



Media Release

7 November 2016

Tilt Renewables Post Demerger Market Announcement

The implementation of the demerger occurred on 31 October 2016 and the Tilt Renewables Group is now operating as a stand-alone entity under the control of its Board and Management team as outlined in the demerger scheme booklet.

The Trustpower Group has prepared interim financial statements for the six months to 30 September 2016 which are included with this announcement. The interim pre-demerger financial results include separate financial information (under Note 2) for the two demerged entities (New Trustpower and Tilt Renewables) showing various financial measures for the two demerged entities for that half year period (prepared by allocating actual historical financial information but without the pro-forma adjustments included in the Scheme Booklet). Note 2 includes a summary of the basis on which that financial information has been prepared.

Going forward, Tilt Renewables and New Trustpower will produce separate annual and half year reports. Separate stand-alone accounts will be prepared for Tilt Renewables and New Trustpower for the financial year ending 31 March 2017. Those financial results will include actual performance for the individual entities for the period from 1 November 2016 to 31 March 2017 and separated results from the pre-demerger entity results for the period from 1 April 2016 to 31 October 2016.

The Trustpower Group financial statements disclosure include the following key performance data for Tilt Renewables for the six-month period to September:

	Sept 2016 (NZ\$m)	Sept 2015 (NZ\$m)	Variance
EBITDAF	66.1	65.0	1.7%
Profit After Tax	12.1	11.9	1.7%

Wind Generation Production (GWh)			
Australia	673	596	12.9%
New Zealand	360	352	2.3%
Total	1,033	948	9.0%

Notes

1. EBITDAF (Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition adjustments) is a non-GAAP financial measure commonly used within the electricity industry as a measure of performance as it shows the level of earnings before the impact of gearing and non-cash charges such as depreciation and amortisation.

The first six months of the FY17 financial year included a period of strong wind generation conditions in South Australia compared with a lower than average prior period. The resulting Australian wind production was approximately 13% above prior period and 7% above long term expectation. New Zealand wind generation was slightly better than prior period, with both periods ahead of long term expectation.



Generation production costs were higher than prior period due to:

- costs incurred in relation to some one-off turbine repairs.
- The accounting treatment of fixed annual costs at some sites for contracted operations and maintenance services requires an allocation of fees between operational expenditure and capital expenditure. This varies depending on the number of components utilised during a reporting period.
- Increased market costs allocated in the current period for Frequency Control Ancillary Services (FCAS) due to unusual market conditions in the South Australian market.

South Australian Market Event

At the end of September 2016, the Snowtown wind farms experienced a two-week period operating under constraint by the system operator while the market was under market suspension following the 'system black' in South Australia on 28 September. The constraint conditions on the Snowtown wind farms were lifted on 11 October. There was no material damage to the wind farm assets. Tilt Renewables continues to assist with regulatory investigations following this event, which are expected to take many months to complete.

Interim Dividend

An interim unfranked and unimputed dividend of 3 cents per share, has been declared and is payable on 9 December 2016 based on a record date of 25 November 2016. This will be the first dividend for Tilt Renewables post-demergers and represents part of Tilt Renewables' share of the Trustpower Group's earnings for the six months to 30 September 2016.

The dividend is in accordance with the Tilt Renewables dividend policy which was outlined in the Scheme Booklet as part of the demerger. Also, as outlined in the Scheme Booklet it should be noted that the payment of dividends is not guaranteed and Tilt Renewables' dividend policy may change over time depending on the Group's growth funding needs.

Moving Forward

Tilt Renewables' immediate focus is to complete establishment activities centred around the company operating as a stand-alone business following demerger. This includes recruitment of the broader team, which is progressing well. The executive management team is now in place and a number of appointments to other key positions have been made following implementation of the demerger. Most of the new employees will join the business over the next two months.

Development options continue to be progressed with the Group targeting to be in a position to commit to new investments during 2017.

A handwritten signature in black ink, appearing to read "Robert Farron".

Robert Farron
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