

JUNE 2018.



meridian

**MERIDIAN
ENERGY
LIMITED
MONTHLY
OPERATING
REPORT**

MEMBER OF
**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

• June highlights.

In the month to 9 July 2018, national hydro storage decreased from 120% to 114% of historical average

South Island storage sat at 113% of average and North Island storage at 119% of average on 9 July 2018

Meridian's June 2018 monthly total inflows were 64% of historical average

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

Storage in Meridian's Waiau catchment was below average at the end of June 2018, with inflows during the first week of July lifting lake levels

National electricity demand in June 2018 was 3.1% higher than the same month last year and included an ongoing maintenance shutdown at the Marsden Point oil refinery

June 2018 saw contrasting rainfall with wet eastern and dry western conditions and temperature variability, including cold conditions near the end of the month

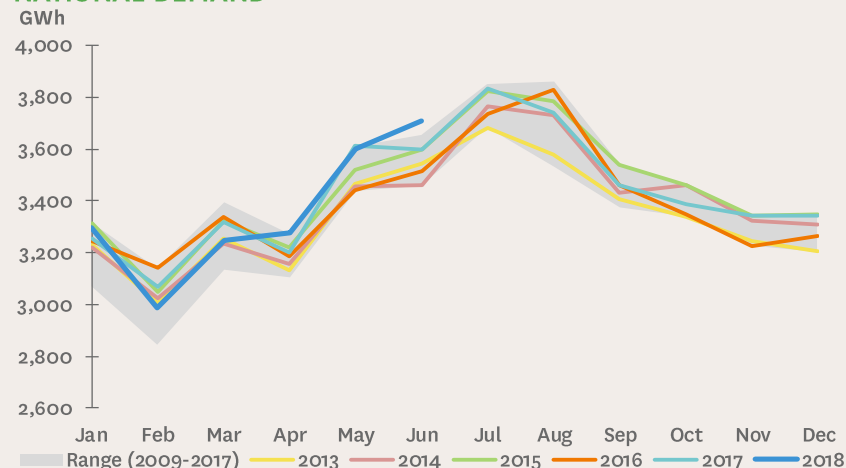
Meridian's retail sales volumes in June 2018 increased by 5.4% compared to June 2017

www.meridianenergy.co.nz/investors/

Market data.

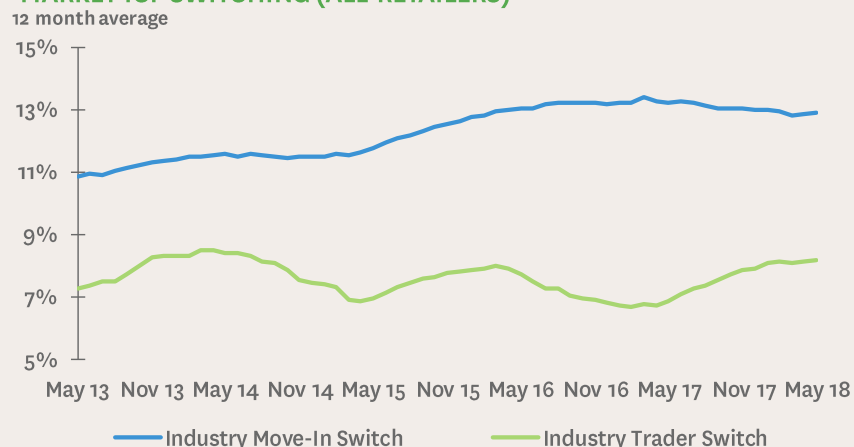
- National electricity demand in June 2018 was 3.1% higher than the same month last year and included an ongoing maintenance shutdown at the Marsden Point oil refinery
- June 2018 saw contrasting rainfall with wet eastern and dry western conditions and temperature variability, including cold conditions near the end of the month
- Demand in the last 12 months was 0.8% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during June 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 8.2% at the end of May 2018
- 12-month average switching rate of customers moving and changing retailers ("move-in" switch) was 12.9% at the end of May 2018

NATIONAL DEMAND



Source: Electricity Authority

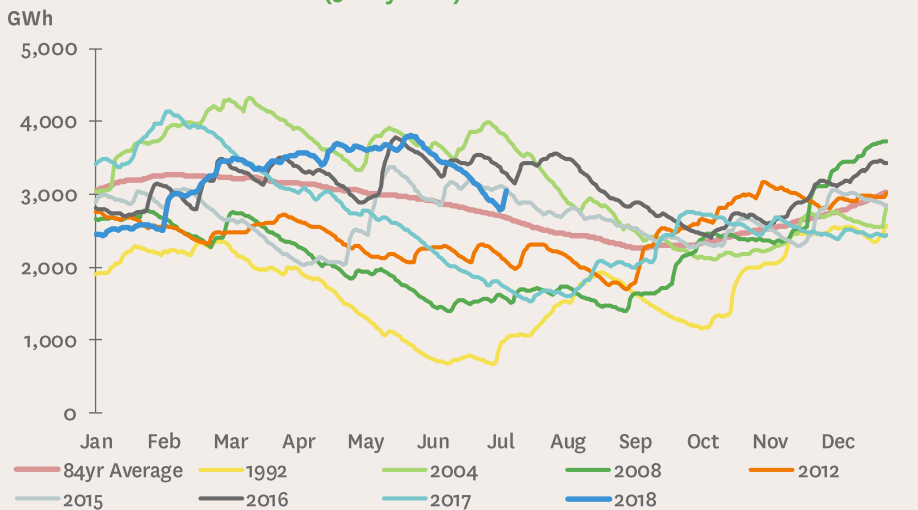
MARKET ICP SWITCHING (ALL RETAILERS)



Source: Electricity Authority

Market data.

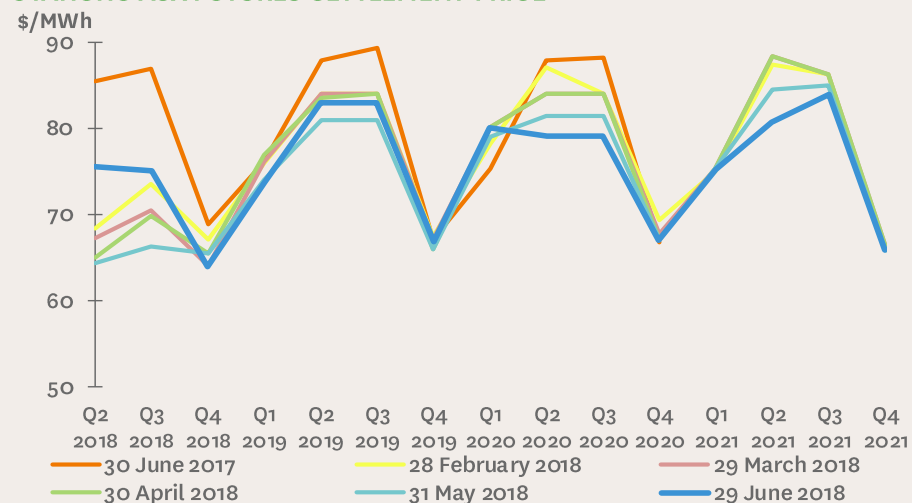
NATIONAL HYDRO STORAGE (9 July 2018)



Source: NZX

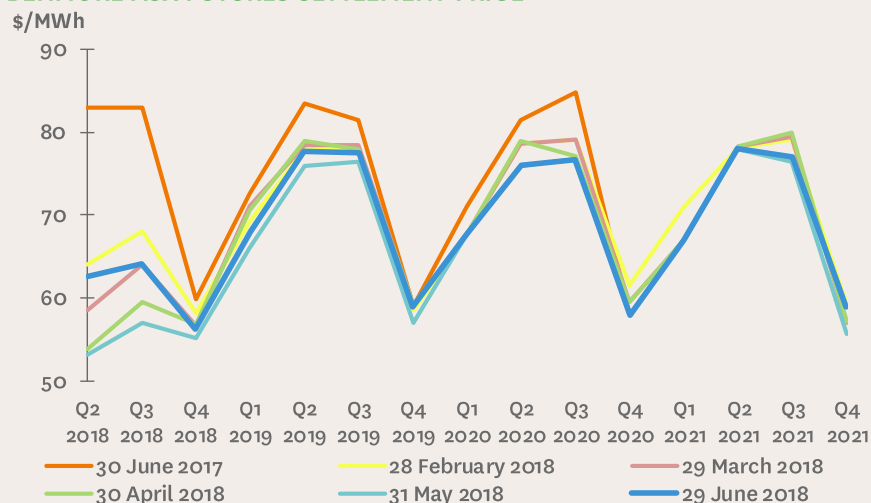
- June 2018 saw increases in near-term forward ASX prices
- National storage decreased from 120% of the 84 year average on 13 June 2018 to 114% of average on 9 July 2018
- South Island storage decreased to 113% of historical average on 9 July 2018. North Island storage decreased to 119% of average

OTAHUHU ASX FUTURES SETTLEMENT PRICE



Source: ASX

BENMORE ASX FUTURES SETTLEMENT PRICE

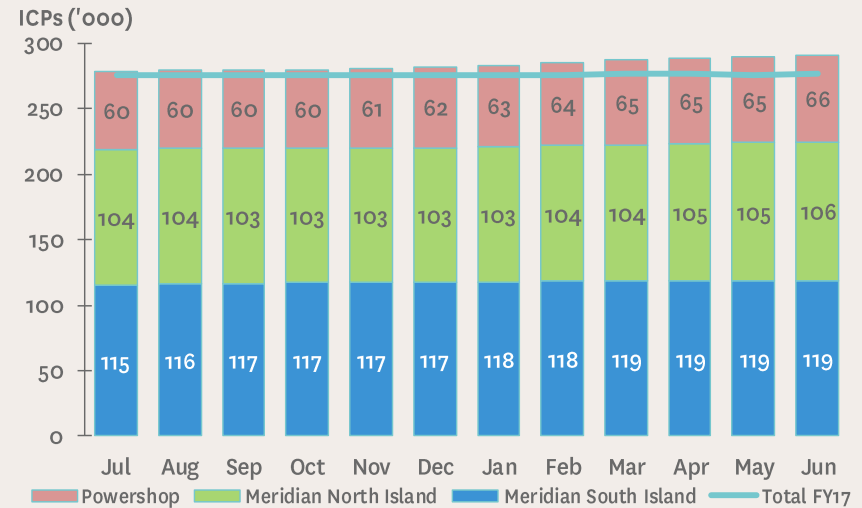


Source: ASX

Operating information.

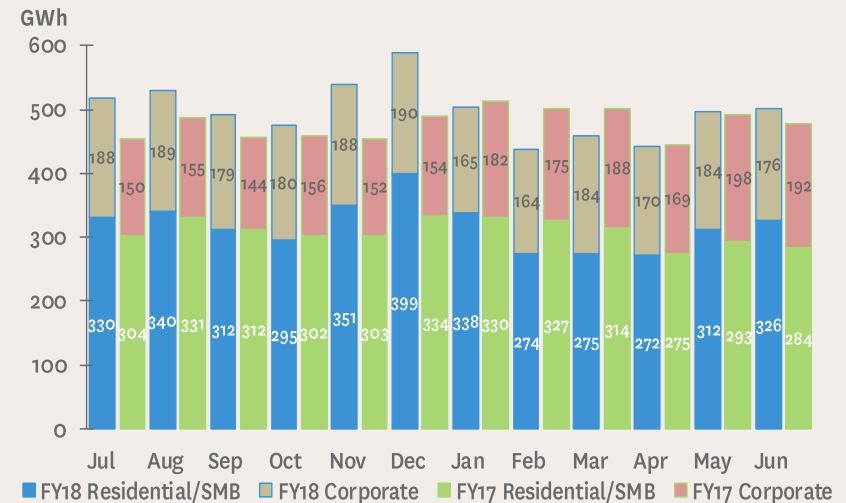
- Meridian's New Zealand customer connection numbers rose 0.5% during June 2018 and have risen 5.1% since June 2017
- Retail sales volumes in June 2018 increased by 5.4% compared to June 2017
- Compared to June 2017, residential/SMB sales volumes increased by 14.6% (higher volumes in all segments) and corporate sales volumes decreased by 8.3% (large, short-term customer signing last year)
- For the 2018 financial year, retail sales volumes were 4.4% higher than last year
- This reflected a 3.0% increase in residential/SMB sales volumes and a 7.0% increase in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



Source: Meridian

MERIDIAN'S RETAIL SALES VOLUMES*

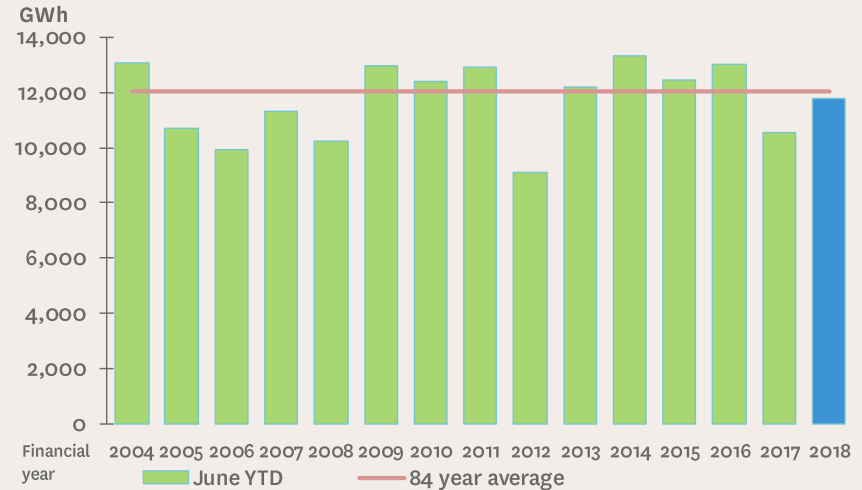


Source: Meridian

Operating information.

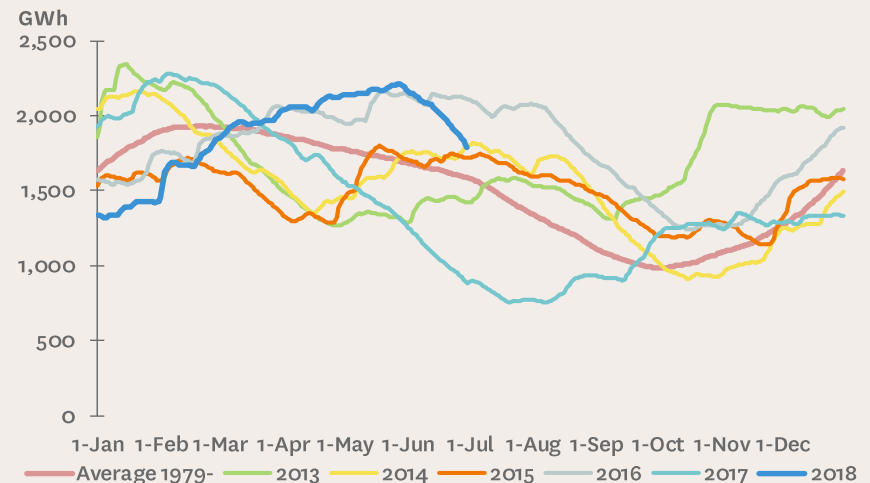
- June 2018 monthly inflows were 64% of historical average
- For the 2018 financial year, inflows were 98% of historical average
- Meridian's Waitaki catchment storage moved from 2,177GWh to 1,790GWh during June 2018
- Waitaki storage at the end of June 2018 was 113% of historical average and 103% higher than the same time last year
- Storage in Meridian's Waiau catchment was below average at the end of June 2018, with inflows during the first week of July lifting lake levels

MERIDIAN'S COMBINED CATCHMENT INFLOWS



Source: Meridian

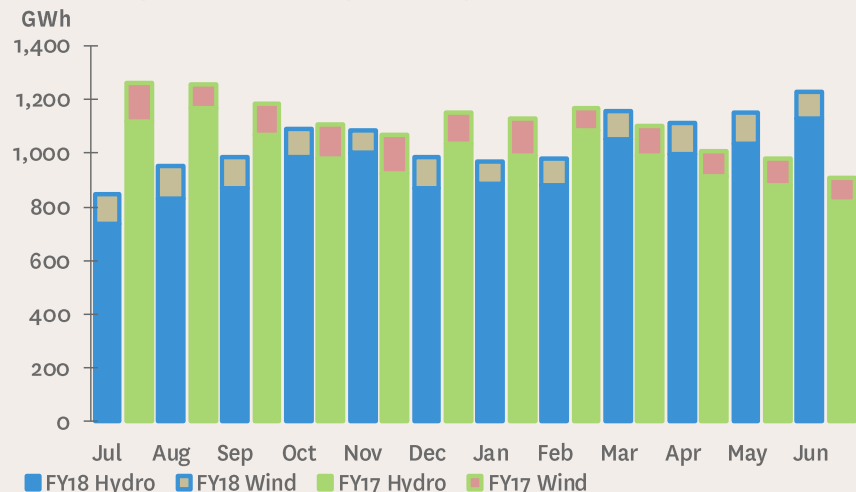
MERIDIAN'S WAITAKI STORAGE



Source: Meridian

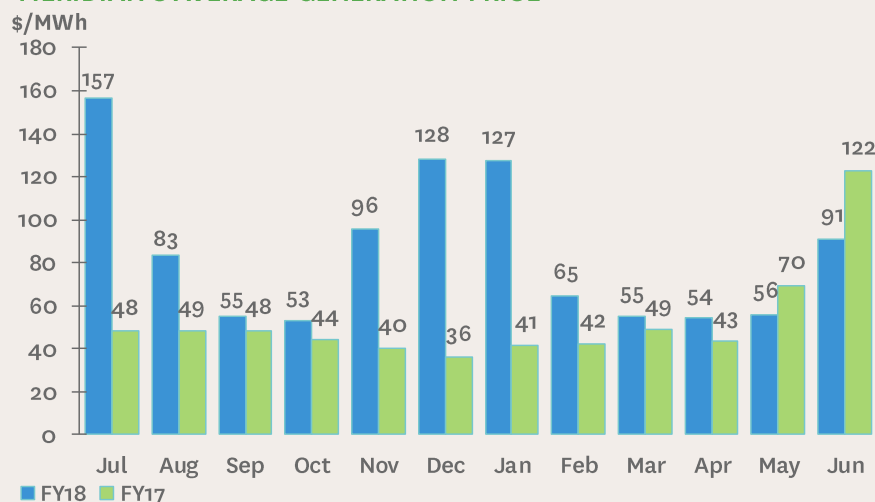
Operating information.

MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

MERIDIAN'S AVERAGE GENERATION PRICE*



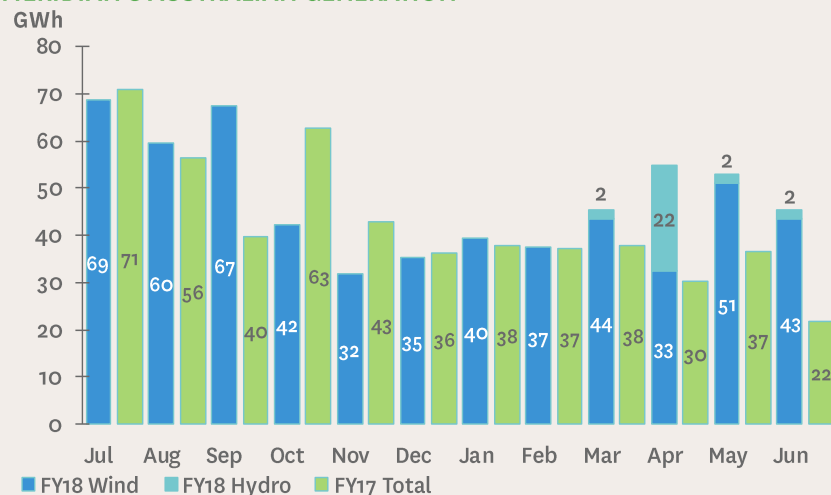
*price received for Meridian's physical generation
12 July 2018

Source: Meridian

- Meridian's New Zealand generation in June 2018 was 35.5% higher than the same month last year, reflecting higher hydro generation and higher wind generation
- For the 2018 financial year, Meridian's New Zealand generation was 5.9% lower than last year, reflecting lower hydro generation and lower wind generation
- The average price Meridian received for its generation in June 2018 was 25.6% lower than the same month last year
- The average price Meridian paid to supply contracted sales in June 2018 was 24.2% lower than the same month last year
- For the 2018 financial year, the average price Meridian received for its generation was 61.5% higher than last year and the average price paid to supply contracted sales was 56.6% higher

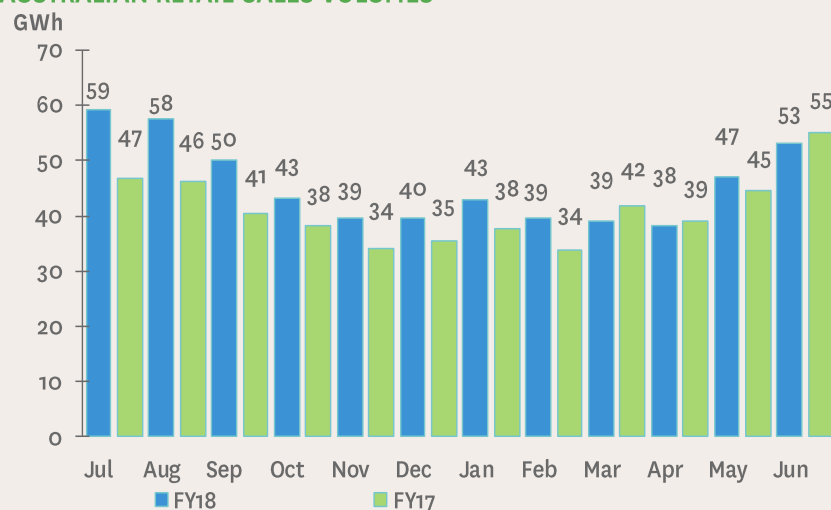
Operating information.

MERIDIAN'S AUSTRALIAN GENERATION



Source: Meridian

AUSTRALIAN RETAIL SALES VOLUMES



Source: Meridian

- Meridian's Australian generation in June 2018 was 107.9% higher than the same month last year
- For the 2018 financial year, Australian generation was 13.8% higher than last year
- Australian retail sales volumes in June 2018 decreased by 3.2% compared to June 2017
- For the 2018 financial year, Australian retail sales volumes were 11.5% higher than last year

Operating information.

	JUNE 2018 MONTH	JUNE 2017 MONTH	MAY 2018 MONTH	APRIL 2018 MONTH	12 MONTHS TO JUNE 2018	12 MONTHS TO JUNE 2017
New Zealand contracted sales¹						
Retail contracted sales volume (GWh)	502	477	496	442	5,981	5,727
Average retail contracted sales price (\$/MWh)	\$115.9	\$109.5	\$112.5	\$107.0	\$105.1	\$106.8
NZAS sales volume (GWh)	412	412	426	412	5,011	5,011
Sell side derivative volumes ² (GWh)	280	168	244	272	2,278	1,597
Wholesale contracted sales average price ³ (\$/MWh)	\$60.5	\$59.5	\$62.5	\$60.1	\$59.7	\$53.5
Total New Zealand customer connections ⁴	290,756	276,767	289,431	288,538		
New Zealand generation						
Hydro generation volumes (GWh)	1,131	818	1,037	994	11,265	11,974
Wind generation volumes (GWh)	96	87	113	118	1,263	1,341
Total generation volumes (GWh)	1,227	905	1,150	1,112	12,528	13,315
Average generation price ⁵ (\$/MWh)	\$91.1	\$122.5	\$56.1	\$54.3	\$83.0	\$51.4
Acquired generation volume ⁶ (GWh)	160	259	169	163	2,222	1,564
Cost of acquired generation (\$/MWh)	\$63.4	\$75.8	\$63.2	\$63.9	\$67.7	\$62.0
Acquired generation revenue average price (\$/MWh)	\$93.2	\$112.4	\$56.5	\$57.7	\$87.6	\$61.1
Future contract close outs (\$M)	\$0.0	-\$1.6	-\$0.2	\$0.0	-\$3.6	-\$2.7
Contracted sales supply volumes (GWh)	1,225	1,070	1,191	1,150	13,586	12,610
Cost to supply contracted sales (\$/MWh)	\$95.3	\$125.8	\$58.4	\$57.5	\$87.8	\$56.1

Operating information.

	JUNE 2018 MONTH	JUNE 2017 MONTH	MAY 2018 MONTH	APRIL 2018 MONTH	12 MONTHS TO JUNE 2018	12 MONTHS TO JUNE 2017
Australia						
Wind generation volumes (GWh)	43	22	51	33	553	510
Hydro generation volumes (GWh)	2	-	2	22	28	-
Retail contracted sales volume (GWh)	53	55	47	38	549	493
Powershop customer connections ⁷	100,545	100,524	<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

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)	\$113.9	\$115.5	\$109.0	\$98.7	\$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

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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