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Stock Exchange Listings NZX (MEL) ASX (MEZ)

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## Meridian Energy Limited 2021 Annual Shareholder Meeting

6 October 2021

Please find attached the following announcements that will be delivered at Meridian Energy Limited's Annual Shareholder Meeting today at 10.00am which will be held as a virtual meeting:

- a) Chair's address
- b) Chief Executive's review
- c) Presentation to shareholders.

The meeting can be accessed through Computershare's Meeting Platform [meetnow.global/nz](https://meetnow.global/nz).

To access the meeting:

- Click 'Go' under the Meridian Energy Limited meeting;
- Click 'JOIN MEETING NOW'

Shareholders will require their CSN/Securityholder Numbers which can be found in their email broadcasts and on their proxy forms for verification purposes.

ENDS

Jason Woolley  
Company Secretary  
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 Communications Specialist  
021 174 1715

## **MERIDIAN ENERGY ANNUAL SHAREHOLDER MEETING – 6 OCTOBER 2021**

### CHAIR ADDRESS

#### **SLIDE 3**

I will now move to my Chair's address and I will begin by introducing the Meridian Board and some of the Management Team.

#### **SLIDE 4**

- Meridian Board Members online today are: Nagaja Sanatkumar, Anake Goodall, Julia Hoare, Deputy Chairman Peter Wilson, Mark Cairns, Jan Dawson and Michelle Henderson.
- Our new independent director Tania Simpson is also online today.
- And with me today is Chief Executive Neal Barclay.

#### **SLIDE 5**

Meridian's purpose of clean energy for a fairer and healthier world drives all of our business decisions. We're proud to be Aotearoa's largest 100% renewable energy generator, and our commitment to sustainability ensures that we focus our efforts in areas where we believe we can make a meaningful difference. Over the last 12 months we've put even more focus into accelerating the work we are doing to help combat climate change – and we will cover some of those actions during this meeting. Given our scale and size we know we can, and we must, play a material role in supporting Aotearoa to transition and to thrive in a net zero emissions future.

We're proud to continue to hold our position as one of the top 5 leaders in sustainability, recognised through the Colmar Brunton Better Futures Report. But there remains a lot to do.

The COVID-19 pandemic continues to have a large impact on our day to day lives. Meridian is fortunate that as an essential service we're able to continue to operate relatively normally, which has allowed us to continue to deliver for New Zealanders and for you our shareholders.

Meridian has been and will remain focused on working with our customers who have been and continue to be impacted by COVID-19. We've supported customers with tailored payment solutions, while making sure that no one had their power disconnected due to COVID-19. In our efforts to

lessen the impact we haven't charged late payment fees or credit reminder fees to customers across our brands in both New Zealand and Australia. And we've supported our suppliers with quicker payment terms.

## **SLIDE 6**

Meridian was supportive of the Climate Change Commission's final advice to the Government and our Government's willingness to adopt it. We must remain alert to the very small window we have to make progress, which we must make - the urgency of the challenge was revealed in the recent UN Climate Change report that draws on the most up to date physical science. It is a sobering read. At the same time Government is working through RMA reforms. There appears to be a potential conflict between the principle of protecting New Zealand's physical environment and New Zealand's decarbonisation goals. We think that there needs to be serious consideration to ensure that decarbonisation is prioritised so that we don't end up with an unworkable policy platform that creates a barrier to building at pace the renewable generation that is needed.

## **SLIDE 7**

Alongside climate change policy, there's also been plenty going on in the regulatory space for the electricity sector. There are a number of reviews underway into what is now being called 'Black Monday' when, unfortunately, the sector failed consumers and the lights went out for some households on one of the coldest nights of the year. The Electricity Authority released its preliminary findings on this event last month, which determined that there were shortcomings from system operator Transpower and other areas for improvement.

These events created a very poor outcome for affected customers, and the industry as a whole is acutely aware of our collective failure to provide a basic need during the relevant time.

Alongside the Electricity Authority's review, the Minister for Energy and Resources has also asked MBIE to conduct a wide-ranging review that relates to the August outage – the outcomes of this are due before the end of this year.

The Electricity Authority is also undertaking a review, specifically of wholesale market competition for the period 2018 to early 2021. And while we believe there are some adjustments that can be made to the market, we also know that New Zealand's electricity market is one of the best performing markets in the world. We are consistently ranked in the top 10 by the World Energy

Council for security, sustainability and affordability, all while delivering for customers. We believe that the electricity market will evolve, as it has done for the last 20 or so years, to meet the challenges that it faces today. And Meridian is committed to engaging in discussions and ensuring that as a sector we're able to deliver the best possible market outcomes for consumers and invest in the renewable generation that is needed to help Aotearoa achieve its climate change goals.

### **SLIDE 8**

We all know, the electricity sector is leading some key areas of change and will start to look quite different in years to come. One of the changes that will see the sector evolve is the exit of New Zealand Aluminium Smelters at Tiwai Point. The smelter owners and Meridian agreed a contract extension which will see the smelter exit New Zealand at the end of 2024. Given that NZAS currently consumes a third of all energy that Meridian produces, we're focused on ensuring that when they do exit, Meridian is able to create new opportunities that grow value for our shareholders and New Zealand.

We have a solid strategy in place and a big part of that strategy is building clean energy systems that help New Zealand decarbonise and achieve its climate goals. We know that converting to electricity is one of the most significant ways that we can help combat climate change given Aotearoa's unique abundance of renewable energy and we're working with a range of companies and partners on projects that will see us accelerate this transition. I will leave our Chief Executive Neal Barclay to update you on those actions.

This year we've continued to focus on reducing our own emissions and as we seek to increase transparency we look forward to sharing our plan to halve our operational emissions by 2030. Our Forever Forests programme continued this year, which has seen us plant more than 60,000 stems to offset the remainder of our scope three emissions - that's the emissions we account for in our supply chain - that we cannot remove ourselves. Our goal is to plant 1.5 million trees within the next few years.

The most material impact we can make is in working to increase the country's renewable energy. We estimate at least \$7 billion of new renewable generation must be built in the next 10 years for our industry to ensure New Zealand achieves its climate goals and Meridian is committed to delivering a significant share of that build programme. Work began on our \$395 million Harapaki wind farm in the Hawke's Bay this year, which is a tangible step on this path, with more to come.

This year we issued our first Modern Slavery Statement and released our third TCFD (Taskforce on Climate-related Financial Disclosure) report. The first of these reports provides all our stakeholders more insight into the steps we're taking to ensure ethical business practice is encouraged and observed not only in our business, but through our entire supply chain. The TCFD report shares further information on how we think about the risks and opportunities relating to climate impacts on our business. Expectations of the entire business community are growing in relation to best-in-class reporting and transparency, and you'll continue to see us challenge ourselves to lead and improve our performance in this space.

We continue to work closely with the communities in which we operate. Our community fund Power Up has been running for more than 14 years now and in that time has invested more than \$8.5 million into local communities through over 1,100 projects.

Recently we announced that Meridian has extended its partnership with KidsCan, committing to being the charity's Principal Partner for another three years. Meridian has supported KidsCan since 2013 and it is a privilege to work with Julie Chapman and her team. I know I speak for every member of this company in recognising the important role KidsCan plays giving children access to the basics they need so they can succeed in learning at school.

## **SLIDE 9**

The Board and the Executive are proud to have achieved a sound result this year, despite a challenging hydrological period, ie, a dry spell for a number of months. Whilst group EBITDAF (a measure of our underlying operating performance) was down 15% to \$729 million it was still a sound result. And while you might have noticed that Net Profit After Tax lifted on last year, this was primarily due to non-cash movements in the value of derivative instruments and any cash benefit from these will play out in future years. So EBITDAF provides a better measure of performance across the year in our view.

The Board has declared a final ordinary dividend of 11.20 cents per share, unchanged from the previous year. This brings the total ordinary dividends declared in FY21 to 16.90 cents per share, also unchanged from last financial year. This year, Meridian announced the introduction of a Dividend Reinvestment Plan, that will apply from this year's final ordinary dividend. The Board has resolved to apply a 2.0% discount to this dividend under the DRP.

Meridian continues to deliver strong returns for shareholders. In the 2021 financial year, Meridian's 11% total shareholder return was again stronger than the benchmark NZX50 index.

There's never been a more exciting time to be a part of the electricity sector. The role Meridian will play in transitioning our country to a low carbon economy presents many opportunities to get meaningfully close to our company purpose – clean energy for a fairer and healthier world. As a purpose-led company we know our actions can grow value and impact for those we serve - our customers, communities, and our shareholders. And in doing this work we will not lose sight of the responsibility we have to transition the energy sector to a zero-carbon future that is good for everyone.

Finally, I would like to take a moment to acknowledge and thank Board members Peter Wilson, deputy chair and Anake Goodall who are retiring at this meeting. Both Peter and Anake have served on the Board since 2011 and both have steered Meridian through its listing on the NZX, several wind farm developments and significant customer growth. Above all Peter and Anake have been strong supporters of our aims to lead in the sustainability space. We thank them for their significant contributions, leadership and guidance and indeed for their friendship over the past decade.

Before we move on, I would like to take this opportunity to thank you, our shareholders, your Board appreciates your continued support for and investment in clean energy for a fairer and healthier world.

I will now ask our Chief Executive, Neal Barclay to address the meeting.

## CHIEF EXECUTIVE'S REVIEW

### **SLIDE 10**

Kia ora Mark and Tena Koutou Katoa.

I'd like to start by quickly introducing you to Meridian's Executive team, who are online with us today.

They are:

### **SLIDE 11**

**Tania Palmer**, Chief People Officer

**Mike Roan**, Chief Financial Officer

**Lisa Hannifin**, Chief Customer Officer

**Guy Waipara**, General Manager of Development

**Jason Woolley**, General Counsel and Company Secretary.

**Claire Shaw**, GM of Corporate Affairs and Sustainability

**Jason Stein**, Chief Executive of Meridian Energy Australia and Powershop Australia

**Nic Kennedy**, Chief Executive of Flux Federation

**Chris Ewers**, GM of Wholesale

And also present is **Richard Griffiths**, Acting GM of Generation.

During the year we announced that Jason Stein would be stepping away from the role of Chief Executive of Meridian Energy Australia and Powershop Australia in December 2021. Jason has recently agreed to stay on as Chief Executive until March 2022, or until the ownership review of Meridian Energy Australia is completed. Jason has done an exceptional job of steering our Melbourne-based team through a prolonged lockdown and difficult trading conditions. I thank Jason for his hard work and look forward to working with him through to the end of his time with us.

## **SLIDE 12**

At Meridian we pride ourselves on our employee engagement and our health and safety culture. This year, our team's overall engagement scores have remained high, and we know we have a committed, resilient team who are up for seizing opportunities, looking after our customers and doing right by each other.

This year we also appointed a Future of Work lead to help us develop strategies that will continue to support our people to learn, grow and adapt to new technology and ever more agile ways of working.

However, disappointingly, our health and safety statistics slipped, with an increase in our reportable injuries, more injuries overall and more time off work due to injuries. While none of the injuries suffered by our people were serious or long lasting in nature, the Board and Management are not accepting our level of performance and we continue to have an absolute focus on keeping our people safe from harm.

## **SLIDE 13**

FY19 and FY20 saw successive record results powered by strong generation and growth in retail sales. This year, we maintained our customer growth momentum. However, we ran into tough drought conditions that reduced our generation levels and increased our financial hedge costs. That's just the nature of our business as we are very dependent on the variable New Zealand weather for our generation fuel.

Also, in January we completed negotiations with the owners of the Tiwai Point Aluminium Smelter to extend our electricity supply contract until the end of 2024. And that extension was done at a significant discount to the existing contract.

Both of these events impacted financial performance with EBITDAF and Underlying NPAT down on prior year by 15% and 27% respectively. But we do believe the underlying drivers of future business value are strong.

It's worth noting that since 2018, Meridian has grown the size of the combined New Zealand Meridian and Powershop brands by 40%, and our sales momentum has not wavered this year. We believe there is still plenty of scope for further growth and enough liquidity in hedge markets to allow us to manage the wholesale price risk associated with that growth.



## **SLIDE 14**

Our focus on delivering great value for our customers continued to pay off in FY21, and we saw strong growth in our customer numbers on both sides of the Tasman.

In New Zealand, Powershop led the industry in engaging with customers, as was evidenced in its winning the Canstar and Consumer New Zealand awards for customer satisfaction and trust.

In Australia we continued to set the benchmark for a great customer proposition. Powershop Australia was once again recognised by Canstar Blue, Finder and Roy Morgan for customer satisfaction and market leading products and services.

We made very good progress on our digitisation journey with around 95% of customers' accounts successfully migrated to our Flux customer care and billing platform. We believe Flux provides a world-class, integrated platform that will enhance our ability to delight our customers with best in-class products and services.

And we remain committed and focused on helping our customers decarbonise and reduce their emissions.

Earlier this year, we kicked off our Process Heat Electrification Programme and it has received a great response from companies wanting to decarbonise their industrial processes. We already have 292GWh of new annual electricity consumption under MoU. These projects will start to take shape over the next 12 to 24 months and when commissioned they will remove around 106,000 tonnes of Co2 from the environment each year. That's equivalent to the annual emissions from 40,000 cars.

Meridian can bring to the table sharp long-term pricing, but an emerging barrier to getting more of these projects up, particularly as it relates to the financials, is the cost of transmission and distribution upgrades. Businesses are clearly trying hard to decarbonise and this transmission infrastructure is critical to support a timely transition to cleaner process heat for New Zealand.

Our contract with our largest customer, the aluminium smelter, will end in December 2024. As a business, we have always planned for a smelter closure and we are making the most of the time we have to mitigate the impact of that closure.

The most important parts of the mitigation plan concern the improvement of transmission capability so that, when the smelter closes, all the energy produced by the Manapouri and Clutha hydro schemes can be transmitted North and not just spilled down the rivers. To that end the Clutha to Upper Waitaki Lines Project continues to track well and Transpower will deliver that upgrade a couple of years before the smelter closes. We've now also secured a North Island site for a grid scale

battery that can provide north Island reserve and greater effective capacity on the HVDC link between the South and North Island. An asset like this would have also made a big difference during an event like 9th August. So, we've upped the priority on this project and are looking at ways to bring forward deployment to early 2023.

We are also working with many potential new and existing customers to grow the demand for electricity in the South Island which will more efficiently utilise the hydro generation made available when the smelter closes. These opportunities include the electrification of process heat used in existing manufacturing as I mentioned earlier, a large scale green mega datacentre and the potential to create the world's first large scale green hydrogen manufacturing facility.

New Zealand has something the world wants, renewable energy, and the opportunities to grow the New Zealand economy through new green industries for both export and domestic use are truly exciting.

#### **SLIDE 15**

This year we experienced the third worst drought that we have seen in the Waitaki catchment. The amount of water that didn't turn up in FY21 compared to FY20 was the equivalent of the entire Lake Pukaki operating range. Twice over.

Our catchments are generally fed by a small number of significant rainfall events each year and there was clearly a lack of those between November and June. As a result, generation in FY21 was 11% lower than the year before.

The good news is we have seen record inflows over winter which have now alleviated our fuel squeeze and we've started the new financial year in good shape.

The low inflows earlier this year, combined with some, yet to be resolved, supply constraints in the gas market that first emerged during 2018, resulted in a period of very high wholesale prices. I believe our Wholesale Team managed our hydro storage exceptionally well during the period of drought and ensured we were able to conserve water while still meeting customer needs.

We are expecting the gas deliverability issues to take another year or two to resolve, so relatively high wholesale prices could be a feature of the market for some time to come. Fortunately, the vertically integrated business model Meridian has adopted means we have been able to shield most of our retail customers, from those high wholesale prices. But we do acknowledge that some of our

commercial customers have been doing it tough. We have been working with these customers to assist with extended contract solutions that help to smooth their costs over time.

#### **SLIDE 16**

Over the ditch, while our Australian retail sales volume increased, wholesale prices fell to unsustainably low levels and this impacted the performance of our generation assets. Overall, the Meridian Energy Australia result was down on the prior year even though we had more hydro generation available as the drought conditions, that had been a feature of the last few years, began to ease.

Recently, Australian wholesale prices have lifted from the low levels during the 2021 financial year. Also the strategic rationale for investing in renewable energy in Australia is still sound, given that only around 30% of Australia's electricity is generated from renewable sources and the potential for growth in renewables is large as Australia looks to decarbonise its economy. But the energy market in Australia is highly politicised, and government and regulatory interventions at both State and Federal levels are creating significant uncertainty for our business.

So just before the end of the financial year, Meridian announced a strategic review of the ownership of our Australian business. This review is still ongoing and is considering all options including partial or full divestment of the business or continued ownership.

We have engaged advisory firm Lazard to manage this review process and we expect to be able to make a decision about the future of Meridian Energy Australia before the end of the calendar year.

#### **SLIDE 17**

Ultimately the outlook for growth in the electricity sector is huge as Aotearoa embarks on a path to Net Zero emissions by 2050. Our country's electricity industry, whilst not perfect, does deliver world leading outcomes for New Zealanders across the trilemma of reliability, sustainability, and cost.

In real terms the cost of electricity has not increased in New Zealand for residential customers for more than a decade and the long-term trend is for the cost to consumers to reduce further. I know that may not seem obvious, when we look at recent high wholesale prices, but it is hard to argue against given the forecast future costs of both wind and solar which will continue to plummet. Most importantly the market is delivering clear investment signals and the industry is responding with a strong new renewable build programme.

I don't think anyone doubts the importance of achieving a zero emissions economy, and the science is telling us we must do it much sooner than 2050. Rapid growth in renewable energy is inevitable as costs fall and I believe a 100% renewable electricity grid by 2030 is on the cards. But the opportunity for electricity is far greater than a renewable electricity grid and we need to support the electrification of much of the rest of the energy sector in New Zealand.

There will undoubtedly be challenges, particularly the need to manage dry years where the lakes run low and hydro generation is reduced. I think we are likely to need a small amount of reserve gas generation for particularly dry years, but other innovative hydro firming solutions are emerging. Most importantly, the electricity market does deliver clear incentives to participants to manage security of supply and to do that efficiently.

We believe by staying true to our sustainability values and company purpose, and by continuing to strengthen our brands, our people and our renewable asset base, Meridian can deliver on our customer and renewables generation growth strategies and continue to provide value for all our stakeholders.

We will now play a short clip of some of the highlights from the last financial year.



Meridian.

# 2021 Annual Shareholder Meeting

6 OCTOBER 2021

# Today's business

Chair's address

Chief Executive's review

Shareholder questions

Resolutions and voting



# Chair's address



# Our Board



Tania Simpson



Nagaja Sanatkumar

Anake Goodall

Julia Hoare

Peter Wilson

Mark Cairns

Jan Dawson

Michelle Henderson

Mark Verbiest



# Sustainability

- Meridian's purpose: clean energy for a fairer and healthier world
- Meridian is New Zealand's largest 100% renewable generator
- A material role supporting Aotearoa's transition to a net zero emissions future
- COVID-19 support for our customers, suppliers and employees



# Climate change

- Meridian supports the Climate Change Commission's final advice
- The climate challenge is urgent
- Potential conflict between Resource Management Act reforms and decarbonisation goals



# The electricity market

- Reviews into 9 August 2021 power outages
- Electricity Authority review of wholesale market competition
- Ranked in the top 10 by the World Energy Council for security, sustainability and affordability
- 2024 exit by the Tiwai Point smelter



# Meridian's focus

- Building clean energy systems that help New Zealand decarbonise and achieve its climate goals
- Reducing our own emissions
- New renewable generation
- Customer and community focus



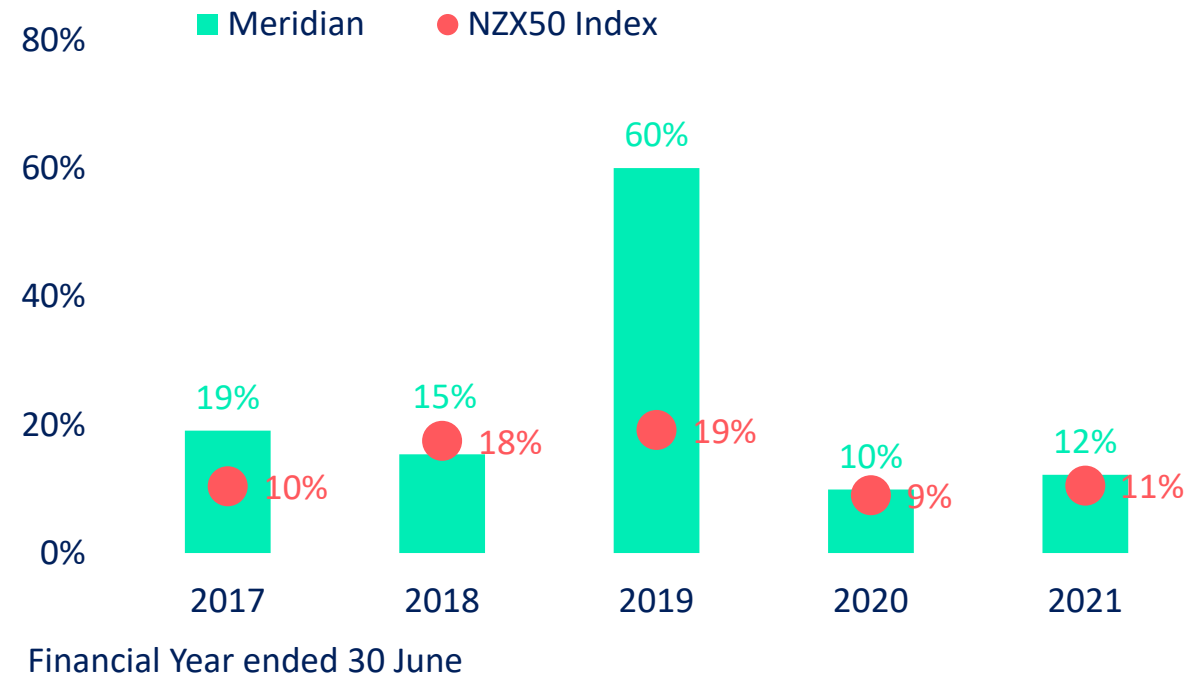
# 2021 financial results

## Dividends declared



Source: Meridian

## Total shareholder return



Source: Meridian

# Chief Executive's review



# Executive team



Neal Barclay

Tania Palmer

Mike Roan

Lisa Hannifin

Guy Waipara

Jason Woolley

Claire Shaw

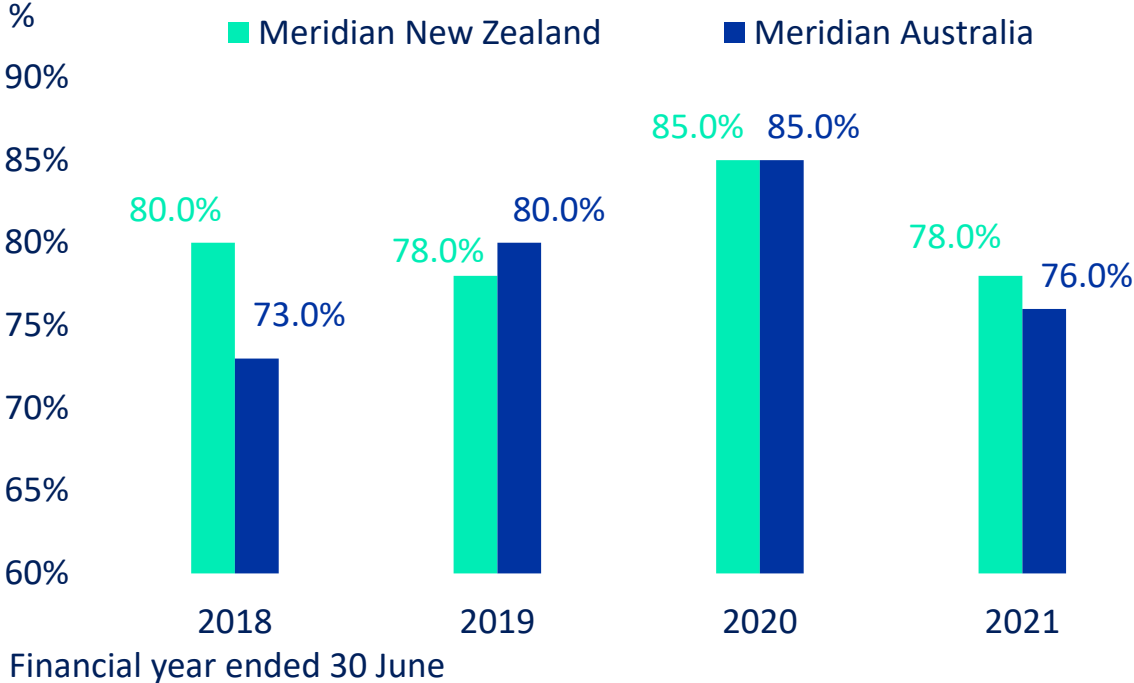
Jason Stein

Nic Kennedy

Chris Ewers

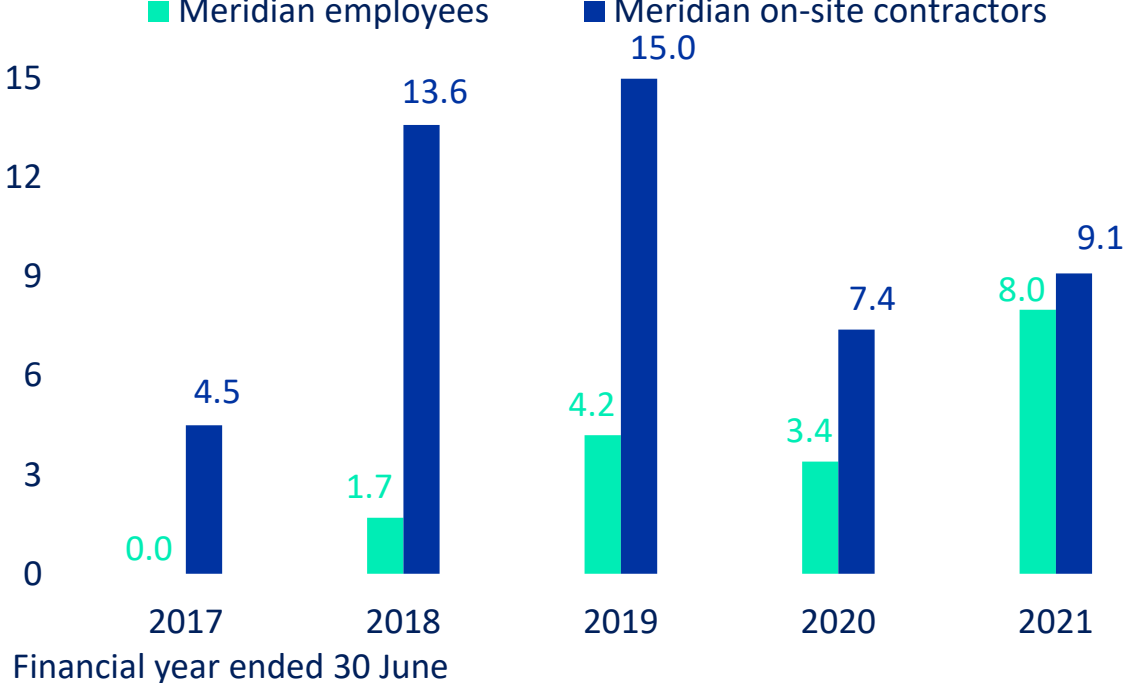
# Employee engagement and injury rates

## Employee engagement



Source: Meridian

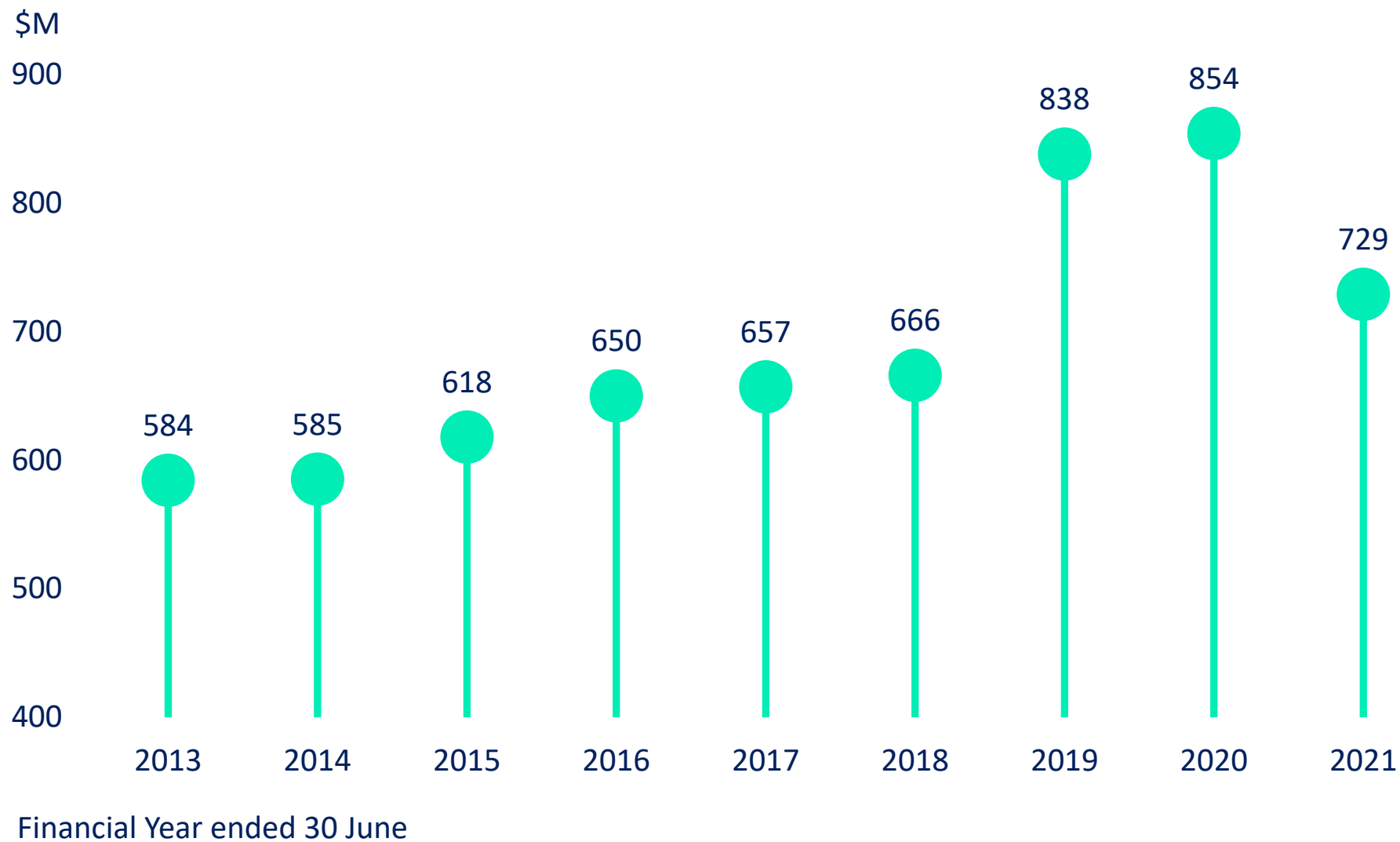
## Lost time injury frequency rate



Source: Meridian



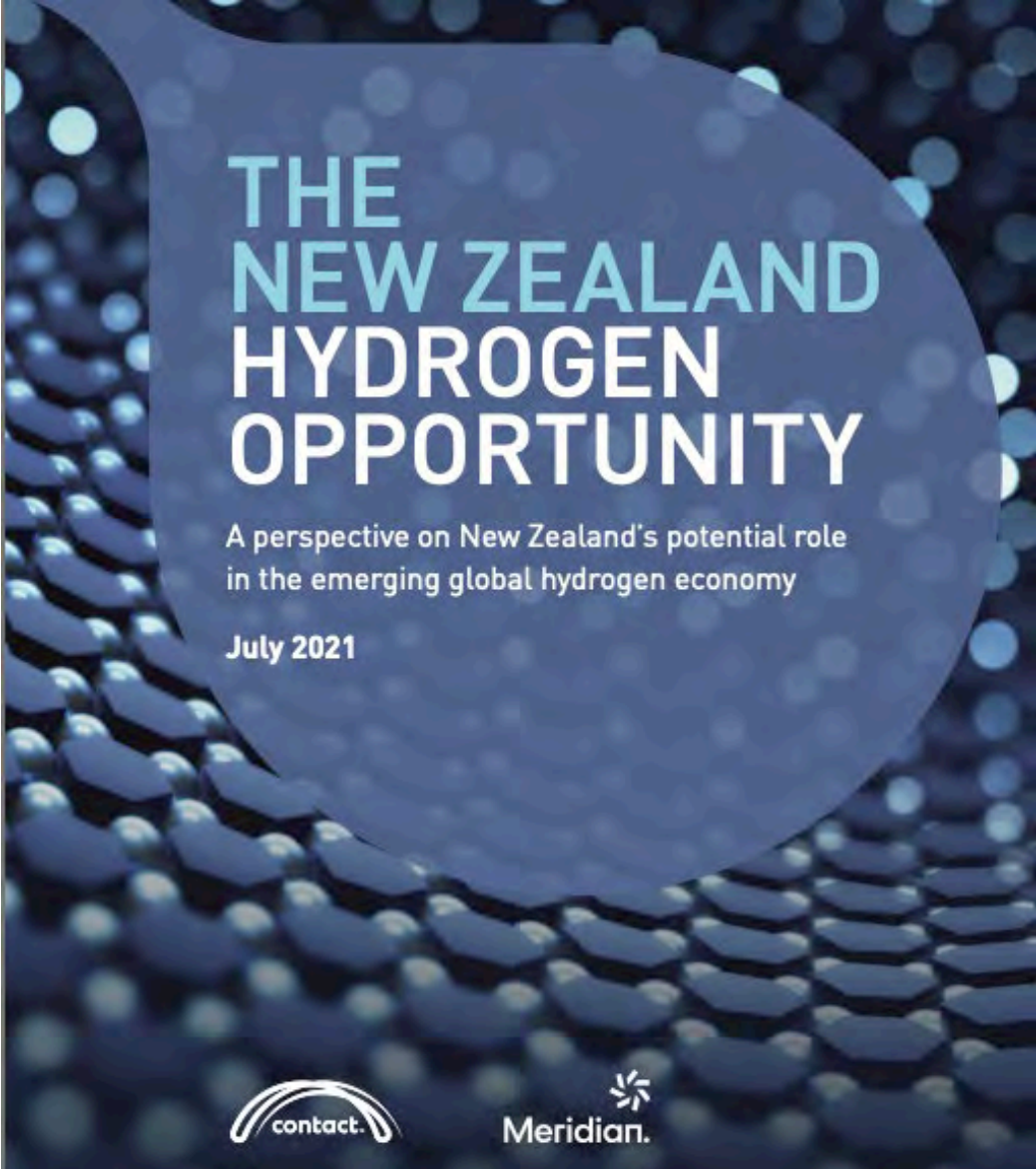
# Group EBITDA<sup>1</sup>



Source: Meridian

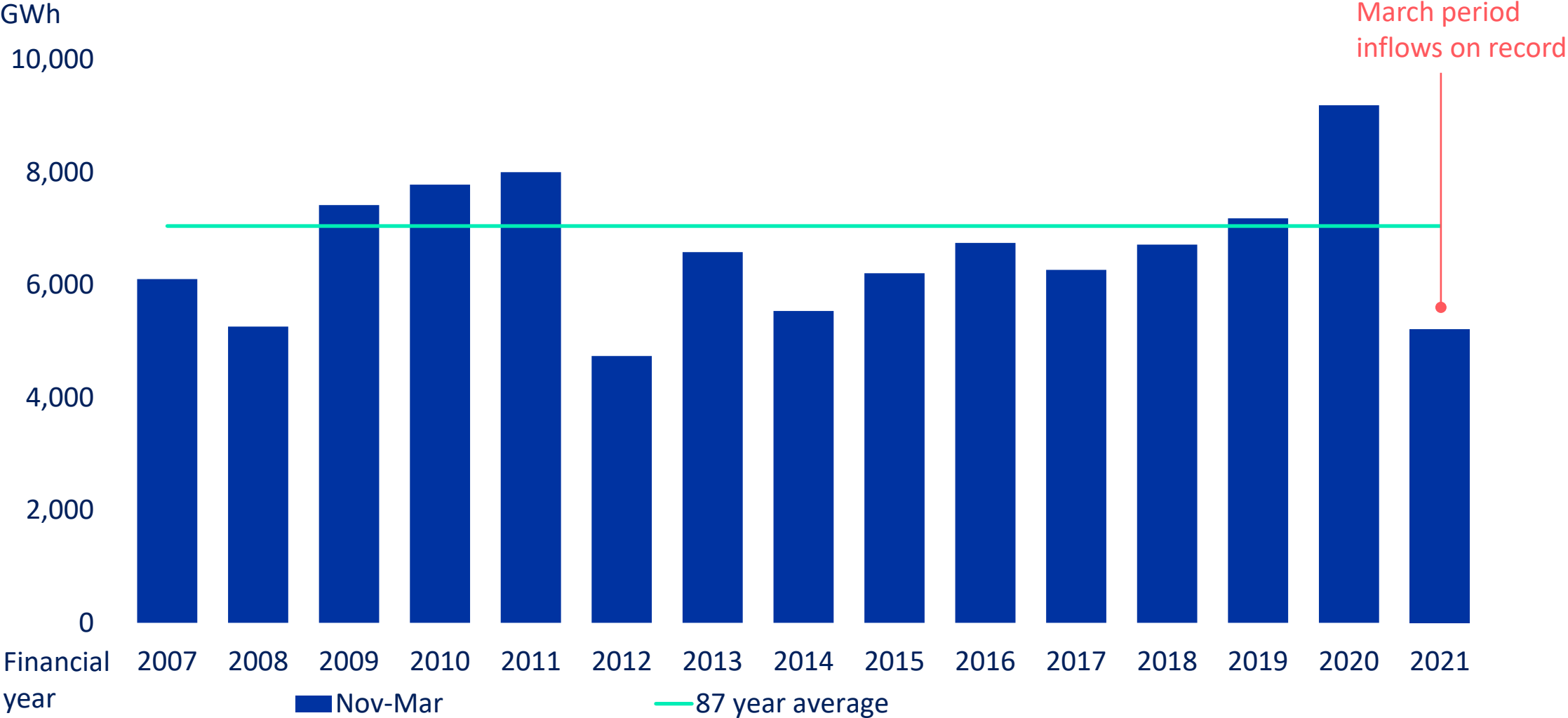
<sup>1</sup>Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges, impairments and gains or losses on sale of assets

# Customers



# Generation

## Meridian's combined catchment inflows (November – March)

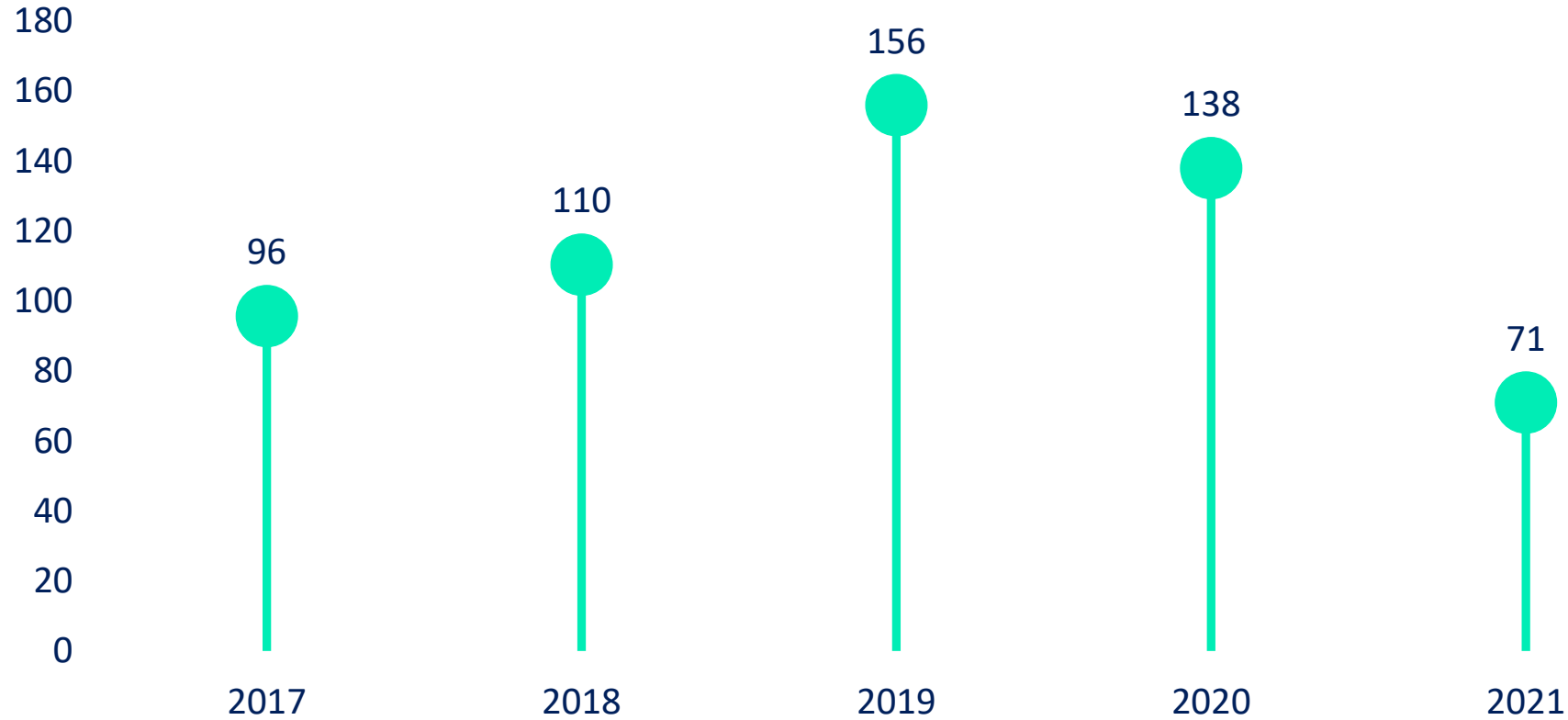


Source: Meridian

# Australia

## Australian average wind generation price

\$NZ/MWh



Financial Year ended 30 June

Note: average Australian wind generation prices include prices for large-scale generation certificates

Source: Meridian

# Outlook



# Shareholder questions



# Resolutions and voting



# Resolution 1

## Re-election of Mark Cairns

That Mark Cairns, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company





# Resolution 2

## Election of Tania Simpson

That Tania Simpson (appointed as a Director of the Company by the Board with effect from 24 August 2021), who retires and is eligible for election, be elected as a Director of the Company



# Resolution 3

## Directors' fees

That the total annual director fee pool be increased by \$99,000 (9%) from \$1,100,000 to \$1,199,000, with the first annual increase to be backdated to take effect from 1 July 2021



# Vote totals

	<b>Resolution 1: Re-election of Mark Cairns</b>	<b>Resolution 2: Election of Tania Simpson</b>	<b>Resolution 3: Director fee pool increase</b>
<b>Postal and online votes already cast</b>			
For	1,940,803,509	1,944,208,325	1,941,594,190
Against	4,187,076	765,980	3,345,128
Abstain	247,970	254,750	461,746
Votes appointed to proxies not yet cast <sup>1</sup>	8,205,587	8,215,087	8,043,078
<b>Total</b>	<b>1,953,444,142</b>	<b>1,953,444,142</b>	<b>1,953,444,142</b>

<sup>1</sup> Votes held by the Chair, Directors and other proxies

Closing



# 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.

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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 financial statements, which are included in Meridian's integrated report for the year ended 30 June 2021 and is available at:

[www.meridianenergy.co.nz/investors](http://www.meridianenergy.co.nz/investors)

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