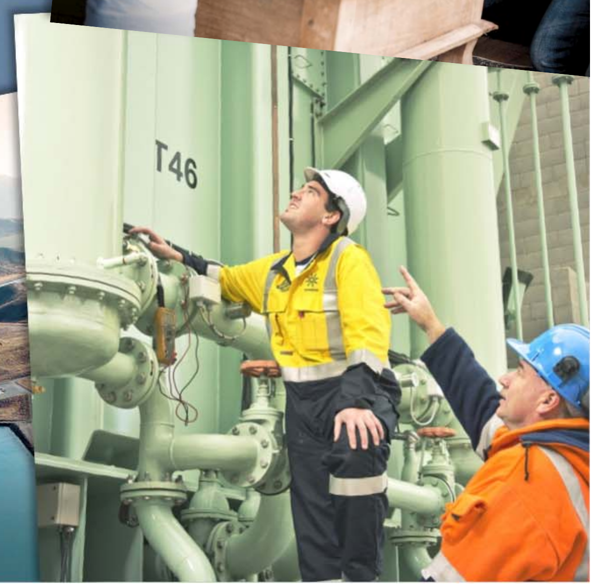
Better energy

meridian

MERIDIAN ENERGY LIMITED 2014 ANNUAL RESULTS ROADSHOW PRESENTATION



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The information contained in this presentation should be considered in conjunction with the audited consolidated financial statements for the year ended 30 June 2014, which are available at:

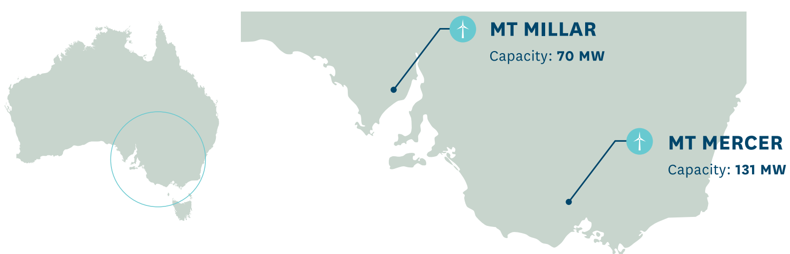
http://www.meridianenergy.co.nz/investors/reports-and-presentations/annual-reports/

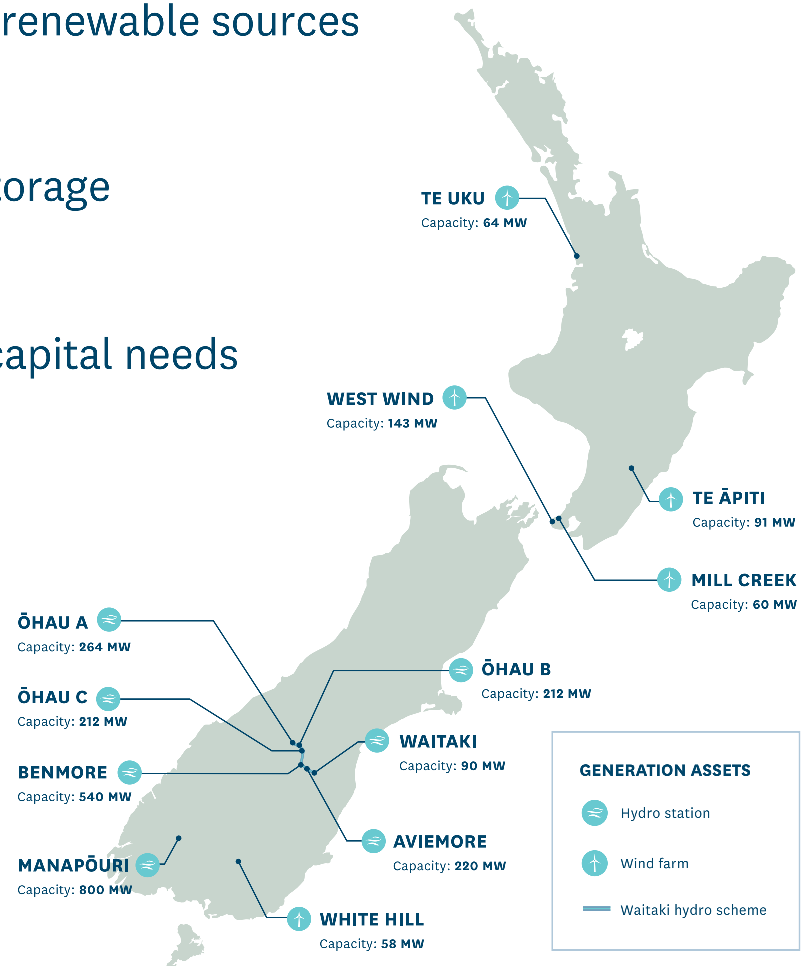
All currency amounts are in New Zealand dollars unless stated otherwise.

About Meridian

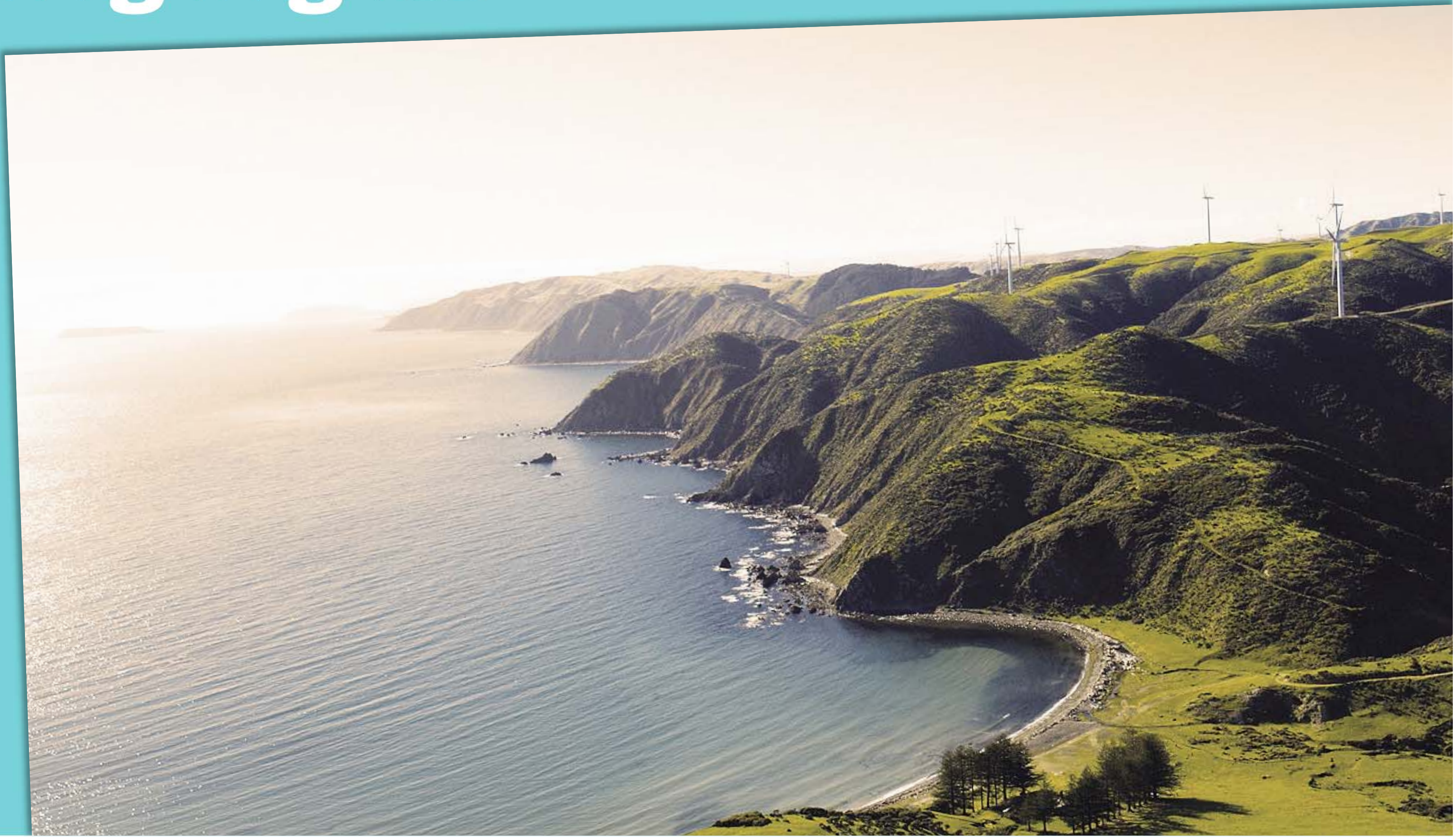
About Meridian

- Vertically integrated renewable generator, retailing electricity to over 290,000 customers in New Zealand and Australia
- New Zealand's largest generator from purely renewable sources
- Seven hydro stations
  - Flexible plant with New Zealand's largest storage
  - Long life assets with low operating costs
  - Benchmark operational efficiency and low capital needs
- Seven wind farms
  - More than a decade of construction and operational experience
  - Unsubsidised in NZ with high capacity factors





2014 Highlights



2014 highlights – summary

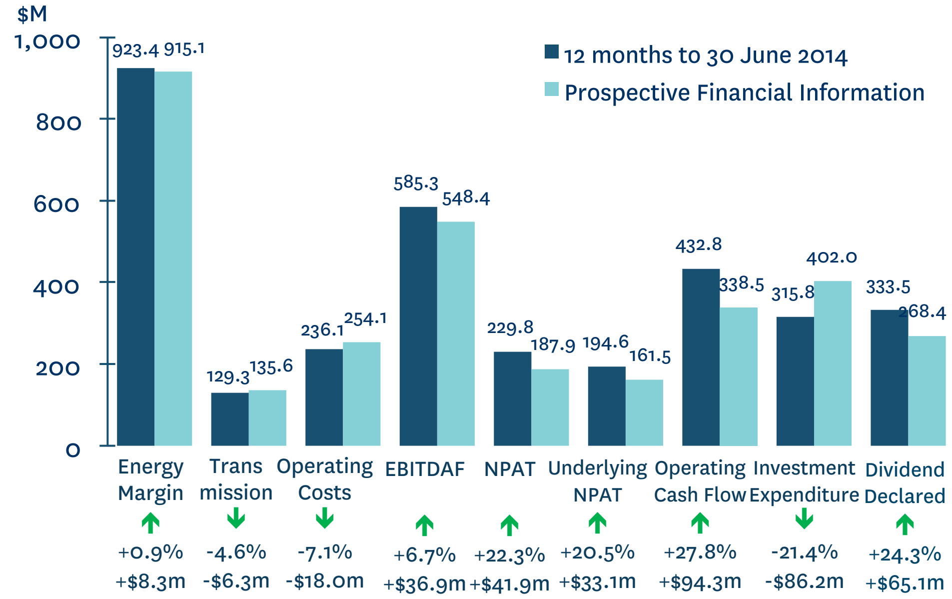
- Biggest IPO in the country's history, with the largest New Zealand retail investment in an IPO
- Financial performance ahead of Prospective Financial Information (PFI) on all key financial measures
- Solid cash flow has delivered higher than PFI forecast dividend for FY14[1]
- Health and safety – continued process improvement
- $3.5m invested into communities, sponsorships and environmental projects

[1]FY14 refers to the 12 months ended 30 June 2014

2014 highlights – better performance than PFI

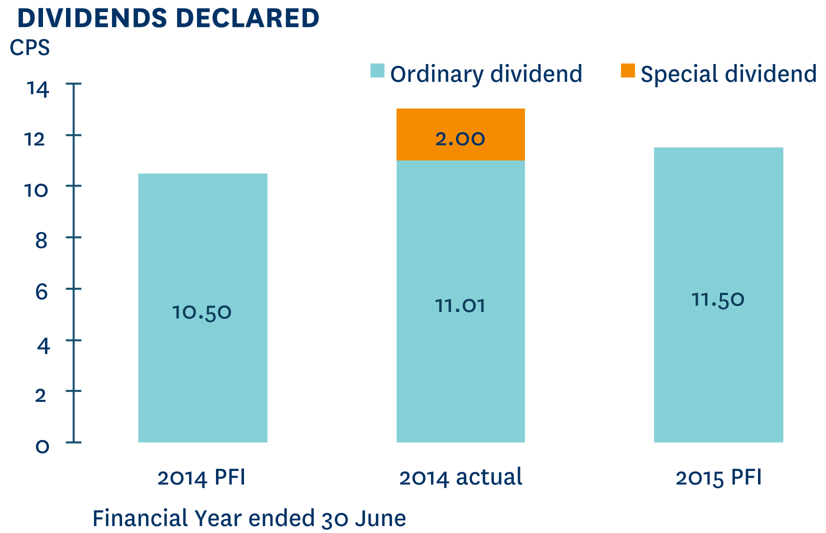
- Strong second half performance maintained first half momentum compared to PFI
- Outperformed all key PFI financial metrics;
  - Operating cash flow +27.8%
  - NPAT +22.3%, including higher non-cash fair value gains than assumed in PFI
  - EBITDAF +6.7%, in line with guidance provided in February 2014
  - Underlying NPAT +20.5%, including higher EBITDAF and lower Financing costs

FINANCIAL PERFORMANCE AGAINST PFI



2014 highlights – higher dividends than PFI

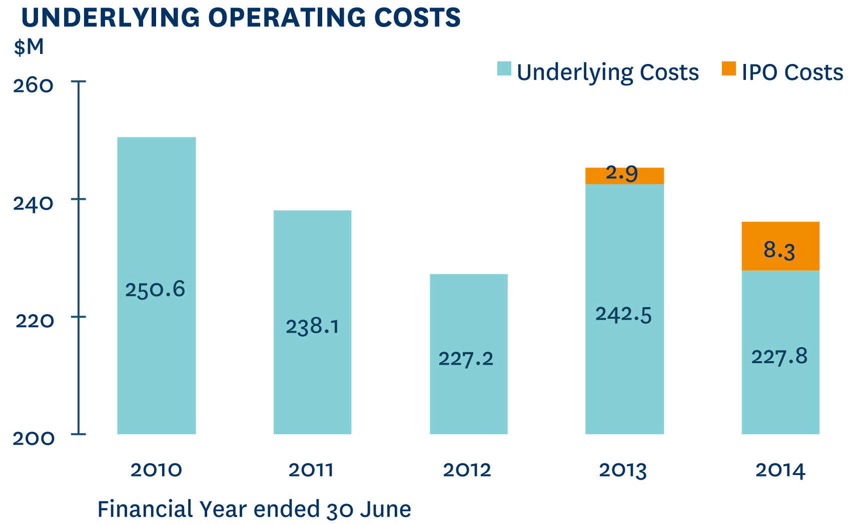
- Final ordinary dividend for FY14 of 6.82cps
- Brings the full year ordinary dividend to 11.01cps, based on 75% of free cash flow
- Additional special dividend of 2.00cps funded from asset sales and aluminium hedge proceeds
- Both imputed to 90% of the corporate tax rate, compared to 72% in PFI



- Full year dividend (including special) of 13.01cps, compared to 10.50cps in PFI
- Represents a gross instalment yield (on $1.00 per share) of 17.6%, compared to 13.4% in PFI
- Equivalent to an 11.7% gross yield on final IPO share price ($1.50), compared to 8.9% in PFI
- Considering further mechanisms to ensure optimal capital structure; update will be provided in February 2015

2014 highlights - focus on core business is delivering

- Normalised operating cost reduction of 6.1%
- Sale of surplus land and US assets realised $62.2m
- Improved risk profile;
  - Genesis hedge replacement
  - HVDC complete
  - Generation control system replaced



- Delivery of targeted growth initiatives;
  - Mt Mercer (Victoria) and Mill Creek (Wellington) wind farms nearing completion with solid safety performance
  - Powershop Australia customer numbers ahead of PFI
  - Extending the life of future development opportunities
  - Announced the conditional sale of Arc metering business

Looking Forward

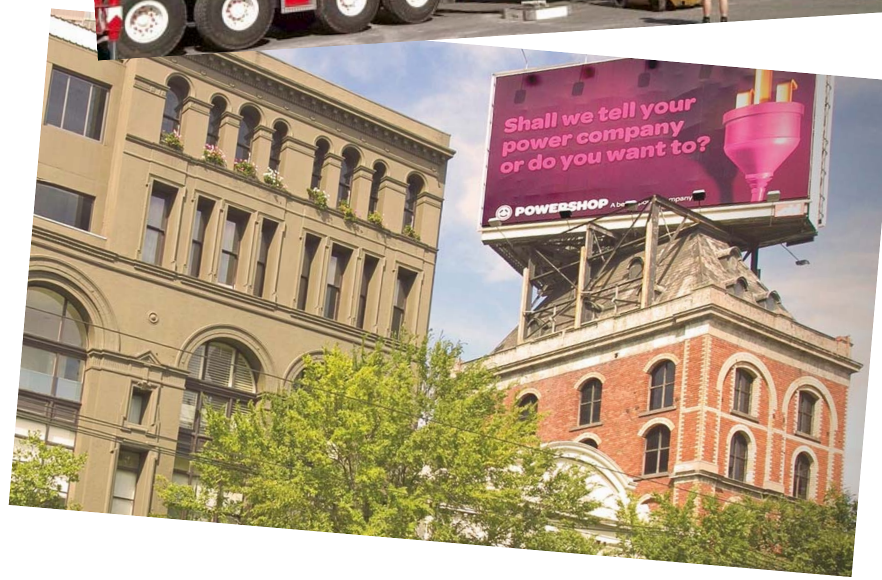
Looking forward

- Very focused on delivering FY15 PFI earnings and cash flow
- Completion of Arc metering business sale and Meridian smart meter deployment
- Further update on capital management at the 2015 interim results in February 2015
- Nearing completion on two new wind farms
- Key decision point for NZAS at the end of FY15
- Expect more clarity on key regulatory decisions;
  - New Zealand Transmission Pricing Methodology
  - Warburton report on Australian Renewable Energy Target Scheme issued with two options recommended to Government for consideration
- Working with the next NZ government to further improve competition and transparency

2014 Operating Performance

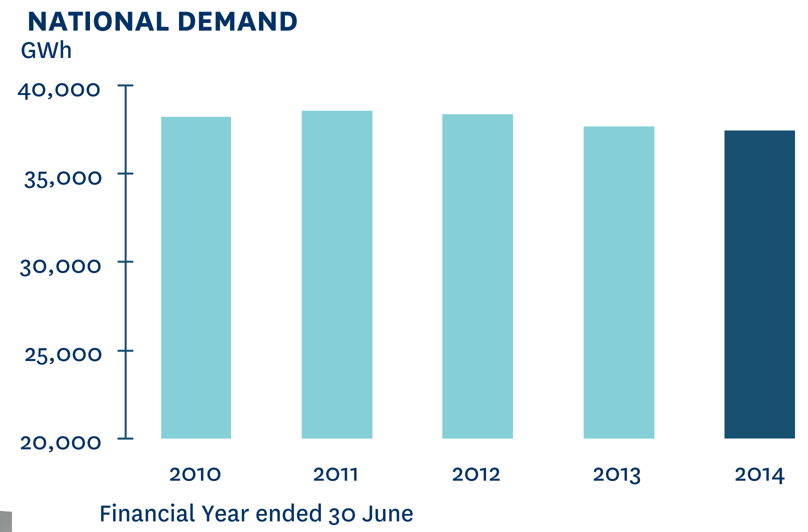
Highlights

- Meridian’s residential customers have seen the benefit of reduced energy charges
- New Zealand's first electricity purchasing and energy management app
- Delivering two new wind farms in different countries concurrently, safely and on budget
- Highest total inflows since 1998
- Powershop Australia customer numbers ahead of PFI



Retail

- Aggregate electricity demand remains relatively flat
- Manufacturing demand remains subdued, positive net migration and GDP outlook
- Market switching rates remain above 20%[1]
- Meridian's New Zealand customer numbers increased by 1.7% and total retail sales volumes by 1.6% in FY14
- Focus on enhancing Meridian's relatively high level of customer satisfaction
- Sale of the Arc metering business announced



[1]*monthly average switching rate for the 12 months ended 30 June 2014 across all retailers (source: Electricity Authority)*

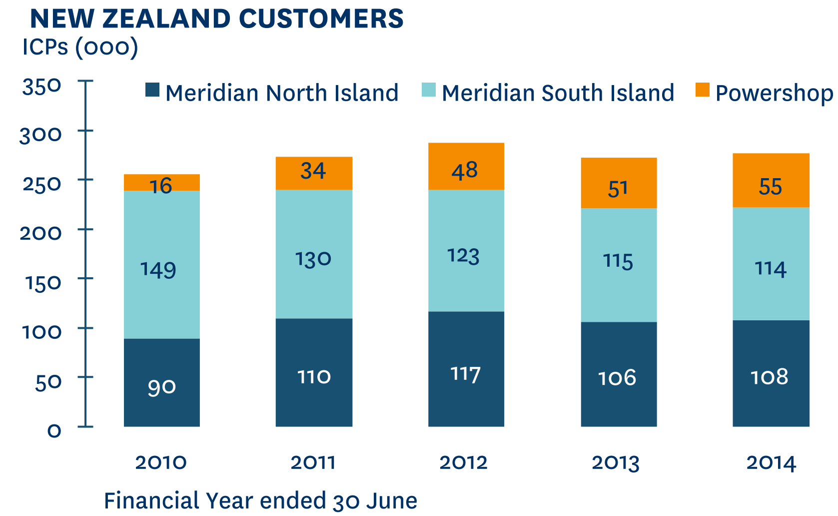
Retail

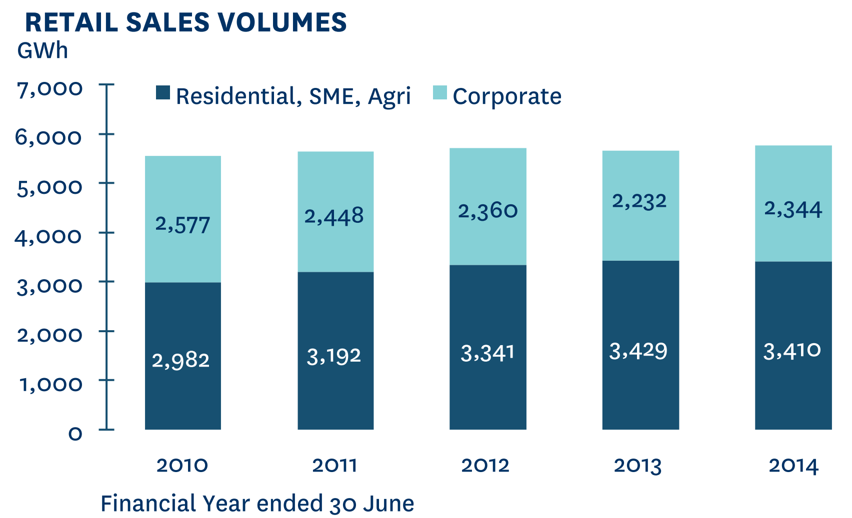
Residential, SME, Agri segment

- Meridian's most recent MBIE survey data showed a 0.3% annual decrease in residential customers' sales-based electricity charges
- However, segment revenue increased by 1.7% in FY14 as a result of;
  - Better targeting of SME and agribusiness customers improving our portfolio mix
  - Reduced proportion of lower priced irrigation load

Corporate segment

- ASX pricing fell two years ago and as contracts have renewed, they have reflected this lower pricing
- Segment revenue decreased by 3.6% in FY14

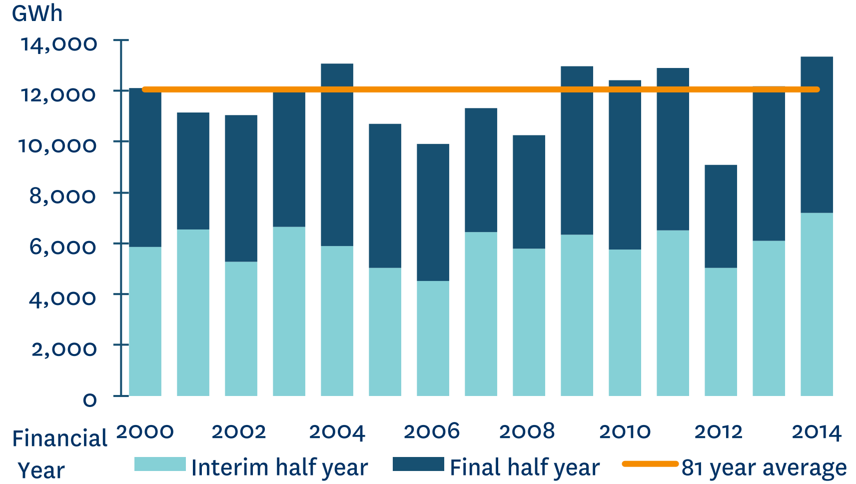




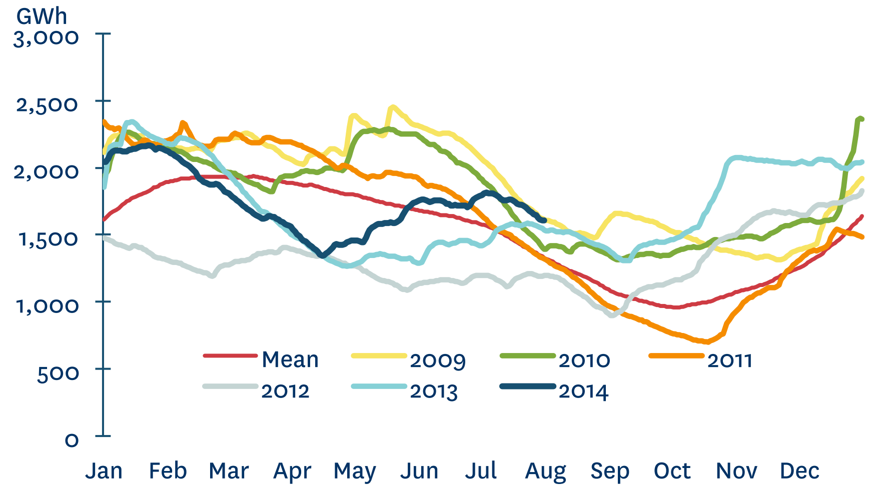
Hydrology

- FY14 inflows were 111% of historic average
- Included the 4th driest February to April period on record
- This period coincided with the Tekapo canal outage, lower South Island transmission work and periods of HVDC outages
- Meridian's Waitaki catchment storage at 30 June 2014 was 113.2% of historic average
- This 30 June 2014 storage was 26.1% higher than at the same time last year
- July 2014 inflows were 140.0% of historical average

MERIDIAN'S COMBINED CATCHMENT INFLOWS

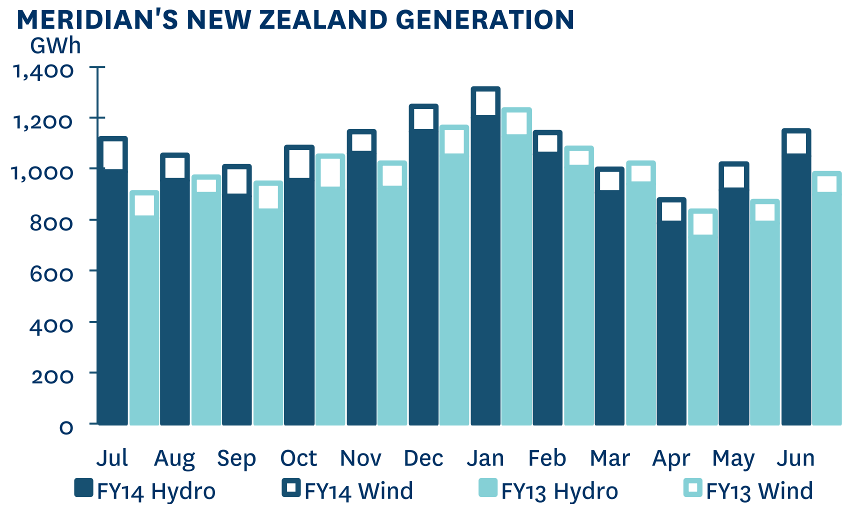


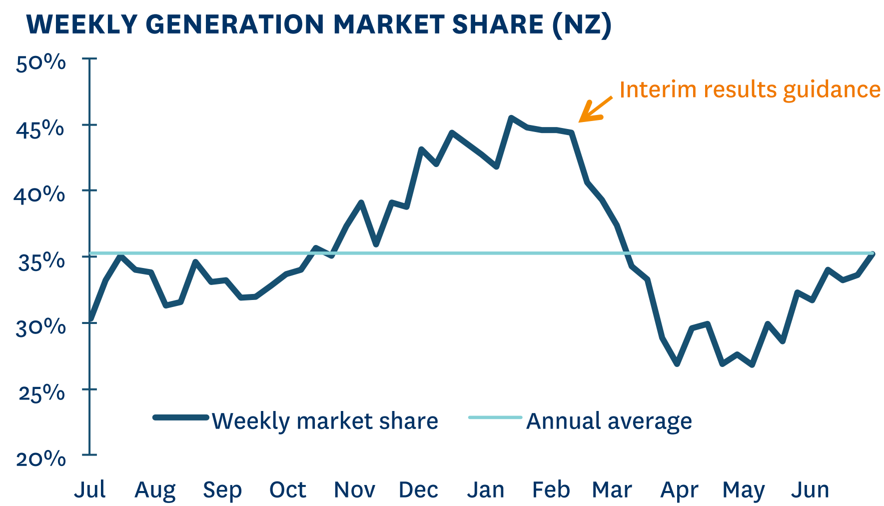
MERIDIAN'S WAITAKI STORAGE



Generation

- Meridian's New Zealand generation in FY14 was 8.9% higher than last year, but with large fluctuations in weekly market share
- New Zealand wind generation in FY14 was 8.0% higher than last year
- Meridian's overall average generation market share was 35.3% in FY14
- Lower wholesale market prices than last year accompanied periods of high hydro generation in FY14
- The average price Meridian received for its generation in FY14 was $4.81/MWh (7.4%) lower than last year
- Similarly, the price Meridian paid to supply contracted sales in FY14 was $6.10/MWh (8.6%) lower than last year

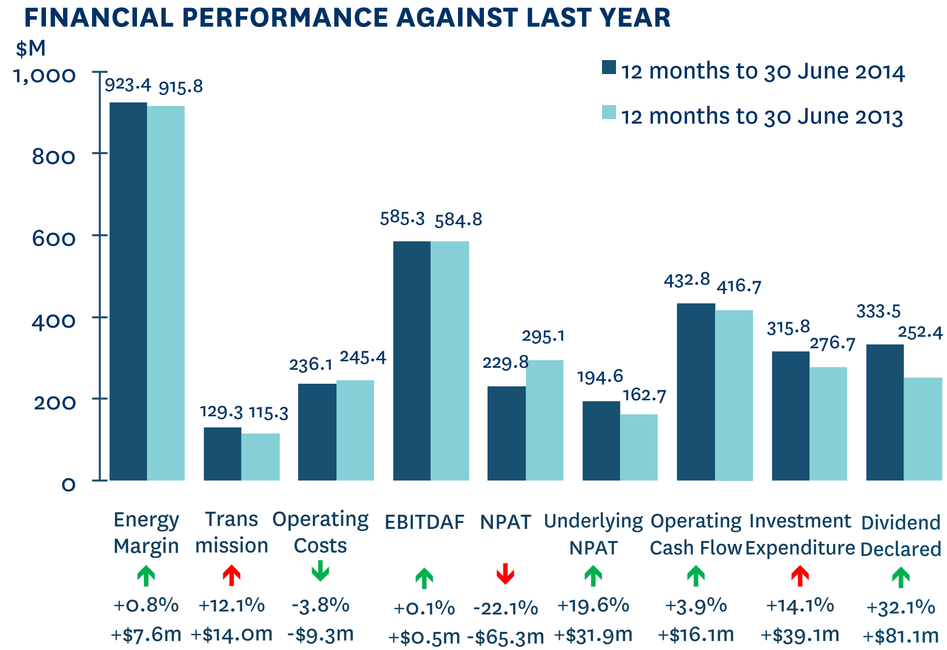




2014 Financial Performance

Summary of performance against last year

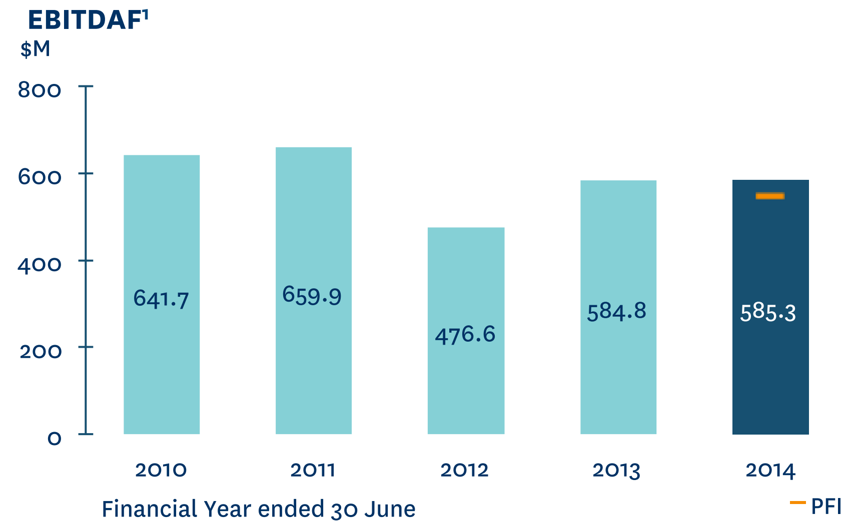
- Reported financial performance for FY14;
  - Operating cash flow +3.9%
  - NPAT -22.1%, from higher non cash fair value gains and gain on Macarthur sale last year
  - Underlying NPAT +19.6%, primarily from lower Financing costs
  - Flat EBITDAF

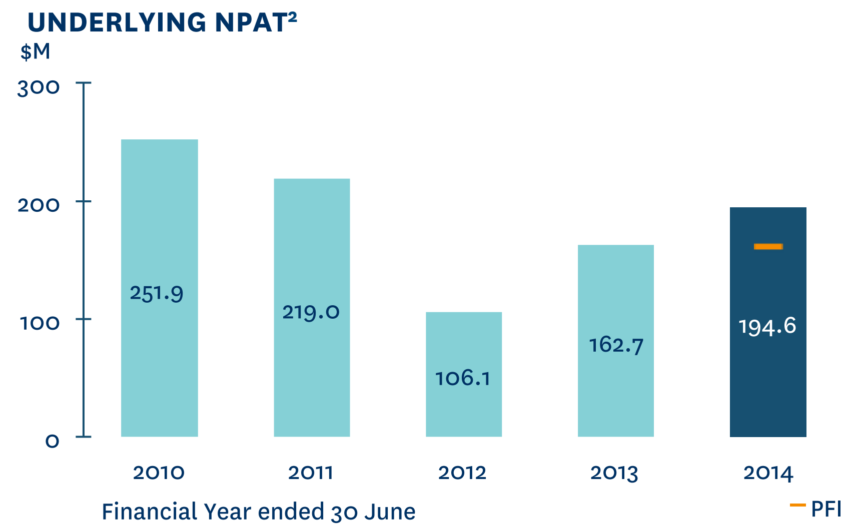


- FY13 EBITDAF included higher, non repeating earnings from;
  - New NZAS agreement commencing 1 January 2013, subsequently amended on 1 July 2013
  - Earnings in 2H FY13 from the Macarthur wind farm, subsequently sold on 28 June 2013
- Adjusting for these and IPO costs shows a ‘like for like’ EBITDAF increase of 14.4% in FY14
- This is despite Transmission costs increasing by $14.0m (12.1%) in FY14

Earnings

- 'Like for like' EBITDAF increase of 14.4% in FY14 from;
  - Cost savings
  - Higher New Zealand generation volumes
  - Less acquired generation volumes
  - Mt Mercer generation



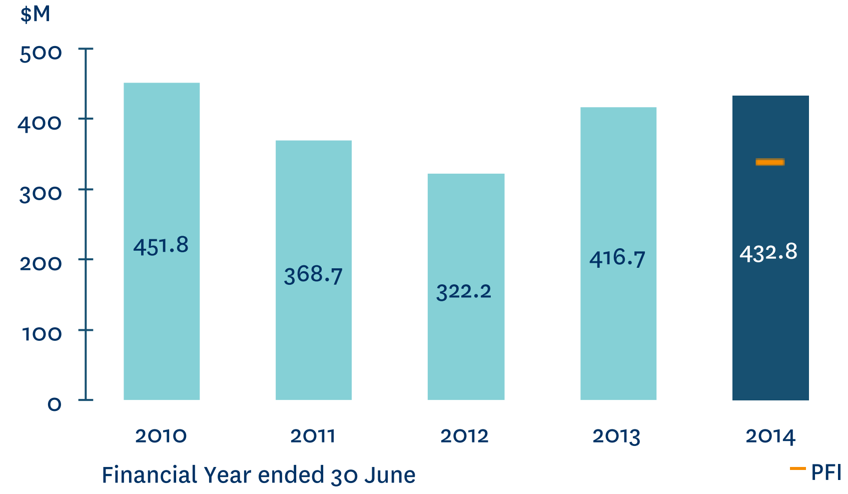


[1]*Earnings before interest, taxation, depreciation, amortisation, changes in fair value of financial instruments, impairments and gain/(loss) on sale of assets*
[2]*Net Profit after Tax adjusted for the effects of non cash fair value movements and other one-off items*

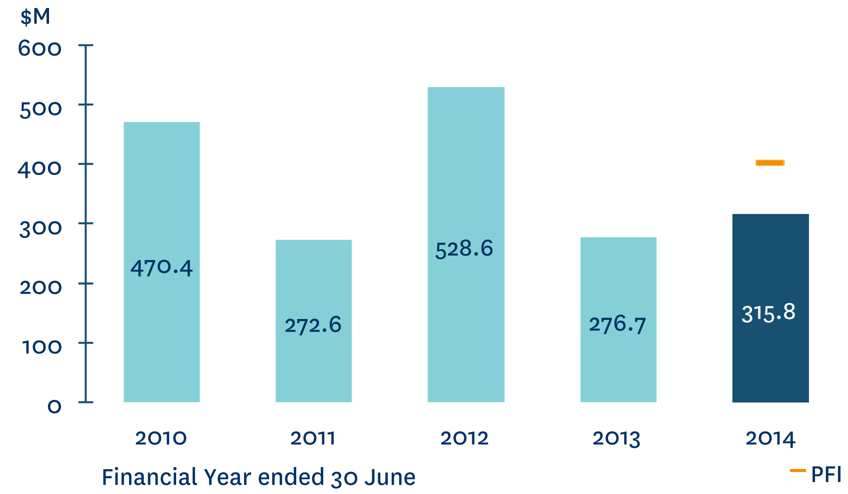
Operating cash flow and investment expenditure

- Net cash flow from operating activities was $16.1m (3.9%) higher than FY13
- Includes the close out of aluminium hedges following removal of aluminium indexation from the NZAS contract offset by higher cash tax payments
- Represents a $94.3m (27.8%) increase compared to FY14 PFI
- Investment expenditure was $39.1m (14.1%) higher than FY13
- Reflects FY14 investment in Mill Creek and Mt Mercer wind projects
- Cash inflows of $62.2m from the sale of surplus land and US assets

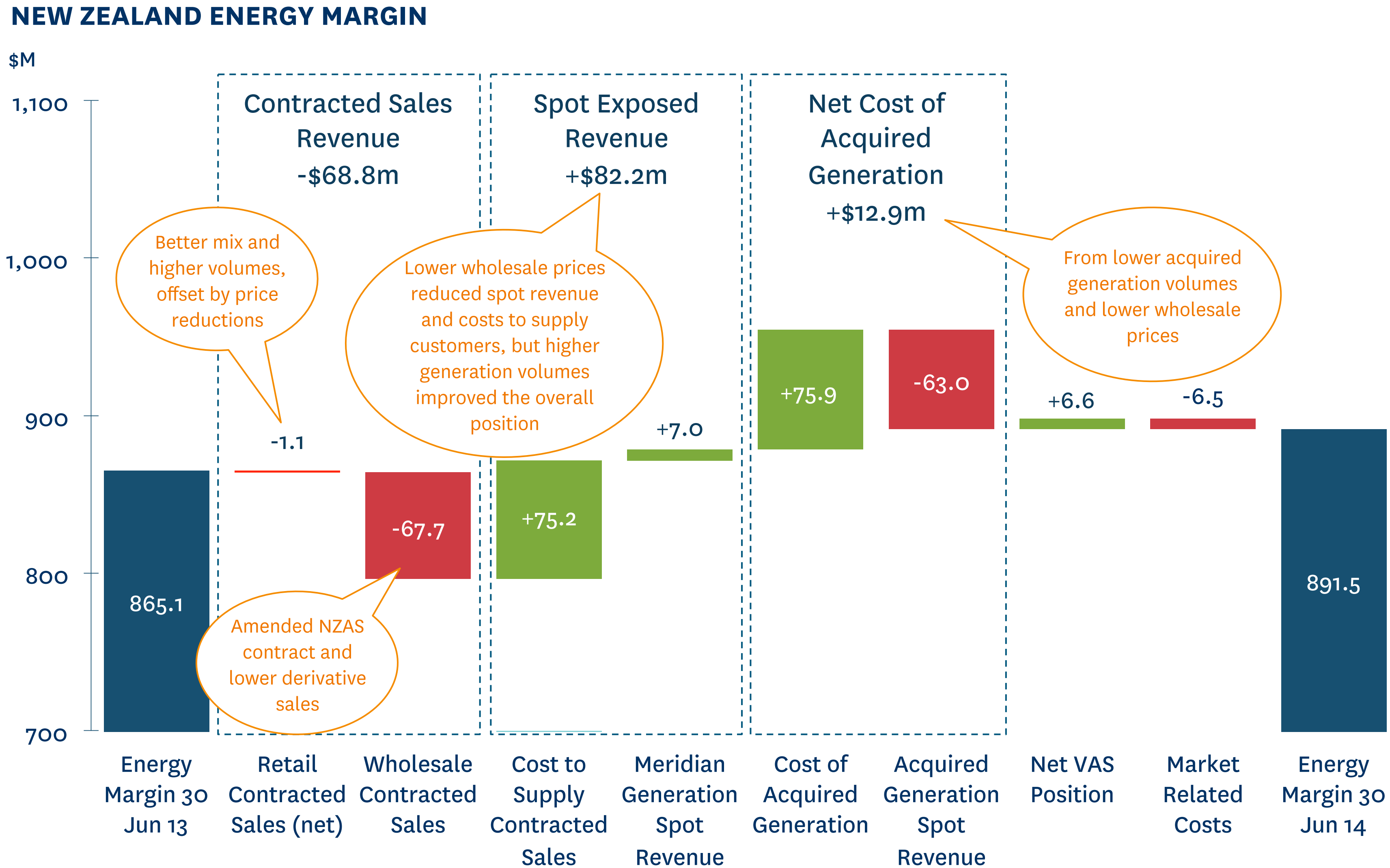
CASH FLOW FROM OPERATING ACTIVITIES



INVESTMENT EXPENDITURE

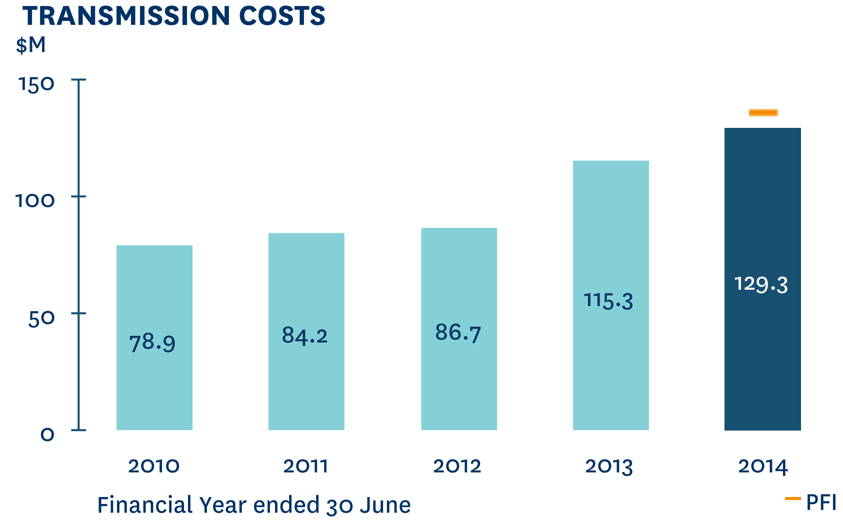


Energy margin change from last year



Costs

- 12.1% increase in Transmission costs in FY14
- Increase reflects Meridian's majority share of higher HVDC costs
- Increases were included in PFI
- Accounting treatment of Australian connection assets meant total costs were 4.6% lower than PFI



- 3.8% decrease in reported Operating costs in FY14
- Adjusting for IPO costs, Operating costs have reduced 6.1% in FY14
- Some upward pressure on costs is expected from growth projects – new wind farms and Powershop Australia