



meridian

Meridian Energy

BROKER ROADSHOW PRESENTATION JUNE 2014

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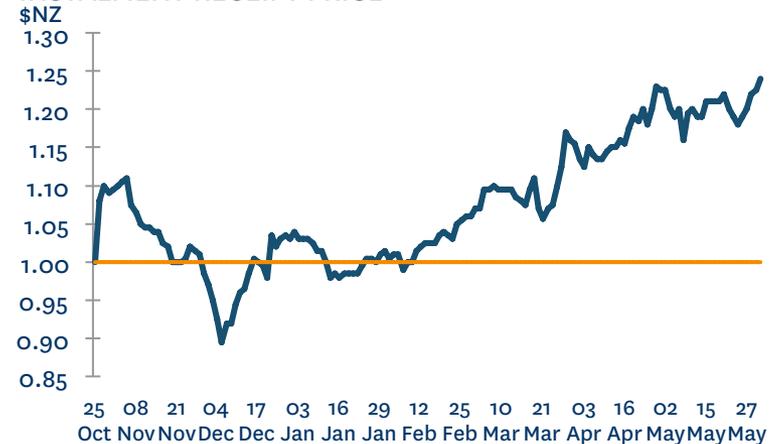
All currency amounts are in New Zealand dollars unless stated otherwise.

Life as a listed company - what's different?

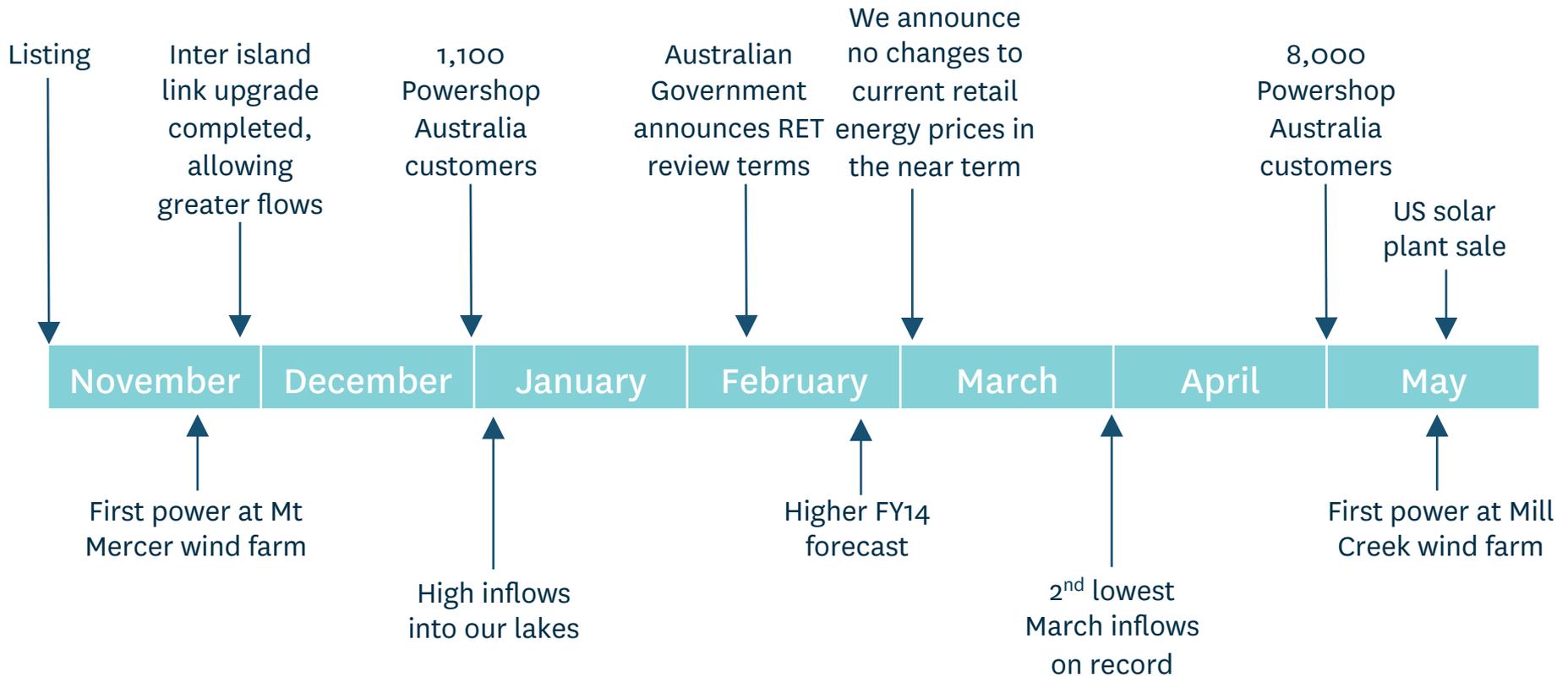
- Scrutiny
- Awareness of our obligations and meeting Prospectus forecasts
- Public accountability
- Share price is a measuring stick
- Some things don't change
 - Safety comes first
 - Commitment to a better energy future
 - Communities and lasting relationships are key to creating long-term value



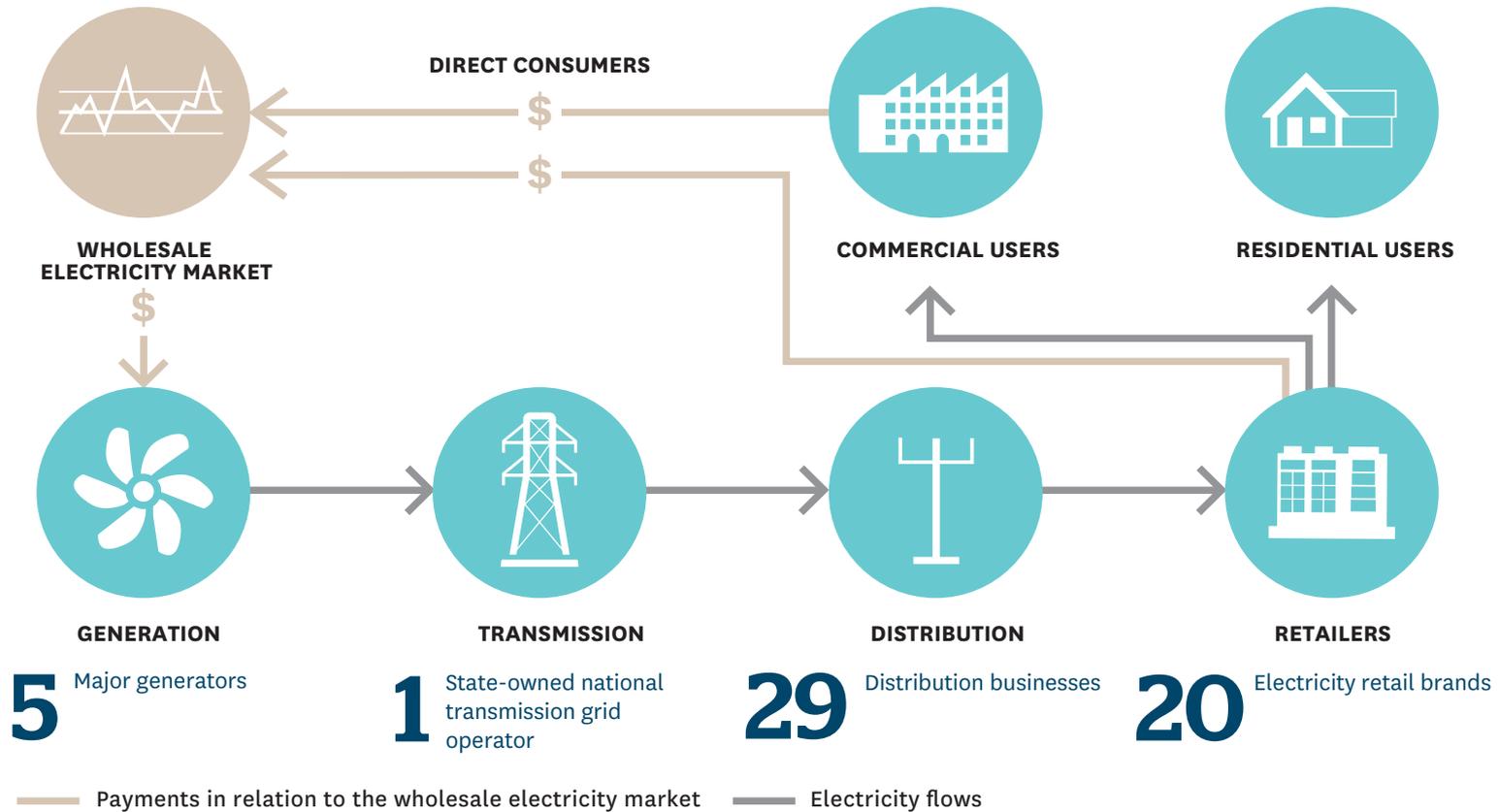
INSTALMENT RECEIPT PRICE



Since we listed

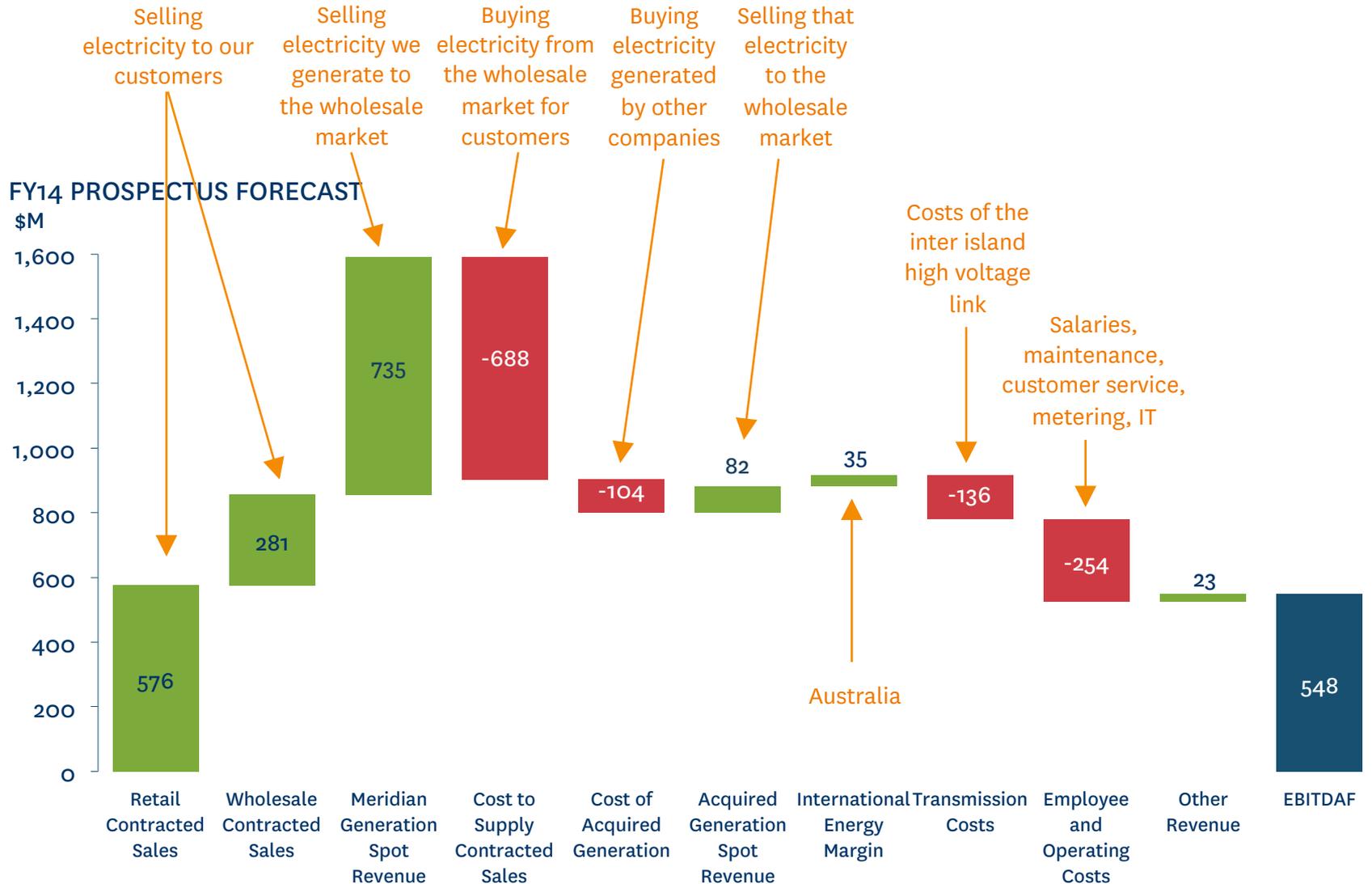


How the industry works



- Generators sell electricity they generate at power stations to the wholesale spot market
- The national grid carries electricity from power stations to distribution networks and some users
- Distribution networks carry electricity to other users
- Retailers buy electricity from the wholesale spot market and on-sell it to end consumers

How we make money isn't simple, but it works



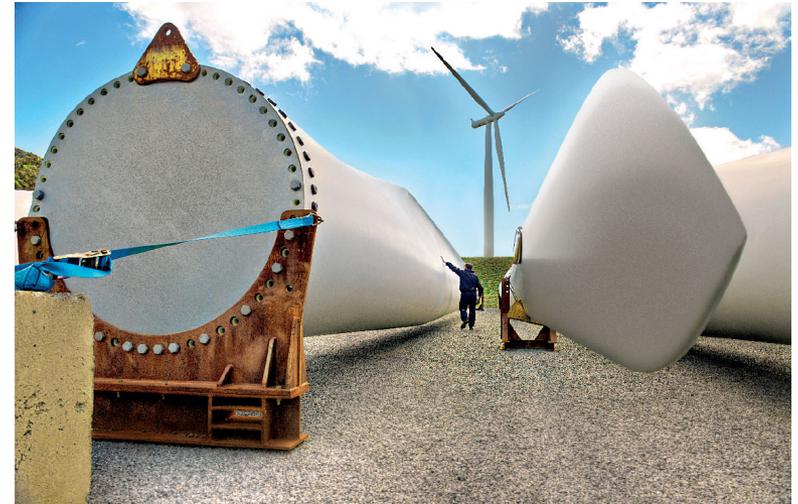
The New Zealand regulatory picture

Labour-Green Proposed Reforms

- There are no more details
- The current market structure does not need to be replaced. This is acknowledged by most academics
- Political aims can be achieved by other means
- Is it an argument around a water tax?

Transmission Pricing

- The Electricity Authority is reviewing how costs for the high voltage inter island link are charged
- The proposed alternatives look more beneficial for us
- We continue to support the Electricity Authority's review
- Change will take time



The Australian regulatory picture

Renewable Energy Target (RET)

- The RET supports renewable generation development in Australia
- The Abbott Government has commenced a review of the RET
- This review is expected to be completed later this year
- Significant weakening of the RET would impact our future generation activity in Australia



Retail

- More states in Australia are deregulating retail price controls
- This may provide opportunities to grow our Powershop retail business in Australia, but it is early days



Our contract with the Tiwai smelter

New Zealand Aluminium Smelters (NZAS)

- Meridian's largest customer and New Zealand's largest electricity user
- We do not physically supply NZAS with electricity, rather the contract fixes the price NZAS pays for a set amount of electricity (572MW)
- The current contract commenced on 1 January 2013, with an amended agreement effective 1 July 2013
- It does allow NZAS to reduce the contract quantity to 400MW by giving one year's notice between January 2014 and December 2015
- The amended agreement expires in December 2030
- The earliest termination date is 31 December 2016, which would require notice on 1 July 2015
- Our relationship with NZAS remains positive
- We are not privy to NZAS and parent company Rio Tinto's views on Tiwai Point's position in its portfolio



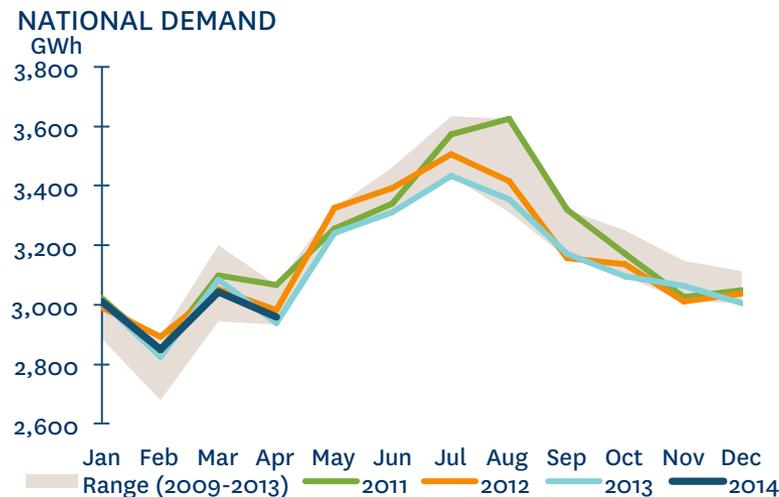
Generation oversupply in the market

Demand

- National electricity demand has declined slightly between 2010 and 2013
- Demand in 2014 is flat compared to 2013
- Impacted by a longer term decline in electricity consumption in parts of the industrial sector
- Growth has occurred in the residential and commercial sectors
- Demand is expected to grow, however industrial decline remains a problem

Supply

- Last of the new geothermal and wind projects are almost complete
- Coal fired units have closed and more flexible gas contracts exist for thermal generators
- Level of oversupply may be moderating



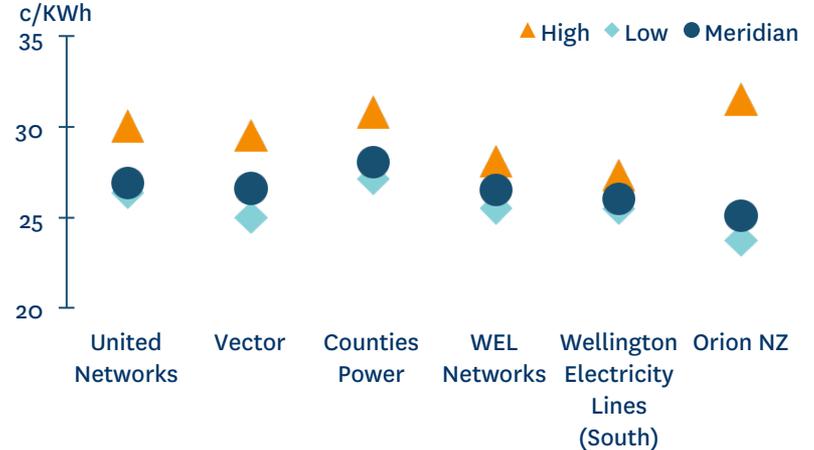
The hot retail market

- New Zealand is the most competitive electricity market in the world in terms of switching¹
- Average retail churn across all retailers is running close to 20%
- This competitive pressure is reflected in our declining net average sales price
- In our December 13 interim results, we reported a 1.6% decline in our net average sales price from the prior year
- Higher transmission and distribution costs are increasing customers' electricity costs
- We have indicated we will not increase network-wide energy costs before at least June 2015
- We are committed to passing on changes in distribution costs, including decreases
- MBIE residential price surveys show how competitive our retail pricing is

MARKET ICP SWITCHING (ALL RETAILERS)



MBIE SURVEY OF ELECTRICITY PRICES²



¹VaasaETT World Energy Retail Market Rankings 2013

²MBIE Quarterly Survey of Domestic Energy Prices February 2014

This year's financial performance

February 14 Guidance

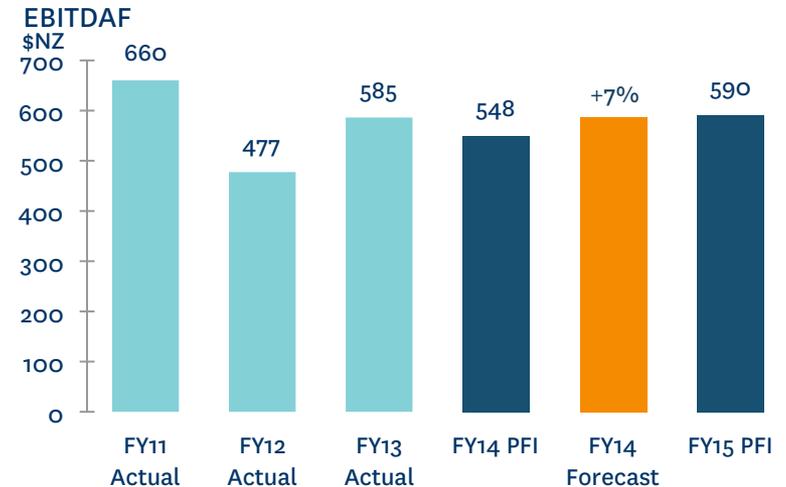
- “Given performance to date, should inflows from this point match assumptions in Meridian’s Prospectus, full year EBITDAF would exceed the Prospectus forecast by approximately 7%”¹

Analyst Forecasts

- Consensus of analysts’ forecasts is consistent with this higher level of EBITDAF

Recent Inflows

- Inflows from February 14 to April 14 have been below average
- We have not needed to change the guidance we provided in February 14



¹Results presentation for the six months ended December 2013

What we do in the community

Community Funds

- A Community Funds programme to support local projects
- \$1m of contributions in the past 18 months

Sponsorships

- A major partnership with KidsCan, providing assistance to low-decile schools across the country
- Corporate sponsorships such as South Island Rowing and Living Legends
- A number of smaller community events

Environment

- Support for river restoration and protection of native aquatic life

Iwi

- An ongoing relationship with Ngai Tahu from Board engagements through to te reo training for our staff



What we will be focused on

- Ensuring our staff go home safely each day
- Meeting our Prospectus forecasts
- Tightly managing operating and capital costs
- Improving the effectiveness of our customer service and support
- Maintaining our best long term generation development options
- Generating strong cash flows

