



Interim results announcement

Meridian Energy Limited

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| Reporting Period | Six month period ending 31 December 2009 |
| Previous reporting period | Six month period ending 31 December 2008 |

| | ACTUAL (NZ\$m) 6 MONTHS TO 31 Dec 09 | ACTUAL (NZ\$m) 6 MONTHS TO 31 Dec 08 | PERCENTAGE CHANGE (%) |
|---|--|--|--------------------------|
| Revenue ¹ from ordinary activities | \$925.5m | \$1,112.6m | 17% decrease |
| EBITDAF ² | \$297.4m | \$240.0m | 24% increase |
| Profit/(Loss) from ordinary activities after Tax ³ | \$118.7m | \$84.6m | 40% increase |
| Net Profit/(Loss) after Tax ⁴ | \$142.5m | (\$20.5m) | \$163m increase |
| EBITDAF per MWh | \$43.40 per MWh | \$42.80 per MWh | 1% increase |

1 Revenue from operating activities.

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

3 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.

4 Net Profit/ (Loss) after Tax – includes unrealised gains/(losses) on financial instruments.

| OPERATING STATISTICS | ACTUAL – GWh 6 MONTHS TO 31 Dec 09 | ACTUAL – GWh 6 MONTHS TO 31 Dec 08 | PERCENTAGE CHANGE (%) |
|--|--|--|--------------------------|
| Generation | | | |
| - Hydro generation | 6,337 | 5,360 | 18% increase |
| - Wind generation | 517 | 252 | 105% increase |
| Total generation | 6,854 | 5,612 | 22% increase |
| Retail sales (excluding volume sold to RTA Power (NZ) Ltd) | 3,872 | 3,965 | 2% decrease |

Dividends

Meridian paid a dividend of \$263.9 million on 30 October 2009 – which included a \$113.9 million final dividend and \$150 million special dividend relating to the financial year ended 30 June 2009.

The interim dividend relating to the six month period to 31 December 2009 is still to be determined by the Board.

Financial commentary

Meridian's consolidated profit after tax was \$142.5¹ million for the six months ended 31 December 2009 – an increase of \$163 million from the same period last year. Underlying profit after tax excluding earnings from fair value movements and other one-off items was \$118.7 million, an increase of 40% compared with the same period last year – a year in which hydrology, transmission constraints, and reduction in demand were not representative of usual operating conditions.

EBITDAF of \$297.4 million was in line with the target for the period – an increase of 24% – and well above interim results for Meridian over the last three years.

The improvement in financial results over the comparative period relates to a better overall hydrology position, increased generation, and the improved earnings of the retail business.

Meridian had total assets of \$7.2 billion and maintained its gearing ratio within the targeted range at 31 December 2009.

Outlook

Financial performance is in line with business plan targets for the first six months and the company is well positioned to deliver a financial result in excess of recent results for the full financial year. The high level of retail competition will continue to challenge us over the rest of the year. However, we anticipate that underlying profit for the full year will exceed last year under most hydrology conditions.

Meridian is faced with a number of uncertainties, but is tracking well and working through the Ministerial Review implications.

The hydrology position is currently favourable, but there has historically been a high degree of variability of hydrology during the second half of the financial year.

The Interim Report will be available on-line immediately following the results being tabled in Parliament – which may be in the first week of March 2010.

¹Profit after tax includes the impact of unrealised fair value movements on financial instruments which has contributed a \$23 million gain during the period – the majority of the gain relating to the fair value impact of the New Zealand Aluminium Smelters Limited pricing agreement. Meridian reported an unrealised \$106 million fair value loss on financial instruments for six months to 31 December 2008.