

# QUARTERLY PERFORMANCE REPORT

FOR THE PERIOD JANUARY – MARCH 2020

## Performance Overview



### PEOPLE, SAFETY AND WELLBEING

- COVID-19: By the end of March 20, Horizon Power's Pandemic Response Plan was raised to Level 3 leading to an escalation of COVID-19 measures. A 'War Room' was established as the primary decision-making body to provide a coordinated and consistent approach and a proactive management of the risks posed by COVID-19. Non critical workers have been working from home since mid- March.
- In February, severe Tropical Cyclone Damien made landfall over the Karratha-Dampier region causing significant damage. Despite the ferocity of the storm and damage sustained throughout the region, Horizon Power crews responded quickly in restoring power. The estimated financial impact as of end of March was around \$2M.
- The Innovate Reconciliation Action Plan 2020-22 (RAP) was launched in March 20, an historic milestone for Horizon Power. Endorsed by Reconciliation Australia, the RAP is an important mechanism that will help further strengthen our relationship with Aboriginal and Torres Strait Islander peoples, enable improved engagement and continue to help support and sustain vibrant regional communities.



### RENEWABLE ENERGY & ENERGY AFFORDABILITY

- Contract Power Australia (CPA) was awarded the Power Purchase Agreement for the supply of electricity to Esperance for the next 20 years, commencing 2022. Esperance's new long-term power solution will include a new power station, battery storage system and renewables hub, with construction due to begin in September 2020. Commissioning is scheduled for the first quarter of 2022.
- Electric vehicle (EV) pilot project kicked-off in Esperance and Broome in March this year. The pilot is being run to help better understand the impact that electric vehicles will have on the grid. As part of the pilot, Horizon Power purchased two fully electric Hyundai Kona and installed 22 kilowatt fast chargers at the depots and 7 kilowatt slow chargers at the employees' homes.

Note: this performance report covers the three month period commencing 1 January 2020 and ending 31 March 2020. For statistics prepared on a rolling 12-month basis, data from 1 April 2019 onwards was used.



## Performance Overview (cont.)



### SUSTAINABLE BUSINESS

- On 31 January 2020, Horizon Power's progressive web application inSpark went live. The app has significantly reduced work process time for Inspectors out in the field. Digitising the Inspectorate paper-based processes is aligned to Horizon Power strategic theme to be a high performing organisation by providing a better employee experience.



### FINANCIAL PERFORMANCE

- Horizon Power reported a year to date Net Profit After tax of \$11.7M compared to a budget (MYR) of \$9.2M. This favourable variance of \$2.5M is driven by higher energy sales (\$14.4 M), lower cost of sales (\$2.8 M), higher miscellaneous income (\$1.6 M) and lower interest (\$0.7 M) and lower income tax (\$0.8 M); offset by lower Development and Customer Contribution (-\$7.0 M), lower Community Service Obligations (-\$1.6 M), higher operating expenses (-\$7.9 M) and depreciation (\$-1.3 M).
- Year to date capital expenditure amounted to \$40.1M compared to a budget of \$55.1M. The underspend variance of \$15.0M is driven by both project savings and slower than expected installation of our Distributed Energy Resources Management System (DERMS) - Onslow DER project phase 2 and the Dampier to Karratha Capacity Upgrade.



### STAKEHOLDER SERVICE

- During the quarter, Horizon Power provided responses to 16 Ministerial and 6 Parliamentary Questions.

Note: this performance report covers the three month period commencing 1 January 2020 and ending 31 March 2020. For statistics prepared on a rolling 12-month basis, data from 1 April 2019 onwards was used.

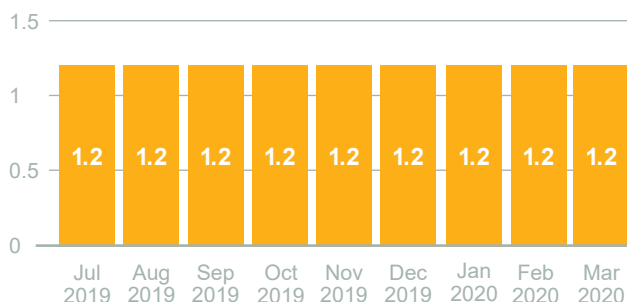




## Safety, Health & Environment

### LOST TIME INJURY FREQUENCY RATE

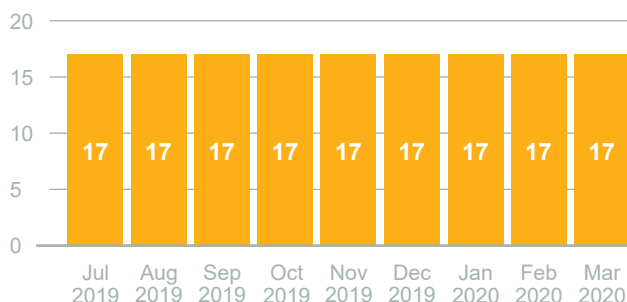
(12 month rolling average)



Actual

### LOST TIME INJURY SEVERITY RATE

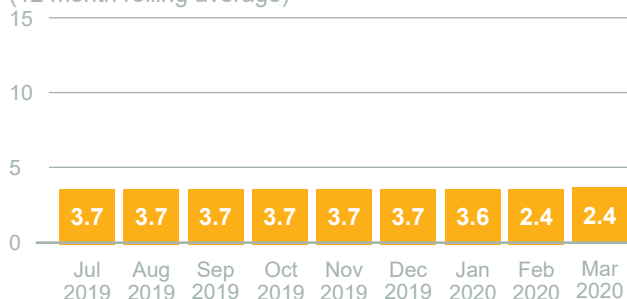
(12 month rolling average)



Actual

### TOTAL RECORDABLE INJURY FREQUENCY RATE

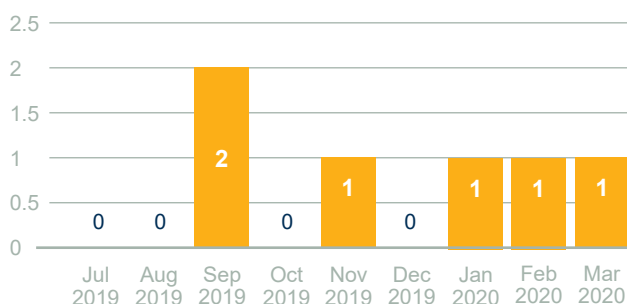
(12 month rolling average)



Actual

### PUBLIC SAFETY INCIDENTS

(12 month rolling average)



Actual

### COMMENTARY

- Lost Time Injury Frequency Rate remains steady at 1.2. There has been no Lost Time Illnesses/Injuries since April 2019.

### COMMENTARY

- The Lost Time Severity Rate has been remained steady at 17. Remained steady since April 2019.
- 3 Notifiable Incidents (Building and Energy) occurred in the Quarter (1 each in January, February and March 2020). Relating to bird strike on the network, interaction with the network by public and neutral terminal block affecting 2 or more customers.
- The Unassisted Pole Failure rate\* was 0.65 by the end of the quarter and within the target of 1.00. There were two Unassisted Pole Failure removed from the 3-year rolling data in the quarter in Esperance and Port Hedland.
- \*3 Year rolling average per 10,000 poles.



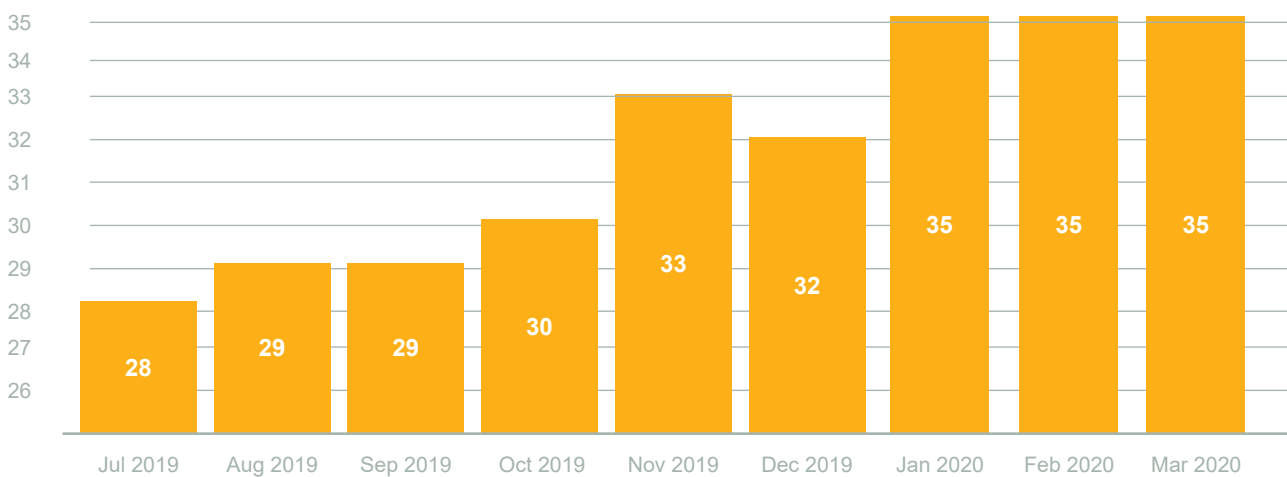


## Customer Service & Electricity Delivery

KPI	YTD Actual	YTD Target SBF Adj
Customer Satisfaction (survey rating %)	80%	≥70%
Net Promoter Score	43%	≥20%
>3 months outstanding unpaid invoices	\$3.85M	<\$5.5M
New connections on time	100%	99%

### PERFORMING SYSTEMS

(Number of Systems)



Actual

- As at end of March 20 non-performing systems were Esperance Rural, Leonora and Norseman.
- At the end of March 2020, SAIDI was 152 and within the target of 290 minutes. SAIFI was 2.1 and within the target of 6.6.
- In February 2020, Cyclone Damien had significant impact on Karratha and a Major Event Day was declared.





## Financial Performance – Actual v/s MYR

### PROFIT AND LOSS SUMMARY (\$ MILLIONS)

Profit or Loss Summary (\$ millions)	YTD Actual	YTD MYR	VAR
Total Income	408.8	401.5	7.4
Less: Cost of Sales	177.8	180.6	2.8
Less: Operating Expenditure	94.8	86.9	(7.9)
<b>EBITDA</b>	<b>136.2</b>	<b>134.0</b>	<b>2.2</b>
Depreciation and Amortisation	73.7	72.4	(1.3)
<b>EBIT</b>	<b>62.5</b>	<b>61.6</b>	<b>1.0</b>
Interest Expenses	47.7	48.4	0.7
<b>Net Profit (loss) Before tax</b>	<b>14.8</b>	<b>13.2</b>	<b>1.7</b>
Tax	3.1	4.0	0.8
<b>Net Profit (loss) After tax</b>	<b>11.7</b>	<b>9.2</b>	<b>2.5</b>

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 \$11.7 M compared to a budget of \$9.2 M, a favourable variance of \$2.5 M. Key variances are broken down as follows:

#### INCOME

Overall energy Sales were 6.6% higher than budget by \$14.4 M (\$253.3 M v \$238.9 M). NWIS sales were higher by 8.7% (+\$10.1 M), mainly driven by unbudgeted sales for FMG (+\$4.5 M) and Port Hedland Port Authority (+\$1.8 M) and higher revenue was also recorded from the Business and Government segments. NIS sales also recorded higher sales of 3.6% (+\$4.4 M), mainly from Residential, Government and Small Business segments. Higher than average temperature was a key factor to higher sales.

The higher sales were offset by lower Developer and Customer contribution (-\$7.0 M).

#### COST OF SALES

Savings from lower gas prices (+\$4.2 M), diesel and maintenance (+\$0.8 M) were offset by higher electricity purchases (-\$2.2 M).

#### OPERATING EXPENDITURE

Unfavourable variance of \$7.9 M mainly driven by cyclone Damien (\$2.0 M), unrealised loss on diesel hedging (\$2.6), redundancy costs (\$1.3 M), timing difference due to budget profile (\$2.0 M).

#### TAX

Lower tax due to previous year. Adjustment.



# HORIZON POWER

