



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

Governance Roadshow Presentation – March 2021

22 March 2021

Mercury will present a series of investor meetings during March 2021.

The presentation materials are attached.

ENDS

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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.

GOVERNANCE ROADSHOW

PRUE FLACKS
Chair

22 March 2021

JAMES MILLER
Director



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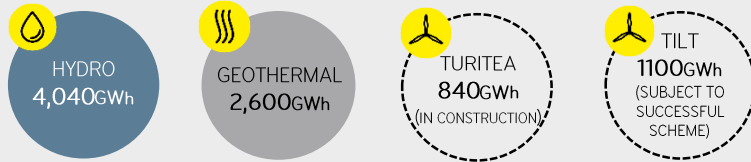
A number of non-GAAP financial measures are used in this presentation, which are outlined in the appendix of the presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements for the year ended 30 June 2020, which are available at www.mercury.co.nz.

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MERCURY AT A GLANCE.

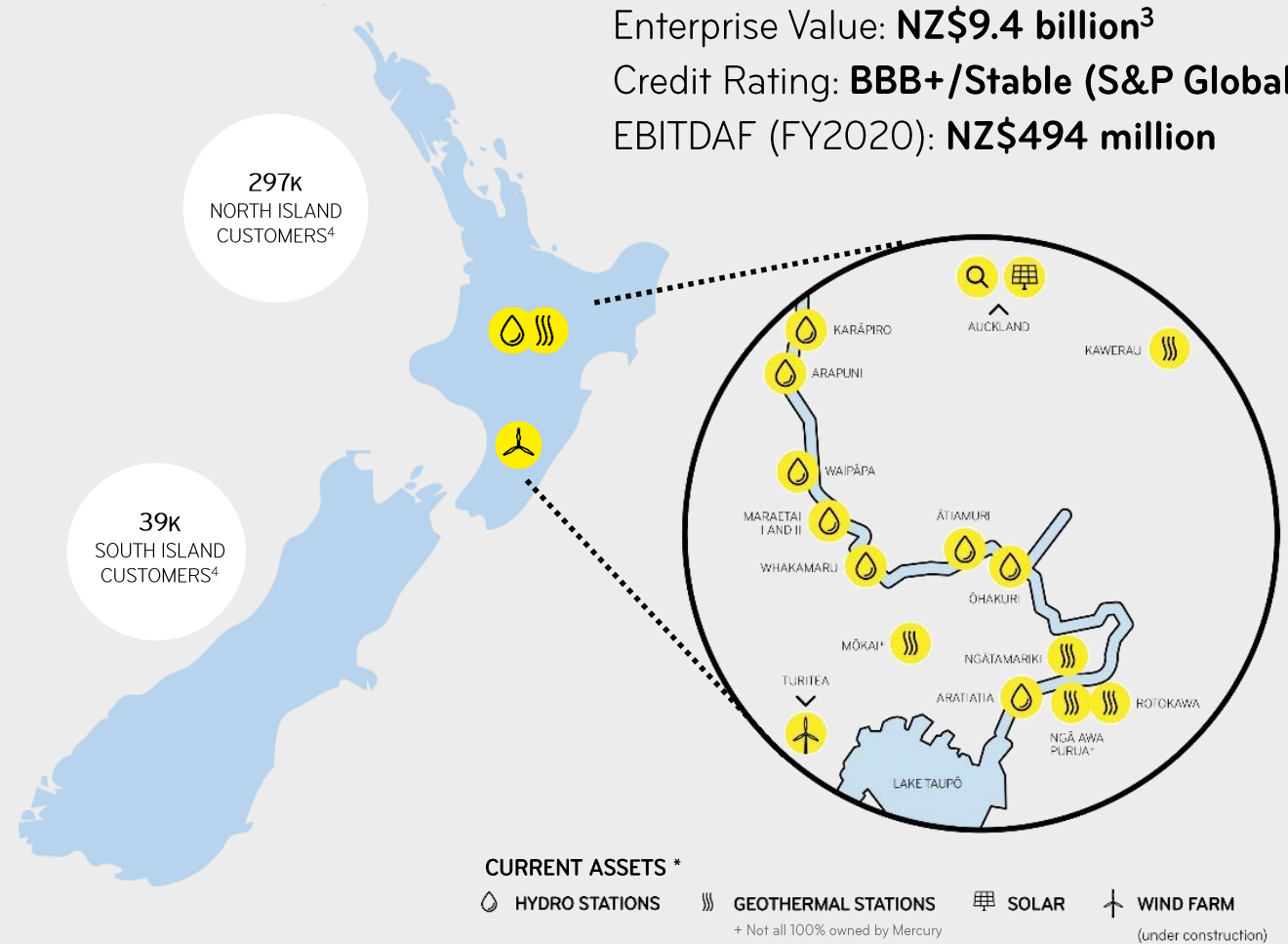
- > Vertically integrated 100% renewable North Island generator and national retailer of electricity
- > Diversified renewable generators:



- > New Zealand's second largest gentailer¹
- > 51% owned by the New Zealand Government

TILT SCHEME

- > Entered into a binding agreement with PowAR to acquire Tilt Renewables – March 2021
- > Mercury to subsequently acquire NZ operations if scheme successful - \$770m (gross), \$185m (net of value of 19.92% Tilt shareholding)
- > ~\$50m EBITDAF contribution



KEY INFORMATION²

Ticker Codes: **MCY.NZ / MCY.AX**

Market Capitalisation: **NZ\$8.3 billion**

Enterprise Value: **NZ\$9.4 billion³**

Credit Rating: **BBB+/Stable (S&P Global)**

EBITDAF (FY2020): **NZ\$494 million**

¹ By market capitalisation

² As at 10 March 2021

³ Based on sum of market capitalisation and net debt

⁴ As at 31 December 2020

* Tilt Renewable operations overview provided on slide 13



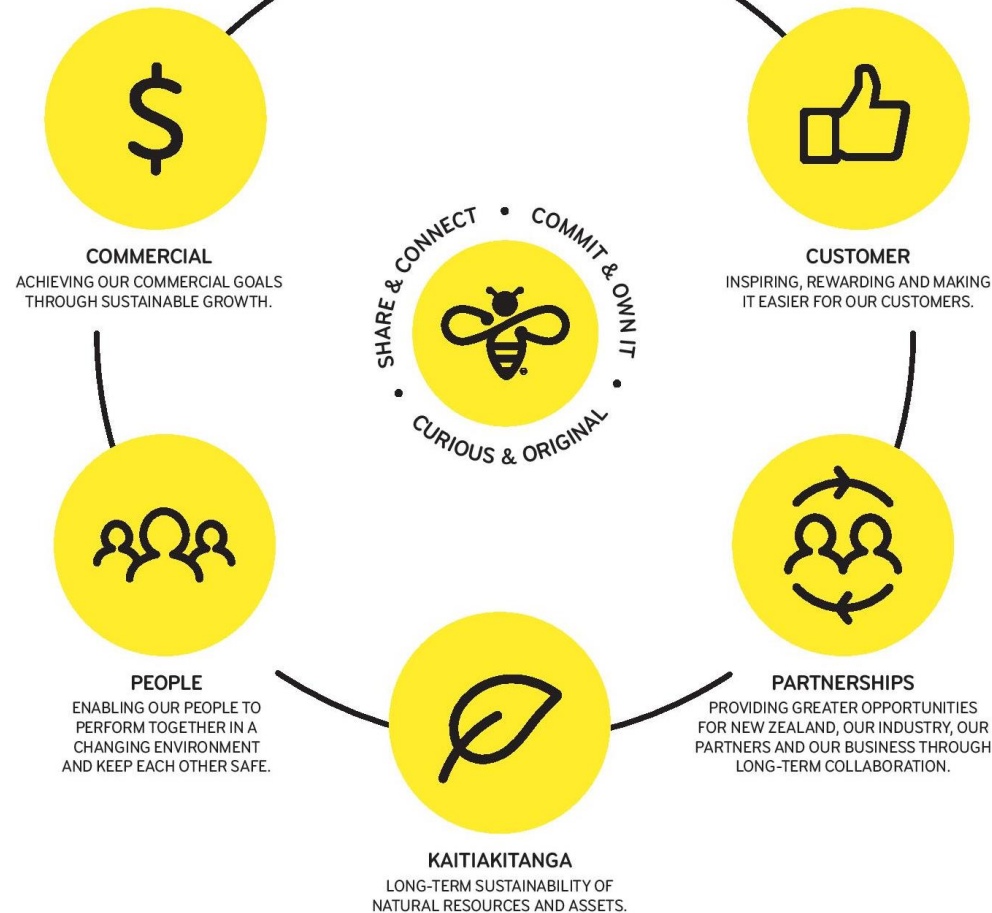
OUR DIRECTION.

OUR PURPOSE

TO INSPIRE
NEW
ZEALANDERS
TO ENJOY
ENERGY IN
MORE
WONDERFUL
WAYS.

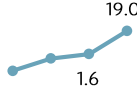
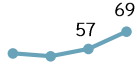
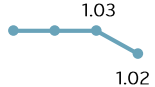
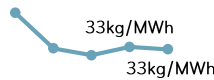
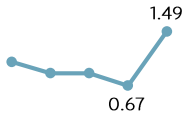
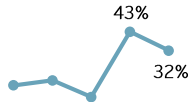
OUR MISSION

ENERGY
FREEDOM.



KEY PERFORMANCE INDICATORS.

(versus previous half-year periods / 6-monthly rolling unless indicated)

CUSTOMER		Mercury brand trader churn 6.7% ¹		Net promoter score 19.0 ²		Brand Strength 69 ³	
PARTNERSHIPS		CCC Draft Report supportive of electrification		Commitment to vehicle emissions standards			
KAITIAKITANGA		Portfolio LWAP/GWAP 1.02		Gross Generation Emissions Intensity 33kg CO ₂ e/MWh			
PEOPLE		Zero high severity health and safety incidents		TRIFR 1.49 ⁴			
COMMERCIAL		Annual Total Shareholder Return 32% ⁵		Stay-in-business capital expenditure \$27m		Interim Dividend 6.8cps	

¹ Normalised for the exit of an agreement with Fonterra Farm Source

² Index ranging from -100 to 100 measuring the willingness of customers within target segments to recommend Mercury, 3-monthly rolling average

³ Weighted average of five drivers of brand emotional equity, 3-monthly rolling average to 31 December 2020

⁴ Total Recordable Injury Frequency Rate per 200,000 hours for the 12 months to 31 December 2020; includes employees and onsite contractors

⁵ 12-monthly rolling average to 31 December 2020



HY2021 HIGHLIGHTS.

\$294m EBITDAF

Up \$36m versus HY2020 due to strong portfolio performance including lifts in sales yields, trading gains and contributions from other items

ELEVATED PRICES PERSIST

Wholesale market prices remain elevated reflecting continued gas deliverability constraints and future demand firming with NZAS decision, with spot prices in February averaging \$238/MWh¹ and FY2022 futures price averaging \$155/MWh²

FOCUS ON CUSTOMER VALUE

Mercury pursuing value with changing sales composition leading to increased yields; reduced acquisition activity resulting in lower market share as market churn remains high

6.8cps INTERIM DIVIDEND

An increase of 6.3% versus HY2020; full-year guidance of 17.0cps, the 13th year of ordinary dividend growth

RENEWED EMPHASIS ON CONTINUOUS IMPROVEMENT

In-house review of opportunities to work smarter, faster and better, setting us up to thrive in the future; seeking \$30m improvement in FY22

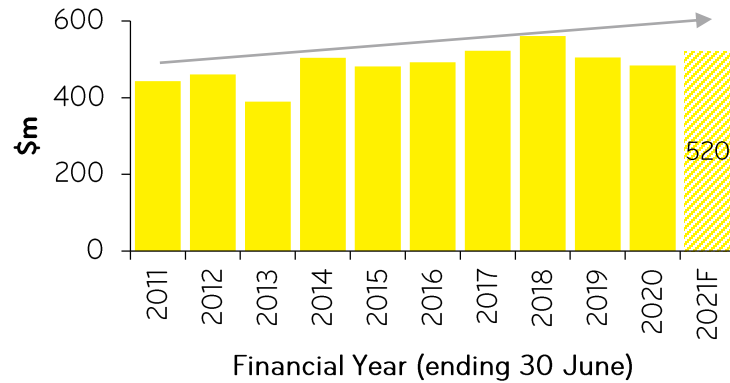
TURITEA DELAYED

Due to project delivery delays across design and construction; North section delayed till Oct-21, South section significantly delayed potentially to Jul-23

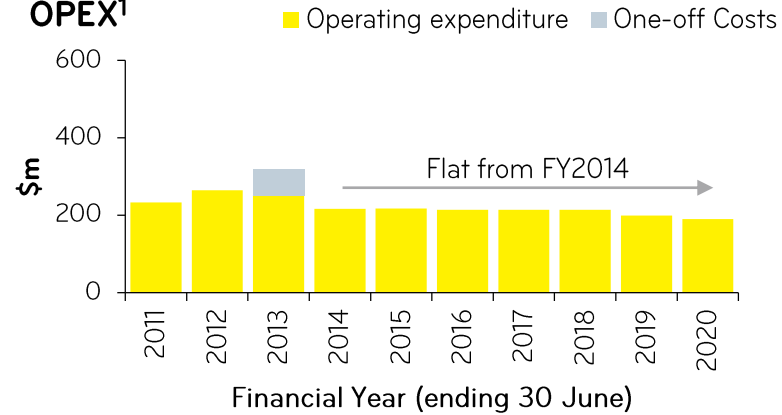


MERCURY'S LONG TERM TRACK RECORD.

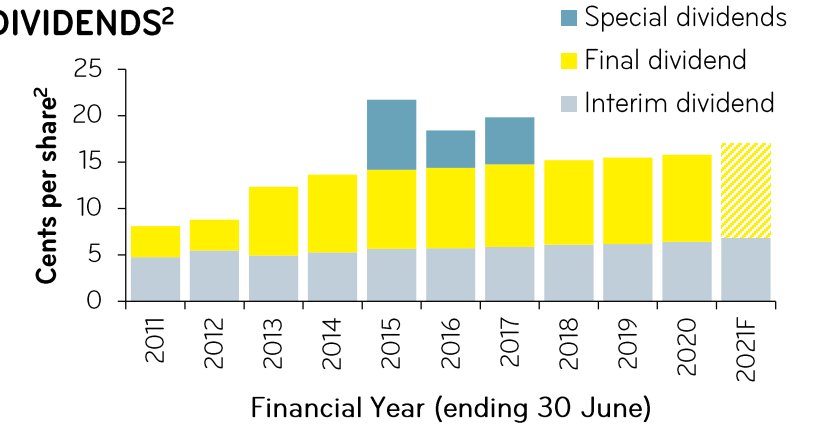
EBITDAF



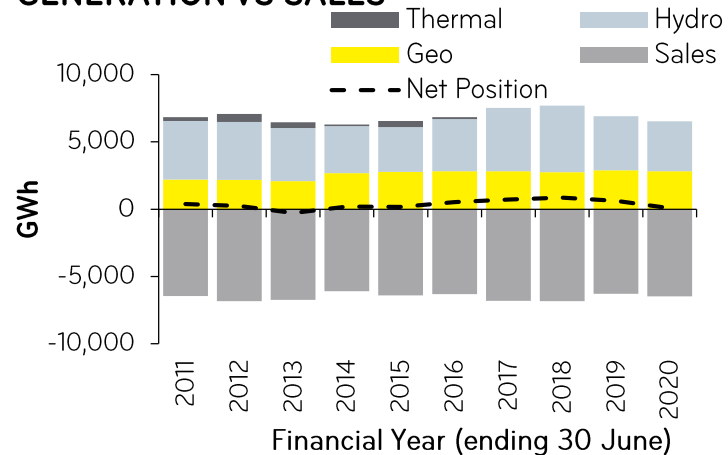
OPEX¹



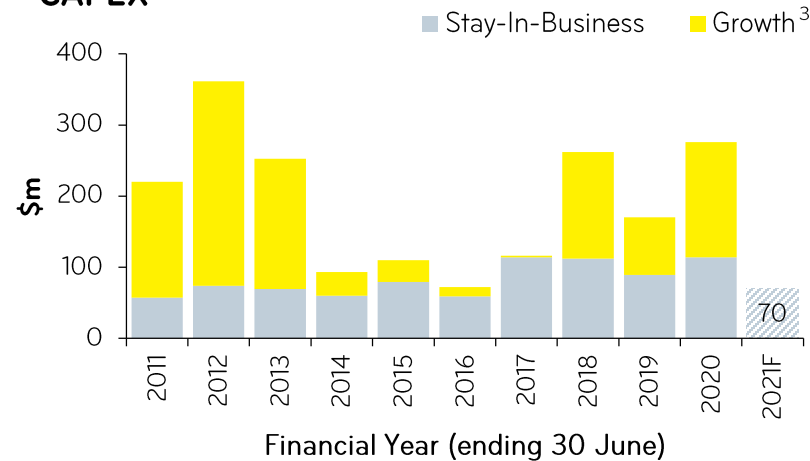
DIVIDENDS²



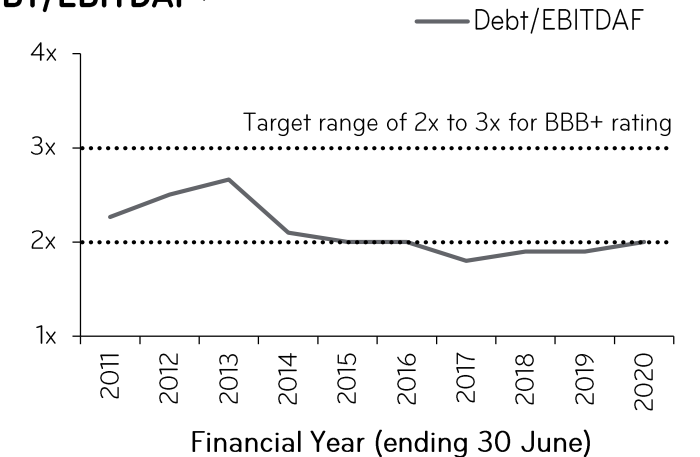
GENERATION VS SALES¹



CAPEX



DEBT/EBITDAF^{1,4}



¹ FY2021 forecast figures not available as Mercury does not give guidance for Opex, Generation and Sales and Debt/EBITDAF

² Normalised to number of shares on issue as at 15 March 2021, excludes share buybacks

³ FY2019 growth capex includes Tilt Renewables capital contribution

⁴ Adjusted for S&P Global treatment of Capital Bonds



LEADERSHIP TEAM.



> VINCE HAWKSWORTH
CHIEF EXECUTIVE



> JULIA JACK
CHIEF MARKETING OFFICER



> WILLIAM MEEK
CHIEF FINANCIAL OFFICER



> PHIL GIBSON
GENERAL MANAGER PORTFOLIO



> MARLENE STRAWSON
GENERAL MANAGER PEOPLE & PERFORMANCE

> New roles established and recruitment process underway:

- > General Manager Customer
- > General Manager Generation
- > General Manager Sustainability



DIRECTOR BUSINESS.

> Board Composition and Director Rotation

> Directors' Fees

> M&A

> Sustainability



BOARD COMPOSITION.

- > Appointment of Hannah Hamling made to complement Board's collective capabilities
- > Keith Smith retiring by rotation at 2021 ASM
- > Currently determining our next future director under the Institute of Directors Future Directors Programme



> PRUE FLACKS
CHAIR



> JAMES MILLER
DIRECTOR



> MIKE TAITOKO
DIRECTOR



> ANDY LARK
DIRECTOR



> KEITH SMITH
DIRECTOR



> SCOTT ST JOHN
DIRECTOR



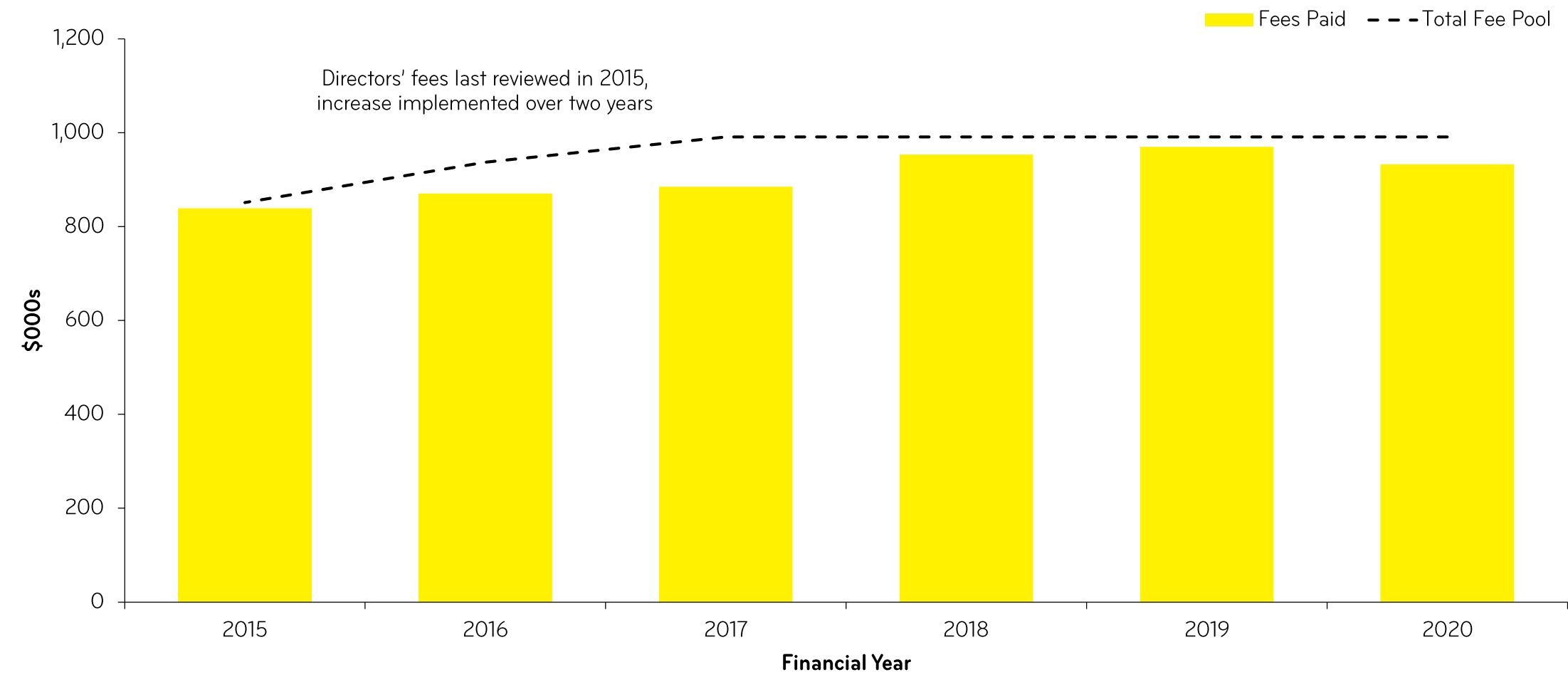
> PATRICK STRANGE
DIRECTOR



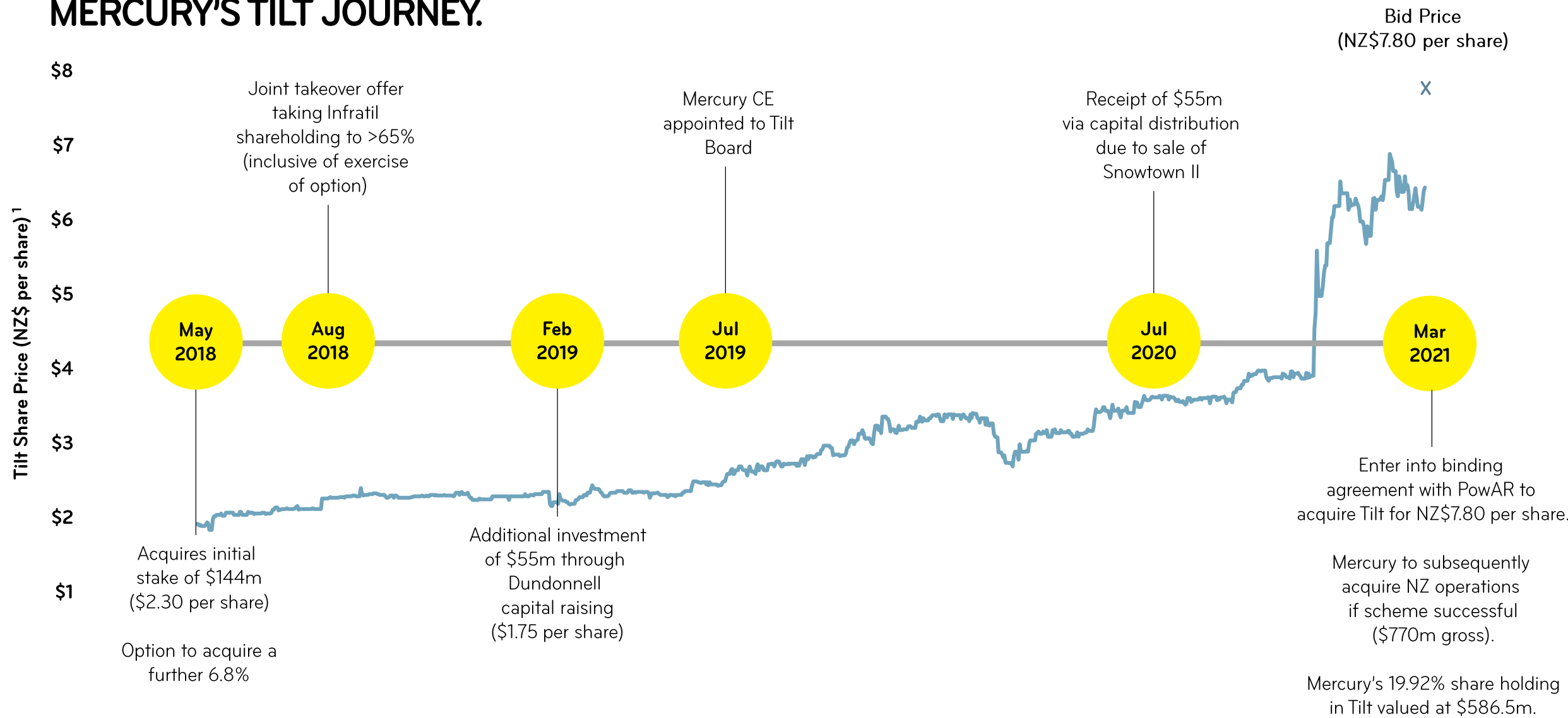
> HANNAH HAMLING
DIRECTOR



DIRECTORS' FEES.



MERCURY'S TILT JOURNEY.



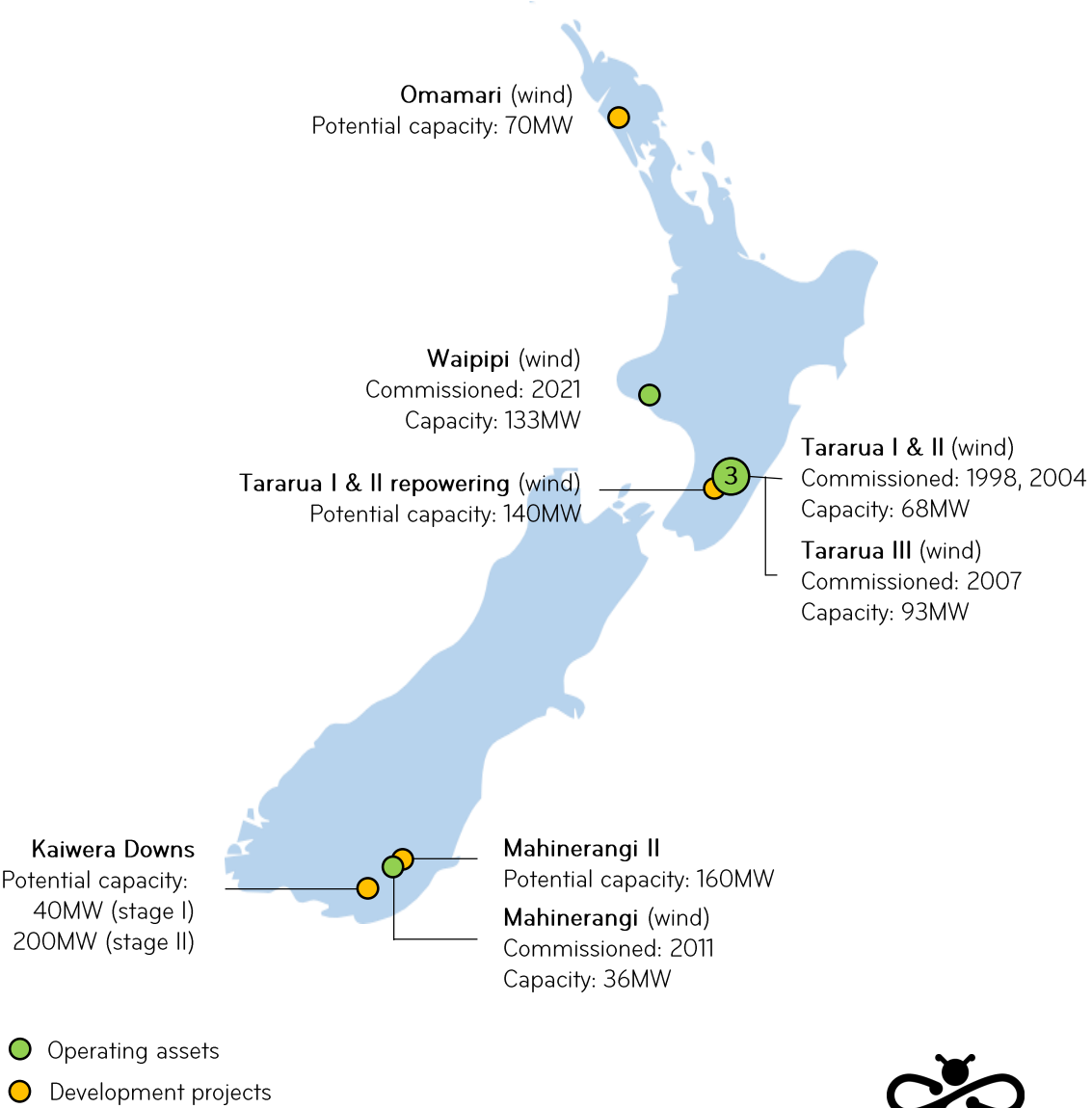
TILT NEW ZEALAND OPERATIONS.

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



SUSTAINABILITY.

- > Importance of sustainability recognised through establishment of new General Manager Sustainability role
- > Awarded an A- CDP score in Dec 2020; recognising leadership position in assessing and managing climate risk
- > Climate change strategy articulated in FY2020 Annual report
 - > Climate change scenario analysis underway
- > Modern Slavery statement approved in March 2021
- > Issued \$300m of green bonds to retail and wholesale investors in 1H2021
- > \$200m of new green bonds allocated following bookbuild process

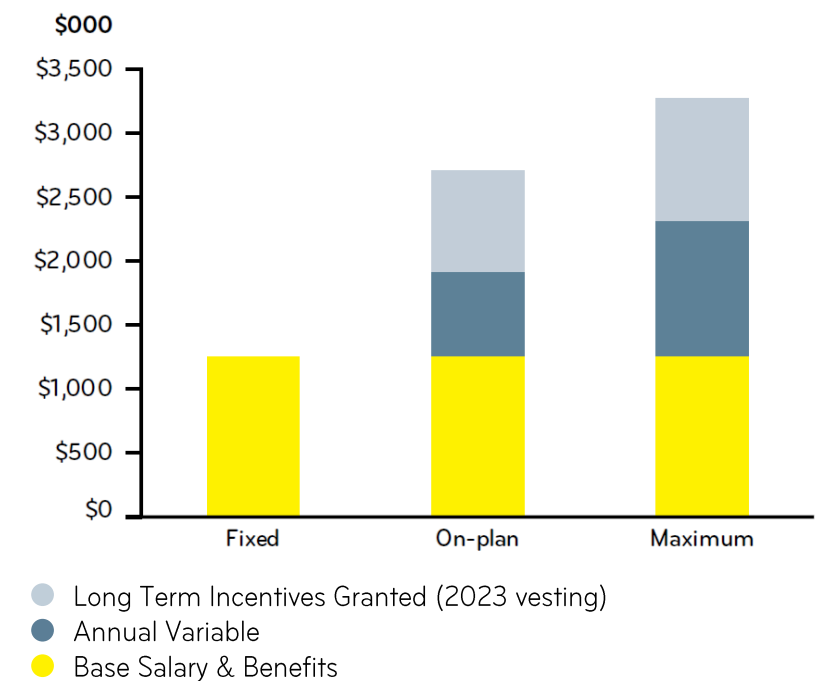




REMUNERATION.

- > Mercury's remuneration policy is founded on three guiding principles:
 - > Remuneration is aligned to long-term sustainable shareholder value
 - > Remuneration for individuals will reflect the level of performance and delivery of successful outcomes
 - > Simplicity over complexity will be reflected in the design

Chief Executive's remuneration performance pay for FY21



Pillar	FY20 Weighting %	FY21 Weighting %
Commercial: EBITDAF ¹	30	40
People	25	15
Customer	20	20
Partnerships	15	15
Kaitiakitanga	10	10

Note 1: EBITDAF is normalised for positive and negative annual variations in Waikato hydro generation



STABLE CAPITAL STRUCTURE.

- > Mercury's dividend policy is to make distributions with a pay-out ratio of 70-85% of Free Cash Flow on average through time subject to:
 - > Consideration of the Company's working capital requirements and medium-term asset investment programme;
 - > Maintaining a sustainable financial structure for the Company, recognising the Company's targeted long-term credit rating of BBB+ assigned by S&P Global¹; and
 - > The risks from predicted short and medium-term economic, market and hydrological conditions, and estimated financial performance
- > S&P re-affirmed Mercury's credit rating of BBB+/stable in November 2020
 - > One-notch upgrade from stand-alone credit profile of 'bbb', reflecting legislated majority Crown ownership
- > Debt / EBITDAF² 2.1x at 31 December 2020

	31 Dec 2020	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Net debt (\$m)	1,241	1,149	1,096	1,264 ⁵	1,038	1,068
Gearing ratio (%)	25.2	23.5	23.7	27.7 ⁵	23.9	24.4
Debt/EBITDAF (x) ²	2.1 ³	2.0	1.9	1.9	1.8	2.0
Issuer Credit Rating	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable
Ordinary dividend	17.0cps ⁴	15.8cps	15.5cps	15.1cps	14.6cps	14.3cps

¹ Or equivalent from another recognised credit rating agency

² Adjusted for S&P treatment of Capital Bonds

³ Based on EBITDAF for 12 months ended 31 Dec 2020

⁴ Based on FY2021 ordinary dividend guidance

⁵ Restated to reflect changes in IFRS





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