



## **NZX/ASX Market Announcement**

Dated: 30 October 2018

### **Tilt Renewables announces Dundonnell Final Investment Decision and Interim Results**

#### ***Dundonnell Wind Farm***

The Board of Tilt Renewables Limited (“Tilt Renewables”) today approved the \$560 million Dundonnell Wind Farm project to proceed to financial close. This is expected to occur before the end of 2018, with construction planned to start in early 2019 in order to achieve full commercial operations by September 2020.

Also, Tilt Renewables has today executed another 15-year offtake contract with an investment grade counterparty for a further 50% of the capacity of the wind farm which in addition to the VRET Support Agreement at approximately 37% of the output, brings the total contracting level to 87%. Deion Campbell, CEO of Tilt Renewables commented “these contracts substantially de-risk this project and demonstrate our ability to execute our strategy”.

#### ***Interim Results for the period ended 30 September 2018 (“1H FY19”)***

Tilt Renewables Limited consolidated EBITDAF<sup>1</sup> was \$66.9 million for 1H FY19, up 36% on the corresponding period from the previous year (“1H FY18”). The strong financial performance was driven by wind conditions above long-term expectations across the New Zealand and Australian portfolio, and the first contribution of electricity production from Salt Creek Wind Farm commissioned in July 2018. Tilt Renewables’ wind assets produced 1,070 GWh in 1H FY19, 23% higher than 1H FY18 and 58 GWh above long-term expectations. Underlying Net Profit After Tax for 1H FY19 was \$3.8 million and as at 30 September 2018, Tilt Renewables had a net debt position of \$591 million.

The Directors also approved an interim unfranked and unimputed dividend of AUD 1.60 cents per share, with a record date of 16 November 2018 and payment date of 30 November 2018. As previously announced Tilt Renewables guidance for Underlying EBITDAF for the year ending 31 March 2019 has now been revised up from a range of \$120 – \$127 million to a new range of \$134 – \$138 million.

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Chief Financial Officer and Company Secretary

All figures quoted above are in Australian dollars

<sup>1</sup> Earnings Before Interest, Tax Depreciation, Amortisation, Fair Value Movements of Financial Instruments (“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.

# SEPTEMBER 2018 INTERIM REPORT

TILT  
RENEWABLES  
LIMITED



Salt Creek Wind Farm  
Australia



# CHIEF EXECUTIVE OFFICER REPORT

Tilt Renewables Limited is pleased to present this interim report for the six-month period ended 30 September 2018.

## Key highlights for 1H FY19

Highlights for the 6-month period ending 30 September 2018 included:

- Continued focus on health and safety has improved reporting accuracy and alignment of contractor systems. The Snowtown 1 Wind Farm achieved 750 days without a recordable injury, however four recordable injuries were reported across the rest of the group.
- The 54 MW Salt Creek Wind Farm project in Victoria was successfully completed on time and under budget in July 2018, completing its first quarter 9% above long-term generation expectation.
- The 336MW Dundonnell Wind Farm project secured a Support Agreement from the Victorian State Government via the Victorian Renewable Energy Auction Scheme for approximately 37% of the production, underpinning an investment case for the project.
- Development activity has also continued with focus on bringing the Rye Park, Waverley and Waddi Wind Farms and the Snowtown Battery project to shovel ready status, plus continued pre-feasibility studies associated with the Highbury Pumped Hydro.
- Operational asset performance has been in-line with expectations and combined with strong wind resource, produced 23% more energy than the same period last year.
- Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movements of Financial Instruments ("EBITDAF") of \$66.9 million was achieved in the period.
- Net cash from operating activities of \$66.4 million was delivered in the period.

## Business performance in 1H FY19

In contrast to the prior corresponding period, the assets in both Australia and New Zealand have benefited from higher than average wind resource producing a total of 1,070GWh, 6% ahead of long term expectations and 23% ahead of the same period in FY18. An estimated 31GWh of additional generation was lost due to the South Australia System Strength Constraint imposed by AEMO, clearly highlighting the materiality of the deficiencies in some parts of the Australian transmission network. AEMO and the local transmission provider are working with industry participants on technical resolutions to this constraint with resolution now expected in 2020.

Group revenue was 27% higher than the prior period as a result of the improved wind conditions and stronger generation as noted above. EBITDAF was \$66.9 million, 36% higher than the prior period. Net Profit After Tax was \$8.5 million versus a prior period profit of \$9.0 million.

At 30 September 2018 the Group had net debt of \$641 million and unutilised committed funding lines of \$15 million. Balance sheet gearing of 59% at 30 September 2018 is considered appropriate at this time given the existing portfolio of operational assets and the current high level of contracted revenue produced by those assets.



Deion Campbell  
Chief Executive Officer

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# 1,070 GWh

Production was 6% ahead of long term expectations and 23% ahead of the same period in FY18.

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# \$66.9m

EBITDAF was \$17.6 million, 36% higher than the prior period.

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# 336GWh

Dundonnell Wind Farm project final investment decision made.

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# 750 DAYS

Period of days without a recordable injury of Snowtown Wind Farm Stage 1.

## Strategic Focus and Outlook

**In addition to the September highlights, the positive news has continued in October with the Group making the following further progress towards its strategic goals:**

- agreeing to the terms of long term off-take with Genesis Energy in New Zealand for the proposed Waverley wind farm;
- securing a 15-year Power Purchase Agreement with an investment grade counterparty for 50% of the production from the Dundonnell Wind Farm, taking that project to approximately 87% contracted; and
- making the Final Investment Decision on the Dundonnell Wind Farm project, which will increase the installed capacity under management by approximately 50%.

As a result of the Dundonnell investment decision, Tilt Renewables anticipate an equity raising in early 2019 to fund the construction of the project. Construction is expected to commence in January 2019, with first generation occurring Q2 2020 and final completion in Q4 2020.

An investment decision for the Waverley Wind Farm is anticipated for Q2 2019, depending on progress with procurement activities and finalising off-take arrangements with Genesis Energy. A successful outcome with Waverley will see the Group's installed capacity exceed 1GW, with close to half of that being achieved since demerging from Trustpower in 2016.

In addition, the Group continues to progress several other pipeline projects through the planning and development process to shovel ready status providing short term options to respond to market opportunities. In that respect the policy certainty in Australia anticipated from the proposed National Energy Guarantee (NEG) has not materialised making investment decisions more difficult in the short term.

Tilt Renewables remains confident that a portfolio of well-developed and suitably located renewable energy and storage options will provide positive investment opportunities over time as the Australian market looks to replace the aging coal fleet and New Zealand looks to further reduce carbon emissions across the economy. Tilt Renewables currently has, in addition to Dundonnell and Waverley, a total of approximately 2,000MW of projects with planning approvals and a total pipeline of approximately 3,000MW, one of the strongest pipelines in the market which includes wind, solar, storage and peaking options.

## Dividend

The Directors have approved an interim unfranked and unimputed dividend of AUD 1.60 cents per share which will be paid on 30 November 2018.

The dividend is at the lower end of the Group's target dividend payout range, with the reduced amount considered prudent by the Board given the opportunities which are currently being investigated by the business.



**Deion Campbell**  
Chief Executive Officer

## Business performance

1H FY19 result	Units	1H FY19	1H FY18	Change
Safety – Lost Time Injury frequency rating	Incidents per million hours	8.2	0.0	n/a
Revenue	AUD \$M	96.6	75.5	28%
EBITDAF	AUD \$M	66.9	49.3	36%
Net profit after tax	AUD \$M	8.5	9.0*	-5%
Basic earnings per share	AUD cps	2.71	2.87*	-6%
Underlying earnings per share	AUD cps	1.21	(0.66)*	155%
Interim dividends per share	AUD cps	1.60	1.25	28%

\* Amounts have been restated to reflect prior period accounting adjustments.

## Renewables wind assets

GWh	1H FY19			1H FY18			Change		
	Aust	NZ	Group	Aust	NZ	Group	Aust	NZ	Group
Electricity production	712	358	1,070	591	278	869	20%	29%	23%

### 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 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. Net debt is a measure of indebtedness to external funding providers net of deposits held with those providers and is defined as bank loans less cash at bank.
3. Balance sheet gearing is defined as Net Debt over the sum of Net Debt plus Equity.
4. All numbers referred to are in AUD.

# RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting period 6 months to 30 September 2018

Previous reporting period 6 months to 30 September 2017

		Amount \$000's	Percentage change
Revenue from ordinary activities		96,588	28%
Profit from ordinary activities after tax attributable to shareholders		8,495	-5%
Net profit attributable to shareholders		(92,670)	N/A
	Amount per share	Imputed amount per share	Foreign tax credit per share
Interim dividend payable	1.60 cents	N/A	N/A
Interim dividend record date	16 November 2018		
Interim dividend payment date	30 November 2018		

## KEY METRICS

For the 6 months ended 30 September 2018

	2018	2017
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF) (\$M)	66.9	49.3
Profit after tax (\$M)	8.5	9.0
Underlying earnings after tax (\$M)	3.8	(2.1)
Basic earnings per share (cents per share)	2.71	2.87
Dividends paid during the period (cents per share)	3.40	3.50
Gearing ratio	59%	54%
Net tangible assets per security (\$)	1.31	1.63
<b>Generation production</b>		
Australian generation production (GWh)	712	591
New Zealand generation production (GWh)	358	278
	1,070	869
<b>Other information</b>		
Employee numbers (full time equivalents)	36.2	30.4



# INDEPENDENT AUDITOR'S REPORT

Independent auditor's review report to the members of Tilt Renewables Limited



## Report on the half-year financial statements

We have reviewed the accompanying financial statements of Tilt Renewables Limited (the Company) which comprises the consolidated statement of financial position as at 30 September 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and consolidated income statement for the half-year ended on that date, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the financial statements

The directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the directors determine are necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Our responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance and other assurance services. The provision of these other services has not impaired our independence.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

## Who we report to

This report is made solely to the members of Tilt Renewables Limited, as a body. Our review work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Charles Christie.

For and on behalf of:

**Chartered Accountants Melbourne**

30 October 2018

I, Charles Christie, am currently a member of Institute of Chartered Accountants in Australia and my membership number is 77665.

PricewaterhouseCoopers was the audit firm appointed to undertake the review of Tilt Renewables Limited for the half-year ended 30 September 2018. I was responsible for the execution of the review and delivery of our firm's review report. The audit work was completed on 30 October 2018 and an unqualified review conclusion was issued.

**Charles Christie**

Partner

# DIRECTOR REPORT

Financial Statements for the 6 months ended 30 September 2018

The Directors are pleased to present the financial statements of Tilt Renewables Limited and subsidiaries for the six months ended 30 September 2018.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 30 September 2018 and the financial performance and cash flows for the year ended on that date.

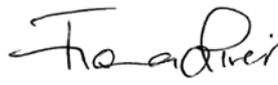
The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.



**Bruce Harker**  
Chairman



**Fiona Oliver**  
Director

Company Registration Number 1212113

Dated: 30 October 2018



# CONSOLIDATED INCOME STATEMENT

For the 6 months ended 30 September 2018

	Note	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000*
<b>Operating revenue</b>			
Electricity revenue		96,405	75,502
Other operating revenue		184	3
		<b>96,588</b>	<b>75,505</b>
<b>Operating expenses</b>			
Generation costs		19,551	14,920
Employee benefits		4,866	4,471
Other operating expenses		5,291	6,863
		<b>29,708</b>	<b>26,254</b>
<b>Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)</b>		<b>66,880</b>	<b>49,251</b>
Net fair value (gains)/losses on financial instruments		(6,743)	(15,791)
Amortisation of intangible assets		-	385
Depreciation		44,070	36,958
<b>Operating profit</b>		<b>29,553</b>	<b>27,699</b>
Interest paid		15,372	15,675
Interest received		(418)	(614)
<b>Net finance costs</b>		<b>14,954</b>	<b>15,061</b>
<b>Profit before income tax</b>		<b>14,599</b>	<b>12,638</b>
Income tax expense	9	6,104	3,660
<b>Profit after tax</b>		<b>8,495</b>	<b>8,978</b>
Profit after tax attributable to the shareholders of the Group		8,495	8,978
Basic earnings per share (cents per share)		2.71	2.87
Diluted earnings per share (cents per share)		2.71	2.87

The Board of Tilt Renewables Limited authorised these interim financial statements for issue on 30 October 2018.

\* Certain amounts have been restated to reflect adjustments relating to note 14.

The accompanying notes form part of these interim financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 September 2018

	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000*
Profit after tax	8,495	8,978
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Other currency translation differences	(2,340)	616
Fair value changes in financial instruments	(1,516)	-
Tax effect of the following:		
Other currency translation differences	655	(240)
Fair value changes in financial instruments	455	-
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Revaluation losses on generation assets	(140,153)	(14,931)
Tax effect of the following:		
Revaluation losses on generation assets	41,734	4,479
<b>Total other comprehensive income/(expense)</b>	<b>(101,165)</b>	<b>(10,076)</b>
<b>Total comprehensive income/(expense)</b>	<b>(92,670)</b>	<b>(1,098)</b>
Attributable to shareholders of the Group	<b>(92,670)</b>	<b>(1,098)</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.

The accompanying notes form part of these interim financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	30 September 2018 \$000	31 March 2018 \$000*
<b>Equity</b>			
<i>Capital and reserves attributable to shareholders of the Group</i>			
Share capital	6	-	-
Invested capital		-	-
Revaluation reserve		292,926	391,345
Retained earnings		129,144	126,282
Foreign currency translation reserve		(9,236)	(7,551)
Cash flow hedge reserve		(1,061)	-
Other reserves		237	89
<b>Total equity</b>		<b>412,010</b>	<b>510,165</b>
<i>Represented by:</i>			
<b>Current assets</b>			
Cash at bank		49,798	45,913
Receivable from related parties		3,777	2,090
Accounts receivable and prepayments		26,039	31,827
Financial instruments	15	311	-
		<b>79,926</b>	<b>79,830</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,025,866	1,170,613
Financial instruments	15	104,462	100,504
Intangible assets		571	597
		<b>1,130,899</b>	<b>1,271,714</b>
<b>Total assets</b>		<b>1,210,824</b>	<b>1,351,544</b>
<b>Current liabilities</b>			
Accounts payable and accruals		16,292	15,652
Payable to related parties		-	367
Borrowings	4	40,027	36,781
Financial instruments	15	12,160	14,292
Taxation payable		3,939	2,044
		<b>72,418</b>	<b>69,136</b>
<b>Non-current liabilities</b>			
Borrowings	4	601,012	602,269
Financial instruments	15	6,643	5,469
Accounts payable and accruals		2,845	2,837
Deferred tax liability	10	115,896	161,668
		<b>726,397</b>	<b>772,243</b>
<b>Total liabilities</b>		<b>798,814</b>	<b>841,379</b>
<b>Net assets</b>		<b>412,010</b>	<b>510,165</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.  
The accompanying notes form part of these interim financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the 6 months ended 30 September 2018

	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000
<b>Cash flows from operating activities</b>		
<i>Cash was provided from:</i>		
Receipts from customers (inclusive of GST)	110,786	77,606
	110,786	77,606
<i>Cash was applied to:</i>		
Payments to suppliers and employees (inclusive of GST)	39,164	35,612
Taxation paid	5,256	9,913
	44,420	45,525
<b>Net cash from operating activities</b>	<b>66,365</b>	<b>32,081</b>
<b>Cash flows from investing activities</b>		
<i>Cash was provided from:</i>		
Interest received	418	614
	418	614
<i>Cash was applied to:</i>		
Purchase of property, plant and equipment	23,082	19,744
	23,082	19,744
<b>Net cash used in investing activities</b>	<b>(22,664)</b>	<b>(19,130)</b>
<b>Cash flows from financing activities</b>		
<i>Cash was provided from:</i>		
Secured loan proceeds	-	100,000
	-	100,000
<i>Cash was applied to:</i>		
Repayment of loans	18,628	15,321
Interest paid	15,550	16,149
Dividends paid	5,633	7,034
	39,812	38,504
<b>Net cash used in financing activities</b>	<b>(39,812)</b>	<b>61,496</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,889</b>	<b>74,447</b>
Cash and cash equivalents at beginning of the period	45,913	27,008
Exchange (losses)/gains on cash and cash equivalents	(3)	967
<b>Cash and cash equivalents at end of the period</b>	<b>49,798</b>	<b>102,422</b>

The accompanying notes form part of these interim financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 September 2018

	Note	Share capital \$'000	Invested capital \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Other reserves \$'000	Total equity \$'000
<b>Opening balance as at 1 April 2018 (restated)*</b>		-	-	391,345	(7,551)	126,282	-	89	510,165
<b>Profit for the period</b>		-	-	-	-	8,495	-	-	8,495
<i>Other comprehensive income</i>									
Revaluation movement on generation assets		-	-	(140,153)	-	-	-	-	(140,153)
Other currency translation differences		-	-	-	(2,340)	-	-	-	(2,340)
Fair value changes in financial instruments		-	-	-	-	-	(1,516)	-	(1,516)
Tax effect of the following:									
Revaluation movement on generation assets		-	-	41,734	-	-	-	-	41,734
Other currency translation differences		-	-	-	655	-	-	-	655
Fair value changes in financial instruments		-	-	-	-	-	455	-	455
<b>Total other comprehensive income</b>		-	-	(98,419)	(1,685)	-	(1,061)	-	(101,165)
<i>Transactions with owners recorded directly in equity</i>									
Dividends paid	5	-	-	-	-	(5,633)	-	-	(5,633)
Share based payment expenses		-	-	-	-	-	-	148	148
<b>Total transactions with owners recorded directly in equity</b>		-	-	-	-	(5,633)	-	148	(5,485)
<b>Closing balance as at 30 September 2018</b>		-	-	292,926	(9,236)	129,144	(1,061)	237	412,010
<b>Opening balance as at 1 April 2017</b>		-	-	450,148	(9,767)	79,047	-	-	519,428
Power purchase arrangements adjustment, net of tax (refer to note 14)		-	-	(41,259)	-	41,259	-	-	-
<b>Opening balance as at 1 April 2017 (restated) *</b>		-	-	408,889	(9,767)	120,306	-	-	519,428
<b>Profit for the period</b>		-	-	-	-	8,978	-	-	8,978
<i>Other comprehensive income</i>									
Revaluation movement on generation assets		-	-	(14,931)	-	-	-	-	(14,931)
Other currency translation differences		-	-	-	616	-	-	-	616
Tax effect of the following:									
Revaluation movement on generation assets		-	-	4,479	-	-	-	-	4,479
Other currency translation differences		-	-	-	(240)	-	-	-	(240)
<b>Total other comprehensive income</b>		-	-	(10,452)	376	-	-	-	(10,076)
<i>Transactions with owners recorded directly in equity</i>									
Dividends paid	5	-	-	-	-	(7,034)	-	-	(7,034)
Share based payment expenses		-	-	-	-	-	-	690	690
<b>Total transactions with owners recorded directly in equity</b>		-	-	-	-	(7,034)	-	690	(6,344)
<b>Closing balance as at 30 September 2017</b>		-	-	398,437	(9,391)	122,249	-	690	511,985

\* Certain amounts have been restated to reflect adjustments relating to note 14.  
The accompanying notes form part of these interim financial statements

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## Note 1: Basis of preparation

The reporting entity is the consolidated Group comprising Tilt Renewables Limited and its subsidiaries together referred to as Tilt Renewables. Tilt Renewables Limited is a limited liability company incorporated and domiciled in New Zealand. The principal activities of Tilt Renewables are the development, ownership and operating of electricity generation facilities from renewable energy sources.

Tilt Renewables Limited is registered under the Companies Act 1993, and is listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). It is an FMC Reporting Entity under the Financial Markets Conducts Act 2013.

The interim financial statements are presented for the half year ended 30 September 2018.

### Basis of preparation

These unaudited condensed interim financial statements have been prepared for the six months ended 30 September 2018. These financial statements provide an update on the interim performance of Tilt Renewables, and should be read in conjunction with the full year financial statements presented for the year ended 31 March 2018 from which the same accounting policies and methods of computation have been followed. Comparatives have been restated to reflect adjustments relating to note 14.

The interim financial statements are prepared in accordance with:

- NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting
- the accounting policies and methods of computation in the most recent annual financial statements
- the Financial Markets Conduct Act 2013, and NZX equity listing rules
- New Zealand Generally Accepted Accounting Practice (NZGAAP)
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS)
- Other applicable New Zealand Financial Reporting Standards, as appropriate for profit oriented entities.

The financial statements have been prepared as follows:

- All transactions at the actual amount incurred (historical cost convention), except for generation assets and derivatives which have been revalued to fair value
- All figures have been reported in Australian Dollars (AUD) and reported to the nearest thousand.

### New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period as a result of adopting the following standards:

- NZ IFRS 9 Financial Instruments; and
- NZ IFRS 15 Revenue from Contracts with Customers.

There is no material impact to financial statements on the adoption of the above standards.

### Impact of standards issued but not yet applied by the Group

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019.

## Note 2: Segment information

For internal reporting purposes, Tilt Renewables is organised into two segments. The main activities of each segment are:

Australian generation	New Zealand Generation
The generation of electricity by wind generation assets across Australia.	The generation of electricity by wind generation assets across New Zealand.

The segment results for the six months ended 30 September 2018 are as follows:

	Generation New Zealand \$000	Generation Australia \$000	Total \$000
Revenue from external customers	24,053	72,535	96,588
<b>Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)</b>	<b>14,728</b>	<b>52,152</b>	<b>66,880</b>
Depreciation	10,942	33,128	44,070
Capital expenditure	1,148	45,565	46,713

The segment results for the six months ended 30 September 2017 are as follows:

	Generation New Zealand \$000	Generation Australia \$000	Total \$000
Revenue from external customers	19,189	56,316	75,505
<b>Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)</b>	<b>11,212</b>	<b>38,039</b>	<b>49,251</b>
Amortisation of intangible assets	379	6	385
Depreciation	10,727	27,775	38,502
Capital expenditure	1,523	18,221	19,744

**Note 3: Profitability analysis**

Tilt Renewables owns 440MW of wind generation assets throughout Australia as well as 196MW of wind generation assets in New Zealand.

	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000
<b>Australia</b>		
<b>Operating revenue</b>		
Electricity revenue	72,535	56,316
	72,535	56,316
<b>Operating expenses</b>		
Generation production costs	13,437	9,776
Employee benefits	4,261	3,724
Other operating expenses	2,685	4,777
	20,383	18,277
<b>Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)</b>	<b>52,152</b>	<b>38,039</b>
<b>New Zealand</b>		
<b>Operating revenue</b>		
Electricity revenue	23,869	19,186
Other revenue	184	3
	24,053	19,189
<b>Operating expenses</b>		
Generation production costs	6,114	5,144
Employee benefits	605	747
Other operating expenses	2,606	2,086
	9,325	7,977
<b>Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)</b>	<b>14,728</b>	<b>11,212</b>

## Debt

Tilt Renewables borrows under a syndicated bank debt facility. The facility requires Tilt Renewables to operate within defined performance and debt gearing ratios. The borrowing arrangements may also create restrictions over the sale or disposal of certain assets unless the bank loans are repaid or renegotiated. Throughout the period Tilt Renewables has complied with all debt covenant requirements in these agreements.

### Note 4: Borrowings

	30 September 2018			
	New Zealand dollar facilities # \$000	Australian dollar facilities \$000	Finance lease liabilities \$000	Total borrowings \$000
<i>Repayment terms:</i>				
Less than one year	14,651	25,722	1,557	41,930
One to two years	14,391	171,478	1,470	187,339
Two to five years	74,537	210,502	3,933	288,972
Over five years	9,159	101,254	15,800	126,213
Facility establishment costs	(709)	(2,705)	-	(3,414)
	<b>112,029</b>	<b>506,251</b>	<b>22,760</b>	<b>641,039</b>
Current portion	14,406	24,064	1,557	40,027
Non-current portion	97,623	482,187	21,203	601,012
	<b>112,029</b>	<b>506,251</b>	<b>22,760</b>	<b>641,039</b>
	31 March 2018			
	New Zealand dollar facilities # \$000	Australian dollar facilities \$000	Finance lease liabilities \$000	Total borrowings \$000
<i>Repayment terms:</i>				
Less than one year	14,617	24,065	-	38,682
One to two years	15,194	177,781	-	192,975
Two to five years	82,080	213,226	-	295,306
Over five years	10,959	105,492	-	116,451
Facility establishment costs	(831)	(3,534)	-	(4,365)
	<b>122,019</b>	<b>517,031</b>	<b>-</b>	<b>639,050</b>
Current portion	14,255	22,526	-	36,781
Non-current portion	107,764	494,505	-	602,269
	<b>122,019</b>	<b>517,031</b>	<b>-</b>	<b>639,050</b>

# New Zealand dollar facilities are drawn down and repaid in NZD. In the financial statements the New Zealand dollar facilities are presented in AUD. The finance lease liability was recognised in the current period in relation to a new transmission line for Salt Creek Wind Farm.

**Note 5: Dividends**

	6 months ended 30 September 2018 \$000	12 months ended March 2018 \$000
Final dividend prior year	5,633	7,034
Interim dividend current year – declared subsequent to the end of the reporting period	5,008	3,912
<b>Total dividend</b>	<b>10,641</b>	<b>10,946</b>

	Cents per share	Cents per share
Final dividend prior year	1.80	2.25
Interim dividend current year – declared subsequent to the end of the reporting period	1.60	1.25
<b>Total dividend</b>	<b>3.40</b>	<b>3.50</b>

**Note 6: Share capital**

	6 months ended 30 September 2018 \$000	12 months ended March 2018 \$000
Authorised and issued ordinary share capital at beginning of the period	-	-
	-	-

	000's of shares	000's of shares
Authorised and issued ordinary share capital at beginning of the period	312,973	312,973
	<b>312,973</b>	<b>312,973</b>

All shares rank equally with one vote per share, have no par value and are fully paid.

**Note 7: Property, plant and equipment**

Generation assets include land and buildings which are not separately identifiable from other generation assets. Generation assets were revalued, using a discounted cash flow methodology, as at 30 September 2018, to their estimated fair value. Other property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**Note 7: Property, plant and equipment** (continued)

	Generation assets \$000	Other plant and equipment \$000	WIP \$000	Total \$000
<b>At 31 March 2018 – Restated*</b>				
Fair value	1,158,457	497	-	1,158,954
Cost	-	7,794	81,882	89,676
Accumulated depreciation	(75,564)	(2,452)	-	(78,016)
<b>Net book amount</b>	<b>1,082,893</b>	<b>5,838</b>	<b>81,882</b>	<b>1,170,613</b>
<b>Half year ended 30 September 2018</b>				
Opening net book amount	1,082,893	5,836	81,882	1,170,611
Additions at cost	21,285	2,774	22,655	46,713
Depreciation	(43,315)	(334)	-	(43,649)
Disposals at net book value	(2,098)	-	-	(2,098)
Foreign exchange movements	(5,559)	-	-	(5,559)
Transfers	92,183	130	(92,313)	-
Revaluation	(140,153)	-	-	(140,153)
<b>Closing balance as at 30 September 2018</b>				
Fair value	1,102,830	364	-	1,103,194
Cost	21,285	10,708	12,224	44,217
Accumulated depreciation	(118,879)	(2,667)	-	(121,546)
<b>Net book amount</b>	<b>1,005,236</b>	<b>8,405</b>	<b>12,224</b>	<b>1,025,866</b>
<b>Closing balance as at 30 September 2018 by country</b>				
Australia	800,959	8,328	12,008	821,295
New Zealand	204,278	77	216	204,571
	<b>1,005,236</b>	<b>8,405</b>	<b>12,224</b>	<b>1,025,866</b>

Generation assets are revalued every three years or more frequently if there is evidence of a significant change in value. All other property, plant and equipment is stated at its original cost less depreciation and impairment. During HY19, due to an acceleration in the decline of the Large Generation Certificates (LGC's) forward curve, and a decline in the electricity forward curve, the Australian assets were revalued, resulting in a carrying value reduction of \$128.5m at 30 September 2018. The remaining difference to the HY19 property, plant and equipment revaluation balance is associated with the change in revaluation accounting treatment for power purchase arrangements outlined in note 14.

No revaluation was performed for the New Zealand assets as no impairment indicators were identified as at 30 September 2018.

WIP additions in the period primarily relate to the construction costs associated with the Salt Creek Wind Farm, and Dundonnell project development costs.

\* Certain amounts have been restated to reflect adjustments relating to note 14.

**Note 7: Property, plant and equipment (continued)**

Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method at the following rates:

Generation assets	1-8%
Freehold buildings	2%
Plant and equipment	5-33%

Other property plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	30 September 2018 \$000	31 March 2018 \$000
<b>Transmission line</b>		
Cost	23,544	-
Accumulated depreciation	(650)	-
<b>Net book amount</b>	<b>22,894</b>	<b>-</b>

**Fair value of generation property, plant and equipment**

The valuation of Tilt Renewables generation assets is sensitive to the inputs used in the discounted cash flow valuation model.

A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant.

Assumption	Low	High	Valuation impact AUD - 000's
<b>Australian Assets</b>			
Forward electricity price path (including LCG's)	10% reduction in future electricity pricing	10% increase in future electricity pricing	-\$77,035 / +\$77,035
Generation volume	10% reduction in future production	10% increase in future production	-\$89,031 / +\$89,114
Operating costs	10% increase in future operating expenditure	10% decrease in future operating expenditure	-\$12,920 / +\$12,920
Discount rate – post tax	7.75%	6.75%	-\$28,447 / +\$30,413

**Note 8. Cash at bank**

The cash and cash equivalents disclosed in the balance sheet and in the statement of cash flows include \$4.3m which is classified as restricted. This restricted cash balance is held in a electricity trading margin call account, and is not available for general use by the other entities within the Group.

**Note 9. Income tax expense**

	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000*
Profit before income tax	14,599	12,638
Tax on profit (30%)	4,380	3,791
Tax effect of non-assessable revenue	(1)	(203)
Reconciliation difference between tax jurisdictions	(23)	72
Income tax over/(under) provided in prior year	1,748	-
	<b>6,104</b>	<b>3,660</b>
<i>Represented by:</i>		
Current tax	5,537	6,828
Deferred tax	567	(3,168)
	<b>6,104</b>	<b>3,660</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.

**Note 10: Deferred income tax**

	6 months ended 30 September 2018 \$000	12 months ended March 2018 \$000*
Balance at beginning of period	161,668	167,933
Current year changes in temporary differences recognised in profit or loss	(2,884)	(4,108)
Current year changes in temporary differences recognised in other comprehensive income	(42,189)	(3,040)
Reclassification of prior year temporary differences	(44)	2
Exchange rate movements on foreign denominated deferred tax	(655)	881
<b>Total deferred tax liabilities</b>	<b>115,896</b>	<b>161,668</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.

**Note 11: Underlying earnings after tax**

Underlying earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Tilt Renewables believes that this measure is an important additional financial measure 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 Group tax rate or gain/impairment of generation assets.

	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000*
Profit after tax attributable to the shareholders of the Group	8,495	8,978
Fair value losses/(gains) on derivative financial instruments	(6,743)	(15,791)
<b>Adjustments before income tax</b>	<b>(6,743)</b>	<b>(15,791)</b>
Adjustments after income tax	2,023	4,737
	2,023	4,737
<b>Underlying earnings after tax</b>	<b>3,775</b>	<b>(2,076)</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.

**Note 12. Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Tilt Renewables Limited by the weighted average number of ordinary shares on issue during the year.

	6 months ended 30 September 2018 \$000	6 months ended 30 September 2017 \$000*
Profit after tax attributable to the shareholders of the Group (\$000)	8,495	8,978
Weighted average number of ordinary shares in issue ('000s)	312,973	312,973
<b>Basic and diluted earnings per share (cents per share)</b>	<b>2.71</b>	<b>2.87</b>
Underlying earnings after tax (\$000)	3,775	(2,076)
Weighted average number of ordinary shares in issue ('000s)	312,973	312,973
<b>Underlying earnings per share (cents per share)</b>	<b>1.21</b>	<b>(0.66)</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.

**Note 13: Contingent assets and liabilities**

There were no contingent assets or liabilities as at 30 September 2018 (31 March 2018: nil).

### Note 14: Power purchase arrangements adjustment

Australian Power Purchase Arrangements (PPAs) are entered into with third parties (electricity retailers) by the Group in order to ensure it can continue to sell electricity at predetermined prices. Historically, the Group determined that PPA agreements were operating leases and recognised the fixed price income as it was generated. The Group has historically concluded that all PPAs were supply contracts for the delivery of electricity as the contracts required physical delivery of the products and the view that the Australian Electricity Market Operator (AEMO) was a market clearing house that is used to settle such arrangements.

Whilst the accounting standards that outline the measurement and presentation requirements to be applied to PPAs have not changed with the implementation of NZ IFRS 9, there has been a review of the accounting treatment for these contracts since the year ended 31 March 2018. The Australian electricity PPAs are net settled with AEMO, therefore it has been concluded that the net payable to/receivable from the third party offtaker should be accounted for as a derivative financial instrument. As a result, the Group has determined the fair value of these arrangements and recognised a derivative asset or liability at each reporting date. The Australian Large-scale Generation Certificates are settled directly with the counterparty and therefore the change in policy is only for the Australian electricity element of the PPAs. This change in accounting treatment has been reflected in both the current and comparative periods. This change is not applicable to the New Zealand PPAs as these are not net settled and the energy market is structured differently.

The Group has also identified that the relationship between the PPAs and the Group's exposure to fluctuating energy prices meets the criteria as a qualifying hedge relationship. On a prospective basis, the Group will apply hedge accounting to the Power Purchase Arrangements (PPAs), entered into with third parties.

The Group has restated each of the affected financial statement line items for the prior year, as detailed below.

#### Impact on statement of financial position

	Previously reported	Adjustment	Restated
<b>31 March 2018</b>			
Derivative assets – non-current	2,471	98,033	100,504
Property, plant and equipment	1,251,530	(80,917)	1,170,613
<b>Total assets</b>	<b>1,334,428</b>	<b>17,116</b>	<b>1,351,544</b>
Derivative liabilities – current	264	14,028	14,292
Deferred tax liabilities	160,742	926	161,668
<b>Total liabilities</b>	<b>826,425</b>	<b>14,954</b>	<b>841,379</b>
Revaluation reserve	450,148	(58,803)	391,345
Retained earnings	65,317	60,965	126,282
<b>Net impact on equity</b>		<b>2,162</b>	<b>2,162</b>

**Note 14: Power purchase arrangements adjustment** (continued)**Impact on statement of financial position** (continued)

	Previously reported	Adjustment	Restated
<b>31 March 2017</b>			
Derivative assets – non-current	4,654	87,698	92,352
Property, plant and equipment	1,241,025	(58,942)	1,182,083
<b>Total assets</b>	<b>1,293,086</b>	<b>28,756</b>	<b>1,321,842</b>
Derivative liabilities – current	1,448	25,063	26,511
Derivative liabilities – non-current	7,666	3,693	11,359
<b>Total liabilities</b>	<b>773,658</b>	<b>28,756</b>	<b>802,414</b>
Revaluation reserve	450,148	(41,259)	408,889
Retained earnings	79,047	41,259	120,306
<b>Net impact on equity</b>		<b>-</b>	<b>-</b>

**Impact on income statement (increase/(decrease))**

	000's
<b>30 September 2017</b>	
Depreciation	1,544
Net fair value (gains)/losses on financial instruments	14,931
Income tax expense	(4,943)
<b>Total impact – profit after tax</b>	<b>11,532</b>

**Impact on other comprehensive income/(expense)**

	000's
<b>30 September 2017</b>	
Revaluation losses on generation assets	(14,931)
Tax effect of revaluation losses on generation assets	4,479
<b>Total other comprehensive income</b>	<b>(10,452)</b>

**Impact on basic and diluted earnings per share (EPS) increase/(decrease) in EPS**

Basic earnings per share (cents per share)	3.7
Diluted earnings per share (cents per share)	3.7

As the Group has not historically hedge accounted for the Australian PPAs, the initial recognition of the derivative value as at 31 March 2017 is required to be amortised through profit and loss over the life of the PPA. Any movements in the PPA derivative value after 1 April 2018 will be assessed for effectiveness and the effective portion taken through Other Comprehensive Income to the cash flow hedge reserve removing the ongoing volatility within the profit and loss.

**Note 15. (a) Fair value (gains)/losses on financial instruments**

The changes in the fair value of financial instruments recognised in the income statement for the year to 30 September 2018 are summarised below:

**Recognised in the income statement**

	30 September 2018 \$000	30 September 2017 \$000*
Interest rate swaps	1,670	(860)
Australian purchase price agreements	(8,438)	(14,931)
	<b>(6,768)</b>	<b>(15,791)</b>

**Derivative financial instruments**

	30 September 2018 \$000	31 March 2018 \$000*
<b>Current assets</b>		
Interest rate swaps	32	-
Electricity derivatives	279	-
	<b>311</b>	<b>-</b>
<b>Current liabilities</b>		
Interest rate swaps	25	264
Electricity derivatives	1,560	-
Australian purchase price agreements	10,575	14,028
	<b>12,160</b>	<b>14,292</b>
<b>Non-current assets</b>		
Interest rate swaps	775	2,471
Electricity derivatives	669	-
Australian purchase price agreements	103,018	98,033
	<b>104,462</b>	<b>100,504</b>
<b>Non-current liabilities</b>		
Interest rate swaps	5,714	5,469
Electricity derivatives	930	-
	<b>6,643</b>	<b>5,469</b>

\* Certain amounts have been restated to reflect adjustments relating to note 14.

**Note 15. (b) Fair value measurement of financial instruments****(i) Liquidity risk**

The tables below analyse Tilt Renewables financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the period end date. The amounts in the tables are contractual undiscounted cash flows.

	Less than 1 month \$000	1-6 months \$000	6-12 months \$000	Over 1 year \$000	Total \$000
<b>As at 30 September 2018</b>					
Interest rate swaps	50	-	24	5,890	5,964
Electricity derivatives	-	988	571	930	2,489
Australian purchase price agreements	387	1,934	8,255	-	10,576
Accounts payable and accruals	16,194	98	-	2,845	19,137
Finance lease	133	652	772	21,203	22,760
Secured loans	-	19,686	20,687	581,321	621,694
<b>Total</b>	<b>16,764</b>	<b>23,358</b>	<b>30,309</b>	<b>612,189</b>	<b>682,620</b>
<b>As at 31 March 2018</b>					
Interest rate swaps	-	100	164	5,469	5,733
Australian purchase price agreements	1,406	7,032	5,590	-	14,028
Accounts payable and accruals	15,473	81	98	2,837	18,489
Secured loans	-	18,809	19,873	604,732	643,415
<b>Total</b>	<b>16,879</b>	<b>26,022</b>	<b>25,724</b>	<b>613,038</b>	<b>681,665</b>

**(ii) Interest rate risk**

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 30 September 2018 was \$461.2m of Australian and \$95.0m of New Zealand principal amounts.

Interest payment transactions are expected to occur at various dates between one month and nine years from the end of the reporting period consistent with Tilt Renewables forecast total borrowings.

**Sensitivity analysis**

At 30 September 2018, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	30 September 2018 \$000	30 September 2017 \$000
Increase/(decrease) to profit of a 100 basis point decrease in interest rates	8,439	9,288
Increase to profit of a 100 basis point increase in interest rates	(8,815)	(9,782)
Increase/(decrease) to equity of a 100 basis point decrease in interest rates	8,439	9,288
Increase to equity of a 100 basis point increase in interest rates	(8,815)	(9,782)

The above interest rate sensitivities would have an offsetting impact on the floating rate interest paid on borrowings.

## Note 15. (c) Fair value measurement

### Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

#### (i) Valuation techniques used to determine fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.
- Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:
  - forward price curve (as described below); and
  - discount rates.

Valuation Input	Source
<ul style="list-style-type: none"> <li>• Interest rate forward price curve to value interest rate swaps</li> <li>• Discount rate for valuing interest rate derivatives</li> </ul>	<ul style="list-style-type: none"> <li>• Published market swap rates</li> <li>• Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of Tilt Renewables for liabilities.</li> </ul>

If the discount rate for valuing electricity price derivatives increased/decreased by 1% then the fair value of the electricity price derivatives would have decreased/increased by an immaterial amount.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See earlier in this note for sensitivity analysis.

NZ IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy which represents the level of judgement and estimation applied in valuing the instrument:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as priced) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers between level 1, 2 and 3 assets or liabilities within the fair value hierarchy (March 2018: none).

The fair value for generation assets is disclosed in note 7.

**Note 15. (c) Fair value measurement** (continued)

The following tables present Tilt Renewables financial assets and liabilities that are measured at fair value.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>30 September 2018</b>				
<b>Assets per the statement of financial position</b>				
Interest rate swaps	-	807	-	807
Electricity derivatives	-	948	-	948
Australian purchase price agreements	-	-	103,018	103,018
	-	<b>1,755</b>	<b>103,018</b>	<b>104,773</b>
<b>Liabilities per the statement of financial position</b>				
Interest rate swaps	-	5,738	-	5,738
Electricity derivatives	-	2,489	-	2,489
Australian purchase price agreements	-	-	10,575	10,575
	-	<b>8,228</b>	<b>10,575</b>	<b>18,803</b>
<b>31 March 2018</b>				
<b>Assets per the statement of financial position</b>				
Interest rate swaps	-	2,471	-	2,471
Australian purchase price agreements	-	-	98,033	98,033
	-	<b>2,471</b>	<b>98,033</b>	<b>100,504</b>
<b>Liabilities per the statement of financial position</b>				
Interest rate swaps	-	5,733	-	5,733
Australian purchase price agreements	-	-	14,028	14,028
	-	<b>5,733</b>	<b>14,028</b>	<b>19,761</b>

**(ii) Fair value hierarchy**

The fair value of derivative investments is recognised at level 2 fair value for interest rate swaps and electricity forwards and level 3 fair value for the Australian purchase price agreements. The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 September 2018.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**(iii) Fair value measurements**

The following table summarises the methods that are used to estimate the fair value of the Group's financial instruments.

<b>Instrument</b>	<b>Fair value methodology</b>
Financial instruments traded in active markets	Quoted market prices at reporting date.
Long-term debt and other financial assets	Quoted market prices, dealer quotes for similar instruments, or present value of estimated future cash flows.
Interest rate swaps	Present value of expected future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of the Group or counterparty where relevant. Variables reflect those which would be used by market participants to execute and value the instruments.
Structured electricity forwards which are not regularly traded and with no observable market price	The valuation models for long-term electricity derivatives reflect the fair value of the avoided costs of construction of the physical assets which would be required to achieve an equivalent risk management outcome for the Group. The methodology takes into account all relevant variables including forward commodity prices, physical generation plant variables, the risk-free discount rate and related credit adjustments, and asset lives. The valuation models for short-term electricity derivatives include premiums for lack of volume in the market relative to the size of the instruments being valued.
Australian Purchase price agreements derivatives	The discounted cash flow methodology reflects the difference in the contract price and long term forecast electricity pool prices which are not observable in the market. The valuation also requires estimation of forecast electricity volumes, the risk-free discount rate and related credit adjustments.

**Note 15. (c) Fair value measurement (continued)****(iv) Valuation inputs and relationships to fair value**

The following is a summary of the main inputs and assumptions used by the Group in measuring the fair value of Level 3 financial instruments.

**Discount rates:** Based on observable market rates for risk-free instruments of the appropriate term.

**Credit adjustments:** Applied to the discount rate depending on the asset/liability position of a financial instrument to reflect the risk of default by either the Group or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied that takes into consideration the credit rating of the counterparty and its industry.

**Forward commodity prices:** Including both observable external market data and internally derived forecast data. For certain long term electricity derivatives, internally derived forecast spot pool prices and renewable energy certificate prices are applied as market prices are not readily observable for the corresponding term.

**Generation volumes:** Forecast generation volumes over the life of the instrument based on historical actuals.

**Liquidity premiums:** Applied to allow for the lack of volume in the market relative to the size of the instruments being valued.

**Strike premiums:** Applied to allow for instances where instruments have different strike prices to those associated with instruments that have observable market prices.

The use of different methodologies or assumptions could lead to different measurements of fair value. For Level 3 fair value measurements, a sensitivity analysis around the key unobservable inputs is given in the table below.

Assumption	Low	High	Valuation impact AUD - 000's
<b>Impact on the statement of financial position 30 September 2018</b>			
Forward electricity price path	10% increase in future electricity pricing	10% reduction in future electricity pricing	-\$41,124 /+ \$41,124
Generation volume	10% reduction in future production	10% increase in future production	-\$9,244 /+ \$9,244
Discount rate – post tax	7.75%	6.75%	-\$4,122 /+ \$4,393

**Note 16. Subsequent and other events****Dundonnell Wind Farm**

- On 30 October 2018 the Tilt Renewables Board approved proceeding to financial close for this project
- The Group has accepted an offer from the Victorian Government to enter into a Support Agreement in relation to approximately 37% of the output from Dundonnell Wind Farm. Under the Support Agreement, the Group will have a 15 year contract with the Victorian Government to supply electricity to the network under a contract for difference pricing mechanism.
- In addition, the Group has executed a 15 year power purchase agreement for a further 50% of the output from Dundonnell Wind Farm with an investment grade counterparty

The Group has also agreed proposed terms and conditions for a long term power purchase and services agreement with Genesis Energy Limited in association with the development of the Waverley Wind Farm.

Other than those disclosed above and elsewhere in the financial statements there have been no material events subsequent to 30 September 2018 (31 March 2018: \$nil).



# DIRECTORY

## Board of Directors

Bruce Harker  
Paul Newfield  
Fiona Oliver  
Phillip Strachan  
Geoffrey Swier  
Anne Urlwin  
Vimal Vallabh

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## Auditors

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Southbank  
Victoria 3006

## Share Registrar

Computershare Investor  
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Private Bag 92119  
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Shareholders with enquiries about transactions, change of address or dividend payments should contact the Share Registrar.

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Level 2 NZX Centre  
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Wellington 6011  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000





**tilt**<sup>®</sup>  
*renewables*



**Interim Results for  
the 6 months ending  
30 September 2018**

30 October 2018





## Highlights for first half FY19

### **Operating portfolio has capitalised on strong wind conditions....**

- Delivery of 54MW Salt Creek Wind Farm under budget and on schedule (commissioned July), contributing 57GWh to 30 September 2018
- Revenue up \$21.1 million on 1H FY18 due to favourable and above long-term expected wind conditions, with group production 6% up on “P50”
- Portfolio asset availability 97.3% allowed the conversion of strong wind conditions (averaging 8 m/s across TLT sites) into revenue
- Earnings Before Interest, Tax Depreciation, Amortisation, Fair Value Movements of Financial Instruments (“EBITDAF”) of \$66.9 million reflected the higher production and lower development expense (net of capitalisation), partially offset by minor increases in opex and some takeover related costs
- Underlying earnings AUD 1.21 cents per share
- Net cash from operating activities of \$66 million was significantly higher than prior period
- Increase in Interim Dividend to AUD 1.6c (1H FY18 AUD 1.25c) declared at lower end of payout range reflecting growth phase of the business

### **... and the business is delivering the growth strategy through strategic contracting and investments**

- ✓ Tilt Renewables’ delivery credibility seen as critical factor in securing two 15-year offtake contracts with investment grade counterparties
- ✓ Dundonnell Wind Farm investment approved to proceed to financial close by the end of CY2018 with 87% of output contracted
- ✓ Portfolio financing strategy demonstrates funding flexibility and allows Tilt Renewables to optimise contracting activity
- ✓ Strategic relationship with Genesis Energy to progress the Waverley Wind Farm in New Zealand towards investment decision in 1H CY19
- ✓ Remainder of the diverse pipeline continues to grow and positioned for commercialisation in the right market conditions

## Interim results – 1H FY19 Balanced Scorecard

First half FY19 result	Units	1H FY19	1H FY18*	Delta	%
Safety – rolling 12 month TRIFR	per 1M hrs	8.2	0	●	n/a
Production (energy sent out)	GWh	1,070	869	●	23%
Revenue	A\$M	96.6	75.5	●	28%
Generation costs	A\$M	(19.6)	(14.9)	●	32%
Corporate / development costs	A\$M	(10.1)	(11.3)	●	11%
EBITDAF	A\$M	66.9	49.3	●	36%
Statutory Net profit after tax	A\$M	8.5	9.0	●	(6%)
Statutory Earnings per share	AUD cps	2.71	2.87	●	(6%)
Underlying Net profit after tax	A\$M	3.8	(2.1)	●	155%
Underlying Earnings per share**	AUD cps	1.21	(0.66)	●	155%
Distributions per share - Interim	AUD cps	1.60	1.25	●	22%

\* Certain amounts have been restated to reflect adjustments included in the interim accounts

\*\* Underlying Earnings exclude net fair value gains/losses on financial instruments





## Market Outlook & Strategy



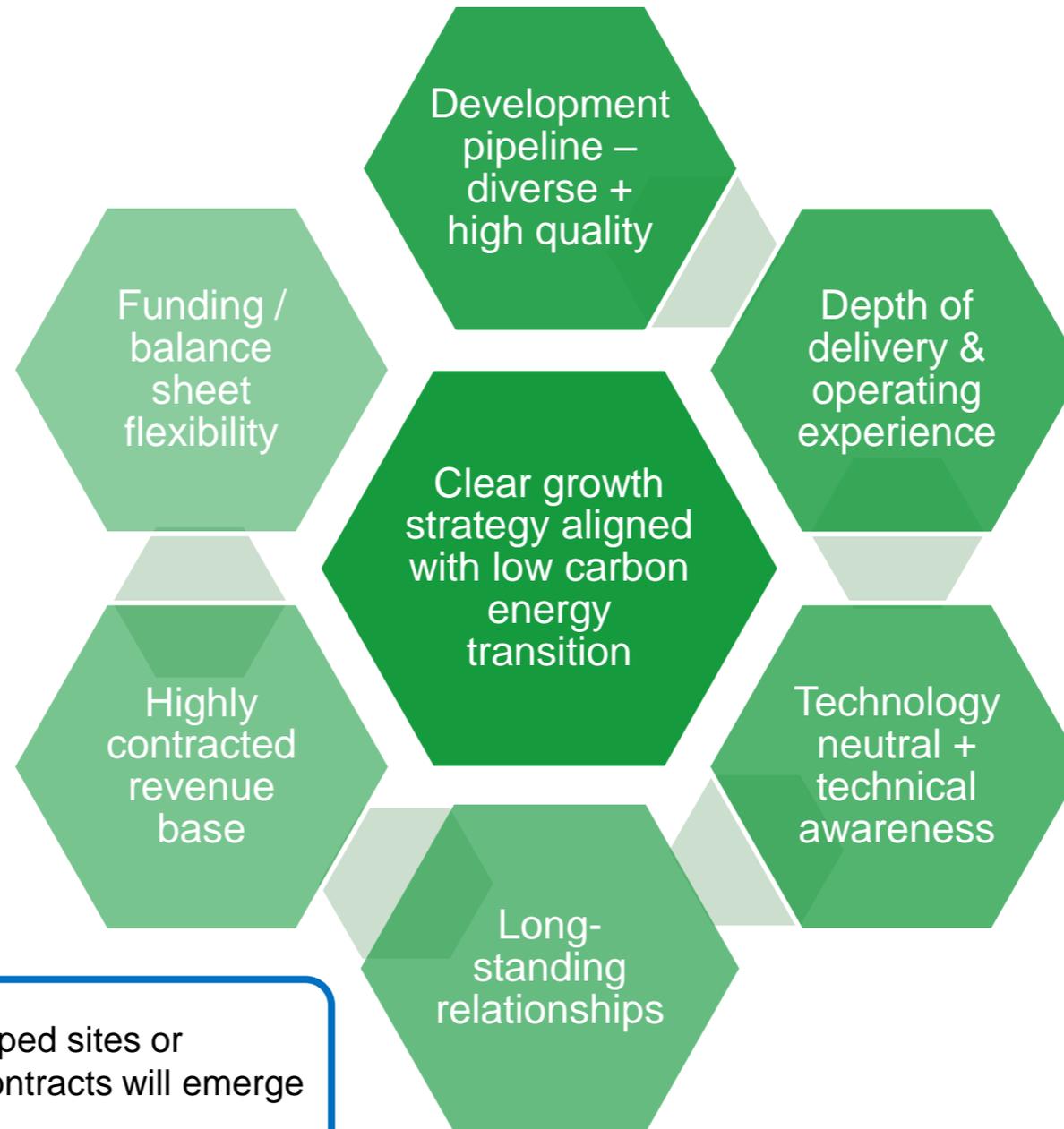
# Strategy – diverse market opportunities to monetise TLT’s pipeline of options

## Australia

- Federal energy policy remains fluid with components of the National Energy Guarantee potentially still on the table
- Upcoming election in 2019 will be another key sign post – climate change (in response to drought) and energy are ‘live’ issues
- State government ambitions driving investment in VIC and development in QLD
- Some less experienced developers have been caught by transmission limitations and connection requirements

## Other opportunities

- Opportunities to acquire partially developed sites or operating assets at end of foundation contracts will emerge
- Offtake flexibility, team capability and balance sheet strength create options



## New Zealand

- Encouraging Government policy on climate change to broaden decarbonisation efforts across the economy
- Murmurings of new capacity requirements, Huntly coal plant retirement, some demand growth (Tiwai potline) and electrification
- Interest in Waverley Wind Farm development was encouraging and resulting strategic relationship is exciting

# Strategy Execution – delivery excellence at Salt Creek Wind Farm

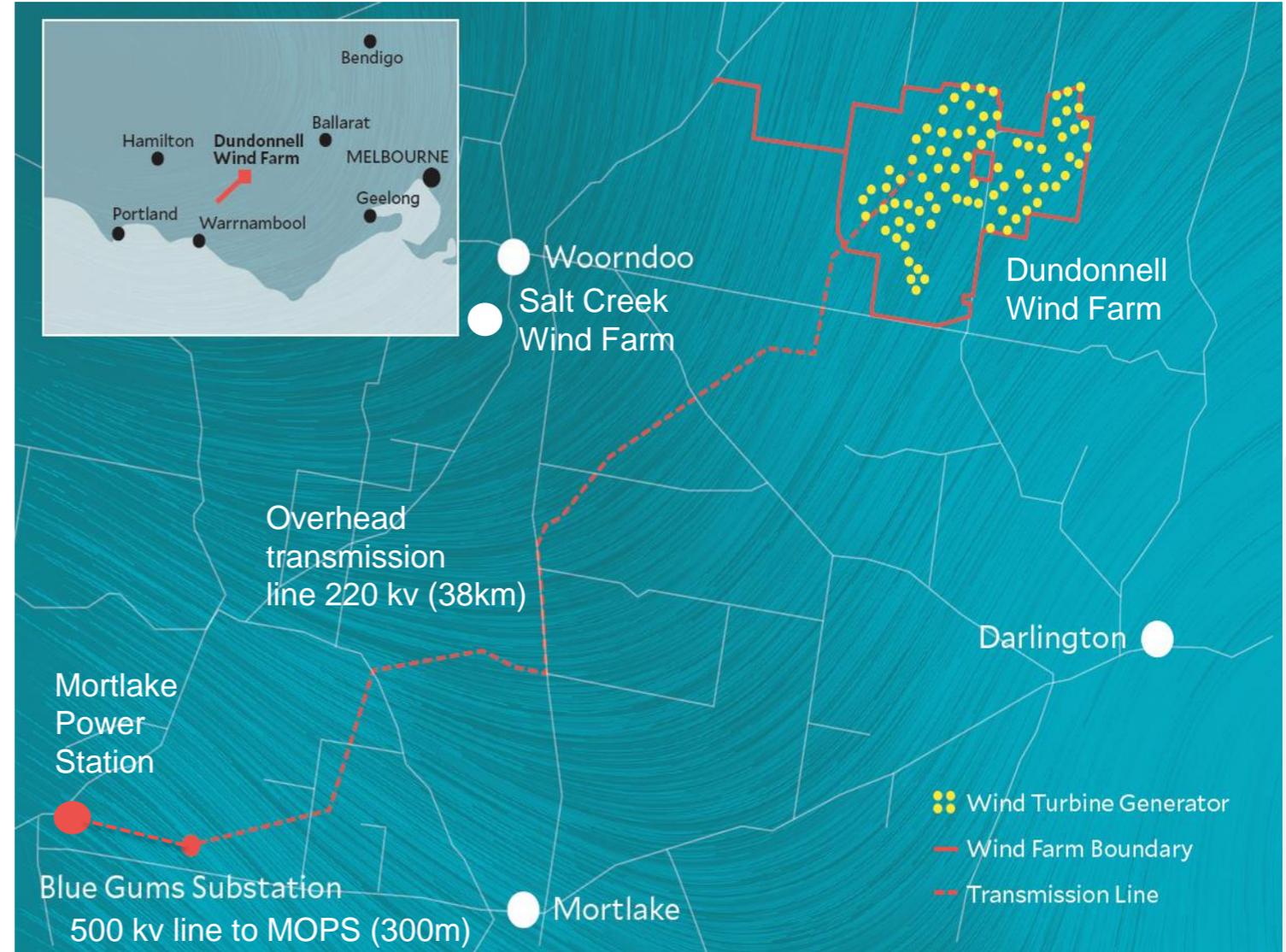
- ✓ 54MW Salt Creek Wind Farm fully operational
- ✓ Delivered on schedule and below budget
- ✓ 7<sup>th</sup> wind farm delivered by executive team over 15 years  
– **we know what we are doing**
- ✓ Energy output 50% contracted to Meridian Energy in CY2018, then 100% of energy output until CY2030
- ✓ LGCs for CY2018 and CY2019 largely forward sold above \$70
- ✓ 25-year fixed price operations & maintenance agreement with Vestas
- ✓ Lessons learnt through delivery will be applied to Dundonnell with the same delivery partners (Vestas, Zenviron and AusNet)



Project stats	Salt Creek Wind Farm
HSE: recordable incidents	3 TRIs across 228,712 hours worked
Wind Farm fully commissioned	July 2018
Turbine commissioning	Completed for all turbines, AEMO hold-point tests completed on 29 June 2018
Take-over-certificate	Issued for all turbines
Production	57 GWh from July to September (Capacity Factor of 48% demonstrating the benefit of latest technology – 126 meter rotors)

# Strategy Execution - Dundonnell Wind Farm Final Investment Decision Taken

Project stats	Dundonnell Wind Farm (DDWF)
Capital cost	~\$560 million ^
Turbines	80 x Vestas V150-4.2MW turbines
Project Structure	Engineering Procure and Construct (EPC) contract with Vestas for Wind Farm and Balance of Plant; and Build, Own Operate contract with AusNet Services to deliver connection assets
Revenue contracting	<ul style="list-style-type: none"> <li>- VRET portion (29 turbines)</li> <li>- Other contracted portion (40 turbines)</li> <li>- Merchant portion (11 turbines)</li> </ul>
Capacity	336 MW
Turbine tip height / Hub height	189m / 114m
P50 GWh	~1,230 GWh
FID Date	Board approved 30 October 2018
Target NTP	November 2018
Target COD	Q3 calendar 2020
Capex per MW	\$1.7M per MW ^



^ New connection assets will be constructed and owned by AusNet and services provided under a lease arrangement (not included in project capital costs)

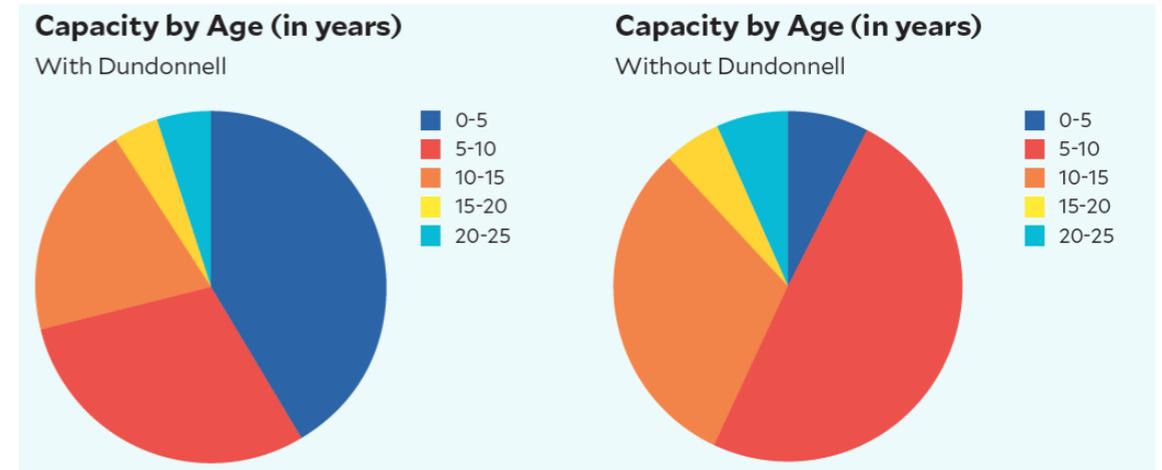
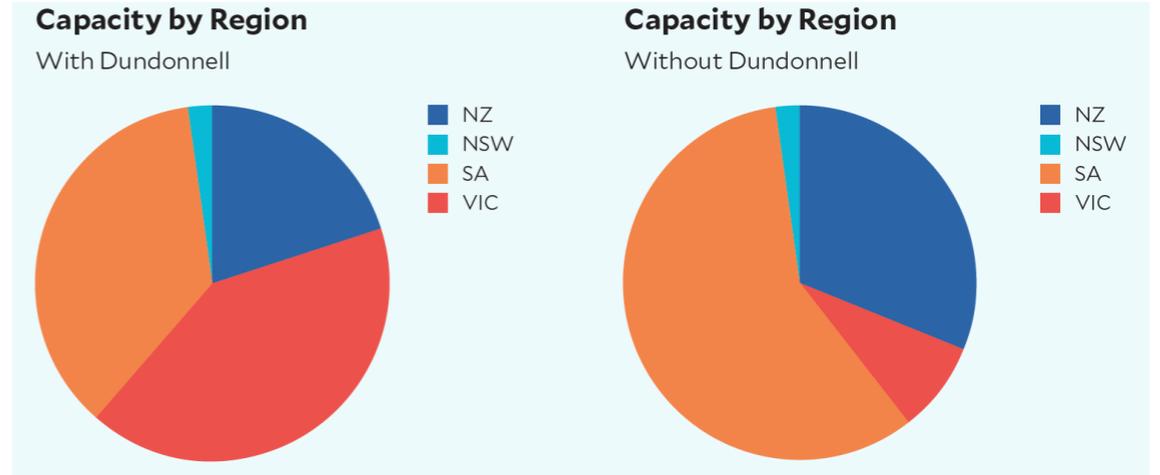


# Strategy execution - Dundonnell Wind Farm to deliver significant growth

## Key benefits of bringing Dundonnell Wind Farm into TLT portfolio

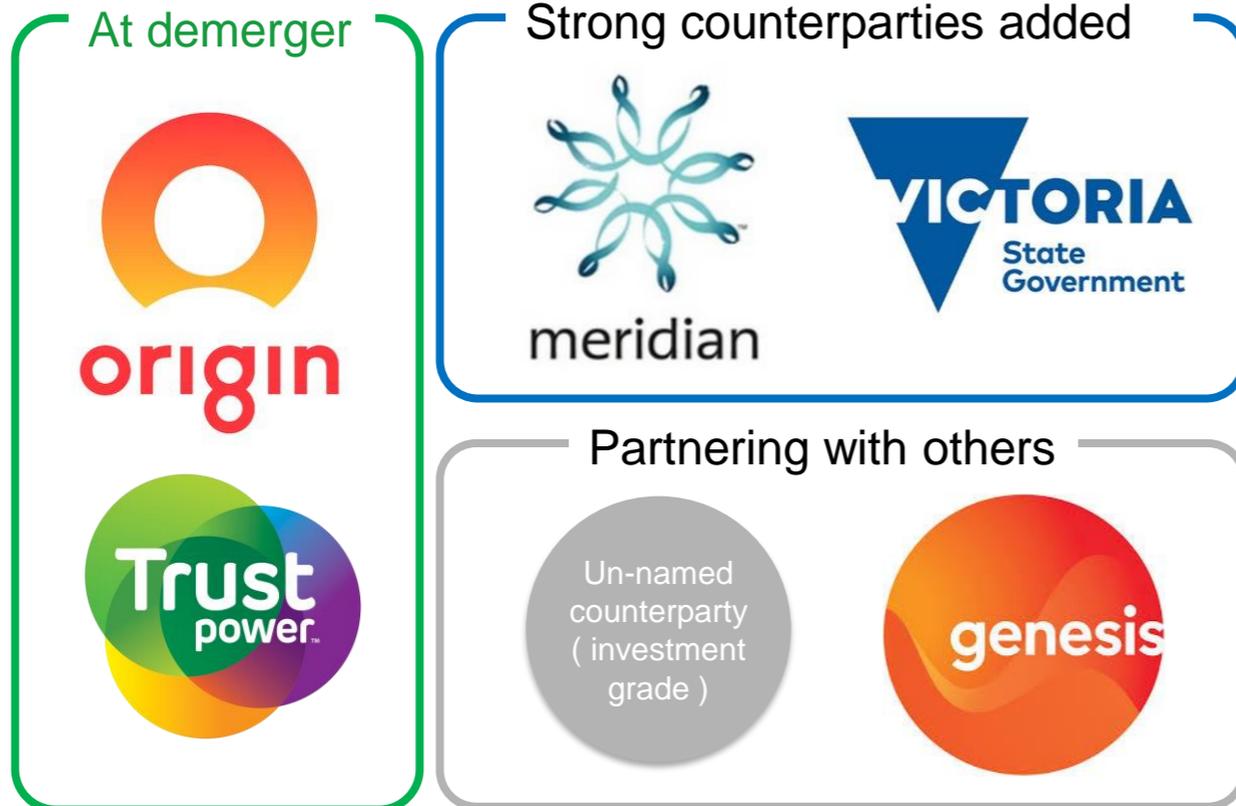
- ~58% uplift in the P50 production across TLT portfolio
- Latest turbine technology (150m rotors), 42% capacity factor
- Additional resource and grid diversification into Victoria
- Prolongs TLT turbine fleet average remaining life by ~5 years
- 98% turbine availability warranty is highest across portfolio
- 25-year Operations & Maintenance agreement with Vestas

Metric	Current Portfolio	Portfolio + DDWF
Installed capacity	636MW	973MW
Turbines	322	402
P50 production	~2,120 GWh	~3,350 GWh
P50 capacity factor	38.1%	39.3%
Average remaining life (weighted by MW)	17.8 years	22.8 years
Average remaining life (weighted by # of turbines)	14.7 years	18.1 years

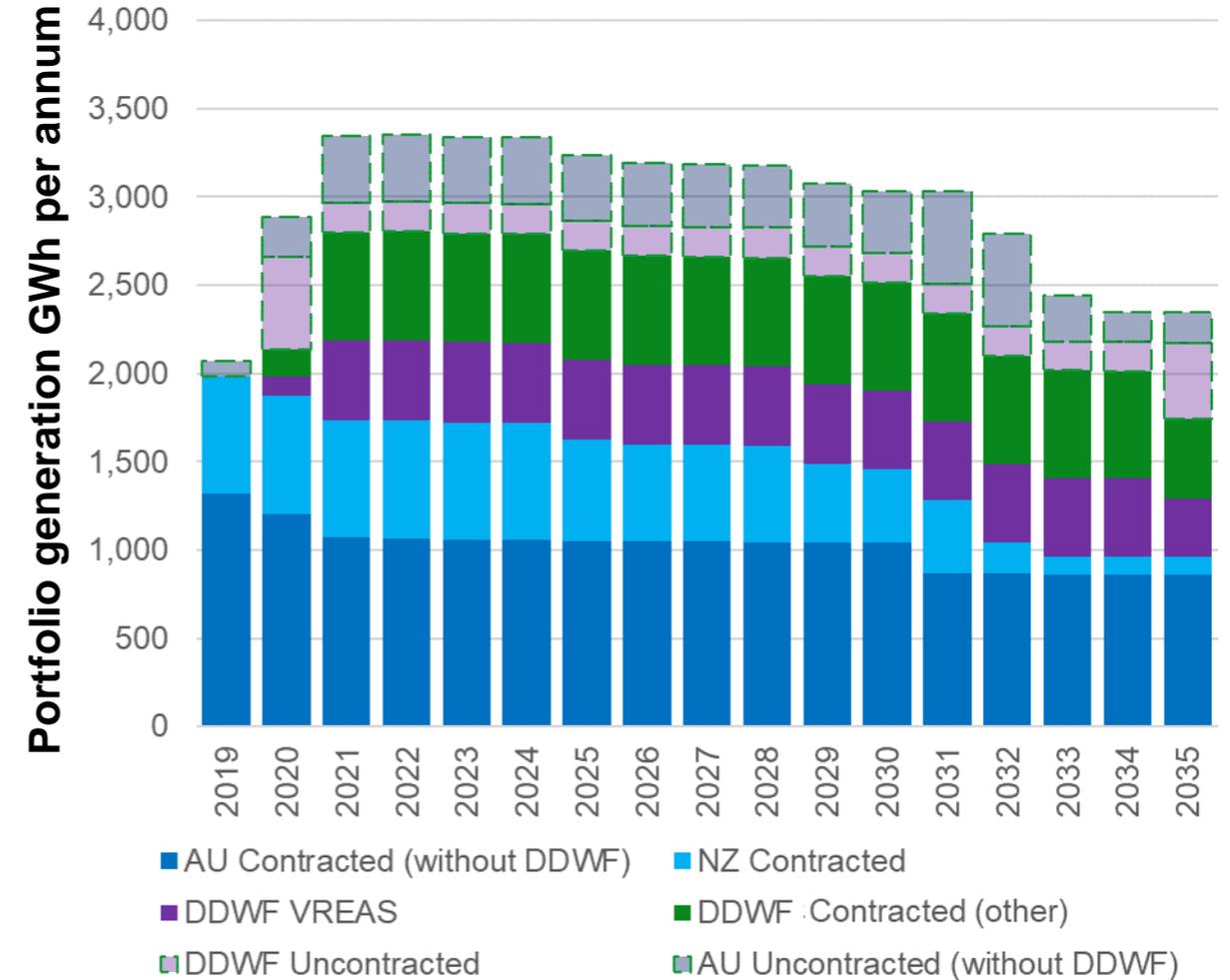


# Strategy execution – high quality, long term revenue contracting

- Tilt Renewables has a strong contracting position, with the majority of production contracted out to 2035
- Tilt Renewables’ PPA counterparties are Tier 1 retailers in Australia/New Zealand and Victorian Government
- Residual uncontracted production is managed through short-term LGC and energy contracts in forward ASX or ‘Over-The-Counter’ markets



Revenue contract mix including Dundonnell WF



Source: Tilt Renewables indicative P50 production offtake profile

## Dundonnell Wind Farm – Funding and Next steps

### **Prior funding approach remains unchanged**

- Construction debt fully underwritten and credit approved
- Equity fully underwritten (timing of raise likely to occur in early 2019)
- Arrangements in place to cover the funding requirement at Financial Close
- Expected split of debt and equity will not materially change portfolio gearing levels

### **Next steps**

- Finalise financing due diligence and approvals
- Execute all key project contracts, hedging and achieve first debt drawdown at Financial Close



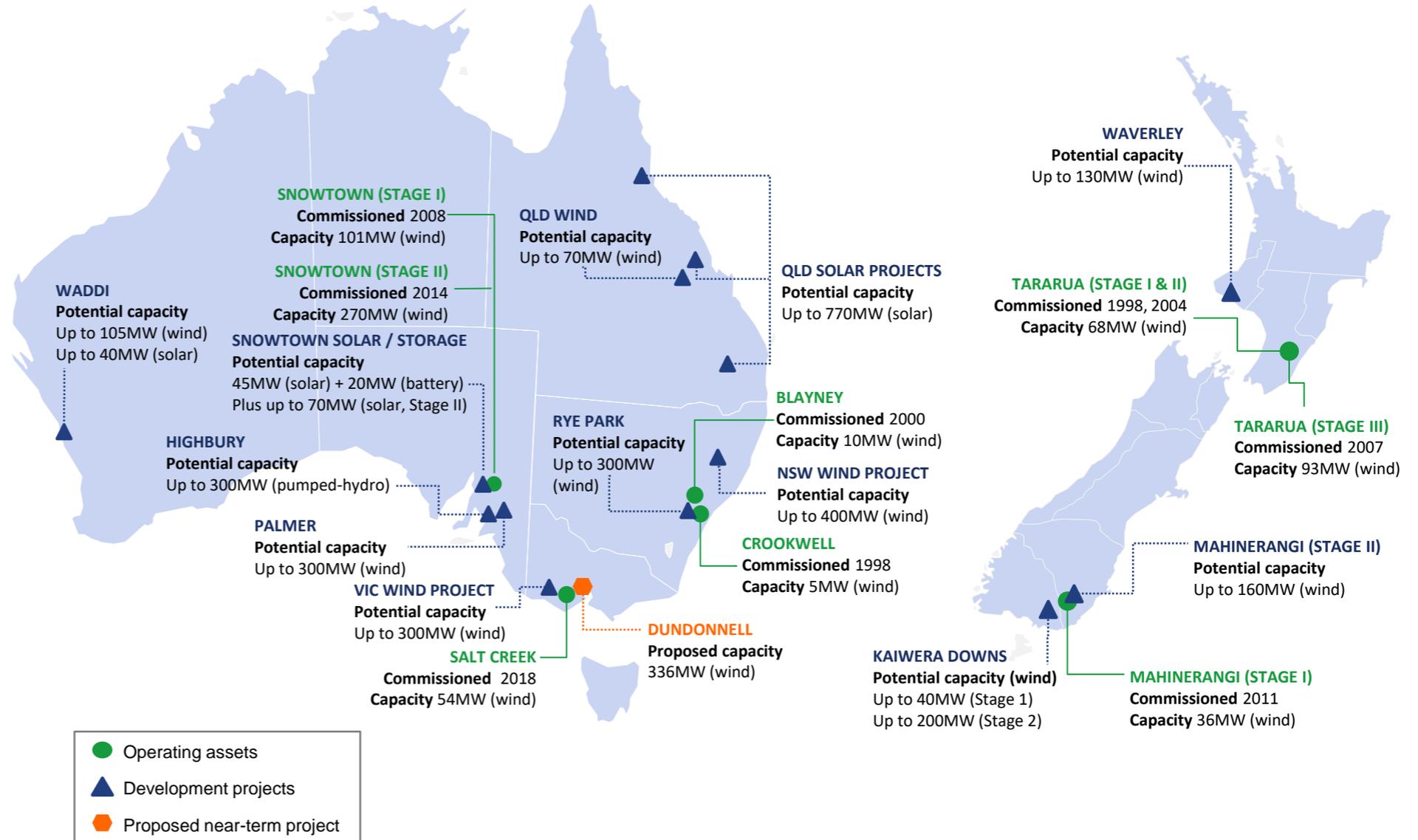
## Development Pipeline



## Tilt Renewables – 636 MW operational across 322 turbines → 973 MW with Dundonnell across 402 turbines

### Investment highlights

- ✓ Tilt Renewables is a significant and established owner, operator and developer of wind farm assets, with an operating portfolio of 636 MW of assets located in high wind resource regions and 336 MW of wind to commence construction in near term
- ✓ Tilt Renewables has a high level of contracted revenue, with counterparties including Origin Energy, Meridian, Victorian State government and Trustpower providing stable and predictable cashflows
- ✓ Tilt Renewables has a development pipeline of more than 3.1 GW of wind, solar and storage projects across Australia and NZ, of which 2GW is consented
- ✓ Tilt Renewables management team and Board have extensive renewables energy development and operational expertise
- ✓ Australia and New Zealand remain attractive long-term investment markets for renewable energy underpinned by generation capacity renewal (Australia) and decarbonisation policies (NZ)
- ✓ Long-term expansion of Australia and New Zealand renewable energy generation capacity is supported by global trends toward decarbonisation, replacement of existing thermal generation capacity and continue technology / cost advances



# Development pipeline – near term NZ opportunity with Waverley Wind Farm

- **Tilt Renewables has made good progress advancing the development of Waverley Wind Farm**
  - Obtained all development and environmental approvals
  - Advanced discussions for long-term offtake with partly Government-Owned Utility, Genesis Energy
  
- **Project Highlights:**
  - Expected capacity of ~100 MW (consented up to 130 MW)
  - Wind turbine tip height up to 160 meters
  - Excellent wind resource
  - Shovel and investment-ready by mid-2019



- Legend**
- Site Boundary
  - EBZ Constraint
  - Coastal Protection Area
  - Proposed Transmission Line

Source: Tilt Renewables,

Key project stats	Waverley Wind Farm
Installed capacity	Approval for up to 48 wind turbines, up to 130 MW
Annual production	~400 GWh lifetime average (100MW layout)
Energy produced	Sufficient to power approximately 48,000 homes
Capacity factor	~42% average
Construction period	18 months
Anticipated timing	Final investment decision first half of CY 2019



## Interim Financial Results

- Operating performance
- Financial performance
- Treasury and dividend



# Operational performance overview

## Operating performance

- YTD production from the Australian assets was 20% higher compared to the prior corresponding period due to higher wind and also due to the Salt Creek Wind Farm being fully operational from July. The Salt Creek Wind Farm produced 57 GWh from July to September, 9% above long-term expectation.
- AEMO 1295MW constraint on SA wind production at times when high wind coincides with gas generators being offline. Impact on Snowtown I/II production since April 2018 is ~41GWh curtailed
- 4% higher average price per MWh achieved

## Health, safety, environment (HSE) and community

- Management focused on delivering zero incidents across 3 asset life phases – Development | Construction | Operations
- TRIFR increased due to incidents at operational and construction assets
- HSE reporting “looks through” into contractor HSE performance to reinforce Tilt Renewables’ safety culture across the assets
- Stakeholder engagement with our host communities continues at Salt Creek into the operational phase with lessons learned to be applied to Dundonnell

## Asset performance – 6 months ending 30 September

	1H FY19	1H FY18	Δ% vs prior period	Δ% vs long-term expectation
Australia (GWh)	712	591	20%	4%
New Zealand (GWh)	358	278	29%	10%
<b>Group Production</b>	<b>1,070</b>	<b>869</b>	<b>23%</b>	<b>6%</b>
Australia (A\$M)	72.6	56.3	29%	4%
New Zealand (A\$M)	24.0	19.2	25%	12%
<b>Group Revenue</b>	<b>96.6</b>	<b>75.5</b>	<b>28%</b>	<b>6%</b>

## Safety performance – rolling 12 months ending 30 September

Measure	12 month performance
Total recordable injury frequency rate (TRIFR) <sup>1</sup>	19.2 per million work hours
Lost time injury frequency rate (LTIFR) <sup>2</sup>	8.2 per million work hours
Lost time injuries (LTI)	3

### Notes:

Safety incident frequency rates are measured on a rolling 12-month basis including contractor statistics.

(1) TRIFR is calculated as the number of lost time injuries and applicable medical treatment incidents multiplied by 1 million divided by total hours worked

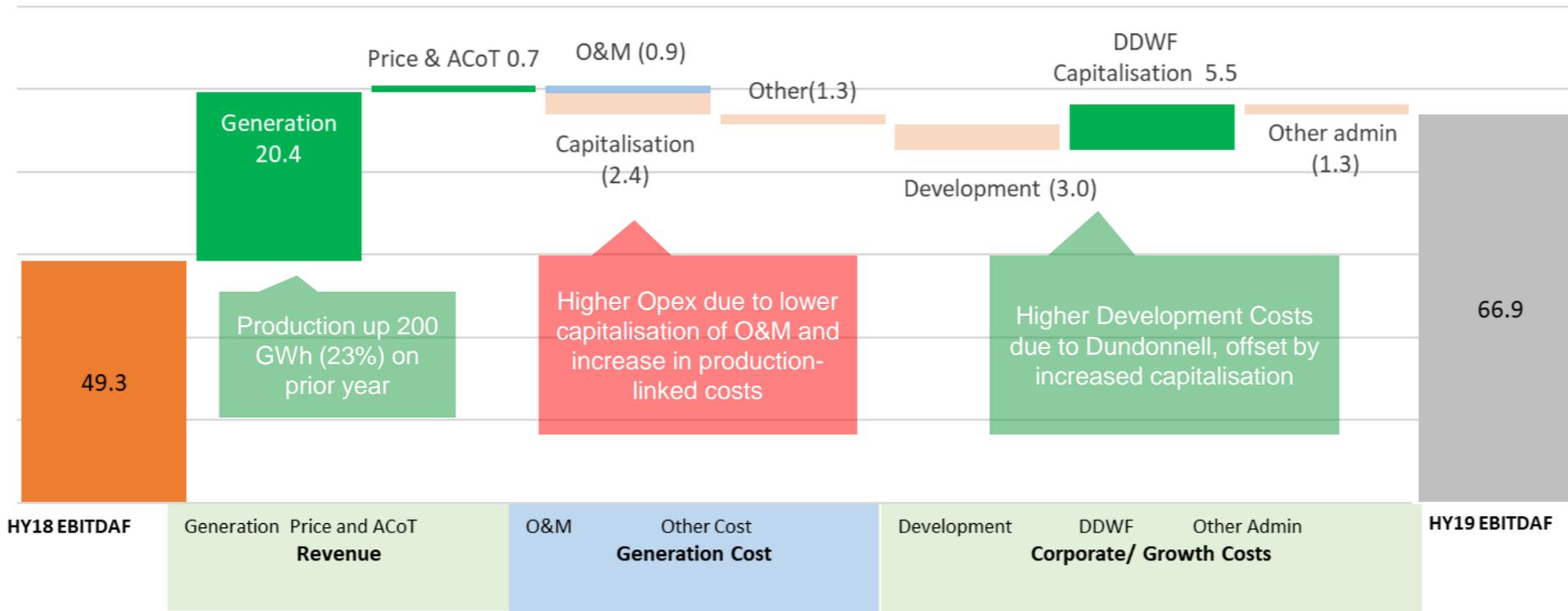
(2) LTIFR is calculated as the number of LTIs multiplied by 1 million divided by total hours worked



# Financial Performance - variance to prior period

- 1H FY19 EBITDAF of \$66.9 million was \$17.6M or 36% up on the prior period, predominantly due to increased production and development cost capitalisation. These increases were partially offset by increased generation and admin costs.

## Group EBITDAF A\$M



- 1H FY19 NPAT was a profit of \$8.5M (Underlying earnings \$3.8M), noting that additional variances (beyond that noted in EBITDAF above) are due to slightly higher depreciation versus prior year and a higher tax expense

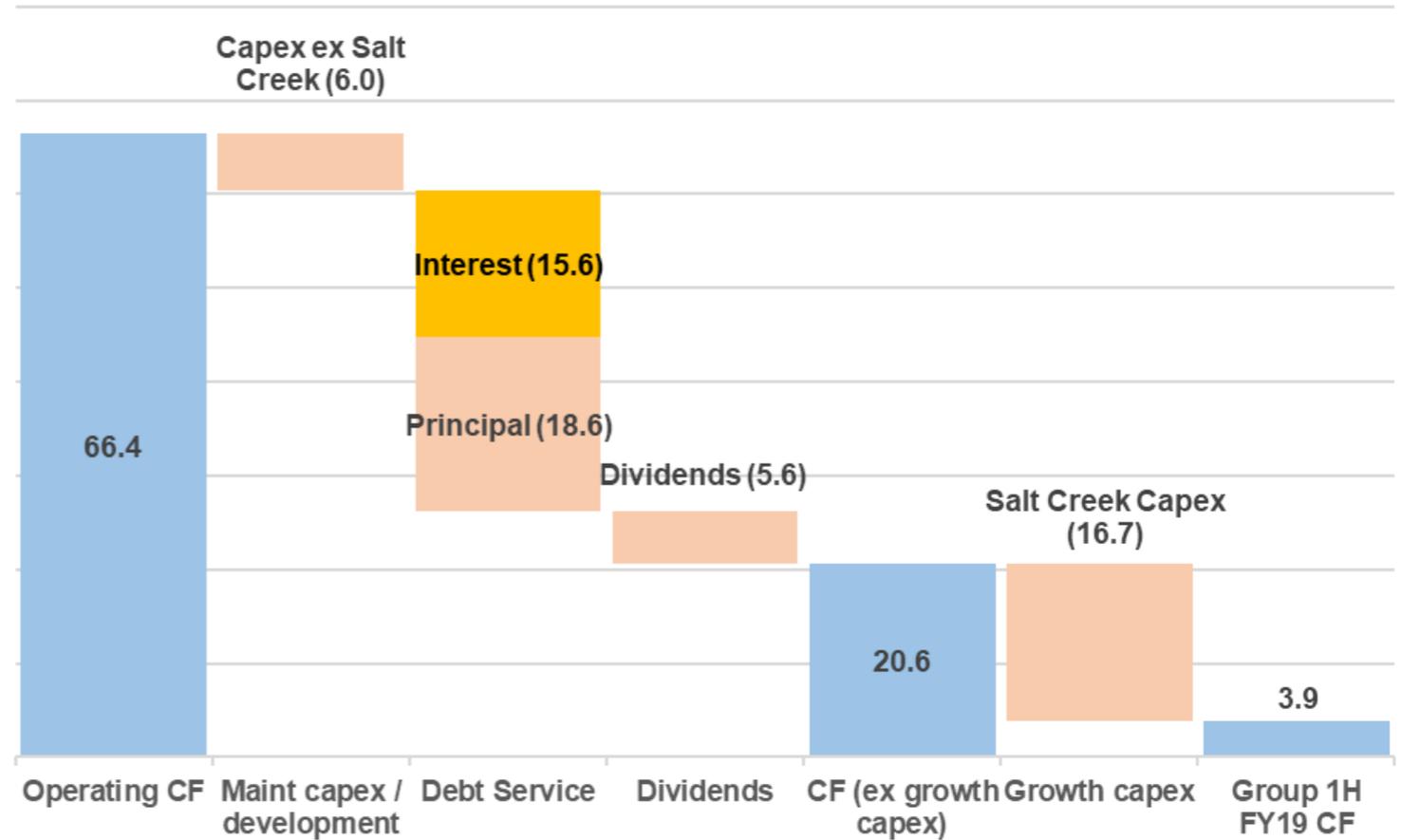


# Treasury - Cash position, debt ratios and dividend

- Total cash position of \$50M at 30 September 2018
- Net cash flow generated from operating activities of \$66M in the 6 months to 30 September impacted by:
  - Above average wind production in AU and NZ
- Net Debt at 30 September 2018 was \$591M
- Development spend increase due to Dundonnell activity

Debt ratios	31 Mar 2018	30 Sep 2018
EBITDAF (last 12 months)	\$104M	\$121M
Gearing (Net debt / (Net debt + equity))	54%	59%
Net Debt / EBITDAF	5.7x	4.9x
EBITDAF / Interest expense	3.4x	3.9x

Cash flow waterfall (A\$M) – 6 months to 30 September 2018



- Tilt Renewables has declared an AUD 1.60 cents per share interim dividend with a record date of 16 November 2018 and payment date of 30 November 2018. Interim dividend payout ratio (based on normalised Operating Cash Flow after debt service) sits within the guidance range of 25 to 50% for the 6 months to 30 September 2018



# Financial Performance - Balance Sheet

Summary Balance Sheet – A\$M	Sep-18	Mar-18 Restated	△ equity
Cash	50	46	● 4
Receivables & prepayments	30	34	● (4)
Property, Plant & Equipment (PPE) <sup>1</sup>	1,026	1,171	● (145)
Financial instruments <sup>2</sup>	105	101	● 4
<b>Total assets</b>	<b>1,211</b>	<b>1,352</b>	<b>● (141)</b>
Bank loans <sup>3</sup>	618	639	● 21
Payable and accruals	19	19	● -
Finance lease	23	-	● (23)
Financial instruments	19	20	● 1
Other liabilities	4	2	● (2)
Deferred tax liability	116	162	● 46
<b>Total liabilities</b>	<b>799</b>	<b>841</b>	<b>● 42</b>
<b>Net assets / Total equity</b>	<b>412</b>	<b>510</b>	<b>● (98)</b>

(1) Includes \$571k of intangible assets

(2) Financial instrument (assets & liabilities) include interest rate swap, electricity price swap/cap and PPA derivatives

(3) Includes outstanding bank debt less capitalised financing costs

## Key impacts of accounting treatments at 30 September 2018

- Derivative accounting for Australian power purchase agreements (PPA)
  - PPE revaluation - Carrying value adjustment for generation assets
  - Finance lease – new Salt Creek connection asset (25-year contract with AusNet)
- **PPE movement \$(145M)**
    - Additions: \$47M Salt Creek completion including transmission line \$42M; other additions including WIP \$5M
    - Revaluation: \$(140M) including \$(129M) carrying value period end adjustment and \$(12M) new derivative treatment of power purchase arrangements
    - Other movements: \$(52M) from depreciation, FX revaluation and asset disposals
  - **Bank loan movement \$21M**
    - No additional loan drawdowns in the period and a net \$21M of debt principal repayments
  - **Financial lease movement \$(23M)**
    - Liability recognised for Salt Creek transmission line finance lease
  - **Deferred tax liability movement \$46M**
    - Impacted by the combination of accounting adjustments for the new derivative treatment of power purchase arrangements and the period ending carry valuation adjustment to the generation assets



## Notes on financial information

### Notes on currency conventions

1. All financial information in this publication is presented in Australian dollars unless otherwise specified.

### Notes on non-GAAP Measures

2. 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.
3. Net debt is a measure of indebtedness to external funding providers net of deposits held with those providers and is defined as bank loans less cash at bank.
4. Balance sheet gearing is defined as  $\text{Net Debt} / (\text{Net Debt} + \text{Equity})$



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