



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

## NEWS RELEASE

# Mercury 2023 Annual Shareholders' Meeting

**19 September 2023** – The attached presentations will be given at Mercury NZ Limited's Annual Shareholders' Meeting starting at 1:00pm (NZST) today which will be held in person at Hyundai Marine Sports Centre, 8/10 Tāmaki Drive, Ōrākei, Auckland 1071 and as a virtual meeting.

The virtual meeting can be accessed through the Computershare Meeting Platform <https://meetnow.global/nz>.

To access the virtual meeting:

- > click 'Go' under the Mercury meeting
- > click 'Join Meeting Now'

Shareholders can log in by entering their CSN/Securityholder Number and post code (or country of residence if outside of New Zealand).

Attachments:

- > 2023 Annual Shareholders' Meeting – Chair, Chief Executive and Executive addresses
- > 2023 Annual Shareholders' Meeting - Presentation

## ENDS

### Howard Thomas

General Counsel and Company Secretary  
Mercury NZ Limited

### For investor relations queries, please contact:

Paul Ruediger  
Head of Business Performance & Investor Relations  
027 517 3470  
[investor@mercury.co.nz](mailto:investor@mercury.co.nz)

### For media queries, please contact:

Shannon Goldstone  
Reputation & Social Impact Lead  
027 210 5337  
[mercurycommunications@mercury.co.nz](mailto:mercurycommunications@mercury.co.nz)

## ABOUT MERCURY NZ LIMITED

Mercury generates electricity from 100% renewable sources: hydro, geothermal and wind. We are also a retailer of electricity, gas, broadband and mobile services. We're listed on the New Zealand Stock Exchange and the Australian Stock Exchange with the ticker symbol 'MCY', with foreign exempt listed status. The New Zealand Government holds a legislated minimum 51% shareholding in the Company.

Visit us at: [www.mercury.co.nz](http://www.mercury.co.nz)



# Mercury 2023 Annual Shareholders' Meeting Chair, Chief Executive and Executive Addresses

---

**Where:** HYBRID MEETING (ONLINE AND IN PERSON AT HYUNDAI MARINE SPORTS CENTRE ŌRĀKEI)  
**When:** 1pm (NZST), 19 September 2023

---

*[ADDRESS BY THE CHAIR: PRUE FLACKS]*

## **SLIDE 4: CHAIR'S ADDRESS**

Tēnā koutou katoa.

Good afternoon and thank you for joining us at this Annual Shareholders' Meeting. 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 Mercury, I extend a very warm welcome to you all, whether you're online or here in person.

I am pleased to confirm we have a quorum represented here today and therefore declare Mercury's 2023 Annual Shareholders' Meeting open. Voting is open on all items of business.

## **SLIDE 5: AGENDA**

Outlining our agenda for today. First, I will introduce you to our board, all of whom are here in person.

I will comment briefly on our financial results and the broader environment in which we are operating. Vince will talk about how Mercury is delivering on our strategy, and then, responding to feedback that you would like to hear more from our executives, Stewart Hamilton and Craig Neustroski will talk briefly about key business activity in their areas.

We have four resolutions to put to the meeting - the re-election of Hannah Hamling and Scott St John; and the election of two new directors, Adrian Littlewood and Mark Binns.

After the resolutions are presented and voting is closed, we will take general questions from you relating to the company.

Before I move to the introductions, I want to acknowledge that this is the last time I will address this meeting as chair of Mercury. You will have seen the announcement a couple of weeks ago that I intend to retire at the end of this calendar year after nearly 14 years on the board and the last 4 years as chair. The board has elected Scott St John to succeed me as chair.

It has been an absolute privilege to be part of Mercury's journey from state-owned enterprise to a highly successful listed company, and I thank you all for your support of the board and the company along the way. I know that under Scott's leadership Mercury will continue to thrive and to play a leading role in the transition to a decarbonised world.

Now for the introductions:

## **SLIDE 6: YOUR BOARD**

We have:

Mark Binns

Hannah Hamling



Adrian Littlewood

James Miller, who chairs our Risk Assurance and Audit Committee

Susan Peterson

Scott St John, who chairs our People and Performance Committee

Patrick Strange

Mike Taitoko, and

Lorraine Witten.

Patrick Strange is retiring at the conclusion of this meeting after a total of eleven years on the Mercury Board. Patrick has unique perspectives from his nearly four decades in the New Zealand electricity industry. His contribution to strategy, large projects, health and safety, and the development of robust risk management strategies have been of immense value to the Board and management. Patrick, you will be missed and on behalf of everyone here I thank you for your long service to Mercury.

Unfortunately, our Chief Executive, Vince Hawsworth is unable to attend in person today, so he will be presenting virtually.

We are joined by our Chief Financial Officer, William Meek, and

Company Secretary, Howard Thomas.

Also present are representatives from EY, who undertake the audit of Mercury on behalf of the Auditor-General, and members of Mercury's Executive Team.

## **SLIDE 7: FY23 FINANCIALS**

Our financial result reflects the full benefits of the large-scale investments made over the past two years to grow our renewable generation and customer businesses. Record generation, including hydro generation at 28 per cent higher than average, and a 16 per cent increase in wind generation also contributed to our FY23 results.

Net profit after tax was \$103 million, down \$366 million on the previous year, with FY22's results including the gain made on the sale of our Tilt Renewables shareholding.

EBITDAF was \$841 million, up \$260 million on the previous year. Operational expenditure was \$346 million, up \$116 million on the prior year, while total stay-in-business capital expenditure was \$119 million, up \$51 million on FY22.

Your Board was pleased to declare a fully imputed final dividend of 13.1 cents per share, a nine per cent increase on FY22. This lifted our total FY23 ordinary dividend to 21.8 cents per share and was the fifteenth consecutive year of ordinary dividend growth.

Total shareholder return for FY23 was 18.7 per cent.

Looking forward, our FY24 EBITDAF guidance has been set at \$835 million and ordinary dividend guidance is 23.3 cents per share which represents a 6.9 per cent increase.

Achieving these results has required a disciplined focus on the things that really matter. Mercury has faced the same headwinds as other organisations including supply chain issues, inflation, access to skilled labour and increasing project costs.

On behalf of the Board, I would like to acknowledge Vince and the executive management team for the leadership they have provided to all our people to produce a result of which we can all be proud.



## **SLIDE 8: NZ'S LOW EMISSIONS FUTURE**

We live in a complex and rapidly changing world. Organisations like Mercury must deal with issues such as climate change, dramatic advances in technology and the demand for a more inclusive and equitable society.

As a country one of the biggest challenges – and opportunities – we have is the transition to a decarbonised economy.

At last year's ASM I noted that together with many of our sector peers we had commissioned the Boston Consulting Group to provide an independent report on how best to decarbonise New Zealand's energy system. The report provides a helpful whole-of-system view which shows the key challenges and how the solutions to them are inter-related.

Importantly, the report found a pathway to achieve a reduction in emissions faster and deeper than the current government plan and Vince will talk about some of the actions Mercury is taking to help get the country there.

Achieving net zero by 2050 in Aotearoa New Zealand will require collaboration between the public and private sectors, with a stable regulatory environment and long-term policy settings to ensure that existing and new sector participants have the confidence to invest the significant amounts of capital required.

A whole-of-system approach is vital to ensure the lights stay on for consumers through the transition to a more renewable future. The BCG report suggests that keeping a small amount of gas in the electricity system could fill the gap during droughts and demand peaks and could also reduce the cost of the transition.

Affordability is an important consideration. While residential electricity prices have tracked lower than inflation over the past 10 years, significant investment is required across all parts of the sector, which we anticipate will see electricity prices increase in the short to medium term.

However, this investment is critical to enable the transition, and also to ensure the resilience of the network to the more extreme weather events we are increasingly experiencing. Over the longer-term total household energy bills are expected to reduce as the electrification of transport delivers significant fuel savings for consumers.

The sector is united on supporting consumers through the transition and Craig will speak to some of the actions we're taking now which should set us up to better support our customers.

Mercury's assets have been here for more than 100 years. We want to be here for another century, so we need to continue to work hard for our communities.

Social licence is vital to our continued operation, and this needs to be reflected in who we are and how we act. Before I hand over to Vince, we will watch a short video on Mercury's new purpose. This new purpose helps bring our people together across the business and guides the work our people do together.

In an increasingly fast-paced, complex and uncertain world, we need to ensure our business is unified.

Ngā mihi nui.

## **SLIDE 9: MERCURY PURPOSE VIDEO**

*[ADDRESS BY THE CHIEF EXECUTIVE: VINCE HAWKSWORTH]*

## **SLIDE 10: CHIEF EXECUTIVE'S REPORT**

Thank you Chair.

Kia ora tātou katoa. Welcome everyone.

You've heard from Prue about the importance of having a purpose that reflects the opportunity for Mercury to make a real difference in the country's transition to a lower carbon world.



The video introduced our new purpose, 'Taking care of tomorrow: connecting people and place today'. I will speak to how we will deliver on our purpose.

### **SLIDE 11: OUR 2035 LONG-TERM ASPIRATIONS**

Building on the growth that Mercury has achieved over the past few years, our 2035 long term aspirations were updated to better reflect the business opportunities and what we aspire to achieve.

These aspirations provide direction. They revolve around the assets that we operate, the communities that we serve, the customers that we value, our people who make a difference and our focus on sustainable commercial growth and leadership in renewable energy.

Before the end of this financial year, we will also reset our objectives for FY25 to FY27 providing clear medium-term ambition.

### **SLIDE 12: TAKING CARE OF TOMORROW**

One of the largest impacts Mercury can make to help take care of tomorrow is through continuing to deliver new renewable generation for New Zealand. Our Turitea wind farm, New Zealand's largest, is now fully operational, equivalent to 2% renewable generation to the grid.

Our \$115 million, 43 megawatt Kaiwera Downs 1 wind farm near Gore is currently commissioning and remains on track to be fully operational next month. Our Kaiwera Downs 2 and Kaiwaikawe wind farms are also both nearing Final Investment Decision development stages.

I'm also pleased to announce today that we will be undertaking a \$220 million expansion of the Ngā Tamariki geothermal station.

Stewart will further talk to the expansion of Ngā Tamariki and how we are also ensuring the long-term performance of our existing renewable assets.

Building renewable generation is one of the key actions in our recently released Climate Transition Action Plan. This important document transparently lays out our emissions reduction targets and sets out actions we plan to take to support a net-zero future.

Reducing emissions at our geothermal stations is key and we continue to trial carbon reinjection technology at our Ngā Tamariki station. In one year, emissions at this station have reduced by about 25 per cent – a really pleasing result.

When we think of taking care of tomorrow, we also think of our retail business and how having scale enables us to deliver value for our customers into the future.

Significant progress has been made to bring Mercury and Trustpower together following our acquisition of the Trustpower retail business 18 months ago, which we'll hear more from Craig about.

### **SLIDE 13: CONNECTING PEOPLE AND PLACE TODAY**

To connecting people and place today.

We are working to become a more adaptive organisation to enable our people to more effectively navigate new and complex challenges and opportunities that may arise.

To become more adaptive in the ways we think and work we are focussing on aspects such as embracing transparency, continuous learning and setting ourselves up to collaborate and deliver the highest value.

Embracing the many backgrounds, views and capabilities of our people makes us stronger and better as an organisation, and so we continue our focus on building a more diverse, equitable and inclusive workforce.

Supporting this, we have shifted our health and safety focus to be more holistic, including taking into consideration both physical and mental wellbeing.



As Prue noted, we think deeply about the world around us in everything we do, and we enjoy any opportunity, such as today's meeting, to connect with our stakeholders and communities.

Finally, I would like to acknowledge Prue and the enormous contribution she has made to Mercury's transition to one of New Zealand's largest generators and multi-product utility retailers.

Prue has overseen fundamental change at Mercury. This change is helping Aotearoa New Zealand transition to a low carbon future through our renewable generation pipeline, scale retail business, our partners and our people. I've gained a lot working with Prue and wish her well for the future.

To our owners, thank you for your ongoing support.

Ngā mihi nui.

I will now hand over to Stewart to share more about how we are taking care of tomorrow and connecting people and place today in our generation business.

*[ADDRESS BY EXECUTIVE: STEWART HAMILTON]*

#### **SLIDE 14: EXECUTIVE PRESENTATION 1: STEWART HAMILTON**

Kia ora Vince. Kia ora tātou katoa. Ko Stewart Hamilton toku ingoa.

He kaiwhakahaere matua ahau ki te whakahiko. I am proud to be the General Manager for Generation, leading the team of operators, maintainers and engineers sustaining and enhancing our twenty generating assets throughout Aotearoa.

#### **SLIDE 15: OUR SITES**

At Mercury we have \$8B worth of assets spread across 20 locations and 3 fuel types which are carefully managed by 300 very committed people.

Our people connect nature's energy of water, wind and steam to the assets that generate the electricity and send it to our homes, businesses and communities.

They know the operations intimately and identify how we best invest in those assets to protect them for the generations to come and enhance them for performance today.

#### **SLIDE 16: CARING FOR OUR ASSETS**

The team made significant progress in setting our assets up for the future in FY23.

We completed the rehabilitation of the first turbine and generator unit at our Karāpiro station.

This station has operated for 77 years, and the project will set the asset up for the next 50 years and beyond.

At the same time, we will lift output by nearly 20%. That's enough hydro power to supply an additional 17,000 homes during the peak periods of power use.

Peaking capacity that is vital to support our transition to net-zero.

We also completed our largest, most complex and extensive geothermal station shutdown and turnaround during the year.

The investment of \$37m in Kawerau to replace the turbine, generator and upgrade the control system will set that station up to be resilient and continue to supply renewable baseload electricity for years to come.

#### **SLIDE 17: FORWARD FOCUS**

As we look towards the needs of the future, as Vince said, we are pleased to announce today that we will be expanding the Ngā Tamariki geothermal site. This includes the addition of a fifth generating unit at the site.



This investment of \$220 million will add an additional 46MW of baseload renewable energy generation to New Zealand's grid and support the diversity of pipeline of our other wind projects and prospects.

Ngā Tamariki has operated for 10 years, and we have worked closely with our iwi partners Ngāti Tahu Ngāti Whāoa and our commercial partner Tauhara North No. 2 Trust to develop this project whilst ensuring we manage the sustainability of the reservoir and surrounding environment.

It is a very exciting project with first power generation expected late in 2025.

To further build resilience of our Waikato River hydro scheme, we continue to develop a rehabilitation programme for our dams and power stations.

This is now also expected to include investment into the Taupō Control Gates, Maraetai and Ātiamuri stations over the next decade and further show our commitment to taking care of tomorrow and sustaining and growing value.

Ngā mihi nui.

I will now hand over to Craig to share how we are taking care of tomorrow and connecting people and place today in our retail business.

*[ADDRESS BY EXECUTIVE: CRAIG NEUSTROSKI]*

## **SLIDE 18: EXECUTIVE PRESENTATION 2: CRAIG NEUSTROSKI**

Thank you, Stewart. Kia ora tātou katoa.

As the General Manager of Commercial Operations at Mercury, I'm responsible for driving the commercial strategy of our retail business, including our energy and telecommunications offerings, and the smooth-running of our day-to-day commercial operations.

It's been a big year for our retail business.

## **SLIDE 19: SCALE AND PROGRESS**

We have made significant progress on our goal to bring Trustpower and Mercury employees, customers, brands, processes and systems together.

All Trustpower customers were welcomed onto the Mercury brand in June. This enabled them to access the Mercury rewards program, a new app and our refreshed website. Much to our delight they have really embraced these, with the Mercury app rocketing to number one in the New Zealand app store for a short period.

After reaching this milestone our focus turned to migrating all our customers on to a refreshed technology stack.

Once this work is complete in the coming months, all customers will be able to access all our offers, including our popular Samsung deals.

While the integration of Mercury and Trustpower has been a significant focus of our time and energy, we have continued to focus on running our core retail business in parallel.

## **SLIDE 20: DELIVERING VALUE LONG TERM**

This year we limited average electricity price increases to between three and five per cent in recognition of the cost pressures many households have been facing.

We also continued the phase out of the low fixed charge.

Nearly 20 years ago the low fixed charge was introduced with the intention of reducing bills for households with low electricity consumption.

But unfortunately, this resulted in many large low-income households who cannot afford energy saving measures subsidising smaller households.





So, last year, the Government, together with industry, began a five-year phase out of the low fixed charge, which is designed to ultimately ensure fairer pricing for all consumers. This means if you're on a low use plan, gradually more of your bill will come under your fixed charge. I welcome any further questions about this at afternoon tea.

The industry has developed a package to support customers most affected by this change.

Financial aid like this should only ever be a short-term measure. That is why we are committed to finding longer-term holistic solutions for customers who need our support.

For example, we are participating in an Electricity Retailers Association pilot programme to help connect customers with poor credit ratings to post-pay power.

We are also undertaking a two-year Winter Energy Study in partnership with Kāinga Ora - Homes and Communities to trial how capped bills could benefit customers over winter.

Further we have been collaborating on joint research into hidden hardship with Genesis Energy and working on potential solutions with community groups.

When we look to the future, we think of how we can design innovative solutions which meet our customers' changing needs. We know customers value having multiple services in one place and we know energy needs are going to change.

Some of the things we are looking at are new solutions for EV owners, smart solutions for the home and how we can help customers to become more energy efficient.

We believe we can use our scale, customer insights and smart technology, including artificial intelligence and automation; to deliver better outcomes for our customers and staff well into the future.

Thank you.

Ngā mihi nui.

I will now hand you back to Prue.





# MERCURY NZ LIMITED ANNUAL SHAREHOLDERS' MEETING.

19 SEPTEMBER 2023



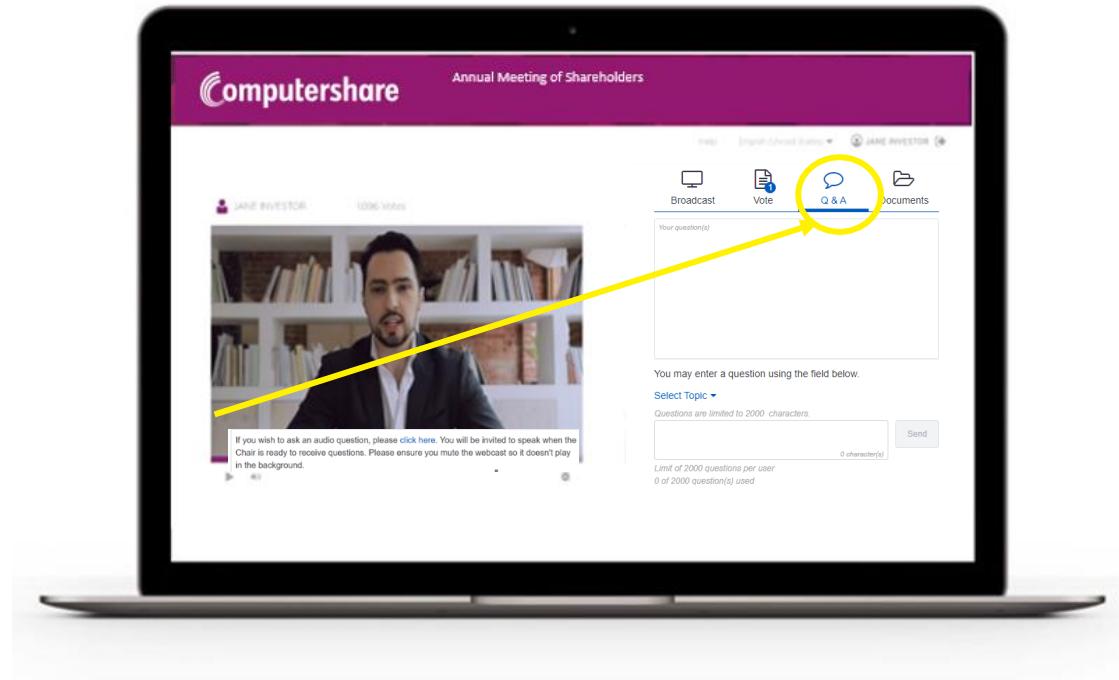
# ONLINE Q&A.

## Questions

- > Select the Q&A tab on the right half of your screen at any time.
- > Type your question into the field and press submit.

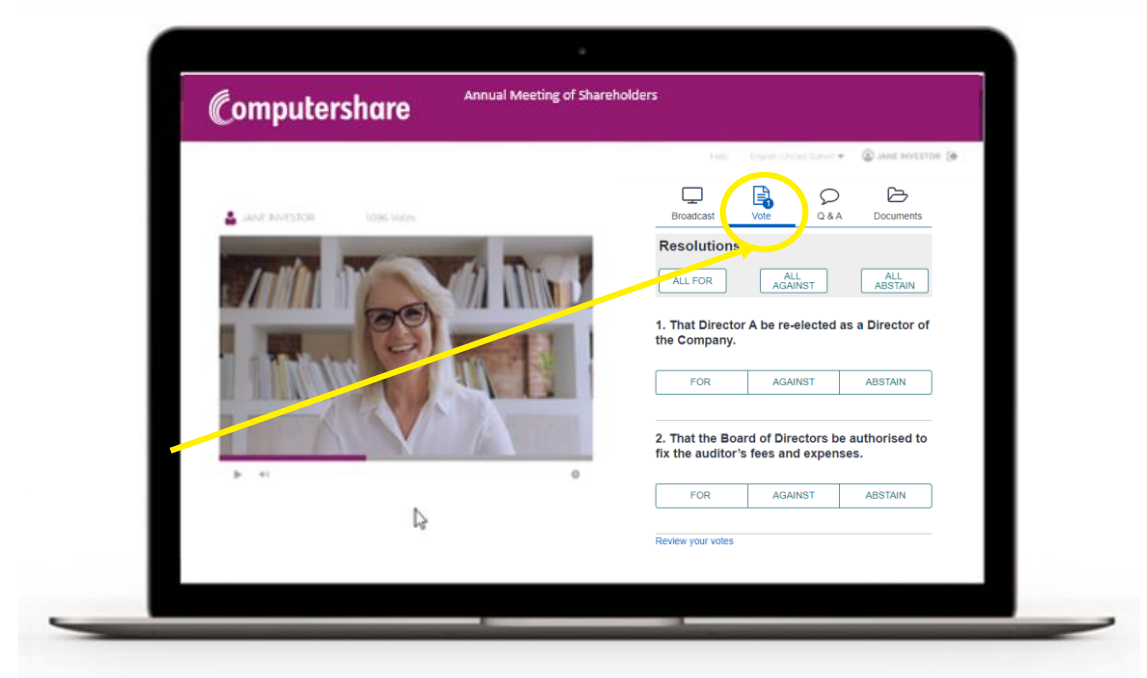
## Help

- > Submit your query in the Q&A tab and a Computershare representative will respond to you directly.
- > Or call Computershare on 0800 650 034.



# ONLINE VOTING.

- > Once voting has been opened, the resolutions and voting options will allow voting.
- > To vote, click on the 'Vote' tab, and select your voting direction from the options shown. You can vote for all resolutions at once or by each resolution.
- > Your vote has been cast when the tick appears.
- > To change your vote, select 'Change Your Vote'.



# CHAIR'S ADDRESS.

## PRUE FLACKS



# AGENDA.

- >Chair's address.
- >Chief Executive's report.
- >Executive presentations on key business activity.
- >Business and resolutions.
- >Questions and voting.





# YOUR BOARD.



PRUE FLACKS  
CHAIR



MARK BINNS  
DIRECTOR



HANNAH HAMLING  
DIRECTOR



ADRIAN LITTLEWOOD  
DIRECTOR



JAMES MILLER  
DIRECTOR



SUSAN PETERSON  
DIRECTOR



SCOTT ST JOHN  
DIRECTOR



PATRICK STRANGE  
DIRECTOR



MIKE TAITOKO  
DIRECTOR



LORRAINE WITTEN  
DIRECTOR



# FY23 FINANCIALS.

- >Net profit after tax of \$103m, down \$366m on FY22.
- >EBITDAF of \$841m, up \$260m on FY22.
- >Final ordinary dividend of 13.1cps, total FY23 ordinary dividend of 21.8cps.
- >15th consecutive year of increased ordinary dividend.
- >FY24 EBITDAF guidance of \$835m, dividend guidance of 23.3cps.





# NZ'S LOW EMISSIONS FUTURE.

- >Energy emissions can be reduced faster than current plan.
- >Collaboration between public and private sectors is key.
- >Need to take a whole-of-system approach.
- >Social licence is vital to our continued operation.



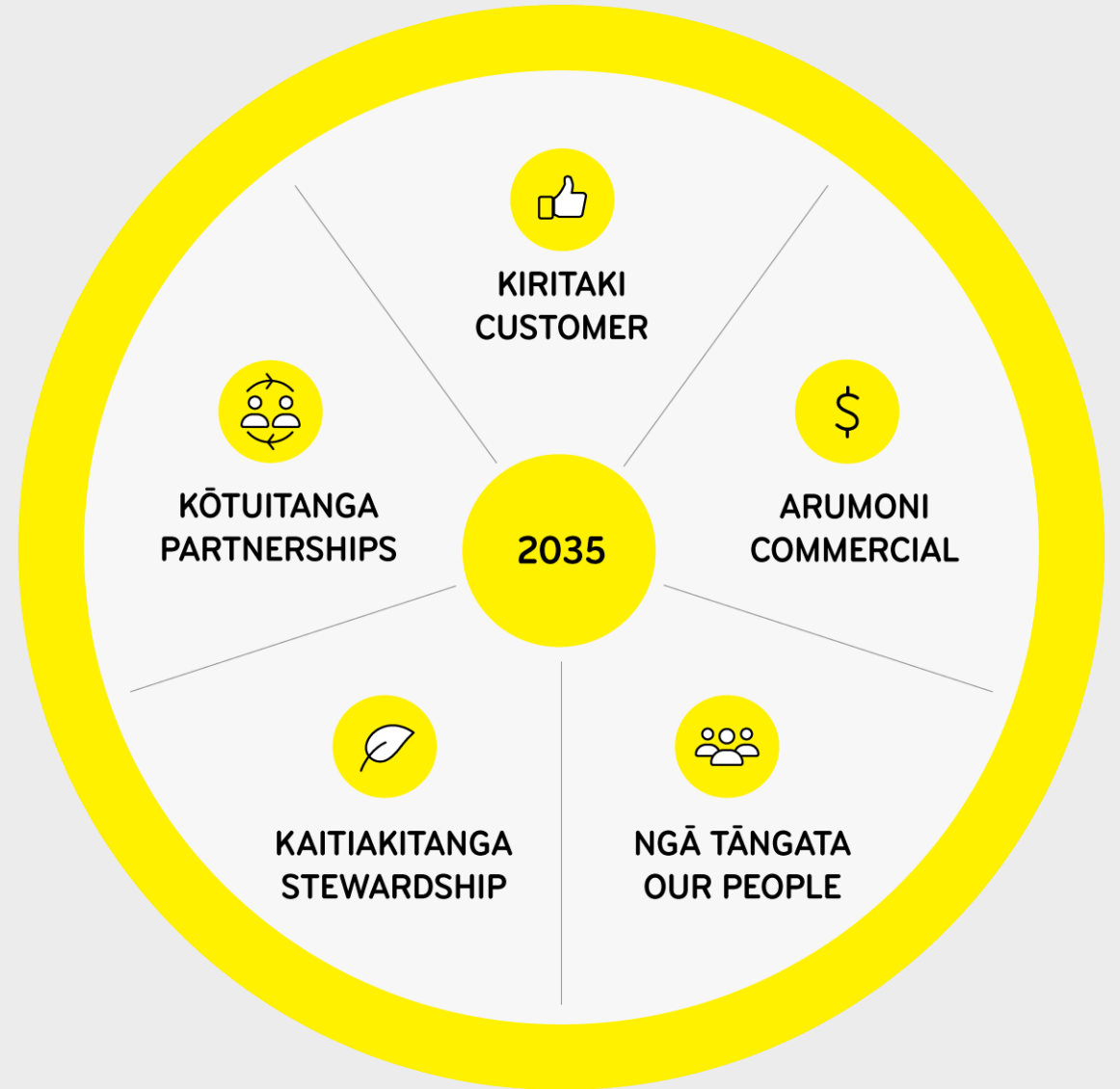


# CHIEF EXECUTIVE'S REPORT.

VINCE HAWKSWORTH



# OUR 2035 LONG-TERM ASPIRATIONS.





# TAKING CARE OF TOMORROW.

- > Delivering new renewable generation for New Zealand, including more wind and geothermal.
- > Taking further actions to support net-zero future.
- > Value for customers enabled by scale retail business.



# CONNECTING PEOPLE AND PLACE TODAY.

- > Becoming a more adaptive organisation.
- > Building a more diverse, equitable and inclusive workforce.
- > Taking a more holistic approach to health and safety.



# EXECUTIVE PRESENTATION 1.

**STEWART HAMILTON**

General Manager, Generation

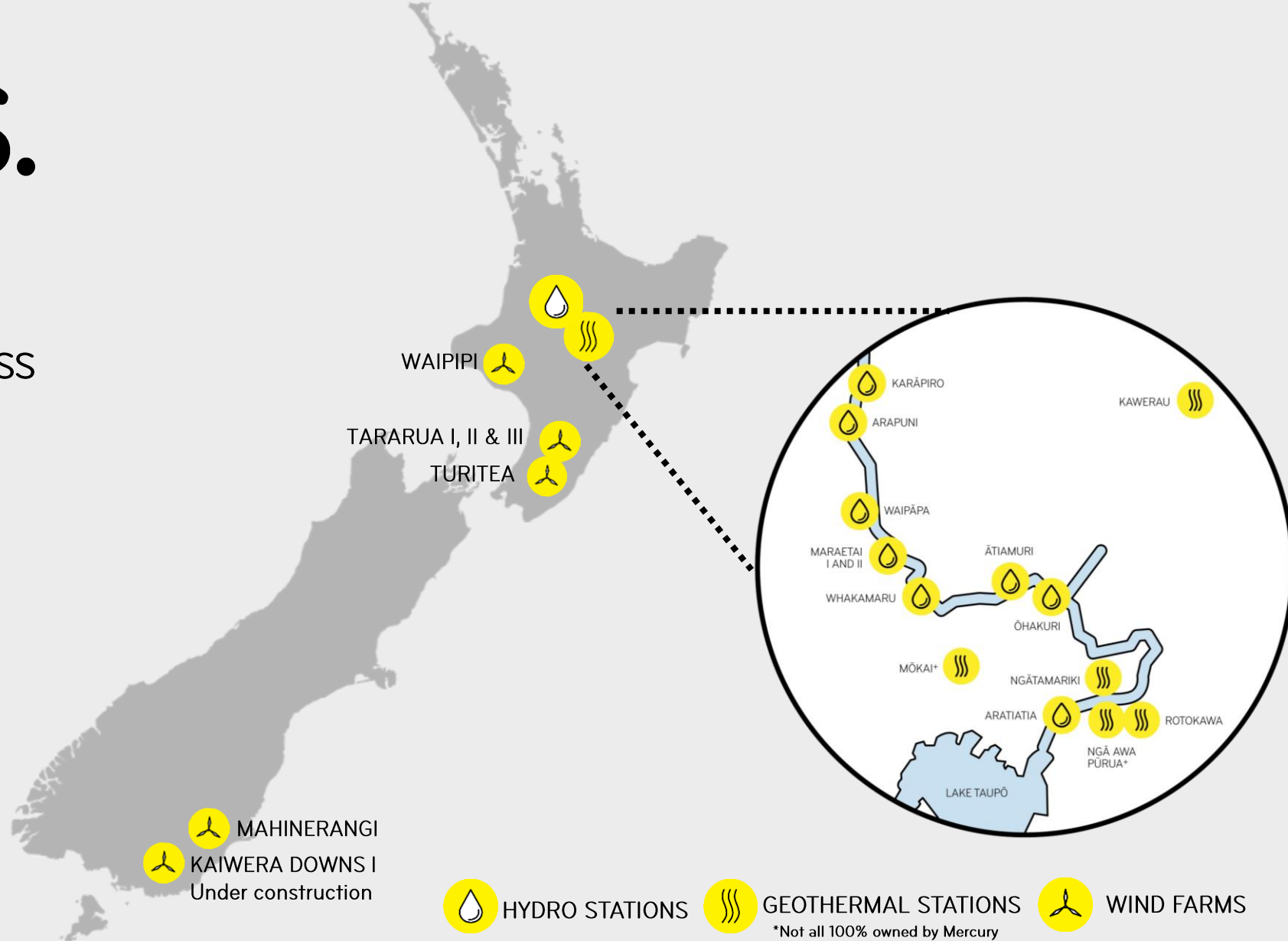




# OUR SITES.

>\$8b of assets spread across  
20 locations, 3 fuel types  
and 300 people.

>5,209 GWh hydro,  
2,358 GWh geothermal,  
1,471 GWh wind.



# CARING FOR OUR ASSETS.

- > Setting assets up for the future and increasing capacity.
- > Investing in the maintenance and resilience of our assets.





# FORWARD FOCUS.

- > Adding capacity to existing sites.
- > Supporting diversity.
- > Building resilience.



# EXECUTIVE PRESENTATION 2.

**CRAIG NEUSTROSKI**

General Manager, Commercial Operations



# SCALE AND PROGRESS.

- >Trustpower customers welcomed to Mercury brand in June.
- >Focus now on migrating all customers to refreshed technology stack.
- >All customers will be able to access all offers in coming months.





# DELIVERING VALUE LONG TERM.

- > Phasing out low fixed charge to enable fairer pricing for all.
- > Focus on holistic solutions for customers who need our support.
- > Designing innovative solutions for changing needs.



# **BUSINESS AND RESOLUTIONS.**





# RESOLUTION 1.

>Re-election of Hannah Hamling.



# RESOLUTION 2.

>Re-election of Scott St John.



# RESOLUTION 3.

>Election of Adrian Littlewood.



# RESOLUTION 4.

>Election of Mark Binns.

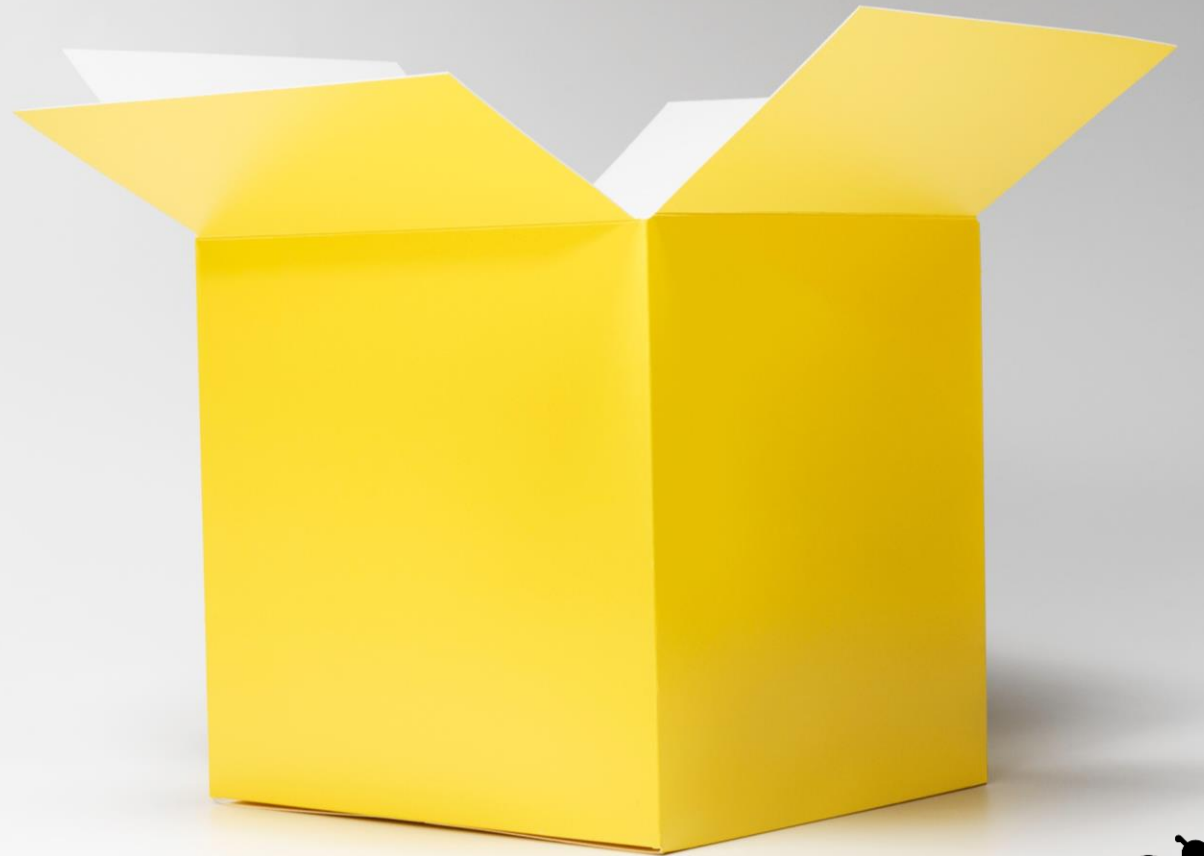




# Q&A: DIRECTOR APPOINTMENTS.



# VOTING.



# Q&A: GENERAL BUSINESS.





**NGĀ MIHI.**



