

Vector returns a strong first quarter result (01/11/04)

Vector Limited today announced a \$35.7 million net profit after tax for the first quarter of the 2005 financial year.

Chairman Michael Stiasny said that the Vector board of directors was pleased with the result, which reflected an EBITDA of \$119.4 million, up 15% on the same period last year and ahead of projections.

"Our EBITDA performance was due mainly to stronger than expected total revenues of \$181.3 million for the quarter. This was driven by a combination of unseasonably cold winter weather and sustained building sector activity in our network areas. Furthermore, our operating costs were lower than expected because of timing deferrals on a number of projects which were also partly weather related. As a result, we have had a very strong first-quarter performance."

Mr Stiasny said that as well as improved profitability, the company was also meeting its operating performance targets.

"Our reliability performance is on track, and the board is extremely pleased to see that customer satisfaction is rating very highly on all networks. We believe that the benefits of our commitment to increase both upgrade and maintenance expenditure on our networks are already starting to flow through. We have also introduced a number of targeted maintenance programmes in key network areas, which were developed using our award-winning technology and business information processes.

Looking ahead, Mr Stiasny said that the result would provide a solid foundation for Vector's 2005 financial year. However, he noted that the level of earnings reported for the first quarter should not be expected to continue throughout the summer months.

"With expenditure essentially fixed and spread consistently throughout the year, our profits traditionally flow directly from periods of higher energy consumption and demand. Consequently, we wouldn't be expecting to see a significant advancement on this bottom line result until the last quarter when the weather starts getting colder again."

Key financial information (unaudited) for the quarter to 30 September 2004:

- Revenue of \$181.3 million
- Expenditure of \$61.9 million
- EBITDA of \$119.4 million
- Net profit after tax of \$35.7 million