Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian Energy Limited 2021 Interim Results

24 February 2021

Today Meridian Energy releases its interim results for the six months ended 31 December 2020.

Included in this announcement is:

1. Media Announcement
2. Condensed Interim Financial Statements for the six months ended 31 December 2020
3. Investor Presentation
4. Investor Letter
5. Financial Commentary
6. NZX Results Announcement
7. NZX Distribution Notice detailing the ordinary interim dividend of 5.70 cents per share (NZD)

For the purposes of ASX Listing Rule 1.15.3 Meridian confirms that its primary listing is on the main board of the New Zealand Stock Exchange and therefore complies with the NZX Listing Rules.

ENDS

Neal Barclay
Chief Executive
Meridian Energy Limited

For investor relations queries, please contact:
Owen Hackston
Investor Relations Manager
021 246 4772

For media queries, please contact:
Polly Atkins
Senior External Communications Specialist
021 174 1715

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian Energy interim net profit higher, cash earnings[1] lower

24 February 2021

Meridian Energy has reported a 19% increase in net profit for the six months ended 31 December 2020, which includes positive changes in the value of hedge instruments. Excluding these hedge value movements, Meridian has reported a 9% decrease in its EBITDAF[1]. Customer growth continued, however lower New Zealand hydro generation and lower market prices in Australia negatively impacted EBITDAF from last year's record level.

Chief Executive Neal Barclay says Meridian's performance partly reflected less than favourable conditions compared to the prior year. Overall, our generation volumes were down 7% on the prior period due to lower starting storage and lower inflows into our catchments since October 2020.

Generation volume and price volatility are a feature of New Zealand's hydro-based renewable electricity system; however the underlying performance of the business remains strong and we were particularly pleased that the strength of the Meridian and Powershop brands continued to shine through.

"Customer numbers across New Zealand and Australia now exceed half a million and have grown 3% since June 2020. It is pleasing to see continued customer growth, demonstrating that our commitment to excellent service and support is delivering," Mr Barclay says.

Meridian announced in January 2021, that it had reached an agreement with its largest customer, Rio Tinto. Rio Tinto, who operate the Tiwai Point Aluminium Smelter in Southland will extend the planned closure period from August 2021 to December 2024.

"The additional four years of smelter operation will be invaluable to the Southland region as it allows time to create new business opportunities and new jobs for Southlanders. Meridian is committed to working with a range of parties who are progressing some exciting new opportunities in Southland, from mega scale data centres to hydrogen production at scale. The availability of large amounts of renewable energy in Southland is a point of difference for the region and our country," says Barclay.

"As a 100% renewable energy generator who is committed to protecting our environment, we're supportive of the Climate Change Commission's advice. We believe that the electricity sector is a huge part of the solution to decarbonise our economy and support New Zealand businesses and

[1] EBITDAF is a commonly used non-GAAP measure reflecting earnings before interest, tax, depreciation, changes in fair value of hedges and other significant items (see page 2 for a reconciliation).

individuals to make the changes they need. Our decision to build the new Harapaki wind farm is our next step towards that solution.

"We know that we will play a part in supporting our customers, from large businesses who need to invest in technology and transition from fossil fuels, to every day New Zealanders. Everyone in our country has the opportunity to prosper and thrive as we lock in net zero by 2050," says Barclay.

Income statement

Six months ended 31 December	**2020**	**2019**
$M		
New Zealand energy margin	540	598
Australia energy margin	59	65
Other revenue	12	13
Energy transmission expense	(44)	(68)
Electricity metering expenses	(19)	(17)
Employee and other operating expenses	(126)	(126)
EBITDAF	**422**	**465**
Depreciation and amortisation	(153)	(157)
Impairment of assets	-	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of energy hedges	63	(6)
Net finance costs	(42)	(43)
Net change in fair value of treasury instruments	25	6
Net profit before tax	**315**	**265**
Income tax expense	(88)	(74)
Net profit after tax	**227**	**191**

Underlying net profit after tax

Six months ended 31 December	**2020**	**2019**
$M		
Net profit after tax	227	191
Underlying adjustments		
Hedging instruments		
Net change in fair value of energy hedges	(63)	6
Net change in fair value of treasury instruments	(25)	(6)
Premiums paid on electricity options net of interest	(10)	(10)
Assets		
(Gain)/loss on sale of assets	-	-
Impairment of assets	-	-
Total adjustments before tax	(98)	(10)
Taxation		
Tax effect of above adjustments	27	3
Underlying net profit after tax	**156**	**184**

ENDS

Neal Barclay
Chief Executive
Meridian Energy Limited

For investor relations queries, please contact:
Owen Hackston
Investor Relations Manager
021 246 4772

For media queries, please contact:
Polly Atkins
External Communications Manager
021 174 1715

Condensed Interim Financial Statements.

As at and for the six months to 31 December 2020.

Meridian.

Income Statement

For the six months to 31 December 2020

	Note	Unaudited 2020 $M	Unaudited 2019 $M
Operating revenue	A2	**1,869**	1,780
Operating expenses	A3	**(1,447)**	(1,315)
Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items (EBITDAF)		**422**	465
Depreciation and amortisation	B1, B2	**(153)**	(157)
Net change in fair value of energy hedges	D1	**63**	(6)
Operating profit		**332**	302
Finance costs	A3	**(42)**	(43)
Net change in fair value of treasury instruments	D1	**25**	6
Net profit before tax		**315**	265
Income tax expense	A4	**(88)**	(74)
Net profit after tax attributed to the shareholders of the parent company		**227**	**191**
Earnings per share (EPS) attributed to ordinary equity holders of the parent company		Cents	Cents
Basic and diluted earnings per share	C2	**8.9**	7.5

Comprehensive Income Statement

For the six months to 31 December 2020

	Unaudited 2020 $M	Unaudited 2019 $M
Net profit after tax	**227**	**191**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Net (loss)/gain on cash flow hedges	**(6)**	3
Income tax on the above items	**2**	(2)
Other comprehensive income for the period, net of tax	**(4)**	1
Total comprehensive income for the period, net of tax attributed to shareholders of the parent company	**223**	**192**

The notes to the condensed interim financial statements form an integral part of these financial statements.

Balance Sheet

As at 31 December 2020

	Note	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Current assets				
Cash and cash equivalents		**122**	55	176
Trade receivables		**303**	265	323
Customer contract assets		**25**	23	24
Financial instruments	D1	**151**	157	100
Other assets		**52**	39	42
Total current assets		**653**	**539**	**665**
Non-current assets				
Property, plant and equipment	B1	**8,466**	8,776	8,594
Intangible assets	B2	**76**	58	65
Deferred tax		**34**	36	34
Financial instruments	D1	**155**	181	265
Total non-current assets		**8,731**	**9,051**	**8,958**
Total assets		**9,384**	**9,590**	**9,623**

For and on behalf of the Board of Directors who authorised the issue of the condensed interim financial statements on 23 February 2021.

Mark Verbiest
Board Chair

Julia Hoare
Chair Audit & Risk Committee

	Note	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Current liabilities				
Payables and accruals		**332**	280	364
Employee entitlements		**19**	11	24
Customer contract liabilities		**21**	18	23
Current portion of term borrowings	C4	**271**	183	88
Current portion of lease liabilities	C4	**7**	7	7
Financial instruments	D1	**57**	34	63
Current tax payable		**29**	50	79
Total current liabilities		**736**	**583**	**648**
Non-current liabilities				
Term borrowings	C4	**1,408**	1,374	1,600
Deferred tax		**1,852**	1,944	1,850
Provisions		**18**	12	17
Lease Liabilities	C4	**91**	99	97
Financial instruments	D1	**214**	212	279
Term payables		**46**	54	49
Total non-current liabilities		**3,629**	**3,695**	**3,892**
Total liabilities		**4,365**	**4,278**	**4,540**
Net assets		**5,019**	**5,312**	**5,083**
Shareholders' equity				
Share capital		**1,598**	1,599	1,598
Reserves		**3,421**	3,713	3,485
Total shareholders' equity		**5,019**	**5,312**	**5,083**

The notes to the condensed interim financial statements form an integral part of these financial statements.

Changes in Equity

For the six months to 31 December 2020

					$M			
Audited	**Note**	**Share capital**	**Share option reserve**	**Revaluation reserve**	**Foreign currency translation reserve**	**Cash flow hedge reserve**	**Retained earnings**	**Shareholders equity**
Balance at 1 July 2019		**1,599**	**1**	**5,068**	**(37)**	**(3)**	**(1,171)**	**5,457**
Net profit for the year		–	–	–	–	–	176	**176**
Other comprehensive income								
Asset revaluation		–	–	(22)	–	–	–	(22)
Net gain on cash flow hedges		–	–	–	–	2	–	2
Exchange differences from translation of foreign operations		–	–	–	11	–	–	11
Income tax relating to other comprehensive income		–	–	7	–	(1)	–	6
Total other comprehensive income, net of tax		**–**	**–**	**(15)**	**11**	**1**	**–**	**(3)**
Total comprehensive income for the year, net of tax		**–**	**–**	**(15)**	**11**	**1**	**176**	**173**
Share-based transactions		(1)	–	–	–	–	–	(1)
Dividends paid		–	–	–	–	–	(546)	(546)
Balance at 30 June 2020 and 1 July 2020		**1,598**	**1**	**5,053**	**(26)**	**(2)**	**(1,541)**	**5,083**
Unaudited								
Net profit for the period		–	–	–	–	–	227	227
Other comprehensive income								
Net (loss) on cash flow hedges		–	–	–	–	(6)	–	(6)
Income tax relating to other comprehensive income		–	–	–	–	2	–	2
Total other comprehensive income, net of tax		**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
Total comprehensive income for the year, net of tax		**–**	**–**	**–**	**–**	**(4)**	**227**	**223**
Dividends paid	C3	–	–	–	–	–	(287)	(287)
Balance at 31 December 2020		**1,598**	**1**	**5,053**	**(26)**	**(6)**	**(1,601)**	**5,019**
Unaudited								
Balance at 1 July 2019		**1,599**	**1**	**5,068**	**(37)**	**(3)**	**(1,171)**	**5,457**
Net profit for the period		–	–	–	–	–	191	191
Other comprehensive income								
Net gain on cash flow hedges		–	–	–	–	3	–	3
Income tax relating to other comprehensive income		–	–	–	–	(2)	–	(2)
Total other comprehensive income, net of tax		**–**	**–**	**–**	**–**	**1**	**–**	**1**
Total comprehensive income for the period, net of tax		**–**	**–**	**–**	**–**	**1**	**191**	**192**
Dividends paid	C3	–	–	–	–	–	(337)	(337)
Balance at 31 December 2019		**1,599**	**1**	**5,068**	**(37)**	**(2)**	**(1,317)**	**5,312**

The notes to the condensed interim financial statements form an integral part of these financial statements.

Cash Flows

For the six months to 31 December 2020

	Note	Unaudited 2020 $M	Unaudited 2019 $M
Operating activities			
Receipts from customers		**1,885**	1,803
Payments to suppliers and employees		**(1,523)**	(1,372)
Interest paid		**(41)**	(41)
Income tax paid		**(134)**	(124)
Operating cash flows		**187**	266
Investing activities			
Purchase of property, plant and equipment		**(22)**	(23)
Purchase of intangible assets		**(20)**	(11)
Investing cash flows		**(42)**	(34)
Financing activities			
Term borrowings drawn		**97**	141
Term borrowings repaid		**(5)**	(55)
Lease Liabilities paid		**(4)**	(4)
Dividends	C3	**(287)**	(337)
Financing cash flows		**(199)**	(255)
Net decrease in cash and cash equivalents		**(54)**	**(23)**
Cash and cash equivalents at beginning of the six months		**176**	78
Cash and cash equivalents at end of the six months		**122**	**55**

The notes to the condensed interim financial statements form an integral part of these financial statements.

About this report

In this section.

The summary notes to the condensed interim financial statements include information which is considered relevant and material to assist the reader in understanding changes in Meridian's financial position or performance. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of Meridian;
- it helps to explain changes in Meridian's business; or
- it relates to an aspect of Meridian's operations that is important to future performance.

Meridian Energy Limited is a for-profit entity domiciled and registered under the Companies Act 1993 in New Zealand. It is a FMC reporting entity for the purposes of the Financial Markets Conduct (FMC) Act 2013. Meridian's core business activities are the generation, trading and retailing of electricity and the sale of complementary products and services. The registered office of Meridian is 55 Lady Elizabeth Lane, Wellington. Meridian Energy Limited is dual listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX). As a Mixed Ownership Company, majority owned by Her Majesty the Queen in Right of New Zealand, it is bound by the requirements of the Public Finance Act 1989.

These unaudited condensed interim financial statements for the six months ended 31 December 2020 have been prepared:

- using Generally Accepted Accounting Practice in New Zealand (NZ GAAP), accounting policies consistent with International Financial Reporting Standards (IFRS) and the New Zealand equivalents (NZ IFRS) and in accordance with IAS 34: Interim Financial Reporting and NZ IAS 34: Interim Financial Reporting, as appropriate for a for-profit entity;
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- on the basis of historical cost, modified by revaluation of certain assets and liabilities; and
- in New Zealand dollars (NZD). The principal functional currency of international subsidiaries is Australian dollars. The closing rate at 31 December 2020 was 0.9339 (December 2019: 0.9596, 30 June 2020: 0.9349).

All values are rounded to millions ($M) unless otherwise stated.

Accounting policies

The accounting policies, methods of computation and classification set out in the Group financial statements for the year ended 30 June 2020 have been applied consistently to all periods presented in the condensed interim financial statements.

Judgements and estimates

The basis of key judgements and estimates have not changed from those used in preparing the financial statements for the year ended 30 June 2020, except for those relating to the New Zealand Aluminium Smelter (NZAS) exit. Refer to the Significant matters section for further detail on these judgements and impacts.

Basis of consolidation

The condensed interim Group financial statements comprise the financial statements of Meridian Energy Limited and its subsidiaries and controlled entities.

Significant matters in the six months

In this section.

Significant matters which have impacted Meridian's financial performance.

NZAS Exit

On 9 July 2020, the New Zealand Aluminium Smelter (NZAS) announced plans to wind-down its operation at Tiwai Point. NZAS terminated its 572MW electricity supply agreement with Meridian, giving a 14-month notice period through to 31 August 2021.

For Meridian's year-end financial reporting as at 30 June 2020, the NZAS exit announcement was treated as a post balance date non-adjusting event. No adjustment was made to the Group financial statements to reflect any impact that the NZAS exit may have on Meridian. Meridian did disclose an estimate of how an NZAS exit on 31 August 2021 may impact the Group.

Leading into 31 December 2020, negotiations with NZAS on a potentially extended exit period continued. On 14 January 2021 NZAS announced it had accepted Meridian's offer of an amended contract covering an extended exit period and would continue operating through to 31 December 2024.

For Meridian's financial reporting purposes and in keeping with NZ IFRS, the NZAS extended exit period announcement has been treated as a post balance date adjusting event, as it affirmed a condition that existed as at 31 December 2020. As such, Meridian financials are prepared based on an extended NZAS exit date of 31 December 2024.

The main outcome of an extended exit period, relative to the disclosures made at 30 June 2020, is that there will not be a consequential decrease in the value of property, plant & equipment. Refer to note B1 Property, plant and equipment and D1 Financial instruments for more information.

Significant matters in the six months continued

In this section.

This section outlines significant matters which have impacted Meridian's financial performance and an explanation of non-GAAP measures used within the notes to the condensed interim financial statements.

Hydro Inflows

Meridian started the financial year with below average storage in Lake Pūkaki and had inflows from May to September that were lower than average. There was a change in weather patterns mid September that led the Waiau lakes to reach their high ranges later that month. It also resulted in spill for most of October. The same patterns lifted hydro storage in our main hydro storage lake, Pūkaki.

Current conditions and the outlook are less certain. Metservice forecasts La Nina conditions for the Pacific this Summer and, while we do not know what will play out, since November we have received below average inflows into our hydro catchments. This has meant we have relied on hydro storage more directly and at the end of December Lake Pūkaki had below average storage.

Covid 19

Meridian continues to hold a higher provision for doubtful debts than in pre-Covid times, in light of the continuing uncertainty around the economy and employment in both New Zealand and Australia.

Meridian also considered the impact of COVID 19 as part of our key assumptions when valuing our property plant and equipment and financial instruments. However there was no impact when taking this into consideration.

Non-GAAP measures

Meridian refers to non-GAAP financial measures within these condensed interim financial statements and accompanying notes. The limited use of non-GAAP measures is intended to supplement GAAP measures to provide readers with further information to broaden their understanding of Meridian's financial performance and position. They are not a substitute for GAAP measures.

As these measures are not defined by NZ GAAP, IFRS, or any other body of accounting standards, Meridian's calculations may differ from similarly titled measures presented by other companies. The measures are described below, including page references for reconciliations to the condensed interim financial statements.

EBITDAF

Earnings before interest, tax, depreciation, amortisation, change in fair value of hedges, impairments and gains and losses on sale of assets.

EBITDAF is reported in the income statement allowing the evaluation of Meridian's operating performance without the non-cash impact of depreciation, amortisation, fair value movements of hedging instruments and other one-off or infrequently occurring events and the effects of Meridian's capital structure and tax position. This allows a better comparison of operating performance with that of other electricity industry companies than GAAP measures that include these items.

Energy margin

Energy margin provides a measure of financial performance that, unlike total revenue, accounts for the variability of wholesale energy markets and the broadly offsetting impact of the wholesale prices on the cost of Meridian's energy purchases and revenue from generation. Meridian uses the measure of energy margin within its segmental financial performance in Note A1 Segment performance.

Net debt

Net debt is a metric commonly used by investors as a measure of Meridian's indebtedness that takes account of liquid financial assets. Meridian uses this measure within its capital management and this is outlined in Note C1 Capital management.

A
Financial performance

In this section.

This section explains the financial performance of Meridian, providing additional information about individual items in the income statement, including:

a. accounting policies, judgements and estimates that are relevant for understanding items recognised in the income statement; and

b. analysis of Meridian's performance for the six months by reference to key areas including: performance by operating segment, revenue, expenses and taxation.

A1 Segment performance

The Chief Executive (the chief operating decision-maker) monitors the operating performance of each segment for the purpose of making decisions on resource allocation and strategic direction.

The Chief Executive considers the business according to the nature of the products and services and the location of operations, as set out below:

New Zealand wholesale

- Generation of electricity and its sale into the New Zealand wholesale electricity market.
- Purchase of electricity from the wholesale electricity market and its sale to the New Zealand Retail segment and to large industrial customers, including NZAS representing the equivalent of 38% (31 December 2019: 38%) of Meridian's New Zealand generation production.
- Development of renewable electricity generation opportunities in New Zealand.

New Zealand retail

- Retailing of electricity and complementary products through two brands (Meridian and Powershop) in New Zealand.
- Electricity sold to residential, business and industrial customers on fixed price variable volume contracts is purchased from the Wholesale segment at an average annual fixed price of $89 per megawatt hour (MWh) and electricity sold to business and industrial customers on spot (variable price) agreements is purchased from the Wholesale segment at prevailing wholesale spot market prices.
- Agency margin from spot sales is included within "Contracted sales, net of distribution costs".
- The transfer price is set in a similar manner to transactions with third parties.
- Powershop New Zealand provides front line customer and back office services for Powershop Australia. Revenue of $3 million has been recorded in 'Other revenue' and is eliminated on Group consolidation.

Australia

- Generation of energy from Meridian's two wind farms, three hydro power stations and acquired under power purchase agreements, for sale into the Australian wholesale electricity market.
- Retailing of electricity and gas, mainly through the Powershop brand in Australia.
- Development of renewable electricity generation options in Australia.

Other and unallocated

- Other operations, that are not considered reportable segments, including licensing of the Flux developed electricity and gas retailing platform.
- Activities and centrally based costs that are not directly allocated to other segments.

The financial performance of the operating segments is assessed using energy margin and EBITDAF (see page 9 for a definition of these measures) before unallocated central corporate expenses. Balance sheet items are not reported to the Chief Executive at an operating segment level.

A1 Segment performance continued

For the six months to 31 December	NZ Wholesale 2020 $M	NZ Wholesale 2019 $M	NZ Retail 2020 $M	NZ Retail 2019 $M	Australia 2020 $M	Australia 2019 $M	Other and Unallocated 2020 $M	Other and Unallocated 2019 $M	Inter-segment 2020 $M	Inter-segment 2019 $M	Group 2020 $M	Group 2019 $M
Contracted sales, net of distribution costs	**256**	246	**460**	391	**92**	97	**–**	–	**–**	–	**808**	734
Cost to supply customers	**(998)**	(842)	**(370)**	(298)	**(54)**	(79)	**–**	–	**417**	343	**(1,005)**	(876)
Net cost of hedging	**24**	32	**–**	–	**(8)**	(2)	**–**	–	**–**	–	**16**	30
Generation spot revenue	**754**	727	**–**	–	**30**	49	**–**	–	**–**	–	**784**	776
Inter-segment electricity sales	**417**	343	**–**	–	**–**	–	**–**	–	**(417)**	(343)	**–**	–
Virtual asset swap margins	**1**	3	**–**	–	**–**	–	**–**	–	**–**	–	**1**	3
Other market revenue/(costs)	**(4)**	(4)	**–**	–	**(1)**	–	**–**	–	**–**	–	**(5)**	(4)
Energy margin	**450**	**505**	**90**	**93**	**59**	**65**	**–**	**–**	**–**	**–**	**599**	**663**
Other revenue	**1**	1	**7**	6	**1**	2	**23**	15	**(20)**	(11)	**12**	13
Dividend revenue	**–**	–	**–**	–	**–**	–	**46**	27	**(46)**	(27)	**–**	–
Energy transmission expense	**(41)**	(65)	**–**	–	**(3)**	(3)	**–**	–	**–**	–	**(44)**	(68)
Energy metering expenses	**–**	–	**(19)**	(17)	**–**	–	**–**	–	**–**	–	**(19)**	(17)
Gross margin	**410**	**441**	**78**	**82**	**57**	**64**	**69**	**42**	**(66)**	**(38)**	**548**	**591**
Employee expenses	**(16)**	(16)	**(16)**	(16)	**(7)**	(6)	**(15)**	(15)	**–**	–	**(54)**	(53)
Other operating expenses	**(28)**	(32)	**(17)**	(17)	**(21)**	(19)	**(13)**	(11)	**7**	6	**(72)**	(73)
EBITDAF	**366**	**393**	**45**	**49**	**29**	**39**	**41**	**16**	**(59)**	**(32)**	**422**	**465**
Depreciation and amortisation	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(153)**	(157)
Net change in fair value of electricity and other hedges	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**63**	(6)
Operating profit	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**332**	302
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(42)**	(43)
Net change in fair value of treasury instruments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**25**	6
Net profit before tax	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**315**	**265**
Income tax expense	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(88)**	(74)
Net profit after tax	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**227**	**191**
Reconciliation of energy margin												
Electricity sales revenue, net of hedging	**1,294**	1,211	**800**	729	**179**	170	**–**	–	**(417)**	(343)	**1,856**	1,767
Electricity expenses, net of hedging	**(844)**	(706)	**(421)**	(349)	**(66)**	(65)	**–**	–	**417**	343	**(914)**	(777)
Electricity distribution expenses	**–**	–	**(289)**	(287)	**(54)**	(40)	**–**	–	**–**	–	**(343)**	(327)
Energy margin	**450**	**505**	**90**	**93**	**59**	**65**	**–**	**–**	**–**	**–**	**599**	**663**

A2 Income

Six months ended 31 December	Unaudited	Unaudited
Operating revenue	2020 $M	2019 $M
Energy sales to customers	**1,086**	997
Generation revenue net of hedging	**770**	770
Energy related services revenue	**5**	4
Other revenue	**8**	9
	1,869	**1,780**

Total revenue by geographic area		
New Zealand	**1,684**	1,603
Australia	**180**	172
United Kingdom	**5**	5
Total operating revenue	**1,869**	**1,780**

Energy sales to customers

Revenue received or receivable from residential, business and industrial customers. This revenue is influenced by customer contract sales prices and their demand for energy.

Generation revenue, net of hedging

Revenue received from:

- energy generated and sold into the wholesale markets; and
- the net settlement of energy hedges sold on futures markets, and to generators, retailers and industrial customers.

This revenue is influenced by the quantity of generation and the wholesale spot price and is recognised at the time of generation or hedge settlement.

A3 Expenses

Six months ended 31 December	Unaudited	Unaudited
Operating expenses	2020 $M	2019 $M
Energy expenses, net of hedging	**915**	777
Energy distribution expenses	**343**	327
Energy transmission expenses	**44**	68
Energy metering expense	**19**	17
Employee expenses	**54**	53
Other expenses	**72**	73
	1,447	**1,315**

Finance costs		
Interest on borrowings	**39**	39
Interest on option premium	**1**	1
Interest on lease liabilities	**2**	3
	42	**43**

Energy expenses, net of hedging

The cost of:

- energy purchased from wholesale markets to supply customers;
- the net settlement of buy-side energy hedges; and
- related charges and services.

Energy expenses are influenced by quantity and timing of customer consumption and the wholesale spot price.

Energy distribution expenses

The cost of distribution companies transporting energy between where it is transmitted/stored and customers' properties.

Energy transmission expenses

Meridian's share of the cost of the high voltage direct current (HVDC) link between the North and South Islands of New Zealand and the cost of connecting Meridian's generation sites to the national grid by grid providers.

Employee expenses

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

A4 Taxation

Income tax expense	Unaudited 2020 $M	Unaudited 2019 $M
Current income tax charge	**85**	98
Deferred tax	**3**	(24)
Income tax expense	**88**	**74**
Reconciliation to profit before tax		
Profit before tax	**315**	**265**
Income tax at applicable rates	**88**	74
Expenditure not deductible for tax	**-**	-
Income tax expense	**88**	**74**

Income tax expense

Income tax expense is the income tax assessed on taxable profit for the period. Taxable profit differs from profit before tax reported in the income statement as it excludes items of income and expense that are taxable or deductible in other periods and also excludes items that will never be taxable or deductible. Meridian's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at balance date, being 28% for New Zealand and 30% for Australia.

Income tax expense components are current income tax and deferred tax.

B

Assets used to generate and sell electricity

In this section.

This section shows the assets Meridian uses in the production and sale of electricity to generate operating revenues. In this section of the summary notes there is information about:

a. property, plant and equipment, and

b. intangible assets

Recognition and measurement

Generation structures and plant assets (including land and buildings) are held on the balance sheet at their fair value at the date of revaluation, less any subsequent depreciation and impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Fair value and revaluation of generation structures and plant

Meridian engaged an independent valuer to assess its generation structures and plant assets at 31 December 2020 using capitalisation of earnings and discounted cashflows (DCFs) when determining a valuation range. The review determined that the current carrying value of Meridian's generation structure and plant assets represents fair value.

The value of our generation structures and plant is sensitive to movements in fair value as a result of a change in each valuation input. The nature of these sensitivities has not significantly changed since 30 June 2020.

The key assumptions used in the valuation have not changed significantly from 30 June 2020 except for the below:

		Range of unobservable inputs	
Key input to measure fair value	**Description**	**As at 31 Dec 20**	**As at 30 Jun 20**
Future NZ wholesale electricity prices	The price received for NZ generation	$45MWh to $106MWh by 2035 (in real terms)	$74MWh to $105MWh by 2035 (in real terms)
EBTIDAF earnings multiple	Valuation multiple (including control premium 20%) derived from earnings and valuations of comparable companies	12.2 x EBITDAF	12.2 x EBITDAF

Right-of-Use Assets

Included within property plant and equipment are right-of-use lease assets recognised under NZ IFRS 16. Right-of-use assets relate to office space, land access, and grid connection assets.

As at 31 December 2020, total cost of right-of-use assets is $107m (2019: $110m). Accumulated depreciation on these assets totals $16m (2019: $11m). Net book value is therefore $91m (2019: $99m). Depreciation expense on right-of-use assets for the current period is $3m (2019: $3m).

B1 Property, plant and equipment

Position as at	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Opening net book value	**8,594**	8,825	8,825
Additions	**19**	22	38
Transfers – work in progress	**–**	–	–
Disposals	**(1)**	–	–
Decomissioning asset – make good provision	**–**	–	6
Adjustment of Right of Use assets	**(4)**	–	1
Lease assets recognised on implementation of NZ IFRS 16	**–**	75	75
Foreign currency exchange rate movements	**2**	(1)	15
Generation structures and plant revaluation:			
– revaluation reserve	**–**	–	(21)
– income statement	**–**	–	(57)
Depreciation expense	**(144)**	(145)	(288)
Closing net book value	**8,466**	**8,776**	**8,594**

B2 Intangible assets

Position as at	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Opening net book value	**65**	59	59
Additions	**20**	11	30
Amortisation expense	**(9)**	(12)	(24)
Closing net book value	**76**	**58**	**65**

C

Managing funding

In this section.

This section explains how Meridian manages its capital structure and working capital, the various funding sources, and how dividends are returned to shareholders. In this section of the summary notes there is information about equity and dividends.

C1 Capital management

Capital risk management objectives

Meridian's objective when managing capital is to provide appropriate returns to shareholders whilst maintaining a capital structure that safeguards its ability to remain a going concern and optimises the cost of capital.

Capital is defined as the combination of shareholders' equity, reserves and net debt.

Meridian manages its capital through various means, including:

- adjusting the amount of dividends paid to shareholders;
- raising or returning capital; and
- raising or repaying debt.

Meridian regularly monitors its capital requirements using various measures that consider debt facility financial covenants and credit ratings. The key measures being net debt to EBITDAF and interest cover. The principal external measure is Meridian's credit rating from Standard & Poor's.

Meridian is in full compliance with debt facility financial covenants.

Position as at	Note	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Share capital		**1,598**	1,599	1,598
Retained earnings		**(1,601)**	(1,317)	(1,541)
Other reserves		**5,022**	5,030	5,026
		5,019	**5,312**	**5,083**
Drawn borrowings	C4	**1,582**	1,461	1,491
add Lease liabilities		**98**	106	104
less: Cash and cash equivalents		**(122)**	(55)	(176)
		1,558	**1,512**	**1,419**
Net capital		**6,577**	**6,824**	**6,502**

C2 Earnings per share

Basic and diluted earnings per share (EPS)	Unaudited 31 Dec 2020	Unaudited 31 Dec 2019
Profit after tax attributable to shareholders of the parent company ($M)	**227**	191
Weighted average number of shares used in the calculation of EPS	**2,563,000,000**	2,563,000,000
Basic and diluted EPS (cents per share)	**8.9**	7.5

C3 Dividends

Six months ended 31 December Dividends declared and paid	Unaudited 2020 $M	Unaudited 2019 $M
Final ordinary and special dividend 2020: 11.2cps (2019: 13.16cps)	**287**	337
Total dividends paid	**287**	**337**
Dividends declared and not recognised as a liability		
Interim ordinary dividend 2021: 5.7cps (2020: 5.7cps)	**146**	146
Interim special dividend 2021: 0cps (2020: 2.44cps)	**–**	63

Dividend policy

Meridian's dividend policy considers free cash flow, working capital requirements, the medium-term investment programme, maintaining a BBB+ credit rating and risks from short and medium-term economic, market and hydrology conditions.

Subsequent event – dividend declared

On 23 February 2021 the Board declared a partially imputed interim ordinary dividend of 5.7 cents per share.

C4 Borrowings

Position as at		Unaudited 31 Dec 2020				Unaudited 31 Dec 2019				Audited 30 Jun 2020			
Group (NZ$M)	Currency borrowed in	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount
Current borrowings													
Unsecured borrowings	NZD	**215**	**(1)**	**–**	**214**	184	(1)	–	183	89	(1)	–	88
Unsecured borrowings	USD	**47**	**–**	**10**	**57**	–	–	–	–	–	–	–	–
Total current borrowings		**262**	**(1)**	**10**	**271**	**184**	**(1)**	**–**	**183**	**89**	**(1)**	**–**	**88**
Non-current borrowings													
Unsecured borrowings	NZD	**765**	**(1)**	**–**	**764**	679	(2)	–	677	800	(2)	–	798
Unsecured borrowings	USD	**555**	**(1)**	**90**	**644**	598	(1)	100	697	602	(1)	201	802
Total non-current borrowings		**1,320**	**(2)**	**90**	**1,408**	**1,277**	**(3)**	**100**	**1,374**	**1,402**	**(3)**	**201**	**1,600**
Total borrowings		**1,582**	**(3)**	**100**	**1,679**	**1,461**	**(4)**	**100**	**1,557**	**1,491**	**(4)**	**201**	**1,688**

Meridian has committed bank facilities of $755 million of which $525 million were undrawn at 31 December 2020 (31 December 2019: faciliities of $665m of which $525m were undrawn). Where faciliities have expiry dates, these expiries range from June 2021 to April 2026. $275m of facilities are Evergreen or have no expiry date.

Borrowings, measurement and recognition

Borrowings are recognised initially at the fair value of the drawn facility amount (net of transaction costs paid) and are subsequently stated at amortised cost using the effective interest method. Any borrowings which have been designated as hedged items (USD borrowings) are carried at amortised cost plus a fair value adjustment under hedge accounting requirements. Any borrowings denominated in foreign currencies are retranslated to the functional currency at each reporting date. Any retranslation effect is included in the "Fair value adjustment" column in the above table.

Meridian uses cross currency interest rate swap (CCIRS) hedge contracts to manage its exposure to interest rates and borrowings sourced in currencies different to that of the borrowing entity's reporting currency.

Fair value of borrowings held at amortised cost

Position as at	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Group (NZ$M)	Carrying value			Fair value		
Retail bonds	**500**	500	500	**554**	541	558
Floating rate notes	**50**	50	50	**51**	51	51
Unsecured term loan (EKF facility)	**55**	65	60	**58**	69	64

Within term borrowings there are longer dated instruments which are not in hedge accounting relationships. The carrying values and estimated fair values of these instruments are noted in the table above.

Fair value is calculated using a discounted cash flow calculation and the resultant values are classified as Level 2 within the fair value hierarchy. The Retail Bonds are listed instruments; however, a lack of liquidity on the NZX precludes them from being classified as Level 1 (a definition of levels is included in Note D1 Financial instruments).

Carrying value approximates fair value for all other instruments within term borrowings.

C

C4 Borrowings continued

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	Unaudited 31 Dec 2020										
Group (NZ$M)	Balance at 30 June 2020	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transaction costs paid & accrued	Lease liabilities recognised	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 31 Dec 2020
Unsecured borrowings – NZD	886	97	(5)	–	–	–	–	–	–	–	978
Unsecured borrowings – USD	802	–	–	(31)	(70)	–	–	–	–	–	701
Lease Liabilities	104	–	–	–	–	–	–	(4)	(4)	2	98
Total	**1,792**	**97**	**(5)**	**(31)**	**(70)**	**–**	**–**	**(4)**	**(4)**	**2**	**1,777**

	Unaudited 31 Dec 2019										
Group (NZ$M)	Balance at 30 June 2019	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transaction costs paid & accrued	Lease liabilities recognised	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 31 Dec 2019
Unsecured borrowings – NZD	775	141	(55)	–	–	–	–	–	–	–	861
Unsecured borrowings – USD	695	–	–	3	(2)	–	–	–	–	–	696
Lease Liabilities	32	–	–	–	–	–	75	(4)	–	3	106
Total	**1,502**	**141**	**(55)**	**3**	**(2)**	**–**	**75**	**(4)**	**–**	**3**	**1,663**

	Audited 30 June 2020										
Group (NZ$M)	Balance at 30 June 2019	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transaction costs paid & accrued	Lease liabilities recognised	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 30 June 2020
Unsecured borrowings – NZD	775	172	(60)	–	–	(1)	–	–	–	–	886
Unsecured borrowings – USD	695	–	–	80	27	–	–	–	–	–	802
Lease Liabilities	32	–	–	(1)	(1)	–	75	(7)	–	6	104
Total	**1,502**	**172**	**(60)**	**79**	**26**	**(1)**	**75**	**(7)**	**–**	**6**	**1,792**

C5 Green financing

Green Debt allocated to the Hydro Pool[1]

Group (NZ$M)	CUSIP/ NZX Code	Currency borrowed in	Unaudited 31 Dec 2020 Facility amount	Unaudited 31 Dec 2020 Drawn facility amount
USPP Series 2014-1 Tranche A[2]	Q5995*AA6	USD	47	47
USPP Series 2014-1 Tranche B[2]	Q5995*AB4	USD	116	116
USPP Series 2019-1 Tranche A[2]	Q5995#AE4	USD	183	183
USPP Series 2019-1 Tranche B[2]	Q5995#AF1	USD	183	183
USPP Series 2019-1 Tranche C[2]	Q5995#AG9	USD	73	73
Total USPP			**602**	**602**
Wholesale FRN - 10yr		NZD	50	50
Bank Facilities[3]		NZD	700	175
Commercial Paper[4]		NZD	200	200
Total Green Debt allocated to the Hydro Pool			**1,552**	**1,027**

Green Debt allocated to the Wind Pool[5]

Group (NZ$M)	CUSIP/ NZX Code	Currency borrowed in	Unaudited 31 Dec 2020 Facility amount	Unaudited 31 Dec 2020 Drawn facility amount
Retail Bond (Mar-23)	MEL030	NZD	150	150
Retail Bond (Mar-24)	MEL040	NZD	150	150
Retail Bond (Mar-25)	MEL050	NZD	200	200
Total Domestic Bonds			**500**	**500**
EKF Amortising Facility		NZD	55	55
Total Green Debt allocated to the Wind Pool			**555**	**555**
Total Green Debt			**2,107**	**1,582**

At 31 December 2020, Meridian remains compliant with the requirements of the programme.

Further information is available on the Green Finance section of our website.

1. Verified as meeting the criteria established for Meridian by DNV GL which align with the stated definition of Green Bonds and Loans within the Green Bond/Loan Principles.
2. United States private placement (USPP) Notes are included as the NZD equivalent under the Cross-Currency Interest Rate Swaps related to the Issue.
3. Committed Bank facilities are included at the face value of the facilities.
4. Commercial Paper is included as the amount on issue.
5. Climate Bonds Standard Certified.

D
Financial instruments

In this section.

In this section of the summary notes there is information:

a. analysing financial (hedging) instruments used to manage risk; and

b. outlining Meridian's fair value techniques and key inputs.

D1 Financial instruments

Fair value of hedging financial instruments

The recognition and measurement of hedging financial instruments requires management estimation and judgement (this is discussed in further detail later in this note). These estimates can have a significant risk of material adjustment in future periods. Fair value measurements are grouped within a three-level fair value hierarchy based on the observability of valuation inputs (described opposite).

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs – Either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1.
- Level 3 Inputs – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair value on the balance sheet						Fair value movements in the income statement	
		Unaudited				Audited		Unaudited	
		31 Dec 2020		31 Dec 2019		30 Jun 2020		31 Dec 2020	31 Dec 2019
	Level	Assets $M	Liabilities $M	Assets $M	Liabilities $M	Assets $M	Liabilities $M	$M	$M
Treasury Hedges									
Cross currency interest rate swap (CCIRS) – interest rate risk	2	**89**	–	43	–	118	–	**–**	–
CCIRS – basis and margin risk	2	**(11)**	–	(3)	–	(4)	–	**–**	–
CCIRS – foreign exchange risk	2	**10**	–	55	–	80	–	**–**	–
Total CCIRS		**88**	**–**	**95**	–	**194**	–	**–**	–
Foreign exchange hedges	2	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Interest rate swaps (IRS)	2	**23**	**(207)**	20	(176)	29	(238)	**25**	6
Total Treasury Hedges	2	**112**	**(207)**	**115**	**(176)**	**223**	**(238)**	**25**	6
Energy hedges									
Market traded electricity hedges	1	**86**	**(23)**	76	(3)	57	(16)	**1**	14
Market traded gas hedges	1	**–**	**(1)**	–	–	–	(2)	**1**	**–**
Other electricity hedges[1]	3	**49**	**(11)**	52	(64)	27	(65)	**76**	(8)
Other gas hedges	2	**–**	**(11)**	–	–		(10)	**(1)**	
Electricity options	3	**43**	**–**	63	–	50	–	**(7)**	(7)
Large scale generation certificates (LGC) – Holdings created from wind farm generation	1	**14**	**–**	16	–	6	–	**(1)**	(2)
LGC – forward and option contracts	2	**2**	**(18)**	16	(3)	2	(11)	**(6)**	(3)
Energy hedges		**194**	**(64)**	**223**	**(70)**	**142**	**(104)**	**63**	**(6)**
Total hedges		**306**	**(271)**	**338**	**(246)**	**365**	**(342)**	**88**	**–**

1. The fair value movement in the income statement in other electricity hedges includes the assumed termination of an electricity derivative contract which was subsequently terminated on 13 January 2021. Refer to Significant matters section for further detail.

D1 Financial instruments continued

Settlements

The following provides a summary of the settlements through EBITDAF for energy hedges:

	Unaudited 2020			Unaudited 2019		
$M	Operating Revenue	Operating expenses	Total Settlements In EBITDAF	Operating Revenue	Operating expenses	Total Settlements In EBITDAF
Market traded electricity hedges	(1)	(13)	**(14)**	4	(6)	**(2)**
Market traded gas hedges	–	(1)	**(1)**	–	–	**–**
Other electricity hedges	(19)	50	**31**	(17)	54	**37**
Other gas hedges	–	–	**–**	–	–	**–**
Electricity options	–	1	**1**	–	–	**–**
LGC related	14	(7)	**7**	14	(7)	**7**
Total settlements in EBITDAF	**(6)**	**30**	**24**	**1**	**41**	**42**

Level 3 financial instrument analysis

The following provides a summary of the movements through EBITDAF and movements in the fair value of level three financial instruments:

	Unaudited 2020			Unaudited 2019		
$M	Other Electricity Hedges	Electricity Options	Total	Other Electricity Hedges	Electricity Options	Total
Energy hedges settled in EBITDAF:						
Operating revenue	**(19)**	**–**	**(19)**	(17)	–	(17)
Operating expenses	**50**	**1**	**51**	53	–	53
Total settlements in EBITDAF	**31**	**1**	**32**	**36**	**–**	**36**
Net change in fair value of energy hedges:						
Remeasurement	**107**	**(6)**	**101**	28	(7)	21
Hedges settled	**(31)**	**(1)**	**(32)**	(36)	–	(36)
Total net change in fair value of energy hedges	**76**	**(7)**	**69**	**(8)**	**(7)**	**(15)**
Balance at the beginning of the period	**(38)**	**50**	**12**	**(4)**	**70**	**66**
Fair value movements	**76**	**(7)**	**69**	(8)	(7)	(15)
Balance at the end of the year	**38**	**43**	**81**	**(12)**	**63**	**51**

D

D1 Financial instruments continued

Fair value technique and key inputs

In estimating the fair value of an asset or liability, Meridian uses market-observable data to the extent that it is available. The Audit and Risk Committee of Meridian determines the overall appropriateness of key valuation techniques and inputs for fair value measurement. The Chief Financial Officer explains fair value movements in his report to the Board.

Where the fair value of a financial instrument is calculated as the present value of the estimated future cash flows of the instrument (DCFs), a number of inputs and assumptions are used by the valuation technique. These are:

- forward price curves referenced to the ASX for electricity, published market data on gas/oil prices, published market interest rates and published forward foreign exchange rates;
- Meridian's best estimate of electricity volumes called over the life of electricity options;
- discount rates based on the forward IRS curve adjusted for counterparty risk;
- calibration factor applied to forward price curves as a consequence of initial recognition differences;
- NZAS continues to operate (refer to significant matters for further detail); and
- contracts run their full term.

The table below describes the additional key inputs and techniques used in the valuation of level 2 and 3 financial instruments:

Financial asset or liability	Description of input	Range of significant unobservable inputs	Relationship of input to fair value
Energy hedges, valued using DCFs	**Price**, where quoted prices are not available or not relevant (i.e. for long dated contracts), Meridian's best estimate of long-term forward wholesale electricity price is used. This is based on a fundamental analysis of expected demand and the cost of new supply and any other relevant wholesale market factors. **Calibration factors,** which are applied to forward curves as a consequence of initial recognition differences (see below table)	$67/MWh to $107/MWh (in real terms), excludes observable ASX prices.	An increase in forward wholesale electricity price increases the fair value of buy hedges and decreases the fair value of sell hedges. A decrease in forward wholesale electricity price has the opposite effect.
LGC forward contracts and options, valued using DCFs/Black-Scholes	**Price**, based on a forward LGC price curve from a third-party broker and benchmarked against market spot prices.	A$5–A$63	An increase in the forward LGC price decreases the fair value of sell hedges and increases the fair value of buy hedges. A decrease in forward LGC prices has the opposite effect

D1 Financial instruments continued

Movements in recalibration differences arising from energy hedges

	Unaudited 31 Dec 2020 $M	Unaudited 31 Dec 2019 $M	Audited 30 Jun 2020 $M
Opening difference	**(1)**	(3)	(3)
Initial differences on new hedges	–	(1)	–
Volumes expired and amortised	–	1	1
Recalibration for future price estimates and time	–	–	1
Terminated and adjusted trades	(2)	–	–
Closing difference	**(3)**	**(3)**	**(1)**

Initial recognition difference

An initial recognition difference arises when the modelled value of an energy hedge differs from the transaction price (which is the best evidence of fair value). This difference is accounted for by recalibrating the valuation model by a fixed percentage to result in a value at inception equal to the transaction price. This recalibration is then applied to future valuations over the life of the contract.

The resulting difference shown in the table reflects potential future gains or losses yet to be recognised in the income statement over the remaining life of the contract.

E
Other

E1 Group structure

No changes occurred to Meridian's Group structure in the six months to 31 December 2020.

E2 Contingent assets and liabilities

There were no contingent assets or liabilities at 31 December 2020 (31 Dec 2019: $3m – $4m, 30 Jun 2020: nil).

E3 Subsequent events

On 23 February 2021 the Board approved to proceed with the development of the new $395m Harapaki Wind Farm in the Hawke's Bay. The Harapaki Wind Farm will be New Zealand's second largest wind farm with 41 turbines generating 176MW of renewable energy.

Meridian entered into a new NZ$70 million unsecured borrowing facility on 5 February 2021.

There were no other subsequent events other than dividends declared on 23 February 2021. Refer to Note C3 Dividends for further details.

E4 Changes in financial reporting standards

Meridian is not aware of any standards in issue but not yet effective which would materially impact on the amounts recognised or disclosed in the financial statements.

Deloitte.

Independent Review Report

To the Shareholders of Meridian Energy Limited

The Auditor-General is the auditor of Meridian Energy Limited (the 'Company') and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Mike Hoshek, using the staff and resources of Deloitte Limited, to carry out the review of the condensed interim financial statements ('interim financial statements') of the Group on his behalf.

Conclusion

We have reviewed the interim financial statements of the Group on pages 3 to 25, which comprise the balance sheet as at 31 December 2020, income statement, comprehensive income statement, statement of changes in equity and statement of cash flows for the six months ended on that date, and the notes including a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and cash flows for the six months ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the Auditor-General's ethical requirements relating to the audit of the annual financial statements, which incorporate the relevant independence requirements issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to this review and the audit of the Group annual financial statements, our firm carries out other assurance assignments for the Group in the areas of greenhouse gas assurance, limited assurance of the sustainability content in the integrated report, audit of the securities registers, vesting of the executive long-term incentive plan, the solvency return of Meridian Captive Insurance Limited and supervisor reporting. These services have not impaired our independence as auditor of the Group.

In addition to these assignments, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the Group. Other than these assignments and trading activities, we have no relationship with, or interests in the Group.

Directors' responsibilities for the interim financial statements

The directors are responsible, on behalf of the Group, for the preparation and fair presentation of these interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Mike Hoshek
for Deloitte Limited
On behalf of the Auditor-General
23 February 2021
CHRISTCHURCH, NEW ZEALAND

This review report relates to the unaudited condensed interim financial statements of Meridian Energy for the six months ended 31 December 2020 included on Meridian Energy's website.

The Board of Directors are responsible for the maintenance and integrity of Meridian Energy's website. We have not been engaged to report on the integrity of Meridian Energy's website.

We accept no responsibility for any changes that may have occurred to the unaudited condensed interim financial statements since they were initially presented on the website.

The review report refers only to the unaudited condensed interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed interim financial statements.

If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the unaudited condensed interim financial statements and related review report dated 23 February 2021 to confirm the information included in the unaudited condensed interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meridian.

Meridian.

2021 Interim Results Presentation

24 FEBRUARY 2021

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Highlights

NZ residential prices at 8-year low[1]	13% growth in Australian customer numbers	6% growth in New Zealand customer numbers
Nationwide EV charging network announced	consistent interim dividend	13% NZ electricity sales volume growth
NZAS extended exit agreed	process heat electrification and Datagrid partnership	23% Aus electricity sales volume growth

[1]Ministry of Business, Innovation & Employment household sales-based electricity cost data

Sustainability focus

Environmental

Emissions halved by 2030

Forever Forests

Certified renewable energy

Process heat electrification

Social

KidsCan

Kākāpō

Power Up community fund

Energy hardship

Governance

Integrated reporting

TCFD, CDP

GHG emissions

Green finance

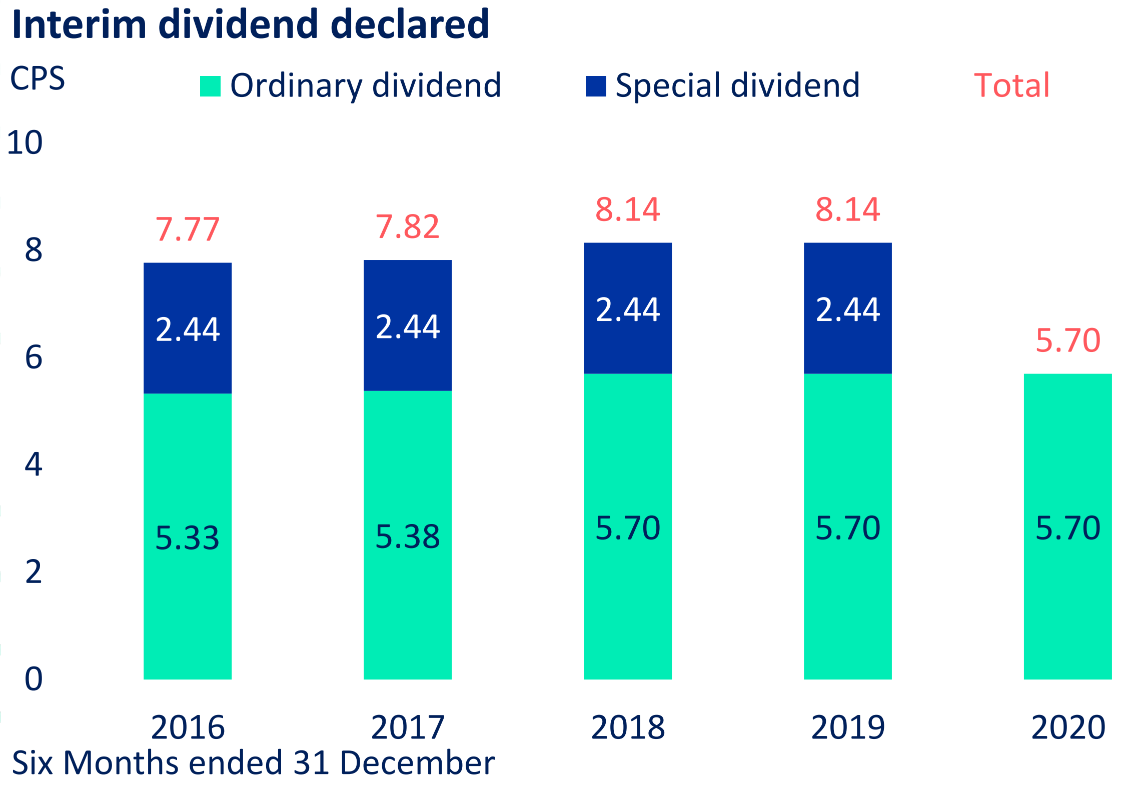
Progress on strategy

	Champion	Optimise	Grow
Strategic initiative	Competitive markets Sustainability Climate action	Trading & asset management Re-consenting Financing	Retail Generation Flux
Highlights	▪ Sustainability leadership ▪ Lower real customer prices ▪ Final TPM decision ▪ CCC draft report	▪ 2025 Waitaki reconsent progress ▪ NZAS extended exit agreement ▪ Green financing	▪ Growth in NZ and Aus retail businesses ▪ Customer support during COVID ▪ Harapaki construction ▪ New NSW wind option
Challenges	▪ Gas supply uncertainty ▪ Speed of RMA reform and generation consenting ▪ Dry year support beyond current thermal fuels	▪ New South Island load beyond NZAS ▪ Timing of thermal plant retirement	▪ Future COVID uncertainty ▪ Volatile Aus wholesale prices ▪ E.ON's closure of Powershop UK

Financial performance

Dividends

- Interim ordinary dividend declared of 5.70 cps, 86% imputed, unchanged from 1H FY20
- Dividend reinvestment plan under consideration, no decision made yet

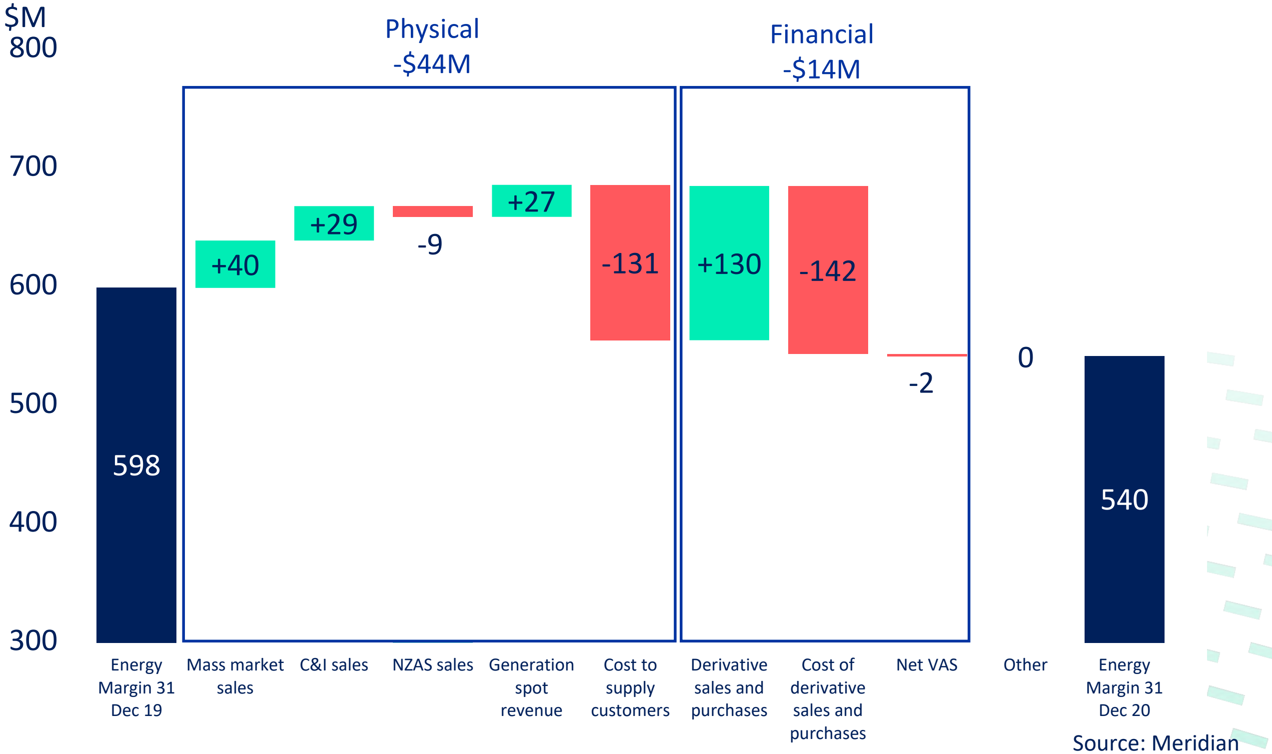


Dividends declared	1H FY21		1H FY20	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	5.70	86%	5.70	86%
Capital management special dividends	-		2.44	0%
Total	**5.70**		**8.14**	

New Zealand energy margin

- Customer and sales volume growth across all segments
- Lift in both mass market and corporate average pricing
- Reduced physical generation
- Financial contract, spot generation and hedging revenues all reflected higher wholesale prices
- Those higher prices and sales volumes also increased costs in the portfolio
- Resulting lower net physical and net financial positions drove a 10% reduction in energy margin

New Zealand energy margin movement



Source: Meridian

Refer to pages 36-37 for a further breakdown of New Zealand energy margin

New Zealand customers

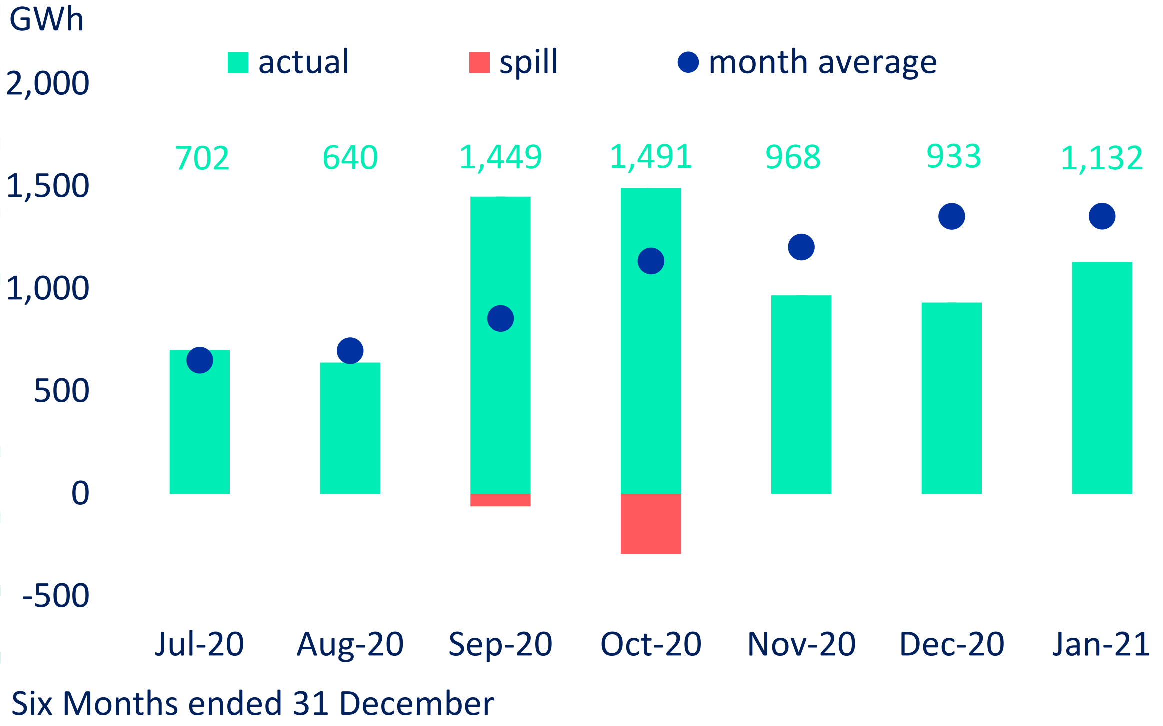
- 6% sales volume growth in residential and 14% in small medium business
- 4% higher mass market average sales price
- Mass market revenue increased $40M (16%)
- 14% growth in corporate sales volume at a 6% higher average sales price
- Corporate sales revenue increased $29M (21%)

Customer sales	Average price ($/MWh)	Total sales volume (GWh)	North Island sales volume (GWh)	South Island sales volume (GWh)
1H FY21				
Residential		848	463	385
Small medium business		624	366	258
Agricultural		674	185	489
Large business		289	182	107
Total mass market	**$121**	**2,435**	**1,197**	**1,238**
Corporate	$98	1,684	1,133	551
1H FY20				
Residential		801	426	375
Small medium business		546	311	235
Agricultural		592	173	419
Large business		248	161	87
Total mass market	**$116**	**2,187**	**1,071**	**1,116**
Corporate	$93	1,474	1,042	432

New Zealand generation

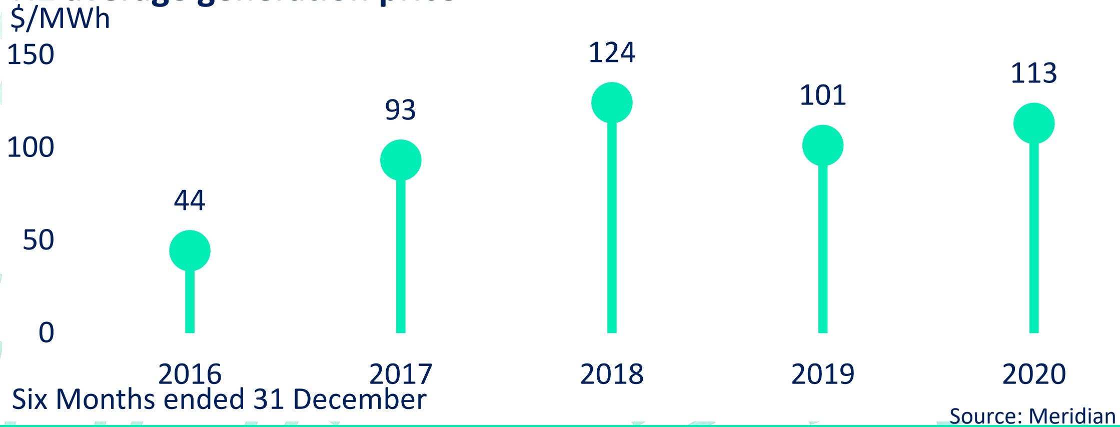
- 7% lower generation in 1H FY21
- Despite above average inflows in 1H FY21, low starting storage and lower than average inflows since October 2020 have reduced generation
- Elevated wholesale prices reflect current dry conditions and continued gas supply concerns
- 2H FY21 will see outages on Roxburgh-Livingstone line as part of CUWLP

Combined catchment inflows



Source: Meridian

NZ average generation price

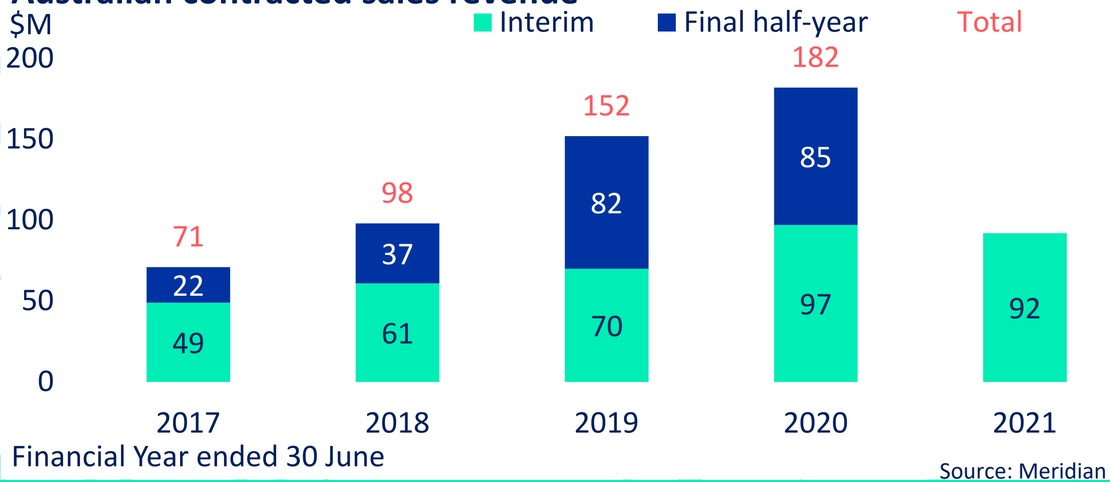


Source: Meridian

Australian customers

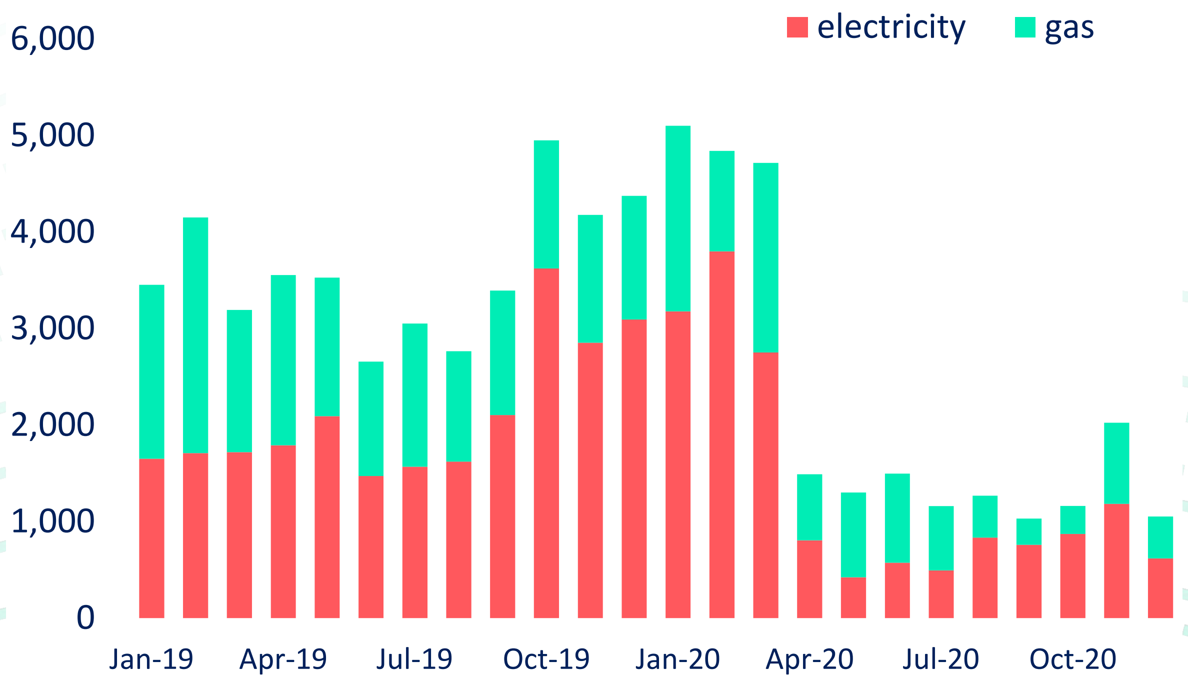
- 3% growth in electricity customers and 8% growth in gas customers in 1H FY21
- Acquisition rates impacted by introduction of default market offers and COVID-19
- Those impacts, combined with lower market gas prices and weaker electricity demand have weighed on retail electricity prices

Australian contracted sales revenue



Source: Meridian

Powershop Australia net customer changes

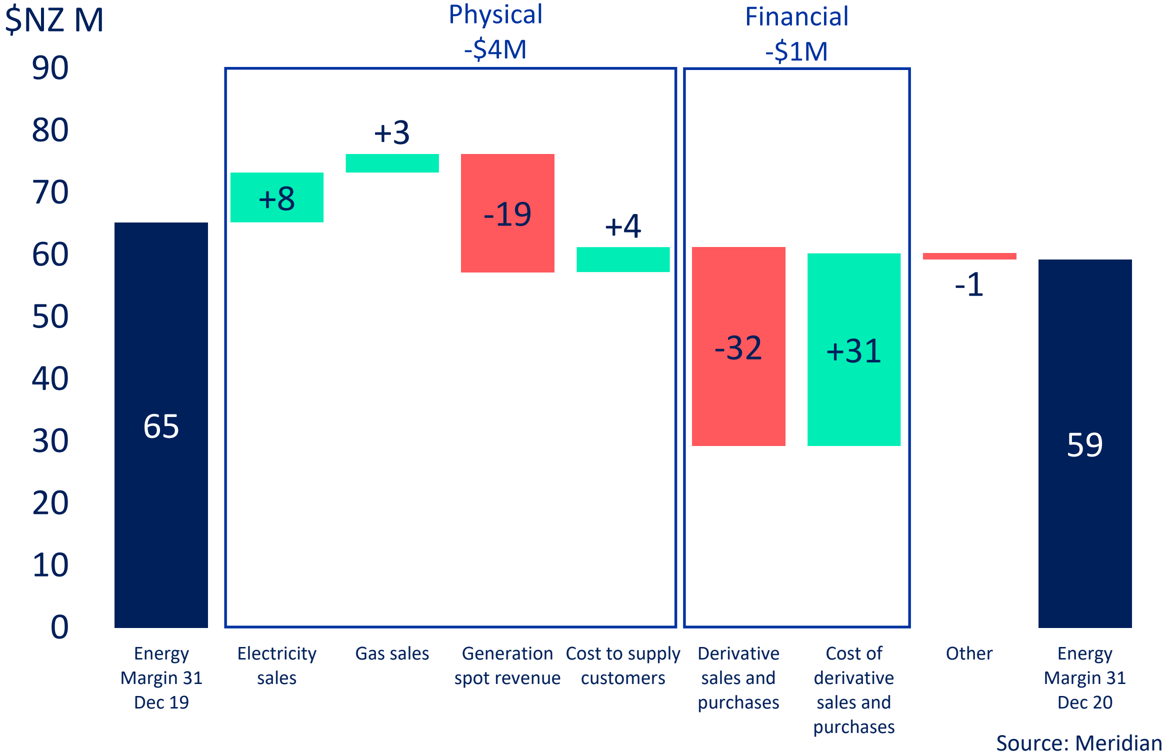


Source: Meridian

Australian energy margin

- Higher electricity and gas sales offset by lower average prices
- Improved hydro generation from the end of the multi-year drought; total physical generation 6% higher than 1H FY20
- Significantly lower average generation prices with wind generation price 36% lower
- The immediate impact of these lower prices was mitigated by the Meridian Australia's vertically integrated position in the market
- The result was a modest impact on the financial position

Australian energy margin movement

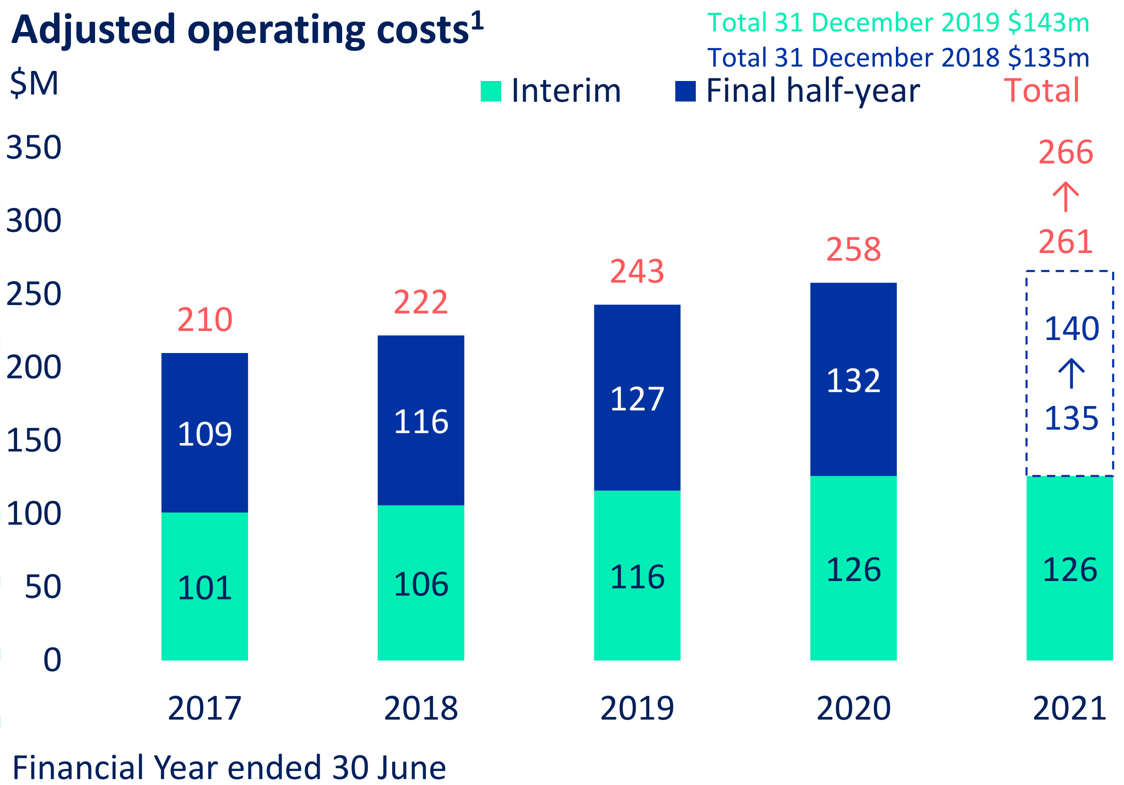


Source: Meridian

Refer to page 40 for a further breakdown of Australian energy margin

Operating costs

- Operating costs flat compared to 1H FY20
- Modest growth in Australia and Flux spend, offset by lower NZ asset maintenance
- FY21 operating costs expected near the middle of the $261M to $266M range previously indicated
- FY21 capex expected at the higher end of the $70M to $80M range previously indicated



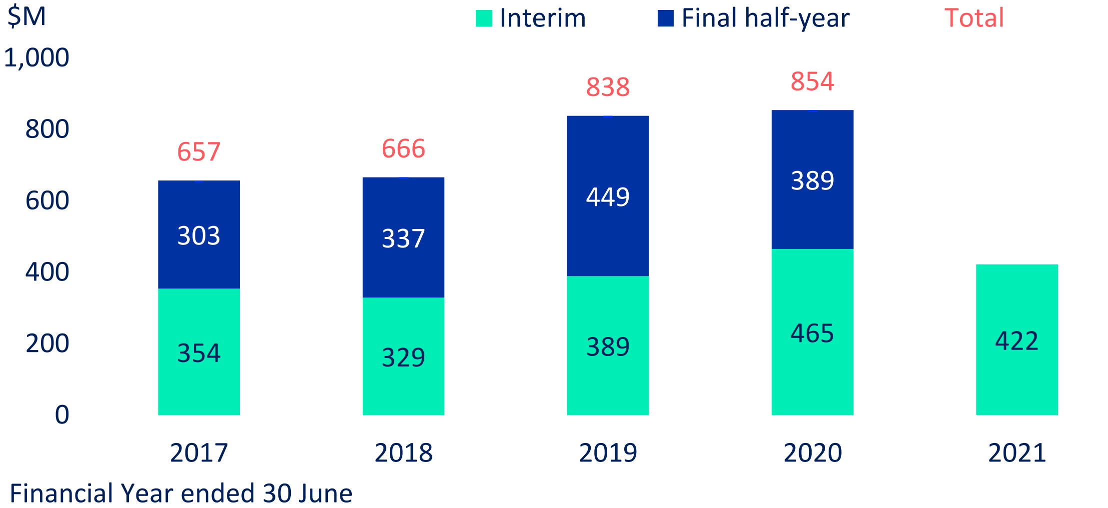
Source: Meridian

[1]FY17-FY19 adjusted for IFRS 16. Electricity metering expenses excluded, now classified into Gross Margin

EBITDAF

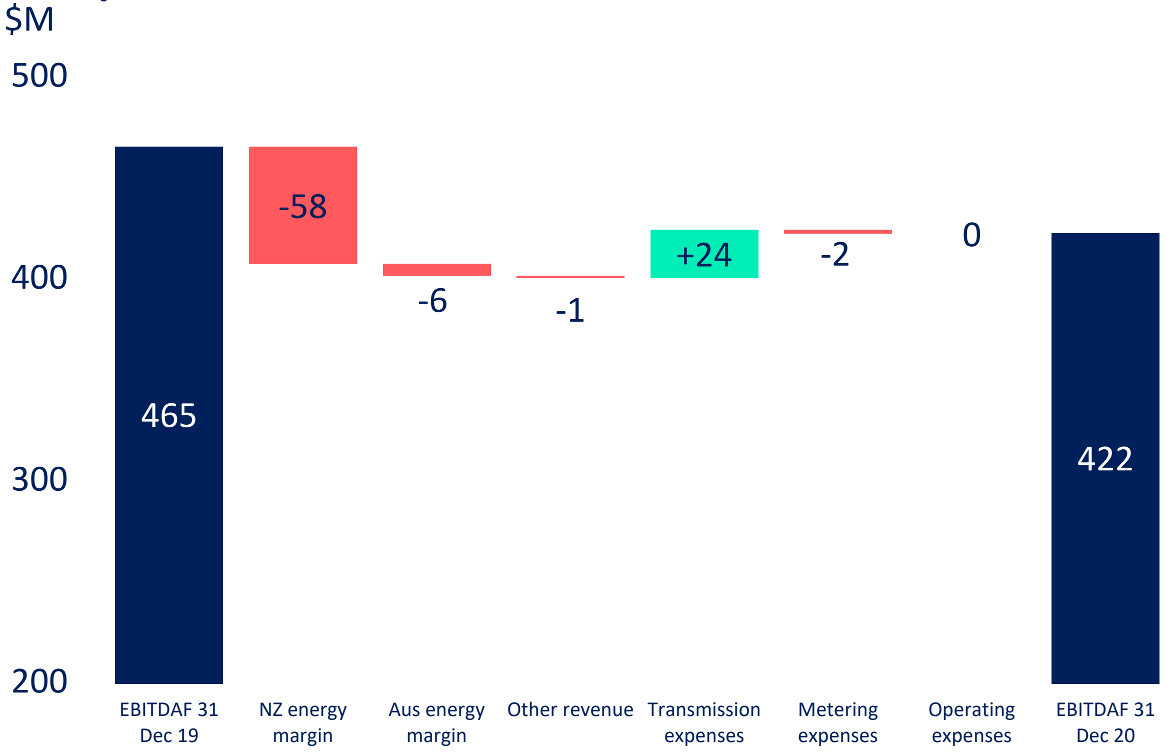
- Second highest level of interim EBITDAF[1] in 1H FY21
- 9% lower than the 1H FY20 record earnings
- Lower transmission costs reflect lower WACC based charging in the new Regulatory Control Period
- 2H FY21 has started with relatively dry conditions and higher wholesale prices

Group EBITDAF



Source: Meridian

Group EBITDAF movement

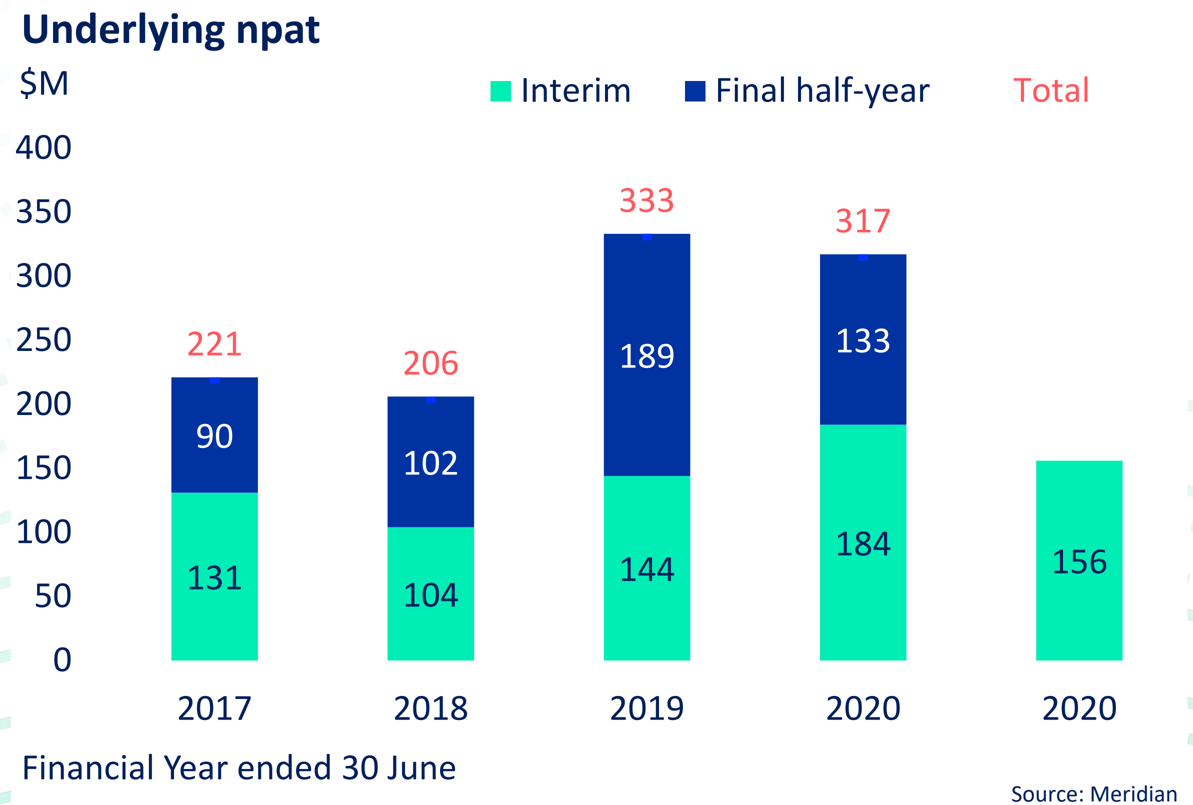


Source: Meridian

[1]Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items

Below EBITDAF

- 3% decrease in depreciation
- $63M increase in NPBT[1] from fair value of electricity hedges from termination of several hedges and rising forward electricity prices ($6M decrease in 1H FY20)
- $25M increase in NPBT from fair value of treasury instruments from rising interest rates ($6M decrease in 1H FY20)
- Significant 1H FY21 increase in NPAT (+19%)
- 15% decrease in Underlying NPAT[2] largely from lower EBITDAF
- Lower EBITDAF also lifted Net Debt EBITDAF to 2.0 times



Source: Meridian

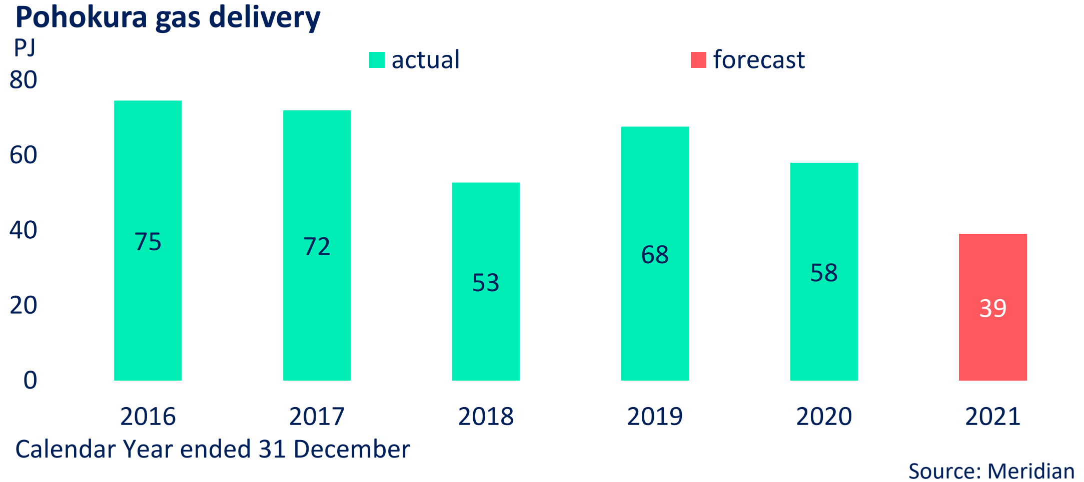
[1]Net profit before tax

[2]Net profit after tax adjusted for the effects of non-cash fair value movements and other one-off items. A reconciliation of Underlying NPAT is on page 43

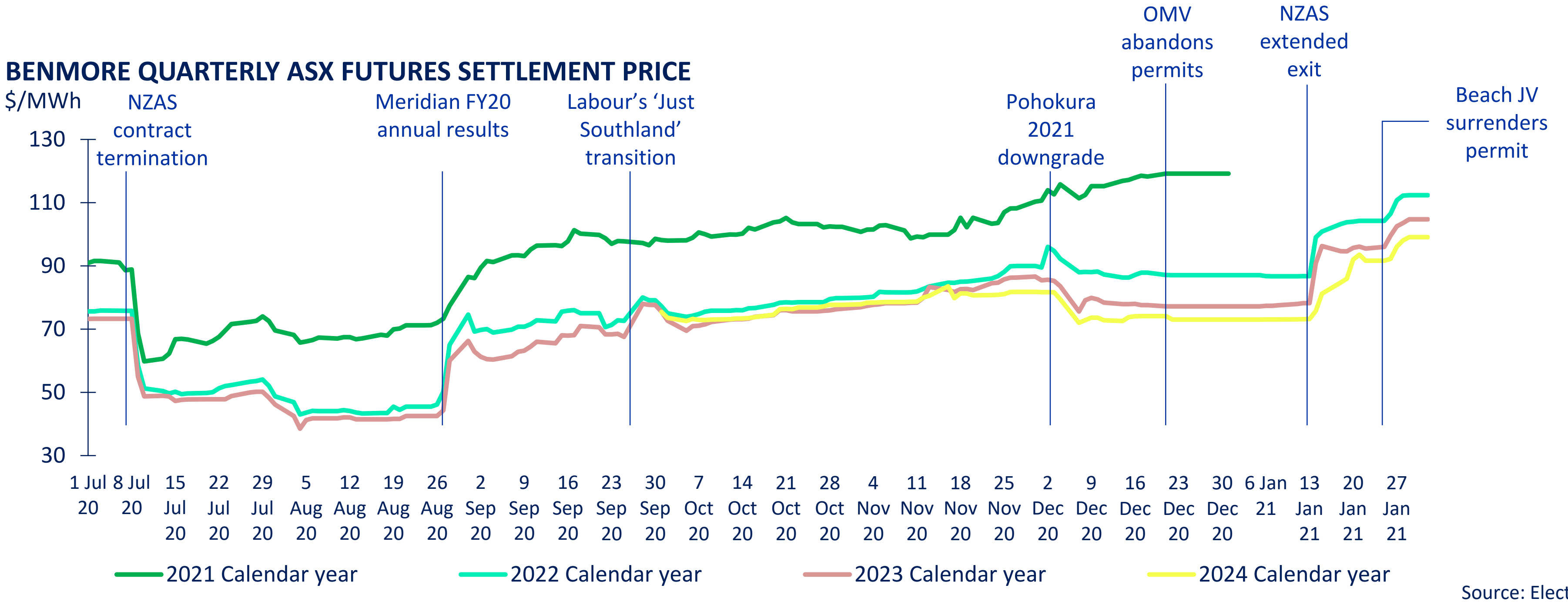
Markets and regulation

New Zealand wholesale prices

- Wholesale electricity market continues to price in gas supply concerns
- Notably OMV's December 2020 announcement of lower 2021 forecast Pohokura delivery
- Following Rio's 9 July 2020 contract termination, the market priced in increased likelihood of a longer exit period



Source: Meridian

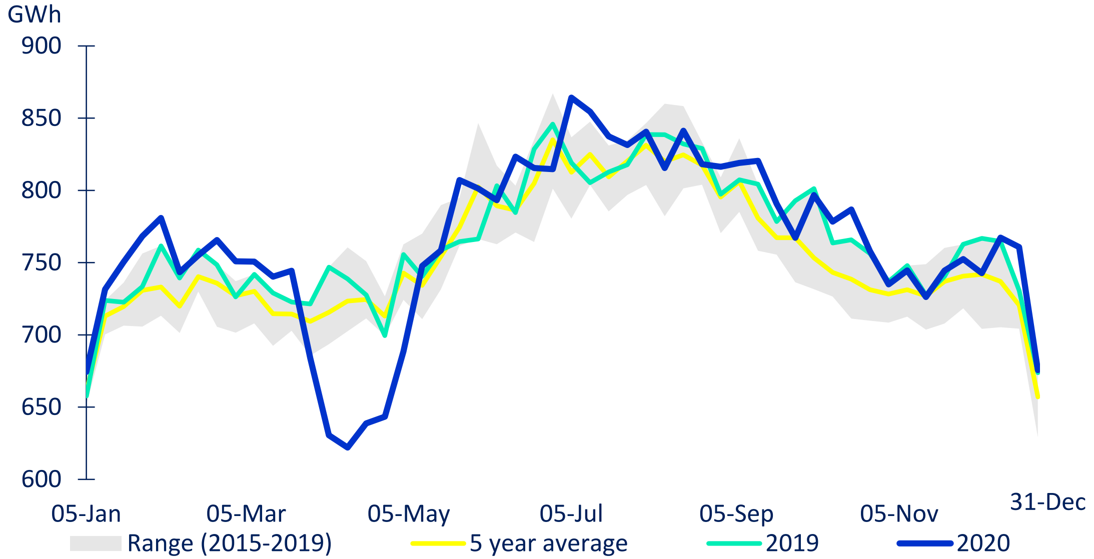


Source: Electricity Authority

New Zealand demand

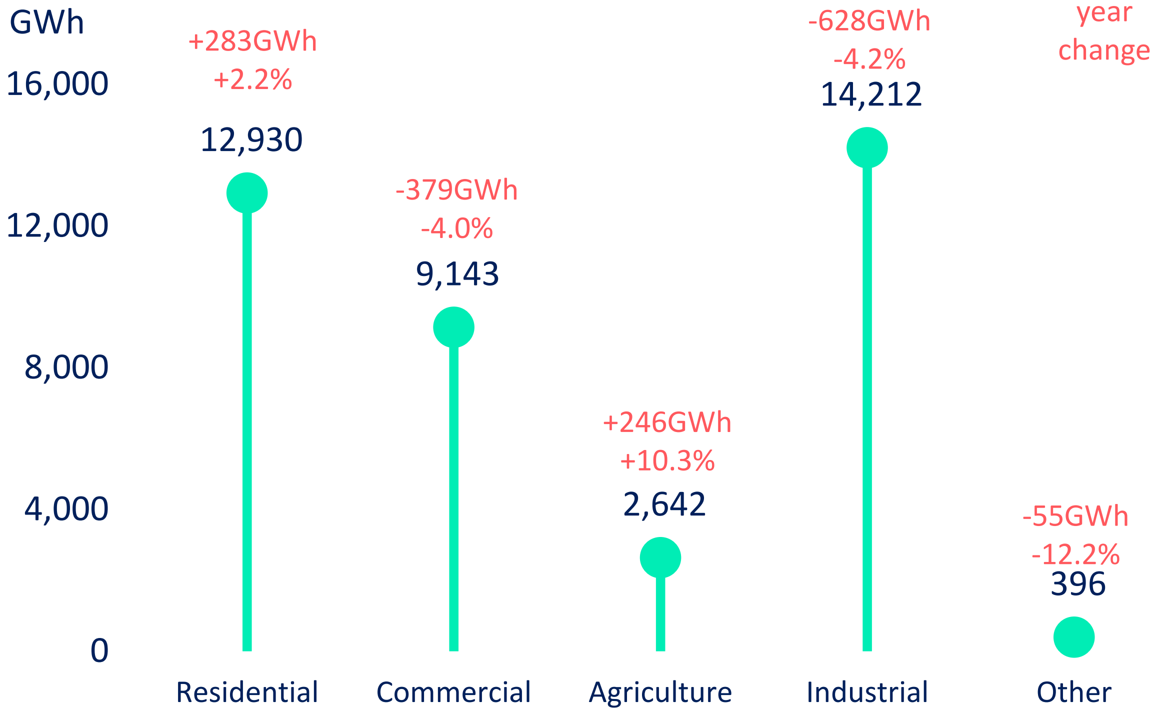
- Demand decline of 1.2% in 2020
- Alert Level 4 drove a short, sharp decline in national demand
- Subsequently, demand returned to more average levels
- That return saw higher residential and lower commercial and industrial demand

NATIONAL DEMAND (WEEKLY)



Source: Electricity Authority

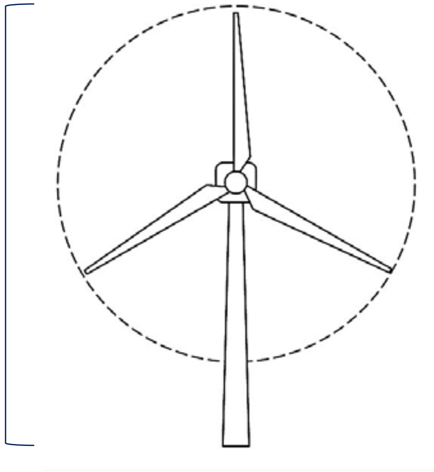
Annual national consumption (Sep 2020)



Source: Ministry of Business, Innovation and Employment

Renewable development - Harapaki

145m tip height



41 turbines x 4.3 MW

176 MW

542 GWh p.a. (P50 yield)

$395m capital investment

36 months construction time

~$35m EBITDAF p.a.[1]

$11 per MWh operating cost

35% capacity factor

94% price participation

mid 2024 final commissioning

initially **funded** through bank facilities

260 jobs on site (peak)

23 km roading

232 km cabling

860,000 m^3 cut

18,000 m^3 concrete

[1]stand alone operation assuming ~$67/MWh received for generation

Renewable development - Australia

Hume battery

- A 20MW battery energy storage system co-located with existing Hume power station
- Development approval now granted by NSW Government
- Grid connection and land tenure progressing
- Potential investment decision in FY21

Rangoon

- Proposed 130MW wind farm and battery storage system in northern NSW
- Development approval and grid connection in progress
- Potential investment decision in FY22

New Zealand policy and regulation

UTS

- In December 2020, the EA confirmed a final decision relating to 3-27 December 2019
- The EA found a confluence of factors led to a highly unusual period of wholesale market operation
- The EA is expecting to release a preliminary ‘actions to correct’ paper for consultation by end of March 2021

New Zealand policy and regulation

TPM

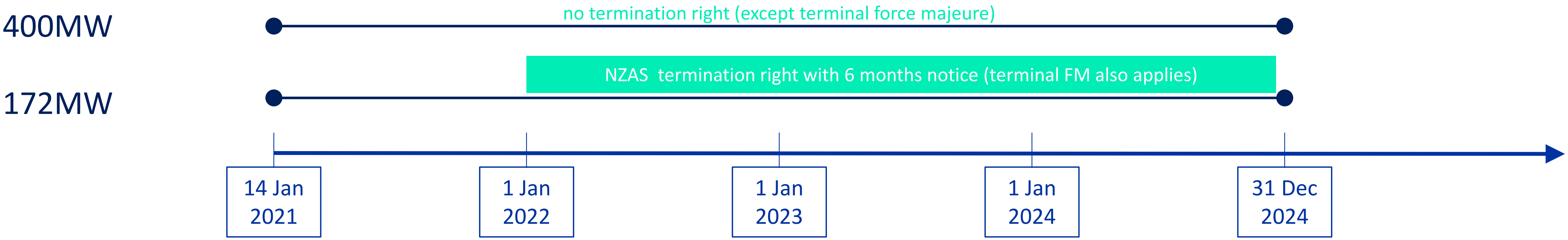
- Transpower confirmed NZAS contract extension will not affect its development of the new TPM
- New TPM expected to be in place by April 2023 with transitional cap on charges

Climate Change Commission's draft report

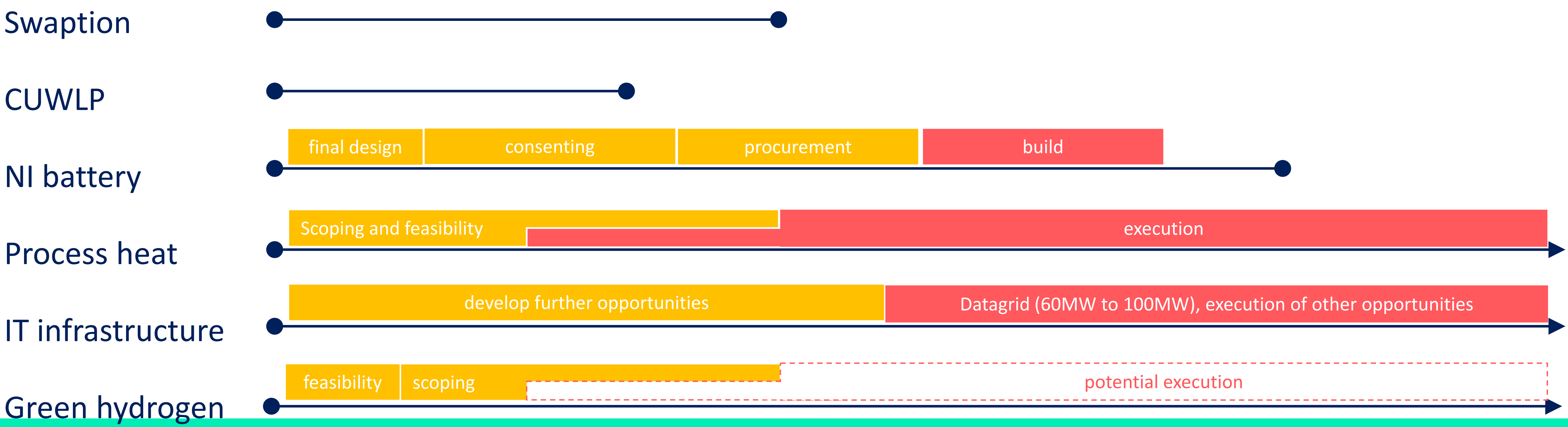
- Ambitious and necessary emissions targets
- Proposes a new national energy strategy to deliver transport and industry decarbonisation
- Expects gas to play a role in electricity generation mix until at least 2035
- Outlines an immediate ETS lift to $70, then lifting to $140 by 2023
- Electricity demand could increase by up to two thirds in the next three decades

NZAS extended exit announcement

Revised NZAS contract

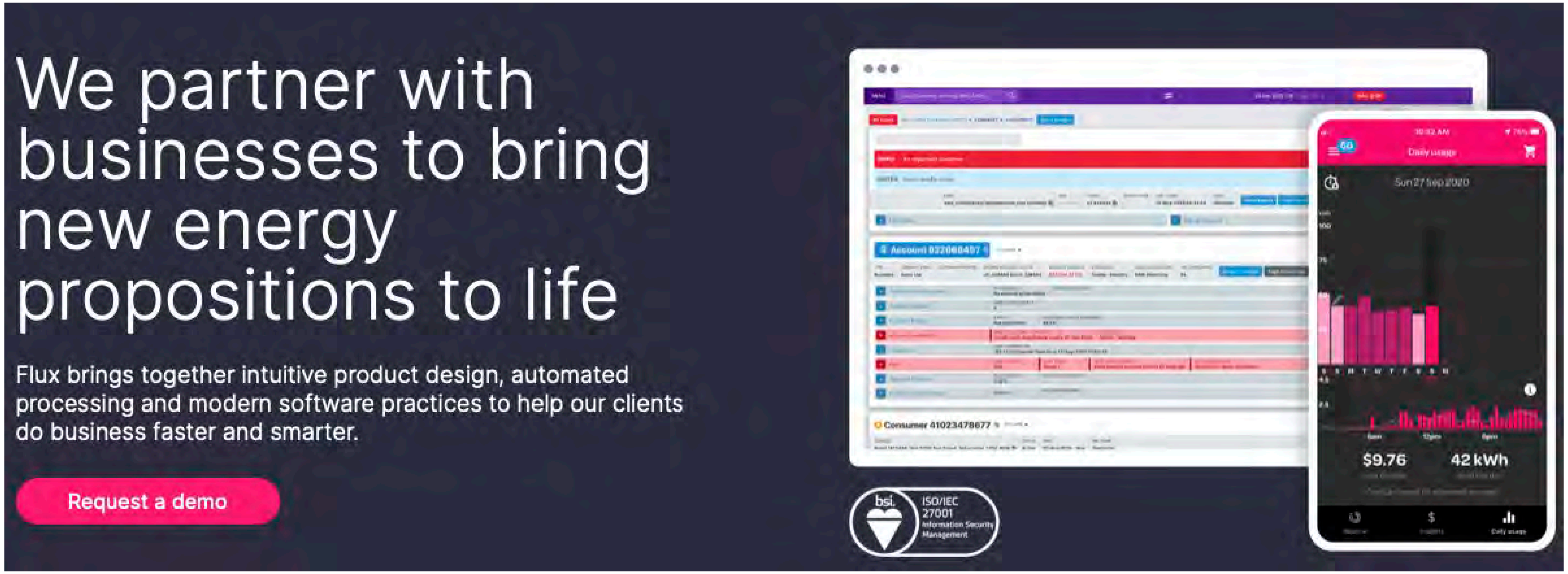


Meridian portfolio response



Flux

- E.ON have announced it intends to close its Powershop UK business during the 2021 calendar year, through npower, a client of Flux Federation
- Settlement terms with npower to be finalised
- 78% of Meridian customers either migrated or about to commence migration onto Flux
- Meridian customer migration still expected to be completed by September 2021



Closing comments

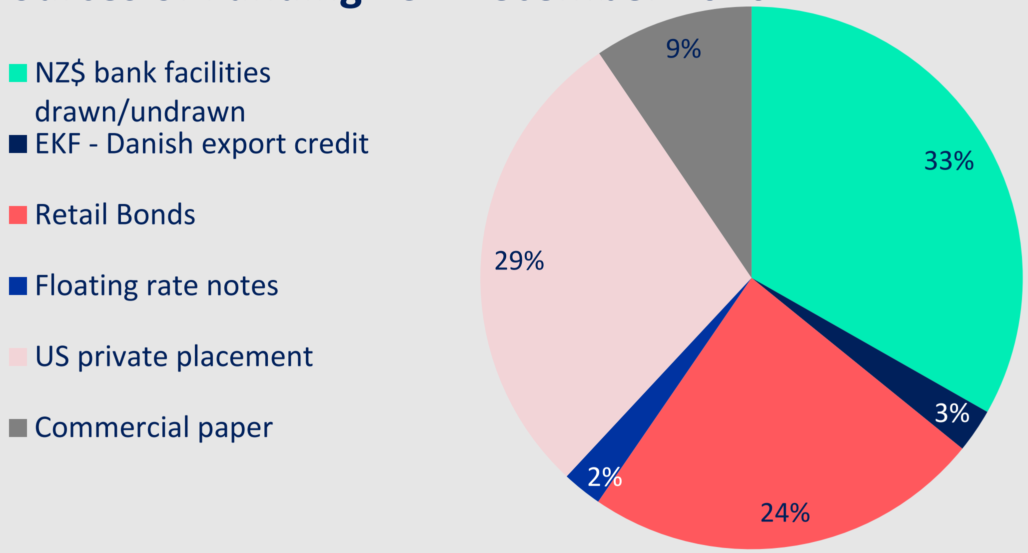
- Customer growth continues in New Zealand and Australian markets
- New Zealand relatively high wholesale prices reflecting below average hydro storage and continuing gas supply concerns
- Australian wholesale prices reflecting weaker electricity demand and gas oversupply
- January 2021 operating results reflected a continuation of these factors
- January 2021 also saw revised NZAS pricing (from 14th January)
- CCC's draft advice offers a bold pathway to a low carbon future
- Harapaki windfarm is Meridian's next step supporting this future

Additional information

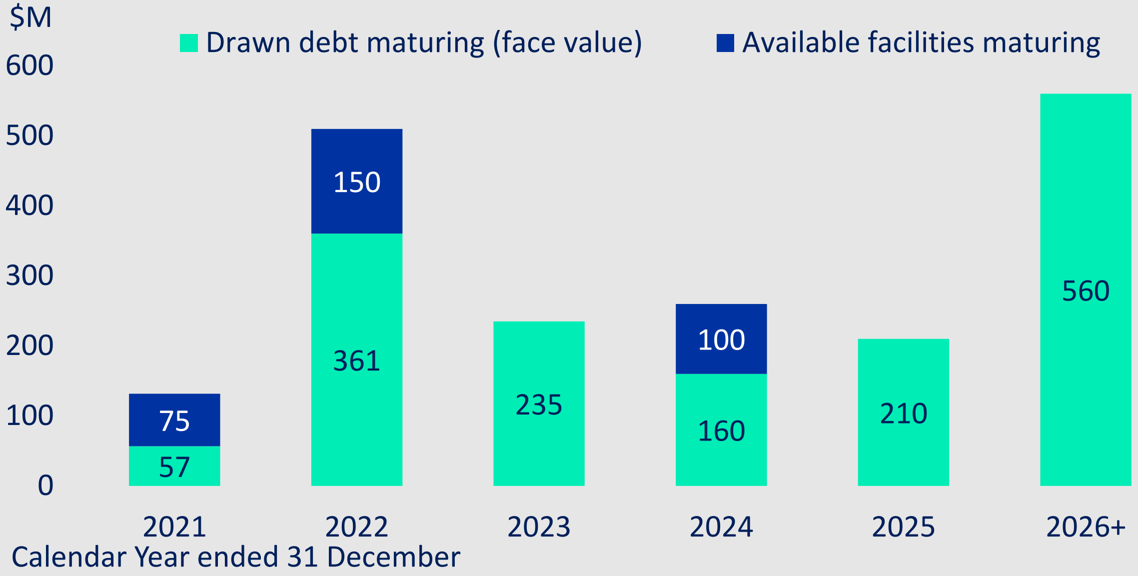
Debt and funding

- December 2020 total borrowings of $1,679M
- Committed bank facilities of $755M, of which $525M were undrawn
- $200M of commercial paper issued on an uncommitted basis
- Net debt to EBITDAF at 2.0x

Sources of Funding - 31 December 2020

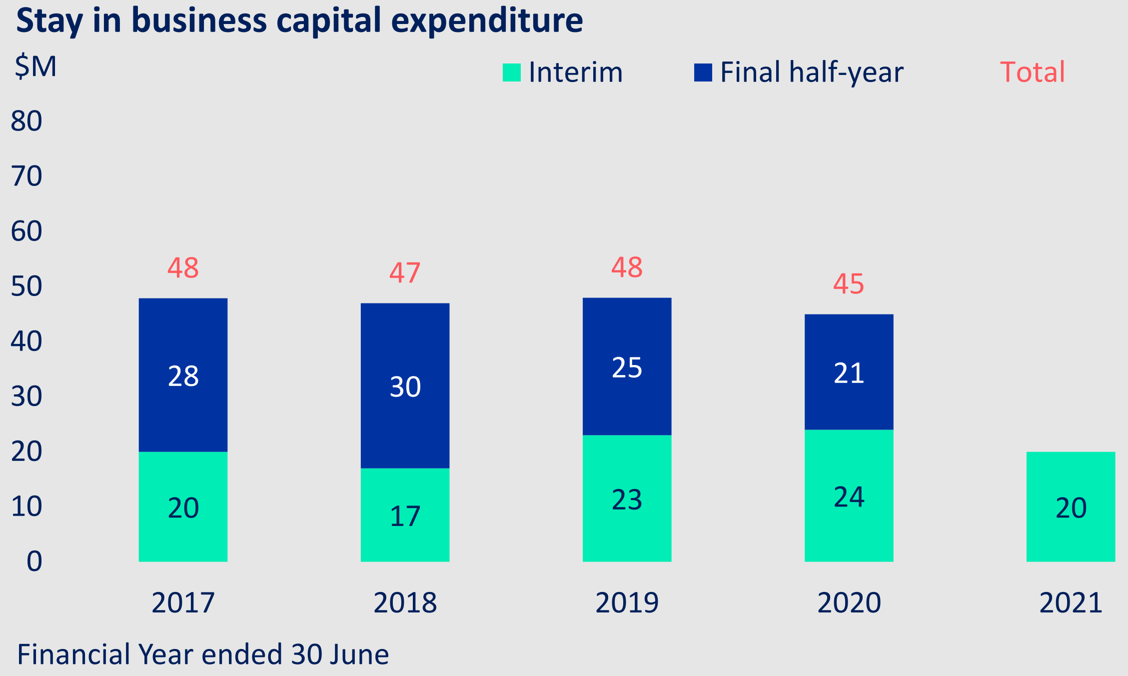


Debt maturity profile as at 31 December 2020



Capital expenditure

- Consistent level of stay in business capex
- Largely consists of system and generation asset enhancement spend
- Total capex for 1H FY21 of $41M
- Expecting FY21 Group capex of between $70M and $80M
  - $50M to $55M of stay in business capex
  - $20M to $25M of currently approved investment spend



Segment results

- Flux Federation and Powershop UK included in 'other and unallocated' segment

$M	Wholesale		Retail		Australia		Other & unallocated		Inter-segment		Total	
	1H FY21	1H FY20	1H FY21	1H FY20	1H FY21	1H FY20	1H FY21	1H FY20	1H FY21	1H FY20	1H FY21	1H FY20
Contracted sales	**256**	246	**460**	391	**92**	97	**-**	-	**-**	-	**808**	734
Cost to supply customers	**(998)**	(842)	**(370)**	(298)	**(54)**	(79)	**-**	-	**417**	343	**(1,005)**	(876)
Net cost of hedging	**24**	32	**-**	-	**(8)**	(2)	**-**	-	**-**	-	**16**	30
Generation spot revenue	**754**	727	**-**	-	**30**	49	**-**	-	**-**	-	**784**	776
Inter-segment electricity sales	**417**	343	**-**	-	**-**	-	**-**	-	**(417)**	(343)	**-**	-
Virtual asset swap margins	**1**	3	**-**	-	**-**	-	**-**	-	**-**	-	**1**	3
Other market revenue/(costs)	**(4)**	(4)	**-**	-	**(1)**	-	**-**	-	**-**	-	**(5)**	(4)
Energy margin	**450**	**505**	**90**	**93**	**59**	**65**	**-**	**-**	**-**	**-**	**599**	**663**
Other revenue	**1**	1	**7**	6	**1**	2	**23**	15	**(20)**	(11)	**12**	13
Dividend revenue	**-**	-	**-**	-	**-**	-	**46**	27	**(46)**	(27)	**-**	-
Energy transmission expense	**(41)**	(65)	**-**	-	**(3)**	(3)	**-**	-	**-**	-	**(44)**	(68)
Energy metering expense	**-**	-	**(19)**	(17)	**-**	-	**-**	-	**-**	-	**(19)**	(17)
Gross margin	**410**	**441**	**78**	**82**	**57**	**64**	**69**	**42**	**(66)**	**(38)**	**548**	**591**
Operating expenses	**(44)**	(48)	**(33)**	(33)	**(28)**	(25)	**(28)**	(26)	**7**	6	**(126)**	(126)
EBITDAF	**366**	**393**	**45**	**49**	**29**	**39**	**41**	**16**	**(59)**	**(32)**	**422**	**465**

New Zealand retail

Customers

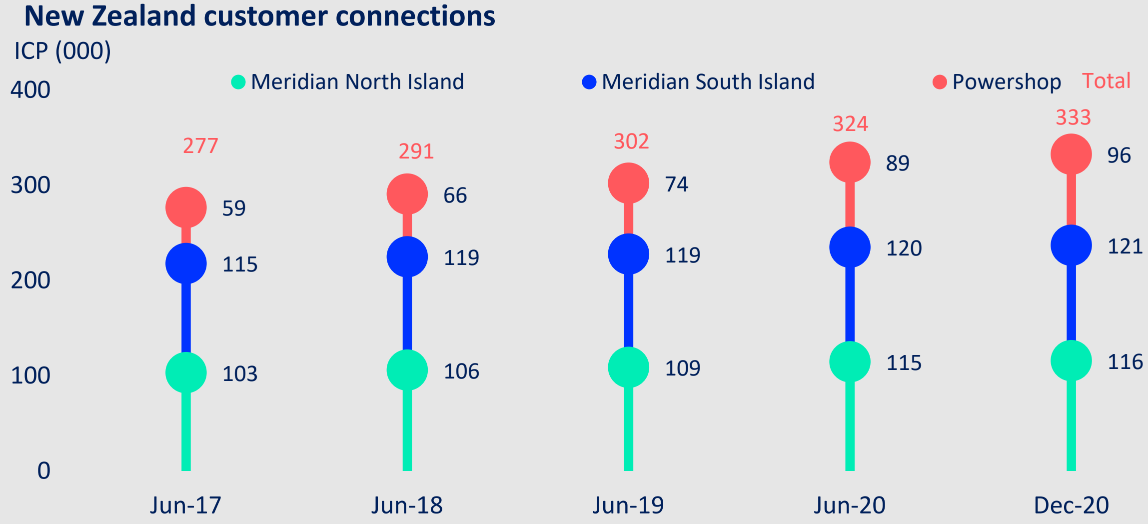
- 3% increase in customers since June 2020

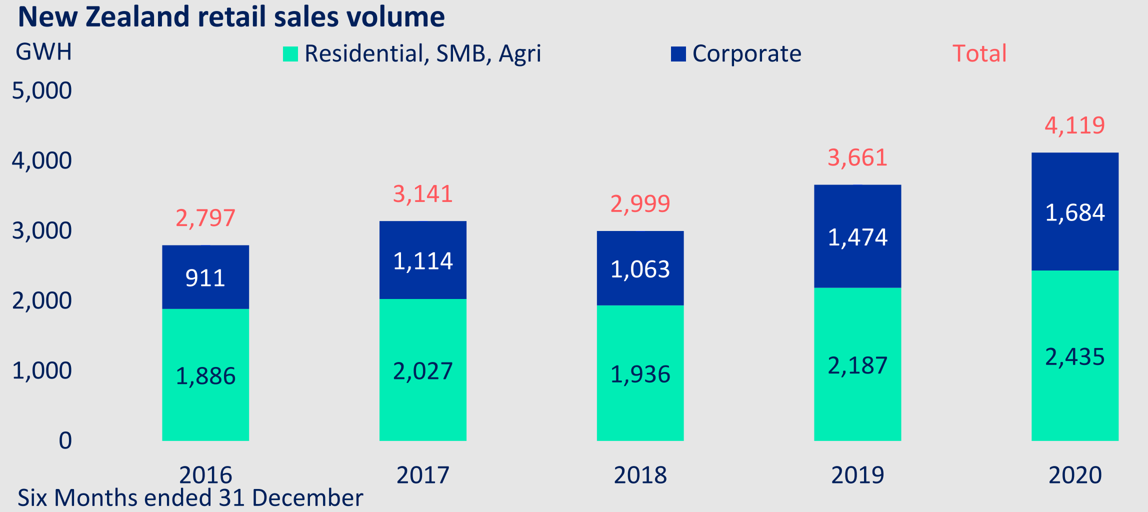
Mass market segment

- 6% increase in residential volumes
- 14% increase in small business volumes
- 16% increase in large business volumes
- 14% increase in agri volumes
- 4% increase in average sales price

Corporate segment

- 14% increase in volumes
- 6% increase in average sales price





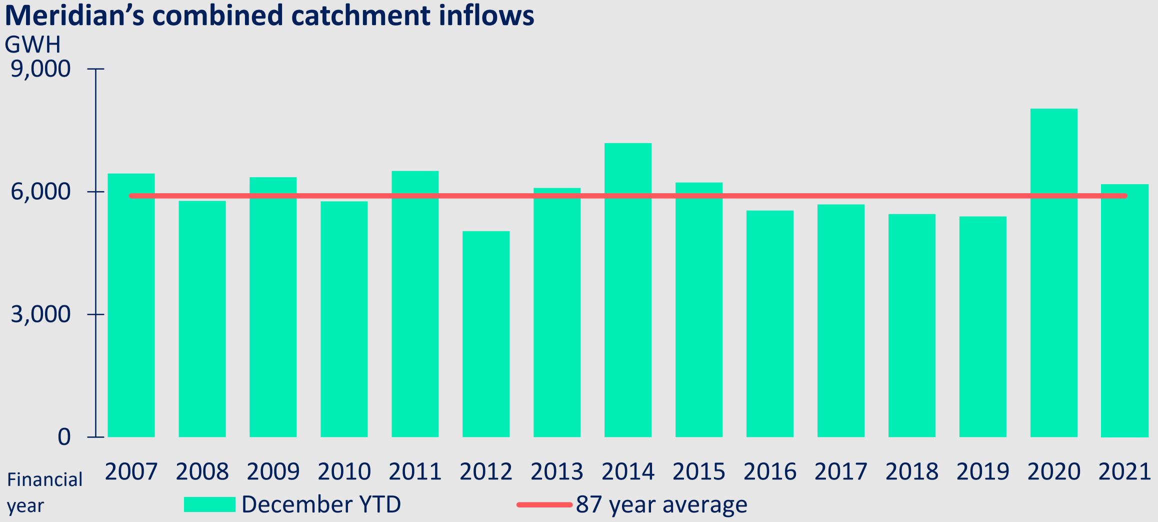
New Zealand hydrology

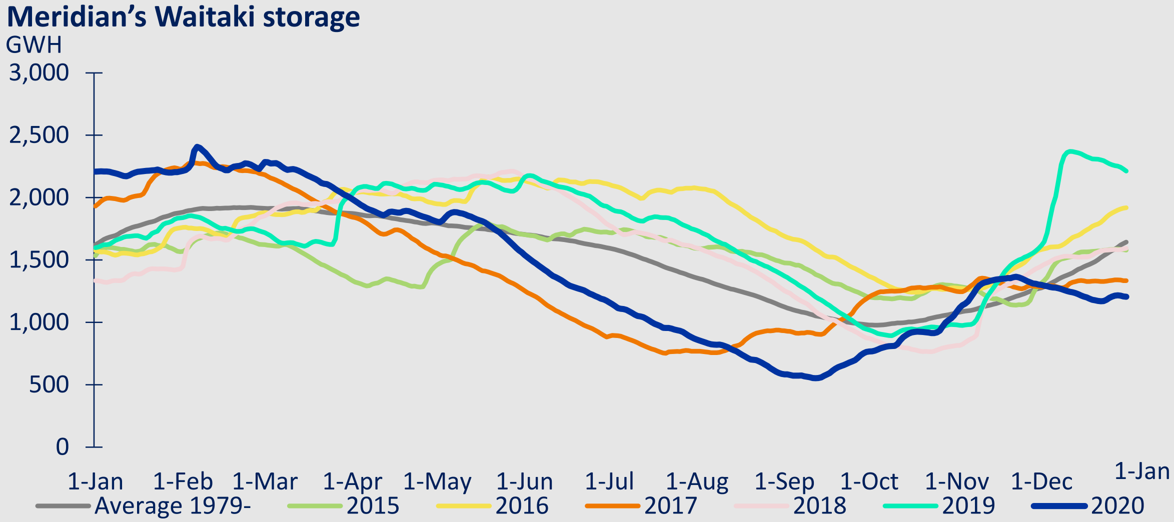
Inflows

- 1H FY21 inflows were 105% of average
- January 2021 inflows were 84% of average

Storage

- Meridian's Waitaki storage as of 31 December 2020 was 73% of average
- By 31 January 2021, this position was unchanged





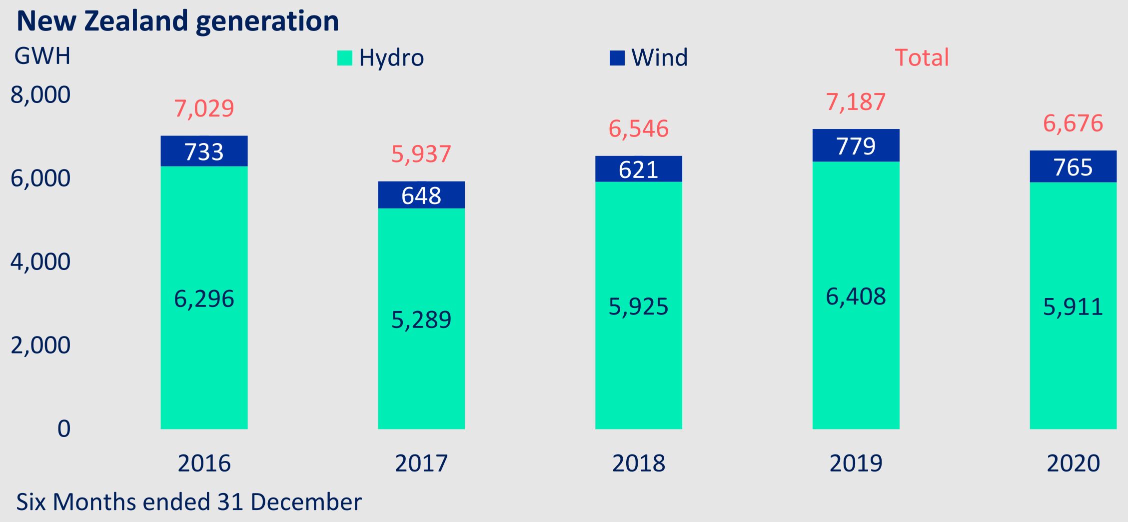
New Zealand generation

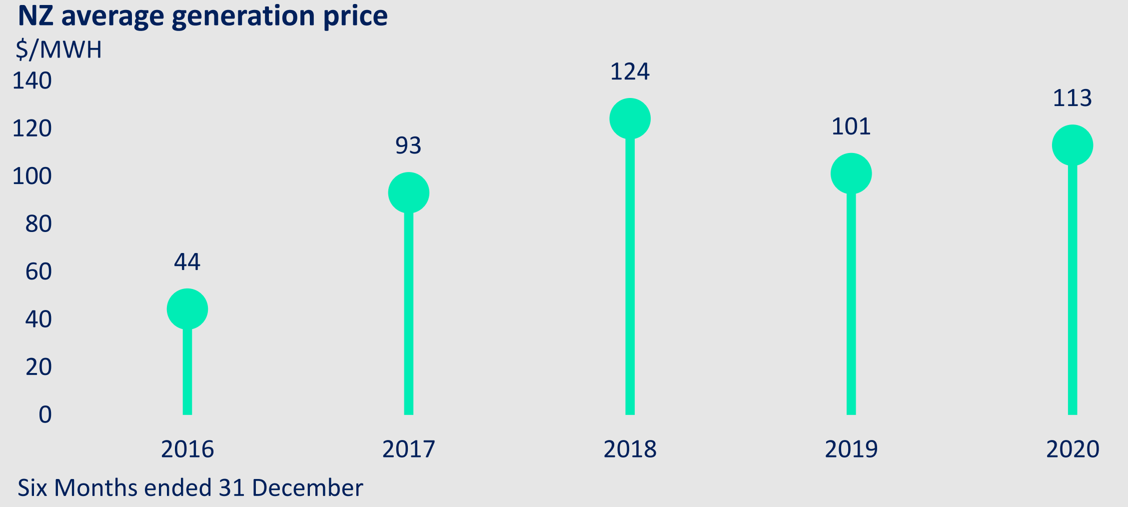
Volume

- 1H FY21 generation was 7% lower than 1H FY20, with lower hydro and lower wind generation

Price

- 1H FY21 average price Meridian received for its generation was 12% higher than 1H FY20
- 1H FY21 average price Meridian paid to supply customers was 14% higher than 1H FY20





Australian retail

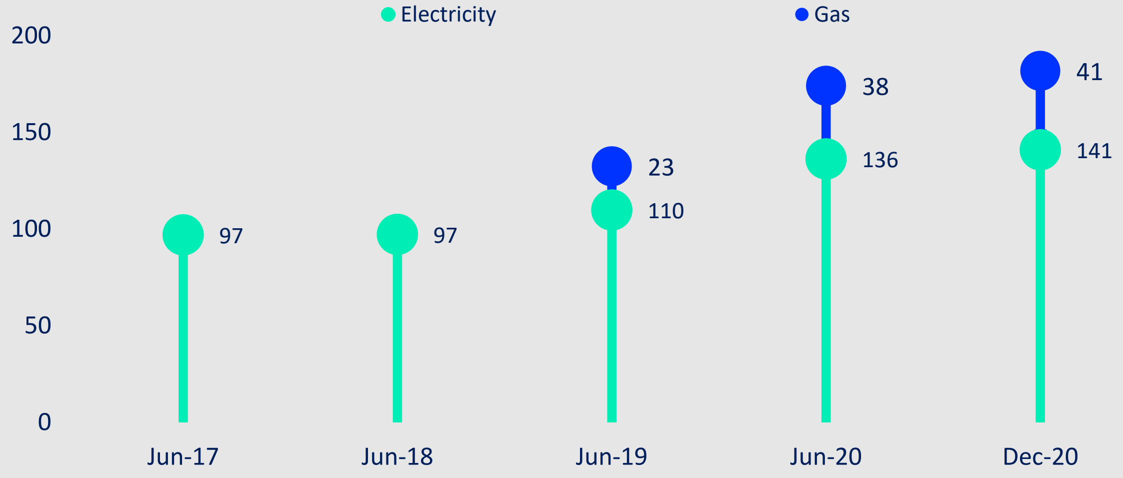
Customers

- 4% growth in electricity customers since June 2020
- 8% growth in gas customers since June 2020

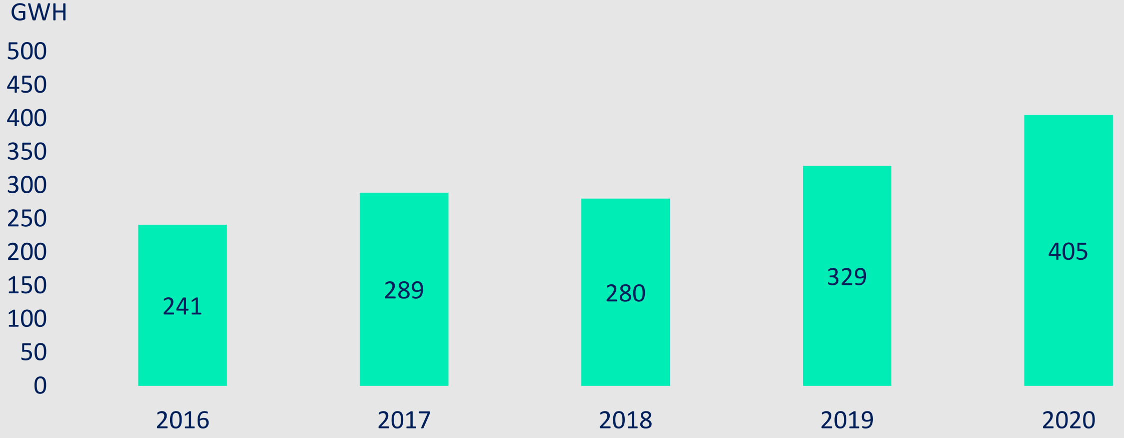
Sales volume

- 23% growth in electricity sales volume in 1H FY21
- 28% growth in gas sales volume in 1H FY21

Australian customer connections



Australian retail sales volume



Six Months ended 31 December

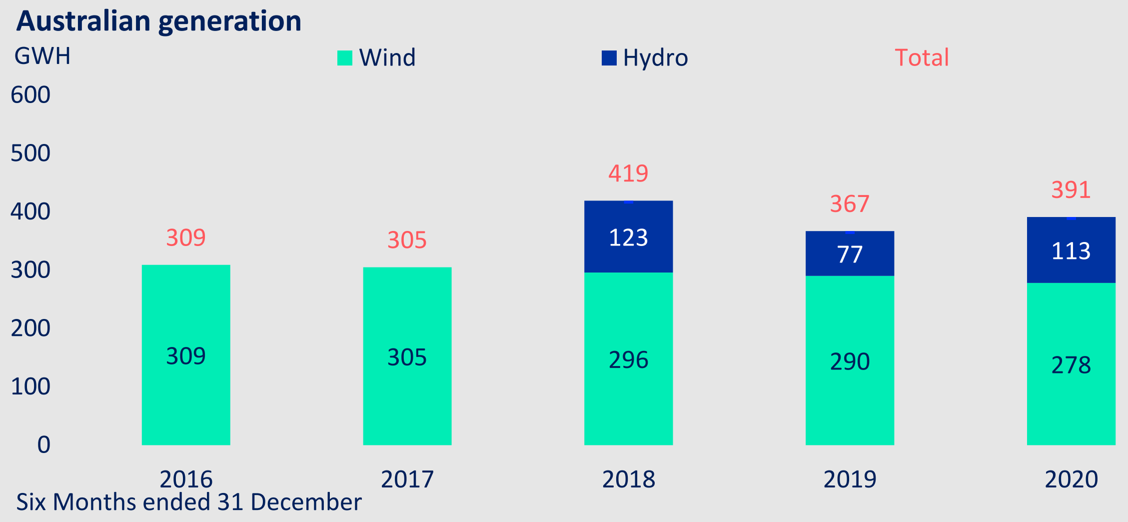
Australian generation

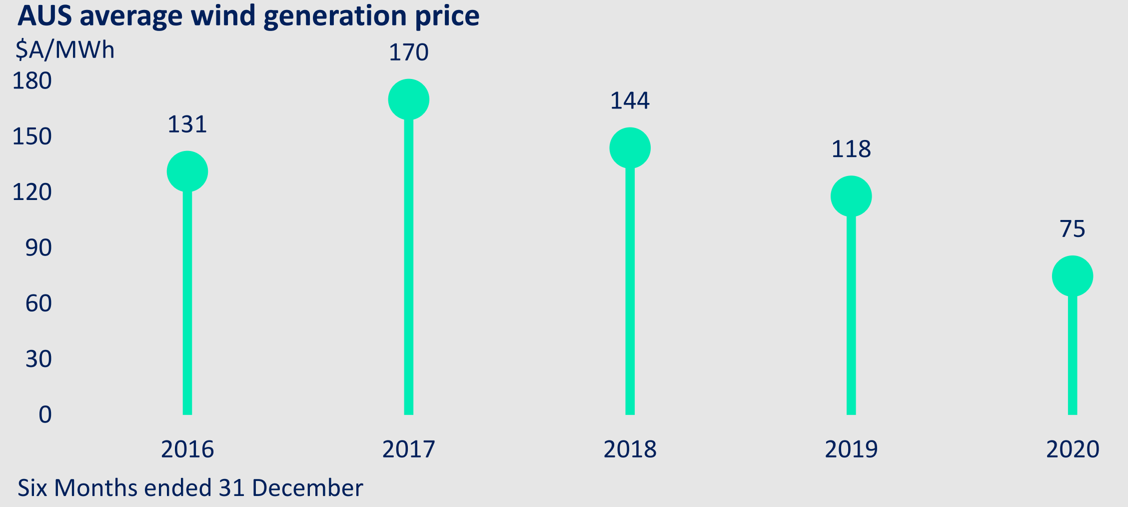
Volume

- 1H FY21 generation was 7% higher than 1H FY20
- 1H FY21 wind generation was 4% lower than 1H FY20
- 1H FY21 hydro generation was 47% higher than 1H FY20

Price

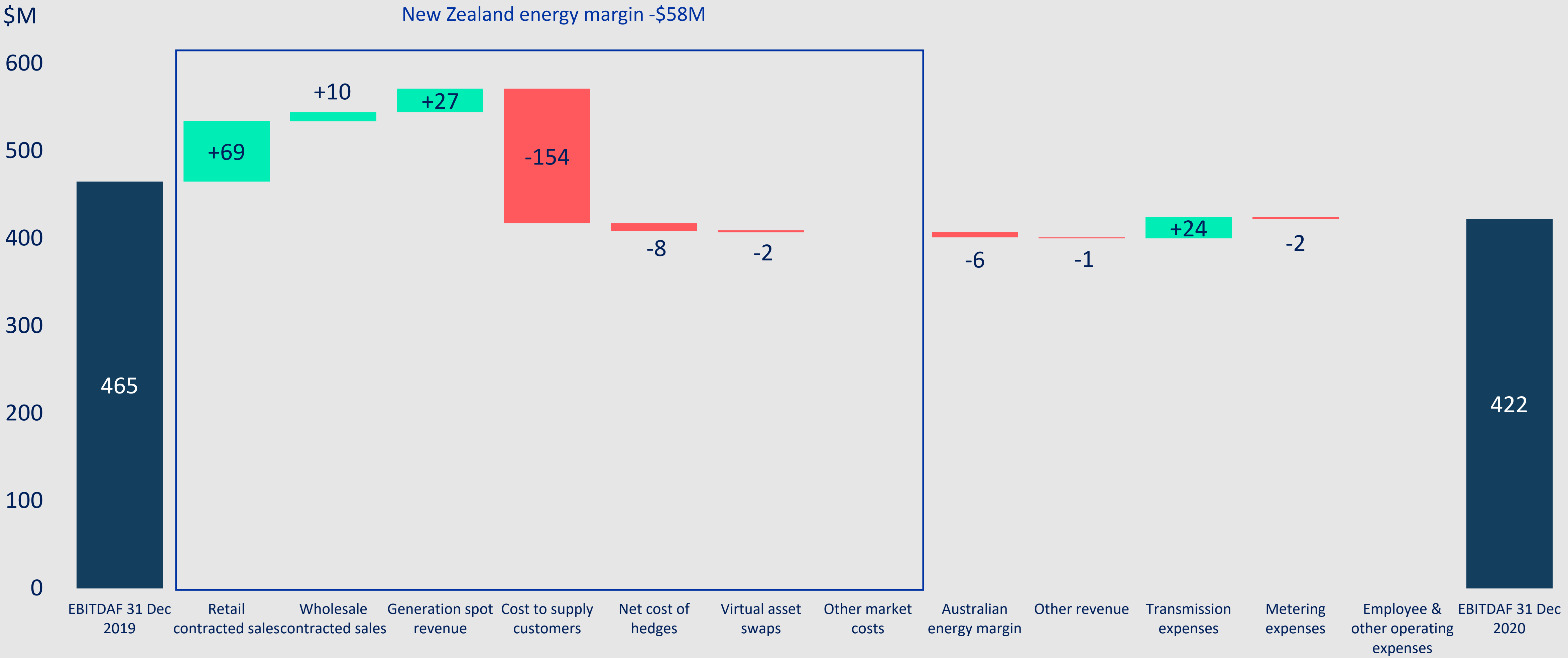
- 1H FY21 average price Meridian received for its wind generation was 36% lower than 1H FY20





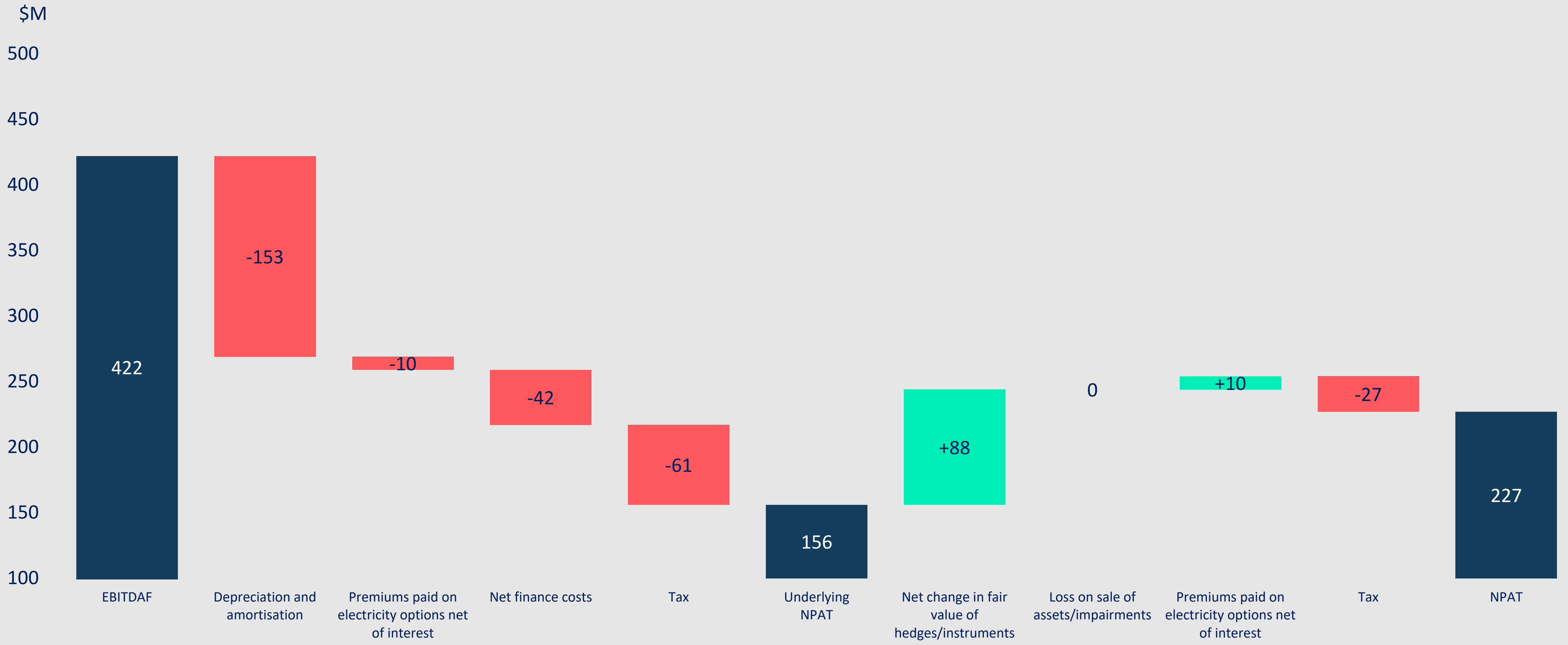
1H FY21 EBITDAF

Movement in EBITDAF



EBITDAF to NPAT

1H FY21 EBITDAF TO NPAT RECONCILIATION



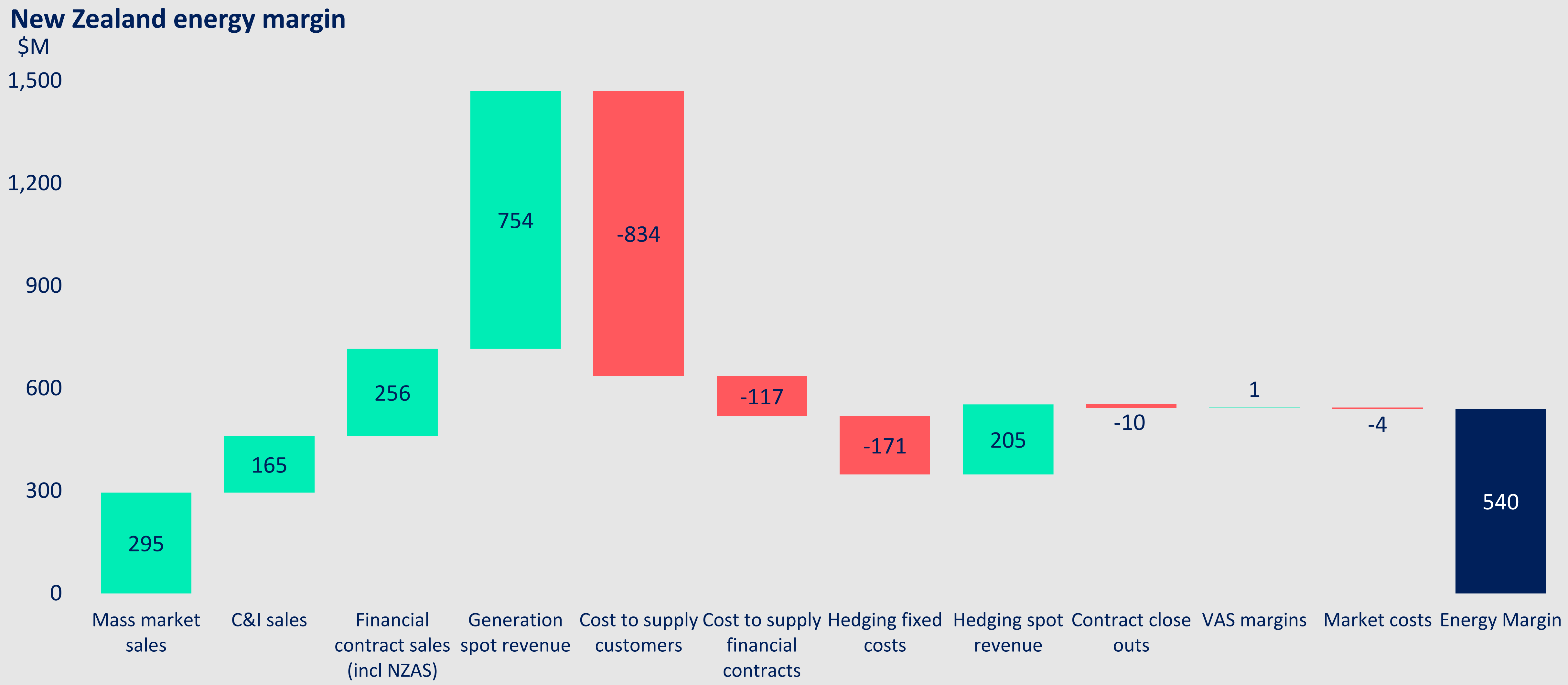
Energy margin

- A non-GAAP financial measure representing energy sales revenue less energy related expenses and energy distribution expenses
- Used to measure the vertically integrated performance of the retail and wholesale businesses
- Used in place of statutory reporting which requires gross sales and costs to be reported separately, therefore not accounting for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

Defined as

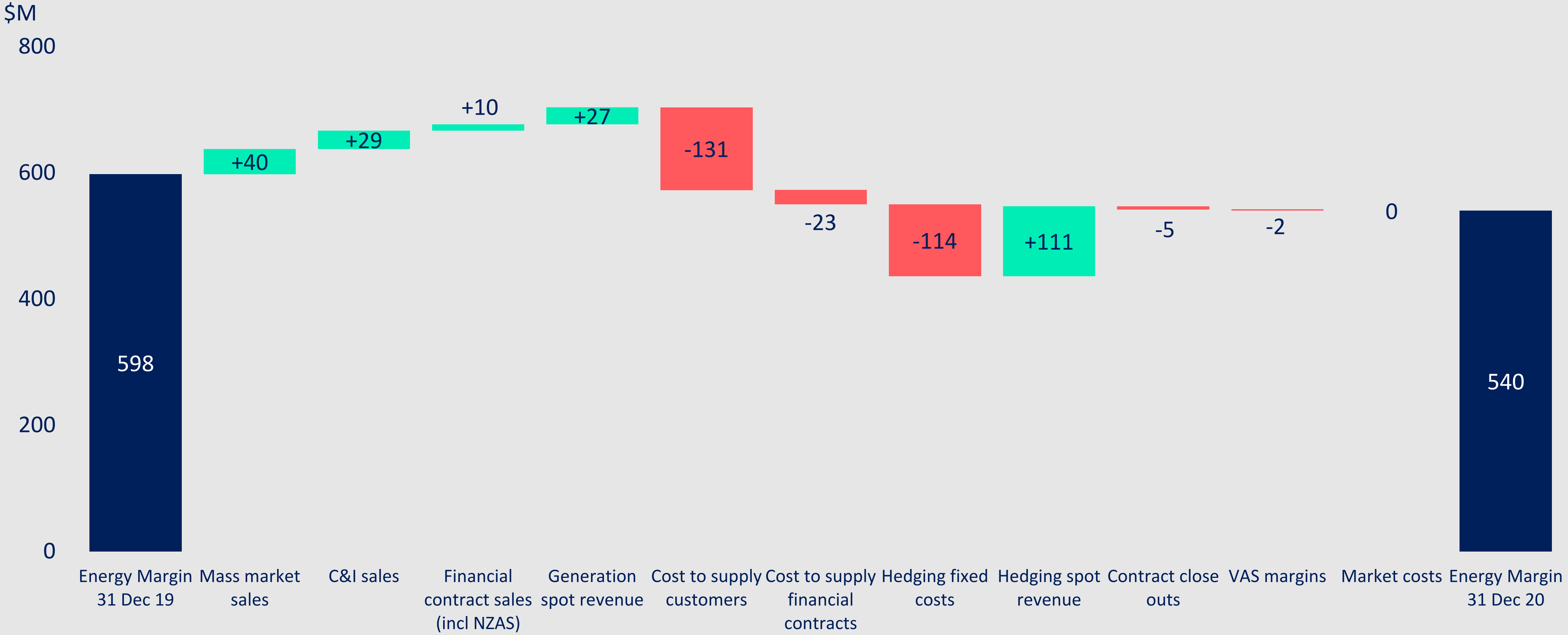
- Revenues received from sales to customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers), sales to large industrial customers and fixed price revenues from financial contracts sold (contract sales revenue)
- The volume of electricity purchased to cover contracted customer sales and financial contracts sold (cost to supply customers)
- The fixed cost of derivatives used to manage market risks, net of spot revenue received from those derivatives (net cost hedging)
- Revenue from the volume of electricity that Meridian generates (generation spot revenue)
- The net margin position of virtual asset swaps with Genesis Energy and Mercury New Zealand
- Other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues, such as frequency keeping

New Zealand energy margin



New Zealand energy margin

New Zealand energy margin movement



New Zealand energy margin

	1H FY21			1H FY20		
	Volume	VWAP	NZD M	Volume	VWAP	NZD M
Mass market sales	2,435	$121	295	2,187	$116	255
Corporate and industrial sales	1,684	$98	165	1,474	$93	136
Retail contracted sales	4,119	$112	460	3,661	$107	391
NZAS sales	2,525			2,746		
Financial contract sales	1,000			902		
Wholesale contracted sales	3,526	$73	256	3,648	$67	246
Cost to supply retail customers	4,331	-$129	(557)	3,829	-$112	(429)
Cost to supply wholesale customers	2,525	-$110	(277)	2,746	-$100	(274)
Cost of financial contracts	1,000	-$117	(117)	902	-$105	(94)
Cost to supply customers and contracts	7,857	-$121	(951)	7,476	-$107	(797)
Hedging costs	1,716	-$100	(171)	891	-$64	(57)
Hedging spot revenue	1,716	$120	205	891	$106	94
Close-outs			(10)			(5)
Net cost of hedging			24			32
Hydro generation	5,911			6,408		
Wind generation	765			779		
Generation revenue	6,676	$113	754	7,187	$101	727
Virtual asset swap margins	529		1	529		3
Other			(4)			(4)
Energy margin			**540**			**598**

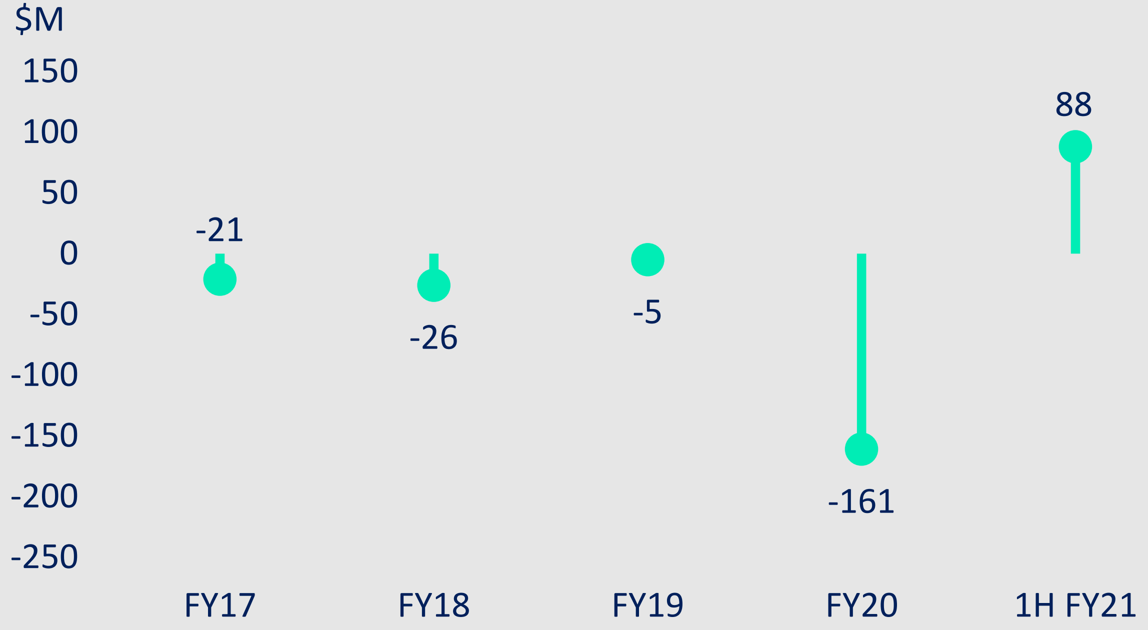
Australian energy margin (AUD)

	1H FY21			1H FY20		
	Volume	VWAP	AUD M	Volume	VWAP	AUD M
Retail electricity sales, net of distribution	405	$141	57	329	$154	51
Retail gas sales, net of distribution	991	$14	14	773	$15	11
Financial contract sales	212	$67	14	353	$83	29
Contracted Sales			85			91
Cost to supply electricity customers	405	-$69	-28	329	-$108	-36
Cost to supply gas customers	991	-$12	-12	773	-$11	-8
Cost of financial contracts	212	-$51	-11	353	-$85	-30
Cost to supply customers and contracts			-51			-74
Hedging costs	163	-$97	-16	258	-$99	-26
Hedging spot revenue	163	$55	9	258	$91	23
Close-outs			0			1
Net cost of hedging			-7			-1
Wind generation	278	$75	21	290	$118	34
Hydro generation	113	$70	8	77	$85	7
PPA generation received, net of costs	180	-$6	-1	190	$27	5
Generation revenue			28			46
Other			-1			0
Energy margin			**55**			**61**

Fair value movements

- Meridian uses derivative instruments to manage interest rate, foreign exchange and electricity price risk
- As forward prices and rates on these instruments move, non-cash changes to their carrying value are reflected in NPAT
- Accounting standards only allow hedge accounting if specific conditions are met, which creates NPAT volatility
- $63M increase in NPBT from fair value of electricity hedges from changing forward electricity prices ($6M decrease in 1H FY20)
- $25M increase in NPBT from fair value of treasury instruments ($6M increase in 1H FY20)

Change in fair value of financial instruments



Income statement

Six months ended 31 December $M	2020	2019
New Zealand energy margin	540	598
Australia energy margin	59	65
Other revenue	12	13
Energy transmission expense	(44)	(68)
Electricity metering expenses	(19)	(17)
Employee and other operating expenses	(126)	(126)
EBITDAF	**422**	**465**
Depreciation and amortisation	(153)	(157)
Impairment of assets	-	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of electricity and other hedges	63	(6)
Net finance costs	(42)	(43)
Net change in fair value of treasury instruments	25	6
Net profit before tax	**315**	**265**
Income tax expense	(88)	(74)
Net profit after tax	**227**	**191**

Underlying NPAT reconciliation

Six months ended 31 December $M	2020	2019
Net profit after tax	227	191
Underlying adjustments		
Hedging instruments		
Net change in fair value of electricity and other hedges	(63)	6
Net change in fair value of treasury instruments	(25)	(6)
Premiums paid on electricity options net of interest	(10)	(10)
Assets		
(Gain)/loss on sale of assets	-	-
Impairment of assets	-	-
Total adjustments before tax	(98)	(10)
Taxation		
Tax effect of above adjustments	27	3
Underlying net profit after tax	**156**	**184**

Cash flow statement

Six months ended 31 December $M	2020	2019
Receipts from customers	1,885	1,803
Payments to suppliers and employees	(1,523)	(1,372)
Interest paid	(41)	(41)
Income tax paid	(134)	(124)
Operating cash flows	**187**	**266**
Sale of property, plant and equipment	-	-
Sales of subsidiaries and other assets	-	-
Purchase of property, plant and equipment	(22)	(23)
Purchase of intangible assets and investments	(20)	(11)
Investing cash flows	**(42)**	**(34)**
Term borrowings drawn	97	141
Term borrowings repaid	(5)	(55)
Lease liabilities paid	(4)	(4)
Dividends	(287)	(337)
Financing cash flows	**(199)**	**(255)**

Balance sheet

Six months ended 31 December $M	2020	2019
Cash and cash equivalents	122	55
Trade receivables	303	265
Customer contract assets	25	23
Other current assets	203	196
Total current assets	**653**	**539**
Property, plant and equipment	8,466	8,776
Intangible assets	76	58
Other non-curent assets	189	217
Total non-current assets	**8,731**	**9,051**
Payables, accruals and employee entitlements	351	291
Customer contract liabilities	21	18
Current portion of term borrowings	271	183
Current portion of lease liabilities	7	7
Other current liabilities	86	84
Total current liabilities	**736**	**583**
Term borrowings	1,408	1,374
Deferred tax	1,852	1,944
Lease liabilities	91	99
Other non-current liabilities	278	278
Total non-current liabilities	**3,629**	**3,695**
Net assets	**5,019**	**5,312**

Glossary

Hedging 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) and financial contracts
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of hedges	volume weighted average price Meridian pays for derivatives acquired
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales and financial contracts
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
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
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
Financial contract sales	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
TJ	Terajoules
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury New Zealand. They do not result in the physical supply of electricity

Disclaimer

The information in this presentation was prepared by Meridian Energy 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. In addition, neither the company nor any of its directors, employees, shareholders nor any other person shall have liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

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. Further, this presentation is not and should not be construed as an offer to sell or a solicitation of an offer to buy Meridian Energy securities and may not be relied upon in connection with any purchase of Meridian Energy securities.

This presentation contains a number of non-GAAP financial measures, including Energy Margin, EBITDAF, Underlying NPAT and gearing. 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 information contained in this presentation should be considered in conjunction with the company's condensed financial statements for the six months ended 31 December 2020, available at:

www.meridianenergy.co.nz/investors

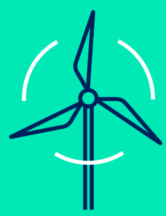
All currency amounts are in New Zealand dollars unless stated otherwise.

Investor Letter.

For the six months ended
31 December 2020.

Meridian.

Progress on strategy

	Champion	Optimise	Grow
Strategic theme	Competitive markets Sustainability Climate action 	Trading and asset management Re-consenting Financing 	Retail Generation Flux 
Highlights	• Sustainability leadership • Lower real customer prices • Final Transmission Pricing Methodology (TPM) decision • Climate Change Commission (CCC) draft advice	• 2025 Waitaki re-consent progress • New Zealand Aluminium Smelter (NZAS) extended exit agreement • Green financing	• Growth in NZ and Australian retail businesses • Customer support during COVID-19 • Harapaki construction • New NSW wind option
Challenges	• Gas supply uncertainty • Speed of RMA reform and generation consenting • Dry-year support beyond current thermal fuels	• New South Island load beyond NZAS • Timing of thermal plant retirement	• Future COVID-19 uncertainty • Volatile Australian wholesale prices • E.ON's closure of Powershop UK

The six months ended 31 December 2020 saw a 19% increase in net profit, mostly as a result of positive changes in the net value of hedge instruments. Excluding these hedge value movements, Meridian has reported a 9% decrease in EBITDAF[1] compared to the prior corresponding period.

The decline in EBITDAF was largely driven by a 7% fall in generation production due to low inflows to our South Island hydro catchments since October 2020. Also, lower wholesale prices in Australia negatively affected Meridian Energy Australia's interim earnings. Partially offsetting these negative environmental factors was continued growth in customer numbers and sales volumes in both New Zealand and Australia. We note that the electricity sector in New Zealand continues to deliver value for customers, and residential prices in real terms are at their lowest level in the past eight years.

The Board has announced an interim ordinary dividend of 5.70 cents per share, consistent with last year's interim dividend.

The interim ordinary dividend will be paid on 16 April 2021. Meridian's balance sheet remains in a strong position, with the company maintaining a BBB+ credit rating as defined by the agency Standard & Poor's. See the interim results financial commentary for more of Meridian's results.

www.meridianenergy.co.nz/investors/reports-and-presentations/interim-results-and-reports

Tīwai Point Smelter

Last July Meridian's largest customer, New Zealand Aluminium Smelter (NZAS), announced that it would be exiting New Zealand in August 2021.

Subsequently, and recognising the disruption that this might create for our shareholders and the wider economy, we worked hard to come to an agreement with NZAS that would see it stay until December 2024. We were pleased to announce such an outcome to the market in January and we believe that it is value enhancing for the smelter, our shareholders and the Southland community.

Meridian has always planned for the eventual exit of NZAS. We are excited about the opportunities that we now have to accelerate decarbonisation, and we are actively developing new growth opportunities.

New South Island demand

Given this agreement, the next four years will see Meridian focus on encouraging new demand in Southland and the lower South Island. We have a number of new demand options that are progressing well.

We have completed high-level assessments of options to convert fossil fuel heat processes to electricity. This has included looking at small- and large-scale opportunities in a number of industries. There is real interest among these sectors in decarbonising and Meridian is pleased to be playing a part to make this happen. We expect to announce the first of these opportunities soon.

Late last year Meridian announced, in partnership with Contact Energy, a $2 million feasibility study of green hydrogen. The study will draw on expertise from New Zealand and around the world, and will investigate the export potential, value chain, policy approaches, technical requirements, environmental considerations and practical issues of green hydrogen production. It will also examine the potential dry-year reserve opportunity.

We believe that hydrogen could give New Zealand a superior, low-cost alternative for balancing supply and demand in dry years. It could provide a large amount of New Zealand's dry-year reserve at a fraction of the cost of building new hydro power stations. Having a large amount of demand with the flexibility to turn it down or off during a dry-year is likely to be far more cost effective and reliable than building new generation that only runs during relatively infrequent droughts. As such, we think hydrogen production could be of huge benefit to New Zealand in managing the security of our energy supply.

In addition, when it comes to green hydrogen exports, New Zealand should have a real competitive advantage given our increasing levels of renewable energy produced. A major hydrogen plant in Southland could ensure that the region's next big industry is renewable energy export in the form of green hydrogen, and a large-scale local plant could also open decarbonisation possibilities for domestic hydrogen-powered industries such as heavy transport.

We have also been working with the Datagrid team since last August on what has the potential eventually to be a 100-megawatt datacentre in Southland, connected by a new fibre-optic cable to the east coast of Australia. It is progressing ahead of plan and the Datagrid team have secured land options and commenced engineering work. The next significant step will be their confirming their first customer.

Harapaki decision

This month the Meridian Energy Board has approved the construction of Meridian's Harapaki wind farm.

The new $395 million wind farm in Hawke's Bay was deferred last July due to NZAS announcing its intention to exit New Zealand.

But given that NZAS has agreed to a four-year exit deal, Meridian is now confident that Harapaki will support our business's growth plans.

The Harapaki wind farm will be New Zealand's second-largest wind farm, with 41 turbines generating 176 megawatts of renewable energy, enough to power more than 70,000 average households. The construction will take around three years and is expected to create 260 new jobs.

It will also help boost New Zealand's ability to meet its climate change commitments and accelerate the transformation of the economy to clean energy sources.

1. A non-GAAP financial measure representing earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items.'

Undesirable trading situation

In late December 2020, the Electricity Authority released a final decision confirming an undesirable trading situation between 3 and 27 December 2019. The Authority found a confluence of factors had led to a highly unusual period of wholesale market operation.

The Authority is intending to publish a preliminary "actions to correct" paper for consultation in late March 2021.

We have taken lessons from this process. We accept that even though the scale of flooding we were dealing with was exceptional, we will need to do better in future, and we will remain especially vigilant at times of spill. We also want to support the Authority to ensure the market we work in is continually improved to maintain its world-class reputation of delivering for consumers.

We remain committed to generating 100% renewable energy, and to caring for our customers and the environment.

Transmission

The Authority's reform of Transmission Pricing Methodology (TPM) continues, with changes expected to be in place by April 2023.

In January 2021 Transpower indicated that its development of the new TPM and the Clutha Upper Waitaki Lines Project are both unaffected by Rio Tinto's announcement regarding the future of NZAS.

Hydrology

Inflows since October 2020 have been below average. As a result, South Island storage is now well below average.

In contrast, the end of a multi-year drought saw Australian generation 47% higher than the same period last year.

Flux UK

E.ON has announced that it intends to close its Powershop UK business, a client of Flux Federation, during the 2021 calendar year. Flux is now considering new potential opportunities.

The project to migrate all Meridian's customer base to the Flux platform is progressing well and is forecast to be completed during the third quarter of this calendar year.

Gas supply influences

In New Zealand, declining delivery from the key Pohokura gas field has tightened markets and pushed wholesale electricity prices higher.

In Australia, a combination of lower demand and higher domestic gas supply has pushed wholesale electricity prices lower.

In both countries, future moves away from coal and the use of gas as a transition fuel towards highly renewable energy systems will likely cause disruption to current markets.

To date New Zealand has relied on having some coal and gas-fired generation available to keep the lights on when it does not rain too much and our hydro storage lake levels get low.

While our industry is working hard to find alternatives to coal and gas generation, and good options are starting to emerge, eg. flexible hydrogen, those options will take some time to develop. It is likely that New Zealand will need a relatively small amount of gas and/or coal generation for at least another decade.

In short, the industry needs to migrate away from fossil-fuel-based generation while still relying on these in very dry years. Market-based solutions need to be found to ensure the providers of that generation have enough certainty to continue to invest in a reliable level of service.

Committed to combating climate change

As a 100% renewable energy generator that is committed to protecting the environment, Meridian is supportive of the Climate Change Commission's and Government's recent announcements to further accelerate our efforts to combat climate change.

We believe that the electricity sector has a huge part to play in decarbonising our economy and supporting New Zealand businesses and individuals to make the changes they need.

We know that we play a part in bringing our customers along too and that we need to make sure we support all our customers, from large businesses that need to invest in technology and transition from fossil fuels, to everyday New Zealanders who are more and more likely to adapt their behaviour and drive this change.

These are not just statements. We have been working hard for many years to ensure that our own house is in order. At the heart of Meridian's offering is a deep and all-encompassing commitment to being a sustainable partner for shareholders, stakeholders and customers.

Since we made the commitment to generate electricity only from renewable sources, we have developed more new renewable electricity than any other generator in New Zealand. In the past 15 years Meridian has invested around $2.2 billion in new renewable electricity generation that removes 1.9 to 4.6 million tonnes of carbon from the environment every year.

For several years now we have used the Integrated Reporting Framework for our annual reports, and we have reported our greenhouse gas emissions since 2013. We also report our climate-related risks through the Task Force on Climate-related Financial Disclosures and Carbon Disclosure Project frameworks.

Last year we launched our Green Finance programme and committed to halving our own emissions by 2030. To achieve this we will continue to grow our own carbon sinks by planting native and exotic forests, convert 100% of our passenger fleet to electric, and continue to support our communities through our Power Up funds and by being the Principal Partner of KidsCan. We are getting recognition from international shareholders in this regard, with the BlackRock Sustainable Energy Fund becoming a substantial shareholder in the past few months.

Our people

In the past six months our executive team have continued to go from strength to strength. We are very fortunate to have such a great talent pool at Meridian.

On 1 January 2021 Guy Waipara took on the newly created role of General Manager Development. Guy's job is to progress a range of opportunities to support New Zealand industries in reducing their dependence on fossil fuels for process heat, and to grow demand for electricity in the South Island (given the impending NZAS exit).

Guy has taken on the role as a 12-month secondment, and as a result Mat Bayliss and Richard Griffiths have been appointed to the role of (Acting) General Manager Generation, sharing a 12-month term and each taking the lead for six months.

Both Mat and Richard have worked for Meridian for decades and bring a wealth of asset management expertise and leadership to the executive team. Mat will take the lead for the first six months and Richard will take the second half of the 12-month term.

In late January 2021, Jason Stein, Chief Executive of Meridian Energy Australia and Powershop Australia, made the tough decision to step down from his role. Due to the ongoing impacts of COVID-19 on travel and personal arrangements, Jason has been unable to relocate with his family from New Zealand to Australia.

Under Jason's leadership Powershop Australia has significantly increased Australian customer numbers and has refreshed its Australian renewables strategy. This work has set a solid foundation for future growth in Australia. Management will now seek to commence a recruitment process. Jason will continue until mid-2021 to allow an orderly transition of accountabilities for Meridian's Australian business.

Closing thoughts

The future is of course unknown. However, we are proud to be doing things that we feel will positively shape the opportunities not only for our shareholders but also for our employees, our customers and our communities.

We are in for an exciting and challenging few years as we look to invest in our business and support New Zealand's and Australia's efforts to reduce carbon emissions while maintaining high standards of living for us all.

On behalf of the Board and the executive team, we would like to thank our shareholders, our customers and our stakeholders for their continued support to help Meridian deliver clean energy for a fairer and healthier world.

Meridian.

On behalf of the Board and the executive team, we would like to thank our shareholders, our customers and our stakeholders for their continued support to help Meridian deliver clean energy for a fairer and healthier world.

Meridian.

Financial Commentary.

Five-year performance

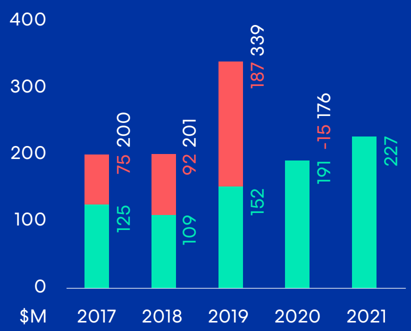
Group EBITDAF[1]

Financial year ended 30 June

Interim
Final half-year
Total

Net profit after tax (NPAT)

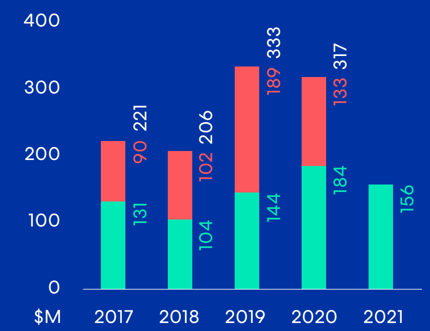
Financial year ended 30 June



Interim
Final half-year
Total

Underlying NPAT

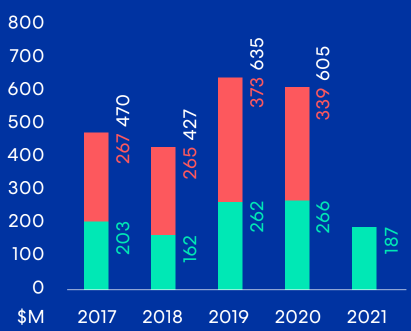
Financial year ended 30 June



Interim
Final half-year
Total

Operating cash flows

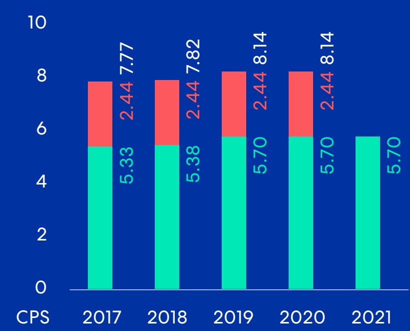
Financial year ended 30 June



Interim
Final half-year
Total

Interim dividend declared

Six months ended 31 December



Ordinary dividend
Special dividend
Total

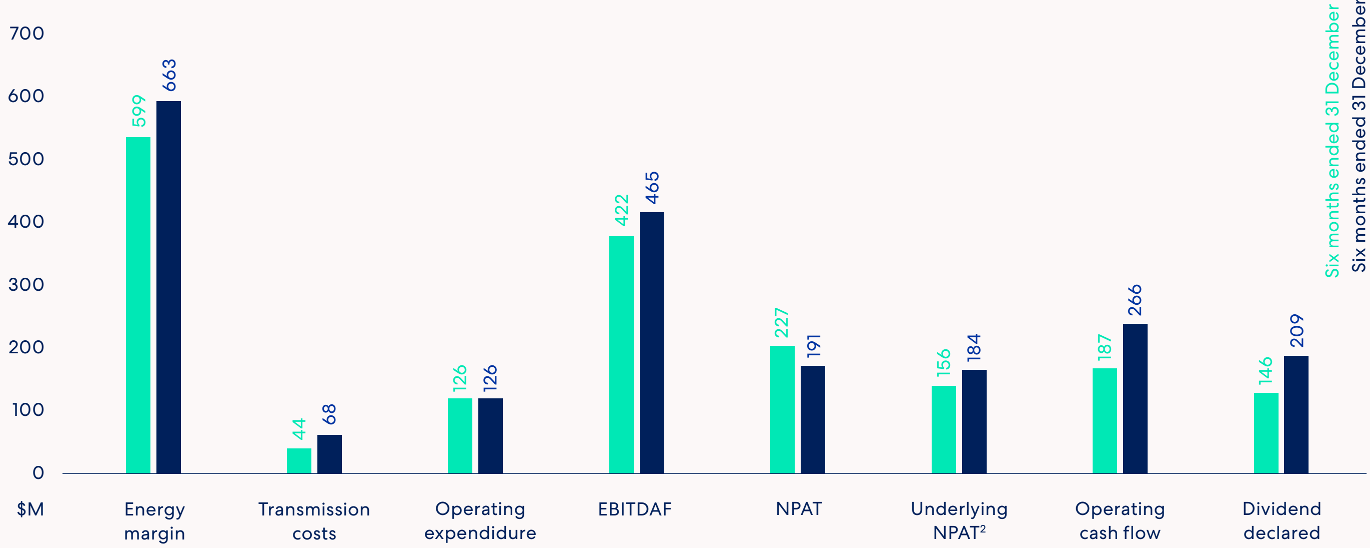
1. EBITDAF is a non-GAAP financial measure comprising of earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges, impairments and gains or losses on sale of assets.

Progress on strategy

	Champion	Optimise	Grow
Strategic theme	Competitive markets Sustainability Climate action	Trading and asset management Re-consenting Financing	Retail Generation Flux
Highlights	• Sustainability leadership • Lower real customer prices • Final Transmission Pricing Methodology (TPM) decision • Climate Change Commission (CCC) draft advice	• 2025 Waitaki re-consent progress • New Zealand Aluminium Smelter (NZAS) extended exit agreement • Green financing	• Growth in NZ and Australian retail businesses • Customer support during COVID-19 • Harapaki construction • New NSW wind option
Challenges	• Gas supply uncertainty • Speed of RMA reform and generation consenting • Dry-year support beyond current thermal fuels	• New South Island load beyond NZAS • Timing of thermal plant retirement	• Future COVID-19 uncertainty • Volatile Australian wholesale prices • E.ON's closure of Powershop UK

Overview

Financial performance against prior year



Meridian saw its earnings (EBITDAF) for the six months ended 31 December 2020 decrease by 9% compared to the prior corresponding period. Despite strong customer sales, lower hydro and wind generation saw New Zealand EBITDAF decrease by 8%. Our operations in Australia delivered 26% lower EBITDAF, as market prices decreased significantly.

Meridian has declared an interim ordinary dividend of 5.70 cents per share, consistent with the ordinary dividend from last financial year.

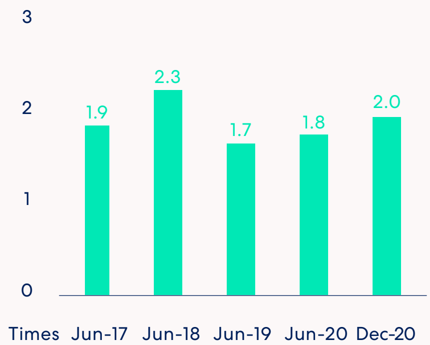
Meridian ceased its capital management programme in July 2020 and no further special dividends will be declared under that programme.

2. A non-GAAP measure representing net profit after tax adjusted for the effects of non-cash fair value movements and other one-off items.

Dividends declared

	1H FY21		1H FY20	
	cents per share	**imputation**	**cents per share**	**imputation**
Ordinary dividends	**5.70**	**86%**	5.70	86%
Capital management special dividends	**–**	**0%**	2.44	0%
Total	**5.70**		**8.14**	

Net debt/EBITDAF



Meridian's balance sheet remains in a strong position, with the company credit metrics below the bounds used by rating agency Standard & Poor's.

Cash flows

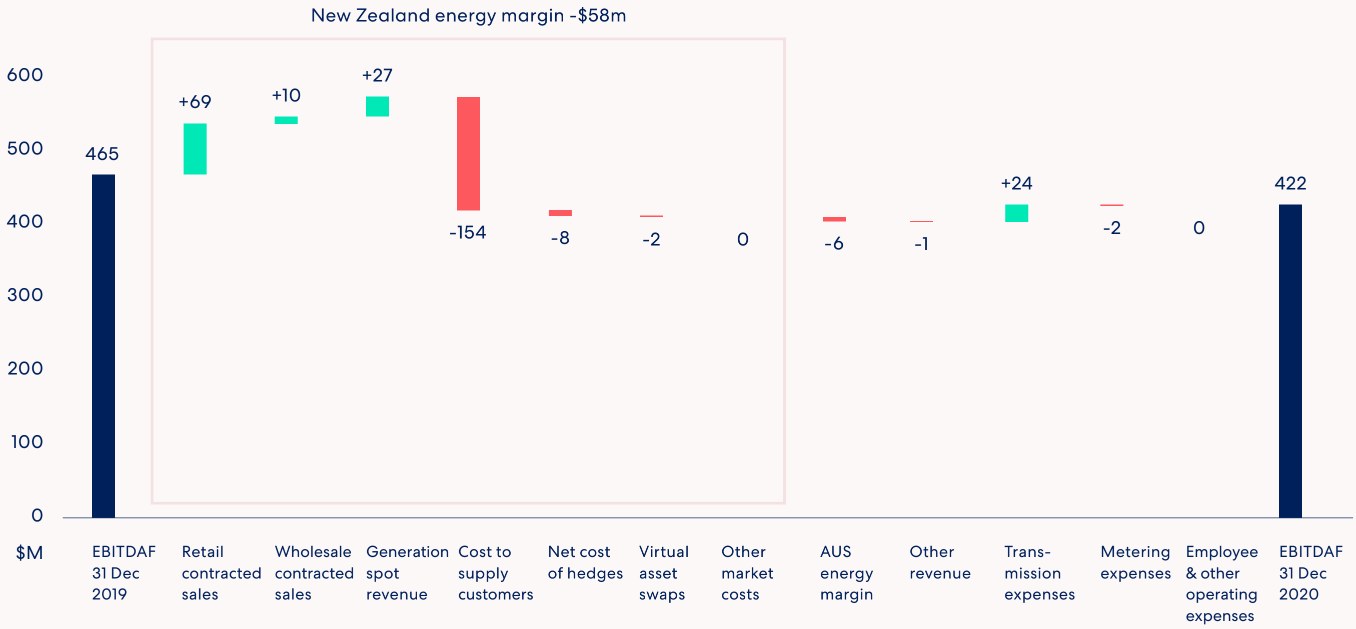
Operating cash flows were $187 million for 1H FY2021[3], $79 million (30%) lower than 1H FY2020[4], with lower EBITDAF and higher income tax paid.

Total capital expenditure in 1H FY2021 was $41 million, of which $20 million was stay-in-business capital expenditure.

3. The six months ended 31 December 2020.
4. The six months ended 31 December 2019.

Earnings

Movement in EBITDAF



EBITDAF was $422 million in 1H FY2021, $43 million (9%) lower than the same period last year.

New Zealand energy margin

Energy margin is a measure of the combined financial performance of Meridian's retail and wholesale businesses.

$M		1H FY2021	1H FY2020
Retail contracted sales revenue	Revenue received from sales to retail customers net of distribution costs (fees to distribution network companies that cover the costs of the distribution of electricity to customers)	**460**	391
Wholesale contracted sales revenue	Sales to large industrial customers and fixed-price revenue from derivatives sold	**256**	246
Costs to supply customers	The volume of electricity purchased to cover contracted customer sales	**-951**	-797
Net hedging position	The fixed cost of derivatives used to manage market risk, net of the spot revenue recovered from those derivatives	**24**	32
Generation spot revenue	Revenue from the volume of electricity that Meridian generates	**754**	727
Net VAS revenue	The net revenue position of virtual asset swaps (VAS) with Genesis Energy and Mercury New Zealand	**1**	3
Other	Other associated market revenue and costs including Electricity Authority levies and ancillary generation revenue (such as frequency keeping)	**-4**	-4
Total New Zealand energy margin		**540**	**598**

New Zealand energy margin was $540 million in 1H FY2021, $58 million (10%) lower than the same period last year. Meridian saw increases in customer numbers and sales volumes in all segments, with an 11% increase in mass market sales volumes and a 14% increase in corporate and industrial sales volumes.

The overall mass market sales price increased by 4% and the average corporate and industrial sales price increased by 6%.

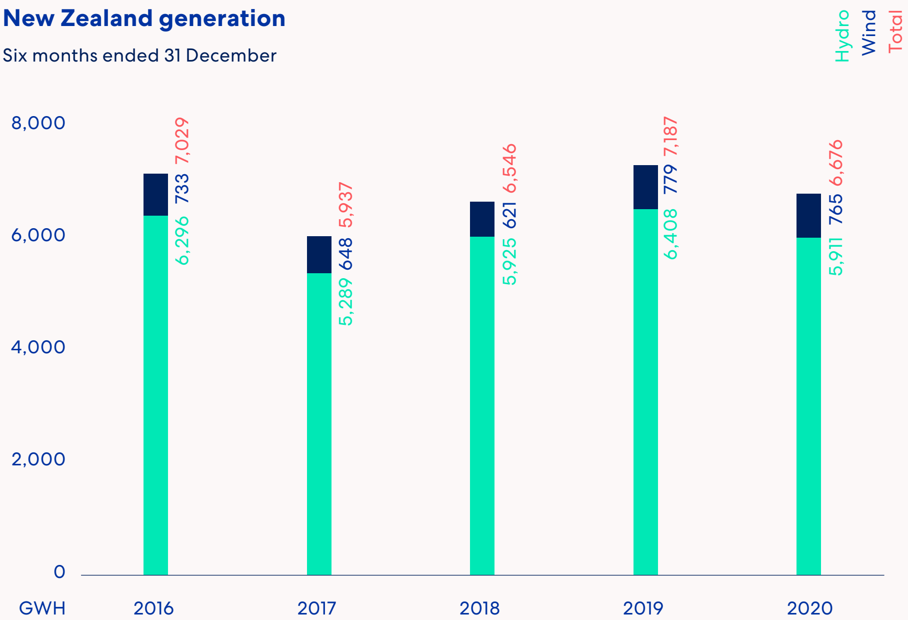
Wholesale contracted sales revenue was $10 million (4%) higher in 1H FY2021 than in the same period last year. Wholesale derivative sales volumes were 11% higher at higher average prices than the same period last year. Sales volumes to the Tīwai Point aluminium smelter were lower, largely reflecting the suspension of the smelter's fourth potline in April 2020.

The costs to supply customers increased by $154 million (19%) in 1H FY2021, with higher customer sales volumes in 1H FY2021 and the average price Meridian paid to supply customers increasing by 14%.

The net cost of hedging was $8 million lower in 1H FY2021 from a lower average net price and higher acquired generation volumes (93%) compared to the same period last year.

New Zealand generation

Six months ended 31 December



While inflows were above average across 1H FY2021, lower-than-average spring and early summer inflows resulted in generation volumes 7% lower than the same period last year. Average generation prices were 12% higher than the same period last year, resulting in generation revenue in 1H FY2021 being 4% higher than last year.

Australian energy margin

Australian energy margin was $59 million in 1H FY2021, $6 million (9%) lower than the same period last year. Powershop Australia's retail electricity sales volumes increased by 23% supported by strong customer gains; however, lower average prices and lower financial contract sales reduced retail contracted sales by 5%. Electricity customer numbers have increased by 4% and gas customers 8% since June 2020.

Lower wholesale prices drove a 39% decrease in generation spot revenue and a 32% decrease in the cost to supply customers.

Transmission and operating costs

Transmission costs were $44 million in 1H FY2021, $24 million (35%) lower than the same period last year, a result of lower HVDC charges from the Grid Owner.

Employee and other operating costs were $126 million in 1H FY2021, consistent with the same period last year.

Net profit after tax

NPAT was $227 million in 1H FY2021, $36 million (19%) higher than the same period last year. 1H FY2021 saw lower depreciation and amortisation ($4 million lower), with positive movements in the fair value of electricity hedges and treasury instruments.

These fair value movements relate to non-cash changes in the carrying value of derivative instruments and are influenced by changes in forward prices and rates on these derivative instruments.

Fair value movements in electricity hedges increased net profit before tax by $63 million in 1H FY2021, compared to a $6 million decrease in the same period last year, reflecting changes in forward electricity prices and the termination of a significant electricity contract.

Fair value movements in treasury instruments increased net profit before tax by $25 million in 1H FY2020, compared to a $6 million increase in the same period last year. Net financing costs fell slightly compared to the same period last year. Meridian has maintained its BBB+ (stable outlook) credit rating from Standard & Poor's.

Income tax expense was $88 million in 1H FY2021, $14 million (19%) higher than the same period last year, reflecting higher NPAT.

After removing the impact of fair value movements and other one-off or infrequently occurring events, Meridian's underlying NPAT (reconciliation on page 7) was $156 million in 1H FY2021. This was $28 million (15%) lower than the same period last year, largely as a result of lower EBITDAF.

Income statement

Six months ended 31 December

$M	2020	2019
New Zealand energy margin	**540**	598
Australia energy margin	**59**	65
Other revenue	**12**	13
Energy transmission expense	**(44)**	(68)
Energy metering expenses	**(19)**	(17)
Employee and other operating expenses	**(126)**	(126)
EBITDAF	**422**	**465**
Depreciation and amortisation	**(153)**	(157)
Impairment of assets	**–**	–
Gain/(loss) on sale of assets	**–**	–
Net change in fair value of electricity and other hedges	**63**	(6)
Net finance costs	**(42)**	(43)
Net change in fair value of treasury instruments	**25**	6
Net profit before tax	**315**	**265**
Income tax expense	**(88)**	(74)
Net profit after tax	**227**	**191**

Underlying NPAT

Six months ended 31 December

$M	2020	2019
Net profit after tax	**227**	191
Underlying adjustments	**–**	–
Hedging instruments		
Net change in fair value of electricity and other hedges	**(63)**	6
Net change in fair value of treasury instruments	**(25)**	(6)
Premiums paid on electricity options net of interest	**(10)**	(10)
Assets		
(Gain)/loss on sale of assets	**–**	–
Impairment of assets	**–**	–
Total adjustments before tax	**(98)**	(10)
Taxation		
Tax effect of above adjustments	**27**	3
Underlying net profit after tax	**156**	**184**

Meridian.

Results announcement

Results for announcement to the market		
Name of issuer	Meridian Energy Limited	
Reporting Period	6 months to 31 December 2020	
Previous Reporting Period	6 months to 31 December 2019	
Currency	NZD	
	Amount (NZ$m)	**Percentage change**
Revenue from continuing operations	$1,869	5%
Total Revenue	$1,869	5%
Net profit/(loss) from continuing operations	$227	19%
Total net profit/(loss)	$227	19%
Interim/Final Dividend		
Amount per Quoted Equity Security	NZ $0.05700000 Interim Ordinary Dividend	
Imputed amount per Quoted Equity Security	NZ $0.01906333	
Record Date	31/03/2021	
Dividend Payment Date	16/04/2021	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$1.87	$1.97
A brief explanation of any of the figures above necessary to enable the figures to be understood	For commentary on the operational results please refer to the media announcement and final results presentation. This announcement should be read in conjunction with the attached Condensed Interim Financial Statements for the six months ended 31 December 2020.	
Authority for this announcement		
Name of person authorised to make this announcement	Jason Woolley	
Contact person for this announcement	Jason Woolley	
Contact phone number	+64 4 381 1206	
Contact email address	Jason.Woolley@meridianenergy.co.nz	
Date of release through MAP	24/02/2021	

Audited financial statements accompany this announcement.

Meridian.

Distribution Notice

Section 1: Issuer information				
Name of issuer	Meridian Energy Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	MEL			
ISIN (If unknown, check on NZX website)	NZMELE0002S7			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	Close of trading on 31/3/2021			
Ex-Date (one business day before the Record Date)	30/03/2021			
Payment date (and allotment date for DRP)	16/4/2021			
Total monies associated with the distribution[1]	$146,091,000			
Source of distribution (for example, retained earnings)	Retained Earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.07606333			
Gross taxable amount [3]	$0.07606333			
Total cash distribution[4]	$0.05700000			
Excluded amount (applicable to listed PIEs)	$0.00000000			
Supplementary distribution amount	$0.00865059			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	Partial imputation			
If fully or partially imputed, please state imputation rate as % applied[6]	86%			
Imputation tax credits per financial product	$0.01906333			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

[3] "Gross taxable amount" is the gross distribution minus any excluded income.

[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Resident Withholding Tax per financial product	$0.00603757	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)		
Start date and end date for determining market price for DRP		
Date strike price to be announced (if not available at this time)		
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)		
DRP strike price per financial product		
Last date to submit a participation notice for this distribution in accordance with DRP participation terms		
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Jason Woolley	
Contact person for this announcement	Jason Woolley	
Contact phone number	+64 4 381 1206	
Contact email address	jason.woolley@meridianenergy.co.nz	
Date of release through MAP	24/02/2021	