



TRANSPOWER

Keeping the energy flowing

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Transpower releases 2016/17 annual result

Transpower New Zealand today released its annual results for the 2016/17 financial year. Revenue increased to \$1,061.1 million, up 3% from 2015/16. The increase was a result of uplifts to the inputs used in the calculation of our allowable transmission revenue under the regulatory arrangements set by the Commerce Commission.

Earnings before interest, tax, depreciation, amortisation, asset write-offs, and changes in the fair value of financial instruments (EBITDAIF) were \$773.3 million, an increase of 3% from the 2015/16 financial year. This was a result of the revenue increase above. Operating expenses, due to tight controls and implementation of cost saving initiatives through a business transformation programme, were held at an 1% increase from \$285.1 to \$287.8 million. This increase was largely due to higher investigation costs from customer-funded projects.

Net profit after tax, before net changes in the fair value of financial instruments, was \$208.4 million, an increase of \$15.5 million (8%) from 2015/16. Net profit after net changes in the fair value of financial instruments was \$266 million.

The final dividend for the full year was \$99 million. Together with the interim dividend of \$66 million, a total dividend of \$165 million will be paid to the Crown for the 2016/17 financial year. Transpower will pay \$56 million in income tax relating to the 2016/17 financial year.

Chairman Hon Tony Ryall said the company had performed very well in both financial and operational terms over the past 12 months.

“A predominant theme this year was the planning and preparation for a future that is relatively uncertain. Changing societal factors, variations in energy generation and relatively flat demand growth will have implications for our business, and therefore New Zealand, principally around future investment decisions and maintenance practices on the National Grid.”

“In our strategic outlook *Transmission Tomorrow*, released last year, we looked at scenarios that may have the greatest impact on how we operate over the next 5-40 years. We have developed our thinking further into those scenarios and how the evolving technology might support us in providing further value to the electricity consumers of New Zealand. We are developing a number of reports and investigations around these to be released shortly.”

“This year marked the completion of our first business-wide transformation programme, established to meet a more challenging operating environment under our second 5-year regulatory control period. We are pleased that the programme delivered real and sustainable benefits including a significant reduction in our Total Recordable Injury Frequency Rate (TRIFR) from 7.8 to 5.0, following improved processes and changes in safety behaviour. We achieved an increase in network availability; and substantial efficiencies and cost savings in our ongoing capital and operating expenditure.”

“Our success in the delivery of this transformation programme has enabled us to produce a strong financial result, improve staff engagement with a score of 75%, while delivering reliable transmission services to our customers. Our next transformation programme is now underway and we are in a good position to meet the challenges and opportunities of the changing landscape,” he said.

Transpower’s full annual report will not be available until tabled in Parliament later this year. Our financial accounts are available at: <https://www.transpower.co.nz/news/transpower-releases-201617-annual-result>

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