



meridian

News Release

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

Meridian Energy well ahead of Prospectus forecasts

18 August, 2014

Meridian Energy today announced a solid result for the year ended 30 June 2014, with results well ahead of Prospectus forecasts on all major financial metrics.

Meridian's Net Profit after Tax (NPAT) was \$229.8 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 \$194.6 million.

Performance against Prospectus forecast

Meridian's Chief Executive Mark Binns said it was gratifying to exceed the Prospectus forecast on all major metrics. The company's operating earnings as measured by EBITDAF (earnings before interest and taxation, depreciation and amortisation and fair value adjustments) was \$585.3 million; 6.7% ahead of financial forecasts in the Prospectus and in line with the market update provided in February.

"The solid operating results reflected better than anticipated generation volumes and pricing in the corporate and industrial market in New Zealand coupled with good control on costs," said Mr Binns.

At the NPAT level, earnings were 22.3% above Prospectus forecasts. This reflected higher operating earnings, a positive change in the fair value of financial instruments and a gain on sale of fixed assets (largely land) of \$6.6 million, offset to some extent by a higher tax expense.

Performance against last year

Compared to last year, EBITDAF was flat but last year's result included earnings for six months under the then unvaried and higher priced Tiwai Point contract and five months operating earnings from the company's interest in the Macarthur wind farm in Australia, which has since been sold.

At the NPAT level, profit was down 22.1% as a result of higher non cash fair value gains last year and profit on the sale of the Macarthur wind farm. Underlying NPAT was up 19.6% on last year due mostly to lower financing costs.

Operating environment

"While inflows into our southern catchments were 111% of average, we experienced difficult wholesale trading conditions from February to April when inflows were around 62% of average. Despite this, electricity generation was up by 8.9% over the previous year," Mr Binns said.

The residential segment of the retail market remained very competitive. Recent analysis¹ shows the competitive part of the electricity market (energy retailers) has capped energy price rises well below the rate of inflation over the last three years and

¹ Ministry of Business, Innovation and Employment Quarterly Retail Sales Survey for the year to March 2014.

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

that Meridian's survey data shows a 0.3% annual decrease in residential sales-based electricity charges.

"It was pleasing to get some growth in customer numbers in New Zealand of 1.7%, which is a testament to competitive pricing and strength of our brands. Powershop Australia also grew faster than expected, with 13,400 customers." said Mr Binns.

Dividend

The company generated strong cash flows during the year which has enabled Meridian to make distributions ahead of Prospectus forecasts.

A final ordinary dividend of 6.82 cents per share (cps) was announced, which together with the interim dividend, brought the total ordinary dividend for the year to 11.01 cps.

In addition, the company will pay a special dividend of 2.00 cps funded from the sale of excess land and other assets.

Both dividends will be imputed to 90% of the corporate tax rate and will have a record date of 30 September 2014 and will be payable on 15 October 2014.

For media queries, please contact:

Paul Clearwater
External Communications
027 282 0016

For Investor Relations queries, please contact:

Owen Hackston
Investor Relations Manager
021 246 4772

***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