



QUARTERLY REPORT

**Period Ending
30 September 2018**

1. PERFORMANCE OVERVIEW

1.1 FINANCIAL PERFORMANCE

The financial information for the year to date has been compared to the FY2018-19 SBF (SBF).

\$ Millions	Actual YTD	SBF YTD	Variance
Revenue	768.2	750.3	17.9
Direct costs	(621.3)	(632.7)	11.4
Gross profit	146.9	117.6	29.3
Other income	0.6	1.0	(0.4)
Operating costs	(95.5)	(87.1)	(8.3)
Doubtful debts expense	(6.3)	(6.1)	(0.2)
EBITDA	45.7	25.3	20.4
Depreciation & Amortisation	(34.6)	(38.0)	3.4
EBIT	11.1	(12.6)	23.7
Net finance cost	(3.2)	(5.7)	2.4
Share of profit (joint ventures)	(0.1)	(0.4)	0.3
Reported NPBT / (NLBT)	7.8	(18.6)	26.4

The reported net profit before tax of \$7.8 million is \$26.4 million above the budgeted loss of \$18.6 million. The key reasons for the favourable variance to budget are as follows:

1. Above budget revenue of \$17.9 million;
2. Below budget direct cost of \$11.4 million, primarily due to a favourable mix in supply and lower capacity and gas trading commodity costs;
3. Above budget operating costs of \$8.3 million, primarily due to higher than expected maintenance costs;
4. Below budget depreciation cost of \$3.4 million, primarily due to the extension of the useful lives of some generation assets in FY18 financial year which due to the timing were not able to be reflected in the SBF; and
5. Below budget net finance cost of \$2.4 million, primarily due to lower discount unwinding interest cost on the gas swap and plant decommissioning provisions.

2. CORPORATE DASHBOARD

Corporate Performance Indicators	Actual	Budget	Variance
EBITDA (\$ millions)	45.7	25.3	20.4
RIFR (#) (Rolling 12 month)	4.9	1.9	(3.0)
Net Promoter Score (#) (Residential)	64.9	66.0	(1.1)
Environmental Breaches (#)	0.0	0.0	0.0
Regulatory Breaches (#)	0.0	0.0	0.0

3.

Commercially sensitive information deleted in accordance with Section 109(3) of the *Electricity Corporations Act 2005*.

SEGMENT REPORT FOR PERIOD ENDED 30 SEPTEMBER 2018

The Group is required to present segment information under Part 2 of *The Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013*. The Regulations do not require comparative information to be presented.

For management purposes, the Group is organised into business units based on functions and activities. The Group has four reportable operating segments detailed as follows:

- **Generation business unit (GBU)** - manages operations involving the construction or operation of generating works (as defined in the *Electricity Industry Act 2004* section 3), and the operations of the South West Solar Development Holdings Pty Ltd consolidated group.
- **Wholesale business unit (WBU)** - manages operations involving the wholesale supply of energy and related products (including pricing in respect of such acquisition or supply) and includes the operations of subsidiary Vinalco Energy Trust
- **Retail business unit (RBU)** - manages operations involving the pricing, sale and marketing of energy and related products to customers.
- **Corporate shared services (CSS)** - manages operations relating to the following activities: corporate development and strategy; accounting and finance, compliance and legal matters; human resources; information technology support; communications; record keeping, and any other operations (excluding generation operations, wholesale operations and retail operations) undertaken in connection with two or more business units.

Inter-segment revenues are eliminated upon consolidation and reflected in the eliminations column. No operating segments have been aggregated in arriving at the reportable segments of the Group.

There are varying levels of interaction between WBU, GBU and RBU. This interaction includes transfers of energy and related products and shared distribution services. Where appropriate, any inter-segment pricing is determined on an arm's length basis.

Formal arrangements exist between:

- WBU and RBU whereby WBU sells energy to RBU on an arms-length basis; and
- WBU and GBU whereby GBU is compensated by WBU for both maintaining and making available a fleet of plant, as well as the efficient utilisation of that plant.

Segment Report for the period ended 30 September 2018	GBU	WBU	RBU	CSS	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External customers	2,461	97,193	668,406	-	-	768,060
Inter-segment	102,153	257,818	-	-	(359,971)	-
Total Revenue	104,614	355,011	668,406	-	(359,971)	768,060
Cost of sales	(91,046)	(292,664)	(602,459)	-	364,803	(621,366)
Operating costs	(53,145)	(1,162)	(18,764)	(22,209)	7	(95,273)
Impairment	-	-	(6,308)	-	-	(6,308)
Other income	864	(467)	6	181	1	585
EBITDA	(38,713)	60,718	40,881	(22,028)	4,840	45,698
Depreciation and amortisation	(26,437)	(1,165)	(2,458)	(4,533)	-	(34,593)
Finance income	-	12	-	1,998	(532)	1,478
Finance costs	(1,834)	(2,098)	-	(1,296)	532	(4,696)
Net finance costs	(1,834)	(2,086)	-	702	-	(3,218)
Segment profit/ (loss)	(66,984)	57,467	38,423	(25,859)	4,840	7,887
Unallocated items						
Share of profit of joint ventures and an associate						(100)
Gain on sale/ purchase of investment in subsidiaries						-
Tax equivalent expense						-
Profit for the year from continuing operations						7,787