



# **QUARTERLY REPORT**

**Period Ending  
30 September 2021**

Quarterly Report for the period ending 30 September 2021

**1 PERFORMANCE OVERVIEW**

**1.1 FINANCIAL PERFORMANCE**

Synergy's financial performance for the period ending 30 September 2021 is presented along with the FY2020-21 State Budget Forecast (SBF).

\$ Millions	Actual	SBF	Variance
Revenue	809.0	767.8	41.2
Direct costs	684.4	632.1	(52.3)
<b>Gross Profit</b>	<b>124.6</b>	<b>135.7</b>	<b>(11.1)</b>
Other income	34.1	27.8	6.4
Operating costs	102.8	114.2	11.3
Doubtful debt expense	7.9	5.4	(2.5)
<b>EBITDA</b>	<b>48.0</b>	<b>43.9</b>	<b>4.1</b>
Depreciation & amortisation	17.9	16.2	(1.7)
<b>EBIT</b>	<b>30.1</b>	<b>27.7</b>	<b>2.4</b>
Net finance costs	1.8	1.9	0.1
Share of profit of joint ventures	(0.4)	0.4	0.8
<b>Reported NPBT</b>	<b>27.9</b>	<b>25.4</b>	<b>2.5</b>

Synergy's net profit before tax is \$27.9 million and is \$2.5 million favourable to the SBF.

- (a) Favourable revenue of \$41.2 million, predominantly the result of:
  - (i) higher electricity retail sales revenue, driven by an increase of 164 GWh, largely due to improved residential retail sales, a result of both favourable weather conditions particularly in July, as well as outages across competitor's facilities.
- (b) Adverse direct costs of \$52.3 million, predominantly the result of:
  - (i) higher energy purchases from the WEM totaling 98 GWh;
  - (ii) higher network costs, primarily due to higher retail sales volumes and account numbers; and
  - (iii) higher renewable energy costs, primarily due to a higher quantity of certificates required.
- (c) Favourable other income of \$6.4 million, predominantly due to receipt of Big Battery Project grant \$5.6 million.
- (d) Favourable operating cost of \$11.3 million, predominantly the result of:
  - (i) timing of project and maintenance spend; and
  - (ii) reduction in outsourced customer service costs due to lower than forecast call volumes.

- (e) Doubtful debt expense is \$2.5 million adverse to the SBF. This is due to increases to the provision for doubtful debts in July and August predominantly due to growth in overdue residential debts.
- (f) Net finance costs in line with SBF.

## 2 CORPORATE PERFORMANCE INDICATORS

Measure	YTD Actual	Target	Variance
EBITDA (\$M)*	48.0	219.7	(171.7)
RIFR**	1.46	1.90	0.4
Customer Engagement***	67.9%	68.2%	(0.3%)

\* FY 2021-22 SCI. End of year target is \$219.7 million.

\*\* RIFR - recordable injury frequency rate. End of year target is 1.9

\*\*\* Customer engagement score: Percentage of customers that rate Synergy at least 9 out of 10, or 10. End of year target is 68.2%

## 3 COMMERCIAL IN CONFIDENCE

Commercially sensitive information deleted in accordance with section 109(3) of the *Electricity Corporations Act 2005*.

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**4 SEGMENT REPORT FOR PERIOD ENDING 30 SEPTEMBER 2021**

For management purposes, Synergy is organised into business units based on functions and activities. It has four reportable operating segments (**the Group**) detailed as follows:

- (a) generation business unit (**GBU**) - manages operations involving the construction or operation of generating works (as defined in the *Electricity Industry Act 2004* section 3);
- (b) wholesale business unit (**WBU**) - manages operations involving the wholesale supply of energy and related products (including pricing in respect of such acquisition or supply);
- (c) retail business unit (**RBU**) - manages operations involving the pricing, sale and marketing of energy and related products to customers;
- (d) corporate shared services (**CSS**) - manages operations relating to the following activities:
  - (i) corporate development and strategy;
  - (ii) accounting;
  - (iii) finance;
  - (iv) compliance and legal matters;
  - (v) human resources;
  - (vi) information technology support; and

any other operations undertaken in connection with two or more business units. CSS includes the operations of the South West Solar Development Holdings Pty Ltd and its subsidiary Synergy Renewable Energy Development Pty Ltd which is in the business of providing asset management services and vehicle management services.

The Group is required to present segment information under Part 2 of the *Electricity Corporations (Electricity Generation and Retail Corporation) Regulations 2013* (**the Regulations**). Regulations do not require comparative information to be presented.

Inter-segment revenues are eliminated upon consolidation. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Formal arrangements exist between:

- (c) WBU and RBU whereby WBU sells energy to RBU in accordance with the Regulations; and
- (d) WBU and GBU whereby GBU is compensated by WBU for both maintaining and making available a fleet of plant, as well as the efficient utilisation of that plant.

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30 September 2021	GBU \$'000	WBU \$'000	RBU \$'000	CSS \$'000	Eliminations \$'000	Group \$'000
<b>Revenue</b>						
External customers	3,337	96,495	737,287	-	-	837,119
Inter-segment	112,038	245,076	-	-	(357,114)	-
<b>Total Revenue</b>	<b>115,375</b>	<b>341,571</b>	<b>737,287</b>	<b>-</b>	<b>(357,114)</b>	<b>837,119</b>
Cost of sales	(94,734)	(312,677)	(629,398)	-	352,379	(684,430)
Operating costs	(56,593)	(1,525)	(18,625)	(26,214)	(38)	(102,995)
Impairment	-	-	(7,840)	(34)	-	(7,874)
Other income	115	-	6	5,907	-	6,028
<b>EBITDA</b>	<b>(35,837)</b>	<b>27,369</b>	<b>81,430</b>	<b>(20,341)</b>	<b>(4,773)</b>	<b>47,848</b>
Depreciation and amortisation	(12,921)	(1,167)	(640)	(3,182)	-	(17,910)
Finance income	-	-	-	152	-	152
Finance costs	(376)	(630)	-	(761)	-	(1,767)
Net finance costs	(376)	(630)	-	(609)	-	(1,615)
<b>Segment profit/ (loss)</b>	<b>(49,134)</b>	<b>25,572</b>	<b>80,790</b>	<b>(24,132)</b>	<b>(4,773)</b>	<b>28,323</b>
<b>Unallocated items</b>						
Share of profit of joint ventures and associates						(382)
Tax equivalent expense						-
<b>Profit for the year from continuing operations</b>						<b>27,941</b>

Note: The segment report is prepared based on accounting conventions under the Australian Accounting Standards. Hence some of the line items may not match the summary table of financial performance on page 1, prepared on a management reporting basis.