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meridian

# MERIDIAN ENERGY LIMITED MANAGEMENT PRESENTATION

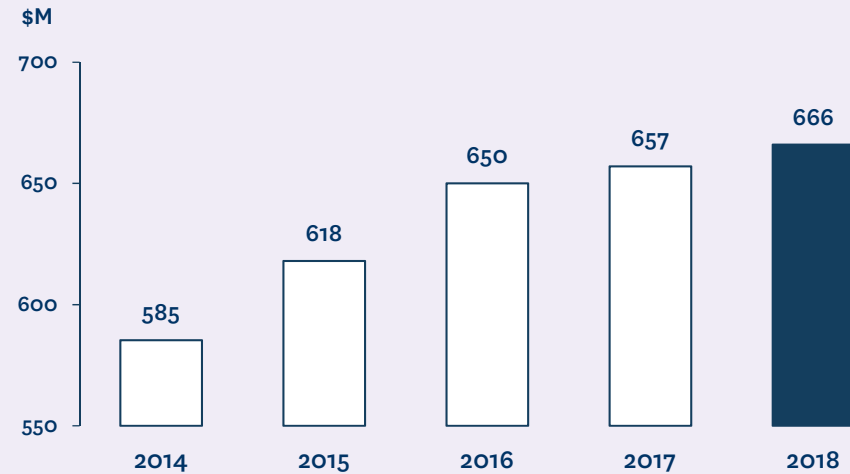




# SHAREHOLDER HIGHLIGHTS

- Five successive years of earnings and dividend growth since listing
- Double digit shareholder returns every year since listing
- High free cash flow, high payout ratio (75-90% of that free cash flow), progressive ordinary dividend policy
- Structured capital management programme running to 2022

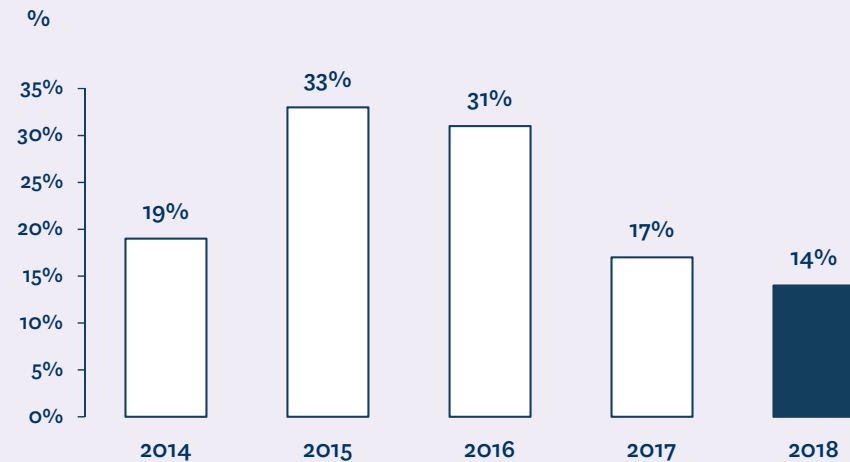
## EBITDAF



Financial Year ended 30 June

Source: Meridian

## TOTAL SHAREHOLDER RETURN



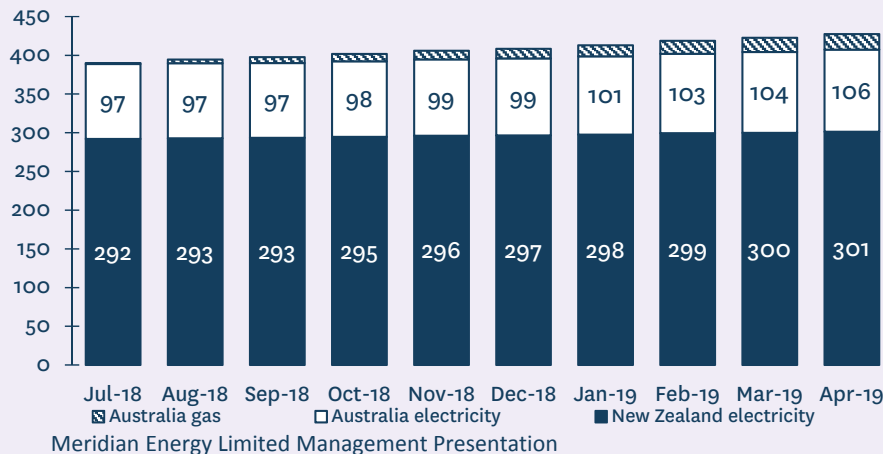
Financial Year ended 30 June

Source: Meridian

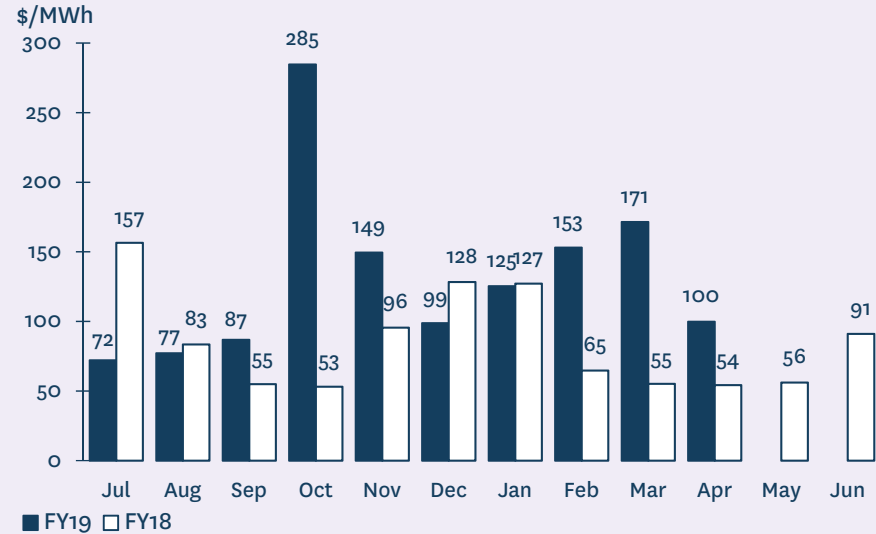
# OPERATING UPDATE

- Wholesale prices have reflected ongoing gas supply concerns
- Combined with recent high inflows, has produced very favourable 2H FY19 trading conditions
- Solid customer growth in NZ and Australia during FY19
- Meridian customer migration onto the Flux platform has commenced
- Electricity Price Review final report will be delivered mid-year

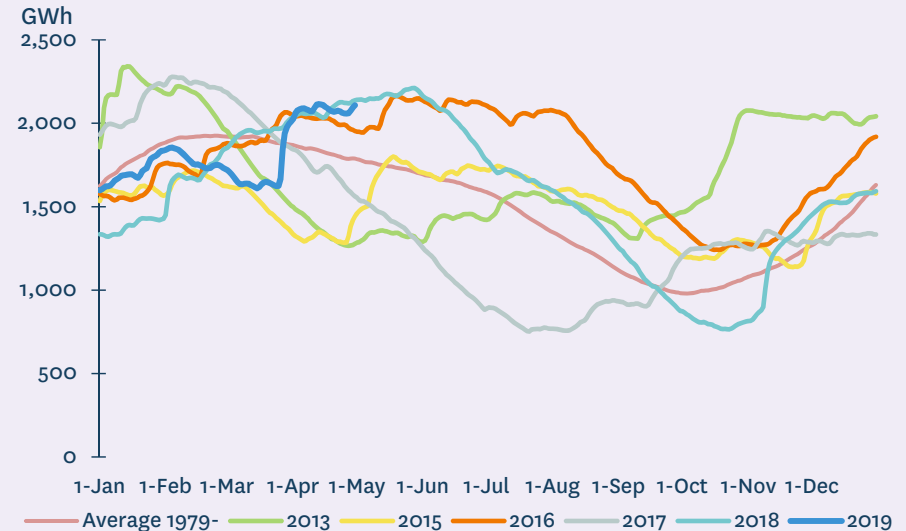
## MERIDIAN'S CUSTOMER CONNECTIONS



## MERIDIAN'S AVERAGE GENERATION PRICE\*



## MERIDIAN'S WAITAKI STORAGE





# CLIMATE CHANGE

## We have seen

- No significant change to catchment inflows over the last 100 years
- Some seasonal shift in inflows; drier autumns, wetter summers
- Snowpack and glaciers getting smaller

## It is projected to get

- Wetter in our catchments, including in winter
- With bigger individual rain storms
- Drier in irrigation areas
- Warmer everywhere
- Windier at our wind farms, especially in winter



Genesis Energy's Tekapo B power station

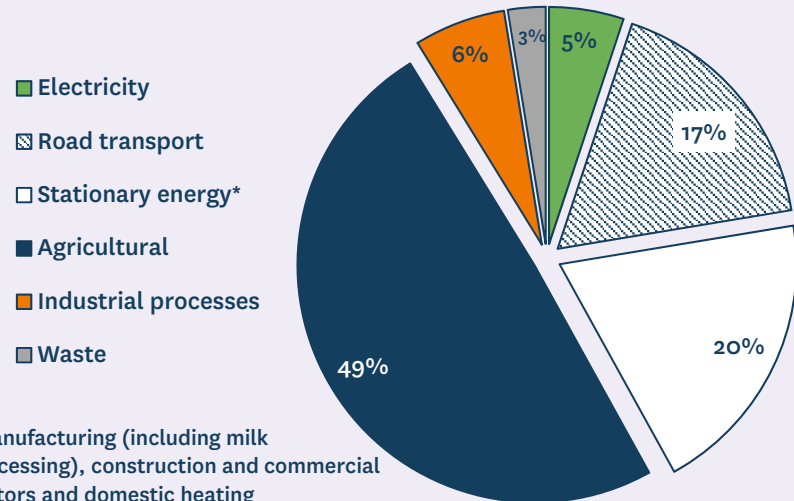


Contact Energy's Clyde Dam

# THE NEW ZEALAND ELECTRICITY MARKET

- Demands for action on climate change are growing and the New Zealand regulatory landscape is changing
- The country is committing to reducing all non-methane emissions to net zero by 2050 and up to 47% reduction in methane
- Electrification of existing fossil fuel energy use (largely outside the electricity sector) could significantly lift electricity demand
- Depending on the rate of future electrification, significant new generation will be needed
- Unsubsidised renewables are likely to form the bulk of new generation; investment timing is uncertain

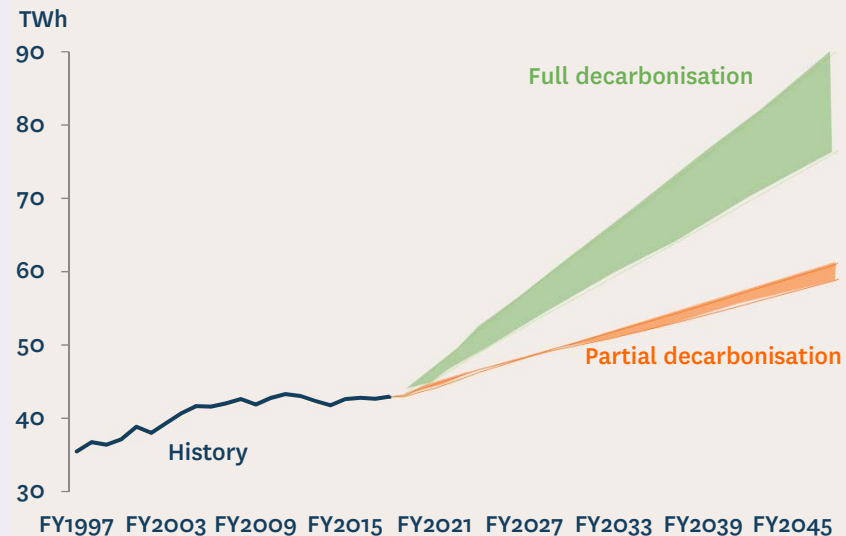
## NZ 2016 SECTOR EMISSIONS



\*manufacturing (including milk processing), construction and commercial sectors and domestic heating

Source: Ministry for the Environment

## DEMAND FORECASTS

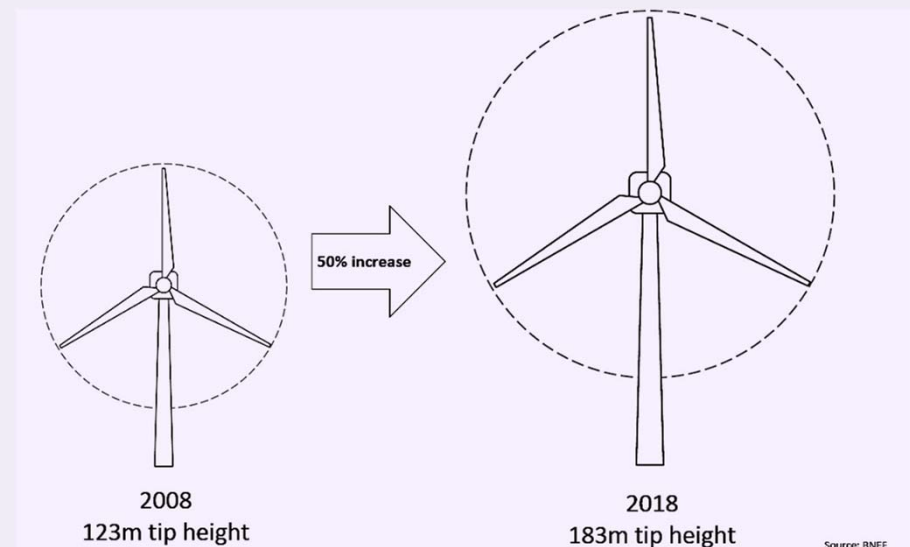
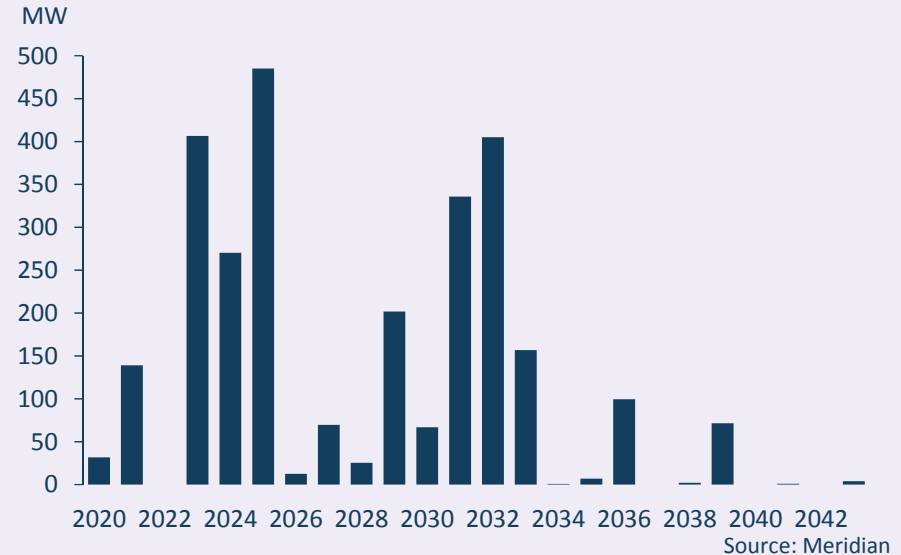


source: meridian

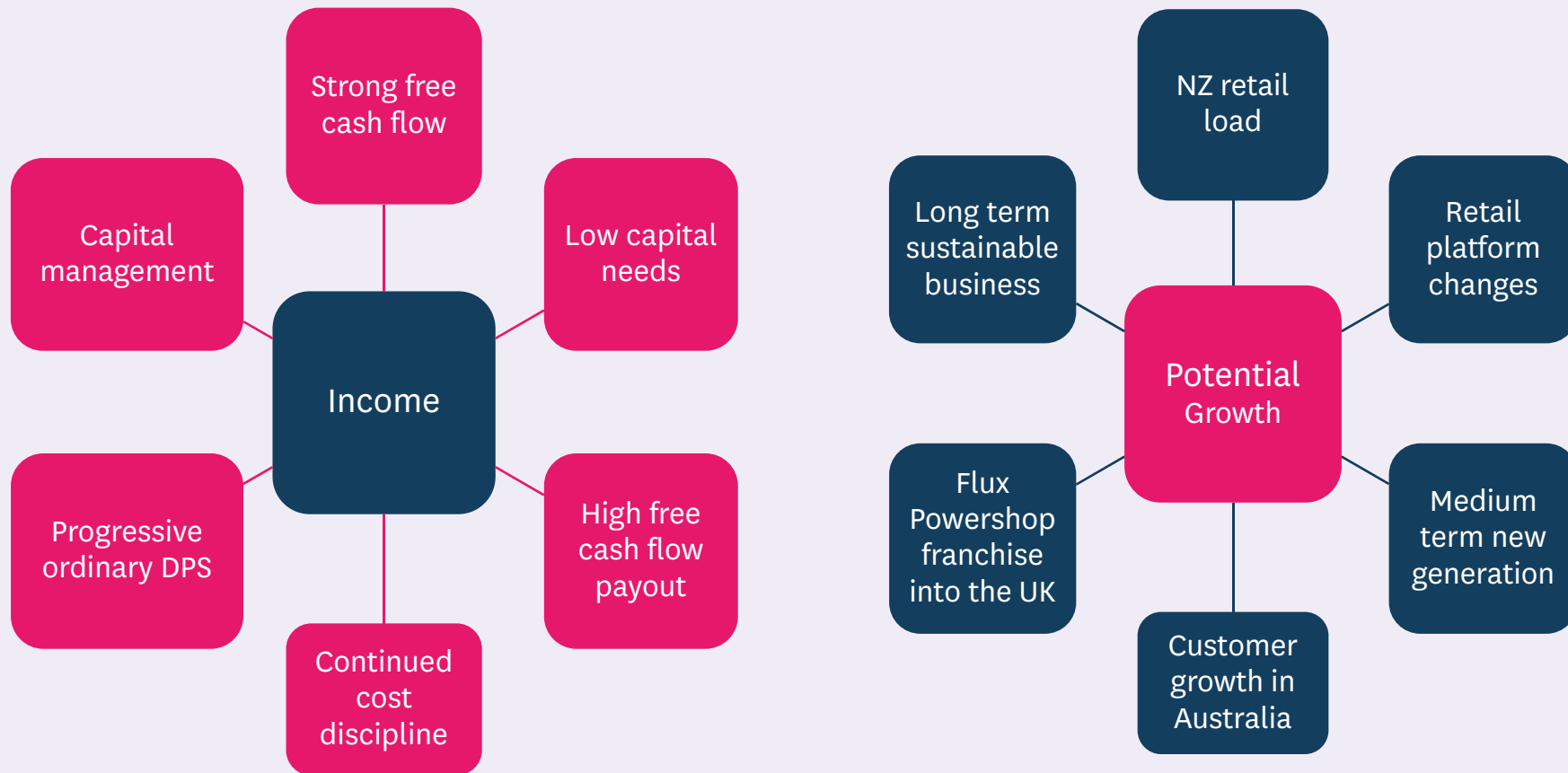
# THE NEW ZEALAND ELECTRICITY MARKET

- Further thermal and older renewable plant closures or repowering are inevitable
- Closures will require new generation and capital spend, adding to growth and in addition to decarbonisation
- Unit costs of newer technologies (wind, solar, batteries) will continue to decline
- Costs of more traditional generation will continue to improve modestly
- Increases in intermittent generation will create more volatile market prices
- Value of flexibility will increase over time
- Consumer-led technology uptake will occur, supplementing rather than displacing grid-level power

## PLANT RETIREMENT SCHEDULE



# MERIDIAN'S INVESTMENT PROPOSITION





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