

# QUARTERLY PERFORMANCE REPORT

FOR THE PERIOD OCTOBER – DECEMBER 2020

## Performance Overview



### BUSINESS HIGHLIGHTS

- In November 2020, the Karratha-Dampier MP 132 kV Line Upgrade Project successfully completed energisation of the upgraded line. The line is a 50 year asset which will underpin ongoing regional growth in the Karratha and Dampier area, while supporting the efficient dispatch of generation across Horizon Powers NWIS portfolio
- Horizon Power's Onslow Distributed Energy Resource (DER) Project was announced the State winner of the 2020 Australian Institute of Project Management Achievement Awards, in the category of Regional Projects. The Awards recognise and promote outstanding achievements in program and project leadership, and provide an opportunity to showcase exceptional project success. Horizon Power recognises that this could not have been achieved without the support of the Onslow community who continue to be an integral part of the town's energy system as both consumer and prosumer of energy
- In November 2020 Horizon Power and Esperance Tjaltjiraak Native Title Aboriginal Corporation (ETNTAC) signed the Esperance Nyungar Alternative Heritage Agreement. This purpose built alternative Agreement is the result of both organisations working together in a collaborative and respectful way to find an agreed solution to preserve and protect the cultural heritage of the Esperance Nyungar People, while ensuring Horizon Power can continue to effectively deliver safe and reliable energy to Esperance.
- In October, Horizon Power announced the first round of successful applicants in its 2020/21 Community Partnership Program with grants of between \$1,000 and \$ 50,000 awarded to 71 organisations. Among the successful applicants are not-for-profit groups, Aboriginal corporations, Chambers of Commerce and local government authorities wanting to improve health, education and employment outcomes for remote Western Australians. A funding pool of \$1.1 million is earmarked for grassroots initiatives designed to support WA towns and communities.
- Horizon Power progressed closer in the completion of the new purpose-built Customer Experience Centre in Broome with the first six members of the new customer contact team taking their first calls from Horizon Power customers. The decision to bring our call centre operations back from Melbourne to Broome is a reflection of Horizon Power's commitment to investing in our regions of operations, our desire to create local employment and always improving our levels of service to our customers,

Note: This performance report covers the six month period from 1 July to 31 December 2020. For statistics prepared on a rolling 12-month basis, data from 1 January 2020 onwards were used..





## FINANCIAL PERFORMANCE

- Horizon Power reported a year to date Net Profit After tax of \$9.4 M compared to a budget (MYR) profit of \$3.1 M.
- This favourable variance of \$6.3 M is driven by higher energy sales (\$5.2 M), lower cost of sales (\$3.5 M), lower operating expenses (\$0.5 M) and lower depreciation (\$0.4 M); offset by lower Development and Customer Contribution (-\$0.7 M), interest (-\$0.2 M) and higher income tax (-\$2.8 M).
- Year to date capital expenditure amounted to \$32.1 M compared to a budget of \$37.9 M. The underspend variance of \$5.8 M is mainly driven by slower than expected installation of Distributed Energy Resources Management System (DERMS) - Onslow DER project phase 2



## STAKEHOLDER SERVICE

- During the quarter, Horizon Power provided responses to 23 Ministerial and 7 Parliamentary Questions..

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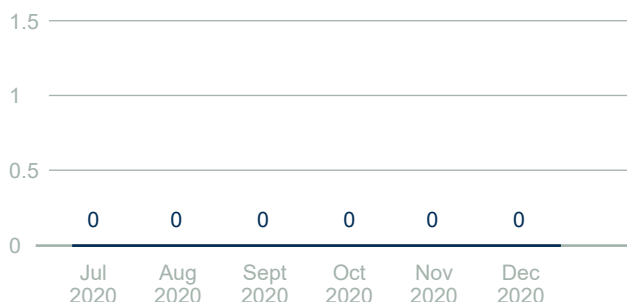




## Safety, Health & Environment

### LOST TIME INJURY FREQUENCY RATE

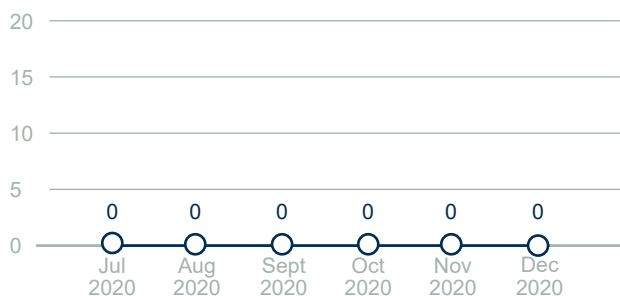
(12 month rolling average)



Actual

### LOST TIME INJURY SEVERITY RATE

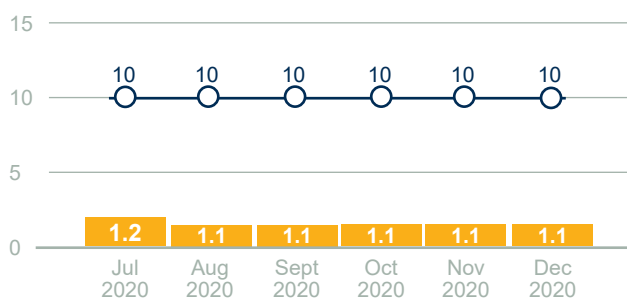
(12 month rolling average)



Actual Target

### TOTAL RECORDABLE INJURY FREQUENCY RATE

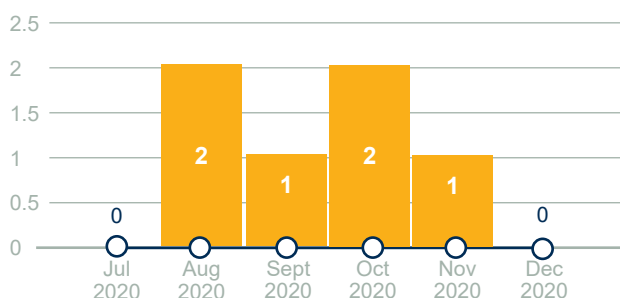
(12 month rolling average)



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.
- Safety meeting occurrence for the half-year ending was 100%.
- The rate of 'high' and 'extreme' risk rated incident actions closed out on time during the half-year averages 70% below our target of 90%.
- The percentage of hazards / near hits of all reported incidents has increased to an average over the half-year of 67% above our minimum target of 50%.

### COMMENTARY

- The Lost Time Injury Severity Rate has remained steady at 0 since April 2020.
- 3 Notifiable Incidents (Building and Energy) occurred in the 2nd quarter (2 in October, 1 in November). relating to (i) third party contact with plant that was not up to standard; (ii) Consumer Installation becoming Unsafe and (iii) Electrical discharge caused injury to worker when a transition joint in a High Voltage underground conductor failed and flashed over.
- 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



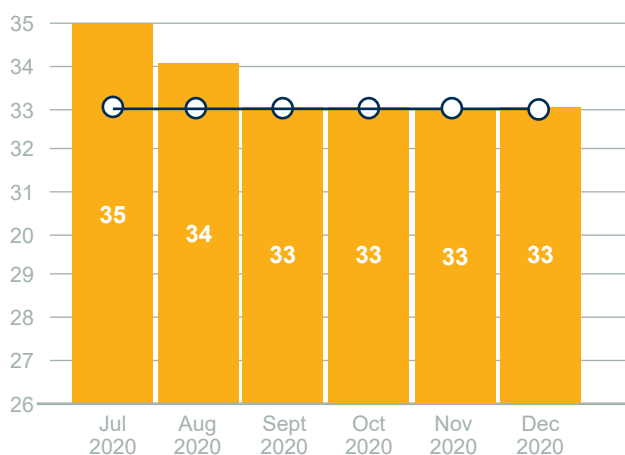


## Customer Service & Electricity Delivery

KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Performance
Customer Satisfaction (survey rating %)	82%	≥70%		All above KPIs showing positive variance

### PERFORMING SYSTEMS

(Number of Systems)



■ Actual ○ Target

- In Dec 2020 Kununurra became Performing, but Lake Argyle became Non-Performing.
- Lake Argyle was impacted by a series of lightning strikes and Ord Hydro generation issues in late November and early December 2020, respectively.
- Leonora had a generation failure for 3 to 4 hours in December 2020 and remained as a non-performing system.
- Derby had a generation failure for 80 minutes and remained as a non-performing system.
- At the end of December 2020, SAIDI was 152 and within the target of 290 minutes.
- SAIFI was 2.3 and within the target of 6.
- 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	265.7	260.8	4.9
Less: Cost of Sales	112.0	115.5	3.5
Less: Operating Expenditure	62.2	62.7	0.5
<b>EBITDA</b>	<b>91.5</b>	<b>82.6</b>	<b>8.9</b>
Depreciation and Amortisation	48.4	48.8	0.4
<b>EBIT</b>	<b>43.1</b>	<b>33.8</b>	<b>9.3</b>
Interest Expenses	29.6	29.4	(0.2)
<b>Net Profit (loss) Before tax</b>	<b>13.5</b>	<b>4.4</b>	<b>9.1</b>
Tax	4.1	1.3	(2.8)
<b>Net Profit (loss) After tax</b>	<b>9.4</b>	<b>3.1</b>	<b>6.3</b>

KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Performance
Unit Cost of Supply (c/kWh)	34.1	35.6		Lower unit cost is driven by higher volume sold whilst maintaining the costs at or below budget levels..
Return on Asset (%)	4.6%	4.1%		Higher return on asset rate due to higher profits for the period

### COMMENTARY

Horizon Power reported a YTD Net Profit After Tax of \$9.4 M compared to budgeted \$3.1 M, a favourable variance of \$6.3 M. Key variances are broken down as follows:

#### INCOME

Overall energy sales were 3.4% higher than budget by \$5.3 M (\$160.3 M v \$155.0 M). NWIS sales were higher by 2.8% (+\$2.2 M) and NIS sales were higher by 4.0% (+\$3.1 M), mainly driven by Residential, Government and Small Business segments.

The higher sales were offset by lower Developer and Customer contribution (-\$0.7 M).

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Customer contribution (-\$0.5 M).

#### COST OF SALES

Savings from lower gas prices (+\$1.1 M), lower diesel and maintenance costs (+\$1.2 M), higher lease allocations (+\$1.0 M, offset by higher interest expenses) and lower electricity purchases (+\$0.2 M).

#### OPERATING EXPENDITURE

Favourable variance of \$0.5 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

