NZX and ASX Announcement

9 November 2020

Tilt Renewables results announcement for the period ended 30 September 2020

Tilt Renewables Limited ("TLT") released today its interim financial statements for the half year ended 30 September 2020 ("HY21"). Financial references in this release are in Australian Dollars unless noted.

Key highlights for HY21

- Total Recordable Injury Frequency Rate reduced by 43%, however unfortunately a single Lost Time Injury ("LTI") ended a run of 469 consecutive LTI free days.
- In response to COVID-19, all Australian based staff were able to continue core functions whilst working from home for the reporting period. Construction and operational sites in both New Zealand and Australia have been operating under appropriate COVID safe working practices, as required, to allow work to continue as efficiently as possible.
- HY21 Total Group production was 813GWh, delivering operating revenue of A$56.0M.
- Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movement of Financial Instruments ("EBITDAF") was A$31.8M.
- Net cash outflow from operating activities was A$1.9M for HY21 with conversion of EBITDAF to cash skewed to the second half of FY21 in line with the timing of Dundonnell commissioning, income tax instalments and settlement of LGC forward sales in February.
- In July 2020 TLT returned A$258M to shareholders via a share buyback scheme, using some of the proceeds from the sale of SWF2 last year.
- The TLT balance sheet remains very strong with A$296M in cash and short-term investments, and relatively low gearing of 35%.

Construction project updates

336MW Dundonnell Wind Farm ("Dundonnell")

- Commissioning delays have continued over the period due to additional grid modelling and hold point testing requirements of the Australian Energy Market Operator ("AEMO").

- TLT believes the site will move to the next hold point and to be able to export up to 226MW in the week beginning 9 November 2020 (allowing the equivalent of ~85% of expected P50 annual energy production).
- TLT continues to work closely with AEMO, with both parties targeting the project reaching 300MW by the end of CY2020 (equivalent to ~97% of expected P50 annual energy).
- The full AEMO controlled commissioning process is now anticipated to be completed in Q1 CY2021.

133MW Waipipi Wind Farm ("Waipipi")

- Waipipi currently remains on track for completion as planned in Q1 CY2021 despite a 5-week site shut-down imposed by the New Zealand Government in March/April 2020 in response to the global pandemic.
- Civil works at Waipipi are largely complete with a focus on turbine erection and commissioning over the coming months. To date, 17 of the 31 turbines have been fully erected.
- The project is close to energisation and first generation with all network connection infrastructure in place and testing currently underway.

Business Performance in HY21

- Australian operational portfolio production (excluding both Snowtown 2 Wind Farm ("SWF2") and Dundonnell) was 8.5% lower than the prior corresponding 6 month period to 30 September 2019 ("HY20"), largely due to system strength curtailment in South Australia and active bidding by TLT to avoid generation during negative price periods.
- Production was down by 1.4% for the New Zealand operational portfolio vs HY20, impacted by lower asset availability due to a planned mid-life major maintenance program at Tararua 3 plus high winds affecting routine maintenance activities.
- Total Group production was 813GWh. When normalised for the sale of SWF2, production from fully operational assets was down 28GWh or 5% on HY20, however this was outweighed by the 233GWh of additional production from Dundonnell during commissioning, resulting in an overall increase of 33.5% on HY20.
- Group revenue was A$56.0M (45.9% lower than HY20) reflecting that the portfolio is in transition following the sale of SWF2 in December 2019 and without the full contribution from two large projects in construction. The change in asset mix also meant EBITDAF was down by 55% to A$31.8M. Net Profit After Tax increased 125% to A$26.8M.

Guidance

Full year FY21 EBITDAF guidance range remains unchanged at A$65M to A$80M. TLT's financial performance is dependent on the timing for completion and full commissioning of Dundonnell and Waipipi, in addition to performance of the other assets and wind conditions experienced across the portfolio. Guidance assumes current construction and commissioning schedules, electricity prices forecasted and P50 production.

Dividend

The TLT Group currently has two large construction projects in progress and has increasing expectations of bringing one or more projects to investment decision in the near term. A review of the funding requirements for potential near term development options, combined with the residual (but reducing) uncertainty associated with construction projects has resulted in the Board determining to not pay an interim dividend.

ENDS

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Notes

1. EBITDAF is a non-GAAP financial measure but is commonly used within the energy and infrastructure sectors as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use this measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.
2. Underlying earnings is a non-GAAP financial measure that Tilt Renewables chooses to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or gain/impairment of generation assets.
3. Net debt is a measure of indebtedness to external funding providers through secured loans and finance lease arrangements, net of cash at bank deposits. It does not include other financial assets such as term deposits that have not reached maturity or restricted margin accounts.
4. Balance sheet gearing is defined as net debt over the sum of net debt and net assets.