



Meridian.

2019 Annual Results Presentation



FTSE4Good

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

26 AUGUST 2019

Highlights

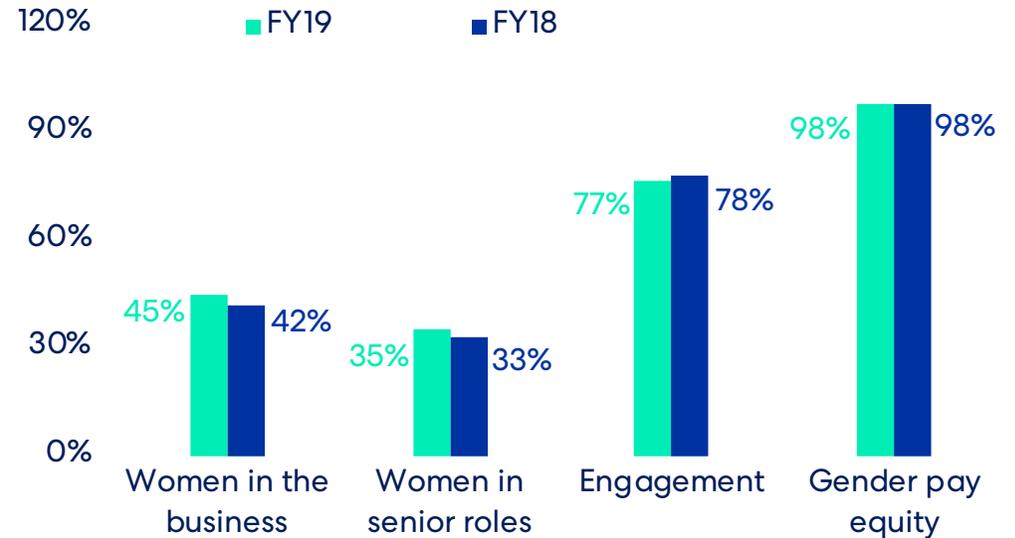
record NZ hydro generation	13% Australasian customer growth	NZ HR diversity & inclusion award
fairer, clearer pricing	59% shareholder return	refreshed brand and visual identity
market leading NPS ¹	carbon neutral	26% EBITDAF growth
Deloitte ENERGY EXCELLENCE  AWARDS Consumer NZ Energy Retailer of the Year Low Carbon Future Award		

¹ net promoter score

Our people

- 98% gender pay equity
- YWCA equal pay award
- Gender Tick accreditation
- Targeting 40% of women in leadership and senior specialist positions by 2020
- Diversity and inclusion award at the 2019 NZ HR Awards
- Nine day work fortnight at Manapōuri
- Reshaped Customer Care work week
- Changes in the Executive
- 8 LTI injuries in FY19, highest in 10 years

Workforce measures



Source: Meridian

Our strategy

Our purpose:

Clean energy for a fairer and healthier world.

Our strategy:

Champion the benefits of competitive markets.

- Competing vigorously
- Leadership in sustainability in New Zealand and Australia
- Supporting wholesale liquidity.

Grow NZ retail.

- Simpler systems
- Reduced cost
- Faster adaptation
- Relentless focus on customer experience
- Deployment of New Zealand's most loved energy brands.

Support retail growth and protect our generation legacy.

Demonstrating the contribution of hydro to New Zealand's 100% renewable aspiration, maintaining a best-in-class generation portfolio (safety, efficiency and cost), best-placed renewable energy pipeline.

Grow overseas earnings.

- Grow customer numbers in Australia, maintaining our vertically integrated position
- Flux global growth.

Our sustainability leadership

Champion
the benefits
of competitive
markets

Helping our customers

- Replaced unfair prompt payment discounts with fairer, clearer pricing
- Tailored payment plans, LevelPay, hardship support

Helping the climate

- Net Zero Carbon across group emissions
- Planting 1,000ha of forest, starting at Manapōuri
- Aiming to halve operational emissions by 2030
- Published NZ's first climate risk report (TCFD)
- Strong climate advocacy, 100% renewable generation



Our key sustainability goals:

SDG13 Climate Action.
SDG7 Affordable and
Clean Energy.

A new brand, articulating what we stand for:

Taking climate action through generating
100% renewable energy

While making a difference to people
And the environment



Meridian.

New Zealand demand

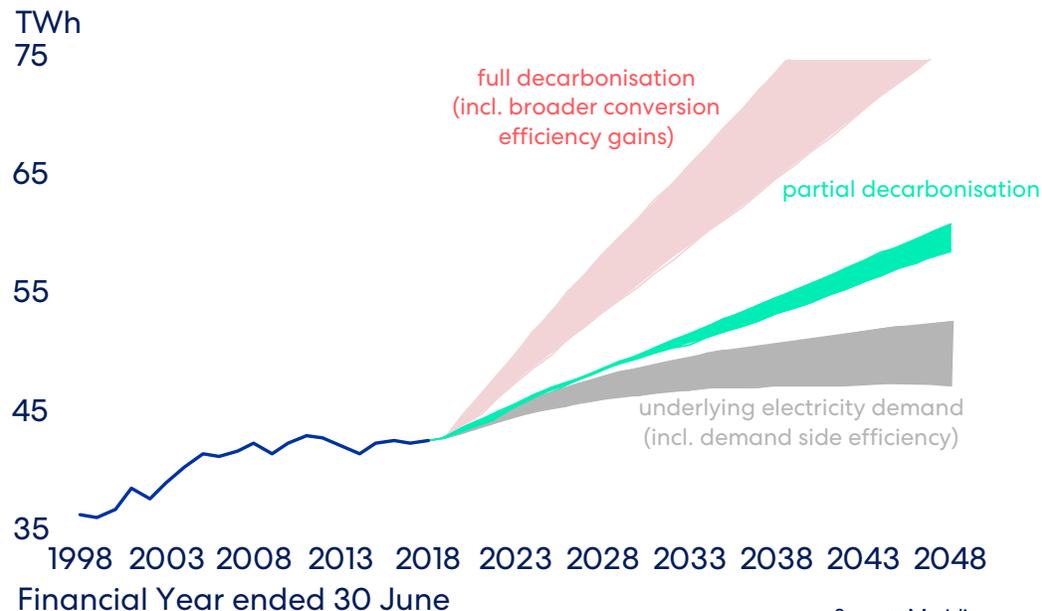
Champion
the benefits
of competitive
markets

- Underlying demand growth of 0.3% in FY19
- Growth across sectors, lower seasonal agricultural load
- Smelter off-take up 4% in FY19 with 4th potline
- Decarbonisation is expected to support medium term demand growth

Annual national consumption (to March 19)



Meridian demand forecasts

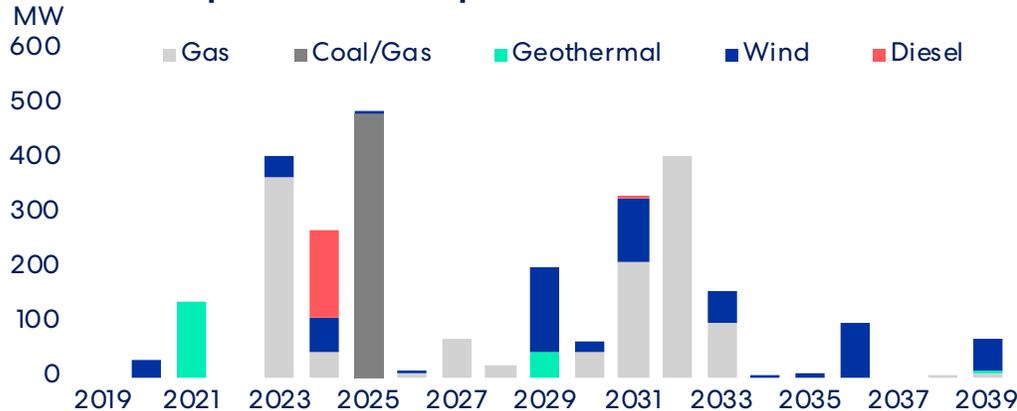


New Zealand supply

Champion
the benefits
of competitive
markets

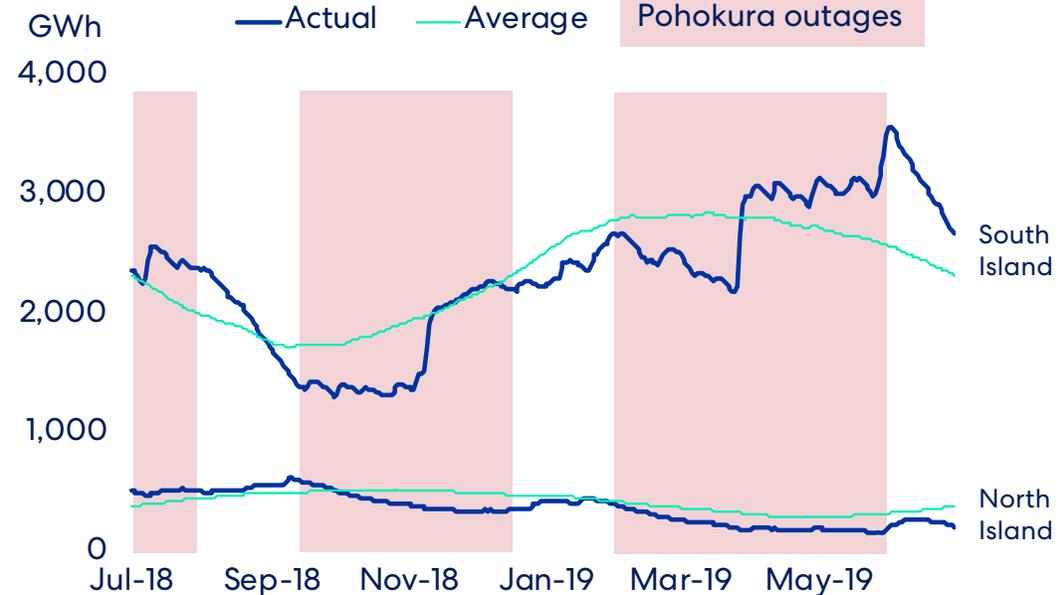
- Multiple Pohokura outages coincided with periods of low inflows and thermal outages
- This fuel scarcity pushed wholesale spot and forward electricity prices higher during FY19
- Longer term supply has to manage existing thermal retirement and renewable repowering

Generation plant end of life profile



Source: Meridian

New Zealand lake storage



Source: NZX, Meridian

New Zealand policy and regulation

Champion
the benefits
of competitive
markets

TPM

- EA recently published proposed TPM amendments
- Proposes replacing current HVDC charge with benefit-based and residual charges

EPR

- Electricity Price Review panel delivered its final report and recommendations to the Minister in late May

Other

- A number of wholesale market policy developments underway

Meridian's annual HVDC costs



Source: Electricity Authority, Meridian

New Zealand policy and regulation

Champion
the benefits
of competitive
markets

Zero carbon

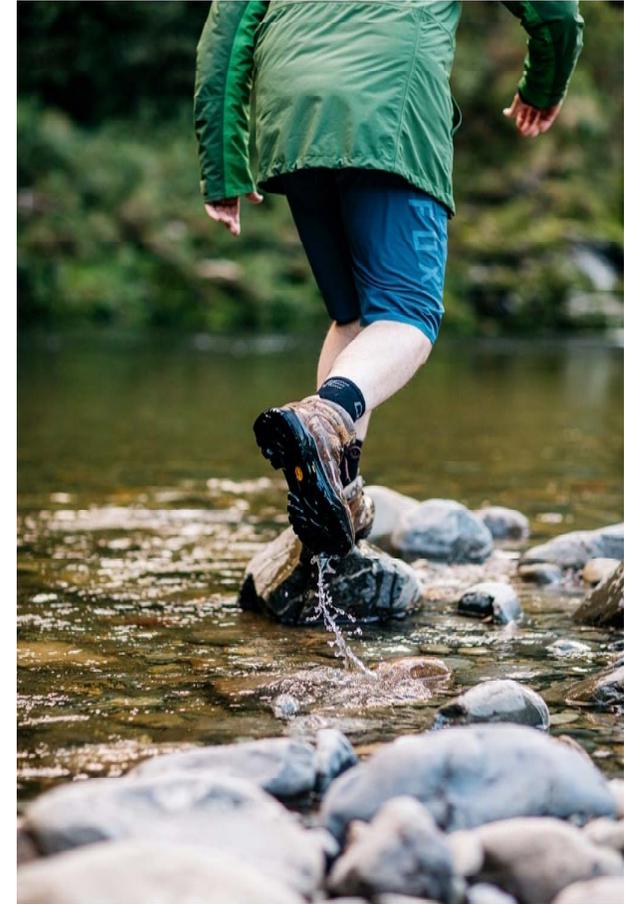
- Zero Carbon Bill at Select Committee
- Targeting net zero GHG emissions (excluding methane) by 2050
- Targeting a gross reduction of methane emissions of 24%-47% below 2017 by 2050
- Establishes a new independent Climate Change Commission

Interim Climate Change Committee

- ICCC report released in July
- Recommends accelerated electrification, strong RMA direction for wind development, value of hydro in freshwater decisions

Emissions trading scheme

- Multiple ETS reforms, including industrial allocation phasedown from 2021



New Zealand customers

Grow
New Zealand
retail

- Customer number and sales volume growth across all segments (except Agri sales)
- Headlined by 4% sales growth in both residential and small medium business
- Competitive pressure in those segments reflected in a 3% average price decrease
- Meridian residential discounts replaced with simple lower rates
- Higher wholesale forward prices lifted average corporate sales price by 7%
- Commenced NZ's largest commercial solar programme with Kiwi Property

Customer sales	Customer numbers (ICPs)	Sales volume (GWh)	Average price (\$/MWh)
<u>FY19</u>			
Residential	201,730	1,431	
Small medium business	40,749	975	
Agricultural	37,736	1,055	
Large business	19,244	441	
Total Residential/SMB	299,459	3,902	\$114
Corporate	2,818	2,338	\$89
<u>FY18</u>			
Residential	194,671	1,370	
Small medium business	38,137	936	
Agricultural	37,752	1,085	
Large business	17,807	432	
Total Residential/SMB	288,367	3,823	\$117
Corporate	2,389	2,158	\$83

New Zealand customers

Grow
New Zealand
retail

- Increasing NPS¹, declining churn rates
- 6% lower cost to serve per customer
- 10k Meridian customers migrated to the Flux platform, targeting 50k by December 2019
- Flux global customer base of 300k

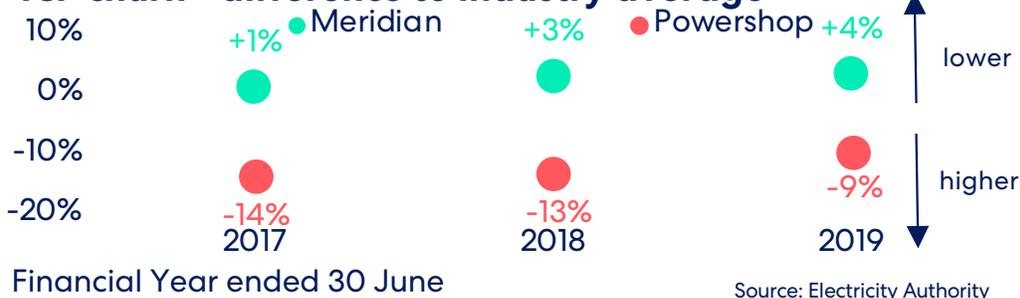
Retail cost to serve	FY17	FY18	FY19
Retail costs excl. metering	\$65M	\$68M	\$66M
Other segment cost allocation	\$15M	\$15M	\$16M
Year end customer numbers	276,767	290,756	302,277
Cost to serve per customer	\$290	\$287	\$271

¹ net promoter score

NPS - difference to industry average



ICP churn - difference to industry average



New Zealand generation

- Record hydro generation year from 104% inflows and with Ōhau A refurbishment
- Ōhau refurbishment programme going well, \$8m more spend (\$57m total)
- More modest wind generation
- Major HVDC pole outages planned between January to April 2020 (Saturdays)

Support retail
and protect our
generation
legacy

NZ average generation price

\$/MWh



Financial Year ended 30 June

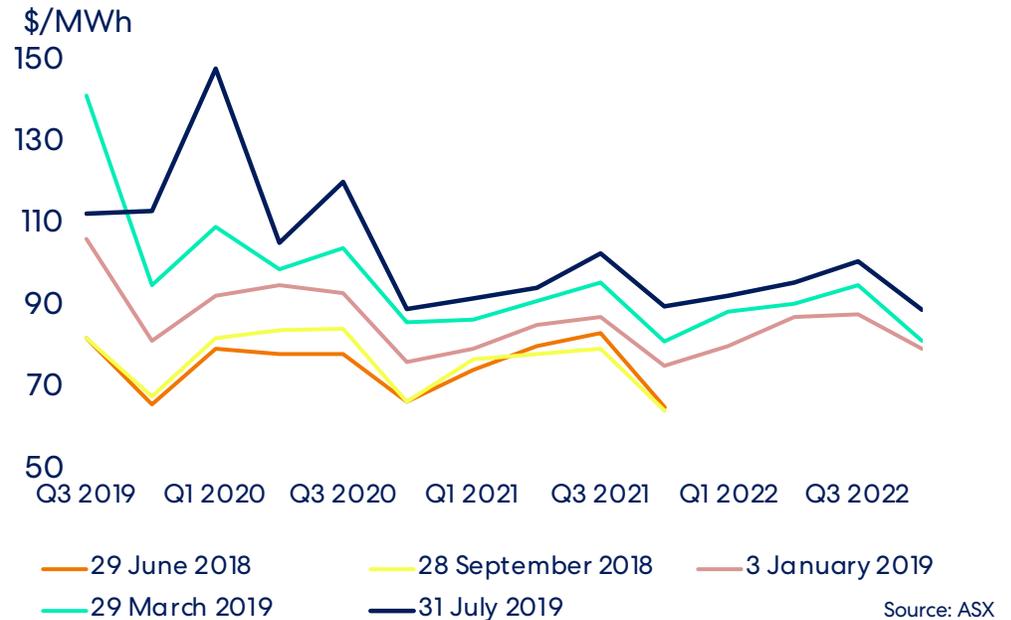
Source: Meridian

New Zealand generation

Support retail
and protect our
generation
legacy

- Hawkes Bay wind consent variation submitted, EOI for civil works commenced
- Wind development pipeline of ~2,700 GWh
- Waitaki 2025 re-consent expected to be lodged early
- Lingering sentiment from gas supply issues
- Upcoming Pohokura and Kupe outages

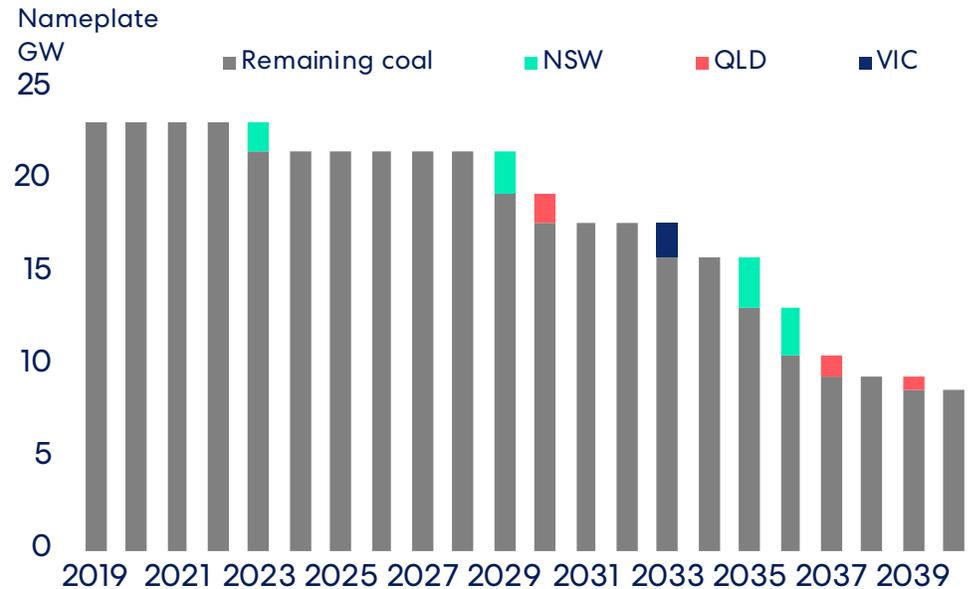
Otauhu ASX futures settlement price



Australian market

- Renewables are dominating new build generation
- Surprising Federal election result likely to see more cautious policy settings
- DMO¹ and VDO² both came into effect on 1 July, more price similarity in retailers' offers
- Spot and forward wholesale prices continue to be elevated; forward contracts remain in backwardation
- LGC prices have dropped in the last year
- Recent rise in LGC spot prices from the March 2019 trough
- Forward LGC curve remains in steep backwardation (Cal20 \$24/cert, Cal22 \$10)
- Coal plants are progressively approaching end of economic life (61% by 2040)

Coal generation capacity in NEM



Source: AEMO, Aurora Energy Research

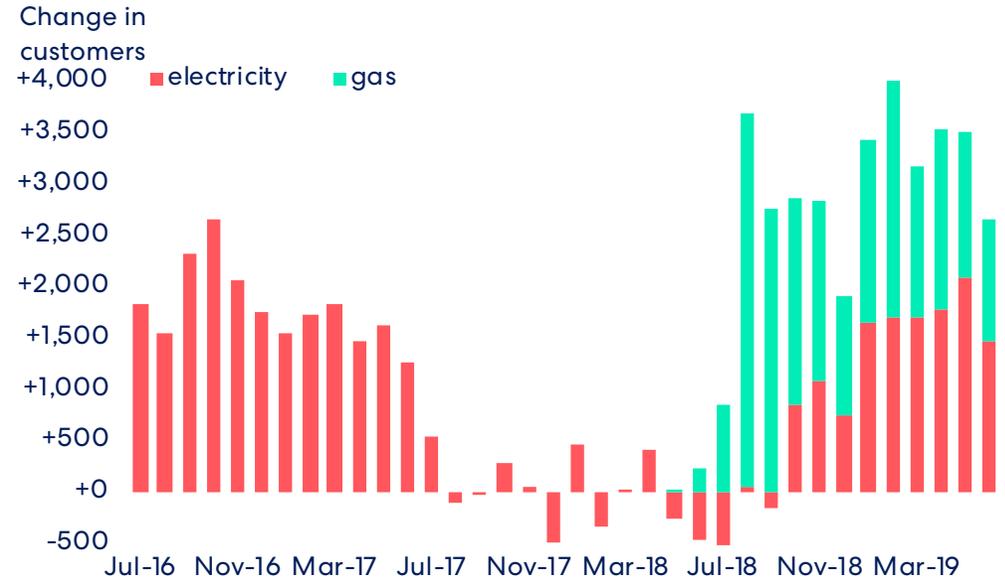
¹ Default market offer
² Victorian default offer

Australian customers

Grow
overseas
earnings

- Electricity customer acquisitions recommenced in FY19, following development of improved wholesale position
- Traction with Victorian gas, following launch and 50% reduction in dual fuel customer churn
- Dual fuel and solar customers demonstrate higher lifetime value
- Powershop launched in South Australia
- DC Power white label offer in market, Kogan Energy launch in September 2019
- Electricity churn reducing in all three states
- Powershop NPS score of 53, industry average -18

Powershop Australia net customer changes



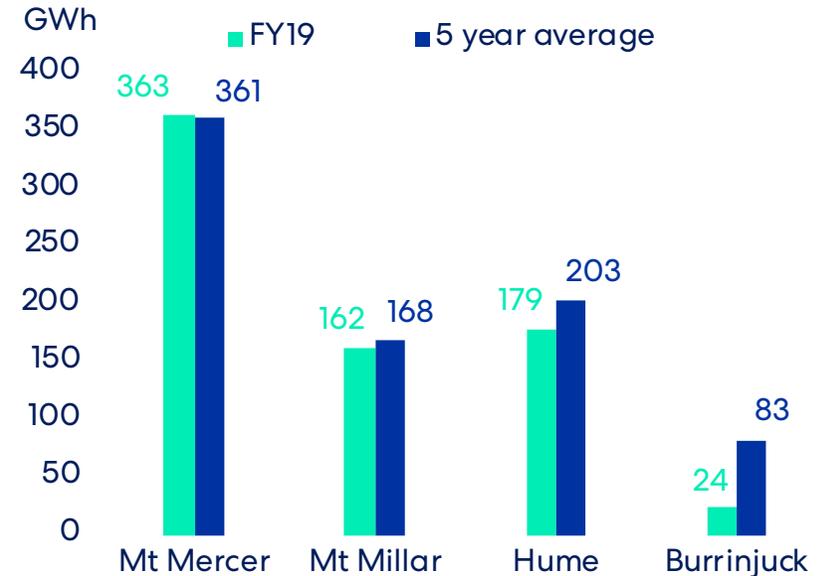
Source: Meridian

Australian generation

Grow
overseas
earnings

- NSW drought conditions impacting hydro generation
- Repairs and upgrades at both wind farms impacted availability
- 225GWh of PPA offtake in FY19

Australian generation



Source: Meridian

UK customers

- Tough trading conditions in the UK for electricity retailers
- Growth from 25,000 to 75,000 Flux customers in FY19
- Sainsbury's white label soft launched in April 2019

Grow
overseas
earnings

Sainsbury's Energy

My account Contact us

Our energy plan

How it works

Collect Nectar Points

About Sainsbury's Energy

Help & support

Get your quote

Energy you can rely on

Our energy's everything you'd expect from a brand that's been around as long as we have.



Joining forces



We've teamed up with npower

Sainsbury's have teamed up with npower to bring you Sainsbury's Energy. Together, we're offering an energy deal that ticks all the boxes: simple, rewarding and trustworthy.

Financial performance



Dividends

- Final ordinary dividend declared of 10.72 cps, 86% imputed
- Brings FY19 full year ordinary dividend declared to 16.42 cps, 86% imputed
- Represents 75% payout of free cash flow
- Capital management final special dividend of 2.44 cps, unimputed
- Capital management distributions to \$562.5M since the programme began in August 2015
- Total FY19 dividend of 21.30 cps +11% on FY18

Dividends declared



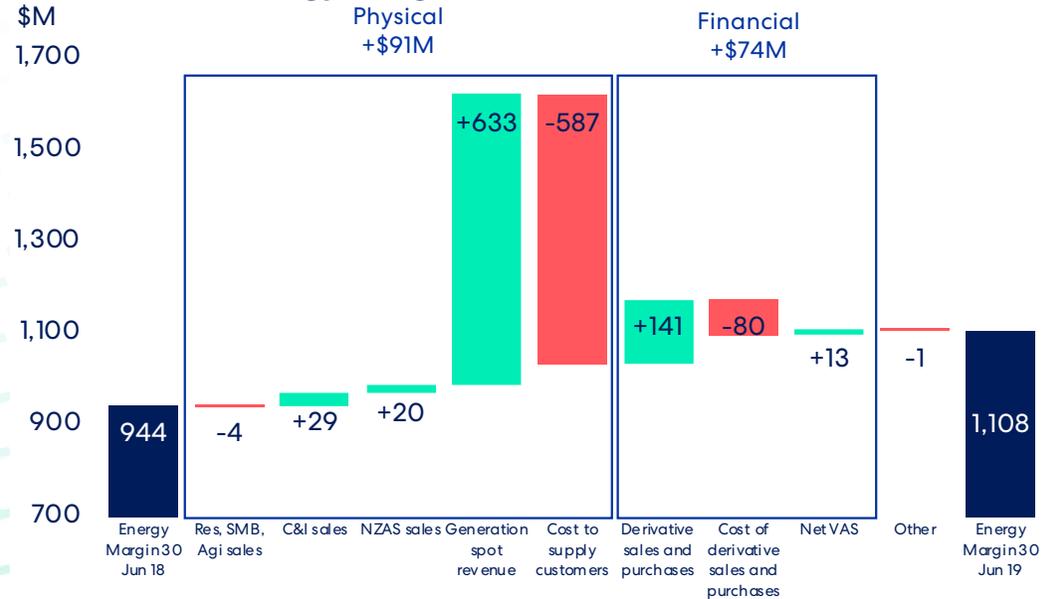
Source: Meridian

Dividends declared	FY19		FY18	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	16.42	86%	14.32	86%
Capital management special dividends	4.88	0%	4.88	0%
Total	21.30		19.20	

New Zealand energy margin

- Customer and sales volume growth across all segments (except Agri sales)
- Upward price pressure in corporate contrasted with downward pressure in residential
- Financial contract, spot generation and hedging revenues all benefitted from higher wholesale prices
- Those higher prices also lifted costs in the portfolio
- Higher net physical and net financial positions

New Zealand energy margin movement



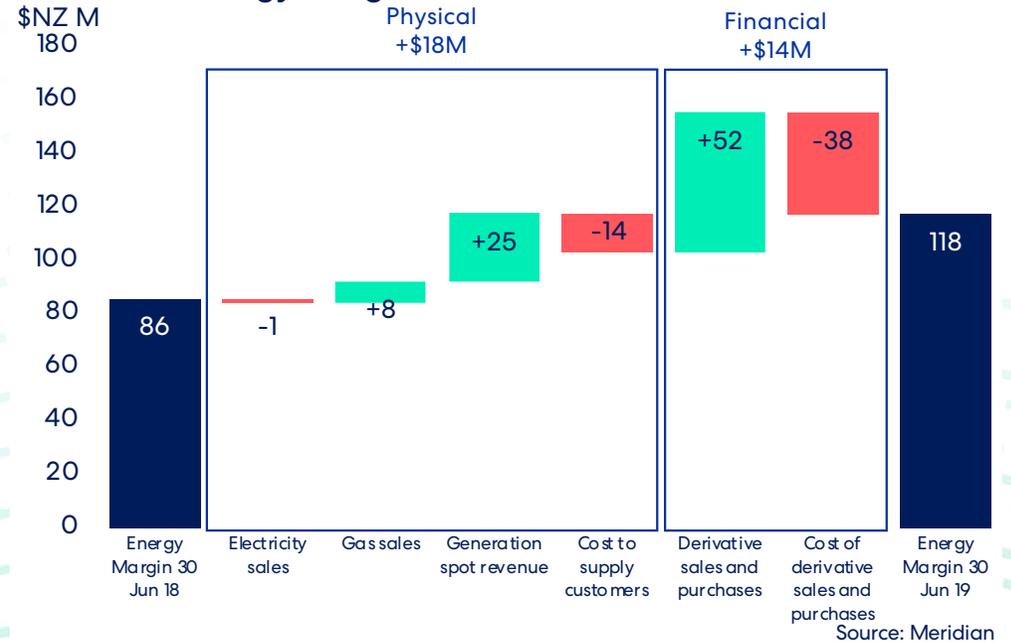
Source: Meridian

Refer to page 41 for a further breakdown of New Zealand energy margin

Australian energy margin

- Gas sales and hydro generation have lifted physical margin
- As in NZ, higher wholesale prices have lifted financial contract, spot generation and hedging revenues
- Uplift in the physical and financial books in FY19

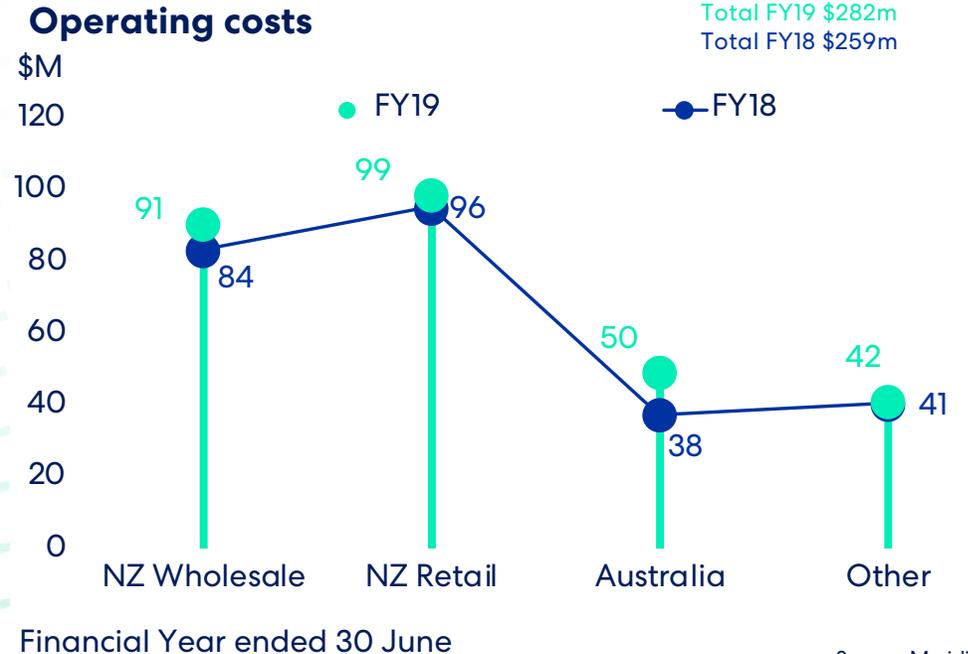
Australian energy margin movement



Refer to page 42 for a further breakdown of Australian energy margin

Operating costs

- Refurbishment spend on Te Āpiti wind farm and Ōhau hydro stations
- Stable NZ promotional spend, supporting customer acquisition
- Higher staff, retail and asset maintenance costs in Australia, supporting growth
- Expecting FY20 Group operating costs of between \$280M and \$286M¹



Source: Meridian

¹Includes an estimated \$6M reduction in operating costs from the adoption of NZ IFRS 16 in FY20

EBITDAF

- Record level of EBITDAF in FY19, +26% on FY18
- FY20 wholesale prices are not expected to repeat FY19 levels
- Scheduled HVDC outages in FY20 will weigh on NZ earnings

Group EBITDAF

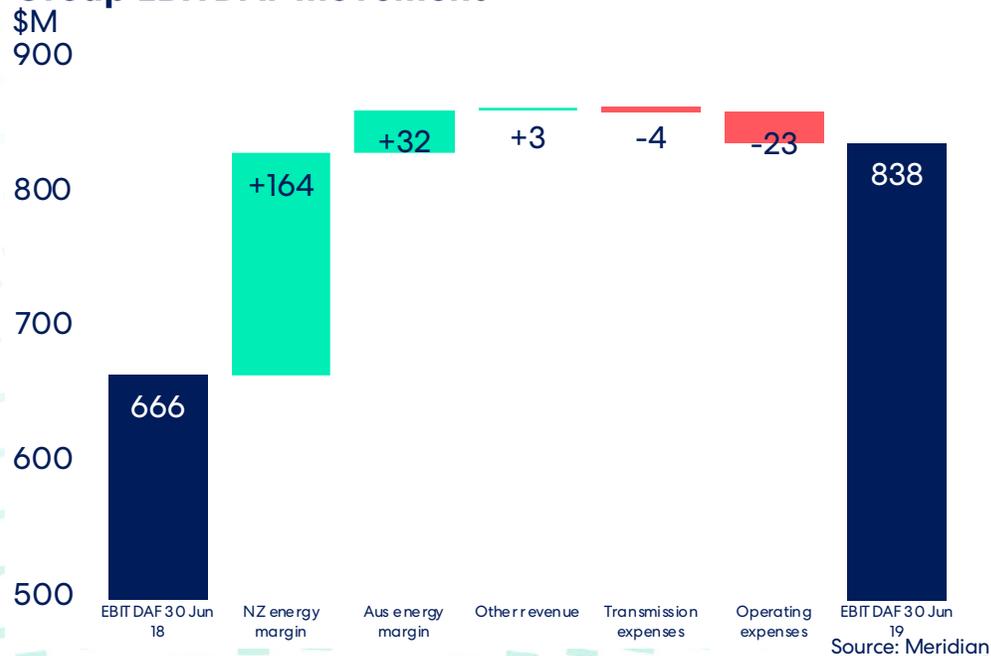
New Zealand
\$757M

Australia
\$64M

Flux¹
\$17M

¹Includes intercompany earnings from Meridian

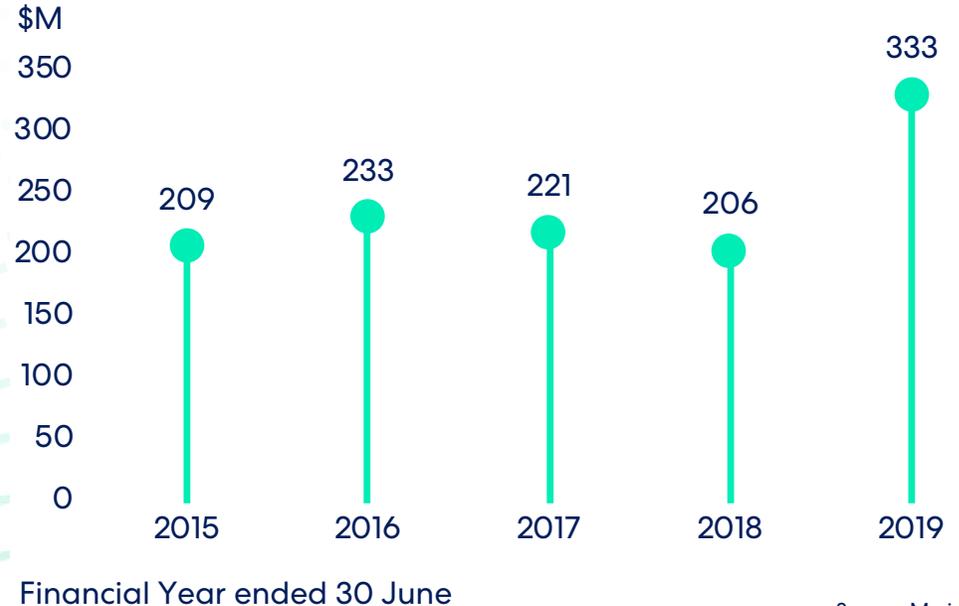
Group EBITDAF movement



Below EBITDAF

- 3% increase in depreciation from previous revaluations and GSP purchase
- June 2019 revaluation (+\$1B) will increase future depreciation costs
- \$5M impairment on Mt Millar
- \$58M increase in NPBT¹ from fair value of electricity hedges from higher forward electricity prices (\$22M decrease in FY18)
- \$63M decrease in NPBT from fair value of treasury instruments from lower forward interest rates (\$4M decrease in FY18)
- Significant FY19 increases in NPAT (+69%) and Underlying NPAT (+62%)
- IFRS 9 adopted in FY19, no impact on comparatives
- IFRS 16 will be adopted in FY20, \$6M EBITDAF increase

Underlying npat



Source: Meridian

¹Net profit before tax

Capital expenditure

- Consistent level of stay in business capex
- Largely consists of system and generation asset enhancement spend
- Currently expecting FY20 Group capex of between \$70M and \$80M
 - \$50M to \$55M of stay in business capex
 - \$20M to \$25M of currently approved investment spend

Capital expenditure

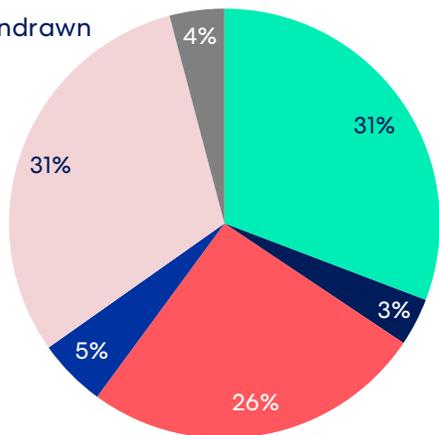


Debt and funding

- June 2019 total borrowings of \$1,470M
- Committed bank facilities of \$1,948M, of which \$572M were undrawn
- Net debt of \$1,461M, down 4% from FY18
- Net debt to EBITDAF at 1.7x

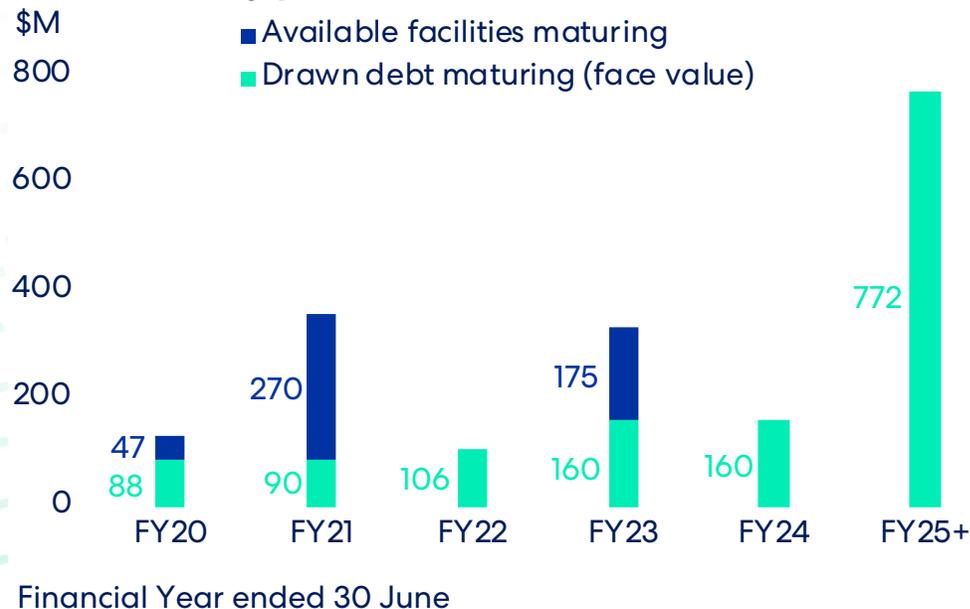
Sources of Funding - 30 June 2019

- NZ\$ bank facilities drawn/undrawn
- EKF - Danish export credit
- Retail Bonds
- Floating rate notes
- US private placement
- Commercial paper



Source: Meridian

Debt maturity profile as at 30 June 2019



Source: Meridian

Closing comments

- FY19 result had market tailwinds however execution was good
- Customer growth in all geographies underpinned by high satisfaction
- New Zealand gas market remains tight, further planned field outages in 2020
- Major HVDC outages planned between January and April 2020 will reduce available transmission capacity
- Strong July 2019 operating result



Additional information



Segment results

- Flux Federation and Powershop UK included in 'other and unallocated' segment

\$M	<u>Wholesale</u>		<u>Retail</u>		<u>Australia</u>		<u>Other & unallocated</u>		<u>Inter-segment</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Contracted sales	524	435	654	629	152	124	-	-	-	-	1,330	1,188
Cost to supply customers	(1,985)	(1,259)	(502)	(470)	(150)	(99)	-	-	613	535	(2,024)	(1,293)
Net cost of hedging	126	41	-	-	4	(25)	-	-	-	-	130	16
Generation spot revenue	1,672	1,039	-	-	113	87	-	-	-	-	1,785	1,126
Inter-segment electricity sales	613	535	-	-	-	-	-	-	(613)	(535)	-	-
Virtual asset swap margins	11	(2)	-	-	-	-	-	-	-	-	11	(2)
Other market revenue/(costs)	(7)	(6)	2	2	(1)	(1)	-	-	-	-	(6)	(5)
Energy margin	954	783	154	161	118	86	-	-	-	-	1,226	1,030
Other revenue	2	2	12	12	2	1	29	20	(20)	(13)	25	22
Dividend revenue	-	-	-	-	-	-	41	46	(41)	(46)	-	-
Energy transmission expense	(125)	(122)	-	-	(6)	(5)	-	-	-	-	(131)	(127)
Gross margin	831	663	166	173	114	82	70	66	(61)	(59)	1,120	925
Operating expenses	(91)	(84)	(99)	(96)	(50)	(38)	(52)	(49)	10	8	(282)	(259)
EBITDAF	740	579	67	77	64	44	18	17	(51)	(51)	838	666

Six monthly results

\$M	1H			2H			Total		
	2019	2018	change	2019	2018	change	2019	2018	change
Contracted sales	631	580	51	699	608	91	1,330	1,188	142
Cost to supply customers	(1,002)	(692)	(310)	(1,022)	(601)	(421)	(2,024)	(1,293)	(731)
Net cost of hedging	72	17	55	58	(1)	59	130	16	114
Generation spot revenue	872	610	262	913	516	397	1,785	1,126	659
Virtual asset swap margins	6	(4)	10	5	2	3	11	(2)	13
Other market revenue/(costs)	(3)	(2)	(1)	(3)	(3)	-	(6)	(5)	(1)
Energy margin	576	509	67	650	521	129	1,226	1,030	196
Other revenue	13	10	3	12	12	-	25	22	3
Energy transmission expense	(65)	(63)	(2)	(66)	(64)	(2)	(131)	(127)	(4)
Gross margin	524	456	68	596	469	127	1,120	925	195
Operating expenses	(135)	(127)	(8)	(147)	(132)	(15)	(282)	(259)	(23)
EBITDAF	389	329	60	449	337	112	838	666	172
Depreciation & amortisation	(137)	(134)	(3)	(139)	(134)	(5)	(276)	(268)	(8)
Impairment of assets	-	(2)	2	(5)	-	(5)	(5)	(2)	(3)
Gain / (loss) on sale of assets	-	6	(6)	3	1	2	3	7	(4)
Net change in fair value of electricity and other hedges	20	(2)	22	38	(20)	58	58	(22)	80
Operating Profit	272	197	75	346	184	162	618	381	237
Finance costs	(43)	(41)	(2)	(41)	(41)	-	(84)	(82)	(2)
Interest income	-	-	-	1	1	-	1	1	-
Net change in fair value of treasury instruments	(15)	(2)	(13)	(48)	(2)	(46)	(63)	(4)	(59)
Net profit before tax	214	154	60	258	142	116	472	296	176
Income tax expenses	(62)	(45)	(17)	(71)	(50)	(21)	(133)	(95)	(38)
Net profit after tax	152	109	43	187	92	95	339	201	138
Underlying net profit after tax	144	104	40	189	102	87	333	206	127

New Zealand retail

Customers

- 4% increase in customers since June 2018

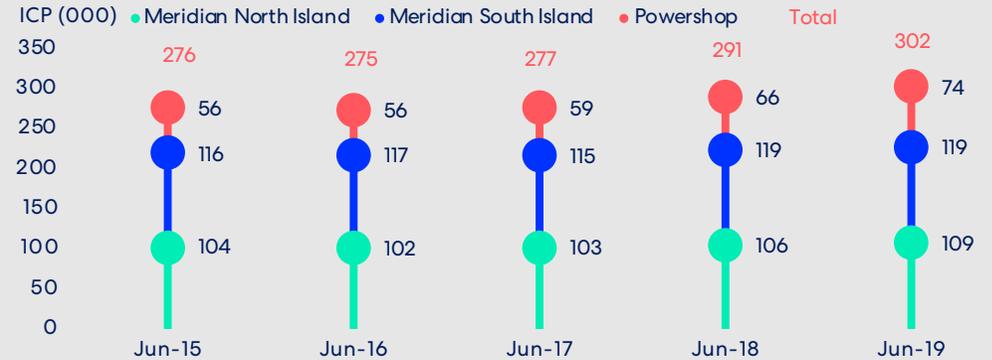
Residential, business, agri segment

- 4% increase in residential volumes
- 4% increase in small business volumes
- 2% increase in large business volumes
- 3% decrease in agri volumes
- 3% decrease in average sales price

Corporate segment

- 8% increase in volumes
- 7% increase in average sales price

New Zealand customer connections



Financial Year ended 30 June

New Zealand retail sales volumes



Financial Year ended 30 June

New Zealand hydrology

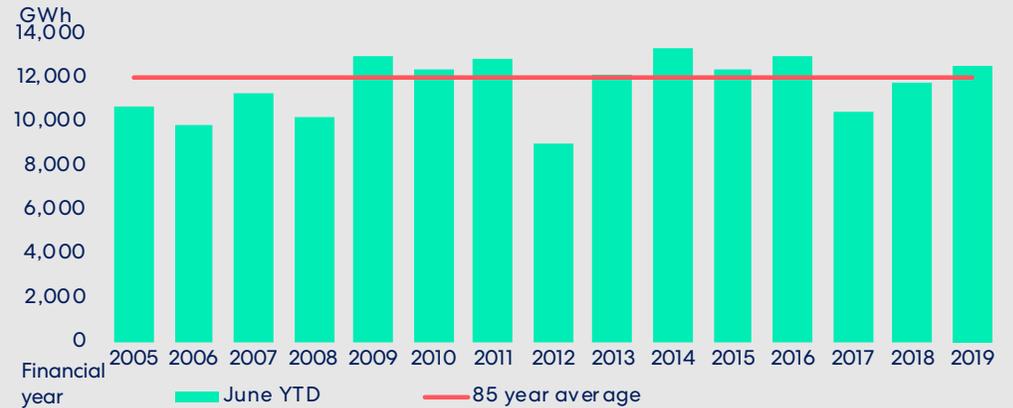
Inflows

- FY19 inflows were 104% of average
- July 2019 inflows were 125% of average

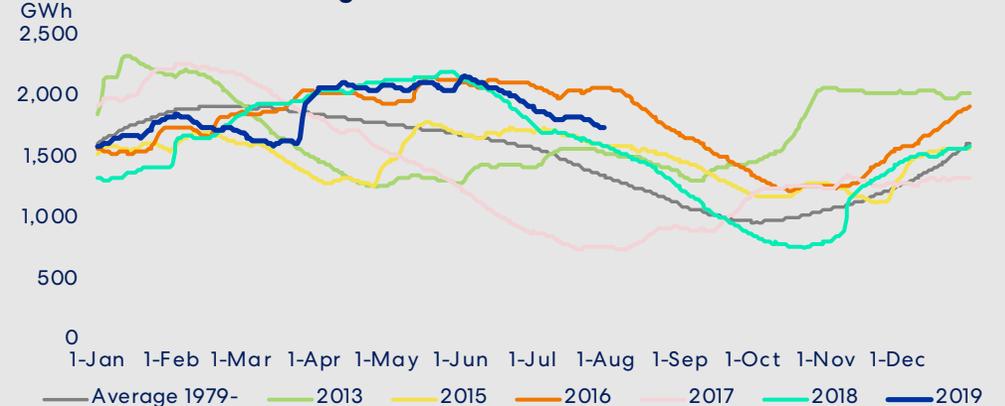
Storage

- Meridian's Waitaki storage at 30 June 2019 was 121% of average
- By 31 July 2019, this position was 129% of average

Meridian's combined catchment inflows



Meridian's Waitaki storage



New Zealand generation

Volume

- FY19 generation was 8% higher than FY18, with higher hydro and lower wind generation

Price

- FY19 average price Meridian received for its generation was 48% higher than FY18
- FY19 average price Meridian paid to supply customers was 51% higher than FY18

New Zealand generation



NZ average generation price



Australian retail

Customers

- 13% growth in electricity customers since June 2018
- 22,612 gas customers by June 2019

Sales volume

- 1% growth in electricity sales volume in FY19
- 364TJ in gas sales in FY19

Australian customer connections



Australian retail sales volume



Australian generation

Volume

- FY19 generation was 25% higher than FY18
- Includes 203GWh of seasonal generation from GSP hydro assets
- FY19 wind generation was 5% lower than FY18

Australian generation



Financial Year ended 30 June

Australian average generation price



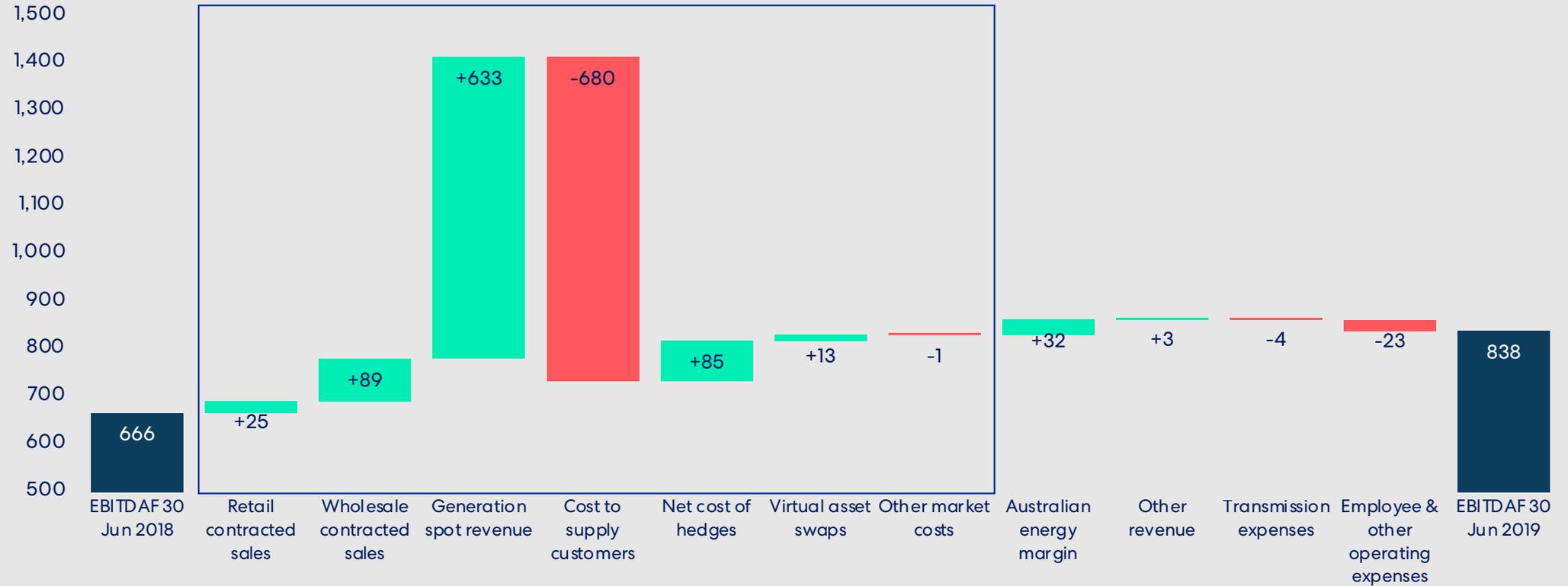
Financial Year ended 30 June

FY19 EBITDAF

Movement in EBITDAF

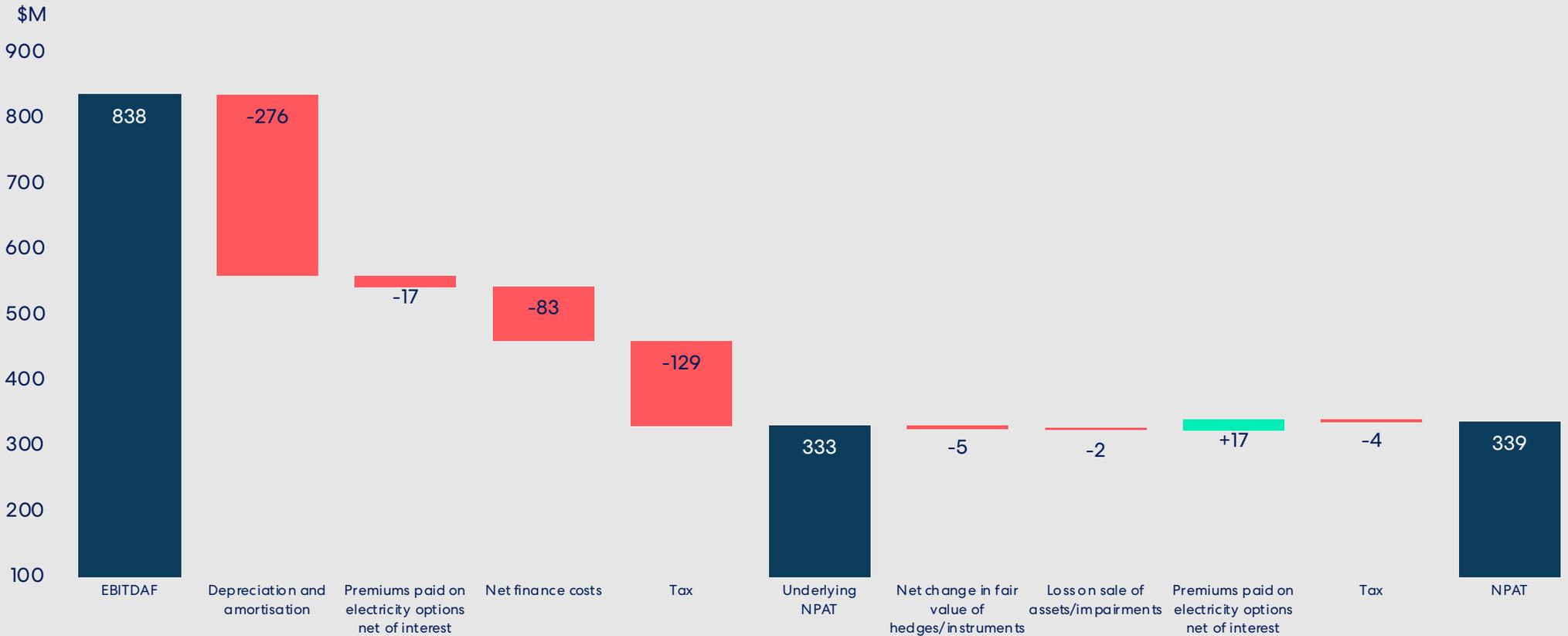
\$M

New Zealand energy margin +\$164M



EBITDAF to NPAT

FY19 EBITDAF TO NPAT RECONCILIATION



Energy margin

- A non-GAAP financial measure representing energy sales revenue less energy related expenses and energy distribution expenses
- Used to measure the vertically integrated performance of the retail and wholesale businesses
- Used in place of statutory reporting which requires gross sales and costs to be reported separately, therefore not accounting for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

Defined as

- Revenues received from sales to customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers), sales to large industrial customers and fixed price revenues from financial contracts sold (contract sales revenue)
- The volume of electricity purchased to cover contracted customer sales and financial contracts sold (cost to supply customers)
- The fixed cost of derivatives used to manage market risks, net of spot revenue received from those derivatives (net cost hedging)
- Revenue from the volume of electricity that Meridian generates (generation spot revenue)
- The net margin position of virtual assets swaps with Genesis Energy and Mercury New Zealand
- Other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues, such as frequency keeping

New Zealand energy margin

New Zealand energy margin

\$M

3,000

2,500

2,000

1,500

1,000

500

0

445

209

524

1,672

-1,599

-275

-133

267

-8

11

-5

1,108

Res, SMB,
Agi sales

C&I sales

Financial
contract
sales (incl
NZAS)

Generation
spot
revenue

Cost to
supply
customers

Cost to
supply
financial
contracts

Hedging
fixed costs

Hedging
spot
revenue

Contract
close outs

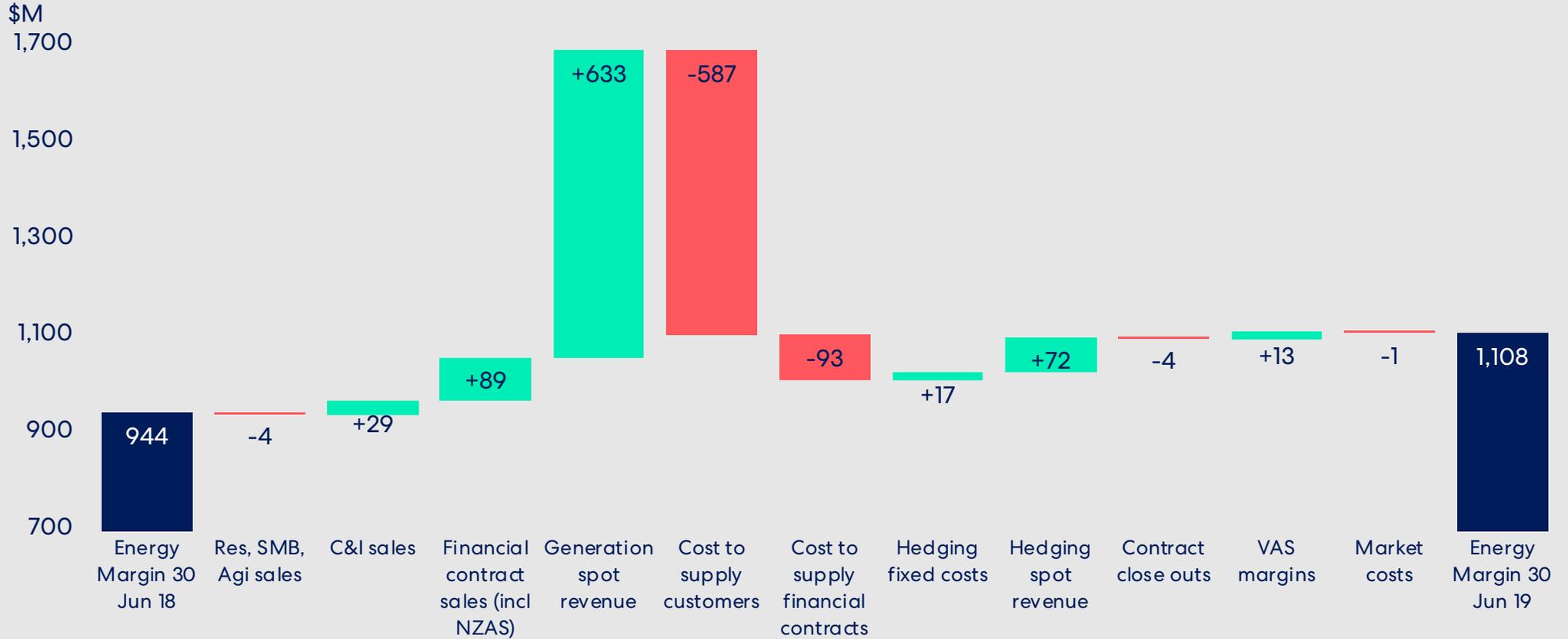
VAS margins

Market costs

Energy
Margin

New Zealand energy margin

New Zealand energy margin movement



New Zealand energy margin

	Volume	VWAP	NZD M	Volume	VWAP	NZD M
Res, business, agri sales	3,902	\$114	445	3,823	\$117	449
Corporate and industrial sales	2,338	\$89	209	2,158	\$83	180
Retail contracted sales	6,240	\$105	654	5,981	\$105	629
NZAS sales	5,310			5,011		
Financial contract sales	2,240			2,278		
Wholesale contracted sales	7,550	\$69	524	7,289	\$60	435
Cost to supply retail customers	6,608	-\$143	(943)	6,297	-\$93	(586)
Cost to supply wholesale customers	5,310	-\$123	(656)	5,011	-\$85	(426)
Cost of financial contracts	2,240	-\$123	(275)	2,278	-\$80	(182)
Cost to supply customers and contracts	14,158	-\$132	(1,874)	13,586	-\$88	(1,194)
Hedging costs	1,964	-\$68	(133)	2,222	-\$68	(150)
Hedging spot revenue	1,964	\$136	267	2,222	\$88	195
Close-outs			(8)			(4)
Net cost of hedging			126			41
Hydro generation	12,326			11,265		
Wind generation	1,244			1,263		
Generation revenue	13,570	\$123	1,672	12,528	\$83	1,039
Virtual asset swap margins	1,049		11	1,099		(2)
Other			(5)			(4)
Energy margin			1,108			944

Australian energy margin

		<u>FY19</u>			<u>FY18</u>		
	Volume	VWAP	AUD M		Volume	VWAP	AUD M
Retail electricity sales, net of distribution	553	\$158	88		549	\$158	87
Retail gas sales, net of distribution	364	\$20	7				
Financial contract sales	612	\$78	48		157	\$163	26
Contracted Sales			143				113
Cost to supply electricity customers	553	-\$132	(73)		549	-\$116	(64)
Cost to supply gas customers	364	-\$16	(6)				
Cost of financial contracts	612	-\$102	(62)		157	-\$170	(27)
Cost to supply customers and contracts			(141)				(91)
Hedging costs	514	-\$100	(51)		321	-\$127	(41)
Hedging spot revenue	514	\$107	55		321	\$79	25
Close-outs			0				(8)
Net cost of hedging			4				(24)
Wind generation	525	\$146	77		553	\$142	79
Hydro generation	203	\$112	23		28	\$77	2
PPA generation received, net of costs	225	\$28	6				
Generation revenue			105				81
Other			(1)				(1)
Energy margin			110				78

Funding metrics

- Net debt/EBITDAF is the principal metric underpinning S&P credit rating
- S&P calculation of net debt/EBITDAF includes numerous adjustments to reported numbers;
 - Borrowings adjusted for the impact of finance and operating leases
 - Cash balances adjusted for restricted cash
 - A cash buffer at 25% of unrestricted cash and cash equivalents

Net debt to EBITDAF

Financial year ended 30 June	2019	2018	2017	2016	2015
\$M					
Drawn borrowings	1,376	1,428	1,158	1,136	991
Finance lease payable	32	48	47	48	52
Operating lease commitments	91	76	71	59	37
Less: cash and cash equivalents	(78)	(60)	(80)	(118)	(69)
Add back: restricted cash	27	29	51	18	22
Add back: cash buffer	13	8	7	25	12
Net debt	1,461	1,529	1,254	1,168	1,045
EBITDAF	838	666	657	650	618
Net debt to EBITDAF (times)	1.7	2.3	1.9	1.8	1.7

Fair value movements

- Meridian uses derivative instruments to manage interest rate, foreign exchange and electricity price risk
- As forward prices and rates on these instruments move, non-cash changes to their carrying value are reflected in NPAT
- Accounting standards only allow hedge accounting if specific conditions are met, which creates NPAT volatility
- \$58M increase in NPBT from fair value of electricity hedges from higher forward electricity prices (\$22M decrease in FY18)
- \$63M decrease in NPBT from fair value of treasury instruments from lower forward interest rates (\$4M decrease in FY18)

Change in fair value of financial instruments



Income statement

Financial year ended 30 June	2019	2018	2017	2016	2015
\$M					
New Zealand energy margin	1,108	944	940	941	900
Australia energy margin	118	86	74	68	54
Other revenue	25	22	19	17	25
Energy transmission expense	(131)	(127)	(130)	(128)	(123)
Employee and other operating expenses	(282)	(259)	(246)	(248)	(238)
EBITDAF	838	666	657	650	618
Depreciation and amortisation	(276)	(268)	(264)	(236)	(239)
Impairment of assets	(5)	(2)	(10)	4	(38)
Gain/(loss) on sale of assets	3	7	(4)	(1)	19
Net change in fair value of electricity and other hedges	58	(22)	(76)	(15)	(1)
Net finance costs	(83)	(81)	(77)	(78)	(78)
Net change in fair value of treasury instruments	(63)	(4)	55	(68)	(32)
Net profit before tax	472	296	281	256	249
Income tax expense	(133)	(95)	(81)	(71)	(2)
Net profit after tax	339	201	200	185	247

Underlying NPAT reconciliation

Financial year ended 30 June	2019	2018	2017	2016	2015
\$M					
Net profit after tax	339	201	200	185	247
Underlying adjustments					
<u>Hedging instruments</u>					
Net change in fair value of electricity and other hedges	(58)	22	76	15	1
Net change in fair value of treasury instruments	63	4	(55)	68	32
Premiums paid on electricity options net of interest	(17)	(13)	(12)	(12)	(15)
<u>Assets</u>					
(Gain)/loss on sale of assets	(3)	(7)	4	1	(19)
Impairment of assets	5	2	10	(4)	38
Total adjustments before tax	(10)	8	23	68	37
<u>Taxation</u>					
Tax effect of above adjustments	4	(3)	(2)	(20)	(13)
Release of capital gains tax provision	-	-	-	-	(28)
Tax depreciation on powerhouse structures	-	-	-	-	(34)
Underlying net profit after tax	333	206	221	233	209

Cash flow statement

Financial year ended 30 June

\$M

	2019	2018	2017	2016	2015
Receipts from customers	3,463	2,765	2,250	2,348	2,348
Interest and dividends received	1	1	2	2	8
Payments to suppliers and employees	(2,628)	(2,152)	(1,596)	(1,723)	(1,742)
Interest and income tax paid	(201)	(187)	(186)	(175)	(174)
Operating cash flows	635	427	470	452	440
Sale of property, plant and equipment	-	23	-	-	19
Sales of subsidiaries and other assets	-	-	2	5	29
Purchase of property, plant and equipment	(45)	(33)	(33)	(42)	(131)
Stamp duty/capitalised interest	-	(10)	-	-	-
Purchase of intangible assets and investments	(24)	(204)	(21)	(19)	(16)
Investing cash flows	(69)	(224)	(52)	(56)	(99)
Term borrowings drawn	439	462	158	634	366
Term borrowings repaid	(484)	(200)	(136)	(478)	(527)
Shares purchased for long-term incentive	-	-	-	(1)	(2)
Dividends and finance lease paid	(501)	(487)	(478)	(502)	(385)
Financing cash flows	(546)	(225)	(456)	(347)	(548)

Balance sheet

Financial year ended 30 June
\$M

	2019	2018	2017	2016	2015
Cash and cash equivalents	78	60	80	118	69
Trade receivables	292	261	260	194	191
Customer contract assets	20	19	18	-	-
Other current assets	152	109	91	94	74
Total current assets	542	449	449	406	334
Property, plant and equipment	8,825	7,941	7,961	7,771	7,097
Intangible assets	59	60	58	47	47
Other non-current assets	231	182	215	314	183
Total non-current assets	9,115	8,183	8,234	8,132	7,327
Payables, accruals and employee entitlements	320	283	311	220	208
Customer contract liabilities	16	14	-	-	-
Current portion of term borrowings	167	450	170	214	213
Other current liabilities	117	96	98	79	57
Total current liabilities	620	843	579	513	478
Term borrowings	1,303	1,023	1,022	1,000	863
Deferred tax	1,968	1,683	1,715	1,617	1,400
Other non-current liabilities	309	260	272	358	172
Total non-current liabilities	3,580	2,966	3,009	2,975	2,435
Net assets	5,457	4,823	5,095	5,050	4,748

Glossary

Hedging volumes	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
Average generation price	the volume weighted average price received for Meridian's physical generation
Average retail contracted sales price	volume weighted average electricity price received from retail customers, less distribution costs
Average wholesale contracted sales price	volume weighted average electricity price received from wholesale customers (including NZAS) and financial contracts
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of hedges	volume weighted average price Meridian pays for derivatives acquired
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales and financial contracts
Contracts for Difference (CFDs)	an agreement between parties to pay the difference between the wholesale electricity price and an agreed fixed price for a specified volume of electricity. CFDs do not result in the physical supply of electricity
Customer connections (NZ)	number of installation control points, excluding vacants
FRMP	financially responsible market participant
GWh	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
Historic average inflows	the historic average combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes over the last 84 years
Historic average storage	the historic average level of storage in Meridian's Waitaki catchment since 1979
HVDC	high voltage direct current link between the North and South Islands of New Zealand
ICP	New Zealand installation control points, excluding vacants
ICP switching	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Electricity Authority's reconciled grid demand www.emi.ea.govt.nz
NZAS	New Zealand Aluminium Smelters Limited
Retail sales volumes	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
Financial contract sales	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
TJ	Terajoules
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury New Zealand. They do not result in the physical supply of electricity

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www.meridianenergy.co.nz/investors

All currency amounts are in New Zealand dollars unless stated otherwise.