



Financial and Operational Results

FULL YEAR ENDING 30 June 2024

27 AUGUST 2024



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

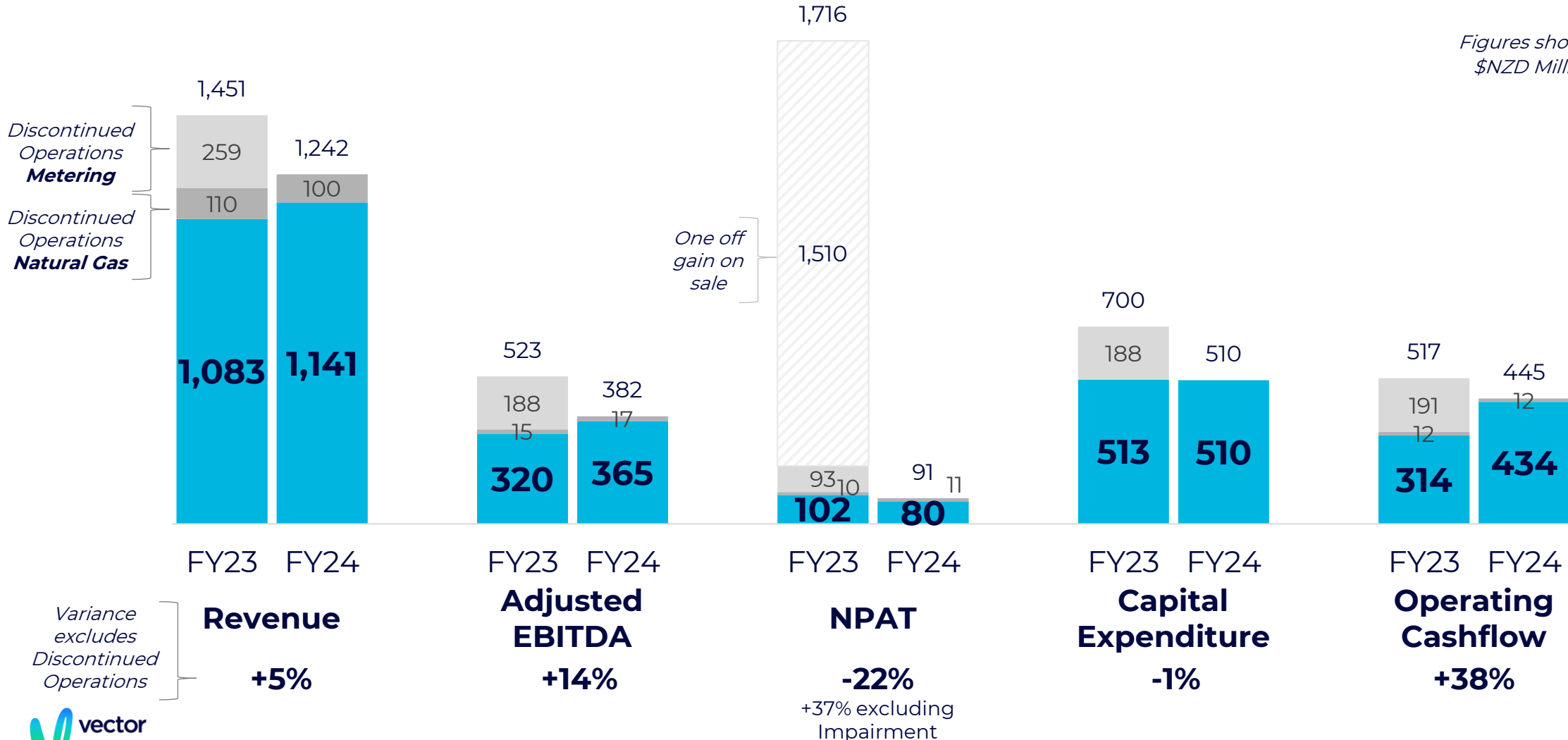
- Overview of Financial Performance
- Financial Performance
- Segment Performance
- Outlook & Market Commentary
- Q&A

OVERVIEW OF FINANCIAL PERFORMANCE

Overview of financial performance

Full Year FY24 vs Full Year FY23

Figures shown in \$NZD Millions



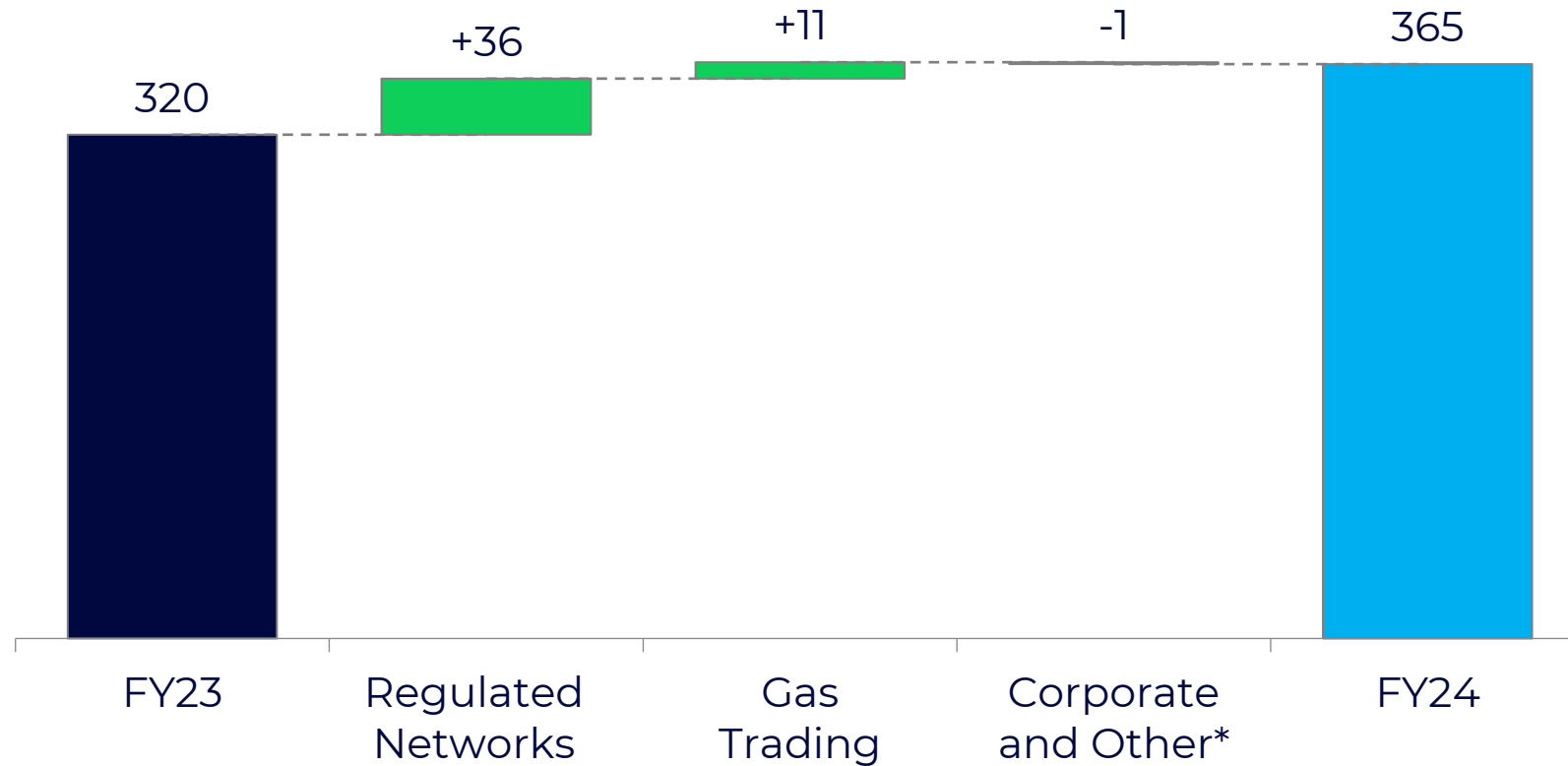
Adjusted EBITDA is not a GAAP measure of profit. For a reconciliation of adjusted EBITDA to EBITDA and net profit refer to the appendix of this presentation. FY23 refers to Financial Year 23 with the period ending 30 June 2023. FY24 refers to Financial Year 24 with the period ending 30 June 2024

FINANCIAL PERFORMANCE



Earnings from continuing operations are up \$45m or 14%

FY24 Year on Year Adjusted EBITDA Movement (\$M)



*Corporate and Other includes Corporate, VTS, HRV, PowerSmart and Vector Fibre. Corporate and Other is not a reportable segment

NPAT from continuing operations is \$80m

FY24 Year on Year NPAT from Continuing Operations Movement (\$M)

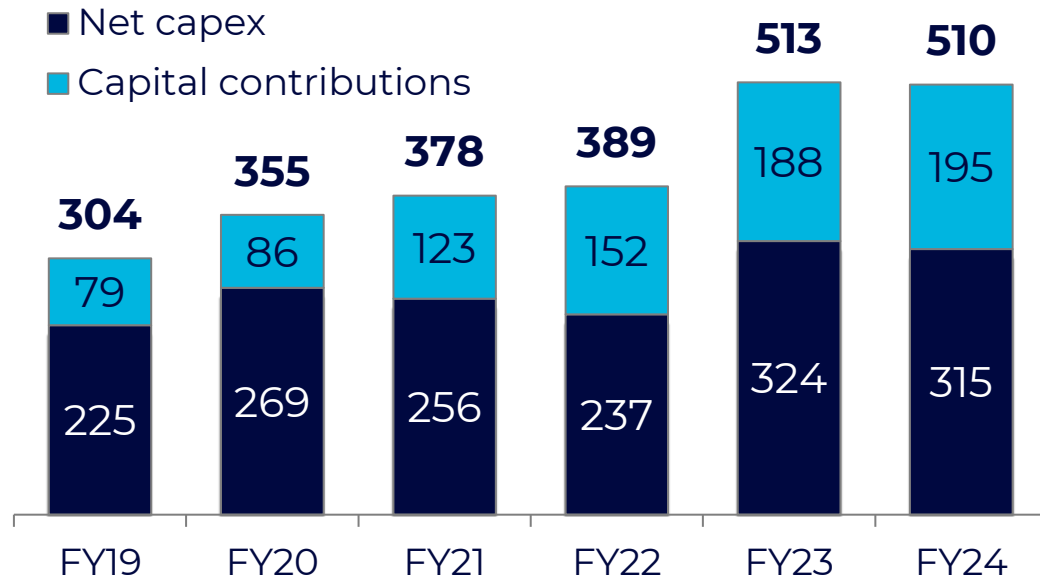


"Tax & Other" includes fair value change on financial instruments and tax changes

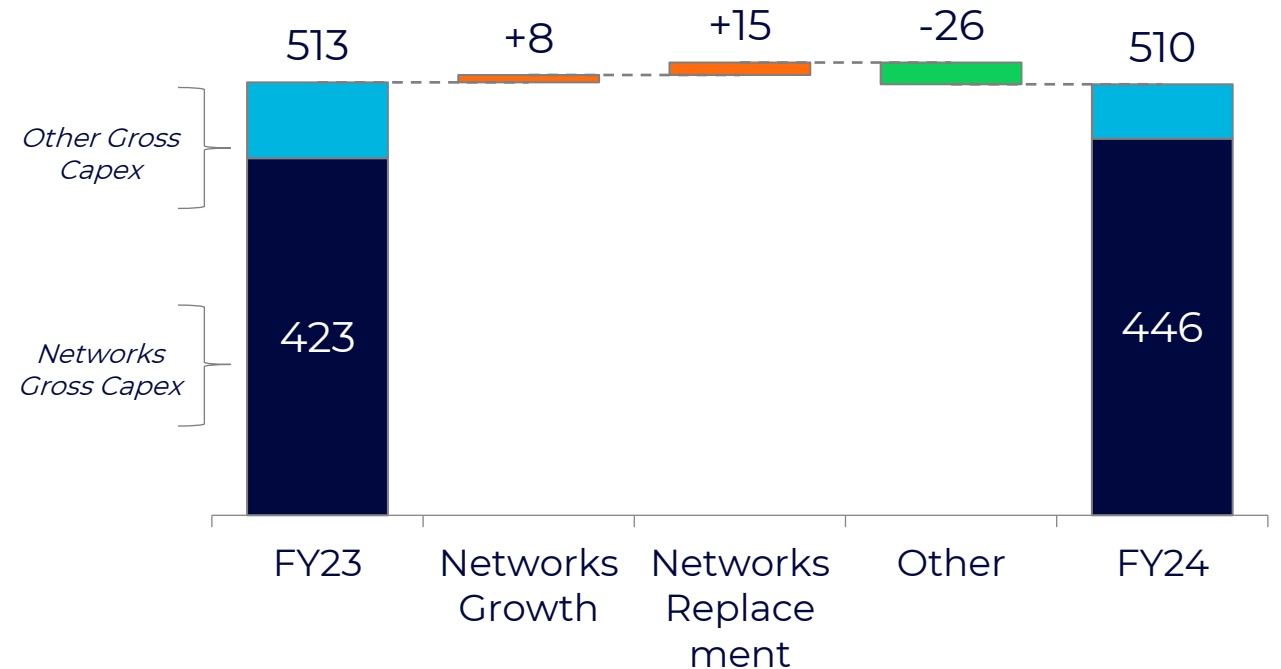
Note that Impairment and share of associates is non-taxable resulting in higher tax based on increase in underlying taxable earnings

Gross capex of \$510m

Gross Capital Expenditure (\$M)



FY24 Year on Year Capex Movement (\$M)



- Gross capex flat at \$510m. Net capex (after deducting contributions) down (3%) to \$315m
- Contributions up 4% to \$195m, largely attributable to system growth contributions driven by higher incremental capacity
- Year on year increase in replacement capex on the network primarily driven by work to improve resilience and restore the network post the extreme weather events in FY23
- Other capex decrease of -\$26m driven by one off capex (right of use) in FY23 related to Vector moving head office premises.

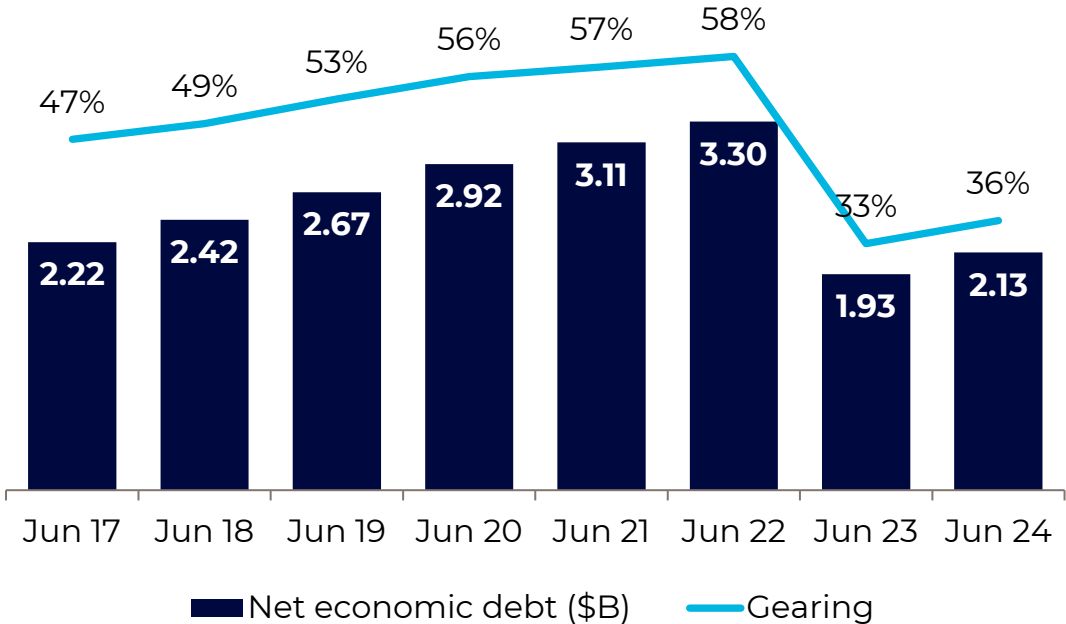


Note 1. All years adjusted to exclude discontinued operations; 2. Capex figures prior to December 2021 do not include ROU additions.

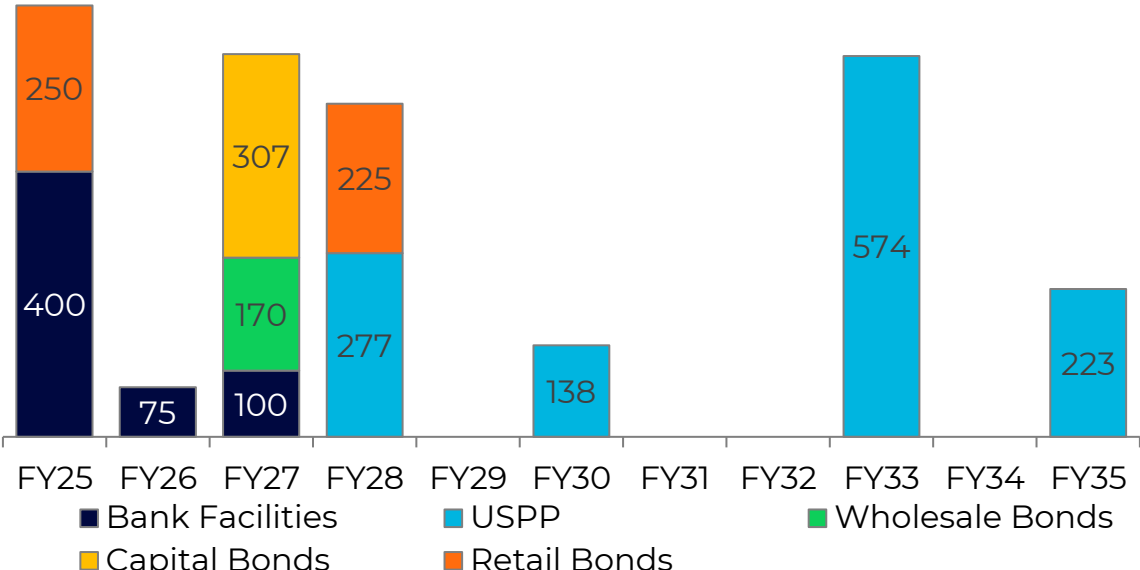
Group debt

Vector's Standard and Poor's credit rating remains at BBB+ with a positive outlook

Net Economic Debt and Gearing (\$B)



Debt Maturity Profile (\$M)



- The \$400m bank facility in FY25 will mature in July 2024 and replaced with a \$125m facility.

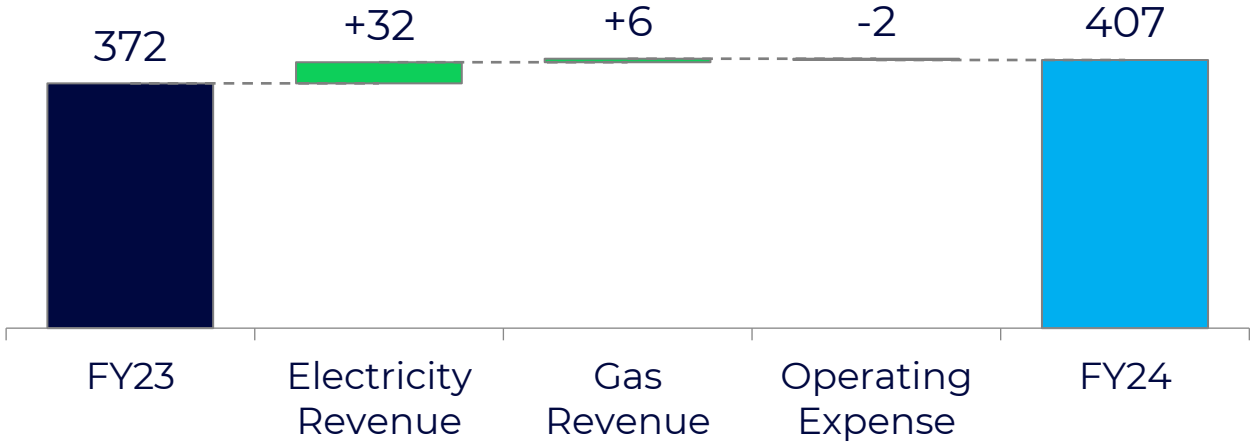
SEGMENT & BLUECURRENT PERFORMANCE

Network earnings higher

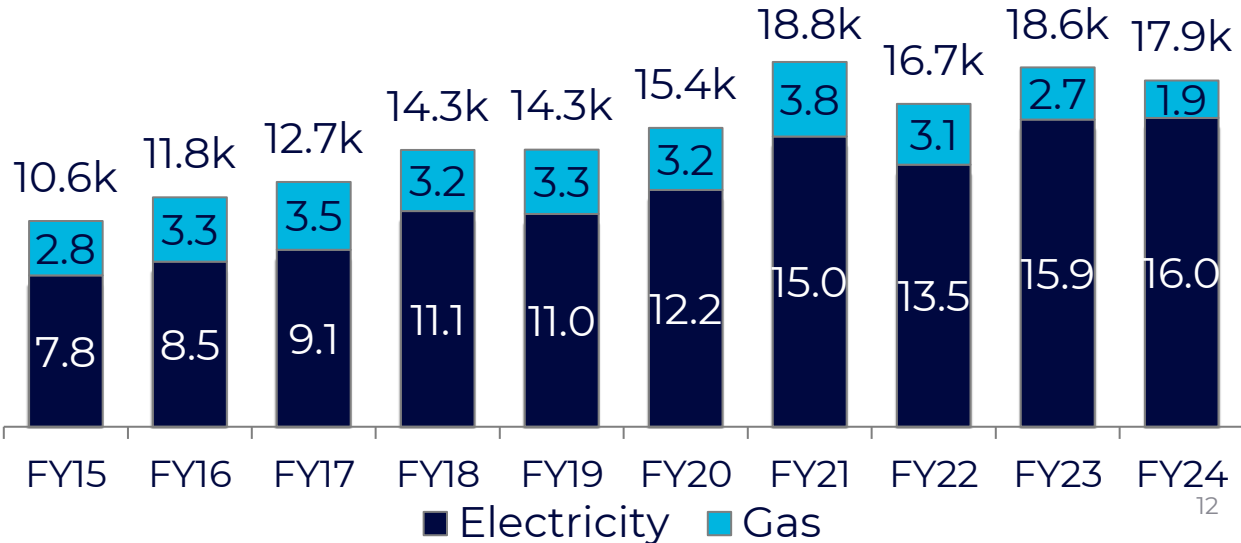
- Electricity revenue is higher due to price adjustments reflecting the impact of high historic inflation. We are now recovering this through higher prices as per the regulatory model (2 year lag)
- Gas revenue up due to increase in prices following gas reset
- Maintenance is higher due to increase in vegetation costs to manage wild fire risks, increase in maintenance of transformers and higher usage of generators to manage supply risks
- Total net connections continue to grow with electricity connections up 1.9% to 624,330 and gas connections up 0.6% to 120,354
- New electricity connections grew by 0.6% to 15,959, and new gas connections declined by 28.1% to 1,934



Adjusted EBITDA Movement (\$M)



New Connections

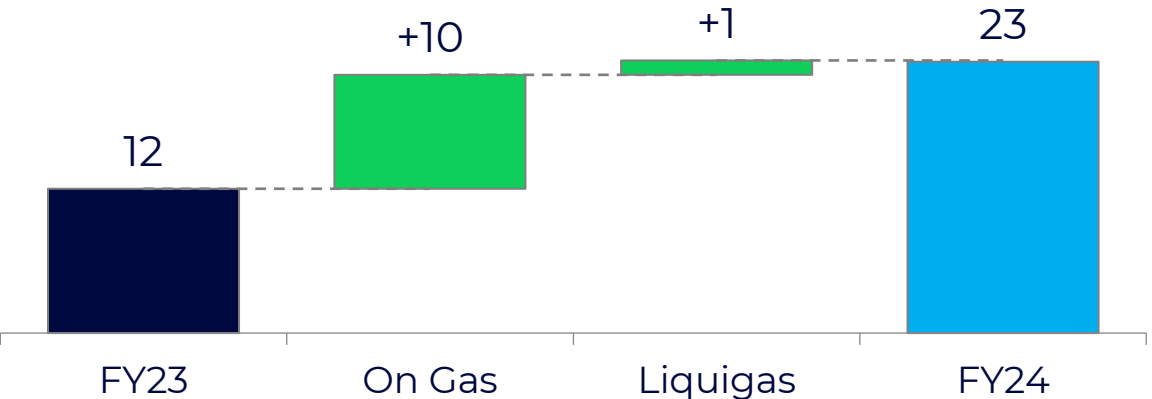


Gas Trading earnings benefitted from higher Ongas LPG margins

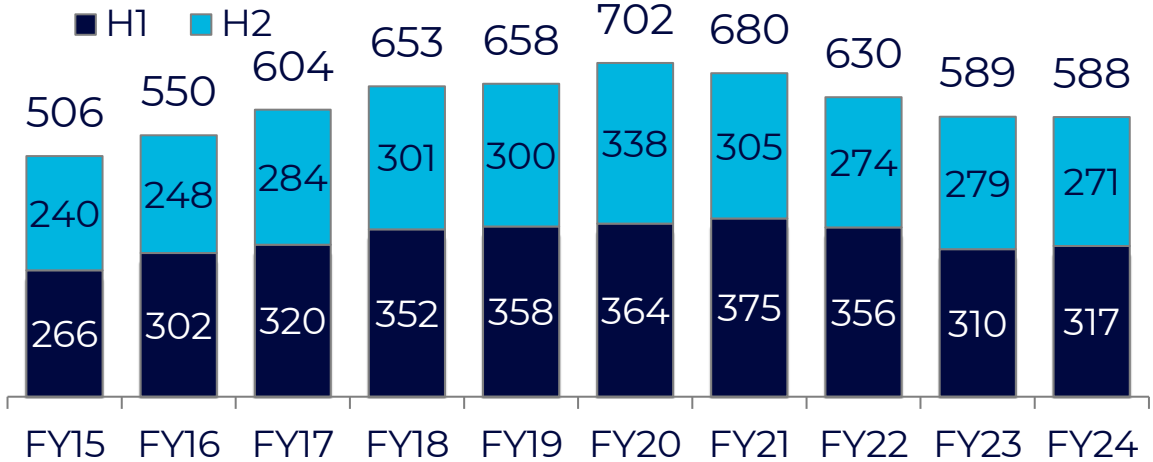
- Improved performance from the LPG business. Reduction in LPG input costs due to lower international Saudi Aramco prices, plus higher prices and volumes. This is partially offset by higher cost of transportation and staff.
- Overall LPG volumes were up 5.4% to 44,165 tonnes with bulk and cylinder volumes both higher
- Bottle Swap volumes down 0.2% to 587,814 bottles swapped/sold
- Liquigas tolling volumes up 0.2% to 106,750 tonnes
- Natural gas business has been removed from the gas trading segment and classified as 'Discontinued Operations'. The natural gas trading book has been sold effective July 1, 2024 for a value of \$9.7m.



Adjusted EBITDA Movement (\$M)



Bottle Swap Volumes ('000 9kg cylinders)



Bluecurrent

- Vector Metering has been renamed Bluecurrent (BC)
- Vector's 50% equity accounted share of BC's FY24 net loss was \$24.9m (includes amortisation of intangible assets)
- Vector received \$30.6m in cash distributions from BC in FY24, plus \$19.9m received post balance date, to total \$50.5m from FY24 result
- Total meters deployed, at 30 June was 2.55m up from 2.48m at 31 December 2024
- NBV of Vector's investment in BC joint venture is \$684m



OUTLOOK & MARKET COMMENTARY

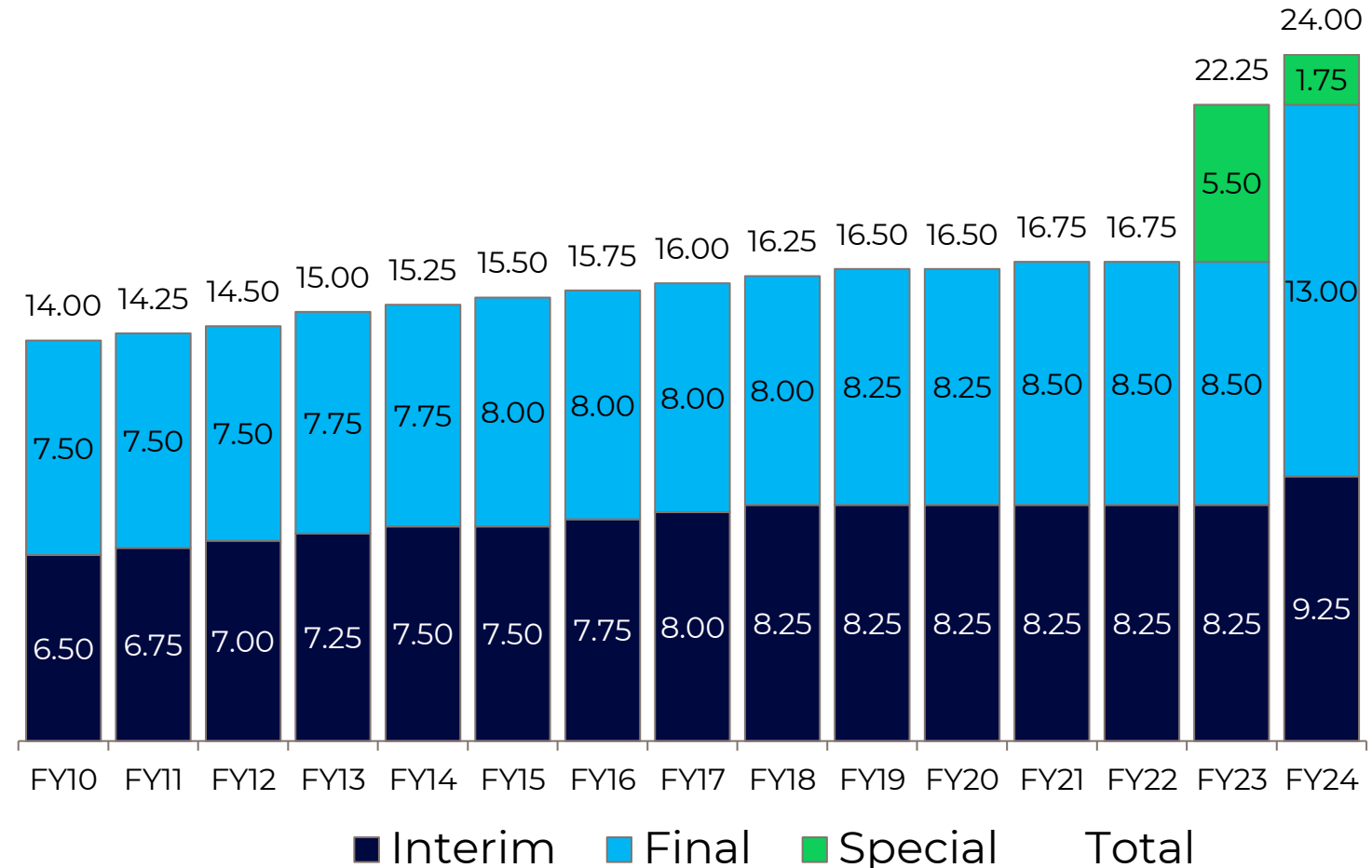
Outlook

- Auckland electricity connection growth is expected to decline in FY25 to c12,000 reflecting a reduction in connection requests over the last 6 months. Gas connection growth is less certain, partly due to a shortage of natural gas.
- The Commerce Commission issued its draft DPP4 reset decision in May 2024. The Commission's final decision is due in November 2024, with the WACC being set based on average risk free interest rates in the 3 month period from June – August, and Vector's actual RY24 cost base as disclosed to the Commission in August 2024.
- Vector announced the conditional sale of its Ongas LPG business and 60.25% shareholding in Liquigas for \$150 million on 26 July, after balance date. The carrying value of the Ongas and Liquigas disposal group as at 30 June was \$136 million. These are the remaining 2 businesses in our Gas Trading segment. We expect it could take 4-6 months for the conditions to be satisfied.
- We will provide FY25 Guidance in February 2025 after we have received the final DPP4 decision as this decision will impact revenue from 1 April 2025.

Final FY24 Dividend

- Final unimputed dividend of 13.00 cents per share plus a special dividend of 1.75 cents per share
- Dividend record date of 6 September and payment date of 16 September 2024
- The final outcome of the Commerce Commission’s reset of the electricity default price-quality path is not due until 30 November 2024. As this is a key regulatory decision that impacts our future cash flow, the Board will review the dividend policy once the Commission’s final decisions are known.

Dividend (cents per share)



Q&A

ANY QUESTIONS?



APPENDICES

Segment Results – Continuing Operations

	Networks			Gas Trading			Corporate & Other ¹			Inter-Segment Elimination		Total Group		
	FY23	FY24	Δ	FY23	FY24	Δ	FY23	FY24	Δ	FY23	FY24	FY23	FY24	Δ
EBITDA														
Revenue excl. Capital Contributions	716	753	+5%	119	128	+8%	77	80	+4%	(17)	(15)	894	946	+6%
Operating Expenses	(344)	(346)	-1%	(107)	(106)	+1%	(141)	(145)	-3%	17	15	(574)	(581)	-1%
Adjusted EBITDA	372	407	+10%	12	23	+88%	(63)	(65)	-2%	-	-	320	365	+14%
Capital Contributions	187	194	+3%	-	-	-	1	1	+40%	-	-	188	195	+4%
Other Movements	-	-	-	-	-	-	(13)	(37)	-180%	-	-	(13)	(37)	-180%
EBITDA	559	601	+8%	12	23	+88%	(76)	(100)	-32%	-	-	495	524	+6%
Capex														
Replacement	212	219	+3%	4	5	+30%	42	26	-38%	-	-	259	250	-3%
Growth	210	227	+8%	6	5	-18%	38	28	-27%	-	-	254	260	+2%
Total Capex	423	446	+6%	10	10	+2%	81	54	-33%	-	-	513	510	-1%

¹ Corporate and Other is not a reportable segment. Other Movements shown within this column relate to share of associates and fair value movements as reported in the GAAP to Non-GAAP reconciliation



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 impairment 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	FY23	FY24
Group EBITDA and Adjusted EBITDA	\$M	\$M
Reported net profit for the period (GAAP)- continuing operations	102.2	79.9
Less: interest income	(11.8)	(52.0)
Add back: interest costs	157.5	104.6
Add back: tax (benefit)/expense	42.7	100.2
Add back: depreciation and amortisation	204.7	230.8
Add back: impairment	-	60.0
EBITDA	495.3	523.5
<i>Adjusted for:</i>		
Associates (share of net (profit)/loss)	-	24.9
Capital contributions	(188.3)	(195.2)
Fair value change on financial instruments	13.2	12.0
Adjusted EBITDA- continuing operations	320.2	365.2
Adjusted EBITDA- discontinued operations	203.1	16.6
Total Group adjusted EBITDA	523.3	381.8

Extracted from financial statements

END



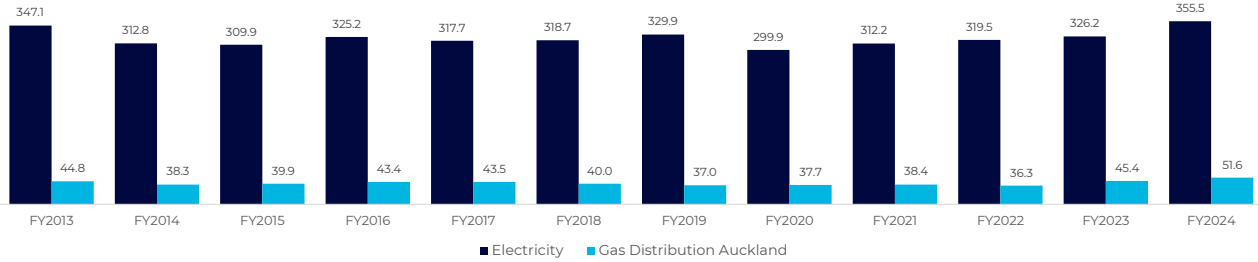
Supplementary Interim Information



Regulated Networks Adjusted EBITDA

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Electricity	347.1	312.8	309.9	325.2	317.7	318.7	329.9	299.9	312.2	319.5	326.2	355.5
Gas Distribution Auckland	44.8	38.3	39.9	43.4	43.5	40.0	37.0	37.7	38.4	36.3	45.4	51.6
Total	391.9	351.1	349.8	368.5	361.2	358.6	367.0	337.6	350.7	355.8	371.6	407.1

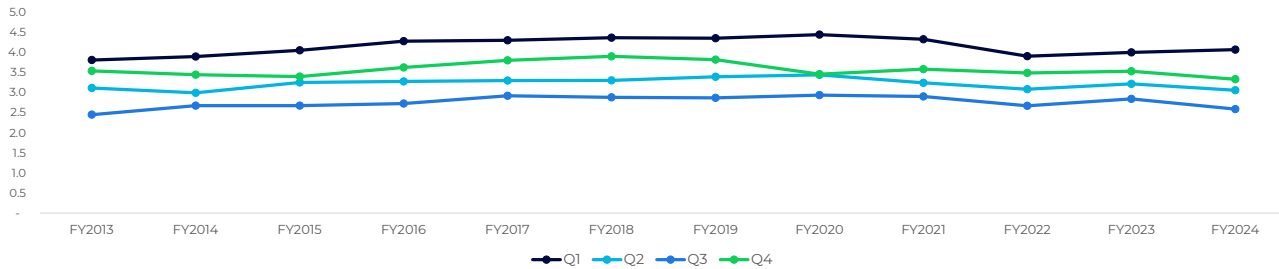
Adjusted EBITDA



Gas Distribution Auckland Volumes (PJ)

PJs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Q1	3.8	3.9	4.0	4.3	4.3	4.4	4.4	4.4	4.3	3.9	4.0	4.1
Q2	3.1	3.0	3.3	3.3	3.3	3.3	3.4	3.4	3.2	3.1	3.2	3.1
Q3	2.4	2.7	2.7	2.7	2.9	2.9	2.9	2.9	2.9	2.7	2.8	2.6
Q4	3.5	3.4	3.4	3.6	3.8	3.9	3.8	3.5	3.6	3.5	3.5	3.3
Total	12.9	13.0	13.4	13.9	14.3	14.5	14.4	14.3	14.1	13.1	13.6	13.0

Gas Distribution Volumes (PJ)



Gross New ICPs

# of ICPs (gross)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Q1	-	-	807	831	982	875	800	832	959	644	707	582
Q2	-	-	743	707	925	781	869	1,031	1,068	1,087	623	622
Q3	-	-	605	948	842	481	705	784	905	763	707	381
Q4	-	-	666	837	766	1,028	948	554	912	652	654	349
Total	2,464	3,107	2,821	3,323	3,515	3,165	3,322	3,201	3,844	3,146	2,691	1,934

Data not available prior to FY15

Net New ICPs

# of ICPs (net)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Q1	620	524	839	616	878	872	560	674	624	368	397	228
Q2	415	566	713	727	718	728	700	778	848	788	382	443
Q3	508	558	584	809	626	468	378	484	582	30	617	29
Q4	377	892	645	605	126	491	775	382	458	337	240	81
Total	1,920	2,540	2,781	2,757	2,348	2,559	2,413	2,318	2,512	1,523	1,636	723

Net Gas ICPs



Total ICPs

# Total ICPs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Q1	94,944	96,768	99,623	102,181	105,200	107,542	109,789	112,316	114,584	116,840	118,392	119,859
Q2	95,359	97,334	100,336	102,908	105,918	108,270	110,489	113,094	115,432	117,628	118,774	120,302
Q3	95,867	97,892	100,920	103,717	106,544	108,738	110,867	113,578	116,014	117,658	119,391	120,273
Q4	96,244	98,784	101,565	104,322	106,670	109,229	111,642	113,960	116,472	117,995	119,631	120,354

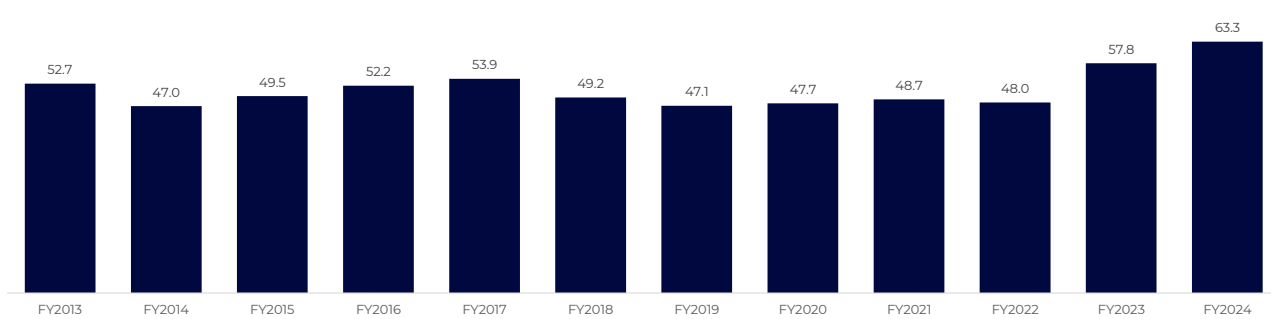
Total Gas ICPs as at full year



Gas Distribution Lines Revenue

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
H1	28.3	27.5	26.1	28.5	28.9	27.5	25.5	25.7	25.9	25.1	29.1	32.2
H2	24.4	19.5	23.4	23.6	25.0	21.7	21.6	22.0	22.8	22.9	28.7	31.1
Lines Revenue	52.7	47.0	49.5	52.2	53.9	49.2	47.1	47.7	48.7	48.0	57.8	63.3

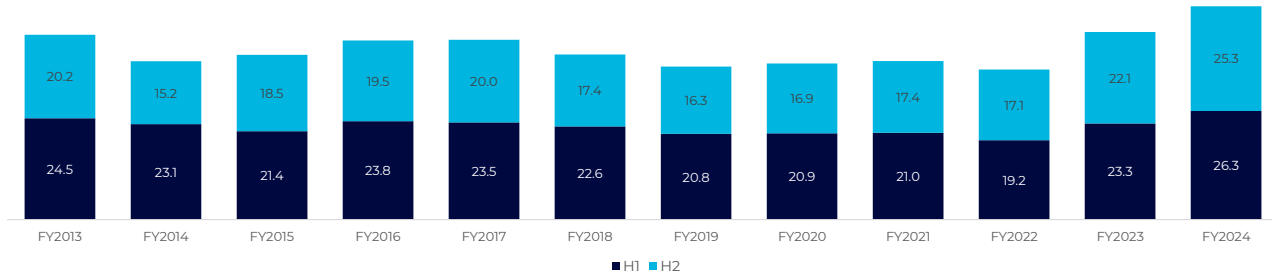
Gas Distribution Lines Revenue \$m as at full year



Gas Distribution Adjusted EBITDA

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
H1	24.5	23.1	21.4	23.8	23.5	22.6	20.8	20.9	21.0	19.2	23.3	26.3
H2	20.2	15.2	18.5	19.5	20.0	17.4	16.3	16.9	17.4	17.1	22.1	25.3
Total	44.8	38.3	39.9	43.4	43.5	40.0	37.0	37.8	38.4	36.3	45.4	51.6

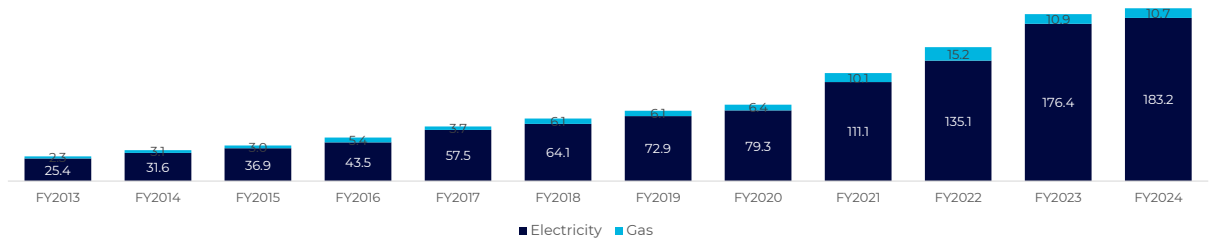
Gas Distribution Adjusted EBITDA \$m



Capital Contributions

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Electricity	25.4	31.6	36.9	43.5	57.5	64.1	72.9	79.3	111.1	135.1	176.4	183.2
Gas	2.3	3.1	3.0	5.4	3.7	6.1	6.1	6.4	10.1	15.2	10.9	10.7
TOTAL	27.8	34.7	39.9	48.9	61.2	70.2	78.9	85.7	121.1	150.3	187.3	193.8

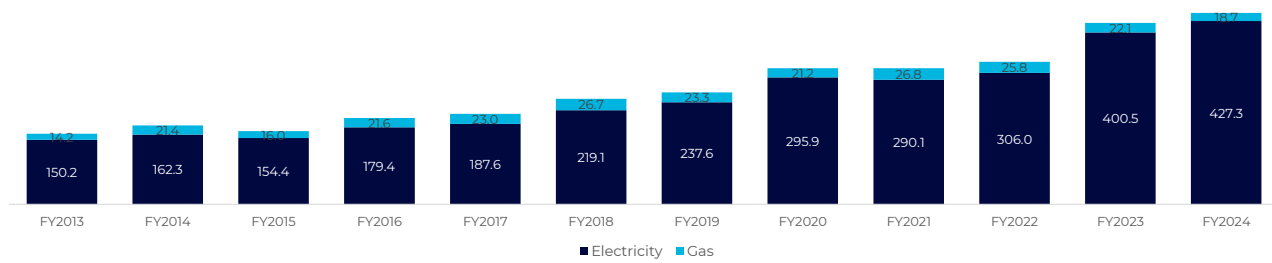
Capital Contributions \$m



Capex

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Electricity	150.2	162.3	154.4	179.4	187.6	219.1	237.6	295.9	290.1	306.0	400.5	427.3
Gas	14.2	21.4	16.0	21.6	23.0	26.7	23.3	21.2	26.8	25.8	22.1	18.7
TOTAL	164.4	183.7	170.4	201.0	210.6	245.8	260.9	317.1	¹ 316.9	331.9	422.6	446.0

Regulated Capex \$m



¹ From FY2021 ROU assets have been added