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Operator: Good morning everybody and welcome to Vector Limited's conference call and webcast to discuss the Company's financial and operational results for the full year ended 30 June 2018. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to press the star key, followed by the number one your telephone keypad. I must advise you that this conference call is being recorded today. I would now like to hand the conference over the Mr Michael Stiassny, Chairman, who will take you through the call. Please go ahead.

Michael Stiassny: Thank you, and good morning everyone and welcome to Vector's results briefing for the full year ended 30 June 2018. As has just been said, I'm Michael Stiassny, and I am Vector's Chairman.

Joining me on the call today is our Group Chief Executive, Simon Mackenzie, and our Chief Financial Officer, Dan Molloy.

Today, as at the half year results announcement in February, we are not intending to go through a detailed page by page recital of the investor material that you will have already read. Rather, we'd like to provide more insight into what we see as the key aspects of the results and allow significant time for question and answer with you all.

The aim is to give you more quality time for question and answer on the basis that you will already have read the published material. It's a growing trend and we think it is the right way to move forward.

I will begin today's presentation with the review of the dividends for the full year and then hand over to Simon to provide an overview of the key aspects of the results. Dan will comment in more detail on the numbers before Simon will close by giving you some flavour on how we see FY19 playing out. We will then be very happy to answer your questions.

As flagged last year, the Board now has and approved a new progressive dividend policy. Vector will increase dividends by at least NZ$0.0025 per share annually, provided the Company has the financial capacity to do so. We will review this policy once the parameters for the 2020 electricity reset are established.

So, in line with this policy, the directors have declared a second half dividend of NZ$0.08 per share which takes us to a full year dividend of NZ$0.1625 per share up from NZ$0.16

per share in FY17.

We are extremely proud to now have 12 consecutive years of dividend growth and we are proud of the role that we have played in helping our largest shareholder, Entrust, distribute more than NZ$1.2 billion to Aucklanders over the last decade.

But sadly, as I have cautioned before, with the energy sector undergoing such rapid disruption, responding to such change comes at a cost. Our financial results this year are evidence of that. To deliver consistent dividend growth we must continue to strategically diversify to ensure long-term profitability. It is now my pleasure to hand over to Simon for more insights into the year.

Simon Mackenzie: Thanks Michael. Good morning everyone. As Michael said, we're going to keep this a relatively brief overview of how we see these results and provide you with more time for questions. Feedback from investors has been that it's the Q&A that adds the real value over and above any published material.

The results show that the underlying operational performance was sound and slower than expected growth in technology and additional tree management in April storm related costs have dragged on the financial result. Operationally, we have maintained good momentum. Strong Auckland population growth remains a constant and is a major decision making input that sets Vector apart from other lines businesses in New Zealand.

The relentless city growth has driven more than 1000 new electricity connections and more than 3000 new gas connections. It has also driven up our regulated capital expenditure by 17% to NZ$245.8 million in FY18 from NZ$210 million in the prior year. So like others constructing assets in Auckland, this is a major challenge with respect to costs and resources and one that I'm proud our team has done really well over the last year in managing.

Given the size of the investment required to support the ongoing anticipated growth of Auckland's energy network, it is of significant concern that our regulated electricity network is not earning its regulatory cost of capital. Vector's electricity network ROI for the 2018 regulatory year was only 5.49%, significantly lower than the regulatory weighted average costed capital allowance of 7.19%. This is largely due to Commerce Commission forecast errors in the current regulatory parameters.

Absent these errors, Vector's revenues for the 2018 regulatory year would have been NZ$28 million higher. Whilst we appreciate the majority of these errors will be corrected at the next reset, we will not recover those lost earnings. To provide some more detail, as at that three years in this current regulatory period, we've seen forecast growth from the Commerce Commission in volume, expected to be at 1%, whereas actual has been negative 0.3%.

The assumed inflation for the purposes of revaluation income, was forecast to be 2%, whereas the actual has been 1.2%, and the forecast CPI for price revenue was assumed to be 1.6%, whereas the actual has been 0.7%. So in all counts, a significant reduction which totals up to an impact of NZ$28 million; and these types of issues will be common for other infrastructure companies facing these challenges when they're getting their businesses regulated by the Commerce Commission.

With a solid performance from our gas trading business, volumes are up across all business lines and the new OnGas Bottle Swap plant in Papakura that can fill up to 6000 bottles a day, has significantly increased our capacity. It also is the first major hazards facility in New Zealand to have an accepted safety case under the new regulations, and we're also delighted to say that the new facility also won the health and safety award at the 2018 Deloittes Energy Excellence Awards on Friday night, sorry, Wednesday night.

Advanced metering growth has continued. The Power of Choice reforms in Australia went live in December and in the last financial year, Vector deployed over 40,000 meters in Australia, actors five leading retailers and we see continued opportunity in that market. In New Zealand we deployed another 85,000 meters, which has effectively completed the mass market deployment here and will continue to deploy meters for new and replacement activities.

In terms of the rest of our technology business segment, while it's been a difficult year for E-Co Products Group, we are pleased they have successfully moved onto a new product line, gearing up and launching HRV Solar in the residential market late last year. PowerSmart have commercial solar and battery projects underway in the South Pacific and also in New Zealand, with a lot of growth experienced in this space.

As part of a wider multi-million dollar energy efficiency partnership with Auckland Council, with the support of NZTA, we launched Vector Lights in 2017, January. It was a brilliant showcase for new energy solutions, that already feels like an iconic part of the city, since 2018. And lastly, some comments on the April storm, which was one of the worst storms experienced in Auckland in decades. It caused widespread damage, with winds of 214 kilometres an hour, being the catalyst for a significant amount of damage across

Auckland which as well, drove an additional NZ$4 million in unexpected network repair costs in terms of maintenance and approximately NZ$2.5 million in terms of capital costs through this period.

I would also like to note that our field crews did an amazing job to respond to the significance of the damage and we also repaired a lot of customer owned services lines rather than leaving them to try and find resources to repair these in the absence of the workforce in Auckland being able to respond.

Our climate change modelling however, suggests this sort of extreme weather may well become more frequent. As well as the massive impact on households, the April storms saw our outage app fail, resulting in a poor customer experience and causing other customer channels to be impacted.

Since the storm, we have reviewed storm procedures and response and undertaken extensive engagement with a wide range of industry and community and government stakeholders, and a number of corrective actions based on lessons from the storm are well underway. These include an overhaul of the outage management system, processes and rebuilding the outage app which we need to get up and running as quickly as possible.

The storm also highlighted shortfalls in tree management regulation. These have been known for quite some time and thousands of trees that damaged lines in April were not owned by Vector and under current regulations we have very restricted abilities to manage these. But undergrounding is not necessarily a panacea. While 55% of the electricity network is underground, the cost to underground the remaining 45% over the network is enormous.

We estimate the cost to do that would be in the vicinity of NZ$5 billion and believe there is little consumer or political appetite for a large energy price increase that would be required to fund this, for these types of events. I'll hand over now to Dan, who will provide us an overview of the financial results.

Dan Molloy: Thanks Simon. Morning everyone. Our high level results for the year are summarised on slide 10 of the published material. They should be upon the screen in front of you now.

Revenue was up to NZ$1.33 billion from NZ$1.23 billion in the prior year. Adjusted EBITDA was down slightly less than 1% to NZ$470.1 million from NZ$474 million in the prior year. Capital expenditure increased 3.8% to NZ$381 million and this was driven by continued growth in Auckland, by higher replacement CapEx across our networks and by an increase in meters deployed in Australia, and this was partially offset by lower CapEx in gas trading. The prior period included the completely of our investment in the Bottle Swap plant and by a slowdown in meter deployment in New Zealand.

Group net profit was down to NZ$149.8 million from NZ$168.9 million in the prior period. This is primarily due to a significant increase in depreciation and amortisation over the period. And lastly, operating cash flow was up 16.1% to almost NZ$390 million. Michael has already covered off the dividend, so we can go to the next slide.

Looking at adjusted EBITDA in a bit more detail, the smart meter driven growth we saw in the technology segment was offset by results in the other segments. Regulated networks earnings were impacted in particular by the storm, where as Simon's mentioned, additional operating costs of NZ$4.4 million were incurred.

Gas trading earnings were impacted by a prior year insurance settlement of NZ$5.3 million. Now, absent that one off, the underlying earnings of gas trading were actually up almost 9%. The corporate segment was primarily impacted by one off revenue of NZ$3.8 million in the prior period, and this included transition fees in relation to the sale of our gas transmission business, the First Gas.

As mentioned elsewhere, we are disappointed that growth in our technology segment wasn't higher. This is largely attributed to a lower than expected performance by E-Co products heat pump division, and also by the investment required to launch HRV Solar. And with that, I'll hand back to you Simon Owen.

Simon Mackenzie: Thanks Dan. So, as mentioned by Dan, relentless growth has meant a lot of new Aucklanders want to get connected. Total number of new electricity and gas connections were 14,300, which is the highest single year's growth on our records. We've now got a total of 563,076 electricity connections and 109,229 gas connections.

The city growth and the increase in replacement spend has also meant an increase in capital investment, with CapEx up, as previously mentioned. Capital contributions are up 14.7% to NZ$70.2 million. As at 31 March, the end of the regulatory year, the electricity regulatory asset base was NZ$3 billion, with the gas regulatory asset base coming in at NZ$405 million.

While a positive trend, growth is an infrastructure challenge. Auckland is one of the fastest growing developed cities in the world, which drives cost through things like increased traffic congestion, skills shortages, rising cost of living, construction costs, as we're seeing across our numerous infrastructure companies, and a huge challenge with regards to resources and coordination of projects.

With respect to quality thresholds, we've discussed the Commerce Commission forecast errors, which are leading to a significant under-recovery. There are also regulatory challenges in balancing safety, price, service, quality and future investment. This is a challenge for network operators and regulators alike.

The quality targets and the current default price path are 18% SAIDI and 25% SAIFI, lower than the default price path in the first regulatory period prior to this one. From April 2018, quality breaches will see regulated revenue reduced by around NZ$4 million. We're working closely with the Commission on penalties for breaches of the quality thresholds. The Commission has indicated it will take action on the breaches; however, there is no precedent as a guide, so the scope of the penalty is difficult to forecast.

The reality is, is that the current Commerce Commission price and quality regime may not adequately account for Auckland growth, changes to health and safety best practice or more extreme weather events. In particular, the impact of our decision to cease live line work as well deenergise line switch come down, given international best practice and also case studies overseas.

As a result, going forward and the current regulatory period, will remain a challenge for Vector and also the wider industry. It's crucial that this issue is addressed no later than the 2020 reset, but we have also applied to the Commission to reopen our existing default price path with respect to quality targets on the basis of changes to health, safety and environment best practice, in particular live line and deenergise work.

Several factors weighing on our regulated earnings. [Fierce] storms saw additional operating costs of NZ$4.4 million and a further NZ$2.4 million in CapEx. There was also an additional expenditure on maintenance and vegetation of NZ$4 million that reflected the needs of a growing Auckland. The growth in electricity revenues, largely from connections, was also fully offset by the gas regulatory reset in October 2017 which saw gas prices reduce by 14%.

Networks EBITDA is expected to be largely flat until the next reset, impacted by the settlement for the Commission for lower user fixed charges adjustment and also the matters as disused, with respect to the SAIDI, SAIFI quality breaches.

Australian smart meters, we've reached a notable milestone in our advanced metering business, with the Australian market now offering more opportunity for volume growth than the New Zealand market, which is nearing saturation. We deployed just under 85,000 meters in New Zealand last year and we deployed just over 40,000 in Australia, and momentum continues to grow. Now the New Zealand meter deployment is largely complete, we expect to see more meters deployed in Australia than in New Zealand in FY19.

As mentioned, we have been disappointed in the technology segment, with the performance of E-Co. That's had its challenges in FY18. A bit more insight into that; there were margin pressures in heat pumps, there was the closure of the retrofit windows business unit and there was an upfront investment in basically establishing HRV Solar.

There was also the teething issues we'd made from the transition to focus the business primarily on aspects that we see are related to us as an energy group. However, there are good signs and things look in much better shape now. As well as this, we have a new CEO starting in September to continue to drive the new direction with respect to E-Co and establish a healthy growth challenge in that business. In particular, we see lots of opportunities with regards to the government's healthy and energy efficient home policies developed.

As mentioned before, with respect to outlook, we expect largely flat network earnings, as you largely expect through a regulatory period, and this is informed by a number of things. We expect Auckland growth to continue and we expect around 11,000 new electricity connections in FY19. That said, various matters, as previously discussed, such as quality, low fixed user and the under-recovery of regulation, will offset any growth that we see in Auckland; and as mentioned, that is to the tune of around NZ$30 million per annum.

At this stage, we are expecting an uplift in electricity revenue from the next reset on April 2020, due primarily to the correction of the current under-recovery. Although, this expectation is very sensitive to numerous assumptions, especially the risk free rate prevailing, that is prevailing in late 2019.

Our ability to pay ongoing increasing dividends could also be impacted by the 2020 reset of our electricity networks, which is a function of the prevailing interest rates and expenditure allowances set at the time. In our technology segment, we expect to continue to deliver EBITDA growth, with metering deployment of around 70,000 smart meters in New Zealand and 80,000 to 100,000 in Australia. Investment in new energy technologies by PowerSmart and E-Co products should continue to emerge in the 2019 year and beyond.

I would also like to just quickly touch on the electricity price review, which is a topic of conversation. A political review of the New Zealand electricity sector is obviously currently underway. We welcome the review because distribution companies are already fully transparent through regulation and we hope to see greater transparency across the sector.

One element of that transparency is the need to actually ensure that when looking at lines versus retail charges, lines charges are further deconstructed to recognise the split between transmission charges charged by Transpower and those charges charged by electricity lines businesses such as Vector. In our case, our lines charges have remained flat as per the regulatory period.

The New Zealand generation and retail market has not been looked at in earnest for around a decade and it is right to question whether consumers are receiving the benefits of competition. Recent reviews in similar markets, such as the United Kingdom and Australia, have identified genuine market concerns at both retail and generation levels of the market.

We expect EBITDA for FY19 to be in the range of NZ$470 million to NZ$480 million and we expect net CapEx in FY19 to be circa NZ$340 million. Looking even further ahead to the next decade and beyond, Vector will need to continue its transformation and continue to show leadership on technology, digital solutions, sustainability and the provision of customer choice.

In particular, one of the key areas for us showing leadership, will be in how we design and manage the networks of the future, provide platforms to enable customers to access smarter solutions and facilitate new technologies such as electric vehicles, solar, battery and other new solutions that will emerge in the new future.

It is certain that the industry will continue to be disrupted and the impacts of climate change will continue to be felt. Vector will need to not only stay ahead of the curve, but to balance the needs of customers today with those of the next generation, and one of those challenges will be particularly with regards to costs into the future between different segments of the population.

I would also like to take this opportunity to thank all the Vector staff and all the crews that support us, both out in the field and across the country, for the huge effort put in over the last year and more challenges ahead, particularly in the Auckland market.

So that's the overview from us and I'd like now to hand over to the moderator for questions.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two and if you are on a speakerphone, please pick up the handset to ask your question. You first question comes from Grant Swanepoel from Craigs Investment Partners. Please go ahead.

Grant Swanepoel: (Craigs Investment Partners, Analyst) Good morning. Can you guys hear me, Simon and Dan?

Simon Mackenzie: Yes.

Dan Molloy: Yes.

Grant Swanepoel: (Craigs Investment Partners, Analyst) Fantastic. First question is on moving the meters' costs from the regulated business to, back into the metering business. The First Gas sale, am I correct that triggered that movement, and was there not a revenue from the First Gas sale that would come to offset some of that? You indicate that your return on invested capital is currently sitting at about 5.8%. Should I just consider if 5.5% is the current risk free expected WACC for the new reset using the current risk free rate, that you would look at about a 5% price increase at that stage if the current environment prevails? Next question, on HRV moving into solar. I found the Vector brand, looking it at myself, was quite compelling when putting solar on my roof. How is the HRV brand delivered to how Vector was performing? Next question on SAIDI breaches; are any of the other 28 lines affecting the same sort of penalties that you guys are, or is it just an Auckland centric problem?

Dan Molloy: Thanks Grant. Sorry, I was a little bit confused by your first question. I'm wondering if it was related to [unclear].

Grant Swanepoel: (Craigs Investment Partners, Analyst) Dan, it's just about why did you move those costs out of regulatory into the metering business and would there not, if it was due to the sale of those gas assets.

Dan Molloy: Grant, as far as I'm aware, sorry, we didn't transfer any costs between the metering business and the regulated segment. I think we, we talked about, in the prior period, our corporate result included some one off revenues and those one off revenues were still the tail end of transition fees we were charging the new owners of the gas transmission business, as we continued to manage some aspect of it through the transition.

Grant Swanepoel: (Craigs Investment Partners, Analyst) Yes.

Dan Molloy: With your question regarding the reset, I think we gave some guidance last year about looking forward and our expectations around what a price reset might be. Look, those still broadly remain current. I guess there's a whole lot of assumptions at play, but looking forward to DPP3, if it was reset based on current projected interest rates, we would see the regulatory WACC going from 7.2% in this five year period, to 5.8% in the next regulatory period.

Simon Mackenzie: Grant, I'll pick up the other two questions. If I understood you correctly, your question was with regards to HRV Solar, how we're finding the market and how is that tracking compared to when we had solar within Vector itself. So, obviously HRV was left to operate as it had been prior to acquisition. We actually saw that they were the natural party to pick up the driving of products such as solar and batteries, given the products, other products they market, such as heat pumps, so that closer connection with customers and the marketing capability to go to customers.

Certainly, from that perspective, we've invested in building that brand and setting up a lot of the requirements to drive that business. As we've seen in the market, I think across the board across Auckland, that we're just focusing on Auckland at the moment; we'll look to expand that further; the market for solar in general across Auckland has fallen, but that said, that we're certainly building momentum and certainly HRV have lifted that solar output from our perspective.

I think it's also important to mention that in addition to that, we have PowerSmart, who have actually won a number of projects, particularly over in the Pacific Island, as we've mentioned; so they're doing a lot of work on microgrids up in the likes of Niue and Cook Islands.

So, they have, they're really starting to deliver now on the expectations from us, with respect to providing that large scale solar battery solution, and from a wider market perspective, also note that between HRV and PowerSmart, they've also delivered a large scale residential solar development in the Waikato and we're seeing more and more interest from both business and also developers with regards to solar.

On the point around SAIDI, certainly from our knowledge, without naming any particular parties, there are clearly a number of other EDBs that have also breached the quality targets for various reasons, but as we see in our case, that is a combination of a change to ceasing live line work as well as just the challenges with regards to Auckland traffic, with challenges with regards to vegetation management and needing to live within the, obviously, the financial parameters that we were allocated through the reset, and then certainly in other areas, we know that some have also sought to adopt, for their own networks, the change to live line, but also other areas have been impacted by things such as storms and other events, so they are also in breach.

Grant Swanepoel: (Craigs Investment Partners, Analyst) Thank you.

Operator: Thank you. Your next question comes from Stephen Hudson from Macquarie Group. Please go ahead.

Stephen Hudson: (Macquarie Group, Analyst) Good morning guys. Just a few from me. Dan, can you just quantify what the interest rate forecast that you're referring to in the regulatory WACC comment, and where that stands, versus the 1.95%, five year spot that we've got at the moment. Just secondly, in terms of the Commerce Commission's recent push to gather information on your emerging technology assets and their inclusion in your ramp, can you give us a feel for how material a risk you think that is, or how material a number that is, I suppose. Then thirdly, one for the Chairman, just as obviously some recent commentary in the press today on plans by the majority shareholder to potentially privatise, or further privatise Vector, I just wondered if you can comment on the voracity of those comments.

Dan Molloy: Thanks Stephen. Look, I'll start with those first two. In terms of the rate that will feed into the reset next year, it will be that the five year government bond rate between I think, June and August 2019, so when I quoted 5.8% regulatory WACC, that was based on a forward looking view of that rate of 2.55%. So, I think to give you some colour, if that moved, if that was to move by say, 100 basis points, that would impact our revenues by about NZ$32 million a year.

In terms of the [NZ$53 million] request and the exposure of some new technology assets in our RAB, we've got a RAB of, electricity RAB of around NZ$3 billion. Just to give you a feel, the new technology assets would constitute less than 1% of that RAB, so we don't think it's a big risk. The Commission's actually taken, and most of it's published material, a very progressive view on encouraging electricity networks to invest in these type of assets.

Stephen Hudson: (Macquarie Group, Analyst) Thanks Dan.

Dan Molloy: Obviously, the other thing that we are looking at in the regulated asset perspective, is around the impact of changing technology on depreciation; and the other thing we're working with the Commission over the next, leading into the next reset, is the ability to claim [accelerated] depreciation on some of our network assets.

Michael Stiassny: Stephen, I think it's fair to say that around your office and mine and Shortland Street over the last eight months or so, there has been a lot more noise about the possibility of a sell-down, and especially when you consider the council's, let us say, shortage of available funds.

I'm a very, very strong believer in that whilst a lot of people have comments about the Entrust model, the model that provides a dividend to all consumers over such a long period of time is a very, very efficient way of allowing us all to share in the profitability of Vector. So, I like the model; yes, there are always views that it could be more efficient or better run or cheaper. They're issues not for the company to comment on.

Stephen Hudson: (Macquarie Group, Analyst) Great. Thanks Michael.

Operator: Thank you. Your next question comes from Greg Main from First NZ Capital. Please go ahead.

Greg Main: (First NZ Capital, Analyst) Good morning guys. Yes, sorry, just another question on the electricity reset, and I know this is a bit future looking; but as you eluded to, or Stephen's question then, is that you obviously based that on a slightly higher interest rate; current interest rates are lower. Previously, I think you said, about a 5% P-naught, and I think Simon referred to, that revenue would be flat at current levels. I may be wrong there. But, presumably, you will see higher D&A, will impact the reported revenue out of the regulatory asset base? And, to some of the other issues you raise, does that push you more towards maybe going for a customised sort of price path or something or is it too late to go down that path at the moment?

Simon Mackenzie: Yes, look, Greg, hi, it's Simon. Just a couple of points there to note. What I was talking about with the flat earnings, that's out until 2020. So that's for the remainder of this regulatory period, not post the 2020 reset. Post the 2020 reset, obviously Dan will give a little bit more colour where than could sit, but post 2020, obviously we move to a revenue cap as well. I think there was another question around?

Greg Main: (First NZ Capital, Analyst) Oh, just with those regulatory shortfalls.

Simon Mackenzie: Yes, those. So, customised price path; yes, we think that's out of time. When we move into a default price path then obviously we'll assess then post how that's set, whether or not that's something that we think's, in particular, going to facilitate and enable the capital expenditure required to invest in Auckland, given the growth. So, the challenge is about the DPP will be the conversations about what's actually going on with Auckland growth, the impact of Auckland growth and also those factors such as what's going on with CPI and the forecasts around CPI.

I think moving away from a price path is important because as we've seen, volume forecasts were significantly wrong from the Commission with, basically we're seeing negative 4% instead of positive 1.1% and that has a material impact. With regards to the expected kind of change at 2020, I'll just pass over to Dan quickly.

Dan Molloy: Thanks Simon. Thanks Greg. Yes, look, obviously a very inexact science for forecasting this at the moment. The two key drivers of that reset will be the risk free rate prevailing between June and August next year and also the expenditure allowances for the next five years that the Commission sets us; and obviously, neither of things have been determined yet, but our expectations at this stage, based on our asset management plan, based on what we expend, what we're spending and expect to spend and based on current forward looking views of interest rates, is for a reset in the order of 5% to 6% increase from regulated revenues the year before the reset to the year after the reset.

Greg Main: (First NZ Capital, Analyst) Right. Sorry, but that includes the revenue cap, moving to a revenue cap?

Dan Molloy: That includes the revenue cap, and again, there are uncertainties as to exactly how we will - all the parameters of the revenue cap.

Greg Main: (First NZ Capital, Analyst) Okay. Okay. Then, just on the meters business, obviously, you've said that the smart meter roll out in New Zealand had largely completed. So what sort of smart meter additions to you think you will get this year, because I would have thought it would have been a fait accompli that those would come down quite substantially and that Australia would be stronger and therefore, so part of the question is, given we don't have a lot of visibility, what sort of things are you expecting in Australia?

Dan Molloy: Greg, I think we - in the analyst presentation this year we've endeavoured to, and I think partially in response to your question last time, we've endeavoured to give you a bit more information around exactly how many meters we expect to deploy in Australia over the coming 12 months; around about how much we expect that will cost us. And, in

New Zealand, look, I'm surprised that we're still sitting here and giving a forecast of I think, 70,000 or 80,000 meters in New Zealand in the next 12 months; and really, that's just coming from a lot of new connection growth.

Simon Mackenzie: Yes, to also add to that, I guess the context in which we're talking about the metering deployment, that was largely off the, what we call the contracted volumes that were contracted some time ago, to deploy those meters, and now we move into what, as Dan mentioned, is the phase around deploying meters which are arising from growth, not that were previously forecast to replace the likes of legacy meters that were hanging on the wall. So, we're still in a very strong position in that space in New Zealand.

Greg Main: (First NZ Capital, Analyst) All right. And then, how long are your contracts to supply smart meters in New Zealand? How long do they run for, again?

Dan Molloy: Greg, with our contracts, they're typically characterised by terms of 12 to 17 years, so I think again, we made a statement in this year's investor presentation where we talk about across the fleet, having a weighted average contract life remaining of more than seven years per meter.

Greg Main: (First NZ Capital, Analyst) Okay. Sorry, and then just one last question. Just on E-Co, did that actually return a positive profit this year?

Dan Molloy: Yes, it did Greg, yes; but look, I think we've, Simon's talked about, Simon's talked about the investment in solar. We had costs to close down retrofit windows division and the heat pump business did underperform, so it wasn't a large one.

Greg Main: (First NZ Capital, Analyst) Okay. Thank you.

Thank you. Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from Andrew Harvey-Green from Forsyth Barr. Please go ahead.

Andrew Harvey-Green: (Forsyth Barr, Analyst) Morning. Morning guys. Couple of questions; just following on from Greg's one, I guess, around E-Co and I think you said [NZ$7 million] EBITDA this year underlying, and your point into growth within the technology business. Am I right in assuming that most of that growth is going to be smart meters? Is there much you're expecting from the E-Co business in FY19?

Simon Mackenzie: Andrew, in terms of the - a lot of the growth and the E-Co result will come from not having to incur some of the one off costs that we have seen this year and also a forecast return to better margins in heat pumps. So, we're forecasting a little bit of top line growth but not a lot.

Andrew Harvey-Green: (Forsyth Barr, Analyst) Okay, and second question is just around, I guess, capital contribution. Any thoughts on that? I see, I think you're looking at 11,000 odd electricity connections which is a wee bit down on the year just gone, in terms of how that translates into capital contributions. Are you able to give a rough guideline around that?

Simon Mackenzie: Yes, Andrew we're expecting capital contributions, again, these are a bit hard to forecast, but our budget's for something like NZ$73 million. So, it's been very strong growth in capital contributions over the last five years.

Andrew Harvey-Green: (Forsyth Barr, Analyst) Yes. Okay. Last question is just, I guess, on the interest rates, interest cost bill, going forward. I think we've got those UK bonds finally rolling off this financial year, so presumably that should provide a bit of a tailwind there. I'm assuming it's, for this financial year, you're a probably a little bit over NZ$5 million or NZ$6 million from that offset by increased debt and the interest bill on that. Is that a rough, roughly right, or give us a bit of a feel for that.

Simon Mackenzie: I'm sorry Andrew. I haven't got - I'm really looking forward to those bonds rolling off, but I haven't got the figures of what it will save us, in front of me.

Andrew Harvey-Green: (Forsyth Barr, Analyst) Okay.

Simon Mackenzie: Look, I can get back to you on that.

Andrew Harvey-Green: (Forsyth Barr, Analyst) Yes. Okay. That's great. That was all from me. Thanks.

Operator: Thank you. There are no further questions at this time. I'll now hand back to Mr Stiassny for closing remarks.

Michael Stiassny: Well, thank you very much for attending this morning and we look forward to seeing you all no doubt, at our ASM, so thanks very much. Goodbye.

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