

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.

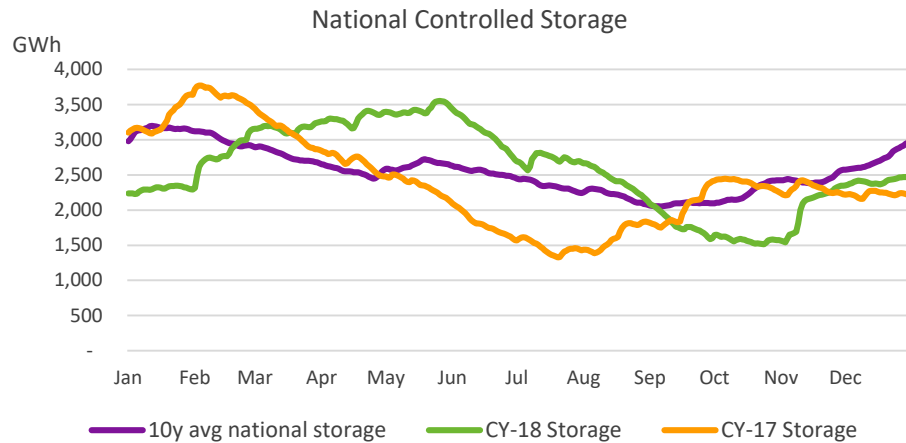


- National Controlled Storage recovered during Q3-19 to be sitting at 83.4% of the 10-year average on 31st December.
- Forward ASX prices rose for every forward year over the quarter, particularly short-dated strips.
- National demand fell 1.7% quarter-on-quarter. CY-18 ended flat with CY-17.

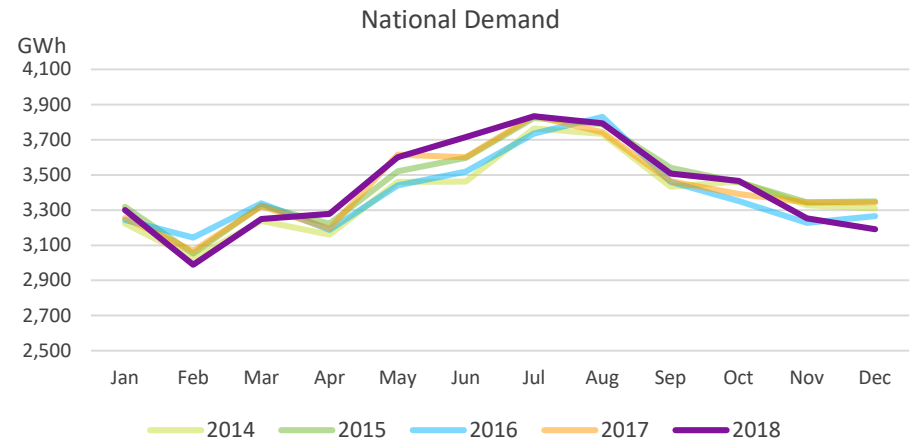


- Signed an agreement with Spark to allow the sale of Mobile and Fixed Wireless products to new and existing customers, with no material capital investment required.
- Announced and paid an interim (17c) and special (25c) dividend.
- Successful completion of the refurbishment of two generators at the 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.

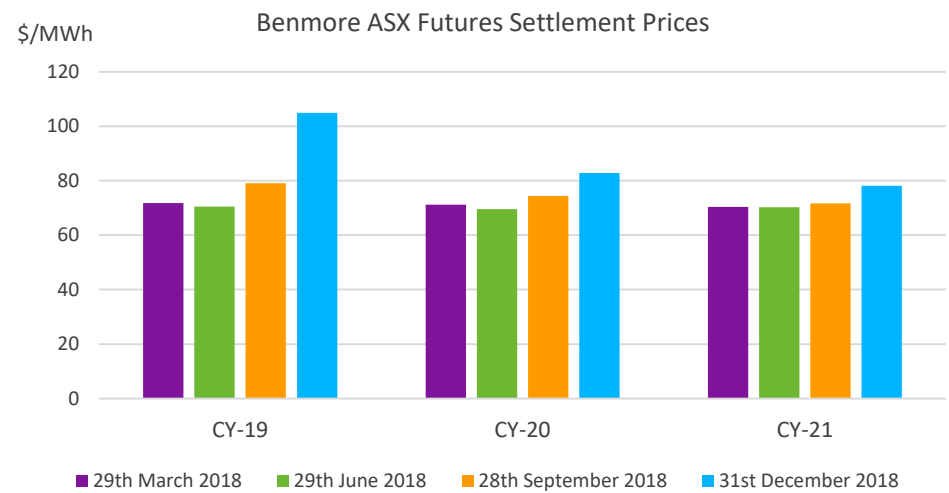
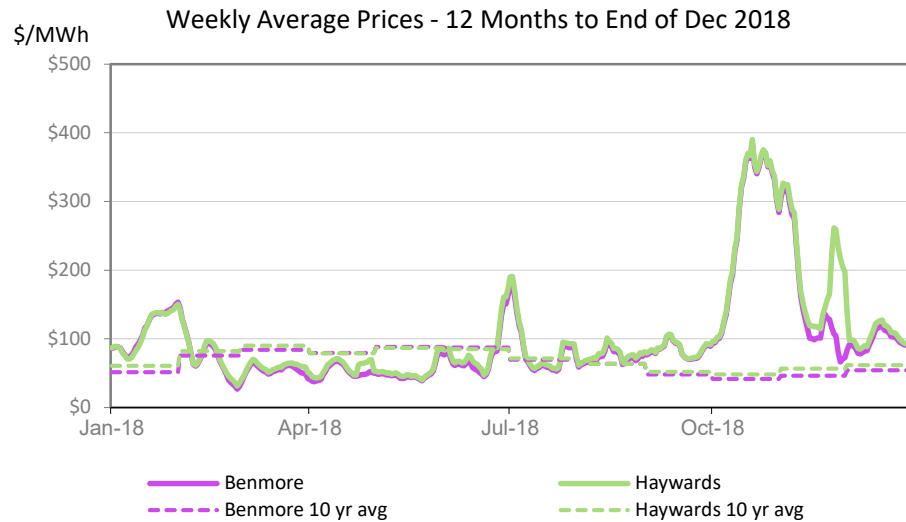
Wholesale electricity market



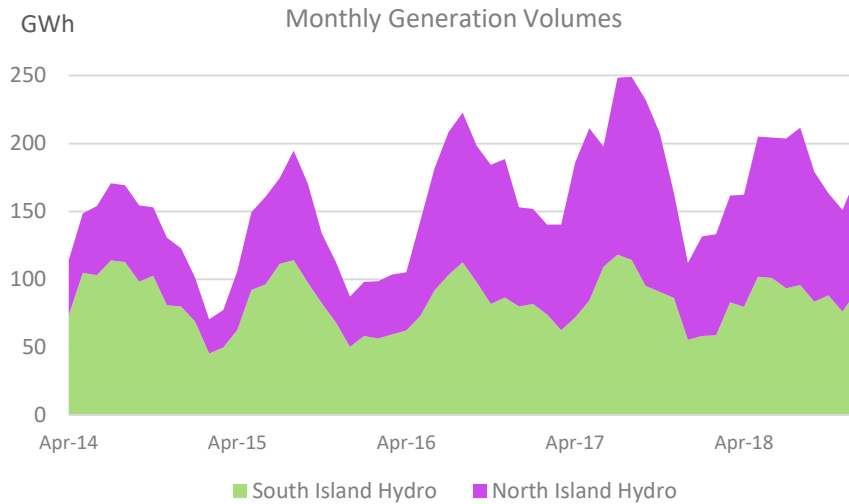
SOURCE: NZX Hydro



SOURCE: Electricity Authority



Generation



Q3-19
NI Generation
 ↓ **7%**
 vs pcp

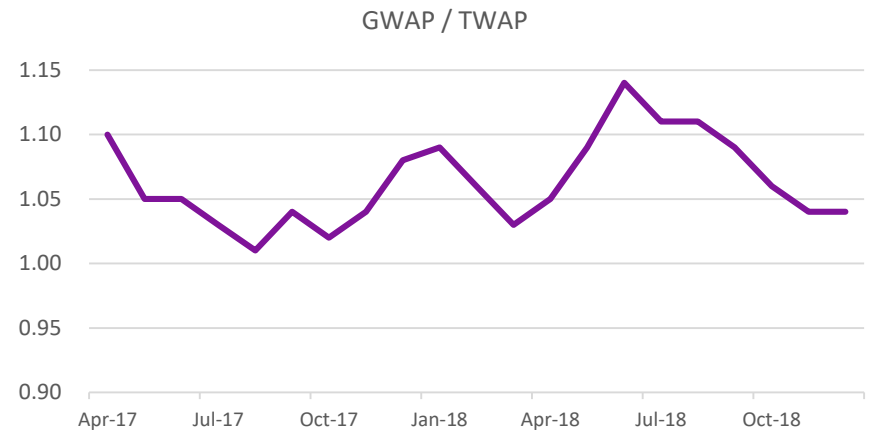
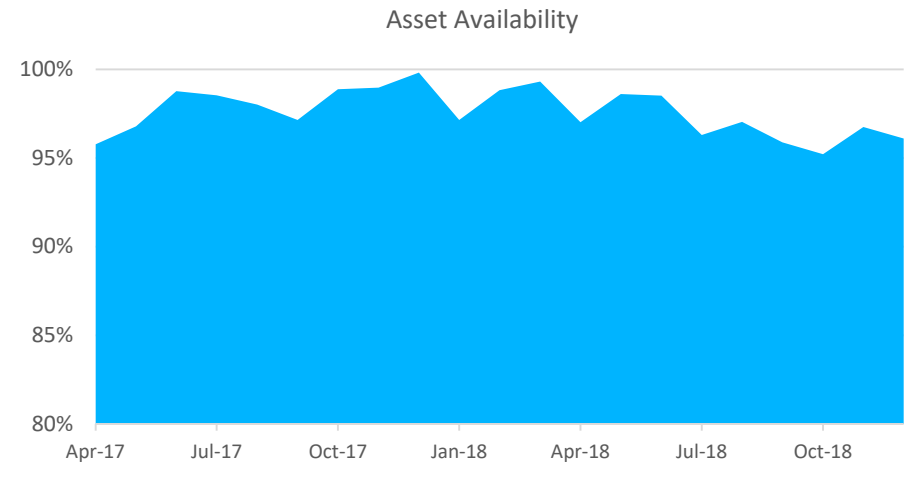
Q3-19
SI Generation
 ↑ **9%**
 vs pcp

Q3-19
GWAP/TWAP
1.04

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

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

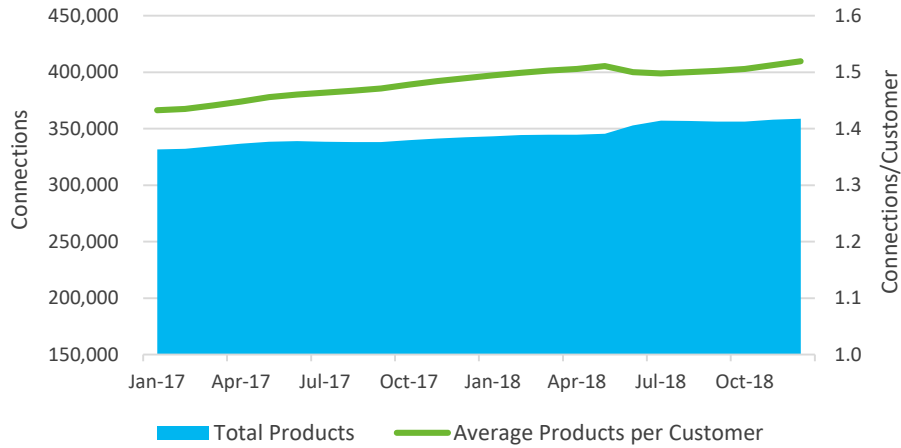
NOTE: Q3 Prices



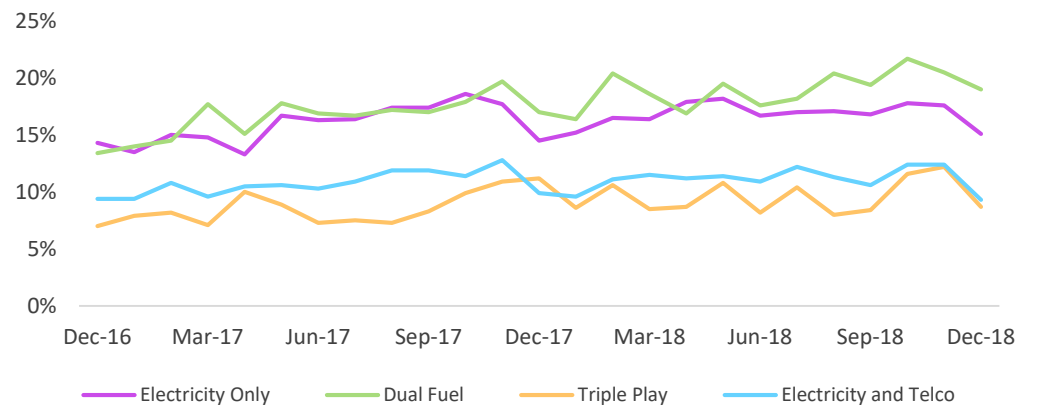
* See glossary for definitions

Retail

Average Products per Customer

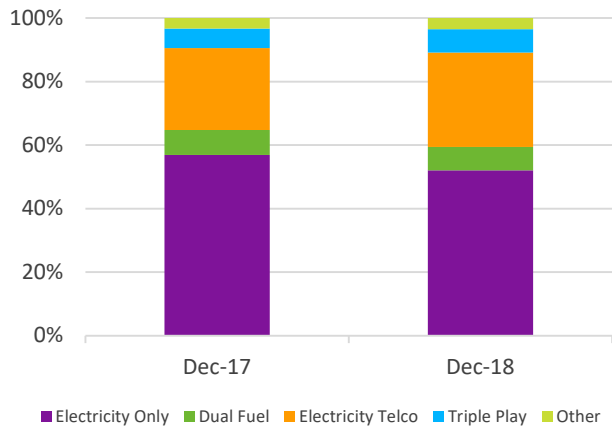


Electricity Only vs Multi-Product Churn



NOTE: Excludes C&I customers

Customer Mix

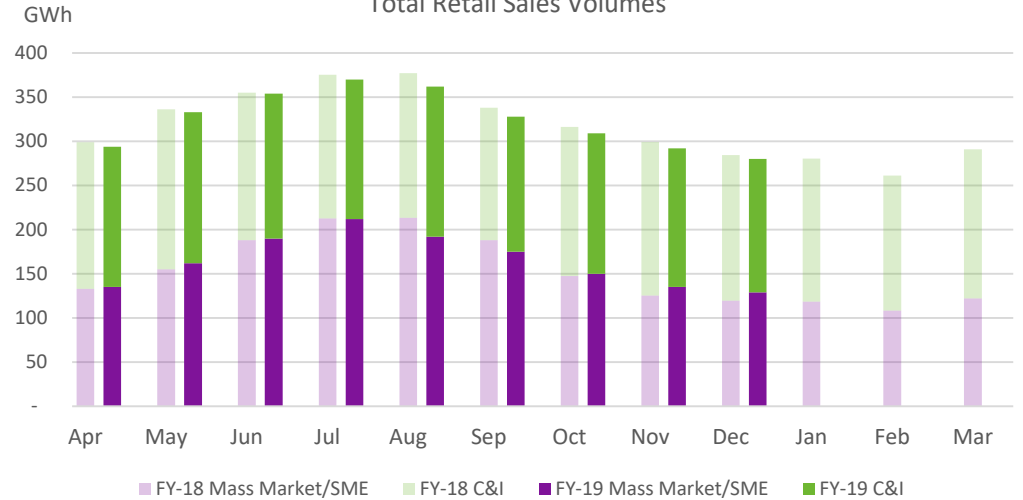


Q3-19 acquisitions
- 2+ products
82%

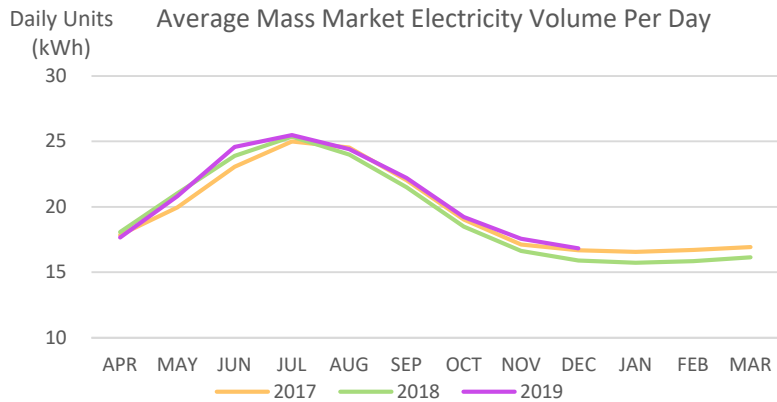
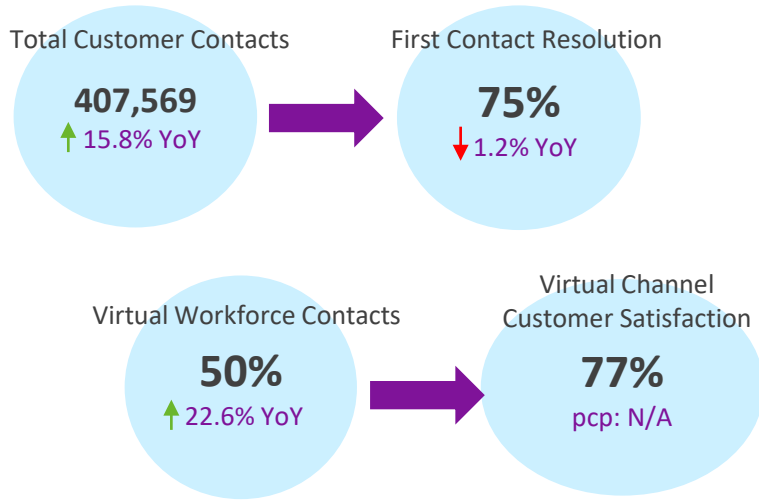
YoY customers
taking 2+
products
↑7.3%

* See glossary for definitions

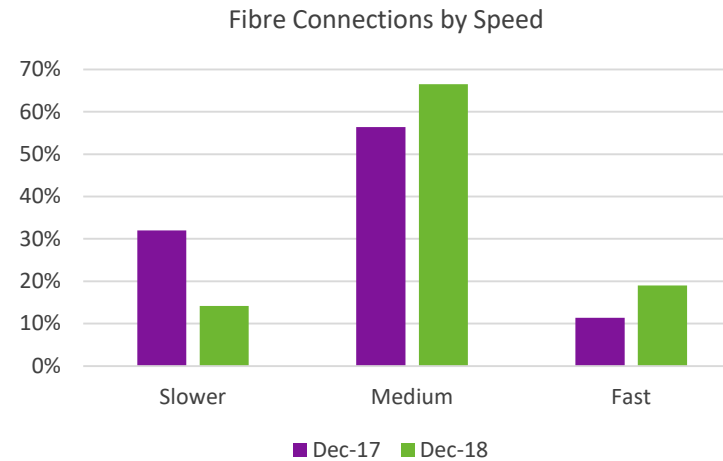
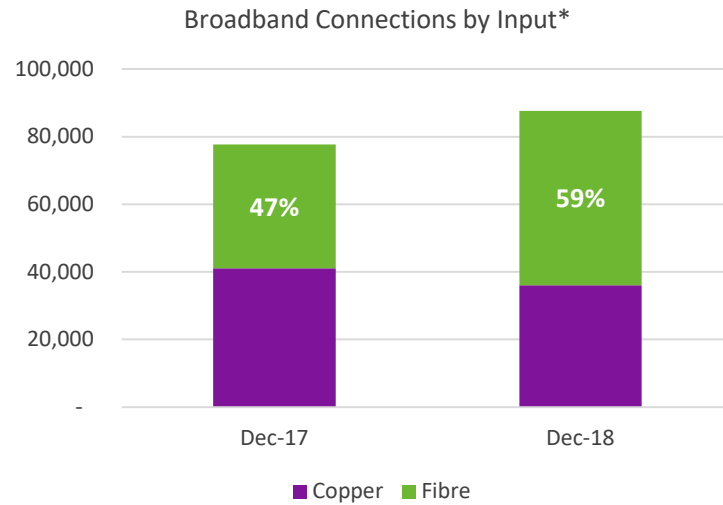
Total Retail Sales Volumes



Retail



* See glossary for definitions



NZ UFB Market Share
7.0%

YoY Data Usage
↑ 51%

Netflix Ranking

Oct-18: **2nd**

Nov-18: **1st**

Dec-18: **2nd**

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
Customers, Sales and Service												
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	
Total customer sales (GWh)	1014	990	976	1121	1092	1060	952	900	881	887	833	
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%	
Generation Production and Procurement												
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	
Total New Zealand generation production (GWh)	430	596	571	629	729	595	526	484	490	432	426	
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	
Other Information												
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
Customers, Sales and Service						
Electricity connections (000s)	279	273	269	276	273	
Telecommunication connections (000s)	73	85	93	76	87	
Gas connections (000s)	35	37	38	36	37	
Total utility accounts	384	395	400	385	397	
Customers with two or more services (000s)	88	98	105	90	100	
Mass market sales - Fixed Price (GWh)	1503	1482	1481	1895	1831	
Time of use sales - Fixed Price (GWh)	628	665	661	835	898	
Time of use sales - Spot (GWh)	956	835	775	1244	1086	
Total customer sales (GWh)	3087	2982	2917	3974	3815	
Average spot price of electricity purchased (\$/MWh)	56	92	121	55	91	
Gas Sales (TJ)	856	899	881	1013	1012	
Annualised electricity ICP churn rate	17%	20%	20%	17%	19%	
Annualised electricity ICP churn rate - total market	20%	22%	22%	20%	21%	
Generation Production and Procurement						
North Island generation production (GWh)	796	983	846	1010	1209	
South Island generation production (GWh)	789	826	810	1007	1026	
Total New Zealand generation production (GWh)	1585	1809	1656	2017	2235	
Average spot price of electricity generated (\$/MWh)	53	89	117	52	88	
Net third party fixed price volume purchased (GWh)	1237	1118	1090	1726	1539	
Other Information						
Resource consent non-compliance events*	9	5	7	12	8	
Recordable Injuries	13	23	9	26	30	
Staff numbers (full time equivalents)	796	803	801	786	803	

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

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
Churn Rate	Annualised % of customers leaving Trustpower.
Customer Contact	A channel agnostic customer interaction where service has been provided
E-Bill	Receives their bill electronically rather than post
EOM	End Of Month

Term	Definition
First contact resolution (FCR)	Where the customers reason for calling 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
LWAP	Load Weighted Average Price – Average cost of energy per unit for the retail business

Glossary

Term	Definition
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
PoP	A physical location that houses telco equipment
Recordable Injury	Lost Time and Medical Treatment Injuries

Term	Definition
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)
Virtual workforce contact	Contact not handled by a person – e.g. Chabot, self service.
YoY	Year-On-Year
YTD	Year-To-Date



Trust
power™



Contact

Kevin Palmer

/ Chief Financial Officer & Company Secretary

021 471 779

kevin.palmer@trustpower.co.nz



bomel™