MERIDIAN ENERGY LIMITED

Interim results for six months ended 31 December 2012

Disclaimer

This presentation may contain projections or forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties.

Actual results may differ materially from those stated in any forward-looking statements based on a number of important factors and risks.

Although Meridian may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realised.

Furthermore, while all reasonable care has been taken in compiling this presentation, Meridian cannot guarantee it is free from errors.

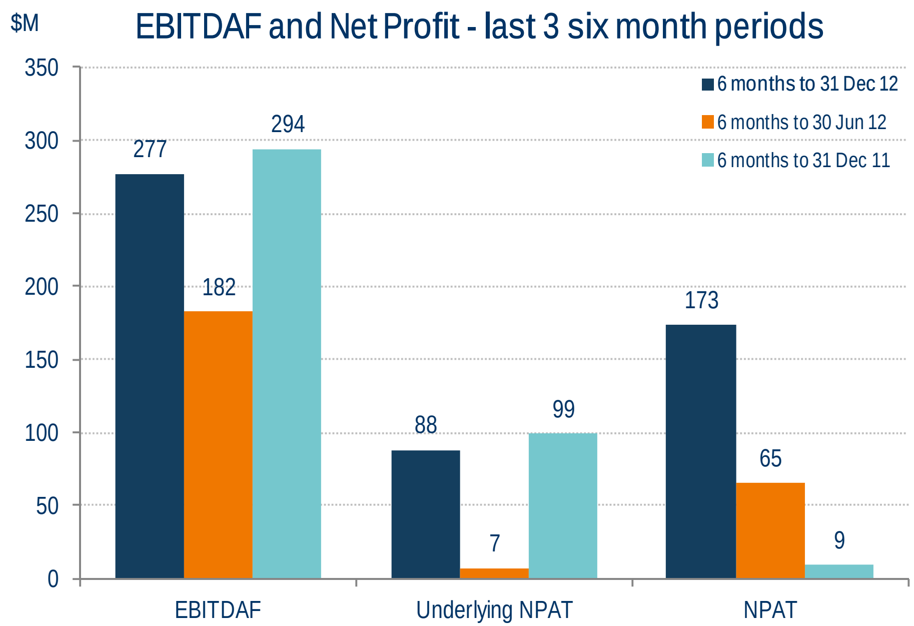
Any estimates or figures used in this presentation should not be interpreted or relied upon for the purpose of any investment decisions.

More about Meridian

See Meridian's Company Profile at http://www.meridianenergy.co.nz/company/about-us/

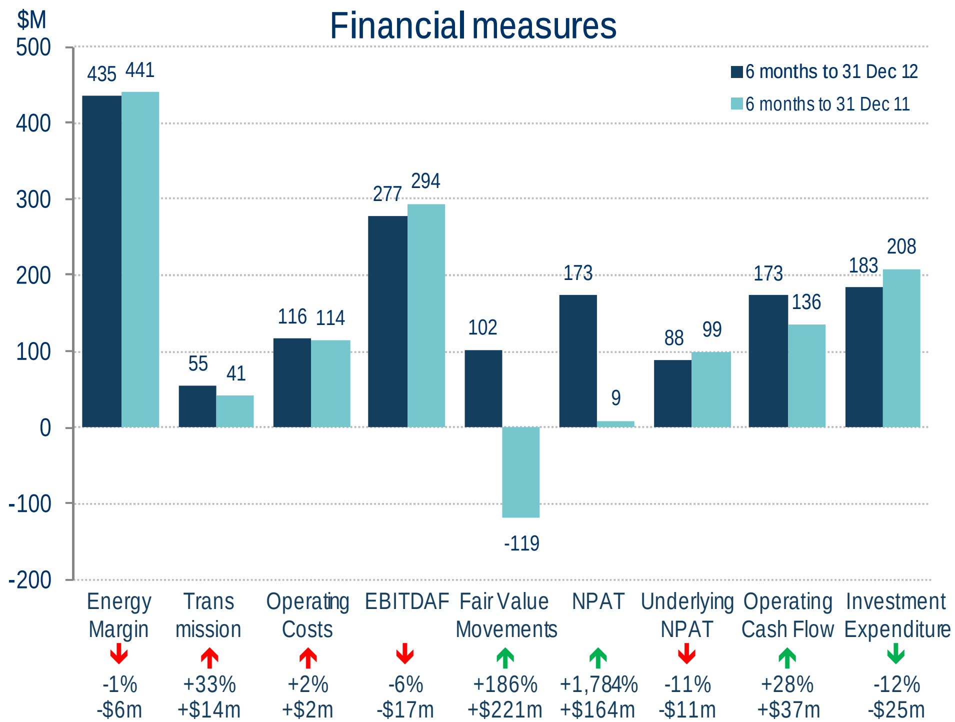
Highlights

- Return to higher profitability with improved inflows following record dry year
- Higher operating cash flow, stable operating costs, lower capital expenditure compared to last year
- Result achieved despite increased transmission costs, residual dry year hedges entered into last year and multiple HVDC outages associated with Pole 3 upgrade
- Improved retail performance in a competitive environment
- Significant lift in Net Profit after Tax due to non cash fair value movements



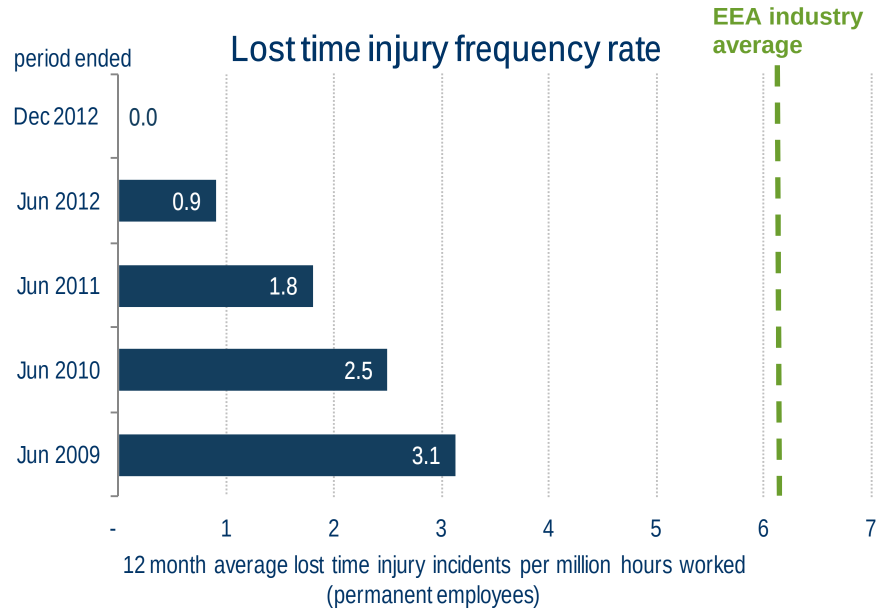
Delivering improvement in Meridian's core business

- $11 per MWh increase in Retail EBITDAF (at fixed input price)
- Access to Lake Pukaki's lower emergency level will reduce earnings variability
- Continued profitable investment in Australia
- Future capital expenditure is reducing
- Improved inflows from 2012 record lows
- Improvements covered both the costs of Q1 low inflow cover, HVDC outages and a 33% increase in transmission charges
- Expecting significant full year EBITDAF growth



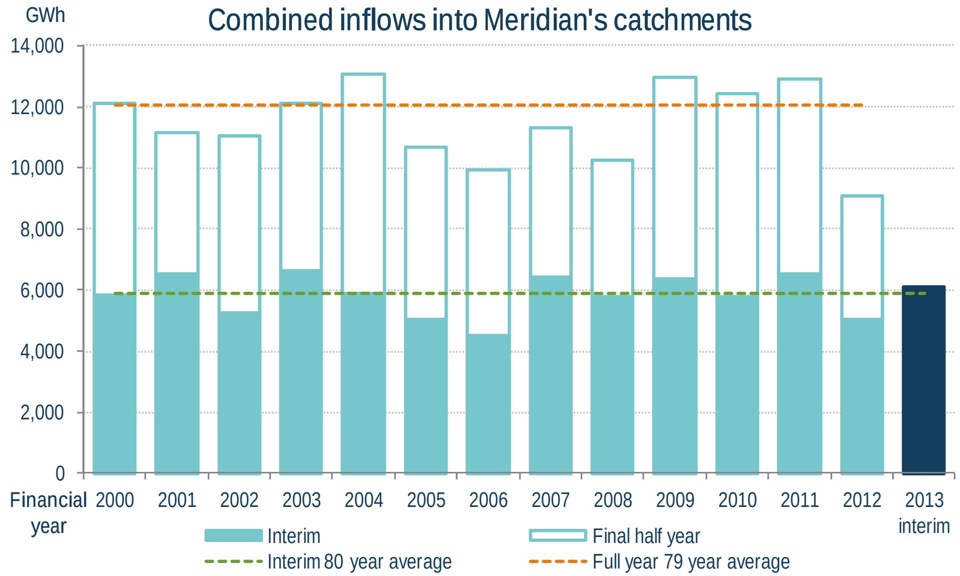
Staff health and safety remains a critical focus

- Continuous focus to ensure health and safety is a core part of how Meridian operates
- Particular emphasis on embedding pre-qualification programme for contractors
- Also ensuring appropriate health and safety processes are in place at new construction sites
- 15 months since a lost time injury has been recorded



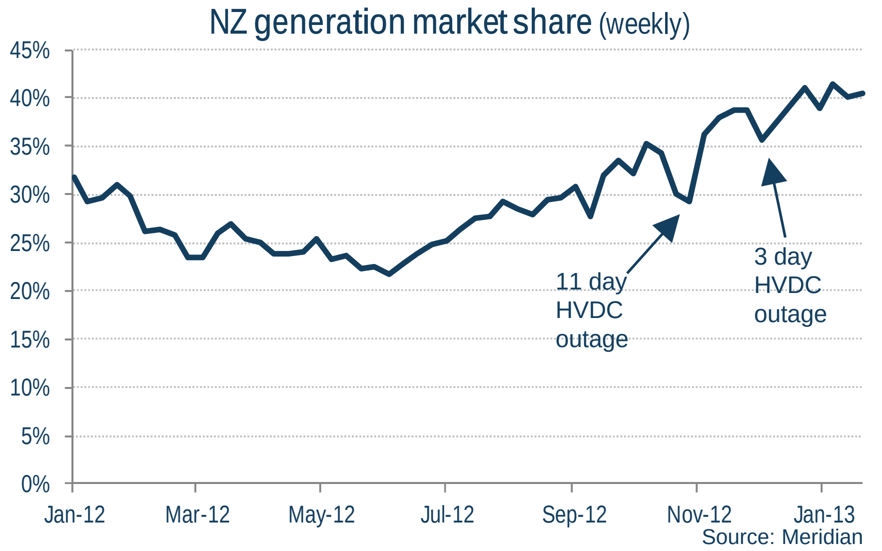
Improved inflows after the record dry 2012 winter

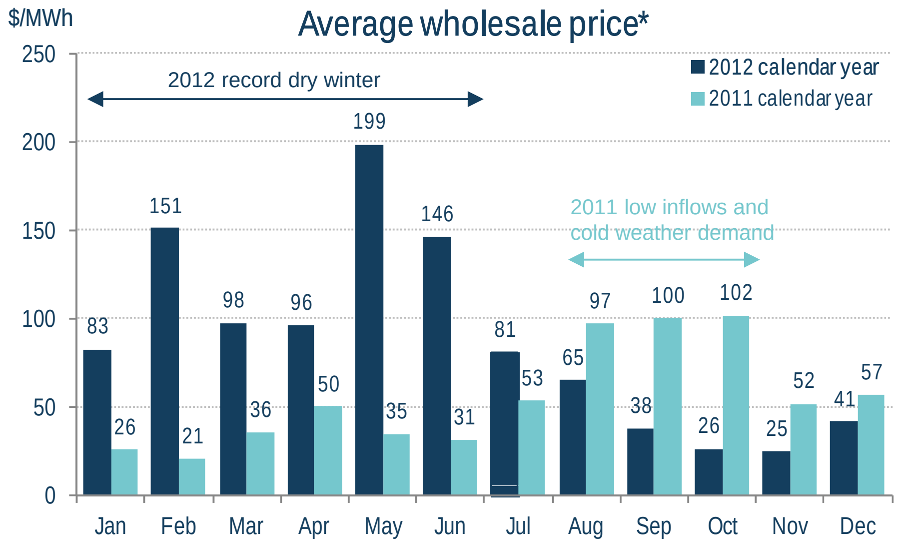
- Six month inflows to December 2012 were 104% of 80 year historical average
- 21% higher than six month inflows to December 2011
- Large inflow events coincided with HVDC outages between September and early November, and in late December
- As a result, generation was suppressed, with six month total similar to 1H FY12
- Combined catchment storage in December 2012 was 113% of mean and 23% higher than last year
- Meridian is well positioned for 2H FY13



Higher generation market share with reduced wholesale prices

- Lower wholesale prices in 1H FY13
- Significant disruption with multiple HVDC outages successfully managed
- Increasing generation market share
- Consents gained to raise Lake Pukaki levels and access emergency lower storage mitigate extreme hydrology risk
- Excellent plant performance with hydro forced outages at record low levels

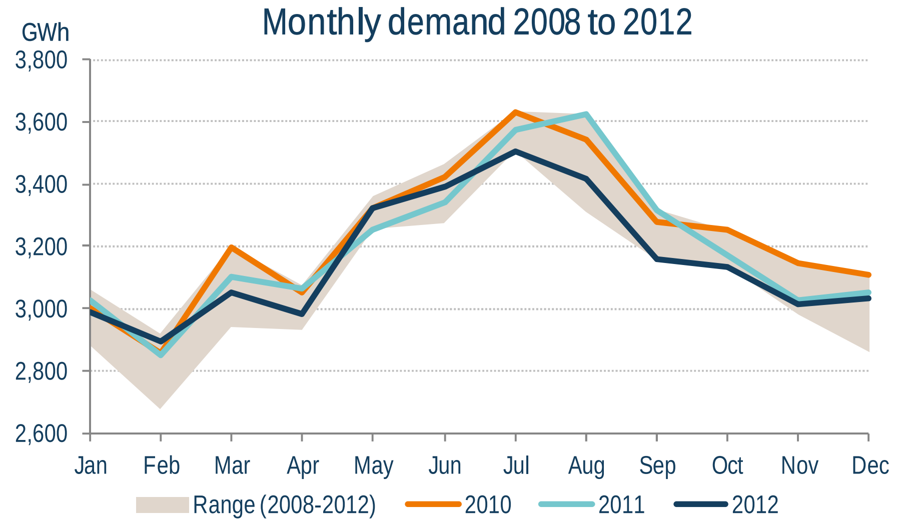


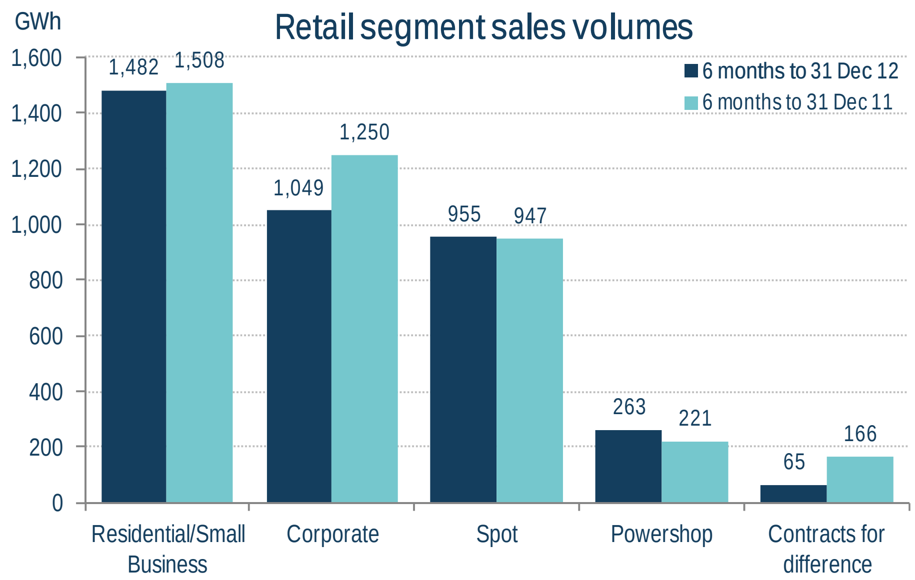


*price received for Meridian's physical generation

Strong retail performance in a competitive environment

- Demand below last year driven by weak corporate/industrial activity
- Strong competitive pressures with monthly market ICP[1] churn above 18%
- Continued ICP shift to the North Island with 7% growth in the last year; risk balance achieved
- Stable volumes in residential, agri-business and SME segments
- 16% decline in corporate contract sales reflects a highly competitive market and pull back over the dry period

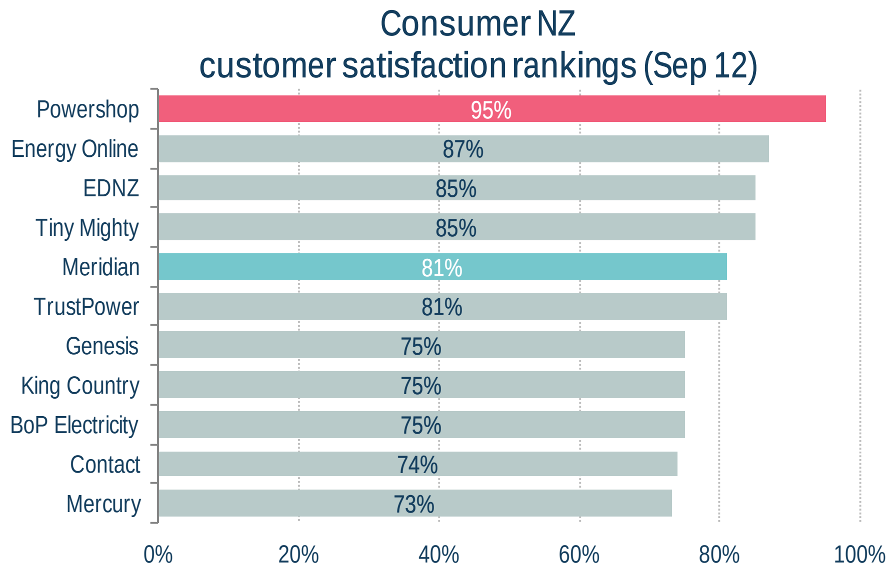




[1]Customer installation control points

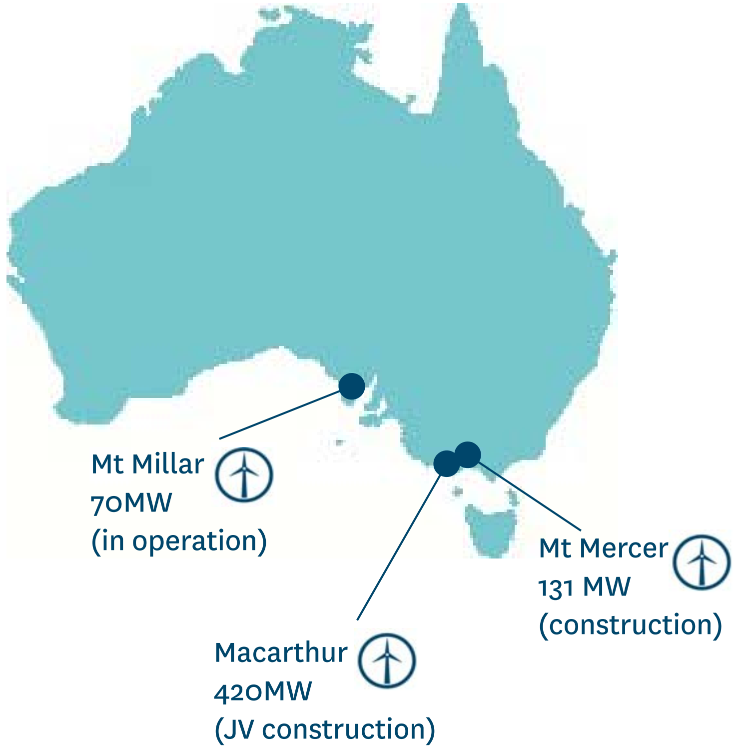
Continuing retail financial improvement

- Retail segment EBITDAF per MWh (at fixed input price) increased by $11
- 11% increase in average retail contracted sales price, mostly driven by improving portfolio mix
- Some tariff changes repositioning to mid market pricing and recover higher lines costs
- Anticipate future pricing pressure
- Consumer NZ customer survey scored Powershop 1st and Meridian Retail joint 1st among major retailers
- Online account management and smart meter technology offer more customers better control their energy use



Continuing profitable investment in Australia

- Positive regulatory environment for renewable generation development
- Climate Change Authority recently recommended retention of Australia's renewable energy target
- Macarthur construction is on track, with revenue from February 2013
- Meridian is considering options for its interest in Macarthur
- Construction has commenced on Mt Mercer, expected to take two years
- Powershop trial continues with a decision on a commercial launch during 2013



Financial performance

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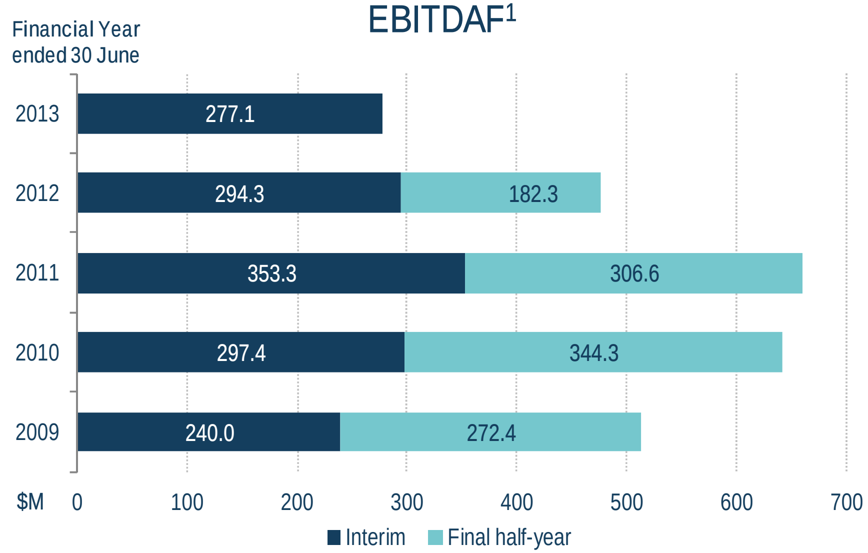
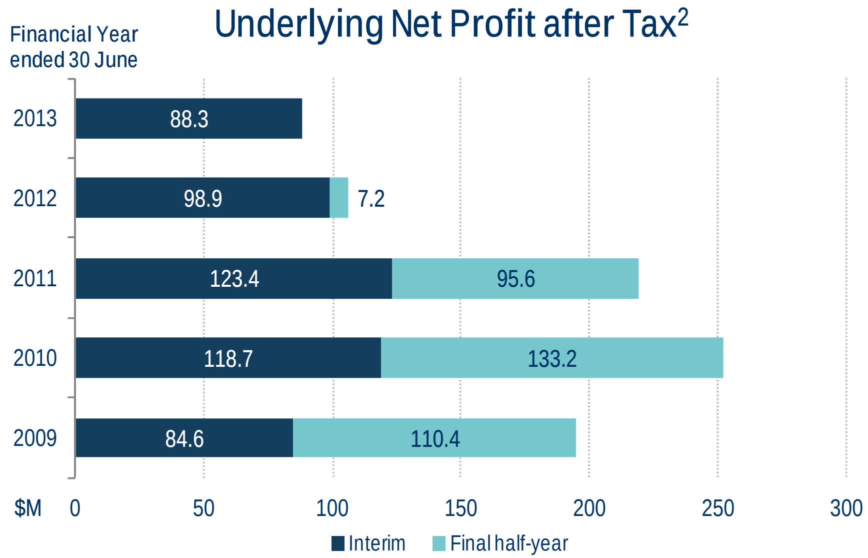
EBITDAF impacted by Transpower costs and dry winter insurance

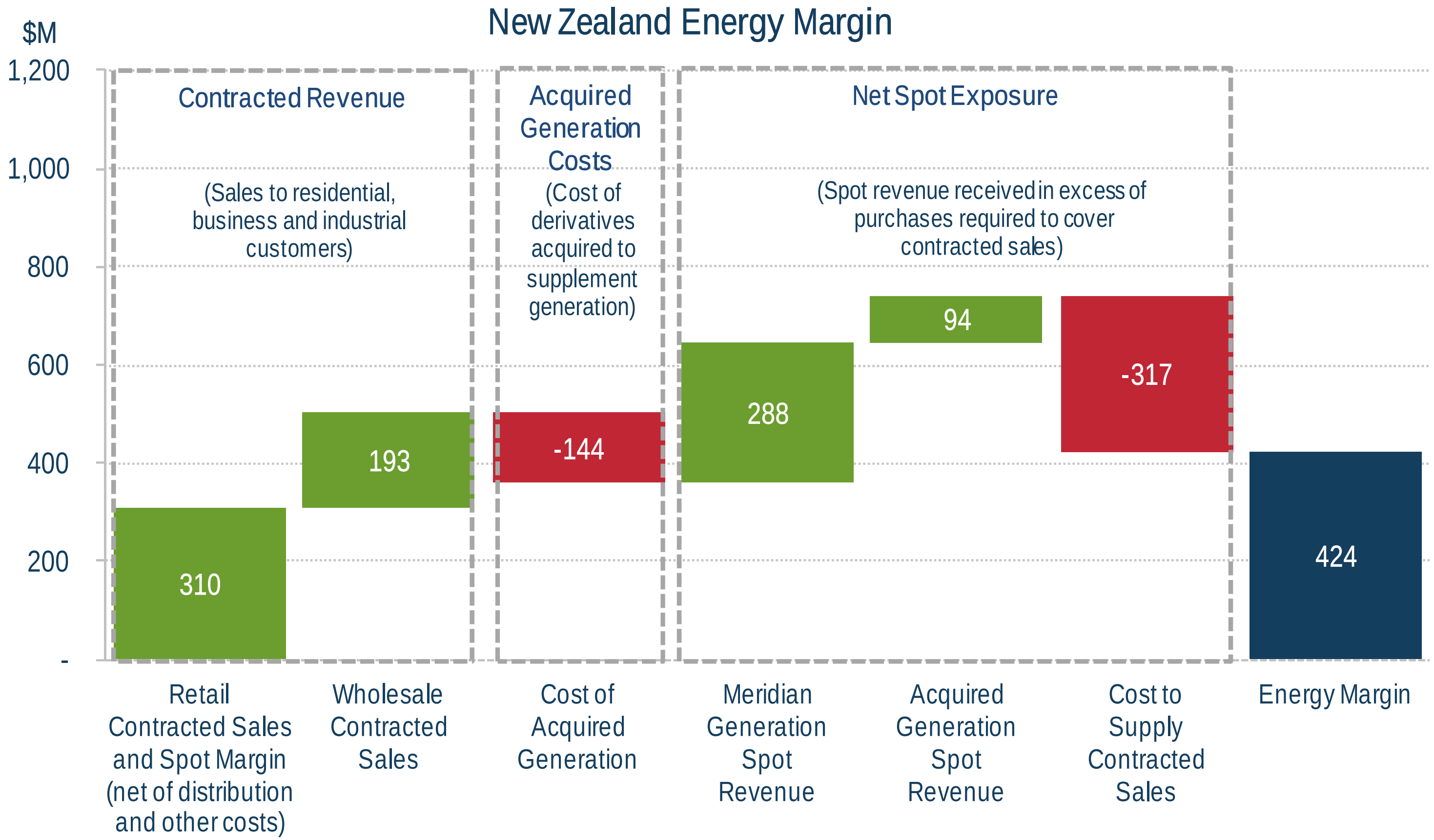
- Significant lift in Net Profit after Tax due to non cash fair value movements ($173.3m, up from $9.2m)
- $17m decline in EBITDAF, driven by a $14m increase in transmission costs
- $13m of margin impact from derivative contracts acquired to manage low winter inflows
- Offset by improved wholesale performance and retail contribution
- 20 more HVDC outage days compared to the same period last year
- Gain on sale of EFI of $5.9m





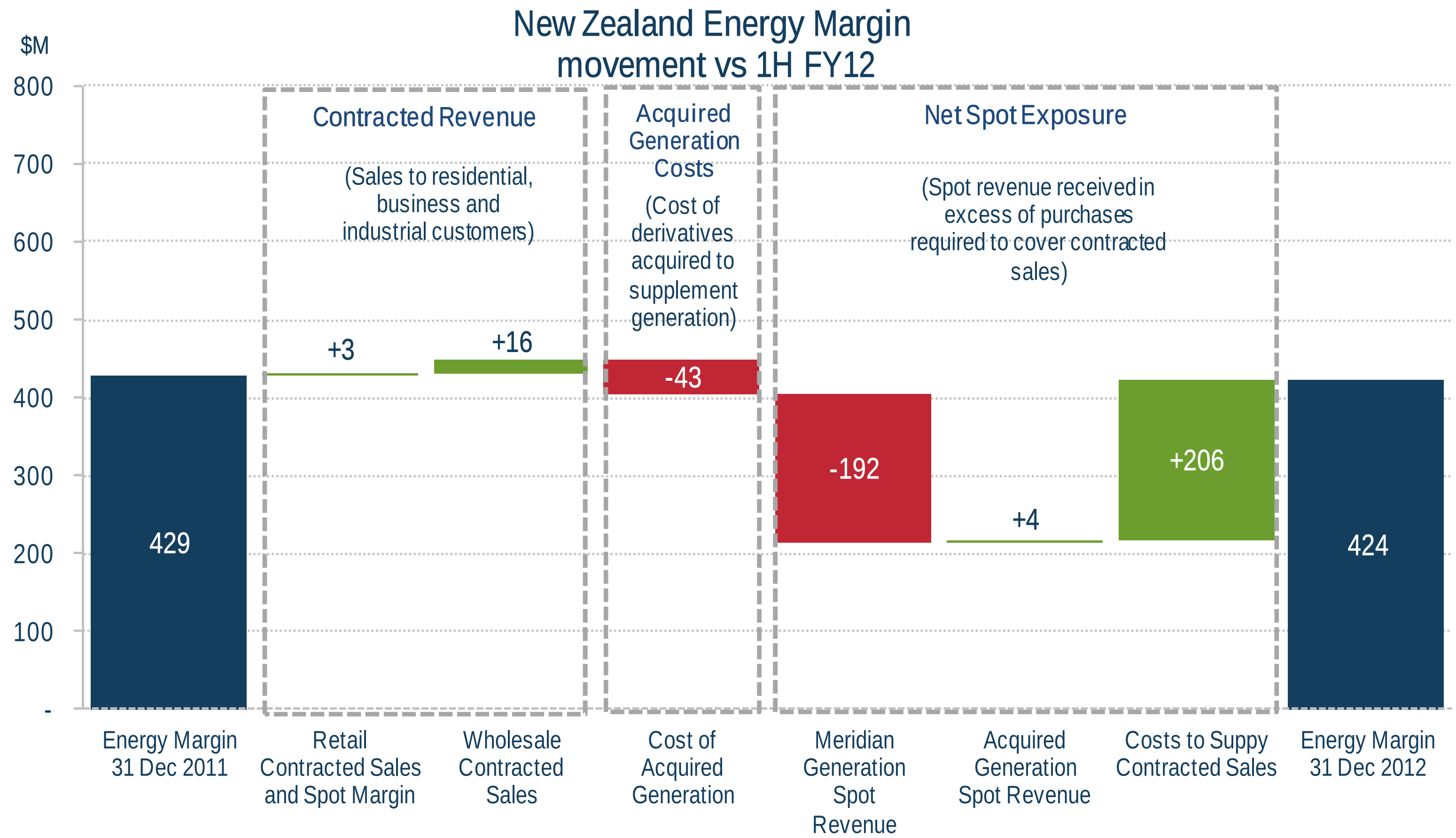
[1]Earnings before interest, taxation, depreciation, amortisation, changes in fair value of financial instruments, impairments and gain/(loss) on sale of assets
[2]Net Profit after Tax adjusted for the effects of non cash fair value movements and other one-off items
A reconciliation between Net Profit after Tax and Underlying Net Profit after Tax is provided on p28

NZ Energy Margin is stable despite lower wholesale prices



- Contracted revenue from fixed price, variable volume customers and sales to industrials
- Acquired generation costs of derivatives to manage generation volume gaps
- Net spot exposure from generation revenue less cost to supply contracted sales

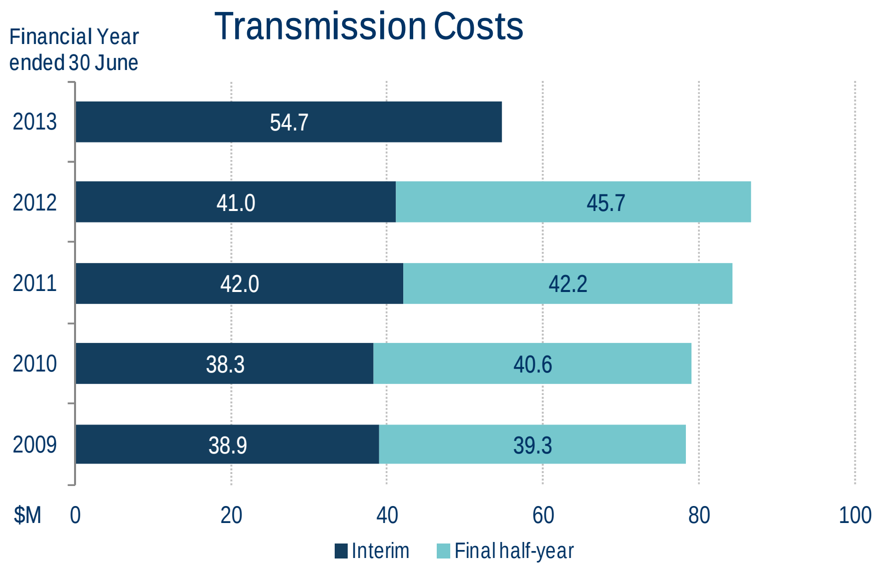
Higher acquired generation costs offset contract revenue growth

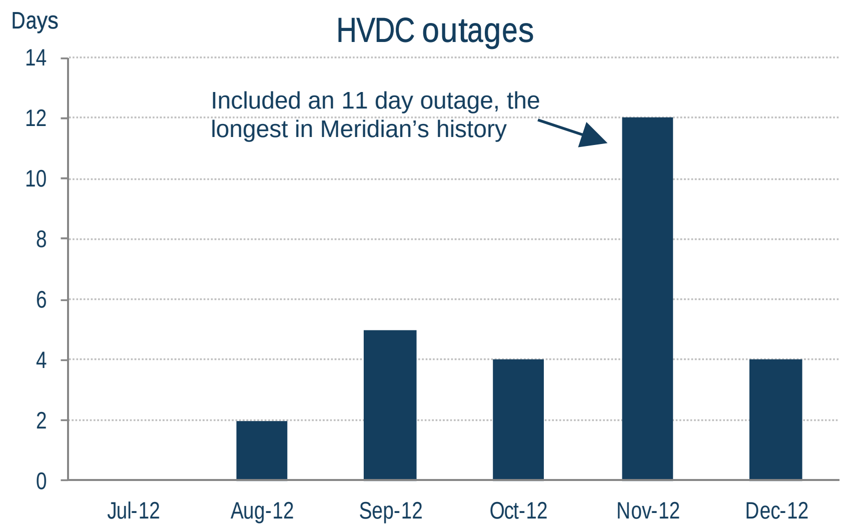


- $16m increase in contracted wholesale revenue, largely derivatives sold
- Higher acquired generation costs include additional cost of dry winter risk mitigation
- Net spot exposure movements reflect lower wholesale prices

Transmission costs have increased significantly

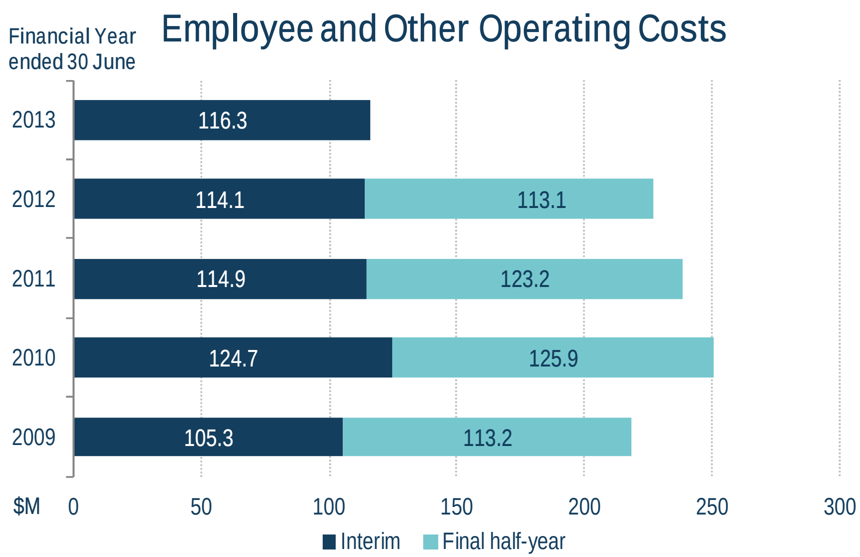
- $14m (33%) increase in transmission costs
- Disruptive market conditions due to HVDC outages
- 27 days where outages were experienced during the 6 months to December 2012, compared to 7 days originally planned by Transpower
- Pole 3 commissioning delays may impact full year performance, however once commissioned, will significantly improve interisland flows
- The Electricity Authority's proposed transmission pricing methodology changes, if implemented, are likely to benefit Meridian over time



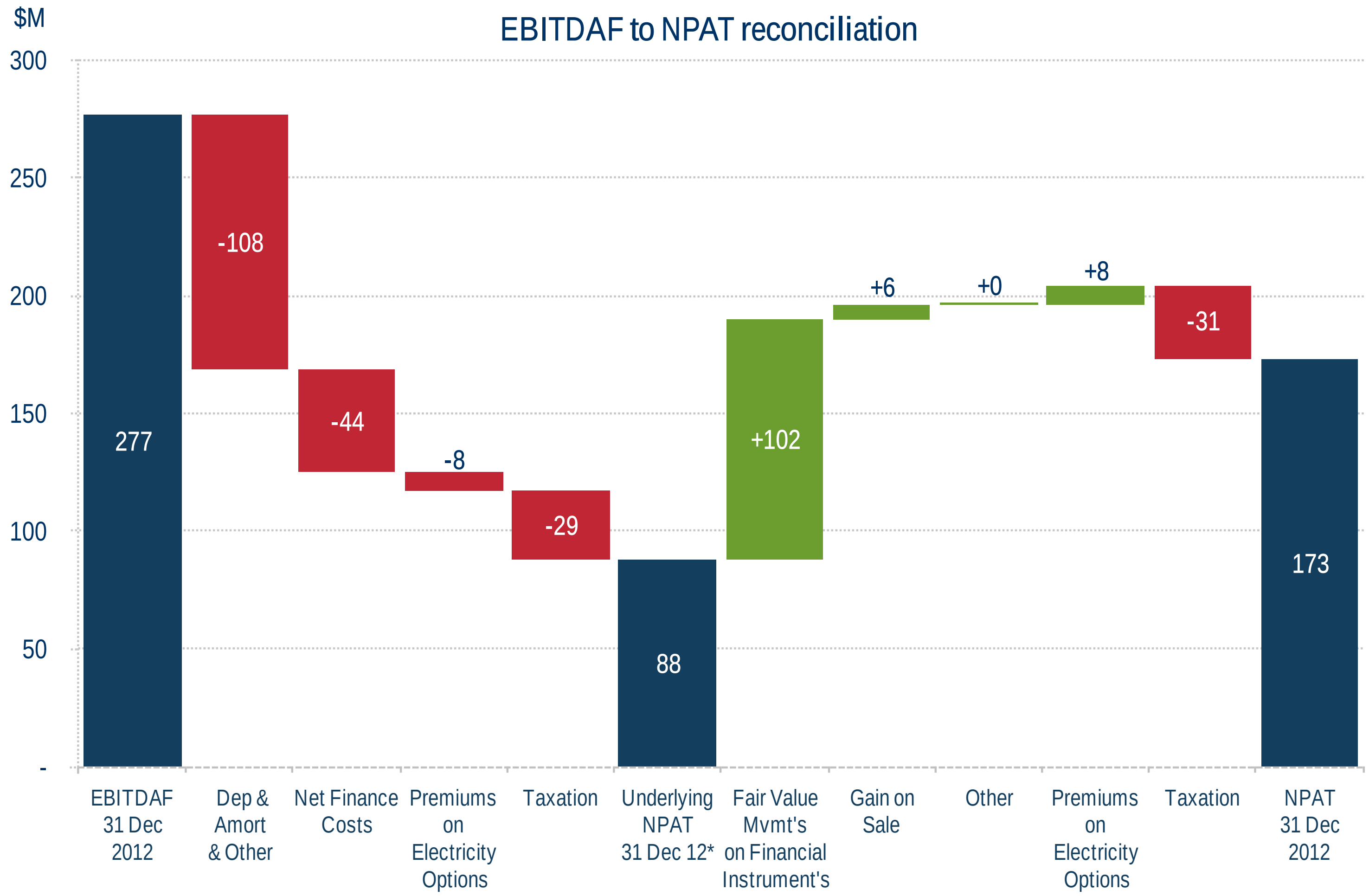


Operating costs are stable

- Continuing pressure on customer support costs
- Higher insurance costs
- Both have been absorbed by improved cost management across the Group



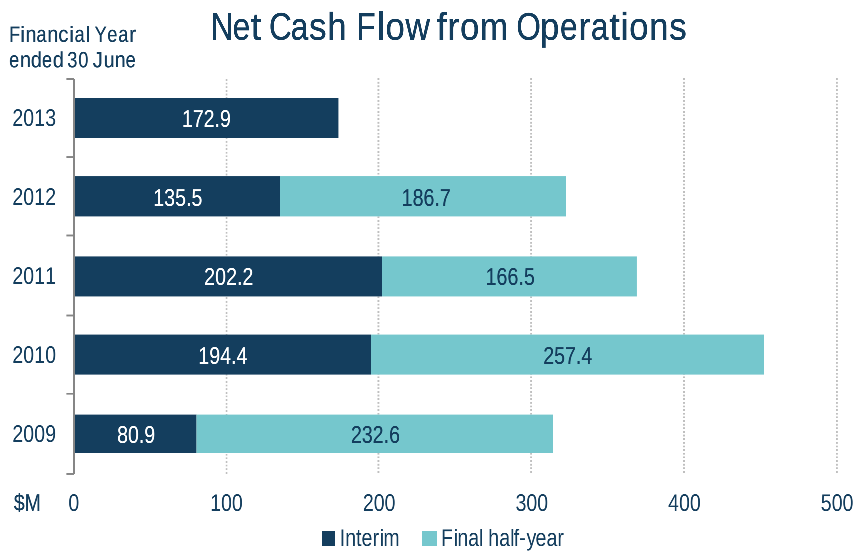
Large, positive NPAT movement due to fair value accounting

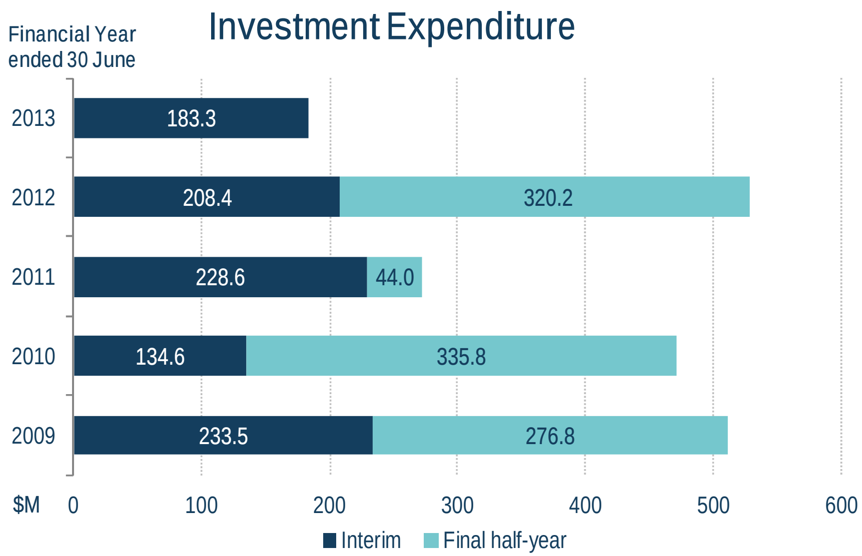


*A reconciliation between Net Profit after Tax and Underlying Net Profit after Tax is provided on p28

Growing operating cash flow and lower capital investment

- Focus on the operational efficiency of the business reflected in solid operating cash flow
- Operating cash flow also benefited from lower taxation and interest
- Improved cash flows, EFI sale proceeds ($55m) and lower investment have enabled debt repayment
- Investment in the Macarthur joint venture is the major capital component in this half year
- Future spend will be lower, focused on smaller Mill Creek and Mt Mercer developments
- Existing asset base has low future capital needs





Business Update

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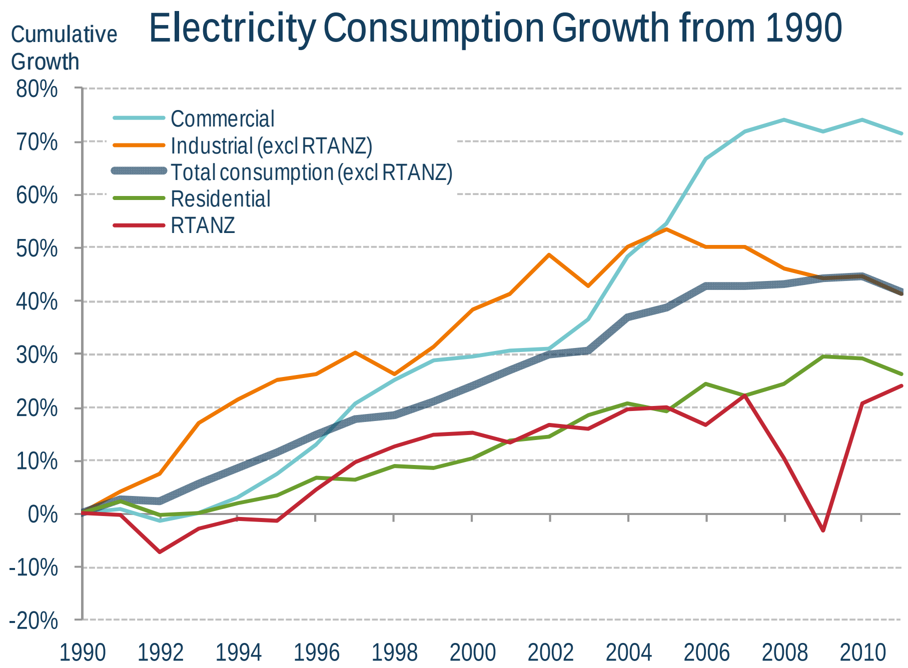
Global conditions continue to impact industrial demand

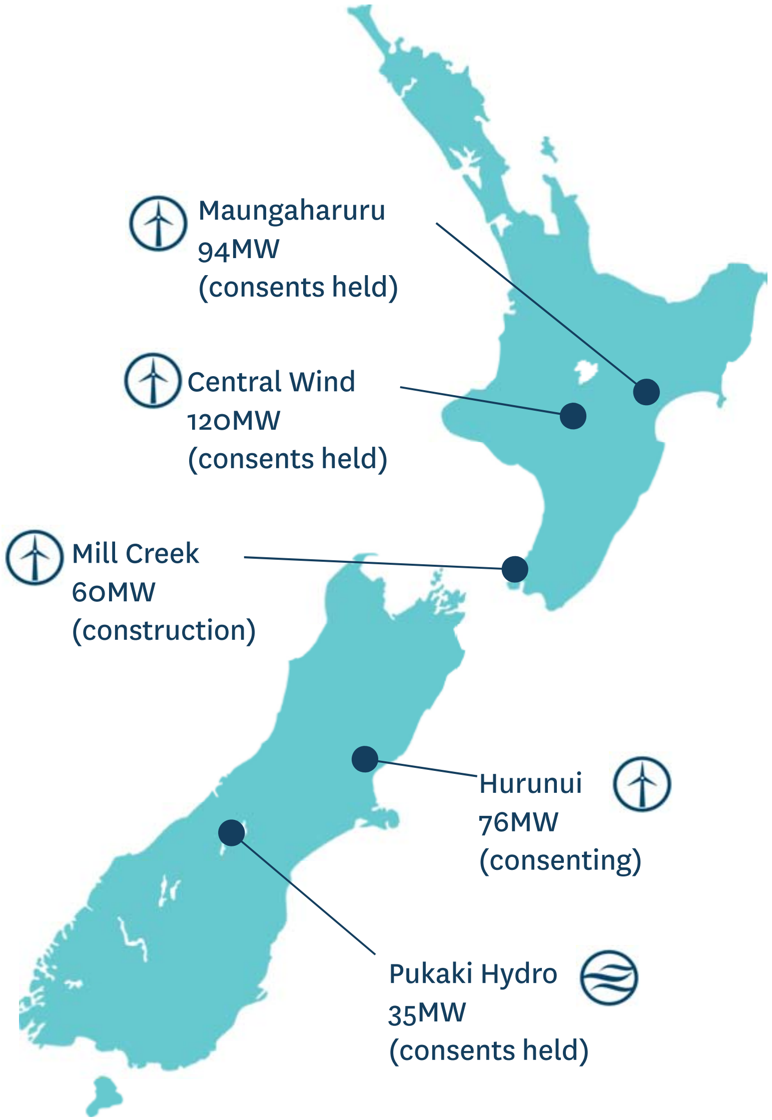
- Electricity demand growth remains subdued
- Industrial demand has declined
- Exacerbated by global commodity prices and the high NZ dollar
- Large industrials are reviewing their current operations, including Rio Tinto/Sumitomo at the Tiwai Point smelter
- Negotiations on the supply contract for the Tiwai Point smelter continue. New supply contract came into effect on 1 January 2013



Source: Ministry of Business, Innovation and Employment

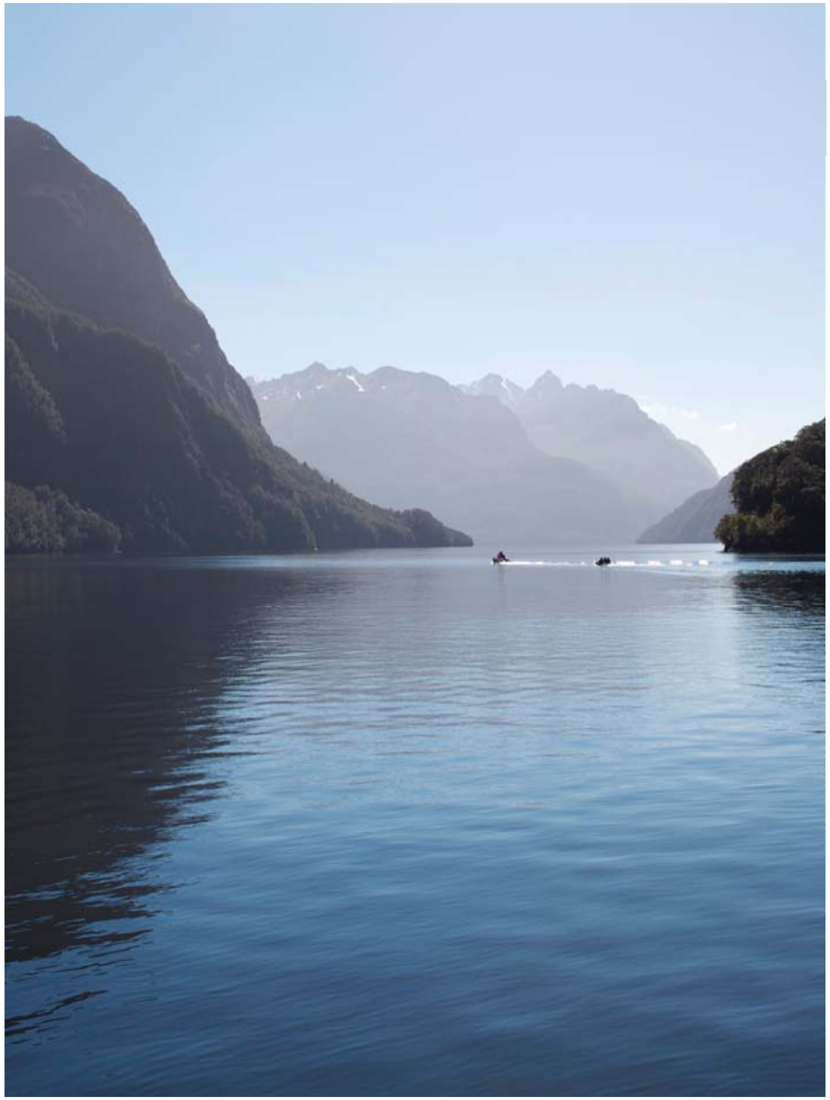
New Zealand development pipeline is now fully reshaped

- Focus on a smaller, more deployable set of future options with best in class cost profile
- Resulting organisation changes are complete, ongoing costs are significantly reduced
- Mill Creek construction is underway



In summary

- Challenges from uncertainty on future level of industrial demand and soft economic conditions
- Core business improvement is being delivered
- Improved inflows after the record dry 2012 year
- Pole 3 commissioning will significantly improve interisland flows
- Longer term, proposed transmission pricing changes, if implemented, are likely to benefit Meridian
- IPO ready, with a unique, sizeable and totally renewable opportunity for investors



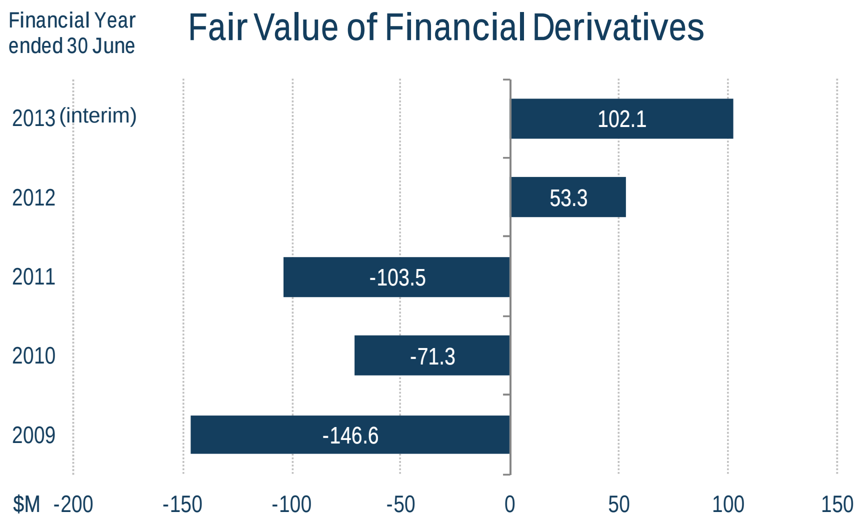
FY13 outlook

- Catchments are well positioned
- Demand conditions are expected to remain flat
- Assuming normal inflow levels from now, a significant improvement on FY12 EBITDAF is expected
- Timing of HVDC Pole 3 commissioning and possible further outages may influence the FY13 result

Additional information

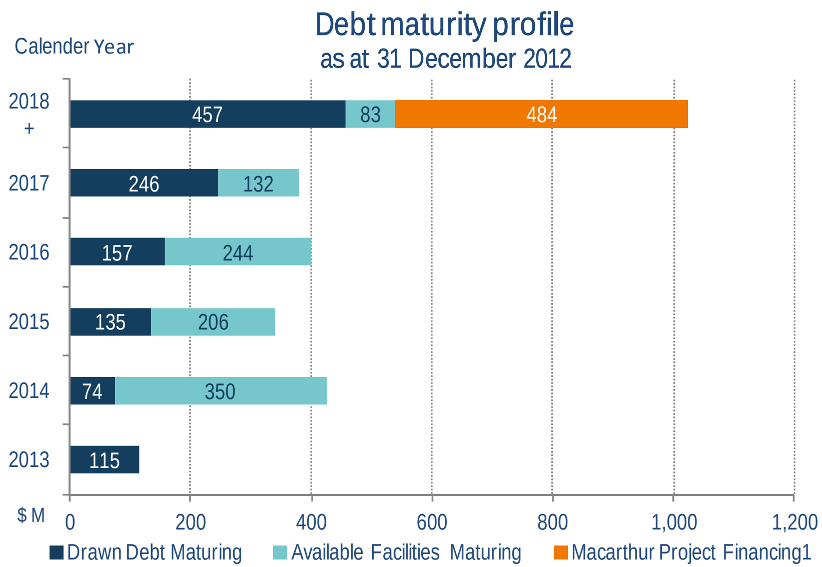
Fair value movements

- 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 fair value of derivatives is an unrealised gain of $102.1m
- This is driven by a softening of forward electricity prices and strengthening forward aluminium prices

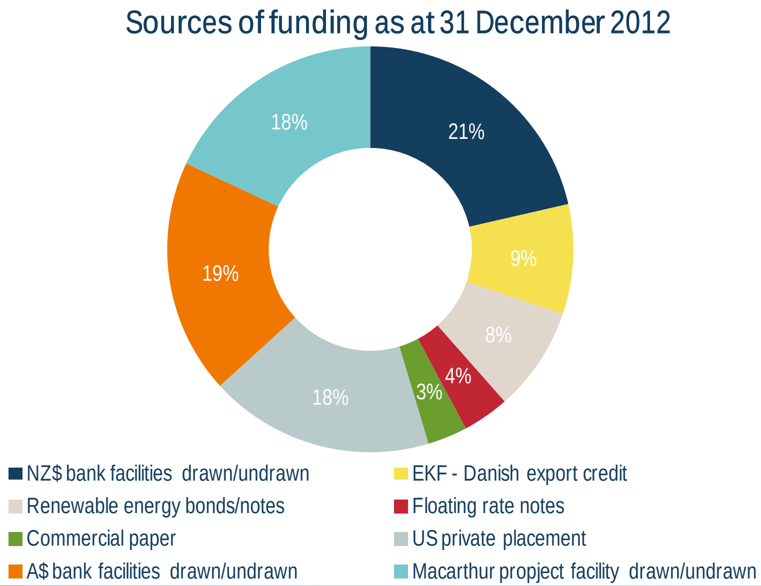


Funding

- Total borrowings at 31 Dec 2012 of $1,626m, up slightly from 31 Dec 2011
- Committed bank facilities of $1,077m (excluding project financing), of which $831m was undrawn at 31 Dec 2012
- Gearing ratio increase to 23.7%
- Standard & Poor's A2, BBB+ (stable outlook) credit rating maintained
- Continue to maintain diverse range of funding sources



[1] Macarthur Project Financing converts from a construction facility to amortising term facility in Feb 2013



Income statement

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Group Energy Margin	434.9	440.5	763.2
Dividend and Other Revenue	13.2	8.9	27.3
Energy Transmission Expense	(54.7)	(41.0)	(86.7)
Gross Margin	393.4	408.4	703.8
Employee Costs and Other Operating Expenses	(116.3)	(114.1)	(227.2)
EBITDAF	277.1	294.3	476.6
Net Change in Fair Value of Electricity, Aluminium and Foreign Exchange Derivatives	102.6	(29.9)	121.3
Depreciation, Amortisation and Impairments	(108.2)	(120.7)	(285.2)
Gain/(Loss) on Sale of Property, Plant and Equipment and Investments	5.9	0.5	(1.5)
Equity Accounted Earnings of Associates	0.1	(0.5)	(2.7)
Group Operating Profit	277.5	143.7	308.5
Net Finance Costs	(43.8)	(46.8)	(82.5)
Net Gain / (Losses) on Financial Instruments	(0.5)	(89.4)	(68.0)
Group Profit before Tax	233.2	7.5	158.0
Income Tax	(59.9)	1.7	(83.4)
Group Net Profit After Tax	173.3	9.2	74.6
Group Underlying Profit After Tax	88.3	98.9	106.1

Underlying net profit after tax (reconciliation)

Six months ended 30 December ($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Group Net Profit After Tax	173.3	9.2	74.6
Net Change in Fair Value of Financial Instruments	0.5	89.4	68.0
Net Change in Fair Value of Electricity, Aluminium and Foreign Exchange Derivatives	(102.6)	29.9	(121.3)
Premiums Paid on Electricity Options (less interest)	(7.8)	(5.8)	(15.2)
Impairment of Property, Plant and Equipment, Investments and Intangibles	-	8.3	60.1
Net Gain on Sale of Property, Plant and Equipment, Subsidiary and Investments	(5.9)	(0.4)	1.1
Adjustments Before Tax	(115.8)	121.4	(7.3)
Income Tax on Adjustments	30.8	(31.7)	14.6
Effect of Corporate Tax Rate Reduction on Deferred Tax Liability	-	-	0.6
Effect of Change in Building Tax Depreciation on Deferred Tax	-	-	23.6
Adjustments After Tax	(85.0)	89.7	31.5
Group Underlying Profit After Tax	88.3	98.9	106.1

Balance sheet

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Cash and Cash Equivalents	72.6	173.0	214.4
Accounts Receivable and Prepayments	211.3	267.5	298.1
Other	68.0	25.6	58.3
Current Assets	351.9	466.1	570.8
Property, Plant and Equipment	7,970.3	7,816.8	7,963.6
Other	249.0	144.0	158.4
Non-Current Assets	8,219.3	7,960.8	8,122.0
Total Assets	8,571.2	8,426.9	8,692.8
Payables and Accruals	179.6	201.9	286.1
Current Portion of Term Borrowings	113.7	366.3	247.9
Other	57.8	18.2	59.4
Current Liabilities	351.1	586.4	593.4
Term Borrowings	1,512.0	1,218.8	1,577.7
Deferred Tax Liability	1,468.9	1,382.0	1,444.2
Other	250.7	354.5	251.8
Total Non-Current Liabilities	3,231.6	2,955.3	3,273.7
Total Liabilities	3,582.7	3,541.7	3,867.1
Equity	4,988.5	4,885.3	4,825.7
Total Equity and Liabilities	8,571.2	8,426.9	8,692.8

Wholesale segment performance

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Energy Sales Revenue	858.1	930.1	1,985.0
Energy Related Expenses	(497.2)	(530.5)	(1,306.6)
Energy Distribution Expense	(8.6)	(15.3)	(23.4)
Wholesale Energy Margin	352.3	384.3	655.0
Dividend and Other Revenue	4.6	3.8	9.8
Energy Transmission Expenses	(53.7)	(40.0)	(84.7)
Gross Margin	303.2	348.1	580.1
Employee Expenses	(15.3)	(13.1)	(23.5)
Other Operating Expenses	(20.0)	(20.6)	(43.4)
Direct EBITDAF	267.9	314.4	513.2
Corporate Overhead Allocation	(18.8)	(16.1)	(31.6)
Adjusted EBITDAF	249.1	298.3	481.6
Key Ratios			
Average Price Received per MWh Generated	$45.0	$76.2	$98.8
Generation Volumes GWh	6,050	6,190	10,996
Wholesale Contracted Sales GWh	3,272	3,281	6,657

Retail segment performance

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Energy Sales Revenue	580.4	579.2	1,156.6
Energy Related Expenses	(311.9)	(340.8)	(701.4)
Energy Distribution Expense	(202.2)	(199.0)	(380.7)
Energy Margin	66.3	39.4	74.5
Dividend and Other Revenue	7.5	4.5	11.6
Gross Margin	73.8	43.9	86.1
Employee Expenses	(14.2)	(13.4)	(25.6)
Other Operating Expenses	(22.9)	(24.7)	(49.6)
Direct EBITDAF	36.7	5.8	10.9
Corporate Overhead Allocation	(13.8)	(13.2)	(24.0)
Adjusted EBITDAF	22.9	(7.4)	(13.1)
Direct EBITDAF @ $85 per MWh Purchase Price / Contracted MWh	$12.8/MWh	$1.8/MWh	$1.8/MWh
Average Contracted Sales Price per MWh	$180.7/MWh	$163.2/MWh	$167.8/MWh
Total Retail Contracted Electricity Sales GWh	2,859	3,145	5,947
Meridian Retail Spot Sales (incl Embedded) GWh	955	947	1,898
Total Retail Sales GWh	3,814	4,092	7,845

International segment performance

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Energy Sales Revenue	11.6	11.9	23.3
Energy Related Expenses	(0.3)	(0.3)	(0.5)
International Energy Margin	11.3	11.6	22.8
Dividend and Other Revenue	-	-	2.6
Energy Transmission Expenses	(1.0)	(1.0)	(2.0)
Gross Margin	10.3	10.6	23.4
Employee Expenses	(3.3)	(2.6)	(6.2)
Other Operating Expenses	(2.2)	(2.6)	(4.9)
Direct EBITDAF	4.8	5.4	12.3
Corporate Overheads	(0.8)	(1.5)	(2.9)
Adjusted EBITDAF	4.0	3.9	9.4
Generation Volumes GWh – Australia	85	89	177
Generation Volumes GWh - USA	5	5	11

Other segment performance

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Energy Sales Revenue	9.7	10.3	20.9
Energy Related Expenses	(4.6)	(5.1)	(10.0)
Energy Distribution Expense	-	-	-
Energy Margin	5.1	5.2	10.9
Dividend and Other Revenue	0.3	0.7	1.6
Energy Related Expenses (Non-core)	-	-	-
Gross Margin	5.4	5.9	12.5
Employee Expenses	(1.5)	(3.0)	(4.8)
Other Operating Expenses	(2.1)	(1.7)	(4.5)
Direct EBITDAF	1.8	1.2	3.2
Corporate Overhead Allocation	(0.7)	(1.8)	(2.6)
Adjusted EBITDAF	1.1	(0.6)	0.6

Unallocated segment performance

($m)	6 Months Ended 30-Dec-12	6 Months Ended 30-Dec-11	12 Months Ended 30-Jun-12
Energy Margin	-	-	-
Dividend and Other Revenue	0.6	1.8	3.6
Energy Related Expenses (Non-core)	-	-	-
Gross Margin	0.6	1.8	3.6
Employee Expenses	(12.1)	(11.0)	(19.6)
Other Operating Expenses	(22.6)	(21.5)	(45.1)
Direct EBITDAF	(34.1)	(30.7)	(61.1)

Segment reporting

We view the business from the perspective of three reportable segments, being Wholesale, Retail and International

Meridian Segment Composition				
New Zealand Wholesale	**Retail**	**International**	**Other Segments**	**Unallocated**
Wholesale NZ Generation Renewable Development Damwatch	Meridian Retail Powershop Arc Innovations	Australia United States	Energy for Industry Meridian Captive Insurance	Corporate Overheads Shared Services and Insurance

Overhead allocation

- While not formally allocated within our management accounts, we have included a notional allocation of unallocated costs within the operating segment analysis within this presentation
- Allocations were based on key cost drivers such as FTE numbers or estimated / actual resource usage