

The logo for Trust power is centered on the left side of the page. It consists of the word "Trust" in a large, white, sans-serif font, with "power" in a smaller, white, sans-serif font below it. The text is overlaid on a large, multi-colored circular graphic that is being worked on by several small human figures. One figure is on a ladder, another is holding a rope, and others are standing around the base of the circle. The background is a solid purple color with a subtle gradient and a reflection of the logo and figures on the floor.

Trust
power™

**all the
little
things**

**/ Q4-19
/ Quarterly Operating Report
/ March 2019**

bomg

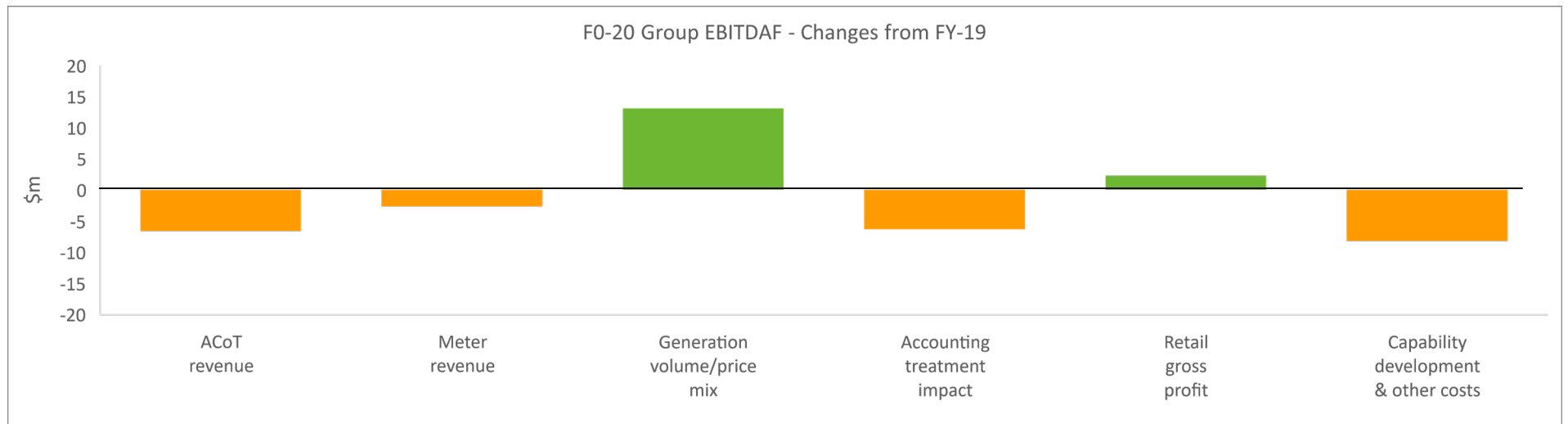
Market Guidance Update

FY-19

- Trustpower updates its EBITDAF guidance for the FY-19 financial year to be in the range of \$220m – \$226m.

FY-20

- Trustpower also wishes to advise that it expects its FY-20 EBITDAF to be in the range of \$205m - \$225m
- The FY-20 forecast is underpinned by the following assumptions:
 - Generation volumes for FY-20 of ~1,870 (incl KCE). This is below the expected long-run average of 1,917 GWh, reflecting current below average lake storage levels.
 - NZ Wholesale prices are in line with current forward pricing for the year
 - Average temperatures and average electricity consumption for the year
 - Total average mass market customers between 230,000 and 240,000 including circa 103,000 telco customers



Key Highlights



- Q4-19 again saw 82% of all new customer acquisitions take multiple products, with a 7.5% increase year-on-year of total customers taking 2+ products to 107,000.
- Total retail electricity sales volume was flat vs the pcp for Q4-19, with Mass Market/SME gaining 7.2%, and C&I decreasing 5.4%.
- Customer churn for those who take our telco-bundled products continued to track well below those that take energy-only products in Q4-19.
- 62% of all our broadband customers are now on fibre, up from 51% same time last year. 87% of our telco customers are now taking medium and fast speed plans (100+MB download). Up from 75% this time last year.
- Virtual contacts and first contact resolution both showed increases against the pcp, despite higher contacts in the period.



- Q4-19 electricity generation volumes were below long-run average, and below the pcp by 26% due to high generation volumes in Q3-19 lowering lake levels and low rainfall during the quarter.
- Our ability to extract higher than TWAP was again evident in the last quarter, with a GWAP/TWAP ratio of 1.08.
- Asset availability averaged over 97% over the quarter (note March 2019 data was not yet available at time of publishing).

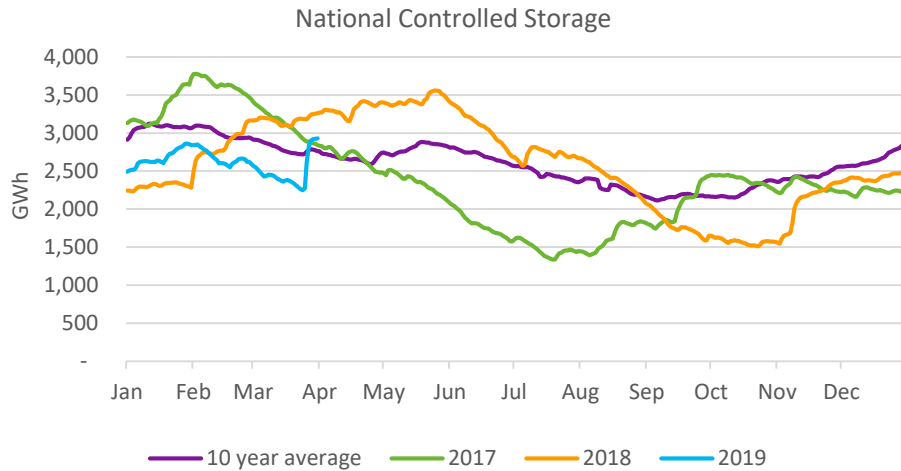


- National Controlled Storage recovered strongly in late Q4-19 to be sitting just above the national 10-year average.
- Forward ASX prices rose for every forward year over the quarter, particularly short-dated strips.
- National demand (only currently available to Feb-19) grew by 3.2% vs the prior corresponding period.

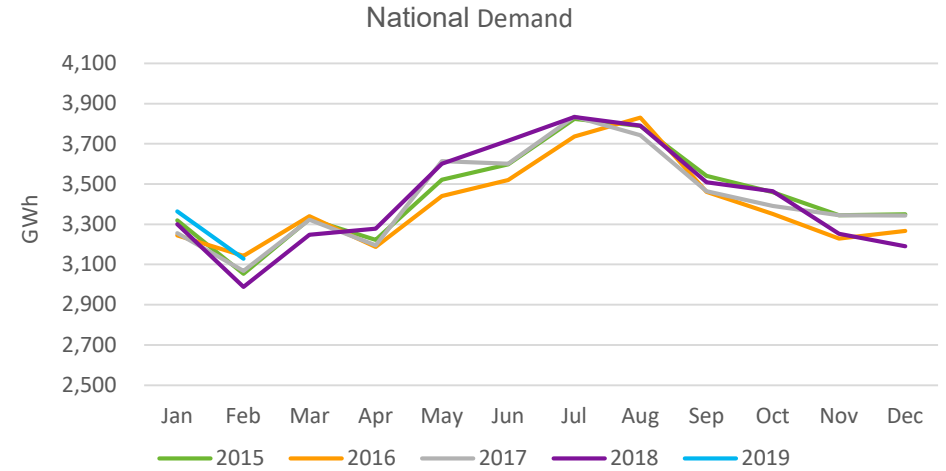
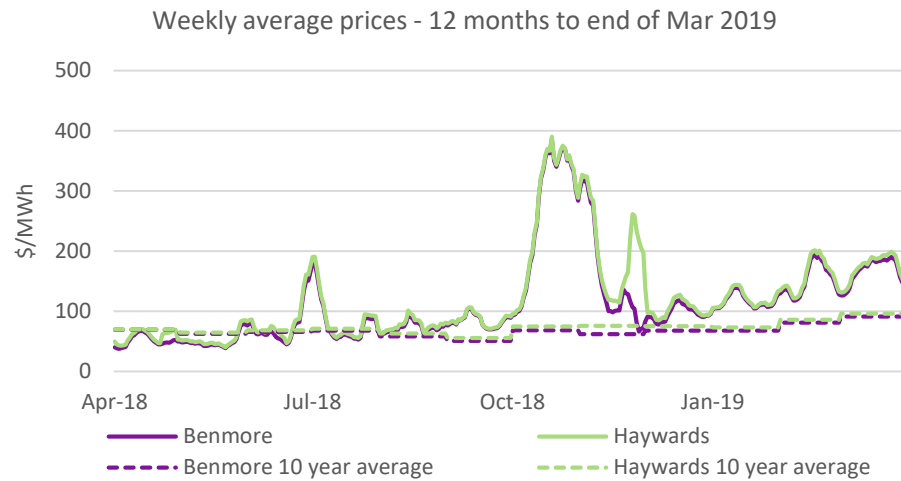


- Issued new 10 year \$100m senior retail bond.
- Our ISP has topped the Netflix speed rankings for the previous two months, despite competitors splitting their results into Fibre-only and DSL-only.
- Our smart metering deployment programme continues with ~7,800 meters deployed at the end of March 2019.

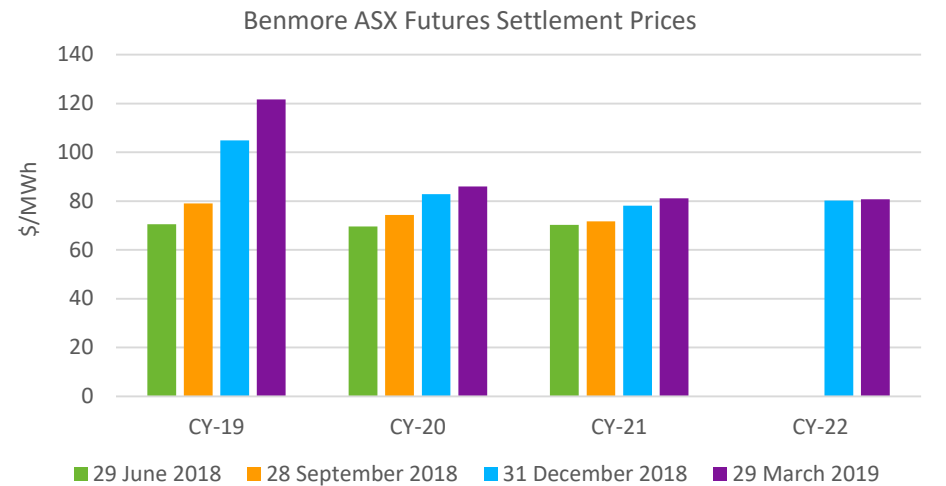
Wholesale electricity market



SOURCE: NZX Hydro

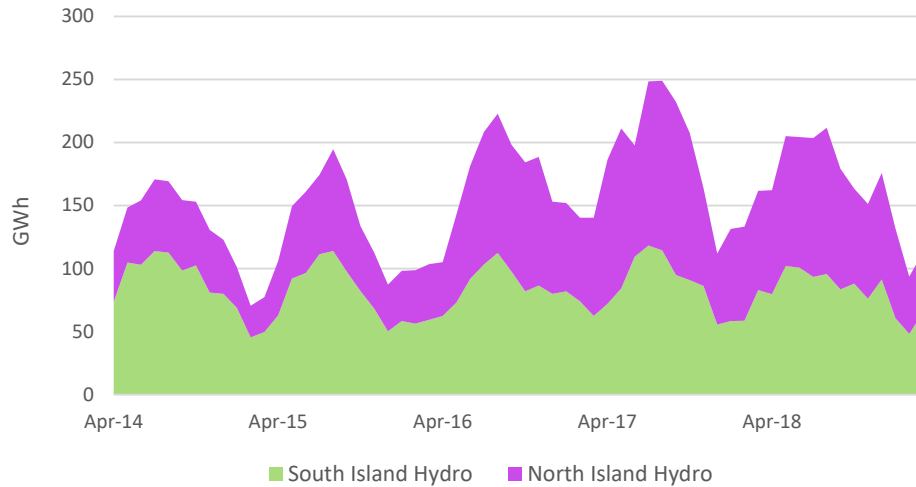


SOURCE: Electricity Authority

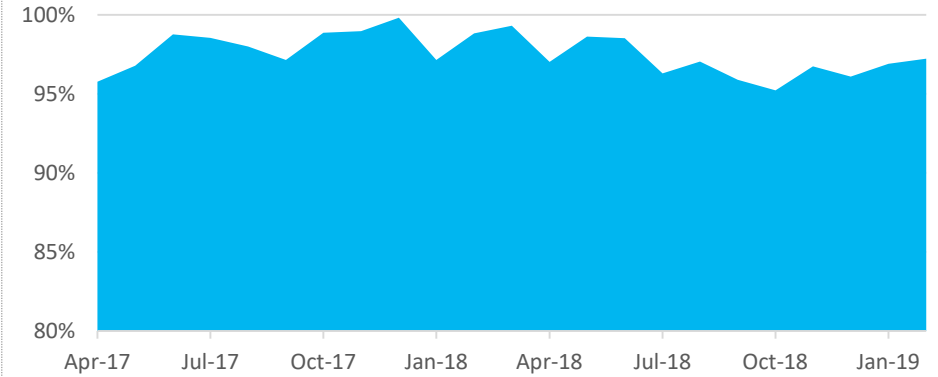


Generation

Monthly Generation Volumes

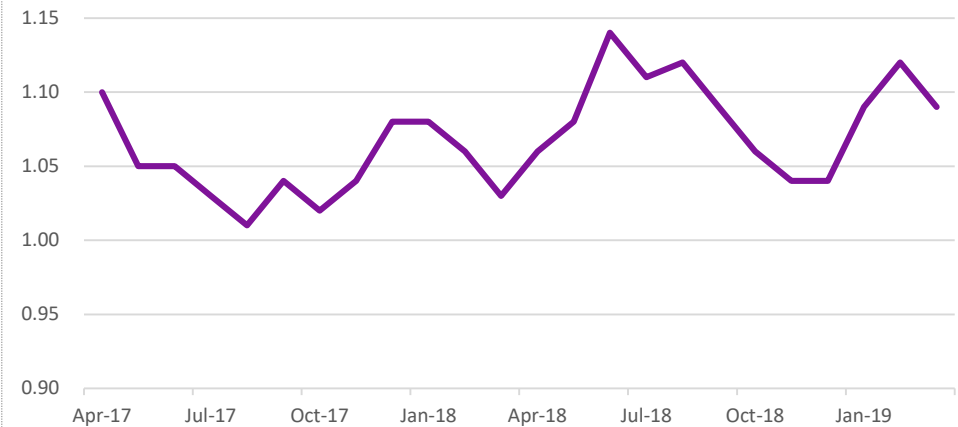


Asset Availability



NOTE: Asset availability for March 2019 not yet available at time of publishing

GWAP / TWAP



**Q4-19
NI Generation**
↓ **38%**
vs pcp

**Q4-19
SI Generation**
↓ **15%**
vs pcp

**Q4-19
GWAP/TWAP**
1.08

\$164/MWh New Zealand Load Weighted Average Price (LWAP)
\$163/MWh New Zealand Generation Weighted Average Price (GWAP)

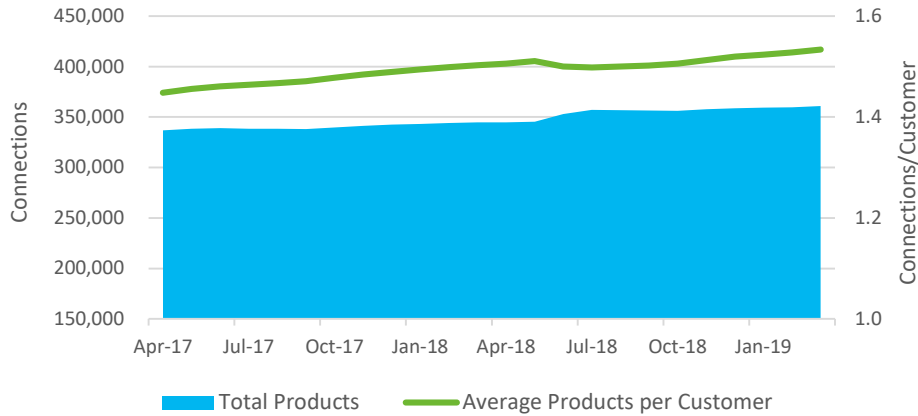
NOTE: Q4 Prices

* See glossary for definitions

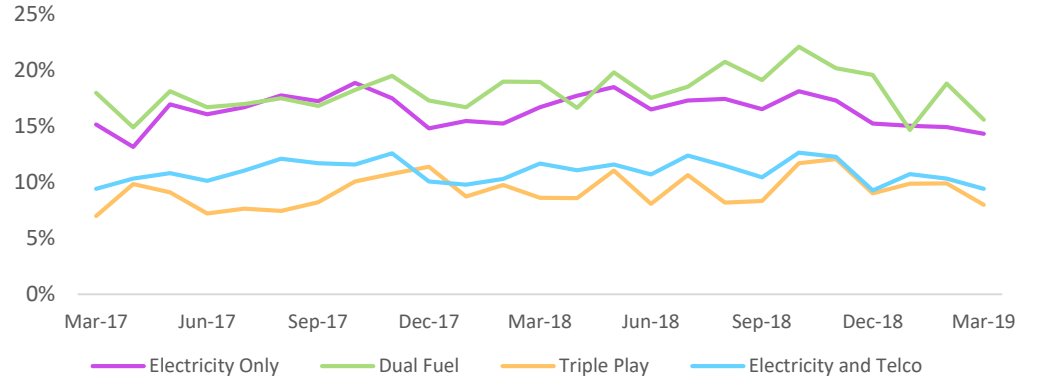


Retail

Average Products per Customer

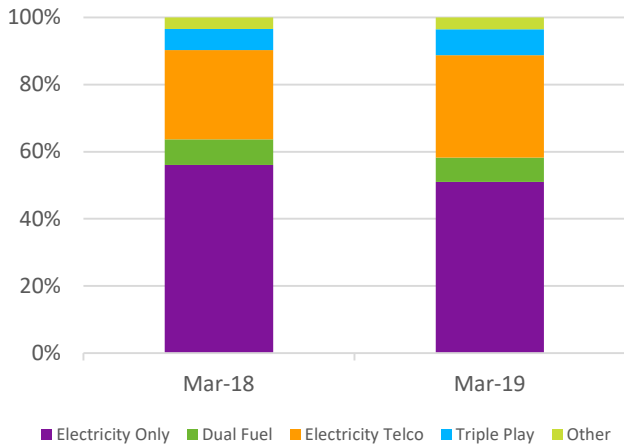


Electricity Only vs Multi-Product Churn



NOTE: Excludes C&I customers

Customer Mix

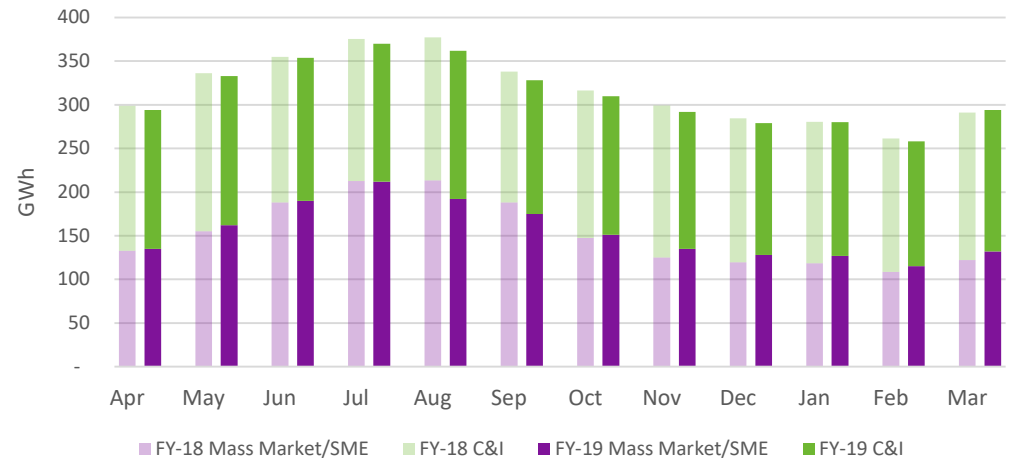


Q4-19 acquisitions
- 2+ products
82%

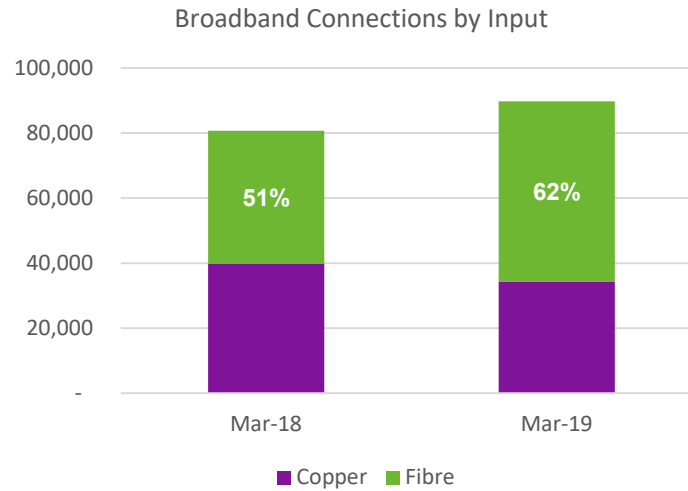
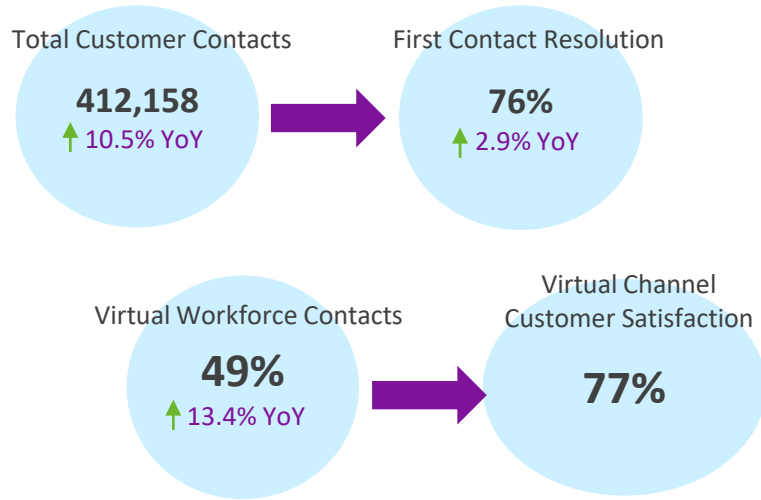
YoY customers
taking 2+
products
↑7.5%

* See glossary for definitions

Total Retail Sales Volumes

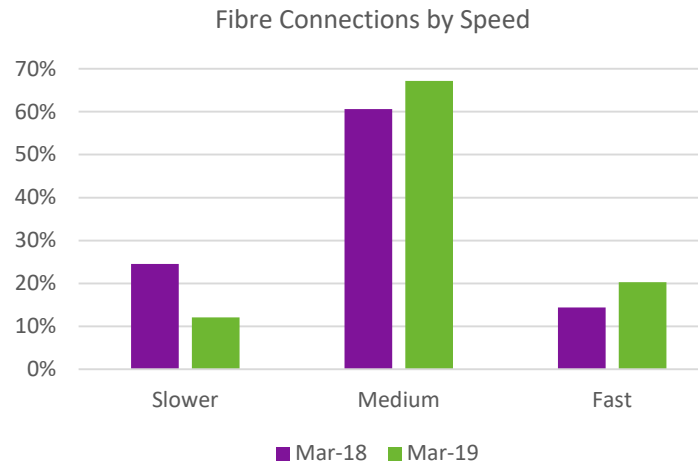
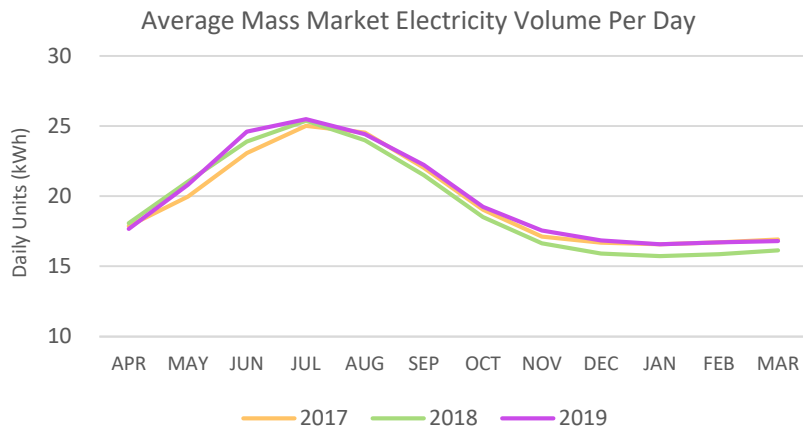


Retail



**NZ UFB
Market Share**
7.2%

**YoY Total
Data Usage**
↑ **43%**



Netflix Ranking

Jan-19: **2nd**

Feb-19: **1st**

Mar-19: **1st**

* See glossary for definitions



Operating stats

	Q1 FY-17	Q1 FY-18	Q1 FY-19	Q2 FY-17	Q2 FY-18	Q2 FY-19	Q3 FY-17	Q3 FY-18	Q3 FY-19	Q4 FY-17	Q4 FY-18	Q4 FY-19
Customers, Sales and Service												
Electricity connections (000s)	279	276	270	278	273	270	279	273	269	276	273	267
Telecommunication connections (000s)	66	79	89	69	80	91	73	85	94	76	87	96
Gas connections (000s)	35	37	38	34	37	38	35	37	38	36	37	39
Total utility accounts	380	392	397	378	390	399	384	395	401	385	397	402
Customers with two or more services (000s)	82	94	101	84	94	102	88	98	105	90	100	107
Mass market sales - Fixed Price (GWh)	481	476	488	585	614	579	437	392	414	392	349	364
Time of use sales - Fixed Price (GWh)	201	227	216	216	199	218	211	239	227	207	233	219
Time of use sales - Spot (GWh)	332	287	272	320	279	263	304	269	240	288	251	246
Total customer sales (GWh)	1,014	990	976	1,121	1,092	1,060	952	900	881	887	833	829
Average spot price of electricity purchased (\$/MWh)	63	79	80	55	97	88	47	96	207	52	87	164
Gas Sales (TJ)	258	308	303	406	406	384	192	185	194	157	113	125
Annualised electricity ICP churn rate*	16%	21%	20%	18%	21%	20%	18%	19%	20%	16%	16%	15%
Annualised electricity ICP churn rate - total market*	21%	21%	21%	21%	23%	23%	20%	21%	22%	18%	19%	17%
Generation Production and Procurement												
North Island generation production (GWh)	203	330	289	315	402	322	278	251	235	214	226	164
South Island generation production (GWh)	227	266	282	314	327	273	248	233	255	218	200	174
Total New Zealand generation production (GWh)	430	596	571	629	729	595	526	484	490	432	426	338
Average spot price of electricity generated (\$/MWh)	60	81	78	58	101	87	46	88	200	49	83	163
Net third party fixed price volume purchased (GWh)	448	409	423	423	361	348	366	348	319	489	421	373
Other Information												
Resource consent non-compliance events**	3	2	4	2	1	2	3	2	2	6	3	2
Recordable Injuries	3	9	4	3	7	3	7	7	2	13	7	4
Staff numbers (full time equivalents)	787	782	805	813	787	798	796	803	801	786	803	818

* Churn statistics are calculated using market data available up to February 2019

** 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-17	YTD FY-18	YTD FY-19	Full Year FY-17	Full Year FY-18	Full Year FY-19
Customers, Sales and Service						
Electricity connections (000s)	276	273	267	276	273	267
Telecommunication connections (000s)	76	87	96	76	87	96
Gas connections (000s)	36	37	39	36	37	39
Total utility accounts	385	397	402	385	397	402
Customers with two or more services (000s)	90	100	107	90	100	107
Mass market sales - Fixed Price (GWh)	1,895	1,831	1,845	1,895	1,831	1,845
Time of use sales - Fixed Price (GWh)	835	898	880	835	898	880
Time of use sales - Spot (GWh)	1,244	1,086	1,021	1,244	1,086	1,021
Total customer sales (GWh)	3,974	3,815	3,746	3,974	3,815	3,746
Average spot price of electricity purchased (\$/MWh)	55	91	131	55	91	131
Gas Sales (TJ)	1,013	1,012	1,006	1,013	1,012	1,006
Annualised electricity ICP churn rate*	18%	18%	19%	18%	18%	19%
Annualised electricity ICP churn rate - total market*	20%	21%	21%	20%	21%	21%
Generation Production and Procurement						
North Island generation production (GWh)	1,010	1,209	1,010	1,010	1,209	1,010
South Island generation production (GWh)	1,007	1,026	984	1,007	1,026	984
Total New Zealand generation production (GWh)	2,017	2,235	1,994	2,017	2,235	1,994
Average spot price of electricity generated (\$/MWh)	52	88	125	52	88	125
Net third party fixed price volume purchased (GWh)	1,726	1,539	1,463	1,726	1,539	1,463
Other Information						
Resource consent non-compliance events**	14	8	10	14	8	10
Recordable Injuries	26	30	13	26	30	13
Staff numbers (full time equivalents)	786	803	818	786	803	818

* Churn statistics are calculated using market data available up to February 2019

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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 customer interaction where service has been provided
E-Bill	Receives their bill electronically rather than post
EOM	End Of Month

Term	Definition
First contact resolution (FCR)	Where the customers reason for calling 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
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
LWAP	Load Weighted Average Price – Average cost of energy per unit for the retail business

Glossary

Term	Definition
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
PoP	A physical location that houses telco equipment
Recordable Injury	Lost Time and Medical Treatment Injuries

Term	Definition
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)
Virtual workforce contact	Contact not handled by a person – e.g. Chabot, self service.
YoY	Year-On-Year
YTD	Year-To-Date



Trust
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