

>> QUARTERLY HIGHLIGHTS

3,700GWh

FY2021 HYDRO GENERATION FORECAST
REDUCED DURING THE QUARTER DUE TO
CONTINUED LOW INFLOWS

RECORD
SPOT
PRICES

RECORD Q1 OTAHUHU SPOT PRICES
AS NATIONAL HYDRO STORAGE
BELOW AVERAGE

FUTURES
PRICES
RECOVER

FY2022 FUTURES PRICES LIFT
ON MARKET SPECULATION REGARDING
TIWAI CONTINUING OPERATIONS

>> COMMENTARY

HYDRO GENERATION DOWN ON RECORD LOW 12-MONTH INFLOWS; GEOTHERMAL GENERATION STABLE

Mercury's hydro generation in the first quarter of FY2021 was 142GWh below average¹, decreasing by 170GWh to 1,044GWh. This reflected continued drought conditions with the Lake Taupo catchment experiencing the lowest 12-month inflow sequence to 30 September² on record. Mercury announced during the quarter that its FY2021 hydro generation forecast reduced by 200GWh to 3,700GWh, more than 300GWh below average. Geothermal generation was stable versus the prior comparable period.

LOW INFLOWS LIFT SPOT PRICES; FY2022 FUTURES INCREASE ON SPECULATION AROUND TIWAI SMELTER EXIT TIMING

Dry hydrological conditions affected both North and South Islands resulting in national hydro storage tracking more than 500GWh below average until late September before lifting due to South Island rainfall, ending the quarter at 172GWh below average. This was reflected in the average spot price for the quarter reaching a record of \$136/MWh at Otahuhu³, increasing from \$125/MWh in the prior comparable period. The FY2021 futures price also reflected current dry hydrological conditions, increasing from \$114/MWh at Otahuhu and \$104/MWh at Benmore at the start of the quarter to \$122/MWh and \$111/MWh respectively.

Longer-term futures prices increased during the quarter as the market appeared to speculate on the likelihood of the Tiwai smelter operation being extended beyond August 2021. FY2022 futures prices ended the quarter at \$100/MWh at Otahuhu and \$85/MWh at Benmore after falling as low as \$69/MWh and \$51/MWh respectively during the quarter.

FOCUS ON CUSTOMER VALUE SEES INCREASED SALES YIELDS

Mercury's continued focus on customer value saw the average Commercial & Industrial sales yield (including both physical and financial sales) increase by 8.6%, from \$88/MWh in the prior comparable period to \$96/MWh, with sales volumes increasing by 130GWh.

The sales yield in the Mass Market segment increased by 6.6% to \$137/MWh with volumes decreasing by 60GWh to 832GWh. Customer connections decreased by 6,000 across the quarter to 342,000, 19,000 lower compared to the end of FY2020-Q1.

DEMAND LOWER DUE TO REDUCED INDUSTRIAL ACTIVITY

Demand decreased by 0.6% on a temperature-adjusted basis as industrial sector load (-1.2%) was affected by the shutdown of the 4th potline at the Tiwai Point aluminium smelter and reduced activity at the Marsden Point refinery. This was partially offset by increased demand from the dairy sector (+0.4%) and irrigation (+0.1%) sectors. Demand from the urban (-0.1%), rural (+0.1%) and other (+0.1%) sectors was flat.

¹ For quarters ended 30 September since 1999

² For 12-month periods ended 30 September since 1928

³ For quarters ended 30 September since 1991

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 30 September 2020		Three months ended 30 September 2019		
ELECTRICITY CUSTOMERS ('000s ICPs)		342		361	
North Island Customers		302		319	
South Island Customers		40		42	
Dual Fuel Customers		46		47	
		VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)
ELECTRICITY SALES					
Physical		125.76	1,257	119.87	1,240
Mass Market ²		137.30	832	128.80	892
Commercial & Industrial ³		103.19	425	96.88	348
Network Losses			61		61
Physical Purchases ⁴		141.79	1,318	129.20	1,301
Financial ⁵		87.52	843	82.14	870
End User CfDs		87.45	376	78.87	323
Other Sell CfDs ⁶		87.57	467	84.07	547
Spot Settlement of CfDs		130.63		119.70	
Spot Customer Purchases		146.06	73	120.77	198
ELECTRICITY GENERATION					
Physical		137.31	1,731	123.15	1,904
Hydro		144.14	1,044	127.00	1,214
Geothermal (consolidated) ⁷		126.95	687	116.35	690
Financial		97.48	433	81.43	299
Buy CfDs ⁶		97.48	433	81.43	299
Spot Settlement of CfDs		127.85		116.36	
PORTFOLIO LWAP/GWAP ⁸			1.01		1.03

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 151 GWh for the 3 months ended 30 September 2020 and 151 GWh for the 3 months ended 30 September 2019

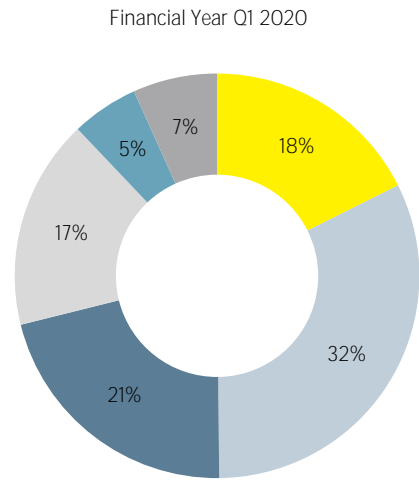
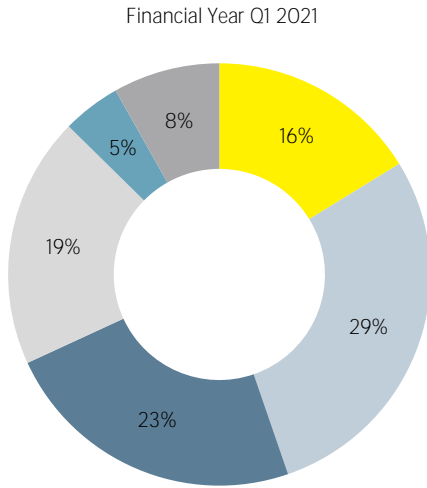
⁷ Includes Mercury's 65% share of Nga Awa Purua generation

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 SEPTEMBER

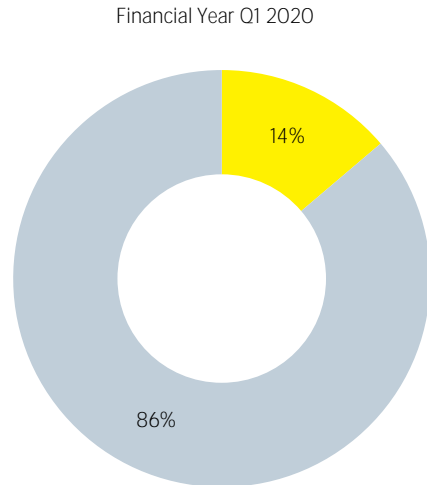
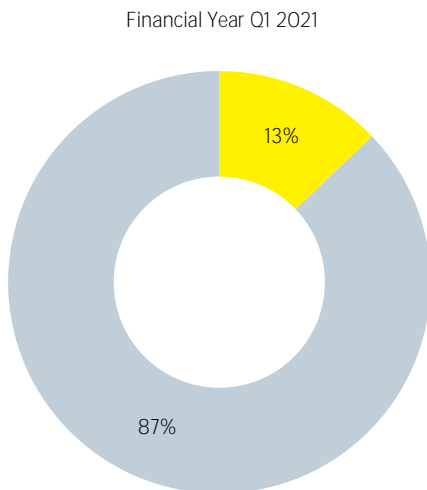
- MERCURY
- MERIDIAN ENERGY
- CONTACT ENERGY
- GENESIS ENERGY
- TRUSTPOWER / TILT
- OTHER



Source: Electricity Authority

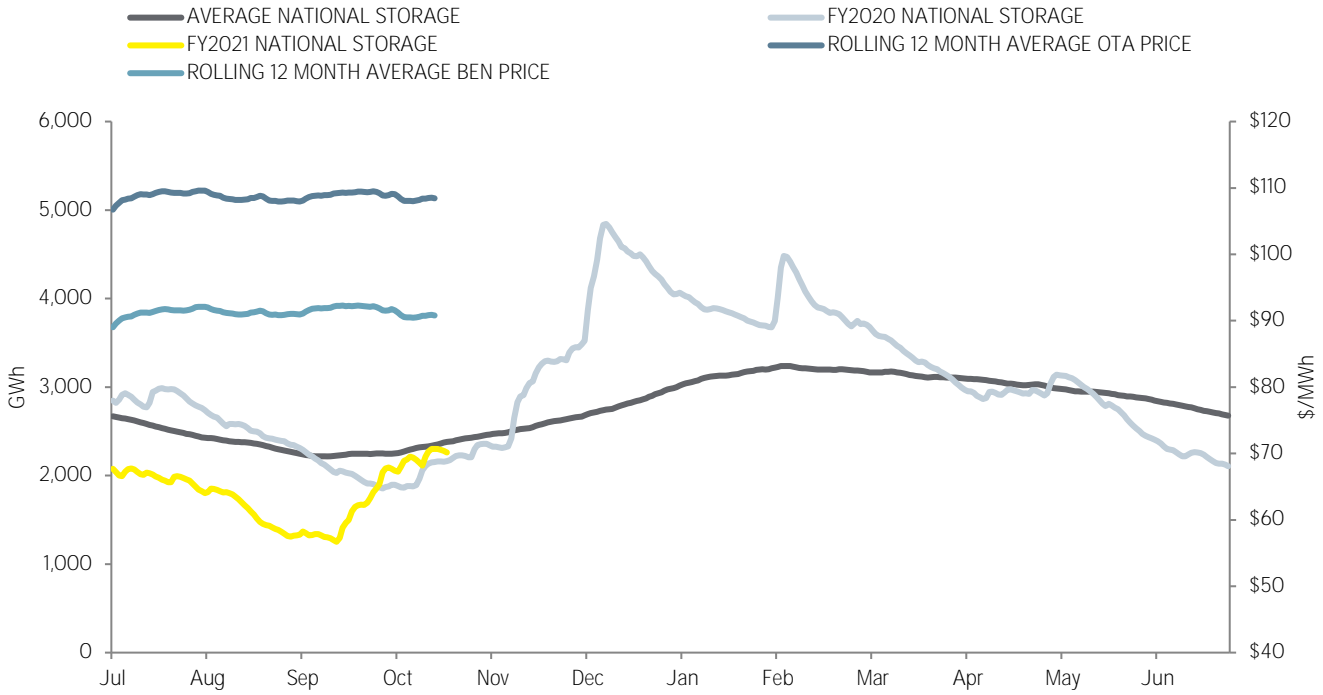
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 30 SEPTEMBER (EXCLUDING CFDs)

- MERCURY
- OTHER



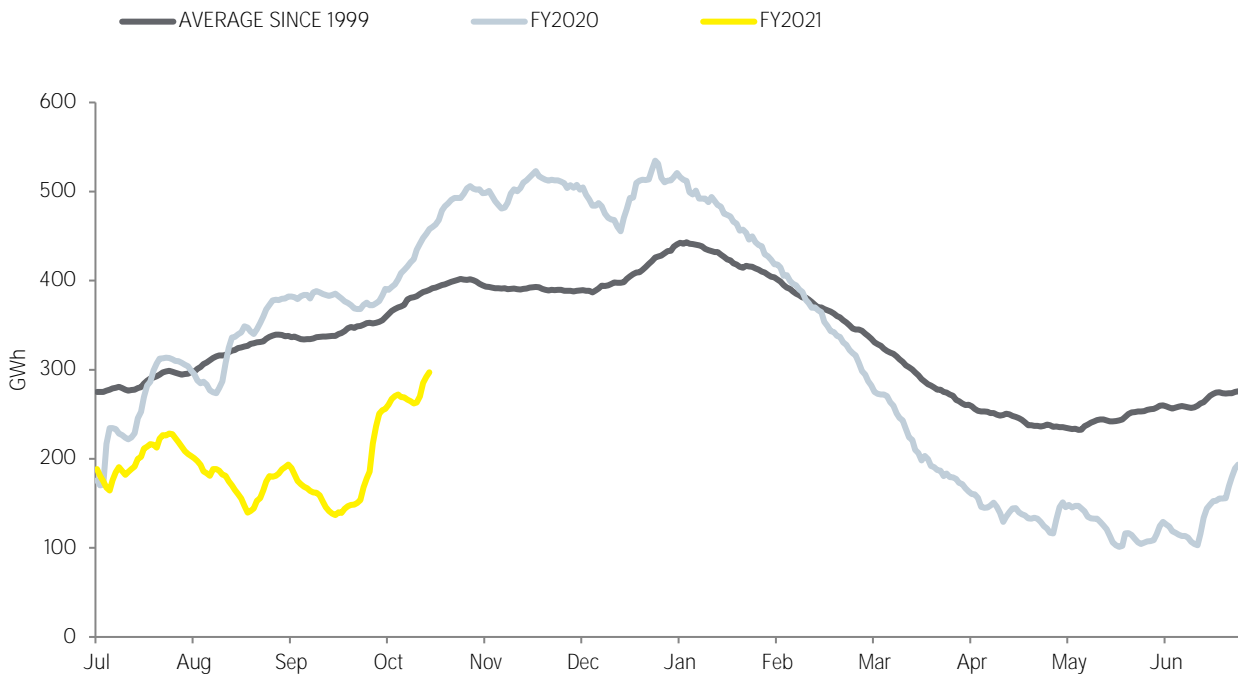
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



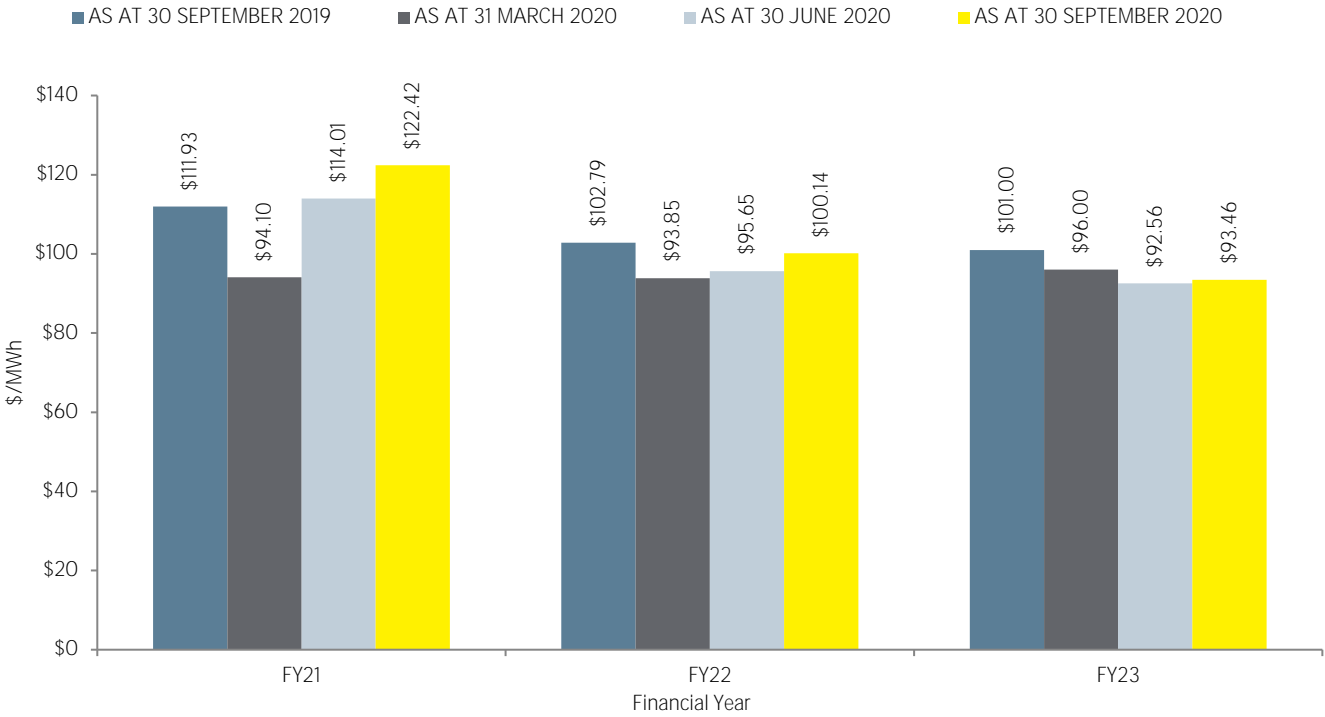
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



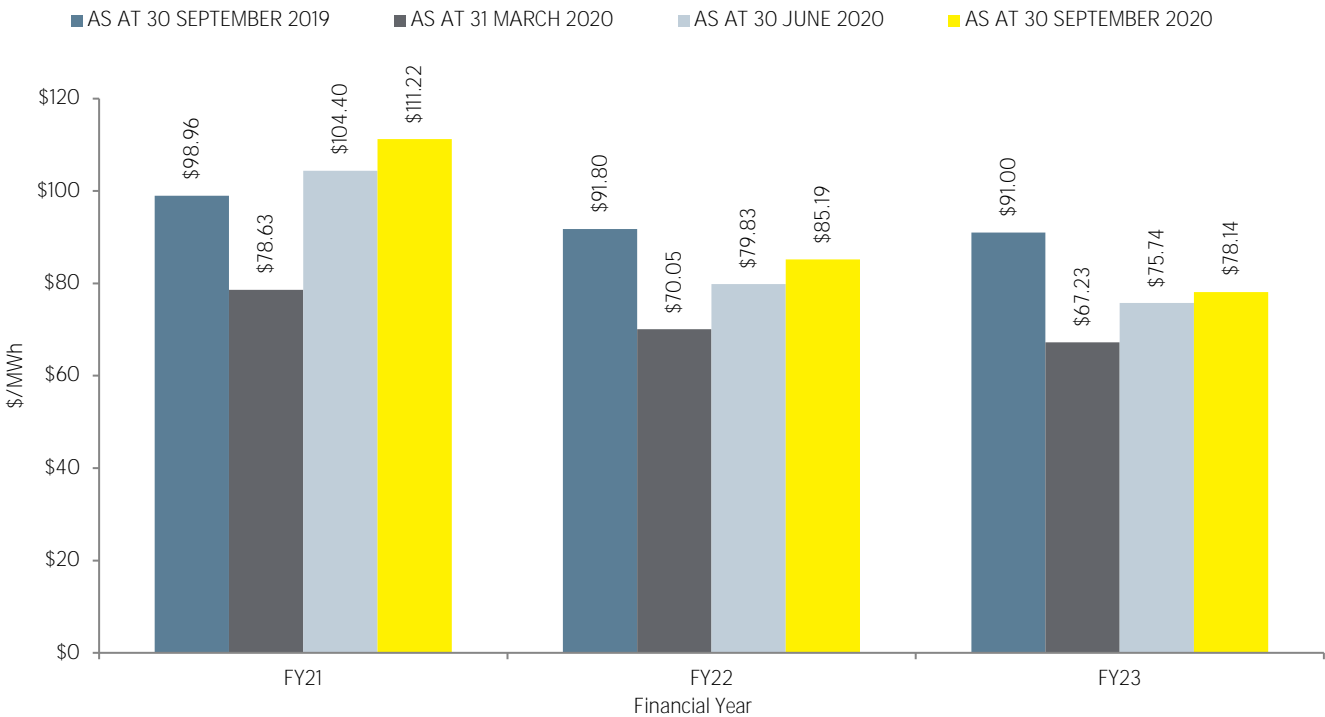
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



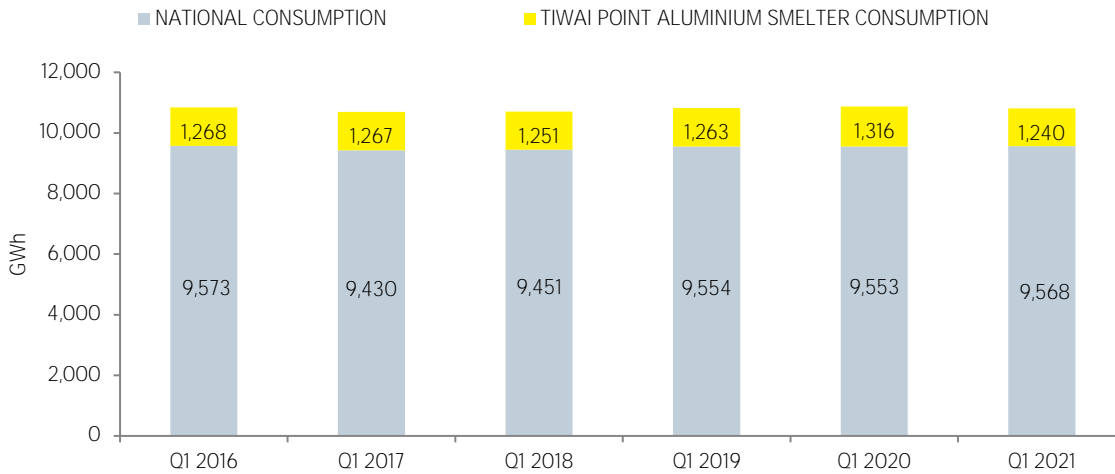
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



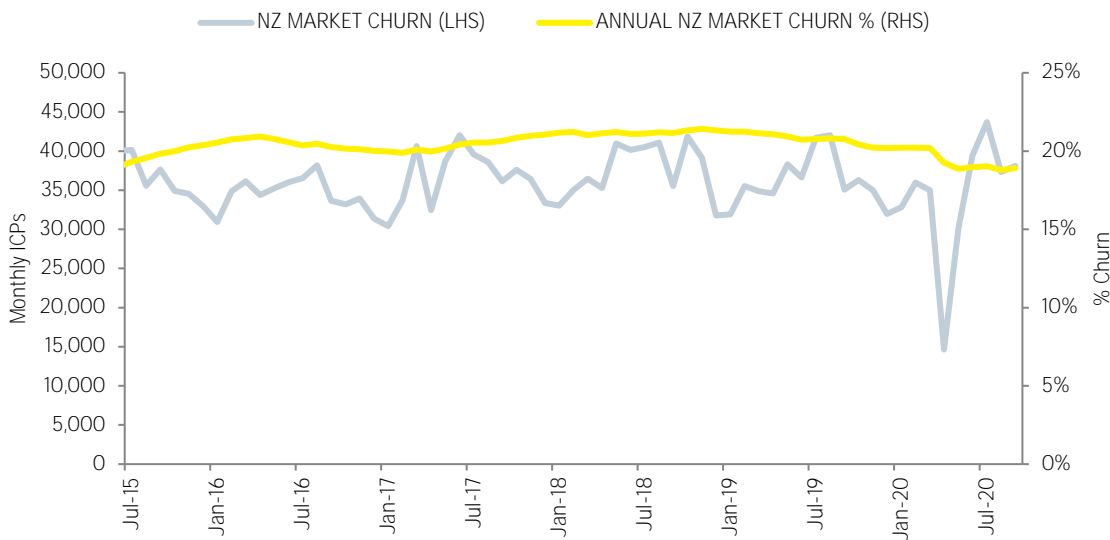
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2021	12.3	-	-	-
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