



all the
little
things

Infratil Investor Day | 11 April 2018

Trustpower re-positioning post demerger complete

- A New Zealand focused multi-product platform with scale and growth potential
- Divestment of GSP Energy Australian Hydro assets adds value and tightens focus
- Completion of King Country Energy take over with King Country Electric Power Trust allows consolidation and synergy realisation
- Tauranga Energy Consumer Trust debate resolved
- We are well positioned in an uncertain world

Trustpower's strategy – to create executable options driving shareholder returns





Generation portfolio performance





FY18 Generation volume – drives performance

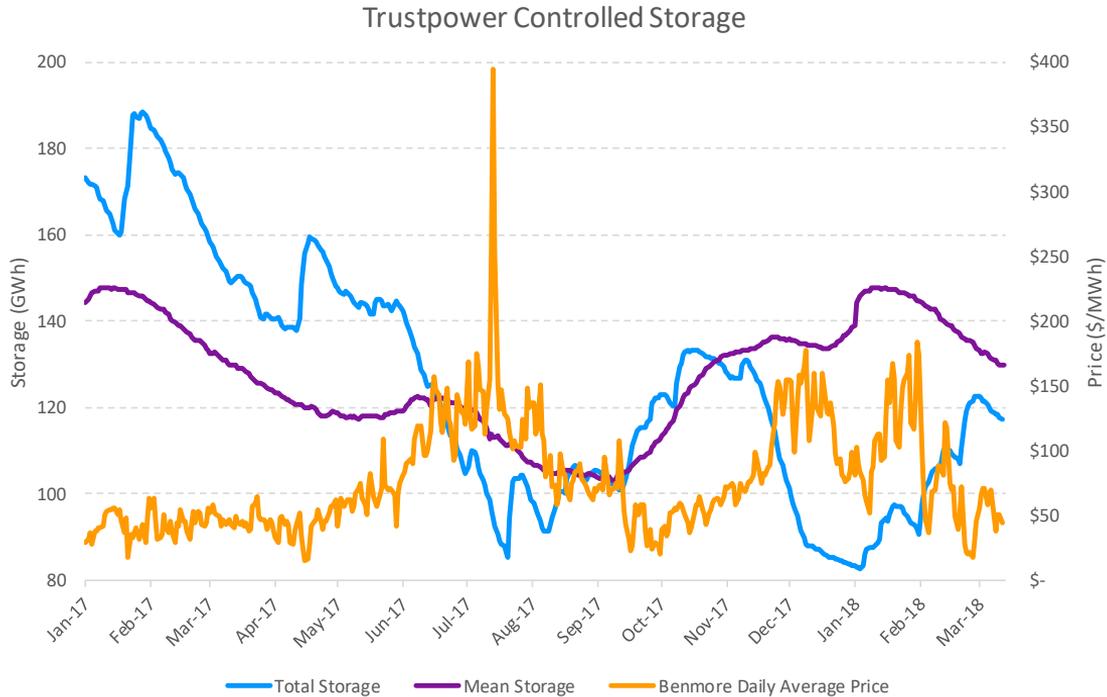
Generation volume



Generation volume well above long run average, however return to average would out perform FY14 – FY16



Wholesale price and volume risk management – delivers sustainable earnings



Well positioned for the start of winter 2017

- Geographically distributed generation
- Strong generation throughout the year in response to high spot prices
- Use of hedging instruments to balance portfolio for the 2018 winter limits downside
- Lakes have largely recovered, retaining upside opportunity

Controlled storage = Cobb, Coleridge and Waipori





Generation performance focus

- Emphasis on health & safety, dam/civil safety and maintaining our licence to operate and compliance projects
- Sharper focus on enhancement and incremental growth to create earnings uplift
- Improving asset management maturity – more predictive and preventative focus for long term

Matahina Station (In top 5 highest value in portfolio):

- Identified system health & safety and reliability risks
- Fit for purpose solution – ‘second hand’ 56MVA transformer purchased and refurbished
- Improved system availability and reliability
- Reduced health & safety risk



Transformer lifted onto trailer for short journey to switchyard



Installed in final location in switchyard



Bundling energy and telecommunications

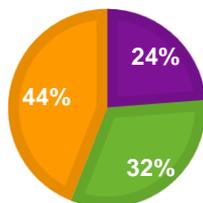


Focus on execution of proven products with increasing customer acceptance



TOTAL CUSTOMERS BY REGION

■ Bay of Plenty ■ Metro ■ Regional



Comment

- 2/3rds of all new customers are taking 2 or more products
- We continue to see strong telecommunications growth and we are creating a diverse and resilient customer base
- We created a new bundled category and now others are attempting to follow

Current connections



273,000 electricity



38,000 gas



88,000 telco



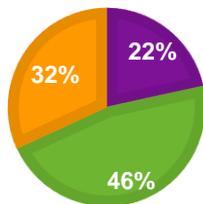
Over 100,000 customers have more than one product

Now the leading multiproduct business – differentiates from competition



BUNDLED CUSTOMERS BY REGION

■ Bay of Plenty ■ Metro ■ Regional

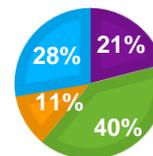


Targeted acquisition

- Growth coming from the metros creating a more diverse and resilient customer base
- Targeted outbound campaigns are seeing 80% of new customers taking two or more products

BUNDLE CUSTOMERS BY TENURE

■ Less than 1 Year ■ 1-3 Years
■ 3-5 Years ■ > 5 Years



Focused cross sell and retention in FY18

- Over 3,000 existing energy customers added Telco
- 1,200 electricity customers added gas
- 5,600 customers upgraded from DSL to Fibre



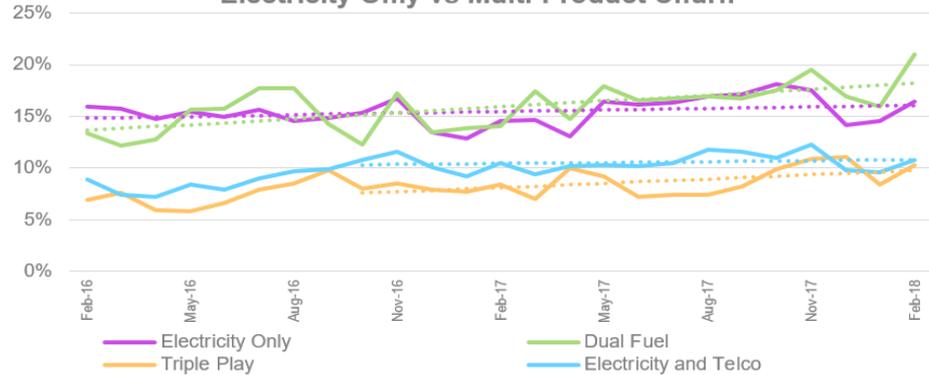
Value based offers outperform discounting

A smart decision deserves a Samsung Home Appliance!



Join us for power and unlimited data broadband on a 24 month term and get your choice of Samsung TV, fridge or washing machine as part of your bundle.

Electricity Only vs Multi-Product Churn



Acquisition incentive costs aligned to cost of discounts or cash incentives, however value based offers outperform:

- Better sales conversion and lower sales leakage
- Lower churn and lower credit risk
- Higher energy consumption and larger data plans driving higher margin per customer



Maximising electricity value





Electricity segment – Demonstrates diversity & tenure

Electricity only

- Electricity segment remains highly competitive with consolidation and failures likely
- Balanced portfolio across Commercial, Industrial, Government and Consumer
- Opportunities in new energy and emerging technology
- Cross sell within the Consumer segment is moving customers out of this category

Commercial and Industrial market

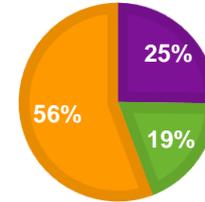
Comment

- Diverse customer base, typical contract term 2-3 years
- Average tenure over 7 years, supply relationships with some of New Zealand's most recognised corporates for over 15 years
- Profitable and sustainable circa 1,700GWhrs/pa

Consumer Market

ELECTRICITY CUSTOMER BASE BY REGION

■ Bay of Plenty ■ Metro ■ Regional



Comment

- Electricity only customer base biased away from the metros
- Around 60% of customers have 5+ years tenure



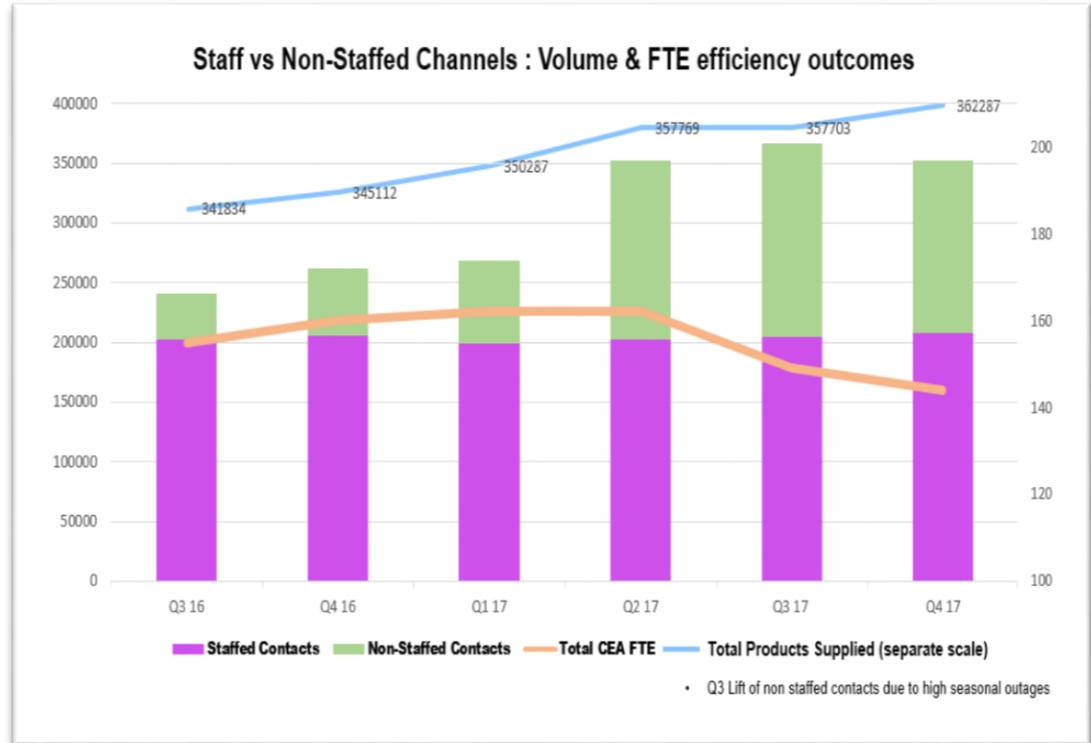
Meeting our customer needs





Focus on efficiency, automation and digital solutions

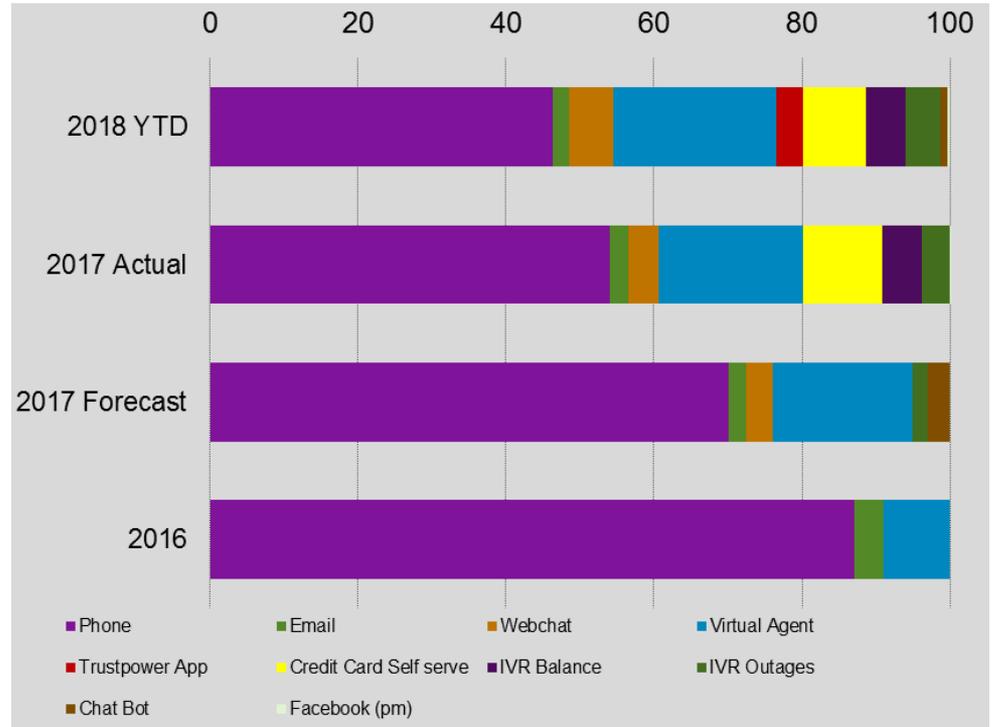
- Increase in the numbers of products supplied and associated customer contacts is offset by the migration of customers to non staffed channels, leading to lower staff numbers
- Productivity of our staffed workforce has increased from 1 contact centre employee servicing 2,163 products to now servicing 2,515 products





Automation providing customers with choice

- 45.7% of all customer contacts are now serviced without human intervention
- Chatbot receiving customer satisfaction ratings on par with an agent
- Trustpower App released with 29,000 interactions to date and achieving high satisfaction & engagement rates
- Staffed channels are focussed on positively impacting churn through delivering high quality service in the moments that matter





Growth and industry overview





Evolution of TECT process

TECT Proposal withdrawn

- The trustees of the Tauranga Energy Consumer Trust ("TECT") announced, following consultation, they will not be proceeding further with their proposal announced on 25 January 2018
- Under that proposal, the trustees proposed to move all the assets of TECT into a separate charitable trust (and wind up TECT), and to cease payments of the annual TECT cheque to Trustpower's electricity customers in the Tauranga and Western Bay of Plenty region from 2023 onwards
- The effect of this announcement is that the status quo, and the payment of TECT cheques, will continue
- We do not expect trustees to revisit this proposal



Key regulatory issues

Low emissions economy

- Trustpower supports and is well placed to contribute to the transition to 100% renewable electricity by 2035

Electricity price review

- The current market structure functions well. The focus should be on barriers for
 - transition to a low emission economy; and emergence and growth of new technologies
- The review is also a valuable opportunity to fine-tune industry governance:
 - In the generation and retail sector, we think the focus should be on promoting competition, and not on ex-post assessments of overall investment efficiency
 - In the lines sector, the focus should be on delivering the lowest possible prices for consumers while delivering a reliable service, fit for the modern economy

Regulatory frameworks for telecommunications and gas

- We would like to see similar issues regulated with consistent approvals across the electricity, gas and telecommunications sectors
- A review of industry self-governance in telecommunications and gas, to accelerate the introduction of pro-consumer (particularly mass market) and pro-competitive measures. We are particularly interested in access to mobile networks



Industry consolidation

Trustpower is well positioned to capitalise on emerging market opportunities

- The joint KCE takeover offer by Trustpower and the King Country Electric Power Trust (KCEPT) was successful. Trustpower and KCEPT are now working together to achieve synergies, primarily through the sale of the KCE retail customers to Trustpower. This sale has been completed and the transfer of customers is underway
- The GSP Energy sale is complete with a sale price of AUD168 million compared to AUD72 million purchase price (including two small wind farms now owned by Tilt Renewables) in 2014
- Following the sale of GSP and the takeover of KCE, Trustpower will be well positioned to participate in further industry consolidation
- Trustpower currently has undrawn committed bank facilities of around \$180 million and is towards the bottom of its leverage targets giving options for capital deployment

In summary

- Trustpower repositioned as a New Zealand focused multi-product platform
- Multi-product platform delivering for customers and shareholders
- Well positioned in an uncertain and changing world for further convergence with proven integration capability

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Thank You



Appendix



Generation volumes

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Long run average
	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh						
Long Term NI Generation	690,401	780,391	546,024	749,931	614,570	779,535	921,240	724,997	566,207	516,092	626,126	758,366	987,184	712,389
Long Term SI Generation	832,536	886,856	925,803	818,512	820,116	956,633	1,012,092	947,841	948,379	1,012,905	930,464	988,994	998,371	929,193
Bream Bay	-	-	-	-	-	-	311	994	1,030	666	981	2,249	2,448	1,395
Deep Stream	-	-	-	-	-	-	-	18,713	16,790	20,788	18,525	18,293	17,095	18,368
Esk	-	-	-	-	-	-	-	-	5,118	15,710	11,630	12,674	14,481	13,624
KCE												236,904	195,178	216,041
Total NI	690,401	780,391	546,024	749,931	614,570	779,535	921,551	725,991	572,355	532,468	638,737	1,010,192	1,199,291	943,449
Total SI	832,536	886,856	925,803	818,512	820,116	956,633	1,012,092	966,554	965,169	1,033,694	948,989	1,007,287	1,015,466	947,560