



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

NEWS RELEASE

Mercury enters into binding agreements to acquire Trustpower's retail business

21 June 2021 – Mercury NZ Limited (Mercury) has announced that it has entered into binding agreements with Trustpower Limited (Trustpower, NZX:TPW) to acquire Trustpower's retail business for NZ\$441 million, payable in cash. The transaction is conditional on several matters, including Commerce Commission clearance, completion of the proposed restructure of Tauranga Energy Consumer Trust (TECT) and Trustpower shareholder approval.

Trustpower's retail business is a leading multi-product utilities retailer selling electricity, gas, fixed and wireless broadband and mobile phone services to approximately 231,000 customers nationwide.

The combined business will have approximately 780,000 connections across both energy and telco services.

Mercury Chief Executive Vince Hawksworth said the acquisition would accelerate Mercury's retail strategy, which is centred on delivering the right product mix and value for customers.

"Mercury and Trustpower are two highly complementary organisations, and this agreement would see the best of both being brought together for our customers," said Mr Hawksworth.

"We know customers value the convenience and ease of bundled services in their home and Trustpower has deep expertise in bundling products in a way that people clearly appreciate. We see this adding material value to our customers and Mercury."

"Bringing together the retail businesses of Mercury and Trustpower will also give us the scale to make meaningful investment in the underlying IT systems, driving greater innovation for our customers."

Mr Hawksworth said the strength of Trustpower's retail offering was underpinned by a highly skilled and motivated team, with approximately 500 staff focused on retail, based in Tauranga and Oamaru.

"We see a huge amount of talent and capability across both organisations, each with a strong focus on delivering the best possible outcomes for customers. We're excited for how we can continue to build on this together," said Mr Hawksworth.

"Customers will continue to enjoy all the great services and support they have today with Trustpower and with Mercury. And we're looking forward to unlocking even more benefits and products for them over time."



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Mr Hawksworth noted that deeper integration of the two businesses is not planned until the underlying IT systems will enable improved customer experience.

Mercury has secured a commitment for a new bank facility sufficient to finance the acquisition.

Mercury notes:

The transaction is conditional on Mercury obtaining Commerce Commission clearance for the purchase of Trustpower's retail business. Mercury will be working with the Commerce Commission to progress the application as efficiently as possible once filed.

In addition to requiring Trustpower shareholder approval, the transaction is also conditional on the proposed TECT restructure being completed. Independent of this transaction, the TECT trustees already have this restructure process underway, as they wish to ensure that all Trustpower's local retail customers (as at 28 January 2021) will remain beneficiaries of the Trust following any sale of Trustpower's retail business. Mercury's offer is conditional on the restructure occurring to ensure that those Trustpower retail customers could continue as beneficiaries of the Trust. Further details of the TECT restructure can be found on TECT's website.

The timing for regulatory approvals depends on several factors, including the current workload of the regulator. Mercury anticipates that these conditions will be fulfilled and completion of the transaction will occur within CY2021.

Further detail is provided in the accompanying presentation.

ENDS

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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

