TRANSPOWER

Keeping the energy flowing

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Media Release
20 August 2020

Transpower releases 2019/20 annual result

Transpower New Zealand today released its annual results for the 2019/20 financial year with a final dividend of $99 million, bringing total dividends for FY20 to $165 million.

Highlights include:

- Revenue of $986.9 million represents a decrease of 4.2% or $43.0m on the previous year's revenue, impacted by the change in the Weighted Average Cost of Capital (WACC)from 7.19% to 4.57% impacting the last three months of the financial year
- Operating expenses were well controlled at $291.6 million, 1.8% lower than the $297.0 million incurred in the previous year.
- Earnings before interest, tax, depreciation, amortisation, asset write-offs, impairment and changes in the fair value of financial instruments (EBITDAIF) were $695.3 million, a decrease of $37.6 million (5.1%) on the previous year's EBITDAIF of $732.9 million.
- Year-end NPAT of $231.1 million, a decrease of $27.3 million (10.6%) on last year.
- Capital Expenditure of $387.4 million, up $58.5 million on the previous year
- Final dividend of $99 million. The total dividend to be paid to the Crown for the 2019/20 financial year is $165 million.

Chair Pip Dunphy said the company has been able to manage the impacts of Covid -19 while providing support to the industry through its challenges.

"The safe, secure and reliable supply of electricity has never been more critical as it was this year.

"Due to the nature of Transpower's business as a regulated, essential service, we were able to continue some of our operations during the Covid-19 lockdown.

"During this period we supported our service provider workforce where we were able. We increased our speed of payments to our suppliers and offered deferred payment terms for transmission charges to affected customers.

Ms Dunphy says the company had successfully concluded its Regulatory Control Period 2 capex programme at 101% of the allowance. Operating

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expenses were down 1.8% on last year to $291.6 million. Tight controls and the implementation of cost saving initiatives helped keep costs favourable to the RCP2 allowance.

“Transpower has continued to meet the challenges faced within the current operating environment while delivering value to our shareholder and stakeholders,” she said.

Over the course of the year significant operational projects were completed including the Bunnythorpe-Haywards reconductoring, the High Voltage Direct Current (HVDC) link upgrade and the Cook Strait Telecommunications Cable replacement – all of which have been years in the planning and required significant stakeholder support.

In contrast, Transpower had only a few months to plan and commission a temporary replacement line in South Canterbury, following the loss nine towers when the Rangitata River flooded in December.

These projects were all completed during lockdown.

“Transpower has continued to play an active role in shaping the industry’s future with the publication of Whakamana i Te Mauri Hiko – Enabling our Energy Future in April. Through this work we have identified ten areas of focus that the industry can collectively address in order to fully realise New Zealand’s potential as a net-zero carbon economy,” says Ms Dunphy.

“The decision in June to complete the Clutha Upper-Waitaki Lines project (CUWLP) was important given the July announcement from Rio Tinto of the pending closure of the New Zealand’s Aluminium smelter at Tiwai. Transpower has since revised the expected completion date of CUWLP to reduce the existing transmission constraint that limits power supply out of the lower South Island.

“We continue to focus on working with all our stakeholders so we can collaboratively meet the challenges ahead,” she said

For further information, please contact:

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