

Media statement – for immediate release
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Orion reports steady profit while capex and debt are set to rise

Christchurch-based electricity distribution company, Orion New Zealand Limited, made a \$49m profit after tax in 2013.

Orion paid dividends of \$32m to its ultimate shareholders, Christchurch City and Selwyn District, down \$2m on 2012.

The company maintained tight control of costs, which were down \$7m.

“The amount of electricity delivered through the Orion network, while up on 2012, remains materially below pre-earthquake forecasts,” says Orion chief executive Rob Jamieson. “While revenue was up \$11m on last year, it was still around \$10m less than expected before the quakes.”

This year’s financial results cannot be directly compared to the 2012 profit of \$54m, which included a one-off post-tax insurance payment of \$21m.

Orion’s capital expenditure has climbed, and will soon do so much more markedly. This year it was \$63m, \$11m above 2012.

The company is planning around \$300m in capital expenditure over the next three years. This will help to bring the electricity network up to near pre-earthquake levels of reliability and resilience by 2019.

Debt will start to rise as a consequence. This year it was up 15% to just over \$60m, and is projected to increase to between \$200-250m by 2016/17.

Mr Jamieson says that the company is satisfied with the progress it is making.

“We’ve worked hard to deliver across all aspects of our business and our results show this.”

“We had a busy year with the relocation of businesses and households around the electricity network, as well as connections to new subdivisions.”

“At the same time, we’ve maintained an excellent safety record during a period of difficult and intense work, with no injuries to the public,” he says.

“However, there is still a long way to go before we can fully recover, and much will also depend on the outcome of the current Commerce Commission process that’s reviewing our plans and prices.”

Mr Jamieson said that the company was delighted to have been singled out recently by the Auditor-General as 'a learning example' for other public sector infrastructure providers in how to manage assets soundly.

"Like the recent storm response, it does show the people of Canterbury that we are totally committed to a safe, reliable and efficient service."

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Note:

- Orion's 2013 annual report is available online at <http://www.oriongroup.co.nz/publications-and-disclosures/annual-reports.aspx>.
- 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 190,000 homes and businesses across this diverse geographical area. It is owned by Christchurch City Council (89.3%) and Selwyn District Council (10.7%).