



meridian

Meridian reports a solid financial performance in a challenging year

For immediate release Tuesday 23 August 2011

Meridian Energy today reported earnings before interest, taxation, depreciation, amortisation and financial instruments (EBITDAF) of \$659.9 million for the year ended 30 June 2011. This represents an increase of \$18.2 million (3%) compared with the same period last year.

The result includes the \$28.1 million (net of legal expenses) received from Meridian's largest customer RTA Power (New Zealand Aluminium Smelter) following the settlement concerning liability for electricity during the 2008 potline outage at the Tiwai smelter. Other factors contributing to this result were the relatively flat electricity demand compounded by the Christchurch earthquakes and the warm autumn/early winter, high hydro storage levels and the loss of generation following the sale of the Tekapo A and B hydro stations to Genesis Energy on 1 June 2011.

Group net profit after tax was \$303.1 million, an increase of \$119.1 million on last year, which included the one-off net gain of \$157.4 million from the sale of the Tekapo A and B hydro stations. The underlying profit after tax was \$219.0 million – a reduction of \$32.9 million (13%) on last year.

This reduction was largely driven by the increase in depreciation charges (\$35.0 million) following the revaluation of Meridian's New Zealand generation assets at 30 June 2010 and the increase in net finance costs (\$22.6 million) due to additional funding requirements to advance generation developments.

“In the context of a challenging environment over the past year, this robust performance is due to our increased resilience, and has laid the foundations for a solid year ahead. We continued to focus on operating a strong, integrated business, optimising our portfolio of assets, paying close attention to cost, and improving returns from our international operations,” says Meridian Chief Executive, Tim Lusk.

Over the year, Meridian grew its customer base (a 7% increase in customer installation points), including a very strong performance by our online retail subsidiary business Powershop. Customer satisfaction ratings also improved overall.

“We welcome the more competitive environment and we've made some good customer gains, but we will be continuing to sharpen our focus on improving customer satisfaction and offering innovative and attractive packages to customers,” says Mr Lusk.

The full commissioning of the Te Uku wind farm in March 2011 was a significant highlight of the year, adding 64.4MW of renewable energy capacity. Internationally, Meridian made progress with its Australian operations by starting construction of the 420MW Macarthur wind farm in Victoria, in a joint venture between Meridian and Australia's largest renewable generator, AGL Energy.

Meridian is well positioned for the future with a strong generation development pipeline to meet forecast future demand over the medium to long term. Consents are held for a number of generation projects with others well advanced in the consenting process.

Meridian maintains a strong financial position with a Standard and Poor credit rating of BBB+ (stable).

During the financial year, Meridian returned a dividend of \$684.6 million to the shareholder and has declared a final dividend of \$69.4 million, which will be paid by 31 October 2011.

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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 Sydney Australia and San Francisco, California.

Meridian also retails electricity to approximately 270,000 individual customer connections throughout New Zealand, which includes households, farms and businesses. It also provides electricity to New Zealand's single largest electricity user, the Rio Tinto Alcan New Zealand Limited 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.



Annual result announcement Meridian Energy Limited

Reporting Period Year ended 30 June 2011
Previous reporting period Year ended 30 June 2010

	AUDITED YEAR ENDED 30 JUNE 2011	AUDITED YEAR ENDED 30 JUNE 2010	PERCENTAGE CHANGE (%)
Total Operating Revenue	2,053.0	2,061.9	
EBITDAF ¹	659.9	641.7	3% increase
Underlying Profit/(Loss) after Tax ²	219.0	251.9	13% decrease
Net Profit/(Loss) after Tax ³	303.1	184.0	65% increase
Underlying Return on Equity excl Reval (%) ⁴	18.5%	19.8%	7% decrease
EBITDAF per MWh ⁵	\$47.74 per MWh	\$46.25 per MWh	3% increase
Gearing (%) ⁶	19.3%	22.4%	14% increase
EBITDAF Interest Cover (times) ⁷	5.9	6.7	12% decrease
OPERATING STATISTICS	ACTUAL YEAR ENDED 30 JUNE 2011	ACTUAL YEAR ENDED 30 JUNE 2010	PERCENTAGE CHANGE (%)
Wholesale and International Generation			
Generation (GWh)			
- Hydro generation	12,629	12,857	2% decrease
- Wind generation	1,185	1,015	17% increase
- Solar generation	10	2	400% increase
Total generation	13,824	13,874	
Wholesale Contracted Sales (GWh)	5,529	4,832	14% increase
Average price per MWh Generated (NZ)	\$41.57 per MWh	\$48.33 per MWh	14% decrease
Retail			
- Meridian Retail	239,216	238,822	
- Powershop	33,560	16,420	104% increase
Total Retail ICP Numbers	272,776	255,242	7% increase
Fixed Price Retail Electricity Sales (GWh) ⁸	6,074	5,906	3% increase
Spot Retail Electricity Sales (GWh)	1,796	1,835	2% decrease
Average Electricity Purchase Price	\$51.65 per MWh	\$58.05 per MWh	11% decrease

¹ EBITDAF – earnings before interest, taxation, depreciation, amortisation and financial instruments.

- 2 Underlying Profit/(Loss) after Tax – represents profit after tax and excludes earnings from unrealised fair value movements on financial instruments and other one-off items net of tax.
- 3 Net Profit/ (Loss) after Tax – includes unrealised gains/(losses) on financial instruments.
- 4 Calculated on an annual average basis as Underlying Profit divided by Average Equity excluding Revaluations.
- 5 Group EBITDAF divided by NZ generation volumes.
- 6 Gearing calculated as Net Debt / (Net Debt+Equity).
- 7 Calculated on an annual average basis.
- 8 Retail sales include Powershop volumes and exclude volumes sold to Wholesale customers.

The financial statements will be available on Meridian's website www.meridianenergy.co.nz from 23 August 2011. The full version of the annual report will also be available on our website immediately after it has been tabled in Parliament, –which is expected early October 2011.