



NZX ANNOUNCEMENT

18 November 2019

Trustpower announces sale of electricity metering business

Trustpower is pleased to announce it has reached an unconditional agreement with Financial Corporation Limited (FCL) for the sale of its electricity meter assets and meter equipment provider (MEP) business, with completion occurring on Friday 15th November.

The sale includes electricity metering assets at approximately 125,000 installations nationally, (across a mix of Trustpower retailed and third-party retailed customers) as well as a number of business systems and processes. All Trustpower staff currently working in the MEP business have been offered ongoing employment with FCL and the business will continue to be based in Tauranga.

The sale continues Trustpower's strategic evolution to a more digitally focused multi-product retailer and supports the ongoing transition of its retail customer base to smart metering.

In 2018, Trustpower signed an agreement with Australasian smart metering service provider Intellihub that initiated the rollout of AMI (smart) meters to approximately 140,000 Trustpower customers. With that programme well underway and a commitment to these new services and business model, the timing was right for Trustpower to exit the metering business.

Trustpower's General Manager of Business Solutions & Technology, Simon Clarke says the sale is a mutually beneficial agreement.

"Trustpower has successfully operated a great metering business for the last 20 plus years but our view is that the ongoing ownership of that business will no longer provide us with the competitive advantage it once did. The sale allows Trustpower to continue to focus on its core strategic retail ambitions, whilst realising good value for the assets and a positive outcome for staff. We are also pleased that FCL are continuing business operations here in our home town of Tauranga".

Both parties will work together over the coming months to ensure a seamless transition of the business.

The transaction price is not disclosed.

The impact on Trustpower's medium-term earnings is outlined below, however given the variability of key inputs (such as AMI meter deployment), the impacts should be considered an approximation only.

\$M	FY-20	FY-21	FY-22	FY-23
EBITDAF	(\$4.5m)	(\$7.9m)	(\$4.6m)	(\$3.4m)
NPAT	\$11.6m	(\$5.7m)	(\$3.3m)	(\$2.4m)

NOTE: FY-20 is assumed impact from date of sale, to 31st March 2020 only.

Trustpower confirms its FY-20 EBITDAF is still expected to be within its current guidance range of \$200-\$215 million following the sale.

Trustpower Limited
Head Office
108 Durham Street
Tauranga

Postal Address:
Private Bag 12023
Tauranga Mail Centre
Tauranga 3143

F 0800 32 93 02

Offices in
Auckland
Wellington
Christchurch
Oamaru

Freephone
0800 87 87 87

trustpower.co.nz

ENDS

CONTACTS

Trustpower Communications Team

comms@trustpower.co.nz

Trustpower Investor Relations

Kevin Palmer - CFO

Kevin.palmer@trustpower.co.nz

021 471 779