

The logo for Trust power is centered in the upper left. 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**

**/ Q3-19  
/ Quarterly Operating Report  
/ December 2018**

**bomg**

# FY-19 EBITDAF Market Guidance Update

Trustpower reiterates it's previously advised EBITDAF guidance range of \$215m - \$235m for the FY-19 financial year.

The forecast is underpinned by the following assumptions:

- Long run average generation volumes for the remainder of the year
- NZ Wholesale prices are in line with current forward pricing for the remainder of the year
- Average temperatures and average electricity consumption for the remainder of the year
- Total customers increase to between 255,000 and 260,000 including circa 95,000 telco customers

# Key Highlights



- Q3-19 saw 82% of all new customer acquisitions take multiple products, with an 7.3% increase year-on-year of total customers taking 2+ products to 105,000.
- Total retail electricity sales volume was 2.1% below the pcp for Q3-19, with Mass Market/SME gaining 5.6%, and C&I decreasing 8.1%.
- Customer churn for those who take our telco-bundled products was again stable in Q3-19, and continuing to track well below those who only take energy-only products.
- 59% of all our broadband customers are now on fibre, up from 47% same time last year, and 56% last quarter. 86% of our telco customers are now taking medium and fast speed plans (100+MB download). Up from 67% this time last year.
- 50% of all customer interactions are now handled without requiring our workforce.



- Q3-19 electricity generation volumes were above long-run average, and above the pcp by 1.4%
- Our ability to extract higher than TWAP was evident in the last quarter, with a GWAP/TWAP ratio of 1.05.
- Asset availability averaged 96% over the quarter.

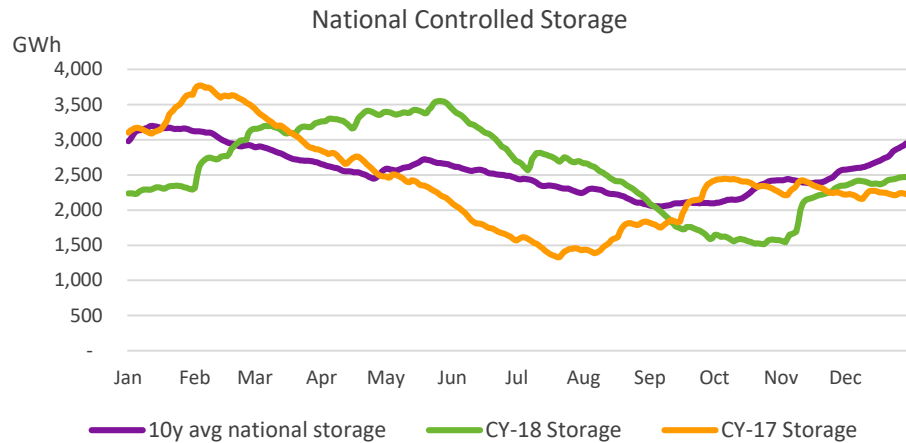


- National Controlled Storage recovered during Q3-19 to be sitting at 83.4% of the 10-year average on 31<sup>st</sup> December.
- Forward ASX prices rose for every forward year over the quarter, particularly short-dated strips.
- National demand fell 1.7% quarter-on-quarter. CY-18 ended flat with CY-17.

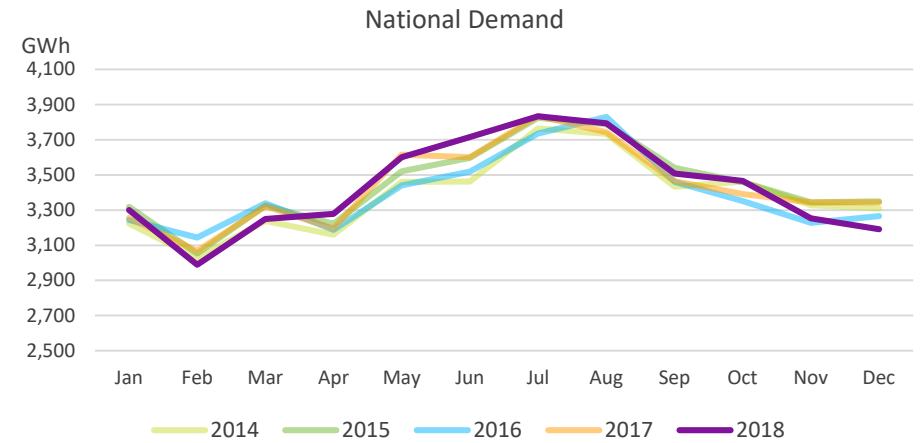
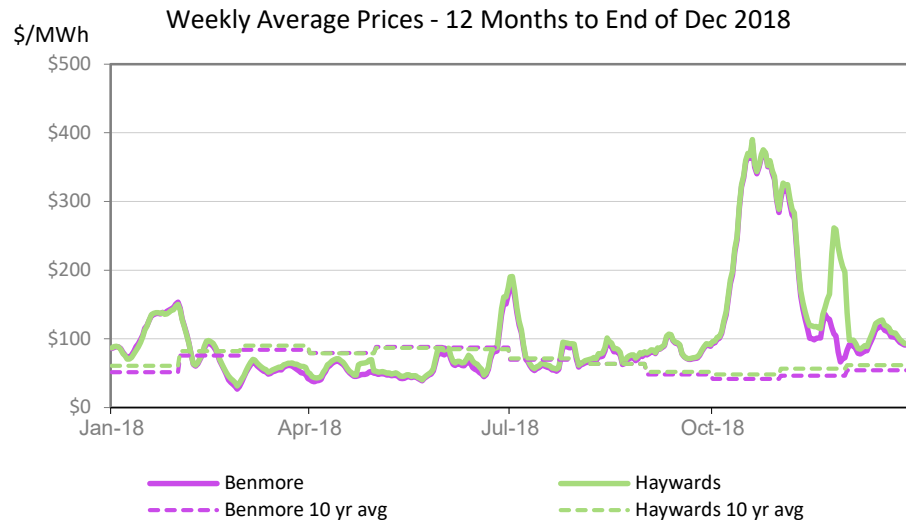


- Signed an agreement with Spark to allow the sale of Mobile and Fixed Wireless products to new and existing customers, with no material capital investment required.
- Announced and paid an interim (17c) and special (25c) dividend.
- Successful completion of the refurbishment of two generators at the Coleridge Power Station.
- Rebuilt our Sydney PoP's – increasing our bandwidth and peering opportunities. Also replaced and upgraded our storage and compute, increasing our capacity and lowering our costs.
- AMI smart-meter deployment commenced.

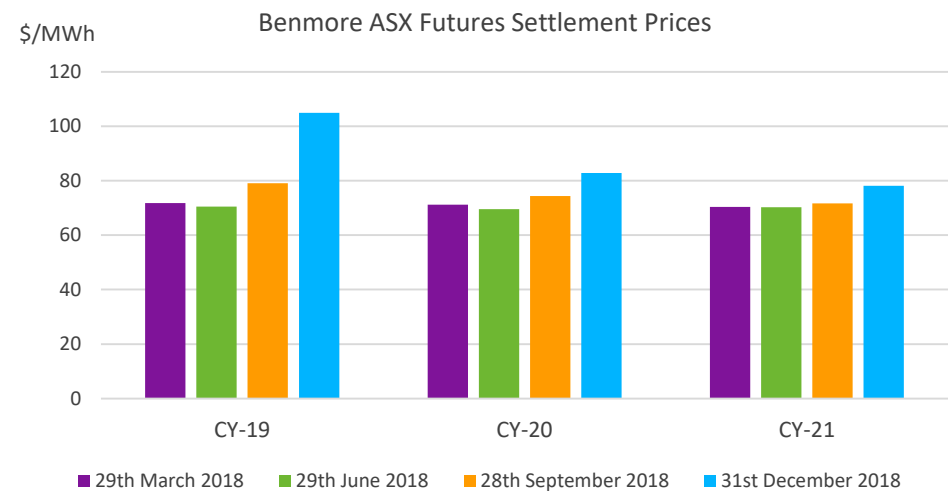
# Wholesale electricity market



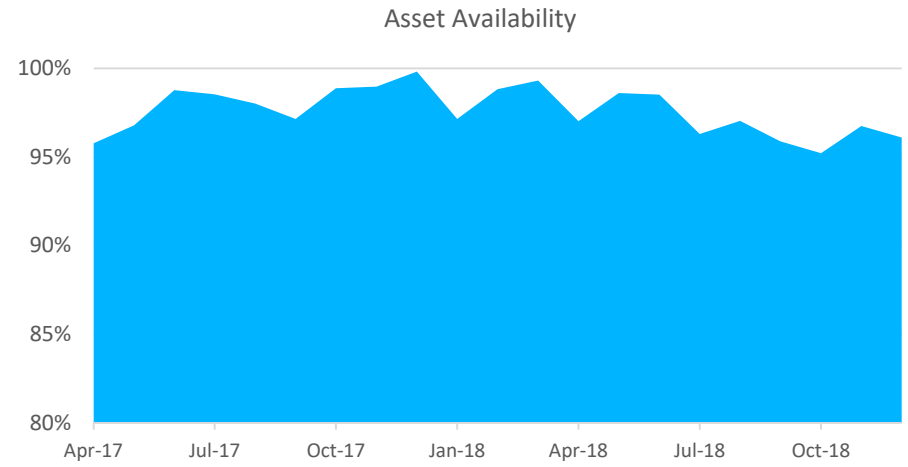
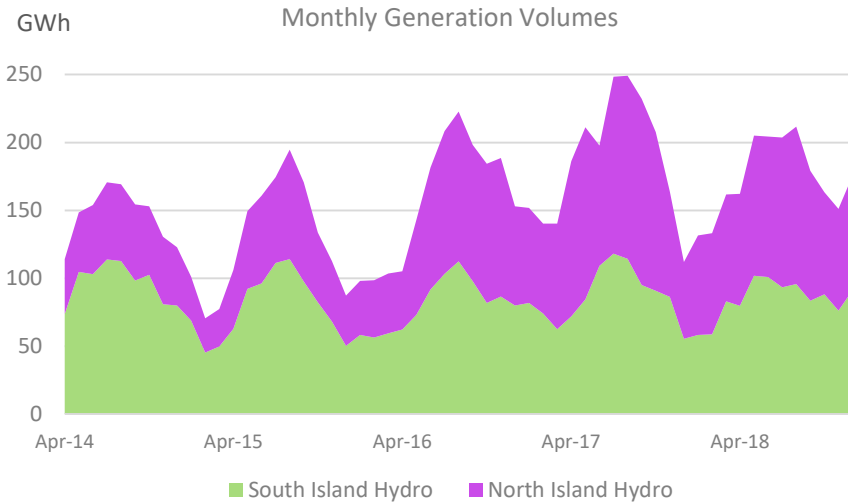
SOURCE: NZX Hydro



SOURCE: Electricity Authority



# Generation



**Q3-19**  
**NI Generation**  
↓ **7%**  
vs pcp

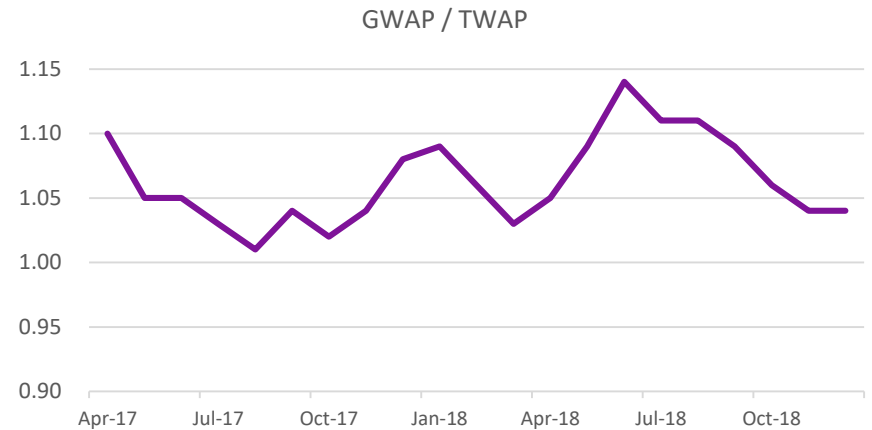
**Q3-19**  
**SI Generation**  
↑ **9%**  
vs pcp

**Q3-19**  
**GWAP/TWAP**  
**1.04**

**\$207/MWh** New Zealand Load Weighted Average Price (LWAP)

**\$200/MWh** New Zealand Generation Weighted Average Price (GWAP)

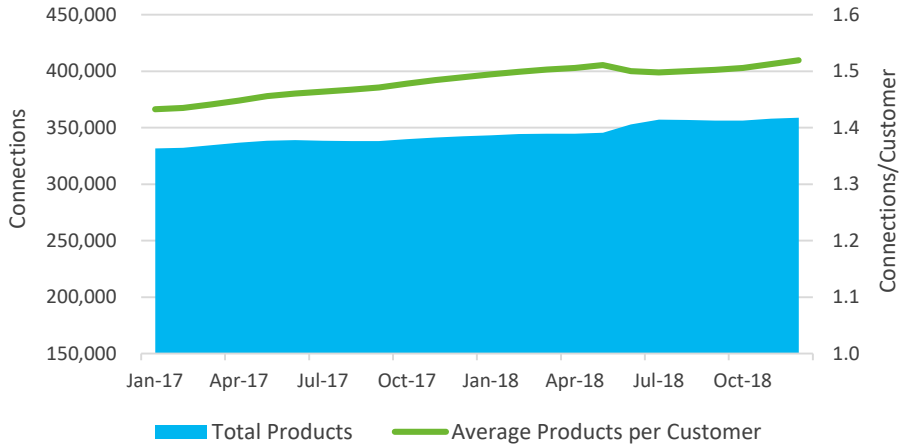
NOTE: Q3 Prices



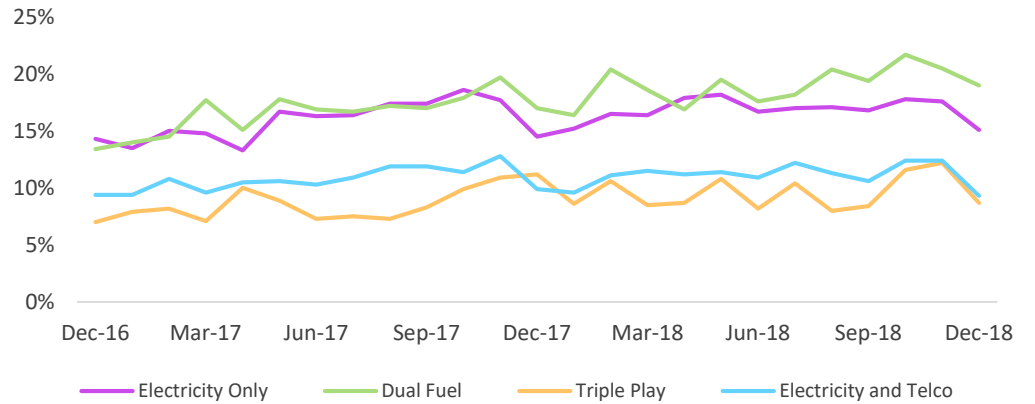
\* See glossary for definitions

# Retail

Average Products per Customer

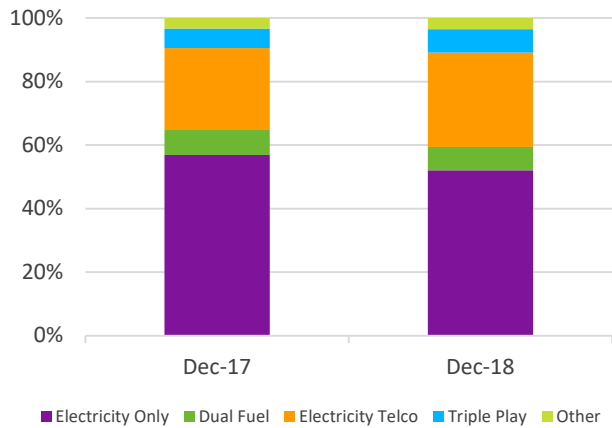


Electricity Only vs Multi-Product Churn



NOTE: Excludes C&I customers

Customer Mix

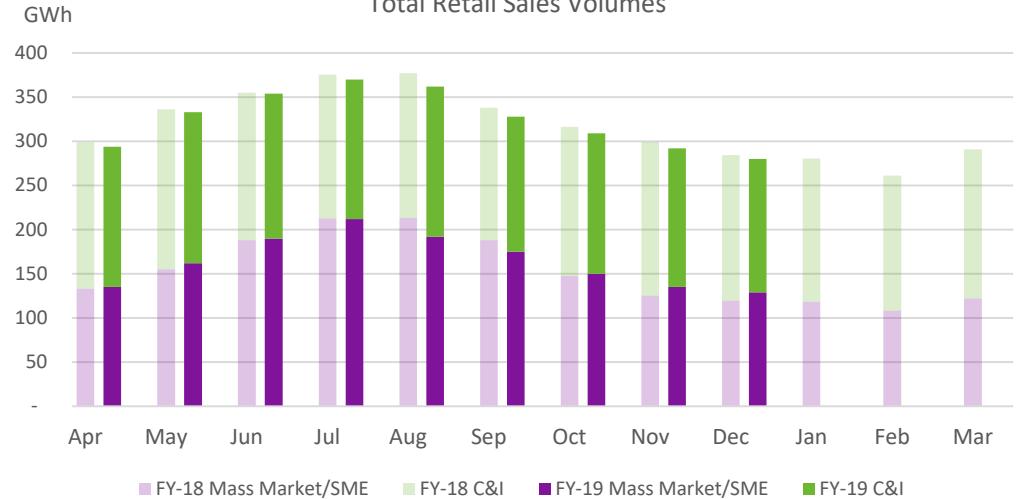


Q3-19 acquisitions  
- 2+ products  
**82%**

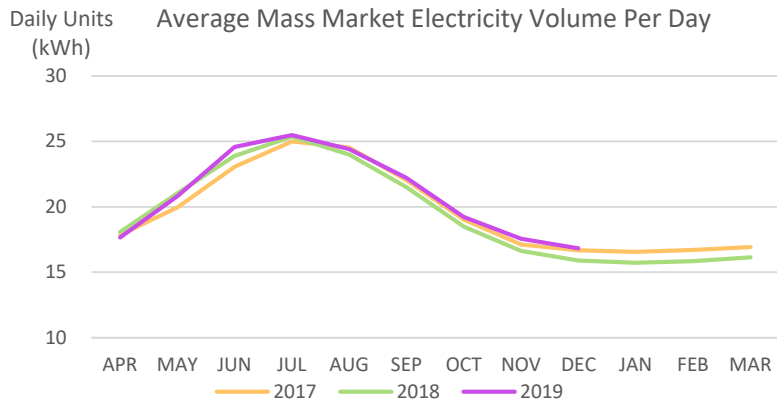
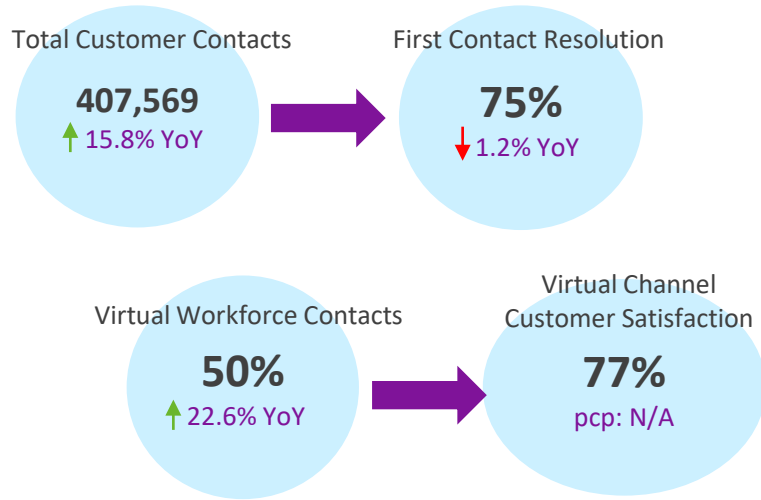
YoY customers  
taking 2+  
products  
**↑7.3%**

\* See glossary for definitions

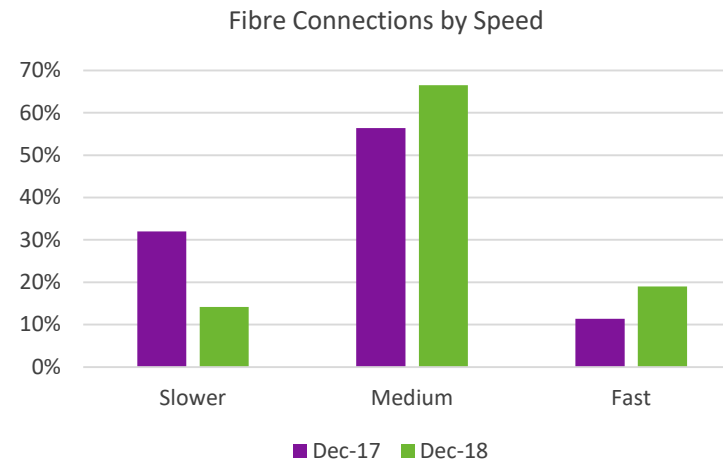
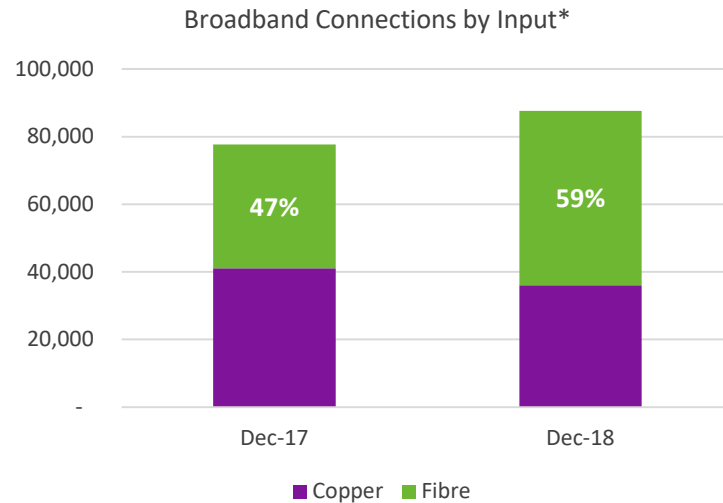
Total Retail Sales Volumes



# Retail



\* See glossary for definitions



**NZ UFB Market Share**  
**7.0%**

**YoY Data Usage**  
↑ **51%**

### Netflix Ranking

Oct-18: **2<sup>nd</sup>**

Nov-18: **1<sup>st</sup>**

Dec-18: **2<sup>nd</sup>**

NOTE: Market share data lags by 3 months



# 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
<b>Customers, Sales and Service</b>												
Electricity connections (000s)	279	276	270	278	273	270	279	273	269	276	273	
Telecommunication connections (000s)	66	79	89	69	80	91	73	85	93	76	87	
Gas connections (000s)	35	37	38	34	37	38	35	37	38	36	37	
Total utility accounts	380	392	397	378	390	399	384	395	400	385	397	
Customers with two or more services (000s)	82	94	101	84	94	102	88	98	105	90	100	
Mass market sales - Fixed Price (GWh)	481	476	488	585	614	579	437	392	414	392	349	
Time of use sales - Fixed Price (GWh)	201	227	216	216	199	218	211	239	227	207	233	
Time of use sales - Spot (GWh)	332	287	272	320	279	263	304	269	240	288	251	
<b>Total customer sales (GWh)</b>	<b>1014</b>	<b>990</b>	<b>976</b>	<b>1121</b>	<b>1092</b>	<b>1060</b>	<b>952</b>	<b>900</b>	<b>881</b>	<b>887</b>	<b>833</b>	
Average spot price of electricity purchased (\$/MWh)	63	79	80	55	97	88	47	96	207	52	87	
Gas Sales (TJ)	258	308	303	406	406	384	192	185	194	157	113	
Annualised electricity ICP churn rate	16%	21%	20%	18%	21%	20%	18%	19%	20%	16%	16%	
Annualised electricity ICP churn rate - total market	21%	21%	21%	21%	23%	23%	20%	21%	22%	18%	19%	
<b>Generation Production and Procurement</b>												
North Island generation production (GWh)	203	330	289	315	402	322	278	251	235	214	226	
South Island generation production (GWh)	227	266	282	314	327	273	248	233	255	218	200	
<b>Total New Zealand generation production (GWh)</b>	<b>430</b>	<b>596</b>	<b>571</b>	<b>629</b>	<b>729</b>	<b>595</b>	<b>526</b>	<b>484</b>	<b>490</b>	<b>432</b>	<b>426</b>	
Average spot price of electricity generated (\$/MWh)	60	81	78	58	101	87	46	88	200	49	83	
Net third party fixed price volume purchased (GWh)	448	409	423	423	361	348	366	348	319	489	421	
<b>Other Information</b>												
Resource consent non-compliance events*	3	2	4	1	1	2	5	2	1	3	3	
Recordable Injuries	3	9	4	3	7	3	7	7	2	13	7	
Staff numbers (full time equivalents)	787	782	805	813	787	798	796	803	801	786	803	

\* Events are recorded only when they have been confirmed as non-compliance events by the relevant regulatory authority



# Operating stats

	YTD FY-17	YTD FY-18	YTD FY-19	Full Year FY-17	Full Year FY-18	Full Year FY-19
<b>Customers, Sales and Service</b>						
Electricity connections (000s)	279	273	<b>269</b>	276	273	
Telecommunication connections (000s)	73	85	<b>93</b>	76	87	
Gas connections (000s)	35	37	<b>38</b>	36	37	
Total utility accounts	384	395	<b>400</b>	385	397	
Customers with two or more services (000s)	88	98	<b>105</b>	90	100	
Mass market sales - Fixed Price (GWh)	1503	1482	<b>1481</b>	1895	1831	
Time of use sales - Fixed Price (GWh)	628	665	<b>661</b>	835	898	
Time of use sales - Spot (GWh)	956	835	<b>775</b>	1244	1086	
<b>Total customer sales (GWh)</b>	<b>3087</b>	<b>2982</b>	<b>2917</b>	<b>3974</b>	<b>3815</b>	
Average spot price of electricity purchased (\$/MWh)	56	92	<b>121</b>	55	91	
Gas Sales (TJ)	856	899	<b>881</b>	1013	1012	
Annualised electricity ICP churn rate	17%	20%	<b>20%</b>	17%	19%	
Annualised electricity ICP churn rate - total market	20%	22%	<b>22%</b>	20%	21%	
<b>Generation Production and Procurement</b>						
North Island generation production (GWh)	796	983	<b>846</b>	1010	1209	
South Island generation production (GWh)	789	826	<b>810</b>	1007	1026	
<b>Total New Zealand generation production (GWh)</b>	<b>1585</b>	<b>1809</b>	<b>1656</b>	<b>2017</b>	<b>2235</b>	
Average spot price of electricity generated (\$/MWh)	53	89	<b>117</b>	52	88	
Net third party fixed price volume purchased (GWh)	1237	1118	<b>1090</b>	1726	1539	
<b>Other Information</b>						
Resource consent non-compliance events*	9	5	<b>7</b>	12	8	
Recordable Injuries	13	23	<b>9</b>	26	30	
Staff numbers (full time equivalents)	796	803	<b>801</b>	786	803	

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# Glossary

Term	Definition
<b>ACPU</b>	Average Cost Per User. Direct costs (COS) only – does not include CTS
<b>AMPU</b>	Average Margin Per User – difference between ARPU and ACPU
<b>ARPU</b>	Average Revenue Per User. Includes acquisition capitalisation and amortisation
<b>Asset Availability</b>	Total hours asset(s) available or operating/Total hours in month. Excl planned outages.
<b>Bundled Customer</b>	Customer that has 2+ products with Trustpower
<b>C&amp;I</b>	Commercial and Industrial customers
<b>Churn Rate</b>	Annualised % of customers leaving Trustpower.
<b>Customer Contact</b>	A channel agnostic customer interaction where service has been provided
<b>E-Bill</b>	Receives their bill electronically rather than post
<b>EOM</b>	End Of Month

Term	Definition
<b>First contact resolution (FCR)</b>	Where the customers reason for calling is resolved at first point of contact. Does not count if they contact again within 14 days.
<b>FTE</b>	Full Time Equivalent
<b>Gross Margin</b>	Gross Revenue – Direct Cost of Sales
<b>GWAP</b>	Generation Weighted Average Price – Average revenue per unit
<b>GWh</b>	Gigawatt hour(s) – unit of energy
<b>Input</b>	Broadband connections segmented by delivery type
<b>ISP</b>	Internet Service Provider
<b>KCE</b>	King Country Energy
<b>LY</b>	Last year
<b>LWAP</b>	Load Weighted Average Price – Average cost of energy per unit for the retail business

# Glossary

Term	Definition
<b>Main lakes</b>	Waipori, Cobb and Coleridge schemes.
<b>Market Share</b>	Total Trustpower fibre connections / total NZ fibre connections.
<b>Mbps</b>	Megabytes per second (measure of internet data transfer speed)
<b>MM</b>	Mass Market customers
<b>MWh</b>	Megawatt hour(s) – unit of energy
<b>Netflix Ranking</b>	Published monthly on <a href="https://www.speedindex.netflix.com/country/new-zealand">ispspeedindex.netflix.com/country/new-zealand</a>
<b>NI</b>	North Island
<b>OPEX</b>	Operating expenditure
<b>Pcp</b>	Prior corresponding period
<b>PoP</b>	A physical location that houses telco equipment
<b>Recordable Injury</b>	Lost Time and Medical Treatment Injuries

Term	Definition
<b>Rev</b>	Revenue
<b>SI</b>	South Island
<b>SME</b>	Small-Medium Enterprise
<b>Speed</b>	Slower: <100 Mbps, Medium: 100 Mbps, Fast: >100 Mbps
<b>TRIFR</b>	Total Reportable Injury Frequency Rate. Measured per 200,000 hours.
<b>TWAP</b>	Time-Weighted Average Price
<b>Var</b>	Variance
<b>Virtual Channel Customer Satisfaction</b>	The satisfaction rating of digital channels that are non-staffed (including Bot , App and Virtual Agents)
<b>Virtual workforce contact</b>	Contact not handled by a person – e.g. Chabot, self service.
<b>YoY</b>	Year-On-Year
<b>YTD</b>	Year-To-Date



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## Contact

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**bomel™**