

>> QUARTERLY HIGHLIGHTS

GENERATION VOLUMES FALL

PHYSICAL GENERATION DOWN 85GWh IN THE QUARTER, 126GWh ACROSS THE FULL-YEAR

SPOT PRICES ELEVATED

ELEVATED Q4 SPOT PRICES REFLECT SHORT-TERM FUEL CONSTRAINTS, FUTURES PRICES EASING

HEDGE PURCHASES LIFT

CFD PURCHASES INCREASE BY 315GWh VERSUS PCP AS MERCURY MITIGATES PRICE RISK

>> COMMENTARY

HYDRO GENERATION DOWN AS LOW INFLOWS PERSIST; GEOTHERMAL GENERATION IMPACTED BY KAWERAU OUTAGE

Mercury's hydro generation in FY2021-Q4 of 727GWh (193GWh below average¹) equalled the prior comparable period for the lowest level of hydro generation in company history. This was due to sustained dry hydrology that saw Waikato catchment inflows at the 13th percentile² for the quarter and at the 16th percentile³ for FY2021. Consequently, hydro storage in Lake Taupo ended the year at 143GWh below average².

Geothermal generation decreased from 675GWh in FY2020-Q4 to 590GWh in the most recent quarter due to an unplanned outage at the Kawerau power station that started on 7 June. The station is currently expected to return to service this week.

ELEVATED PRICES REFLECT CURRENT FUEL CONSTRAINTS WITH FUTURES EASING

Average spot prices in the quarter reflected low national hydro storage and continued gas deliverability issues, increasing to \$277/MWh at Otahuhu and \$261/MWh at Benmore from \$115/MWh and \$102/MWh respectively in FY2020-Q4. Elevated prices were also seen in Mercury's CFD purchases for FY2021-Q4 which increased by 315GWh, from 464GWh in FY2020-Q4 to 779GWh, to mitigate price risk from decreased physical generation.

Futures prices eased during the quarter due to a lift in national hydrology towards the end of June. FY2022 futures prices decreased from \$193/MWh and \$177/MWh at Otahuhu and Benmore at the start of the quarter to \$170/MWh and \$151/MWh respectively by the end of the quarter, with a subsequent further reduction to \$144/MWh and \$122/MWh as at 16 July 2021.

COMMERCIAL & INDUSTRIAL SALES LIFT AS MERCURY POSITIONS PORTFOLIO

Notwithstanding elevated spot prices, Mercury continued to engage with customers seeking to re-contract resulting in Commercial & Industrial segment sales (including both physical and financial) increasing by 227GWh, from 731GWh in FY2020-Q4 to 958GWh in FY2021-Q4. The Commercial & Industrial sales yield increased by 9.1% from \$93/MWh in FY2020-Q4 to \$102/MWh in FY2021-Q4.

Customer numbers continued to decrease, dropping by 3,000 across the quarter to 328,000. This was reflected in Mass Market sales volumes which decreased by 63GWh to 672GWh versus 735GWh in the same quarter last year.

DEMAND IN Q4 LIFTS VERSUS COVID-19 LOCKDOWN AFFECTED PCP; DEMAND IN QUARTERS 1-3 DECREASES

Temperature-adjusted demand in FY2021-Q4 increased by 5.8% as the prior comparable period was affected by the COVID-19 Level 4 lockdown. Increases were seen across all sectors, with contributions from each sector being: urban (+2.5%), rural (+1.0), industrial (+1.2%), dairy (+0.8%) and irrigation (+0.3%).

The recovery in Q4 drove full-year temperature-adjusted demand up by 1.0%. Excluding this period, demand in the first three quarters in FY2021 decreased by -0.6% versus the same quarters in FY2020, largely driven by reduced industrial demand due to production cuts at the Tiwai Point aluminium smelter, Norske Skog's Kawerau mill and the Marsden Point refinery.

¹ For quarters ended 30 June since 1999

² For quarters ended 30 June since 1927

³ For 12-month periods ended 30 June since 1927

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 30 June 2021		Three months ended 30 June 2020		Twelve months ended 30 June 2021		Twelve months ended 30 June 2020	
ELECTRICITY CUSTOMERS (‘000s ICPs)	328		348					
North Island Customers	291		307					
South Island Customers	37		41					
Dual Fuel Customers	45		47					
	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)
ELECTRICITY SALES								
Physical	129.27	1,205	124.20	1,108	123.77	4,522	118.45	4,361
Mass Market ²	142.10	672	136.45	735	139.70	2,654	130.84	2,892
Commercial & Industrial ³	113.09	533	100.05	373	101.15	1,868	94.05	1,469
Network Losses		56		54		213		213
Physical Purchases ⁴	287.92	1,262	128.97	1,163	193.56	4,735	115.14	4,573
Financial ⁵	98.15	846	86.00	807	91.75	3,432	83.63	3,377
End User CfDs	87.10	425	85.79	358	86.96	1,559	82.15	1,323
Other Sell CfDs ⁶	109.30	421	86.16	449	95.74	1,873	84.59	2,054
Spot Settlement of CfDs	269.63		109.24		175.21		101.15	
Spot Customer Purchases	277.51	31	117.16	183	176.38	166	104.12	747
ELECTRICITY GENERATION								
Physical	282.02	1,317	121.59	1,402	180.04	6,205	109.51	6,331
Hydro	295.88	727	134.90	727	186.94	3,611	117.03	3,712
Geothermal (consolidated) ⁷	264.93	590	107.42	675	170.44	2,594	98.91	2,619
Financial	210.08	779	84.28	464	139.05	1,968	83.69	1,478
Buy CfDs ⁶	210.08	779	84.28	464	139.05	1,968	83.69	1,478
Spot Settlement of CfDs	266.79		113.97		193.13		98.81	
PORTFOLIO LWAP/GWAP ⁸		1.02		1.01		1.01		1.02

¹ VWAP is volume weighted average energy-only price sold to customers after lines, metering and fees

² Mass market includes residential segments and non time-of-use commercial customers

³ Fixed-price, variable-volume (FPVV) sales to time-of-use commercial customers

⁴ Excludes spot customer purchases

⁵ Excludes FTR and trading ASX positions (including positions held to maturity which were previously disclosed in CfD volumes)

⁶ Includes Virtual Asset Swap volumes of 149 GWh for the 3 months ended 30 June 2021 and 149 GWh for the 3 months ended 30 June 2020 and of 599 GWh for the 12 months ended 30 June 2021 and 601 GWh for the 12 months ended 30 June 2020

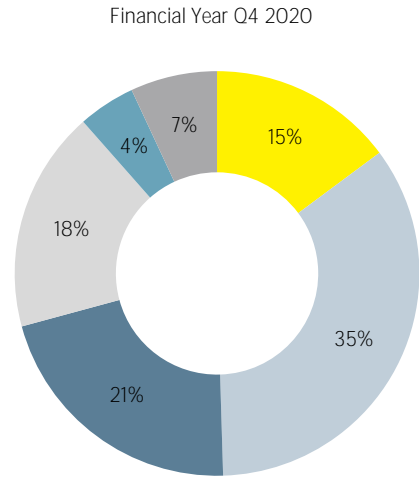
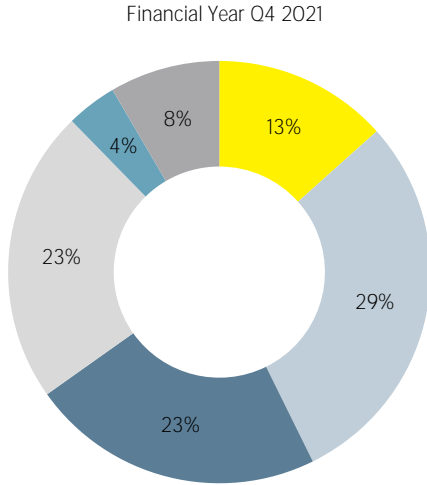
⁷ Includes Mercury's 65% share of Nga Awa Purua generation

⁸ Includes all physical and financial buys and sells except spot customer purchases

>> MARKET DATA

> ELECTRICITY GENERATION BY COMPANY FOR THE THREE MONTHS ENDED 30 JUNE

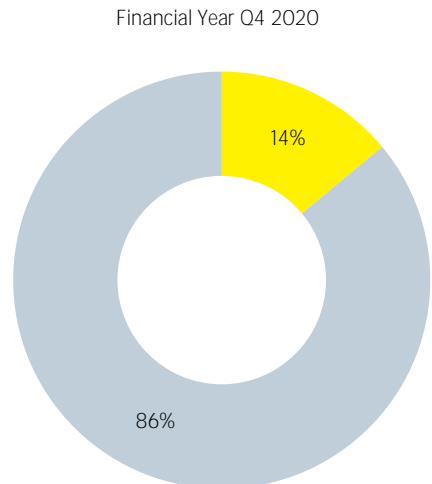
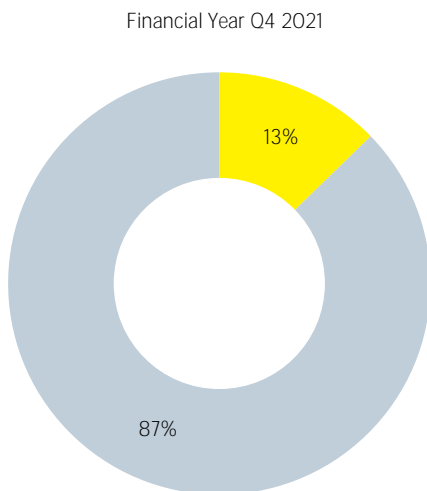
- MERCURY
- MERIDIAN ENERGY
- CONTACT ENERGY
- GENESIS ENERGY
- TRUSTPOWER / TILT
- OTHER



Source: Electricity Authority

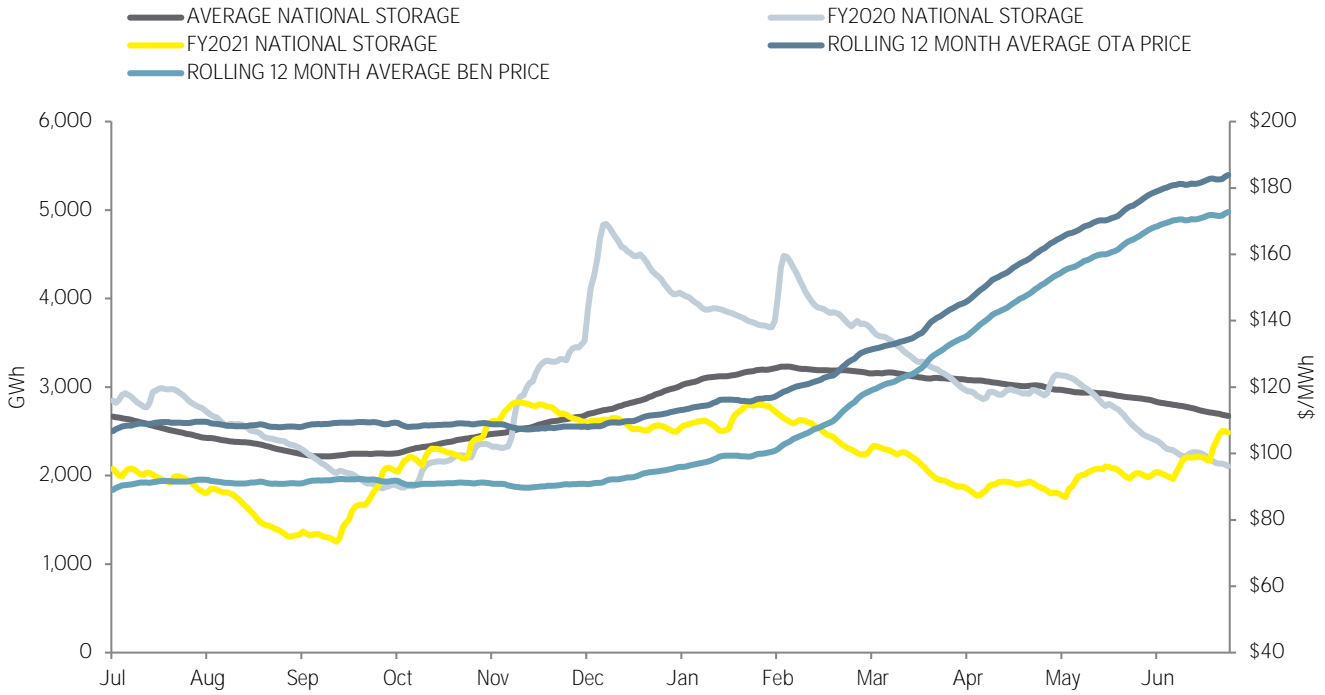
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 30 JUNE (EXCLUDING CFDs)

- MERCURY
- OTHER



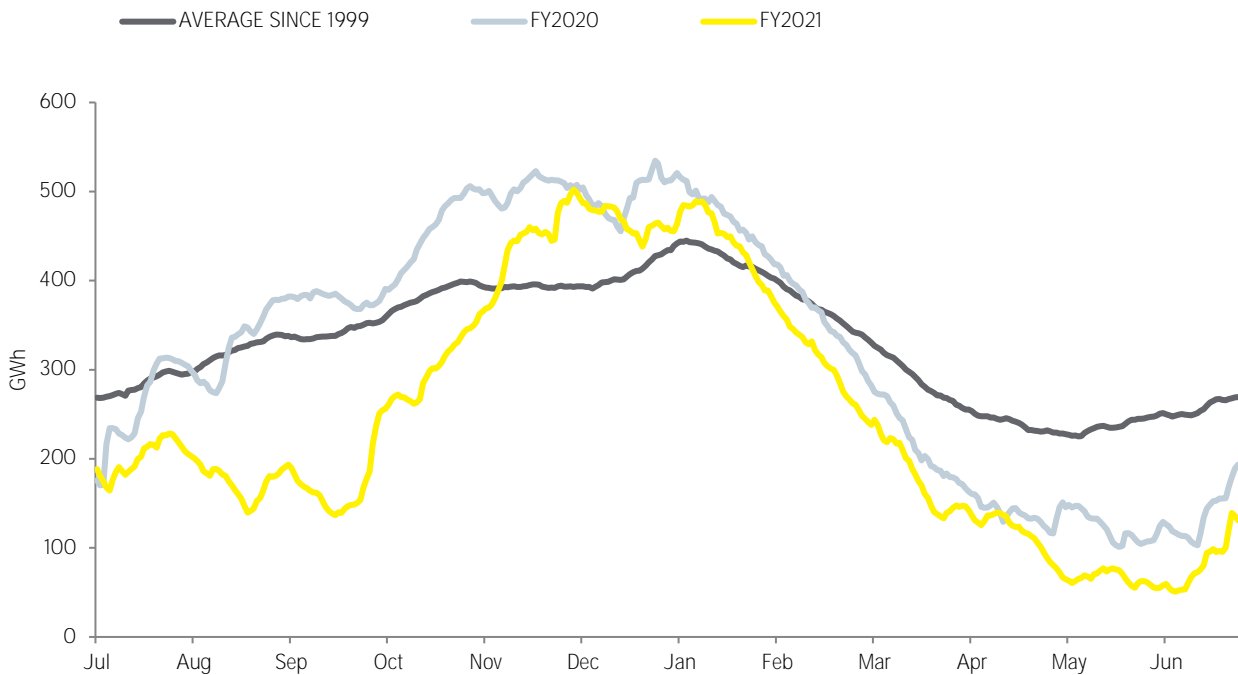
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



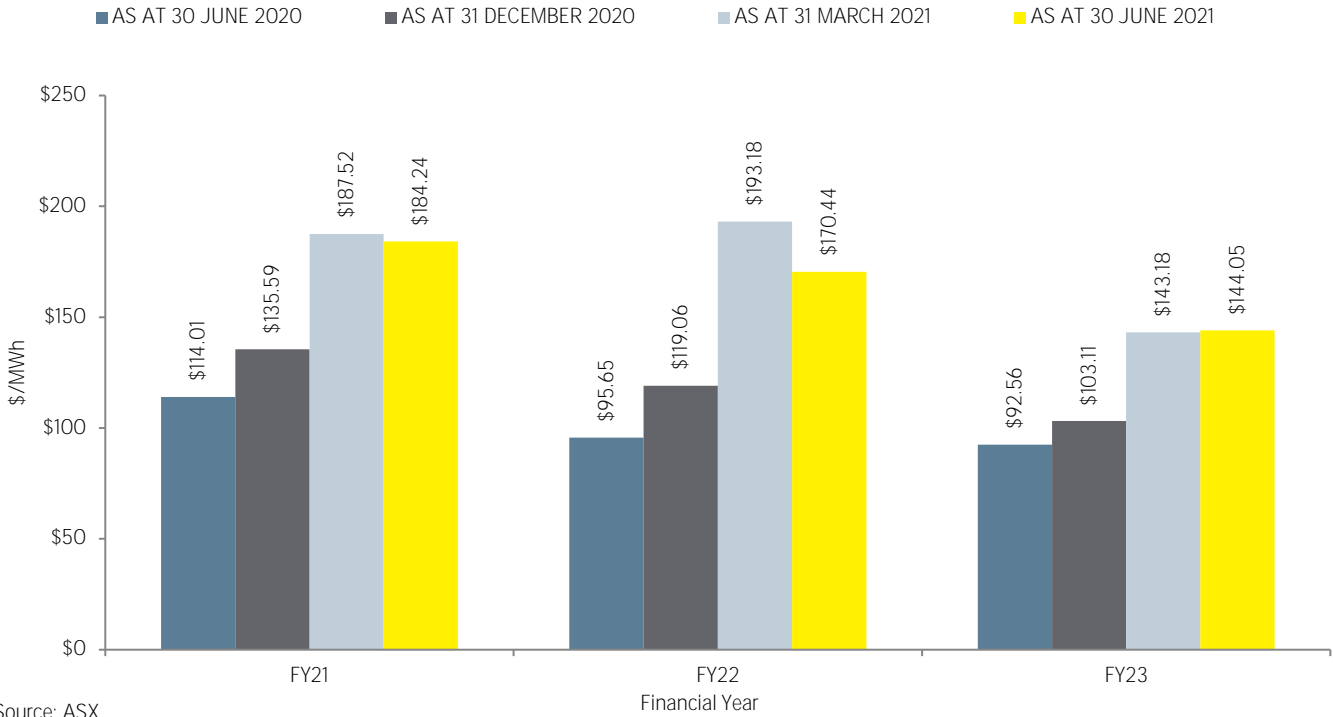
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



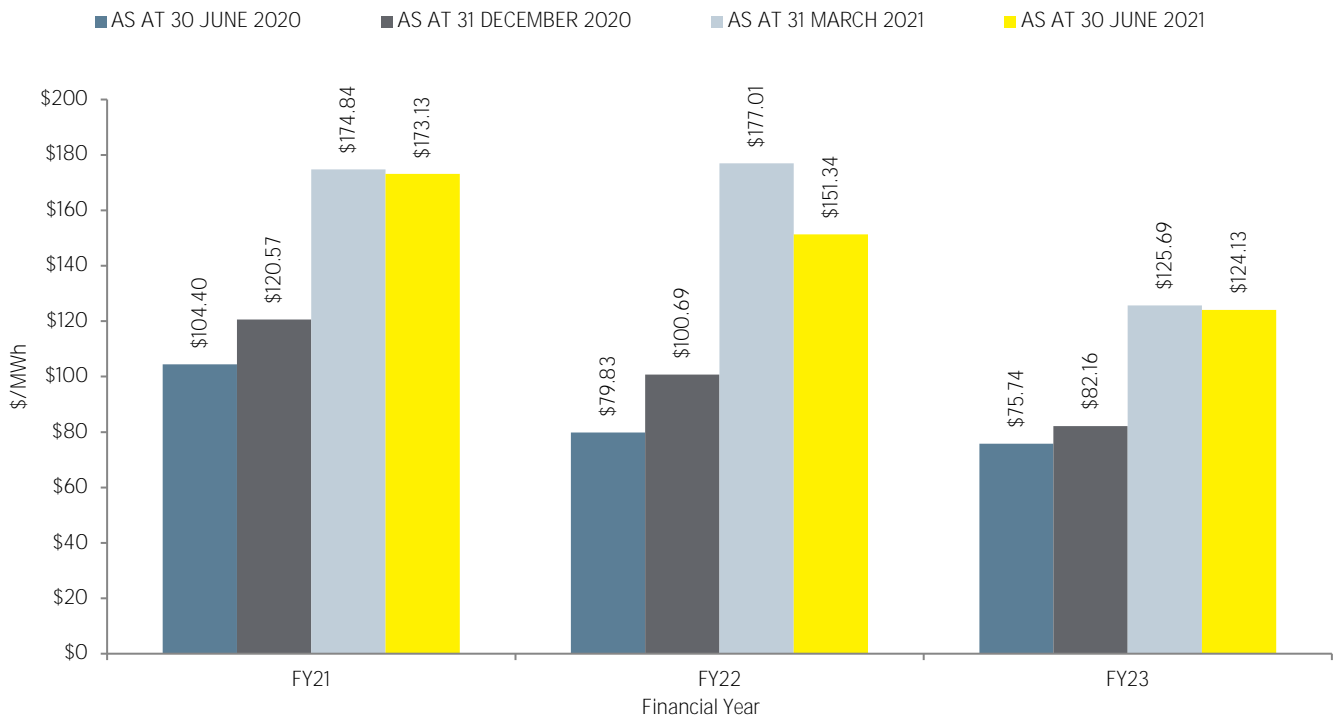
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



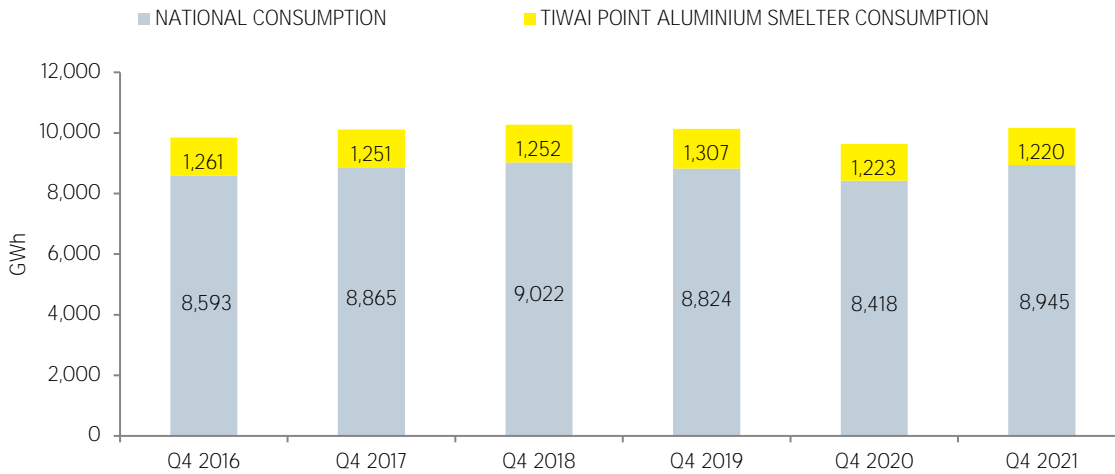
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



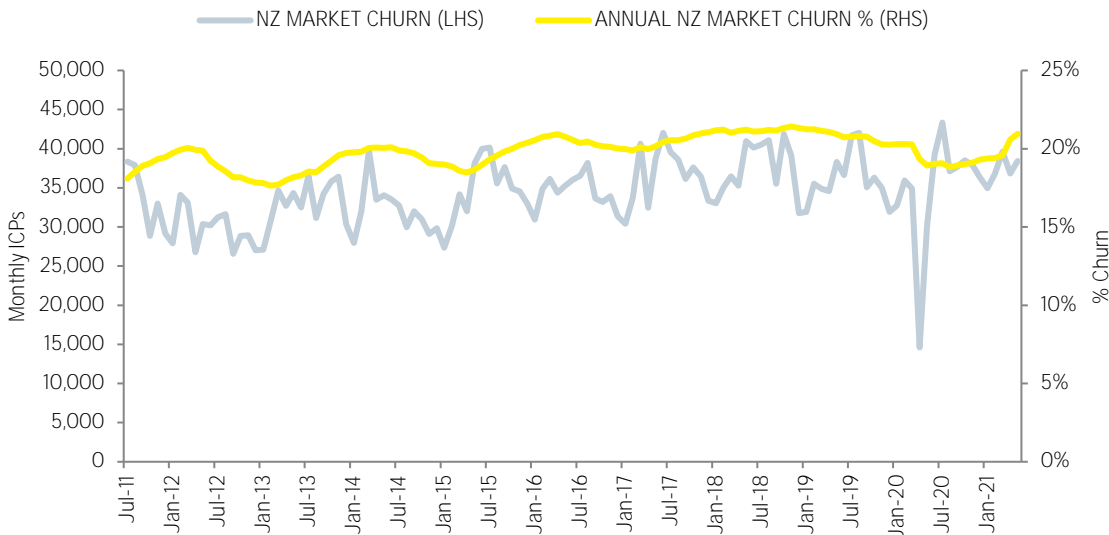
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2021	12.3	16.9	19.5	14.8
2020	12.3	16.7	19.5	14.4
2019	12.1	16.3	20.2	14.1
2018	12.3	17.2	20.7	14.3
2017	12.1	16.1	19.3	14.3
Historical Average (since 1999)	11.9	16.1	19.4	14.2

Source: Met Service

> MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPs)



Source: Electricity Authority