



meridian

News Release

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

Meridian delivers higher earnings

18 February, 2015

Meridian Energy delivered a solid interim result for the six months to 31 December 2014, with higher earnings compared to the same period last year.

Meridian was ahead of the same period last year on all financial measures with Net Profit After Tax (NPAT) of \$117.1m, 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 \$114.8m.

Performance against last year

Meridian Chief Executive Mark Binns said that it was gratifying that earnings were up against the previous period on all measures.

Compared with the same period last year, earnings before interest and taxation, depreciation and amortisation and fair value adjustments (EBITDAF) was up 20.9% and underlying NPAT was up 38.3%. The result was due to an increase in generation volumes and wholesale prices, improved retail sales volume in irrigation and business sales and a decrease in operating costs.

“It was especially pleasing to note that total electricity demand in the period had shown a 1.3% lift on the previous corresponding period following a period of flat or declining demand,” said Mr Binns.

Dividends and Capital Management

Meridian will pay an interim dividend of 4.8 cents per share which is 4% higher than the dividend forecast in the Prospectus.

In addition, Meridian will pay a special dividend of 1.4 cents per share. This will utilise imputation credits that would otherwise be lost upon the final payment on the instalment receipts and the subsequent transfer of shares from the Crown to shareholders, in May this year.

Both dividends will be imputed to 100% and paid on 15 April 2015.

As indicated in August last year, the Board has reviewed the company's capital structure given its conservative gearing ratios and the limited likely requirement for capital to fund substantial growth in the foreseeable future.

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

www.meridian.co.nz

The initial step is an immediate amendment to the dividend policy to increase the percentage of free cash flow paid out on average from 70%-80% to 75%-90%. All other elements of the dividend policy remain unchanged.

In addition, Meridian intends to return \$625m to shareholders over the next five years. The Board will remain flexible as to how this is achieved but the anticipated form of return will be either an annual on-market share buyback programme, special dividends, or a combination of both.

The capital return will follow the final instalment receipt process and will be subject to the owners of the Tiwai Point smelter not terminating the electricity agreement, or there not being any adverse event in the interim.

Details of the initial capital return programme for FY16 will be announced in August at the FY15 results announcement.

Outlook

While significant parts of the country are experiencing drought conditions, the southern lakes which feed Meridian's power stations are receiving regular inflows from small weather systems. As at yesterday, storage in Lake Pukaki, the principle storage lake for Meridian, is 93% of average. It is not anticipated that continuing dry conditions will affect the year end result. However, the outlook could change depending on how long the current situation continues.

In Australia, Meridian's Powershop retail brand, which now has over 30,000 customers in Victoria, will enter the NSW market in the first quarter this year.

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