

**TRANSPOWER***Keeping the energy flowing*

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<b>TRANSPOWER NEW ZEALAND LIMITED</b>	
Half-Year Results Announcement to the Market – 25 February 2022	
<b>Reporting Period</b>	6 months to 31 December 2021 (FY22)
<b>Previous Reporting Period</b>	6 months to 31 December 2020 (FY21)

	<b>Amount (millions) 6 months to 31 December 2021</b>	<b>Amount (millions) 6 months to 31 December 2020</b>	<b>Percentage Change</b>
<b>Revenue from continuing operations</b>	\$443.4	\$478.9	7.4% decrease
<b>Total Revenue</b>	\$443.4	\$478.9	7.4% decrease
<b>Net profit/(loss) from continuing operations</b>	\$83.4	\$85.4	2.3% decrease
<b>Total net profit/(loss)</b>	\$83.4	\$85.4	2.3% decrease

Results are based on unaudited financial statements.

<b>Commentary</b>	Transpower New Zealand today released its financial results for the six months ending 31 December 2021.
<p>Transpower New Zealand today released its financial results for the six months ending 31 December 2021.</p> <ul style="list-style-type: none"> <li>• Transmission revenue declined 8.2% to \$414.8 million (2020: \$451.8 million) mainly due to revenue recognition on two capital contribution projects that were recorded as revenue in the previous period.</li> <li>• Operating expenses at \$151.7 million, were up 4.5% compared to the previous period (2020: \$145.2 million) mainly due to an increase in regulatory passthroughs and employee costs.</li> <li>• Net profit after tax was \$83.5 million, down 2.2% from the previous period's result of \$85.4 million, primarily due to the one-off revenue items noted above.</li> <li>• Capital expenditure was \$144.1 million, down 8.1% from the same time last year (2020: \$156.8 million) and in line with Transpower's approved capital programme.</li> <li>• An interim dividend of 4 cents/share or \$48 million has been declared, representing 40 per cent of the expected full-year dividend forecast in Transpower's 2021/22 Statement of Corporate Intent (SCI).</li> </ul> <p>Acting Chair, Dean Carroll, said the company has posted a solid financial performance given the increase in inflationary pressures in personnel costs and supply chain.</p> <p>"We have continued to progress major projects while the company continues to navigate the ongoing supply chain and workforce challenges of COVID-19.</p> <p>"Despite the operational challenges over the last six months, we are on track to achieve the majority of our SCI targets."</p> <p>Chief Executive Alison Andrew said the main project for the business, the Clutha Upper-Waitaki Lines Project (CUWLP), is progressing well and is forecast to realise approximately \$9 million in savings, as well as being on track to commission ahead of schedule.</p> <p>"This work is critical to ensuring we remove the constraints on moving low-cost, renewable electricity from the Southland area.</p> <p>"Another area of focus has been the progression of the Transmission Pricing Methodology (TPM). Currently, the Electricity Authority is consulting on our draft proposal, and we await a final decision on the new TPM in March 2022. This work will remain a significant focus as we support the Authority and prepare the business for a smooth implementation of a new TPM which is planned to take effect from 1 April 2023."</p> <p><b>For further information, please contact:</b>  Senior Communications Advisor Laura Ackland, 021 394 042.</p>	

Authority for this announcement	
Name of person authorised to make this announcement	Alison Andrew, Chief Executive
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Date of release through MAP	25/02/2022

## Statement of Corporate Intent (SCI) Performance

Operational and financial performance results for Quarter 2, 2022 are shown in the table below.

Transpower is on track to achieve 16 out of 17 of our Statement of Corporate Intent (SCI) targets.

Q2 Performance	31 December		SCI / Plan
	2022	2021	Target

Safety and People			
Number of fatalities or injuries causing permanent disability	0	0	0
Total recordable injury frequency rate (TRIFR)	5.56	5.26	≤ 6
High potential incident frequency rate (HPIFR)	1.93	2.11	≤ 3
Staff Engagement	On Track	8.0	Top 25% <sup>1</sup>

Sustainability			
Deliver Year 1 milestones according to the TCFD framework <sup>2</sup>	On Track	On Track	Meet Target
Deliver Year 1 milestones to position Transpower in the upper quartile on ESG reporting framework within two years <sup>3</sup>	On Track	On Track	Meet Target

Service Performance <sup>4</sup>			
Grid interruptions:			
• GP1 Achieve collars for occurrence (unplanned interruptions)	6	6	≥ 4 out of 6
• GP2 Achieve collars for average unplanned interruption duration	6	5	≥ 4 out of 6

Grid availability:			
• AP1 HVDC energy availability	97.44%	99.91%	> 96.75%
• AP2 Key HVAC assets availability <sup>5</sup>	97.82%	98.19%	> 98.6%
Achieve system operations target	Annual target	Annual target	Meet Target

Asset Health Measures			
Power transformers	2.46%	3.19%	≤ 3.68%
Outdoor circuit breakers	1.09%	1.36%	≤ 2.37%

Financial Performance			
Free funds from operations (FFO) interest coverage	6.4	7.4	5.8
Free funds from operations / Debt	14.9%	16.7%	13.8%
Return on equity	8.4%	8.0%	8.1%
Return on capital employed	3.9%	3.8%	3.9%

**Note:**

1. Top 25% percentile score for energy & utilities sectors (12 month rolling average).
2. Task Force on Climate related Financial Disclosures ('TCFD') framework.
3. Environmental, Social, and Corporate Governance (ESG) reporting framework.
4. Service Performance - Our SCI target across grid interruptions and grid availability have been set at the quality standards set by the Commerce Commission.
5. HVAC assets availability has moved below target and the breach is expected to continue throughout the year due to the works on the Clutha-Upper Waitaki Lines Programme (CUWLP) and the ongoing Pakuranga-Whakamaru-2 cable joint failure repair.