market release

24 September 2026

Vector Limited Annual Meeting of Shareholders Speaking Notes

Chair, Doug McKay

Thank you, John, and welcome everyone. As we have a quorum and it is past 2.00pm, it's my pleasure to declare the Vector Limited 2026 Annual Meeting of Shareholders open.

With the meeting open, you may now cast your vote at any time.

The number of shareholders who have appointed proxies, and the shares represented by those proxies, are shown on screen.

The screen also shows the proxies held by me in my capacity as Chair and in my own name, including the shares held by Entrust, our majority shareholder.

It is my intention to vote the discretionary proxies I hold in favour of the resolution.

I would now like to acknowledge my fellow directors: Alastair Bell, Vaughan Busby, Dr Paul Hutchison, Dame Paula Rebstock, Bruce Turner and Anne Urlwin.

Also at the table are our group chief executive, Chris Blenkiron, and our chief legal and assurance officer and company secretary, John Rodger, who has just taken you through the meeting procedures. In the front row are our chief financial officer, Jason Hollingworth, our external auditor, Matt Diprose from KPMG, and other members of Vector's executive team.

I'll now move on to an overview of Vector's financial performance.

I'm pleased to report a strong financial performance for the year ended 30 June 2026.

Adjusted EBITDA increased from $401 million in FY25 to $482 million in FY26.

As the chart shows, the increase was driven principally by the electricity business. Gas distribution was broadly stable, while the Other category was down $8 million compared to the prior year.

The main driver of the increase in Electricity adjusted EBITDA was the higher DPP4 revenue allowance for electricity distribution businesses. It applied for the full FY26 year, compared with only one quarter in FY25.

Net profit after tax increased from $155 million in FY25 to $240 million in FY26.

The movement reflects higher adjusted EBITDA, partly offset by lower capital contributions, and higher net interest.

A key difference year-on-year is that FY25 included a $37 million impairment of the gas distribution business. There was no impairment in FY26.

Overall, the increase in NPAT reflects the stronger earnings performance, together with the absence of the gas impairment.

Gross capital expenditure increased by $74 million, or 16 per cent, from $470 million in FY25 to $544 million in FY26.

Electricity capex accounted for the majority of the movement, increasing from $432 million to $512 million.

This is the largest annual investment ever made in our electricity network. It supports reliability and resilience today while preparing for rising demand across Auckland.

Within electricity capex, growth expenditure increased by $18 million and replacement expenditure increased by $62 million.

Gas distribution capex was down $5 million, and Other was down $1 million.

Vector continues to maintain a strong balance sheet.

At 30 June 2026, economic net debt was $2.28 billion and gearing was 39 per cent.

We continue to manage funding prudently, with a focus on maintaining financial flexibility as we invest in the network and pursue disciplined growth opportunities.

The board declared a final dividend of 13.5 cents per share, taking the full-year FY26 dividend to 26 cents per share.

The dividend reflects the strength of the year's performance and the board's consideration of Vector's investment programme, balance sheet and future funding requirements.
I'll now turn to the outlook for FY27.

As with FY26, we are providing guidance on adjusted EBITDA, gross capex and capital contributions.

For FY27, adjusted EBITDA is expected to be between $540 million and $560 million. Gross capital expenditure is expected to be between $605 million and $635 million. Capital contributions are expected to be between $160 million and $190 million.

The guidance reflects continued investment in Auckland's electricity network, while maintaining our disciplined approach to costs, capital and funding. Customer-driven activity is expected to be broadly in line with FY26. The guidance range for capital contributions is lower, reflecting that contributions can vary substantially depending on the timing of major customer project connections.

We'll now move to the next part of our presentation, where I will set out the context for the next chapter of Vector's growth, and Chris will talk about a refreshed strategy to deliver that growth. After that, I will open the floor for shareholder questions.

Throughout Vector's history, the business has created value by anticipating major shifts in the energy sector and positioning itself accordingly. We have never stood still. We built our foundations through major acquisitions, then expanded into metering and other energy services. Through our Symphony strategy, we were early to recognise the value of a more integrated approach to energy.

More recently, we've simplified our portfolio, exited a number of investments and sharpened our focus on the opportunities we believe can create the greatest long-term value. Each phase has built on the one before, while our core business has remained strong and has consistently underpinned the group's performance.

Those decisions have reinforced the areas where Vector has a genuine advantage. Together with the disciplined execution reflected in this year's financial result, they leave the company ready for its next phase of growth.

Our forecasts show demand for electricity rising and all the trends point to accelerating electrification as Auckland's population grows, more large loads are added and more data centres are built.

The next major shift for New Zealand is not simply generating more renewable electricity. It is electrifying more of the economy, with electricity meeting a much greater share of the country's energy needs.

This year more than 90 per cent of New Zealand's electricity has come from renewable sources. But electricity currently meets only about a third of our energy needs. As transport, heating and industry electrify, that share could rise to around 60 per cent.

That would represent one of the most significant transitions the country has undertaken, with benefits for customers, the economy and the environment alike.

Vector intends to take a leading role in that transition and, if we get it right, we will create attractive, long-term growth opportunities for the business, while supporting outcomes that matter for New Zealand.

That is why we have refreshed our strategy. It is not a radical change in direction, but an evolution that reflects where the sector is heading and the scale of the opportunity ahead.

The board believes Vector is ready to capture it.

I'll now hand over to Chris to explain what that looks like in practice.

CEO, Chris Blenkiron

Thank you, Doug. Before I talk about where we're going, I want to acknowledge the strength of the business today.

I'm incredibly fortunate to have joined a company that's in great shape. That's not something that happens by accident. It's the result of years of disciplined decisions, long-term thinking, and a commitment to doing the right thing for customers and shareholders.

We have invested for the future without losing sight of affordability. We've continued to strengthen and grow the network, with record investment exceeding half a billion dollars in FY26. Meanwhile Vector's share of the average monthly household bill has barely changed in real terms over the past decade.

For absolute clarity, our pricing on your electricity bill is, on average, $4 more a month in today's money than it was in 2013.

That's particularly important when you consider what is ahead. We're in the middle of a 20-year programme to invest around $10 billion in the network that will enable Auckland's growth and electrification for decades to come, including $5.4 billion over the next ten years.

Our progress to date is no small achievement and it's a credit to the people who have guided this company over many years.

The electricity network is at the centre of everything we do, and we also have a set of complementary businesses in our portfolio - gas distribution, fibre, Vector Technology Solutions and Bluecurrent.

Each contributes in a different way to strengthening our core electricity distribution business. Together, they help make us better, and the investment and pricing track shown on the graph should give you confidence that we run a very efficient EDB.

So, my job isn't to reinvent Vector, it's to build on what's already been created and make sure we're in the best position to succeed. That means being clear-eyed about where the energy sector is heading and where Vector can make the greatest contribution.

As Doug said, the future is electrification.

This will be one of the largest and longest-running infrastructure transitions Auckland has undertaken. We believe Vector has the assets, capabilities and experience to help lead the change towards an electric future over the next 30 years.

Delivering that future will require a collective effort. One of the strengths of Symphony was recognising that customers do not experience the energy sector one organisation at a time. They experience it as a single interconnected system, with one overall bill, and it's encouraging to see the industry increasingly working together on that basis.

And electrification will deliver real benefits for customers. A fully electric home with solar and an EV can be cheaper to run than a typical home today.

Preparing for a more electric future requires investment, but it must remain affordable. Our success will not be measured by how much we spend, but by how effectively we invest and how productively we use the assets we already have. Every dollar we save through better planning, technology and smarter network use is a dollar customers do not need to fund. But we will never pursue those savings at the expense of safety, reliability or service.

Our strategy has a simple objective: connecting Aucklanders to the energy transition and helping lower their overall energy bills.

So how will we get there?

We will transform our distribution business, so it is ready for a more electric Auckland. We will continue to lift our productivity, so we get greater value from the network. We will set up two new enterprises: one, called Nexos, to build on our connections expertise and deliver the grid exit and injection points that New Zealand will need as electricity demand grows. The other, called Catalyst, will help Auckland's businesses and, over time, households, overcome the cost and complexity of electrification.

Together, these priorities reinforce one another. A modern, efficient distribution system provides the foundation, while our broader capabilities help customers electrify and create new avenues for growth.

For me, the most important part of our new strategy is what we call Transform Distribution.

Behind the label is a simple idea that builds on what we started with Symphony. The distribution business of the future will need to operate very differently from the one we have today.

Transforming distribution is about preparing Auckland's network for a more electric future while getting more from our infrastructure. As more customers generate, store and manage their own energy, the network will need to become smarter, more flexible and more responsive.

An example of how we will transform our distribution system is with better data that will give us a more detailed view of network performance and available capacity. We now receive smart-meter data in five-minute intervals for around 50 per cent of customers, and aim to reach 95 per cent by 2031. This will allow us to understand demand in greater detail so we can use existing capacity more effectively, target expenditure more precisely and avoid building infrastructure before it is needed.

AI will play an increasingly important role in helping us make sense of that data. We're already seeing benefits through tools such as GridAware, which help us identify issues sooner and target investment more effectively. On Kawau Island, a network survey that previously required eight people working for five days can now be completed in a matter of hours. AI-assisted pole inspections have reduced assessment times by more than 80 per cent, from up to 45 minutes per pole to less than seven minutes using drone imagery.

We will deploy AI responsibly, with strong governance, appropriate safeguards and careful management of cyber and technology risks.

We also need our network to become more flexible. We'll make more use of options like batteries and demand response, while aligning more closely with how the wider electricity system operates. We've identified more than 30 locations where batteries or other flexible solutions could help defer or reduce traditional network investment, creating opportunities for new providers to deliver those services.

Transforming our distribution business is about making electrification work better for customers. That means affordable, responsive and reliable services. Alongside more opportunities for customers to benefit financially, through cost-reflective pricing and incentives for using energy more flexibly.

We're already seeing this in practice: more than 2,500 homes are participating in flexible pricing arrangements that reward customers for shifting demand away from peak periods. And we were the first electricity distributor to remove peak pricing from mornings in May and September because increased visibility of our network showed us that it was possible.

It also means continuing to challenge our assumptions. Historically, nearly all growth has come from new connections, and our position is that growth should pay for growth. As more demand comes from existing customers electrifying their homes, vehicles and businesses, we'll work with regulators and the sector to make sure costs are allocated fairly and support an equitable transition for all customers. When growth changes, we need to change too.

While we're doing all of that, our focus on safety and resilience remains unchanged. As the network evolves, customers should continue to have confidence in the service they receive, supported by clear information and a faster response when disruptions occur.

We know households and businesses are under pressure. As we've made clear, the answer isn't simply to spend more. It is to lift productivity and avoid unnecessary expenditure.

Every project we can avoid through smarter use of the network helps keep costs down for customers. When investment is required, we need to make sure it is the right investment, delivered in the right place, at the right time and as efficiently as possible. We will still need to invest in physical assets like power poles and wires, and, increasingly, that investment may include batteries and other flexible solutions.

Getting those decisions right matters because we're operating in an environment of rising costs, which ultimately flow through to our customers. Take those power poles I've just mentioned: we have 126,000 to maintain and replace, and the cost of erecting a standard double concrete pole has increased by 40 per cent, above inflation, in just five years.

That includes around two thousand dollars more per pole just for traffic management. This shows that keeping costs down isn't only about buying materials at the best price. It is also about planning and delivering work efficiently, and building strong partnerships with councils, regulators and the wider sector so the rules are practical and projects can be delivered effectively.

That is what Transform Distribution is ultimately about: combining better data and technology with the judgement of our people to make every dollar count for Aucklanders. If we get it right, customers benefit from a more reliable network and lower energy costs over time, while shareholders benefit from a more efficient, future-ready business.

Alongside transforming our core distribution business and lifting productivity, we've thought carefully about where else we are uniquely placed to make the biggest difference. The opportunities we are pursuing build directly on our existing strengths and Auckland's emerging needs. That's why we're creating two new businesses: Nexos and Catalyst.
As New Zealand electrifies, demand is growing for large connections that enable major electricity users and generators to connect to the national grid. These projects are becoming increasingly important to the country's growth and, traditionally, have been delivered largely by Transpower.

We're establishing a new business, Nexos, to bring additional capability to this market. It will build on the expertise we've developed delivering complex connections on our network and apply it to opportunities across New Zealand.

We already have a strong pipeline of our own projects and are in discussions with customers planning future high-voltage connections, giving us a solid foundation from which to grow.

The level of demand is clear. There were five transmission connection enquiries in 2019. This year, that number has risen to 131.

Individual projects can range in value from $50 million to $150 million. Not all will proceed, but the pipeline points to a substantial long-term need.

By applying expertise built over many years, we can help more customers connect sooner and support the infrastructure New Zealand will need.

Electrification makes economic sense for many businesses, but the upfront cost and complexity of making the switch can be significant.

That’s why we’re establishing our second new business, called Catalyst. It will help businesses and, over time, households, overcome the practical, technical and financial barriers that can stand in the way of electrification.

This links directly to our strategy. We’ve talked about preparing Auckland’s network for a more electric future, and we also see an opportunity to help turn customers’ electrification ambitions into projects.

We’ve seen the value of this kind of thinking before. Our early investments in smart metering and our technology solutions business helped lay the foundations for the five-minute data capabilities now being rolled out across New Zealand and Australia. Catalyst applies the same principle: anticipating where the sector is heading and building capability ahead of demand.

For customers, the opportunity is also significant. The house on this slide shows a typical Auckland home and the savings that can be achieved by electrifying things like transport, heating and hot water.

The same principle applies to many commercial and industrial customers. In simple terms, the more energy uses that can be electrified efficiently, the greater the ability to reduce overall energy costs over time.

Looking more closely at the potential market for Vector, we estimate Auckland's 90 largest gas users could represent around a billion dollars of investment as they transition to electricity, acknowledging that some are limited for now by current technology.

Industrial heat pump conversions can cost between one and three million dollars per megawatt to install, highlighting the size of the emerging market.

That’s why we'll initially focus on large energy users, helping commercial and industrial customers make the transition to electricity. For some, that may involve replacing gas-fired equipment. For others, it could involve solar generation, battery storage or other technologies.

Nationally, around 500 industrial sites have been identified as suitable for process heat conversion, representing an estimated $5 billion investment opportunity. While the economics are increasingly attractive, many of these businesses face competing demands on their capital, making it difficult for some to find the upfront investment required to get started.

Catalyst will help customers overcome those barriers. Depending on the project, that could include technical design, implementation support, partnerships or solutions that address the upfront capital requirement. The goal is to help viable projects proceed sooner.

By doing this, Vector can support business growth, help counter de-industrialisation and job losses in Auckland, and accelerate the shift to lower-cost, lower-emissions energy solutions.

Nexos and Catalyst will operate independently of our regulated network business and will be subject to the same investment discipline that has served Vector well over many years. We will also continue to grow the value of our existing interests in fibre, gas, Vector Technology Solutions and Bluecurrent.

The energy transition is a once-in-a-generation opportunity. Vector brings technical expertise, a strong balance sheet and a willingness to partner where that creates better outcomes. We expect Nexos and Catalyst to make a meaningful contribution to group earnings over the medium term.

Our strategy is straightforward: transform our distribution business, lift productivity, help Auckland electrify at the lowest possible cost, and pursue growth where we can create value for customers and shareholders.

Auckland is changing, and so is Vector. Our role is to connect Aucklanders to the energy transition and make sure they share in its benefits.

Doug has more to say about the strategy, but first we've got a short video that captures some of the exciting opportunities before us.

Chair, Doug McKay

One of the things that appeals to the board about this strategy is the balance it strikes between ambition and discipline.

We're building on the strengths that have served us well, while responding to a rapidly changing energy landscape and evolving customer expectations. That puts Vector in a strong position to benefit from the opportunities ahead and to help power Auckland's transition to a more electric future.

Just as importantly, it does so in a way that remains focused on affordability, prudent investment and long-term value creation.

Taken together, we believe these are the right priorities for the next phase of Vector's development, and for delivering sustainable growth in the years ahead.

Vector has served Auckland for more than a century, and the decisions we make today must equip it to serve the city for generations to come.

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Investor contact
Jason Hollingworth, Chief Financial Officer, Vector
Jason.hollingworth@vector.co.nz, 021 312 928

Media contact
Matthew Britton, Communications Manager, Vector
Matthew.britton@vector.co.nz, 021 224 2966

About Vector
Vector is an innovative New Zealand energy company, delivering energy and communication services to more than 640,000 residential and commercial customers across New Zealand. Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.1%, is Entrust. For further information, visit www.vector.co.nz.