Contact Energy Limited Green Capital Bond Offer

Investor presentation

23 September 2024

Joint Lead Managers:

bnz

CRAIGS INVESTMENT PARTNERS

FORSYTH BARR

contact

Disclaimer and important information

Important Notice

This presentation has been prepared by Contact Energy Limited (**Issuer**) in relation to the offer of unsecured, subordinated, redeemable, cumulative, interest bearing, green capital bonds (**Capital 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$225,000,000 unsecured, subordinated, redeemable, cumulative, interest bearing, green capital bonds (which have a fixed interest rate of 4.33% per annum) maturing on 19 November 2051, which are currently quoted on the NZX Debt Market under the ticker code CEN060 (**CEN060 Bonds**).

The Capital Bonds are of the same class as the CEN060 Bonds (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 Capital 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).

Investors should carefully consider the features of the Capital Bonds which differ from the features of a standard senior bond. Those features include the ability of Contact to defer interest, optional redemption rights for Contact, and margin step-up and the subordinated nature of the Capital Bonds. An indicative terms sheet dated 23 September 2024 **(Terms Sheet)** has been prepared in respect of the Offer. Investors should read the Terms Sheet carefully and seek financial advice before deciding to invest in the Capital Bonds. Investors should not purchase the Capital Bonds until they have read the Terms Sheet.

Capitalised terms used in this presentation but not defined have the meaning given to them in the Terms Sheet.

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Agenda

Offer highlights

$200m
With additional oversubscriptions

30 year
Legal tenor, maturing 3 October 2054

Subordinated debt
Sits below senior debt and above equity

Fixed
Interest rate for 5 years paid quarterly

Green
Certified with the CBI under Contact's Sustainable Finance Framework to finance renewable generation

BB+
Expected issue credit rating with S&P

Contact Strategy and Update

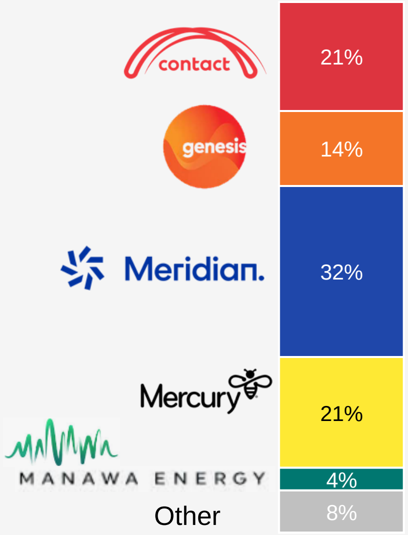
- Electricity Market Overview
- Strategy and Performance Update
- Manawa Acquisition

New Zealand’s reliable, competitive and environmentally sustainable electricity system

Competitive

5+

Generators



Spot electricity pool

Regulated monopolies

1

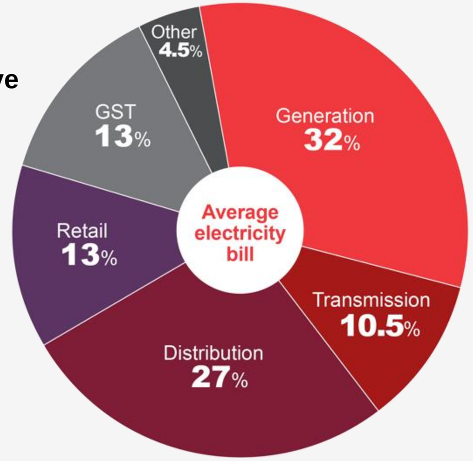
National transmission grid operator

TRANSPOWER

29

Distribution businesses

Indicative sector revenue share



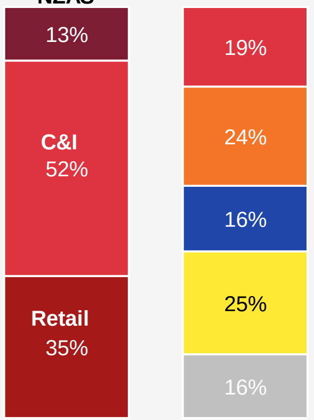
Competitive

8

Retailers over 50k connections

2.3

Million consumers[1]



Source: EMI, July 2023-Jun 2024
Major generators’ respective operating reports, July 2023-Jun 2024. Mercury's FY24 generation is as reported on page 5 of its FY24 Integrated Report and appears to exclude a portion geothermal output associated with joint ventures (captured under other market participants).

Source: EA website

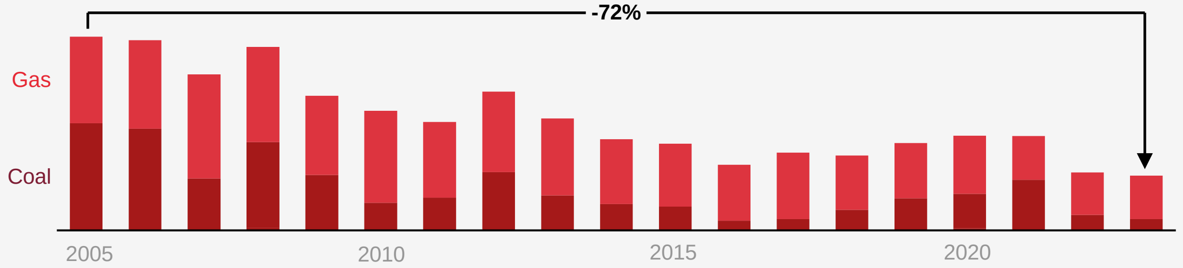
Source: MBIE quarterly electricity generation and consumption, Sep 22 – Mar 24.
EMI, Aug 2024.[1] Total ICP including residential, Small Medium Enterprises, C&I

NZ electricity supply is highly renewable

Contact has led the way in decarbonising the NZ electricity system through geothermal development

Electricity generation carbon emissions (units of CO2e)[1]

Calendar year



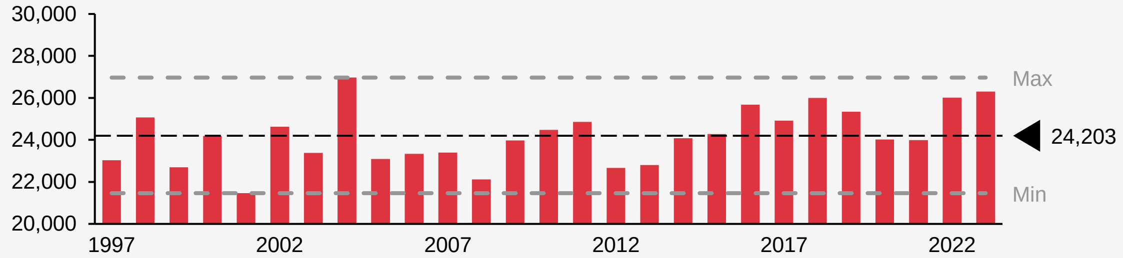
Source: MBIE quarterly electricity and liquid fuel emissions data tables

Electricity generation mix comparison 2005 and 2023

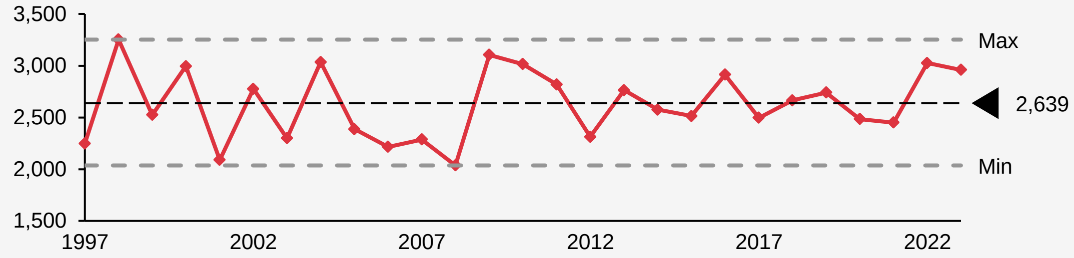
Calendar year

New Zealand has limited hydro storage and high variability

Annual hydro generation volumes (GWh)[2]



Controlled hydro lake storage volumes (GWh)[3]



3-5TWh of flexible alternatives (including thermal) are required to manage dry year risk[4]

[1] Source: MBIE quarterly electricity generation and consumption data

[2] Source: NZX hydro, annual average controlled lake storage volumes (post-market formation) 1997 – 2023

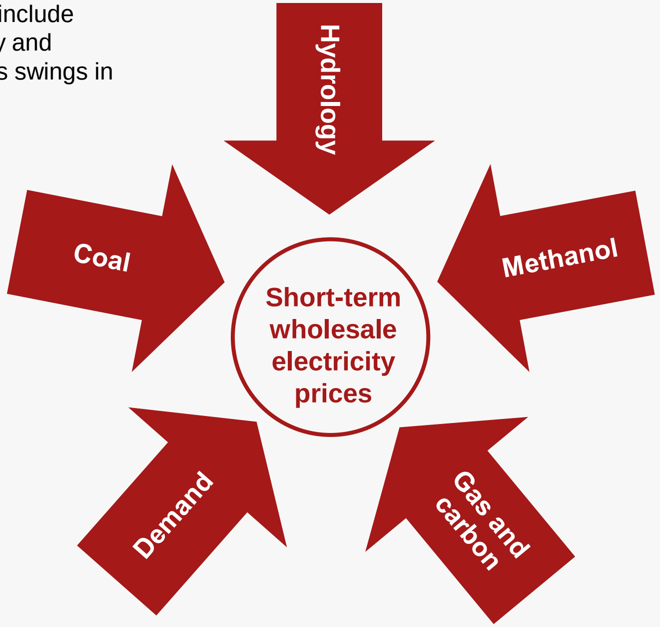
[3] MBIE Electricity Generation statistics (post-market formation) 1997 – 2023

[4] Source: NZ Battery Indicative Business Case, MBIE, 2023

The market responds to changes in supply and demand by sending price signals

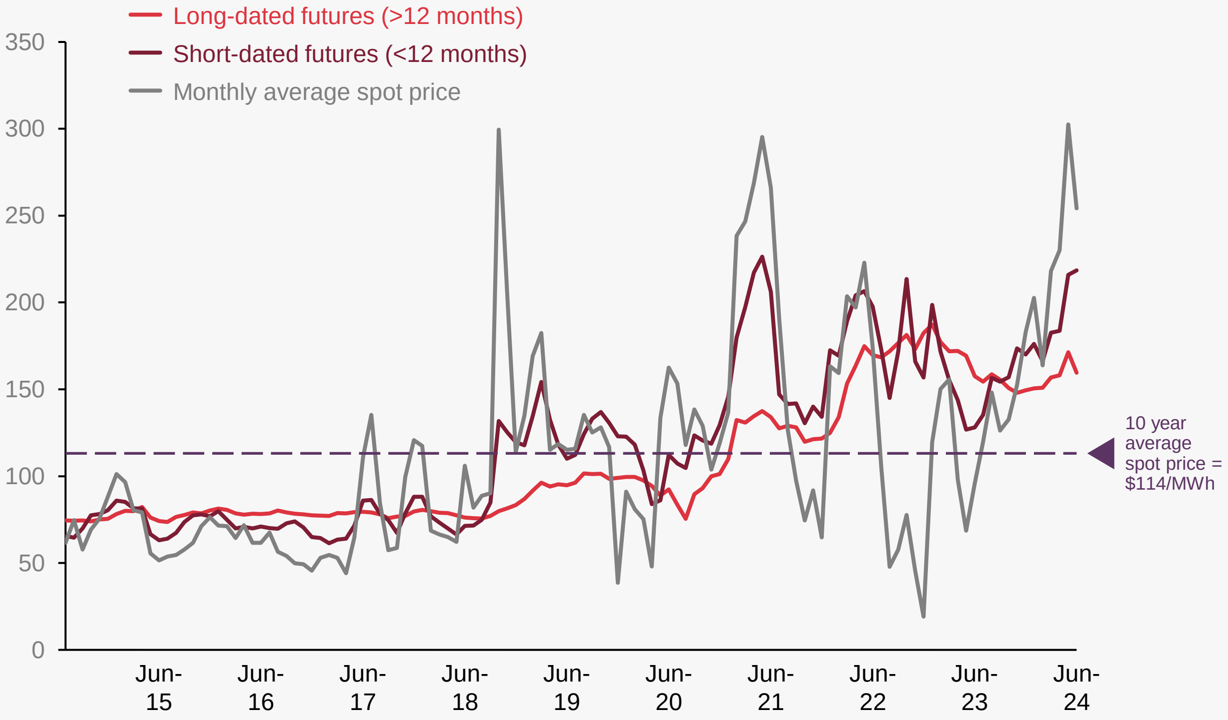
And the fundamental requirement for thermal to support a hydro dominated system supports forward electricity prices

Short-term external factors that can influence the market include thermal fuel price volatility and availability risks as well as swings in hydrology conditions.



Long-term pricing is linked to the long-run marginal costs of new renewable projects to meet demand, plus costs associated with firming renewable intermittency. On this basis, Contact expects the long-term wholesale price to revert to $115-125/MWh (2024 real - OTA).

Wholesale and futures electricity pricing ($/MWh)



Source: EMI wholesale pricing (OTA) - data to 30 June 2024

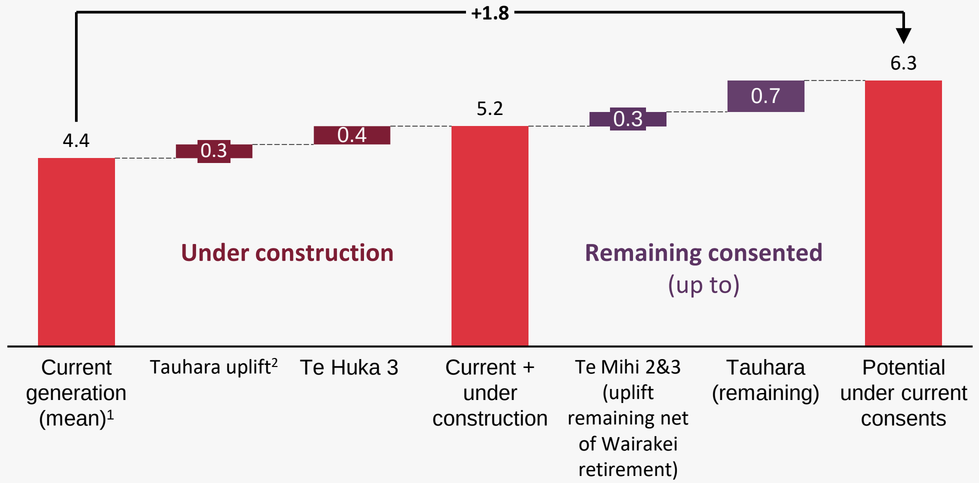
Contact26 Our strategy to lead NZ's decarbonisation

Strategic theme	Grow demand	Grow renewable development	Decarbonise our portfolio	Create outstanding customer experiences
Objective	Attract new industrial demand with globally competitive renewables	Build renewable generation and flexibility on the back of new demand	Lead an orderly transition to renewables	Create New NZ's leading energy and services brand to meet more of our customers' needs

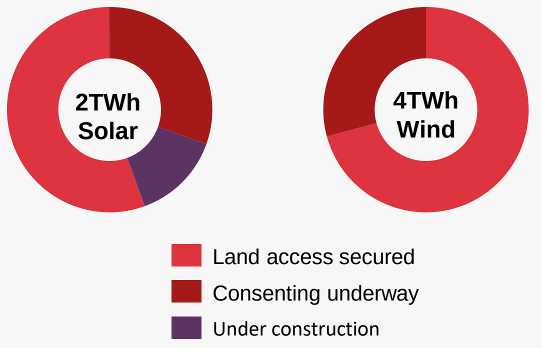
Enablers	**ESG**: create long-term value through our strong performance across a broad set of environmental, social and governance factors	**Operational excellence**: continuously improving our operations through innovation and digitisation	**Transformative ways of working**: create a flexible and high-performing 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 is preparing for further investment in renewable generation and storage

Geothermal generation potential (TWh p.a.)



Wind and solar options under development (TWh p.a.)[3]

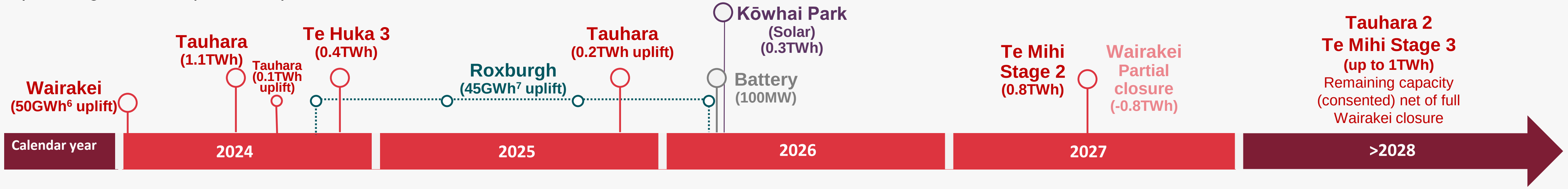


Key updates (including grid-scale batteries)

- Kōwhai Park solar (0.3TWh) and Glenbrook battery (100MW) now under construction.
- Stratford battery (100MW) consented.
- Consenting underway includes:
  - Glorit solar (0.3TWh.
  - Stratford solar (0.3TWh).
  - Southland Wind (0.9-1.2TWh).
- Earliest expected FID for these projects is FY26.
- Contact is investigating the potential to include additional battery capacity within the Glorit and Stratford solar consenting processes.[4]
- Expected FID and online dates depend on supportive market conditions and funding arrangements.

Planned geothermal plus other renewables under construction[5]

Expected generation (indicative):



[1] Includes mean geothermal generation (existing stations) plus Tauhara volume based on 135MW currently online. Also includes ~50GWh uplift already delivered on Wairakei field (see note 6).
[2] Represents uplift in Tauhara output expected from completion of final commissioning activity in 2024 (0.1TWh) and the first planned outage in October 2025 (0.2TWh).
[3] For projects included in the "land access secured" category, indicative output is shown based on early estimates of capacity per hectare and assumed capacity factors of ~40% for wind and 20-25% for solar.
[4] Consent already received for 100MW grid-scale battery at Stratford.
[5] All uncommitted investments are subject to Board investment decisions. The Tauhara, Te Huka 3, Roxburgh, Kōwhai Park and Glenbrook battery investments have been committed to.
[6] In FY24 Contact operationalised the higher consented fluid take at the Wairakei field (5kt per day) translating to a ~50GWh p.a. uplift in average geothermal generation (before new developments online) applying at ~30MWh/kt efficiency factor.
[7] 45GWh p.a. uplift is based on mean hydrology conditions.

Impacts of the energy transition in New Zealand are starting to become clearer

Theme	Domestic natural gas production in decline	Thermal power stations closing as more intermittent renewables come online	High level of activity to advance renewable electricity builds
Characteristics	• Ageing natural gas fields with limited forward plans for further investment. • Drilling / maintenance on major domestic fields unsuccessful. • Overall trend of output decline.	• More intermittent renewable generation entering the market, leading to increased price volatility. • High-cost baseload gas generation no longer aligns to market needs. • Thermal power stations closing.	• High volume of proposed renewable developments putting pressure on consenting bodies. • Constrained contracting market. • Generators and independent developers competing for quality resource e.g. land / sites.
Observable impacts	• Scarcity of new long-term gas contracts (and at elevated prices). • Spot gas trading at over $35/PJ. • Higher reliance on coal for electricity generation. • Stored gas and coal depleted.	• High fixed costs associated with running thermal plant need to be recovered on lower volume. • Wholesale electricity prices materially higher when thermal generation is required.	• Backlog in consenting processes. • Cost escalation on domestic construction and productive resource. • Expected returns on Contact's projects at or nearing FID remain above targets.[1]

[1] See slide 29 (Annual Results Investor Presentation dated 20/08/24) .

Key themes from the FY24 financial results

Accelerated domestic gas decline leading to more expensive risk management products

Shift in national fuel mix leading to more pronounced summer / winter pricing

Sales channels repricing to better align with wholesale market; Retail facing headwinds from network cost increases

Non-cash accounting topics:
Net movement in the AGS onerous contract provision of $12m within EBITDAF; Write-offs $50m outside EBITDAF (peaker, Tauhara, software upgrades)

Uplift in expected and normalised EBITDAF; Outperformed FY24 guidance; Expecting $770m in FY25

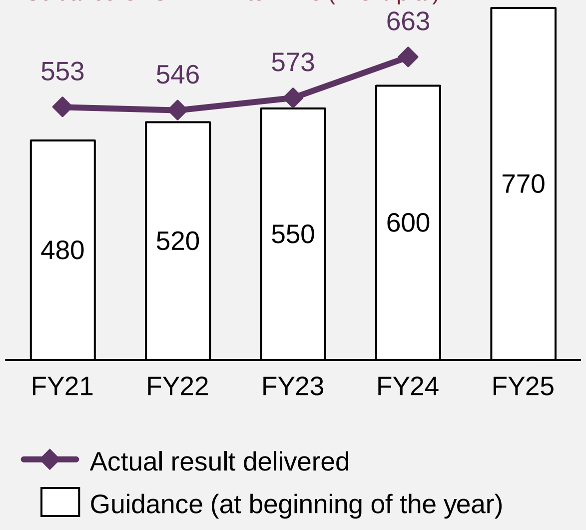
Cash conversion elevated by high thermal generation and capitalisation of Tauhara interest

Uplift in Contact's expected FY25 EBITDAF to be driven by the realisation of growth investment

FY25 normalised and expected EBITDAF includes generation from Tauhara and Te Huka 3

Guidance vs Actual

Guidance CAGR FY21 to FY25 (~13% p.a.)

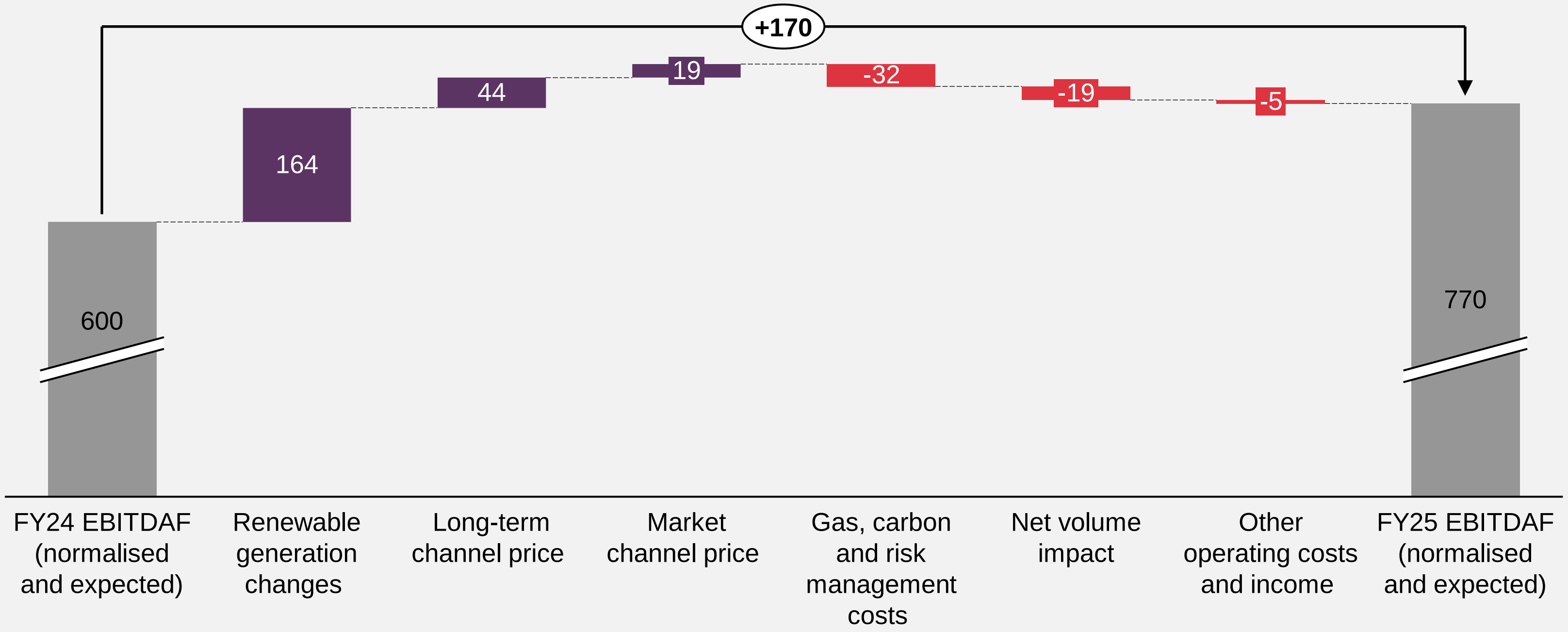


Strong track record of delivering performance above guidance

(Guidance reflects normalised and expected EBITDAF based on mean hydrology conditions)

Normalised and expected EBITDAF ($ million)[1]

Like-for-like increase of $170m (28%) on year-on-year guidance



Normalised and expected EBITDAF is based on mean hydrology conditions

Start to FY25 has been characterised by low hydro inflows and high wholesale prices. These conditions have a partially offsetting impact on earnings (resulting in above or below normalised expected performance).
Of note, July 2024 EBITDAF was $10m below normalised and mean expected.

[1] See slide 40 (Annual Results Investor Presentation dated 20/08/24) for assumptions underpinning FY24 normalised and expected earnings.

Manawa Energy Acquisition

A highly strategic and financially compelling acquisition

1

Geographically diversified hydro schemes are complementary, enhancing portfolio resilience and the ability to support the energy market

2

Accelerates Contact's strategy to grow its renewable generation portfolio and decarbonise with a combined development pipeline of >10TWh and complementary development capabilities

3

Transaction structure maintains Contact's BBB credit rating, retains capital options for renewable development and enables Manawa shareholders to share in combination benefits

4

Greater stability of both portfolio generation and cash flow expected to support an uplift in Contact's DPS profile by 1cps in FY26 (40cps) and by 2 - 3cps in FY27 (41- 42cps)[1]

5

~$220m Normalised EBITDAF contribution post realisation of future embedded value, portfolio benefits and cost synergies (~$75m higher than Manawa reported FY24)[2]

6

Transaction implies a 10.7x Normalised EV/EBITDAF acquisition multiple and is forecast to deliver an IRR exceeding Contact's WACC

[1] All dividend decisions are a matter for the Board. These align to the dividend policy and are dependent on business and market conditions when each payment decision is made.

[2] Normalised EBITDAF represents Manawa's FY24 Reported EBITDAF adjusted for expected future mean annual hydro generation, Contact's view of expected long-run wholesale electricity prices and expected cost synergy and portfolio combination benefits. Please refer to pages 24 and 41 for further detail, and to pages 25 and 27 for expected integration and transaction costs to achieve the Normalised EBITDAF (Investor Presentation – Contact acquisition of Manawa dated 11/09/24).

Important combination for the New Zealand energy market and energy transition

Combination benefits

- Increased hydro generation diversification and greater portfolio resilience
- Attractive and diversified combined renewable development pipeline of >10TWh supported by complementary capabilities
- Balance sheet and scale efficiencies – including reduced cost of capital, while retaining capital options

Enhanced Contact abilities

- Greater ability to offer competitive risk management products to the market

OR

- Greater ability to place a higher volume of fixed price supply agreements into the market[1]
- Greater ability to develop and invest in future intermittent renewable generation

Expected energy market benefits

- Ability for customers to reduce exposure to spot-market rates in 'dry years' through hedging
- Increasing renewable generation capacity can
  - Enhance energy market security
  - Contribute to reducing wholesale electricity prices
  - Reduce reliance on baseload or discretionary thermal generation

"The combination with Manawa is expected to create a more diversified, resilient and efficient Contact business, which will be positioned to better manage dry year risk, execute on renewable development opportunities and support New Zealand's energy transition"

\- Mike Fuge, CEO

[1] When compared to the volume that can be supported by Contact's and Manawa Energy's standalone hydro portfolios.

Acquisition summary

Contact has entered into a Scheme Implementation Agreement with Manawa to acquire 100% of Manawa via a mixture of Contact shares and cash

Acquisition overview

- Contact has entered into a Scheme Implementation Agreement (Scheme) to acquire 100% of Manawa
- As consideration, eligible Manawa shareholders are expected to receive 0.5719x[1] Contact shares for each Manawa share held on the record date (equivalent to $4.79 per Manawa share); plus cash consideration of $1.16 per Manawa share[2]
- Total consideration implies a value of $5.95 per Manawa share and a Manawa enterprise value of ~$2.3bn
  - equates to a 47.6% premium to last close and 47.4% premium to the 30-day VWAP
  - implies a Normalised EV / EBITDAF acquisition multiple of 10.7x

Financial impacts

- ~$220m Normalised EBITDAF contribution post realisation of future embedded value, portfolio benefits and cost synergies
- Transaction is accretive on a Normalised EBITDAF less SIB capex per share basis and is expected to deliver an IRR exceeding Contact's WACC
- Expected Contact cost of capital benefits from greater earnings stability, generation diversification and reduced thermal generation exposure
- Greater stability of generation and cash flow is expected to support an uplift in Contact's DPS profile by 1cps in FY26 (40cps) and by 2 - 3cps in FY27 (41 – 42cps)[3]

Funding & capital structure

- Estimated cash consideration and repayment of outstanding Manawa bank debt and bonds will initially be funded via new committed Contact bank debt facilities
- Contact Net Debt / EBITDAF is expected to rise temporarily above 3.0x on a spot basis[4] at the time of closing before progressively decreasing to below 3.0x in the short term
  - post transaction announcement, Standard & Poor's (**S&P**) have reaffirmed Contact's BBB credit rating on a stable outlook

Transaction process

- The Scheme is subject to a number of conditions including Contact obtaining NZ Commerce Commission approval
- Major Manawa shareholders Infratil and TECT Holdings (who together represent 77.9% of Manawa's shares) have committed to vote in favour of the Scheme subject to certain conditions
  - Manawa shareholders are expected to own ~18.5%[1] of Contact post completion of the Transaction
- The current indicative timetable is targeting the Scheme taking effect first half 2025[5]

[1] Based on the Contact SIA price of $8.3755 (calculated as the 5-day VWAP to market close 10th September 2024) and excludes any adjustments for dividends declared and paid by Contact between Scheme signing and implementation.
[2] Final cash consideration and the number of shares issued to Manawa shareholders are subject to adjustments for dividends declared paid by Contact and Manawa between Scheme signing and implementation. [3] All dividend decisions are a matter for the Board. These align to the dividend policy and are dependent on business and market conditions when each payment decision is made. [4] Does not account for smoothing. [5] All dates are indicative only and subject to change.

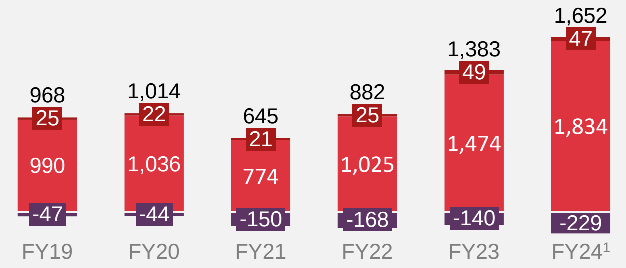
Capital Structure & Funding

Strong balance sheet

Contact's sustainable finance principles are built on diversified sources of funding

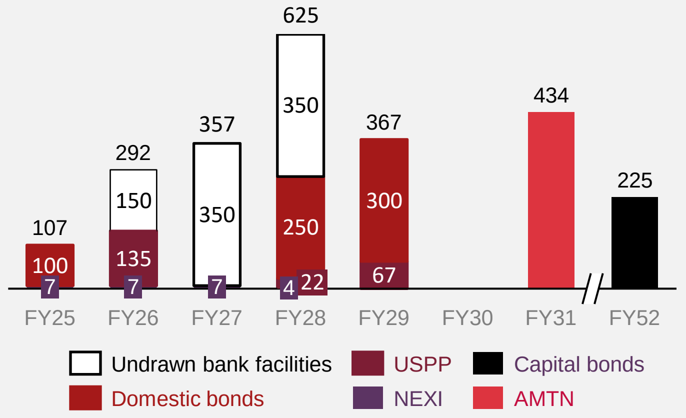
Closing net debt ($m)

Face value of borrowings less cash



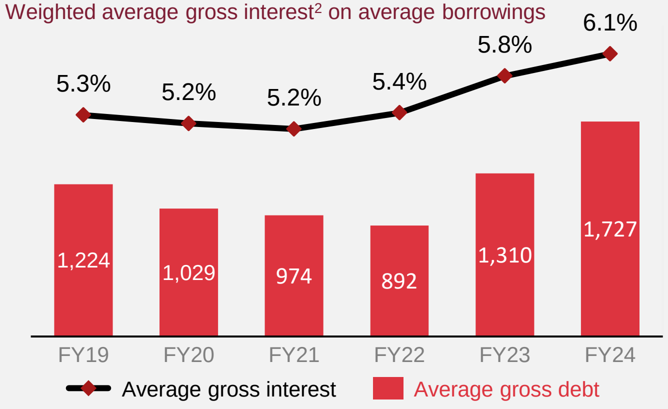
Borrowing maturities ($m)

Average tenor of 5.9 years as at 30 June 2024



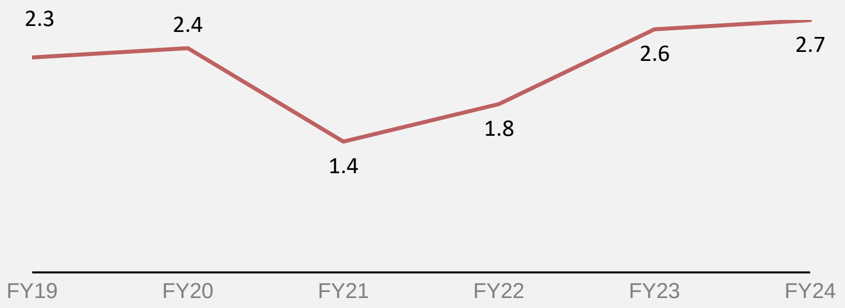
Interest rate (%)

Weighted average gross interest[2] on average borrowings



Net debt to EBITDAF (x)

Includes S&P adjustments (prior to FY20, AGS was treated as a lease)[3]



- A Green Australian Medium Term Note (AMTN) was issued during the year. This was partly to refinance a maturing tranche of USPP in December 2023, but also provided additional funding for the ongoing capital investment programme.
- Contact's hydropower assets have now (as at 30/6/24) been included in the green asset pool that supports Contact's Green Borrowing Programme, having been subject to an assurance review by EY verifying compliance with the Climate Bonds Standard and the Hydropower sector criteria (see our GBP Update Report – Independent Assurance FY24)
- Contact's planning aligns with maintaining its investment grade credit rating. This requires net debt to EBITDAF to remain below 3.0x over a sustained period. Point estimate net debt to EBITDAF is currently 2.7x and Contact's EBITDAF outlook, DRP and capacity for additional hybrid bonds (such as the Capital Bonds) provide the ability to manage this metric effectively.

[1] Includes $87m of collateral held on deposit for margin calls associated with the trading of electricity price derivatives on the ASX.
[2] Gross interest includes all interest on borrowings, bank commitment fees and deferred financing costs. Unwind of leases, provisions and capitalised interest not included.
[3] Illustrated here on a point basis based on expected S&P adjustments. FY21 and FY22 have been restated based on latest understanding of S&P approach.

Sustainable finance

- Contact established its Green Borrowing Programme in 2017 – the first such certification completed by a New Zealand issuer and the first green certification of an entire debt programme globally. This demonstrates Contact's commitment to investing in renewable energy assets (i.e. geothermal and hydro power) which have achieved independent certification by the Climate Bonds Initiative (CBI).
- The Green Borrowing Programme is described within Contact's Sustainable Finance Framework **(Framework)**, which aligns with the International Capital Markets Association Green Bond Principles, and the Asia Pacific Loan Market Association Green Loan Principles. The Framework, which also incorporates the issuance of sustainability-linked instruments was released in November 2022 and has been externally reviewed by Ernst & Young.

Eligible Asset Criteria – Green Bond

- In alignment with the Sustainable Finance Framework, Contact will use the net proceeds from the Green Bond issue to finance or refinance Eligible Green Assets and/or Activities.
- Eligible Green Assets and/or Activities are those that meet the eligibility criteria set out to the right and will comply with one or more of the Green Bond Principles, Green Loan Principles or the Climate Bonds Standard, and contribute to meeting the United Nations Sustainable Development Goals (SDGs).

ELIGIBLE CATEGORIES (GBP/ GLP)	ELIGIBILITY CRITERIA	SDG ALIGNMENT

Renewable Energy	Investments in assets and activities related to the construction, transmission, maintenance, operation and/or expansion of renewable energy generation projects. This includes but is not limited to:
	• Geothermal energy including:
	  • Geothermal electricity generation facilities with direct emissions of less than 100g CO2/kWh.
	• Hydropower energy including:
	  • Run of river;
	  • Small-scale hydropower schemes (<15MW capacity);
	  • Natural lake system hydropower projects that do not significantly alter an ecosystem; or
	  • Schemes with power density of greater than 5W/m2[10].
	• Solar energy including:
	  • Onshore solar electricity generation;
	  • Onshore solar thermal facilities; or
	  • Transmission infrastructure wholly dedicated to supporting solar generation/ thermal activity.
	• Wind energy including:
	  • Onshore wind generation facilities;
	  • Transmission infrastructure wholly dedicated to supporting wind generation facilities; or
	  • Manufacturing facilities dedicated for wind energy equipment.
		7 AFFORDABLE AND CLEAN ENERGY
		13 CLIMATE ACTION

Energy Efficiency	Investments in assets and activities that contribute to a reduction in energy consumption. This includes but is not limited to: • Energy storage (including batteries); or • Energy efficiency processes, appliances, products and technology.	7 AFFORDABLE AND CLEAN ENERGY
Clean Transportation	Investments in low carbon transportation assets, systems and/ or infrastructure. This includes but is not limited to: • Electric vehicles and supporting infrastructure and systems; or • Hybrid vehicles that meet an emissions intensity threshold of 50g CO2 per passenger-km travelled.	11 SUSTAINABLE CITIES AND COMMUNITIES

Green Borrowing Programme

- Contact recognises the importance investors place on transparency and disclosure relating to Green Debt Instruments. Our Framework, CBI programmatic certification, annual independent assurance statement and annual Integrated Reports are available on our website. Contact's reporting in relation to this Capital Bonds issue will be outlined within the Capital Bonds documents.
- A key metric is the Green Ratio whereby the total green asset value must be at least equal to total green debt (i.e. a ratio of 1.0 minimum). As at 30 June 2024, Contact's Green Ratio is met at **2.4 times.**

Hydropower Sustainability Standard Assessment

- Inclusion of Contact's Hydro Assets in its Green Borrowing Programme per the Climate Bonds Standard involved undertaking a Hydropower Sustainability Assessment.
- Contact's ESG performance benchmarked the Clyde and Roxburgh hydro schemes against best international practice.
- The assessment was detailed and broad – involving a site visit from international accredited assessors, collecting evidence and engaging with internal and external stakeholders across 12 different sustainability topics.
- Contact is the first company in New Zealand to have undertaken the assessment. We received silver certification from the International Hydropower Association and reached gold level in 10 of the 12 topics.

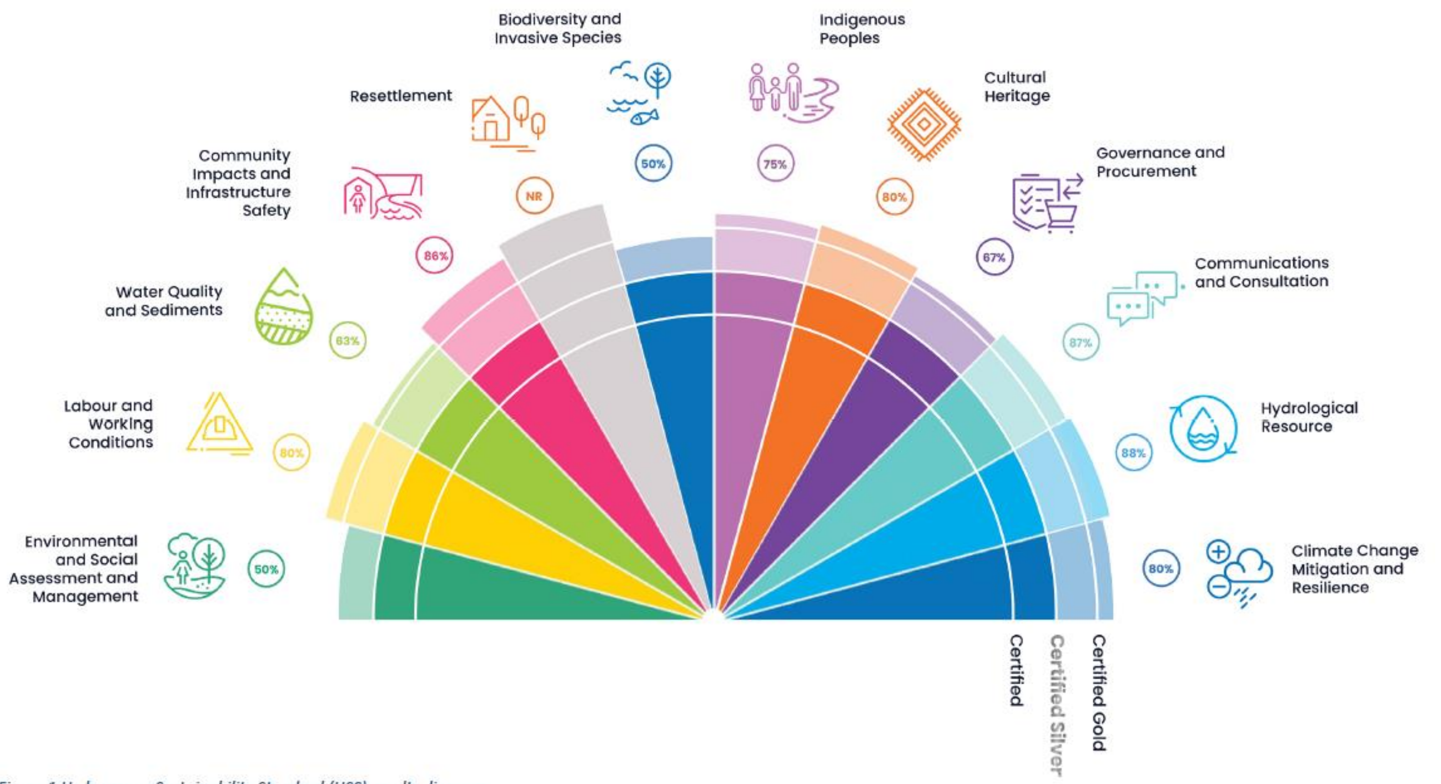


Figure 1 Hydropower Sustainability Standard (HSS) results diagram

Key Terms and Dates

Key terms of the Capital Bonds

Issuer	Contact Energy Limited (**Contact**)
Instrument	Unsecured, subordinated, redeemable, cumulative, interest bearing debt securities
Purpose	The proceeds from the issue of the Capital 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 Sustainable Finance Framework
Guarantors	None
Ranking	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Contact, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Bonds The Capital Bonds will rank equally with the CEN060 Bonds
Credit rating	Expected issue credit rating – BB+ by S&P The expected issue credit rating of the Capital Bonds is two notches below Contact's issuer credit rating of BBB. One notch is deducted for the Capital Bonds being subordinated and a second notch is deducted because of the potential for interest payments to be deferred
Issue amount	Up to $200m (with the ability to accept oversubscriptions at Contact's discretion)
Term	30 years (maturing 3 October 2054)
Reset Dates	3 October 2029 and every five years thereafter. As part of a Successful Election Process, a different Reset Date may be adopted
Optional early Redemption by Contact	On each Reset Date, any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken, a Tax Event, a Rating Agency Event or if there are less than 100m Capital Bonds on issue
Interest Rate	The Interest Rate and Margin for the first five-year period will be set following a bookbuild on 26 September 2024 as the Benchmark Rate plus the Margin, subject to a minimum Interest Rate If not redeemed earlier, on each Reset Date, unless there has been a Successful Election Process, the Interest Rate for the next five-year period will reset to the Benchmark Rate on the applicable Reset Date plus the Margin plus the Step-up Percentage (0.25%)
Deferral of interest	Payment of interest can be deferred at any time for up to five years at the sole discretion of Contact, with a distribution stopper in place while any Unpaid Interest remains outstanding Deferred interest is cumulative
Quotation*	It is expected the Capital Bonds will be quoted under the ticker code CEN090 on the NZX Debt Market

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

Interest payments

Interest Rate

The Margin and the Interest Rate for the period until the First Reset Date (3 October 2029) is to be set by the bookbuild

Before each Reset Date, Contact may propose, through an Election Process, new terms and conditions (including a new Interest Rate and Margin) that would apply to the Capital Bonds from that Reset Date

If no Successful Election Process occurs, the Interest Rate for the next five-year period resets to the sum of the Benchmark Rate on that Reset Date plus the Margin plus the Step-up Percentage of 0.25%

Interest deferral

An interest payment may be deferred at Contact's sole discretion for up to five years

If deferred, an interest payment amount will itself accrue interest at the prevailing Interest Rate on the Capital Bonds (in aggregate, the Unpaid Interest)

If there is any Unpaid Interest outstanding, Contact shall not:

- make any distributions on, or acquire, redeem or repay, any of its shares or other securities ranking behind the Capital Bonds
- make any distributions on, or acquire, redeem or repay, any securities ranking pari passu with the Capital Bonds (other than on a pro-rata basis)

Issuer redemption rights

Contact must Redeem Capital Bonds on the Maturity Date or if an Event of Default occurs

Contact also has a right to Redeem:

a) all or some of the Capital Bonds on any Reset Date;

b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date;

c) all of the Capital Bonds if there are less than 100m Capital Bonds on issue;

d) all of the Capital Bonds if a Tax Event[1] occurs; or

e) all of the Capital Bonds if a Rating Agency Event[2] occurs

The redemption price will be:

If Redemption is on the Maturity Date, a Reset Date, occurs where there are less than a 100m Capital Bonds on issue or due to the occurrence of a Tax Event:

a) the Principal Amount plus Unpaid Interest plus accrued interest;

If Redemption occurs where a Successful Election Process has not been undertaken or due to the occurrence of a Rating Agency Event, the higher of:

a) the Principal Amount plus Unpaid Interest plus accrued interest; and

b) the market price, which will include accrued interest

A partial redemption will be permitted only to the extent there will be at least 100m Capital Bonds outstanding after the partial redemption

1) A Tax Event is where a change of law or regulation has, or will, occur and interest payable on the Capital Bonds is not, or will not be, fully tax deductible.
2) A Rating Agency Event occurs where Standard & Poor's changes its criteria and the Capital Bonds no longer qualify for intermediate equity content or if Contact ceases to have a credit rating.

Key early redemption drivers

2029

Year five

Contact can Redeem the Capital Bonds or run an Election Process

- If the Election Process is unsuccessful the effective Margin will increase by the Step-up Percentage (0.25%)
- Capital Bonds are redeemable at par whereas any subsequent issuer call between Reset Dates will be at the higher of par and market value (unless there are less than 100m Capital Bonds on issue or due to the occurrence of a Tax Event)
- If the Capital Bonds are not redeemed at year five then at year ten there is a refinancing requirement at the same time as there is a loss of equity content

2034

Year ten

- Equity content falls to minimal, S&P treats the Capital Bonds as 100% debt in Contact's financial ratios
- Likely to be high-cost debt with limited benefits
- These outcomes are not consistent with the rationale for the issue

- Notwithstanding these early redemption drivers, Contact considers that hybrid securities that are ascribed equity content, such as the Capital Bonds, will be a key feature of its capital structure going forward
- As such, if Contact chooses to redeem the Capital Bonds early, current expectation is that equivalent replacement securities would be issued to fund that redemption

Key information and timeline

The Offer

Bookbuild process
NZX Firms, institutional investors and other approved parties to be invited to participate in the bookbuild process

No public pool

Minimum applications
$5,000 and multiples of $1,000 thereafter

Fees
Firm fees of 0.50% to those participating in the bookbuild

Brokerage fee of 0.50%

Joint Lead Managers
Bank of New Zealand
Craigs Investment Partners
Forsyth Barr

2024	Monday, 23 September	Opening Date Indicative pricing and Terms Sheet released
	Thursday, 26 September	Closing Date (11am) Rate Set Date
	Thursday, 3 October	Issue Date
	Friday, 4 October	Expected Quotation Date
2025	Friday, 3 January	First Interest Payment Date
2029	Wednesday, 3 October	First Reset Date
2034	Tuesday, 3 October	Equity credit content expected to fall to minimal (0%)
2054	Saturday, 3 October	Maturity Date

Appendix

A reminder of the Election Process

Election Notice given proposing New Conditions

Bondholders decide to:
a) accept New Conditions
b) reject New Conditions: or
c) do nothing

Contact declares a Successful Election Process

Bondholders who accepted the New Conditions
New Conditions will apply to their Capital Bonds

Bondholders who did nothing are deemed to have accepted the New Conditions
New Conditions will apply to their Capital Bonds

Bondholders who rejected the New Conditions
Contact Repurchases their Capital Bonds

Election Process not successful

Election Notice is revoked and the Capital Bonds remain on current terms
Step-up Percentage of 0.25% applies

Thank you