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Orion reports steady profit – capex and debt set to rise

A sound financial performance by Christchurch-based electricity distribution company, Orion New Zealand Limited, is good news for the city and the rebuild.

Orion today announced that it had made a \$50m profit after tax in 2014, up \$1m on the previous year.

“Our sound financial performance demonstrates we’re keeping costs under control and allows us to continue to invest in the network. Our objective is to support the region’s recovery and rebuild and this result means we can do that with confidence,” said Orion chief executive Rob Jamieson.

“In 2014, we increased our capital expenditure to \$84m, up \$13m on the previous year, and our capital programme will remain high for the next few years as we build capacity and security into the network. Our debt will rise as a result, but it will remain within prudent levels.”

The company’s assets are now valued at over \$1 billion.

“Electricity use in our region is recovering. The number of new residential and business connections to our network is increasing as the rebuild gathers pace. The number of contractors working near our network also continues to rise, and is now around ten times pre-quake levels. Given this increased activity, we’re especially pleased that we have retained our excellent safety record.

“But safety is a wider concept than preventing accidents. It’s about keeping people warm. Our local community depends on electricity, especially for home heating in winter – more so than in many other parts of the country that may have reticulated natural gas, fewer air pollution problems or a warmer climate. Given our community’s reliance on electricity, it’s vital that we restore our network’s resilience and reliability. This is a key part of our forward work programme.”

“We’ve had several severe wind storms this past year, which have caused rural power outages lasting up to several days as trees have collided with our lines. As a result we’ve increased our public communication around keeping trees away from lines and planting the right species to reduce future impacts. Our urban customers also consistently demand high reliability and quick restoration of outages, as witnessed by the response to the three hour power cut to part of north Christchurch a fortnight ago. We must continue to invest to meet these expectations.”

The company paid dividends of \$34m to its ultimate shareholders, the Christchurch City and the Selwyn District councils, up \$2m on the previous year.

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