



meridian

## News Release

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Stock exchange listings: NZX (MELCA) ASX (MEZCA)

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# Meridian tracking ahead of Prospectus forecasts

19 February, 2014

Meridian Energy today announced its interim results for the six months to 31 December 2013 – the first financial results announcement since the company's listing in October 2013.

Meridian's Net Profit after Tax (NPAT) was \$116.9 million, while Underlying NPAT (which excludes the effects of non-cash fair value movements, gains on sale of assets, impairments and other one-off items) was \$83.0 million and earnings before interest and taxation, depreciation and amortisation and fair value adjustments (EBITDAF) was \$268.2 million.

### *Performance against Prospectus forecast*

Meridian's Chief Executive Mark Binns said the earnings figures were very pleasing as Underlying NPAT was 27.7% above the company's internal half year split of the Prospectus forecast, while EBITDAF was up 6.9% on the same basis.

"The above average hydrology conditions in Meridian's catchments contributed to consistently high generation market share in the last six months, with generation volume being the highest in the Company's history."

NPAT was 49.3% above Prospectus forecast assumptions, including \$41.2 million of non-cash fair value gains.

### *Performance against the same period last year*

Compared with the same period last year, EBITDAF was down 3.2% and Underlying NPAT was down 6.0%. This was mainly due to increased New Zealand Transmission costs (\$11 million) and one off costs from the Initial Public Offering (\$8 million). With these excluded, Underlying NPAT would have been 9.6% higher than the same period last year.

NPAT was down 32.5% compared to the same period last year, which included \$102.1m of non-cash fair value gains in the six months to 31 December 2012.

### *Operating environment*

With hydrology inflows 122% of average in Meridian's catchments, the company was able to maintain a high

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**Important Notice for Investors:** The securities of Meridian Energy Limited are represented by Instalment Receipts. Each Instalment Receipt carries a liability to pay a further instalment of NZ\$0.50 on 15 May 2015. When investors acquire the Instalment Receipts they assume the liability to pay the Final Instalment. It is the investor's responsibility to ensure that if they are on the register when the liability for the instalment arises, they can afford to pay the instalment. If an investor has a liability and does not pay the instalment, the Trustee can take action to recover the amount owing including costs and expenses.

Meridian Energy Limited (ARBN 151 800 396) A company incorporated in New Zealand 33 Customhouse Quay, PO Box 10840, Wellington 6143

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generation market share (36% on average) during the period.

“Meridian’s position was enhanced with the completion of the Pole 3 upgrade in November. In December the upgrade resulted in the highest weekly northward flows since 2007,” said Mr. Binns.

The retail market remained highly competitive with a decrease in net retail contracted sales to \$296.9 million, down 3% on last year. Despite strong competition, customer numbers across both the Meridian and Powershop brands increased by 2% during the period.

“Meridian’s last increase in energy prices was in December 2012. While we will continue to pass on any increases or decreases in transmission or network costs, we do not foresee energy prices increasing until at least June 2015,” he said.

Meridian launched the Powershop brand in Australia during the period. Approximately 4,000 customers have now signed up to Powershop, which has a unique offering in the Victorian market.

#### *Interim dividend*

In line with the Prospectus, Meridian will pay an interim dividend of 4.19 cents per share on 15 April 2014, which will be imputed to 90% of the corporate tax rate.

#### *Outlook*

Following the positive half year result, Meridian has continued to deliver strong operating performance.

Given performance to date, should inflows from this point match the assumptions in Meridian’s Prospectus, full year EBITDAF would exceed the Prospectus forecast by approximately 7%.

Investors need to remain aware that hydrology and other risks described in the Prospectus can still significantly impact results.

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