

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian agrees terms with Shell and Infrastructure Capital Group for the sale of its Meridian Energy Australia business

22 November 2021

Meridian's Board has agreed the sale of Meridian's Australian business to a consortium of Shell Energy Operations Pty Ltd, a wholly owned subsidiary of Shell ("Shell") and Infrastructure Capital Group ("ICG") (together, "the Consortium") for A\$729 million, subject to possible adjustment depending on the timing of completion.

On completion, Shell will become the owner of the retail business, Powershop Australia, while ICG will become the owner of the infrastructure assets (Mt Mercer and Mt Millar wind farms, Hume, Burrinjuck and Keepit hydro power stations and development assets).

The sale is subject to limited conditions precedent including Shell receiving foreign investment approval from the Australian Government. Completion is expected to occur in the first quarter of 2022.

Meridian Chief Executive Neal Barclay said that the transaction is an outstanding result for Meridian's shareholders and a testament to the quality of the Meridian Energy Australia business and the employees who have been dedicated to its success. The transaction represents an exciting opportunity for the future of the Meridian Energy Australia business, given Shell's and ICG's intentions to grow their respective renewable energy and retail presences in Australia.

"With emissions the problem, and renewable energy the solution, the buyers are readying to invest heavily in a cleaner future. The Meridian Australia team will be at the heart of a transformation that is not only good for Australia, but also the planet," says Barclay.

Agreements have been put in place with Flux Federation, a Meridian subsidiary, for Powershop Australia's retail software services and Meridian Energy Australia's call centre based in Masterton. These agreements will be in place for minimum of three years. Flux is excited at the prospect of partnering with the new owner of Powershop's business in Australia, Shell, and the opportunities that may be pursued together in the future.

In addition, a transitional services arrangement has been agreed, which will allow for a transition of services currently provided by Meridian Energy Limited to Meridian Energy Australia for a period of up to 12 months.

As previously announced by Meridian, Jason Stein, CEO of Meridian Energy Australia and Powershop Australia, will continue in his role until 31 March 2022 or the completion of the sale.

Meridian will continue to consider capital structure, dividend policy and future opportunities for re-investment of the proceeds as settlement of the transaction approaches. A further update will be provided at the company's interim results presentation on 23 February 2022.

Lazard Australia acted as Meridian's Financial Advisor in respect of this transaction.

Shell Energy delivers business energy solutions across gas, electricity, environmental products, and energy productivity for commercial and industrial customers. Shell Energy is the second largest electricity provider to commercial and industrial businesses in Australia, with market-leading customer satisfaction built on industry leading digital platforms, industry expertise and personalised relationships. It also operates 662 megawatts of gas-fired peaking capacity with power stations in Western Australia and Queensland and is currently developing the 120-megawatt Gangarri solar energy development in Queensland. Shell Energy Australia Pty Ltd and its subsidiaries, including Shell Energy Operations Pty Ltd, trade as Shell Energy.

Infrastructure Capital Group is a leading Australian infrastructure investor with a 20-year investment track record and approximately \$3.0 billion of equity under management across a wide range of infrastructure sub sectors, including energy, utilities, transport, and renewables. ICG is the investment manager of three infrastructure equity funds: Diversified Infrastructure Trust, Energy Infrastructure Trust, and the Australian Renewables Income Fund ("ARIF"), an unlisted unit trust that acquires and develops assets in the renewable energy infrastructure sector to provide institutional investors with consistent and attractive risk-adjusted returns.

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