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## MERIDIAN ENERGY LTD SWOT & PESTLE ANALYSIS

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**Company Name :** Meridian Energy Ltd

**Company Sector :** Utilities

**Operating Geography :** New Zealand, Australia

**About the Company :** Meridian Energy Limited is an electricity generator and retailer, founded on 16 December 1998. It is headquartered in Wellington, New Zealand. It is New Zealand's largest electricity generator, contributing around 30 percent of the country's electricity as of 2020 and powering 167k homes in Australia annually. It is one of three electricity companies which were formed from the break-up of the Electricity Corporation of New Zealand (ECNZ) in 1998–99. It was then partially privatised in 2013. The New Zealand Government holds majority stake in the Company with 51% shareholding. Five wind farms, seven hydro power stations, and commercial solar arrays in New Zealand and two wind farms and three hydro power stations in Australia are all operated by Meridian Energy. The Group sells electricity to consumers via three brands – Meridian and Powershop in New Zealand, and Powershop in Australia. The company features amongst the three major electricity generators who employ renewable sources to generate electricity. The company has a total installed capacity of 2,754 MW in New Zealand along with having 201 MW overseas. Meridian Energy employs 1080 employees as of 2020.

Meridian's Unique Selling Proposition or USP lies in it being the largest electricity provider in New Zealand while generating electricity from renewable sources. All the electricity generated by the Company comes from 100% renewable sources – wind, water and sun.

**Revenue :**

NZD 3,405 million - FY ending 30th June 2020 (y-o-y growth -2.46%)

NZD 3,491 million - FY ending 30th June 2019

## SWOT Analysis :

The SWOT Analysis for Meridian Energy Ltd is given below:

| Strengths   | Weaknesses  |
|---|---|
| <ul style="list-style-type: none"> <li>1. One of the largest organizations of New Zealand in terms of market capitalization</li> <li>2. Largest producer of renewable energy with production of around one-third energy of country's total energy requirement</li> <li>3. Strong brand offering great customer experience</li> <li>4. Eighth highest revenue per employee - \$3.36 million - among ASX listed companies</li> </ul>  | <ul style="list-style-type: none"> <li>1. Harapaki wind farm construction deferred after smelter closure</li> <li>2. Small player in Australia contributing only 10% to Meridian's annual revenue</li> <li>3. EPS growth declined 48% y-o-y and shrunk by 12% in 3 years</li> <li>4. Rio Tinto exiting New Zealand to lead to fall in electricity demand</li> </ul> |
| Opportunities   | Threats   |
| <ul style="list-style-type: none"> <li>1. Adoption of Transmission Pricing Methodology (TPM) reforms</li> <li>2. Laws and reforms in New Zealand to meet its Zero carbon goal</li> <li>3. White-label agreement with Kogan to set up Kogan Energy for mass-markets</li> <li>4. Customers' interest for dual fuel connections, cleaner gas-based fuel along with electricity from fossil fuels in Australia</li> <li>5. Availability of additional hydrostorage at Lake Pukaki able to provide power for 50,000 homes</li> </ul> | <ul style="list-style-type: none"> <li>1. Highly competitive market environment in Electricity sector</li> <li>2. Held accountable for causing Undesirable Trading Situation (UTS)</li> </ul>   |

## PESTLE Analysis :

The PESTLE Analysis for Meridian Energy Ltd is given below:

|   |   |
|---|---|
| <p style="text-align: center;"><b>Political</b></p> <p>1.Incentivizing green electricity product scheme \u2013 GreenPower \u2013 backed by Australian government</p>  | <p style="text-align: center;"><b>Economical</b></p> <p>1.Oversupply of renewable energy caused due to reduction in demand by closure of Tiwai Point aluminium smelter</p> <p>2.Decrease in industrial and commercial electricity demand due to lockdown measures</p>   |
| <p style="text-align: center;"><b>Social</b></p> <p>1.High electricity costs for households hit by pandemic</p> <p>2.World Energy Council's Energy Trilemma in balancing growing demand for electricity at low costs with no carbon footprint</p> | <p style="text-align: center;"><b>Technological</b></p> <p>1.Leveraging technology for better customer experience</p>   |
| <p style="text-align: center;"><b>Legal</b></p> <p>1.Named for involvement in Undesirable Trading Situation (UTS) in the electricity market by the EA</p> <p>2.Working with regulators with regards to changes in public policy</p>               | <p style="text-align: center;"><b>Environmental</b></p> <p>1.Committed to United Nations Sustainability goals SDG7 Affordable and Clean Energy and SDG13 Climate Action</p> <p>2.Focus on New Zealand's zero carbon goal by reducing greenhouse gas emissions from electricity generation</p> <p>3.Growing trend of green investment as part of their portfolios by Investors</p> <p>4.Wholesale energy market price variation due to change in rainfall and gas availability</p> |

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