



Annual Meeting Presentation 26 July 2017



Annual Meeting Agenda

- Welcome
- Apologies
- Minutes of Previous Annual Shareholders Meeting
- Presentation from CEO
- Resolutions
- General Business
- Close

CEO Presentation

Financial Year to 31 March 2017 in Review



Key Highlights of 12 months to March 2017

• EBITDAF	\$14.5m
• NPAT	\$3.9m
• Operating Cash Flow	\$11.8m
• Generation Volume	237 GWh
• Gross Dividend per Share	40.60c

Note: Comparison previous corresponding periods are not able to be provided due to the previous period being a 15 month financial period

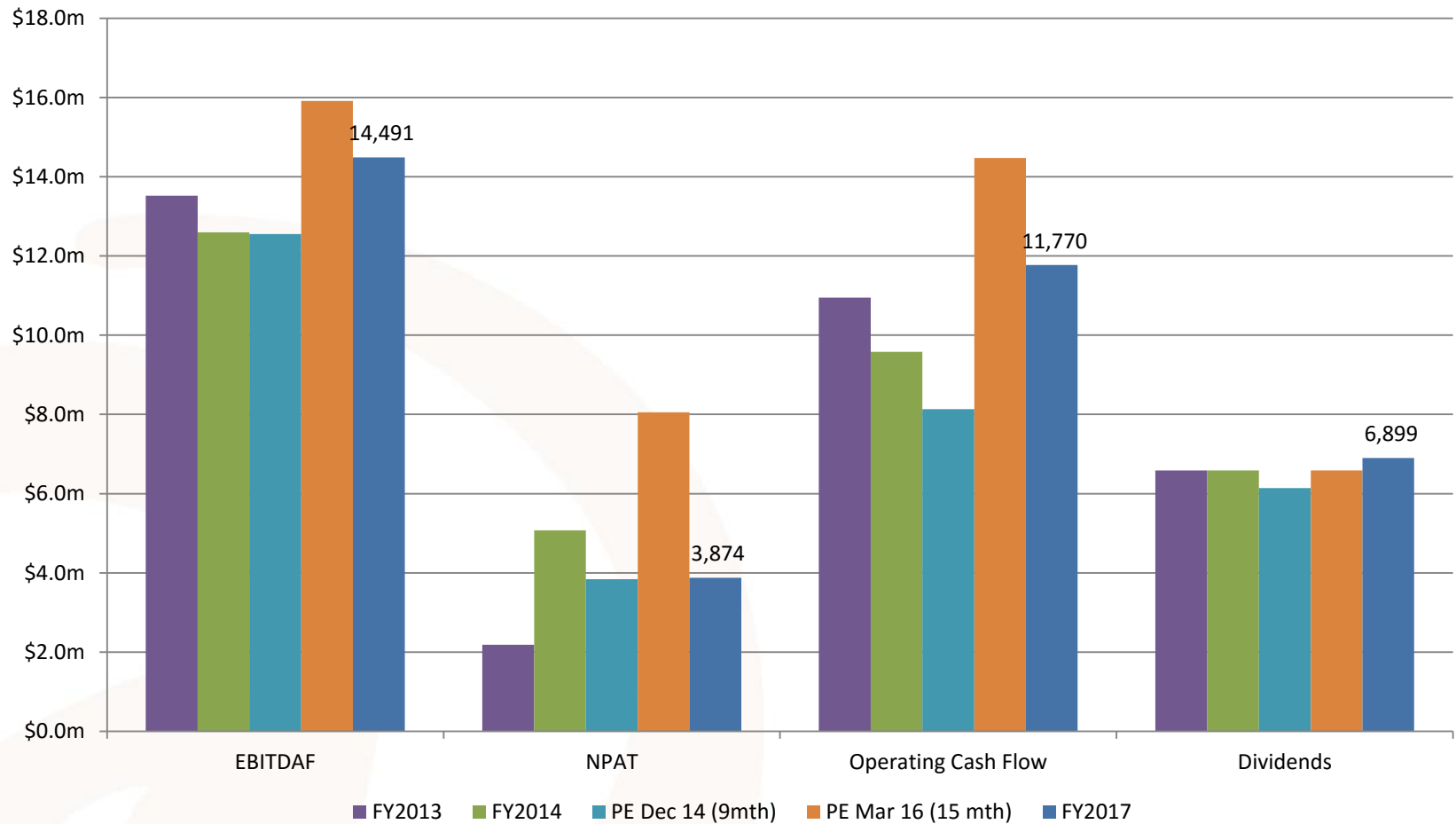
Key Highlights of 12 months to March 2017

- Category award winner for the Safeguard NZ Health and Safety Awards
- Record year for generation output and revenue
- Generation business experienced favourable conditions for hydrology
- Competitive retail market continues to impact Retail business margins
- Operating revenue was \$45.9m
- Net debt position was \$16.9m on 31 March 2017.
- Retail electricity sales volume of 234 GWh (annualised decrease of 5%)

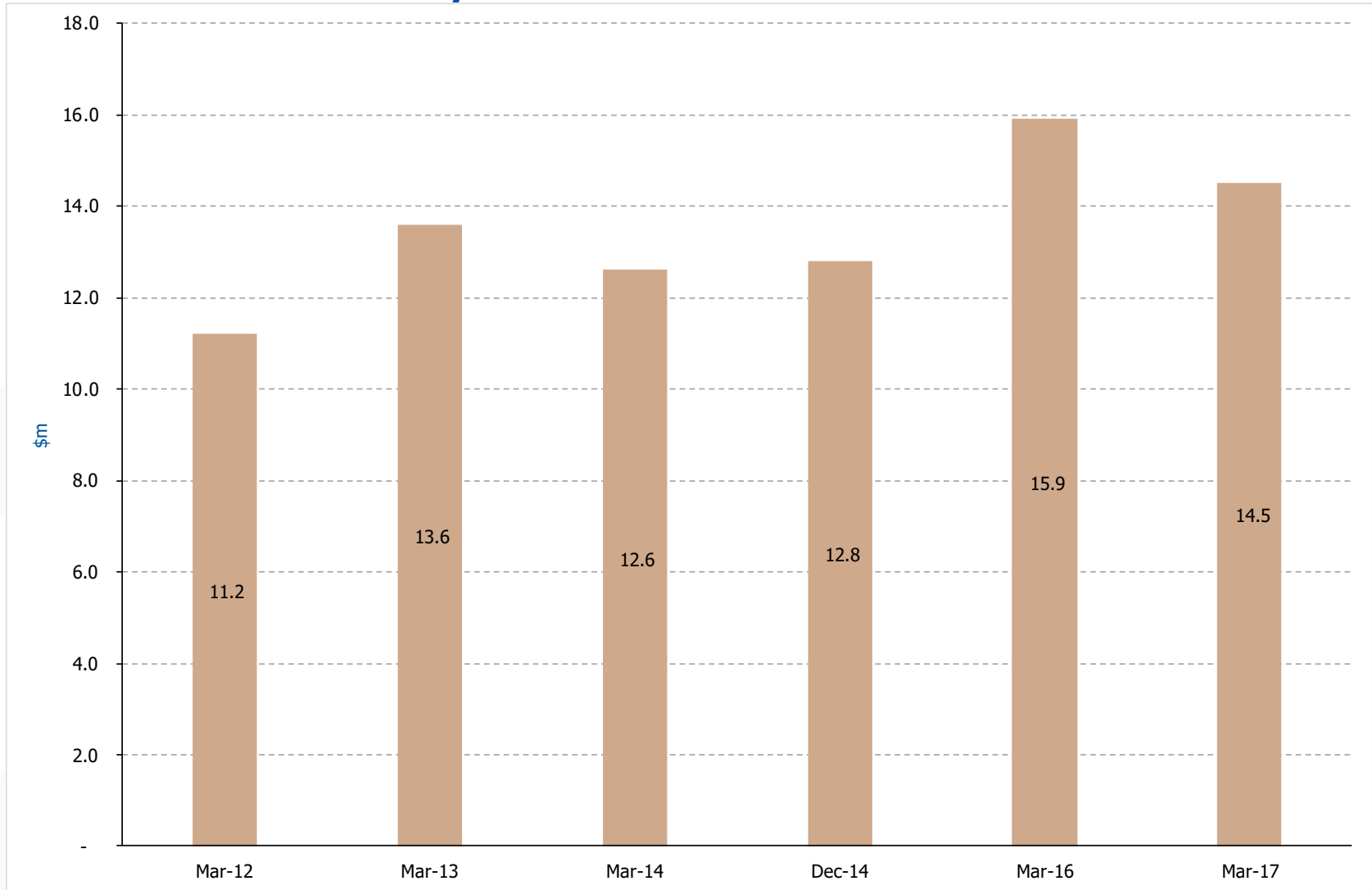
Financial Performance Analysis



Financial performance history

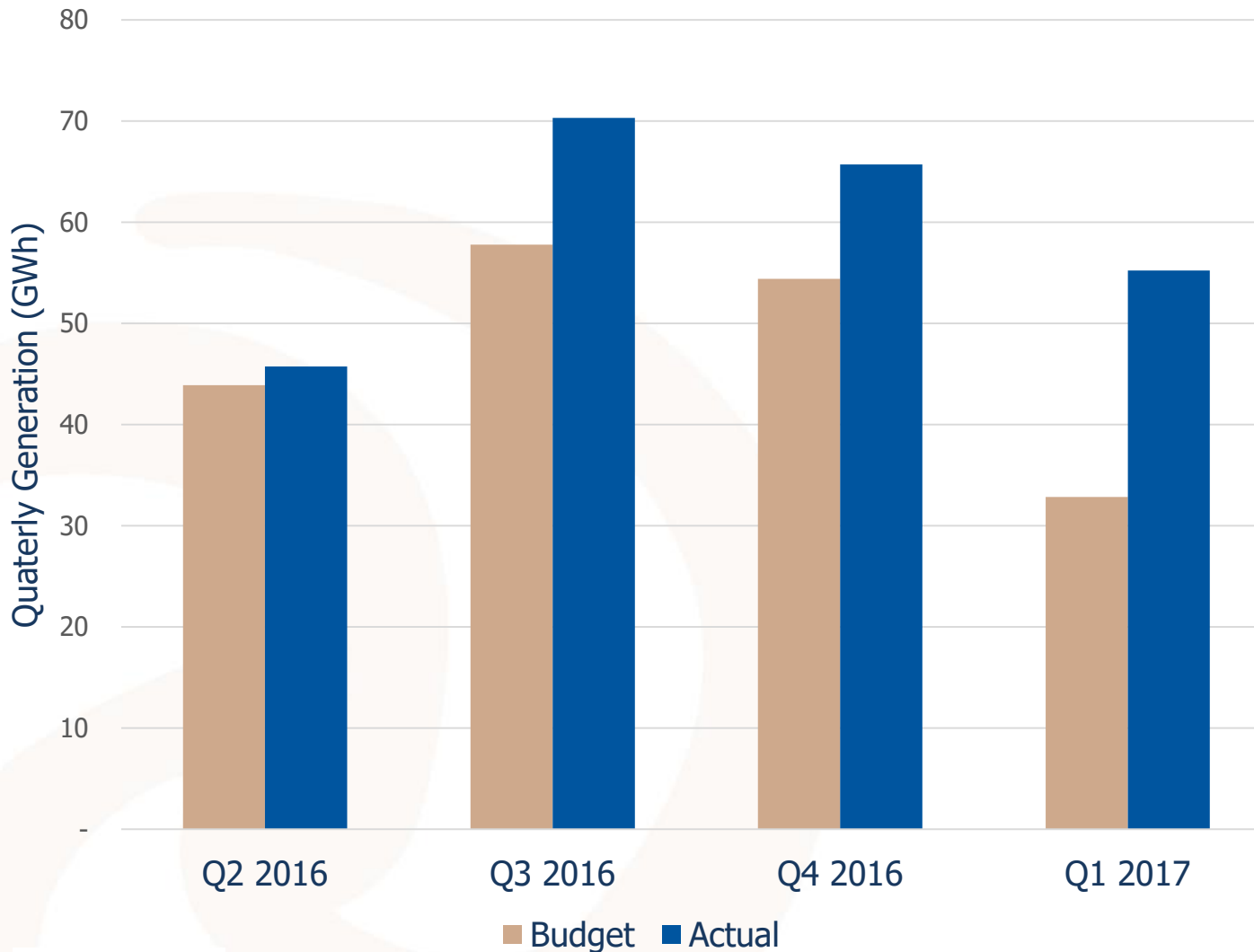


EBITDAF history



Note: Data to December 2014 is for 9 months. Data for March 2016 is for 15 months.

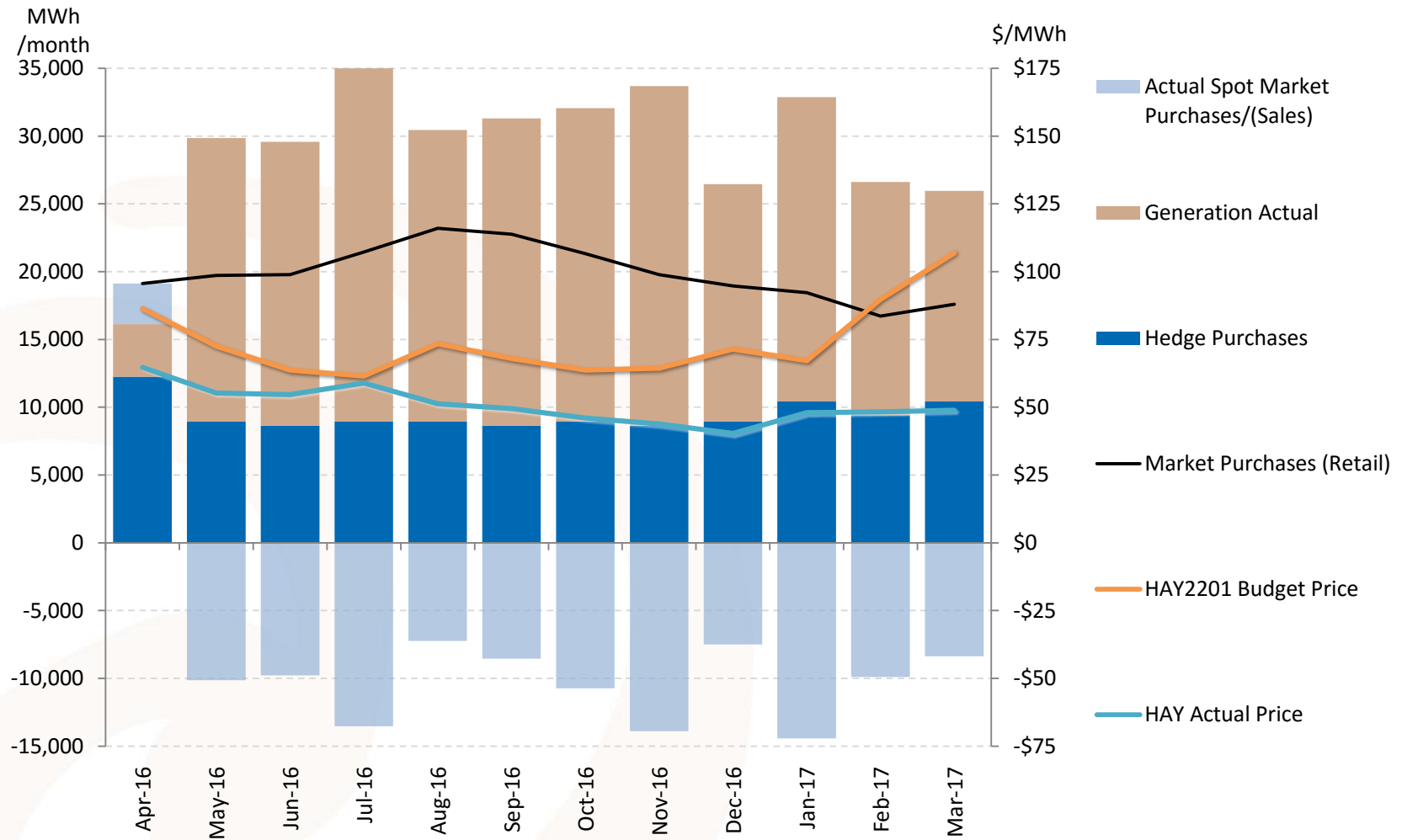
Quarterly Production (12 Months)



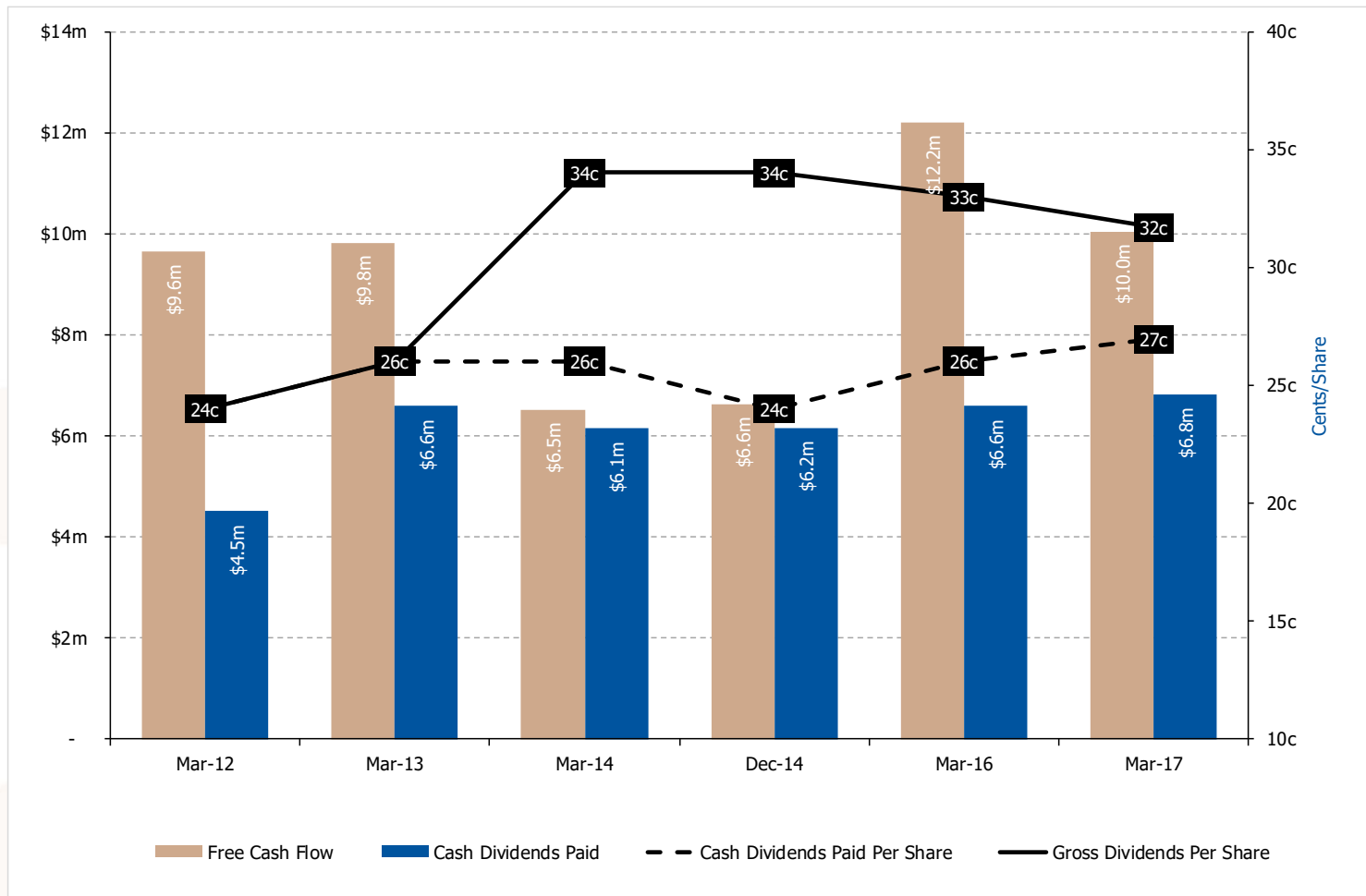
- Generation production exceeded historical average by 25%
- New monthly production record set in Nov 16
- New annual production record set at 237GWh

Hedge Profile Review

Electricity Market Supply and Demand Volumes

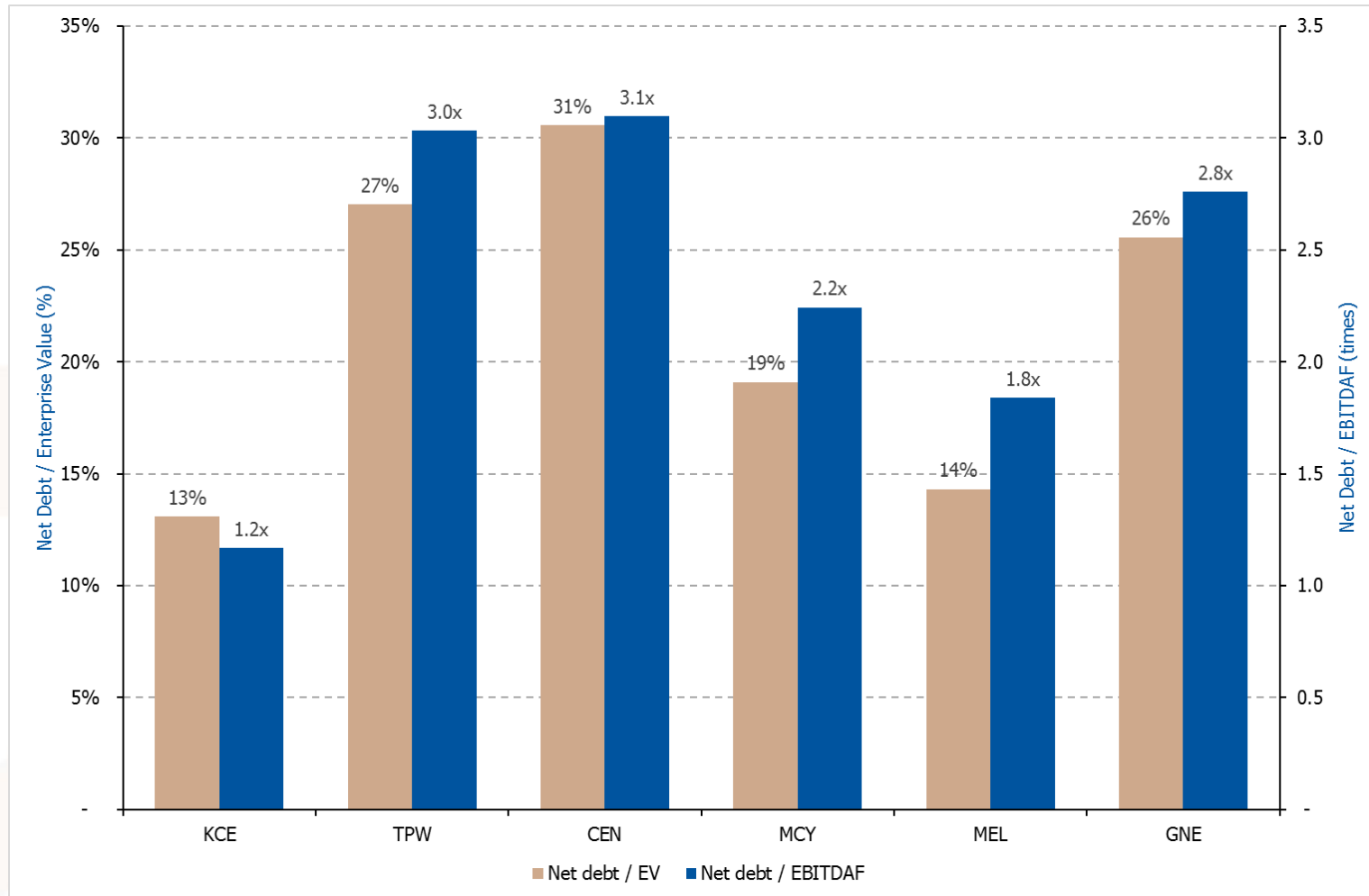


Dividends and Cash



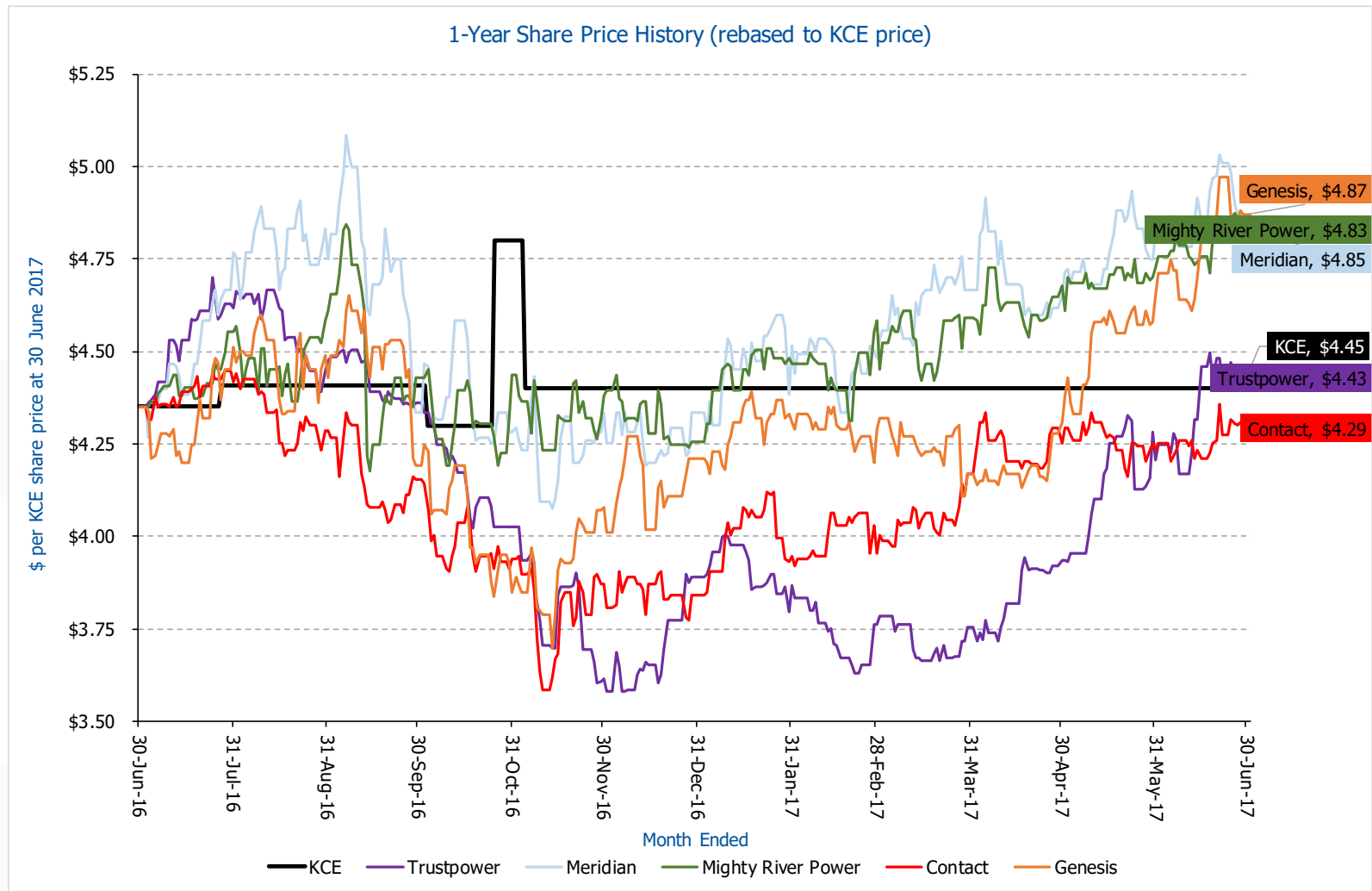
Note: Data to December 2014 is for 9 months. Data relating to dividends (cash dividends paid, dividends per share) relate to both 9 and 12 month periods for all periods due to the months in which dividends were paid - June/August and December.

Debt Relative to Peers

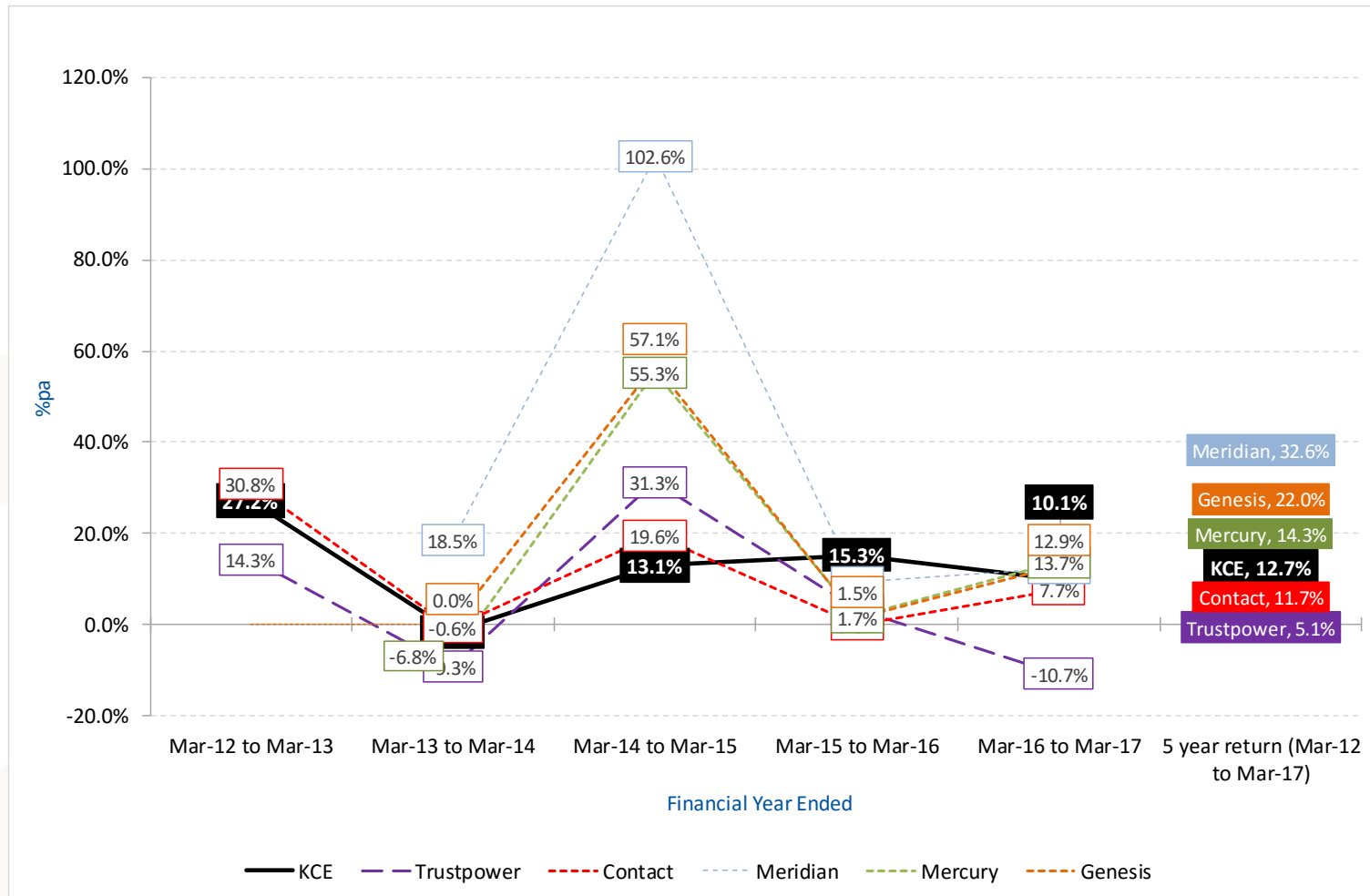


Note: Analysis covers 12 months of data.

Share price performance



Comparable historic total shareholder return



Future Outlook



Challenging sector environment

- KCE as a medium size full service player faces headwinds
- No current generation development opportunities
- Retail sector influenced by churn and reduction in margins
- KCE traditional trading area continues to provide retail stability, but no growth
 - Currently 64% King Country market share (66% in 2016)
- Operational excellence in customer service is key
- Sector amalgamation likely to feature going forward
- Following the KCEPT ownership review and their discussions with Trustpower, the KCE Board is undertaking strategy work relating to the value of the existing business model and alternatives.

Resolutions



Resolutions

1. Toby Stevenson be elected as a Director of the Company
2. Brian Needham be elected as a Director of the Company
3. Directors to fix auditor remuneration

A woman in a blue jumpsuit, high-visibility yellow vest, and blue gloves is using a blue high-pressure hose to clean a row of white plastic containers on a metal walkway. The walkway is wet and has a diamond plate pattern. The background shows industrial structures and pipes.

General Business