Market Announcement

9 May 2019

Tilt Renewables results announcement for the financial year ended 31 March 2019

Tilt Renewables Limited and its subsidiaries ("Tilt Renewables") released today its financial statements for the year ended 31 March 2019 ("FY2019") together with key highlights and operating metrics for the year. All financial references in this release are in Australian dollars.

Key highlights for FY2019

Highlights for the year ending 31 March 2019 include:

- Energy production of more than 2 terawatt-hours across the operational portfolio
- Earnings Before Interest, Tax Depreciation, Amortisation, Fair Value Movements of Financial Instruments ("EBITDAF") of $134.8 million
- Cash from operating activities of $112.4 million, up 31% on prior period
- The 54 MW Salt Creek Wind Farm achieved commercial operations in July 2018
- The 336 MW Dundonnell Wind Farm was successfully bid into the Victorian Renewable Energy Auction Scheme, secured a long-term offtake with Snowy Hydro and achieved financial close in November 2018. Construction of the $560 million project is underway, targeting completion in late CY2020
- Tilt Renewables was successful in raising $260 million from its first equity offering, which was strongly supported with a premium achieved for non-participating shareholders in each of the institutional and retail bookbuilds
- Waverley Wind Farm, a ~130 MW wind project in South Taranaki, New Zealand is progressing towards an end of CY2019 investment decision, underpinned by an offtake contract with Genesis Energy which is expected to be executed in the coming weeks
- The development pipeline has been advanced, increasing by 1 GW over the last 12 months, highlighted by the acquisition of Liverpool Range project which brings Tilt Renewables' wind options in New South Wales to ~1.3 GW

Operational performance in FY2019

Tilt Renewables is committed to the health and safety of its employees and contractors, as well as maintaining its strong track record of environmental compliance and stakeholder engagement. The FY2019 Total Recordable Injury Frequency Rate (TRIFR) of 24.6 incidents per million hours is an unsatisfactory result and Management is focused on improving safety performance for all our employees, contractors and communities. The increase in construction activity at the Dundonnell Wind Farm and incidents at our operational sites highlight the need to stay focused and work harder to entrench a strong safety culture across the portfolio.

Production from Tilt Renewables' portfolio of 322 turbines was 2,054 gigawatt-hours (GWh). This level of production was in line with long-term expectations, and up 14% on the prior year due to a return to near average wind conditions across Australia and New Zealand. The contribution from the newly commissioned Salt Creek asset was 134 GWh during FY2019. Asset reliability levels were satisfactory with 96.5% availability achieved across the portfolio.

Financial performance in FY2019

Additional sales revenue from improved production and higher captured prices across the year, including the benefit of short-term pricing in Australian electricity markets and contracted prices achieved from Large-scale Generation Certificate (LGC) production. These combined factors resulted in a 22% increase in revenues to $193.3 million and helped drive a 30% increase in EBITDAF to $134.8 million. The Dundonnell Wind Farm investment decision resulted in the capitalisation of the related direct development and employee costs incurred for the project (development costs on projects that have not reached Final Investment Decision are expensed into EBITDAF).

Underlying net profit after tax for FY2019 was a $14.2 million, compared to a $9.3 million loss in the prior period. The increase was largely driven by the improved EBITDAF result, plus non-cash movements relating to higher depreciation on the growing portfolio and derivative fair value loss due on interest rate hedges, due to the low interest rate environment.

At 31 March 2019, the company had net debt of $595 million, broadly in line with FY18 with the initial drawdown of debt to fund construction of the Dundonnell Wind Farm offset by debt repayments made on existing facilities and higher cash balances post the March 2019 equity raise. Gearing levels have reduced to 48% at 31 March 2019, however this is expected to increase with the full drawdown of the Dundonnell Wind Farm construction debt to a level which is appropriate given the strong contracted cashflow profile of the business.

Balanced scorecard	Units	FY2019	FY2018	△
Safety – TRIFR (Total Recordable Injury Frequency Rate)	Incidents per million hours	24.6	14.2	10.4
Energy production	GWh	2,054	1,796	14%
Revenue	AUD $M	193.3	158.0	22%
EBITDAF	AUD $M	134.8	103.8	30%
Underlying net profit after tax	AUD $M	14.2	(9.3)	253%
Net operating cashflow	AUD $M	112.4	85.9	31%
Balance sheet gearing	%	48%	54%	6% reduction
Final dividend declared	AUD cents per share	Nil	1.80	1.80 reduction

Guidance

FY2020 EBITDAF guidance of $122 to 129 million was provided at the Infratil Investor Day last month and Management reaffirm this range, noting that the business is not expected to materially benefit from any contribution from the Dundonnell Wind Farm until the FY2021 period. Tilt Renewables' financial performance remains largely dependent on wind conditions experienced across the portfolio of operating assets and this range assumes achievement of long-term average wind generation which will be reported against quarterly.

Dividend

Operating cashflows remained strong in FY2019 from the highly contracted generation portfolio. Tilt Renewables seeks to balance dividends and calls on shareholders to contribute equity for future projects. With Waverley Wind Farm project progressing towards an investment decision in CY2019 and other near-term opportunities currently in the market, the Tilt Renewables Board has determined it is in the best interests of all shareholders not to pay a final dividend and to retain the cash within the business for anticipated project equity requirements.

ENDS

For further information please contact:

Steve Symons
Chief Financial Officer
Phone: +61 419 893 746

Notes

1. 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 the 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.
2. 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.
3. Balance sheet gearing is defined as net debt over the sum of net debt and net assets.