



TRANSPOWER

Keeping the energy flowing

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**Media Release
18 August 2016**

Transpower releases 2015/16 annual result

Transpower New Zealand today released its annual results for the 2015/16 financial year.

Earnings before interest, tax, depreciation, amortisation, asset write-offs, and changes in the fair value of financial instruments (EBITDAIF) were \$749.4 million, a slight decrease of \$6.0 million (0.8%) from the 2014/15 financial year. The decrease was driven by lower revenue and a slight increase in operating costs.

Transmission revenue decreased \$10.1 million to \$974.1 million, down 1% from 2014/15 following a change in our regulatory settings that reduced our regulatory return. Offsetting the transmission revenue decrease were some one-off increases in other revenue, which was up \$4.1 million from the prior period to \$16.4 million.

Operating expenses increased from \$281.6 million to \$285.1 million, due largely to increased asset maintenance. However, this increase was held at 1.2% due to a focus on tight cost control and additional cost efficiencies identified through our major transformation programme.

Net profit after tax, before net changes in the fair value of financial instruments, was \$192.9 million, a decrease of \$1.7 million (0.9%) from 2014/15. The total dividend to be paid to the Crown for the 2015/16 financial year is \$163.0 million.

Chairman Mark Verbiest said the company had performed very well in both financial and operational terms over the past 12 months.

“We are especially proud this year of the improvement in our safety performance following a major focus on reducing the level of injuries throughout our business – including our staff and all of our contractors who work on our assets. We met our safety targets and injury frequency is down 40% from 2014/15, showing our ongoing commitment to public and worker safety as our number one priority.”

“We are also pleased with our financial performance in the first year of our new five-year regulatory period (RCP2) which began on 1 April 2016.”

“RCP2 has brought a more challenging operating environment for our transmission business – with a lower allowable rate of return, challenging efficiency targets and more comprehensive and complex incentive arrangements.”

“Our continual focus on our transformation programme and implementing operational and cost efficiencies has enabled us to meet these challenges and produce a strong financial result while maintaining our ability to deliver reliable transmission services to our customers,” he said.

Transpower’s full annual report will not be available until tabled in Parliament later this year. Our financial accounts are available at:

<https://www.transpower.co.nz/news/transpower-releases-201516-annual-result>

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