



Meridian Energy reports a stable interim result despite difficult trading conditions

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Today, Meridian Energy reported an underlying net profit after tax (NPAT) of \$98.9 million for the interim period, which represents a \$24.5 million (20%) reduction on the same period last year.

The bulk of this reduction in underlying NPAT relates to lost generation revenue following the sale of the Tekapo hydro stations (\$23.4 million net of operating costs before tax) and proceeds from the New Zealand Aluminium Smelter settlement that improved last year's result (\$28.1 million net of legal costs before tax). Excluding these impacts underlying NPAT increased by 13% on the prior year. Given the challenging trading conditions, this represents a stable financial result.

These impacts, along with non-cash fair value accounting movements on financial instruments (\$59.3 million increase on last year), have contributed to an NPAT result of \$9.2 million – a reduction of \$75.5 million (89%) from the same period last year.

The six-month period was characterised by below average inflows into Meridian's South Island catchments and conservative use of water, resulting in rising average wholesale prices.

Wholesale conditions were also influenced by a number of transmission outages supporting Transpower's upgrade of the high-voltage direct-current (HVDC) link between the North and South Islands. Meridian's integrated business model and robust risk management practices have helped Meridian meet these challenges.

Mark Binns Meridian Energy's Chief Executive says, "Meridian has achieved a sound financial performance during a challenging period".

Meridian and Powershop retail brands increased their customer base by 10,381 installation control points (ICPs), equating to a 4% increase in total since 30 June 2011. Powershop, in particular, showed strong growth, increasing its customer base by 25% and being ranked first in Deloitte's Fast 50 index for New Zealand. Both retail brands performed well in customer satisfaction surveys carried out by Consumer NZ and Fair Go.

Meridian has a strong pipeline of renewable generation options at various stages of development, in New Zealand and internationally. Construction of the 420 megawatt Macarthur wind farm, a joint venture with AGL in Australia, is progressing well and is on-track to be generating first power by the end of the financial year.

"Meridian offers multiple future growth opportunities and, with the prospect of mixed ownership, will bring a unique and sizable renewable proposition to potential investors," says Mr Binns.

A decision by the Board on the level of interim dividend for the six-months ended 31 December 2011 will be announced before the end of April.

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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 Melbourne, Australia, and San Francisco, California.

Meridian also retails electricity to around 280,000 individual customer connections (including Powershop) throughout New Zealand, which includes households, farms and businesses. It also provides electricity to New Zealand's single largest electricity user, the New Zealand 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.