

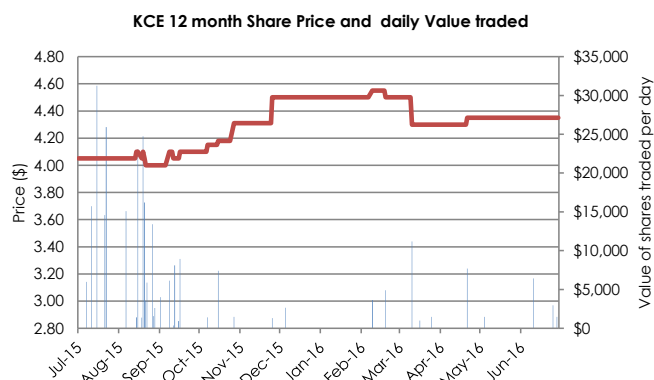
Issuer Profile



King Country Energy Limited



Code	KCE
Last Price	\$4.35
Issuer Profile Date	12/07/2016
Market	Unlisted
Listed	Jul-04
Year End	31-Mar
Shares issued	25,312,277
Market Cap	\$110,108,405
Dividend yield (Gross)	7.1%
Website	www.kce.co.nz



Company Overview

King Country Energy ('KCE') retails electricity throughout the King Country and Waikato regions to approximately 17,500 domestic, commercial and farming properties. It owns and operates four hydroelectricity power stations at Kuratau, Mokauiti, Piriaka and Wairere. It also owns the Mangahao power station near Shannon which is operated by Nova Energy.

KCE's two largest shareholders are Nova Energy Ltd (54.1%) and King Country Electric Power Trust (19.5%). The remaining shares (26.4%) are held by around 6,486 smaller shareholders, many of whom reside in King Country area.

KCE was incorporated in 1991, taking over electricity retailing from the King Country Electric Power Board. It was restructured in 1999 following the Electricity Industry Reform Act 1998. At that time, King Country Energy and Waitomo Energy Services combined their assets and then split into King Country Energy Ltd (which acquired the generation and retail businesses) and The Lines Company (which acquired the electricity distribution business). KCE has its head office in Taumarunui.

Financial Summary (NZ\$000's)

	31-Mar-12	31-Mar-13	31-Mar-14	9 months to 31-Dec-14	15 months to 31-Mar-16
Financial Performance					
Total Revenue (ex interest)	32,092	42,284	41,729	37,673	57,183
EBITDAF	11,047	13,523	12,596	12,805	15,953
EBIT	7,482	4,779	8,552	6,675	12,341
EBIT Margin	23.3%	11.3%	20.5%	17.7%	21.6%
Net Profit/Comprehensive Income	19,984	11,686	4,385	3,838	8,057
Financial Position					
Current Assets (ex cash)	4,275	3,584	3,695	5,358	4,195
Current Liabilities (ex debt)	(4,231)	(7,419)	(4,151)	(4,305)	(4,801)
Net Working Capital	44	(3,835)	(456)	1,053	(606)
Non-Current Assets	113,744	192,129	1,946	184,459	181,477
Non-Current Liabilities (ex debt)	(24,263)	(28,464)	(27,677)	(28,716)	(28,215)
Total Net Assets (ex cash/debt)	89,525	159,830	(26,187)	156,796	152,656
(Cash)	(11,180)	(360)	(1,501)	(2,342)	(2,225)
Debt	29	25,359	28,017	28,386	22,659
Net (Cash)/Debt	(11,151)	24,999	26,516	26,044	20,434
Shareholder Funds	100,676	134,831	133,070	130,752	132,222
Total Capital Employed	89,525	159,830	159,586	156,796	152,656
Total Assets (incl cash)	129,199	196,073	7,142	192,159	187,897
Cash Flows					
Operating Cash Flows	10,600	10,950	9,580	8,135	14,474
Investing Cash Flows	(963)	(35,221)	(3,059)	(1,506)	(2,277)
Financing Cash Flows	(4,549)	13,451	(5,380)	(5,788)	(12,314)
Net Increase/(Decrease) in Cash	5,088	(10,820)	1,141	841	(117)

Disclaimer

The information contained in this Issuer Profile has been prepared by Armillary Private Capital ('Armillary'), on behalf of Efficient Market Services Limited ('Unlisted'). While the intention is to provide accurate information based on historical performance and market information, Armillary and Unlisted accept no liability for any errors or inaccuracies in this Issuer Profile. The reader is advised to perform their own research to confirm the accuracy of the information contained in this Issuer Profile before relying on it for any investment decision making. This Issuer Profile has been prepared as a 'class service' as defined by the Financial Advisers Act and is general in nature.

Analysis

	31-Mar-12	31-Mar-13	31-Mar-14	9 months to 31-Dec-14	15 months to 31-Mar-16
Investment Performance					
Closing Share Price (\$)	3.61	4.30	3.90	4.00	4.30
Annual Total Return (including net dividends)	18.5%	26.3%	(3.3%)	0.0%	0.0%
A Profitability (EBIT/Revenue)	23.3%	11.3%	20.5%	17.7%	21.6%
B Activity (Rev/Average Total Net Assets)	0.38	0.33	0.61	0.57	0.37
Return on Capital Employed (A x B)	8.9%	3.8%	12.4%	10.2%	8.0%
Return on Equity (NPAT/Average Shareholders Funds)	17.0%	9.9%	3.3%	2.9%	6.1%
Shares on Issue (m)	18.8	25.3	25.3	25.3	25.3
Reported Net Profit / Comprehensive Income (\$m)	20.0	11.7	4.4	3.8	8.1
Payout Ratio	22.5%	56.3%	150.1%	159.9%	81.7%
Net Dividend Yield	6.6%	6.0%	6.7%	6.1%	6.0%
Imputation Credits	-	-	76.2%	78.5%	72.7%
Gross Dividend Yield	6.6%	6.0%	6.7%	6.1%	6.0%
Per Share (cents)					
EBITDAF	58.9	53.4	49.8	50.6	63.0
EPS - Basic	106.6	46.2	17.3	15.2	31.8
EPS - Diluted	106.6	46.2	17.3	15.2	31.8
Net Dividend	24.0	26.0	26.0	24.3	26.0
Net Tangible Assets	536.9	524.9	(215.2)	509.7	515.7
Cash Flow from Operations	56.5	43.3	37.8	32.1	57.2
Valuation (as at year end)					
Trailing P/E (multiple)	3.4	9.3	22.5	26.4	13.5
Market Value (\$m)	67.7	108.8	98.7	101.2	108.8
Net (Cash)/Debt (\$m)	(11.2)	25.0	26.5	26.0	20.4
Enterprise Value 'EV' (\$m)	56.5	133.8	125.2	127.3	129.3
EV/EBITDAF (multiple)	5.1	9.9	9.9	9.9	8.1
Price/Net Tangible Assets (multiple)	0.7	0.8	(1.8)	0.8	0.8
Operating Ratios					
EBIT Margin	23.3%	11.3%	20.5%	17.7%	21.6%
NPAT Margin	62.3%	27.6%	10.5%	10.2%	14.1%
Net Capex to Sales	3.0%	83.4%	7.3%	4.0%	3.9%
Annual Growth Rates					
Revenue	(2.5%)	31.8%	(1.3%)	(9.7%)	51.8%
EBITDAF	29.7%	22.4%	(6.9%)	1.7%	24.6%
NPAT	247.6%	(41.5%)	(62.5%)	(12.5%)	109.9%
Net Assets	13.1%	78.5%	(116.4%)	698.8%	(2.6%)
Equity	18.2%	33.9%	(1.3%)	(1.7%)	1.1%
Capital Structure					
Equity to Total Assets	77.9%	68.8%	1863.2%	68.0%	70.4%
Net Debt/(Net Debt+Equity)	na	15.6%	16.6%	16.6%	13.4%
Net Debt to Equity	na	18.5%	19.9%	19.9%	15.5%
Interest Cover (EBIT multiple*)	(40.2)	4.5	6.3	4.9	7.3

Directors	Position	Appointed
Brian Gurney	Chairman	28-Sep-07
Brian Needham	Director	28-Sep-07
Toby Stevenson	Director	1-Oct-09
Stephen Armstrong	Director	23-Dec-10
Lind Robertson	Director	31-Jul-15
Vincent Hawksworth	Director	7-Dec-15
Paul Ridley-Smith	Director	7-Dec-15

Top Ten Shareholders *	Shares	Ownership
Nova Energy Limited	13,685,521	54.07%
King Country Electric Power Trust	4,944,762	19.54%
H & G Limited	288,264	1.14%
JBWere (NZ) Nominees Limited	231,357	0.91%
Leveraged Equities Finance Limited	175,174	0.69%
P K Guy & A E Guy & JEC Anderson	114,000	0.45%
A D Maxwell	76,456	0.30%
ASB Nominees Limited	74,000	0.29%
A J Nation & S C Nation & P G Brown	58,345	0.23%
A J Nation & J D Hammond & T A Nation	42,164	0.17%
Total	19,690,043	77.79%

* As at 12 July 2016