


OCTOBER 2017.



meridian

**MERIDIAN
ENERGY
LIMITED
MONTHLY
OPERATING
REPORT**

MEMBER OF
**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

• October highlights.

In the month to 9 November 2017, national hydro storage decreased from 113% to 104% of historical average

South Island storage sat at 100% of average and North Island storage at 118% of average on 9 November 2017

Meridian's October 2017 monthly total inflows were 62% of historical average

Meridian's Waitaki catchment storage at the end of October 2017 was 116% of historical average

Storage in Meridian's Waiau catchment was below average at the end of October 2017

National electricity demand in October 2017 was 1.2% higher than the same month last year

October 2017 saw above average temperatures in most parts of the country and very dry conditions in the central South Island

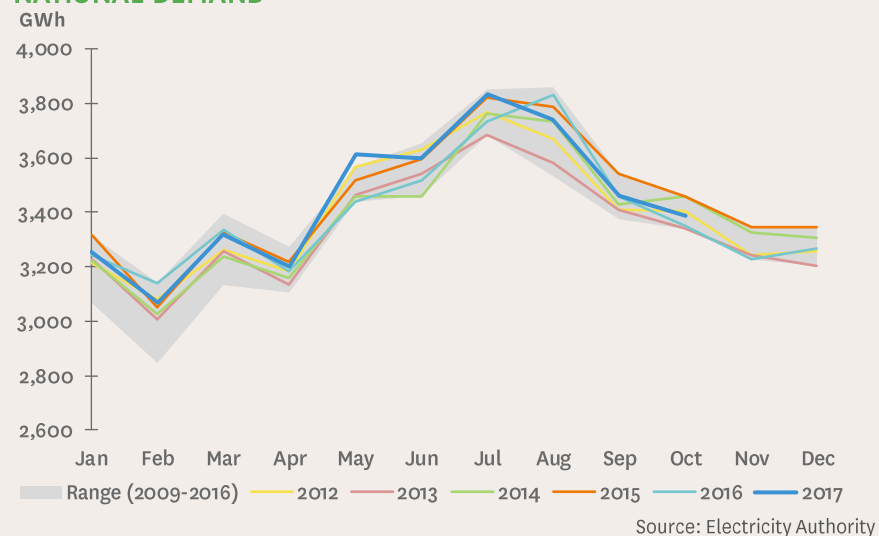
Meridian's retail sales volumes in October 2017 increased by 3.7% compared to October 2016

www.meridianenergy.co.nz/investors/

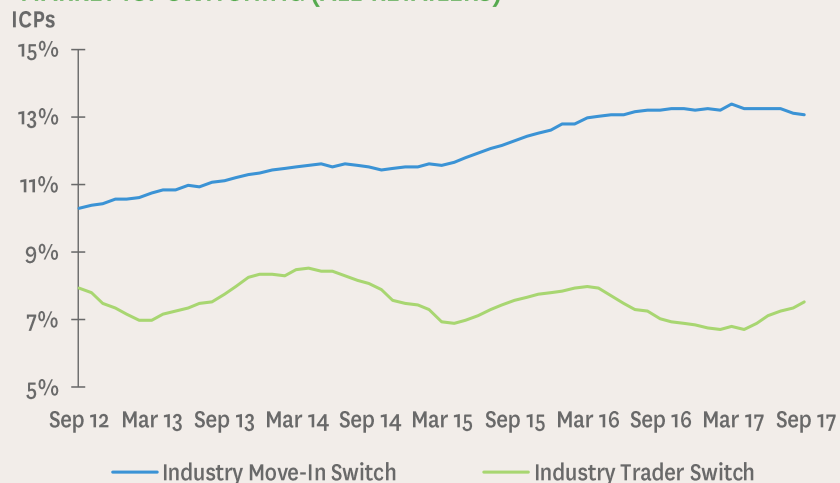
Market data.

- National electricity demand in October 2017 was 1.2% higher than the same month last year
- October 2017 saw above average temperatures in most parts of the country and very dry conditions in the central South Island
- Demand in the last 12 months was 0.1% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during October 2017 was at the 572MW base quantity of the NZAS agreement
- 12-month average switching rate of customers changing retailers but not moving ("trader" switch) was 7.5% at the end of September 2017
- 12-month average switching rate of customers moving and changing retailers ("move in" switch) was 13.1% at the end of September 2017

NATIONAL DEMAND



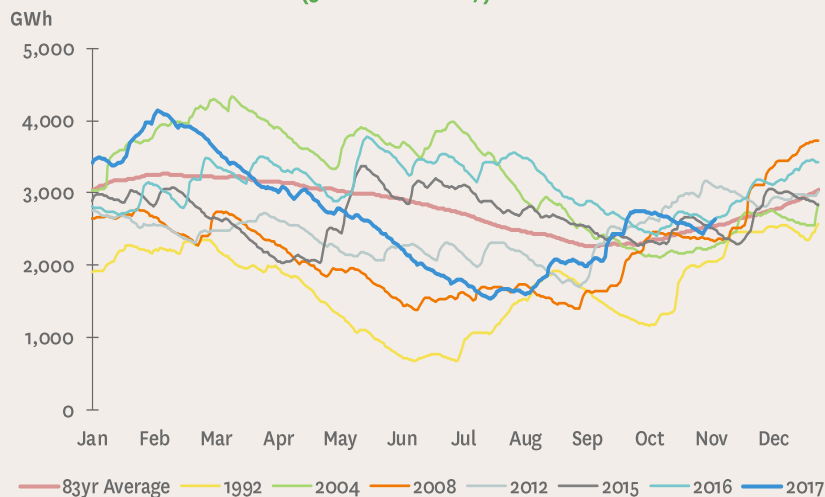
MARKET ICP SWITCHING (ALL RETAILERS)



Source: Electricity Authority

Market data.

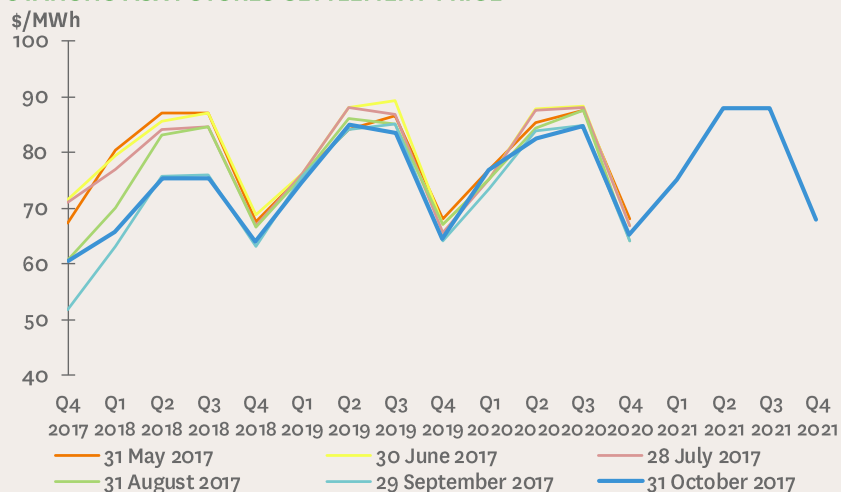
NATIONAL HYDRO STORAGE (9 November 2017)



Source: NZX

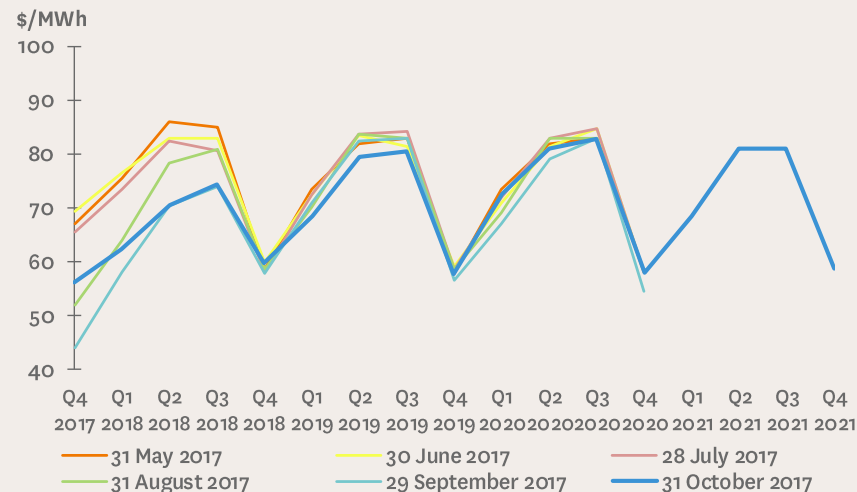
- October 2017 saw a rise in near-term ASX prices
- National storage decreased from 113% of the 83 year average on 15 October 2017 to 104% of average on 9 November 2017
- South Island storage decreased to 100% of historical average on 9 November 2017. North Island storage decreased to 118% of average

OTAHUHU ASX FUTURES SETTLEMENT PRICE



Source: ASX

BENMORE ASX FUTURES SETTLEMENT PRICE

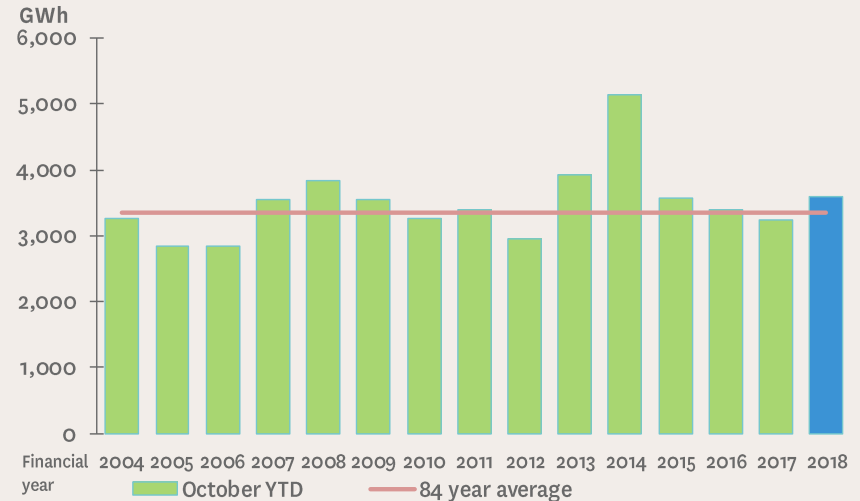


Source: ASX

Operating information.

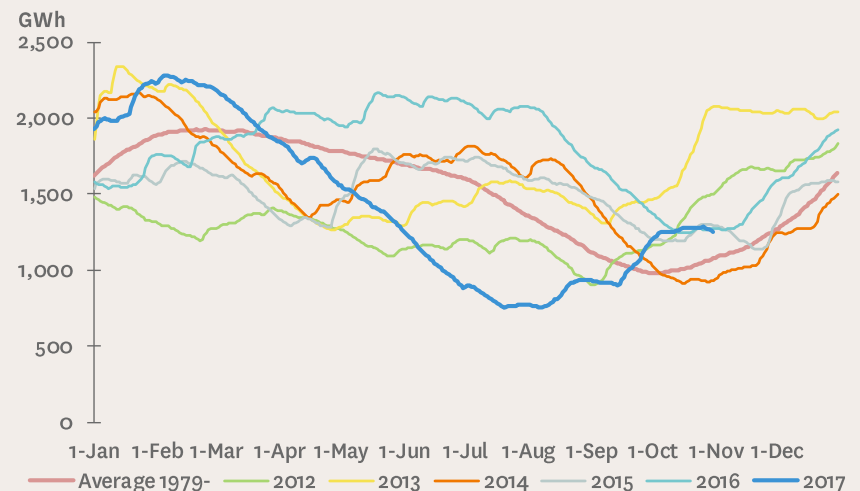
- October 2017 monthly inflows were 62% of historical average
- To date this financial year, inflows are 108% of historical average
- Meridian's Waitaki catchment storage moved from 1,189GWh to 1,253GWh during October 2017
- Waitaki storage at the end of October 2017 was 116% of historical average and 2% lower than the same time last year
- Storage in Meridian's Waiau catchment decreased during the month and was below average at the end of October 2017

MERIDIAN'S COMBINED CATCHMENT INFLOWS



Source: Meridian

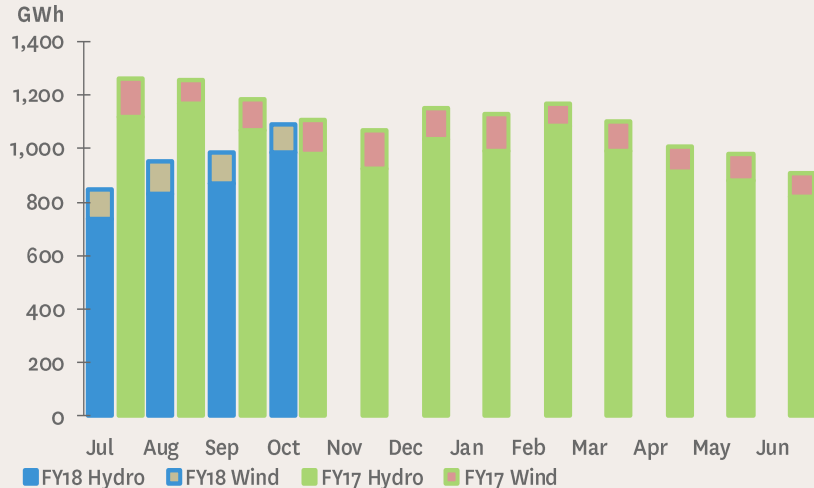
MERIDIAN'S WAITAKI STORAGE



Source: Meridian

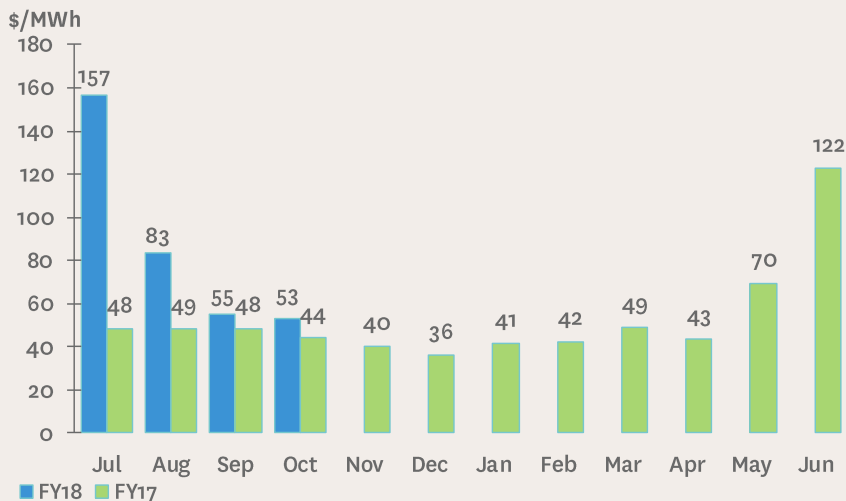
Operating information.

MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

MERIDIAN'S AVERAGE GENERATION PRICE*



*price received for Meridian's physical generation
13 November 2017

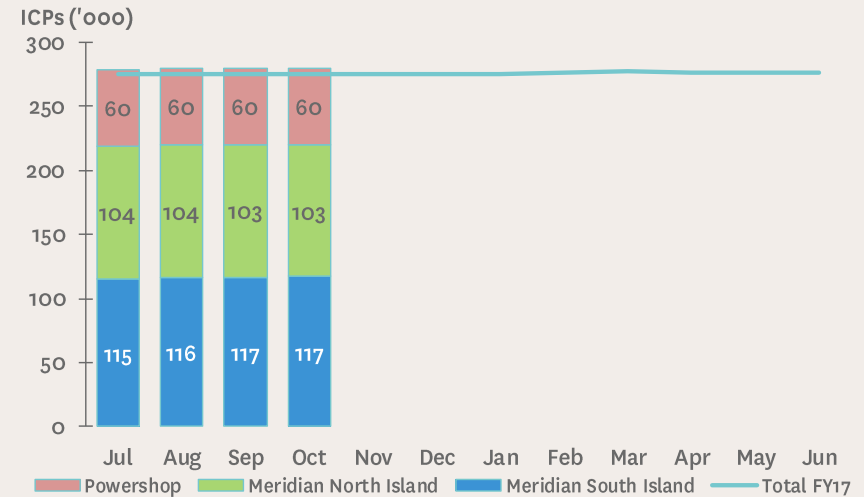
Source: Meridian

- Meridian's New Zealand generation in October 2017 was 1.3% lower than the same month last year, reflecting higher hydro generation and lower wind generation
- To date this financial year, Meridian's New Zealand generation is 19.5% lower than the same period last year, reflecting lower hydro generation and lower wind generation
- The average price Meridian received for its generation in October 2017 was 19.6% higher than the same month last year
- The average price Meridian paid to supply contracted sales in October 2017 was 15.7% higher than the same month last year
- To date this financial year, the average price Meridian received for its generation is 76.4% higher than the same period last year

Operating information.

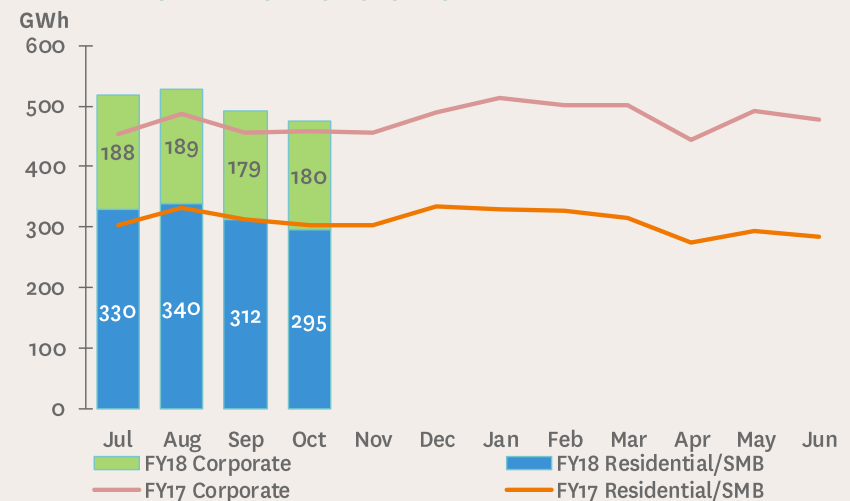
- Meridian's New Zealand customer connection numbers were flat during October 2017 and have risen 1.9% since June 2017
- Retail sales volumes in October 2017 increased by 3.7% compared to October 2016
- Compared to October 2016, residential/SMB sales volumes decreased by 2.4% (lower agri volumes) and corporate sales volumes increased by 15.5%
- To date this financial year, retail sales volumes are 8.6% higher than the same period last year
- This reflects a 2.2% increase in residential/SMB sales volumes and a 21.7% increase in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



Source: Meridian

MERIDIAN'S RETAIL SALES VOLUMES*

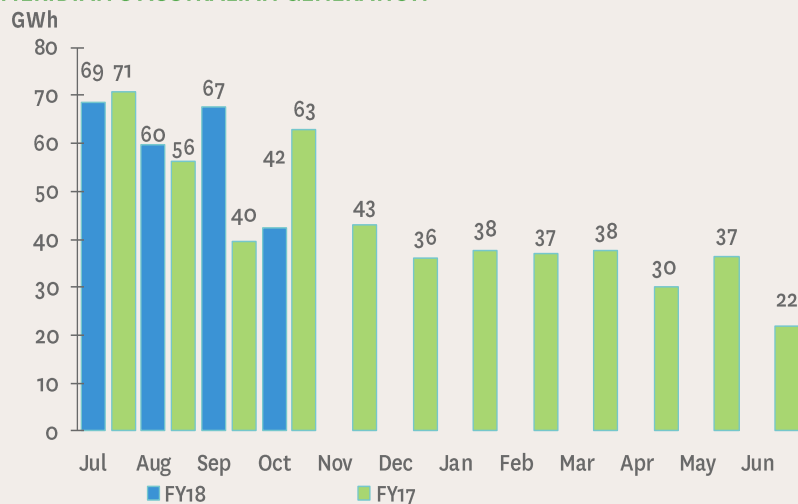


Source: Meridian

*excludes volumes sold to New Zealand aluminium Smelters and CFDs

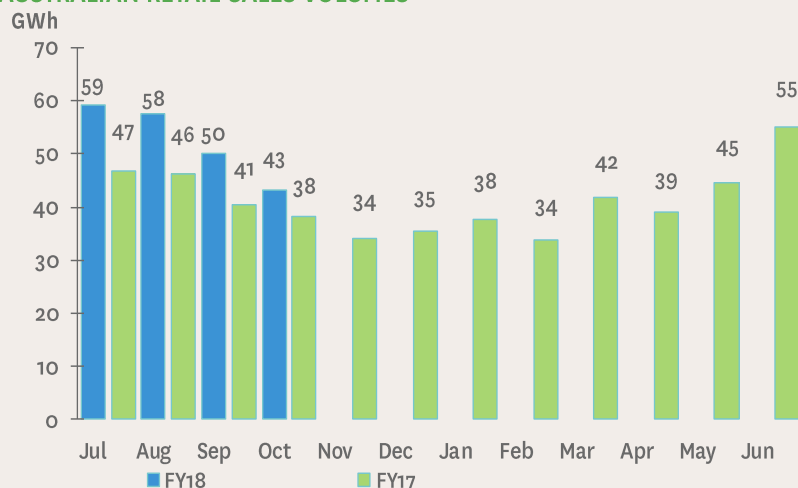
Operating information.

MERIDIAN'S AUSTRALIAN GENERATION



Source: Meridian

AUSTRALIAN RETAIL SALES VOLUMES



Source: Meridian

- Meridian's Australian generation in October 2017 was 32.7% lower than the same month last year
- To date this financial year, Australian generation is 3.6% higher than the same period last year
- Australian retail sales volumes in October 2017 increased by 13.2% compared to October 2016
- To date this financial year, Australian retail sales volumes are 22.3% higher than the same period last year

Operating information.

	OCTOBER 2017 MONTH	OCTOBER 2016 MONTH	SEPTEMBER 2017 MONTH	AUGUST 2017 MONTH	4 MONTHS TO OCTOBER 2017	4 MONTHS TO OCTOBER 2016
New Zealand contracted sales¹						
Retail contracted sales volume (GWH)	475	458	491	529	2,012	1,854
Average retail contracted sales price (\$/MWH)	\$98.7	\$100.1	\$109.0	\$115.5	\$109.5	\$113.8
NZAS sales volume (GWH)	426	426	411	426	1,688	1,688
Sell side derivative volumes ² (GWH)	142	102	111	100	449	380
Wholesale contracted sales average price ³ (\$/MWH)	\$54.9	\$50.2	\$58.1	\$59.0	\$58.2	\$50.3
Total New Zealand customer connections ⁴	280,211	275,339	280,209	279,967		
New Zealand generation						
Hydro generation volumes (GWH)	985	980	867	831	3,421	4,334
Wind generation volumes (GWH)	106	125	116	118	449	473
Total generation volumes (GWH)	1,091	1,105	983	949	3,870	4,807
Average generation price ⁵ (\$/MWH)	\$53.1	\$44.4	\$55.0	\$83.4	\$83.6	\$47.4
Acquired generation volume ⁶ (GWH)	164	49	158	206	810	334
Cost of acquired generation (\$/MWH)	\$60.6	\$70.0	\$62.5	\$70.1	\$69.3	\$55.0
Acquired generation revenue average price (\$/MWH)	\$54.4	\$49.1	\$55.6	\$84.1	\$91.6	\$52.3
Future contract close outs (\$M)	-\$0.3	-\$0.0	-\$0.7	-\$0.6	-\$2.3	-\$0.3
Contracted sales supply volumes (GWH)	1,054	1,032	1,053	1,077	4,251	4,006
Cost to supply contracted sales (\$/MWH)	\$54.4	\$47.0	\$59.2	\$88.2	\$89.4	\$51.2
Australia						
Wind generation volumes (GWH)	42	63	67	60	238	230
Retail contracted sales volume (GWH)	43	38	50	58	210	172
Powershop customer connections ⁷	<i>not disclosed</i>	<i>not disclosed</i>	101,096	<i>not disclosed</i>		

Operating information.

Footnotes

1. Contracted sales volumes and volume weighted average price received from contracted customers less distribution costs
2. Derivatives sold excluding the sell-side of virtual asset swaps
3. Average price of both NZAS sales volume and sell side derivative volumes
4. Meridian Retail and Powershop New Zealand installation control points (ICPs), excluding vacants
5. Volume weighted average price received for Meridian's physical generation
6. Over the counter and ASX contracts excluding the buy-side of virtual asset swaps
7. Financially responsible market participants

FY18 operating information.

	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	519	529	491	475								
Average retail contracted sales price (\$/MWh)	\$113.9	\$115.5	\$109.0	\$98.7								
NZAS sales volume (GWh)	426	426	411	426								
Sell side derivative volumes (GWh)	95	100	111	142								
Wholesale contracted sales average price (\$/MWh)	\$60.9	\$59.0	\$58.1	\$54.9								
Total New Zealand customer connections	278,595	279,967	280,209	280,211								
New Zealand Generation												
Hydro generation volume (GWh)	739	831	867	985								
Wind generation volume (GWh)	108	118	116	106								
Total generation volume (GWh)	847	949	983	1,091								
Average generation price (\$/MWh)	\$156.5	\$83.4	\$55.0	\$53.1								
Acquired generation volume (GWh)	282	206	158	164								
Cost of acquired generation (\$/MWh)	\$77.4	\$70.1	\$62.5	\$60.6								
Acquired generation revenue average price (\$/MWh)	\$138.8	\$84.1	\$55.6	\$54.4								
Future contract close outs (\$m)	\$0.7	\$0.6	(\$0.7)	(\$0.3)								
Contracted sales supply volume (GWh)	1,067	1,077	1,053	1,054								
Cost to supply contracted sales (\$/MWh)	\$155.0	\$88.2	\$59.2	\$54.4								
Australia												
Wind generation volume (GWh)	69	60	67	42								
Retail contracted sales volume (GWh)	59	58	50	43								
Powershop Australia customer connections	not disclosed	not disclosed	101,096	not disclosed								

FY17 operating information.

	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	454	487	456	458	455	489	512	502	502	445	492	477
Average retail contracted sales price (\$/MWh)	\$122.9	\$119.7	\$112.2	\$100.1	\$98.7	\$99.6	\$96.9	\$98.6	\$101.5	\$108.4	\$115.7	\$109.5
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	64	87	128	102	110	87	137	182	144	240	149	168
Wholesale contracted sales average price (\$/MWh)	\$49.7	\$50.8	\$50.3	\$50.2	\$50.4	\$50.0	\$55.5	\$53.5	\$56.0	\$56.8	\$56.7	\$59.5
Total New Zealand customer connections	275,344	275,861	275,840	275,339	275,785	275,714	275,598	276,429	277,096	278,518	276,147	276,767
New Zealand Generation												
Hydro generation volume (GWh)	1,119	1,166	1,069	980	926	1,036	991	1,083	992	912	882	818
Wind generation volume (GWh)	143	91	114	125	144	116	138	84	110	93	96	87
Total generation volume (GWh)	1,262	1,257	1,183	1,105	1,070	1,152	1,129	1,167	1,102	1,005	978	905
Average generation price (\$/MWh)	\$48.1	\$48.5	\$48.3	\$44.4	\$40.0	\$35.9	\$41.4	\$42.3	\$48.9	\$43.3	\$69.5	\$122.5
Acquired generation volume (GWh)	102	112	72	49	64	56	172	136	158	175	210	259
Cost of acquired generation (\$/MWh)	\$46.2	\$58.2	\$52.1	\$70.0	\$66.8	\$65.6	\$59.6	\$61.0	\$61.0	\$58.4	\$59.8	\$75.8
Acquired generation revenue average price (\$/MWh)	\$48.3	\$57.8	\$51.5	\$49.1	\$47.2	\$43.9	\$45.4	\$45.7	\$51.1	\$45.2	\$64.6	\$112.4
Future contract close outs (\$m)	(\$0.2)	(\$0.1)	(\$0.1)	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	(\$0.1)	\$0.1	(\$1.1)	(\$1.6)
Contracted sales supply volume (GWh)	950	1,021	1,003	1,032	1,007	1,022	1,091	1,088	1,106	1,124	1,097	1,070
Cost to supply contracted sales (\$/MWh)	\$54.4	\$52.7	\$51.1	\$47.0	\$42.3	\$38.6	\$44.6	\$45.7	\$52.2	\$45.4	\$71.1	\$125.8
Australia												
Wind generation volume (GWh)	71	56	40	63	43	36	38	37	38	30	37	22
Retail contracted sales volume (GWh)	47	46	41	38	34	35	38	34	42	39	45	55
Powershop Australia customer connections	not disclosed	not disclosed	83,908	not disclosed	not disclosed	90,638	not disclosed	not disclosed	95,963	not disclosed	not disclosed	100,524

FY16 operating information.

	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	509	510	495	513	563	574	489	480	509	410	476	443
Average retail contracted sales price (\$/MWh)	\$120.9	\$119.3	\$111.5	\$96.1	\$94.9	\$88.2	\$96.1	\$100.0	\$99.9	\$107.7	\$118.0	\$122.6
NZAS sales volume (GWh)	426	426	411	426	412	426	426	398	426	412	426	412
Sell side derivative volumes (GWh)	140	158	113	114	102	49	94	90	81	112	177	51
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$51.4	\$51.6	\$50.2	\$51.7	\$50.4	\$53.5	\$52.6	\$50.6	\$48.8	\$45.1	\$51.0
Total New Zealand customer connections	276,366	275,479	275,875	275,048	274,146	274,101	274,433	275,006	275,869	275,771	274,947	274,920
New Zealand Generation												
Hydro generation volume (GWh)	1,060	1,021	954	1,006	1,033	1,013	980	1,015	1,076	1,016	1,063	1,014
Wind generation volume (GWh)	123	124	124	157	135	108	114	103	101	102	144	121
Total generation volume (GWh)	1,183	1,145	1,078	1,163	1,168	1,121	1,094	1,118	1,177	1,118	1,207	1,135
Average generation price (\$/MWh)	\$49.7	\$52.2	\$58.0	\$54.5	\$62.1	\$66.3	\$67.9	\$61.8	\$50.7	\$59.2	\$51.7	\$50.6
Acquired generation volume (GWh)	144	97	95	133	94	105	71	44	69	111	87	80
Cost of acquired generation (\$/MWh)	\$82.2	\$84.7	\$83.6	\$62.0	\$70.5	\$70.8	\$74.5	\$75.2	\$75.1	\$78.7	\$75.1	\$78.9
Acquired generation revenue average price (\$/MWh)	\$50.4	\$52.4	\$56.6	\$56.6	\$66.6	\$72.3	\$72.2	\$74.6	\$62.9	\$66.3	\$57.6	\$58.1
Future contract close outs (\$m)	(\$0.1)	(\$0.9)	(\$0.1)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.1)	(\$0.8)	(\$1.0)	(\$1.1)	(\$2.0)	(\$0.3)
Contracted sales supply volume (GWh)	1,093	1,120	1,050	1,090	1,096	1,086	1,009	991	1,036	930	1,114	940
Cost to supply contracted sales (\$/MWh)	\$52.6	\$55.5	\$60.4	\$57.9	\$69.0	\$70.7	\$72.3	\$66.6	\$54.4	\$64.3	\$54.5	\$54.5
Australia												
Wind generation volume (GWh)	60	47	43	38	33	38	36	29	29	39	71	53
Retail contracted sales volume (GWh)	31	32	27	24	22	27	26	25	29	28	33	41
Powershop Australia customer connections	not disclosed	not disclosed	55,993	not disclosed	not disclosed	63,763	not disclosed	not disclosed	71,111	not disclosed	not disclosed	77,970

• Glossary •

Acquired generation 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
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of acquired generation	volume weighted average price Meridian pays for derivatives acquired to supplement generation
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
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 83 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
Sell side derivatives	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury. They do not result in the physical supply of electricity

Thank you.



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