



Contact Energy Limited Retail Green Bond Offer

Joint Lead Managers:



Investor presentation
27 September 2022



Disclaimer and important information

Important Notice

This presentation has been prepared by Contact Energy Limited (Issuer) in relation to the offer of unsecured, unsubordinated, fixed rate, green bonds (Green Bonds) (Offer) made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

The Offer is an offer of debt securities that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as the Issuer's:

- NZ\$100,000,000 unsecured, unsubordinated, fixed rate, green bonds (which have a fixed interest rate of 4.63% per annum) maturing on 15 November 2022, which are currently quoted on the NZX Debt Market under the ticker code CEN040 (CEN040 Bonds); and
- NZ\$100,000,000 unsecured, unsubordinated, fixed rate, green bonds (which have a fixed interest rate of 3.55% per annum) maturing on 15 August 2024, which are currently quoted on the NZX Debt Market under ticker code CEN050 (CEN050 Bonds).

The Green Bonds are of the same class as the CEN040 Bonds and CEN050 Bonds (together, the Existing Bonds) for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

The Issuer is also subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (NZX) for the purposes of that information being made available to participants in the market and that information can be found at www.nzx.com/companies/CEN

The Existing Bonds are the only debt securities of the Issuer that are currently quoted and in the same class as the Green Bonds.

Investors should look to the market price of the Existing Bonds to find out how the market assesses the returns and risk premium for those bonds. When comparing the yield of two debt securities, it is important to consider all relevant factors (including credit rating, maturity and other terms of the relevant debt securities).

Disclaimer

To the extent permitted by law, none of the Issuer, Bank of New Zealand (the Arranger), ANZ Bank New Zealand Limited, Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited (together, the Joint Lead Managers), The New Zealand Guardian Trust Company Limited (the Supervisor), nor any of their respective directors, officers, employees,

affiliates or agents (a) accept any responsibility or liability whatsoever for any loss arising from this presentation or its contents, or otherwise arising in connection with the Offer or any person's investment in these Green Bonds, and other than the Issuer, (b) authorised or caused the issue of, or made any statement in, any part of this presentation, (c) make any representation, recommendation or warranty, express or implied, regarding the origin, validity, accuracy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this presentation, or (d) accept any responsibility or obligation in relation to any matter arising or coming to their attention after the date of this presentation which may affect any matter referred to in this presentation.

This presentation contains certain 'forward-looking statements' such as indication of, and guidance on, future earnings and financial position and performance. Such projections and forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Issuer and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Past performance information provided in this presentation is not indicative of future performance and no guarantee of future returns is implied or given.

Investments in the Green Bonds are an investment in the Issuer and may be affected by the on-going performance, financial position and solvency of the Issuer.

This presentation is for preliminary information purposes only and is not an offer to sell or the solicitation of an offer to purchase or subscribe for the Green Bonds and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The information in this presentation is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Contact Presenters



Matthew Forbes
Acting Chief Financial Officer



Will Thomson
Corporate Treasurer

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Offer Highlights



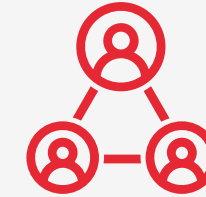
\$200m

Issuance with up to \$50m
oversubscriptions



5.5 year

Tenor maturing
11 April 2028



Senior Debt

Sits above capital bonds and equity



Fixed

Interest rate for duration
of bond for bond holders



Green

Certified with the CBI under Contact's
Green Borrowing Programme to
finance renewable generation



BBB

Issue Credit Rating with
S&P

Introduction to Contact



Presented by

Matthew Forbes

Acting Chief Financial Officer



Electricity Market Overview

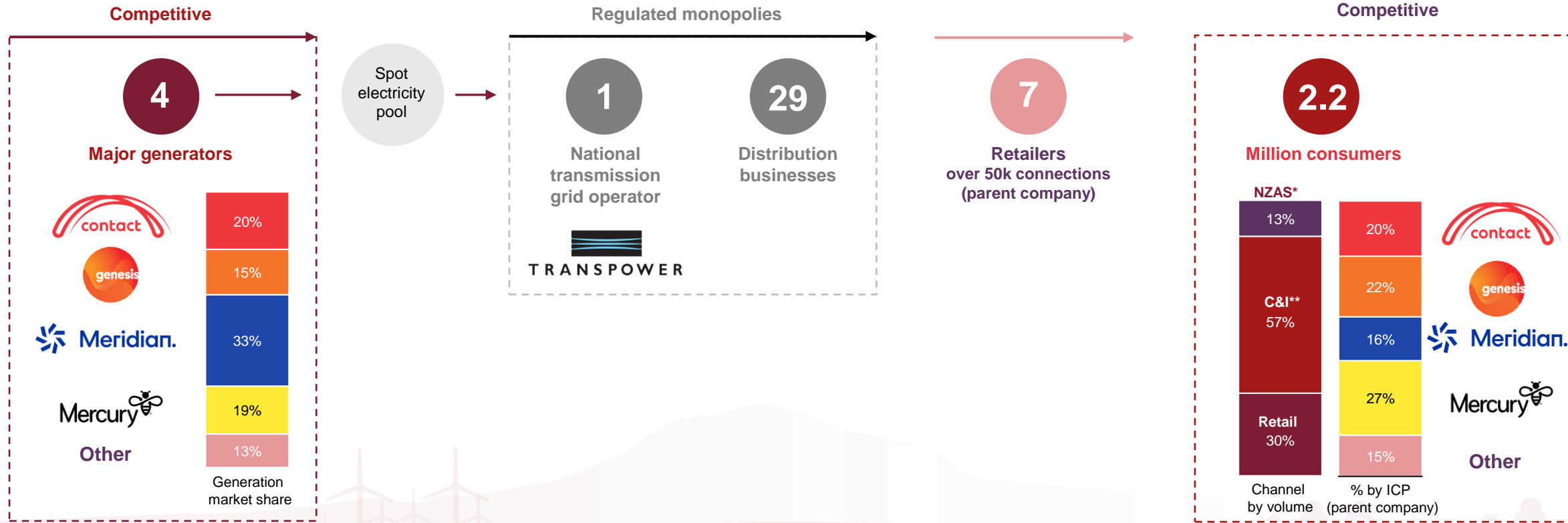


Contact Energy Strategy



Financial Performance Update

New Zealand enjoys a reliable, affordable and environmentally sustainable electricity system¹



Source: Forsyth Barr Power Points, Aug 2021 - July 2022

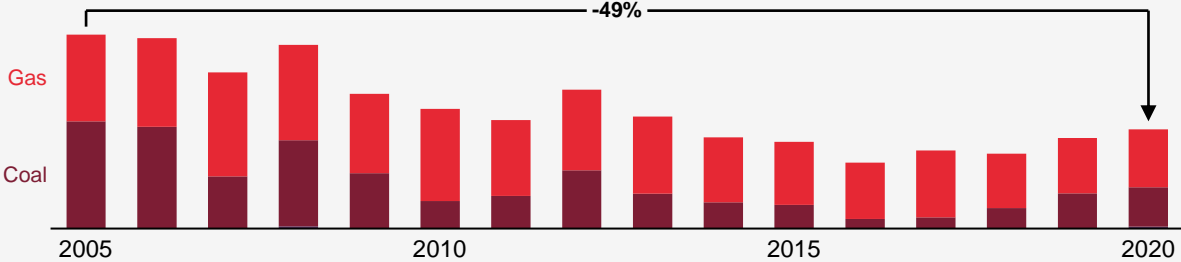
Source: EMI, Jun 2021-May 2022
*New Zealand Aluminium Smelter
**Commercial & Industrial

¹According to the International Energy Agency (IEA) 2017 assessment

New Zealand's electricity supply is highly renewable

Contact has played a leading role by developing geothermal resources and reducing thermal generation

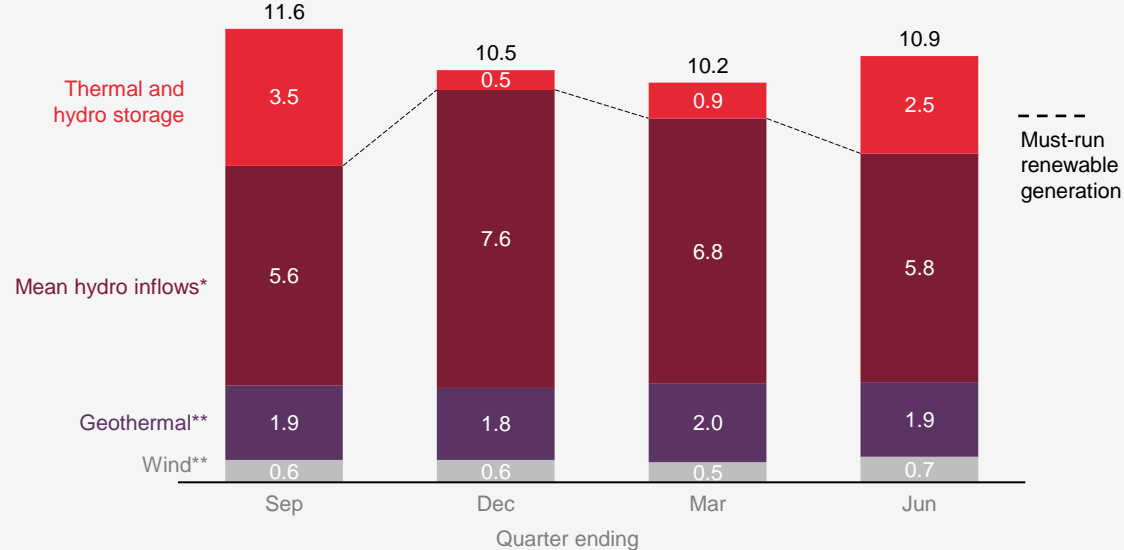
Electricity generation carbon emissions (units of CO2e)



Source: MBIE

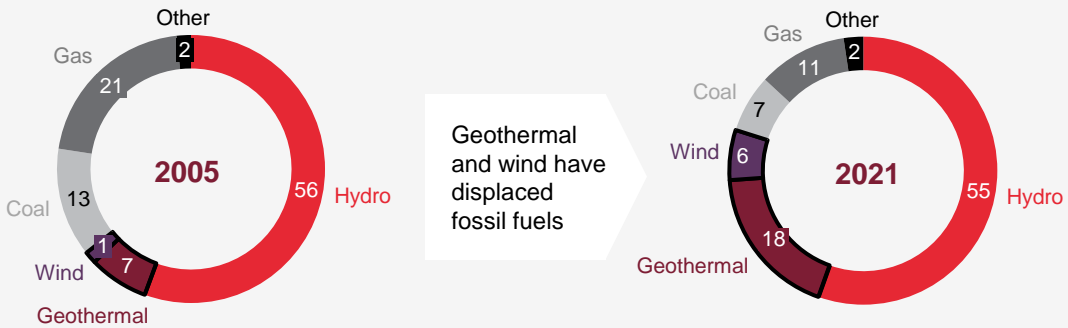
Current national quarterly supply and demand (TWh)

Measured at the station grid entry point



5TWh per annum Flexible thermal production is required to complement **3TWh** per annum of seasonal renewables firming

Electricity generation mix comparison 2005 and 2021 (%)



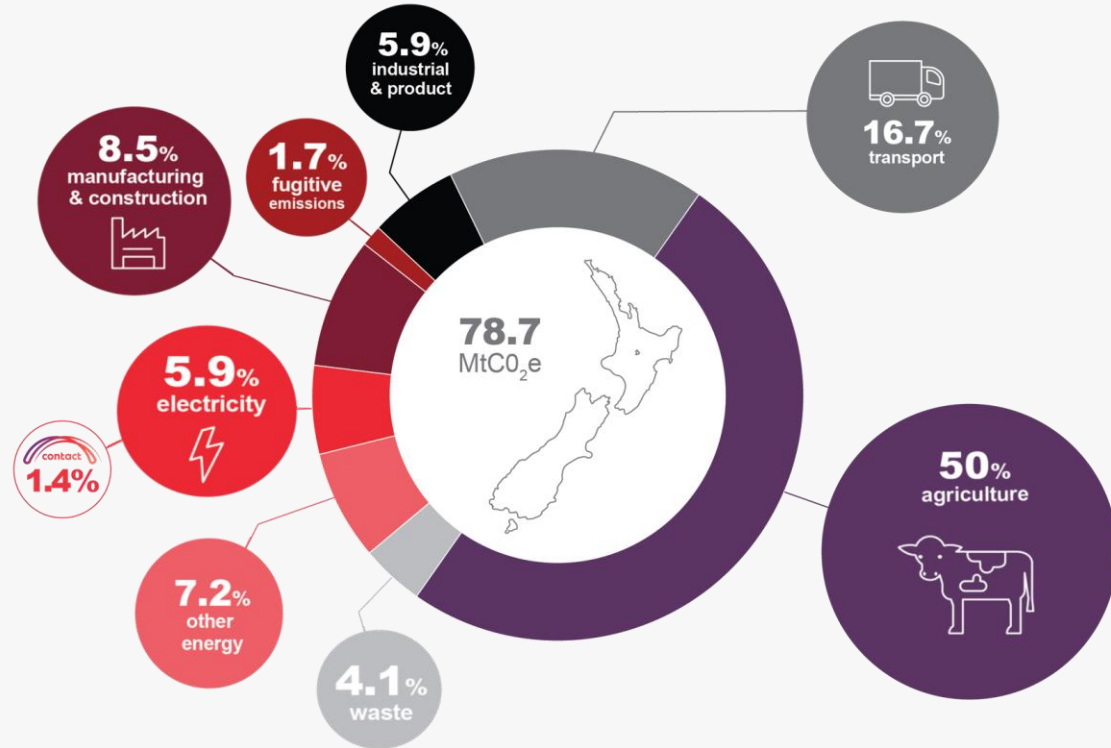
Source: MBIE

*Source: NZX hydro, mean inflows 1926 to 2021
 ** Source: MBIE quarterly electricity generation and consumption 2015 to 2021

Carbon Reduction Opportunity

With high renewable penetration, electricity is the solution to reducing carbon emissions, not the problem

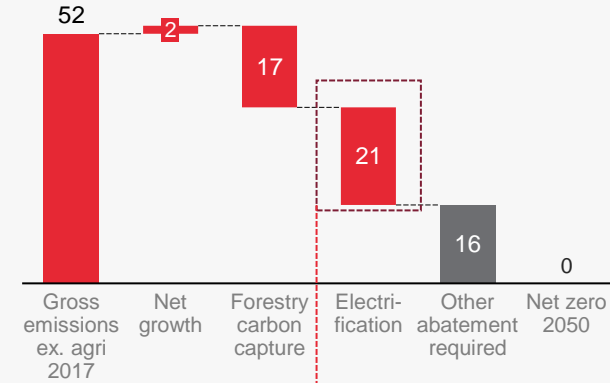
Greenhouse gas emissions by sector



Meaningful reductions in carbon emissions are possible with renewable electricity displacing carbon intensive fuels

Sources: New Zealand's Greenhouse Gas Inventory 1990-2020 snapshot, 2022 Inventory, Te Rārangī Haurehu Kati Mahana a Aotearoa 1990-2020 - He Whakarāpopoto New Zealand and Whakamana i Te Mauri Hiko - Empowering our Energy Future, March 2020, Climate change commission 2021 final advice

Paris agreement target, Mt CO₂e

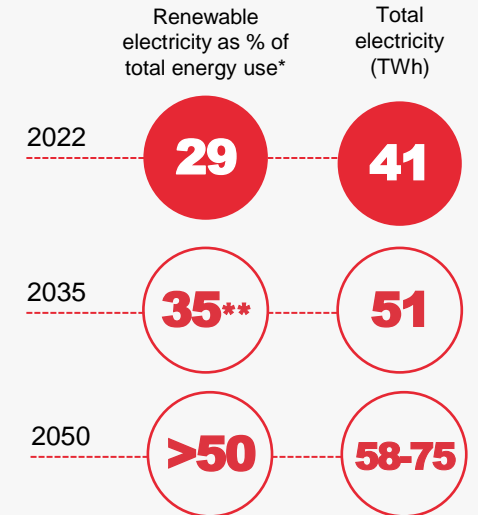


To meet this annual emissions reduction, Transpower estimates 70% more renewable generation is required to electrify heat and decarbonise transportation. This amounts to ~23TWh p.a

This is the equivalent investment of around \$690m every year for 27.5 years*

* Based on the cost of the Meridian Harapaki wind farm as per August 2022 NZX announcement (\$448m, 542GWh p.a.)

Our future energy profile



* Based on Consumer Energy use rather than Primary Energy use
 ** Government emissions reductions plan, released subsequently targets 50% renewable electricity of total usage

Our strategy to lead New Zealand's decarbonisation



Strategic theme

Grow demand

Objective

Attract new industrial demand with globally competitive renewables



Grow renewable development

Build renewable generation and flexibility on the back of new demand



Decarbonise our portfolio

Lead an orderly transition to renewables



Create outstanding customer experiences

Create NZ's leading energy and services brand to meet more of our customers' needs

Enablers

ESG: create long-term value through our strong performance across a broad set of environmental, social and governance factors

Operational excellence: continuously improving our operations through innovation and digitisation

Transformative ways of working: create a flexible and high-performing environment for New Zealand's top talent

Outcomes

Growth
Pivot our business to a new growth era that captures the value unlocked by decarbonisation

Resilience
Deliver sustainable shareholder returns, aligned with our ESG commitment

Performance
Realise a step-change in performance, materially growing EBITDAF through strategic investments

Contact believes it is well positioned to enable New Zealand's decarbonisation



1/ Distinctive capabilities

Deep understanding of energy applications
 Unique in-house geothermal capability
 Wind capability
 Solar joint venture

2/ New Zealand's best renewable development pipeline



Geothermal +2.9TWh p.a
 Under development +1.8TWh p.a
 Medium-term target – +1.1TWh p.a (net)



Wind
 Land access agreements signed



Solar target 200MW
 Initial target



3/ Leading New Zealand's thermal generation transition

We have led the economic substitution of almost 3 TWh of thermal generation over the last 15 years (twice as much as all of our peers combined), while developing advanced trading capabilities and systems to manage changes to our commodity risk position

Low-cost, innovative operations

We have a track record of sustainably reducing costs across the business, with low cost geothermal and retail cost-to-serve when benchmarked



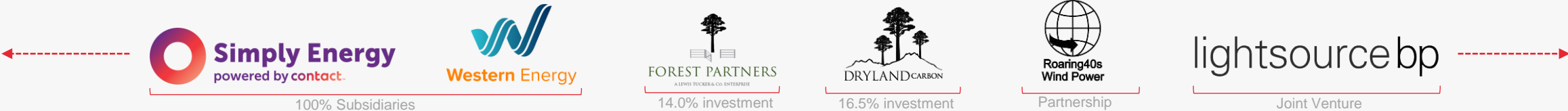
Largest New Zealand electricity brand

Contact is New Zealand's largest electricity brand, catering to changing customer needs with a great customer experience



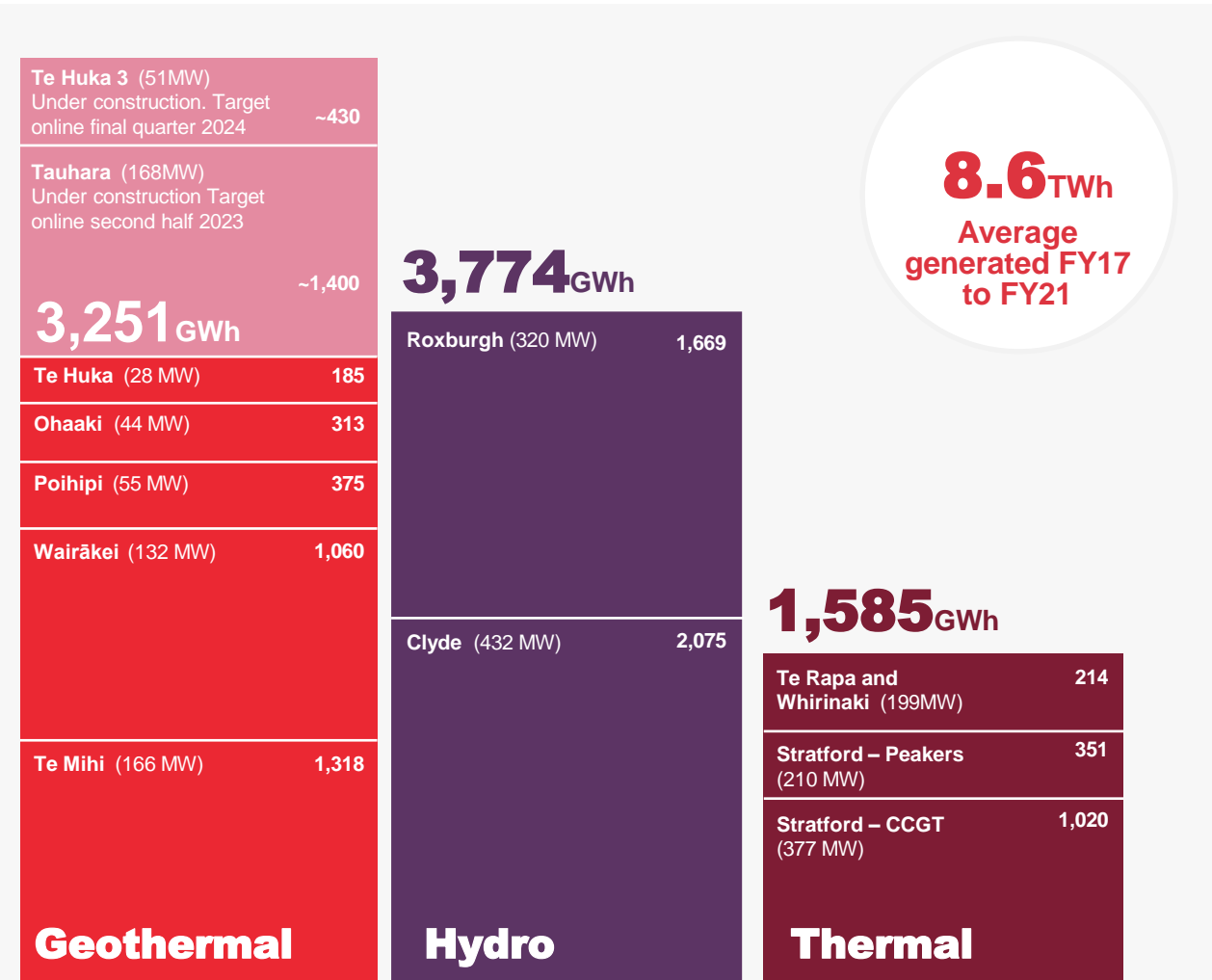
Future-focused capabilities

Our capabilities will support our growth with major projects, business development and digital and analytics skills recently added

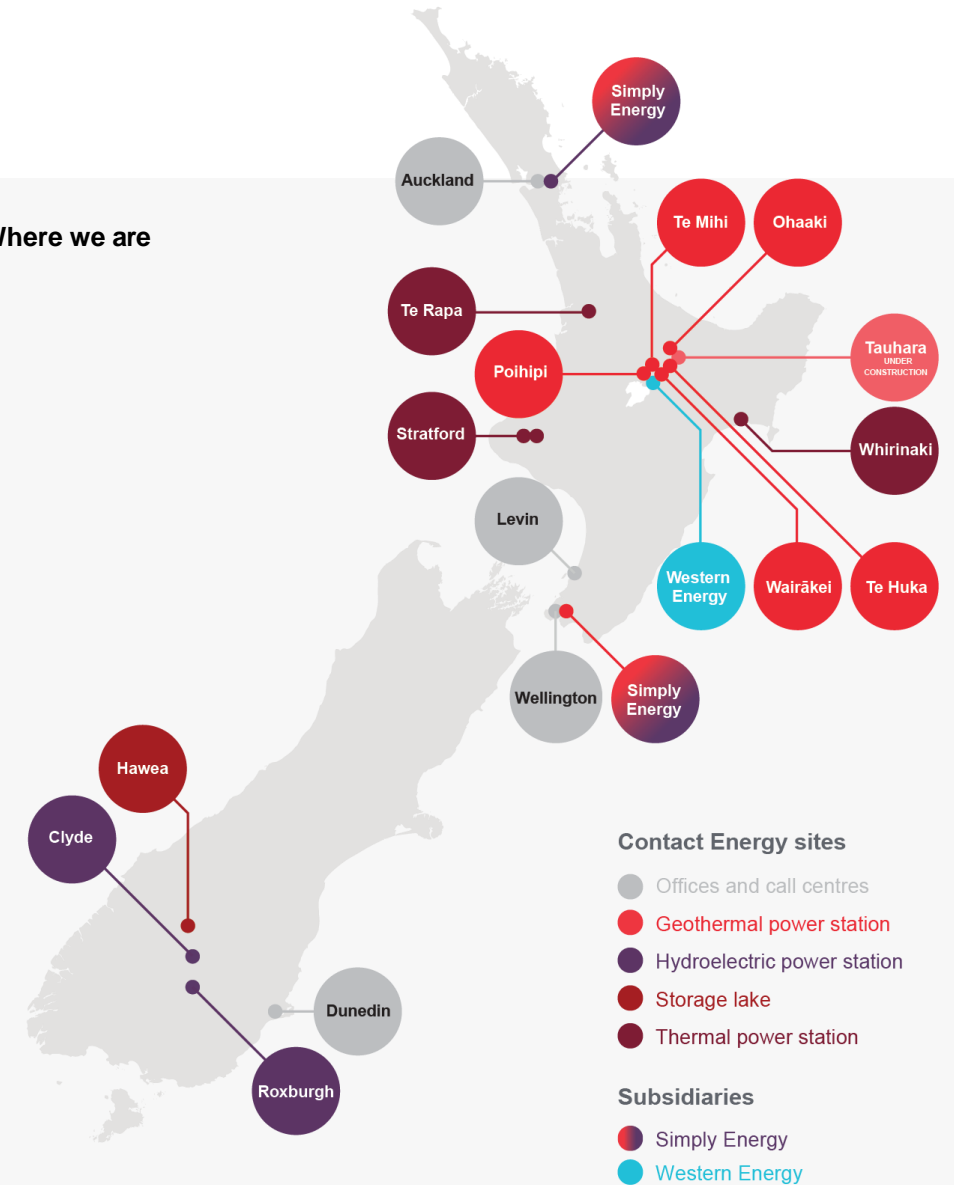


Our Assets

2017 - 2021 generation by station and type (five-year average)



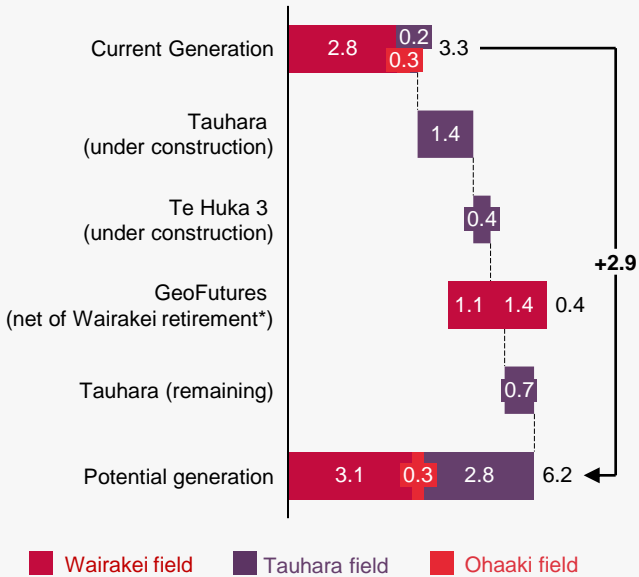
Where we are



Market Leading Geothermal Development Pipeline

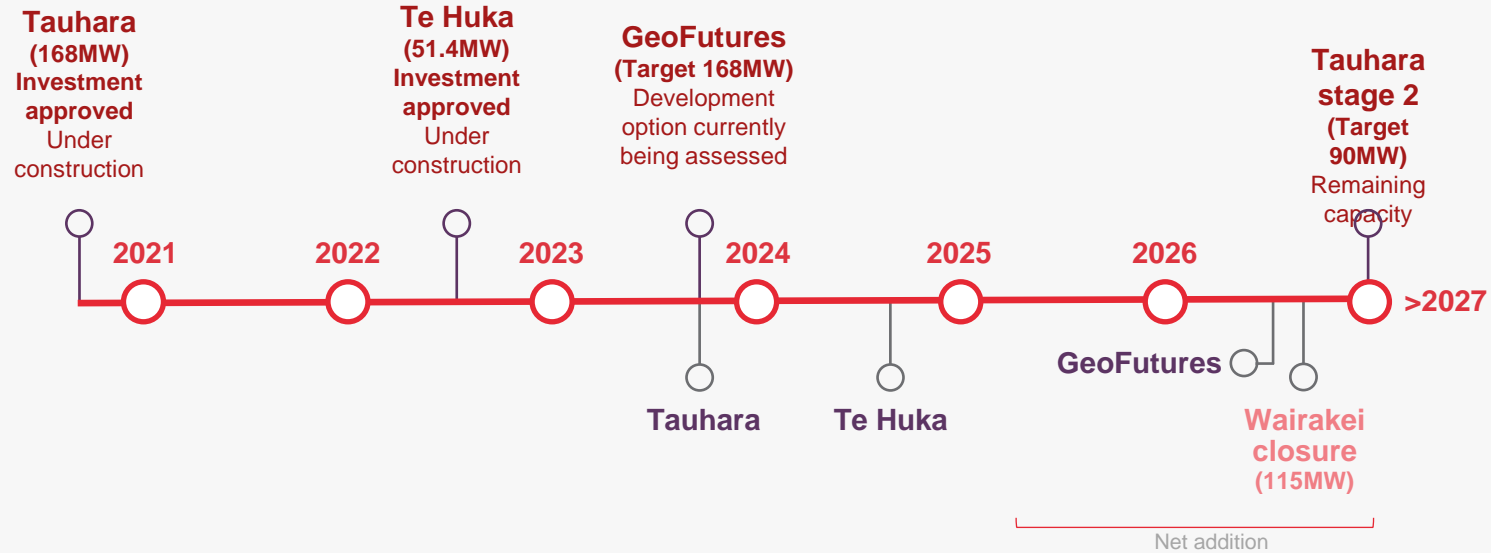
In line with core markets and capability

Geothermal generation potential (TWh p.a)



Geothermal field responses to extraction and injection will determine the ultimate geothermal generation potential beyond current consents

Potential geothermal development projects



Target generation impact

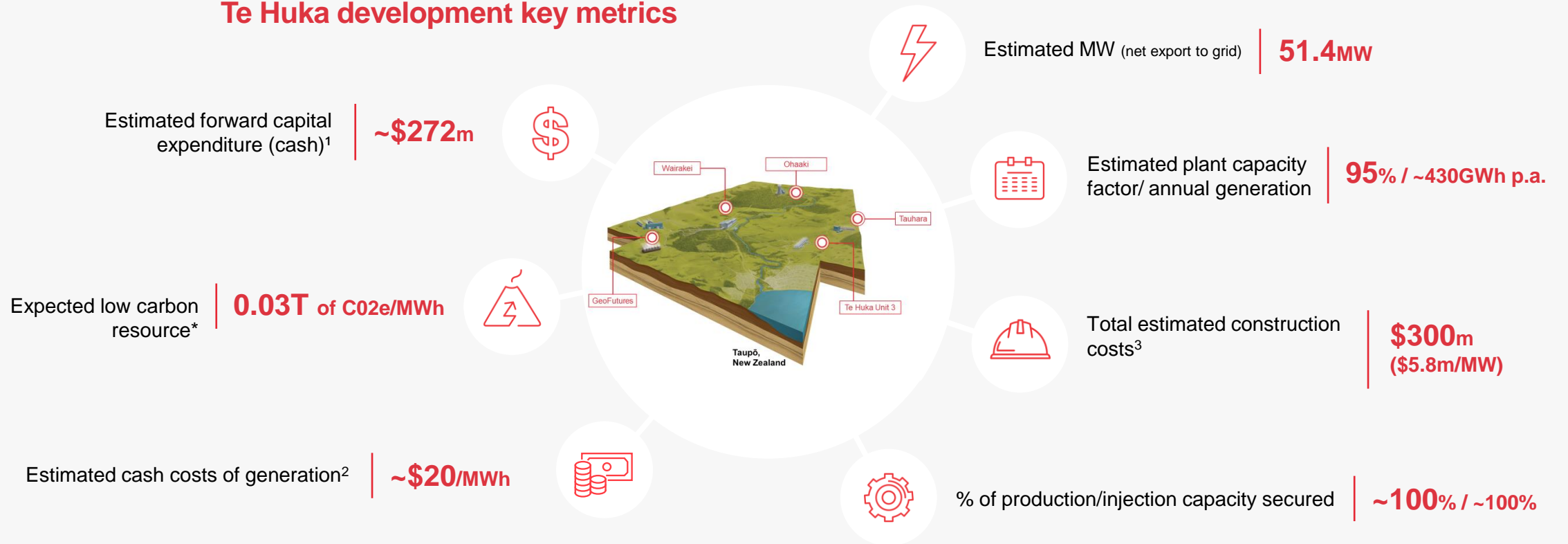
*Expected enthalpy decline at Wairakei is expected to be offset through continuous improvement projects. Generation from the Wairakei field is dependant on the extension of the consents to continue to operate on the Wairakei geothermal field beyond 2026 from the relevant consenting authorities. This consenting process is underway.

All development options remain subject to Board investment decisions and are subject to market conditions

Te Huka Investment

Contact is investing to deliver renewable energy

Te Huka development key metrics



* (Gas CCGT ~15x more, Gas Peaker ~18x more)

¹ Excluding capitalised interest as at 30 June 2022.

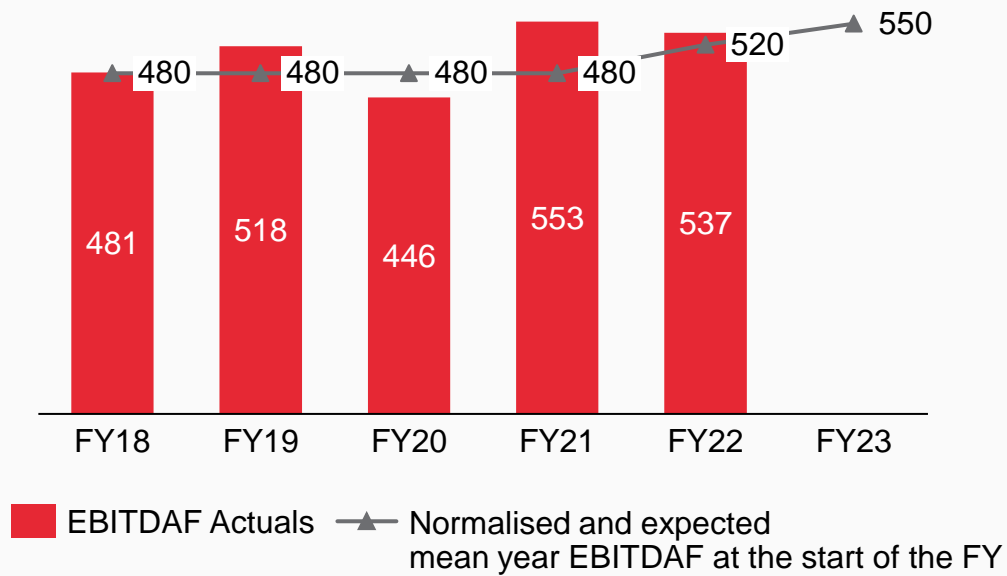
² Includes operating costs, carbon costs and stay-in-business capex (excluding make-up drilling and major mid-life capex replacement).

³ Excludes finance leases and capitalized interest (estimated ~\$13m). \$28m of project costs spent by 30 June 2022.

Financial Performance

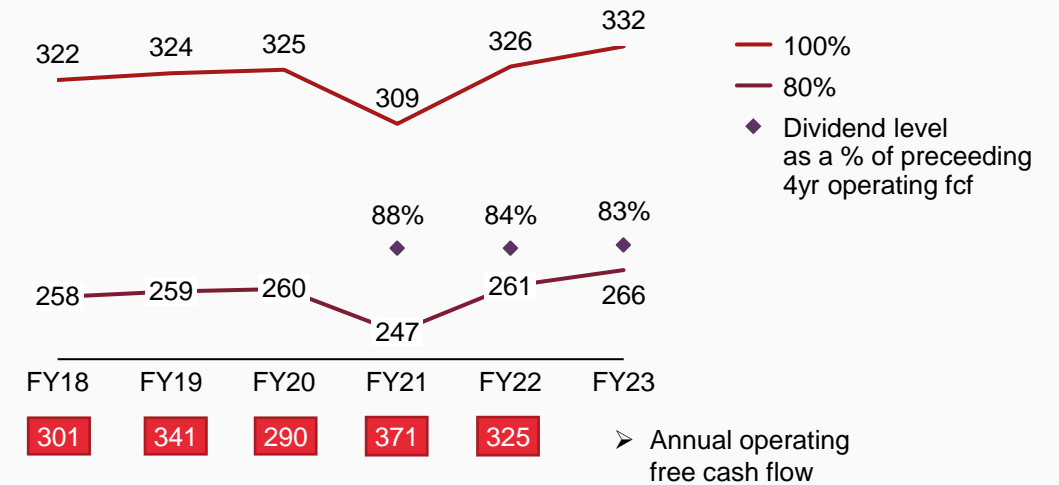
High quality, long-life generation assets support strong operating cash flow

Operating earnings (EBITDAF)



Operating free cash flow (\$m)

Average operating cash flow for the preceding four financial years



Dividend policy range: 80-100% of average operating free cash flow for the preceding four years

Capital Structure & Funding



Presented by

Will Thomson
Corporate Treasurer

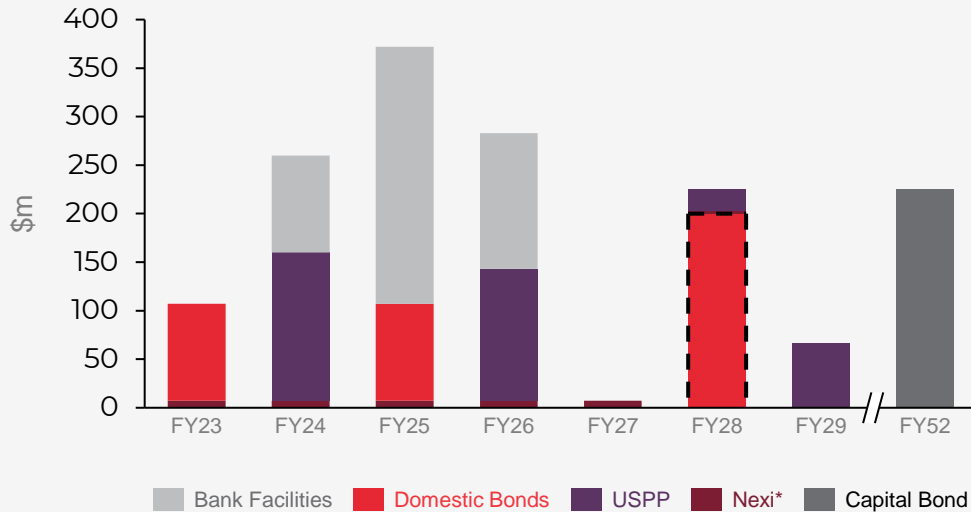


Funding

Funding Portfolio

Funding maturity profile

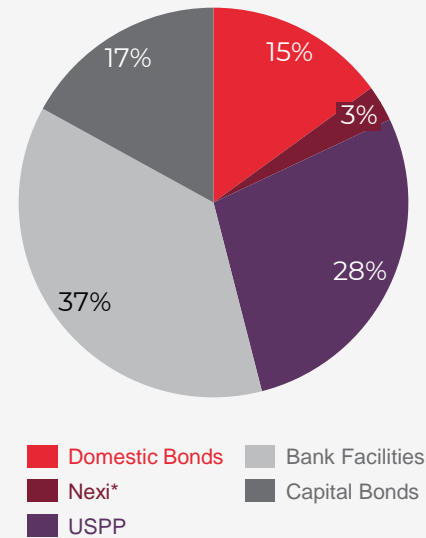
(at 31 August 2022, including new retail Green Bonds)



Maturity profile shows all committed debt as opposed to all drawn debt and assumes a new retail green bond issue of \$200m

Sources of funding

(at 31 August 2022)



Balanced debt portfolio with diverse sources of funding; comprising bank debt, domestic bonds and USPP

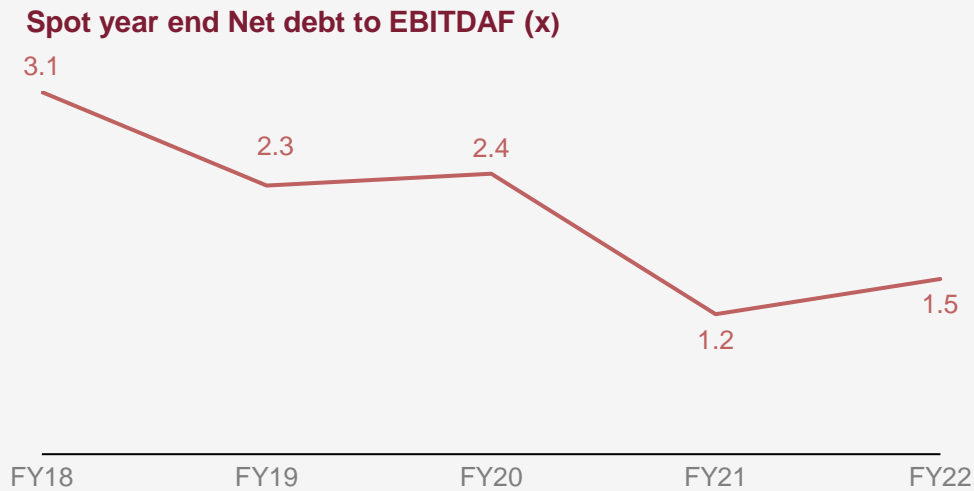
All bank facilities have been converted to sustainability linked loans, and all debt is certified green

The average debt maturity profile (inclusive of the new issuance) is 6.7 years as at 31 August 2022

Offer proceeds will be used to effectively fund the repayment of the maturing \$100m domestic green retail bonds and fund ongoing geothermal development

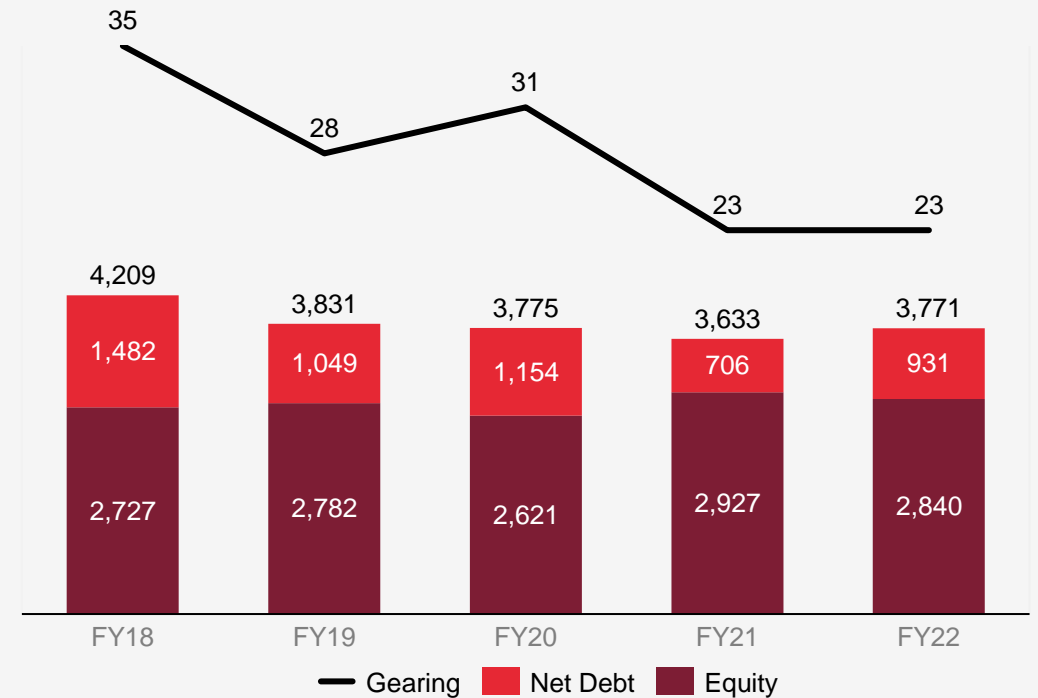
Capital Structure

Contact continues to target a BBB credit rating



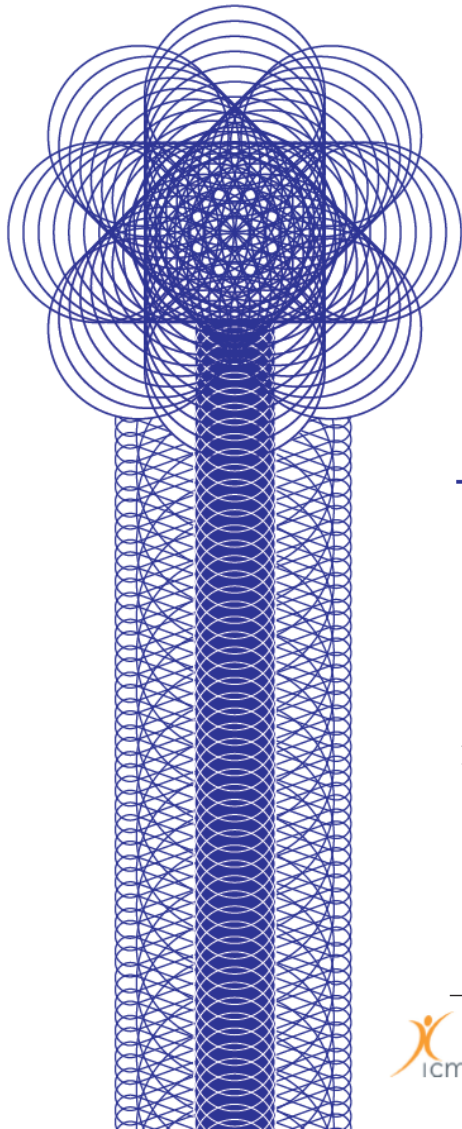
- Provides benefits in terms of access to multiple funding markets & delivers attractive pricing and terms for debt issuances
- S&P's key financial metrics for BBB is a Net Debt/EBITDAF ratio targeting 2.8x over the medium-term
- Most recently reaffirmed by S&P in April 2022

Capital Employed (\$m) & Gearing* (%)



*Gearing ratio is calculated as: Senior debt + Finance lease liabilities / (Senior debt + Finance lease liabilities + Equity) at 30 June of the year

Green Borrowing Programme



Certification



This is to certify that the

CEN070

Issued by

Contact Energy Limited

Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative

SEAN KIDNEY
Chair of the Climate Bonds Standard Board

30 Aug. 2022



Key Terms and Dates

Key Terms

Issuer	Contact Energy Limited.
Description	Unsecured, unsubordinated, fixed rate, interest bearing debt obligations of Contact.
Issue Amount	Up to NZ\$200,000,000 (with the ability to accept oversubscriptions of up to NZ\$50,000,000 at Contact's discretion).
Tenor	5.5 years maturing Tuesday, 11 April 2028.
Interest Rate	The Interest Rate will be set on the Rate Set Date as being equal to the Base Rate plus the Issue Margin, subject to a minimum Interest Rate of 5.45% per annum.
Indicative Margin	1.30 to 1.45 % per annum.
Interest Payments	Quarterly in arrear in equal payments.
Credit Ratings	Issuer Credit Rating: BBB (stable outlook) (S&P Global Ratings). Issue Credit Rating: BBB (S&P Global Ratings).
Minimum Application Amount	NZ\$5,000 with multiples of NZ\$1,000 thereafter.
Quotation	Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.
NZX Debt Market Ticker Code	CEN070.

Key Terms

Purpose	The proceeds from the issue of the Green Bonds will be used by Contact for the financing and refinancing of renewable generation and other eligible green assets in accordance with the terms of the Green Borrowing Programme Framework.
Guarantors	None.
Ranking	The Green Bonds rank equally and without preference among themselves and equally with all other outstanding unsecured and unsubordinated indebtedness of Contact, except indebtedness preferred by law.
Financial Covenant	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (all as described in the Negative Pledge) must not exceed 60%.
No Event of Default	<p>Failure by Contact to:</p> <ol style="list-style-type: none"> 1. allocate the proceeds of the Green Bonds as described in the Green Borrowing Programme Framework; 2. meet the Climate Bonds Standard, Green Bond Principles or the Green Borrowing Programme Framework in respect of the Green Bonds; 3. maintain CBI certification of the Green Bonds or other Green Debt Instruments; 4. comply with any environmental laws and standards in respect of the Green Assets or otherwise; 5. receive further assurance from CBI; 6. comply with the Green Borrowing Programme Framework (including updating its website in respect of the Green Bonds); 7. notify Bondholders that the Green Bonds cease to comply with the Green Borrowing Programme Framework, the Green Bond Principles or Climate Bonds Standard; or 8. in any other way ensure that the Green Bonds retain their green attributes, <p>is not an Event of Default or other default or breach of any obligation under the Trust Documents and does not have the result of requiring, or permitting Bondholders or Contact to require, the Green Bonds to be repaid early. Contact may, depending on the exact circumstances, provide the market with an update in relation to the ongoing status of the Green Bonds as green bonds.</p>

Key Dates

2022	Tuesday, 27 September	Offer opens Indicative pricing and terms sheet released
	Friday, 30 September	Closing Date (11am) Rate Set Date
	Tuesday, 11 October	Issue Date
	Wednesday, 12 October	Expected Quotation Date
2023	Wednesday, 11 January	First Interest Payment Date
2028	Tuesday, 11 April	Maturity Date

Thank you

