FINANCIAL RESULTS.

YEAR ENDED 30 JUNE 2021

VINCE HAWKSWORTH
Chief Executive

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Chief Financial Officer

17 August 2021

Mercury

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HIGHLIGHTS

$463m EBITDAF

Down $27m[1] versus FY2020 reflecting lower generation on fourth-lowest inflows[2] and Kawerau outage with high spot prices

CONTINUOUS IMPROVEMENT

Thriving today through our focus on continuous improvement to work smarter, faster and better

HIGH SPOT PRICES

Elevated due to fuel constraints with hydro generation limited by low inflows and gas deliverability reduced by issues at major gas producers

PLATFORM FOR GROWTH

Adding five wind farms and development options through Tilt Renewables NZ assets and bringing together New Zealand's largest multi-utility business through Trustpower retail transaction

17.0cps TOTAL ORDINARY DIVIDEND

Increase of 7.6% versus FY2020; the 13th consecutive year of ordinary dividend growth

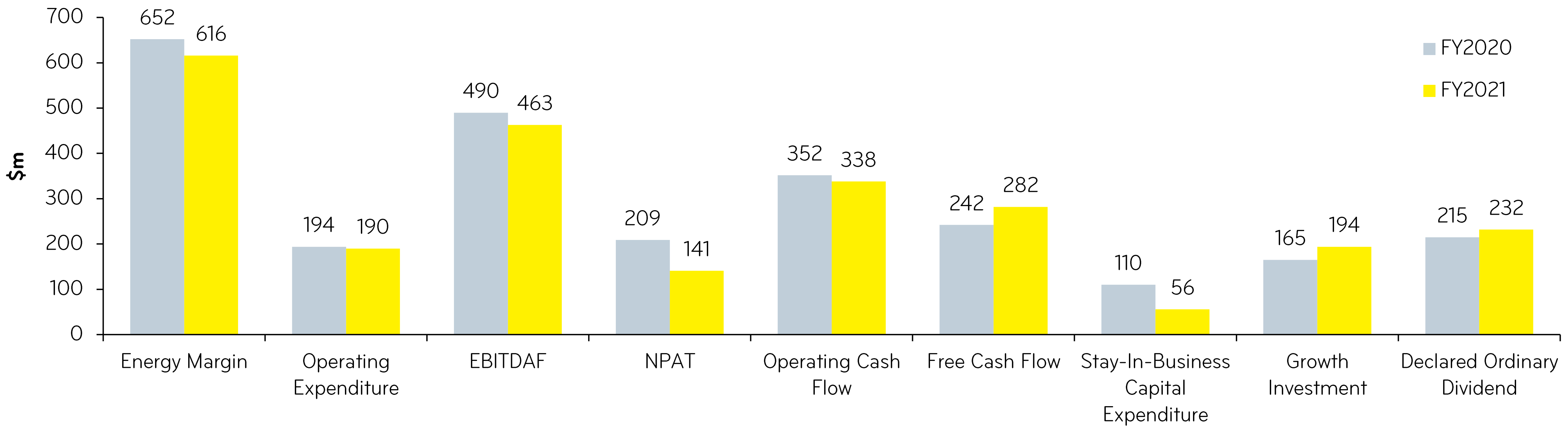
FY2022 GUIDANCE

Lifting to $590m due to contributions from Tilt Renewables, Turitea wind farm and continuous improvement initiatives

[1] FY2020 EBITDAF restated due to accounting policy changes regarding costs related to Software-as-a-Service arrangements involving reclassification of capex to opex

[2] For financial years ending 30 June since 1999

FINANCIAL PERFORMANCE[1]



> EBITDAF and NPAT down versus FY2020 reflecting 126GWh generation decrease due to low hydro inflows and Kawerau outage with elevated spot prices

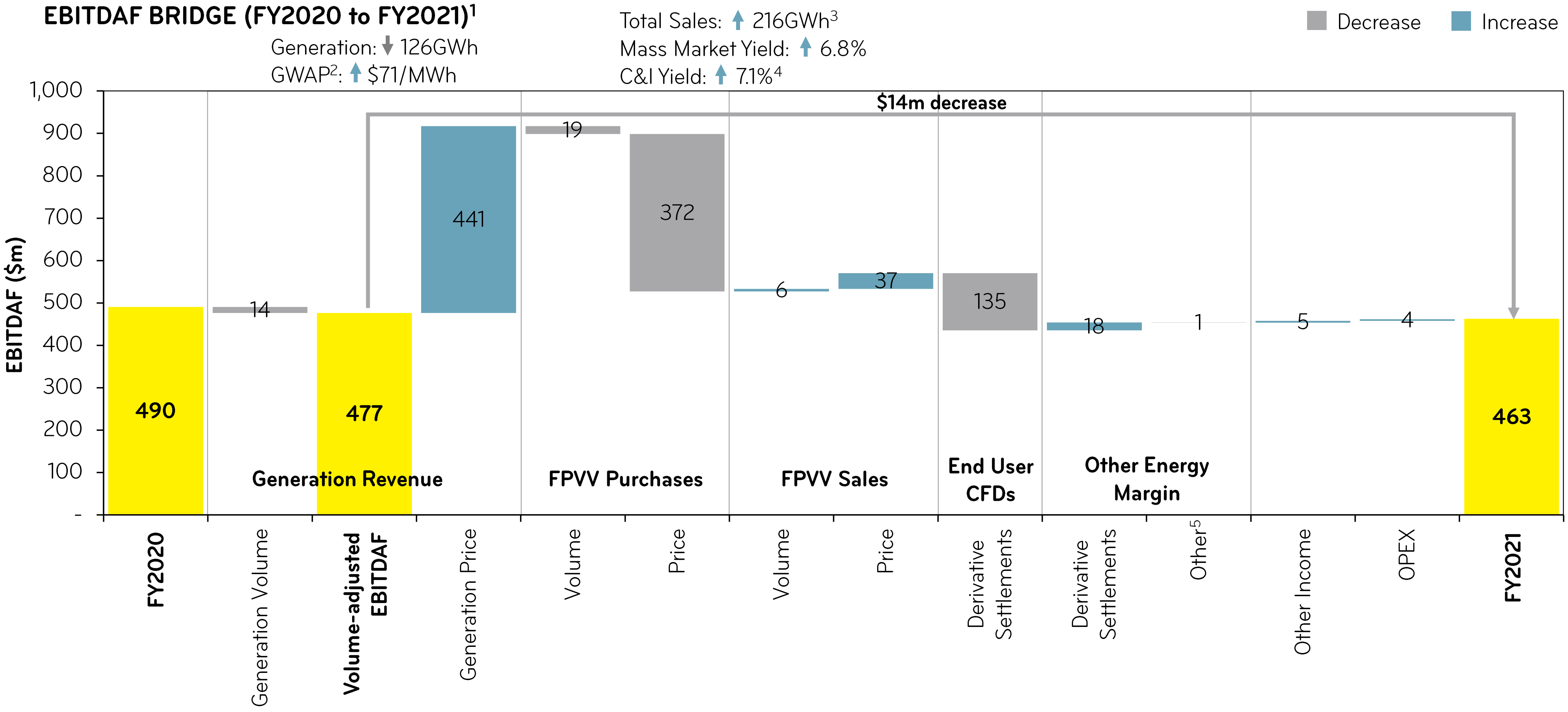
> Stay-In-Business capital expenditure down with deferred activity in FY2021; Growth Investment up due to investment in Turitea wind farm, Rotokawa upgrade, EnergySource Minerals and NOW Broadband

> Operating Expenditure flat versus FY2020

> Free Cash Flow higher as lower earnings offset by reduced stay-in-business capital expenditure

[1] FY2020 figures restated due to accounting policy changes regarding costs related to Software-as-a-Service arrangements involving reclassification of capex to opex

SHORT EXPOSURE FROM LOW INFLOWS AND OUTAGE AMPLIFIED BY HIGH PRICES



[1] Figures do not add up exactly due to rounding
[2] Generation-Weighted Average Price received for hydro and geothermal generation
[3] Includes both physical and financial sales
[4] Includes Fixed Price Variable Volume (FPVV) sales and End User Contracts for Differences (CFDs)
[5] Includes ancillary services & gas purchases and sales

KEY PERFORMANCE INDICATORS

(versus previous yearly periods / 12-monthly rolling unless indicated)

CUSTOMER	Mercury brand trader churn 6.1%[1]	6.1% 5.9%	Net promoter score 10.4[2]	13.7 10.4	Brand Strength 65%[3]	60% 65%
PARTNERSHIPS	CCC final advice continues to heavily support electrification	✓	Continued engagement with NZ Battery Project	✓	Signed two relationship agreements with iwi	✓
KAITIAKITANGA	Portfolio LWAP/GWAP 1.01	1.02 1.01	Turitea delayed, commissioning under way		Gross Generation Emissions Intensity 35kg CO_2e/MWh[4]	36kg/MWh 35kg/MWh
PEOPLE	Zero high severity health and safety incidents	1 0	Employee Engagement 65%[5]	67% 65%	73% of our people say they are encouraged to be innovative	
COMMERCIAL	Annual Total Shareholder Return 45.4%	45.4% 4.5%	17.0cps total ordinary dividend, 13th consecutive year of growth	15.8 17.0	>1,100GWh wind generation acquired from Tilt Renewables	✓

[1] Normalised for the exit of an agreement with Fonterra Farm Source
[2] Index ranging from -100 to 100 measuring the willingness of customers within target segments to recommend Mercury, 3-monthly rolling average
[3] Weighted average of five drivers of brand emotional equity, 3-monthly rolling average to April 2021 (latest available period)
[4] For CY2020 (trendline shows FY17-20 and CY20) as reporting basis changed to calendar years to align with the New Zealand Emissions Trading Scheme, includes Scope 1 emissions only
[5] From CultureAmp survey introduced 2019

FOCUS ON HEALTH & SAFETY

> Zero high severity Health & Safety incidents in FY2021

> Decreased from one incident in FY2020

> TRIFR decreased from 1.26 in FY2020 to 0.64 despite a 10% increase in on-site hours worked in FY2021

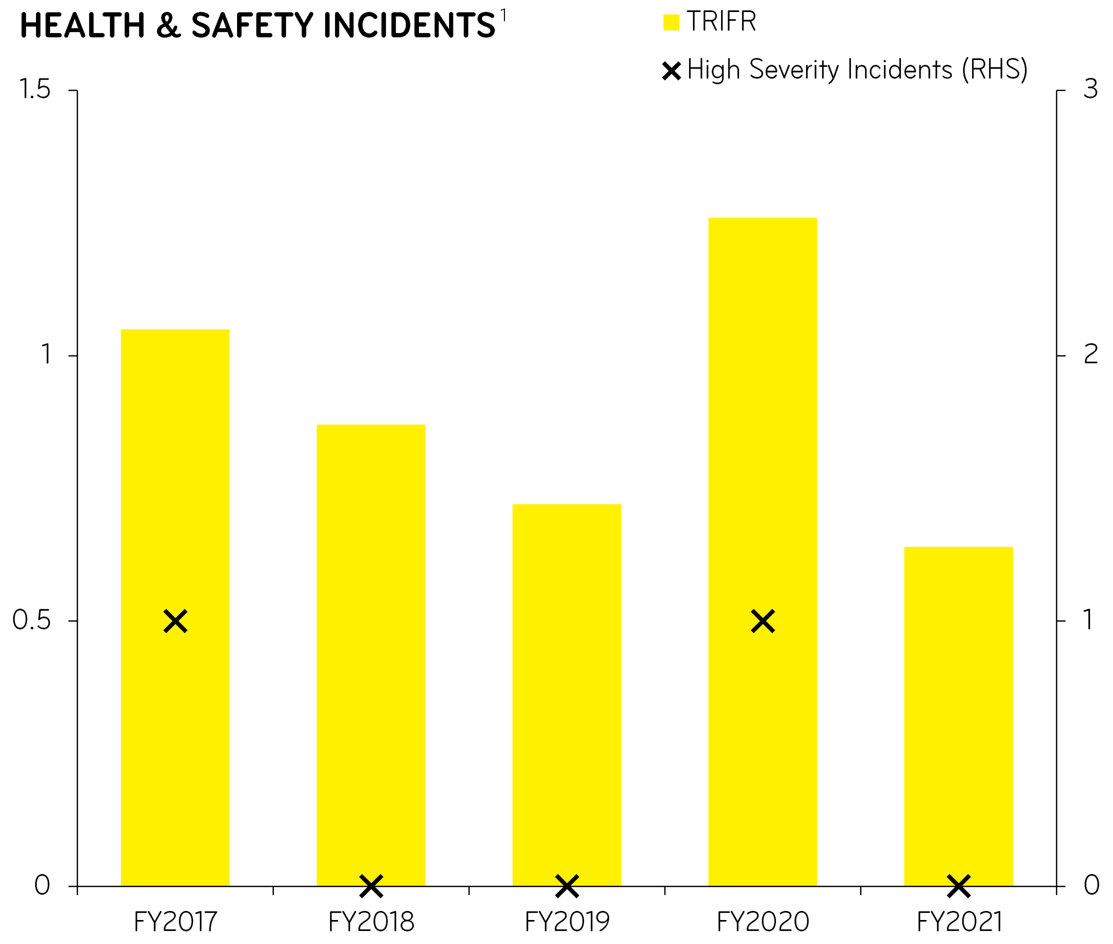
> Number of reportable injuries decreased from 14 in FY2020 to 8 in FY2021

> Identified human factors as an important part of safety performance and process safety management

> Completed independent audit in this area concentrating on improvements in processes, controls and systems relevant to the prevention of major incident events

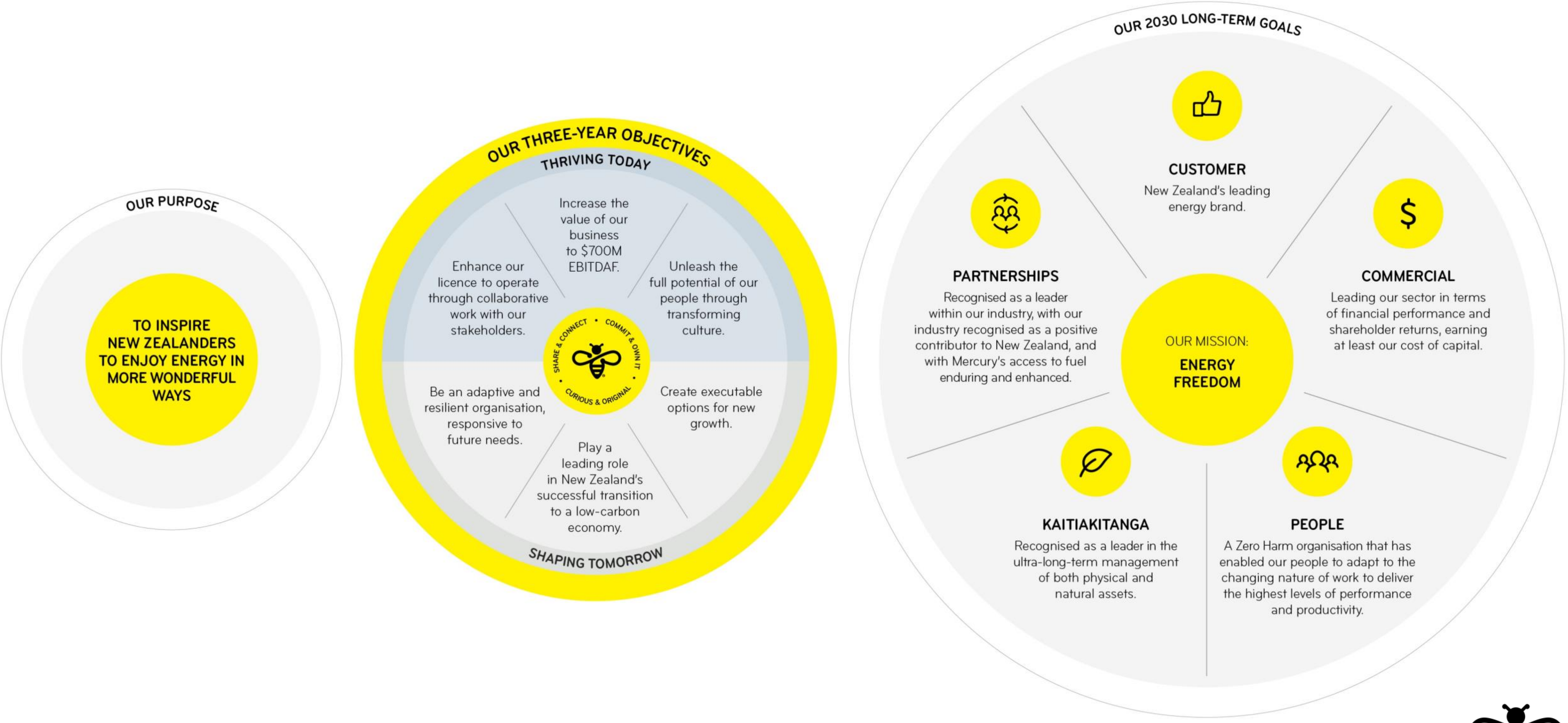
> Continued focus on Health & Safety seen through increased safety observations and near-miss reporting in 2H-FY2021

HEALTH & SAFETY INCIDENTS[1]



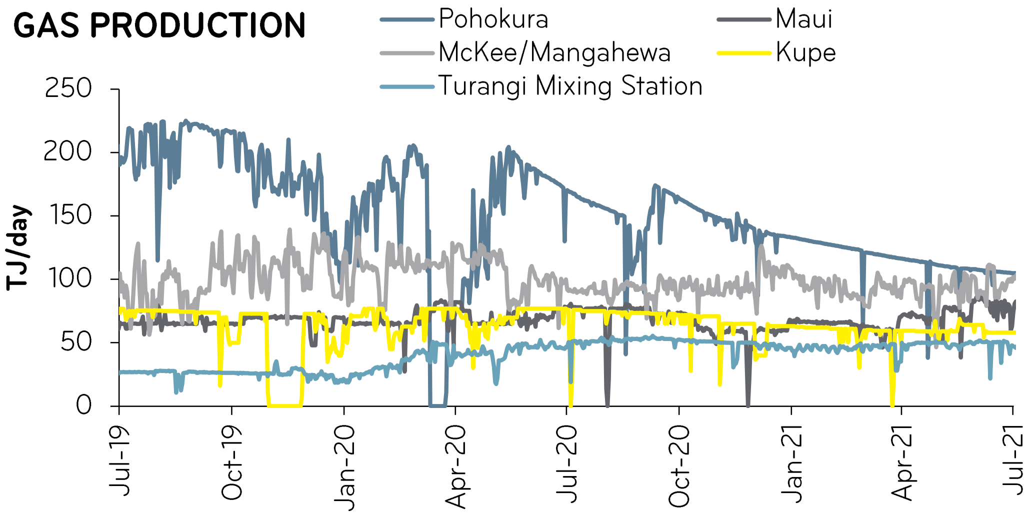
[1] Total Recordable Injury Frequency Rate per 200,000 hours, includes employees and on-site contractors

REFRESHED STRATEGIC FRAMEWORK



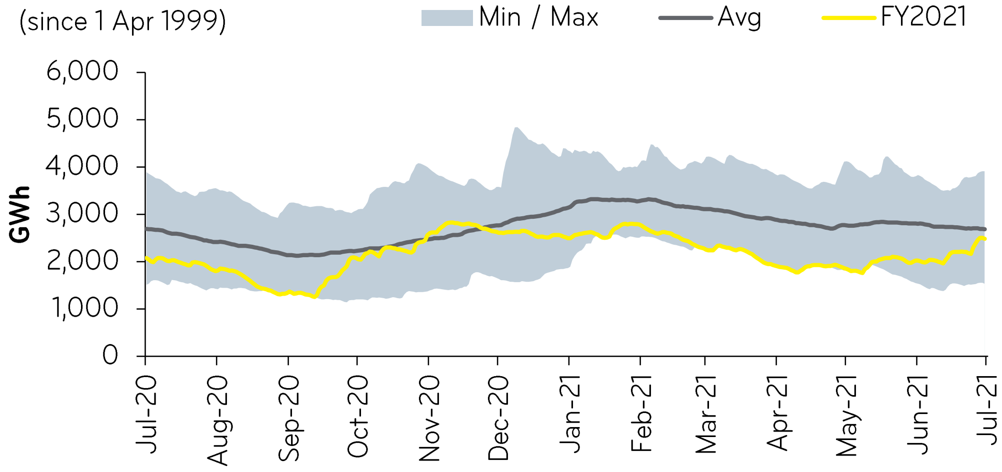
SPOT PRICES REFLECT REDUCED FUEL AVAILABILITY & HIGHER COSTS

GAS PRODUCTION

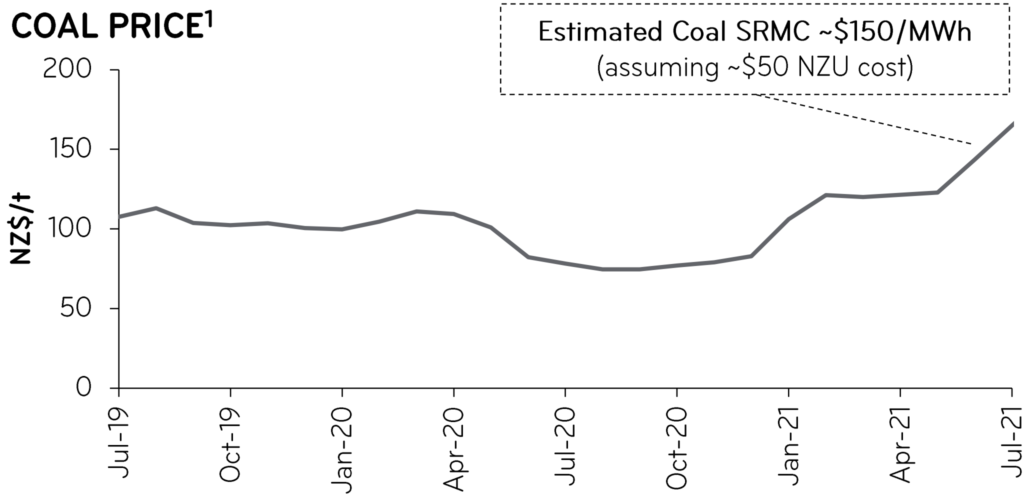


NATIONAL HYDRO STORAGE

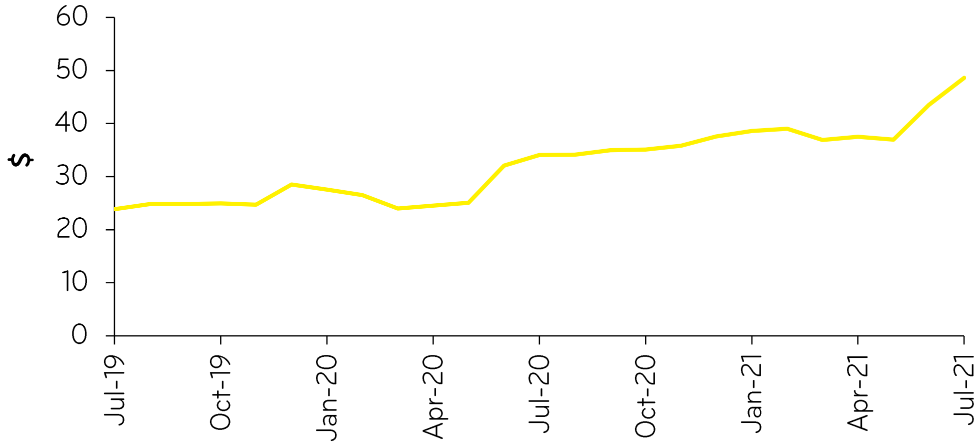
(since 1 Apr 1999)



COAL PRICE[1]



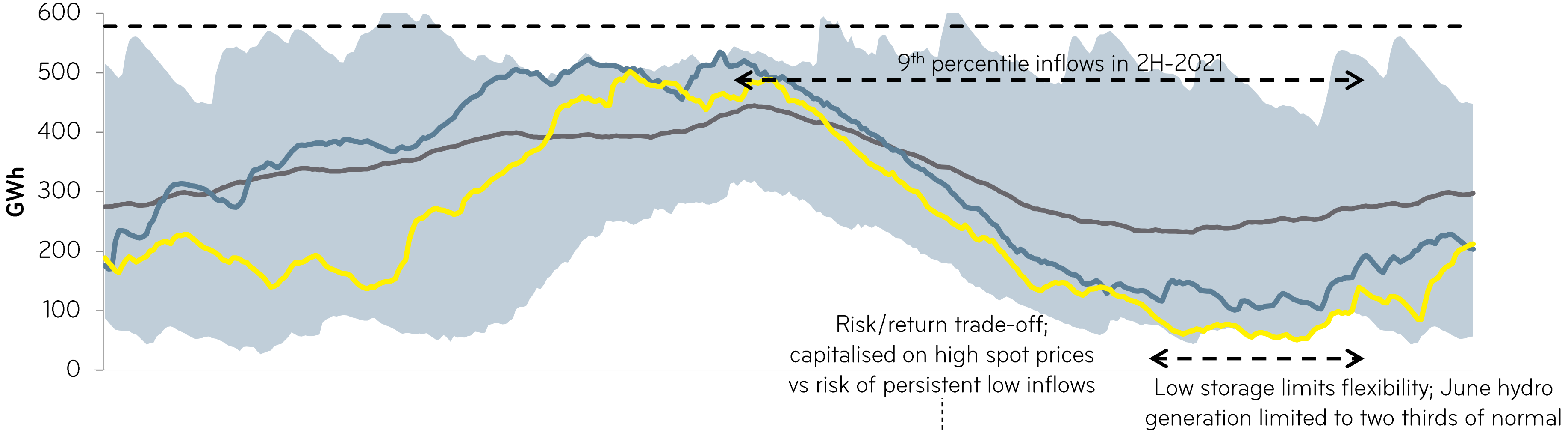
NZU CARBON PRICE



Source: Gas Industry Company, Comit Hydro, Enerlytica, Refinitive, Mercury

[1] HBA Indonesian FOB Coal Price

FLEXIBILITY IMPACTED AS HIGH SPOT PRICES INCENTIVISE EARLY USE OF STORAGE



Month End	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Hydro Generation - Delta to Average[2] (GWh)		-31	-36	-75	-107	-54	69	2	-3	18	-15	-61	-108
Waikato Inflows - Delta to Average[3] (GWh)		-64	-104	-74	-74	60	11	-34	-83	-49	-39	-114	-68
Taupo Storage – Delta to Average[2] (GWh)	-82	-94	-145	-101	-33	109	21	-17	-81	-120	-147	-186	-145
Spot Price - Otahuhu ($/MWh)		$153	$118	$138	$129	$104	$119	$137	$238	$247	$269	$295	$266
Futures Price (M-3[4]) Otahuhu ($/MWh)		$96	$108	$123	$105	$122	$109	$110	$126	$144	$173	$239	$284

Exposure to prevailing wholesale prices as opportune hedging limited due to high price expectations (average Buy CFD price for Q4-FY2021 was $210/MWh)

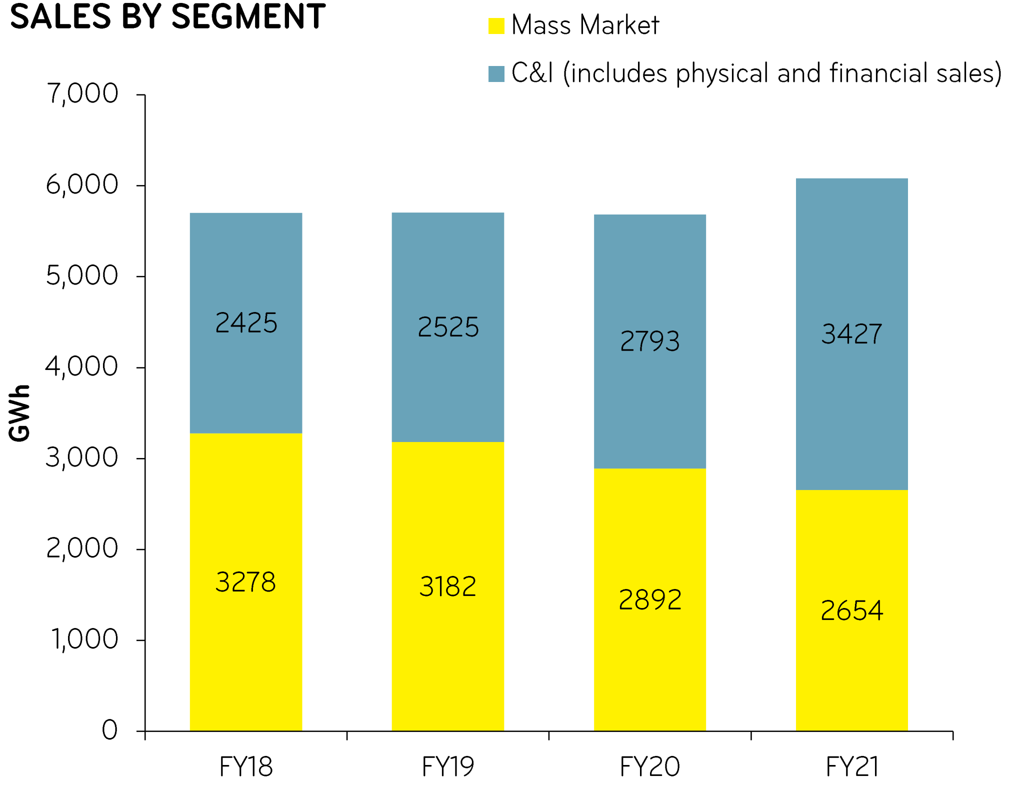
Source: NZXHydro, WITS, ASX

>50GWh above average
>50GWh below average
Above $100/MWh
Above $200/MWh

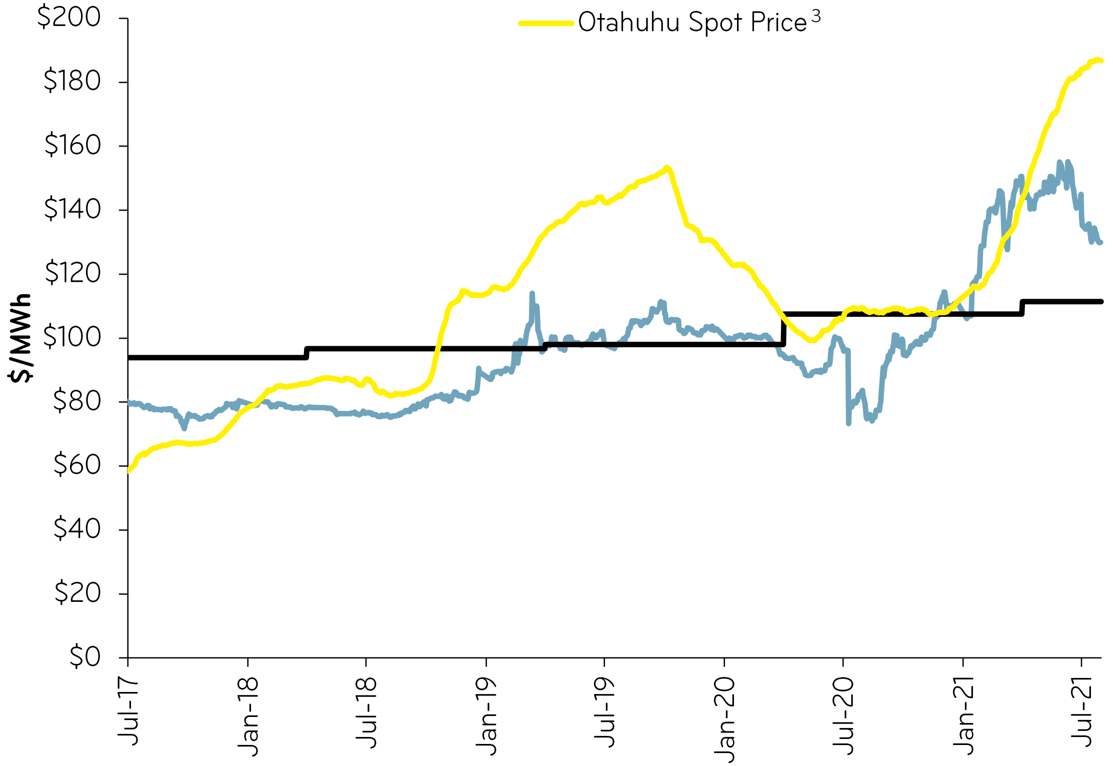
[1] Maximum Control Level
[2] Monthly average since July 1999
[3] Monthly average since July 1927
[4] Closing price 3 months prior

LIFT IN SALES ADDS TO SHORT-TERM PAIN FOR LONGER-TERM GAIN

SALES BY SEGMENT



CHANNEL YIELDS



> C&I sales position increased in FY2021 as Mercury continued to engage with customers seeking re-contracting

> > Sales locked in at historically high futures prices, but short-term out of the money against the prevailing spot price

> Elevated wholesale prices continue to pressure retail margins

Source: ASX, WITS

[1] Two-year forward price starting three quarters ahead

[2] Adjusted for indicative average losses, profile and cost to operate

[3] Rolling 12-monthly average

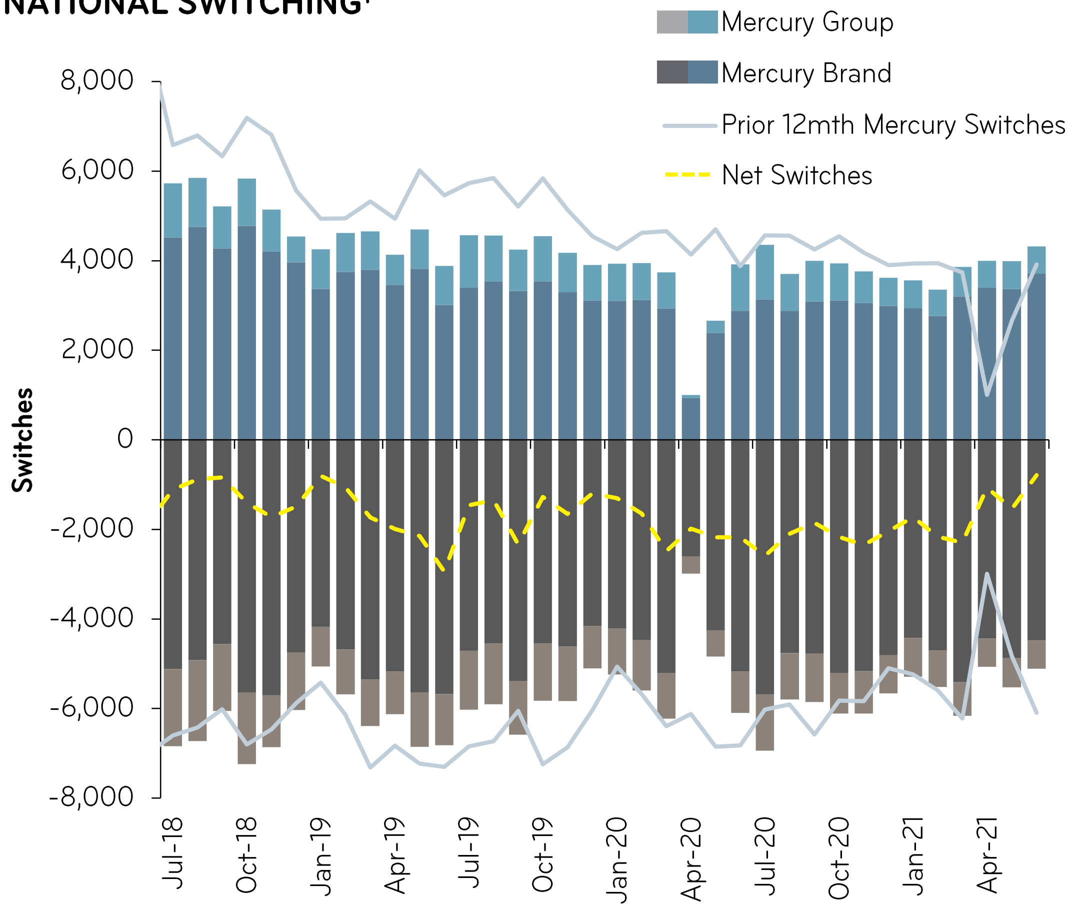
ELEVATED WHOLESALE PRICES PRESSURE RETAIL MARGINS

> Retail market remains highly competitive despite low retail margins
  > National annual churn remains above 20%

> Mercury remains focussed on customer value in the high price environment
  > Electricity customers declined through FY21 by 20k to 328k as acquisition activity reduced
  > Success of tactics reflected in lift in reported sales yields in all segments

> Increased acquisitions/decreased retentions seen in Q4-FY2021 due to 'Move with Mercury' campaign

NATIONAL SWITCHING[1]



Source: Electricity Authority, EMI – Market share trends and switching breakdown
[1] Normalised for the exit of an agreement with Fonterra Farm Source

KAWERAU OUTAGE, NORSKE SKOG EXIT AND CARBON TRANSACTIONS

- > Kawerau station suffered an unplanned outage from 7 June to 20 July
  - > Local power supply loss led to loss of lubrication oil to generator and steam turbine resulting in equipment damage
- > Availability of critical spares and the quick and safe work of the Kawerau team allowed a timely return to service
  - > Actions taken to prevent reoccurrence of faults of this nature in future
  - > Insurance settlements under discussion with insurers

- > Mercury negotiated early exit of foundation hedge with Norske Skog Tasman (NST) mill closure
  - > CFD sales down 375GWh in FY2022 and 517GWh in FY2023

- > Mercury chose to exercise the ETS fixed price option for CY2020 emissions credits surrender requirements
  - > Total cost of ~$8m[1] in FY2021 (at $35/unit versus current price of ~$50/unit)
- > Purchased 0.7m emissions credits through Government auctions
  - > Emissions credits inventory of 2.2m[2] units at end of FY2021

[1] For Scope 1 emissions only
[2] Includes credits held directly by Mercury and a proportionate share of the credits held by the NAP JV

TURITEA DELAYED BUT COMMISSIONING UNDER WAY

Turitea North

> 27 turbines erected at Turitea North
  > Commissioning of wind farm commenced
> Expected FY2022 EBITDAF contribution of $35m
> EPC contract includes standard liquidated damages provisions

Turitea South

> Significant delays from contract dates; expecting completion of southern turbines in mid CY2023
  > Working with contractors to find resolution and bring this date forward

> Turitea total spend of $335m as at end of FY2021 with $151m in FY2021
  > Total project cost forecast at $464m[1], in line with guidance

Turbines at Turitea

Access road construction

[1] Excludes capitalised interest

TILT RENEWABLES ASSETS BOOST WIND PORTFOLIO

> Acquisition of Tilt Renewables' New Zealand operations completed on 3 August

> Initial bid announced in March at $7.80 per share, subsequently increased to $8.10 per share in April

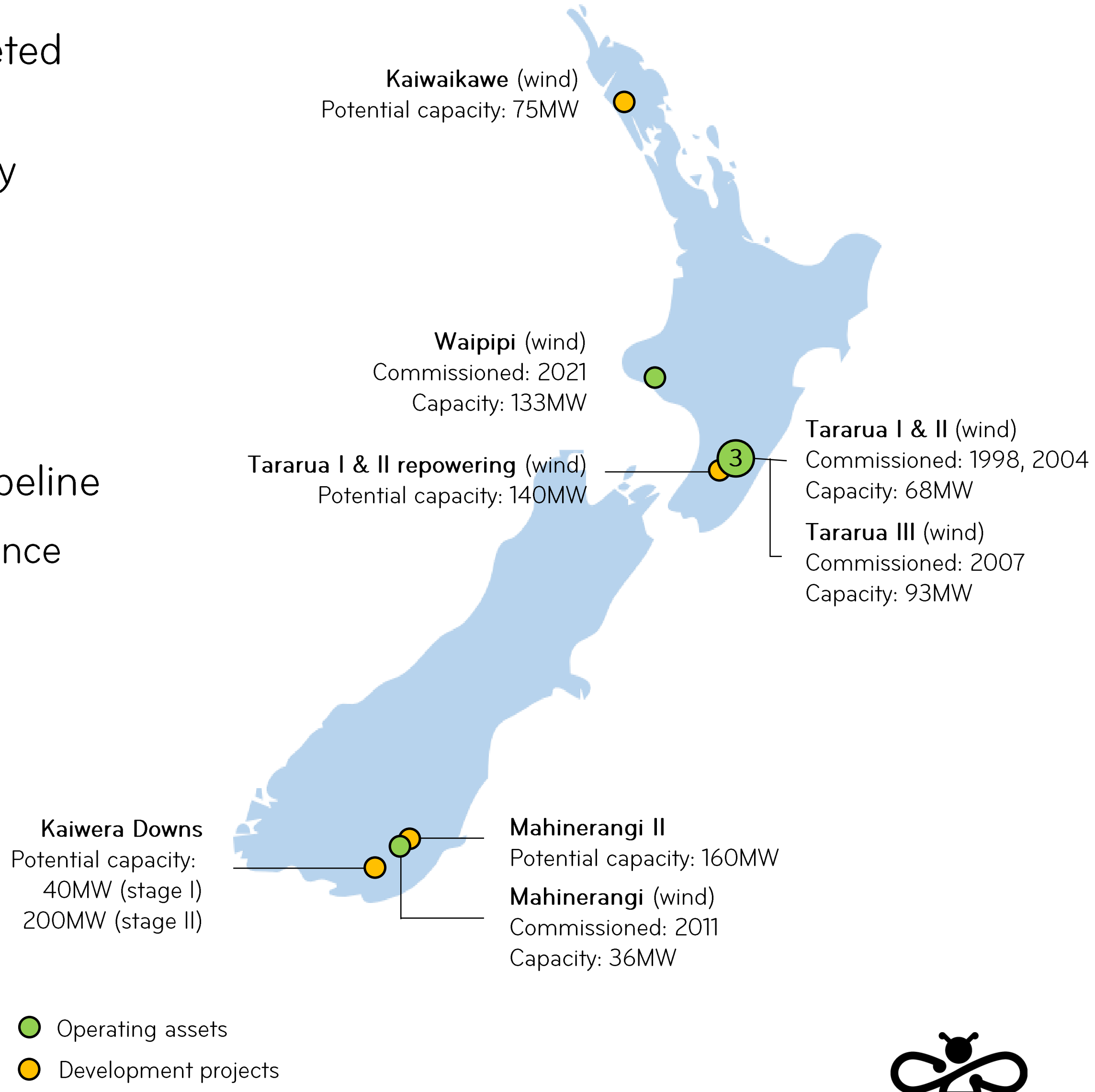
> Funded through sale of Mercury's 19.9% Tilt shareholding (cost $144m, sold for $608m[2]) and additional net debt of $189m

> Adds over 1,100GWh of wind generation and a development pipeline

  > Will make Mercury one of New Zealand's largest wind generators once Turitea northern section is commissioned

> Expected net FY2022 EBITDAF uplift of $30m[1]

> Kaiwaikawe (formerly Omamari) offtake PPA signed with Genesis



[1] Net of $14m Tilt share of earnings (through Other Income) in FY2021
[2] Comprised of $603m share sale and $5m special dividend

TRUSTPOWER RETAIL ACQUISITION

- Trustpower retail acquisition announced in June which, if approved, would make Mercury the largest electricity multi-product retailer
- $441m[1] transaction price reflects:
  - Trustpower's retail business
  - 10-year electricity supply hedge agreement (CFD)
  - ISP network
  - Restructured Tauranga Energy Consumer Trust (TECT) rebate arrangements
- Settlement following Commerce Commission approval, implementation of the TECT Deed restructure and Trustpower shareholder approval
- Forecast cost synergies of ~$35m[2] per annum after transition
  - Expected transition costs of ~$50m[3] over 3 years
- Full-year EBITDAF contribution of $50m, offset by $30m transition costs in Year 1

[1] Includes normalised working capital
[2] Forecast synergies fully realised after ~3 year transition
[3] Split between opex and capex

A CULTURE OF CONTINUOUS IMPROVEMENT

> Mercury is reinvigorating its focus on continuous improvement to work smarter, faster and better, and set us up to thrive in the future

> Examples of the initiatives currently being pursued are:

> > 'Digital River' – better use of data and technology to inform dispatch decisions across our hydro stations

> > Maraetai tail water lowering – an example of the critical interrogation of operating restrictions across our assets

> > Whakapuāwai – our culture change programme designed to help Mercury evolve and thrive

> > Strategic framework and quarterly planning – a refresh of our strategy and planning frameworks to maintain cadence and alignment

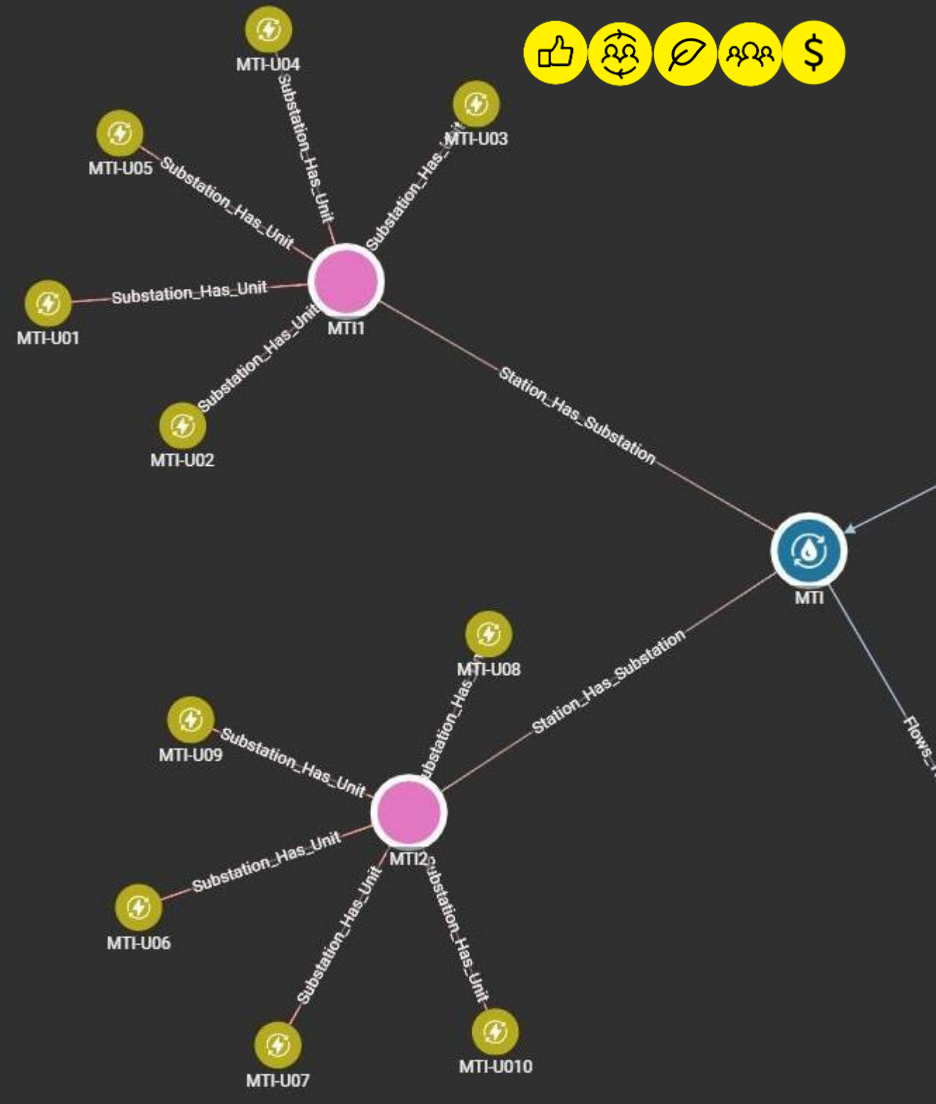
> > Derivatives trading – leveraging our strengths with increased scope to trade electricity and other related products (e.g. carbon)

> > Manual meter reads – reviewing our sourcing and procurement activities

> > Class 3 outage review – an example of optimising our asset maintenance activities for time, cost and quality

> Targeting $30m of sustainable benefit beginning in FY2022

> > FY2022 split approximately one third opex, two thirds revenue



'Digital River' depiction of the Maraetai Power Station

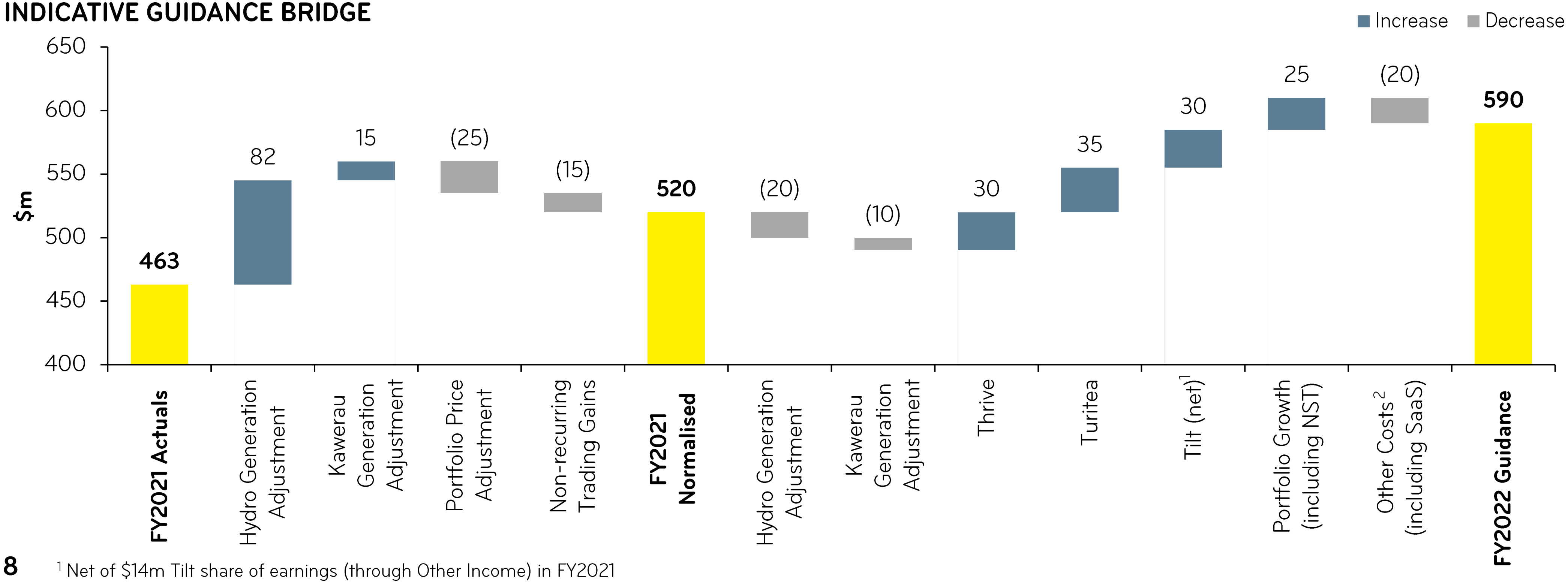
FY2022 GUIDANCE

> FY2022 EBITDAF guidance of $590m on 3,900GWh of hydro generation, subject to hydrological volatility, wholesale market conditions and any material adverse events, significant one-off expenses or other unforeseeable circumstances
>
> > Excludes any contribution from Trustpower retail acquisition, Kawerau insurance proceeds and Turitea liquidated damages

> FY2022 ordinary dividend guidance 20.0cps (up 17.6% on FY2021)

> FY2022 stay-in-business capital expenditure guidance of $70m

INDICATIVE GUIDANCE BRIDGE



[1] Net of $14m Tilt share of earnings (through Other Income) in FY2021

[2] Other Costs increasing in FY2022 due to software-as-a-service costs (~$10m) and inflationary pressures, e.g. insurance. This will be partially offset by Thrive savings (displayed separately)

Q&A

NON-GAAP MEASURES

> Energy Margin is sales from electricity generation and sales to customers and derivatives, less energy costs, line charges, other direct costs of sales, and third-party metering

> Operating Expenditure represents employee compensation and benefits, maintenance expenses and other expenses

> EBITDAF (or Operating Earnings) is earnings before net interest expense, tax expense, depreciation, amortisation, change in the fair value of financial instruments, gain on sale and impairments

> Underlying Earnings After Tax is profit for the year after removing one-off and/or infrequently occurring events (exceeding $10 million of profit before tax, which represents material items), impairments, any change in the fair value of derivative financial instruments and gain on sale, all net of tax expense

> Free Cash Flow is net cash from operating activities less stay-in-business capital expenditure

> Stay-In-Business Capital Expenditure is the capital expenditure incurred by the company to maintain its assets in good working order

> Growth Investment is expenditure incurred by the company to create new assets and revenue

DEMAND LIFTS FOLLOWING LOCKDOWN AFFECTED PERIOD

> National demand up 1.0%[1] versus FY2020 which was affected by the COVID-19 lockdown

> Urban and rural sector demand lifted as activity returned to normal levels

> Industrial demand decreased as production remained below FY2020 levels

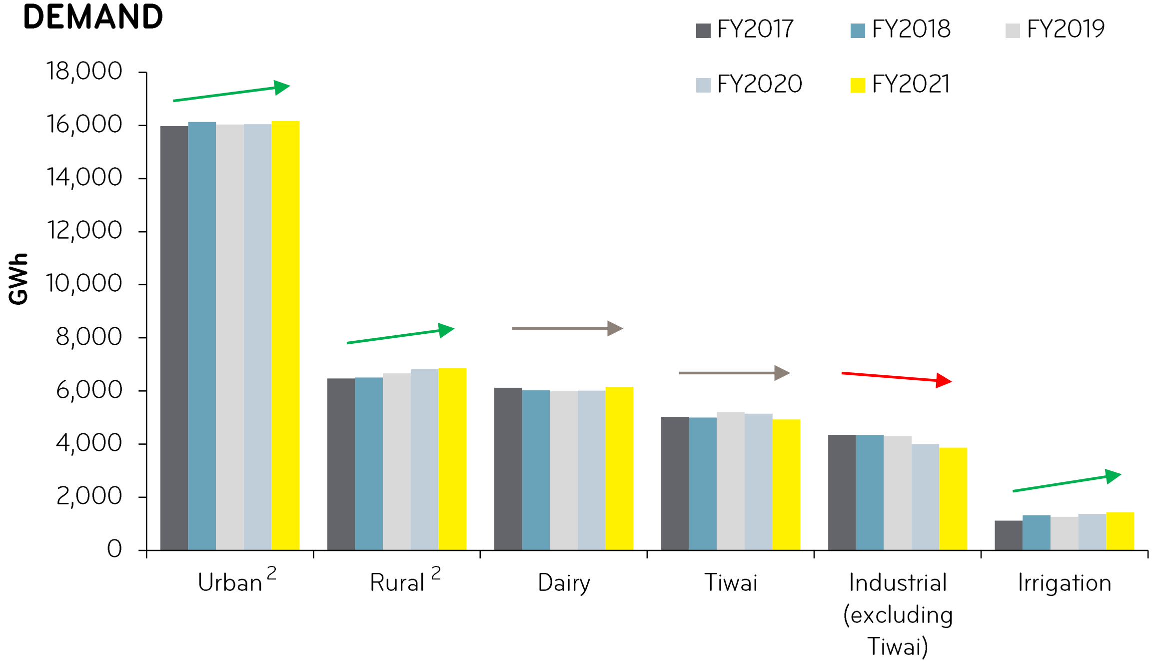
> > Industrial load may fall by a further ~450GWh in FY22-23 due to closures/changes at Norske Skog and the Marsden Point Refinery

> > Tiwai Pt smelter benefiting from lift in aluminium prices from ~$2,500/T to ~$3,400/T over FY2021

FY2021 NORMALISED DEMAND GROWTH BY SECTOR

Sector	GWh	Sector %△	Total %△
Urban[1]	+243	1.5%	0.6%
Rural[1]	+76	1.1%	0.2%
Dairy processing	+156	2.6%	0.4%
Irrigation	+55	4.0%	0.1%
Industrial	-171	(1.9)%	(0.4)%
Other	+28	0.1%	0.1%
Total	**387**		**1.0%**

DEMAND



Source: Transpower SCADA data, Mercury

[1] Normalised for temperature and number of days

[2] Not normalised

MERCURY'S COMPETITIVE ADVANTAGE

100% renewable generation

> Three low-cost complementary fuel sources in baseload geothermal and peaking hydro with wind added

Superior asset location

> North Island generation located near major load centres; rain-fed hydro catchment inflows aligned with winter peak demand

Substantial peaking capacity

> The Waikato hydro system is the largest group of peaking stations in the North Island able to firm intermittent renewables

High performance teams

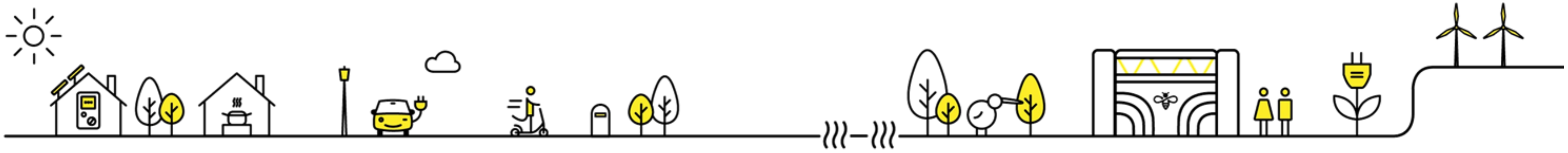
> Dynamic company culture built on the understanding that our people, working together and in alignment, set us apart

Track record of customer engagement

> Brand capital built through customer-led innovation and rewarding loyalty

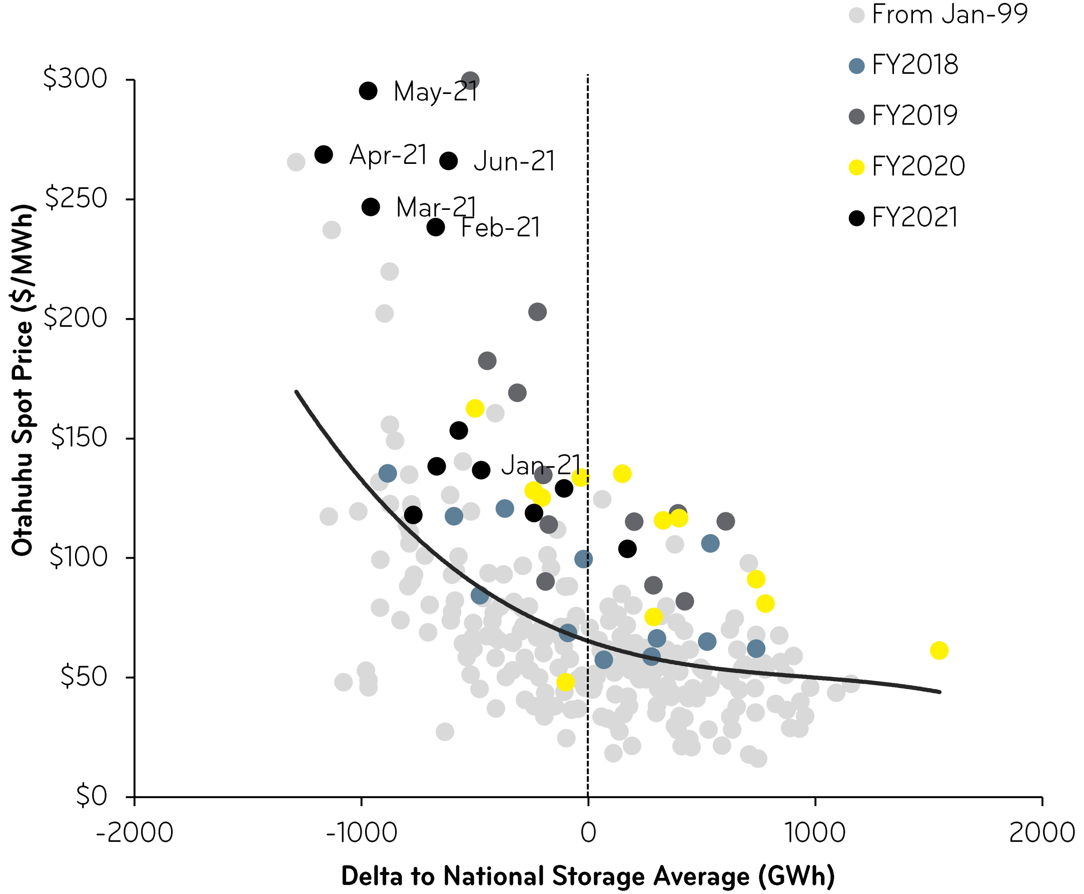
Long-term commercial partnerships

> With Maori landowners and other key stakeholders

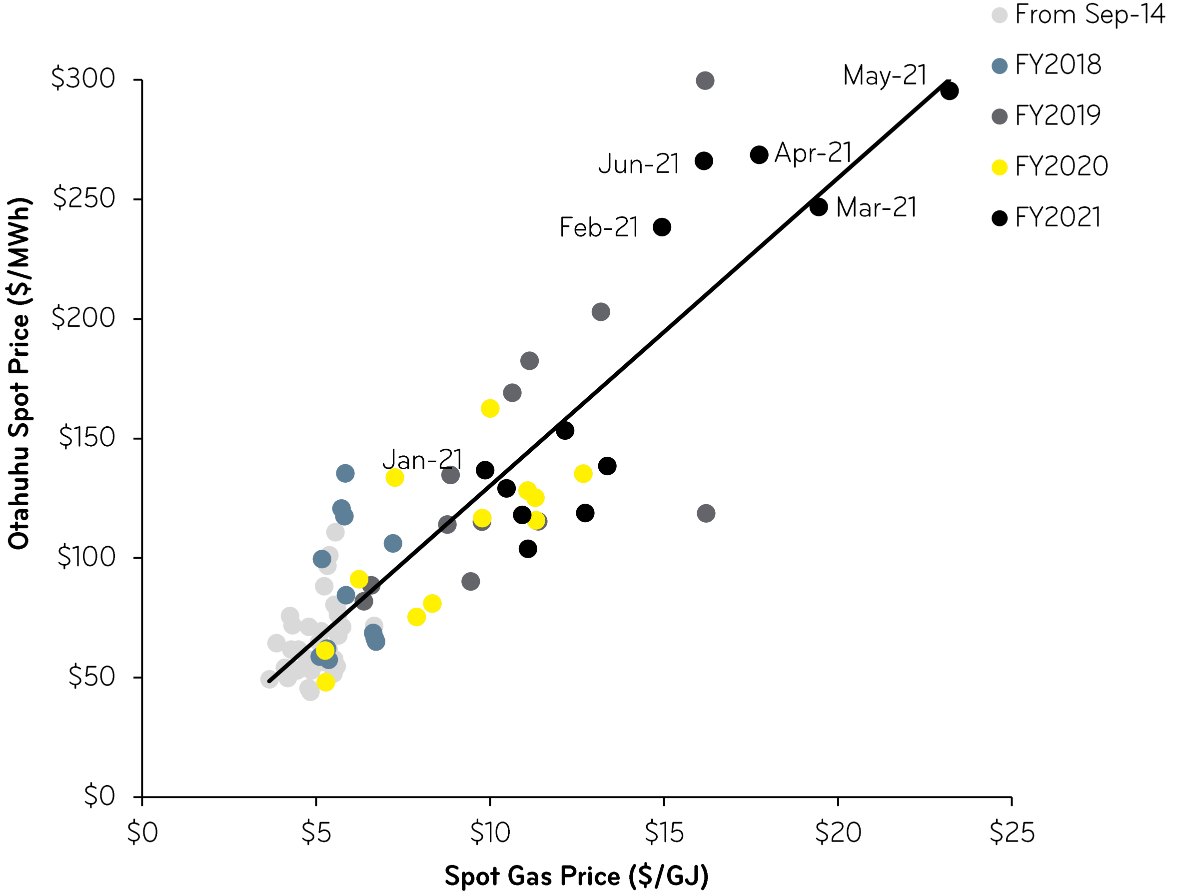


ELECTRICITY SPOT PRICE REFLECTS GAS AVAILABILITY AND HYDROLOGY

HYDRO STORAGE VS. SPOT ELECTRICITY PRICE



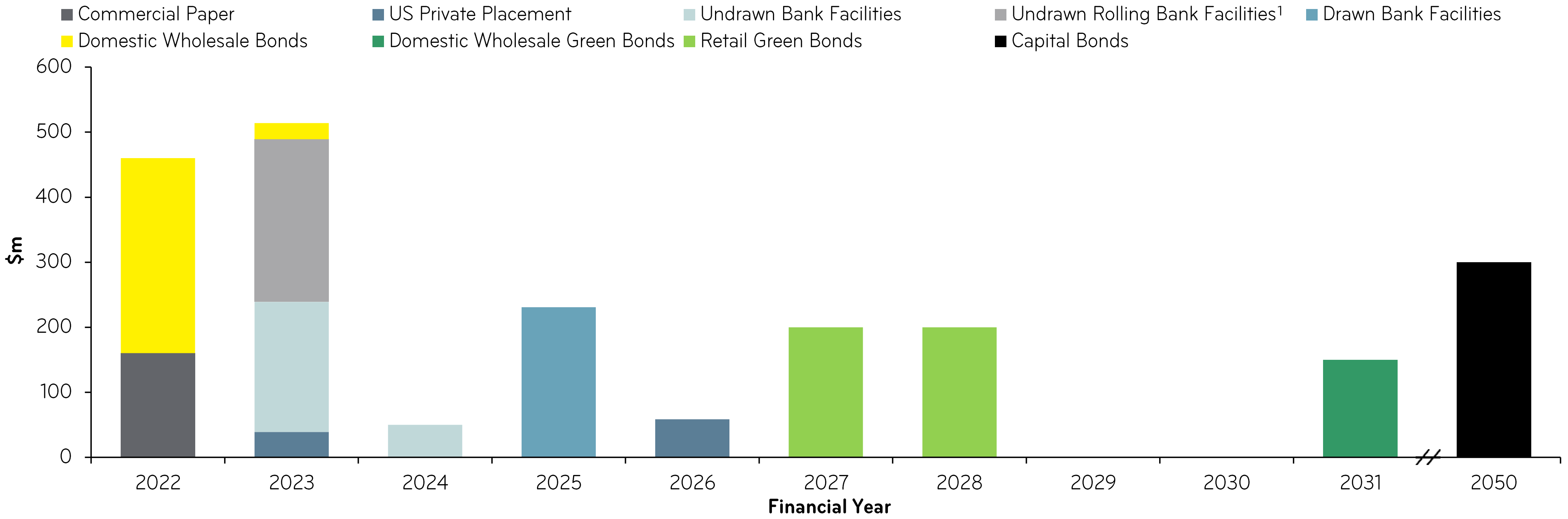
SPOT GAS VS. SPOT ELECTRICITY PRICE



Source: Comit Hydro, WITS, BGIX, Enerlytica, Mercury

DIVERSIFIED FUNDING PROFILE

DEBT MATURITIES AS AT 12 AUGUST 2021



- Diversified funding sources: commercial paper, bank facilities, domestic wholesale bonds, USPP and capital bonds
- $200m senior retail green bond (MCY040) and $50m wholesale green bond issued in H2 FY2021 to refinance $300m Floating Rate Notes maturity in September 2021
- Consideration being given to refinancing of $230m Waipipi project debt assumed by acquisition of Tilt Renewables' New Zealand assets

[1] Requires 18 months notice of termination from lender

FINANCIAL DERIVATIVES

	12 months ended 30 June 2021	12 months ended 30 June 2020
Energy Margin contribution ($m)		
Sell CFDs	(286)	(59)
Buy CFDs	106	22
Other Financial Derivatives	44	17
Total Energy Margin contribution	**(136)**	**(19)**

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