



Financial and Operational Results

FULL YEAR ENDED 30 JUNE 2022

26 AUGUST 2022



Disclaimer

This presentation contains forward-looking statements.

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

The forward-looking statements are based on management's and directors' current expectations and assumptions regarding Vector's businesses and performance, the economy and other future conditions, circumstances and results.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Vector's actual results may vary materially from those expressed or implied in its forward-looking statements.

Agenda

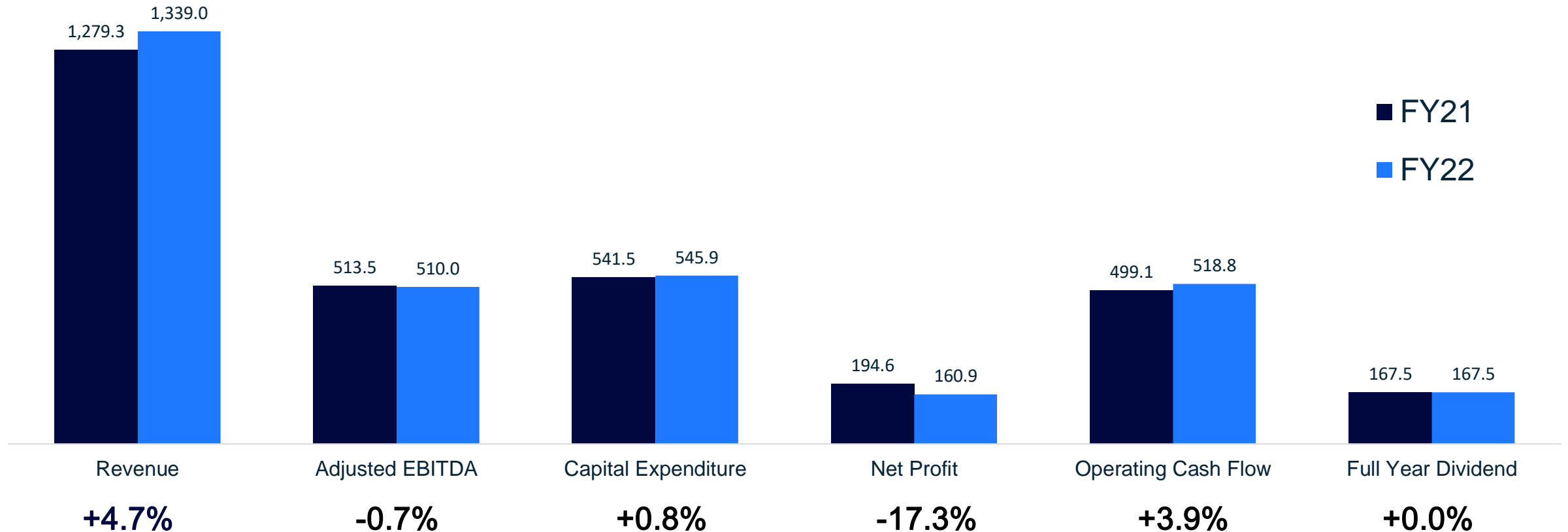
- Overview of Performance
- FY2022 Business Overview and Highlights
- Financial Performance
- Segment Performance
- Outlook
- Q&A

OVERVIEW OF PERFORMANCE



Overview of financial performance

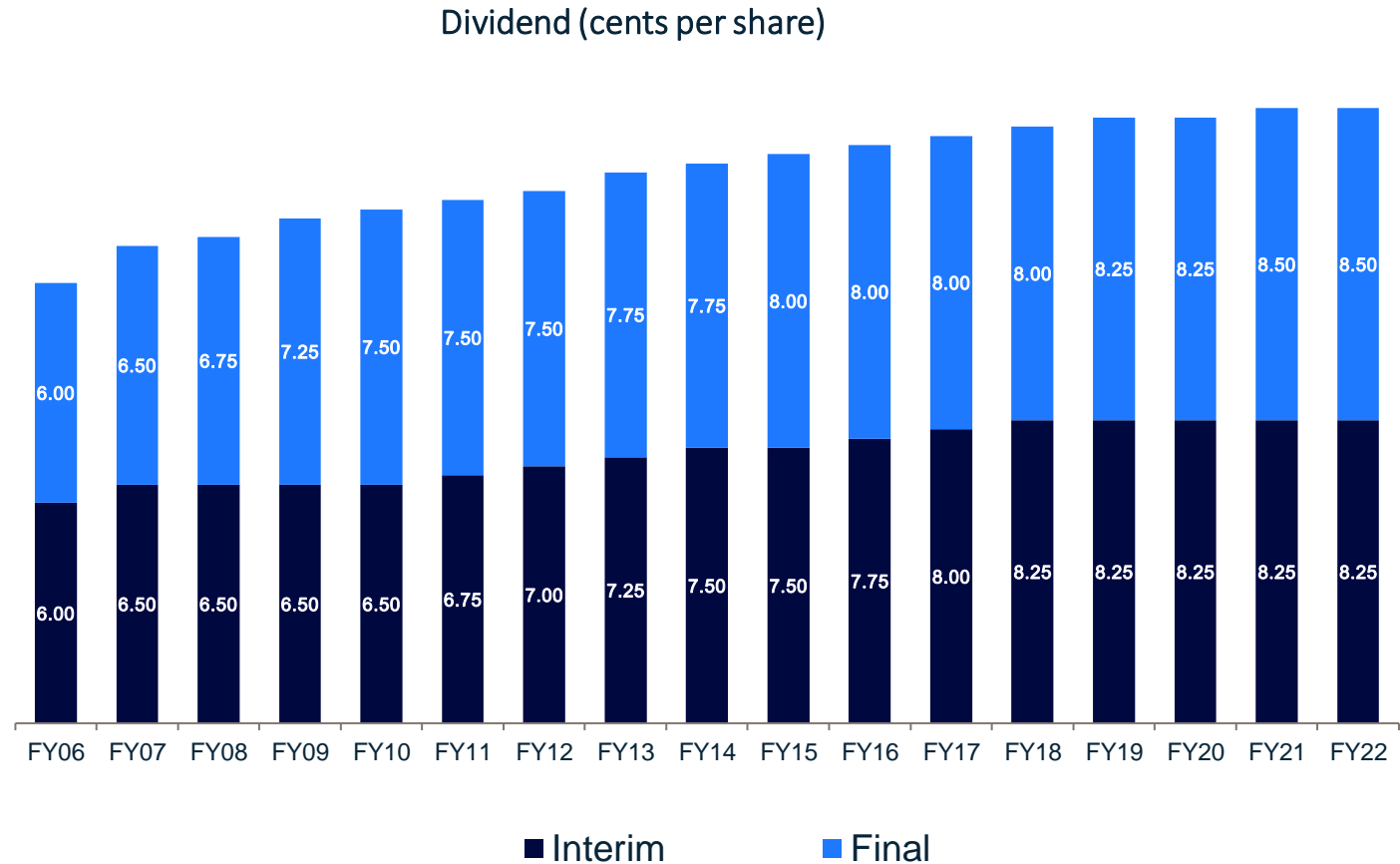
FY22 FINANCIAL PERFORMANCE (\$M)



Adjusted EBITDA is not a GAAP measure of profit. For a reconciliation of adjusted EBITDA to EBITDA and net profit refer to page 29 of this presentation.

Dividend

- Final dividend of 8.50 cents per share
- Taking the full year dividend to 16.75 cents per share
 - Flat on the prior year
 - Imputation at rate of 10.5%
- Dividend record date of 12 September 2022 and payment date of 19 September 2022



FY2022 BUSINESS OVERVIEW



FY2022 Business Overview

Electricity and Gas Distribution



- Total net connections continue to grow with electricity connections up 1.6% to 600,112 and gas connections up 1.3% to 117,995
- New electricity and gas connections were 16,684, compared to 18,839 in the prior full year period
- Level of (gross) investment continues to be at historically higher levels with capital expenditure for FY22 at \$331.9m
- Electricity volumes overall up 0.4% at 8,361 GWh with lower business volume offset by higher residential volume
- IM review underway with final decision expected December 2023
- Engaging with Government on important elements of the Energy Strategy

Metering



- Undertaking strategic review of the metering business
- In FY22, deployed and billed 93k advanced meters in Australia and 18k in New Zealand, with volumes impacted by Covid-19
- Advanced meter fleet totals 1.98 million across New Zealand and Australia
- More than 489k advanced meters now installed in Australia
- Invested capex of \$156.7m or 3.9% lower than prior year
- Rollout of 4G modem replacement in New Zealand underway with c200k completed to date

Gas Trading



- Earnings impacted by higher cost of LPG input prices including higher CP (Saudi Aramco Contract Price), higher ETS and weaker NZ dollar
- Along with the impact of the increase in discount rates, this has led to a \$40.2m non-cash goodwill impairment of the LPG business
- Improved margins and performance from the Natural gas business despite volumes being lower
- 7.4% decrease in 9kg LPG bottle swaps to 629,651
- LPG volumes down 1.6% to 44,330 tonnes with bulk volumes and cylinder volumes down slightly
- 10.3% increase in Liquigas tolling to 112,913 tonnes

Symphony Highlights



- VTS continues to explore opportunities for digital solutions created through our strategic alliance with Amazon Web Services and other global partners
- Continuing our strategic collaboration with X, the moonshot factor (formerly Google X), which is developing technology and tools to accelerate clean and renewable power onto the grid
- Concluded a two year trial to find out how EV drivers impact electricity demand patterns and how we can manage that while keeping costs of new infrastructure to a minimum

FY22 Highlights: Environment, Social and Governance

TCFD REPORT PUBLISHED

<https://www.vector.co.nz/investors/reports>

16.5%

Reduction in our carbon footprint from the FY20 baseline (scope 1, 2 and 3)

100+

Managers accredited through internal leadership programme

3

Major weather events experienced

1.3GW

Potential avoided peak demand in 2050 through Symphony solutions resulting in more efficient network growth investment

\$8,000+

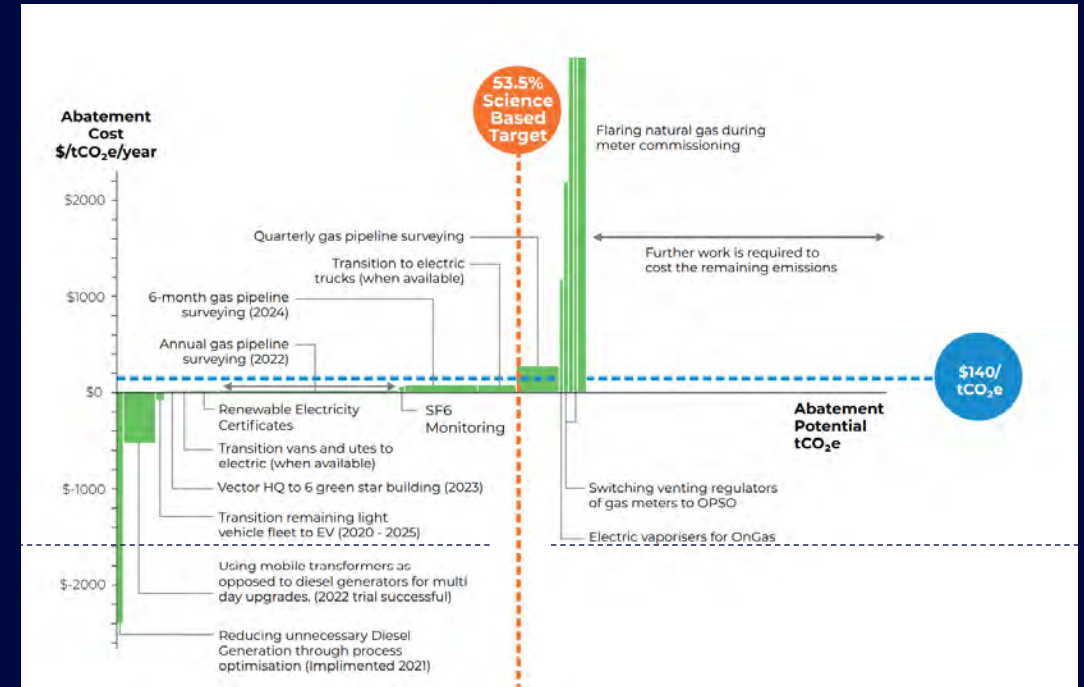
Conservative estimate cost per household of switching gas appliances to electricity

53.5%

Carbon cost abatement curve established which sets science based target of 53.5% reduction by 2030

675

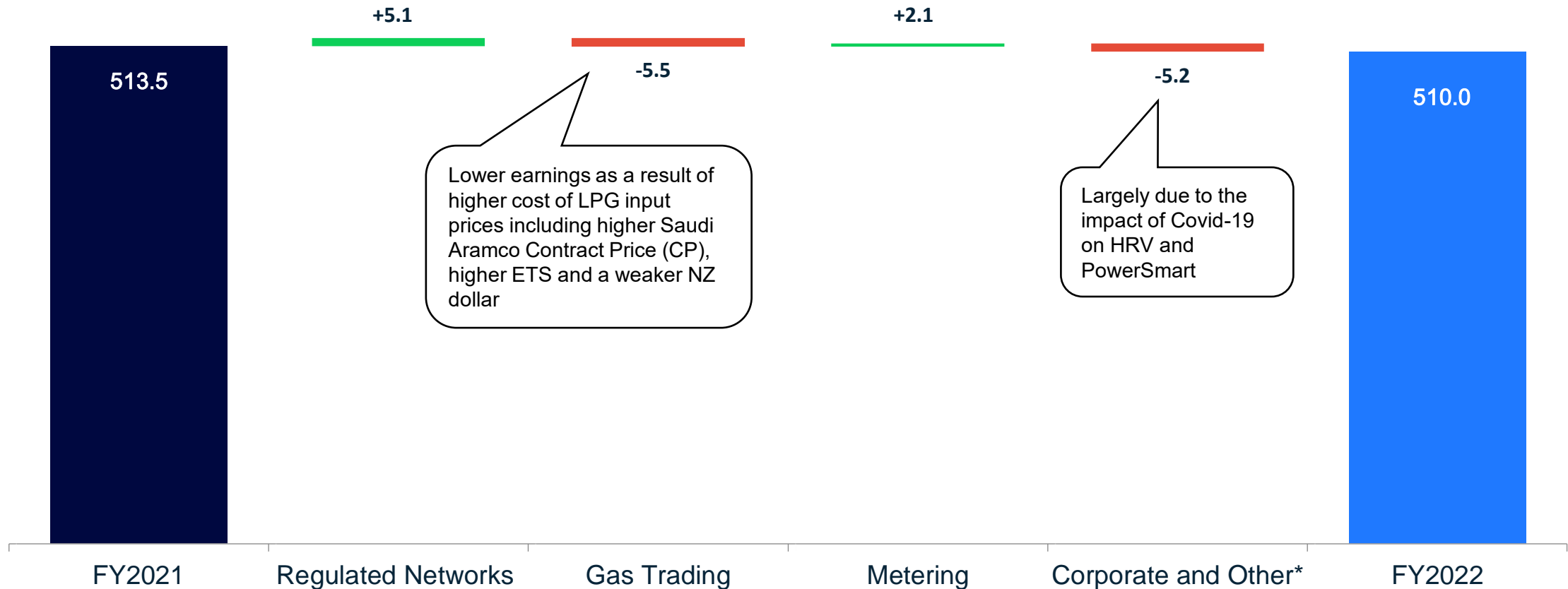
Number of individual wellbeing assessments provided to staff



FINANCIAL PERFORMANCE

Segment earnings down \$3.5m or 0.7%

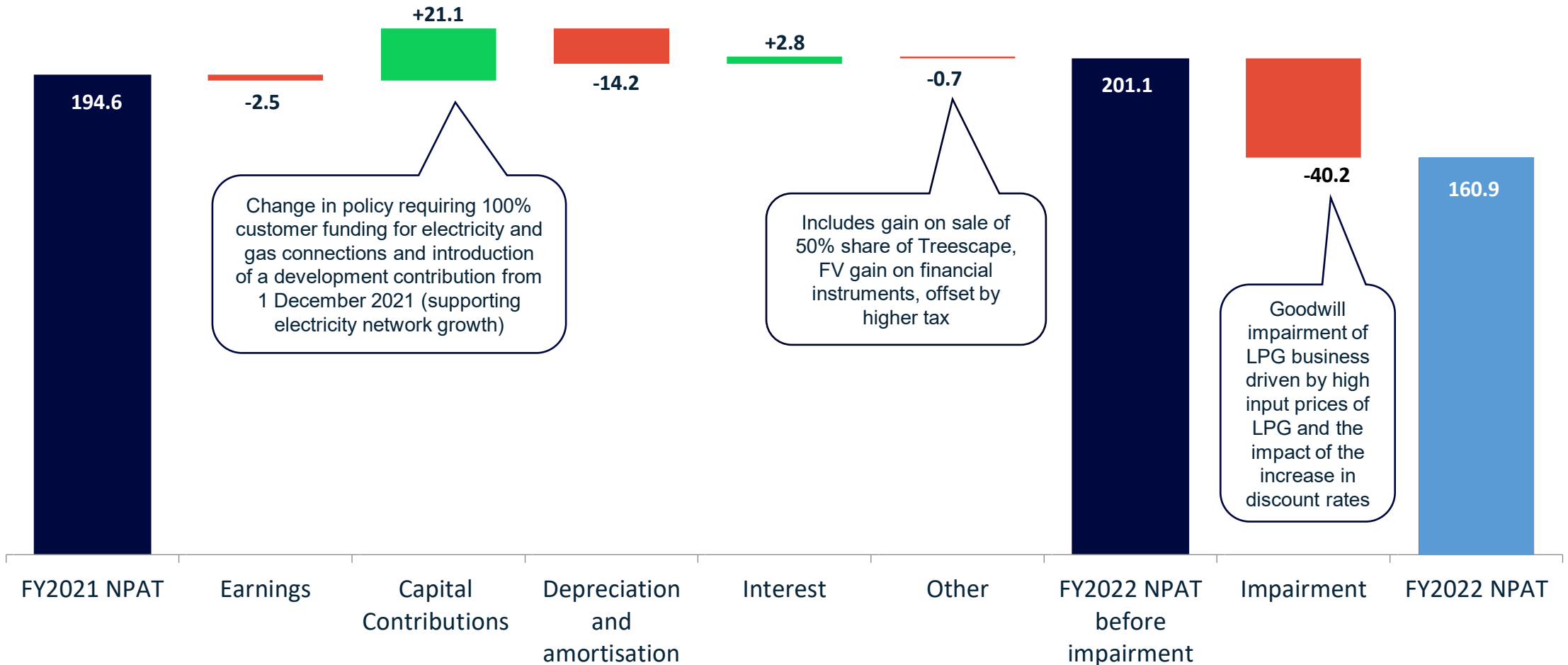
FY22 ADJUSTED EBITDA MOVEMENT (\$M)



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

NPAT is \$160.9m, down \$33.7m on the prior year

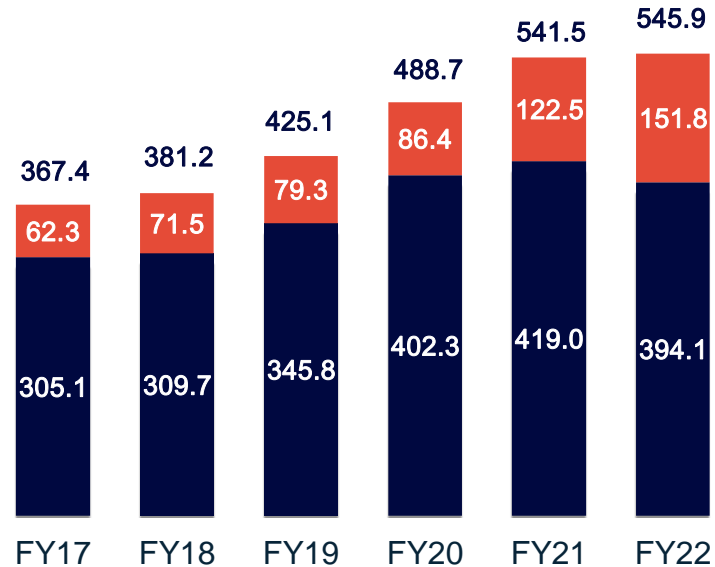
MOVEMENT IN NET PROFIT AFTER TAX (\$M)



All items above are net of tax except impairment
 "Other" includes associates, fair value change on financial instruments and tax changes

Capex driven by Auckland growth & meter deployment in Australia

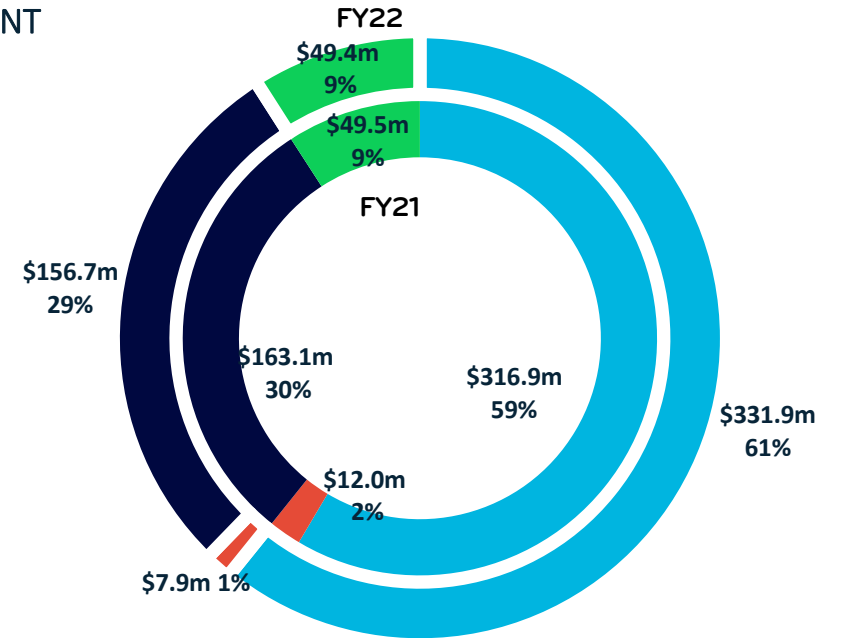
GROSS CAPITAL EXPENDITURE (\$m)



■ Net capex ■ Capital contributions

GROSS CAPEX BY SEGMENT

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

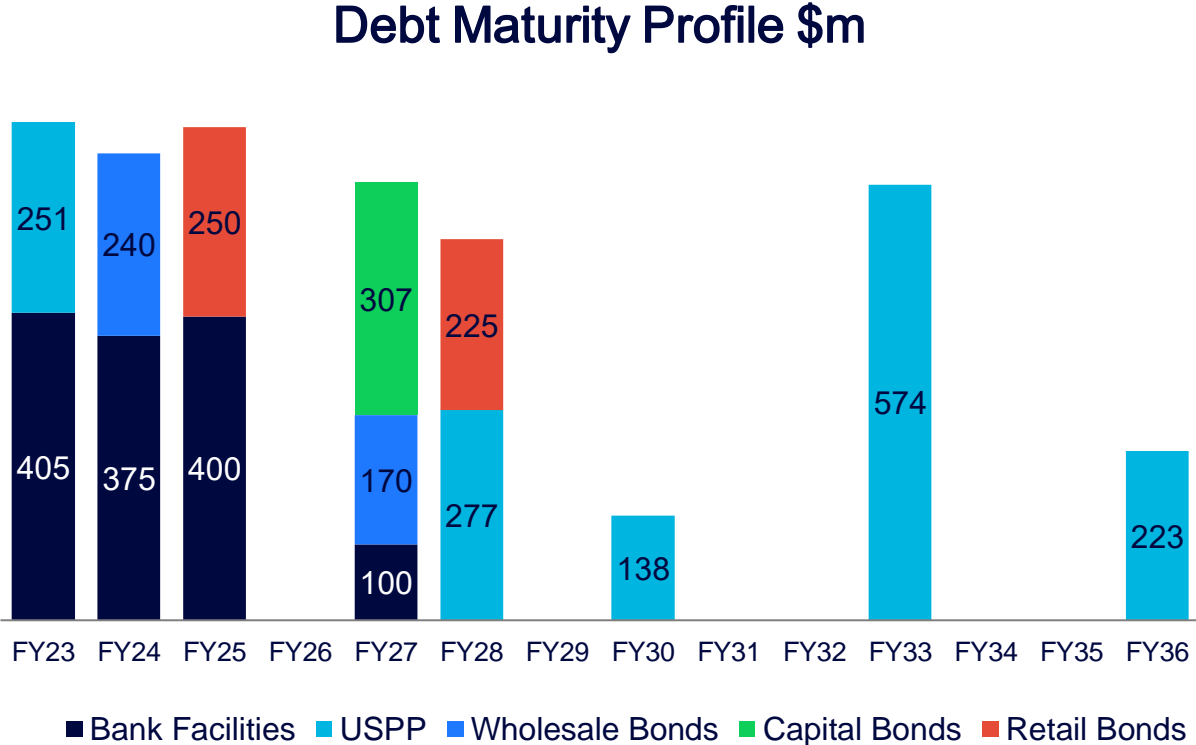
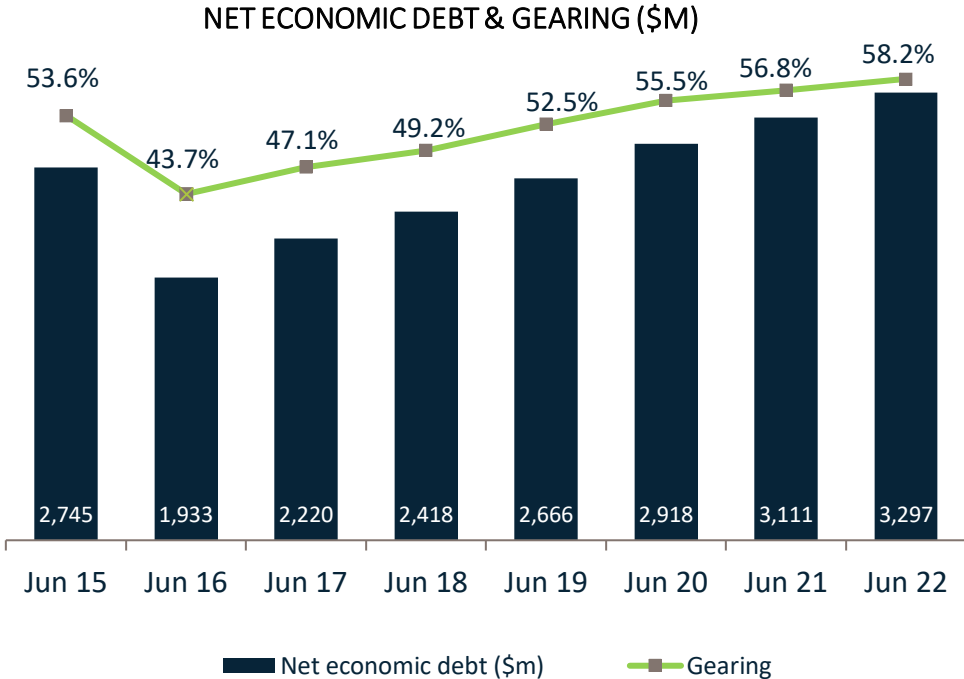


- Gross capex up 0.8% to \$545.9m. Net capex (after deducting contributions) down 5.9% to \$394.1m
- Growth capex down 4.6% to \$319.6m. Replacement capex up 9.5% to \$226.3m
- Increase in replacement capex driven by 4G modem replacement and Arc meter replacement programmes in New Zealand



Group debt

Vector holds a BBB credit rating by Standard and Poor's and a Baa1 rating by Moody's



- Economic gearing as at 30 June 2022 at 58.2%
- Weighted average maturity of our drawn debt portfolio beyond 5 years
- NZD \$857m of refinancing, consisting of \$325m three year bank facilities, \$225m six year Senior Bonds, and the rollover for a further five years of \$307m Perpetual Capital bonds.

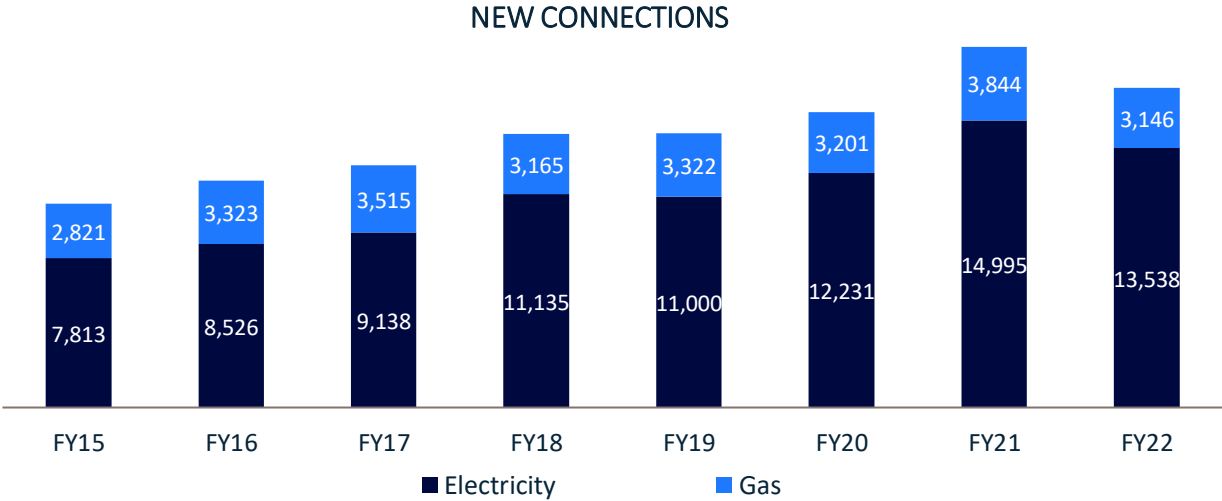
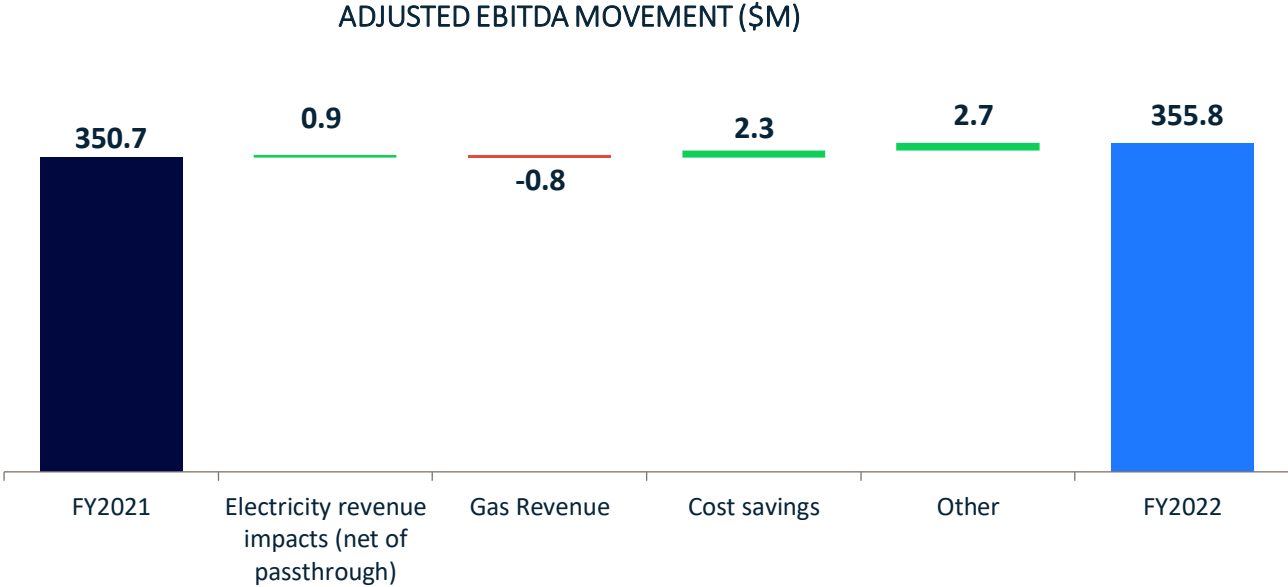


SEGMENT PERFORMANCE



Network earnings higher

- Electricity revenue is slightly higher due to:
 - An increase in net connections and an increase in recovery of pass-through costs; partially offset by:
 - Prior period adjustments including release of loss rental rebates
- Current high inflationary levels are not reflected in FY22 revenue. Regulatory mechanism allows for inflationary adjustment, but this won't flow through until RY24
- Costs being controlled despite high inflation environment
- Gas revenue down due to lower volumes
 - Volume down 7.1% to 13.1PJ from 14.1PJ in the prior period
- Total net connections continue to grow with electricity connections up 1.6% to 600,112 and gas connections up 1.3% to 117,995
- 13,538 new electricity and 3,146 new gas connections in FY22

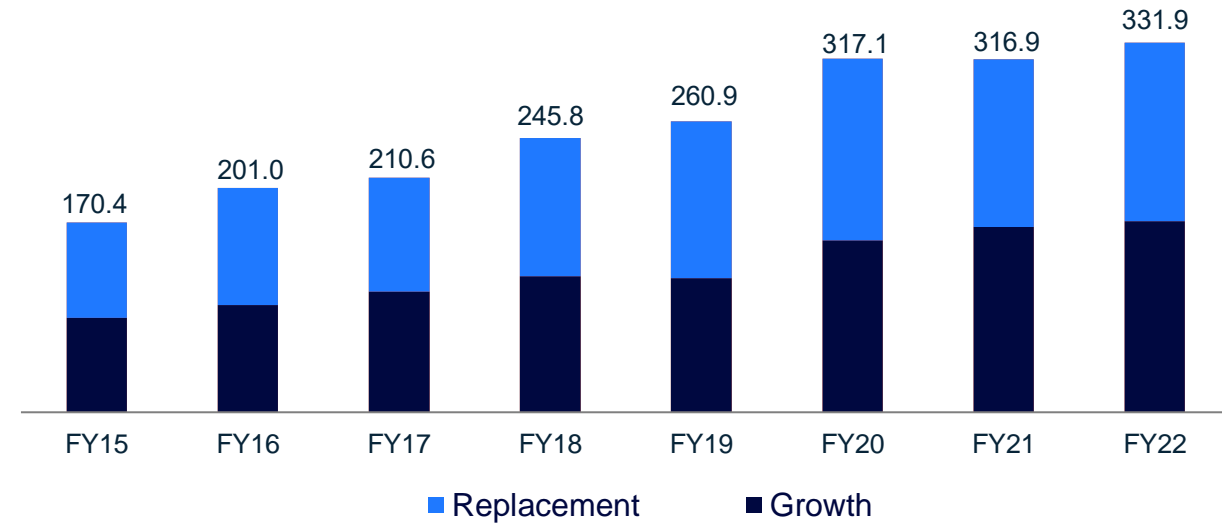


Continued high level of regulated capex

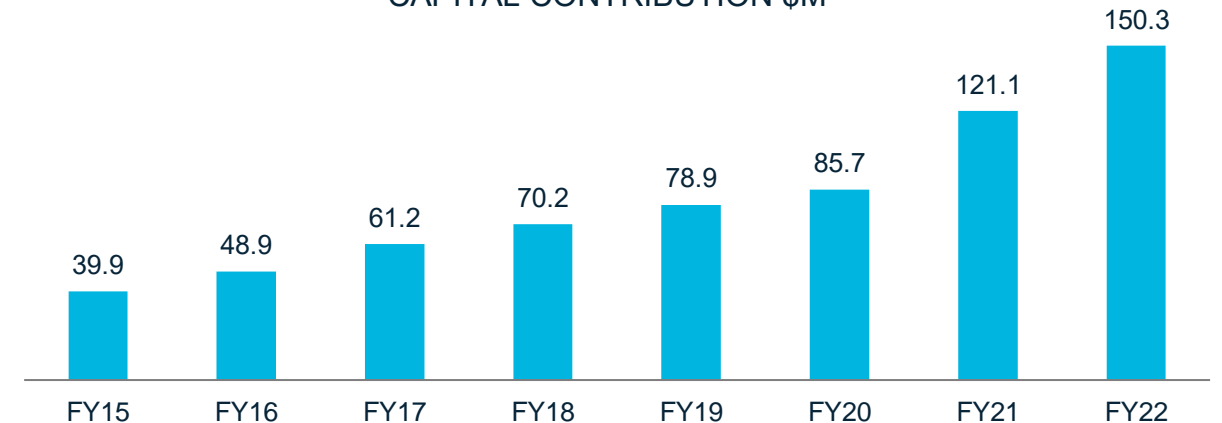
- Regulated capex up 4.7% to \$331.9 million
 - Continued high level of capex expenditure is driven by investment to improve safety, reliability and resilience of our network and to support Auckland growth
- Capital contributions up 24.1% to \$150.3m driven by Auckland infrastructure development, increased residential subdivision activity and continued connection growth
 - Capital contribution policy requires 100% customer funding for electricity and gas connections. From 1 December 2021 a development contribution was introduced that funds upstream reinforcement of the electricity network
- For the regulatory year ended 31 March 2022, SAIDI (our measure of reliability of the network) was 92.4 minutes
 - This was within regulatory limits
- Next gas reset commences 1 October 2022. Final DPP3 WACC of 6.14%
 - Enables a moderately accelerated depreciation of asset cost over the next four years, leading to higher up-front consumer prices but cost neutral over the lifetime of the assets
 - Po increase from 1 October 2022 is \$9.5m
- Second (7 yearly) IM review underway with final decision expected December 2023



GROSS REGULATED NETWORK CAPEX \$M

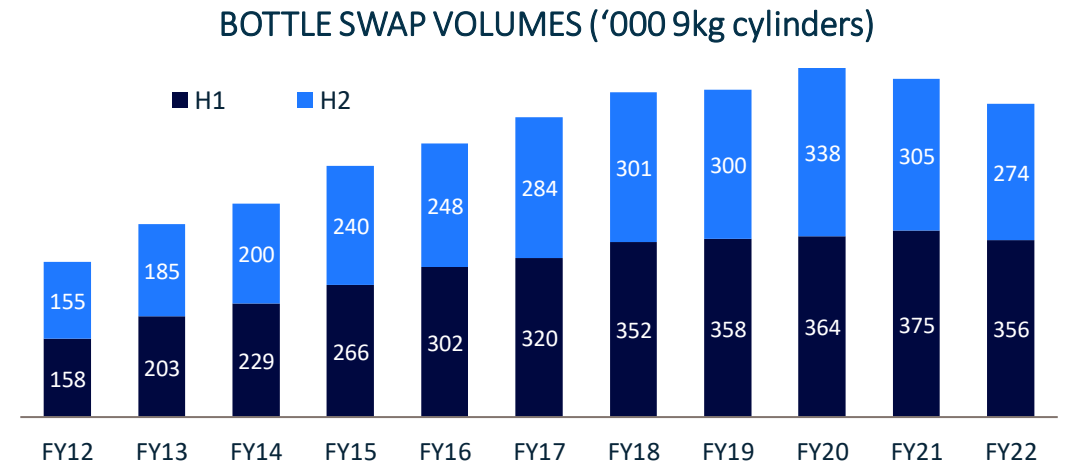
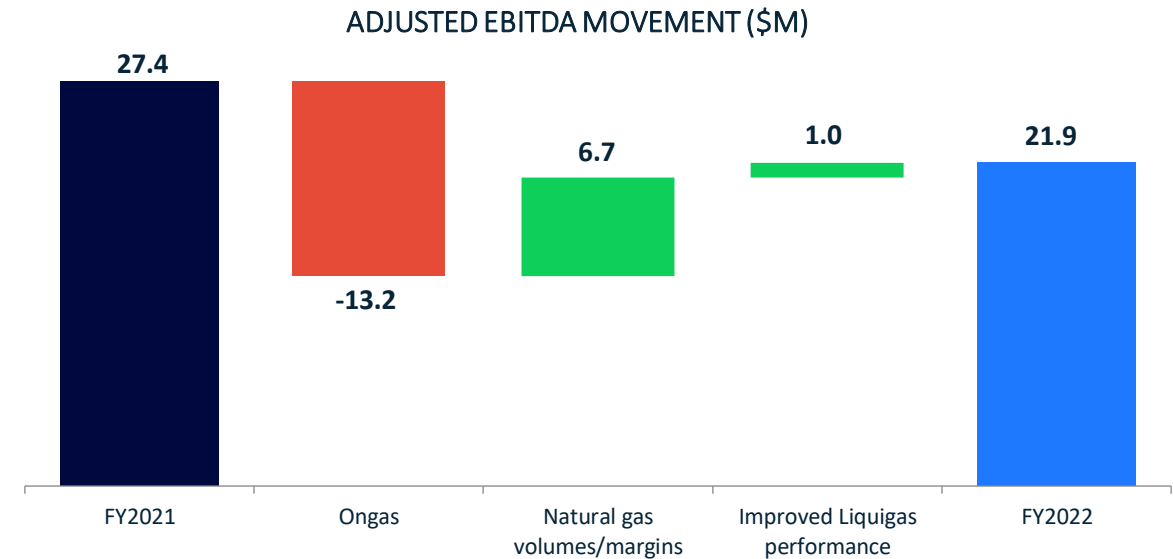


CAPITAL CONTRIBUTION \$M



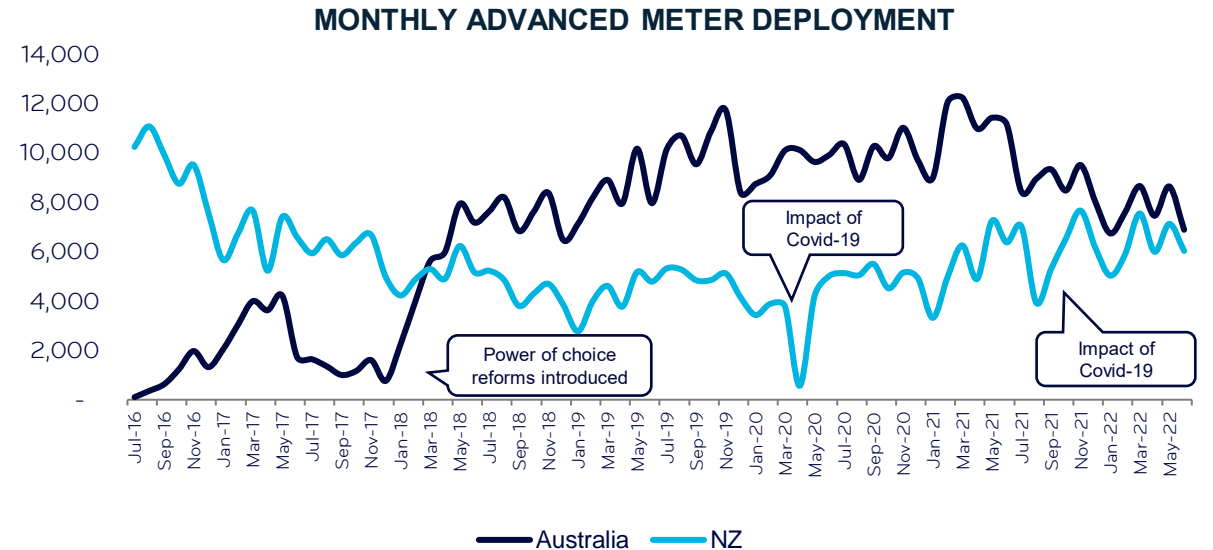
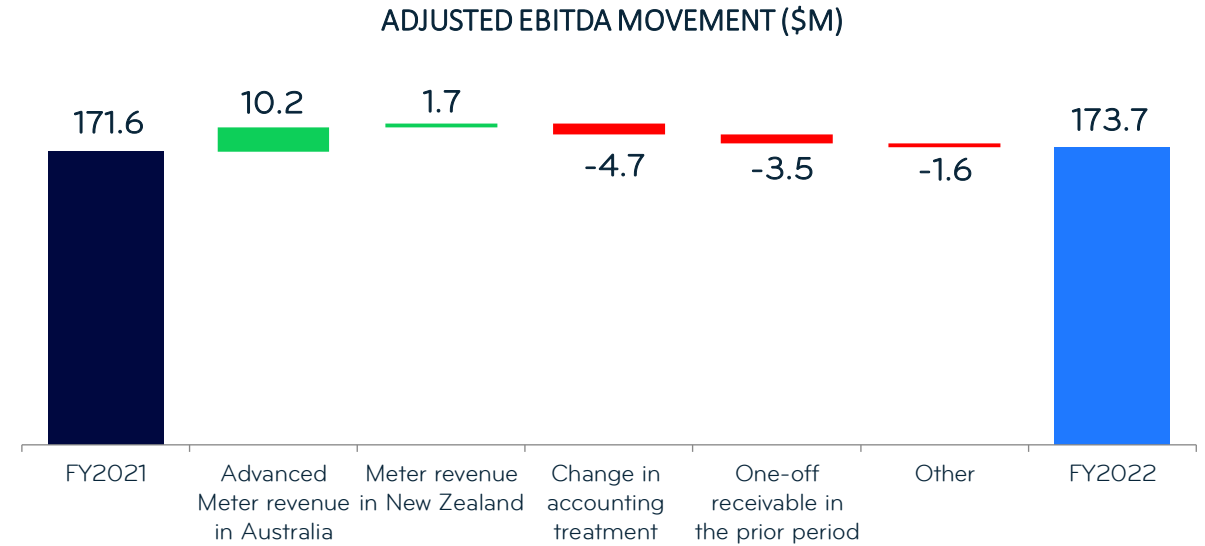
Gas Trading earnings impacted by higher cost of LPG

- Lower Ongas LPG earnings as a result of higher cost of LPG input prices including higher CP (Saudi Aramco Contract Price), higher ETS and weaker NZ dollar
 - This has been partially offset by price increases
- Along with the impact of the increase in discount rates, this has led to a \$40.2m non-cash impairment of goodwill taken against LPG business
- Overall LPG volumes were down 1.6% to 44,330 tonnes with bulk and cylinder volumes slightly down
- Bottle Swap volumes down 7.4% to 629,651 bottles swapped/sold with result impacted by Covid-19 restrictions, and the loss of a key customer from December 21
- Strong performance from the Natural Gas business
 - Higher market prices have improved margins
 - Natural gas volumes fell 38.4% to 5.3 PJ
- Liquigas tolling volumes up 10.3% to 112,913 tonnes



Metering result driven by advanced meter rollout in Australia

- FY22 earnings up 1.2% to \$173.7 million
 - Revenue (excluding prior year one off receivable) is up 5% driven by advanced meter rollout in Australia
 - Covid-19 restrictions in Australia and New Zealand had some impact on the level of deployments and revenue
 - Change of accounting treatment during the period, where previously capitalised items such as cloud delivery costs are now expensed
- Advanced meter fleet now 1.98 million (owned & managed)
 - In FY22, deployed and billed 93,334 advanced meters in Australia (117,472 deployed and billed in FY21)
 - We have now deployed over 489,000 meters in Australia
 - In FY22, NZ advanced meter base increased by 18,053
- \$156.7m of capex invested in FY22, down 3.9%
 - Decrease driven by lower deployment levels, partially offset by:
 - 4G modem replacement in NZ and advanced gas meter deployment and increase in arc replacement programme



OUTLOOK

Outlook

- Growth in electricity and gas connections expected to continue
- High level of capex to continue driven by high connection growth in Auckland, advanced meter deployments in Australia and New Zealand, rollout of 4G modems and advanced gas meters in New Zealand
- Impact of higher inflation on regulated revenue is deferred by two years under current regulatory model
- As advised to NZX, strategic review of the metering business is currently underway
- We intend to provide guidance at the interim results

Q&A

ANY QUESTIONS?



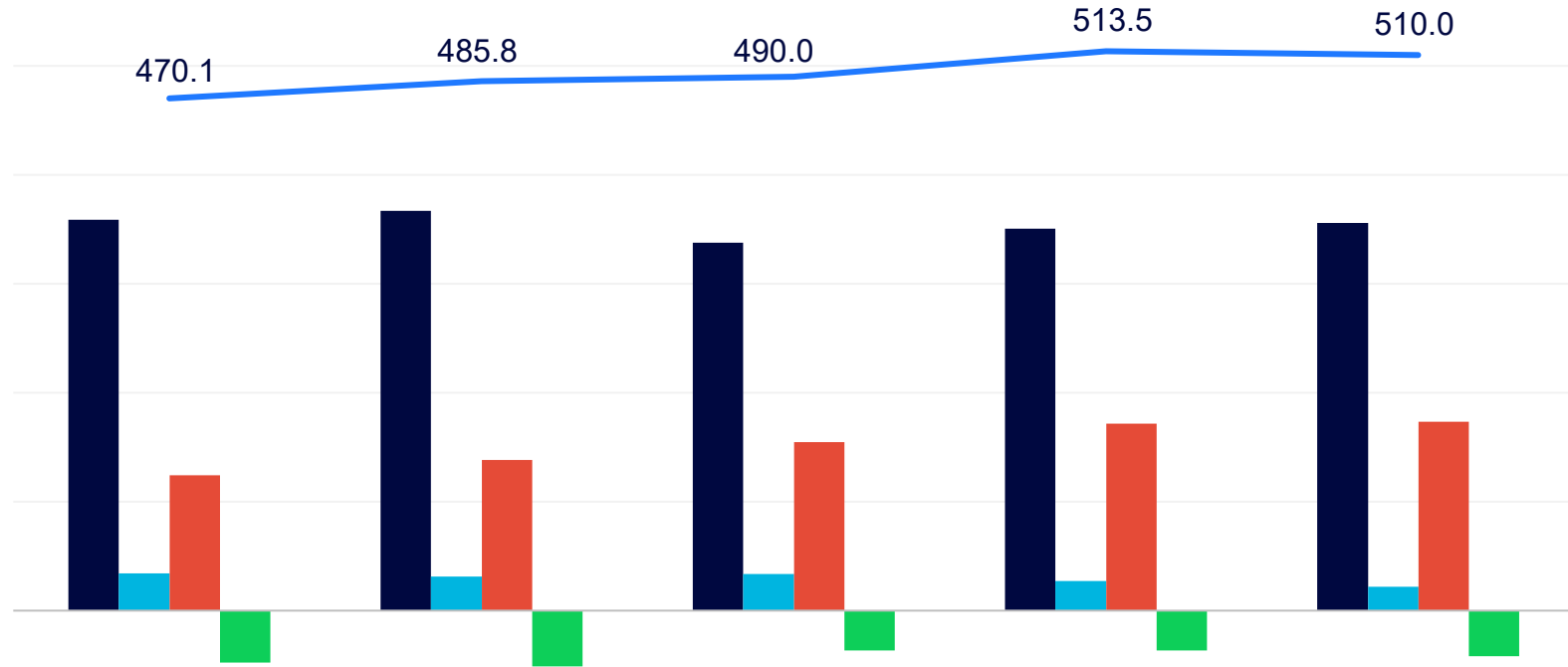
APPENDICES

5 Year Adjusted EBITDA Performance by Segment

Adjusted EBITDA (Continuing Operations Only)

\$million

For the year ended 30 June



	FY2018	FY2019	FY2020	FY2021	FY2022
Regulated Networks	358.6	367.0	337.6	350.7	355.8
Gas Trading	34.4	31.3	33.9	27.4	21.9
Metering	124.7	138.7	154.8	171.6	173.7
Corporate and Other	(47.6)	(51.2)	(36.3)	(36.2)	(41.4)
Total Group	470.1	485.8	490.0	513.5	510.0



* Corporate and Other is not a reportable segment

Segment Results

Year ended 30 June (\$m)

	REGULATED NETWORKS			METERING			GAS TRADING			CORPORATE AND OTHER ¹		
	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %	2022	2021	Change %
Revenue excluding Third-party Contributions	681.2	646.4	+5.4	235.6	227.0	+3.8	201.9	209.0	-3.4	85.2*	91.1*	-6.5
Operating expenditure	(325.4)	(295.7)	-10.0	(61.9)	(55.4)	-11.7	(180.0)	(181.6)	+0.9	(126.6)	(127.3)	+0.5
Adjusted EBITDA	355.8	350.7	+1.5	173.7	171.6	+1.2	21.9	27.4	-20.1	(41.4)	(36.2)	-14.4
CAPEX												
Replacement	160.8	150.7	+6.7	49.2	33.1	+48.6	2.6	4.3	-39.5	13.7	18.5	-25.9
Growth	171.1	166.2	+2.9	107.5	130.0	-17.3	5.3	7.7	-31.2	35.7	31.0	+15.2
Total capex	331.9	316.9	+4.7	156.7	163.1	-3.9	7.9	12.0	-34.2	49.4	49.5	-0.2



¹ Corporate and Other is not a reportable segment

*Corporate and Other includes an elimination of \$12.9m in FY22 and \$13.0m in FY21 in relation to services delivered by Vector Technology Solutions and Vector Fibre to the Vector Group.

FY22 Capex includes \$7.3m of Right of Use (RoU) assets. The prior year comparatives have been adjusted to include \$12.0m of RoU assets.

Group Profit Statement

Year ended 30 June (\$m)

INCOME STATEMENT	2022 \$m	2021 \$m	Change %
Revenue (excluding third-party contributions)	1,187.2	1,156.8	+2.6
Operating expenditure	(677.2)	(643.3)	-5.3
Adjusted EBITDA	510.0	513.5	-0.7
Third-party Contributions	151.8	122.5	+23.9
Depreciation and amortisation	(289.8)	(270.1)	-7.3
Net interest costs	(104.7)	(108.6)	+3.6
Fair value change on financial instruments	3.6	(3.5)	+202.9
Associates (share of net profit/(loss))	-	1.8	-100.0
Gain on sale of investment in associates	7.1	-	n/a
Impairment	(40.2)	-	n/a
Tax	(76.9)	(61.0)	-26.1
Net profit for the period	160.9	194.6	-17.3

Group Cash Flow

Year ended 30 June (\$m)

CASH FLOW	2022 \$m	2021 \$m
Operating cash flow	518.8	499.1
Replacement capex	(230.0)	(198.6)
Dividends paid	(169.1)	(165.8)
Cash available for growth and debt repayment	119.7	134.7
Growth capex	(328.8)	(317.6)
Proceeds from contingent consideration	6.1	4.4
Other investment activities	18.3	0.4
Pre debt financing cash (outflow)/inflow	(184.7)	(178.1)
Increase/(decrease) in borrowings	201.0	180.0
Other financing activities	(11.2)	(12.8)
Increase/(decrease) in cash	5.1	(10.9)

Segment Adjusted EBITDA

SEGMENT ADJUSTED EBITDA (\$m)	2022			2021		
	Reported segment EBITDA	less third-party contributions and other movements	Segment adjusted EBITDA	Reported segment EBITDA	less third-party contributions and other movements	Segment adjusted EBITDA
Year ended 30 June						
Metering	173.7	-	173.7	171.6	-	171.6
Gas Trading	21.9	-	21.9	27.4	-	27.4
Unregulated Segments	195.6	-	195.6	199.0	-	199.0
Regulated Networks	506.1	(150.3)	355.8	471.8	(121.1)	350.7
TOTAL REPORTED SEGMENTS	701.7	(150.3)	551.4	670.8	(121.1)	549.7
Corporate and Other *	(29.2)	(12.2)	(41.4)	(36.5)	0.3	(36.2)
TOTAL	672.5	(162.5)	510.0	634.3	(120.8)	513.5



* Corporate and Other is not a reportable segment

GAAP to Non-GAAP Reconciliation

Vector's standard profit measure prepared under New Zealand GAAP is net profit. Vector has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. For a more comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy 'Reporting non-GAAP profit measures' available on our website (vector.co.nz).

Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by Vector in accordance with NZ IFRS.

Definitions

EBITDA

Earnings before interest, taxation, depreciation, amortisation and impairments 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 EBITDA and Adjusted EBITDA

Year ended 30 June	2022 \$M	2021 \$M
Reported net profit for the period (GAAP)	160.9	194.6
Add back: net interest costs ¹	104.7	108.6
Add back: tax (benefit)/expense ¹	76.9	61.0
Add back: depreciation and amortisation ¹	289.8	270.1
Add back: impairment ¹	40.2	-
EBITDA	672.5	634.3
<i>Adjusted for:</i>		
Associates (share of net (profit)/loss) ¹	-	(1.8)
Third-party Contributions ¹	(151.8)	(122.5)
Fair value change on financial instruments ¹	(3.6)	3.5
Gain on sale of investments in associates ¹	(7.1)	-
Adjusted EBITDA	510.0	513.5



¹ Extracted from audited financial statements

END

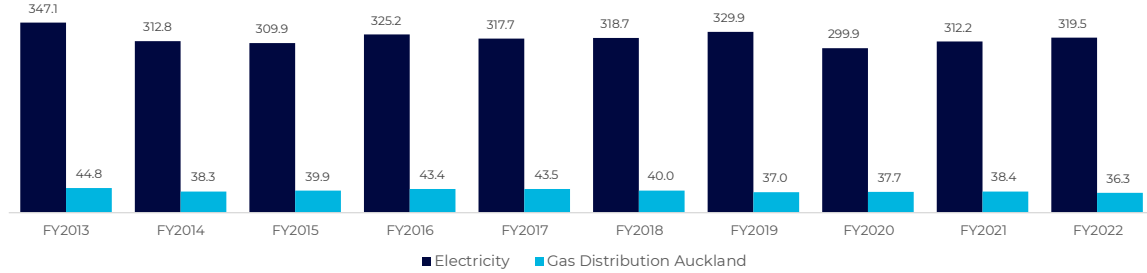
Supplementary Annual Information



Regulated Networks Adjusted EBITDA

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

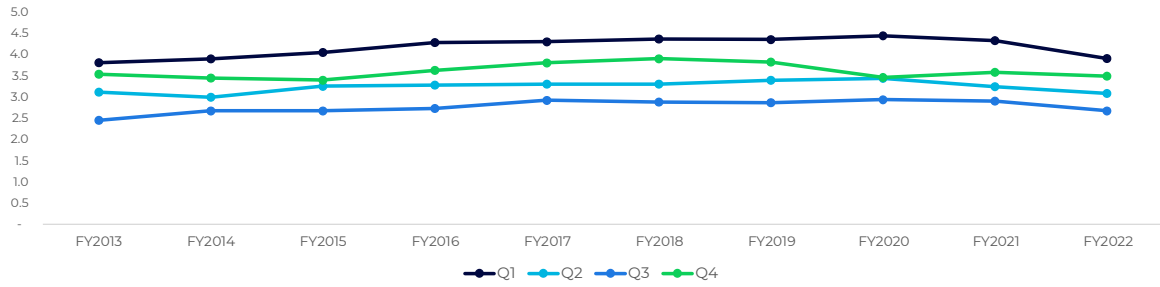
Adjusted EBITDA



Gas Distribution Auckland Volumes (PJ)

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

Gas Distribution Volumes (PJ)



Gross New ICs

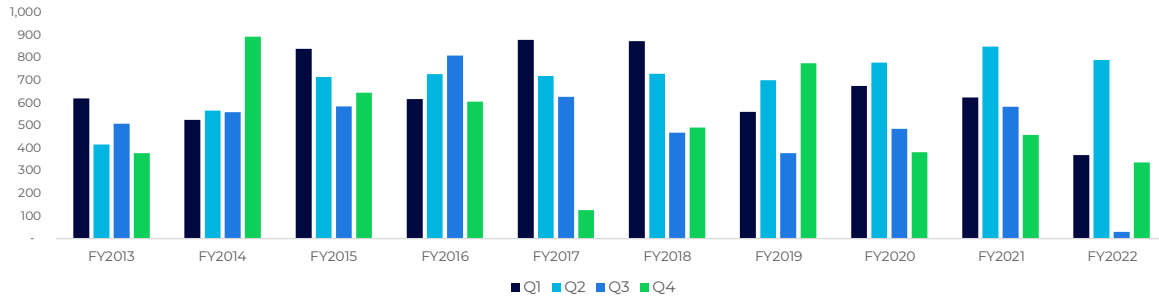
# of ICs (gross)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Q1	-	-	807	831	982	875	800	832	959	644
Q2	-	-	743	707	925	781	869	1,031	1,068	1,087
Q3	-	-	605	948	842	481	705	784	905	763
Q4	-	-	666	837	766	1,028	948	554	912	652
Total	2,464	3,107	2,821	3,323	3,515	3,165	3,322	3,201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

Data not available prior to FY15

Net New ICPs

# of ICPs (net)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Q1	620	524	839	616	878	872	560	674	624	368
Q2	415	566	713	727	718	728	700	778	848	788
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

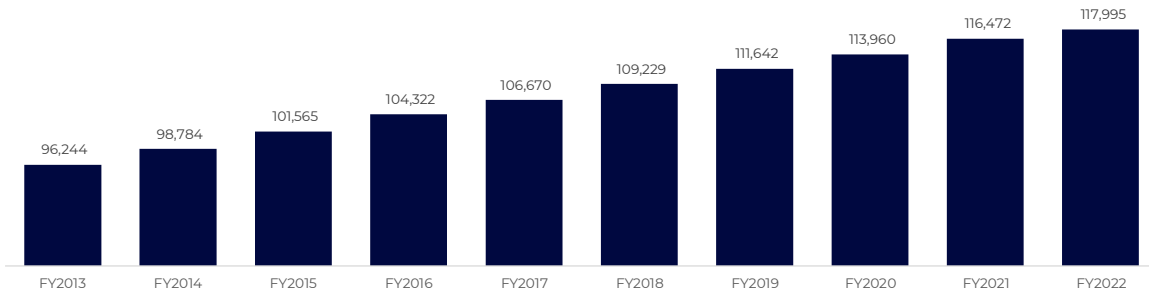
Net Gas ICPs



Total ICPs

# Total ICPs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Q1	94,944	96,768	99,623	102,181	105,200	107,542	109,789	112,316	114,584	116,840
Q2	95,359	97,334	100,336	102,908	105,918	108,270	110,489	113,094	115,432	117,628
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

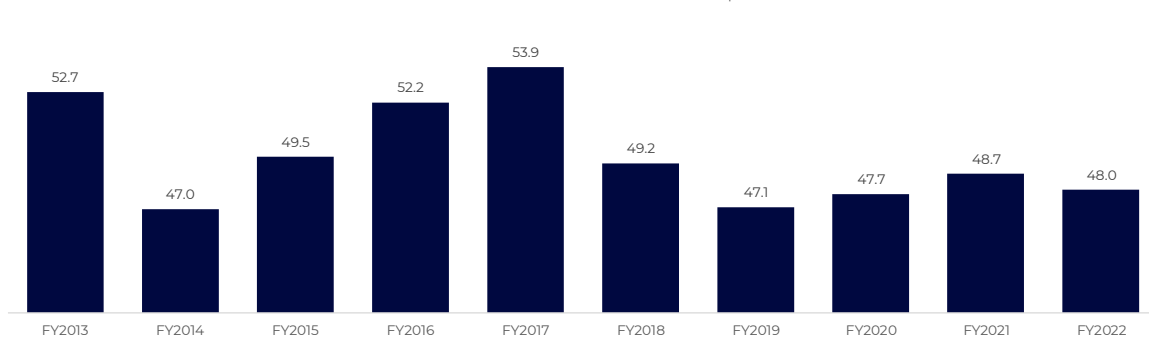
Total Gas ICPs as at full year



Gas Distribution Lines Revenue

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
H1	28.3	27.5	26.1	28.5	28.9	27.5	25.5	25.7	25.9	25.1
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

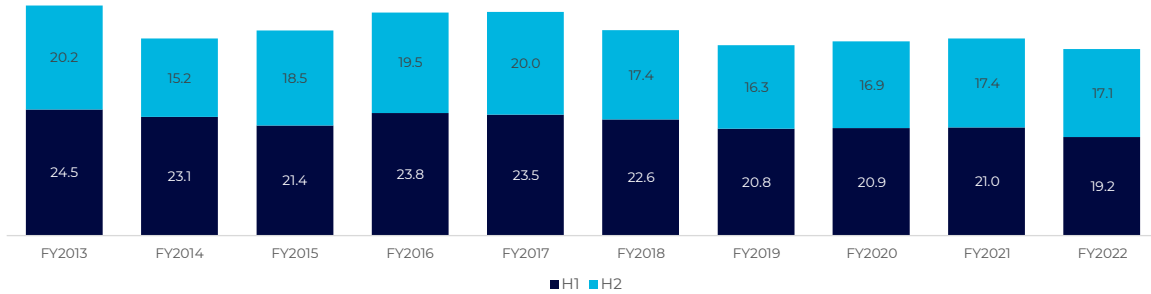
Gas Distribution Lines Revenue \$m



Gas Distribution Adjusted EBITDA

\$m	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
H1	24.5	23.1	21.4	23.8	23.5	22.6	20.8	20.9	21.0	19.2
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

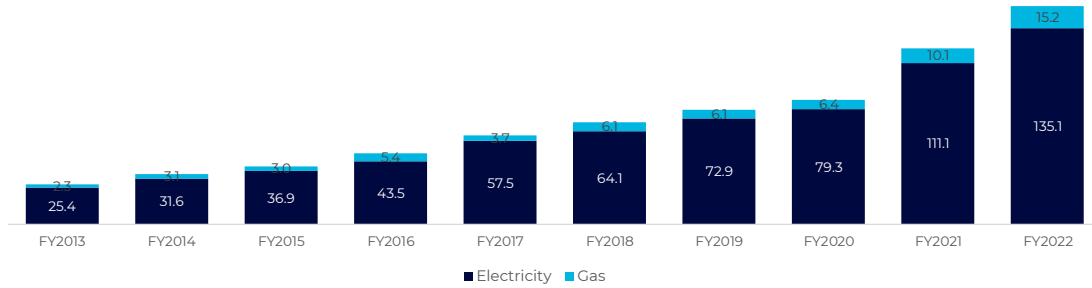
Gas Distribution Adjusted EBITDA \$m



Capital Contributions

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

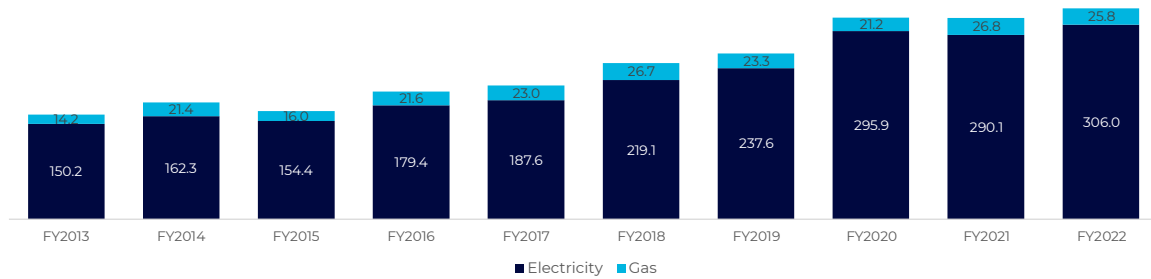
Capital Contributions \$m



Capex

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

Regulated Capex \$m



¹ From FY2021 ROU assets have been added