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## Bulletin:

# Ratings On Contact Energy Unaffected By Fiscal 2015 Results And Otahuhu Closure

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SYDNEY (Standard & Poor's) Aug. 17, 2015--Standard & Poor's Ratings Services said today that its 'BBB/Stable/A-2' issuer credit ratings on Contact Energy Ltd. are unaffected by the announcement of the company's year-ended June 30, 2015, results today. Fiscal 2015 adjusted EBITDA came in at the upper end of our NZ\$520 million-NZ\$540 million expectation, translating in a ratio of debt to EBITDA that is in line with our expected 3.3x. The past year has continued to demonstrate a lack of clear growth in the New Zealand market. This means that cost reduction and limited capital investment will continue to be key in order to achieve the expected positive movement in financial performance—we expect the ratio of debt to EBITDA to drop in the 2.5x-to-2.7x level in fiscal 2016.

Concurrently with the fiscal 2015 results, the company announced its intention to close its Otahuhu power station in September 2015. We view this decision as immaterial for the rating because the plant had been operating at low capacity levels in recent years and would have required significant investment in order to materially extend its life. In the context of low growth and significant new geothermal capacity opening in recent years, we believe that such investment would have been unlikely to provide an adequate return. In our view, Contact's remaining generation capacity and gas storage facility provide sufficient cover for its retail load.

#### AUSTRALIA

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