



FY-21 FIRST HALF PERFORMANCE

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GOVERNANCE OVERVIEW & COVID-19 UPDATE

Governance overview

Trustpower retains focus on strong governance

Changes to the Board and Senior Leadership Team

- David Gibson joined the board effective Monday 7 September 2020.
- Peter Coman joining the board effective 6 November 2020, contemporaneous with Geoff Swier retiring as previously advised in the results announcement of 27 May 2020.
- Sara Broadhurst joined the SLT on 22 October 2020 as General Manager - People and Culture.
- The Board and Management wish to acknowledge the significant contribution from Geoff Swier over more than 13 years as a director

Director and senior staff contribution to additional \$450,000 Community Fund – Distributed September 2020

- Reflecting our long-term support for our communities, our Board and Senior Leadership Team contributed 10% of their FY21 earnings.
- Assisting organisations experiencing a loss of income, increased costs, or increased demand for their services due to the impacts of COVID-19.



Trustpower demonstrates ongoing resilience and capability in COVID 19 pandemic and very dry conditions

Supporting transitions

- Our ongoing capability building has enabled teams to swiftly transition to working from home during Alert Level changes. Achieved by activating a reduced Major Incident process as required, keeping our people safe and ensuring our generation capacity and customer service is maintained.

COVID-19 Impact Management

- Our quality customers continue to enjoy the convenience of bundling ,which makes budgeting simpler. Pay on time rates remain at 2019 levels and robust payment support processes are ensuring debt remains well managed and within expectation.
- Our generation portfolio continues to perform well, with essential generation scheme maintenance completed as required, regardless of alert level. Summer outage season is approaching, and we are gearing up to deliver our planned project and maintenance work as scheduled.

Made possible with consistent incident response planning, high levels of automation and a long-term commitment to developing staff leadership capability at all levels



Kevin Baker
Director



Peter Calderwood
General Manager Strategy
and Growth



Craig Neustroski
General Manager
Markets



Kevin Palmer
Chief Financial Officer and
Company Secretary



Susan Peterson
Director



Stephen Fraser
General Manager
Generation



Keith Turner
Director



Paul Ridley-Smith
Chair



Fiona Smith
General Manager
Customer Operations



David Prentice
Chief Executive
and Director



Peter Coman
Director



Sara Broadhurst
General Manager
People and Culture



David Gibson
Director

LEADERSHIP TEAM

FY-21 H1 Snapshot

106,000
Telco
Customers
↑ 6%

\$91.9m
Generation
EBITDAF
↓ 3%

\$33.2m
Group
NPAT
↓ 13%

\$19.2m
Retail
EBITDAF
↑ 38%

\$110.4m
Group
EBITDAF
↑ 3%

945 GWh
generation
volumes
↓ 4%

76% of telco
connections
are fibre
↑ 13%

STRATEGIC UPDATE

Macro environmental factors

Key considerations impacting Trustpower

- Tiwai Point Closure
- Weather – hydrology
- Regulation - Transmission Pricing Methodology (TPM)
- Generation Asset Management

Each of these factors is discussed in the following slides



Tiwai Point Closure Impact

Peaking capability and North Island generation will show slight value increase, South Island generation will become slightly less valuable

- Tiwai and thermal closures will impact both our existing assets, and any future generation assets we choose to develop.
- The most significant change will be to the "what" and "where" -ie in simple terms, peaking capability and North Island generation will become slightly more valuable, and intermittent and South Island generation will become slightly less valuable.

Earlier this year New Zealand Aluminium Smelters (Tiwai) gave notice that they would be ending their power supply agreement with Meridian (and others) and will be closing the Smelter by August 2021.

Since this announcement there has been significant manoeuvring and negotiations.

The most likely scenario, now, is the smelter will close down over an extended period. However, there is still significant uncertainty around future operations.

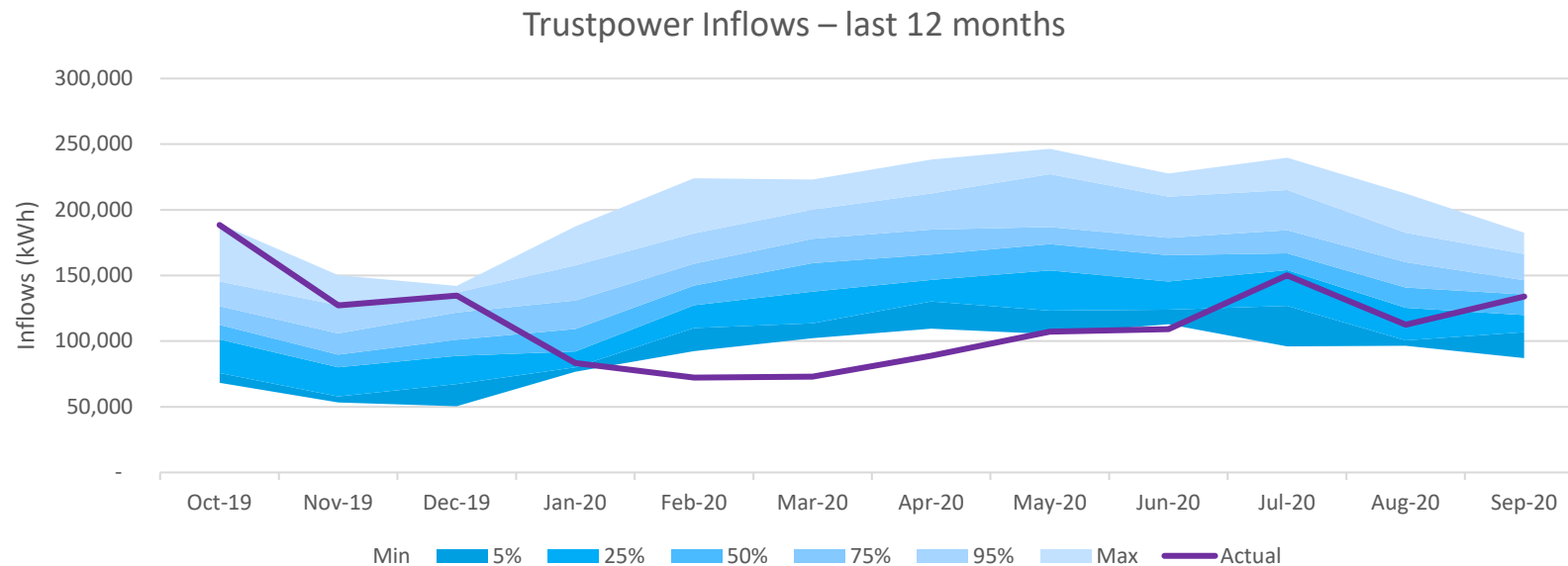
It is expected the closure will have a significant short-term (1-3 years) impact on wholesale prices, especially in the South Island. In the medium term (3-10 years) prices should recover as more expensive thermal generation shuts down and transmission upgrades come online. However, due to changes in power flows across the system, prices will be lower, relative to the national average price, the further South you are.



Weather

Hydro generation revenue can fluctuate depending on inflows and wholesale price Diverse generation portfolio absorbing impact of one in 100 year drought

- Generation volumes impacted by significant and prolonged drought, particularly in North Island
- Offset drought by using stored water in South Island



Taranaki – Lake Ratapiko

Regulation

Trustpower is appealing the new Transmission Pricing Methodology (TPM)

- The Electricity Authority has published its Transmission Pricing Guidelines.
- Trustpower has lodged proceedings in the High Court for an appeal on points of law and judicial review of the decision. This is expected to be heard in Q4 2021.
- Transpower is progressing to develop the actual Transmission Pricing Methodology in accordance with the guidelines.
- Trustpower is participating in this process although there is limited ability for submissions due to the restrictions put on Transpower by the Electricity Authority.

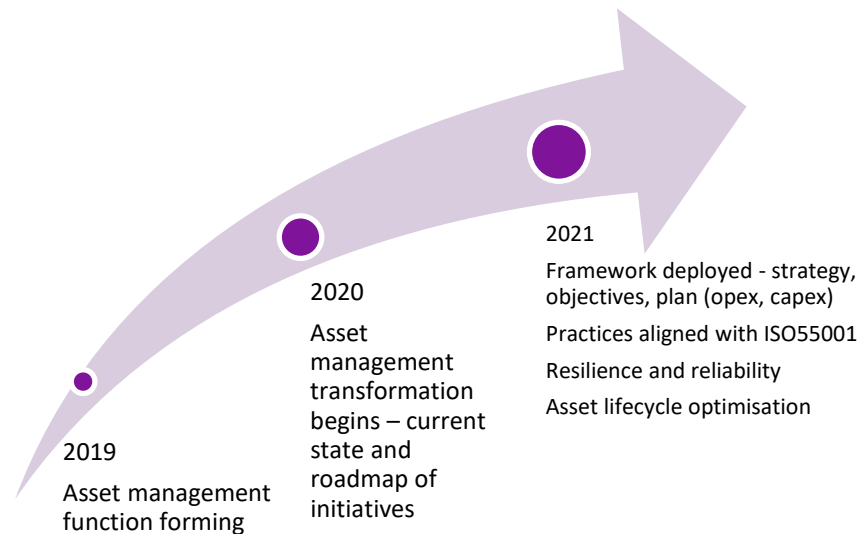
Other regulation

- Trustpower is actively participating in other areas of regulatory reform in particular the recent National Policy Statement on Freshwater Management.

Generation Asset Management

Our asset management goal is to maximise the lifecycle value of our assets

- We have an asset management transformation programme underway to accelerate realizing this goal
- This considers asset renewals, enhancements, health and safety, environment, dam safety, climate change resilience



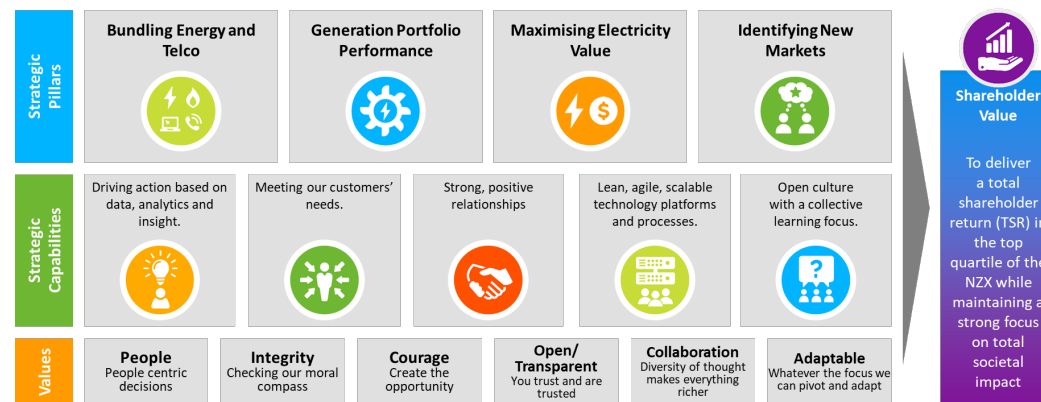
KPMG Engagement

Continuing to thrive in a changing world

Trustpower engaged the help of external facilitators KPMG, global business operating model experts to assist us in thinking innovatively about how we can continue to thrive in a changing world.

KPMG provided impartial insights and facilitated discussion for future improvements in our key business processes

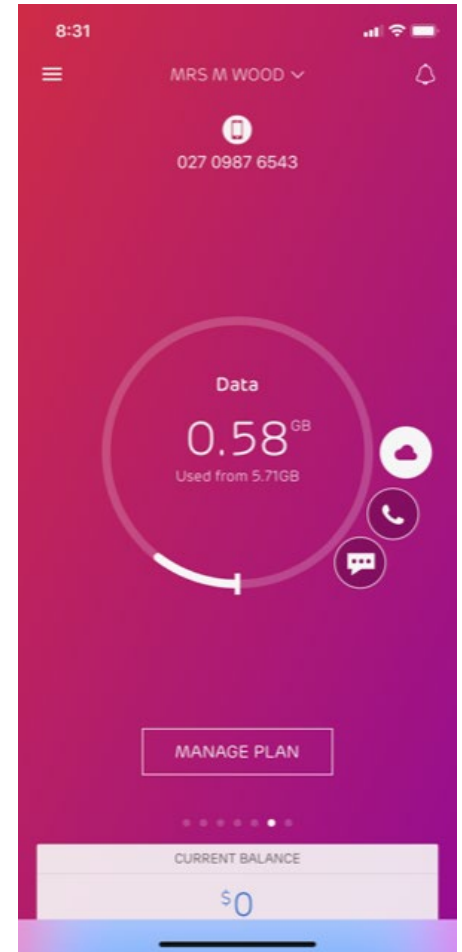
- KPMG facilitated discussions with our people to obtain an impartial overview of Trustpower's business processes and operations.
- Our teams are now considering implementation of business process and operational changes based on KPMG insights throughout the organisation.



What this all means for Trustpower

- As much as possible we are managing weather volatility through active risk management and stable dividends.
- We are actively engaging with other potential partners to look to participate in further renewable generation development to meet national demand increases. These developments will build on Trustpower's core competency of owning and operating small scale renewable generation, with a focus on local communities.
- We continue to grow our bundled retail business taking advantage of the continuing growth in data demand. We now have wireless broadband and mobile capability and are continually seeking new products to enhance our customers' experience.
- We continue to focus strongly on automation as a way of improving the customer experience
- We maintain a strong focus on improving the efficiency of everything we do and will implement the suggestions provided by KPMG
- Our long history of renewable generation, staff engagement and working closely with community and other interest groups leaves us well positioned to meet the changing needs of society.
- We will continue to be actively involved in the development of regulation as it affects our industries.

In summary we are well positioned to grow and prosper

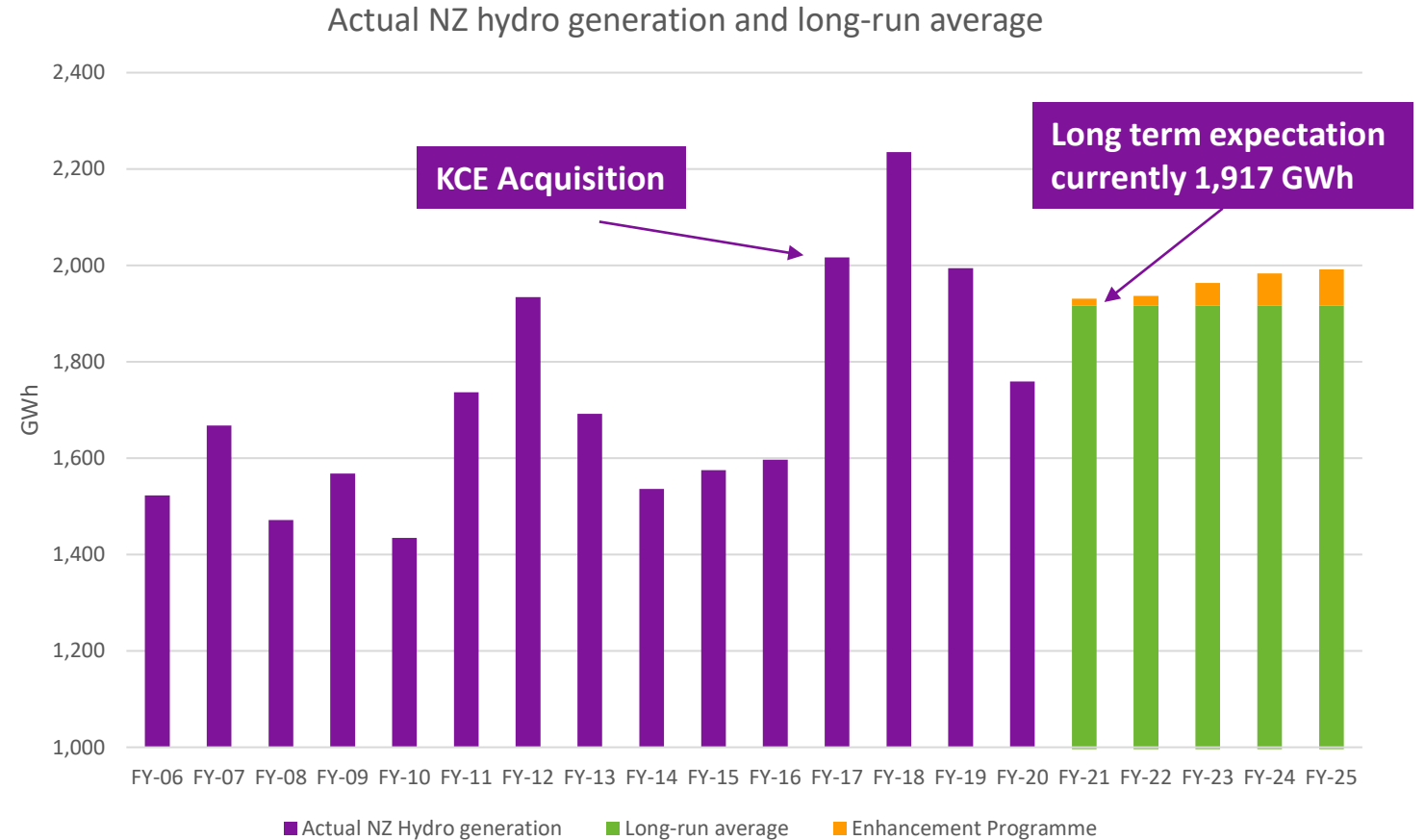


GENERATION PERFORMANCE

Enhancing generation volume

Continued focus on efficiency and enhancements delivers results

- Average generation volume increased by 113GWh in the decade to FY-16.
- Average annual generation forecast to increase by 67GWh from FY-21 to FY-25 through targeted enhancement programme.
- This year's volume affected by weather.



Arnold G2 Turbine Refurbishment

Lifeline utilities works ‘keeping the lights on’ during successful West Coast turbine refurbishment in lockdown

- Project scope was the complete mechanical refurbishment of the Arnold G2 Kaplan turbine.
- Works were planned and commenced well before the COVID-19 pandemic (in late 2019).
- To respect Trustpower’s lifeline utility responsibilities on the West Coast (keeping the lights on), the team continued with the Arnold G2 turbine rebuild during the lockdown.
- The physical space constraints meant social distancing was impossible for the team.
- The local site team effectively become ‘one bubble.’
- Contractor interaction was managed, respecting COVID-19 protocols.
- The unit was successfully commissioned at the end of the lockdown period.



Kawhaka Intake Enhancement Benefits West Cost Community

Improved access for adaptive mountain biking on West Coast Wilderness Cycle Trail included in works

- Prior to enhancement Kawhaka Intake was susceptible to flood events potentially overtopping banks.
- Improvements raise the banks and provide armouring to reduce susceptibility.
- Intake modifications improve water capture and minimise spillage.
- Project finished under budget despite numerous washouts due to high river flows.
- Cycleway upgrade included widening trail bridge for the 7000 - 10,000 visitors walking and cycling the trail each year and allowing for adaptive mountain biking access.



RETAIL PERFORMANCE

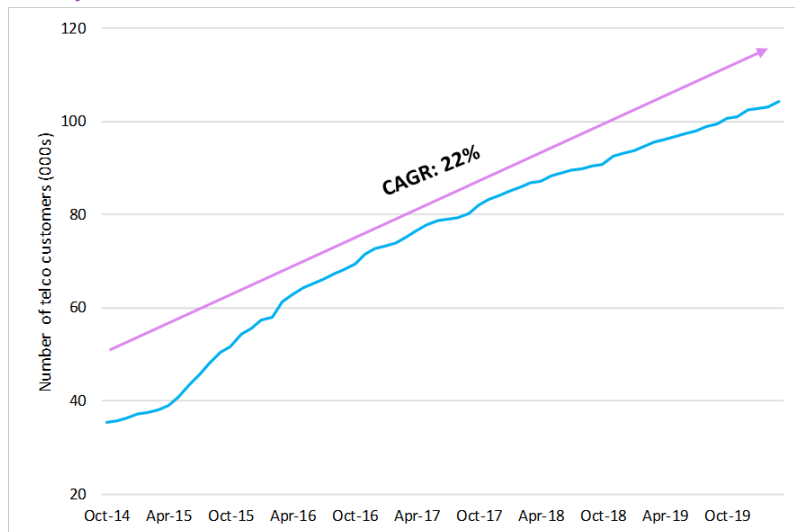
Trustpower's Rapid Growth in Telco Continues

- 50% of our customers now take two or more products.
- Telco growth remains strong with Trustpower the only participant to hold credible market share in both energy and telco.
- Opportunity remains to grow our share of the Fibre and Wireless Broadband markets.

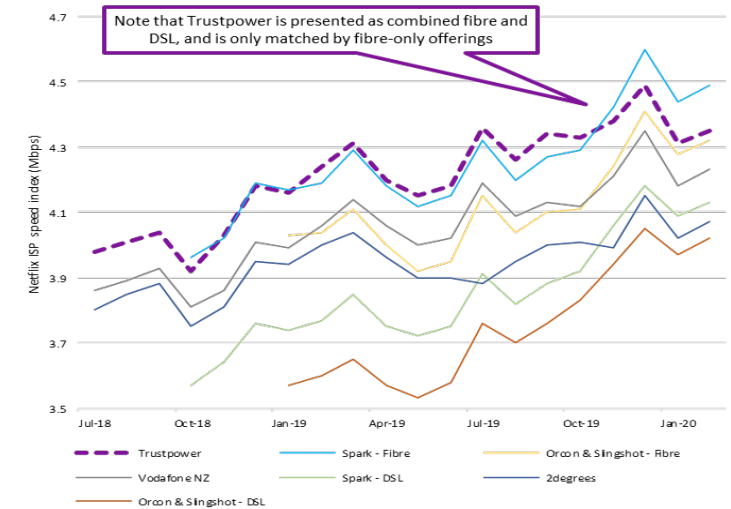


- Trustpower is now offering a great range of mobile plans via an MVNO arrangement with Spark.
- Mobile allows us to more completely meet our customers' everyday needs.
- Pilot campaigns began in July and early results are very positive.

Trustpower Retail telco customers



ISP infrastructure provides leading user experience

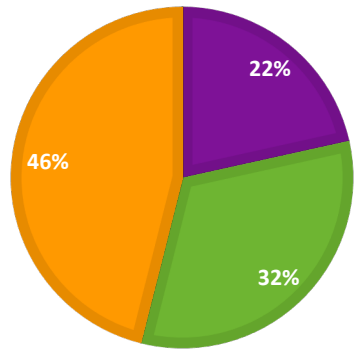


Netflix Speed Index retrieved from <https://ispspeedindex.netflix.com/country/new-zealand/>

Focus on execution of proven products

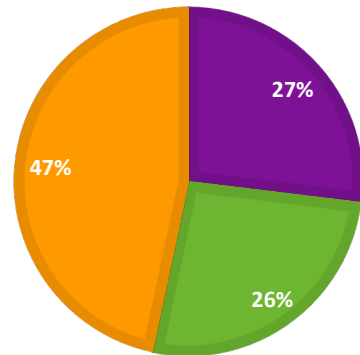
TOTAL CUSTOMERS BY REGION CURRENT

■ Bay of Plenty ■ Metro ■ Regional



ELECTRICITY GROSS PROFIT BY REGION - FY-20

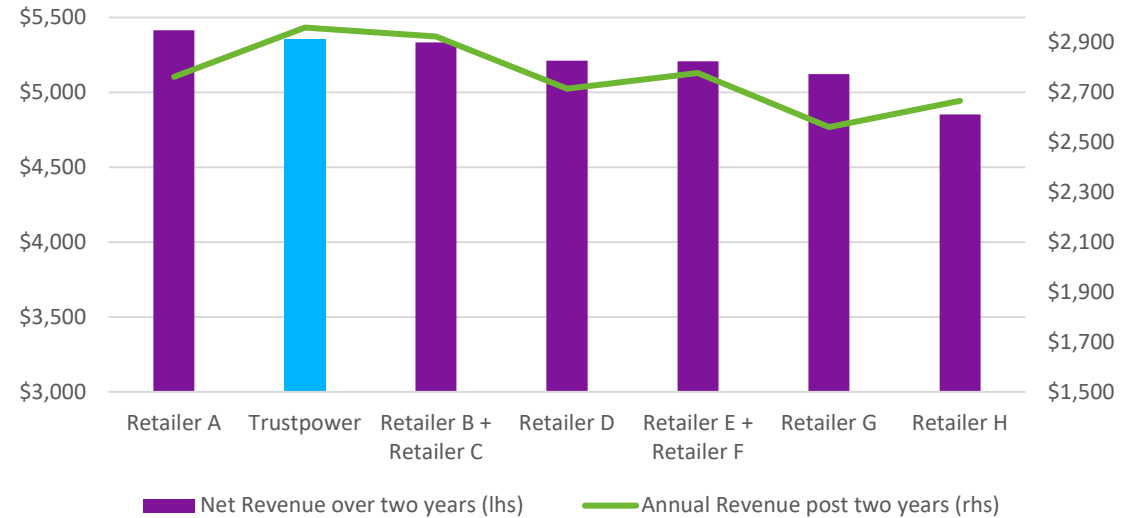
■ Bay of Plenty ■ Metro ■ Regional



Comment

- >80% of all new customers are taking 2 or more products.
- We continue to see strong telecommunications growth.
- We have a diverse and resilient customer base.
- We created a new bundled category and plenty of others are attempting to follow.

Bundled Telco + Electricity



Current connections



263,000 electricity



42,000 gas



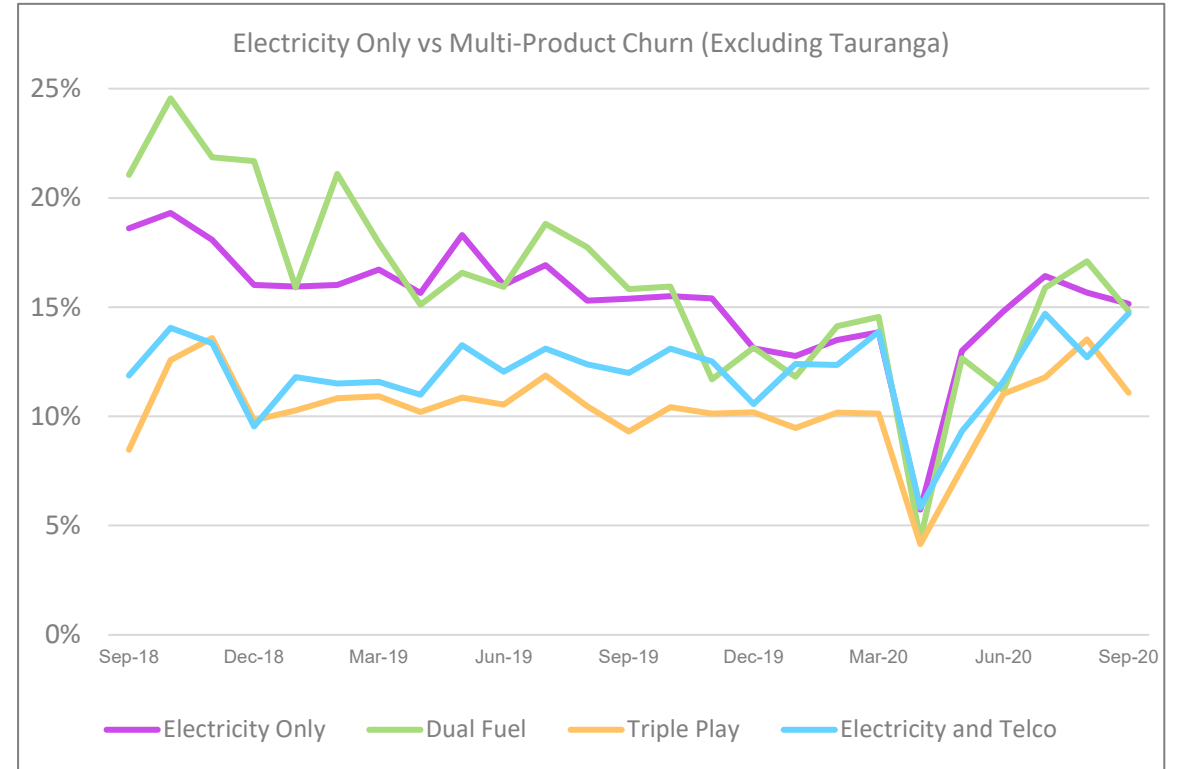
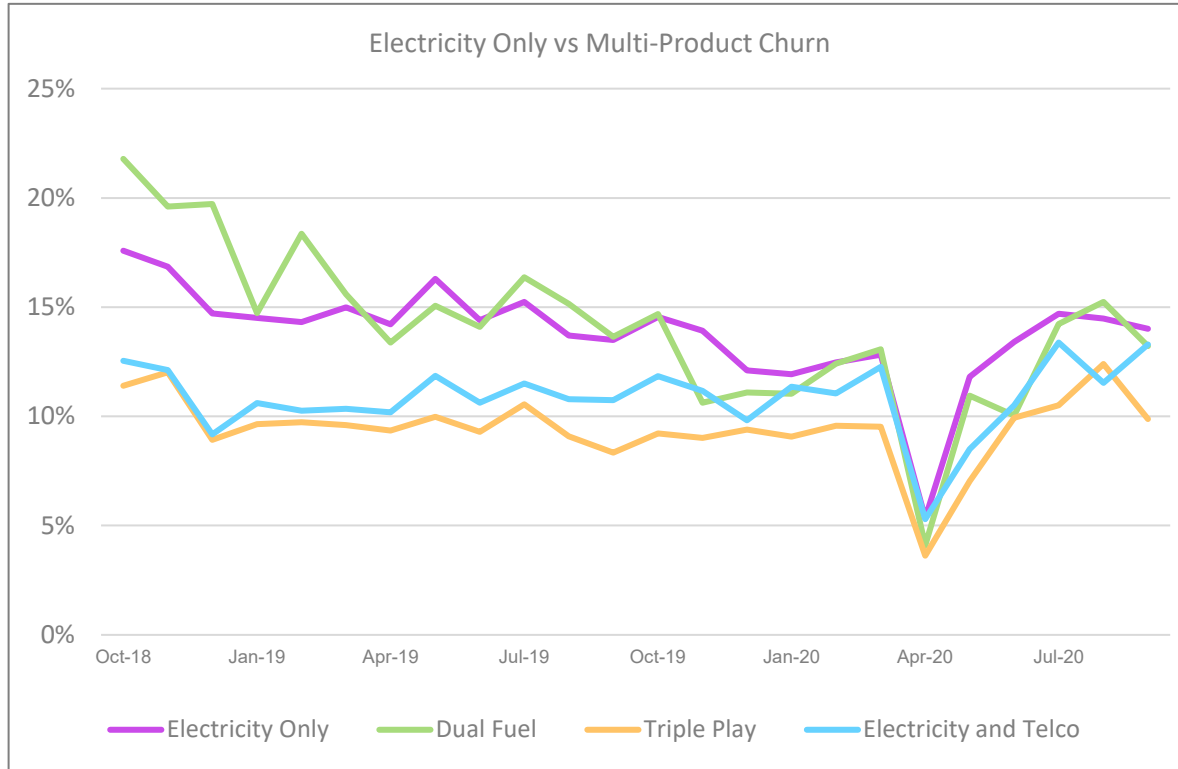
106,000 telco



117,000 of our total customers of 234,000 have more than one product

* Net revenue = revenue billed to customer in Central Auckland less GST and less cost of upfront incentives

Lower churn = higher value



Trustpower churn well below market churn

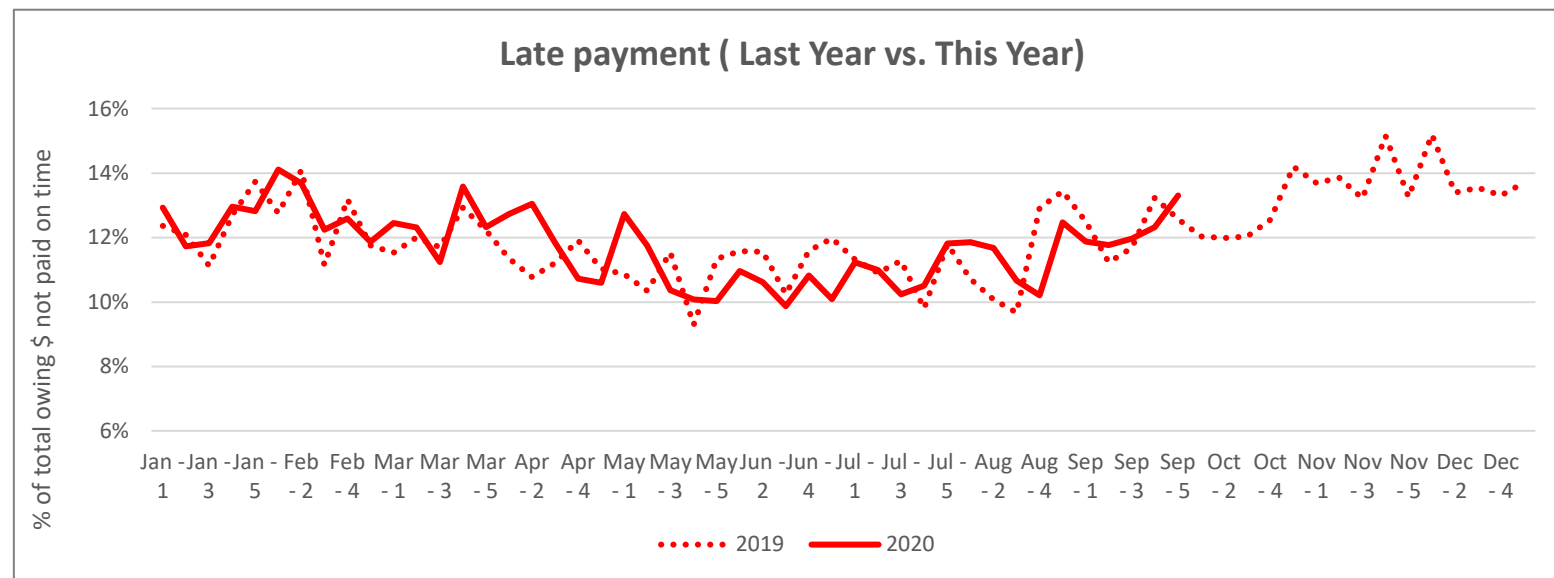
Electricity only segment reflects long tenure customers with lower churn. Reflecting Trustpower not targeting price sensitive electricity only customers. Churn in this segment is expected to decline further over time.



Quality customers + robust service support = low debt risk

Our focus on digitisation and building resiliency and capability across our teams supported a seamless COVID-19 lockdown transition

We have a long history of supporting our customers, especially those who are vulnerable or facing hardship including personalised payment plans and assistance with accessing budgeting support or social agencies. During the COVID-19 lockdown we stepped it up a notch and proactively called 11,000 of those who were our most vulnerable. This robust support, bolstered by the quality of our customers, has ensured pay on time rates continue to track at 2019 levels.



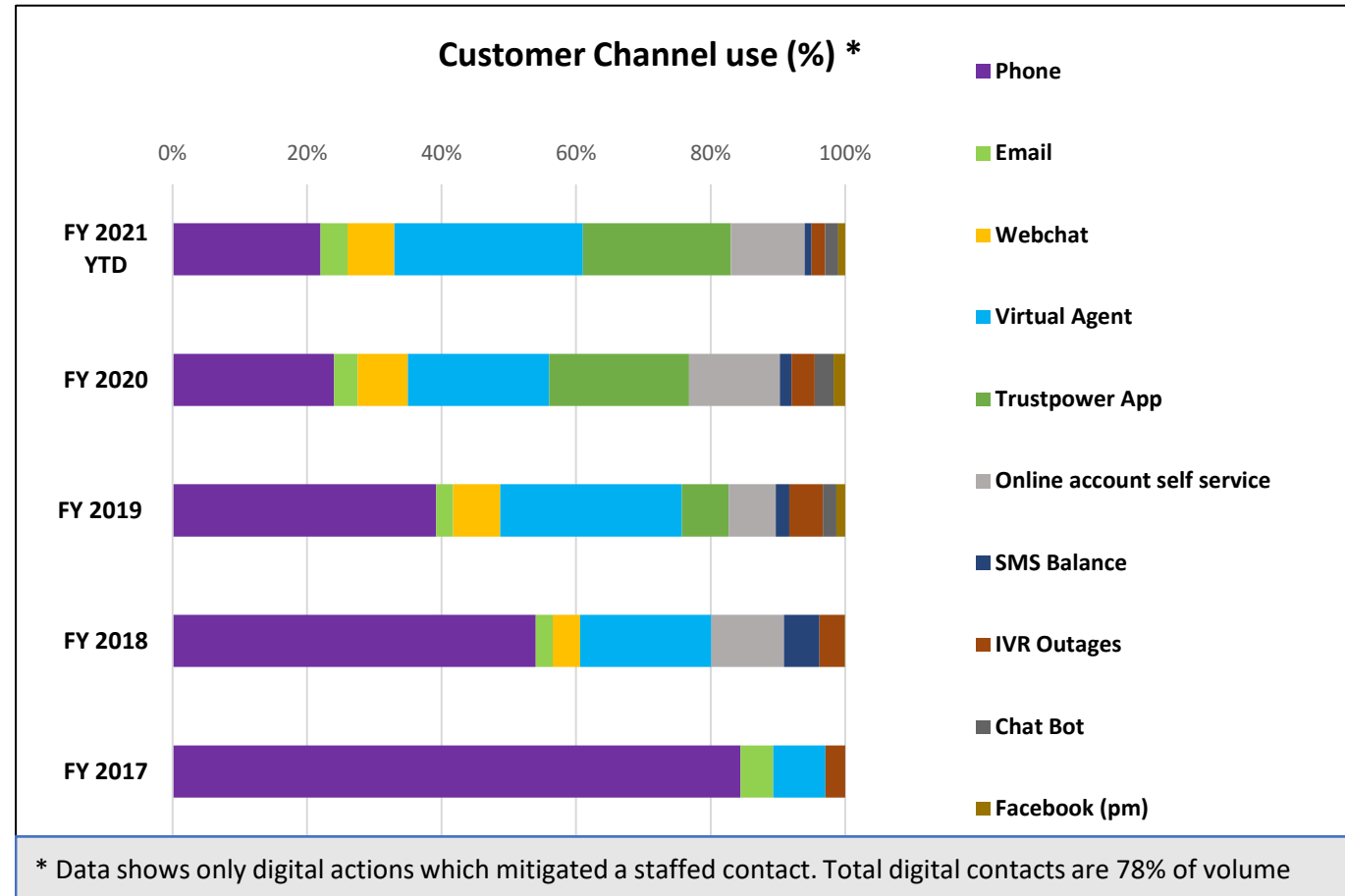
“ I just wanted to say thank you for caring about me during lockdown and calling to make sure I was coping. It meant the world to me & I will be telling everyone how wonderful you are “

Mary , Otago

Customer centric channels continue to optimise staff effort

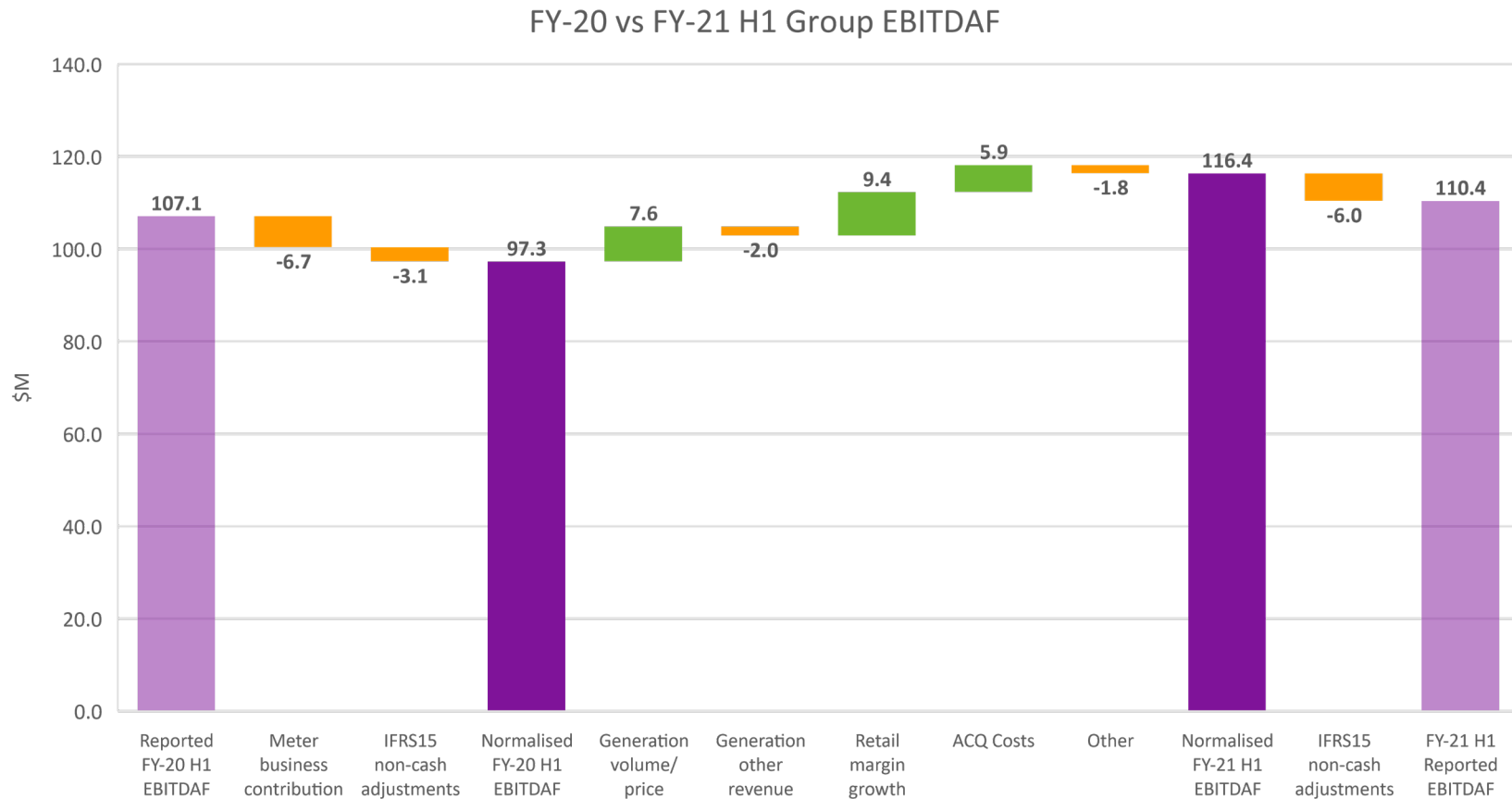
High levels of digital service & engagement driving optimised staffed effort & supporting growth without headcount.

- App re-engagement remains high at 80% ensuring we get the most out of our digital investments.
- COVID digital use peaked at 86% of volume with an increase in Virtual Agent and Trustpower App use.
- Staffed effort is optimised to the 'moments that matter.'



FY21 HALF YEAR FINANCIAL REVIEW

EBITDAF bridge half year 2020 – 2021



Stronger wholesale prices drove Generation earnings increase, despite lower volumes. The loss of metering revenue and declines in ACoT revenue drove unfavourable variance to the pcp in other Generation revenue.

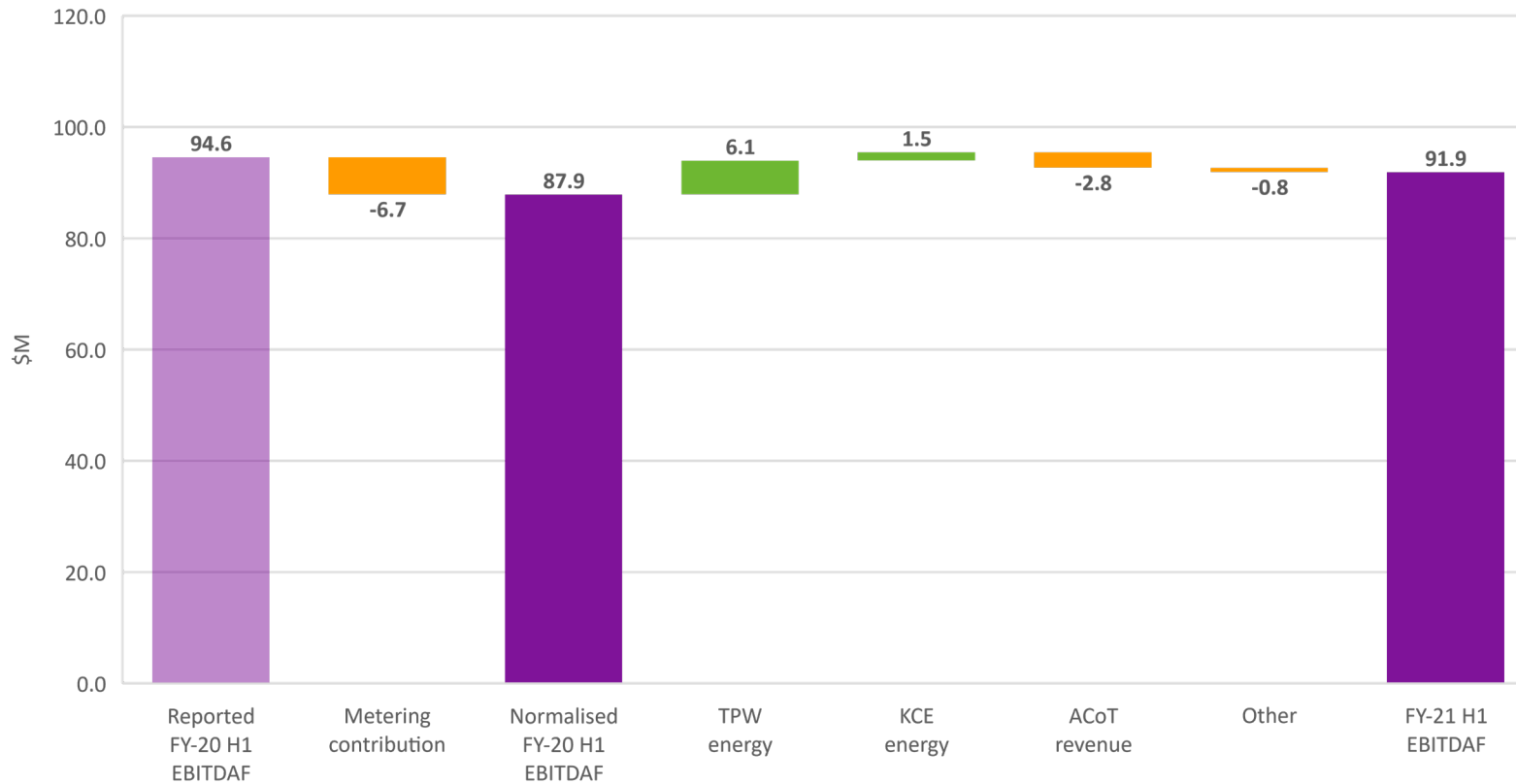
Strong retail margin growth from increased telco customers and retail electricity price changes.

Acquisition costs were lower than the pcp due to materially reduced activity during higher COVID-19 lockdown levels.

Other mainly relates to reduced retail fee income which was also impacted by COVID-19, with a reduction in disconnection and bill payment notification fees due to changes to our credit cycle.

Generation EBITDAF

FY-20 vs FY-21 H1 Generation EBITDAF



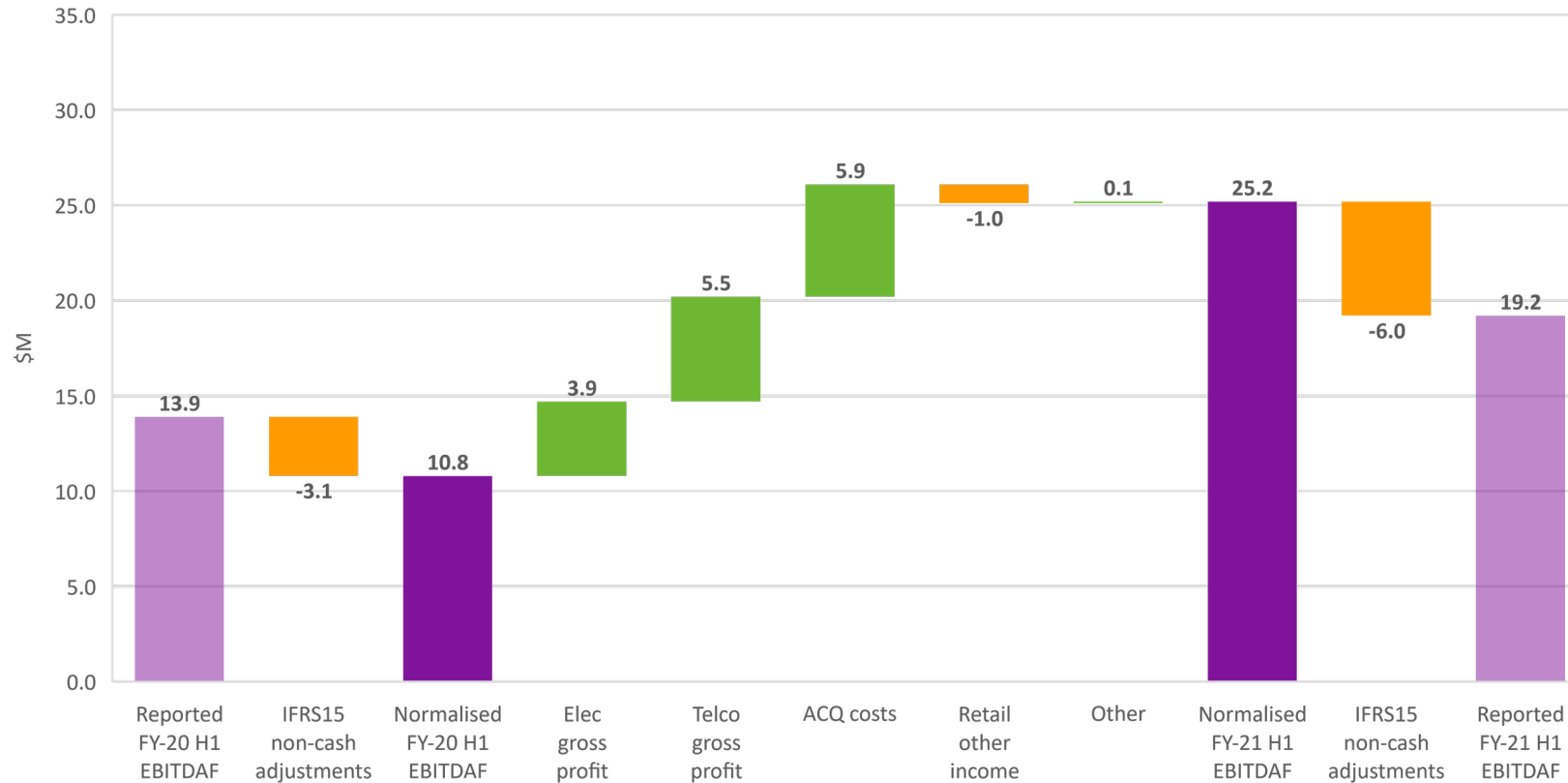
Stronger wholesale prices offset lower volumes than the pcp to provide higher energy margin from both Trustpower and KCE.

Trustpower sold its meter asset business in November 2019.

'Other' driven primarily by a higher allocation of Corporate costs

Retail EBITDAF

FY-20 vs FY-21 H1 Retail EBITDAF



Electricity gross profit was stronger than the pcp due to retail price changes made late in FY-20.

Telco gross profit was driven higher by increased customer numbers, and positive revenue per user trajectory due to greater uptake on higher value telco plans.

ACQ costs were materially reduced compared to the pcp due to significant reduction in acquisition activity during higher COVID-19 lockdown levels.

IFRS15 accounting adjustments were unfavourable to reported numbers compared to the pcp

Retail other income was also impacted by COVID-19, with a reduction in disconnection and bill payment notification fees due to changes to our credit cycle.

Generation asset values appropriate

Significant changes since March

The Board considered the appropriateness of the carrying value of generation assets in the light of three material changes since March.

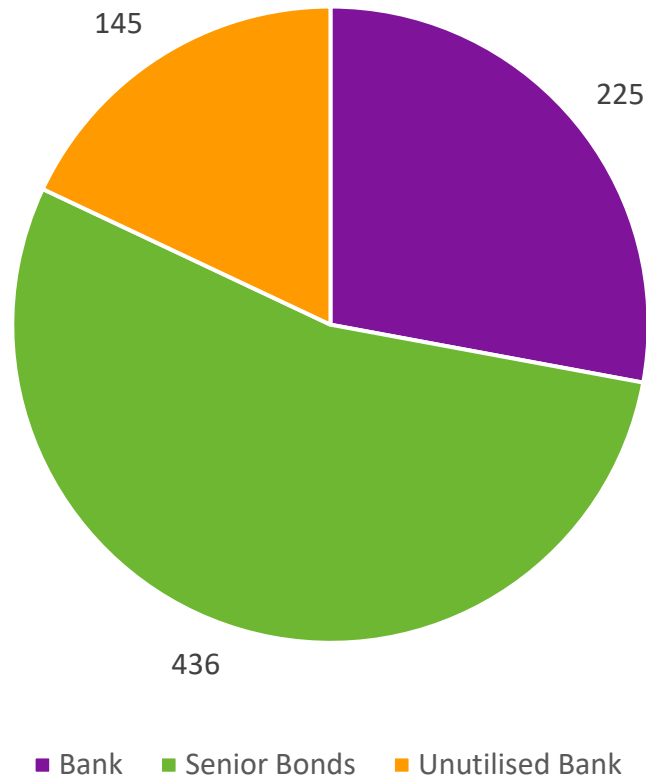
- New Zealand Aluminium Smelters Limited has announced its intention to close its aluminium smelter at Tiwai Point.
- The Electricity Authority has also announced its final Transmission Pricing Guidelines which would end Trustpower's avoided cost of transmission (ACOT) revenue from 1 April 2024.
- Significant fall in interest rates.

The three factors above have substantially offset each other and the carrying value is still within an estimated fair value range.

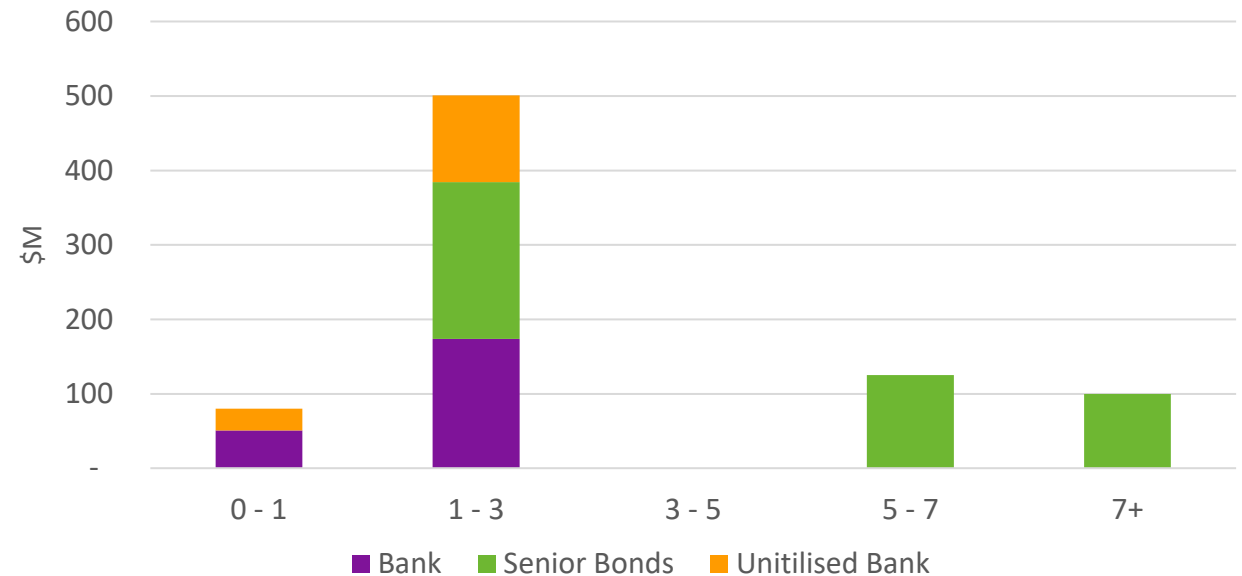
Value of peaking an emerging theme

Trustpower has begun work to forecast the impact of an expected increase in price volatility on its generation assets. While this analysis is ongoing, initial work suggests that Trustpower's flexible hydro fleet, with its ability to generate in higher price periods, will benefit from the increase in volatility.

Debt capital management



Strong position to manage uncertainty



- Trustpower has refinanced all its debt due in 2020 and does not expect to be returning to the bank or debt markets over the next 12 months.
- Unutilised bank debt is considered sufficient to accommodate the current levels of uncertainty.

Interim dividend

Interim Dividend declared of 17.0 cps fully imputed

To date the performance of the company has been inline with expectations and the inherent uncertainties of the weather. There remain however, uncertainties caused by the COVID-19 pandemic. The Board has resolved to declare an interim dividend in line with our pre-COVID levels.

A further review of dividends will be undertaken at the yearend when more information regarding the impact of COVID on the economy is known.

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

OUTLOOK

In summary

- The FY21 operating results for the half year were impacted by weather but the expected lift, particularly in retail performance, has materialised despite COVID-19, which is pleasing.
- Focused on incremental value creation in generation, cost optimisation and volume gains.
- Building a network of partners that create options for participation in new generation.
- Trustpower remains positioned as a premium New Zealand focused multi-product platform delivering for customers and shareholders. The launch of mobile and further growth of wireless broadband has further cemented this position.
- Strong asset base in both generation and ISP infrastructure.
- Highly capable staff with leadership capability throughout the organisation, demonstrated by an outstanding response to the COVID crisis.
- Focus over recent years on developing digital capability was proven as successful under the COVID lockdowns.



Trustpower has the capability to prosper in uncertain times

Market guidance update

FY21 EBITDAF

Trustpower expects its FY21 EBITDAF to be in the range of \$185 - \$205 million, as H2-21 presents some challenges

The forecast is underpinned by the following assumptions:

- Generation volumes for FY-21 now forecasted at ~1,702 GWh (incl KCE). This reflects low volumes across the first half of the year and current below average lake storage levels.
- NZ Wholesale prices are in line with current forward pricing for the year.
- Average temperatures and average residential electricity consumption for the remainder of the year.
- Total average mass market customers of ~231,000 including ~107,000 telco customers.
- Bad debt levels remain at recent historical levels.

CAPEX

Trustpower expects its FY21 capex to be in the range of \$34m - \$44m

This is made up of:

- Asset lifecycle Generation capex in the range of \$16m - \$19m
- Asset enhancement Generation capex in the range of \$5m - \$7m
- IT and telecommunications network capex in the range of \$11m - \$14m
- Other capex \$2m – \$4m

THANKS!

QUESTIONS

How to ask questions

While you're attending the webcast there are integrated features on the platform which allow you to send questions to the presenters. You can either ask questions via the **Q&A** feature and **type** your question, or you can use the **Raise Hand** feature if you would like to **verbally** ask your question to the presenters. If you are **dialling in** via the dial-in phone number, you can only ask questions **verbally** using the **Raise Hand** feature.

How to use the Q&A feature

Click on the **Q&A** button and type your question and press the **Send** button to submit. When the presenters are ready to answer your question, they will either answer it live, or they will reply in the Q&A feature where you will be able to read their response.

How to verbally ask your question online

Press the Raise Hand button. When the presenters are ready to answer your question, they will acknowledge and unmute you, so you are able to ask your question.

How to verbally ask your question via your phone

If you have dialled in via the phone number you can **press *9** on your phones dial pad which will raise your hand, the presenters will acknowledge and unmute you when they are ready for your question.

ADDITIONAL INFORMATION

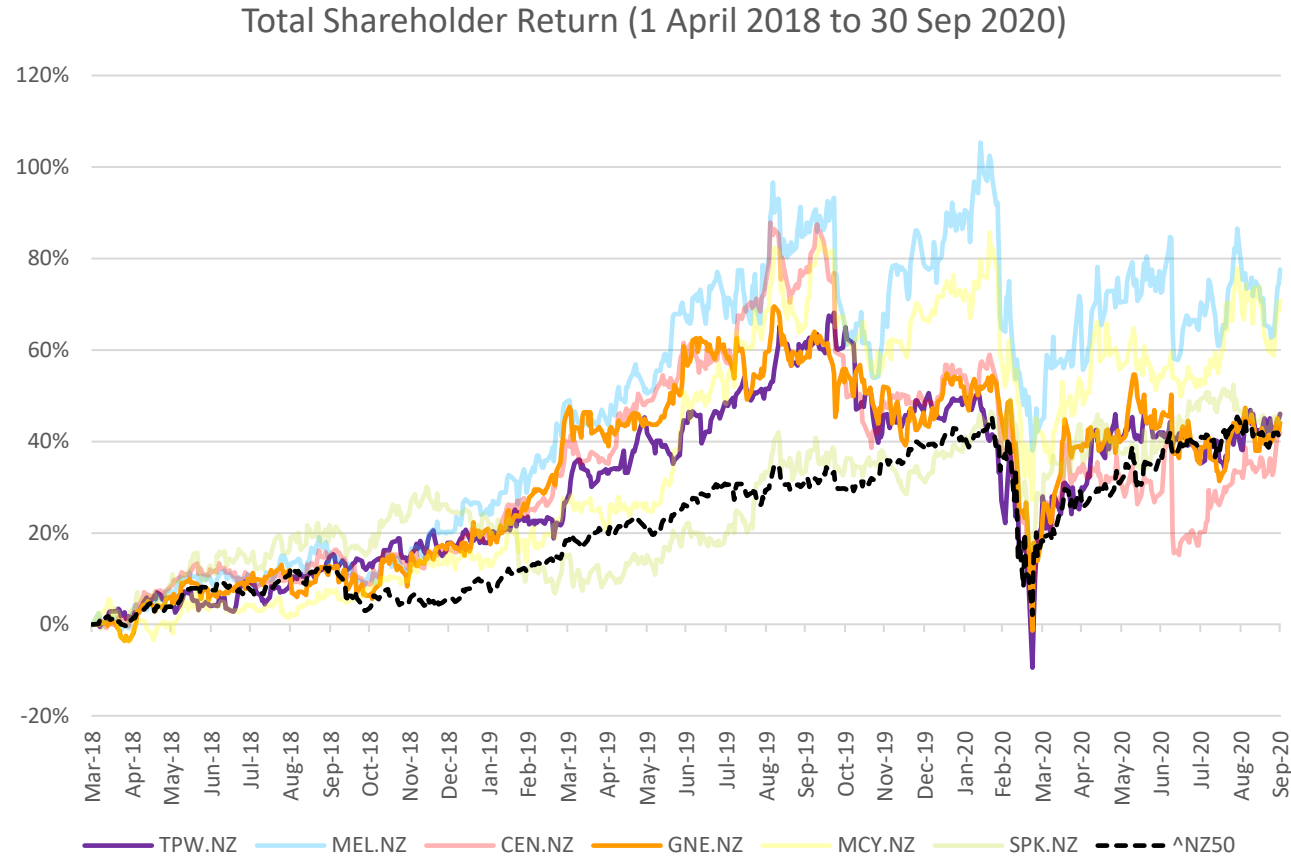
Trustpower key facts

- 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 \$2.2 billion
- Key shareholders Infratil (51.0%) and TECT (26.8%)
- New Zealand generation capacity (hydro) 487MW producing an average of circa 1,917 GWh per annum
- Approximately 411,000 utility accounts
- 117,000 customers have more than one product
- Approximately 809 FTE employees

Trustpower adds shareholder value

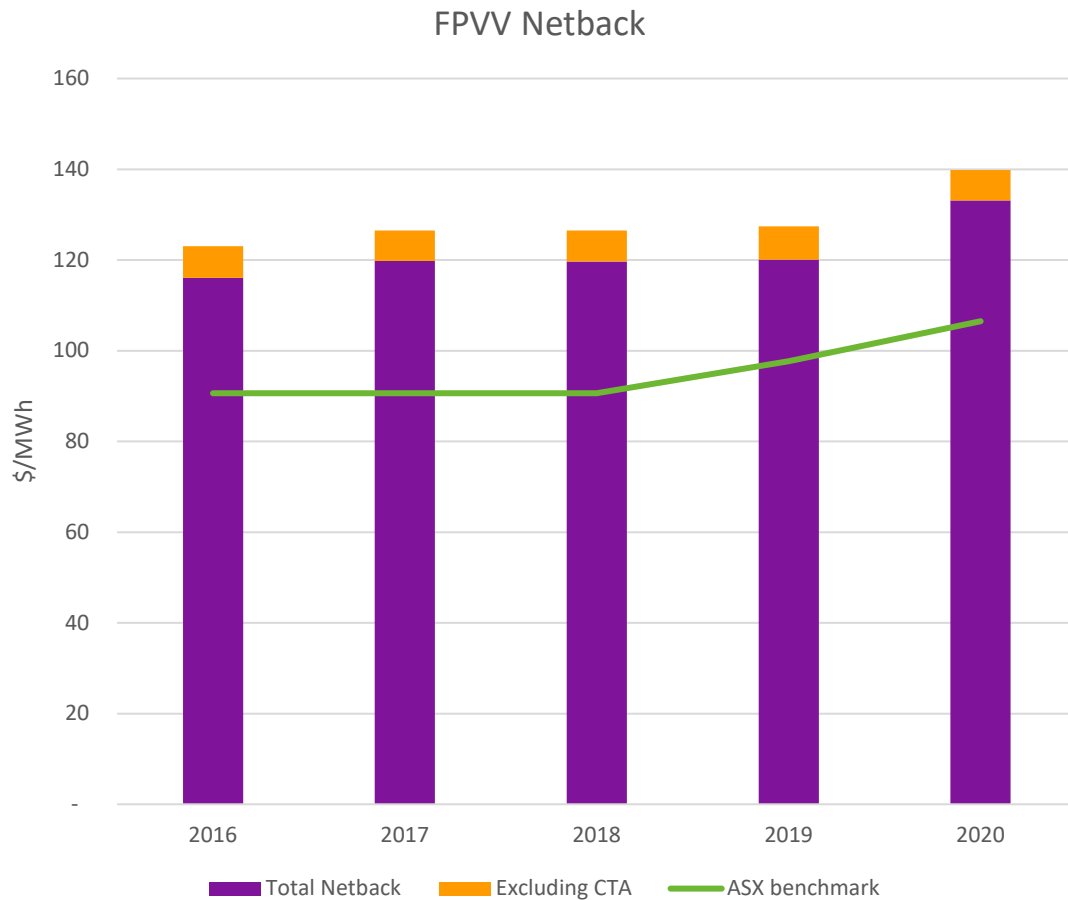
Share price trend driven by underlying value

- High dividend yield
- Sustainable gearing allowing for future growth
- Supportive major shareholders
- Credible retail growth story
- Flexible and geographically diverse fleet of generation assets that will optimise value under a variety of scenarios



| | |
|-------|-----|
| TPW | 46% |
| CEN | 42% |
| GNE | 44% |
| MCY | 71% |
| MEL | 78% |
| SPK | 46% |
| NZX50 | 41% |

Netback



Strong retail profitability reflects:

- Retention of existing customers through excellent service
- Targeting of value adding new customers

Note: includes Fixed Price Variable Volume (FPVV) commercial and industrial customers

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 | 38,678 | 33,611 |
| Fair value losses / (gains) on financial instruments | 12,249 | 26,484 |
| Asset impairments | 2,381 | - |
| Changes in income tax expense in relation to adjustments | (4,096) | (7,416) |
| Underlying Earnings After Tax | 49,212 | 52,679 |
| Operating Profit | 72,705 | 62,010 |
| Fair value losses / (gains) on financial instruments | 12,249 | 26,484 |
| Asset impairments | 2,381 | - |
| Depreciation and amortisation | 19,768 | 21,906 |
| EBITDAF | 107,103 | 110,400 |

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