

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian Energy investor presentation

11 November 2021

Attached is a presentation Meridian Energy will be making at the upcoming UBS Australasia Conference.

ENDS

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Meridian.

2021 Investor Presentation

NOVEMBER 2021

New Zealand electricity market

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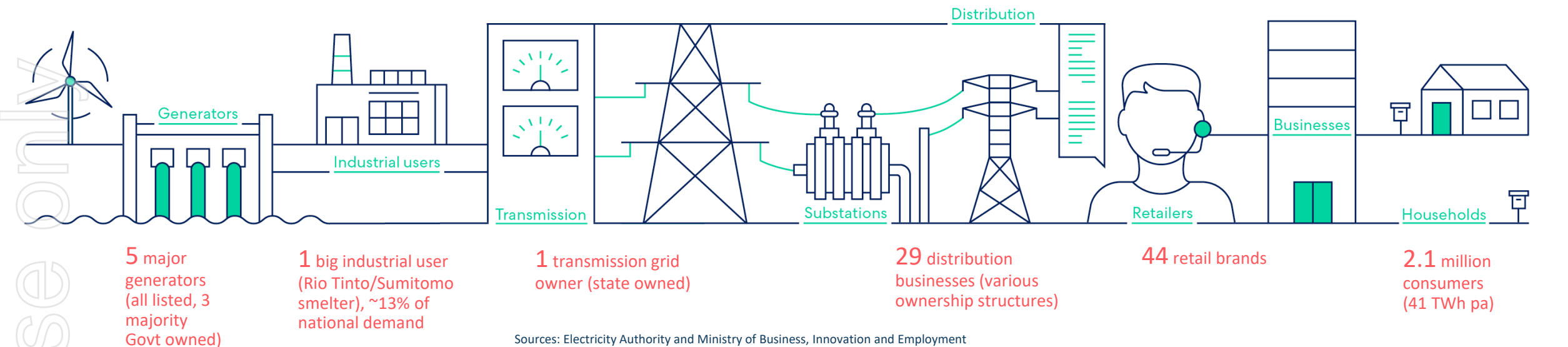


New Zealand electricity market

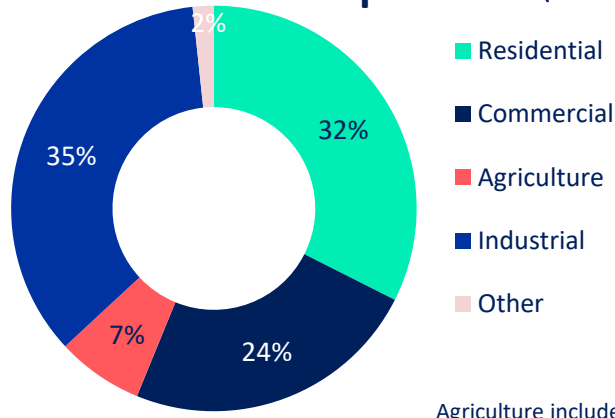
- A reliable, affordable and environmentally sustainable electricity system
- A well functioning competitive market with high level of renewable resources and rational competition
- Vertical integration is the prevailing market structure
- Wholesale and retail market regulation provided by an independent regulator – The Electricity Authority (EA)
- EA's mandate is to deliver efficient market operation, security of supply, promote competition
- No price controls, the non-competitive transmission and distribution sectors have regulated rates of return



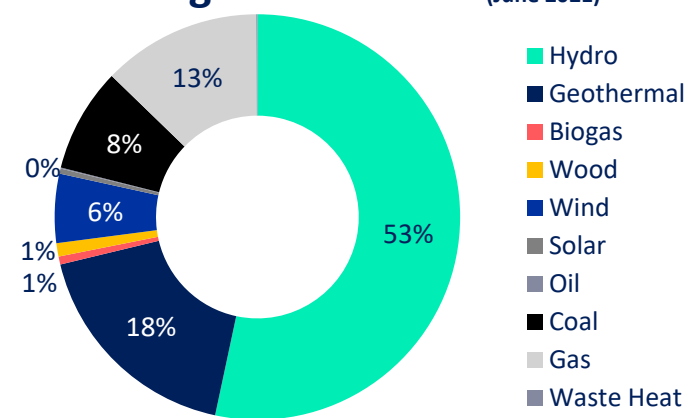
New Zealand electricity market



Annual consumption (June 2021)



Annual generation (June 2021)



New Zealand electricity market

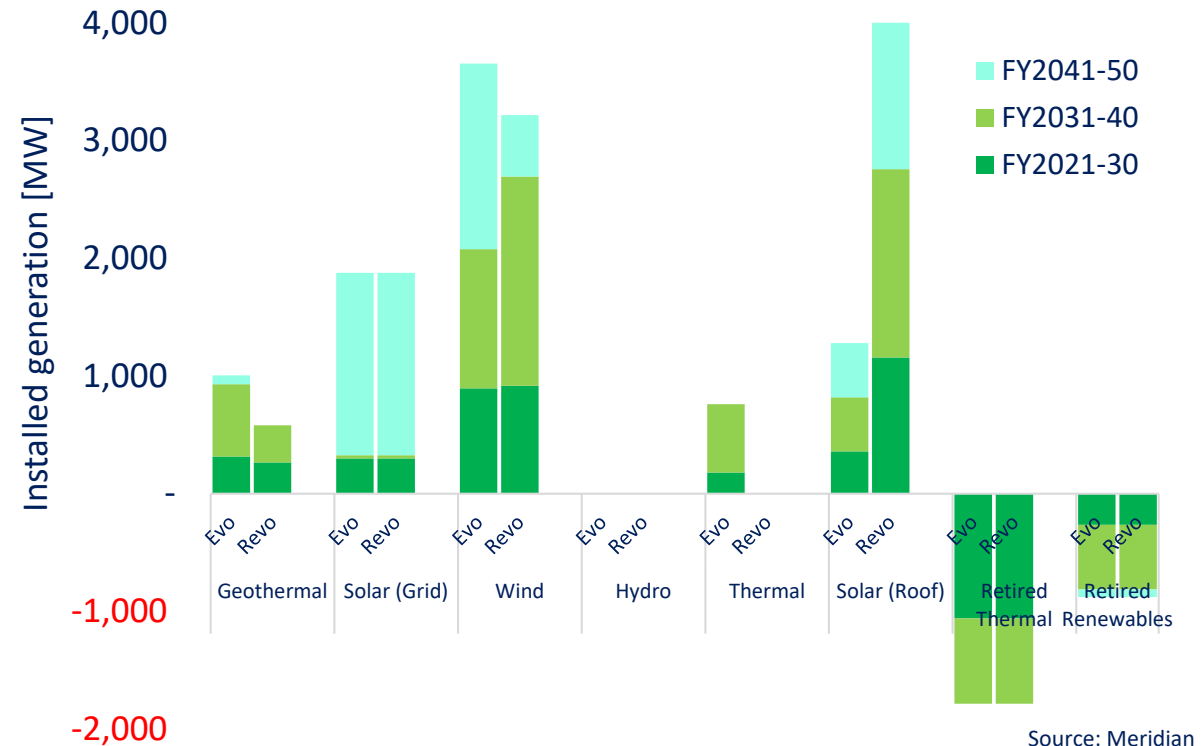
- New Zealand's hydro generation is managed against limited controlled storage
- Bulk of hydro inflow is anti-correlated to winter demand peak
- Thermal capacity and fuel storage has historically managed potential hydro inflow deficit and other renewable intermittency
- Efficient and well-functioning wholesale market manages this supply risk
- Significant oversupply had existed in the market, older thermal plant closure has brought better balance
- Demand growth in the last decade has been modest, strong outlook from decarbonisation
- \$2b of new renewable builds are being progressed



Possible future market outcomes

- Existing generation plant retirement (~3GW) will drive significant new investment
- Coupled with significant demand growth (decarbonisation), could see 8-10GW+ built by 2050
- Renewable costs will continue to decline
- Renewable generation reaches 95%+
- Consumer will play a bigger role in markets
- Flexibility will be critical to solving NZ's dry year risk
- Demand response solutions with some gas capacity can achieve a balanced outcome
- Long-term system prices approach pre 2018 gas stress levels, higher price volatility from greater prevalence of wind and solar

New generation capacity to 2050



Source: Meridian
Meridian modelling using two scenarios (both assume 2024 NZAS exit):

1. Evolution – modest decarbonisation and ETS pricing, steady demand-side technology growth, thermal peaking
2. Revolution – high decarbonisation and ETS pricing, strong demand-side technology growth, thermal retirement, dispatchable demand

New Zealand policy and regulation

Current Electricity Authority (EA) focus

- Implemented new trading conduct provisions, in effect on 30 June 2021
- Published a review of wholesale market competition in the wholesale market for the period 2018 to early 2021:
 - Confirms that high wholesale electricity prices over the last three years, reflect tight supply and demand conditions, and natural gas scarcity for electricity generation
 - In Meridian's view, included erroneous modelling and incorrect speculation on the nature of the NZAS contract and market response and impacts from a potential closure of the smelter
 - Consultation to December 2021, then possibly again on potential code changes

9 August 2021 power outage reviews

- Initial EA review (complete) with recommendations to address issues found with Transpower's communication and load management processes
- A second, broader EA review (now underway) of all roles in the sector, including generators
- The EA considering a claim lodged by Electric Kiwi and Haast Energy Trading that Genesis and Contact breached the new trading conduct provisions of the Code
- The EA investigating whether the events of 9 August 2021 constituted an undesirable trading situation
- A wide-ranging review by MBIE on instruction from the Minister of Energy



New Zealand policy and regulation

Climate Change Commission Final Advice

- Released in June 2021, final advice on 2022-35 emissions budgets
- Proposes deeper emissions cuts in first two budget periods than earlier draft advice
- Recommends major expansion in the electricity system needs to start immediately
- Considers replacing 100% renewable electricity target with achieving 95%-98% by 2030, with gas to provide flexibility until at least 2035
- Government has until May 2022 to set the first three emissions budgets out to 2035 and release the country's first emissions reduction plan with detailed policies
- Following the draft final advice, Government has introduced a Clean Car Discount effective 1 July 2021
- And have raised the cost containment reserve price in the ETS from \$50 to \$70 and the price floor from \$20 to \$30 (both from 2022 onwards with 10%/5% plus inflation annual increases thereafter)
- And started consultation on reforms to the industrial allocation in the Emissions Trading Scheme (ETS)



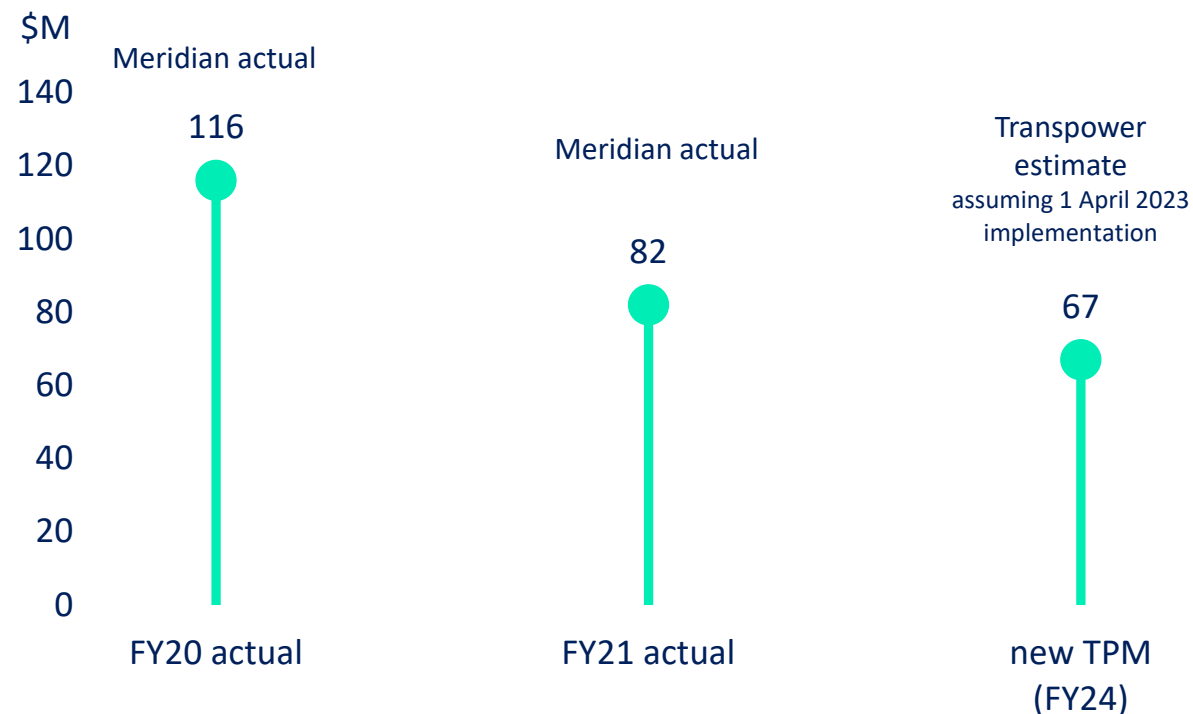
		Budget 1	Budget 2	Budget 3
Transport	Lower-emissions vehicles	Accelerate uptake of electric and zero-emissions cars, buses and trucks Improve efficiency of vehicles and freight movement		Phase out imports of internal combustion engine light vehicles
	Reducing vehicle trips	Encourage switching to walking, cycling and public transport Reduce demand for travel, for example through smart urban development and increased working from home Increase use of rail and coastal shipping for freight		
	Aviation and shipping	Improve efficiency	Start electrifying ferries and coastal shipping	Start electrifying short-haul flights
	Low carbon liquid fuels		Increase use of biofuels	
Energy, industry and buildings	Buildings	No new fossil gas heating systems installed after 2025 Improve thermal efficiency		Start phasing out existing fossil gas use in buildings
	Electricity	Phase out fossil base-load generation	Transmission and distribution grid upgrades Expand renewable generation	Achieve ~95% renewable generation
	Industrial process heat	Replace coal with biomass and electricity		Replace fossil gas with biomass and electricity
Land	Agriculture	Adopt low-emissions practices on-farm	Adopt low-emissions breeding for sheep	Encourage new low biogenic methane technologies to be adopted when available
	Native forests	Ramp up establishing new native forests		Establish 25,000 ha per year
	Exotic forests	Average 25,000 ha per year of new exotic forests		Ramp down planting new exotic forests for carbon storage
Waste and F-gases	Waste	Divert organic waste from landfill Improve and extend landfill gas capture		
	F-gases	Increase end-of-life recovery of F-gases		

New Zealand policy and regulation

Transmission Pricing Methodology (TPM)

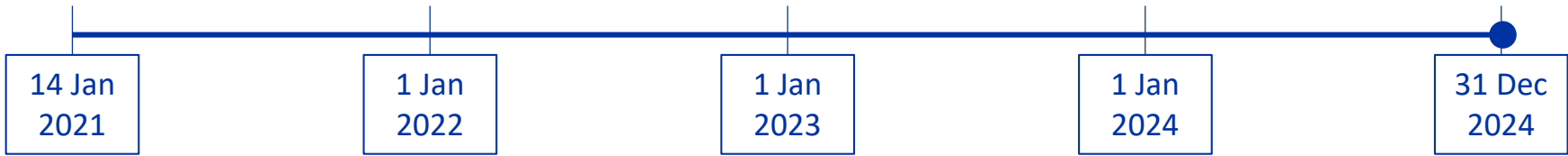
- EA published final TPM guidelines in June 2020
- Replaces current HVDC and RCPD charges with benefit-based and residual charges
- Transpower released its proposed new TPM in August 2021
- EA currently consulting on the full proposed TPM
- With the aim for a new TPM to take effect for prices from 1 April 2023
- Trustpower's judicial review was heard in the High Court in October 2021, decision has been reserved

Meridian's NZ transmission costs



Source: Meridian, Transpower

New Zealand Aluminium Smelter (Tiwai Point)



572MW CfD
exit contract
with Meridian
terminating 31
December 2024

Revised NZAS contract

400MW

no termination right (except terminal force majeure)

172MW

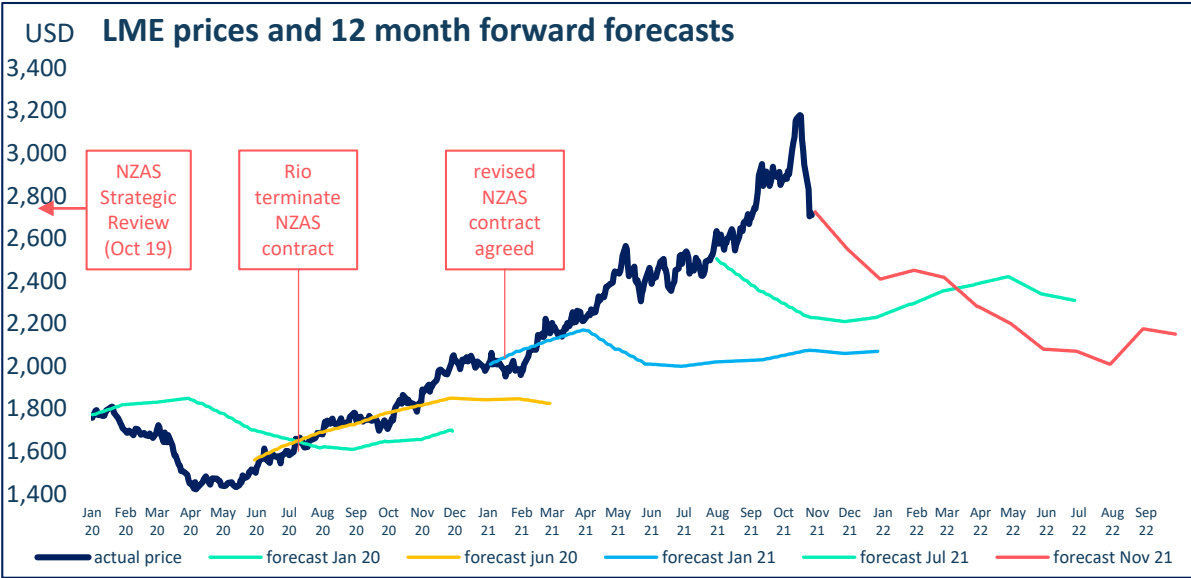
NZAS termination right with 6 months notice (terminal FM also applies)

Existing 4th potline contract (currently suspended)

50MW

2 month termination right

- 31 Jan 22 current suspension period ends
- 1 Feb 22 – 31 Mar 21 recommencement notice permitted
- 1 Apr 22 – 31 Dec 22 recommencement/extended suspension
- 31 Dec 22 contract ends

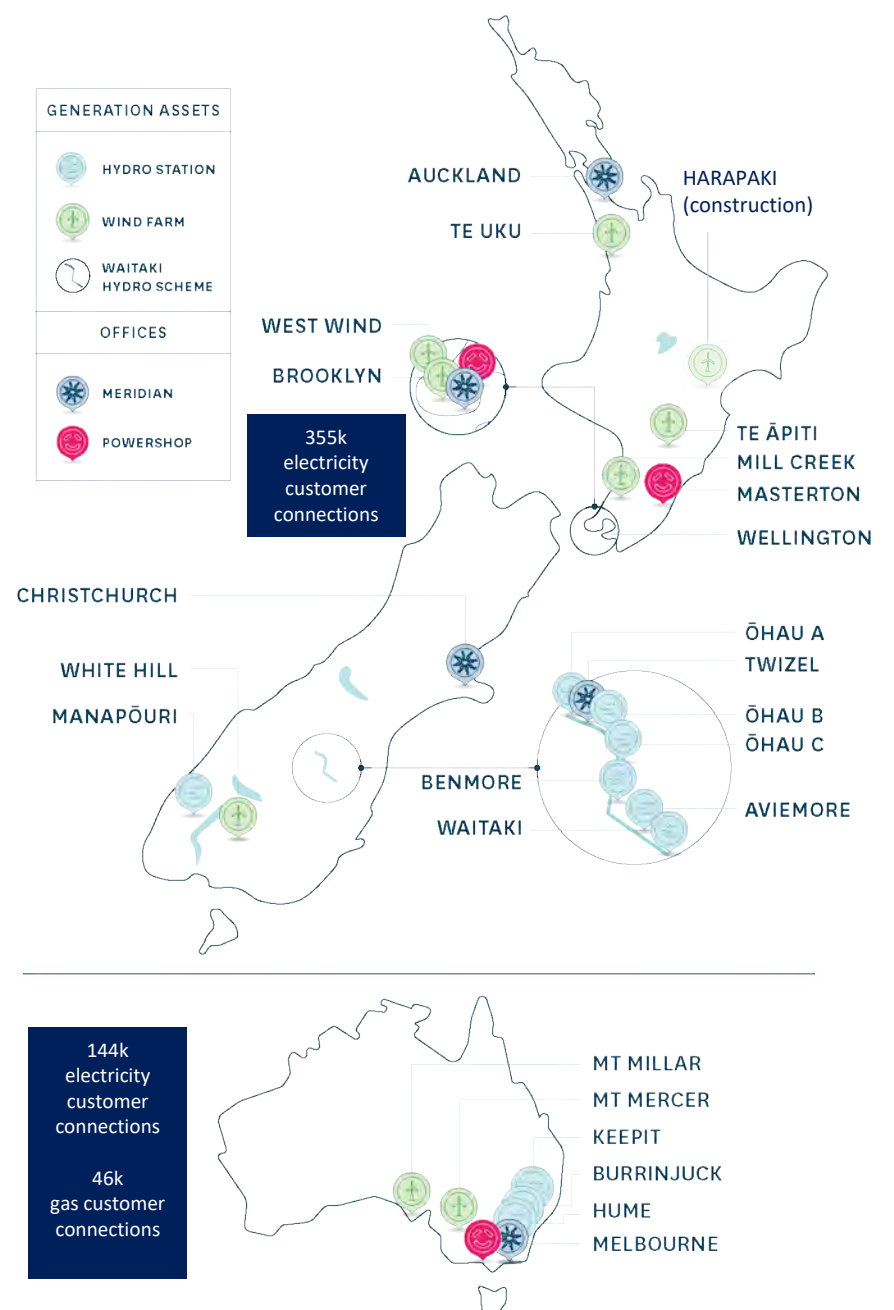


Source: Meridian, HARBOR Aluminium



About Meridian

- NZ\$12b company, one of NZ's largest listed company, 51% Government owned
- Largest of five listed New Zealand retailer generators
- Strong environmental, social and governance focus
- 40% of New Zealand generation covered by a price guarantee contract with Rio Tinto/Sumitomo's New Zealand aluminium smelter, ending 31 December 2024



About Meridian

- New Zealand'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 New Zealand wind farms and 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
- Vertically integrated Australian business currently under ownership review



Sustainability at Meridian

Our Material Topics

Environmental

Action on climate change
Pipeline of generation options
Impact on water
Impact on biodiversity

Social

Electricity pricing
Support for vulnerable customers
Distributed energy resources

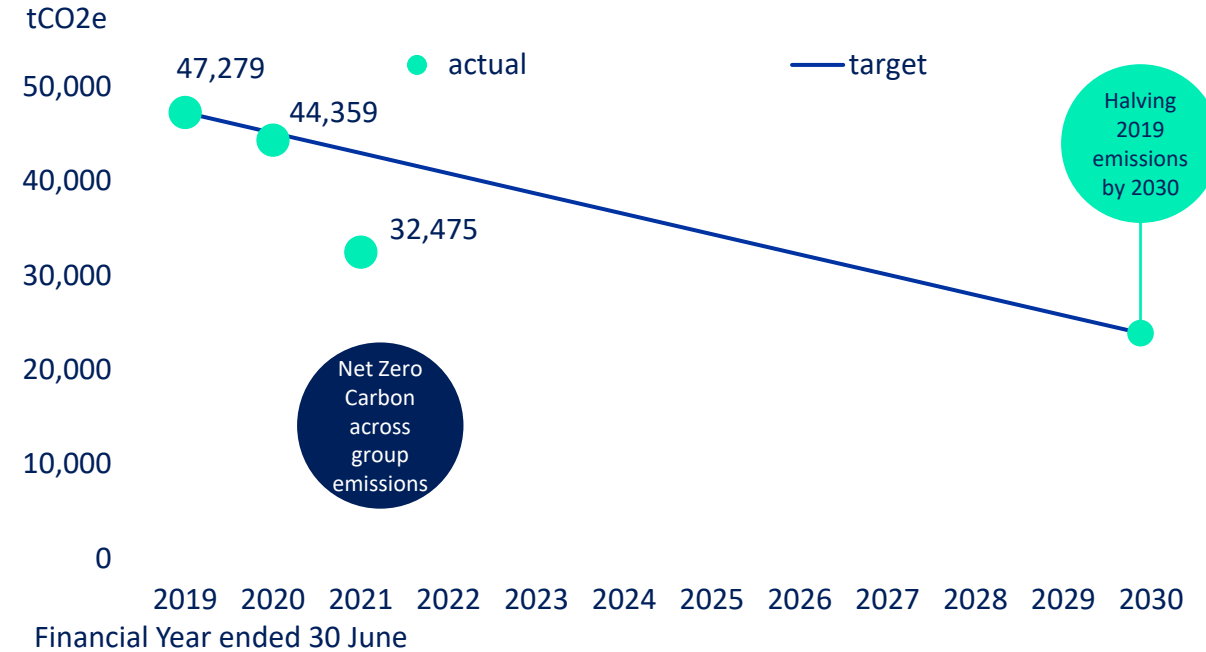
Governance

Sustainability leadership
Good governance, ethical behaviour and reporting
Contribution to public policy
Financial impacts of climate change
Cyber security

In FY21

Climate Change Commission report released	sets policy direction for electrification
Launched Process Heat Electrification Programme	157 GWh in MOU's, 14 GWh contracted
Harapaki wind farm construction commenced	clean energy for 70,000 homes
Launched AC charging network	20 of 250 chargers installed
60,000 stems planted under Forever Forest programme	1.5 million trees in 5 years for carbon offset
Launched Future of Work initiative	help future proof our workforce
Issued our first Modern Slavery Statement	our commitment to our workforce and our supply chain
Issued our second TCFD Report	our climate risks and opportunities

2030 emissions target (scope 1-3)



Source: Meridian

Our three priority risks

demand reduction from Tiwai closure

market supply disruption from a disorderly transition to 100% renewables

changes in public policy lead to changes to legislation or regulation

Social focus

Local communities

- Long term relationships, community relationship managers
- \$9M of local project support over 14 years

Iwi

- Recognise the mana whenua of Ngāi Tahu
- Close association with local rūnaka
- Focus on strengthening our iwi partnerships

KidsCan

- \$1M annual contribution towards supporting under-privileged children

Kākāpō Recovery Programme

- Cornerstone partnership with the Department of Conservation



In 2021 Meridian issued its first Modern Slavery Statement

Our strategy

Strategic initiatives

Champion
Competitive markets
Sustainability
Climate action

Optimise
Trading & asset management
Re-consenting
Financing

Grow
Retail
Generation
Flux

5-year targets

Grow a clear sustainability leadership position

Use our 5,000 GWh renewable opportunity to fast-track NZ's decarbonisation

NZ's largest and fastest growing retailer

3 buildable options by 2024

Triple Aus FY20 customer numbers

3 million ICP's on Flux

MEA under ownership review

A resilient wellbeing and safety culture

5th in Colmar Brunton Better Futures Report

Powershop market leading customer satisfaction, Meridian a leading gentailer

NZ largest fixed price retailer

1,500 GWh new demand opportunities identified

1.9GW of sites/opportunities

7% growth in Aus customer numbers

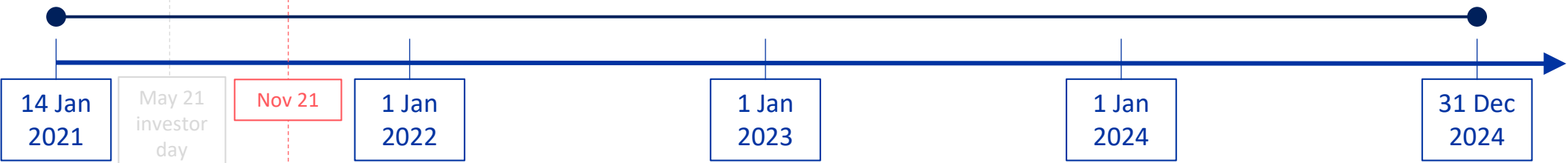
500,000 ICP's on Flux

Current position

92% positive staff wellbeing and safety sentiment, deteriorating injury frequency rates

NZAS exit response

NZAS contract

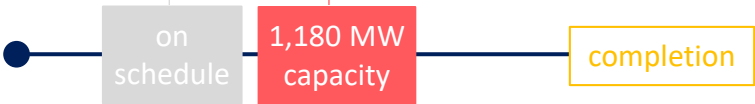


Meridian portfolio response

Current swaption



CUWLP



NI battery



Process heat



Data centre



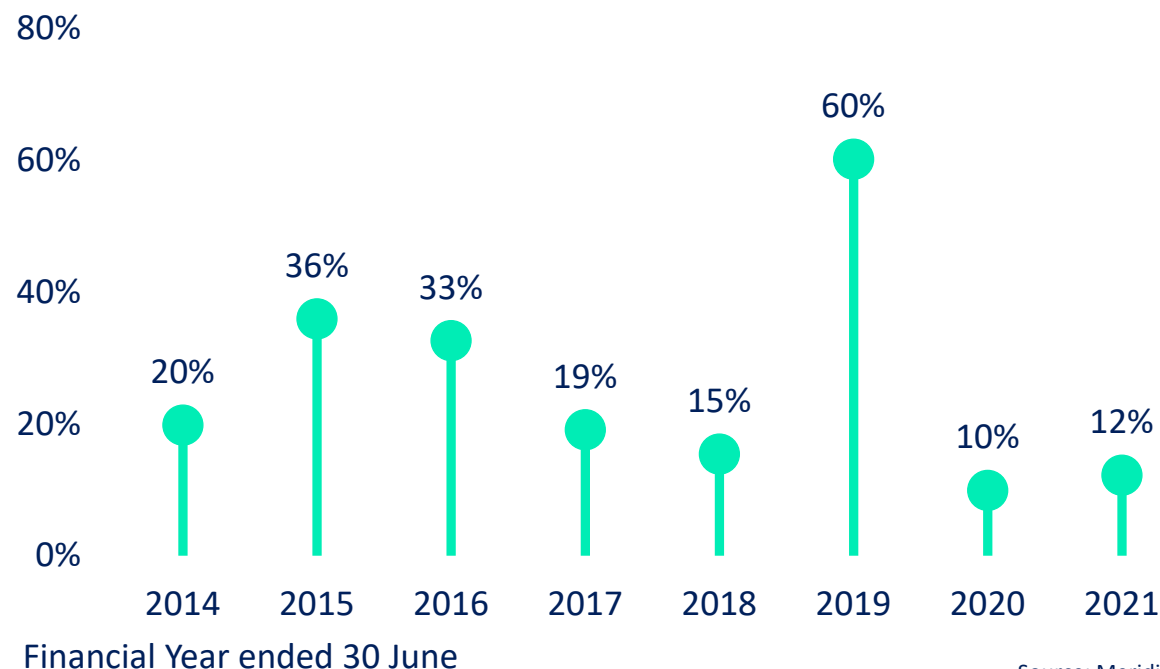
Green hydrogen



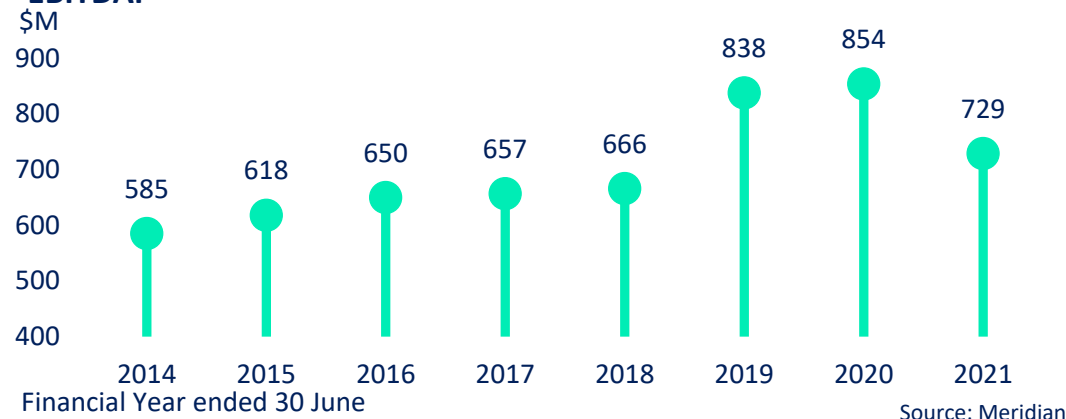
Shareholder highlights

- Double digit shareholder returns every year since listing
- Sustained earnings through that period
- High free cash flow, high payout ratio, stable ordinary dividend
- Balance sheet headroom to fund potentially significant future decarbonisation growth

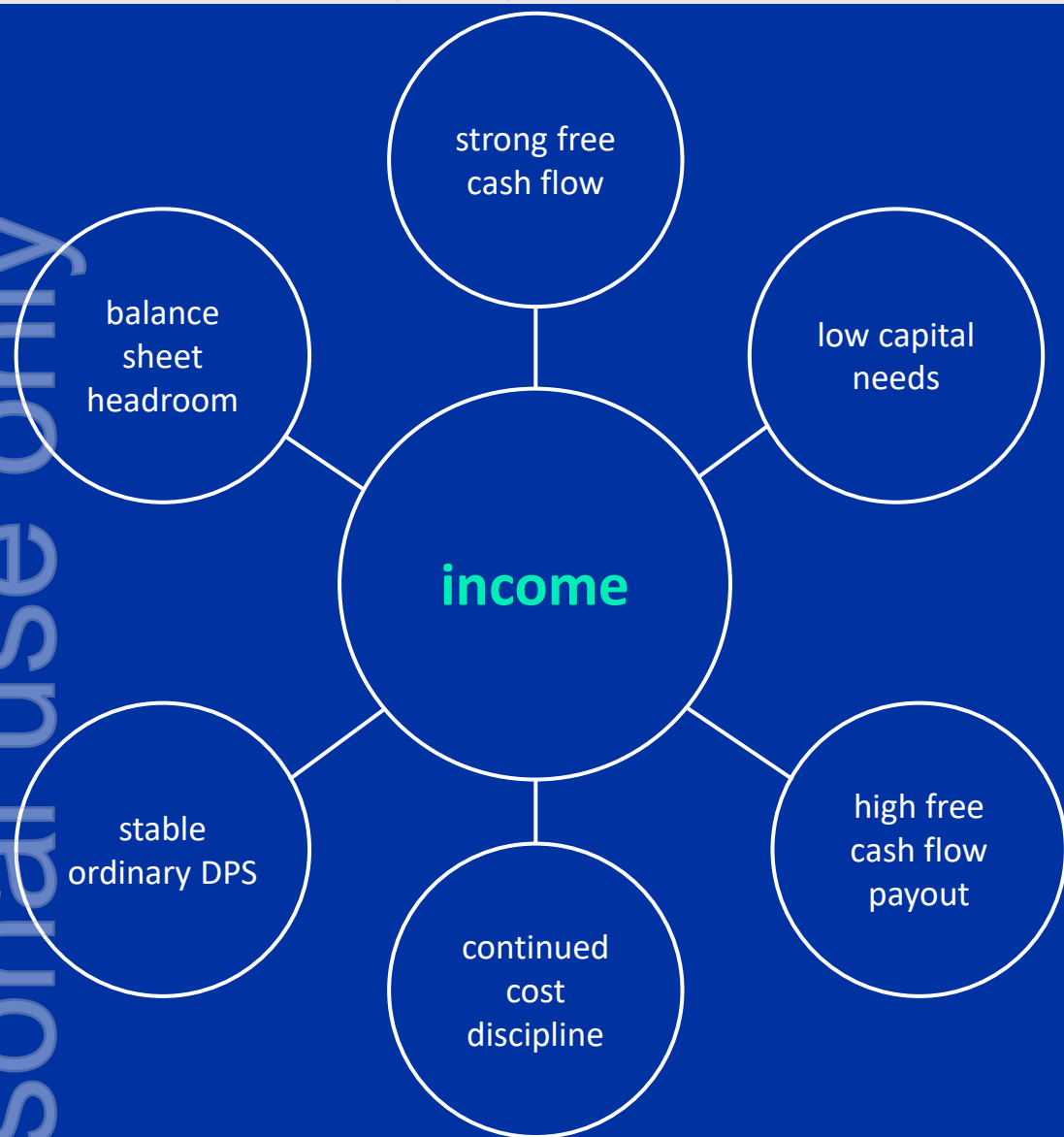
Total shareholder return



EBITDAF



Investment proposition



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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 2021 and is available at:

www.meridianenergy.co.nz/investors

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