

>> QUARTERLY HIGHLIGHTS

**DRY
CONDITIONS
CONTINUE**

NATIONAL INFLOWS 1,636GWh BELOW AVERAGE IN Q3, AT 10th PERCENTILE; 9 MONTH INFLOWS AT 27th PERCENTILE

**FUTURES
PRICES
LIFT**

FY2022 OTAHUHU FUTURES PRICE INCREASED TO \$193/MWh

3,800GWh

FY2021 HYDRO GENERATION FORECAST REMAINS 3,800GWh; POTENTIAL TO IMPACT FY2022

>> COMMENTARY

HYDRO GENERATION LIFTS DESPITE BELOW AVERAGE INFLOWS; GEOTHERMAL GENERATION MAINTAINED

Mercury's FY2021-Q3 hydro generation increased versus the prior comparable period by 71GWh to 910GWh as Mercury responded to high spot prices. This was achieved, despite Waikato catchment inflows being 168GWh below average¹, through drawing down storage in Lake Taupo which is now expected to be below average by the end of FY2021. Mercury's FY2021 hydro generation forecast remains 3,800GWh.

Geothermal generation of 658GWh in FY2021-Q3 was equal to the prior comparable period but increased on a normalised basis.

DRY CONDITIONS AND CONTINUED THERMAL FUEL CONSTRAINTS SEE RECORD PRICES

National hydro inflows during FY2021-Q3 were 1,636GWh below average¹, causing total hydro storage to decline to 1,914GWh (1,181GWh below average¹) by the end of the quarter. Low inflows, coinciding with continued thermal fuel constraints at the Pohokura and Kupe gas fields, saw spot prices lift to record levels. FY2021-Q3 average spot prices increased to \$206/MWh and \$203/MWh at Otahuhu and Benmore respectively versus \$82/MWh and \$52/MWh in the prior comparable period (which was affected by the Level 4 COVID-19 lockdown).

Reduced fuel availability in the approach to the winter months saw the FY2022 futures price increase by \$74/MWh at Otahuhu to \$193/MWh and by \$76/MWh to \$177MWh at Benmore. The FY2023 futures prices also lifted during the quarter from \$103/MWh to \$143/MWh at Otahuhu with longer-term demand expectations firmed by the Tiwai Point aluminium smelter contract extension announced during the quarter.

SALES PORTFOLIO TILTS TOWARDS COMMERCIAL AND INDUSTRIAL SEGMENT

Mercury's sales portfolio further tilted towards Commercial and Industrial with total sales volumes in that segment (including both physical and financial sales) increasing from 739GWh in FY2020-Q3 to 858GWh in the most recent quarter. Decreasing customer connections, which fell by 5,000 across the quarter to 331,000, resulted in Mass Market physical sales declining from 602GWh in FY2020-Q3 to 544GWh in FY2021-Q3.

A continued focus on customer value saw sales yields in the Mass Market segment lift by 9.6%, from \$129/MWh in FY2020-Q3 to \$141/MWh in FY2021-Q3. The Commercial and Industrial sales yield increased by 1.9%, from \$92/MWh to \$94/MWh.

REDUCED INDUSTRIAL SEGMENT LOAD LEADS DEMAND DOWN

National demand decreased by 1.4% (normalised for temperature and the difference in days) in FY2021-Q3 compared to FY2020-Q3 with significant decreases seen in the industrial (-0.9%) and irrigation (-0.4%) sectors and smaller shifts in the urban (-0.1%), rural (-0.2%) and dairy (+0.2%) sectors. The primary drivers behind the decrease in industrial demand were reduced load at the Tiwai Point aluminium smelter, which decreased from an average 591MW in FY2020-Q3 to 566MW in the current quarter, and a month-long maintenance outage at the Marsden Point refinery.

¹ For quarters ended 31 March since 1927

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 31 March 2021		Three months ended 31 March 2020		Nine months ended 31 March 2021		Nine months ended 31 March 2020	
ELECTRICITY CUSTOMERS (’000s ICPs)	331		353					
North Island Customers	293		311					
South Island Customers	38		42					
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	121.56	1,021	116.15	1,011	121.78	3,317	116.49	3,252
Mass Market ²	140.84	544	128.54	602	138.88	1,982	128.93	2,157
Commercial & Industrial ³	99.57	477	97.92	409	96.38	1,335	92.00	1,095
Network Losses		48		49		157		158
Physical Purchases ⁴	220.72	1,068	88.28	1,059	159.29	3,474	110.42	3,411
Financial ⁵	95.83	808	91.25	868	89.66	2,588	84.27	2,570
End User CfDs	86.56	381	84.83	330	86.90	1,135	80.80	965
Other Sell CfDs ⁶	104.10	427	95.18	538	91.81	1,453	86.36	1,605
Spot Settlement of CfDs	197.47		78.10		144.35		98.61	
Spot Customer Purchases	215.11	31	77.94	184	153.42	135	99.88	563
ELECTRICITY GENERATION								
Physical	208.04	1,568	86.99	1,497	152.58	4,889	106.08	4,926
Hydro	217.56	910	94.98	839	159.50	2,885	112.68	2,982
Geothermal (consolidated) ⁷	194.87	658	76.80	658	142.62	2,004	95.95	1,944
Financial	92.81	354	84.18	324	92.55	1,190	83.42	1,014
Buy CfDs ⁶	92.81	354	84.18	324	92.55	1,190	83.42	1,014
Spot Settlement of CfDs	207.26		66.76		144.90		91.87	
PORTFOLIO LWAP/GWAP ⁸		1.01		1.00		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 148 GWh for the 3 months ended 31 March 2021 and 149 GWh for the 3 months ended 31 March 2020 and of 450 GWh for the 9 months ended 31 March 2021 and 451 GWh for the 9 months ended 31 March 2020

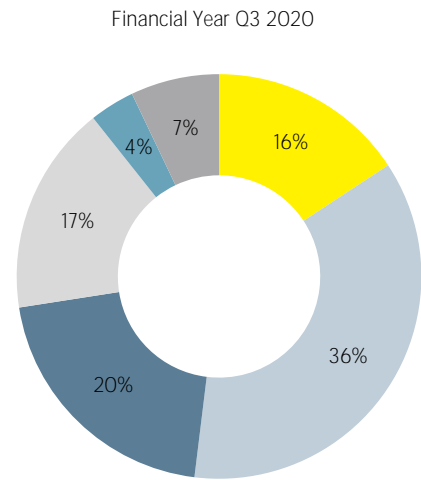
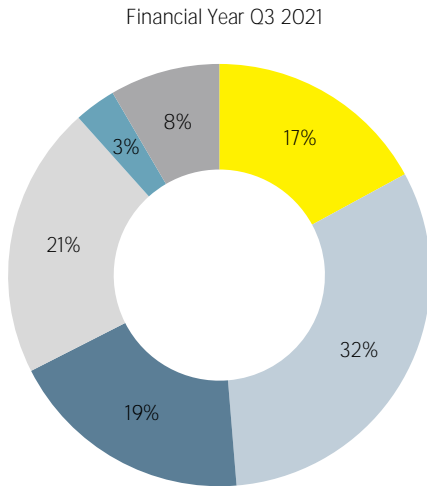
⁷ Includes Mercury's 65% share of Nga Awa Purua generation

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

>> MARKET DATA

> ELECTRICITY GENERATION BY COMPANY FOR THE THREE MONTHS ENDED 31 MARCH

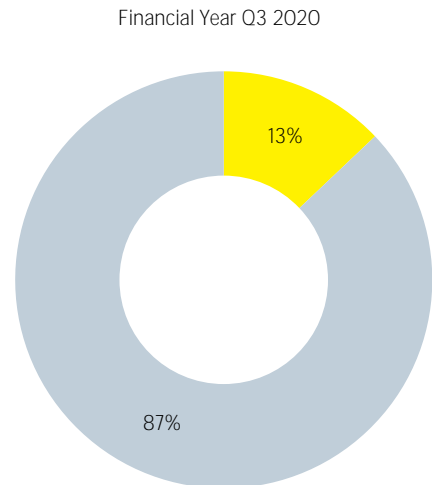
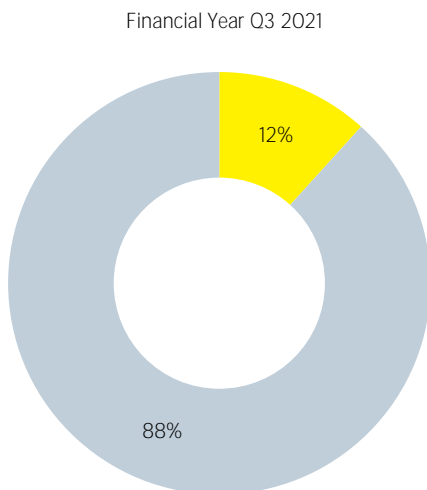
- MERCURY
- MERIDIAN ENERGY
- CONTACT ENERGY
- GENESIS ENERGY
- TRUSTPOWER / TILT
- OTHER



Source: Electricity Authority

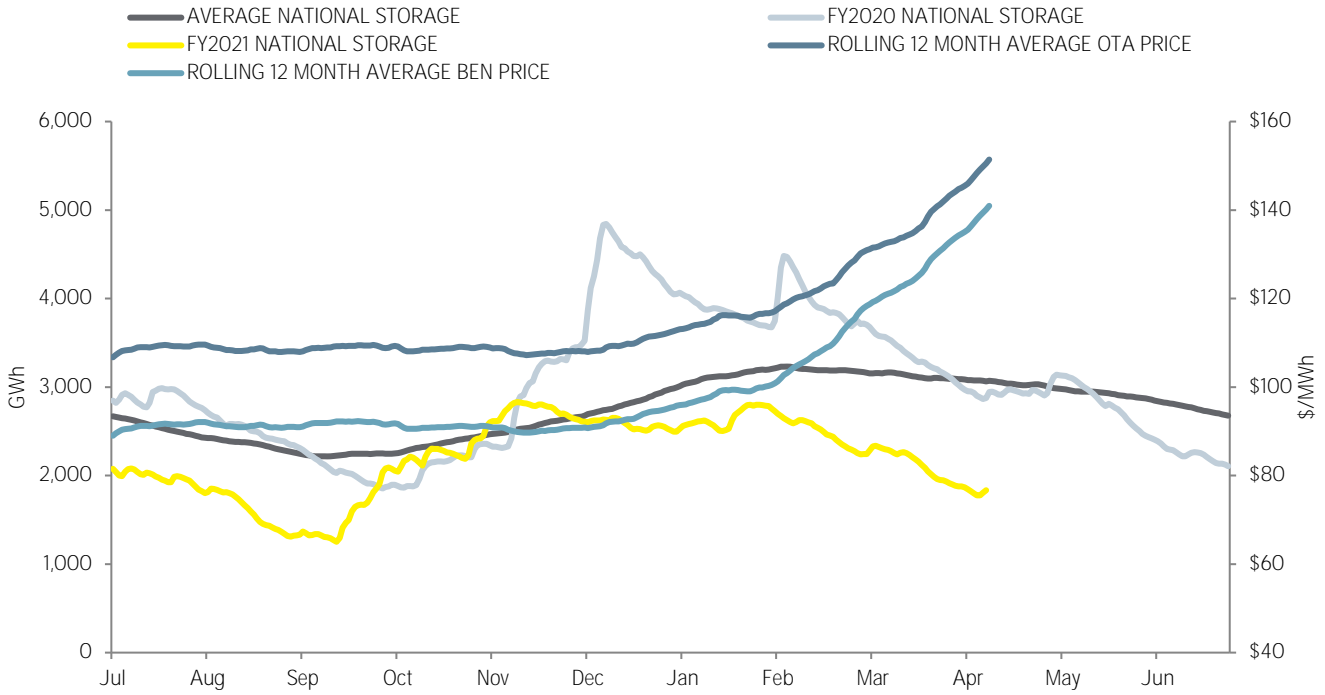
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 31 MARCH (EXCLUDING CFDs)

- MERCURY
- OTHER



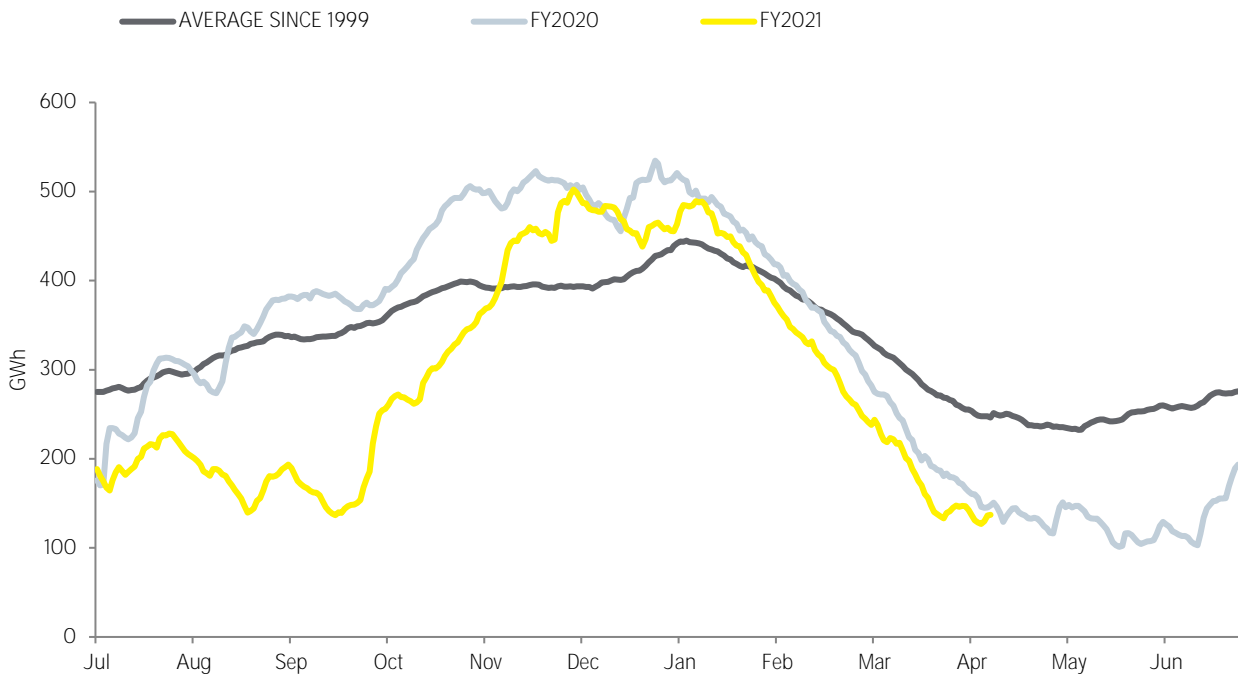
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



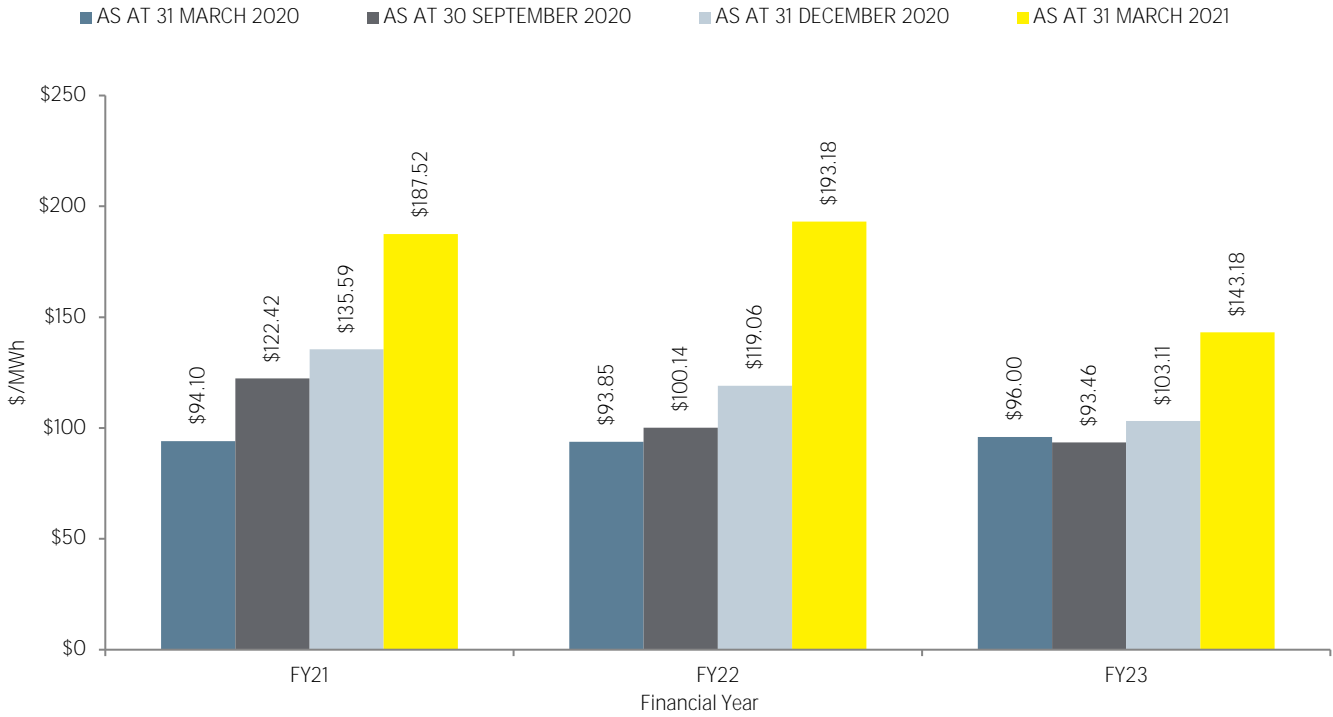
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



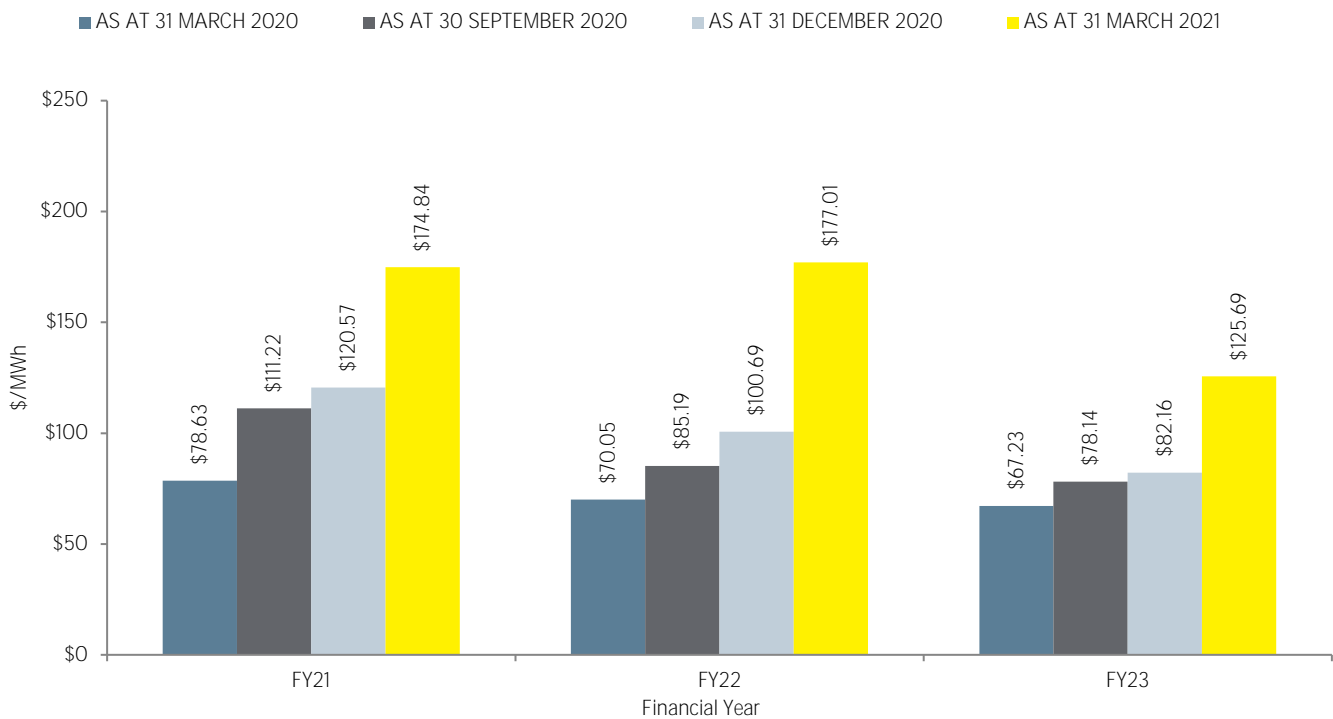
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



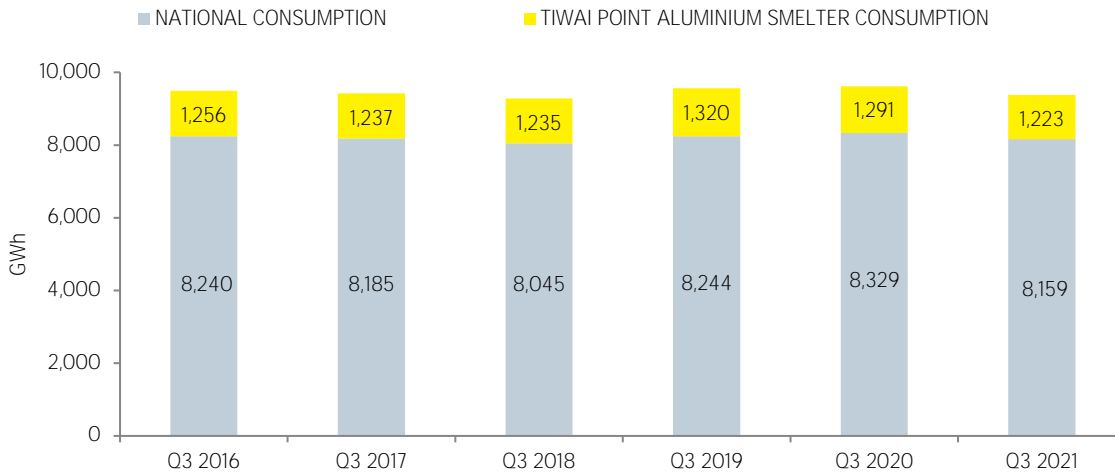
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



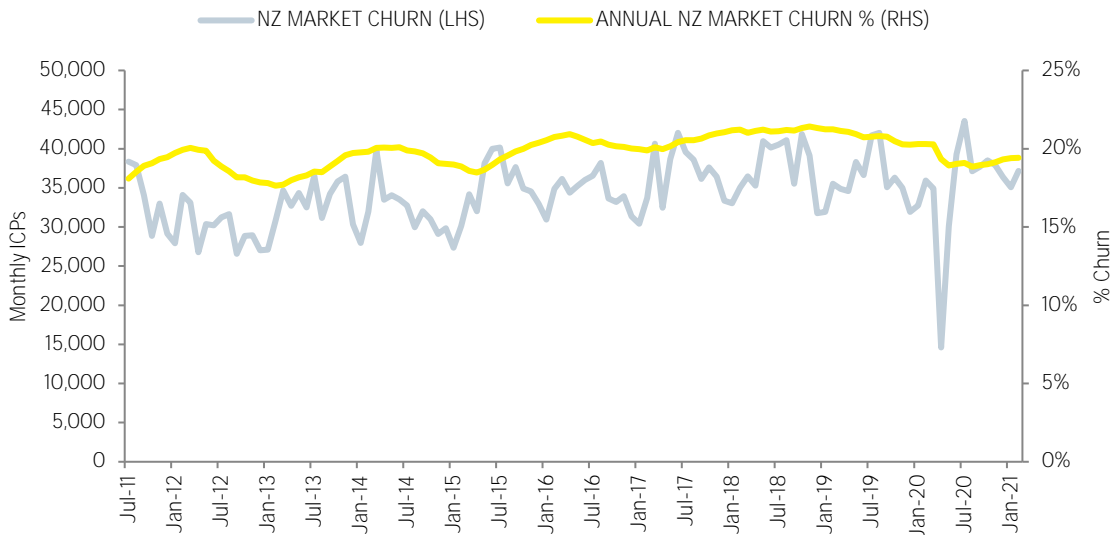
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2021	12.3	16.9	19.5	-
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