



Half year financial result

Michael Stiasny - Chairman

Mark Franklin – Chief Executive Officer

Peter Fredricson – Chief Financial Officer

Introduction

- Eventful period
 - Completed IPO
 - Completed NGC acquisition
- Integration progressing well
- Investor relations programme
- Very satisfactory interim result exceeds expectations

Agenda

- Investor relations programme
- Vector's health
- NGC acquisition integration
- Regulatory and investment climate
- Financial results
- Current issues
- Questions

Our IR programme

Communicating our performance and significant events.....

We have formulated a programme based on:

- a survey of your likes and dislikes
- high level recommendations from our advisors
- commercial and competitive sensitivities
- what comparable companies do
- what is appropriate for Vector

Key features...

Frequency

- annual/interim briefings with detailed information pack
- quarterly announcements

Timing

- advance notice of scheduled announcements and events
- announcements lodged with NZX before market open
- briefings late morning/early afternoon
- avoidance of announcement clashes where possible

Investor Relations

- single point of contact (CFO)

Consistency

- format, contents, key operating statistics

In-depth forums

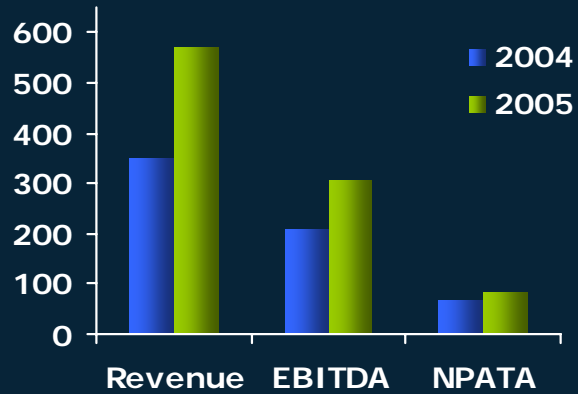
- investor day, including analyst site visits (as appropriate)

Simultaneous availability of information

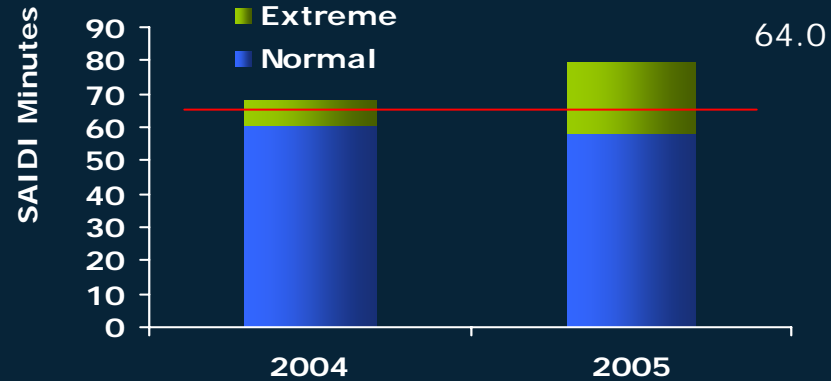
- webcast, prompt posting on website

Health chart

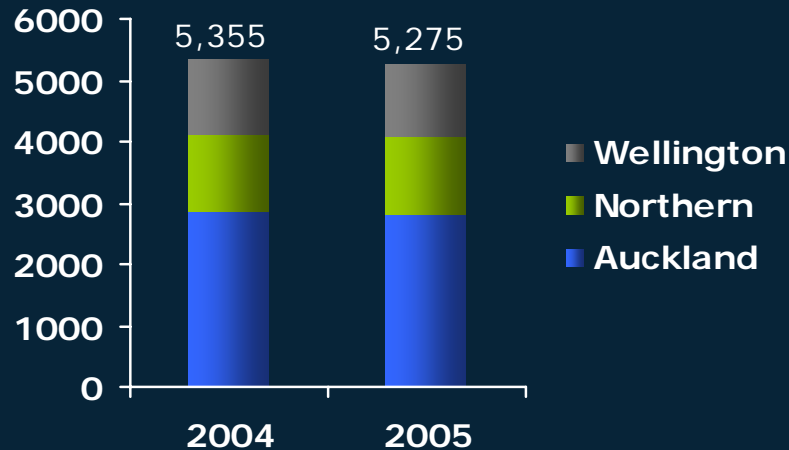
Earnings (\$m)



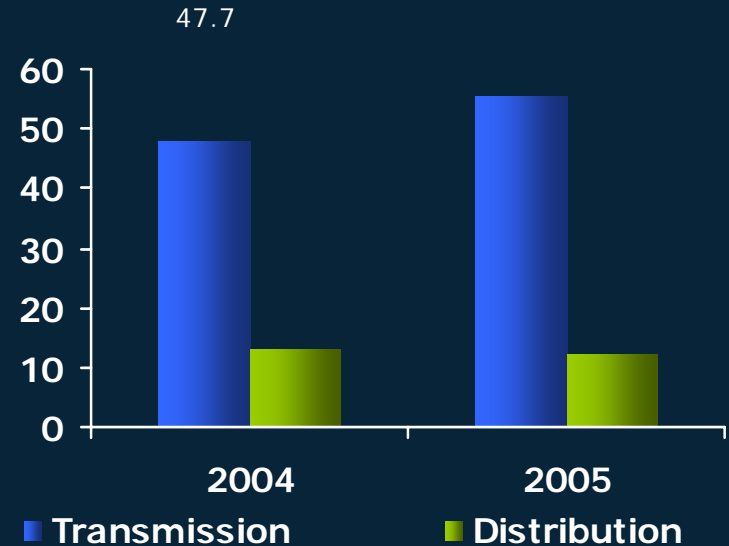
SAIDI – 9 months to 31 Dec 2005



Electricity throughput (GWh)

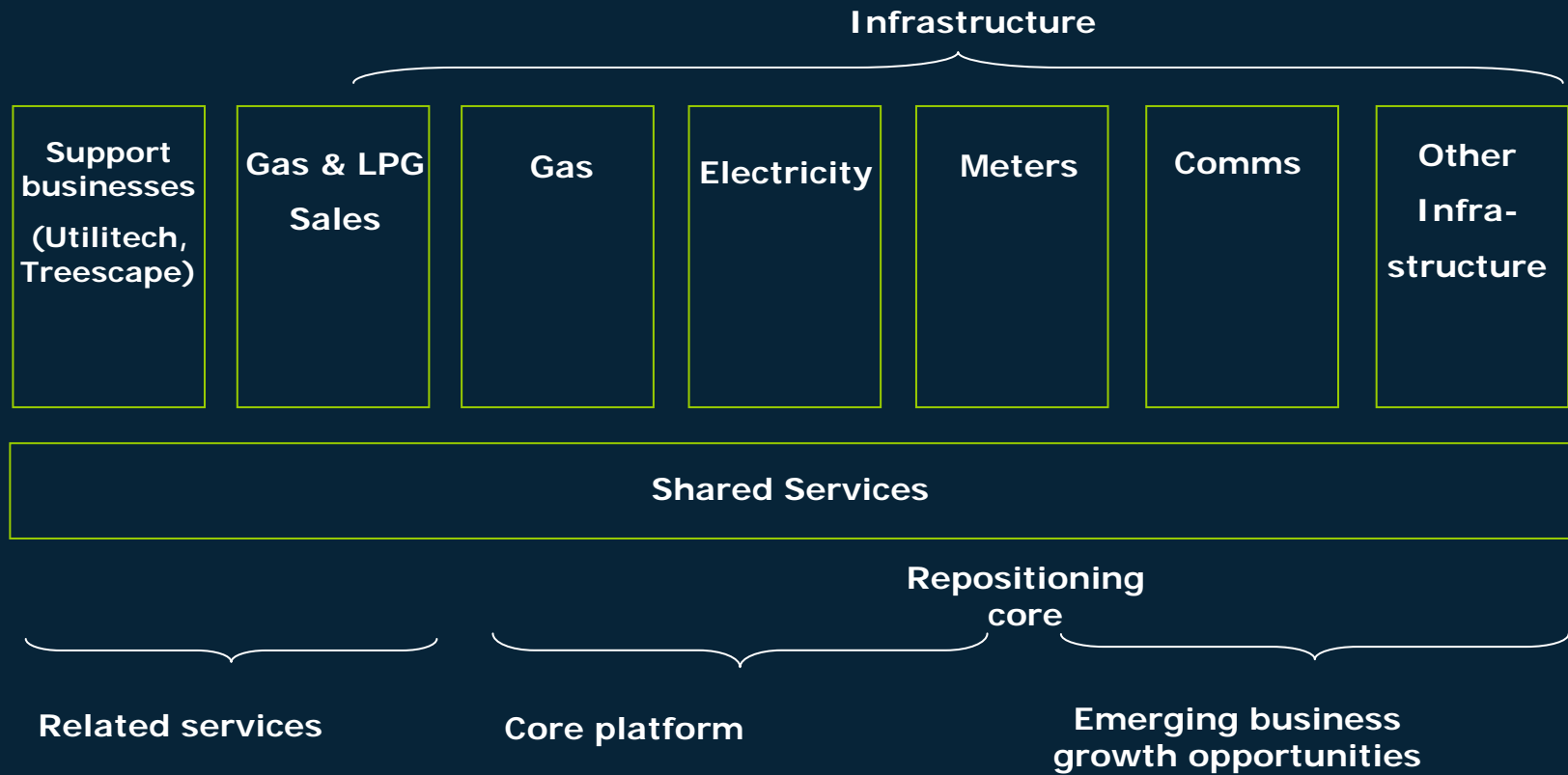


Gas throughput (PJ)



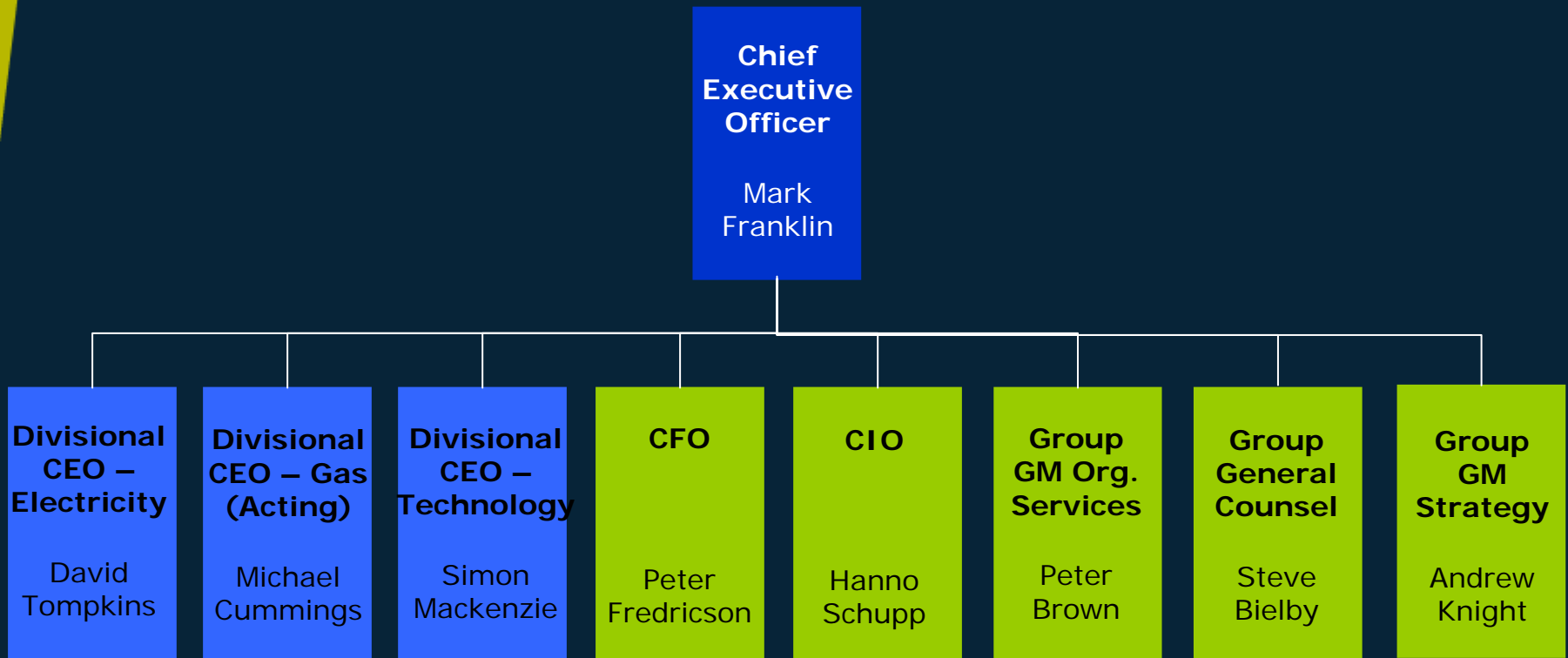
Integration

- structural approach



Integration

- new organisational structure



Integration progress – organisational



<p>NGC/Vector</p> <ul style="list-style-type: none"> ▪ Separate businesses ▪ Same reporting lines 	<p>August 05</p> <p>↓</p>	<p>Phase One</p>	<ul style="list-style-type: none"> ▪ Organisation structure ▪ Senior exec consultation and appointments ▪ Integration projects scoping
<p>ONETEAM</p> <ul style="list-style-type: none"> ▪ Single business ▪ Different reporting lines 	<p>October 05</p> <p>↓</p>	<p>Phase Two</p>	<ul style="list-style-type: none"> ▪ Specific functional accountabilities ▪ Mgmt consultation and appointments ▪ Integration projects continue
<p>ONETEAM</p> <ul style="list-style-type: none"> ▪ Single business ▪ Organisational structure & reporting lines implemented 	<p>February 06</p> <p>↓</p>	<p>Phase Three</p>	<ul style="list-style-type: none"> ▪ Wider organisation roles and appointments ▪ Employee consultation
<p>ONETEAM</p> <ul style="list-style-type: none"> ▪ Single business ▪ Organisational structure & reporting lines implemented 	<p>April 06 onwards</p> <p>↓</p>	<p>Phase Four</p>	<ul style="list-style-type: none"> ▪ Support system, policy, staff development, cultural, branding alignment etc....

Integration progress

– key points of interest

- Single gas business
- Metering technology
- IT consolidation and rationalisation
- Project governance
- Purchasing and procurement
- Regulatory

Regulatory and investment climate

- Increasing regulatory attention
- Strengthening our regulatory management resources

Vector is not opposed to appropriate quality regulatory oversight. However, regulation objectives should encourage high service standards and ongoing infrastructure investment, as well as cost effective delivery to customers.....

Financial Results

Peter Fredricson
Chief Financial Officer

Financial highlights

Six months ended 31 December

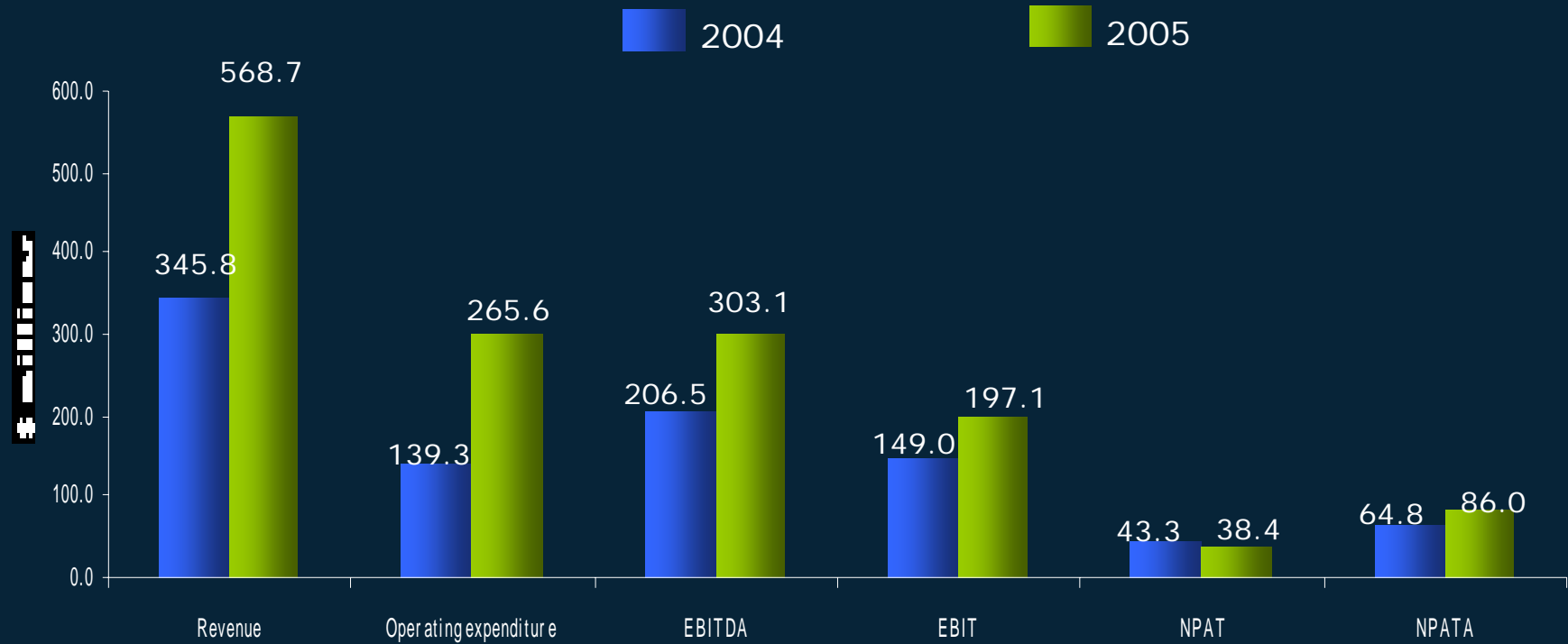
- EBITDA \$303.1m (1H 2004/05: \$206.5m)
- EBIT \$197.1m (1H 2004/05: \$149.0m)
- NPATA \$86.0m (1H 2004/05: \$64.8m)
- NPAT \$38.4m (1H 2004/05: \$43.3m)
- NPATA per share: 8.6 cents ⁽¹⁾ (1H 2004/05: 8.6 cents ⁽²⁾)
- Interim dividend 6.0 cps fully imputed (prospectus 5.7cps)
 - record date: 31 March 2006
 - payment date: 7 April 2006
- Total assets \$5,186.8m (1H 2004/05: \$4,759.1m)

(1) based on 1 billion shares on issue as at 31 December 2005

(2) based on equivalent 751 million shares as at 31 December 2004

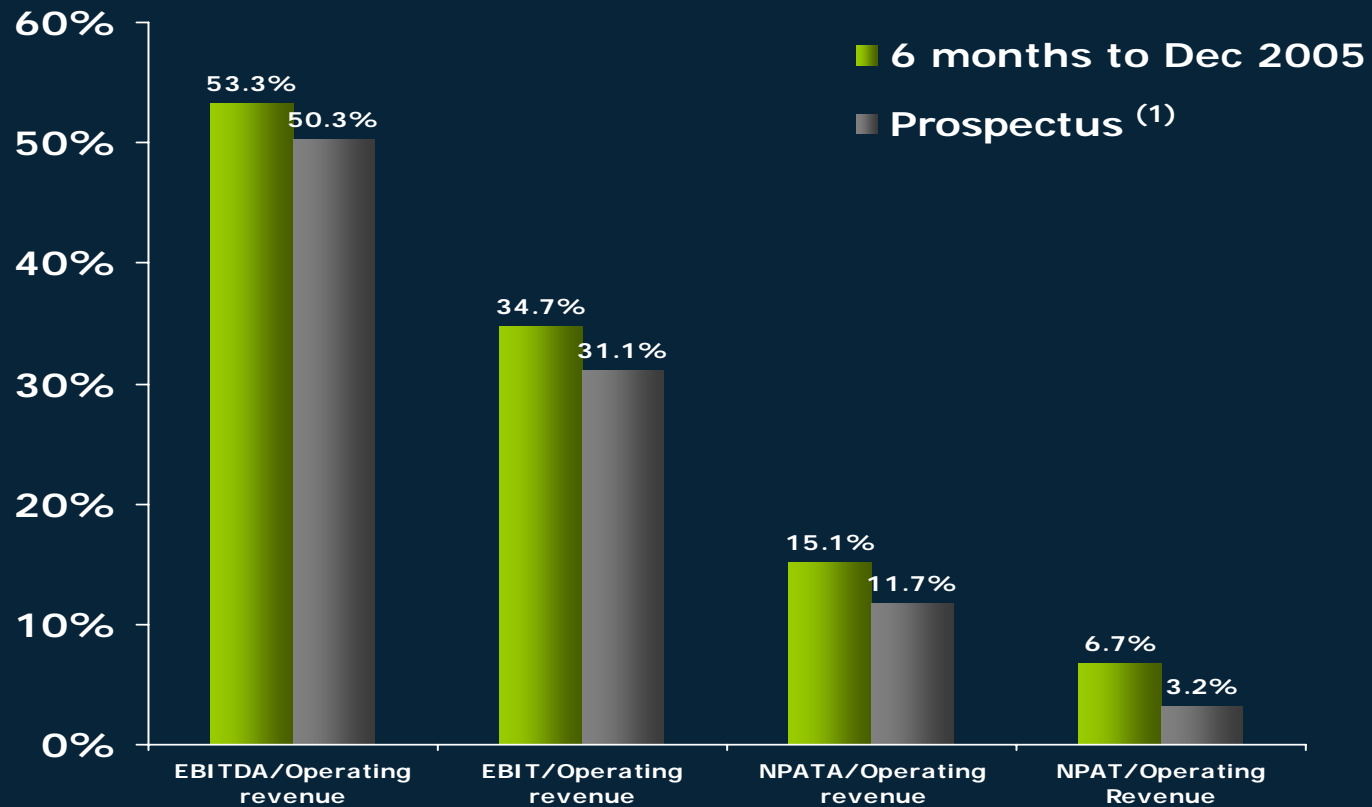
Financial results

Six months ended 31 December



Financial highlights

Six months ended 31 December



(1) Prospectus represents full year to 30 June 2006

Divisional results (\$m)

Six months ended 31 December

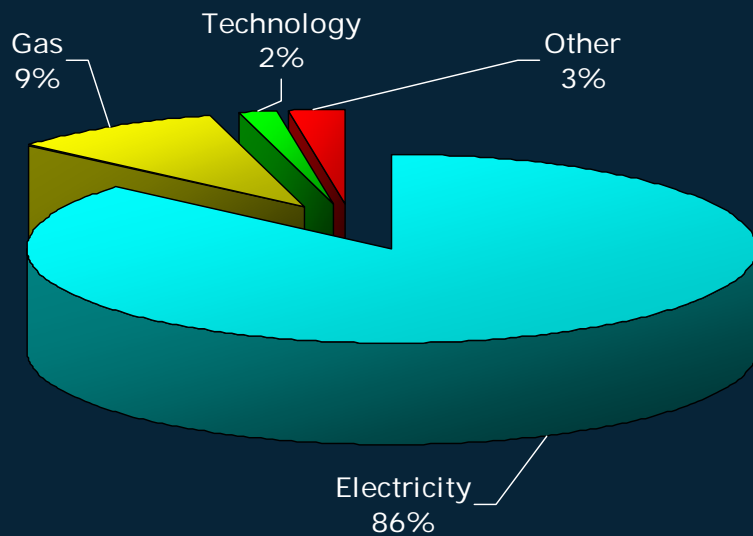
2005	Electricity	Gas	Technology	Corporate / other	Total
Operating revenue	292.4	242.6	30.5	3.2	568.7
Operating expenditure	(101.4)	(136.3)	(10.7)	(17.2)	(265.6)
EBITDA	191.0	106.3	19.8	(14.0)	303.1
% Revenue	65.3%	43.8%	64.9%	N/A	53.3%
EBIT	144.7	65.3	4.6	(17.5)	197.1

2004	Electricity	Gas	Technology	Corporate / other	Total
Operating revenue	293.5	42.3	7.0	3.0	345.8
Operating expenditure	(103.2)	(16.4)	(3.6)	(16.1)	(139.3)
EBITDA	190.3	25.9	3.4	(13.1)	206.5
% Revenue	64.8%	61.2%	47.6%	N/A	59.7%
EBIT	147.7	16.2	0.6	(15.5)	149.0

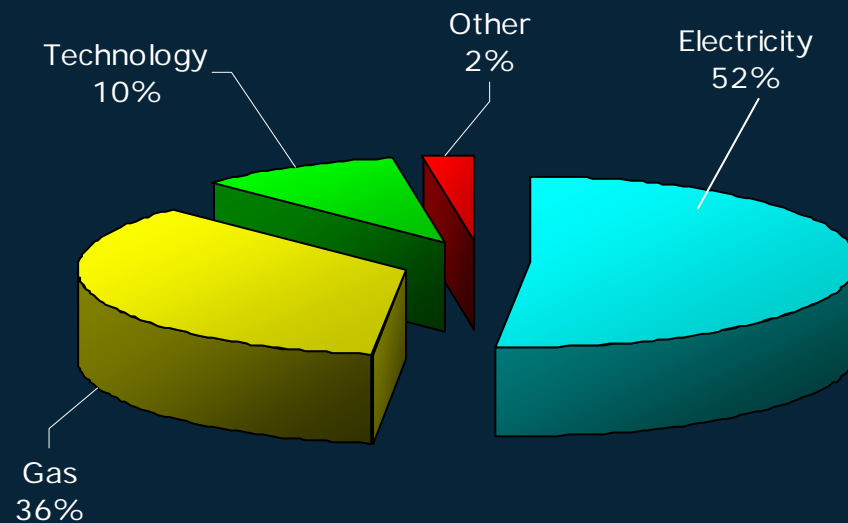
Total assets employed- by business line

as at 31 December 2005

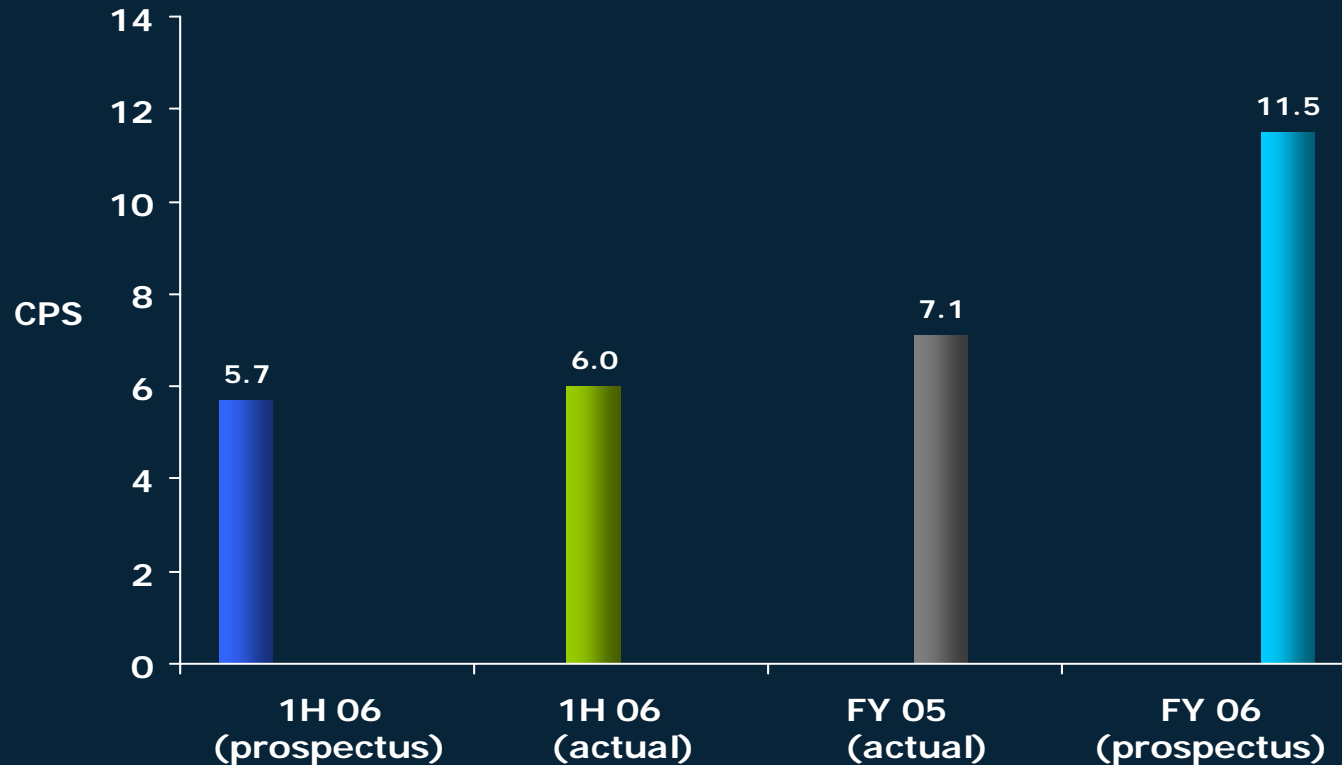
Pre NGC



Post NGC



Dividends



- All dividends shown fully imputed
- FY 2005 based on 751 million shares
- FY 2006 based on 1 billion shares

Capital management

As at 31 December

Asset Backing and Capital Structure		Prospectus ⁽¹⁾	2005	2004
Net Debt	\$m	3,067.8	3,036.5	3,117.6
Equity/Total assets	%	28.0	29.1	21.7
Debt*/Debt* + Equity	%	67.9	66.8	75.2
Interest (net) cover	X times	1.6	1.7	2.0

* net debt

(1) Prospectus as at 30 June 2006

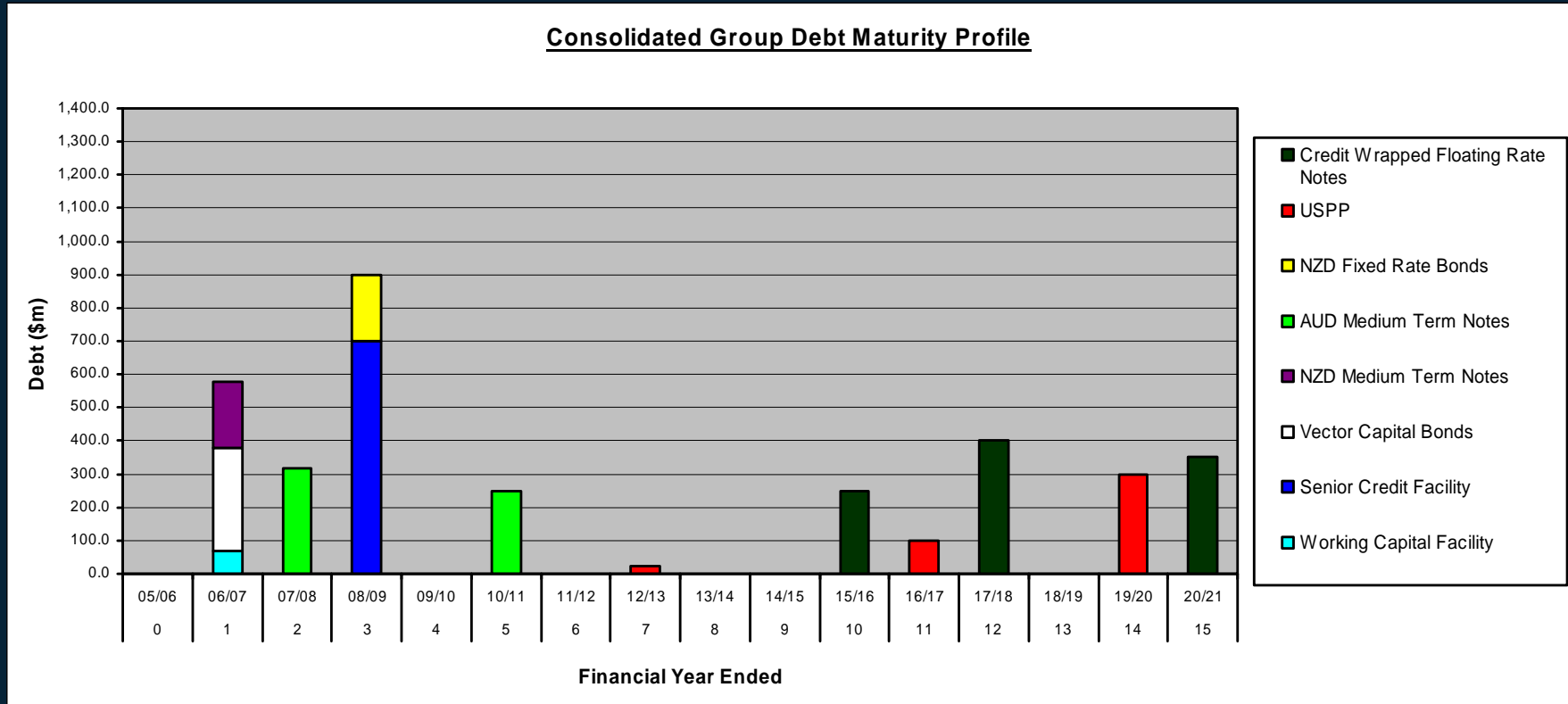
- credit rating (S&P): BBB+ (unchanged)

Refinancing of NGC acquisition facilities

During the period 10 August 2005 to 31 December 2005, Vector:

- issued \$593m in new equity (IPO) as part acquisition consideration for NGC and repayment of PIPES
- issued \$1 billion of 10,12 & 15 year credit wrapped \$NZ MTN's to complete NGC acquisition and refinance NGC acquisition facilities and NGC bank facilities
- brought NGC and its subsidiaries into the Vector borrowing group
- brought NGC's NZD fixed rate bonds (NZ\$200m) into Vector Limited – now trading as VCT020

Debt facilities maturity profile



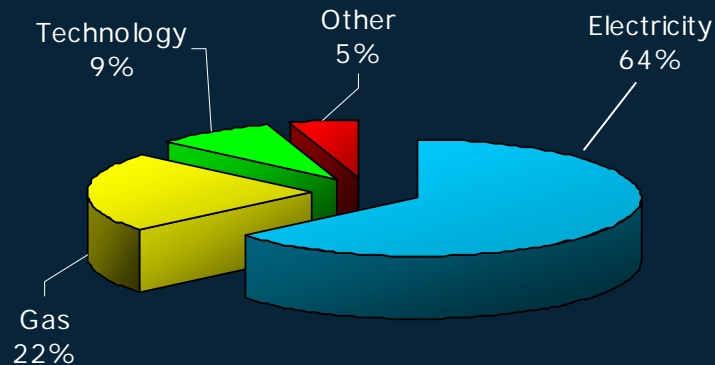
- Effective debt profile with ability to efficiently spread coming maturities

Capital expenditure

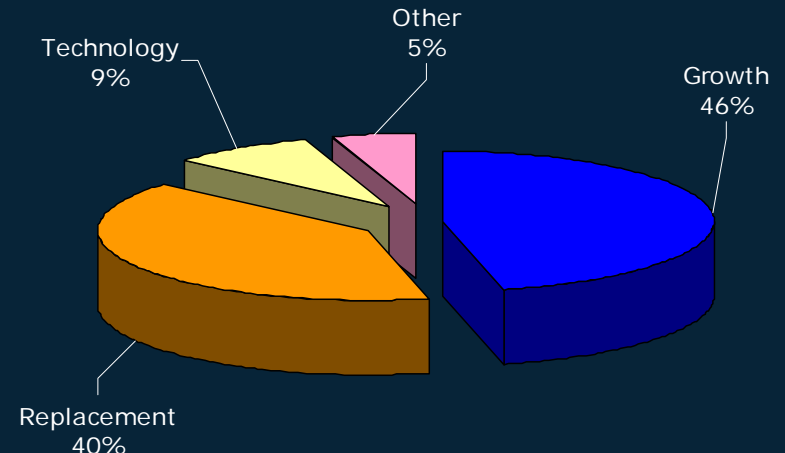
Six months ended 31 December

- Group capital expenditure of \$97.8m:
 - Electricity - \$62.5m (\$31.4m growth; \$31.1m replacement)
 - Gas – \$22.0m (\$14.0m growth; \$8.0m replacement)
 - Technology - \$8.5m
 - Other - \$4.8m

Capital expenditure by business line



Capital expenditure by type



Financial Guidance

year ended 30 June 2006

- NPATA/NPAT to exceed the full year prospectus projection due to:
 - earlier full acquisition of NGC (minorities)
 - interest and depreciation savings to date
 - taxation

\$ million	Guidance	Prospectus
EBITDA	In line with prospectus projection	
NPAT	38-43	36.5
NPATA	138-143	134.8

Other issues

- Energy supply security
 - solutions for upper North Island
- Gas supplies
 - Vector has efficient gas wholesale portfolio
 - investigating import options

Questions?