
NEWS RELEASE

21 October 2015

NZX: MRP**ASX: MYT**

Mighty River Power – Capital Markets Day 2015

Mighty River Power is hosting its Capital Markets Day 2015 in Auckland today, which includes presentations from the Chief Executive, Fraser Whineray, and other members of the senior management team focusing on business performance, operational and strategic priorities.

The presentation materials from the Capital Markets Day are attached.

ENDS

 www.mightyriver.co.nz

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Mighty River Power is a company with a great New Zealand heritage, and a leader in this country's electricity industry with the flagship retail brand Mercury Energy and other specialty brands. Every year the hydro and geothermal power stations operated by Mighty River Power generate enough electricity for about 1 million New Zealand homes.

Mighty River Power was listed on the New Zealand Stock Exchange (NZX: "MRP") and the Australian Stock Exchange (ASX: "MYT") in May 2013 and has New Zealand's largest shareholder base at more than 100,000, alongside the Crown as majority owner.

Capital Markets Day 2015

21 October 2015



MIGHTY RIVER POWER

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There are non-GAAP financial measures used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements for the twelve months ended 30 June 2015, which are available at www.mightyriver.co.nz.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.

Agenda

12.00pm	Introduction
12.45pm	Test drives of EV fleet over lunch
1.45pm	Industry trends
2.35pm – 5.00pm	Workshop 1: Customer Workshop 2: Asset management Workshop 3: Regulatory and portfolio management
5.00pm	Wrap-up

Introduction



Presented by:

Fraser Whineray

Chief Executive

➤ INTRODUCTION

Highlights

**NO
SERIOUS-HARM
INCIDENTS**

with continued focus on goal of zero-harm

Active portfolio management

**OPTIMISING
VALUE**

Putting our
CUSTOMERS

at the heart of
everything we do



Operational excellence in
RENEWABLE
generation



Dynamic industry creating
OPPORTUNITIES



STABLE
regulatory framework

➤ INTRODUCTION

The evolution of Mighty River Power

1998:
Mighty River Power formed from ECNZ

1999:

Mercury Energy acquired

1999: Mighty River Power vested ownership of the Waikato Hydro System
2000: Acquisition of an initial stake in the 125MW Southdown gas-fired power station

2000: Acquisition of Rotokawa geothermal power station
2003: Minority investment in Mokal geothermal power station

2006:

Acquisition of an initial stake in retail business BOSCO Connect

2006: Waikato Hydro System re-consented for 35 years

2008:

A little help with a lot of energy
GLOBUG pre-pay service launched

2008:
Kawerau 100MW geothermal power station commissioned

2009:
Tiny Mighty Power launched to retail electricity in smaller regional towns


2010:
Nga Awa Purua 138MW geothermal power station commissioned in partnership with Tauhara North No.2 Trust

2010:
Launch of 2 & 3 year fixed price contracts for residential customers

2012: John L. Featherstone 50MW geothermal power station in the United States commissioned

2012: Metrix completes deployment of over 300,000 smart meters in Auckland region


2013: Good Energy Monitor (GEM) launched by Mercury Energy

2013:

"MRP"/"MYT" listed on the NZX/ASX

2013:

Ngatamariki 82MW geothermal power station commissioned

2014: Fraser Whineray appointed Chief Executive

2014: Mighty River Power exits its geothermal interests in Chile and Germany

2014: Tuwharetoa and Mighty River Power partnership agreement over Lake Taupo

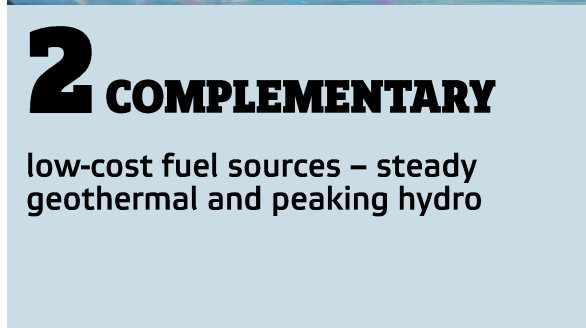
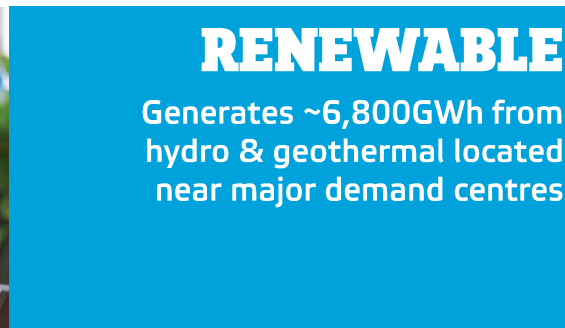
2015:

Re-launch of GLOBUG pre-pay service

2015: Announced closure of gas-fired Southdown plant

➤ INTRODUCTION

Mighty River Power's competitive advantage



► INTRODUCTION

Realigned leadership team to support strategic priorities



Matt Olde
CE Metrix

Nick Clarke
GM Geothermal

Marlene Strawson
GM People & Safety

Phil Gibson
GM Hydro/
Wholesale

Fraser Whineray
Chief Executive

William Meek
Chief Financial
Officer

James Munro
GM Customer

Toni Laming
GM Strategy &
Communications

Tony Nagel
GM Corporate
Affairs

Fundamentals are positive compared with 2013, retail more competitive

2013 when we listed ...

Over-supplied electricity market

- > Recent renewables build
- > Declining electricity demand
- > Meridian and Tiwai in negotiations
- > Low liquidity of ASX market

Uncertain regulatory environment

- > Labour-Greens policy ahead of 2014 election
- > Electricity Authority (EA) announced complex retrospective Transmission Pricing Mechanism (TPM) policy

Growing competition in retail market

- > Increased electricity prices annually over a decade reflecting energy, lines and transmission charges
- > 21 retail brands
- > Low ASX prices reflected in commercial market

State ownership

- > 3 major electricity companies 100% owned by Crown

Today



Demand-supply more balanced

- > Thermal retirement Southdown, Otahuhu, Huntly pending
- > Demand growth returns
- > Meridian signed variation to Tiwai contract
- > Strong ASX liquidity / FTR market operational



Stable regulatory framework

- > EA's latest TPM options addresses many issues
- > Focus on efficient price signals and new technologies



World leading competitive retail market

- > Flat to declining energy prices for 3 years
- > 27 retail brands
- > Wider variety of propositions and intense competition



Listed companies

- > All major electricity companies listed – Crown's dividends higher owning 51% of 3 companies
- > Origin sell down

➤ INTRODUCTION

Fresh thinking – Customer, Company, Country

Operate

- ✔ Together Safe – ‘zero-harm’
- ✔ Portfolio optimisation
- ✔ Cost efficiency
- ✔ Capital productivity
- ✔ Metrix service delivery

Build

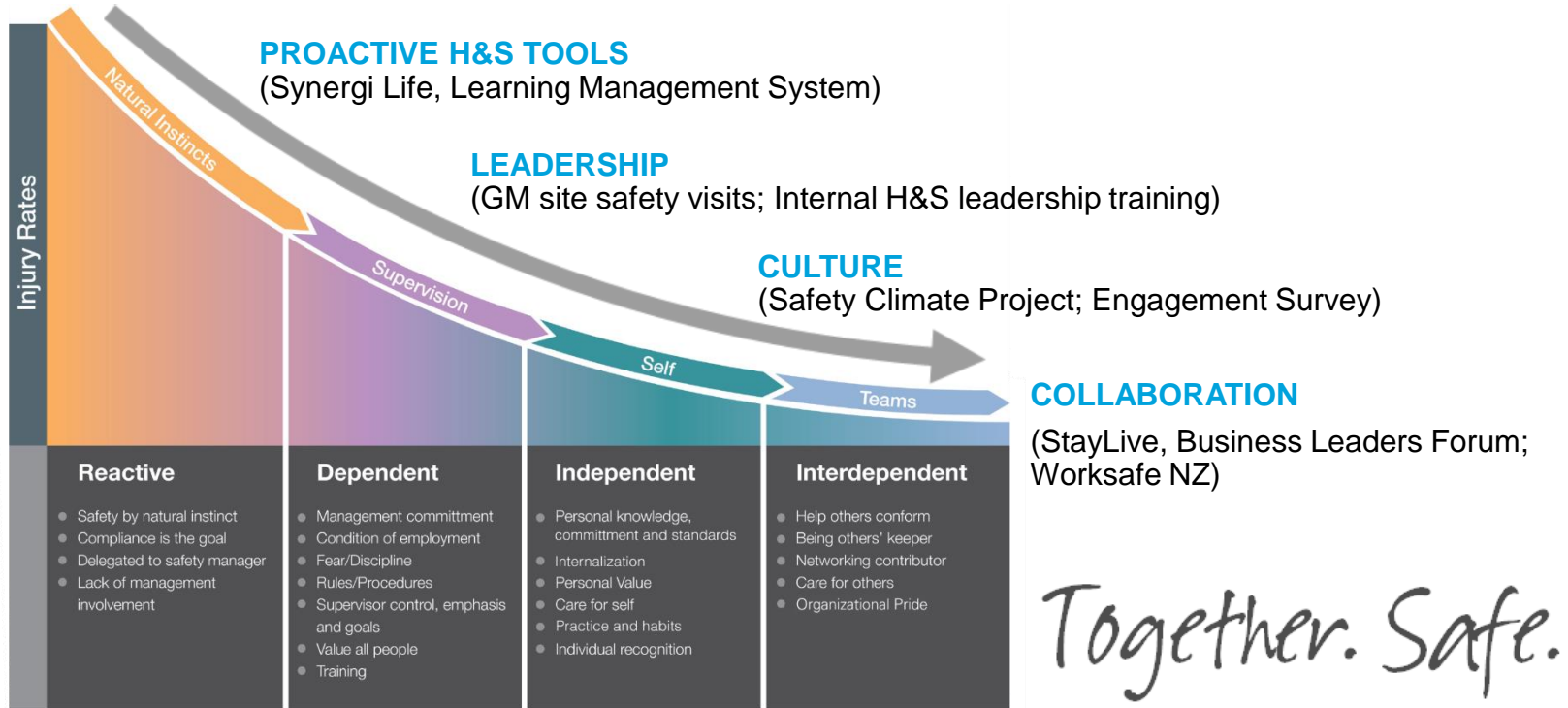
- ✔ Strengthen customer empowerment, loyalty and experience
- ✔ Leveraging relationships to provide customer solutions

Grow

- ✔ A better water ecosystem
- ✔ Electric vehicles
- ✔ Photovoltaic solutions
- ✔ Generation development

► INTRODUCTION

Creating a safety culture to achieve zero-harm

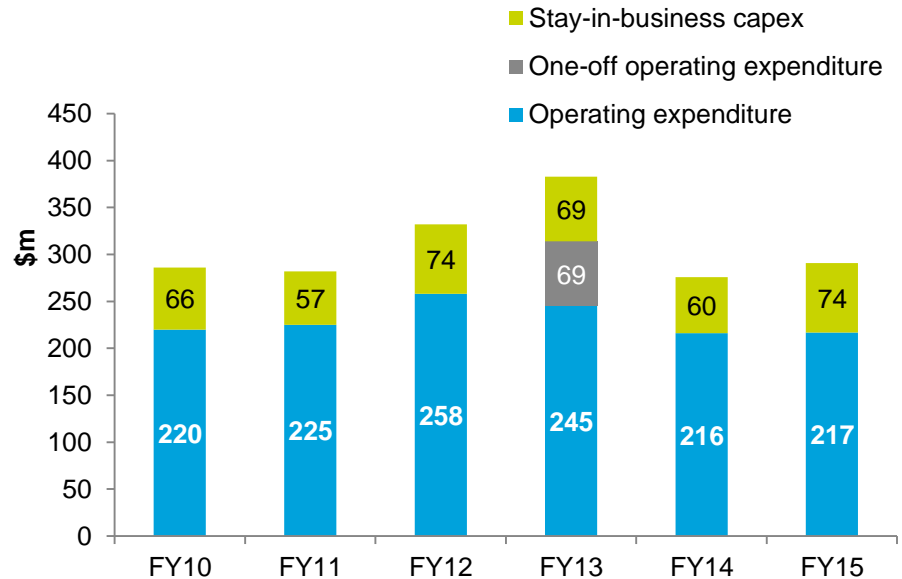


➤ INTRODUCTION

Continued focus on cost efficiency

- > Approx \$30m reduction in annual operating expenditure since listing in May 2013
- > Focus continues across business on efficiency and effectiveness of both operating expenditure and stay-in-business capex
 - > Procurement delivering measurable benefits
 - > Optimisation of asset management plan
 - > Increasing digital interface

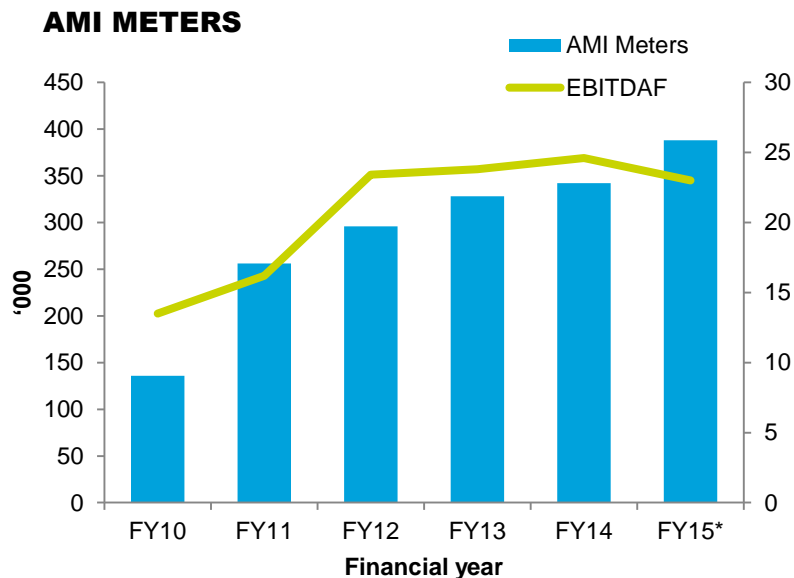
OPERATING EXPENDITURE & STAY-IN-BUSINESS CAPEX



➤ INTRODUCTION

Metrix – strategic focus on service delivery

- > Metrix #2 meter service provider in NZ
 - > Over 384,000 meters installed (23% of AMI market)
 - > Providing services for almost 70% of Auckland region
 - > 20+ retailer and distribution network customers
- > Regulation stable
- > Current focus on service delivery in existing markets
 - > Completing investment in platform to enable retailers and distribution companies to deliver greater innovation to customers
 - > Continuing deployment as opportunities arise
- > Exploring opportunities to extend services
 - > Facilitate wider range of services to be delivered by retailers



* FY2015 drop in EBITDAF reflects Mercury re-pricing

► INTRODUCTION

Grow

Water

- > Desire to create a more sustainable Waikato catchment
- > Active participation in regional and national water policy
- > Supports predictable regulatory framework

EVs

- > A key conversation changer
- > Focus on New Zealand's strengths in renewable electricity and the opportunity in transport
- > Momentum increasing with fleet procurement and other infrastructure

Photovoltaic

- > A positive renewable niche and customer proposition
- > Mercury has 680 customers with solar
- > Nationally at c6,500 installations (24MW); no subsidies



Agenda

- | | |
|-----------------|---|
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| 5.00pm | Wrap up |



Presented by:

Phil Gibson
GM Hydro/Wholesale

James Flexman
Wholesale Markets Manager

► INDUSTRY TRENDS

Highlights



Improving Tiwai
economics positive for
DEMAND



**MULTIPLE
MARKET
SOLUTIONS**

possible for 2019



Positive wholesale pricing
required to underwrite
**NEW
GENERATION
INVESTMENT**

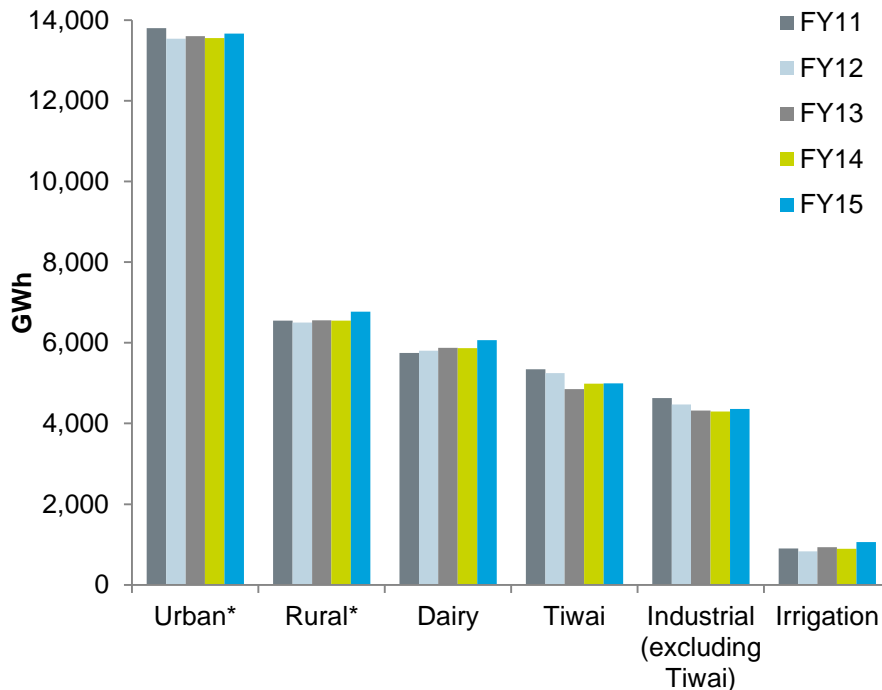
▶ INDUSTRY TRENDS

Growth across all sectors for FY2015 demand

- > Demand growth returns with increases over the last five quarters
 - > Up 2.7% in FY2015, 2% after normalising for temperature

Sector	GWh	%
Rural*	+216	3.3
Dairy processing	+201	3.4
Irrigation	+168	18.7
Urban*	+112	0.8
Industrial	+71	0.2

DEMAND BY SECTOR



Source: Transpower

* Normalised for temperature

► INDUSTRY TRENDS

Positive signs of demand growth

- > Transpower forecasting demand growth of between 1.1% - 1.7% over next 4 years; 0.9% -1.0% for the following 6 years (2020-2025)

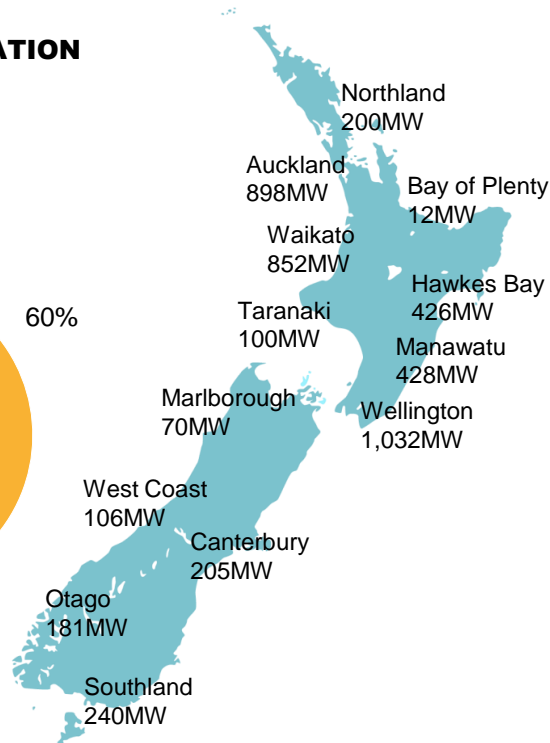
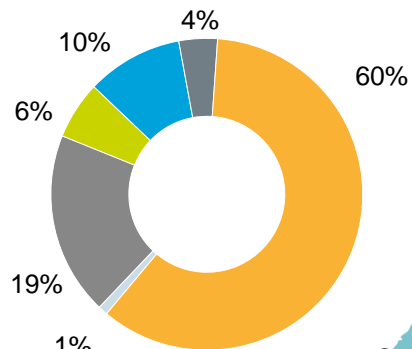
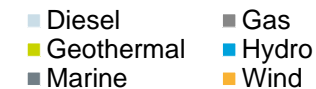
Sector	% of Demand	Expectation Over Next 5 Years	Rationale
Residential	32%	↑	<ul style="list-style-type: none"> > Increasing number of dwellings (particularly in Auckland) driven by population growth > Offset by reducing demand per household driven by efficiency improvements
Commercial	26%	↑	<ul style="list-style-type: none"> > Commercial demand is correlated to GDP per capita and population, both of which are projected to increase
Industrial	39%	↘	<ul style="list-style-type: none"> > Rationalisation has occurred since the GFC, further rationalisation possible over the short to medium term given the current economic environment (low commodity prices)
Irrigation	3%	↗	<ul style="list-style-type: none"> > Farmer uptake / development of irrigation expected to continue but may be subdued over the short to medium term given current milk price forecasts
TOTAL	100%	↗	<ul style="list-style-type: none"> > Growth in residential and commercial sectors is anticipated to more than offset any reductions in the Industrial sector
Risks / Opportunities	Tiwai	↓	NZ Steel/Norske ↓ Solar PV ↓ Electric vehicles ↑

Source: Transpower; Electricity Authority

► INDUSTRY TRENDS

Solving future uncertainty – potential development

CONSENTED GENERATION BY FUEL



- > Market has 4,750MW of potential generation projects consented (80% being renewables – wind / geothermal / hydro / marine)
- > Next generation project built likely to be:
 - > Tier 1 geothermal
 - > High-quality wind
 - > Thermal peaking, dependent on flexible gas price and market volatility
- > South Island generation difficult given Tiwai uncertainty
- > Mighty River Power has consented wind generation of Turitea (303MW) and Puketoi (159MW)
- > Wholesale price expectations will need to rise to underwrite any investment considering Tiwai risk

Source: Generation update – June 2015, Electricity Authority

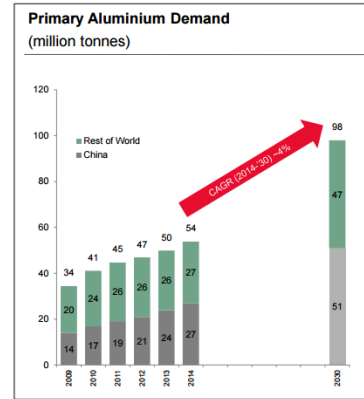
► INDUSTRY TRENDS

Considerations for future uncertainty – the Tiwai risk

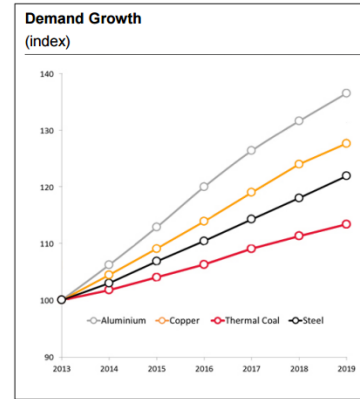
CURRENT CONTRACT

- > Contract term to 2030
 - > Right to reduce to 400MW on 12 months notice (to April 2016)
 - > Right to terminate on 12 months notice (from January 2017)

IMPROVING LONG-TERM ALUMINIUM FUNDAMENTALS



Source: CRU and Rio Tinto



Source: Rio Tinto

LIKELY CONSEQUENCES ARISING IF EARLY EXIT

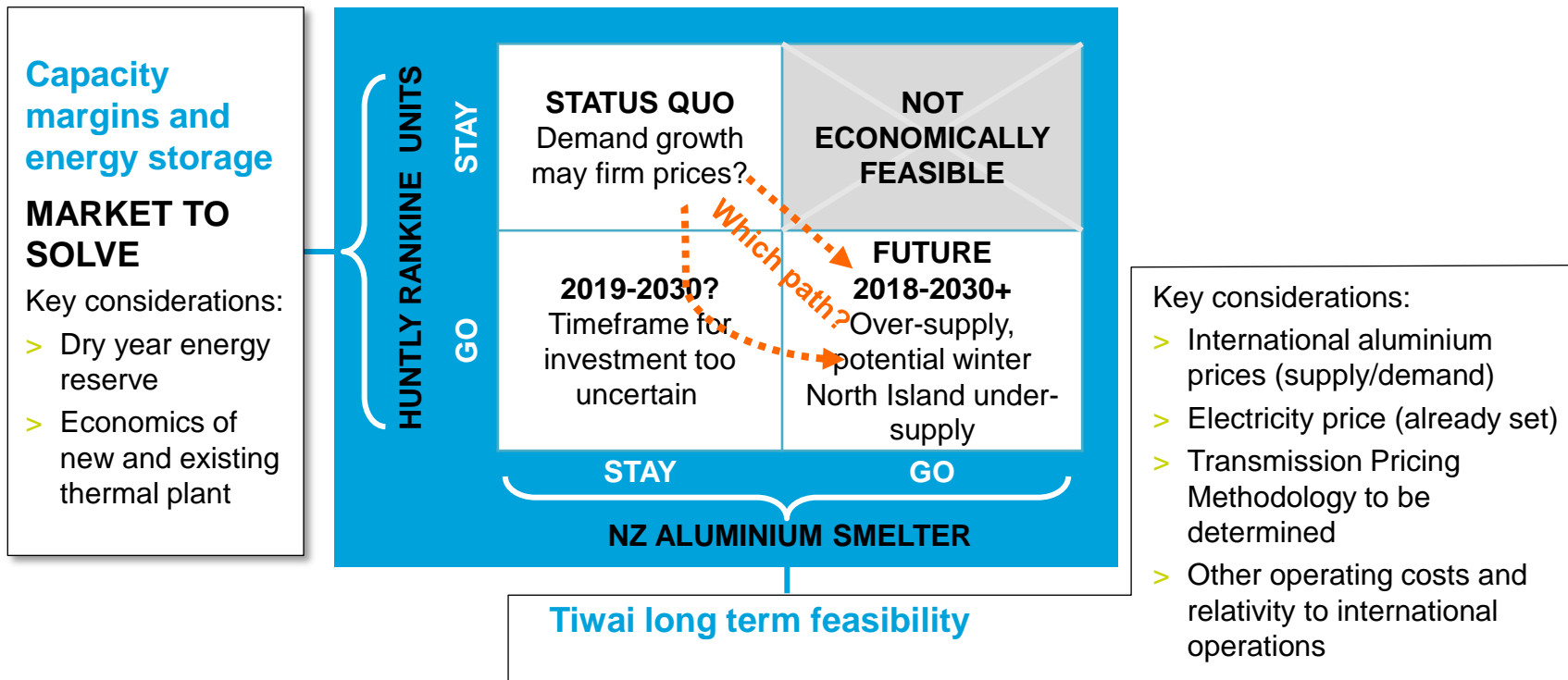
- > Thermal rationalisation
- > Transport of South Island renewable generation to North Island centres
 - > Energy price separation (islanding)
 - > Reserves for HVDC
 - > Consequence of TPM/user pays

“There remains very good reasons to be optimistic about the aluminium industry and we are very confident about the strong long-term demand outlook.”

Alf Barrios, Rio Tinto, Chief Executive Aluminium,
22 September 2015

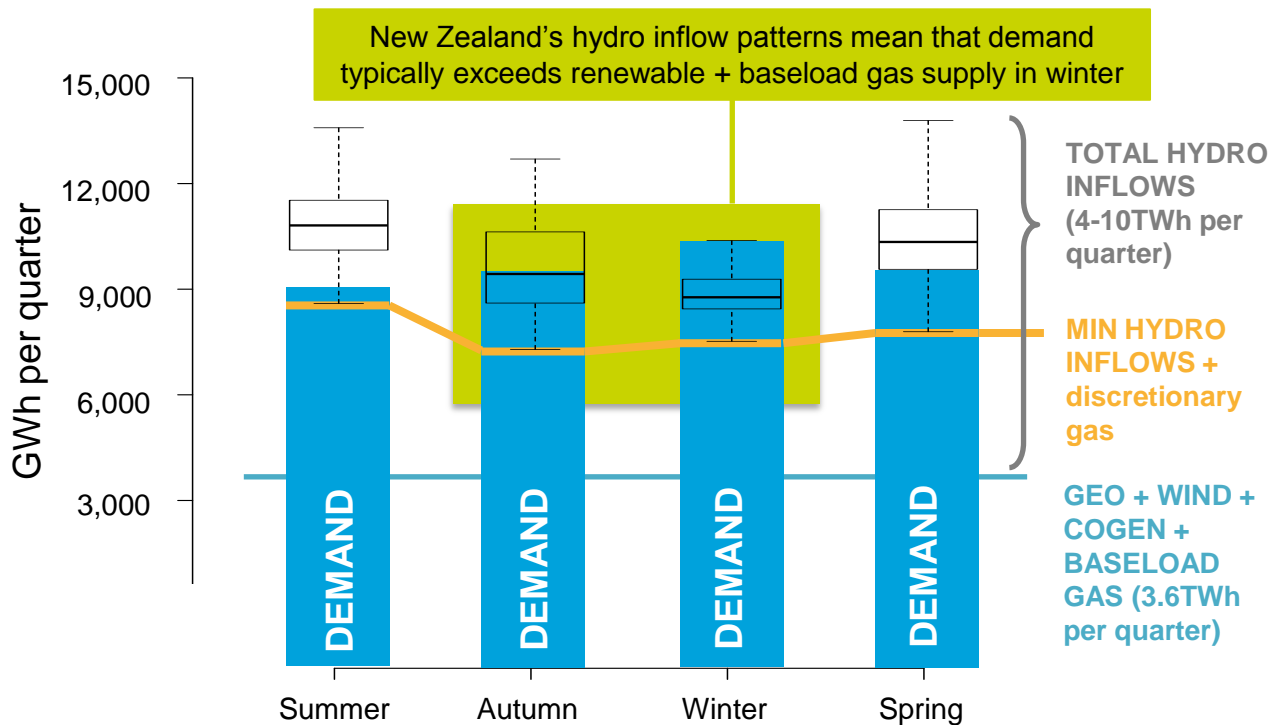
► INDUSTRY TRENDS

Factors contributing to future supply/demand uncertainty



► INDUSTRY TRENDS

Water storage and peaking fuel play an important role in security of supply

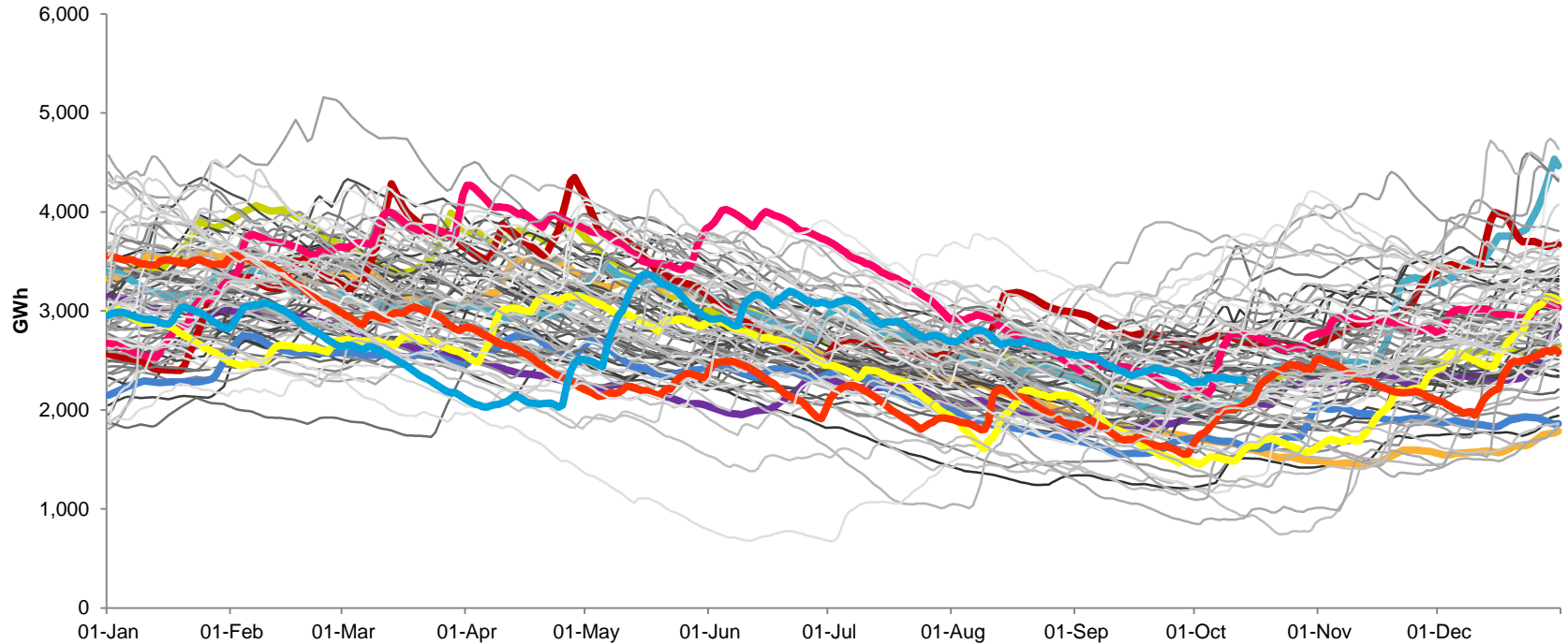


- > Historically, use discretionary thermal (esp Huntly) and storing inflows (from spring and summer) to manage the mismatch between the South Island hydro inflow profile and the demand profile
- > Replacing Huntly's role either requires:
 - > additional water storage
 - > additional discretionary thermal plant
- > Building more baseload plant (eg geothermal, CCGT) would help, but would increase risk of surplus and spill

► INDUSTRY TRENDS

Over 80 years of data confirm storage trend

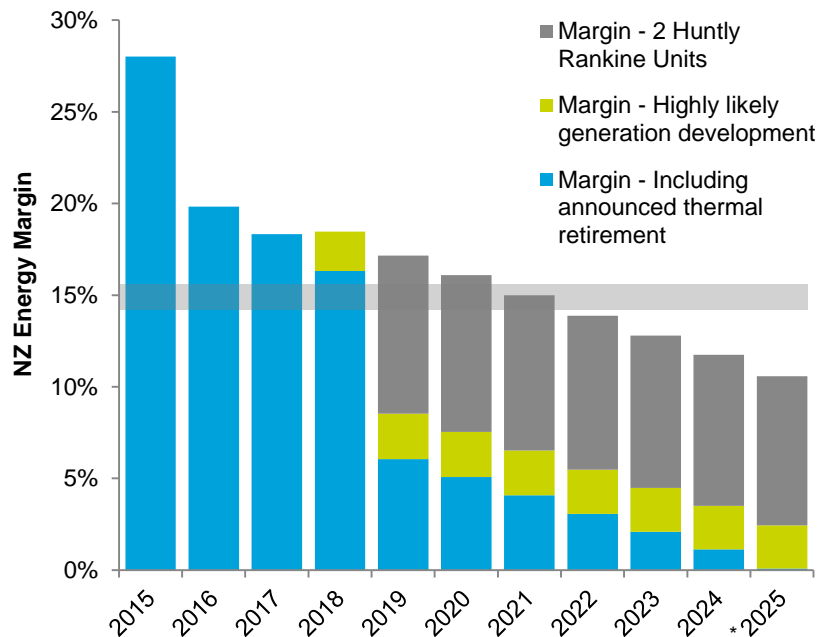
NATIONAL STORAGE (1927-2015)



► INDUSTRY TRENDS

Solving future uncertainty – meeting security of supply

NZ ENERGY MARGIN



- > Security of supply can be met by Rankine staying open; Tiwai leaving; or new generation build
- > Without the Huntly Rankine units in 2019, the market requires the following new generation to meet the security of supply standards** :

1. ~80MW of North Island capacity (in addition to 150MW already in expansion); and / or

2. ~1,250GWh of winter energy

- > Equivalent to ~300MW of dependable capacity
- > Represents dry-year cover facilitated by:
 - a. Downstream fuel storage (coal or gas storage) OR
 - b. Upstream storage and flexible fuel supply

* Includes: (1) Te Ahi O Maui (25MW), (2) Junction Road Peaker (100MW), (3) Ngawha 2 (25MW) – stage 1 of expansion only

** Set by the Electricity Industry Participation Code 2010

► INDUSTRY TRENDS

Mighty River Power well-positioned for 2019 market scenarios

Market expected to solve (as it has reacted to over-supply)

- > Assessing feasibility of development options (standalone or in partnership)
- > Participation in other market-based options (on mutually beneficial terms)

On “the path” Mighty River Power can benefit from its competitive advantages

- > 100% North Island renewable generation portfolio
- > Close to New Zealand’s major demand centre
- > Largest North Island peaker in the Waikato Hydro System, benefit from increased volatility

► INDUSTRY TRENDS

Highlights



Improving Tiwai
economics positive for
DEMAND

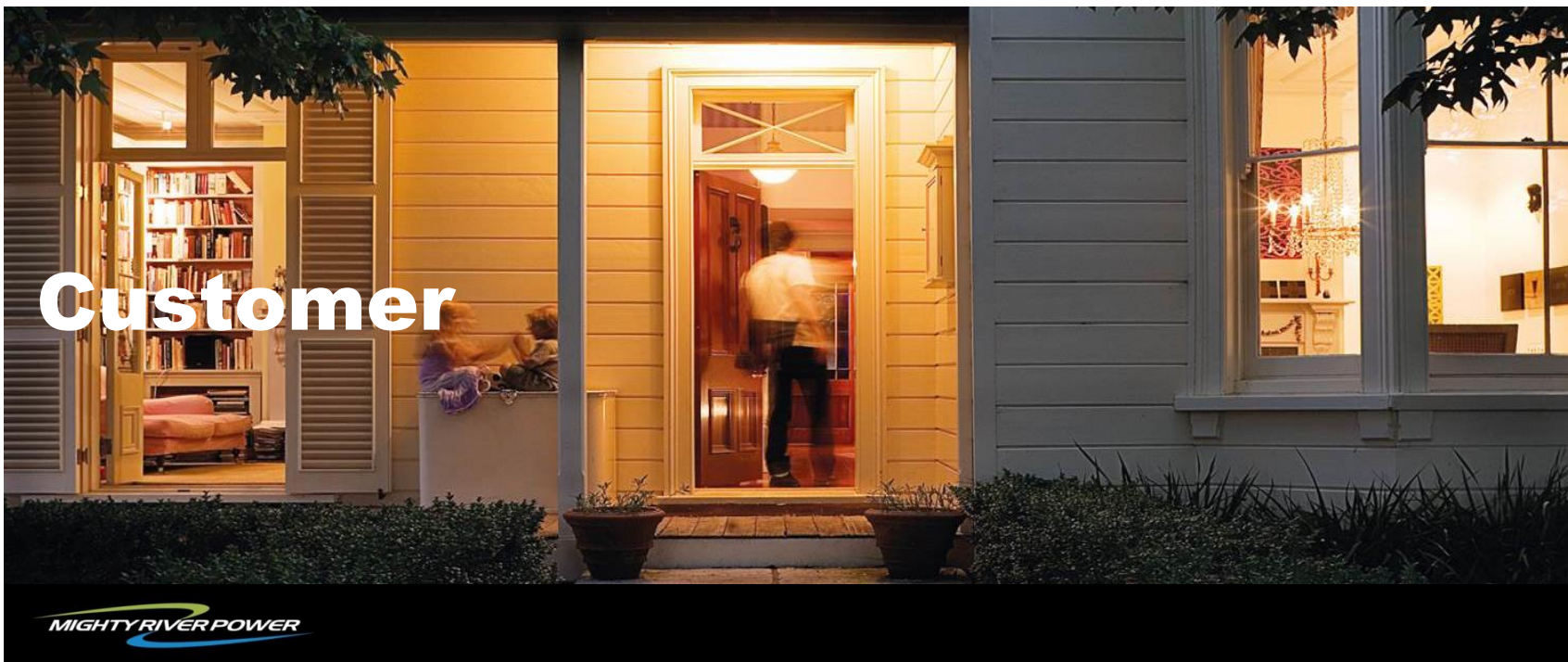


**MULTIPLE
MARKET
SOLUTIONS**

possible for 2019



Positive wholesale pricing
required to underwrite
**NEW
GENERATION
INVESTMENT**



Presented by:

James Munro
General Manager
Customer

Andrew Peckham
Head of Operations –
Customer Group

Ben Harvey-Lovell
Head of Marketing –
Mass Markets

► CUSTOMER

Highlights

Putting
**CUSTOMER
EXPERIENCE FIRST**



**REWARDING
LOYALTY**
and investing in targeted
retention



Contact centre
2015 WINNER
of CRM award

GLOBUG
successfully addressing
customer segment



Growing **DIGITAL
INTERACTIONS**
driving more efficient cost to serve



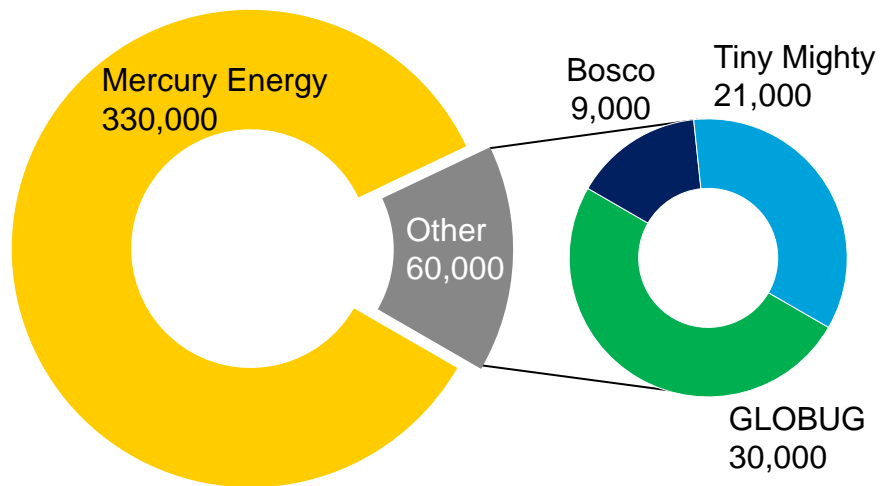
INNOVATING
to meet customer expectations



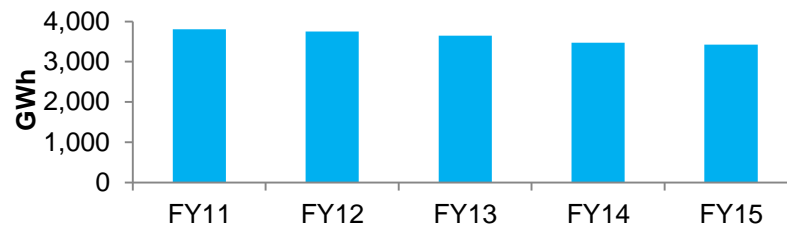
➤ CUSTOMER

A highly-competitive market

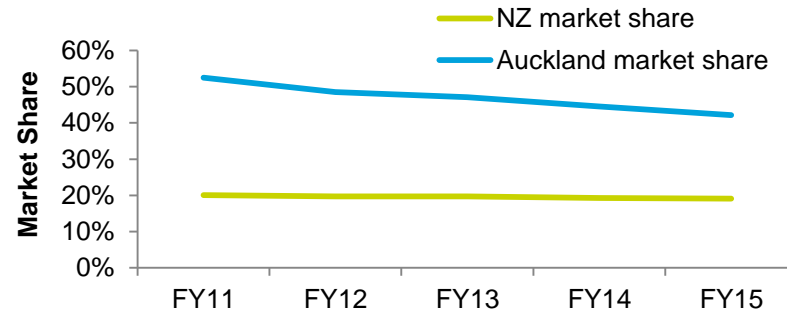
MIGHTY RIVER POWER RETAIL ELECTRICITY CUSTOMERS BY BRAND (AUG 2015)



MASS MARKET SALES (FPVV)



MARKET SHARE OF CUSTOMERS



➤ CUSTOMER

GLOBUG enhanced to broaden appeal

- > Pre-pay traditionally positioned as a product of last resort
- > GLOBUG was refreshed and rebranded to change consumer perceptions and position for growth in February

Rebrand



Remove price-based criticism

GLOBUG customers with a Community Services Card pay (on average) 5% less than post-pay customers (based on MBIE)

Improve the customer experience

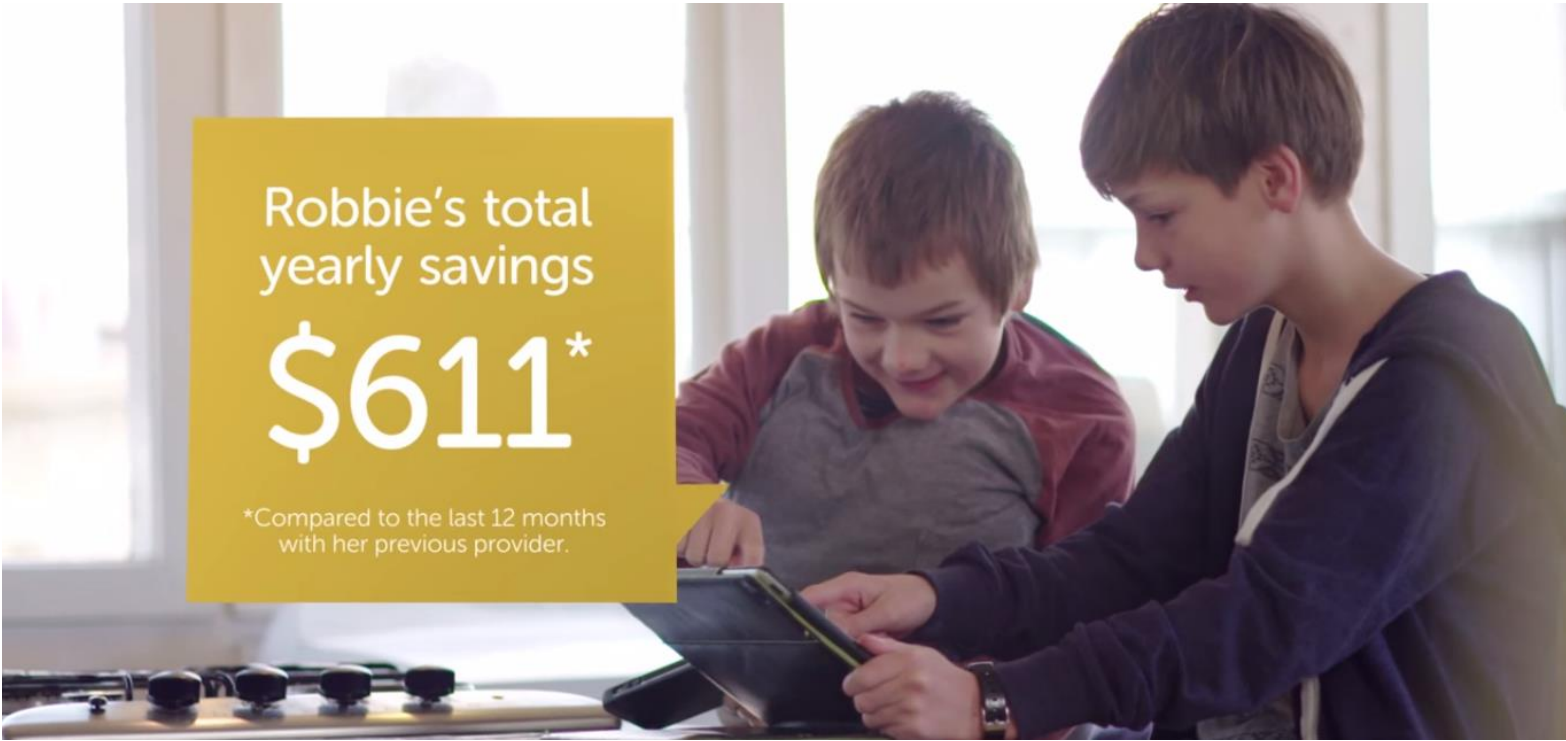


Work with partners to grow

- > Social agencies
- > Budget agencies
- > Media partners

► CUSTOMER

Bringing the benefits of GLOBUG to life through real customer stories



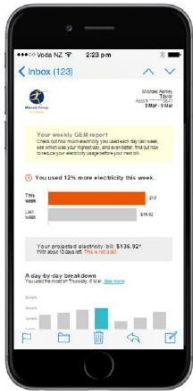
Robbie's total
yearly savings

\$611*

*Compared to the last 12 months
with her previous provider.

GEM – a driver of digital customer engagement

- > Launched in March 2013, the Good Energy Monitor (GEM) continues to engage Mercury Energy customers with powerful insights into energy usage and costs:
 - > Putting our customers in charge - high GEM users show 20% lower contact centre calls versus non-GEM users
 - > As the number of GEM users has grown, there has been an uplift in customer satisfaction and reduction in churn



“I get this weekly progress report [GEM Email] which shows me where I am up to... I find it really really useful”

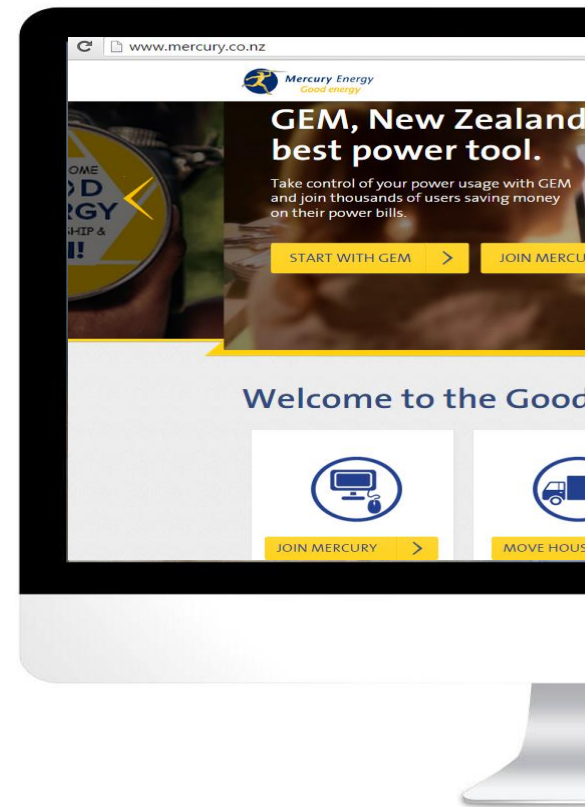
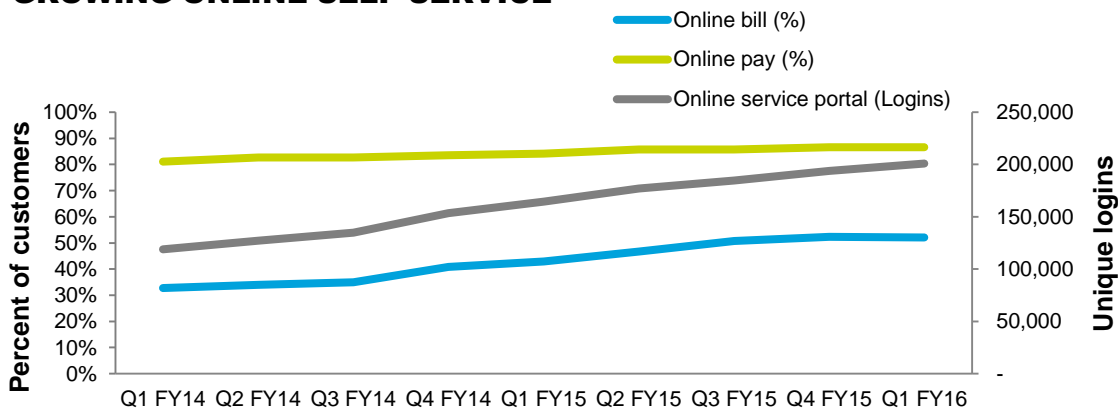
GEM user

➤ CUSTOMER

Growing digital interactions

- GEM catalyst for significant growth in online self service
- Email communication / billing and online payment now default
 - > 83% of customers now pay electronically (FY2014: 80%)
 - > 55% receive bills online (FY2014: 44%)
 - > 54% registered for My Account (FY2014: 42%)
- Delivering better service aligned to customer expectations at lower cost

GROWING ONLINE SELF SERVICE



Recognising and rewarding customer loyalty

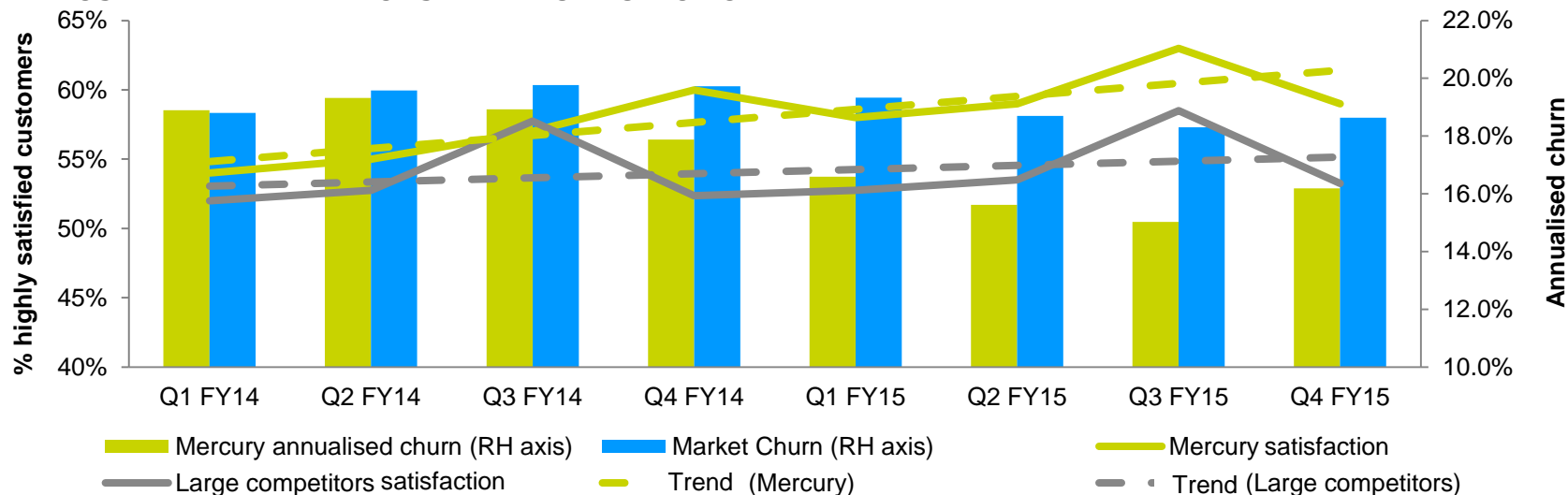
- > Behaviour-based segmentation provides greater insight into needs and preferences of different customer groups
- > Development of a range of special offers targeted to different audiences via digital and direct channels:
 - > Fixed-term contracts for 2 or 3 years
 - > 3% extra prompt payment discount for 2 year commitment
 - > 2% extra prompt payment discount for receiving your bill online and paying by direct debit
 - > A free day of electricity (chosen by customer)
 - > Prepaid deals with bonus credit, e.g. pay \$100 now and get \$150 worth of power in 4 months



Understanding customer needs to reduce churn, increase satisfaction

- Positive satisfaction trend for 2 years, and churn has reduced in the correlating period
- Increased competition in last 2 quarters, especially in Auckland market, has driven up churn
- Need to continue to invest in service enhancements and rewarding loyalty
- GLOBUG and Bosco Connect higher churn reflect characteristics of these segments

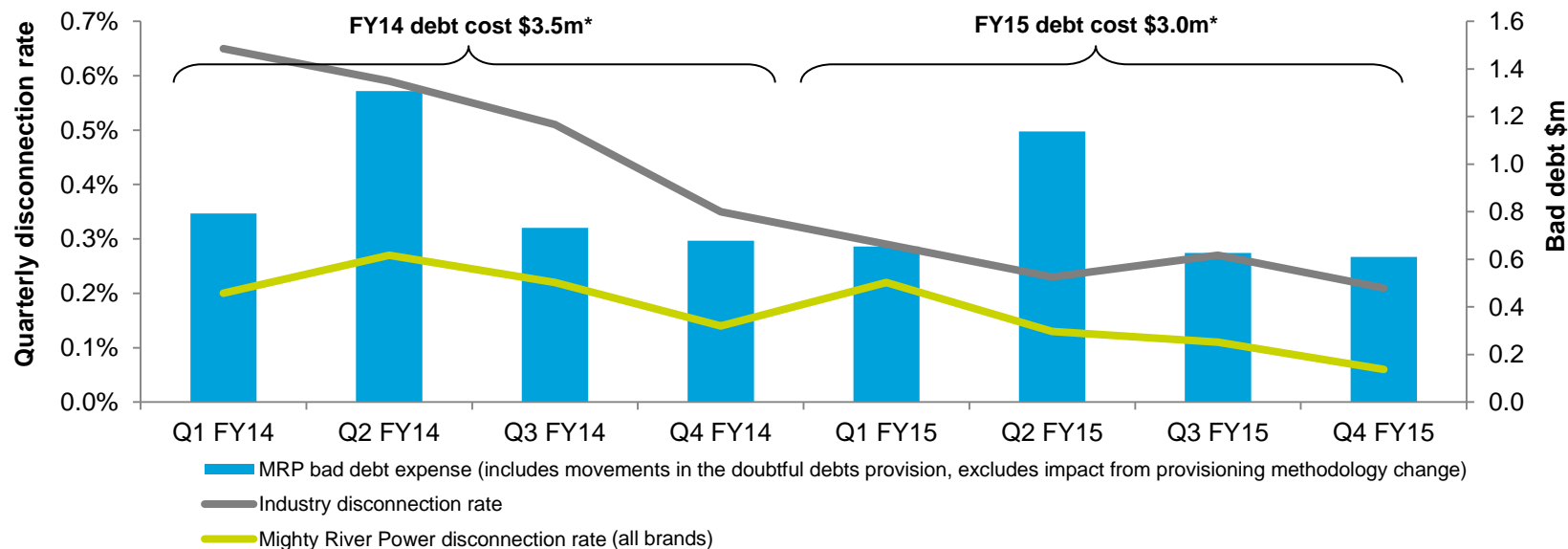
MERCURY AND MARKET - CHURN AND SATISFACTION



Managing debt and disconnections for better customer outcomes

- Industry recognises disconnection as a negative outcome for both retailer and customer. Self regulation is helping to make disconnection the last resort
- Mighty River Power has a long established downward trend on disconnections and bad debt which is built on proactive use of the GLOBUG prepay product in the debt management process

DISCONNECTION RATE vs BAD DEBT COST



► CUSTOMER

Celebrating 15 years of partnership with Starship



► CUSTOMER

Highlights

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Growing **DIGITAL
INTERACTIONS**
driving more efficient cost to serve



INNOVATING
to meet customer expectations





Our Assets – Value and Management



Presented by:

Nick Clarke
GM Geothermal

Graeme Hill
Infrastructure Asset Manager

Paul Ware
Geothermal Generation Manager

► OUR ASSETS - VALUE AND MANAGEMENT

Highlights

Systematic and effective

**RISK
MANAGEMENT**



MATURE

asset management
processes

Geothermal and hydro generation
providing a

**COMPLEMENTARY
PORTFOLIO**



Operational

EXCELLENCE

LONG-TERM

commercial partnerships with Maori
land owners and other key
stakeholders



**WORLD
CLASS** teams

► OUR ASSETS - VALUE AND MANAGEMENT

North Island located generation portfolio

x9 HYDRO STATIONS



01 Aratiatia	78MW	05 Maraetai I &	
02 Ohakuri	106MW	06 Maraetai II	352MW
03 Atiamuri	74MW	07 Waipapa	54MW
04 Whakamaru	100MW	08 Arapuni	192MW
		09 Karapiro	96MW

x5 GEO STATIONS



01 Kawerau	100MW
02 Mokai*	112MW
03 Rotokawa	34MW
04 Nga Awa Purua*	138MW
05 Ngatamariki	82MW

*Not 100% owned by Mighty River Power

► OUR ASSETS - VALUE AND MANAGEMENT

Partnerships reflect long-term approach

- > Aligned values around harnessing natural resources and sustainability
- > Joint venture partnerships with Maori landowners a key foundation of successful track record in geothermal development
- > Tuwharetoa Maori Trust Board and Mighty River Power reached long-term partnership agreement over future of Lake Taupo storage
- > Tuaropaki Trust are majority owners of Mokai geothermal power station
- > Tauhara North No.2 Trust are minority owners of Nga Awa Purua geothermal power station



► OUR ASSETS - VALUE AND MANAGEMENT

Geothermal and Hydro - a complementary portfolio

- > All assets are located in the central North Island, near major demand centres
- > Hydro weather dependent (but provides storage), geothermal weather independent
- > Lake Taupo inflows correlated to winter high demand period
- > Combination of geothermal (base load) and hydro (peaking) provides operational flexibility

	Hydro	Geothermal
Operating role	Peaking, frequency, reserves	Baseload (24/7)
Strengths	Flexible, fast start, large capacity	Weather independent, modular (binary plant)
Weaknesses	Hydrology dependent, lifecycle status	Dynamic fuel, variable chemistry, single shaft risk
Installed capacity	1052MW	466MW
% of time connected to grid	54-60%	94-97%
Generation FY15 (FY14)	3,326GWh (3497GWh)	2,545GWh (2451GWh)

► OUR ASSETS - VALUE AND MANAGEMENT

Ensuring long-term access to renewable energy sources

Rights and 'license to operate'

- > Need to maintain community licence to operate
- > Implications of iwi rights and interests in freshwater and geothermal resources yet to be determined
- > On-going potential operating regime changes from water policy and allocation (use / users)

Utilisation: Short and long-term focus

- > Waikato catchment hydrology is short-term, impacted by dry / wet year variability

- > Operations need to be adjusted in response to changes in geothermal reservoir behaviour that impact long-term

Managed through

- > Work closely with regulators, stakeholders and local communities
- > Commercial arrangements with local Maori with common interests
- > Geothermal and hydro operations authorised by long-term resource consents (>25 years)

Managed through

- > Continuous forecasting, modelling and portfolio management

- > Effects of hydro activities mitigated long-term via a range of community partnerships, e.g. the Waikato Catchment Ecological Enhancement Trust

- > Comprehensive monitoring to understand effects of our operations and long-term geothermal reservoir performance, resulting in adaptive management

► OUR ASSETS - VALUE AND MANAGEMENT

Different asset risks require adaptive asset management

Hydro

- > Lower utilisation, comparatively slower machines, generally gradual condition decline
- > Continuous maintenance cycles due to flexibility and capacity
- > Assets ages requires tailored approach to risk management and reinvestment



Geothermal

- > High utilisation, fast machines, hot corrosive environment, potential for rapid condition decline
- > Annual maintenance cycles due to base load nature and single shaft stations
- > Single shaft stations can experience high business interruption

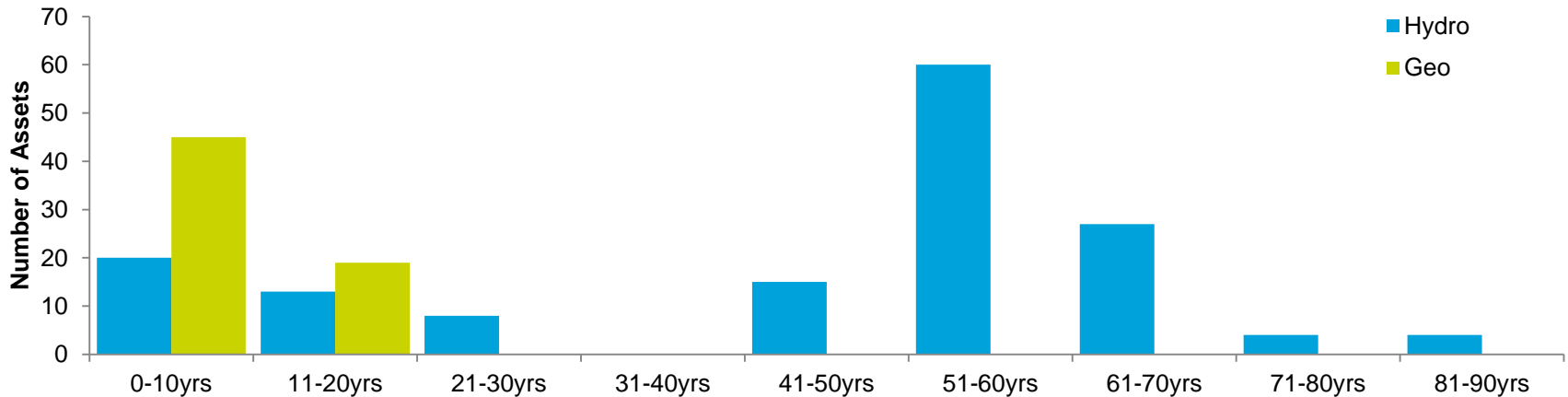


► OUR ASSETS - VALUE AND MANAGEMENT

Managing assets in different stages

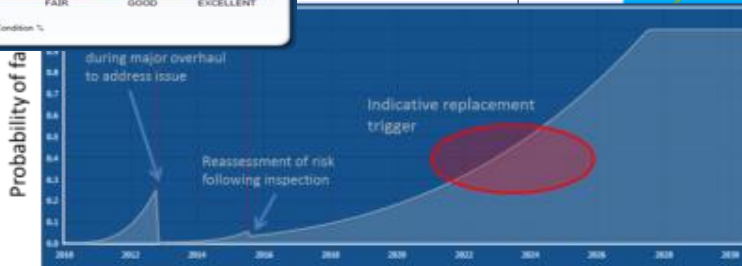
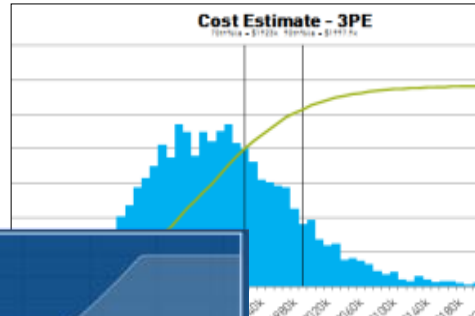
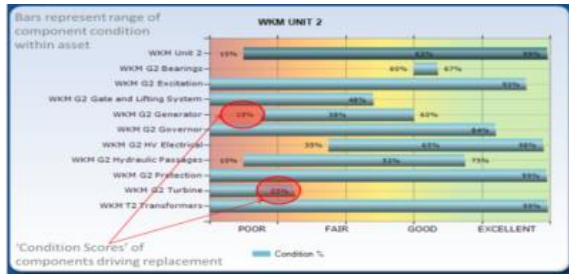
- > Geothermal has shifted from development / build phase to operate and efficiency focus
- > Hydro is firmly in operate and optimised reinvestment

MIGHTY RIVER POWER ASSET AGE PROFILE (Turbines, Generators, Governors, Transformers)



OUR ASSETS - VALUE AND MANAGEMENT

Development of an optimised plan aligned to the Company strategy



Asset Management Planning – a continuous process

► OUR ASSETS - VALUE AND MANAGEMENT

Ensuring robust approach through continuous review and improvement

Independent review

- > Dam Safety Assurance Programme - Ontario Power Generation review (2014), annual external dam safety audits and 5-yearly comprehensive reviews
- > 2013 independent engineers' report – Beca/AMEC/GNS
- > Geothermal reservoirs subjected to Peer Review Panel
- > Insurance underwriter annual engineering reviews

Continuous improvement

- > Industry forum participation – Global and local forums (e.g. CEATI, HPEE, EEA)
- > Post-project review
- > Continuous training

► OUR ASSETS - VALUE AND MANAGEMENT

Case study - Aratiatia station rehabilitation

- > Original plan – replace all 3 turbines, the generator and governor
- > Optimised plan – rephase replacement of 2 turbines >15 years based on condition and risk

Enablers

- > Detailed understanding of condition
- > Tailored risk analysis
- > Up-to-date commercial analysis

Benefits

- > 'Right timing' capex reinvestment
- > Reduced routine maintenance spend



► OUR ASSETS - VALUE AND MANAGEMENT

Case study – Rotokawa turbine

- > Original – replace now
- > Optimised – maintain now then rephase >10 years based on condition and risk

Enablers

- > Detailed understanding of condition
- > High quality refurbishment in FY2015
- > Up-to-date commercial analysis

Benefits

- > ‘Right timing’ capex reinvestment
- > Increased efficiency / output
- > Risk reduction



► OUR ASSETS - VALUE AND MANAGEMENT

Current major geo projects for long term sustainability

Nga Awa Purua turbine

- > Replacement rotor installed and performing as designed
- > Optimising operations for long term stability and maximum generation output

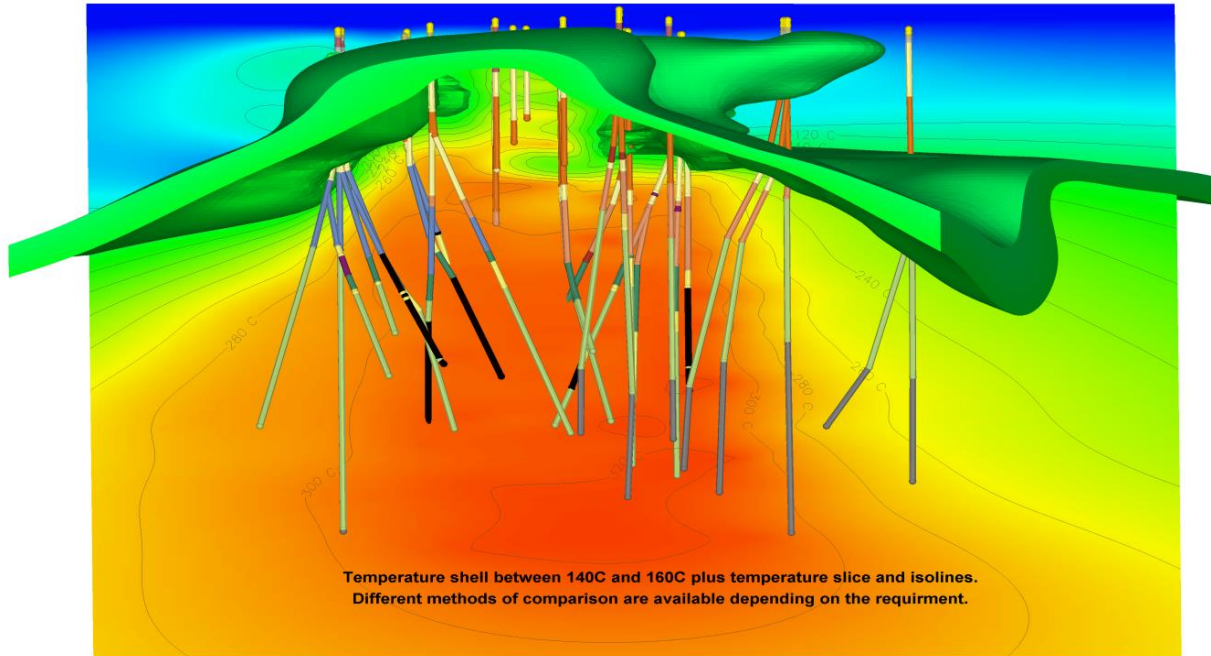
Reservoir management

- > Drilling programme planning underway. Approaches to market for services, design and equipment supply
- > FY2017 focus followed by second stage in FY19
- > Dynamic reservoir response to harness natural resources requires adaptive and dynamic management
- > Minimise fuel cost and optimise generation:
 - > Reconfiguring production spread and injection
 - > Reservoir chemistry management

► OUR ASSETS - VALUE AND MANAGEMENT

Reservoir Management

Mapping temperature plumes within the reservoir.
Another tool to monitor changes in the reservoir and also guide future make up well locations.



► OUR ASSETS - VALUE AND MANAGEMENT

Current major hydro projects to increase efficiency and reduce risk

Whakamaru rehabilitation – completion mid 2019

- > 4 x generators, turbines and governors
- > 1st generator stator constructed, remaining equipment being manufactured
- > Will deliver efficiency and capacity increase; risk reduction

Major asset refurbishment / replacements

- > River-wide governor and transformer replacement programmes underway
- > Maraetai 1 intake rehabilitation in planning / pre-execution
- > Will deliver risk reduction

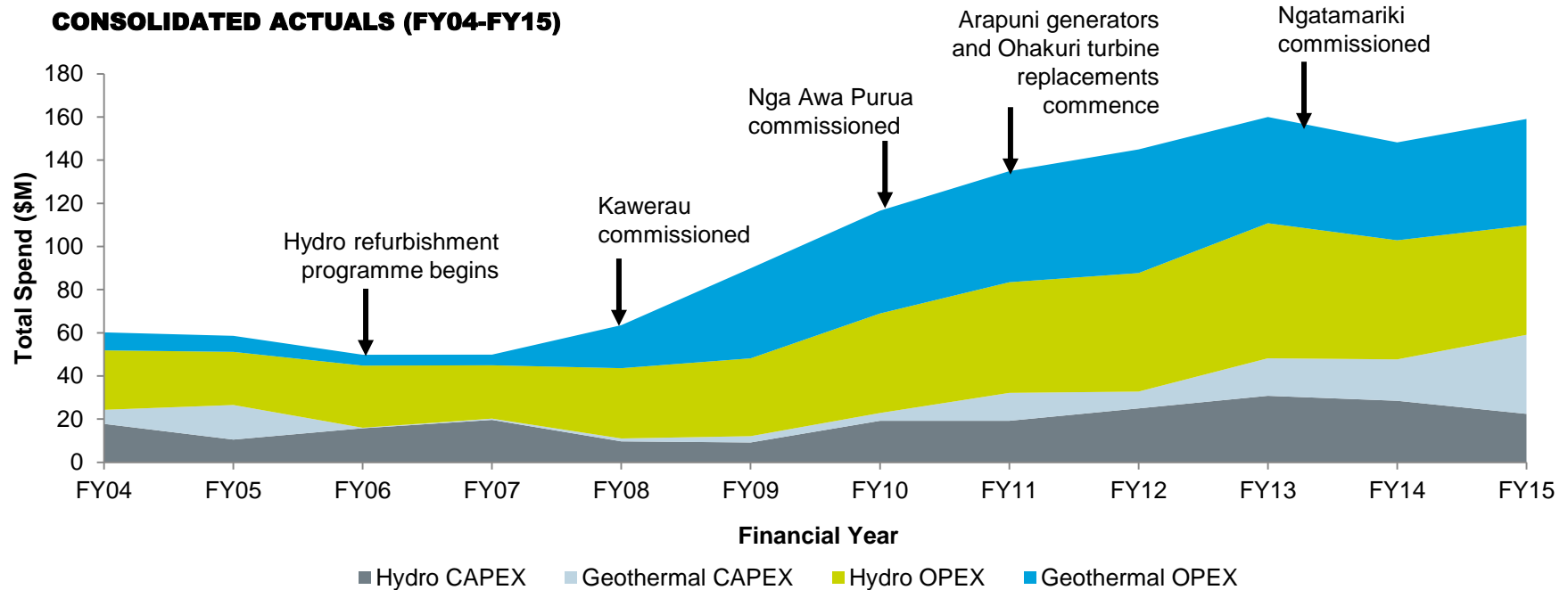


► OUR ASSETS - VALUE AND MANAGEMENT

Optimised reinvestment plan

Ensuring balance between reliability, risk and return

CONSOLIDATED ACTUALS (FY04-FY15)



► OUR ASSETS - VALUE AND MANAGEMENT

Highlights

Systematic and effective

**RISK
MANAGEMENT**



MATURE

asset management
processes

Geothermal and hydro generation
providing a

**COMPLEMENTARY
PORTFOLIO**



Operational

EXCELLENCE

LONG-TERM

commercial partnerships with Maori
land owners and other key
stakeholders



**WORLD
CLASS** teams

Regulatory & Portfolio Management



Presented by:

Tony Nagel

GM Corporate Affairs

Nick Wilson

Manager Regulatory & Govt Affairs

Phil Gibson

GM Hydro/Wholesale

James Flexman

Wholesale Markets Manager

➤ PORTFOLIO MANAGEMENT

Highlights

\$60 **M**

improvement in impact from new
Transmission pricing proposal

Proactive

**PORTFOLIO
MANAGEMENT**

with focus on higher yield segments



Regulatory and
political focus
shifting to

**DATA AND NEW
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UPLIFT IN ASX

reflecting change in sector outlook

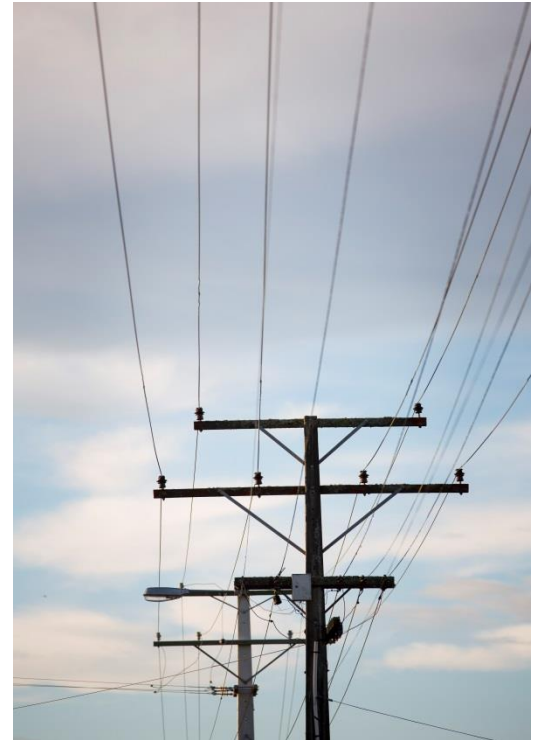
➤ CAPITAL MARKETS DAY

Regulatory









Shift in political focus from wholesale prices to networks

- > Concerns around cost efficiency and government liability from distributor default due to new technologies
- > Positive sentiment around potential for electric vehicles
- > Greens focus on solar buy-back rates
 - > Members bill currently to be considered which calls for Electricity Authority to independently set buy-back rate
- > Labour / opposition officially still reviewing power policy with any announcements expected post 2016



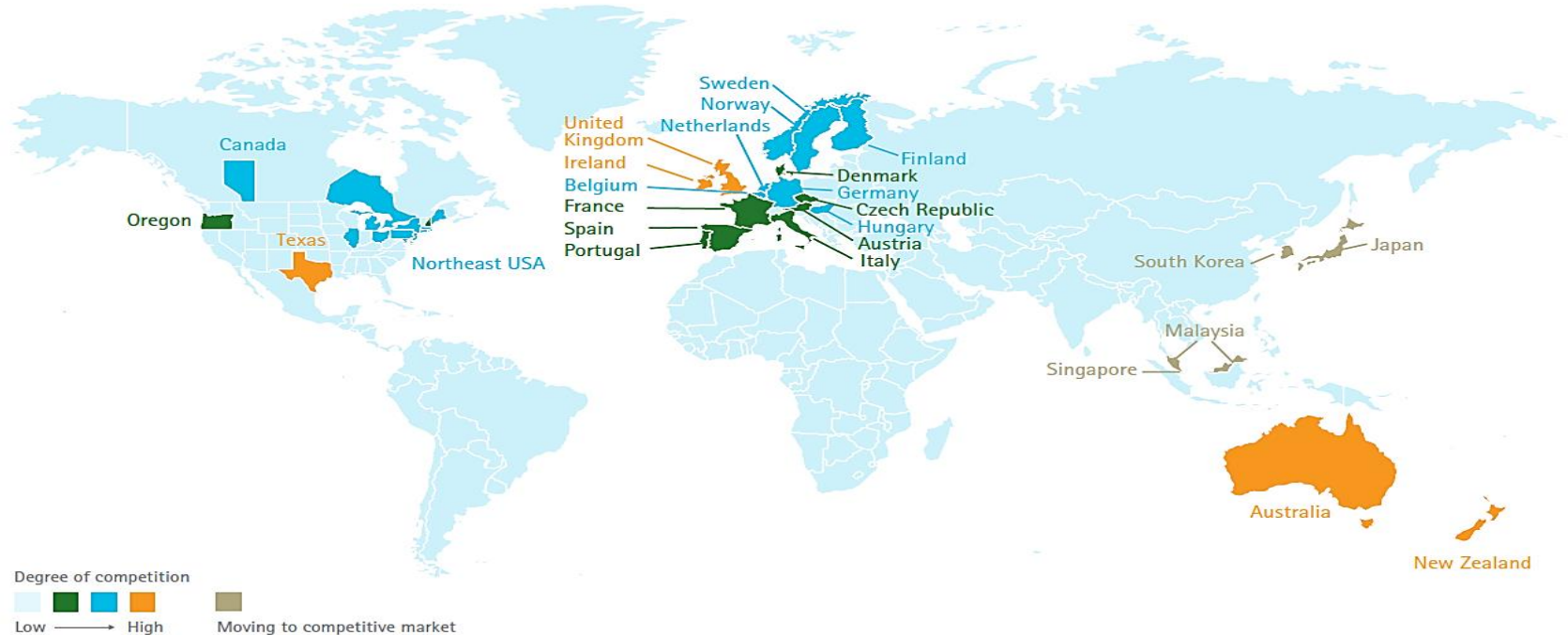
➤ REGULATORY

Real progress on key electricity market reforms

Proposal	Status
Physical and Virtual Asset Swaps	 Genesis (Tekapo) and 15 year contracts between Meridian and each of Mighty River Power / Genesis
Establishment of a liquid hedge market	 Established market makers and new products introduced
Consumer switching fund	 NZ among highest switching rates in the world (~20% p.a.)
Introduce transmission hedging mechanism	 Financial Transmission Rights introduced, development on-going
Customer compensation scheme	 Retailers required to make payments to consumers during conservation periods
National markets for frequency and reserve	 Established with reductions in costs for consumers, development on-going

► REGULATORY

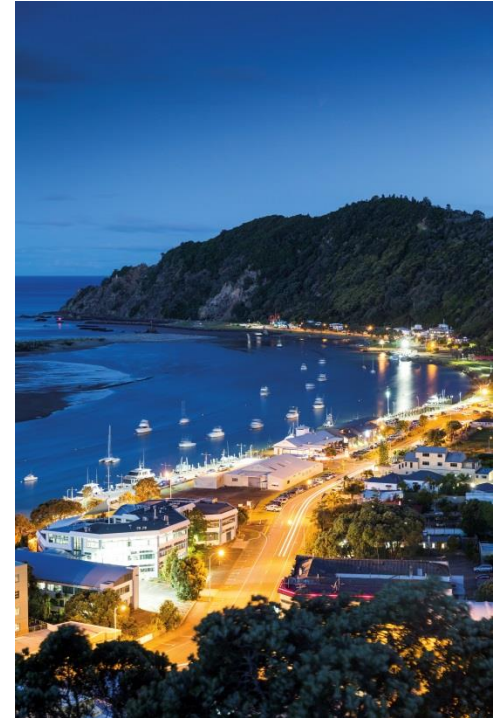
New Zealand among most competitive markets in the world



Source: Accenture analysis.

Retail competition delivering benefits for consumers

- > Retail competition is intense with new retailers and service offerings entering the market
- > 27 retail brands today, 9 new retail brands over the last 2 years
- > Residential prices fell year to June by -1.4% (0.1% line costs and 2.3% energy costs), while switching rates remain some of the highest in the world (~20%)
- > Recent regulatory drive to improve access to consumption and tariff information needs balance to avoid impacts on innovation
- > Major drive across electricity industry to improve customer experience and engagement



Shifting emphasis toward new technology impacts

- > Commerce Commission considering appropriate cost allocations where assets can earn unregulated revenue
- > For example, battery storage could replace traditional network assets but also earn unregulated revenue
- > Blurring of boundaries between distribution and retail requires regulatory focus to ensure level playing field given 2010 reforms
- > Solar and battery storage raising questions about increased costs to remaining grid connected consumers
- > Less of an issue in NZ due to our unsubsidised renewables and winter demand profile
- > Electricity Authority launching review of distribution pricing framework

Increased clarity on transmission

- > On-going pressure to amend the Transmission Pricing Methodology (TPM)
 - > recovery of sunk costs of the transmission network
 - > concerns with High Voltage Direct Current (HVDC) inter-island link being paid for by South Island generators
 - > charges from significant upgrades
- > Electricity Authority now clearer on cost reallocation but with increasing complexity in methodology

Review (when)	Proposed no. of charges	Paid by
Transmission Pricing Advisory Group (2010)	Reduced from 3 to 2	HVDC transitioned to all consumers over 10 years
EA TPM review – initial proposal (2012)	Increased from 3 to 5	Mainly generators and retailers
EA TPM review – updated proposal (2015)	Increased from 3 to possibly 6	Mainly North Island consumers

Reduced TPM impact and positive progress

- > Significant changes to 2012 proposal (EA estimated impact on Mighty River Power down from \$65m to \$5m)
- > Complexity an issue but EA has responded to main feedback to 2012 proposal
- > Resolves historic HVDC issue and NZAS concerns
- > Costs reallocated to upper North Island / West Coast consumers - highly likely capping and transition measures will ensure impact manageable
- > Inconsistencies in the 2015 proposal should be resolved which will reduce impact to retail consumers
- > Decision by June 2016 optimistic and would not implement until April 2019 at earliest, consumer transition measures could make this longer

➤ CAPITAL MARKETS DAY

Portfolio Management

➤ PORTFOLIO MANAGEMENT

Integrated portfolio decision making

	Control	Manage	Position
Horizon	6-12 weeks	3-12 months	Long-term
Objective	Cover risk and achieve short-term fuel optimisation	Manage portfolio for earnings volatility throughout the year	Future earnings growth and long-term value
Key decisions	When is the best time to use water?	Should we hedge? Should we adjust the sales channels?	What are competitors, customers and the regulator doing?
Considerations	<ul style="list-style-type: none"> • Spot pricing (fuel value) • Competitors • Dispatch optimisation • Outage scheduling • Transmission • Weather 	<ul style="list-style-type: none"> • Hedge pricing • Competitors • Portfolio net position • Outage planning • Transmission • Weather 	<ul style="list-style-type: none"> • Customer pricing • Competitors • Portfolio net position • New plant • Plant mode • Transmission
Mechanism	Physical trading	Financial trading	Portfolio management

Daily discussions balance decision making across horizons

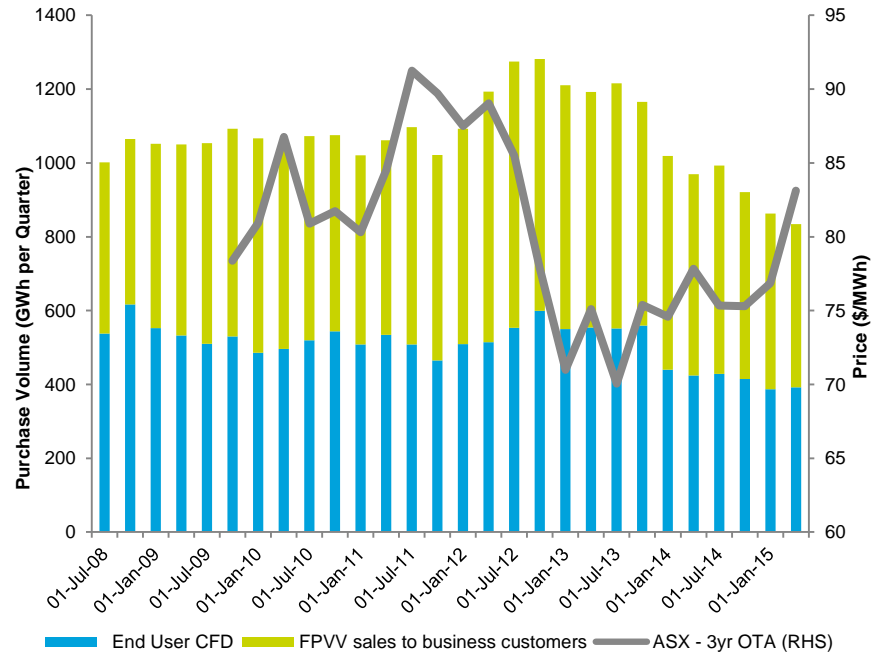
Key: Decisions made by Wholesale Markets; Decisions made in conjunction with Customer division; Decisions made in conjunction with Geothermal and Hydro/Wholesale

▶ PORTFOLIO MANAGEMENT

C&I market increasingly competitive

- > C&I Segment has been increasingly competitive over last 12 to 18 months
 - > Customers going to market early to benefit from low prices
- > Transaction prices have been close to and sometimes under the ASX offer
 - > Despite seller carrying credit and volume risk (FPVV)
 - > End users have been willing to carry more spot price risk (less contracts in place generally)
 - > Underlying spot prices have been low and less volatile than in previous years
- > Tactics in C&I segment impacted by yield versus wholesale price

C&I SALES COMMITMENTS vs PRICE

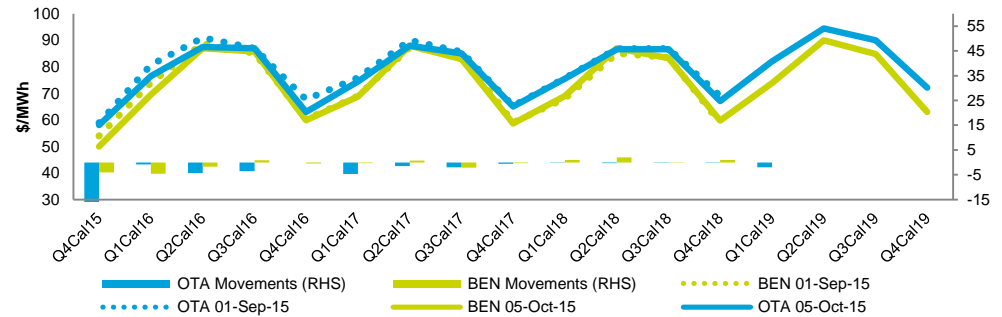


➤ PORTFOLIO MANAGEMENT

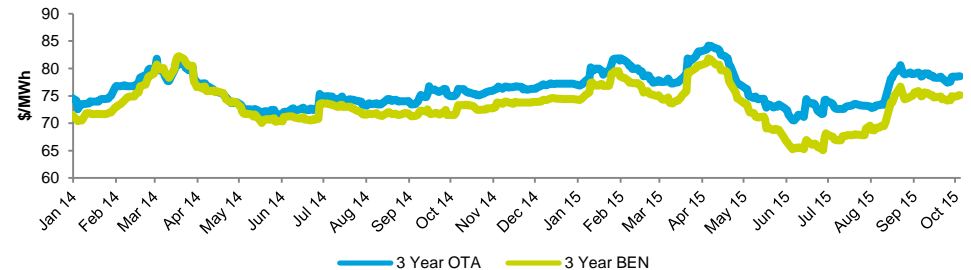
Initial uplift in ASX Pricing

- > Calendar year 2019 pricing was listed on 1 October 2015
- > Uplift over 2018 (\$5.70/MWh @ OTA) represents markets view on risk
 - > Huntly Rankine unit closure versus Tiwai smelter exit
- > As previously noted, unless the wholesale market prices increase, new investment in generation may not occur (given Tiwai departure risk)

ASX FUTURE PRICES - MOVEMENTS SINCE START OF SEP-15



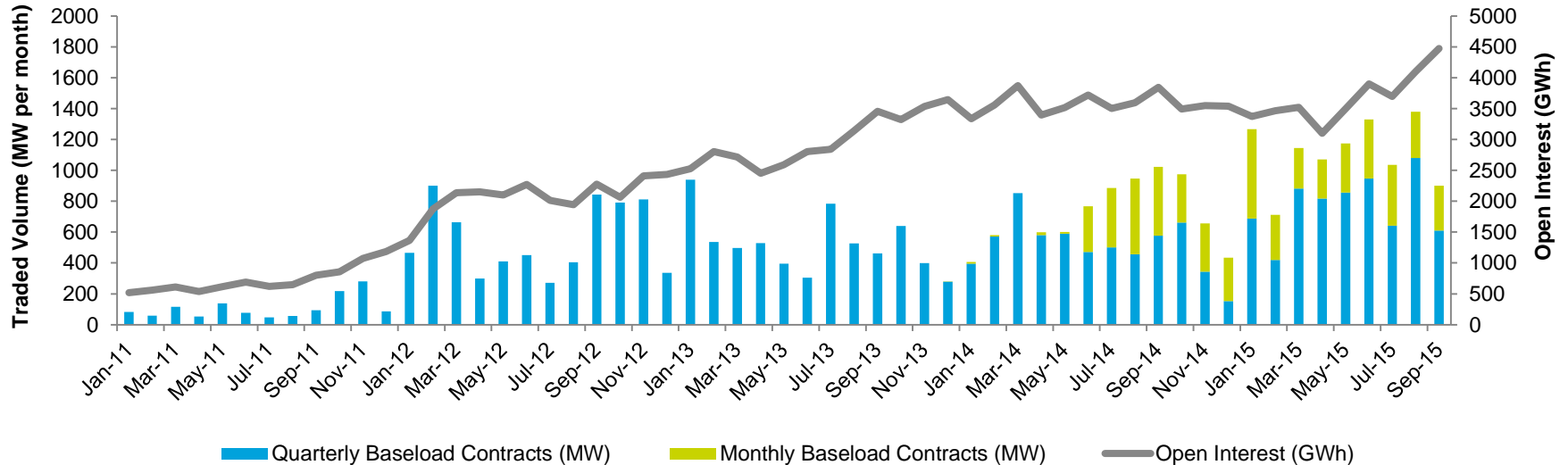
3 YEAR ASX ELECTRICITY FUTURES PRICES



Improved ASX market

- > FY14 ASX trading volume was 14,600GWh - 2.25 greater than Mighty River Power annual generation
- > FY15 volume was up to 19,100GWh - nearly 3 times greater than Mighty River Power annual generation

ASX TRADING VOLUMES

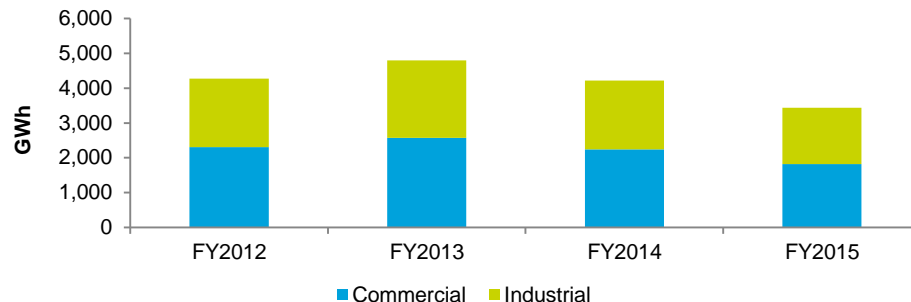


▶ PORTFOLIO MANAGEMENT

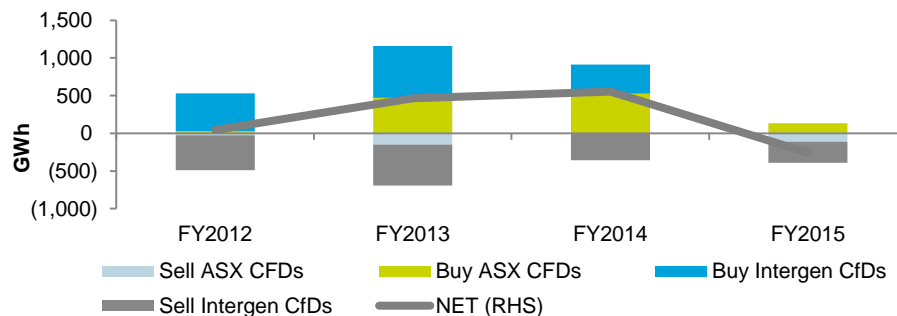
Steps already taken to adjust for dry-year risk management

- > Post Southdown closure, Mighty River Power's dry year risk changes
- > Optimising generation output from the Waikato hydro system remains a core competency
- > The Commercial FPVV and CfDs sales commitments have reduced
- > Residual risk managed via ASX and OTC inter-generator transactions.
 - > ASX and Intergen BUY trades were a key risk mitigator in FY13 and FY14
 - > Despite FY15 being dry, the portfolio was well positioned to manage the low inflow period

COMMERCIAL FPVV AND CFDS



ASX TRADES AND INTERGENERATOR CFDS

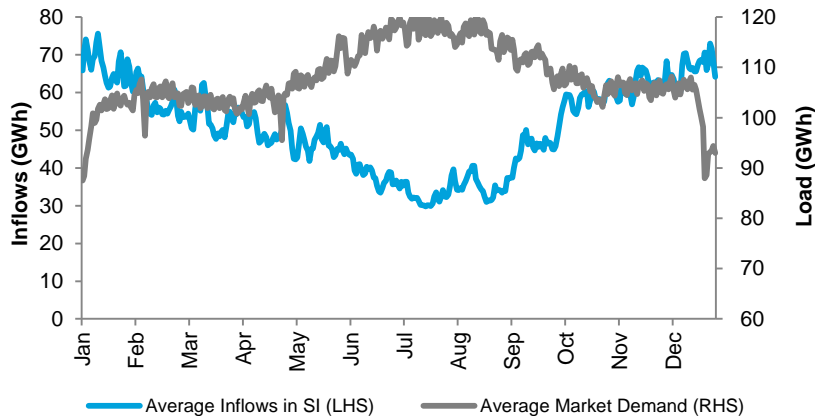


► PORTFOLIO MANAGEMENT

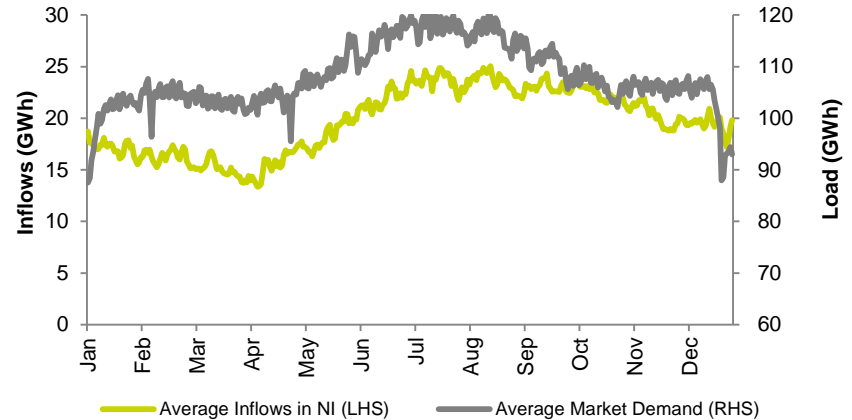
Our inherent advantages help with dry-year management

- > South Island inflows highest in summer – negative correlation to peak demand
- > North Island rain-fed inflows highest in winter – correlated with peak demand

AVERAGE SOUTH ISLAND INFLOWS VS MARKET DEMAND



AVERAGE NORTH ISLAND INFLOWS VS MARKET DEMAND



➤ PORTFOLIO MANAGEMENT

Highlights

\$60 **M**

improvement in impact from new
Transmission pricing proposal

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**PORTFOLIO
MANAGEMENT**

with focus on higher yield segments



Regulatory and
political focus
shifting to

**DATA AND NEW
TECHNOLOGIES**

UPLIFT IN ASX

reflecting change in sector outlook



Wrap-up



Presented by:

Fraser Whineray

Chief Executive

➤ INTRODUCTION

Highlights

**NO
SERIOUS-HARM
INCIDENTS**

with continued focus on goal of zero-harm

Active portfolio management

**OPTIMISING
VALUE**

Putting our
CUSTOMERS

at the heart of
everything we do



Operational excellence in
RENEWABLE
generation



Dynamic industry creating
OPPORTUNITIES



STABLE
regulatory framework

A photograph of several yellow hard hats and red safety vests, likely at a construction or industrial site. The hard hats are stacked, and the vests are visible in the foreground. The background is slightly blurred, showing more of the same equipment.

Mighty River Power Attendee's Biographies

Executive Management Team



FRASER WHINERAY

Chief Executive

Fraser Whineray joined Mighty River Power in 2008 as GM Generation and was appointed Chief Executive in September 2014. Before joining the Company, he was Director Operational Improvement at Carter Holt Harvey and held senior roles in the dairy industry and finance sector, with experience in performance management, strategy, mergers and acquisitions and international business. Fraser is a non-executive director of Opus International consultants.



WILLIAM MEEK

Chief Financial Officer

William Meek joined Mighty River Power in 1999 and heads the finance, treasury, and investor relations functions. William was previously responsible for Mighty River Power's generation investment strategy and enterprise risk functions. He has 15 years' industry experience in risk management, power development, wholesale markets and forecasting.



NICK CLARKE

General Manager
Geothermal

Nick Clarke joined Mighty River Power in July 2015. He is responsible for the strategic and operational leadership of the Company's geothermal operations in New Zealand, along with contributing to developing and delivering on Mighty River Power's broader strategic priorities. Nick has experience across a range of sectors offshore and locally, most recently with Spark as Wholesale and International General Manager.

Executive Management Team



PHIL GIBSON
General Manager
Hydro & Wholesale

Phil Gibson is responsible for managing hydro operations, wholesale market activities and sales to large commercial and industrial customers. Phil joined Mighty River Power in 2004 and has held a number of roles across the business including Wholesale Markets Manager, and Head of Technology & Innovation in consumer markets. Prior to joining the electricity industry, Phil spent six years in structural engineering roles in Auckland, Wellington and London.



TONI LAMING
General Manager
Strategy & Communications

Toni Laming joined Mighty River Power in February 2015. She is responsible for supporting the Company's future direction, overseeing strategic projects, ICT and communications. Prior to joining Mighty River Power, Toni was based in Australia with Orica and has previously held global leadership roles focused on strategy, customer experience, technology solutions and growth initiatives including with Fonterra, KPMG Consulting and Fletcher Building.



JAMES MUNRO
General Manager
Customer

James Munro joined Mighty River Power in 2008 and has responsibility for the Company's customer brands Mercury Energy, GLOBUG and Bosco Connect. James has a broad range of commercial experience has more than 20 years' experience in retail service businesses, including with The Economist, TVNZ and St. George Bank.

Executive Management Team



TONY NAGEL
General Manager
Corporate Affairs

Tony Nagel leads Mighty River Power's legal and regulatory policy functions, and is Company Secretary. Tony joined Mighty River Power in 2004 as General Counsel having previously worked in legal and commercial roles in the telecommunications industry with Clear Communications and SamoaTel. He spent more than 10 years at leading corporate law firms in Auckland and Wellington, providing commercial litigation and corporate legal counsel.



MATT OLDE
Metrix Chief Executive

Matt Olde leads the Company's metering business, Metrix, which supports energy retailers and lines companies in providing solutions and enabling services for their electricity consumers. He joined Mighty River Power in 2010, and has held roles including GM Business Strategy and Solutions and, as IPO Project Manager, was responsible for overseeing the Company's preparations for listing in 2013. Prior to joining Mighty River Power, Matt was an investment banker working in Auckland, Sydney and London.



MARLENE STRAWSON
General Manager
People & Safety

Marlene Strawson joined Mighty River Power in 2012 and leads the Company's human resources strategy, employee engagement and internal communications. She also has overall responsibility for health and safety across the business. Marlene has more than 25 years' experience in human resources, with a strong organisational development background including in telecommunications, banking and the health sector.

Senior Management

ANDREW PECKHAM

Head of Operations – Customer Group

Andrew is responsible for the delivery of the core operating functions of our flagship retail brand, Mercury Energy. This includes all aspects of distribution relationships, credit management, customer transactions, energy reconciliation, pricing, compliance and retail regulatory affairs. A Chartered Accountant, he joined Mighty River Power in 2010 initially as Financial Controller for the consumer brands and our metering business, Metrix. Prior to that he was Finance and Operations Director for Namco Bandai Networks, a mobile game publisher based in London and has previously held management roles at Air New Zealand and KPMG in New Zealand and the UK.

GRAEME HILL

Infrastructure Asset Manager

Graeme is responsible for the delivery of an optimised asset management strategy for Mighty River Power's generation assets. This involves leading the asset risk and planning, project delivery and engineering functions, including hydro dam safety. Graeme joined Mighty River Power in 2006 and held the role of Hydro/Thermal Engineering Manager for five years prior to his current role. He previously spent 12 years with the Royal New Zealand Navy as a Marine Engineering Officer where he held a number of asset management and engineering-related roles.

KATH HARTLEY

Head of Organisational Development

Kath joined Mighty River Power in February 2015 as Head of Organisational Development. She is responsible for establishing and driving an organisational development framework aligned to support Mighty River Power's business and strategic priorities. The key areas of focus include culture change and engagement, leadership development, talent and performance management and learning. Kath has more than 20 years' experience across organisational development and business partnering, joining Mighty River Power after eight years in the insurance sector where she successfully led a number of significant culture change initiatives. She also has experience in the telecommunications and health sectors.

PAUL WARE

Geothermal Generation Manager

Paul is responsible for the performance of the five geothermal plants operated by Mighty River Power that have a combined annual production of about 4,000GWh or 10% of New Zealand's total electricity demand. This reliable base-load generation makes up more than 40% of the Company's electricity production, with a strong focus in the role on achieving world-leading levels of plant availability and efficiency. Paul joined Mighty River Power in 2004 and was involved in project managing the Kawerau (2008) and Nga Awa Purua (2010) developments before moving into his current operational role.

Senior Management

GREG THOMPSON

Mokai Field Manager

Greg is responsible for the operational performance of the 112MW Mokai Geothermal Power Plant 30km northwest of Taupo, which generates about 980GWh per year. The Mokai plant is owned by the Tuaropaki Power Company, which is a joint venture between Tuaropaki (75%) and Mighty River Power (25%). Prior to joining Mighty River Power in 2009 Greg spent 12 years working for steam turbine manufacturers and has extensive project management experience.

TIM THOMPSON

Treasury Manager

Tim is primarily responsible for managing Mighty River Power's debt facilities to meet the Company's funding and liquidity requirements. A key aspect of his role is maintaining the relationships Mighty River Power has with its lenders and debt investors. He also manages a Corporate Finance team which advises on capital management, investment economics, and future electricity market dynamics and price. Tim joined Mighty River Power in 2005 and has previously held positions within the Hydro/Wholesale, retail and metering businesses.

NICK WILSON

Manager Regulatory and Government Affairs

Nick is responsible for managing the interface with key government and regulatory stakeholders, including analysis and intelligence on policy developments and direction. Nick has more than 10 years' experience in regulatory and policy development in Australia and the UK – most recently managing the policy team for the Energy Supply Association of Australia and prior to that as a policy advisor at the Royal Academy of Engineering in London.

KAREN CLAYTON

General Counsel

Karen joined Mighty River Power as General Counsel in March 2015. An English qualified solicitor, Karen leads Mighty River Power's internal Legal team and is responsible for providing support in relation to all legal matters across the Mighty River Power Group. Prior to joining Mighty River Power, she was a UK General Counsel and Company Secretary at and UK Executive Committee member for FTSE Top 20 company, National Grid. She has also worked for top law firms in the UK and Australia.

Senior Management

JAMES FLEXMAN

Wholesale Markets Manager

James joined Mighty River Power in February 2015 and is responsible for the management of the Company's energy portfolio, including real-time electricity dispatch and market optimisation, fuel position management, energy derivatives and futures trading, transmission and analytical support functions. He also manages the Commercial and Industrial Sales team that accounts for 40% of Mighty River Power's electricity sales volume. James previously worked in various management roles within Carter Holt Harvey in New Zealand and in the electricity sector in the UK.

GAVIN WILLIAMSON

Hydro Generation Manager & Group Health and Safety Manager

Gavin joined Mighty River Power in 2003 and has held the role of Hydro Generation Manager for the past eight years, covering operational performance, safety, compliance and maintenance across the nine hydro stations on the Waikato River. In 2013, he was appointed to also lead Health and Safety across the business. Gavin's prior experience includes more than 16 years in Government and private organisations, with his last role at Fletcher Challenge Forests as Group Manager Health Safety & Environment. Gavin is ex-chair and a current representative on the industry health and safety group, StayLive.

BEN HARVEY-LOVELL

Head of Marketing – Mass Markets

Ben leads Marketing for Mighty River Power's customer brands – Mercury Energy, Bosco Connect and Tiny Mighty Power. He has been with the Company for over six years, with previous roles including product design and marketing for GLOBUG, product development and innovation and marketing. Prior to joining Mighty River Power in 2009, Ben held senior marketing roles at ANZ National Bank and Farmers Trading Company.

DANIEL GREEN

Customer Service Manager

Daniel joined Mighty River Power nine years ago and has been involved in marketing, sales and service roles. Daniel currently leads the award-winning Mercury Energy Contact Centre, with a focus on delivering great service and customer experiences. His team serve residential, commercial and third-party customers for three Mighty River Power brands, and across eight sites. Prior to joining Mighty River Power, Daniel held various sales and marketing roles in the finance, insurance and construction sectors.

Senior Management

STEPHEN BATSTONE

Strategy Advisor

Stephen is Strategy Advisor in Mighty River Power's Strategy & Communications team, working with the Company across emerging technologies, regulatory developments and wholesale markets. Stephen has 20 years' experience in electricity markets, having previously led the Company's risk, transmission, regulatory and commercial teams. He was responsible for the establishment of the National Energy Research Institute, and has consulted widely to the energy, dairy and local government sectors.

SEAN HICKEY

Strategy Manager – Business Planning

Sean joined Mighty River Power in 2015 and manages the Company's strategy and business planning process. Sean has nearly 20 years' experience in senior marketing and strategy roles, most recently helping NZ Post and Kiwibank drive major business transformation through their retail network.