Trust power

Operational & FY22 Earnings update

15 February 2022

Retail business sale nears completion

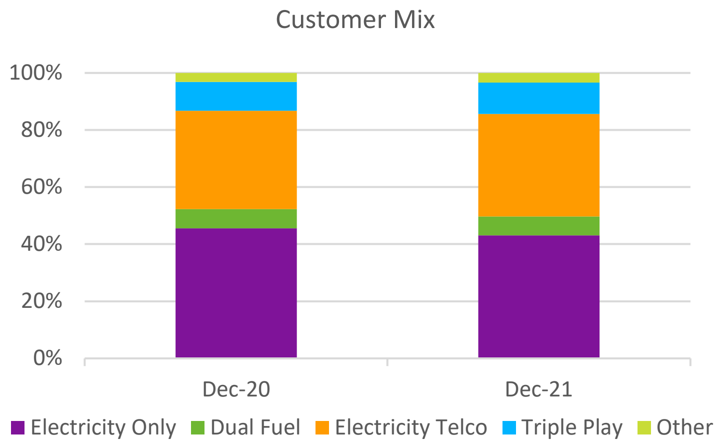
The operational activities required to separate the Retail business from retained operations are on track, in preparation for settlement of the transaction with Mercury which is now expected to be in the second quarter of 2022

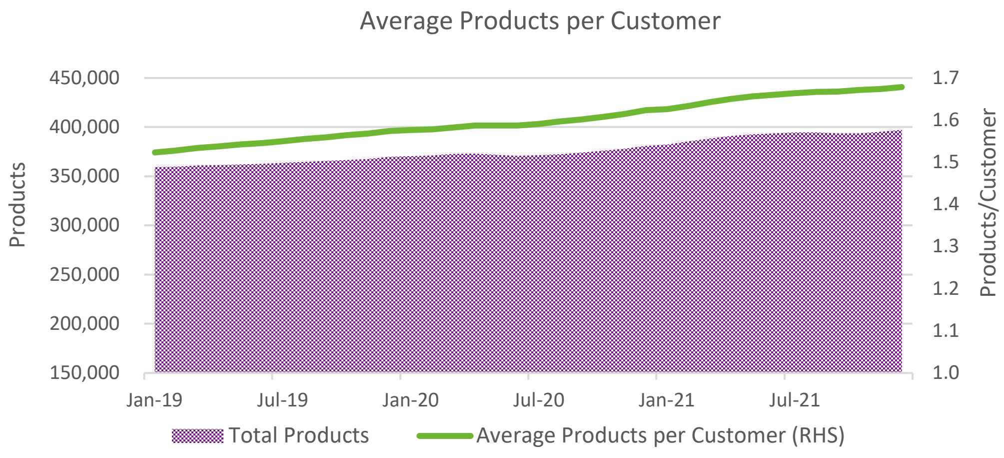
- **The key conditions of the sale being Commerce Commission approval and Trustpower shareholder approval have been met.** The only remaining key condition is that of the TECT restructure which is being progressed by TECT after the successful High Court ruling approving TECT's restructure was issued in December 2021 and has not been appealed

- **$441 million represents an excellent outcome for shareholders**
  - ~$1,900 per customer
  - Proforma standalone FY-21 EBITDAF multiple of 9 times
  - Great result for staff and customers

Retail business well positioned for the future:

- Key retail metrics including fibre and mobile connections, products per customer, and digital uptake all continue to show positive momentum despite COVID-19 disruption





Manawa Energy

- Upon completion of the sale, Trustpower will be renamed ‘Manawa Energy’ – a name gifted to us by Ngāti Hangarau hapū, who hold mana whenua over the area where our Kaimai scheme is located.

- Directly acknowledges our shared whakapapa with Ngāti Hangarau and has special significance to them.

- Manawa Energy is a future-focused company with a clear growth and excellence agenda, that aims to leverage the expected 50%-70% demand growth over the next 30 years from electrification of transport and industry.

Manawa Energy – Core Focus Areas

Leveraging on the relative strengths of Trustpower:

- Excellence in operating small and diverse assets across the country
- Excellence in understanding commercial and industrial customers needs
- Excellence in understanding transmission and distribution of energy
- Excellence in risk management and energy trading, including wholesale market sales and bi-lateral agreements

Developing and building new renewable generation assets:

- We have further expanded our dedicated generation development team with a specific emphasis on investigating renewable generation options.
- Targeting a diverse pipeline of value adding generation development options that have the potential to be executed by 2030.
- Not limited to green field development lifecycle (as these tend to have long development timeframes) – looking at options that will shorten time to market, such as partnerships in, or acquisitions of, existing projects
- Four utility-scale generation options (two wind and two solar) have been secured across the North and South Islands. Estimated capacity of the four projects is circa 215MW. These projects are in the early stages of project maturity.

Manawa Energy – Inflation risk

- **Manawa Energy revenues are relatively insulated from a high inflationary environment as most are linked to wholesale energy pricing. Particular large hedge contracts either contain CPI escalators or are linked to ASX future prices.**

- **C&I customer contracts are generally for 3 years; however, input costs are either fixed at the time of signing or are on a pass-through basis.**

- **Any net length in Manawa Energy's portfolio is exposed to wholesale spot pricing.**

- **Operating costs and capital expenditure are expected to come under inflationary pressure, however:**
    - Many large short-medium term projects are already negotiated
    - Manawa has moderate buying power and operates mostly in competitive tendering markets
    - Strategic focus on operating efficiency will help offset these pressures

Market Conditions Update

Recent market, hydrological, and other factors have resulted in some downward pressure on earnings for H2 FY-22:

- Unsettled weather including a very dry January period.
- The current outage at our Waipori scheme is experiencing delays due to unexpected emergent works discovered. This has resulted in a delay in return-to-service of ~4 weeks but does not materially impact the capital cost of the outage.
- A predominance of low wind volumes and hydro inflows across the start of the calendar year have coincided with high prices.

For the reasons noted above, Trustpower is amending its EBITDAF guidance range for FY-22 to $205m to $220m (excluding the costs of selling the retail business of ~$9.0m and assuming the retail business is held for the whole year). This is a change from previous guidance of $210m - $225m on the same basis.