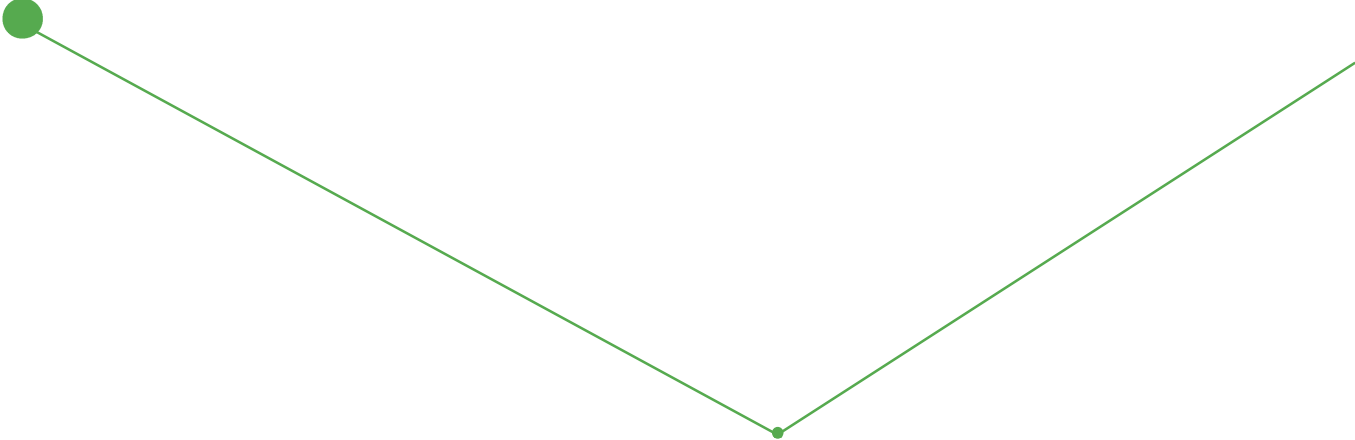


FEBRUARY 2018.



meridian

**MERIDIAN
ENERGY
LIMITED
MONTHLY
OPERATING
REPORT**

MEMBER OF
**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

February highlights.

In the month to 11 March 2018, national hydro storage increased from 92% to 107% of historical average

South Island storage sat at 100% of average and North Island storage at 158% of average on 11 March 2018

Meridian's February 2018 monthly total inflows were 148% of historical average

Meridian's Waitaki catchment storage at the end of February 2018 was 96% of historical average

Storage in Meridian's Waiau catchment was above average at the end of February 2018

Meridian made calls on load under the Genesis Swaption during early February 2018

National electricity demand in February 2018 was 2.4% lower than the same month last year, with all the reduction being seen in the South Island

February 2018 saw the influence of two ex-tropical cyclones, with South Island rainfall totals as high as 300%-400% of average in places and notably lower irrigation usage

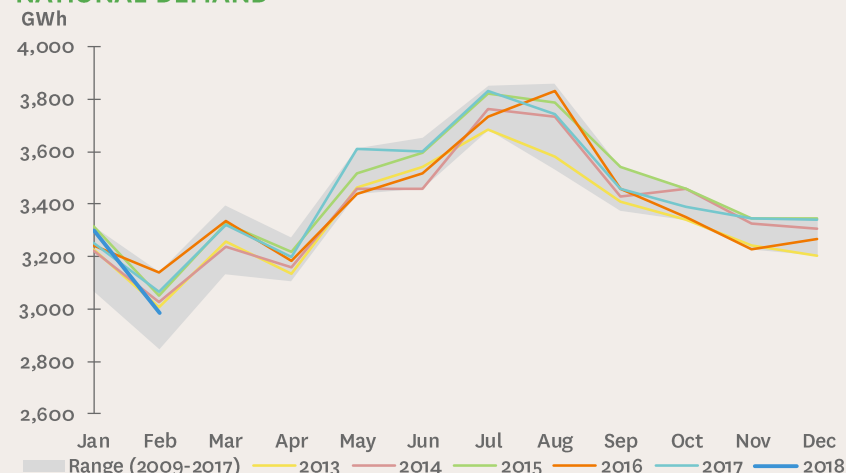
Meridian's retail sales volumes in February 2018 decreased by 12.7% compared to February 2017

www.meridianenergy.co.nz/investors/

Market data.

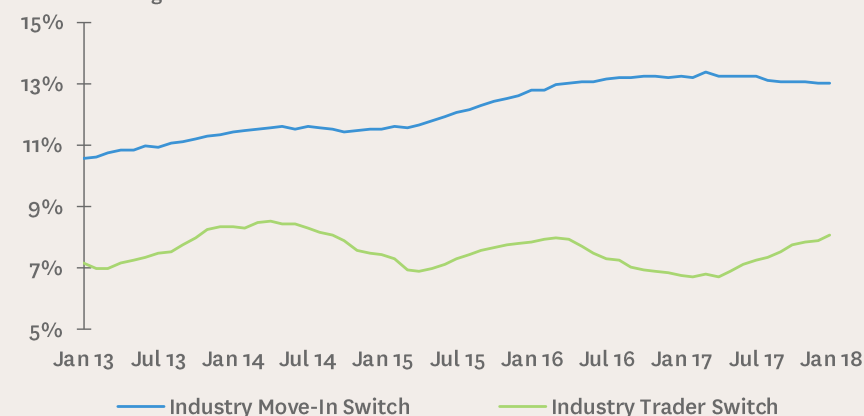
- National electricity demand in February 2018 was 2.4% lower than the same month last year, with all the reduction being seen in the South Island
- February 2018 saw the influence of two ex-tropical cyclones, with South Island rainfall totals as high as 300%-400% of average in places and notably lower irrigation usage
- Demand in the last 12 months was 1.1% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during February 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 January 2018
- 12-month average switching rate of customers moving and changing retailers ("move in" switch) was 13.0% at the end of January 2018

NATIONAL DEMAND



Source: Electricity Authority

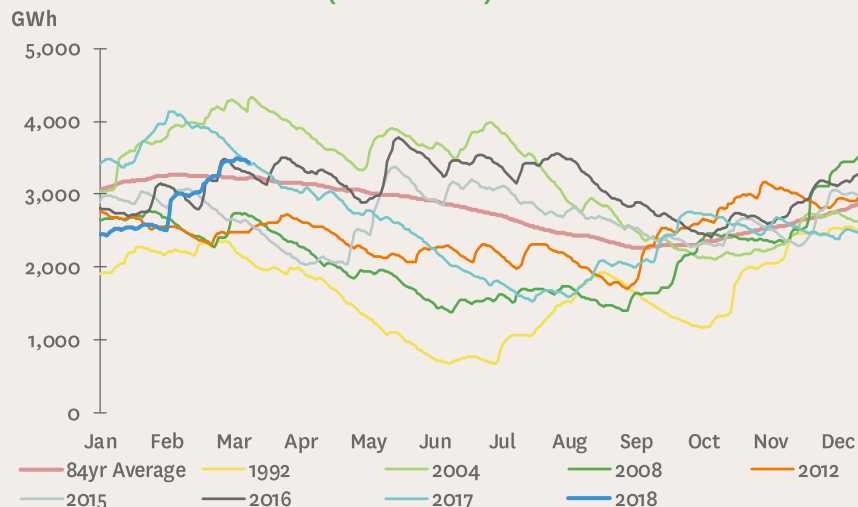
MARKET ICP SWITCHING (ALL RETAILERS)



Source: Electricity Authority

Market data.

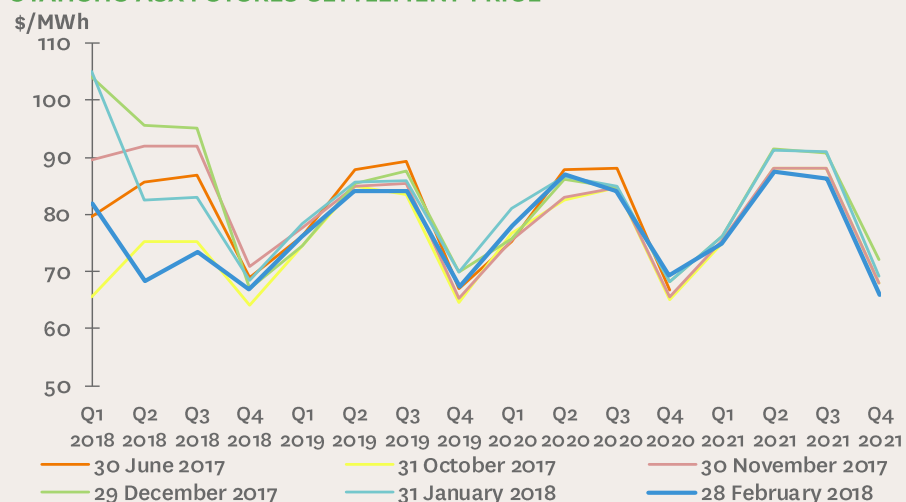
NATIONAL HYDRO STORAGE (11 March 2018)



Source: NZX

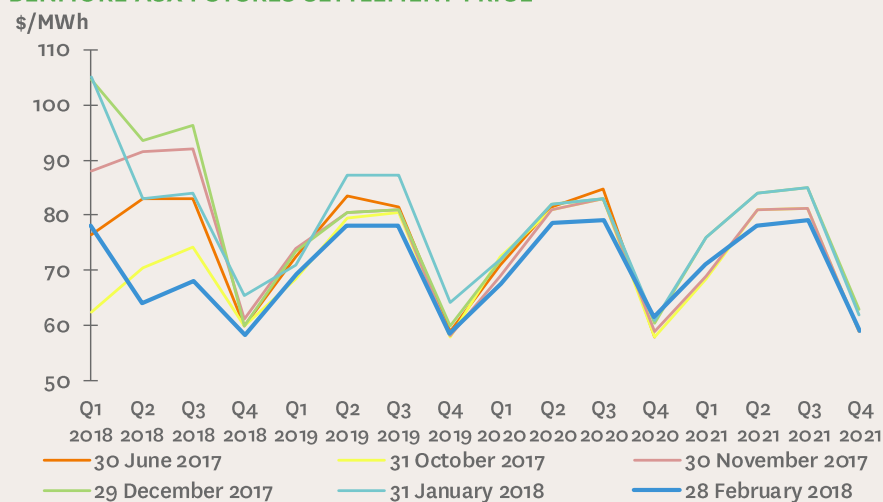
- February 2018 saw a decline in forward ASX prices
- National storage increased from 92% of the 84 year average on 11 February 2018 to 107% of average on 11 March 2018
- South Island storage increased to 100% of historical average on 11 March 2018. North Island storage increased to 158% of average

OTAHUHU ASX FUTURES SETTLEMENT PRICE



Source: ASX

BENMORE ASX FUTURES SETTLEMENT PRICE



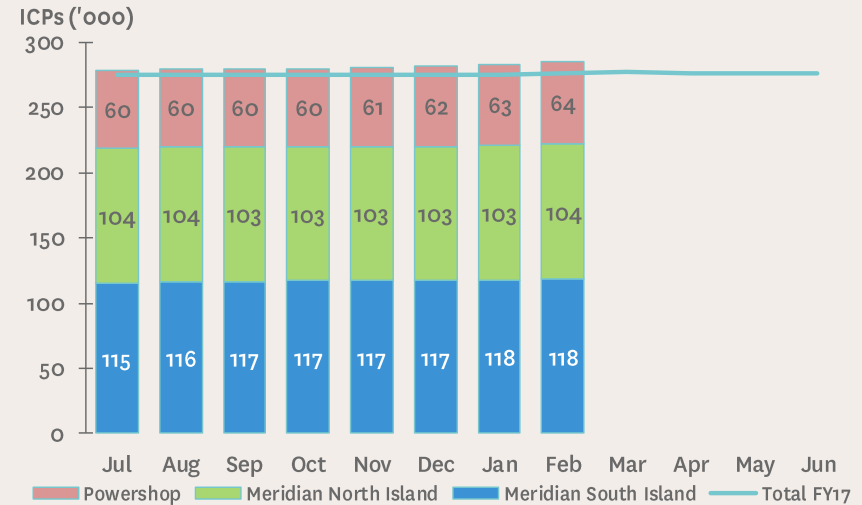
Source: ASX

Operating information.

- Meridian's New Zealand customer connection numbers rose 0.7% during February 2018 and have risen 3.2% since June 2017
- Retail sales volumes in February 2018 decreased by 12.7% compared to February 2017
- Compared to February 2017, residential/SMB sales volumes decreased by 16.0% (lower irrigation driven agri volumes) and corporate sales volumes decreased by 6.4% (large, short-term customer signing last year)
- To date this financial year, retail sales volumes are 7.1% higher than the same period last year
- This reflects a 3.8% increase in residential/SMB sales volumes and a 13.8% increase in corporate sales volumes

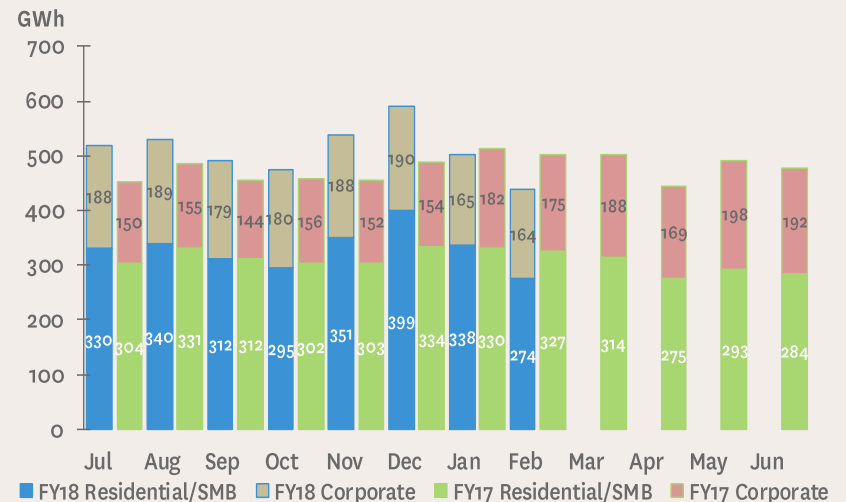
*excludes volumes sold to New Zealand aluminium Smelters and CFDs

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



Source: Meridian

MERIDIAN'S RETAIL SALES VOLUMES*

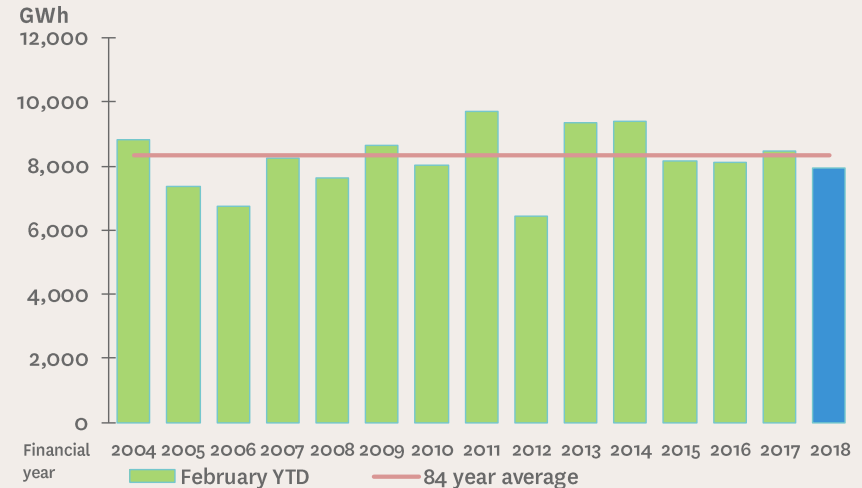


Source: Meridian

Operating information.

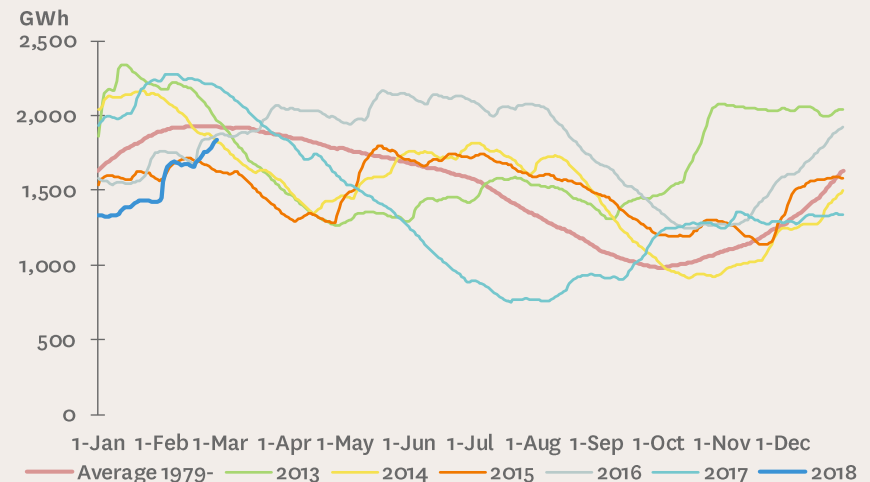
- February 2018 monthly inflows were 148% of historical average
- To date this financial year, inflows are 95% of historical average
- Meridian's Waitaki catchment storage moved from 1,427GWh to 1,841GWh during February 2018
- Waitaki storage at the end of February 2018 was 96% of historical average and 16% lower than the same time last year
- Storage in Meridian's Waiau catchment was above average at the end of February 2018
- Meridian made calls on load under the Genesis Swaption during early February 2018

MERIDIAN'S COMBINED CATCHMENT INFLOWS



Source: Meridian

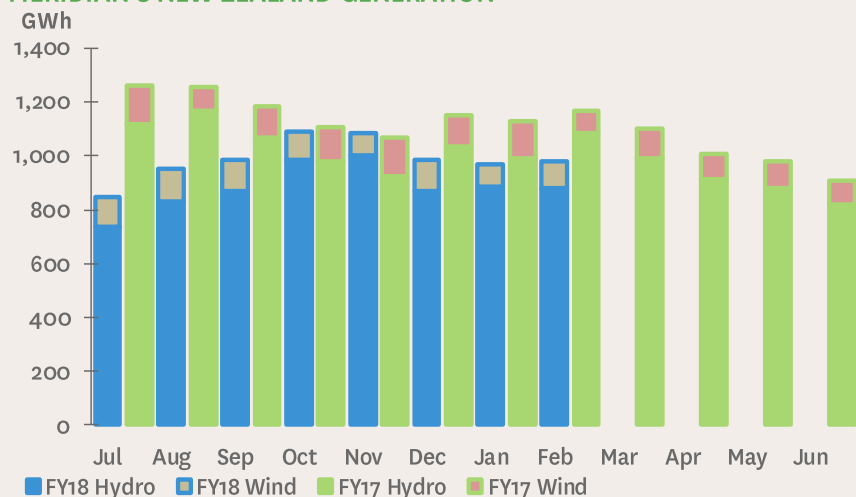
MERIDIAN'S WAITAKI STORAGE



Source: Meridian

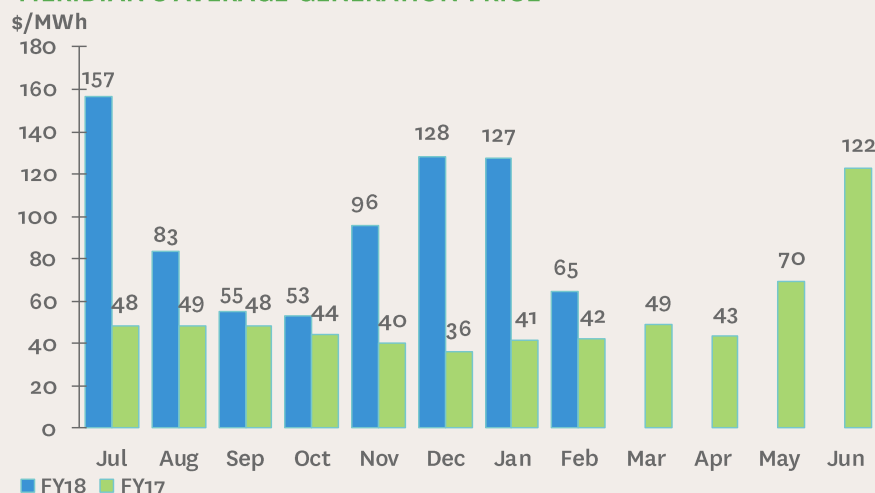
Operating information.

MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

MERIDIAN'S AVERAGE GENERATION PRICE*



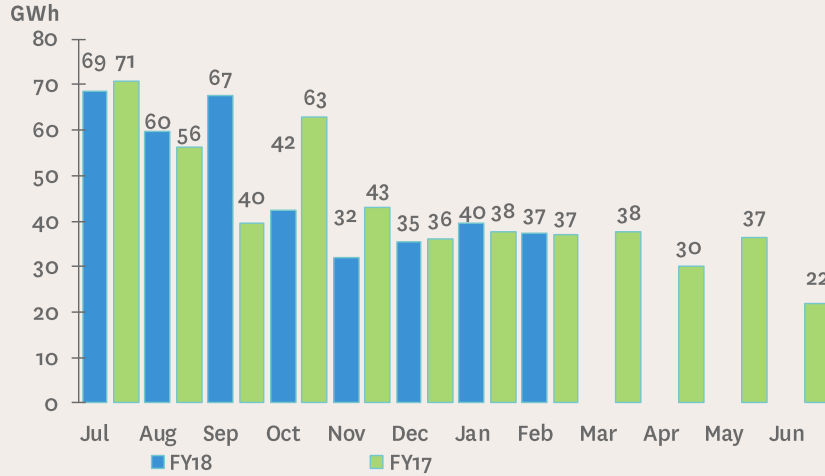
*price received for Meridian's physical generation
13 March 2018

Source: Meridian

- Meridian's New Zealand generation in February 2018 was 16.0% lower than the same month last year, reflecting lower hydro generation and higher wind generation
- To date this financial year, Meridian's New Zealand generation is 15.4% lower than the same period last year, reflecting lower hydro generation and lower wind generation
- The average price Meridian received for its generation in February 2018 was 53.2% higher than the same month last year
- The average price Meridian paid to supply contracted sales in February 2018 was 51.0% higher than the same month last year
- To date this financial year, the average price Meridian received for its generation is 114.4% higher than the same period last year

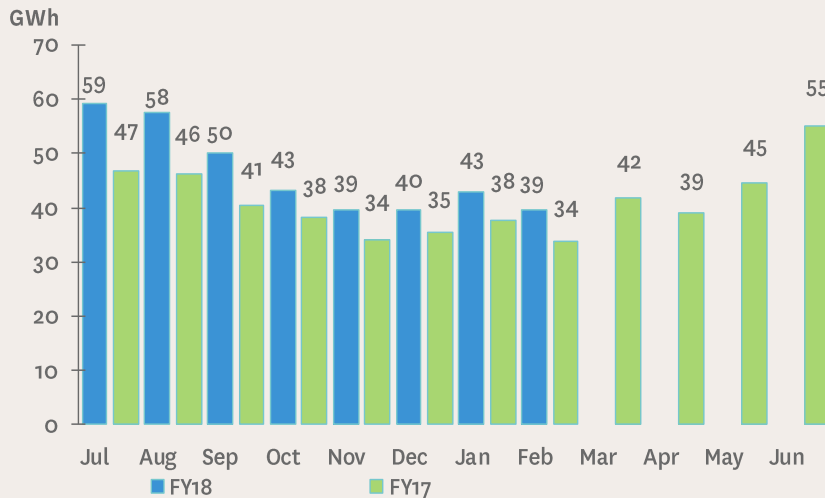
Operating information.

MERIDIAN'S AUSTRALIAN GENERATION



Source: Meridian

AUSTRALIAN RETAIL SALES VOLUMES



Source: Meridian

- Meridian's Australian generation in February 2018 was 0.8% higher than the same month last year
- To date this financial year, Australian generation is 0.4% lower than the same period last year
- Australian retail sales volumes in February 2018 increased by 17.1% compared to February 2017
- To date this financial year, Australian retail sales volumes are 18.9% higher than the same period last year

Operating information.

	FEBRUARY 2018 MONTH	FEBRUARY 2017 MONTH	JANUARY 2018 MONTH	DECEMBER 2017 MONTH	8 MONTHS TO FEBRUARY 2018	8 MONTHS TO FEBRUARY 2017
New Zealand contracted sales¹						
Retail contracted sales volume (GWH)	438	502	503	589	4,082	3,812
Average retail contracted sales price (\$/MWH)	\$101.6	\$98.6	\$96.8	\$93.3	\$103.2	\$105.9
NZAS sales volume (GWH)	384	384	426	426	3,335	3,335
Sell side derivative volumes ² (GWH)	239	182	182	125	1,188	895
Wholesale contracted sales average price ³ (\$/MWH)	\$61.3	\$53.5	\$63.0	\$58.5	\$59.2	\$51.4
Total New Zealand customer connections ⁴	285,611	276,429	283,724	282,396		
New Zealand generation						
Hydro generation volumes (GWH)	878	1,083	888	867	7,055	8,369
Wind generation volumes (GWH)	102	84	80	118	830	956
Total generation volumes (GWH)	980	1,167	968	985	7,885	9,325
Average generation price ⁵ (\$/MWH)	\$64.8	\$42.3	\$127.2	\$128.4	\$93.9	\$43.8
Acquired generation volume ⁶ (GWH)	156	136	234	200	1,578	762
Cost of acquired generation (\$/MWH)	\$65.0	\$61.0	\$75.4	\$69.9	\$69.3	\$58.9
Acquired generation revenue average price (\$/MWH)	\$65.5	\$45.7	\$114.2	\$114.2	\$96.1	\$48.5
Future contract close outs (\$M)	-\$0.4	\$0.1	-\$0.3	-\$0.4	-\$3.2	-\$0.1
Contracted sales supply volumes (GWH)	1,086	1,088	1,140	1,163	8,814	8,213
Cost to supply contracted sales (\$/MWH)	\$69.1	\$45.7	\$130.2	\$126.8	\$98.5	\$47.0
Australia						
Wind generation volumes (GWH)	37	37	40	35	382	384
Retail contracted sales volume (GWH)	39	34	43	40	371	312
Powershop customer connections ⁷	<i>not disclosed</i>	<i>not disclosed</i>	<i>not disclosed</i>	101,460		

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	539	589	503	438				
Average retail contracted sales price (\$/MWh)	\$113.9	\$115.5	\$109.0	\$98.7	\$96.0	\$93.3	\$96.8	\$101.6				
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384				
Sell side derivative volumes (GWh)	95	100	111	142	194	125	182	239				
Wholesale contracted sales average price (\$/MWh)	\$60.9	\$59.0	\$58.1	\$54.9	\$57.6	\$58.5	\$63.0	\$61.3				
Total New Zealand customer connections	278,595	279,967	280,209	280,211	281,314	282,396	283,724	285,611				
New Zealand Generation												
Hydro generation volume (GWh)	739	831	867	985	1,000	867	888	878				
Wind generation volume (GWh)	108	118	116	106	82	118	80	102				
Total generation volume (GWh)	847	949	983	1,091	1,082	985	968	980				
Average generation price (\$/MWh)	\$156.5	\$83.4	\$55.0	\$53.1	\$95.5	\$128.4	\$127.2	\$64.8				
Acquired generation volume (GWh)	282	206	158	164	178	200	234	156				
Cost of acquired generation (\$/MWh)	\$77.4	\$70.1	\$62.5	\$60.6	\$64.9	\$69.9	\$75.4	\$65.0				
Acquired generation revenue average price (\$/MWh)	\$138.8	\$84.1	\$55.6	\$54.4	\$99.7	\$114.2	\$114.2	\$65.5				
Future contract close outs (\$m)	\$0.7	\$0.6	(\$0.7)	(\$0.3)	(\$0.1)	(\$0.4)	(\$0.3)	(\$0.4)				
Contracted sales supply volume (GWh)	1,067	1,077	1,053	1,054	1,174	1,163	1,140	1,086				
Cost to supply contracted sales (\$/MWh)	\$155.0	\$88.2	\$59.2	\$54.4	\$100.1	\$126.8	\$130.2	\$69.1				
Australia												
Wind generation volume (GWh)	69	60	67	42	32	35	40	37				
Retail contracted sales volume (GWh)	59	58	50	43	39	40	43	39				
Powershop Australia customer connections	not disclosed	not disclosed	101,096	not disclosed	not disclosed	101,460	not disclosed	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.



meridian