



Monthly Operating Report

October 2018

October overview

- » For the month of October 2018 Contact recorded:
 - Electricity and gas sales of 625 GWh (October 2017: 655 GWh)
 - Netback of \$93.09/MWh (October 2017: \$81.68/MWh)
 - Cost of energy was positive \$7.96 /MWh (October 2017: (cost - \$30.44/MWh))

- » Otahuhu futures settlement wholesale price for the 4th quarter of 2018 (ASX):
 - As at 2 November 2018: \$235/MWh
 - As at 31 October 2018: \$215/MWh
 - As at 30 September: \$87/MWh

- » As at 2 November 2018, South Island controlled storage was 71% of mean (31 October 2018: 72%) and North Island controlled storage was 75% of mean (31 October 2018: 74%)
 - As at 2 November 2018, total Clutha scheme storage (including uncontrolled storage) was 57% of mean
 - Inflows into Contact's Clutha catchment for October 2018 was 90% of mean (September 2018: 72%, August 2018: 99%, July 2018: 154%, June 2018: 59%)



- » Contact will host an investor day and operational site tour for institutional investors and analysts at our Te Mihi power station including the adjacent geothermal steamfields outside Taupo on Tuesday 6 November 2018.

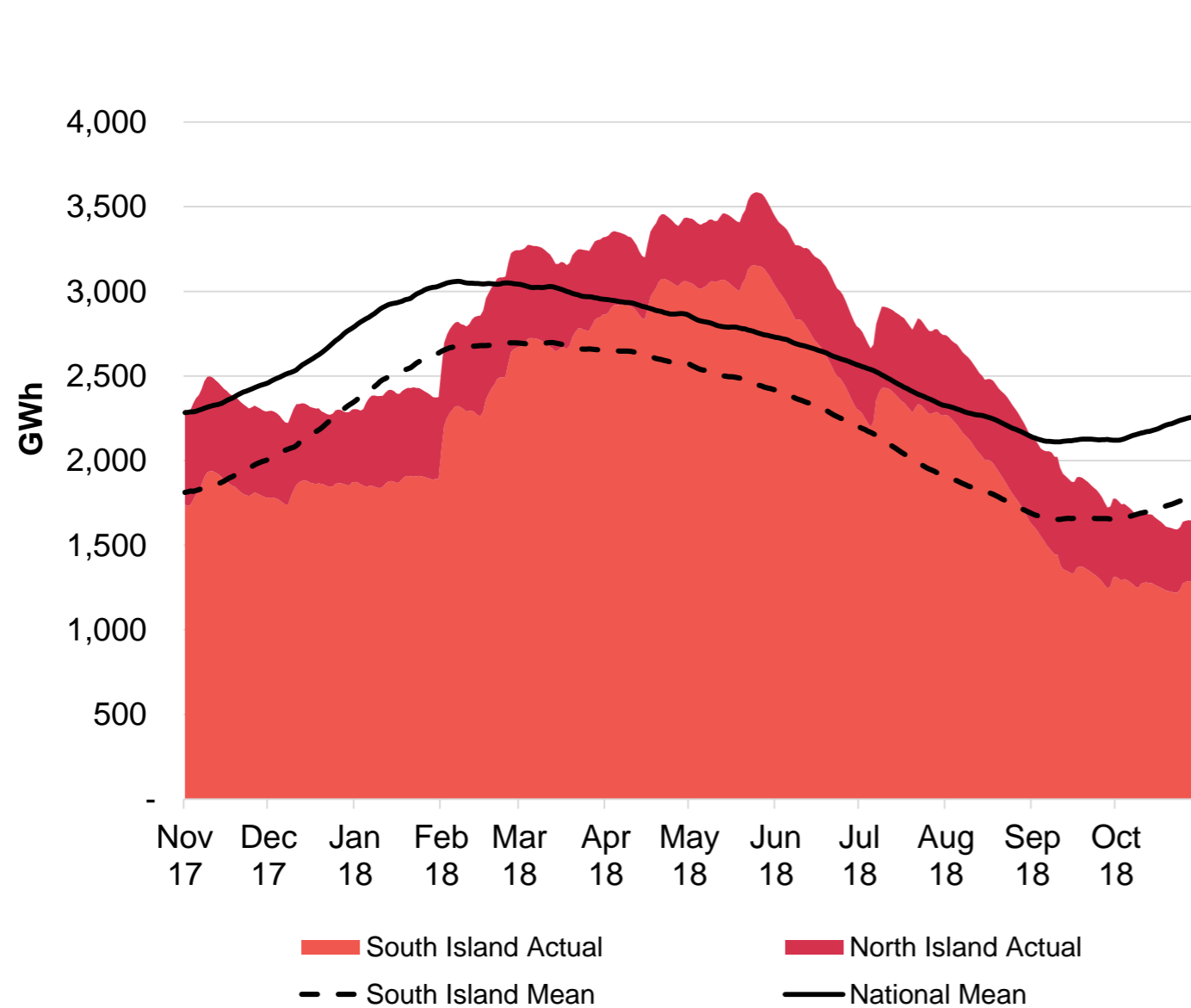
- » The site tour will include senior management presentations, starting at approximately 9:15am NZT which will be live webcast and available via Contact's website on <https://contact.co.nz/aboutus/investor-centre/results-webcast>.

- » A copy of the presentations will also be available in the investor section of the website once released, with an archived replay on our website following the event.

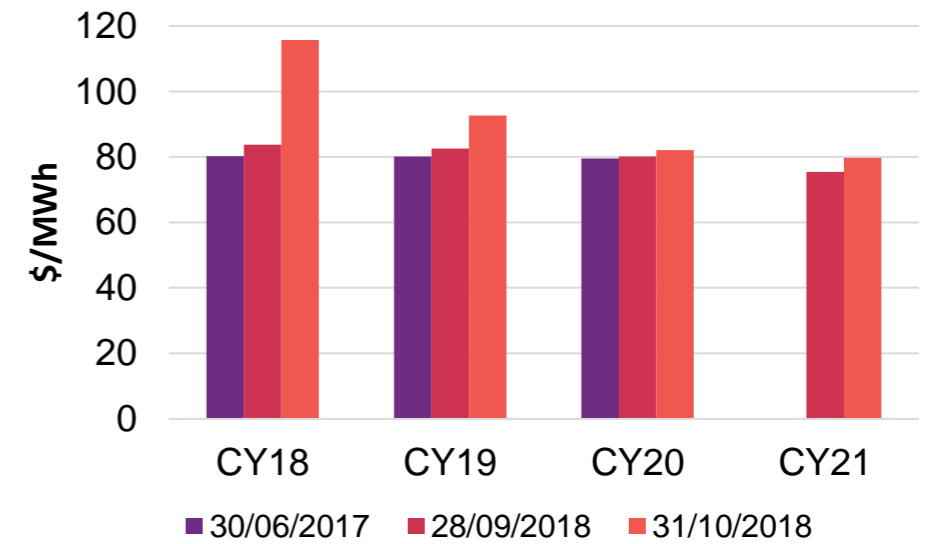
- » To receive event reminders and streamline registration in advance of the event, pre-registration is available on our website at <https://contact.co.nz/aboutus/investor-centre/results-webcast>.

Hydro storage and forward prices

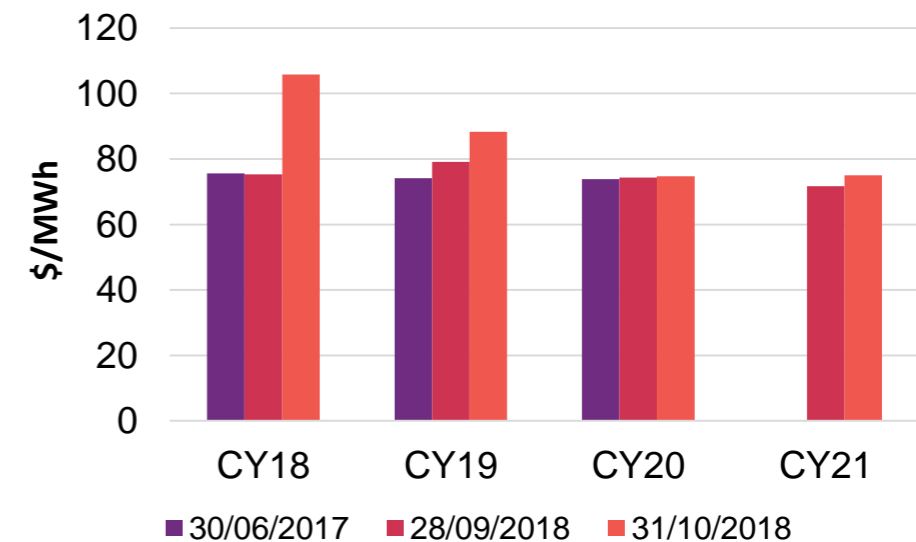
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

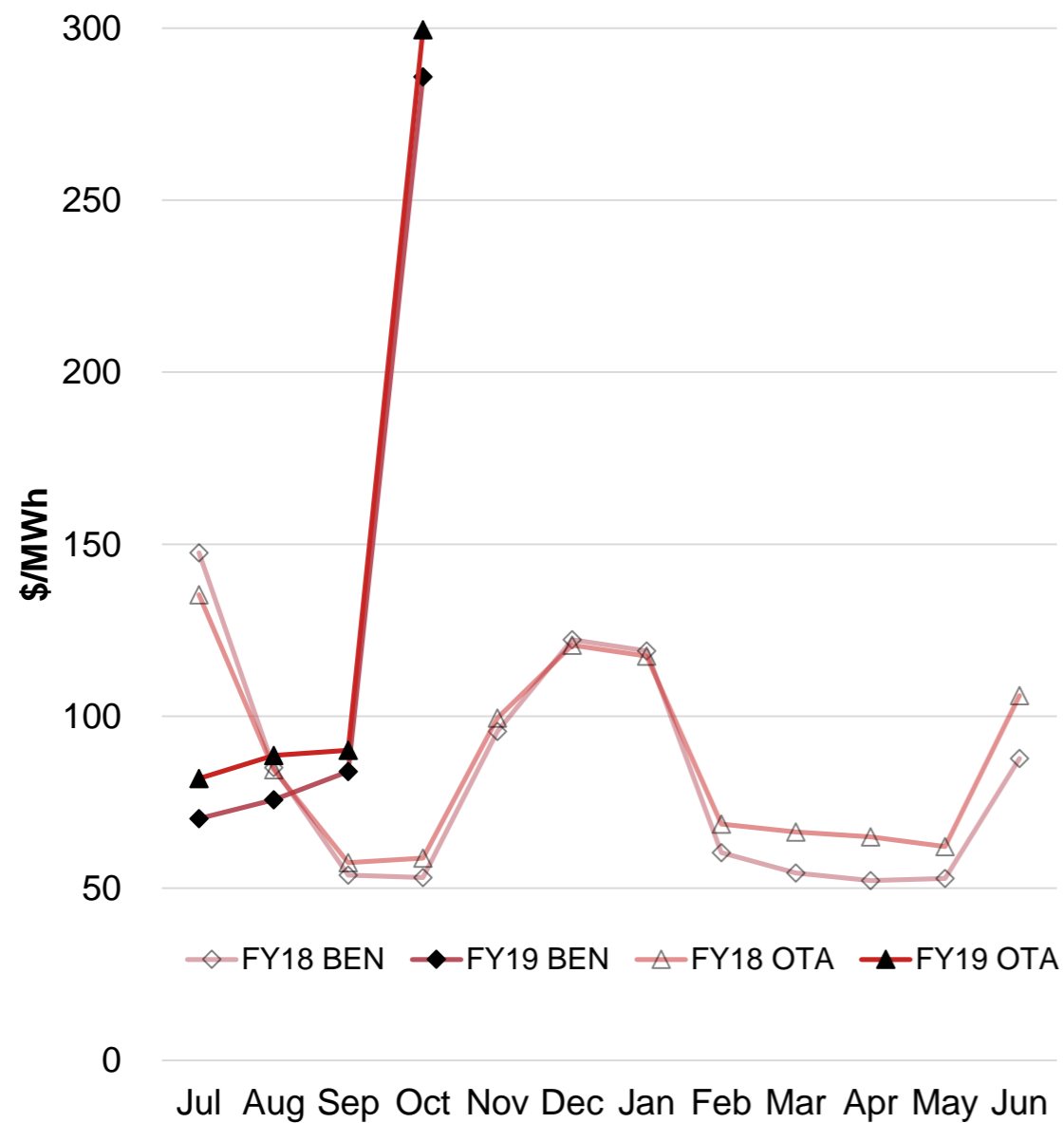


Benmore ASX futures settlement



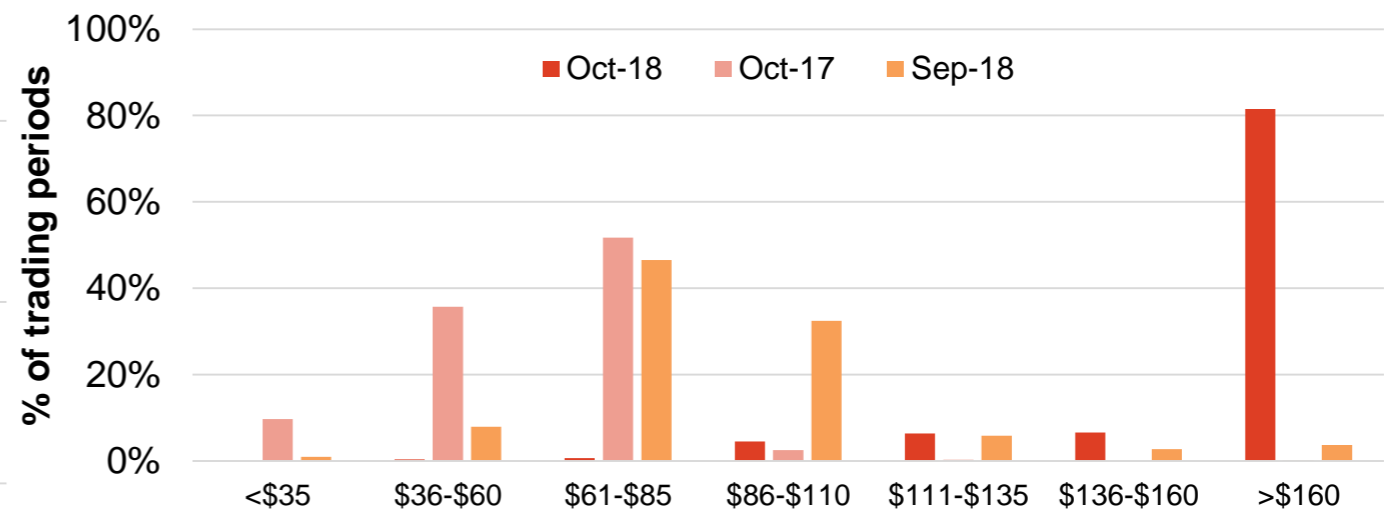
Wholesale market

Wholesale electricity pricing

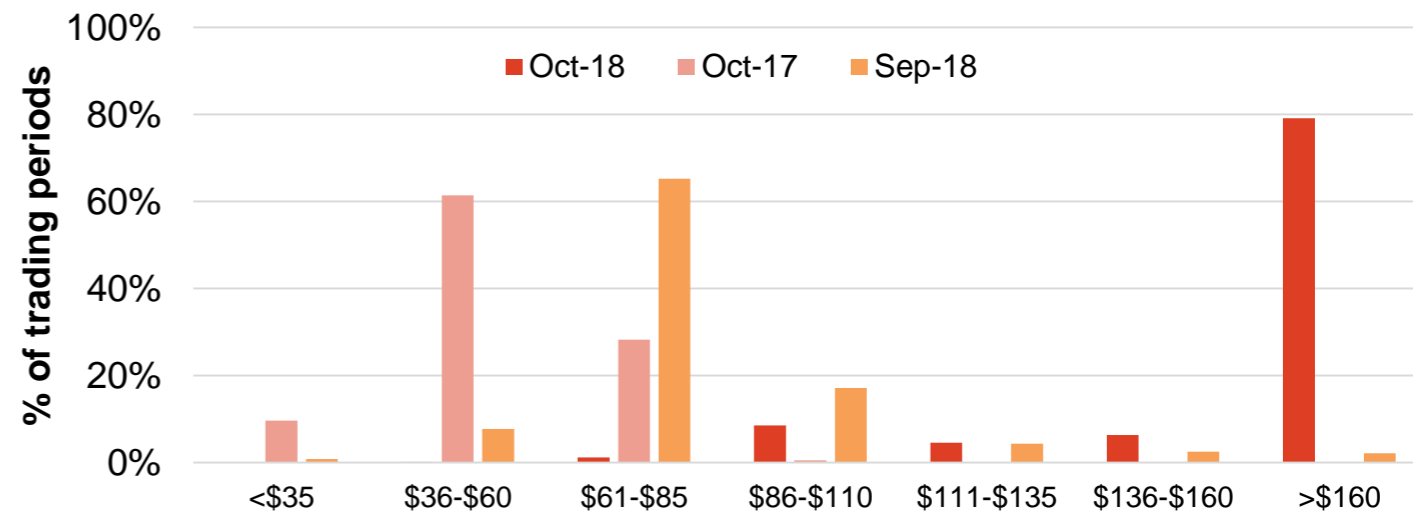


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

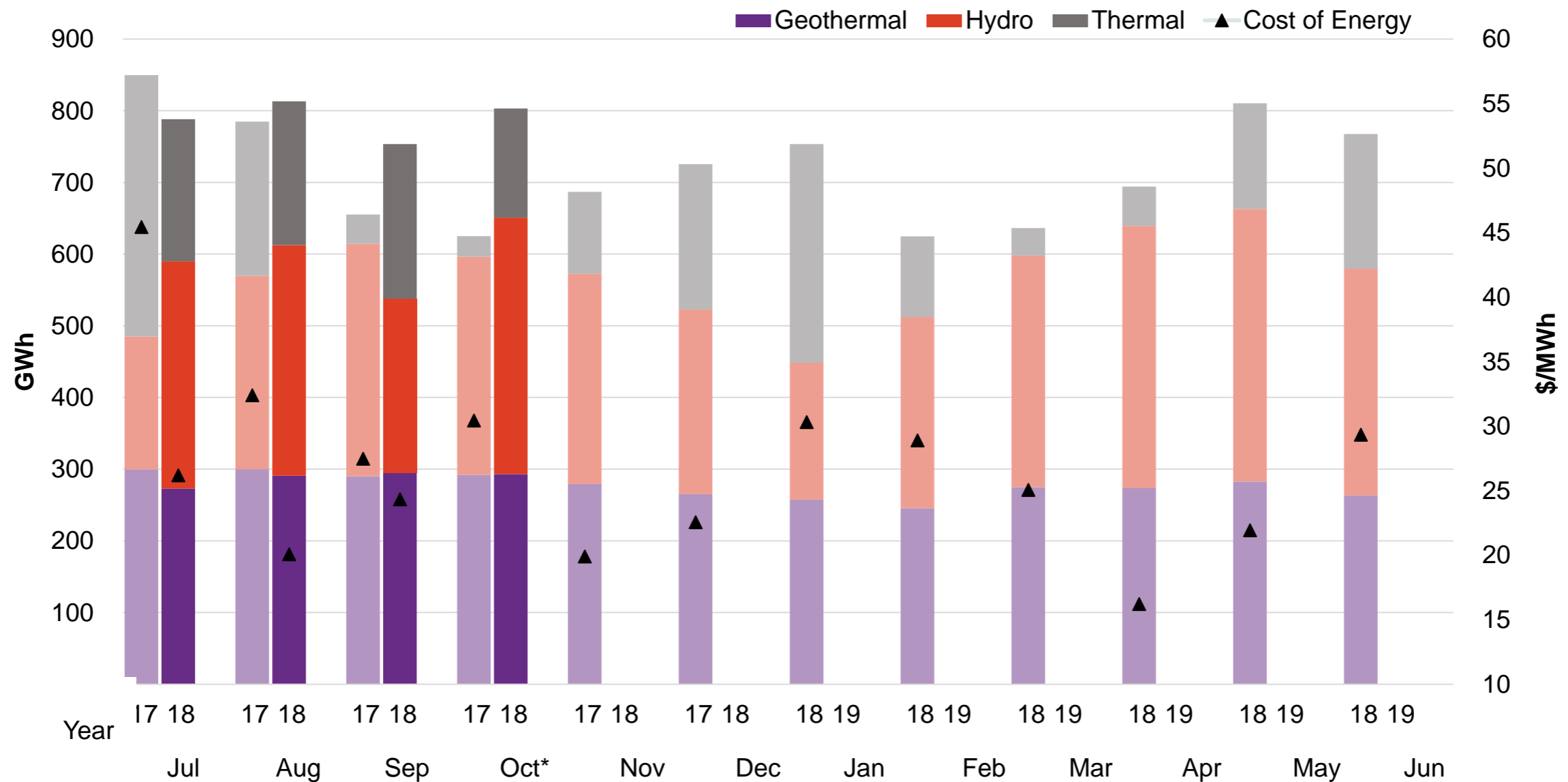


Electricity demand

[Data is not available as at time of publishing]

Contact's Generation business performance

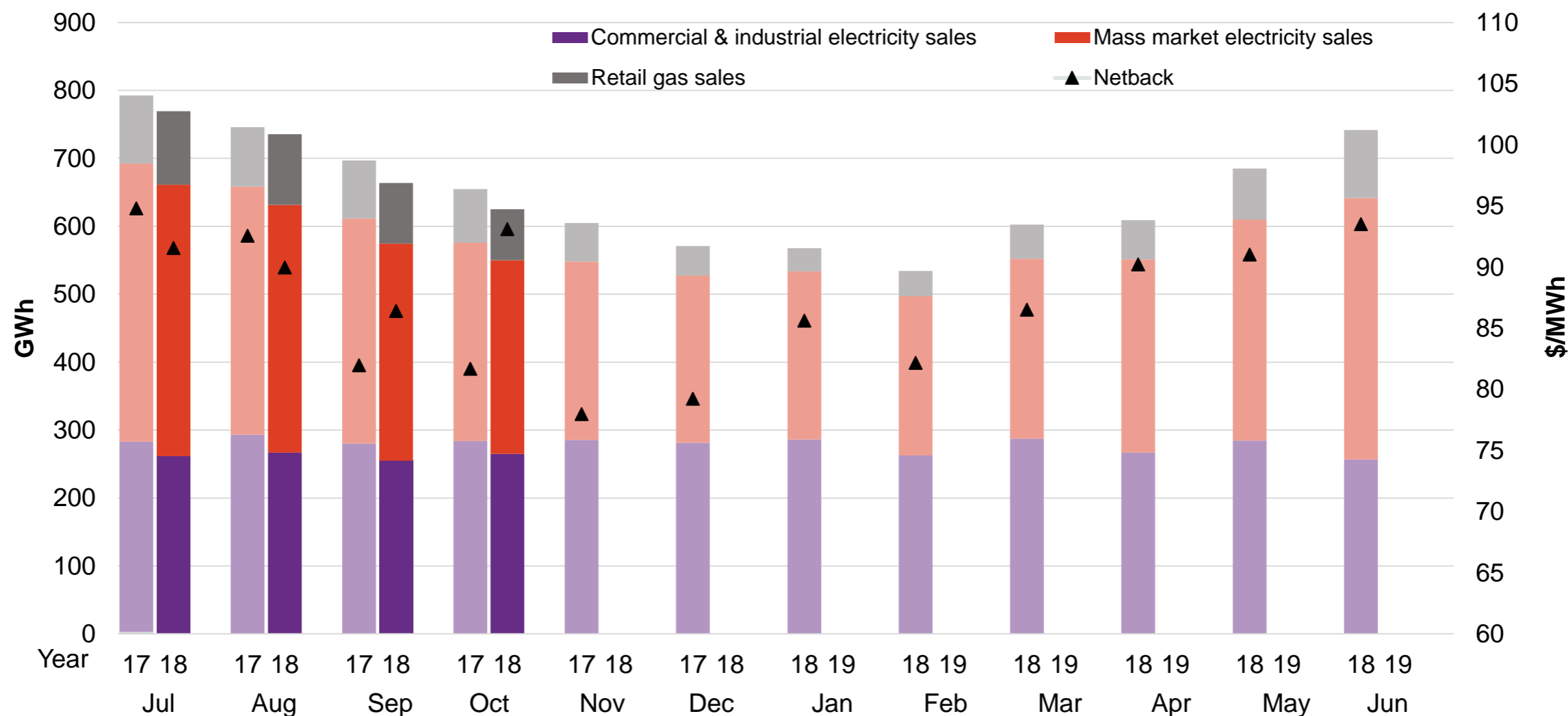
Generation mix and cost of energy (FY18 and 19)



*October 2018 cost of energy is positive \$7.96/MWh

Contact's Customer business performance

Retail sales volumes and netback (FY18 and 19)



Contact's operational performance

	Measure	The month ended October 18	The month ended October 17	The month ended September 18	Four months ended October 18	Four months ended October 17	
Customer	Mass market electricity sales	GWh	285	292	320	1,369	1,398
	Commercial & industrial electricity sale	GWh	265	284	255	1,048	1,137
	Retail gas sales	GWh	75	79	89	376	352
	Total electricity and gas sales	GWh	625	655	664	2,794	2,887
	Average electricity sales price	\$/MWh	197.16	183.92	191.00	196.52	192.47
	Electricity direct pass thru costs	\$/MWh	(81.27)	(83.03)	(84.17)	(84.87)	(84.48)
	Electricity and gas cost to serve	\$/MWh	(13.54)	(12.64)	(11.38)	(11.52)	(11.59)
	Netback	\$/MWh	93.09	81.68	86.40	90.26	88.15
	Actual electricity line losses	%	4%	6%	7%	5%	6%
	Retail gas sales	PJ	75.1	0.2	0.3	76.2	1.1
	LPG sales	tonnes	6,409	6,064	6,396	28,129	27,742
	Electricity customer numbers	#	410,000	422,500	410,000		
	Gas customer numbers	#	65,000	64,500	65,000		
	LPG customer numbers (includes franchises)	#	91,000	82,500	90,500		
Generation	Thermal generation	GWh	152	29	216	766	649
	Geothermal generation	GWh	293	292	295	1,152	1,181
	Hydro generation	GWh	358	305	243	1,240	1,084
	Spot market generation	GWh	803	625	754	3,158	2,915
	Spot electricity purchases	GWh	576	611	620	2,557	2,695
	Net CfD sales	GWh	131	19	79	385	13
	Steam sales	GWh	69	64	68	239	215
	Commercial & industrial electricity sales	GWh	10	10	10	32	31
	GWAP	\$/MWh	282.05	52.63	86.60	133.42	85.56
	LWAP	\$/MWh	(308.09)	(58.59)	(90.97)	(137.24)	(91.91)
	LWAP/GWAP	%	109%	111%	105%	103%	107%
	Gas used in internal generation	PJ	1.5	0.5	1.9	7.0	6.2
	Gas storage net movement	PJ	(0.5)	0.6	(1.0)	(2.57)	(0.08)
	Unit generation cost	\$/MWh	(36.48)	(29.13)	(35.94)	(35.12)	(34.63)
Cost of Energy	\$/MWh	7.96	(30.44)	(24.34)	(16.50)	(34.34)	

At the FY18 results, Contact announced new operating reporting segments. New operating performance metrics will be rolled out in the coming months

Glossary of terms

Netback

Measures the performance of the Customer business.

This enables the performance of the retail channels to be measured without using an energy cost. The netback is meant to cover, inter alia, the net purchase cost, capital return, risk margin and a retail margin.

Electricity revenue from mass market and C&I customers

Add: Revenue from gas sales

Less: Electricity distribution network costs, meter costs and electricity levies

Less: Gas distribution network costs, meter costs and gas levies

Less: Operating costs to serve the customer, including head office allocation

Cost of Energy

Measures the performance of the Generation business.

Cost of energy reflects the total operational costs of generating and procuring electricity sold to customers. It does not include any capital return expectations.

Wholesale electricity revenue from our generating assets

Add: Revenue from steam sales and direct electricity sales from Te Rapa

Less: Electricity purchase costs from the wholesale market to supply customers

Less: Electricity transmission costs and levies

Less: Gas and diesel purchase costs (excluding gas purchases for retail gas sales)

Less: Gas transmission costs and levies

Less: Carbon emissions costs

Less: Generation operating costs and head office allocation

Netback and cost of energy is divided by the total retail sales volumes (electricity and gas sales) to be expressed as \$/MWh




Keep in touch

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