TRUSTED IK MIKE POWER

Quarterly Operating Report | September 2017



Overview



Mass market volume per customer is flat vs same period last year. Overall electricity connections have dropped due to Trustpower losing a small number of commercial customers with a large number of connections, and subdued acquisition campaigning in Q2. Multi-product customer churn rates have stabilised over the last 12 months and continue to track well below market average.



390,000 total utility accounts (down 2,000 for the quarter) including 94,000 customers with more than one service (unchanged for the quarter, and up 10,000 year-on-year). 76% of customer acquisitions in Q2-18 have taken 2+ products.



NZ wholesale prices were very strong this quarter, up 58% at Benmore and 50% at Otahuhu on the prior 10-year average across the period. NZ generation volumes were up 16% on the same quarter last year, driven predominantly by North Island hydrology.



Australian volume and price have remained strong throughout the quarter.



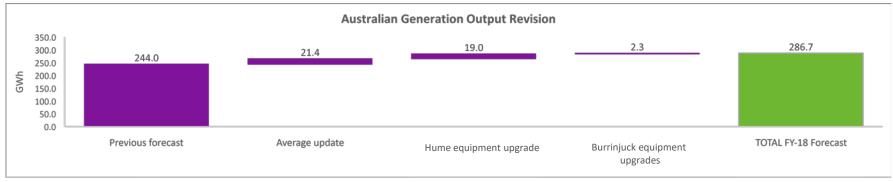
FY-18 Forecast

Trustpower expects its FY-18 EBITDAF to be in the range of \$255 million to \$270 million. This is an increase on its earlier guidance of \$225 million to \$245 million.

The increased forecast has been driven by the favourable trading conditions in the year to date as well as a recalibration of the expected Australian generation determined as part of the current strategic review. Trustpower now expects its Australian EBITDAF to be in line with FY17.

The forecast is underpinned by the following assumptions:

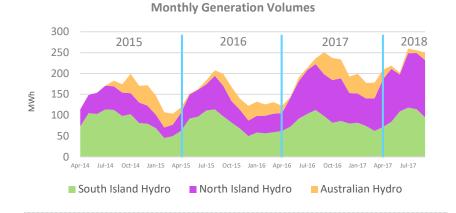
- Long run average generation volumes for the remainder of the year
- NZ and Australian Wholesale prices are in line with current forward pricing for the remainder of the year
- Average temperatures and average electricity consumption for the remainder of the year
- Total customers increase to between 255,000 and 260,000 including ~90,000 telco customers



Notes: The average update has arisen by reviewing in detail the 40 years of historical data and normalising for equipment outages and updating with recent generation. 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 the 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.

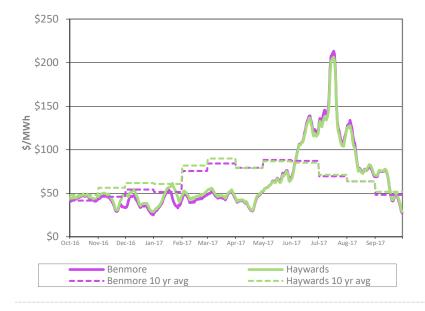


Wholesale electricity market



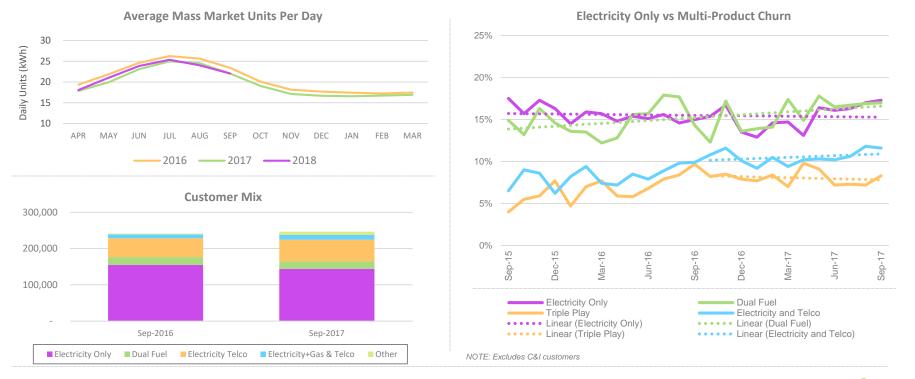
\$91/MWh New Zealand Load Weighted Average Price \$89/MWh New Zealand Generation Weighted Average Price A\$101/MWh Australian Generation Weighted Average Price

Weekly Average Prices - 12 Months to End of Sep 2017



NOTE: H1-18 Prices

Retail



5. Quarterly Operating Report

Trust

Operating stats

	3 Months	3 Months	6 Months	6 Months	12 Months
Customers, Sales and Service	September 2017	September 2016	September 2017	September 2016	March 2017
Electricity connections (000s)	273	278	273	278	276
Telecommunication connections (000s)	80	69	80	69	76
Gas connections (000s)	37	31	37	31	33
Total utility accounts	390	378	390	378	385
Customers with two or more services (000s)	94	84	94	84	90
Mass market sales - Fixed Price (GWh)	614	585	1,090	1,066	1,895
Time of use sales - Fixed Price (GWh)	199	216	426	417	835
Time of use sales - Spot (GWh)	279	320	566	652	1,244
Total customer sales (GWh)	1,092	1,121	2,082	2,134	3,974
Average spot price of electricity purchased (\$/MWh)	97	55	91	58	55
Gas Sales (TJ)	406	406	714	664	1,013
Annualised electricity customer churn rate*	21%	18%	21%	17%	17%
Annualised electricity customer churn rate - total market*	23%	21%	22%	21%	20%
Generation Production and Procurement					
North Island generation production (GWh)	402	315	732	518	1,010
South Island generation production (GWh)	327	314	593	541	1,007
Total New Zealand generation production (GWh)	729	629	1,325	1,059	2,017
Average spot price of electricity generated (\$/MWh)	101	58	89	55	52
Net third party fixed price volume purchased (GWh)	361	423	770	871	1,726
Australian generation production (GWh)	36	72	71	100	359
Average spot price of electricity generated (\$/MWh)	98	48	101	55	78
Other Information					
Resource consent non-compliance events	3	1	6	4	15
Staff numbers (full time equivalents)	787	813	787	813	786



Contact

Kevin Palmer – Chief Financial Officer & Company Secretary 021 471 779 kevin.palmer@trustpower.co.nz

