TRANSCRIPT – MERIDIAN ENERGY ANNUAL RESULTS ANNOUNCEMENT 26 AUGUST 2026

Slide 2 - Introduction

Tēnā koutou, good morning everyone, and thank you for joining us for Meridian Energy's results announcement for the financial year ended 30 June 2026.

I'm Mike Roan, Meridian's Chief Executive, and with me today is our Chief Financial Officer, Mandy Binnie.

Slide 3 – FY26 Outcomes

A year ago, I presented a result that reflected some very challenging market conditions.

At the time, I said I remained confident in Meridian's future and in our ability to grow the business, support the economy and deliver value for shareholders.

This past year demonstrates why.

We delivered a strong financial result.

And as importantly, the business is stronger, more resilient and better positioned to create value.

The foundations we have put in place give me confidence that Meridian can continue creating value as wholesale prices normalise, business electricity prices fall, and electricity price increases for households begin to moderate.

Financial outcomes matter because they tell us whether we are creating value. But they are not the entire story. The broader story is the improvement in Meridian's underlying capability, some of the most significant elements of which are captured on this slide.

Over the last year the Meridian team has focussed on increasing the flexibility of our generation portfolio, supporting customers and continuing to build – and execute – a high-quality development pipeline.

We increased our hydro storage by 20%, secured a further 35-year consent for the Waitaki Power Scheme, added 30MW of hydro capacity, improved hydro availability, expanded our development options, grew our customer base and extended our EV charging network.

At the same time, Dow Jones recognised Meridian as one of only ten utilities globally, and the only utility in our region, included in its Best in Class World Index.

I'll return to many of these achievements throughout the presentation, but first I'd like to talk about our people.

Slide 4 - Our People

No business outcome happens on its own. It is the product of the people who come to work every day and make Meridian what it is.

As the slide shows, Meridian continues to attract people who are highly motivated, effective and committed to our purpose.

Despite significant change across the business during the past year, staff engagement has continued to improve. That's pleasing, but it also comes with a responsibility on leaders, including me, to keep raising the bar on what good looks like. And we will.

Our development programme continues to grow and with it the risk profile of the business. More construction, more contractors on site and more field-based work all increase the importance of getting health and safety right.

Meridian's culture gives me confidence that our people feel empowered to slow work down, or stop it if conditions warrant. What concerns me is that this culture is not yet flowing through to our contractors as consistently as it should, and our injury statistics reflect that.

I regularly tell contractors the same thing I tell our own people: when you're on a Meridian site, it doesn't matter what badge you're wearing you are one of our team. And the expectations and standards are the same.

Our focus is on better contractor induction, clearer site communication and stronger critical controls.

Of all the responsibilities I have as Chief Executive, keeping people safe remains the most important.

Slide 5 - Regulation

The regulatory and political environment remains fluid and many of the larger policy decisions will be influenced by the outcome of the election.

Investors generally dislike uncertainty. Fortunately, Meridian only has two significant near-term capital allocation decisions; the refurbishment of Waitaki Power Station and Mt Munro Wind farm in the Wairarapa.

The first is relatively straightforward. The second will be considered by the Board in December, by which time we should have a clearer view of the policy environment.

The key regulatory matters affecting the business are set out on this slide.

While the eventual shape of the LNG proposal and the Winter Energy Reliability Obligation remain unclear, the Electricity Authority's Level Playing Field regime is now in force and Meridian's first Retail Price Consistency Assessment will be submitted in September.

Last year, Meridian's retail business recorded an EBITDAF loss again. As captured in a later slide, that outcome reflected retail prices not moving as quickly as wholesale costs.

As wholesale prices have now returned to levels that reflect the long-run cost of new investment, over time, I expect retail profitability to normalise.

The Authority will form its own view on that relationship. Our job is to apply the rules properly while making sensible pricing decisions for customers.

Before moving on, I want to acknowledge the Government’s progress on fast-track consenting and broader resource management reform.

We talk a lot about affordability, security and decarbonisation. None of those things happen unless projects get built.

New Zealand has no shortage of renewable resources. Often, the challenge has been gaining timely consents to make the best use of them. These reforms are helping address that problem and, in my view, will make a meaningful difference to the pace at which the country can electrify and grow.

Slide 6 - Renewable Construction

There really isn't a great deal to say on this slide, which is exactly what you want from projects under construction.

Ruakākā and Te Rahui remain on schedule, costs remain well controlled and Tauhei is a little ahead of schedule.

We are taking a diversified approach to funding solar development. Ruakākā is on balance sheet, Te Rahui is project financed and Tauhei is purchased. We do like solar as part of the portfolio, but diversity of funding and structuring seems important as we observe it's impact.

One thing not on this slide is the role solar can play in reducing dry-year risk.

As droughts generally coincide with periods of high sunshine and low rainfall, the more solar generation there is in the system, whether utility-scale or behind the meter, the less pressure there is on hydro storage during those periods.

Solar therefore does more than add generation. It can help preserve water when water is most valuable.

And early analysis suggests that benefit may be meaningful. While the work is not yet complete, it reinforces our view that continued solar development can improve system security while benefitting Meridian and electricity consumers.

We'll share more on that work at our interim results.

Slide 7 - Ruakākā Battery

The Ruakākā battery is a good example of successful electrification. It improves security, lowers system costs, enables greater use of renewable generation and creates value at the same time.

It has done this by improving HVDC transfers, value capture during volatile market conditions, and improved efficiency across the electricity system.

Starting with the top right graph, the battery has supported higher levels of HVDC transfer. As you can see, since the Ruakākā battery was commissioned, transfers above 1,100MW have become a new normal for the market.

That additional transfer capability allows more renewable energy from the Waitaki and Waiau catchments to reach North Island customers and it reduces the reliance we would otherwise have on thermal generation in the North Island.

Second, the battery is capturing value during periods of extreme price volatility. The bottom right graph shows that. Our trading systems are highly automated and the battery increasingly optimises between energy dispatch and reserve services in real time.

Third, the North Island to South Island futures price differential has narrowed materially since announcement. That improves South Island price capture and reduces the cost of hedging our North Island customer base.

Encouragingly, these benefits are not just limited to Meridian. They also support the wider electricity system.

We saw that between the 4th and 7th of August. During record electricity demand, the system continued to perform despite Huntly 5 being unavailable. Ruakākā was one of several assets supporting system security and demonstrating how a more renewable electricity system can operate reliably.

Slide 8 - Renewable Development

There are two key points on this slide.

First, any major investment decision we make over the next twelve months will largely affect FY30 and beyond. That is the reality of developing and constructing large-scale renewable assets.

Second, we now have multiple credible development options in front of us. That means we can remain disciplined and allocate capital only where and when returns justify the risk and the use of capital is attractive relative to other opportunities.

Looking across the portfolio, and as summarised on the bottom graph, Mt Munro is a quality asset. Barring a material change to market or policy conditions, it remains on track for a final investment decision in December.

Te Rere Hau is arguably a higher-quality asset again and the outstanding issues I discussed at Interims have been worked through. The wind farm is shaping up as a strong candidate for an investment decision in the third quarter of 2027.

At Interims, I said that Te Rahui Stage 2 could be ready for an investment decision within twelve months. That remains the case. Being ready to decide, however, is different to being ready to commit capital. While its economics remain attractive, it represents a meaningful increment of new solar generation.

Therefore, before committing I want confidence in sustained demand growth or a customer arrangement that supports the investment.

The Ruakākā battery has also demonstrated the value that an integrated energy park can create. Combining generation and storage alongside our existing portfolio is proving more valuable than we originally expected.

As a result, I've asked the team to look closely at how we might accelerate the development of the Bunnythorpe Energy Park.

Few companies can combine batteries with more than 12,000GWh of South Island hydro generation and a large North Island customer base. We can, and we are becoming increasingly confident about the value of that combination.

The final project worth mentioning is one of our oldest assets.

Waitaki Power Station turns ninety-one this year and next month we expect to reach a final investment decision on a major repowering and uplift project. Waitaki has served the country exceptionally well over many decades. This investment ensures that it will continue doing so while improving its performance and value.

Slide 9 - Internal PPA

As the market evolves, many developers are seeking to align new generation directly with new load, whether that is a data centre, an industrial customer or another electricity user.

We will do that in some cases and I've already touched on at least one example of where that may occur.

Our preferred broader approach, however, is to grow generation and customers together.

As you can see from the graph on this slide, the level of customer sales exceeds our optimal market position. As a result, we buy ASX contracts to cover the difference. However, when Ruakākā and Mt Munro come online, the volume of North Island hedge purchases required to support our customer book will reduce. And those projects are needed: while the sales position looks flat, our customer book will grow to 500 and then 600 thousand customers before 2030.

Our development projects can therefore create value as standalone investments and as part of the wider Meridian portfolio.

This approach maintains development discipline, reduces our reliance on external hedge markets and creates greater resilience if wholesale prices fall materially.

We don't need every project to be tied to a single customer. Nor do we want every project fully exposed to the merchant market.

The right position sits somewhere in between.

Slide 10 - Risk Management

This slide updates the one presented at our Interim Results, with the important addition of the storage now available at Lake Pūkaki.

The key point is not simply that Meridian has more risk management volume available than it did in the 2025 financial year. The portfolio is now considerably broader, more diverse and more flexible.

Compared with back then, the volume of available risk management options has roughly doubled. It is diversified across different mechanisms, counterparties and fuel sources. A greater proportion is now controlled or directly accessible by Meridian rather than being entirely dependent on third parties.

I know this remains particularly important to shareholders given what unfolded during the previous financial year.

Looking at the portfolio today, my assessment is that we probably have more flexibility than we strictly need in current conditions. But that's a good position to be in.

It gives us confidence to continue growing the customer business, supports future investment decisions and allows us to optimise the mix of risk management products as conditions evolve.

In a more renewable electricity system, the ability to respond to changing hydrology, demand and market conditions is becoming as important as raw generation volume.

That is why the twenty-year demand response arrangement with NZAS is strategically important. It provides a significant source of flexibility at a time when flexibility is becoming increasingly valuable.

Combined with the Huntly Strategic Energy Reserve, additional Pūkaki storage and our growing renewable portfolio, Meridian is in a materially stronger position than it was just two years ago.

Slide 11 - Additional Storage

I want to explain why securing access to the additional storage at Pūkaki may prove to be one of Meridian's most important achievements in recent years.

The events of 2024 exposed a significant vulnerability in this country's energy system due to the unexpected decline of the gas sector. As the top graph shows, had additional hydro storage been available, wholesale prices would not have reached the levels they did.

That is why we pursued it through fast track.

The first benefit is therefore greater protection against dry-year and security of supply risk.

The second benefit is lower wholesale prices and these will flow through to customers. We estimated that increased storage flexibility could reduce average electricity prices by up to around $10/MWh or by $400m per annum.

And the last is to shareholders.

Recent operating analysis has highlighted the that the opportunity to improve coordination between the Waitaki and Waiau catchments is a little larger than initially expected.

While we knew that this additional storage would reduce spill in the Waitaki system, increasing usable storage at Pūkaki also creates more flexibility in the Waiau.

In practical terms, we should now be able to use lake Manapōuri and Te Anau low ranges more effectively when conditions allow, knowing additional storage remains available at Pūkaki if a drought develops.

As historical annual spill is in the order of 600GWh in the Waiau and 800GWh across both catchments annually, capturing a portion of spill in the Waiau creates a larger opportunity than previously expected.

But the most important benefit remains security of supply.

Slide 12 - Our Customers

The major focus for the Retail team this year has been migrating customers onto the new technology platform Kraken. We have easily passed the halfway mark in that endeavour.

At Interims I said that we had slowed the migration to protect the customer experience. That was the right decision. The broader migration has gone quite well, although some decisions affecting the Powershop experience frustrated customers and, understandably, they let us know.

We are still working through a small number of issues, but most have been resolved.

I became a Powershop customer myself during the process. I switched from Meridian partly because I wanted to experience the changes first-hand and to understand what was frustrating people. The new app experience is different from the old one, and while change always takes some adjustment it is straightforward to use. Importantly, we now have a platform to continue improving the customer experience and operating efficiency.

Despite the scale of the migration, we continued to increase our market share. And the real value lies in what comes next. The new platform gives us the ability to innovate, improve the customer experience and add value for customers.

The other important development for customers has been the movement in wholesale electricity prices.

Since the start of the year, wholesale futures prices have fallen by between 25 and 40 percent depending on what year you look at. That is a material shift and is great news as those lower wholesale prices are already flowing directly to business customers as contracts are renewed.

And that is strong evidence that the market is doing what it is supposed to do.

Meridian and other generators are investing in renewable generation at an unprecedented scale in New Zealand. Those investments have increased supply, improved security and put downward pressure on prices.

Slide 13 - Electricity Pricing

The top graph on this slide compares real residential tariffs with wholesale spot and futures prices.

The key point is that residential prices have not risen at the same rate as wholesale prices since 2019. They have lagged materially.

If you wanted a simple illustration of why the gentailer model exists, this is it.

Gentailers absorb and smooth wholesale market volatility, so customers do not experience the extreme movements that occur in spot and futures markets.

But as wholesale prices have fallen, the question on everyone's minds is, will residential prices also soften?

The headline is relatively straightforward: wholesale prices have fallen materially and customers will benefit over time. However, as the graph on the bottom right shows, the pace and scale of that benefit will be influenced by regulated lines charges, which remain a significant headwind out to 2030. These are obviously outside of our control.

Households may therefore see less relief in the total bill than movements in wholesale electricity prices alone would suggest.

But to provide confidence, today we are committing to ensuring that for residential and small business customers, the average price change to the energy component of the bill across all of our plans will be held below the rate of inflation over the next year.

Meanwhile, we remain focused on helping customers save through our products and services and continuing to support those who are finding it hard to keep up with their bills. Our Board has approved an additional $7 million to extend our Energy Wellbeing Programme through to 2030, allowing us to continue partnering with community organisations to provide practical support for customers experiencing hardship.
We've also materially sharpened pricing at one of our brands, Powershop, starting this week.

So, if you're a Powershop customer, keep an eye on your app. It is a small way of thanking customers who have stayed with us through a challenging period. We appreciate it.

Mandy over to you.

Slide 14 – Mandy Binnie

Thanks Mike.

As Mike has covered this has been a strong year for Meridian, financially with excellent EBITDAF and cash flows, operationally with high generation volumes and growing availability, two significant developments underway and a growing pipeline of consented options. These foundations provide us with a platform for growth, and so today we are pleased to deliver our investors an increased dividend, and for the first time we are producing forward earnings guidance.

Slide 15 - Cash flows and EBITDAF

I’m very glad at this point to be putting descriptions of the difficult FY25 year firmly behind us. It is worth noting them though when looking at the comparisons to our FY26 results. As I go through this presentation, where needed I will also give comparisons to FY24, which was more of a normal financial year.

In FY26 Meridian recorded strong operating cash flows of $810 million, up $492 million on FY25. This is also a 21% increase on FY24’s cash flows.

EBITDAF was a similarly excellent result - $1.05 billion, up $440 million on FY25 and 16% higher than FY24.

These results show the scale of the turnaround from our lowest result in over a decade to our highest ever – almost half a billion dollar increase in operating cash flow and in energy margin – which we will look at in more detail shortly.

The business continues to provide high-quality earnings, converting 93% of EBITDAF to pre-tax and interest cash flows.

We continue to deliver higher than GDP levels of Earnings growth over the long run – over a 15-year period EBITDAF compound annual average growth of 6%.

Slide 16 – Dividend

Now, onto dividends.

Recognising the excellent result, the Board has declared an increased final dividend of 16.1 cents per share up 8.4%, bringing the full-year dividend to 22.5 cents, up 7.1%. Imputation credits on the final dividend will be attached at 90%.

The strong earnings reversion in FY26 provides ample short-term headroom. As a result, we have dialled the dividend reinvestment plan discount back to 0%. Our modelling suggests we may consider reinstating a discount in the future, particularly when we bring the large wind options to final investment decision, alongside other sources of funding.

Slide 17 – Movement in EBITDAF

Energy margin was the main driver of EBITDAF growth, with a lot more water available, and without the need to lean on risk products as much as last year. Significant growth in mass market customers also supported energy margin.

The fall in other revenue is predominantly related to one off insurance proceeds received in FY25.

I'll talk to costs in more detail shortly, however its worth just touching on a few of the larger items. Transmission and distribution cost increases continue to flow through, and operating costs landed within guidance at an 8% increase on FY25.

Slide 18 – Energy Margin

With more fuel in the system this year, physical margin was impacted by big swings in both volumes and prices. Wholesale spot prices were significantly lower, while both hydro and wind generation volumes increased.

Continued mass market sales growth is the result of the successful execution of our retail strategy and it is great to see that showing up in our financial performance, and more than made up for a flat Commercial & Industrial book.

Significant margin movements relating to financial products shows how much improved hydro conditions in FY26 reduced derivative purchases and demand response costs, compared to FY25.

Slide 19 – Retail Sales

The shift in the retail book more towards mass market was accelerated at the start of the year by the acquisition of the Flick Electric customers.

As Mike has already mentioned, total customer connection numbers are up 12%, leading to sales volumes up 14%.

Declining ASX wholesale prices are flowing through into C&I contracts, leading to a slight decline in revenues in that segment, while mass market revenues were up $217 million. C&I contracts are now out to an average tenure of over 3 years.

Overall, we continue to deliver sustained growth in retail netback.

Slide 20 – Generation

Moving onto generation.

Annual inflows were above average at 122%. While this is a relatively normal level of inflow – it is similar to levels seen in other above average years – it's the timing of inflows that is important.

Record hydro inflows through September to January supported the FY26 financial result.

Then the third wettest June on record means we have started FY27 with healthy storage.

The Generation upgrade programme continued, delivering 30MW additional capacity across Benmore and Ōhau B and C, as well as significant availability improvements.

Finally an update on the transformers at Manapōuri. We had two delivered in the financial year, with one installed ahead of winter and the other due to be installed later this year. 3 more are expected to arrive in FY27.

Slide 21 – Operating Expenses

Operating expenses were $313 million in FY26, an increase of $24 million or 8%, and within guidance.

Included in the increase from FY25 is a reinstatement of short-term incentives. We also saw inflation level remuneration increases.

We now have both quantification and a clear pathway to remediating our Holidays Act obligations and costs for this have been recognised at just over $3 million.

We have had an increased level of customer service staffing through both the Flick customer onboarding, then the Kraken migration programme. We expect to complete customer migration to Kraken by interims.

Maintenance costs were around $7 million higher mostly due to higher spend at Manapōuri, and ongoing wind farm maintenance including major components which do not get capitalised.

Major IT projects remain a feature of our work programme, with DigiGEN and the Kraken migration featuring in FY26, but the level of spend was $3 million down on FY25 when we completed the finance system migration to Oracle.

Slide 22 – Capital Expenditure

Now onto capital expenditure.

In March, we revised our guidance and indicated that we might spend between $280 and $310 million.

We landed at $261 million, up 35% from last year but still falling just below that guidance level, largely as a result of movements in the payments schedule for Ruakākā solar.

At Ruakākā, 64,000 of the 257,000 panels are now installed at one of the 3 sites. The build remains on target for full power towards the end of this financial year.

The bulk of the other spend is in the multi-year work programmes for replacement transformers, the generation control system and the earthquake strengthening works underway at Benmore penstocks.

Slide 23 – Below EBITDAF

Net profit before tax for FY26 rose $779 million, and net profit after tax rose $582 million.

Here you see the impacts of the better year, including a $403 million reduction in unrealised losses from energy and treasury hedges.

This was offset by the $88m additional depreciation that resulted from the $2.1 billion revaluation of generation assets at the end of FY25. And with another $1.8 billion uplift in asset valuation this year, depreciation will increase again in FY27.

These items have no impact on cash flow and are not included in EBITDAF but are reported as part of Net Profit before and after tax.

Finally, the non-GAAP measure of underlying net profit after tax, which excludes items such as movements in the unrealised value of hedges, was up $252 million.

Slide 24 – Funding Capacity

During the year net debt increased by 11% to almost $1.7 billion, but spot net debt to EBITDAF improved to 1.6x, down from 2.5x in FY25, as a result of the earnings reversion. We expect this to rise again in the coming years as our renewable build programme continues.

The funding base remains diverse, with issuances in the last year in both the Kiwi and Australian markets.

Headroom is strong with $1bn of committed borrowing facilities, none of which were drawn at year-end. Overall, the capital structure remains well positioned to fund our growth programme.

Slide 25 – FY27 Earnings Guidance

And now onto FY27, and for the first time this year we have chosen to deliver forward earnings guidance.

Subject to a reasonable set of caveats which you can see on this page, our expected EBITDAF for FY27 lies in the range $1.04 to $1.12 billion.

Slide 26 – FY27 Cost Guidance

We continue to provide guidance on our future operating and capital expenditure.

Operating costs first, where we expect to spend between $321 and $326 million next year, an increase of between 2.5 - 4%

Like any other company we are experiencing inflation related cost increases, with these being broadly managed through efficiencies. The majority of opex increases are related to firstly IT – both system licensing and cyber security costs, secondly Ruakākā solar operating costs and finally an increase to the scale of our DigiGEN programme. The DigiGEN Programme identified over $3.5m in opportunities to improve revenue or decrease opex. It delivered over $1m of those savings in FY26. We are aiming to deliver $6m in value in FY27.

I mentioned completion of Holidays Act remediation included in FY26 previously, that will drop away in FY27, and we expect to enter a lower insurance cost cycle for at least the next 12 months.

Capital expenditure is predicted between $370 and $410 million.

I've given you a fairly granular breakdown of how that is expected to be spent, with the completion of Ruakākā Solar being the largest growth expenditure while the wind projects at Mt Munro and Te Rere Hau move into preconstruction.

Work will commence on the Waitaki Hydro Station upgrade. While that programme of work is designed to maintain the long-term reliability, safety and operability of the station, the project also delivers additional generating capacity. The capex for that project is therefore split between growth and maintenance.

Slide 27 – July 2026 Operating Result

Finally, a quick look at the start of FY27.

The retail sales growth and higher generation seen last year continued into July. As context, inflows in June and July have been twice the level of those months in 2024. Lake levels are well above average for this time of year and we are seeing a strong start.

Back to you Mike.

Slide 29 - Closing Comments

Before we move to questions, I want to leave you with three thoughts.

First, FY26 was a good year.

We delivered a very strong financial result, but more importantly we materially improved the capability of the business. We strengthened our hydro position, expanded our development options, improved the risk management portfolio, grew customers and continued investing in the infrastructure that will support New Zealand's future electricity needs.

Second, many of the benefits from those decisions still sit ahead of us.

The investments we are making today, whether in generation, storage, customer systems or development, are designed to create value over many years, not simply the next reporting period.

We are also approaching capital allocation with discipline. We have options, but we do not need to pursue every option. We will invest where returns justify the risk and where an opportunity strengthens the value and resilience of the wider Meridian portfolio.

And third, for the first time in several years, I think the industry can start looking forward with a greater degree of confidence.

Wholesale prices have fallen materially, new renewable generation is being built at pace, security of supply has been strengthened and the benefits of this are starting to flow through to customers. None of that happened by accident.

There is still plenty of work to do, but both Meridian and the wider electricity industry enters the new financial year in a stronger position. And the opportunity ahead is significant.

As New Zealand grows its renewable generation base, we strengthen an advantage that few countries can match: abundant, affordable and increasingly renewable electricity.

Last year I said I was confident in the future of the business. Now, having seen what the team has delivered, I am more confident than ever.

Thank you. We can move to questions. We might start in the room, which I am going to guess could be Andrew.

Andrew Harvey-Green: Hi, Mike and Mandy. Andrew Harvey-Green here. Couple of questions for me. So first of all, stay-in-business capex, it's reasonably step -- big step up there. Can you sort of talk through, I guess, how long will it be at these sorts of levels. Give us a bit more colour I guess, looking beyond FY27? And also, I guess, I mean -- it looks like there's lots of little bits that sort of add up this year.

And I guess when we think about what is a long-term, stay-in-business capex number, yes you have got an underlying number, I think about 40, but there's always going to be little one-offs that come in. So, if you can give us a bit more colour around that? That would be great?

Mandy Binnie: Yes, thanks, Andrew. So, firstly, I would just say that stay-in-business capex number is impacted in future years by the Waitaki upgrade program, which we have, for the first year, attempted to do an allocation of that between stay in business and growth with an indication of 85% of the cost of that program as Stay in business.

There are a number of periodic items which -- we have said it's up to $120 million at the moment, including that Waitaki upgrade. There will always be those. I think you would, in the longer term, excluding Waitaki, see that come back to round about $80 million.

Andrew Harvey-Green: Okay, thanks. Next question I just had, I guess, was looking at some of your long-term growth aspirations and I think there's a slide in the back there which shows 6 terawatt hours of additional generation between now and 2035. I understand what you are trying to be doing in the mass market space, but that's not going to give you 6 terawatt hours of demand.

So, can you tell, I mean obviously we have seen Mercury and Contact push go on data centers, or sort of push that forward. Can you sort of talk what you are doing, I guess, on that demand stimulation side, and how I guess you plan to try and balance your book with 6 terawatt hours of new generation?

Mike Roan: Yeah, Thanks, Andrew. As you say, there are new sources of demand emerging in New Zealand in the form of data centers. They will consume a portion of everybody's expected generation development. So, whether it's Datagrid or CDC, those commitments, it's going to step up the pace of their development to meet the timelines.

Beyond that, I did not talk to it specifically today, but have talked to it before, which is we formed a small team within the company to go out there and look at growth beyond the growth in existing customers in New Zealand, and they are out there still looking. It is still too early to tell you what might land, because it's like any funnel. It takes time to prioritise, and then deliver outcomes, but they are making progress.

The last piece that I would say is, and you probably know this, is there are a few large RFPs out there at the moment for process heat conversion. And we have got a gas sector in the country that's really looking for what it needs to do. Both of those are significant and substantial, and will help us deploy into that 6 terawatt hours pipeline.

But the last thing I will leave you with is the single most important thing that we do, beyond operating the business, is we deploy other people's money efficiently and effectively, i.e., good capital allocation. So, as market prices and demand forecasts turn into actual delivery, we will be incredibly disciplined in the way that we actually deploy capital, as opposed to the options that we are creating, because we think the development of optionality is as important as, driving raw energy into the market.

Andrew Harvey-Green: Great. Thanks for that, Mike. And last question for me, great to see guidance. Can you give us some in terms of the base assumption around your hydro generation for FY27, what sort of range are you looking at that sort of underpins that that those that EBITDAF range?

Mandy Binnie: I do not have that information to hand, but we have produced that information. I will get that to you.

Mike Roan: So, it's a deviation around average, Andrew.

Mandy Binnie: Yeah.

Mike Roan: So, it's just what you'd expect as a normal deviation across wind and hydro generation, and then the caveats that Mandy laid out were one-off specific events that might that might occur. But...

Mandy Binnie: And normal hydrology.

Mike Roan: Yeah. Just a deviation around average Andrew. Nothing sophisticated. I think we can go to the phones. Before we do that, anyone else in the room? Did see a couple of others that sat down. No. They're not moving at all, so let's go to the phones.

Operator: Thank you. If you would like to ask a question, please press star one on your telephone and wait for your name to be announced. If you like to cancel your request, please press star two. If you are on a speakerphone, please pick up the handset to ask your question.

Your first question comes from Joshua Dale from Craigs Investment Partners. Please go ahead.

Joshua Dale: Morning, Mike and Mandy. Well done on a strong year and nice to see some guidance. Just on the FY27 range you issued, when I last looked a couple of weeks ago, you were sitting on an additional 800 gigawatt hours of hydro storage compared to PCP. July inflows have been favourable. Yeah, I don't know whether you have this to hand, but how much of that benefit is in your guidance and what might the range look like under more normal conditions?

Mandy Binnie: Yes...

Mike Roan: Go on, Mandy. I mean, I can pick that up. The guidance is based around expected generation, Josh. So, looking at what our models tell us we'd expect and then drive a reasonable deviation to that. So, guidance does capture the current starting position. That said, as you say, you know, we've had a pretty strong July and August isn't shaping up too badly either.

So, that's why we've produced a range. You can take and use your judgment as to where we might sit in that range. But the range is important because we're in month two of what tends to be reasonably long years. We're trying to be cautious given that it's the first guidance that we've produced.

Mandy Binnie: And I would just add to that, obviously, if we see any significant change, we will update the market at that time.

Joshua Dale: So, if the midpoint is [1.08 billion], you know, what would a -- I mean, if you were standing here on the 1st of July looking ahead, without the benefit of that hydro that you've seen so far, what would that 1.08 billion step down to is a P50 figure?

Mike Roan: No, and sorry, Josh. I think you're right. Our P50 is 1.08 billion. So, you know, we've spread that around the range.

Joshua Dale: But that includes the benefit of a strong July and part of August too, right?

Mike Roan: Yeah. And ex...

Joshua Dale: So I guess what I'm asking is, what would P50 have been if you had issued that on the 1st of July, as opposed to, you know, now sort of latter part of August? If you have that to hand?

Mandy Binnie: Yeah. I think, so, the way I would phrase that is we took into account the starting point as at the start of July. So, we knew that the lakes were looking full at that point. I don't think there was any significant difference between that and where we are now.

Joshua Dale: Okay. Thanks. Just looking at Page 8 in your slide pack, it shows most of your on-balance sheet developments don't come online until FY30, which is, you know, a little later than peers. But you did say you think the retail book can soak up generation from Ruakākā and Mt Munro. In terms of the demand to soak up generation from Tararua, are you looking at -- are you counting on that retail book growing from 500k to 600k customers? Or might we see some other...

Mike Roan: Are you say some more, Josh? So, it will be no surprise to you, but we're out there talking to people about that volume that we expect to bring into the portfolio. We haven't completed those transactions yet, so it's hard to announce what they might be but you can expect us to contract for portions of that volume alongside the customer growth that we'd expect.

Joshua Dale: Got it. Okay, thanks. And one thing I did notice, obviously, there's been a bit of a delay in FID for that project, but it's still looking on the full power date, I guess that project contributes essentially fully for FY30. So, that final date hasn't really been affected. Why is that?

Mike Roan: Yes, it's the use of summer construction periods, Josh. So, while it has been delayed, it's been, as you know and others will know, it's been very frustrating, so it's actually nice to see the window emerge for that and that uncertainty disappears. But what we haven't lost is we haven't lost a summer construction period. So, while it gets delayed through a winter stretch, you haven't lost the key period, which is the period you construct the roads.

Joshua Dale: Got it, thanks. And the final one, hopefully, an easy one, just the comments around the Kraken customer migration completing by the interim result, does that include both C&I as well as mass market?

Mike Roan: Yes.

Joshua Dale: Thank you so much, guys.

Operator: Thank you. Your next question comes from Grant Swanepoel from Jarden. Please go ahead.

Grant Swanepoel: Good morning, all. Yes, about time you gave guidance, that's fantastic. Now, we're going to look for the type of contact-style deconstruction of that guidance going forward and we'll have less endless questions around it, hopefully.

Moving on to questions, similar to Andrew's start, you've got about 710 gigawatt-hours of extra power usage from the end of this fiscal year. Is that fully encapsulated in your portfolio position currently? And therefore, the next 12 months of about 1.3 terawatt-hours potential that you will wait to see how that demand will be stimulated?

Mike Roan: Yes. I think the simple answer to that, Grant, is yes. We'll we will wait. We're making financial investment decisions as we work through the year. So, the first one is Mt Munro, December. We'll look at conditions in December and then again, whether it's Te Rahui or Te Rere Hau, we'll make the decision that's relevant at the time.

The thing that I've tried to signal is when we look at the relative merits of the developments, Mt Munro is really strong -- is really strong from an economic perspective. Te Rahui is the same. And while Te Rere Hau has got really good economics, we're watching really carefully to see how solar positions itself in the market.

So, we're trying to be really careful around the deployment of capital in a solar portfolio, even though it brings additional value to the business, as I mentioned, through helping to manage dry-year risk. But we'll make the right decision at the time.

Grant Swanepoel: And then, just -- thanks, Mike. But just going forward in terms of creating demand for building things, how did you miss out on the 50 megawatt Tiwai contract. That contact seems to have first right of refusal on? And the second question around that is, it does appear that Mercury and Contact are dead set to build behind the PPA for those data centers themselves. How do you get into that mix if you think that that is for everyone?

Mike Roan: It wouldn't surprise you, Grant, that we were in conversation with the smelter around the additional potline energy. We've got a reasonable exposure to them already. So, you take that for what you will, but customers typically want the best price that they can find.

The second thing, is while you may not see us in front of, you know, I'll say data centre like Datagrid, CDC obviously is reasonably new, the key thing that I said just before is no one has enough energy to meet the needs of these data centres given the timeframes that they're contemplating.

So, you know, I would be incredibly surprised to find that Meridian was not part of the mix if they are successful. The only thing that limits us is actually getting the energy developed, and as we get that energy developed is then writing it into the market.

But, you know, maybe I'll give you a stronger indication is there's no question that we're involved in pretty much every major consumer investment that's being made in the country. Whether we tend to broadcast it or not, our style is that we let people know when we've completed those arrangements.

Grant Swanepoel: Yeah. Thanks, Mike. And my final question is just around dividends. So, 83% payout of your normalised cash flow and a net debt position of 1.6 times. I know you've got some capital ahead of you, but where do we expect that payout ratio relative to your balance sheet over time, particularly since your debt covenant is -- I mean debt guidance is 80% to 100%?

Mandy Binnie: Yeah. Grant, we haven't changed the dividend policy on that. We pay out between 80% and 100% of cash flow. There's obviously been an interesting twist to that in the last couple of years because that doesn't envisage the significant change that happens in tax payments as a result of the large swing in our earnings over a couple of years.

So that is -- it's a notable feature of this year where, you know, last year's tax payments were much lower and were made in this financial year. While that is at 83% when you normalise that, it's actually closer to 100%.

Grant Swanepoel: Thank you. That’s it for me.

Mandy Binnie: We would consider it. We continue to pay out at 80% to 100%. Thanks, Grant.

Operator: Thank you. Once again, if you would like to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from Vignesh Nair from UBS. Please go ahead.

Vignesh Nair: Hi. Good morning, Mike and Mandy. Can you hear me?

Mike Roan: Got you. Yes.

Mandy Binnie: Yeah.

Vignesh Nair: Amazing. Just a couple quick questions. The first one is just about your growth capex envelope, I suppose, from here. You know, several projects in their horizon sort of FY30-weighted. Do you have any colour on when and where spend will peak according to your existing Gen Dev profile?

I suppose you know, the context for that question is you used to guide to $3 billion in capex over an FY24 to FY30 period. Just wondering if you're tracking in line with that or, I suppose, behind that kind of prior guide?

Mike Roan: Hi Vignesh. We're still tracking to that guidance is the simple answer. It comes down to key developments being Te Rere Hau, which, you know, the first time I've been able to give pretty good clarity on that project, which feels great. But the next significant developments that fit into that timeframe are what...

Vignesh Nair: Hello?

Mike Roan: You there, Vignesh? Was that you?

Operator: Pardon me for the troubles there. We are now back online. Thank you very much.

Mike Roan: Did you hear any of my answers, Vignesh?

Vignesh Nair: No. I just hope to heard the start; I think I missed out the second half. Sorry.

Mike Roan: Okay. Did you hear the three big projects being Te Rere Hau, Waiinu, and Western Bay Solar?

Vignesh Nair: Yes.

Mike Roan: And then there are a couple of smaller solar developments that we've recently got consent for, but yeah, they fit that $3 billion envelope that you'd mentioned.

Vignesh Nair: Okay, cool. And I suppose the follow-on is the implication on the debt profile, right? Like, where do you see peak net debt, and when do you get back to the 2 to 3 times range from here, Mike?

Mike Roan: Well, I mean, Mandy might want to take this, but...

Mandy Binnie: Yeah. So we only expect to peak just over the three times range and to be back in under in the 2 to 3 times range by I think FY31, so peaking through '29 and '30.

Vignesh Nair: Amazing. And the second question, I suppose, is just on the battery, your FY27 targets include delivery of BESS business case benefits. You know, slide seven's obviously pretty helpful in understanding the impacts there, but I was just after a couple of, bits of colour on whether or not the current, more subdued wholesale price has sort of impacted the return on that battery in light of where forwards are tracking and spot prices are tracking.

And if you can guide to maybe what the explicit sort of EBITDAF implication has been from that battery in this financial year and what you're expecting to '27, I suppose, would be helpful as well.

Mike Roan:	No. Hi, Vignesh, we're going to release a project implementation review for the battery later in the year so that people can see the economics. Remember we said there was about a quarter of the value through arbitrage, a quarter of the value through reserves markets, and the remaining 50% through improved portfolio pricing for our hydro developments.
	When you look at the arbitrage opportunities, the last few weeks have really evidenced that they're there, and we have nailed execution. It was one of the points I was trying to make. But in terms of meeting the business case annualised revenues, probably a little lower than we expected.
	Reserve market revenue for the battery, again, has been a little lower than what we expected. But the key point that I was making is the capacity of that battery to lift HVDC transfers, allowing us to release more energy from the Waitaki and the Waiau and close the North to South Island price differential, they've both exceeded what we expected to be possible for batteries, which is why we are looking at whether we can accelerate another integrated energy park.
	And the only reason you do an integrated energy park is it's one set of transmission assets across two actual generation assets. So we're pretty enthused by what we've seen by the battery, Vignesh.
Vignesh Nair:	And so, just to clarify, into FY27, are you expecting the full kind of target gross return on capital of about 20% call it on the $186 million spend, so $40 million circa EBITDA to fall through to that 1080 midpoint number?
Mike Roan:	Yep. Yes, we are.
Vignesh Nair:	Amazing. Thank you. That's all from me.
Operator:	Thank you. Your next question comes from Stephen Hudson from Macquarie Securities. Please go ahead.
Stephen Hudson:	Hi Mike and Mandy. Can you hear me okay?

Mandy Binnie: Yes.

Stephen Hudson: Hey, just a couple from me. Just going back to the payout ratio. You've you mentioned that there's a quite a disparity between the ratio on a tax expense and a tax paid basis, and we can see that from the slide. Are you saying that that disparity will continue for quite a period of time, Mandy, given your elevated levels of investment?

Mandy Binnie: No, it's called -- it was caused…

Stephen Hudson: In other words, should we be should we be thinking about the 83 as being the sort of the right basis or the 102?

Mandy Binnie: No. It's a one-off issue caused by the swing in profitability over the last couple of years. So, we've got a difficult year followed by a strong year. The tax paid on that, a good proportion of it, gets paid in the following financial year, and therefore impacts cash flows a year later than the poorer or better year.

So, in going forward, in kind of standard profitability, assuming that in a kind of standard growth profile, you should not see that level of swing and we can return to just treating 80% to 100% as the standard range.

Stephen Hudson: Right, but basically the 102% tax, 102% tax expense basis is really the one that we should be focused on then?

Mandy Binnie: Yes, that's right. And what you will see in future years is that those two become -- the difference disappears.

Stephen Hudson: Yeah, got you. Okay. I mean just at a high level, Mike, what do you think the board is trying to signal with the dividend at the moment? We've kind of got, you know, it's great that you're providing guidance, but we've got a strong start to the year, I think July EBITDAF was up 8%, the dividend's up 8%, and guidance is up 3%. What do we -- you know, at a high level, what are we supposed to be taking from all of that?

Mike Roan: Huddy, its confidence. I think that's the key takeaway from the result is higher operating cash flows. We expect those operating cash flows to grow over time. And as a result, we expect -- what we've always wanted to deliver, which is ongoing lifts in underlying dividend.

So, I hope what you're taking from it is good confidence in our capacity to produce cash and that cash will continue to fund both the dividend and the growth program.

Stephen Hudson: Okay. Should we also take away the fact that the Waitaki refurbishment is a relatively, how should I say, a confined period, or is it kind of like a Mercury, 20-year kind of exercise?

Mike Roan: Yeah, it's really confined. I mean, Waitaki power station's 91 years old, so I doubt that I'll see that one again refurbished. Well, I won't. We don't have any other power stations that are nearing that age, Huddy, so we don't have anything in our plan that says, get out there and refurbish a whole bunch of other hydro power stations.

With Waitaki, the beauty of it is the economics of the investment are outstanding and we'll be able to increase the capacity of that station while maintaining strong cash flows through the next 90 years.

Stephen Hudson: That's useful. Thanks, Mike. Just a couple of other quick ones. The Pūkaki contingent storage, I think you talked about a $15 million impact. I'm not sure if that was on the sort of 50% assumption that you provided that, you're going to operationalise sort of 50% and kind of hold back on the remainder. It sounds like your estimate has pushed higher. Can you update that for us?

Mike Roan: It has pushed higher, Huddy, so I think 15 would be conservative, where that's lifted to, I would say, probably in the order of 20 to 30. So not massive, but certainly that opportunity to capture spill in the Waiau is in front of us. I'm just being a little bit cautious, because we haven't done it yet, right?

So, we haven't actually tested the low-range operation ability to capture that spill, but when you look at the numbers, the 600GW of annualised spill down there, and if we can operate the way that we expect to operate, then the opportunity is in that order.

Mandy Binnie: In fact, and I if I can just be clear on that, we have included our initial assumptions on contingent storage in guidance but have not included anything further on the Waiau.

Stephen Hudson: Thanks, Mandy, Mike. Sorry, just firing off two more quick ones. We've seen some pretty crappy GWAP/TWAPs in the North Island solar this winter, sort of, I think summer kind of was one and now we're in the mid-80s. It sounds like you're waiting for kind of customer kind of PPA kind of engage, that's it's not a peaking factor issue.

But I am interested in your view on peaking factors and what your assumptions are across all of your solar developments. Are you surprised to see the sort of decay and peaking factors that we've seen or is that in some sort of, in line with your expectations?

Mike Roan: It's in line, Huddy, is I want to go back to I think at the Investor Day, so it was, was it November '24 that we had the Investor Day and we actually provided those price participation factors as part of the forecast, we provided them for the Waitaki, for Manapōuri, for wind, generic and solar generic.

Those factors showed a reasonably quick reduction in participation rate for solar farms and there hasn't been anything that's played out that's inconsistent with that forecast.

Stephen Hudson: Thanks. Last one, I promise. The NZAS contracts, just remind me, I think there's some conditional escalation in there, but it kicks in early 2028, is that right? We've still got to wait another year before we get the benefit of that escalation?

Mike Roan: Yes, it starts calendar year '28 and it's reasonably straightforward, is the escalation is, are aluminium prices in '26 higher or lower than 2027. If they're lower, then you escalate; if they're higher, then you hold the price at the level that it is.

Stephen Hudson: Excellent. Thanks, guys.

Mike Roan: No problem.

Operator: Thank you. There are no further phone questions at this time. I'll now hand back over to Mike Roan for any closing remarks.

Mike Roan: Brilliant. I think I said my closing remarks just before. Thanks, everybody, for joining this morning. I hope you got the info you're after. Thanks everyone in the room for showing up. We'll see you at interims.

[END OF TRANSCRIPT]