



meridian

Release

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

Meridian Energy NZX retail investor presentation

1 October 2018

Attached is a presentation Meridian Energy Limited is making at NZX retail investor evenings in early October 2018.

ENDS

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NZX RETAIL INVESTOR EVENING MANAGEMENT PRESENTATION



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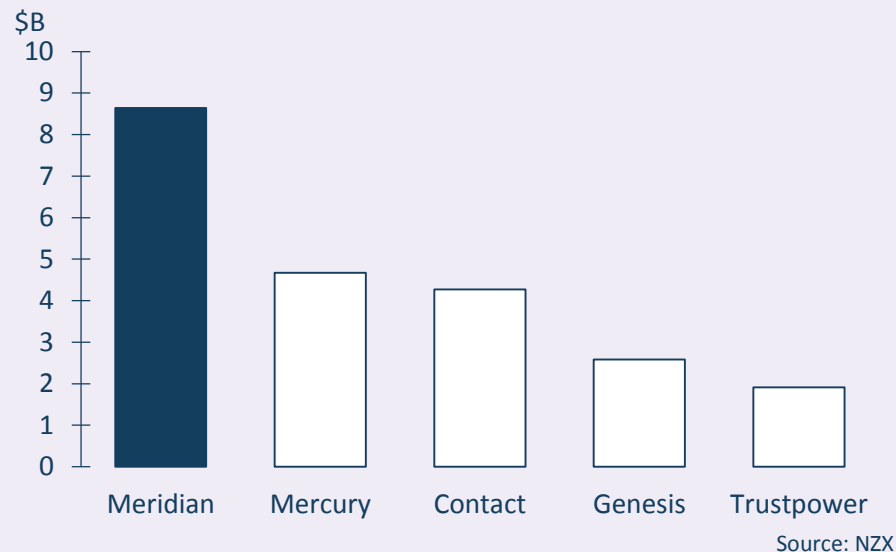


NZ ELECTRICITY SECTOR

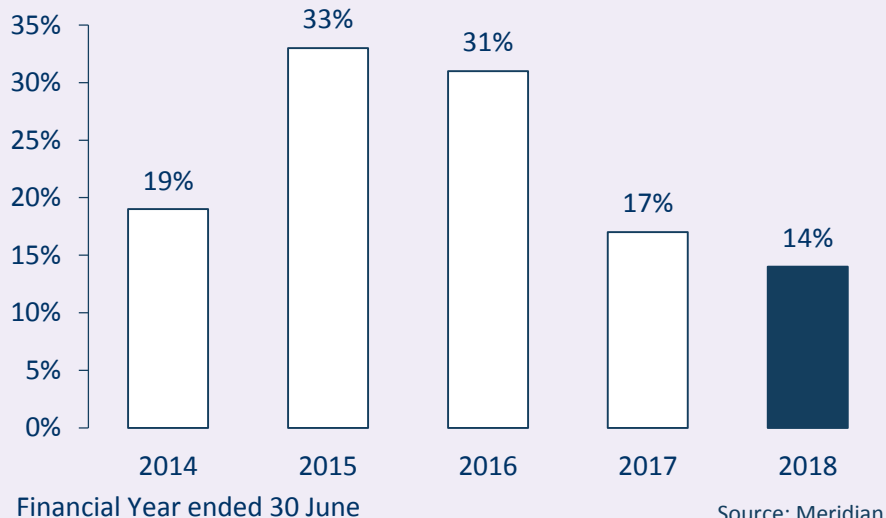
Main participants are listed

- Five large retailer generators
- \$10b free float
- Defensive, high yield characteristics
- Frequently seen as bond proxies
- Competing in a market with low growth in the last decade

ELECTRICITY COMPANIES MARKET CAP



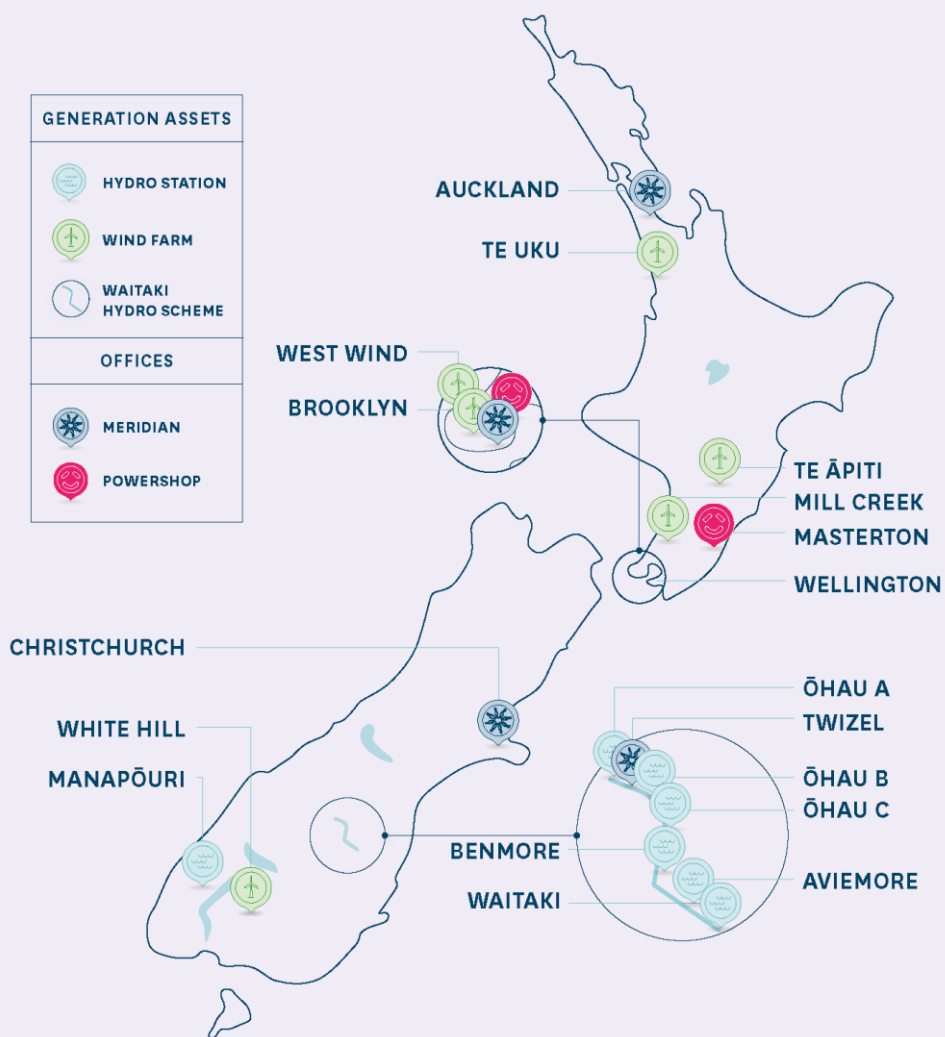
MERIDIAN TOTAL SHAREHOLDER RETURN



MERIDIAN ENERGY

\$8.5b company, listed in 2013, 51% Government owned

- Largest of the five retailer generators
- 420,000 customers in three countries
- Diversified NZ customer sales, weighted towards business, commercial and agricultural
- 40% of generation covered by Tiwai Point contract (price guarantee, not physical supply)
- Strong sustainability focus



MERIDIAN ENERGY

NZ's largest generator, all production from renewable sources

- Seven big hydro stations – flexible plant with the country's largest storage
- With low operating costs and capital needs
- Five NZ wind farms, two in Australia
- Proven success operating in a high wind environment
- Backed with more than a decade of construction and operational experience
- Typical long generation position to manage variable hydro inflows

Long-term competitor in Australia

- Recent acquisition of further renewable generation and offtake agreements

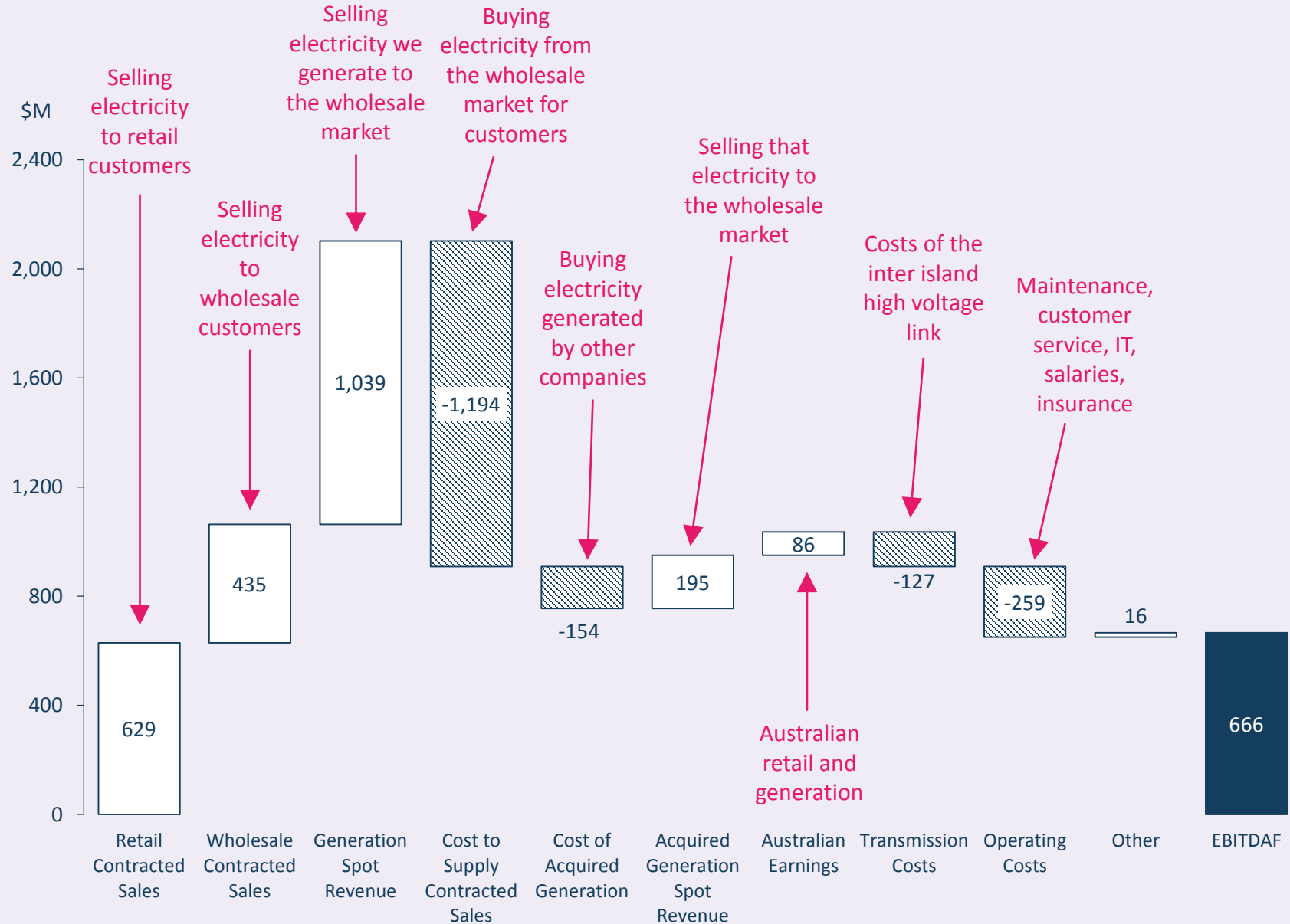


Meridian Energy's Benmore power station



Meridian Energy's Manapōuri power station

HOW WE MAKE MONEY



NZ ELECTRICITY DEMAND

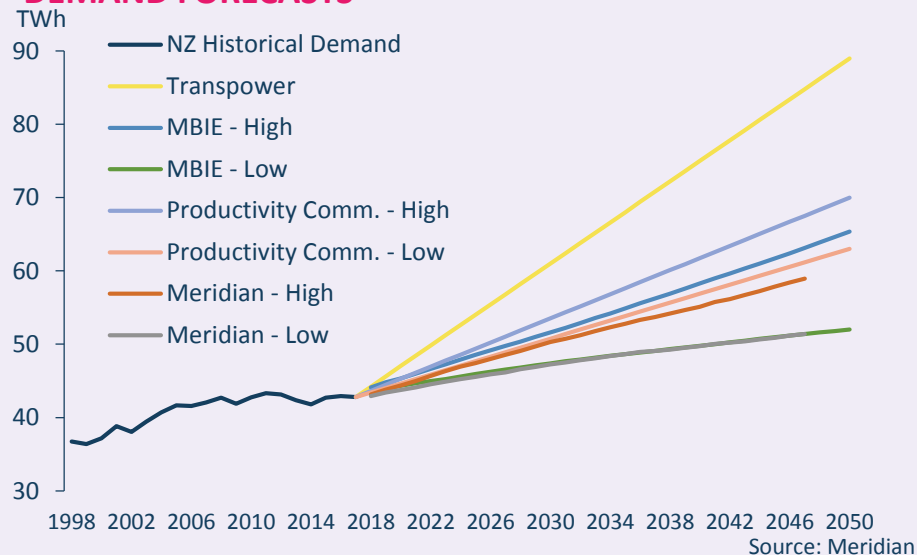
Little demand growth in the last decade

- + Economic growth
- + Positive net migration
- - Industrial and manufacturing closure
- - Warmer than average temperatures
- - Growing impact of technology and efficiency gains
- +/- Variable irrigation load depending on rainfall

Future demand growth is expected

- Likely to be modest in the short term, estimated between 0.5% and 1% pa on average
- New generation capacity will be needed, probably after 2021
- Older plant retirement will add to the need for new generation

DEMAND FORECASTS



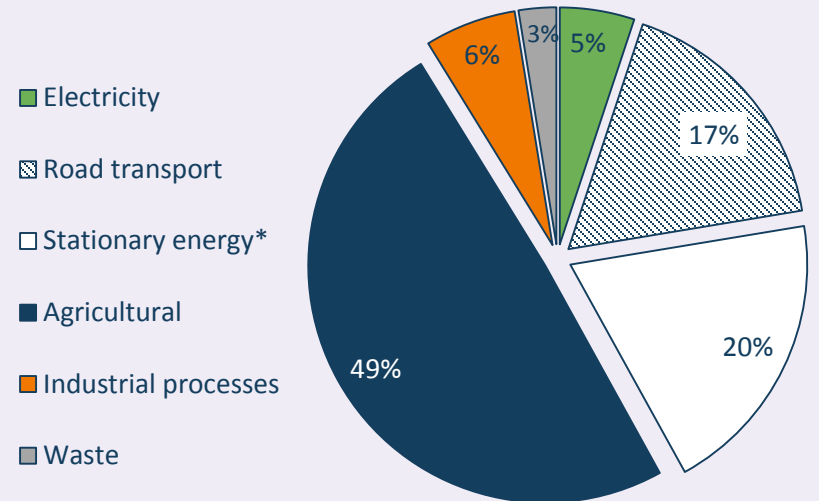
NZ ELECTRICITY DEMAND

Zero Carbon New Zealand by 2050

- Agriculture means NZ has one of the highest per capita rates of emissions
- 32 million tonnes of carbon emissions from the wider (non-agricultural) sector could be removed through electrification
- Converting all fossil fuel-based energy use to renewables could add 75% to electricity demand
- Depending on the rate of electrification, equivalent of two or more mid-sized wind farms needed annually over the longer term
- Consent maturity is near dated

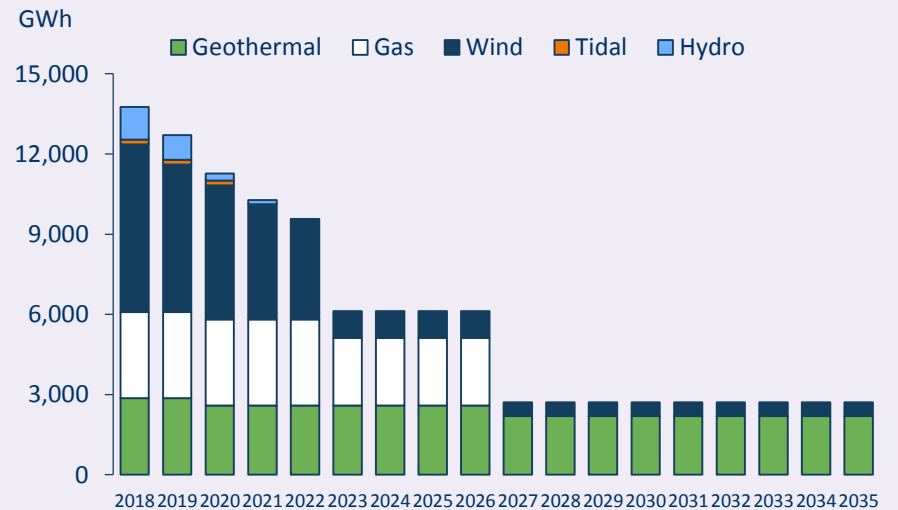
*manufacturing (including milk processing), construction and commercial sectors and domestic heating

NZ 2016 SECTOR EMISSIONS



Source: Ministry for the Environment

NZ CONSENT MATURITY



Source: Meridian

POLITICS AND REGULATION

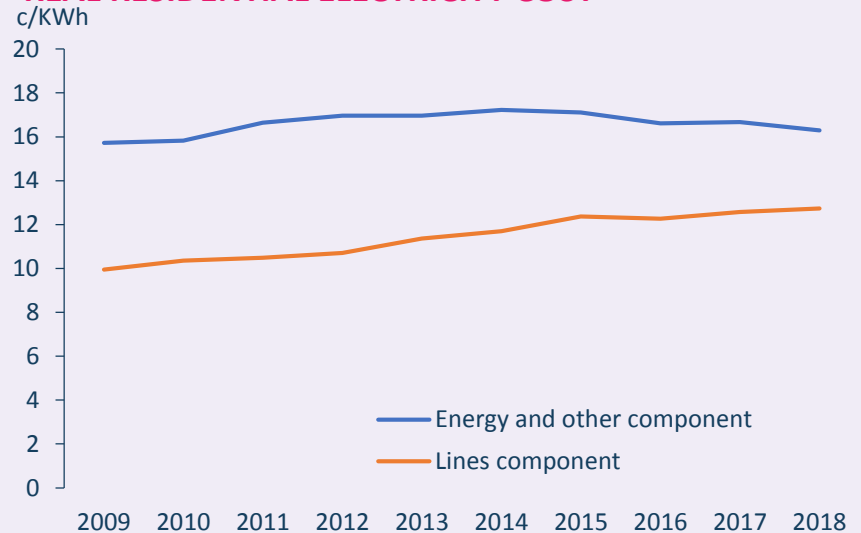
New Zealand

- Policy support is increasing the pace of NZ's climate change actions
- Government's electricity price review has delivered its first report
 - Energy affordability can be an issue
 - Low income households need better support
 - Competition is high, customer engagement varies
 - Industry delivers high quality supply
 - Distribution and transmission could be more efficient

Australia

- Lack of coherent energy policy to support renewables
- Electricity is highly politicised

REAL RESIDENTIAL ELECTRICITY COST



Source: Ministry of Business, Innovation and Employment

TIWAI POINT ALUMINIUM SMELTER

12% of New Zealand's total annual demand

- CfD contract with Meridian on NZAS perpetual 12-month termination right
- International aluminium is recovering, LME prices up 13% in the last year
- Additional 50MW contract signed
- Aluminium remains a commodity exposed to cycles and Chinese supply decisions
- Meridian not expecting smelter closure, change in ownership may occur
- A smelter closure would trigger further South Island grid investment (majority of lower South Island generation can be dispatched now)
- Greater HVDC capacity and North Island line uprating possible in the medium term



New Zealand Aluminium Smelter, Tiwai Point

NEW TECHNOLOGIES

Solar

- Solar uptake increasing in NZ as economics slowly improve
- NZ residential capacity factors are low (13%-15%) and payback high (13 years)
- Commercial solar opportunities are being developed
- Grid scale solar unlikely in NZ with competing land uses and winter peak demand
- Solar uptake is much higher in Australia with subsidy support
- Residential capacity factors and paybacks are better in Australia
- Grid scale development is happening in Australia as costs decrease significantly



NEW TECHNOLOGIES

Batteries

- Battery value for energy management is in load shifting (high to low price periods)
- Grid scale unlikely in NZ due to large hydro storage
- Grid scale possible in Australia with subsidy support
- Solar and batteries to achieve residential off-grid in NZ remains very expensive (20 year payback)
- Batteries also offer other value:
 - Back-up power
 - Grid and transmission support
 - Avoided infrastructure costs



CLIMATE CHANGE

We have seen

- No significant change to catchment inflows over the last 100 years
- Some seasonal shift in inflows; drier autumns, wetter summers
- Snowpack and glaciers getting smaller

It is projected to get

- Wetter in our catchments, including in winter
- With bigger individual rain storms
- Drier in irrigation areas
- Warmer everywhere
- Windier at our wind farms, especially in winter

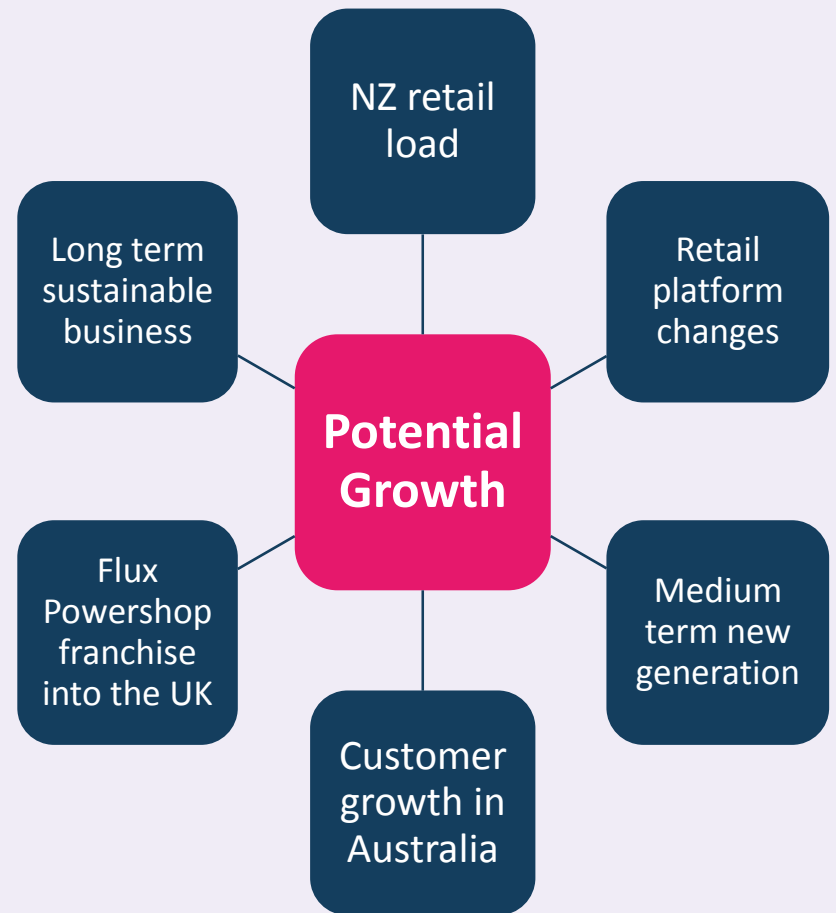


Genesis Energy's Tekapo B power station



Contact Energy's Clyde Dam

SHAREHOLDER VALUE



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The information contained in this presentation should be considered in conjunction with the company's financial statements, which are included in Meridian's integrated report for the year ended 30 June 2018 and is available at:

WWW.MERIDIANENERGY.CO.NZ/INVESTORS/

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