MERCURY CAPITAL BOND OFFER

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2 May 2022

Mercury

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A number of non-GAAP financial measures are used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements, which are available at www.mercury.co.nz. These measures are discussed in further detail in the Appendix slide 23.

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IMPORTANT INFORMATION

The offer ("Offer") of unsecured, subordinated, interest bearing capital bonds ("Capital Bonds") by Mercury described in this presentation is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conducts Act 2013 ("FMCA").

The Offer is an offer of debt securities that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Mercury's $300,000,000 unsecured, subordinated, interest bearing capital bonds with an interest rate of 3.60% per annum and a maturity date of 11 July 2049, which are currently quoted on the NZX Debt Market under the ticker code MCY020 ("MCY020 Bonds").

Accordingly, the Capital Bonds are the same class as the MCY020 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Mercury is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("NZX") for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/MCY.

The MCY020 Bonds are the only debt securities of Mercury that are in the same class as the Capital Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the MCY020 Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Investors should carefully consider the features of the Capital Bonds which differ from the features of a standard senior bond. Those features include the ability of Mercury to defer interest, optional redemption rights for Mercury, a margin step-up and the subordinated nature of the Capital Bonds. An indicative terms sheet dated 2 May 2022 ("Terms Sheet") has been prepared in respect of the Offer. Investors should read the Terms Sheet carefully and seek financial advice before deciding to invest in the Capital Bonds. Investors should not purchase the Capital Bonds until they have read the Terms Sheet.

An application has been made to NZX for permission to quote the Capital Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in the Terms Sheet or this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

OFFER SUMMARY

Issuer	Mercury NZ Limited
Instrument	Unsecured, subordinated, redeemable, cumulative, interest bearing debt securities
Credit Rating	Expected Issue Credit Rating: BB+ by S&P Global Ratings (Mercury has an Issuer Credit Rating of BBB+ (stable))
Issue amount	Up to NZ$200m plus oversubscriptions of up to NZ$50m (at Mercury's discretion)
Term	30 years (maturing 13 May 2052)
Reset Dates	13 May 2027 and every 5 years thereafter
Interest Rate[1]	Benchmark Rate plus the Margin, subject to the minimum Interest Rate
Bookbuild/Interest Rate set	5 May 2022
Use of proceeds	The proceeds of the Capital Bonds are intended to be used to refinance drawn debt relating to the Trustpower Retail acquisition and for general corporate purposes
Joint Lead Managers	BNZ, Craigs Investment Partners, Forsyth Barr

[1] To the First Reset Date, 13 May 2027

Waipapa Hydro Power Station

COUNTRY, INDUSTRY & MERCURY

Stable regulatory framework

- Underpinned by strong industry performance on Reliability, Renewability and Pricing (the electricity ‘trifecta’)
  - New Zealand has >80% renewable generation
- Electricity recognised as a key enabler for New Zealand’s low-carbon economy

Focus on our customers

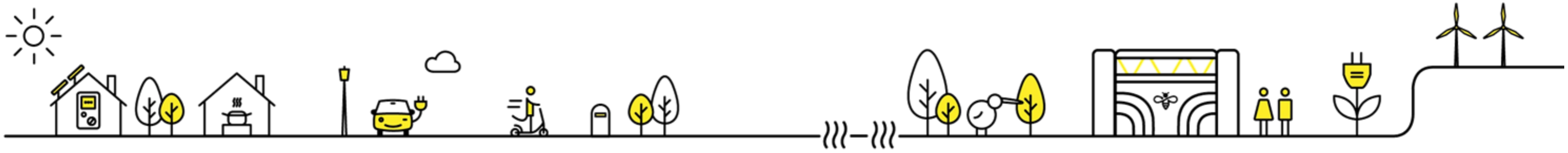
- Focus on rewarding our customers in a competitive retail market
- Making it easy with increased digitalisation and self-service

100% renewable generation

- Low cost hydro, geothermal and wind generation delivering strong and stable cash flows
- Turitea South, the second stage of New Zealand’s largest wind farm, under construction

Integrated generator & retailer

- Complementary generation sources contribute both flexibility and reliability with sales to customers providing a natural hedge against wholesale price volatility



MERCURY AT A GLANCE

- > Vertically integrated 100% renewable predominantly North Island generator and national energy retailer
- > New Zealand's second largest gentailer[1] and largest electricity retailer[2]
- > Generation market share of 15%[3]
- > 51% owned by the New Zealand Government

KEY INFORMATION

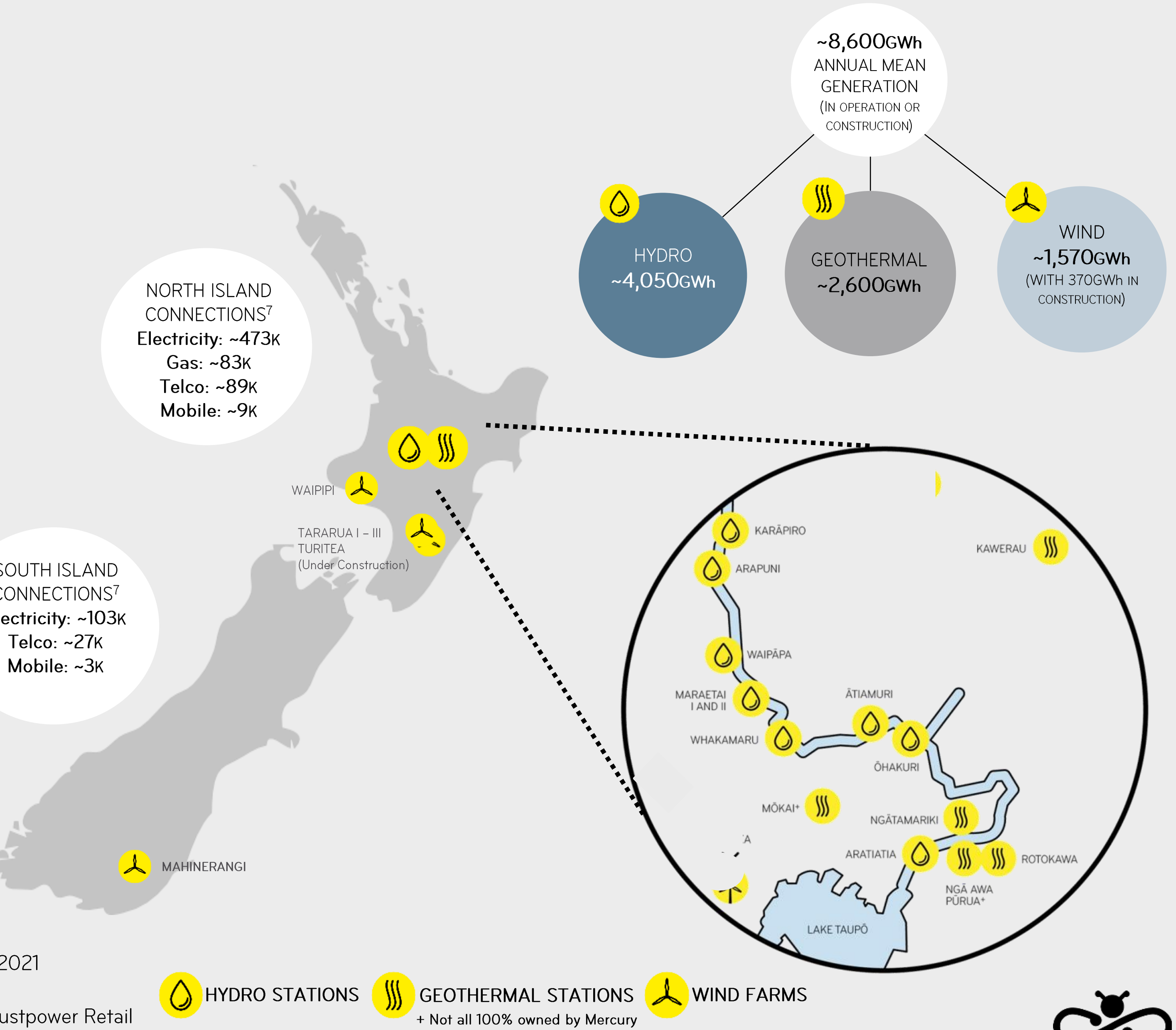
Ticker Codes: **MCY.NZ / MCY.AX**

Market Capitalisation: **~NZ$8.3 billion[4]**

Enterprise Value: **~NZ$10.3 billion[5]**

Credit Rating: **BBB+/Stable (S&P Global)**

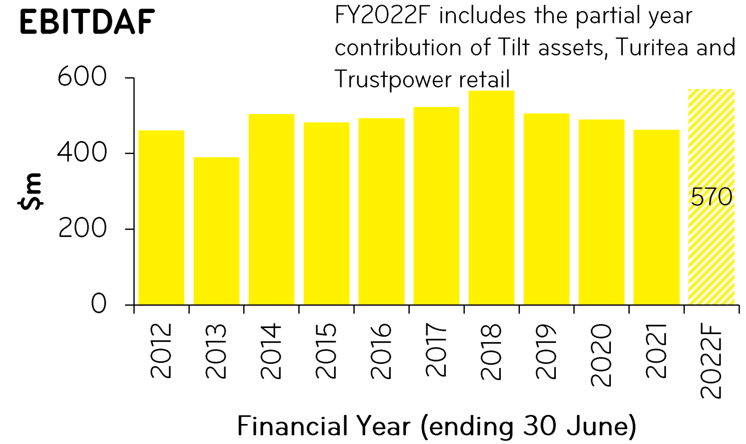
EBITDAF (FY2022F): **NZ$570 million[6]**



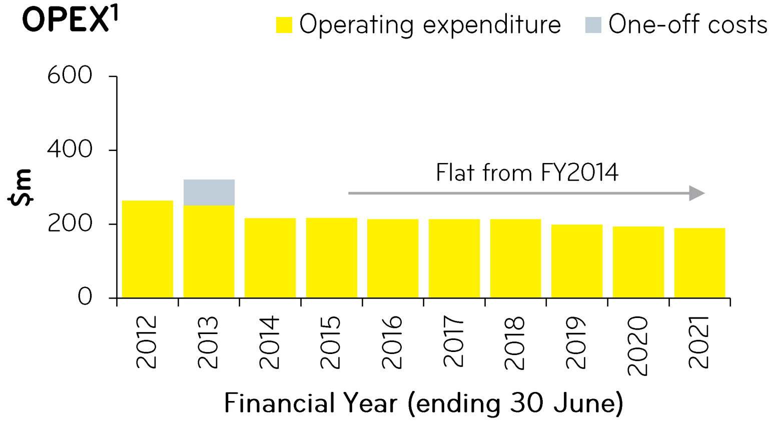
1 By market capitalisation
2 By market share
3 Based on equity-weighted generation volumes in the 12 months to 30 June 2021
4 As at 28 April 2022
5 Sum of market capitalisation and net debt as at 31 Dec 2021, adjusted for Trustpower Retail
6 Market guidance
7 As at 31 March 2022, adjusted for Trustpower Retail. Telco connections reflect the number of customers with a phone and/or broadband connection.

MERCURY'S LONG TERM TRACK RECORD

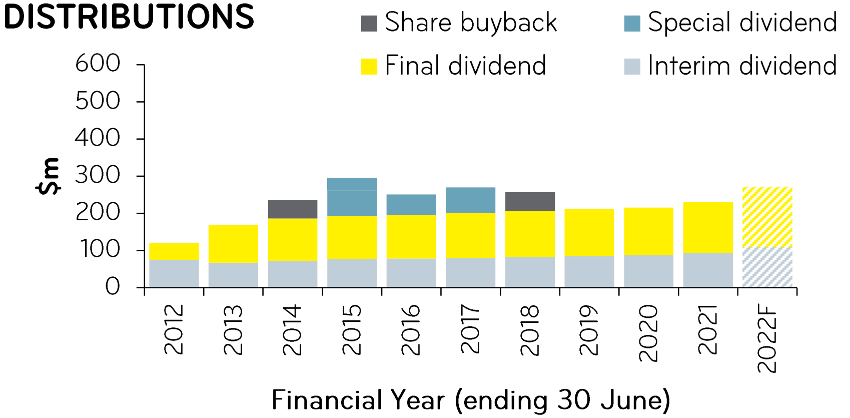
EBITDAF



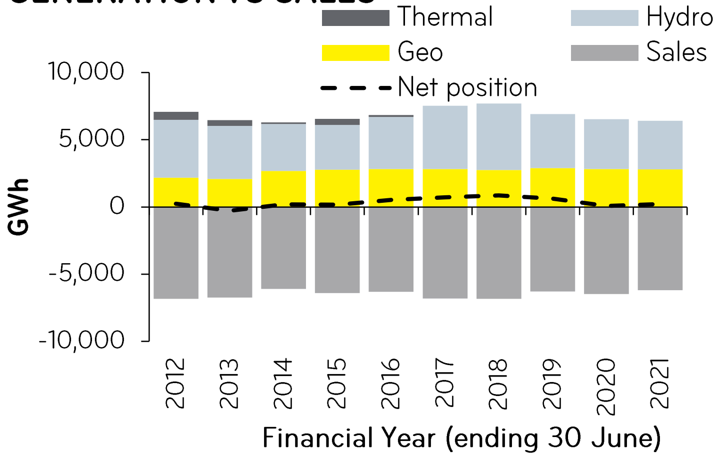
OPEX[1]



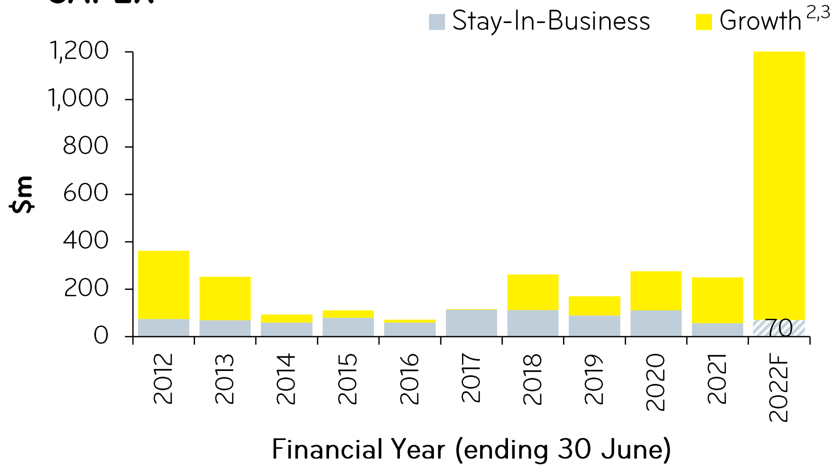
DISTRIBUTIONS



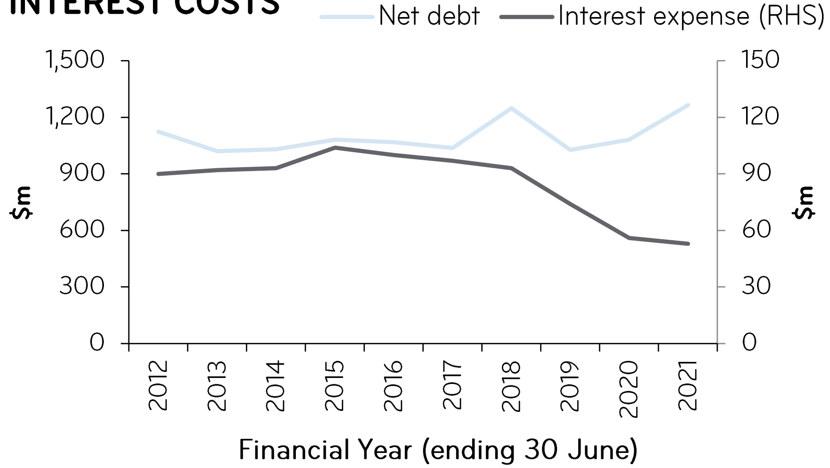
GENERATION VS SALES[1]



CAPEX



INTEREST COSTS



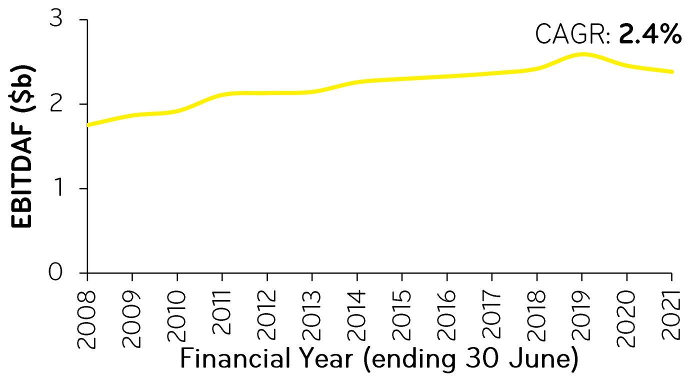
[1] FY2022F figures not available as Mercury does not give guidance for Opex, Generation and Sales and Interest

[2] FY2019 growth Capex includes Tilt Renewables capital contribution

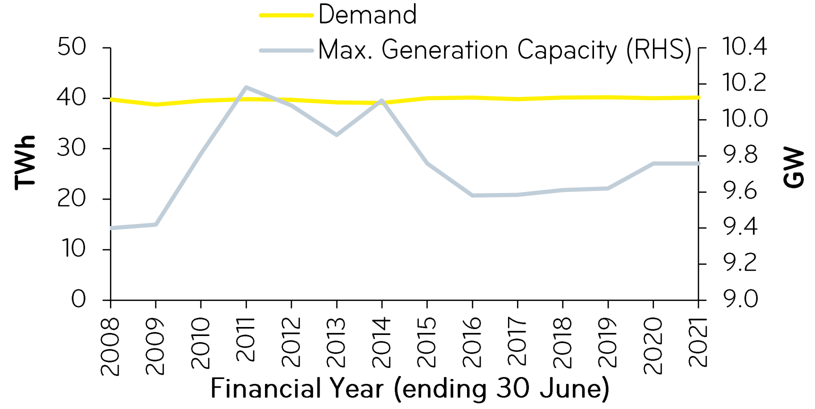
[3] FY2022 growth Capex forecast based on acquisition of Tilt NZ assets, Trustpower Retail and Turitea HY2022 spend only. Mercury does not provide guidance for other growth Capex.

LONG TERM INDUSTRY TRENDS

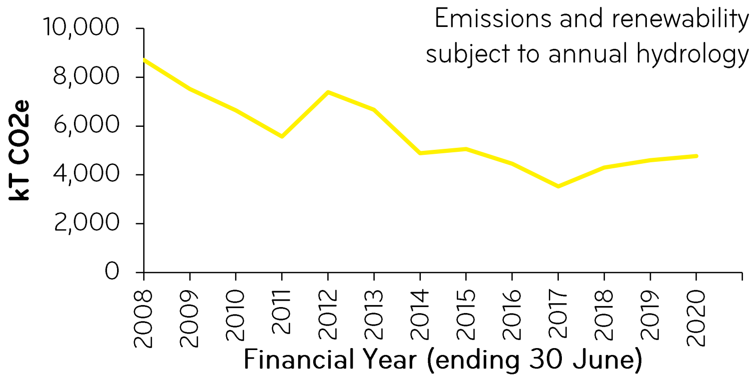
SECTOR EARNINGS



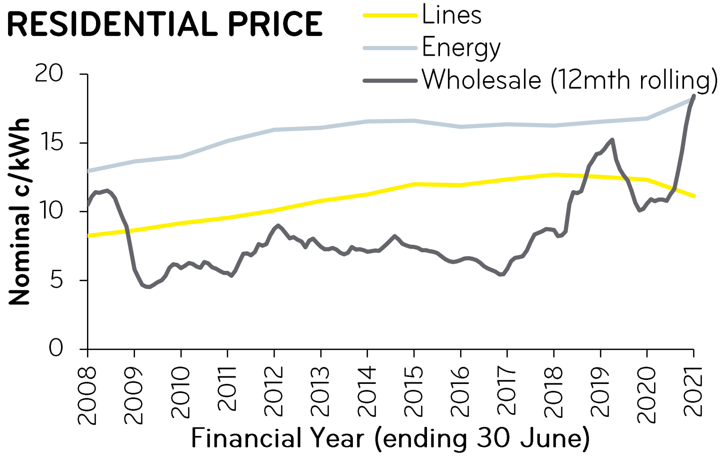
DEMAND AND GENERATION CAPACITY



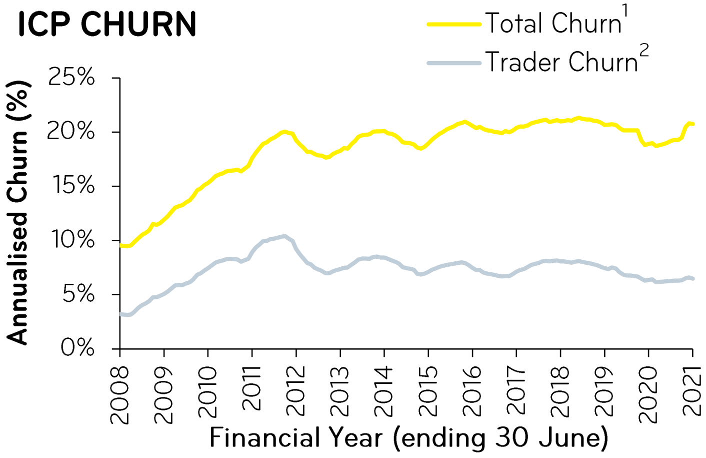
CARBON EMISSIONS



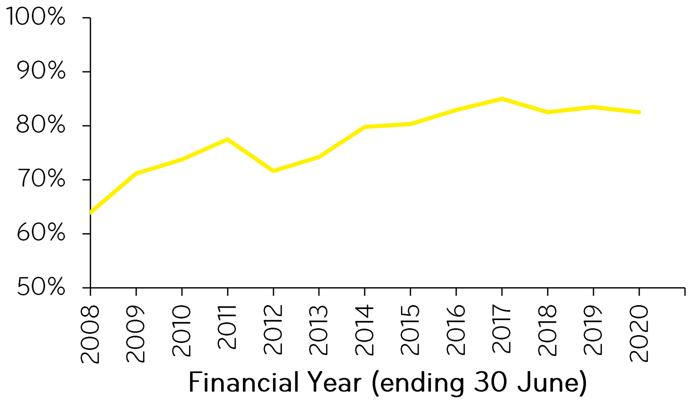
RESIDENTIAL PRICE



ICP CHURN



RENEWABLES PROPORTION

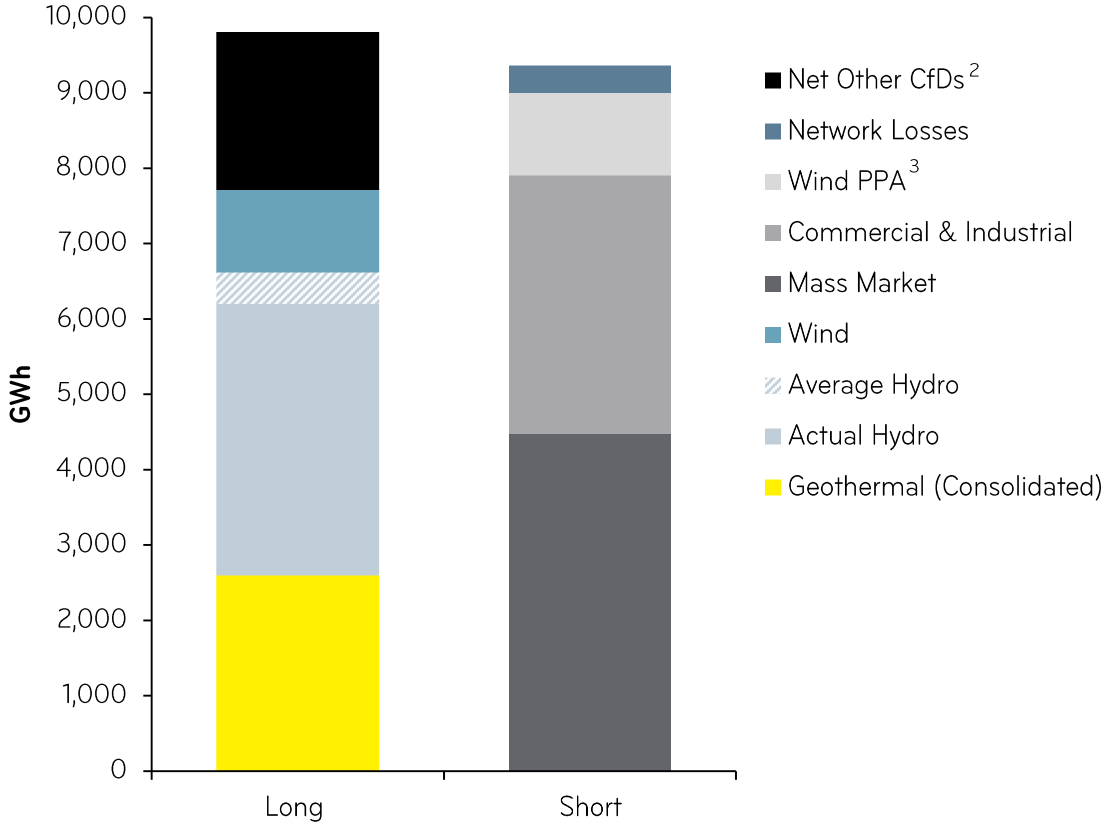


Source: Company reports, TPIX, MBIE, Pricing Manager (NZX), Electricity Authority
[1] Includes trader churn and premise churn – switches caused by customers moving house
[2] Switches where a customer changes retailer without changing residence

PORTFOLIO APPROACH TO RISK MANAGEMENT

- Mercury operates an integrated electricity portfolio with electricity sales to customers providing a natural price hedge to generation
- Usually net long position with movement year-on-year due to hydrology, plant availability and values of sales
- Three complementary low-cost fuel sources
  - Flexible hydro generation from the largest group of peaking stations in the North Island
  - Geothermal provides baseload generation not dependent on weather
  - Wind generation low-cost and consistent over the medium-term
- Diversified sales portfolio including sales to Mass Market, Commercial & Industrial customers and derivatives

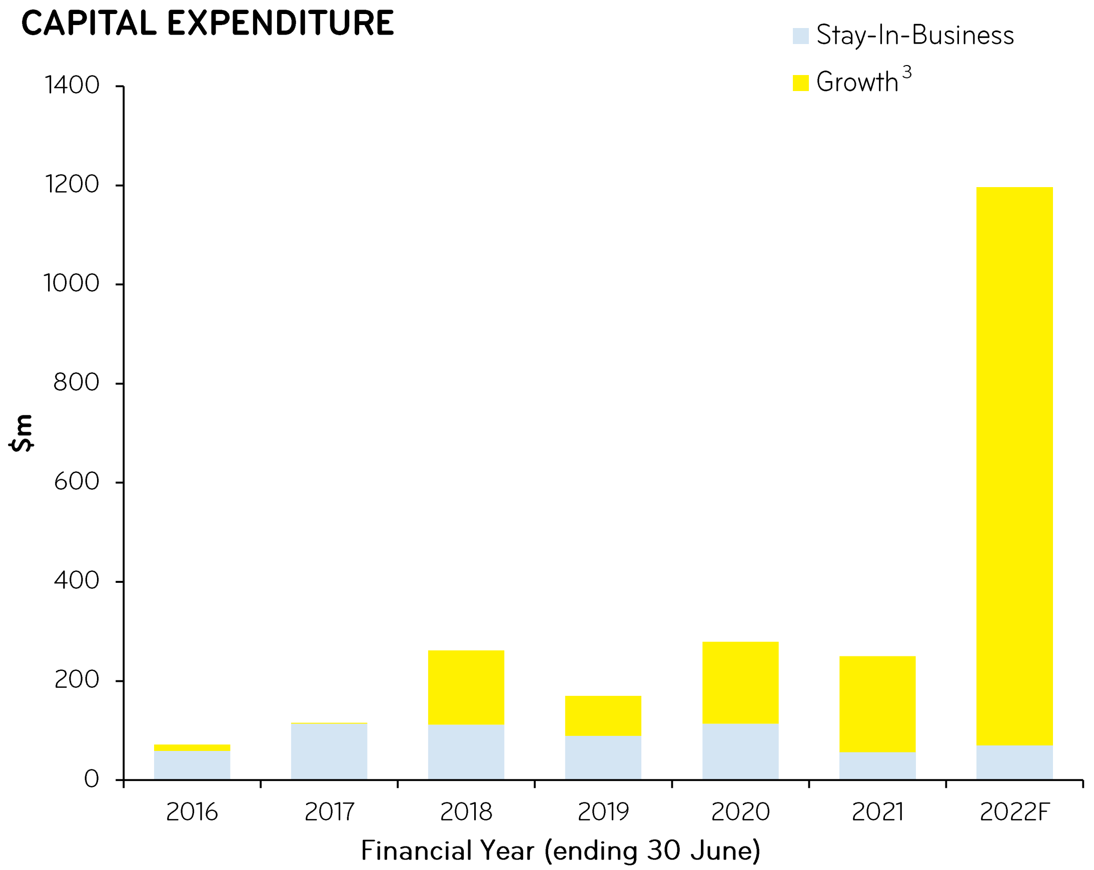
NET POSITION BREAKDOWN[1]



[1] Based on FY2021 sales and generation volumes, adjusted for Trustpower Retail. Includes estimated average volumes from Tilt NZ assets and associated sales added
[2] Contract-For-Difference
[3] Power Purchase Agreements

CAPITAL EXPENDITURE

- Annual stay-in-business capital expenditure subject to timing of refurbishments, technology investment and geothermal make-up well drilling
  - Ongoing hydro refurbishment programme delivering significant life extension, capacity and efficiency gains
- Growth capex includes:
  - Acquiring a 19.99% stake in Tilt Renewables ($144m in FY2018)
  - Additional capital contributions to Tilt Renewables for 336MW Dundonnell wind farm in Victoria ($55m in FY2019; total investment of $199m)
  - Development of Turitea wind farm ($480m[1]), the first large-scale generation development in New Zealand since 2014
    - Total spend of $368[1]m as at the end of HY2022[2]
- Tilt NZ asset acquisition completed on 3 August 2021
  - Funded through sale of Mercury Tilt shareholding (sold for $608m) and additional net debt of $189m



[1] Excludes capitalised interest
[2] $48m in HY2022
[3] FY2018 figure includes Tilt Renewables 19.99% shareholding acquisition, FY2019 figure includes Tilt Renewables capital contribution, FY2022 growth Capex forecast based on acquisition of Tilt NZ assets, Trustpower Retail and Turitea HY2022 spend only. Mercury does not provide guidance for other growth Capex.

TRUSTPOWER RETAIL ACQUISITION

- Trustpower retail acquisition for $467m includes:
  - Trustpower's retail business
  - 10-year electricity supply hedge agreement (CFD)
  - ISP network
  - Restructured Tauranga Energy Consumer Trust (TECT) rebate arrangements
- Intended settlement of 2 May 2022
- Integration team established focusing on integration of systems and processes, change management to minimise customer impacts and transition of 550+ staff
- Expected FY2022 net EBITDAF contribution of $5m with $10m revenue being offset by $5m integration costs

CAPITAL STRUCTURE FLEXIBILITY ENABLES GROWTH

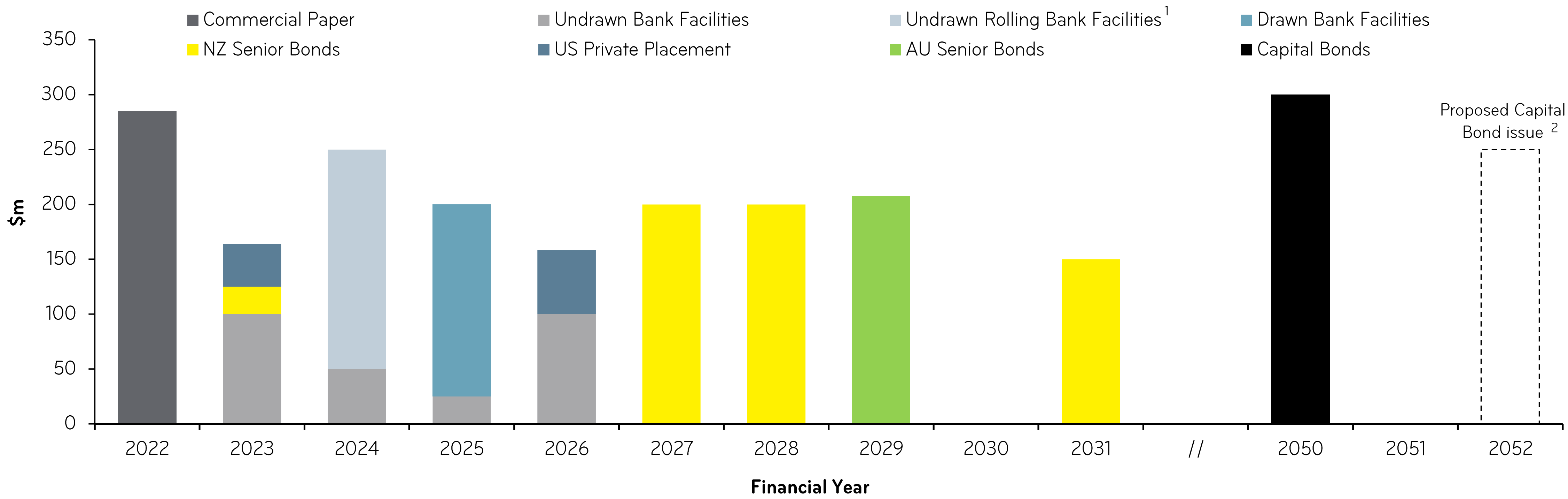
- Debt/EBITDAF expected to peak in FY2022 following the acquisition of Trustpower Retail and prior to the full year contribution of generation development and acquisitions completed within the year
- S&P Global re-affirmed Mercury's credit rating of BBB+/stable in November 2021 acknowledging the capacity within Mercury's capital structure to fund announced investments
  - Mercury targets Debt/EBITDAF between 2-3x after adjusting for S&P Global treatment, consistent with our BBB+ rating
- Mercury's FY2022 ordinary dividend guidance is 20.0cps (up 17.6% on FY2021)
- Mercury commenced a Dividend Reinvestment Plan (DRP) in FY2022, which was underwritten for the FY2022 interim ordinary dividend payment (total proceeds of ~$109m)

	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Net Debt ($m)	1,329	1,149	1,096	1,264[2]	1,038	1,068
Debt/EBITDAF (x)[1]	2.5	2.0	1.9	1.9	1.8	2.0
Issuer Credit Rating	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable
Ordinary Dividend	17.0cps	15.8cps	15.5cps	15.1cps	14.6cps	14.3cps

[1] Adjusted for S&P Global treatment of Capital Bonds
[2] Restated to reflect changes in IFRS

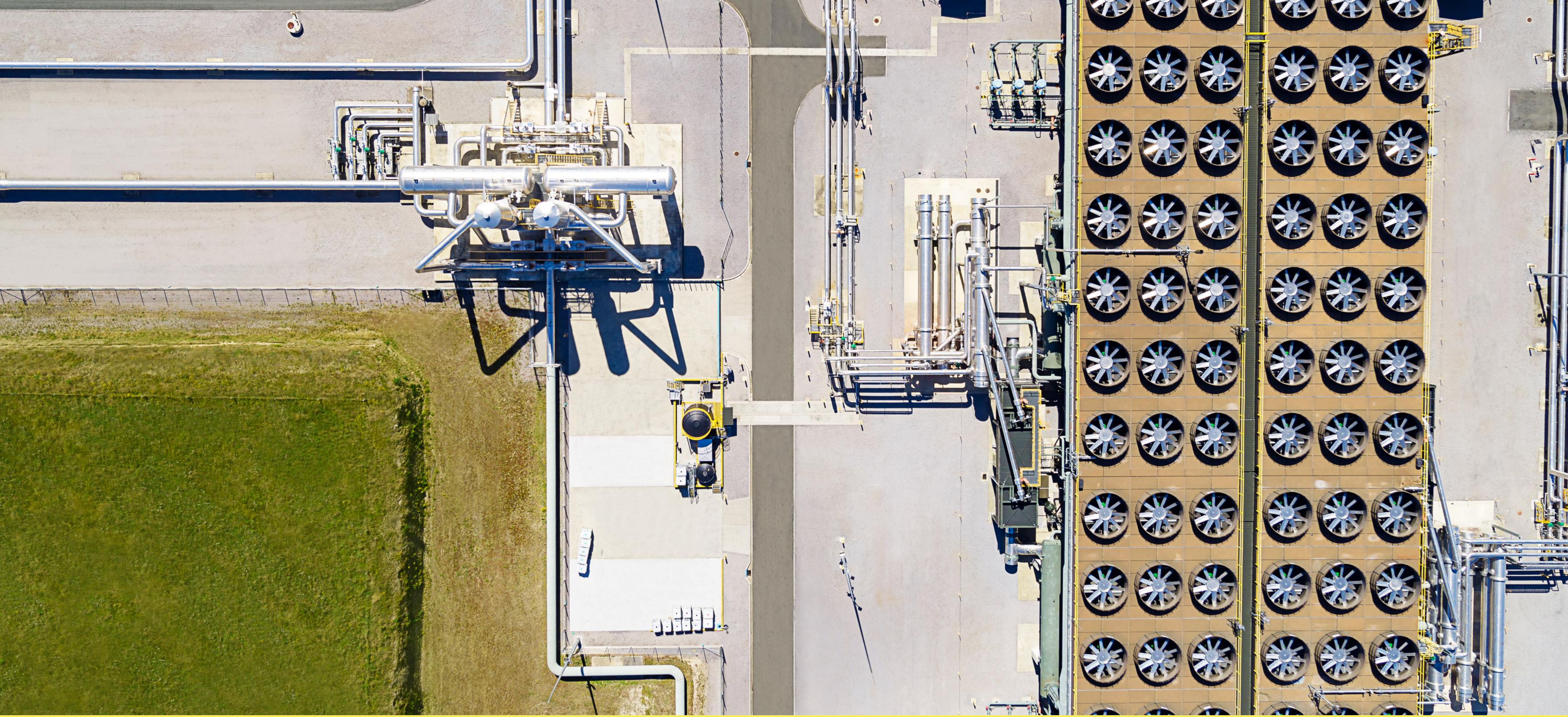
DIVERSIFIED FUNDING PROFILE

DEBT MATURITIES AS AT 31 MAR 2022



> Diversified funding sources with balanced maturity profile: commercial paper, bank facilities, domestic wholesale bonds, retail bonds, AUD wholesale bonds, USPP and capital bonds

[1] Requires 18 months notice of termination from lender
[2] Assumes $250m issue size



KEY TERMS OF THE CAPITAL BONDS

Instrument	Unsecured, subordinated, redeemable, cumulative, interest bearing debt securities
Ranking	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Mercury, other than indebtedness expressed to rank equally with, or subordinate to, the Capital Bonds The Capital Bonds rank equally with the MCY020 Bonds
No guarantee	None of the Crown, any subsidiary of Mercury or any other person guarantees the Capital Bonds
Credit Rating	Expected Issue Credit Rating: BB+ (S&P Global Ratings) The expected Issue Credit Rating of the Capital Bonds is two notches below Mercury's stand-alone credit profile. One notch is deducted for subordination and a second notch because of the potential for interest payments to be deferred
Issue Amount	Up to NZ$200m (with the ability to accept oversubscriptions of up to an additional NZ$50m at Mercury's discretion)
Term	30 years (maturing 13 May 2052)
Reset Dates	13 May 2027 and every 5 years thereafter. As part of a Successful Election Process, a different Reset Date may be adopted
Optional early Redemption by Mercury	Each Reset Date, any Interest Payment Date after a Reset Date if an Successful Election Process has not been undertaken, a Tax Event, a Rating Agency Event or if there are less than 100m Capital Bonds on issue
Interest Rate	The Interest Rate and Margin for the first five-year period will be set following a bookbuild on 5 May 2022 as the Benchmark Rate plus the Margin, subject to a minimum Interest Rate. If not Redeemed earlier, on each Reset Date, unless there has been a Successful Election Process, the Interest Rate for the next five-year period will reset to the Benchmark Rate on the applicable Reset Date plus the Margin plus the Step-up Margin (0.25%)
Deferral of interest	An interest payment can be deferred at any time for up to five years at the sole discretion of Mercury, with a distribution stopper in place while any Unpaid Interest remains outstanding Deferred interest is cumulative
Quotation[1]	It is expected the Capital Bonds will be quoted under the ticker code MCY050 on the NZX Debt Market

[1] Application has been made to NZX for permission to quote the Capital Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in the Terms Sheet or this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA

INTEREST PAYMENTS

Interest Rate

- The Interest Rate until the First Reset Date will be the higher of:
  - Minimum Interest Rate; and
  - Benchmark Rate (on the Rate Set Date) plus the Margin
- Before each Reset Date, Mercury may propose, through an Election Process, that new terms and conditions (including new Interest Rate and Margin) would apply to the Capital Bonds from that Reset Date
- If no Successful Election Process occurs, the Interest Rate for the next five year period resets to the sum of the Benchmark Rate on that Reset Date plus the Margin plus the Step-up Margin of 0.25% (if not already added to the Margin)

Deferral of Interest

- An interest payment may be deferred at Mercury's sole discretion for up to five years
- If deferred, an interest payment amount will itself accrue interest at the prevailing Interest Rate on the Capital Bonds (in aggregate, the Unpaid Interest)
- If there is any Unpaid Interest outstanding, Mercury shall not:
  - Make any dividends, distributions or payments of interest on any shares or securities ranking pari passu with or below the Capital Bonds; or
  - Acquire, redeem or repay any share or other security ranking pari passu with or below the Capital Bonds

ISSUER REDEMPTION RIGHTS

Mercury may redeem the Capital Bonds before the Maturity Date as per the conditions below

Early redemption

Mercury may redeem:

i. All or some of the Capital Bonds on any Reset Date;

ii. All or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date;

iii. All (but not some only) of the Capital Bonds if there are less than 100m Capital Bonds on issue;

iv. All or some of the Capital Bonds if a Tax Event[1] occurs; or

v. All or some of the Capital Bonds if a Rating Agency Event[2] occurs

Redemption price

The Redemption Price will be:

- If redemption is as a result of (ii) or (v) occurring, then it will be the higher of:
  - The Issue Price plus Unpaid Interest plus accrued interest; and
  - The market value plus accrued interest
- Otherwise:
  - The Issue Price plus Unpaid Interest plus accrued interest
- If Mercury is redeeming Capital Bonds in part only then it can only do so to the extent that there will be at least 100m Capital Bonds outstanding after the partial redemption

[1] Receipt by Mercury of an opinion from a reputable legal counsel or tax adviser that as a result of an amendment, change or clarification of legislation, regulation, etc. the interest payments on the Capital Bonds would no longer be fully deductible for tax purposes

[2] Receipt by Mercury of notice from S&P Global Ratings that, as a result of a change of criteria, the Capital Bonds will no longer have the same equity content classification from S&P Global Ratings as it had immediately prior to the change in criteria or Mercury ceases to hold a credit rating

KEY EARLY REDEMPTION DRIVERS

2027

Year 5 – Reset Date

> Potential Election Process or Mercury can call the Capital Bonds
> Step–up in Margin (0.25%) if no Successful Election Process
> Potential refinancing risk at year 10 if not called
> Call is at par (any subsequent issuer call between Reset Dates is at the higher of par and market, except if there are less than 100m Capital Bonds on issue or if a Tax Event occurs)

2032

Year 10 – Reset Date

> S&P's equity content expected to reduce to minimal (0%)
> Treated as 100% debt by S&P
> Likely to be high cost debt with limited benefits
> Outcomes not consistent with rationale for issue

Mercury considers that instruments with ascribed equity content such as the Capital Bonds are an effective capital management tool and intends to maintain such instruments as a key feature of its capital structure going forward. If Mercury chooses to redeem the Capital Bonds early, current expectation is that equivalent replacement securities would be issued to fund that redemption

OFFER STRUCTURE AND KEY DATES

Offer structure

- Bookbuild process
  - NZX firms, institutional investors, and certain other parties
  - No public pool

- Minimum applications
  - NZ$5,000 and multiples of NZ$1,000 thereafter

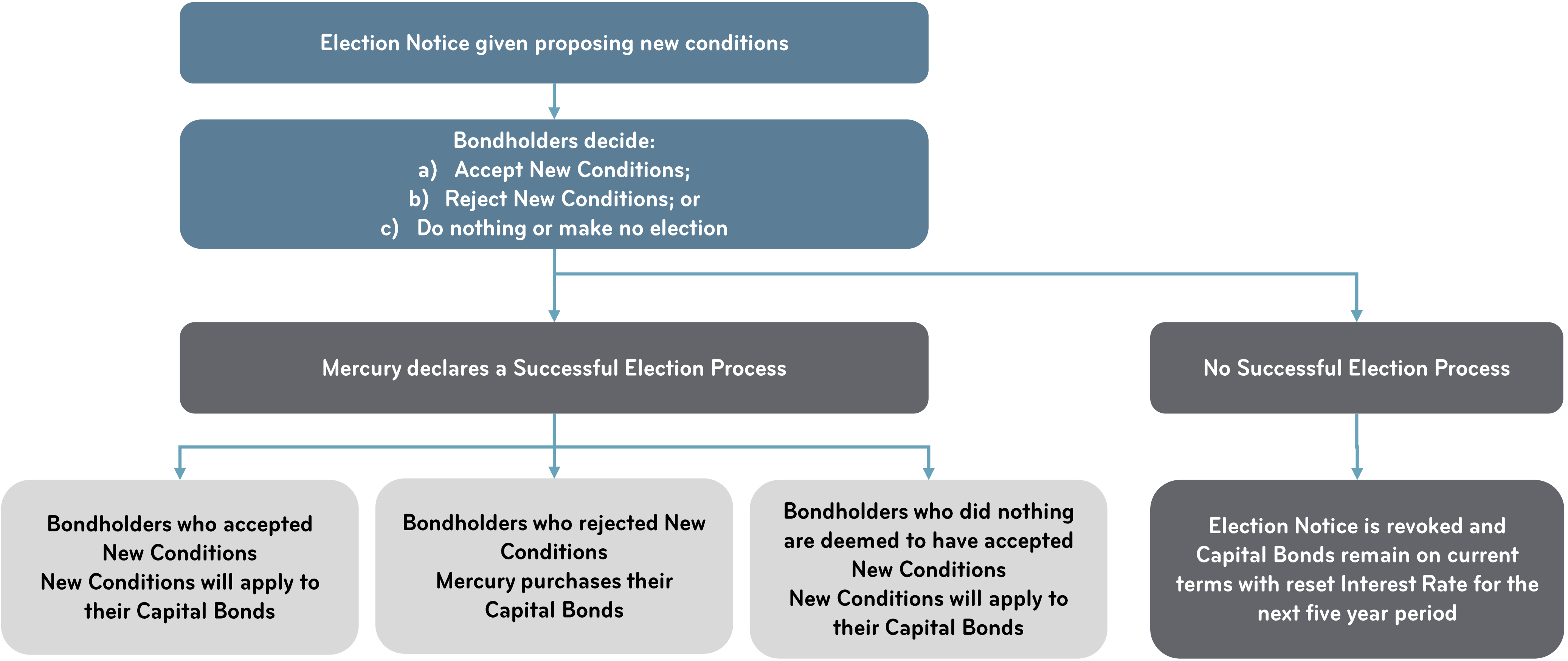
- Fees
  - Retail brokerage of 0.50%
  - Firm fee of 0.50% to those participating in the Bookbuild

Key dates

Offer opens	2 May 2022
Offer closes	12.00pm, 5 May 2022
Bookbuild / Interest Rate set	5 May 2022
Issue Date	13 May 2022
Expected date of initial quotation and trading	16 May 2022
First Interest Payment Date	13 August 2022, payable on Monday 15 August 2022
First Reset Date	13 May 2027
Equity credit content expected to fall to minimal (0%)	13 May 2032
Maturity Date	13 May 2052

APPENDIX

ELECTION PROCESS – A REMINDER



NON-GAAP MEASURES

> EBITDAF (or Operating Earnings) is earnings before net interest expense, tax expense, depreciation, amortisation, change in the fair value of financial instruments, gain on sale and impairments

> Operating Expenditure represents employee compensation and benefits, maintenance expenses and other expenses

> Stay-In-Business (SIB) Capital Expenditure (CAPEX) is the capital expenditure incurred by the company to maintain its assets in good working order

> Growth Capital Expenditure is the capital expenditure incurred by the company to create new assets and revenue

> Free Cash Flow is net cash provided by operating activities less stay-in-business capital expenditure

> Gearing Ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (both current and non-current) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus net debt

TM