



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

NEWS RELEASE

Mercury sells Metrix smart metering business

17 December 2018 – Mercury NZ Ltd has today announced the sale of its smart-metering business, Metrix, to intelliHUB Group for a cash consideration of \$270m.

Mercury Chief Executive Fraser Whineray says the sale releases capital and resources, simplifies the company and provides a tremendous opportunity for Metrix employees.

Metrix has been a strong performing business, operating and branded separately from Mercury's core generation and retail activities. It is one of the country's leading smart metering solution providers, managing over 460,000 meters with household and commercial connection points. These features made it attractive to a focused owner looking to advance the role of smart metering technologies in New Zealand and Australia even further, Mr Whineray said.

Mercury's retail business has metering service agreements with all significant metering service providers. Under the sale agreement Mercury's retail business will continue to be a key partner of Metrix, benefitting from the metering services and innovation that Metrix will provide under its new ownership.

New natural owner

"The sale price achieved is recognition of the expertise, scale and opportunity Metrix represents. While Mercury had its own strategy for Metrix, negotiations with intelliHUB Group have presented an opportunity that is timely for both parties," Mr Whineray said.

"IntelliHUB is a natural owner for the business given its experience and growth in Australia, and its expansion into New Zealand, partnering with Trustpower to roll-out smart meters across its customer base."

IntelliHUB's CEO, Adrian Clark, said he was excited by the opportunity provided by Metrix.

"Metrix's large installed meter base, deep customer relationships and innovation platform, make this a natural acquisition for intelliHUB. It is also clearly aligned to our strategy of focusing on growth and innovation in smart metering services," Mr Clark said.

Transaction details

The transaction is expected to settle on 1 March 2019. The annualised reduction to EBITDAF from the sale is forecast to be \$28m. Further details are provided in the accompanying presentation.

Mercury's proceeds from sale will be applied to the repayment of net debt in the first instance. Further application of proceeds will be considered with the company's FY2019 results.

Metrix's Chief Executive Matt Olde will remain as a Mercury executive with an initial focus of ensuring a successful Metrix transition to intelliHUB. All other Metrix employees transition as part of the sale.

Flagstaff Partners and Chapman Tripp acted as financial and legal advisers to Mercury on this transaction.



ABOUT METRIX

Metrix evolved out of the Auckland Electric Power Board, drawing on more than 80 years of asset management expertise and is one of the most experienced metering companies in New Zealand. Metrix's core business is the provision of Advanced Metering Infrastructure and services to New Zealand's electricity retailers. It employs around 90 people and is headquartered in Newmarket, Auckland.

ABOUT intelliHUB GROUP

intelliHUB Group is a fast-growing trans-Tasman entity that is exclusively focused on metering services that allow our energy customers to differentiate with a better customer experience, innovative new products and a commitment to quality. The business is supported by the majority shareholder Pacific Equity Partners (PEP) who are a leading investment firm across Australia and New Zealand.

intelliHUB provides smart metering services in the New Zealand and Australian markets by engaging with energy retailers to provide all aspects of their energy control and management solutions to the retailer's end customers.

For further information:

Investors – Tim Thompson 0275 173 470

Media – Craig Dowling 0272 105 337

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. www.mercury.co.nz

