



Meridian.

2019 Roadshow Presentation



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OCTOBER 2019

Electricity markets

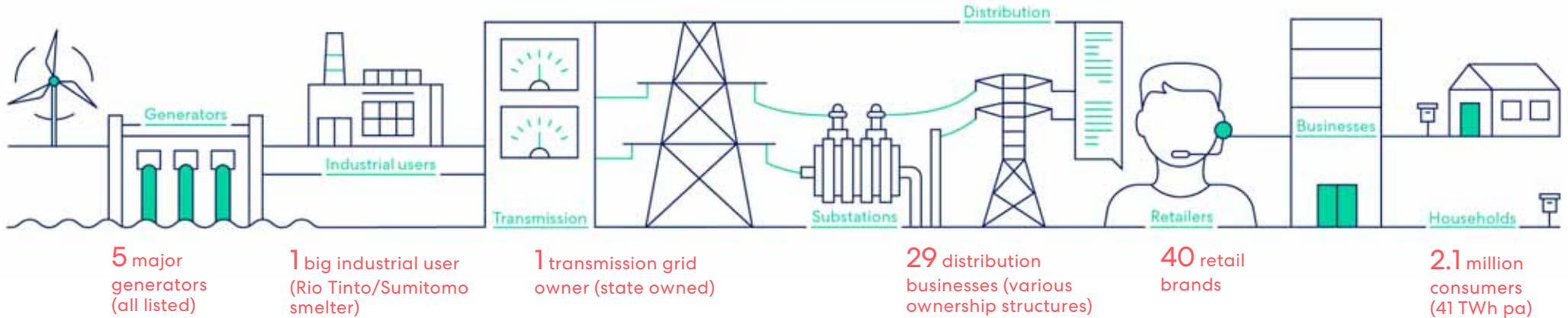


New Zealand electricity market

- A reliable, affordable and environmentally sustainable electricity system
- A well functioning competitive market with high level of renewable resources and rational competition
- Vertical integration is the prevailing market structure
- Wholesale and retail market regulation provided by an independent regulator – The Electricity Authority (EA)
- EA’s mandate is to deliver efficient market operation, security of supply, promote competition
- No price controls, the non-competitive transmission and distribution sectors have regulated rates of return

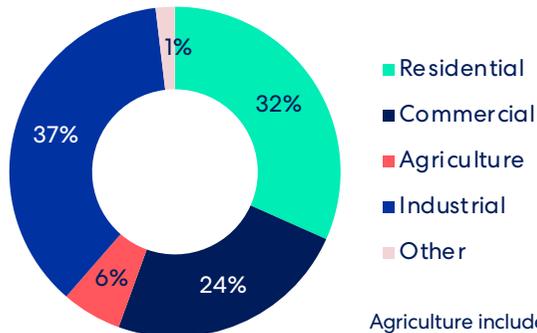


New Zealand electricity market



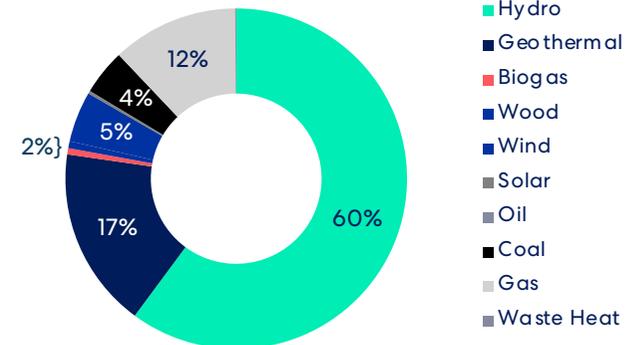
Sources: Electricity Authority and Ministry of Business, Innovation and Employment

Annual consumption



Agriculture includes forestry and fishing

Annual generation



New Zealand electricity market

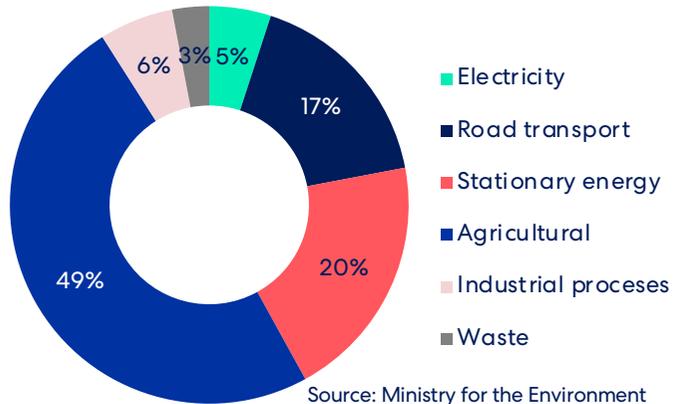
- New Zealand's hydro generation is managed against limited controlled storage
- Bulk of hydro inflow is anti-correlated to winter demand peak
- Thermal capacity and fuel storage manages potential hydro inflow deficit and other renewable intermittency
- Efficient and well-functioning wholesale market manages this supply risk
- Significant oversupply has existed in the market, older thermal plant closure has brought better balance
- Demand growth in the last decade has been modest
- New renewable builds are being progressed



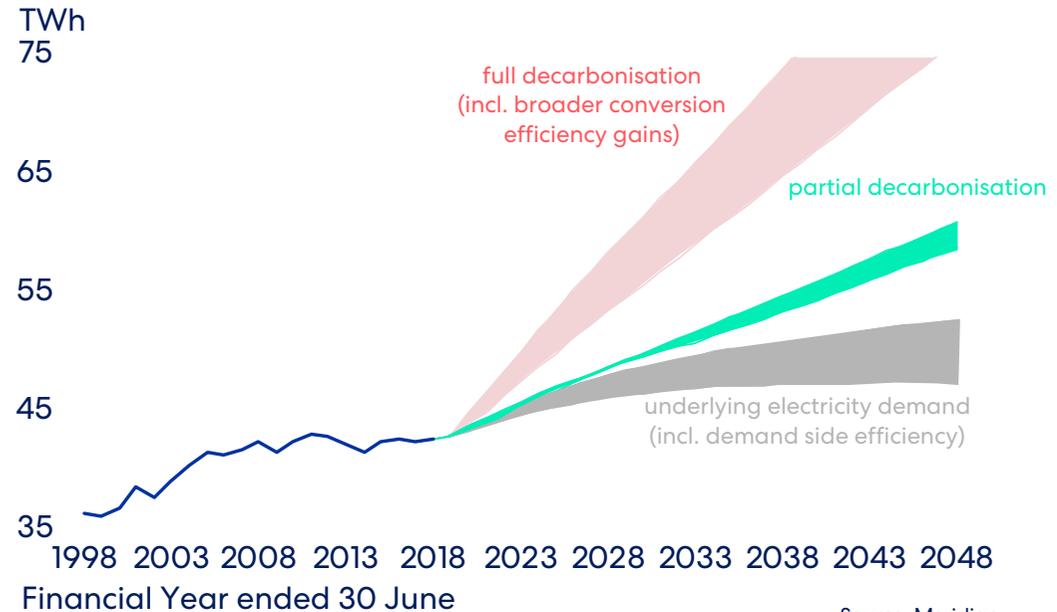
New Zealand demand

- 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

Sector emissions



Meridian demand forecasts



New Zealand demand

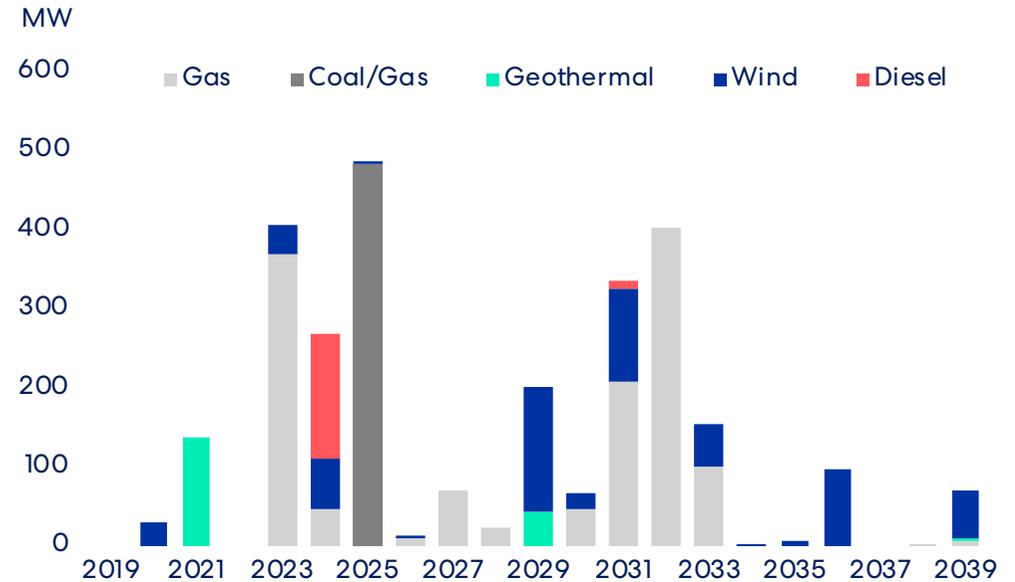
- Tiwai smelter is 12% of national demand
- CfD contract with Meridian on NZAS perpetual 12-month termination right
- Additional 50MW contract signed in May 2018, bringing contract volume to 622MW
- Aluminium remains a commodity exposed to cycles and Chinese supply decisions
- A smelter closure would trigger further South Island grid investment (majority of lower South Island generation can be dispatched now)
- Greater HVDC capacity and North Island line upgrading possible in the medium term



New Zealand supply

- A series of planned and unplanned gas field outages is occurring
- This fuel scarcity has pushed wholesale spot and forward electricity prices higher in the last year
- Longer term supply has to manage existing thermal retirement and renewable repowering
- And future decarbonisation-driven demand growth

Generation plant end of life profile



Source: Meridian

New Zealand policy and regulation

Zero carbon

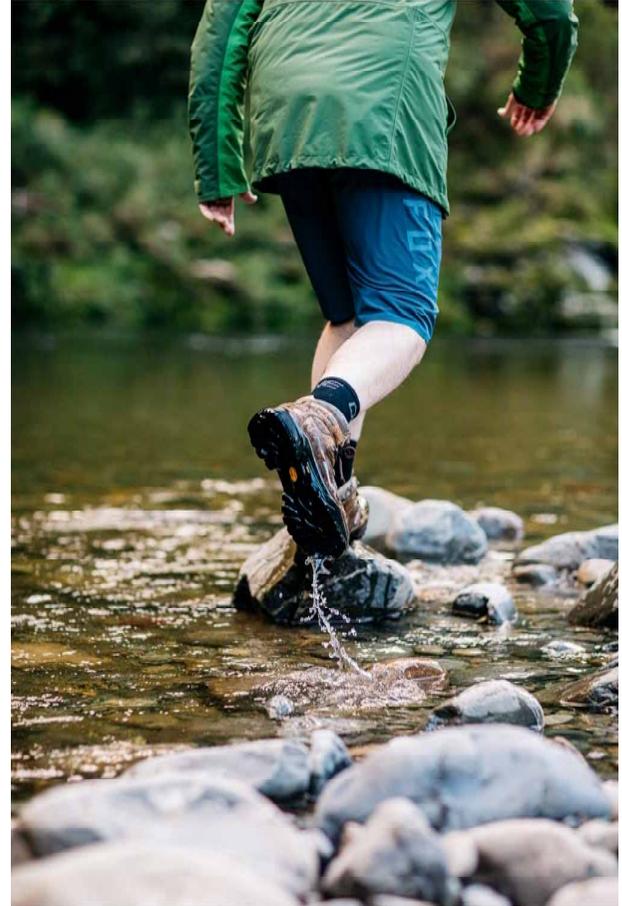
- Zero Carbon Bill at Select Committee
- Targeting net zero GHG emissions (excluding methane) by 2050
- Targeting a gross reduction of methane emissions of 24%-47% below 2017 by 2050
- Establishes a new independent Climate Change Commission

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 policy and regulation

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, response is imminent
- Main focus on improving outcomes for vulnerable customers

Meridian's annual HVDC costs

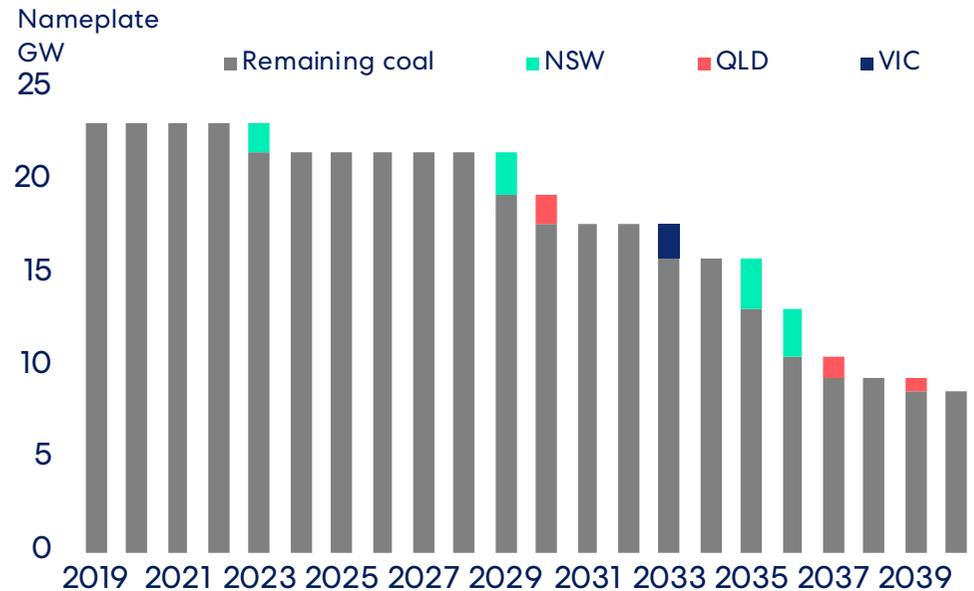


Source: Electricity Authority, Meridian

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

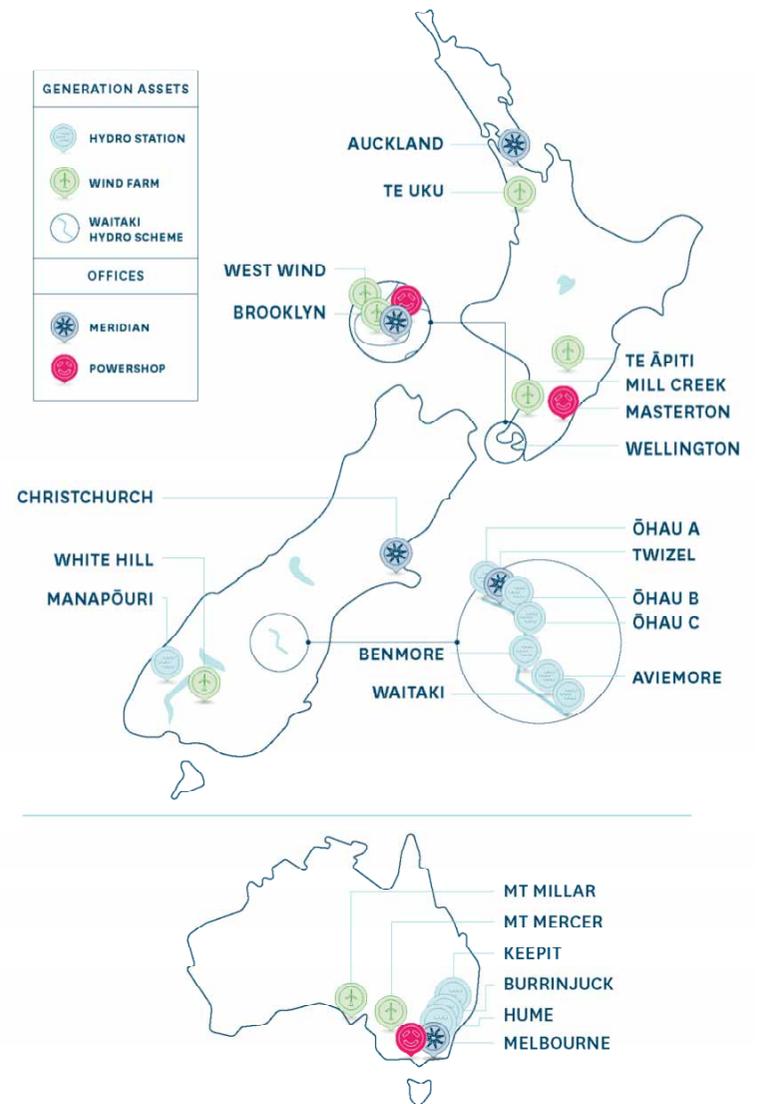
¹ Default market offer
² Victorian default offer

Meridian Energy



About Meridian

- NZ\$13b company, NZ's largest listed company, 51% Government owned
- Largest of five listed New Zealand retailer generators
- The only New Zealand electricity company with a customer and asset base diversified across different countries
- Strong environmental, social and governance focus
- 40% of New Zealand generation covered by a price guarantee contract with Rio Tinto/Sumitomo's New Zealand aluminium smelter



About Meridian

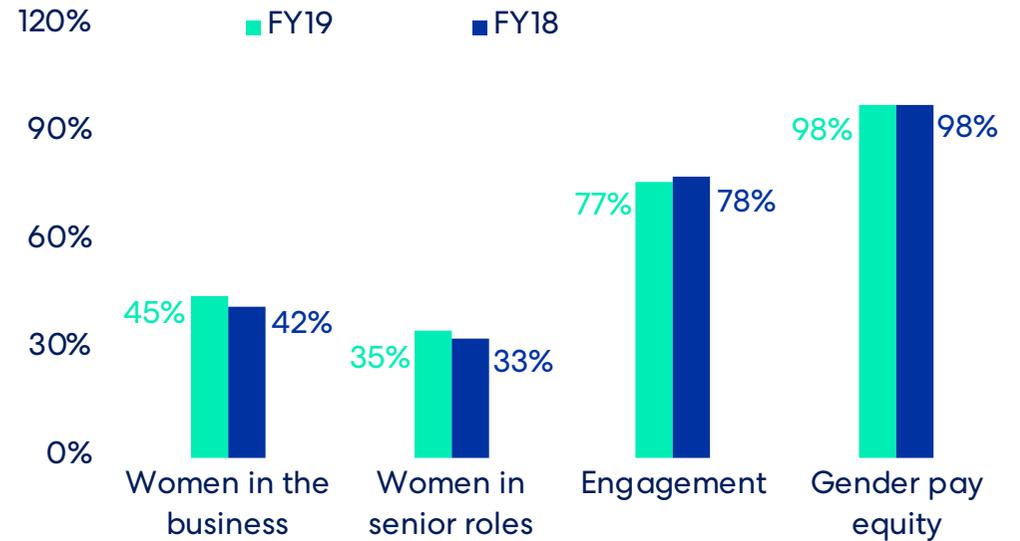
- New Zealand's largest generator, all production from renewable sources
- Seven big hydro stations – flexible plant with the country's largest storage
- With low operating costs and capital needs
- Five New Zealand wind farms and proven success operating in a high wind environment
- Backed with more than a decade of construction and operational experience
- Typical long generation position to manage variable hydro inflows
- Vertically integrated Australian position, with a generation portfolio of wind, hydro and renewable offtake in Australia



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 sustainability leadership

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.

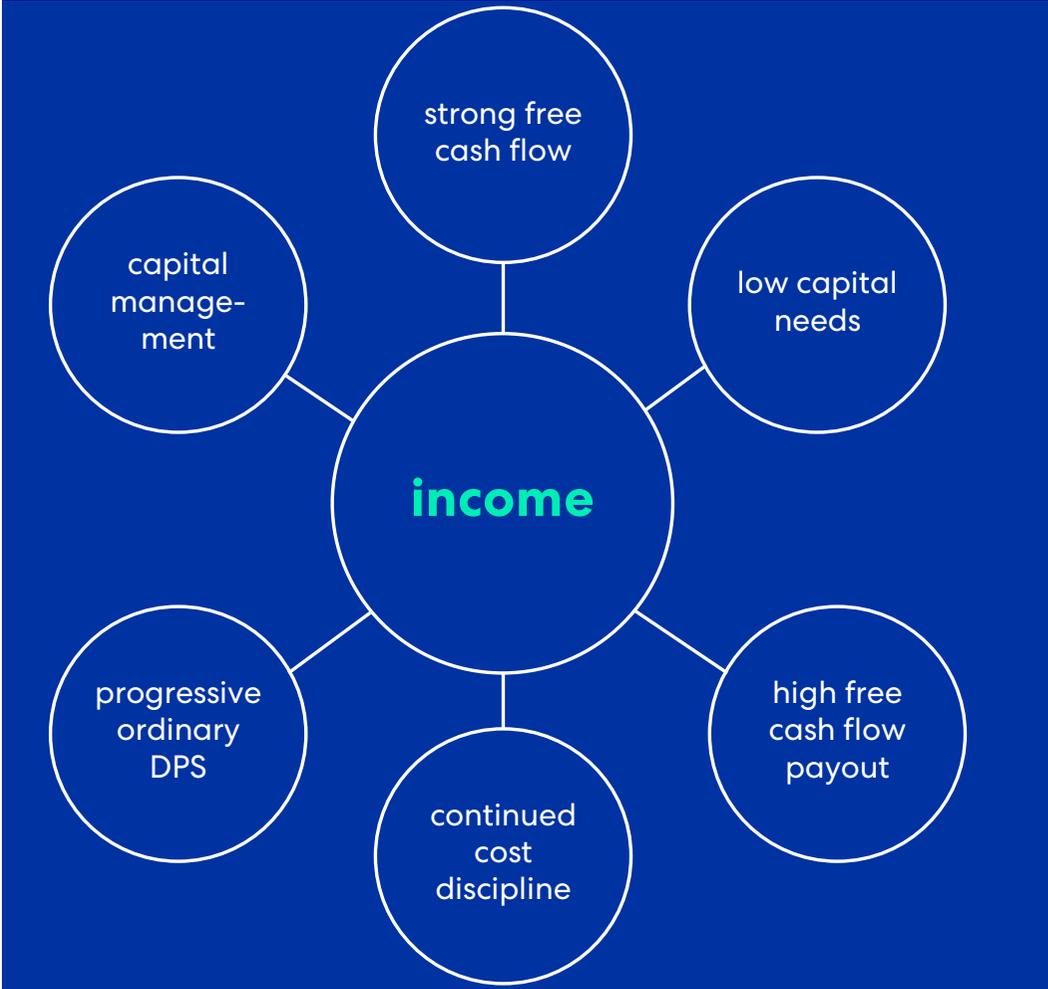
Shareholder highlights

- Six successive years of earnings and dividend growth since listing
- Double digit shareholder returns every year since listing
- High free cash flow, high payout ratio, progressive ordinary dividend policy
- Structured capital management programme running to 2022
- Balance sheet headroom to fund potential growth in three countries

Total shareholder return



Meridian's investment proposition



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.