



meridian

## **Meridian reports a solid financial performance in a challenging year**

**For immediate release** Tuesday 23 August 2011

Meridian Energy today reported earnings before interest, taxation, depreciation, amortisation and financial instruments (EBITDAF) of \$659.9 million for the year ended 30 June 2011. This represents an increase of \$18.2 million (3%) compared with the same period last year.

The result includes the \$28.1 million (net of legal expenses) received from Meridian's largest customer RTA Power (New Zealand Aluminium Smelter) following the settlement concerning liability for electricity during the 2008 potline outage at the Tiwai smelter. Other factors contributing to this result were the relatively flat electricity demand compounded by the Christchurch earthquakes and the warm autumn/early winter, high hydro storage levels and the loss of generation following the sale of the Tekapo A and B hydro stations to Genesis Energy on 1 June 2011.

Group net profit after tax was \$303.1 million, an increase of \$119.1 million on last year, which included the one-off net gain of \$157.4 million from the sale of the Tekapo A and B hydro stations. The underlying profit after tax was \$219.0 million – a reduction of \$32.9 million (13%) on last year.

This reduction was largely driven by the increase in depreciation charges (\$35.0 million) following the revaluation of Meridian's New Zealand generation assets at 30 June 2010 and the increase in net finance costs (\$22.6 million) due to additional funding requirements to advance generation developments.

“In the context of a challenging environment over the past year, this robust performance is due to our increased resilience, and has laid the foundations for a solid year ahead. We continued to focus on operating a strong, integrated business, optimising our portfolio of assets, paying close attention to cost, and improving returns from our international operations,” says Meridian Chief Executive, Tim Lusk.

Over the year, Meridian grew its customer base (a 7% increase in customer installation points), including a very strong performance by our online retail subsidiary business Powershop. Customer satisfaction ratings also improved overall.

“We welcome the more competitive environment and we've made some good customer gains, but we will be continuing to sharpen our focus on improving customer satisfaction and offering innovative and attractive packages to customers,” says Mr Lusk.

The full commissioning of the Te Uku wind farm in March 2011 was a significant highlight of the year, adding 64.4MW of renewable energy capacity. Internationally, Meridian made progress with its Australian operations by starting construction of the 420MW Macarthur wind farm in Victoria, in a joint venture between Meridian and Australia's largest renewable generator, AGL Energy.

Meridian is well positioned for the future with a strong generation development pipeline to meet forecast future demand over the medium to long term. Consents are held for a number of generation projects with others well advanced in the consenting process.

Meridian maintains a strong financial position with a Standard and Poor credit rating of BBB+ (stable).

During the financial year, Meridian returned a dividend of \$684.6 million to the shareholder and has declared a final dividend of \$69.4 million, which will be paid by 31 October 2011.

## **ENDS**

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## **About Meridian Energy**

Meridian is New Zealand's largest electricity generator and currently owns and operates seven hydro stations, four wind farms within New Zealand, and one wind farm in Australia:

- Manapouri power station and six hydro stations on the Waitaki River in the South Island
- Te Apiti wind farm near Palmerston North
- White Hill wind farm in Southland
- West Wind farm in Wellington
- Te Uku wind farm in Raglan
- Mt Millar wind farm, Eyre Peninsula, South Australia
- CalRENEW-1 solar farm in Mendota, California

Internationally, Meridian has operations in Sydney Australia and San Francisco, California.

Meridian also retails electricity to approximately 270,000 individual customer connections throughout New Zealand, which includes households, farms and businesses. It also provides electricity to New Zealand's single largest electricity user, the Rio Tinto Alcan New Zealand Limited aluminium smelter in Bluff.

Meridian invests strongly in renewable energy development and has over 1,500 megawatts of Australasian development opportunities in the development pipeline.