



meridian

## **Release**

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*Stock exchange listings: NZX (MEL) ASX (MEZ)*

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# Meridian Energy Limited 2015 Full Year Financial Results

19 August 2015

Today Meridian Energy releases its full year results for the year ended 30 June 2015.

Included in this announcement is:

**Part One:**                   Appendix 4E  
Meridian Energy Limited Annual Report (including audited financial statements)  
for the Year Ended 30 June 2015  
Appendix 3A.1

**Part Two:**               **Media Release**  
**Annual Results Presentation**  
**Shareholder Letter**  
**Appendix 4G**  
**NZX Disclosures**  
**Financial Assistance Disclosure Notice**

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## **ENDS**

Mark Binns  
Chief Executive  
Meridian Energy Limited

**For investor relations queries, please contact:**  
Owen Hackston  
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Paul Clearwater  
External Communications  
027 282 0016



meridian

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# Meridian delivers earnings growth and commences capital management

19 August 2015

Meridian Energy has delivered a strong result for the financial year ended June 2015 with its key financial measures ahead of last year and the forecast in the company's prospectus.

Net profit after tax was \$247 million, 7% higher than last financial year and 17% higher than the prospectus forecast. Underlying net profit after tax was \$209 million, 7% higher than last financial year and 17% higher than the prospectus forecast.

Whilst Meridian paid tax of \$96 million during the year, net profit after tax benefitted from accounting adjustments to tax of \$62 million relating to Australian capital gains tax not now payable and the reinstatement of tax depreciation on powerhouse structures over future years.

Operating earnings as measured by EBITDAF (earnings before interest and taxation, depreciation, amortisation and fair value adjustments) was \$618 million, 6% higher than last financial year and 5% higher than the prospectus forecast.

Meridian's Chief Executive Mark Binns said it was pleasing that the company posted such a great result in the year that marks the end of the company's prospectus reporting requirements. "We continue to generate high levels of free cash flow and our shareholders have enjoyed a 36% total shareholder return in the last year and 71% since the company listed," he said.

Returns are enhanced by the commencement of a capital management programme, in the form of a 2.44 cents per share special dividend, with gains from asset sales and one-off events used to boost special dividends up to 5.35 cents per share for the year.

"Provided nothing occurs to impact the company's financial position and no significant growth opportunity presents itself, this will be a five-year capital management programme. The directors will continually monitor the best means of returning up to \$625 million to shareholders over this period," said Mr Binns.

The company has also announced a 12.88 cents per share ordinary dividend for the year, which will see a final dividend of 8.08 cents per share. This final dividend, together with the final special dividend, will be paid on 15 October 2015, with a record date of 30 September 2015.

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“In the last year, we have seen progress on a number of issues affecting the New Zealand electricity market. Modest demand growth is welcome, the Tiwai Point smelter’s immediate future is clearer and the Electricity Authority has proposed a more sustainable option on transmission pricing.

“We are also seeing further changes to New Zealand’s generation base being signalled with announcements of thermal plant retirement, enhancing prospects of achieving the Government's target of 90% of electricity generation from renewable sources by 2025,” said Mr. Binns.

“Our sharpened health and safety focus, the performance of our retail businesses in both New Zealand and Australia and the rapid resolution of Manapōuri transformer issues are all highlights from a very good year of operational performance.

“Over the coming year we will focus on lifting our retail performance in New Zealand and growing in Australia through Powershop,” he said.

## **ENDS**

Mark Binns  
Chief Executive  
Meridian Energy Limited

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# ***Better energy future***



MERIDIAN ENERGY LIMITED Annual results presentation for the year ended 30 June 2015

# 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 condensed interim financial statements, which are included in Meridian's annual report for the year ended 30 June 2015 and is available at:

<http://www.meridianenergy.co.nz/investors/>

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

# Profitability and yield

## Great financial result

Free cash  
flow<sup>1</sup>  
\$398m

+6% on FY2014,  
+8% on PFI<sup>2</sup>

EBITDAF  
\$618m

+6% on FY2014,  
+5% on PFI

Underlying  
NPAT  
\$209m

+7% on FY2014,  
+17% on PFI

NPAT  
\$247m

+7% on FY2014,  
+17% on PFI

## And delivering to investors

Ordinary  
dividend  
12.88cps

+17% on FY2014,  
+12% on PFI

Special  
dividend  
2.91cps

From asset sales  
and one-offs

Capital  
manage-  
ment

2.44cps special  
dividend (\$62.5m)

TSR  
+36%

and +71% since  
listing

<sup>1</sup>See pg 32 for a definition and breakdown of free cash flow

<sup>2</sup>Prospective financial information contained in Meridian's prospectus



## The last year

- More rational political views on the sector
- Transmission pricing progressed
- NZAS immediate future is clearer
- NZ demand has grown
- Announcement of thermal plant retirement
- Review to the Renewable Energy Target completed
- Powershop Australia gaining momentum



# Operational highlights

- A year of average inflows
- The now familiar late summer dry spell was well managed
- Rapid resolution of Manapōuri transformer issues
- Wind investment has driven record level of NZ generation (Tekapo adjusted)
- Retail sales volume growth with a strong irrigation season
- Resilient retail prices despite intense competition and summer irrigation pricing
- Lid on operating costs, some growth supporting Powershop and new wind
- Ranked as the most reputable electricity company in NZ



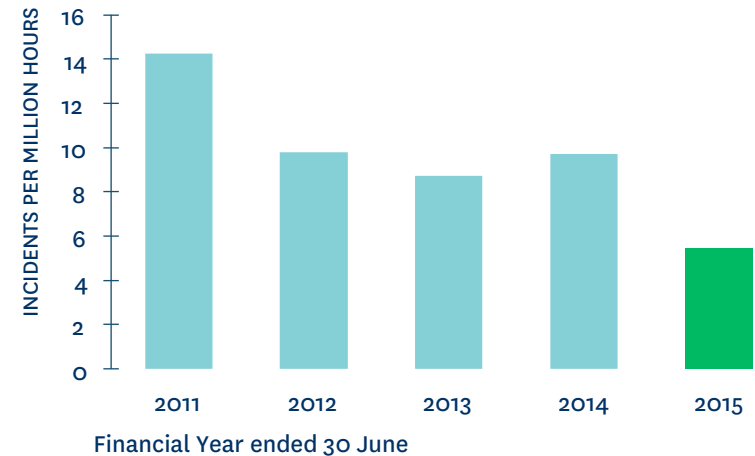


# Health and safety

- Preparing for changes to health and safety legislation later this year
- That work has re-evaluated high areas of risk and the processes to manage those risks
- Particular emphasis on management of fatal risks
- Cultural focus has been on moving to accountability and fairness in safety reporting
- LTI frequency rate of 2.27, below industry average of 4.85

<sup>1</sup>Total recordable injury frequency rate – the number of incidents per million hours worked by permanent employees

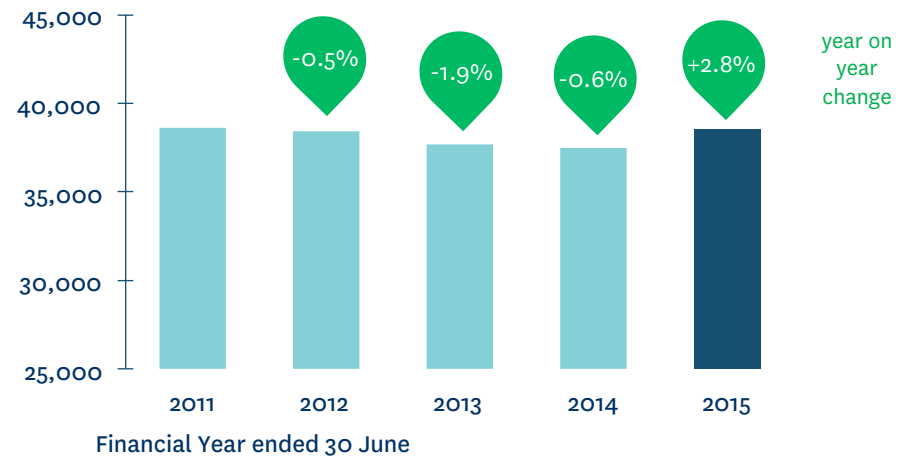
## EMPLOYEE TRIFR<sup>1</sup>



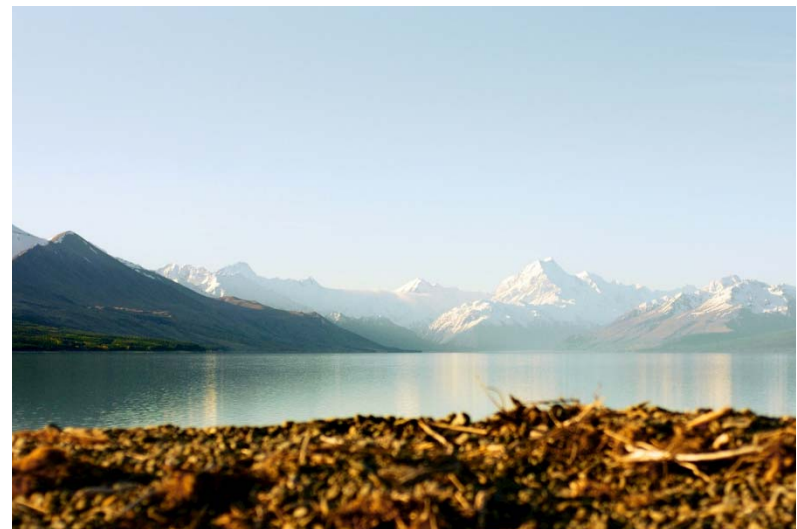
# The New Zealand market

- Positive demand growth returned in the last year, but caution needed
- Provincial led, with some weather driven growth but genuine underlying increase
- Significant thermal plant closure is occurring and requires strategic thought by all market participants
- New investment signals may be moving closer
- High retail competition
- Offers focused on sign-on pricing and use of prompt payment discounts
- Emerging differentiation and growing number of smaller retailers
- Multiple regulatory reforms underway focused on competition and reliability

## NATIONAL DEMAND GWh



source: Transpower, Meridian



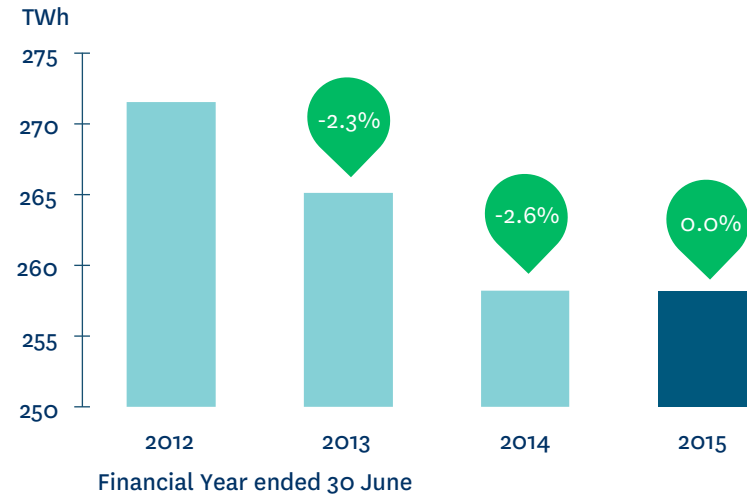
# The Australian market

- Declining demand at the market level
- RET<sup>1</sup> agreed but mixed political sentiment on renewables
- A lot of permitted wind options, but nearly all are short dated
- Appetite for conventional PPAs<sup>2</sup> is low
- Grid scale solar continues to get cheaper
- Increased penetration of rooftop solar, even without subsidy
- Consolidation among smaller retailers is a continuing pattern

<sup>1</sup>Renewable energy target

<sup>2</sup>Power purchasing agreements – contracts for the sale and purchase of electricity between parties

## NEM ELECTRICITY CONSUMPTION

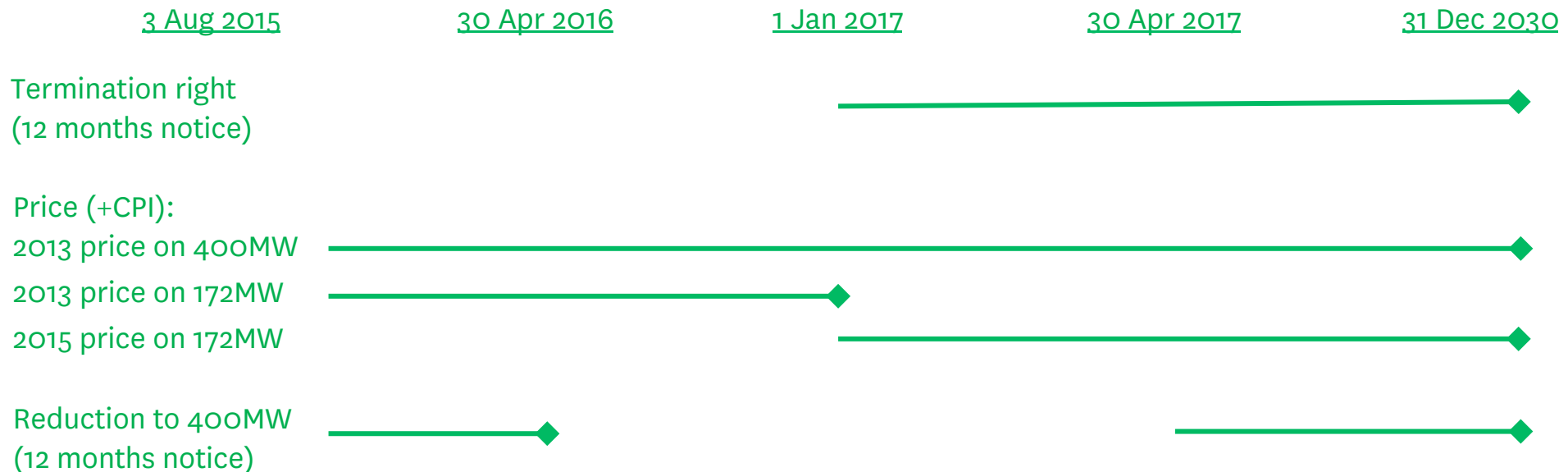


source: Bloomberg



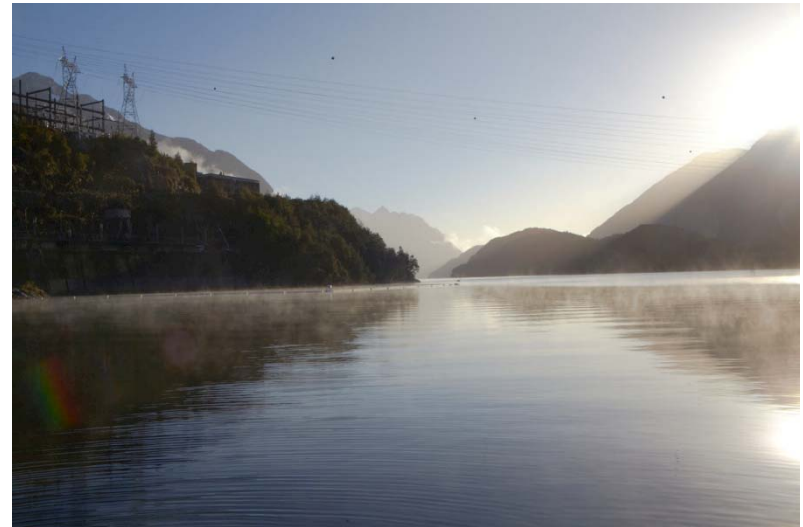
# Tiwai Point smelter contract

- Contract terms (other than price) similar to those previously agreed
- Price on 400MW unchanged from 2013 variation, higher price on 172MW from 1 January 2017
- Window to give 12 months notice to reduce to 400MW extended to 1 April 2016, then any time after 30 April 2017
- Other generators provided back to back cover of varying quantity and tenure



# Transmission pricing

- June 2015 TPM options paper is a considerable evolution from 2012
- Beneficiaries pay approach is retained, with residual costs allocated to load
- Goes a long way to solving the inequities of HVDC cost allocation and SI consumers paying for NI investment
- Must apply to all assets to solve these problems
- Provided this is the case, all proposed options are beneficial to Meridian
- Meridian supports the simplest beneficiaries pay option
- Issues paper with preferred option in early 2016





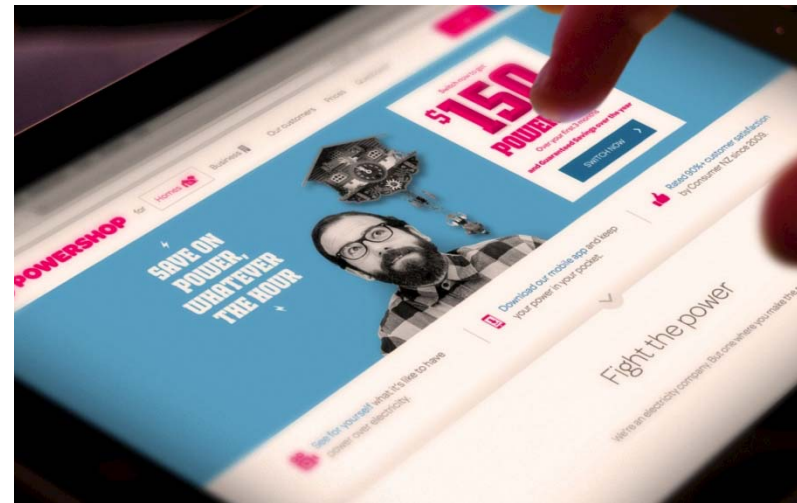
# Meridian Retail

- Segment EBITDAF up +\$3m (+17%) adjusted for the sale of Arc Innovations
- A year of operational improvement:
  - Lift in customer retention rate
  - \$3m less bad debts written off with 44% less disconnections
  - 70% reduction in vacant site consumption
  - 20% decrease in call centre volumes
- And pricing improvements:
  - Historical anomalies resolved
  - Solar export rates reset
  - Inflation based price changes for some networks from July 2015



# Powershop New Zealand

- Customer satisfaction above 90% for 7 years in a row
- Industrialisation of processes for ease of use at scale
- Which supports growth in Australia and potential new market opportunities
- Maintaining market share on low marketing spend
- Lifting load through a much improved business customer experience

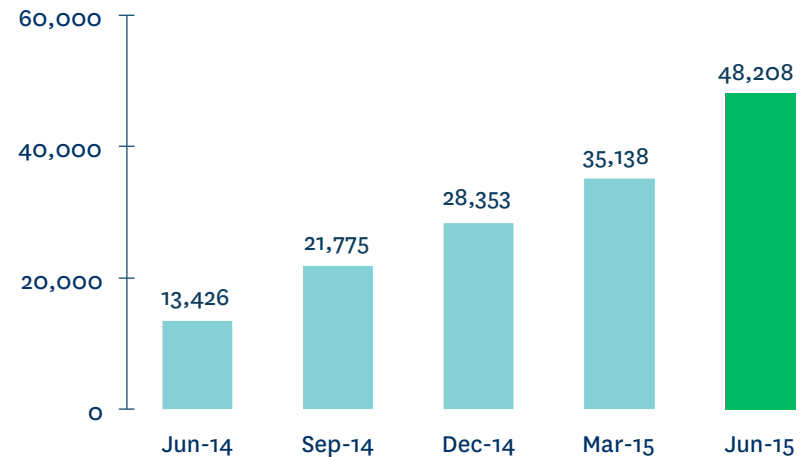


# Powershop Australia

- Viable business with strong sources of competitive advantage:
  - Customer control
  - Renewable profile
  - Fair pricing
  - Differentiated service
- Promotional spend needed to support customer acquisition
- Brand position has allowed us to establish unique channels to market that support sustainable growth
- Competitors are improving their service offers and we need to remain agile



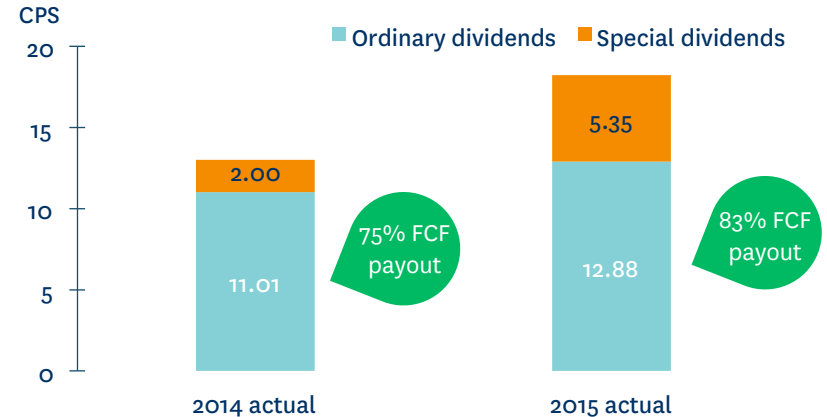
**POWERSHOP AUSTRALIA CUSTOMERS**  
FRMP



# Dividends

- Ordinary final dividend of 8.08 cps, 55% imputed
- Brings full year FY2015 ordinary dividend to 12.88 cps, representing 83% of free cash flow, 72% imputed
- Special final dividend of 3.95 cps, unimputed
- Special final dividend comprises:
  - 2.44 cps capital management
  - 1.51 cps from gains on sale and a tax liability release
- Brings full year FY2015 special dividend to 5.35 cps, 26% imputed

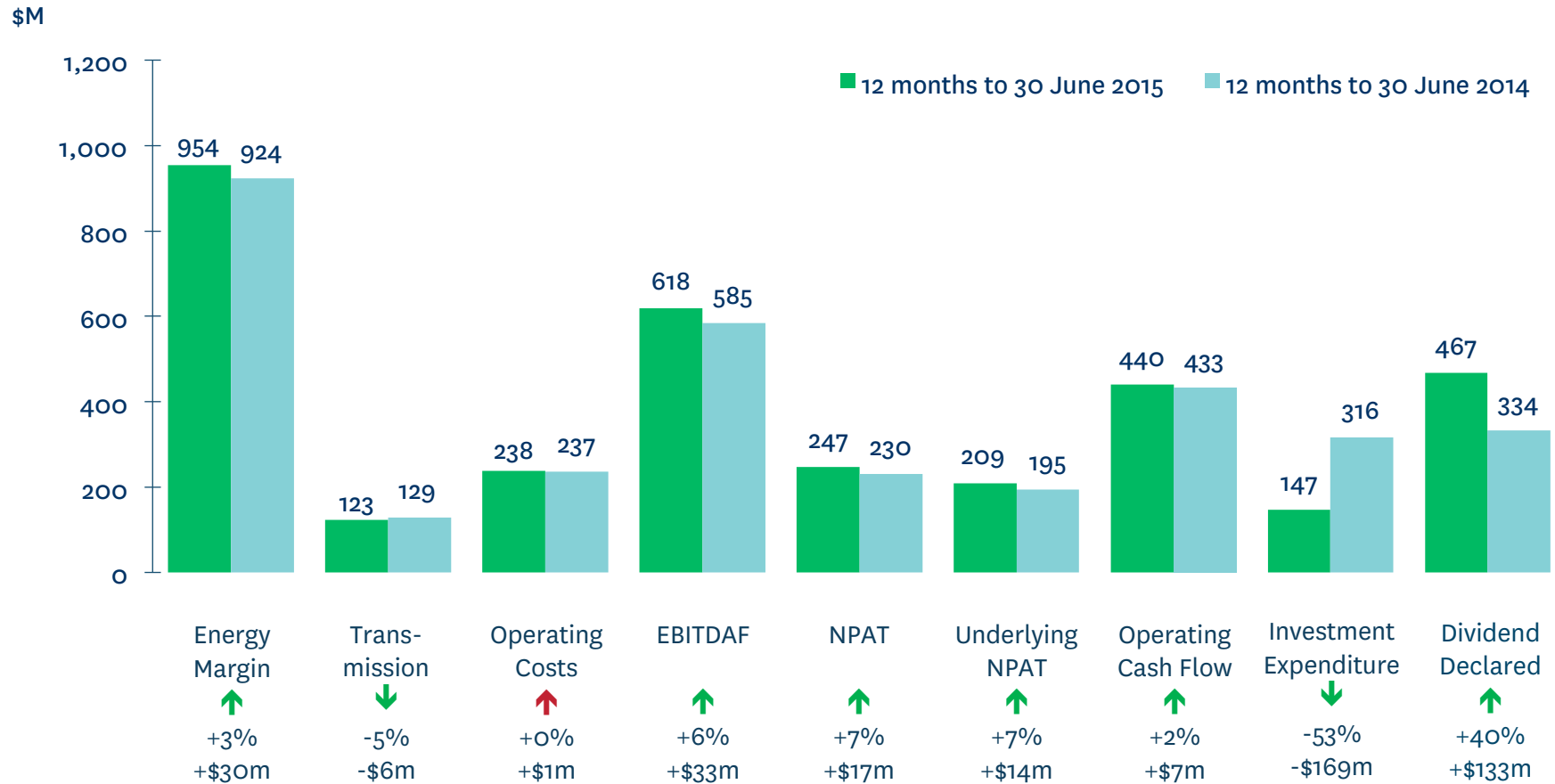
## DIVIDENDS DECLARED



FY 2015 DIVIDENDS DECLARED	AMOUNT CPS	IMPUTATION %
Interim Ordinary Dividend	4.80	100%
Interim Special Dividend	1.40	100%
Final Ordinary Dividend	8.08	55%
Final Special Dividend	3.95	0%
<b>Total Dividend</b>	<b>18.23</b>	

# Financial performance

## FINANCIAL PERFORMANCE AGAINST PRIOR YEAR

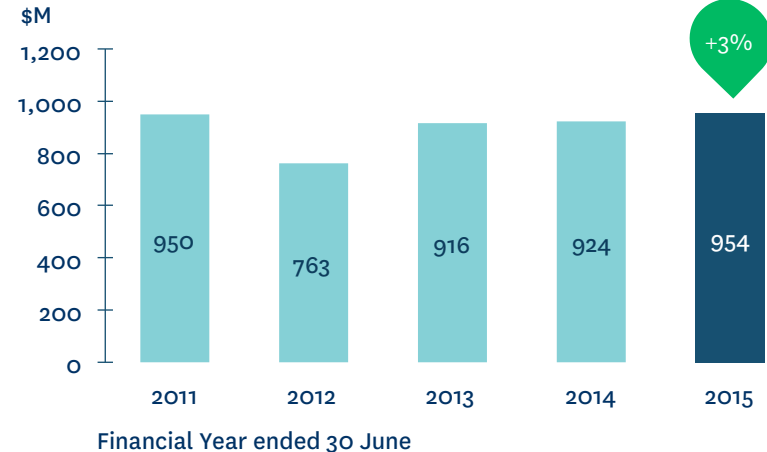




# Earnings

- 'Like for like' EBITDAF (excluding insurance proceeds and IPO costs) increase of \$20m (3%) in FY2015 from:
  - + Additional generation from Mill Creek in NZ and Mt Mercer in Australia
  - + Higher residential/SME sales volumes in both countries
  - Higher market purchase and customer costs to support this volume
  - + Higher sell-side CFD volumes and lower acquired generation, off the back of higher NZ generation
  - + Lower HVDC charges in the calendar year to March 2015
  - Lower other revenue following sale of Arc and surplus farm land

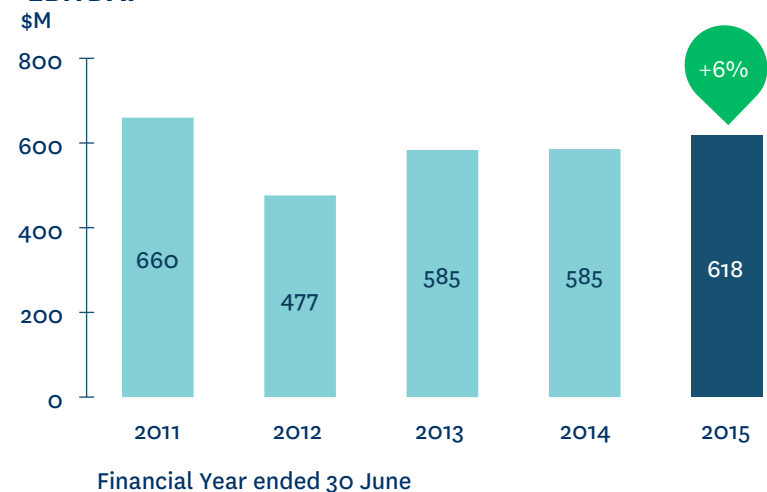
## ENERGY MARGIN<sup>1</sup>



<sup>1</sup>See pg 27 for a definition of energy margin

<sup>2</sup>Earnings before interest, taxation, depreciation, amortisation, changes in fair value of financial instruments, impairments and gain/(loss) on sale of assets

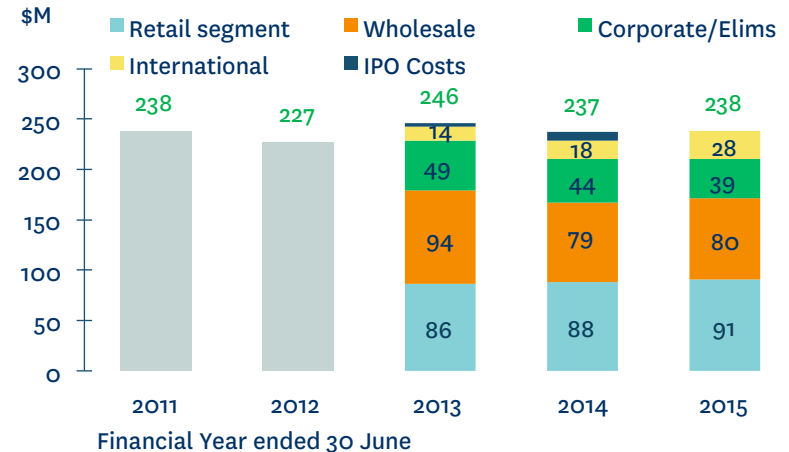
## EBITDAF<sup>2</sup>



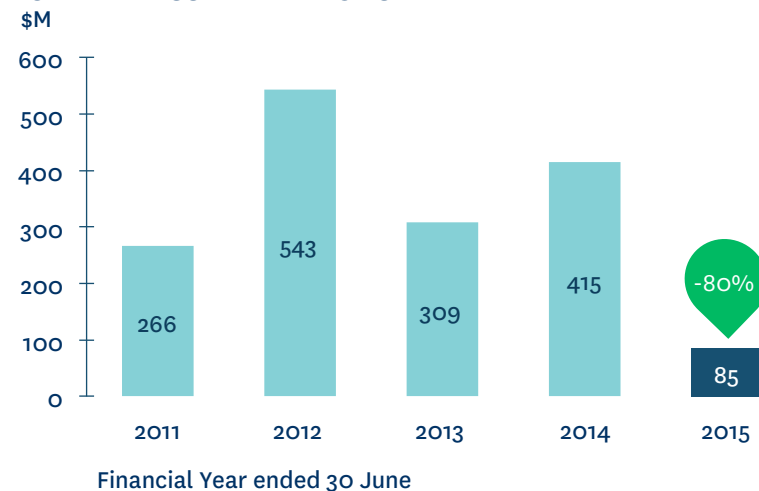
# Costs

- Adjusting for IPO costs, Operating costs have increased +\$9m (+4%) in FY2015
- Mt Mercer and Powershop customer service costs have lifted international costs \$10m
- Mill Creek costs are largely being absorbed
- Further improvement from continued focus on corporate costs
- Some metering cost growth from Arc sale, expected to reduce
- Some development resource growth in Powershop NZ
- Stay in business capital expenditure was \$61m in FY2015
- Recent phase of growth capital expenditure now completed

## OPERATING COSTS



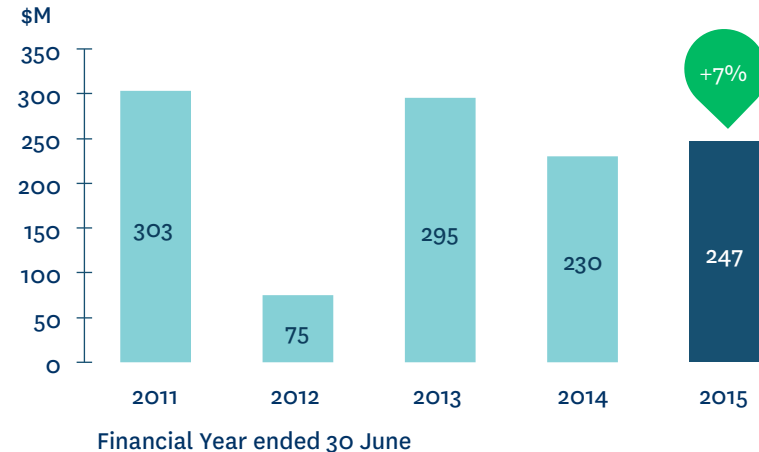
## CAPITAL ASSET ADDITIONS



## Below EBITDAF

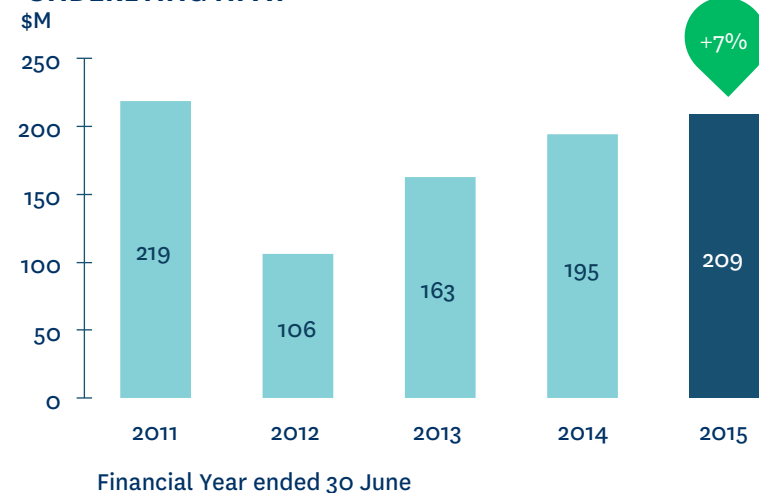
- Additional depreciation +\$19m (+9%) from the Mill Creek and Mt Mercer
- Net finance costs +\$5m (+7%) from FY2014 project interest capitalisation (FY2015 interest paid is lower)
- Negative change in fair value of treasury instruments from forward rate changes
- One-off items in the numbers:
  - \$19m of gains on the sale from Arc and surplus farm land
  - \$38m of Australian impairments
  - \$28m release of capital gains tax liability not eventuating
  - \$34m reduction in accounting tax from successful resolution on powerhouse deductibility
- Underlying NPAT +\$14m (+7%) from FY2015

### NET PROFIT AFTER TAX



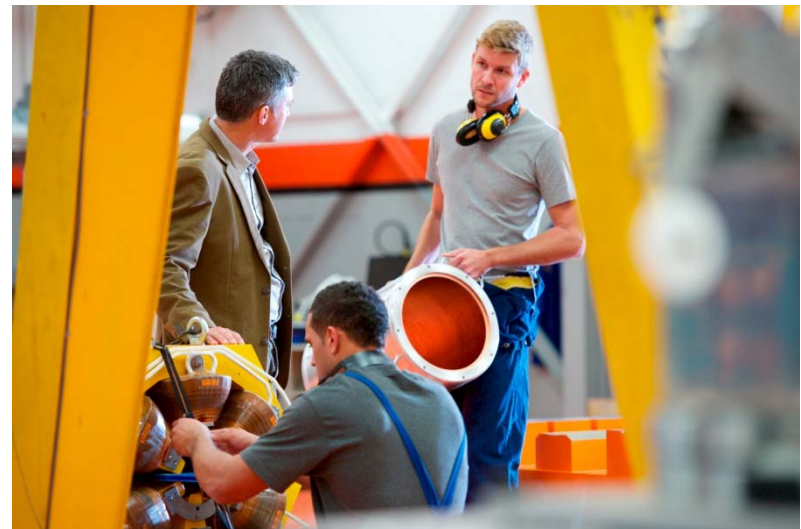
<sup>1</sup>Net profit after tax adjusted for the effects of non cash fair value movements and one-off items  
A reconciliation between net profit after tax and underlying net profit after tax is on p31

### UNDERLYING NPAT<sup>1</sup>



## Concluding remarks

- Over the next year, NZ focus will be on:
  - Positioning for upcoming thermal contraction
  - Lifting retail profitability
  - Improving quality and cost effectiveness of customer experience
  - Achieving more from existing assets
  - Operating and capital cost management
  - Support for transmission pricing change
- Growth in Australia through Powershop
- Decision on the viability of offshore Powershop opportunities
- Not providing forecasts, enhancing monthly operating disclosure





# Questions





# Additional information



# New Zealand retail

## Customer connections

- Small decline in ICP numbers since June 2014, reflecting aggressive residential sales activity

## Residential, SME, Agri segment

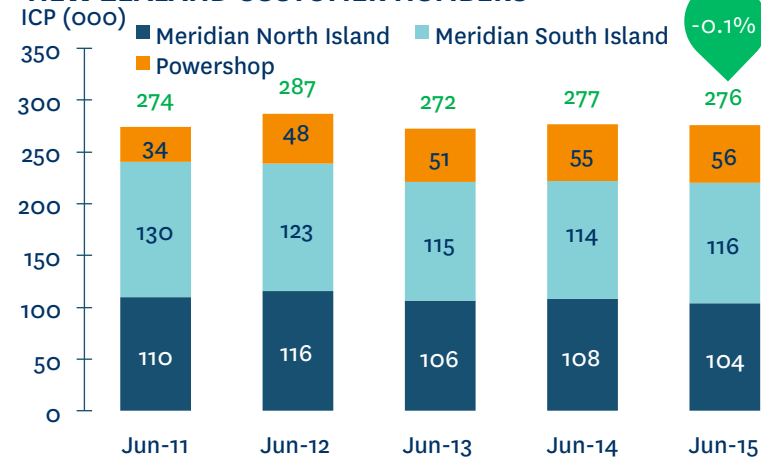
- +8% increase in volumes largely from growth in SME and agribusiness

- 1% decrease in average price

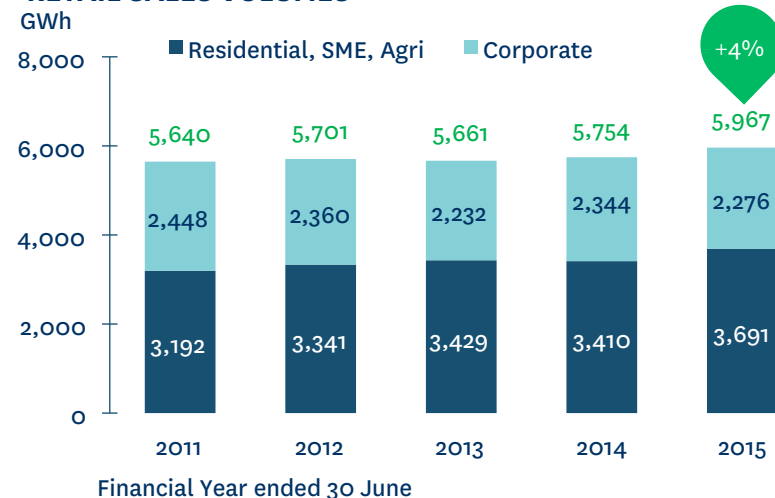
## Corporate segment

- 2% decrease in average price, reflecting corporate and industrial customers rolling off fixed term contracts
- 3% decrease in volumes

### NEW ZEALAND CUSTOMER NUMBERS



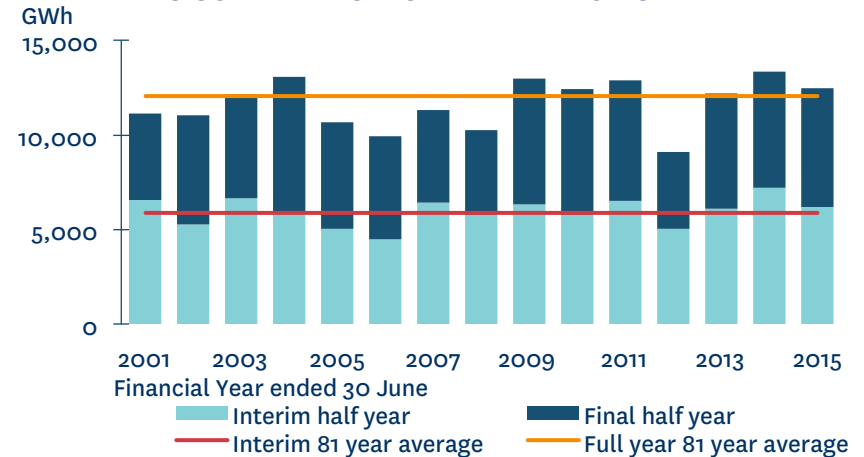
### RETAIL SALES VOLUMES



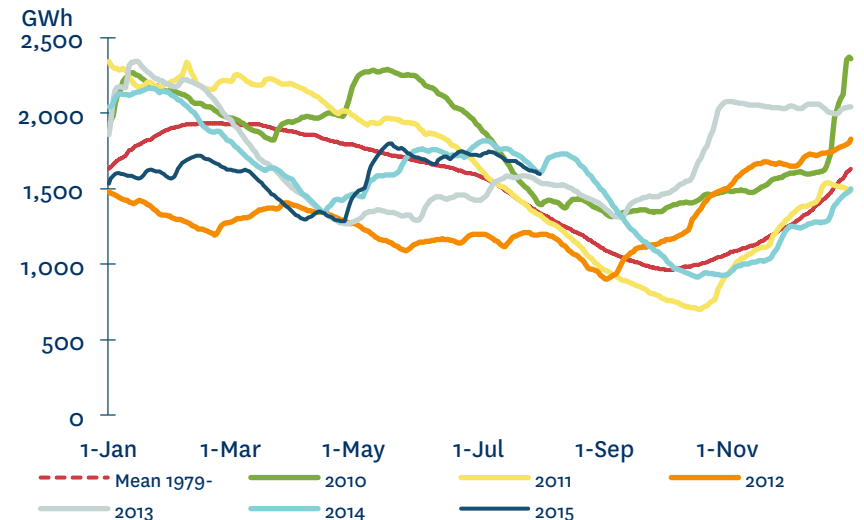
# Hydrology

- Inflows for the year ended June 2015 were 103% of historical average
- This included four months of below average inflows from December 2014 to March 2015
- July 2015 inflows were 125% of historical average
- Meridian's Waitaki catchment storage at 30 June 2015 was 109% of historical average
- By 31 July 2015, this storage position was 119% of historical average

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



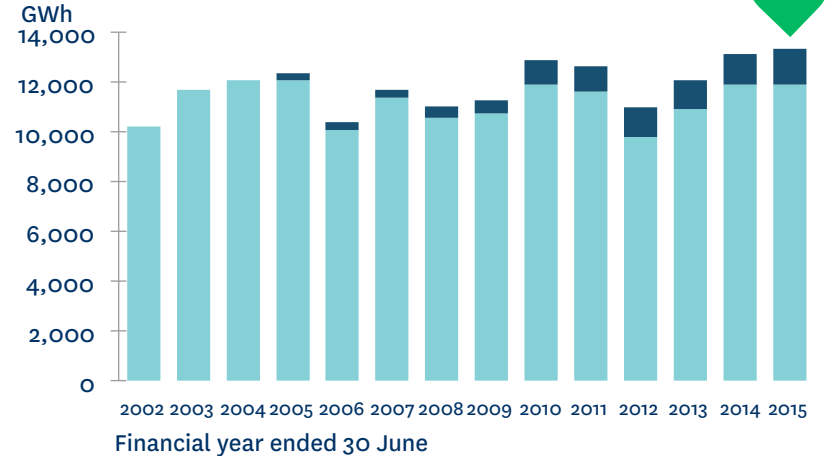
**MERIDIAN'S WAITAKI STORAGE**



# New Zealand generation

- For the year ended 30 June 2015, Meridian's New Zealand generation was 1% higher than the same period last year
- This result is Meridian's highest New Zealand generation output on record (adjusting for Tekapo generation)
- For the year ended 30 June 2015, the average price Meridian received for its generation was 13% higher than the same period last year
- Similarly, the price Meridian paid to supply contracted sales in the year ended 30 June 2015 was 12% higher than last year

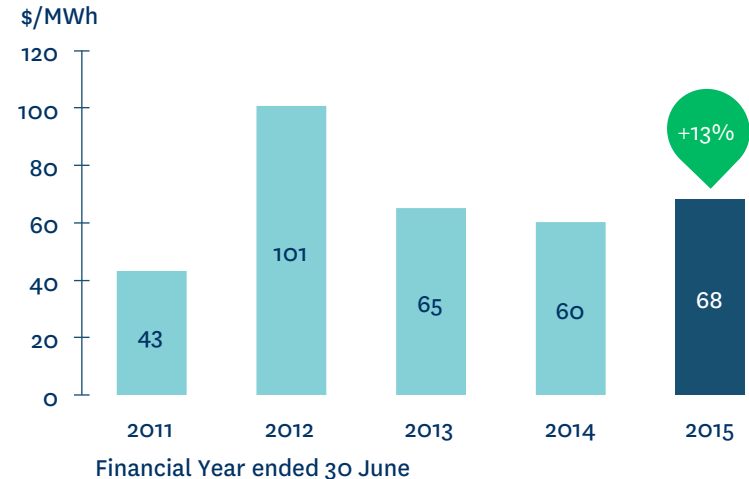
## NEW ZEALAND GENERATION<sup>1</sup>



<sup>1</sup>Excludes generation from the Tekapo power stations for the years ended 30 June 2011 and earlier

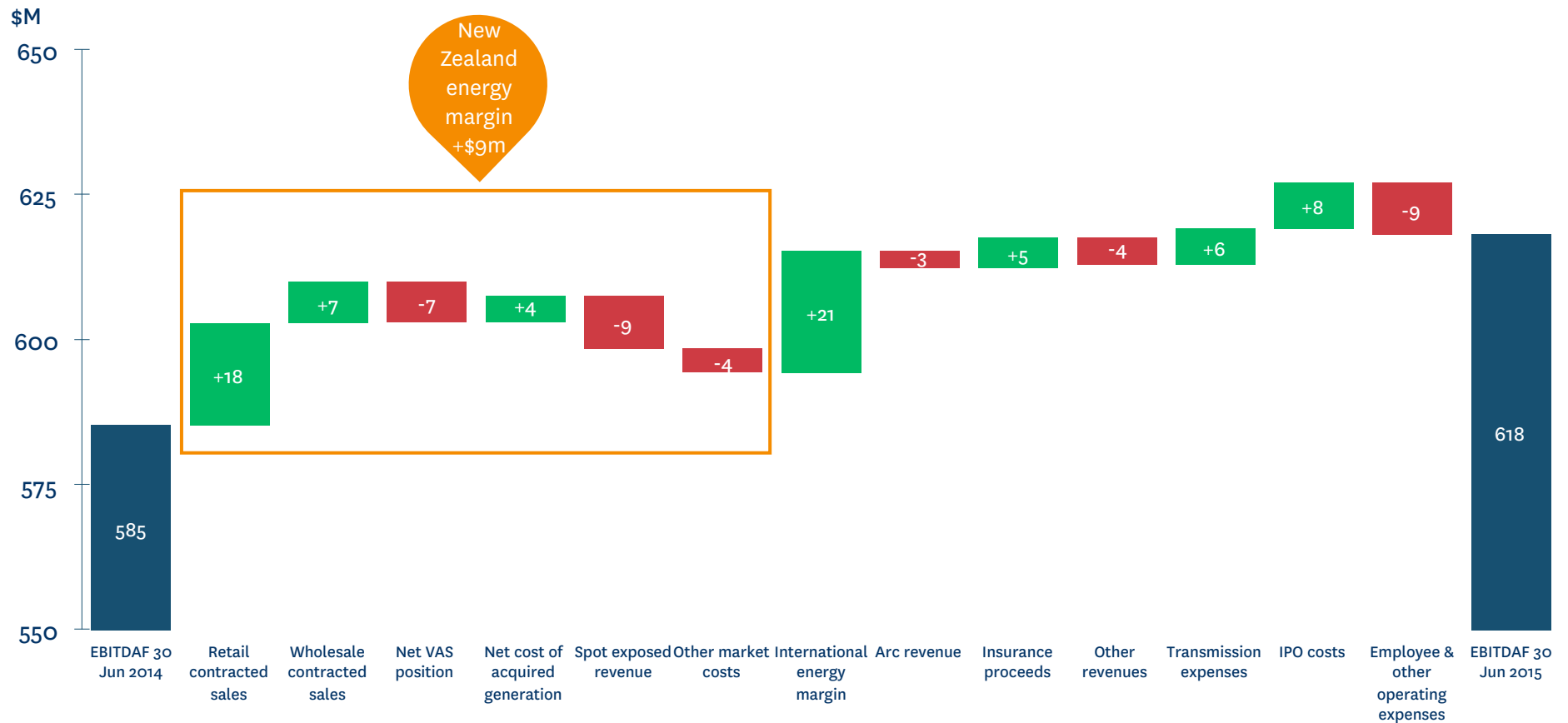
<sup>2</sup>Price received for Meridian's physical New Zealand generation

## AVERAGE GENERATION PRICE<sup>2</sup>



# Movement in EBITDAF FY2014 to FY2015

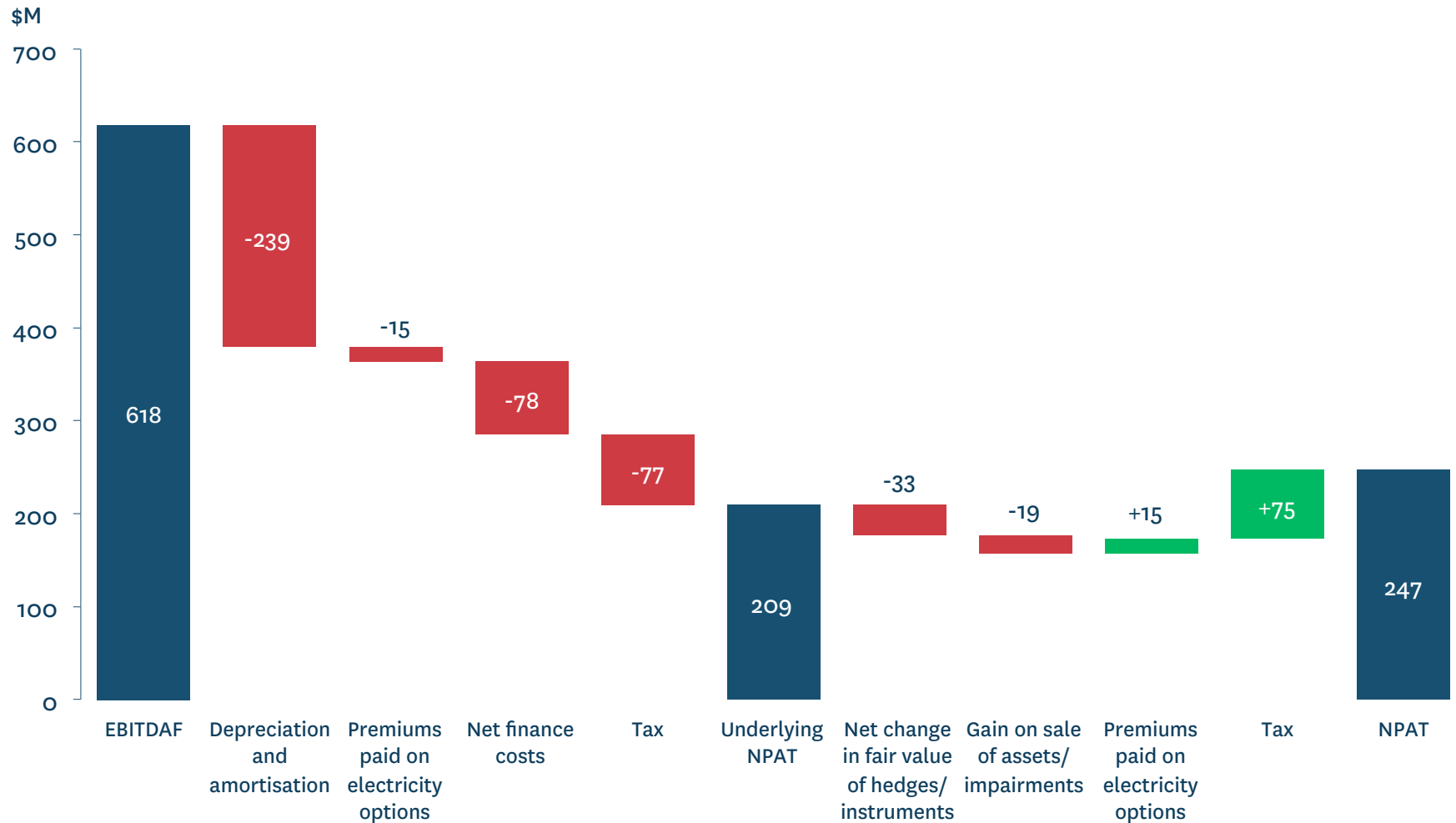
## MOVEMENT IN EBITDAF





# EBITDAF and net profit after tax

## FY2015 EBITDAF TO NPAT RECONCILIATION



# New Zealand energy margin

- Energy margin is a non-GAAP financial measure representing Energy Sales Revenue less Energy Related Expenses and Energy Distribution Expenses
- Energy margin is used to measure the vertically integrated performance of the retail and wholesale businesses. This measure is 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
- Energy margin is 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 derivatives sold (Contract sales revenue)
  - ± the net position of virtual assets swaps with Genesis Energy and Mighty River Power
  - the cost of fixed cost of derivatives acquired to supplement generation and spot price risks, net of spot revenue received for generation acquired from those derivatives (Net cost of acquired generation)
  - ± revenue from the volume of electricity that Meridian generates that is in excess of volumes required to cover contracted customer sales (Spot exposed revenues)
  - ± other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues (i.e. frequency keeping)

<sup>1</sup>Ratio between the price per unit received for Meridian's physical generation and the price paid to supply each unit of contracted sales, inclusive of line losses

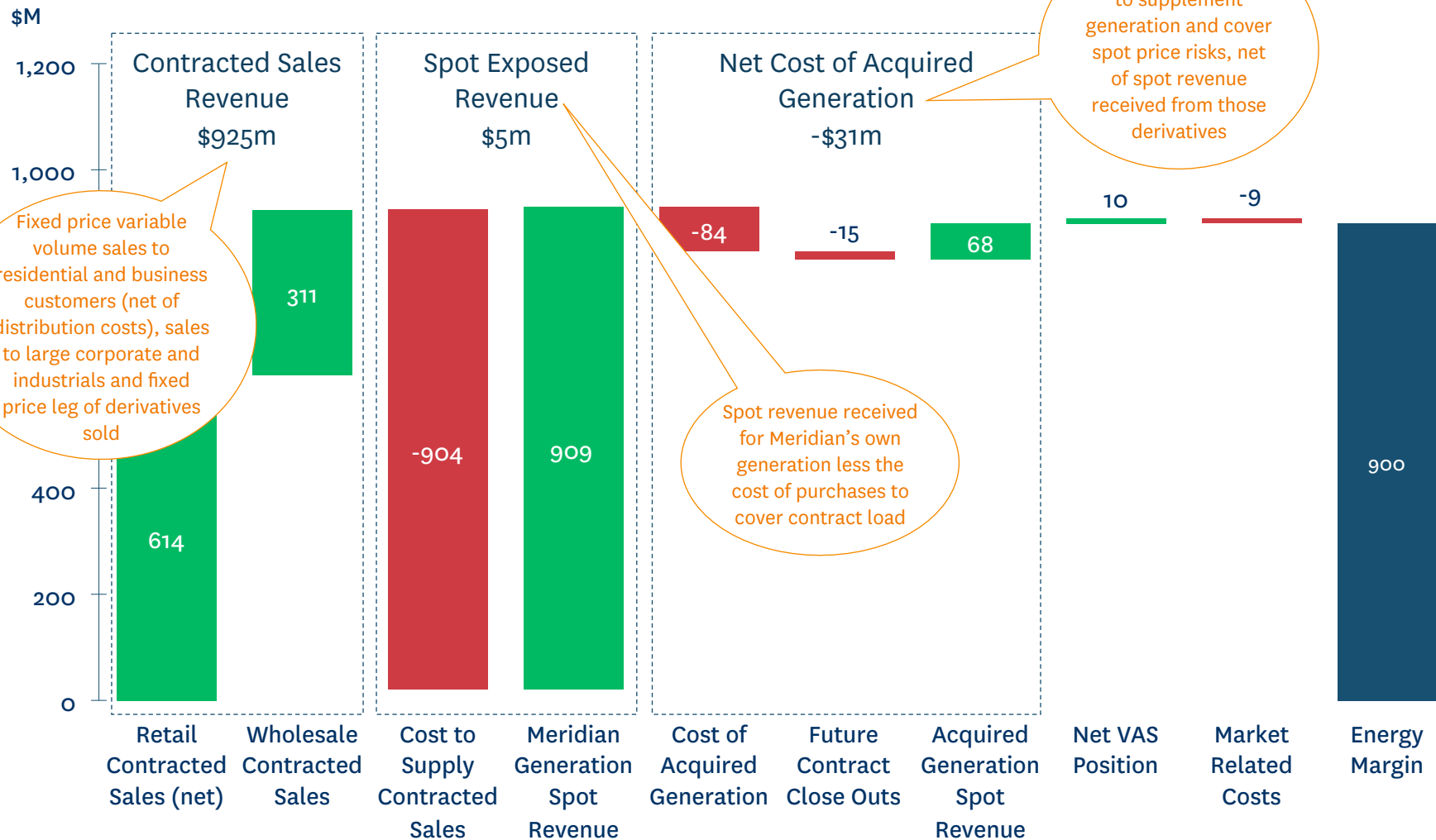
# New Zealand energy margin

NEW ZEALAND ENERGY MARGIN	FY2015		
	VOLUME GWh	VWAP \$/MWh	\$M
Residential/SME contracted sales	3,691		
Corporate and industrial contracted sales	2,276		
Retail contracted sales	5,967	\$102.9	\$614
NZAS aluminium sales	5,011		
Sell side CFDs	1,100		
Wholesale contracted sales	6,111	\$51.0	\$311
Net VAS position	1,148		\$10
Acquired generation revenue	1,054	\$64.9	\$68
Cost of acquired generation	1,054	-\$80.2	-\$84
Future contract close outs			-\$15
Net cost of acquired generation			-\$31
Generation revenue	13,322	\$68.2	\$909
Costs to supply retail sales	6,309		
Costs to supply wholesale sales	6,111		
Cost to supply contracted sales	12,420	-\$72.8	-\$904
Net spot exposed revenue			\$5
Other market revenue/(costs)			-\$9
<b>Energy Margin</b>			<b>\$900</b>
LWAP:GWAP <sup>1</sup>			1.10

FY2014		
VOLUME GWh	VWAP \$/MWh	\$M
3,410		
2,344		
5,754	\$103.7	\$596
5,011		
898		
5,909	\$51.5	\$304
1,123		\$17
1,269	\$66.2	\$84
1,269	-\$85.6	-\$109
		-\$10
		-\$35
13,137	\$60.2	\$791
6,071		
5,883		
11,954	-\$65.0	-\$777
		\$14
		-\$5
		<b>\$891</b>
		1.11

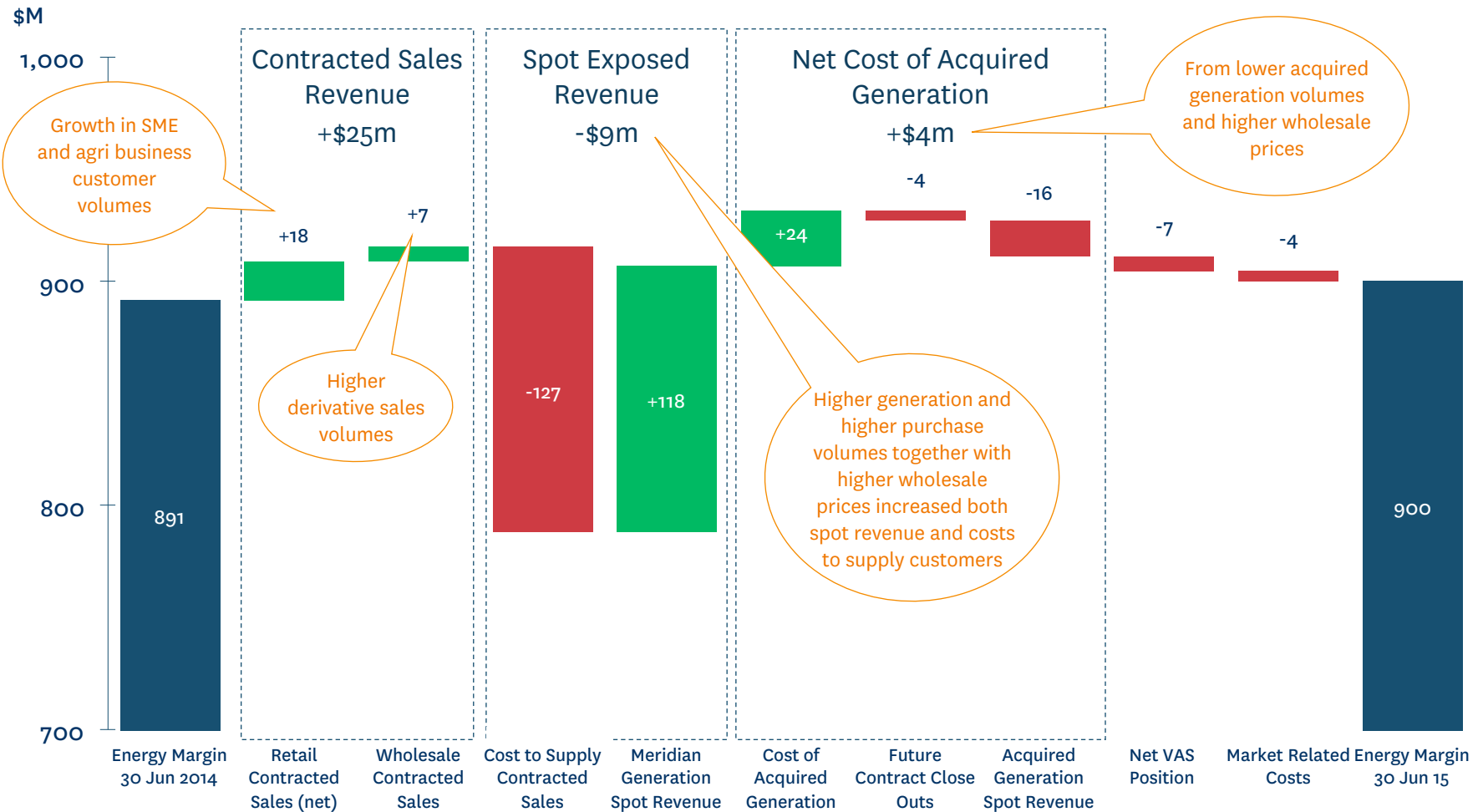
# New Zealand energy margin

## NEW ZEALAND ENERGY MARGIN



# Movement in energy margin FY2014 to FY2015

## NEW ZEALAND ENERGY MARGIN





## Other revenue

SUMMARY OF OTHER REVENUE	FINANCIAL YEAR ENDED 30 JUNE			
	2015 \$M	2014 \$M	2013 \$M	2012 \$M
Retail service revenue (field services etc)	8	10	8	7
Arc Innovations	3	6	6	5
Damwatch	5	5	5	4
Energy for Industry	-	-	0	0
Miscellaneous <sup>1</sup>	7	2	4	5
Farming	1	3	2	2
Lease income	1	1	2	2
Carbon credits	0	0	3	2
<b>Total other revenue</b>	<b>25</b>	<b>27</b>	<b>30</b>	<b>27</b>

<sup>1</sup>Includes settlement of insurance proceeds in the year ended 30 June 2015

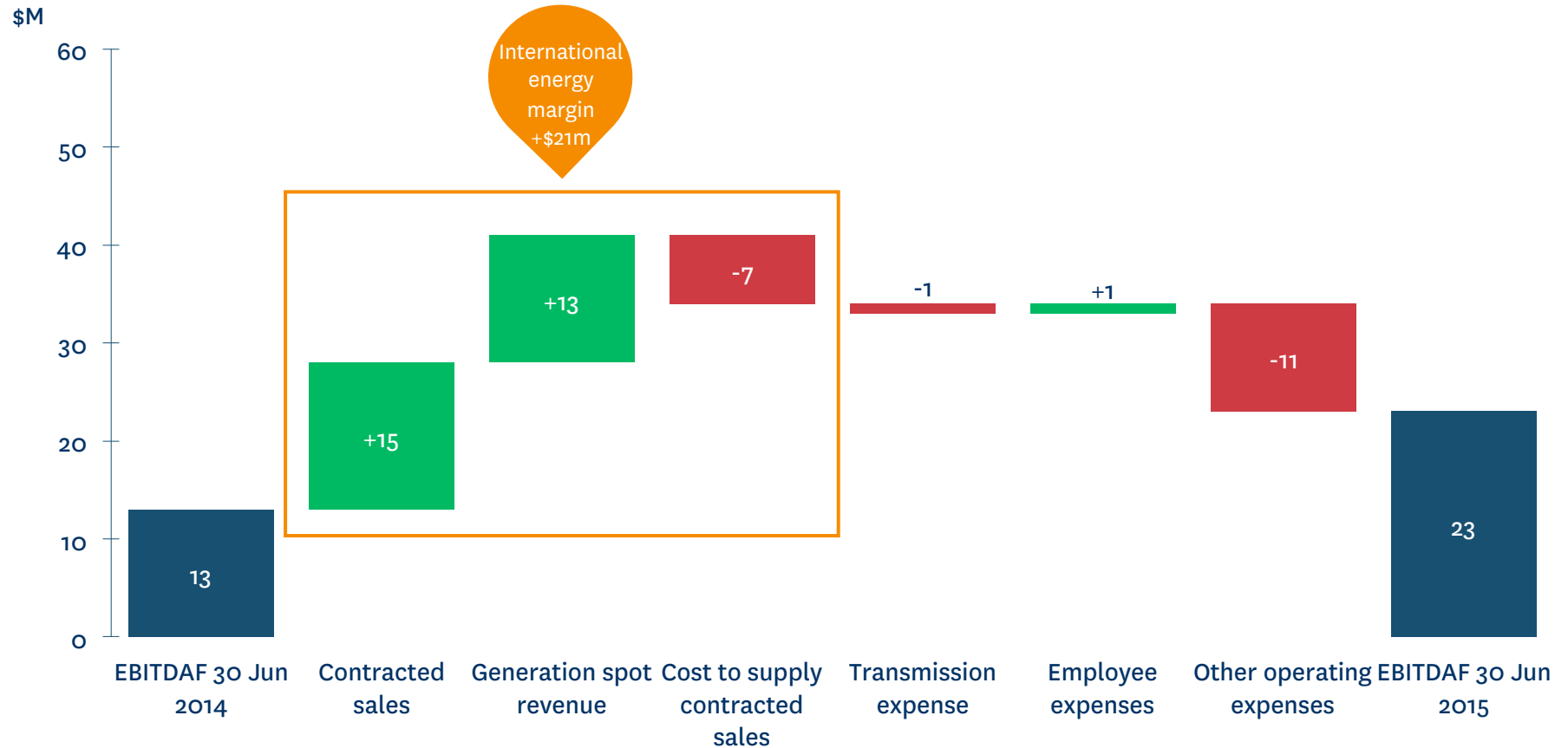
# Free cash flow

	FINANCIAL YEAR ENDED 30 JUNE	
	2015 \$M	2014 \$M
GROUP FREE CASH FLOW		
<b>Net profit after tax</b>	<b>247</b>	<b>230</b>
<u>Adjustments</u>		
Net change in fair value of electricity and other hedges	1	9
Net change in fair value of treasury instruments	32	(27)
Gain/(loss) on sale of assets	(19)	(7)
Impairment of assets	38	-
Australian capital gains tax	(28)	-
Building depreciation	(34)	-
Tax effect	(12)	16
<b>Adjusted net profit after tax</b>	<b>224</b>	<b>221</b>
Depreciation and amortisation	239	220
Stay in business capital expenditure	(65)	(65)
<b>Free cash flow</b>	<b>398</b>	<b>376</b>

Free cash flow is calculated as NPAT adjusted for post tax impact of fair value movements of derivatives, impairments and one-off events, plus depreciation and amortisation, less the average level of capital cost of maintaining Meridian's asset base and systems (stay in business capital expenditure)

# Movement in international earnings FY2014 to FY2015

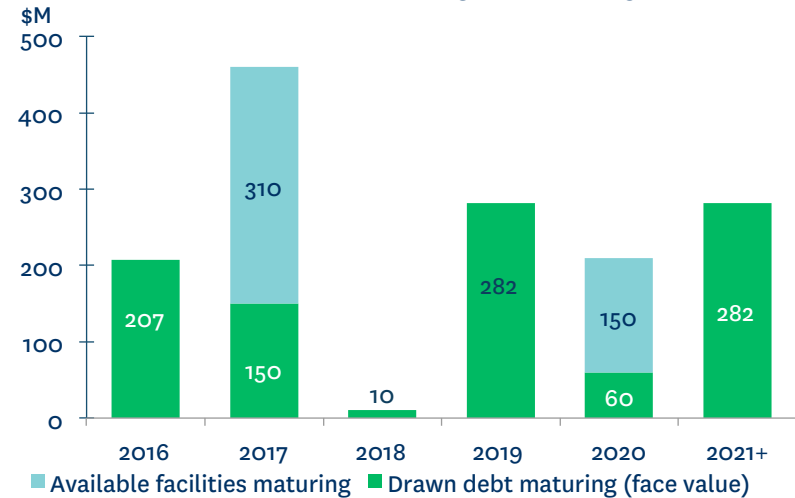
## MOVEMENT IN INTERNATIONAL SEGMENT EBITDAF



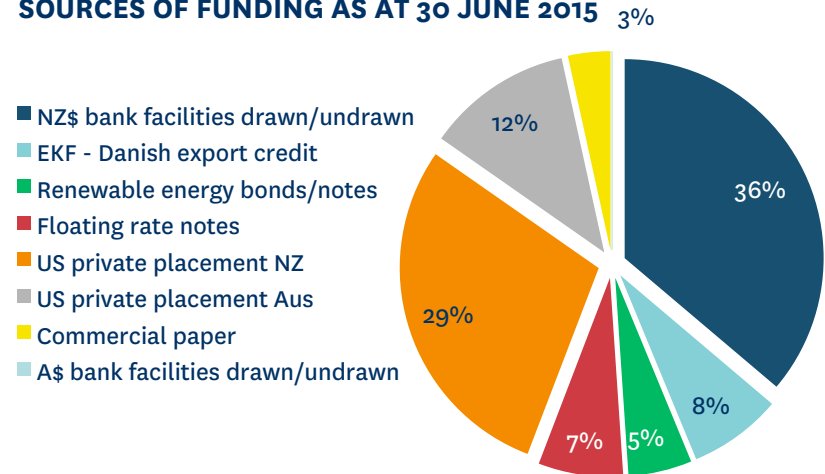
# Funding

- Total borrowings as at 30 June 2015 of \$1,076m, down \$16m from 30 June 2014
- Net borrowings (net of cash) as at 30 June 2015 of \$1,007m, up \$191m from 30 June 2014
- Committed bank facilities of \$1,451m as at 30 June 2015, of which \$460m were undrawn
- Net finance costs +\$5m (+7%) from FY2014 project interest capitalisation (FY2015 interest paid is lower)

DEBT MATURITY PROFILE AS AT 30 JUNE 2015

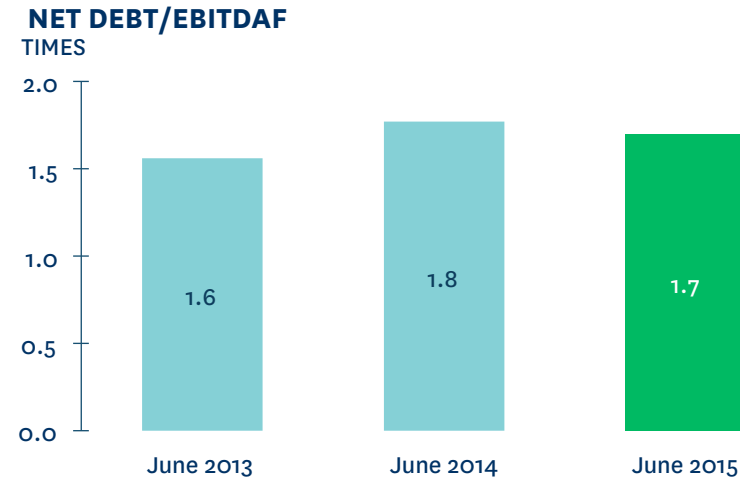


SOURCES OF FUNDING AS AT 30 JUNE 2015



# Funding metrics

- Net debt/EBITDAF is the principal metric underpinning S&P credit rating
- S&P calculation of Net debt/EBITDAF includes numerous adjustments to reported numbers
  - Borrowings are adjusted for the impact of finance and operating leases
  - Cash balances are adjusted for restricted cash
  - EBITDAF is adjusted for operating leases and non core revenue

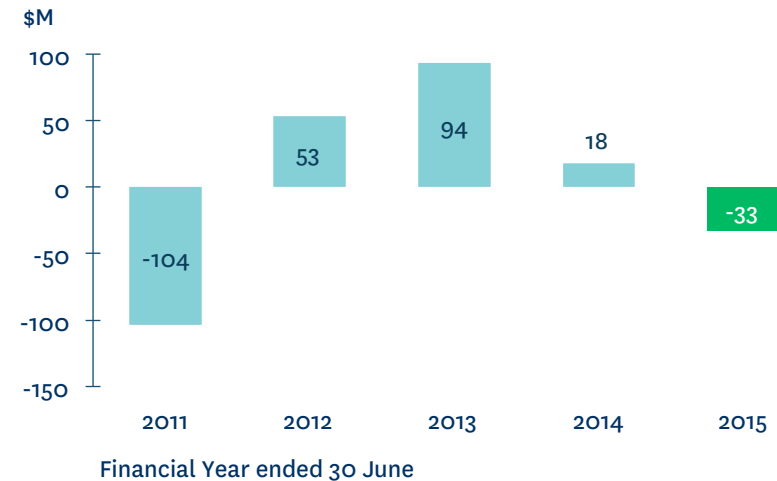




# Fair value movements

- Meridian uses derivative instruments to manage commodity price, interest rate and foreign exchange risk
- As forward prices and rates on these instruments move, non cash changes to their carrying values are reflected in NPAT
- Accounting standards only allow hedge accounting if specific conditions are met, which creates NPAT volatility
- Net changes in the fair value of derivatives was an unrealised loss of \$33m in FY2015
- This is mainly driven by changes in the value of interest rate hedges from a drop in the forward interest rate curve
- This compares to an unrealised gain of \$18m in FY2014

## CHANGE IN FAIR VALUE FINANCIAL INSTRUMENTS



# Group income statement

## FINANCIAL YEAR ENDED 30 JUNE

SUMMARY GROUP INCOME STATEMENT	2015 \$M	2014 \$M	2013 \$M	2012 \$M	2011 \$M
New Zealand energy margin	900	891	865	740	929
International energy margin	54	33	51	23	21
Other revenue	25	27	30	27	32
Energy transmission expense	(123)	(129)	(115)	(86)	(84)
Employee and other operating expenses	(238)	(237)	(246)	(227)	(238)
<b>EBITDAF</b>	<b>618</b>	<b>585</b>	<b>585</b>	<b>477</b>	<b>660</b>
Depreciation and amortisation	(239)	(220)	(220)	(225)	(224)
Impairment of assets	(38)	-	(25)	(60)	(11)
Gain/(loss) on sale of assets	19	7	107	(2)	174
Equity accounted earnings of joint ventures	-	-	-	(3)	(3)
Net change in fair value of electricity hedges	(1)	(9)	51	122	(90)
Net finance costs	(78)	(73)	(113)	(83)	(108)
Net change in fair value of treasury instruments	(32)	27	43	(68)	(14)
<b>Net Profit before tax</b>	<b>249</b>	<b>317</b>	<b>427</b>	<b>158</b>	<b>384</b>
Income tax expense	(2)	(87)	(132)	(83)	(81)
<b>Net Profit after tax</b>	<b>247</b>	<b>230</b>	<b>295</b>	<b>75</b>	<b>303</b>

# Group underlying NPAT

## FINANCIAL YEAR ENDED 30 JUNE

UNDERLYING NPAT RECONCILIATION	2015 \$M	2014 \$M	2013 \$M	2012 \$M	2011 \$M
<b>Net profit after tax</b>	<b>247</b>	<b>230</b>	<b>295</b>	<b>75</b>	<b>303</b>
<b>Underlying adjustments</b>					
<u>Hedging instruments</u>					
Net change in fair value of electricity and other hedges	1	9	(51)	(122)	90
Net change in fair value of treasury instruments	32	(27)	(43)	68	14
Premiums paid on electricity options	(15)	(20)	(18)	(15)	(14)
<u>Assets</u>					
Gain/(loss) on sale of assets	(19)	(7)	(107)	2	(174)
Impairment of assets	38	-	25	60	11
<b>Total adjustments before tax</b>	<b>37</b>	<b>(45)</b>	<b>(194)</b>	<b>(7)</b>	<b>(73)</b>
<u>Taxation</u>					
Tax effect of above adjustments	(13)	10	62	13	(13)
Release of capital gains tax provision	(28)	-	-	-	-
Tax depreciation on powerhouse structures	(34)	-	-	24	-
Impact of tax rate changes	-	-	-	1	2
<b>Underlying net profit after tax</b>	<b>209</b>	<b>195</b>	<b>163</b>	<b>106</b>	<b>219</b>

# Group cash flow statement

SUMMARY GROUP CASH FLOW STATEMENT	FINANCIAL YEAR ENDED 30 JUNE				
	2015 \$M	2014 \$M	2013 \$M	2012 \$M	2011 \$M
Receipts from customers	2,348	2,083	2,390	2,515	2,009
Interest and dividends received	8	9	2	8	3
Payments to suppliers and employees	(1,742)	(1,480)	(1,812)	(2,049)	(1,422)
Interest and Income Tax Paid	(174)	(179)	(163)	(152)	(221)
<b>Operating cash flows</b>	<b>440</b>	<b>433</b>	<b>417</b>	<b>322</b>	<b>369</b>
Sale of property, plant and equipment	19	41	1	3	822
Sale of other assets	29	21	152	-	-
Finance Lease Receivable/Payable (net)	-	-	-	1	8
Purchase of property, plant and equipment	(131)	(284)	(245)	(510)	(248)
Capitalised Interest	-	(9)	(6)	(7)	(4)
Purchase of intangible assets and investments	(16)	(23)	(26)	(12)	(20)
<b>Investing cash flows</b>	<b>(99)</b>	<b>(254)</b>	<b>(124)</b>	<b>(525)</b>	<b>558</b>
Proceeds from borrowings	366	134	1,116	944	537
Shares purchased for long term incentive	(2)	(1)	-	-	-
Dividends	(385)	(261)	(100)	(141)	(684)
Term borrowings	(527)	(154)	(1,117)	(754)	(465)
<b>Financing cash flows</b>	<b>(548)</b>	<b>(282)</b>	<b>(101)</b>	<b>49</b>	<b>(612)</b>

# Group balance sheet

SUMMARY GROUP BALANCE SHEET	FINANCIAL YEAR ENDED 30 JUNE				
	2015 \$M	2014 \$M	2013 \$M	2012 \$M	2011 \$M
Cash and cash equivalents	69	276	383	214	368
Trade receivables	191	183	262	298	241
Other current assets	74	64	121	59	18
<b>Total current assets</b>	<b>334</b>	<b>523</b>	<b>766</b>	<b>571</b>	<b>627</b>
Property, plant and equipment	7,097	6,929	6,769	7,964	7,721
Intangible assets	47	54	55	27	47
Other non-current assets	183	84	147	131	65
<b>Total non-current assets</b>	<b>7,327</b>	<b>7,067</b>	<b>6,971</b>	<b>8,122</b>	<b>7,833</b>
Payables, accruals and employee entitlements	208	236	275	286	217
Current portion of term borrowings	213	133	147	248	298
Other	57	97	98	59	55
<b>Total current liabilities</b>	<b>478</b>	<b>466</b>	<b>520</b>	<b>593</b>	<b>570</b>
Term borrowings	863	959	1,034	1,578	1,275
Deferred tax	1,400	1,350	1,364	1,444	1,412
Other	172	181	131	252	272
<b>Total non-current liabilities</b>	<b>2,435</b>	<b>2,490</b>	<b>2,529</b>	<b>3,274</b>	<b>2,959</b>
<b>Net assets</b>	<b>4,748</b>	<b>4,634</b>	<b>4,688</b>	<b>4,826</b>	<b>4,931</b>



# Glossary

<b>Acquired generation volumes</b>	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
<b>Average generation price</b>	the volume weighted average price received for Meridian's physical generation
<b>Average retail contracted sales price</b>	volume weighted average electricity price received from retail customers, less distribution costs
<b>Average wholesale contracted sales price</b>	volume weighted average electricity price received from wholesale customers, including NZAS
<b>Combined catchment inflows</b>	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
<b>Cost of acquired generation</b>	volume weighted average price Meridian pays for derivatives acquired to supplement generation
<b>Cost to supply contracted sales</b>	volume weighted average price Meridian pays to supply contracted customer sales
<b>Contracts for Difference (CFDs)</b>	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
<b>Customer connections (NZ)</b>	number of installation control points, excluding vacants
<b>FRMP</b>	financially responsible market participant
<b>GWh</b>	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
<b>Historic average inflows</b>	the historic average combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes over the last 81 years
<b>Historic average storage</b>	the historic average level of storage in Meridian's Waitaki catchment since 1979
<b>HVDC</b>	high voltage direct current link between the North and South Islands of New Zealand
<b>ICP</b>	New Zealand installation control points, excluding vacants
<b>ICP switching</b>	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
<b>MWh</b>	megawatt hour. Enough electricity for one average New Zealand household for 46 days
<b>National demand</b>	Transpower's Daily Demand reporting, adjusted for embedded generation from Meridian's Te Uku, White Hill and Mill Creek wind farms
<b>NZAS</b>	New Zealand Aluminium Smelters Limited
<b>Retail sales volumes</b>	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
<b>Sell side derivatives</b>	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
<b>Virtual Asset Swaps (VAS)</b>	CFDs Meridian has with Genesis Energy and Mightly River Power. They do not result in the physical supply of electricity



meridian

# ***Better energy future***



## **Dear Investor**

Our results for the year ended 30 June 2015 are now available.

## ***Great financial results***

FREE CASH FLOW	EBITDAF	NET PROFIT AFTER TAX	UNDERLYING NPAT
<b>\$398M</b>	<b>\$618M</b>	<b>\$247M</b>	<b>\$209M</b>
+6% on FY2014, +8% on PFI <sup>1</sup>	+6% on FY2014, +5% on PFI	+7% on FY2014, +17% on PFI	+7% on FY2014, +17% on PFI

## ***And delivering to investors***

ORDINARY DIVIDEND	SPECIAL DIVIDEND	CAPITAL MANAGEMENT	TOTAL SHAREHOLDER RETURN
<b>12.88cPS</b>	<b>2.91cPS</b>	<b>2.44cPS</b>	<b>+36%</b>
+17% on FY2014, +12% on PFI	From asset sales and one-offs	special dividend	and +71% since listing

## **CAPITAL MANAGEMENT PROGRAMME**

The Board has approved a programme to return capital to shareholders. Provided nothing occurs to impact the company's financial position and no significant growth opportunity presents itself, this will be a five-year programme returning up to \$625 million to shareholders. The directors have decided the initial method of returning capital to shareholders will be via a special dividend of 2.44 cents per share (cps). The Board will reconsider the matter again in February 2016.

<sup>1</sup> Prospective financial information contained in Meridian's prospectus

# From our Chair and Chief Executive



**CHRIS MOLLER** *Chair*



**MARK BINNS** *Chief Executive*

## Introduction

Meridian's headline operating earnings measure of EBITDAF was up +6% on last year at \$618 million and this was +5% up on the forecast in the prospectus. All other principal financial metrics were on or ahead of the prospectus forecast.

The fate of Tiwai Point smelter was again at the forefront of the company's attention, as 1 July 2015 was the first date upon which the owner, New Zealand Aluminium Smelters Ltd (NZAS) could give notice to terminate its contract with Meridian. Most shareholders will be aware that Meridian and NZAS signed a variation to the Electricity Agreement.

The review of transmission pricing by the Electricity Authority (EA) took a positive step forward this year. The EA is looking at how transmission costs are recovered from all the parties that benefit from the transmission grid. It was pleasing to see the EA's Transmission Pricing Methodology (TPM) options paper issued in June 2015 set out new options that better align what parties pay with the benefits that they receive from using the national grid.

This year, overall electricity demand in New Zealand was up +3% on the previous year. Growth was evident in nearly all regions, led by agricultural demand in the provinces. While a strong irrigation season helped, we have seen an underlying increase in demand. Significant thermal plant closure is occurring which requires

strategic thought by all market participants. It may mean new investment signals are moving closer.

The competition to attract new customers remains intense. Meridian is competing hard, but providing discounted offers to customers at the levels seen by some of our competitors is unsustainable and unprofitable. We continue to focus on keeping our customers based on fair pricing and excellent service. This year we also saw our Powershop retail offering top 100,000 customers in New Zealand and Australia.

## Dividends and returns

During the year the Board announced that it had changed the Dividend Policy by increasing the percentage of free cash flow paid out from 70-80% to 75-90%. With the declaration of a final dividend of 8.08 cps (imputed to 55%) the total ordinary dividends declared for the year were 12.88 cps, or 83% of the free cash flow as measured by the policy.

In addition to the 2.44 cps special dividend from the capital management programme, the company's cash position has been enhanced by further asset sales and the resolution of a tax liability position in Australia. This has enabled directors to declare a further special dividend for the year of 2.91 cps.

Shareholders were required to pay the Crown the remaining 50% instalment in May 2015. The Instalment Receipt (IR) process worked very well for Meridian, the Crown and shareholders. During the 18-month period during which only \$1.00 was paid up under the IR security, investors enjoyed a gross dividend yield of 26% as well as a capital gain of 95%.

If the full \$1.50 had been paid at the beginning of the financial year under review, total shareholder return would have been 36% for the year on a closing share price of \$2.16 (23% in share price appreciation and 13% in gross dividends).

## Health and safety

Safety at Meridian is not about numbers. It is about culture and a genuine belief that a high level of staff engagement will make Meridian a safe place to work, or visit.

An audit of our safety systems and processes last year resulted in a project we named *Safety Matters*, the aim of which was to prepare for anticipated changes to health and safety legislation due later in the year. The project has re-evaluated where we have high areas of risk and our processes to handle these risks, using technical experts and the employees who deal with these risks daily. The project has also tackled company-wide attitudes to safety, embedding principles that focus on accountability and fairness in safety reporting rather than on mistakes.

## Risk management

An integral part of our risk management approach is to consider significant potential risks the business may face. This year three significant issues came into focus for the company. The first was the possible termination of the Tiwai Point Electricity Agreement with NZAS. In the lead up to the notice of termination date significant modelling of what a smelter closure would mean to the industry and our company was carried out. Negotiations with generators who may have been interested in entering into wholesale arrangements in the event of a closure were also conducted in order to ensure we were prepared should a closure have come to pass. Liaison with Transpower, the grid owner, meant we understood the timing of the work required to release lower South Island constraints to significant power flows from Southland.

Later in this letter we take a closer look at how we responded to issues with several transformers at our Manapōuri power station. While the response to the problem was exemplary, it did provide us with some important insights. We took a number of longer term risk mitigation actions, including two external reviews of our transformer strategy and condition-monitoring framework. While no serious issues were discovered the lessons learned will serve to strengthen our asset management capability and improve our plant performance.

The other risk we continue to monitor is political uncertainty in Australia over renewable generation investment. While agreement has been reached on a lower target of new renewable generation under the Renewable Energy Target (RET), uncertainty remains and lower projected wholesale prices have resulted in Meridian taking a \$38 million impairment of the value of Australian generation assets.

## Customers

Overall customer numbers for the year declined marginally while actual retail GWh volume sold increased by 4%, reflecting an increase in larger volume business customers and significant irrigation during summer and autumn.

Fair pricing and enhancing the customer experience is our focus. We have continued to improve customers' online experience and engagement with Meridian this year. Our online customer portal *MyMeridian* has been upgraded and enables customers with smart meters to see their energy use over the day, to pay online and to set up personalised alerts to help them manage their power use and costs. Over the last year *MyMeridian* has also been made available to business and agribusiness customers. Overall, *MyMeridian* users have nearly doubled this year and we have experienced a 24% increase in customers joining Meridian online.



## A team effort

Powershop's launch into New South Wales was a highlight this year. Powershop reached another milestone in May by surpassing 100,000 customers across Australia and New Zealand. Our Powershop offering here and in Australia is supported by IT developers in our Newtown office in Wellington and our call centre in Masterton, Wairarapa.

### Outlook

With the future of the Tiwai Point smelter decided at least, in all probability, through to January 2018, Meridian can concentrate on delivering on a significant number of projects to improve customer experience and overall efficiency.

We are committed to supporting the EA in its review of transmission pricing and are hopeful that this time next year we will be able to comment on the EA's decision to implement one of the suggested options. We remain adamant that a beneficiary pays approach is the only rational answer to the multitude of problems with the current TPM.

Despite our unique positioning through both our brands we anticipate retail markets both sides of the Tasman will remain challenging. We anticipate further growth of Powershop in Australia. Powershop also continues to receive interest in its mobile app and platform from offshore retailers and we expect the viability of any such opportunities will be decided this year.

Until growth opportunities become clearer to us, we remain focussed on achieving more from our existing asset base, continuously improving the quality and cost effectiveness of the customer experience we offer and ensuring our shareholders receive appropriate cash returns from their investment in Meridian.

We would like to acknowledge the effort of Meridian's employees in delivering a highly creditable financial result for the year and thank our customers and shareholders for their ongoing and valued support.



In March 2014 an issue was discovered during the maintenance of an oil cooler in one of the Manapōuri power station's seven transformers. The remaining transformers were checked and while five returned to service, a second transformer was found to have a similar fault and was decommissioned.

So a large project with a number of work streams began involving dozens of people from Meridian, transport companies, manufacturers, environmental, regulatory and biosecurity agencies and, of course, local authorities and businesses.

As it's the largest hydro power station in the country, any issue that could affect Manapōuri generating electricity needs to be treated seriously and as quickly as possible. Thanks to Meridian's engineering team we quickly worked out what was needed, and after choosing a company to help design and manufacture the transformers we were well on our way to finding a solution. The procurement process for new transformers typically takes 18 to 24 months, so having a commission target date of just six months from business case approval was always going to provide a few challenges for the project team.

As a company that relies on generating electricity from renewable sources, Meridian has a special connection with the environment, and Manapōuri is no exception. Located within a National Park and part of a World Heritage Site, the area is home to native flora and fauna such as bottlenose dolphins and Fiordland crested penguins, which are some of the rarest of New Zealand's mainland penguins. The location and fragility of the local environment meant that we had to take special care and be well prepared before transporting and delivering such a large amount of material.

One such precaution that we took to minimise the impact on the local environment was the use of a self-ballasting vessel to ensure that no ballast water was discharged into Doubtful Sound – avoiding the risk of introducing any contaminants. Biosecurity inspections of the hull involving divers were also carried out before the ship entered New Zealand waters to ensure that it did not pose a risk to marine biosecurity.

The two separate deliveries of transformers coincided with two of the busiest times in the tourist season – Christmas and Chinese New Year – when large numbers of tourists visit West Arm, Deep Cove and Doubtful Sound. This often sees over 30 coachloads travelling over Wilmot Pass each day.

The existing relationships with local authorities and businesses also helped us get the necessary approvals quickly and with little fuss. We worked closely with local tourist operators to time loads to minimise delays across Wilmot Pass and disruptions to the use of Deep Cove wharf. Local operator Real Journeys greatly assisted with planning and on-the-ground communications with other operators during deliveries.

"By including us early in the project and maintaining high levels of communication throughout, Meridian helped to minimise the disruption that this caused our operations and other operators in the area," says Assistant Operations Manager for the Manapōuri/Te Anau divisions of Real Journeys, Bruce Nicol.

"I believe this has strengthened our relationship with Meridian and the high level of consideration, planning and cooperation allowed for a smooth operation," he says.

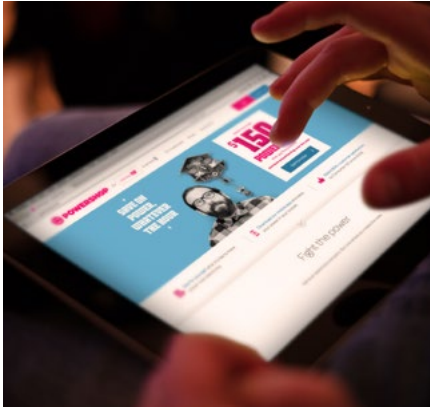
The location of the project and the constraints under which we were working meant that Meridian project manager Brett Horwell had to move to Manapōuri from Christchurch with his wife for nearly six months.

"This was one of the most challenging projects I have ever worked on and definitely the most rewarding," he says.

"This was a disruptive project for Meridian and we couldn't have done it without everyone diverting their attention to support the project. Our real success came from the 'can do' attitude presented by everyone right across the team and our ability to work together to overcome the numerous challenges that presented themselves along the way," says Brett.

"The experiences I gained from being part of the Manapōuri community during this project have set me in good stead for future projects in the area."

# Powering communities



After opening its Masterton operations in 2009 with just 14 staff, Powershop now employs 60 expert contact centre staff. Based on Powershop's continued growth in Australia, the company expects to hire up to 70 extra staff in the next few years.

While the company is known for its innovative technology and brand, much of this success is due to the efforts that Powershop has put into customer service, achieving scores of between 90% and 96% in the annual Consumer NZ survey for customer satisfaction for seven consecutive years. Powershop has also been a regular winner

of the Canstar awards and it won the Roy Morgan Electricity Provider of the Year award for 2014.

Much of this is due to the call centre's philosophy of treating customers like people rather than just numbers. "We operate differently from other call centres in New Zealand," says Powershop Customer Service Manager Rod McIntyre. "We don't have flashing screens telling us how long we have spent on the phone or how many calls have come in, and we don't have hourly call targets.

"We know that trying to reach call quotas can rush conversations and mean customers become just numbers. At the Powershop call centre we listen to each customer's story to get to the bottom of the issue. We don't follow scripts and we explain things in our own words even if they're not grammatically correct," says Rod.

The Powershop customer service crew does most learning 'on the job', with new crew members sitting with experienced and established people. Lessons learned with real-time training tend to stick and it allows staff to develop their own voice, alongside their listening and problem-solving skills.

"The service crew has had the real privilege of a made-to-measure customer relationship management system, where all of the information regarding a Powershop customer is in one place.

This has allowed us to aim for a seamless service experience where each service crew member is a one-stop shop," says Rod.

Powershop has also seized the opportunity to use social media as a service channel, welcoming the chance to communicate directly with its customers on Facebook and Twitter.

"More and more customers are aware that they can pop a question or comment up on Facebook and get a personalised and informed answer very quickly. A great advantage of this is that other customers can see these interactions and be informed by them too," Rod says.

Powershop currently bases a large part of its operations in Masterton's Departmental Building but it recently announced plans to move to a new purpose-built building in the town. Powershop is so invested in Masterton that it plans to work with a local developer to build a 1,200-square-metre site to support its growth plan for the next five or six years.

Basing a large part of its team in small-town New Zealand could be viewed as a risk by many, but in Powershop's case it has proven to be a great decision. The company has access to a skilled and reliable workforce and good services and facilities.

## Smarter energy



The first step in controlling energy use is to better understand when you use it. Smart meters and related technologies mean customers can check bills remotely and track power consumption. This offers better energy management and monitoring, resulting in energy efficiencies and savings.

To date, more than one million smart meters have been installed in homes and businesses nationally. The final piece of Meridian's smart meter roll-out programme is currently underway and is expected to be completed in early 2017.

To date, around 120,000 Meridian customers have smart meters. Some of the advantages of having smart meters are immediate, such as accurate billing without the need for physical meter reading, while other benefits will be realised over the next few years.

Monitoring usage online is also an important advantage of smart meters. Like Meridian residential customers, small business and agribusiness customers can now use our online electricity management tool *MyMeridian*. With smart meters, *MyMeridian* customers can track usage in dollars or units, monitor usage, pay online and even receive texts or email alerts when they are using more electricity than planned.

Following the installation of 50 smart meters, Meridian customer Victoria University of Wellington noticed immediate benefits. With electricity being the University's biggest utility cost, any efficiencies or savings that could be realised were welcome.

Andrew Wilks, Environmental Manager, Campus Services at Victoria University, says that once smart meters were installed they gained immediate information about how much electricity they were using at all times of the day, rather than just a monthly total.

"This gave us insight into where to look for opportunities to save power. It was also useful having all of our sites billed for the same consumption period, because without smart meters the consumption periods varied between sites depending on when the meter reader visited. This made it much easier to compare sites," he says.

Reducing energy use is also a key focus for the Campus Services team in support of the University's wider sustainability objectives. "Smart meters help to support Campus Services to deliver their energy efficiency targets," says Andrew.

The University uses the majority of its energy on heating, and smart meters have also enabled it to identify sites that had heating running longer than necessary.

In the more immediate future, innovative time-of-day pricing plans are likely to be more widely available. Customers will be able to choose a plan that offers a cheaper rate for electricity at certain times of the day, for example during off-peak times, in the evening or on the weekend. Being on the right plan and shifting the time that intensive consumption of electricity takes place will deliver further savings and efficiencies.



## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Meridian Energy Limited

ARBN

151 800 396

Financial year ended

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

☒ these pages of our annual report: 29-36

☐ this URL on our website: \_\_\_\_\_

The Corporate Governance Statement is accurate and up to date as at 18 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 19 August 2015

Sign here:

  
Company secretary

Print name: Jason Stein

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<p>the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="#">Annual Report - Remuneration Report page 37-39</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	most recent “Gender Equality Indicators”, as defined in and published under that Act.	<p>✓ at this location:</p> <p><a href="#">Annual Report – CEO / Chair Report pages 5-9</a></p> <hr/> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="#">Annual Report – CEO / Chair Report pages 5-9</a></p> <hr/> <p><i>Insert location here</i></p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <hr/> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <hr/> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<u>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</u>		

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p><a href="#">N/A</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p><a href="#">N/A</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="#">Annual Report –Director Biographies pages 10-11</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at this location: <a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a> <hr/> Insert location here	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: <hr/> Insert location here	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b><u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u></b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: <hr/> Insert location here	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b><u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u></b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: <hr/> Insert location here ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p>✓ at this location:</p> <p><a href="#">Annual Report –Director Biographies pages 10-11</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p><a href="#">N/A</a></p> <p>_____</p> <p><i>Insert location here</i></p>	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a> <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at this location: <a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a> <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p><a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a></p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<p>✓ at this location:</p> <p><a href="#">Annual Report –Director Biographies pages 10-11</a></p> <hr/> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p><a href="#">N/A</a></p> <hr/> <p><i>Insert location here</i></p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <hr/> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p>✓ in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <hr/> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: N/A <hr/> Insert location here	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> Insert location here	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <hr/> Insert location here  ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: <a href="https://www.meridianenergy.co.nz/investors/">https://www.meridianenergy.co.nz/investors/</a> <hr/> Insert location here  ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<p>✓at this location:</p> <p><a href="#">Annual Report –Director Biographies pages 10-11</a></p> <hr/> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>N/A</p> <hr/> <p><i>Insert location here</i></p>	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p>✓at this location:</p> <p><a href="#">Annual Report - Remuneration Report page 37-39</a></p> <hr/> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p><a href="#">Annual Report - Remuneration Report page 37-39</a></p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



## Appendix 1

### Stock Exchange listings: NZX (MEL), ASX (MEZ)

#### 1. Full year reporting periods

Reporting period:	twelve months to 30 June 2015
Previous reporting period:	twelve months to 30 June 2014

#### 2. Results for announcement to the market

	Twelve months to 30 June 2015 (NZ\$m)	Percentage change
<b>Operational results</b>		
Revenue from ordinary activities	2,904	+16%
Profit (loss) from ordinary activities after tax attributable to security holders	247	+7%
Net profit (loss) attributable to security holders	247	+7%
Energy Margin <sup>1</sup>	954	+3%
EBITDAF <sup>2</sup>	618	+6%
Underlying Net Profit after Tax <sup>3</sup>	209	+7%

<sup>1</sup>Energy Margin is a non-GAAP measure representing Energy Sales Revenue less Energy Related Expenses and Energy Distribution Expenses.

<sup>2</sup>EBITDAF is a non-GAAP financial measure, defined as earnings before interest, taxation, depreciation, amortisation, changes in fair value of financial instruments, gain/(loss) on sale of assets and joint venture equity accounting earnings.

<sup>3</sup>Underlying Net Profit after Tax is a non-GAAP measure representing Net Profit after Tax adjusted for the effects of non-cash fair value movements and other one-off items.

	Twelve months to 30 June 2015 (NZ\$m)	Twelve months to 30 June 2014 (NZ\$m)
<b>Underlying NPAT Reconciliation</b>		
<b>Net Profit after Tax</b>	<b>247</b>	<b>230</b>
Hedging instruments:		
Net Change in fair value of electricity and other hedges	1	9
Net Change in fair value of treasury instruments	32	(27)
Premiums Paid on Electricity Options (less interest)	(15)	(20)
Assets:		
Impairments of Assets	38	-
Gain on Sale of Assets	(19)	(7)
<b>Total adjustments before tax</b>	<b>37</b>	<b>(45)</b>
Taxation:		
Tax effect of above adjustments	(13)	10
Release of capital gains tax provision	(28)	-
Tax on depreciation of powerhouse structures	(34)	-
<b>Underlying Net Profit after Tax</b>	<b>209</b>	<b>195</b>

	Amount per security (NZ cents)	Imputed amount per security (NZ cents)
Interim dividend	6.20	2.41
Record Date	31 March 2015	
Payment Date	15 April 2015	
Final dividend	8.08	1.73
Record Date	30 September 2015	
Payment Date	15 October 2015	
Special dividend	3.95	-
Record Date	30 September 2015	
Payment Date	15 October 2015	

For commentary on the operational results please refer to the media announcement and final results presentation. Appendix 1 should be read in conjunction with the attached Group Financial Statements for the year ended 30 June 2015.

### 3. Net tangible assets per security

	30 June 2015 (NZ cents)	30 June 2014 (NZ cents)
Net tangible asset per security	171	170

#### 4. Control of entities gained or lost during the period

Name of Entity	Sold/Dissolved	Principal Activity	Interest Held by Parent
ARC Innovations Limited	01/12/14	Metering Services	-
Meridian (Whisper Tech No. 2) Limited	26/09/14	Non-trading entity	-
Meridian (Whisper Tech) Limited	26/09/14	Non-Trading Entity	-
Meridian Energy USA Incorporated	08/10/14	Development	-
Whisper Tech (UK) Limited	19/09/14	Non-Trading Entity	-
Whisper Tech Limited	26/09/14	Non-Trading Entity	-
Whisper Gen Limited	26/09/14	Non-Trading Entity	-

#### 5. Dividends

As per point 2 and NZX Appendix 7 attached

#### 6. Dividend or distribution reinvestment plans

Nil

#### 7. Associates and joint venture entities

Name of Entity	Country of Incorporation	Date	Principal Activity	Interest held by Group
EDDI Project JV	New Zealand	01/05/12	Dam Management Systems	50%
Hunter Downs JV	New Zealand	01/07/13	Irrigation Development	65%

#### 8. Accounting standards

The Group Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting

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Standards (NZ IFRS) and International Financial Reporting Standards (IFRS), as appropriate for a profit-orientated entity and are prepared in accordance with the requirements of the Financial Reporting Act 1993. A list of additional new Accounting Standards and amendments that became effective during the period is included in the attached Group Financial Statements for the year ended 30 June 2015.

## **9. Audit**

This report is based on the audited Group Financial Statements. Deloitte has provided an Independent Audit Report on the Financial Statements, which is attached.



**Notice of event affecting securities**

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.  
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

1

Full name of Issuer **Meridian Energy Limited**

Name of officer authorised to make this notice **Jason Stein** Authority for event, e.g. Directors' resolution **Directors' resolution**

Contact phone number **+64 4 381 1200** Contact fax number  Date **19 / 8 / 2015**

**Nature of event**  
Tick as appropriate

Bonus Issue <input type="checkbox"/>	If ticked, state whether: <input type="checkbox"/>	Taxable <input type="checkbox"/>	/ Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>	Full Year <input type="checkbox"/>	Special <input checked="" type="checkbox"/>
						DRP Applies <input type="checkbox"/>

**EXISTING securities affected by this** *If more than one security is affected by the event, use a separate form.*

Description of the class of securities **Ordinary Shares** ISIN **NZMELE0002S7**  
*If unknown, contact NZX*

**Details of securities issued pursuant to this event** *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities  ISIN   
*If unknown, contact NZX*

Number of Securities to be issued following event  Minimum Entitlement  Ratio, e.g. ① for ②  for

Conversion, Maturity, Call Payable or Exercise Date  Treatment of Fractions   
*Enter N/A if not applicable* *Tick if pari passu* ☐ OR *provide an explanation of the ranking*

Strike price per security for any issue in lieu or date Strike Price available.

**Monies Associated with Event** *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>		Source of Payment	<b>Retained Earnings</b>
Amount per security (does not include any excluded income)	<b>\$0.0395</b>		
Excluded income per security (only applicable to listed PIEs)	<b></b>		
Currency	<b>NZ Dollars</b>	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents <b>\$0.0000</b>
Total monies	<b>\$101,238,500</b>		Date Payable <b>15 October, 2015</b>

**Taxation** *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price	<b>\$</b>	Resident Withholding Tax	<b>\$0.0130</b>	Imputation Credits (Give details)	<b>\$0.0000</b>
		Foreign Withholding Tax	<b></b>	FDP Credits (Give details)	<b></b>

**Timing** (Refer Appendix 8 in the NZSX Listing Rules)

**Record Date 5pm**  
For calculation of entitlements - **30 September, 2015**

**Application Date**  
Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week. **15 October, 2015**

**Notice Date**  
Entitlement letters, call notices, conversion notices mailed

**Allotment Date**  
For the issue of new securities. Must be within 5 business days of application closing date.

**OFFICE USE ONLY**

Ex Date:  
Commence Quoting Rights:  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:

Security Code:



**Notice of event affecting securities**

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.  
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

1

Full name of Issuer **Meridian Energy Limited**

Name of officer authorised to  
make this notice

Jason Stein

Authority for event,  
e.g. Directors' resolution

Directors' resolution

Contact phone  
number

+64 4 381 1200

Contact fax  
number

Date

19 / 8 / 2015

**Nature of event**  
Tick as appropriate

Bonus  
Issue

☐

If ticked,  
state whether:

Taxable

☐

/ Non Taxable

☐

Conversion

☐

Interest

☐

Rights Issue  
Renounceable

☐

Rights Issue  
non-renounceable

☐

Capital  
change

☐

Call

☐

Dividend

☒

If ticked, state  
whether:

Interim

☐

Full  
Year

☒

Special

☐

DRP Applies

☐**EXISTING securities affected by this**

If more than one security is affected by the event, use a separate form.

Description of the  
class of securities

Ordinary Shares

ISIN

NZMELE0002S7

If unknown, contact NZX

**Details of securities issued pursuant to this event**

If more than one class of security is to be issued, use a separate form for each class.

Description of the  
class of securities

ISIN

If unknown, contact NZX

Number of Securities to  
be issued following event

Minimum  
Entitlement

Ratio, e.g  
① for ②

Conversion, Maturity, Call  
Payable or Exercise Date

Treatment of Fractions

Enter N/A if not  
applicable

Tick if  
pari passu

☐

OR  
provide an  
explanation  
of the  
ranking

Strike price per security for any issue in lieu or date  
Strike Price available.

**Monies Associated with Event**

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security  
(does not include any excluded income)

\$0.0808

Source of  
Payment

Retained Earnings

Excluded income per security  
(only applicable to listed PIEs)

Currency

NZ Dollars

Supplementary  
dividend  
details -

NZSX Listing Rule 7.12.7

Amount per security  
in dollars and cents

\$0.0079

Total monies

\$207,090,400

Date Payable

15 October, 2015

**Taxation**

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus  
issue state strike price

\$

Resident  
Withholding Tax

\$0.0151

Imputation Credits  
(Give details)

\$0.0173

Foreign  
Withholding Tax

FDP Credits  
(Give details)

**Timing**

(Refer Appendix 8 in the NZSX Listing Rules)

**Record Date 5pm**

For calculation of entitlements -

30 September, 2015

**Application Date**

Also, Call Payable, Dividend /  
Interest Payable, Exercise Date,  
Conversion Date. In the case  
of applications this must be the  
last business day of the week.

15 October, 2015

**Notice Date**

Entitlement letters, call notices,  
conversion notices mailed

**Allotment Date**

For the issue of new securities.  
Must be within 5 business days  
of application closing date.

**OFFICE USE ONLY**

Ex Date:  
Commence Quoting Rights:  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:

Security Code:





meridian

## Release

*Stock exchange listings: NZX (MEL) ASX (MEZ)*

# Financial Assistance Disclosure Notice

19 August 2015

Under sections 78(5) and 79 of the Companies Act 1993, we are required to provide all shareholders with the following notice in respect of financial assistance that is being provided by Meridian Energy Limited ("Meridian" or the "Company") to certain executives in connection with a Long Term Incentive Scheme adopted by the Company.

## Introduction

Meridian Energy Limited ("**Company**") has established an Executive Long Term Incentive Plan ("**Plan**") for the executive management team to enhance the alignment of interests between shareholders and those executives most able to influence the financial results of the Company.

Under sections 78(5) and 79 of the Companies Act 1993 ("**Act**"), we are required to provide all shareholders with certain information around the proposal by the Company to give financial assistance in connection with the Plan.

This notice sets out details of the proposal and the information required to be provided in accordance with the Act. This notice is for your information only and no action is required by you in relation to it.

## Executive Long Term Incentive Plan

Under the Plan, participating executives ("**Participants**") purchase shares funded by an interest free loan from the Company, with the shares held on trust by the trustee of the Plan, Meridian LTI Trustee Limited ("**Trustee**").

Each Participant's securities will be beneficially owned by the Participant and held on trust by the Trustee in accordance with the rules of the Plan and the trust deed entered into by the Trustee and the Company for the vesting period.

The vesting of securities is subject to the Company and the Participant meeting certain criteria. Vesting of shares with a Participant at the conclusion of a three year vesting period is dependent on:

- the continued employment of the Participant through the three year period;
- the Company's absolute total shareholder return being positive; and
- the Company's total shareholder return relative to a benchmark peer group meeting certain criteria.

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More information on the Plan can be found in the Remuneration section of the Meridian Energy Annual Report for the year ended 30 July 2015 at <http://www.meridianenergy.co.nz/investors/>

## Board Resolutions

The directors have authorised the Company providing financial assistance for the acquisition of the Company's shares to the Participants identified in this disclosure notice, in an amount up to \$1,443,594 in aggregate.

The text of the resolutions of directors passed on 30 July 2015 authorising the Company to provide the financial assistance is as follows:

The Board resolves that:

1. The Company provide financial assistance by way of loans advanced to each Participant on the terms set out in the Plan up to the amount set out (in aggregate) in the Schedule.
2. The giving by the Company of the financial assistance is in the best interests of the Company.
3. The terms and conditions under which the financial assistance is to be given are fair and reasonable to the Company.
4. The giving of the financial assistance considered by this resolution is of benefit to those shareholders not receiving the assistance.
5. The terms and conditions under which the assistance is given are fair and reasonable to those shareholders not receiving the assistance.
6. The Board is satisfied on reasonable grounds that the Company will, immediately after the provision of the financial assistance, satisfy the solvency test set out in section 4 of the Act.
7. The Board considers that the Company will receive fair value in connection with the provision of the financial assistance through the receipt of benefits to the Company that will result from offering the employees participation in the Plan, being assistance with staff retention and alignment of the interests of the Participants with the Company and its shareholders.
8. Accordingly, the Company is authorised to provide the financial assistance.
9. The grounds for the directors' conclusions in relation to resolutions 1, 2, 3, 4, 5, 6 and 7 are that the giving of financial assistance by way of loans to the Participants and other benefits to be provided to the Participants under the Plan, will benefit the Company and its shareholders by attracting and retaining key executives, aligning the interests of participants with those of shareholders and providing executives incentives and rewards which reflect the performance and success of the Company.

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## **SCHEDULE OF PARTICIPANTS**

Chief Executive Officer  
General Manager Markets & Production  
Chief Financial Officer  
General Manager Human Resources  
General Manager Retail  
General Manager Information and Communications Technology  
Manager Wholesale Markets  
General Counsel  
General Manager External Relations

**Amount of financial assistance (in aggregate) \$1,443,594**

## **SHAREHOLDER RIGHTS**

Section 78(7) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the court to restrain the proposed assistance being given.

The financial assistance may be given by the Company not less than 10 working days nor more than 12 months after this document has been sent to each shareholder.

Yours sincerely,



Chris Moller

Chairman