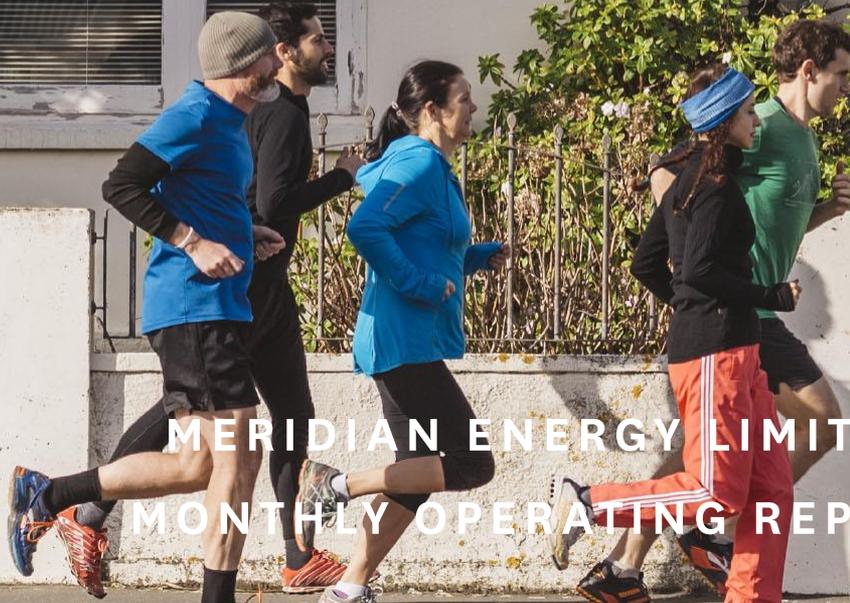




meridian

SEPTEMBER 2018



MERIDIAN ENERGY LIMITED
MONTHLY OPERATING REPORT



FTSE4Good

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

SEPTEMBER HIGHLIGHTS

In the month to 9 October 2018, national hydro storage decreased from 94% to 79% of historical average

South Island storage sat at 75% of average and North Island storage at 90% of average on 9 October 2018

Meridian's September 2018 monthly total inflows were 71% of historical average

Meridian's Waitaki catchment storage at the end of September 2018 was 89% of historical average

Storage in Meridian's Waiau catchment was below average at the end of September 2018

National electricity demand in September 2018 was 1.3% higher than the same month last year

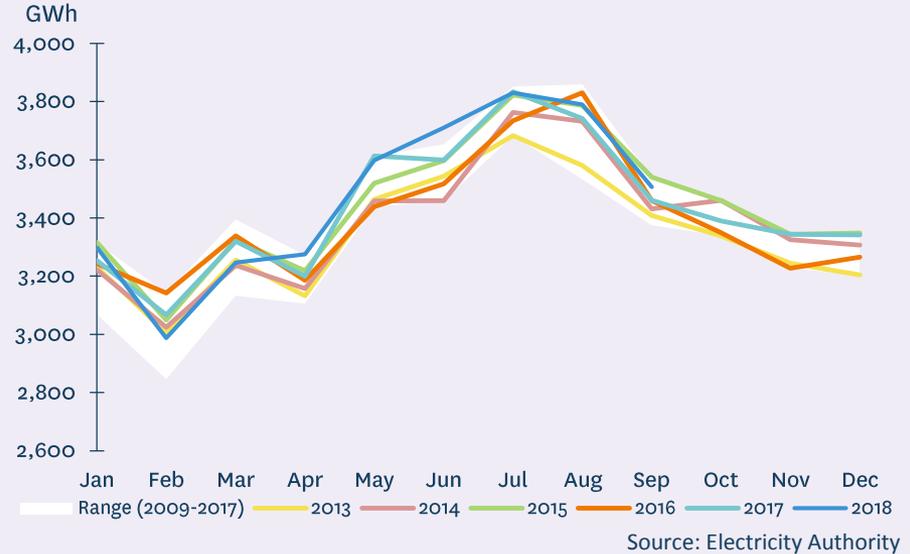
September 2018 saw near average temperatures across most of New Zealand, with below average rainfall, except in some eastern parts of the country

Meridian's retail sales volumes in September 2018 were 1.3% higher than September 2017

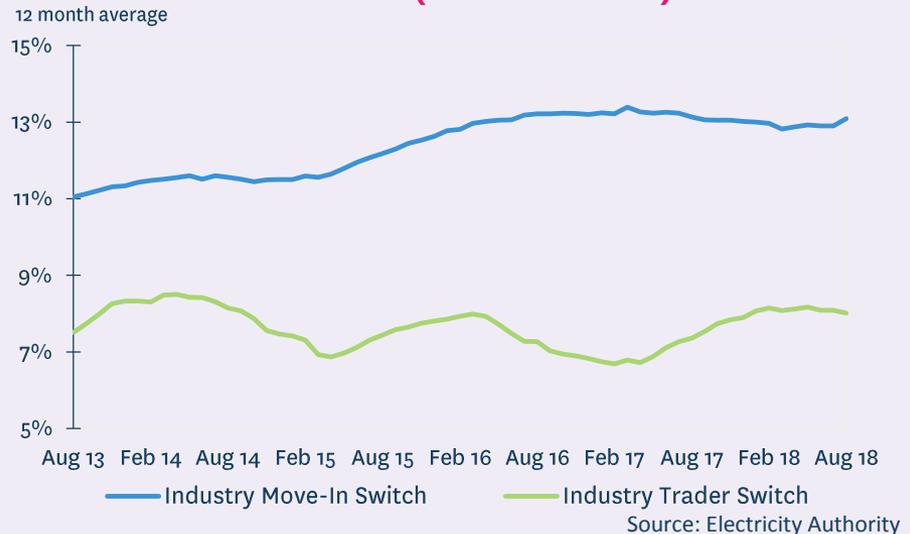
MARKET DATA

- National electricity demand in September 2018 was 1.3% higher than the same month last year
- September 2018 saw near average temperatures across most of New Zealand, with below average rainfall, except in some eastern parts of the country
- Demand in the last 12 months was 0.9% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during September 2018 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 8.0% at the end of August 2018
- 12-month average switching rate of customers moving and changing retailers (“move-in” switch) was 13.1% at the end of August 2018

NATIONAL DEMAND



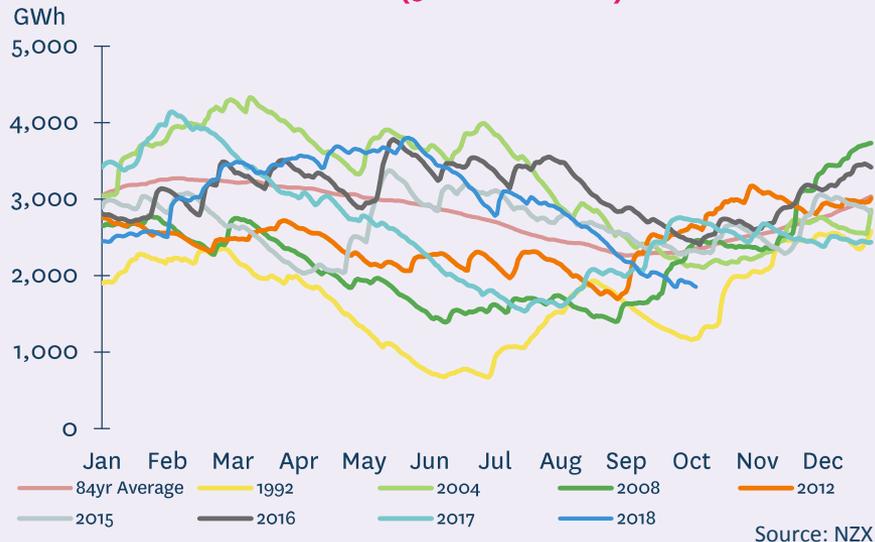
MARKET ICP SWITCHING (ALL RETAILERS)



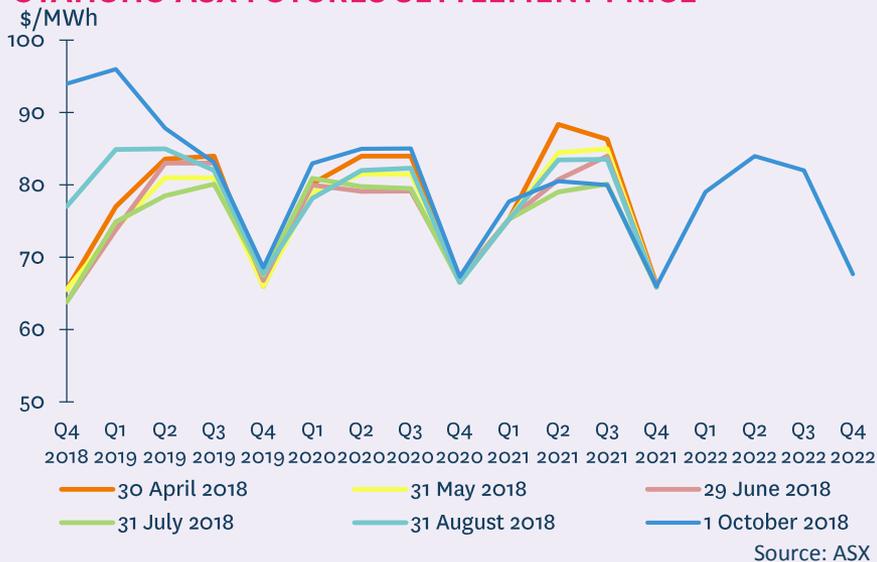
MARKET DATA

- September 2018 saw increases in forward ASX prices
- National storage decreased from 94% of the 84 year average on 10 September 2018 to 79% of average on 9 October 2018
- South Island storage decreased to 75% of historical average on 9 October 2018. North Island storage decreased to 90% of average

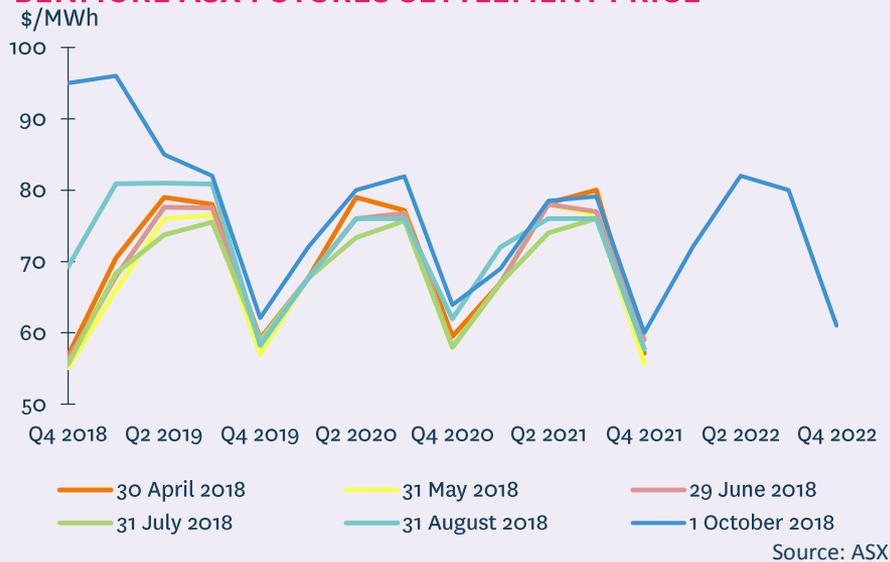
NATIONAL HYDRO STORAGE (9 October 2018)



OTAHUHU ASX FUTURES SETTLEMENT PRICE



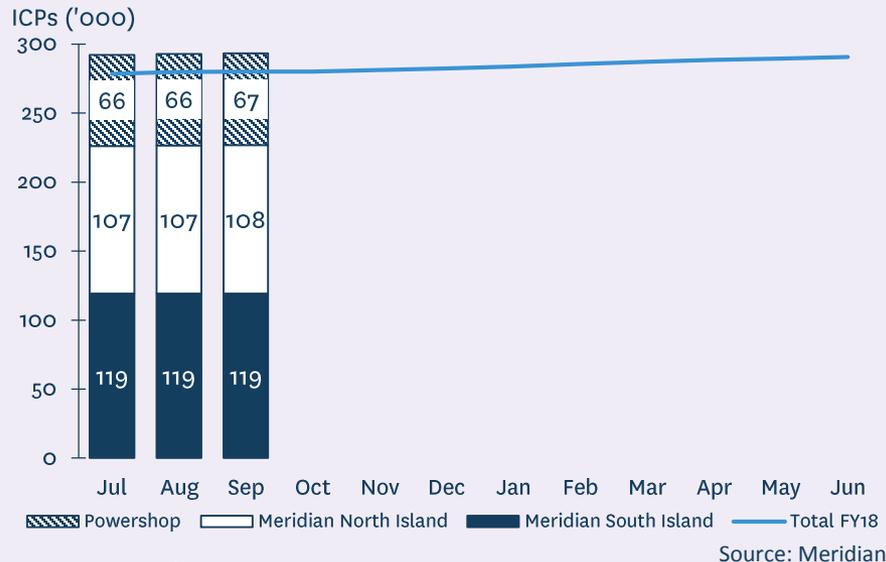
BENMORE ASX FUTURES SETTLEMENT PRICE



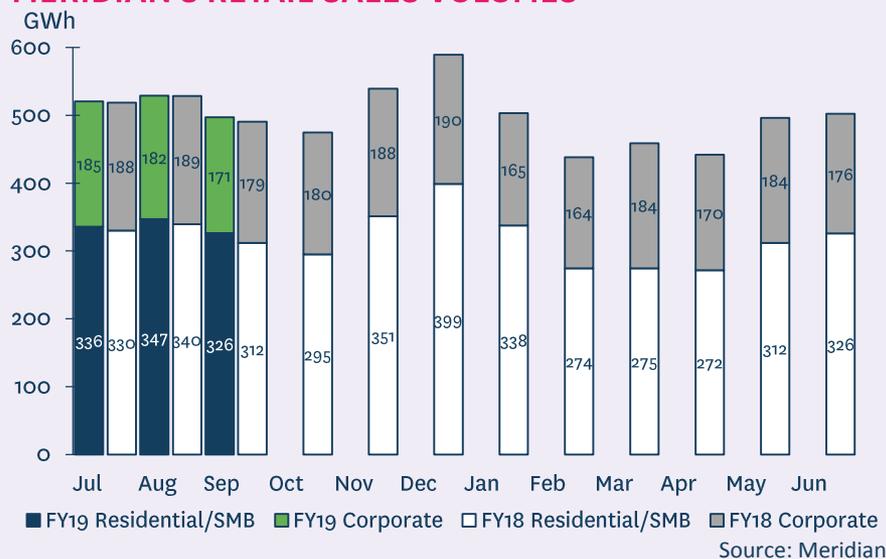
OPERATING INFORMATION

- Meridian's New Zealand customer connection numbers rose 0.2% during September 2018 and have risen 0.9% since June 2018
- Retail sales volumes in September 2018 were 1.3% higher than September 2017
- Compared to September 2017, residential/SMB sales volumes increased by 4.6% (higher volumes in all segments, except flat large business sales) and corporate sales volumes decreased by 4.5% (large, short-term customer signing last year)
- To date this financial year, retail sales volumes are 0.5% higher than the same period last year
- This reflects a 2.8% increase in residential/SMB sales volumes and a 3.4% decrease in corporate sales volumes

MERIDIAN'S NZ CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*

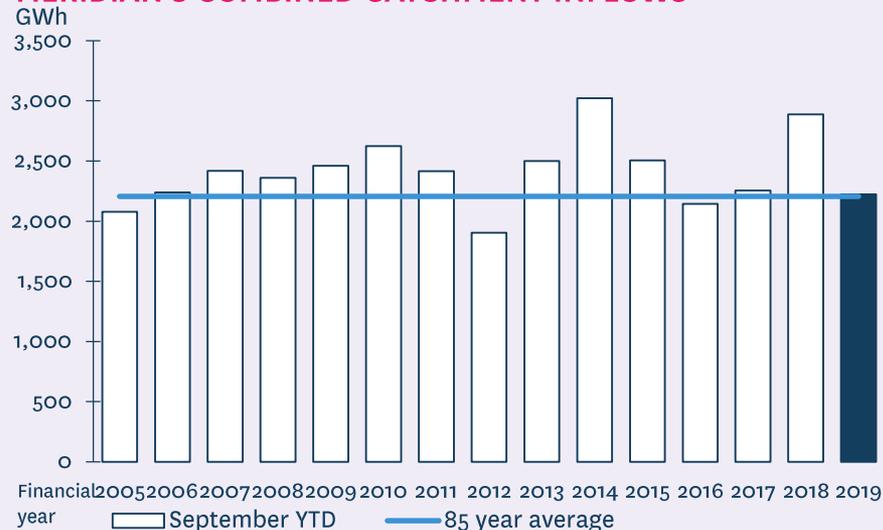


*excludes volumes sold to New Zealand Aluminium Smelters and CFDs

OPERATING INFORMATION

- September 2018 monthly inflows were 71% of historical average
- To date this financial year, inflows are 101% of historical average
- Meridian's Waitaki catchment storage moved from 1,269GWh to 875GWh during September 2018
- Waitaki storage at the end of September 2018 was 89% of historical average and 26% lower than the same time last year
- Storage in Meridian's Waiau catchment was below average at the end of September 2018

MERIDIAN'S COMBINED CATCHMENT INFLOWS



Source: Meridian

MERIDIAN'S WAITAKI STORAGE

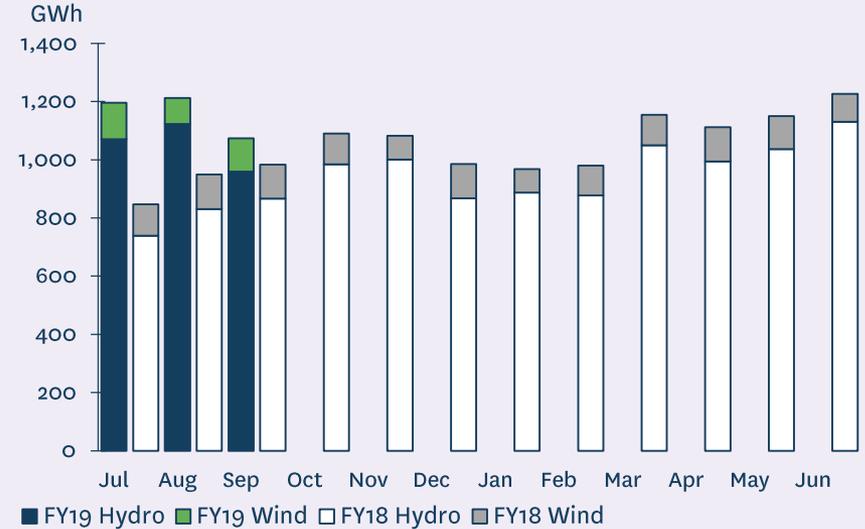


Source: Meridian

OPERATING INFORMATION

- Meridian's New Zealand generation in September 2018 was 9.3% higher 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 25.3% higher than the same period last year, reflecting higher hydro generation and lower wind generation
- The average price Meridian received for its generation in September 2018 was 57.8% higher than the same month last year
- The average price Meridian paid to supply contracted sales in September 2018 was 56.4% higher than the same month last year
- To date this financial year, the average price Meridian received for its generation is 18.0% lower than the same period last year and the average price paid to supply contracted sales is 16.6% lower

MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

MERIDIAN'S AVERAGE GENERATION PRICE*



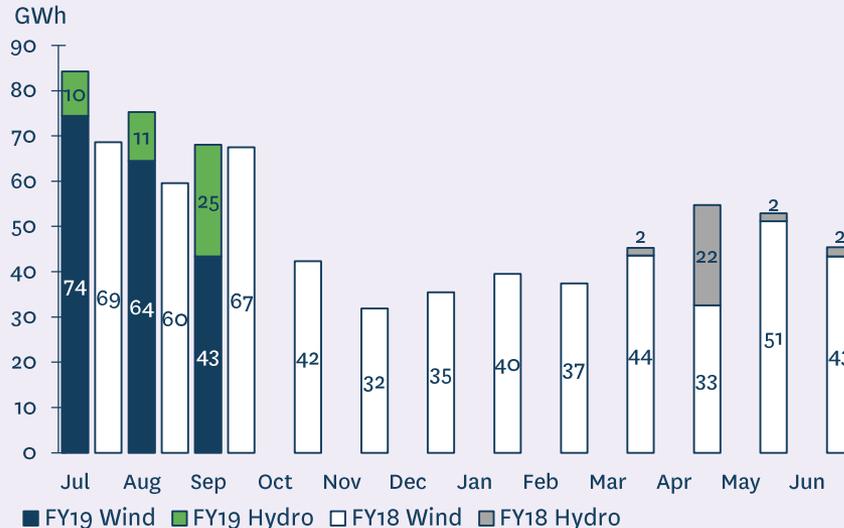
Source: Meridian

*price received for Meridian's physical generation

OPERATING INFORMATION

- Meridian's Australian generation in September 2018 was 0.8% higher than the same month last year
- To date this financial year, Australian generation is 16.2% higher than the same period last year
- Australian retail electricity sales volumes in September 2018 were 4.6% lower than the same month last year
- To date this financial year, Australian retail electricity sales volumes are 2.2% lower than the same period last year

MERIDIAN'S AUSTRALIAN GENERATION



Source: Meridian

AUSTRALIAN RETAIL SALES VOLUMES



Source: Meridian

OPERATING INFORMATION

See following page for Australia operating information and all footnotes

| | SEPTEMBER 2018 MONTH | SEPTEMBER 2017 MONTH | AUGUST 2018 MONTH | JULY 2018 MONTH | 3 MONTHS TO SEPTEMBER 2018 | 3 MONTHS TO SEPTEMBER 2017 |
|--|----------------------------|----------------------------|-------------------------|-----------------------|----------------------------------|----------------------------------|
| New Zealand contracted sales¹ | | | | | | |
| Retail contracted sales volume (GWh) | 497 | 491 | 529 | 521 | 1,546 | 1,538 |
| Average retail contracted sales price (\$/MWh) | \$106.7 | \$109.4 | \$110.7 | \$113.1 | \$110.2 | \$113.4 |
| NZAS sales volume (GWh) | 411 | 411 | 426 | 426 | 1,262 | 1,262 |
| Sell side derivative volumes ² (GWh) | 140 | 111 | 196 | 386 | 722 | 306 |
| Wholesale contracted sales average price ³ (\$/MWh) | \$58.0 | \$58.1 | \$58.5 | \$63.9 | \$60.6 | \$59.3 |
| Total New Zealand customer connections ⁴ | 293,386 | 280,209 | 292,906 | 292,091 | | |
| | | | | | | |
| New Zealand generation | | | | | | |
| Hydro generation volumes (GWh) | 959 | 867 | 1,123 | 1,070 | 3,152 | 2,436 |
| Wind generation volumes (GWh) | 115 | 116 | 90 | 126 | 331 | 343 |
| Total generation volumes (GWh) | 1,074 | 983 | 1,213 | 1,196 | 3,483 | 2,779 |
| Average generation price ⁵ (\$/MWh) | \$86.8 | \$55.0 | \$77.2 | \$72.1 | \$78.4 | \$95.6 |
| | | | | | | |
| Acquired generation volume ⁶ (GWh) | 147 | 158 | 167 | 170 | 484 | 646 |
| Cost of acquired generation (\$/MWh) | \$62.5 | \$62.5 | \$63.1 | \$65.7 | \$63.8 | \$71.5 |
| Acquired generation revenue average price (\$/MWh) | \$87.9 | \$55.6 | \$80.8 | \$74.5 | \$80.7 | \$101.0 |
| Future contract close outs (\$M) | -\$0.6 | -\$0.7 | -\$0.3 | -\$0.1 | -\$1.0 | -\$2.0 |
| | | | | | | |
| Contracted sales supply volumes (GWh) | 1,079 | 1,053 | 1,181 | 1,353 | 3,614 | 3,197 |
| Cost to supply contracted sales (\$/MWh) | \$92.5 | \$59.2 | \$84.9 | \$77.0 | \$84.2 | \$100.9 |

OPERATING INFORMATION

| | SEPTEMBER 2018 MONTH | SEPTEMBER 2017 MONTH | AUGUST 2018 MONTH | JULY 2018 MONTH | 3 MONTHS TO SEPTEMBER 2018 | 3 MONTHS TO SEPTEMBER 2017 |
|---|----------------------------|----------------------------|-------------------------|-----------------------|----------------------------------|----------------------------------|
| Australia | | | | | | |
| Wind generation volumes (GWh) | 43 | 67 | 64 | 74 | 183 | 196 |
| Hydro generation volumes (GWh) | 25 | - | 11 | 10 | 45 | - |
| Retail contracted electricity sales volume (GWh) | 48 | 50 | 57 | 58 | 163 | 167 |
| Retail contracted gas sales volume (GJ) | 40 | - | 20 | 5 | 65 | - |
| Powershop electricity customer connections ⁷ | 96,657 | 97,465 | 96,801 | 96,743 | | |
| Powershop gas customer connections ⁸ | 7,558 | - | 4,776 | 1,179 | | |

Note: Powershop Australia electricity customer connection numbers now exclude vacants

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, excluding vacants
8. Meter installation registration numbers

FY19 OPERATING INFORMATION

| | Jul 2018 | Aug 2018 | Sep 2018 | Oct 2018 | Nov 2018 | Dec 2018 | Jan 2019 | Feb 2019 | Mar 2019 | Apr 2019 | May 2019 | Jun 2019 |
|--|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| New Zealand Contracted Sales | | | | | | | | | | | | |
| Retail contracted sales volume (GWh) | 521 | 529 | 497 | | | | | | | | | |
| Average retail contracted sales price (\$/MWh) | \$113.1 | \$110.7 | \$106.7 | | | | | | | | | |
| NZAS sales volume (GWh) | 426 | 426 | 411 | | | | | | | | | |
| Sell side derivative volumes (GWh) | 386 | 196 | 140 | | | | | | | | | |
| Wholesale contracted sales average price (\$/MWh) | \$63.9 | \$58.5 | \$58.0 | | | | | | | | | |
| Total New Zealand customer connections | 292,091 | 292,906 | 293,386 | | | | | | | | | |
| New Zealand Generation | | | | | | | | | | | | |
| Hydro generation volume (GWh) | 1,070 | 1,123 | 959 | | | | | | | | | |
| Wind generation volume (GWh) | 126 | 90 | 115 | | | | | | | | | |
| Total generation volume (GWh) | 1,196 | 1,213 | 1,074 | | | | | | | | | |
| Average generation price (\$/MWh) | \$72.1 | \$77.2 | \$86.8 | | | | | | | | | |
| Acquired generation volume (GWh) | 170 | 167 | 147 | | | | | | | | | |
| Cost of acquired generation (\$/MWh) | \$65.7 | \$63.1 | \$62.5 | | | | | | | | | |
| Acquired generation revenue average price (\$/MWh) | \$74.5 | \$80.8 | \$87.9 | | | | | | | | | |
| Future contract close outs (\$m) | (\$0.1) | \$0.3 | (\$0.6) | | | | | | | | | |
| Contracted sales supply volume (GWh) | 1,353 | 1,181 | 1,079 | | | | | | | | | |
| Cost to supply contracted sales (\$/MWh) | \$77.0 | \$84.9 | \$92.5 | | | | | | | | | |
| Australia | | | | | | | | | | | | |
| Wind generation volume (GWh) | 74 | 64 | 43 | | | | | | | | | |
| Hydro generation volume (GWh) | 10 | 11 | 25 | | | | | | | | | |
| Retail contracted electricity sales volume (GWh) | 58 | 57 | 48 | | | | | | | | | |
| Retail contracted gas sales volume (GJ) | 4 | 20 | 40 | | | | | | | | | |
| Powershop electricity customer connections | 96,743 | 96,801 | 96,657 | | | | | | | | | |
| Powershop gas customer connections | 1,179 | 4,776 | 7,558 | | | | | | | | | |

Note: Powershop Australia electricity customer connection numbers now exclude vacants

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 | 539 | 589 | 503 | 438 | 459 | 442 | 496 | 502 |
| Average retail contracted sales price (\$/MWh) | \$114.6 | \$115.9 | \$109.4 | \$99.0 | \$96.0 | \$93.3 | \$96.8 | \$101.6 | \$100.2 | \$107.0 | \$112.5 | \$115.9 |
| NZAS sales volume (GWh) | 426 | 426 | 411 | 426 | 412 | 426 | 426 | 384 | 426 | 412 | 426 | 412 |
| Sell side derivative volumes (GWh) | 95 | 100 | 111 | 142 | 194 | 125 | 182 | 239 | 294 | 272 | 244 | 280 |
| Wholesale contracted sales average price (\$/MWh) | \$60.9 | \$59.0 | \$58.1 | \$54.9 | \$57.6 | \$58.5 | \$63.0 | \$61.3 | \$58.7 | \$60.1 | \$62.5 | \$60.5 |
| Total New Zealand customer connections | 278,595 | 279,967 | 280,209 | 280,211 | 281,314 | 282,396 | 283,724 | 285,611 | 287,167 | 288,538 | 289,431 | 290,756 |
| New Zealand Generation | | | | | | | | | | | | |
| Hydro generation volume (GWh) | 739 | 831 | 867 | 985 | 1,000 | 867 | 888 | 878 | 1,049 | 994 | 1,037 | 1,131 |
| Wind generation volume (GWh) | 108 | 118 | 116 | 106 | 82 | 118 | 80 | 102 | 105 | 118 | 113 | 96 |
| Total generation volume (GWh) | 847 | 949 | 983 | 1,091 | 1,082 | 985 | 968 | 980 | 1,154 | 1,112 | 1,150 | 1,227 |
| Average generation price (\$/MWh) | \$156.5 | \$83.4 | \$55.0 | \$53.1 | \$95.5 | \$128.4 | \$127.2 | \$64.8 | \$55.2 | \$54.3 | \$56.1 | \$91.1 |
| Acquired generation volume (GWh) | 282 | 206 | 158 | 164 | 178 | 200 | 234 | 156 | 152 | 163 | 169 | 160 |
| Cost of acquired generation (\$/MWh) | \$77.4 | \$70.1 | \$62.5 | \$60.6 | \$64.9 | \$69.9 | \$75.4 | \$65.0 | \$63.6 | \$63.9 | \$63.2 | \$63.4 |
| Acquired generation revenue average price (\$/MWh) | \$138.8 | \$84.1 | \$55.6 | \$54.4 | \$99.7 | \$114.2 | \$114.2 | \$65.5 | \$59.8 | \$57.7 | \$56.5 | \$93.2 |
| Future contract close outs (\$m) | (\$0.7) | (\$0.6) | (\$0.7) | (\$0.3) | \$0.1 | (\$0.4) | (\$0.3) | (\$0.4) | (\$0.0) | (\$0.0) | (\$0.2) | (\$0.0) |
| Contracted sales supply volume (GWh) | 1,067 | 1,077 | 1,053 | 1,054 | 1,174 | 1,163 | 1,140 | 1,086 | 1,205 | 1,150 | 1,191 | 1,225 |
| Cost to supply contracted sales (\$/MWh) | \$155.0 | \$88.2 | \$59.2 | \$54.4 | \$100.1 | \$126.8 | \$130.2 | \$69.1 | \$59.8 | \$57.5 | \$58.4 | \$95.3 |
| Australia | | | | | | | | | | | | |
| Wind generation volume (GWh) | 69 | 60 | 67 | 42 | 32 | 35 | 40 | 37 | 44 | 33 | 51 | 43 |
| Hydro generation volume (GWh) | | | | | | | | | 2 | 22 | 2 | 2 |
| Retail contracted electricity sales volume (GWh) | 59 | 58 | 50 | 43 | 39 | 40 | 43 | 39 | 39 | 38 | 47 | 53 |
| Retail contracted gas sales volume (GJ) | | | | | | | | | | | | |
| Powershop electricity customer connections | 97,547 | 97,465 | 97,456 | 97,760 | 97,828 | 97,361 | 97,826 | 97,499 | 97,522 | 97,950 | 97,704 | 97,241 |
| Powershop gas customer connections | | | | | | | | | | | 29 | 281 |

Note: Powershop Australia electricity customer connection numbers now exclude vacants

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, , excluding vacants |
| 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 |
| MIRN | meter identification reference number |
| 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 |