Financial Results

Year ended 30 June 2016

FRASER WHINERAY
Chief Executive

WILLIAM MEEK
Chief Financial Officer

23 August 2016

Mercury

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A number of non-GAAP financial measures are used in this presentation, which are outlined in the appendix of the presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements for the twelve months ended 30 June 2016, which are available at www.mercury.co.nz.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions.

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AGENDA

Business & Strategy	4 – 8
FY2016 Highlights	9 – 14
Market Dynamics	15 – 22
Operational Summary	23 – 27
Financial Summary	28 – 35
Appendix	36 – 45

4 BUSINESS & STRATEGY

ONE BRAND

- On 29 July the company came together under one brand, Mercury
- The change is another significant strategic step forward for the company, allowing all of our energy and focus to be behind a single brand for the first time
- Mercury brings together the company's near century-long heritage with our customer-driven innovation
- The new Mercury brand will allow us to focus on what matters most; inspiring and rewarding our customers and owners

The Mercury bee

- Symbolises all the wonderful things we want to be and do for New Zealanders
- Bees are the ultimate symbol of life-giving energy. They are optimistic, energetic and are quietly busy making the world a better place
- Like our bee, renewable energy is natural and essential to the planet, promoting well-being and real sustainability for future generations

Auckland, New Zealand 29 July 2016

OUR PURPOSE

Inspiring New Zealanders to enjoy energy in more wonderful ways

Inspiring New Zealanders

We want to inspire New Zealanders by delivering value, innovation and outstanding experiences

To enjoy energy

We want our customers to enjoy what energy does for them and choose Mercury because we make a positive difference in their lives

In more wonderful ways

We will bring new technology and ideas to create wonderful experiences for our customers in a uniquely New Zealand context

OUR GOAL

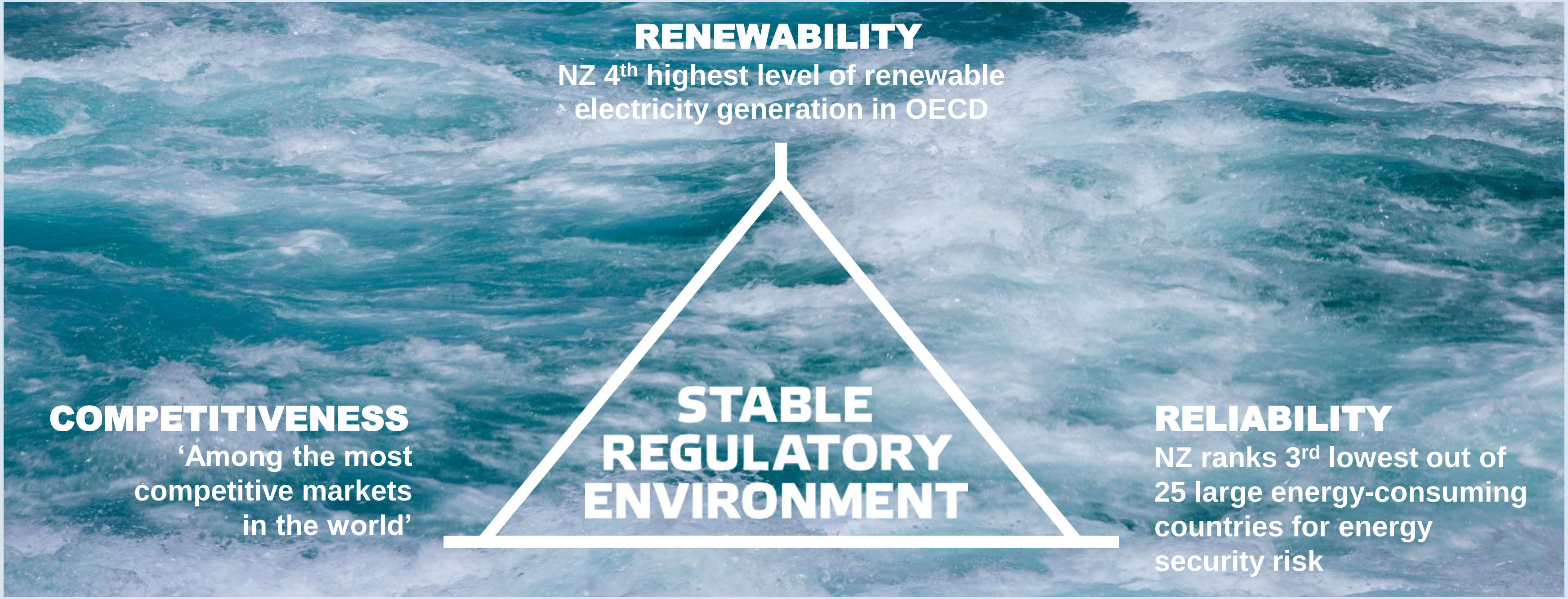
To be New Zealand's leading energy brand

OUR STRATEGY

Mercury will create long term value for our owners by:

1	2	3
Delivering customer advocacy	**Leveraging core strengths**	**Delivering sustainable growth**
Outstanding customer experience	Operational efficiency	Executing relevant strategic opportunities
Leading digital offerings	Astute portfolio management	Being ready for domestic growth
Culture-driven innovation	Efficient capital allocation	Embracing emerging technologies

NEW ZEALAND'S COMPETITIVE ADVANTAGE IN ELECTRICITY



Source: Accenture, Ministry of Business, Innovation & Employment, United States Chamber of Commerce

MERCURY'S COMPETITIVE ADVANTAGE

- 100% renewable generation with two low-cost complementary fuel sources in base-load geothermal and peaking hydro
- North Island generation is uniquely located close to major load centres and not dependent on HVDC
- Waikato Hydro System is the largest series of peaking stations in the North Island
- Rain-fed North Island hydro catchment with inflows correlated with winter peak demand (unlike South Island)
- Building a track record of customer-led innovation and rewarding loyalty
- Long-term commercial partnerships with Maori landowners and strong relationships with iwi and other key stakeholders

 FY2016 HIGHLIGHTS

HIGHLIGHTS

Coming together under one brand,

MERCURY

Bringing together our heritage and our customer-driven innovation

EBITDAF

^ $11m

to $493m, reflecting increased generation though lower wholesale market volatility and commercial pricing

ACTIVE CAPITAL MANAGEMENT

Fully-imputed ordinary dividend of 14.3cps and a non-imputed special dividend of 4.0cps declared

BETTER SUPPLY & DEMAND BALANCE

not currently translating to more volatile wholesale prices due to above average inflows and short term fuel management

MOVED TO 100% RENEWABLE GENERATION

with complementary base-load geothermal and peaking hydro generation, as well as in-house solar capability

FY2017 EBITDAF guidance of

$490M

FY2017 normal dividend guidance

^ 2% to 14.6CPS

DELIVERABLES & OUTCOMES

DELIVERABLES

- No high severity incidents
- Single new Mercury brand
- Successful transition of information systems to new brand
- Leadership changes to deliver greater product and service innovation to customers
- Continued customer product innovation using smart meters e.g. 'Free Power Days'
- In house solar installation capability with acquisition of solar business
- Nga Awa Purua turbine replaced
- Closure of Southdown gas-fired power station
- Site works completed as part of Chile geothermal exit
- Continued focus on capital management with a 4.0cps special dividend declared

INDUSTRY OUTCOMES

- ✓ "Most likely outcome for NZAS is to contract for 572MW"
  18-May-2015
- ✓ "Market will resolve emerging security of supply concerns post 2019"
  21-Oct-2015
- ✓ "Positive signs for continued demand growth"
  21-Oct-2015
- ✗ "Wholesale price volatility likely to increase due to recent reductions in contracted fuel supply and plant closures"
  23-Feb-16

HEALTH & SAFETY

> Zero harm is our goal

> FY2016 demonstrates continued improvement in achieving our goal

> no high severity incidents involving employees, contractors or visitors on Mercury controlled sites

> reduction of lost time (moderate severity) incidents from 5 to 3

> continued high engagement survey rating reflecting commitment to the health and safety of Mercury's people

> Continuous process development

> Bow-tie methodology used to map process safety risks beyond regulatory requirements

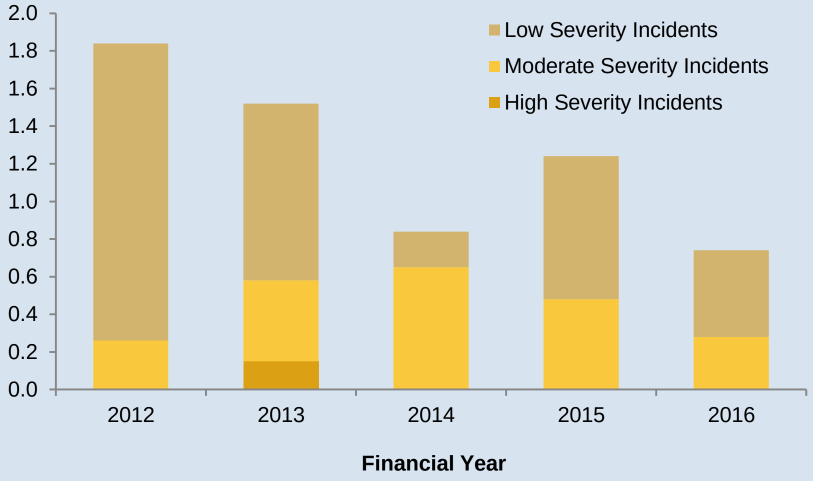
> mobile app used across the company for reporting of health and safety incidents

> new online learning management system launched

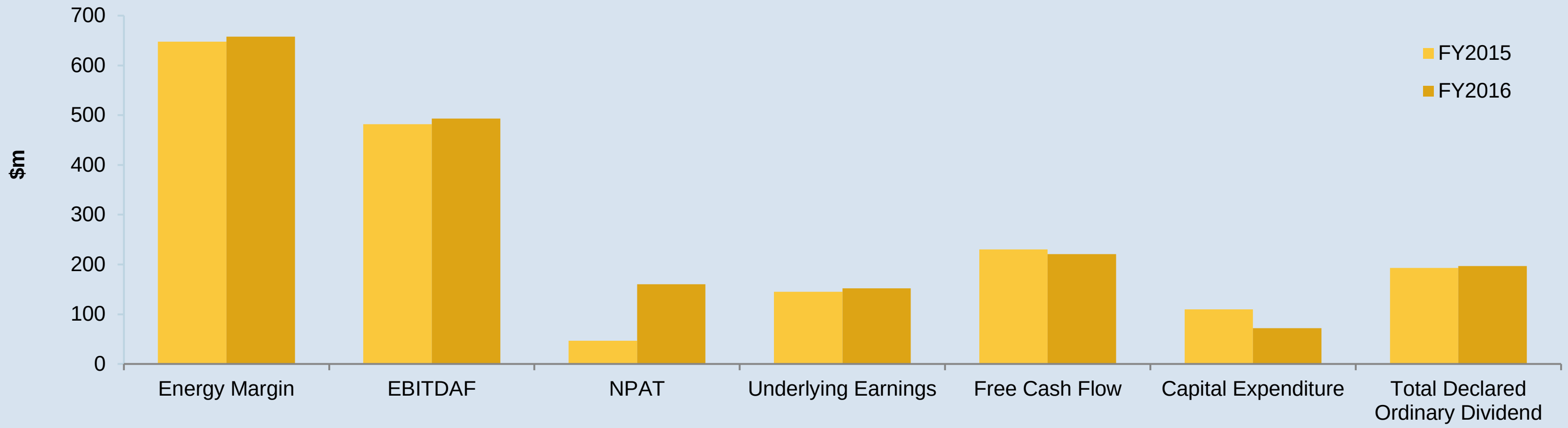
> Collaboration to improve industry-wide safety with initiatives such as StayLive

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

(per 200,000 hours; includes onsite employees and contractors)



FY2016 vs. FY2015



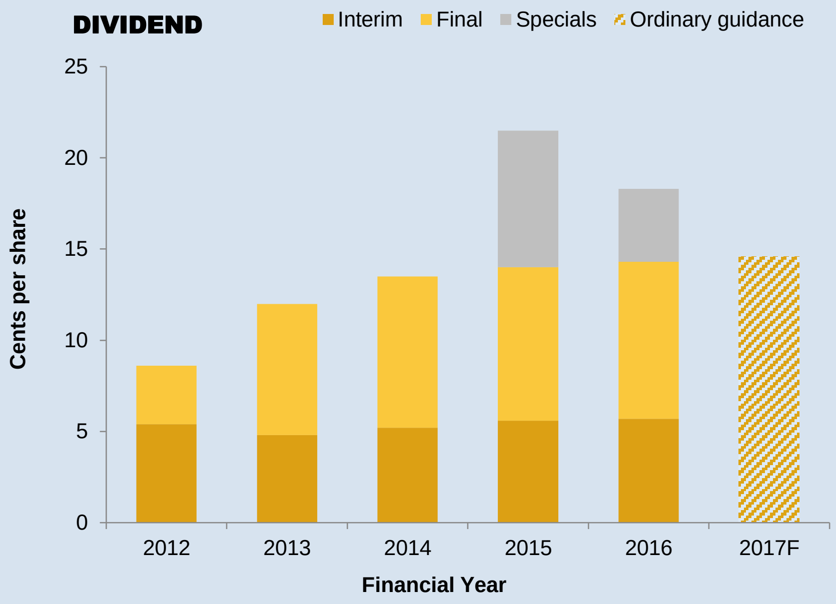
> Energy Margin, EBITDAF and Underlying Earnings up reflecting higher generation partially offset by lower relative generation prices (GWAP) and the continued roll-off of higher priced commercial contracts put in place through FY2013

> Net Profit up reflecting lower non-cash impairments relating to the decision to exit international geothermal development and the decommissioning of Southdown in the prior period

> Free cash flow down reflecting a short-term prepayment of tax offset by lower stay-in-business capital expenditure

DIVIDENDS

- Focus remains on appropriate capital management
- Fully imputed ordinary final dividend of 8.6cps
  - Ordinary dividend for FY2016 up 2% to 14.3cps, in line with guidance
  - Full year ordinary dividend consistent with Dividend Policy to pay out 70-85% of normalised Free Cash Flow on average through time
- Non-imputed special dividend of 4.0cps
  - Increasing total distributions to 100% of Free Cash Flow; and
  - Distributing proceeds from land sales within FY2015 and FY2016
- FY2017 ordinary dividend guidance is an increase of 2% to 14.6cps, the sixth year of consecutive ordinary dividend growth



15 MARKET DYNAMICS

INTERPRETING MARKET DYNAMICS

DYNAMIC: DEMAND GROWTH AND THERMAL RATIONALISATION

FUNDAMENTALS: SUPPLY AND DEMAND BETTER BALANCED

EXPECTED MARKET RESPONSE

> Increased wholesale price volatility
> Futures price increase
> Commercial and Industrial (C&I) pricing increase
> Retail margin reduction in the absence of energy price increases

OBSERVED MARKET RESPONSE

> Futures pricing flat
> Customer churn remains at high levels
> Growing number of new entrant retailers

MITIGATING FACTORS

> Benign wholesale prices due to generally above average inflows into South Island catchments and short-term management of thermal fuel positions
> NZAS closure uncertainty

DEMAND

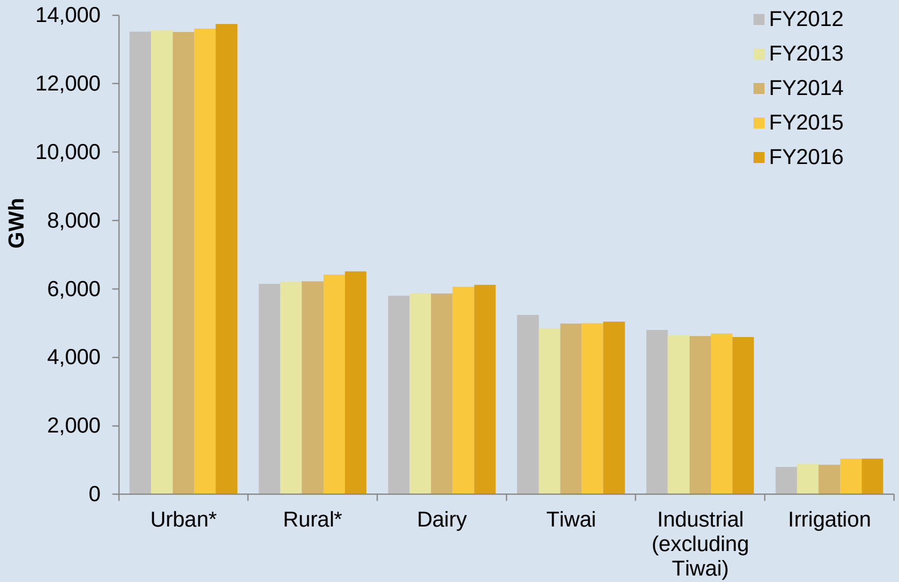
- Highest demand on record and increases over the past two financial years relative to pcp
  - up 0.3% in FY2016, 0.6% after normalising for temperature
- Despite normalised demand in Q4 FY2016 being flat relative to pcp, the fundamentals underpinning demand growth remain positive
  - High net migration and growth in GDP per capita

FY2016 DEMAND GROWTH BY SECTOR[1]

Sector	GWh	%
Urban*	+130	0.8%
Rural*	+98	1.5%
Dairy processing	+57	0.9%
Irrigation	+1	0.1%
Industrial	-44	-0.5%

(Industrial includes Pacific Steel mill closure in 1HY2016)

DEMAND

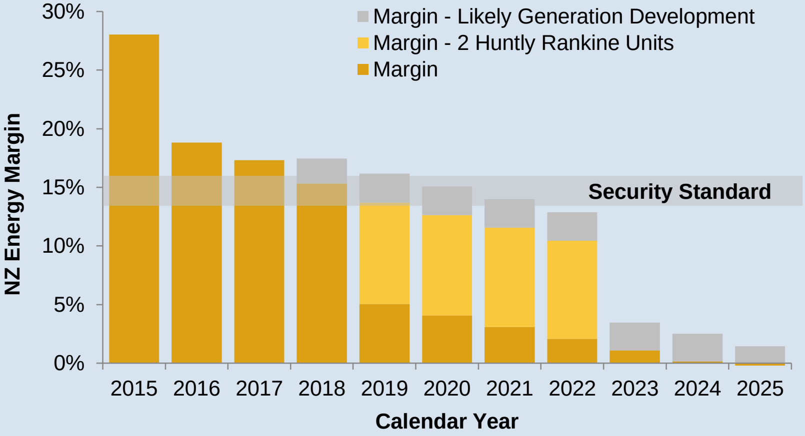


* normalised for temperature
[1] Sector allocations revised in August 2016

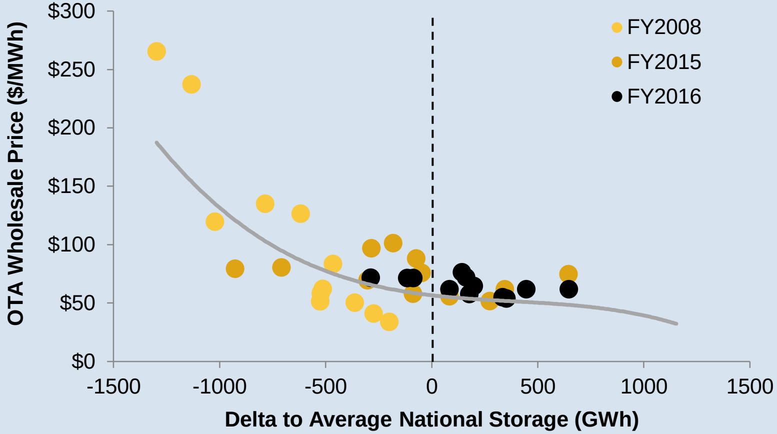
SUPPLY

- Rationalisation of thermal capacity within FY2016 has resulted in supply and demand being better balanced
- Short term supply drivers have limited how this has translated through to wholesale prices
  - 75th percentile South Island inflows for FY2016 (1,400GWh above average)
  - Genesis' coal stockpile has reduced to 408kT (circa 840GWh) as at 30 June 2016 relative to 721kT 12 months earlier

NZ ENERGY MARGIN



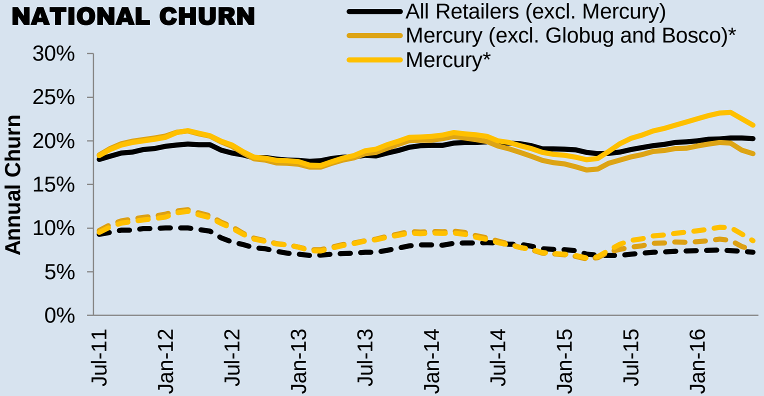
MONTHLY HYDRO STORAGE AND PRICE

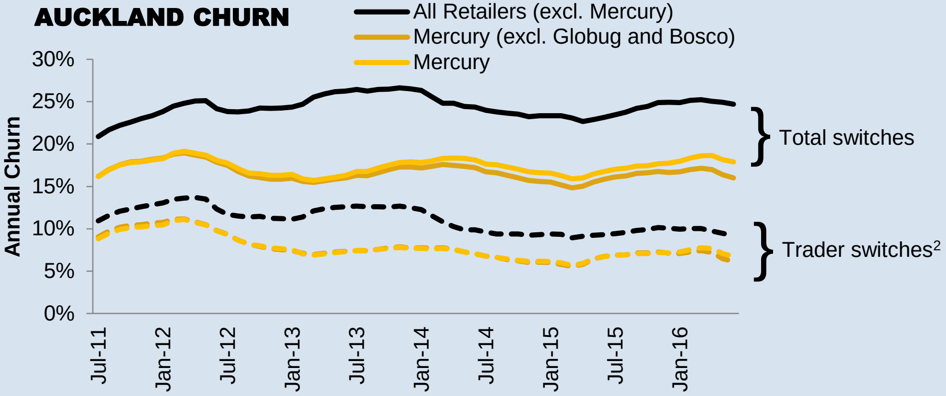


Source: Transpower, Mercury

CUSTOMER

- Industry retail energy prices fell through FY2016, reflecting strong competition
  - MBIE 'Residential sales-based electricity cost' reduced (-2.5% energy and -0.4% lines) for 12 months to 31 March 2016[1]
- Churn remains high relative to international benchmarks
  - Major centres (such as Auckland) observing slightly higher churn due to customer density
  - Historic incumbencies (such as Mercury in Auckland) showing churn advantage
  - Churn rates of niche brands (such as Globug and Bosco) higher reflecting behaviours of customer bases





*Step up in Mercury trader churn from May 2015 partially related to consolidation of niche brands (i.e. switching between Mercury brands)

Source: Electricity Authority

[1] Sales-based costs are after discount costs which reflect actual uptake of prompt payment discounts, dual fuel discounts, and incentive discounts for attracting or retaining a customer

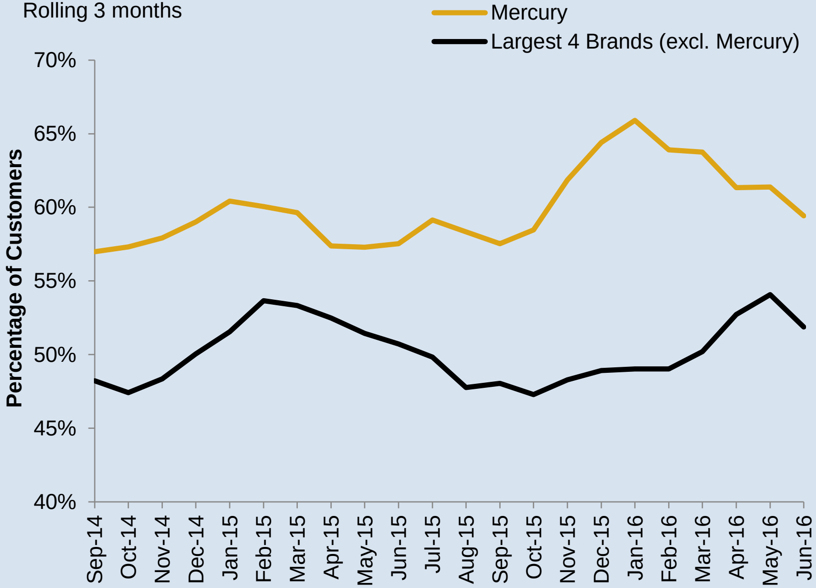
[2] A trader switch is where a customer changes retailer without changing house

CUSTOMER

- Rewarding loyalty leading to increased customer satisfaction
  - Free Power Day – a loyalty product which helps customers appreciate the value of electricity
  - Airpoints – Mercury has partnered with Air New Zealand to enable customers to earn Airpoints dollars from later this year
  - 42% of Mercury residential customers on fixed-price contracts with customers taking up a two-year offer in preference to an energy price increase in 2016
  - Through FY2016 61% of Mercury customers responded as highly satisfied in the Company's regular survey – the highest of the five large retailers
- On-going focus on increasing depth of customer relationships through innovative propositions
  - The acquisition of in-house solar capability through the purchase of What Power Crisis (WPC) adds to innovative customer solutions available – GLOBUG, Good Energy Monitor (GEM) and fixed-price contracts
  - Enabling customers to utilise electricity as a transport fuel – EV fuel package and customer discounts for e-bikes

CUSTOMERS HIGHLY SATISFIED*

Rolling 3 months



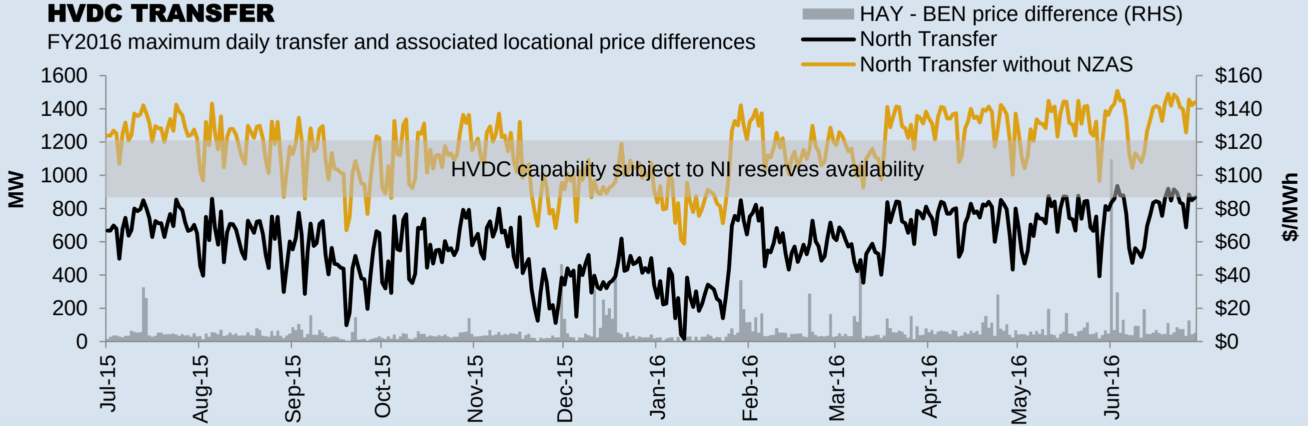
*Based on Mercury's monthly survey

NEW ZEALAND'S ALUMINIUM SMELTER (NZAS)

- Mercury best placed in the event of NZAS closure
  - 100% renewable North Island generation with flexible hydro capacity which is a primary provider of reserves to the market
- Thermal rationalisation in the North Island likely when NZAS closes
  - Industry has demonstrated ability to quickly respond to changes in supply and demand
- Second order material impacts of closure due to HVDC capability include: (1) price separation between North and South Islands, (2) South Island hydro dispatch and spill, (3) beneficiaries of HVDC under proposed TPM

HVDC TRANSFER

FY2016 maximum daily transfer and associated locational price differences



FY2016 average transfer:
>340MW north

FY2016 average transfer without NZAS:
>850MW north

REGULATION

- Government and opposition parties constructively engaged in policy development
- Electricity Authority (EA) has released second issues paper on Transmission Pricing Methodology (TPM) with proposal to move to a two part charge (Area-of-Benefit and Residual) with implementation likely beyond 2019
  - Additional Mercury charges indicatively assessed by EA at ~$5m/annum (broadly in line with 2015 proposal)
  - Transpower is proposing alternatives to the EA's TPM which could have differential impacts from those assessed in the recent proposal
  - Trustpower plans to seek a High Court review of the EA consultation process on its proposed changes
- Significant regulatory focus on reforms to distribution pricing in response to emerging technology

Water

- Government has established a technical advisory group to advise on water allocation approaches to address Maori rights and interests.
- Consultation in progress on the national water quality standards
- Waikato Regional Council consulting with stakeholders regarding long-term water management in the Waikato region

Climate

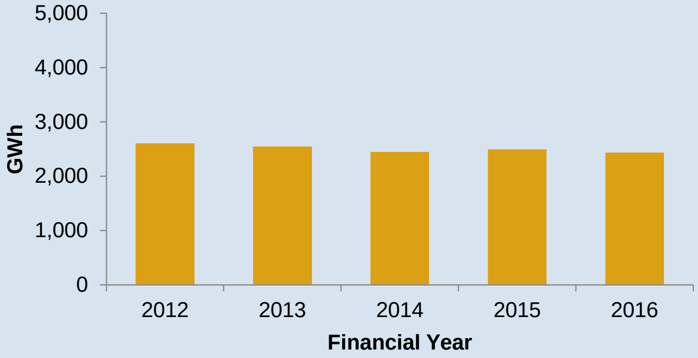
- Carbon pricing has increased 250% through FY2016 to circa $18 per tonne
- Carbon cost expected to increase with the removal of the transitional 2-for-1 surrender obligations under the NZ ETS
- Government announced policy package to promote the adoption of EVs - target 64,000 vehicles by 2021

23 OPERATIONAL SUMMARY

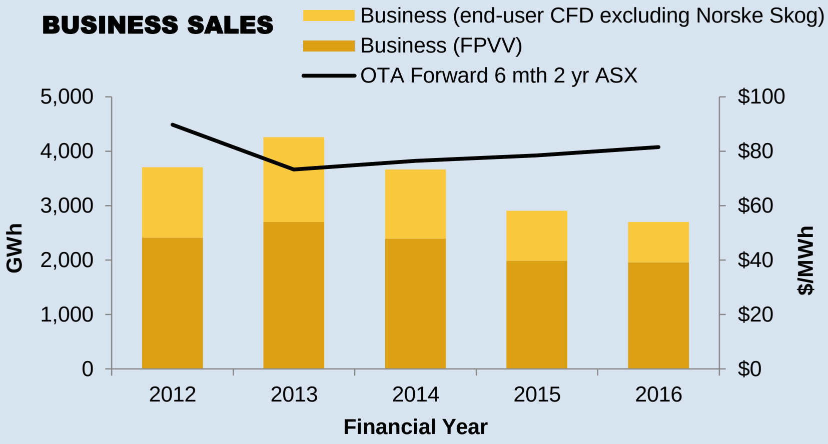
ELECTRICITY SALES

- Residential sales down 59GWh
- Business (FPVV) and Industrial (CFD) sales down 205GWh due to multi-year portfolio decisions to maximise value
- Average FPVV price down 2.0% to $114.83 as high priced Business and Industrial sales contracts secured between FY2011 and FY2013 mature and are partially replaced at current market prices
- Unlikely that ASX prices fully reflect changes in supply and demand through FY2016

RESIDENTIAL SALES (FPVV)

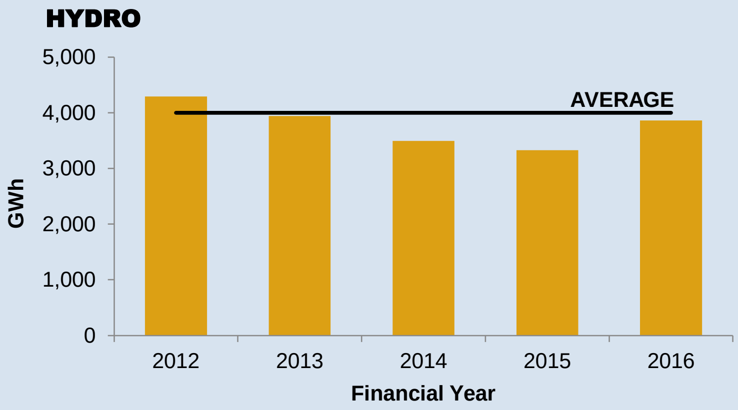


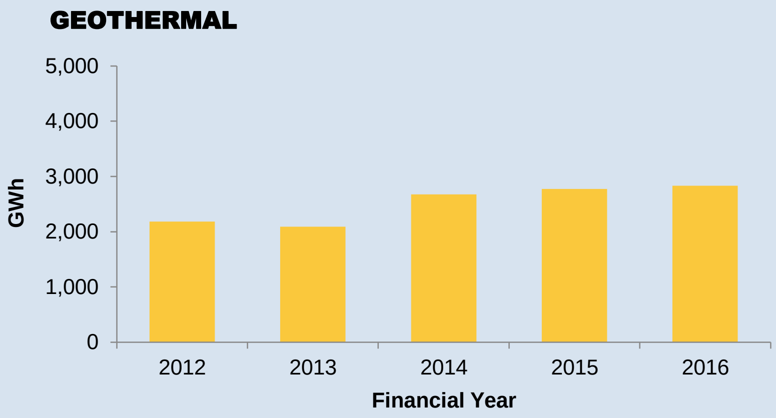
BUSINESS SALES



ELECTRICITY GENERATION

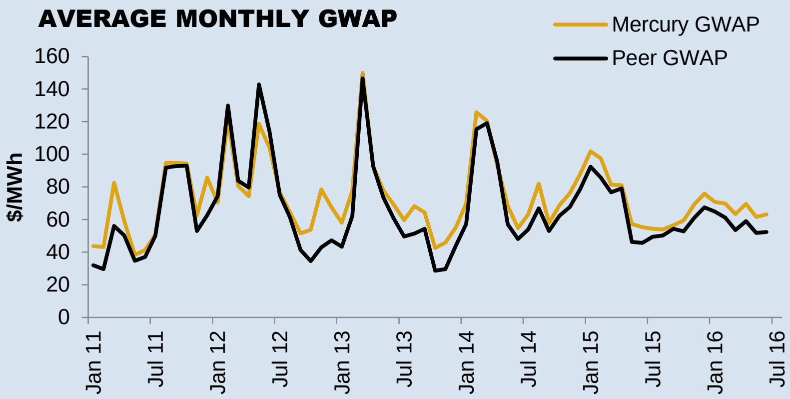
- Generation 279 GWh higher than FY2015
  - Geothermal generation was the highest ever, up 58GWh (2%) and reflecting 95.5% availability across all stations and successful replacement of the Nga Awa Purua turbine
  - Hydro generation was 539GWh (16%) higher than FY2015 however remains below the annual average of 4,000GWh due to inflows being 34th percentile for the year
  - Thermal generation was down 318GWh as Southdown was closed in December 2015
- Mercury's generation portfolio is now 100% renewable with the closure of Southdown

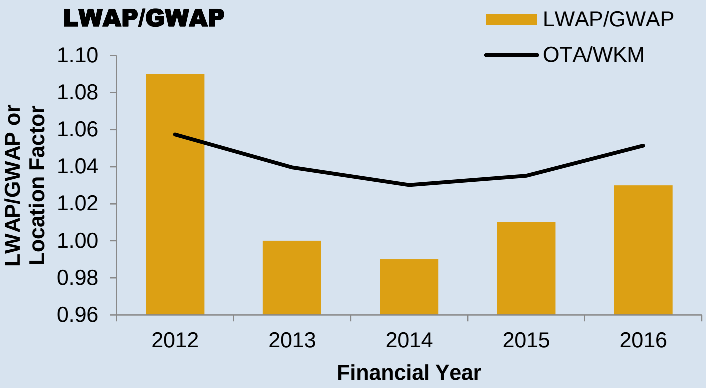




LWAP/GWAP

- LWAP/GWAP unfavourably higher to 1.03
  - Low wholesale price volatility impacted both prices received for generation (GWAP) and electricity purchase prices (LWAP)
  - Location factors between generation (reference WKM) and purchase (reference OTA) widened due to thermal plant closures in the Auckland region and changes made by Transpower in 2015 to how transmission losses are modelled for wholesale pricing
- GWAP continues to be favourable to peers reflecting the flexibility and location of Mercury's North Island renewable generation portfolio



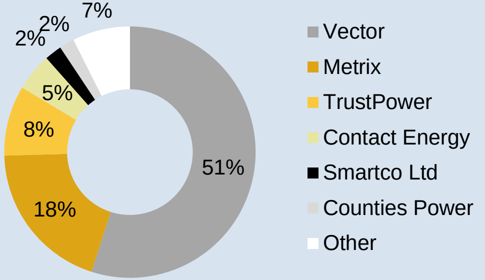


METRIX

- Smart meter deployment has enabled customer-led product development
  - Broadly utilised by retailers with products such as Mercury's Free Power Days, GEM and GLOBUG
- Metrix 2nd largest NZ meter data and services provider with 436k meters owned or under management[1]
  - Market consolidated and initial meter upgrade largely complete or contracted
- On-going focus on improving customer service
  - Customer satisfaction survey initiated for measuring performance
  - Platform stability and efficiency enhancements successfully executed, including the implementation of service request management capability
- Growth from new connections and product development
  - Auckland Unitary Plan indicating demand of 131k new houses over next 7 years
  - New data-driven products and services to existing customers

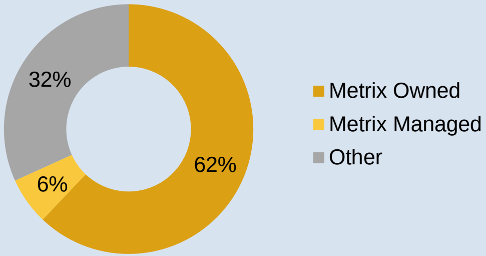
NATIONAL MARKET SHARE

June 2016



GREATER AUCKLAND MARKET SHARE[2]

June 2016



[1] 396k meters are owned by Metrix
[2] Includes Vector and Counties networks

28 FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS

$493m
EBITDAF, up $11m, reflecting increased generation but lower wholesale market volatility and commercial pricing

$160m
NPAT, up $113m, reflecting non-cash impairments recognised in prior year

2.0x
Debt/EBITDAF, reflecting BBB+ credit rating and headroom for growth

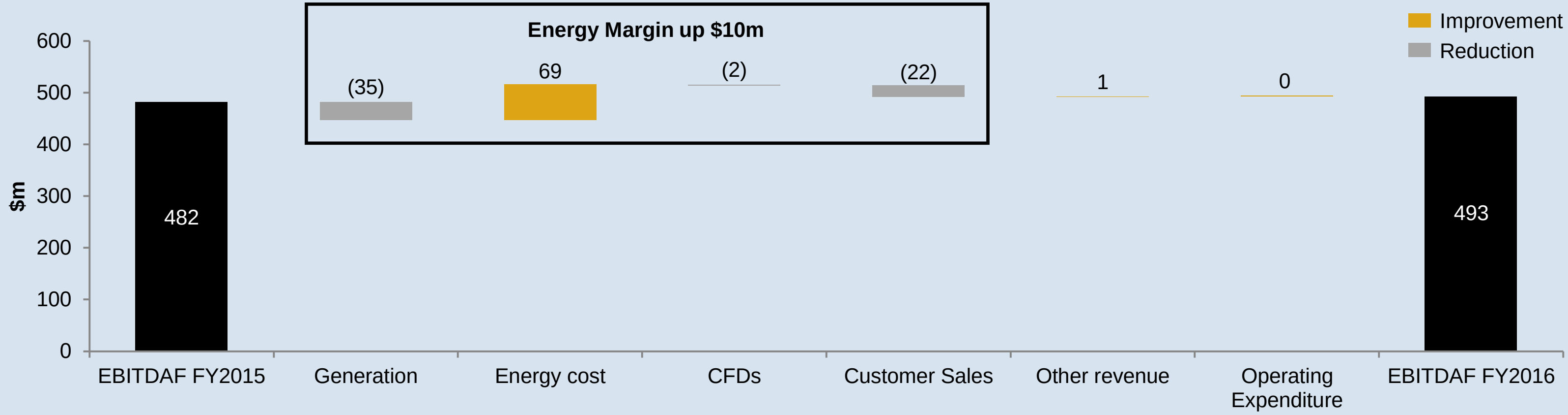
$221m
Free Cash Flow, reflecting below long-term stay-in-business capex and a short-term tax prepayment

14.3CPS
Fully-imputed full-year ordinary dividend declared, per guidance

4.0CPS
Non-imputed special dividend declared with a continued focus on appropriate capital management

EBITDAF (FY2016 vs. FY2015)

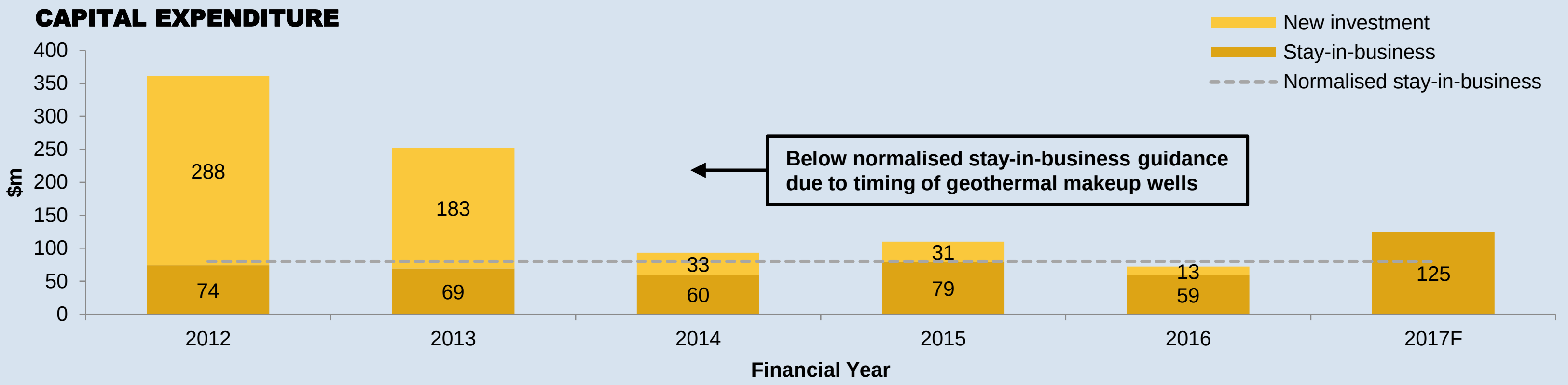
- Energy margin up $11m
  - 279GWh more generation offset by lower relative generation prices (LWAP/GWAP)
  - Lower commercial pricing as higher priced sales contracted through FY2013 mature
- Operating expenditure flat but remains $28m below FY2013 levels



*Energy cost excludes gas generation purchases and volume impacts of end user sales, which are included within generation and customer sales respectively

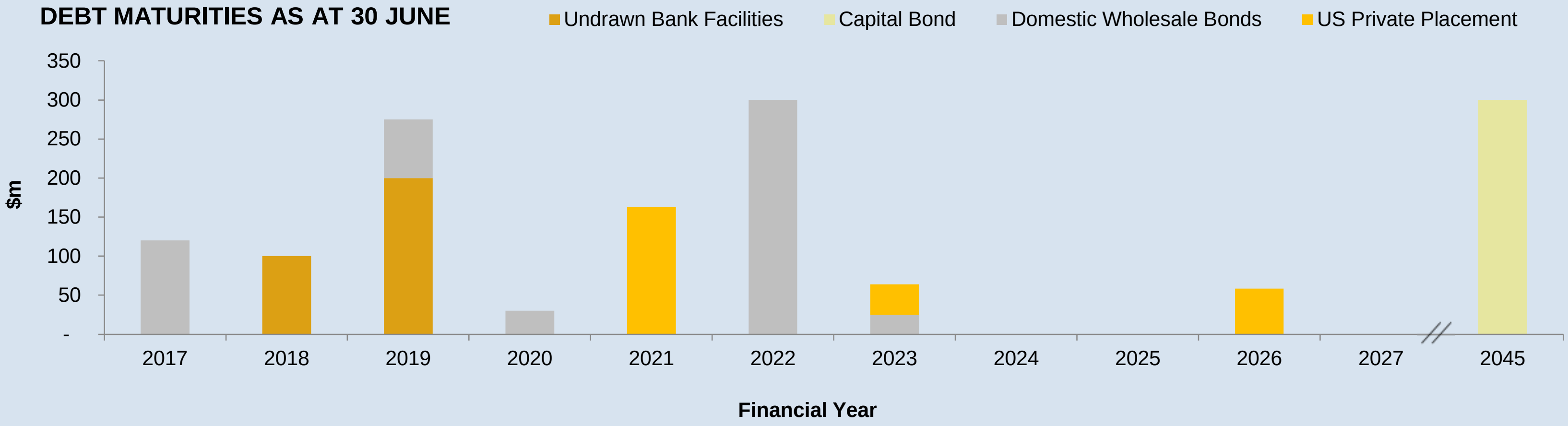
CAPITAL EXPENDITURE

- Capital expenditure of $72m[1] (FY2015: $110m[2])
  - New investment of $13m (FY2015: $31m), primarily relating to smart meter deployment
  - Stay-in-business of $59m (FY2015: $79m), below medium-term guidance of $80m
- FY2017 guidance of $125m for stay-in-business and for minimal growth capital expenditure
  - Stay-in-business includes the drilling of four wells as part of a co-ordinated drilling campaign across multiple reservoirs (circa $55m) and the continuation of the hydro refurbishment programme
  - Stay-in-business consistent with medium-term guidance (FY2013 to FY2017f average circa $80m)



[1]Excludes $18m in FY2016 relating to remediation capital expenditure in Chile
[2]Excludes $13m in FY2015 related to the exercise of the Germany geothermal option included in PPE

FUNDING PROFILE



- The average debt maturity profile for committed facilities was 8.9 years at 30 June 2016
- Interest costs elevated due to interest rate hedges put in place in 2008 during the company's domestic geothermal investment programme. These hedges roll off progressively from the end of FY2018 with an estimated $20m annual cash flow benefit in FY2019

CAPITAL STRUCTURE

- bbb stand alone rating is key reference point for dividend policy and a sustainable capital structure
  - S&P re-affirmed Mighty River Power's credit rating of BBB+/stable on 23 December 2015
  - One-notch upgrade given majority Crown ownership
  - Key ratio for stand alone S&P credit rating bbb requires Debt / EBITDAF between 2.0x and 2.8x
- Capital management continues to be reviewed
  - Debt/EBITDAF 2.0x at 30 June 2016
  - Gearing will be maintained reflecting majority Government ownership

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Net debt ($m)	1,068	1,082	1,031	1,028	1,116
Gearing ratio (%)	24.4	24.5	24.3	24.4	27.0
Debt/EBITDAF (x)	2.0[1]	2.0[1]	2.1	2.7	2.6

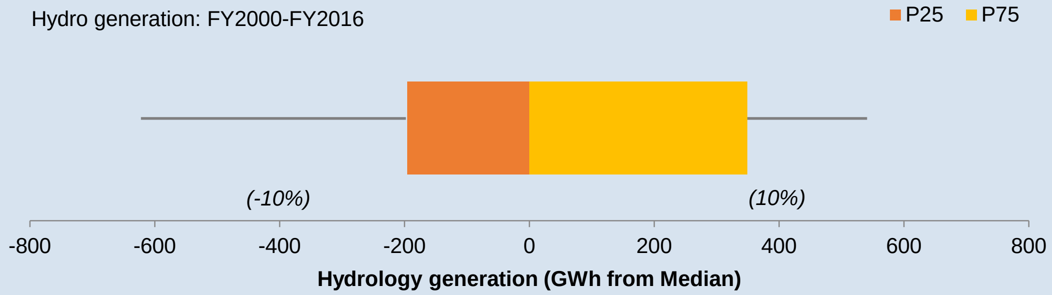
[1] Adjusted for S&P treatment of subordinated debt

GUIDANCE APPROACH

- Mercury will provide point-estimate EBITDAF guidance for the current financial year going forward
  - To be complemented by updates to expected full-year hydro generation with quarterly operational statistics
- The prior guidance range inferred a lower level of earnings volatility than is possible with underlying hydrology fluctuations
  - The range was principally intended to deal with non-hydrological volatility, however;
  - Changes in hydro generation expectations have driven all prior guidance revisions

HYDROLOGICAL VOLATILITY

Hydro generation: FY2000-FY2016



FY2017 GUIDANCE

> FY2017 EBITDAF guidance is $490m subject to any material events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions

> The FY2017 EBITDAF guidance assumes:

> > 4,150GWh of hydro production (+$20m relative to FY2016);
> > The continued roll-off of higher priced commercial contracts put in place through FY2013 (-$8m relative to FY2016);
> > Advancing the RK29 well repair into FY2017 as part of the co-ordinated multi-reservoir drilling campaign (-$5m)[1];
> > No further material land sales (-$13m relative to FY2016); and
> > No crystallisation of the Group's non-cash FX translation reserve loss, which will occur on the completion of the Chile divestments (approx. $10m)

> FY2017 ordinary dividend guidance is up 2% to 14.6cps, the sixth year of consecutive ordinary dividend growth

> FY2017 stay-in-business capital expenditure guidance is $125m

[1] Operating expenditure is expected to be broadly flat to FY2016 with the repair of RK29 offsetting cost savings relating to Southdown decommission and the exit of international geothermal development

36 **APPENDIX**

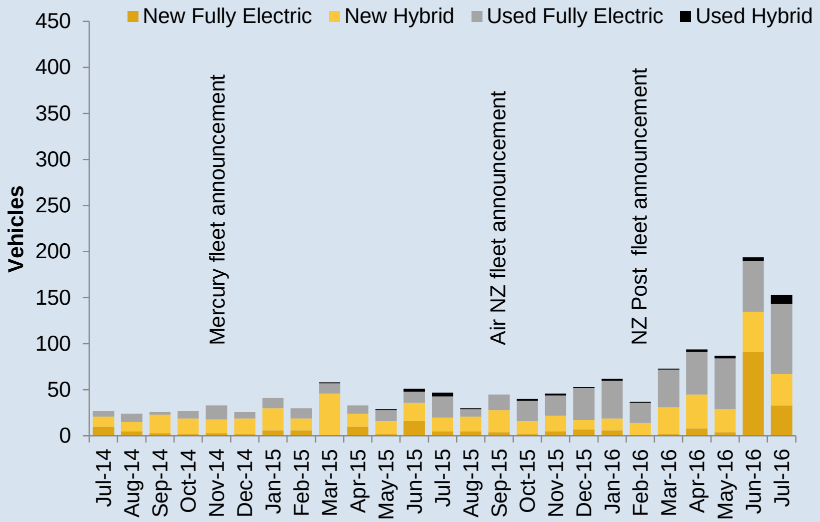
INDUSTRY MILESTONES

FY2013	FY2014	FY2015	FY2016	FY2017+
> Mercury dual listed on NZX/ASX	> Genesis IPO > Meridian IPO	> National party re-elected in general election	> Origin Energy sells majority stake in Contact > EA's Final Transmission Pricing Methodology consultation document released	> Trustpower demerger > Transpower consultation of TPM implementation > Emissions Trading Scheme review > Water allocation and quality standards review
	> 3rd year of electricity demand decline	> Return of electricity demand growth	> NZAS contract with Meridian renegotiated (backed by other participants) > Second consecutive year of demand growth	> NZAS 1st option to reduce Meridian contract to 400MW not called (29 July 2016) > NZAS next option to terminate Meridian contract with 12 months notice (from 1 January 2017)
		> Mercury decommissions steam turbine at Southdown	> Mercury closes 140MW Southdown OCGT > Contact closes 400MW Otahuhu CCGT > Genesis terminates coal contract with Solid Energy > Genesis commits to Huntly Rankine units remaining open through 2022	

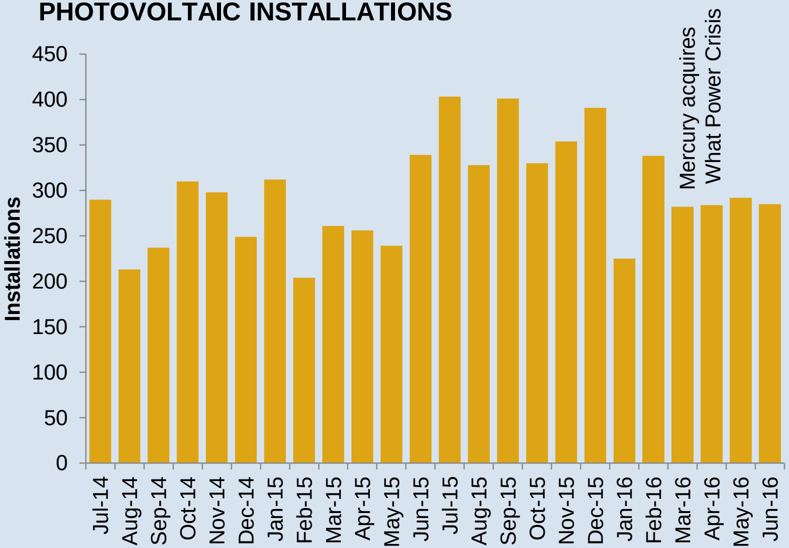
EV & PV TRENDS

> EV uptake has doubled to 808 vehicles per annum through FY2016
> 0.5% of electricity connections have PV at 30 June 2016

ELECTRIC VEHICLE REGISTRATION



PHOTOVOLTAIC INSTALLATIONS



Source: Ministry of Transport, Electricity Authority

OPERATING INFORMATION

	Year ended 30 June 2016		Year ended 30 June 2015	
Electricity Sales	**VWAP[1] ($/MWh)**	**Volume (GWh)**	**VWAP[1] ($/MWh)**	**Volume (GWh)**
FPVV sales to customers	114.83	4,397	117.21	4,486
Residential customers		2,438		2,497
Commercial customers		1,959		1,989
FPVV purchases from market		4,643		4,717
Spot customer purchases		950		1,388
Total NZEM purchases	65.41	5,593	76.26	6,104
Electricity Customers (000)		376		382
North Island customers		339		348
South Island customers		37		34
Dual Fuel customers		41		40
Metrix AMI Meters (000)		396		388

[1] VWAP is volume weighted average energy-only price sold to FPVV customers after lines, metering and fees

OPERATING INFORMATION

	Year ended 30 June 2016		Year ended 30 June 2015	
Electricity Generation	**VWAP ($/MWh)**	**Volume (GWh)**	**VWAP ($/MWh)**	**Volume (GWh)**
Hydro	64.84	3,866	77.82	3,327
Gas (all 1HY2016)	68.64	146	84.58	464[4]
Geothermal (consolidated)[1]	60.84	2,596	70.63	2,545
Geothermal (equity accounted)[2]	61.44	234	71.94	227
Total	**63.29**	**6,842**	**75.30**	**6,563**
LWAP/GWAP		**1.03**		**1.01**
	VWAP ($/MWh)	**Volume (GWh)**	**VWAP ($/MWh)**	**Volume (GWh)**
Gas Purchases	**$/GJ**	**PJ**	**$/GJ**	**PJ**
Retail purchases[3]	8.07	1.01	9.22	1.08
Generation purchases (all 1HY2016)	6.21	1.70	5.90	4.72
Carbon Emissions (‘000 tonnes)		428		647

[1] Includes Mighty River Power’s 65% share of Nga Awa Purua generation
[2] Tuaropaki Power Company (Mokai) equity share
[3] Prices include fixed transmission charges

CONTRACTS FOR DIFFERENCE

	Year ended 30 June 2016	Year ended 30 June 2015
Net Contracts for Difference (Sell)/Buy GWh		
Sell - End User	(1,448)	(1,623)
Sell - VAS[1]	(701)	(699)
Sell - Inter-generator & ASX	(1,259)	(1,061)
Sell CFD	(3,408)	(3,384)
Buy CFD	1,741	1,697
CFD	**(1,667)**	**(1,686)**
Energy Margin contribution ($m)	**27**	**22**

[1] VAS included on both buy and sell side CFDs

BALANCE SHEET

$m	As at 30 June 2016	As at 30 June 2015
SHAREHOLDERS' EQUITY		
Total shareholders' equity	**3,315**	**3,337**
ASSETS		
Current assets	313	287
Non-current assets	5,772	5,743
Held for sale	0	28
Total assets	6,085	**6,058**
LIABILITIES		
Current liabilities	310	198
Non-current liabilities	2,460	2,518
Held for sale	0	5
Total liabilities	**2,770**	**2,721**
TOTAL NET ASSETS	3,315	**3,337**

NON-GAAP MEASURE: ENERGY MARGIN

- Energy Margin provides a measure that, unlike sales or total revenue, accounts for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

$m	Year ended 30 June 2016	Year ended 30 June 2015
Sales	1,512	1,627
Less: lines charges	(419)	(422)
Less: energy costs	(384)	(507)
Less: other direct cost of sales, excluding third-party metering	(28)	(26)
Less: third party metering	(23)	(24)
Energy Margin	**658**	**648**

NON-GAAP MEASURE: FREE CASH FLOW

> Free Cash Flow is a measure that the Company uses to evaluate the levels of cash available for debt repayments, growth capital expenditure and dividends

$m	Year ended 30 June 2016	Year ended 30 June 2015
Net cash provided by operating activities	280	309
Less: Stay-in-business capital expenditure (including accrued costs)	(59)	(79)
Free Cash Flow	**221**	**230**

NON-GAAP MEASURE: EBITDAF, UNDERLYING EARNINGS AND NET DEBT

- EBITDAF is reported in the financial statements and is a measure that allows comparison across the electricity industry
- Underlying Earnings is reported in the financial statements and in contrast to net profit, the exclusion of certain items enables a comparison of the underlying performance across time periods
- Net Debt is reported in the financial statements and is a measure commonly used by investors

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