



Annual Customer Meeting 31 July 2020

Network Information



Connections – 45,366

System length – 2,323kms

Poles – 21,685

Transformers – 2,563

Maximum demand – 101MW

2 supply points and
10 zone substations



Acquired 49.9% share in 2020



Acquired 49.9% share in 2020



Acquired 25% share in 2020

ESL 100%

EGL 100%

C8L 50:50 with Spark

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Key Facts

- Electra 9th largest number of ICPs out of 29 network companies
- Employs 175 staff across the Group (plus 106 in partly owned subsidiaries)
- Total shareholder funds \$163.6m up \$18.5m, reflecting an increase in capital expenditure and investment value.
- Paid \$9.2m GST incl in discounts (\$205m incl GST over 27 years since Electra formed)
- Loss after tax of (\$2,742m) was below target and down on prior year profit of \$4,558m

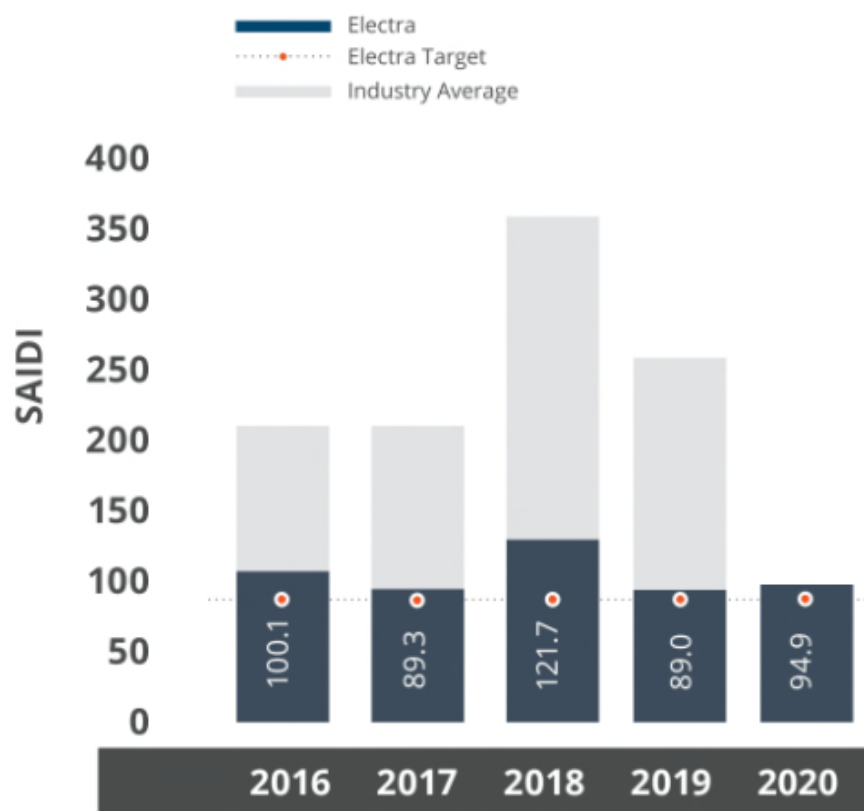
Year End Group Results

Financial (\$m) (excl GST)	2020	2019
Operating revenue	\$46.4m	\$51.5m
Earnings before Depreciation, Amortisation & Discount	\$18.0m	\$24.4m
Depreciation and Amortisation	\$12.7m	\$12.0m
Discount to consumers	\$8.0m	\$7.9m
Net Profit after tax	\$(2.7)m	\$4.6m
Total Assets	\$275m	\$236m
Shareholders Equity	\$163m	\$145m
Net Asset backing per share	\$6.69	\$5.93

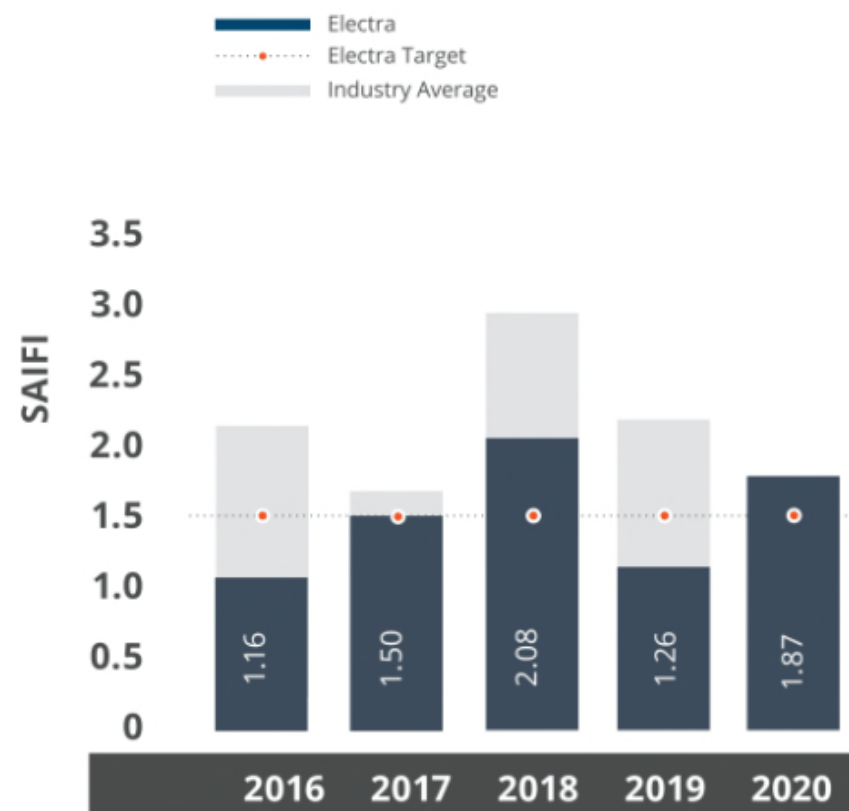
Network Information

- Electricity unit sales stable at 415 GWh for the year ended 31 March 2020 (2019: 416 GWh)
- With a warmer start to winter offsetting Covid-19 effects, electricity sales YTD are less than 1% down for the first quarter vs last year
- Connections grew by 379 (504 last year)

Network Reliability



Systems Average Interruptions Duration Index – the average outage duration per consumer per year



Systems Average Interruptions Frequency Index – the average number of outages a consumer would experience over the course of a year

Best In Class

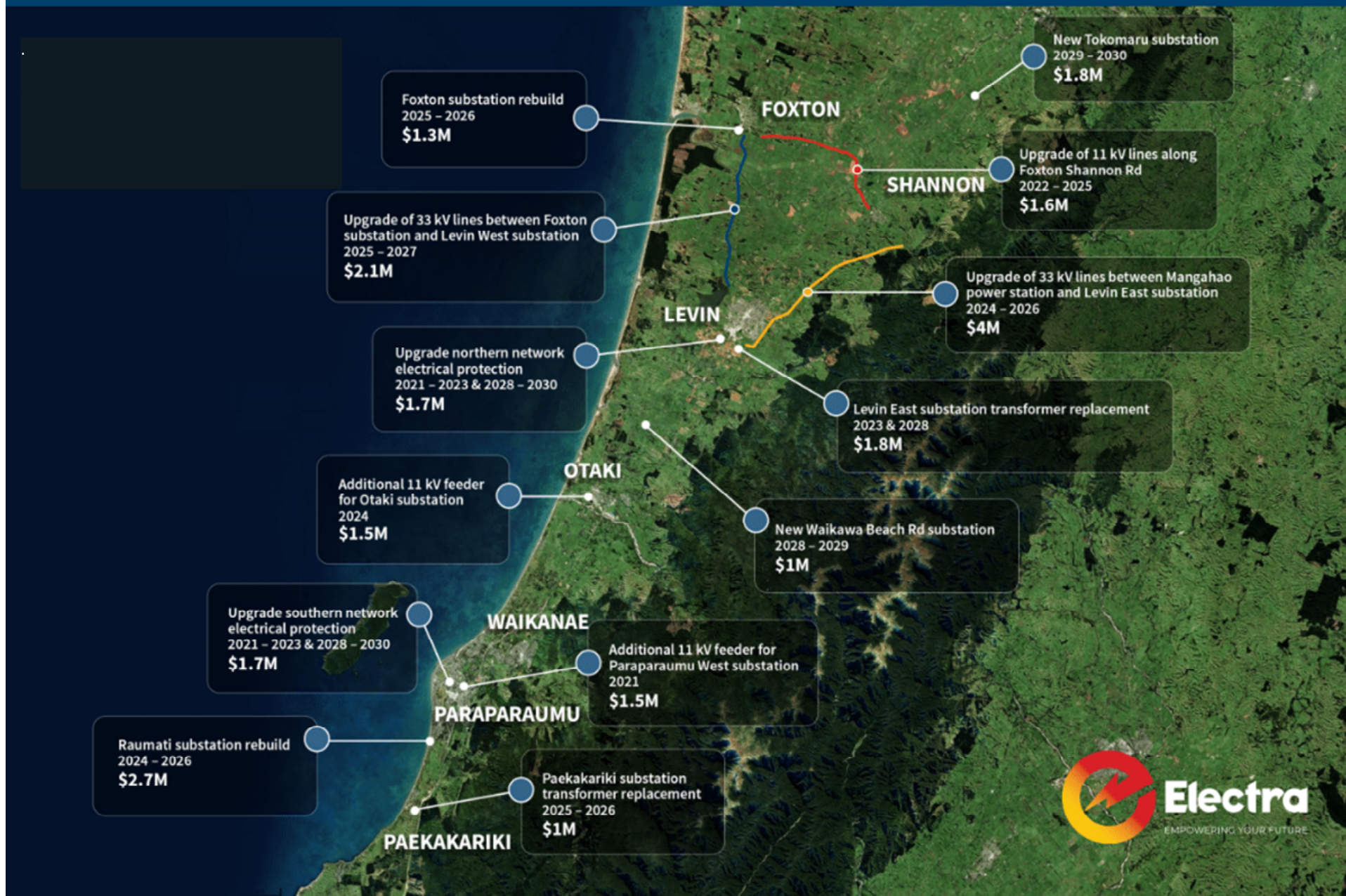
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Revenue Per Consumer (\$)

Electra's low outage minutes and low costs show we are best in class.

Key network projects: 2020-2030



Delivered Projects – Waikanae Feeder

- Achieved objective reduce the load on the existing feeder
- No harm during the project (nor any other project)
- Delivered on time and below budget (27%)



Delivered Projects – Tararua Road

- Commissioned an additional 33kV circuit from Mangahao to Levin East to strengthen network reliability



Vegetation Management remains a major focus to reduce outage risk



Statistics for	March 2020	YTD
Hazard Warning Notices issued	20	416
Hazard Warning Notices completed	33	408
Cut or Trim Notices issued	7	166
Cut or Trim Notices completed	4	168

Supporting Transport Electrification

Foxton



Electra has recently completed a long running project in partnership with EECA, KCDC & HDC to install Electric Vehicle fast chargers across our network. We now have a total of 11, 50kw fast chargers from Foxton out to Shannon and all the way down to Paekakariki. This means that there is a charging station no more than 20 minutes away when you need it

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Shannon



During level 4 lockdown our teams attended and managed:

- 665 Site visits, 268 electricity faults**
- 2 traffic incidents, 25 unplanned outages**
- 337 fault calls, 10 vegetation jobs**
- 6,030 security & 5,351 medical activations resulting in 133 guard and 444 ambulance dispatches**
- 6,000 Welfare calls to medical alarm customers and their families**

OUR COVID-19 RESPONSE

During level 4 lockdown our network teams changed the way they worked

- **Performed essential repair only**
- **Rescheduled planned maintenance**
- **Worked in smaller teams (to maintain isolation)**
- **Worked from home and new locations**
- **Over 100 virtual meetings held with more than 1,400 participants**

OUR COVID-19 RESPONSE

100%

FIELD CREW COMPETENCY

In 2019 we celebrated 100% competency with our field crew on their EWRB assessments

175

Total Electra Group staff including wholly owned subsidiaries

3,700

TRAINING HOURS COMPLETED

In the year to 31 March 2020 our staff completed 3,700 hours of training.

24

NATIONAL CERTIFICATES ACHIEVED

During the year 24 of our team completed their national qualifications, including: 2x Chartered Accountancy, 14x National Certificate in Electricity Supply (Distribution Line Mechanic) (Level 4), 3x National Certificate in Electricity Supply (Electrical) (Level 4) with strands in Electricity Supply Electrician, Electrical Fitter, and Electrical Technician, 1x National Certificate in Horticulture (Arboriculture) (Level 3), 1x National Certificate in Horticulture (Arboriculture Advanced) (Level 4), 3x National Certificate in Electricity Supply (Distribution Faultman) (Level 4).

63%

of Electra Staff are Male.
(111 Employees)

37%

of Electra Staff are Female.
(64 Employees)

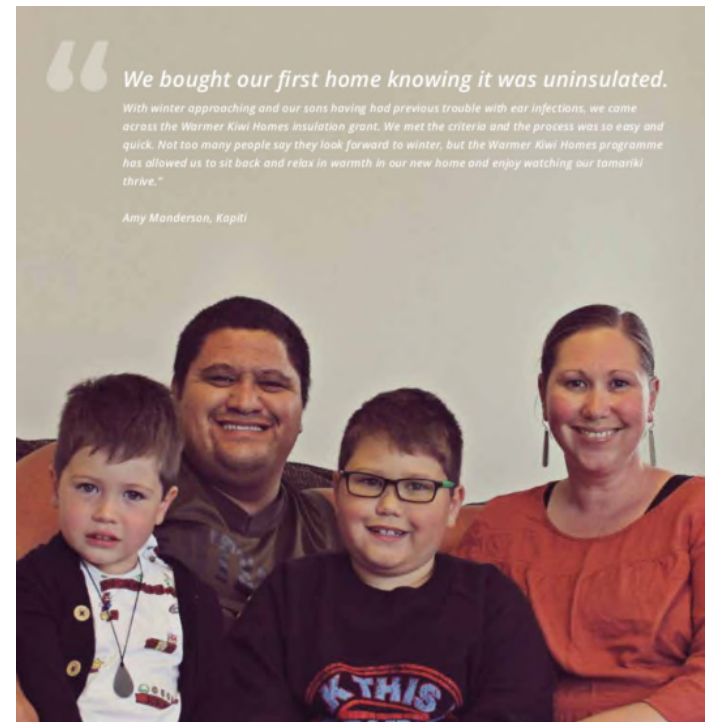
Powered by Our People

We remain committed to developing and equipping our people with the skills and technology they need to perform their roles to the highest standards in quality, safety and customer service

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Supporting the Community

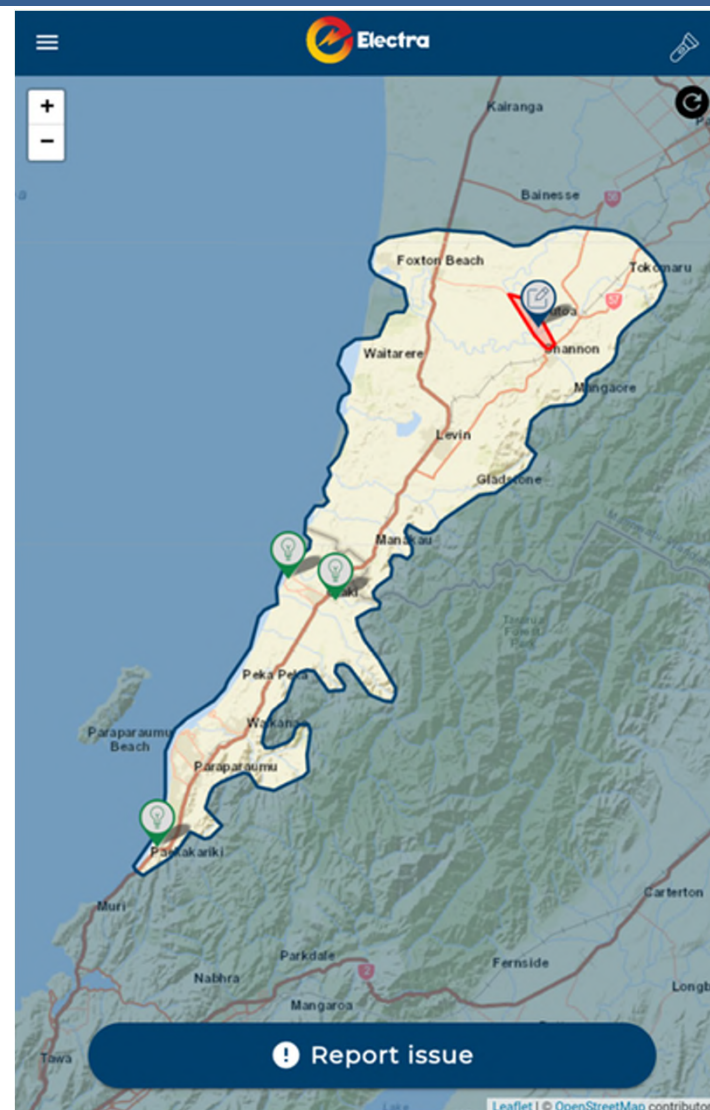
- EECA: Warmer Homes project
- Trainee programme
- Business Breakfasts and BA5s
- Business & Innovation Awards
- “Caring for our Community” Page
- Horowhenua Taste Trail
- Energy Efficiency: heat pump discount



Investment in Systems

- Updated our Mobile App to be easier to use
- Line pricing option calculator
- Invested \$250k in smarter devices on our lines and in our distribution assets
- Implementation of Microsoft CRM to improve our understanding of our customers
- In 2020 we will kick start a multi-year upgrade of our asset management system and finance systems

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Connect



- Year to 31 March profit \$0.1m, reflecting a project loss and delayed contract claims being recognised. Full year EBITDA @ 30 June 2020 \$5.5m with claims settled.
- Large Kaikoura fibreoptic cable project well ahead of schedule and under budget
- Large 2.5 years 400+ cell site build and upgrade contract negotiated with Spark
- Significant work coming from Regional Connectivity Group

Electra Services

- 73 Staff - 59 staff working from Levin
- 24/7 monitoring station
- 505,000 activations per year into the monitoring station
- 352,000 inbound and outbound calls per year
- 72,300 high priority calls per year – Falls, medical activation, fire, hold ups and duress, Family Safety alarms

Electra Services Highlights

- Pharmacy Guild Partnership
- WC Security Taupo Acquisition
- Horowhenua Security Acquisition
- Presbyterian Support- Enliven Partnership
- Creative HQ Govt Tech Accelerator- People's choice winners
- Growth focus change from Business to Consumer to Business to Business
- MSD Accredited



Electra Generation

- Located in Dent Place Papakura, Gas and Diesel Electricity Plant, with 10MW generation potential
- Electra plans to divest this asset and redeploy the capital
- Information Memorandum (IM) for sale of plant and property, released to the market in July. Significant buyer interest.
- Indicative offers due 7 August
- Peak energy prices are currently elevated due to lower than normal storage lake levels compared to the prior year May/June/July





New Investment

Sector: Retirement Care

Located in Kerikeri developed by the Cottle Family of Otaki

Acquired 49.9% shareholding in Quail Ridge and Kerikeri Falls Investments in May 2020

Quail Ridge Country Club site borders Kerikeri falls

70 properties completed
149 further properties plus a care facilities planned



New Investment

Horowhenua Developments Ltd

- 25% Shareholding, alongside Horowhenua NZ Trust
- Aim to promote economic development within Horowhenua
- Levin site of 13.4 hectare being developed into a business park.
- Initial site sale to Thermosash a manufacturer of building systems relocating from greater Wellington. Second sale made. Several others already in the pipeline. Great result for Horowhenua and Electra network business.



Looking Forward

- Maintain our focus on **Employee Health & Safety** and wellbeing
- Continued **Investment** in the region and development of people
- Further **development** of the portfolio of investments
- Greater **use of data** to gain insights and support decision making
- Support of **low carbon** industry, economy and community
- Planning for future **Regulatory changes** in the electricity sector with Transpower to change the national pricing model (TPM) and phasing out of the Low Fixed Charge Tariff (LFC)
- Increased focus on **sustainability** (reduce, reuse, recycle)

Our planned network investment

2020 - 2030

CAPEX
\$114.2M

TOTAL CAPITAL EXPENDITURE
(AVERAGE \$11.3M P.A.)

OPEX
\$45.7M

TOTAL OPERATIONAL
EXPENDITURE
(AVERAGE \$4.6M P.A.)



2021 AMP Overview

- Our Asset Management Plan (AMP) 2020 sets out our asset management strategies and investment plans for the next 10 years
- Maintaining high reliability and low costs
- Preparing for the challenge presented from emerging and disruptive technologies

How things are going for the 1st quarter

Financial Highlights

- Group net profit after tax YTD \$1.50M. \$406k ahead of budget
- Lines Business, Electra Services & Generation ahead of revenue
- Subsidiaries \$696k ahead of budget NPAT, core down \$289k due to Covid-19
- Connect 8 strong 1st quarter result with profitable contracts completed during Level 4 & variations agreed.
- Line prices reduced 6.1%

Physical Work

- 42% of AMP Jobs completed

Reliability

- YTD SAIDI 20.58, Budget SAIDI 20.75

New Community Activities

- EnergyMate about to launch in Horowhenua with ERANZ and Levin Budget Service

100% CONSUMER OWNED

Electra is wholly-owned by its 45,366 consumers, stretching from Paekakariki in the south to Foxton and Tokomaru in the north. Shares in the company are held on behalf of all consumers by a Trust whose six Trustees are elected under a Trust Deed to represent the owners' interests and protect their asset.

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

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.

"The Trust commends Electra for the standard of excellence it has achieved in its core business of electricity distribution. It is acknowledged that the company is among the very best in New Zealand. We would also like to acknowledge the careful planning and preparation done in recent years to prepare for disaster, which came in the form of Covid-19. The company performed brilliantly and the lights stayed on. Our grateful thanks to everyone involved."



Sharon Crosbie
CNZM OBE Chair



Over the last 27 years we are proud to have been able to deliver more than **\$205M** in sales discounts to the consumers on the Electra network.

\$9.2M
in sales discounts issued in 2020

 **Electra**
ANNUAL REVIEW

For the year ended 31 March 2020

View Annual Report online
www.electra.co.nz/our-company/disclosures

“

We bought our first home knowing it was uninsulated.

With winter approaching and our sons having had previous trouble with ear infections, we came across the Warmer Kiwi Homes insulation grant. We met the criteria and the process was so easy and quick. Not too many people say they look forward to winter, but the Warmer Kiwi Homes programme has allowed us to sit back and relax in warmth in our new home and enjoy watching our tamariki thrive.”

Amy Manderson, Kapiti



Warmer Kiwi Homes is a Government programme that helps low-income households to install ceiling and underfloor insulation, and ground moisture barriers to make their homes warmer, drier and healthier.

In December 2018 we announced that we had formed a partnership with the Government agency, EECA, to jointly fund the installation of insulation into 70 homes in the Electra network area; a \$150,000 commitment to the community.

GROUP ADDS RETIREMENT VILLAGE TO PORTFOLIO

Our growth strategy means we are constantly looking for opportunities that offer long term revenue growth and allow us to increase the value we can provide to both the communities in which we operate and the owners of Electra – the customers connected to our electricity network.

Having formed a joint venture with Spark in 2018 with a 50% stake in Connect 8, we have now added a second joint venture to the Group's portfolio with a 49.9% stake in the Quail Ridge Country Club - a luxury retirement village in Kerikeri owned and operated by Don and Jill Cottle (formerly from the Horowhenua region).

Our investment will allow the village to be fully completed over the next few years. We also offer several other assets to the company including our experience in managing large infrastructure assets with long term investment horizons and our knowledge and skill in the technology industry, particularly in the area of monitoring and response services for aged care residents.

New Zealand's population of over 65s is expected to reach 1.29m by 2038 with more than 378,000 seniors over the age of 85 by 2063. This investment will not only allow us to enter the growing and profitable aged care market, it will also give us the ability to deliver added value to the Country Club and its residents through our market leading Securely products and services.



FUTURE GROWTH

The impact of the Covid-19 pandemic, coupled with the regulatory environment and changes to the network pricing regime are all expected to place pressure on operational performance and revenue over the coming year.

However the Electra Group remains in great shape to face the challenges ahead.

The underlying performance of our core network business, the changes we are implementing within our subsidiary businesses and the growth strategy we are undertaking has the Group well positioned to navigate our path through 2020 and beyond.

As always, our first priority is to focus on delivering a safe and reliable electricity supply while maximising the level of sales discount we can return to all the consumers connected to our network.

BUSINESS EXCELLENCE

Electra Kapiti Horowhenua Business Awards are New Zealand's longest running business awards programme. We are proud to be the principal sponsor of the Awards, a role we've held since their inception in 1993. The Awards recognise and celebrate excellent local businesses that are helping to drive economic and job growth across the region.

Congratulations to New World Oraki who were awarded the 2019 Business of the Year Award and to Kapiti Coast Funeral Home for being Highly Commended.



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Annual
Customer
Meeting
31 July 2020