



Mighty River Power  
**Annual Public Meeting 2011**



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Joan Withers, Chair

# Welcome

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- **Chair, Joan Withers**

2011 – a year of quality and focus

Strength and growth



- **Chief Executive, Doug Heffernan**

Performance and financial highlights

Business overview



- **Earnings guidance & Outlook**

- **Questions**



# A year of quality and focus

- Track record of domestic growth and performance
- Clear strategy , efficient use of capital, focus on competitive strengths and sustained growth
- Total shareholder return of 15% per annum compound since 2007
- Continued evolution of the Company
- Geothermal: a strength for Mighty River Power, a strength for New Zealand
- Creating positive change in NZ's energy mix
- Harnessing global opportunities for growth



# Financial highlights

	2011 (\$m)	2010 (\$m)	% Change
Revenue	1,163.9	1,104.6	+5
Energy Margin	654.7	534.7	+22
EBITDAF	443.1	327.8	+35
Underlying Earnings	162.2	139.6	+16
NPAT	127.1	84.6	+50
TSR	11.4%	7.5%	
Dividend – Interim	64.7	56.2	+15
– Final	45.7	30.3	+51

- Total Shareholder Returns averaging more than 15% compound growth between 2007 – 2011
- Total dividends up 28% on 2010



# Strong performance

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EBITDAF (\$m)



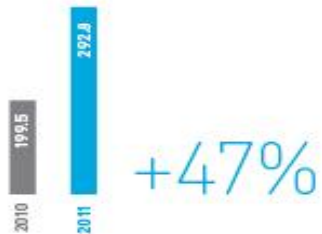
NPAT (\$m)



Underlying Earnings (\$m)



Operating Cash Flow (\$m)



Return on Average  
Equity Employed (%)\*



Return on Average  
Capital Employed (%)\*



STRONG,  
HEALTHY  
RETAIL BASE



LARGE AND  
FLEXIBLE  
GENERATION  
PORTFOLIO



RARE  
COMPETENCIES  
IN GLOBAL  
NICHE



ENDURING  
COMMERCIAL  
PARTNERSHIPS

MIGHTY RIVER POWER

MIGHTY RIVER POWER



# Strength and growth

- Strong operational performance in FY2011  
... plus \$412 million value uplift from strategic focus on strengthening and growing the Company's earnings base
- Geothermal a 'game-changer' – decade-long commitment to investment in new base-load generation (2,200GWh)
- Expansion in scale and quality of retail sales base ahead of geothermal generation coming on line
- \$466 million Ngatamariki project another step in domestic growth and evolution of Company
- International geothermal growth through investments in US, Chile, Germany





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Doug Heffernan, Chief Executive

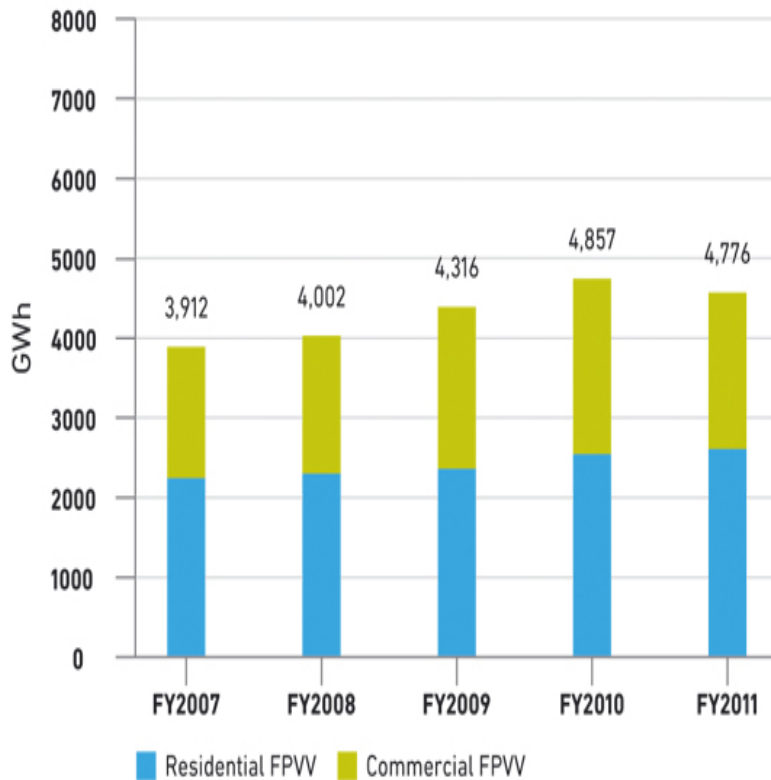
# 2011 Performance highlights

- 2011 Energy Retailer of the Year (Mercury Energy); 2010 Energy Company of the Year, Project of the Year
- Record electricity generation, up 17% to 6,833GWh from new geothermal and above-average hydro conditions
- 96% generation from renewable resources
- World-leading availability of Nga Awa Purua plant in its first full year
- Retail market share held-up in highly competitive market, with 1.5% lift in residential sales volumes
- \$466 million committed to new Ngatamariki development
- Top 10 global geothermal business – leveraging expertise in US, Chile and Germany across eight reservoirs



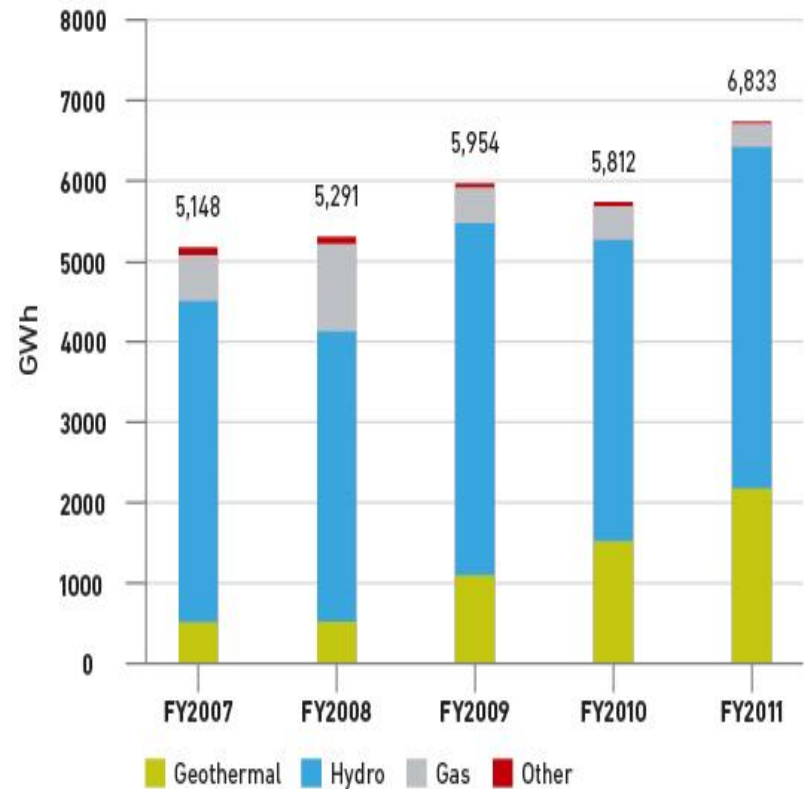
# Value from integrated portfolio

### Electricity sales\*



\*(excluding Spot and Contracts for Difference)

### Total generation



# Retail Performance

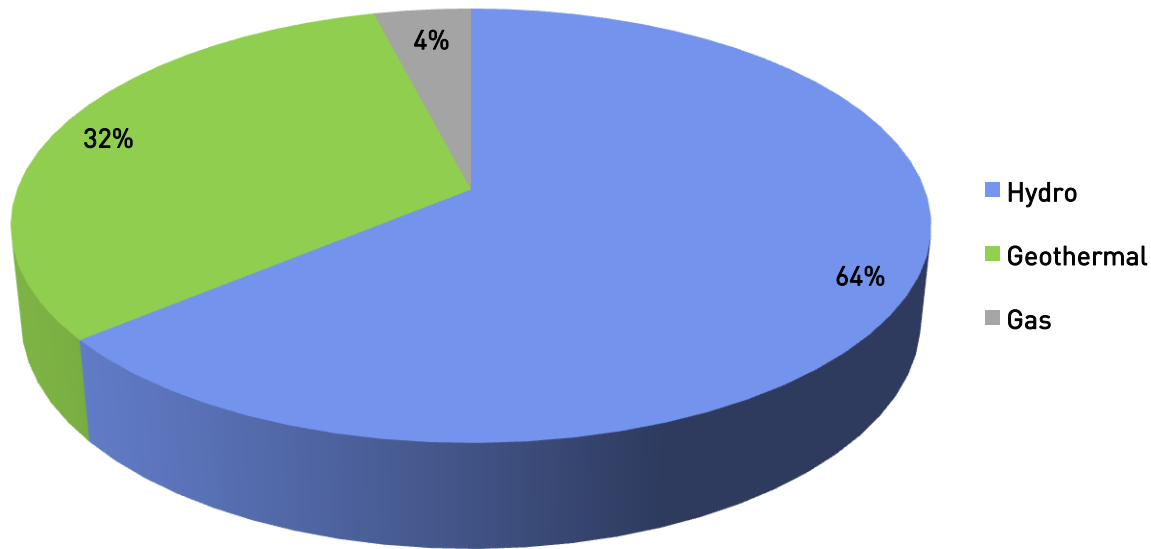
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- Intense retail market competition – switching above historical levels
- Strong retail brands, focus on customer quality, customer mix – Residential customer numbers down but volumes up
- Product innovation – ground-breaking 3-year fixed-price product
- Expansion into new geographies
- Improved debt management
- Deployment of more than 260,000 smart meters

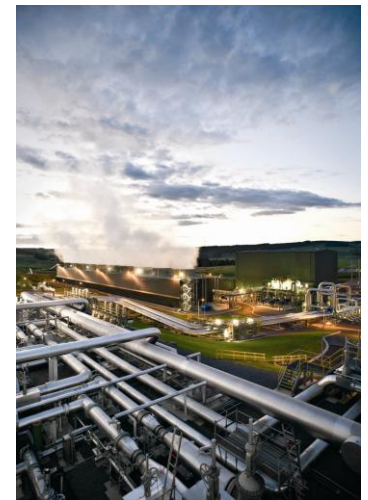
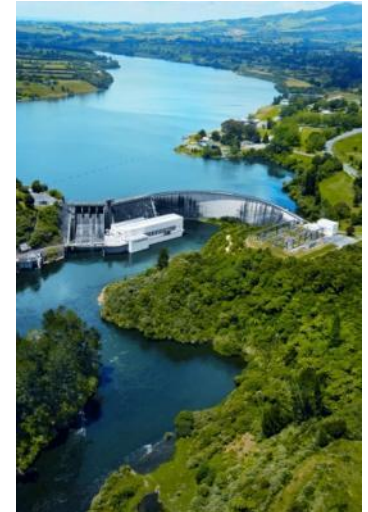


# Diverse Generation Portfolio

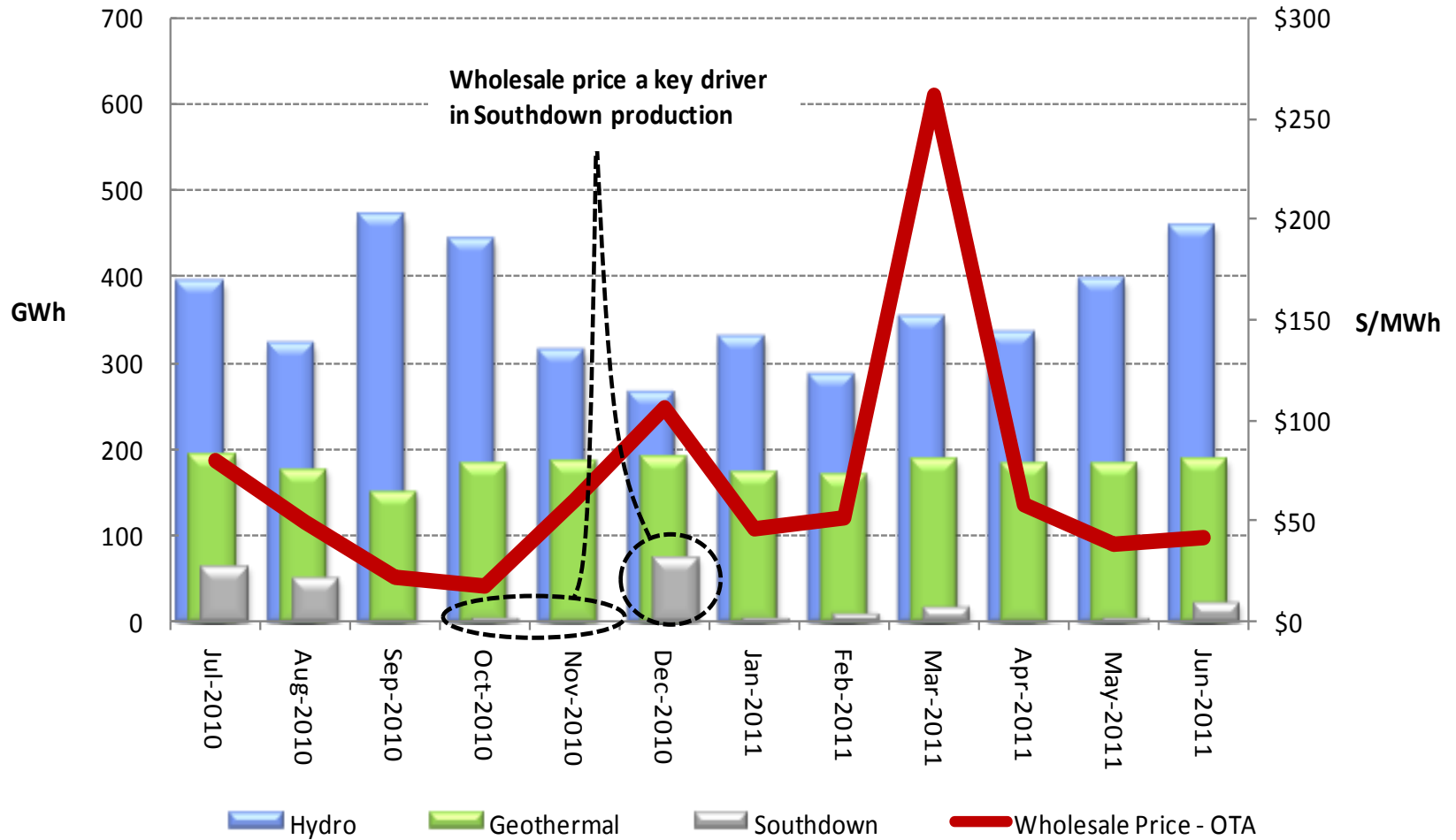
- Record electricity generation – up 17% to 6,833GWh from larger, flexible portfolio



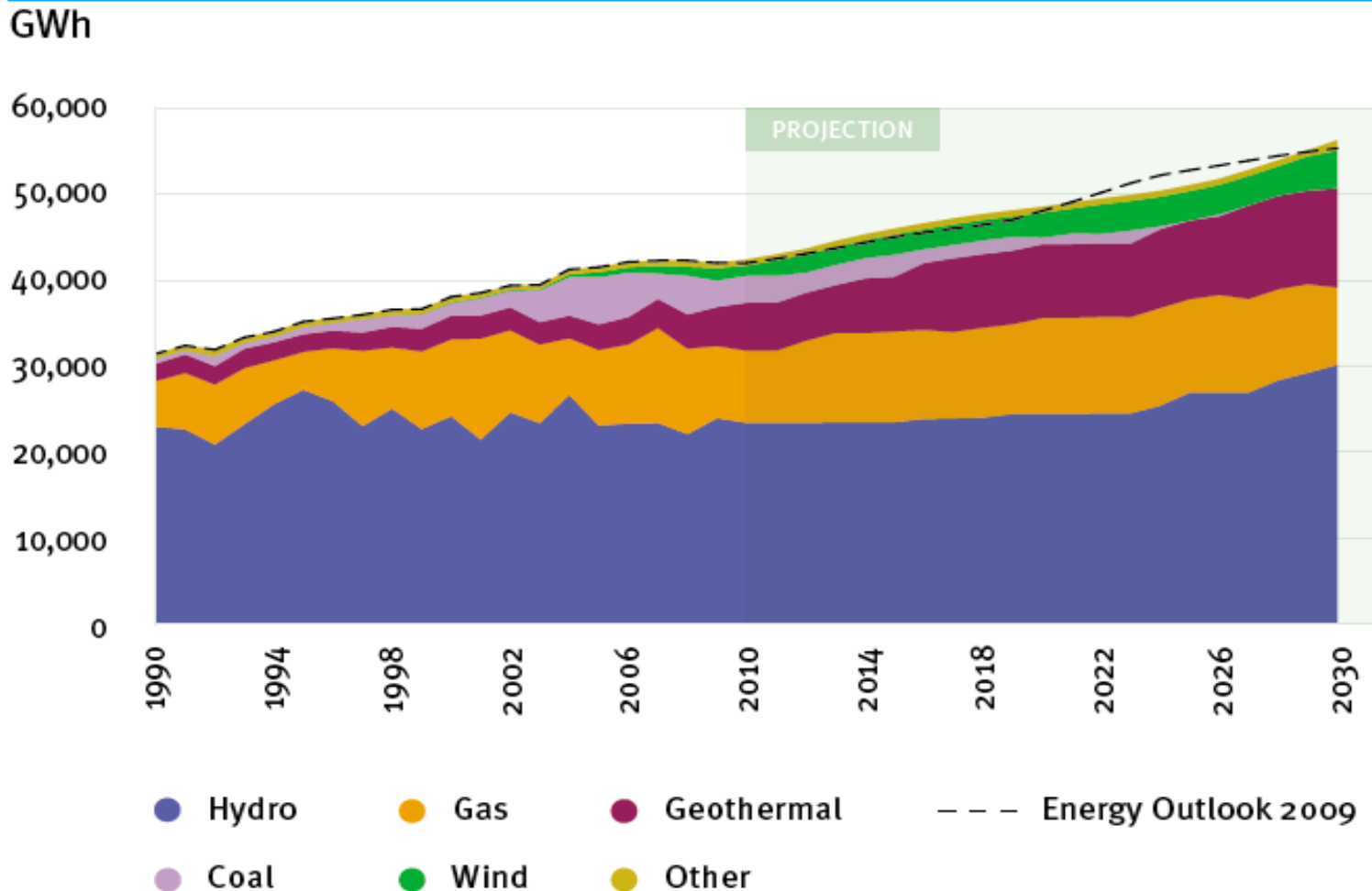
- Hydro production up 17% due to above average rainfall conditions
- Total geothermal output up 40% from additional base-load capacity
- Gas generation down 45% due to reduced need to cover portfolio risk and low wholesale pricing ... lowest ever production



# Flexible generation portfolio



# Geothermal – a strength for New Zealand

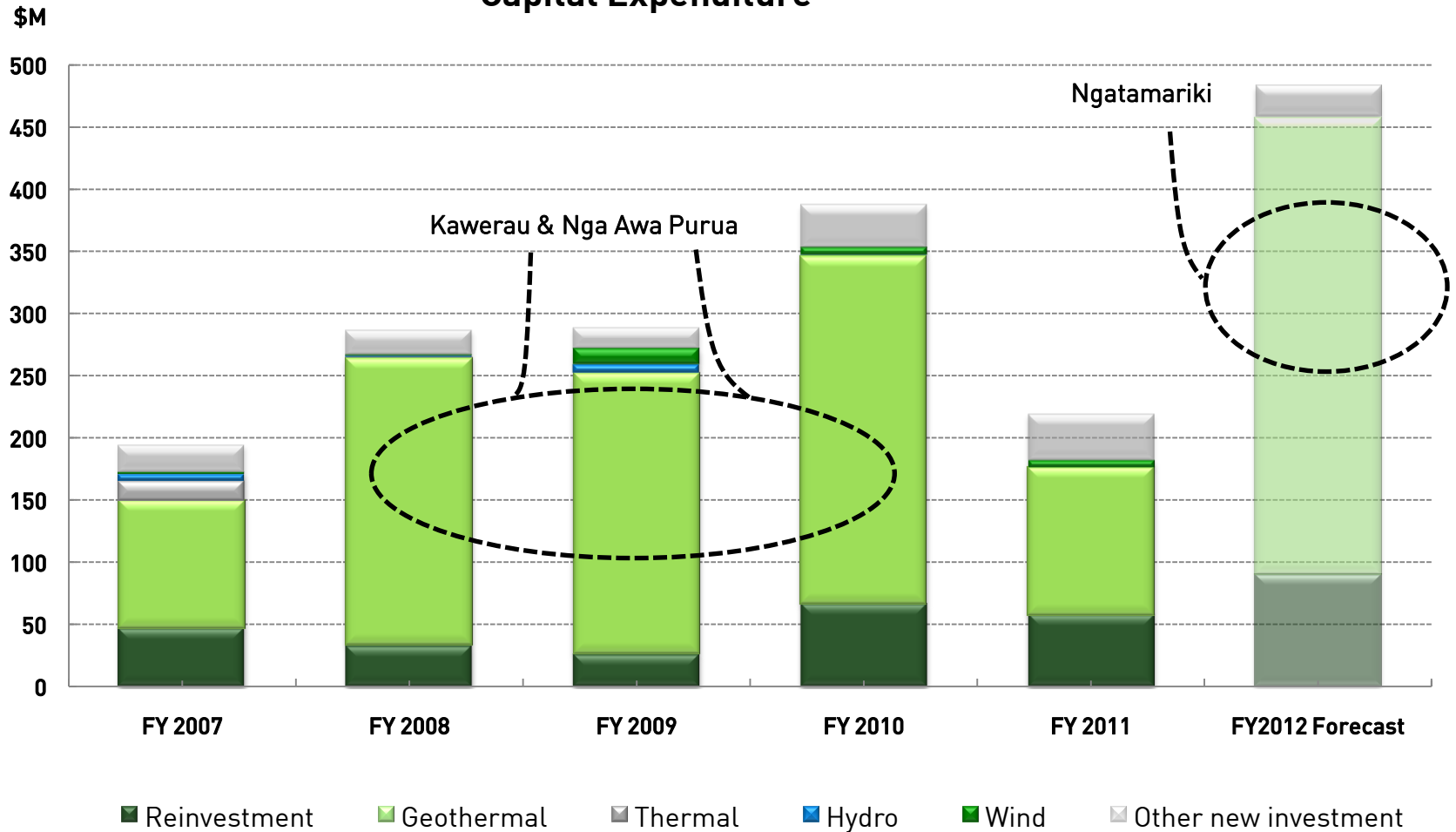


- Geothermal has overtaken coal as #3 fuel source for electricity generation
- Geothermal providing 3x generation production of wind

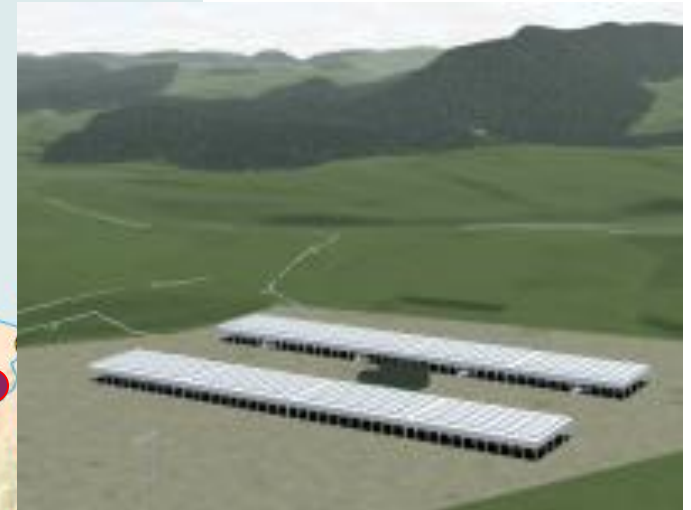
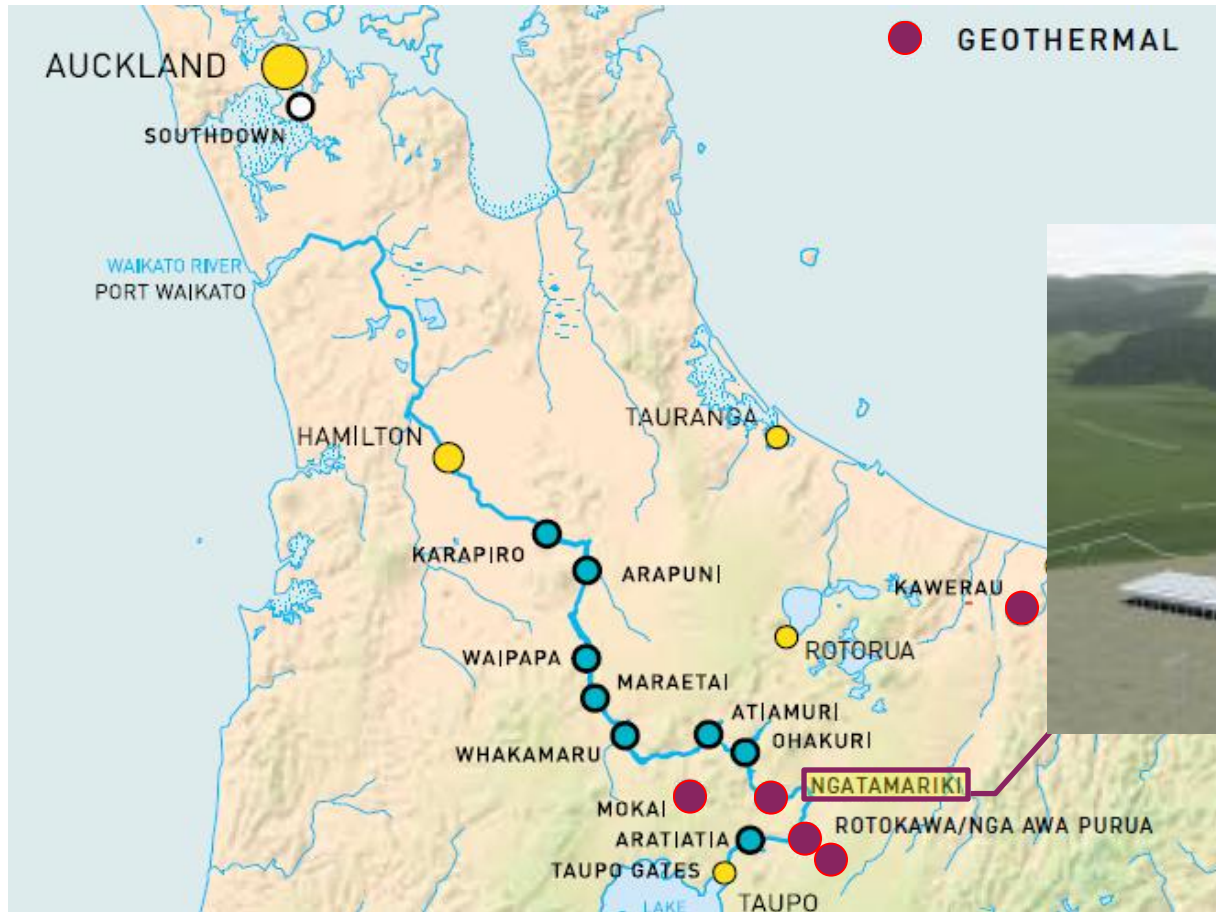


# Development

## Capital Expenditure



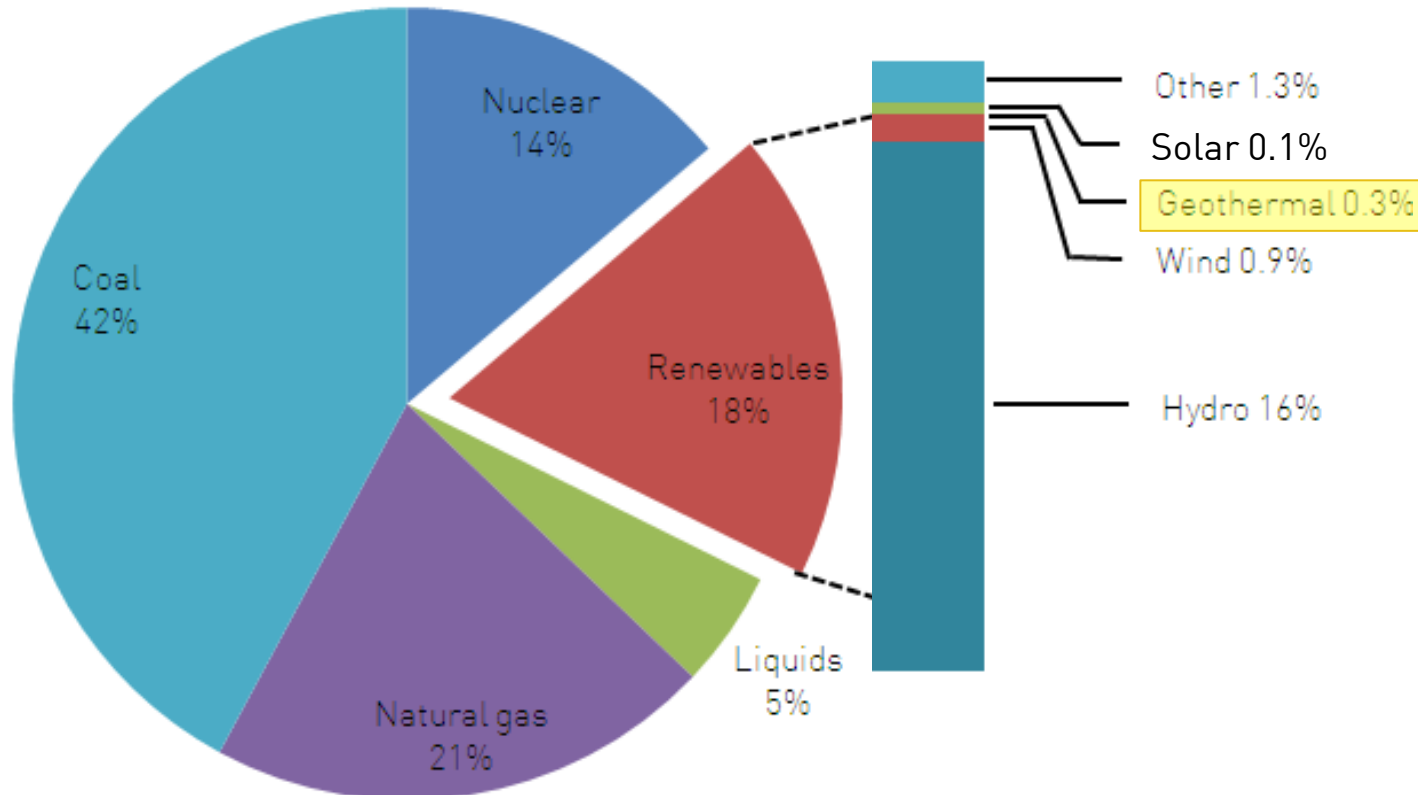
# Domestic growth – Ngatamariki



- Site works underway, Commissioning planned for mid 2013
- Positive earnings contribution from FY2014

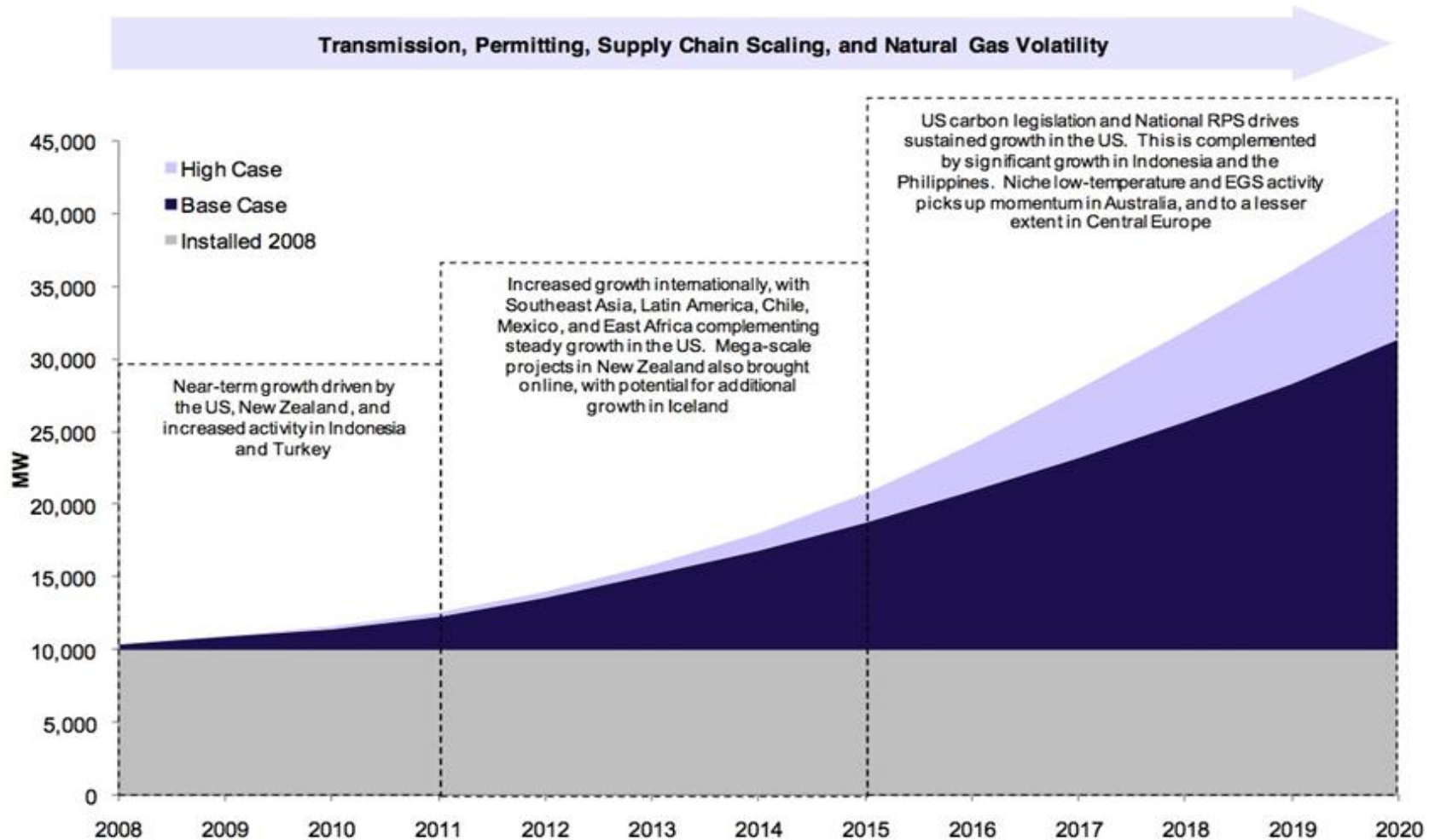
# International growth – geothermal niche

Global net electricity generation by source



Source: US Energy Information Administration – International Energy Outlook 2010; REN21 Renewables 2010 Global Status Report

# Global geothermal growth opportunity



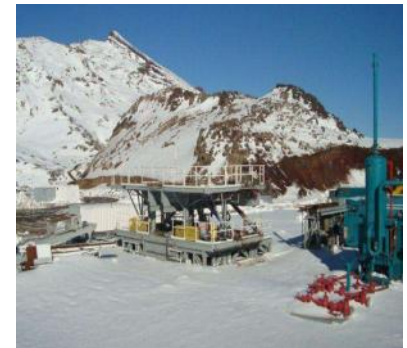
Source: Global Geothermal Markets and Strategies: 2009 - 2020



# International geothermal investment



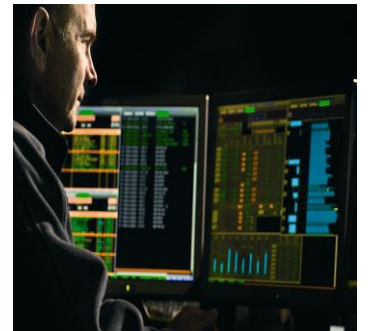
- Offshore geothermal projects in the US, Chile and Germany across eight reservoirs
- First major international project - 49.9MW Hudson Ranch 1: Commissioning early 2012
- Tolhuaca, Chile: Production-scale, multi-well exploration drilling will confirm commerciality of resource early 2012
- Weilheim, Germany – 3D geophysical surveys conducted, drilling to begin later in 2012



# Our people

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- Focus on increasing employee engagement
- Building leadership capabilities, new development framework
- Driving a high-performance culture across the business (Performance Management)
- Improved Health & Safety performance, with drop in lost-time injuries (LTIFR) and frequency (TRIFR)



# Our Communities

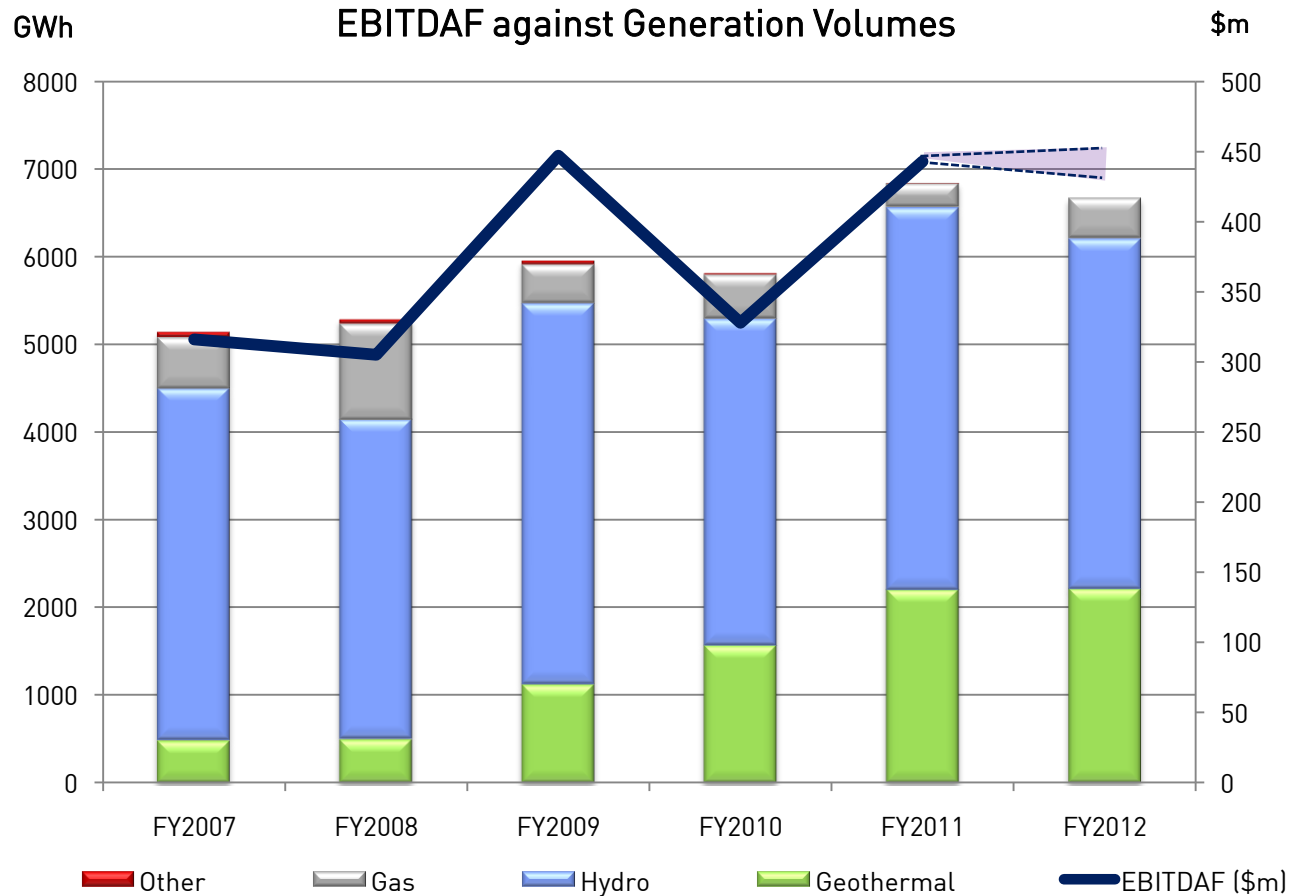
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- Enduring partnerships with Maori land trusts to protect and enhance natural resources
- Rowing New Zealand – 2010 World Rowing Championships an international showcase
- Mercury Energy Star Supporters Club raised over \$550,000 for Starship Foundation
- Direct assistance to our customers and partners in Christchurch
- Engagement with community and social agencies to assist customers who struggle to manage their energy budgets



# FY2012 Earnings Guidance

- Earnings guidance for FY2012 assessed at \$430 million - \$450 million



# Outlook & Forecast

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- Entering 2012 with confidence and opportunities ahead
- Continued focus on core business strengths
- Determination to identify opportunities to deliver shareholder value benefits from rare global position in geothermal





Questions