



Meridian.

# Meridian Energy Limited Green Bond Offer

6 MARCH 2023

*Joint Arranger, Green Bond Co-Ordinator, Joint Lead Manager:*



*Joint Arranger, Joint Lead Manager:*



*Joint Lead Managers:*



Member of  
**Dow Jones  
Sustainability Indices**

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# Important Notice

This presentation has been prepared by Meridian Energy Limited (**Meridian**) in relation to its offer of unsecured, unsubordinated fixed rate green bonds maturing on 20 September 2028 (**Green Bonds**) (**Offer**). The Offer of Green Bonds is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**). Details of the Offer are contained in the Indicative Terms Sheet dated on or about the date of this presentation (**Indicative Terms Sheet**). Unless the context otherwise requires, capitalised terms in this presentation have the same meaning as given to them or incorporated in the Indicative Terms Sheet.

The Offer is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as:

- Meridian's green bonds maturing on 14 March 2023, which have a fixed interest rate of 4.53% per annum and are currently quoted on the NZX Debt Market under the ticker code MEL030;
- Meridian's green bonds maturing on 20 March 2024, which have a fixed interest rate of 4.88% per annum and are currently quoted on the NZX Debt Market under the ticker code MEL040; and
- Meridian's green bonds maturing on 27 June 2025, which have a fixed interest rate of 4.21% per annum and are currently quoted on the NZX Debt Market under the ticker code MEL050,

(together the **Existing Bonds**).

Accordingly, the Green Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Meridian is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/MEL](http://www.nzx.com/companies/MEL).

The Existing Bonds are the only debt securities of Meridian that are currently quoted and in the same class as the Green Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

# Offer Highlights



MARCH 2023

RETAIL BOND OFFER

# Offer Highlights

<b>Issuer</b>	Meridian Energy Limited ( <b>Meridian</b> ).
<b>Description</b>	5.5 year unsecured, unsubordinated, fixed rate green bonds ( <b>Green Bonds</b> ).  The Green Bonds are Green Debt instruments under Meridian's Green Finance Framework dated February 2023 (as amended from time to time) and are certified by the Climate Bonds Initiative based on the Climate Bond Standard. A copy of the Green Finance Framework is available on Meridian's website.
<b>Issue Amount</b>	Up to \$150,000,000 (with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Meridian's discretion).
<b>Term and Maturity Date</b>	5.5 years, maturing Wednesday, 20 September 2028.
<b>Use of Proceeds</b>	Meridian intends to allocate an amount equal to the proceeds from the Offer to finance or refinance renewable energy and energy efficiency projects and assets that meet the eligibility criteria as set out in the Green Finance Framework ( <b>Green Assets</b> ), including the refinance of the \$150,000,000 MELO30 green bonds which mature on 14 March 2023.
<b>Credit Rating</b>	Expected Issue Credit Rating for the Green Bonds: BBB+. Meridian has an Issuer Credit Rating of BBB+ (Stable) from S&P Global Ratings.
<b>Joint Arrangers and Joint Lead Managers</b>	ANZ Bank New Zealand Limited ( <b>ANZ</b> ) and Craigs Investment Partners Limited ( <b>Craigs</b> ) are acting as Joint Arrangers. ANZ, Bank of New Zealand, Craigs and Forsyth Barr Limited have been appointed Joint Lead Managers.

# About Meridian

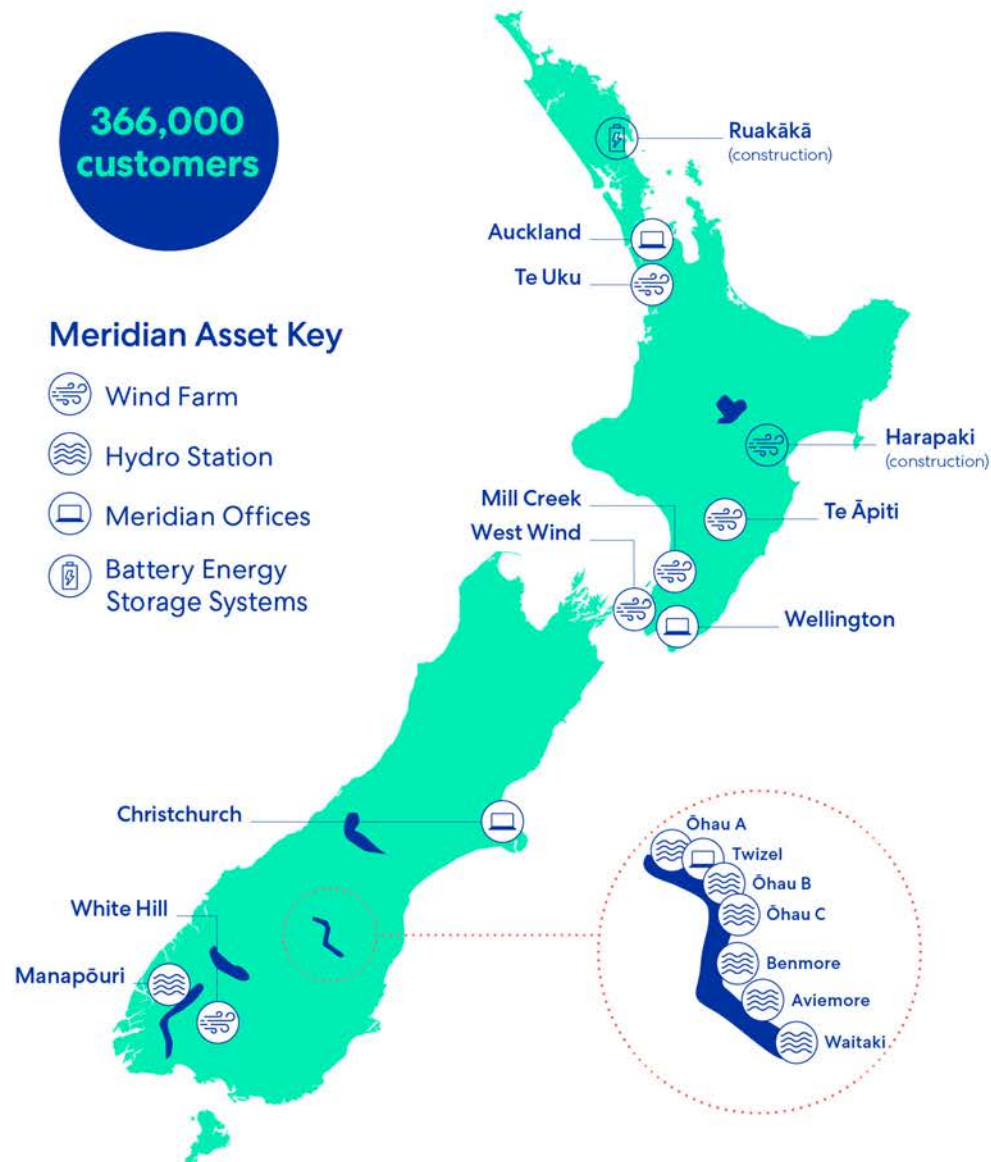


# About Meridian

366,000  
customers

## Meridian Asset Key

-  Wind Farm
-  Hydro Station
-  Meridian Offices
-  Battery Energy Storage Systems



- New Zealand's largest generator, all production from renewable sources
- Seven big hydro stations – flexible plant with the country's largest storage
- Low operating costs and capital needs
- Five New Zealand wind farms, with the first built in 2004
- Currently constructing a sixth wind farm and New Zealand's first grid scale battery storage system
- One of the largest retailers of electricity (by volume) in New Zealand
- Developing a renewables generation pipeline to support demand growth (driven by New Zealand's decarbonisation goals)
- Strong investment grade credit metrics
- Experienced leadership team and Board
- Majority Government shareholding (51%)

# New Zealand Electricity Market



31 January 2023

**5** major generators (all listed, 3 majority Govt owned)

**1** transmission grid owner (state owned)

**1** very large industrial user (Rio Tinto/Sumitomo smelter), ~13% of national demand

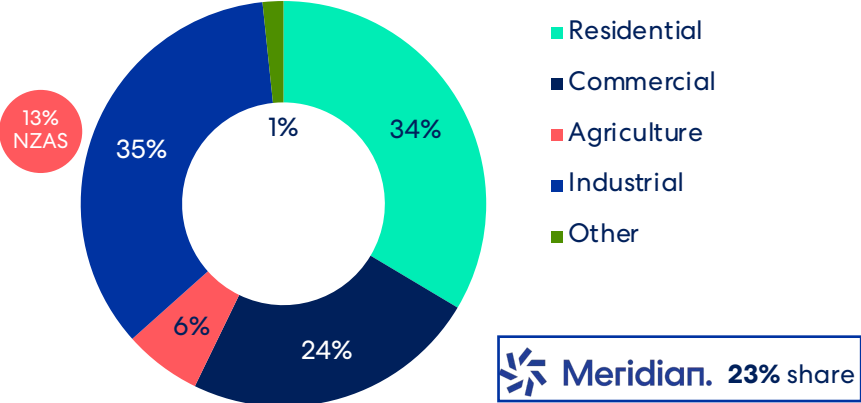
**29** electricity distribution businesses (various ownership structures)

**44** retailers

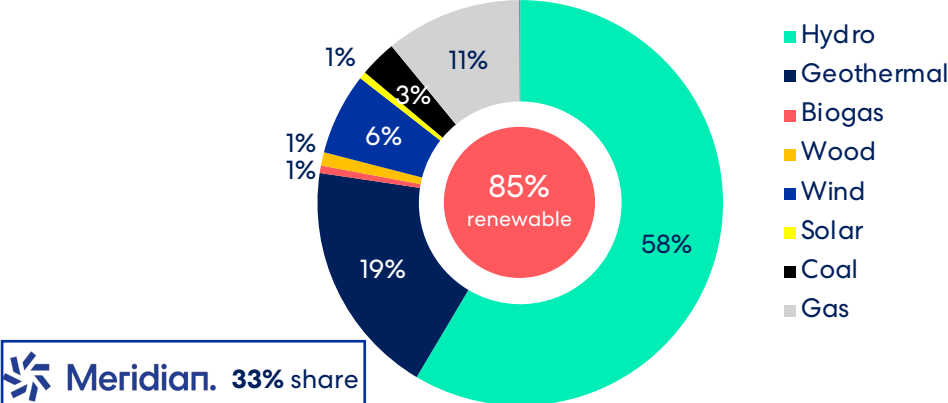
Over **2** million customer consumers (**41** TWh annual demand)

Sources: Electricity Authority and Ministry of Business, Innovation and Employment

## Annual consumption (30 September 2022)



## Annual generation (30 September 2022)



# New Zealand Electricity Market continued

- A reliable, affordable and environmentally sustainable electricity system
- A well functioning competitive market with a high level of renewable resources and rational competition
- Vertical integration is the prevailing market structure
- Wholesale and retail market regulation provided by an independent regulator – The Electricity Authority (EA)
- Demand growth in the last decade has been modest. However, strong demand outlook from decarbonisation
- \$2.5B of recent or in progress renewable generation builds





# Policy and Regulation

## Emissions Reduction Plan

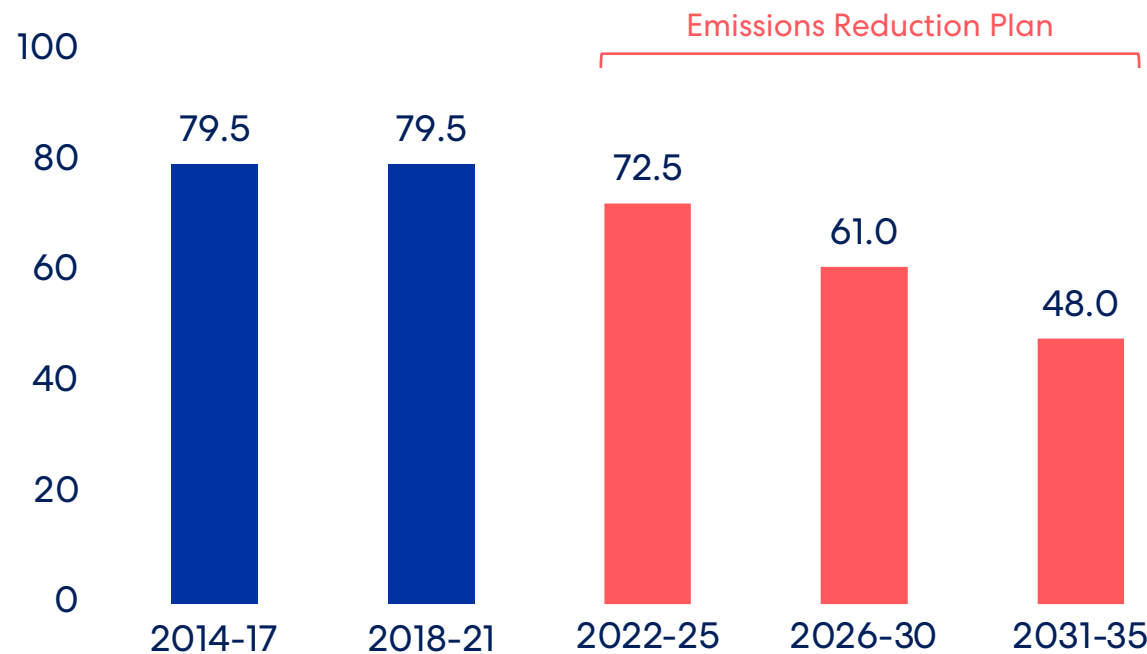
- Released in May 2022, it sets out how New Zealand will meet its first emissions budget for 2022-2025
- Requires additional emissions reductions of 4%
- Plan targets transport and energy emissions
- Supported by funding from the Government's Climate Emergency Fund

## Resource Management Reform

- The New Zealand Government is replacing the current Resource Management Act with three new pieces of legislation
- The first two bills were introduced into Parliament in November 2022 and are expected to pass into law in 2023
- These three new Acts will set a new regulatory environment for consenting

## New Zealand Average Annual Emissions

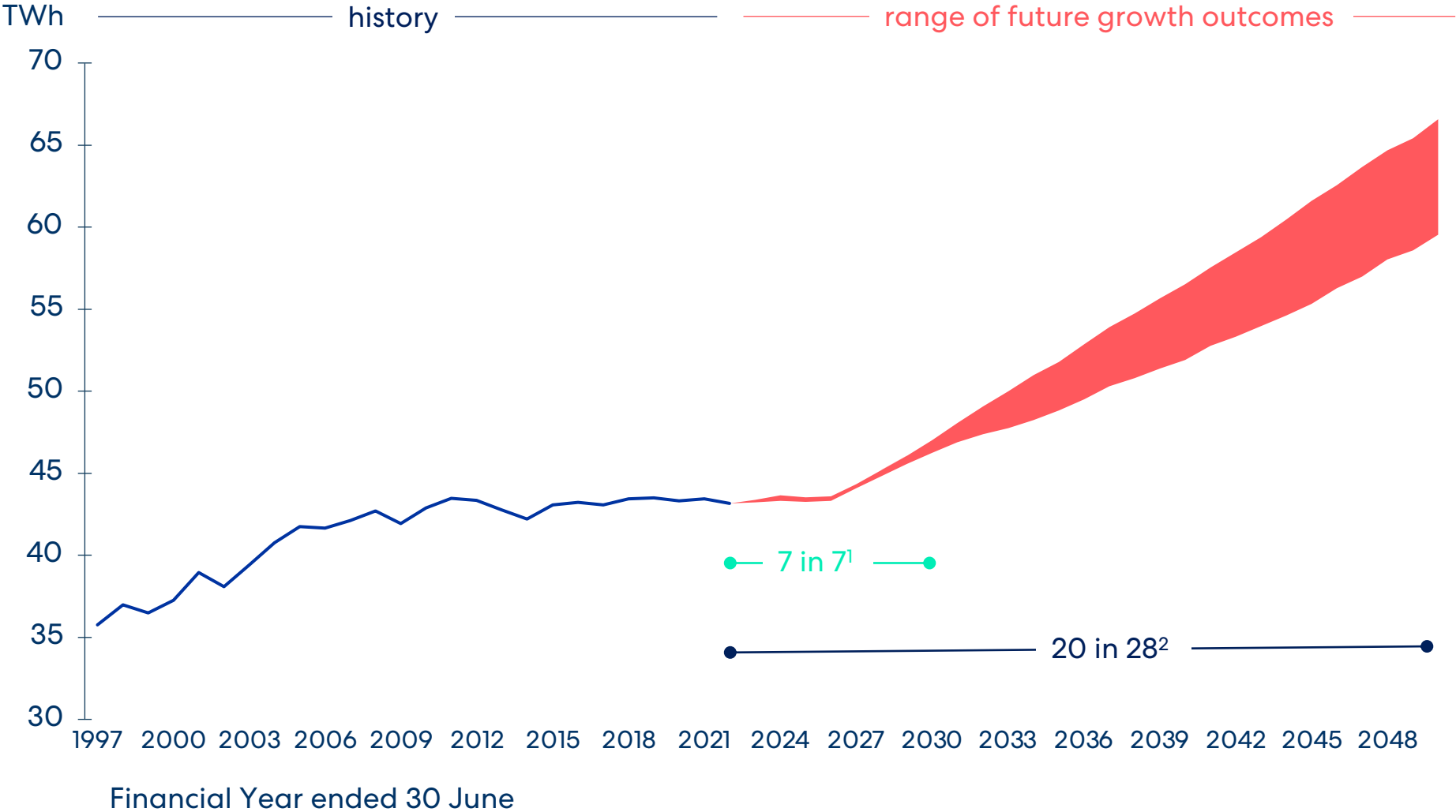
Mt CO<sub>2</sub>-e



Source: Stats NZ, Aotearoa New Zealand's First Emissions Reduction Plan

# Renewable Growth

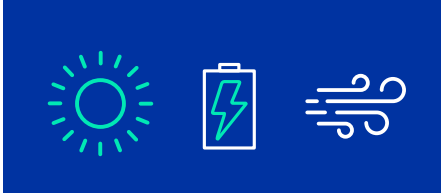
## Annual Market Demand for Generation



Source: Meridian

**\$30+**  
billion  
of new  
generation  
investment by  
2050

Source: Meridian



<sup>1</sup>7 consented projects in 7 years  
<sup>2</sup>20 consented projects in 28 years

# Meridian's Strategy



Strategic initiatives

## Champion

Competitive markets  
Sustainability  
Climate action

## Optimise

Trading and asset management  
Re-consenting  
Financing

## Grow

Retail  
Generation  
Flux

5-year targets

Grow a clear sustainable leadership position

NZ's highest customer satisfaction

Use our 5,000 GWh renewable opportunity to fast-track NZ's decarbonisation

Provide the most relevant and impactful options for our customers

Execute on options that optimise system and portfolio needs and reduce transition risks

Develop a high quality and diverse suite of renewable energy options

3 million ICP's on Flux

A resilient wellbeing and safety culture

Current position

Asia Pacific Dow Jones Sustainability Index inclusion

Powershop market leading customer satisfaction, Meridian leading gentailer

1,500 GWh new demand opportunities identified

300 GWh of process heat under MOU  
137 public EV chargers installed

385 GWh of new swaptions, 250 GWh of smelter demand response

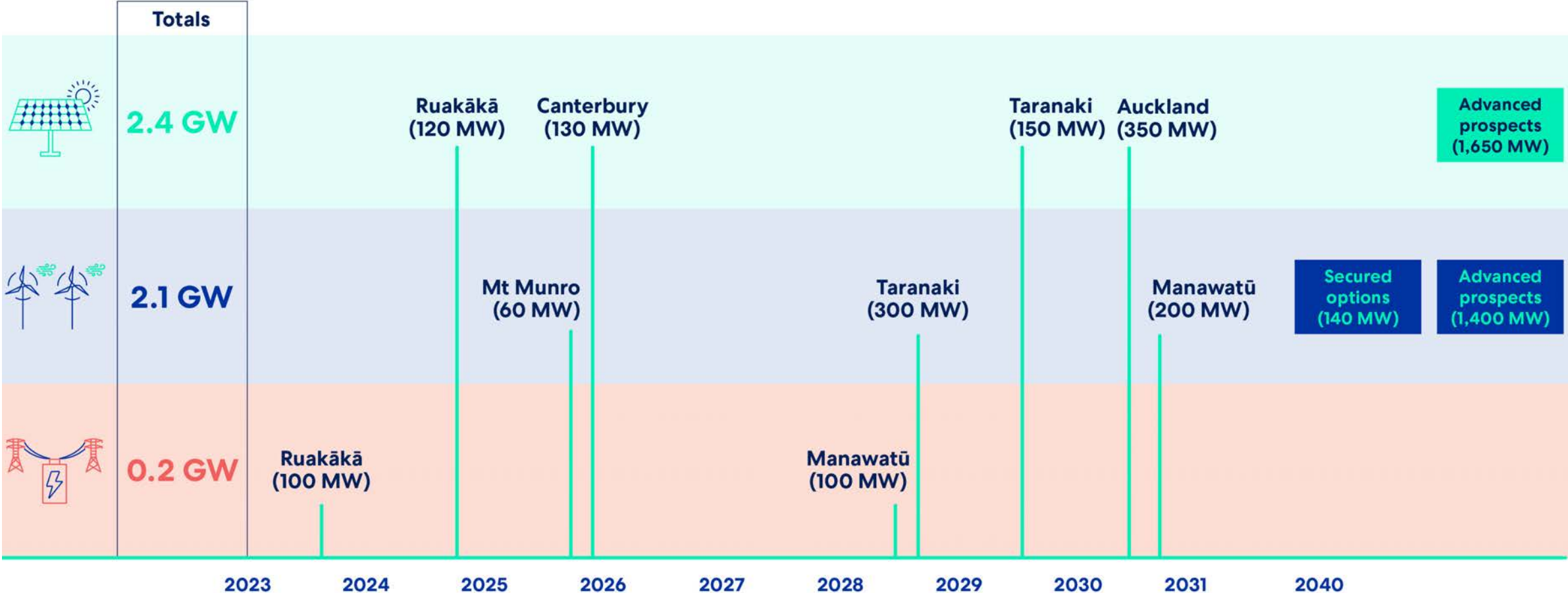
4.7 GW of sites/opportunities

611,000 ICP's on Flux

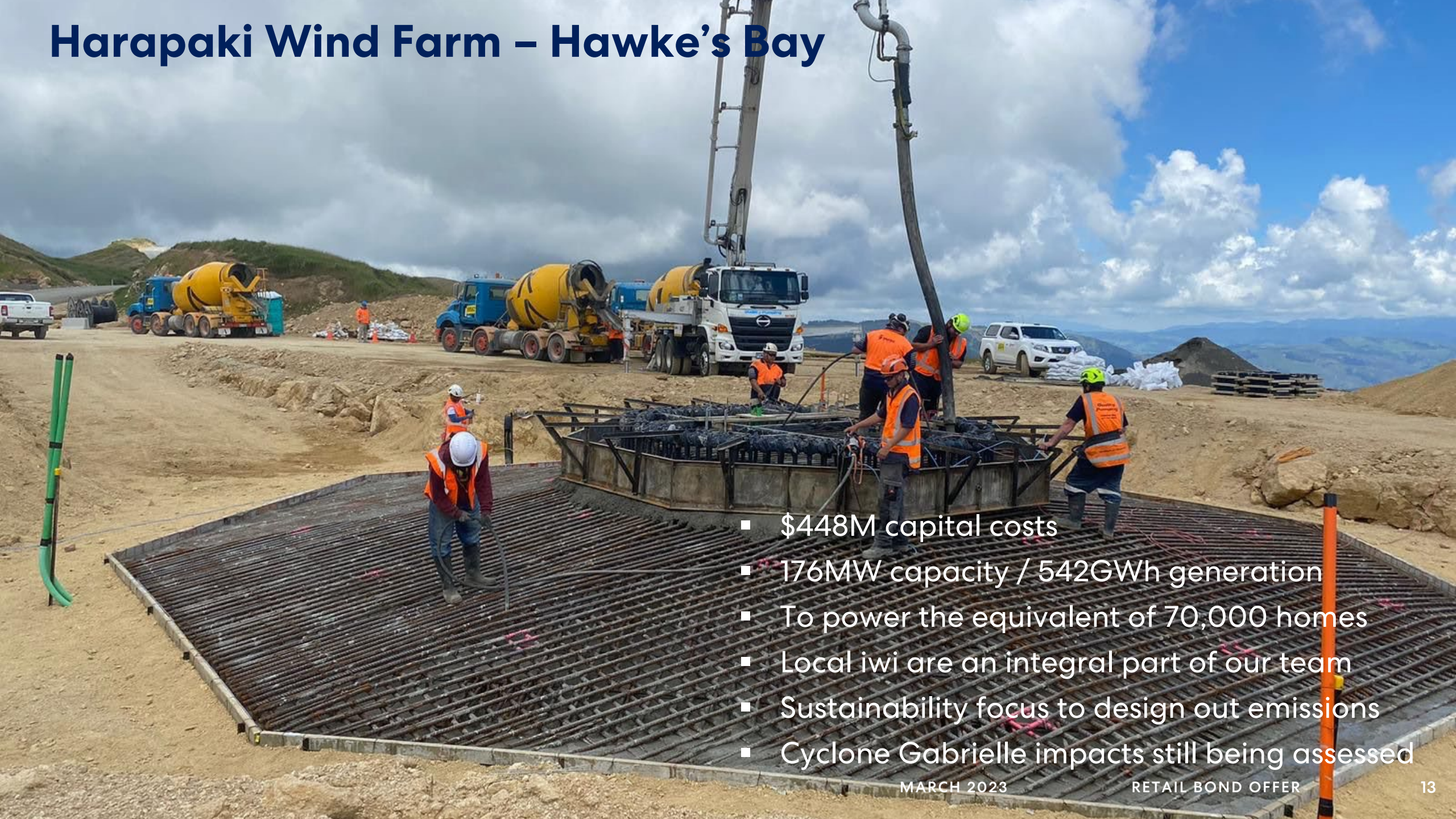
NZ top quartile staff engagement, improving injury frequency rates

# Meridian's Renewable Development Pipeline

- Deep pipeline of 4.7 GW (11.1 TWh) of development options
- Pipeline has doubled in size in the last six months
- 1.5 GW secured, 3.2 GW in advanced prospects



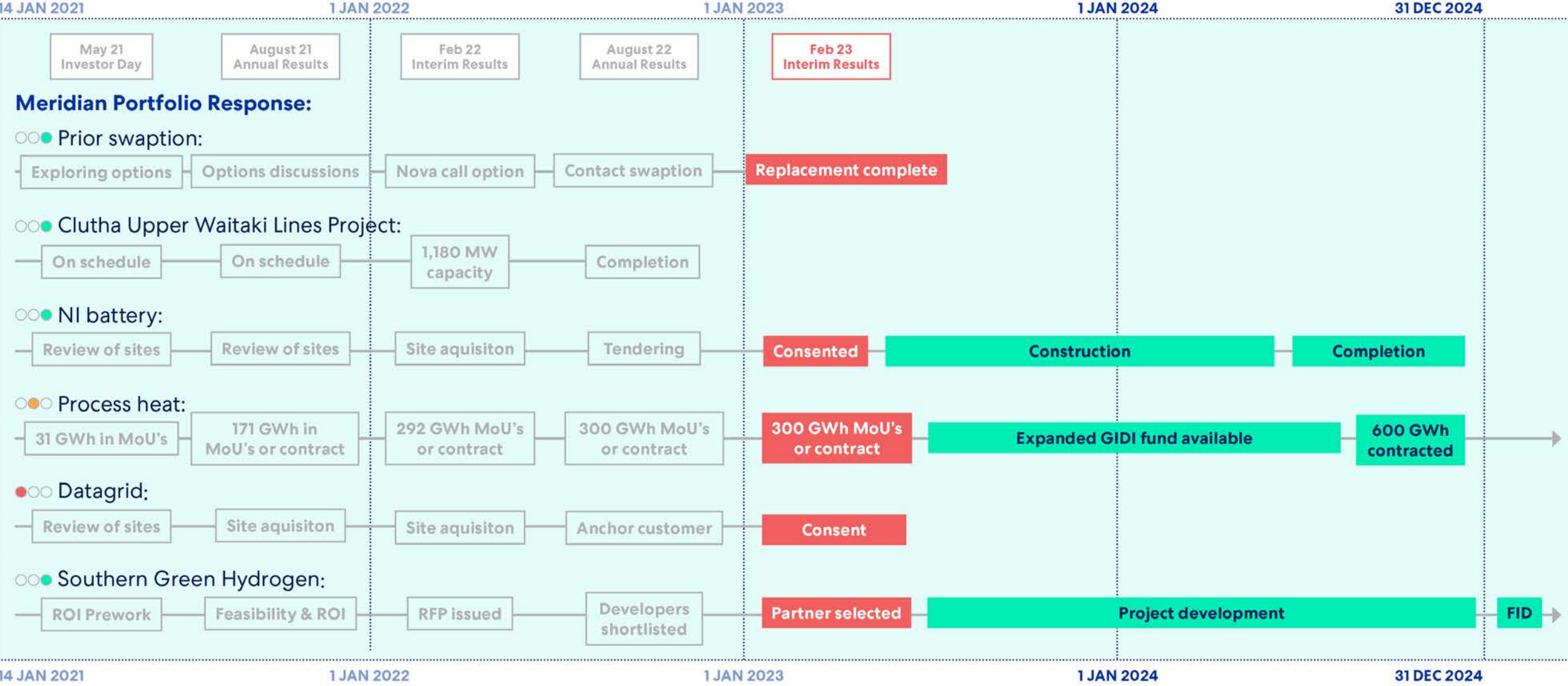
# Harapaki Wind Farm – Hawke's Bay



- \$448M capital costs
- 176MW capacity / 542GWh generation
- To power the equivalent of 70,000 homes
- Local iwi are an integral part of our team
- Sustainability focus to design out emissions
- Cyclone Gabrielle impacts still being assessed

# Portfolio Response to NZAS Contract Termination

## NZAS contract



# Sustainability at Meridian

## Our Purpose

**Clean energy for a fairer and healthier world.**

We're New Zealand's largest renewable energy generator and a major retailer.



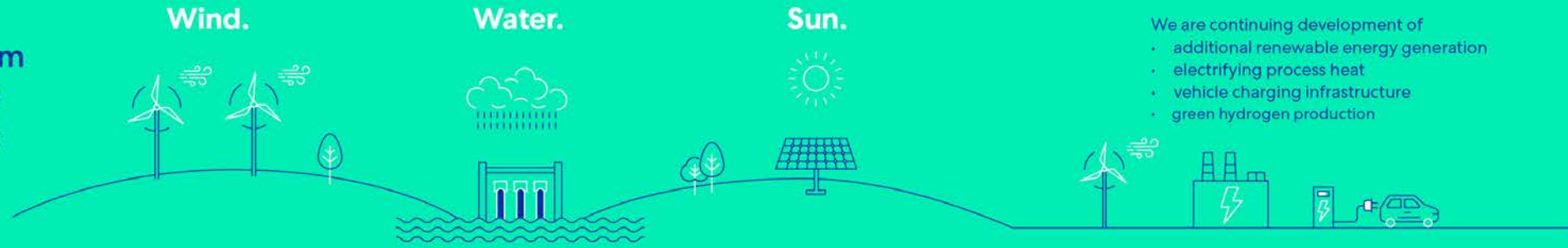
# Our Climate Action Plan

## Our purpose

Meridian's purpose of **Clean energy for a fairer and healthier world** is at the centre of everything we do on our journey to net zero.

## Our business

Our energy generation is from 100% renewable sources through:



- We are continuing development of
- additional renewable energy generation
  - electrifying process heat
  - vehicle charging infrastructure
  - green hydrogen production

## Our priorities

These priorities align with our commitment to contribute meaningfully to the United Nations (UN) Sustainable Development Goals (SDGs) where we can have most impact – such as SDG13 Climate Action. See our **Sustainability Policy** for further detail.



### Half by 30

We are focused on reducing our gross operational emissions by half by FY30\*.



### Forever Forests

Our nature-based commitment to emission removals.



### Helping customers and Aotearoa to decarbonise

Increasing consumption of renewable electricity through electrification.

Where we can't reduce our operational emissions right now, we offset using Gold Standard Verified Emission Reductions and have done since FY19.

\* Meridian's operational emission boundary includes all scope 1, 2 and 3 categories, excluding all one-time construction emissions from major projects and all activities that are capitalised as part of renewable energy projects. From our FY21 baseline (excluding Meridian Australia).

## Our Half by 30 focus areas



Land Transport



Farms



Fugitive emissions



Air travel



Ferry and barge



Waste



# Our Leading Sustainability Performance



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Sustainability Indices**  
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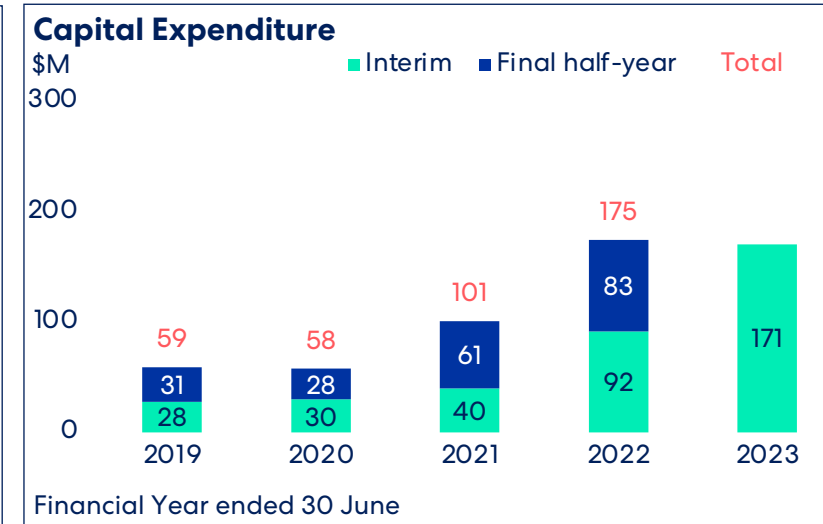
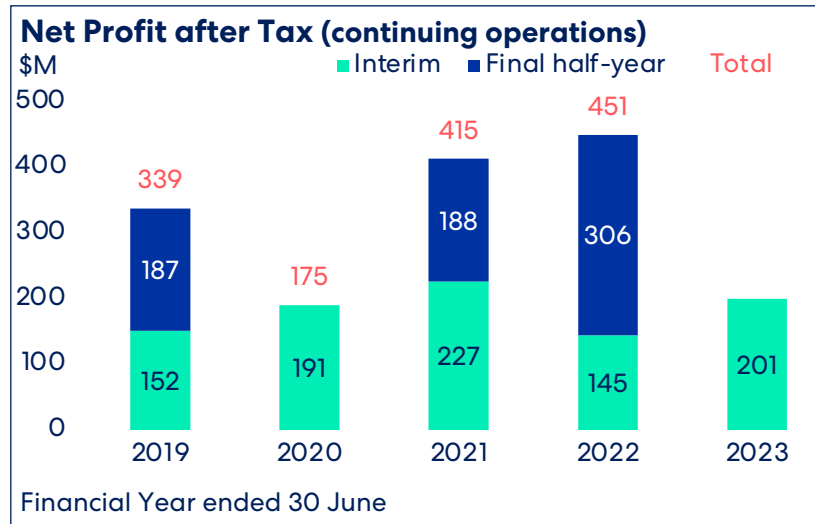
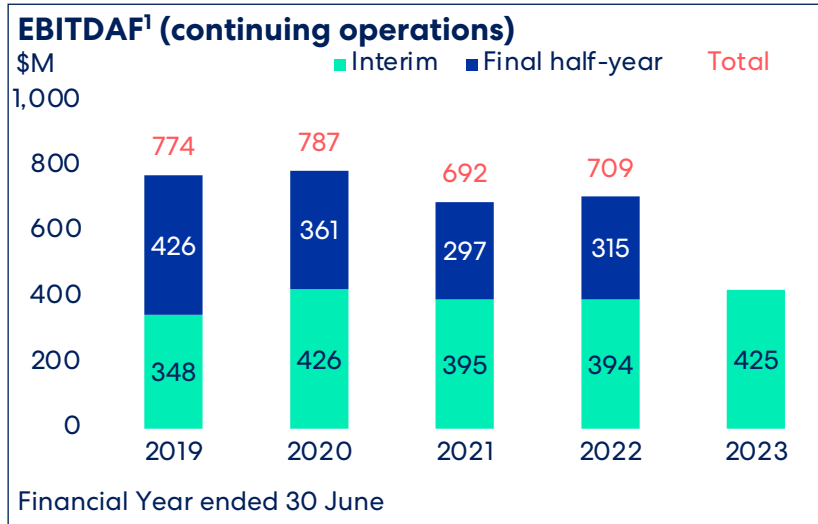


# Financial Information and Capital Structure

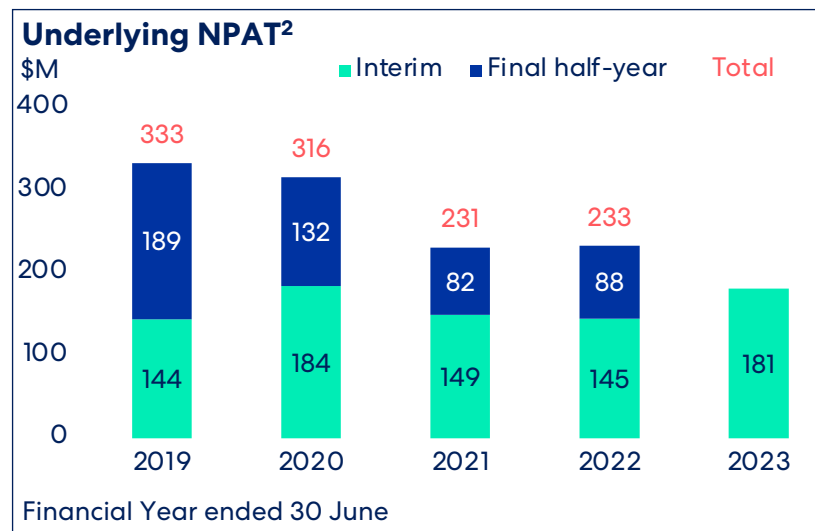
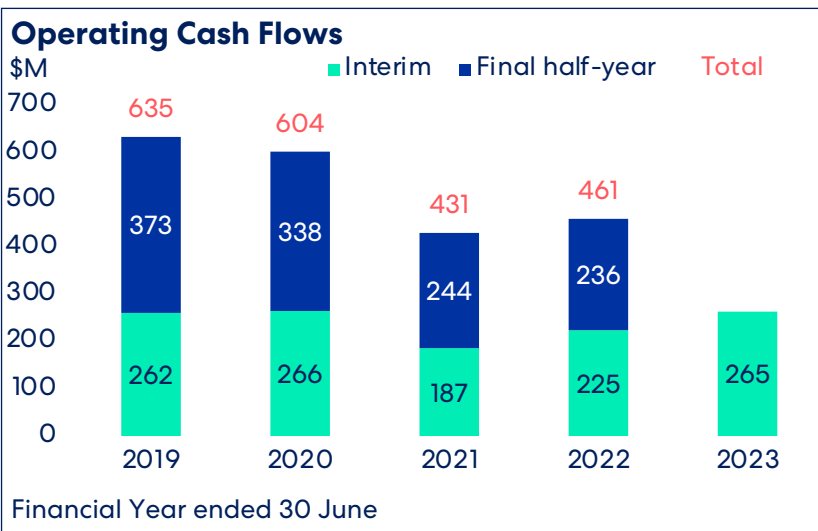


# Financial Performance

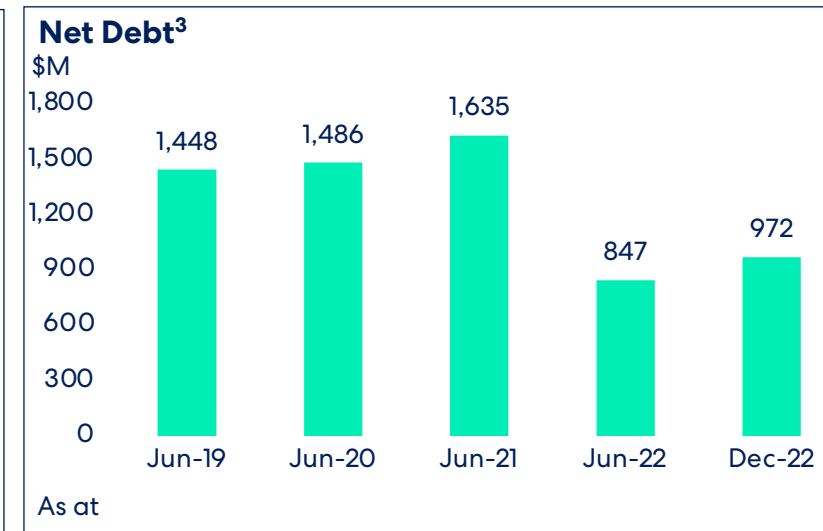
Meridian's interim reporting date is 31 December and final half year date and financial year end date is 30 June



<sup>1</sup>Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges, impairments and gains or losses on sale of assets



<sup>2</sup>Net profit after tax adjusted for the effects of changes in fair value of hedges and other non-cash items

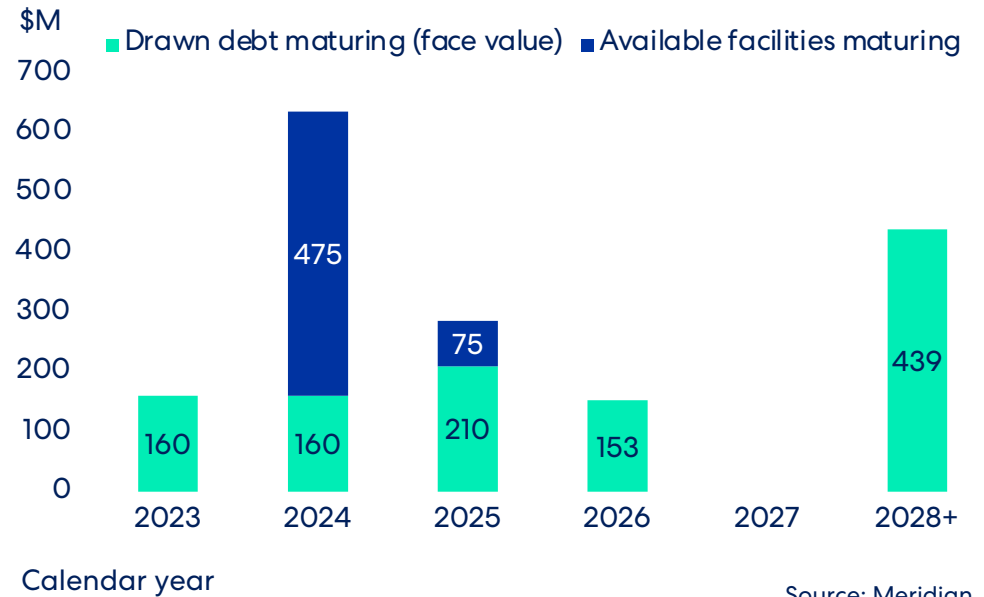


<sup>3</sup>Drawn borrowings and lease liabilities payable less cash and cash equivalents

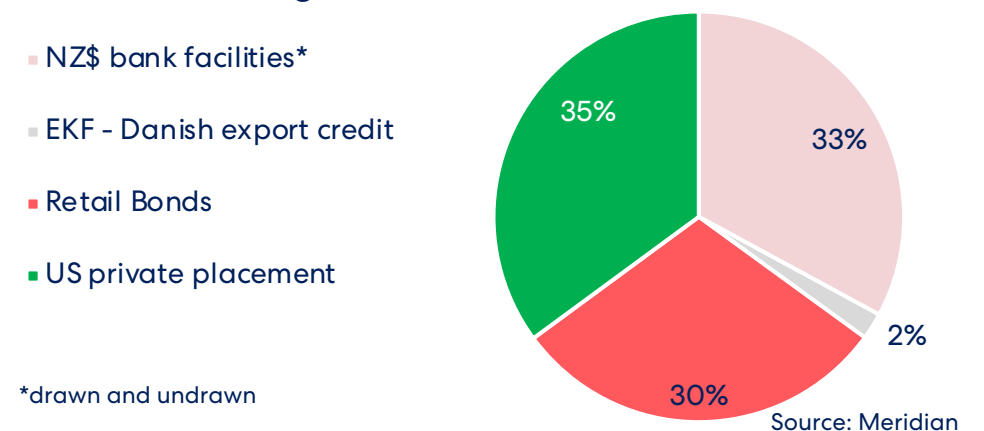
# Funding

- Total borrowings as at 31 December 2022 of \$1,118M
- Committed bank facilities of \$550M which were undrawn
- Minimum headroom required in addition to forecast requirements is \$200M
- All borrowings classified as Green Debt under Meridian’s Green Finance Framework
- A portion of the 2023 retail bond offer issue proceeds used to refinance the \$150M MELO30 green bonds, which mature on 14 March 2023
- Next capital market maturity is March 2024 (\$150M green bond)
- Diverse sources of funding

## Debt Maturity Profile as at 31 December 2022



## Sources of Funding as at 31 December 2022

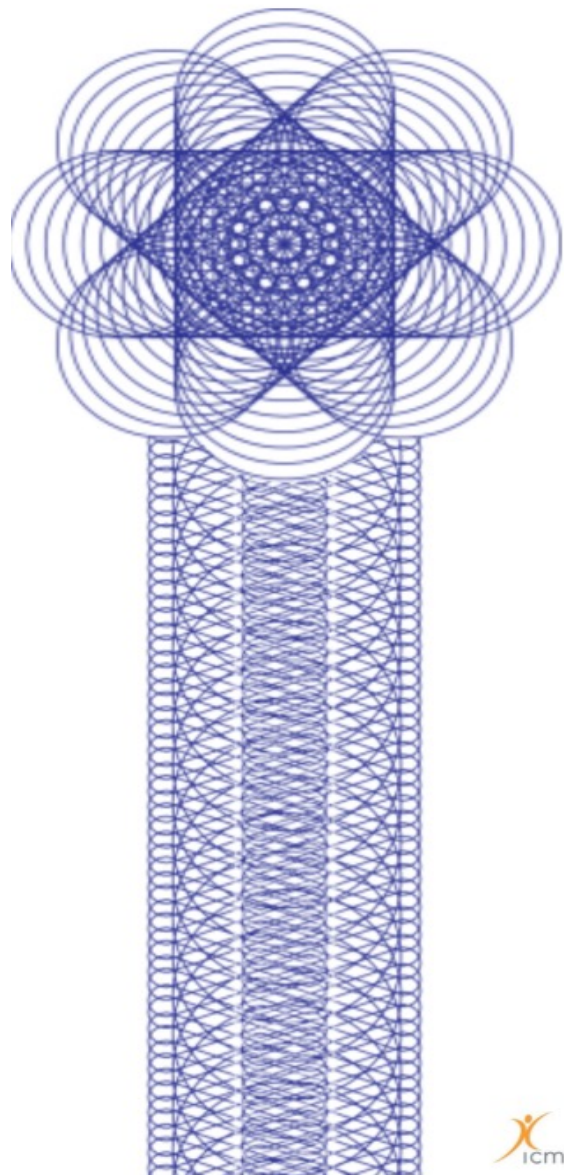


# Credit Rating and Covenants

- Meridian targets a long-term credit rating of BBB+
- Issuer Credit Rating: BBB+/Stable (S&P Global)
  - Solid rating headroom in near term financial metrics following divestment of Australian business
  - Rating reaffirmed in July 2022
  - Net debt to EBITDAF is a key rating metric
- Board gives consideration to the long-term credit rating target in Meridian's Dividend Policy
- Historical performance well within bond covenant requirements

<b>Key Metrics</b>					
Financial Year ended 30 June	2018	2019	2020	2021	2022
\$M					
Share capital	1,598	1,599	1,598	1,595	1,671
Retained earnings	-1,010	-1,171	-1,542	-1,548	-1,242
Other reserves	4,235	5,029	5,026	5,177	5,094
<b>Equity</b>	<b>4,823</b>	<b>5,457</b>	<b>5,082</b>	<b>5,224</b>	<b>5,523</b>
Drawn borrowings	1,428	1,376	1,491	1,589	1,126
Lease liability payable	124	123	104	97	41
Less: cash and cash equivalents	-60	-78	-176	-148	-363
Add back: restricted cash	29	27	67	97	43
<b>Net debt</b>	<b>1,521</b>	<b>1,448</b>	<b>1,486</b>	<b>1,635</b>	<b>847</b>
EBITDAF	666	838	853	692	709
<b>Net Debt to EBITDAF (times)</b>	<b>2.3</b>	<b>1.7</b>	<b>1.7</b>	<b>2.4</b>	<b>1.2</b>
Interest	80	82	83	80	78
<b>EBITDAF interest cover (times)</b>	<b>8.3</b>	<b>10.2</b>	<b>10.3</b>	<b>8.7</b>	<b>9.1</b>
Debt (drawn borrowings + lease liability payable)	1,552	1,499	1,595	1,686	1,167
<b>Debt (Debt+Equity)</b>	<b>24%</b>	<b>22%</b>	<b>24%</b>	<b>24%</b>	<b>17%</b>

# Green Finance Programme



## Certification



This is to certify that the

**MEL060**

Issued by

**Meridian Energy Limited**

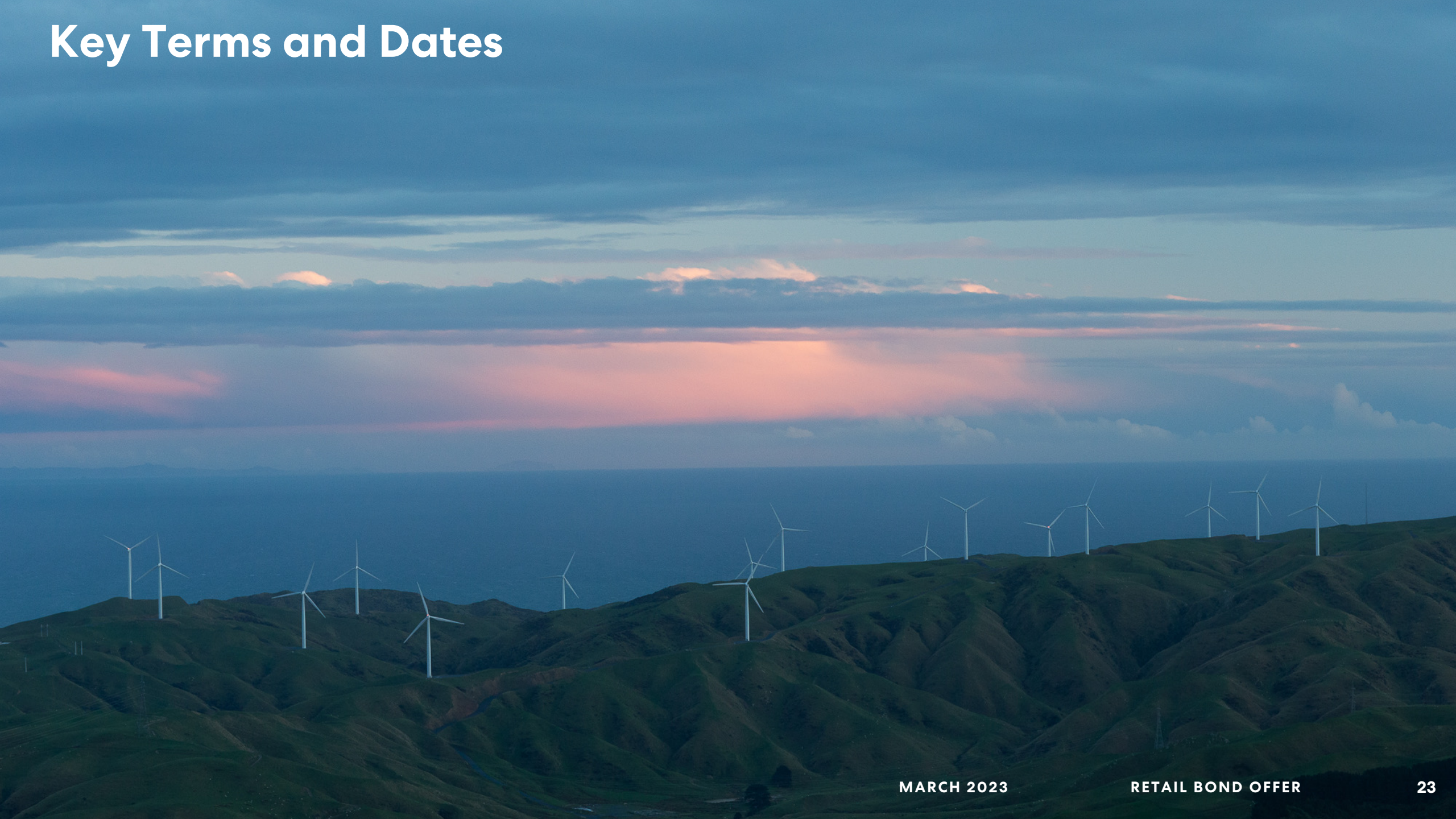
Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative

**SEAN KIDNEY**  
Chair of the Climate Bonds Standard Board

**25 Jan 2023**



# Key Terms and Dates



# Key Terms

<b>Issuer</b>	Meridian Energy Limited ( <b>Meridian</b> ).
<b>Description</b>	5.5 year, unsecured, unsubordinated, fixed rate green bonds ( <b>Green Bonds</b> ).  The Green Bonds are Green Debt instruments under Meridian's Green Finance Framework dated February 2023 (as amended from time to time) and are certified by the Climate Bonds Initiative based on the Climate Bond Standard. A copy of the Green Finance Framework is available on Meridian's website.
<b>Issue Amount</b>	Up to \$150,000,000 (with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Meridian's discretion).
<b>Term and Maturity Date</b>	5.5 years, maturing Wednesday, 20 September 2028.
<b>Interest Rate</b>	The Interest Rate will be equal to the sum of the Issue Margin and the Base Rate, subject to a minimum Interest Rate of 5.70% per annum.  The Interest Rate will be announced by Meridian via NZX on or shortly after the Rate Set Date.
<b>Indicative Issue Margin</b>	1.10% - 1.20% per annum, actual Issue Margin may be within, above or below this range.
<b>Interest Payments</b>	Semi-annually in arrear in equal amounts.
<b>Credit Rating</b>	Expected Issue Credit Rating for the Green Bonds: BBB+. Meridian has an Issuer Credit Rating of BBB+ (Stable) from S&P Global Ratings.
<b>Minimum Application Amount</b>	Minimum application of \$5,000 with multiples of \$1,000 thereafter.
<b>Quotation</b>	Meridian will take all necessary steps to ensure that the Green Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Investor Presentation have been duly complied with. However, NZX accepts no responsibility for any statement in this Investor Presentation. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.
<b>NZX Debt Market Ticker Code</b>	MEL060.



# Key Terms continued

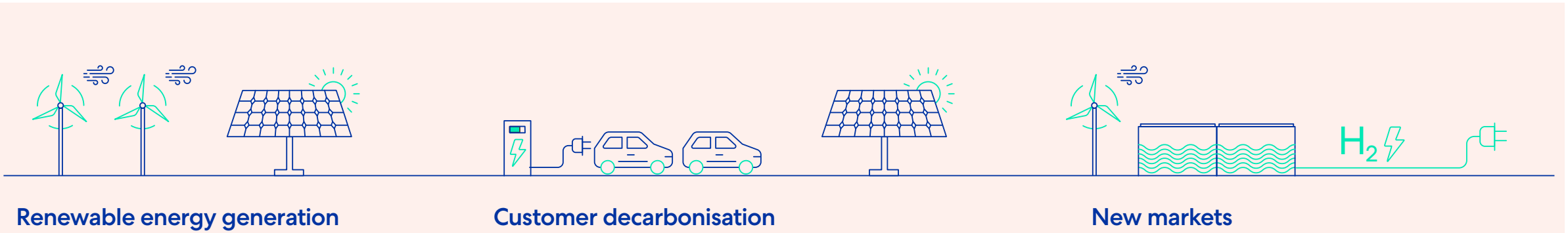
<b>Financial Covenants</b>	<p>The Trust Documents contain the following financial covenants:</p> <ol style="list-style-type: none"> <li>the ratio of EBITDA to Interest and Financing Costs must not be less than 2.5 times;</li> <li>at all times Debt will not be more than 55% of Debt plus Equity;</li> <li>at all times Equity will not be less than \$1,250,000,000; and</li> <li>at all times the Total Tangible Assets of the Guaranteeing Group will not be less than 80% of Total Tangible Assets of the Group.</li> </ol> <p>Refer to the Trust Deed for further detail including calculations and relevant testing periods.</p>
<b>Guarantee Structure</b>	<p>As at the date of this Investor Presentation, the only Guaranteeing Group Member is Meridian. This means that Meridian is solely responsible for its obligations in relation to the Green Bonds unless a subsidiary of Meridian becomes a Guaranteeing Group Member.</p>
<b>Negative Pledge</b>	<p>The Trust Deed contains a negative pledge. No Guaranteeing Group Member will create or permit to arise or subsist any Security Interest over its assets except under certain limited exceptions set out in the Trust Deed.</p>
<b>No Event of Default in relation to the Green Finance Framework or Green Bond Principles or Climate Bonds Standards</b>	<p>If:</p> <ol style="list-style-type: none"> <li>Meridian fails to allocate the proceeds of the Green Bonds as described in the Indicative Terms Sheet and the Green Finance Framework;</li> <li>Meridian fails to ensure that the aggregate book value of its Green Assets (as contemplated in the Green Finance Framework) is at least equal to the original principal amount of the respective green debt at the time of issuance (including the Green Bonds issued under the Offer);</li> <li>Meridian fails to comply with the Green Finance Framework in any other way;</li> <li>the Green Bonds cease to satisfy the Green Bond Principles or the Climate Bonds Standards (including, without limitation, as a result of an amendment to the Green Bond Principles or Climate Bonds Standards); or</li> <li>Meridian fails to notify the Holders of the Green Bonds that the Green Bonds cease to comply with the Green Finance Framework, the Green Bond Principles or Climate Bonds Standards,</li> </ol> <p>then, although it is possible that the Green Bonds may lose their green classification:</p> <ul style="list-style-type: none"> <li>no Event of Default will occur under the Trust Deed in relation to the Green Bonds; and</li> <li>neither the Holders of the Green Bonds nor Meridian will have any right for the Green Bonds to be repaid early as a result of any such event or circumstance.</li> </ul>

# Key Dates

<b>Opening Date</b>	Monday, 6 March 2023
<b>Closing Date</b>	11.00am, Thursday, 9 March 2023
<b>Rate Set Date</b>	Thursday, 9 March 2023
<b>Issue Date and Allotment Date</b>	Monday, 20 March 2023
<b>Expected Date of initial quotation on NZX Debt Market</b>	Tuesday, 21 March 2023
<b>Interest Payment Dates</b>	20 March and 20 September of each year up to and including the Maturity Date The first Interest Payment Date will be 20 September 2023
<b>Maturity Date</b>	Wednesday, 20 September 2028

The dates set out above are indicative only and are subject to change. Meridian has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

# Why Meridian?



# Disclaimer

The information in this presentation was prepared by Meridian 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. To the extent permitted by law, none of Meridian, ANZ Bank New Zealand Limited and Craigs Investment Partners Limited (**Joint Arrangers**), Bank of New Zealand and Forsyth Barr Limited (together with the Joint Arrangers, **Joint Lead Managers**), Trustees Executors Limited (**Supervisor**) nor any of their respective directors, officers, employees, advisers, nor any other person, accept any responsibility or liability for this presentation or for any loss arising from this presentation or its contents or otherwise arising in connection with the Offer.

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 or a recommendation from Meridian or any Joint Arranger, Joint Lead Manager, the Supervisor or any of their respective directors, officers, employees, agents or advisers to purchase any Green Bonds.

You must make your own independent investigation and assessment of the financial condition and affairs of Meridian before deciding whether or not to invest in the Green Bonds.

This presentation contains a number of non-GAAP financial measures, including EBITDAF and Underlying NPAT. 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 Green Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Green Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction. No offering document or other offering material (including this presentation) in respect of the Green Bonds may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction. No action has been or will be taken by Meridian which would permit an offer of Green Bonds to the public, or possession or distribution of any offering material (including this presentation), in any country or jurisdiction where action for that purpose is required (other than New Zealand).