



Meridian Energy

BROKER ROADSHOW PRESENTATION JUNE 2014

Disclaimer

The information in this presentation was prepared by Meridian Energy with due care and attention. However, the information is supplied in summary form and is therefore not necessarily complete, and no representation is made as to the accuracy, completeness or reliability of the information. In addition, neither the company nor any of its directors, employees, shareholders nor any other person shall have liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain forward-looking statements and projections. These reflect Meridian's current expectations, based on what it thinks are reasonable assumptions. Meridian gives no warranty or representation as to its future financial performance or any future matter. Except as required by law or NZX or ASX listing rules, Meridian is not obliged to update this presentation after its release, even if things change materially.

This presentation does not constitute financial advice. Further, this presentation is not and should not be construed as an offer to sell or a solicitation of an offer to buy Meridian Energy securities and may not be relied upon in connection with any purchase of Meridian Energy securities.

This presentation contains a number of non-GAAP financial measures, including Energy Margin and EBITDAF. Because they are not defined by GAAP or IFRS, Meridian's calculation of these measures may differ from similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with GAAP. Although Meridian believes they provide useful information in measuring the financial performance and condition of Meridian's business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

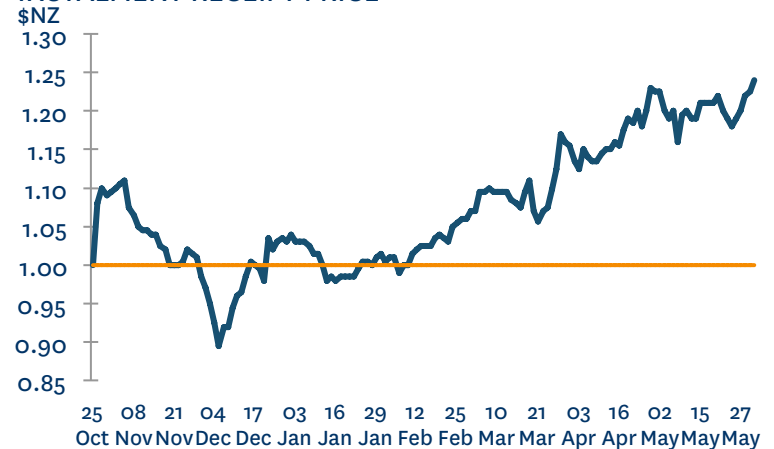
All currency amounts are in New Zealand dollars unless stated otherwise.

Life as a listed company - what's different?

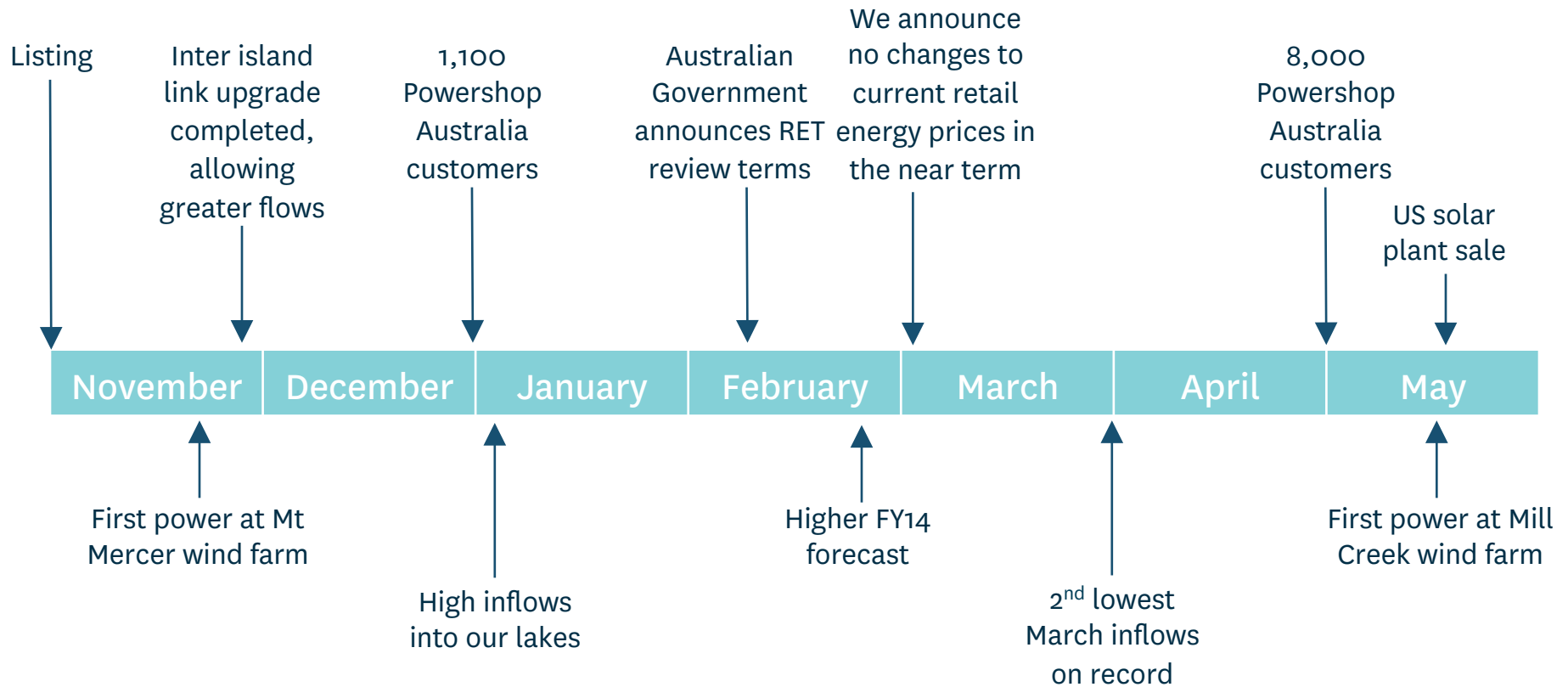
- Scrutiny
- Awareness of our obligations and meeting Prospectus forecasts
- Public accountability
- Share price is a measuring stick
- Some things don't change
 - Safety comes first
 - Commitment to a better energy future
 - Communities and lasting relationships are key to creating long-term value



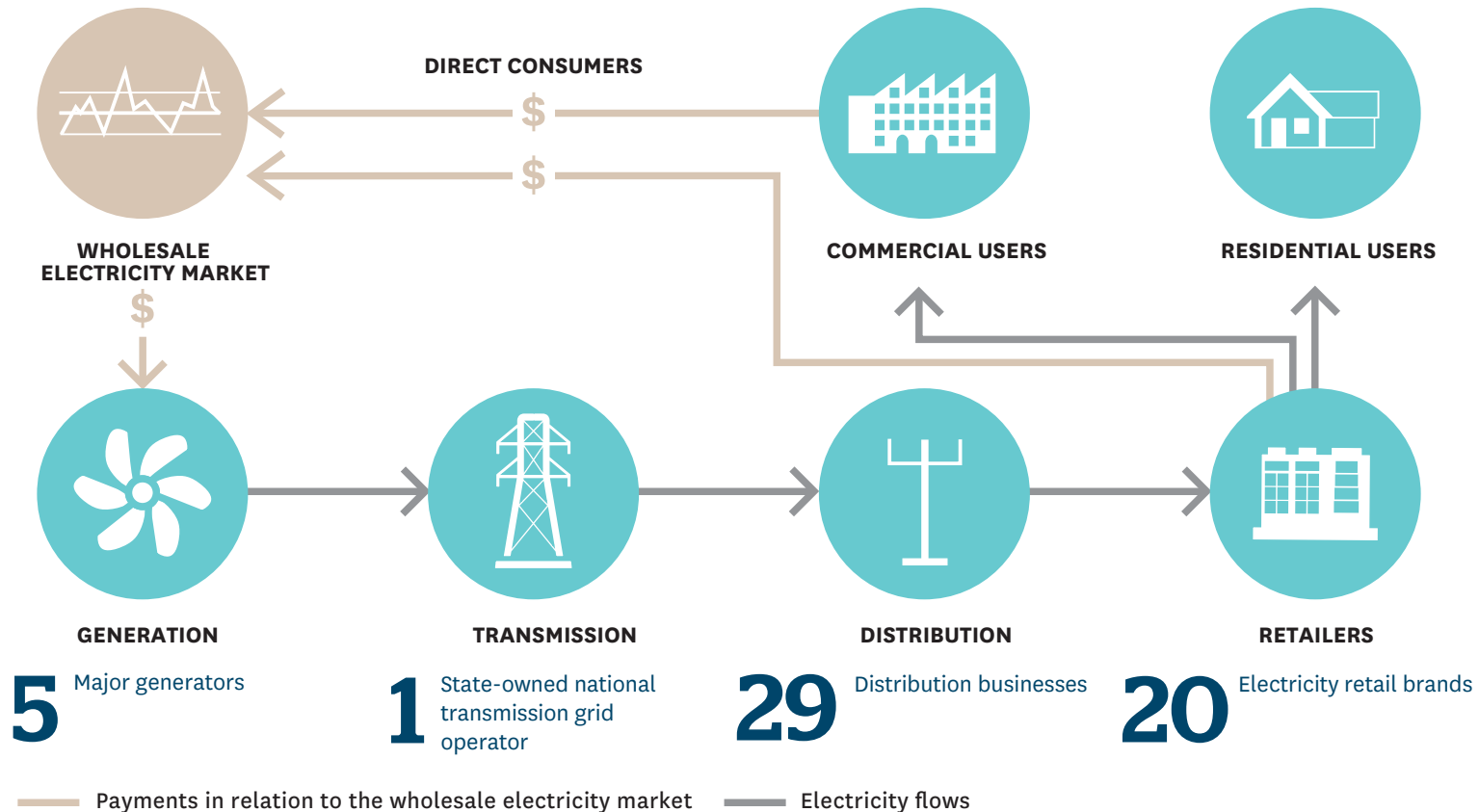
INSTALMENT RECEIPT PRICE



Since we listed

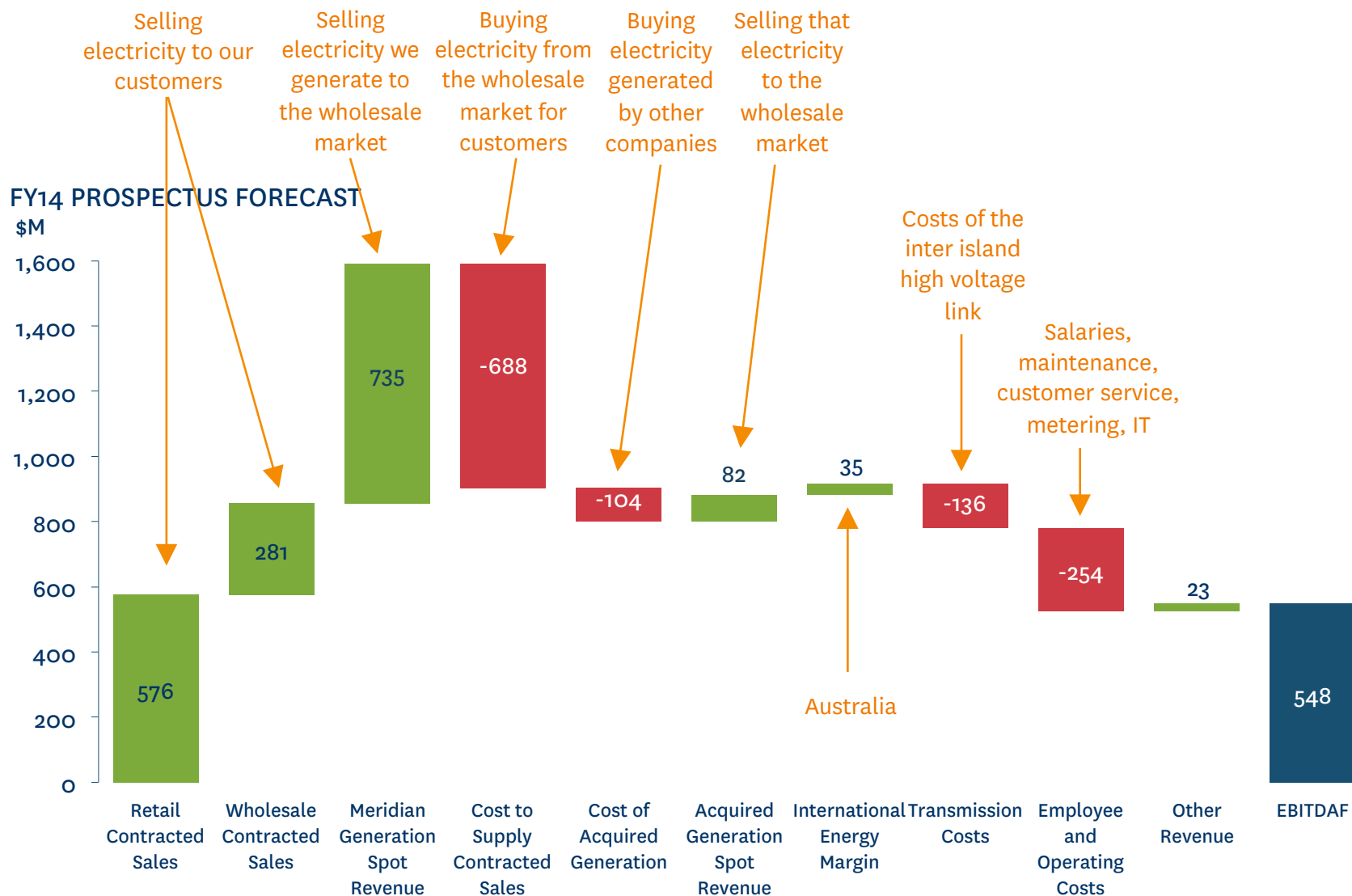


How the industry works



- Generators sell electricity they generate at power stations to the wholesale spot market
- The national grid carries electricity from power stations to distribution networks and some users
- Distribution networks carry electricity to other users
- Retailers buy electricity from the wholesale spot market and on-sell it to end consumers

How we make money isn't simple, but it works



The New Zealand regulatory picture

Labour-Green Proposed Reforms

- There are no more details
- The current market structure does not need to be replaced. This is acknowledged by most academics
- Political aims can be achieved by other means
- Is it an argument around a water tax?

Transmission Pricing

- The Electricity Authority is reviewing how costs for the high voltage inter island link are charged
- The proposed alternatives look more beneficial for us
- We continue to support the Electricity Authority's review
- Change will take time



The Australian regulatory picture

Renewable Energy Target (RET)

- The RET supports renewable generation development in Australia
- The Abbott Government has commenced a review of the RET
- This review is expected to be completed later this year
- Significant weakening of the RET would impact our future generation activity in Australia



Retail

- More states in Australia are deregulating retail price controls
- This may provide opportunities to grow our Powershop retail business in Australia, but it is early days



Our contract with the Tiwai smelter

New Zealand Aluminium Smelters (NZAS)

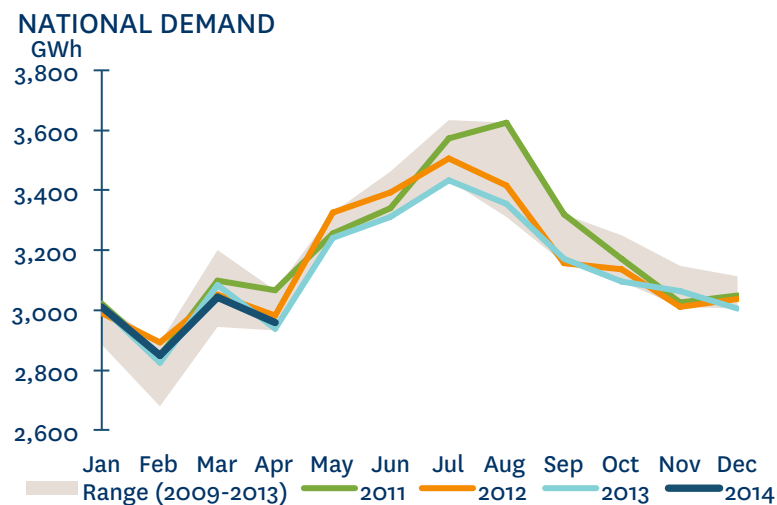
- Meridian's largest customer and New Zealand's largest electricity user
- We do not physically supply NZAS with electricity, rather the contract fixes the price NZAS pays for a set amount of electricity (572MW)
- The current contract commenced on 1 January 2013, with an amended agreement effective 1 July 2013
- It does allow NZAS to reduce the contract quantity to 400MW by giving one year's notice between January 2014 and December 2015
- The amended agreement expires in December 2030
- The earliest termination date is 31 December 2016, which would require notice on 1 July 2015
- Our relationship with NZAS remains positive
- We are not privy to NZAS and parent company Rio Tinto's views on Tiwai Point's position in its portfolio



Generation oversupply in the market

Demand

- National electricity demand has declined slightly between 2010 and 2013
- Demand in 2014 is flat compared to 2013
- Impacted by a longer term decline in electricity consumption in parts of the industrial sector
- Growth has occurred in the residential and commercial sectors
- Demand is expected to grow, however industrial decline remains a problem



Supply

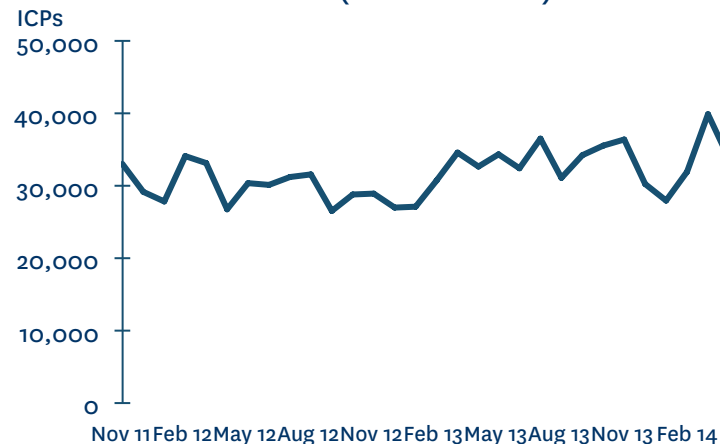
- Last of the new geothermal and wind projects are almost complete
- Coal fired units have closed and more flexible gas contracts exist for thermal generators
- Level of oversupply may be moderating



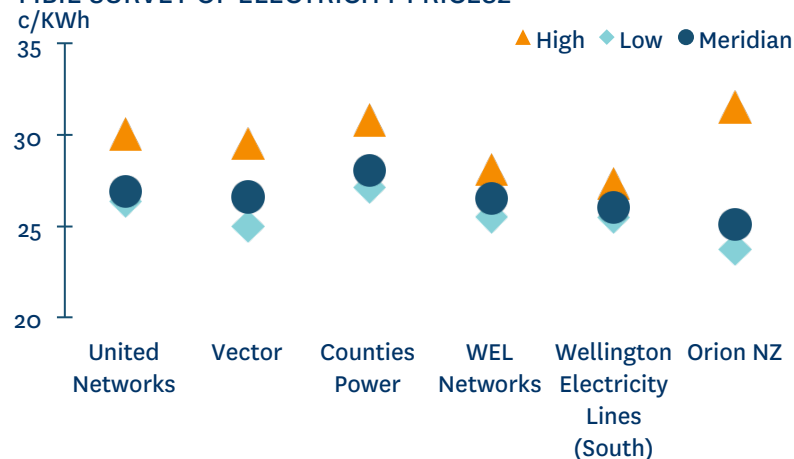
The hot retail market

- New Zealand is the most competitive electricity market in the world in terms of switching¹
- Average retail churn across all retailers is running close to 20%
- This competitive pressure is reflected in our declining net average sales price
- In our December 13 interim results, we reported a 1.6% decline in our net average sales price from the prior year
- Higher transmission and distribution costs are increasing customers' electricity costs
- We have indicated we will not increase network-wide energy costs before at least June 2015
- We are committed to passing on changes in distribution costs, including decreases
- MBIE residential price surveys show how competitive our retail pricing is

MARKET ICP SWITCHING (ALL RETAILERS)



MBIE SURVEY OF ELECTRICITY PRICES²



¹VaasaETT World Energy Retail Market Rankings 2013

²MBIE Quarterly Survey of Domestic Energy Prices February 2014

This year's financial performance

February 14 Guidance

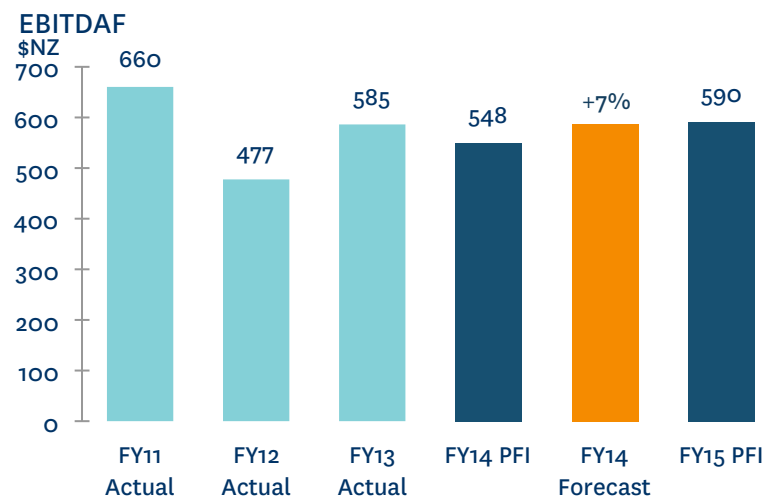
- “Given performance to date, should inflows from this point match assumptions in Meridian’s Prospectus, full year EBITDAF would exceed the Prospectus forecast by approximately 7%”¹

Analyst Forecasts

- Consensus of analysts’ forecasts is consistent with this higher level of EBITDAF

Recent Inflows

- Inflows from February 14 to April 14 have been below average
- We have not needed to change the guidance we provided in February 14



¹Results presentation for the six months ended December 2013

What we do in the community

Community Funds

- A Community Funds programme to support local projects
- \$1m of contributions in the past 18 months

Sponsorships

- A major partnership with KidsCan, providing assistance to low-decile schools across the country
- Corporate sponsorships such as South Island Rowing and Living Legends
- A number of smaller community events

Environment

- Support for river restoration and protection of native aquatic life

Iwi

- An ongoing relationship with Ngai Tahu from Board engagements through to te reo training for our staff



What we will be focused on

- Ensuring our staff go home safely each day
- Meeting our Prospectus forecasts
- Tightly managing operating and capital costs
- Improving the effectiveness of our customer service and support
- Maintaining our best long term generation development options
- Generating strong cash flows

