Trustpower

Quarterly Operating Report | Q4-21 March 2021

Quarterly Insights

Generation volumes hampered by low inflows

Generation volumes of 314 GWh across the quarter were up 9% on the pcp, but well down on long-run average. Inflows were particularly low in the North Island due to continued dry conditions. National controlled storage sat at 61% of 10-year average at the end of the quarter.

Wholesale pricing remains strong

Low national storage and inflow levels combined with constrained gas supply has seen strong wholesale electricity prices across the quarter, with forward ASX prices also rising materially over the quarter. Benmore CY-21 futures were at $222/MWh on 31st March 2021, 86% higher than three months earlier.

Telco and mobile growth progressing well

Both our broadband and mobile offerings continue to perform well, with over 112,000 of our customers now taking telco products from us. More than 80% of our broadband customers are now enjoying fibre, with 37% of these taking high-speed products (>100GB), and over 60% taking medium (100GB) speed products. Broadband data usage per customer is also up 18% on the pcp.

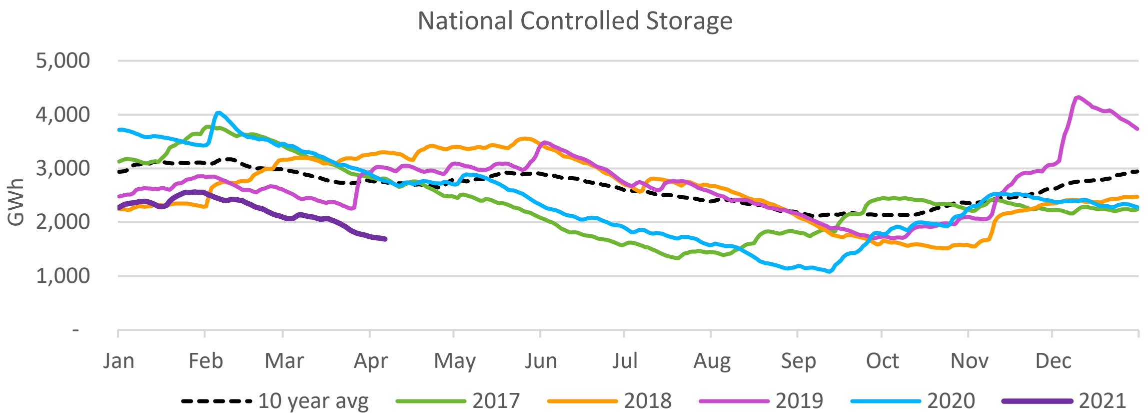
Bundling continues to deliver

123,000 customers now take 2 or more products from us (up 6% on the pcp), and over 85% of all new ACQ's are taking 2+ products from us.

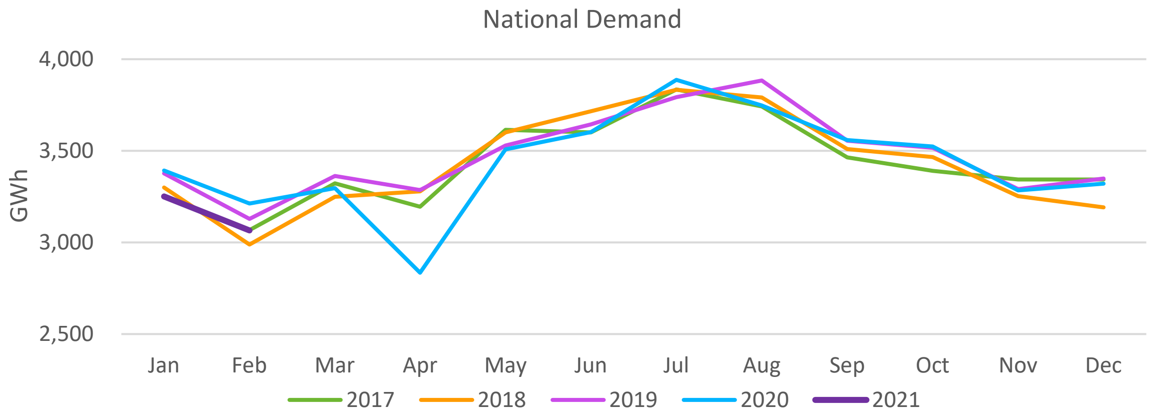
Customer engagement remains strong

Q4-21 saw high levels of customer contacts (over 1 million, up 12% on the pcp), however our digitisation and automation efforts meant that over 83% of these were handled via digital channels. Customer satisfaction and first contact resolution remain strong.

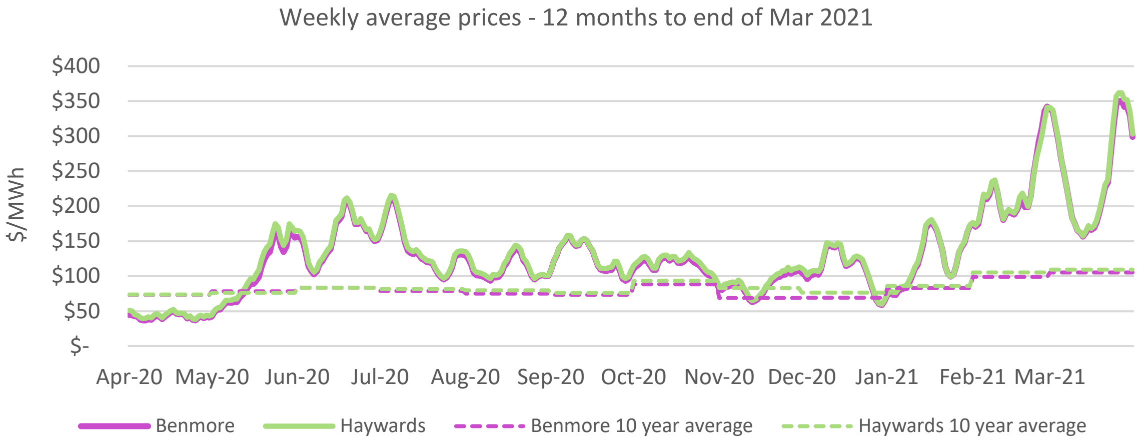
Wholesale electricity market

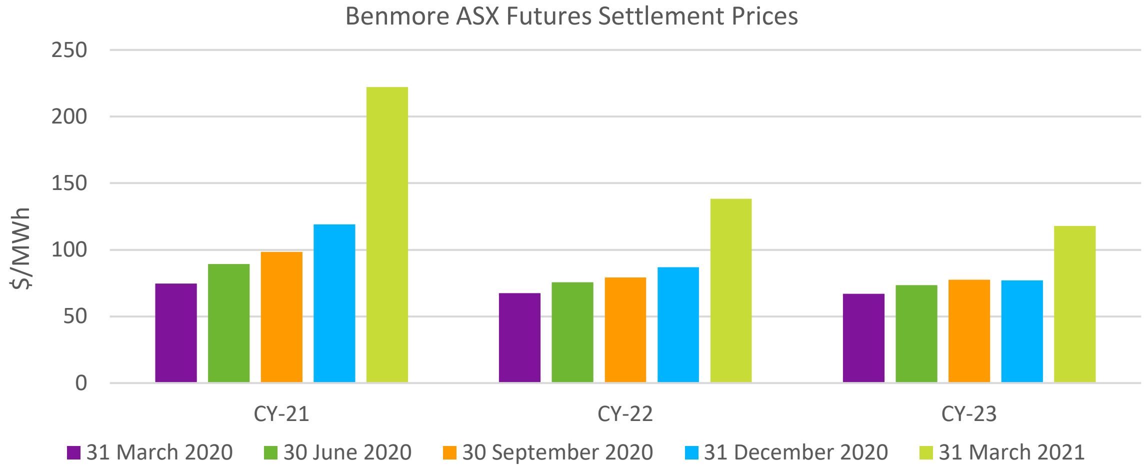


SOURCE: NZX Hydro

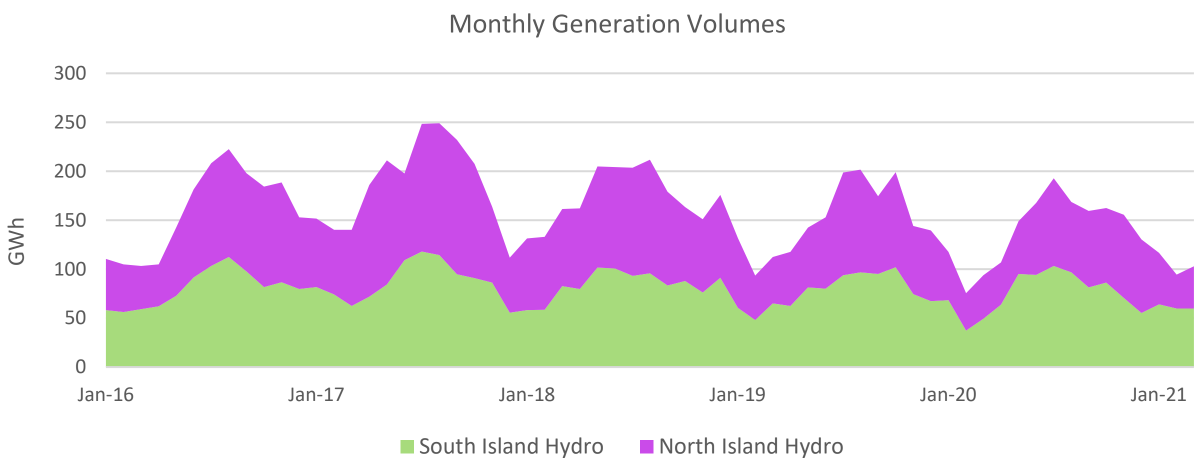


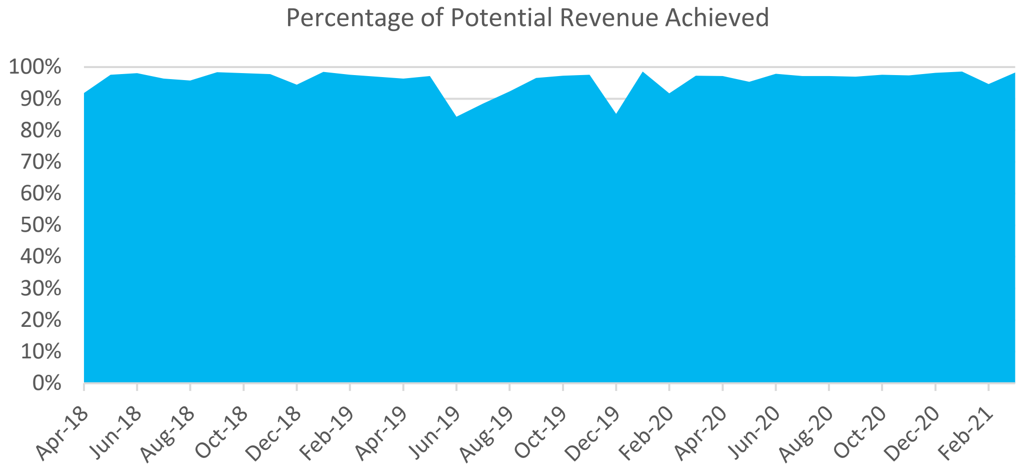
SOURCE: Electricity Authority. Reconciled demand not available for March at time of release.





Generation



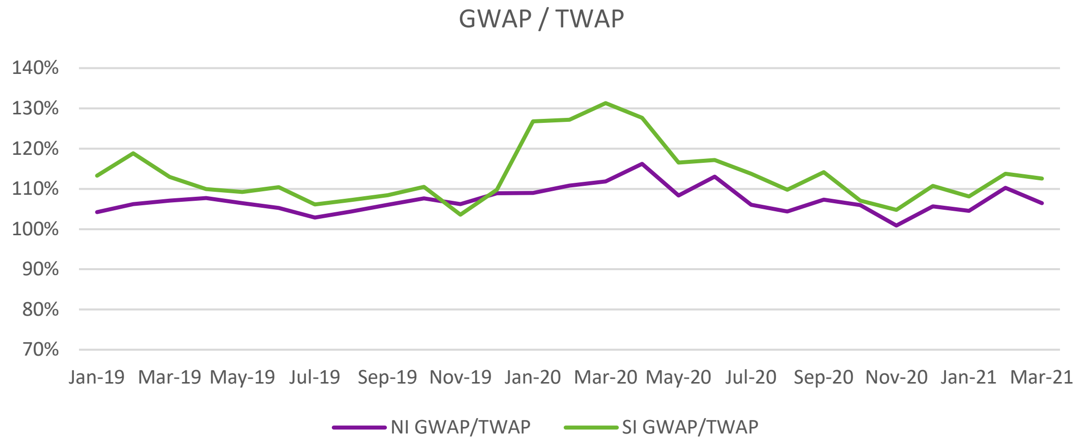


Q4-21
NI Generation
↓ 1%
vs pcp

Q4-21
SI Generation
↑ 19%
vs pcp

Q4-21 GWAP/TWAP

NI	**1.04**
SI	**1.12**



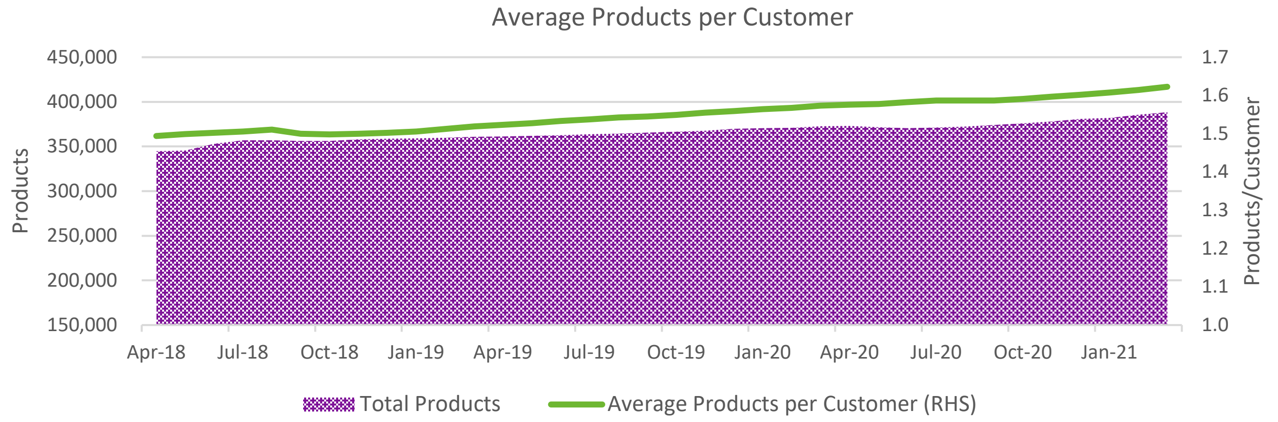
$218/MWh New Zealand Load Weighted Average Price (LWAP)

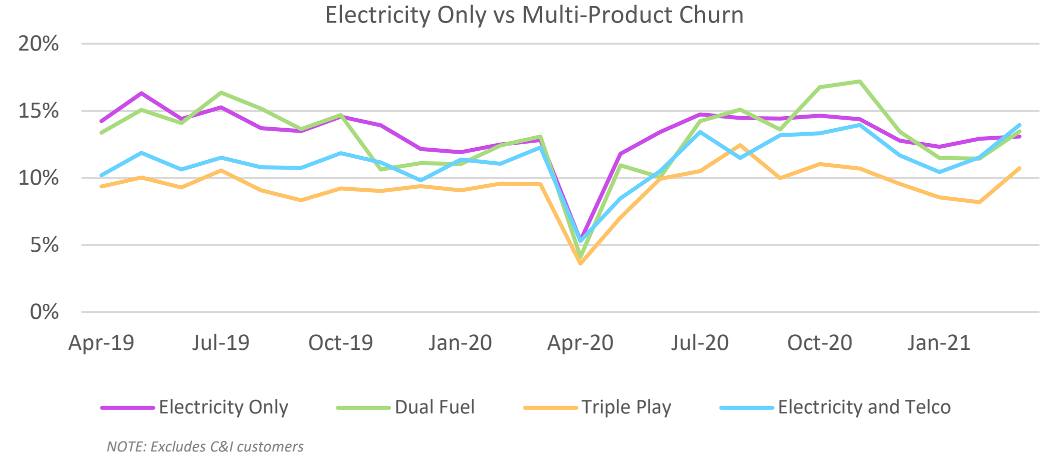
$218/MWh New Zealand Generation Weighted Average Price (GWAP)

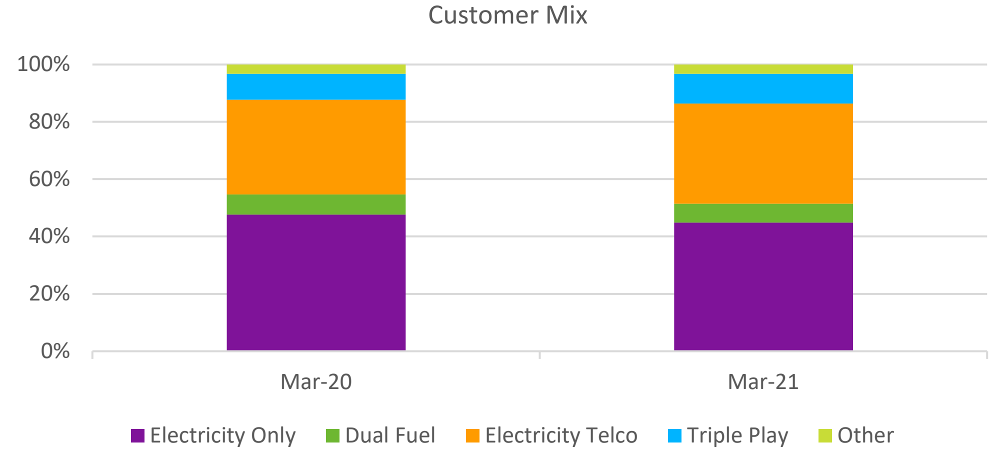
NOTE: Q4 Prices

** See glossary for definitions*

Retail





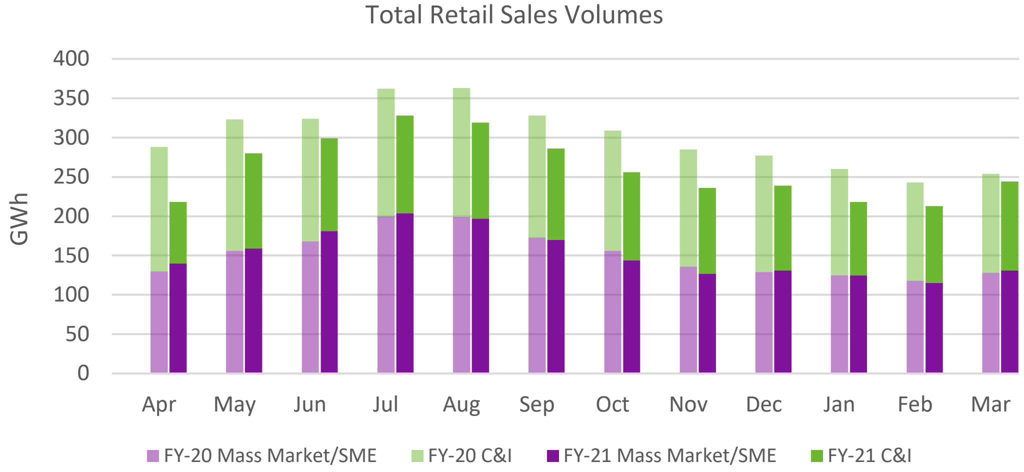


Q2-21 acquisitions - 2+ products

86%

YoY customers taking 2+ products

↑ 6.2%



Retail

Total Customer Contacts

1,009k
↑ 12% pcp

First Contact Resolution

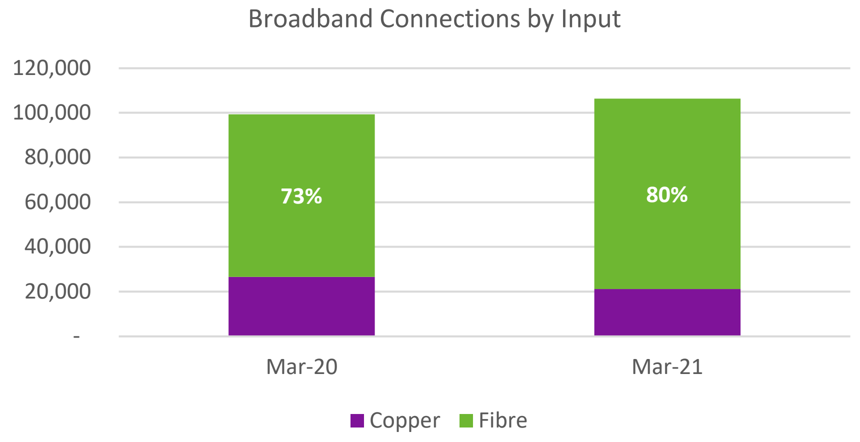
76%
N/C pcp

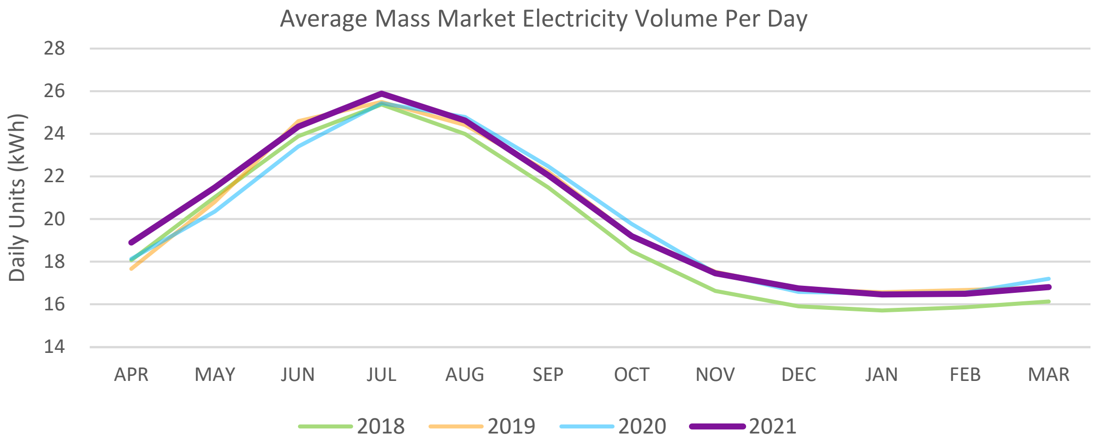
Digital Contact %

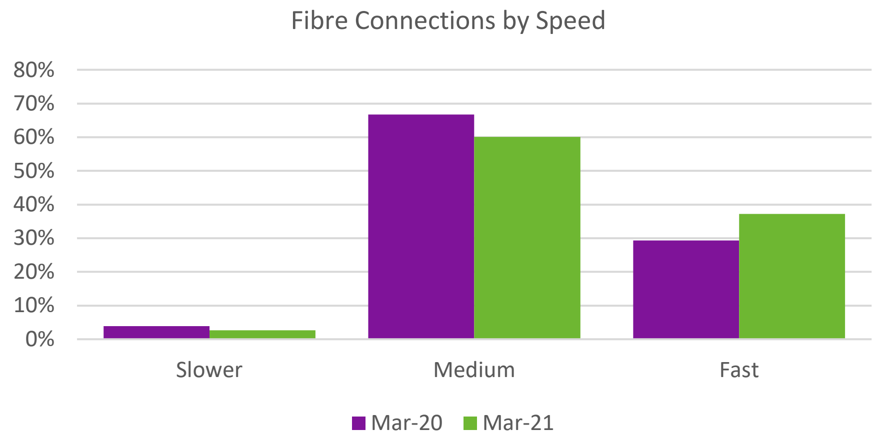
83%
↑ 6% pcp

Virtual Channel Customer Satisfaction

83%







NZ UFB Market Share

7.5%

NOTE: At Dec-20

Total Data Usage (vs pcp)

↑ 26%

Total Data Usage per customer (vs pcp)

↑ 18%

Operating stats

	Q1 FY-19	Q1 FY-20	Q1 FY-21	Q2 FY-19	Q2 FY-20	Q2 FY-21	Q3 FY-19	Q3 FY-20	Q3 FY-21	Q4 FY-19	Q4 FY-20	Q4 FY-21
Customers, Sales and Service												
Electricity connections (000s)	270	266	264	270	266	263	269	266	264	267	266	**265**
Telecommunication connections (000s)	89	98	104	91	100	106	94	101	108	96	104	**112**
Gas connections (000s)	38	39	41	38	40	42	38	40	43	39	41	**44**
Total utility accounts (000s)	397	403	409	399	406	411	401	406	415	402	411	**421**
Customers with two or more services (000s)	101	109	115	102	111	117	105	114	120	107	116	**123**
Mass market sales - Fixed Price (GWh)	488	453	480	579	572	571	414	421	402	364	371	**371**
Time of use sales - Fixed Price (GWh)	216	210	113	218	208	137	227	223	125	219	185	**108**
Time of use sales - Spot (GWh)	272	271	204	263	275	224	240	224	203	246	202	**195**
Total customer sales (GWh)	976	934	797	1,060	1,055	932	881	868	730	829	758	**674**
Average spot price of electricity purchased ($/MWh)	80	115	128	88	126	140	207	105	117	164	80	**218**
Gas Sales (TJ)	303	266	301	384	370	408	194	196	183	125	154	**147**
Annualised electricity ICP churn rate*	20%	18%	13%	20%	18%	19%	19%	17%	18%	17%	17%	**17%**
Annualised electricity ICP churn rate - total market*	22%	20%	15%	22%	22%	22%	21%	19%	21%	19%	19%	**20%**
Generation Production and Procurement												
North Island generation production (GWh)	289	189	171	322	289	240	235	238	236	164	132	**130**
South Island generation production (GWh)***	282	224	253	272	286	282	256	244	213	174	155	**184**
Total New Zealand generation production (GWh)	571	413	424	595	575	521	490	483	449	338	287	**314**
Average spot price of electricity generated ($/MWh)	78	110	130	87	122	139	200	103	112	163	79	**218**
Net third party fixed price volume purchased (GWh)	423	393	244	348	387	243	319	346	222	373	386	**249**
Other Information												
Resource consent non-compliance events**	4	6	1	2	3	2	2	6	6	2	6	**1**
Recordable Injuries	4	0	0	3	2	3	2	1	0	4	0	**2**
Staff numbers (full time equivalents)	805	779	806	798	812	813	801	814	816	818	809	**801**

- ** Churn statistics are calculated using market data available up to February 2021*
- *** 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

	Full Year FY-19	Full Year FY-20	Full Year FY-21
Electricity connections (000s)	267	266	**265**
Telecommunication connections (000s)	96	104	**112**
Gas connections (000s)	39	41	**44**
Total utility accounts	402	411	**421**
Customers with two or more services (000s)	107	116	**123**
Mass market sales - Fixed Price (GWh)	1,845	1,817	**1,824**
Time of use sales - Fixed Price (GWh)	880	826	**483**
Time of use sales - Spot (GWh)	1,021	972	**826**
Total customer sales (GWh)	3,746	3,615	**3,133**
Average spot price of electricity purchased ($/MWh)	131	108	**147**
Gas Sales (TJ)	1,006	986	**1,039**
Annualised electricity ICP churn rate*	19%	17%	**17%**
Annualised electricity ICP churn rate - total market*	21%	20%	**19%**
North Island generation production (GWh)	1,010	849	**777**
South Island generation production (GWh)	984	910	**931**
Total New Zealand generation production (GWh)	1,994	1,759	**1,708**
Average spot price of electricity generated ($/MWh)	125	107	**144**
Net third party fixed price volume purchased (GWh)	1,463	1,512	**959**
Resource consent non-compliance events**	10	21	**10**
Recordable Injuries	13	3	**5**
Staff numbers (full time equivalents)	818	809	**801**

** Churn statistics are calculated using market data available up to February 2021*
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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 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
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

Contact

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