

QUARTERLY PERFORMANCE REPORT

FOR THE PERIOD JULY – SEPTEMBER 2020

Performance Overview



BUSINESS HIGHLIGHTS

- The Premier announced that Horizon Power will receive around \$60 million of regional stimulus funding from the WA Government. This funding will be used to execute 19 projects over the next 18 months. Besides being aligned with the Horizon Power Strategy, the delivery of the projects will help the State's regional economic recovery. Included in the number is a \$21 million investment in energy infrastructure projects for the Kimberley
- 2020 Brand, reputation and customer satisfaction survey was undertaken by market research agency Faster Horses throughout May, and responses were collected from 878 customers. According to the report Horizon Power's overall performance KPI improved to 82%, from 64% last year (comparing like-for-like online survey results).
- The Horizon Power & ASU Salaried Employees Enterprise Agreement 2019 was approved by the Fair Work Commission in September 2020. The nominal expiry date of the Agreement is 31 August 2022.
- In August Energy Minister Bill Johnston announced the Distributed Energy Buyback Scheme (DEBS), which will introduce buyback payments for energy exported from eligible home batteries and electric vehicles.
- Horizon Power announced a partnership with the Department of Education to deliver the \$5 million Solar Schools program which will provide rooftop solar systems to 30 regional public schools throughout WA.
- The Distributed Energy Resources Management System (DERMS) trial project in Onslow has progressed well connecting 260 customer solar systems beyond traditional hosting capacity limits. This is a significant milestone achieved for a microgrid, effectively controlling renewable energy and traditional generation while maintaining grid stability and reliability.



FINANCIAL PERFORMANCE

- Horizon Power reported a year to date Net Profit After tax of \$1.4 M compared to a budget (SBF) loss of -\$3.3 M. This favourable variance of \$4.7M is driven by higher energy sales (\$5.2 M), lower cost of sales (\$0.5 M), lower operating expenses (\$0.9 M) and lower interest (\$0.6 M); offset by lower Development and Customer Contribution (-\$0.5 M), depreciation (-\$0.2 M) and higher income tax (-\$2.0 M).

Note: This performance report covers the three month period from 1 July to 30 September 2020. For statistics prepared on a rolling 12-month basis, data from 1 October 2019 onwards were used.



- Year to date capital expenditure amounted to \$11.2 M compared to a budget of \$13.1 M. The underspend variance of \$1.9 M is mainly driven by slower than expected installation of our Distributed Energy Resources Management System (DERMS) - Onslow DER project phase 2.



STAKEHOLDER SERVICE

- During the quarter, Horizon Power provided responses to 43 Ministerial and 5 Parliamentary Questions.

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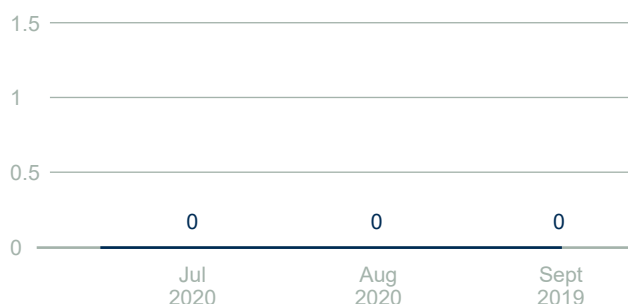




Safety, Health & Environment

LOST TIME INJURY FREQUENCY RATE

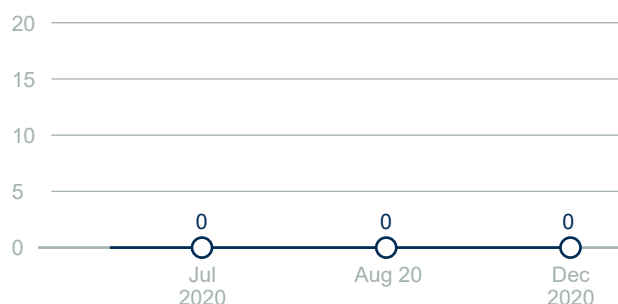
(12 month rolling average)



Actual

LOST TIME INJURY SEVERITY RATE

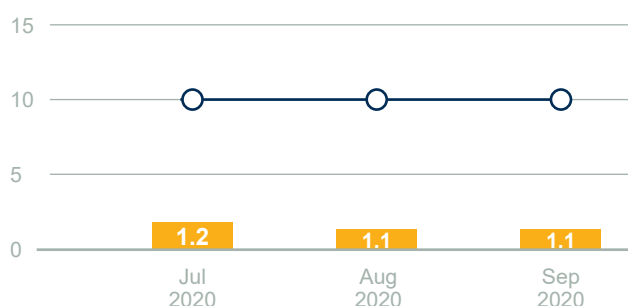
(12 month rolling average)



Actual Target

TOTAL RECORDABLE INJURY FREQUENCY RATE

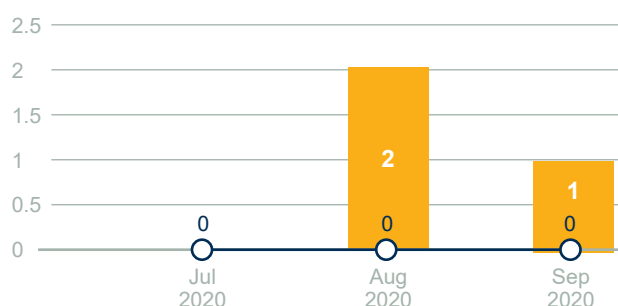
(12 month rolling average)



Actual Target

PUBLIC SAFETY INCIDENTS

(12 month rolling average)



Actual Target

COMMENTARY

— Lost Time Injury Frequency Rate remains steady at 0. There has been no Lost Time Illnesses/Injuries since April 2019.

COMMENTARY

- The Lost Time Severity Rate has been remained steady at 0. Remained steady since April 2020.
- 3 Notifiable Incidents (Building and Energy) occurred in the Quarter (2 in August, 1 in September). Relating to Electric Shock from faulty network neutral, Clashing conductors and Flash over in ring main switch cubicle during commissioning / energisation
- The Unassisted Pole Failure rate* was 0.65 by the end of the quarter and within the target of 1.00.3 Year rolling average per 10,000 poles



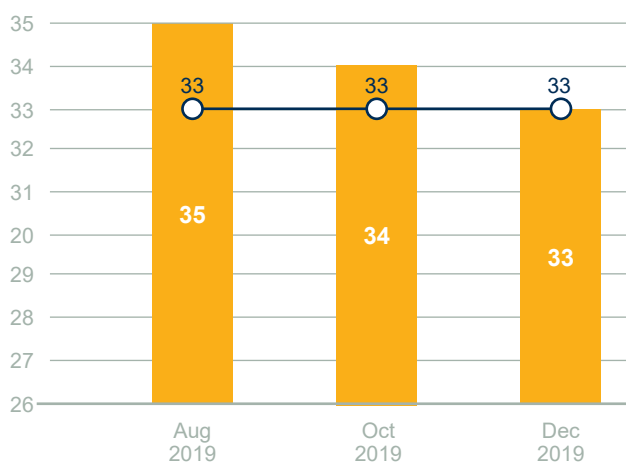


Customer Service & Electricity Delivery

KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Commentary
Customer Satisfaction (survey rating %)	82%	≥70%		
Net Promoter Score	55%	≥20%		
> 3 months outstanding unpaid invoices	\$4.2 M	<\$3.5 M		Due to COVID-19 restrictions collections activities, including warnings and disconnections have been suspended resulting in higher outstanding unpaid invoices amount.
New connections on time	100%	99%		

PERFORMING SYSTEMS

(Number of Systems)



■ Actual ○ Target

- Derby & Kununurra became non-performing in August and September 2020, respectively
- Derby due to a trip on a feeder with bats suspected to have caused the issue.
- Kununurra became non-performing due SAIFI being over the 6.6 limit when there was a Hydro outage and the backup power station auto-start did not kick in for 12 minutes
- At the end of September 2020, SAIDI was 132 and within the target of 290 minutes.
- SAIFI was 2.1 and within the target of 6.6
- In September, Carnarvon had 3 town outages due to generation, and just remains performing but is at risk of becoming non-performing due to SAIFI.







Financial Performance – Actual v/s MYR

PROFIT AND LOSS SUMMARY (\$ MILLIONS)

Profit or Loss Summary (\$ millions)	YTD Actual	YTD MYR	VAR
Total Income	125.8	120.9	4.9
Less: Cost of Sales	54.1	54.6	0.5
Less: Operating Expenditure	30.6	31.5	0.9
EBITDA	41.1	34.8	6.3
Depreciation and Amortisation	24.1	23.8	(0.3)
EBIT	17.0	11.0	6.0
Interest Expenses	15.0	15.7	0.7
Net Profit (loss) Before tax	2.0	(4.7)	6.7
Tax	(0.6)	1.4	(2.0)
Net Profit (loss) After tax	1.4	(3.3)	4.7

KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Performance
Unit Cost of Supply (c/kWh)	37.3	37.5		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%		Lower return on asset rate due to seasonality of sales

COMMENTARY

Horizon Power reported a YTD Net Profit After Tax of \$1.4 M compared to budgeted loss of -\$3.3 M, a favourable variance of \$4.7 M. Key variances are broken down as follows:

INCOME

Overall energy Sales were 7.6% higher than budget by \$5.2 M (\$73.6 M v \$68.4 M). NWIS sales were higher by 13.2% (+\$4.1 M), mainly driven by unbudgeted sales to large enterprise segment. NIS sales also recorded higher sales of 2.9% (+\$1.1 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 (-\$0.5 M).

COST OF SALES

Savings from lower gas prices (+\$0.5 M), diesel and maintenance (+\$1.3 M) were offset by higher electricity purchases (-\$1.0 M) and higher lease charges (-\$0.3 M).

OPERATING EXPENDITURE

Favourable variance of \$0.9 M mainly driven by timing difference due to budget profile, partly offset by cyclone Damien costs (\$0.2 M).

TAX

Higher tax due to positive variance in profits.



HORIZON POWER

