



meridian

AUGUST 2018



MERIDIAN ENERGY LIMITED
MONTHLY OPERATING REPORT



FTSE4Good

MEMBER OF

Dow Jones
Sustainability Indices

In Collaboration with RobecoSAM

AUGUST HIGHLIGHTS

In the month to 10 September 2018, national hydro storage decreased from 116% to 94% of historical average

South Island storage sat at 86% of average and North Island storage at 124% of average on 10 September 2018

Meridian's August 2018 monthly total inflows were 82% of historical average

Meridian's Waitaki catchment storage at the end of August 2018 was 113% of historical average

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

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

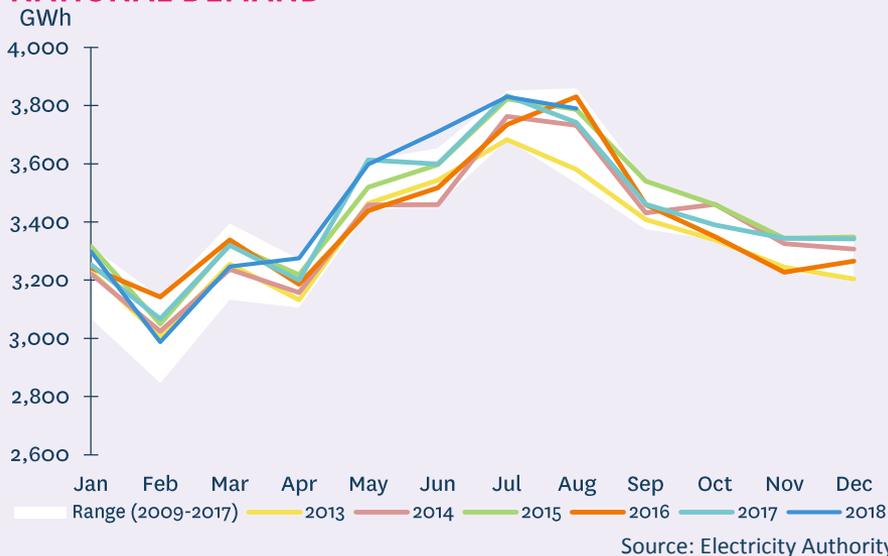
August 2018 saw warmer than average temperatures across much of New Zealand, with below average rainfall for the South Island

Meridian's retail sales volumes in August 2018 were the same as August 2017

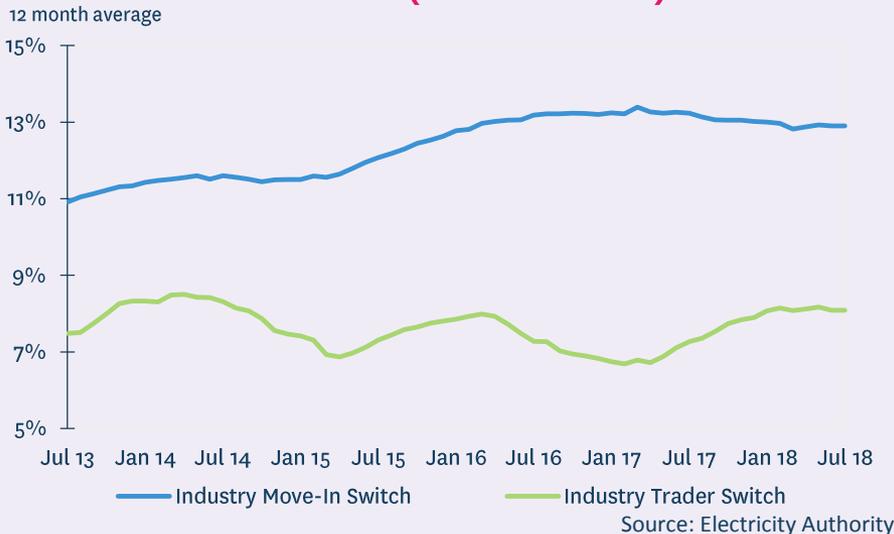
MARKET DATA

- National electricity demand in August 2018 was 1.3% higher than the same month last year
- August 2018 saw warmer than average temperatures across much of New Zealand, with below average rainfall in the South Island
- Demand in the last 12 months was 0.8% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during August 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 8.1% at the end of July 2018
- 12-month average switching rate of customers moving and changing retailers (“move-in” switch) was 12.9% at the end of July 2018

NATIONAL DEMAND



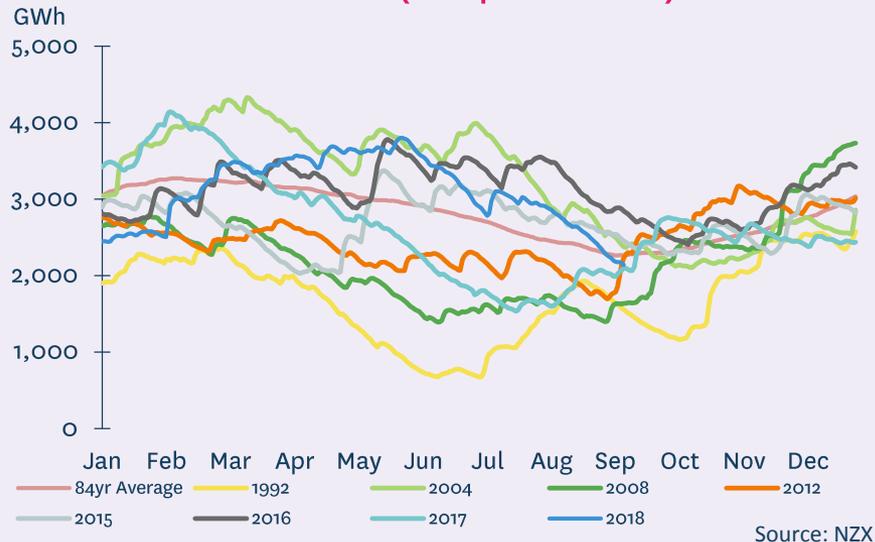
MARKET ICP SWITCHING (ALL RETAILERS)



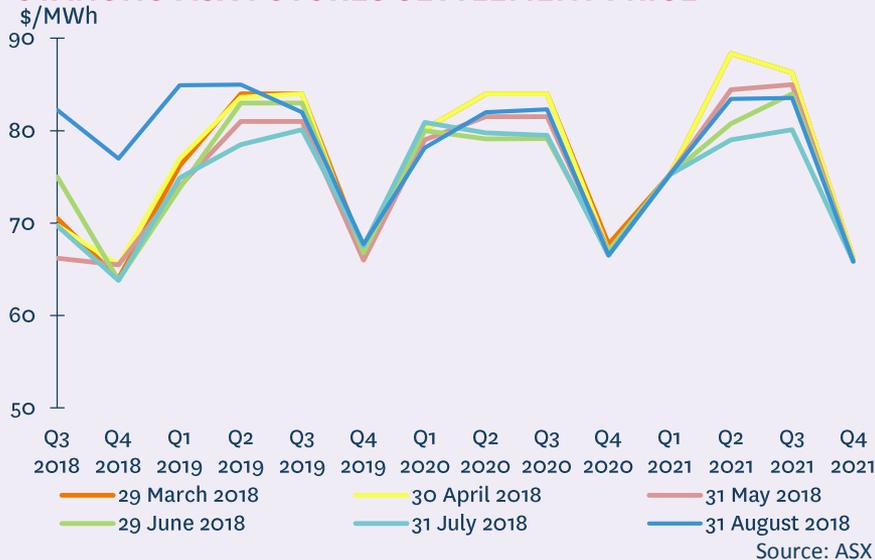
MARKET DATA

- August 2018 saw increases in forward ASX prices
- National storage decreased from 116% of the 84 year average on 7 August to 94% of average on 10 September 2018
- South Island storage decreased to 86% of historical average on 10 September 2018. North Island storage increased to 124% of average

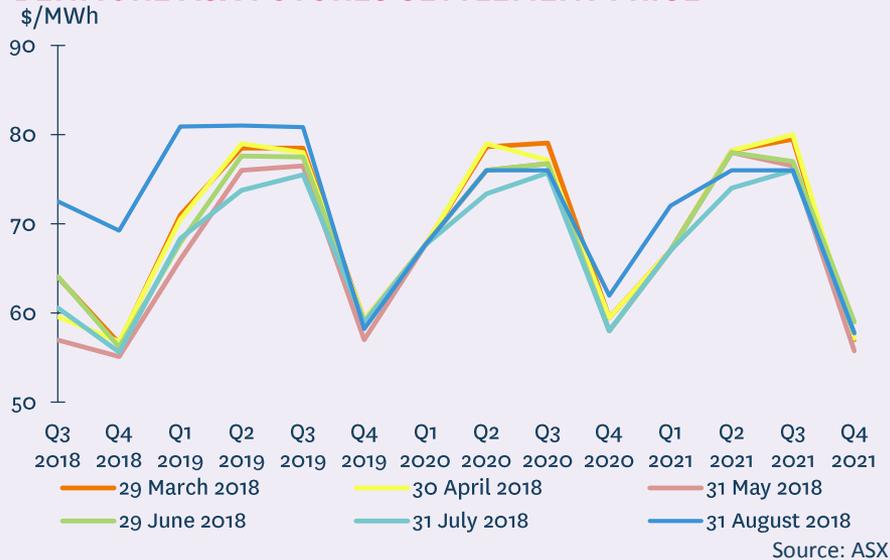
NATIONAL HYDRO STORAGE (10 September 2018)



OTAHUHU ASX FUTURES SETTLEMENT PRICE



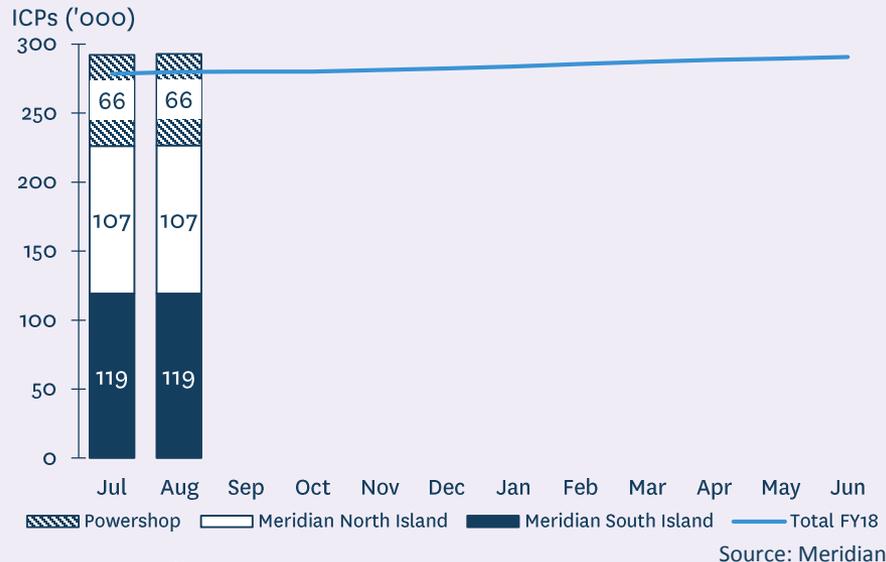
BENMORE ASX FUTURES SETTLEMENT PRICE



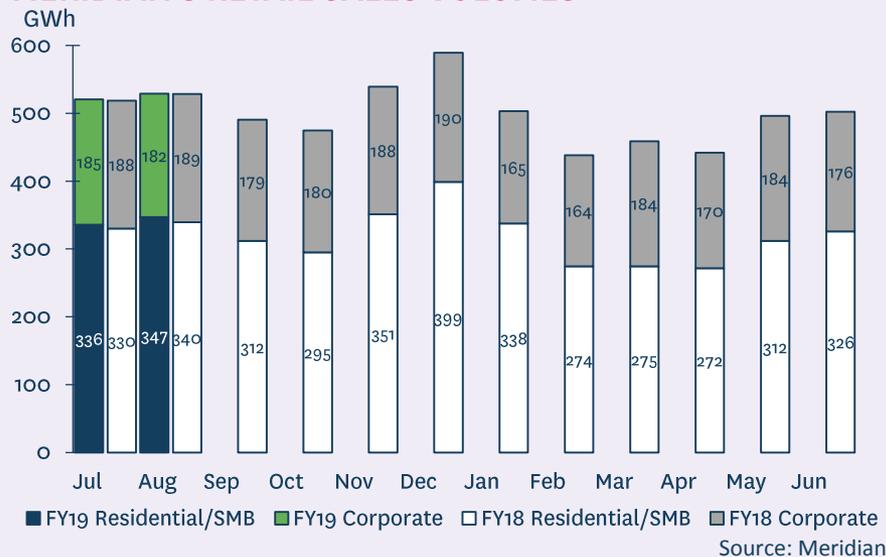
OPERATING INFORMATION

- Meridian's New Zealand customer connection numbers rose 0.3% during August 2018 and have risen 0.7% since June 2018
- Retail sales volumes in August 2018 were the same as August 2017
- Compared to August 2017, residential/SMB sales volumes increased by 2.1% (higher small medium business and agri volumes) and corporate sales volumes decreased by 3.8% (large, short-term customer signing last year)
- To date this financial year, retail sales volumes are 0.2% higher than the same period last year
- This reflects a 1.9% increase in residential/SMB sales volumes and a 2.9% decrease in corporate sales volumes

MERIDIAN'S NZ CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*

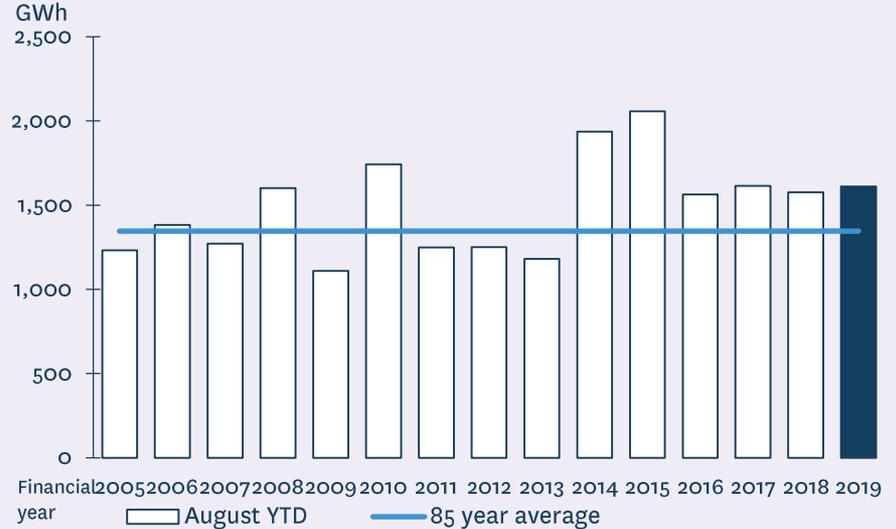


*excludes volumes sold to New Zealand Aluminium Smelters and CFDs

OPERATING INFORMATION

- August 2018 monthly inflows were 82% of historical average
- To date this financial year, inflows are 120% of historical average
- Meridian's Waitaki catchment storage moved from 1,601GWh to 1,269GWh during August 2018
- Waitaki storage at the end of August 2018 was 113% of historical average and 36% higher than the same time last year
- Storage in Meridian's Waiau catchment was below average at the end of August 2018

MERIDIAN'S COMBINED CATCHMENT INFLOWS



Source: Meridian

MERIDIAN'S WAITAKI STORAGE



Source: Meridian

OPERATING INFORMATION

- Meridian's New Zealand generation in August 2018 was 27.8% 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 34.1% higher than the same period last year, reflecting higher hydro generation and lower wind generation
- The average price Meridian received for its generation in August 2018 was 7.5% lower than the same month last year
- The average price Meridian paid to supply contracted sales in August 2018 was 3.8% lower than the same month last year
- To date this financial year, the average price Meridian received for its generation is 36.7% lower than the same period last year and the average price paid to supply contracted sales is 33.6% lower

*price received for Meridian's physical generation

MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

MERIDIAN'S AVERAGE GENERATION PRICE*

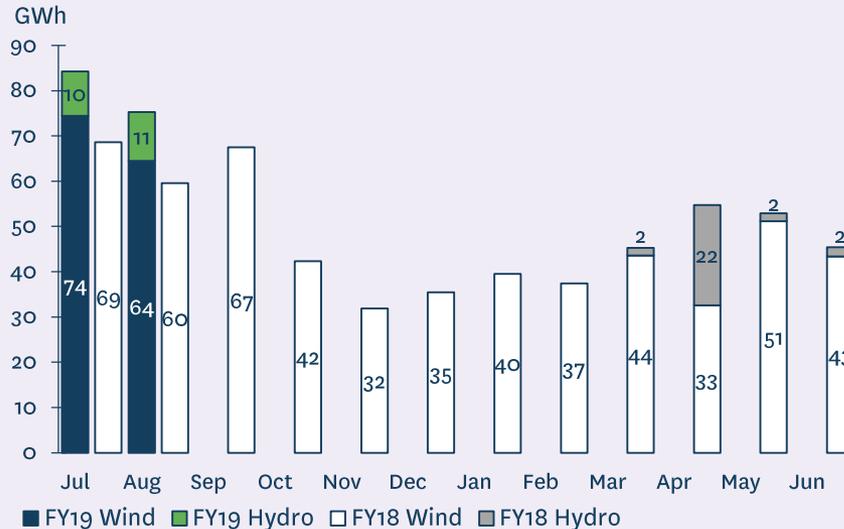


Source: Meridian

OPERATING INFORMATION

- Meridian's Australian generation in August 2018 was 26.3% higher than the same month last year
- To date this financial year, Australian generation is 24.4% higher than the same period last year
- Australian retail electricity sales volumes in August 2018 were 1.1% lower than the same month last year
- To date this financial year, Australian retail electricity sales volumes are 1.2% 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

	AUGUST 2018 MONTH	AUGUST 2017 MONTH	JULY 2018 MONTH	JUNE 2018 MONTH	2 MONTHS TO AUGUST 2018	2 MONTHS TO AUGUST 2017
New Zealand contracted sales¹						
Retail contracted sales volume (GWh)	529	529	521	502	1,049	1,047
Average retail contracted sales price (\$/MWh)	\$110.7	\$115.9	\$113.1	\$115.9	\$111.9	\$115.3
NZAS sales volume (GWh)	426	426	426	412	851	851
Sell side derivative volumes ² (GWh)	196	100	386	280	582	195
Wholesale contracted sales average price ³ (\$/MWh)	\$58.5	\$59.0	\$63.9	\$60.5	\$61.6	\$59.9
Total New Zealand customer connections ⁴	292,906	279,967	292,091	290,756		
New Zealand generation						
Hydro generation volumes (GWh)	1,123	831	1,070	1,131	2,193	1,570
Wind generation volumes (GWh)	90	118	126	96	216	227
Total generation volumes (GWh)	1,213	949	1,196	1,227	2,409	1,796
Average generation price ⁵ (\$/MWh)	\$77.2	\$83.4	\$72.1	\$91.1	\$74.7	\$117.9
Acquired generation volume ⁶ (GWh)	167	206	170	160	337	488
Cost of acquired generation (\$/MWh)	\$63.1	\$70.1	\$65.7	\$63.4	\$64.4	\$74.3
Acquired generation revenue average price (\$/MWh)	\$80.8	\$84.1	\$74.5	\$93.2	\$77.6	\$115.7
Future contract close outs (\$M)	-\$0.3	-\$0.6	-\$0.1	\$0.0	-\$0.5	-\$1.3
Contracted sales supply volumes (GWh)	1,181	1,077	1,353	1,225	2,534	2,144
Cost to supply contracted sales (\$/MWh)	\$84.9	\$88.2	\$77.0	\$95.3	\$80.7	\$121.5

OPERATING INFORMATION

	AUGUST 2018 MONTH	AUGUST 2017 MONTH	JULY 2018 MONTH	JUNE 2018 MONTH	2 MONTHS TO AUGUST 2018	2 MONTHS TO AUGUST 2017
Australia						
Wind generation volumes (GWh)	64	60	74	69	139	128
Hydro generation volumes (GWh)	11	-	10	-	21	-
Retail contracted sales volume (GWh)	57	58	58	59	115	117
Powershop customer connections ⁷	<i>not disclosed</i>	<i>not disclosed</i>	<i>not disclosed</i>	<i>not disclosed</i>		

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

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										
Average retail contracted sales price (\$/MWh)	\$113.1	\$110.7										
NZAS sales volume (GWh)	426	426										
Sell side derivative volumes (GWh)	386	196										
Wholesale contracted sales average price (\$/MWh)	\$63.9	\$58.5										
Total New Zealand customer connections	292,091	292,906										
New Zealand Generation												
Hydro generation volume (GWh)	1,070	1,123										
Wind generation volume (GWh)	126	90										
Total generation volume (GWh)	1,196	1,213										
Average generation price (\$/MWh)	\$72.1	\$77.2										
Acquired generation volume (GWh)	170	167										
Cost of acquired generation (\$/MWh)	\$65.7	\$63.1										
Acquired generation revenue average price (\$/MWh)	\$74.5	\$80.8										
Future contract close outs (\$m)	(\$0.1)	\$0.3										
Contracted sales supply volume (GWh)	1,353	1,181										
Cost to supply contracted sales (\$/MWh)	\$77.0	\$84.9										
Australia												
Wind generation volume (GWh)	74	64										
Hydro generation volume (GWh)	10	11										
Retail contracted sales volume (GWh)	58	57										
Powershop Australia customer connections	not disclosed	not disclosed										

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 sales volume (GWh)	59	58	50	43	39	40	43	39	39	38	47	53
Powershop Australia customer connections	not disclosed	not disclosed	101,096	not disclosed	not disclosed	101,460	not disclosed	not disclosed	100,773	not disclosed	not disclosed	100,545

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 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
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