

RETAIL BOND

Investor Presentation

VECTOR

May 2019



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A copy of the PDS is available through www.companiesoffice.govt.nz/disclose (OFR 12633) or by contacting the Joint Lead Managers (defined below).

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CONTENTS

CONTENTS

- ❑ Offer Highlights
- ❑ Vector Group
- ❑ Business Leadership
- ❑ Financial Performance & Capital Management
- ❑ Key Bond Terms and Timetable
- ❑ Credit Highlights

Offer Highlights

OFFER HIGHLIGHTS

Issuer	Vector Limited		
Instrument	Unsecured, unsubordinated, fixed rate bonds		
Rating	Rating Agency	Issuer Credit Rating	Expected Issue Credit Rating
	S&P Global Ratings	BBB (Stable)	BBB
Issue Amount	Up to NZ\$200m, plus up to NZ\$50m oversubscriptions		
Maturity	27 May 2025 – 6 year bond		
Joint Lead Managers	ANZ, Deutsche Craigs, Forsyth Barr, Westpac		

Vector Group

New Zealand's largest provider of energy infrastructure

VECTOR BOARD



DAME ALISON PATERSON
Chair



JONATHAN MASON
Deputy Chair



KAREN SHERRY
Trustee Director



MICHAEL BUCZKOWSKI
Trustee Director



ANTHONY CARTER
Independent Director



DAME PAULA REBSTOCK
Independent Director



BOB THOMSON
Independent Director



BRUCE TURNER
Independent Director

VECTOR EXECUTIVE TEAM



SIMON MACKENZIE

Chief Executive Officer



KATE BEDDOE

Chief Risk Officer



NIKHIL RAVISHANKAR

Chief Digital Officer



ANDRE BOTHA

Chief Networks Officer



COLIN DALY

CEO E-Co Products Group



FIONA MICHEL

Chief People Officer

Jason Hollingworth, Chief Financial Officer, joins the executive team on 27 May 2019

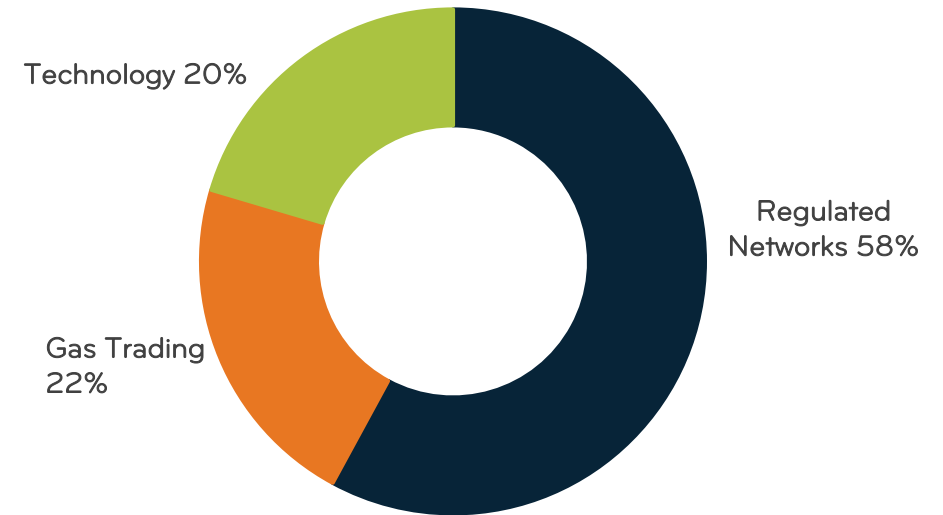
VECTOR PORTFOLIO



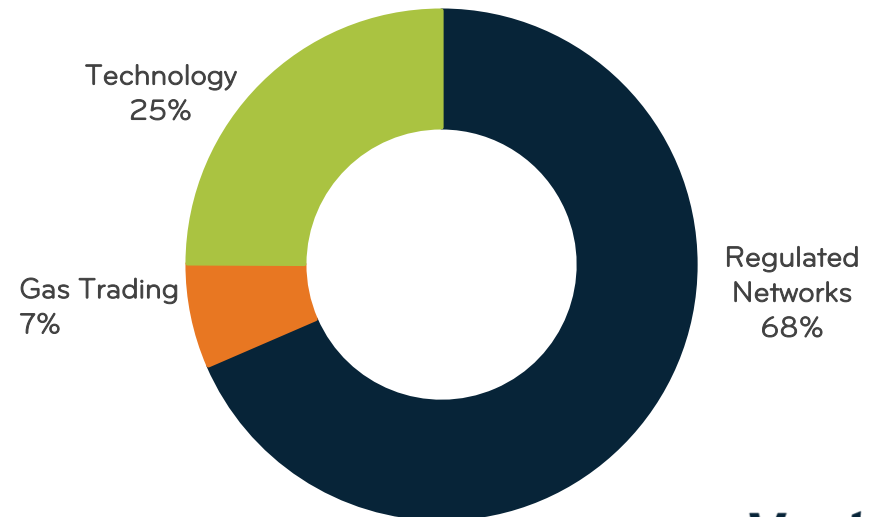
VECTOR IS NZ'S LARGEST PROVIDER OF ENERGY INFRASTRUCTURE

- New Zealand's largest owner and manager of energy infrastructure networks
 - #1 electricity distribution business
 - #1 provider of electricity and gas metering
 - #2 LPG business
- ~60% of revenue & ~70% of adjusted EBITDA sourced from regulated assets, with balance sourced from competitive activities
- Vector reports its financial results in 3 segments
 - Regulated Networks
 - Technology
 - Gas Trading

FY18 Revenue

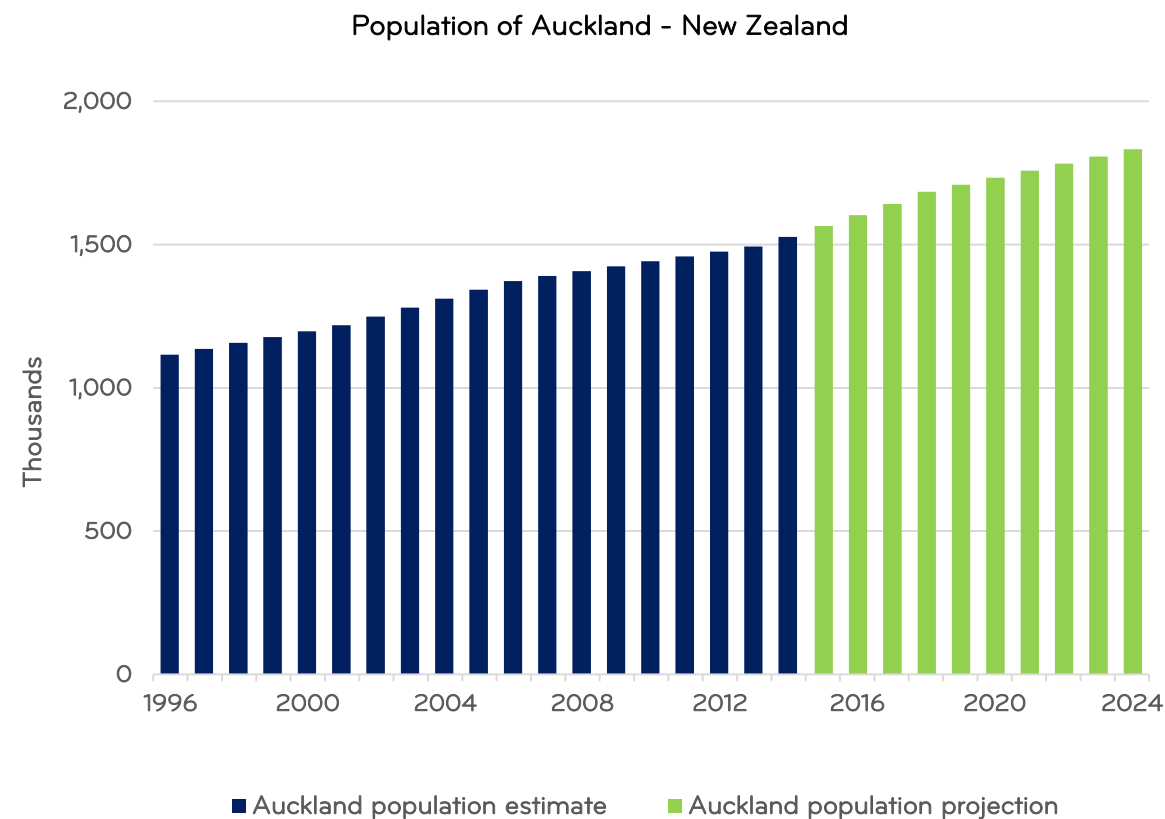


FY18 Segment Adjusted EBITDA

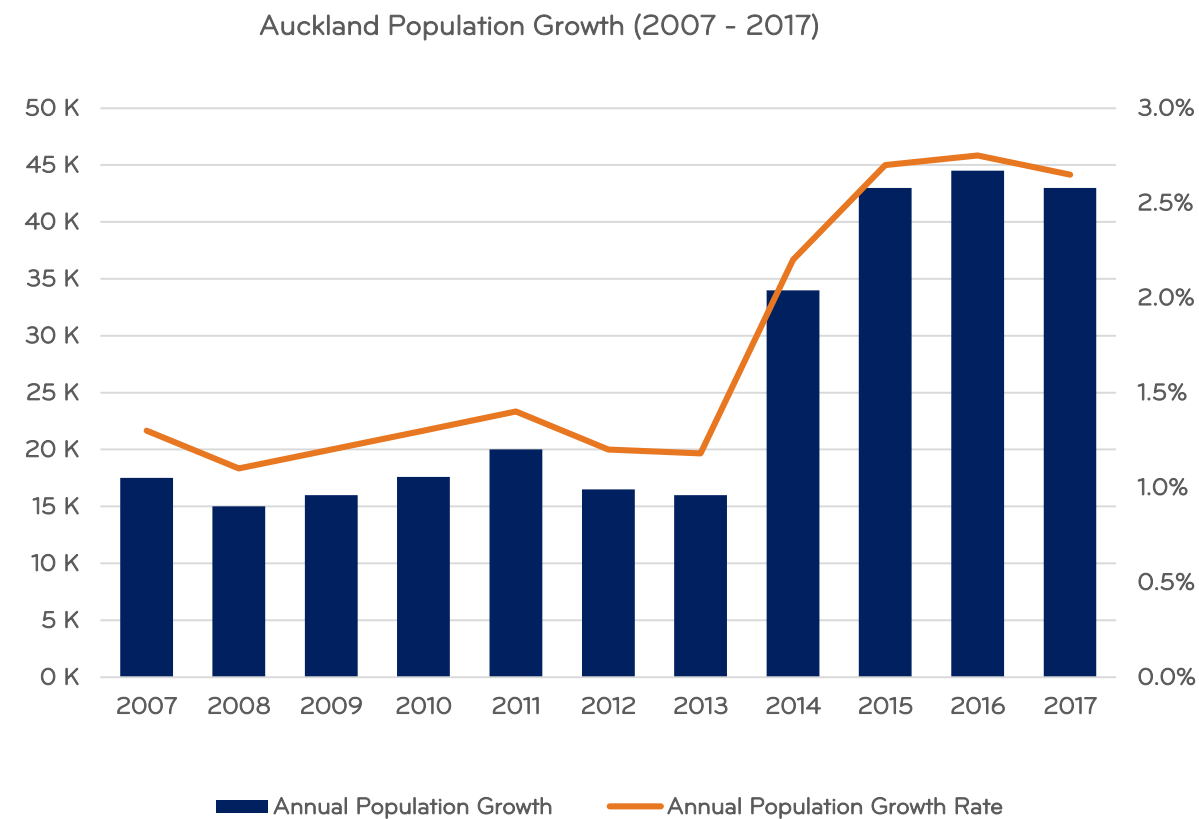


AUCKLAND'S POPULATION HAS GROWN BY 10% IN 4 YEARS

(MINISTRY OF TRANSPORT)



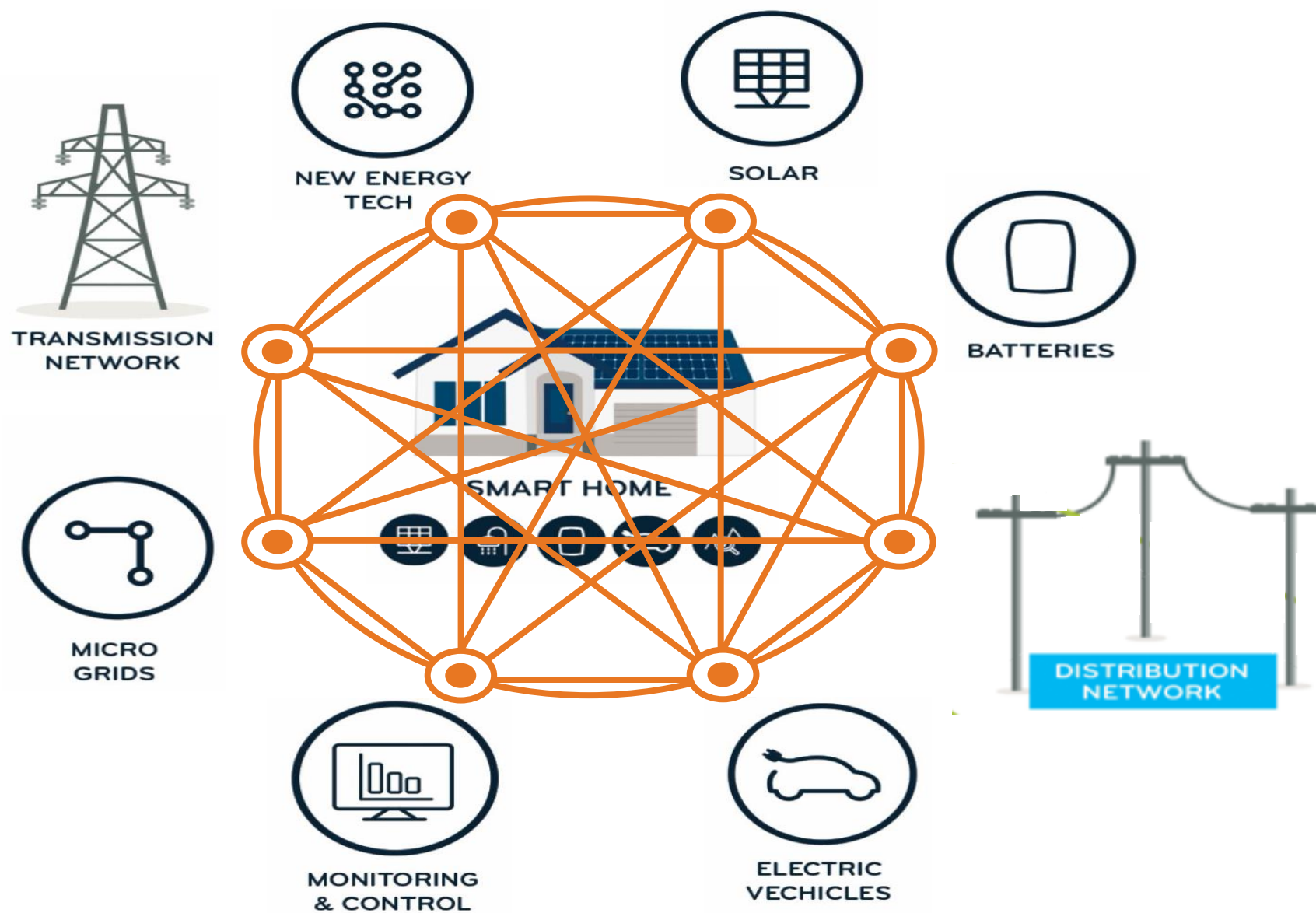
Source : Figure NZ



Source : Statistics New Zealand

Auckland is the fastest growing city in NZ and among the fastest growing cities in the world. Significant investment is required to support Auckland's growth.

ENERGY FUTURE



ELECTRICITY DISTRIBUTION



Electricity network customers¹
567,009 (26% NZ)

Network Length (18,783km)¹
Overhead Underground
8,323km 10,460km

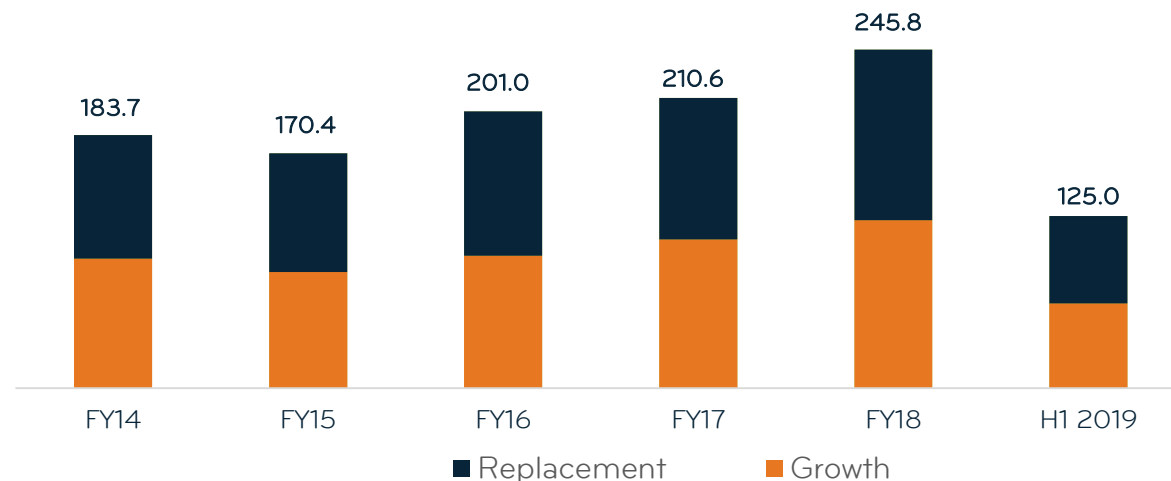
Network assets²
Grid Exit Points: 15
Zone Substation: 112
Distribution Substations: 33,652
Poles: 119,228

1. As at 31 December 2018
2. As at 31 March 2018

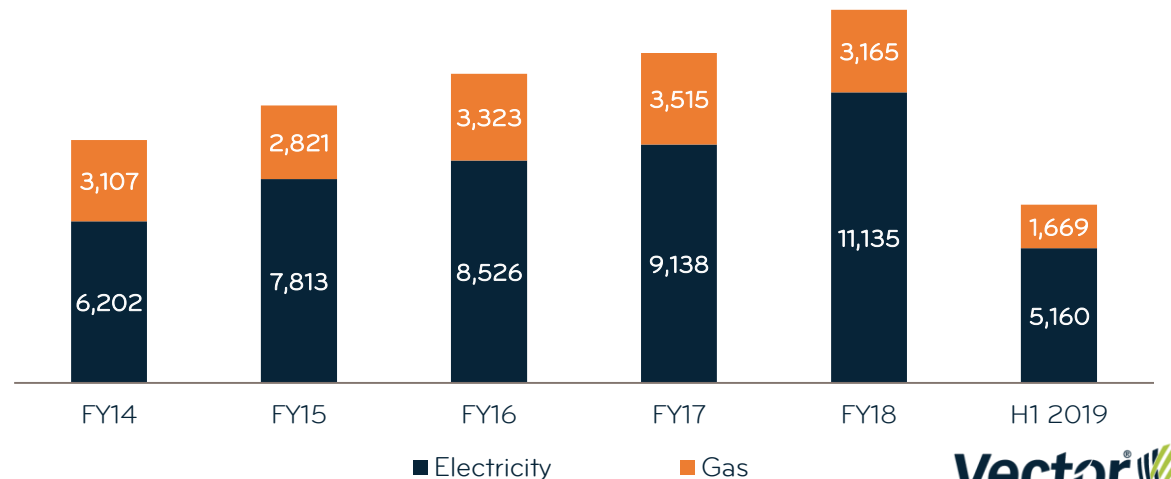
VECTOR'S REGULATED NETWORKS DELIVER ENERGY TO AUCKLAND HOMES & BUSINESSES

- Vector delivers electricity to 567,009 and gas to 110,489 Auckland homes & businesses*
- Significant investment required to support Auckland's rapid growth
- Regulated asset base now at \$3.4bn
 - Electricity ~\$3.0bn
 - Gas ~\$405m
- Returns regulated by Commerce Commission
 - Input Methodologies provide relative certainty of regulation through 2025
 - Next "reset" for gas in October 2022 and for electricity in April 2020
- Vector is at the forefront of using new technology to ensure network investment is customer focussed, efficient, flexible and future-proofed

REGULATED NETWORK CAPEX \$M



NEW CONNECTIONS



CUSTOMER ANALYTICS

Contemporary approach to understanding customers via data modelling. Key findings that are informing our forecasting and investment plans:

Starting Position

New Insight



New homes use 15% less electricity per m² than older homes



New homes use 30% less electricity per m² than older homes



Homes with gas use same electricity as homes without



Homes with gas use 34% less electricity per m² than electricity only homes



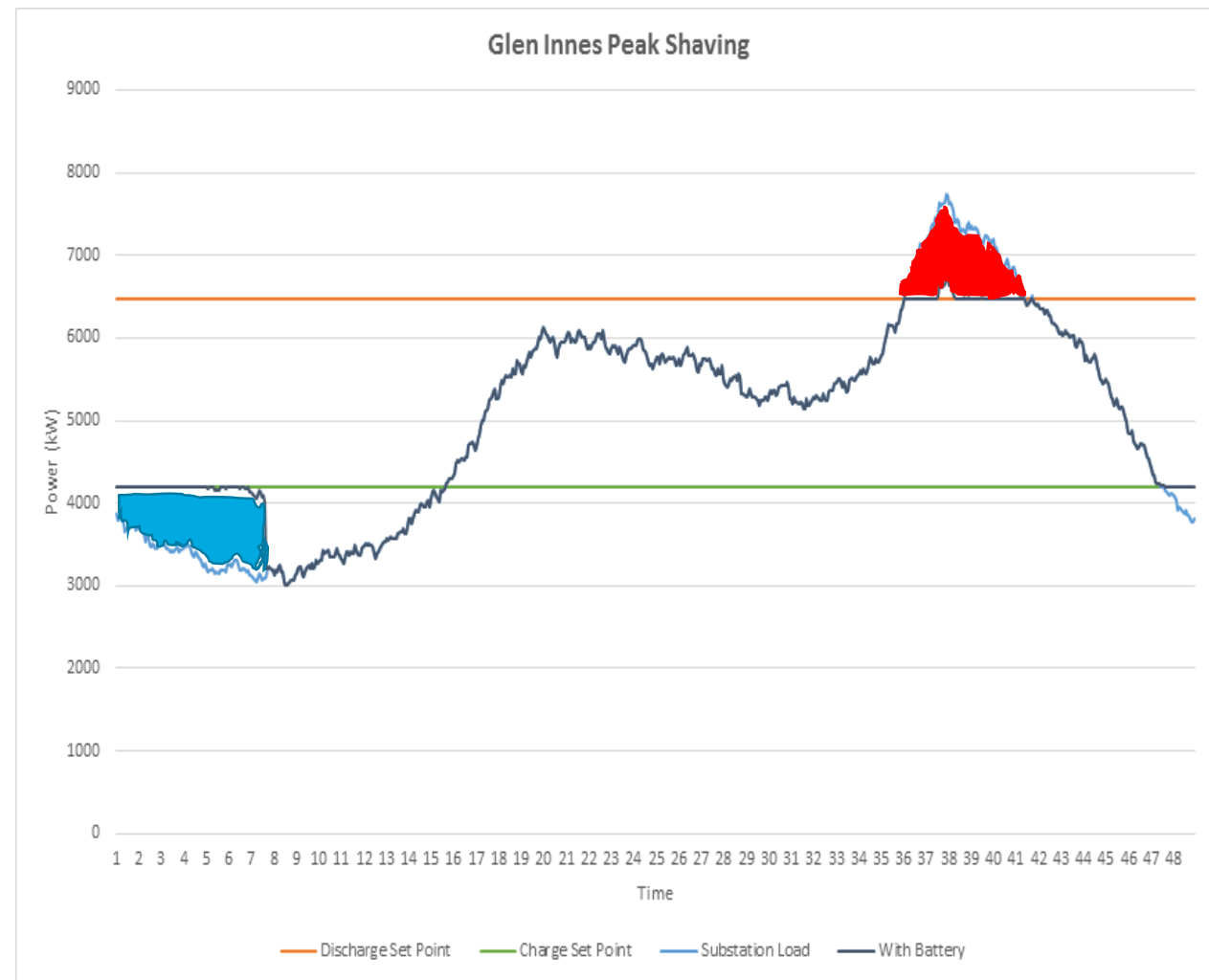
Low income homes use less electricity than wealthier homes



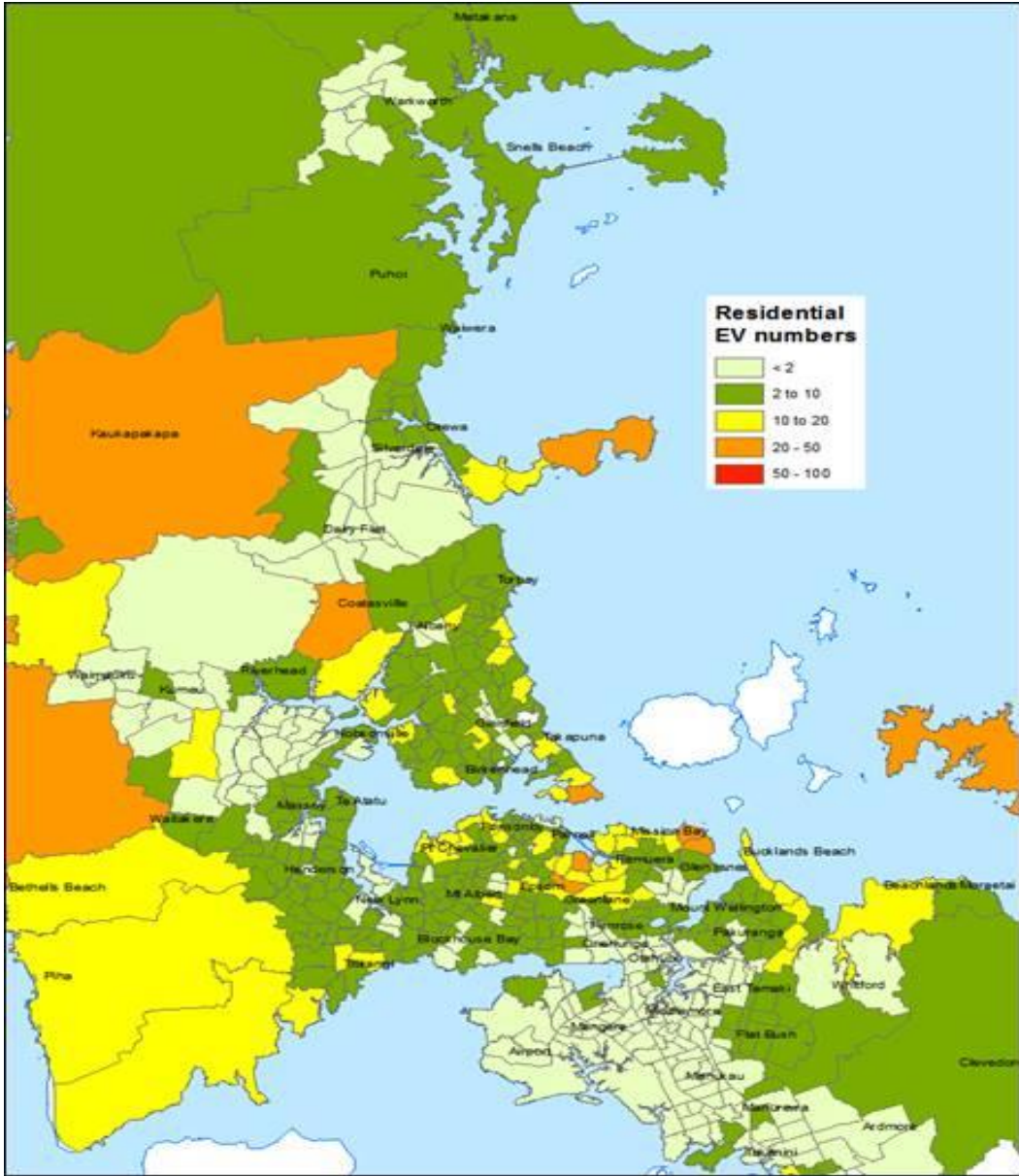
Higher income homes use 23% less electricity per m² than the lower income homes

TECHNOLOGY SOLUTIONS

Shifting load through GRID storage



ELECTRIC VEHICLE OWNERSHIP BY SUBURB



CHARGER TYPE VS. HOUSEHOLD CONNECTION CAPACITY

Capacity of different charger types compared to average household connection capacity



VECTOR'S TECHNOLOGY BUSINESS DELIVERS NEW ENERGY SOLUTIONS TO HOMES & BUSINESSES

Metering



New energy solutions



Vector owns ~1.6m electricity & gas meters

- Installed more than 1.3m smart meters in NZ
- Deployed more than 100k advanced meters in Australia
- Nationwide field service capability in NZ

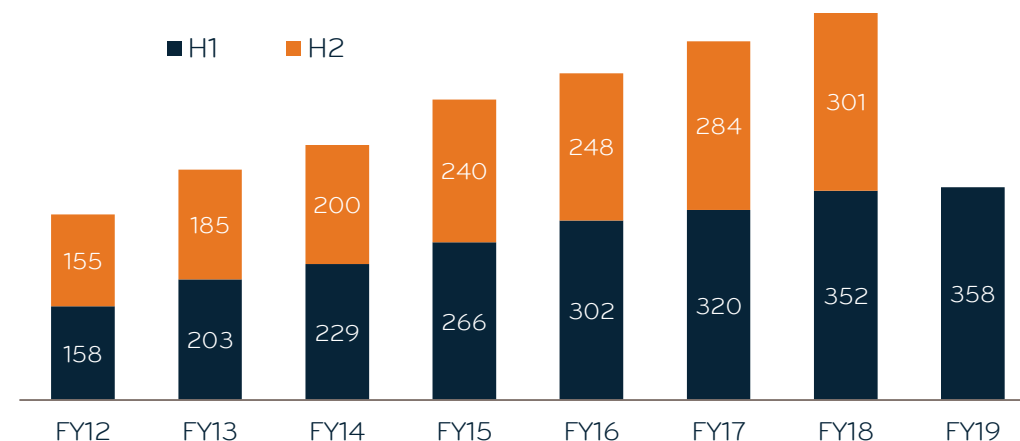
- Large commercial solar and battery projects in NZ & Pacific
- Grid-scale batteries operational supporting network capacity in Auckland
- Well placed to meet growing demand for energy efficient HVAC* solutions in homes

VECTOR'S GAS TRADING BUSINESS DELIVERS LPG AROUND NZ

- Gas Trading business consists of:
 - Natural Gas - wholesale, trading and industrial sales; gas treatment plant in Taranaki.
 - LPG - OnGas sales, distribution and reticulated networks; 60% stake in Liquigas
- Natural gas business has declined over recent years as entitlements to legacy gas have been exhausted
- Vector's LPG operations occupy a strong market position
- New LPG 9kg Bottle Swap plant in South Auckland operational and generating cost efficiencies
- Bottle Swap plant won Deloitte Energy Excellence Health & Safety award



BOTTLE SWAP VOLUMES ('000 cylinders)



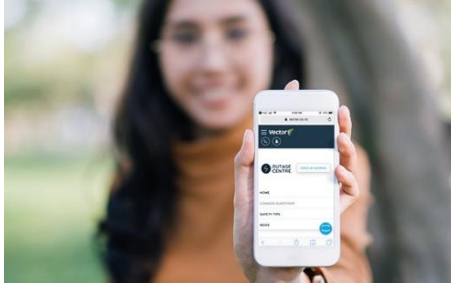
BUSINESS LEADERSHIP

BUSINESS LEADERSHIP

Urban Forest launched



Outage Centre launched



Accessibility Tick



Vector Lights



Safety Always



- Commitment to replace every tree removed from network with two native trees
- Launched September 2018 with more than 15,000 trees planted as part of launch

- New Outage Centre launched as part of major overhaul of outage systems and processes
- Supported by new Security Operations Centre, developed via partnerships with global leaders in cyber security

- First NZ corporate to receive Accessibility Tick, a public recognition of an organisation's ongoing commitment to becoming accessible and inclusive of people with disabilities

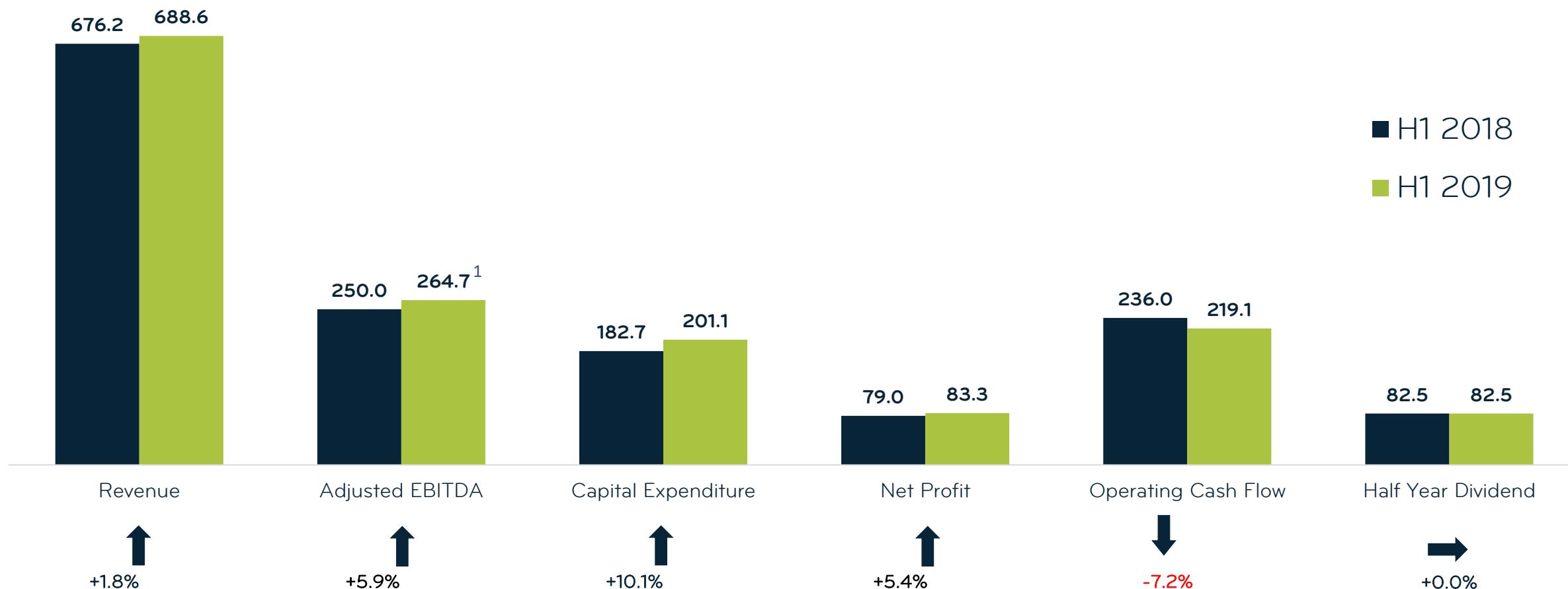
- Global media coverage of Vector Lights and Sky Tower lighting up the first major city in world to welcome 2019

- During H1 TRIFR (Total Recordable Injury Frequency Rate) decreased by 17% and LTIFR (Lost Time Injury Frequency Rate) decreased by 59%

Financial Performance & Capital Management

FINANCIAL PERFORMANCE

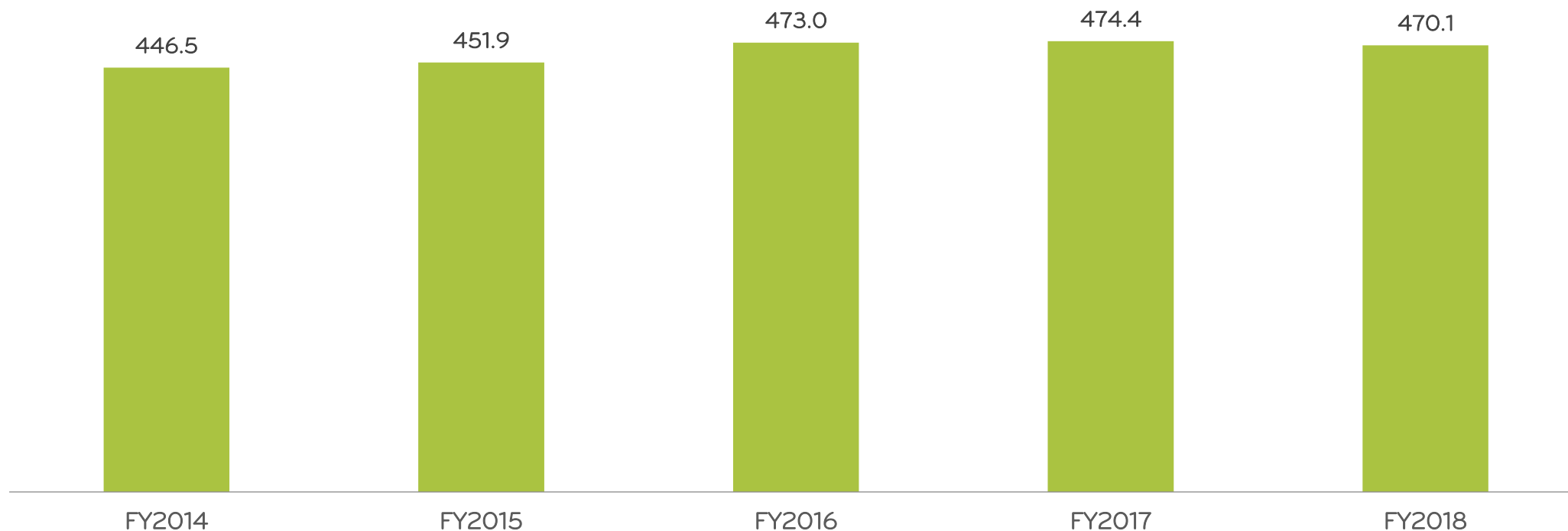
FINANCIAL PERFORMANCE (\$M)



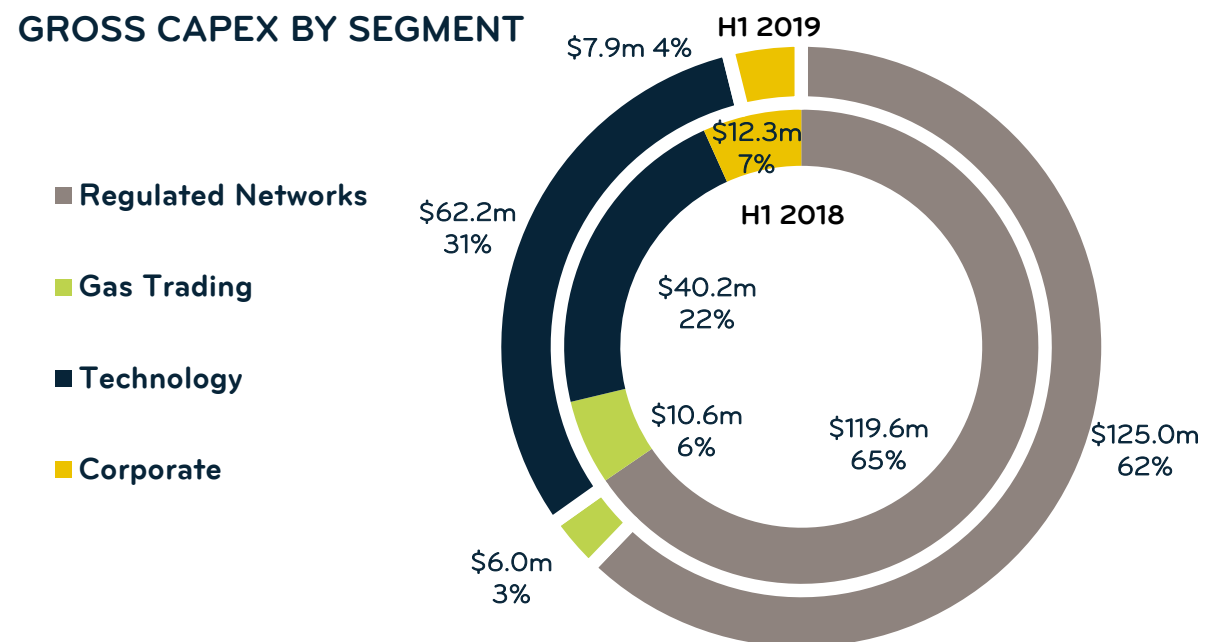
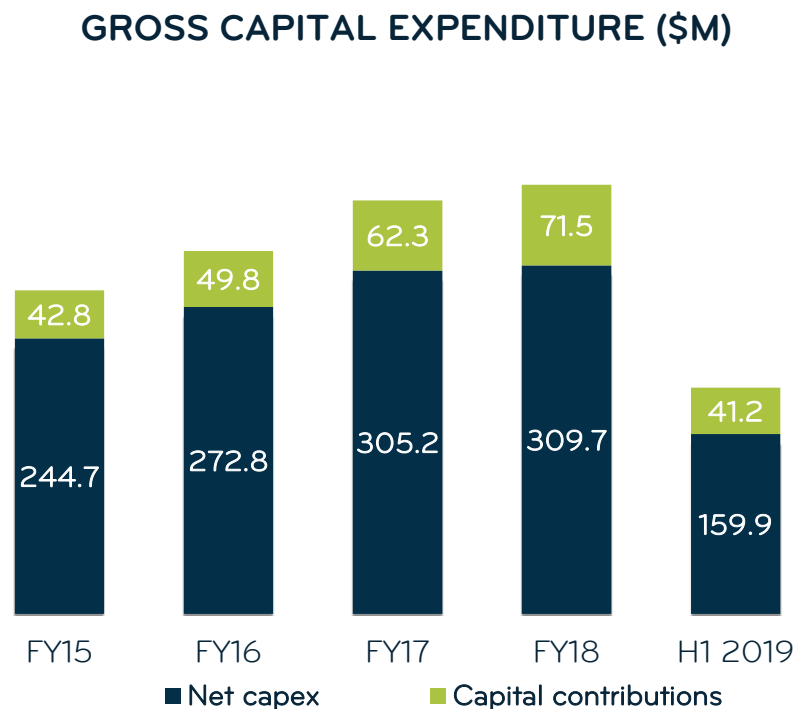
Adjusted EBITDA is not a GAAP measure of profit. For a reconciliation of adjusted EBITDA to EBITDA and net profit refer to Interim/Annual Report.

5 YEAR GROUP ADJUSTED EBITDA PERFORMANCE

Group Adjusted EBITDA (Continuing Operations Only)
\$M
For the year ended 30 June



CAPEX DRIVEN BY AUCKLAND GROWTH & METER DEPLOYMENT

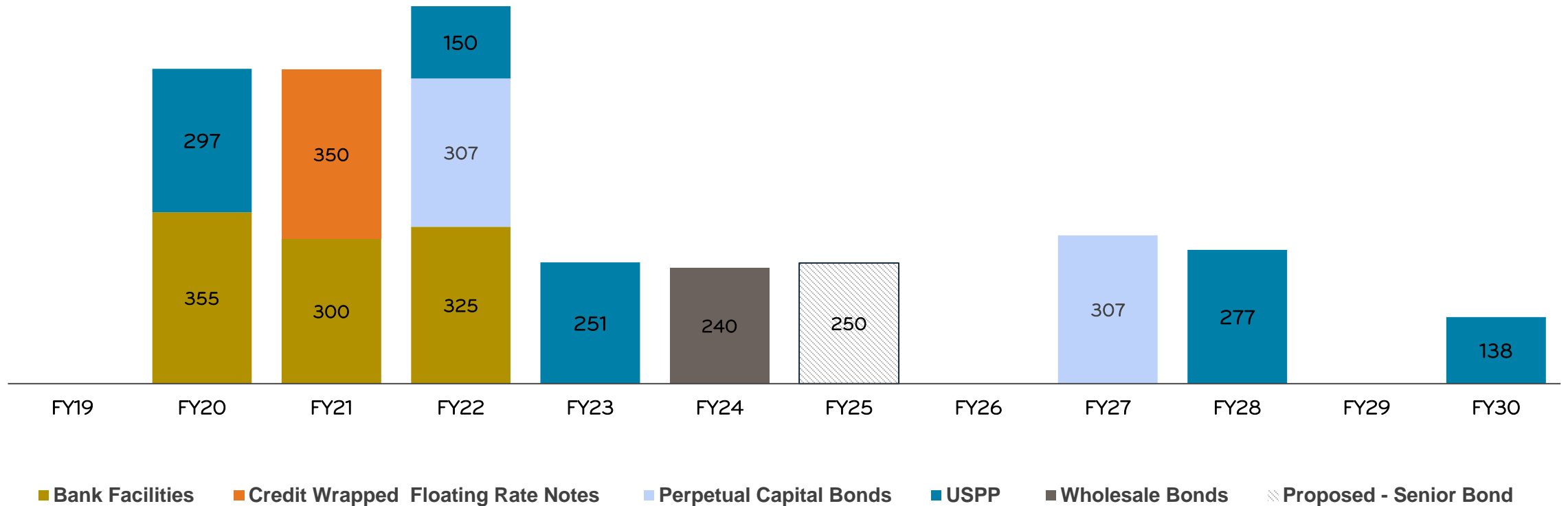


- H1 2019 Gross capex up 10.1% to \$201.1m. Net capex (after deducting contributions) up 7.7% to \$159.9m
- H1 2019 Growth capex up 13.4% to \$122.6m. Replacement capex up 5.2% to \$78.5m

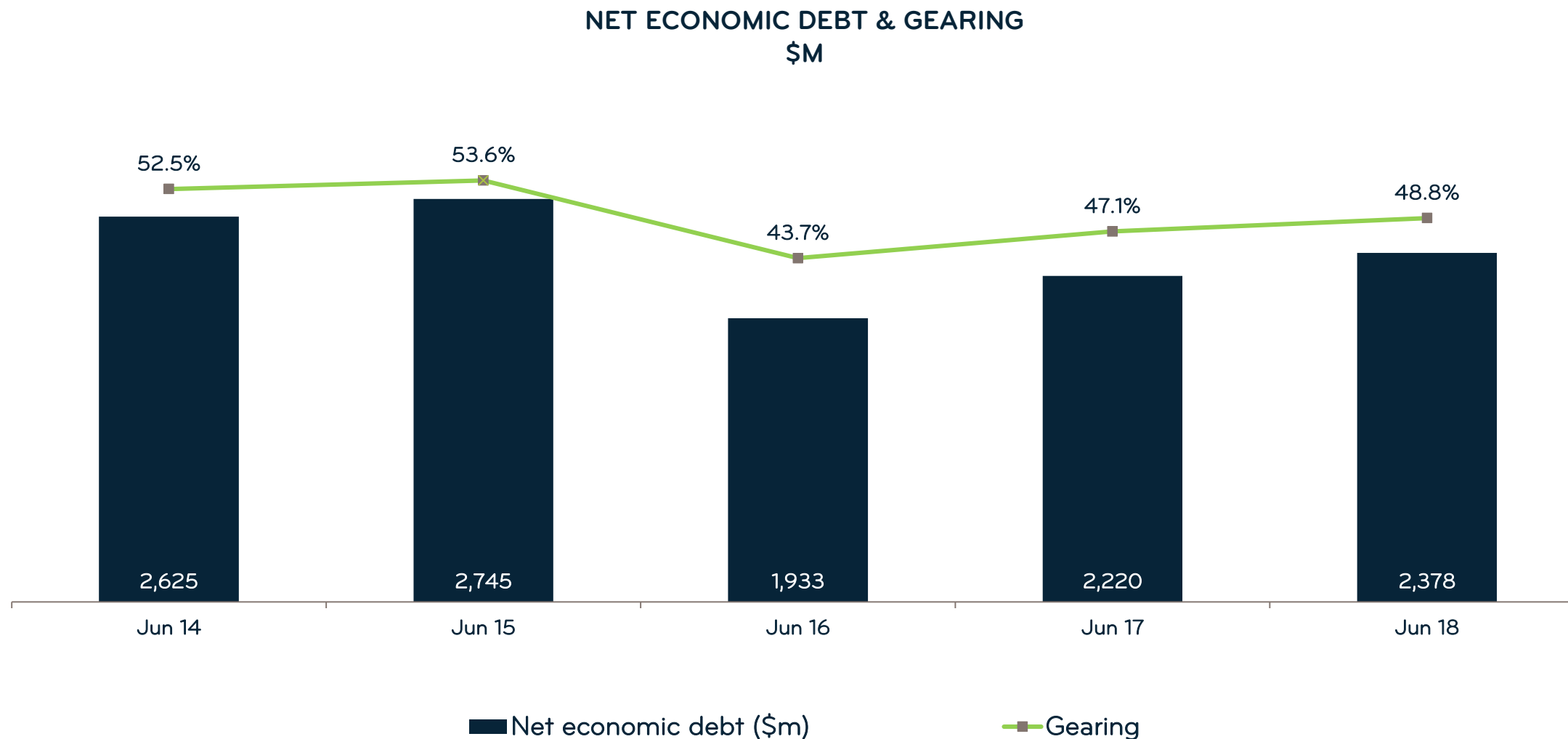
STRONG BALANCE SHEET

- Group debt maturities are comfortably spread in a variety of markets
- Economic gearing as at 31 December 2018 at 49.6%

GROUP DEBT MATURITY PROFILE \$M



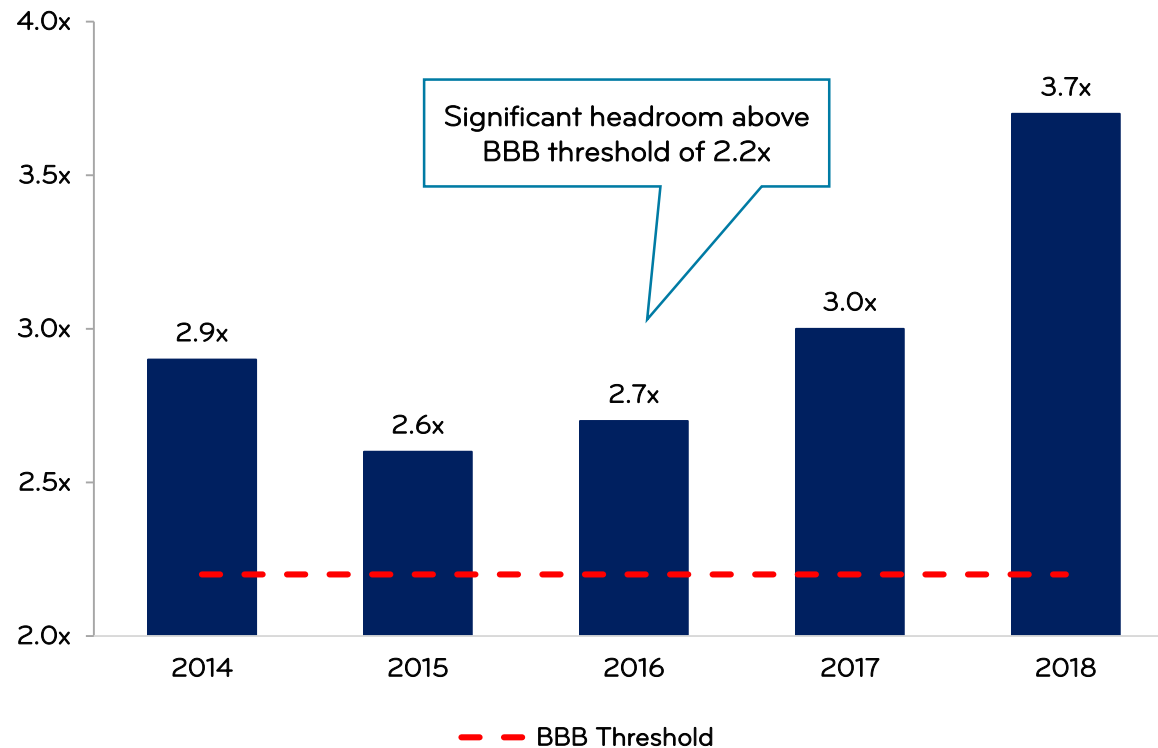
5 YEAR GROUP NET ECONOMIC DEBT AND GEARING



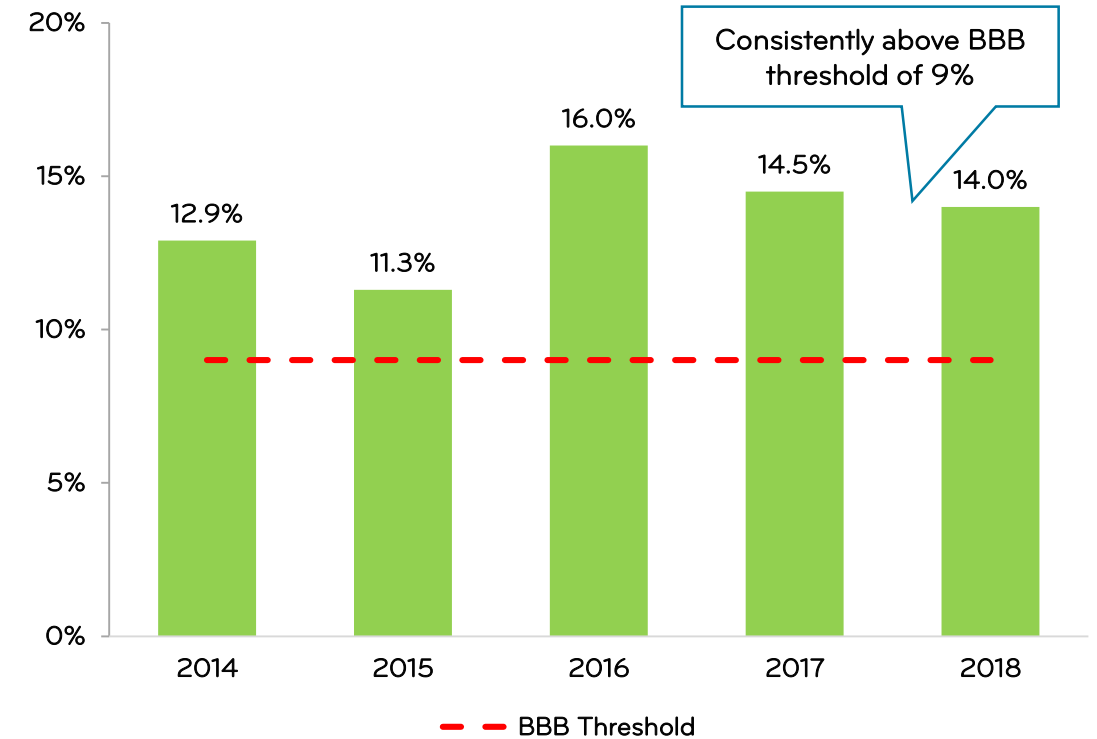
BBB CREDIT RATING

Vector rated BBB (stable outlook) by S&P Global Ratings & Baa1 (stable outlook) by Moody's

FFO / CASH INTEREST COVERAGE



FFO / DEBT %



Retail Bond Issue Key Terms

KEY TERMS OF THE BONDS

Issuer	Vector Limited		
Instrument	Unsecured, unsubordinated, fixed rate bonds		
Rating	Rating Agency	Issuer Credit Rating	Expected Issue Credit Rating
	S&P Global Ratings	BBB (Stable)	BBB
Issue Amount	Up to NZ\$200m, plus up to NZ\$50m oversubscriptions		
Term	27 May 2025 – 6 year bond		
Interest Rate	Fixed rate of interest that will be set following the bookbuild		
Indicative issue margin and minimum Interest Rate	To be announced via the NZX on Friday 10 May 2019		
Interest Payments	Semi-annual in arrear in equal amounts		
Financial Covenants	The net debt of the Vector Group expressed as a percentage of the consolidated total capitalisation of the Vector Group shall not exceed 72%.		
	At each calculation date, the ratio of EBITDA of the Vector Group to senior interest expense for the 12 month period ending on the relevant calculation date shall be not less than 1.5:1.		
Listing	NZDX under the ticker VCT090		
Brokerage	0.50% brokerage, 0.25% firm fee		
Denominations	Minimum \$5,000 holding then \$1,000 increments		
Joint Lead Managers	ANZ, Deutsche Craigs, Forsyth Barr, Westpac		

KEY DATES

PDS lodged	Wednesday, 1 May 2019
Indicative issue margin and minimum Interest Rate announced	Friday, 10 May 2019
Opening Date	Monday, 13 May 2019
Closing Date	12 pm, Thursday, 16 May 2019
Rate Set Date	Thursday, 16 May 2019
Issue Date / Allotment Date	Monday, 27 May 2019
Expected date of initial quotation and trading	Tuesday, 28 May 2019
Maturity Date	Tuesday, 27 May 2025

CREDIT HIGHLIGHTS

KEY CREDIT HIGHLIGHTS

New Zealand's largest Electricity Distribution Business

- Significant Investment to support Auckland's rapid growth
- Regulatory framework and strong market position

1 provider of electricity and gas metering in New Zealand

- 1.5m smart meters installed in NZ and Australia
- Over 225,000 gas meters in NZ

Health and Safety Record

- TRIFR decreased by 17% and LTIFR by 59% in HY 19
- Deloitte Energy Excellence Award for Health and Safety at Ongas Bottle Swap plant

Strong investment grade credit rating

- BBB (stable)

QUESTIONS