

# Hon Bill English

Minister of Finance

# Hon Tony Ryall

Minister for State Owned  
Enterprises



20 September 2013

Media Statement

## Meridian Energy share price range released

The Meridian Energy offer document is now available to help New Zealanders decide whether to become shareholders in the country's largest electricity generator, Finance Minister Bill English and State Owned Enterprises Minister Tony Ryall say.

The document reveals that New Zealand retail investors who apply under the share offer will pay a fixed first instalment of \$1.00 per share, and no more than 60 cents per share for the second instalment 18 months later if they hold their investment.

The final share price is expected to be announced on 23 October, and Meridian is expected to list on the New Zealand and Australian Stock Exchanges on 29 October when up to 49 per cent of the company is floated.

The indicative price range for Meridian shares, when both instalment payments are added together, is \$1.50 to \$1.80 per share for institutional investors and \$1.50 to \$1.60 per share for New Zealand retail investors.

Assuming the Government sells the full 49 per cent shareholding, gross proceeds from the first instalment would be \$1.26 billion. Total offer proceeds will depend on the final price of the second instalment and the mix of retail and institutional investors.

"The Government remains committed to putting New Zealanders at the front of the queue for shares," Mr English says.

"The price cap gives New Zealand retail applicants greater certainty around how much they will pay for Meridian shares, which is something the New Zealand Shareholders' Association advocated."

The price cap applies only to New Zealanders who apply during the share offer and it guarantees they will pay no more than 60 cents for their second instalment even if large institutional investors pay a higher price.

Retail applicants will need to hold their instalment receipts for the 18 month instalment period to benefit from the price cap.

“During the 18 month instalment period, shareholders will receive any dividends in full,” Mr Ryall says.

Paying in two instalments gives investors a higher dividend yield during the instalment period. Meridian is forecasting an implied gross instalment yield of 13.4 per cent<sup>1</sup> over the first 12 months. This is based on Meridian’s underlying gross share dividend yield for New Zealand retail applicants of 8.4 per cent to 8.9 per cent<sup>1</sup> for the same period, which is the level of return if an investor had paid for the shares in full.

“We will be careful to explain to New Zealanders that the instalment payment process is an incentive that gives people an elevated return on their investment because they have only partially paid for their shares upfront,” Mr Ryall says. “Once an investor has paid the second instalment in 18 months, the dividend yield will return to normal levels based on fully paid shares.”

Meridian is New Zealand’s largest electricity generator, using only renewable wind and water resources and producing over 30 per cent of the country’s electricity. It has more than 270,000 connections to homes, farms and businesses, and a track record of strong and stable operating cashflows.

The Meridian offer document was registered with the Financial Markets Authority today.

A ‘consideration period’ has now started and is expected to last to the end of next week. This is a requirement under securities law to allow the FMA to review the document before the offer period officially starts.

During the consideration period, the offer document will be available to New Zealanders at [www.meridianshares.govt.nz](http://www.meridianshares.govt.nz). The document will be posted on the website shortly, and New Zealanders can visit the website or call 0800 90 30 90 to order a hard copy.

“People can take this time to read the offer document and start thinking about whether they should apply for shares, but no applications are able to be accepted during the consideration period,” Mr Ryall says.

“The website also has an easy to understand instalment payment fact sheet and information to help people if they would like to get independent investment advice.”

The share offer is expected to open to New Zealanders on 30 September and close at 5pm on 18 October. The institutional offer will take place on 21-23 October.

As part of the Government’s commitment to widespread New Zealand ownership of Meridian, the offer includes a broker firm aspect. From today, brokers will be invited to assess demand from their clients and submit bids for shares. The Government will then choose how many to allocate them.

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*The offer of shares in Meridian Energy Limited ("Meridian") is made by the Crown on the terms and conditions set out in a combined investment statement and prospectus dated 20 September 2013 (the "Offer Document"). The offer is not yet open. It is expected to open for applications on 30 September 2013. When the offer opens, applications for shares must be made on the application form accompanying the Offer Document.*

*An application has been made to NZX Limited ("NZX") for permission to list Meridian, and to quote initially the instalment receipts and then later Meridian's shares on the NZX Main Board and all requirements of NZX relating thereto that can be complied with on or before the date of this document have been duly complied with. However, NZX accepts no responsibility for any statement in this document. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act 1988.*

*Meridian's shares and the instalment receipts have not been and will not be registered under the United States Securities Act of 1933 (the "United States Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act and any applicable state securities laws.*

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<sup>1</sup> Calculated as forecast dividends per share paid in the first 12 months from 1 November 2013 (this includes the interim and final FY2014F dividends expected to be payable in April 2014 and October 2014), grossed up for imputation credits forecast to be attached to these dividends at 72% of the corporate tax rate, divided by the first instalment of \$1.00 (in the case of implied gross instalment yield) or the low point of the indicative price range of \$1.50 and the retail price cap of \$1.60 (in the case of the underlying gross share dividend yield). Forecast returns are calculated on instalment receipts being held continuously from listing. The Offer Document sets out the principal assumptions underpinning, and method of calculating, Meridian's implied gross instalment and underlying dividend yields.