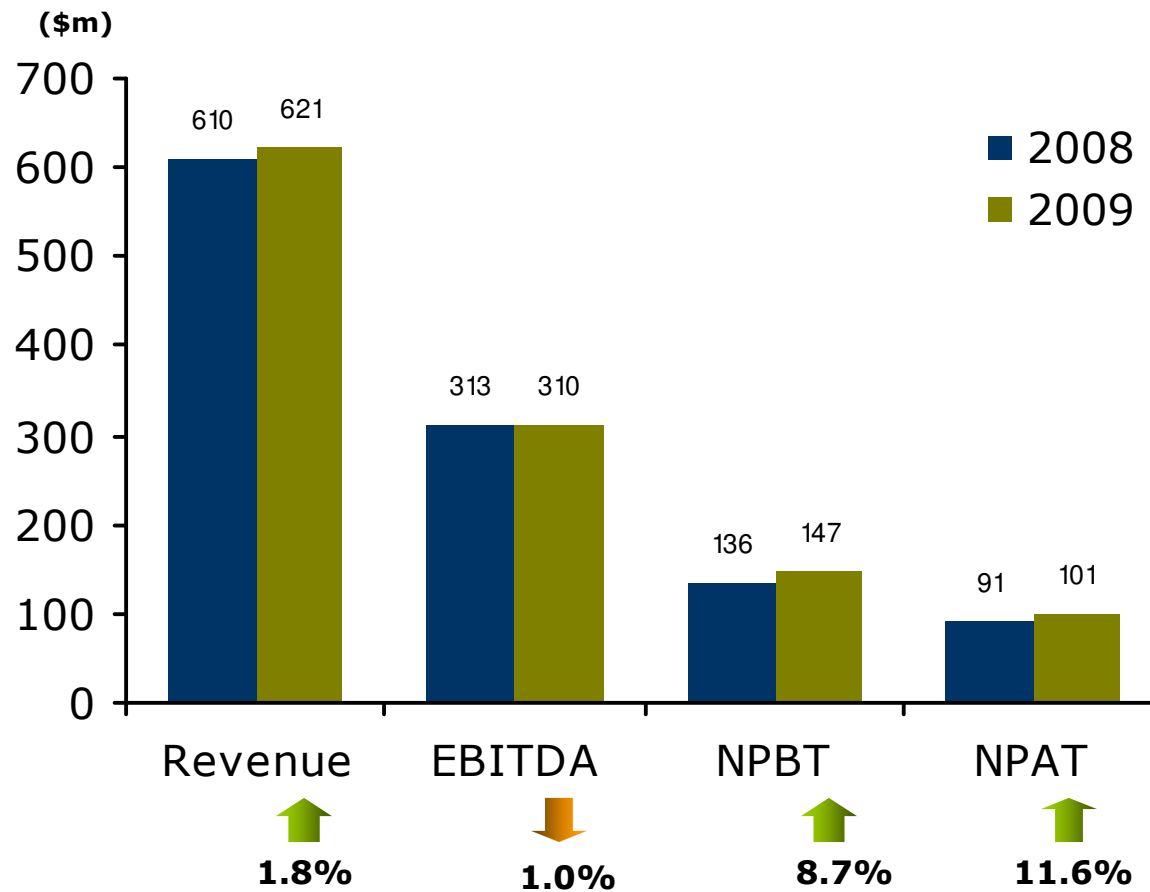
Financial Results

Alex Ball

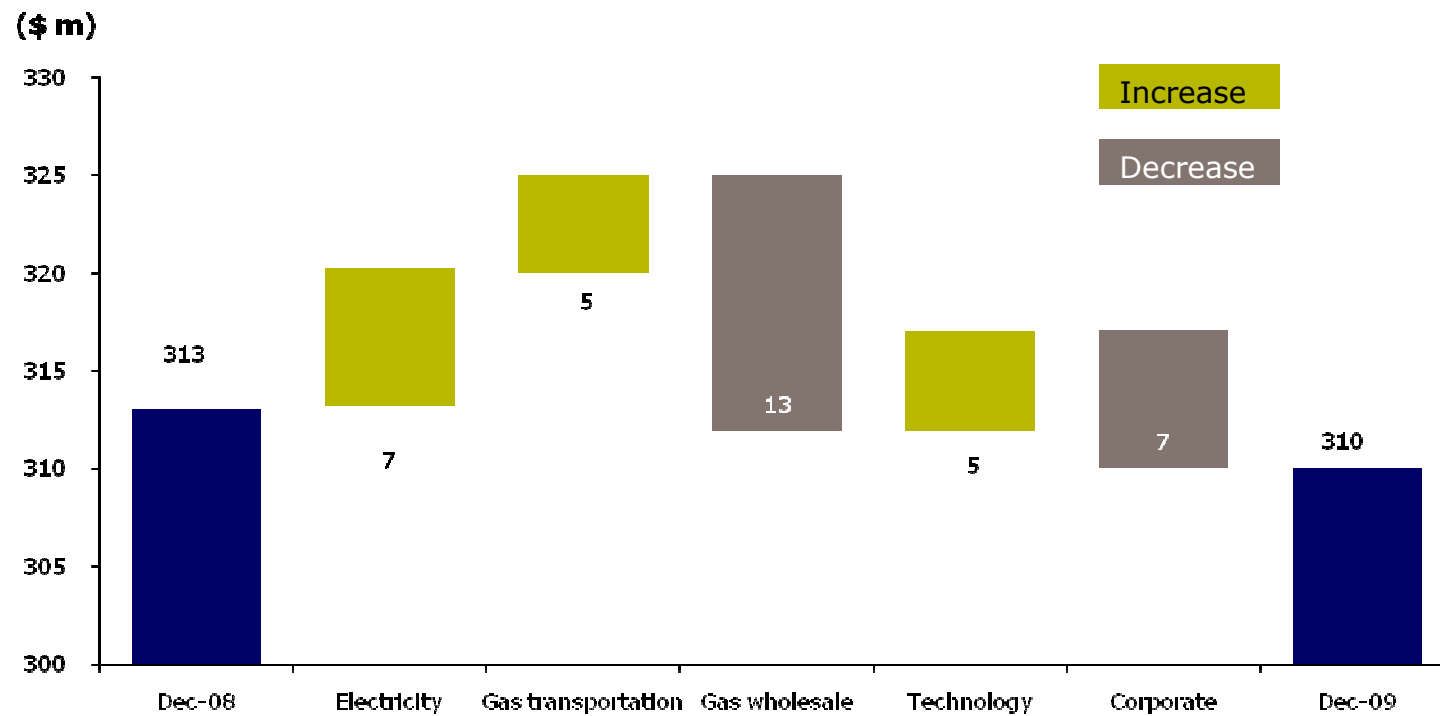
Chief Financial Officer

Results summary (continuing operations)

Six months ended 31 December



Contributors to group EBITDA movement (continuing operations)



Segmental results (continuing operations)

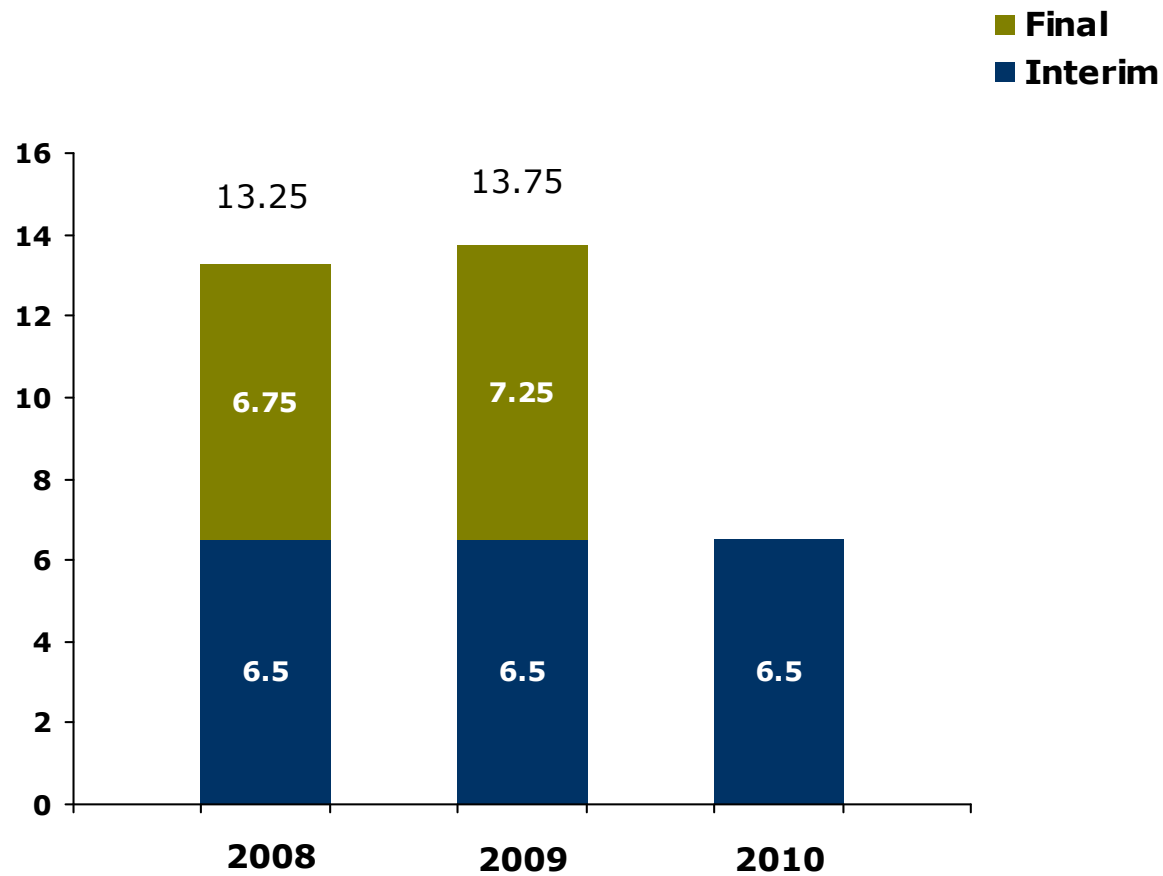
Six months ended 31 December

2009	Electricity	Gas transportation	Gas Wholesale	Technology	Corporate/Other	Inter-segment	Total
\$ millions							
Revenue	286	103	216	39	1	(24)	621
Operating expenditure	(102)	(17)	(174)	(13)	(29)	24	(311)
EBITDA	184	86	42	26	(28)	-	310
% Revenue	64.2	83.5	19.3	68.3	N/A	N/A	50.0
EBIT	148	72	36	12	(34)	-	234
Capex	42	10	4	28	3	-	87

2008	Electricity	Gas transportation	Gas Wholesale	Technology	Corporate/Other	Inter-segment	Total
\$ millions							
Revenue	273	97	223	35	6	(24)	610
Operating expenditure	(96)	(16)	(168)	(14)	(27)	24	(297)
EBITDA	177	81	55	21	(21)	-	313
% Revenue	64.7	83.6	24.8	60.5	N/A	N/A	51.4
EBIT	145	67	50	11	(30)	-	243
Capex	59	8	8	19	4	-	98

Dividend declared (cents per share)

Year ended 30 June



- All dividends fully imputed
- Shareholders record date 31 March 2010
- Payable 14 April 2010

Cash flow (total operations)

Six months ended 31 December

\$ millions	2009	2008	Change
NPAT¹	106	302	(196)
Gain on sale of discontinuing operations	-	(203)	203
Depreciation and amortisation	76	70	6
Movement in working capital	64	18	46
Other	(3)	8	(11)
Operating cash flow (OCF)	243	195	48
Replacement capex	(49)	(46)	(3)
Dividends to Vector shareholders	(72)	(68)	(4)
	122	81	41
Growth capex	(46)	(64)	18
Pre-debt financing cash inflow	76	17	59
Reduction of net debt	(68)	(760)	692
Net proceeds from sale of discontinued activities	-	773	(773)
Other financing activities	(5)	(16)	11
Increase in cash	3	14	(11)

¹ NPAT including share of non-controlling interests in subsidiaries.

Capital structure

as at 31 December

Asset Backing and Capital Structure		2009	2008	2008/2009 Full Year
Net Debt	\$m	2,316	2,513	2,486
Equity/Total assets	%	38.2	35.2	37.2
Debt ⁽¹⁾ /Debt ⁽¹⁾ +Equity	%	52.5	55.8	54.7
Interest (net) cover	X times	2.9	2.4 ⁽²⁾	2.3 ⁽²⁾

(1) Net debt

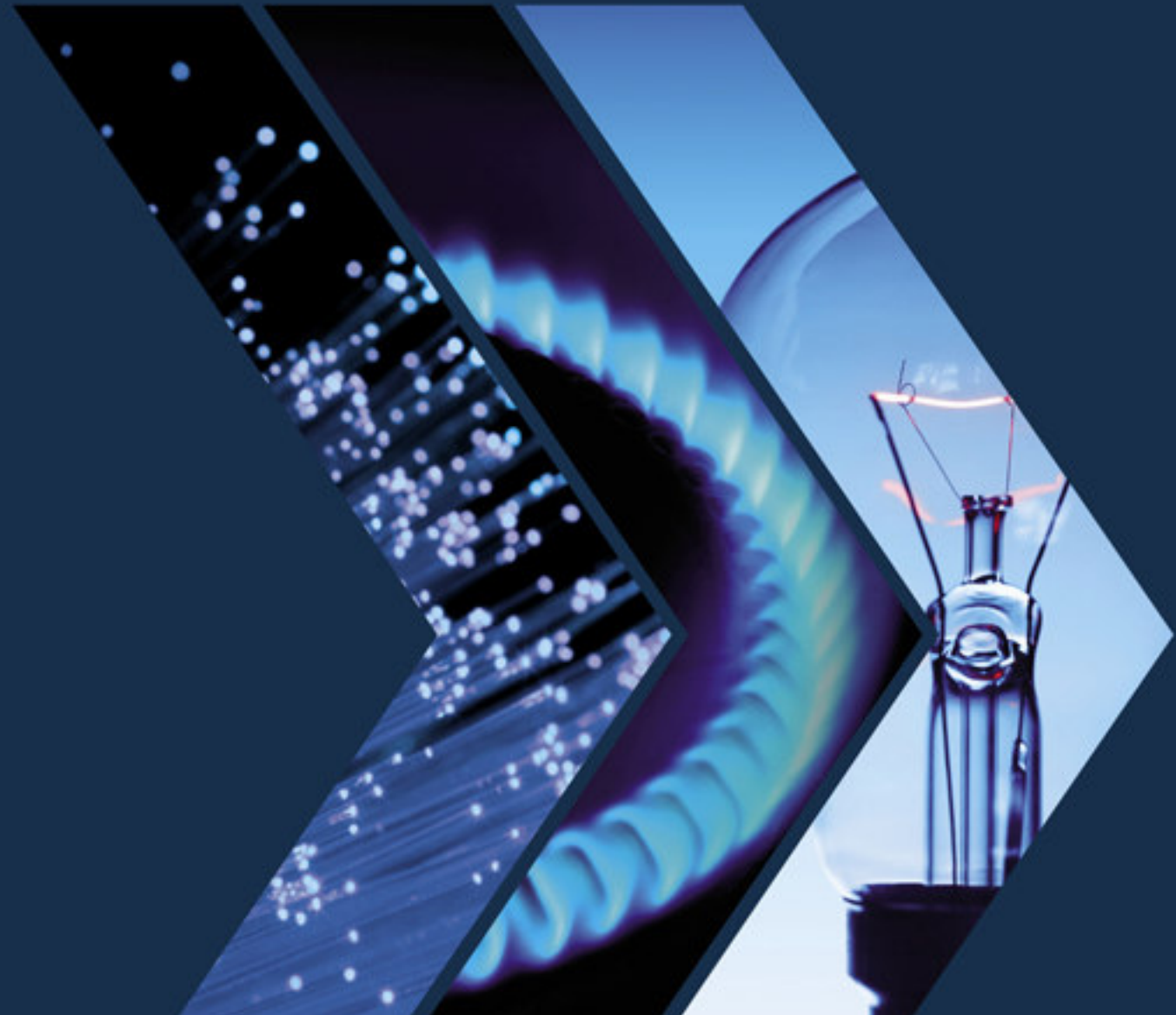
(2) Based on results from continuing operations.

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Simon Mackenzie
Group Chief Executive Officer

Summary

- A sound result - revenue and NPAT up
- Connection growth slightly ahead and volumes steady
- Improved capital structure
- Wins in gas wholesale business
- Growth options in meters and fibre
- Regulation
- Full year outlook



Vector 