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EVOLUTION**



Key Highlights



- Q2-20 saw 84% of all new customer acquisitions take multiple products, with an 8.6% increase year-on-year of total customers taking 2+ products to 111,000.
- Total retail electricity sales volumes were down 0.7% vs the pcp for Q2-20, with Mass Market/SME down 1.2% and C&I flat with the pcp. Average electricity volumes per day for mass market customers were up 2.0% on the pcp for the quarter.
- Customer churn for those who take our telco-bundled products continued to track well below those that take energy-only products, with a continuation of flattening customer churn across all bundles.
- 67% of all our broadband customers are now on fibre, up from 52% same time last year, and 64% for the previous quarter. 93% of our telco customers are now taking medium and fast speed fibre plans (100+MB download).
- Virtual contacts and first contact resolution both showed increases against the pcp, despite 33% higher contacts in the period. Please note a change in definition of virtual contacts to align with industry standard.



- Q2-20 saw total electricity generation volumes down 3% on the pcp, with stronger South Island volumes offset by a 10% decrease in North Island volumes due to lower run-of-river volumes (inflows).
- We maintained our ability to achieve above-average prices for our generation, with our GWAP/TWAP ratio averaging 1.05 for the quarter. Average GWAP achieved across the quarter rose to \$122/MWh.
- Asset availability (measured as % of potential total) returned to more normal levels in September after works at our Highbank Scheme were completed and it was returned to service.

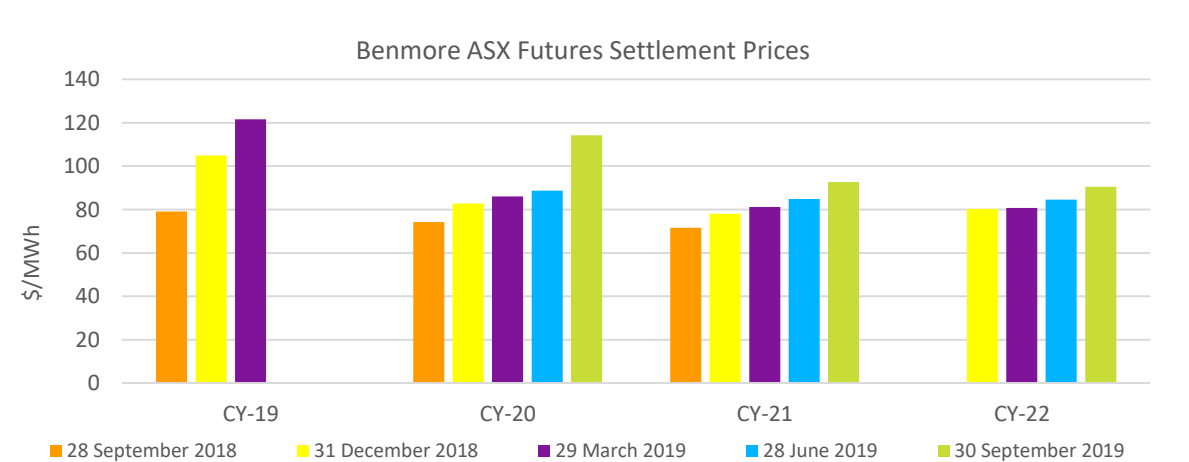
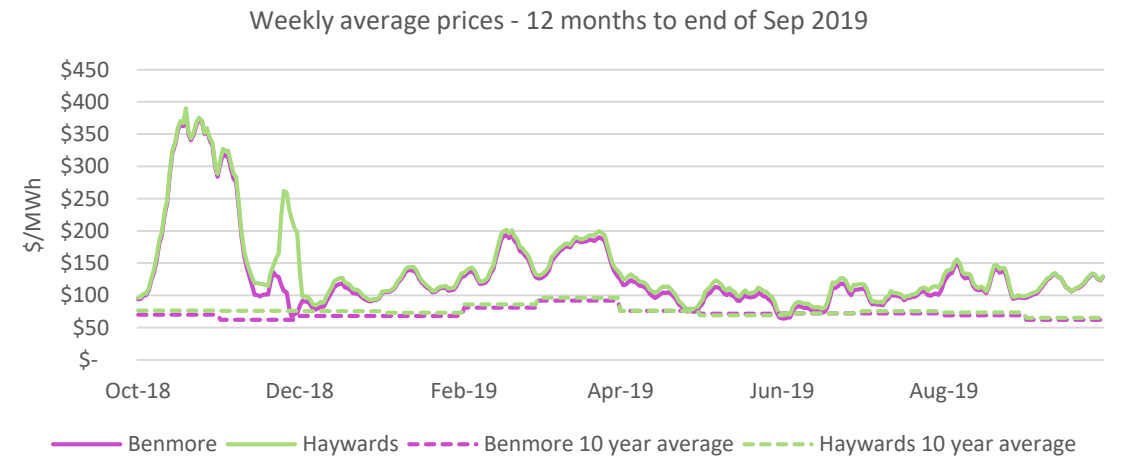
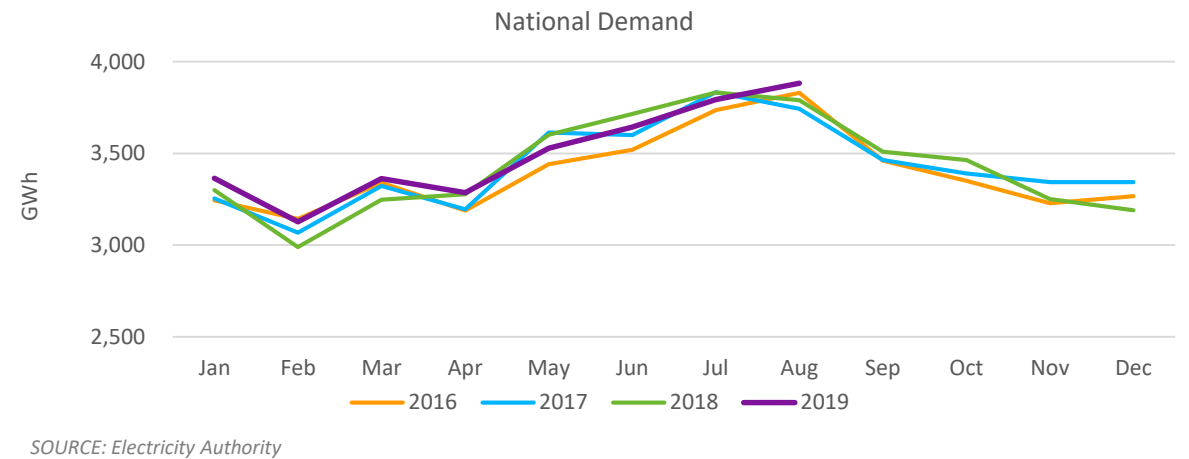
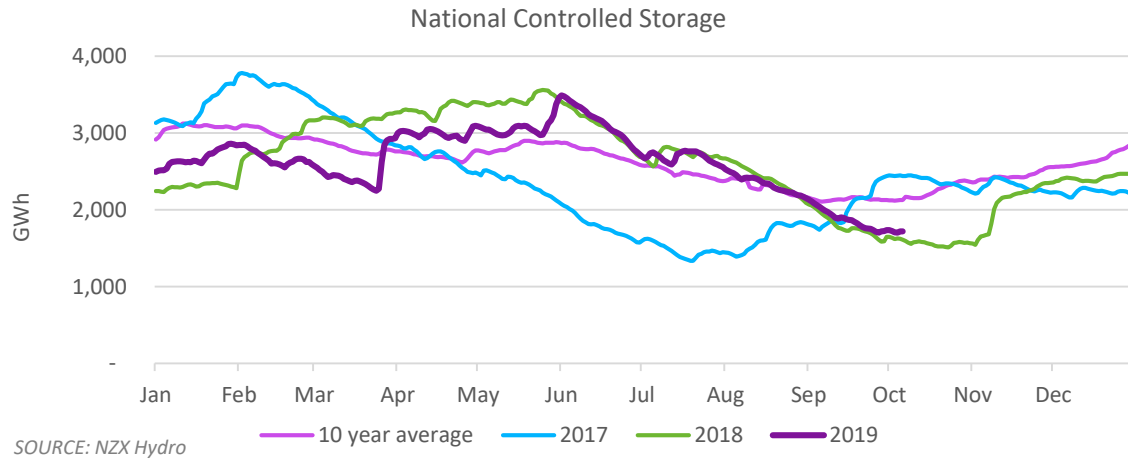


- National Controlled Storage at 30th September 2019 sat at 80% of the 10-year average and is now at similar levels to 2018.
- Forward ASX prices rose again for every forward year over the quarter, particularly short-dated strips.
- Average wholesale prices remained firm and continued to lift throughout the quarter.
- National demand (only currently available to end of Aug-19) started to show signs of lifting vs pcp's.



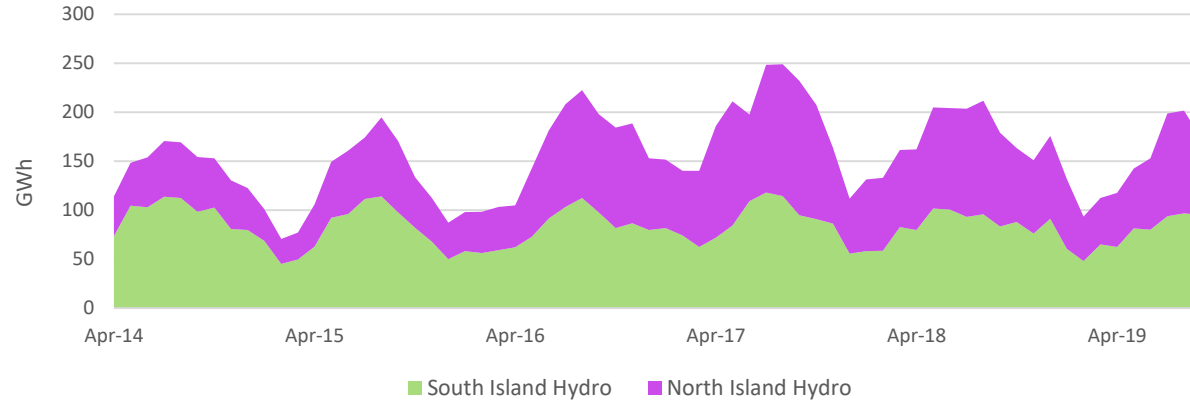
- Trustpower launched Wireless Broadband offerings in Market in August.
- Our ISP has topped the Netflix speed rankings for the previous seven months. We have also completed network upgrades to cater for increased data consumption and quality.
- Our smart metering deployment programme continues with ~30,000 meters deployed at the end of September 2019.

Wholesale electricity market

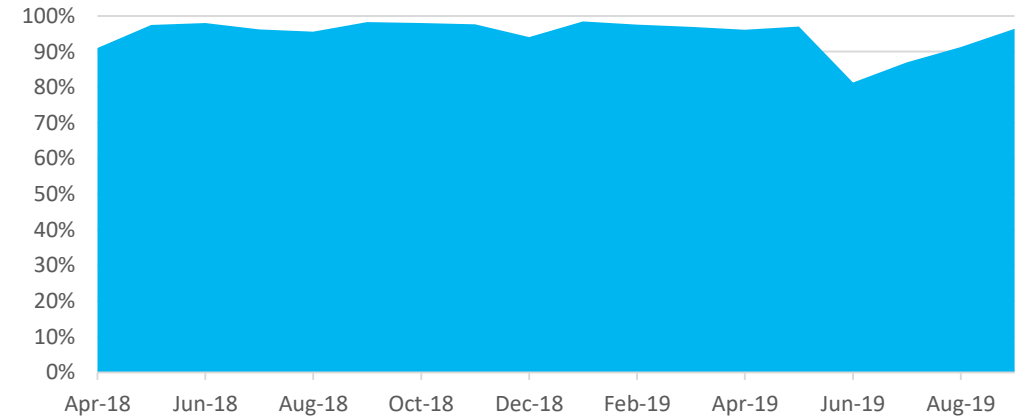


Generation

Monthly Generation Volumes



Percentage of Potential Revenue Achieved



**Q2-20
NI Generation**

↓ 10%
vs pcp

**Q2-20
SI Generation**

↑ 5%
vs pcp

Q2-20 GWAP/TWAP

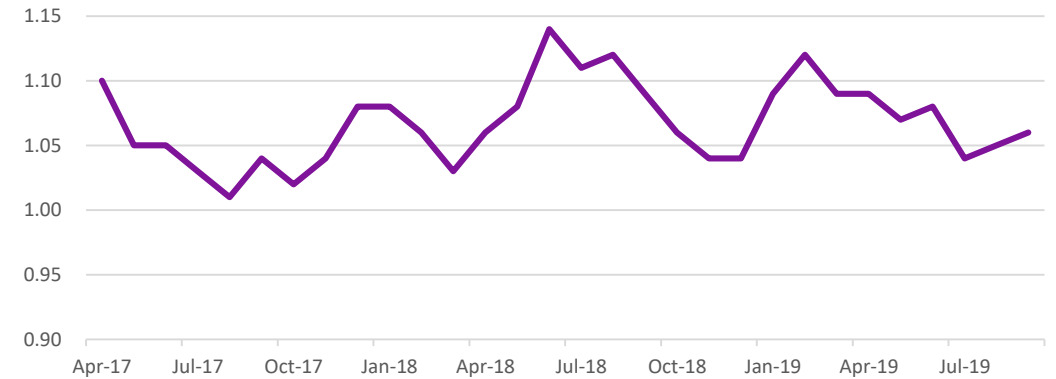
1.05

\$126/MWh New Zealand Load Weighted Average Price (LWAP)

\$122/MWh New Zealand Generation Weighted Average Price (GWAP)

NOTE: Q2 Prices

GWAP / TWAP

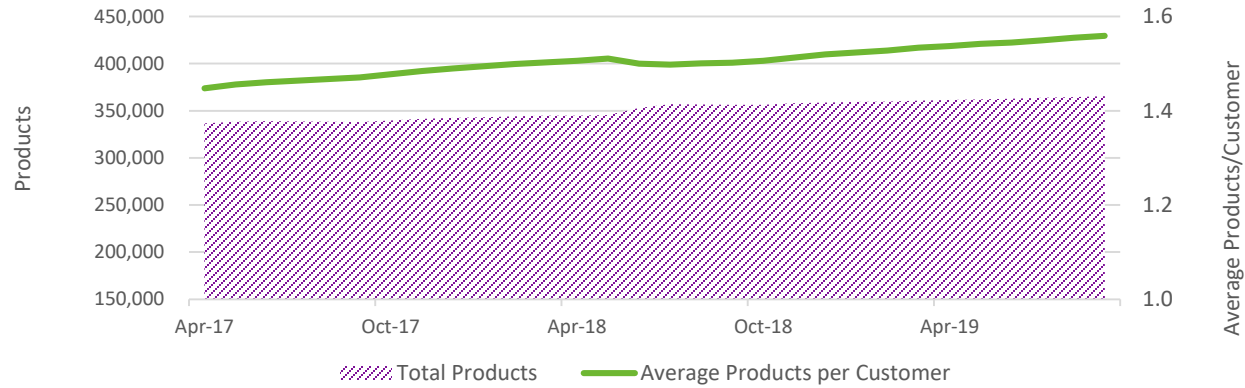


* See glossary for definitions

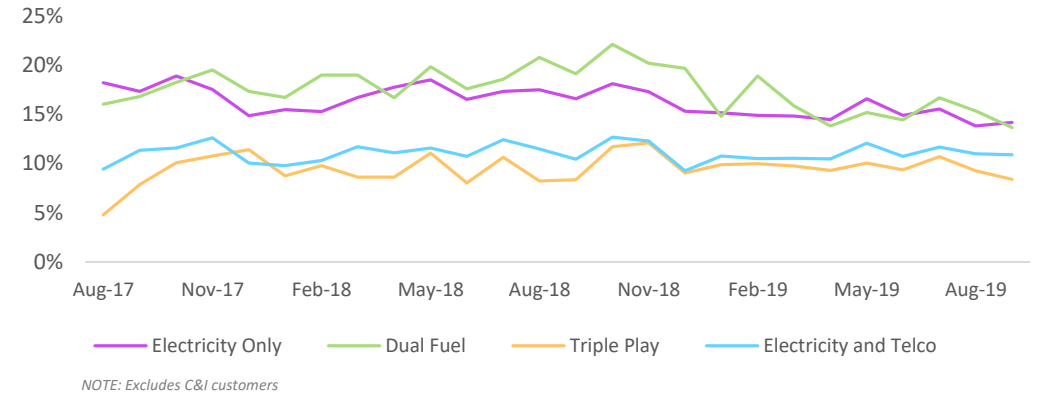


Retail

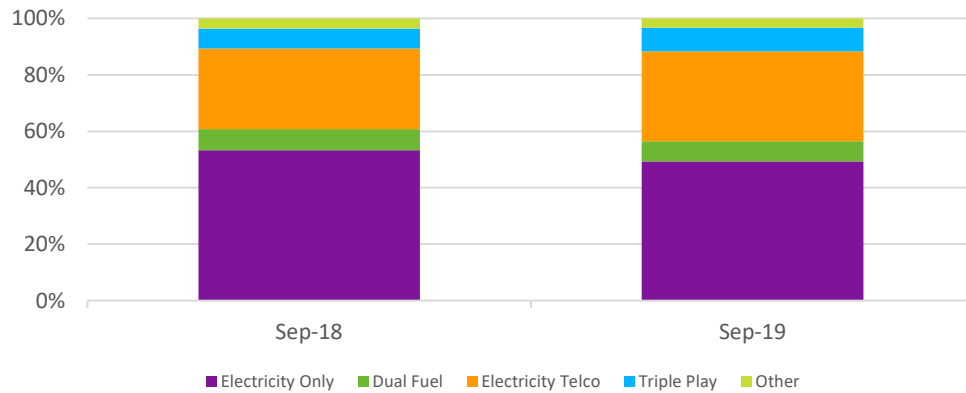
Average Products per Customer



Electricity Only vs Multi-Product Churn



Customer Mix



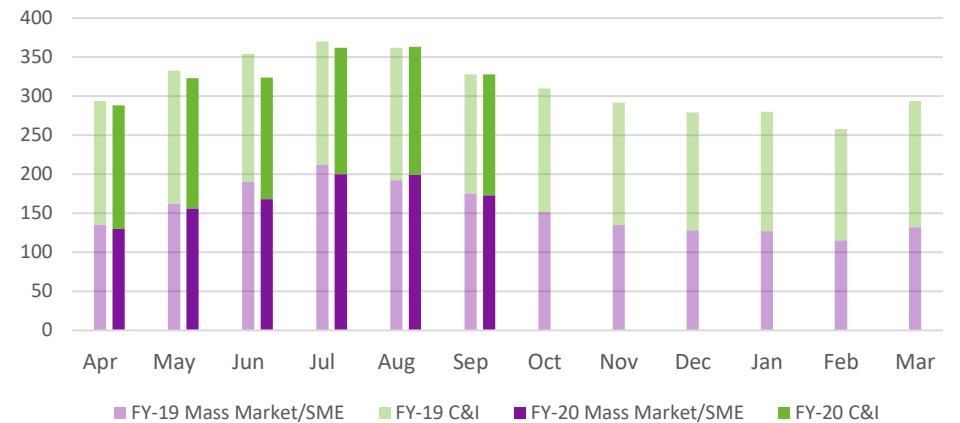
Q2-20 acquisitions
- 2+ products

84%

YoY customers
taking 2+
products

↑ 8.6%

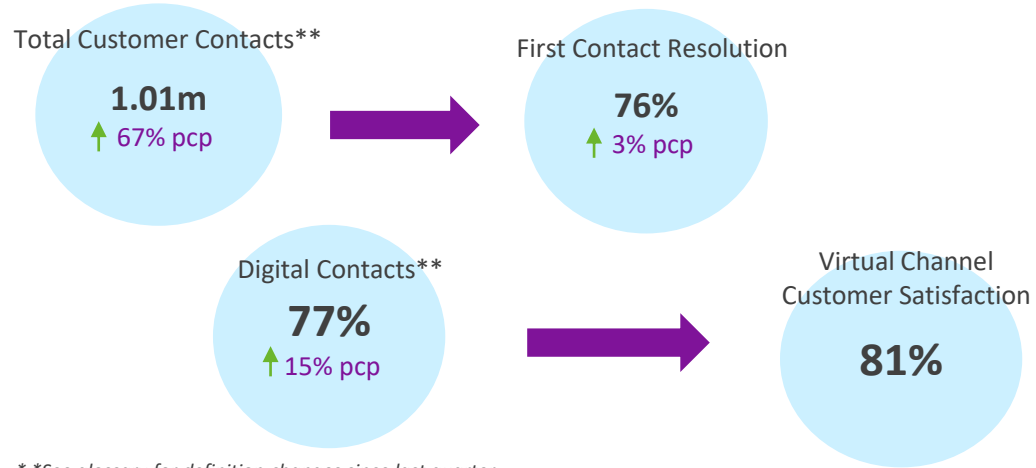
Total Retail Sales Volumes



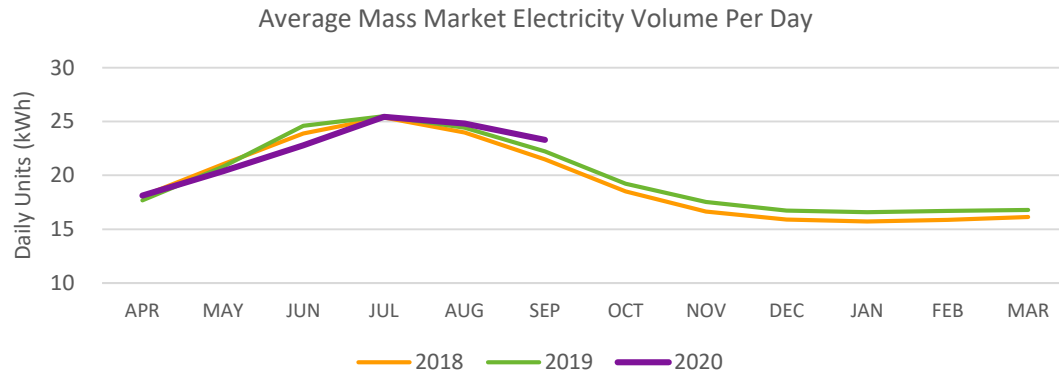
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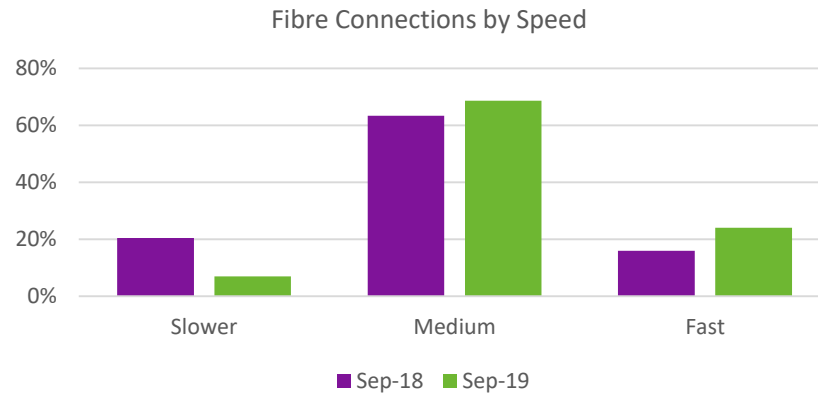
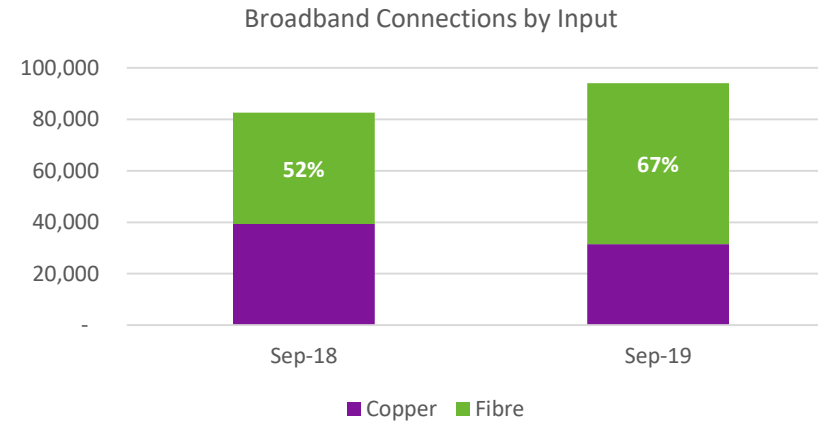
Retail



**See glossary for definition changes since last quarter



* See glossary for definitions



NZ UFB Market Share

7.1%

NOTE: Current to Jun-19

Total Data Usage (vs pcp)

↑ 41%

Netflix Ranking

Jul-19: **1st**

Aug-19: **1st**

Sep-19: **1st**



Operating stats

	Q1 FY-18	Q1 FY-19	Q1 FY-20	Q2 FY-18	Q2 FY-19	Q2 FY-20	Q3 FY-18	Q3 FY-19	Q3 FY-20	Q4 FY-18	Q4 FY-19	Q4 FY-20
Customers, Sales and Service												
Electricity connections (000s)	276	270	266	273	270	266	273	269		273	267	
Telecommunication connections (000s)	79	89	98	80	91	100	85	94		87	96	
Gas connections (000s)	37	38	39	37	38	40	37	38		37	39	
Total utility accounts	392	397	403	390	399	406	395	401		397	402	
Customers with two or more services (000s)	94	101	109	94	102	111	98	105		100	107	
Mass market sales - Fixed Price (GWh)	476	488	453	614	579	572	392	414		349	364	
Time of use sales - Fixed Price (GWh)	227	216	210	199	218	208	239	227		233	219	
Time of use sales - Spot (GWh)	287	272	271	279	263	275	269	240		251	246	
Total customer sales (GWh)	990	976	934	1,092	1,060	1,055	900	881		833	829	
Average spot price of electricity purchased (\$/MWh)	79	80	115	97	88	126	96	207		87	164	
Gas Sales (TJ)	308	303	266	406	384	370	185	194		113	125	
Annualised electricity ICP churn rate*	21%	20%	18%	21%	20%	18%	19%	20%		16%	15%	
Annualised electricity ICP churn rate - total market*	22%	22%	20%	23%	22%	23%	21%	22%		19%	17%	
Generation Production and Procurement												
North Island generation production (GWh)	330	289	189	402	322	289	251	235		226	164	
South Island generation production (GWh)	266	282	224	327	273	286	233	255		200	174	
Total New Zealand generation production (GWh)	596	571	413	729	595	575	484	490		426	338	
Average spot price of electricity generated (\$/MWh)	81	78	110	101	87	122	88	200		83	163	
Net third party fixed price volume purchased (GWh)	409	423	393	361	348	387	348	319		421	373	
Other Information												
Resource consent non-compliance events**	2	4	3	1	2	7	2	2		3	2	
Recordable Injuries	9	4	0	7	3	2	7	2		7	4	
Staff numbers (full time equivalents)	782	805	779	787	798	812	803	801		803	818	

* Churn statistics are calculated using market data available up to August 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-18	YTD FY-19	YTD FY-20	Full Year FY-18	Full Year FY-19	Full Year FY-20
Customers, Sales and Service						
Electricity connections (000s)	273	270	266	273	267	
Telecommunication connections (000s)	80	91	100	87	96	
Gas connections (000s)	37	38	40	37	39	
Total utility accounts	390	399	406	397	402	
Customers with two or more services (000s)	94	102	111	100	107	
Mass market sales - Fixed Price (GWh)	1,090	1,067	1,025	1,831	1,845	
Time of use sales - Fixed Price (GWh)	426	434	418	898	880	
Time of use sales - Spot (GWh)	566	535	546	1,086	1,021	
Total customer sales (GWh)	2,082	2,036	1,989	3,815	3,746	
Average spot price of electricity purchased (\$/MWh)	91	84	120	91	131	
Gas Sales (TJ)	714	687	636	1,012	1,006	
Annualised electricity ICP churn rate*	19%	20%	18%	18%	19%	
Annualised electricity ICP churn rate - total market*	22%	22%	22%	21%	21%	
Generation Production and Procurement						
North Island generation production (GWh)	732	611	479	1,209	1,010	
South Island generation production (GWh)	593	555	510	1,026	984	
Total New Zealand generation production (GWh)	1,325	1,166	989	2,235	1,994	
Average spot price of electricity generated (\$/MWh)	89	83	117	88	125	
Net third party fixed price volume purchased (GWh)	770	771	780	1,539	1,463	
Other Information						
Resource consent non-compliance events**	3	6	10	8	10	
Recordable Injuries	16	7	2	30	13	
Staff numbers (full time equivalents)	787	798	812	803	818	

* Churn statistics are calculated using market data available up to August 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.

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 interaction with a customer
Digital Contact	% of customer interactions that are via digital channels. Note: prior to September 2019 Trustpower only reported digital contacts that it considered displaced a staffed contact. In line with industry practice we now report all digital contacts.)
E-Bill	Receives their bill electronically rather than post

Term	Definition
EOM	End Of Month
First contact resolution (FCR)	Where the customers reason for contacting 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

Glossary

Term	Definition
LWAP	Load Weighted Average Price – Average cost of energy per unit for the retail business
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
Percentage of Potential Revenue Achieved	Total monthly Trustpower (excluding KCE) generation spot revenue less the value of lost market revenue due to outages, expressed as a percentage.
PoP	A physical location that houses telco equipment. (Point of Presence)

Term	Definition
Recordable Injury	Lost Time and Medical Treatment Injuries
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)
YoY	Year-On-Year
YTD	Year-To-Date

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