

Meridian Energy monthly operating report for June 2019

11 July 2019

Attached is Meridian Energy Limited's monthly operating report for the month of June 2019.

Highlights this month include:

- In the month to 8 July 2019, national hydro storage decreased from 122% to 108% of historical average
- South Island storage sat at 114% of average and North Island storage at 73% of average on 8 July 2019
- Meridian's June 2019 monthly total inflows were 100% of historical average
- Meridian's Waitaki catchment storage at the end of June 2019 was 121% of historical average
- Storage in Meridian's Waiau catchment was slightly below average at the end of June 2019
- National electricity demand in June 2019 was 1.9% lower than the same month last year
- Meridian made calls on load under the Genesis Swaption in June and early July 2019
- June 2019 was an unusually dry month across much of the country. Temperatures were near average for most of the North Island and more variable in the South Island
- New Zealand Aluminium Smelter's load during June 2019 was below the contract level of 622MW
- Meridian's New Zealand retail sales volumes in June 2019 were 9.1% higher than June 2018

ENDS

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About Meridian

As New Zealand's largest 100% renewable energy generator, and as a retailer, Meridian cares about sustainability and the future of our planet.

Meridian is focused on sustainability, which is why the company has adopted the UN Sustainable Development Goals. Meridian is also listed as one of only three New Zealand companies on the Dow Jones Asia-Pacific Sustainability Index.

Meridian and its subsidiary Powershop retail electricity to more than 400,000 connections – homes, farms and businesses throughout New Zealand and Australia. Meridian owns and operates ten hydro stations – six within the Waitaki Hydro Scheme – and seven wind farms in New Zealand and Australia.



Meridian.

Wind. Water. Sun.

The power to make
a difference.

MONTHLY OPERATING REPORT JUNE 2019



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**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

JUNE HIGHLIGHTS

In the month to 8 July 2019, national hydro storage decreased from 122% to 108% of historical average

South Island storage sat at 114% of average and North Island storage at 73% of average on 8 July 2019

Meridian's June 2019 monthly total inflows were 100% of historical average

Meridian's Waitaki catchment storage at the end of June 2019 was 121% of historical average

Storage in Meridian's Waiau catchment was slightly below average at the end of June 2019

National electricity demand in June 2019 was 1.9% lower than the same month last year

Meridian made calls on load under the Genesis Swaption in June and early July 2019

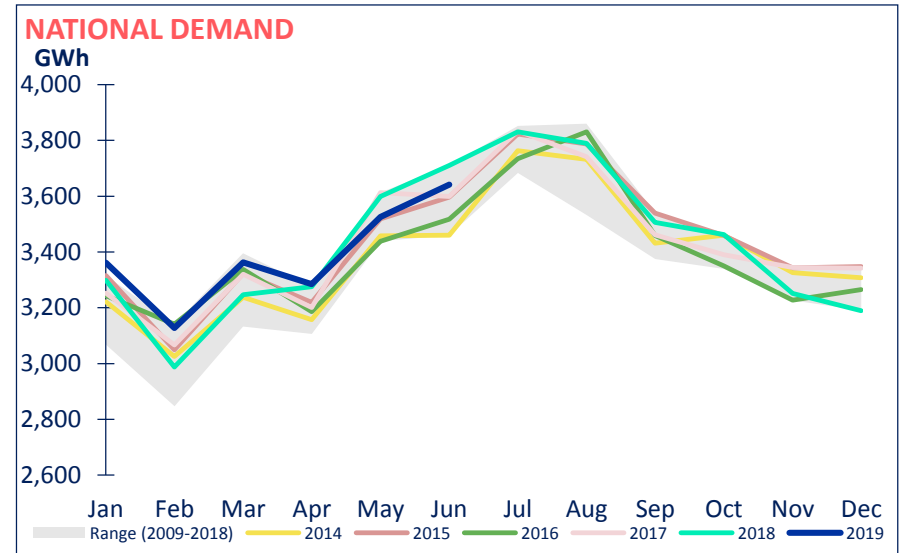
June 2019 was an unusually dry month across much of the country. Temperatures were near average for most of the North Island and more variable in the South Island

New Zealand Aluminium Smelter's load during June 2019 was below the contract level of 622MW

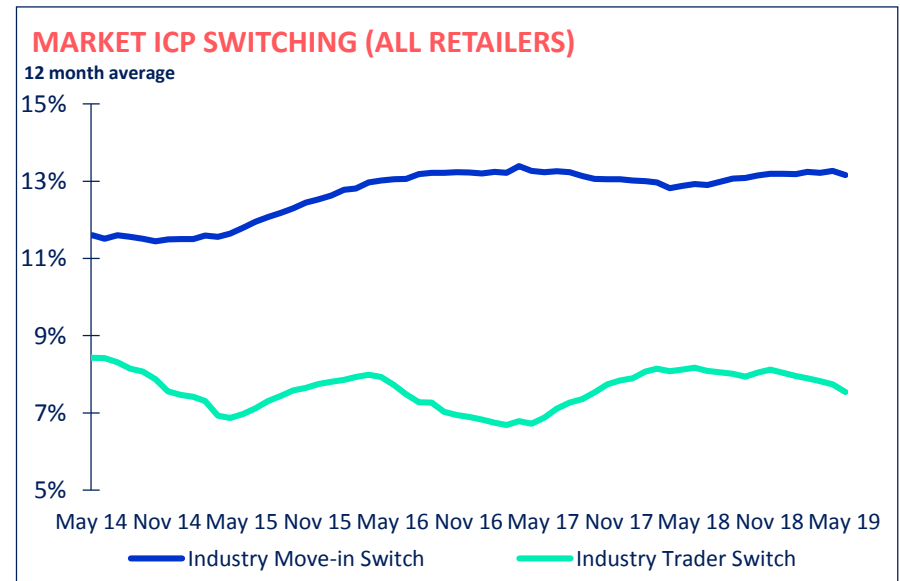
Meridian's New Zealand retail sales volumes in June 2019 were 9.1% higher than June 2018

MARKET DATA

- National electricity demand in June 2019 was 1.9% lower than the same month last year
- June 2019 was an unusually dry month across much of the country. Temperatures were near average for most of the North Island and more variable in the South Island
- Demand in the last 12 months was 0.3% higher than the preceding 12 months
- New Zealand Aluminium Smelter's load during June 2019 was below the contract level of 622MW
- 12-month average switching rate of customers changing retailers but not moving (“trader” switch) was 7.5% at the end of May 2019
- 12-month average switching rate of customers moving and changing retailers (“move-in” switch) was 13.2% at the end of May 2019



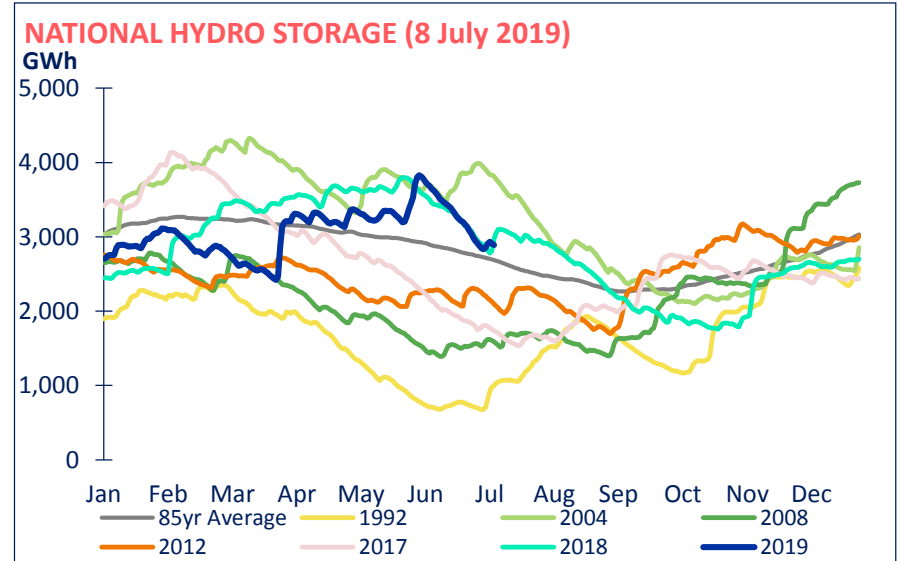
Source: Electricity Authority



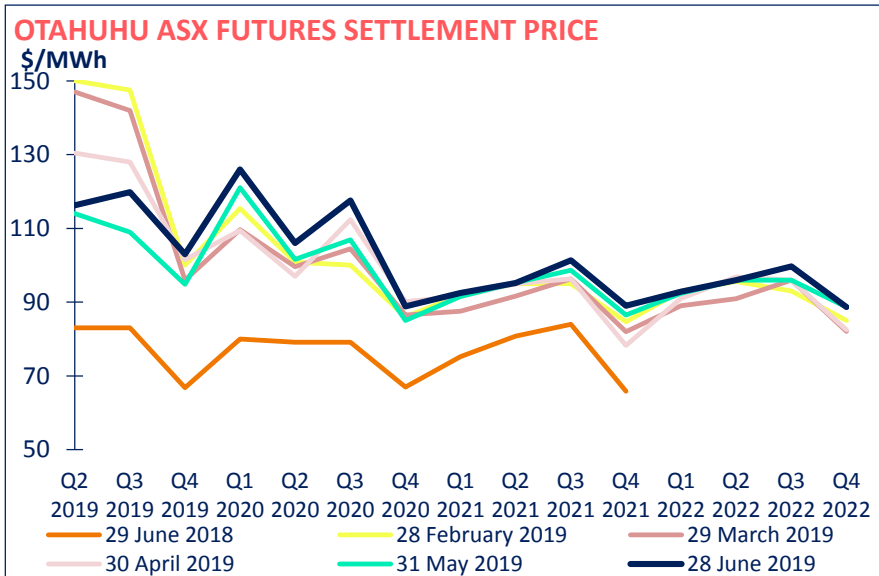
Source: Electricity Authority

MARKET DATA

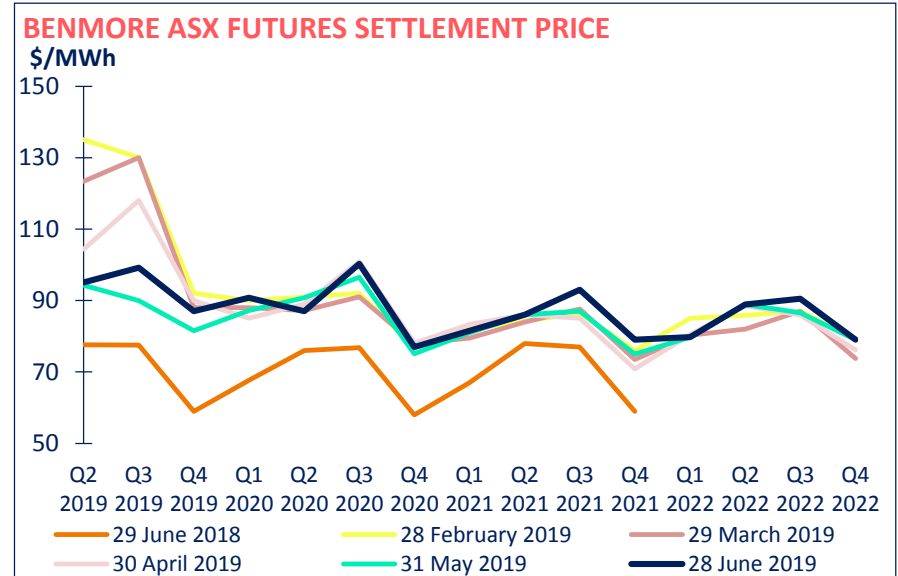
- June 2019 saw near-term ASX prices rise slightly as national storage declined
- National storage decreased from 122% of average on 13 June 2019 to 108% of average on 8 July 2019
- South Island storage decreased to 114% of historical average on 8 July 2019. North Island storage decreased to 73% of average



Source: NZX



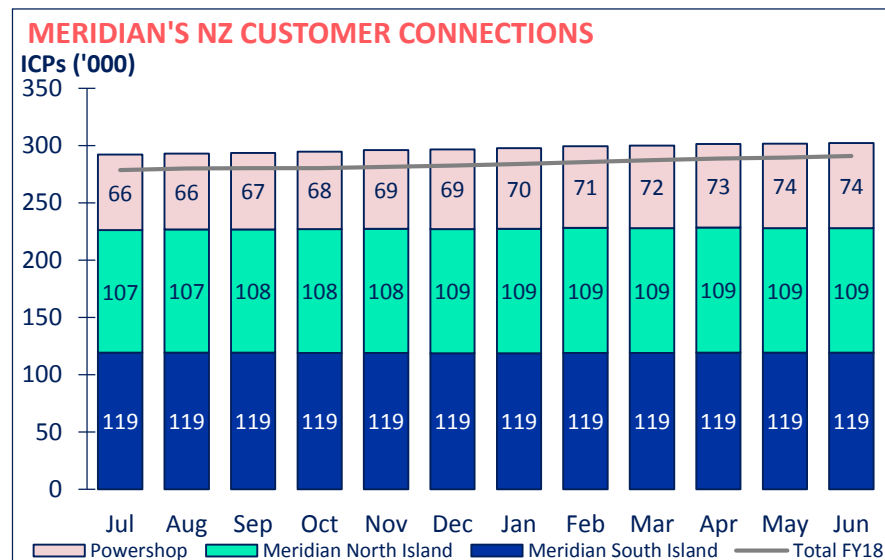
Source: ASX



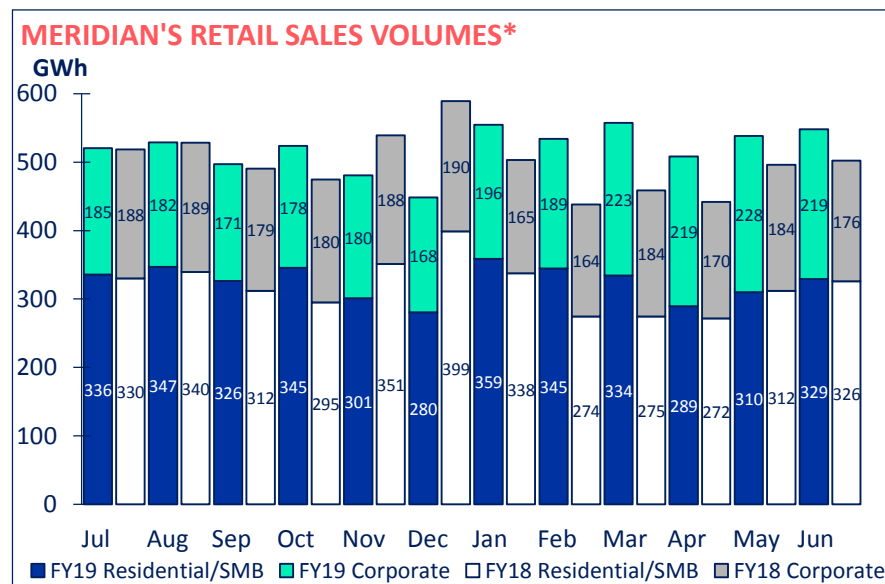
Source: ASX

OPERATING INFORMATION

- Meridian's New Zealand customer connection numbers rose 0.3% during June 2019 and have risen 4.0% since June 2018
- Retail sales volumes in June 2019 were 9.1% higher than June 2018
- Compared to June 2018, residential/SMB sales volumes increased by 1.0% and corporate sales volumes increased by 24.1%
- To date this financial year, retail sales volumes are 4.3% higher than same period last year
- This reflects a 2.1% increase in residential/SMB sales volumes and a 8.3% increase in corporate sales volumes



Source: Meridian

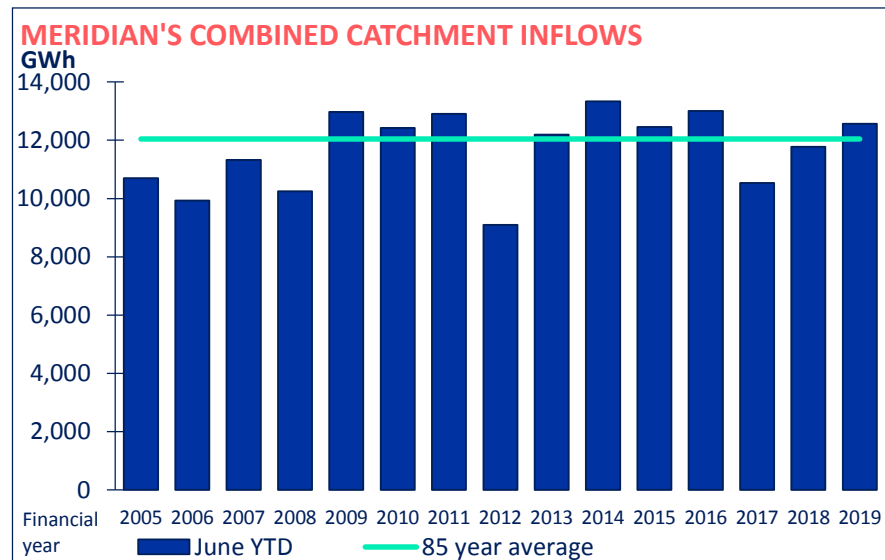


Source: Meridian

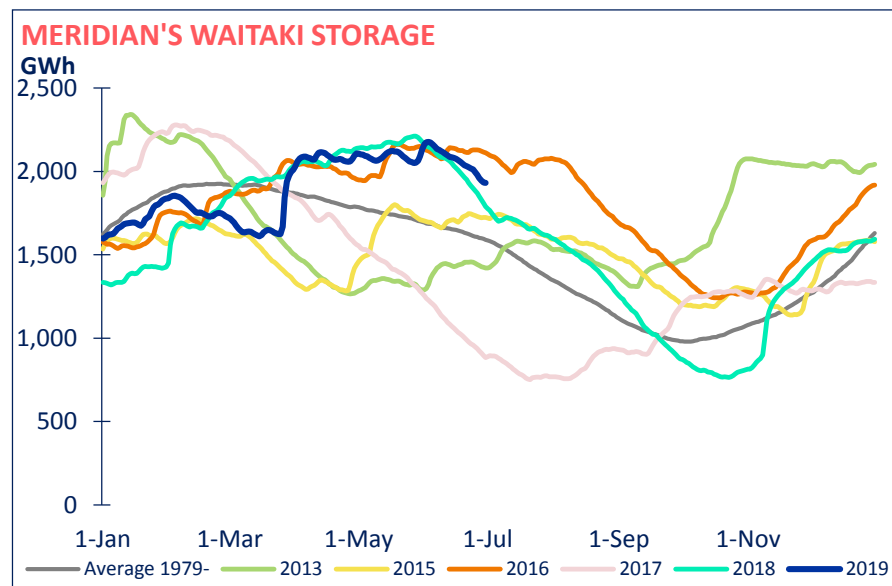
*excludes volumes sold to New Zealand Aluminium Smelters and CFDs

OPERATING INFORMATION

- June 2019 monthly inflows were 100% of historical average
- To date this financial year, inflows are 104% of historical average
- Meridian's Waitaki catchment storage moved from 2,134GWh to 1,931GWh during June 2019
- Waitaki storage at the end of June 2019 was 121% of historical average and 8% higher than the same time last year
- Storage in Meridian's Waiau catchment was slightly below average at the end of June 2019



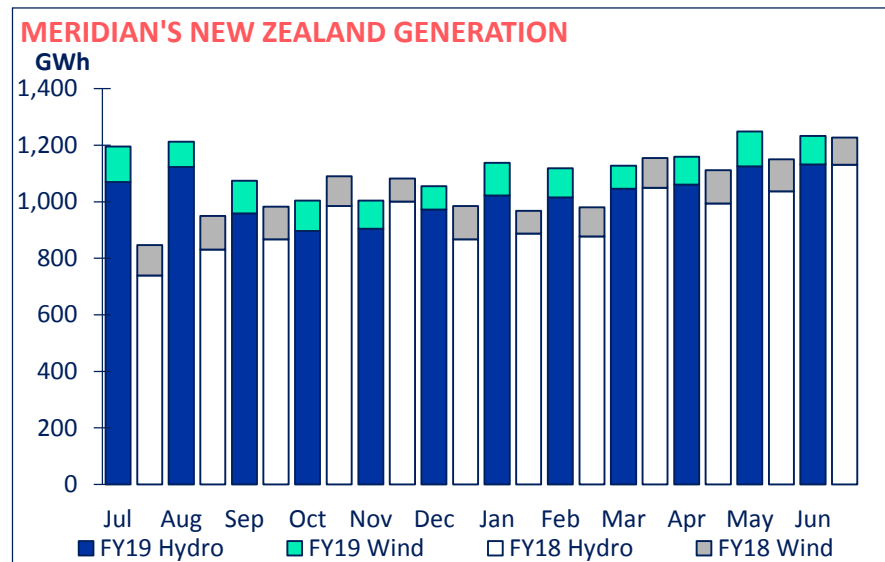
Source: Meridian



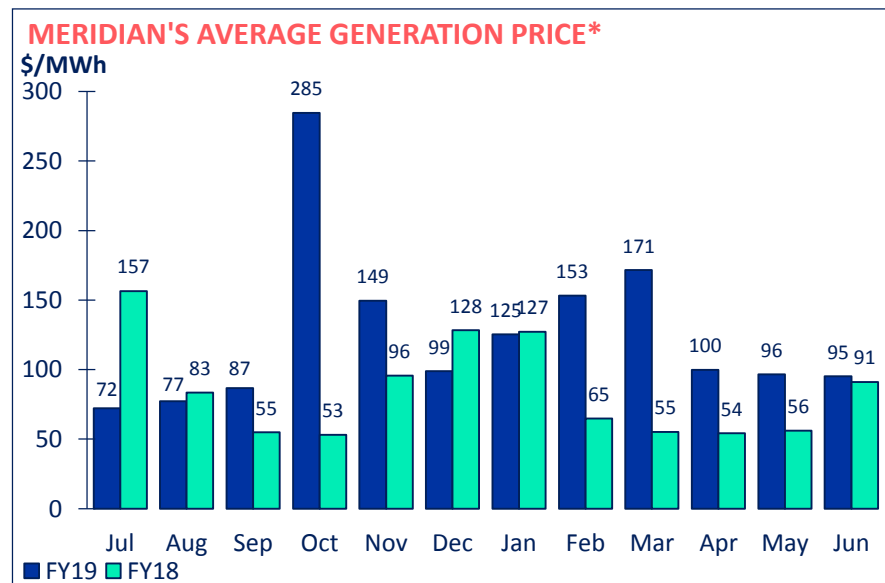
Source: Meridian

OPERATING INFORMATION

- Meridian's New Zealand generation in June 2019 was 0.4% higher than the same month last year, reflecting higher hydro generation and wind generation
- To date this financial year, Meridian's New Zealand generation is 8.3% higher than the same period last year, reflecting higher hydro generation and lower wind generation
- The average price Meridian received for its generation in June 2019 was 4.6% higher than the same month last year
- The average price Meridian paid to supply contracted sales in May 2019 was 7.1% higher than the same month last year
- To date this financial year, the average price Meridian received for its generation is 48.5% higher than the same period last year and the average price paid to supply contracted sales is 51.1% higher



Source: Meridian

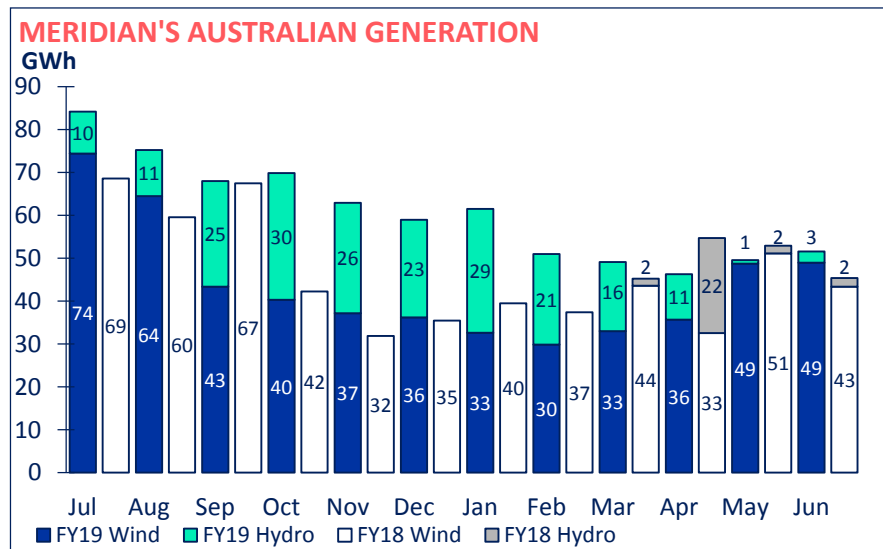


Source: Meridian

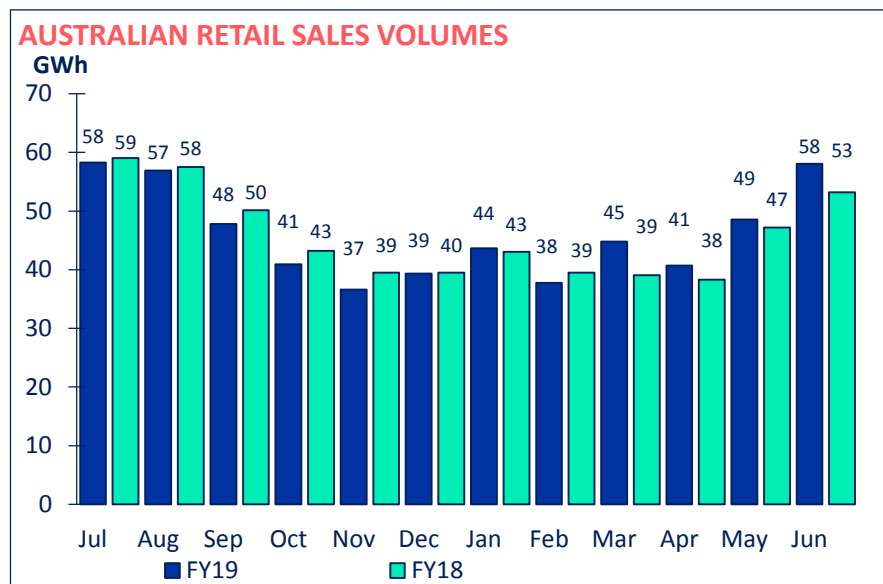
*price received for Meridian's physical generation

OPERATING INFORMATION

- Meridian's Australian generation in June 2019 was 18.8% higher than the same month last year
- To date this financial year, Australian generation is 31.7% higher than the same period last year
- Australian retail electricity sales volumes in June 2019 were 9.0% higher than the same month last year
- To date this financial year, Australian retail electricity sales volumes are 0.7% lower than the same period last year



Source: Meridian



Source: Meridian

OPERATING INFORMATION

See following page for Australia and Group operating information and all footnotes

	JUNE 2019 MONTH	JUNE 2018 MONTH	MAY 2019 MONTH	APRIL 2019 MONTH	12 MONTHS TO JUNE 2019	12 MONTHS TO JUNE 2018
New Zealand contracted sales¹						
Retail contracted sales volume (GWh)	548	502	538	508	6,240	5,981
Average retail contracted sales price (\$/MWh)	\$113.9	\$115.9	\$112.7	\$105.4	\$104.8	\$105.1
NZAS sales volume (GWh)	448	412	463	448	5,310	5,011
Sell side derivative volumes ² (GWh)	129	280	168	168	2,240	2,278
Wholesale contracted sales average price ³ (\$/MWh)	\$69.6	\$60.5	\$72.3	\$73.0	\$69.4	59.7
Total New Zealand customer connections ⁴	302,277	290,756	301,508	301,230		
New Zealand generation						
Hydro generation volumes (GWh)	1,132	1,131	1,125	1,060	12,326	11,265
Wind generation volumes (GWh)	100	96	123	99	1,244	1,263
Total generation volumes (GWh)	1,232	1,227	1,248	1,159	13,570	12,528
Average generation price ⁵ (\$/MWh)	\$95.2	\$91.1	\$96.5	\$99.8	\$123.3	\$83.0
Acquired generation volume ⁶ (GWh)	138	160	149	144	1,964	2,222
Cost of acquired generation (\$/MWh)	\$63.9	\$63.4	\$66.3	\$65.0	\$67.7	\$67.7
Acquired generation revenue average price (\$/MWh)	\$97.5	\$93.2	\$101.9	\$103.1	\$135.9	\$87.6
Future contract close outs (\$M)	-\$0.1	-\$0.0	-\$0.4	-\$1.1	-\$8.0	-\$3.6
Contracted sales supply volumes (GWh)	1,169	1,225	1,209	1,154	14,158	13,586
Cost to supply contracted sales (\$/MWh)	\$102.1	\$95.3	\$103.2	\$105.9	\$132.7	\$87.8

OPERATING INFORMATION

	JUNE 2019 MONTH	JUNE 2018 MONTH	MAY 2019 MONTH	APRIL 2019 MONTH	12 MONTHS TO JUNE 2019	12 MONTHS TO JUNE 2018
Australia						
Wind generation volumes (GWh)	49	43	49	36	525	553
Hydro generation volumes (GWh)	3	2	1	11	203	28
Retail contracted electricity sales volume (GWh)	58	53	49	41	553	549
Retail contracted gas sales volume (TJ)	64	0	102	25	364	1
Powershop electricity customer connections ⁷	109,804	97,241	108,332	106,240		
Powershop gas customer connections ⁸	22,612	281	21,426	19,990		

	JUNE 2019 MONTH	JUNE 2018 MONTH	MAY 2019 MONTH	APRIL 2019 MONTH	12 MONTHS TO JUNE 2019	12 MONTHS TO JUNE 2018
Meridian Group						
Employee and Operating Costs (\$m)	29	25	26	22	280	258
Stay in Business Capital Expenditure (\$m)	9	10	5	4	48	47
Investment Capital Expenditure (\$m)	1	0	2	1	16	188
Total Capital Expenditure (\$m)	10	10	7	5	64	235

Footnotes

- Contracted sales volumes and volume weighted average price received from contracted customers less distribution costs
- Derivatives sold excluding the sell-side of virtual asset swaps
- Average price of both NZAS sales volume and sell side derivative volumes
- Meridian Retail and Powershop New Zealand installation control points (ICPs), excluding vacants
- Volume weighted average price received for Meridian's physical generation
- Over the counter and ASX contracts excluding the buy-side of virtual asset swaps
- Financially responsible market participants, excluding vacants
- Meter installation registration numbers

FY19 OPERATING INFORMATION

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	521	529	497	524	481	448	555	534	557	508	538	548
Average retail contracted sales price (\$/MWh)	\$113.1	\$110.7	\$106.7	\$98.3	\$98.5	\$95.5	\$98.2	\$102.0	\$101.3	\$105.4	\$112.7	\$113.9
NZAS sales volume (GWh)	426	426	411	439	444	463	463	418	463	448	463	448
Sell side derivative volumes (GWh)	386	196	140	149	146	217	157	196	187	168	168	129
Wholesale contracted sales average price (\$/MWh)	\$63.9	\$58.5	\$58.0	\$65.9	\$72.7	\$68.9	\$69.4	\$80.6	\$80.3	\$73.0	\$72.3	\$69.6
Total New Zealand customer connections	292,091	292,906	293,386	294,695	296,064	296,532	297,621	299,351	299,905	301,230	301,508	302,277
New Zealand Generation												
Hydro generation volume (GWh)	1,070	1,123	959	897	905	972	1,022	1,015	1,046	1,060	1,125	1,132
Wind generation volume (GWh)	126	90	115	107	99	83	116	104	81	99	123	100
Total generation volume (GWh)	1,196	1,213	1,074	1,004	1,004	1,055	1,138	1,119	1,128	1,159	1,248	1,232
Average generation price (\$/MWh)	\$72.1	\$77.2	\$86.8	\$284.6	\$149.5	\$98.8	\$125.3	\$153.1	\$171.5	\$99.8	\$96.5	\$95.2
Acquired generation volume (GWh)	170	167	147	200	190	177	155	142	186	144	149	138
Cost of acquired generation (\$/MWh)	\$65.7	\$63.1	\$62.5	\$77.7	\$74.7	\$61.7	\$69.3	\$66.6	\$71.2	\$65.0	\$66.3	\$63.9
Acquired generation revenue average price (\$/MWh)	\$74.5	\$80.8	\$87.9	\$290.6	\$180.8	\$104.6	\$127.7	\$157.7	\$168.4	\$103.1	\$101.9	\$97.5
Future contract close outs (\$m)	-0.1	-0.3	-0.6	-0.5	-0.5	-0.5	-0.4	-0.7	-2.8	-1.1	-0.4	-0.1
Contracted sales supply volume (GWh)	1,353	1,181	1,079	1,142	1,098	1,148	1,201	1,186	1,237	1,154	1,209	1,169
Cost to supply contracted sales (\$/MWh)	\$77.0	\$84.9	\$92.5	\$294.4	\$160.4	\$108.7	\$133.3	\$162.9	\$175.9	\$105.9	\$103.2	\$102.1
Australia												
Wind generation volume (GWh)	74	64	43	40	37	36	33	30	33	36	49	49
Hydro generation volume (GWh)	10	11	25	30	26	23	29	21	16	11	1	3
Retail contracted electricity sales volume (GWh)	58	57	48	41	37	39	44	38	45	41	49	58
Retail contracted gas sales volume (TJ)	4	20	40	41	20	17	9	9	13	25	102	64
Powershop electricity customer connections	96,743	96,801	96,657	97,514	98,618	99,368	101,020	102,730	104,450	106,240	108,332	109,804
Powershop gas customer connections	1,179	4,776	7,558	9,577	11,333	12,508	14,309	16,751	18,225	19,990	21,426	22,612
Meridian Group												
Employee and Operating Costs (\$m)	22	23	24	22	22	22	22	22	23	22	26	29
Stay in Business Capital Expenditure (\$m)	5	3	4	5	4	3	3	3	3	4	5	9
Investment Capital Expenditure (\$m)	1	1	1	1	1	1	1	2	1	1	2	1
Total Capital Expenditure (\$m)	6	4	5	6	5	4	4	5	4	5	7	10

FY18 OPERATING INFORMATION

	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	519	529	491	475	539	589	503	438	459	442	496	502
Average retail contracted sales price (\$/MWh)	\$114.6	\$115.9	\$109.4	\$99.0	\$96.0	\$93.3	\$96.8	\$101.6	\$100.2	\$107.0	\$112.5	\$115.9
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	95	100	111	142	194	125	182	239	294	272	244	280
Wholesale contracted sales average price (\$/MWh)	\$60.9	\$59.0	\$58.1	\$54.9	\$57.6	\$58.5	\$63.0	\$61.3	\$58.7	\$60.1	\$62.5	\$60.5
Total New Zealand customer connections	278,595	279,967	280,209	280,211	281,314	282,396	283,724	285,611	287,167	288,538	289,431	290,756
New Zealand Generation												
Hydro generation volume (GWh)	739	831	867	985	1,000	867	888	878	1,049	994	1,037	1,131
Wind generation volume (GWh)	108	118	116	106	82	118	80	102	105	118	113	96
Total generation volume (GWh)	847	949	983	1,091	1,082	985	968	980	1,154	1,112	1,150	1,227
Average generation price (\$/MWh)	\$156.5	\$83.4	\$55.0	\$53.1	\$95.5	\$128.4	\$127.2	\$64.8	\$55.2	\$54.3	\$56.1	\$91.1
Acquired generation volume (GWh)	282	206	158	164	178	200	234	156	152	163	169	160
Cost of acquired generation (\$/MWh)	\$77.4	\$70.1	\$62.5	\$60.6	\$64.9	\$69.9	\$75.4	\$65.0	\$63.6	\$63.9	\$63.2	\$63.4
Acquired generation revenue average price (\$/MWh)	\$138.8	\$84.1	\$55.6	\$54.4	\$99.7	\$114.2	\$114.2	\$65.5	\$59.8	\$57.7	\$56.5	\$93.2
Future contract close outs (\$m)	-0.7	-0.6	-0.7	-0.3	0.1	-0.4	-0.3	-0.4	0.0	0.0	-0.2	0.0
Contracted sales supply volume (GWh)	1,067	1,077	1,053	1,054	1,174	1,163	1,140	1,086	1,205	1,150	1,191	1,225
Cost to supply contracted sales (\$/MWh)	\$155.0	\$88.2	\$59.2	\$54.4	\$100.1	\$126.8	\$130.2	\$69.1	\$59.8	\$57.5	\$58.4	\$95.3
Australia												
Wind generation volume (GWh)	69	60	67	42	32	35	40	37	44	33	51	43
Hydro generation volume (GWh)									2	22	2	2
Retail contracted electricity sales volume (GWh)	59	58	50	43	39	40	43	39	39	38	47	53
Retail contracted gas sales volume (TJ)												
Powershop electricity customer connections	97,547	97,465	97,456	97,760	97,828	97,361	97,826	97,499	97,522	97,950	97,704	97,241
Powershop gas customer connections											29	281
Meridian Group												
Employee and Operating Costs (\$m)	20	21	21	22	22	21	19	20	23	23	22	25
Stay in Business Capital Expenditure (\$m)	2	3	5	2	3	3	4	3	4	4	6	10
Investment Capital Expenditure (\$m)	1	1	1	1	0	1	1	1	179	2	1	0
Total Capital Expenditure (\$m)	2	3	6	3	3	3	4	3	183	6	7	10

GLOSSARY

Acquired generation volumes	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
Average generation price	the volume weighted average price received for Meridian’s physical generation
Average retail contracted sales price	volume weighted average electricity price received from retail customers, less distribution costs
Average wholesale contracted sales price	volume weighted average electricity price received from wholesale customers, including NZAS
Combined catchment inflows	combined water inflows into Meridian’s Waitaki and Waiau hydro storage lakes
Cost of acquired generation	volume weighted average price Meridian pays for derivatives acquired to supplement generation
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
Contracts for Difference (CFDs)	an agreement between parties to pay the difference between the wholesale electricity price and an agreed fixed price for a specified volume of electricity. CFDs do not result in the physical supply of electricity
Customer connections (NZ)	number of installation control points, excluding vacants
FRMP	financially responsible market participant, excluding vacants
GWh	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
Historic average inflows	the historic average combined water inflows into Meridian’s Waitaki and Waiau hydro storage lakes over the last 84 years
Historic average storage	the historic average level of storage in Meridian’s Waitaki catchment since 1979
HVDC	high voltage direct current link between the North and South Islands of New Zealand
ICP	New Zealand installation control points, excluding vacants
ICP switching	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
MIRN	meter identification reference number
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Electricity Authority’s reconciled grid demand www.emi.ea.govt.nz
NZAS	New Zealand Aluminium Smelters Limited
Retail sales volumes	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
Sell side derivatives	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury. They do not result in the physical supply of electricity