



Meridian.

Wind. Water. Sun.

The power to make
a difference.

MONTHLY OPERATING REPORT JULY 2019



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Sustainability Indices**
In Collaboration with RobecoSAM

JULY HIGHLIGHTS

In the month to 12 August 2019, national hydro storage decreased from 108% to 106% of historical average

South Island storage sat at 113% of average and North Island storage at 80% of average on 12 August 2019

Meridian's July 2019 monthly total inflows were 125% of historical average

Meridian's Waitaki catchment storage at the end of July 2019 was 129% of historical average

Storage in Meridian's Waiau catchment was above average at the end of July 2019

National electricity demand in July 2019 was 1.1% lower than the same month last year

Meridian made calls on load under the Genesis Swaption in July 2019

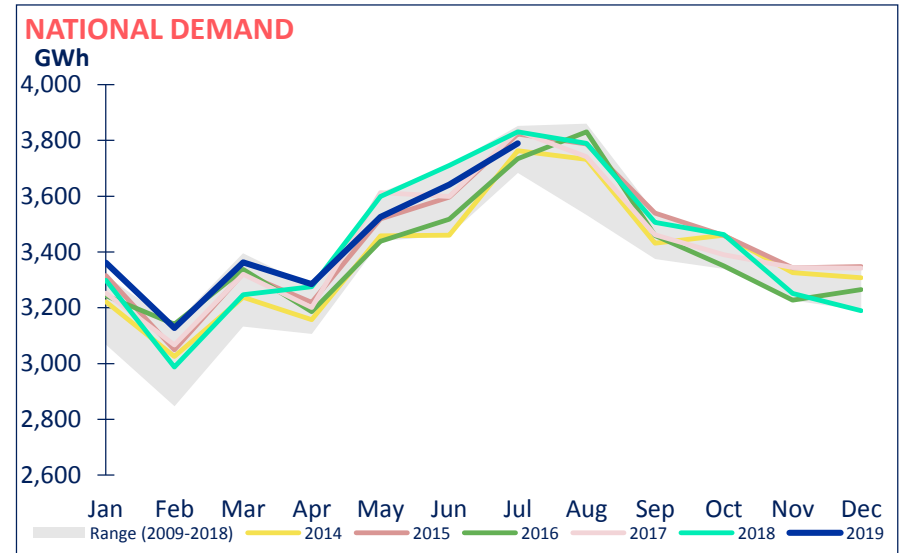
July 2019 was New Zealand's second warmest July on record with temperatures above average across the country. Rainfall was above average for the majority of the South Island, while it was drier in the north and east of the North Island

New Zealand Aluminium Smelter's load during July 2019 was below the contract level of 622MW

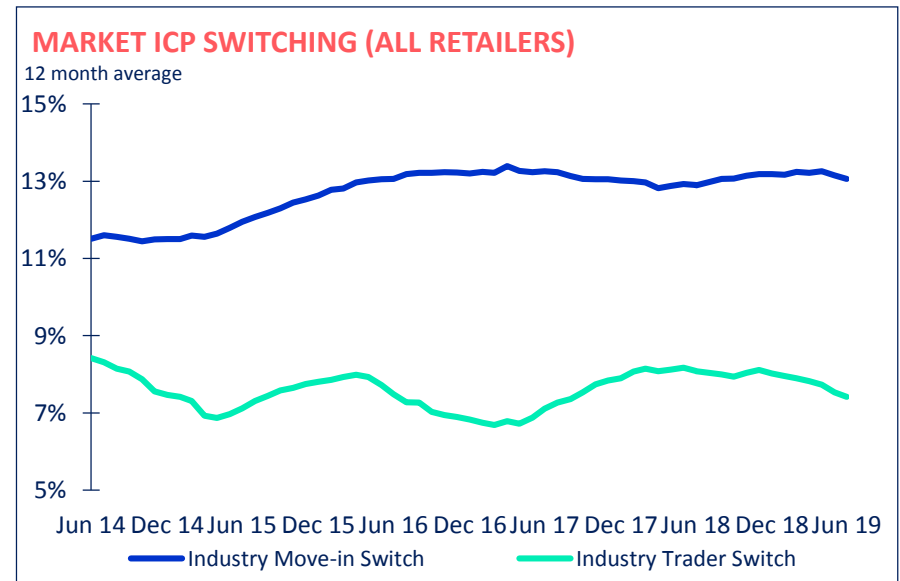
Meridian's New Zealand retail sales volumes in July 2019 were 15.0% higher than July 2018

MARKET DATA

- National electricity demand in July 2019 was 1.1% lower than the same month last year
- July 2019 was New Zealand’s second warmest July on record with temperatures above average across the country. Rainfall was above average for the majority of the South Island, while it was drier in the north and east of the North Island
- Demand in the last 12 months was 0.2% higher than the preceding 12 months
- New Zealand Aluminium Smelter's load during July 2019 was below the contract level of 622MW
- 12-month average switching rate of customers changing retailers but not moving (“trader” switch) was 7.4% at the end of June 2019
- 12-month average switching rate of customers moving and changing retailers (“move-in” switch) was 13.1% at the end of June 2019



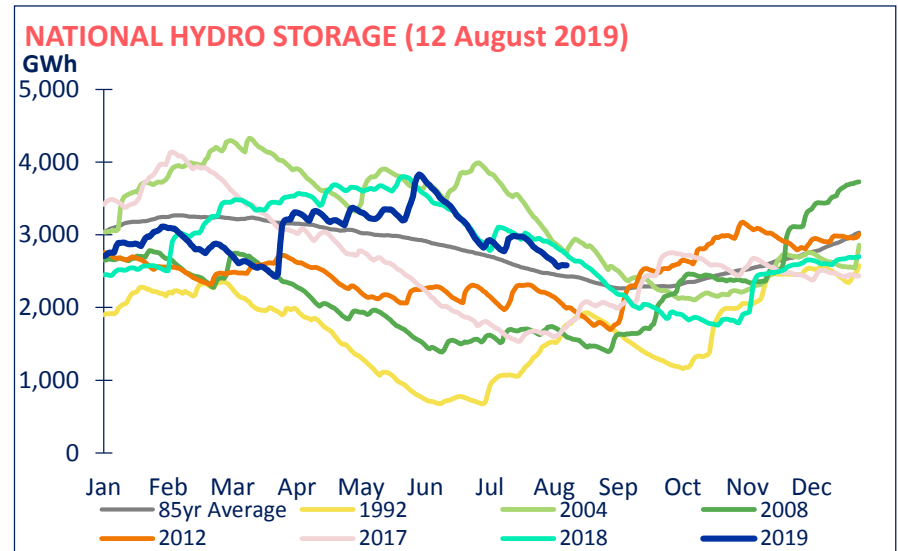
Source: Electricity Authority



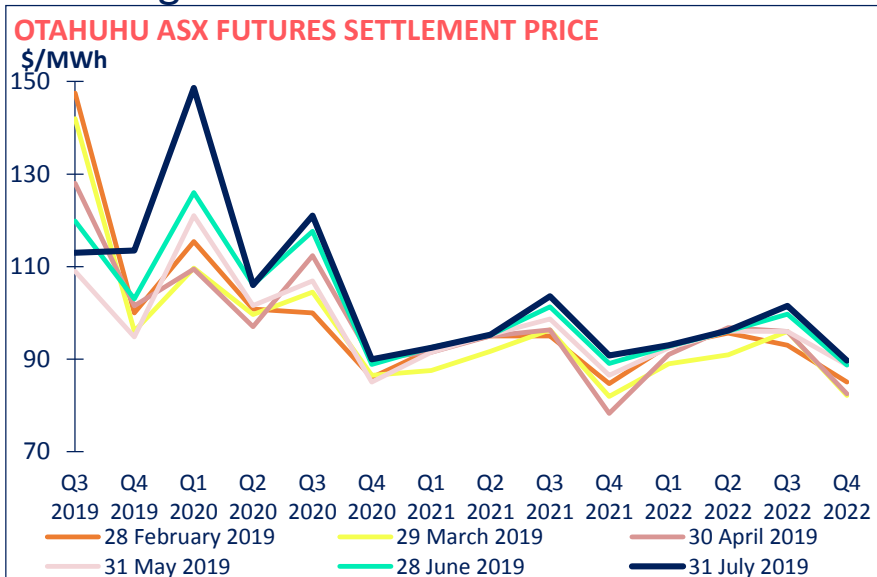
Source: Electricity Authority

MARKET DATA

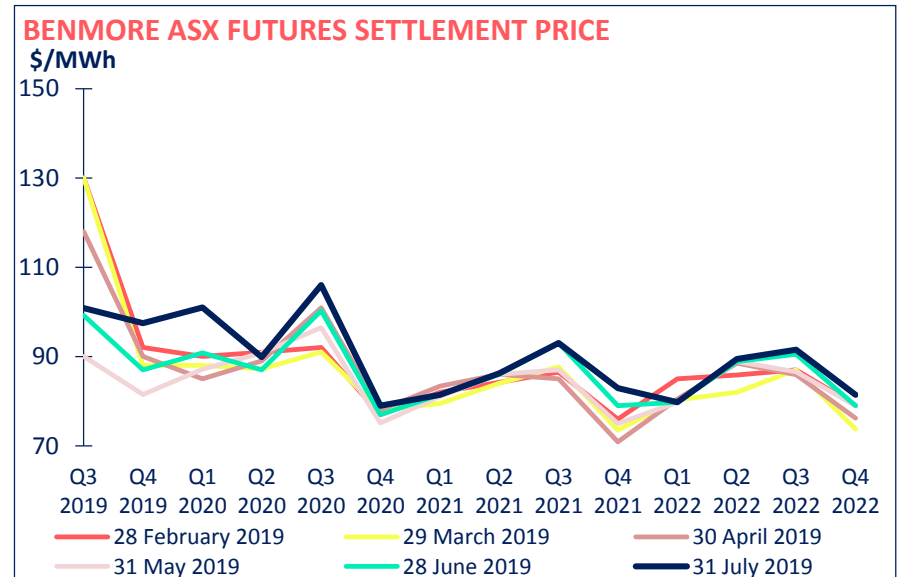
- July 2019 saw near-term ASX prices rise as national storage declined and gas and transmission outages planned for Q1 2020 were announced
- National storage decreased from 108% of average on 8 July 2019 to 106% of average on 12 August 2019
- South Island storage decreased to 113% of historical average on 12 August 2019. North Island storage increased to 80% of average



Source: NZX



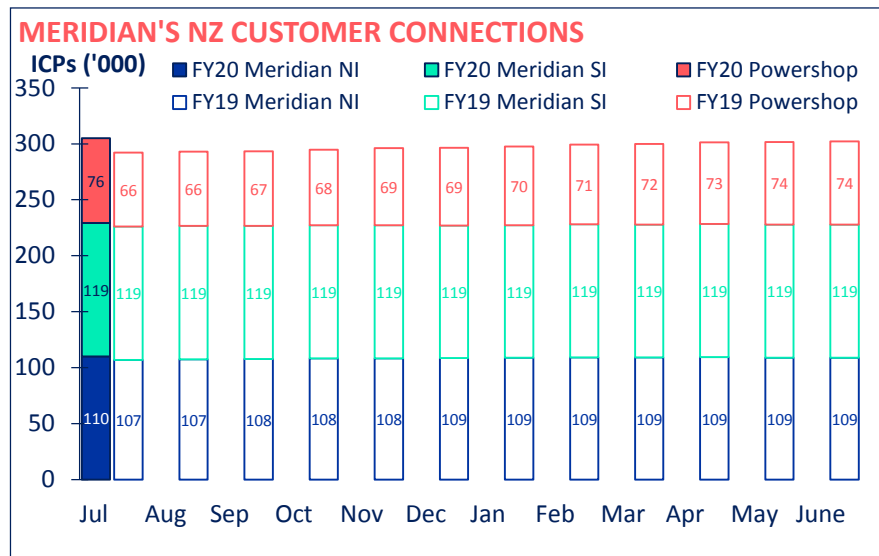
Source: ASX



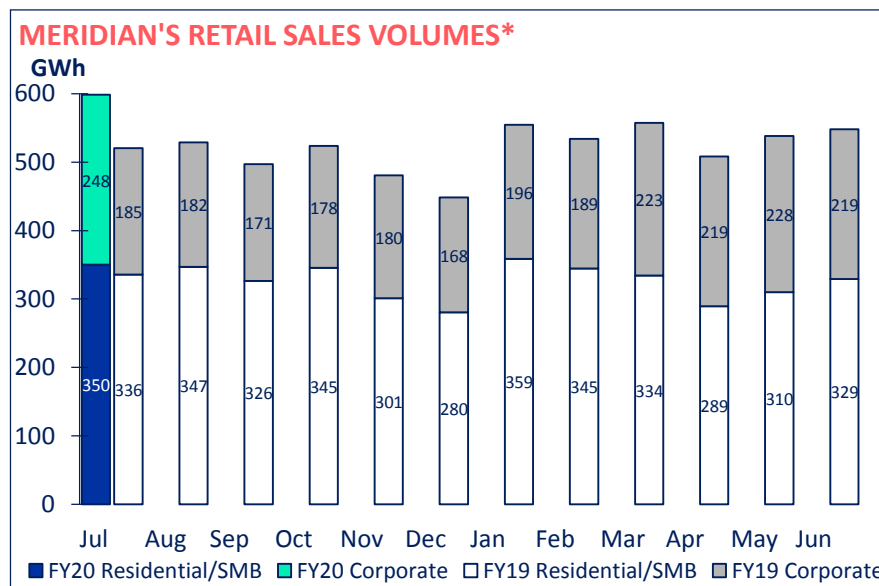
Source: ASX

NEW ZEALAND RETAIL

- Meridian's New Zealand customer connection numbers rose 0.9% during July 2019
- This month saw customer increases in agri (Farmsource), large business (All of Government) and Powershop, which recorded its highest monthly customer gains ever
- Retail sales volumes in July 2019 were 15.0% higher than July 2018
- Compared to July 2018, residential/SMB sales volumes increased by 4.2% (increases in all segments) and corporate sales volumes increased by 34.6%



Source: Meridian

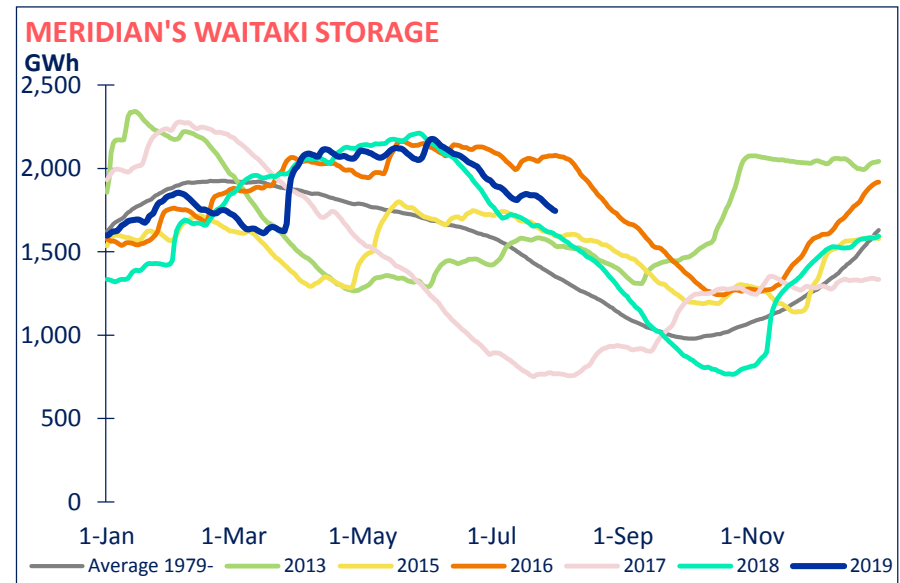
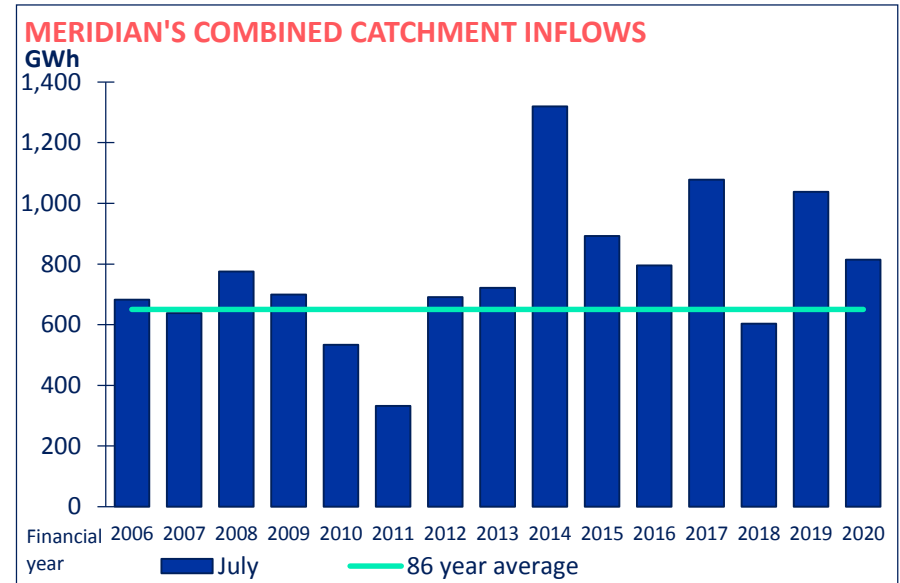


Source: Meridian

*excludes volumes sold to New Zealand Aluminium Smelters and CFDs

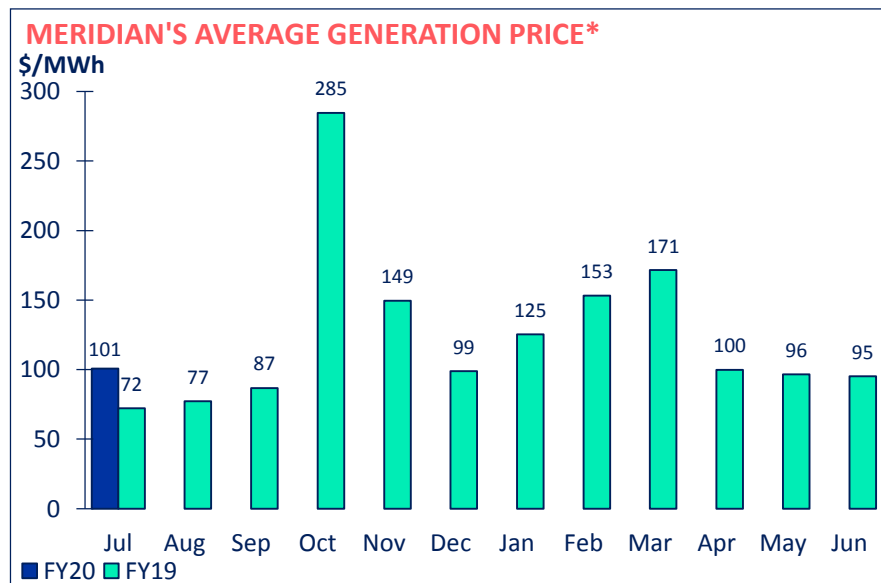
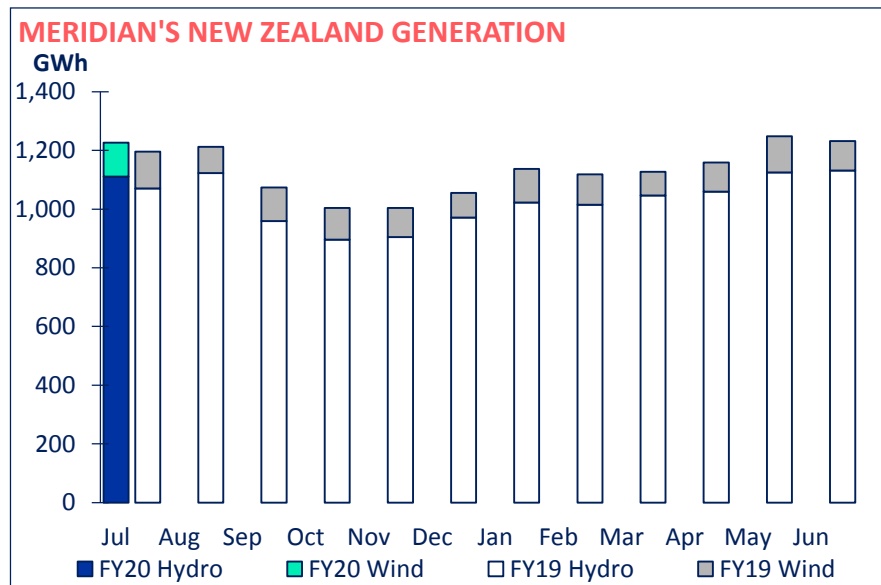
NEW ZEALAND STORAGE

- July 2019 monthly inflows were 125% of historical average
- Meridian's Waitaki catchment storage moved from 1,931GWh to 1,745GWh during July 2019
- Waitaki storage at the end of July 2019 was 129% of historical average and 9% higher than the same time last year
- Storage in Meridian's Waiaua catchment was above average at the end of July 2019



NEW ZEALAND GENERATION

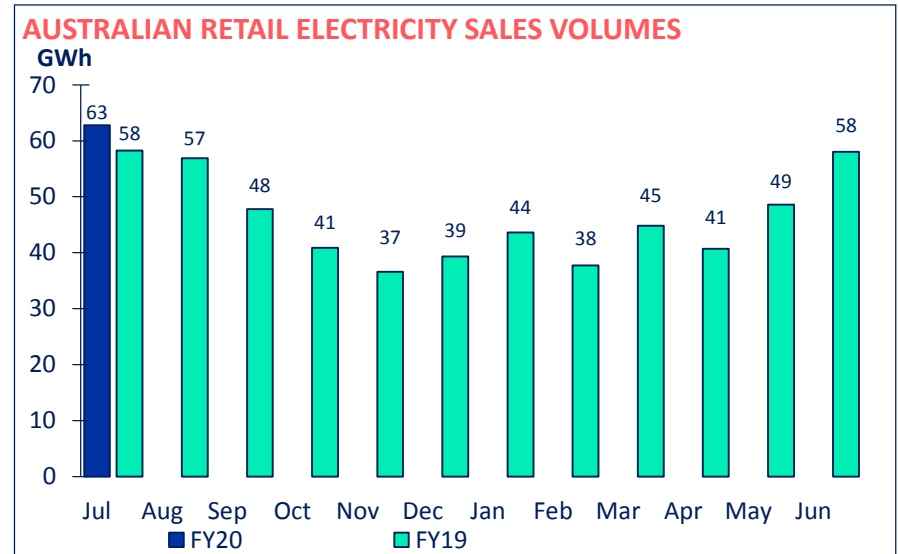
- Meridian's New Zealand generation in July 2019 was 2.6% higher than the same month last year, reflecting higher hydro generation and lower wind generation
- The average price Meridian received for its generation in July 2019 was 39.7% higher than the same month last year
- The average price Meridian paid to supply contracted sales in July 2019 was 36.1% higher than the same month last year



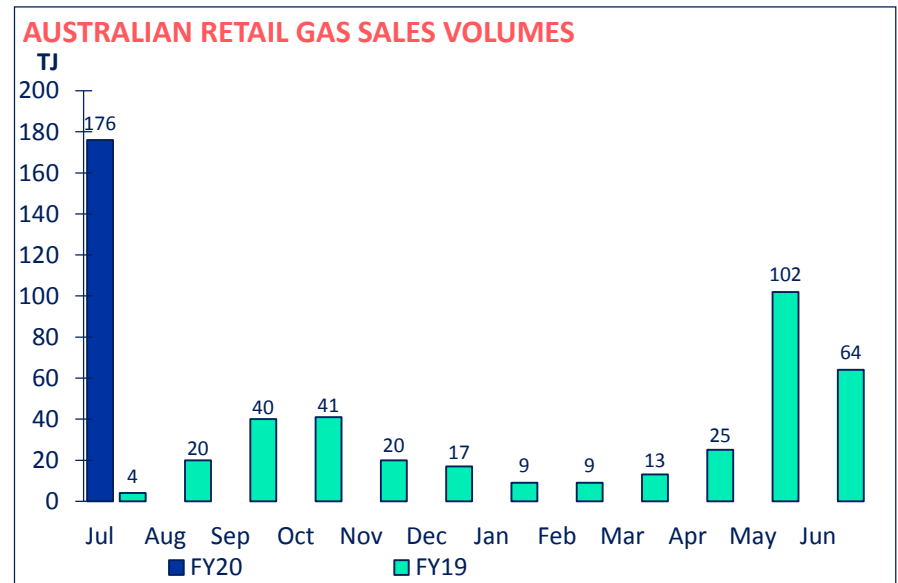
*price received for Meridian's physical generation

AUSTRALIAN RETAIL

- Australian retail electricity sales volumes in July 2019 were 7.7% higher than the same month last year
- Powershop Australia electricity customer connection numbers rose 1.4% during July 2019
- Gas customer connection numbers rose 6.6% during July 2019



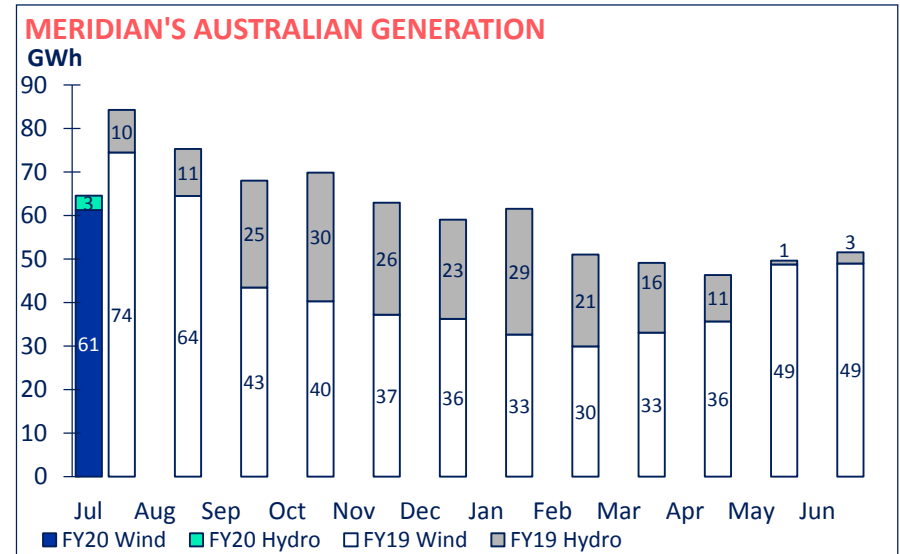
Source: Meridian



Source: Meridian

AUSTRALIAN GENERATION

- Meridian's Australian generation in July 2019 was 23.4% lower than the same month last year, reflecting lower wind generation and hydro generation



Source: Meridian

NEW ZEALAND

	JULY 2019 MONTH	JULY 2018 MONTH	JUNE 2019 MONTH	MAY 2019 MONTH
New Zealand sales				
Retail contracted sales volume (GWh)	599	521	548	538
Average retail contracted sales price ¹ (\$NZ/MWh)	\$113.5	\$113.1	\$113.9	\$112.7
NZAS sales volume (GWh)	463	426	448	463
Financial contract sales volumes ² (GWh)	150	386	129	168
Average wholesale & financial contracts sales price ³ (\$NZ/MWh)	\$69.9	\$63.9	\$69.6	\$72.3
Retail customer supply volumes (GWh)	645	541	592	578
Cost to supply retail customers (\$NZ/MWh)	\$110.4	\$87.1	\$102.8	\$113.3
Cost to supply wholesale customers (\$NZ/MWh)	\$97.9	\$68.9	\$89.7	\$93.1
Cost of financial contracts (\$NZ/MWh)	\$101.9	\$71.8	\$103.0	\$96.3
Total New Zealand customer connections ⁴	304,993	292,091	302,277	301,508

New Zealand generation				
Hydro generation volumes (GWh)	1,111	1,070	1,132	1,125
Wind generation volumes (GWh)	116	126	100	123
Total generation volumes (GWh)	1,227	1,196	1,232	1,248
Average generation price ⁵ (\$NZ/MWh)	\$100.7	\$72.1	\$95.2	\$96.5

New Zealand hedging				
Hedging volume ⁶ (GWh)	145	170	138	149
Hedging costs (\$NZ/MWh)	\$65.0	\$65.7	\$63.9	\$66.3
Hedging spot revenue average price (\$NZ/MWh)	\$104.4	\$74.5	\$97.5	\$101.9
Future contract close outs (\$NZ m)	-\$0.3	-\$0.1	-\$0.1	-\$0.4

	JULY 2019 MONTH	JULY 2018 MONTH	JUNE 2019 MONTH	MAY 2019 MONTH
Australian contracted sales				
Retail contracted electricity sales volume (GWh)	63	58	58	49
Average electricity contracted sales price ¹ (\$A/MWh)	\$149.8	\$149.6	\$159.7	\$162.2
Retail contracted gas sales volume (TJ)	176	4	64	102
Average gas contracted sales price ¹ (\$A/TJ)	\$13.9	\$16.1	\$19.4	\$15.4
Financial contract sales volumes ² (GWh)	54		42	51
Financial contracted sales average price (\$A/MWh)	\$83.3		\$80.7	\$64.1
Cost to supply electricity customers (\$A/MWh)	\$105.5	\$103.1	\$133.7	\$112.4
Cost to supply gas customers (\$A/MWh)	\$11.8	\$14.8	\$29.4	\$11.7
Cost of financial contracts (\$A/MWh)	\$86.9		\$100.2	\$70.1
Powershop electricity customer connections ⁷	111,373	96,743	109,804	108,332
Powershop gas customer connections ⁸	23,553	1,137	22,612	21,426

	JULY 2019 MONTH	JULY 2018 MONTH	JUNE 2019 MONTH	MAY 2019 MONTH
Australian generation				
Wind generation volumes (GWh)	61	74	49	49
Average wind generation price ⁵ (\$A/MWh)	\$122.3	\$153.0	\$126.1	\$143.9
Hydro generation volumes (GWh)	3	10	3	1
Average hydro generation price ⁵ (\$A/MWh)	\$81.0	\$37.3	\$77.4	\$79.3
PPA generation received (GWh)	35		31	33
Average PPA generation price [net of costs] (\$A/MWh)	\$22.9		\$34.2	\$40.4
Australian hedging				
Hedging volume ⁶ (GWh)	39		51	80
Hedging costs (\$A/MWh)	\$81.9		\$95.9	\$65.6
Hedging spot revenue average price (\$A/MWh)	\$91.0		\$99.0	\$58.2
Future contract close outs (\$A M)	\$0.0	-\$0.1	\$0.1	\$0.0

	JULY 2019 MONTH	JULY 2018 MONTH	JUNE 2019 MONTH	MAY 2019 MONTH
Meridian Group				
Employee and Operating Costs (\$m)	24	22	29	26
Stay in Business Capital Expenditure (\$m)	4	5	9	5
Investment Capital Expenditure (\$m)	1	1	1	2
Total Capital Expenditure (\$m)	5	6	10	7

Footnotes

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

FY20 OPERATING INFORMATION

	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020
New Zealand contracted sales												
Retail contracted sales volume (GWh)	599											
Average retail contracted sales price (\$NZ/MWh)	\$113.5											
NZAS sales volume (GWh)	463											
Financial contract sales volumes (GWh)	150											
Average wholesale & financial contracts sales price (\$NZ/MWh)	\$69.9											
Retail customer supply volumes (GWh)	645											
Cost to supply retail customers (\$NZ/MWh)	\$110.4											
Cost to supply wholesale customers (\$NZ/MWh)	\$97.9											
Cost of financial contracts (\$NZ/MWh)	\$101.9											
Total New Zealand customer connections	304,993											
New Zealand generation												
Hydro generation volume (GWh)	1,111											
Wind generation volume (GWh)	116											
Total generation volume (GWh)	1,227											
Average generation price (\$NZ/MWh)	\$100.7											
New Zealand hedging												
Hedging volume (GWh)	145											
Hedging costs (\$NZ/MWh)	\$65.0											
Hedging spot revenue average price (\$NZ/MWh)	\$104.4											
Future contract close outs (\$NZm)	-0.3											
Australia contracted sales												
Retail contracted electricity sales volume (GWh)	63											
Average electricity contracted sales price (\$A/MWh)	\$149.8											
Retail contracted gas sales volume (TJ)	176											
Average gas contracted sales price (\$A/TJ)	\$13.9											
Financial contract sales volumes (GWh)	54											
Financial contracted sales average price (\$A/MWh)	\$83.3											
Cost to supply electricity customers (\$A/MWh)	\$105.5											
Cost to supply gas customers (\$A/MWh)	\$11.8											
Cost of financial contracts (\$A/MWh)	\$86.9											
Powershop electricity customer connections	111,373											
Powershop gas customer connections	23,553											
Australia generation												
Wind generation volume (GWh)	61											
Average wind generation price (\$A/MWh)	\$122.3											
Hydro generation volume (GWh)	3											
Average hydro generation price (\$A/MWh)	\$81.0											
PPA generation received (GWh)	35											
Average PPA generation price [net of costs] (\$A/MWh)	\$22.9											
Australia hedging												
Hedging volume (GWh)	39											
Hedging costs (\$A/MWh)	\$81.9											
Hedging spot revenue average price (\$A/MWh)	\$91.0											
Future contract close outs (\$A M)	\$0.0											
Meridian Group												
Employee and Operating Costs (\$NZ m)	24											
Stay in Business Capital Expenditure (\$NZ m)	4											
Investment Capital Expenditure (\$NZ m)	1											
Total Capital Expenditure (\$NZ m)	5											

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	524	481	448	555	534	557	508	538	548
Average retail contracted sales price (\$NZ/MWh)	\$113.1	\$110.7	\$106.7	\$98.3	\$98.5	\$95.5	\$98.2	\$102.0	\$101.3	\$105.4	\$112.7	\$113.9
NZAS sales volume (GWh)	426	426	411	439	444	463	463	418	463	448	463	448
Financial contract sales volumes (GWh)	386	196	140	149	146	217	157	196	187	168	168	129
Average wholesale & financial contracts sales price (\$NZ/MWh)	\$63.9	\$58.5	\$58.0	\$65.9	\$72.7	\$68.9	\$69.4	\$80.6	\$80.3	\$73.0	\$72.3	\$69.6
Retail customer supply volumes (GWh)	541	560	528	554	509	468	581	572	587	538	578	592
Cost to supply retail customers (\$NZ/MWh)	\$87.1	\$90.0	\$95.0	\$309.8	\$183.0	\$115.5	\$141.3	\$171.6	\$186.0	\$113.4	\$113.3	\$102.8
Cost to supply wholesale customers (\$NZ/MWh)	\$68.9	\$74.4	\$88.7	\$284.1	\$137.1	\$98.1	\$125.8	\$153.6	\$168.2	\$97.5	\$93.1	\$89.7
Cost of financial contracts (\$NZ/MWh)	\$71.8	\$93.1	\$94.3	\$267.7	\$152.7	\$116.5	\$126.1	\$156.8	\$163.0	\$104.4	\$96.3	\$103.0
Total New Zealand customer connections	292,091	292,906	293,386	294,695	296,064	296,532	297,621	299,351	299,905	301,230	301,508	302,277
New Zealand generation												
Hydro generation volume (GWh)	1,070	1,123	959	897	905	972	1,022	1,015	1,046	1,060	1,125	1,132
Wind generation volume (GWh)	126	90	115	107	99	83	116	104	81	99	123	100
Total generation volume (GWh)	1,196	1,213	1,074	1,004	1,004	1,055	1,138	1,119	1,128	1,159	1,248	1,232
Average generation price (\$NZ/MWh)	\$72.1	\$77.2	\$86.8	\$284.6	\$149.5	\$98.8	\$125.3	\$153.1	\$171.5	\$99.8	\$96.5	\$95.2
New Zealand hedging												
Hedging volume (GWh)	170	167	147	200	190	177	155	142	186	144	149	138
Hedging costs (\$NZ/MWh)	\$65.7	\$63.1	\$62.5	\$77.7	\$74.7	\$61.7	\$69.3	\$66.6	\$71.2	\$65.0	\$66.3	\$63.9
Hedging spot revenue average price (\$NZ/MWh)	\$74.5	\$80.8	\$87.9	\$290.6	\$180.8	\$104.6	\$127.7	\$157.7	\$168.4	\$103.1	\$101.9	\$97.5
Future contract close outs (\$NZm)	-0.1	-0.3	-0.6	-0.5	-0.5	-0.5	-0.4	-0.7	-2.8	-1.1	-0.4	-0.1
Australia contracted sales												
Retail contracted electricity sales volume (GWh)	58	57	48	41	37	39	44	38	45	41	49	58
Average electricity contracted sales price (\$A/MWh)	\$149.6										\$162.2	\$159.7
Retail contracted gas sales volume (TJ)	4	20	40	41	20	17	9	9	13	25	102	64
Average gas contracted sales price (\$A/TJ)	\$16.1										\$15.4	\$19.4
Financial contract sales volumes (GWh)											51	42
Financial contracted sales average price (\$A/MWh)											\$64.1	\$80.7
Cost to supply electricity customers (\$A/MWh)	\$103.1										\$112.4	\$133.7
Cost to supply gas customers (\$A/MWh)	\$14.8										\$11.7	\$29.4
Cost of financial contracts (\$A/MWh)											\$70.1	\$100.2
Powershop electricity customer connections	96,743	96,801	96,657	97,514	98,618	99,368	101,020	102,730	104,450	106,240	108,332	109,804
Powershop gas customer connections	1,137	4,776	7,558	9,577	11,333	12,508	14,309	16,751	18,225	19,990	21,426	22,612
Australia generation												
Wind generation volume (GWh)	74	64	43	40	37	36	33	30	33	36	49	49
Average wind generation price (\$A/MWh)	\$153.0										\$143.9	\$126.1
Hydro generation volume (GWh)	10	11	25	30	26	23	29	21	16	11	1	3
Average hydro generation price (\$A/MWh)	\$37.3										\$79.3	\$77.4
PPA generation received (GWh)											33	31
Average PPA generation price [net of costs] (\$A/MWh)											\$40.4	\$34.2
Australia hedging												
Hedging volume (GWh)											80	51
Hedging costs (\$A/MWh)											\$65.6	\$95.9
Hedging spot revenue average price (\$A/MWh)											\$58.2	\$99.0
Future contract close outs (\$A M)											\$0.0	\$0.1
Meridian Group												
Employee and Operating Costs (\$NZ m)	22	23	24	22	22	22	22	22	23	22	26	29
Stay in Business Capital Expenditure (\$NZ m)	5	3	4	5	4	3	3	3	3	4	5	9
Investment Capital Expenditure (\$NZ m)	1	1	1	1	1	1	1	2	1	1	2	1
Total Capital Expenditure (\$NZ m)	6	4	5	6	5	4	4	5	4	5	7	10

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