

**Media statement for immediate release
2.00pm, Wednesday 11 July 2012**

One-off items lift Orion's profit

Christchurch-based electricity distribution company, Orion New Zealand Limited, made a \$54m profit after tax in 2012, boosted largely by a post-tax \$21m insurance payout.

It paid fully imputed dividends of \$34m to its ultimate shareholders, Christchurch City Council (89.3%) and Selwyn District Council (10.7%), down \$4m from 2011.

The result was well up on the \$28m profit achieved last year when the company was hit with \$20m of post-tax earthquake related costs, but Orion warns that it doesn't expect to repeat this year's result in the near future.

"While the profit figure looks high, and is similar to Orion's annual profits achieved before the February 2011 Christchurch earthquake, it's extremely important not to take it at face value," says Craig Boyce, Orion's Chairman.

"In particular, this level of insurance receipts won't be repeated again and we still have huge costs to come from post-quake repairs.

"On top of that, our customer base has shrunk, so revenue is down, and will likely stay down for several years."

Mr Boyce says that because of government regulations, the company was unable to increase its prices for 2012/13, either to account for inflation or to help cover the post-quake repair bill.

"We are investigating whether it's possible to have our circumstances considered under other regulatory provisions, but that will take some time to work out.

"In the meantime, there's no room for complacency. Looking forward, the reality is Orion will have to do much more than normal and with much less income. This means we're going to have to rigorously prioritise our plans," he says.

"We expect it will take several years to restore the Christchurch electricity network to its pre-quake state, and we are forecasting our debt levels to rise considerably to fund that work."

The one off-items that boosted the profit were a \$21m insurance payout on the company's head office in central Christchurch, soon to be demolished, \$4m in deferred operational expenses as a result of the earthquakes and a \$2m reversal of a 2011 downwards revaluation (all figures post-tax).

Orion's electricity network expenses for the year were \$57m, of which \$20m was earthquake related. The company estimates its total quake repair bill will eventually top \$70m. The reduced consumer base as a result of the earthquakes showed up in Orion's electricity distribution revenues which, at \$128m, were \$21m below pre-quake forecasts.

The company also spent \$54m on capital projects, up \$17m on 2011. These included building a new major substation in New Brighton to replace a quake-damaged substation which sank two metres into the ground, and commissioning a new mobile control system for the electricity network.



Looking ahead, Mr Boyce says that Orion is strongly committed to helping the rebuild of the city.

“We have earmarked \$870m in spending over the next ten years, and we intend to stay flexible on exactly where this money goes so that it supports whatever rebuilding plans are decided on.”

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Note:

To view the 2012 annual report, please click [here](#):

Orion New Zealand Limited owns and operates the electricity network in Christchurch and central Canterbury. Its network covers 8,000km² between the Rakaia and Waimakariri rivers and from the Canterbury coast to Arthur’s Pass. The company delivers electricity to more than 190,000 homes and businesses across this diverse geographical area.

There are 29 electricity distribution companies in New Zealand. Orion’s neighbours are MainPower New Zealand Limited (north of the Waimakariri River), Electricity Ashburton Limited (south of the Rakaia River) and Westpower Limited (west of Arthur’s Pass).