



meridian

Quarterly operating result announcement Meridian Energy Limited

Reporting Period

Three month period ending 31 March 2012

FINANCIAL STATISTICS	3 months to 31 Mar 2012 current quarter	3 months to 31 Dec 2011 previous quarter	3 months to 31 Mar 2011 prior quarter comparative	12 months to 30 Jun 2011 prior year comparative
Underlying Return on Equity ¹	14.6%	16.6%	18.7%	18.5%
EBITDAF per MWh ²	\$23.8/MWh	\$40.3/MWh	\$33.2/MWh	\$47.7/MWh
Gearing ³	22.4%	21.5%	22.9%	19.3%
EBITDAF Interest Cover (# of times) ⁴	5.5	5.8	5.7	5.9
OPERATING STATISTICS	3 months to 31 Mar 2012 current quarter	3 months to 31 Dec 2011 previous quarter	3 months to 31 Mar 2011 prior quarter comparative	12 months to 30 June 2011 prior year comparative
Generation (GWh)				
- Hydro generation	2,228	2,719	3,180	12,629
- Wind generation	285	293	256	1,023
Total NZ generation	2,513	3,012	3,436	13,652
Avg Price per MWh Generated	\$109.06/MWh	\$69.03/MWh	\$26.22/MWh	\$41.57/MWh
Retail				
- Meridian Retail ICPs	241,741	241,158	238,671	239,216
- Powershop ICPs	46,394	41,999	28,414	33,560
Total Retail ICPs⁵	288,135	283,157	267,085	272,776
Powershop Contract Sales (GWh)	90	101	56	267
Meridian Contract Electricity Sales ⁶ (GWh)	1,359	1,434	1,491	5,807
Meridian Spot Electricity Sales (GWh)	427	434	411	1,796
Avg Electricity Purchase Price	\$104.69/MWh	\$74.72/MWh	\$50.47/MWh	\$51.65/MWh

¹ Using Underlying Profit/(Loss) after Tax – calculated as profit after tax excluding earnings from unrealised fair value movements on financial instruments and other one-off items net of tax. This return is calculated on a rolling 12 month basis.

² EBITDAF (earnings before interest, taxation, depreciation, amortisation and financial instruments) divided by generation volumes.

³ Gearing calculated as Net Debt / (Net Debt+Equity).

⁴ Calculated on a rolling 12 month basis.

⁵ Excluding vacant ICPs.

⁶ Retail sales exclude volumes sold to RTA Power (NZ) Ltd.

Operating Commentary

Dry conditions and below average inflows continue to affect Meridian's catchments. The Waitaki and Waiau catchments have together received the second lowest December to March inflow totals in 79 years of historical records. Meridian responded to these challenging conditions by generating more conservatively to manage storage, actively acquiring hedge cover to meet contract load and undertaking more measured retail activity.

Hydro generation volumes for the quarter were down 30% on the same quarter last year, reflecting the ongoing prudent management of storage and the 1 June 2011 sale of the Tekapo power stations to Genesis Energy. Wind generation increased 11% on the same quarter last year.

Waitaki catchments inflows (including Lake Tekapo) were 62% of mean during the quarter compared with 120% in the same quarter last year. Waitaki storage fell 86GWh over the quarter to 1,594GWh which is 73% of the historic mean and 894GWh lower than the same quarter last year.

Despite lower national demand and increased North Island generation, continued low South Island inflows during the quarter put upward pressure on spot prices. Average wholesale prices rose during the quarter to be significantly higher than previous quarters and the same period last year. Meridian's net contract position, inclusive of hedges, has increased to 92% by the end of the quarter, largely reflecting the prevailing dry conditions.

Meridian's total active ICP numbers increased by 4,978 (or 1.8%) during the quarter, with continued growth in Powershop and Meridian Retail North Island connections and further declines in South Island ICPs.

During the quarter Meridian announced that its customers will receive price increases from 1 April 2012 to reflect an increase in costs from lines network companies and national electricity transmission operator Transpower. No increases in Meridian's energy charge were announced.

During the quarter, Meridian announced the withdrawal of applications that were before the Environment Court for resource consents for Project Hayes, a wind farm proposed in Central Otago, following a review of the project.

Meridian also lodged applications for resource consents for Project Mt Munro, a proposed 20 turbine wind farm located south of Eketahuna.

The Board of Meridian has declared an interim dividend of \$71.3m to be paid on 30 April 2012.

Outlook

Meridian expects challenging wholesale conditions to continue with the ongoing programme of transmission outages and the continuation of lower than average inflows into our catchments since the end of the quarter.

The sustained period of low inflows experienced since December 2011 means it is now very unlikely Meridian will achieve full year profitability and Return on Equity targets contained in the Statement of Corporate Intent.