



Company Announcement Office
Exchange Centre
Level 6
20 Bridge Street
Sydney, NSW 2000
Australia

22 August 2017

Dear Sir / Madam

Mercury NZ Limited (ASX/NZX MCY) – 2017 Full Year Results

Attached are the following documents in relation to Mercury NZ Limited's full year results for the year ended 30 June 2017.

- > NZX Appendix 1
- > News Release
- > NZX Appendix 7 – ordinary dividend
- > NZX Appendix 7 – special dividend
- > Notices to shareholders (e-comms and mail versions)
- > Notices to bondholders (e-comms and mail versions)

Mercury's 2017 Annual Report and Financial Results presentation are being loaded separately on ASX online.

Dividend information filed on Appendix 3A.1 will follow.

For the purposes of ASX Listing Rule 1.15.3, Mercury NZ Limited confirms that it has complied with the NZX Listing Rules during FY 2017.

Yours faithfully

Howard Thomas
Company Secretary



Appendix 1 – Full year results

Stock Exchange listings NZX (MCY) ASX (MCY)

Results for announcement to the market		
1. Full year reporting periods		
Reporting Period	12 months to 30 June 2017	
Previous Reporting Period	12 months to 30 June 2016	
	NZD Amount (\$M)	Percentage change
Revenue from ordinary activities	1,597	+2.1%
Profit from ordinary activities after tax attributable to security holders	184	+15.0%
Net profit attributable to security holders	184	+15.0%
Earnings before net interest expense, income tax, depreciation, amortisation, change in fair value of financial instruments, impairments and equity accounted earnings (EBITDAF)	523	+6.1%
Underlying earnings after tax ¹	176	+15.8%
	NZD Amount	Percentage change
Basic and diluted earnings per share (weighted average number of shares)	\$0.1337	+15.0%
Net tangible assets per share (excluding treasury shares)	\$2.37	+0.2%
Final Dividend	Amount per security	Imputed amount per security
Final Dividend	\$0.088	\$0.034222 ²
Record Date	14 September 2017	
Dividend Payment Date	29 September 2017	

Special Dividend	Amount per security	Imputed amount per security
Special Dividend	\$0.050	\$0.019444 ³
Record Date	14 September 2017	
Dividend Payment Date	29 September 2017	
Comments:	1. Underlying earnings after tax excludes one-off and/or infrequently occurring events (exceeding \$10 million of net profit before tax), impairments and any changes in the fair value of derivative financial instruments. This is a non-GAAP measure.	
	2. A supplementary dividend of \$0.015529 per share will be payable on the final dividend to shareholders who are not resident in New Zealand.	
	3. A supplementary dividend of \$0.008824 per share will be payable on the special dividend to shareholders who are not resident in New Zealand.	
2. Control of entities gained or lost during the period		
Name	Date control lost	
MRP NRI-Germany Holdings Limited	In voluntary liquidation as at 30 June 2017.	
MRP NRI-Peru Holdings Limited	In voluntary liquidation as at 30 June 2017.	
MRP NRI-Chile Holdings Limited	In voluntary liquidation as at 30 June 2017.	
MRP Fin-Co Chile Limited	Dissolved 28 July 2016.	
MRP Fin-Co Peru Limited	Dissolved 28 July 2016.	
MRP Fin-Co Germany Limited	Dissolved 28 July 2016.	
MRP Energia Chile Limitada	Dissolved 15 July 2016.	
MRP Holdings-Germany Limited	Dissolved 15 October 2016.	
MRP Holdings-Peru Limited	Dissolved 22 September 2016.	
MRP Holdings-Chile Limited	Dissolved 24 February 2017.	
MRP Chile Holdings LLC	30 June 2017.	
MRP Geotermia Curacautin Limitada	30 June 2017.	
MRP Chile Exploracion Limitada	30 June 2017.	



3. Dividends	See section 1 above and NZX Appendix 7 attached.
4. Dividend or distribution reinvestment plans	None.
5. Associates and joint venture entities	Refer to audited Annual Financial Statements for year ended 30 June 2017.
6. Accounting Standards	Refer to audited Annual Financial Statements for year ended 30 June 2017.
7. Audit	This report is derived from the audited Annual Financial Statements. EY has provided an Audit Report on the audited Annual Financial Statements, which is contained within the audited Annual Financial Statements.

Attachments:

- News release
- Results presentation
- Annual Report, which includes the audited Annual Financial Statements for the year ended 30 June 2017
- NZX Appendix 7 – ordinary dividend
- NZX Appendix 7 – special dividend





STOCK EXCHANGE LISTINGS: NZX (MCY) / ASX (MCY)

Mercury's focus on loyalty paying dividends

Summary

- >> Operating earnings (EBITDAF) \$523 million, up 6%
- >> Net profit after tax \$184 million, up 15%
- >> Final ordinary dividend 8.8 cents per share fully imputed to be paid on 29 September 2017
- >> Special dividend 5.0 cents per share fully imputed to be paid on 29 September 2017

22 August 2017 – Momentum following its rebranding has seen Mercury achieve record customer satisfaction and employee engagement levels at the same time as delivering a strong financial result for the year ended 30 June 2017.

Mercury today reported a 6% lift in operating earnings (EBITDAF) to \$523 million for FY2017 (\$493 million FY2016). The record result was significantly influenced by an 858 GWh, or 22%, increase in full year hydro generation from persistently strong inflows across the Waikato River catchment. Total hydro generation for the year was 4,724 GWh.

Total generation including geothermal was 7,533 GWh (6,842 GWh FY2016).

Mercury's financial results were also supported by strong portfolio and plant management, growth in its retail business through a focus on customer loyalty, and a solid contribution from the Metrix smart metering business.

Mercury chief executive Fraser Whineray says the response to Mercury's rebranding 12 months ago has been extremely positive. Mercury grew its overall customer base by 16,000 to 392,000. Total customer churn at 17.8% (12-month rolling rate) was significantly lower than the market average of 20.5%, while trader churn, where a customer changes retailer without moving house, was 5.7% against a 7.1% market average. The Mercury brand also achieved its best-ever residential customer satisfaction score of 64% highly satisfied (three month rolling average) compared with 60% in FY2016.

"These measurements confirm the success of our rebrand and Mercury's focus on rewarding customer loyalty and inspiring our customers to enjoy energy in more wonderful ways. Our momentum through the year has been powered by the greater alignment of our people as evidenced in our engagement scores," Mr Whineray says.

Net profit after tax increased \$24 million, or 15%, to \$184 million. Underlying earnings after tax increased by \$24 million or 16% to \$176 million, reflecting improved operating earnings partially offset by higher depreciation and tax expense.

Operating costs were flat year on year at \$214 million and remain \$45 million below their peak in FY2012. "This reflects our continued focus on controlling costs, improved procurement strategies, our exit from international geothermal development and the mothballing of Mercury's thermal generation site at Southdown," Mr Whineray says.

Stay-in-business capital expenditure was \$114 million. This was up on the company's normalised level of \$80 million per annum, reflecting the phasing of ongoing hydro refurbishment projects at Aratiatia and Whakamaru, and Mercury's geothermal drilling programme comprising four new wells at Rotokawa and Kawerau. Capital expenditure was \$11 million below original guidance of \$125 million, due to the performance of the geothermal drilling campaign.



Dividend

Chair Joan Withers says Mercury's nearly 90,000 owners, including the Crown, will receive a final ordinary dividend of 8.8 cents per share, fully imputed. This brings full year final ordinary dividend payments to a total of 14.6 cents per share, fully imputed, and in line with guidance. This represents a lift of 2% on FY2016, the ninth consecutive year of ordinary dividend growth.

As well as the fully imputed ordinary dividend, Mercury has announced a special dividend of 5.0 cents per share, fully imputed, to distribute excess free cash flow and proceeds from carbon sales. The dividends are payable on 29 September 2017.

"This level of distribution represents a continuing strong focus on active capital management," Ms Withers says. "We are pleased to be returning a total of \$270 million to our shareholders for the full year – an outcome of the strong momentum evident in the business."

Financial Results

	FY2017	FY2016	FY2015	FY2014	FY2013
EBITDAF (\$M)	523	493	482	504	390
NET PROFIT AFTER TAX (\$M)	184	160	47	212	115
UNDERLYING EARNINGS AFTER TAX (\$M)	176	152	145	185	180
FULLY IMPUTED ORDINARY DIVIDEND (CENTS PER SHARE)	14.6	14.3	14.0	13.5	12.0
FULLY IMPUTED SPECIAL DIVIDEND (CENTS PER SHARE)	5.0		7.5		
UNIMPUTED SPECIAL DIVIDEND (CENTS PER SHARE)		4.0		-	-
SHARE BUYBACK				\$50m	
ELECTRICITY GENERATION (GWh)	7,533	6,842	6,536	6,295	6,462

FY2018 Guidance

EBITDAF guidance is \$500 million for FY2018, based on 4,150 GWh of hydro generation. This is subject to any material events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions. Ordinary fully imputed FY2018 dividend guidance has been issued at 15.0 cents per share, an increase of more than 2% on FY2017.

Stay in business capital expenditure guidance is \$115 million, higher than our long-term expectation of \$80 million due to planned hydro, geothermal and technology investments in FY2018.

Mercury will continue to provide updates of its mid-point estimate of full-year hydro generation with its quarterly operating statistics.

Outlook

Mr Whineray says Mercury is well positioned to build on the strong momentum achieved through the 2017 financial year.

"Mercury is investing in solar, battery storage and other customer-led home and transport technologies to ensure we continue to be at the forefront of offering choice to consumers," he says.

"We see positive underlying drivers of demand growth with a stable economy, general population growth fuelled by positive net immigration and the increasing pace of New Zealand's transition to electric vehicles. In this dynamic environment Mercury is well positioned to respond with new generating capacity, when the time is right."



For further information:

Media – Craig Dowling 0272 105 337

Investors – Tim Thompson 0275 173 470

ABOUT MERCURY NZ LIMITED

Mercury's mission is energy freedom. Our purpose is to inspire New Zealanders to enjoy energy in more wonderful ways and our goal is to be New Zealand's leading energy brand. We focus on our customers, our people, our partners and our country; maintain a long term view of sustainability; and promote wonderful choices. Mercury is energy made wonderful.

Visit us at: www.mercury.co.nz



Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant
details on additional pages)

Full name of Issuer		<div>Mercury NZ Limited</div>			
Name of officer authorised to make this notice		<div>Howard Thomas, Company Secretary</div>	Authority for event, e.g. Directors' resolution		
		<div>Directors' resolution</div>			
Contact phone number	<div>+64 9 308 8200</div>	Contact fax number	<div>+64 9 308 8209</div>	Date	<div>22 / 08 / 2017</div>

Nature of event Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Rights Issue <input type="checkbox"/> non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Taxable Dividend <input checked="" type="checkbox"/>	/ Non Taxable <input type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>	Conversion <input type="checkbox"/>	Full Year <input checked="" type="checkbox"/>	Interest <input type="checkbox"/>	Special <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>	DRP Applies <input type="checkbox"/>
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EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	<div>Mercury NZ Limited ordinary shares</div>	ISIN	<div>NZMRPE0001S2</div>
		If unknown, contact NZX	

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	<div> </div>	ISIN	<div> </div>
		If unknown, contact NZX	
Number of Securities to be issued following event	<div> </div>	Minimum Entitlement	<div> </div>
Conversion, Maturity, Call Payable or Exercise Date	<div> </div>	Treatment of Fractions	<div> </div>
Enter N/A if not applicable		Tick if <i>pari passu</i> <input type="checkbox"/>	OR provide an explanation of the ranking
Strike price per security for any issue in lieu or date Strike Price available.	<div> </div>	<div> </div>	

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents		Source of Payment	<div>Income available for distribution</div>
Amount per security (does not include any excluded income)	<div>\$0.088</div>		
Excluded income per security (only applicable to listed PIEs)	<div>not applicable</div>		
Currency	<div>New Zealand Dollars</div>	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents
Total monies	<div>\$121,196,445</div>		<div>\$0.015529</div>
		Date Payable	<div>29 September, 2017</div>

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	<div>\$</div>	Resident Withholding Tax	<div>\$0.006111</div>	Imputation Credits (Give details)	<div>\$0.034222</div>
		Foreign Withholding Tax	<div>\$</div>	FDP Credits (Give details)	<div> </div>

Timing

(Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm

For calculation of entitlements -

14 September, 2017

Application Date

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.

29 September, 2017

Notice Date

Entitlement letters, call notices, conversion notices mailed

Allotment Date

For the issue of new securities. Must be within 5 business days of application closing date.

OFFICE USE ONLY

Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:



Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
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Nature of event Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Rights Issue <input type="checkbox"/> non-renounceable <input type="checkbox"/>	Taxable <input type="checkbox"/>	/ Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>
	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>	Full Year <input type="checkbox"/>
				Special <input checked="" type="checkbox"/>	DRP Applies <input type="checkbox"/>

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Mercury NZ Limited ordinary shares	ISIN	NZMRPE0001S2
			If unknown, contact NZX

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			If unknown, contact NZX
Number of Securities to be issued following event		Minimum Entitlement	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions	
	Enter N/A if not applicable	Tick if <i>pari passu</i> <input type="checkbox"/>	OR provide an explanation of the ranking
Strike price per security for any issue in lieu or date Strike Price available.			

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents		Source of Payment	Income available for distribution
Amount per security (does not include any excluded income)	\$0.050		
Excluded income per security (only applicable to listed PIEs)	not applicable		
Currency	New Zealand Dollars	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents \$0.008824
Total monies	\$68,861,616		Date Payable 29 September, 2017

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax	\$0.003472	Imputation Credits (Give details)	\$0.019444
		Foreign Withholding Tax	\$	FDP Credits (Give details)	

Timing

(Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm

For calculation of entitlements -

14 September, 2017

Application Date

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.

29 September, 2017

Notice Date

Entitlement letters, call notices, conversion notices mailed

Allotment Date

For the issue of new securities. Must be within 5 business days of application closing date.

OFFICE USE ONLY

Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:



Freedom to choose



DEAR SHAREHOLDER,

Mercury is pleased to share with you highlights of our annual results for 2017.

We invite you to view our 2017 Annual Report, along with Mercury's investor presentation and news release.

**VIEW OUR ONLINE
2017 ANNUAL REPORT**

**SEE OUR INVESTOR PRESENTATION
& NEWS RELEASE**

HIGHLIGHTS OF THE YEAR ENDED 30 JUNE 2017

OPERATING EARNINGS (EBITDAF)

^ 6% lift to \$523 million

largely reflecting strong inflows across the Waikato catchment in the second half of the financial year.

NET PROFIT AFTER TAX

^ up \$24 million to \$184 million

FINAL ORDINARY DIVIDEND

8.8 cents per share fully-imputed

This brings the full year fully-imputed ordinary dividend to 14.6 cents per share up from 14.3 cents per share in FY2016.

SPECIAL DIVIDEND

5.0 cents per share fully imputed

Mercury has also announced a fully-imputed special dividend of 5 cents per share in order to distribute excess Free Cash Flow and proceeds from carbon credit sales.

We are pleased to report strong momentum following Mercury's rebranding 12 months ago, reflected in the company achieving record customer satisfaction and employee engagement levels.

Mercury's result was also supported by strong portfolio and plant management, growth in our retail business through a focus on customer loyalty and a solid contribution from the Metrix smart metering business.

Looking forward, we see positive underlying drivers of demand growth with a stable economy, general population growth fuelled by immigration and even the increasing pace of the transition to electric vehicles. In this dynamic environment Mercury is well positioned to continue generating consistent and growing returns for our owners along with value for our commercial partners, our customers, our people and our communities.

EBITDAF guidance for the year ending 30 June 2018 is \$500 million, subject to any material events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions. Ordinary fully-imputed FY2018 dividend guidance has been issued at 15.0 cents per share, an increase in excess of 2% on FY2017.

Kind regards,



Joan Withers | Chair, Mercury NZ Limited

Customers choose Mercury

FIND OUT MORE



NOTICE OF REPORT AVAILABILITY

Our most recent and future Annual and Interim Reports are, or will be, available on our website www.mercury.co.nz/investors

If you would like to receive free printed copies or electronic copies of our most recent and future Annual and Interim Reports, please email ecomms@computershare.co.nz at any time.

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This email was sent to you by Mercury. Level 3, 109 Carlton Gore Road, Newmarket, Auckland 1023.

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SAMPLE

DEAR SHAREHOLDER,

ANNUAL/INTERIM REPORTS

Our Annual Report for the year ended 30 June 2017 is now available. You can view it on our website, along with future Annual and Interim Reports, at **www.mercury.co.nz/investors**.

New regulations have recently come into force affecting how we communicate with you about Annual and Interim Reports. Due to these regulations, any previous instructions you have given us about sending you printed copies of these reports no longer apply.

If you would like to receive free printed copies of our most recent and future Annual and Interim Reports, please tick the box and return this letter to us in the envelope provided at any time.

If you would like to receive all communications from us electronically, including future Annual and Interim Reports, please provide your email address and return this letter to us in the envelope provided or email it to **ecomms@computershare.co.nz**.

Alternatively, you can update your communication preference on Computershare's online investor centre at **www.investorcentre.com/nz**. Existing users should login, select 'My Profile' and click on the 'Update' button on the 'Communication Preferences' tile. For new users, click on 'Create Login' and follow the steps to create your User ID and password.

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Yours sincerely

Howard Thomas | Company Secretary
[] 2017

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MERCURY NZ LIMITED

109 Carlton Gore Road
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Auckland 1023

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largely reflecting strong inflows across the Waikato catchment in the second half of the financial year.

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^ up \$24 million to \$184 million

S&P CREDIT RATING

BBB+ re-affirmed in December 2016

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Kind regards,



Joan Withers | Chair, Mercury NZ Limited

Customers choose Mercury

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