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NEWS RELEASE

Mercury NZ Limited – 2020 Annual Shareholders' Meeting

24 September 2020 – The attached presentations will be given at Mercury NZ Limited's Annual Shareholders' Meeting starting at 10:00am today which will be held as a virtual meeting. The virtual meeting can be accessed through the web platform web.lumiagm.com or the Lumi AGM App which can be downloaded from the App Store or Google Play for free.

- 2020 Annual Shareholders' Meeting – Chair and Chief Executive Address
- 2020 Annual Shareholders' Meeting – Presentation

ENDS

Howard Thomas
General Counsel and Company Secretary
Mercury NZ Limited

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ABOUT MERCURY NZ LIMITED

Mercury's mission is energy freedom. Our purpose is to inspire New Zealanders to enjoy energy in more wonderful ways and our goal is to be New Zealand's leading energy brand. We focus on our customers, our people, our partners and our country; maintain a long-term view of sustainability; and promote wonderful choices. Mercury is energy made wonderful. Visit us at: www.mercury.co.nz



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Mercury – 2020 Annual Shareholders' Meeting

Where: VIRTUAL MEETING

When: 10.00am, 24 September 2020

ADDRESS BY CHAIR PRUE FLACKS

Kia ora koutou katoa.

Haere mai ki tenei hui motuhake.

Good morning ladies and gentlemen and thank you for joining us.

My name is Prue Flacks and I am Chair of Mercury NZ Limited.

On behalf of your directors, the Chief Executive, our leadership team and all of our people at Mercury, I extend a very warm welcome to those of you who have been able to join us, online.

I am pleased to confirm that we have a quorum represented here today and therefore declare 'open' the 2020 Annual Shareholders' Meeting of Mercury NZ Limited.

You have received instructions on asking questions of us during this virtual meeting, and also on how to cast votes.

I now declare voting open on all items of business. The polling icon will soon appear, please submit your votes at any time. I will give you notice before I move to close voting.

[SLIDE 7: AGENDA]

Outlining our agenda for today...

I'll first introduce you briefly to the Board.

I will reflect on the past year, before summarising our capital structure, dividends, total shareholder returns, and also update you on earnings guidance.

I'll then hand you over to our Chief Executive, Vince Hawksworth.

As I noted in our Annual Report, your Board was extremely pleased to announce, at the end of 2019, that Vince would join Mercury following Fraser Whineray's move to Fonterra.

Vince joined us at the end of March, in the midst of New Zealand's first lockdown prompted by the COVID-19 pandemic.

Although this was a challenging time to step into the role, Vince's skills and deep experience in the industry have ensured a smooth transition and strong leadership through this period.

In this context I would also like to acknowledge the contribution of William Meek, our CFO, who stepped in as acting Chief Executive between Fraser's departure and Vince's arrival, a period which obviously covered the initial stages of lockdown.

Vince will update you on our business initiatives and the operating environment, where Mercury's integrated approach to creating sustainable value intersects with critically important long-term national outcomes.



In terms of formal business, we have four resolutions to put to the meeting – these are resolutions for the election of one Board member, Hannah Hamling, who joined us earlier this year; and for the re-election of three other directors who retire by rotation and are eligible and available for re-election.

I will outline the process for discussion and voting on the resolutions at that point in the agenda.

After the resolutions are presented and voting is closed, we will take questions from you on our financial and operational performance or other questions relating to the company.

Now for the introductions:

[SLIDE 8: YOUR BOARD]

All of your Board are present for this meeting. Those of us who can be, are here at our office in Auckland.

As I mention them, hopefully you can see them, and I invite them to say hello to you all.

Around the table, we have:

- Mike Taitoko, who joined the Board in 2015.
- Hannah Hamling, who joined us during the year to fill the vacancy presented by Joan Withers' retirement from the Board.
- Scott St John, who joined Mercury's Board in 2017 and who chairs our People and Performance Committee.
- Patrick Strange, who joined the Board in 2014.
- James Miller, who joined in 2012.



- Keith Smith, who chairs our Risk Assurance and Audit Committee and joined as a director in May 2009.
- And Andy Lark, who joined the Board in 2014, and who joins us from Sydney.

I encourage you to familiarise yourselves with your directors' professional experience and skills, which are outlined in our Annual Report's corporate governance section and on Mercury's website.

I note that Anna Lissaman, who sat with the Board and contributed strongly as part of the Future Directors programme, finished her 18-months with us at the end of December 2019.

We are progressing our consideration of another appointment as part of that very worthy programme, which aims to build a pipeline of talent for governance roles in New Zealand businesses.

We are joined in Auckland by:

- Chief Executive, Vince Hawksworth.
- Chief Financial Officer, William Meek, and
- our Company Secretary, Howard Thomas, from whom you have already heard.

Also present are representatives of our auditors, Ernst & Young, representatives of our legal advisors, Chapman Tripp and all members of Mercury's Executive Team.

[SLIDE 9: FY2020 - IN REVIEW]

Moving now to the year in review.

As outlined in our Annual Report, and as reflected in our returns to shareholders, Mercury performed strongly in FY20, despite very testing circumstances.



From last September we faced what became drought conditions across the Waikato catchment. These conditions directly impacted hydro generation which was approximately 300 Giga Watt hours down against our long-term average.

Careful management of Lake Taupo's storage levels, and prudent hedging, helped lessen the financial impact of the extremely low inflows.

Geothermal production was only modestly down on the prior year's record generation. This was a good result as we managed a robust programme of scheduled maintenance activity through the year.

Like everyone, we also had to respond to the COVID-19 pandemic.

I acknowledge that the impacts so far on Mercury have been modest compared to many businesses, as we continued operating as an essential service – or life-line utility – during the initial lockdown.

However, we are part of an environment in which we are all connected in different ways to the significant disruption caused by COVID-19.

Vince will talk more about operational elements of this in his update.

From a governance perspective, the unprecedented events created by the pandemic have accelerated the transition to digital ways of working, both within the Board and with management.

During the first lockdown, and subsequently, the governance of the business continued seamlessly using digital platforms and other technology.



As uncertainties related to the pandemic continue, our focus is on supporting Vince and his management team to support our customers, and keep our people safe, and continuing with the great work they do to deliver on our strategy.

I'll talk a little more about this shortly, and this will be an ongoing area of attention for your Board through FY21 and possibly beyond.

[SLIDE 10: FY2020 FINANCIAL OVERVIEW]

Moving to our financial results, Mercury's operating earnings – or EBITDAF – of \$494 million was a strong result, given FY20 was the first full year without earnings from the Metrix smart metering business, which was sold in FY19.

Capital expenditure of \$279 million during FY20 represented a high level of activity across our generation assets and technology platforms, all part of ensuring the core of our business is strong.

A significant component of this increased capital expenditure relates to \$184 million we had spent up to the end of June 2020 towards the Turitea wind farm construction programme. This wind farm, which will be New Zealand's largest, contributes to the growth trajectory that underpins our approach to shareholder dividend increases.

While on the subject of wind energy, I will note that our investment in Tilt Renewables Ltd has enabled us, as intended, to participate in renewable energy growth opportunities in Australia as well as growth in New Zealand.

Mercury held its operating costs broadly flat for the seventh year in a row, after normalising for changes to International Financial Reporting Standards and the sale of Metrix.

This continues to evidence Mercury's disciplined and focussed approach to its core activities.



Elevated spot prices during FY20 put pressure on margins, which remained challenged across all segments.

Our focus on customer value and loyalty, as opposed to customer numbers, saw decreases in customer acquisitions and in customer losses. Overall, customer numbers reduced from FY19 to FY20.

Reflecting this strategy, however, average mass market yields increased 3.2% over the prior period.

Market repricing across the commercial and industrial segment saw average C&I yields increase by 8.8% during the financial year.

Our profit in FY20 was lower than last year's record which benefitted by \$177 million from the sale of Metrix. Normalising for this gain on sale, however, net profit after tax for FY20 was up \$27 million.

In our reporting we refer to underlying earnings, which enables an assessment and comparison of earnings after removing one-off and/or infrequently occurring events, impairments and changes in the fair value of derivative financial instruments.

Underlying earnings after tax increased by \$3 million for the financial year, reflecting continued focus on careful portfolio management, customer value and a disciplined approach to costs.

[SLIDE 11: CAPITAL STRUCTURE, DIVIDENDS and SHAREHOLDER RETURNS]

Mercury's gearing level of 2-times debt to EBITDAF was up marginally on the previous year due to the capital expenditure in relation to construction of the Turitea wind farm. The gearing ratio remained at the strong end of our target credit range which supports our S&P Global credit rating of triple-B-plus.



Your Board was pleased to announce, with our Annual Results, a final ordinary dividend of 9.4 cents per share, fully imputed. This lifted our total FY20 ordinary dividend to 15.8 cents per share, making FY20 the 12th year of ordinary dividend increases.

Our total shareholder return during FY20, which includes changes in share price plus dividends paid during the year, was 4.5%.

Since the end of the 2020 financial year, there have been some occurrences to highlight, and which are also noted on page 69 of our Annual Report.

[SLIDE 12: POST FINANCIAL YEAR-END]

On the 9th of July New Zealand Aluminium Smelters announced its intention to wind down its operations at Tiwai Point, which it expects to complete in August 2021.

The smelter accounts for around 13% of New Zealand's electricity consumption and, if it closes, it is likely to have a material impact on the country's electricity demand/supply balance and wholesale electricity prices.

Vince will talk more about Tiwai shortly.

At the end of August, Mercury announced an offer to institutional and retail investors of 7-year unsecured, unsubordinated fixed rate green bonds.

The offer closed on the 4th of September, and 200 million dollars of green bonds was allocated to the participants (or their clients) in the bookbuild process. This includes oversubscriptions of 50 million dollars.



This is a great milestone for the company. It has been enabled by our heritage in renewable energy. And it supports our renewable energy growth strategy and Mercury's mission of Energy Freedom.

The proceeds of the green bonds are intended to finance or refinance new or existing projects that have been identified by Mercury as "Eligible Projects". For us that means primarily to finance the construction of the Turitea wind farm.

I would now like to comment briefly on two areas which have been and will continue to be important to us from a governance perspective.

First, Covid-19.

[SLIDE 13: COVID-19 RESPONSE]

For our business, as for everyone, the response to the pandemic has made this a particularly challenging year. Mercury has an important role as part of the energy sector to ensure that the economy can function. The business maintained a joint focus on supporting our customers and keeping our people safe to continue the operation and maintenance of our assets to ensure security of supply.

We swiftly became aware that some customers were particularly vulnerable at this time and significant effort was made to deal sensitively with them. Processes were implemented to support our customers, specifically those who choose GLOBUG, our pre-pay product that allows customers to manage their energy costs in real time by topping up their account as required.

Initially energy management, which can, in certain circumstances, involve halting power supply to manage the build-up of debt, was paused. We consulted with community groups and budgeting advisors and with their input made a number of changes.



For our pre-pay GLOBUG customers, we increased communications and checks on customers' wellbeing, eliminated top up fees and reduced minimum top up amounts.

The majority of our residential customers are on post-pay with monthly bills. For those who identified that they were facing new financial pressures, we put in place extended payment arrangements.

We have been working closely with our business customers, discussing flexible payment terms where possible. This included supporting the S-O-S Business initiative that helped participating businesses access cashflow when trading was halted due to pandemic restrictions.

We will continue to remain sensitive and responsive to customers' needs.

I would also like to acknowledge the resilience shown by Mercury employees during the pandemic.

During the lockdowns the majority of our people worked from their homes and adapted to new ways to remain connected and productive.

In addition, key essential staff were supported to continue to carry out their roles on our sites safely.

The Board's approach to remuneration outcomes for FY20, and to setting remuneration for FY21, has been to balance the need to be fair to, and maintain the goodwill of, our people in the context of the overall economic and social environment.

A decision was made by the Board to not review remuneration for any Mercury employee earning a base salary of \$100,000 or more in 2020. This includes all executives.

Directors' fees remain unchanged from their last review in 2015. You can read more in the Remuneration Report starting on page 79 of the Annual Report.



I'd also like to talk about climate change.

[SLIDE 14: CLIMATE CHANGE]

Climate change has been identified as a material issue for Mercury and is a focus area for our business.

We acknowledge that Mercury has a kaitiakitanga, or guardianship, role to play in helping New Zealand reduce its greenhouse gas emissions, while we take responsibility for our own climate change impacts as a business.

Our Annual Report this year describes how we are preparing for climate change and reporting against a framework produced by the Task Force on Climate-related Financial Disclosures.

The Annual Report goes into more detail on this on page 35. This year Mercury produced a specific Climate Change Management Plan, and the five-point strategy is available to be read on the Mercury website.

Hannah Hamling, who was appointed to your Board this year and is to be considered for election later in this meeting, brings strong environmental science credentials and experience in water management issues, to support our Board in this area of growing importance.

I will conclude my overview by sharing your Board's financial guidance for the 2021 financial year.

[SLIDE 15: FY2021 GUIDANCE]

Mercury's earnings – or EBITDAF – guidance for FY21 has been revised as of this morning, due to continued dry weather in the Taupo catchment.

An update has been provided to shareholders via the N-Z-X and A-S-X where we note we have lowered guidance from 515-million dollars to 505-million dollars for FY21.



This is to reflect an expected 200 Giga Watt hour decrease in full year hydro generation to 3,700 Giga Watt hours, related to the dry conditions that have been experienced.

Mercury will continue to provide updates of its mid-point estimate of full-year hydro generation with its quarterly operating statistics.

Our stay-in-business capital expenditure guidance is \$80 million.

FY21 ordinary dividend guidance is unchanged at 17 cents per share, fully imputed. This represents a 7.6% increase on FY20, and it will be the 13th consecutive year of ordinary dividend increases.

This guidance is subject to any material events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions.

Guiding our approach to maintaining incremental dividend increases, we recognise that we have a large register of retail shareholders who appreciate our efforts to sustain dividend increases in a low interest rate environment.

And this has been enabled by a robust and consistent strategy that has guided decisions made over time to ensure a strong platform for delivering what we say we will do.

I will now hand over to our Chief Executive, Vince Hawksworth.

ADDRESS BY CHIEF EXECUTIVE: VINCE HAWKSWORTH

[SLIDE 16 – CHIEF EXECUTIVE'S ADDRESS]

Kia ora tatou katoa

Thank you Chair



[SLIDE 17 – CHIEF EXECUTIVE VINCE HAWKSWORTH]

Firstly, I would like to add my welcome to shareholders, this is my first ASM as Chief Executive. I commenced the role in late March at the start of alert level 4 lockdown, it has been an unusual way to enter the business. It is disappointing for me that I am unable to meet shareholders in person, however as in everything we do Health and Safety is job number 1.

I would also acknowledge our executive team and all our Mercury team who have enabled a seamless transition as I joined the company.

In my opinion your company is in good hands and has excellent prospects.

[SLIDE 18 – UPDATE]

In this presentation I will address the macro context for the Mercury business.

I will discuss the market outlook, our aspirations for the Waikato River catchment, our wind investments, the customer business, our key activities and our focus on performance. Finally, I will share our unique competitive advantage.

[SLIDE 19 – OUR DIRECTION]

Our mission of Energy Freedom remains relevant and the 5 pillars of our business model are important: they create balance in the way we approach everything we do.

The pillars of Customer, People, Kaitiakitanga, Partnerships and Commercial provided a framework for decision-making, this framework came to life as we responded to COVID-19 and will help us navigate an uncertain future.

I now turn to the world around us



[SLIDE 20 – NEED TO TARGET EMISSIONS IN TRANSPORT AND PROCESS HEAT]

The transition to a low emissions economy remains a huge opportunity for New Zealand. The challenge is to develop a pathway to the 2050 net carbon neutral goal at the lowest economic cost of abatement. It is our view that the largest opportunities for New Zealand to de-carbonise are:

- electrification of transport with 5 times the emissions of electricity
- conversion of industrial process heat with 2 times the emissions of electricity; and
- electrification of hospital and school boilers.

[SLIDE 21 – NEW ZEALAND’S COMPETITIVE ADVANTAGE IN ELECTRICITY]

In New Zealand the Trilemma of sustainable, reliable and affordable energy is within reach. The electricity and carbon market price signals are leading to significant efficient investment. Our Turitea wind farm being one of the 2 new wind farm projects in New Zealand. Turitea will produce 2% of New Zealand demand.

We should not confuse carbon emissions reduction with a 100% renewable electricity target. Both the Productivity Commission and Interim Climate Change Committee pointed out that such a target is prohibitively expensive, and that decarbonisation of the energy system is a better goal.

In recent weeks, the possibility of a large pumped storage scheme at Lake Onslow has been suggested to manage dry year risks of transition. We welcome the robust investigation of such alternatives.

However, it is critical that the scope of any investigation focuses on the best economic options to manage the transition to a higher percentage of renewable generation that facilitates decarbonisation.



Two of our current challenges are the fallout from COVID-19 and the uncertainty around the Tiwai Point aluminium smelter.

[SLIDE 22 – COVID-19 RESPONSE AND IMPLICATIONS]

In dealing with the impact of COVID-19, our people ensured that the assets operated, “keeping the lights on” and that our customers were supported.

However, alert level 4 lockdown did mean that Turitea construction was put on hold. I will discuss this further shortly.

We observed a 14% decrease in demand through lockdown that recovered subsequently, however there remains uncertainty about the medium-term future of industrial load and electricity demand more generally.

Like so many businesses, COVID-19 has caused us to think about our resilience to ‘unexpected’ events. It has caused us to look internally at the opportunity to be more efficient, more resilient and create a step change in performance. Our team is focused on increasing shareholder value, staff engagement and company resilience.

[SLIDE 23 – TIWAI POINT CLOSURE IMPLICATIONS]

Turning to the Tiwai Point aluminium smelter, our working assumption is that the smelter will close by 31 August 2021.

We are aware of reports of a possible extension to this date and current forward electricity futures prices appear to reflect this.

We note that a closure will likely cause retirement of some thermal generation and will mean hydro generation will be trapped in the lower South Island. To alleviate this, significant investment is



proposed in transmission upgrades over the next 5 to 8 years. It will be important this investment is subject to a robust business case.

[SLIDE 24 – MARKET OUTLOOK REVISED]

In our view the market outlook will be impacted by headwinds – demand growth constrained by economic activity, the exit of Tiwai and potential for further de-industrialisation – leading to market uncertainty and volatility.

Mercury is well-placed in these circumstances, your company produces 100% renewable generation and the assets are entirely North Island-based, close to major customer demand centres and largely unconstrained by the transmission system.

Mercury is well positioned for future growth. I will now update shareholders on some of our key activities.

[SLIDES 25 – TURITEA WIND FARM]

The 222MW Turitea wind farm being constructed by Vestas under a fixed price contract for Mercury has suffered some delays due to both COVID-19 and contractor delivery challenges across design and construction. However physical erection of turbines has begun and we look forward to commissioning the northern 33 turbines in mid-2021 and the southern 27 turbines in late-2021.

The image you see on this slide is of a turbine base having been erected.

We will now play a video that gives you a sense of the scale of the turbine blades.

[SLIDE 26 – VIDEO: BLADE TRANSPORT]

[SLIDE 27 – TILT RENEWABLES INVESTMENT]



Our investment in Tilt Renewables provides an important exposure to the Australian transition to a low carbon energy sector.

Whilst the investment performance has been impressive, importantly the growth prospects are also positive as Australia currently has only 20% of its electricity produced by renewable sources.

Tilt Renewables has a good pipeline of projects and the capability to manage the risks associated with the Australian market.

[SLIDE 28: WAIKATO RIVER – OUR ASPIRATION]

A critical part of our business is the relationship with the Waikato River and all of the stakeholders associated with the river.

By listening to our iwi partners, we have learnt that the Awa is a sacred Tupuna (ancestor) and living Taonga (treasure) that we have a duty to nurture its health and wellbeing.

Our aspiration is that all interested parties are able to regard the Waikato as the world's best catchment.

[SLIDE 29 - GROWING CUSTOMER VALUE]

Mercury has a powerful retail brand and it is well recognised. The current Kiss Oil Goodbye advertising campaign resonates with customers and the message is consistent with our view that transport electrification is the best form of emissions reduction.

Our challenge is to convert the brand story to increased customer loyalty and acquisition.

We have a number of ideas in test and are committed to improving our customer experience, creating value for shareholders.



[SLIDE 30 – MERCURY'S COMPETITIVE ADVANTAGE]

In conclusion we are aware of the challenges facing New Zealand and the energy sector in the post-COVID-19 world.

We are resilient and the combination of quality assets, located close to demand, our focus on strong partnerships and customer engagement give us a strong competitive platform.

It is our people who are passionately aligned to our mission that give me confidence about our ability to execute.

Thank you for your attention.

Nga mihi nui.

I will now hand back to the Chair.





MERCURY NZ LTD ANNUAL SHAREHOLDERS' MEETING.

24 SEPTEMBER 2020

PRUE FLACKS
Chair

VINCE HAWKSWORTH
Chief Executive



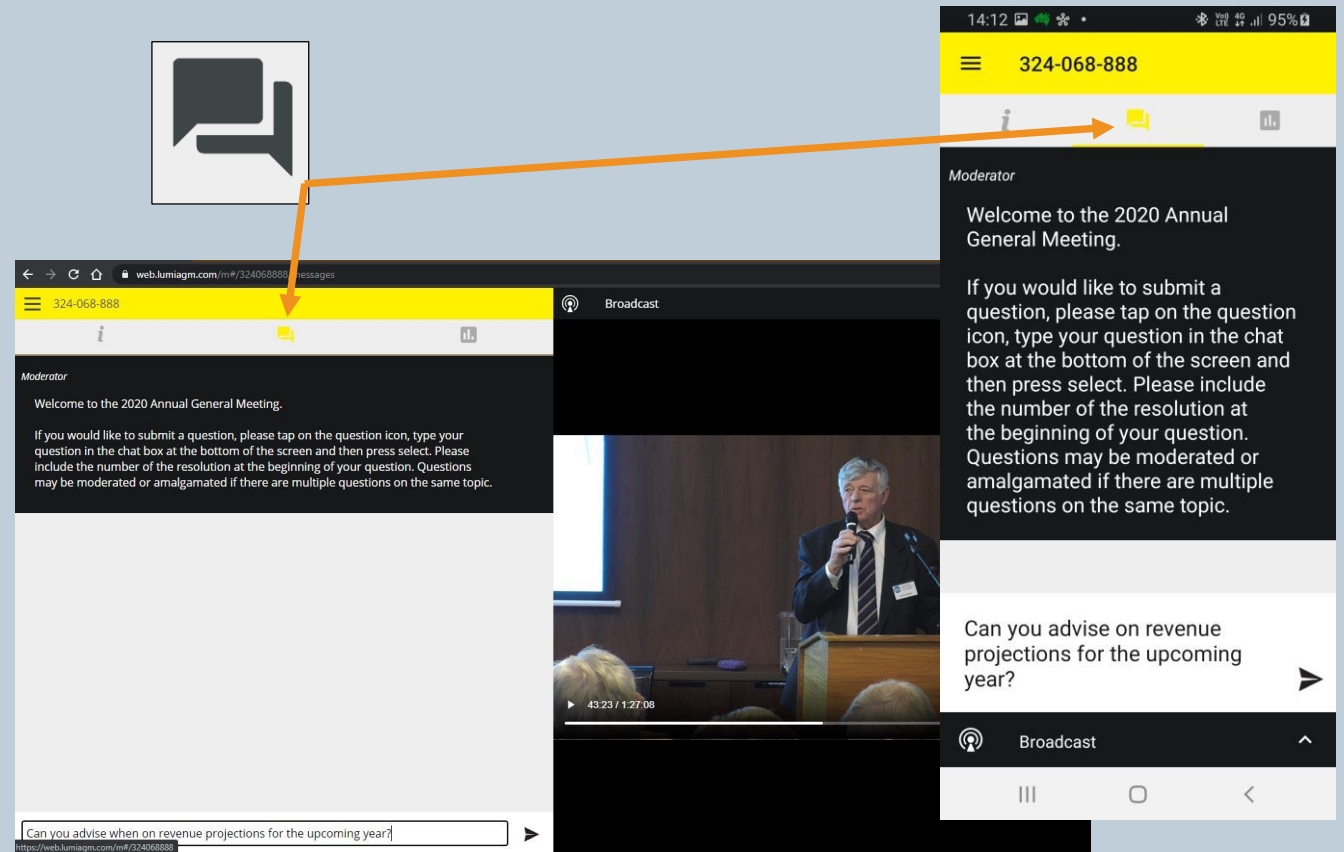
VOTING AND QUESTIONS.

- > Voting and questions can be submitted at any time from the start of this meeting
- > Questions received via the online platform will be relayed to the Chair via a facilitator during the time set aside for questions towards the end of the meeting
- > Questions must be relevant to proceedings, and we ask that they be succinct and clear
- > Should we be unable to address all questions due to time constraints, we will provide answers to remaining questions on our website



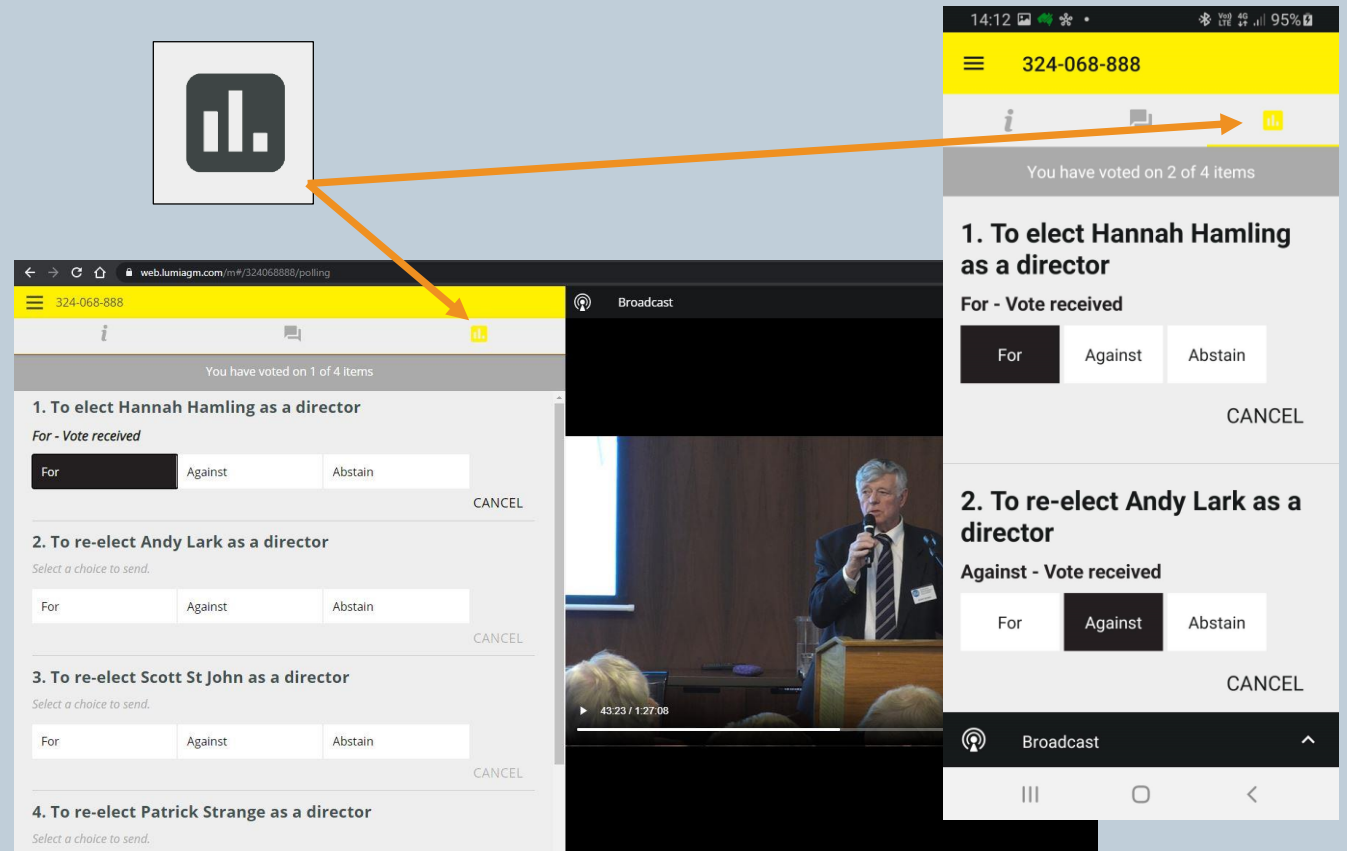
ONLINE ATTENDEES – QUESTION PROCESS

- > When the Question function is available, the Q&A icon will appear at the top of the app.
- > To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow
- > Your question will be sent immediately for review



ONLINE ATTENDEES – VOTING PROCESS

- > When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen
- > To vote simply select the option you wish to send. The selected option will change colour



CHAIR'S ADDRESS.

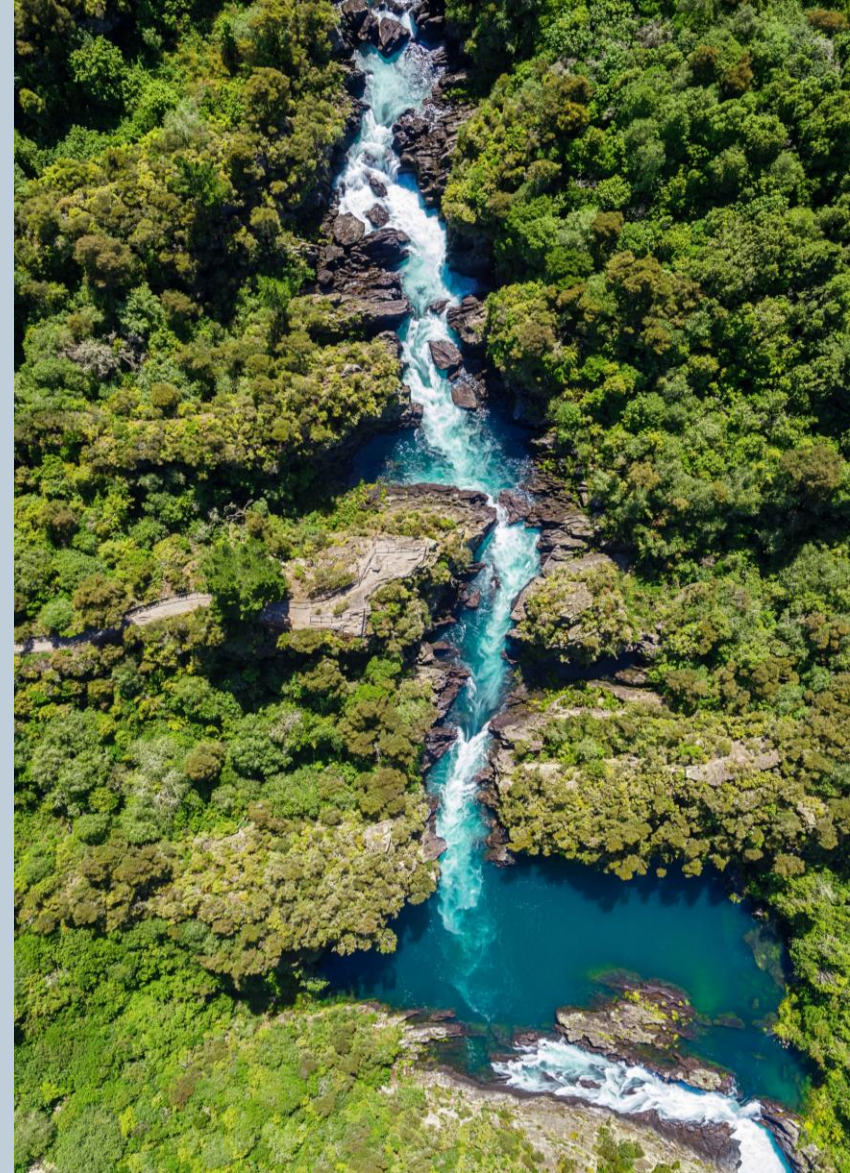
AGENDA.

- > Chair's address
- > Chief Executive's address
- > Resolutions and completion of voting
- > Other business and questions

YOUR BOARD.

FY2020 – IN REVIEW.

- > Strong performance in testing circumstances
 - > Drought conditions in Waikato catchment
 - > Careful lake management and prudent hedging lessened financial impact
 - > Ongoing maintenance programme well managed through disruptions
 - > COVID-19 response
 - > Smooth transition to more digital ways of working
 - > Focus on people, customers and resilience



FY2020 FINANCIAL OVERVIEW.

\$494M EBITDAF

Reflecting lower generation on and Metrix sale; strong underlying portfolio performance across generation and customer markets

CAPITAL EXPENDITURE

Representing high level of activity across generation assets and technology platforms, ensuring strength of core business

OPERATING COSTS

Held broadly flat for seventh year in a row reflecting disciplined and focussed approach to core activities

CUSTOMER VALUE

Reduced acquisition activity with Mercury's focus on rewarding loyalty and customer value leading to increase in sales portfolio yields

NET-PROFIT \$207M

Lower than FY2019 record, which benefitted from sale of Metrix

UNDERLYING EARNINGS UP \$3M

Reflecting focus on portfolio management, customer value and disciplined approach to costs

¹ For 12-month periods ended 30 June since 1999

CAPITAL STRUCTURE, DIVIDENDS AND SHAREHOLDER RETURNS.

- > Gearing level = 2x debt to EBITDAF
- > S&P GLOBAL credit rating of BBB+
- > Final ordinary dividend of 9.4 cents per share
- > Total FY2020 ordinary dividend 15.8 cents per share
- > FY2020 Total shareholder return 4.5%



POST FINANCIAL YEAR-END.

- > Tiwai smelter closure
- > Green Bonds
 - > Milestone offer of 7-year unsecured unsubordinated fixed rate Green Bonds
 - > \$200 million Green Bonds issued 14 September
 - > Proceeds intended to finance or refinance new or existing projects identified as “Eligible Projects”



COVID-19 RESPONSE.

- > Joint focus on:
 - > People safety to support operation of assets and security of supply
 - > Supporting our customers
- > Customer actions included:
 - > Vulnerable customer initiatives enhanced – including flexible payment options
 - > Small businesses supported
- > Board decisions:
 - > Upper levels of remuneration held flat
 - > Directors' fees unchanged from last review in 2015



CLIMATE CHANGE.

- > Material issue for Mercury
- > Acknowledged role to play in:
 - > Helping New Zealand reduce greenhouse gas emissions
 - > Managing own climate change impacts
- > Annual Report describes how we are preparing for climate change
- > Climate Change Management Plan established



FY2021 GUIDANCE

- > FY2021 earnings guidance revised to \$505m
 - > On 3,700GWh of hydro generation
 - > Subject to hydrological volatility, wholesale market conditions and any material adverse events, significant one-off expenses or other unforeseeable circumstances
- > FY2021 stay-in-business capital expenditure guidance of \$80m
- > FY2021 ordinary dividend guidance 17.0cps (up 7.6% on FY2020)
 - > 13th consecutive year of ordinary dividend increases



CHIEF EXECUTIVE'S ADDRESS.

CHIEF EXECUTIVE VINCE HAWKSWORTH.

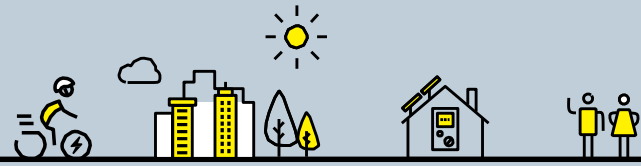
- > Started 30 March, during COVID-19 lockdown
- > Former CEO of Hydro Tasmania and Trustpower
- > CEO of Trustpower for nine years, led development of wind generation at Trustpower, culminating in demerger of Tilt Renewables
- > Highly experienced in the energy sector in New Zealand and Australia covering both generation and retail



UPDATE.

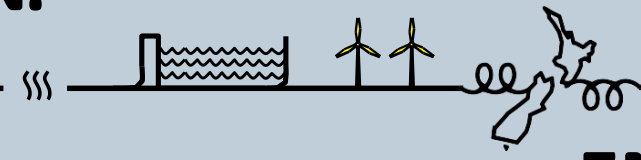
- > The World Around Us - macro context for the Mercury business
 - > De-carbonisation path for New Zealand
 - > Tiwai smelter closure
 - > COVID-19 response and implications
- > Key activities
 - > Turitea Wind Farm
 - > World's Best Catchment aspirations
 - > Tilt Renewables investment
 - > Customer expectations
- > Our competitive advantage

OUR
PURPOSE



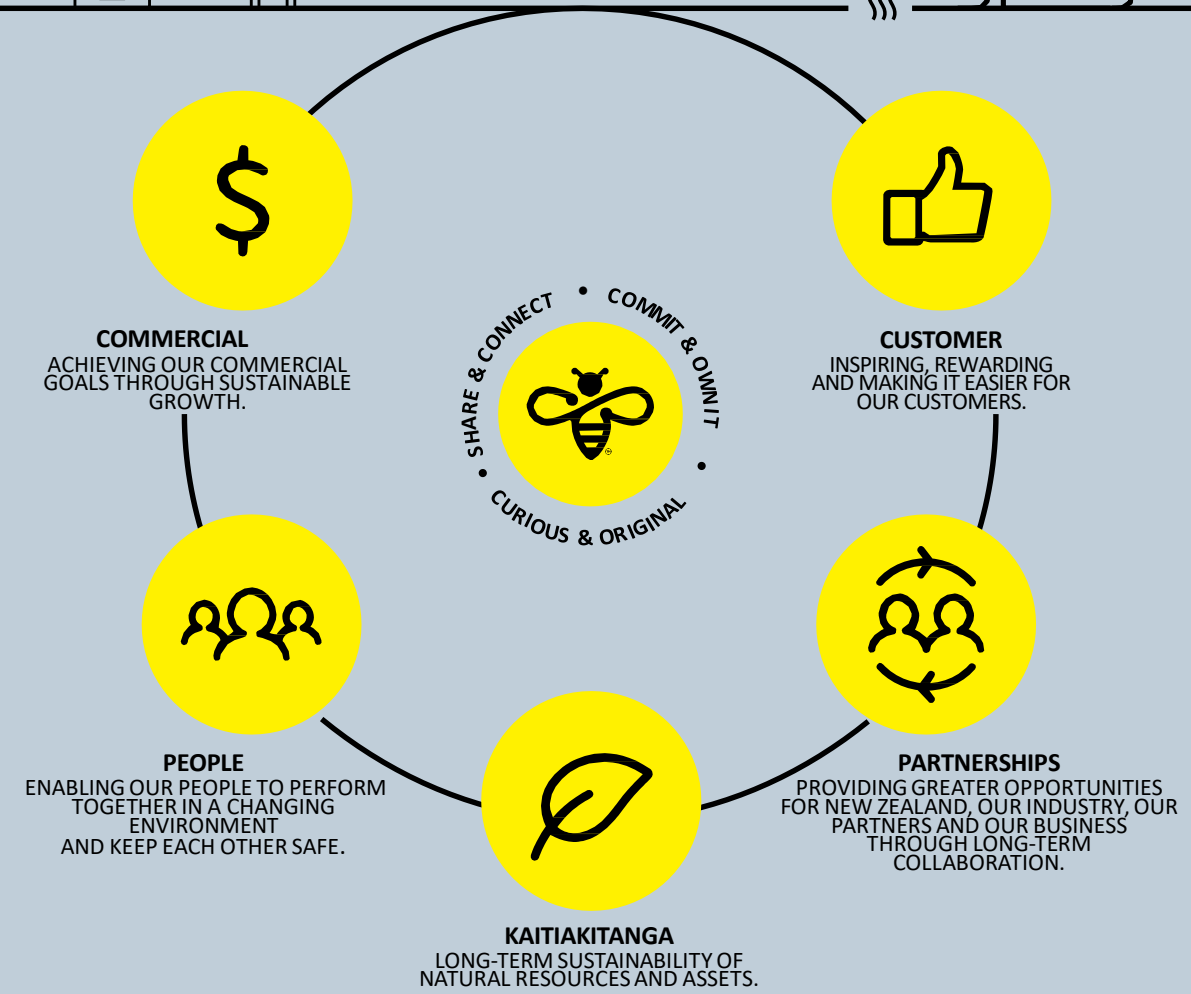
OUR DIRECTION.

OUR
MISSION



TO INSPIRE
NEW
ZEALANDERS
TO ENJOY
ENERGY IN
MORE
WONDERFUL
WAYS

ENERGY
FREEDOM



2020 ANNUAL
SHAREHOLDERS'
MEETING.

NEED TO TARGET EMISSIONS IN TRANSPORT AND PROCESS HEAT.

New Zealand's Gross Emissions Profile

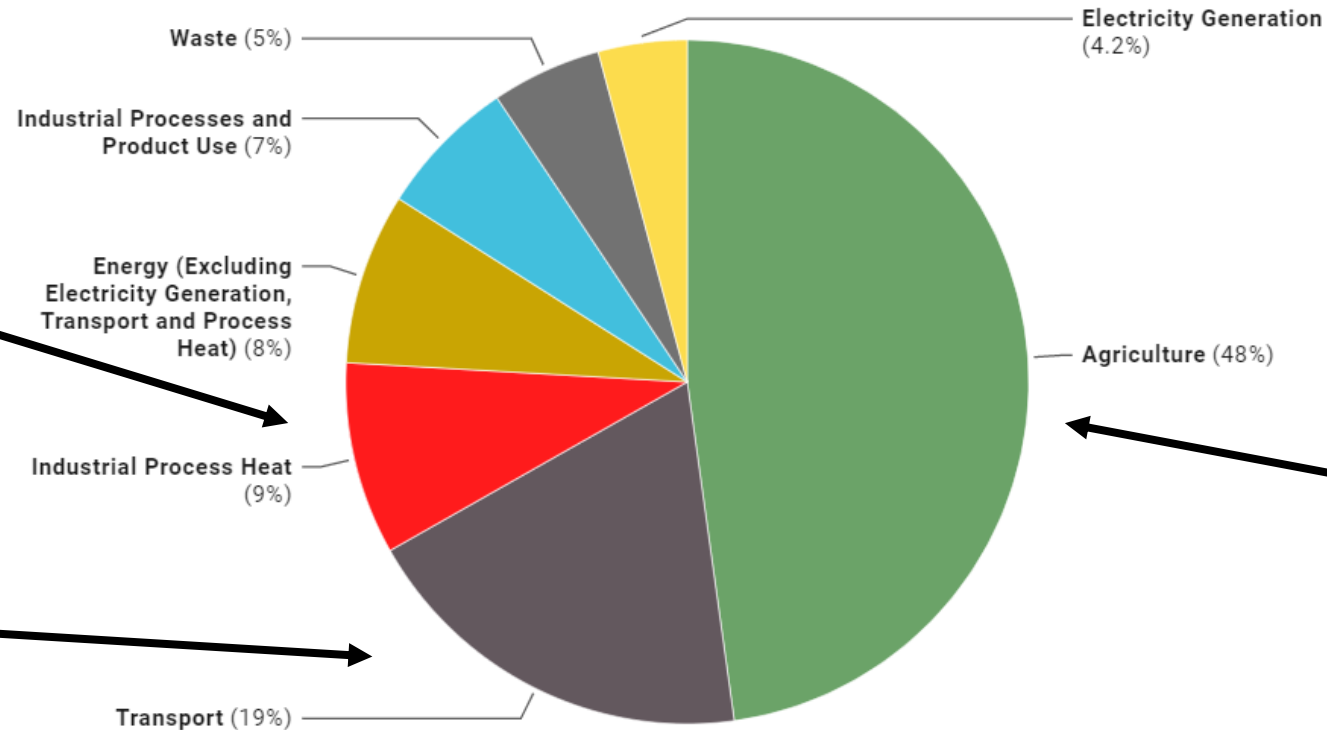


Chart: Newsroom • Source: Ministry for the Environment • Created with [Datawrapper](#)

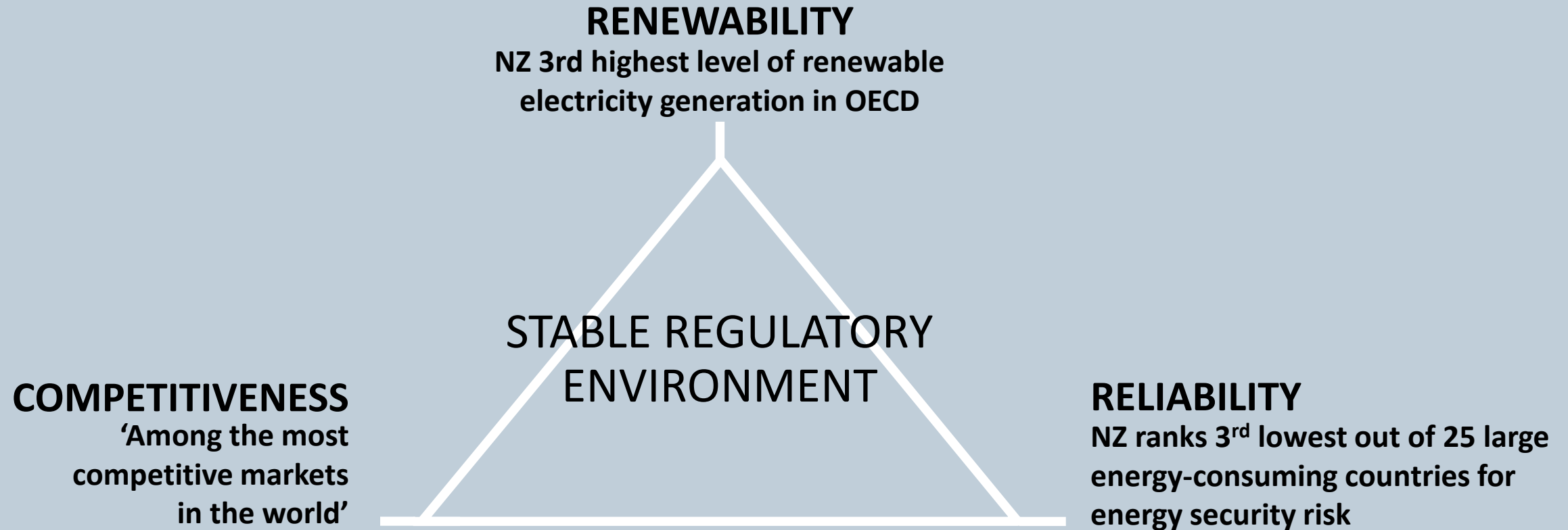
Process heat emissions 2x higher than electricity

Transport emissions 5x higher than electricity

Nearly half of NZ emissions are not easily addressable compared to transport and process heat

Source: Productivity Commission

NEW ZEALAND'S COMPETITIVE ADVANTAGE IN ELECTRICITY.



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

COVID-19 RESPONSE AND IMPLICATIONS.

> People and Operations

- > Smooth transition to working from home
 - > 85% of our people reported same or greater productivity

> Demand

- > Down 14% during first lockdown but recovered to similar levels compared with prior year
 - > Medium-term outlook affected by industrial closures

> Customers

- > Worked proactively with customers to prevent large debt balances accruing
 - > Moderate increase in aged debt

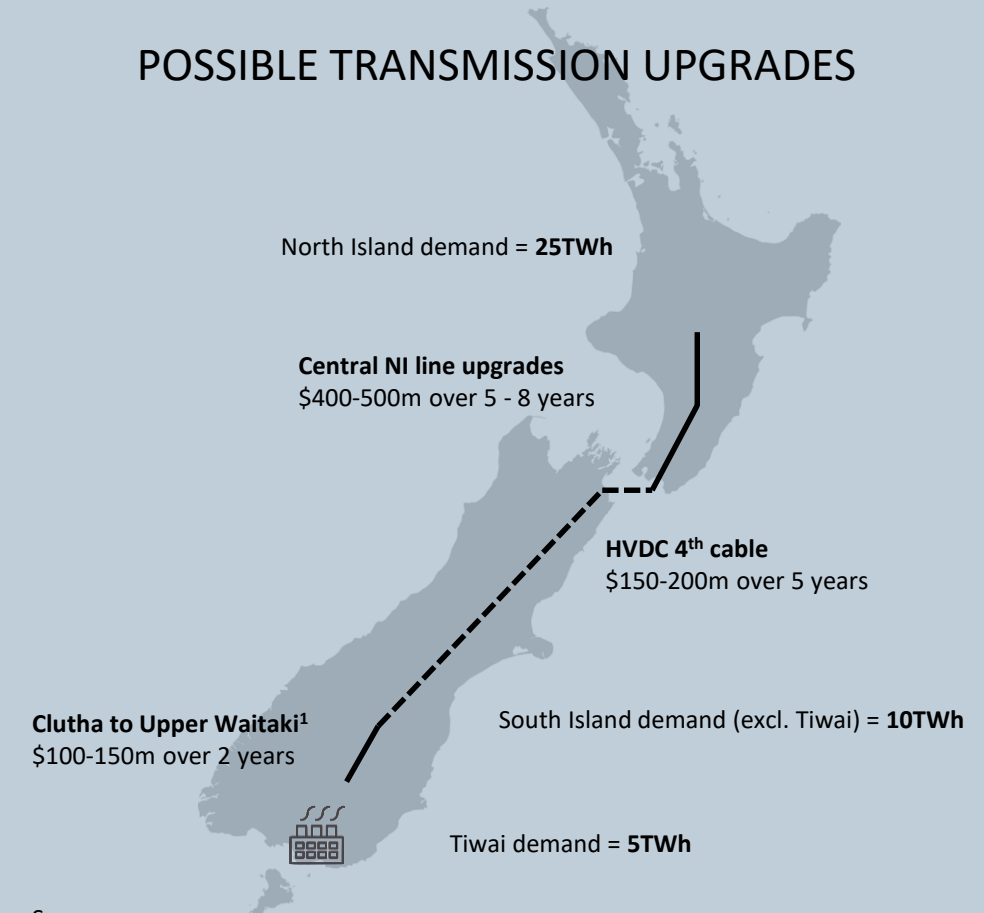
> Development

- > Work put on hold at Turitea, successfully restarted
 - > Need for clarity around key personnel

TIWAI POINT CLOSURE IMPLICATIONS.

- > In July 2020, Rio Tinto gave notice that the contract relating to Tiwai Point aluminium smelter will be terminated on 31 August 2021
- > Tiwai Point aluminium smelter consumes ~13% of New Zealand national demand
 - > North Island thermal operators considering thermal station closure and assessing generation portfolios
- > Major transmission upgrades required to enable South Island generation to be shifted to North Island load centres
 - > \$650-850m investment required over 5-8 years
- > Mercury relatively well placed to manage impact of NZAS closure:
 - > 100% low variable-cost renewable generation
 - > 100% North Island generation portfolio, free of major transmission constraints and close to major load centres
 - > A major supplier of North Island reserves which support high north HVDC transfer

POSSIBLE TRANSMISSION UPGRADES



Source:
Transpower

¹ Project commenced following support from major South Island generators

MARKET OUTLOOK REVISED.

MARKET DRIVERS

- > Demand growth limited by economic downturn
- > Potential for further de-industrialisation
- > Supply and demand imbalance due to expected Tiwai exit



MARKET OUTCOMES

- > Downward pressure on wholesale prices; flowing through to retail
- > Transmission uncertainty to increase basis risk between North and South Islands
- > Retail competition to increase in South Island; possible moderation in North Island

TURITEA WIND FARM.

- > Wind farm works
 - > Wind farm (excluding transmission and connection) covered by a fixed-price contract with Vestas
 - > Expecting completion of the northern 33 turbines in Q2 CY2021 and southern 27 turbines in late CY2021
 - > Project times remain subject to contractor performance and further COVID-19 restrictions



BLADE TRANSPORT VIDEO.



2020 ANNUAL
SHAREHOLDERS'
MEETING.

TILT RENEWABLES INVESTMENT.

- > Investment in Tilt Renewables part of overall wind strategy
 - > Wind generation recognised as lowest cost new-build renewable generation
- > Provides exposure to Australian decarbonisation transition
 - > Investment now worth \$273m, representing ROI of 66%¹
 - > \$55m capital return in July 2020
- > Active investment with strong development pipeline
 - > Turbine erection completed at Dundonnell wind farm in July 2020
 - > 1,500MW of wind and solar development with planning approvals

¹ As at 21 September 2020, includes capital return



Tilt Renewables' Tararua Wind Farm

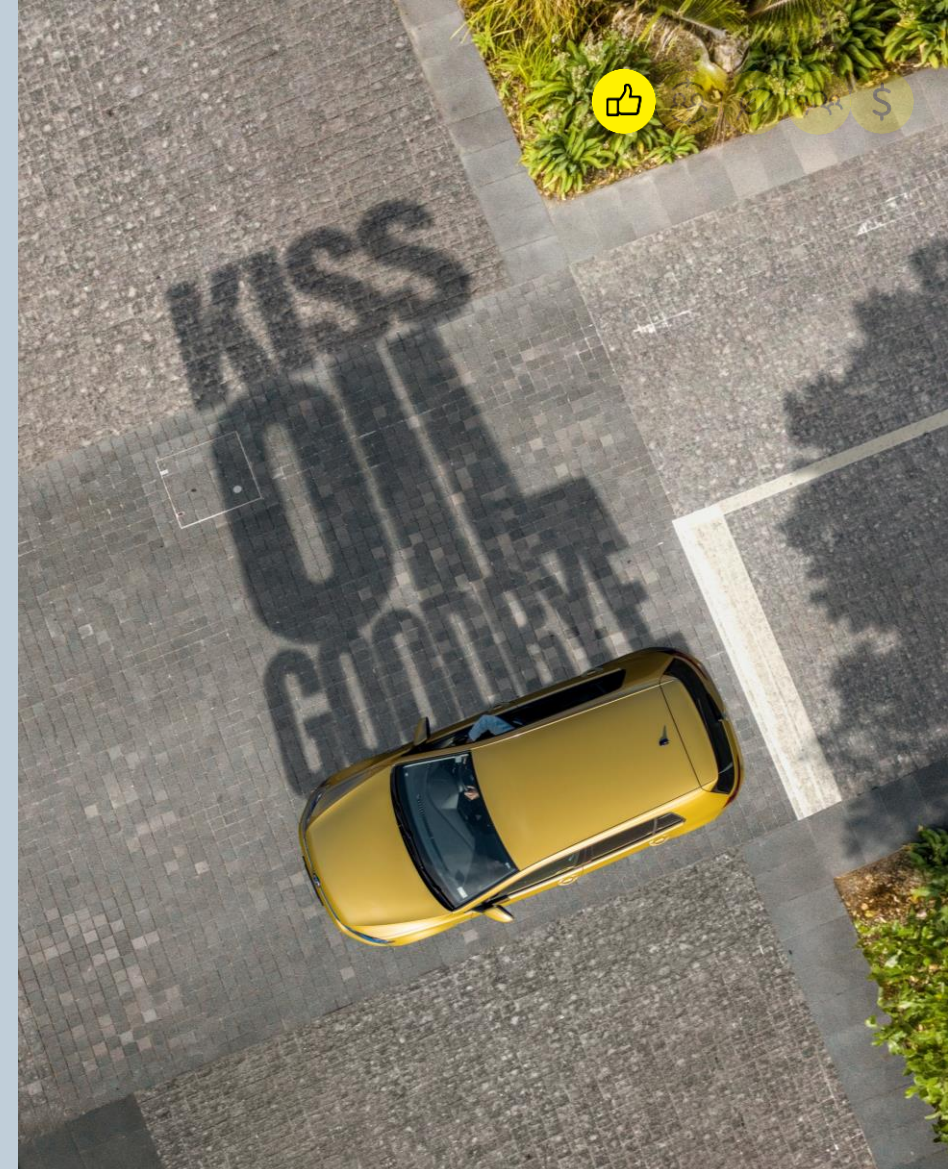
WAIKATO RIVER – OUR ASPIRATION.

- > World's Best Catchment
 - > A critical part of our business is the relationship with the Waikato River and all of the stakeholders associated with the river
 - > By listening to our iwi partners, we have learnt that the Awa is a sacred Tupuna (ancestor) and living Taonga (treasure) that we have a duty to nurture its health and wellbeing
 - > Our aspiration is that all interested parties are able to regard the Waikato as the world's best catchment



GROWING CUSTOMER VALUE.

- > Powerful retail brand supported by bold 'Kiss Oil Goodbye' campaign to inspire customers
- > FY21 focus on converting brand story to further increase customer loyalty and acquisition
- > Digital and data driven initiatives



MERCURY'S COMPETITIVE ADVANTAGE.



100% renewable generation

- > Two low-cost complementary fuel sources in baseload geothermal and peaking hydro with wind to be added
- > Exposure to Australian decarbonisation



Superior asset location

- > North Island generation located near major load centres; rain-fed hydro catchment inflows aligned with winter peak demand



Substantial peaking capacity

- > The Waikato hydro system is the largest group of peaking stations in the North Island able to firm intermittent renewables



High performance teams

- > Dynamic company culture built on the understanding that our people, working together and in alignment, set us apart



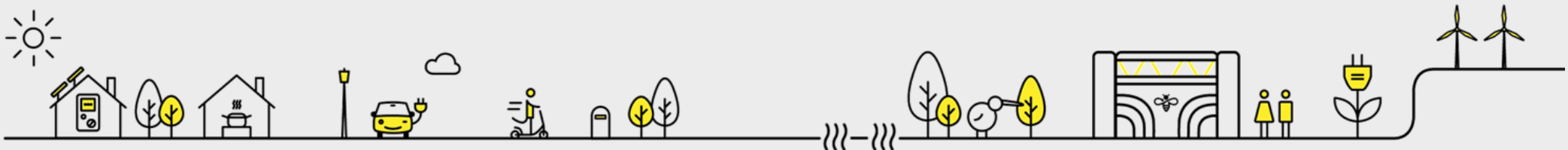
Track record of customer engagement

- > Brand capital built through customer-led innovation and rewarding loyalty



Long-term commercial partnerships

- > With Maori landowners and other key stakeholders



RESOLUTIONS.



RESOLUTION 1.

- > Election of Hannah Hamling



RESOLUTION 2.

- > Re-election of Andy Lark



RESOLUTION 3.

- > Re-election of Scott St John



RESOLUTION 4.

- > Re-election of Patrick Strange



VOTING.



Q&A.





FOR VOTING RESULTS > WWW.MERCURY.CO>NZ/INVESTORS