



Financial and Operational Results

HALF YEAR ENDED 31 DECEMBER 2022

21 FEBRUARY 2023



Disclaimer

This presentation contains forward-looking statements.

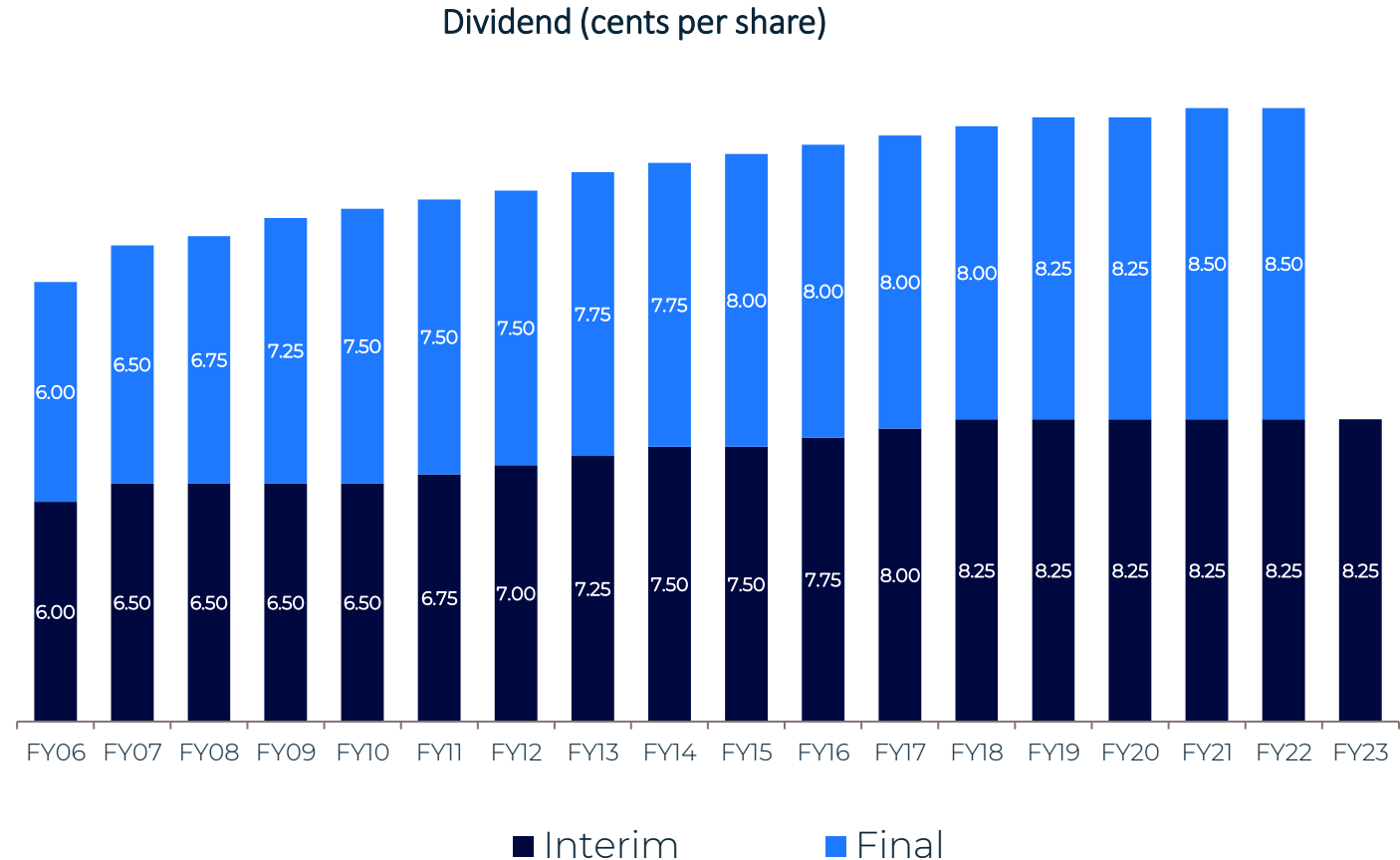
Forward-looking statements often include words such as “anticipates”, “estimates”, “expects”, “intends”, “plans”, “believes” and similar words in connection with discussions of future operating or financial performance.

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.

Dividend

- Interim dividend of 8.25 cents per share
 - Flat on prior year
 - Imputation at rate of 10.5%
- Dividend record date of 28 March 2023 and payment date of 6 April 2023
- Dividend policy to be reviewed following completion of Metering transaction



H1 2023 Business Overview

Electricity and Gas Distribution



- 9,203 new electricity and gas connections added, up 10.4% on prior six month comparative period
- Level of investment continues to be at historically higher levels with gross capital expenditure for H1 at \$197.4m
- Electricity volumes overall up 1.4% at 4,374 GWh with higher business volume offset by lower residential volume
- IM review underway with final decision expected December 2023
- DPP3 reset for gas impacted prices from 1 October 2022

Gas Trading



- LPG continues to be affected by higher input costs for LPG impacting margins
- 13.0% decrease in 9kg LPG bottle swaps to 309,855 due to loss of large customer
- LPG volumes down 10.7% to 22,535 tonnes
- 4.4% increase in Liquigas tolling to 56,908 tonnes
- Natural gas sales down 3.4% to 2.8 PJ

Metering



- In H1, deployed 38k advanced meters in Australia and 12k in NZ
- Advanced meter fleet totals 2.03 million across NZ and Australia
- More than 528k meters now installed in Australia
- Invested capex of \$91.7m or 13.3% more than equivalent prior period
- Rollout of 4G modem replacement in New Zealand progressing well with c390k completed to date
- AEMC's draft report announced accelerated uptake of advanced meters in Australia to 2030

Review of Metering Business



- Completed strategic review of metering business
- Partnership announced with QIC
- Deal is expected to conclude by Q2 2023
- Deal is still conditional



Metering Strategic Review - update

- QIC selected as the preferred partner for sale of 50% of metering business
- Sale is conditional on regulatory approvals and finalisation of funding
- Transaction is expected to be finalised before 30 June 2023
- Terms imply an enterprise value of \$2.51b¹ against a book value of \$0.85b²
- Conclusion of the deal is expected to realise gross transaction proceeds of \$1.74b to Vector
- Proceeds will be used to reduce debt
- As part of the interim results, the Metering segment is now classified as held for sale and is reported as discontinued operations
- Post completion of the deal, the Metering result will be reported as an Associate
- Metering will operate as a standalone business. Work on separation has commenced

Disclosure	Associate
Balance Sheet and P&L	Equity accounted
Revenue/Costs	Below EBITDA
Dividends received	Included in operating cashflows

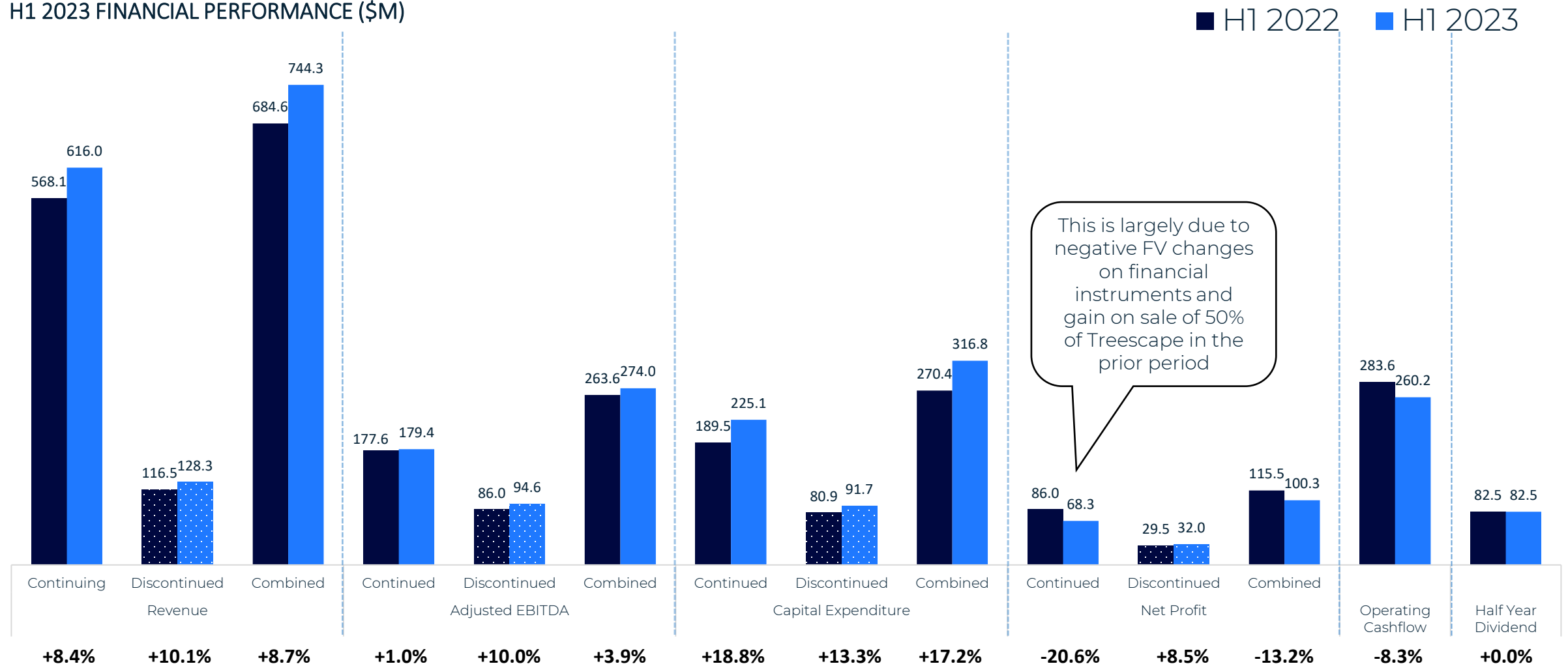


¹ Subject to customary completion adjustments

² Updated to reflect corrected book value as at 31 December 2022

Overview of financial performance

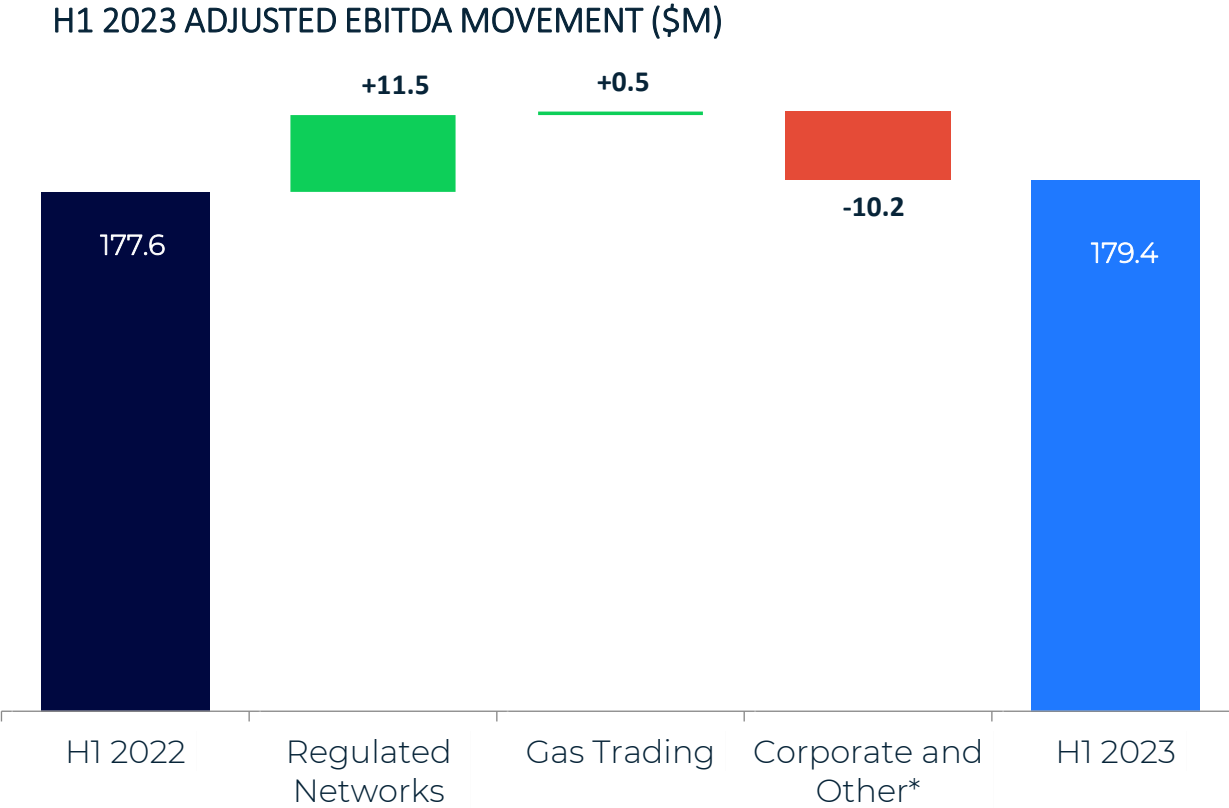
H1 2023 FINANCIAL PERFORMANCE (\$M)



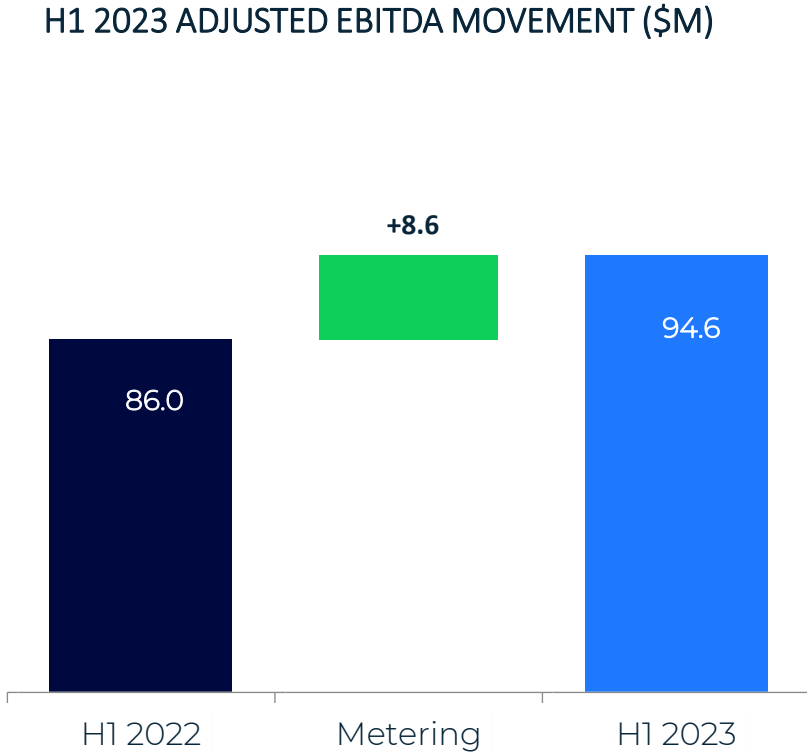
Adjusted EBITDA is not a GAAP measure of profit. For a reconciliation of adjusted EBITDA to EBITDA and net profit refer to page 22 of this presentation.

Earnings from continuing and discontinued operations are up \$10.4m or 3.9%

Continuing Operations



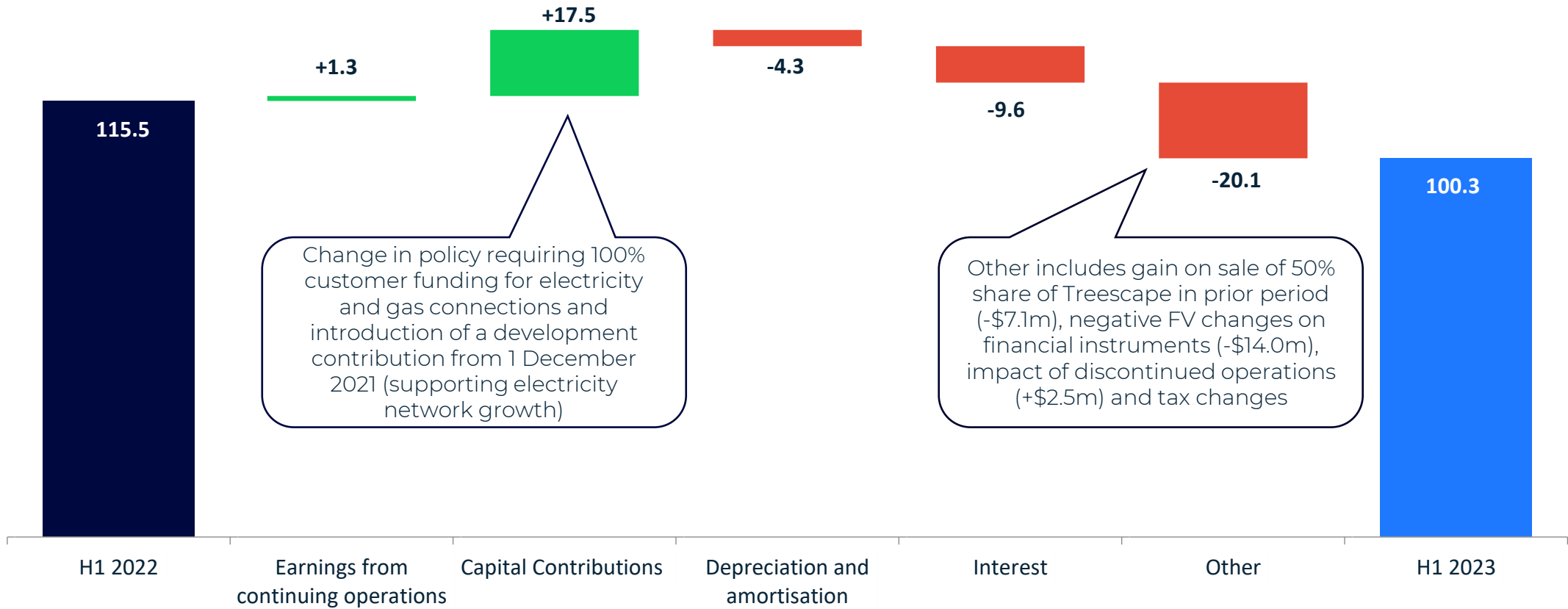
Discontinued Operations



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

NPAT down \$15.2m or 13.2%

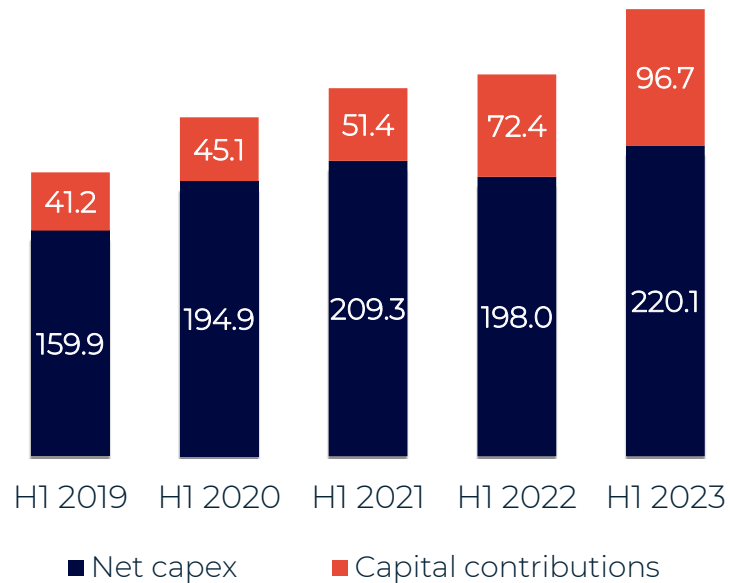
MOVEMENT IN NET PROFIT AFTER TAX (\$M)



All items above are net of tax
 "Other" includes gain on sale of investment in associates, fair value change on financial instruments, discontinued operations and tax changes.

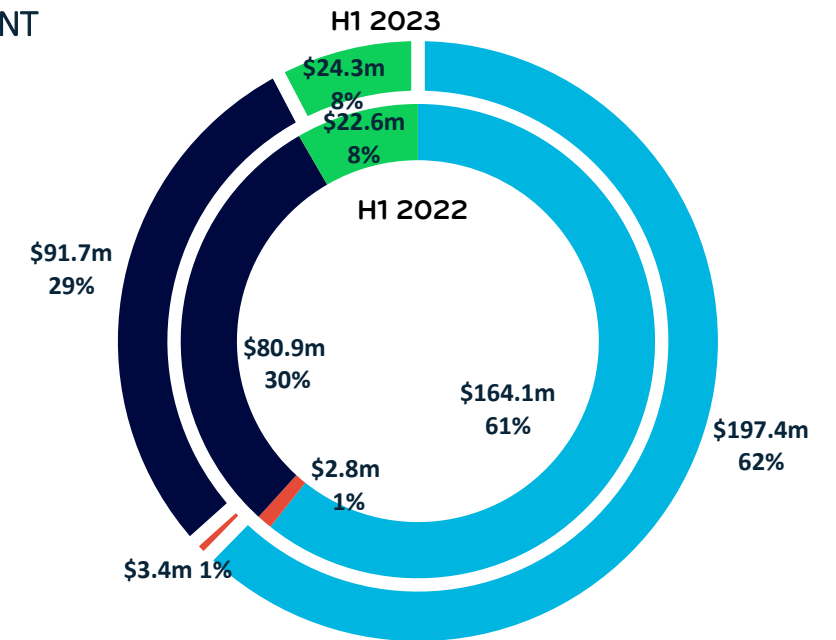
Capex driven by investment in Networks & meter deployment in Australia

GROSS CAPITAL EXPENDITURE (\$m)



GROSS CAPEX BY SEGMENT

- Regulated Networks
- Gas Trading
- Metering
- Corporate and Other

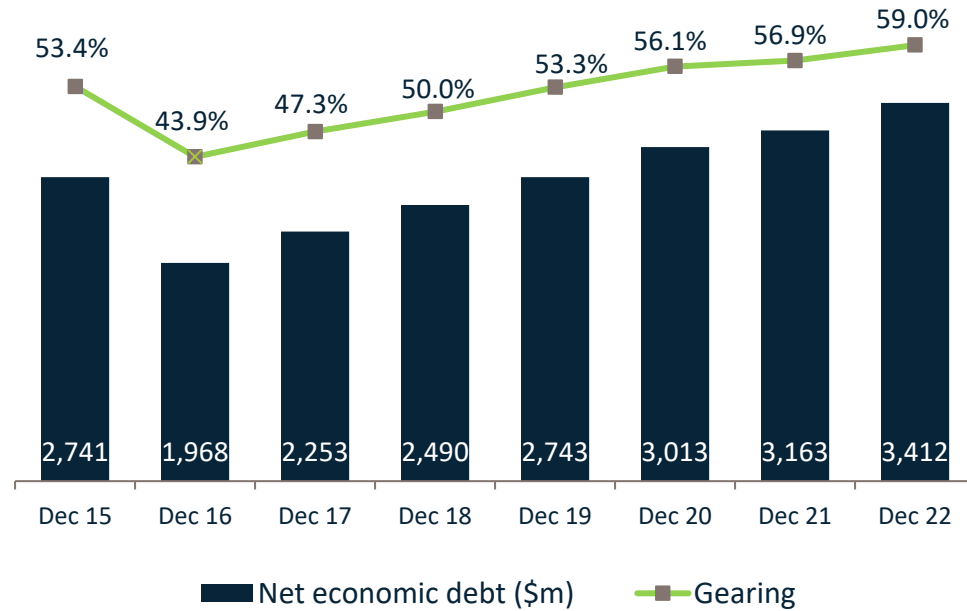


- Gross capex up 17.2% to \$316.8m. Net capex (after deducting contributions) up 11.2% to \$220.1m
- Growth capex up 20.6% to \$190.8m. Replacement capex up 12.3% to \$126.0m
- The increase reflects continued investment in infrastructure to support Auckland's continued growth and 4G modem upgrades across the New Zealand advanced meter fleet

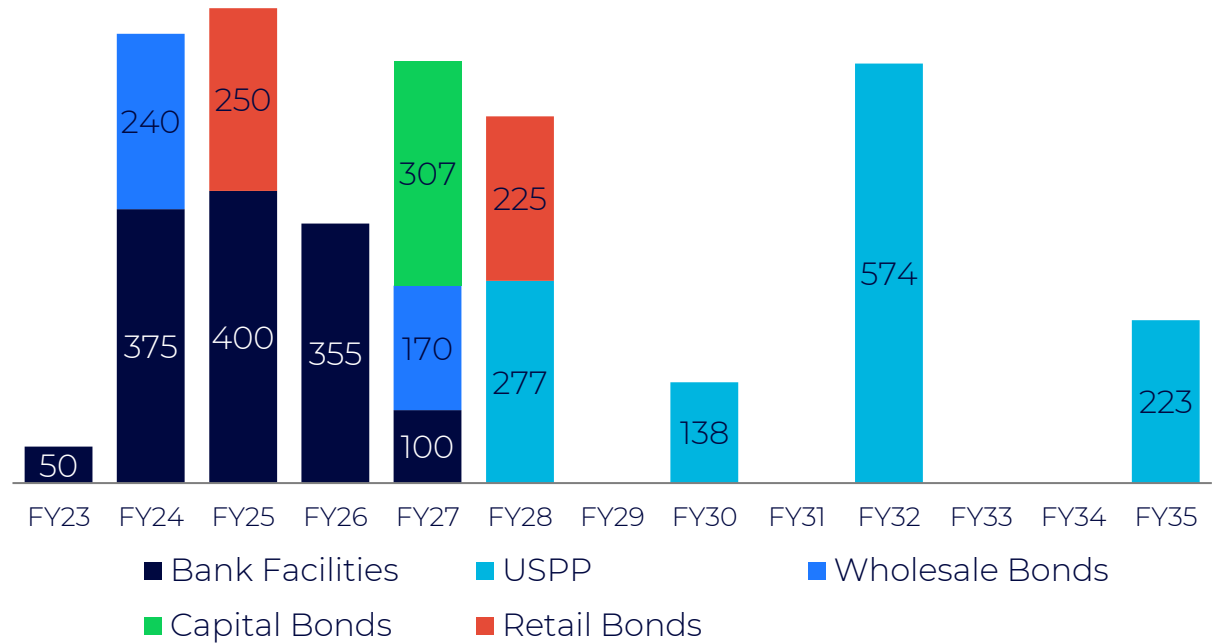


Group debt

NET ECONOMIC DEBT & GEARING (\$M)



Debt Maturity Profile \$m

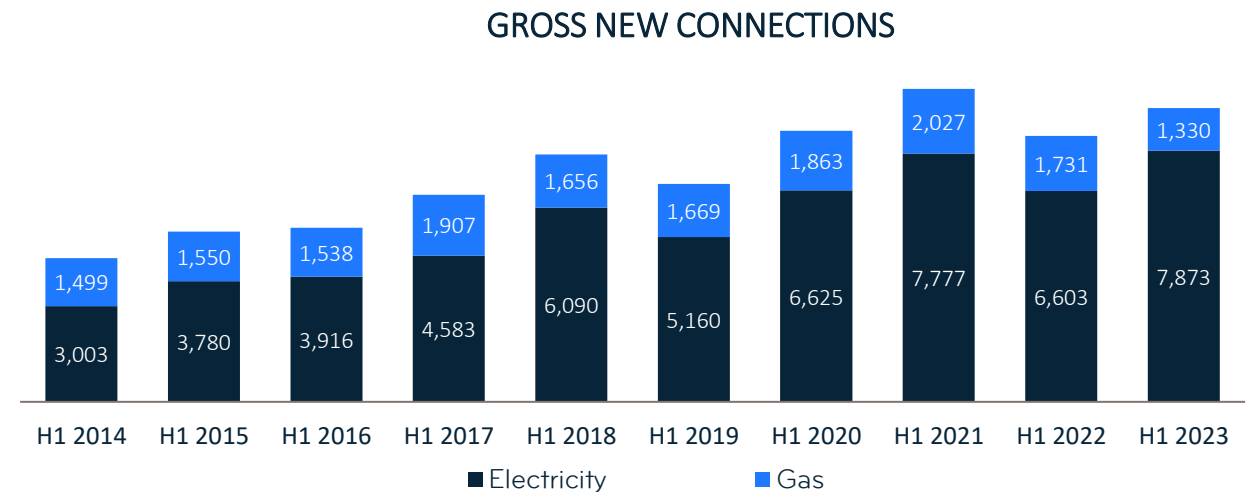
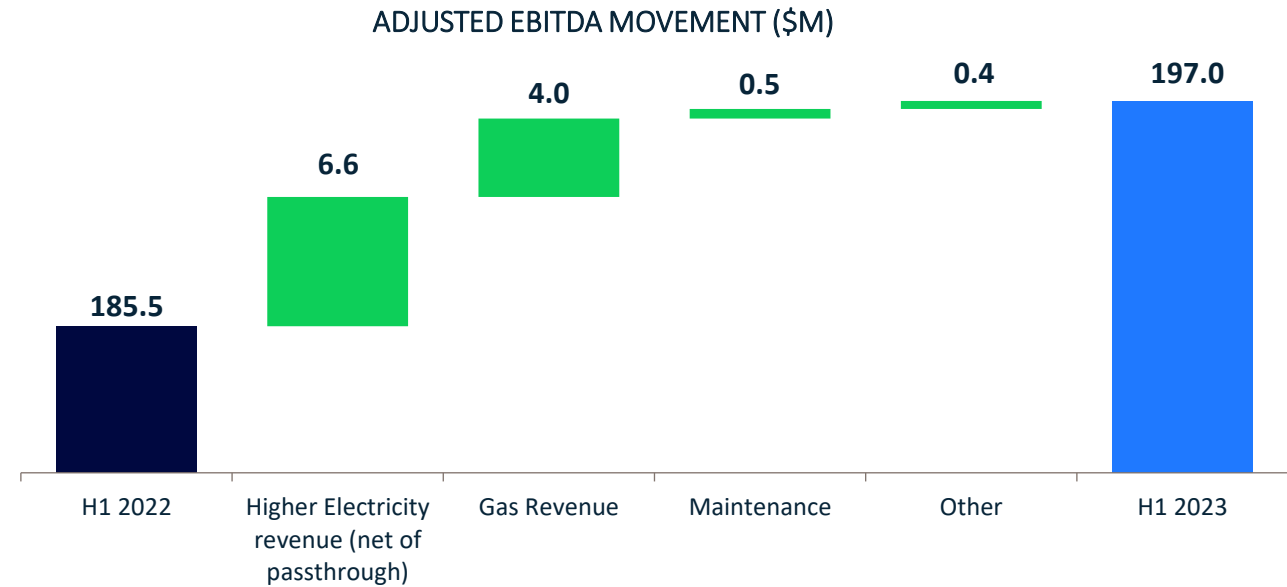


- Economic gearing as at 31 December 2022 at 59.0%
- Vector rated BBB (stable outlook) by S&P Global Ratings and Baa1 (stable outlook) by Moody's
- Proceeds from proposed Metering transaction of c\$1.7b will reduce debt



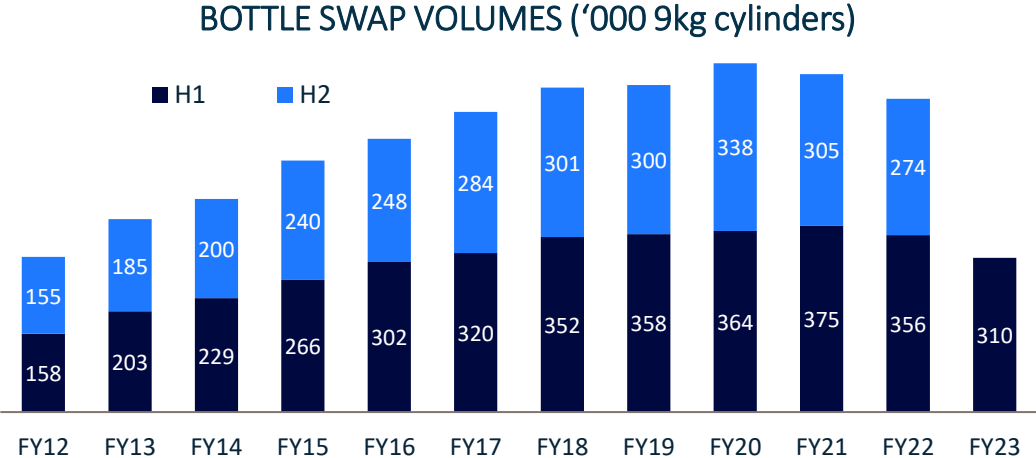
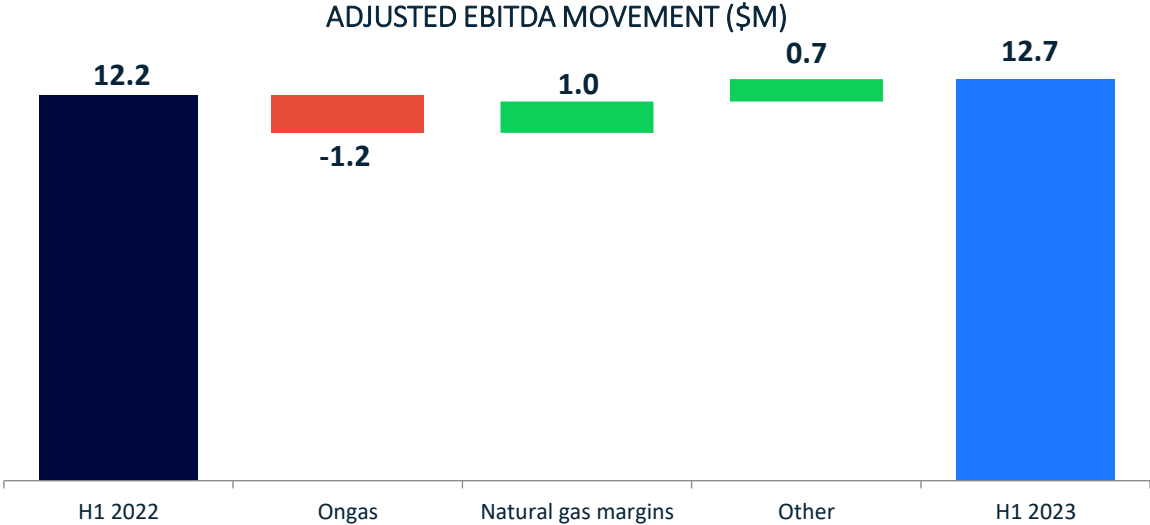
Network earnings improve from higher revenue

- Electricity revenue is higher due to:
 - An increase in net connections; and
 - Increase in recovery of pass-through and recoverable costs
- The result reflects impacts of higher inflation which are recoverable through higher prices, noting that this increase in revenue is deferred two years per the regulatory model
- Gas revenue up due to increase in prices following gas reset and improved volumes
 - Volume up 2.9% to 7.2PJ from 7.0PJ in the prior period
- Regulated capex up 20.3% to \$197.4 million
 - Continued high level of capex expenditure is driven by investment to improve safety, reliability and resilience of our network and to support Auckland growth
- Capital contributions up 34.2% to \$96.5m driven by change in policy requiring 100% customer funding for electricity and gas connections and introduction of a development contribution from 1 December 2021 (supporting electricity network growth)
- Total net connections continue to grow with electricity connections up 1.7% to 606,802 and gas connections up 1.0% to 118,774



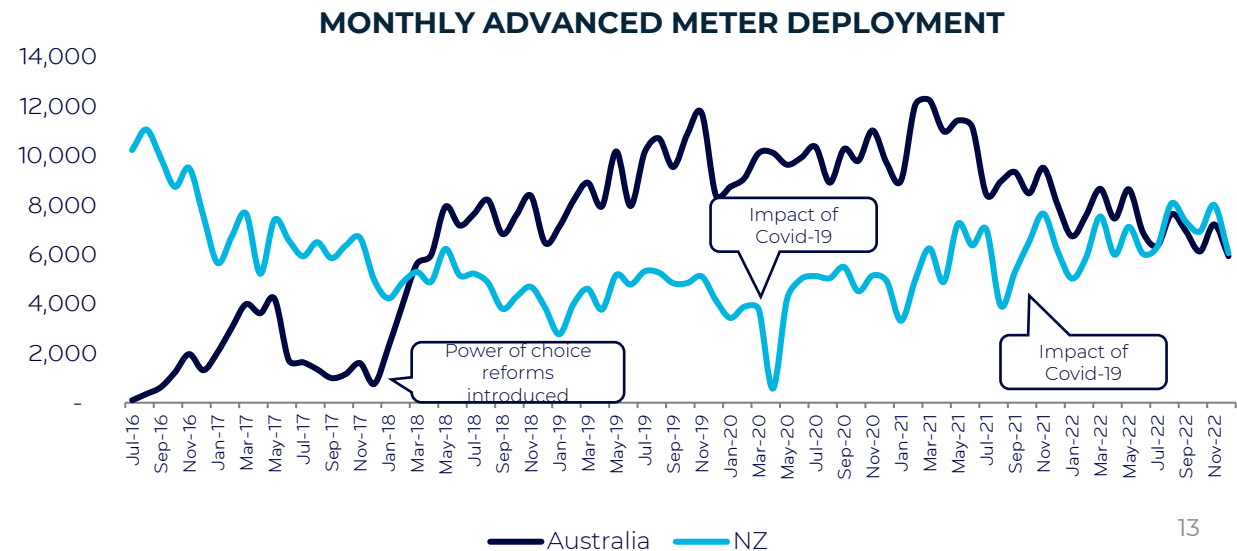
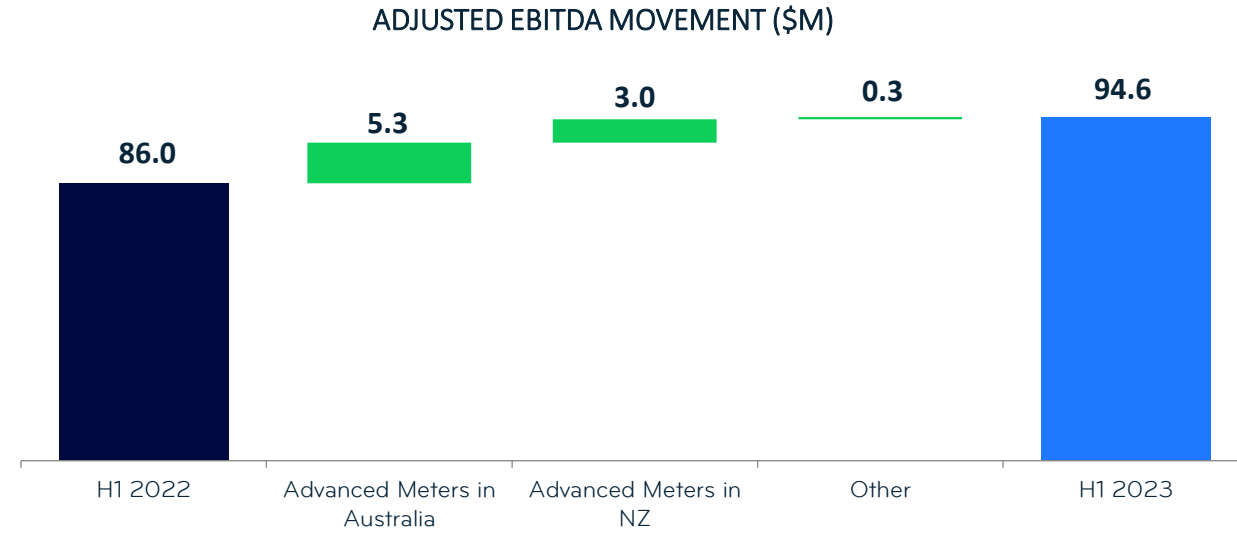
Gas Trading earnings impacted by higher cost of LPG

- Lower Ongas LPG earnings as a result of higher cost of LPG input prices including ETS, CP (Saudi Aramco price) and stronger US dollar
 - This has been partially offset by price increases
- Overall LPG volumes were down 10.7% to 22,535 tonnes with bulk and cylinder volumes both lower
- Bottle Swap volumes down 13.0% to 309,855 bottles swapped/sold with result impacted by loss of a large customer
- Improved margins from the Natural Gas business despite volumes being 3.4% lower at 2.8 PJ
- Liquigas tolling volumes up 4.4% to 56,908 tonnes



Discontinued operations: Metering result driven by advanced meter rollout in Australia

- H1 earnings up 10.0% to \$94.6 million
- Advanced meter fleet now 2.03 million (owned & managed)
 - In H1, deployed and billed 38,073 advanced meters in Australia
 - We have now deployed more than 528,000 meters in Australia
 - H2 volumes expected to increase after slow start to FY23
 - In H1, NZ advanced meter base increased by 12,416
 - Energy Australia have advised that the current preferred supplier contract will terminate in December 2023
- \$91.7m of capex invested in H1 2023, up 13.3%
 - Continued rollout of advanced meters in Australia
 - Rollout of modem replacement in NZ with approximately 391,000 replacements completed life to date
 - Rollout of advanced gas meters in New Zealand
- AEMC's draft report announced accelerated uptake of advanced meters in Australia to 2030
- Successfully migrated our Australian meter fleet to 5 minute market, in line with regulatory timeframes and requirements



Outlook

- Auckland growth expected to continue
 - Targeting c15,000 new electricity connections in FY23
 - Connections & infrastructure activity remain elevated, necessitating significant capital expenditure
 - Currently finalising 2023 AMP which includes the impact of higher inflation on operating and capital expenditure
 - The extreme weather we've seen this year makes it clear that we have to look at adding more expenditure to support network resilience. Funding for climate resilience needs urgent attention in the upcoming resetting of regulatory expenditures
- After a slow start to the year, advanced meter deployment is expected to increase in H2 and is on track to achieve 100-110k meters in Australia. NZ metering on track for 25-30k advanced meters in New Zealand. This is net of replacement meters
- FY23 adjusted EBITDA guidance of \$515m-\$525m
 - This is based on a business-as-usual result and does not factor in the sale of metering business and the resulting change in treatment that will occur from date of sale
 - Full year guidance does not factor in any worsening impact of Covid-19 such as extended or frequent lockdowns, supply chain disruptions or impacts on our workforce from isolation requirements
 - Adjusted EBITDA guidance includes an estimate of costs for recent flooding and cyclone activity

Q&A

ANY QUESTIONS?



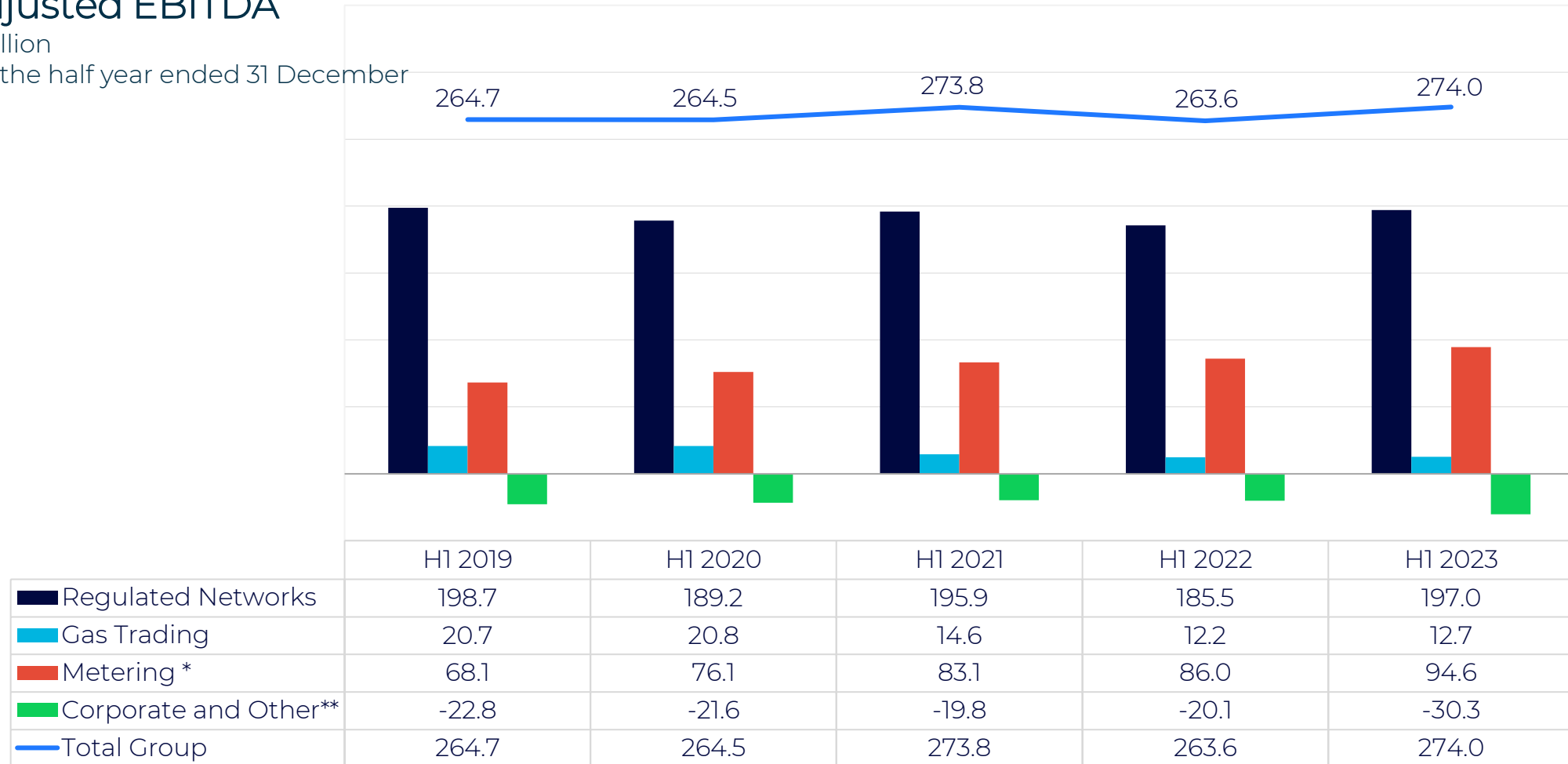
APPENDICES

5 Year Adjusted EBITDA Performance by Business (includes continued and discontinued)

Adjusted EBITDA

\$million

For the half year ended 31 December



* Metering is now classified as held for sale and is reported as discontinued operations

** Corporate and Other is not a reportable segment

Segment Results

Half Year ended 31 December (\$m)

	Continuing operations									Discontinued operations		
	REGULATED NETWORKS			GAS TRADING			CORPORATE AND OTHER ¹			METERING		
	H1 2023	H1 2022	Change %	H1 2023	H1 2022	Change %	H1 2023	H1 2022	Change %	H1 2023	H1 2022	Change %
Revenue excluding Capital Contributions	367.6	350.8	+4.8	119.6	110.7	+8.0	40.7*	42.9*	-5.1	128.3	116.5	+10.1
Operating expenditure	(170.6)	(165.3)	-3.2	(106.9)	(98.5)	-8.5	(71.0)	(63.0)	-12.7	(33.7)	(30.5)	-10.5
Segment Adjusted EBITDA	197.0	185.5	+6.2	12.7	12.2	+4.1	(30.3)	(20.1)	-50.7	94.6	86.0	+10.0
CAPEX												
Replacement	86.7	80.1	+8.2	1.0	1.0	+0.0	3.5	4.7	-25.5	34.8	26.4	+31.8
Growth	110.7	84.0	+31.8	2.4	1.8	+33.3	20.8	17.9	+16.2	56.9	54.5	+4.4
Total capex	197.4	164.1	+20.3	3.4	2.8	+21.4	24.3	22.6	+7.5	91.7	80.9	+13.3

¹ Corporate and Other is not a reportable segment. The decline in Corporate and Other is largely due to increased investment in VTS, higher computer costs driven by an increase in digital projects that are expensed rather than capitalised such as cloud implementation activity and higher CPI increases

* Corporate and Other revenue includes an elimination of \$6.0m in H1 2023 and \$6.5m in H1 2022 in relation to services delivered by Vector Technology Services and Vector Fibre to the Vector Group.



Metering is classified as held for sale and is reported as discontinued operations

Group Profit Statement

Half Year ended 31 December (\$m)

INCOME STATEMENT	H1 2023 \$m	H1 2022 \$m	Change %
Revenue (excluding capital contributions)	519.3	495.7	+4.8
Operating expenditure	(339.9)	(318.1)	-6.9
Adjusted EBITDA	179.4	177.6	+1.0
Capital Contributions	96.7	72.4	+33.6
Depreciation and amortisation	(101.7)	(95.7)	-6.3
Net interest costs	(67.8)	(54.5)	-24.4
Fair value change on financial instruments	(6.4)	7.6	n/a
Gain on sale of investment in associate	-	7.1	n/a
Tax	(31.9)	(28.5)	-11.9
Net profit for the period from continuing operations	68.3	86.0	-20.6
Net profit for the period from discontinued operations	32.0	29.5	+8.5
Net profit for the period	100.3	115.5	-13.2

Group Cash Flow

Half Year ended 31 December (\$m)

CASH FLOW	H1 2023 \$m	H1 2022 \$m
Operating cash flow	260.2	283.6
Replacement capex	(117.4)	(109.3)
Dividends paid	(86.4)	(85.7)
Cash available for growth and debt repayment	56.4	88.6
Growth capex	(180.6)	(161.0)
Other investment activities	10.6	18.5
Pre debt financing cash (outflow)/inflow	(113.6)	(53.9)
Increase/(decrease) in borrowings	122.5	67.0
Other financing activities	(6.0)	(5.8)
Increase/(decrease) in cash	2.9	7.3

Segment Adjusted EBITDA

SEGMENT ADJUSTED EBITDA (\$m)	H1 2023			H1 2022		
	Segment EBITDA	less capital contributions and other movements	Segment adjusted EBITDA	Segment EBITDA	less capital contributions and other movements	Segment adjusted EBITDA
Half Year ended 31 December						
Gas Trading	12.7	-	12.7	12.2	-	12.2
Regulated Networks	293.5	(96.5)	197.0	257.4	(71.9)	185.5
Total Reportable Segments	306.2	(96.5)	209.7	269.6	(71.9)	197.7
Corporate and Other*	(36.5)	6.2	(30.3)	(4.9)	(15.2)	(20.1)
TOTAL - continuing operations	269.7	(90.3)	179.4	264.7	(87.1)	177.6
Metering – discontinued operations	94.6	-	94.6	86.0	-	86.0
TOTAL GROUP	364.3	(90.3)	274.0	350.7	(87.1)	263.6



* Corporate and Other is not a reportable segment

Metering is now classified as held for sale and is reported as discontinued operations

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 and amortisation 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 Group EBITDA and Adjusted EBITDA

Half Year ended 31 December	H1 2023 \$M	H1 2022 \$M
Reported net profit for the period (GAAP) – continuing operations	68.3	86.0
Add back: net interest costs	67.8	54.5
Add back: tax (benefit)/expense	31.9	28.5
Add back: depreciation and amortisation	101.7	95.7
EBITDA	269.7	264.7
<i>Adjusted for:</i>		
Capital Contributions	(96.7)	(72.4)
Fair value change on financial instruments	6.4	(7.6)
Gain on sale of investment in associate	-	(7.1)
Adjusted EBITDA – continuing operations	179.4	177.6
Adjusted EBITDA – discontinued operations	94.6	86.0
Total group adjusted EBITDA	274.0	263.6

END

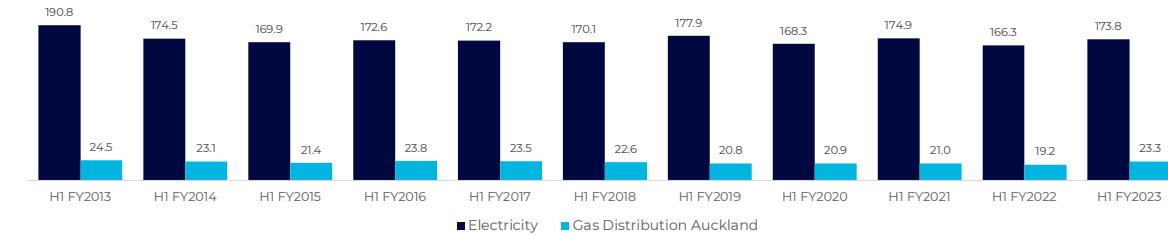
Supplementary Interim Information



Regulated Networks Adjusted EBITDA

\$m	H1 FY2013	H1 FY2014	H1 FY2015	H1 FY2016	H1 FY2017	H1 FY2018	H1 FY2019	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023
Electricity	190.8	174.5	169.9	172.6	172.2	170.1	177.9	168.3	174.9	166.3	173.8
Gas Distribution Auckland	24.5	23.1	21.4	23.8	23.5	22.6	20.8	20.9	21.0	19.2	23.3
Total	215.4	197.7	191.3	196.4	195.7	192.7	198.7	189.2	195.9	185.5	197.0

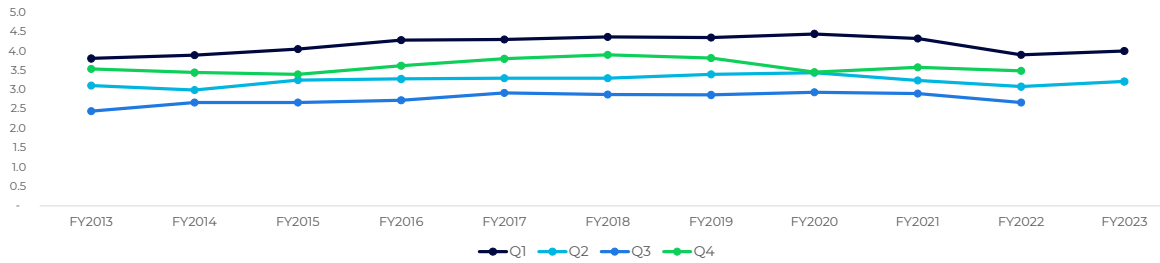
Adjusted EBITDA



Gas Distribution Auckland Volumes (PJ)

PJs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Q1	3.8	3.9	4.0	4.3	4.3	4.4	4.4	4.4	4.3	3.9	4.0
Q2	3.1	3.0	3.3	3.3	3.3	3.3	3.4	3.4	3.4	3.2	3.2
Q3	2.4	2.7	2.7	2.7	2.9	2.9	2.9	2.9	2.9	2.7	2.7
Q4	3.5	3.4	3.4	3.6	3.8	3.9	3.8	3.5	3.6	3.5	3.5
Total	12.9	13.0	13.4	13.9	14.3	14.5	14.4	14.3	14.1	13.1	7.2

Gas Distribution Volumes (PJ)



Gross New ICPs

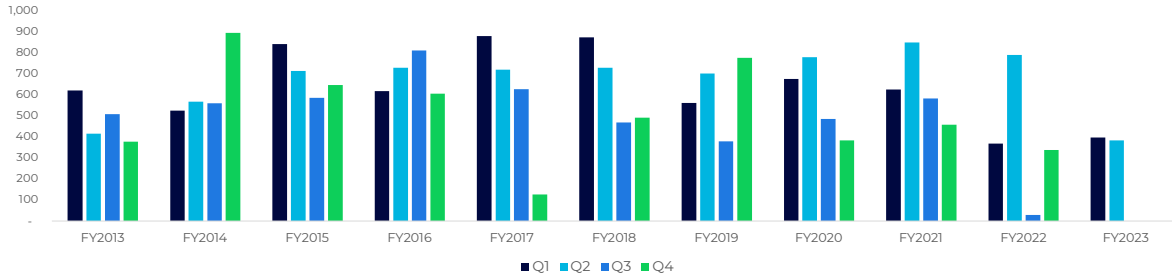
# of ICPs (gross)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Q1	-	-	807	831	982	875	800	832	959	644	707
Q2	-	-	743	707	925	781	869	1,031	1,068	1,087	623
Q3	-	-	605	948	842	481	705	784	905	763	-
Q4	-	-	666	837	766	1,028	948	554	912	652	-
Total	2,464	3,107	2,821	3,323	3,515	3,165	3,322	3,201	3,844	3,146	1,330

Data not available prior to FY15

Net New ICPs

# of ICPs (net)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Q1	620	524	839	616	878	872	560	674	624	368	397
Q2	415	566	713	727	718	728	700	778	848	788	382
Q3	508	558	584	809	626	468	378	484	582	30	
Q4	377	892	645	605	126	491	775	382	458	337	
Total	1,920	2,540	2,781	2,757	2,348	2,559	2,413	2,318	2,512	1,523	779

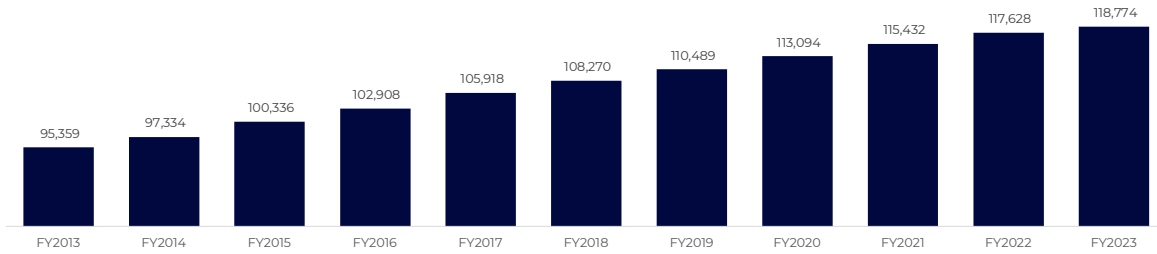
Net Gas ICPs



Total ICPs

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

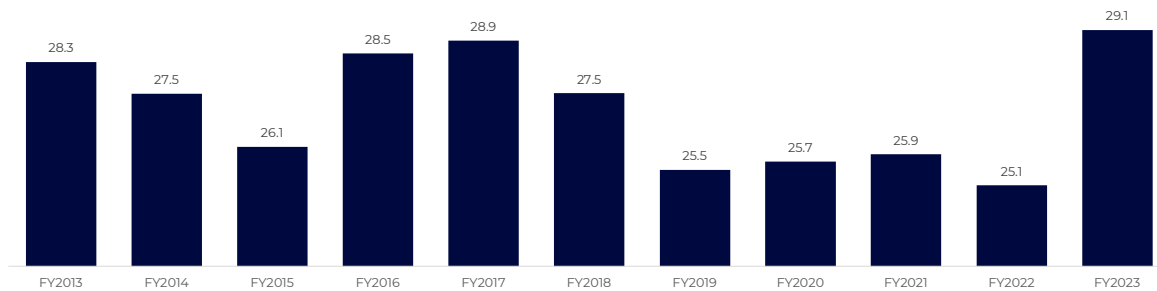
Total Gas ICPs as at half year



Gas Distribution Lines Revenue

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

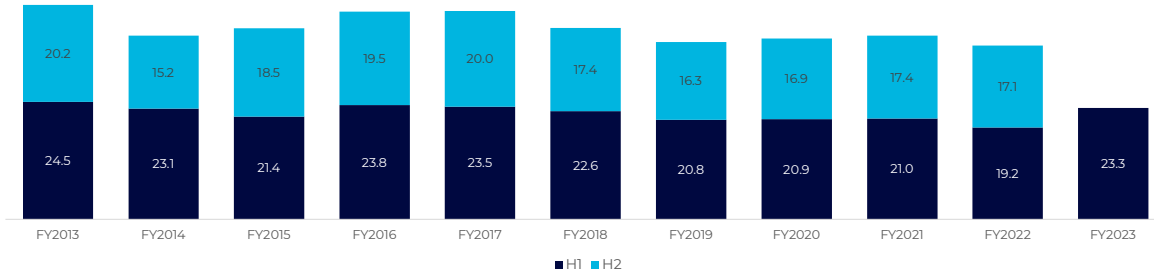
Gas Distribution Lines Revenue \$m as at half year



Gas Distribution Adjusted EBITDA

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

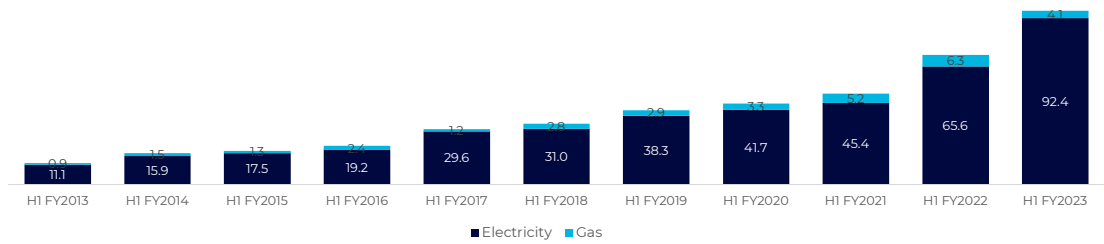
Gas Distribution Adjusted EBITDA \$m



Capital Contributions

\$m	H1 FY2013	H1 FY2014	H1 FY2015	H1 FY2016	H1 FY2017	H1 FY2018	H1 FY2019	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023
Electricity	11.1	15.9	17.5	19.2	29.6	31.0	38.3	41.7	45.4	65.6	92.4
Gas	0.9	1.5	1.3	2.4	1.2	2.8	2.9	3.3	5.2	6.3	4.1
TOTAL	12.0	17.5	18.8	21.6	30.8	33.8	41.2	45.0	50.6	71.9	96.5

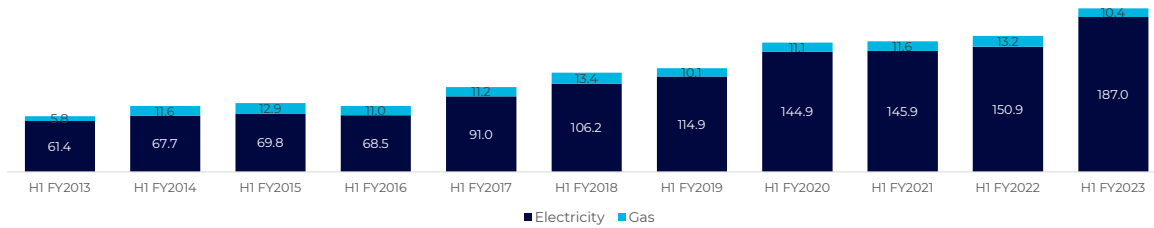
Capital Contributions \$m



Capex

\$m	H1 FY2013	H1 FY2014	H1 FY2015	H1 FY2016	H1 FY2017	H1 FY2018	H1 FY2019	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023
Electricity	61.4	67.7	69.8	68.5	91.0	106.2	114.9	144.9	145.9	150.9	187.0
Gas	5.8	11.6	12.9	11.0	11.2	13.4	10.1	11.1	11.6	13.2	10.4
TOTAL	67.2	79.3	82.8	79.5	102.2	119.6	125.0	156.0	¹ 157.5	164.1	197.4

Regulated Capex \$m



¹ From FY2021 ROU assets have been added