

14 September 2020

Mercury NZ Ltd (MCY)

The company will hold its Annual Shareholders Meeting **10.00am Thursday 24 September 2020**.

You can join the meeting online at <https://web.lumiagm.com/> The Meeting Code is 353-924-719.

Mercury owns and operates 9 hydro and 5 geothermal power stations in the North Island employing 786 people and supplying 384,000 customers. It is also in the process of constructing a wind farm that will be fully operational in FY22. It holds 19.95% of Tilt Renewables Ltd.

In July, in response to the announcement that the Tiwai Point aluminium smelter was closing the company stated it was relatively well placed with its generation assets in the North Island and close to load demand.

Minimal rainfall in the last quarter of FY20 resulted in the Lake Taupo hydro storage being almost 100GWh below its long-term average. Hydro generation was 8% down on FY19 and geothermal generation was down 3%.

During the year, the CEO Fraser Whineray left the company to take up a role at Fonterra and was replaced by Vince Hawksworth formerly the CEO at Trustpower.

Revenue was down 11.6% at \$1.76 billion with NPAT at \$207 million compared to \$357 million. FY19 NPAT included \$177 million from the sale of Metrix. Dividend was up 2% at 15.8 cents per share.

EBITDAF guidance for FY21 is \$515 million with dividend guidance at 17 cent per share. The shares are trading at \$5.15 and have traded through a range of \$3.80/\$5.62 over the past year.

Board Composition

The Board comprises an Independent Chair and 7 Independent Directors. Last year we commented that only one Director had an executive background in the industry. With a Board of this size we suggest it is important that at least two have a sound understanding of the business to be able to question the CEO and senior management particularly on technical matters.

Resolutions

1. To elect Hannah Hamling as an Independent Director.

Hannah Hamling was appointed to the Board in February 2020 and is therefore required to offer herself for election. She is an environmental scientist and until recently was President of the Asia Pacific Region and Global Sustainable Development Leader for Golder, a Canadian engineering and environmental science company. Before that she was Managing Director of New Zealand environmental consultancy firm Kingett Mitchell.

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

2. To re-elect Andy Lark as an Independent Director.

Andy Lark was appointed to the Board in 2014. He is Chair of Group Lark. He was previously in marketing, digital and business roles at Commonwealth Bank of Australia, Dell, Foxtel & Xero.

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

3. To re-elect Scott St John as an Independent Director.

Scott St John was appointed to the Board in 2017. He is Chancellor of the University of Auckland and a director of Fisher & Paykel Healthcare and Fonterra Cooperative Group and Next Foundation. He was on the Capital Markets Development Taskforce and the Financial Markets Authority Establishment Board.

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

4. To re-elect Patrick Strange as an Independent Director.

Patrick Strange was appointed to the Board in 2014. He is Chair of Chorus and Auckland International Airport. He was a director of Mercury then headed Transpower.

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

Proxies

You can vote online or appoint a proxy at <https://www.investorvote.com.au/Login>

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

Voting and proxy appointments close **10.00am Tuesday 22 September 2020**.

Please note you can appoint the Association as your proxy. We will have a representative attending the meeting.

The Team at NZSA