

*Contact*TM

Monthly Operating Report

April 2018

April overview

- » For the month of April 2018 Contact recorded:
 - Electricity and gas sales of 609 GWh (April 2017: 623 GWh)
 - Netback of \$90.22/MWh (April 2017: \$85.05/MWh)
 - Cost of energy was \$16.21/MWh (April 2017: \$28.36/MWh)

- » Otahuhu futures settlement wholesale price for the 2nd quarter of 2018 (ASX):
 - As at 15 May 2018: \$62/MWh
 - As at 30 April 2018: \$65/MWh
 - As at 31 March 2018: \$67/MWh

- » As at 15 May 2018, South Island controlled storage was 123% of mean (31 March 2018: 118%) and North Island controlled storage was 136% of mean (31 March 2018: 129%)
 - As at 15 May 2018, total Clutha scheme storage (including uncontrolled storage) was 79% of mean
 - Inflows into Contact's Clutha catchment for March 2018 were at 117% of mean (March 2018: 112%, February 2018: 119%, January 2018: 44%)

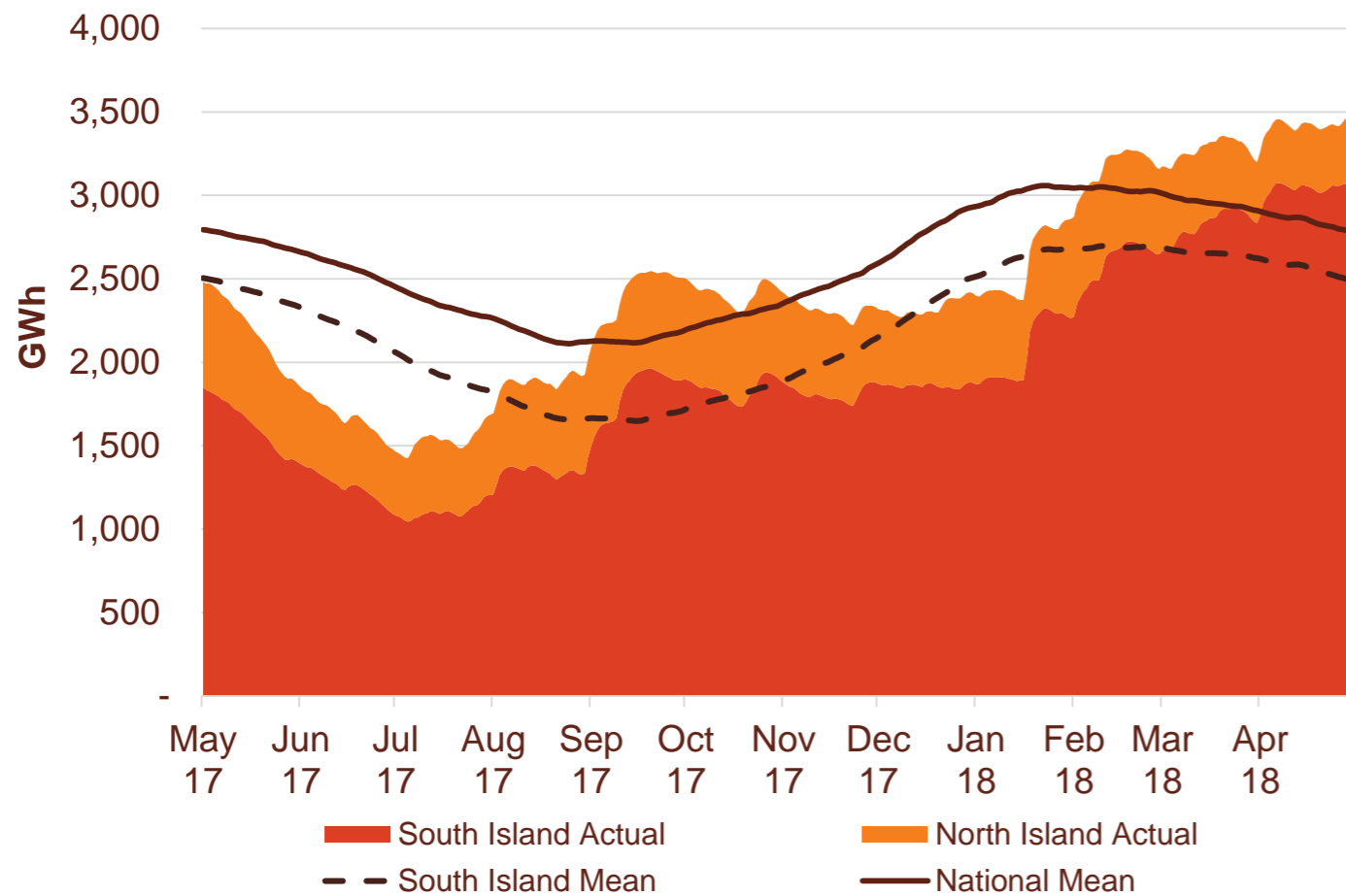


- » Contact announced it had signed a financial contract with Meridian Energy to supply a portion of the additional 50 MW that will be sold to New Zealand Aluminium Smelters (NZAS)

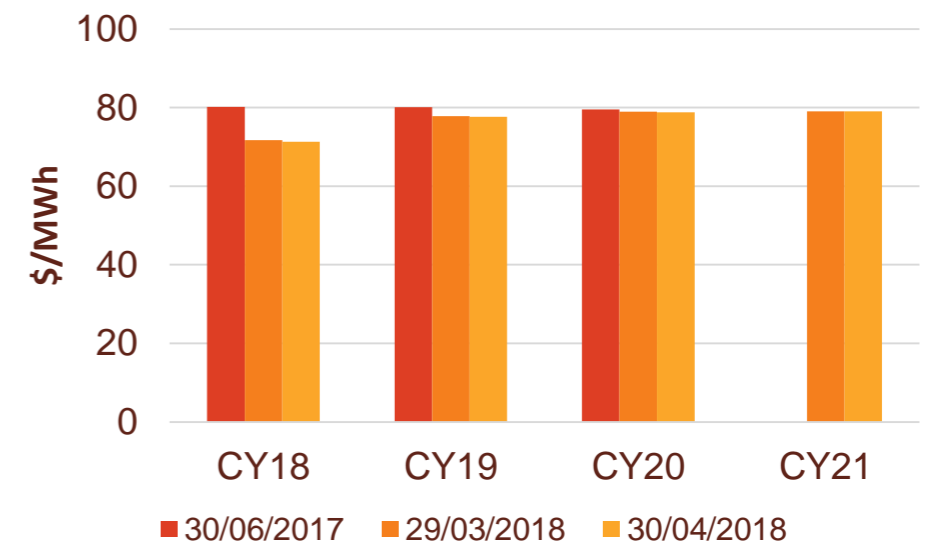
- » The contract will facilitate additional production at Tiwai Point in Southland, with NZAS starting up a fourth potline at the smelter.

Hydro storage and forward prices

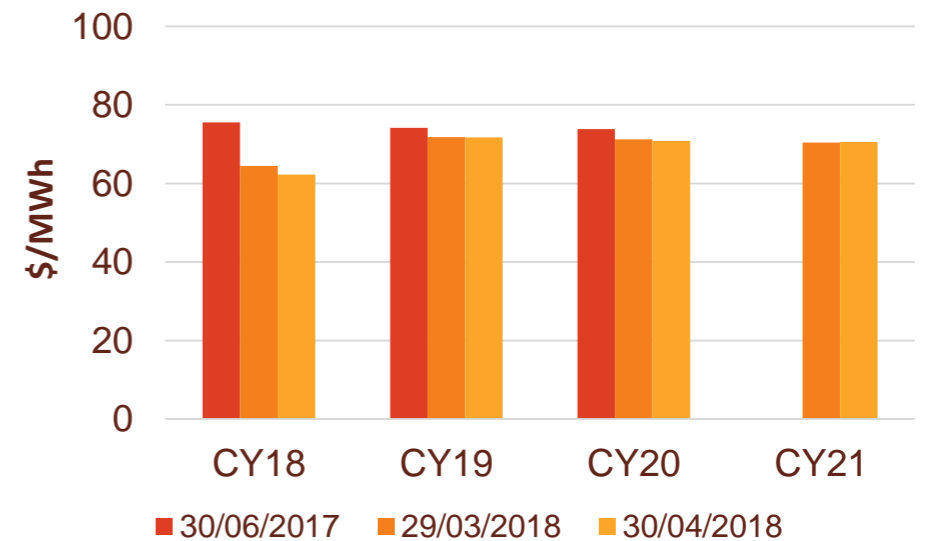
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

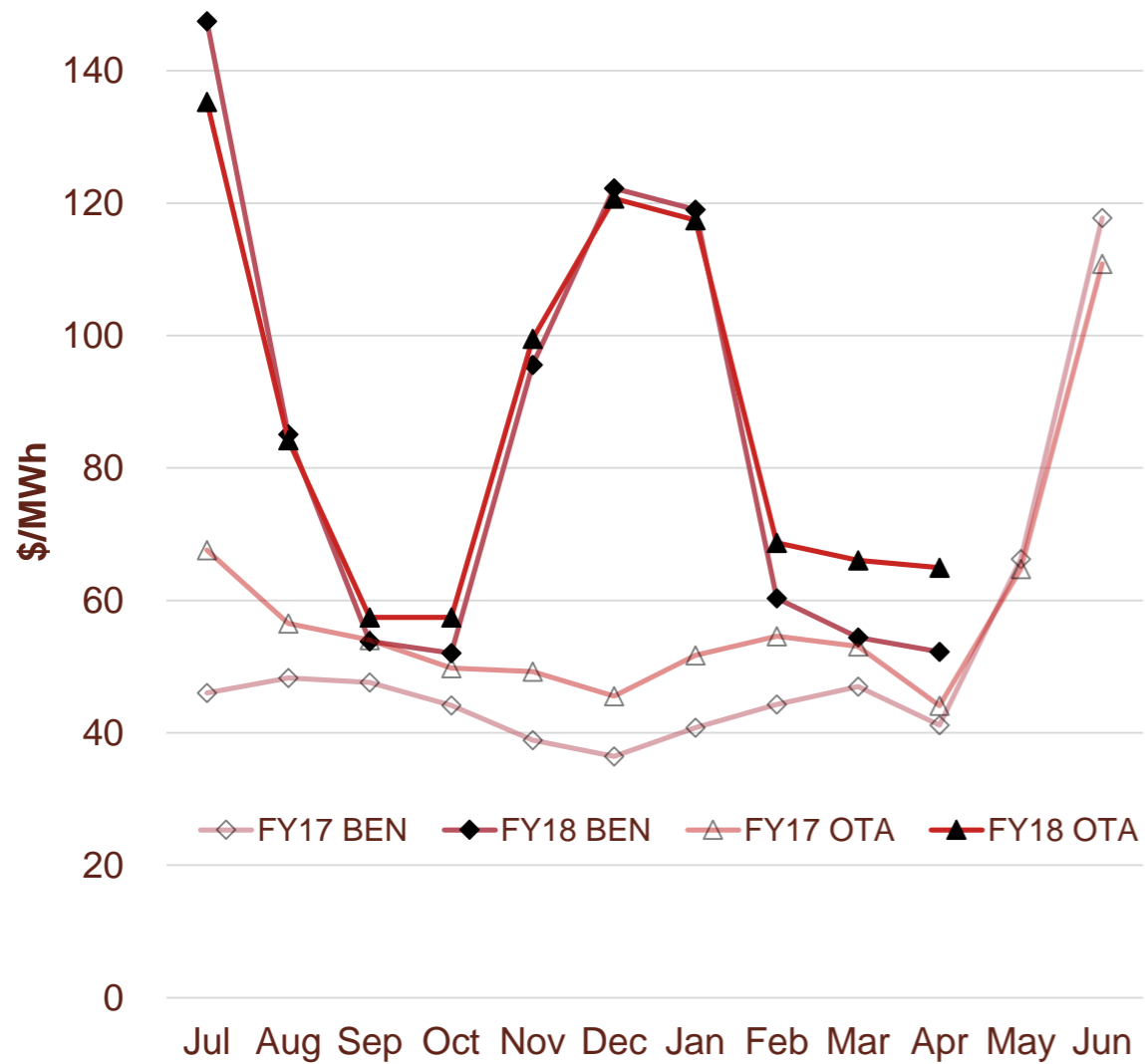


Benmore ASX futures settlement



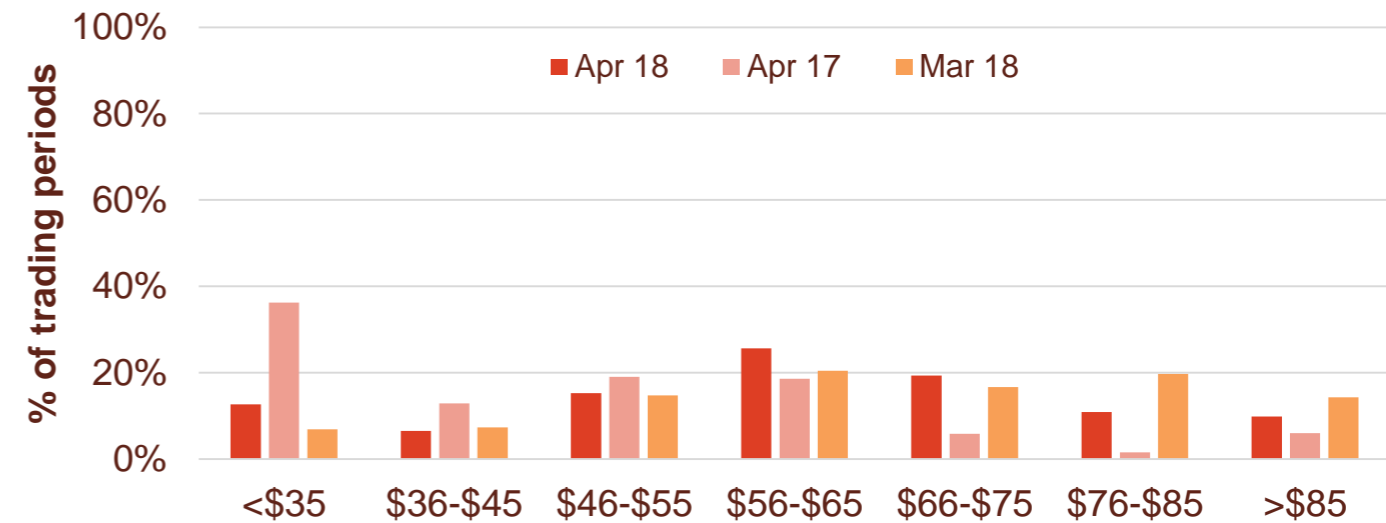
Wholesale market

Wholesale electricity pricing

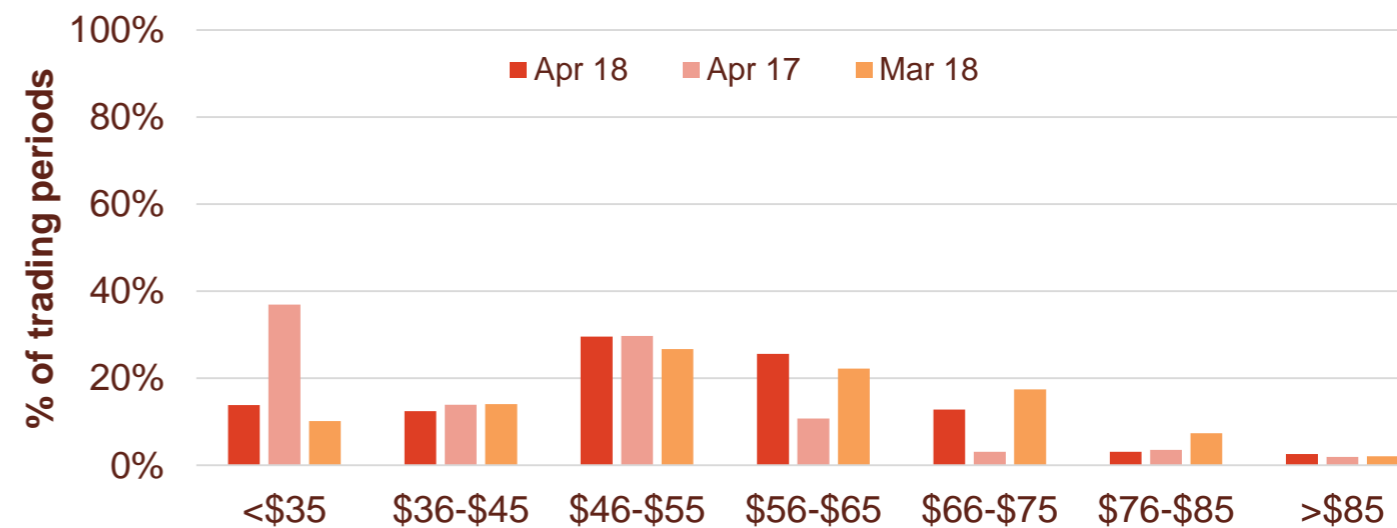


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

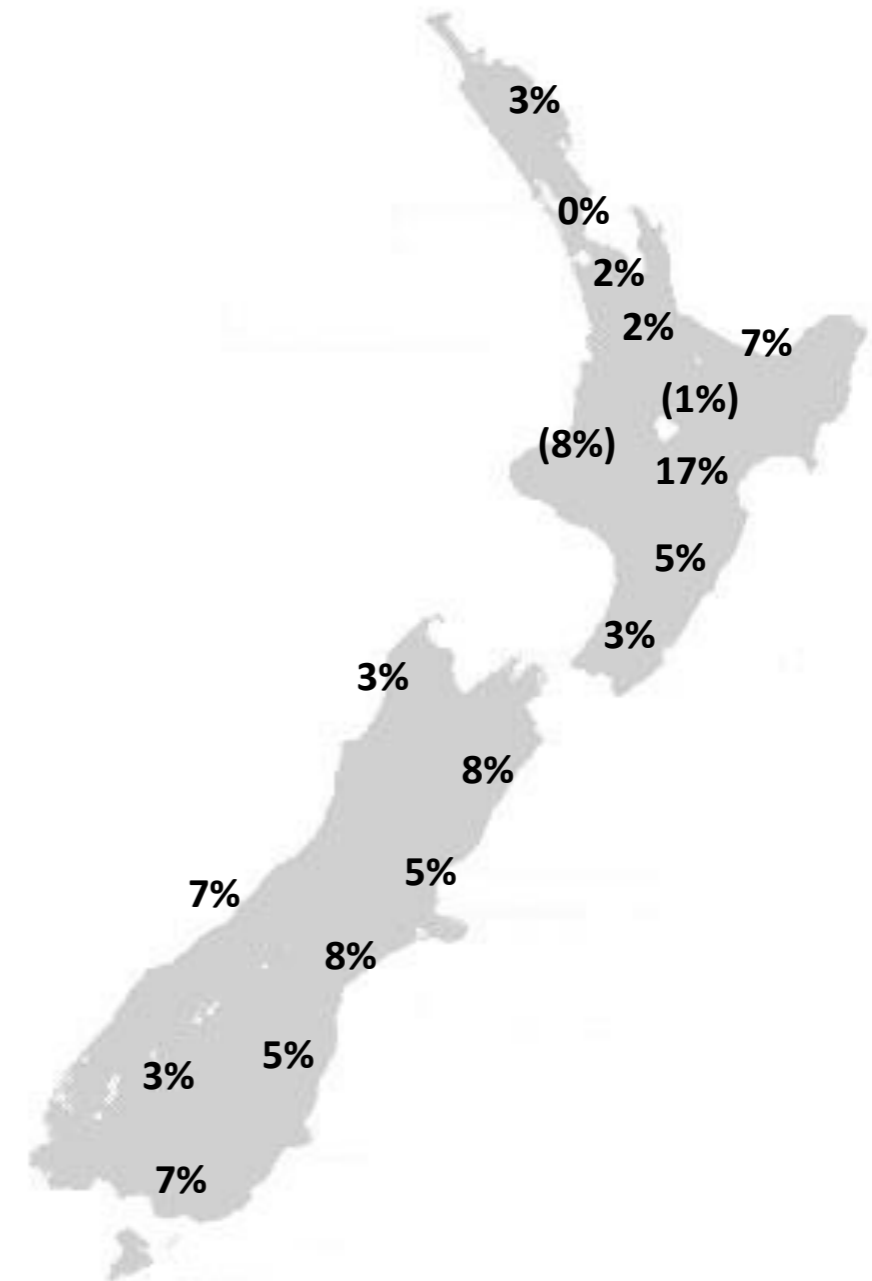
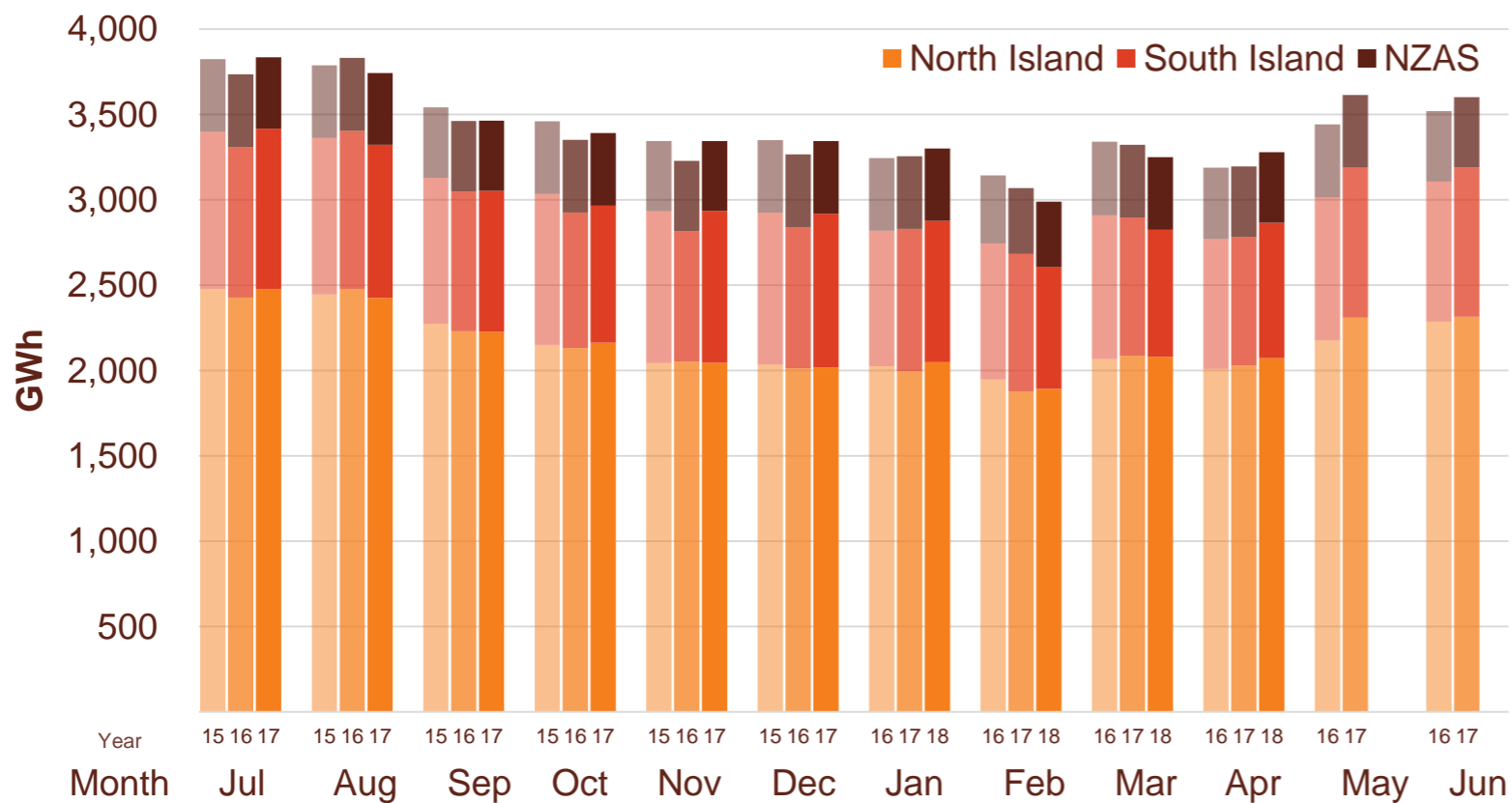


Electricity demand

- » New Zealand electricity demand was up 2.6% on April 2017 (up 2.8% on April 2016)
 - Cumulative 12 months demand for May 2017 to April 2018 of 41,151 GWh is 1.2% higher than the prior comparative period.

Regional demand change (%) on April 2017

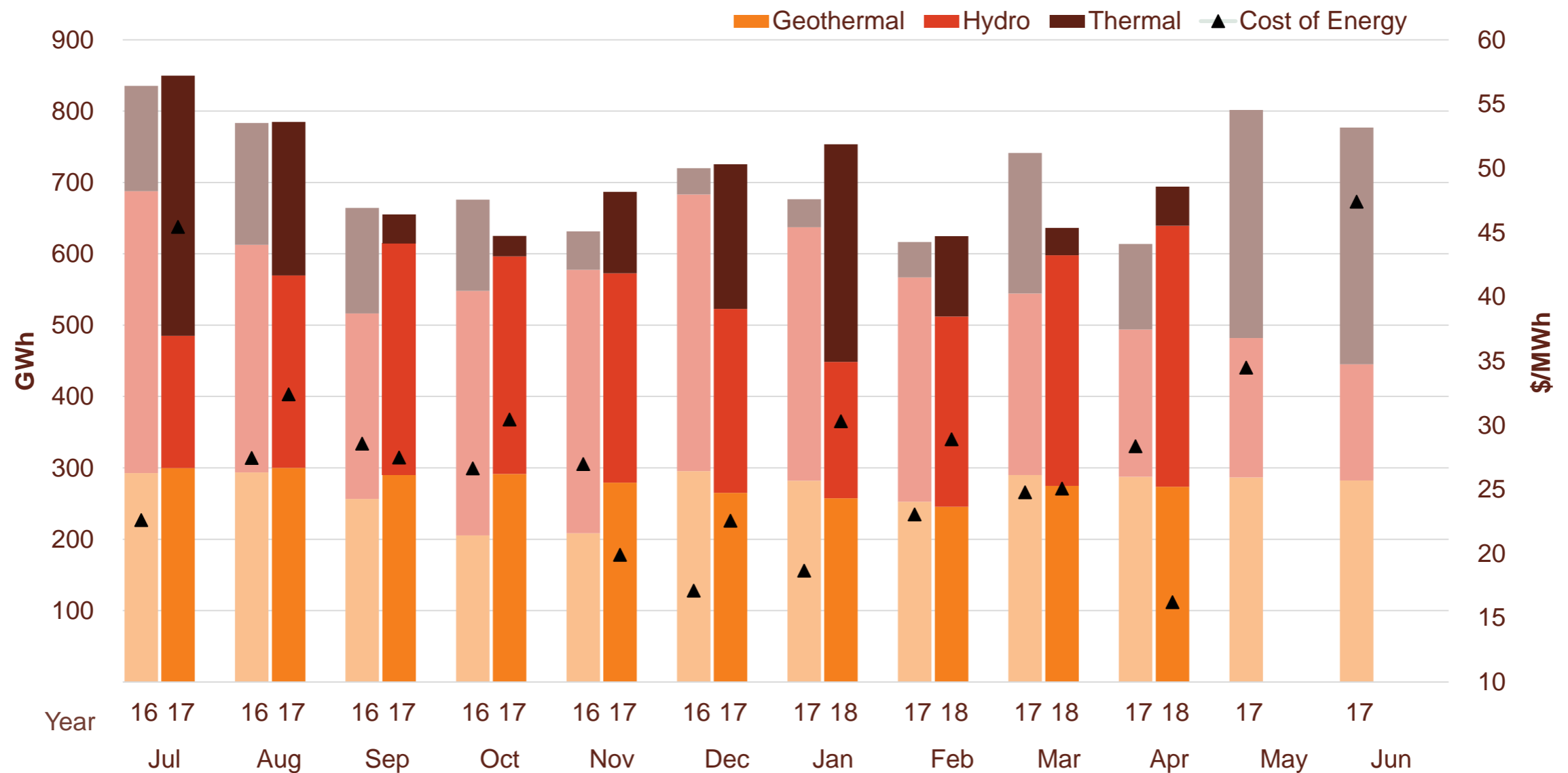
Total national demand (FY16, 17 and 18)



Source: Contact and Electricity Authority grid demand (reconciled) <http://www.emi.ea.govt.nz>

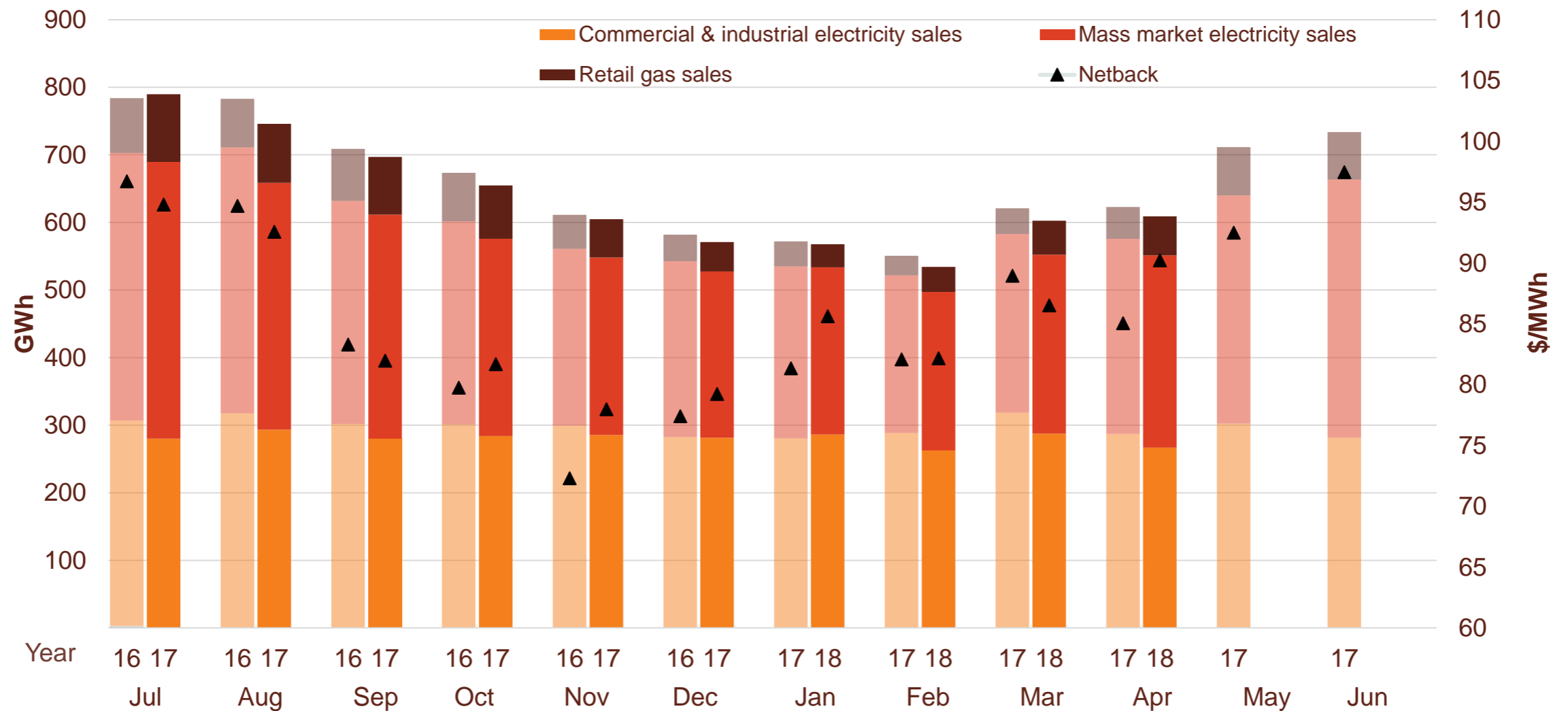
Contact's Generation business performance

Generation mix and cost of energy (FY17 and 18)



Contact's Customer business performance

Retail sales volumes and netback (FY17 and 18)



Contact's operational performance

	Measure	The month ended April 18	The month ended April 17	The month ended March 18	Ten months ended April 18	Ten months ended April 17	
Customer	Mass market electricity sales	GWh	285	289	265	2,938	2,983
	Commercial & industrial electricity sales	GWh	267	287	288	2,807	2,980
	Retail gas sales	GWh	57	47	50	630	543
	Total electricity and gas sales	GWh	609	623	603	6,376	6,505
	Average electricity sales price	\$/MWh	190.90	185.48	186.64	187.88	184.56
	Electricity direct pass thru costs	\$/MWh	(82.71)	(81.55)	(82.37)	(83.54)	(81.06)
	Electricity and gas cost to serve	\$/MWh	(12.13)	(14.50)	(13.56)	(12.58)	(13.78)
	Netback	\$/MWh	90.22	85.05	86.51	85.70	84.78
	Actual electricity line losses	%	5%	2%	4%	5%	5%
	Retail gas sales	PJ	0.2	0.2	0.2	2.1	1.9
	LPG sales	tonnes	5,556	5,339	5,293	58,195	57,955
	Electricity customer numbers	#	417,500	422,000	417,500		
	Gas customer numbers	#	65,000	63,000	64,500		
	LPG customer numbers (includes franchises)	#	86,500	78,000	86,000		
	Generation	Thermal generation	GWh	55	120	38	1,477
Geothermal generation		GWh	274	287	275	2,777	2,664
Hydro generation		GWh	366	206	323	2,782	3,204
Spot market generation		GWh	694	614	636	7,036	6,958
Spot electricity purchases		GWh	582	590	575	6,076	6,290
CfD sales		GWh	77	41	75	505	571
Steam sales		GWh	55	50	51	526	563
Commercial & industrial electricity sales		GWh	8	7	9	85	86
GWAP		\$/MWh	57	44	58	86.16	46.42
LWAP		\$/MWh	(65)	(47)	(64)	(92.81)	(52.15)
LWAP/GWAP		%	114%	107%	110%	108%	112%
Gas used in internal generation		PJ	0.7	1.2	0.6	14.7	11.6
Gas storage net movement		PJ	0.5	(0.3)	0.3	(0.24)	(1.36)
Unit generation cost		\$/MWh	(24.82)	(35.06)	(28.57)	(33.48)	(30.99)
Cost of Energy		\$/MWh	(16.21)	(28.36)	(25.07)	(28.49)	(24.62)

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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