

QUARTERLY PERFORMANCE REPORT

FOR THE PERIOD OCTOBER – DECEMBER 2019

Performance Overview



PEOPLE, SAFETY AND WELLBEING

- In December 19, Ms Samantha Tough was appointed as chair of Horizon Power's Board of Directors. Besides her distinguished career, Samantha has extensive experience across the energy and resources sector and direct experience with regional Western Australia.
- Wellbeing – People at Work Survey closely reflects national benchmarks. Continuing to work on; supportive supervision, praise and recognition and prioritisation of work to reduce overload.



RENEWABLE ENERGY & ENERGY AFFORDABILITY

- The Onslow Renewable Incentive program for solar has successfully concluded in December. Under the program, residents and businesses were able to take up solar PV and battery products at subsidised prices. The pilot has provided valuable information on the network impacts and how to manage systems from high-renewable penetration as Horizon Power progresses towards a renewable energy future. In total of 1,605 kW of solar PV and 831 kWh of batteries have been sold to customers.
- As at December 2019, the increase in hosting capacity has enabled solar energy installed to increase by more than threefold compared to same time last year.
- Three new hardship trials have commenced to assist vulnerable customers. One of those is a collaboration with Bloodwood tree non-for-profit charitable organisation providing services and support to at-risk Aboriginal and Torres Strait Islander clients who might be affected by homelessness, alcohol and other drug use, unemployment or other social issues.
- An updated release of the Horizon Power app has received positive reviews from customers "I was nervous about my power bills moving to Karratha, this allows me to track my usage daily to make sure I am efficient excellent!".

Note: this performance report covers the three month period commencing 1 October 2019 and ending 31 December 2019. For statistics prepared on a rolling 12-month basis, data from 1 January 2019 onwards was used.



Performance Overview (cont.)



SUSTAINABLE BUSINESS

- In line with the new Corporate Strategy and the High Performing Organisation theme, Horizon Power has kicked off its digital transformation strategic initiative of building a Digital Utility which is critical in delivering improvements to customer and employee experience. Horizon Power has engaged Mckinsey and Company to assist in the development of a 4 year roadmap, supporting business case, and prototype.
- The Section 68 of the Dampier to Karratha 132 kV line Upgrade has been approved in December 2019. The line upgrade will ensure ongoing and enhanced system security to the NWIS and position Horizon Power for future load growth opportunities. The project is planned to be completed by February 2021 and will engage local regional resources, including two Aboriginal heritage monitors.
- Customer satisfaction has been consistently high with an average Promoter Score, a measure of customer experience, of +39. Related, the number of Ombudsman complaints has been at record low with a reduction of almost 40% on last year's figures.
- Customer debt in excess of 90 days overdue has dropped by 26% in December 19.



FINANCIAL PERFORMANCE

- Horizon Power reported a year to date Net Profit After tax of \$8.0M compared to a budget (MYR) of \$3.4M. This favourable variance of \$4.6M is mainly made up of higher energy sales (\$10.1M); higher miscellaneous income (\$1.2M); lower expenses (\$2.8M) offset by continued slow economic development and therefore lower Developer and Customer contributions (-\$5.8M); lower Community Service Obligations (-\$1.6M) and higher income tax (-\$1.9M).
- Year to date capital expenditure amounted to \$26.6M compared to a budget of \$34.7M. The variance of \$8.1M is driven by both project savings and slower than expected installation of our Distributed Energy Resources Management System (DERMS) as part of the Onslow DER project phase 2.



STAKEHOLDER SERVICE

- During the quarter, Horizon Power provided responses to 4 Ministerial and 13 Parliamentary Questions.

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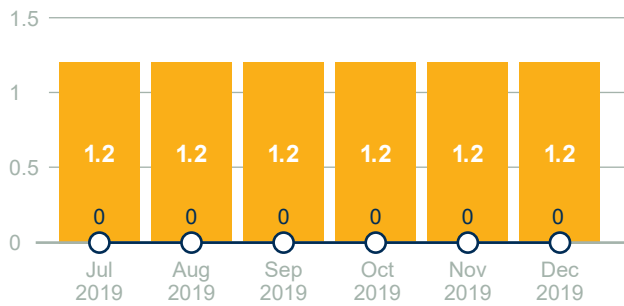




Safety, Health & Environment

LOST TIME INJURY FREQUENCY RATE

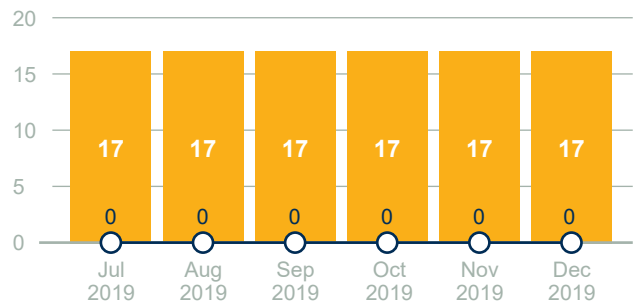
(12 month rolling average)



Actual Target

LOST TIME INJURY SEVERITY RATE

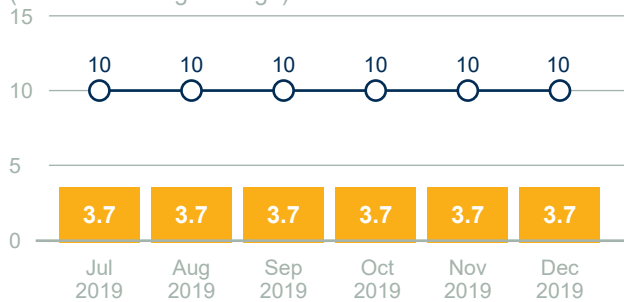
(12 month rolling average)



Actual Target

TOTAL RECORDABLE INJURY FREQUENCY RATE

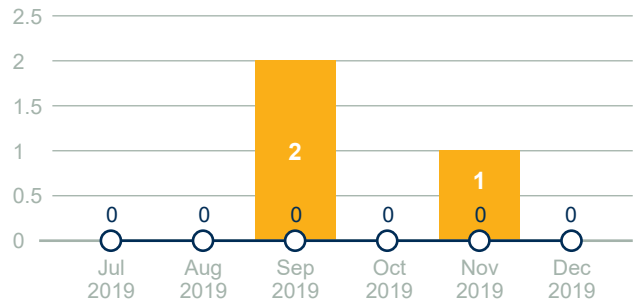
(12 month rolling average)



Actual Target

PUBLIC SAFETY INCIDENTS

(Dec 2019 YTD)



Actual Target

COMMENTARY

- Lost Time Injury Frequency Rate remains steady at 1.2. There has been no Lost Time Illness/Injury for the last eight months.

COMMENTARY

- The Lost Time Severity Rate has remained steady at 17.
- 1 Notifiable Incident occurred in the Quarter (November 19) being a faulty neutral connection that affected at least two consumers in Esperance.
- The Unassisted Pole Failure rate* was 0.77 by the end of the quarter and within the target of 1.00.
- *3 Year rolling average per 10,000 poles.



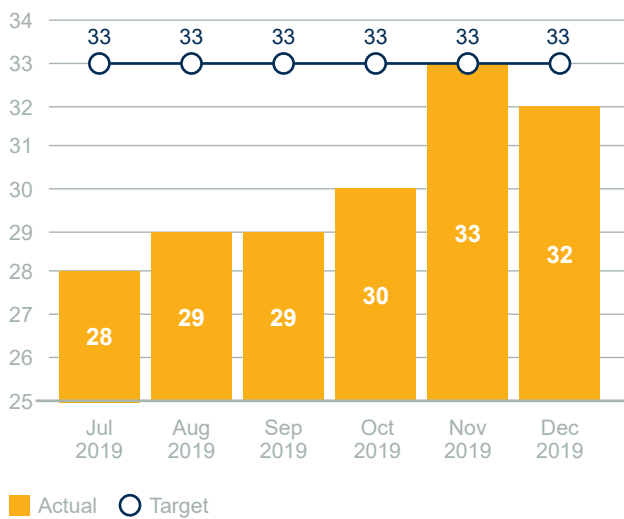


Customer Service & Electricity Delivery

KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Performance
Customer Satisfaction (survey rating %)	80%	≥70%		

PERFORMING SYSTEMS

(Number of Systems)



CUSTOMER CONNECTIONS

(Number of new connections and % completed on time)







Financial Performance – Actual v/s MYR

PROFIT AND LOSS SUMMARY (\$ MILLIONS)

Profit or Loss Summary (\$ millions)	YTD Actual	YTD MYR	VAR
Total Income	265.5	261.6	3.9
Less: Cost of Sales	116.3	117.4	1.1
Less: Operating Expenditure	56.8	58.4	1.6
EBITDA	92.4	85.8	6.6
Depreciation and Amortisation	48.8	48.4	(0.4)
EBIT	43.6	37.4	6.2
Interest Expenses	32.2	32.5	0.3
Net Profit (loss) Before tax	11.4	4.9	6.5
Tax	3.4	1.5	(1.9)
Net Profit (loss) After tax	8.0	3.4	4.6

KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Performance
Unit Cost of Supply (c/kWh)	34.4	38.5		Lower unit cost is driven by higher volume sold whilst maintaining the costs at or below budget levels.
Return on Asset (%)	4.7%	4.6%		

COMMENTARY

Horizon Power reported a YTD Net Profit After Tax of \$8.0M compared to a budget of \$3.4M, a favourable variance of \$4.6M. Key variances are broken down as follows:

INCOME

Overall energy Sales were 6.6% higher than budget by \$10M (\$161.7M v \$151.7M). NWIS sales were higher by 9.7%. NIS sales also recorded higher sales of 3.8% (+\$3.0M), mainly from Residential, Government and Small Business segments. Higher than average temperature, especially in December 19 was a key factor to higher sales.

The higher sales were offset by lower Developer and Customer contribution (-\$5.8M).

COST OF SALES

Savings from lower gas prices (+\$1.5M), diesel and maintenance (+\$0.8M) were offset by higher than budgeted Renewable Energy Certificates.

OPERATING EXPENDITURE

Favourable variance mainly driven by higher recovery of costs and net savings across various items of the operating expenditure.

TAX

Higher tax is related to the higher profit than budget.



HORIZON POWER

