



Quarterly Operating Report | Q3-21 December 2020

Quarterly Insights

Customers continue to value the bundle, Mobile and Fibre uptake looking strong

Average products per customer continues to rise, with a 5.4% increase YoY in the number of customers that take 2 or more products. Greater than 85% of new customer acquisitions in Q3-21 took 2 or more products.

Our mobile offering continues to resonate well in market, and our fixed line broadband business continues to grow, adding over 2,000 net customers in the quarter. Customer preference for fast fibre products also continues, with 78% of our Broadband customers now on fibre (with 36% now on fast fibre, up from 28% last year).

C&I volumes decline

As previously signalled, the loss of a small number of high-volume, low-margin customers is the driver of our lower C&I electricity volumes. Mass Market volumes remain strong, with YTD volumes up 0.5% and average units per day 1.4% higher YTD than the pcg.

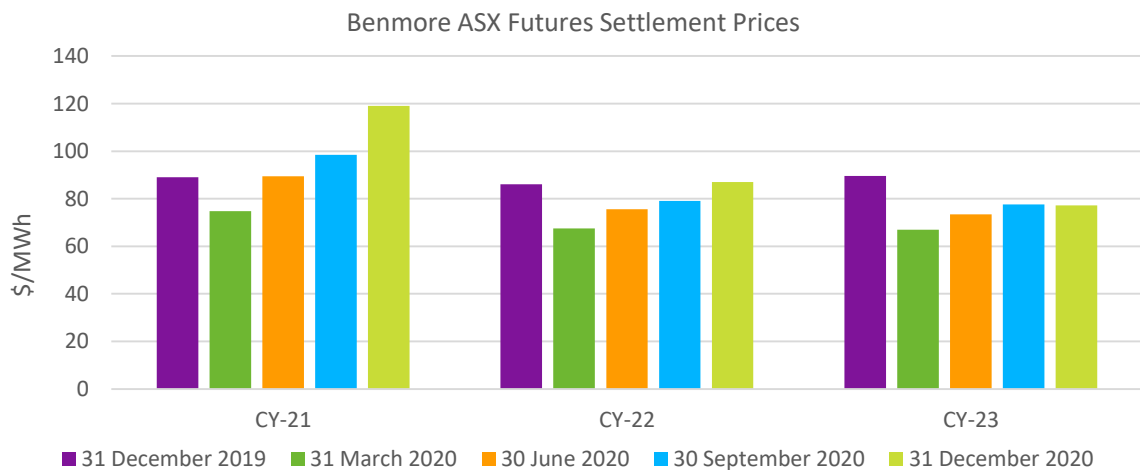
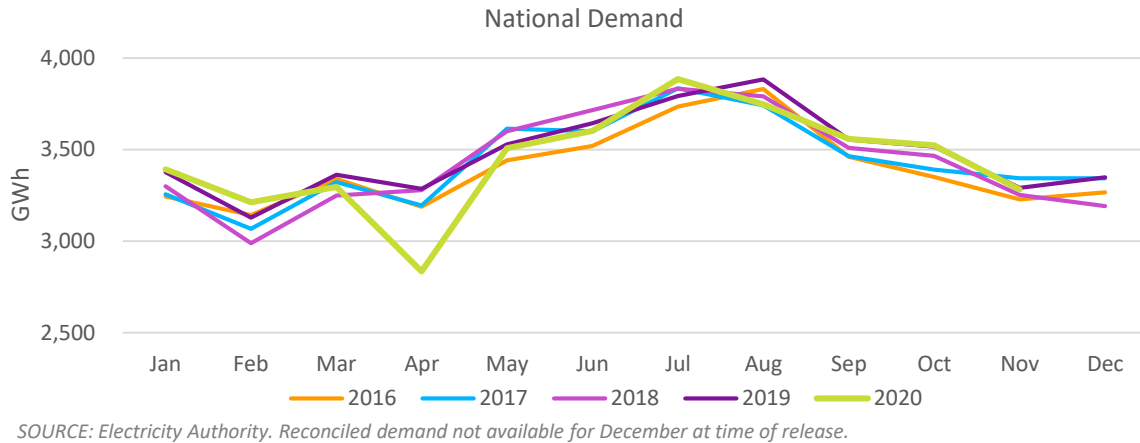
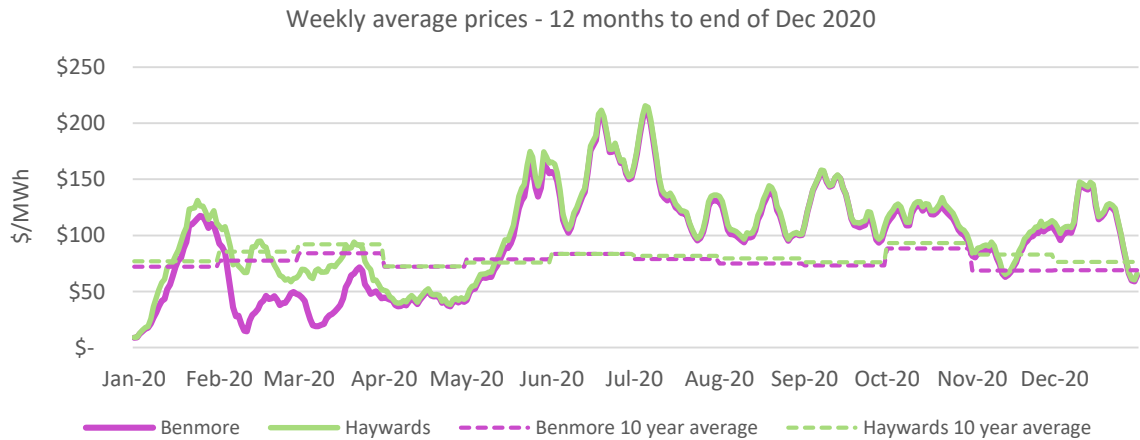
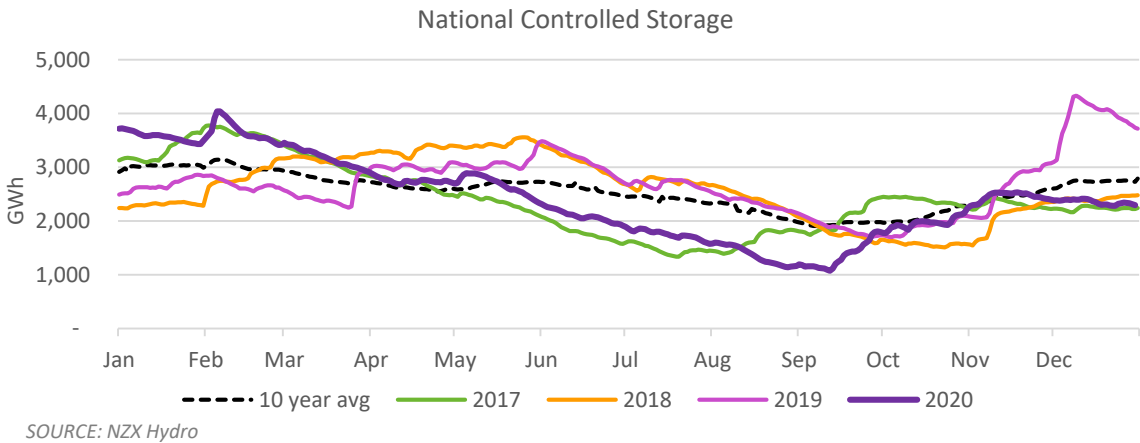
Customer engagement remains strong

Q3-21 saw higher levels of customer contacts (up 8% compared to the pcg), and continued uptake of digital service channels (82% of contacts handled digitally, up 5%). Customer satisfaction and first contact resolution remain strong.

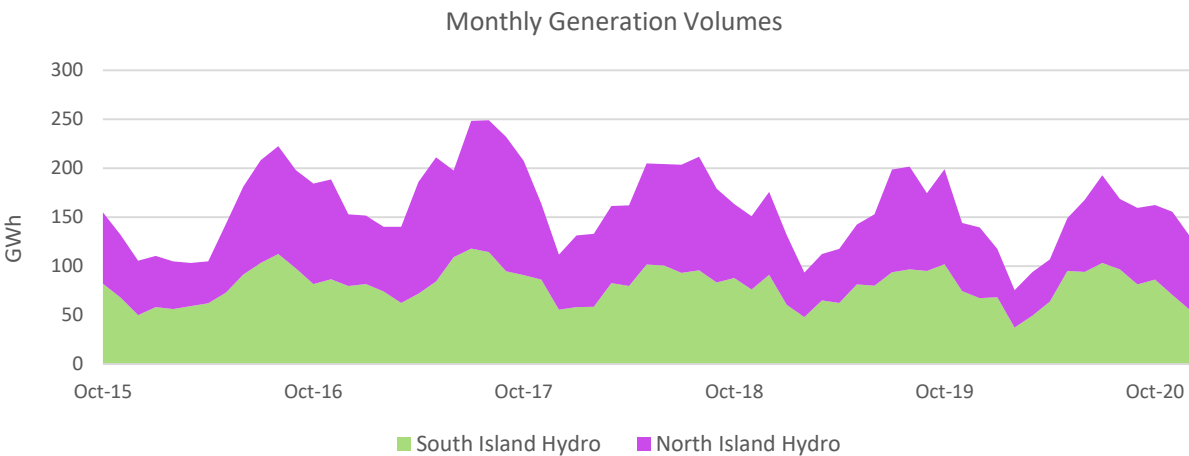
Generation production hampered by low inflows

South Island Generation production was 13% lower than the pcg, due to a scheduled outage at our Waipori scheme. North Island volumes recovered from drought conditions in Q3 to be down 1% on the pcg.

Wholesale electricity market



Generation



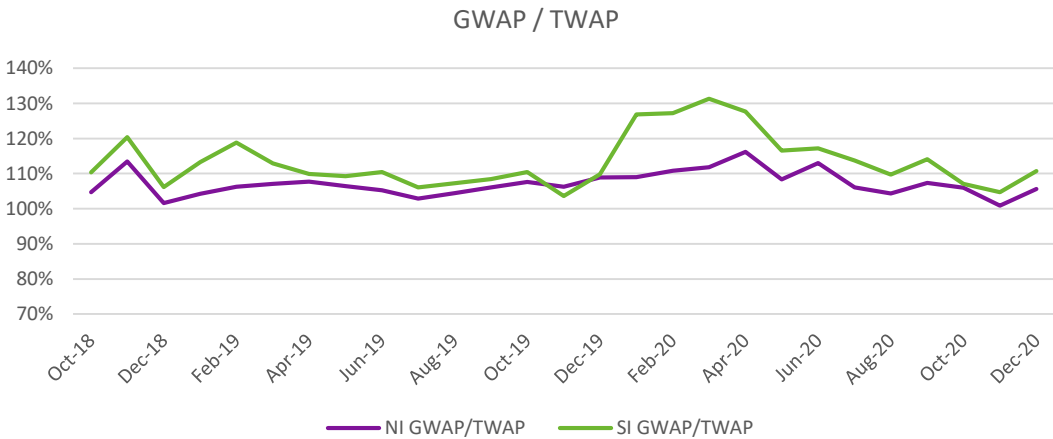
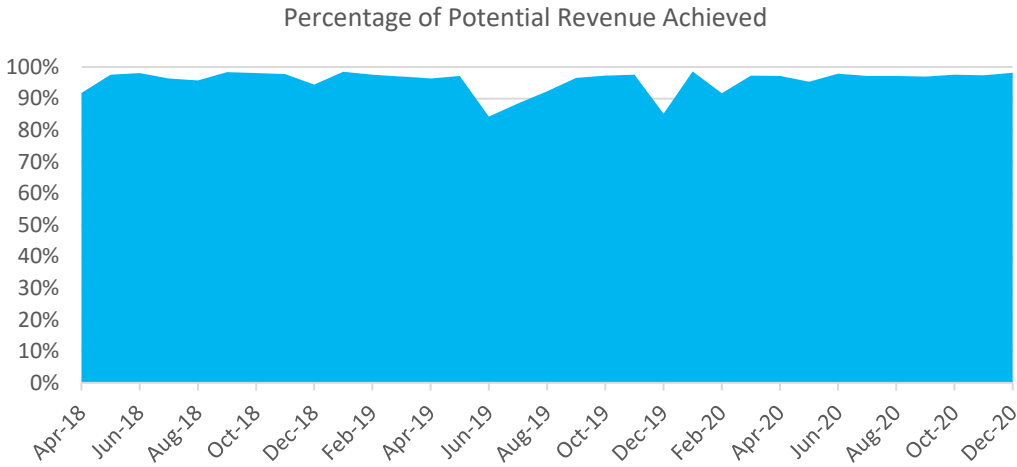
Q3-21
NI Generation
↓ 1%
vs pc

Q3-21
SI Generation
↓ 13%
vs pc

Q3-21 GWAP/TWAP
NI 1.04
SI 1.08

\$117/MWh New Zealand Load Weighted Average Price (LWAP)
\$112/MWh New Zealand Generation Weighted Average Price (GWAP)

NOTE: Q3 Prices

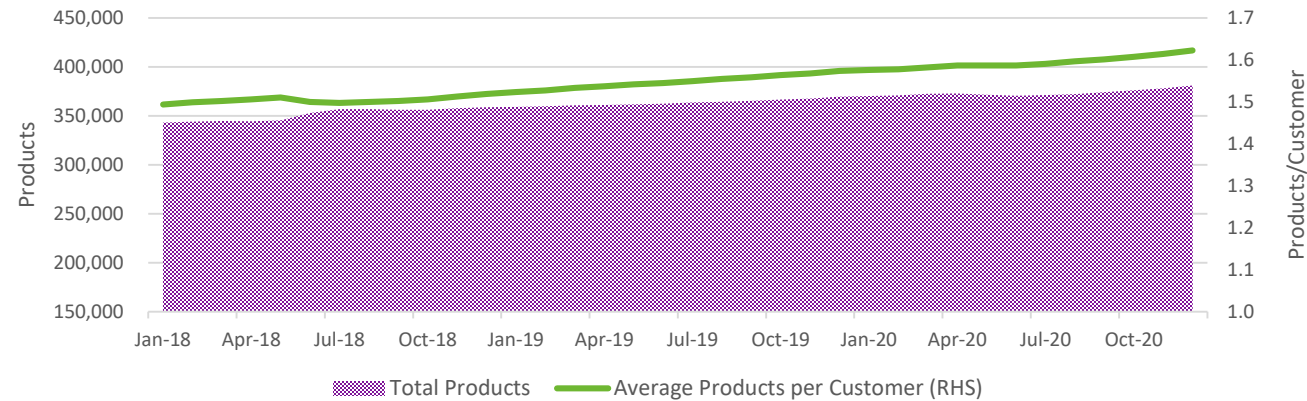


* See glossary for definitions

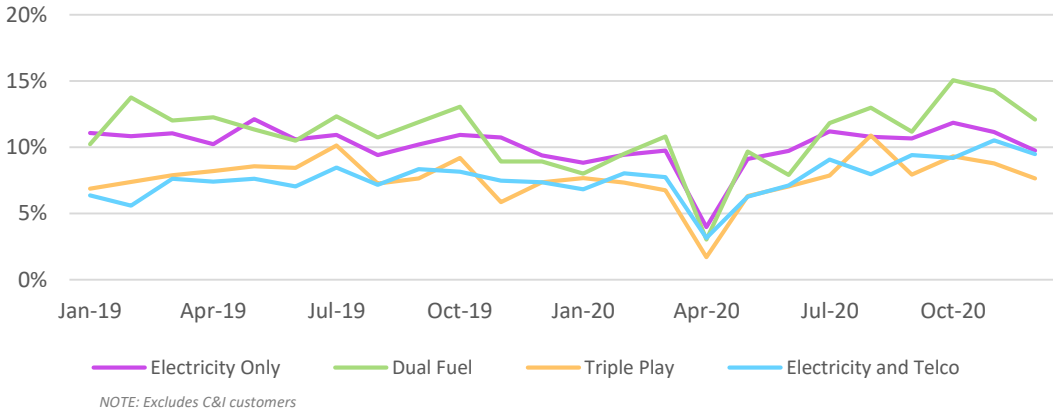


Retail

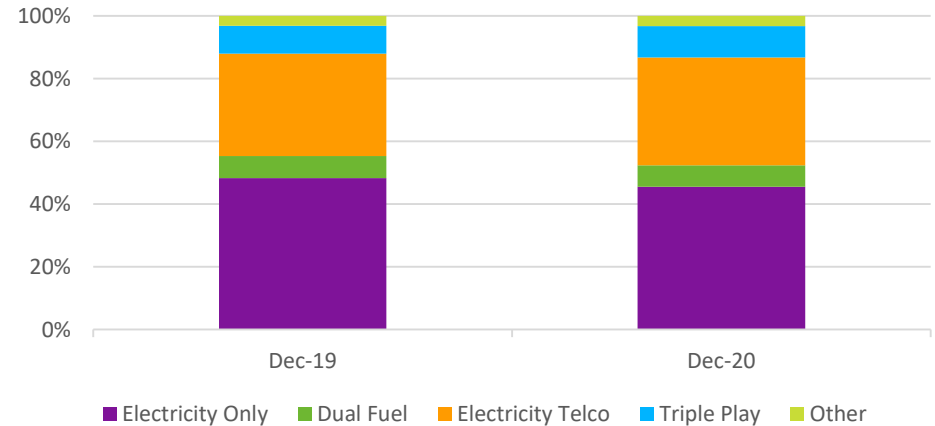
Average Products per Customer



Electricity Only vs Multi-Product Churn



Customer Mix



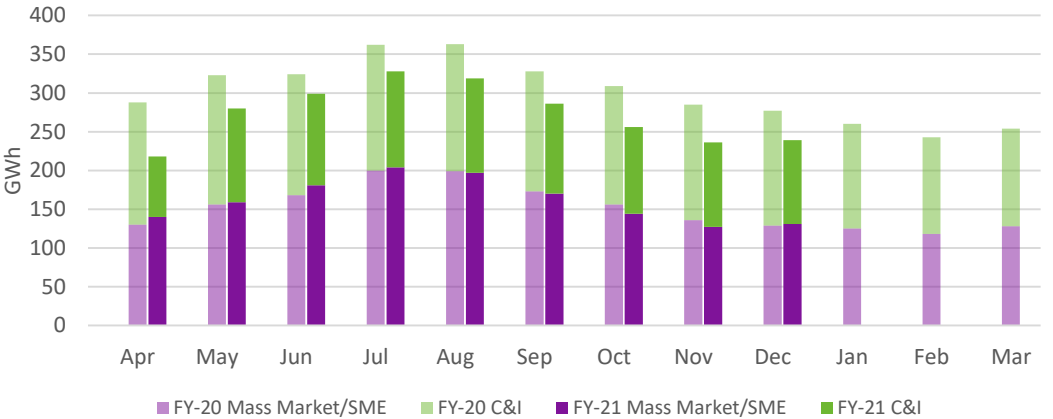
Q2-21 acquisitions
- 2+ products

86%

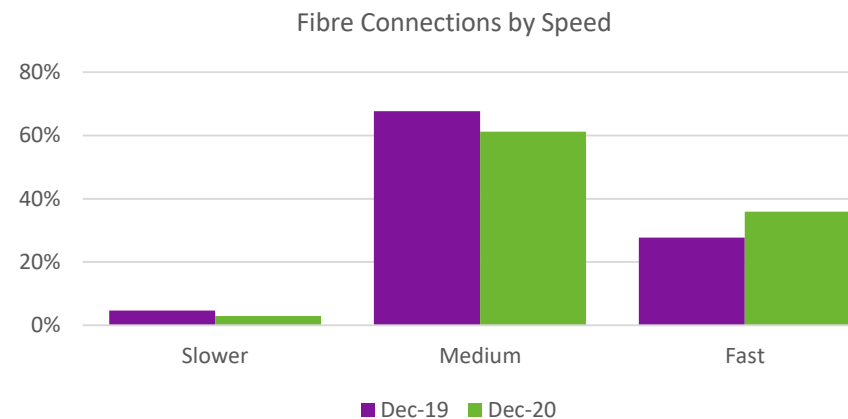
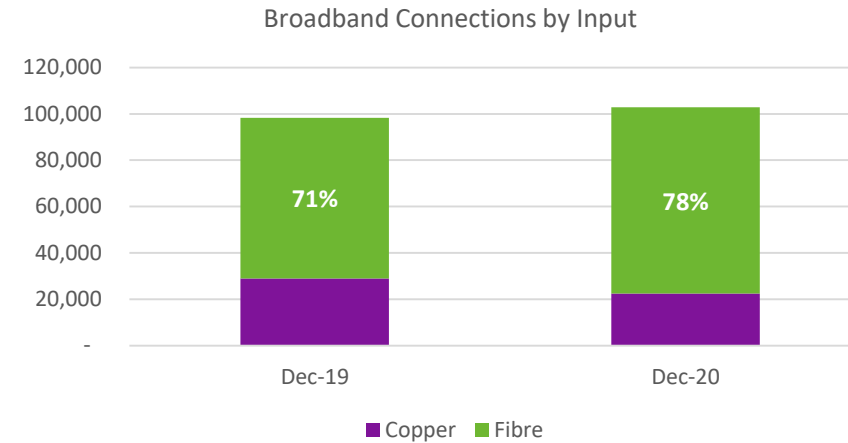
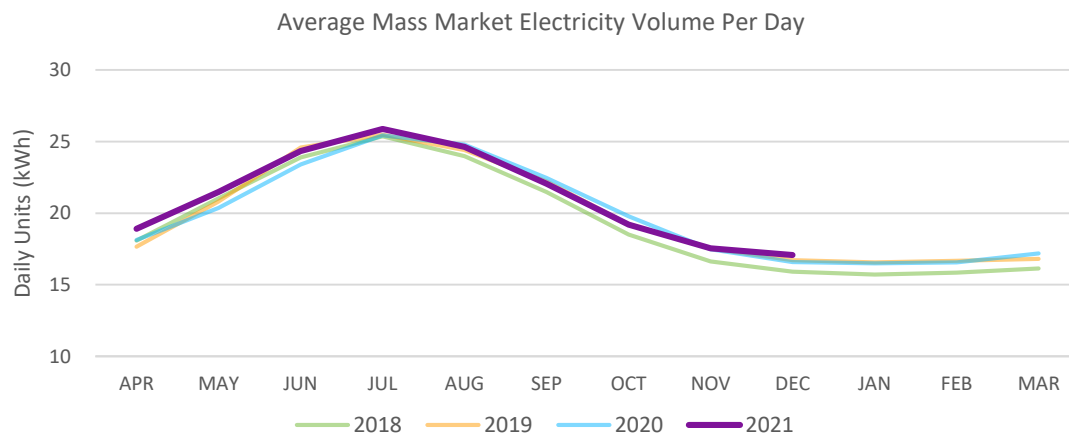
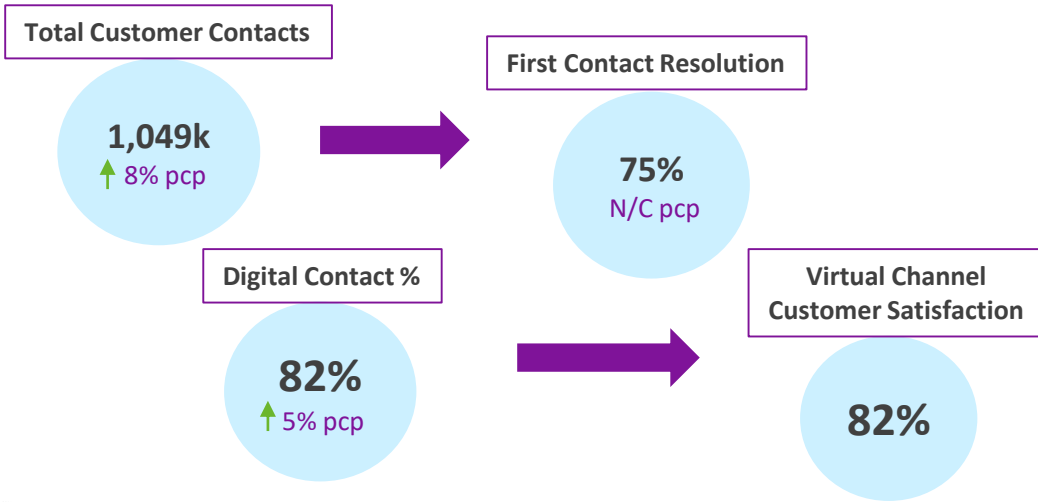
YoY customers
taking 2+
products

↑ 5.4%

Total Retail Sales Volumes



Retail



NZ UFB
Market Share

7.2%

NOTE: At Sep-20

Total Data
Usage (vs pcp)

↑ 39%

Total Data
Usage per
customer (vs pcp)

↑ 32%

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	263	269	266	264	267	266	
Telecommunication connections (000s)	89	98	104	91	100	106	94	101	108	96	104	
Gas connections (000s)	38	39	41	38	40	42	38	40	43	39	41	
Total utility accounts (000s)	397	403	409	399	406	411	401	406	415	402	411	
Customers with two or more services (000s)	101	109	115	102	111	117	105	114	120	107	116	
Mass market sales - Fixed Price (GWh)	488	453	480	579	572	571	414	421	402	364	371	
Time of use sales - Fixed Price (GWh)	216	210	113	218	208	137	227	223	125	219	185	
Time of use sales - Spot (GWh)	272	271	204	263	275	224	240	224	203	246	202	
Total customer sales (GWh)	976	934	797	1,060	1,055	932	881	868	730	829	758	
Average spot price of electricity purchased (\$/MWh)	80	115	128	88	126	140	207	105	117	164	80	
Gas Sales (TJ)	303	266	301	384	370	408	194	196	183	125	154	
Annualised electricity ICP churn rate*	20%	18%	13%	20%	18%	20%	19%	17%	19%	17%	17%	
Annualised electricity ICP churn rate - total market*	22%	20%	15%	22%	22%	22%	21%	19%	21%	19%	19%	
Generation Production and Procurement												
North Island generation production (GWh)	289	189	171	322	289	240	235	238	236	164	132	
South Island generation production (GWh)**	282	224	253	272	286	282	256	244	213	174	155	
Total New Zealand generation production (GWh)	571	413	424	595	575	521	490	483	449	338	287	
Average spot price of electricity generated (\$/MWh)	78	110	130	87	122	139	200	103	112	163	79	
Net third party fixed price volume purchased (GWh)	423	393	244	348	387	243	319	346	222	373	386	
Other Information												
Resource consent non-compliance events**	4	6	1	2	3	1	2	6	0	2	6	
Recordable Injuries	4	0	0	3	2	3	2	1	0	4	0	
Staff numbers (full time equivalents)	805	779	806	798	812	813	801	814	816	818	809	

* Churn statistics are calculated using market data available up to November 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.

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)	269	266	264	267	266	
Telecommunication connections (000s)	94	103	108	96	104	
Gas connections (000s)	38	41	43	39	41	
Total utility accounts	401	410	415	402	411	
Customers with two or more services (000s)	105	114	120	107	116	
Mass market sales - Fixed Price (GWh)	1,481	1,446	1,453	1,845	1,817	
Time of use sales - Fixed Price (GWh)	661	641	375	880	826	
Time of use sales - Spot (GWh)	775	770	631	1,021	972	
Total customer sales (GWh)	2,917	2,857	2,459	3,746	3,615	
Average spot price of electricity purchased (\$/MWh)	121	116	129	131	109	
Gas Sales (TJ)	1,095	828	903	1,006	986	
Annualised electricity ICP churn rate*	19%	18%	17%	19%	17%	
Annualised electricity ICP churn rate - total market*	22%	21%	19%	21%	20%	
Generation Production and Procurement						
North Island generation production (GWh)	846	717	646	1,010	849	
South Island generation production (GWh)	810	754	748	984	910	
Total New Zealand generation production (GWh)	1,656	1,471	1,394	1,994	1,759	
Average spot price of electricity generated (\$/MWh)	83	117	135	125	107	
Net third party fixed price volume purchased (GWh)	1,090	1,126	709	1,463	1,512	
Other Information						
Resource consent non-compliance events**	8	15	2	10	21	
Recordable Injuries	9	3	3	13	3	
Staff numbers (full time equivalents)	801	814	816	818	809	

* Churn statistics are calculated using market data available up to November 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 customers 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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