

Full Year Ended 30 June 2021

Financial and Operational **Results**

24 AUGUST 2021

Disclaimer

This presentation contains forward-looking statements.

Forward-looking statements often include words such as “anticipates”, “estimates”, “expects”, “intends”, “plans”, “believes” and similar words in connection with discussions of future operating or financial performance.

The forward-looking statements are based on management's and directors' current expectations and assumptions regarding Vector's businesses and performance, the economy and other future conditions, circumstances and results.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Vector's actual results may vary materially from those expressed or implied in its forward-looking statements.

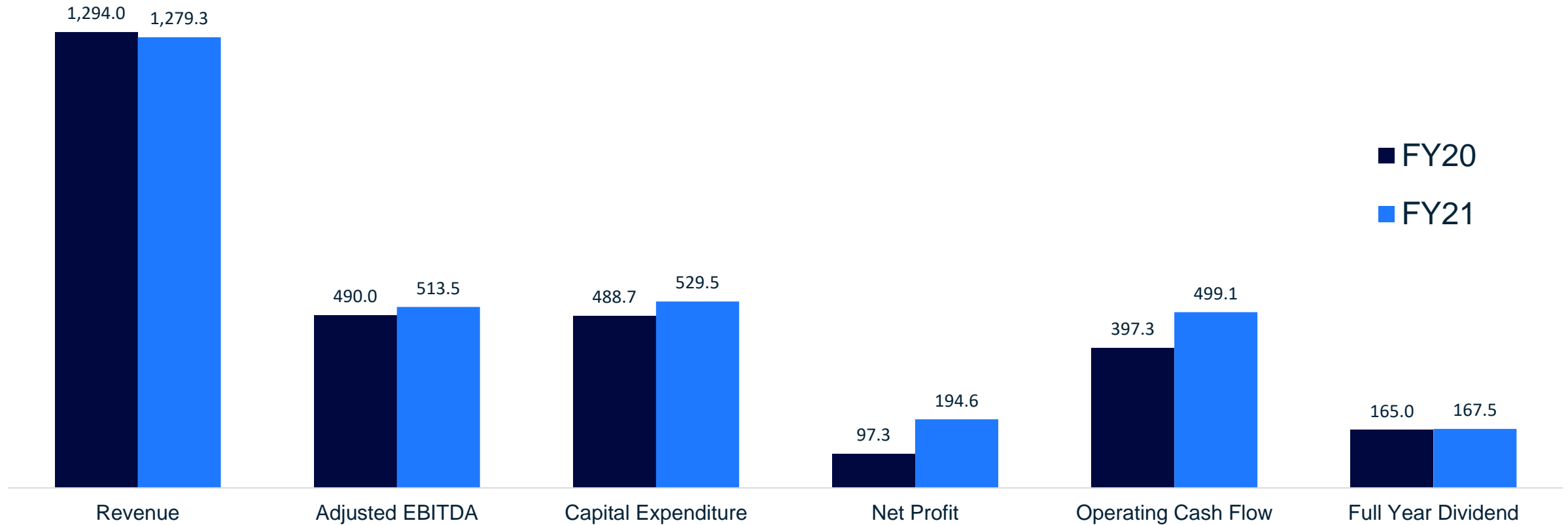
Agenda

- Overview of Performance
- FY2021 Business Insights and Highlights
- Financial Performance
- Segment Performance
- Outlook
- Q&A

OVERVIEW OF PERFORMANCE

Overview of financial performance

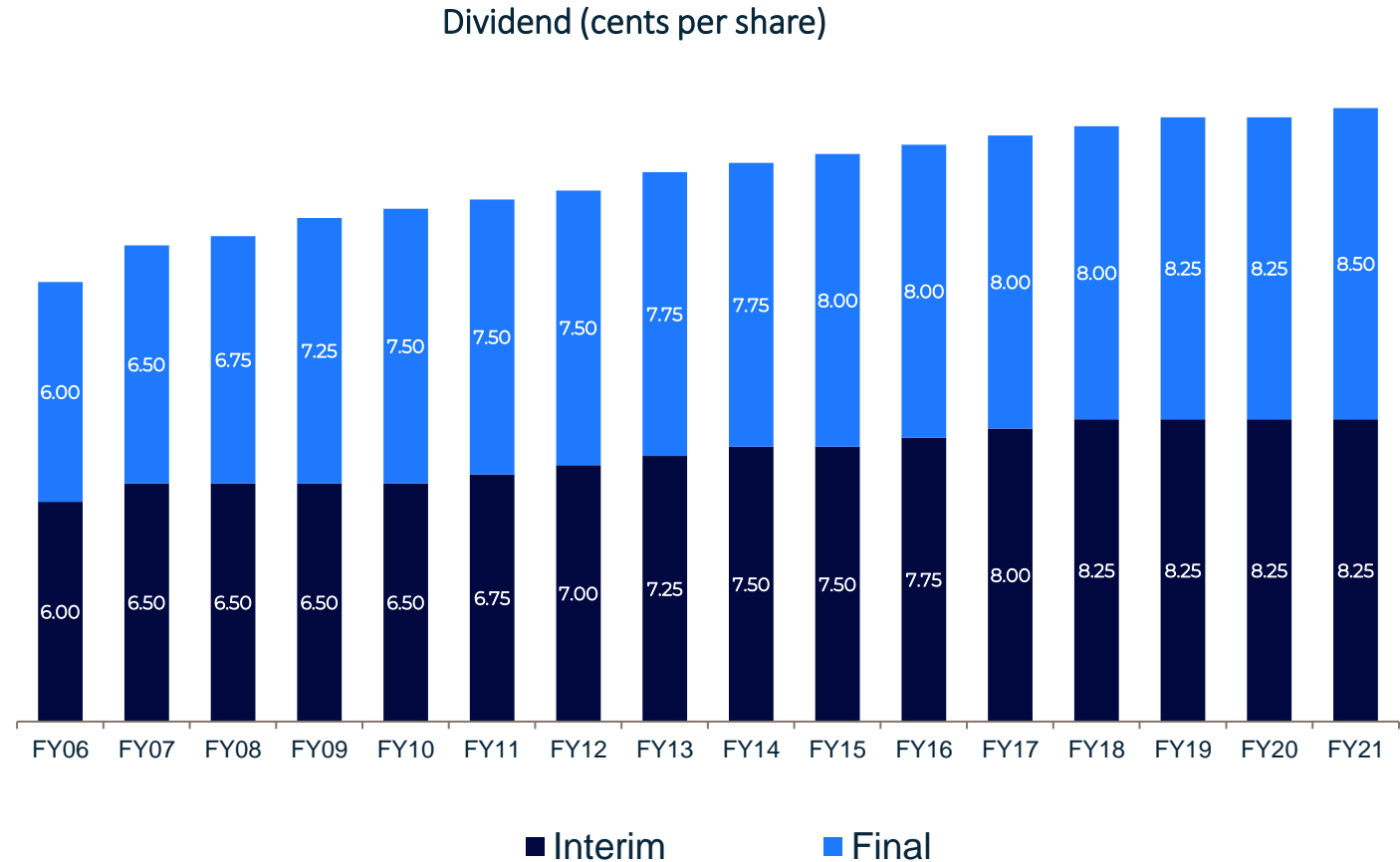
FY21 FINANCIAL PERFORMANCE (\$M)



Adjusted EBITDA is not a GAAP measure of profit. For a reconciliation of adjusted EBITDA to EBITDA and net profit refer to page 29 of this presentation.

Dividend

- Final dividend of 8.50 cents per share
- Taking the full year dividend to 16.75 cents per share
 - Up 0.25 cents on the prior year
 - Imputation at rate of 10.5%
- Dividend record date of 9 September 2021 and payment date of 16 September 2021



FY2021 BUSINESS INSIGHTS AND HIGHLIGHTS

FY21 Business Overview

Electricity and Gas Distribution



- FY21 impacted by full year of DPP3 reset which saw prices reduce by 6.9% from 1 April 2020 (\$28m impact)
- 18,839 new electricity and gas connections added, up 22.1% on prior full year comparative period
- Level of (gross) investment continues to be at historically higher levels with capital expenditure for FY21 at \$314.7m
- We saw a 22.3% improvement in SAIDI, our measure of reliability of the network
- Electricity volumes overall up 0.1% at 8,325 GWh



Metering



- In FY21, deployed 117k advanced meters in Australia and 34k in NZ
- Advanced meter fleet totals 1.86 million across NZ and Australia
- Nearly 400k meters now installed in Australia
- Invested capex of \$165.3m or 24% more than prior year
- AWS strategic alliance delivers first output – advanced metering platform for gas
- Commenced deployment of advanced gas meters and rollout of 4G modem replacement

Gas Trading



- FY21 reflects full year impact of sale of Kapuni on segment earnings but this is largely offset by interest consideration (reported as part of net interest cost)
- Improved natural gas and LPG Ogas margins
- LPG volumes up 3.9% to 45,043 tonnes with bulk and cylinder volumes higher
- 3.1% decrease in 9kg LPG bottle swaps to 680,099

FY21 Highlights

100+



TRAINED MENTAL HEALTH
FIRST RESPONDERS

200



APPROXIMATE NUMBER OF
PARTICIPANTS IN OUR EV
SMART CHARGING TRIAL



COVID-19

WE ACKNOWLEDGE AND
COMMEND THE RESILIENCE OF
OUR TEAMS, PARTICULARLY
OUR AUSTRALIAN TEAM, IN
THE FACE OF CONTINUED
DISRUPTION CAUSED BY
COVID-19

TRANSFORM

OVER THE PAST 12 MONTHS
WE HAVE SEEN CONTINUED
PROGRESS AGAINST OUR
SYMPHONY STRATEGY AS
WE CONTINUE TO REIMAGINE
WHAT ENERGY SYSTEMS ARE
CAPABLE OF

12%

REDUCTION IN OUR CARBON
FOOTPRINT IN THE PAST YEAR
(SCOPE 1, 2 AND 3, INCLUDING
ELECTRICITY LINE LOSSES)



94

VECTOR LIGHT SHOWS FOR
THE PEOPLE OF AUCKLAND

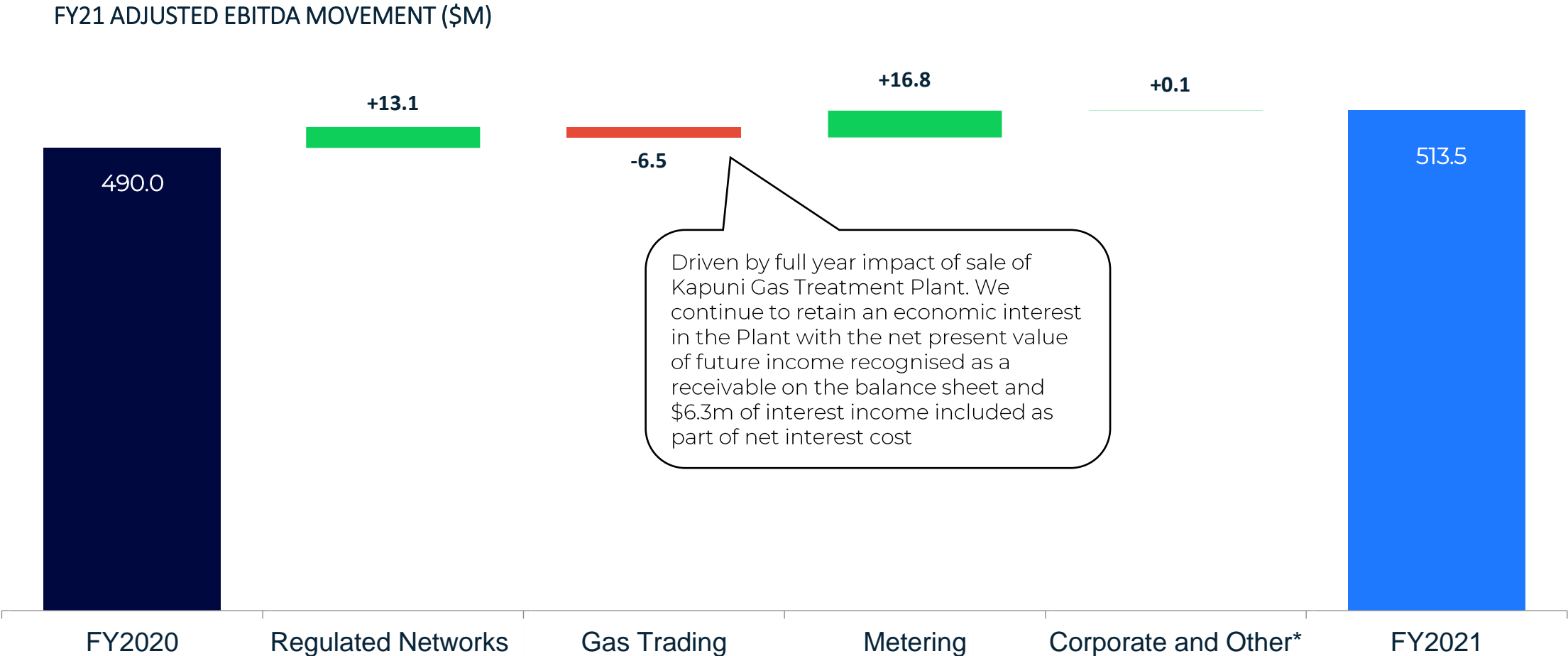
VECTOR POWERSMART



2 WINS AT SUSTAINABLE
ENERGY ASSOCIATION
NZ AWARDS

FINANCIAL PERFORMANCE

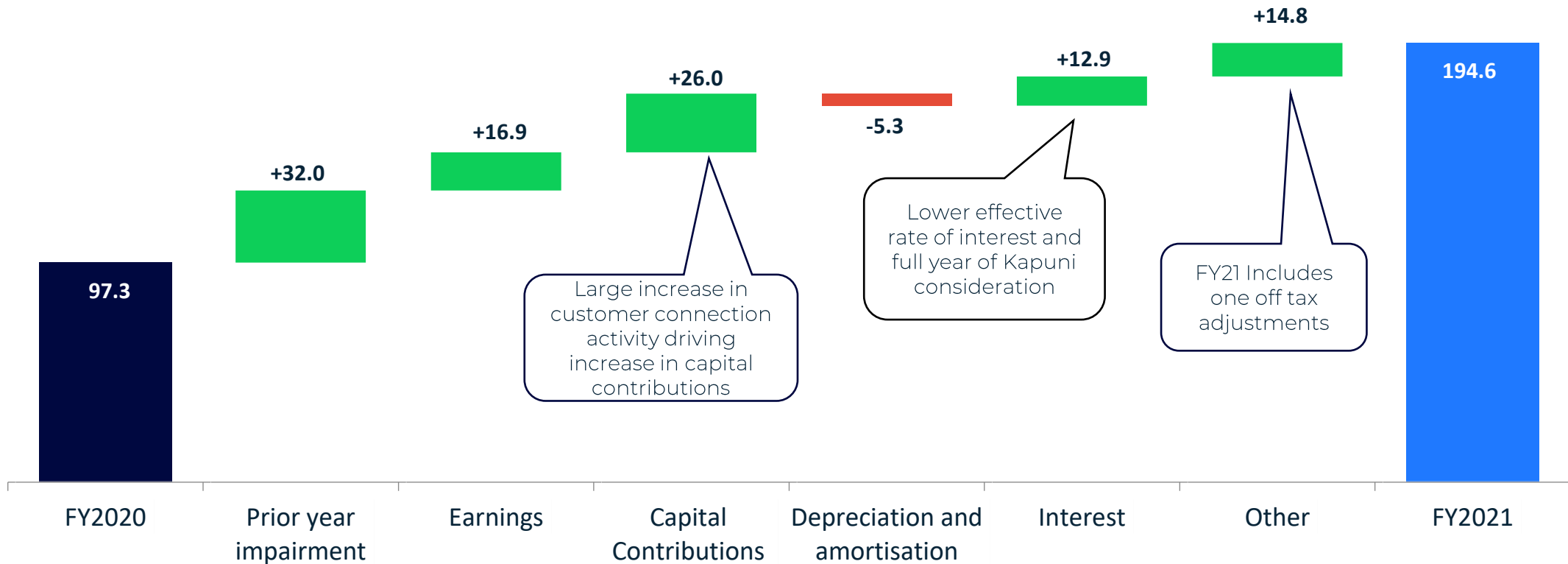
Increase in earnings



Other includes Vector PowerSmart, Vector Fibre and Vector Technology Services
* Corporate and Other is not a reportable segment

NPAT is \$194.6m, up \$97.3m on the prior year

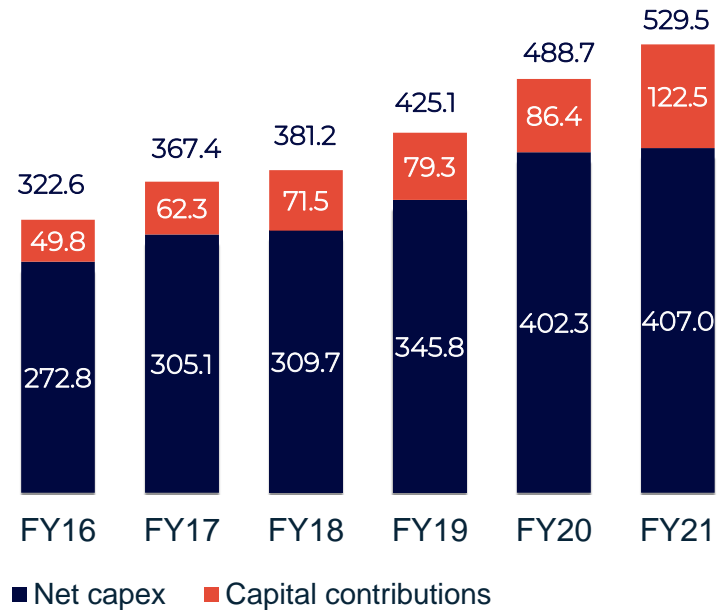
MOVEMENT IN NET PROFIT AFTER TAX (\$M)



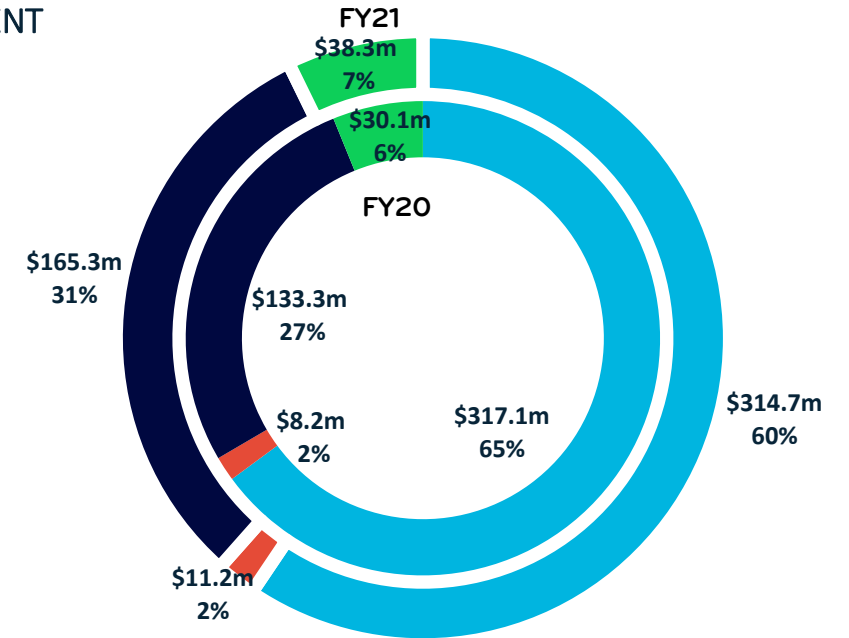
All items above are net of tax except impairment
"Other" includes associates, fair value change on financial instruments and tax changes

Capex driven by Auckland growth & meter deployment in Australia

GROSS CAPITAL EXPENDITURE (\$m)



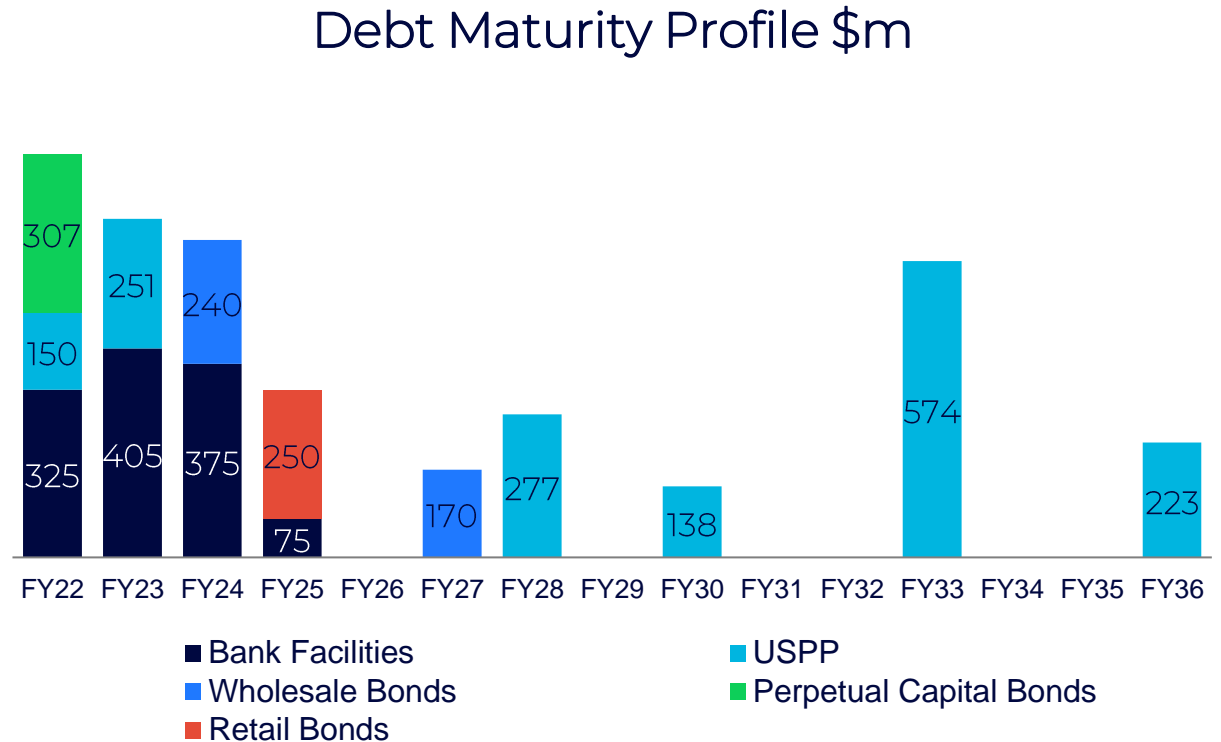
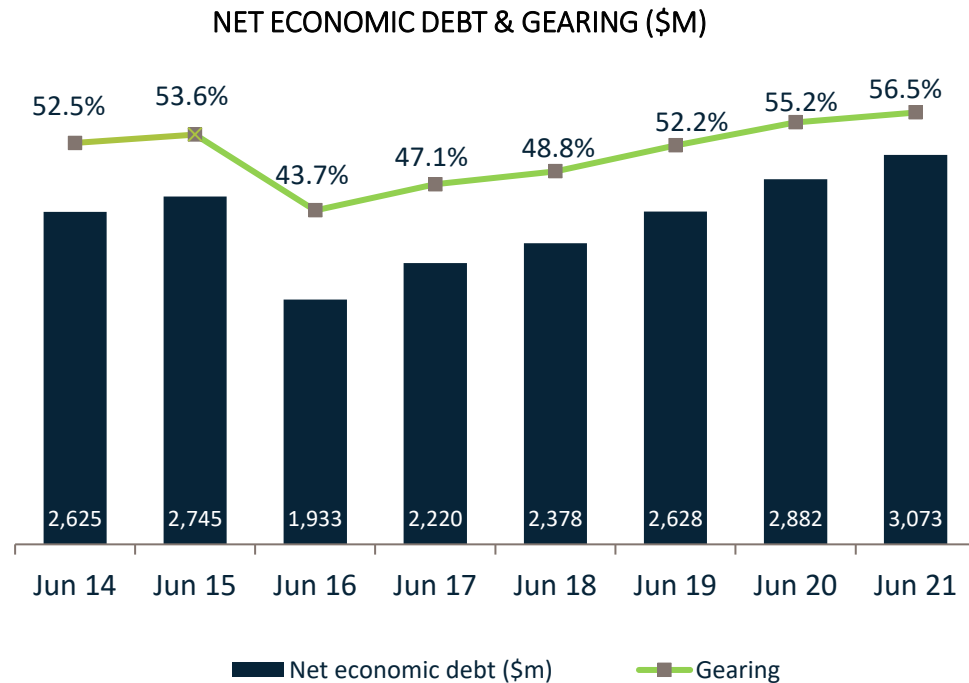
GROSS CAPEX BY SEGMENT



- Gross capex up 8.3% to \$529.5m. Net capex (after deducting contributions) up 1.2% to \$407.0m
- Growth capex up 14.3% to \$333.0m. Replacement capex down 0.5% to \$196.5m
- Metering capex up 24.0% driven by new advanced meters in Australia, 4G modem replacement programme, investment in our digital platforms and an increase in stock levels to help mitigate Covid-19-related supply concerns

Group debt

Vector holds a BBB credit rating by Standard and Poor's and a Baa1 rating by Moody's



- Economic gearing as at 30 June 2021 at 56.5%
- Weighted average maturity of our drawn debt portfolio beyond 6 years
- \$325m bank facilities have been refinanced. The \$307 million perpetual subordinated bonds rate will reset on 15 June 2022 when they will be rolled over

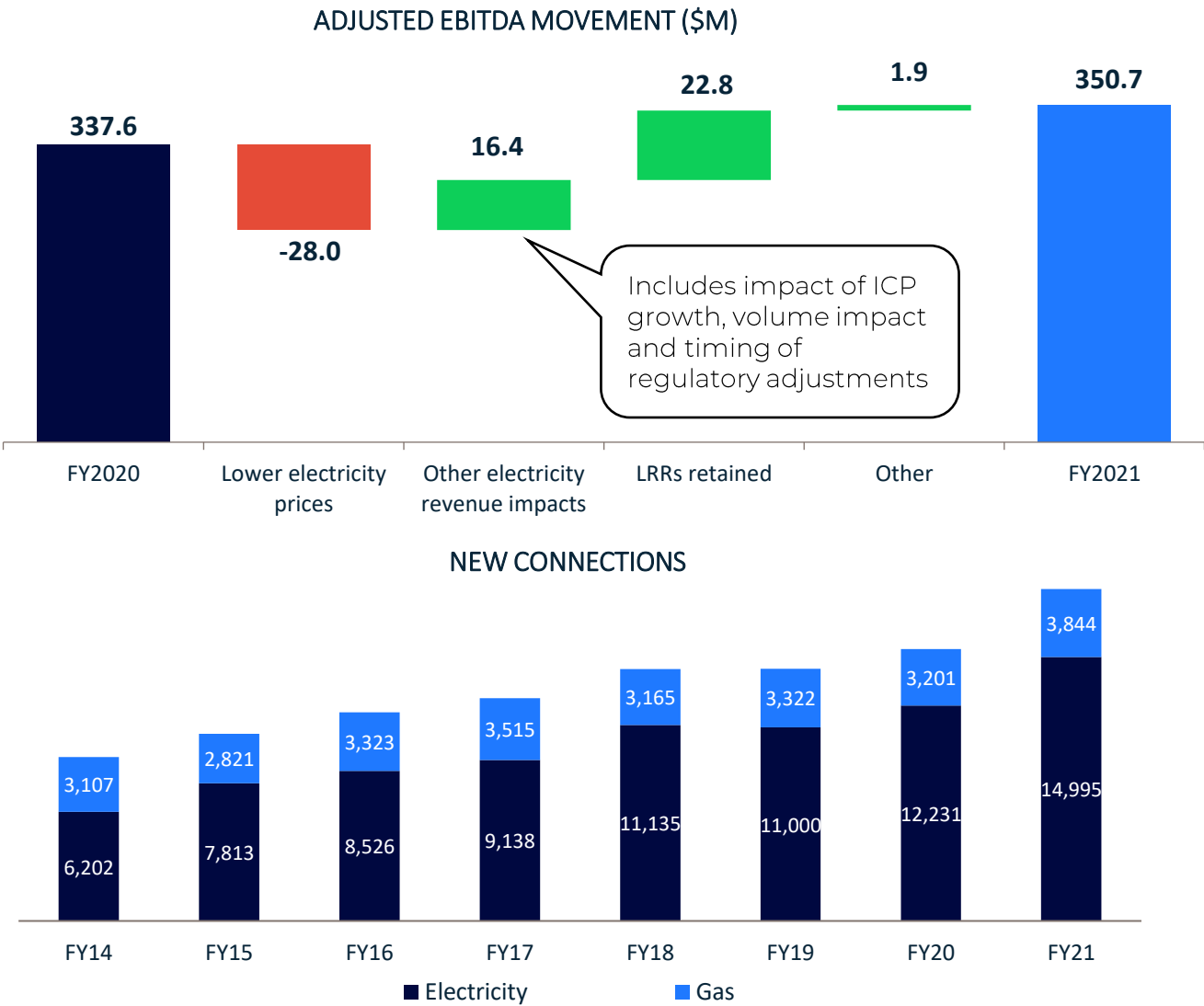


SEGMENT PERFORMANCE



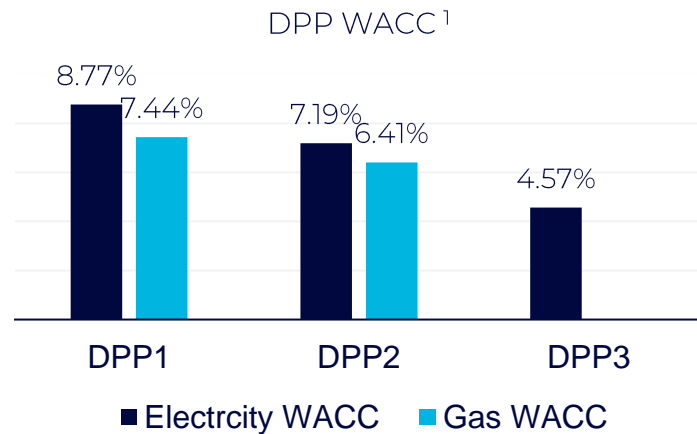
Network earnings higher

- Revenue impacted by full year impact of DPP3 price reset which resulted in a price reduction of 6.9% from 1 April 2020
- Retention of loss rental rebates (LRRs) in order to offset volume shortfalls and minimise price increases
- Strong connection growth in the year
- 14,995 new electricity and 3,844 new gas connections in FY21
 - 590,799 total electricity connections (up 1.9%)
 - 116,472 total gas connections (up 2.2%)



Continued high level of regulated capex, next gas DPP reset pending

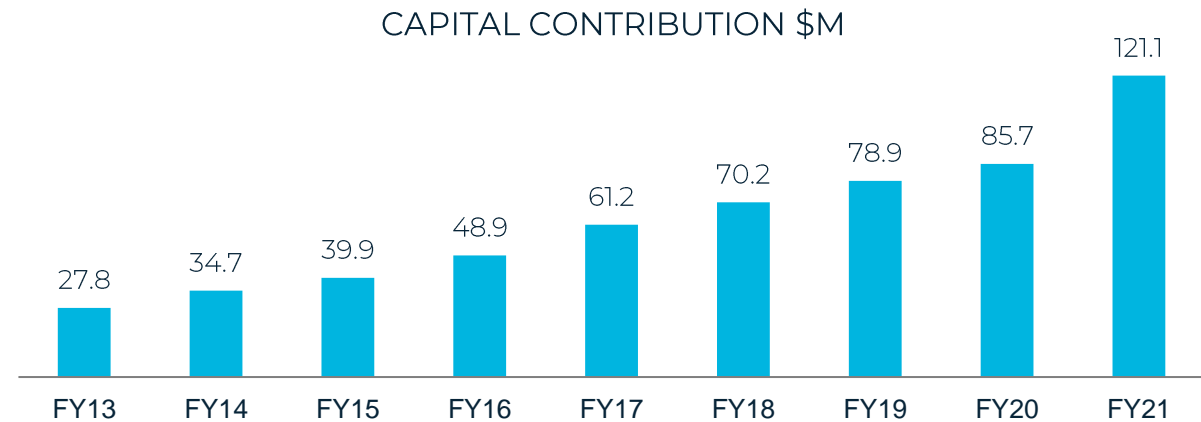
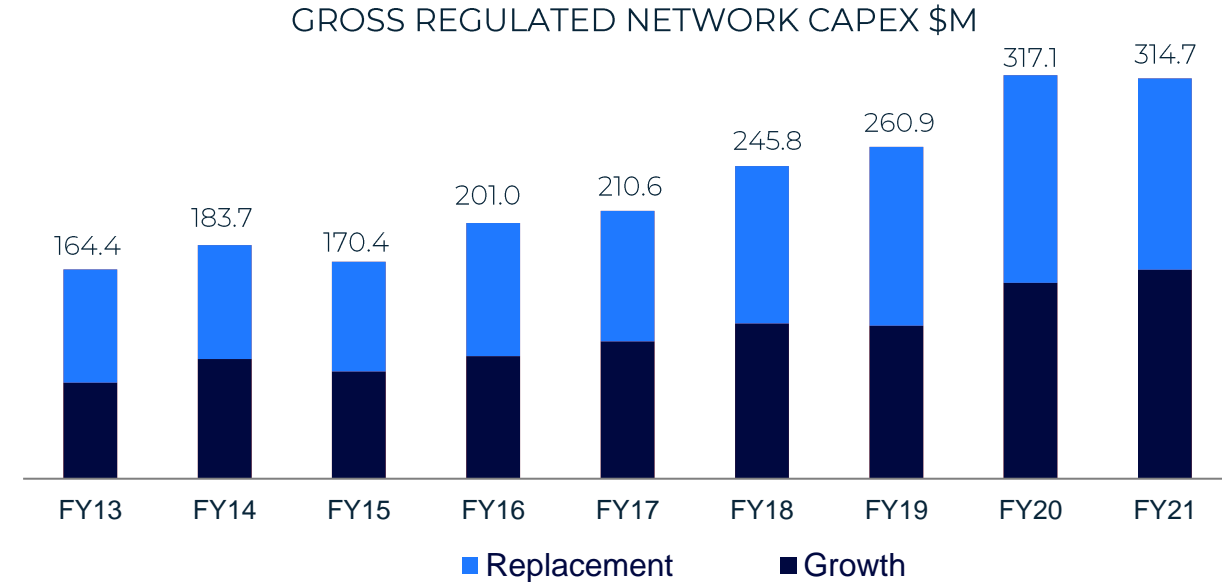
- Continued high level of gross capex expenditure is driven by investment to support Auckland growth and to improve safety, reliability and resilience of our network
- Capital contributions up 41.3% to \$121.1m driven by Auckland infrastructure development and continued connection growth
- For the regulatory year ended 31 March 2021, there was a 22.3% improvement to SAIDI, our measure of reliability of the network



- Next Gas reset is due 1 October 2022
- Gas revenue subject to reset is c\$49m



¹ DPP1 was based on 75th percentile WACC, the remainder are based on 67th percentile WACC

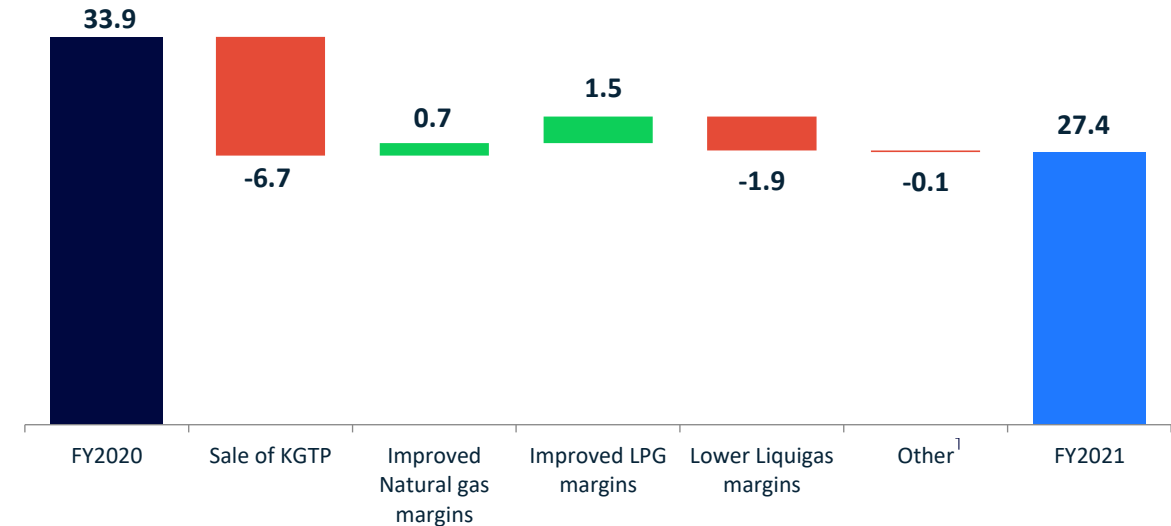


Gas Trading earnings impacted by Sale of Kapuni assets

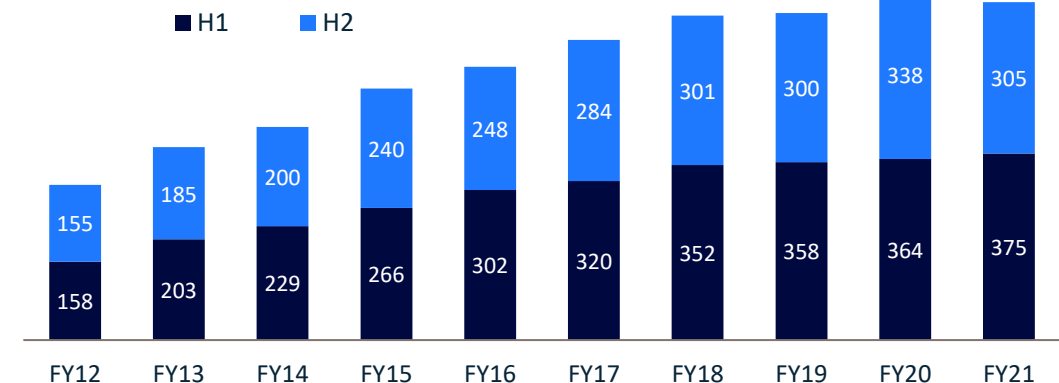
- Earnings lower as a result of sale of Kapuni assets to Todd Energy
 - Going forward this transaction now appears within the interest line as interest income on the sale consideration (\$6.3m in FY21).
- After normalising for this sale, earnings are flat mainly due to improved natural gas and LPG margins offset by lower margins from Liquigas
- Improved performance from the Natural Gas business in continued challenging market conditions
 - Natural gas volumes fell 30.6% to 8.6 PJ
 - Tight gas market
 - Loss of major customer from Jan 2020
 - However management of gas portfolio led to improved margins
- The improved LPG margins were due to increase in cylinder volumes. Overall LPG volumes were up 3.9% to 45,043 tonnes
- Bottle Swap volumes down 3.1% to 680,099 bottles swapped/sold
- Liquigas tolling volumes down 11.8% to 102,351 tonnes



ADJUSTED EBITDA MOVEMENT (\$M)



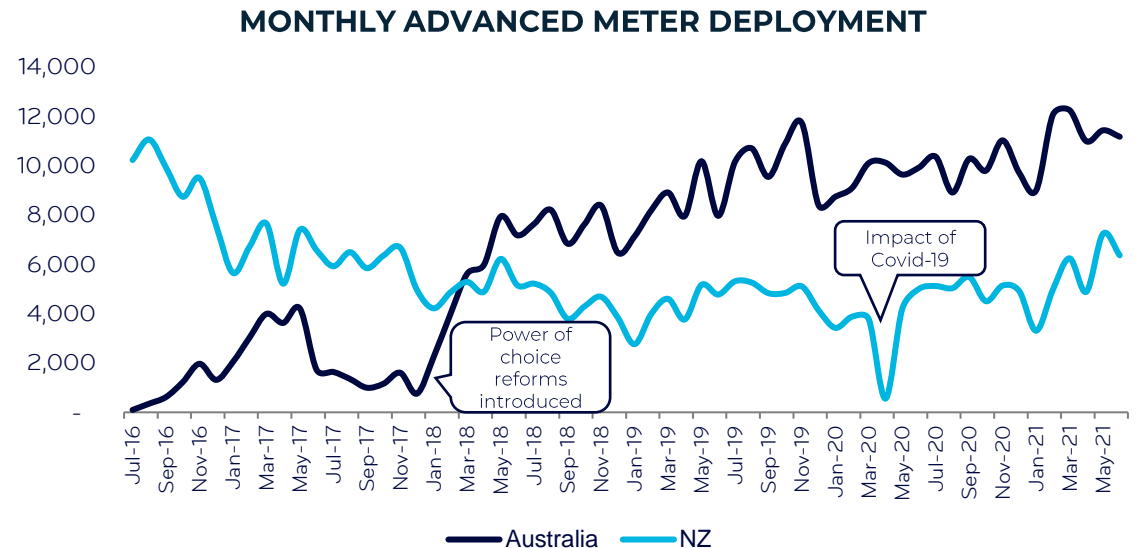
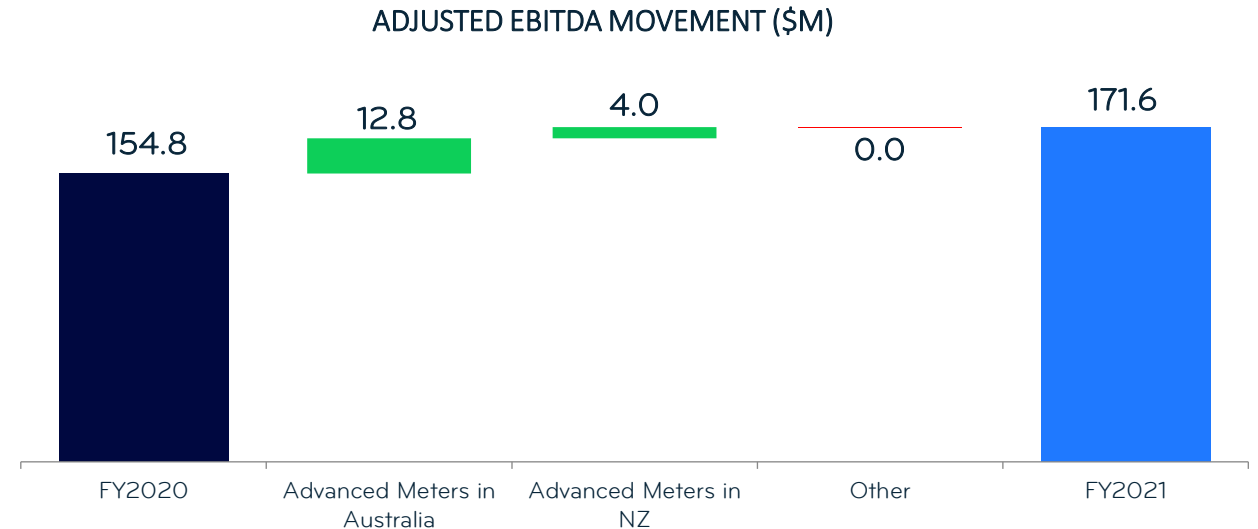
BOTTLE SWAP VOLUMES ('000 9kg cylinders)



¹This includes the impact of legacy processing fee arrangements that will expire 31 July 2021

Metering result driven by advanced meter rollout in Australia

- FY21 earnings up 10.9% to \$171.6 million
- Advanced meter fleet now 1.86 million (owned & managed)
 - In FY21, deployed and billed 117,472 advanced meters in Australia (115,895 deployed and billed in FY20)
 - Deployment in Australia averaging more than 10,000 meters per month
 - We have now deployed nearly 400,000 meters in Australia
 - In FY21, NZ advanced meter base increased by 33,578
- \$165.3m of capex invested in FY21, up 24.0%
 - Increase is driven by higher stock levels in order to counteract supply risks associated with Covid-19
 - Commenced rollout of modem replacement in NZ and advanced gas meter deployment



OUTLOOK

Outlook

- Growth in electricity and gas connections expected to continue
- High level of capex to continue driven by high connection growth in Auckland, advanced meter deployments in Australia and New Zealand, rollout of 4G modems and advanced gas meters in New Zealand
- Awaiting government decision on Climate Change Commission's report, due by December 2021 - expect implications on both electricity and gas businesses
- Excited about the prospects of Vector Technology Services, including developing solutions on the new energy platform created through our alliance with Amazon Web Services (AWS)
- We intend to provide guidance at the half-year result

Q&A

ANY QUESTIONS?



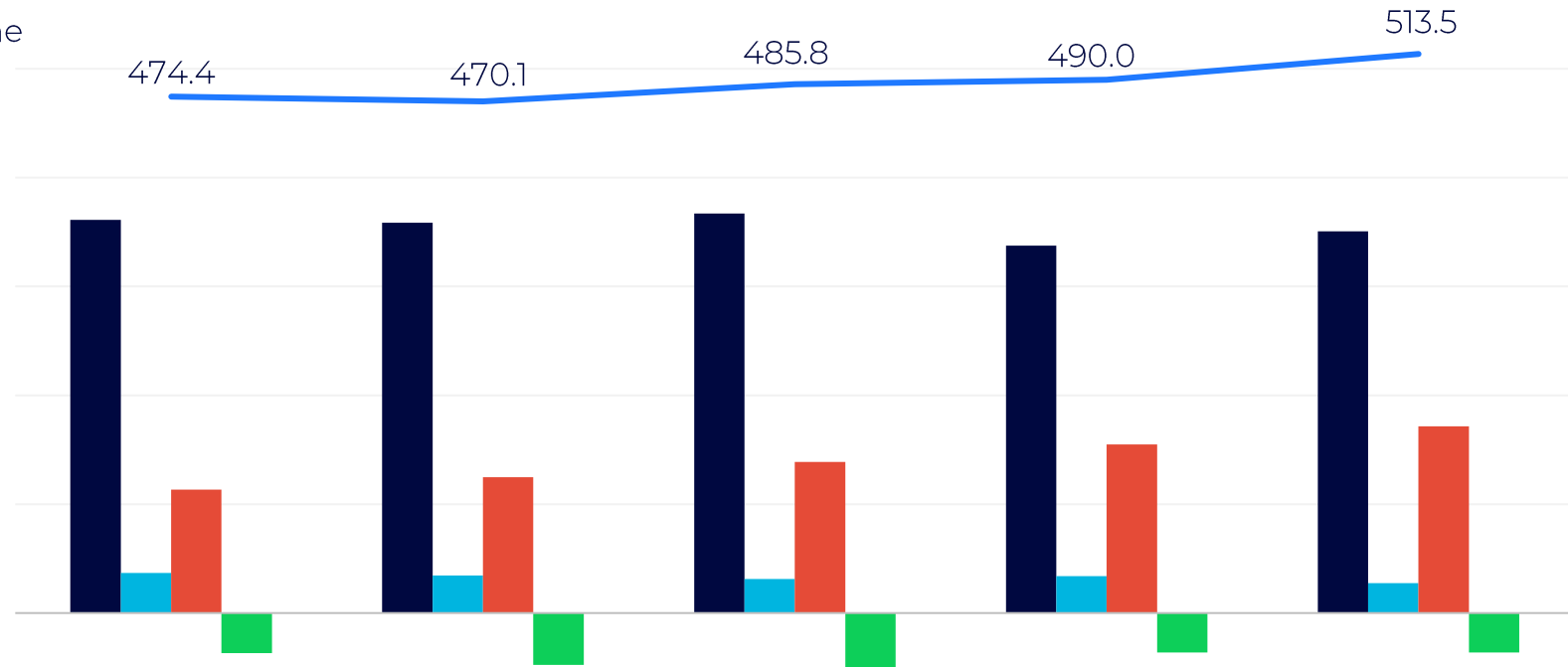
APPENDICES

5 Year Adjusted EBITDA Performance by Segment

Adjusted EBITDA (Continuing Operations Only)

\$million

For the year ended 30 June



	FY2017	FY2018	FY2019	FY2020	FY2021
Regulated Networks	361.2	358.6	367.0	337.6	350.7
Gas Trading	36.9	34.4	31.3	33.9	27.4
Metering	113.3	124.7	138.7	154.8	171.6
Corporate and Other	(37.0)	(47.6)	(51.2)	(36.3)	(36.2)
Total Group	474.4	470.1	485.8	490.0	513.5



* Corporate and Other is not a reportable segment

Segment Results

Year ended 30 June (\$m)

	REGULATED NETWORKS			METERING			GAS TRADING			CORPORATE AND OTHER ¹		
	2021	2020	Change %	2021	2020	Change %	2021	2020	Change %	2021	2020	Change %
Revenue excluding Third-party Contributions	646.4	675.2	-4.3	227.0	205.2	+10.6	209.0	256.4	-18.5	91.1*	84.8*	+7.4
Operating expenditure	(295.7)	(337.6)	+12.4	(55.4)	(50.4)	-9.9	(181.6)	(222.5)	+18.4	(127.3)	(121.1)	-5.1
Adjusted EBITDA	350.7	337.6	+3.9	171.6	154.8	+10.9	27.4	33.9	-19.2	(36.2)	(36.3)	+0.3
CAPEX												
Replacement	150.4	163.2	-7.8	32.9	16.7	+97.0	3.5	4.4	-20.5	9.7	13.1	-26.0
Growth	164.3	153.9	+6.8	132.4	116.6	+13.6	7.7	3.8	+102.6	28.6	17.0	+68.2
Total capex	314.7	317.1	-0.8	165.3	133.3	+24.0	11.2	8.2	+36.6	38.3	30.1	+27.2



¹ Corporate and Other is not a reportable segment

* Corporate and Other includes an elimination of \$13.0m in FY21 and \$10.0m in FY20 in relation to services delivered by Vector Technology Services and Vector Fibre to the Vector Group.

Group Profit Statement

Year ended 30 June (\$m)

INCOME STATEMENT	2021 \$m	2020 \$m	Change %
Revenue (excluding third-party contributions)	1,156.8	1,207.6	-4.2
Operating expenditure	(643.3)	(717.6)	+10.4
Adjusted EBITDA	513.5	490.0	+4.8
Third-party Contributions	122.5	86.4	+41.8
Depreciation and amortisation	(270.1)	(262.8)	-2.8
Net interest costs	(108.6)	(126.5)	+14.2
Fair value change on financial instruments	(3.5)	(3.4)	-2.9
Associates (share of net profit/(loss))	1.8	0.3	>+100.0
Gain on sale of Kapuni gas interests	-	0.5	-100.0
Impairment	-	(32.0)	+100.0
Tax	(61.0)	(55.2)	-10.5
Net profit for the period	194.6	97.3	+100.0

Group Cash Flow

Year ended 30 June (\$m)

CASH FLOW	2021 \$m	2020 \$m
Operating cash flow	499.1	397.3
Replacement capex	(198.6)	(194.5)
Dividends paid	(165.8)	(167.0)
Cash available for growth and debt repayment	134.7	35.8
Growth capex	(317.6)	(281.9)
Proceeds from contingent consideration	4.4	-
Other investment activities	0.4	0.2
Pre debt financing cash (outflow)/inflow	(178.1)	(245.9)
Increase/(decrease) in borrowings	180.0	255.5
Other financing activities	(12.8)	(8.9)
Increase/(decrease) in cash	(10.9)	0.7

Segment Adjusted EBITDA

SEGMENT ADJUSTED EBITDA (\$m)	2021			2020		
	Reported segment EBITDA	less third-party contributions and other movements	Segment adjusted EBITDA	Reported segment EBITDA	less third-party contributions and other movements	Segment adjusted EBITDA
Year ended 30 June						
Metering	171.6	-	171.6	154.8	-	154.8
Gas Trading	27.4	-	27.4	33.9	-	33.9
Unregulated Segments	199.0	-	199.0	188.7	-	188.7
Regulated Networks	471.8	(121.1)	350.7	423.3	(85.7)	337.6
TOTAL REPORTED SEGMENTS	670.8	(121.1)	549.7	612.0	(85.7)	526.3
Corporate and Other *	(36.5)	0.3	(36.2)	(38.2)	1.9	(36.3)
TOTAL	634.3	(120.8)	513.5	573.8	(83.8)	490.0



* Corporate and Other is not a reportable segment

GAAP to Non-GAAP Reconciliation

Vector's standard profit measure prepared under New Zealand GAAP is net profit. Vector has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. For a more comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy 'Reporting non-GAAP profit measures' available on our website (vector.co.nz).

Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by Vector in accordance with NZ IFRS.

Definitions

EBITDA

Earnings before interest, taxation, depreciation, amortisation and impairments from continuing operations.

Adjusted EBITDA

EBITDA from continuing operations adjusted for fair value changes, third-party contributions, associates, and significant one-off gains, losses, revenues and/or expenses.

GAAP to Non-GAAP reconciliation EBITDA and Adjusted EBITDA

Year ended 30 June	2021 \$M	2020 \$M
Reported net profit for the period (GAAP)	194.6	97.3
Add back: net interest costs ¹	108.6	126.5
Add back: tax (benefit)/expense ¹	61.0	55.2
Add back: depreciation and amortisation ¹	270.1	262.8
Add back: impairment ¹	-	32.0
EBITDA	634.3	573.8
<i>Adjusted for:</i>		
Associates (share of net (profit)/loss) ¹	(1.8)	(0.3)
Third-party Contributions ¹	(122.5)	(86.4)
Fair value change on financial instruments ¹	3.5	3.4
Gain on sale of Kapuni gas interests ¹	-	(0.5)
Adjusted EBITDA	513.5	490.0



¹ Extracted from audited financial statements

END

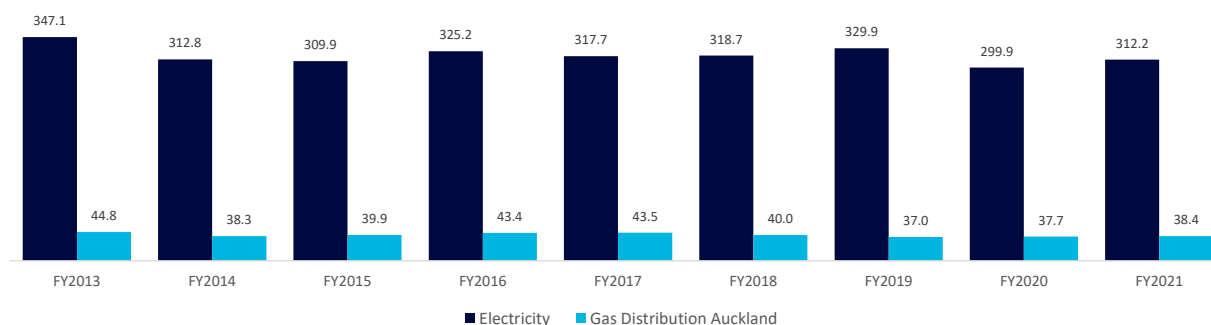
Supplementary Annual Information



Regulated Networks Adjusted EBITDA

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Electricity	347.1	312.8	309.9	325.2	317.7	318.7	329.9	299.9	312.2
Gas Distribution Auckland	44.8	38.3	39.9	43.4	43.5	40.0	37.0	37.7	38.4
Total	391.9	351.1	349.8	368.5	361.2	358.6	367.0	337.6	350.7

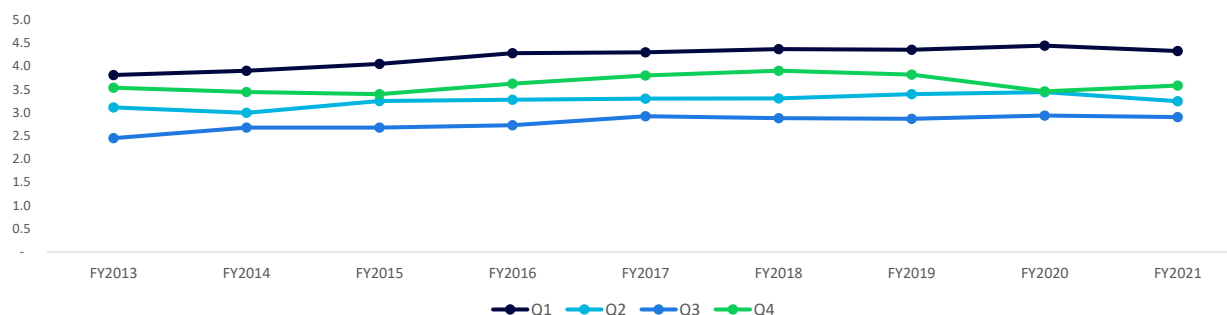
Adjusted EBITDA



Gas Distribution Auckland Volumes (PJ)

PJs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Q1	3.8	3.9	4.0	4.3	4.3	4.4	4.4	4.4	4.3
Q2	3.1	3.0	3.3	3.3	3.3	3.3	3.4	3.4	3.2
Q3	2.4	2.7	2.7	2.7	2.9	2.9	2.9	2.9	2.9
Q4	3.5	3.4	3.4	3.6	3.8	3.9	3.8	3.5	3.6
Total	12.9	13.0	13.4	13.9	14.3	14.5	14.4	14.3	14.1

Gas Distribution Volumes (PJ)



Gross New ICPs

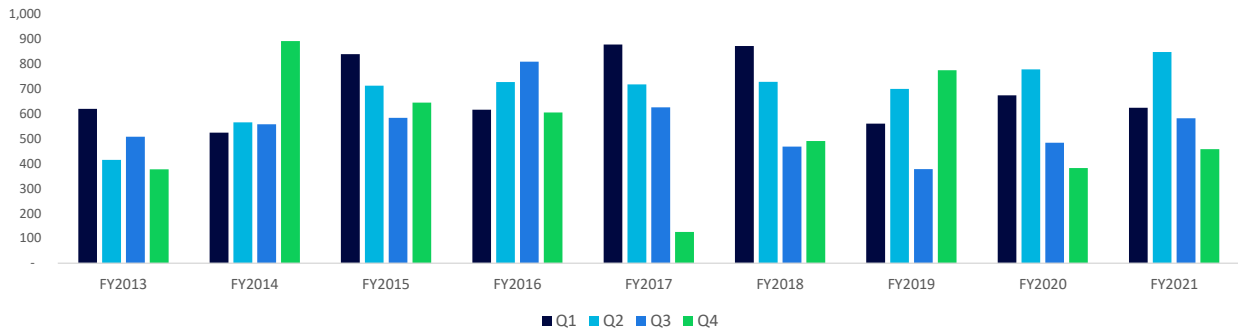
# of ICPs (gross)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Q1	-	-	807	831	982	875	800	832	959
Q2	-	-	743	707	925	781	869	1,031	1,068
Q3	-	-	605	948	842	481	705	784	905
Q4	-	-	666	837	766	1,028	948	554	912
Total	2,464	3,107	2,821	3,323	3,515	3,165	3,322	3,201	3,844

Data not available prior to FY15

Net New ICPs

# of ICPs (net)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Q1	620	524	839	616	878	872	560	674	624
Q2	415	566	713	727	718	728	700	778	848
Q3	508	558	584	809	626	468	378	484	582
Q4	377	892	645	605	126	491	775	382	458
Total	1,920	2,540	2,781	2,757	2,348	2,559	2,413	2,318	2,512

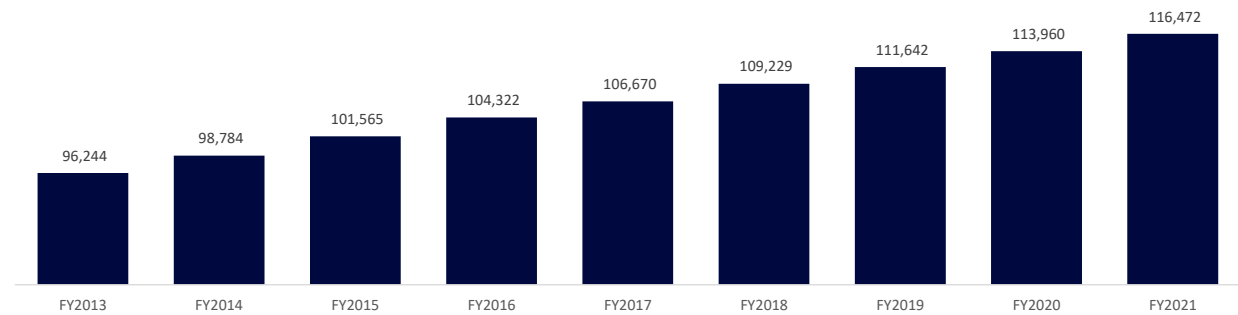
Net Gas ICPs



Total ICPs

# Total ICPs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Q1	94,944	96,768	99,623	102,181	105,200	107,542	109,789	112,316	114,584
Q2	95,359	97,334	100,336	102,908	105,918	108,270	110,489	113,094	115,432
Q3	95,867	97,892	100,920	103,717	106,544	108,738	110,867	113,578	116,014
Q4	96,244	98,784	101,565	104,322	106,670	109,229	111,642	113,960	116,472

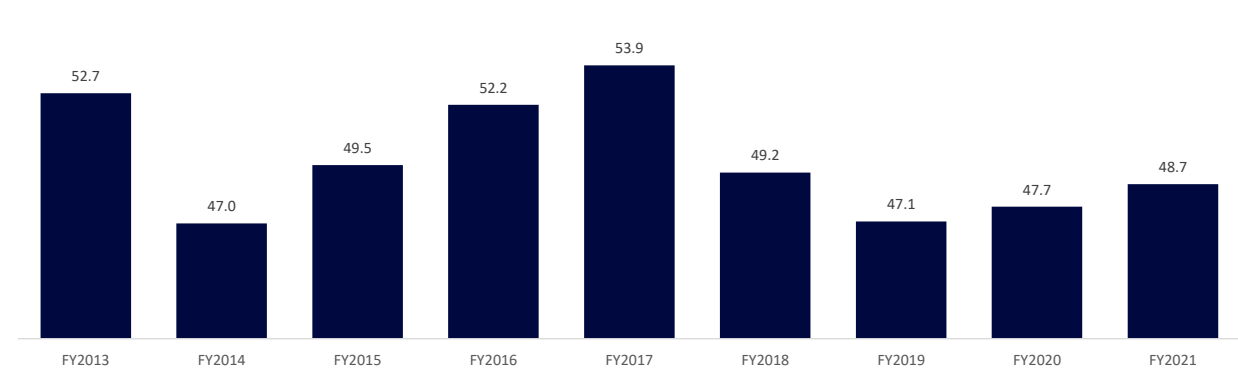
Total Gas ICPs as at full year



Gas Distribution Lines Revenue

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
H1	28.3	27.5	26.1	28.5	28.9	27.5	25.5	25.7	25.9
H2	24.4	19.5	23.4	23.6	25.0	21.7	21.6	22.0	22.8
Lines Revenue	52.7	47.0	49.5	52.2	53.9	49.2	47.1	47.7	48.7

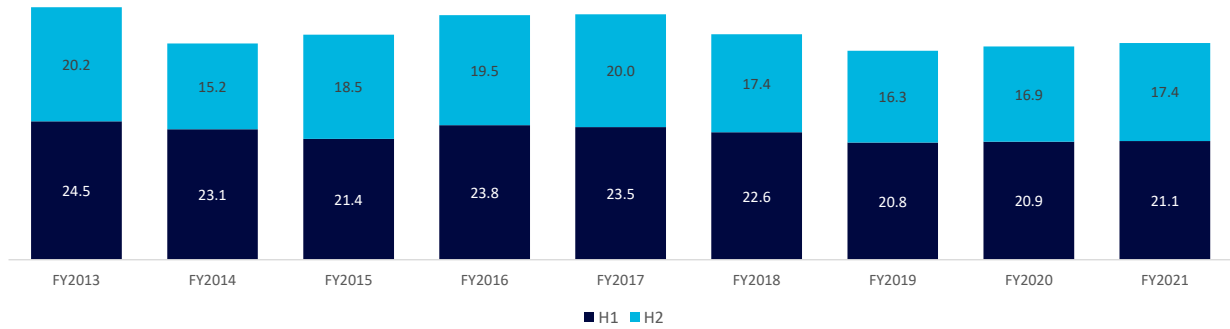
Gas Distribution Lines Revenue \$m



Gas Distribution Adjusted EBITDA

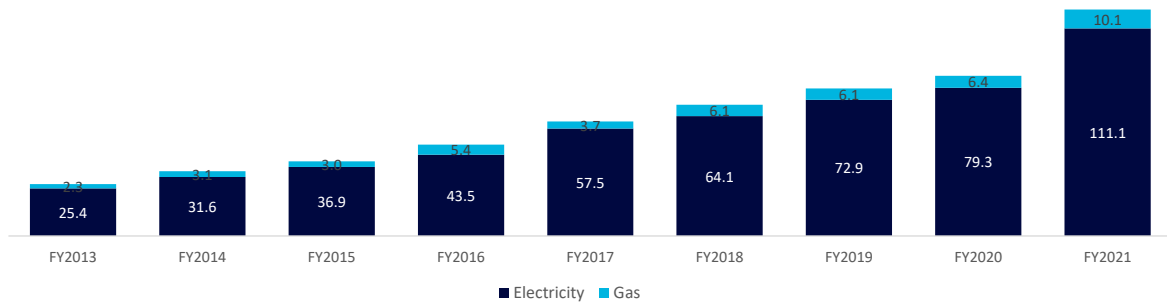
\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
H1	24.5	23.1	21.4	23.8	23.5	22.6	20.8	20.9	21.1
H2	20.2	15.2	18.5	19.5	20.0	17.4	16.3	16.9	17.4
Total	44.8	38.3	39.9	43.4	43.5	40.0	37.0	37.8	38.4

Gas Distribution Adjusted EBITDA \$m


Capital Contributions

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Electricity	25.4	31.6	36.9	43.5	57.5	64.1	72.9	79.3	111.1
Gas	2.3	3.1	3.0	5.4	3.7	6.1	6.1	6.4	10.1
TOTAL	27.8	34.7	39.9	48.9	61.2	70.2	78.9	85.7	121.1

Capital Contributions \$m


Capex

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Electricity	150.2	162.3	154.4	179.4	187.6	219.1	237.6	295.9	287.9
Gas	14.2	21.4	16.0	21.6	23.0	26.7	23.3	21.2	26.8
TOTAL	164.4	183.7	170.4	201.0	210.6	245.8	260.9	317.1	314.7

Regulated Capex \$m

