



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

NEWS RELEASE

Mercury NZ Limited – 2022 Full Year Results

16 August 2022 – Attached are the following documents in relation to Mercury NZ Limited's full year results for the year ended 30 June 2022.

- > NZX Results Announcement
- > News Release
- > NZX Distribution Notice

Mercury's 2022 Annual Report and 2022 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 FY2022.

ENDS

Howard Thomas

General Counsel and Company Secretary
Mercury NZ Limited

For investor relations queries, please contact:

William Meek
Chief Financial Officer
0275 173 470
investor@mercury.co.nz

For media queries, please contact:

Shannon Goldstone
Head of Communications
027 210 5337
media@mercury.co.nz

ABOUT MERCURY NZ LIMITED

We generate electricity from [100% renewable sources](#) – hydro, geothermal and wind. We also sell utility services to our customers through our retail brands – Mercury, Trustpower and GLOBUG.

We're listed on the New Zealand Stock Exchange and the Australian Stock Exchange with foreign exempt listed status. We're listed on both exchanges with the ticker symbol 'MCY'. The New Zealand Government (the Crown) holds a legislated 51% shareholding in the Company.

Visit us at: www.mercury.co.nz





Results announcement

Results for announcement to the market		
Name of issuer	Mercury NZ Limited (MCY)	
Reporting Period	12 months to 30 June 2022	
Previous Reporting Period	12 months to 30 June 2021	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$2,188,000	+7.0%
Total Revenue	\$2,188,000	+7.0%
Net profit/(loss) from continuing operations	\$469,000	+232.6%
Total net profit/(loss)	\$469,000	+232.6%
Final Dividend		
Amount per Quoted Equity Security	\$0.12000000	
Imputed amount per Quoted Equity Security	\$0.04666667	
Record Date	15 September 2022	
Dividend Payment Date	30 September 2022	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$3.35	\$3.00
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to accompanying audited financial statements.	
Authority for this announcement		
Name of person authorised to make this announcement	Howard Thomas, Company Secretary	
Contact person for this announcement	Howard Thomas, Company Secretary	
Contact phone number	+64 9 308 8200	
Contact email address	Howard.Thomas@Mercury.co.nz	
Date of release through MAP	16/08/2022	

Audited financial statements accompany this announcement.



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NEWS RELEASE

Mercury results reflect transformative year

FY22 Financial Results Summary

	FY2022	FY2021	Change %
EBITDAF (\$M)	581	463	+25
NET PROFIT AFTER TAX (\$M)	469*	141	+233
UNDERLYING EARNINGS AFTER TAX (\$M)	146	145	+1
STAY-IN-BUSINESS CAPITAL EXPENDITURE (\$M)	68	56	+21
ELECTRICITY GENERATION (GWh)	7,499	6,205	+21
FINAL FULLY IMPUTED ORDINARY DIVIDEND (CENTS PER SHARE) - TO BE PAID ON 30 SEPTEMBER 2022	12.0	10.2	+17.6
TOTAL ORDINARY DIVIDEND (CENTS PER SHARE), FULLY IMPUTED	20.0	17.0	+17.6

* primarily due to the \$367 million net gain on sale of Tilt Renewables shareholding and immediately reinvested into the associated acquisition of Tilt's New Zealand operations and future development options.

16 August 2022 – A year of transformative change has supported Mercury's financial performance for the year to 30 June 2022.

Mercury celebrated becoming New Zealand's biggest electricity retailer by customer market share and a truly multi-product utility provider during the year, following the \$467 million acquisition of Trustpower's retail business.

The results also reflect a more diversified generation portfolio, with wind generation now complementing Mercury's hydro and geothermal generation, following the acquisition of Tilt's New Zealand wind operations in August and the commissioning of the northern section of the Turitea wind farm in December.

"This has been a year like no other. In less than twelve months, we have become New Zealand's largest wind generator after having no operating wind generation at the start of the year. We've also become New Zealand's largest electricity retailer and welcomed 570 new colleagues to the company," said Mercury Chief Executive, Vince Hawksworth.

"We are embarking on a major period of growth and are well-positioned to thrive in a rapidly changing world that is increasingly recognising the urgency with which we must decarbonise."

Mercury Chair Prue Flacks said that the steps the company had taken to build further diversity and resilience meant the outlook for Mercury remained bright.

"Decarbonisation will underpin significant growth for Mercury over the coming decade. With a scale retail business now contributing substantial forward revenue and a strong portfolio of existing and prospective generation assets, we expect to meaningfully contribute to emissions reduction," said Ms Flacks.

CHALLENGING CONDITIONS CAREFULLY NAVIGATED DURING THE YEAR

Mostly dry weather until June weighed on performance as Mercury focussed on prudent dispatch and lake management coming into winter. Elevated electricity spot pricing persisted during FY2022 but wet conditions across New Zealand from June have seen spot price levels ease as hydro generation displaces expensive thermal.



“Forward electricity prices remain high over the medium-term reflecting the transition away from fossil fuels with high gas and coal prices as well as rising carbon prices,” said Mr Hawksworth.

“High electricity spot prices mean we are focused on completing the southern section of the Turitea wind farm by mid-2023 and developing new wind and geothermal generation.”

Mercury reported \$581 million EBITDAF, \$118 million up on the prior year’s \$463 million EBITDAF reflecting the addition of wind generation and performance improvements in the core business.

Operational expenditure was \$230 million, up \$40 million on the prior year, primarily due to an increase in operational activity resulting from acquisitions. Total stay-in-business capital expenditure was \$68 million, up \$12 million on the prior year. After normalising for acquisitions and new activity operational expenditure was broadly flat for its ninth year in a row.

Mercury’s net profit after tax was \$469 million, up \$328 million on the previous year, driven by the \$367 million net gain on sale of Tilt Renewables shareholding which was immediately reinvested into the associated acquisition of Tilt’s New Zealand operations and future development options.

OTHER KEY OPERATIONAL RESULTS

- Customer care remained a key focus, with several initiatives launched during the year including establishing a new ‘Here to Help’ team specialising in supporting customers in hardship, and a co-designed pilot aiming to connect consumers with adverse credit to either Mercury or GLOBUG.
- The nearly \$500 million commitment to the ongoing refurbishment of Mercury’s Waikato hydro stations continued, with the first turbine and generator replacement at Karāpiro station now underway.
- A five-year geothermal drilling contract with Iceland Drilling was signed, with the first phase of the extensive eight well programme underway.
- The ‘Thrive’ mindset of continuous improvement delivered an \$47 million EBITDAF uplift compared to the \$30 million target set last year.

DIVIDEND

The Board has declared a fully imputed final dividend of 12.0 cents per share (cps). This brings the full-year ordinary dividend to 20.0 cps, up 17.6% from 17.0 cps last year. This is the fourteenth consecutive year of ordinary dividend growth.

Shareholders can further support our growth by participating in Mercury’s Dividend Reinvestment Plan.

LOOKING FORWARD

“Decarbonisation will shape much of our future activity, and we do not under-estimate the challenge ahead of us. It will require collaboration between our industry, Government and officials to ensure that market and policy settings continue to evolve in a way that enables renewable energy development at the scale required,” said Ms Flacks.

“We are also mindful of the vital role we play in the wellbeing of New Zealanders and are thinking hard about how we support consumers as we make our way through the transition.

“While we continue to evolve our approach to meet these challenges, we can also take heart in the outstanding renewable generation pipeline New Zealand has. Our country’s total electricity supply is expected to be over 90% renewable in the next 3-5 years. This is a unique position enjoyed by only a handful of countries.

“The Government’s Emissions Reduction Plan sends a clear signal as to the collective effort that is needed towards the goal of decarbonising the economy, and we’re ready to play our part,” said Ms Flacks.

GUIDANCE

Mercury is on track to exceed its three-year objective to increase the value of our business to \$700 million EBITDAF on a normalised basis and we have increased this target to \$800 million EBITDAF.



Noting the strong platforms for growth established over the year and looking forward to the continued growth in value as these opportunities are realised, Mercury's FY23 EBITDAF guidance has been set at \$580 million (\$756 million on a normalised basis).

Guidance may change and remains subject to any material events, significant one-off expenses or other unforeseen circumstances including changes to hydrological conditions.

FY23 stay-in-business capex guidance is \$160 million, and FY23 ordinary dividend guidance is 21.80 cps representing a 9.0% increase on FY22 and the 15th consecutive year of ordinary dividend increases.

ENDS

Howard Thomas

General Counsel and Company Secretary
Mercury NZ Limited

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William Meek
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0275 173 470
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Distribution Notice

Section 1: Issuer information				
Name of issuer	Mercury NZ Limited			
Financial product name/description	Mercury NZ Limited ordinary shares			
NZX ticker code	MCY			
ISIN (If unknown, check on NZX website)	NZMRPE0001S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies	X		
Record date	15/09/2022			
Ex-Date (one business day before the Record Date)	14/09/2022			
Payment date (and allotment date for DRP)	30/09/2022			
Total monies associated with the distribution	\$ 165,718,101			
Source of distribution (for example, retained earnings)	Income available for distribution			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	\$ 0.16666667			
Gross taxable amount	\$ 0.16666667			
Total cash distribution	\$ 0.12000000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	\$ 0.02117647			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
If fully or partially imputed, please state imputation rate as % applied	28%			
Imputation tax credits per financial product	\$ 0.04666667			
Resident Withholding Tax per financial product	\$ 0.00833333			

Section 4: Distribution re-investment plan		
DRP % discount (if any)	2.0%	
Start date and end date for determining market price for DRP	19/09/2022	23/09/2022
Date strike price to be announced (if not available at this time)	26/09/2022	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	Treasury Stock	
DRP strike price per financial product	TBC	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	16/09/2022	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Howard Thomas, Company Secretary	
Contact person for this announcement	Howard Thomas, Company Secretary	
Contact phone number	+64 9 308 8200	
Contact email address	Howard.Thomas@Mercury.co.nz	
Date of release through MAP	16/08/2022	