Annual Customer Meeting 27 July 2018



COMMITTED TO OUR COMMUNITIES

As your elected representatives, we are committed to ensuring power is delivered safely and reliably to every home, business, school and organisation that we represent.

We're also focused on providing this power at a fair price. We do this by working with the Board and senior leadership team to maximise the annual Electra sales discount that is credited to each electricity account on the Electra network.

Over the last 25 years we are proud to have delivered more than

\$187m

in sales discounts to the consumers on the Electra network.



OUR NETWORK Foxton Foxton Beach Shannon Waitarere Hokio Levin Waikawa Beach Manakau Otaki Beach Otaki Te Horo Beach Te Horo Waikanae Paraparaumu Beach Paraparaumu Raumati Paekakariki

Network Information

Tokomaru

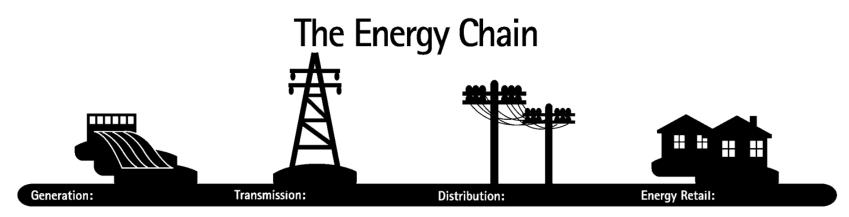
Mangahao

Electra office and/or depot

Connections – 44,593
System length – 2,276kms
of poles – 20,282
of Transformers – 2,572
Maximum demand – 104MW
2 supply points and
10 zone substations



Where the Electra Network fits



Contact

Transpower

Meridian

Genesis

Mighty River Power

Trustpower

King Country Energy (Mangahao Owner)



Contact Energy Ecotricity Electric Kiwi Energy Club

Energy Online Flick Energy

Genesis Energy

Globug

King Country Energy

Mercury Energy

Meridian Energy

Nova Energy

Opunake Hydro

Pioneer Energy

Plus Energy

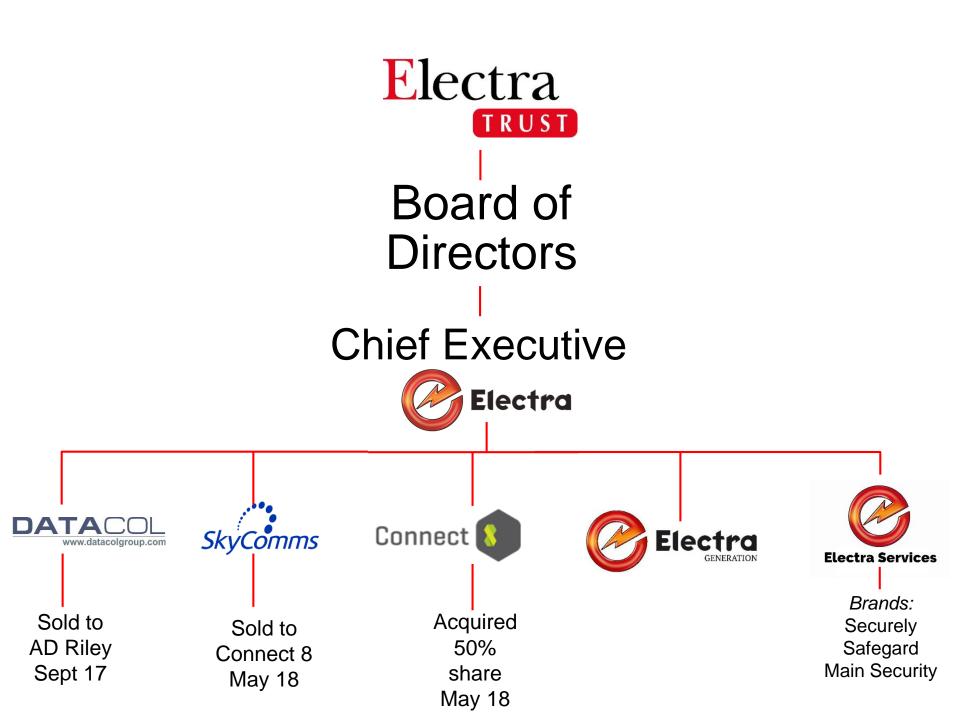
Powershop

Prime Energy

Pulse Energy

Simply Energy Switch Utilities

Trustpower



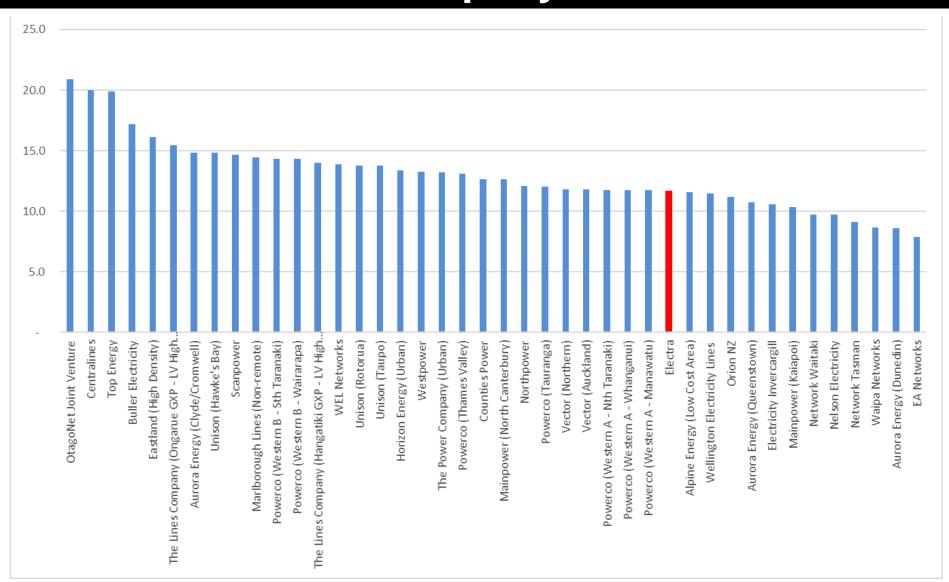


Key Facts

- Electra 9th largest number of ICPs out of 29 network companies
- Employs 165 staff across the Group
- Total shareholder funds \$141m
- Paid \$9m in discounts (\$187m incl GST over 25 years since Electra formed)
- Electra 13th lowest electricity network prices per kWh (pre discount)



Lines Company c/kWh





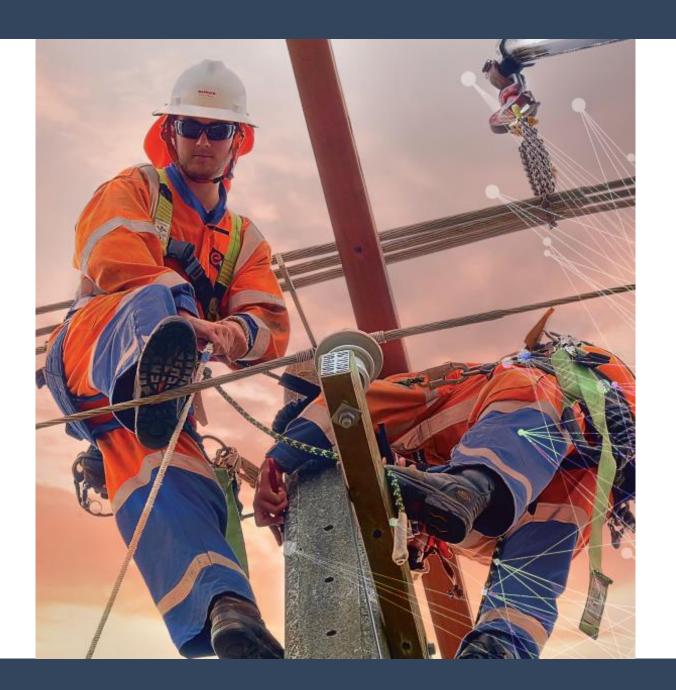
Financial Performance

- Profit after tax of \$3.7m was ahead of target and up on prior year profit of \$0.7m
- Trading loss across the subsidiary portfolio was \$0.1m, close to the budgeted break-even. DataCol sale and SkyComms operations contributed profits, while there was continued investment in Electra Services to grow this business
- A total of \$7.7m (excl GST) of discounts were credited to our customers, a 2.6% increase on prior year
- Net assets (i.e., equity) has increased \$3m this year due to the current year profits. This equates to \$3,164 per consumer



Financial (\$m)	2018	2017
Operating revenue	\$64.4m	\$66.4m
Earnings before Depreciation, Amortisation & Discount	\$23.3m	\$19.3m
Depreciation and Amortisation	\$10.8m	\$10.3m
Discount to consumers	\$7.7m	\$7.5m
Net Profit after tax	\$3.7m	\$0.8m
Total Assets	\$217m	\$213m
Shareholders Equity	\$141m	\$138m
Net Asset backing per share	\$5.77	\$5.63

Year End Group Results





Network Information

 Electricity unit sales were 0.3% up for the year ended 31 March 2018

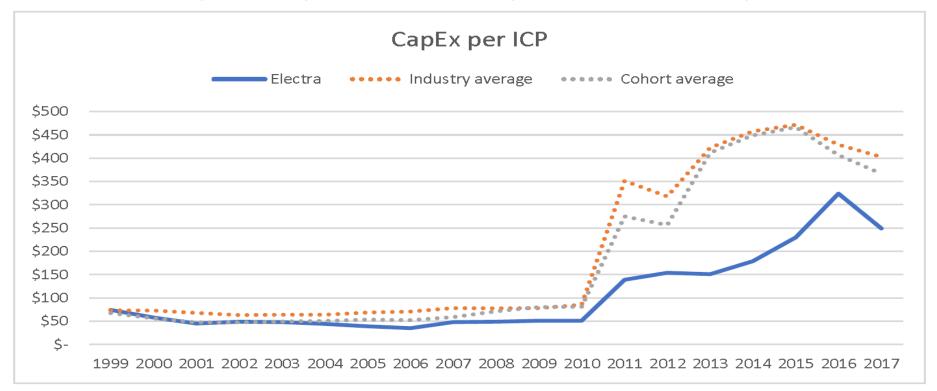
- Electricity sales for the first quarter of this year are 4.2% up on last year
- Live connections grew by 434 (488 last year)

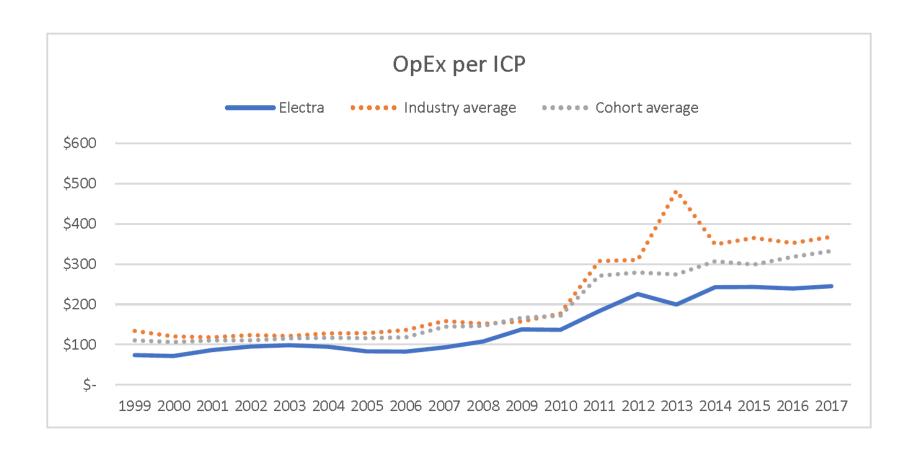
Network Reliability

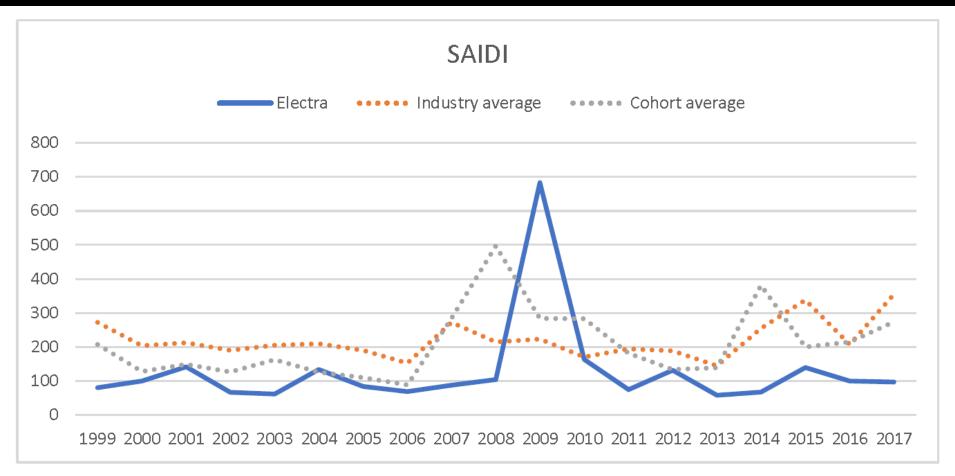


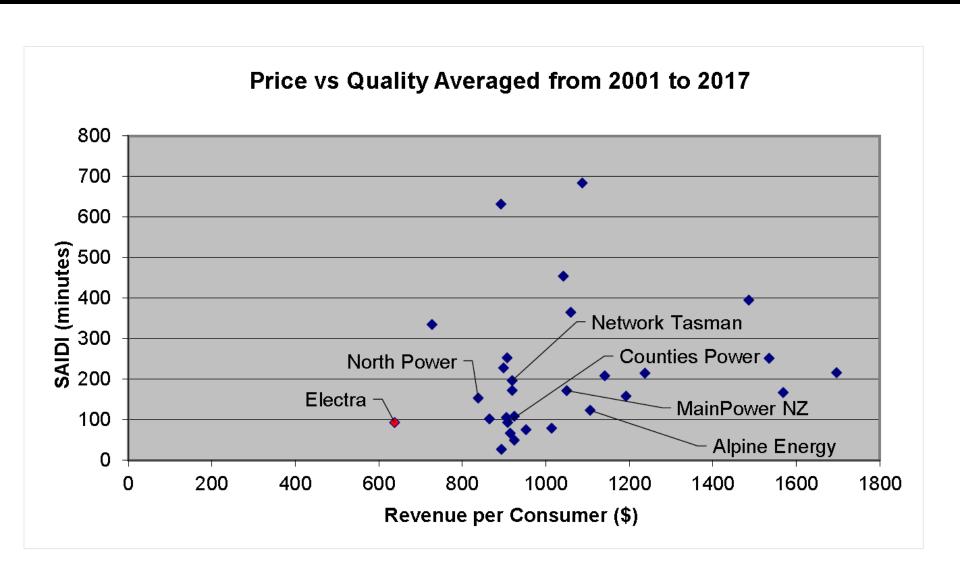


The networks considered within Electra's cohort by the commerce commission are: Alpine Energy, Counties Power, Electra, MainPower NZ, Network Tasman, and











Preparing For Future Demand

The electricity networks of tomorrow will be significantly different to the networks that have existed for the last 30 years

The 2 emerging trends for network operators are the steady growth in photovoltaic (PV) generation and the uptake of electric vehicles (EVs)

We are actively involved in the Energise Otaki project which includes a number of energy-related initiatives, including residential insulation (warmer homes) and a solar array on Otaki College





EVs

Two EVs in fleet; more expected as fleet turns over



Partnered with KCDC, HDC, Chargenet and potentially with EECA to install EV charging infrastructure across region





Major projects

- Purchase of the section of 110 kV line between Mangahao and Levin from Transpower. We are now in the process of connecting this important asset to our network
- Working with NZTA contractors to accommodate the route of the Wellington Northern Corridor project, moving and replacing lines when required
- Significant night work undertaken to relocate the network at Mackays Crossing where the Transmission Gully project will connect to the Kapiti Expressway



2019 AMP Overview

Sets out the drivers and benefits for

- Planned work across network
- The capability of our people
- Processes and supporting systems



2019 AMP Overview

- Safety and network performance:
 - Risk based replacement programmes cable terminations, metal pillars, deck transformers and oil switches
 - Enhance vegetation risk management
- Improving network resilience reliability and seismic risk
- Adding Customer value
 - Enabling new technologies
 - Offering inspection and repair of private service lines



2019 AMP Overview

- 10 year outlook
- Capex (new, replacement, life extension)
 - 8.9% for growth
 - 18.9% for reliability, safety and environment
 - 72.2% for renewal and replacement work
- Capital expected to average \$10.4m per year
- Opex (inspections, repair) expected to average \$4.36m per year



Key Tactical Projects

- Improve network controllability, monitoring and network reliability
- Targeted improvements in network resilience
- Safety and network performance improvements (risky assets & vegetation)
- The continued implementation of the Advanced Distribution Management System during 2018/19



Key Projects

- Raumati substation switchgear replacement
- Relocate PRM-RAUMATI 33kV cable away from landslip
- Protection Upgrades-Southern Network

Automation and transformer sectionalisation



8 Conductor Upgrade Projects

- Waitohu Valley Rd, Otaki
- Old Hautere Road
- SH1 North of Koputaroa Road, Foxton
- Bergin Rd, Foxton
- Convent Rd/Old Couch Rd, Otaki
- Kuku Beach Rd, Levin
- Hadfield Rd, Waikanae
- Donovan Rd, Paraparaumu





OUR FIRST PRIORITY IS TO

KEEP OUR PEOPLE SAFE

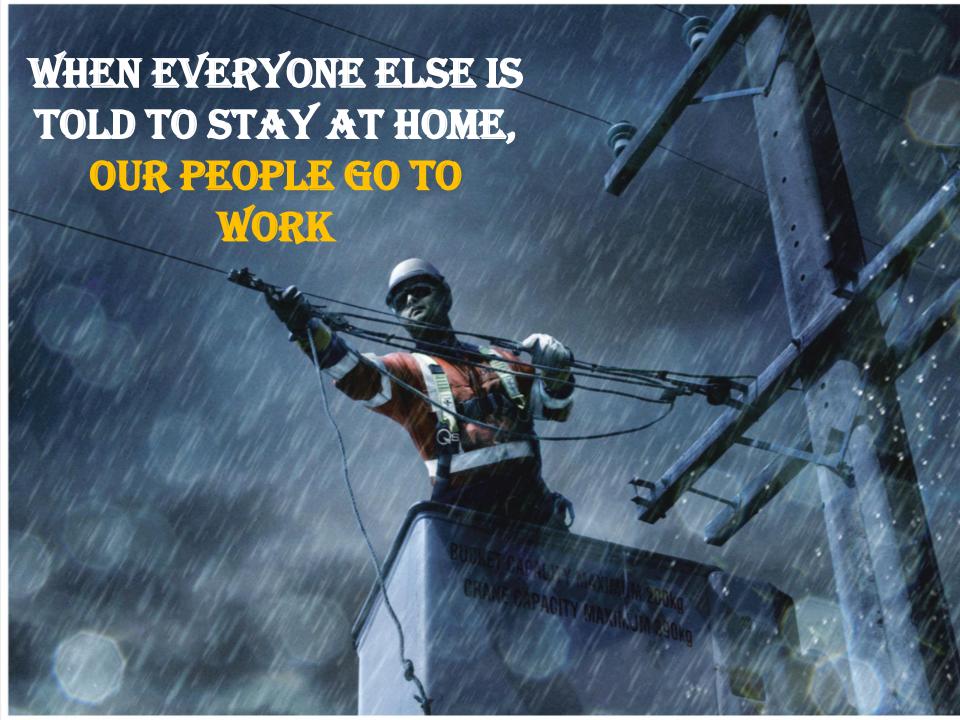
Comprehensive staff wellness programme

- Free medical exams with field staff
- Free voluntary mole checks & influenza vaccinations
- Implementing formal drug & alcohol programme including random testing and support mechanisms for staff who produce positive test results
- Access to subsidised medical insurance through Southern Cross
- Access to discounted death and disability insurance
- Access to EAP for all Electra staff and their families
- Regular first aid training including the use of defibrillator equipment, and
- Access to defibrillators at Electra premises and in field vehicles



OUR VALUES ELECTRA IS COMMITTED TO ITS VALUES WHICH ARE:

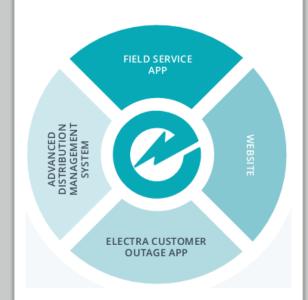
- SAFE Safety guides everything we do
- INTEGRITY We always do the right thing in all circumstances, no matter what the consequences will be
- RESPECT We all treat our customers and colleagues as they would want to be treated
- ACCOUNTABLE We account for and accept responsibility for our activities
- PROFESSIONAL Our people have the knowledge, skills and ethics to perform their role at a consistently high standard





EXCEPTIONAL SERVICE





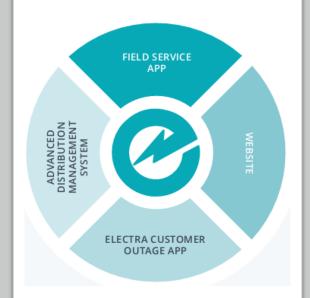
The staff **Field Service App** has been updated. Electronically dispatched jobs provide customer and fault information and access to detailed map.

The **website** has been improved to better serve information through keywords. A new version of the Outages webpage provides ability to report faults, easy to understand icons and more accurate representation of the affected area.

Planned maintenance events that may result in an outage are now published on website. Customers now receive an automated phone call reminding them of the event prior to the work commencing.







WE ARE FOCUSED ON DELIVERING **EXCEPTIONAL SERVICE**

The **Electra Customer Outage App**, an industry first that other network companies have since copied, delivers the website outage application to mobile devices to ensure consumers have real time access to outage and fault resolution information.

Advanced Distribution Management System (ADMS) controls and communicates information flows across the business, allowing us to make better business decisions with more accurate and timely information – the same information that will further enhance the performance of our website and Apps.

Improved **Customer Service** by upgrading the systems to handle increased calls and website visitors and keep Facebook up-to-date.

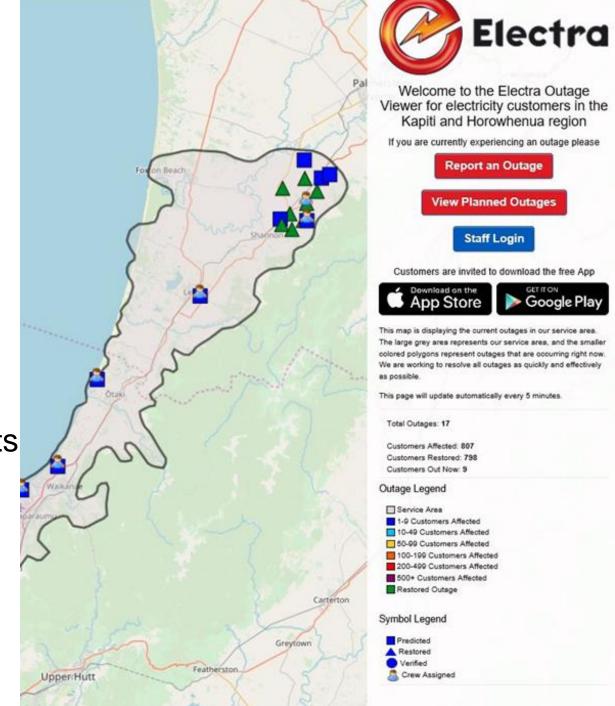
Smart Grid: ADMS Modules

Commissioned:

- Fault Dispatch
- IVR (phones)
- Fault prediction
- Web outage viewer
- Reliability reporting

Current Developments

- No-current sensors
- IoT sensors in lines assets
- Load flow analysis
- New Field App
- New Customer App
- Asset Info Improvement



Community Support

- Business Awards (24 Years)
- Trainee Programme
- Business Breakfasts and BA5's
- "Caring for our Community" Page
- Massey MBA Programme
- Horowhenua Taste Trail
- Energy Efficiency: heat pump discount



2017 Electra Business of the Year















DataCol: Agricultural Sector Provides Opportunities

DataCol is a data collection, monitoring and management business, based in Christchurch with branches in Auckland and Wellington.

- DataCol business and assets were sold to Arthur D Riley Ltd on 30th September 2017
- Sale was above the Net Book value and produced a gain
- All staff except two finance roles were offered roles and accepted
- The CE remains in the business



- Following a lengthy period of negotiations between Spark and Electra, SkyComms was sold to Connect 8
- Electra purchased 50% of Connect 8
- The GM of SkyComms left to take up a key role with the Rural Connectivity Group





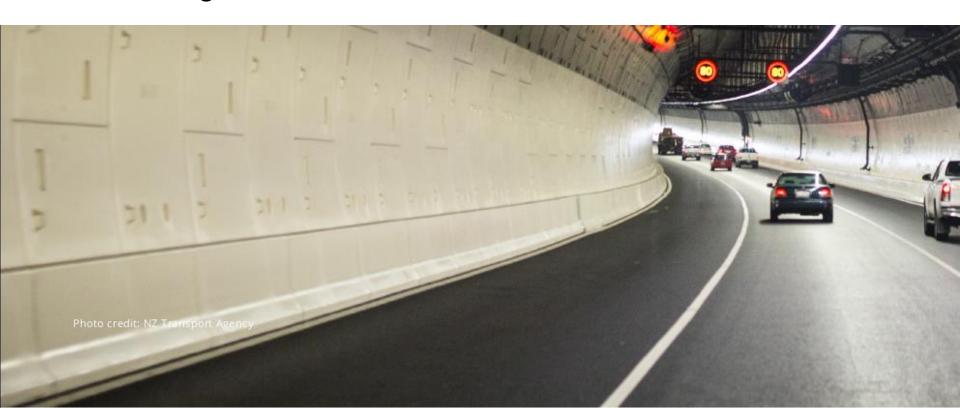


- Premier construction contractor for Water, Gas, Power, and Telecommunications
- Targeting annual revenues of \$50m
- Spark is a key customer for Connect 8
- Electra has two representatives on the Board of Connect 8
- SkyComms/Connect 8 is in a strong position to secure work from the Rural Connectivity Group



Inside the Waterview Tunnel Ensuring Reliable Mobile Coverage

- At 2.4km long, the six lane road tunnel is NZ's longest
- Around 400kms of cabling and wiring
- 4,000 lights





24/7 WE'RE WORKING HARD TO KEEP THE LIGHTS ON & PEOPLE SAFE

Electra Services Limited is a unique business that brings together a modern contact centre capability with security monitoring, automation services and independent living support services. With 31 staff based in its Levin centre, the business services clients and their customers throughout New Zealand.

Having been created in 2017 with the amalgamation of the Electra Energy call centre function and Electra Monitoring Limited, Electra Services Limited has experienced spectacular growth over the last 12 months.



Much of the growth in the security operation has been due to mergers and acquisitions, while new business acquisition has driven the contact centre side of the business.



Electra Services provides

- Alarm response and dispatch
- Telephone answer services to a range of businesses
- Response to all of Electra's inbound numbers including fault response and dispatch (as from 11 July 2017)
- Inbound Contact Centre Services for Pulse Energy's Grey Power and Electra Energy brands
- Outbound Telesales for Pulse Energy
- The team in Levin is making a significant contribution to the Pulse Energy Alliance meeting all KPIs

Call centre experience delivers opportunities





Electra Services

Product

- Launched Essence based propositions under the Securely for Living and Securely for Independence names
- Refresh to www.securely.nz website to align with new propositions
- NZ-based Securely servers in Kapiti & Auckland data-centres to provide local data sovereignty for users.





www.securely.nz







Leading Edge Security

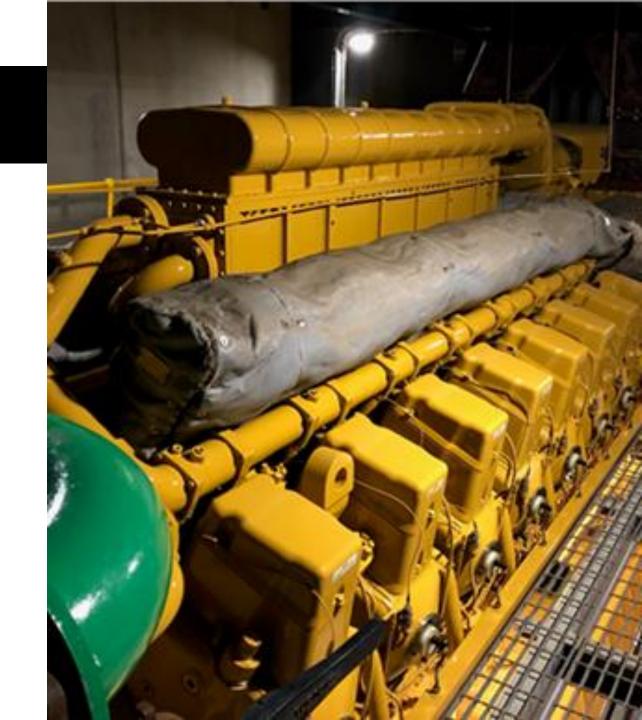
- Smart Home Alarms
- Independent Medical Alarms
- 24hr Professional Monitoring
- Other Alarms

Live in confidence and independence in your own home



Electra Generation

- Small profit made for year
- ACOT, system security and energy revenues
- Engine failure in December after routine maintenance
- Replacement with a spare engine
- All costs including lost revenue covered by insurance





Future Outlook

- Interesting to watch prices over the last few weeks
 - Rising as South Island lakes fell
 - Extremely high when no wind
 - Fell like a stone
- We want to grow this business or exit the generation sector

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