



TRANSPower

TRANSPower NEW ZEALAND LIMITED

Investor Presentation

July 2025



Disclaimer

This presentation does not constitute a recommendation by Transpower New Zealand Limited (Transpower), Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) (Lead Manager), The New Zealand Guardian Trust Company Limited (Supervisor), nor any of their respective directors, officers, employees or agents to subscribe for, or purchase, any securities. None of Transpower, the Supervisor or any of their respective directors, officers, employees or agents accepts any liability whatsoever for any loss arising from this presentation or its contents or otherwise arising in connection with any offer of securities, except as provided for in the Financial Markets Conduct Act 2013 (FMCA). No money is currently being sought and no bonds can be applied for or acquired until the relevant offer opens and the investor has received a copy of the offer documents in relation to those bonds. If Transpower offers the retail bonds, the retail offer will be made in accordance with the FMCA as an offer of debt securities of the same class as existing quoted debt securities.

This presentation is for preliminary information purposes only and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information in this presentation is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

All material information in this presentation is derived from publicly available information, unless otherwise indicated. All of the numerical data provided in this presentation is derived from Transpower's Statement of Corporate Intent 2025/2026, Transpower's Integrated Report for the year ended 30 June 2024 and Transpower's Interim Report 2024/2025. Any internet site addresses provided in this presentation are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this presentation.

The presentation may contain a number of Transpower's forward-looking plans and projections. Those plans and projections reflect current expectations, but are inherently subject to risk and uncertainty, and may change at any time. There is no assurance that those plans will be implemented or that projections will be realised.

Neither the Lead Manager nor any of its directors, officers, employees and agents:

- (a) accept any responsibility or liability whatsoever for any loss arising from this presentation or its contents or otherwise;
- (b) authorised or caused the issue of, or made any statement in, any part of this presentation; and
- (c) make any representation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this presentation and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).

This presentation is dated July 2025.

Agenda

- Company Overview
- Regulation & Industry
- Sustainability
- Green Financing Framework
- Capital Expenditure
- Funding
- Questions



Catherine Shaw

Chief Financial Officer

+64 21 644 107

catherine.shaw@transpower.co.nz



Chris Sutherland

Treasurer

+64 21 994 925

chris.sutherland@transpower.co.nz



Transpower investment highlights

- Strong investment grade profile - AA (stable), S&P Global Ratings
- Green financing - programmatic certification from the Climate Bond Initiative
- Enabling renewable generation / a focus on sustainability
- Prudent financial risk management
- Essential national utility / high barriers to entry
- Experienced governance and management team
- Crown ownership - 100%¹
- Strong regulatory framework which facilitates stable revenue
- Low counterparty risk / enforceable requirement to pay

¹ The Crown (State) does not guarantee bonds issued by Transpower



Company Overview

Company overview

- Central to the New Zealand electricity industry
 - Owner and operator of the National Grid
 - System Operator
- No volume risk
- Over \$5.4 billion of transmission assets (RAB¹ + TWA² assets)
- Approximately 11,200 kilometres of transmission lines
- 178 substations
- Approximately 55 customers across Distribution, Generation, direct connects and other

¹ Regulated Asset Base

² Transpower Works Agreement – bilateral customer connection contracts on consistent terms with regulated assets

Source: Transpower, Transpower's [Integrated Report 30 June 2024](#)



Financial performance

- Key financial performance targets are focused on:
 - Sustaining our credit rating
 - Balance sheet strength
 - Financial returns
- Focused on managing financial metrics consistent with our AA rating band
- Transpower targets:
 - FFO/Interest cover no less than 2.8x
 - FFO/Debt no less than 9.5%
- Dividend policy is between 30 - 60% of free cash flow less maintenance capex, at the discretion of the Transpower Board



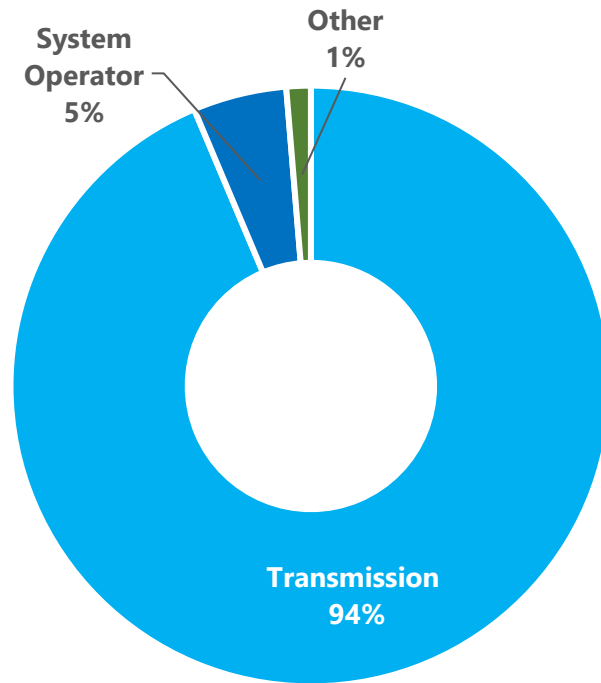
Key financial metrics – SCI¹ outlook

Financial performance targets	Target metrics	FY2025 Forecast	FY2026 Target	FY2027 Target	FY2028 Target
FFO / Interest cover (x)	>2.8	4.4	3.4	3.8	3.6
FFO / Debt (%)	>9.5	12.4	11.7	13.3	12.7
Return on Equity (%)	-	6.0	7.2	11.5	10.7
Return on Capital Employed (%)	-	3.5	4.2	5.5	5.6

Revenue and customers

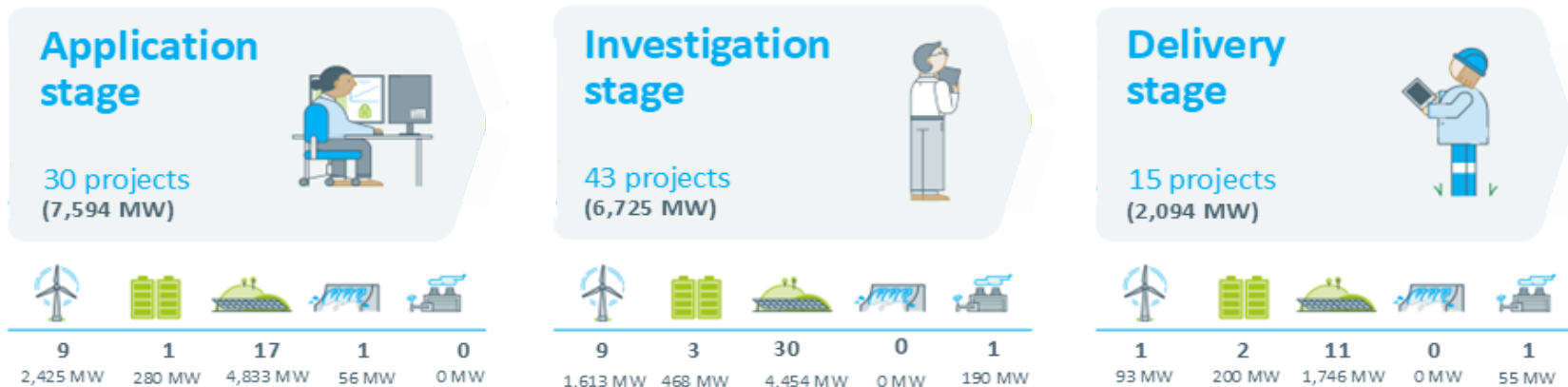
- Customer charge recoverability – no exposure to credit risk on regulated revenue
- Credit exposure to non-regulated customer agreements low, at ca. 3% of revenue
- 55 customers, largest 10 customers ca. 79% of total revenue
- Transmission revenue by customer:
 - Distribution - 76% (28 distribution customers)
 - Generation - 16% (15 generators)
 - Other and direct connects - 8% (12 customers)

Operating revenue composition



Connection pipeline - generation and battery¹

- Approx 6.7 GW of generation enquiries are under investigation
- A further 2.1 GW is in delivery stage



¹ Enquiries at the application/assessment stage or above (excludes initial enquiries commissioned and in delivery projects)



Regulation and Industry

Regulation overview

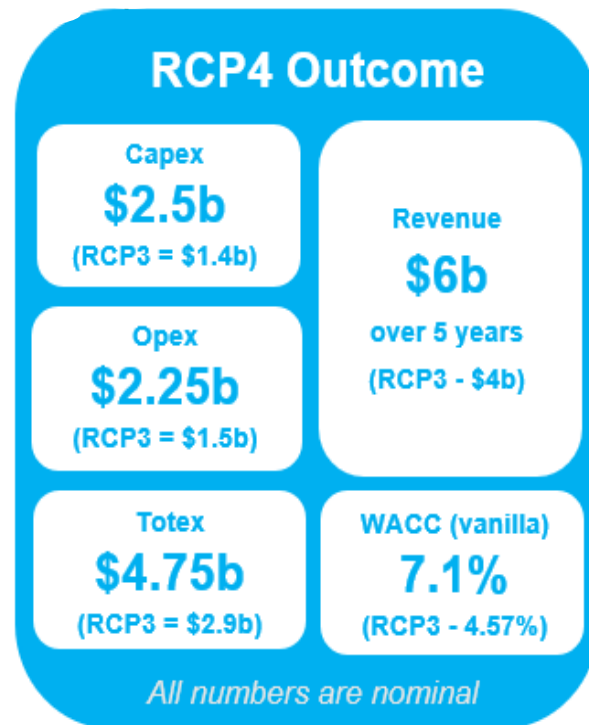
- Substantial regulated revenue – ca. 99%¹
- Revenue cap - no volume risk
- Building block model determines Maximum Allowed Revenue (MAR)
- Regulated transmission assets receive a WACC return
- Transpower's RCP4² WACC is 7.10%
- Transpower's Regulated Asset Base (RAB) is ca. \$5 billion
- RAB is indexed from RCP4
- 100% of transmission charges are recoverable across all customers
- System Operator Service Provider Agreement - ca. 5% of total revenue

¹ Financial Year to 30 June 2024.

² Regulatory Control Period (RCP) 4 applies from 1 April 2025 to 31 March 2030.

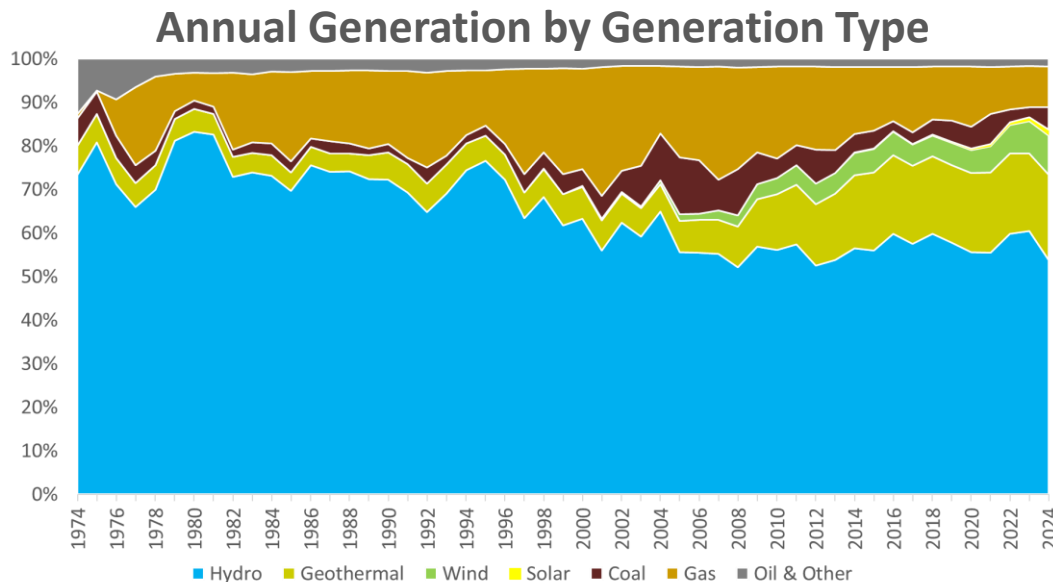
Regulatory Control Period 4

- Total MAR for RCP4 \$6 billion (RCP3 \$4 billion)
- Delivery risk adjustment mechanism - permits a further ca. \$190 million of operating and capital allowances through RCP4 subject to meeting a head count hurdle
- Quality incentives comprise a further $\pm 1.4\%$ revenue ($\pm \$18$ million p.a.)
- Inflation allowance:
 - opex and base capex - 2% p.a. inflation assumed (outturn adjusted through the EV account in RCP5)
 - MCP capex - MCP allowance adjusted for actual inflation when capitalising and commissioning

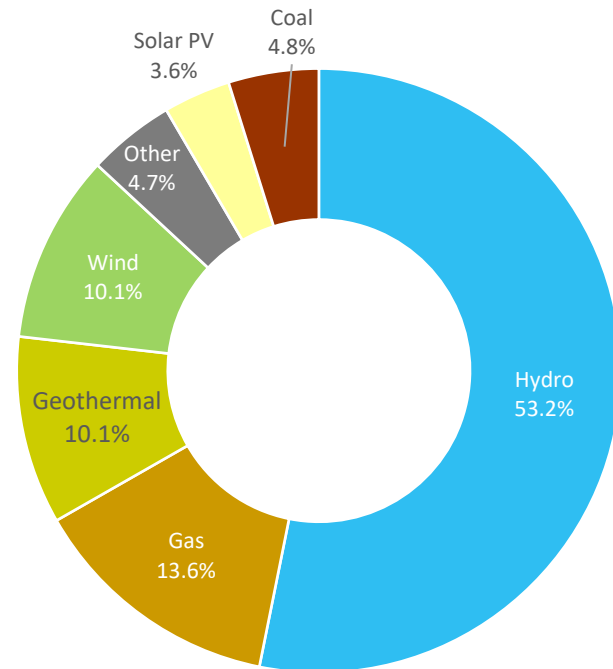


Renewables generation

- Installed generation capacity 10,348 MW
- Annual generation 43,494 GWh
- Renewable generation 84% in 2024 (88%, 2023)

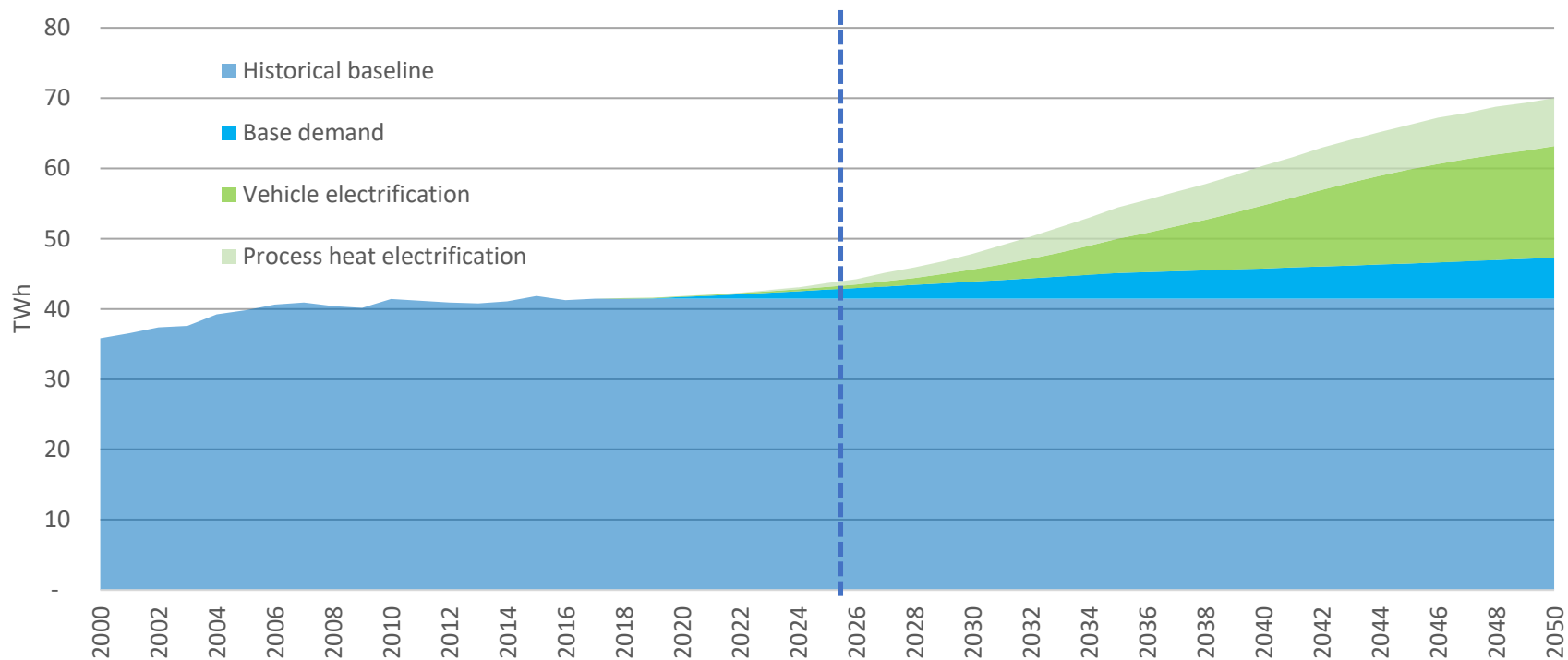


Capacity by Generation Type



Source: Electricity statistics | Ministry of Business, Innovation & Employment

Electricity demand growth forecast







Source: Transpower - WITMH




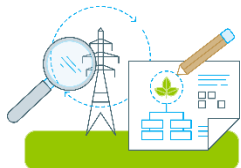
Sustainability

Sustainability Strategy

Our Sustainability Strategy is focused on improving the sustainability of our operations while driving long term change

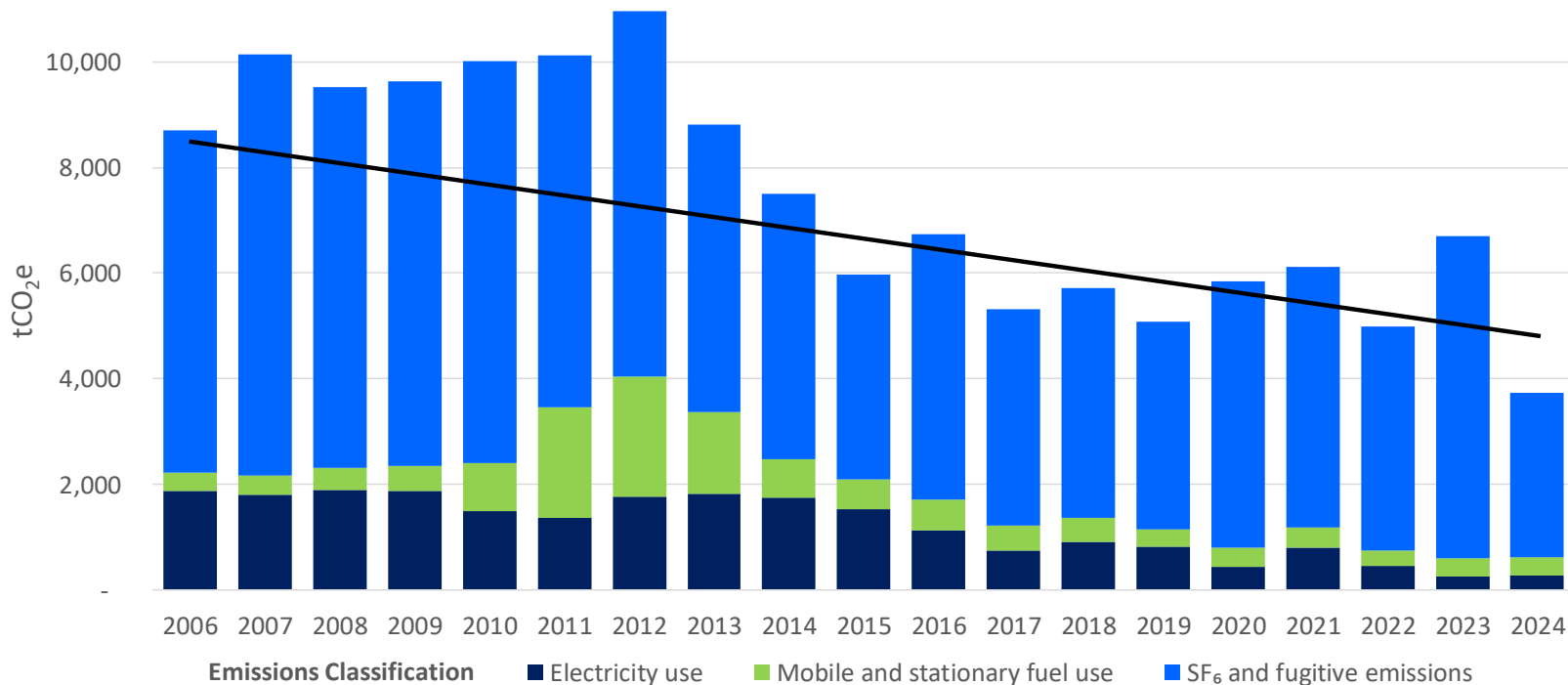
Challenge	Strategic outcome	KPI
Climate Change		
		
	Our carbon footprint (including transmission loss emissions) is reduced 15% by 2030 and on track to achieve a net zero grid by 2050	Reduce Scope 1 & 2 GHG controllable emissions by 44% by 2030, focusing on carbon intensity of operations 
		Limit increase in emissions to 2030, to less than 79% greater than 2021 (reduction of 35% against 2030 forecast), focussing on material and services inputs 
	Ensure the grid is resilient to climate change	80% of the FY2026 Climate Adaptation Plan delivered 

Sustainability Strategy (contd)

Challenge	Strategic outcome	KPI
Environmental stewardship		
	Environmental impacts are minimised, with a net gain in biodiversity	Delivering a net biodiversity gain
		Improve water quality and reduce contamination risks
		Reduce waste to landfill
Sustainable business		
	Decision frameworks consider social and environmental impacts	Include carbon and sustainability considerations in decision making frameworks
		Awareness of future ESG obligations for Transpower

Emissions target - 2030

- Targeting 44% reduction (from a FY21 baseline) of controllable Scope 1 and 2 GHG emissions by 2030





Green Financing Framework



Green Financing Framework

- Green Financing Framework - programmatic certification with Climate Bond Initiative
 - Climate Bonds Standard
 - Electrical Grids & Storage Criteria
 - Verification - DNV Business Assurance Australia Pty Ltd
- Green Bond Report published:
 - Eligibility
 - Allocation
 - Impact
 - Adaptation and Resilience



Climate Bonds Initiative - eligibility criteria

- Two components:

- Mitigation

"More than 67% of newly connected generation capacity in the System in which the infrastructure is located below the generation threshold value of 100gCO₂e/kWh measured on a Product Carbon Footprint (PCF) basis, over a rolling five-year period"

Period	< 100g CO ₂ e/kWh	> 100g CO ₂ e/kWh	Total	Percentage
2023 Rolling 5-year average new capacity	712.4	121.4	833.8	85.4%

- Adaptation & Resilience

"Has the issuer fulfilled the requirements of the Adaptation and Resilience checklist?"

Eligible Green Assets

CBI Taxonomy Category	Alignment with UN Sustainable Development Goals	Transpower's Eligible Green Assets
Energy - Transmission and Distribution Infrastructure	 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable modern energy for all</p>	<p>Transmission and distribution infrastructure, equipment and projects that comply with the electrical grid criteria, for example: HVAC and HVDC (inter-connector) substations and transmission lines</p>
	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	
	 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	
	 <p>15 LIFE ON LAND</p> <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat deforestation, and halt and reverse land degradation and halt biodiversity loss</p>	

Eligible Green Assets and Green Financing Instruments

Transpower (NZ\$ million)	HY 2025
Total assets employed	6,569
Eligible Green Assets	4,800
Green Financing Instruments	3,648
Excess Eligible Green Assets	1,152
Ratio Green Financing Instruments / Eligible Green Assets	76.0%

HVDC Lines & Cables
NZ\$101m

HVDC Substations
NZ\$419m

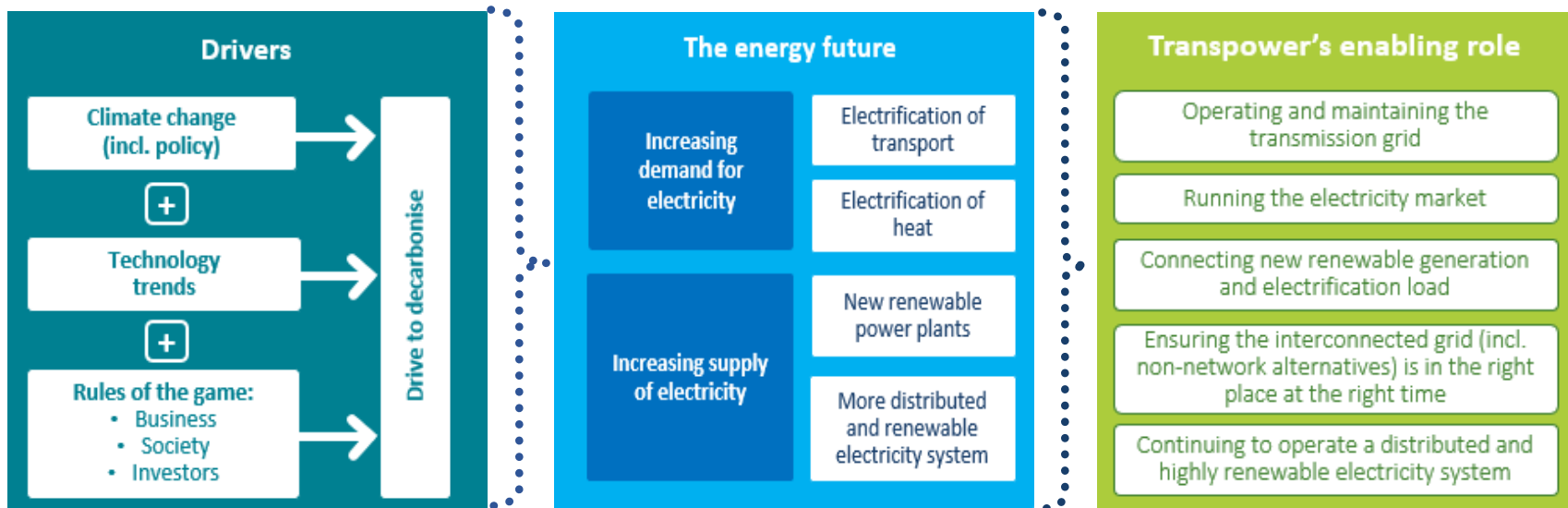
HVAC Substations
NZ\$2,156m

HVAC Lines
NZ\$2,124m

Green
Financing
Instruments
NZ\$3,648m

Electricity transmission – enabling infrastructure

- New Zealand committed to net zero carbon by 2050
- Transpower launched a new initiative “Te Kanapu” in May 2025 to guide strategic discussions across electricity sector on the grid development required to enable reliable and affordable electricity supply necessary for net zero carbon by 2050



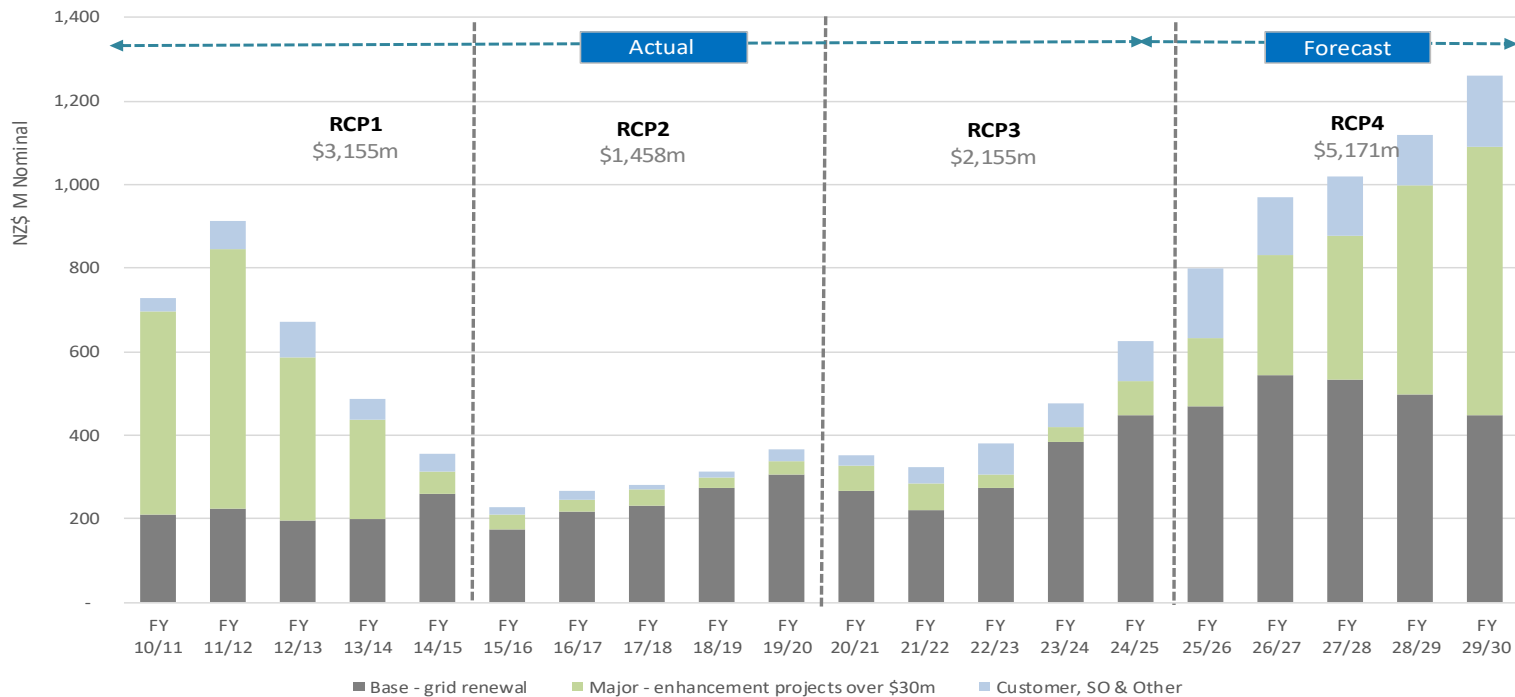


Capital Expenditure

Capital expenditure forecast

- RCP4 Base Capex \$2.5 billion

- MCP¹ and TWAs² ca. \$2.6 billion



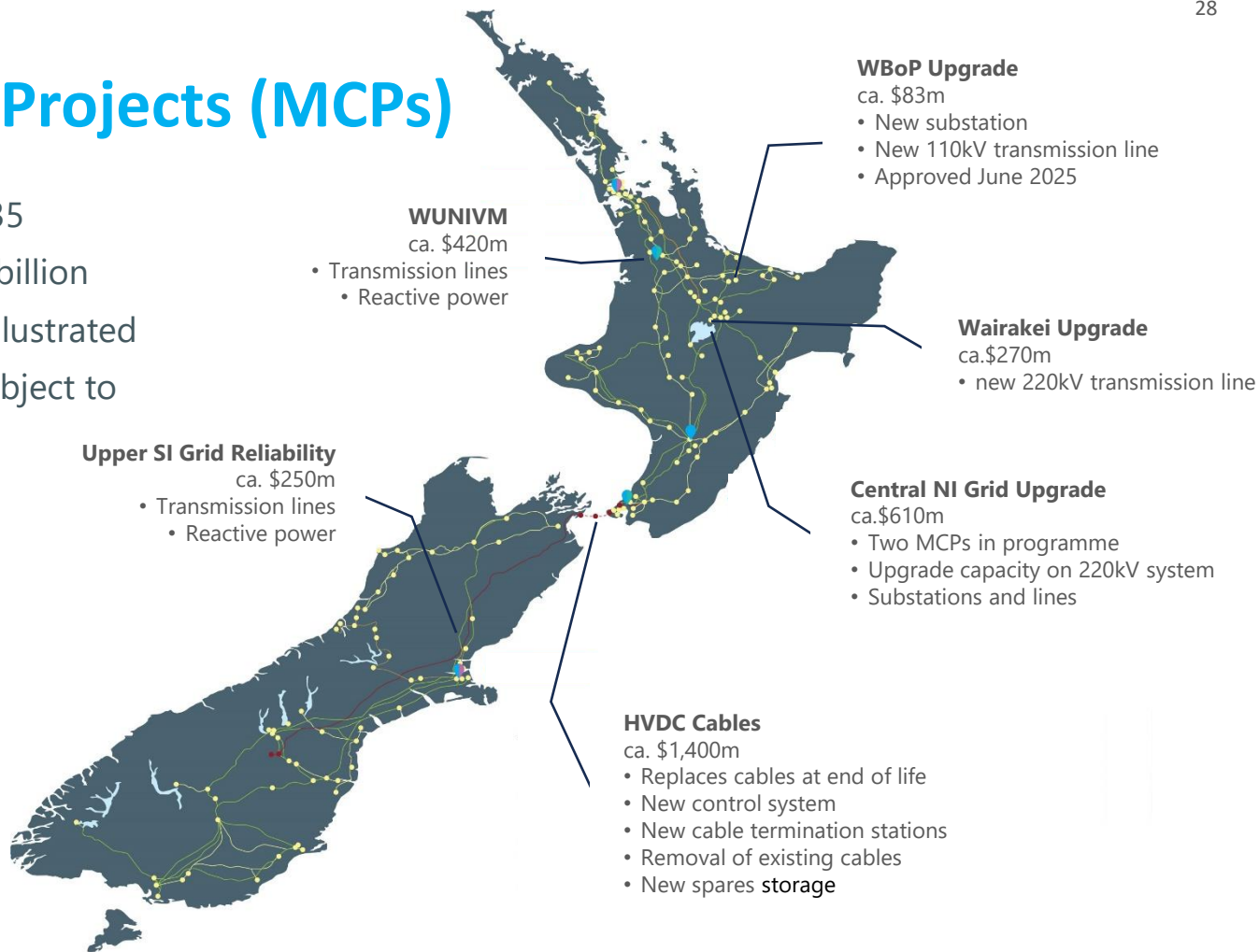
¹ Major Capital Projects > \$30 million

² Transpower Works Agreements – bilateral contracts with connection asset customers

Source: Transpower – May 2025

Major Capital Projects (MCPs)

- 15 MCPs forecast to 2035
- Total MCP value ca. \$5 billion
- MCPs over \$80 million illustrated
- MCP applications are subject to Commerce Commission approval





Funding

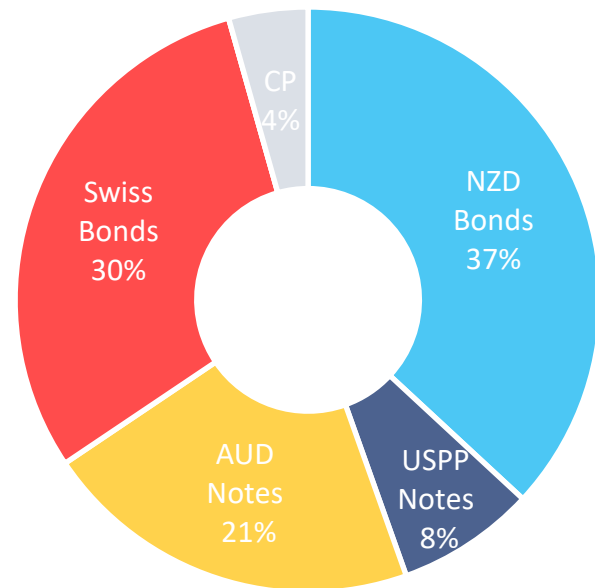
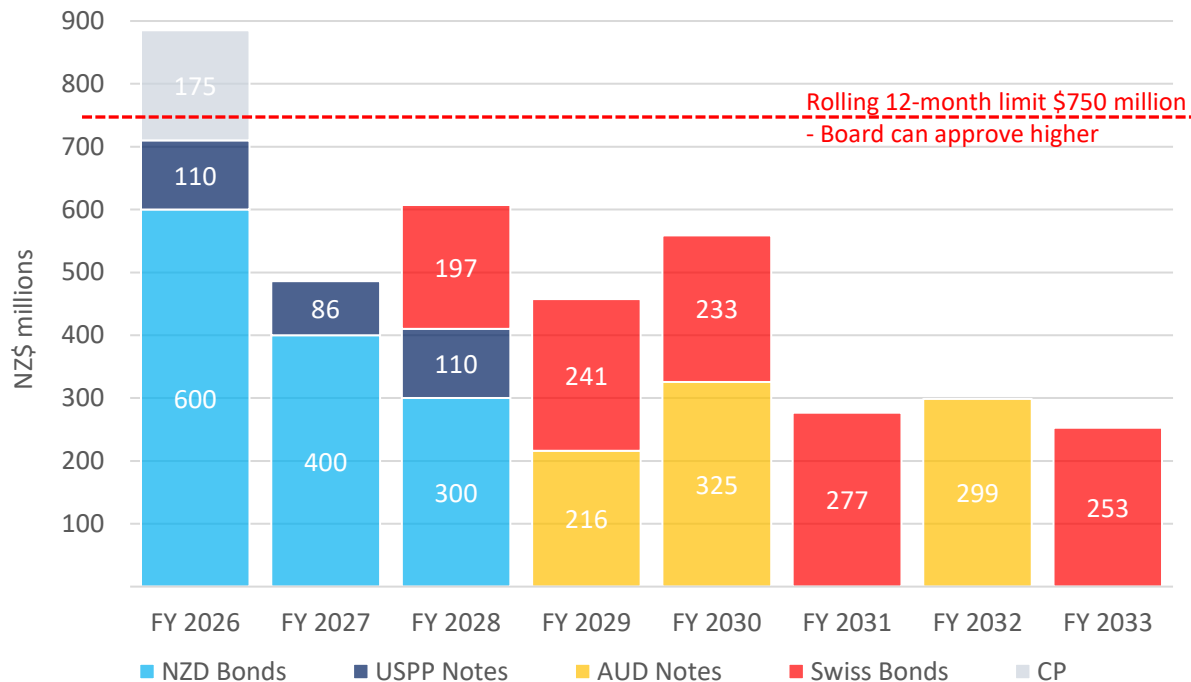
Conservative policies/targets

- Prudent financial policies and low financial risk
- Maintain credit rating band
- Sufficient liquidity and funding:
 - NZ\$500 million undrawn committed standby facilities¹
 - Multiple long-term and short-term funding programmes
 - Free cash flow from operations is strong
- Interest Rate:
 - Interest rate risk management policies align with regulatory control periods. Transpower Treasury Policy provides for some discretion for exposure to floating interest rates

¹ Two tranches of \$250 million, maturing 31 December 2025 and 31 December 2026.

Funding

- NZ\$3.6 billion certified Green bonds
- Leverage of ca. 67%



Source: Transpower June 2025
Foreign bonds/notes are expressed in hedged NZ\$ amounts



Questions

TRANSPower.CO.NZ



Other information

Transpower website / Investor centre	<ul style="list-style-type: none"> • Investor Page • Green Financing Framework & Reporting • Investor Presentations • Annual Reports and Half Year Reports • Statement of Corporate Intent (SCI) • New, Publications, Webcasts & Resources
NZX Debt Market (NZDX)	https://www.nzx.com/companies/TRP
Direct contact	<p>Catherine Shaw - Chief Financial Officer Phone: +64 21 644 107 Email: catherine.shaw@transpower.co.nz</p> <p>Chris Sutherland - Treasurer Phone: +64 21 994 925 Email: chris.sutherland@transpower.co.nz</p> <p>22 Boulcott Street PO Box 1021, Wellington New Zealand</p>

Appendices



Credit rating summary

S&P Global Ratings – Key Criteria and Assessments	
Issuer Credit Rating	AA (stable)
Business risk Country risk Industry risk Competitive position	Excellent Low Very low Excellent
Financial risk Cash flow/Leverage	Significant Significant
Stand-alone credit profile	a-
Related government rating	AAA (stable)
Likelihood of government support	Very high (+4 notches)

Summary financials (continuing activities)

Financial performance (NZ\$ million)	FY June 2021	FY June 2022	FY June 2023	FY June 2024	HY Dec 2024
Total operating revenue	916	885	913	930	476
Total operating expenses	(300)	(311)	(362)	(385)	(192)
EBITDAIF ¹	617	574	551	545	284
Net profit before tax	217	231	174	172	88
Net profit	156	167	127	90	64
Cash flow (NZ\$ million)	FY June 2021	FY June 2022	FY June 2023	FY June 2024	HY Dec 2024
Net cash from operations	474	485	438	443	208
Net cash from investments	(350)	(279)	(342)	(478)	(338)
Net cash from financing	92	(378)	242	(243)	167
Closing net cash carried forward	230	58	396	118	155

¹ Earnings Before Interest, Tax, Depreciation Amortisations and asset write-offs, Impairment and changes in Fair value of financial instruments

Source: Transpower's Full Year Audited and Half Year Unaudited Financial Statements

Summary financials (continued)

Financial position (NZ\$ million)	FY June 2021	FY June 2022	FY June 2023	FY June 2024	HY Dec 2024
Total assets employed	6,158	6,055	6,417	6,271	6,569
Total liabilities	4,495	4,196	4,570	4,537	4,920
Total equity	1,663	1,859	1,847	1,734	1,649

Source: Transpower's Full Year Audited and Half Year Unaudited Financial Statements

Glossary/key definitions

Crown	The New Zealand Government, or State
EA	Electricity Authority
FFO	Free Funds from Operations
GHG	Green House Gas
Grid	National Transmission Grid
GWh	Gigawatt hours - unit of power equal to one billion watt hours
HVAC	High Voltage Alternating Current (usual electrical system current)
HVDC	High Voltage Direct Current (used for high voltage transfer over long distances to reduce losses)
MAR	Maximum Allowable Revenue
MCP	Major Capital Project
MW	Mega Watt - unit of power equal to one million watts
RAB	Regulated Asset Base
RCP	Regulatory Control Period – Five-year periods, RCP4 started 1 April 2025, RCP5 commences 1 April 2030
SO	System Operator
TPM	Transmission Pricing Methodology
TWh	Terawatt hours - unit of power equal to one trillion watt hours
WACC	Weighted Average Cost of Capital

CBI disclaimer

The certification of Transpower's Green Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation, warranty, undertaking, express or implied, or give any assurance with respect to any other matter relating to Transpower's Green Bonds or Eligible Green Assets including but not limited to this presentation, Transpower or the management of Transpower.

The certification of Transpower's Green Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of Transpower and is not a recommendation to any person to purchase, hold or sell Transpower's Green Bonds and such certification does not address the market price or suitability of Transpower's Green Bonds for a particular investor. Each potential purchaser of Transpower's Green Bonds should determine for itself the relevance of this certification. Any purchase of bonds should be based upon such investigation that each potential purchaser deems necessary. The certification also does not address the merits of the decision by Transpower or any third party to participate in any Transpower Green Bonds or Eligible Green Assets and does not express and should not be deemed to be an expression of an opinion as to Transpower or any aspect of any Transpower Green Bonds or Eligible Green Assets (including but not limited to the financial viability of any Transpower Green Bonds or Eligible Green Assets) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the fairness, accuracy, reasonableness, and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative.

The Climate Bonds Initiative does not assume or accept any responsibility or liability to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Transpower Green Bonds or Eligible Green Assets or Transpower. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Transpower Green Bonds or Eligible Green Assets. The certification may only be used with Transpower's Green Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not, and is not in any way intended to, address the likelihood of timely payment of interest when due on Transpower's Green Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.