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Disclosure statement:
28 February 2025

Transpower announces half-year results

Results for announcement to the market		
Name of issuer	TRANSPOWER NEW ZEALAND LIMITED	
Reporting Period	6 months to 31 December 2024	
Previous Reporting Period	6 months to 31 December 2023	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$476,000	2.4% increase
Total Revenue	$476,000	2.4% increase
Net profit/(loss) from continuing operations	$64,000	5.9% decrease
Total net profit/(loss)	$64,000	5.9% decrease

Results are based on unaudited financial statements.

A brief explanation of any of the figures above necessary to enable the figures to be understood:	Transpower today released its financial results for the six months ending 31 December 2024. Operating revenue increased by 2.4% to $476 million (2023: $465 million). Operating expenses increased by 3.2% to $192 million (2023: $186 million), primarily due to increased staffing costs to support our growing work programme. Net profit after tax is $64 million, a 5.9% decrease from the previous period (2023: $68 million), primarily due to higher operating and interest expenses. Capital expenditure was $309 million, a 55.3% increase from the previous period (2023: $199 million), consistent with Transpower's approved capital programme. The Board has declared an interim dividend of 4 cents a share or $48 million, which is $4 million higher than forecast in Transpower's 2024/25 Statement of Corporate Intent (SCI) for the interim dividend.

Transpower Chair Dr Keith Turner said the Board is pleased with the stable results for the first half of the 2025 financial year both in terms of performance and returns to shareholders.

“The company has maintained its financial performance despite higher supply chain, maintenance and resourcing costs. For 2024/25, we are on track to achieve all targets set out in the SCI other than HVAC availability, which is significantly impacted by proactive cable repairs in Auckland, a project which is not impacting electricity supply to consumers and is on track for completion in the first half of 2026.

“In 2024, we have focused on delivering the final year of our third Regulatory Control Period (RCP3) and preparing to deliver our new workplan for the next five-year Regulatory Control Period (RCP4) commencing in April,” he said.

Last November, the Commerce Commission announced its final determination on Transpower’s RCP4 revenue to fund the programmes to maintain and operate the existing grid. It confirmed that expenditure will increase to enable Transpower to replace assets built in the 1950s through to the 1970s, which are now approaching end-of-life.

In addition to this RCP4 work, Transpower will undertake significant new customer connection work and major projects required to maintain a reliable and safe network and allow the grid to play its critical role as a key enabler for Aotearoa’s electrification.

“We are forecasting base capital expenditure of $2.25 billion across 2025 to 2030, up 32% from the five-year period to March 2025. We are growing to deliver the intensified replacement and refurbishment programme over the next five years, as well as additional work to harden the grid and increase its capacity to enable new generation and load.

“This work is critical to ensuring New Zealanders continue to have a safe and reliable national grid and to help us avoid more costly and pressured expenditure in the future. It’s also an essential foundation for future enhancements to the grid to support electrification and Aotearoa’s transition to a net zero carbon future by 2050,” Dr Turner said.

The Commerce Commission’s decision to index Transpower’s Regulated Asset Base from RCP4 will reduce Transpower’s revenue compared with the present approach, from 1 April 2025, by an estimated $130 million per annum throughout the 2025 to 2030 RCP4 period which will have immediate benefits for electricity consumers.

“The intention of this approach is to be value neutral to Transpower over the long term. However, it is expected to result in lower revenues for the next 20 years. The combination of significant investment requirements alongside a reduction in revenue results in a constrained ability for Transpower to fund dividends in RCP4, which we have discussed with our shareholders. Looking further out to RCP5, from

	2030 to 2035, the trend is expected to continue with a further step up in the investment necessary to accommodate anticipated growth and resilience requirements. "As we enter a period of expected electricity demand growth, we are well prepared to continue as an efficient, fit-for-purpose national grid owner and system operator, focused on empowering the energy future for New Zealand," he said.

Authority for this announcement	
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Date of release through MAP	28 February 2025

Statement of Corporate Intent (SCI) Performance

Operational and financial performance results for Quarter 2 FY25 are shown in the table below. Transpower is on track to achieve 16 out of 17 SCI targets with the AP2 HVAC availability target forecast not to be achieved.

Performance	31 December		SCI / Plan
	2024	2023	Target
Safety and People			
Number of fatalities or injuries causing permanent disability	0	0	0
Total recordable injury frequency rate (TRIFR)[1]	5.5	4.1	≤ 6
High potential incident frequency rate (HPIFR)[1]	0.7	2.3	≤ 3
Staff engagement	On track	On track	Top 25% [2]
Sustainability			
Deliver climate change reporting according to Aotearoa New Zealand Climate Standards requirements for FY25 including publication of Transpower Adaptation Plan	On track	On track	Meet target
Deliver the 2024/25 sustainability strategy milestones	On track	On track	Meet target

Performance	31 December		SCI / Plan
	2024	2023	Target
Service Performance [3]			
Grid interruptions:			
• GP1 Achieve collars for occurrence (unplanned interruptions)	6	6	≥ 4 out of 6
• GP2 Achieve collars for average unplanned interruption duration	4	5	≥ 4 out of 6
Grid availability:			
• AP1 HVDC availability	99.57%	98.9%	> 96.75%
• AP2 HVAC availability	97.59% [4]	98.2%	> 98.6%
Achieve system operations target	No data yet	No data yet	Meet Target
Asset Health Measures			
Power transformers	4.20%	3.47%	≤ 12.03%
Outdoor circuit breakers	0.30%	0.15%	≤ 8.27%
Financial Performance			
Free funds from operations (FFO)/interest	5.1	5.6	3.9
Free funds from operations / debt	13.5%	13.8%	11.3%
Return on equity	6.8%	7.1%	5.1%
Return on capital employed	3.7%	4.1%	3.5%

Notes:

(1) Rolling 12-month average numbers.

(2) Top 25% percentile score for energy & utilities sectors (yearly average).

(3) Service Performance - Our SCI targets across grid interruptions and grid availability have been set at the quality standards set by the Commerce Commission.

(4) YTD AP2 has exceeded the target due largely to the inclusion of the Pakuranga - Whakamaru cable repair outage. The Ohinewai bypass is in place, but the Pakuranga - Whakamaru circuits unavailability are still considered for AP2 performance measurement. The Net Zero Grid Pathways stage 1 outages are also a contributing factor to the lower AP2 forecast for FY25.