

STOCK EXCHANGE LISTINGS: NEW ZEALAND (MCY) / AUSTRALIA (MCY)

## NEWS RELEASE

# Mercury and PowAR enter into binding agreement to acquire Tilt Renewables

**15 March 2021** – Mercury NZ Limited (**Mercury**) has announced that, together with Powering Australian Renewables (**PowAR**), it has entered into a Scheme Implementation Agreement (**SIA**) with Tilt Renewables Limited (**Tilt**) (NZX, ASX ticker code TLT). Under the terms of the transaction, PowAR will acquire all the shares of Tilt (including Mercury's shares) for NZ\$7.80 per share, and Mercury will acquire all of Tilt's New Zealand operations, including development options, for an enterprise valuation of approximately NZ\$770m. PowAR will retain ownership of all of Tilt's Australian assets.

Mercury Chief Executive Vince Hawksworth acknowledged Tilt's successful renewable energy generation development programme in New Zealand and Australia, which he said reflected great work by the team at Tilt over the past five years.

"Mercury is excited to have partnered with PowAR to make this compelling offer for Tilt," Mr Hawksworth says.

"Throughout this transaction, Mercury has worked to keep these New Zealand assets under New Zealand ownership. Completion of this transaction will position Mercury to make an even more significant contribution to New Zealand's decarbonisation goals.

Tilt's New Zealand wind operations combined with our Turitea windfarm, which is currently under construction, would represent almost 5% of New Zealand's total generation. Mercury's decision to invest in Tilt in 2018 has made this transaction possible and it will be immediately earnings accretive for MCY shareholders," Mr Hawksworth says.

PowAR Chairman Cheryl Bart said: "Tilt has built a world-class portfolio of high-quality renewable energy assets and development opportunities that will complement our existing assets. We're delighted to be able to work constructively with Tilt and Mercury NZ on this exciting opportunity, which is absolutely aligned to our mission of leading the transition to a decarbonised, decentralised and digitised energy system."

The acquisition of the New Zealand operations by Mercury will be funded from the sale of Mercury's 19.9% Tilt shareholding, worth NZ\$585m and net debt of NZ\$185m and are forecasted to lift Mercury's earnings (EBITDAF) in FY2022 by \$50m. The acquired Tilt assets will increase Mercury's total annual generation by over 1,100GWh and include several prospective development options.

Mercury notes that:

- the Tilt Board has recommended shareholders vote in favour of the Scheme subject to the scheme consideration being above or within an Independent Adviser's valuation range and in the absence of a superior proposal (as defined in the SIA)
- Infratil Ltd, which owns 65.5% of Tilt, has entered a voting deed to vote its shares in favour of the Scheme.

In addition to Tilt shareholder approval, the Scheme is conditional on High Court approval, and regulatory approvals which are expected within approximately 4 months.

Further details are provided in the accompanying presentation.

ENDS



Howard Thomas  
General Counsel and Company Secretary  
Mercury NZ Limited

**For investor relations queries, please contact:**

Tim Thompson  
Head of Treasury and Investor Relations  
0275 173 470

**For media queries, please contact:**

Craig Dowling  
Head of Communications  
027 210 5337

**ABOUT MERCURY NZ LIMITED**

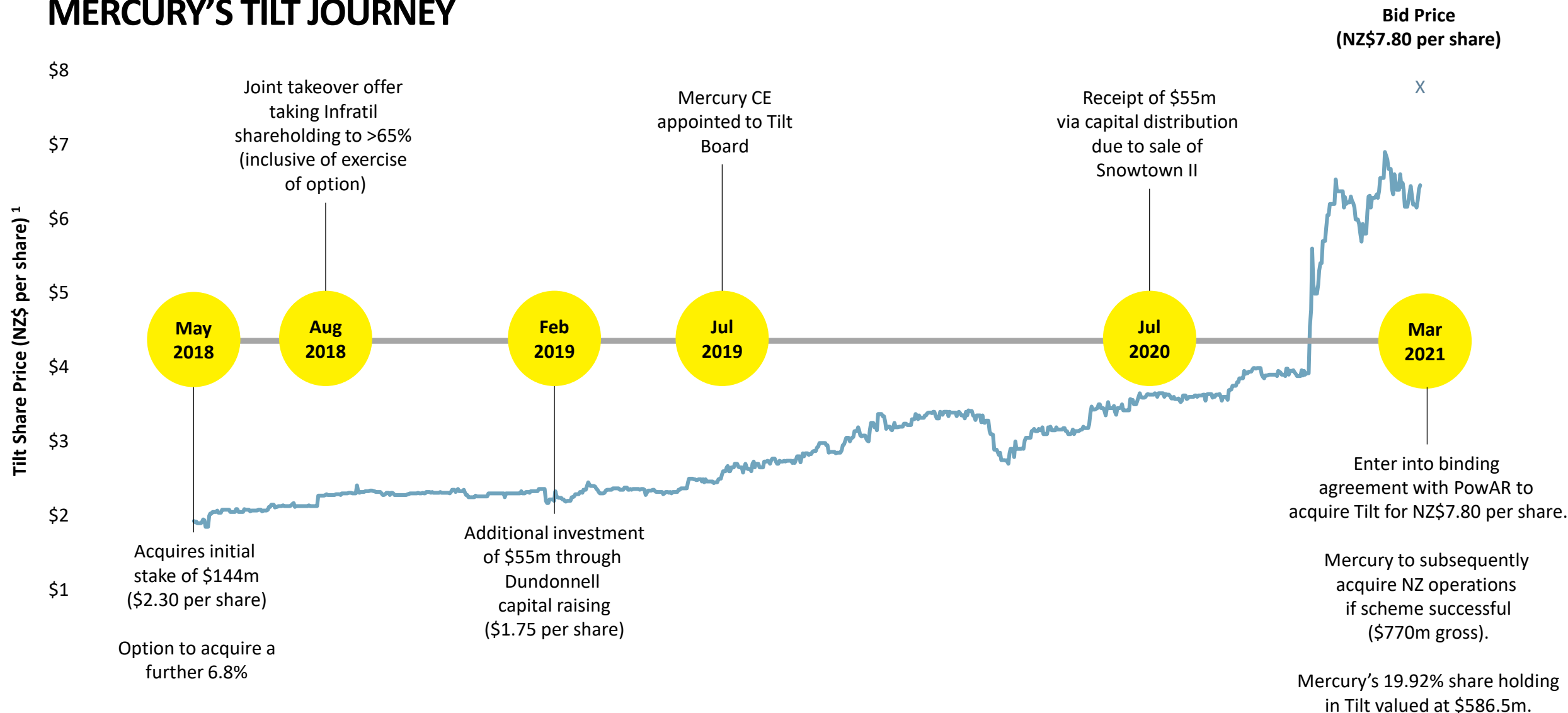
Mercury's mission is energy freedom. Our purpose is to inspire New Zealanders to enjoy energy in more wonderful ways and our goal is to be New Zealand's leading energy brand. We focus on our customers, our people, our partners and our country; maintain a long-term view of sustainability; and promote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

**ABOUT PowAR**

PowAR is a renewable energy investment vehicle designed to drive development of large-scale renewable energy projects across Australia. PowAR is a strategic partnership that is the first of its kind, and since its establishment, has successfully invested in four assets (solar and wind) with a total capacity of 808MW. It is now the largest wind and solar generator in the Australian market.



# MERCURY'S TILT JOURNEY



<sup>1</sup> Tilt Share Price (NZ\$ per share) to 12 May 2021



# TILT NEW ZEALAND OPERATIONS <sup>1</sup>

## OPERATING ASSETS

Asset	Commissioned	Capacity	Average Generation	Capacity Factor
Tararua I & II	Stage I: 1999 Stage II: 2004	68MW	245GWh	41%
Tararua III	2007	93MW	318GWh	39%
Mahinerangi	2011	36MW	101GWh	32%
Waipipi	2021	133MW	455GWh	39%
Total		330MW	1,119GWh	39%

## DEVELOPMENT OPTIONS

Option	Potential Capacity
Tararua I & II repowering	140MW (vs. 68MW existing)
Omamari	70MW
Mahinerangi II	160MW
Kaiwera Downs	Stage I: 40MW; Stage II: 200MW
Other sites	Several early stage prospective sites

