2018 ANNUAL SHAREHOLDER MEETING - CHAIR’S ADDRESS

SLIDE THREE: Chair’s Address

I will now move to my Chairman’s address.

Last year our Annual Shareholder Meeting was held less than twenty-four hours after the announcement of the new Coalition Government.

Since that time there have been a number of significant, mainly positive, changes to our operating environment due to Meridian being a one hundred percent renewable energy company.

SLIDE FOUR: Coalition Government

The Coalition Government is pursuing a busy and ambitious sustainability agenda, including looking to ensure New Zealand delivers a low emissions economy as the planet grapples with the challenges caused by climate change.

The country’s largely renewable electricity system will be a key part of a low emissions future as electrification offers the opportunity to remove up to thirty-two million tonnes of carbon caused by the use of fossil fuels in the road transport sector, by the manufacturing, construction and commercial industries, for domestic heating and by the electricity generation industry itself.

We welcome the Zero Carbon Bill introduced by the Government, including the establishment of a Climate Commission and, as at one July this year, Meridian is a net zero carbon organisation, across our operations.

Meridian intends to play a significant role towards New Zealand becoming zero carbon, by helping our customers and partners to make this transformation possible.

SLIDE FIVE: Electricity Price Review

The Government is also considering the fiscal and social wellbeing of New Zealanders, which in our industry is evidenced by the current Electricity Price Review.

Meridian mainly supports the Issues Paper that the Panel released in September.

The Paper confirmed that the New Zealand electricity market is one of the best performing markets in the world and achieves top rankings for security, sustainability and energy equity.

As an industry, we are currently ranked eighth overall in the world by the World Energy Council, the only country outside of Europe to feature in the top ten.

The Productivity Commission also released a report this year about how New Zealand could transition to a low-emissions economy.

It too determined that the New Zealand electricity market is delivering and will continue to do so for the foreseeable future.

The Electricity Price Review Issues paper also noted that the sector is not making excessive profits.

It did however find some areas for possible policy improvements, including the impact of prompt payment discounts and support for financially vulnerable and non-switching customers.

Meridian believes these issues can be addressed by some simple solutions that improve equity but still maintain New Zealand's competitive electricity market.

In his Chief Executive's address, Neal will speak to these matters in further detail.

SLIDE SIX: Australia

In Australia, electricity price transparency and affordability are also being heavily scrutinised, with reviews by both the Federal and State governments.

The ACCC, Australia's competition regulator, has proposed a number of changes to improve energy affordability in a market where average residential electricity prices are now forty per cent higher than here in New Zealand.

Policy attempts to transition Australia to a more decarbonised energy system are falling victim of the ongoing political instability in that country.

As a small renewable generator and retailer in Australia, the market and political disruptions may offer opportunities; however, I emphasise that we remain very focused on managing any risks that may be involved.

SLIDE SEVEN: Shareholder Highlights

I will turn now to the shareholder highlights for the year.

Although it is a well-worn cliché, but one that is perhaps appropriate at this venue, the twenty eighteen financial year was a game of two halves.

Due to significant hydrology challenges, EBITDAF in the first half of twenty eighteen was seven percent down on the prior year; however, for the full year, we turned that around and delivered a result that was higher than the previous year by one-point four percent.

Obviously, the weather gods treated us kindly in the second half of the year but it is also a tribute to our staff and their capability to manage our water resources; indeed, this is the second year in a row that Mike Roan and his trading team have managed the combined vagaries of the weather, demand and water availability to optimise our results.

Total dividends paid to shareholders during the twenty eighteen financial year were also one point nine per cent higher than the previous year.

Combined with the seven per cent increase in the share price, the total shareholder return for the year to thirty June twenty-eighteen was fourteen percent.

Meridian has now delivered double digit returns to its shareholders in each of the five years since the Company was listed, thereby handsomely eclipsing the returns available from interest bearing securities.

Although we are still two years away from the conclusion of the original five-year capital management programme that commenced in twenty fifteen, the Board has decided to extend the current capital management programme by a further two years with the intention of increasing the original return of capital to shareholders by a further two hundred and fifty million dollars from a total of six hundred and twenty-five million dollars to eight hundred and seventy five million dollars.

As was the case with the first five-year tranche of the capital management programme, the Board reserves the right to cancel or suspend the new two year tranche of the capital management programme in light of possible future impacts on the financial position of the Company and alternative uses of capital.

SLIDE EIGHT: Our People

Twenty eighteen was also a game of two halves in terms of our executive leadership.

Mark Binns officially retired as Chief Executive on the thirty-first of December twenty seventeen and Neal Barclay took over from Mark the following day.

I paid tribute to Mark's contribution to the Company at last year's Annual Meeting, so I won't repeat myself today; however suffice it to say Mark did an outstanding job in leading Meridian through its Initial Public Offering and thereafter and in my view Meridian shareholders owe him a significant debt of gratitude.

The Board appointed Neal as Chief Executive without following so-called best practice by conducting both an internal and external search for Mark's replacement.

The Board and Mark had worked hard to create a succession plan for Neal by exposing him to all facets of the business through his former roles as Chief Financial Officer, General Manager – Markets &

Production and General Manager – Retail, the three most senior roles in the Company, excluding the position of Chief Executive.

After interviewing Neal, the Board concluded it would not be appropriate to go to market due to the uncertainty that would be created by delaying an appointment, the costs that would be incurred and frankly the lack integrity involved when a decision to appoint Neal had already effectively been made.

The Board remains delighted with the way Neal's appointment was received, both internally and externally, and after nine months as Chief Executive he has continued Mark's excellent work, albeit, as one would expect, with his own style and emphasis.

More recently, the Board unfortunately lost its longest serving Director, Steve Reindler, because Z Energy, of which he is also a Board member, acquired a majority interest in Flick Electric.

As Flick is a competitor of Meridian, Steve, having quite rightly been excluded from the deliberations surrounding the transaction at Z, found himself with a conflict of interest, which was not able to be managed without him resigning one of his two directorships.

Steve elected to stand down from Meridian because his tenure on the Board was likely coming to an end in twenty nineteen in any event.

Steve's passion for our organisation, in particular around safety, our assets and sustainability, including chairing the Safety and Sustainability Committee, will be greatly missed.

On behalf of the Board and Management of the Company, I want to publicly thank Steve for his very significant contribution to Meridian, not least because it was he who first suggested that Mark Binns be invited to be our Chief Executive.

Thank you, Steve.

At yesterday's Board meeting, the Directors agreed to consider the process regarding Steve's vacancy.

The Board evaluation undertaken by an independent third party during the year, which included the development of a revised Director competency matrix, will be used to underpin this process.

At the start of the meeting, I introduced you to Meg Matthews, who is Meridian's Institute of Directors Future Director.

This is a programme designed to provide aspiring Directors with experience and exposure to some of the most significant Board rooms in the country.

Normally the term is for a year but, by mutual agreement, we extended Meg's tenure to eighteen months.

Meg hails from Ngāi Tahu, our iwi partner, and has found her time attending Meridian Board and Committee meetings of significant benefit.

She chaired one meeting of the Remuneration & Human Resources Committee, which has given Meg the confidence to take on two chair roles in other organisations.

Meg has been a delight to work with but sadly her time with Meridian finishes today and we wish her all the very best for the future.

Director, Mary Devine, has been instrumental in mentoring Meg and I sincerely thank her for that.

Yesterday the Board resolved to endeavour to appoint another aspiring Director as Meg's successor because the Board believes it is important that Meridian plays a role in developing the depth and breadth of the Director talent pool in New Zealand.

To conclude, I would like to thank the members of Meridian's Board, Management, employees, customers, Iwi, business partners and our communities for their continued support.

And of course, sincere thanks to you, our shareholders for continuing to invest in Meridian.

I now invite Neal Barclay to address you for the first time as Chief Executive.

2018 ANNUAL SHAREHOLDER MEETING – CHIEF EXECUTIVE’S ADDRESS

SLIDE NINE: Chief Executive’s Review

Thank you, Chris.

Kia ora koutou.

Ladies and gentlemen. It is my pleasure to talk to you about Meridian and what we believe has been a strong result for the year.

Meridian’s continued success is very much down to a team effort, so I’d like to start by thanking the Board for being highly engaged and supportive of management and for giving me the Chief Executive job.

And I’d like to acknowledge the entire Meridian crew for their ongoing commitment. We are very fortunate to have a very smart and highly dedicated team.

The Exec members who lead our team are here and I’d like to introduce them to you.

Mike Roan, GM of Wholesale

Ed McManus, CEO of Meridian Energy Australia

Guy Waipara, GM of Generation and Natural Resources

Julian Smith, Chief Customer Officer

And Jason Stein, has already been introduced by Chris.

Missing today are Paul Chambers our CFO who is at an investor conference in Singapore hopefully building demand for Meridian shares and Jacqui Cleland our GM of HR who is enjoying a well-earned break at the moment.

I will now do a brief recap of the past year.

SLIDE 10: SUSTAINABILITY LEADERSHIP

Meridian continues to lead the market as an authentically sustainable business.

We've been committed to producing clean energy for a long time now, about 17 years in fact, and that's something that we're very proud of. So, it is great to see the growing momentum behind New Zealand's climate action and decarbonisation aspirations. As a country we must demonstrate global leadership by stepping up to this challenge and frankly all other challenges pale in comparison.

Beyond clean energy, we are putting effort into ensuring we lead by example, managing our own environmental footprint and that of our customers. Some of the more high-profile initiatives we have underway include:

- The conversion of more than 50 per cent of our passenger fleet to pure electric vehicles. We will increase this to 90 per cent by 2020. The financial case for the conversion stacks up as I'm sure it will for many businesses. And it's important businesses do take the lead as that will create a second-hand market making EVs more assessable to ordinary Kiwis.
- We are actively looking for a replacement for the Genesis swaption agreement that runs up to December 2022. The swaption agreement is backed by coal generation and we are seeking a cleaner solution for the future. In doing that we are mindful that the choices we make need to actively contribute toward our national goals of decarbonizing the economy and maintaining a reliable electricity system.
- We've driven our direct carbon emissions per person down by 17 per cent in the last five years, but we need to do more. So as of 1 July, we are net zero carbon across all scope 1 and 2 emissions. And shortly we are commencing a native tree planting programme mostly on our own land, to grow our own credits and to ensure we become net zero carbon for all emissions, including scope 3, by 2025.

- Over the ditch we have galvanised Meridian's green credentials and we are the only energy company in Australia that offsets all carbon emissions, so we're well ahead of the wider market.

As a result, Meridian has maintained our inclusion on the Dow Jones Sustainability Index – we remain one of only three companies in New Zealand to do so. It is important to us to maintain third party endorsement of our credentials.

SLIDE 11: OUR PEOPLE

As I mentioned earlier our success as a business is a direct result of the quality of our Team, so we will continue with our unrelenting commitment to the safety and wellbeing of our people. I'm very pleased to confirm that last year we had no serious harm injuries, but the thing I'm most proud of is that, through our annual staff engagement survey, we know that 97 per cent of our people strongly believe this organisation and their managers care about their safety and wellbeing.

Also, we continue to build our diverse and inclusive culture. We're doing a lot here but a few tangible outcomes that demonstrate progress include:

- being recognised as a Silver Finalist at the YWCA Equal Pay Awards. We have effectively achieved pay parity.
- We have become an accredited Rainbow Tick organisation.
- And we have also extended our paid-parental leave entitlements to align with the Governments new policy.

Ultimately, it is important that everyone at Meridian can confidently bring their whole selves to work. It allows us to be much more successful and authentic and permeates how we operate through our customer facing brands.

SLIDE 12: FINANCIAL PERFORMANCE

As Chris said, we've had another pleasing financial result this year. It is the context of this result that we are most pleased with.

Our ability to generate electricity in New Zealand was limited during the year by two significant dry periods where our hydro catchments did not get much rainfall. As a result, our overall generation volumes were the lowest since 2013. Despite this we delivered a 1.4 per cent increase in EBITDAF.

There are many factors that went into the result but certainly an important enabler of this has been the maturing of electricity hedge markets in New Zealand. As a 100 per cent renewable and mostly hydro generator, we sometimes must buy energy from our competitors to be able to meet our customer commitments. And liquid hedge markets allow us to do that efficiently.

Also, and not to be underplayed our strategy to diversify our business with a focus on retail and overseas growth is delivering.

SLIDE 13: OUR CUSTOMERS

Customers expect choice and great service and providing our customers with an exceptional experience will continue to be our focus.

During the last year our Powershop and Meridian brands together grew customer connections by 14,000 in New Zealand which was the strongest growth in customer connections in the New Zealand electricity sector. An important factor in our success has been our ability to reduce Meridian's customer churn which is currently the lowest amongst the large electricity retailers.

We are proud that we have reduced our customer disconnection rate by 80 per cent in the last five years, whilst at the same time reducing our bad debt losses dramatically. As an industry it is incumbent on us to be on our game when we are dealing with our most vulnerable customers.

You would have hopefully seen that recently we decided to replace prompt-payment discounts with a guaranteed discount that isn’t tied to the due date of a person’s bill. Every customer still gets the same savings, but what is fairer is that those who may miss their bill – for whatever reason – aren’t unreasonably punished by losing their discount. We believe that the practice of clawing back prompt payment discounts is fundamentally unfair because the penalty to the customer far exceeds the cost of chasing the debt. The cost of this decision to Meridian is $5 million per year – but we believe we can absorb this and create a leadership position and further grow loyalty amongst our customer base, which is also ultimately in the best interests of shareholders.

To continue to stay ahead of the pack, over the next three years, we are transitioning Meridian’s 225,000 customers to the Flux Federation software platform. Our Powershop brands in New Zealand, Australia and the UK are already using this platform, so we are confident, based on their feedback, that it will improve the experiences we offer our customers and help us lower our overall cost to serve.

Powershop New Zealand has expanded its product mix this year, with the launch of three innovative products and a strong focus on customer loyalty. They also won the 2018 Consumer New Zealand People’s Choice Award for electricity retailer.

And in Australia, Powershop was once again recognised as Australia’s greenest power company by Greenpeace. They have delivered a gas retailing proposition to customers in Victoria, a white label business targeting solar customers and a number of other industry leading innovations, including a virtual power plant and demand response programmes.

SLIDE 14: NZAS

We also strengthened our relationship with our largest customer, New Zealand Aluminium Smelters, by supporting them with an additional 50MW base load energy solution that has enabled increased production at the smelter.

The fact that NZAS are choosing to invest in increasing production at Tiwai is obviously a good sign for the longevity of the smelter, good for the Southland Region and good for the environment because NZAS leverage New Zealand's largely renewable electricity system to make some of the greenest aluminium in the world.

SLIDE 15: RETAIL ELECTRICITY PRICES

As Chris noted, the Government is conducting an Electricity Price Review.

We are mostly supportive of the Review Panel's findings to date, but it is fair to say there are some aspects of the Panel's findings that we are less than luke warm about.

The Review's issues paper discusses options to support customers who choose not to switch electricity retailer regularly. The inference is that customers who don't switch are not getting the best deal. We don't necessarily agree with the Review Panel's conclusion in this regard. Over the past year, we know that 55 per cent of New Zealanders actively considered switching their retailer and a fifth of those who considered it, did switch. We think this shows that people largely understand the choices on offer and make their decision accordingly.

The Review has also identified that there are a large number of New Zealand households in energy hardship. I believe that Meridian has stepped up to the plate in many ways to support customers who struggle to afford their power. We've put a lot of emphasis on developing our customer hardship programme, and as a result we have some of the lowest disconnection rates in the industry. I also referred earlier to what we have done to stop clawing back prompt payment discounts, which we know disproportionately impact the most vulnerable customers. But it is also important to acknowledge the reasons some customers struggle to pay their power bills are complex and cannot be fixed by electricity retailers alone.

We get a strong sense from the Review Panel that they are seeking to consult heavily on their Issues paper and we are engaging in that process.

SLIDE 16: DEMAND OUTLOOK FOR THE SECTOR IN NZ

We did note modest demand growth in the last year of around 0.8 per cent. It looks likely that continued positive macro factors are driving this despite overall warmer than average temperatures. We are not expecting to see any dramatic change from current demand trends in the medium term, say through to middle of the next decade. That said, it is likely one or two large scale new renewable generation projects will need to be built within the next four or five years, to meet this demand growth.

From 2025 onward, the picture looks very interesting. Much of New Zealand's existing remaining coal and gas generation is old and may need to be replaced. And if we are to achieve zero carbon by 2050 then renewable electricity must play a huge role in that. So, it is fair to say most views of electricity demand growth over the long term are becoming far more bullish. We continue to invest in a development pipeline that will enable Meridian to take advantage of the growth as it occurs. The key to success is negotiating flexible resource consent conditions that enable a greater window of time before having to commit to build new generation and to allow for technology improvements.

To achieve Zero Carbon by 2050, New Zealand is likely to need between one and three mid-sized wind farms to be built every year from the back end of next decade and that is going to change the nature of our landscape. We need to start having conversations on how we achieve this, and what the trade-offs might be.

Renewable developers like Meridian are very focussed on building respectful and enduring relationships with communities to ensure they also benefit from having a power station in their area, but a more balanced RMA Framework, supportive of renewable electricity projects, is also needed.

SLIDE 17: OFFSHORE

The political volatility in Australia that Chris referred to has gone hand in hand with volatile prices in the electricity market. Average energy prices have risen by 59 per cent over the last two years and managing retail margins in that kind of environment can be challenging. Accordingly, for the last 18 months we stopped growing the customer base for Powershop Australia. We did this until we could procure more cost-effective supply to support future retail growth. We have now done that through the acquisition of the Greenstate hydro assets and by signing two long term Power Purchase Agreements from new renewable generation projects.

Whilst Australia remains a tough landscape for operations, we are confident we can manage the risks and we are pushing for renewed growth in our Powershop brand. We have a strong green position and a genuinely differentiated product in Powershop and to me, success looks like a business several times larger than it is today.

In the UK we have licenced the Poweshop brand and the Flux platform to our partner Npower. They commercially launched the business in

January this year and are making steady progress. As at the end of September they have 46,000 customers on the books. It is early days but given the size of the UK market the upside potential could be very significant.

SLIDE 18: CONCLUDING COMMENTS

The outlook for the FY19 year is good so far. We don't provide a financial forecast to the market because the weather in this country is so very fickle and we rely on that weather. What I can tell you is our catchments have slightly less water in them than average for this time of year, and that's the same across the rest of the country. This below average storage is one of the reasons wholesale electricity prices are high. It's worth nothing that we are moving into a time of seasonal rainfall and snow melt, so conditions are likely to improve and certainly we have started the year in far better shape than at the same time in 2017.

If I look out beyond the next few years I'd make the following comments:

In terms of stability, our core New Zealand market is mature, and does deliver sustainable, efficient and reliable outcomes for New Zealand. The Meridian generation assets form the backbone of the industry and as a result Meridian is inherently a very strong business. And I believe we are managing the operational risk of variable hydro inflows better than we have ever done.

We continue to invest in our retail business in New Zealand. Whilst competition is fierce, we have two exceptional brands and I see the potential for further profitable growth and more efficient operations.

We will also continue to diversify our earnings through strengthening our position in Australia and the UK and by expanding our Flux platform offer.

So, the fundamentals for our business remain very sound and a much stronger national focus on climate action can only be good for the electricity sector and for Meridian. We have the expertise and balance sheet capacity to participate in the growth in renewable electricity that must occur if our country is to achieve zero carbon by 2050.

Thankyou.