

The logo features the words "Trust" and "power" in a white, sans-serif font, with "power" in a smaller size and a trademark symbol. The text is centered within a large, multi-colored circle that is composed of several overlapping segments in shades of green, blue, orange, and red. The entire scene is set against a solid purple background. In the lower-left foreground, several small, stylized human figures are depicted. One figure is on a ladder, reaching up towards the bottom of the large circle. Another figure stands with arms raised, and others are positioned around the base of the circle, some holding ropes that appear to be attached to the top of the circle, suggesting a collaborative effort to move or stabilize it. The figures and the large circle are reflected on the glossy purple floor.

Trust
power™

all the
little
things

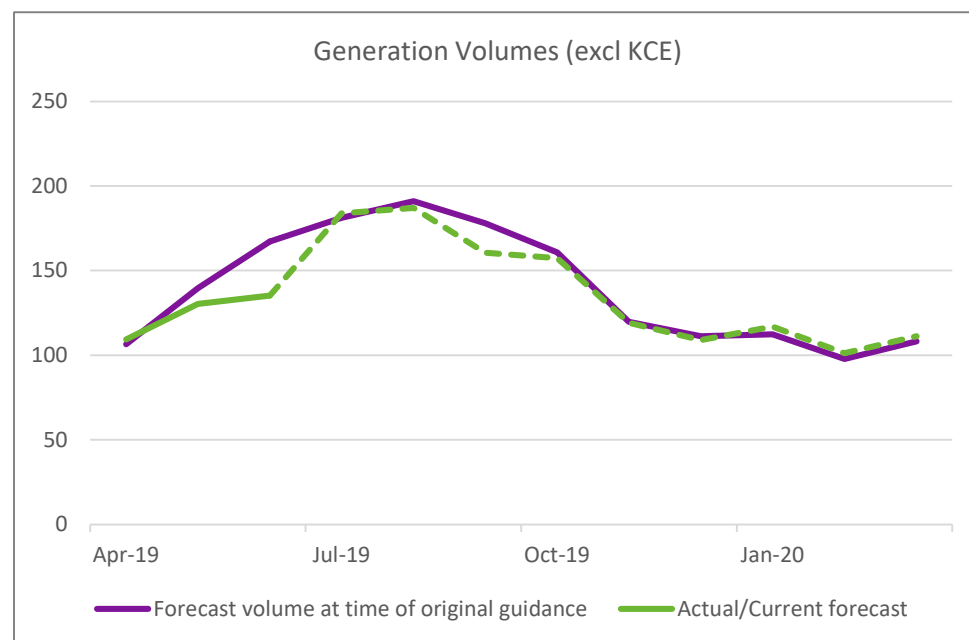
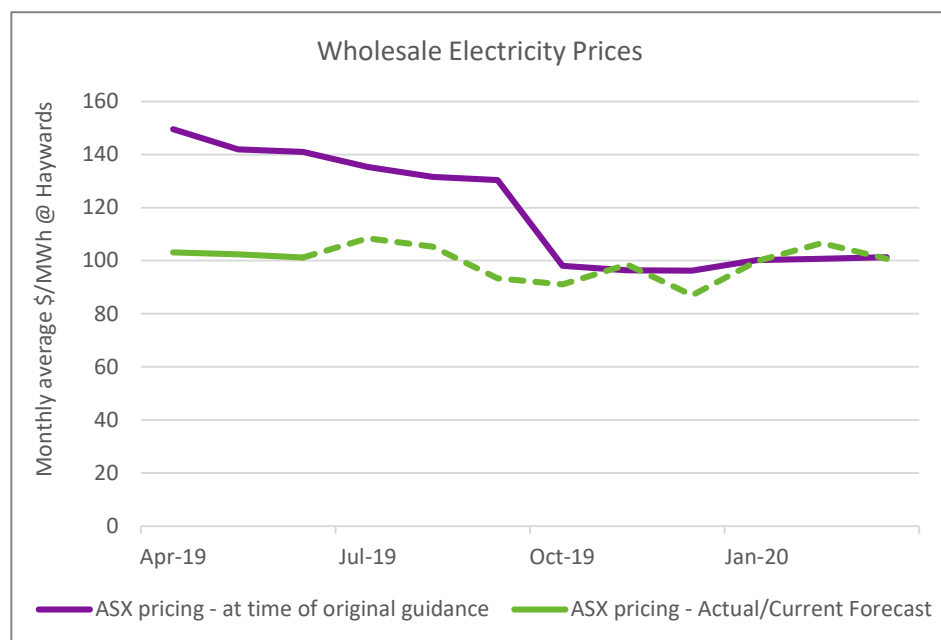
/ Q1-20
/ Quarterly Operating Report
/ June 2019

Market Guidance Update

While it is still too early in the financial year to form a view on the year-end outcome, especially given the balance of the volatile and uncertain winter period is yet to occur, first quarter results are below forecast and indicate that Trustpower's full-year results may be towards the bottom end of its guidance range.

The current guidance range is for a FY20 EBITDAF of \$205 to \$225 million.

This change is being driven by a significant reduction in generation volume and lower wholesale prices than forecasted, as well as mild autumn conditions driving lower customer electricity volumes in some regions.



Key Highlights



- Q1-20 saw 81% of all new customer acquisitions take multiple products, with an 8.1% increase year-on-year of total customers taking 2+ products to 109,000.
- Total retail electricity sales volumes were down 4.7% vs the pcg for Q1-20, with Mass Market/SME 6.8% and C&I 2.6% below the pcg. Electricity volumes per mass market customer were down 2.8% on the pcg for Q1-20.
- Customer churn for those who take our telco-bundled products continued to track well below those that take energy-only products, with a noticeable decline over the last two quarters.
- 64% of all our broadband customers are now on fibre, up from 52% same time last year, and 62% for the previous quarter. 92% of our telco customers are now taking medium and fast speed fibre plans (100+MB download), up from 79% this time last year.
- Virtual contacts and first contact resolution both showed increases against the pcg, despite higher contacts in the period.



- Q1-20 saw significantly lower electricity generation volumes than the pcg, with total volumes 38% below the pcg. This was due to low inflows, and plant outages.
- We maintained our ability to achieve above-average prices for our generation, with our GWAP/TWAP ratio holding at 1.08 for the quarter.
- Asset availability fell to ~86% in June, driven by a significant plant outage at our Highbank scheme.

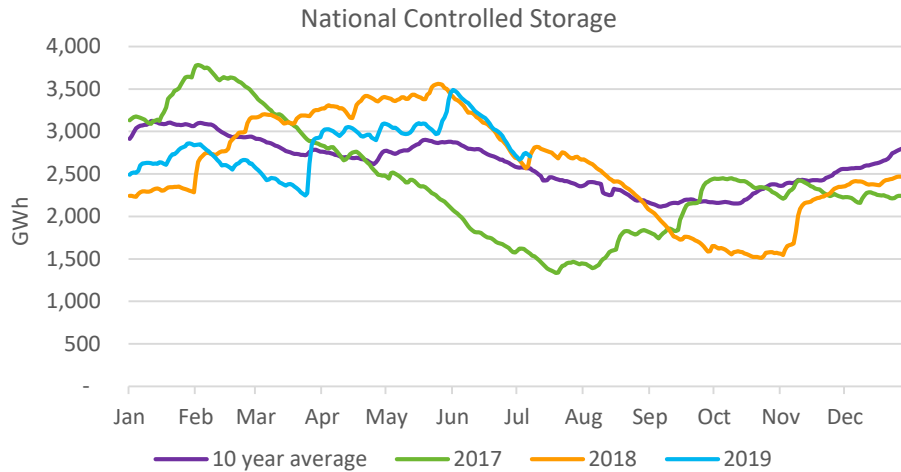


- National Controlled Storage currently sits just above the 10-year average for June.
- Forward ASX prices rose for every forward year over the quarter, particularly short-dated strips.
- National demand (only currently available to May-19) was below the pcg by 0.9%

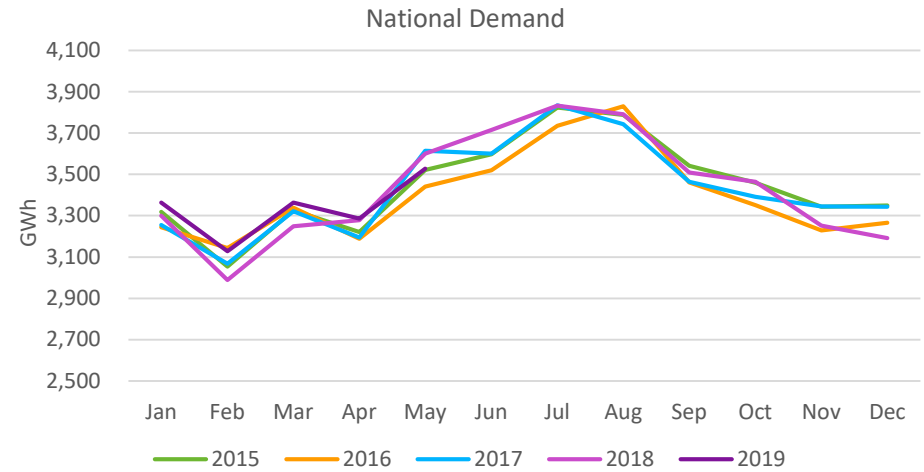
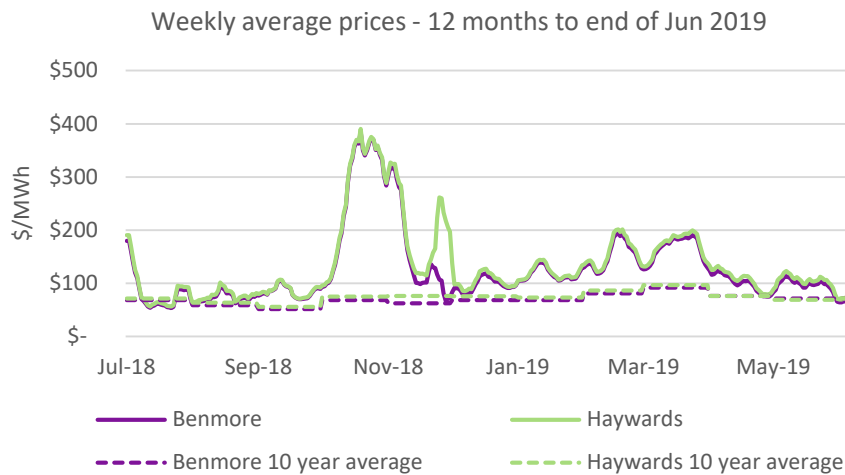


- Announced and confirmed details of a 7-year, \$100 - \$125m, 3.35% retail bond offer.
- Our ISP has topped the Netflix speed rankings for the previous three months, and we continue to build and prepare for the Rugby World Cup. We were also the first ISP to connect to NZIX's 100G peering service.
- Our smart metering deployment programme continues with ~17,500 meters deployed at the end of June 2019.

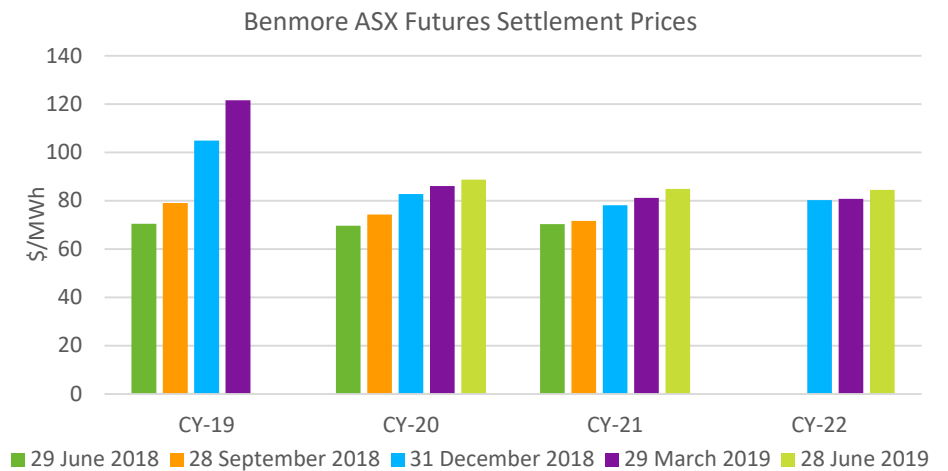
Wholesale electricity market



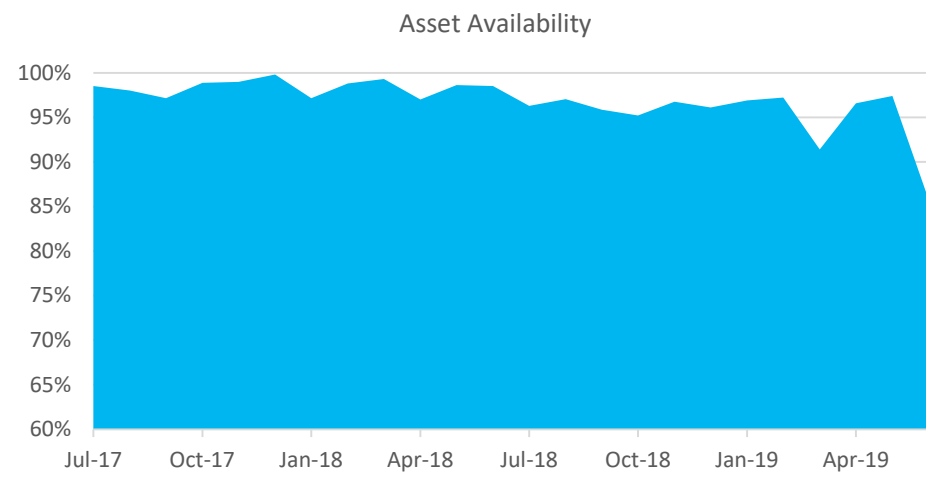
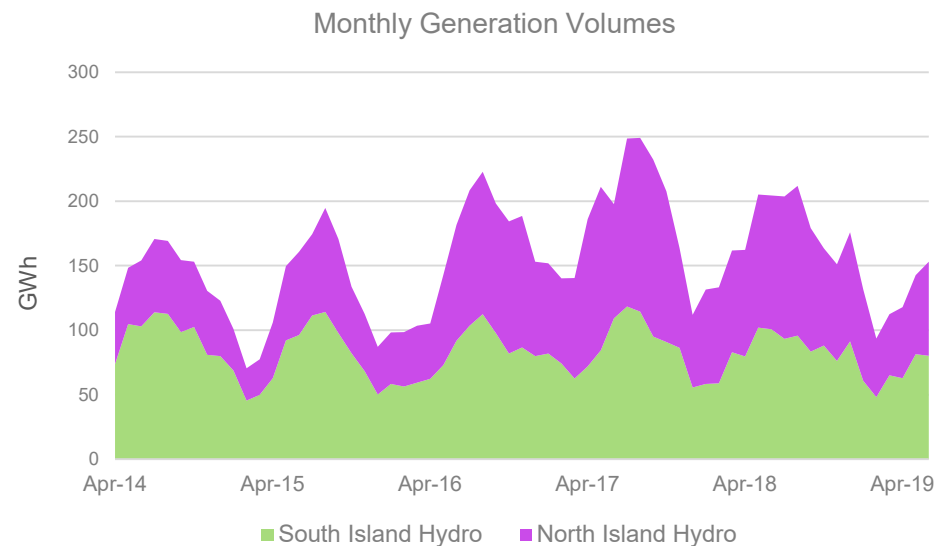
SOURCE: NZX Hydro



SOURCE: Electricity Authority

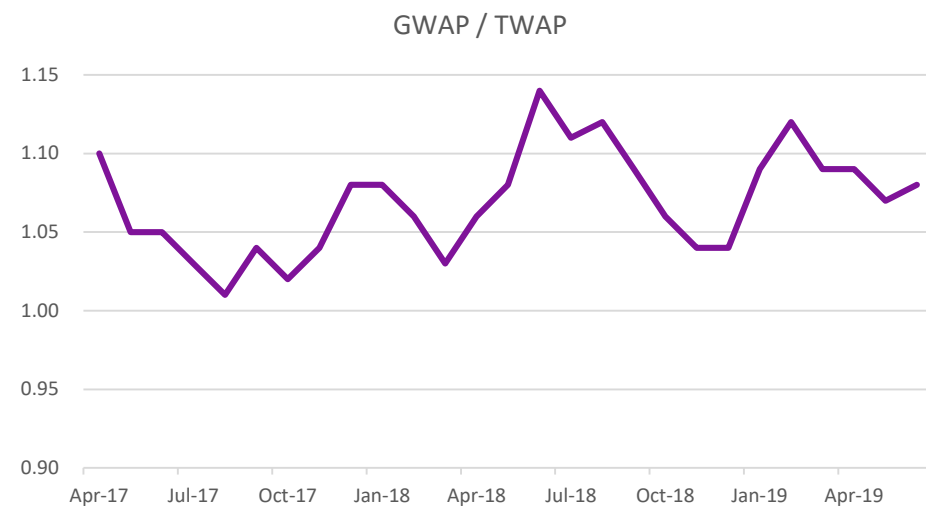


Generation



Q1-20 NI Generation ↓ 53% vs pcg	Q1-20 SI Generation ↓ 26% vs pcg	Q1-20 GWAP/TWAP 1.08
\$115/MWh New Zealand Load Weighted Average Price (LWAP)		
\$110/MWh New Zealand Generation Weighted Average Price (GWAP)		

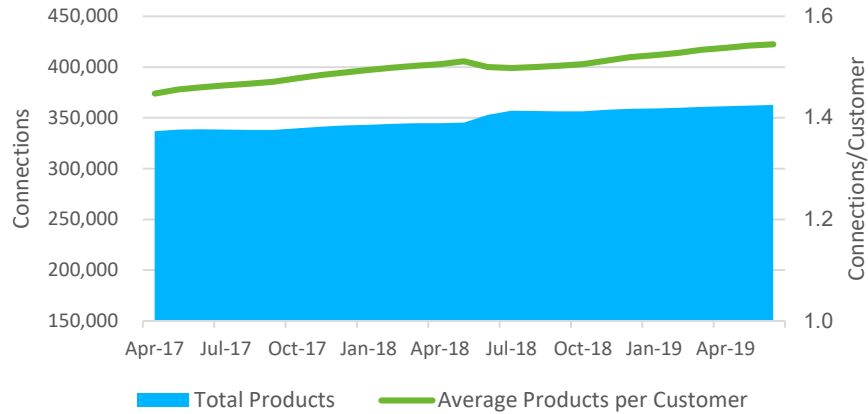
NOTE: Q1 Prices



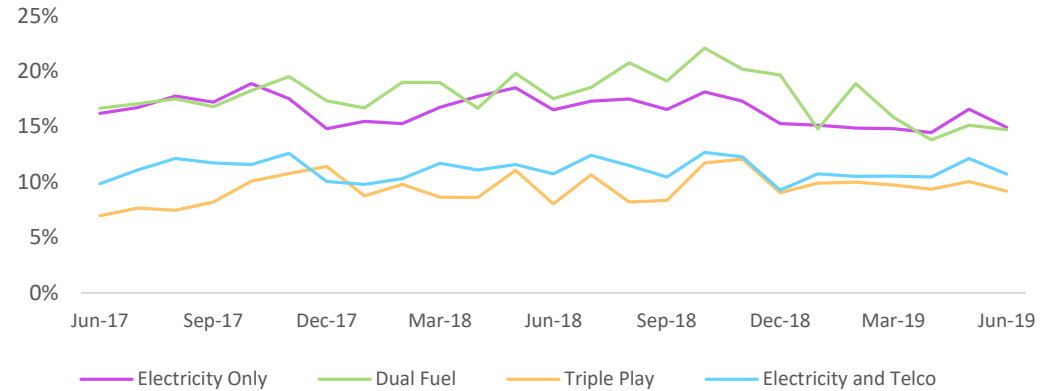
* See glossary for definitions

Retail

Average Products per Customer

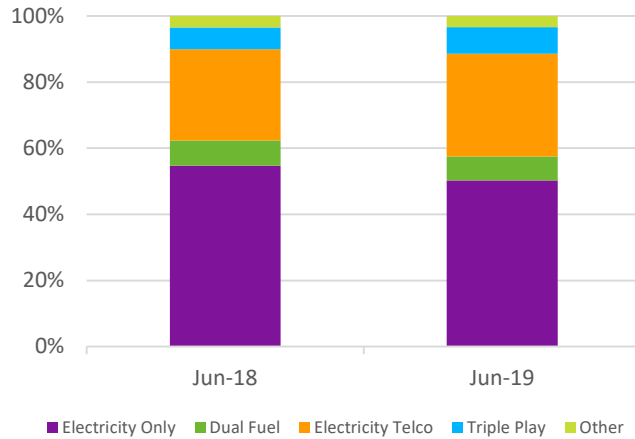


Electricity Only vs Multi-Product Churn



NOTE: Excludes C&I customers

Customer Mix

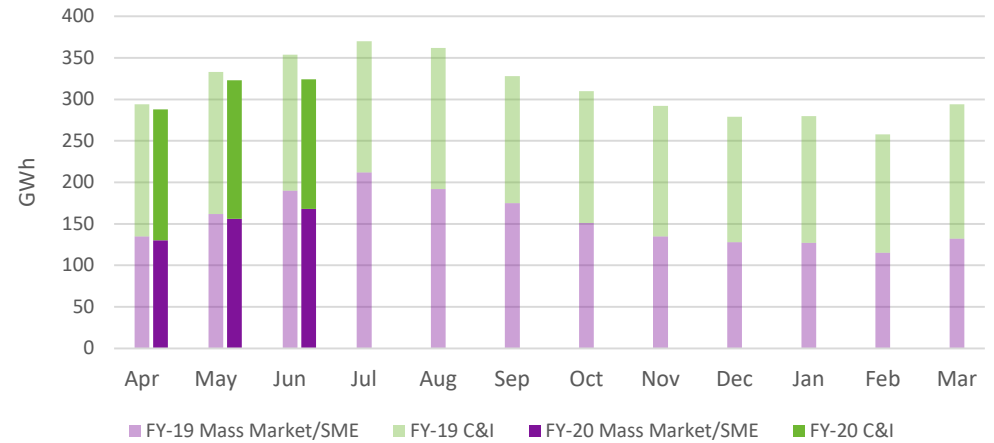


Q1-20 acquisitions
- 2+ products
81%

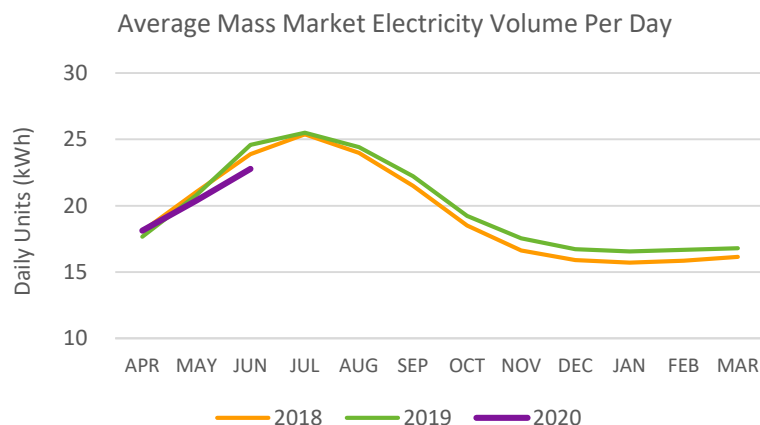
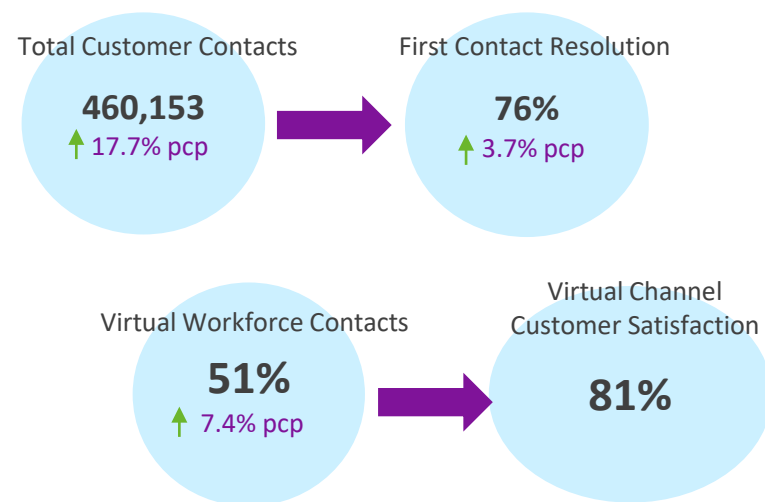
YoY customers
taking 2+
products
↑8.1%

* See glossary for definitions

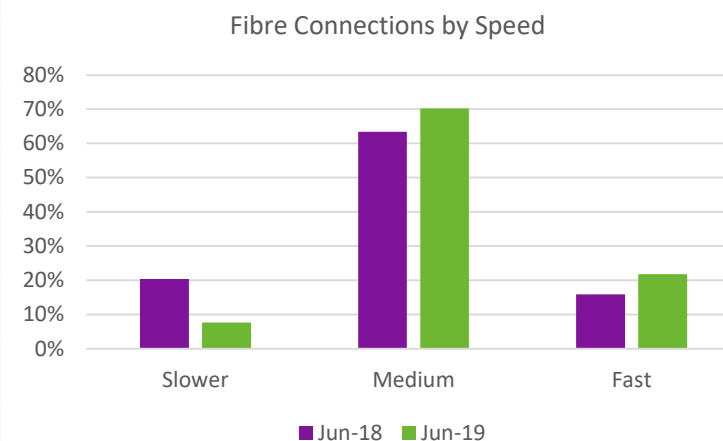
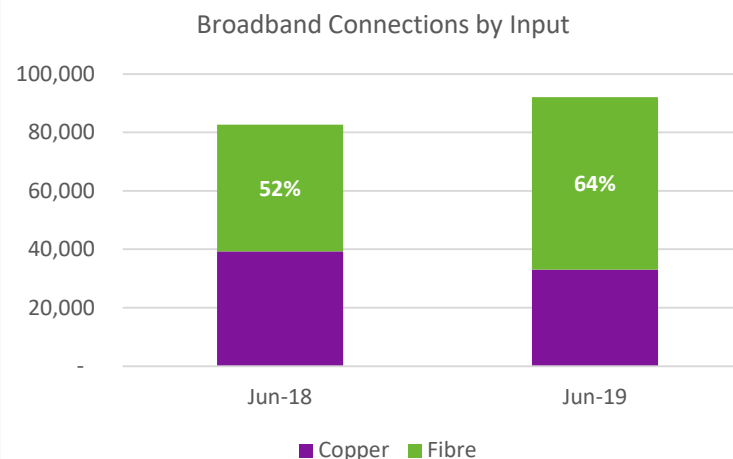
Total Retail Sales Volumes



Retail



* See glossary for definitions



**NZ UFB
Market Share**
7.2%

NOTE: Current to Mar-19

**Total Data
Usage (vs pcp)**
↑ **35%**

Netflix Ranking

Apr-19: **1st**

May-19: **1st**

Jun-19: **1st**

Operating stats

	Q1 FY-18	Q1 FY-19	Q1 FY-20	Q2 FY-18	Q2 FY-19	Q2 FY-20	Q3 FY-18	Q3 FY-19	Q3 FY-20	Q4 FY-18	Q4 FY-19	Q4 FY-20
Customers, Sales and Service												
Electricity connections (000s)	276	270	266	273	270		273	269		273	267	
Telecommunication connections (000s)	79	89	98	80	91		85	94		87	96	
Gas connections (000s)	37	38	39	37	38		37	38		37	39	
Total utility accounts	392	397	403	390	399		395	401		397	402	
Customers with two or more services (000s)	94	101	109	94	102		98	105		100	107	
Mass market sales - Fixed Price (GWh)	476	488	453	614	579		392	414		349	364	
Time of use sales - Fixed Price (GWh)	227	216	210	199	218		239	227		233	219	
Time of use sales - Spot (GWh)	287	272	271	279	263		269	240		251	246	
Total customer sales (GWh)	990	976	934	1,092	1,060		900	881		833	829	
Average spot price of electricity purchased (\$/MWh)	79	80	115	97	88		96	207		87	164	
Gas Sales (TJ)	308	303	266	406	384		185	194		113	125	
Annualised electricity ICP churn rate*	21%	20%	17%	21%	20%		19%	20%		16%	15%	
Annualised electricity ICP churn rate - total market*	21%	21%	20%	23%	23%		21%	22%		19%	17%	
Generation Production and Procurement												
North Island generation production (GWh)	330	289	189	402	322		251	235		226	164	
South Island generation production (GWh)	266	282	224	327	273		233	255		200	174	
Total New Zealand generation production (GWh)	596	571	413	729	595		484	490		426	338	
Average spot price of electricity generated (\$/MWh)	81	78	110	101	87		88	200		83	163	
Net third party fixed price volume purchased (GWh)	409	423	393	361	348		348	319		421	373	
Other Information												
Resource consent non-compliance events**	2	4	3	1	2		2	2		3	2	
Recordable Injuries	9	4	0	7	3		7	2		7	4	
Staff numbers (full time equivalents)	782	805	779	787	798		803	801		803	818	

* Churn statistics are calculated using market data available up to May 2019

** Events are recorded only when they have been confirmed as non-compliance events by the relevant regulatory authority. The number of historically reported non-compliant events are subject to change given timings in confirmation of non-compliance.

Operating stats

	YTD FY-18	YTD FY-19	YTD FY-20	Full Year FY-18	Full Year FY-19	Full Year FY-20
Customers, Sales and Service						
Electricity connections (000s)	276	270	266	273	267	
Telecommunication connections (000s)	79	89	98	87	96	
Gas connections (000s)	37	38	39	37	39	
Total utility accounts	392	397	403	397	402	
Customers with two or more services (000s)	94	101	109	100	107	
Mass market sales - Fixed Price (GWh)	476	488	453	1,831	1,845	
Time of use sales - Fixed Price (GWh)	227	216	210	898	880	
Time of use sales - Spot (GWh)	287	272	271	1,086	1,021	
Total customer sales (GWh)	990	976	934	3,815	3,746	
Average spot price of electricity purchased (\$/MWh)	79	80	115	91	131	
Gas Sales (TJ)	308	303	266	1,012	1,006	
Annualised electricity ICP churn rate*	21%	20%	17%	18%	19%	
Annualised electricity ICP churn rate - total market*	21%	21%	20%	21%	21%	
Generation Production and Procurement						
North Island generation production (GWh)	330	289	189	1,209	1,010	
South Island generation production (GWh)	266	282	224	1,026	984	
Total New Zealand generation production (GWh)	596	571	413	2,235	1,994	
Average spot price of electricity generated (\$/MWh)	81	78	110	88	125	
Net third party fixed price volume purchased (GWh)	409	423	393	1,539	1,463	
Other Information						
Resource consent non-compliance events**	2	4	3	8	10	
Recordable Injuries	9	4	0	30	13	
Staff numbers (full time equivalents)	782	805	779	803	818	

* Churn statistics are calculated using market data available up to February 2019

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Glossary

Term	Definition
ACPU	Average Cost Per User. Direct costs (COS) only – does not include CTS
AMPU	Average Margin Per User – difference between ARPU and ACPU
ARPU	Average Revenue Per User. Includes acquisition capitalisation and amortisation
Asset Availability	Total hours asset(s) available or operating/Total hours in month. Excl planned outages.
Bundled Customer	Customer that has 2+ products with Trustpower
C&I	Commercial and Industrial customers
Customer Churn	The rate of attrition of customers expressed as an annualised percentage. Customer churn is only counted if we lose the customer (not individual products or moves).
Customer Contact	A channel agnostic customer interaction where service has been provided
E-Bill	Receives their bill electronically rather than post
EOM	End Of Month

Term	Definition
First contact resolution (FCR)	Where the customers reason for calling is resolved at first point of contact. Does not count if they contact again within 14 days.
FTE	Full Time Equivalent
Gross Margin	Gross Revenue – Direct Cost of Sales
GWAP	Generation Weighted Average Price – Average revenue per unit
GWh	Gigawatt hour(s) – unit of energy
Input	Broadband connections segmented by delivery type
ISP	Internet Service Provider
KCE	King Country Energy
LY	Last year
LWAP	Load Weighted Average Price – Average cost of energy per unit for the retail business

Glossary

Term	Definition
Main lakes	Waipori, Cobb and Coleridge schemes.
Market Share	Total Trustpower fibre connections / total NZ fibre connections.
Mbps	Megabytes per second (measure of internet data transfer speed)
MM	Mass Market customers
MWh	Megawatt hour(s) – unit of energy
Netflix Ranking	Published monthly on ispspeedindex.netflix.com/country/new-zealand
NI	North Island
OPEX	Operating expenditure
Pcp	Prior corresponding period
PoP	A physical location that houses telco equipment
Recordable Injury	Lost Time and Medical Treatment Injuries

Term	Definition
Rev	Revenue
SI	South Island
SME	Small-Medium Enterprise
Speed	Slower: <100 Mbps, Medium: 100 Mbps, Fast: >100 Mbps
TRIFR	Total Reportable Injury Frequency Rate. Measured per 200,000 hours.
TWAP	Time-Weighted Average Price
Var	Variance
Virtual Channel Customer Satisfaction	The satisfaction rating of digital channels that are non-staffed (including Bot , App and Virtual Agents)
Virtual workforce contact	Contact not handled by a person – e.g. Chabot, self service.
YoY	Year-On-Year
YTD	Year-To-Date

The Trustpower logo is centered in the upper left, featuring the words "Trust" and "power" in a white, sans-serif font, with a small "TM" trademark symbol. The text is overlaid on three large, overlapping circles in shades of green, blue, and pink. Below the logo, a black silhouette of a person is shown sweeping the floor with a long-handled broom. The background is a dark purple gradient with faint, larger versions of the logo's circles at the bottom.

Trust
power™

Contact

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/ Chief Financial Officer & Company Secretary

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