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**POWER**

Quarterly Operating Report | December 2017



# Overview

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Mass market volume per customer for Q3-18 is marginally down vs the same period last year. Whilst overall electricity connections have dropped (due to Trustpower losing a small number of commercial customers with a large number of connections), Gas and Telco customer gains have more than offset this. Multi-product customer churn rates have increased over the last 12 months but continue to track well below market average.

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395,000 total utility accounts (up 5,000 for the quarter) including 98,000 customers with more than one service (up 4,000 for the quarter, and up 10,000 year-on-year). Approximately 80% of customer acquisitions in Q3-18 have taken 2+ products.

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NZ wholesale prices were very strong this quarter, up 73% at Benmore and 45% at Otahuhu on the prior 10-year average across the period. NZ generation volumes were down 8% on the same quarter last year especially in the second half of the quarter.

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Australian volume is down 26% this quarter compared to same period last year, due to lower irrigation demand. However price has remained strong.

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# FY-18 Forecast

Trustpower reiterates its current FY-18 market guidance expectation of EBITDAF in the range of **\$255 million to \$270 million**, with an expectation that the final outcome will be close to or slightly above the mid-point of this range.

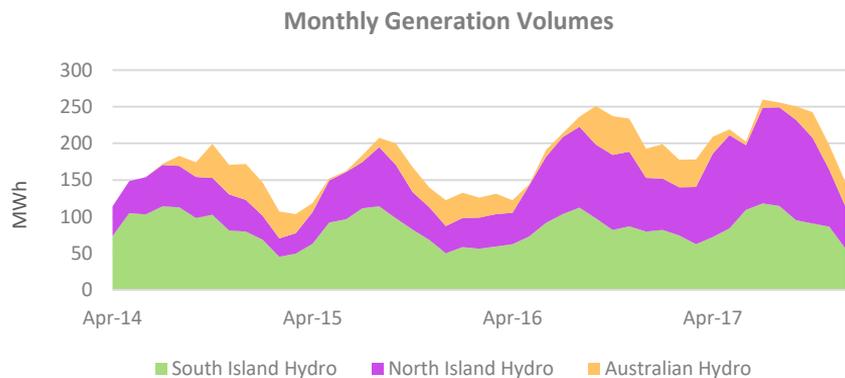
## The forecast is underpinned by the following assumptions:

- Long run average generation volumes for the remainder of the year
- NZ and Australian Wholesale prices are in line with current forward pricing for the remainder of the year
- Average temperatures and average electricity consumption for the remainder of the year
- Total customers at year-end of between 255,000 and 260,000 including ~90,000 telco customers

Trustpower notes the current lower than average national hydro storage, and that this has increased the likelihood of a prolonged high priced event in 2018. We have taken a prudent approach to managing our exposure to this risk.

*Notes: EBITDAF is a non-GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.*

# Wholesale electricity market



**\$96/MWh**

New Zealand Load Weighted Average Price

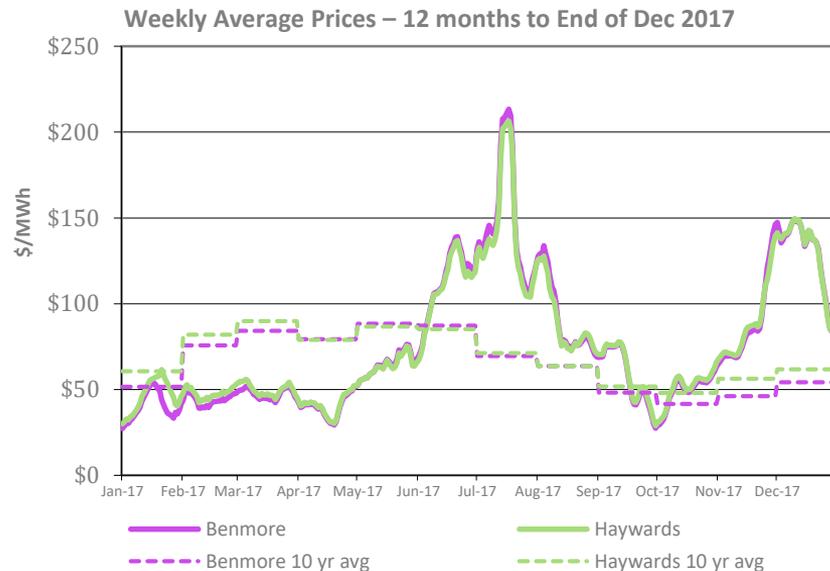
**\$88/MWh**

New Zealand Generation Weighted Average Price

**A\$87/MWh**

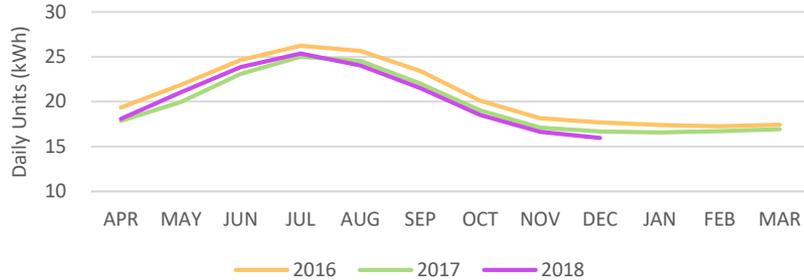
Australian Generation Weighted Average Price

NOTE: Q3 Prices

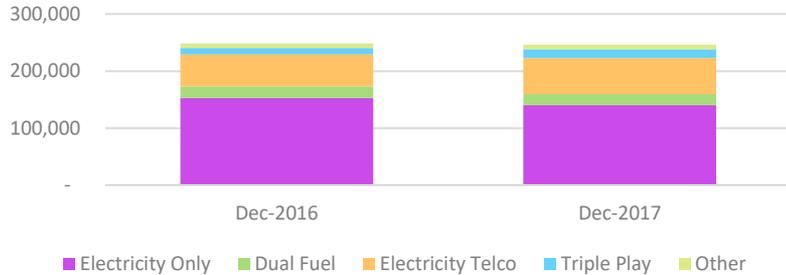


# Retail

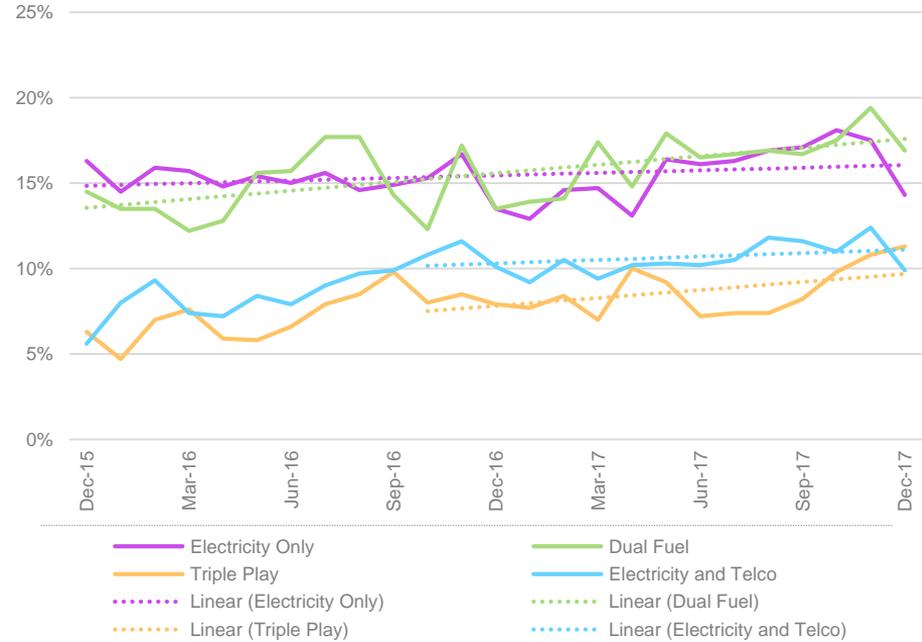
### Average Mass Market Units Per Day



### Customer Mix



### Electricity Only vs Multi-Product Churn



NOTE: Excludes C&I customers



# Operating stats

	3 Months December 2017	3 Months December 2016	9 Months December 2017	9 Months December 2016	12 Months March 2017
<b>Customers, Sales and Service</b>					
Electricity connections (000s)	273	279	273	279	276
Telecommunication connections (000s)	85	73	85	73	76
Gas connections (000s)	37	32	37	32	33
Total utility accounts	395	384	395	384	385
Customers with two or more services (000s)	98	88	98	88	90
Mass market sales - Fixed Price (GWh)	392	437	1,435	1,503	1,895
Time of use sales - Fixed Price (GWh)	239	211	712	628	835
Time of use sales - Spot (GWh)	269	304	835	956	1,244
Total customer sales (GWh)	900	952	2,982	3,087	3,974
Average spot price of electricity purchased (\$/MWh)	96	47	-	56	55
Gas Sales (TJ)	185	192	899	856	1,013
Annualised electricity customer churn rate*	19%	18%	20%	17%	17%
Annualised electricity customer churn rate - total market*	21%	20%	22%	20%	20%
<b>Generation Production and Procurement</b>					
North Island generation production (GWh)	251	278	983	796	1,010
South Island generation production (GWh)	233	248	826	789	1,007
Total New Zealand generation production (GWh)	484	526	1,809	1,585	2,017
Average spot price of electricity generated (\$/MWh)	88	46	89	53	52
Net third party fixed price volume purchased (GWh)	348	366	1,118	1,237	1,726
Australian generation production (GWh)	102	138	173	237	359
Average spot price of electricity generated (\$/MWh)	87	62	92	59	78
<b>Other Information</b>					
Resource consent non-compliance events	3	6	6	10	15
Staff numbers (full time equivalents)	803	796	803	796	786

# Contact

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