



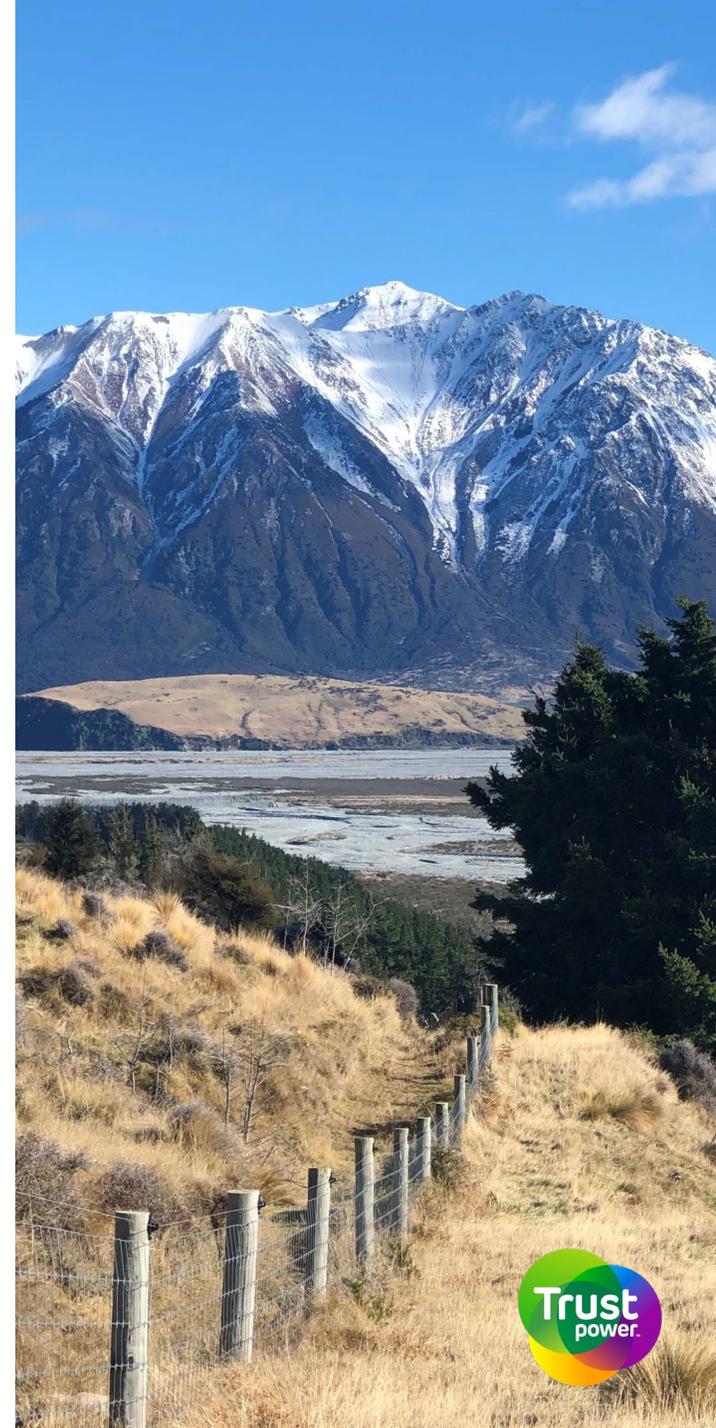
Investor Presentation FY-21

David Prentice - Chief Executive
Kevin Palmer - Chief Financial Officer



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FY2021 Overview

Strong performance in both generation and retail contributes to a positive FY2021 result.

Extended dry weather sequences impacted inflows nationwide. Trustpower managed this risk through:

- Careful management of our balanced portfolio of geographically dispersed run of river and high storage volume generation assets, and
- Upholding our commitment to ongoing asset maintenance and enhancements, and
- Astute placement of product to market amidst wholesale spot price peaks.

Our commitment to high value customer propositions continues to pay off in retail, where:

- Customer migration to high value fibre plans has seen a significant increase in telco revenue, and
- The introduction of mobile to our bundled product set has further strengthened our position as the market leader in bundled utility services.

2021 Snapshot

\$30.7 million

Group NPAT
down 68.5%

\$200.2 million

Group EBITDAF
up 7.3%

\$94.2 million

Group underlying earnings
up 24.9%

1,708 GWh

Generation Volume
down 2.9%

\$154.1 million

Generation EBITDAF
no change

\$47 million

Retail EBITDAF
up 32.9%

10.9c

Earnings per share
down 64%

Final Dividend of
18.5c

Per share (including 1.5c per share special dividend) bringing full year dividend to 35.5 cents per share



421,000

Total customer connections
up 2.4%

More than
99%

Of our power is generated from renewable sources, through hydroelectric generation

Total Recordable Injury Frequency Rate



10

Environmental incidents across 3,500 resource consent conditions

Governance and Leadership Update



Paul Bacon
General Manager Markets



Kevin Baker
Director



Sara Broadhurst
General Manager People & Culture



Peter Calderwood
General Manager Strategy & Growth



Peter Coman
Director



Stephen Fraser
General Manager Generation



David Gibson
Director



Kevin Palmer
Chief Financial Officer and Company Secretary



Susan Peterson
Director



David Prentice
Chief Executive & Director



Paul Ridley-Smith
Director



Fiona Smith
General Manager Customer Operations



Keith Turner
Director



Matt van Deventer
General Manager Technology & Delivery

Board of Directors:

- David Gibson joined the Board effective 7 September 2020
- Peter Coman joined the Board effective 6 November 2020
- Sam Knowles retired from the Board, 24 July 2020
- Geoff Swier retired from the Board, 6 November 2020

Senior Leadership Team:

- Sara Broadhurst joined as General Manager People and Culture on 22 October 2020
- Matt van Deventer appointed General Manager Technology & Delivery on 1 December 2020
- Paul Bacon appointed General Manager Markets on 6 May 2021

Strategic Update





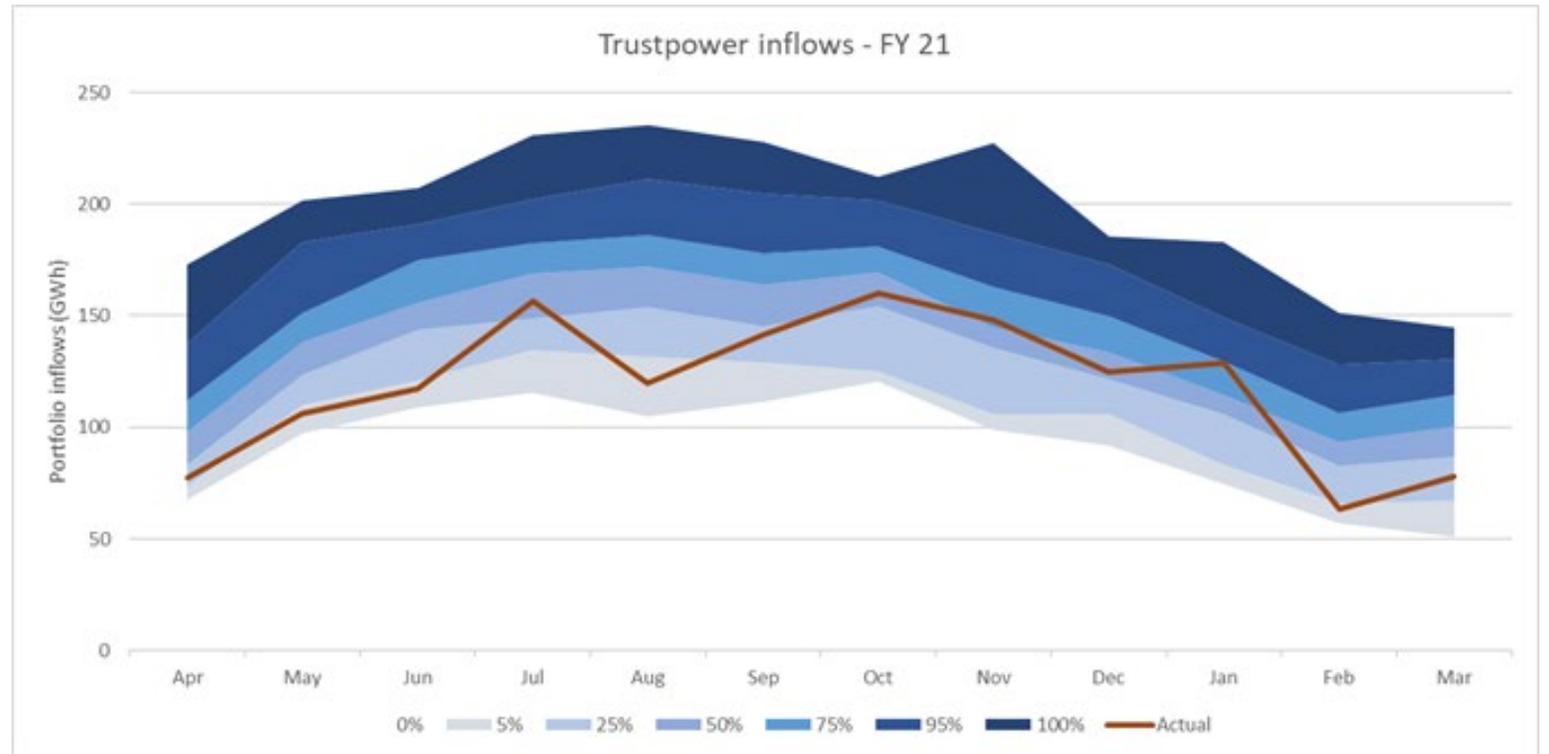
Strategic Review

- On 28 January 2021 Trustpower announced a strategic review of its retail business.
- This review is aimed at testing market interest in the sale of its mass market retail business and exploring the business case for a standalone generation business.
- On 28 April 2021 Trustpower announced its intention to enter into due diligence with a number of interested parties to further explore the possible sale of the retail business.
- At the time of this announcement the process remains ongoing.

Weather

A sustained dry over much of New Zealand impacted inflows and generation out of Trustpower's hydro generation fleet. Overall Trustpower's inflows were 83% of average.

Low inflows and continued gas supply issues resulted in sustained high prices. Utilisation of Trustpower controlled storage and other risk management products has enabled Trustpower to achieve a strong peaking factor from our generation resulting in an increase in the average cost of generation sold offsetting the reduction in volume.



Climate Change

To contribute positively to New Zealand's climate change effort, we have:

- Set new emissions reduction targets, and
- Further embedded climate change risk into our asset management programme, and
- Committed to reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) framework.
- We engaged and submitted on the Climate Change Commission's draft advice.
- We remain concerned that there will be significant net costs of pursuing a 100 per cent renewable electricity target.



Freshwater Management

- Recent Freshwater Management reforms have placed greater requirements on improving the water quality of rivers and lakes, and requiring a 'river first' approach to freshwater management.
- Hydroelectricity generation does not have a significant water quality impact, however, Trustpower has embarked on additional water quality monitoring to ensure we are appropriately managing our impacts.
- Trustpower recognises the opportunity to work with tangata whenua to better understand how the concept of Te Mana o Te Wai and Mātauranga Māori will be implemented and applied to freshwater management.
- Trustpower is advocating for recognition of electricity generation as 'lifeline utilities', and the acknowledgement that renewable energy generation plays a critical role the transition to a low emissions economy and needs to be appropriately recognised and provided for.

TPM

- We remain concerned around the implications for the industry associated with Transmission Pricing Methodology (TPM) reform and don't consider that the Authority's decision to approve the new TPM Guidelines last year was well justified.
- As a result, Trustpower has sought a judicial review of the Authority's decision.



Generation Strategy



Trustpower is responding to increased demand for renewable energy as New Zealand pursues greater electrification by:

Pursuing growth opportunities

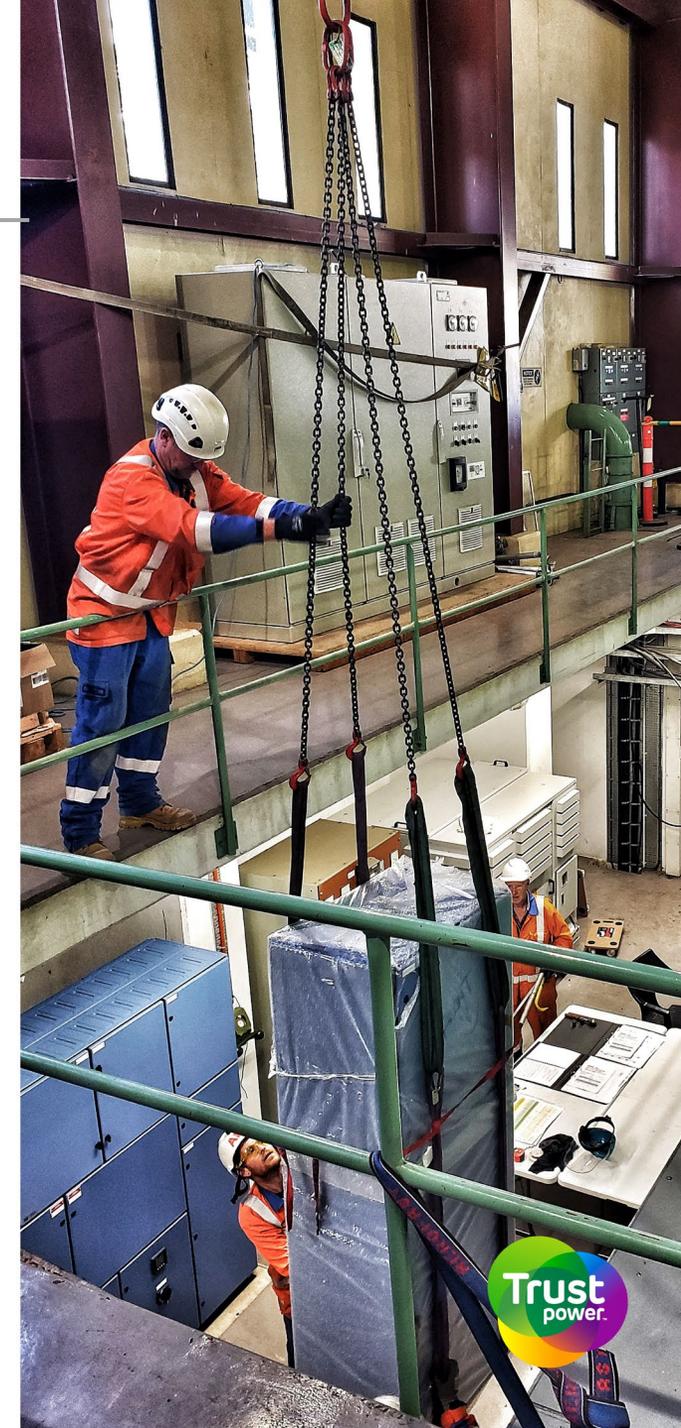
- Developing a diverse pipeline of value-adding generation development options that have the potential to be executed by 2030.

Enhancing existing assets

- An enhancement programme for existing assets is well underway.
- Enhancements have added 9.5GWh to our annual generation output this year.
- Tracking towards completion of enhancements that will realise circa 67GWh of additional output over the next five years.

Sound asset management practices

- Asset management transformation project in full swing.
- Focuses include a deeper understanding of asset criticality and health, using digital to enable data-informed decisions, and improvements in the reliability and availability of our higher production volume assets.



Retail Strategy

Trustpower maintains a point of difference in an increasingly price competitive retail environment by:

Continuing to augment and promote our bundled utility proposition

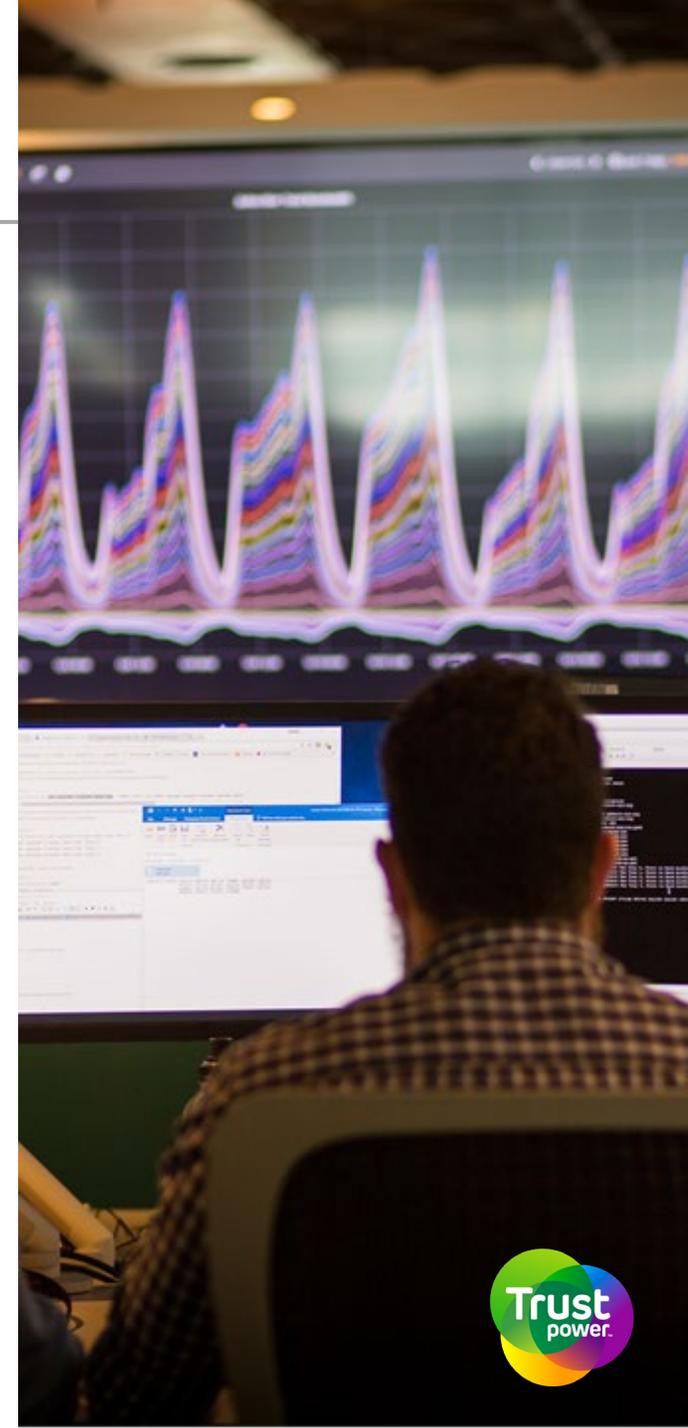
- Launch of Trustpower Mobile
- High quality customer base demonstrates its value again in a difficult year

Using technology to deliver customer experience excellence in an evolving work environment

- Delivery of Amazon Connect cloud telephony platform in just ten days, enabling ~300 service and sales agents to service our customers from home

Investing to create a carrier-grade ISP network

- Expansion of our international suite of sites from the USA into Asia with a point of presence now operational in Singapore



Signposts on our road to success



Our Customers and Community Valued

We value and understand our customers and they trust us to make their lives easier. We make a positive contribution to the communities we operate in and are invested in their long-term success.



Our People Valued and Cared for

We play to the strengths of our high-performing and diverse workforce. Our people thrive in a fast-moving and hard-to-predict world, adapting to change and courageously challenging the status quo. Our people are our competitive advantage.



Collaboration with our Partners and Suppliers

We are trusted and respected for our authenticity, knowledge and expertise, and we leverage these relationships to create mutual and sustainable value.



Climate Action

We are committed to helping New Zealand achieve its climate change aspirations through continued investment in renewable energy, attention to risk, reduction of our impact, and encouraging our partners and suppliers to do the same.



Respect for our Environment

We understand the importance of kaitiakitanga, and we continuously improve our practices to ensure the long-term sustainability of our assets and services, and their interaction with taonga.

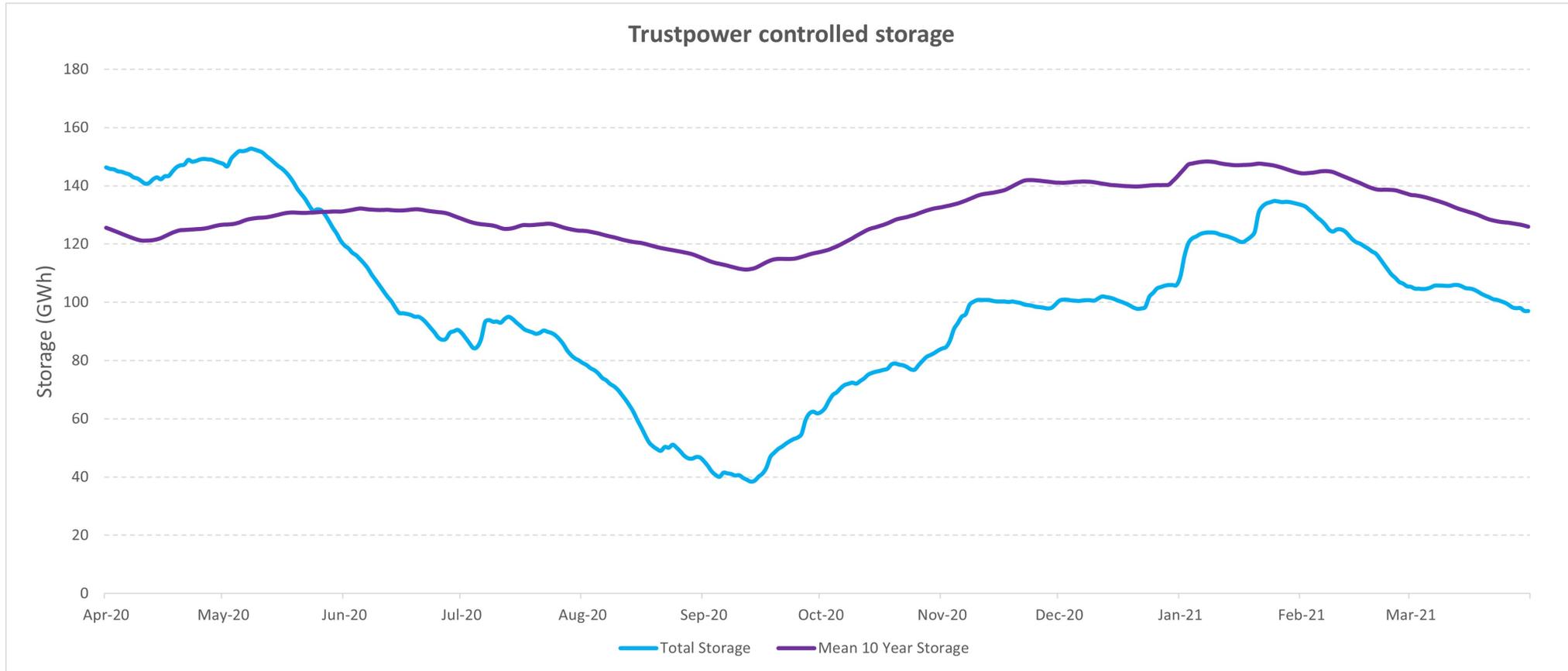


Financial Performance

We are in the top-quartile of the NZX50, driving sustained growth through smart and courageous investments in assets, products, technology, people, and continuous improvement.

Generation Performance

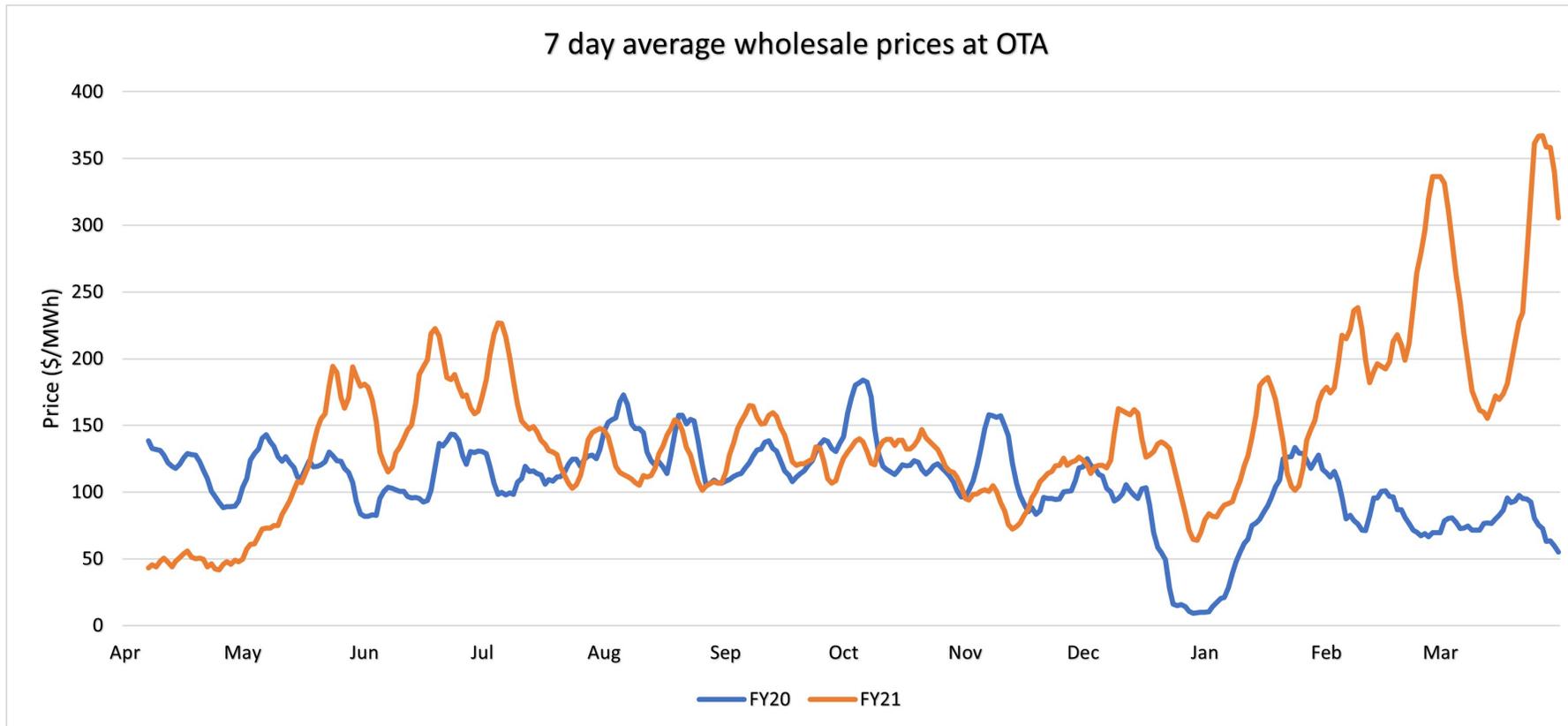
Controlled Storage



Hydro storage is recovering well after being drawn on to offset low inflows earlier in the year.



Wholesale Prices

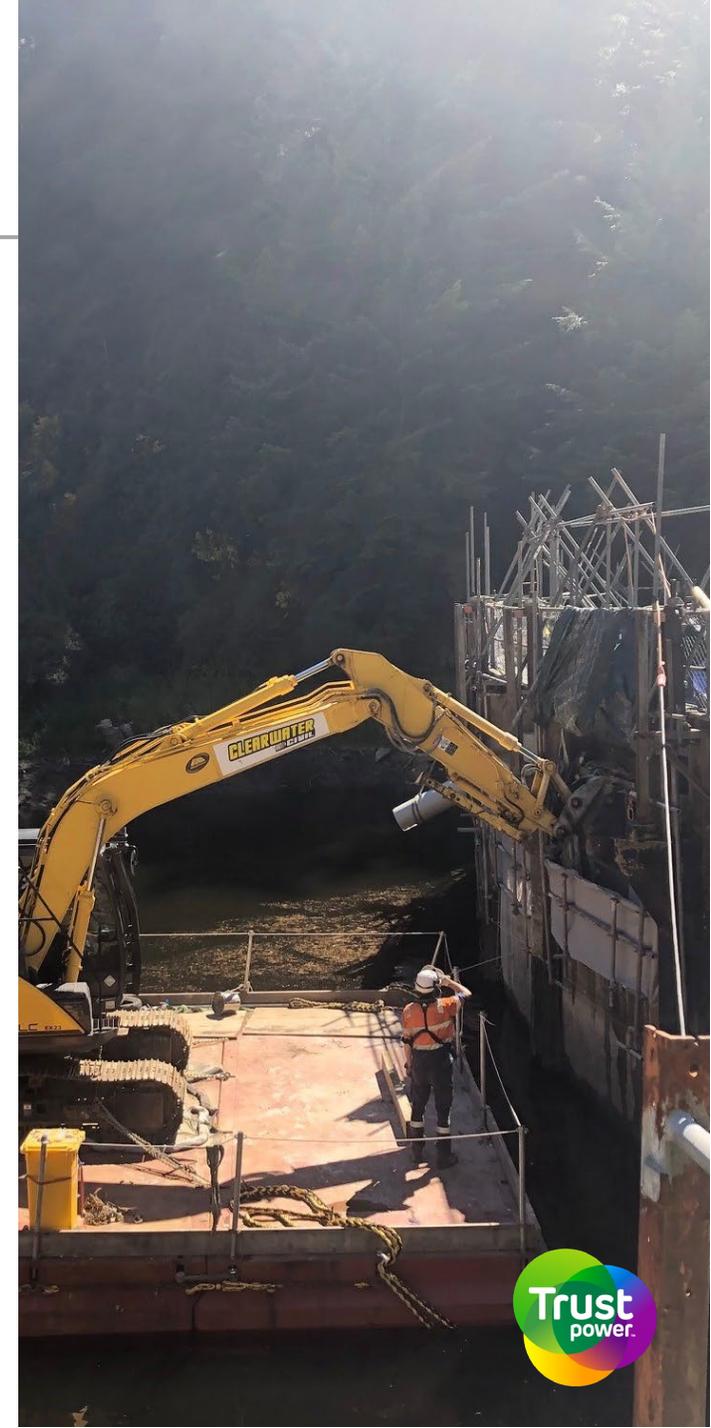


Wholesale price peaks contributed to Trustpower's strong result for FY2021.



Waipori 2 Weir Upgrade

- Seismic studies revealed two metres of block work added to our Waipori 2 Weir during the '60s and '70s was seismically unsafe, risking stored water release in a seismic event, and requiring removal.
- A complex repair requiring tight control of water levels, excavation on barges tethered to the weir, and care to keep the water free of concrete dust that posed a risk to aquatic life.
- The upgrade began in August 2020 and was completed in December 2020.
- A dedicated team committed to safety and continuous improvement successfully mitigated 88 identifiable risks to deliver the project safely and successfully.



Cobb G5 Upgrade



- Work undertaken to upgrade one of our highest strategic value assets has significantly reduced risk exposure to long, unplanned outages.
- Cobb G5 was upgraded with a monoblock runner. The custom-designed runner is geometrically identical to the existing runners, without being susceptible to the fatigue, fretting and stress corrosion cracking of the original cast buckets bolted to a central hub.
- This upgrade began in May 2020 and was completed in February 2021.



Retail Performance

Focus on value-led propositions

Trustpower has been well placed to benefit from the opportunity presented by the transition from copper to fibre through the continued development of our retail strategy and customer offerings:

- 80% of broadband customers now on fibre
- 97% of broadband customers now on medium and fast plans
- 37% on greater than 100mpbs

Current Connections



112,000 total telco connections



265,000 electricity connections



44,000 gas connections

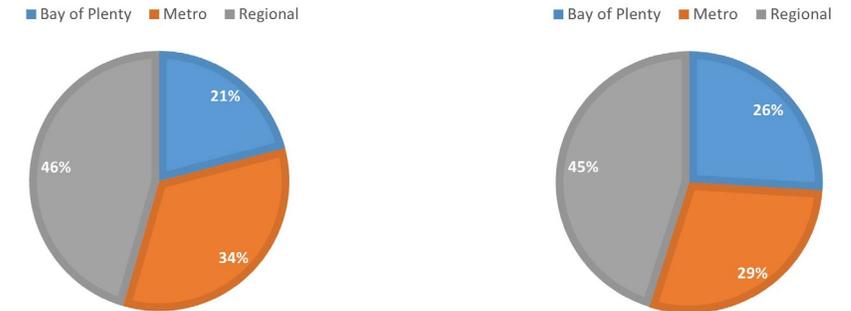


6,000 mobile connections (now over 8,000)

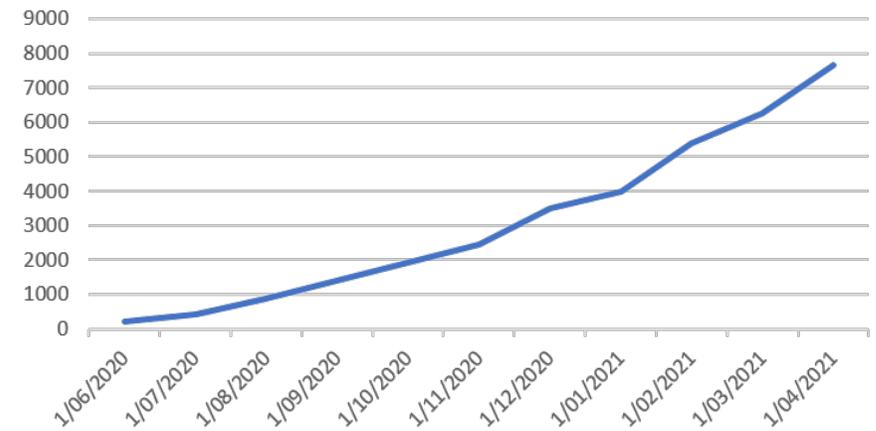


52% of customers now have two or more products

TOTAL CUSTOMERS BY REGION CURRENT TOTAL GROSS MARGIN BY REGION CURRENT



Mobile Connection Growth

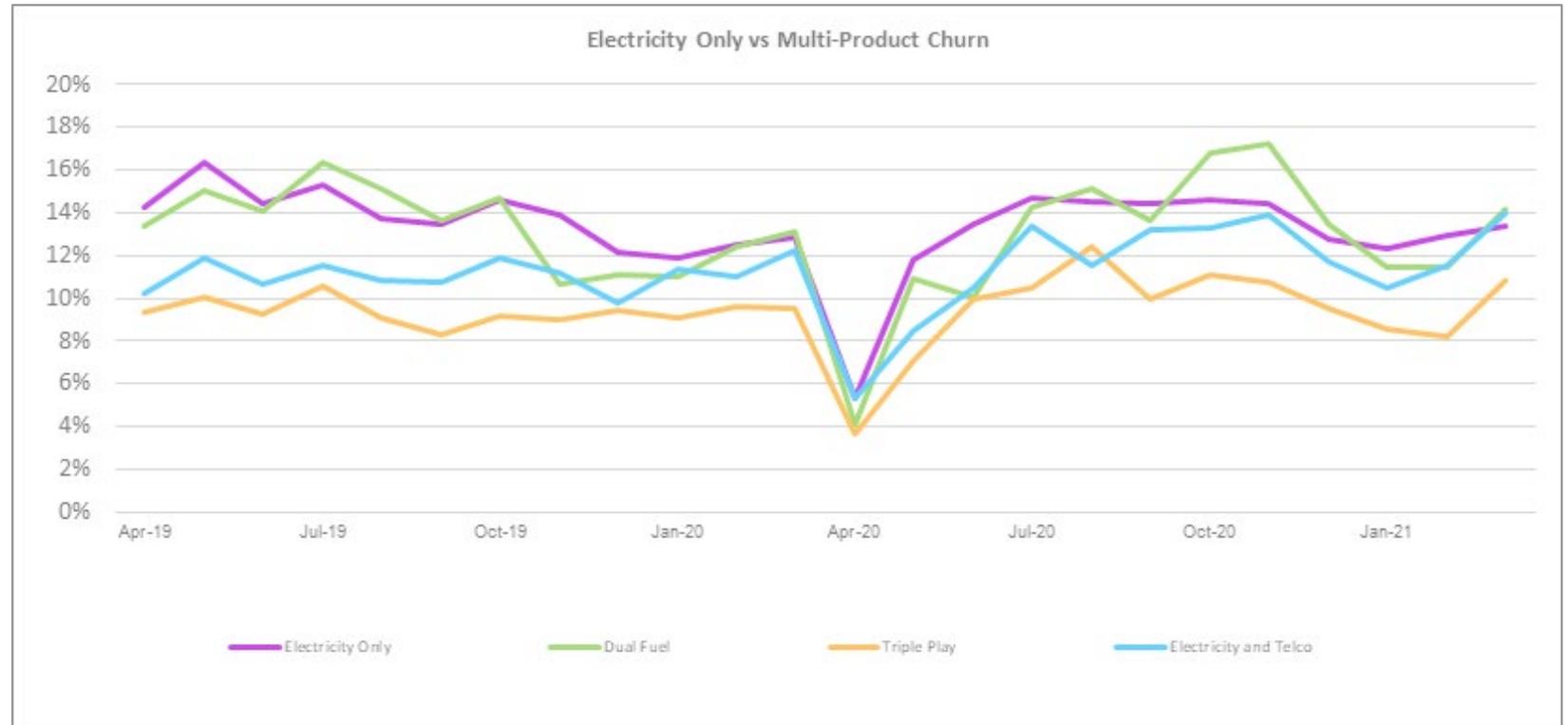


Churn trend continues

Trustpower continues to benefit from a sustained reduction in churn as a result of its multi-product offering.

The sharp dip in April reflects the cessation of acquisition activity across competitors during the nationwide lockdown.

Multi-product churn remains generally lower than among electricity only customers.



Customer experience excellence



- We continue to build inclusive customer experiences, supporting customer choice so they can access a service channel that best suits their needs.
- Proactive hardship support is enabling customers to navigate budget insecurity linked to COVID-19 impacts, delivering pay on time rates commensurate with previous years.
- Over 75% of customer contacts are via digital channels, with re-engagement rates of over 80%. Delivering high customer satisfaction outcomes and increased customer contact efficiency.
- New technologies are enabling our people to support customers from any work setting. We know happy employees and great customer service go hand in hand, and the option to work from home has increased employee satisfaction ratings and engagement.





- Voice of customer programme ‘Heartbeat’ was launched in June 2020, as part of our commitment to become more customer centric and deliver value to our customers.
- The programme captures feedback directly from Trustpower customers at key ‘moments of truth’, measuring customer sentiment and identifying what frustrates or delights customers.
- Heartbeat data is combined with internal operational data to understand customer issues, identify areas for improvement and drive change to ensure an improved customer experience.
- Through Heartbeat, Trustpower customers have expressed their appreciation of our excellent customer service, the ease of having a single bill for multiple services, and the value provided.
- Heartbeat has driven improvements in how we manage our customers at ‘end of the contract’, our customer communications, and enhancements to our customer-facing tools and systems.

Call Centre NPS



Mobile Onboarding NPS

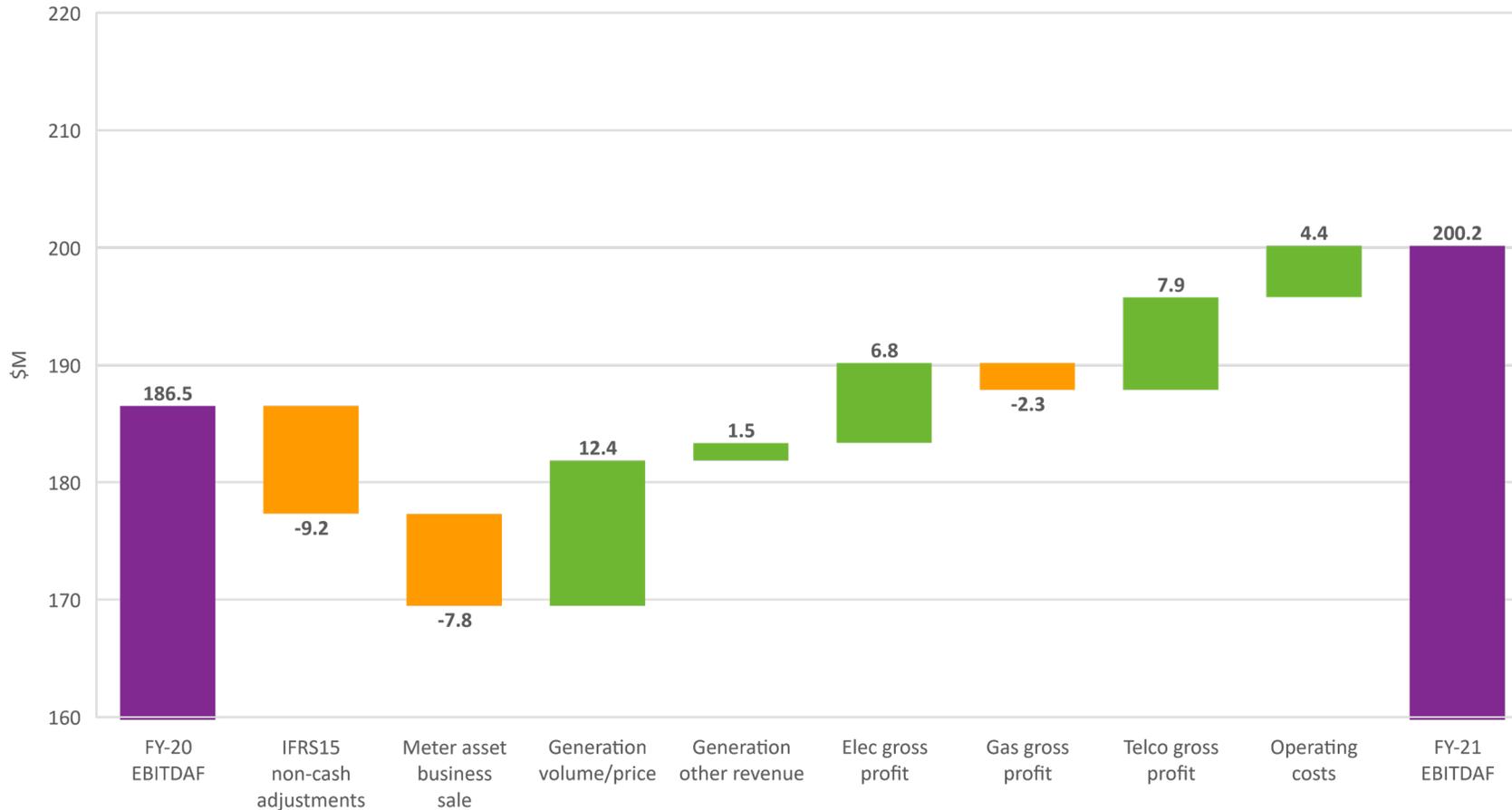


FY-21 Financial Review



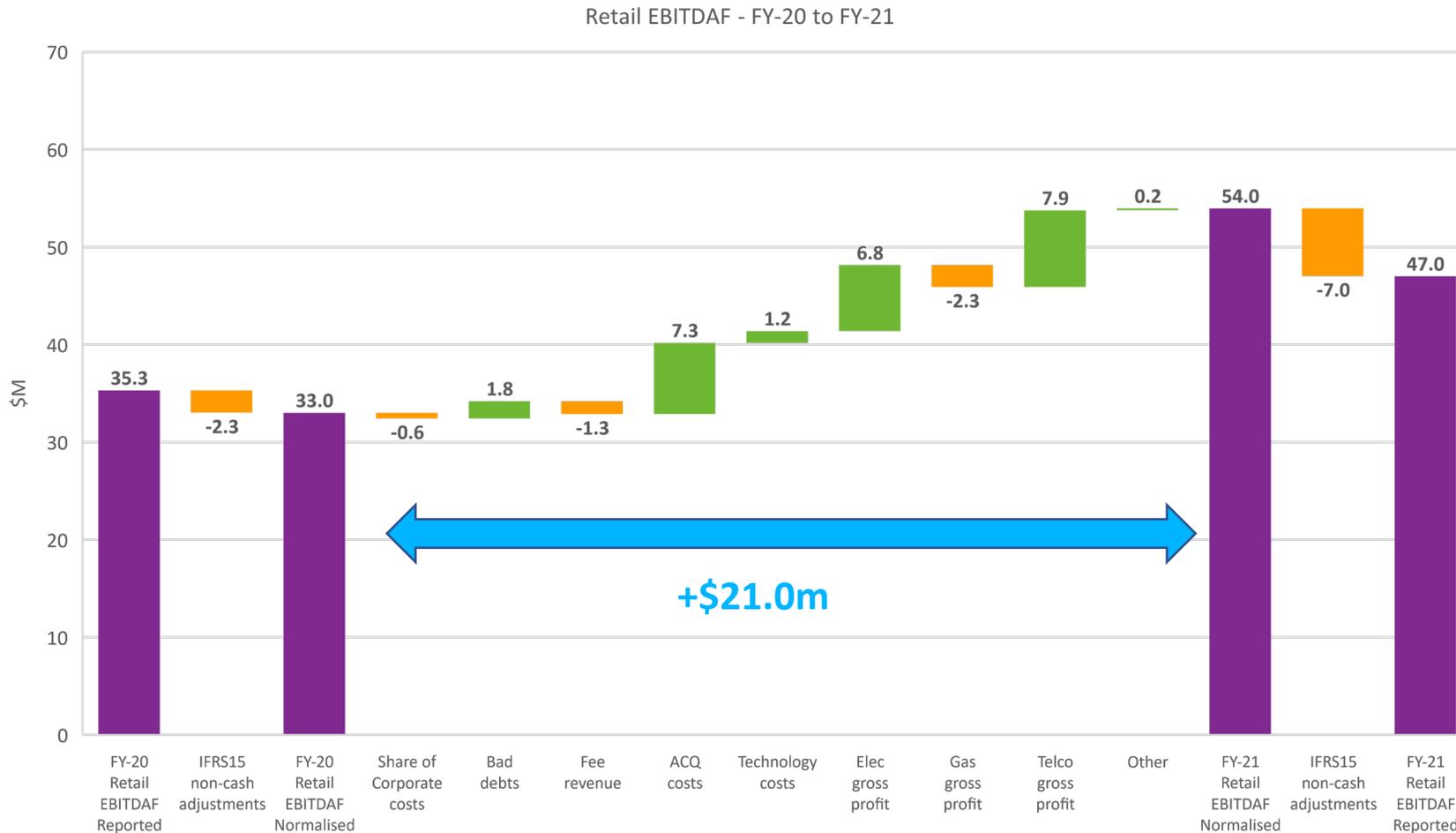
EBITDAF Bridge Full Year 2020-2021

Group EBITDAF - FY-20 to FY-21



- IFRS15 non-cash adjustments were unfavourable in FY-21 compared to the prior year due to a reduction in acquisition activity in FY-21.
- Sale of Trustpower's meter asset business saw no contribution in FY-21, affecting Generation other revenue.
- Elevated wholesale prices more than offset lower Generation production volumes due to low inflows.
- Retail electricity gross profit rose due to price changes made in CY-20 flowing through.
- Increased telco customers, and a change in plan mix skewing towards faster fibre plans saw telco gross profit rise.
- Operating costs were lower in FY-21 predominantly due to the impacts of COVID-19 lockdowns significantly reducing retail customer acquisition activity across the first quarter of the year.

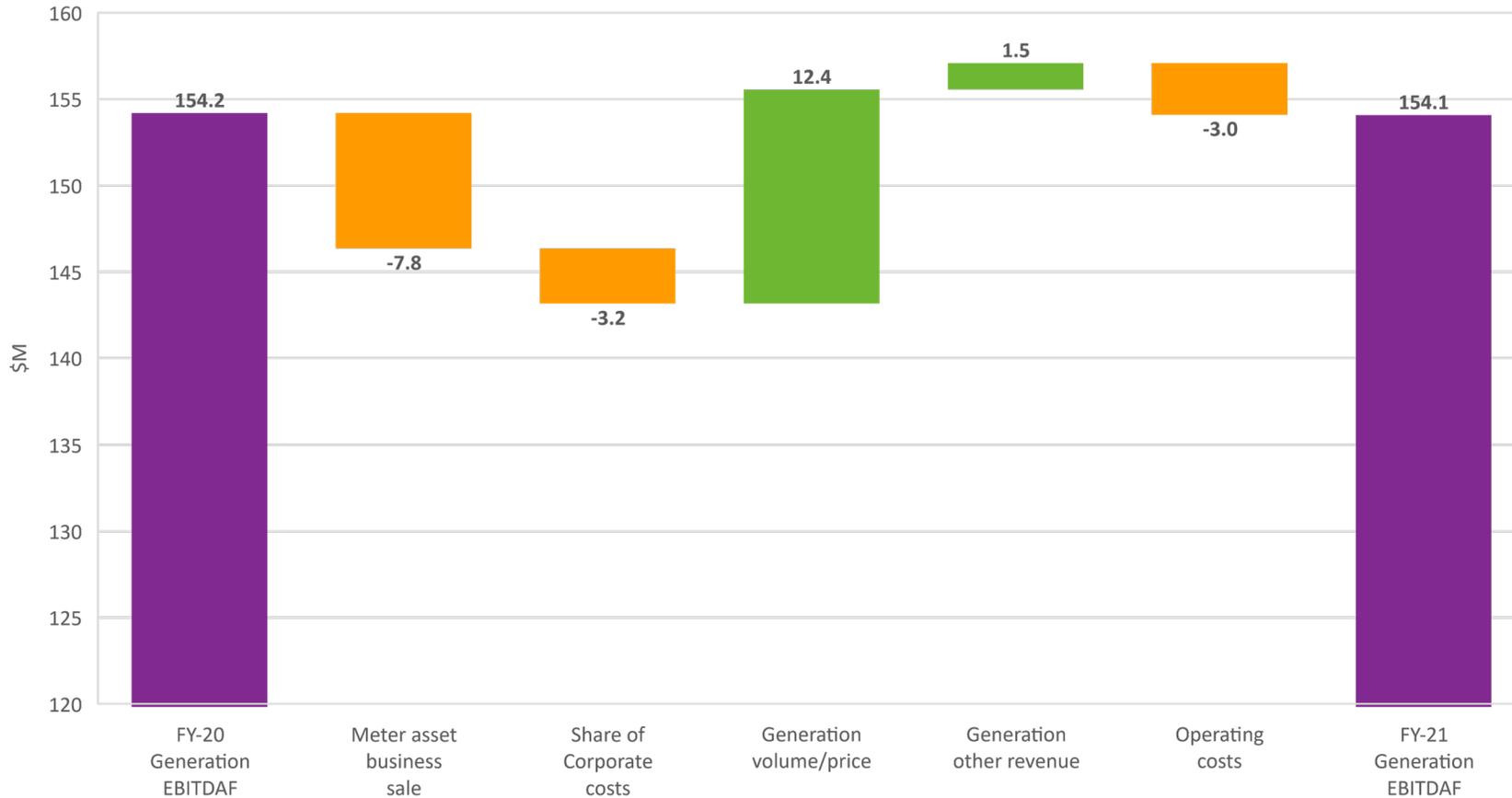
A promising year for retail, lift in earnings from last year



- Bad debt provisions made at the end of FY-20 were overly conservative, driving a lower bad debt expense in FY-21.
- Fee revenue decreases were due to a deliberate halt to come customer charges during COVID-19 lockdowns.
- Acquisition costs were reduced due to a significant reduction in acquisition activity across Q1.
- Retail electricity gross profit rose due to price changes made in CY-20 flowing through.
- Gas gross profit was hampered by high wholesale gas prices. Retail price changes and new contracted wholesale prices mean this will normalise in FY-22.
- Increased telco customers, and a change in plan mix skewing towards faster fibre plans saw telco gross profit rise.

Generation Earnings

Generation EBITDAF - FY-20 to FY-21



- Sale of Trustpower’s meter asset business saw no contribution in FY-21, affecting Generation other revenue.
- Elevated wholesale prices more than offset lower Generation production volumes due to low inflows.
- Generation other revenue predominantly relates to increased Carbon revenue, driven by revaluations in our carbon inventory due to an increase in carbon prices.
- Operating costs in Generation were higher due to increased diesel usage at Bream Bay to capture high peak prices, and an increase in works undertaken for enhancements and maintenance.



Final Dividend

Final dividend declared of 17 cps fully imputed

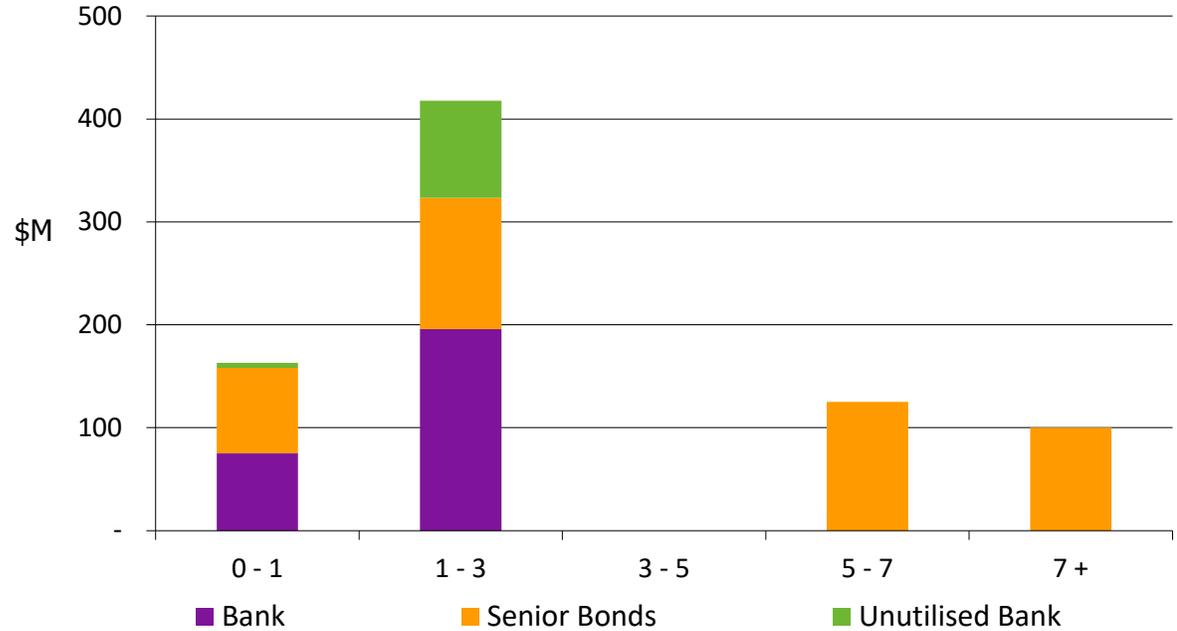
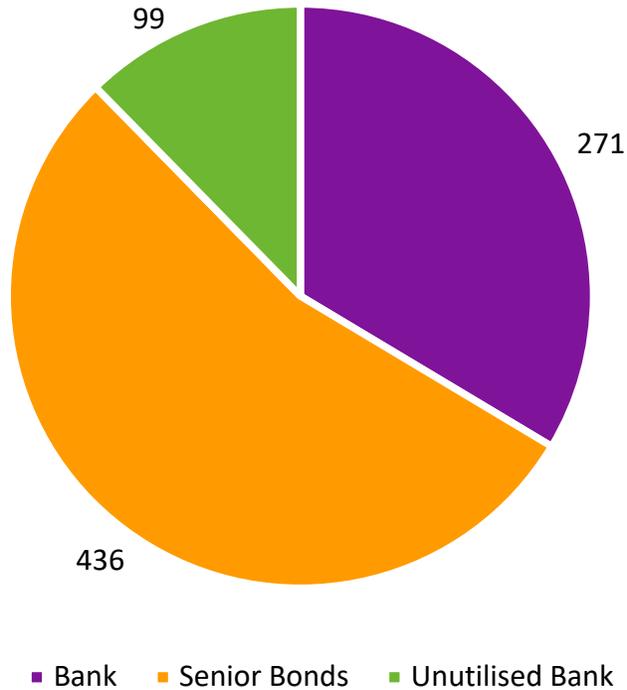
bringing total ordinary dividends for the year to 34 cps fully imputed.

Special dividend declared of 1.5 cps fully imputed

This special dividend is a 'catch up' for the reduced final dividend in FY2020 as a result of COVID-19 uncertainty

All ordinary dividends expected to be fully imputed from now onwards. Trustpower's dividend policy is unchanged.

Debt facilities 31 March 2021 (\$M)



- Increased Debt/EBITDAF position at 31 March due to large ASX market deposits made during the last quarter of FY2021. This is expected to unwind significantly through FY2022.
- Capital structure in the event of a retail sale cannot yet be determined. This will be communicated if a sale proceeds.



FY2022 Guidance



- Trustpower will look to provide market guidance once the results of the strategic review are known.

Thank you



Questions

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Additional Information

Trustpower key facts

- Tauranga based national electricity generator and retailer of energy and telco
- History dates back to 1923 as the Tauranga Electric Power Board
- Market capitalisation circa \$2.6 billion
- Key shareholders Infratil (51.0%) and TECT (26.8%)
- New Zealand generation capacity (hydro) 498MW producing an average of circa 1,937 GWh per annum
- Approximately 421,000 utility accounts
- Fifty-two per cent of customers have more than one product
- Approximately 801 FTE employees



Key Drivers	Comments
<ul style="list-style-type: none"> A strong result thanks to an improved retail contribution and the generation business taking advantage of high wholesale prices 	<p>EBITDAF of \$200.2 million is up 7% Underlying earnings of \$94.2 million is up 25%</p>
<ul style="list-style-type: none"> Generation below long run average and prior year due to low rainfall throughout New Zealand 	<p>Generation production of 1,708GWh, 3% below last year</p>
<ul style="list-style-type: none"> Retail margins have rebounded after an increase in wholesale costs in the prior year Connection growth has continued despite paused activity during lockdowns 	<p>Retail EBITDAF of \$47.0 million is up 33% Electricity connections down 0.4% to 265,000 Telco connections up 8% to 112,000 Gas connections up 7% to 44,000</p>
<ul style="list-style-type: none"> Fair value losses on financial instruments due to high ASX future prices and the fact that the accounting treatment of some hedging instruments is different than others 	<p>The fair value of all financial instruments has increased \$1.5 million to positive \$8.3 million</p>

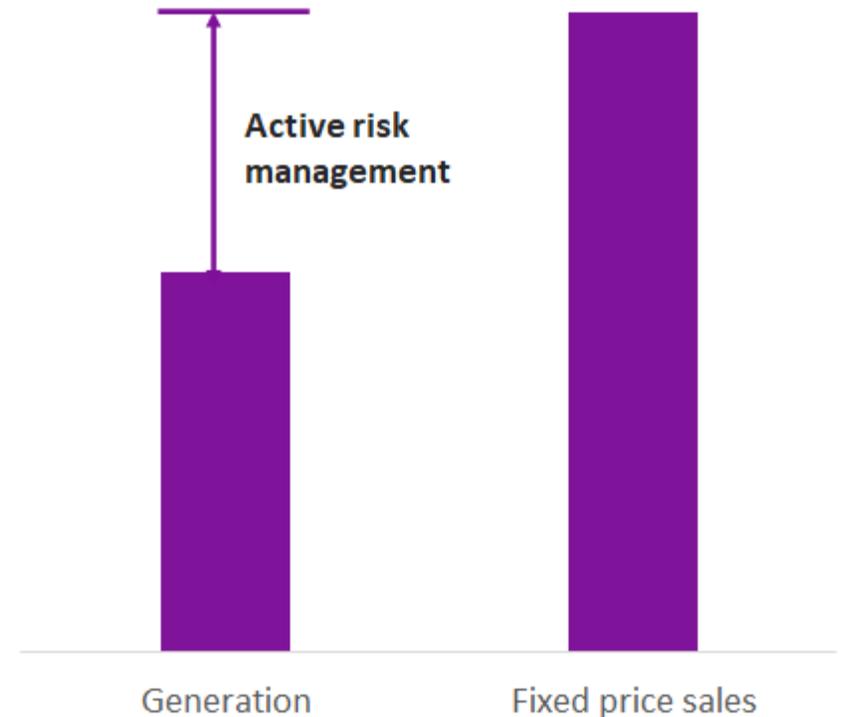


Trustpower has successfully managed retail price risk for a number of years

- Trustpower understands the risk of retailing without full support of a generation business.
- The existing risk management tools are sufficient to manage the risk
- Managing risk requires an active strategy transacted well in advance
- The cost of risk management needs to be considered when setting retail pricing

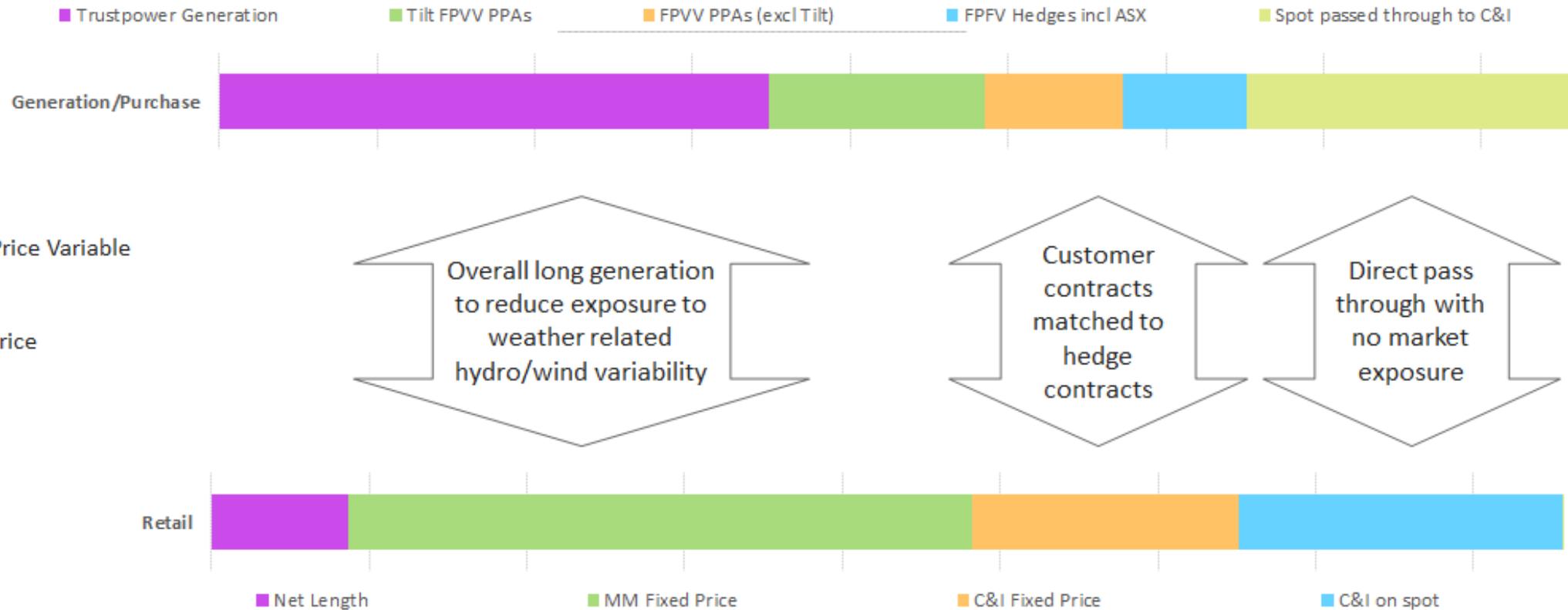
Retailers that do not manage wholesale price risk and set prices accordingly risk business failure

Trustpower supply/demand balance in a typical year



Balanced exposure to wholesale risk

Overview of a typical year



Having a robust transfer price is key to measuring retail performance

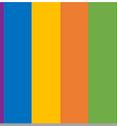
Trustpower's methodology

- Establish a monthly base rate based primarily on ASX pricing (1/3 based 3 years ago, 1/3 2 years ago, 1/3 1 year ago).
- Adjust for location factors and load shape relative to pricing peaks (peaking factor).
- Adjust for the annual volume option premium provided by the internal trading division and an allowance for transaction costs.
- Establish a fixed volume for each month and location. If actual volume varies then Retail needs to buy/sell at spot prices.

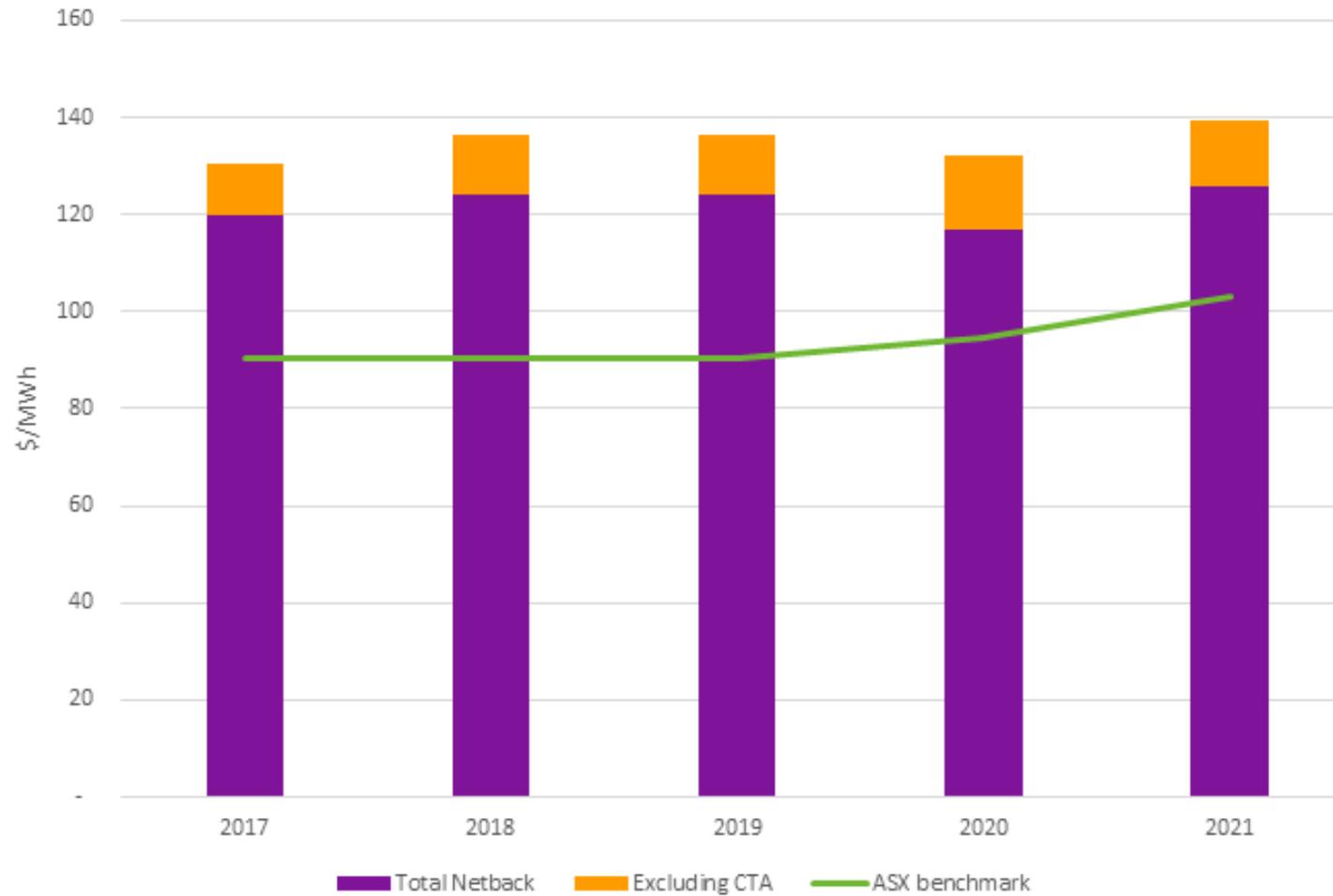
Industry practice

- Steps 1 & 2 seem to be fairly consistent with market practice for setting transfer prices however steps 3 & 4 seem unique to Trustpower. Others appear to use variable volume, load following hedges with no premium above ASX.

	FY19 \$000	FY20 \$000	FY21 \$000
Reported Retail EBITDAF	64,481	35,343	46,983
Volume settled at spot	(5,632)	112	(3,782)
Option premium/transaction costs	4,529	5,951	6,211
Retail EBITDAF if hedge volume is variable and no risk premium	63,378	41,406	49,412



Mass Market Netback



Non-GAAP Measures

- Underlying Earnings is a non GAAP (Generally Accepted Accounting Principles) financial measure. Trustpower believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or impairment of generation assets.
- EBITDAF is a non GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector. The EBITDAF shown in the financial statements excludes the Australian business which is a discontinued operation.
- Reconciliation between statutory measures of profit and the two measures above, as well as EBITDAF per the financial statements and total EBITDAF, are given below:

	2020	2021
Profit after tax attributable to shareholders of the Company	95,071	34,023
Fair value losses / (gains) on financial instruments	(16,169)	83,508
Asset impairments	7,531	-
Gain on sale of metering equipment	(16,431)	-
Change in tax treatment of commercial buildings	(1,543)	-
Changes in income tax expense in relation to adjustments	7,019	(23,382)
Underlying Earnings After Tax	75,748	94,249
Operating Profit	168,961	71,317
Fair value losses / (gains) on financial instruments	(16,169)	83,508
Gain on sale of metering equipment	(16,431)	-
Asset impairments	7,531	-
Depreciation and amortisation	42,574	45,342
EBITDAF	186,466	200,167

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