

**Trust**  
power™

Quarterly Operating Report | Q3-21 December 2020



# Quarterly Insights

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## **Customers continue to value the bundle, Mobile and Fibre uptake looking strong**

Average products per customer continues to rise, with a 5.4% increase YoY in the number of customers that take 2 or more products. Greater than 85% of new customer acquisitions in Q3-21 took 2 or more products.

Our mobile offering continues to resonate well in market, and our fixed line broadband business continues to grow, adding over 2,000 net customers in the quarter. Customer preference for fast fibre products also continues, with 78% of our Broadband customers now on fibre (with 36% now on fast fibre, up from 28% last year).

## **C&I volumes decline**

As previously signalled, the loss of a small number of high-volume, low-margin customers is the driver of our lower C&I electricity volumes. Mass Market volumes remain strong, with YTD volumes up 0.5% and average units per day 1.4% higher YTD than the pcp.

## **Customer engagement remains strong**

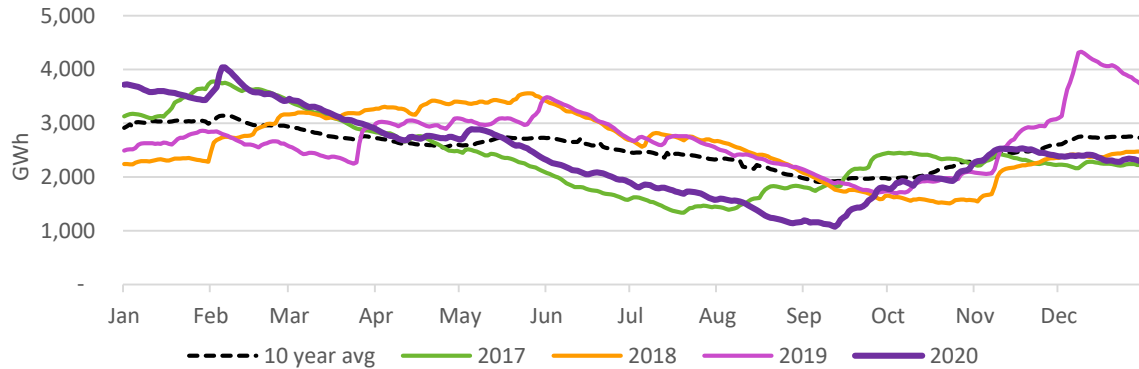
Q3-21 saw higher levels of customer contacts (up 8% compared to the pcp), and continued uptake of digital service channels (82% of contacts handled digitally, up 5%). Customer satisfaction and first contact resolution remain strong.

## **Generation production hampered by low inflows**

South Island Generation production was 13% lower than the pcp, due to a scheduled outage at our Waipori scheme. North Island volumes recovered from drought conditions in Q3 to be down 1% on the pcp.

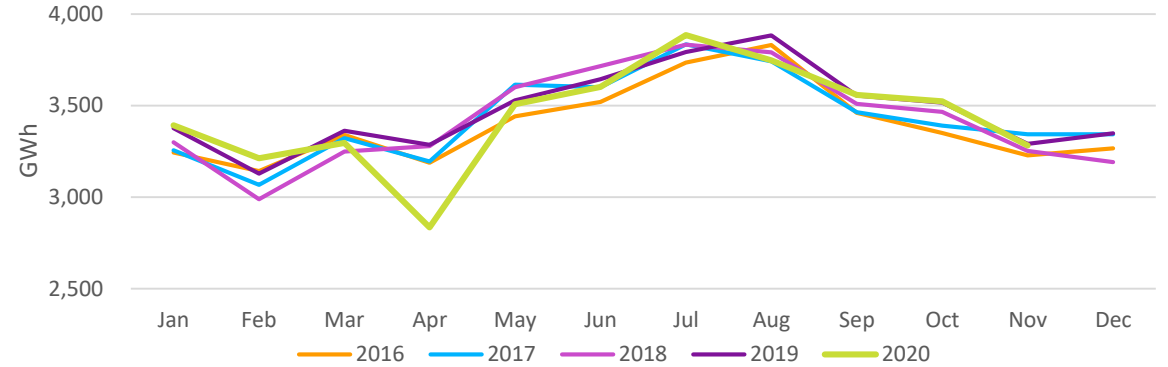
# Wholesale electricity market

National Controlled Storage



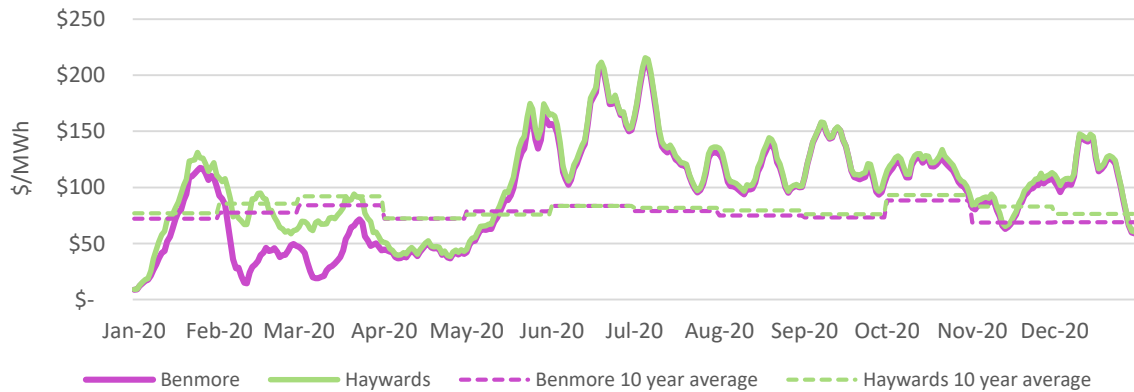
SOURCE: NZX Hydro

National Demand

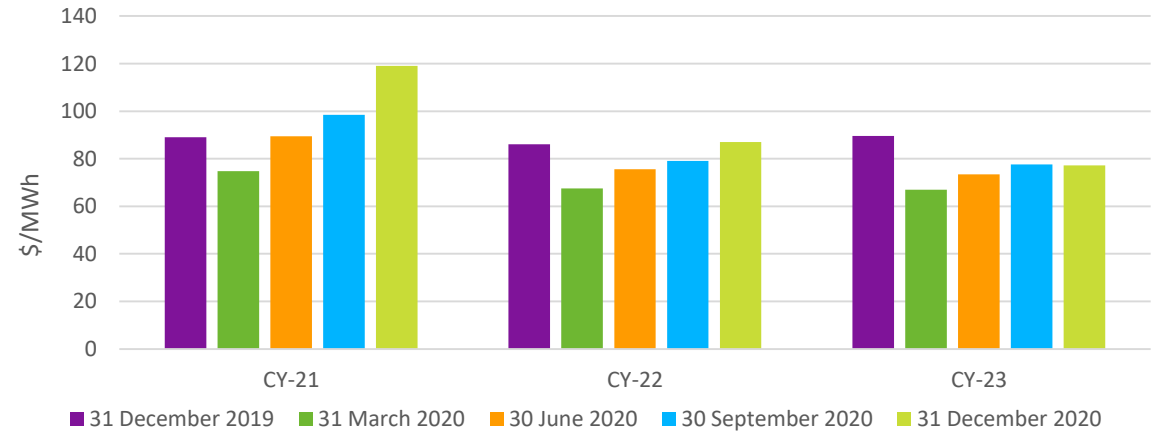


SOURCE: Electricity Authority. Reconciled demand not available for December at time of release.

Weekly average prices - 12 months to end of Dec 2020

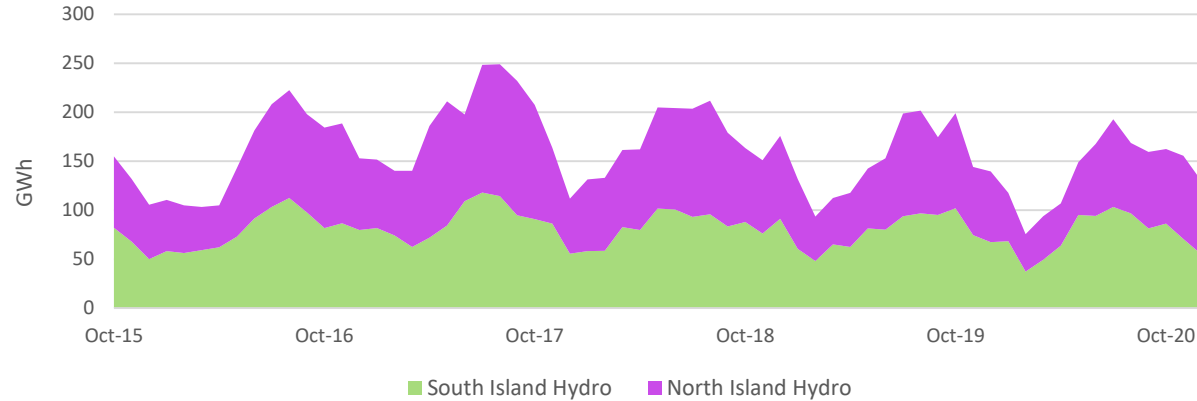


Benmore ASX Futures Settlement Prices

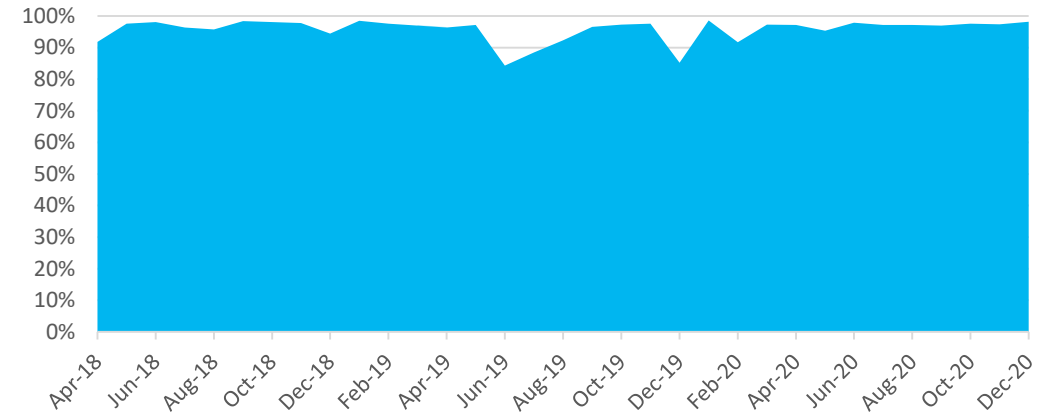


# Generation

Monthly Generation Volumes



Percentage of Potential Revenue Achieved

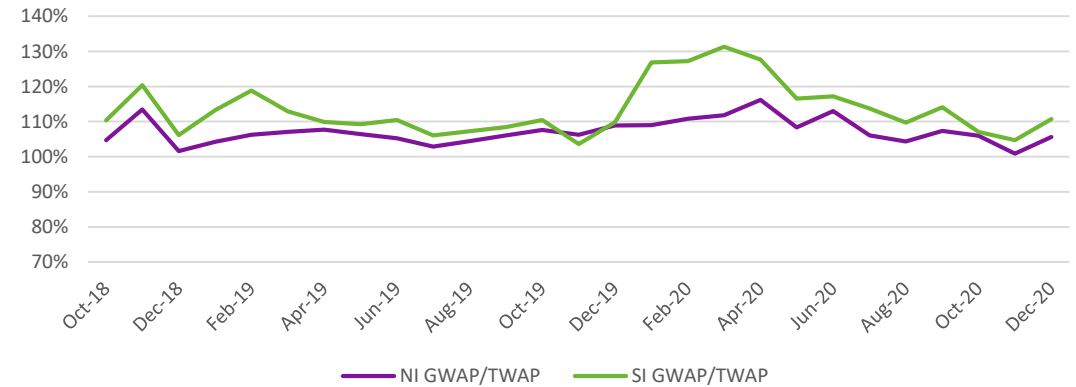


**Q3-21  
NI Generation**  
↓ **1%**  
vs pcp

**Q3-21  
SI Generation**  
↓ **13%**  
vs pcp

**Q3-21 GWAP/TWAP**  
NI **1.04**  
SI **1.08**

GWAP / TWAP



**\$117/MWh** New Zealand Load Weighted Average Price (LWAP)

**\$112/MWh** New Zealand Generation Weighted Average Price (GWAP)

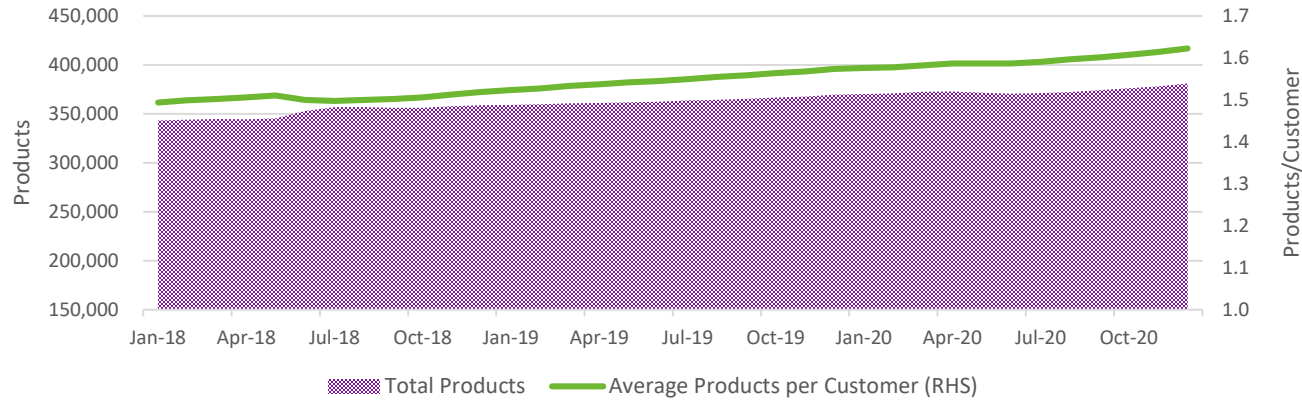
NOTE: Q3 Prices

\* See glossary for definitions

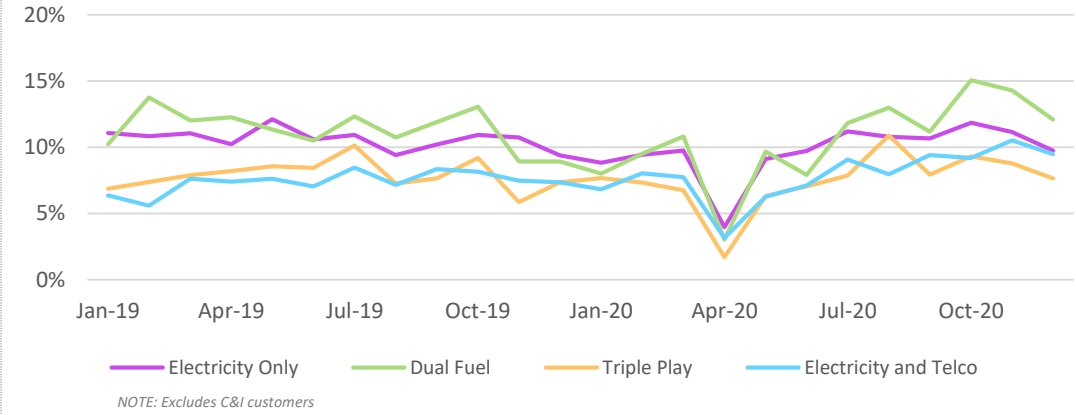


# Retail

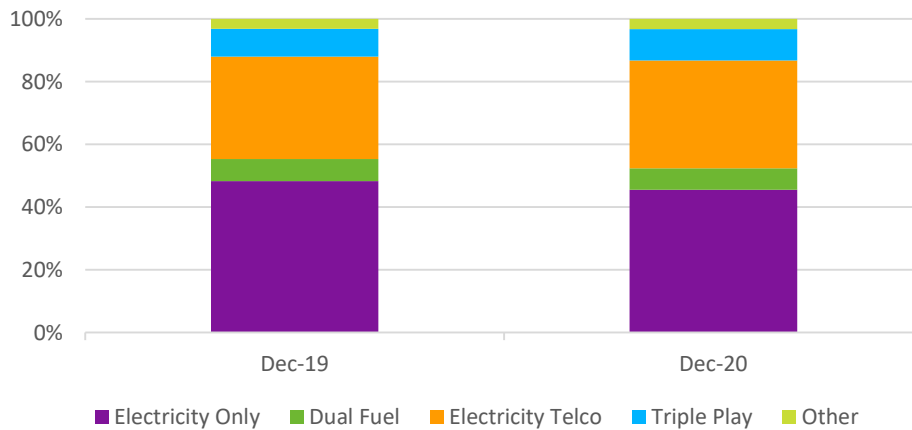
Average Products per Customer



Electricity Only vs Multi-Product Churn



Customer Mix



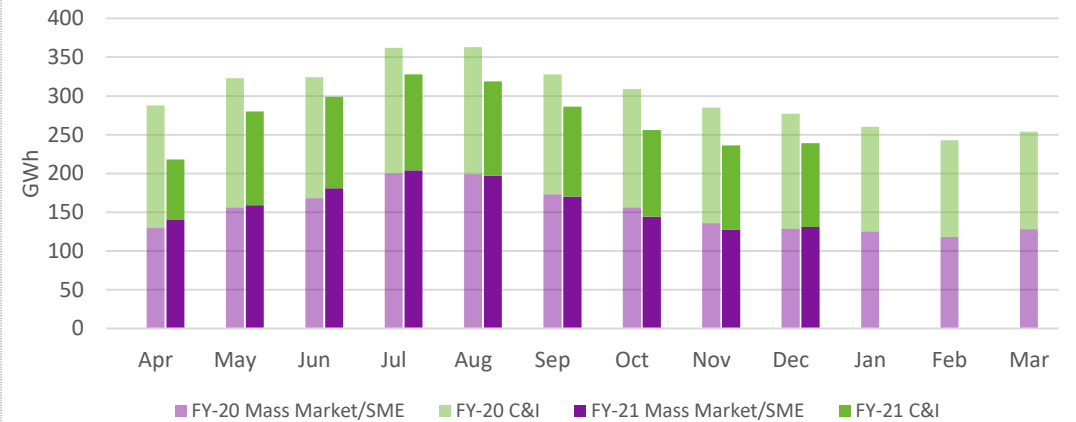
Q2-21 acquisitions  
- 2+ products

86%

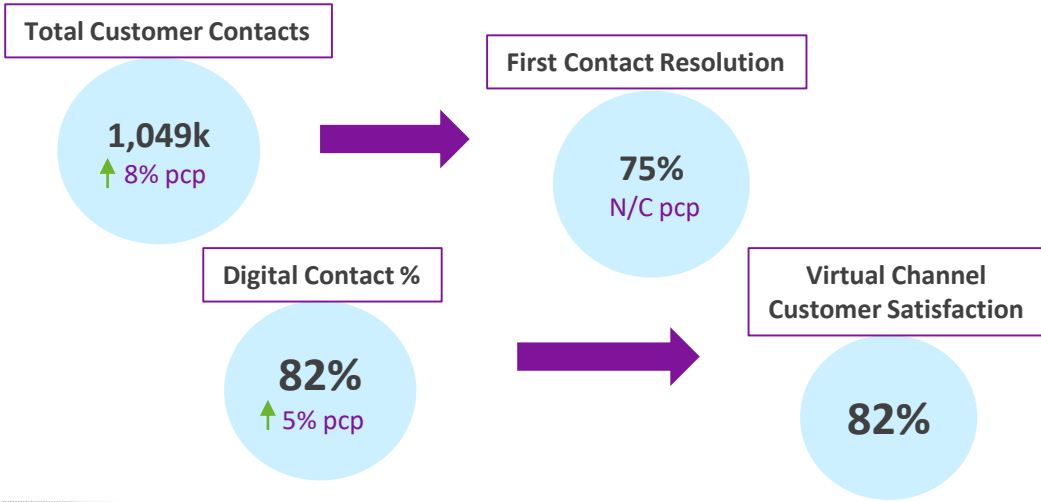
YoY customers  
taking 2+  
products

↑ 5.4%

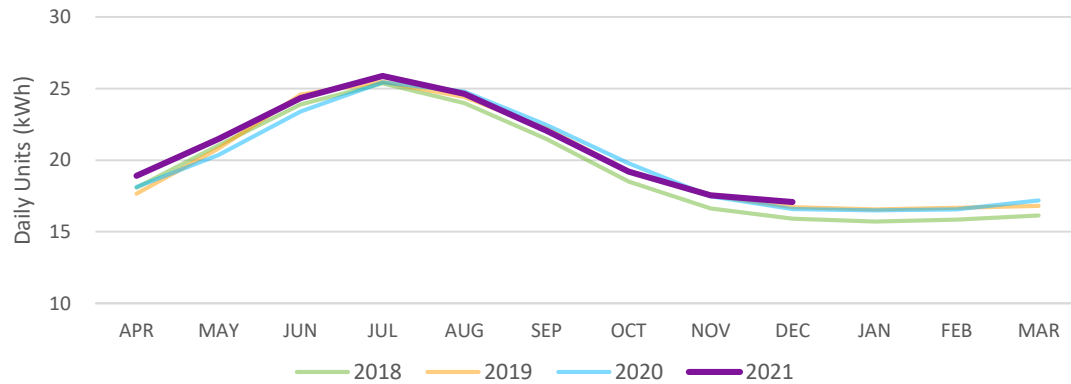
Total Retail Sales Volumes



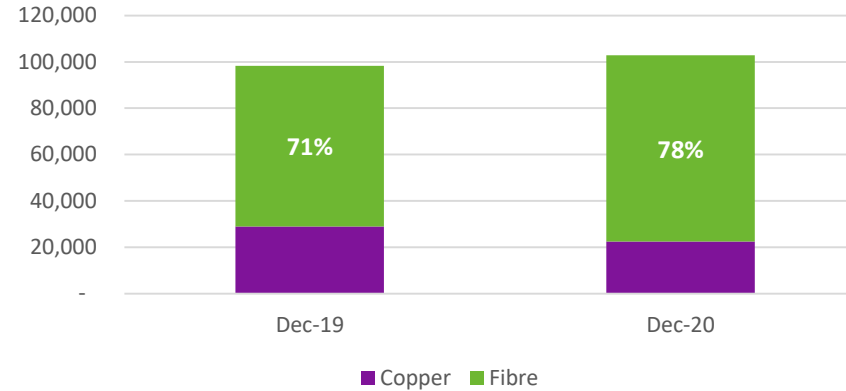
# Retail



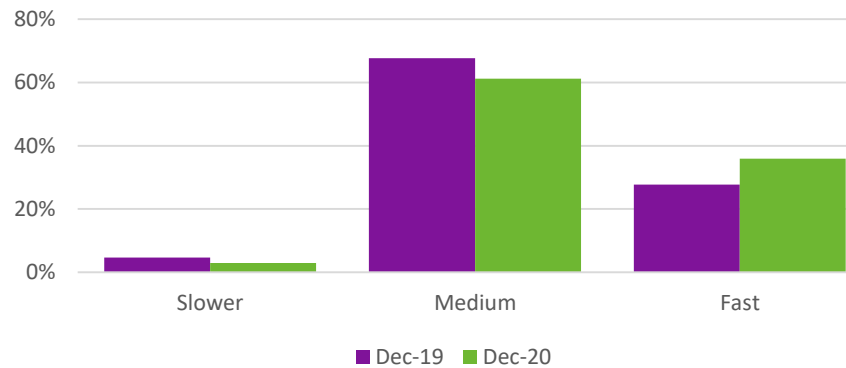
Average Mass Market Electricity Volume Per Day



Broadband Connections by Input



Fibre Connections by Speed



**NZ UFB Market Share**

**7.2%**

NOTE: At Sep-20

**Total Data Usage (vs pcp)**

**↑ 39%**

**Total Data Usage per customer (vs pcp)**

**↑ 32%**



# Operating stats

|   | Q1<br>FY-19 | Q1<br>FY-20 | Q1<br>FY-21 | Q2<br>FY-19  | Q2<br>FY-20  | Q2<br>FY-21 | Q3<br>FY-19 | Q3<br>FY-20 | Q3<br>FY-21 | Q4<br>FY-19 | Q4<br>FY-20 | Q4<br>FY-21 |
|---|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Customers, Sales and Service</b>                   |             |             |             |              |              |             |             |             |             |             |             |             |
| Electricity connections (000s)                        | 270         | 266         | 264         | 270          | 266          | 263         | 269         | 266         | <b>264</b>  | 267         | 266         |             |
| Telecommunication connections (000s)                  | 89          | 98          | 104         | 91           | 100          | 106         | 94          | 101         | <b>108</b>  | 96          | 104         |             |
| Gas connections (000s)                                | 38          | 39          | 41          | 38           | 40           | 42          | 38          | 40          | <b>43</b>   | 39          | 41          |             |
| Total utility accounts (000s)                         | 397         | 403         | 409         | 399          | 406          | 411         | 401         | 406         | <b>415</b>  | 402         | 411         |             |
| Customers with two or more services (000s)            | 101         | 109         | 115         | 102          | 111          | 117         | 105         | 114         | <b>120</b>  | 107         | 116         |             |
| Mass market sales - Fixed Price (GWh)                 | 488         | 453         | 480         | 579          | 572          | 571         | 414         | 421         | <b>402</b>  | 364         | 371         |             |
| Time of use sales - Fixed Price (GWh)                 | 216         | 210         | 113         | 218          | 208          | 137         | 227         | 223         | <b>125</b>  | 219         | 185         |             |
| Time of use sales - Spot (GWh)                        | 272         | 271         | 204         | 263          | 275          | 224         | 240         | 224         | <b>203</b>  | 246         | 202         |             |
| <b>Total customer sales (GWh)</b>                     | <b>976</b>  | <b>934</b>  | <b>797</b>  | <b>1,060</b> | <b>1,055</b> | <b>932</b>  | <b>881</b>  | <b>868</b>  | <b>730</b>  | <b>829</b>  | <b>758</b>  |             |
| Average spot price of electricity purchased (\$/MWh)  | 80          | 115         | 128         | 88           | 126          | 140         | 207         | 105         | <b>117</b>  | 164         | 80          |             |
| Gas Sales (TJ)  | 303         | 266         | 301         | 384          | 370          | 408         | 194         | 196         | <b>183</b>  | 125         | 154         |             |
| Annualised electricity ICP churn rate*                | 20%         | 18%         | 13%         | 20%          | 18%          | 20%         | 19%         | 17%         | <b>19%</b>  | 17%         | 17%         |             |
| Annualised electricity ICP churn rate - total market* | 22%         | 20%         | 15%         | 22%          | 22%          | 22%         | 21%         | 19%         | <b>21%</b>  | 19%         | 19%         |             |
| <b>Generation Production and Procurement</b>          |             |             |             |              |              |             |             |             |             |             |             |             |
| North Island generation production (GWh)              | 289         | 189         | 171         | 322          | 289          | 240         | 235         | 238         | <b>236</b>  | 164         | 132         |             |
| South Island generation production (GWh)**            | 282         | 224         | 253         | 272          | 286          | 282         | 256         | 244         | <b>213</b>  | 174         | 155         |             |
| <b>Total New Zealand generation production (GWh)</b>  | <b>571</b>  | <b>413</b>  | <b>424</b>  | <b>595</b>   | <b>575</b>   | <b>521</b>  | <b>490</b>  | <b>483</b>  | <b>449</b>  | <b>338</b>  | <b>287</b>  |             |
| Average spot price of electricity generated (\$/MWh)  | 78          | 110         | 130         | 87           | 122          | 139         | 200         | 103         | <b>112</b>  | 163         | 79          |             |
| Net third party fixed price volume purchased (GWh)    | 423         | 393         | 244         | 348          | 387          | 243         | 319         | 346         | <b>222</b>  | 373         | 386         |             |
| <b>Other Information</b>                              |             |             |             |              |              |             |             |             |             |             |             |             |
| Resource consent non-compliance events**              | 4           | 6           | 1           | 2            | 3            | 1           | 2           | 6           | <b>0</b>    | 2           | 6           |             |
| Recordable Injuries                                   | 4           | 0           | 0           | 3            | 2            | 3           | 2           | 1           | <b>0</b>    | 4           | 0           |             |
| Staff numbers (full time equivalents)                 | 805         | 779         | 806         | 798          | 812          | 813         | 801         | 814         | <b>816</b>  | 818         | 809         |             |

\* Churn statistics are calculated using market data available up to November 2020

\*\* 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<br>FY-19 | YTD<br>FY-20 | YTD<br>FY-21 | Full Year<br>FY-19 | Full Year<br>FY-20 | Full Year<br>FY-21 |
|---|--------------|--------------|--------------|--------------------|--------------------|--------------------|
| <b>Customers, Sales and Service</b>                   |              |              |              |                    |                    |                    |
| Electricity connections (000s)                        | 269          | 266          | <b>264</b>   | 267                | 266                |                    |
| Telecommunication connections (000s)                  | 94           | 103          | <b>108</b>   | 96                 | 104                |                    |
| Gas connections (000s)                                | 38           | 41           | <b>43</b>    | 39                 | 41                 |                    |
| Total utility accounts                                | 401          | 410          | <b>415</b>   | 402                | 411                |                    |
| Customers with two or more services (000s)            | 105          | 114          | <b>120</b>   | 107                | 116                |                    |
| Mass market sales - Fixed Price (GWh)                 | 1,481        | 1,446        | <b>1,453</b> | 1,845              | 1,817              |                    |
| Time of use sales - Fixed Price (GWh)                 | 661          | 641          | <b>375</b>   | 880                | 826                |                    |
| Time of use sales - Spot (GWh)                        | 775          | 770          | <b>631</b>   | 1,021              | 972                |                    |
| <b>Total customer sales (GWh)</b>                     | <b>2,917</b> | <b>2,857</b> | <b>2,459</b> | <b>3,746</b>       | <b>3,615</b>       |                    |
| Average spot price of electricity purchased (\$/MWh)  | 121          | 116          | <b>129</b>   | 131                | 109                |                    |
| Gas Sales (TJ)  | 1,095        | 828          | <b>903</b>   | 1,006              | 986                |                    |
| Annualised electricity ICP churn rate*                | 19%          | 18%          | <b>17%</b>   | 19%                | 17%                |                    |
| Annualised electricity ICP churn rate - total market* | 22%          | 21%          | <b>19%</b>   | 21%                | 20%                |                    |
| <b>Generation Production and Procurement</b>          |              |              |              |                    |                    |                    |
| North Island generation production (GWh)              | 846          | 717          | <b>646</b>   | 1,010              | 849                |                    |
| South Island generation production (GWh)              | 810          | 754          | <b>748</b>   | 984                | 910                |                    |
| <b>Total New Zealand generation production (GWh)</b>  | <b>1,656</b> | <b>1,471</b> | <b>1,394</b> | <b>1,994</b>       | <b>1,759</b>       |                    |
| Average spot price of electricity generated (\$/MWh)  | 83           | 117          | <b>135</b>   | 125                | 107                |                    |
| Net third party fixed price volume purchased (GWh)    | 1,090        | 1,126        | <b>709</b>   | 1,463              | 1,512              |                    |
| <b>Other Information</b>                              |              |              |              |                    |                    |                    |
| Resource consent non-compliance events**              | 8            | 15           | <b>2</b>     | 10                 | 21                 |                    |
| Recordable Injuries                                   | 9            | 3            | <b>3</b>     | 13                 | 3                  |                    |
| Staff numbers (full time equivalents)                 | 801          | 814          | <b>816</b>   | 818                | 809                |                    |

\* Churn statistics are calculated using market data available up to November 2020

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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 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 reference to Benmore for South Island and Whakamaru for North Island     |
| 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 <a href="https://www.speedindex.net/flex/com/country/new-zealand">ispspeedindex.net/flex/com/country/new-zealand</a>         |
| 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   |
|---------------------------------------|--|
| Product                               | Electricity, Telco, Gas, or LPG. If one customer has multiple connections for a product, the product only counts once. |
| 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   |



**Trust**  
power™

## Contact

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