

>> QUARTERLY HIGHLIGHTS

GENERATION LOWER

HYDRO GENERATION DOWN WITH DRIER WEATHER BUT TAUPO STORAGE LIFTS, GEO IMPACTED BY KAWERAU OUTAGE

CUSTOMER NUMBERS STEADY

CUSTOMER NUMBERS MAINTAINED AT 328,000 AS MERCURY HOLDS MARKET SHARE

WIND ADDED

COMPLETED ACQUISITION OF TILT RENEWABLES NZ WIND FARMS, TURITEA COMMISSIONING UNDERWAY

>> COMMENTARY

HYDRO GENERATION DOWN AS MERCURY REBUILDS TAUPO STORAGE; KAWERAU OUTAGE IMPACTS GEOTHERMAL

Hydro generation in FY2022-Q1 of 953GWh was below average as Waikato catchment inflows remained below average at the 34th percentile¹. Despite this, Mercury lifted Lake Taupo hydro storage which ended the quarter at 403GWh, 45GWh above average².

Geothermal generation in the quarter decreased by 80GWh, from 687GWh in FY2021-Q1 to 607GWh, due to a 44 day unplanned outage at the Kawerau power station which ended on 20 July. The outage period coincided with higher prices which saw the LWAP/GWAP ratio increase unfavourably from 1.01 in FY2021-Q1 to 1.04 in the most recent quarter. Cover was taken to offset this loss in production resulting in the average price for Buy CfDs increasing from \$128/MWh in FY2021-Q1 to \$143/MWh in FY2022-Q1.

This quarter saw the completed acquisition of Tilt Renewables NZ wind farms on 3 August, reflected in 220GWh of wind generation volume for the quarter. The Turitea wind farm produced 13GWh in the quarter while undergoing commissioning with revenue generated offsetting project capex.

SPOT PRICES REMAIN HIGH BUT EASE OVER THE QUARTER; FUTURES REFLECT IMPROVED HYDRO STORAGE

Average spot prices in the quarter remained elevated at \$149/MWh at Otahuhu and \$123/MWh at Benmore versus \$136/MWh and \$125/MWh respectively in FY2021-Q1. Prices trended down within the quarter as national hydro storage increased due to high South Island hydro inflows (at the 99th percentile¹), shown through the average July price of \$191/MWh and \$168/MWh at Otahuhu and Benmore easing to \$97/MWh and \$77/MWh in September respectively.

Improved national hydro storage (74% of maximum at the end of the quarter) saw the FY2022 futures prices decrease from \$170/MWh and \$151/MWh at Otahuhu and Benmore at the start of the quarter to \$133/MWh and \$110/MWh respectively by the end of the quarter.

CUSTOMER NUMBERS MAINTAINED AS MERCURY REDUCES LOSSES; C&I PRICING LIFTS ON RECONTRACTING

Customer numbers held steady at 328,000 over the quarter, ending a trend of declining market share, as Mercury reduced customer losses through various initiatives including our 'Move with Mercury' campaign.

The Commercial & Industrial sales yield (including both physical and financial sales) increased by 11.7% from \$96/MWh in FY2020-Q4 to \$107/MWh in FY2021-Q4 due to recent recontracting reflecting the higher wholesale pricing over the last year. Sales volumes in this segment increased by 47GWh, from 801GWh in FY2021-Q1 to 848GWh in the most recent quarter, with an increase in physical sales being partially offset by reduced CfD sales due to the early exit of a foundation hedge with the Norske Skog Tasman mill closure.

DEMAND DOWN DUE TO INDUSTRIAL CLOSURES AND REDUCED IRRIGATION LOAD

Temperature-adjusted demand decreased in FY2022-Q1 by 0.9% with reductions in the industrial (-0.8%), irrigation (-0.2%), and other (-0.2%) sectors being offset by an increase in the urban (+0.3%) sector (the dairy and rural sectors were flat). Industrial demand decreased due to the closure of the Norske Skog Tasman mill at the start of the quarter, partially offset by an increase in Marsden Point refinery demand due to a six-week shutdown in the prior comparable period.

¹ For quarters ended 30 September since 1927

² For quarters ended 30 September since 1999

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 30 September 2021		Three months ended 30 September 2020	
ELECTRICITY CUSTOMERS (’000s ICPs)		328		342
North Island Customers		291		302
South Island Customers		37		40
Dual Fuel Customers		46		46
	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)
ELECTRICITY SALES				
Physical	132.84	1,301	125.76	1,257
Mass Market ²	140.33	789	137.30	832
Commercial & Industrial ³	118.55	512	103.19	425
Network Losses		62		61
Physical Purchases ⁴	151.42	1,363	141.79	1,318
Financial ⁵	96.01	803	87.52	843
End User CfDs	89.39	336	87.45	376
Other Sell CfDs ⁶	100.77	467	87.57	467
Spot Settlement of CfDs ⁷	144.65		130.63	
Spot Customer Purchases	149.58	30	146.06	73
ELECTRICITY GENERATION				
Physical ⁷	142.78	1,780	137.31	1,731
Hydro	157.18	953	144.14	1,044
Geothermal (consolidated) ⁸	120.17	607	126.95	687
Wind PPA	66.00	220		
Financial	137.11	453	97.48	433
Buy CfDs ⁶	137.11	453	97.48	433
Spot Settlement of CfDs ⁷	143.44		127.85	
PORTFOLIO LWAP/GWAP ⁹		1.04		1.01

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, assumes interim pricing on 9 August 2021 settles at ~\$1,000/MWh

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 151 GWh for the 3 months ended 30 September 2021 and 151 GWh for the 3 months ended 30 September 2020

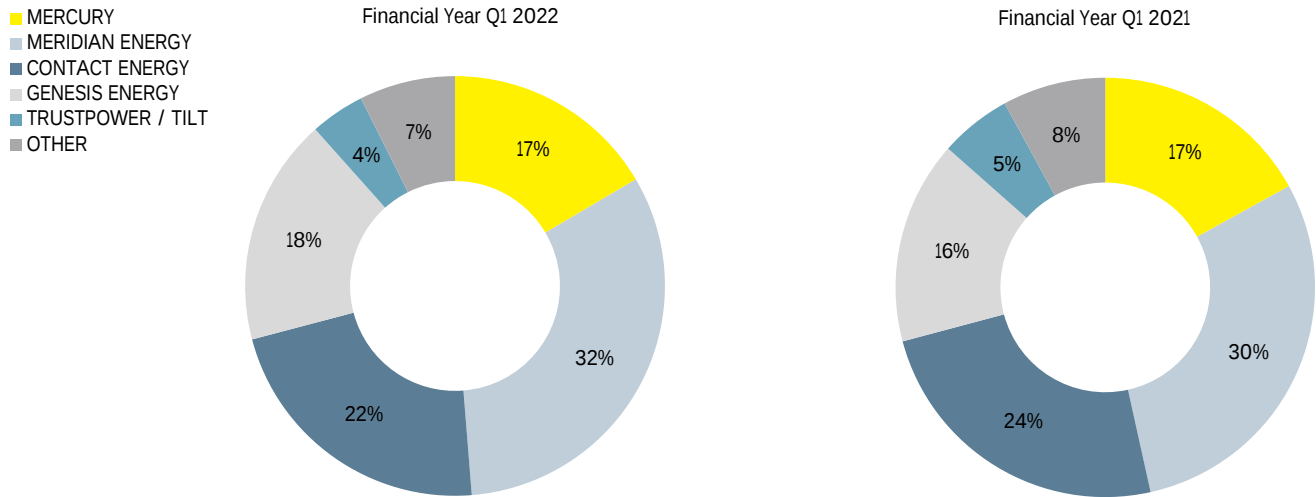
⁷ Assumes interim pricing on 9 August 2021 settles at ~\$1,000/MWh

⁸ Includes Mercury's 65% share of Nga Awa Purua generation

⁹ Includes all physical and financial buys and sells except spot customer purchases, excludes Wind PPA volumes

>> MARKET DATA

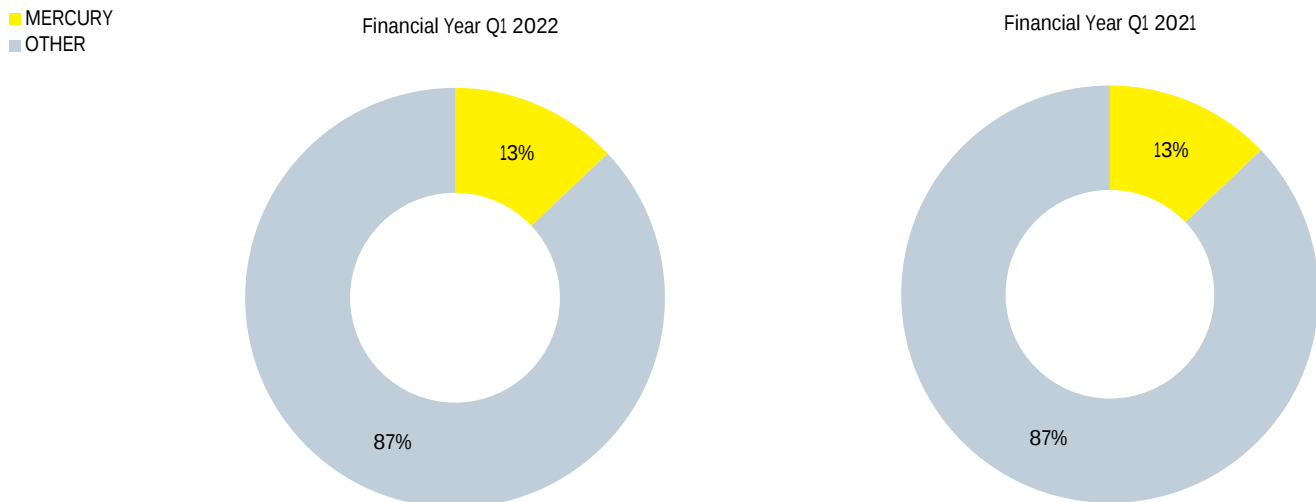
> ELECTRICITY GENERATION BY COMPANY FOR THE THREE MONTHS ENDED 30 SEPTEMBER



Mercury electricity generation share includes Tilt Renewables NZ wind generation from 3 August 2021

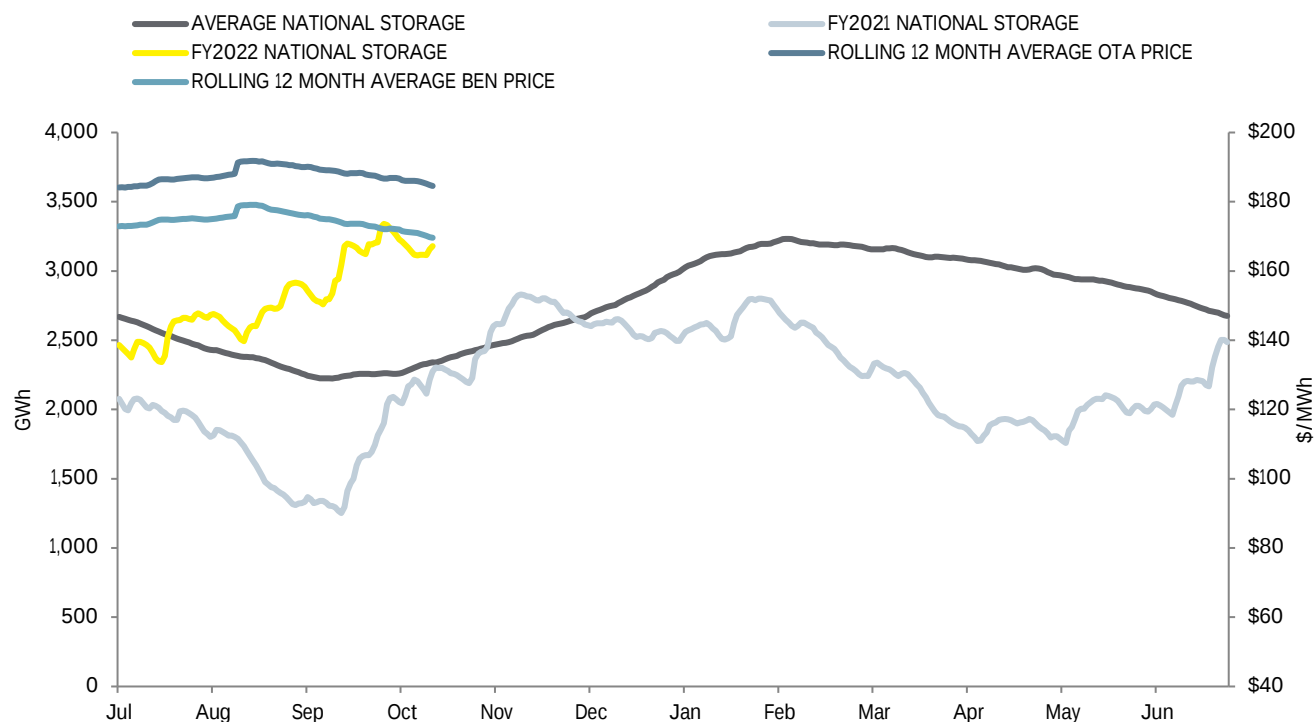
Source: Electricity Authority

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



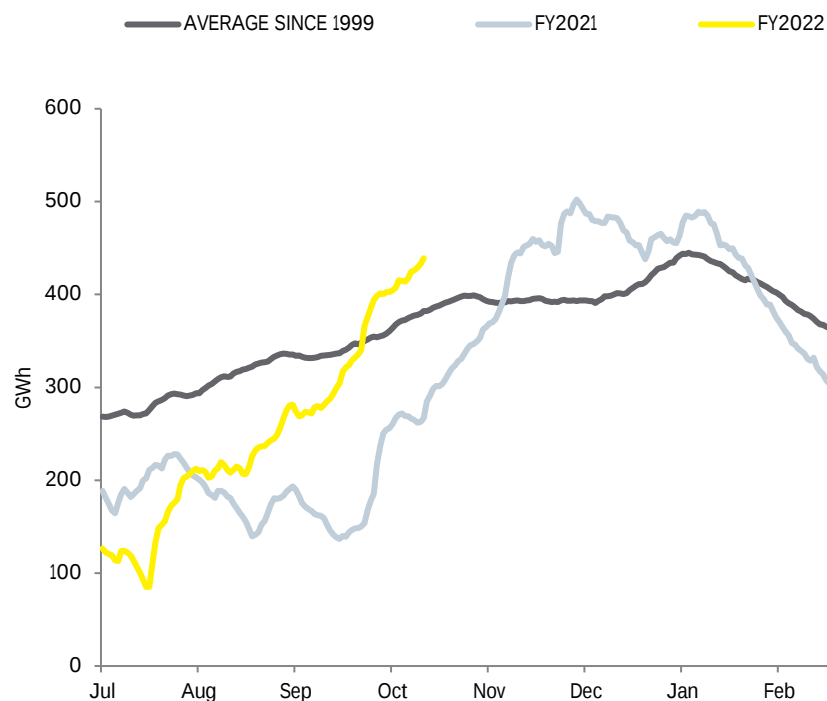
Source: Mercury Purchases and Transpower SCADA

> OTAHHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



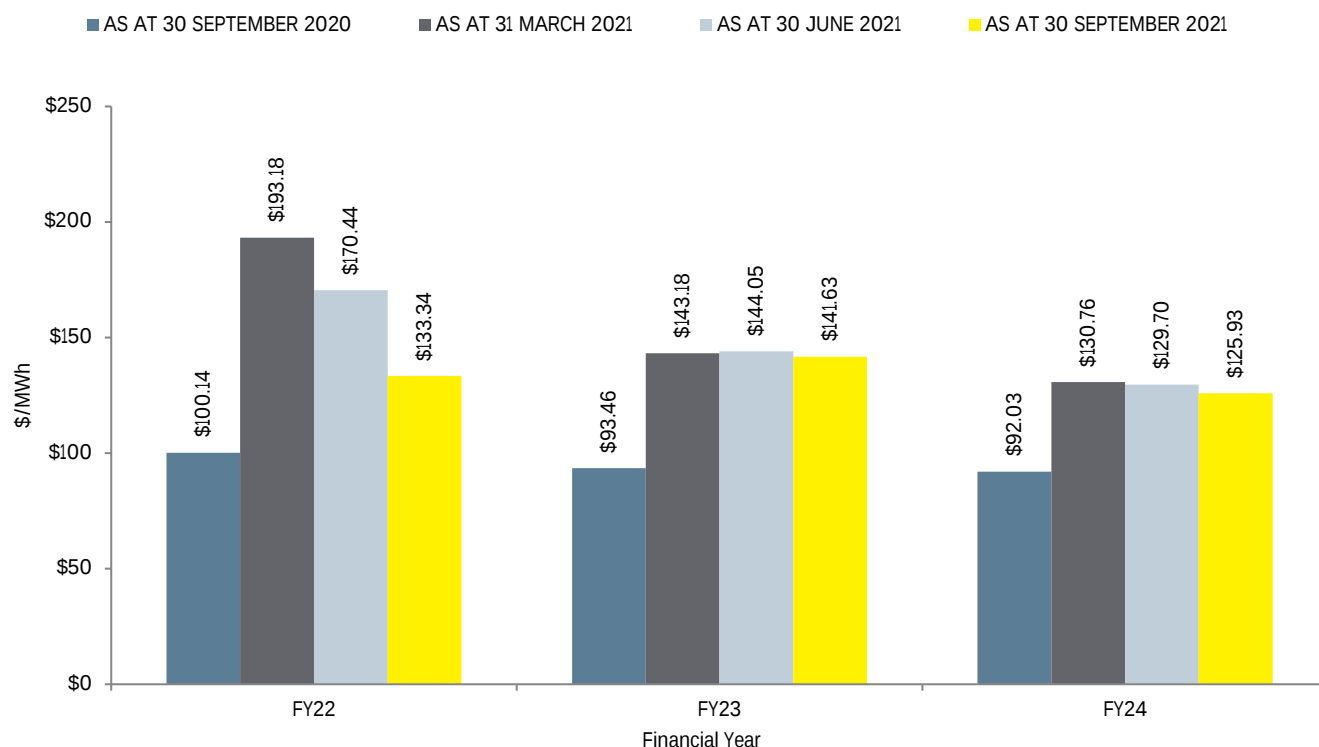
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



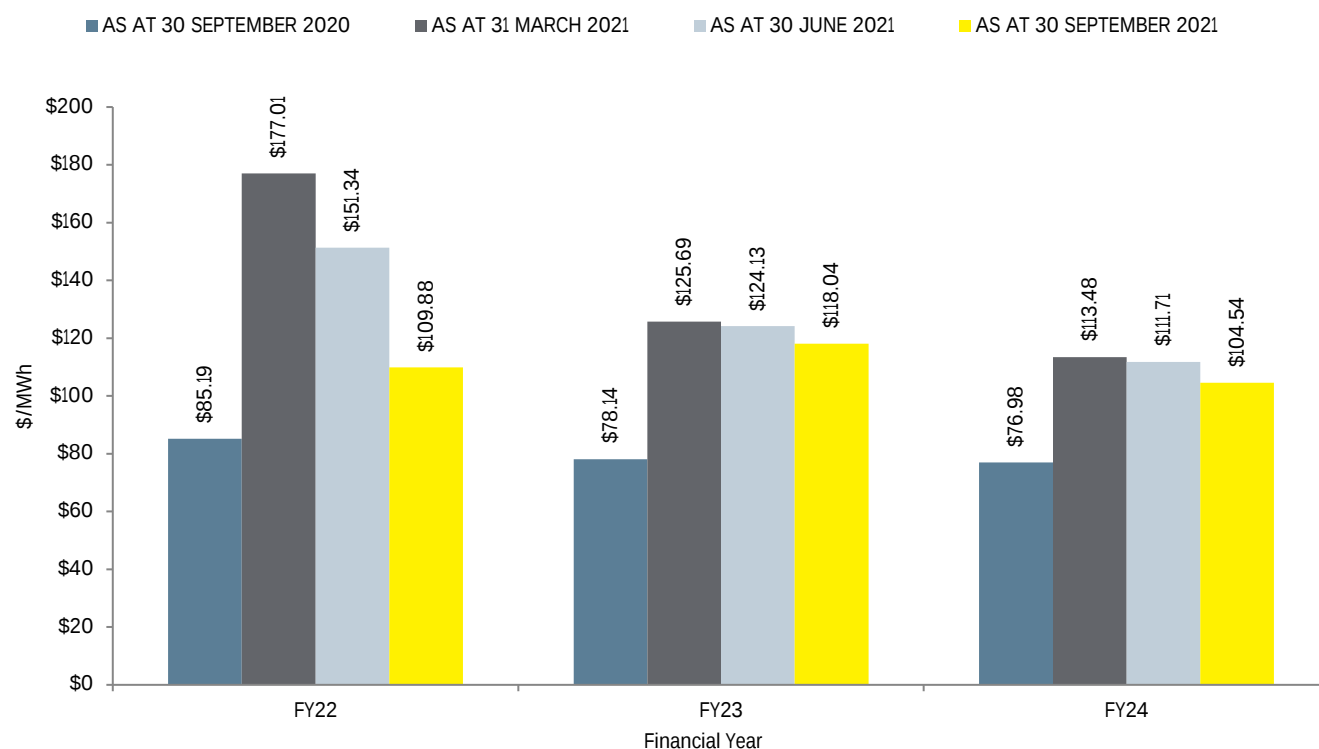
Source: NZX Hydro

> OTAHHU ASX FUTURES SETTLEMENT PRICE



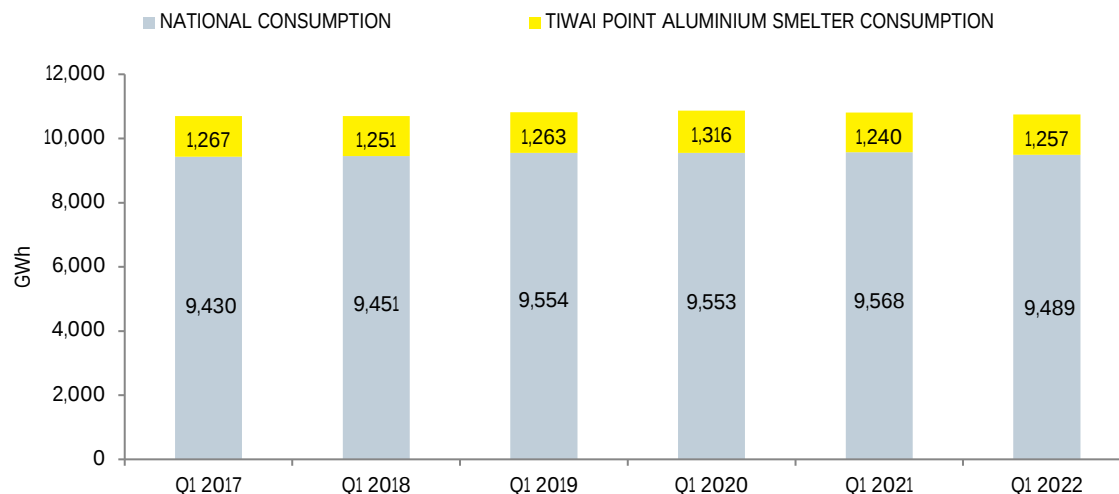
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



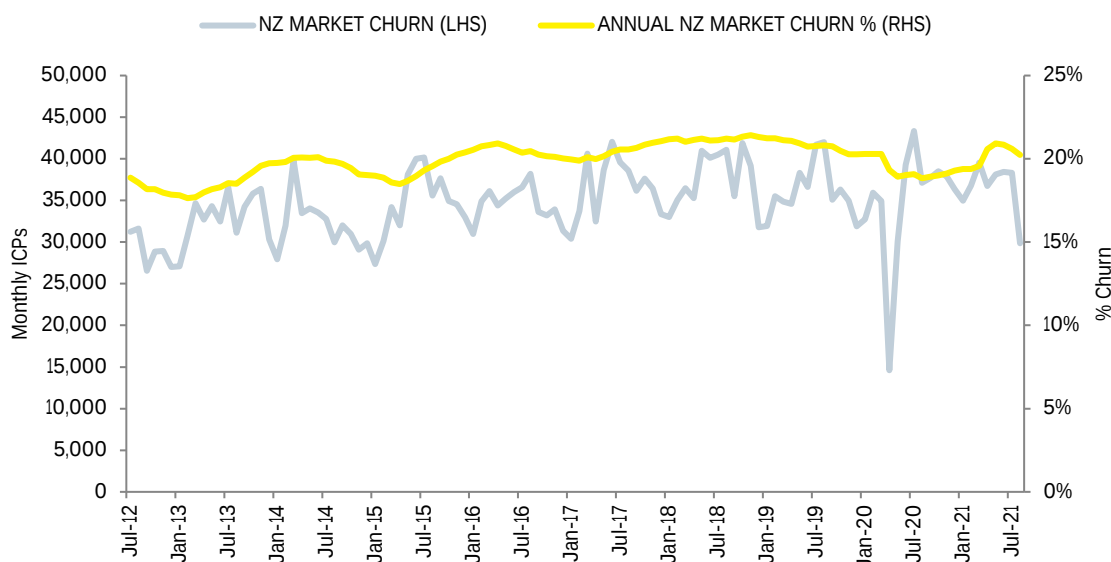
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2022	12.2	-	-	-
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
Historical Average (since 1999)	11.9	16.1	19.4	14.2

Source: Met Service

> MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPs)



Source: Electricity Authority