



Recent events update

COVID-19

Trustpower successfully continued to provide uninterrupted essential services during lockdown, with seamless implementation of business continuity plans. We continue to provide additional customer support during this time and are monitoring closely for any impacts.

Tiwai

Trustpower notes Rio Tinto's announcement to wind-down operations at New Zealand Aluminium Smelters Limited (NZAS) with expected closure in August 2021. Trustpower considers it is well placed to respond to the decision to close the smelter, with its geographically dispersed generation schemes and customer bases.

TPM

The Electricity Authority published its final decision in relation to the setting of transmission pricing guidelines on 10th June. The Authority began the process to review the Guidelines soon after it was established in 2010. The Authority has now directed Trustpower to prepare a new transmission pricing methodology and submit it to the Authority for approval. Trustpower believes a fundamental change to transmission charges with economy-wide repercussions must be well justified and don't believe this is the case. As a result, Trustpower has begun an appeal process in the High Court.

Key Highlights



- Trustpower retail market activity was materially reduced during level 4 lockdown and has been slower to ramp back up than other market participants. This saw a decrease in total utility accounts across the quarter (down ~2,000). Total utility accounts and telco customers are both up ~6,000 on a year-on-year basis.
- After seeing materially reduced market activity across level 4 lockdown (April), churn has returned to more normal levels across May and June.
- Mass Market customer electricity demand was up on the pcp due to increased working from home and colder weather, however C&I demand is materially lower than the pcp, due to a slower return to normal, and the loss of some ICP's in this space.
- Increased working-from-home, lockdown, and increased telco customers saw total data usage from our customers grow by 81% compared to the pcp. Data use on a per-customer basis increased 66% on the pcp. We continue to see increased fibre uptake, and customer preference for higher-speed fibre plans.
- 84% of all customer contacts across the period (we saw over 957,000 contacts in the quarter) were handled virtually, with no human interaction required, up 14% on the pcp. First contact resolution and customer satisfaction levels also remained high.



- Persistent low North Island inflows and near-average South Island volumes meant total electricity generation volumes were up 11 GWh (3%) on the pcp.
- A higher proportion of South Island generation (where we have more storage and control over release) resulted in elevated GWAP/TWAP for the period. Our GWAP/TWAP ratios for the quarter were 1.21 and 1.26 in the North and South Islands respectively. Average GWAP achieved across the quarter was \$130/MWh, 18% higher than the pcp.
- Asset availability (measured as % of potential total) remained at normal levels.

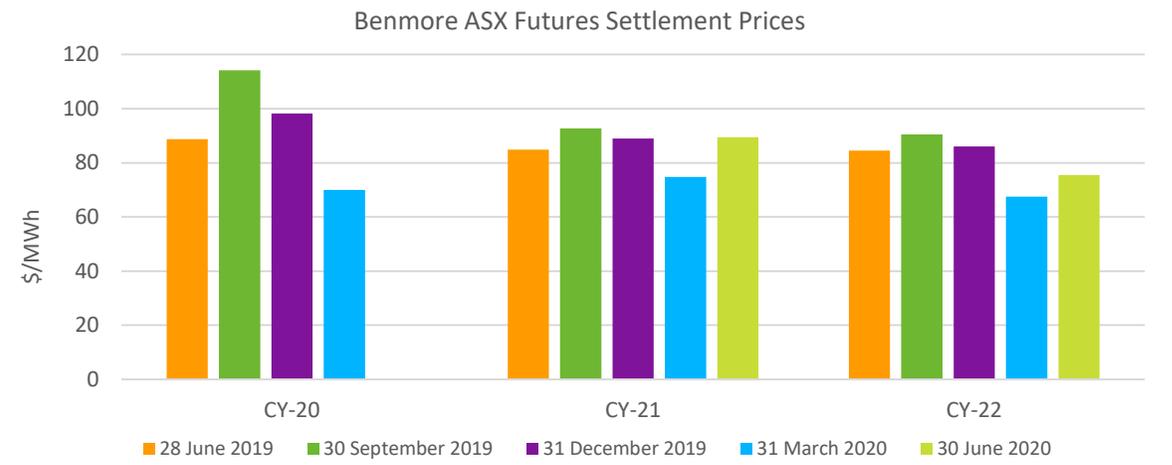
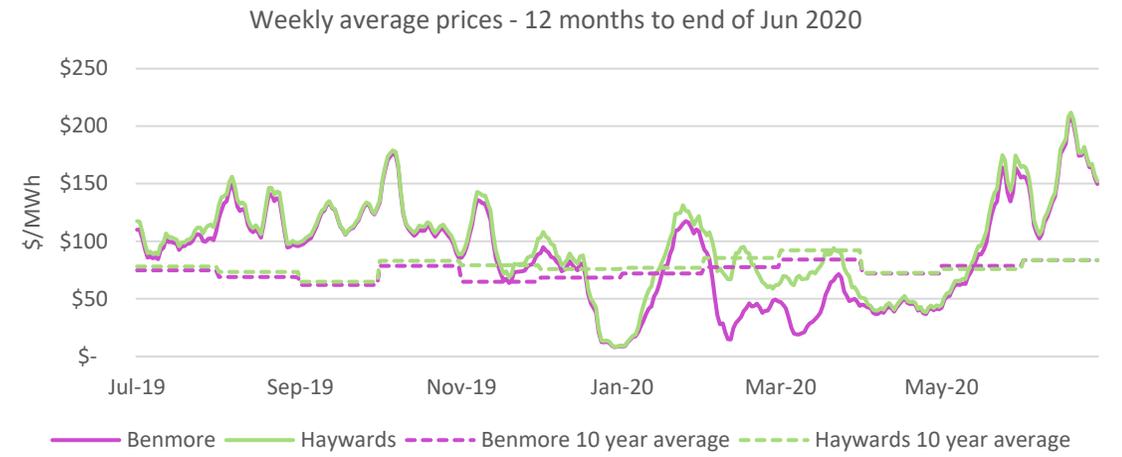
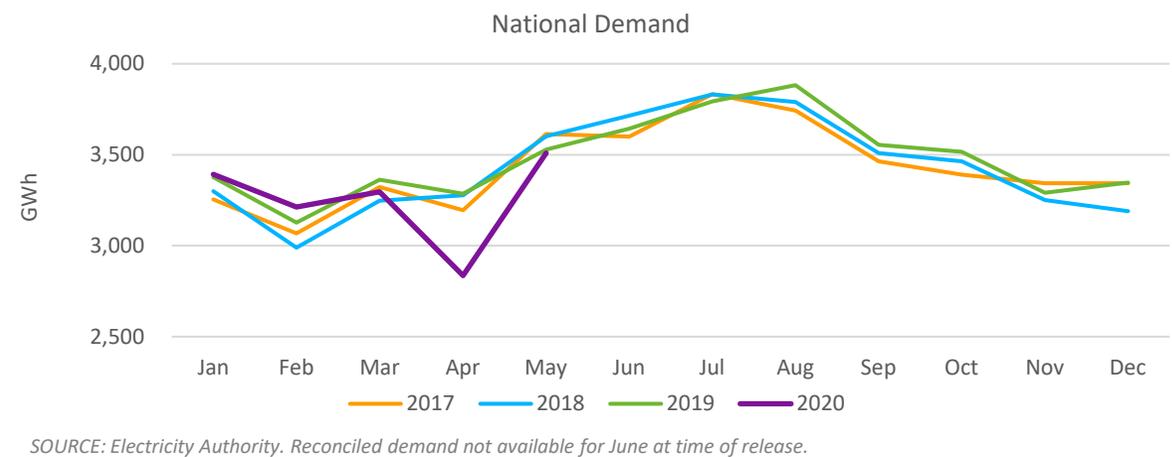
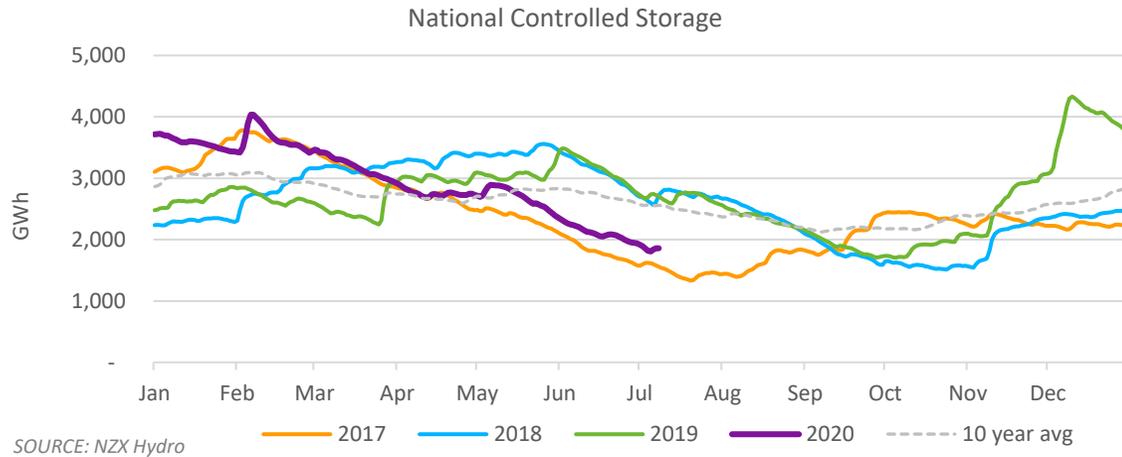


- National Controlled Storage at 30th June 2020 sat at 75% of the 10-year average.
- We observed an increase in forward wholesale electricity prices across the quarter, driven by a return of demand post COVID-19 lockdown, a cool winter, and low national hydro storage. Prices have since decreased following the Tiwai announcement.
- National demand for the April/May period (to 31st May) was 7% down on the pcp, driven by decreases in commercial volume demand due to COVID-19 lockdown. April was down 13.7% on the pcp, with May rebounding to be down only 0.5% on the pcp.



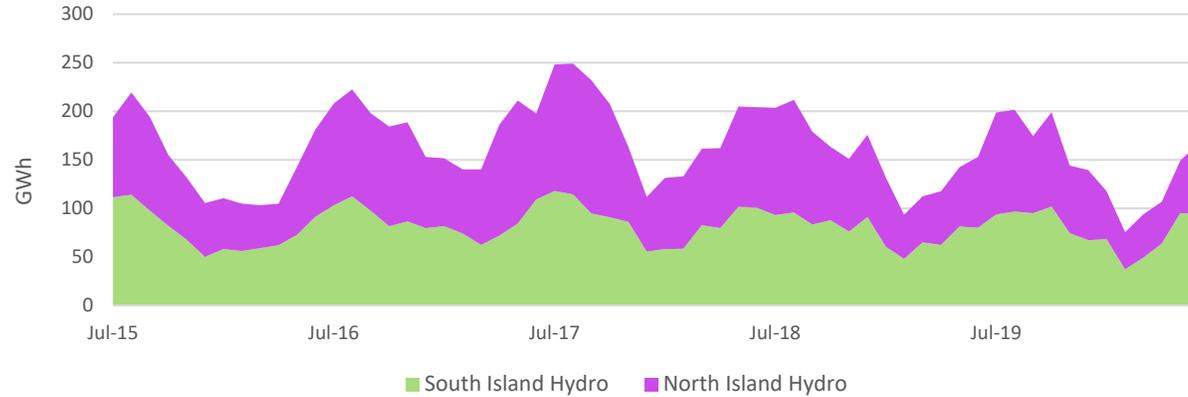
- Smart meter deployments have recommenced, with over 54,000 completed to date.

Wholesale electricity market

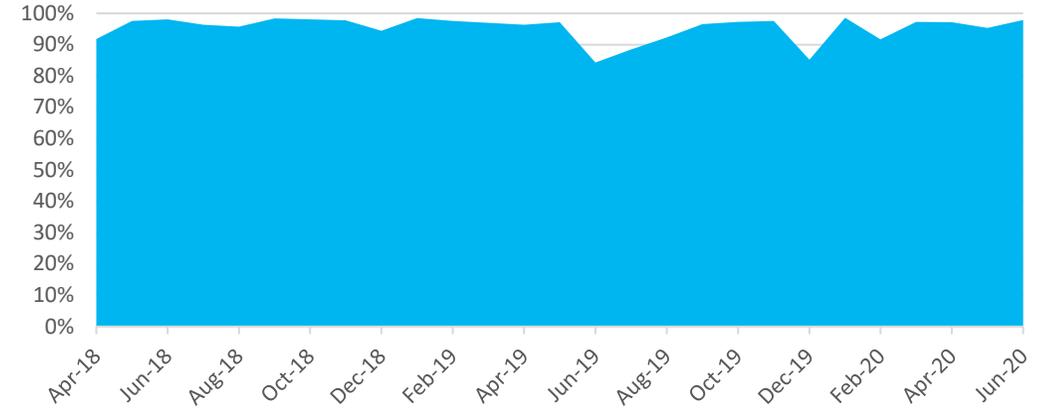


Generation

Monthly Generation Volumes



Percentage of Potential Revenue Achieved



**Q1-21
NI Generation**

↓ 10%
vs pcp

**Q1-21
SI Generation**

↑ 13%
vs pcp

Q1-21 GWAP/TWAP

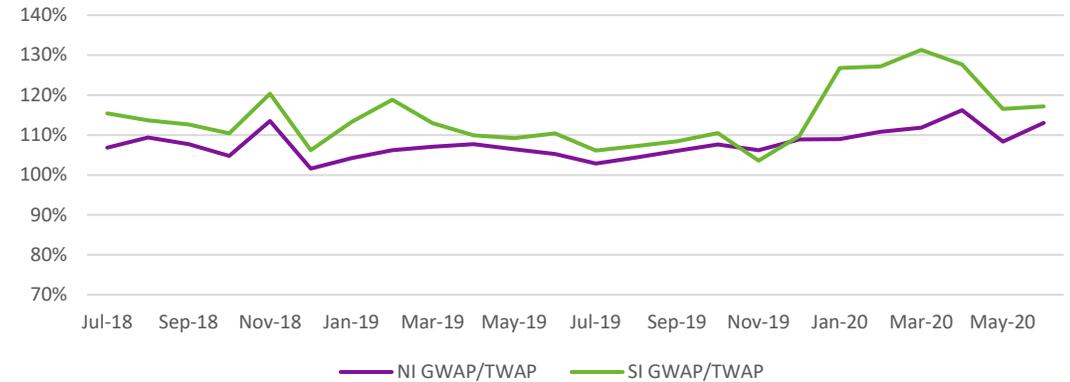
NI 1.21
SI 1.26

\$129/MWh New Zealand Load Weighted Average Price (LWAP)

\$130/MWh New Zealand Generation Weighted Average Price (GWAP)

NOTE: Q1 Prices

GWAP / TWAP

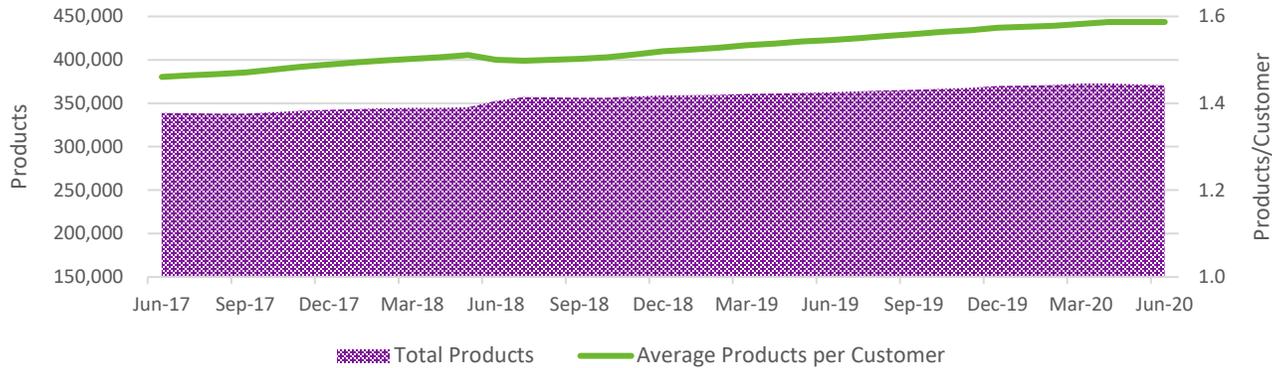


* See glossary for definitions

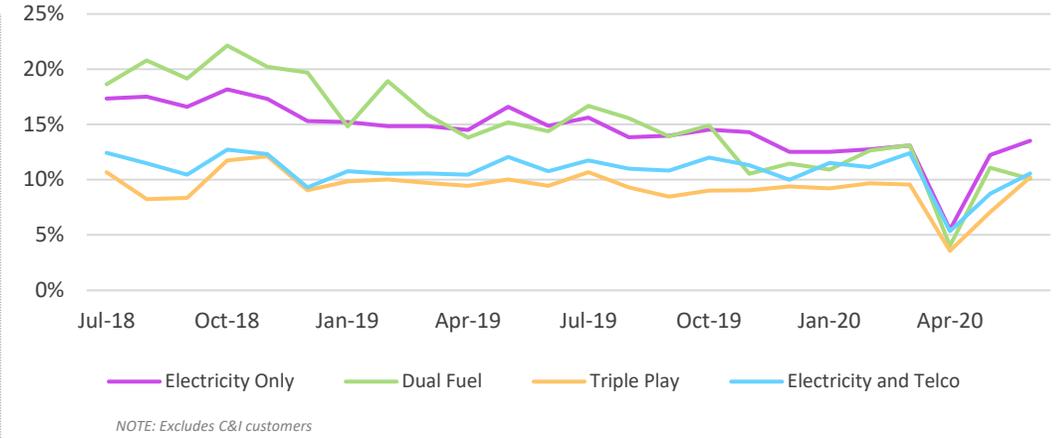


Retail

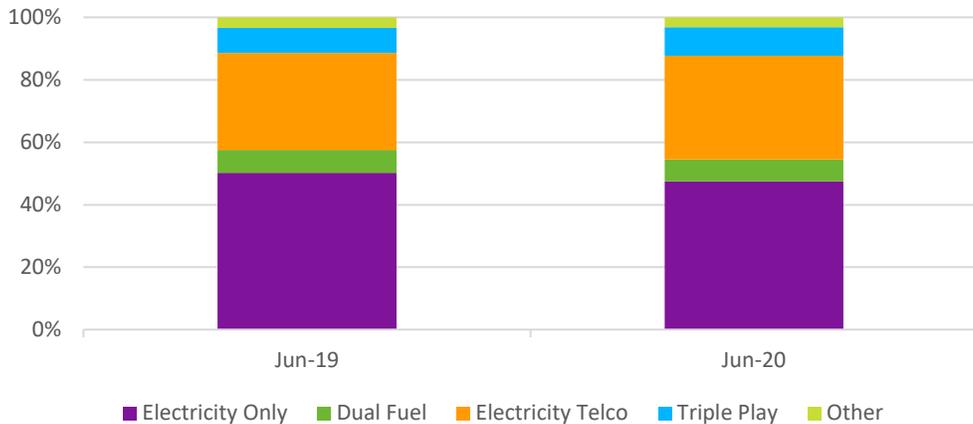
Average Products per Customer



Electricity Only vs Multi-Product Churn



Customer Mix



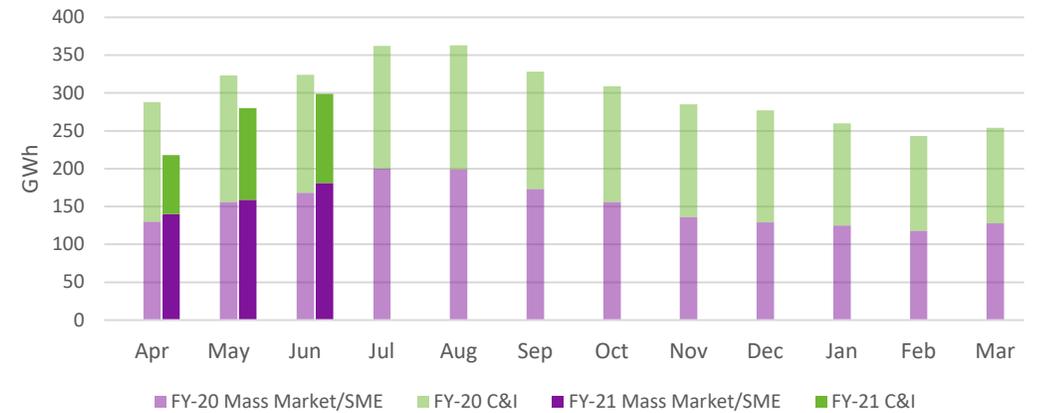
Q1-21 acquisitions
- 2+ products

75%

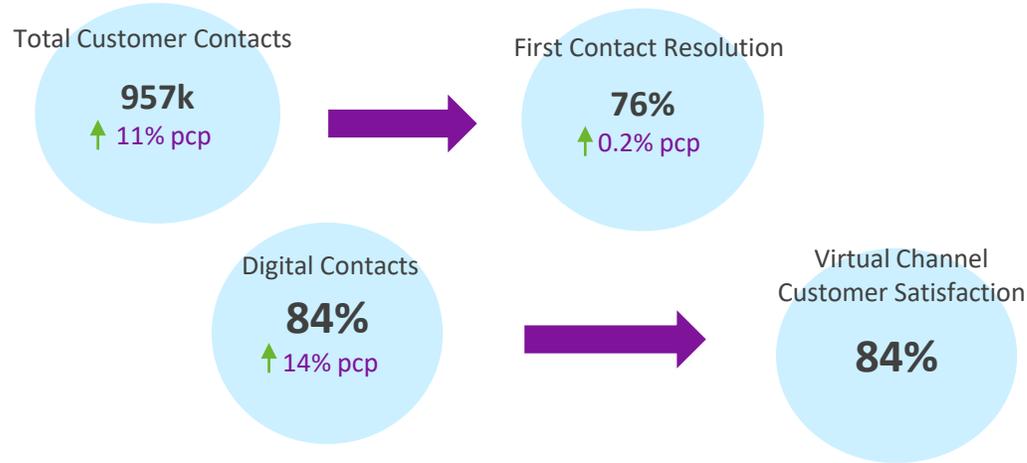
YoY customers
taking 2+
products

↑ 5.8%

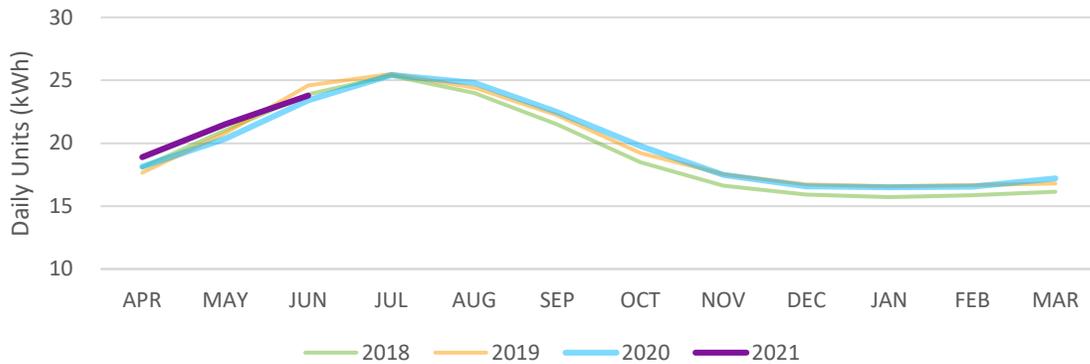
Total Retail Sales Volumes



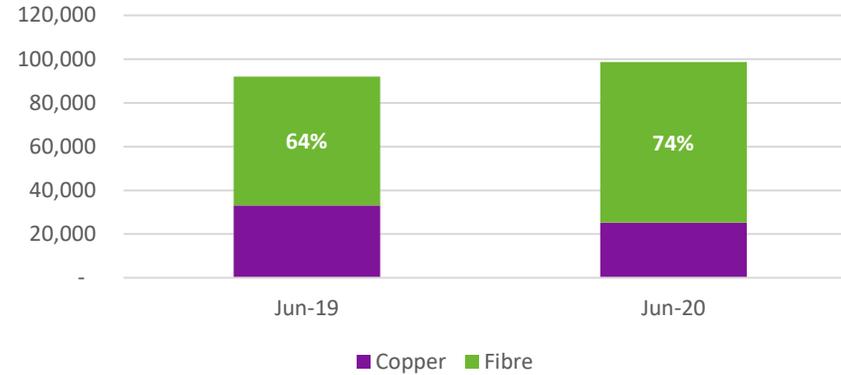
Retail



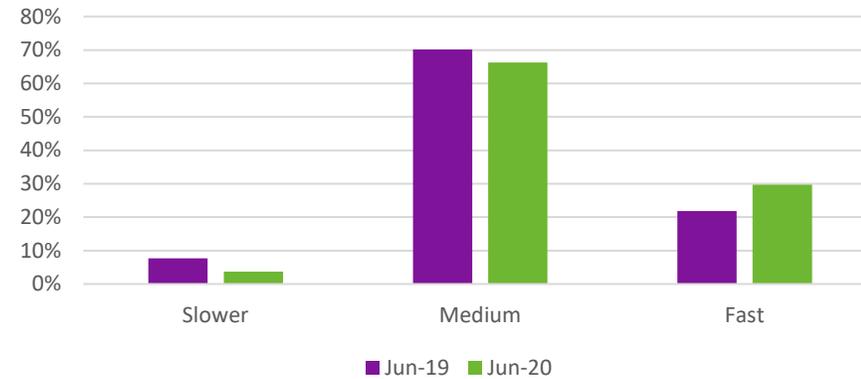
Average Mass Market Electricity Volume Per Day



Broadband Connections by Input



Fibre Connections by Speed



NZ UFB Market Share

7.3%

NOTE: At Mar-20

Total Data Usage (vs pcp)

↑ 81%

Total Data Usage per customer (vs pcp)

↑ 66%



Operating stats

	Q1 FY-19	Q1 FY-20	Q1 FY-21	Q2 FY-19	Q2 FY-20	Q2 FY-21	Q3 FY-19	Q3 FY-20	Q3 FY-21	Q4 FY-19	Q4 FY-20	Q4 FY-21
Customers, Sales and Service												
Electricity connections (000s)	270	266	264	270	266		269	266		267	266	
Telecommunication connections (000s)	89	98	104	91	100		94	101		96	104	
Gas connections (000s)	38	39	41	38	40		38	40		39	41	
Total utility accounts (000s)	397	403	409	399	406		401	406		402	411	
Customers with two or more services (000s)	101	109	115	102	111		105	114		107	116	
Mass market sales - Fixed Price (GWh)	488	453	480	579	572		414	421		364	371	
Time of use sales - Fixed Price (GWh)	216	210	113	218	208		227	223		219	185	
Time of use sales - Spot (GWh)	272	271	204	263	275		240	224		246	202	
Total customer sales (GWh)	976	934	797	1,060	1,055		881	868		829	758	
Average spot price of electricity purchased (\$/MWh)	80	115	129	88	126		207	105		164	80	
Gas Sales (TJ)	303	266	301	384	370		194	196		125	154	
Annualised electricity ICP churn rate*	20%	18%	11%	20%	18%		19%	17%		17%	17%	
Annualised electricity ICP churn rate - total market*	22%	20%	12%	22%	22%		21%	19%		19%	19%	
Generation Production and Procurement												
North Island generation production (GWh)	289	189	171	322	289		235	238		164	132	
South Island generation production (GWh)***	282	224	253	272	286		256	244		174	155	
Total New Zealand generation production (GWh)	571	413	424	595	575		490	483		338	287	
Average spot price of electricity generated (\$/MWh)	78	110	130	87	122		200	103		163	79	
Net third party fixed price volume purchased (GWh)***	423	393	238	348	387		319	346		373	386	
Other Information												
Resource consent non-compliance events**	4	6	1	2	3		2	6		2	6	
Recordable Injuries	4	0	0	3	2		2	1		4	0	
Staff numbers (full time equivalents)	805	779	806	798	812		801	814		818	809	

- * Churn statistics are calculated using market data available up to May 2020
- ** 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.
- *** Minor changes made to some historical figures due to calculation errors or rounding

Operating stats

	YTD FY-19	YTD FY-20	YTD FY-21	Full Year FY-19	Full Year FY-20	Full Year FY-21
Customers, Sales and Service						
Electricity connections (000s)	270	266	264	267	266	
Telecommunication connections (000s)	89	98	104	96	104	
Gas connections (000s)	38	39	41	39	41	
Total utility accounts	397	403	409	402	411	
Customers with two or more services (000s)	101	109	115	107	116	
Mass market sales - Fixed Price (GWh)	488	453	480	1,845	1,817	
Time of use sales - Fixed Price (GWh)	216	210	113	880	826	
Time of use sales - Spot (GWh)	272	271	204	1,021	972	
Total customer sales (GWh)	976	934	797	3,746	3,615	
Average spot price of electricity purchased (\$/MWh)	80	115	129	131	109	
Gas Sales (TJ)	303	266	301	1,006	986	
Annualised electricity ICP churn rate*	20%	18%	11%	19%	17%	
Annualised electricity ICP churn rate - total market*	22%	20%	12%	21%	20%	
Generation Production and Procurement						
North Island generation production (GWh)	289	189	171	1,010	849	
South Island generation production (GWh)	282	224	253	984	910	
Total New Zealand generation production (GWh)	571	413	424	1,994	1,759	
Average spot price of electricity generated (\$/MWh)	78	110	130	125	107	
Net third party fixed price volume purchased (GWh)	423	393	238	1,463	1,512	
Other Information						
Resource consent non-compliance events**	4	6	1	10	21	
Recordable Injuries	4	0	0	13	3	
Staff numbers (full time equivalents)	805	779	806	818	809	

* Churn statistics are calculated using market data available up to May 2020

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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 interaction with a customer
Digital Contact	% of customer interactions that are via digital channels. Note: prior to September 2019 Trustpower only reported digital contacts that it considered displaced a staffed contact. In line with industry practice we now report all digital contacts.
E-Bill	Receives their bill electronically rather than post

Term	Definition
EOM	End Of Month
First contact resolution (FCR)	Where the customer's reason for contacting 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 reference to Benmore for South Island and Whakamaru for North Island
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

Glossary

Term	Definition
LWAP	Load Weighted Average Price – Average cost of energy per unit for the retail business
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
Percentage of Potential Revenue Achieved	Total monthly Trustpower (excluding KCE) generation spot revenue less the value of lost market revenue due to outages, expressed as a percentage.
PoP	A physical location that houses telco equipment. (Point of Presence)

Term	Definition
Product	Electricity, Telco, Gas, or LPG. If one customer has multiple connections for a product, the product only counts once.
Recordable Injury	Lost Time and Medical Treatment Injuries
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)
YoY	Year-On-Year
YTD	Year-To-Date



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