

>> QUARTERLY HIGHLIGHTS

SUSTAINED LOW INFLOWS

HYDRO GENERATION DOWN 69GWh
DUE TO LOWEST WAIKATO CATCHMENT
INFLOW SEQUENCE FROM SEPTEMBER

HIGH SPOT PRICES POST COVID LOCKDOWN

REFLECTING DECLINING HYDRO STORAGE
AND DEMAND CLOSE TO NORMAL LEVELS

TIWAI EXIT ANNOUNCED

ELECTRICITY FUTURES PRICES
FALL FROM FY2022

>> COMMENTARY

BUSINESS ACTIVITY RESUMES, REFURBISHMENT COMPLETED AT WHAKAMARU AND ARATIATIA

Mercury successfully executed a staged return to normal operations in Q4-FY2020, following the nationwide COVID-19 lockdown, with office-based staff returning and construction resuming at the Turitea wind farm. Maintenance at our generation sites continued with major refurbishments completed at Whakamaru and at Aratiatia early in July.

HYDRO GENERATION LOWER DUE TO DROUGHT; GEOTHERMAL STEADY

Mercury's hydro generation decreased from 796GWh in Q4-FY2019 to 727GWh in the most recent quarter due to exceptionally dry hydrology with Q4-FY2020 Waikato catchment inflows at the 1st percentile¹. Low rainfall in the quarter continued a sequence of low hydrological conditions with inflows in H2-FY2020 also being at the 1st percentile², resulting in full-year hydro generation decreasing from 4,006GWh in FY2019 to 3,712GWh in FY2020. Lake Taupo hydro storage tracked below-average during the quarter ending at 193GWh, 82GWh below average³.

Geothermal generation was maintained at 671GWh in Q4-FY2020 versus 679GWh in the same quarter in FY2019 seeing full year geothermal production 3% lower than FY2019 due to major maintenance.

SALES YIELDS LIFT AS MERCURY FOCUSES ON CUSTOMER VALUE

Mercury's customer value focus saw Commercial & Industrial segment sales volumes increase from 666GWh in Q4-FY2019 to 731GWh in Q4-FY2020 with the average sales yield (including both physical and financial sales) also lifting by 8.3% (from \$86/MWh to \$93/MWh). The Mass Market segment yield increased by 6.4% from \$128/MWh to \$136/MWh with reduced acquisition activity resulting in lower volumes.

POST-LOCKDOWN SPOT PRICES REFLECT RETURN TO NORMALITY AND DECLINING NATIONAL HYDRO STORAGE

Demand in the most recent quarter decreased by 4.2% on a temperature-adjusted basis (4.8% on an unadjusted basis) due to the COVID-19 lockdown. National demand was 14% lower than the pcp in April, when activity restrictions were most severe, but returned to similar levels to the pcp in May and June as lockdown restrictions eased.

Spot prices in the quarter followed demand, being significantly below-average at \$48/MWh at Otahuhu and \$42/MWh at Benmore in April. The easing of lockdown restrictions combined with declining national hydro storage saw spot prices recover strongly, resulting in a quarterly average spot price of \$115/MWh in Auckland, in line with the prior comparable period.

HIGH FUTURES PRICES CHECKED BY TIWAI EXIT ANNOUNCEMENT

As at 30 June, FY2022 futures were \$96/MWh and \$80/MWh at Otahuhu and Benmore. Following the announcement of the Tiwai aluminium smelter exit, FY2022 futures have reduced to \$79/MWh and \$53/MWh respectively, severely impacting the South Island due to known transmission constraints.

¹ For quarters ended 30 June since 1927

² For 6-monthly periods ended 30 June since 1927

³ For quarters ended 30 June since 1999

>> OPERATING STATISTICS

| OPERATING INFORMATION | Three months ended 30 June 2020 | | Three months ended 30 June 2019 | | Twelve months ended 30 June 2020 | | Twelve months ended 30 June 2019 | |
|--|------------------------------------|-----------------|------------------------------------|-----------------|-------------------------------------|-----------------|-------------------------------------|-----------------|
| ELECTRICITY CUSTOMERS (’000s ICPs) | 348 | | 373 | | | | | |
| North Island Customers | 307 | | 330 | | | | | |
| South Island Customers | 41 | | 43 | | | | | |
| Dual Fuel Customers | 47 | | 47 | | | | | |
| | VWAP ¹ (\$/MWh) | Volume (GWh) | VWAP ¹ (\$/MWh) | Volume (GWh) | VWAP ¹ (\$/MWh) | Volume (GWh) | VWAP ¹ (\$/MWh) | Volume (GWh) |
| ELECTRICITY SALES | | | | | | | | |
| Physical | 124.20 | 1,108 | 117.45 | 1,153 | 118.45 | 4,361 | 116.35 | 4,500 |
| Mass Market ² | 136.45 | 735 | 128.19 | 800 | 130.84 | 2,892 | 126.78 | 3,182 |
| Commercial & Industrial ³ | 100.05 | 373 | 93.07 | 353 | 94.05 | 1,469 | 86.35 | 1,318 |
| Network Losses | | 54 | | 58 | | 213 | | 229 |
| Physical Purchases ⁴ | 128.97 | 1,163 | 117.19 | 1,211 | 115.14 | 4,573 | 145.37 | 4,730 |
| Financial ⁵ | 86.00 | 807 | 81.01 | 781 | 83.63 | 3,377 | 79.60 | 3,148 |
| End User CfDs | 85.79 | 358 | 77.87 | 313 | 82.15 | 1,323 | 75.66 | 1,206 |
| Other Sell CfDs ⁶ | 86.16 | 449 | 83.11 | 468 | 84.59 | 2,054 | 82.04 | 1,942 |
| Spot Settlement of CfDs | 109.24 | | 110.70 | | 101.15 | | 134.04 | |
| Spot Customer Purchases | 117.16 | 183 | 111.78 | 180 | 104.12 | 747 | 136.99 | 780 |
| ELECTRICITY GENERATION | | | | | | | | |
| Physical | 121.59 | 1,398 | 117.43 | 1,475 | 109.51 | 6,327 | 138.75 | 6,703 |
| Hydro | 134.90 | 727 | 124.89 | 796 | 117.03 | 3,712 | 142.93 | 4,006 |
| Geothermal (consolidated) ⁷ | 107.17 | 671 | 108.62 | 679 | 98.83 | 2,615 | 132.54 | 2,697 |
| Financial ⁵ | 84.28 | 464 | 90.86 | 475 | 83.69 | 1,478 | 93.16 | 1,600 |
| Buy CfDs ⁶ | 84.28 | 464 | 90.86 | 475 | 83.69 | 1,478 | 93.16 | 1,600 |
| Spot Settlement of CfDs | 113.97 | | 101.29 | | 98.81 | | 133.37 | |
| PORTFOLIO LWAP/GWAP ⁸ | | 1.01 | | 1.01 | | 1.02 | | 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 2020 and 149 GWh for the 3 months ended 30 June 2019 and of 601 GWh for the 12 months ended 30 June 2020 and 599 GWh for the 12 months ended 30 June 2019

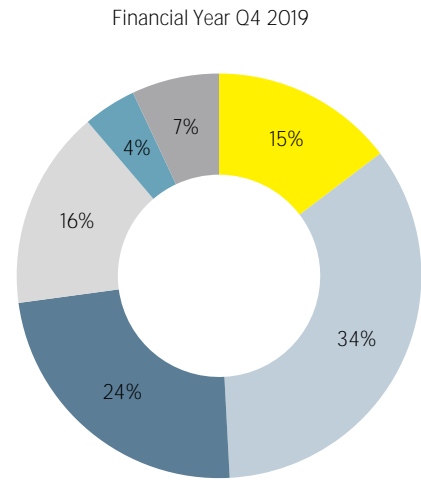
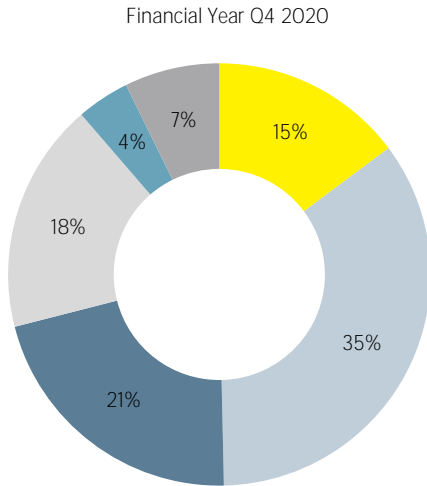
⁷ Includes Mercury’s 65% share of Nga Awa Purua generation

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

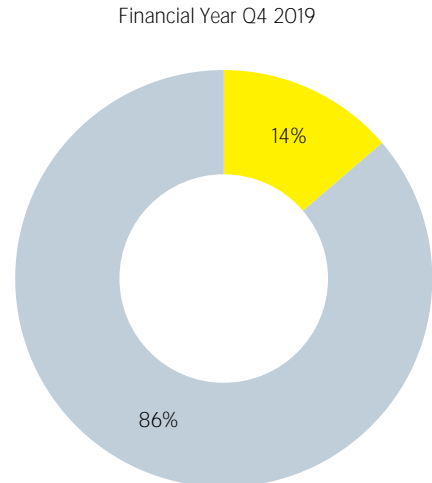
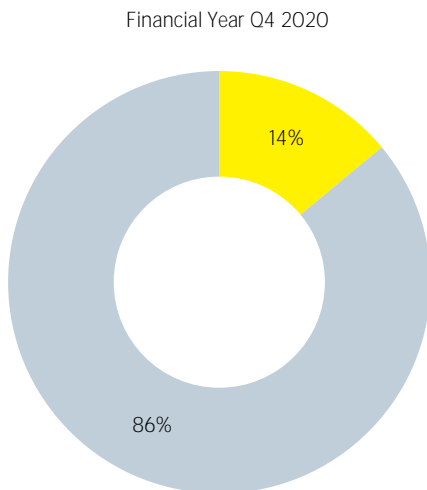
- MERCURY
- MERIDIAN
- CONTACT
- GENESIS
- TRUSTPOWER / TILT
- OTHER



Source: Electricity Authority

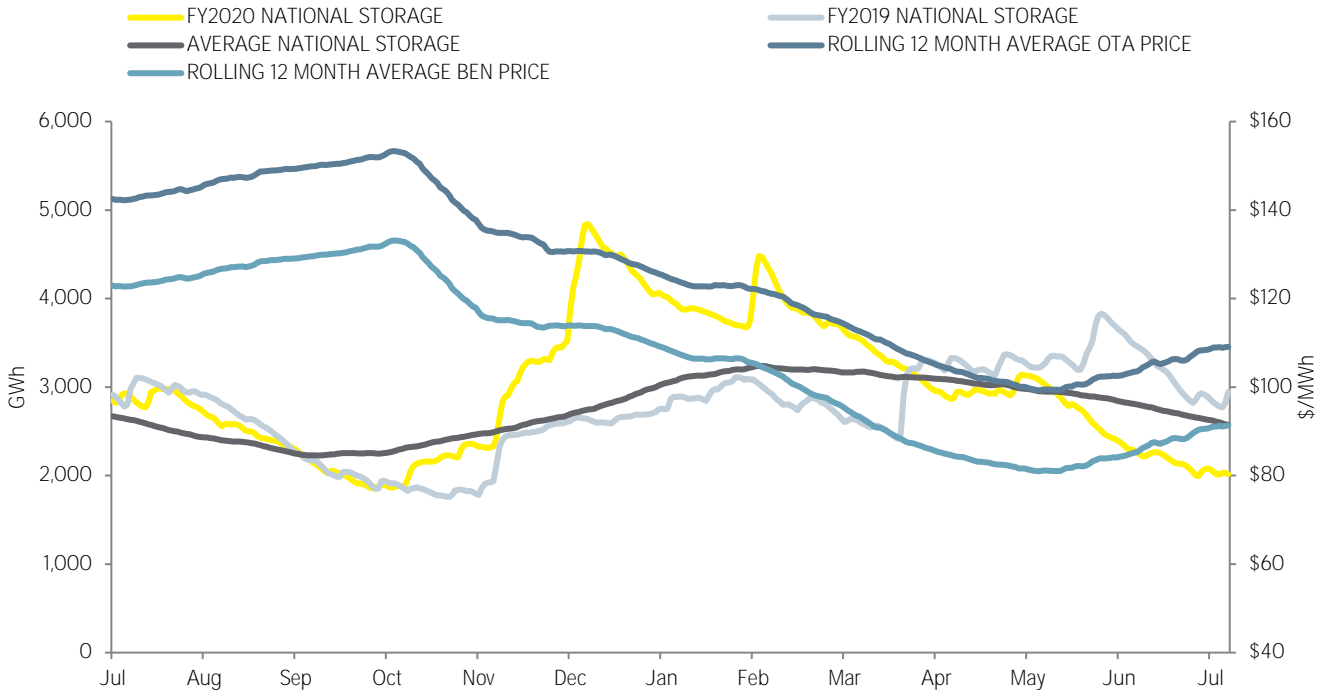
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 30 JUNE (EXCLUDING CFDs)

- MERCURY
- OTHER



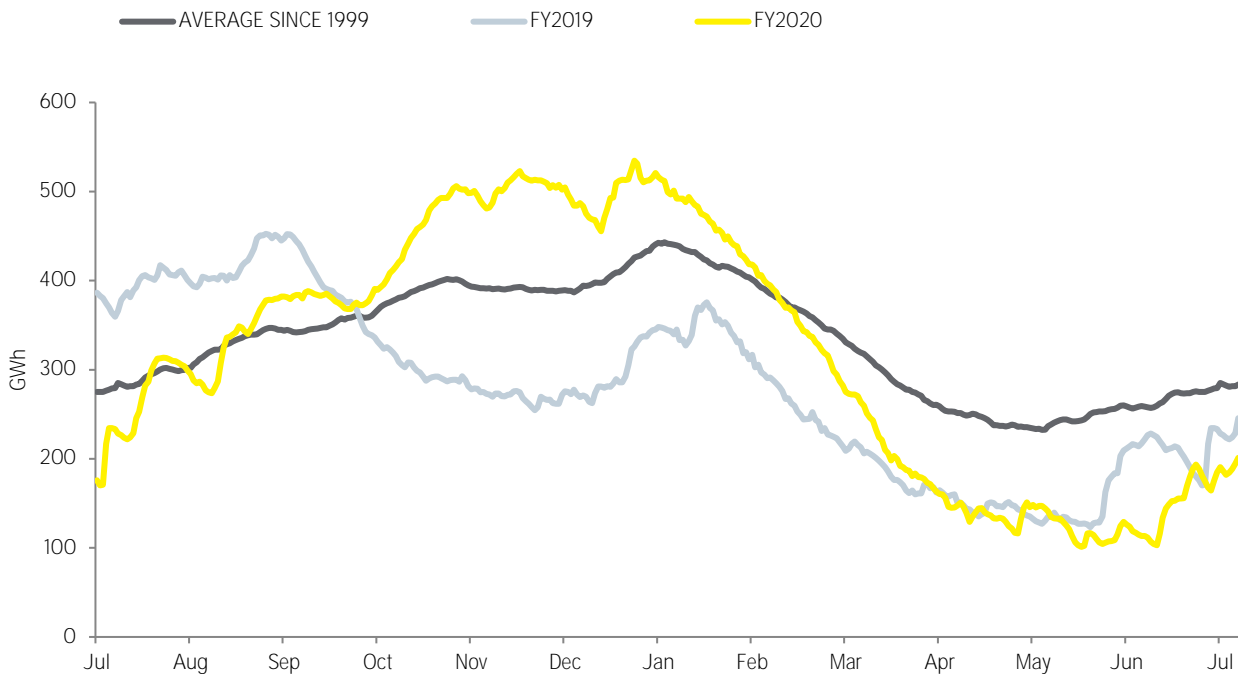
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



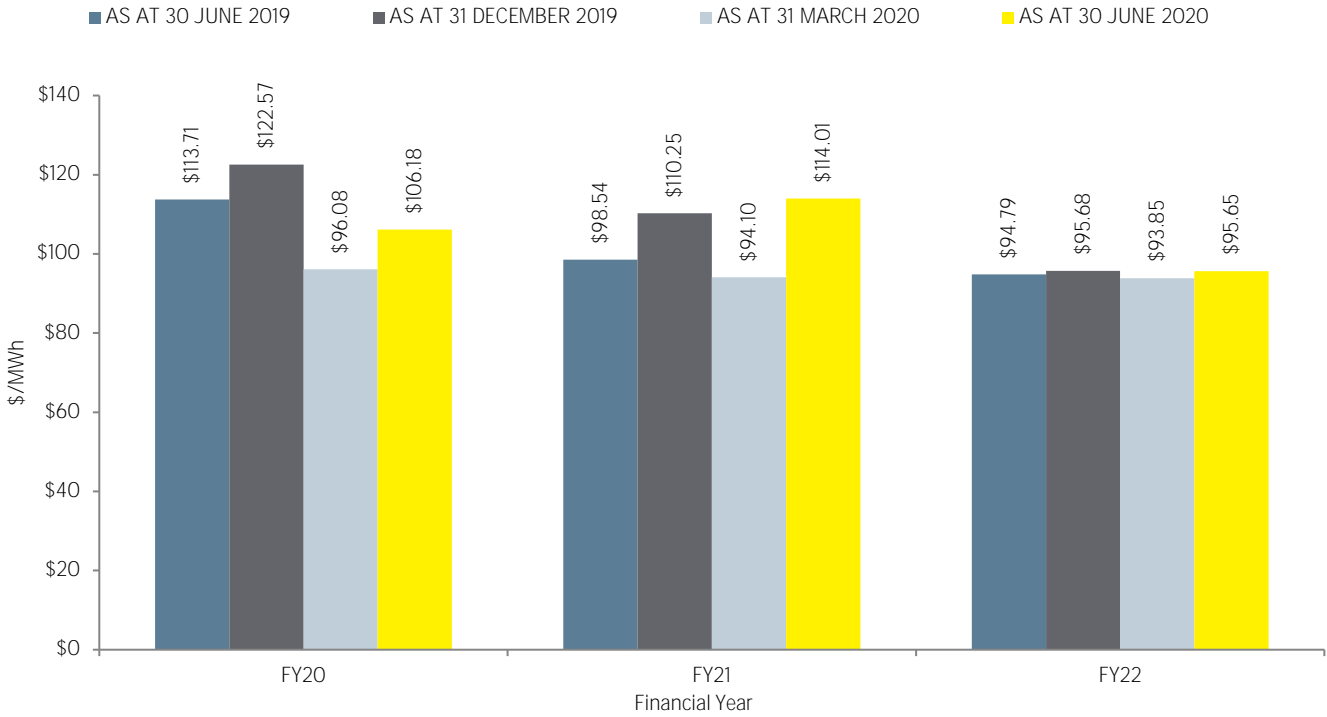
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



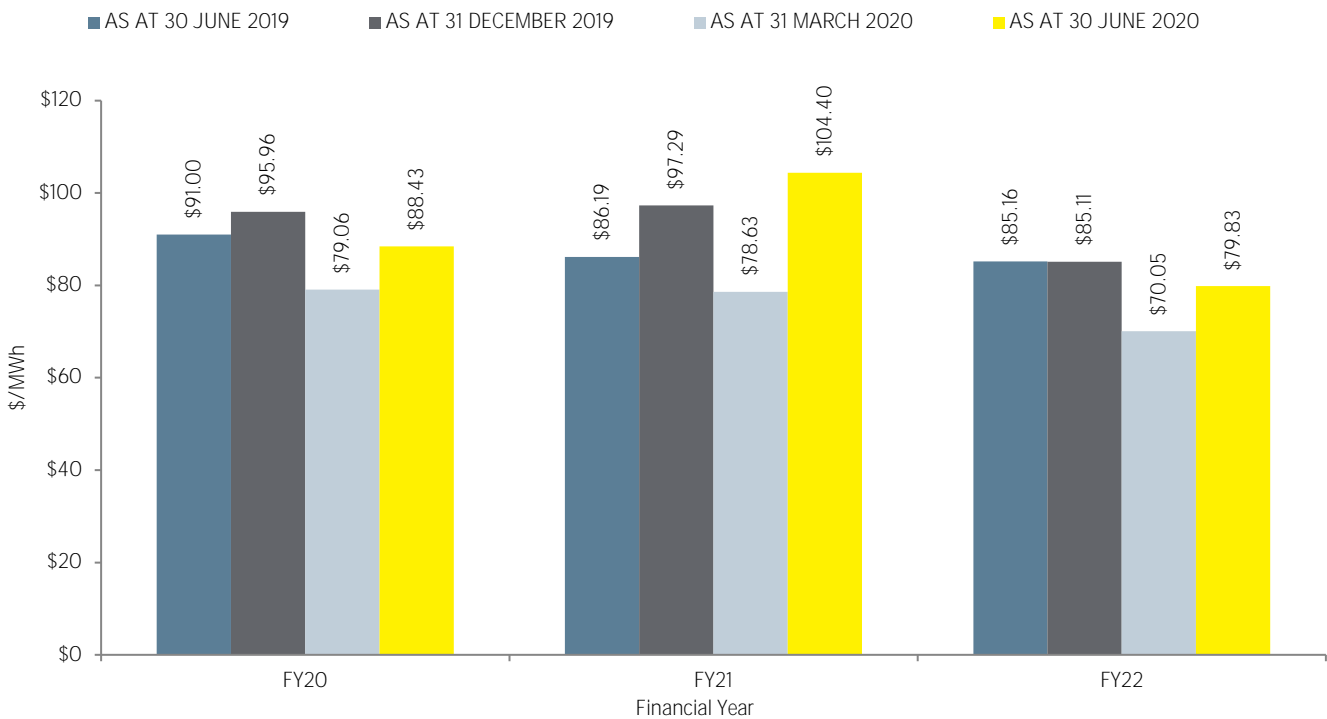
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



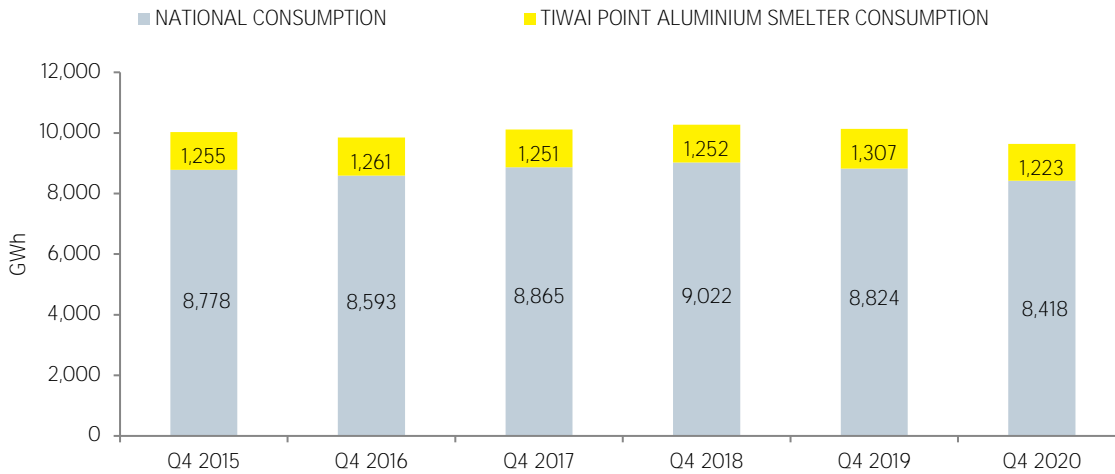
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



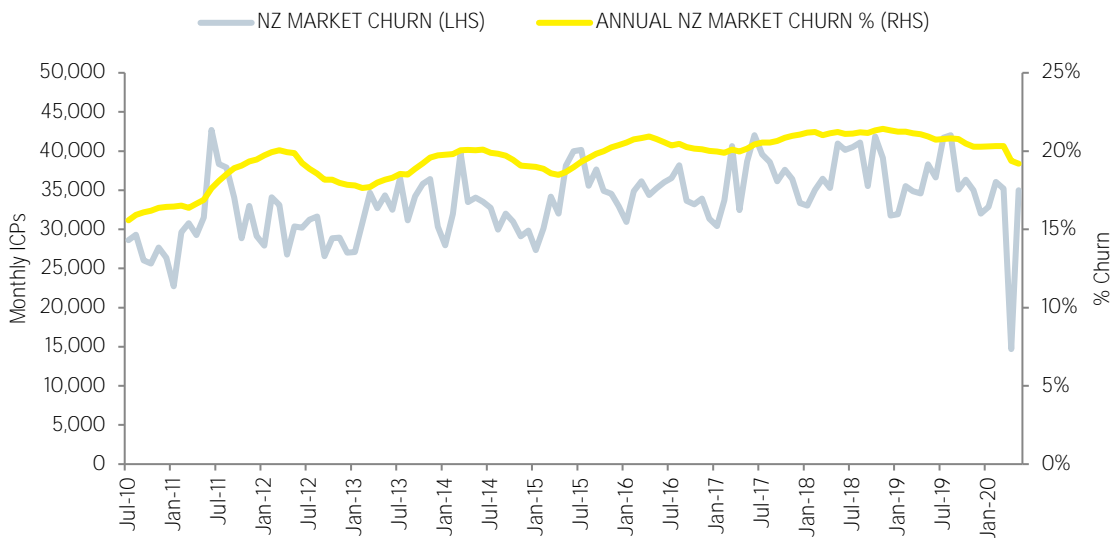
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

| FINANCIAL YEAR | Q1 | Q2 | Q3 | Q4 |
|---------------------------------|------|------|------|------|
| 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 |
| 2016 | 11.4 | 16.0 | 20.6 | 15.3 |
| Historical Average (since 1999) | 11.9 | 16.1 | 19.4 | 14.2 |

Source: Met Service

> MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPs)



Source: Electricity Authority