



NZX Release

Monday 21 June 2021

Title: *Trustpower agrees terms with Mercury for conditional sale of its retail business.*

Trustpower today announces the conditional sale of its gas, telecommunications, and retail electricity supply business (excluding the supply of electricity to commercial and industrial customers) to Mercury NZ Limited (Mercury) for \$441million, subject to post-completion adjustments. The sale of the retail business will take effect following the conditions of the sale being met, which is expected to be late 2021 or early 2022.

Key conditions of sale include Commerce Commission approval, Trustpower shareholder approval (which is expected to be sought at its Annual Shareholder meeting on 22 September 2021) and the TECT restructure being completed.

An electricity hedge structure has been agreed to support the customer retail demand. More details of this are provided in the separate Investor Presentation released along with this statement. The terms of this hedge underpin Trustpower's earnings for the medium term and the initial price has been set taking advantage of current firm wholesale prices.

The Trustpower name and brand is included in the transaction and will transfer at the completion of the sale. Trustpower will select a new name in due course.

Chairman Paul Ridley-Smith says there were several interested parties in the acquisition of the retail business, validating the opportunity that exists to continue to grow the successful offering of electricity, gas, broadband, mobile and wireless connection services.

"We are pleased that our business will stay in local hands, with a future owner committed to retaining Trustpower's Tauranga and Oamaru offices for the foreseeable future. Mercury clearly understands the business and the strategic value of a proven multi product offering, quality customer base and opportunities for future growth" Ridley-Smith says.

Ridley-Smith says the conditional sale of the retail business enables the Board and leadership team to continue to drive operational excellence in its generation business and focus on new generation and related opportunities.

"Until the sale goes unconditional and then completes, it is business as usual for Trustpower. We will continue to do our best for our customers until the business joins with Mercury," said Ridley-Smith.

Trustpower Chief Executive David Prentice says the opportunities for employees has been an important consideration in this process.

"The capability and performance of our people is what makes the difference for our customers, communities, and shareholders. The majority of employees will get the opportunity to transfer to Mercury and of the rest of the employees most will remain with the generation business" said Mr Prentice.

Equally, Trustpower is confident once Mercury completes the purchase it will maintain and enhance the value and quality of Trustpower's customer service.

"As to the future, this is an exciting time for Trustpower. New Zealand needs to greatly increase renewable energy generation to aid the de-carbonisation and electrification of the economy and we

are in a unique position to play a role in helping the country achieve its climate change targets,” says Prentice.

David Prentice will be the Chief Executive of the new generation business going forward.

Trustpower will consider capital structure, dividend policy and opportunities for re-investment of the proceeds as settlement of the transaction approaches. A further update will be provided at the Annual Shareholder meeting on 22 September 2021.

Forsyth Barr acted as Trustpower’s Financial Advisor in respect of this transaction.

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10am Conference Call: Analysts and media are invited to a Trustpower conference call presentation via Zoom Webinar at 10am today (21 June). Please access the meeting via this link: <https://trustpower.zoom.us/j/92626467225>