



# Half year financial result

Michael Stiasny, Chairman

Mark Franklin, Chief Executive Officer

Peter Fredricson, Chief Financial Officer

9 February 2007

## Agenda

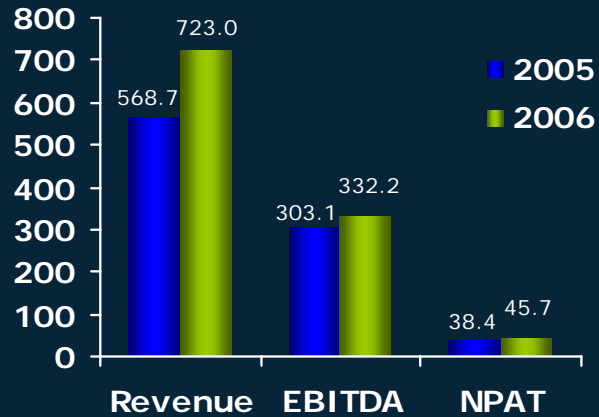
- Health chart
- Regulatory update and current issues
- Financial results
- Questions

# Health chart

Six months ended 31 December

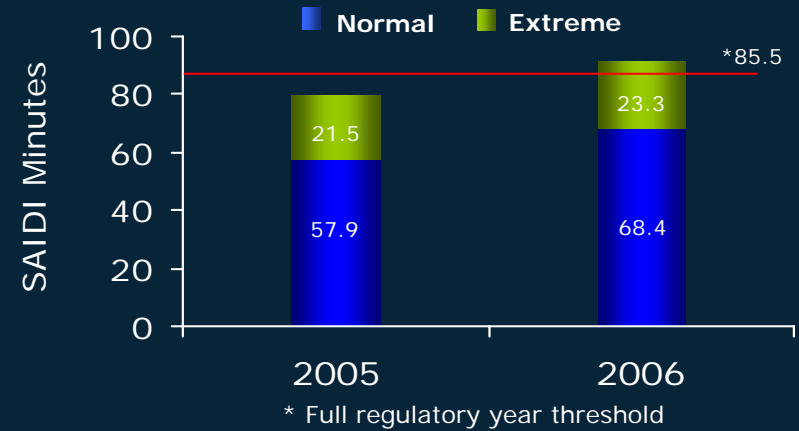


## Earnings (\$m)

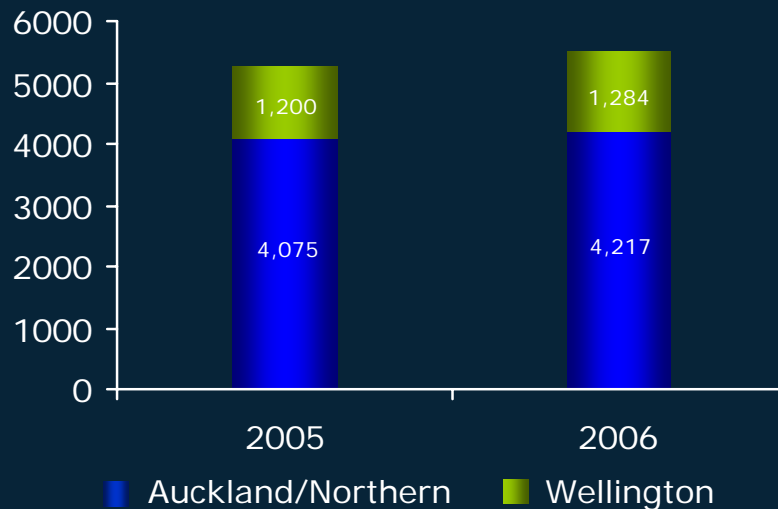


## SAIDI

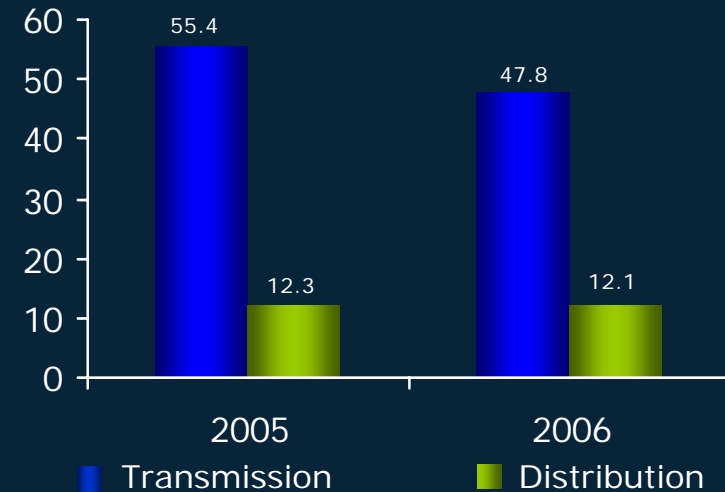
Regulatory Year - 9 months to 31 December



## Electricity throughput (GWh)



## Gas throughput (PJ)



## Regulatory update

- Waiting final resolution with Commerce Commission on Administrative Settlement
- Commerce Act review discussion paper imminent
- Commerce Commission process on final authorisation for Auckland gas networks continues
- Engaging with Electricity Commission on a range of issues

## Current issues

- Working up Vector response to National Energy Strategy
- Working group set up to develop environmental policies and action plan
- Security of Supply – discussions with Transpower on Auckland electricity supply
- Gas transmission open access systems commissioned

# Financial Results

Peter Fredricson  
Chief Financial Officer

# Results summary

Six months ended 31 December

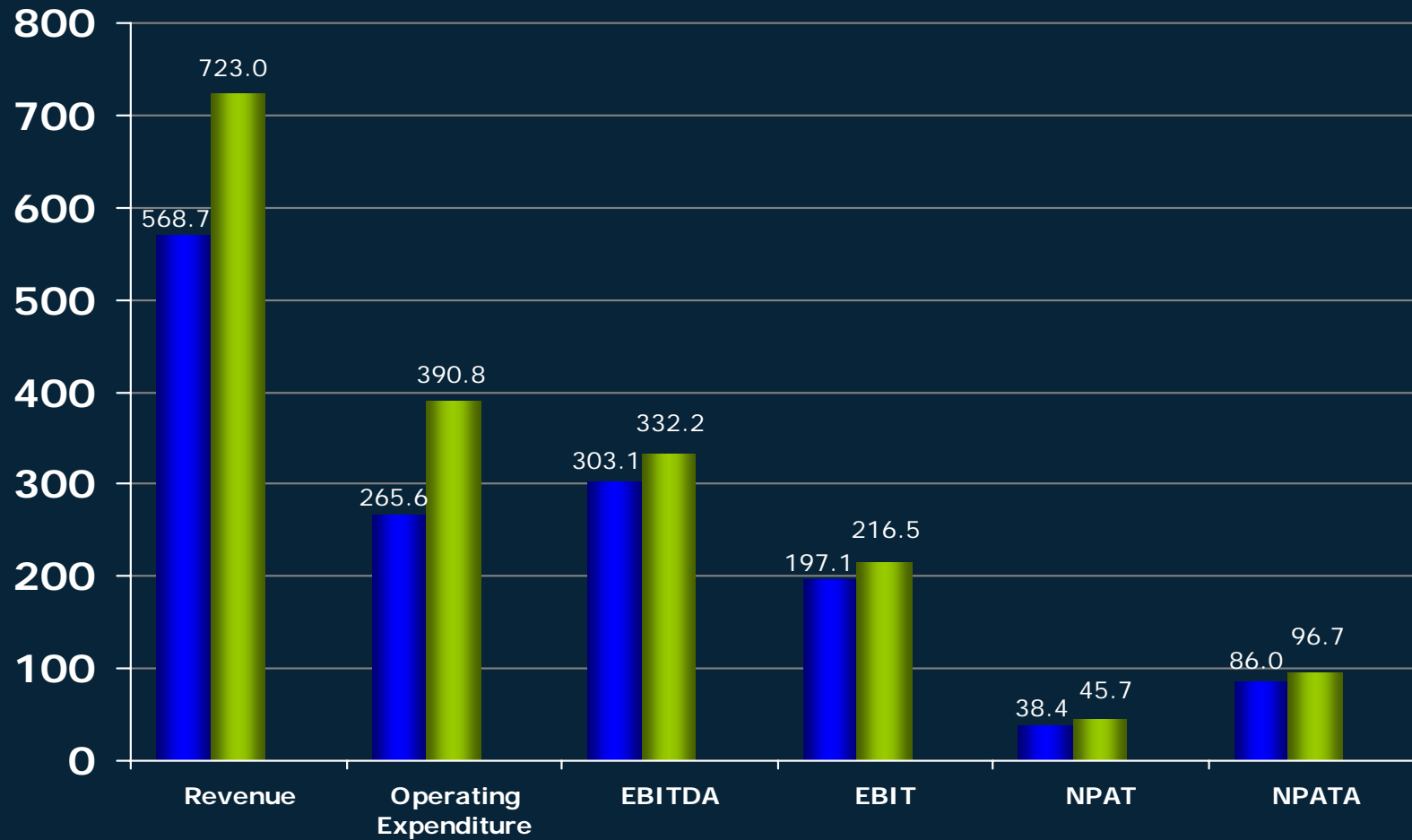
\$m	2006	2005	% Change	2005/06 Full Year
EBITDA	332.2	303.1	+9.6	578.6
EBIT	216.5	197.1	+9.8	362.7
NPATA	96.7	86.0	+12.5	143.7
NPAT	45.7	38.4	+18.9	45.1

# Financial results

Six months ended 31 December

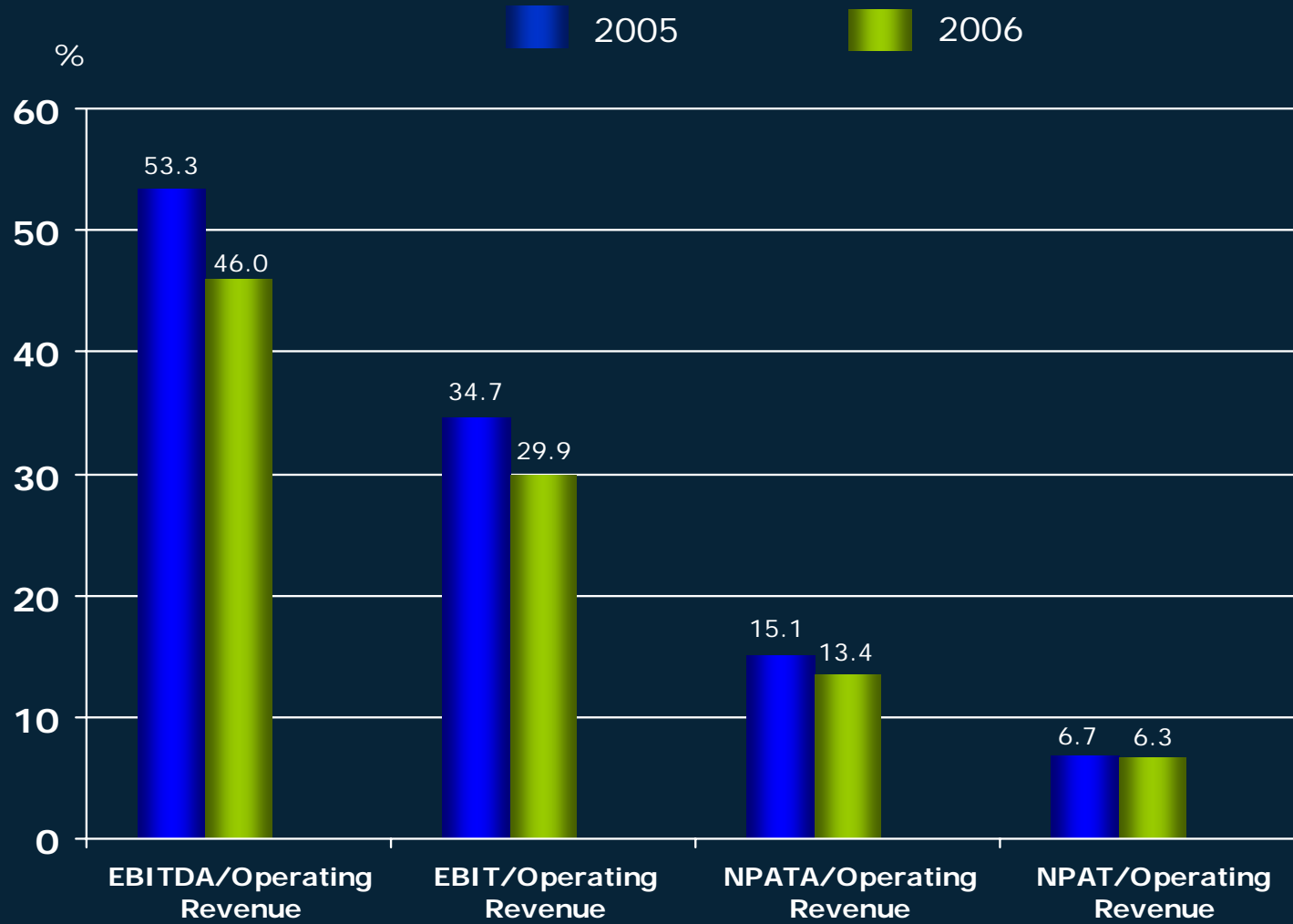
2005 2006

\$ millions



# Financial highlights

Six months ended 31 December



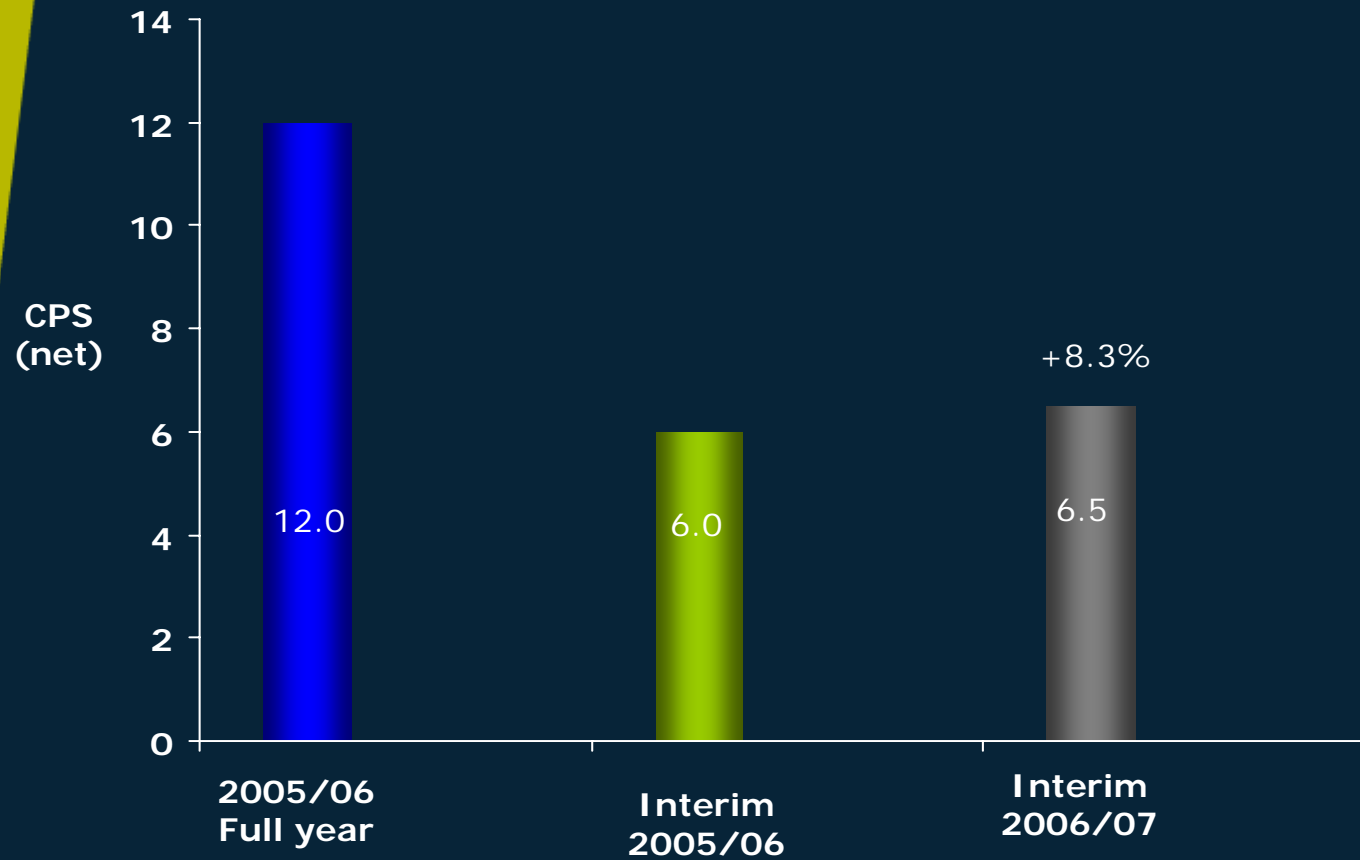
# Operating cash flow

Six months ended 31 December



\$ Millions	2006	2005	2005/06 Full year
EBITDA	332.2	303.1	578.6
Net interest paid	(106.8)	(101.0)	(215.5)
Tax paid	(10.9)	1.0	(19.4)
Non cash items	5.9	6.1	13.5
Change in operating working capital	10.0	13.8	(4.1)
Operating cash flow	230.4	223.0	353.1
Dividends to Vector shareholders	(60.0)	(53.6)	(113.6)
Capex	(134.9)	(113.0)	(225.2)
	35.5	56.4	14.3

## Dividend



- All dividends fully imputed

# Divisional results

Six months ended 31 December



2006	Electricity	Gas	Technology	Corporate /Other	Total
Operating Revenue	324.0	363.4	31.4	4.2	723.0
Operating Expenditure	(122.2)	(226.0)	(8.9)	(33.7)	(390.8)
EBITDA	201.8	137.4	22.5	(29.5)	332.2
% Revenue	62.3%	37.8%	71.6%	N/A	46.0%
EBIT	147.8	91.7	10.2	(33.2)	216.5

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

# Capital expenditure (\$112.3 million)

Six months ended 31 December 2006

- Electricity - \$72.2 million, comprising

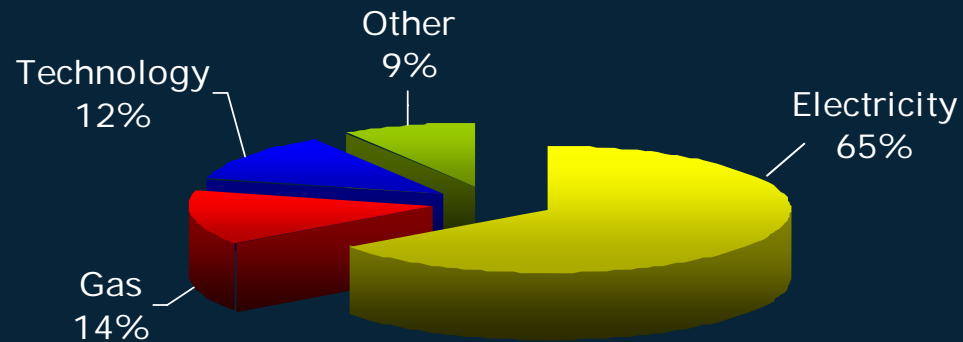
\$m	Growth	Maintenance/ Improvement	Total
Auckland	14.2	18.8	33.0
Northern	13.2	11.3	24.5
Wellington	4.5	10.2	14.7
<b>Total</b>	<b>31.9</b>	<b>40.3</b>	<b>72.2</b>

- Gas – \$15.9 million
  - (\$10.2m growth; \$5.7m maintenance/improvement)
- Technology - \$13.8 million
- Other - \$10.4 million

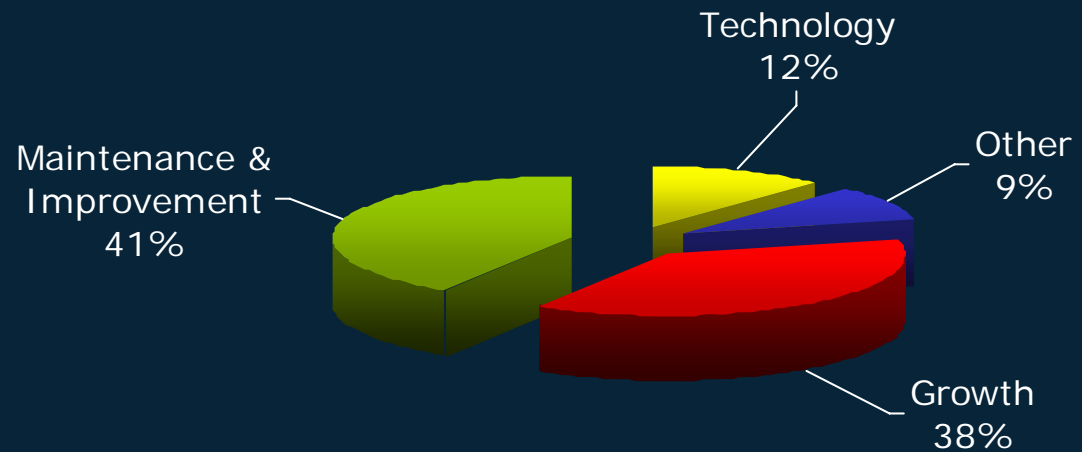
# Capital expenditure (\$112.3 million)

Six months ended 31 December 2006

## Capital expenditure – by business

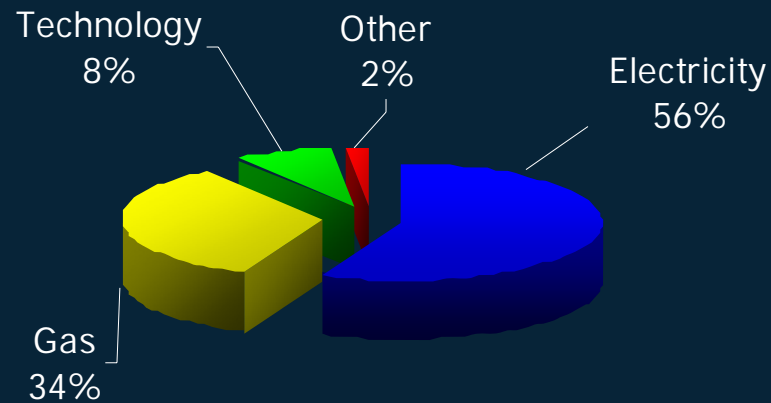


## Capital expenditure – by type

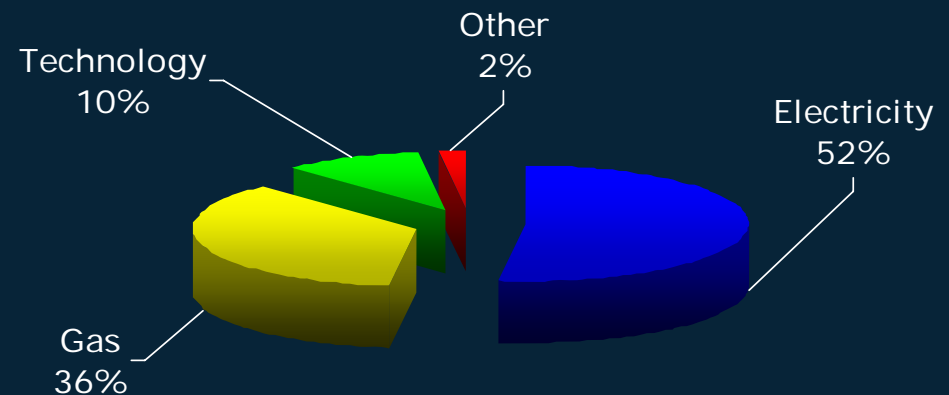


# Assets employed- by business unit

as at 31 December 2006



as at 31 December 2005



# Capital structure

as 31 December

Asset Backing and Capital Structure		2006	2005	2005/06 Full Year
Net Debt	\$m	3,042.3	3,036.5	3,081.1
Equity/Total assets	%	33.7	29.1	33.7
Debt <sup>(1)</sup> /Debt <sup>(1)</sup> +Equity	%	61.4	66.8	61.5
Interest (net) cover	X times	1.9	1.7	1.6

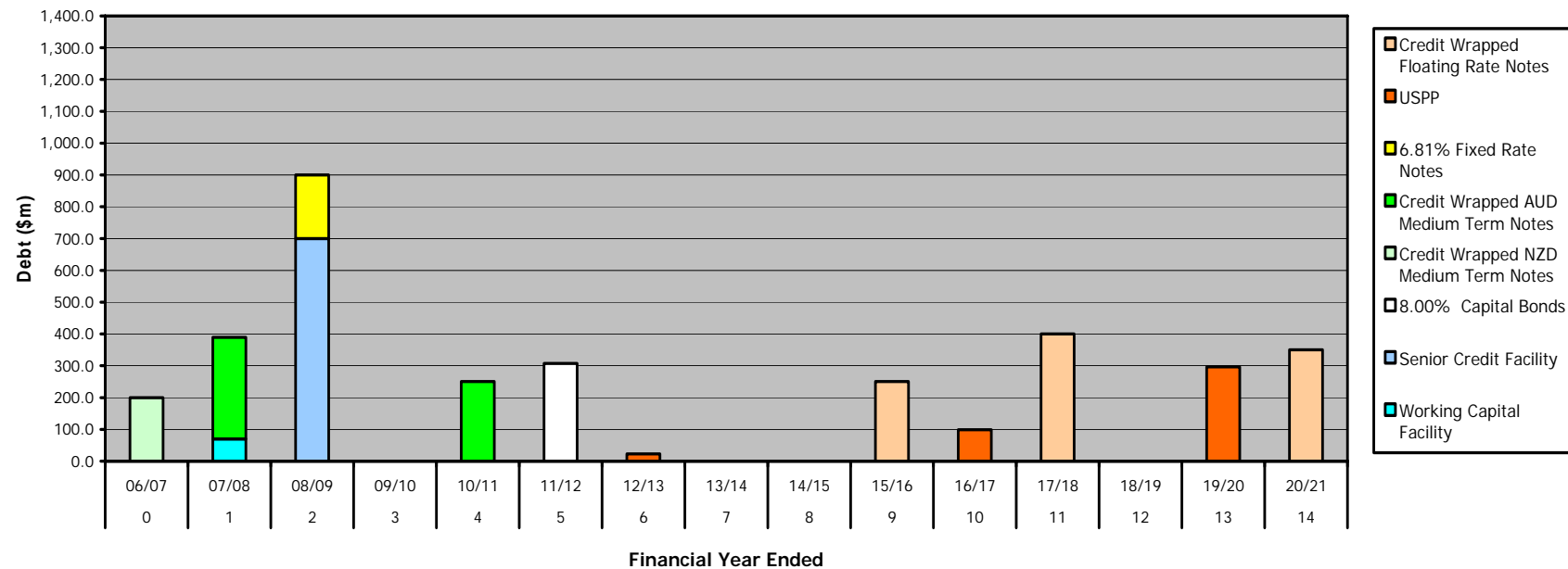
(1) Net debt

## Looking ahead

- Good access to debt markets
- Successfully rolled over the Capital Bonds to 15 June 2012 at 8%
- \$200 million MTNs due for repayment 4 April 2007
- Vector to adopt New Zealand International Financial Reporting Standards (NZ IFRS) from 1 July 2007

# Debt Facilities Profile

Consolidated Group Debt Maturity Profile



**1-2 years** 37.5%

**2-5 years** 13.5%

**5+ years** 49.8%

## Outlook

- Vector set to meet full year expectations (as below)
  
- Analyst expectations to 30 June 2007
  - Revenue: \$1.19b to \$1.3b
  - EBITDA: \$568m to \$606m
  - NPAT: \$42m to \$65m
  - NPATA: \$142m to \$159m

Questions?