

## Annual Shareholders' Meeting

5 November 2015

NZX: MRP

ASX: MYT

## Mighty River Power - 2015 Annual Shareholders' Meeting

The attached presentation will be given at Mighty River Power's Annual Shareholders' Meeting starting at 2 pm today.

1. 2015 Mighty River Power Annual Shareholders' Meeting – Chair and Chief Executive Address
2. 2015 Mighty River Power Annual Shareholders' Meeting – Presentation

ENDS

 [www.mightyriver.co.nz](http://www.mightyriver.co.nz)

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**Mighty River Power** is a company with a great New Zealand heritage, and a leader in this country's electricity industry with the flagship retail brand Mercury Energy and other specialty brands. Every year the hydro and geothermal power stations operated by Mighty River Power generate enough electricity for about 1 million New Zealand homes.

Mighty River Power was listed on the New Zealand Stock Exchange (NZX: "MRP") and the Australian Stock Exchange (ASX: "MYT") in May 2013 and has New Zealand's largest shareholder base of nearly 100,000, alongside the Crown as majority owner.





ANNUAL SHAREHOLDERS' MEETING

**We are  
here.**

**5 November 2015**





ANNUAL SHAREHOLDERS' MEETING

# Joan Withers Chair



# Your Board



**Mike Taitoko**  
**Director**



**Carolyn Luey**  
**Future Director**





# Agenda

**Chair's Address**

**Chief Executive's Address**

**Ordinary Business &  
Resolutions**

**Other Business**





Welcome to  
Tamariki

Station total = 192.2 MW  
represents the amount of  
powerfield after use  
of energy per unit of fuel.



Your  
Company



# Highlights of the year

Seamless Chief Executive transition

Momentum maintained across business

Earnings resilience in year of low rainfall

Bold decisions on portfolio, investment

Clear focus on driving shareholder value





# Shareholder returns

## Share price



TSR



**11** %

ANNUALISED

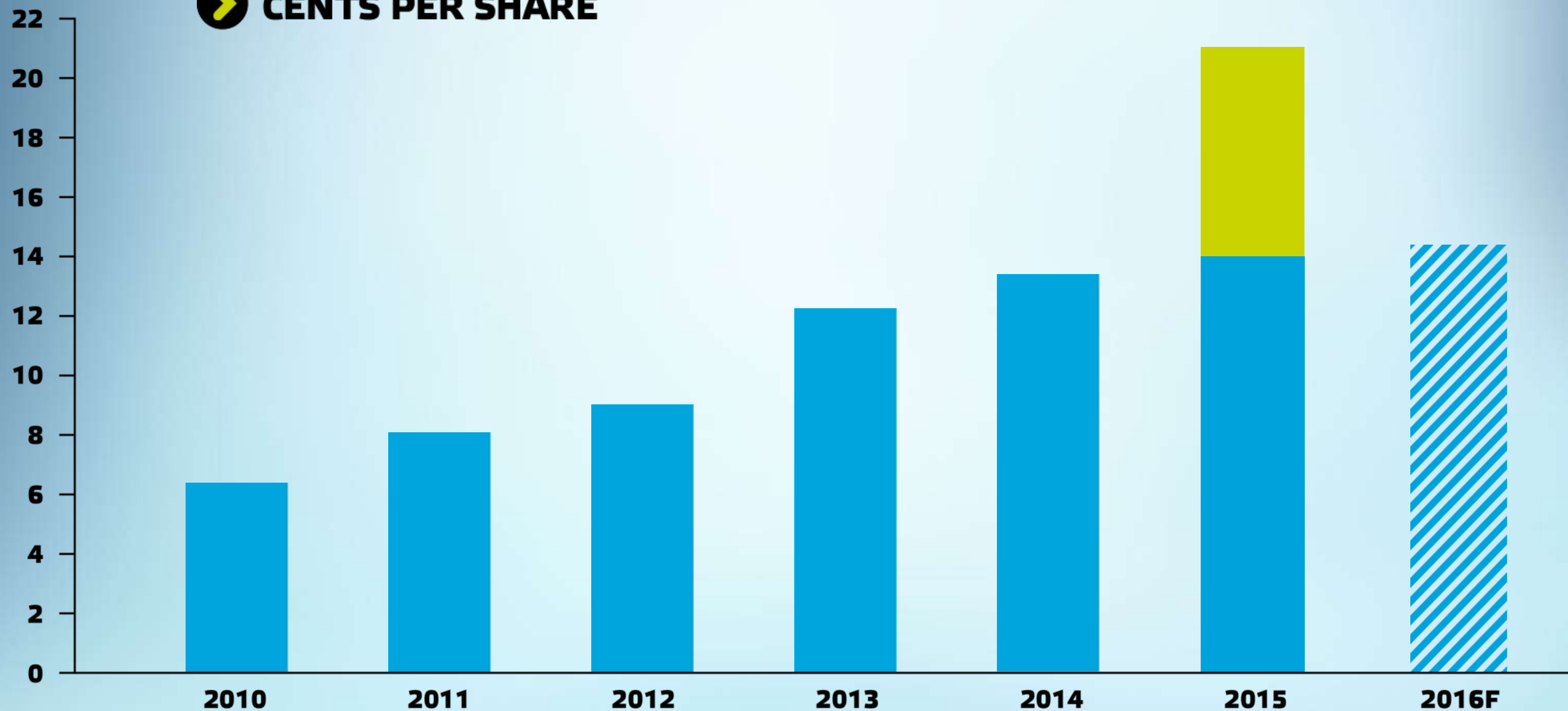


# Shareholder returns

## Dividends

**ORDINARY DIVIDEND**   
**SPECIAL DIVIDENDS** 

 **CENTS PER SHARE**







ANNUAL SHAREHOLDERS' MEETING

# Fraser Whineray Chief Executive





# Positive Developments

National electricity demand growth

Short-term certainty around Tiwai smelter

Planned retirement of thermal plant

3,800MW of renewables consented

Well-functioning market, will adapt to changes





Your Management Team



# Financial Performance

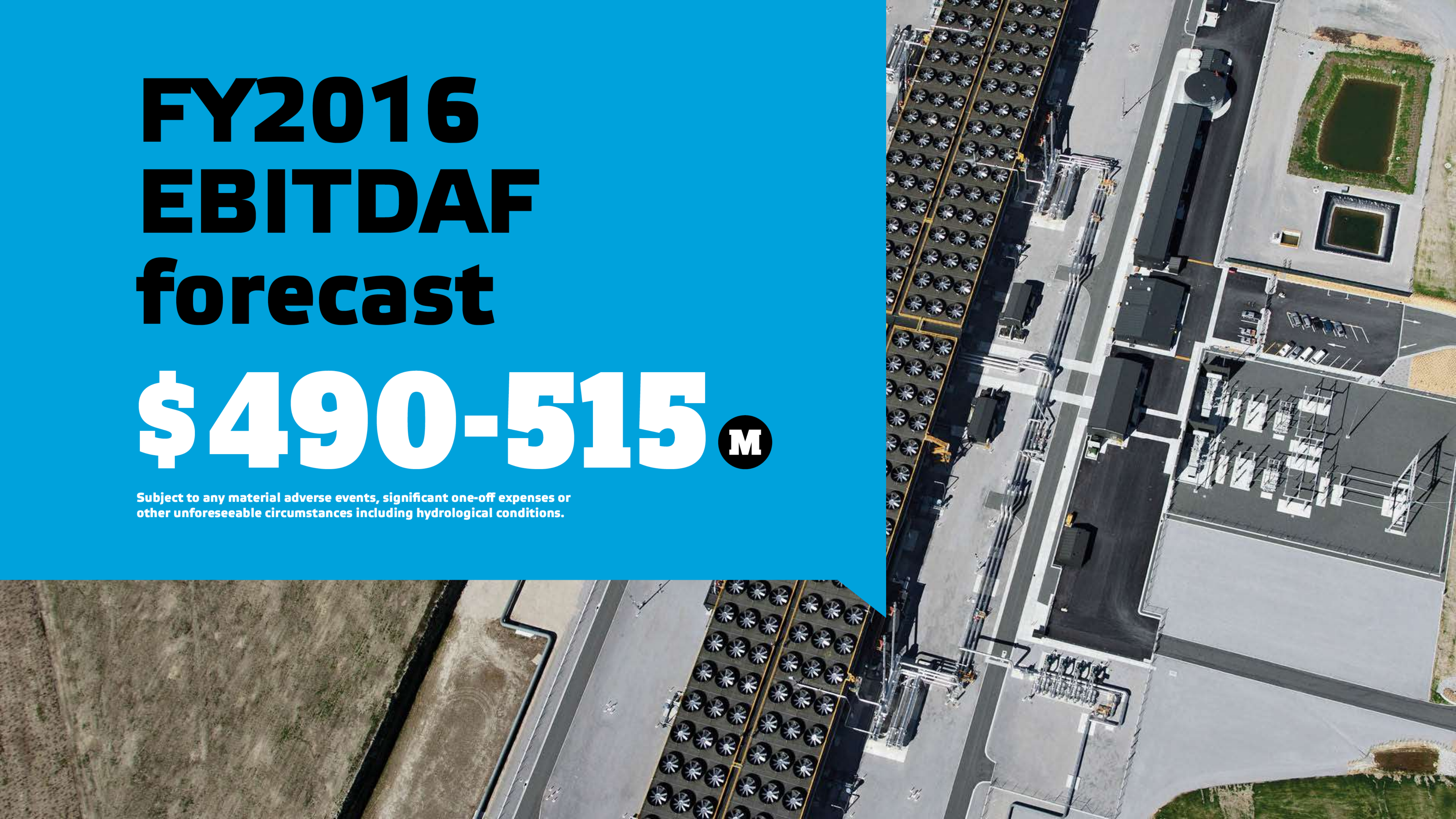




# FY2016 EBITDAF forecast

# \$490-515 **M**

Subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions.





# Our Strengths

## Customer innovation



*Foundation of service excellence*

## Renewable fuels

*Generation close to demand centres*



## Enduring partnerships



*Creating long-term sustainable value*



# Fresh Thinking

## Customer, Company, Country

### Operate

- Together Safe – 'zero-harm'
- Portfolio optimisation
- Cost efficiency
- Capital productivity
- Metrix service delivery

### Build

- Strengthen customer empowerment, loyalty and experience
- Leveraging relationships to provide customer solutions

### Grow

- A better water ecosystem
- Electric vehicles
- Solar
- Generation development





A culture  
of safety  
leadership





A new era of customer engagement





Delivering  
value through  
innovation



# The wonders of Good Energy







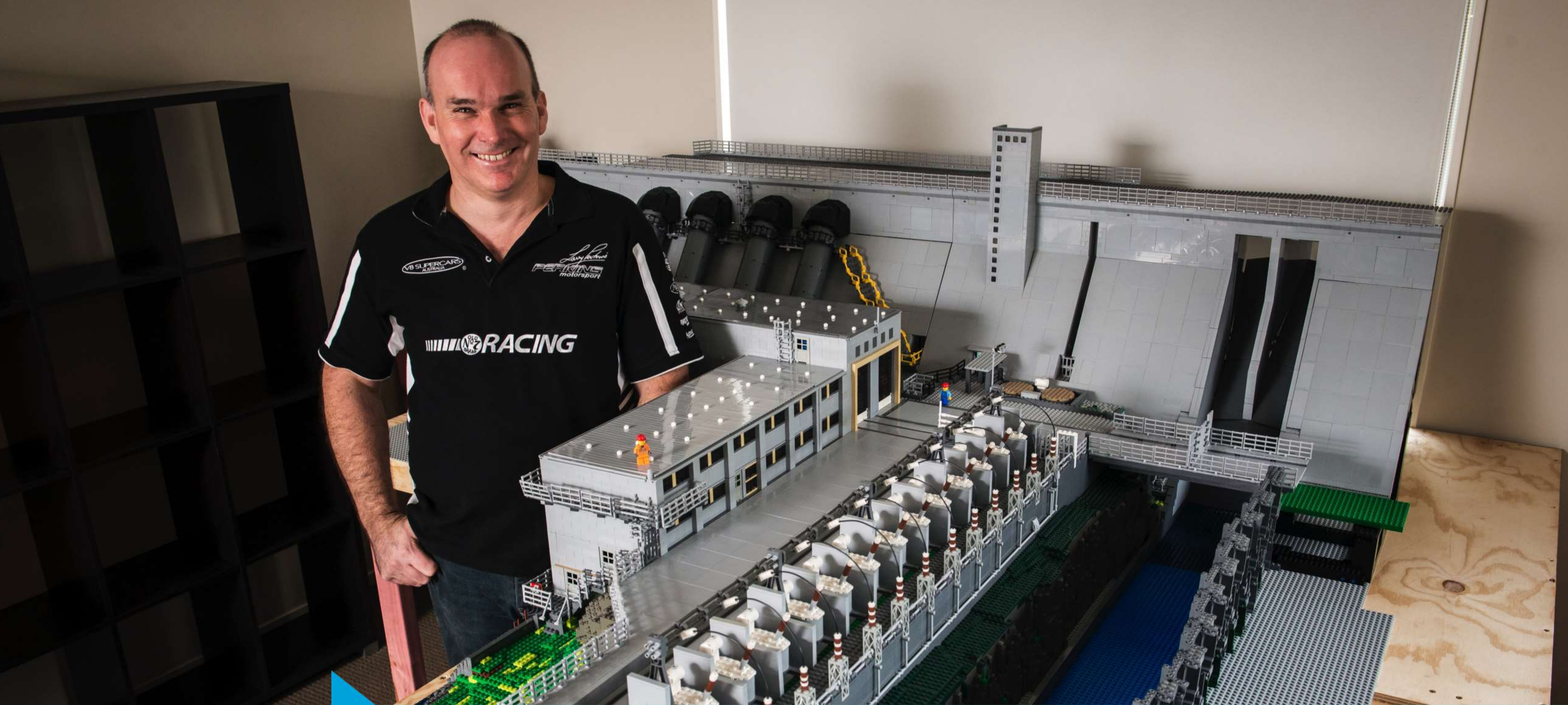
Fuel for future generations





The power of  
our partnerships





Celebrating awesome engineering



# Looking forward

Embedding focus on customers

Lifting operational fitness

Delivering innovation and growth





# Ordinary Business & Resolutions







➤ **Resolution 1**  
**Re-election of**  
**Keith Smith**







➤ **Resolution 2**  
**Re-election of**  
**Prue Flacks**







➤ **Resolution 3**  
**Election of**  
**Mike Taitoko**







➤ **Resolution 4**  
**Directors' Fees**



# Voting







**Questions**





**MIGHTY RIVER POWER**

**Please  
join us for  
afternoon  
tea**



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## ANNUAL SHAREHOLDERS' MEETING

5 November 2015

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NZX: MRP

ASX: MYT

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### ADDRESS BY THE CHAIR: JOAN WITHERS

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#### [SLIDE: JOAN WITHERS, CHAIR]

Kia ora koutou katoa. Haere mai ki tenei hui motuhake. Good afternoon ladies and gentlemen, and thank you for joining us.

My name is Joan Withers and I am Chair of Mighty River Power.

On behalf of your Directors, the Chief Executive, Management and all of our people at Mighty River Power... a very warm welcome, and a special welcome to those shareholders who are following this meeting online from our webcast.

I am pleased to confirm that we have a quorum and therefore declare the 2015 Annual Shareholders Meeting of Mighty River Power Limited open.

Before I introduce our Board, I would like to acknowledge the support and engagement from our owners over the past year. The sense that our shareholders are interested in, and receptive to, our initiatives provides great momentum to the Company.

And, secondly, thank you to the thousands of households, families and businesses who choose us as their energy supplier. Delivering sustainable value for our owners starts from a foundation of service excellence with our customers.

We have a couple of important guests who are joining us after the formal part of the meeting today: World Champion rower, Peter Taylor, who has his 2012 Olympic bronze medal with him and Dave Critcher who is sharing with us today his truly amazing LEGO model of our Whakamaru hydro station – all 500,000 blocks of it!

#### [SLIDE: YOUR BOARD]

I am pleased to introduce to you the Mighty River Power Board... Patrick Strange who joined the Board last year, Prue Flacks, who has been on the Board since 2010; Andy Lark also elected at last year's meeting; Mike Allen, who has been with us six years; James Miller, who joined our Board in 2012; and Keith Smith, who joined as a director in May 2009.

With our longest-serving director, Tania Simpson, stepping down in June this year we have been seeking to recruit a director with the appropriate skills to join our Board. Tania helped instil a deep understanding of kaitiakitanga – or guardianship – in our governance and through our relationships with both iwi and Maori landowners and that has been fundamental to Mighty River Power's evolution.

We are thankful for that important contribution over 13 years, and this year Tania has supported the process that has led to Mike Taitoko's appointment announced at the end of August.

Mike will introduce himself and his credentials for the role later on in the meeting, and Keith and Prue will also speak on the resolutions for their re-election to the Board.

Board composition, and striving always for best-practice corporate governance, is something we take very seriously at Mighty River Power. We complete a Board skill matrix annually; have independently-facilitated Board performance reviews; think about succession planning regularly; and we actively seek input and insights from shareholders and stakeholder groups to learn where we can improve.

Completing the introductions...



Also with me on stage are: our Company Secretary, Tony Nagel, our Chief Executive, Fraser Whineray, and our Chief Financial Officer, William Meek and Carolyn Luey our 'Future Director' who has joined the Board deliberations for the 2015 calendar year and participates in discussion and debate but not in decision-making.

The Future Director scheme has the active support of NZSA and the Institute of Directors, and is designed to increase the pipeline of Board-ready younger directors through giving them exposure to real life governance in action along with some strong mentorship. Carolyn, in her day job, is Group Strategy and Operations Director at NZME.

We have all of our Executive Team here today, along with our auditors, Ernst and Young, and the Company's solicitors, Chapman Tripp.

#### **[SLIDE: AGENDA]**

Running through the order of events today...

I'm looking forward to taking you through the highlights of the past year.

I'll also cover Dividends and Share Price Performance before handing over to our Chief Executive, Fraser Whineray.

He will talk about our financial performance and update you on the key areas of focus for the business – including the strategic priorities, and highlight some very real examples of how we are delivering value and building relationships with customers and stakeholders.

In terms of the formal business, we will cover each resolution in turn and invite questions specific to those items. It will then be time to vote on the resolutions. I will outline the process for the discussion and voting on the resolutions at that point in the agenda.

Following the resolutions we will take questions from you on our financial and operational performance or other questions relating to the Company.

At the close of the meeting, we hope you will join us for afternoon tea, which will be hosted at the back of this room.

We also have some of our people from Mercury Energy here with us, who can talk with you about any questions you may have about your energy supply for your home or business.

It makes great sense to have our shareholders as happy customers, so whether you're already a Mercury customer, or with another power company, it's worth talking to them today... they should be able to get you on a better deal for your electricity and gas and we're offering new customers a bonus when you join.

If you are already with Mercury, register with the team today for a Good Energy Day – a very popular customer offer that Fraser will be highlighting shortly.

This is also available to those shareholders following on the webcast, by calling our customer contact centre on 0800 10 18 10.

#### **[SLIDE: YOUR COMPANY]**

For me as Chair of Mighty River Power, it is heartening seeing owners who are engaged with the business. This is the reason you are all here today – you care about our Company, and want to look beyond the statements you receive from Computershare to see and understand more about what we are doing on your behalf.

For a good number of you, there is a deeper connection through having worked in the business or having a family member in our team, and some of you were even involved in the pioneering effort on the construction of the Waikato hydro dams.

You can see the remarkable loyalty of Mighty River Power's owners when you look at our Company register, with about 85% of our original shareholders from listing still with us today, following the transfer of loyalty bonus shares in May this year.

I have been encouraged by feedback we have had to new initiatives this year, such as the CONNECT newsletter and the response we had to our Ngatamariki geothermal site open day.

We had nearly 2,000 people at Ngatamariki at the beginning of last month – mostly owners and their families and people from the local community, including one shareholder who drove five hours from Northland.

This short video clip will give you a feeling for the enthusiasm and excitement on the day:

I will talk about highlights in a moment... the Ngatamariki Open Day was definitely one.



Over the next two weeks, Fraser and William will be hosting six business update briefings in the regions, to reach some those who are not able to get to the ASM. Some of your directors will also be involved in these briefings.

This is another opportunity where we get to share the story of your Company across New Zealand.

### **[SLIDE: HIGHLIGHTS OF THE YEAR]**

Another clear highlight of the past year was the Management focus and achievements in the business that were achieved through a seamless Chief Executive transition.

Recruiting a new leader, the right person to take Mighty River Power forward, is a primary responsibility of the Board and fundamental to creating long-term shareholder value.

Equally important is the ability to maintain momentum through a change in leadership.

I am pleased to report success on both fronts.

For those of you at last year's Annual Meeting, you will remember the opportunity Fraser highlighted around the potential of electric vehicles.

Since then our Company has led the industry with bold decisions around our generation portfolio and investment priorities.

And Fraser has also been an outstanding advocate for New Zealand's renewable energy advantage and the huge potential of electricity as a primary transport fuel of the future – with benefits for consumers and our country.

There were some definite challenges in 2015 – mostly weather, and a continuing intensely competitive market.

The one thing that clearly stands out about this year's financial results –is the resilience that we have in the business. In a year of very low North Island rainfall and record low hydro generation – operating earnings held up extremely well. The result was also helped by the recognition of one-off income related to a divestment of surplus property.

We had a significant uplift of 29% in operating earnings in FY14 following the commissioning of the Ngatamariki geothermal station, so the decline in the FY15 year – of only 4% – was a credible result given the near-record low hydrology.

As well as manoeuvring through the challenges created by low rainfall, your Board and Executive Team has maintained a clear focus on what will drive value for Mighty River Power's owners over the long-term.

Over the past year we announced several decisive actions that are important to providing a strong base for the business to move forward – the exit of international geothermal development and the closure of the Southdown gas-fired plant.

Although these had non-cash accounting impacts during the past financial year, they are important in shaping your business for the future in the changing and dynamic environment.

### **[SLIDE: SHAREHOLDER RETURNS – SHARE PRICE]**

This has been another year of improved shareholder returns to the owners of Mighty River Power. Throughout the 2015 financial year, we maintained strong cash flows and delivered increased year-on-year dividend payments.

In the two years since the Company's sharemarket listing in May 2013 we have made a total capital return of 42.2 cents per share, and achieved a Total Shareholder Return of 11% per annum.

As I am sure most of you are well aware, there has been significant market volatility in recent months that temporarily took our share price below the IPO price before rebounding. There are a number of factors at play that are unrelated to Company performance, including global sentiment and also related to changes in our sector.

### **[SLIDE: SHAREHOLDER RETURNS – DIVIDENDS]**

Your Board is pleased to have returned a total of \$296 million to Mighty River Power's owners for the year ended 30 June 2015, representing a 100% pay-out of Free Cash Flow for the 2015 financial year.

So we have delivered a 4% improvement in the full year ordinary dividend to 14 cents per share along with the special dividend of 5 cents per share [related to the 2014 financial year] paid in December 2014. Both dividends were fully-imputed.



At the time of the Annual Results, your Board also declared an additional special dividend of a fully-imputed 2.5 cents per share. This special dividend of approximately \$34 million is part of an ongoing focus on capital management, while maintaining appropriate balance sheet flexibility.

This is a very positive signal to you as owners of Mighty River Power about the underlying strength of the business, when we are able to achieve our forecast dividend increase following a year of intense market competition and the lowest-ever hydro generation for the Company.

Cash returns for the financial year were 21.5 cents per share.

Fraser will provide some comments on the FY2016 EBITDAF forecast. We also issued dividend guidance in the results announcement at the end of August – up slightly to 14.3 cents per share, backed by our continued strong cash flows.

Before I hand over to Fraser, a brief comment about Resolution 4, which relates to a proposal to increase the total annual remuneration available for your Board of directors.

In proposing this increase in directors' fees, your Board has sought independent advice from PWC who have conducted a thorough review of remuneration for comparable listed companies – businesses that have a similar scale and level of complexity to Mighty River Power.

This benchmarking, and significant consultation and information sharing with a number of shareholder representatives, is the basis for making our recommendation.

An appropriate fee structure will assist the Company in ensuring that, into the future, we continue to have the appropriate directorial skills and experience to govern the business and that directors of the Company are fairly remunerated for their work.

Before I hand over to Fraser, I want to thank you again for your support of Mighty River Power.

There has been an outstanding effort across Board and Management, and every part of the organisation, to deliver these results. The quality of our people really shines through in the performance of the business, the depth of relationships we have – and on days like the Ngatamariki Open Day, when much of the great feedback is about the 45 staff making it all happen.

Thank you also to our commercial and community partners who underpin our success. This continues to be a team effort with a focus on the future.

Thank you. I will now hand over to our Chief Executive, Fraser Whineray.

## **ADDRESS BY THE CHIEF EXECUTIVE: FRASER WHINERAY**

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### **[SLIDE: CHIEF EXECUTIVE, FRASER WHINERAY]**

Tēnā huihui tātou katoa,

Kei ngā mana, kei ngā reo o tēnā iwi, o tēnā iwi, huri noa.

Koutou kua haere tawhiti mai, tata mai hoki, ki te kaupapa o te wā.

Anei te reo mihimihi o Mighty River Power, e rere atu ana ki a koutou.

E rau rangatira mā, tēnā koutou, tēnā koutou, tēnā rā koutou katoa.

Good afternoon ladies and gentlemen. I am very pleased to address you, the owners of Mighty River Power.

I finished my commentary in this year's Annual Report saying that after one year in the role, I remain very excited... Excited by the increasing innovation and the opportunity to leverage New Zealand's sustainable competitive advantage in renewable electricity – for both our customers and the country.

As Joan said, this has been a challenging past year in some respects but we have made some important decisions that will help define the future shape and direction of Mighty River Power.

### **[SLIDE: POSITIVE DEVELOPMENTS]**

Beyond our business, there have been several important changes in the fundamentals for our sector, which provide a positive and dynamic outlook.

Retail innovation continues to accelerate, substantially underpinned by the roll-out of smart meters nationally – enabling greater transparency and enhanced services to customers. Customers need to feel that they receive value for their energy services.



Electricity demand is growing again, up 2% nationally over the past year – a return to growth levels not seen since 2005. This growth was widespread and across many sectors, and this has continued into the first quarter of the new financial year. The material downside to demand is the Tiwai smelter, which is now confirmed to stay until at least 2018.

On the supply side, plant retirement announcements have been made over the past two years that together amount to a reduction of 1,550MW of capacity and more than 5,000GWh of thermal generation. That's larger than the total capacity and annual generation of the Waikato Hydro System.

The market has proven that it can adapt and respond to changing conditions. The country has a range of new renewable development should growth prove sustainable, with more than 3,800MW of renewable projects across the sector consented and ready to build by individual companies or through partnership.

Mighty River Power has two high-quality consented wind farms [Turitea and Puketoi] along with geothermal development options in New Zealand that we will continue to assess.

#### **[SLIDE: YOUR MANAGEMENT TEAM]**

Since last year's ASM, we had two appointments to complete our Executive Team – being Toni Laming to the position of General Manager Strategy & Communications, and Nick Clarke to the position of General Manager Geothermal.

Your Management Team are all here today and will be available after the meeting: Matt Olde, Nick Clarke, Marlene Strawson, Phil Gibson, William Meek, James Munro, Toni Laming and Tony Nagel.

#### **[SLIDE: FINANCIAL PERFORMANCE]**

A quick recap on the FY15 Results we reported at the end of August...

Looking at operating earnings... EBITDAF was down by 4% (or \$22 million) in a year when we had 673GWh or [17%] less hydro generation than average – that's a financial impact of about \$52 million due to reduced inflows to the Waikato River catchment.

While our biggest fuel – water – was well below average, geothermal is now a major component of our generation and is not dependent on the weather.

Total electricity generation for the year was up 4% on last year [to 6,563GWh], with base-load geothermal accounting for 42% of total production

Net profit after tax [or NPAT] of \$47 million was \$165 million lower than last year, reflecting non-cash impairments relating to the announcements on international geothermal and Southdown.

After adjusting for these and some other partially offsetting impacts – including \$17 million related to property sales, as Joan mentioned – underlying earnings were down 22% or \$40 million on last year, reflecting lower EBITDAF, higher depreciation and interest expense.

Another important focus was on financial and operating disciplines to control costs across our business. Since listing in 2013, this has delivered a reduction of about \$30 million in annual operating costs.

There are also matters beyond the control of the Company that can influence the Company's earnings year-to-year, both positively and negatively.

Along with the amount of rainfall into the Waikato catchment, the timing of inflows is important, prevailing wholesale electricity prices, and other factors such as the ability to renew commercial and industrial contracts at acceptable yields.

Offsetting factors in FY15, including the one-off gains from property sales, cushioned the expected impact from the lower hydrology last year – as we communicated to the market in the release of the annual results.

Sales to commercial and industrial customers are also important because they make up a majority of sales by volume. The Company benefitted substantially by selling multi-year fixed-term contracts between 2011 and 2013 when commercial pricing was higher.

As we have signalled over the past two financial years, these commercial contracts have been progressively rolling-off and if renewed, pricing is not at those historical highs – even with recent lifts in ASX futures pricing.

We believe it is important that you have detailed and specific guidance to keep the market informed on dividend and operating earnings, with a range of \$25 million representing only plus-or-minus 2.5%. Hydrology alone can shift our EBITDAF 10%, so based on many years of experience, we can expect guidance to move during the year – possibly several times – as part of business as usual.



Along with outlook, we want you as our owners to be able to see the performance of your Company, and one aspect in reporting has been reducing the complexity of the accounting information – which has cut the length of the Financial Statements by half.

### **[SLIDE: EBITDAF GUIDANCE]**

Turning to guidance for FY16, Joan has already confirmed our current ordinary dividend guidance of 14.3 cents per share, a lift of 2% on FY15.

For EBITDAF [or operating earnings], guidance remains at \$490 million to \$515 million, which – as outlined at the Results in August – assumed above-average hydro generation of 4,150 GWh, based on favourable Lake Taupo storage at the start of the financial year.

While hydro generation has been favourable in the first quarter of FY16 [relative to the prior period], wholesale pricing has been lower due to higher national hydro storage.

With respect to our exit of international geothermal development, we have divested our interest in Germany though have been unsuccessful to date in divesting our geothermal interests in Chile. As we outlined in August, we may need to remediate sites where geothermal exploration activity has been undertaken, which could result in one-off provisioning for expenses in this financial year – depending on the scope of remediation required in future years. We will update the market at the half-year in February.

Looking further out beyond the 2016 financial year, it is important to remember that while the outlook for the sector has improved significantly over the last year, competition means retail yields remain under pressure. In addition, due to staggered contract maturity, any flow-through of higher ASX pricing into Commercial and Industrial yields takes time.

### **[SLIDE: OUR STRENGTHS]**

We are operating in a highly-competitive sector... so what are the strengths of your Company as we focus on the future and a changing landscape.

Beyond our people – the capability, passion and expertise we have in the business and in our partners and key suppliers – there are really three simple factors that are key to Mighty River Power's future:

- Customer innovation – that's about listening carefully, and thinking boldly about the future. I will provide some examples shortly that show how we are delivering value for our customers.
- Renewable fuels – we have the largest supply of low fuel-cost generation in the North Island, close to major population and commercial demand centres. From the end of this year, our generation will be 100% renewable.
- Enduring partnerships – that reflect our business approach and our commitment to creating long-term sustainable value, not just for your Company but outcomes with much broader benefits.

### **[SLIDE: FRESH THINKING]**

I spoke last year about our commitment to our customers, communities and the important perspective of country.

These perspectives have been important over the past year – and continue to be – in assessing the strategic merits of initiatives to sustain and grow:

- Is it good for our Kiwi customers?
- Is it good for the Company – our substantial New Zealand ownership and other investors?
- Is it good for New Zealand?

Kiwis, Company and Country. In addressing different audiences and talking with many people over the past year, I see others responding positively and really connecting with the type of business we are – with a great economic, environmental and social perspective.

I also talked to three core platforms of Operate, Build and Grow. There was an expectation at that time that international geothermal and domestic metering could provide near-medium term earnings growth though we made clear decisions during the year to change our approach to those activities.

And today I wanted to share with you some stories, and specific examples, that bring to life important elements of our business approach and that core focus on customers.

Starting with keeping our people safe.



## **[SLIDE: A CULTURE OF SAFETY LEADERSHIP]**

The health and safety of our people needs to be at the heart of everything we each undertake, every day at Mighty River Power.

When a safety culture is effective, you see leadership and continuous improvement happening right across the business.

A great example is Peter Martin's initiative at our largest geothermal plant, Nga Awa Purua, to design a hydraulic valve operating tool. That means – where there was previously a potential hazard – we now have a safer and faster way of operating geothermal well-head valves. This is a smart outcome by Peter and his colleagues.

We were pleased to report that there were no serious-harm incidents involving employees, on-site contractors or visitors during the year, and the total number of lost-time injuries was down year-on-year from seven to five.

There is more work to be done to achieve our goal of 'zero-harm'. And our focus on health and safety extends beyond the Company to working collaboratively with others in the industry to lift our and their performance – with a particular focus on contractors and subcontractors.

## **[SLIDE: A NEW ERA OF CUSTOMER ENGAGEMENT]**

People talk about the impact of technology, how it is changing and creating new opportunities in the energy sector.

Customer choice and expectations are driving that transformation. This is Victoria Johnston from Papakura who switched to our Mercury brand because she wanted to get the best value from her electricity.

Victoria's family use our free online energy management service, Good Energy Monitor (GEM), to track their weekly usage. Electricity is a frequent topic of conversation over dinner – which days had the biggest consumption and why?

GEM has become an education tool for the kids – it's helped them understand the value of electricity and changed the family's mind-set. They insulated the house, hung thermal drapes, installed energy-saving light bulbs, and even turned appliances off at the wall. This household of four has reduced their bill to less than \$150 a month. A great investment by the Johnston family.

We continue to see a positive response to helping customers' decisions with information relevant to them. GEM has helped our customers save a total of approximately \$3.5 million over the past two years and high GEM users show 20% fewer calls to our contact centre [versus non-GEM users].

This is important to the Company because if the customer feels like they're getting value, they're more likely to stay – GEM takes away the mystery.

## **[SLIDE: DELIVERING VALUE THROUGH INNOVATION]**

Another of our brands that relies on the data provided by smart meters, is our pre-pay GLOBUG service.

Henderson mum-of-two, Michele Harris, is one of our best advocates. GLOBUG has changed her view of electricity so much that she still remembers the day she got a call from us to join on the 13<sup>th</sup> of May this year.

With pre-pay Michele has gained control and now doesn't have the stress of monthly bills. GLOBUG means she can make small, regular payments – so she has more money left over and time to enjoy her daughters, Kristen and Charlee.

Michele joined about six weeks after we re-launched the GLOBUG offer in February to enhance the customer experience and reduce prices. It has grown well, with a 50% lift in customer numbers since December to around 30,000.

GLOBUG is a great example of social responsibility through innovation, delivering real benefits for Kiwi customers, and families in New Zealand who really need help. This pre-pay service helps keep the lights on, and is supported by many community support agencies including endorsement from the New Zealand Federation of Family Budgeting Services.

## **[SLIDE: THE WONDERS OF GOOD ENERGY]**

Customer choice is growing with new offerings, and competitors beyond current energy retailers. We need to identify and deliver great service on both existing and new offerings

The gift of Good Energy has – in less than a year – brought smiles to more than 40,000 homes.



The email offering a day of free 'Good Energy' was such a surprise to Rachel Lafotanoa and her family that they had to read it twice to check that there wasn't a catch. They chose a date – 15<sup>th</sup> of July – right in the middle of the winter to make the most of heating and drying out their rental home which, at the time, had little insulation.

They counted down the days, lining up the washing and had the dryer, heaters, dehumidifier and other appliances running through the day. The total cost – \$20.87 – was credited back to their account the following week.

For a family of six on a budget, Rachel and her husband saw the Good Energy Day as a generous offer, making them feel like more than 'just another customer' – it was a gift of appreciation for a loyal Mercury customer.

Our Good Energy Days have already resulted in an improvement in customer loyalty of nearly 5% for uncontracted customers – a direct payback on this initiative.

#### **[SLIDE: FUEL FOR FUTURE GENERATIONS]**

Terry Moore loves running on renewable energy. Originally from the great oil state of Texas, he is now plugged into our 'home-grown' renewable fuel with Mercury Energy's fuel package – offering a 20% discount on total household electricity for customers with electric vehicles at off-peak times.

With an energy consultancy background, Terry could see the huge potential of vehicles powered by New Zealand's renewable electricity – for the country and to reduce his personal carbon footprint and transport costs. He had to have an EV, and when he hit a snag installing a charging point at his apartment, he set about fixing the issue for others, writing to the Green Building Council to lobby for apartments to be 'EV-ready' as part of the Homestar rating criteria.

We are encouraged by the increasing acknowledgement of New Zealand's renewable energy foundation.

The recent submissions for the Government's climate change target strongly highlighted the importance of New Zealand's renewable energy – particularly in the electrification of transport.

Leveraging renewable energy is New Zealand's largest green-growth opportunity to improve both environmental and economic outcomes. We must question why a country so blessed with raw natural energy should continue to pay \$2 per litre at the petrol pump for imported fossil fuels – with all the related health and environmental costs – when home-grown renewable electricity can be delivered to your home or business at the equivalent of 30 cents per litre.

I accept that it is very hard to understand what a kilowatt-hour of electricity does for consumers and therefore whether or not it is of value. But everyone understands cents-per-litre. And renewable transport fuel at 30 cents per litre is simply remarkable. No fossil fuel, or biofuel, will ever be as cheap as renewable electricity for driving a car.

Sales of plug-in electric vehicles [EVs] in New Zealand have doubled over the past year, and Mighty River Power has been strongly promoting the opportunity to Government, businesses and other large fleet owners to accelerate the uptake of EVs.

Our Company has established a sound business case and we are progressively moving 70% of our fleet to plug-in models by 2018.

Air New Zealand, like Mighty River Power, has committed to converting every car possible in their fleets and I can only encourage companies and Government organisations to move beyond just one or two as an experiment, and make a real difference.

#### **[SLIDE: THE POWER OF OUR PARTNERSHIPS]**

Lake Karapiro is prominent in the memories and the ambitions of Shaun Kirkham – from family picnics, to winning the Maadi Cup eights in 2009 and 2010, and with his sights now set on a gold medal at the Rio Olympics next year.

Shaun admits that his original motivation to start rowing at 16 was to get stronger and beat his Dad in an arm-wrestle.

But like many people in the local community, growing up near Karapiro, he developed a special connection with the Waikato River from early childhood. An enjoyment of water sports and watching his sister rowing, soon turned into training regimes and the determination to compete at the highest level with Rowing New Zealand and Mighty River Power's support.

This year we extended our sponsorship with Rowing New Zealand to 2018 – now a 20-year relationship.



This long-term support has already helped power New Zealand to 42 gold medals, some of the country's most memorable sporting moments, and global leadership in the sport. We are delighted to be backing Rowing New Zealand as the athletes prepare for Rio.

Over more than a decade, through Mercury Energy and our Star Supporters Club, we have raised a total of \$8 million for Starship Children's Hospital. This support helps the outstanding team at Starship deliver real outcomes for families, including our own employees.

**[SLIDE: CELEBRATING AWESOME ENGINEERING]**

For those of you who have taken your kids or grandchildren to the LEGO movie, you might know the song "*Everything is Awesome*".

From my perspective, there's nothing that's quite as awesome as the passion of Dave Critcher. A builder by trade, he embarked on a five-year project to build our Whakamaru Power Station out of LEGO.

Dave's fascination with Whakamaru started when he was living in the Waikato, and the project began with some old ECNZ plans of the station – often working late into the night. Half a million LEGO blocks and \$35,000 of his own money later he has a scale model that's correct down to the turbines...

At Mighty River Power we think he's just awesome, and one of the best celebrations of the tremendous pride of place that our assets – which you own – have in New Zealand.

**[SLIDE: LOOKING FORWARD]**

During FY16, we are focused on three key things:

Firstly, increasing our capability for customer centricity and embedding that throughout the organisation, to drive better customer value and loyalty.

...Secondly, lifting our operational fitness to ensure that what we undertake, we do well.

And thirdly, continuing to innovate and push commercially-relevant opportunities for the long-term, including in the areas of water, electric vehicles and solar [photovoltaics].

The outlook for the New Zealand electricity market has improved from just four months ago, but the challenge of sustainable growth remains a key focus for Management.

Also requiring our attention are the significant projects from decisions taken in FY15 – including the exit from Chile, the divestment of the Southdown gas-fired facility in Auckland, and also planning for a geothermal drilling campaign on New Zealand operating sites in FY17, along with the ongoing hydro refurbishment programme.

Before I hand back to Joan for the formal business and resolutions, thank you again for your strong support and confidence in Mighty River Power.

I look forward to updating you at the half-year results in February.

Thank you.

**ORDINARY BUSINESS & RESOLUTIONS: JOAN WITHERS**

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**[SLIDE: ORDINARY BUSINESS & RESOLUTIONS]**

We now move on to the formal business of the day, and the procedure for this part of the meeting. All items of business are ordinary resolutions and are required to be passed by a simple majority of votes.

The resolutions that we will be voting on today are as follows:

Resolution 1: Re-election of Keith Smith as a director of Mighty River Power

Resolution 2: Re-election of Prue Flacks as a director of Mighty River Power

Resolution 3: Election of Mike Taitoko as a director of Mighty River Power

Resolution 4: Directors' Fees

As stated in the Voting/Proxy Form, all voting at today's meeting will be by way of poll and, accordingly, in my capacity as Chair I require that a poll be held for each of the resolutions.

Shareholders who are entitled to vote and proxies who have discretion as to how they vote have received a Voting/Proxy Form when they registered upon arrival at the meeting. If you completed a postal vote, you do not need to complete another Voting/Proxy form.



If you have not received a Voting/Proxy Form, please go to the Computershare desk at the back of the room where their representatives will be able to assist you. After voting, you should place your Voting/Proxy Form in one of the ballot boxes which will be passed around the room. I'll invite you to vote after all of the resolutions have been introduced to the meeting.

I and my co-directors hold undirected proxies:

- With respect to Resolution 1, re-election of Keith Smith: 763,895 shares
- With respect to Resolution 2, re-election of Prue Flacks: 752,575 shares
- With respect to Resolution 3, election of Mike Taitoko: 856,459 shares

Your Board supports the re-election and election of these directors and we intend to vote all of these shares in favour of these three resolutions.

Directors, and their associated persons, are not able to vote on Resolution 4, which relates to Directors' Fees. Accordingly, the directors will not vote on this resolution and will not exercise any discretion given to them by proxies in relation to this resolution.

However, votes cast by directors will count where that director is voting as a proxy in accordance with express instructions.

There will be an opportunity to ask questions on, or speak to, each resolution being put to shareholders. I ask that, in the interests of fairness to all shareholders attending this meeting, anyone wishing to speak to a resolution be as concise as possible and be considerate to other shareholders who may also wish to ask questions.

Please remember that this meeting is being webcast, so you will also be heard by an audience outside of this room.

#### **[SLIDE: RESOLUTION 1]**

Resolution one relates to the re-election of Keith Smith.

Keith Smith was appointed a director of Mighty River Power in May 2009. He was re-appointed to the Board in November 2013. Keith is retiring by rotation in accordance with the NZX Listing Rules and offers himself for re-election. The Board recommends Keith Smith to you as a Mighty River Power director and unanimously supports his re-election.

Being eligible, Keith has confirmed he is available for re-election. I invite him to address the meeting on his proposed re-election.

#### **Address from Keith Smith**

Thank you Keith.

I now move, as an ordinary resolution, that Keith Smith be re-elected as a director. Is there any discussion on this resolution?

There appears to be no [further] discussion.

We will now move to the next resolution.

#### **[SLIDE: RESOLUTION 2]**

Resolution two relates to the re-election of Prue Flacks.

Prue Flacks was appointed a director of Mighty River Power in May 2010. Prue is retiring by rotation in accordance with the NZX Listing Rules and offers herself for re-election. The Board recommends Prue Flacks to you as a Mighty River Power director and unanimously supports her re-election.

Being eligible, Prue has confirmed she is available for re-election. I invite her to address the meeting on her proposed re-election.

#### **Address from Prue Flacks**

Thank you Prue.

I move, as an ordinary resolution, that Prue Flacks be re-elected as a director. Is there any discussion on this resolution?

There appears to be no [further] discussion.



We will now move to the next resolution.

**[SLIDE: RESOLUTION 3]**

Resolution three relates to the election of Mike Taitoko.

Mike Taitoko joined the Mighty River Power Board in August 2015. The Company's Constitution and the NZX Listing Rules require that any newly-appointed directors retire at the Annual Shareholders' Meeting, but are eligible to seek election at that meeting. The Board recommends Mike Taitoko to you as a Mighty River Power director and unanimously supports his election.

Being eligible, Mike Taitoko offers himself for election. I invite him to address the meeting on his proposed election.

**Address from Mike Taitoko**

Thank you Mike.

I now move, as an ordinary resolution, that Mike Taitoko be elected as a director. Is there any discussion on this resolution?

There appears to be no [further] discussion.

We will now move to the next resolution.

**[SLIDE: RESOLUTION 4]**

Resolution four relates to a proposal to increase the total annual remuneration available for your Board of Directors.

As I mentioned earlier, and as outlined in the Notice of Meeting, an appropriate fee structure is important to ensuring that your Company is able to continue attracting and retaining the right directorial skills and experience to govern your business and that directors of the Company are being fairly remunerated for the work they do.

In proposing this increase in directors' fees, we have sought independent advice from PwC who have conducted a thorough review of remuneration for comparable listed companies that have a similar scale and level of complexity to Mighty River Power. This benchmarking, and our consultation with a number of shareholder representatives, is the basis for making our recommendation to shareholders.

The benchmarking showed that although the fees were increased by the Crown at the time of listing – two and a half years ago – our fees are still well below the median level of comparable companies.

The feedback we have had from the market [when we canvassed views] is that the proposal, we are recommending to shareholders, is fair and appropriate.

That is the reason we are putting this resolution forward. We have structured the increase to occur over two years; 7% effective now, and 8.6% in November 2016.

We have been specific in the Notice of Meeting as to how the increases, if approved, will be apportioned.

I now move, as an ordinary resolution, that the total annual remuneration payable to all directors be increased over two years by \$139,750 from \$851,250 to \$991,000, with the first increase to take effect from 5 November 2015.

As I referenced, in accordance with the Listing Rules, the directors and their associated persons are restricted from voting on this resolution.

Is there any discussion on this resolution? There appears to be no [further] discussion.

**[SLIDE: VOTING]**

If you wish to vote on all of these motions, you should use either the Voting/Proxy Form that was sent to you with the Notice of Meeting or an alternative voting form given to you by Computershare when you entered the meeting.

When you cast your vote, please tick one box to select "for", "against" or "abstain", alongside each resolution in the section marked Step 1: Voting Instructions/Voting Paper.

If you hold a proxy on behalf of a shareholder, you will need to cast that shareholder's votes in order for them to be counted. The Voting/Proxy Form given to proxy holders, sets out the number of proxy votes held and records directed votes.

If there are no undirected votes, the proxy holder needs only to sign the voting form. Where there are undirected votes, proxy holders may vote these as they see fit [by ticking the appropriate box].



Finally, in all cases, please ensure the voting form is signed. I remind you that you are voting on each separate resolution as detailed in the Notice of Meeting. After voting, you should place your Voting/Proxy Form in one of the ballot boxes which will be passed around the room. If anyone is unsure how to complete the voting form or hasn't got a form, if you go to the registration desk, someone will be able to help you.

Once all the votes have been cast, they will be counted by the Company's share registrar, Computershare, and scrutinised by the Company's auditor. The results of today's meeting will be released to the NZX and ASX on the completion of verification of voting.

Please prepare your forms and cast your votes now, while we take questions. Can I now ask Computershare to please bring the ballot boxes forward.

**[SLIDE: QUESTIONS]**

At this point we will open the floor to any questions on the financial results, the business update or any other matters you would like to raise.

We have roving microphones available around the room. I ask that any shareholders wishing to speak raise your hand and a microphone will be brought to you. In the interests of other shareholders who may want to ask a question, please keep your questions brief and state your name and whether you are a shareholder or a proxy holder.

Are there any items of general business to be discussed?

There appears to be no further business for discussion. That brings this meeting to a close.

Ladies and gentlemen, that brings us to the end of formal business for Mighty River Power's 2015 Annual Shareholders' Meeting.

Thank you for taking the time to participate today.

I would now like to invite you to join us for afternoon tea.

Thank you.

**[SLIDE: AFTERNOON TEA]**

 [www.mightyriver.co.nz](http://www.mightyriver.co.nz)

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**Mighty River Power** is a company with a great New Zealand heritage, and a leader in this country's electricity industry with the flagship retail brand Mercury Energy and other specialty brands. Every year the hydro and geothermal power stations operated by Mighty River Power generate enough electricity for about 1 million New Zealand homes.

Mighty River Power was listed on the New Zealand Stock Exchange (NZX: "MRP") and the Australian Stock Exchange (ASX: "MYT") in May 2013 and has New Zealand's largest shareholder base of nearly 100,000, alongside the Crown as majority owner.

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