



STOCK EXCHANGE LISTINGS: NZX (MCY) / ASX (MCY)

NEWS RELEASE

Mercury NZ Limited – 2023 Full Year Results

21 AUGUST 2023 – Attached are the following documents in relation to Mercury NZ Limited’s full year results for the year ended 30 June 2023.

- > NZX Results Announcement
- > News Release
- > NZX Distribution Notice

Mercury’s 2023 Integrated Report and 2023 Financial Results Presentation are being loaded separately on ASX online.

Dividend information filed on Appendix 3A.1 will follow.

For the purposes of ASX Listing Rule 1.15.3, Mercury NZ Limited confirms that it has complied with the NZX Listing Rules during FY2023.

ENDS

Howard Thomas
General Counsel and Company Secretary
Mercury NZ Limited

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ABOUT MERCURY NZ LIMITED

Mercury generates electricity from 100% renewable sources: hydro, geothermal and wind. We are also a retailer of electricity, gas, broadband and mobile services. We’re listed on the New Zealand Stock Exchange and the Australian Stock Exchange with the ticker symbol ‘MCY’, with foreign exempt listed status. The New Zealand Government holds a legislated minimum 51% shareholding in the Company.

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Results for announcement to the market		
Name of issuer	Mercury NZ Limited (MCY)	
Reporting Period	12 months to 30 June 2023	
Previous Reporting Period	12 months to 30 June 2022	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$2,730,000	+24.8%
Total Revenue	\$2,730,000	+24.8%
Net profit/(loss) from continuing operations	\$103,000	-78.0%
Total net profit/(loss)	\$103,000	-78.0%
Final Dividend		
Amount per Quoted Equity Security	\$0.13100000	
Imputed amount per Quoted Equity Security	\$0.05094444	
Record Date	14 September 2023	
Dividend Payment Date	29 September 2023	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$3.40	\$3.35
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to accompanying audited financial statements.	
Authority for this announcement		
Name of person authorised to make this announcement	Howard Thomas, Company Secretary	
Contact person for this announcement	Howard Thomas, Company Secretary	
Contact phone number	+64 9 308 8200	
Contact email address	Howard.Thomas@Mercury.co.nz	
Date of release through MAP	21/08/2023	

Audited financial statements accompany this announcement.

NEWS RELEASE

Results reflect record generation and significant business growth

FY23 Financial Results Summary

	FY2023	FY2022	Change %
NET PROFIT AFTER TAX (\$M)	103	469	-78%
EBITDAF (\$M)	841	581	45%
STAY-IN-BUSINESS CAPITAL EXPENDITURE (\$M)	119	68	75%
ELECTRICITY GENERATION (GWh)	9,038	7,499	21%
FINAL FULLY IMPUTED ORDINARY DIVIDEND (CENTS PER SHARE)	13.1	12.0	9%
TOTAL ORDINARY DIVIDEND (CENTS PER SHARE), FULLY IMPUTED	21.8	20.0	9%

21 August 2023 – Significant investments to increase the scale of our business and record generation has delivered results for Mercury in 2023.

“This year we realise the full benefits of large-scale investments made over the past two years to grow our renewable generation and customer business,” said Mercury Chief Executive, Vince Hawksworth.

Annual generation exceeded 9 TWh up 21% from 2022 levels. Record inflows into the hydro catchment underpinned strong hydro generation at 5,209 GWh, 28% higher than average. More than 1,000 GWh was spilled during the year to maintain lakes within consented operating limits. Wind generation increased 16% to 1,471 GWh following the Turitea South wind farm becoming fully operational.

Mercury’s scaled retail business also contributed to this result. Mercury is New Zealand’s largest electricity retailer by customer market share, with 860,000 customer connections following the Trustpower retail and NOW NZ acquisitions in 2022.

Mercury’s net profit after tax was \$103 million, down \$366 million on the previous year, with the previous year’s results including the gain made on the sale of our Tilt Renewables shareholding. Mercury reported \$841 million operating earnings (EBITDAF), up \$260 million on the prior year’s \$581 million EBITDAF. Operational expenditure was \$346 million, up \$116 million on the prior year, while total stay-in-business capital expenditure was \$119 million (up \$51 million on the prior year).

During the year there was record-breaking rainfall in many parts of New Zealand, including the Waikato catchment. This is reflected in today’s result, as signalled in previous updates to the market.

“We know that for some the rainfall events had devastating impacts, and we provided financial assistance and on-the-ground help for our most severely impacted customers during the year in recognition of this. We also elected to delay the implementation of customer price changes to these affected areas,” said Mr Hawksworth.

Results have been partially offset by lower annual geothermal generation due to outages and lower electricity spot prices, however the turnaround at Kawerau geothermal station to install a new turbine and generator was completed successfully.

Supporting customers in need

Mercury Chair, Prue Flacks, said the company remained highly attuned to its role supporting New Zealanders through the transition to a low-carbon economy and more immediate economic challenges.

“We acknowledge this is a challenging time for many, with the rising cost of living impacting many households. As a major electricity retailer, we have a role to play in supporting customers and we take that responsibility seriously,” said Ms Flacks.

Actions to strengthen customer care this year included collaborating on joint research into hidden hardship with Genesis Energy and working on potential solutions with community groups. A two-year Winter Energy Study in partnership with Kāinga Ora - Homes and Communities to trial how capped bills benefit customers over winter was also launched.

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Significant progress 'InterGREATing' the retail business

Significant progress was made to bring together Trustpower and Mercury employees, customers, brands, processes and systems during the year. All Trustpower customers were welcomed onto the Mercury brand in June, which included a refreshed technology platform, bill, website and app.

"We are firmly focussed on the successful migration of all our customers to a single technology stack. This is a major programme of work, and managing customer experience through this process is front of mind," said Mr Hawksworth.

"Completion of integration is key to unlocking benefits of the acquisition and we're on track to deliver the cost synergies forecast when we announced the Trustpower retail acquisition."

Delivering on quality renewables pipeline

Mr Hawksworth said the company celebrated several key milestones during the year as the business continued to grow its wind generation portfolio.

Full operation of Turitea South wind farm commenced in July 2023 with total project cost confirmed at \$450 million (excluding capitalised interest). The \$115 million, 43 MW Kaiwera Downs 1 wind farm is also nearing completion and remains on track to be operational by October 2023, with first power targeted for early September.

"We are actively considering our next projects as we continue to move at pace to bring more renewables online for the country," said Mr Hawksworth.

Consent has been granted for the expansion of an additional generating unit at the Ngā Tamariki geothermal station, and design and procurement is now underway prior to Final Investment Decision. Kaiwera Downs 2 and Kaiwaikawe wind farms are also both nearing Final Investment Decision development stages.

"Simultaneously, we continued our 20-plus year, half billion-dollar hydro refurbishment programme, to ensure the vital hydro assets in the Waikato are able to operate for another century," said Mr Hawksworth.

Other operational highlights

- Developed Mercury's first Climate Transition Action Plan including emissions reduction targets, using tools provided by the Science-Based Targets Initiative.
- Cross-sector collaboration including commissioning an independent report by the Boston Consulting Group to provide a system-wide perspective on New Zealand's low-carbon transition.
- Sales to commercial and industrial customers (physical and financial) lifting to 3,592 GWh, including a significant long-term agreement with Amazon to purchase approximately half the real-time output from the southern section of the Turitea wind farm.
- Progress on Diversity, Equity and Inclusion initiatives including the launch of more inclusive leave policies and the extension of the Diverse Emerging Leaders programme.
- Launch of a comprehensive health, safety and wellbeing policy towards a more holistic approach to safety and wellbeing. Total Recordable Injury Frequency Rate (TRIFR) was 0.49 for FY23 (down from 0.60 in 2022).

Dividend

Ms Flacks announced the Board had declared a final dividend of 13.1 cents per share (cps) to be paid on 29 September 2023. This brings the full-year ordinary dividend to 21.8 cps, up 9% (20.0 cps FY22). This is the 15th consecutive year of ordinary dividend growth.

Shareholders can further support growth by participating in Mercury's Dividend Reinvestment Plan, which has been extended. Shares for the FY2023 final dividend will be offered at a discount of 2.0% to the market price, calculated in accordance with the Dividend Reinvestment Plan Offer dated 22 February 2022.

Guidance

Mercury is largely on track to meet or in some cases exceed its three-year objectives, two years in.

Mercury's FY24 EBITDAF guidance has been set at \$835 million.

Guidance may change and remains subject to any material events, significant one-off expenses or other unforeseen circumstances including changes to hydrological conditions.

FY24 stay-in-business capex guidance is \$160 million, and FY24 ordinary dividend guidance is 23.3 cps representing a 6.9% increase on FY23 and the 16th consecutive year of ordinary dividend increases.



ENDS

Howard Thomas

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Mercury NZ Limited

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Distribution Notice

Section 1: Issuer information				
Name of issuer	Mercury NZ Limited			
Financial product name/description	Mercury NZ Limited ordinary shares			
NZX ticker code	MCY			
ISIN (If unknown, check on NZX website)	NZMRPE0001S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies	X		
Record date	14/09/2023			
Ex-Date (one business day before the Record Date)	13/09/2023			
Payment date (and allotment date for DRP)	29/09/2023			
Total monies associated with the distribution	\$ 181,669,867			
Source of distribution (for example, retained earnings)	Income available for distribution			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	\$ 0.18194444			
Gross taxable amount	\$ 0.18194444			
Total cash distribution	\$ 0.13100000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	\$ 0.02311765			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
If fully or partially imputed, please state imputation rate as % applied	28%			
Imputation tax credits per financial product	\$ 0.05094444			
Resident Withholding Tax per financial product	\$ 0.00909722			

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Section 4: Distribution re-investment plan		
DRP % discount (if any)	2.0%	
Start date and end date for determining market price for DRP	18/09/2023	22/09/2023
Date strike price to be announced (if not available at this time)	25/09/2023	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	Treasury Stock	
DRP strike price per financial product	TBC	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	15/09/2023	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Howard Thomas, Company Secretary	
Contact person for this announcement	Howard Thomas, Company Secretary	
Contact phone number	+64 9 308 8200	
Contact email address	Howard.Thomas@Mercury.co.nz	
Date of release through MAP	21/08/2023	