



# 2024 Investor Presentation





# Why Meridian?



Meridian's completed Harapaki Wind Farm in Hawke's Bay



# Why Meridian?

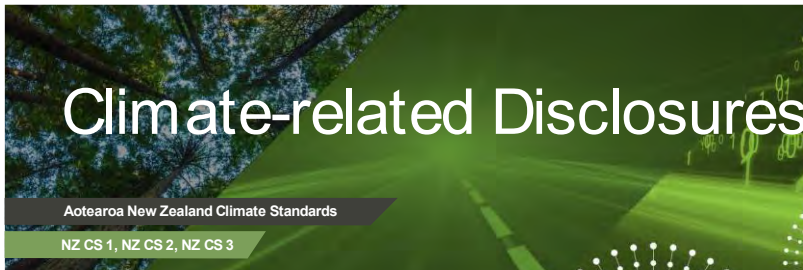
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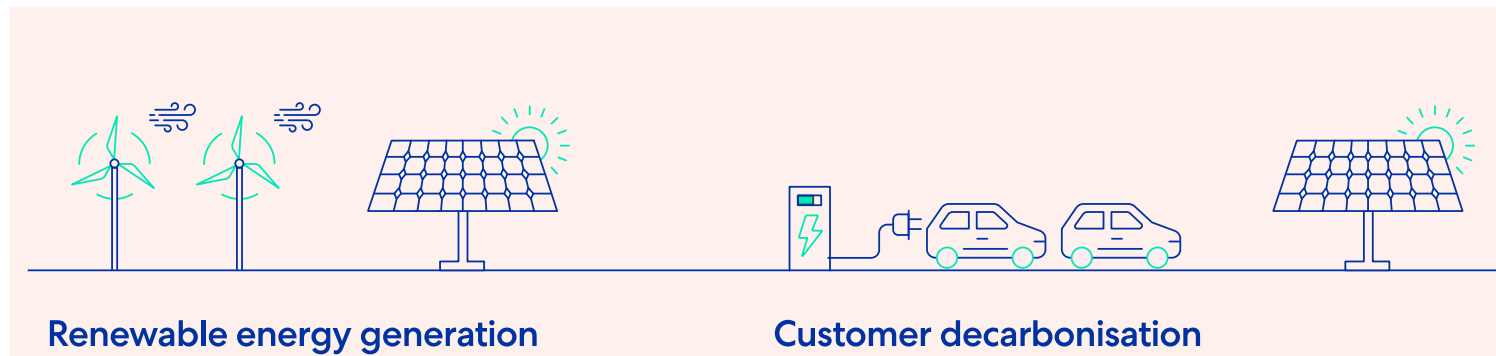
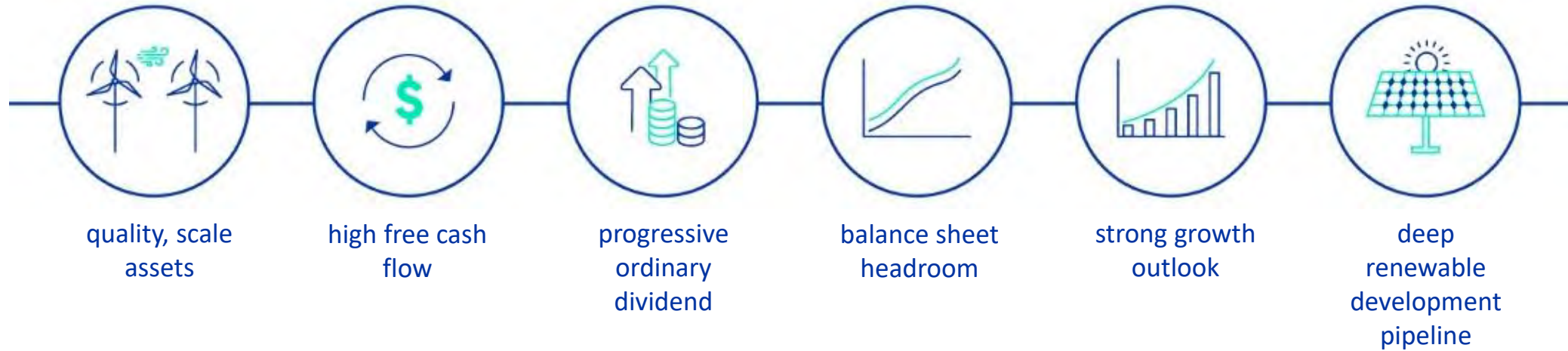
# Climate Action Plan





# Why Meridian?

High quality investment.





# New Zealand electricity market



Meridian's Benmore hydro station in the Mackenzie Basin, South Canterbury



# NZ 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 promote efficient market operation, security of supply, promote competition, protect customer interests.

No price controls, the non-competitive transmission and distribution sectors have regulated rates of return.





# NZ electricity market

Hydro generation is managed against limited controlled storage.

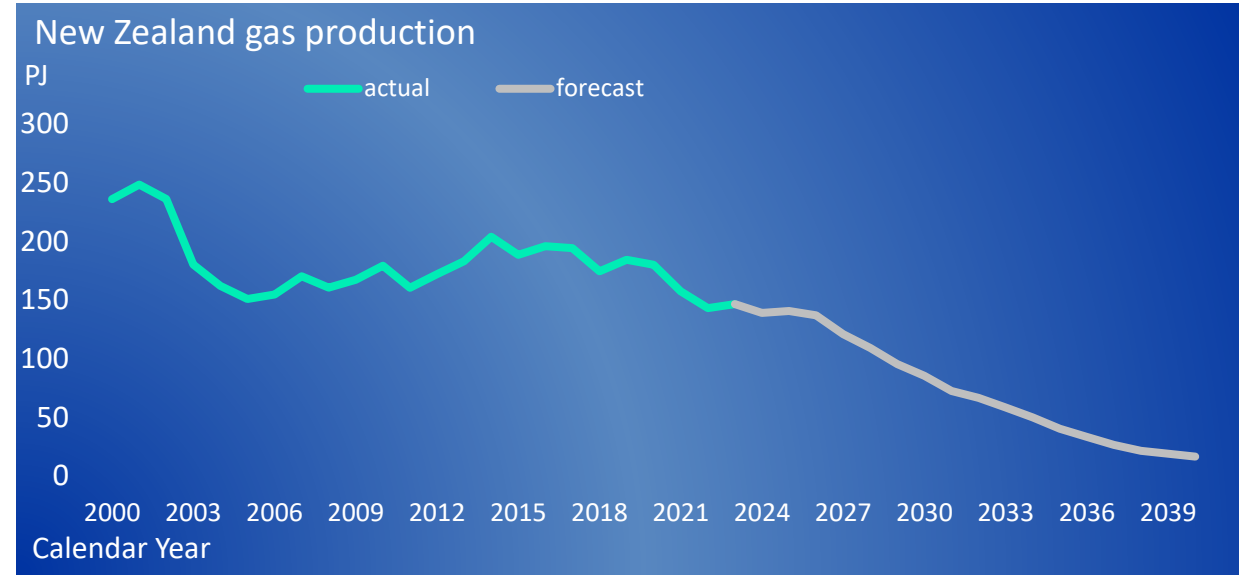
Bulk of hydro inflow is anti-correlated to winter demand peak.

Efficient and well-functioning wholesale market manages this supply risk.

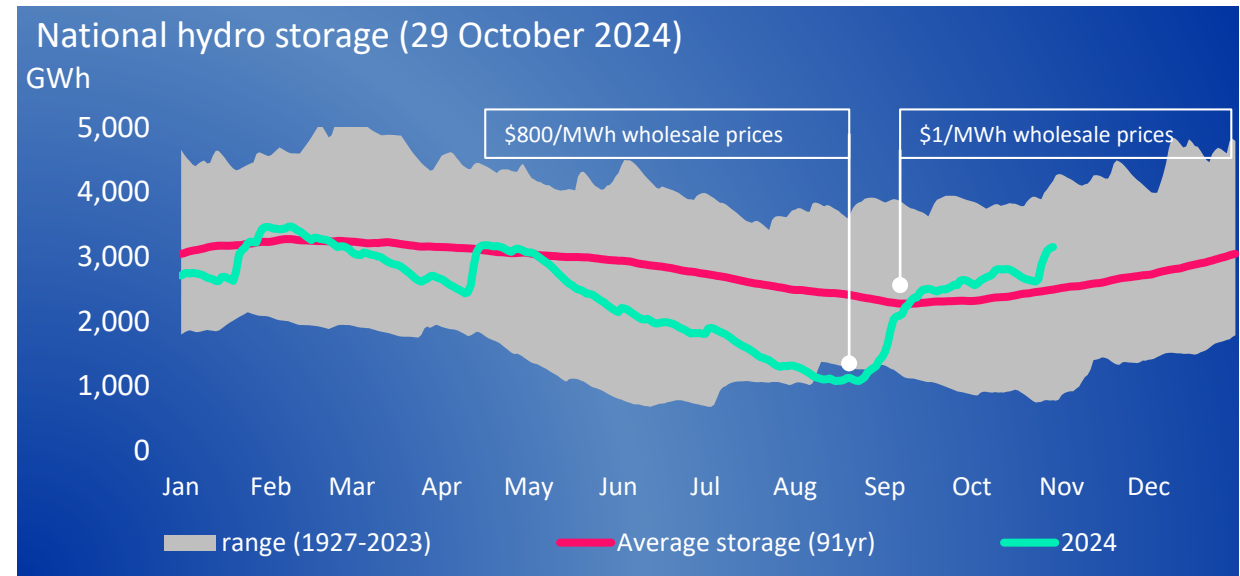
Thermal capacity and fuel storage has historically managed potential hydro inflow deficit and other renewable intermittency.

Winter 2024 drought highlighted declining indigenous gas production and reserve estimates.

Following a decade of little demand increase, organic growth is occurring, with a strong outlook from decarbonisation.



Source: Ministry of Business, Innovation and Employment, Hikina Whakatutuki



Source: NZX



# NZ electricity market



**5** major generators (all listed, 3 majority Govt owned), *proposed acquisition between 2 not majority Govt owned*

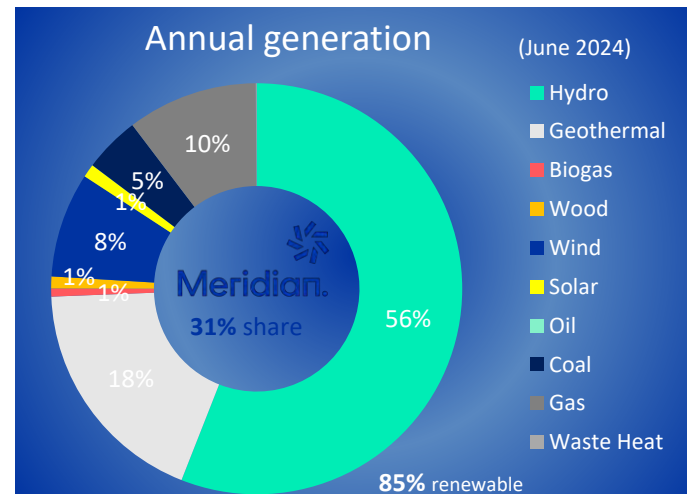
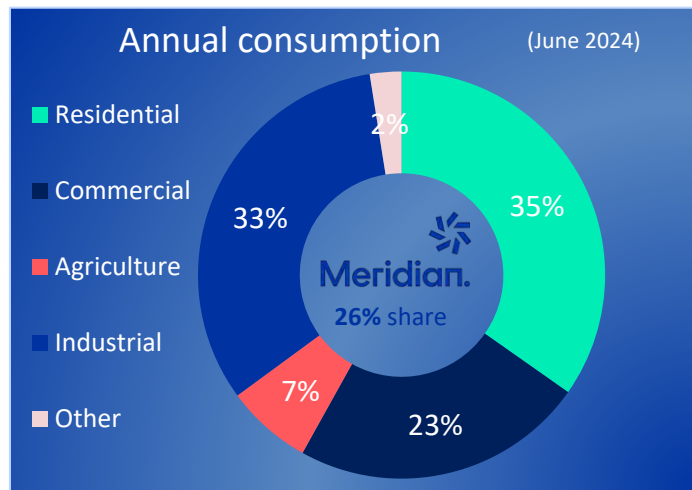
**1** transmission grid owner (state owned)

**29** distribution businesses (various ownership structures)

**40** retail brands, **1** large industrial user (Rio Tinto smelter), ~13% of national demand

**2.3** million consumers (40 TWh pa)

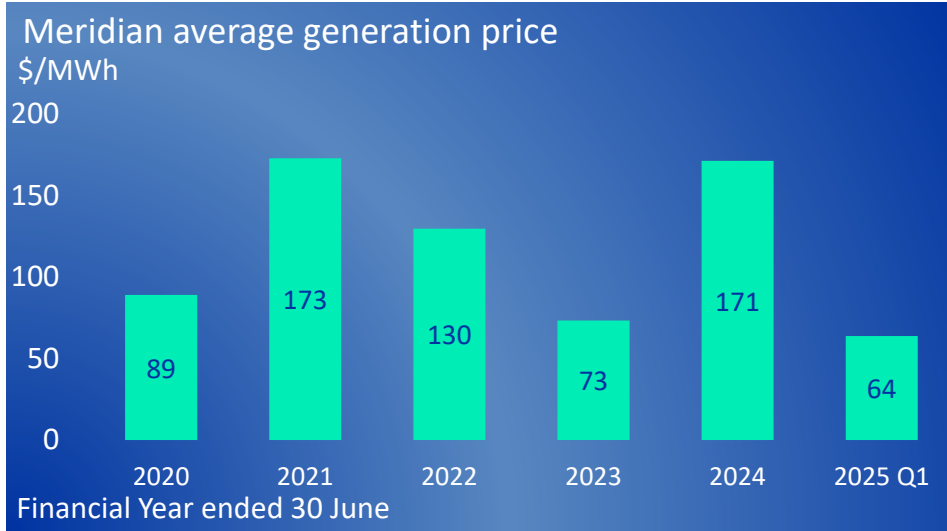
Sources: Electricity Authority and Ministry of Business, Innovation and Employment, Hikina Whakatutuki



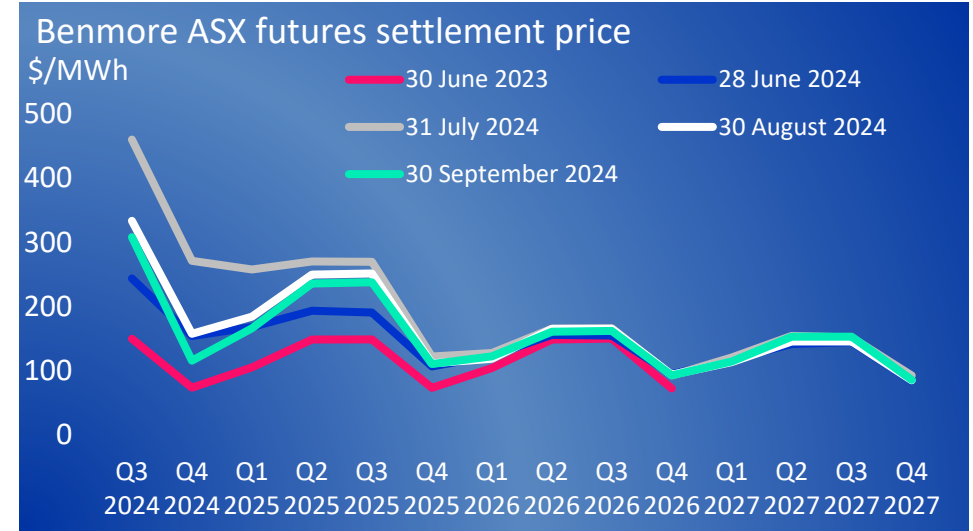




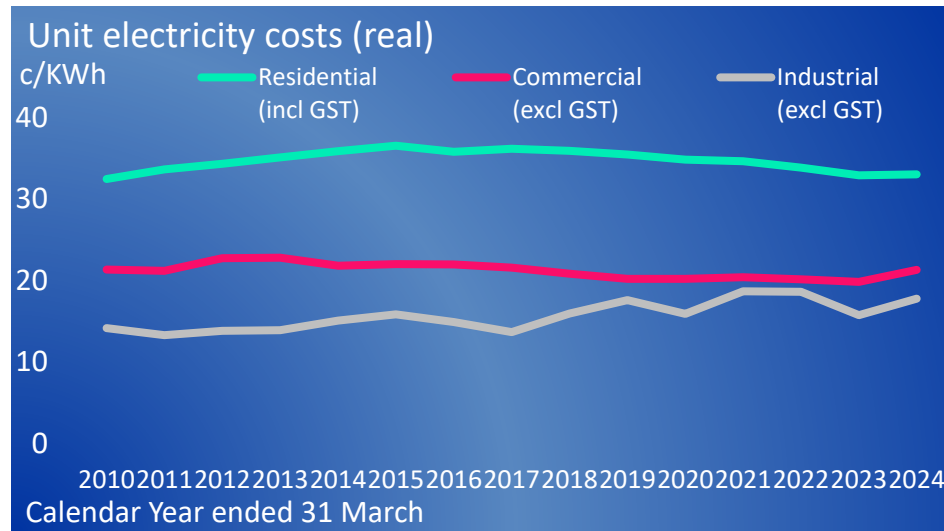
# NZ electricity market pricing



Source: Meridian



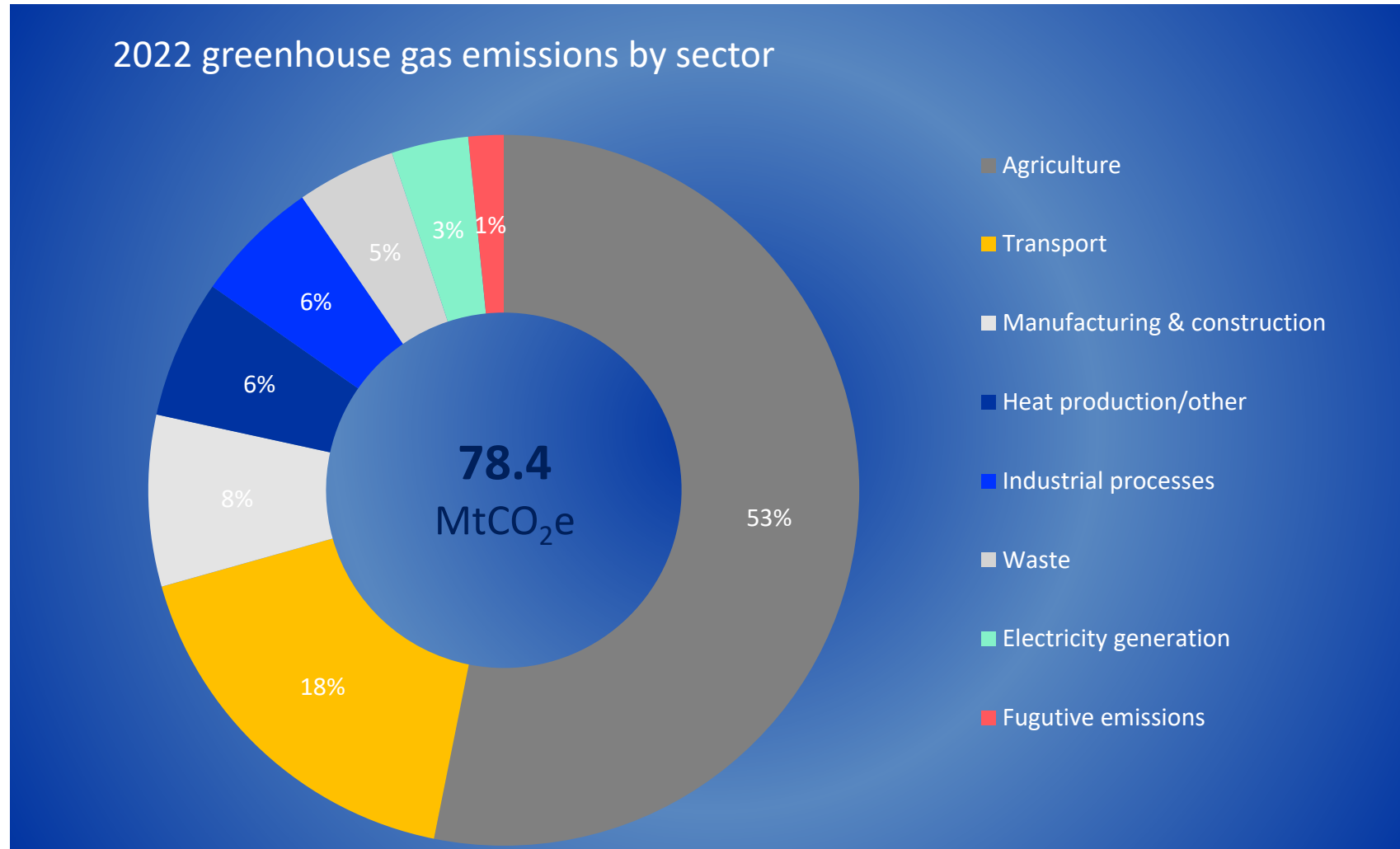
Source: ASX



Source: Ministry of Business, Innovation and Employment, Hīkina Whakatutuki



# NZ electricity market decarbonisation opportunity



Source: Ministry For The Environment, Manatū Mō Te Taiao

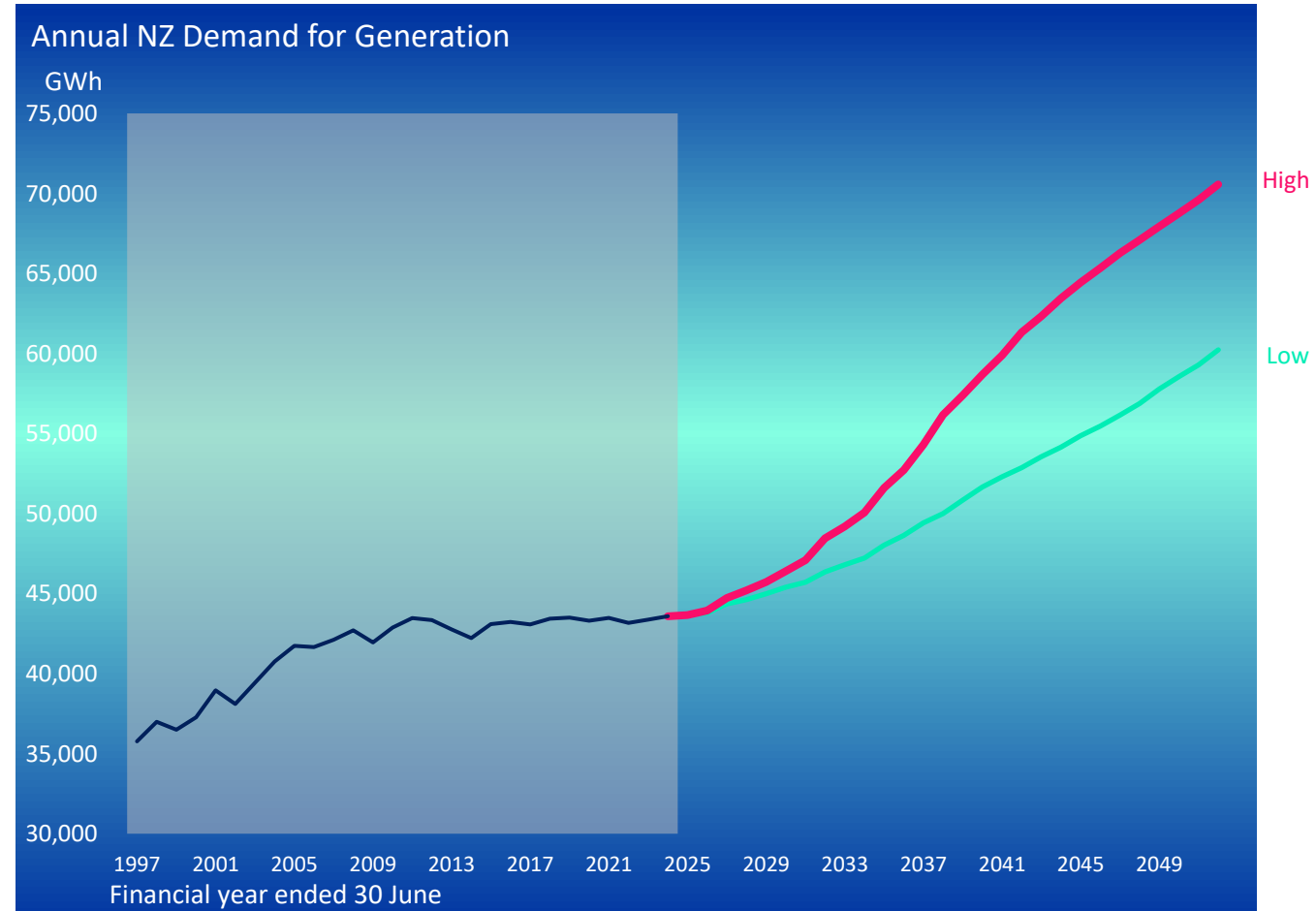


# NZ electricity market projected demand

By 2050 New Zealand will require around \$30 billion of investment in new renewable generation.

Consenting under the current Resource Management Act (RMA) has become inefficient.

Fast-Track Approvals Bill can deliver a more efficient process and ensure adequate environmental and community safeguards.



Source: Meridian



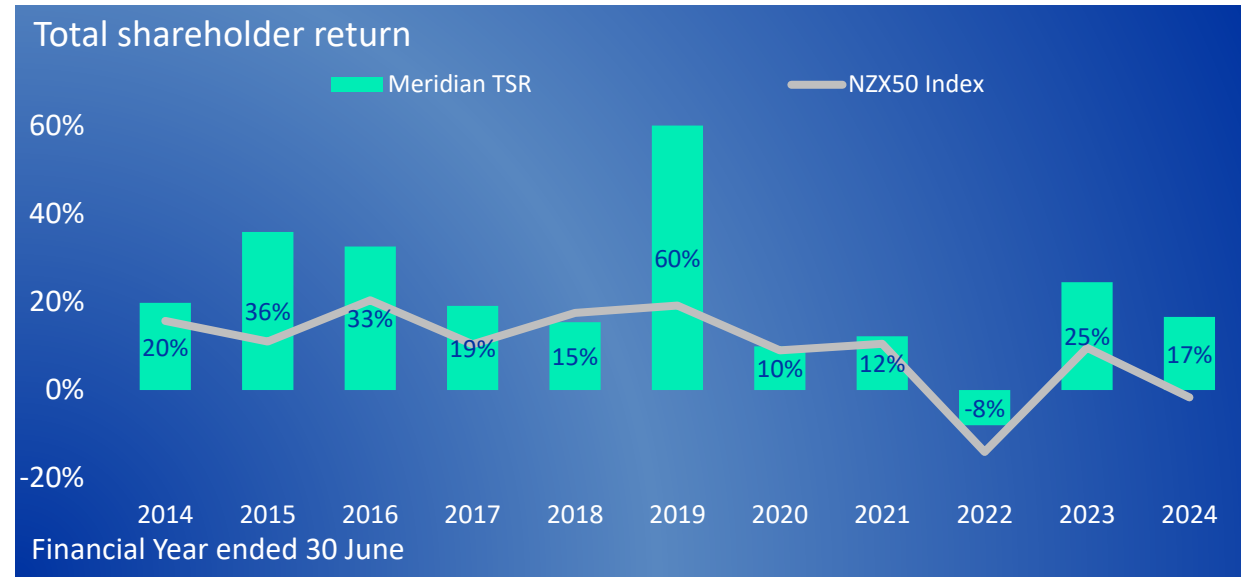
# About Meridian



Maintenance work at Meridian's West Wind Farm near Wellington



# About Meridian



Source: Meridian

# 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.

Six New Zealand wind farms - proven success operating in a high wind environment.

Backed with more than a decade of construction and operational experience.

The largest retailer of electricity in New Zealand.

Exposure to new generation and electricity demand growth in New Zealand's low carbon future.



Meridian's Te Āpiti Wind Farm north of the Manawatū Gorge



# Our strategy map

*Te kaupapa*  
Our purpose

Clean energy for a fairer and healthier world

*Te rautaki*  
Our strategy

An all-encompassing focus on climate action

*Te kaupapa matua*  
Our priorities

Grow renewable generation

Deliver cleaner, cheaper energy

Deliver operational excellence

Grow capability and culture

*Te arotahinga*  
Our focus

To speed our path to a resilient, net zero future

Through innovation that unlocks value for customers

So everything we do aligns to deliver on our goals

Because how we do the mahi is what will make the real difference



*Te mahi*  
Our key initiatives

- Accelerate Aotearoa New Zealand’s decarbonisation by delivering scale energy projects at pace:
  - Build renewable generation options.
  - Deliver on our 7 in 7.
  - Secure long-term access to water.
  - Accelerate electrification of transport and process heat.
- Grow system flexibility:
  - Grow our dispatchable MW capacity.
  - Bring dispatchable customer capacity to market.

- Develop an innovation culture that delivers digital, and data driven customer experiences.
- Expansion of the energy product set that unlocks the value of transport electrification, process heat and demand flex.
- Continued investment in energy hardship and community programmes that promotes equitable access to the benefits of the energy transition.
- Policy advocacy that promotes climate action and supports New Zealanders through the energy transition.

- Build operational flex and agility while sustaining excellent asset productivity.
- Modern data and digital systems to promote collaboration, operational efficiency, innovation and data-driven decisions.

- Grow a diverse and inclusive, skilled workforce that reflects the country we live in.
- Nurture leadership capability to support the cultural and digital maturity of a future Meridian.
- Our developing understanding of the Māori world view helps build long term relationships with tangata whenua and better outcomes for all.
- Safety leadership that grows in maturity as we build into the energy transition.
- Sustainability culture and leadership that benefits people and planet, inspires climate action, and attracts investors.

*Te whaipāinga*  
Our values

Be a good human

Be gutsy

Be in the waka



# Renewable development pipeline

5.0GW (12TWh) of development options  
 2.7GW secured, 2.3GW in advanced prospects



## Wind

Total 1.7GW

## Solar

Total 3.2GW

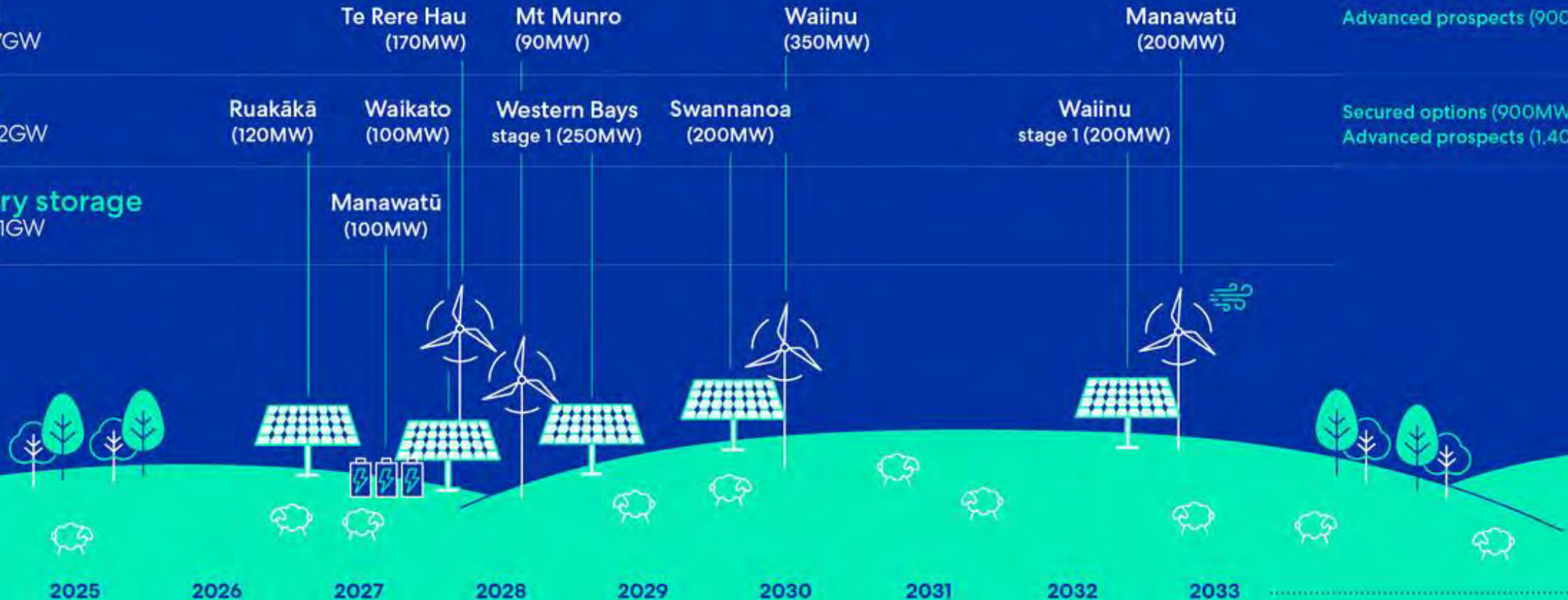
## Battery storage

Total 0.1GW

### Post 2033 options

Advanced prospects (900MW)

Secured options (900MW)  
 Advanced prospects (1,400MW)







# Investment in a low carbon future

\$2B invested into new and existing assets in the last 10 years.

Stable returns on assets and equity (3%-5% per annum).

New generation investment of \$3B to deliver at least 7 projects by 2030.

With a total investment envelope of \$10B+ for 20 projects by 2050.



Lake Pūkaki, Mackenzie Basin, South Canterbury

## Indicative Investment Profile





# Waitaki re consenting

Re-consent application lodged for the Waitaki Hydro Scheme.

Will be the largest consent ever granted under the RMA.

Waitaki Hydro Scheme consists of eight power stations and provides 18% of this country's electricity needs.

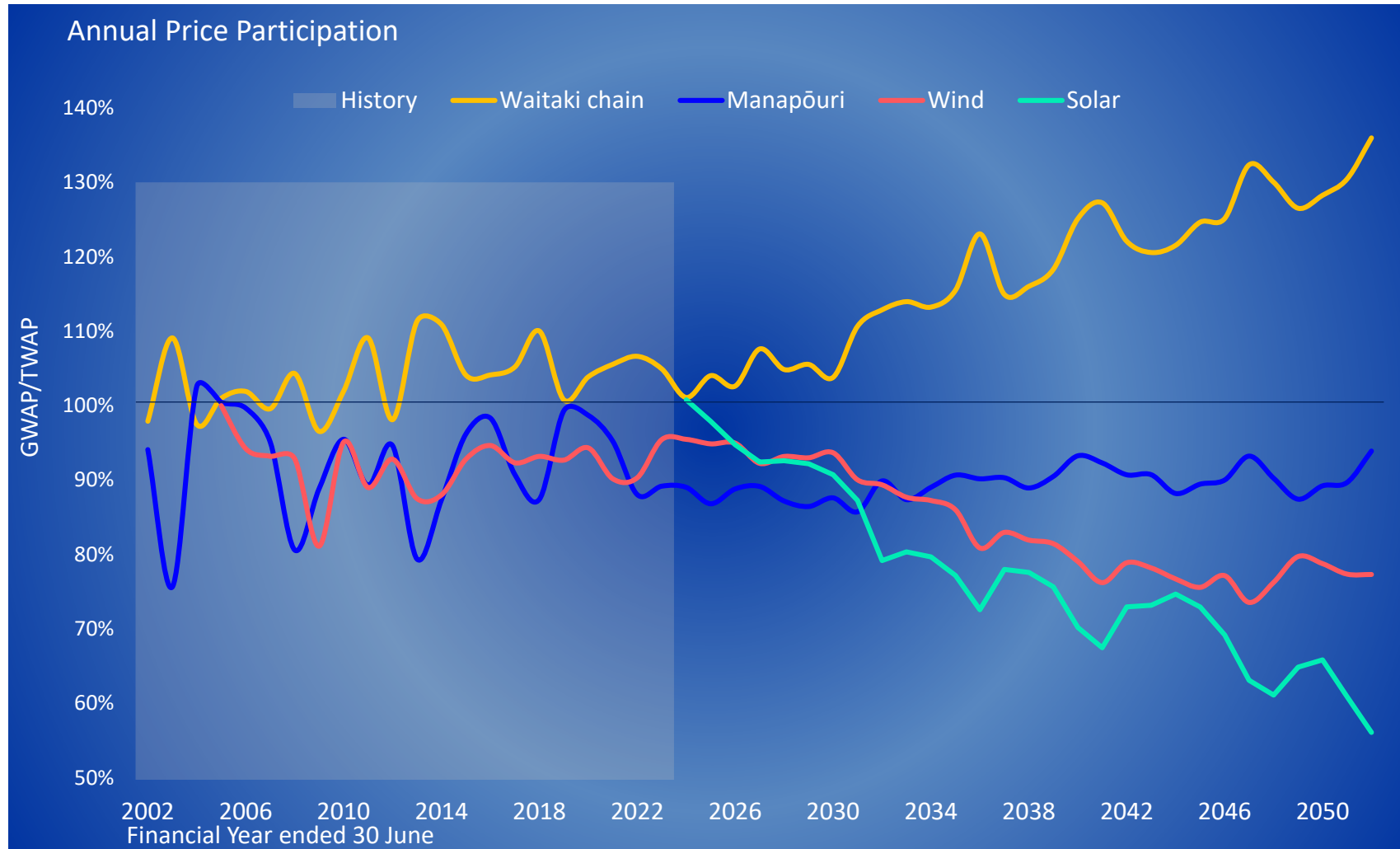
And provides 60% of this country's hydro storage.



Headwaters of Lake Pūkaki in the Mackenzie Basin, Canterbury



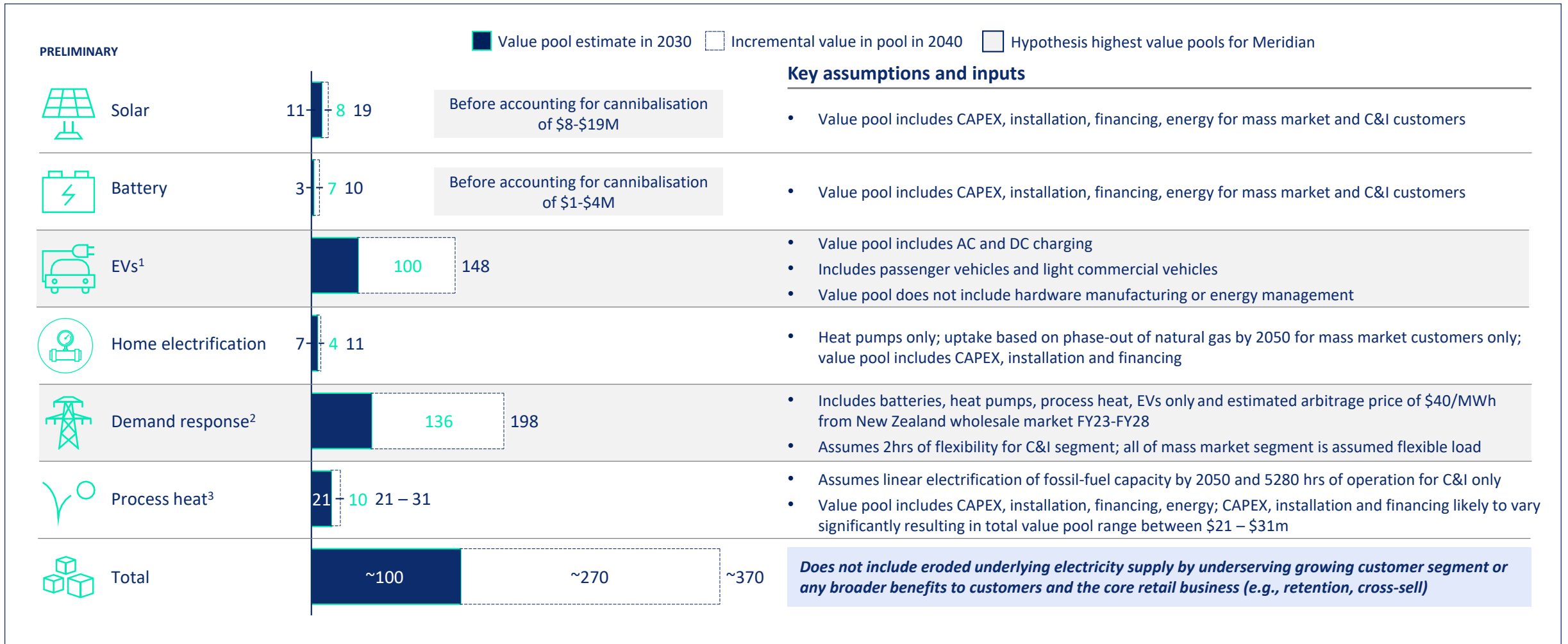
# The value of hydro storage





# Future retail value pools

Potential annual EBITDAF uplift<sup>1</sup> (\$M) for Meridian by innovation value pool for 2030 and steady state (assuming 30% market share)



<sup>1-3</sup> McKinsey 2023, from their energy global power and energy expert group.



# Meridian's decarbonisation

'Half by 2030' operational emissions reduction target.

Target of net carbon zero by 2050.

Continued inclusion in the Dow Jones Asia Pacific Sustainability Index.



Meridian Zero electric vehicle charging at Eastbourne near Wellington



# Delivering cleaner, cheaper energy

\$5 million Energy Wellbeing Programme helping 5,000 households out of energy hardship.

Process Heat Electrification Programme expected to support the removal of 140,000 tCO<sub>2</sub>e annually by 2030.



Solar installation at Waipuna Community Services in Canterbury

# Ground-breaking agreements with NZAS

20-year term has removed uncertainty for the electricity sector and the people of Southland.

Agreements include demand response provisions to help manage low hydro storage conditions.

Value of demand response proven through 2024 dry winter.



Transmission lines near New Zealand's Aluminium Smelter in Southland

# Dividends

Recent change to an operating free cash flow-based dividend policy.

FY24 final ordinary dividend of 14.85cps (+25% on FY23), 80% imputed.

FY24 full year ordinary dividend of 21.00cps (+17% on FY23), 80% imputed.

## Meridian's ordinary dividend policy

Meridian's ordinary dividend policy is to make distributions at a dividend payout ratio, within an average over time, of 80% to 100% of Operating Free Cash Flow, subject to the Board's due consideration of:

- Meridian's working capital requirements and its medium-term investment programme;
- a sustainable financial structure from Meridian, recognising the Company's targeted long-term credit rating of BBB+ by S&P; and
- the risks from short and medium term economic, market and catchment hydrology conditions and expected financial performance.

Operating Free Cash Flow is calculated as Operating Cash Flow, less the annual capital cost of maintaining Meridian's asset base and systems (Stay in Business Capital Expenditure).

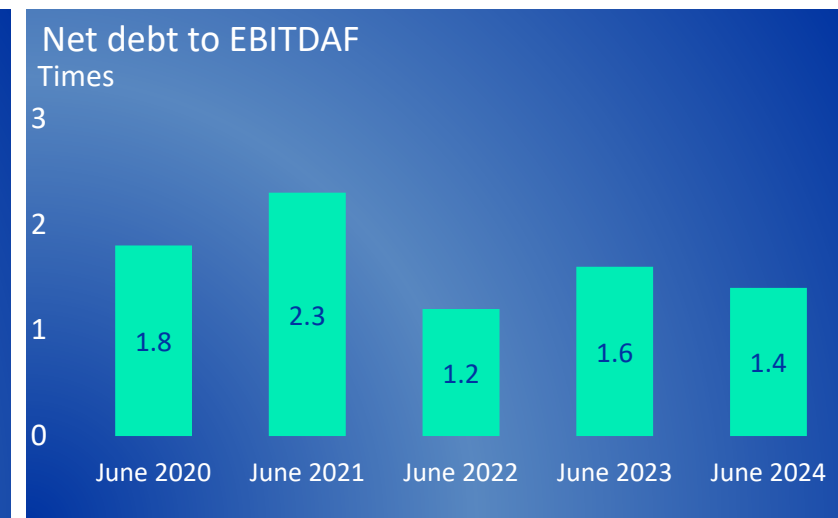
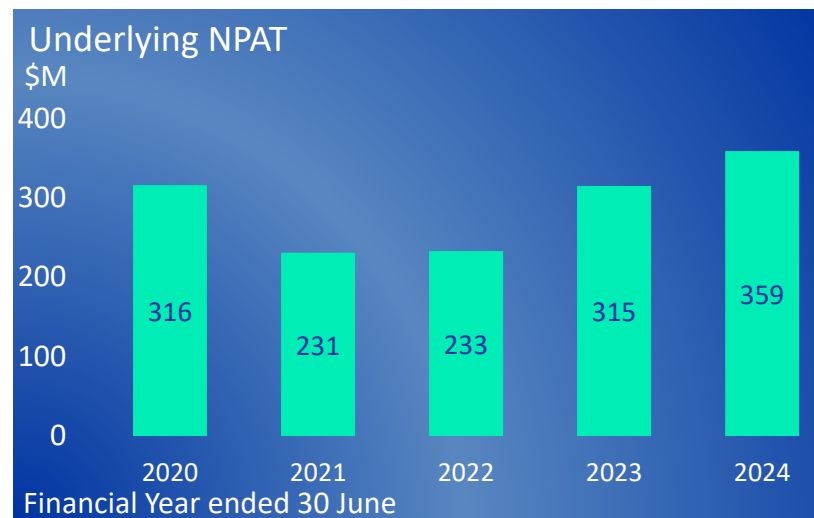
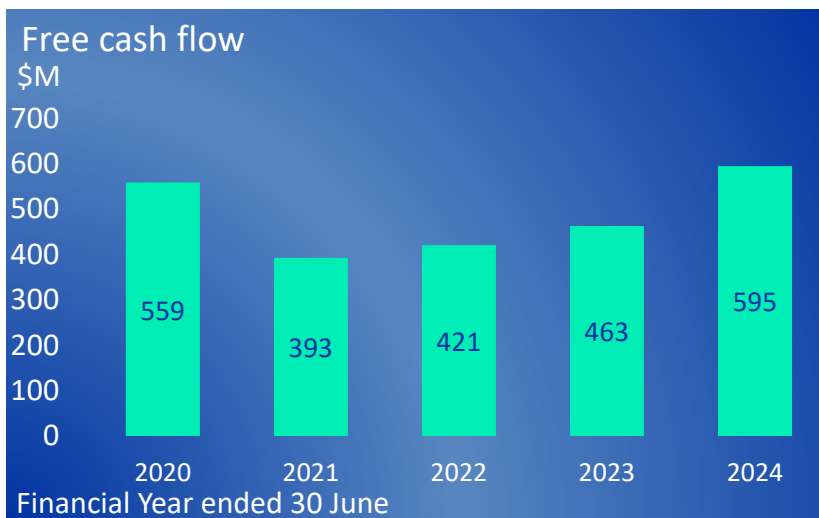
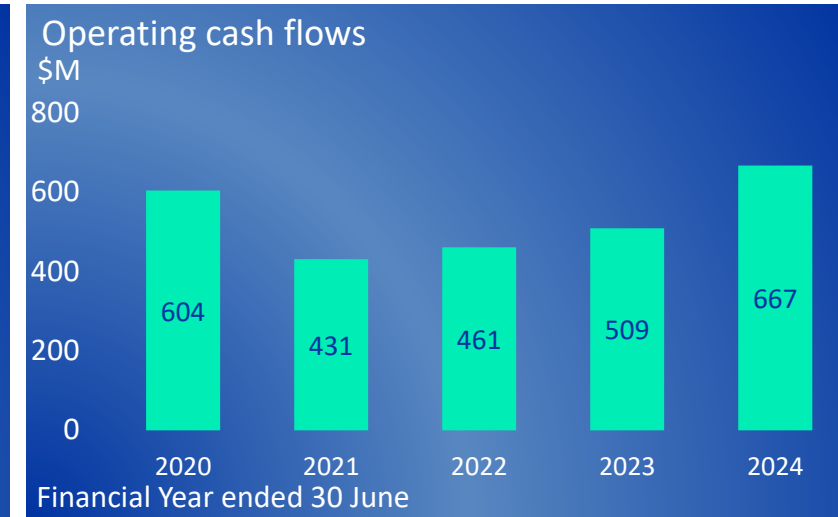
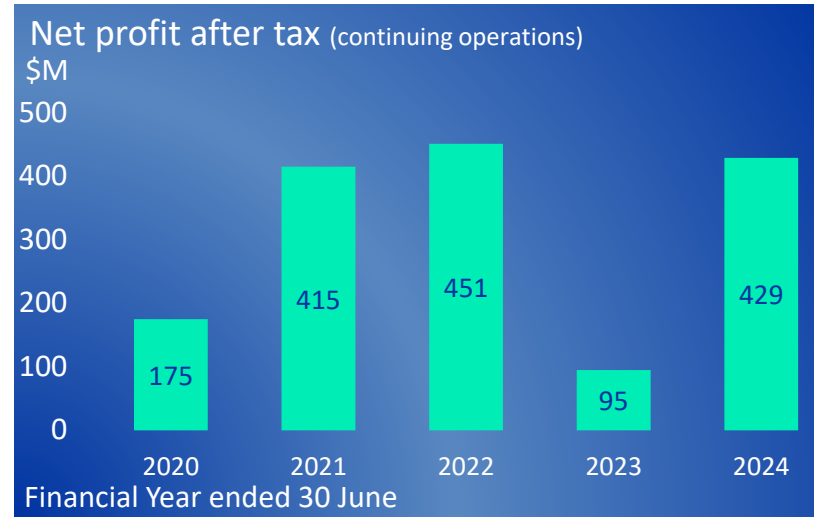
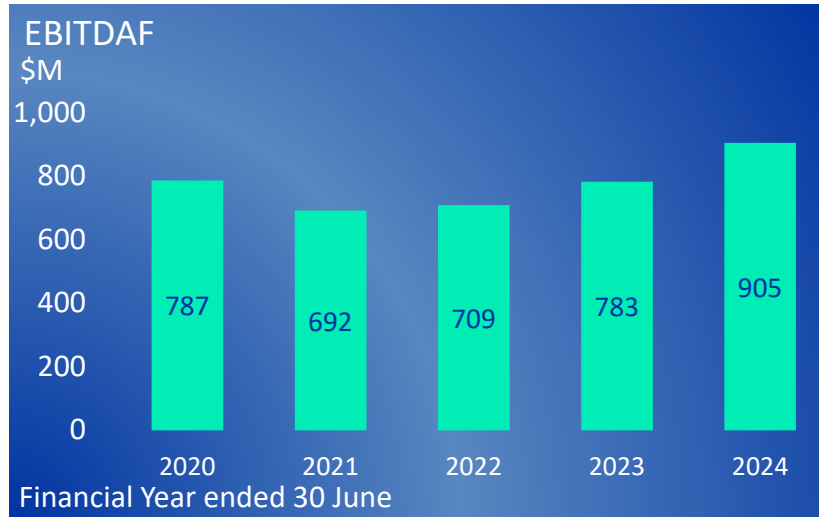


Source: Meridian





# Financial performance





# Financial metrics

Financial year		2020	2021	2022	2023	2024
Operating cash flow	\$M	604	431	461	509	667
Stay in business capital expenditure	\$M	45	38	40	46	72
Operating free cash flow	\$M	559	393	421	463	595
Annual dividend declared (cps)	cps	19.4	16.9	17.4	17.9	21.0
Free cash flow payout ratio	%	88.7	110.2	106.5	99.8	91.2
Net dividend yield	%	4.0	3.2	3.7	3.2	3.3
Depreciation & amortisation	\$M	312	271	293	294	334
SIB capex/depreciation & amortisation	%	14.4	14.0	13.7	15.6	21.6
Underlying NPAT	\$M	316	231	233	315	359
EPS (underlying)	cps	12.3	9.0	9.0	12.2	13.9
PE (underlying)	x	39	59	52	46	45
EBITDAF	\$M	853	692	709	783	905
EV/EBITDAF	x	16.2	22.1	18.2	20.0	19.4
Net debt/EBITDAF	x	1.7	2.3	1.2	1.6	1.4
EBITDAF interest cover	x	10.3	8.7	9.1	11.3	9.5
Return on equity (average)	%	6.0	4.5	4.3	5.5	5.0
Debt/(debt+equity)	%	23.9	24.4	17.4	17.2	14.1



# Thank you



Container installation at Meridian's Ruakākā Battery Energy Storage system near Whangārei



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[www.meridianenergy.co.nz/investors](http://www.meridianenergy.co.nz/investors)

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