

**Tilt Renewables**  
Interim Report 2017





## Chief Executive Officer Report

**This document comprises the interim report of Tilt Renewables Limited for the six month period ended 30 September 2017.**

### Key highlights for 1H FY18

Highlights for the period ending 30 September 2017 included:

- Continued strong safety performance with in excess of 560 days Lost Time Injury free for employees and contractors maintaining a standard of zero harm across the business
- Financial Close was achieved for the 54 MW Salt Creek Wind Farm project in Victoria. This project is now under construction and is on track to commence commercial operations by July 2018
- Development approvals have been secured for two solar projects in Queensland for up to 350 MW in aggregate. In addition, development approval applications have been lodged for two other solar projects in Queensland with a combined capacity of up to 180 MW with approvals expected by the end of FY18
- Final development approval has been received for the Waverley Wind Farm in New Zealand for a capacity of up to 130 MW
- Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movements of Financial Instruments ("EBITDAF") of \$49 million was achieved in the period
- Net cash from operating activities of \$32 million was delivered in the period, impacted by lower production, demerger-related tax payments and timing of LGC receipts

**Despite lower than forecast wind conditions for the period, the performance of the operating assets has remained strong with availability across the portfolio exceeding 97%.**



**Robert Farron**  
Chief Executive Officer

### Business performance in 1H FY18

The September 2017 quarter generation production results were released to the market on 18 October 2017 and the half year results should be read in conjunction with this report.

Tilt Renewables' wind assets produced 869 GWh in 1H FY18, 16% lower than the prior period and 84 GWh below long term expectation. This lower production was a combination of both the current year to date being below long term expectation by 9% and the prior period being above long term expectation by 9%.

In addition to lower than expected wind speeds during the current period, the generation from the Snowtown Wind Farms in South Australia was reduced by around 20 GWh as a result of an AEMO imposed constraint from early July 2017. This constraint operates at times of high wind in South Australia and when it is also determined by AEMO that there is insufficient synchronous generation available for system security.

Group revenue was 15% lower than the prior period due primarily to weaker generation as noted above. EBITDAF was \$49.3 million, 20% lower than the prior period and approximately \$3.5 million behind management expectation. Net Profit After Tax was a loss of \$2.6 million versus prior period profit of \$10.5 million, driven primarily by lower earnings as explained above and higher depreciation following the revaluation of the carrying value of the generation assets at 31 March 2017.

At 30 September 2017 the Group had net debt of \$555 million and unutilised committed funding lines of \$15 million. There was an increase in the net debt of the Group as a result of drawing the \$100 million Expansion Facility to fund the Salt Creek development. Balance sheet gearing of 52% at 30 September 2017 is considered appropriate at this time given the existing portfolio of operational assets and the current high level of contracted revenue produced by those assets, with more than 95% of electricity and LGC production currently contracted.

## Currently Tilt Renewables has 1,235 MW of fully consented wind projects and 390 MW of fully consented solar projects.

### Strategic Focus and Outlook

Tilt Renewables is focused on delivering the construction of the 54 MW Salt Creek Wind Farm on time and on budget by July 2018.

The Group's development activity is being prioritised on progressing the Dundonnell Wind Farm (~ 300 MW) for an investment decision in early CY18. Now that the Victorian Renewable Energy Target legislation has passed through the Victorian State Parliament, the Victorian Renewable Energy Auction Scheme to contract for 650 MW of renewable energy has commenced and final bids are due on 14 February 2018. It is expected that Dundonnell Wind Farm will be a competitive project in this process but it is acknowledged that the competition for contracts is likely to be strong.

In addition, the Group is working towards ensuring that as many of its early stage development projects are progressed through to full development approval. Currently Tilt Renewables has 1,235 MW of fully consented wind projects and 390 MW of fully consented solar projects.

Tilt Renewables is actively investigating a number of long term contracting opportunities for both the Snowtown 1 and Salt Creek Wind Farms.

With a growing focus in the market on energy storage and firming requirements for renewable energy generation into the future, Tilt Renewables is actively investigating opportunities to be able to meet these requirements. Options being considered include not only new large scale battery storage technology but also more traditional forms of energy firming such as peaking generation, pumped hydro storage and firming contracts.

The Australian Federal Government recently announced its National Energy Guarantee as part of its proposed long term policy to address energy reliability, consumer prices and progress to emissions reduction targets. There is not a lot of detail on this change in policy direction and it is therefore too early to make any comment on how it may impact on the business. Bipartisan support will be critical for consumers to benefit from investor confidence to invest in projects with market earnings exposure. It will be important that the detailed design features can be efficiently implemented to ensure market price transparency, support competition and innovation in the type of generation necessary to deliver positive long-term outcomes for energy consumers.

### Dividend

The Directors have approved an interim unfranked and unimputed dividend of AUD 1.25 cents per share which was paid on 8 December 2017.

The dividend has been within the Group's target dividend payout range, with the reduced amount considered prudent by the Board based on the impact of lower production over the last 6 months and given the opportunities which are currently being investigated by the business.



**Robert Farron**  
Chief Executive Officer

### Business performance

| 1H FY18 result                           | Units                       | 1H FY18 | 1H FY17 | Change |
|--|-----------------------------|---------|---------|--------|
| Safety – Lost Time Injury frequency rate | Incidents per million hours | 0       | n/a     | n/a    |
| Revenue                                  | AUD \$M                     | 75.5    | 89.3    | (15%)  |
| EBITDAF                                  | AUD \$M                     | 49.3    | 61.3    | (20%)  |
| Net profit/(loss) after tax              | AUD \$M                     | (2.6)   | 10.5    | (124%) |
| Earnings per share                       | AUD cps                     | (0.8)   | 3.4     | (124%) |
| Interim dividends per share              | AUD cps                     | 1.25    | 3.00    | (58%)  |

### Renewables wind assets

| GWh                    | 1H FY18 |     |            | 1H FY17 |     |              | Change |       |              |
|------------------------|---------|-----|------------|---------|-----|--------------|--------|-------|--------------|
|                        | Aust    | NZ  | Group      | Aust    | NZ  | Group        | Aust   | NZ    | Group        |
| Electricity production | 591     | 278 | <b>869</b> | 673     | 361 | <b>1,034</b> | (12%)  | (23%) | <b>(16%)</b> |

### Notes

- EBITDAF is a non GAAP financial measure but is commonly used within the energy and infrastructure sectors as a measure of performance as it shows the level of earnings before impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use this measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.
- Net debt is a measure of indebtedness to external funding providers net of deposits held with those providers and is defined as bank loans less cash at bank.
- Balance sheet gearing is defined as Net Debt over the sum of Net Debt plus Equity.
- All numbers referred to are in AUD.

## Results for Announcement to the Market

Report period: 6 months to 30 September 2017

Previous reporting period: 6 months to 30 September 2016

|  | Amount \$000's | Percentage change |
|--|----------------|-------------------|
| Revenue from ordinary activities                                       | 75,505         | (15%)             |
| Profit from ordinary activities after tax attributable to shareholders | (2,555)        | (124%)            |
| Total comprehensive income attributable to shareholders                | (1,699)        | 21%               |

|                       | Amount per share | Imputed amount per share | Foreign tax credit per share |
|-----------------------|------------------|--------------------------|------------------------------|
| Dividend payable      | 1.25 cents       | N/A                      | N/A                          |
| Dividend payment date | 8 December 2017  |                          |                              |

## Key Metrics

For the 6 months ending 30 September

|   | 2017       | 2016         |
|---|------------|--------------|
| Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF) (\$M) | 49.3       | 61.3         |
| Profit after tax (\$M)  | (2.6)      | 10.5         |
| Underlying earnings after tax (\$M)   | (3.2)      | 12.0         |
| Basic earnings per share (cents per share)  | (0.82)     | 3.36         |
| Dividends paid during the period (cents per share)  | 3.50       | 6.60         |
| Net tangible assets per security (cents per share)  | 163.21     | N/A          |
| Gearing ratio   | 52%        | 51%          |
| <b>Generation production</b>  |            |              |
| Australian generation production (GWh)  | 591        | 673          |
| New Zealand generation production (GWh)   | 278        | 361          |
|   | <b>869</b> | <b>1,034</b> |
| <b>Other information</b>  |            |              |
| Employee numbers (full time equivalents)  | 30.4       | 6.0#         |

# represents Australian employees working directly for the operating asset sites prior to demerger.



## Independent Auditor's Report

Report on the half-year financial statements



We have reviewed the accompanying financial statements of Tilt Renewables Limited (the Company), which comprises the consolidated statement of financial position as at 30 September 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and consolidated income statement for the half-year ended on that date, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

The directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Our responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NA SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance and other assurance services. The provision of these other services has not impaired our independence.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

### Who we report to

This report is made solely to the members of Tilt Renewables Limited, as a body. Our review work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, do not accept or assume responsibility to anyone other than the members, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Charles Christie.

For and on behalf of:

### Chartered Accountants, Melbourne

1 November 2017

I, Charles Christie am currently a member of the Institute of Chartered Accountants in Australia and my membership number is 77665.

PricewaterhouseCoopers was the audit firm appointed to undertake the review of Tilt Renewables Limited for the half-year ended 30 September 2017. I was responsible for the execution of the review and delivery of our firm's auditor's review report. The review work was completed on 1 November 2017 and an unqualified review conclusion was issued.

### Charles Christie

Partner

## Director Report

Financial Statements 2017

The Directors are pleased to present the financial statements of Tilt Renewables Limited and subsidiaries for the six months ended 30 September 2017.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 30 September 2017 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### Bruce Harker

Chair

### Fiona Oliver

Director

Company Registration Number 1212113

Dated: 1 November 2017

## Consolidated Income Statement

For the 6 months ended 30 September 2017

|  | Note | 6 months ended<br>30 September 2017<br>\$000 | 6 months ended<br>30 September 2016<br>\$000 |
|--|------|--|--|
| <b>Operating revenue</b>   |      |  |  |
| Electricity revenue  |      | 75,502                                       | 89,333                                       |
| Other operating revenue  |      | 3  | -  |
|  |      | <b>75,505</b>                                | <b>89,333</b>                                |
| <b>Operating expenses</b>  |      |  |  |
| Generation costs   |      | 14,920                                       | 18,931                                       |
| Employee benefits  |      | 4,471  | 876  |
| Other operating expenses   |      | 6,863  | 8,224  |
|  |      | <b>26,254</b>                                | <b>28,031</b>                                |
| <b>Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, asset impairments and discount on acquisition (EBITDAF)</b> |      | 49,251                                       | 61,302                                       |
| Net fair value (gains)/losses on financial instruments   |      | (860)  | 2,109  |
| Amortisation of intangible assets  |      | 385  | 5  |
| Depreciation   |      | 38,502                                       | 34,698                                       |
| <b>Operating profit</b>  |      | <b>11,224</b>                                | <b>24,490</b>                                |
| Interest paid  |      | 15,675                                       | 16,092                                       |
| Interest received  |      | (614)  | (91)   |
| Net finance costs  |      | <b>15,061</b>                                | <b>16,001</b>                                |
| <b>(Loss)/profit before income tax</b>   |      | <b>(3,837)</b>                               | <b>8,489</b>                                 |
| Income tax income  | 9    | (1,282)                                      | (2,031)                                      |
| <b>(Loss)/profit after tax</b>   |      | <b>(2,555)</b>                               | <b>10,520</b>                                |
| (Loss)/profit after tax attributable to the shareholders of the Company  |      | (2,555)                                      | 10,520                                       |
| Basic earnings per share (cents per share)   |      | (0.82)                                       | 3.36   |
| Diluted earnings per share (cents per share)   |      | (0.82)                                       | 3.36   |

The Board of Tilt Renewables Limited authorised these interim financial statements for issue on 1 November 2017.  
The accompanying notes form part of these interim financial statements.

## Consolidated Statement of Comprehensive Income

For the 6 months ended 30 September 2017

|   | 6 months ended<br>30 September 2017<br>\$000 | 6 months ended<br>30 September 2016<br>\$000 |
|---|--|--|
| (Loss)/profit after tax   | (2,555)                                      | 10,520                                       |
| <b>Other comprehensive income</b>                                     |  |  |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |  |  |
| Other currency translation differences                                | 616  | (4,328)                                      |
| Tax effect of the following:  |  |  |
| Other currency translation differences                                | 240  | (8,334)                                      |
| <b>Total other comprehensive income/(expense)</b>                     | <b>856</b>                                   | <b>(12,662)</b>                              |
| <b>Total comprehensive expense</b>                                    | <b>(1,699)</b>                               | <b>(2,142)</b>                               |
| Attributable to shareholders of the Company                           |  |  |

The accompanying notes form part of these interim financial statements.

## Consolidated Statement of Financial Position

For the 6 months ended 30 September 2017

|   | Note | 30 September 2017<br>\$'000 | 31 March 2017<br>\$'000 |
|---|------|-----------------------------|-------------------------|
| <b>Equity</b>   |      |                             |                         |
| <i>Capital and reserves attributable to shareholders of the Company</i> |      |                             |                         |
| Share capital   | 6    | -                           | -                       |
| Invested capital  |      | -                           | -                       |
| Revaluation reserve   |      | 450,148                     | 450,148                 |
| Retained earnings   |      | 69,457                      | 79,047                  |
| Foreign currency translation reserve                                    |      | (8,911)                     | (9,767)                 |
| Other reserves  |      | 690                         | -                       |
| <b>Total equity</b>   |      | <b>511,384</b>              | <b>519,428</b>          |
| <i>Represented by:</i>  |      |                             |                         |
| <b>Current assets</b>   |      |                             |                         |
| Cash at bank  |      | 102,422                     | 27,008                  |
| Accounts receivable and prepayments                                     |      | 30,195                      | 19,830                  |
| Taxation receivable   |      | 490                         | -                       |
|   |      | 133,107                     | 46,838                  |
| <b>Non-current assets</b>   |      |                             |                         |
| Property, plant and equipment   | 7    | 1,223,662                   | 1,241,025               |
| Derivative financial instruments  |      | 3,666                       | 4,654                   |
| Intangible assets   |      | 573                         | 569                     |
|   |      | 1,227,901                   | 1,246,248               |
| <b>Total assets</b>   |      | <b>1,361,008</b>            | <b>1,293,086</b>        |
| <b>Current liabilities</b>  |      |                             |                         |
| Accounts payable and accruals   |      | 17,547                      | 15,601                  |
| Borrowings  | 4    | 38,654                      | 35,086                  |
| Derivative financial instruments  |      | 864                         | 1,448                   |
| Taxation payable  |      | -                           | 7,297                   |
|   |      | <b>57,065</b>               | <b>59,432</b>           |
| <b>Non-current liabilities</b>  |      |                             |                         |
| Borrowings  | 4    | 618,779                     | 535,675                 |
| Derivative financial instruments  |      | 6,378                       | 7,666                   |
| Accounts payable and accruals   |      | 2,876                       | 2,952                   |
| Deferred tax liability  | 10   | 164,526                     | 167,933                 |
|   |      | <b>792,559</b>              | <b>714,226</b>          |
| <b>Total liabilities</b>  |      | <b>849,624</b>              | <b>773,658</b>          |
| <b>Net assets</b>   |      | <b>511,384</b>              | <b>519,428</b>          |

The accompanying notes form part of these interim financial statements.

## Consolidated Cash Flow Statement

For the 6 months ended 30 September 2017

|   | Note | 6 months ended<br>30 September 2017<br>\$'000 | 6 months ended<br>30 September 2016<br>\$'000 |
|---|------|---|---|
| <b>Cash flows from operating activities</b>                 |      |   |   |
| <i>Cash was provided from:</i>                              |      |   |   |
| Receipts from customers (inclusive of GST)                  |      | 77,606  | 90,082  |
|   |      | 77,606  | 90,082  |
| <i>Cash was applied to:</i>                                 |      |   |   |
| Payments to suppliers and employees (inclusive of GST)      |      | 35,612  | 18,773  |
| Taxation paid   |      | 9,913   | 2,637   |
|   |      | 45,525  | 21,410  |
| <b>Net cash from operating activities</b>                   |      | <b>32,081</b>                                 | <b>68,672</b>                                 |
| <b>Cash flows from investing activities</b>                 |      |   |   |
| <i>Cash was provided from:</i>                              |      |   |   |
| Interest received   |      | 614   | 91  |
|   |      | 614   | 91  |
| <i>Cash was applied to:</i>                                 |      |   |   |
| Purchase of property, plant and equipment                   |      | 19,744  | 6,530   |
| Purchase of intangible assets                               |      | -   | 13  |
|   |      | 19,744  | 6,543   |
| <b>Net cash used in investing activities</b>                |      | <b>(19,130)</b>                               | <b>(6,452)</b>                                |
| <b>Cash flows from financing activities</b>                 |      |   |   |
| <i>Cash was provided from:</i>                              |      |   |   |
| Secured loan proceeds                                       |      | 100,000                                       | 8,000   |
|   |      | 100,000                                       | 8,000   |
| <i>Cash was applied to:</i>                                 |      |   |   |
| Repayment of loans  |      | 15,321  | 20,691  |
| Interest paid   |      | 16,149  | 16,020  |
| Dividends paid  |      | 7,034   | 11,134  |
|   |      | 38,504  | 47,845  |
| <b>Net cash used in financing activities</b>                |      | <b>61,496</b>                                 | <b>(39,845)</b>                               |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>74,447</b>                                 | <b>22,375</b>                                 |
| Cash and cash equivalents at beginning of the period        |      | 27,008  | 5,137   |
| Exchange (losses)/gains on cash and cash equivalents        |      | 967   | (504)   |
| <b>Cash and cash equivalents at end of the period</b>       |      | <b>102,422</b>                                | <b>27,008</b>                                 |

The accompanying notes form part of these interim financial statements.

## Consolidated Statement of Changes in Equity

For the 6 months ended 30 September 2017

|   | Note | Share capital<br>\$000 | Invested capital<br>\$000 | Revaluation reserve<br>\$000 | Foreign currency translation reserve<br>\$000 | Retained earnings<br>\$000 | Other reserves<br>\$000 | Total equity<br>\$000 |
|---|------|------------------------|---------------------------|------------------------------|---|----------------------------|-------------------------|-----------------------|
| <b>Opening balance as at 1 April 2016</b>   |      | -                      | <b>87,675</b>             | <b>356,083</b>               | <b>(18,444)</b>                               | -                          | -                       | <b>425,314</b>        |
| Total comprehensive income for the period   |      | -                      | 10,520                    | -                            | -   | -                          | -                       | 10,520                |
| <i>Other comprehensive income – items that may be reclassified to the profit or loss:</i> |      |                        |                           |                              |   |                            |                         |                       |
| Other currency translation differences  |      | -                      | -                         | -                            | (4,328)                                       | -                          | -                       | (4,328)               |
| Tax effect of the following:  |      |                        |                           |                              |   |                            |                         |                       |
| Other currency translation differences  |      | -                      | -                         | -                            | (8,334)                                       | -                          | -                       | (8,334)               |
| <i>Transactions with owners recorded directly in equity</i>                               |      |                        |                           |                              |   |                            |                         |                       |
| Dividends paid  | 5    | -                      | (11,134)                  | -                            | -   | -                          | -                       | (11,134)              |
| <b>Total transactions with owners recorded directly in equity</b>                         |      | -                      | <b>(11,134)</b>           | -                            | -   | -                          | -                       | <b>(11,134)</b>       |
| <b>Closing balance as at 30 September 2016</b>  |      | -                      | <b>87,061</b>             | <b>356,083</b>               | <b>(31,106)</b>                               | -                          | -                       | <b>412,038</b>        |
| <b>Opening balance as at 1 April 2017</b>   |      | -                      | -                         | <b>450,148</b>               | <b>(9,767)</b>                                | <b>79,047</b>              | -                       | <b>519,428</b>        |
| Total comprehensive income for the period   |      | -                      | -                         | -                            | -   | (2,555)                    | -                       | (2,555)               |
| <i>Other comprehensive income – items that may be reclassified to the profit or loss:</i> |      |                        |                           |                              |   |                            |                         |                       |
| Other currency translation differences  |      | -                      | -                         | -                            | 616   | -                          | -                       | 616                   |
| Tax effect of the following:  |      |                        |                           |                              |   |                            |                         |                       |
| Other currency translation differences  |      | -                      | -                         | -                            | 240   | -                          | -                       | 240                   |
| <i>Transactions with owners recorded directly in equity</i>                               |      |                        |                           |                              |   |                            |                         |                       |
| Dividends paid  | 5    | -                      | -                         | -                            | -   | (7,034)                    | -                       | (7,034)               |
| Share based payment expenses  |      | -                      | -                         | -                            | -   | -                          | 690                     | 690                   |
| <b>Total transactions with owners recorded directly in equity</b>                         |      | -                      | -                         | -                            | -   | <b>(7,034)</b>             | <b>690</b>              | <b>(6,344)</b>        |
| <b>Closing balance as at 30 September 2017</b>  |      | -                      | -                         | <b>450,148</b>               | <b>(8,911)</b>                                | <b>69,457</b>              | <b>690</b>              | <b>511,384</b>        |

The accompanying notes form part of these interim financial statements.

## Notes to the Interim Financial Statements

For the 6 months ended 30 September 2017

### Note 1: Basis of preparation

The reporting entity is the consolidated group comprising Tilt Renewables Limited and its subsidiaries together referred to as Tilt Renewables. Tilt Renewables Limited is a limited liability company incorporated and domiciled in New Zealand. The principal activities of Tilt Renewables are the development, ownership and operating of electricity generation facilities from renewable energy sources.

Tilt Renewables Limited is registered under the Companies Act 1993, and is listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). It is an FMC Reporting Entity under the Financial Markets Conducts Act 2013.

On 31 October 2016, the demerger of Scarlett Limited (previously known as Trustpower Limited, “Old Trustpower”) became effective. At this date, all of the assets and liabilities directly related to the development and operation of wind and solar generation assets were transferred to Tilt Renewables. The remaining assets and liabilities, related to the ownership and operation of hydro generation assets and the retail sale of energy and telecommunications services, were transferred to Trustpower Limited.

The financial information presented in these interim consolidated financial statements is based on actual figures as an independent group after the demerger and carve-out figures prior to the demerger. The carve-out financial information presented in these interim consolidated financial statements reflects the financial performance of the business units responsible for the development, ownership and operation of wind and solar generation assets (Tilt Renewables). Accordingly, the interim consolidated statement of financial position as at 31 March 2017 and 30 September 2017, interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the period April 2017– September 2017 and the related key figures are based on actual figures as an independent group. The financial information for the periods before 31 October 2016 are a carve-out of the financials for Tilt Renewables from information provided by Old Trustpower.

### Basis of preparation

These unaudited condensed interim financial statements have been prepared for the six months ended 30 September 2017. These financial statements provide an update on the interim performance of Tilt Renewables, and should be read in conjunction with the full year financial statements presented for the year ended 31 March 2017 from which the same accounting policies and methods of computation have been followed.

The interim financial statements are prepared in accordance with:

- NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting
- The accounting policies and methods of computation in the most recent annual financial statements
- The Financial Markets Conduct Act 2013, and NZX equity listing rules
- New Zealand Generally Accepted Accounting Practice (NZGAAP)
- New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS)
- Other applicable New Zealand Financial Reporting Standards, as appropriate for profit oriented entities.

The financial statements have been prepared as follows:

- All transactions at the actual amount incurred (historical cost convention), except for generation assets and derivatives which have been revalued to fair value
- All figures have been reported in Australian Dollars (AUD) and reported to the nearest thousand.

### Basis of accounting for the carve-out financial information

The carve-out financial information of Tilt Renewables for the half year ended 30 September 2016 and for the seven month period ended 31 October 2016 has been prepared on a carve-out basis from Old Trustpower’s consolidated financial statements, which comply with NZ IFRS, comprising the historical income and expenses, assets and liabilities and cash flows attributable to Tilt Renewables. Tilt Renewables carve-out financial information includes all those legal entities that have historically comprised the Tilt Renewables aspects of Old Trustpower.

### Note 1: Basis of preparation (continued)

Where the operations of Old Trustpower entities transferred in their entirety to Trustpower Limited or Tilt Renewables the financial information of those entities have been assigned wholly to Trustpower Limited or Tilt Renewables respectively. Where the operations of an Old Trustpower entity comprised both the operations of Trustpower Limited and Tilt Renewables the income and expenses have been allocated based on the business units that generated the income and expenditure. Assets and liabilities have been allocated based on methods specific to each line item. Where a line item has required additional adjustments or recalculations an explanation is given below.

The carve-out financial information may not be indicative of Tilt Renewables future performance and it does not necessarily reflect what its combined results of operations, financial position and cash flows would have been have Trustpower operated as an independent group and had it presented standalone financial statements during the periods presented.

The following summarises the main carve-out adjustments and allocations made in preparing the carve-out financial information. The Directors of Tilt Renewables consider that the allocations described below have been made on a reasonable basis but are not necessarily indicative of the costs that would have been incurred if Tilt Renewables had been a standalone entity.

#### Intercompany transactions and related party transactions

Intercompany transactions and assets and liabilities between Tilt Renewables entities have been eliminated in the carve-out financial information. Transactions with other Old Trustpower companies transferred to Trustpower Limited have been treated as related party transactions. Accounts receivable from and payable to other group companies as at 30 September 2016 reflect the accounts receivable and payable between Tilt Renewables entities and Trustpower Limited entities. Some carve-out adjustments have been applied to these balances reflecting the fact that the operations of some Old Trustpower entities were split between Tilt Renewables and Trustpower Limited.

#### Invested capital

The net assets of Tilt Renewables are represented by revaluation reserve, foreign currency translation reserve and other reserves where these components of equity relate directly to the entities comprising of Tilt Renewables.

#### Financing

Treasury management was centralised within Old Trustpower so that all external debt was held within one New Zealand entity and one Australian entity. Upon demerger all debt facilities of Old Trustpower were refinanced and new debt facilities were implemented by Tilt Renewables and Old Trustpower.

The external debt financing and related interest expenses of the demerging Old Trustpower group that were directly attributable to the operations of Tilt Renewables, were included in the carve-out financial information. This carve-out allocation was also consistent with the debt allocations that occurred upon the implementation of the demerger.

#### Income Tax

Where 100% of the operations of an Old Trustpower entity were transferred to Tilt Renewables or Trustpower Limited, the tax expenses and tax liabilities and receivables in the carve-out financial information is based on actual taxation.

Where the operations of an entity were split between Tilt Renewables and Trustpower Limited the taxes allocated to Tilt Renewables have been recalculated as if it had been a separate taxpayer. The remaining taxes have been allocated to Trustpower.

#### Dividends

Dividends were allocated to Tilt Renewables based on the dividend policy articulated prior to the demerger. All remaining dividends have been allocated to Trustpower.

### Note 2: Segment information

For internal reporting purposes, Tilt Renewables is organised into two segments. The main activities of each segment are:

| Australian Generation   | New Zealand Generation  |
|---|---|
| The generation of renewable electricity by wind power schemes across Australia. | The generation of renewable electricity by wind power schemes across New Zealand. |

#### The segment results for the six months ended 30 September 2017 are as follows:

|                                   | Generation<br>New Zealand<br>\$000 | Generation<br>Australia<br>\$000 | Total<br>\$000 |
|-----------------------------------|------------------------------------|----------------------------------|----------------|
| Revenue from external customers   | 19,189                             | 56,316                           | 75,505         |
| <b>EBITDAF</b>                    | <b>11,212</b>                      | <b>38,039</b>                    | <b>49,251</b>  |
| Amortisation of intangible assets | 379                                | 6                                | 385            |
| Depreciation                      | 10,727                             | 27,775                           | 38,502         |
| Capital expenditure               | 1,523                              | 18,221                           | 19,744         |

#### The segment results for the six months ended 30 September 2016 are as follows:

|                                   | Generation<br>New Zealand<br>\$000 | Generation<br>Australia<br>\$000 | Total<br>\$000 |
|-----------------------------------|------------------------------------|----------------------------------|----------------|
| Revenue from external customers   | 25,877                             | 63,456                           | 89,333         |
| <b>EBITDAF</b>                    | <b>15,272</b>                      | <b>46,030</b>                    | <b>61,302</b>  |
| Amortisation of intangible assets | -                                  | 5                                | 5              |
| Depreciation                      | 9,754                              | 24,944                           | 34,698         |
| Capital expenditure               | 2,614                              | 3,916                            | 6,530          |

### Note 3: Profitability analysis

Tilt Renewables owns 386 MW of wind generation assets throughout Australia as well as 196 MW of wind generation assets in New Zealand.

|                             | 6 months ended<br>30 September 2017<br>\$000 | 6 months ended<br>30 September 2016<br>\$000 |
|-----------------------------|--|--|
| <b>Australia</b>            |  |  |
| <b>Operating revenue</b>    |  |  |
| Electricity revenue         | 56,316                                       | 63,456                                       |
| Other revenue               | -  | -  |
|                             | <b>56,316</b>                                | <b>63,456</b>                                |
| <b>Operating expenses</b>   |  |  |
| Generation production costs | 9,776  | 12,330                                       |
| Employee benefits           | 3,724  | 674  |
| Other operating expenses    | 4,777  | 4,422  |
|                             | <b>18,277</b>                                | <b>17,426</b>                                |
| <b>EBITDAF</b>              | <b>38,039</b>                                | <b>46,030</b>                                |
| <b>New Zealand</b>          |  |  |
| <b>Operating revenue</b>    |  |  |
| Electricity revenue         | 19,186                                       | 25,877                                       |
| Other revenue               | 3  | -  |
|                             | <b>19,189</b>                                | <b>25,877</b>                                |
| <b>Operating expenses</b>   |  |  |
| Generation production costs | 5,144  | 6,601  |
| Employee benefits           | 747  | 202  |
| Other operating expenses    | 2,086  | 3,802  |
|                             | <b>7,977</b>                                 | <b>10,605</b>                                |
| <b>EBITDAF</b>              | <b>11,212</b>                                | <b>15,272</b>                                |

### Note 4: Borrowings

#### Debt

Tilt Renewables borrows under a syndicated bank debt facility. The facility requires Tilt Renewables to operate within defined performance and debt gearing ratios. The borrowing arrangements may also create restrictions over the sale or disposal of certain assets unless the bank loans are repaid or renegotiated. Throughout the period Tilt Renewables has complied with all debt covenant requirements in these agreements.

|                              | 30 September 2017<br>Secured Loans          |  |                           |
|------------------------------|---|--|---------------------------|
|                              | New Zealand<br>dollar facilities #<br>\$000 | Australian<br>dollar facilities<br>\$000 | Total facilities<br>\$000 |
| <i>Repayment terms:</i>      |   |  |                           |
| Less than one year           | 14,750                                      | 25,805                                   | 40,555                    |
| One to two years             | 14,719                                      | 25,678                                   | 40,397                    |
| Two to five years            | 86,263                                      | 373,627                                  | 459,890                   |
| Over five years              | 12,264                                      | 109,643                                  | 121,907                   |
| Facility establishment costs | (912)                                       | (4,404)                                  | (5,316)                   |
|                              | <b>127,084</b>                              | <b>530,349</b>                           | <b>657,433</b>            |
| Current portion              | 14,424                                      | 24,230                                   | 38,654                    |
| Non-current portion          | 112,660                                     | 506,119                                  | 618,779                   |
|                              | <b>127,084</b>                              | <b>530,349</b>                           | <b>657,433</b>            |

An additional \$100 million of the debt funding facility was drawn down in the period to fund the construction of the Salt Creek Wind Farm development.

|                              | 31 March 2017<br>Secured Loans              |  |                           |
|------------------------------|---|--|---------------------------|
|                              | New Zealand<br>dollar facilities #<br>\$000 | Australian<br>dollar facilities<br>\$000 | Total facilities<br>\$000 |
| <i>Repayment terms:</i>      |   |  |                           |
| Less than one year           | 13,957                                      | 23,030                                   | 36,987                    |
| One to two years             | 14,216                                      | 24,065                                   | 38,281                    |
| Two to five years            | 91,557                                      | 282,707                                  | 374,264                   |
| Over five years              | 13,703                                      | 113,793                                  | 127,496                   |
| Facility establishment costs | (1,075)                                     | (5,192)                                  | (6,267)                   |
|                              | <b>132,358</b>                              | <b>438,403</b>                           | <b>570,761</b>            |
| Current portion              | 13,631                                      | 21,455                                   | 35,086                    |
| Non-current portion          | 118,727                                     | 416,948                                  | 535,675                   |
|                              | <b>132,358</b>                              | <b>438,402</b>                           | <b>570,761</b>            |

# New Zealand dollar facilities are drawn down and repaid in NZD and presented in the financial statements in AUD.

**Note 5: Dividends**

|  | 6 months ended<br>30 September 2017<br>\$000 | 12 months ended<br>March 2017<br>\$000 |
|--|--|--|
| Final dividend prior year  | 7,034  | 11,134                                 |
| Interim dividend current year - declared subsequent to the of the reporting period | 3,912  | 8,959                                  |
| <b>Total dividend</b>  | <b>10,946</b>                                | <b>20,093</b>                          |

  

|  | Cents per share | Cents per share |
|--|-----------------|-----------------|
| Final dividend prior year  | 2.25            | 3.60            |
| Interim dividend current year - declared subsequent to the end of the reporting period | 1.25            | 3.00            |
| <b>Total dividend</b>  | <b>3.50</b>     | <b>6.60</b>     |

**Note 6: Capital share**

|   | 6 months ended<br>30 September 2017<br>\$000 | 12 months ended<br>March 2017<br>\$000 |
|---|--|--|
| Authorised and issued ordinary share capital at beginning of the period | -  | -                                      |
| Shares issued on demerger   | -  | -                                      |
|   | -  | -                                      |

  

|   | 000's of shares | 000's of shares |
|---|-----------------|-----------------|
| Authorised and issued ordinary share capital at beginning of the period | 312,973         | -               |
| Shares issued on demerger   | -               | 312,973         |
|   | <b>312,973</b>  | <b>312,973</b>  |

All shares rank equally with one vote per share, have no par value and are fully paid.

On 31 October 2016 a Court Approved Scheme of Arrangement was implemented to effect the demerger of Trustpower Limited whereby Trustpower Limited was liquidated and the shareholders of Trustpower Limited received an in specie distribution of one Tilt Renewables Limited and one New Trustpower share for every share that they held in Old Trustpower.

**Note 7. Property, plant and equipment**

On 30 June 2017 a financial investment decision was announced regarding the Salt Creek Wind Farm project. To date \$17.2 million has been spent on capitalised construction costs.

Expected development costs for the Salt Creek Wind Farm project will be approximately \$105 million.

**Note 8. Cash at bank**

The cash and cash equivalents disclosed in the Balance Sheet and in the statement of cash flows include \$13,093,000 which is classified as restricted and are not available for general use by the other entities within the group.

**Note 9. Income tax expense**

|   | 6 months ended<br>30 September 2017<br>\$000 | 6 months ended<br>30 September 2016<br>\$000 |
|---|--|--|
| <b>Profit before income tax</b>                     | <b>(3,837)</b>                               | <b>8,489</b>                                 |
| Tax on profit (30%)                                 | (1,151)                                      | 2,547  |
| Tax effect of non-assessable revenue                | (203)  | (4,578)                                      |
| Reconciliation difference between tax jurisdictions | 72   | -  |
|   | <b>(1,282)</b>                               | <b>(2,031)</b>                               |
| <i>Represented by:</i>                              |  |  |
| Current tax   | 2,349  | (215)  |
| Deferred tax  | (3,631)                                      | (1,816)                                      |
|   | <b>(1,282)</b>                               | <b>(2,031)</b>                               |

**Note 10: Deferred tax**

|  | 6 months ended<br>30 September 2017<br>\$000 | 12 months ended<br>March 2017<br>\$000 |
|--|--|--|
| Balance at beginning of period   | 167,933                                      | 134,357                                |
| Current year changes in temporary differences recognised in profit or loss             | (3,631)                                      | (4,373)                                |
| Current year changes in temporary differences recognised in other comprehensive income | -  | 38,538                                 |
| Exchange rate movements on foreign denominated deferred tax                            | 224  | (589)                                  |
| <b>Total deferred tax liabilities</b>  | <b>164,526</b>                               | <b>167,933</b>                         |

# Directory

## Note 11. Underlying earnings after tax

Underlying earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Tilt Renewables believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or gain/impairment of generation assets.

|  | 6 months ended<br>30 September 2017<br>\$000 | 6 months ended<br>30 September 2016<br>\$000 |
|--|--|--|
| Profit after tax attributable to the shareholders of the Company | (2,555)                                      | 10,520                                       |
|  | <b>(2,555)</b>                               | <b>10,520</b>                                |
| Fair value losses/(gains) on financial instruments               | (860)  | 2,106  |
| <b>Adjustments before income tax</b>                             | <b>(860)</b>                                 | <b>2,106</b>                                 |
| Adjustments after income tax                                     | 258  | (632)  |
|  | <b>258</b>                                   | <b>(632)</b>                                 |
| <b>Underlying earnings after tax</b>                             | <b>(3,157)</b>                               | <b>11,994</b>                                |

## Note 12: Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Tilt Renewables Limited by the weighted average number of ordinary shares on issue during the year.

|  | 6 months ended<br>30 September 2017<br>\$000 | 6 months ended<br>30 September 2016<br>\$000 |
|--|--|--|
| Profit after tax attributable to the shareholders of the Company (\$000) | (2,555)                                      | 10,520                                       |
| Weighted average number of ordinary shares in issue ('000s)              | 312,973                                      | 312,973                                      |
| <b>Basic and diluted earnings per share (cents per share)</b>            | <b>(0.82)</b>                                | <b>3.36</b>                                  |
| Underlying earnings after tax (\$000)                                    | (3,157)                                      | 11,994                                       |
| Weighted average number of ordinary shares in issue ('000s)              | 312,973                                      | 312,973                                      |
| <b>Underlying earnings per share (cents per share)</b>                   | <b>(1.01)</b>                                | <b>3.83</b>                                  |

## Note 13. Contingent assets and liabilities

There were no contingent assets or liabilities as at 30 September 2017 (31 March 2017: nil).

## Note 14. Subsequent events

Other than those disclosed in elsewhere in these financial statements there have been no material events subsequent to 30 September 2017 (31 March 2017: nil).

## Board of Directors

Bruce Harker  
Fiona Oliver  
Geoffrey Swier  
Paul Newfield  
Phillip Strachan  
Vimal Vallabh

## Registered Office

c/- Russell McVeagh  
Level 30 Vero Centre  
48 Shortland Street  
Auckland 1010

## Postal Address

PO Box 16080  
Collins Street West  
Melbourne  
Victoria 8007

## Website

www.tiltrenewables.com

## Email Address

info@tiltrenewables.com

## Auditors

PricewaterhouseCoopers  
Level 19/2 Riverside Quay  
Southbank  
Victoria 3006

## Share Registrar

Computershare Investor  
Services Limited  
159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
Telephone: 09 488 8700  
Facsimile: 09 488 8787

Shareholders with enquiries about transactions, change of address or dividend payments should contact the Share Registrar.

## Stock Exchange Listing

New Zealand Exchange Limited  
Level 2 NZX Centre  
11 Cable Street  
Wellington 6011  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

