



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

NEWS RELEASE

Investor Roadshow Presentation – May and June 2017

25 May 2017 - Mercury will be giving presentations at a series of international investor meetings during May and early June 2017.

The presentation materials are attached.

ENDS

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ABOUT MERCURY NZ LIMITED

At Mercury we're thinking boldly about the possibilities with energy and inspiring New Zealanders with our renewable electricity and ideas – making energy wonderful. Energy from Mercury's hydro and geothermal stations will power a brighter future for our country.

Visit us at: www.mercury.co.nz



Mercury

Investor Roadshow

FRASER WHINERAY
Chief Executive

WILLIAM MEEK
Chief Financial Officer

TIM THOMPSON
Head of Treasury &
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25 May 2017



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3 COUNTRY, INDUSTRY & MERCURY



NEW ZEALAND ECONOMIC OVERVIEW

Key Facts

Credit Rating: **AA/stable**

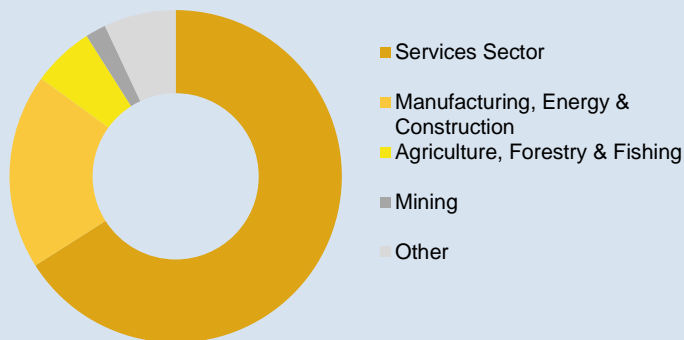
Population: **4.7 million**¹

GDP: **NZ\$260 billion (or US\$180 billion)**²

Official Cash Rate (OCR): **1.75%**

10yr Interest Rate: **3.2%**³

NEW ZEALAND GDP BY SECTOR²



- > Stable political environment
 - > Mixed Member Proportional (MMP) system
 - > Two main parties – National (centre-right) and Labour (centre-left)
 - > National government led since 2008 and in 3rd term (3 year term)
 - > General election on 23 September 2017
- > Robust GDP growth achieved over recent years (currently 3.1%²), with below-trend unemployment (currently 4.9%³)
- > Current supportive drivers of GDP growth include:
 - > Historic high net migration flows (72,000 net annual inflows⁴ or 1.5%)
 - > Strong tourism growth
 - > Robust construction sector activity
 - > Low interest rate settings
- > Risks factors which could dampen GDP growth:
 - > Global geopolitical and growth concerns
 - > Migration cycle creating economic stresses
 - > House price inflation creates stability risks

¹ At 31 December 2016

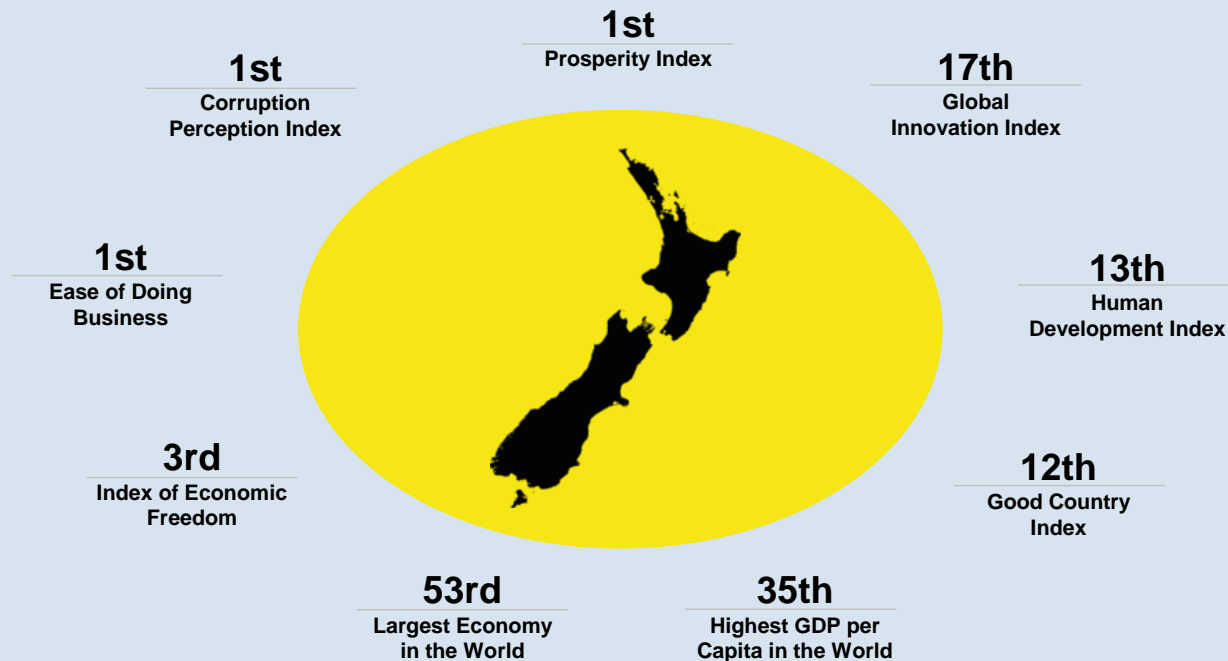
² Year to 31 December 2016

³ At 19 May 2017

⁴ Year to 31 March 2017



HOW NEW ZEALAND RANKS ON THE GLOBAL STAGE¹



¹ See Appendix for source information (pg. 41)



NEW ZEALAND ELECTRICITY MARKET STRUCTURE SINCE 1998

1 GENERATORS

- > Wholesale prices determined by competition
- > Generate electricity and sell to wholesale market
- > 5 major generators producing about 95% of NZ's electricity
- > 80% renewable electricity (unsubsidised)
- > Solar installed in 14,000 or 0.7% of total customer connections

2 THE NATIONAL GRID

- > Transpower (Government owned) is regulated owner and operator
- > Transports high voltage electricity to networks and large industrial users
- > 1200MW HVDC link between South and North Islands

WE OPERATE
HERE

1

2

3

4

WE OPERATE
HERE

4 RETAILERS AND CONSUMERS

- > Retail prices determined by competition (unregulated)
- > 33 retailer brands buy from wholesale market and on-sell to nearly 2 million consumers
- > Electricity Authority responsible for promoting competition, efficiency and reliability of supply for long-term benefit of consumers
- > NZAS (aluminium smelter) 13% of national demand
- > 2 major metering companies, including Mercury trading as Metrix, with national smart meter penetration of 75%

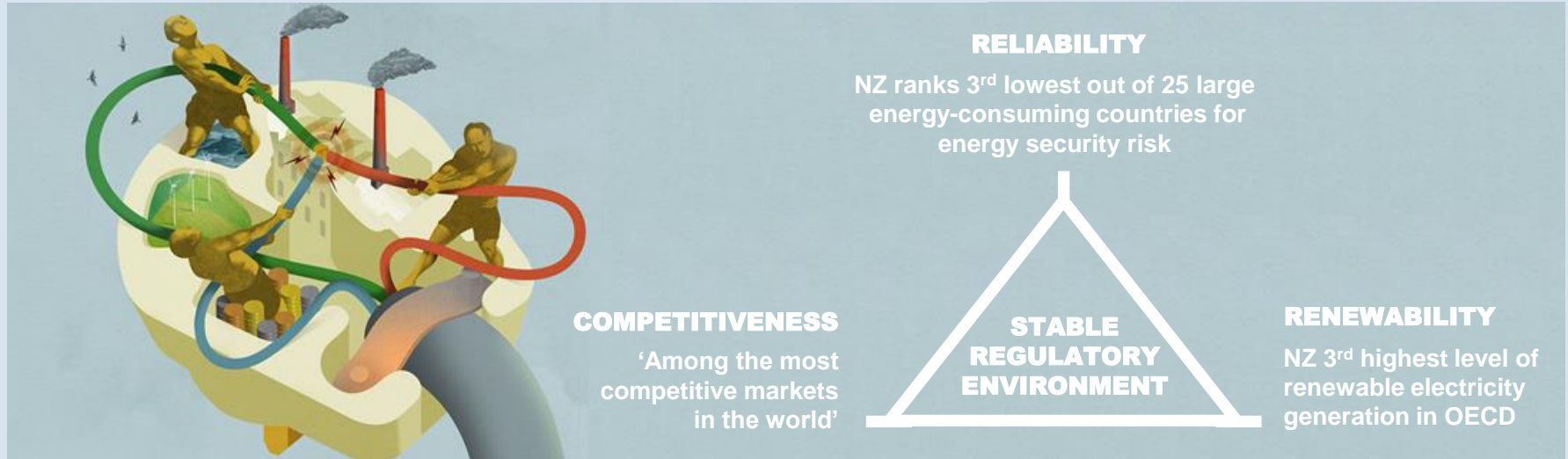
3 DISTRIBUTION AND NETWORK OWNERS

- > Regulated monopolies
- > 29 distribution companies
- > 150,000km of overhead and underground networks



NEW ZEALAND'S COMPETITIVE ADVANTAGE IN ELECTRICITY

- > Electricity markets globally seek to balance Reliability, Competitiveness and Renewability – the 'Electricity Trilemma'
- > **New Zealand has achieved a 'Trifecta':**



- > Opportunity exists in New Zealand to broaden this advantage to reduce reliance on imported fossil fuel

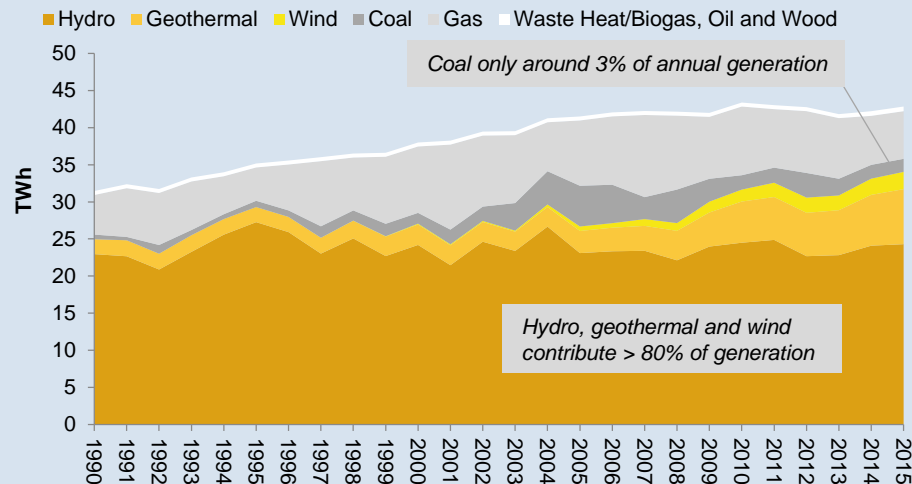
Source: Accenture, Ministry of Business, Innovation & Employment, United States Chamber of Commerce



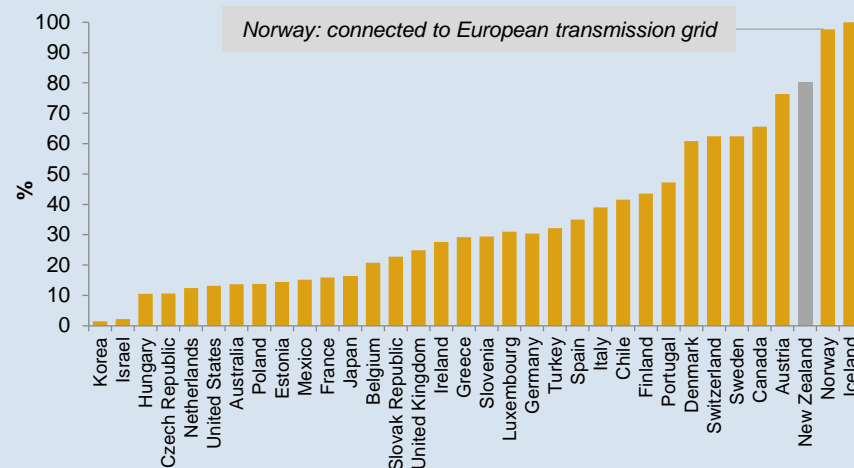
UNSUBSIDISED ELECTRICITY MARKET AND >80% RENEWABLE

- > “With its unique resource base, New Zealand is a success story for the development of renewable energy, notably hydro and geothermal, without government subsidies” – International Energy Agency (IEA)¹
- > Geothermal or wind are the lowest cost development options – 12TWh of renewable projects already permitted

NEW ZEALAND'S GENERATION MIX



2015 OECD RENEWABLE ELECTRICITY



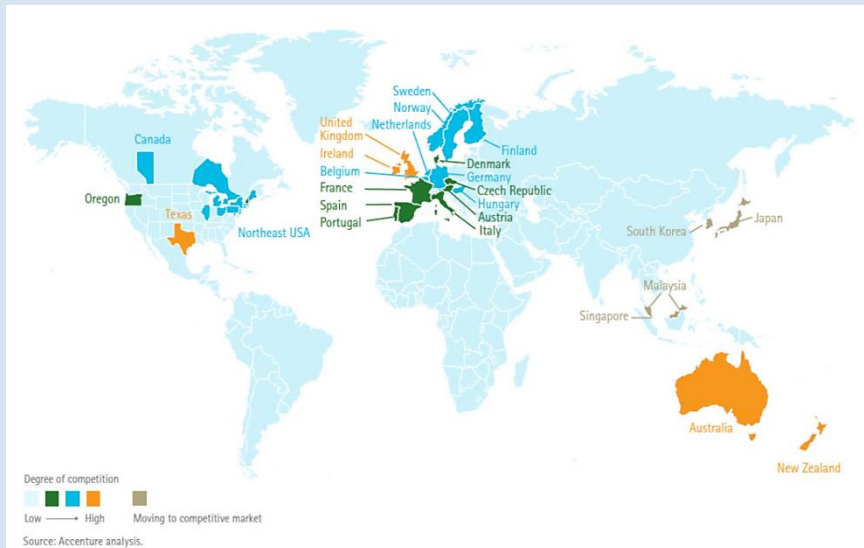
¹ Link to publication in appendix (pg. 46)

Source: Ministry of Business, Innovation & Employment, IEA

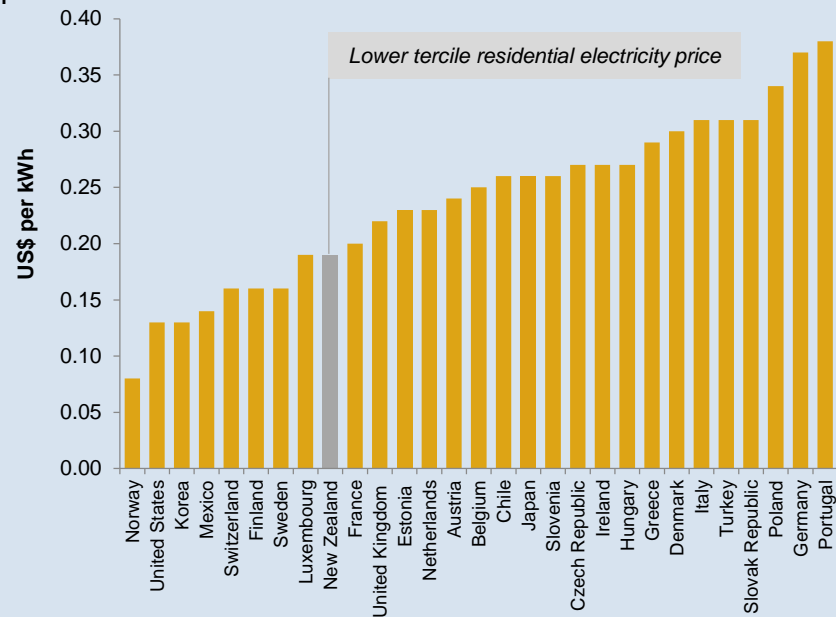


HIGHLY COMPETITIVE RETAIL MARKET DELIVERING CUSTOMER CHOICE

- > One of only 4 highly competitive retail markets – Accenture
- > Energy portion of end-user pricing determined by competition



2015 OECD RESIDENTIAL ELECTRICITY PRICES¹



¹ Residential pricing in US dollars per unit using Purchase Price Parity (PPP)

Source: Ministry of Business, Innovation & Employment, IEA, Accenture



REGULATORY STABILITY

Celebrating 20 years of market delivering reliability, renewability, and choice for customers

Market

- > Electricity sector fully deregulated in the early 1990s with introduction of competitive wholesale and retail markets
 - > Generation investment entirely market-led with no payments for reserve capacity (energy only wholesale market)
 - > Full retail competition with low barriers to entry
- > Independent regulatory oversight of market and network monopolies from the Electricity Authority (EA)¹ and Commerce Commission²
- > Government sets overall policy direction (e.g. renewable electricity targets) and is separated from rule-making and regulatory oversight.
 - > Government and opposition parties constructively engaged in policy discussions leading up to the 2017 General Election

Water

- > No charge for non-consumptive application of water for hydro generation
- > Local and central government focus on water quality and water allocation for consumptive uses

Climate

- > NZ Emissions Trading Scheme (ETS) places increased cost on emitting generation sources
 - > Emission units trading at ~NZ\$20/t (equivalent to ~\$8/MWh for a CCGT post removal of transitional arrangements by 2019³)

¹ Regulator for the competitive sectors of the electricity industry

² New Zealand's primary competition regulator and regulator for the monopoly businesses within the electricity industry (Transpower and distribution businesses)

³ Transitioning from 1 unit for 2 tonnes of CO₂ to 1 unit for 1 tonne of CO₂



MERCURY AT A GLANCE

Market Capitalisation of

\$4.4b¹

2nd largest NZ gentailer

8th largest NZX company by market capitalisation

**100% RENEWABLE GENERATOR,
RETAILER AND METERING PROVIDER**

~6,800GWh generation per annum from flexible hydro and base-load geothermal

~390,000 customers

2nd largest NZ meter data and services provider

Dual listing on the NZX and ASX

MCY.NZ / MCY.AX

Corporate credit rating from S&P of

BBB+/Stable

Debt of \$1.1b

FY2017 EBITDAF guidance of

\$510m

Revised from initial guidance of \$490m due to above average hydro generation

FY2017 ordinary dividend guidance of

\$14.6c

Cash ordinary dividend yield of **4.5%¹**

12 month cash dividend yield of **5.7%¹** due to special dividend paid



100% RENEWABLE GENERATOR. RETAILER. AND METERING PROVIDER

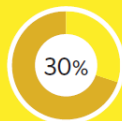
>> NORTH ISLAND

> MERCURY

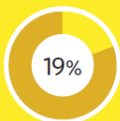
	FY16
GENERATION VOLUME (GWh) ²	6,830
TOTAL SALES VOLUME (GWh) ³	6,359
CUSTOMER (000)	339
AMI METER ASSETS (000)	382

> INDUSTRY

FY16 MARKET SHARE



GENERATION



SALES

> TOTAL

	FY16	YOY CHANGE
DEMAND (GWh)	25,314	0.4%
POPULATION	3,596,100	2.2%
GDP ⁴ (000,000)	194,230	4.4%

¹ Not 100% owned by Mercury

WE REPRESENT
14%
OF NATIONAL SALES

WE REPRESENT
17%
OF NATIONAL GENERATION

WE HAVE
825
EMPLOYEES¹



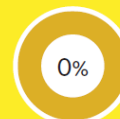
>> SOUTH ISLAND

> MERCURY

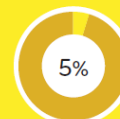
	FY16
GENERATION VOLUME (GWh)	0
TOTAL SALES VOLUME (GWh)	-50
CUSTOMER (000)	37
AMI METER ASSETS (000)	14

> INDUSTRY

FY16 MARKET SHARE



GENERATION



SALES

> TOTAL

	FY16	YOY CHANGE
DEMAND (GWh)	14,750	0.1%
POPULATION	1,096,000	1.8%
GDP ⁴ (000,000)	57,537	3.0%

¹ At 30 June 2016

² Normalised for hydrology and retired thermal generation

³ Excludes spot sales

⁴ At 31 March 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

Delivering customer advocacy

Outstanding customer experience

Leading digital offerings

Culture-driven innovation

②

Leveraging core strengths

Operational efficiency

Astute portfolio management

Efficient capital allocation

③

Delivering sustainable growth

Executing relevant strategic opportunities

Being ready for domestic growth

Embracing emerging technologies



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 the inter-island transmission link (HVDC)



Waikato Hydro System is the largest group 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**



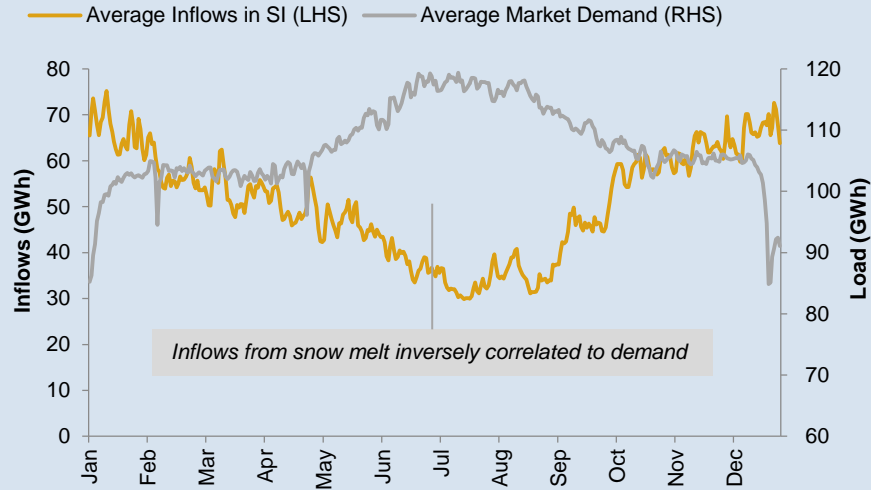
Long-term commercial partnerships with Maori landowners and other key stakeholders



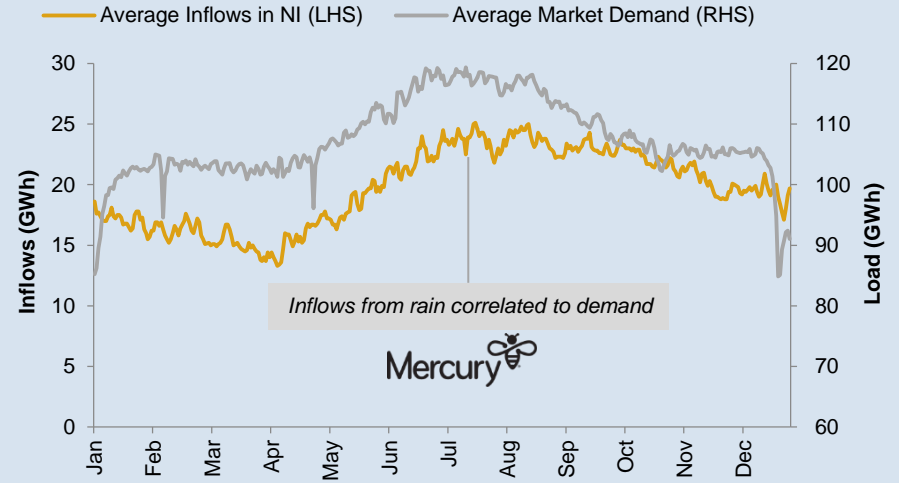
MERCURY'S PERMANENT GENERATION ADVANTAGE

- > Positive correlation of North Island hydro inflows and sales
 - > Inflows into Mercury's North Island hydro catchment peak in winter to match peak winter demand
 - > Complemented by non-weather dependant base-loaded geothermal

AVERAGE SOUTH ISLAND INFLOWS VS. DEMAND



AVERAGE NORTH ISLAND INFLOWS VS. DEMAND



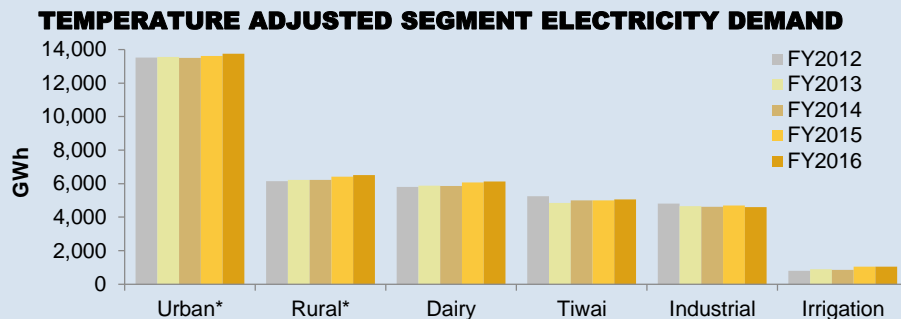
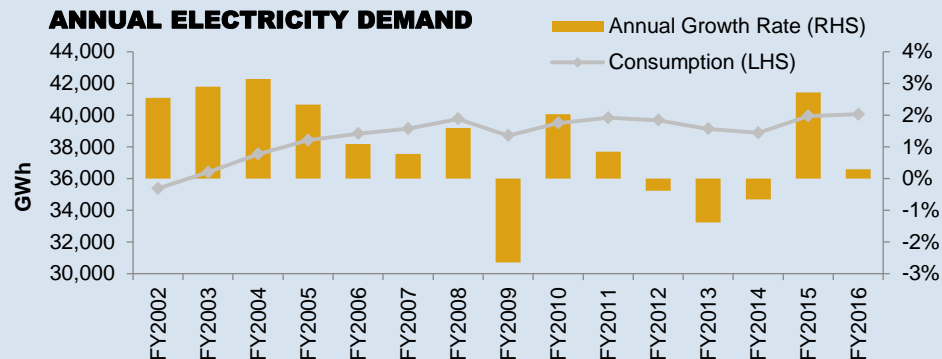


16 MARKET DYNAMICS



STRONG UNDERLYING DRIVERS FOR ELECTRICITY DEMAND

- > System Operator (Transpower) forecasting demand growth of ~1%
 - > Underlying demand* up 0.6% in FY2016
 - > Underlying demand* down 1.6% in HY2017 with wet conditions impacting dairy and irrigation load
- > Supportive drivers of demand growth include:
 - > High net migration
 - > GDP per capita growth
- > Adverse drivers of demand growth include:
 - > Reductions in per household consumption due to efficiency
 - > Medium term trend of de-industrialisation
- > Solar remains a niche customer proposition
 - > No explicit solar subsidy except for variable lines charges
 - > Solar installed in 14,000 or 0.7% of total customer connections



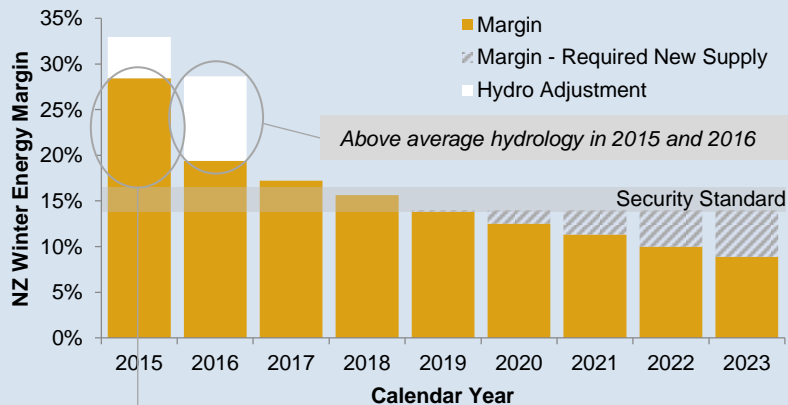
* normalised for temperature



WELL BALANCED ELECTRICITY SUPPLY

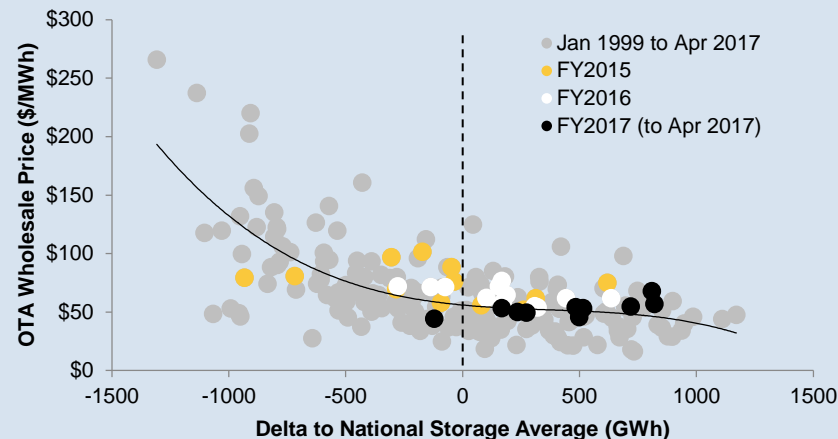
- > Hydro makes up ~55% of total generation
- > Energy security margin of circa 15% required to manage dry year risk
- > Variable inflows into hydro catchments will impact wholesale price as generation mix changes

NZ WINTER ENERGY MARGIN¹



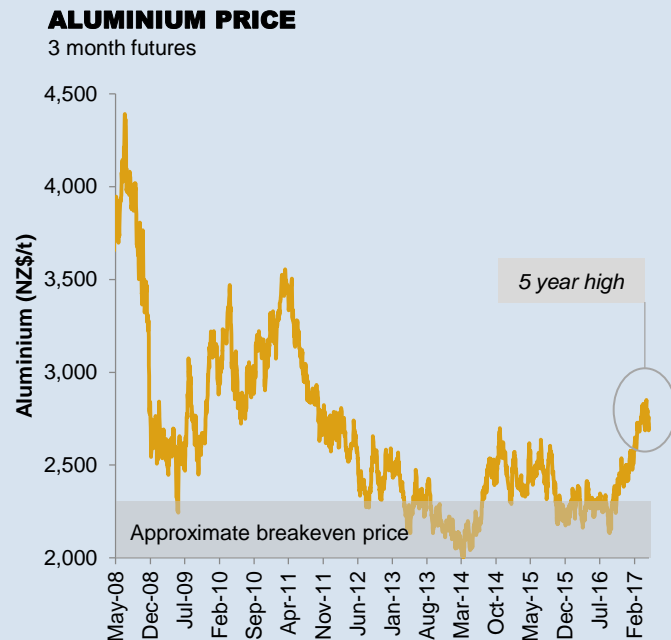
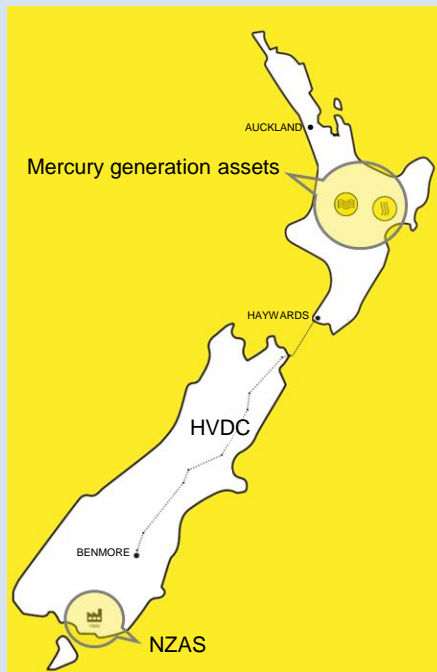
Market has efficiently delivered the retirement of thermal generation in 2015 with supply and demand becoming better balanced

MONTHLY HYDRO STORAGE AND PRICE



KEY MARKET RISK: NEW ZEALAND ALUMINIUM SMELTER (NZAS)

- > NZAS represents 13% of New Zealand annual electricity demand¹
- > Indications are that NZAS unlikely to be closed in the near term
 - > *"In Aluminium, all of our assets were free cash flow positive, despite lower realised prices in the first half."* Rio Tinto – Annual Results 2016 – 8 February 2017
 - > Aluminium futures currently trading at 5 year high at circa NZ\$2,800/t
- > Mercury relatively best placed to deal with resultant wholesale market uncertainty following the closure of NZAS
 - > 100% renewable North Island generation close to major North Island load centres
 - > Wholesale price separation due to increased losses, transmission constraints and North Island reserve requirements

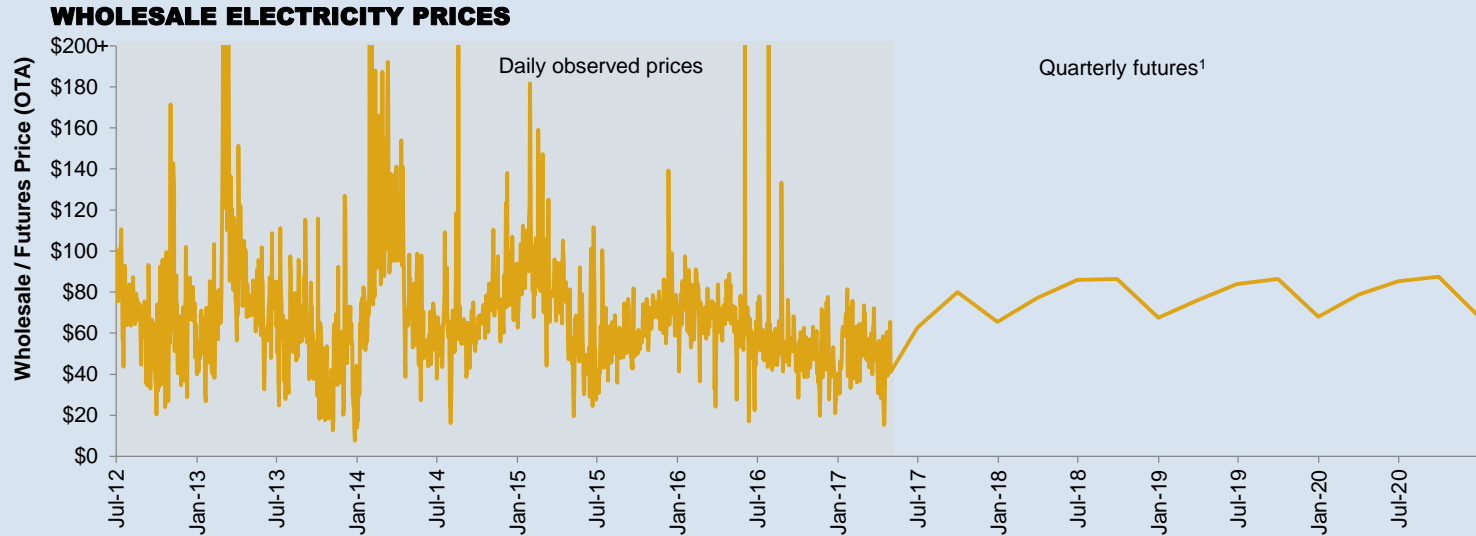


¹ Financial contract exists between NZAS and Meridian for 572MW through to 31 December 2030 with a right to terminate by NZAS with 12 months notice



DYNAMIC WHOLESALE MARKET

- > Wholesale spot prices reflect near term supply and demand conditions including hydrology
 - > Above average national inflows over the last four years have resulted in dampened wholesale price volatility
- > Futures pricing tend to Long Run Marginal Cost (LRMC) of new generation in a growing market

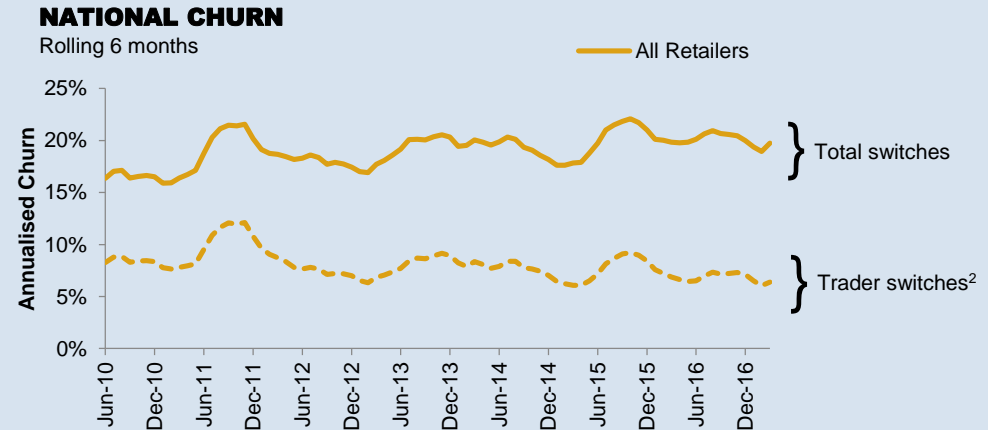
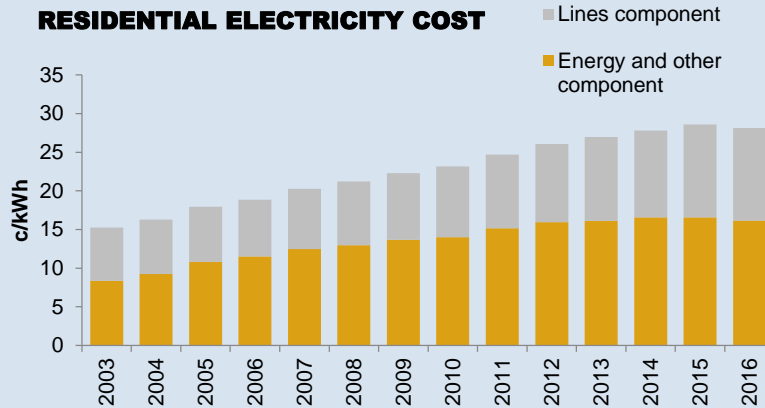


¹ At 19 May 2017



COMPETITIVE RETAIL MARKET

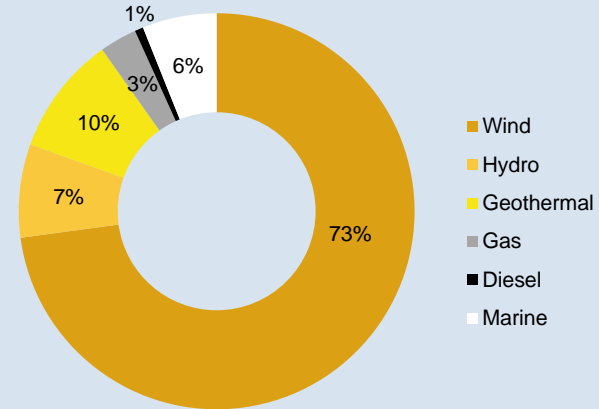
- > Retail energy prices flat in recent years reflecting strong competition
 - > 'Residential sales-based electricity cost' flat (+0.3%) for the four years to 31 March 2016¹
 - > Recent market supply and demand conditions have inflated retail margins relative to wholesale prices
- > Market churn remains high relative to international benchmarks
 - > ~20% per annum total switch rate (churn), however 'competitive' switching (trader switches²) is ~7% per annum



PLENTIFUL RENEWABLE GENERATION DEVELOPMENT OPTIONS

- > 90% of current consented projects are renewable (wind / geothermal / hydro / marine) equating to ~12,000GWh or ~30% of current annual generation
- > Next generation project built likely to be:
 - > Brownfield geothermal
 - > High-quality wind
 - > Thermal peaking to support non-controlled renewables

CONSENTED GENERATION BY FUEL (MW)



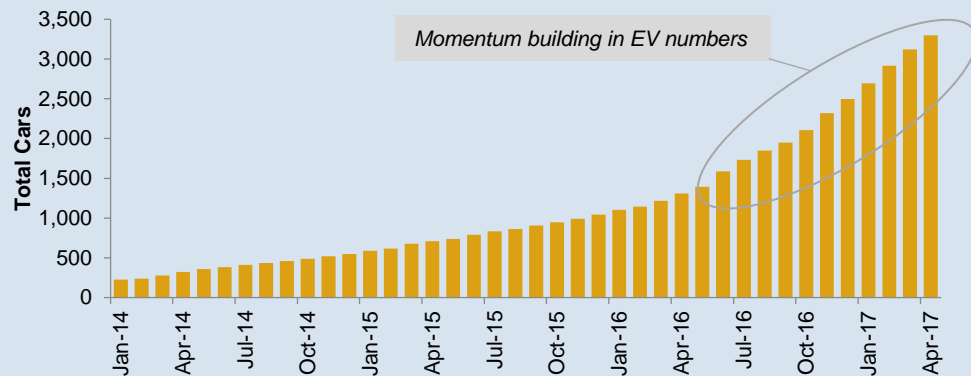
Source: Electricity Authority



EVS - NEW ZEALAND'S LARGEST GREEN GROWTH OPPORTUNITY

- > Current target of 90% renewable electricity by 2025 is highly achievable (currently >80% renewable)
- > Greatest green growth opportunity for New Zealand is reducing the 60% of NZ's primary energy that is being met by fossil fuels
- > "New Zealand is a world-class success story for renewables and has excellent opportunities for using even more renewable energy ... for the electrification of transport" – International Energy Agency 2017
 - > EV uptake boosted by business sustainability commitment – 30 leading NZ companies will shift 30% of their fleets to electric vehicles by 2019

ELECTRIC VEHICLES IN NEW ZEALAND



Source: Ministry of Business, Innovation & Employment





24 BUSINESS OVERVIEW

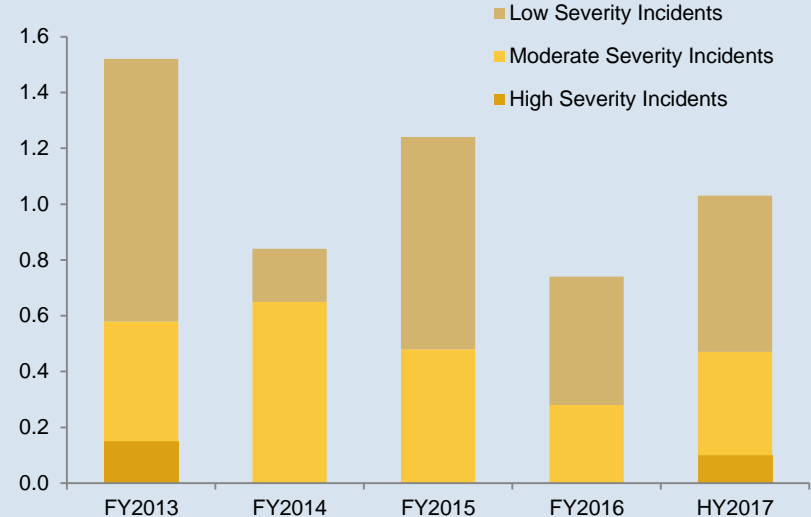


WELL-BEING & SAFETY

- > Zero harm is our well-being goal
- > One serious injury of an on-site contractor in HY2017 due to an office stair fall
- > No high or moderate severity incidents at any generation site in FY2017 to date
- > Focus on continuous improvement
 - > Commenced enterprise wide Process Safety programme, focussing on low probability high consequence events across all parts of the business
 - > Developed a new worksite risk assessment process to ensure any work that has a residual risk that is moderate or greater is signed off by an appropriate manager for transparency

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

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

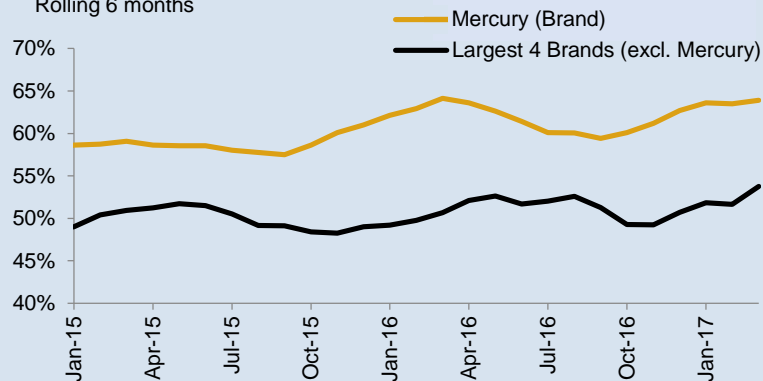


LEADING IN CUSTOMER LOYALTY

- > Rewarding loyalty leading to increased customer satisfaction and reduced churn
 - > 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
 - > 41% of Mercury brand² residential customers on fixed-price contracts
 - > Increasing depth of customer relationship through innovative propositions (e.g. Mercury Solar, EV fuel package and E-bike discounts)
- > Through FY2016 61% of Mercury brand¹ customers responded as highly satisfied² – the highest of the five large retailers

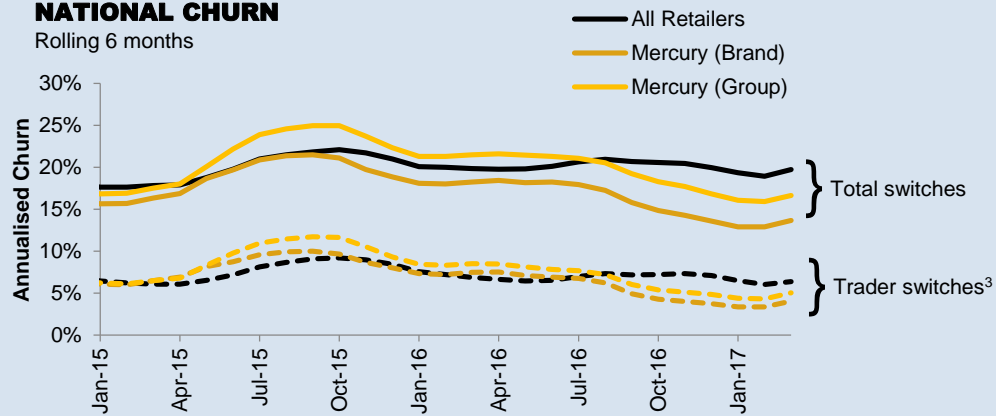
CUSTOMERS HIGHLY SATISFIED¹

Rolling 6 months



NATIONAL CHURN

Rolling 6 months



¹ Mercury Brand (excluding Bosco and GLOBUG)

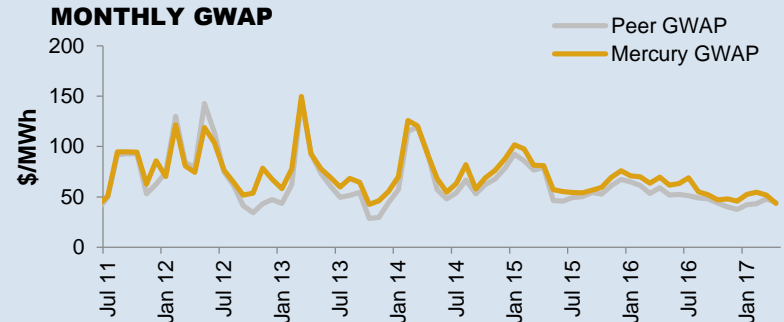
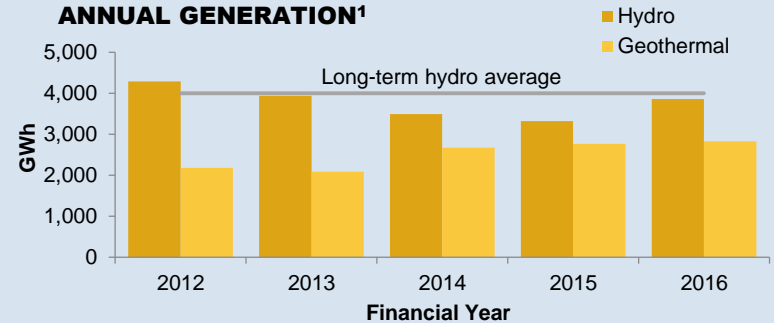
² Based on Mercury's monthly survey

³ A trader switch is where a customer changes retailer without changing house



COMPLEMENTARY GENERATION SOURCES

- > 100% renewable generation with two complementary low-cost fuel sources
 - > High up-front build cost, low operating cost
 - > Central North Island close to major load centres and not dependent on HVDC
 - > Generation Weighted Average Price (GWAP) favourable to peers reflecting the flexibility and location of assets
- > Flexible hydro generation (1057MW)
 - > Largest group of peaking stations in North Island
 - > Seasonal inflow patterns correlated with demand and inversely correlated to those of the major South Island hydro catchments²
 - > Built 1929 - 1970
- > Base-load geothermal generation
 - > Only renewable not dependent on weather
 - > Built 1997 - 2013



¹ A long term time-series of hydro generation can be found in the appendix (pg. 35)

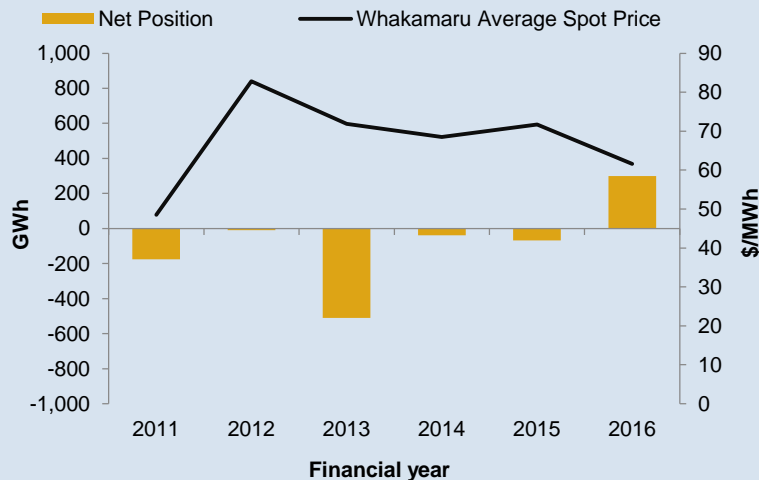
² Refer to slide 15 for further detail



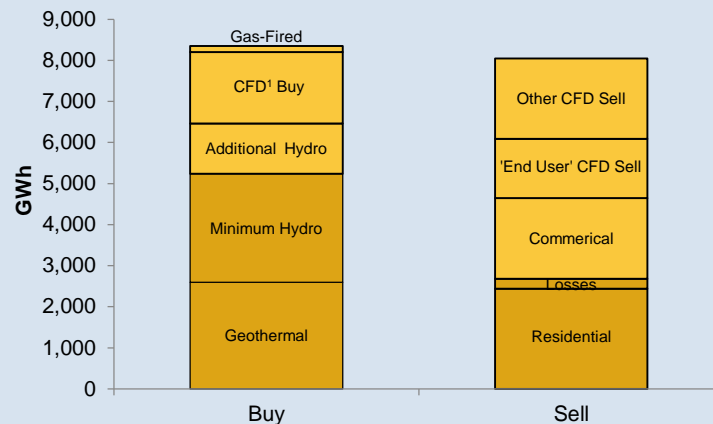
ACTIVE PORTFOLIO MANAGEMENT

- > Average net long (generation) position reflecting integrated portfolio and closure of gas-fired peaking plant
 - > Portfolio management is subject to robust risk management framework
 - > Movement in net position year-on-year due to hydrology, plant availability and value of sales

ANNUAL NET POSITION



FY2016 ANNUAL NET POSITION



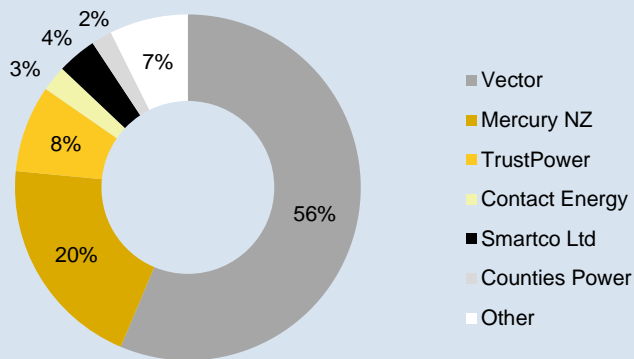
¹ Contract For Differences



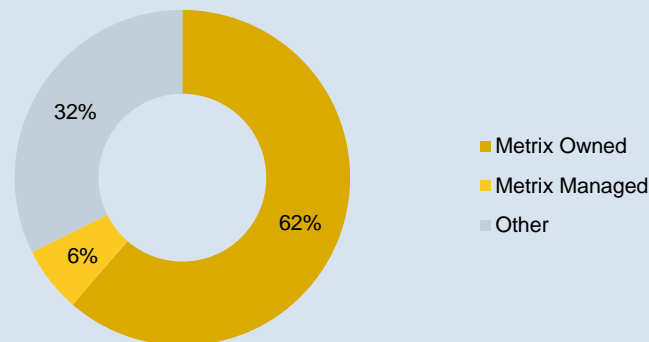
SMART METERING ENABLING INNOVATION FOR CUSTOMERS

- > Our metering division Metrix is the 2nd largest New Zealand meter data and services provider with 437k meters owned or under management¹
 - > Market consolidated and initial meter upgrade largely complete or contracted
- > 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)

NATIONAL MARKET SHARE³



GREATER AUCKLAND MARKET SHARE^{2,3}



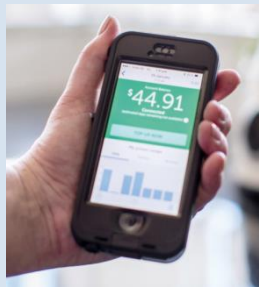
¹ 400k meters are owned by Metrix

² Includes Vector and Counties networks

³ At 31 March 2017



DELIVERING INNOVATION FOR CUSTOMERS



GLOBUG

New Zealand's leading pre-paid customer solution



GEM

An energy tracking and reporting tool that gives customers greater visibility of their household energy usage



MERCURY SOLAR

In-house solar and battery storage installation capability



ELECTRIC HIGHWAY

Launched with Plugshare, New Zealand's EV charging infrastructure in a single data location



E-BIKES

Partnering with bike retail stores to give Mercury customers e-Bike discounts to experience 'Energy Made Wonderful'



EVS

EV fuel offering with off-peak pricing for Mercury customers



OPPORTUNITIES FOR GROWTH

Market-wide growth

- > Supply and demand is more balanced with thermal rationalisation in FY2016 reducing excess supply
 - > Not currently obvious in wholesale and futures pricing due in part to above average national hydrology

Development and M&A

- > High quality generation development options available when new supply is required
 - > Consented wind generation of Turitea (up to 60 turbines) and Puketoi (up to 53 turbines)
 - > Options available to further develop brownfield geothermal resources
- > M&A considered if value accretive and strategically aligned with existing business



Representation of the consented (but not constructed) Puketoi wind farm



ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

- > Board and management committed to developing reporting on factors material to the business, its ultra-long term sustainability and prosperity
- > Core ESG factors make up what we recognise as the foundations of the business – well-being (of our people and customers) and kaitiakitanga (custodianship of our environment)
- > Assessing reporting process alignment to stakeholder expectations - changes made for FY16 Annual Report part of evolution in this area
- > Working to provide greater insight into how we:
 - > incorporate ESG factors into our strategy, governance and operations
 - > manage ESG risks and opportunities
- > Actively involved in national discussions on key environmental issues material to our business – water and CO₂ emissions
- > Further details on key social issues (safety, our people and remuneration) can be found in our recent Governance presentation¹



¹ Link to publication in appendix (pg. 46)

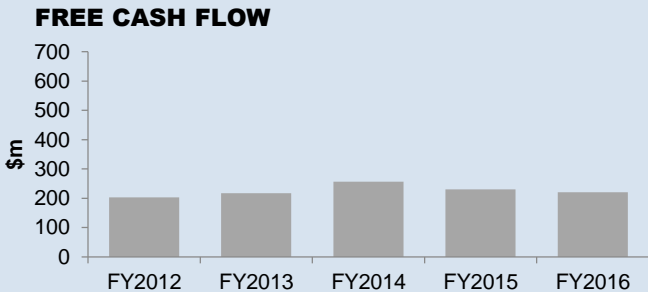
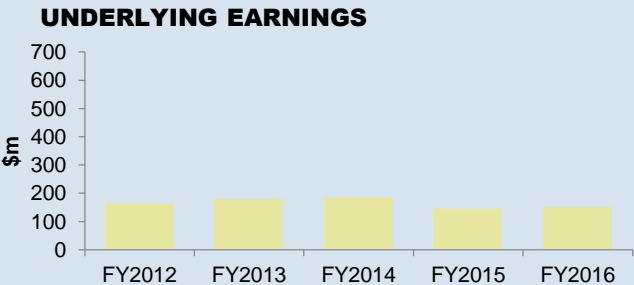
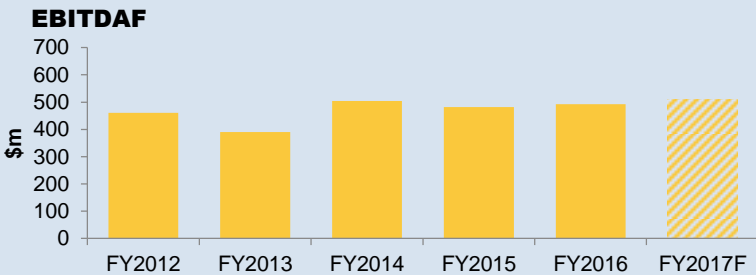
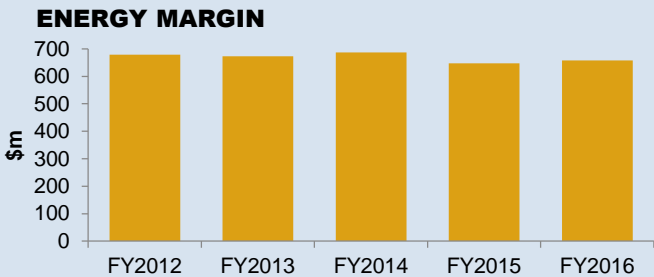




33 FINANCIAL OVERVIEW

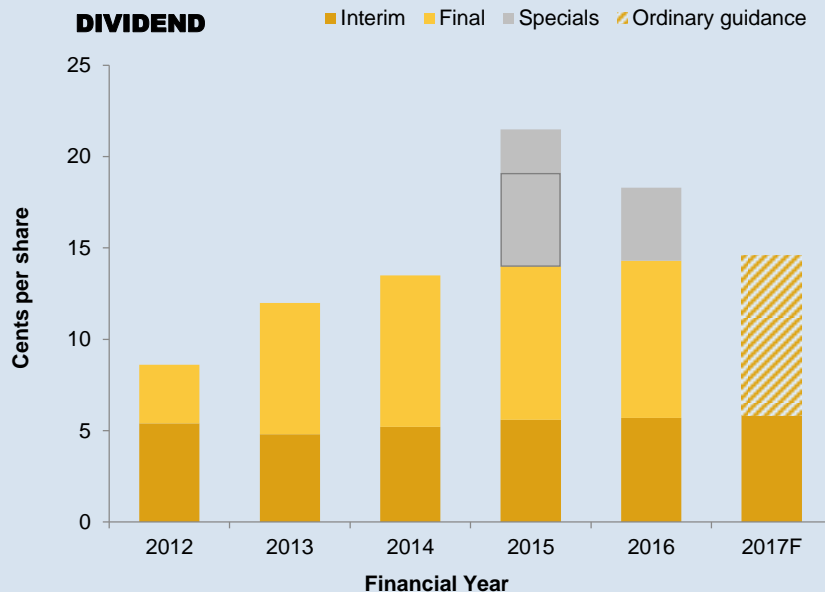


FINANCIAL TRACK RECORD



6TH YEAR OF ORDINARY DIVIDEND GROWTH

- > Mercury's dividend policy is to make distributions with a pay-out ratio of 70% to 85% of Free Cash Flow on average through time¹
 - > FY2017 ordinary dividend guidance is an increase of 2% to 14.6cps, the sixth year of consecutive ordinary dividend growth
- > Supplementary dividend paid to non-residents to reduce economic impact of Non-Resident Withholding Taxes²
- > Focus remains on appropriate capital management
 - > FY2016 non-imputed special dividend of 4.0cps increased total distributions to 100% of Free Cash Flow and distributed proceeds from land sales within FY2015 and FY2016



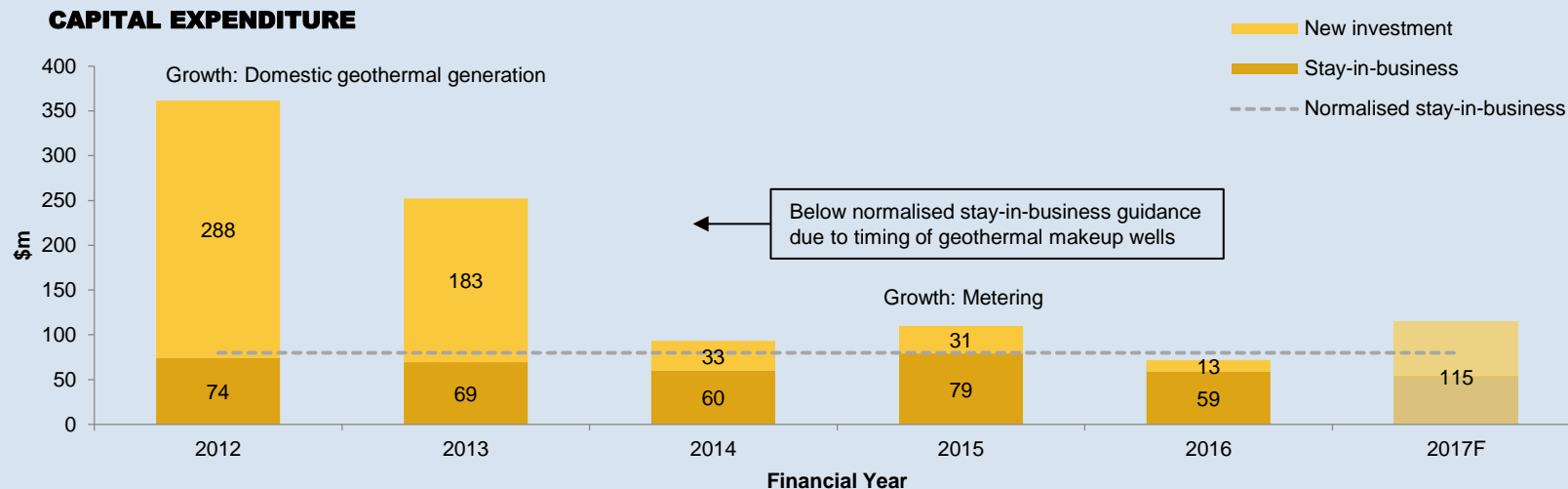
¹ With consideration given to working capital requirements, maintenance of a BBB+ credit rating, economic market and hydrological risks, and estimated financial performance

² Refer to appendix for more information (pg. 44)



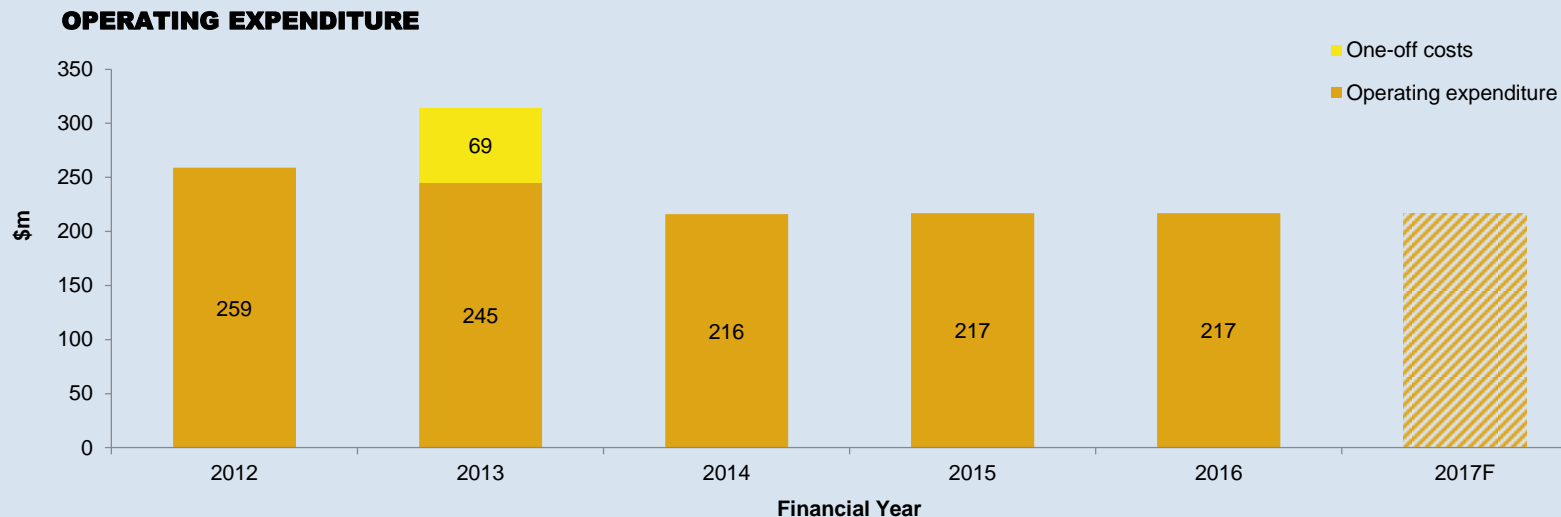
CAPITAL EXPENDITURE FOCUSSED ON CURRENT OPERATIONS

- > Stay-in-business capital expenditure has been circa \$80m per annum over the medium term
- > Minimal requirement for growth capital expenditure in the short term as generation development not yet required by market and domestic metering deployment largely complete



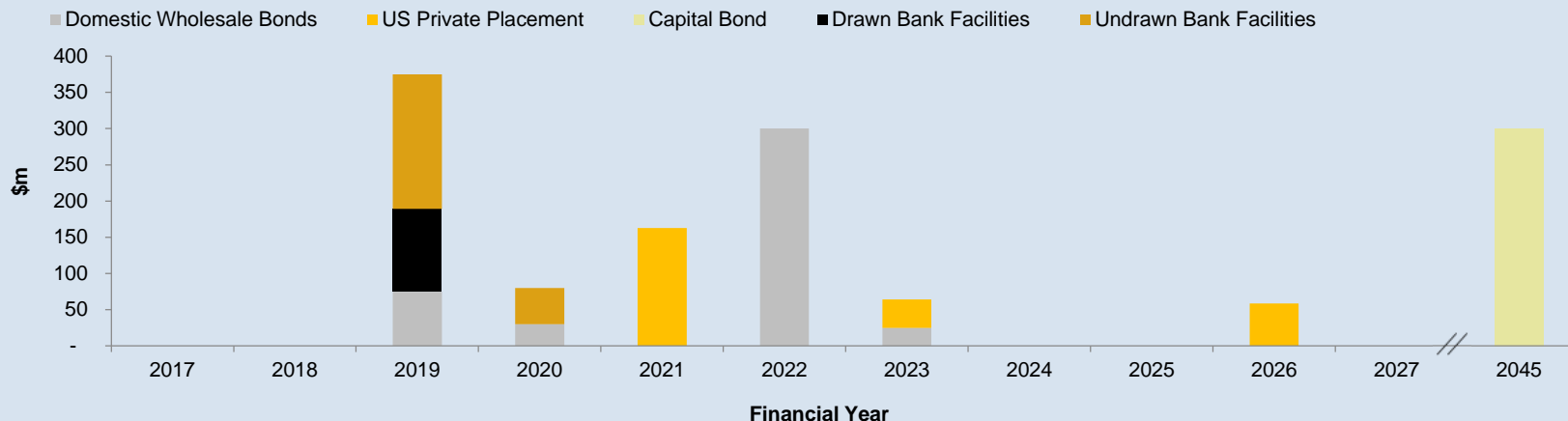
FLAT OPERATING EXPENSES

- > FY2017 operating costs guided to be comparable with FY2016 levels
- > Operating expenditure below 2010 levels, despite 2 new geothermal stations added



DIVERSIFIED FUNDING PROFILE

DEBT MATURITIES AS AT 30 APRIL 2017



- > The average debt maturity profile for committed facilities was 9 years at 30 April 2017
- > 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



STABLE CAPITAL STRUCTURE WITH CAPACITY FOR GROWTH

- > bbb stand alone rating is key reference point for dividend policy and a sustainable capital structure
 - > S&P re-affirmed Mercury's credit rating of BBB+/stable on 5 December 2016
 - > One-notch upgrade given majority Crown ownership
 - > Key ratio for stand alone S&P credit rating bbb requires Debt / EBITDAF between 2.0x and 3.0x
- > Capital management continues to be reviewed
 - > Debt/EBITDAF 2.0x at 30 June 2016
 - > Gearing will be maintained reflecting minimum 51% shareholding by the Government

	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





APPENDIX TO HOW NEW ZEALAND RANKS

1st Ease of Doing Business – out of 189 economies, World Bank 2017

3rd Index of Economic Freedom – out of 178 economies, The Heritage Foundation 2017

1st Prosperity Index – out of 142 economies, Legatum Institute 2016

1st Corruption Perception Index – 1st equal with Denmark out of 168 economies, Transparency International 2016.

13th Human Development Index – Out of 188 economies, United Nations 2015

12th Good Country Index – out of 163 economies, Simon Anholt 2016. The Good Country Index measures what each country contributes, beyond its own borders, adjusted for GDP.

17th Global Innovation Index – out of 141 economies, Cornell University, INSEAD and WIPO, 2016

Has the 35th Highest GDP Per Capita in the World (in purchasing power parity terms) – out of 190 economies, IMF World Economic Outlook April 2017

Is the 53rd Largest Economy in the World (GDP in USD) – out of 191 economies, IMF World Economic Outlook April 2017



MCY.NZ / MCY.AX

Key Facts

Shares on Issue: **1,377.4m**

Market Capitalisation: **\$4.44b¹**

Enterprise Value: **\$5.51b¹**

NZX ranking (by Market Capitalisation): **8th**

Avg. Daily NZX Volume (prior 12mths): **\$0.8m**

Avg. Daily NZX Turnover (prior 12mths): **\$2.5m**

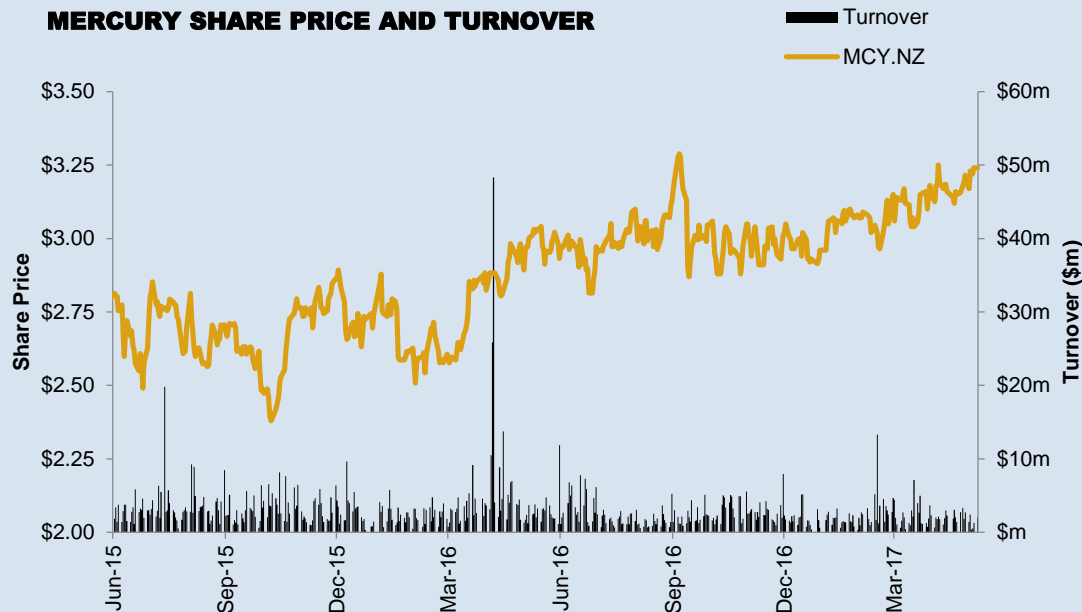
Cash Dividend Yield (prior 12mths): **5.7%¹**

Gross Dividend Yield (prior 12mths)²: **7.4%¹**

EV/EBITDA^F (FY2016): **11.2x**

PE ratio (FY2016): **27.7x¹**

MERCURY SHARE PRICE AND TURNOVER



¹ At 19 May 2017

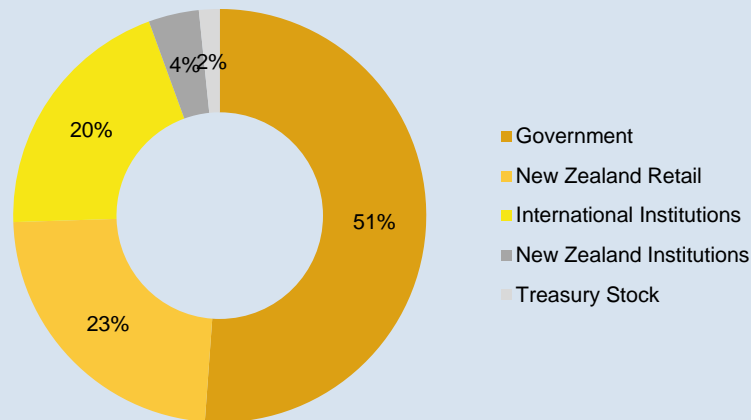
² Fully imputed for New Zealand residents to 28%



OWNERSHIP

- > Listed on NZX and ASX in May 2013
- > Approximately 90,000 shareholders (widest held New Zealand register)
- > Government majority ownership
 - > Public Finance Act and Company's constitution require at least 51% Crown ownership
 - > No other person may hold more than 10% of shares
- > Seven independent Directors
- > No direct government representation on Board

MERCURY SHARE REGISTER¹



¹ At April 2017



SUPPLEMENTARY DIVIDEND TO NON-RESIDENTS

- > Reduces or eliminate the economic impact of Non-Resident Withholding Taxes
- > For illustrative purposes see below worked example for a corporate investor. This should not be interpreted as tax advice

	NZ investor	Foreign investor	
		no Supplementary dividend	Supplementary dividend
Gross dividend	100.00	100.00	100.00
Imputation credits	(28.00)	(28.00)	(28.00)
Supplementary dividend	-	-	12.71
	72.00	72.00	84.71
Less: Corporation tax (@28%)	(28.00)	-	-
Add: Imputation credits	28.00	-	-
Less: Non-resident withholding tax (@15% of dividend where DTA ¹)	-	(10.80)	(12.71)
Cash dividend	72.00	61.20	72.00

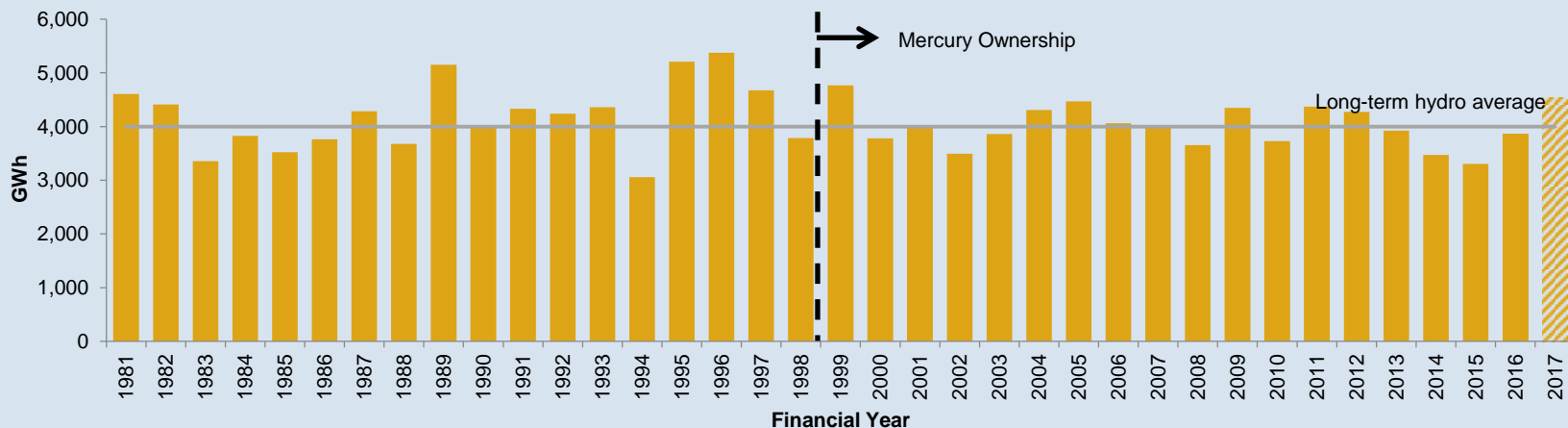
¹ Includes United Kingdom, Ireland, United States and Canada



WAIKATO HYDRO SYSTEM

- > A cascade river system with nine power stations along the Waikato River (New Zealand's longest river)
- > Supports average annual generation of 4,000GWh - since 1999 ranged from 3,300GWh to 4,800GWh
- > Maximum storage capacity of 580GWh in Lake Taupo (New Zealand's largest lake by area); minimum flow requirement 7.5GWh per day

WAIKATO HYDRO SYSTEM GENERATION



REFERENCE MATERIAL

MERCURY REFERENCES

Mercury Investor Centre	www.mercury.co.nz/Investor-Centre
Governance Presentation – December 2016	https://www.mercury.co.nz/Investors/Results-Reports/Presentations.aspx
FY2017 Interim Results Presentation – February 2017	
FY2016 Results Presentation – August 2016	

INDUSTRY REFERENCES

Electricity Authority website	www.ea.govt.nz
System Operator website	www.systemoperator.co.nz
Wholesale electricity spot prices	www.em6live.co.nz
Electricity futures prices	www.asx.com.au/products/energy-derivatives/new-zealand-electricity.htm

INDUSTRY PUBLICATIONS

Energy Policies of IEA Countries – New Zealand 2017 Review	https://www.iea.org/publications/freepublications/publication/energy-policies-of-iea-countries---new-zealand-2017-review.html
Ministry of Business, Innovation and Employment – Energy in New Zealand	www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/publications/energy-in-new-zealand
Electricity Authority - Electricity in New Zealand	www.ea.govt.nz/about-us/media-and-publications/electricity-nz





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