

20 September 2019

Mercury NZ Ltd (MCY)

The company will hold its Annual Shareholders Meeting **10.00am Friday 27 September 2019**.

The location is **Level 4 Lounge, South Stand, Eden Park, Gate G, Reimers Ave, Kingsland, Auckland**.

The meeting will also be webcast at <https://www.mercury.co.nz/investors/investor-info/annual-shareholders-meeting>.

The company owns and operates 14 power stations supplying 373,000 customers. It has 14% of the electricity sales market and 17% of the generation market. It employs 775 people. During the year the company sold Metrix its smart metering business for \$272 million. Whilst this impacted revenue it boosted net profit. The company has committed \$256 million to establishing its first wind farm at Turitea near Palmerston North.

Energy Margin was \$667 million down 8%, EBITDAF \$505 million down 11%, NPAT \$357 million up 53%. Dividend for the year was up 2.6% at 15.5 cents per share.

The shares are trading up 57% over the past year at \$5.18 reflecting the strong demand for energy stocks on the NZX.

Board Composition

The Board currently comprises an Independent Chair and 7 Independent Directors, 6 males and 2 females. The Chair, Joan Withers, is retiring at the meeting and will be replaced by Prue Flacks. Joan Withers was appointed to the Board in 2009 and steered the company from an SOE to a Mixed Ownership Model listing on the NZX in 2013. Under her stewardship the company has been an outstanding performer not only financially but also across its governance.

One measure of this is the appointment of Anna Lissaman from the IOD's Future Directors Programme. Anna is the third Future Director the company has appointed. It is a concern that since the Programme was established in 2013 only 7% of NZX companies have appointed a Future Director.

We do note that of the remaining 7 Directors only one has an executive background in the industry. We would suggest the Board looks to appoint at least one additional Director with relevant experience, so the Board is able to closely question the CEO and senior management on industry technical matters.

Resolutions

1. To re-elect James Miller as an Independent Director.

James Miller was appointed to the Board in May 2012 and is a member of the Risk Assurance and Audit Committee and the Nominations Committee. He is Chair of NZX, acting Deputy Chair of Accident Compensation Corporation, and a director of The New Zealand Refining Company. Prior to that he was a director and Head of NZ Wholesale Equities at Craig's Investment Partners. James is a Fellow of the Institute of Finance Professionals and the New Zealand Institute of Chartered Accountants.

We will vote undirected proxies **IN FAVOUR** of this resolution.

2. To amend the Constitution to comply with the new NZX Listing Rules.

The NZX Listing Rules were amended as at 1st January 2019. This resolution seeks shareholder approval to amend the current Constitution to comply with the new Rules. The details are set out in the Notice of Meeting.

We will vote undirected proxies **IN FAVOUR** of this resolution

Proxies

You can vote online or appoint a proxy at <http://www.investorvote.co.nz>

Instructions are on the Proxy/voting paper sent to you.

Voting and proxy appointments close **10.00am Wednesday 25 September 2019**

Please note you can appoint the Association as your proxy.

We will have a representative at the meeting.

STANDING PROXIES - AUTOMATICALLY APPOINT NZSA AS YOUR PROXY FOR SOME OR ALL OF YOUR HOLDINGS WITHOUT HAVING TO FILL IN NEW FORMS EVERY TIME. MAKE YOUR VOTE COUNT!

DETAILS ON NZSA WEBSITE,

<http://www.nzshareholders.co.nz/shareholders-standing-proxies.cfm>

The Team at NZSA