

STRICTLY EMBARGOED UNTIL 11.00AM, THURSDAY 3 SEPTEMBER

MIGHTY RIVER POWER ANNOUNCES RECORD DIVIDEND

Mighty River Power marked its 10th anniversary by delivering a record annual result, a net profit after tax of \$159.6 million.

The profit for the year ended 30 June 2009 is an increase of \$48.7 million on the previous year. Key drivers for the result were a major boost in renewable generation and nearly 30,000 new customers for Mercury Energy, the Company's retail arm.

Mighty River Power Chair Carole Durbin says the record profit was achieved as the result of a combination of strategic initiatives in geothermal development that began years ago and fortuitous weather in the year under review.

"The key element in the Company's operations contributing to this year's stand-out financial result was a significant increase in renewable generation, which was up by 1,500GWh – a 36 per cent increase on 2008," says Ms Durbin.

She says the commissioning of the 100MW Kawerau Geothermal Power Station which came into production earlier than expected, at a greater capacity and under budget boosted the Company's renewable generation capacity.

"Our hydro generation business also helped deliver this year's outstanding result. The Waikato Hydro System had higher than average generation – 700GWh more than last year, driven by - in the first quarter of the financial year - the highest-ever inflows in a 90-day period.

"These higher volumes also received significantly higher wholesale prices in the first quarter, driven by low South Island storage levels at that time."

Two other factors helped underpin the year's impressive result – Mercury Energy's continued strong growth in market share attracting nearly 33,000 new customers in the year under review – and a 60% reduction in the production at Southdown which significantly reduced fuel costs.

The Company will pay an ordinary dividend of 50 per cent of net profit after tax of \$79.8 million, plus a special dividend of \$150 million. The special dividend reflects the fact that the Company benefited from a number of one-off cash benefits including the completion of Kawerau Geothermal Power Station well under budget, the significant earnings from unprecedented hydro generation in winter 2008, and the sale of Marsden B.

The Company's generation profile has changed in the year under review with geothermal now at 21 per cent (compared to 9 per cent for the prior comparable period); hydro 71 per cent (69 per cent) and thermal 7 per cent (21 per cent). Total renewable generation increased from 79 per cent to 92 per cent.

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Underlying earnings – net profit after tax adjusted for significant one-off financial items and changes in the fair value of financial instruments – were \$209.9 million compared to \$136.2 million for the previous period. Earnings before interest, tax, depreciation and amortisation and financial instruments (EBITDAF) were a record \$445.4 million – a 46 per cent increase on the previous year.

Ms Durbin reflected on the Company's first Annual Report in 1999 which spoke of meeting challenges and taking opportunities to strengthen its position to enter the millennium as a "strong and vital business."

"What better way to celebrate 10 years in an increasingly complex and competitive environment than to post the Company's best ever financial result," says Ms Durbin.

"The Company's performance was achieved through a combination of deliberate strategic planning that began shortly after our inception, nearly a decade ago, and a combination of fortuitous weather and outstanding targeted growth in our retail business."

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FOR MORE INFORMATION CONTACT:

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Financial highlights summary - year ended 30 June

\$M	FY2009	FY2008
Revenue	1,119.9	1,178.6
EBITDAF	445.4	304.6
Depreciation and amortisation	(104.9)	(86.5)
Change in fair value of financial instruments	(47.1)	(9.7)
Impaired exploration and development expenditure	(45.2)	(28.1)
EBIT	251.0	182.7
Net interest	(24.2)	(20.9)
Net profit after tax	159.6	111.0
Underlying earnings	209.9	136.2
Operating cash flow	317.1	207.4
Capital expenditure	(289.2)	(287.2)
Total assets	4,388.1	4,058.0
Net debt	585.7	624.7
Shareholders' equity	2,621.6	2,257.7

Five year summary

	FY 2005*	FY 2006*	FY 2007	FY 2008	FY 2009
EBITDAF (\$m)	298.2	304.0	315.5	304.6	445.4
Net profit after tax (\$m)	121.2	100.8	96.9	111.0	159.6
Operating cash flow (\$m)	187.6	195.7	223.9	207.4	317.1
Net debt (\$m)	445.9	431.2	429.9	624.7	585.7

*Information for the years prior to the Group's transition to NZ IFRS have been provided under NZ FRS that existed at the time and have not been translated to NZ IFRS amounts.

	2008		2009		Variance	
	GWh	Share %	GWh	Share %	GWh	%
Geothermal	497	9.4	1,293	21.1	796	160.2
Hydro	3,650	69.1	4,350	71.1	700	19.2
Gas	1,094	20.7	443	7.2	-651	-60.0
Bio-energy	41	0.8	32	0.5	-9	-22.0
	5,282	100.0	6,118	100.0	836	15.8
Renewable	4,147	78.5	5,653	92.2	1,506	36.3

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