

IT'S OUR FUTURE.




meridian

MERIDIAN
ENERGY
LIMITED

2017 ANNUAL
RESULTS
PRESENTATION

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

• “That we are a sustainable business is increasingly important to all our stakeholders, and offers significant benefits...”

www.meridianenergy.co.nz/investors/

Sustainability is what we do

STRATEGY

GENERATION
RETAIL
MARKETS
GROWTH

RESOURCES

Financial
Assets and technology
People and expertise
Relationships and
reputation
Natural resources

VALUE
TO
OTHERS

Reliable & affordable
electricity
Renewable energy
Reduction in NZ's carbon
footprint
NZ's economic prosperity
Long-life assets
Environmental stewardship
Respect for Māori in NZ
Prosperous communities
Satisfying, safe & fair
employment

VALUE
TO
US

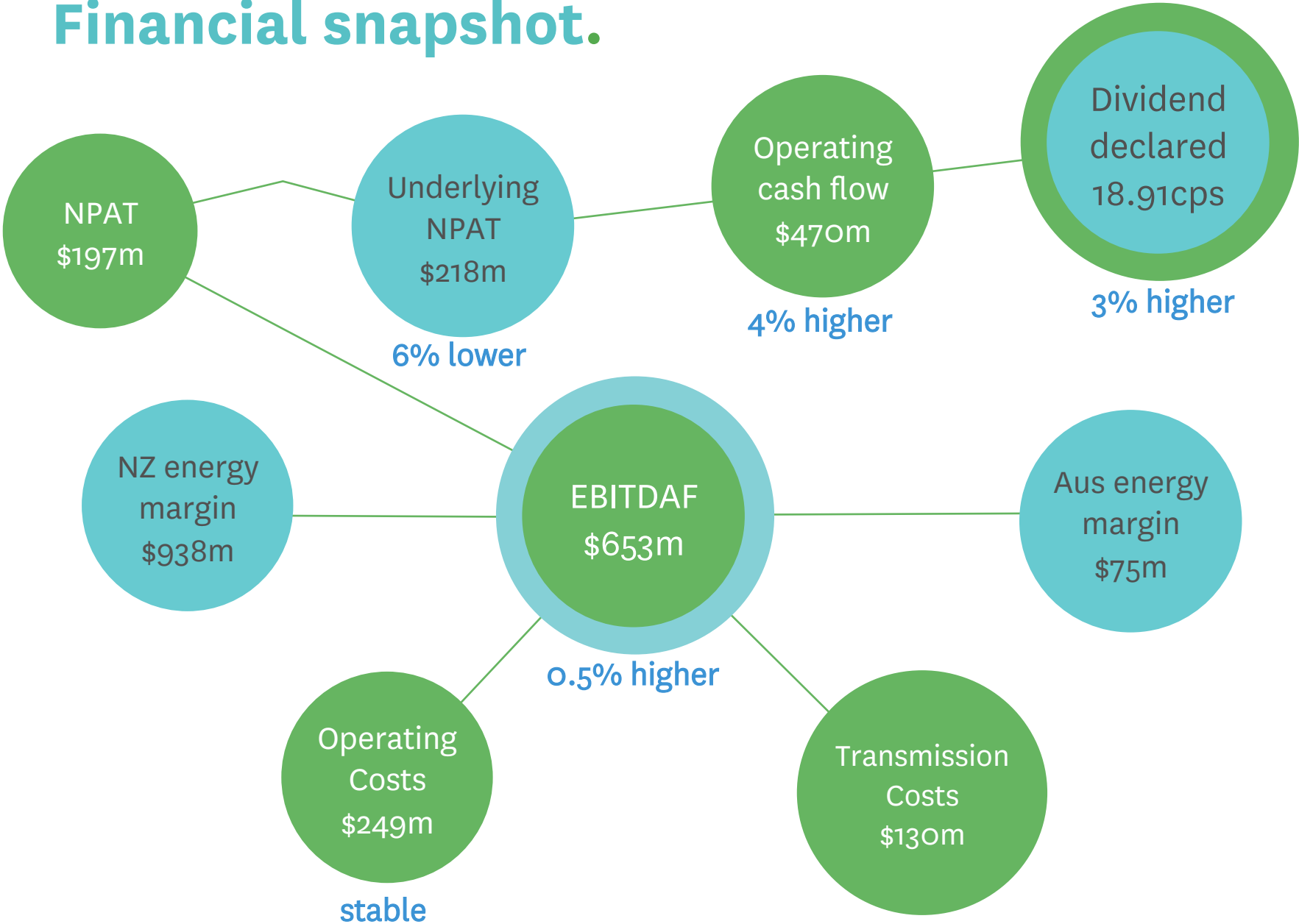
Sustainable shareholder
returns
Top notch generation assets
Engaged employees
Strong brand and customer
loyalty
Social licence to operate
Access to 'fuel'
Innovation and growth

UNITED
NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS

• “In FY17 we had no significant harm injuries and...were a category finalist in the IBM Kenexa Best Places to Work survey...”

www.meridianenergy.co.nz/investors/

Financial snapshot.



OUR MARKETS

An aerial photograph of a river delta, likely the Colorado River, showing a complex network of channels and floodplains. A green dot is placed on a central channel, with white lines extending from it to the corners of the page, creating a large, faint white triangle.

New Zealand.

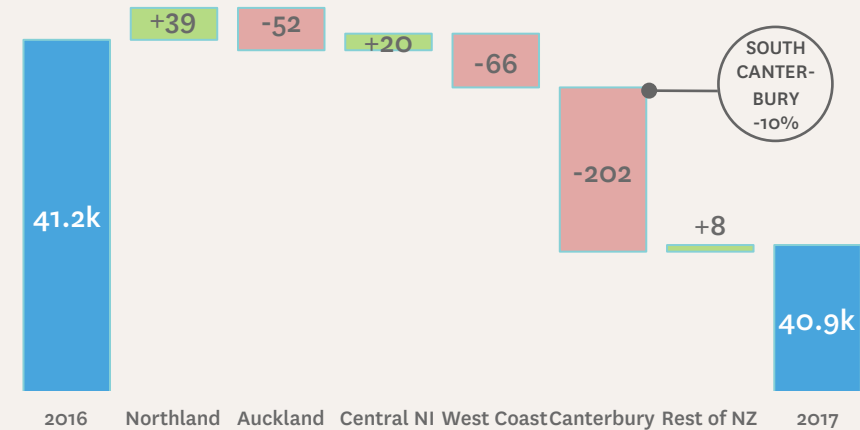
Multiple factors resulting in flat demand

- +Positive macro economic indicators
- +Cooler winter temperatures (average)
- -Lower irrigation load from wet spring and summer
- Efficiency gains are a continuing factor, however hard to isolate

More constrained supply may impact forward prices

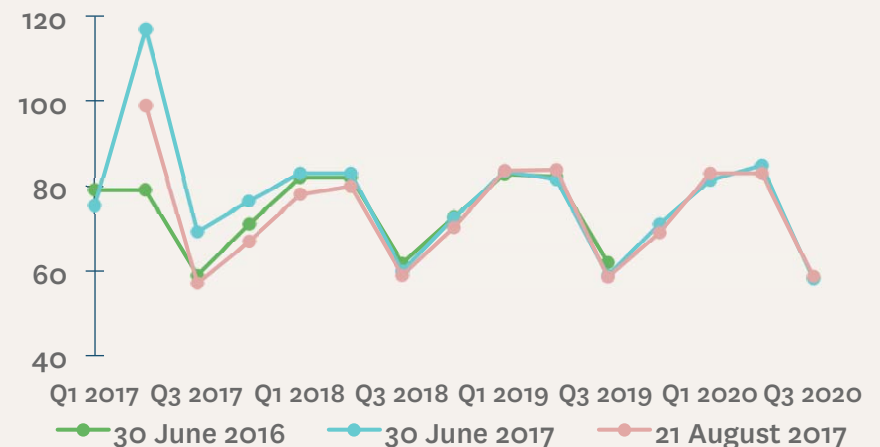
- Spot and near term prices have been highly sensitive to current low storage
- Too early to tell if pricing dynamics have moved
- A dry period has impacted some spot exposed customers and may change attitudes to risk

MOVEMENT IN NATIONAL DEMAND GWH



Source: Electricity Authority

BENMORE ASX FUTURES SETTLEMENT PRICE \$/MWh



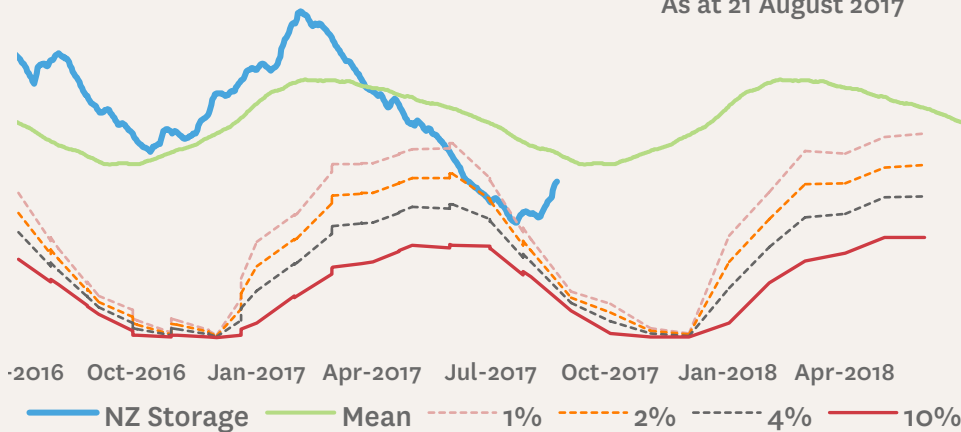
Source: ASX

New Zealand.

NZ CONTROLLED STORAGE AND RISK CURVES

GWH

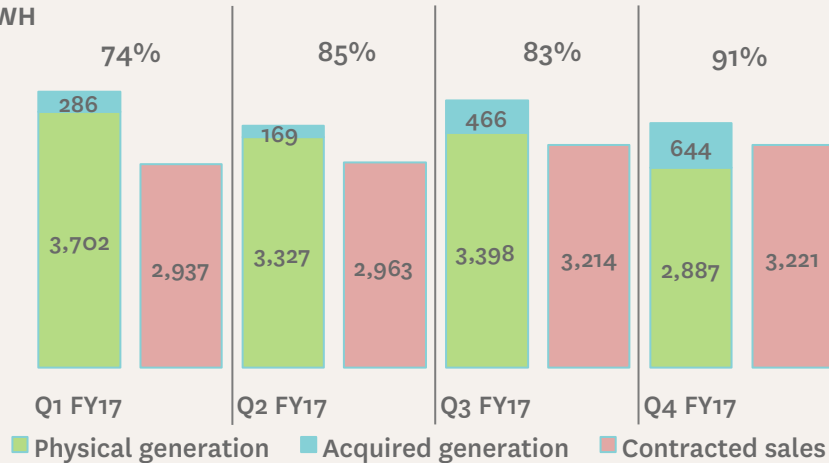
As at 21 August 2017



Source: Transpower, Meridian

GENERATION AND CONTRACTED SALES

GWH



Source: Meridian

Storage is moving away from hydro risk curves¹

- Risk curves are low probability outcomes
- North Island storage has remained high
- After a record dry period, recent South Island inflows are nearer average
- Meridian has used a variety of contracting options including the Genesis swaption
- Discretionary generation has been reduced and retail acquisition unaffected
- Meridian's storage management has been efficient and risk appropriate

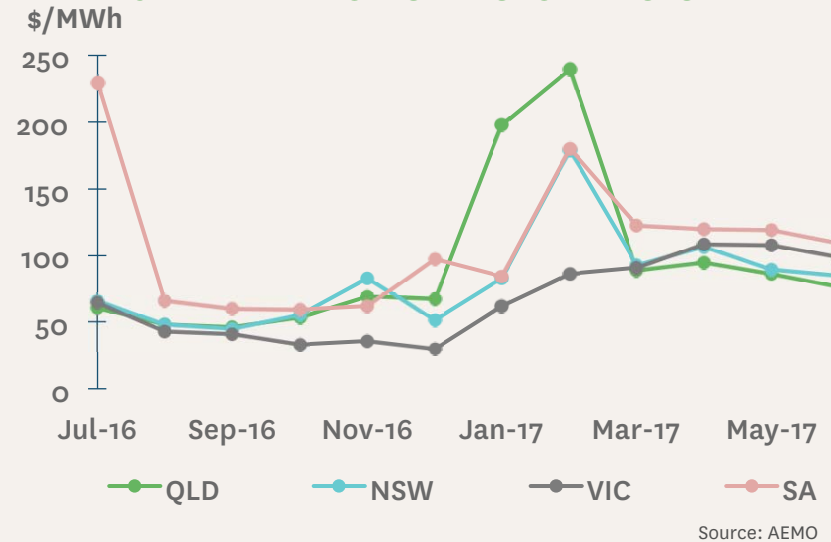
1. Hydro risk curves reflect the risk of extended energy shortages. At the 1% line, there is a 1% chance of controlled lake storage falling to its minimum level in the future, based on the historical record of lake inflows

Australia.

The market remains volatile and uncertain

- Finkel review Clean Energy Target unlikely to be adopted in the near future
- Thermal retirement combined with domestic gas shortages, as a result of LNG exports, has led to increases in wholesale prices
- Along with outages and industrial load shedding
- Political uncertainty and differing state and federal responses
- Higher wholesale and retail prices may elevate smaller retailer risk positions
- Lower customer growth a possible result
- Meridian pursuing medium-term PPA opportunities

AVERAGE DAILY WHOLESALE SPOT PRICES



The UK.

First two UK milestones delivered

- Electricity and white label milestones delivered on time
- nPower soft launch with customer acquisition meeting expectations
- Dual fuel milestone in early 2018, followed by full launch
- Exploring potential mainland Europe opportunities



[How Powershop works](#)

[About Powershop](#)

[Get a quote](#)

[Questions](#)

[Contact](#)

[Login](#)

[Switch now](#)

YOU COULD
**SAVE UP
TO £95**



Compared to the big 6

With our Easy Saver Promise we make sure you'll save

[Find out more](#)

*Based on the average annual Easy Saver Promise costs compared with the top 6 UK energy providers standard tariffs supplying electricity only in mainland UK. Prices correct as at 1st August 2017.

OUR OPERATIONS

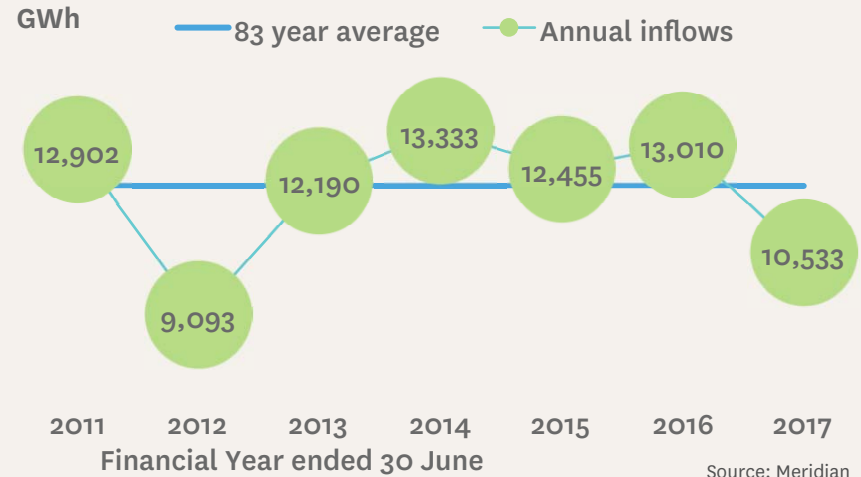
An aerial photograph of a braided river system, showing multiple channels of water flowing through a light-colored, sandy or silty landscape. The water channels are dark and winding, creating a complex, interconnected pattern. A graphic overlay consists of two thin white lines that originate from a small green dot on the right side of the page. One line extends diagonally down and to the left, ending in a small white dot. The other line extends diagonally down and to the left, ending in a small white dot. The overall scene is a mix of earthy tones, from light tan to dark blue-green.

NZ wholesale and generation.

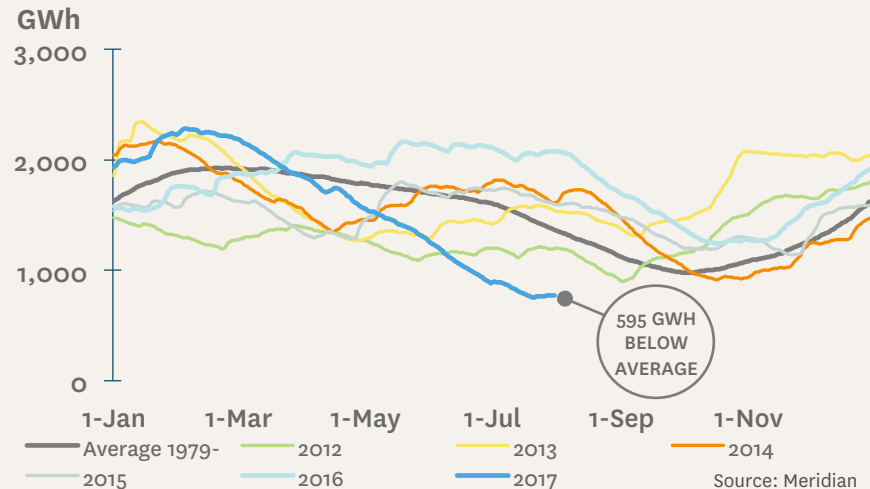
Record low February to June inflows

- Dragged a healthy half year storage position at December 2016 down significantly
- Resulted in Meridian accessing cover under the Genesis swaption since June
- August has seen swaption volumes cease
- July 2017 inflows were 93% of average, helping stabilise lake levels
- Meridian's Waitaki storage was 595 GWh (44%) below average at 31 July
- Above average inflows in August 2017 have lifted Lake Pukaki storage to 73% of average (261 GWh below average)
- Lakes Manapōuri and Te Anau are together now above average

COMBINED CATCHMENT INFLOWS



MERIDIAN'S WAITAKI STORAGE

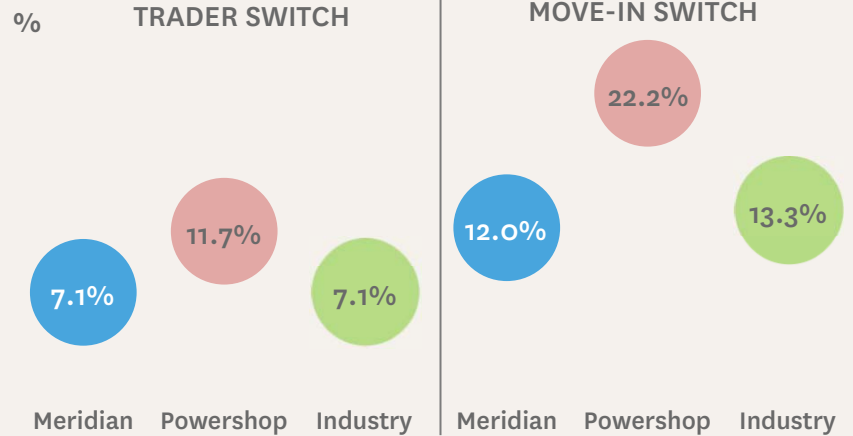


NZ retail.

Despite 4% lower retail sales, segment EBITDAF was up 1%

- 2% irrigation driven decrease in residential and SMB¹ sales, 2% average price increase
- 8% decrease in Corporate sales, 2% average price decrease with large customer signings in 2H FY17
- 1% customer growth and strong operational performance

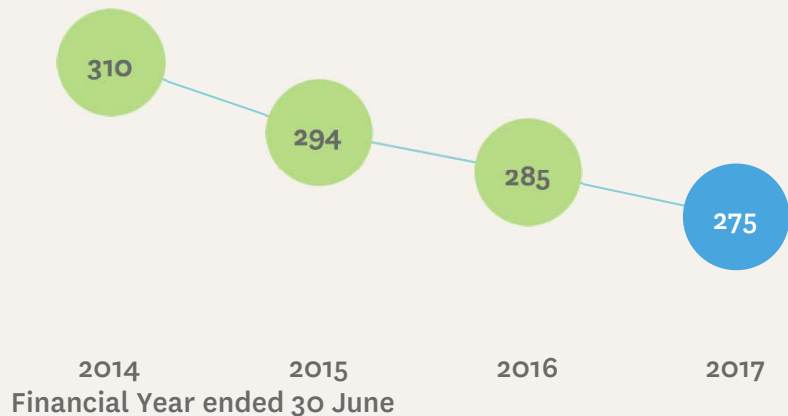
ICP CHURN



Source: Electricity Authority

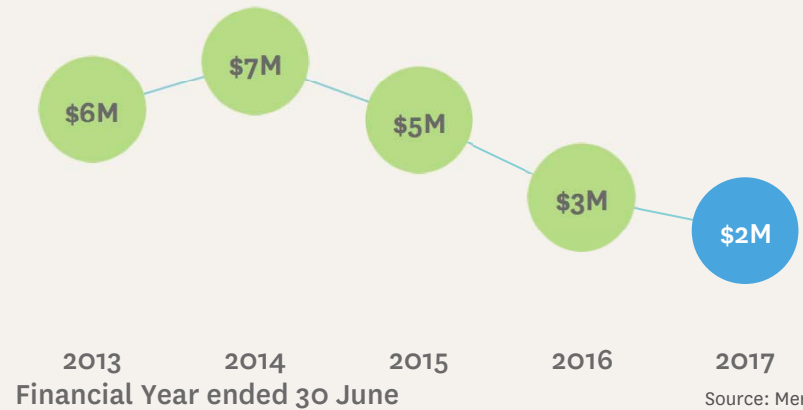
RETAIL SEGMENT COST TO SERVE²

\$/ICP



Source: Meridian

DOUBTFUL DEBTS EXPENSE

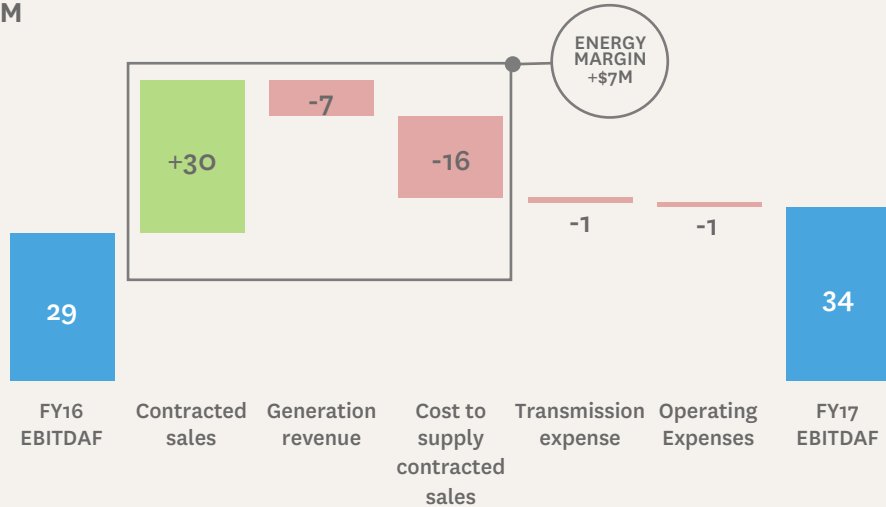


Source: Meridian

1. Small and medium business
2. Excluding metering costs and including allocation of corporate costs

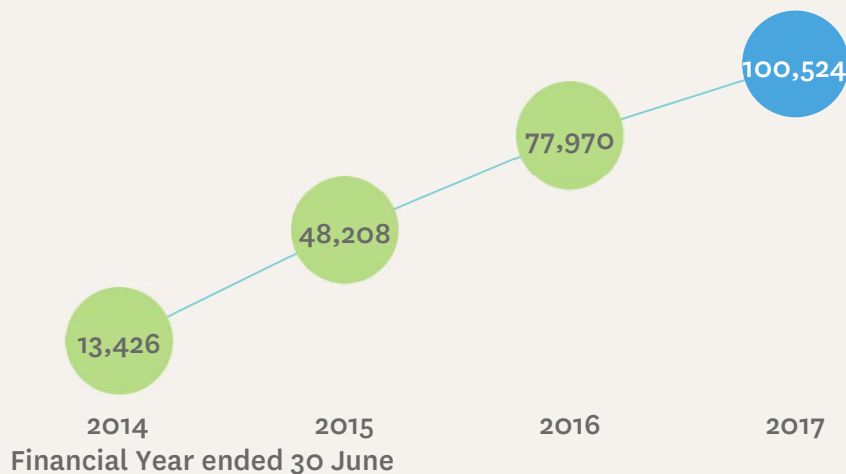
Australia.

MOVEMENT IN AUSTRALIA SEGMENT EBITDAF \$M



Source: Meridian

AUSTRALIAN CUSTOMERS



Source: Meridian

\$5M (17%) increase in EBITDAF

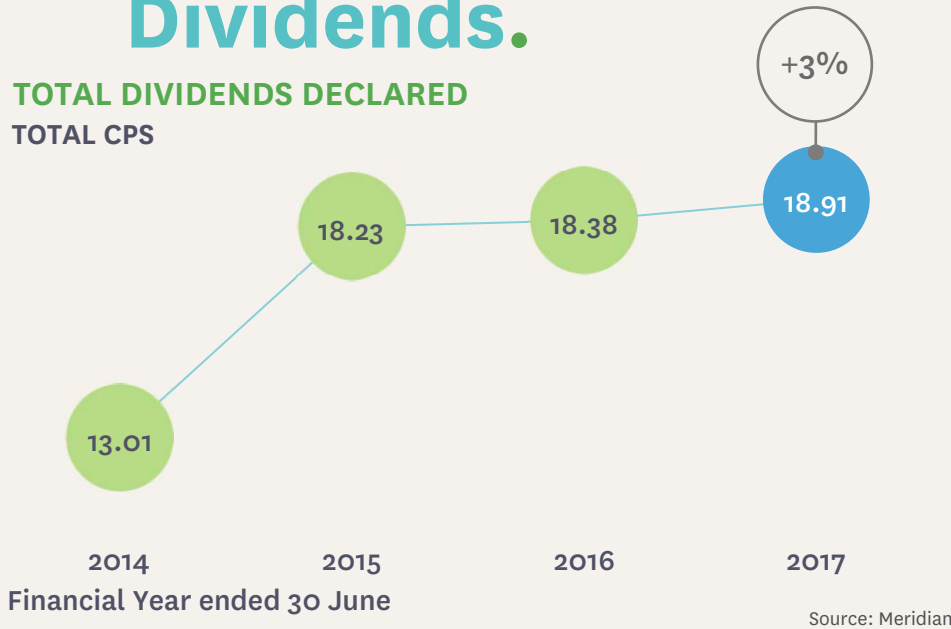
- Powershop retail sales volume 147GWh (38%) higher at higher average prices
- Passed 100,000 customer numbers with a 29% increase during FY17
- Generation volumes 2% lower, with 2H FY17 volumes 22% lower than 2H FY16
- Although wholesale prices rose, Meridian's hedge position meant generation revenue did not benefit
- Exposure to merchant price increases during FY18 and 1H FY19

DIVIDENDS



Dividends.

TOTAL DIVIDENDS DECLARED
TOTAL CPS



4% growth in ordinary dividends declared

- Final ordinary dividend declared of 8.70 cps, 88% imputed
- Brings FY17 full year ordinary dividend declared to 14.03 cps, 88% imputed
- Represents 84% payout of free cash flow
- Capital management final special dividend of 2.44 cps, unimputed
- Brings capital management distributions to \$312.5m since the programme began in August 2015
- FY17 TSR of 17% from a 10% share price increase and 18.61 cps of dividends paid during the year

	AMOUNT CPS	IMPUTATION %
FY2017		
Ordinary dividends	14.03	88%
Capital management special dividend	4.88	0%
Total	18.91	
FY2016		
Ordinary dividends	13.50	88%
Capital management special dividends	4.88	0%
Total	18.38	

An aerial photograph of a city skyline at sunset, featuring numerous skyscrapers and buildings. A green dot is positioned on the right side of the image, with two white lines extending from it: one line goes diagonally down and to the left, ending near the center of the image, and another line goes diagonally down and to the right, ending near the bottom right corner. The text "FINANCIAL PERFORMANCE" is overlaid in large white letters across the top half of the image.

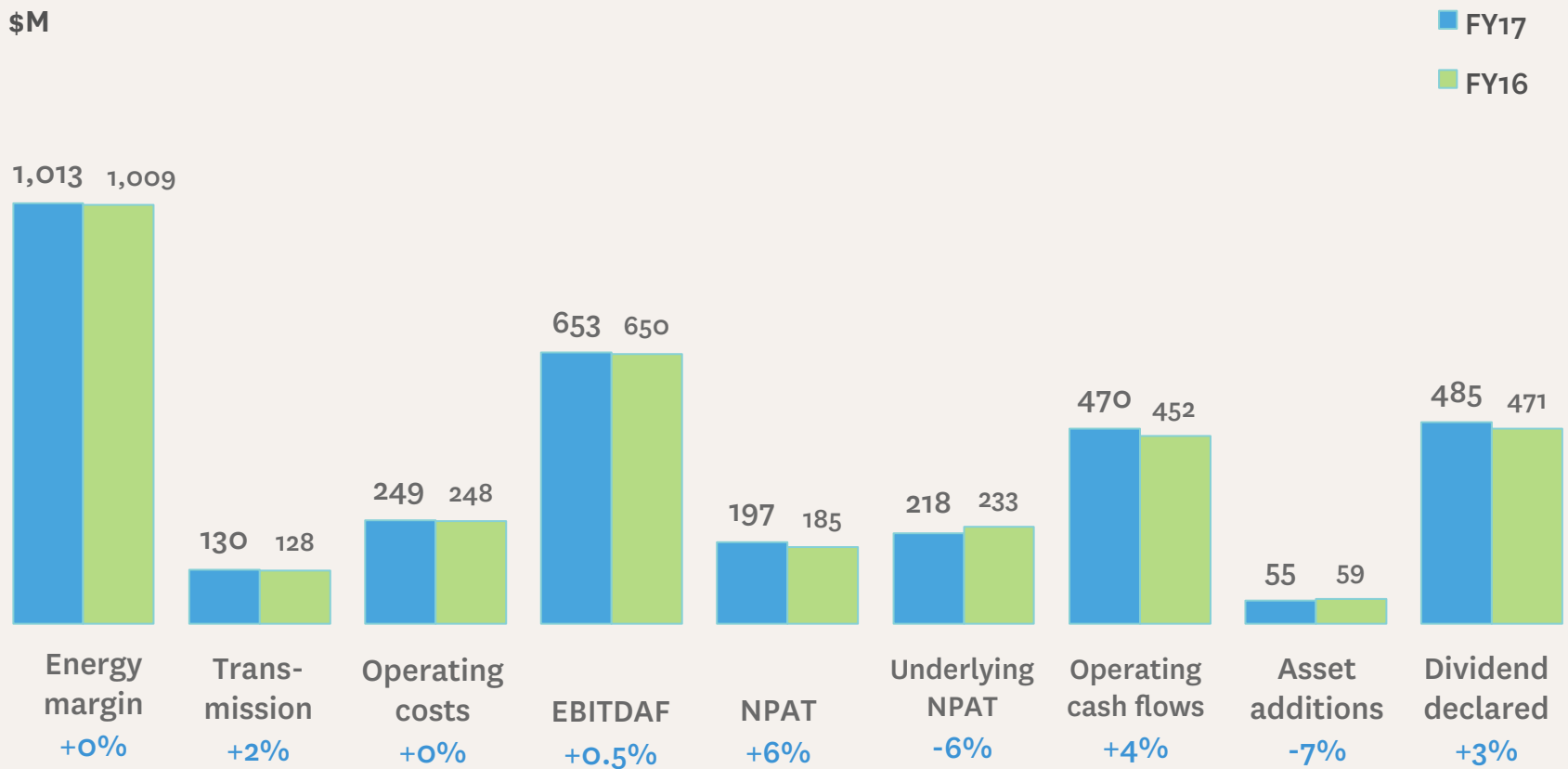
FINANCIAL PERFORMANCE

Summary.

Managed dry 2H conditions to report record FY EBITDAF and operating cash flows

FINANCIAL PERFORMANCE AGAINST PRIOR YEAR

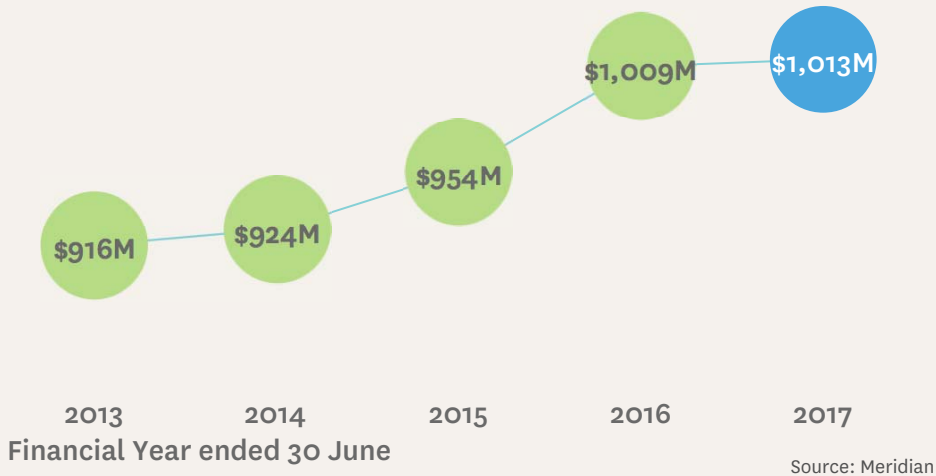
\$M



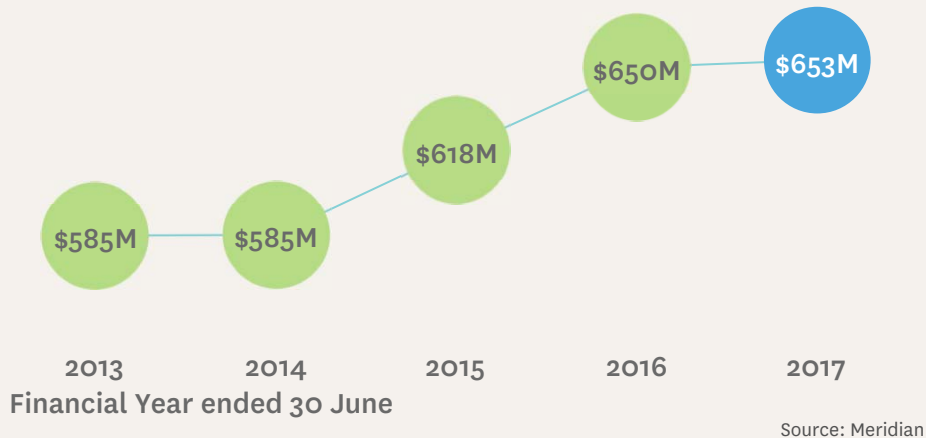
Source: Meridian

Earnings.

ENERGY MARGIN



EBITDAF



\$3M (0.4%) increase in EBITDAF from:

- \$0M higher business sales, lower agri sales, higher average prices (small increases and mix)
- -\$19M lower corporate sales at lower average prices
- +\$35M higher wholesale sales including higher sell-side CfDs
- +\$20M lower net cost of acquired generation (spot revenue prices)
- -\$37M net spot exposed revenue (lower physical generation)
- +\$7M Australian energy margin
- -\$1M operating costs

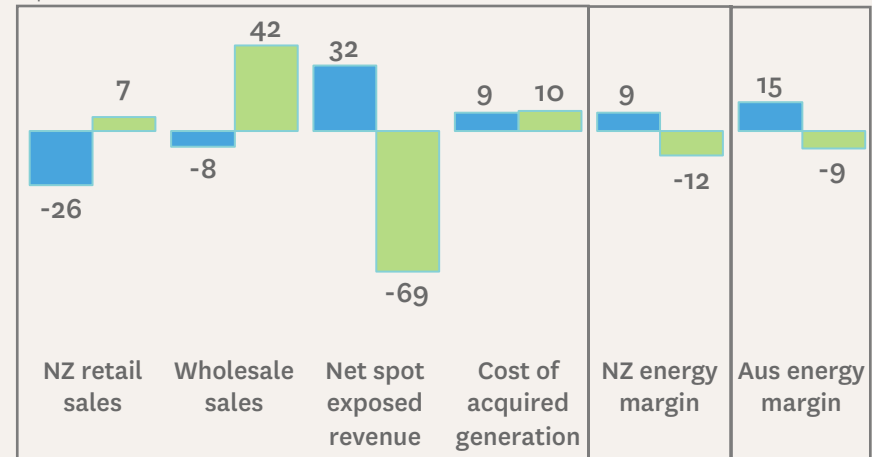
Six monthly view.

Impact of dry 2H FY17 was significant

- EBITDAF +6% in 1H FY17 v 1H FY16
- Compared with -5% in 2H FY17 v 2H FY16
- Discretionary generation pullback evident in 2H FY17 physical generation and net spot exposed revenue
- Higher sell-side CfD and acquired generation volumes in 2H FY17, reflecting back to back hedges and then emerging dry spell
- 2H FY17 growth in sales volumes in all segments other than Agri
- Poor wind months in Australia in 2H FY17 slowed energy margin growth

FINANCIALS 1H 2H YOY CHANGE ■ 1H FY17 ■ 2H FY17

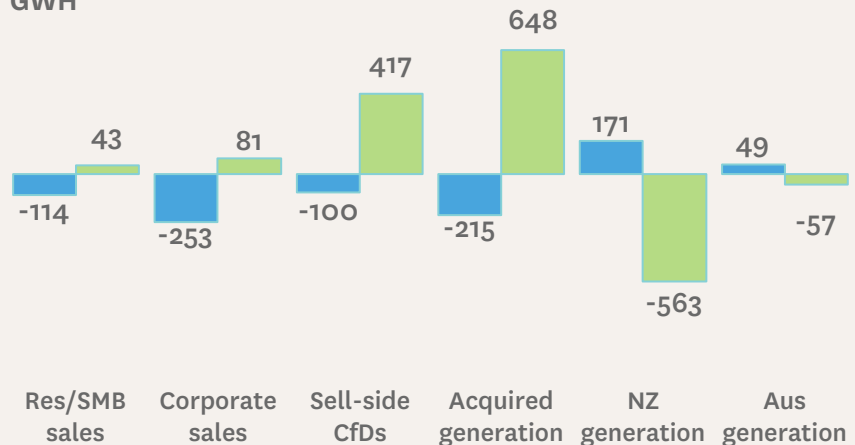
\$M



Source: Meridian

VOLUMES 1H 2H YOY CHANGE ■ 1H FY17 ■ 2H FY17

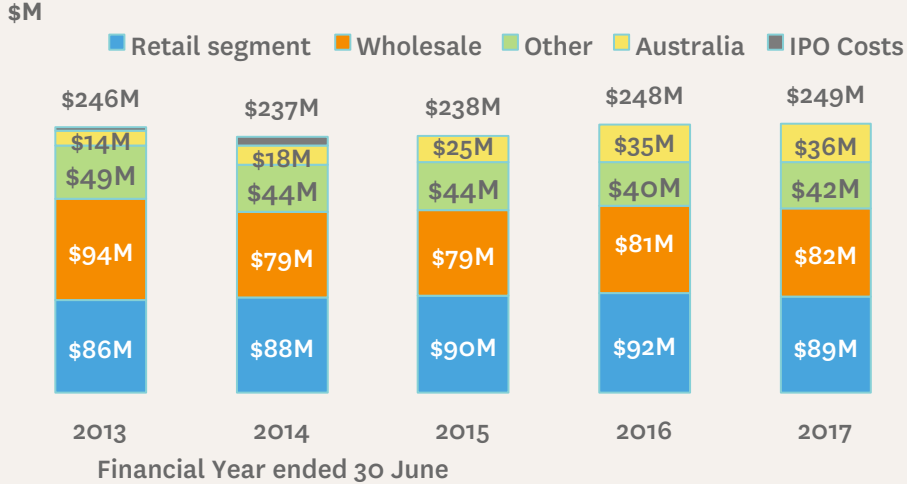
GWH



Source: Meridian

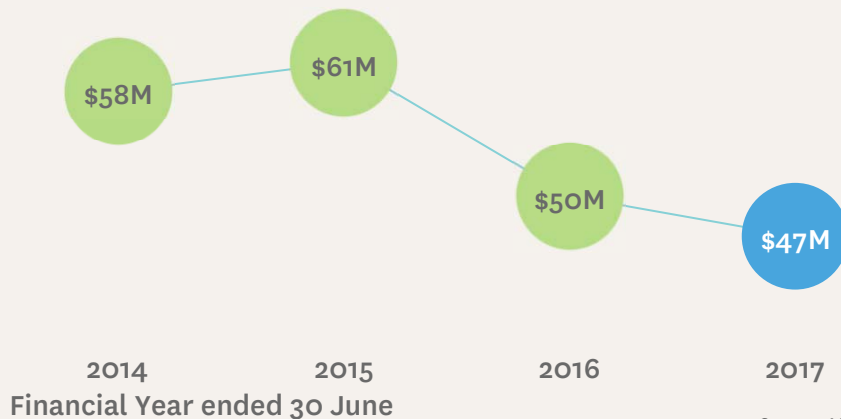
Costs.

OPERATING COSTS



Source: Meridian

STAY IN BUSINESS CAPEX



Source: Meridian

Continued cost discipline

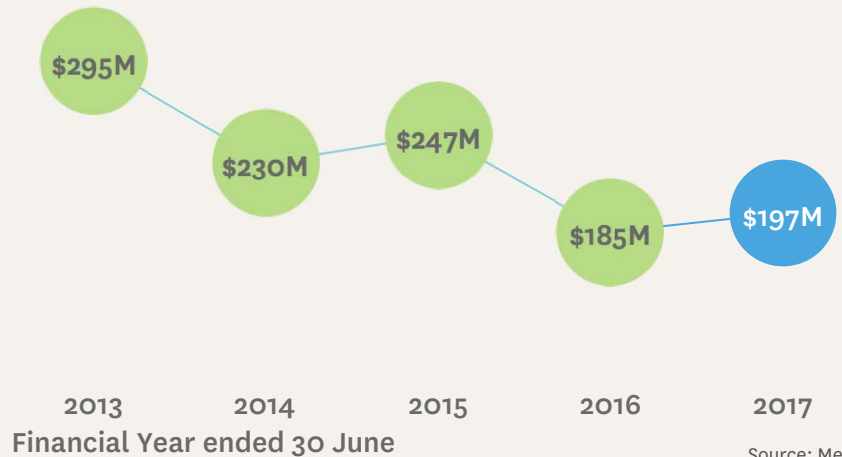
- Slight operating cost increase
- Investment supporting Powershop expansion continues (Flux Federation)
- Continued NZ customer acquisition pressure being absorbed
- Ōhau and Te Āpiti refurbishment programmes expected to push operating costs up in the next few years

Below EBITDAF.

Higher depreciation and fair value movements

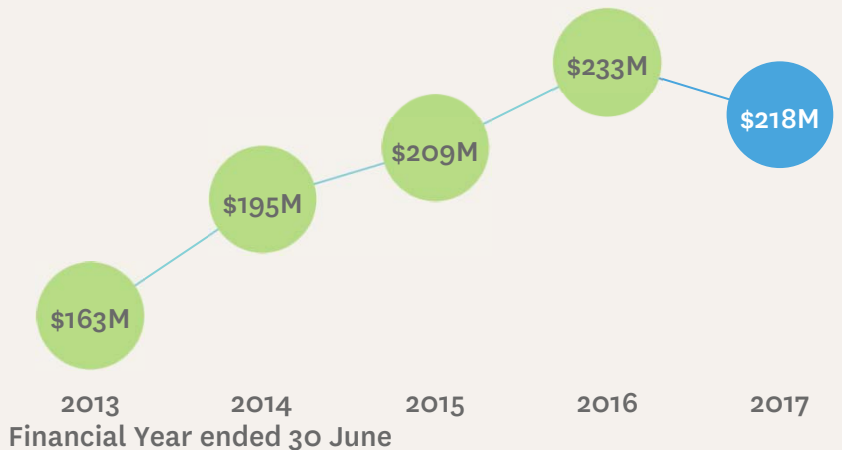
- \$28M (12%) increase depreciation from FY16 asset revaluations
- 1% lower net financing costs
- \$55M positive change in fair value of treasury instruments from rising forward interest rates
- \$76M negative change in fair value of electricity hedges from changing forward electricity prices
- \$10M of impairments mainly relating to Pouto and Hurunui wind options not being pursued
- \$4M loss on sale of surplus farm and other assets
- \$15M (6%) decrease in underlying NPAT from flat earnings and higher depreciation

NET PROFIT AFTER TAX



Source: Meridian

UNDERLYING NPAT



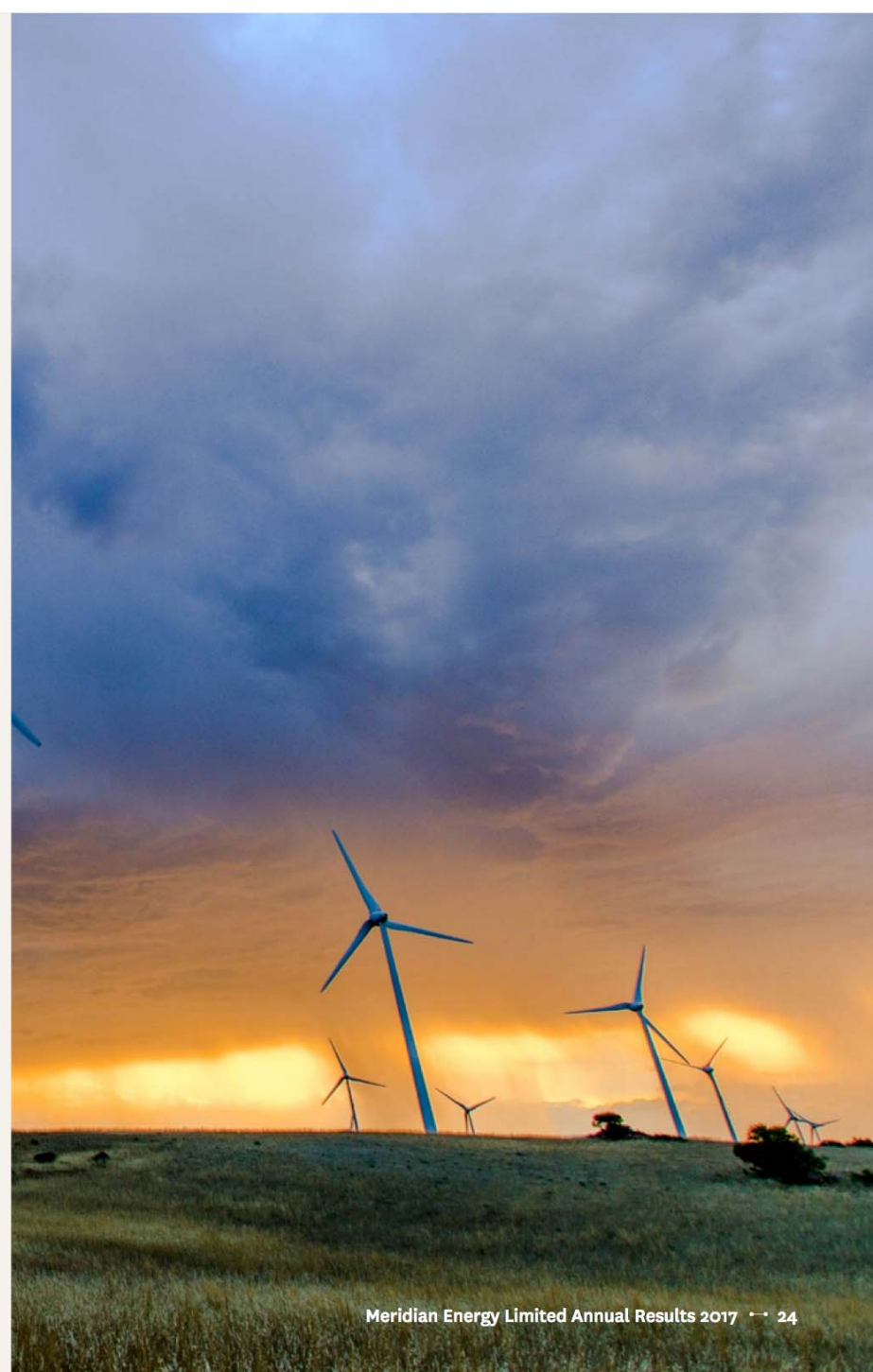
Source: Meridians

CONCLUDING REMARKS



Concluding remarks.

- Slow start to FY18 with lower physical generation and higher acquired generation
- Including swaption volumes to mid-August 2017
- Inflows in August 2017 have been above average so far
- July 2017 saw NZ sales volumes up 14% across all segments and ICP numbers up 1.2%
- FY18 benefits from a full year of Tiwai price increase
- Working hard to deliver another good result for shareholders



Questions.



meridian

ADDITIONAL INFORMATION.

Segment results.

Segment changes

- Flux Federation (Powershop platform development) now included in other segment (previously retail segment)
- Powershop UK now included in other segment (previously international segment)

\$M	WHOLESALE		RETAIL		AUSTRALIA		OTHER/ UNALLOCATED		INTER- SEGMENT	
	FY17	FY16	FY17	2016	FY17	FY16	FY17	FY16	FY17	FY16
Energy margin	785	787	153	154	75	68	-	-	-	-
Other revenue	4	6	11	12	-	-	11	5	(7)	(6)
Dividend revenue	-	-	-	-	-	-	1	21	(1)	(21)
Energy transmission expense	(125)	(124)	-	-	(5)	(4)	-	-	-	-
Operating expenses	(82)	(81)	(89)	(92)	(36)	(35)	(49)	(45)	7	5
EBITDAF	582	588	75	74	34	29	(37)	(19)	(1)	(22)

Segment results.

1H FY17 restated for segment changes

- Flux Federation (Powershop platform development) now included in other segment (previously retail segment)
- Powershop UK now included in other segment (previously international segment)

\$M	WHOLESALE		RETAIL		AUSTRALIA		OTHER/ UNALLOCATED		INTER- SEGMENT	
	1H FY17	1H FY16	1H FY17	1H FY16	1H FY17	1H FY16	1H FY17	1H FY16	1H FY17	1H FY16
Energy margin	392	386	91	88	50	35	-	-	-	-
Other revenue	3	3	6	6	-	-	3	1	(4)	(3)
Dividend revenue	-	-	-	-	-	-	1	-	(1)	-
Energy transmission expense	(64)	(62)	-	-	(2)	(2)	-	-	-	-
Operating expenses	(40)	(38)	(45)	(45)	(16)	(16)	(24)	(24)	3	3
EBITDAF	291	289	53	49	31	17	(20)	(23)	(2)	-

NZ retail.

Customer connections

- 1% increase in ICP numbers since June 2016

Residential, SMB, Agri segment

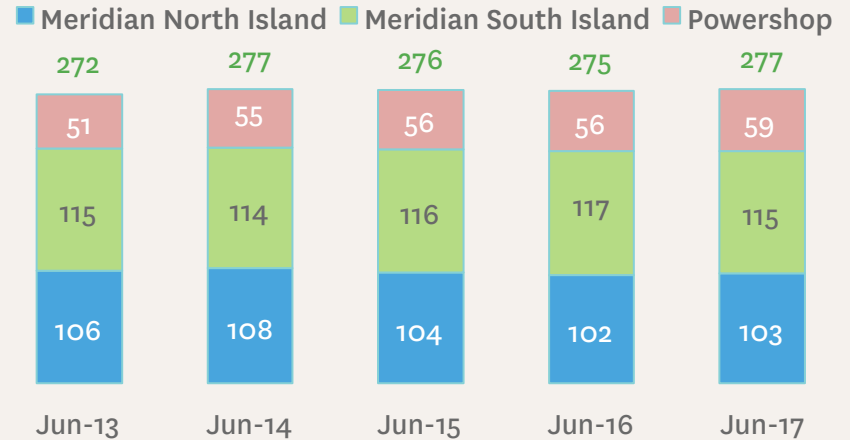
- 2% decrease in volumes
- Growth in total residential, SMB and large business volumes
- 16% decrease in agri volumes, irrigation-driven
- 2% increase in average sales price

Corporate segment

- 8% decrease in volumes
- 2% decrease in average sales price

NEW ZEALAND CUSTOMER NUMBERS

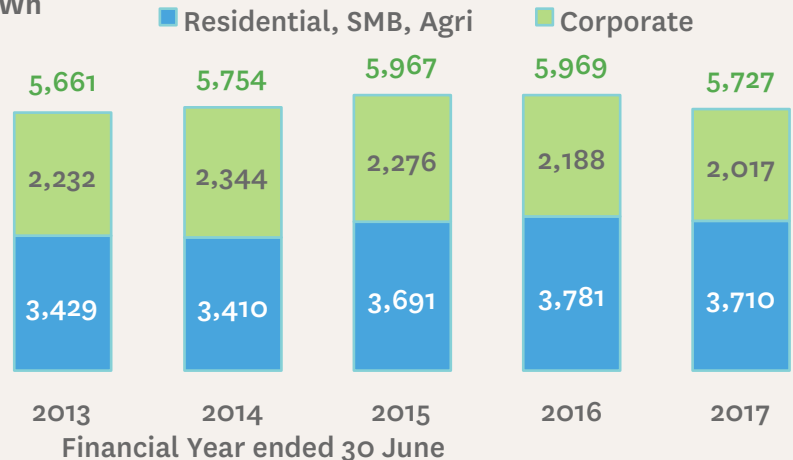
ICP (ooo)



Source: Meridian

RETAIL SALES VOLUMES

GWh



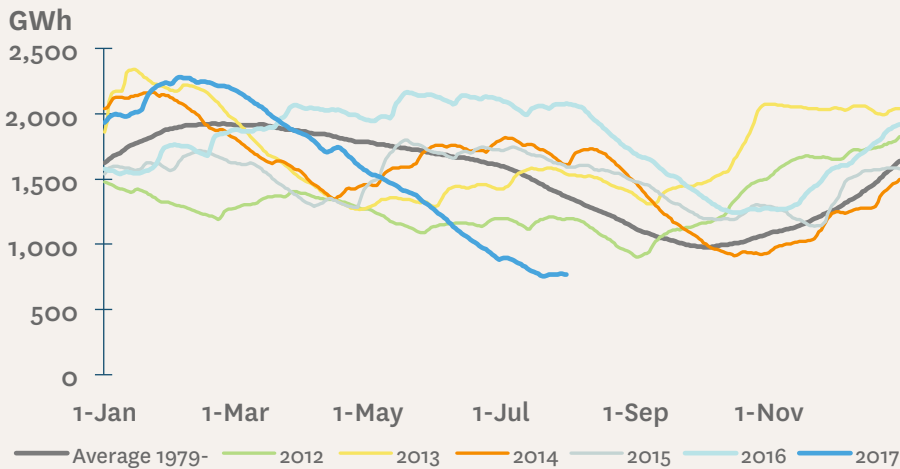
Source: Meridian

Hydrology.

MERIDIAN'S COMBINED CATCHMENT INFLOWS



MERIDIAN'S WAITAKI STORAGE



Inflows

- Inflows for the FY17 were 87% of historical average
- Inflows in the five months between February and June 2017 were the lowest same period inflows on record
- July inflows were 93% of average

Storage

- Meridian's Waitaki catchment storage at 30 June 2017 was 55% of historical average
- By 31 July 2017, this position was 56% of historical average

NZ generation.

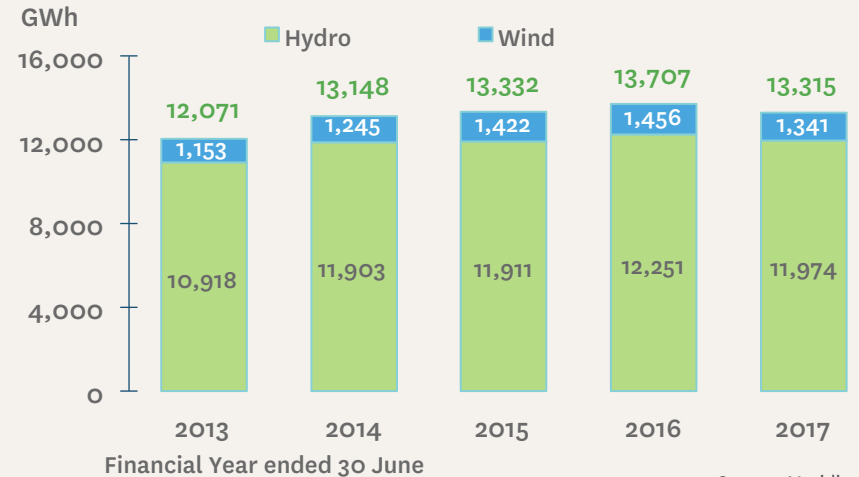
Volume

- FY17 generation was 3% lower than FY16
- Reflected both lower hydro generation (2%) and wind generation (8%)
- Between June and August 2017, Meridian accessed cover under the swaption with Genesis

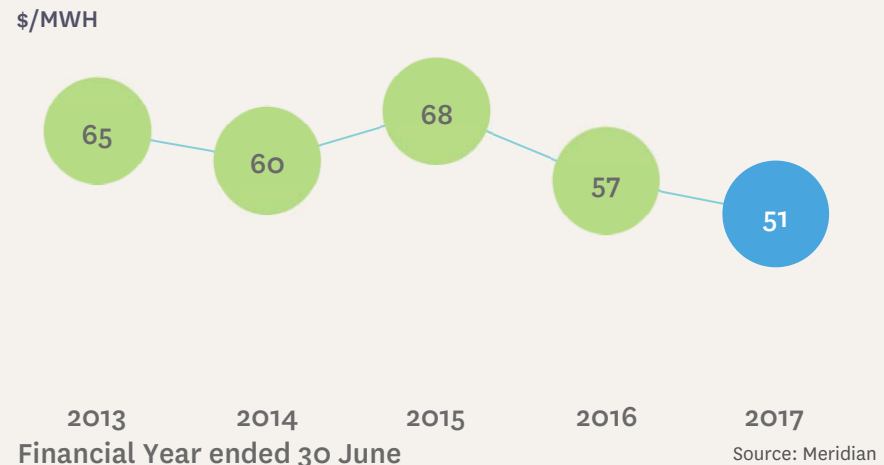
Price

- FY17 average price Meridian received for its generation was 10% lower than FY16
- FY17 average price Meridian paid to supply contracted sales was 8% lower than FY16

NEW ZEALAND GENERATION



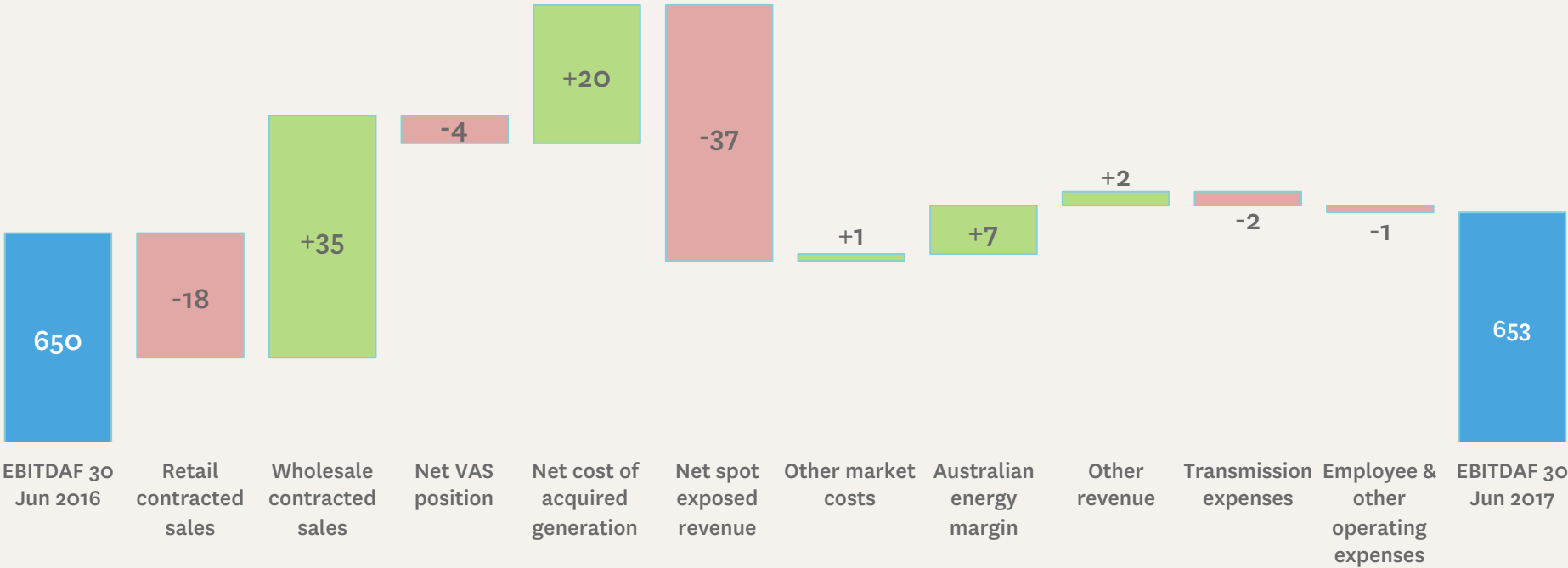
NZ AVERAGE GENERATION PRICE



FY17 EBITDAF.

MOVEMENT IN EBITDAF

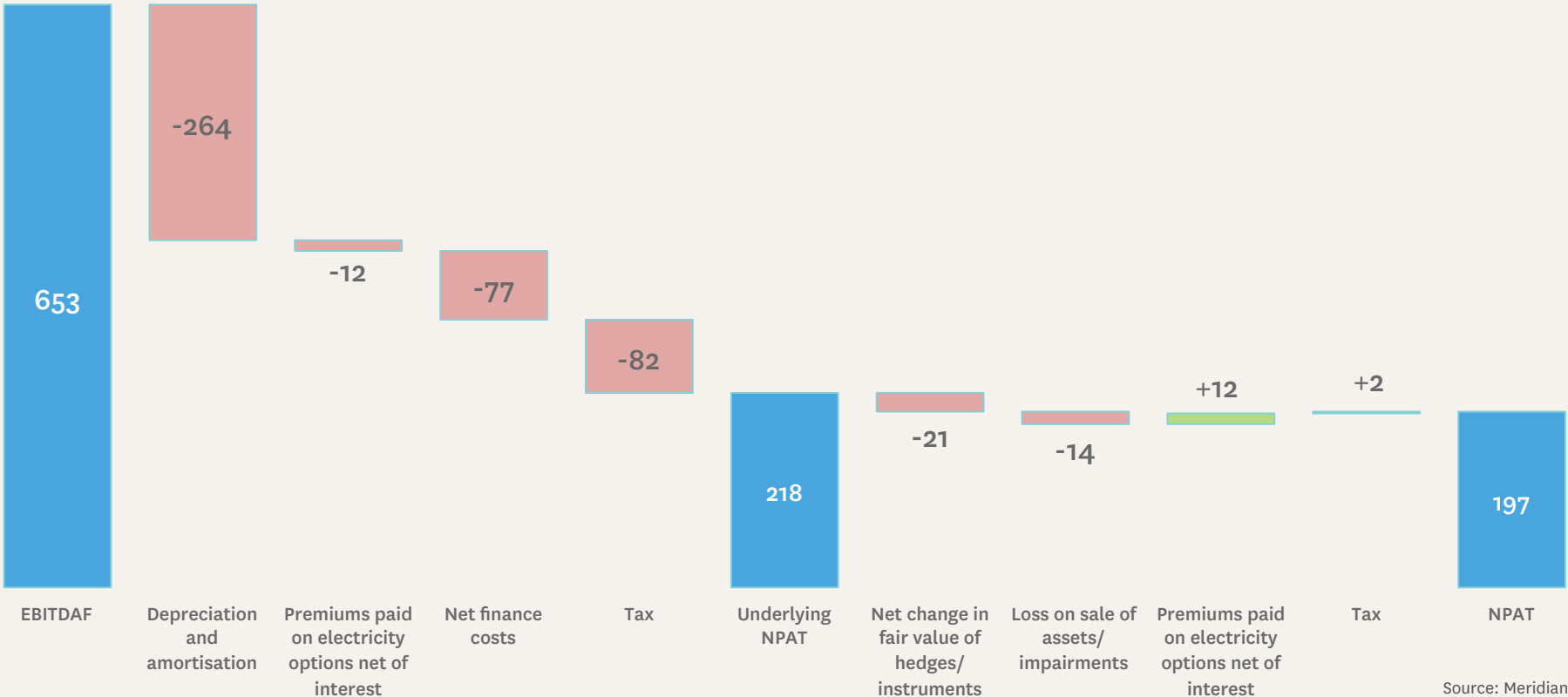
\$M



Source: Meridian

FY17 EBITDAF TO NPAT.

FY17 EBITDAF TO NPAT RECONCILIATION
\$M



Source: Meridian

NZ energy margin.

Energy margin

- A non-GAAP financial measure representing energy sales revenue less energy related expenses and energy distribution expenses
- Used to measure the vertically integrated performance of the retail and wholesale businesses.
- Used in place of statutory reporting which requires gross sales and costs to be reported separately, therefore not accounting for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

Defined as:

- Revenues received from sales to customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers), sales to large industrial customers and fixed price revenues from derivatives sold (Contract sales revenue)
- The net position of virtual assets swaps with Genesis Energy and Mercury
- The fixed cost of derivatives acquired to supplement generation and manage spot price risks, net of spot revenue received for generation acquired from those derivatives (Net cost of acquired generation)
- Revenue from the volume of electricity that Meridian generates that is in excess of volumes required to cover contracted customer sales (Spot exposed revenues)
- Other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues (i.e. frequency keeping)

NZ energy margin.

LWAP:GWAP
FY17 1.11
FY16 1.10

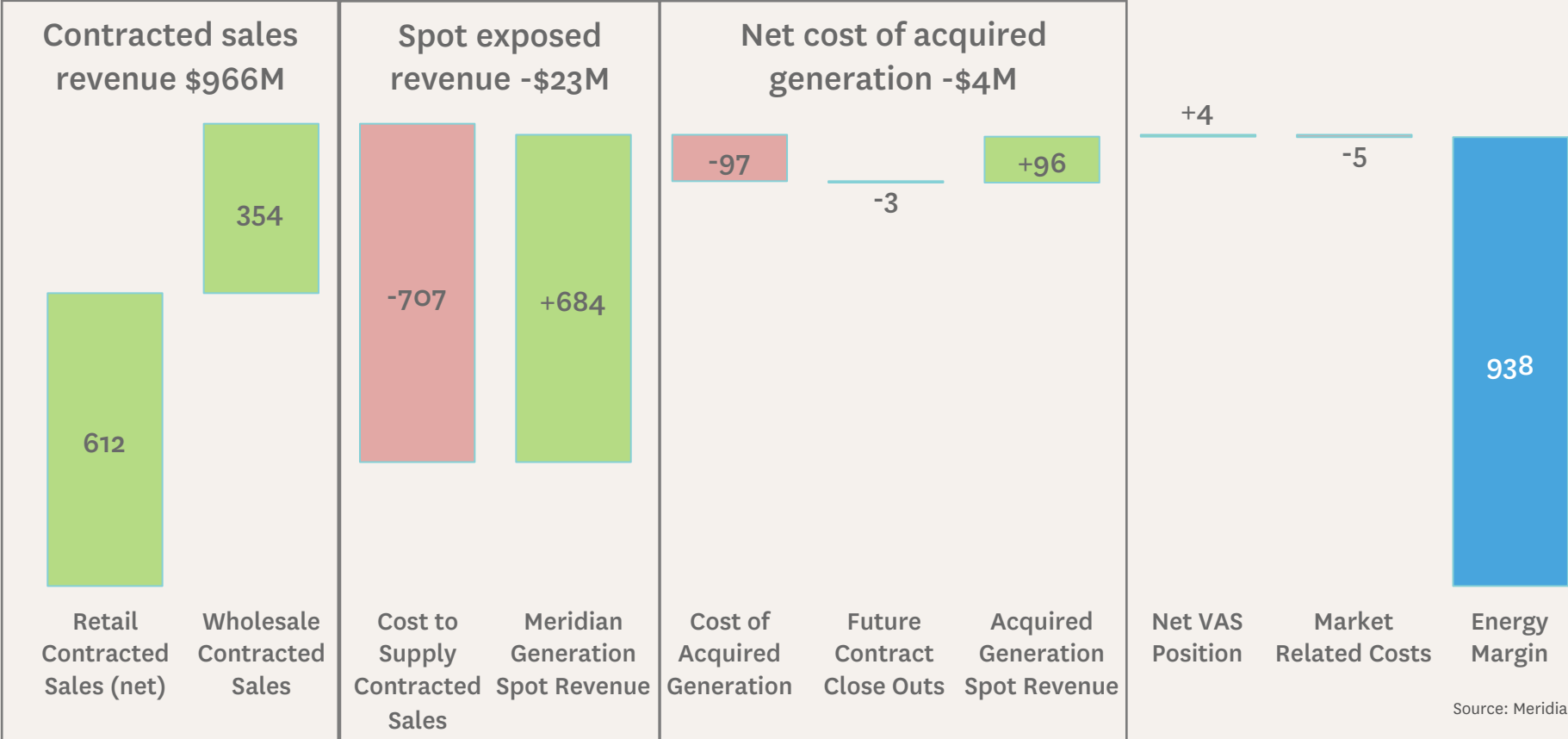
	FY17			FY16		
	VOLUME ¹	VWAP ²	\$M	VOLUME ¹	VWAP ²	\$M
Residential/SMB contracted sales	3,710			3,781		
Corporate contracted sales	2,017			2,188		
Retail contracted sales	5,727	\$106.8	612	5,969	\$105.7	630
NZAS sales	5,011			5,024		
Sell side CfDs	1,280			1,280		
Wholesale contracted sales	6,608	\$53.5	354	6,304	\$50.7	319
Net VAS position	1,148		4	1,152		8
Acquired generation revenue	1,564	\$61.1	96	1,130	\$61.0	69
Cost of acquired generation	1,564	(\$62.0)	(97)	1,130		(86)
Future contract close outs			(3)			(7)
Net cost of acquired generation			(4)			(24)
Generation revenue	13,315	\$51.4	684	13,707	\$56.9	780
Cost to supply retail sales	6,002			6,251		
Cost to supply wholesale sales	6,608			6,304		
Cost to supply contracted sales	12,610	(\$56.1)	(707)	12,555	(\$61.0)	(766)
Net spot exposed revenue			(23)			14
Other market costs			(5)			(6)
Energy Margin			938			941

1. GWH

2. Volume weighted average price in \$/MWH

NZ energy margin composition.

NEW ZEALAND ENERGY MARGIN \$M

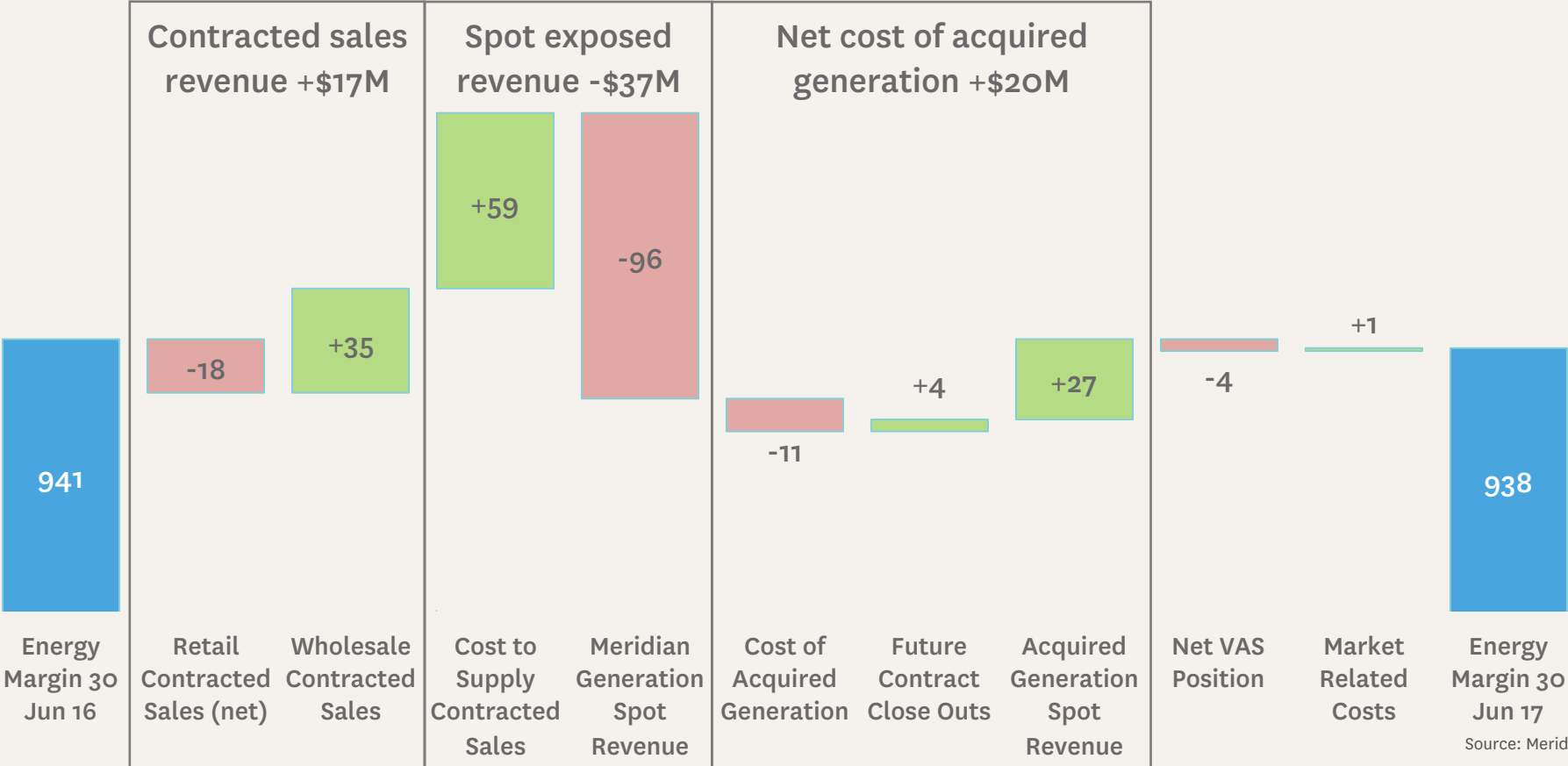


Source: Meridian

FY17 NZ energy margin movement.

NEW ZEALAND ENERGY MARGIN

\$M



Source: Meridian

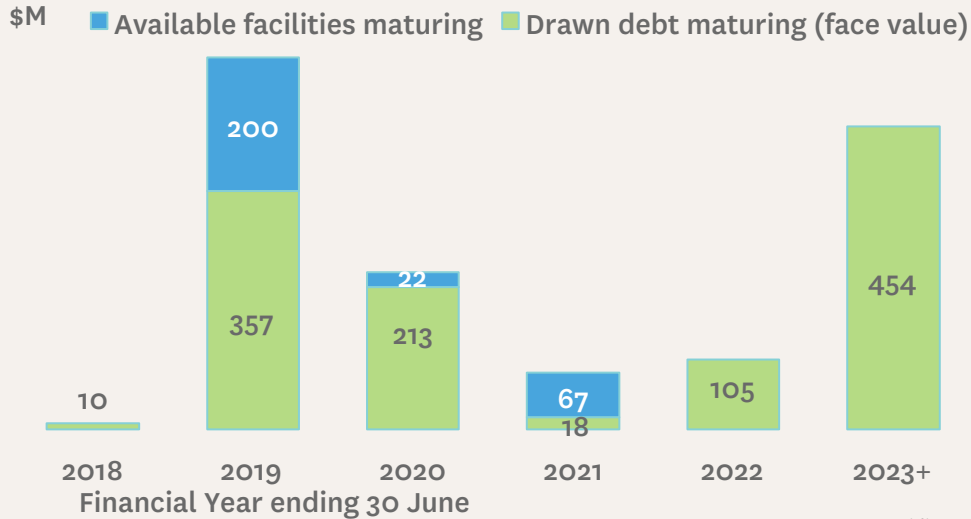
Other revenue.

FINANCIAL YEAR ENDED 30 JUNE \$M	2017	2016	2015	2014	2013
Retail service revenue (field services etc)	6	6	8	10	8
Arc Innovations	-	-	3	6	6
Damwatch	2	5	5	5	5
Energy for Industry	-	-	-	-	0
Miscellaneous ¹	11	5	7	2	4
Farming	-	-	1	3	2
Lease income	0	1	1	1	2
Carbon credits	-	0	0	0	3
Total other revenue	19	17	25	27	30

1. Includes revenue related to Flux Federation. Also includes settlement of insurance proceeds in the year ended 30 June 2015

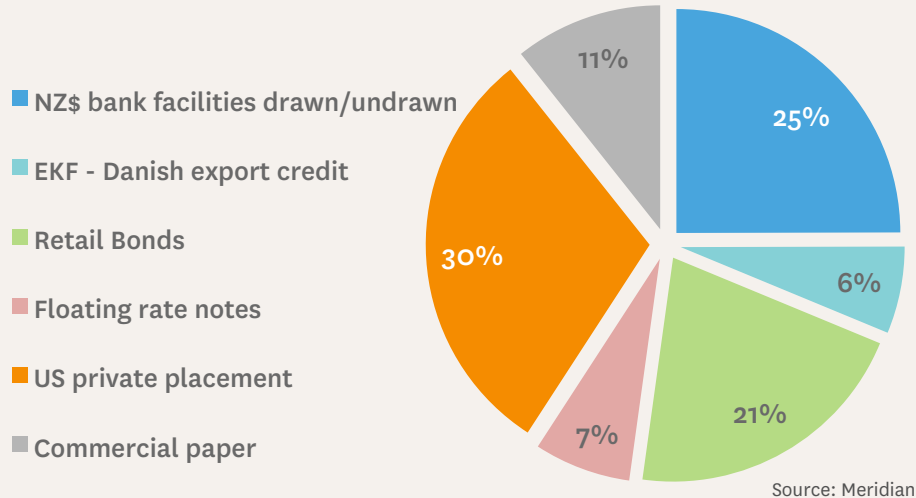
Funding.

DEBT MATURITY PROFILE AS AT 30 JUNE 2017



- Total borrowings as at 30 June 2017 of \$1,192M, down \$22M from 30 June 2016
- Net debt¹ as at 30 June 2017 of \$1,254M, up \$86M (7%) from 30 June 2016
- Committed bank facilities of \$1,599M as at 30 June 2017, of which \$441M were undrawn
- Net finance costs were 1% lower than FY16

SOURCES OF FUNDING AS AT 30 JUNE 2017



1. As defined by Standard and Poor's, see the following page for a breakdown of net debt

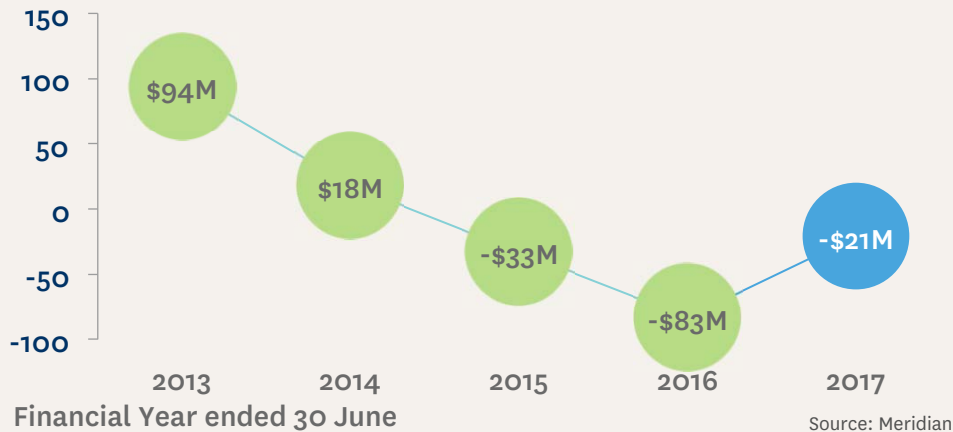
Funding metrics.

- Net debt/EBITDAF is the principal metric underpinning S&P credit rating
- S&P calculation of net debt/EBITDAF includes numerous adjustments to reported numbers;
 - Borrowings adjusted for the impact of finance and operating leases
 - Cash balances adjusted for restricted cash
 - A cash buffer at 25% of unrestricted cash and cash equivalents

FINANCIAL YEAR ENDED	2017	2016	2015	2014
30 JUNE				
\$M				
Drawn borrowings	1,158	1,136	991	1,146
Finance lease payable	47	48	52	49
Operating lease commitments	71	59	37	42
Less: cash & cash equivalents	(80)	(118)	(69)	(276)
Add back: restricted cash	51	18	22	7
Add back: cash buffer	7	25	12	67
Net debt	1,254	1,168	1,045	1,035
EBITDAF	653	650	618	585
Net debt to EBITDAF (times)	1.9	1.8	1.7	1.8

Fair value movements.

NET CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS



- Meridian uses derivative instruments to manage interest rate, foreign exchange and electricity price risk
- As forward prices and rates on these instruments move, non-cash changes to their carrying value are reflected in NPAT
- Accounting standards only allow hedge accounting if specific conditions are met, which creates NPAT volatility
- \$55M positive change in fair value of treasury instruments in FY17 from rising forward interest rates
- \$76M negative change in fair value of electricity and other hedges in FY17 from changing forward electricity prices

Income statement.

FINANCIAL YEAR ENDED 30 JUNE \$M	2017	2016	2015	2014	2013
New Zealand energy margin	938	941	900	891	865
Australia energy margin	75	68	54	33	51
Other revenue	19	17	25	27	30
Energy transmission expense	(130)	(128)	(123)	(129)	(115)
Employee and other operating expenses	(249)	(248)	(238)	(237)	(246)
EBITDAF	653	650	618	585	585
Depreciation and amortisation	(264)	(236)	(239)	(220)	(220)
Impairment of assets	(10)	4	(38)	-	(25)
Gain/(loss) on sale of assets	(4)	(1)	19	7	107
Net change in fair value of electricity and other hedges	(76)	(15)	(1)	(9)	51
Net finance costs	(77)	(78)	(78)	(73)	(114)
Net change in fair value of treasury instruments	55	(68)	(32)	27	43
Net Profit before tax	277	256	249	317	427
Income tax expense	(80)	(71)	(2)	(87)	(132)
Net Profit after tax	197	185	247	230	295

Underlying NPAT.

FINANCIAL YEAR ENDED 30 JUNE \$M	2017	2016	2015	2014	2013
Net Profit after tax	197	185	247	230	295
Underlying adjustments					
<u>Hedging instruments</u>					
Net change in fair value of electricity and other hedges	76	15	1	9	(51)
Net change in fair value of treasury instruments	(55)	68	32	(27)	(43)
Premiums paid on electricity options net of interest	(12)	(12)	(15)	(20)	(18)
<u>Assets</u>					
(Gain)/loss on sale of assets	4	1	(19)	(7)	(107)
Impairment of assets	10	(4)	38	-	25
Total adjustments before tax	23	68	37	(45)	(194)
<u>Taxation</u>					
Tax effect of above adjustments	(2)	(20)	(13)	10	62
Release of capital gains tax provision		-	(28)	-	-
Tax depreciation on powerhouse structures		-	(34)	-	-
Underlying net profit after tax	218	233	209	195	163

Cash flow statement.

FINANCIAL YEAR ENDED 30 JUNE \$M	2017	2016	2015	2014	2013
Receipts from customers	2,250	2,348	2,348	2,083	2,390
Interest and dividends received	2	2	8	9	2
Payments to suppliers and employees	(1,596)	(1,723)	(1,742)	(1,480)	(1,812)
Interest and income tax paid	(186)	(175)	(174)	(179)	(164)
Operating cash flows	470	452	440	433	416
Sale of property, plant and equipment	-	-	19	41	1
Sales of subsidiaries and other assets	2	5	29	21	152
Purchase of property, plant and equipment	(33)	(42)	(131)	(284)	(245)
Capitalised interest	-	-	-	(9)	(6)
Purchase of intangible assets and investments	(21)	(19)	(16)	(23)	(26)
Investing cash flows	(52)	(56)	(99)	(254)	(124)
Term borrowings drawn	158	634	366	134	1,116
Term borrowings repaid	(136)	(478)	(527)	(154)	(1,117)
Shares purchased for long-term incentive	-	(1)	(2)	(1)	-
Dividends and finance lease paid	(478)	(502)	(385)	(261)	(100)
Financing cash flows	(456)	(347)	(548)	(282)	(101)

Balance sheet.

FINANCIAL YEAR ENDED 30 JUNE \$M	2017	2016	2015	2014	2013
Cash and cash equivalents	80	118	69	276	383
Trade receivables	260	194	191	183	254
Other current assets	91	94	74	64	129
Total current assets	431	406	334	523	766
Property, plant and equipment	7,961	7,771	7,097	6,929	6,769
Intangible assets	58	47	47	54	55
Other non-current assets	215	314	183	84	147
Total non-current assets	8,234	8,132	7,327	7,067	6,971
Payables, accruals and employee entitlements	311	220	208	236	275
Current portion of term borrowings	170	214	213	133	147
Other current liabilities	98	79	57	97	98
Total current liabilities	579	513	478	466	520
Term borrowings	1,022	1,000	863	959	1,034
Deferred tax	1,710	1,617	1,400	1,350	1,364
Other non-current liabilities	272	358	172	181	131
Total non-current liabilities	3,004	2,975	2,435	2,490	2,529
Net assets	5,082	5,050	4,748	4,634	4,688

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

Disclaimer.

- The information in this presentation was prepared by Meridian Energy with due care and attention. However, the information is supplied in summary form and is therefore not necessarily complete, and no representation is made as to the accuracy, completeness or reliability of the information. In addition, neither the company nor any of its directors, employees, shareholders nor any other person shall have liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain forward-looking statements and projections. These reflect Meridian's current expectations, based on what it thinks are reasonable assumptions. Meridian gives no warranty or representation as to its future financial performance or any future matter. Except as required by law or NZX or ASX listing rules, Meridian is not obliged to update this presentation after its release, even if things change materially.

This presentation does not constitute financial advice. Further, this presentation is not and should not be construed as an offer to sell or a solicitation of an offer to buy Meridian Energy securities and may not be relied upon in connection with any purchase of Meridian Energy securities.

This presentation contains a number of non-GAAP financial measures, including Energy Margin, EBITDAF, Underlying NPAT and gearing. Because they are not defined by GAAP or IFRS, Meridian's calculation of these measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. Although Meridian believes they provide useful information in measuring the financial performance and condition of Meridian's business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

The information contained in this presentation should be considered in conjunction with the company's financial statements, which are included in Meridian's integrated report for the year ended 30 June 2017 and is available at:

www.meridianenergy.co.nz/investors/

All currency amounts are in New Zealand dollars unless stated otherwise.

Thank you.



meridian