

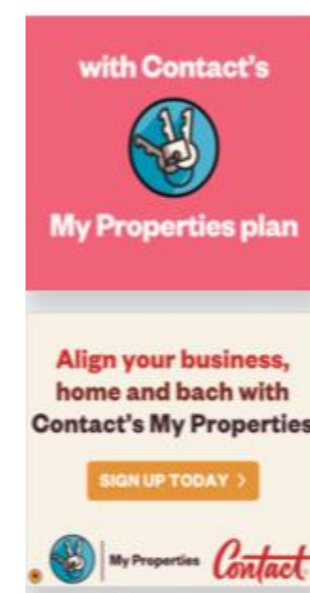
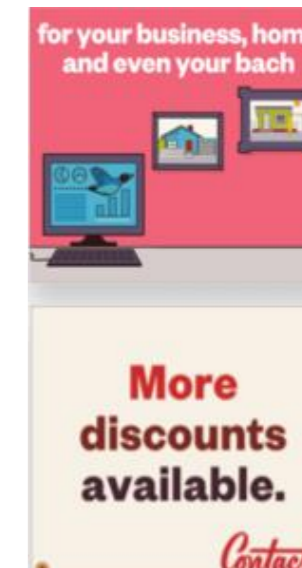
Contact™

Monthly Operating Report

September 2016

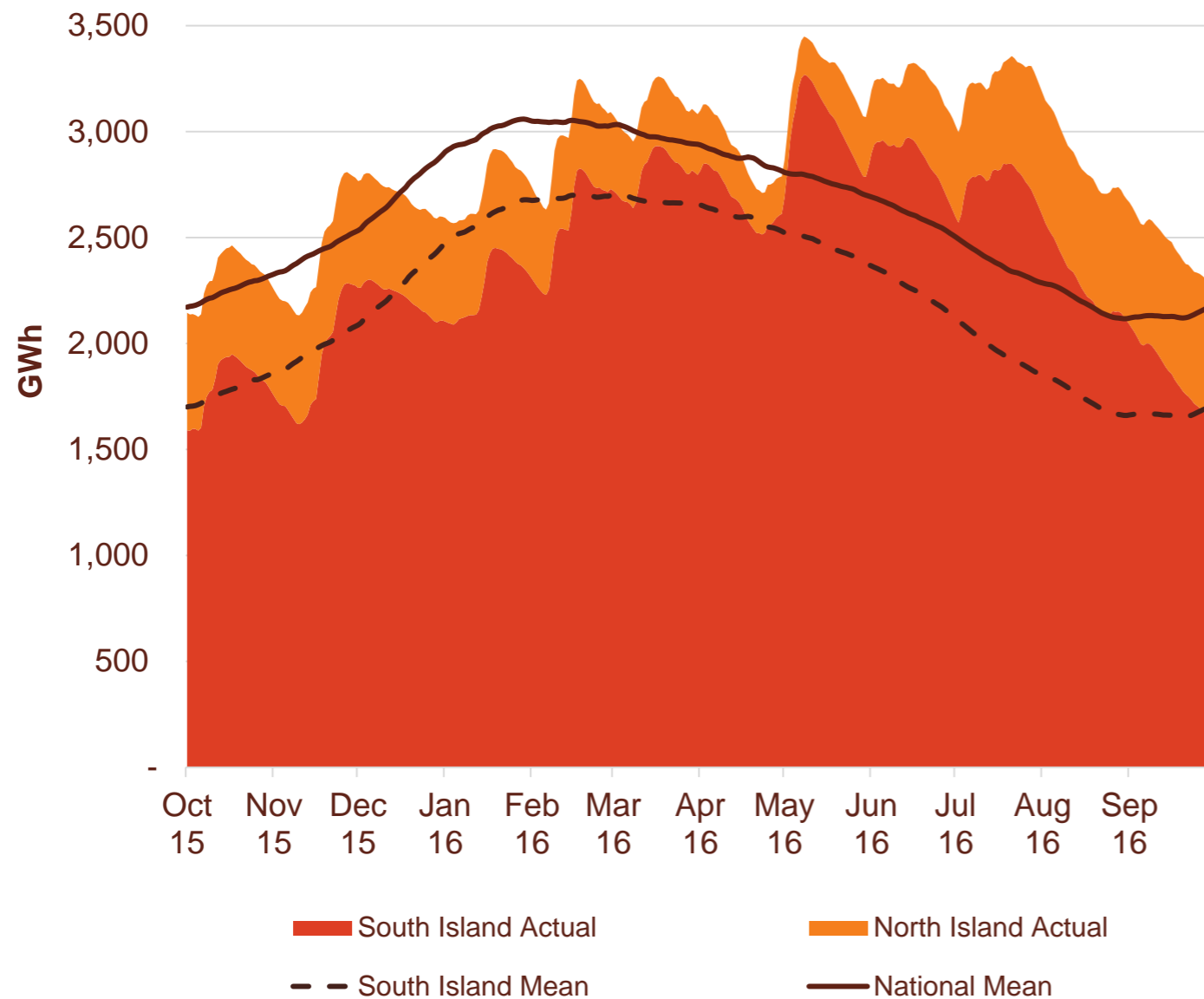
September overview

- » For the month of September 2016 Contact recorded:
 - Electricity, gas and steam sales of 819 GWh (September 2015: 821 GWh)
 - Netback of \$79.50/MWh (September 2015: \$82.00/MWh) with a higher proportion of total sales through the C&I sales channel
 - Cost of energy was \$34.29/MWh (September 2015: \$40.96/MWh) on lower thermal generation
- » Otahuhu futures settlement wholesale price for the 4th quarter of 2016 (ASX):
 - As at 7 October: \$55/MWh
 - As at 30 September: \$57/MWh
 - As at 31 August: \$62/MWh
- » As at the 10th of October, South Island storage was at 98% of mean (30 September: 109%) and North Island storage was 135% of mean (30 September: 133%)

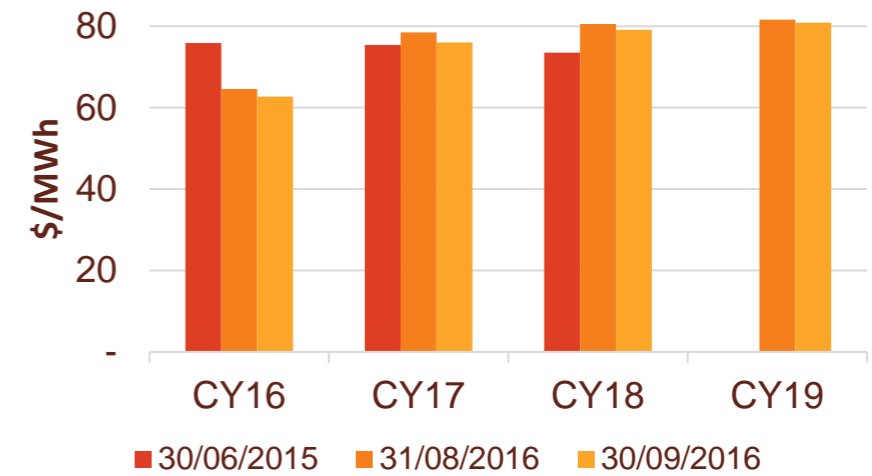


Hydro storage and forward prices

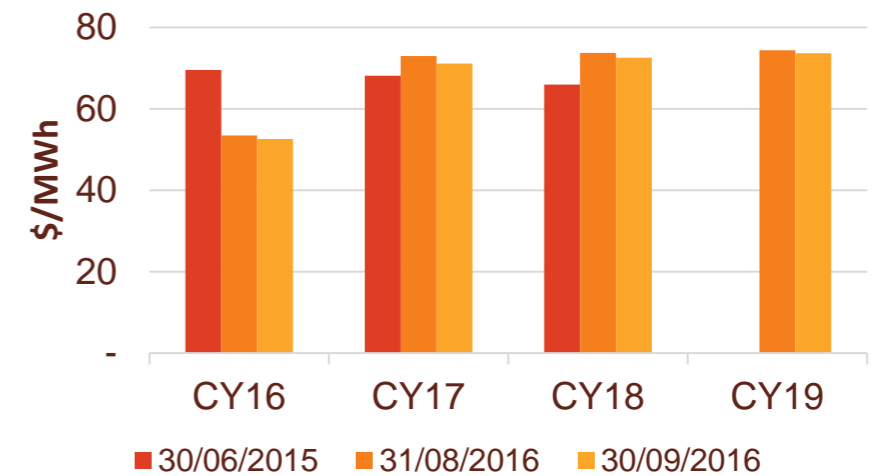
New Zealand hydro storage against mean



Otauhu ASX futures settlement

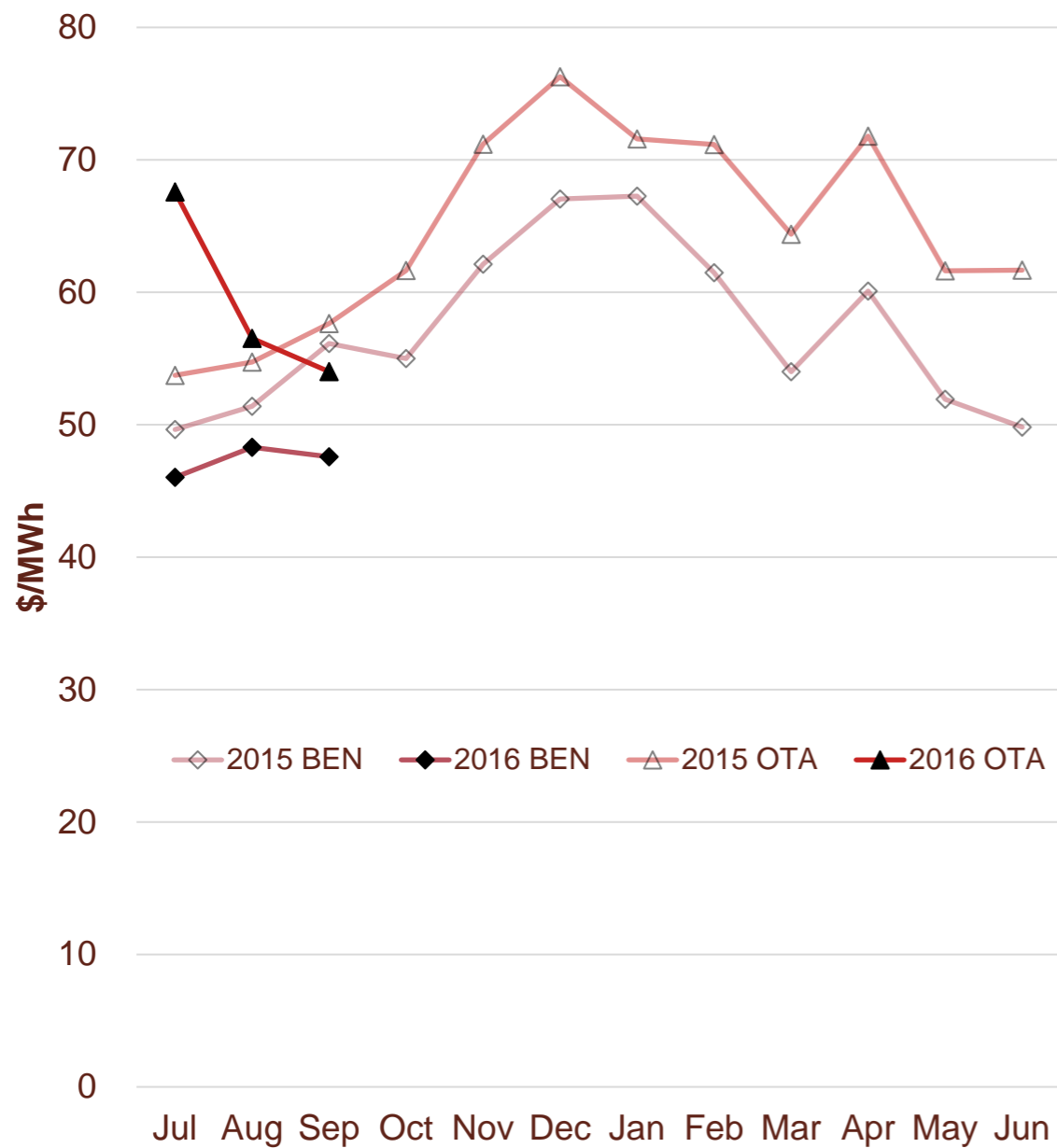


Benmore ASX futures settlement

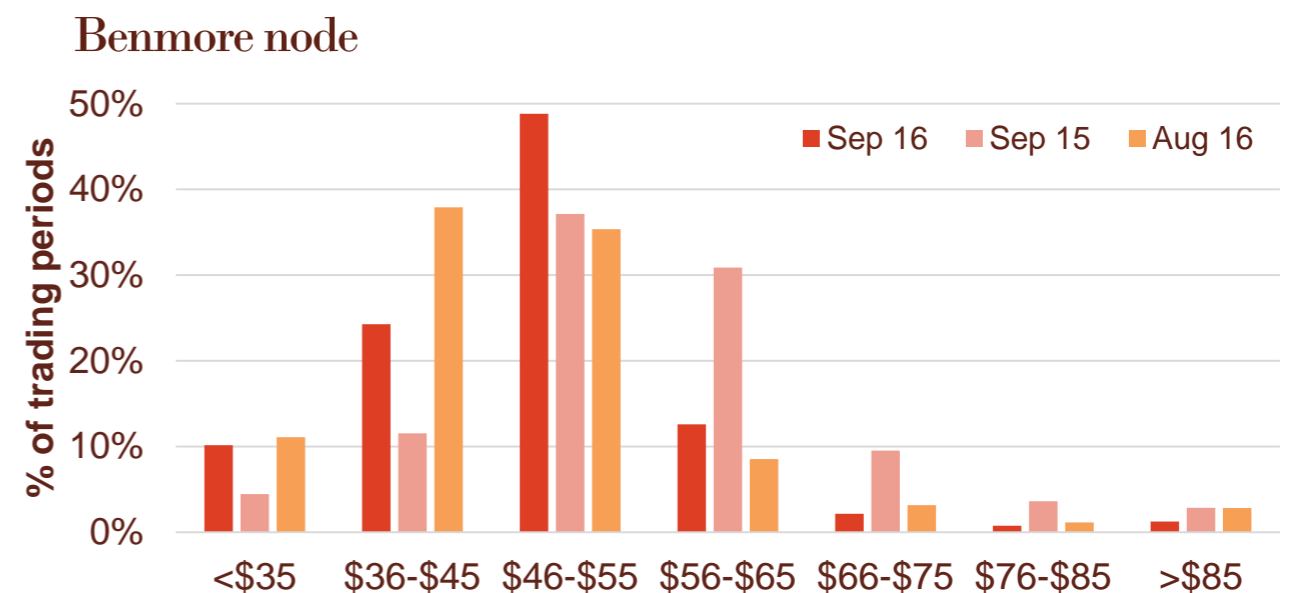
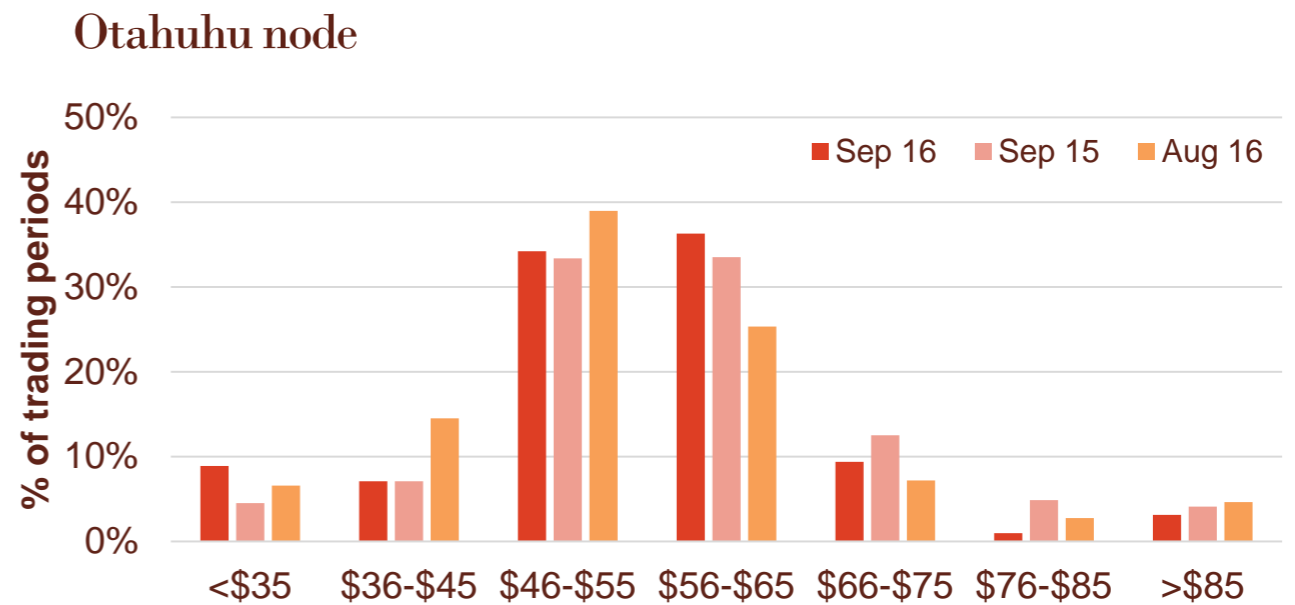


Wholesale market

Wholesale electricity pricing



Distribution of wholesale market price by trading periods

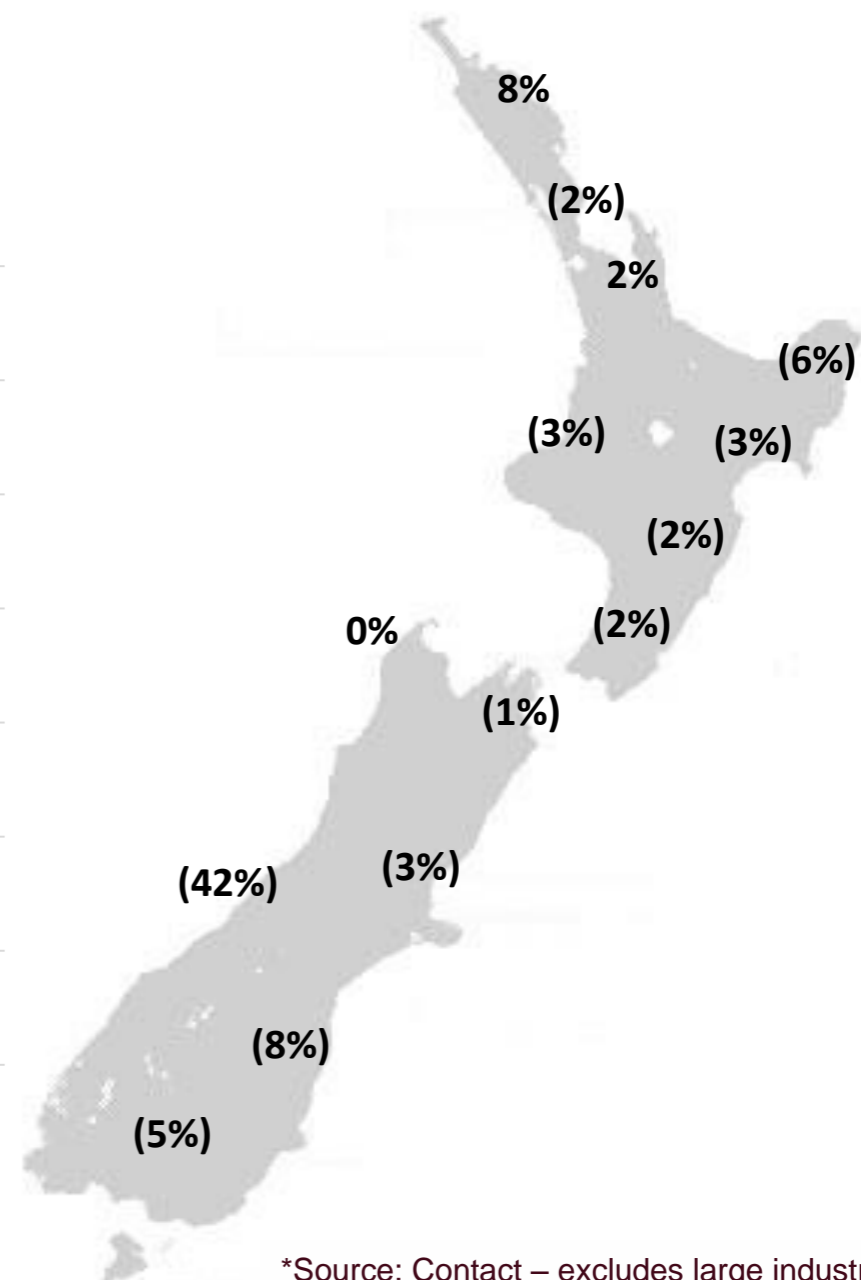
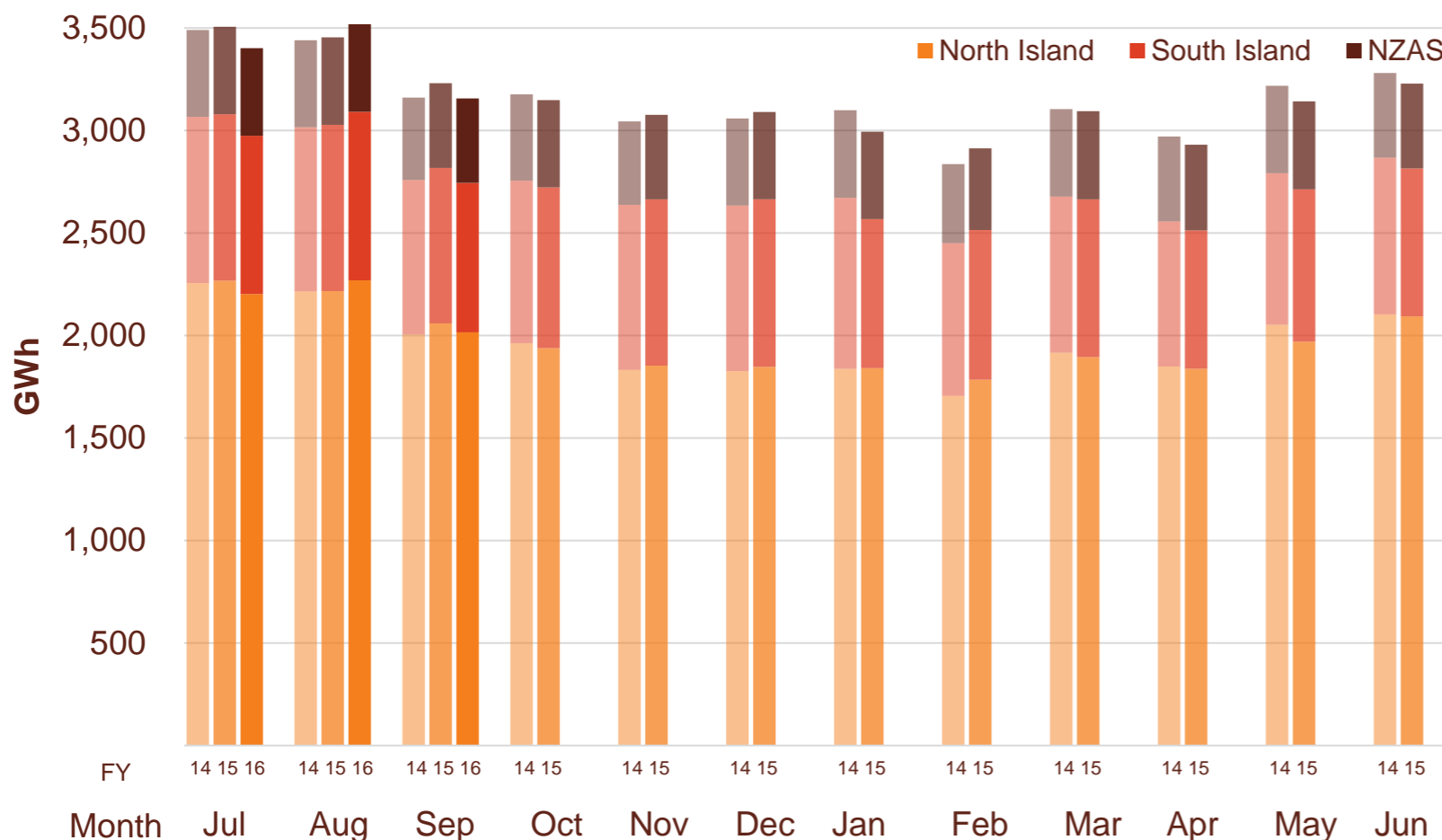


Electricity demand

- » New Zealand electricity demand was down 2.3% on September 2015 (-0.1% on September 2014).
 - Cumulative 12 months demand for October 2015 to September 2016 is 0.7% lower than the prior comparative period

Regional demand change (%) on September 2015*

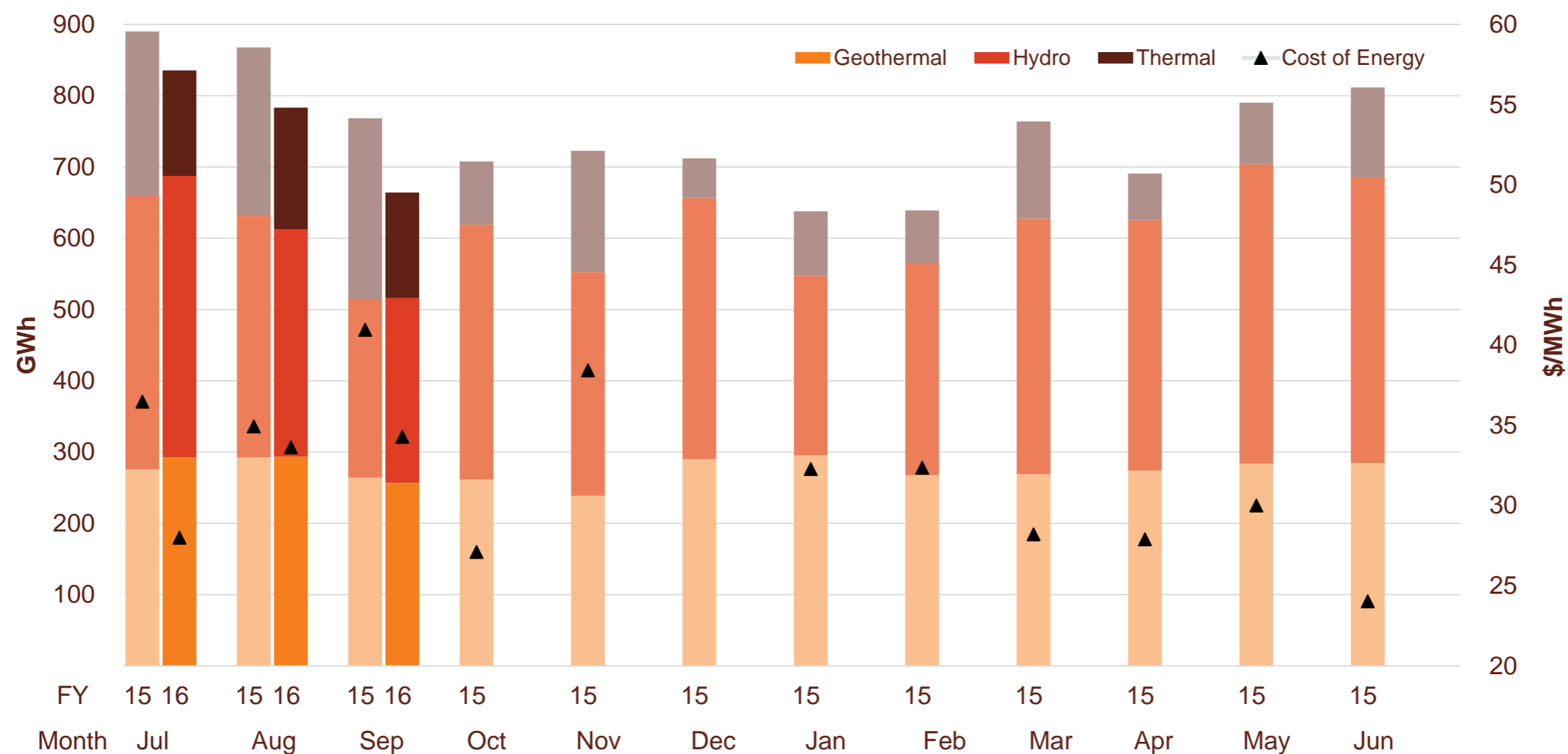
Electricity demand (FY15, 16 and 17)



*Source: Contact – excludes large industrial

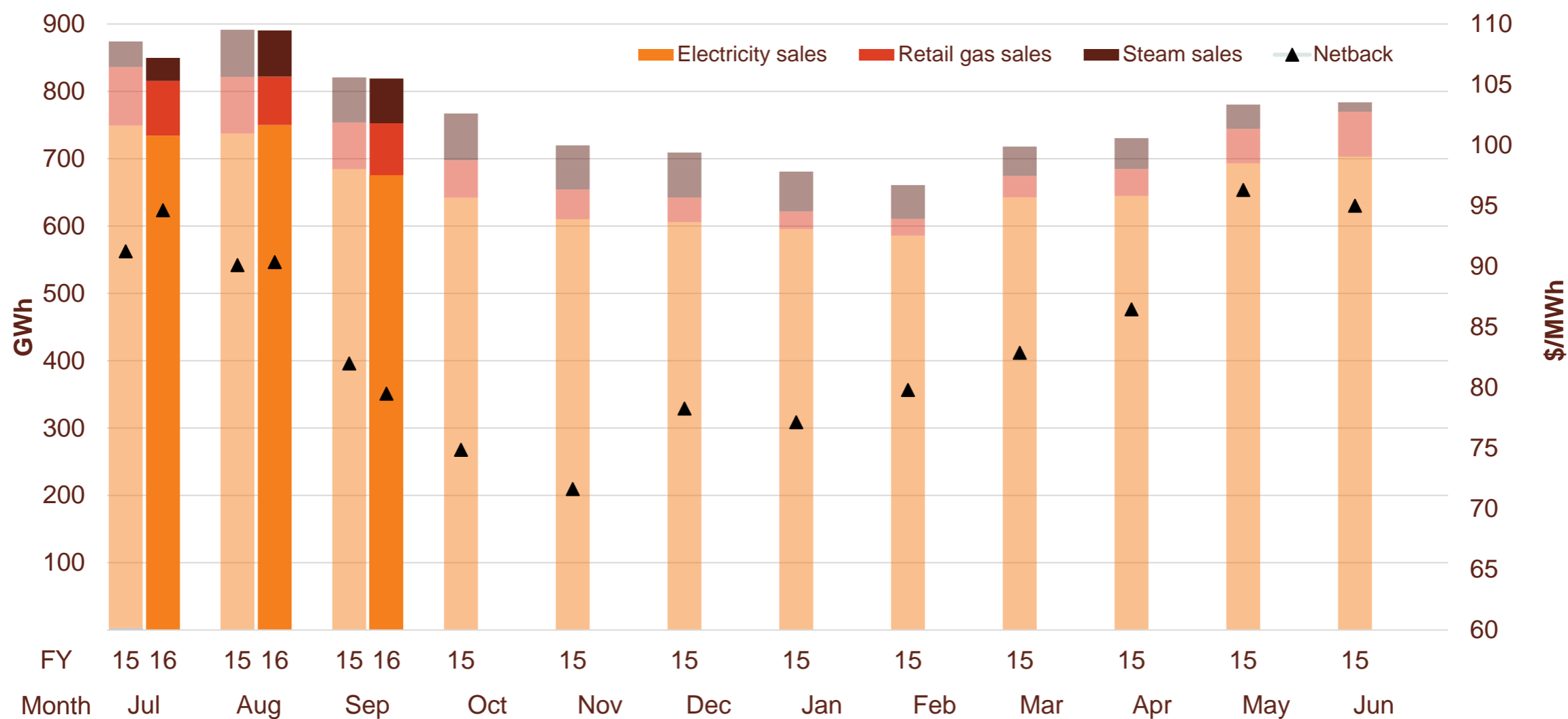
Contact's generation performance

Generation mix and cost of energy (FY16 and 17)



Contact's retail performance

Retail sales volumes and netback (FY16 and 17)



Contact's operational performance

Data	Measure	The month ended September 2016	The month ended September 2015	The month ended August 2016	Three months ended September 2016	Three months ended September 2015	
Netback	Mass market electricity sales	GWh	330	359	393	1,119	1,181
	Commercial & industrial electricity sales	GWh	345	325	357	1,040	987
	Retail gas sales	GWh	77	69	72	230	241
	Steam sales	GWh	66	67	69	169	175
	Total retail sales	GWh	819	821	891	2,559	2,584
	Average electricity sales price	\$/MWh	178.35	183.77	188.61	186.91	190.02
	Electricity direct pass through costs	\$/MWh	(76.01)	(77.45)	(76.35)	(76.68)	(77.69)
	Electricity and gas cost to serve	\$/MWh	(13.57)	(14.62)	(11.89)	(12.27)	(13.70)
	Netback	\$/MWh	79.50	82.00	90.00	88.03	87.92
	Electricity line losses	%	5%	4%	4%	5%	6%
	Retail gas sales	PJ	0.2	0.2	0.3	0.8	0.8
	Electricity customer numbers ¹	#	423,000	424,500	423,500		
	Gas customer numbers ¹	#	62,500	61,000	62,000		
Cost of energy	Thermal generation	GWh	148	254	171	466	722
	Geothermal generation	GWh	257	264	294	843	832
	Hydro generation	GWh	260	250	319	974	973
	Spot market generation	GWh	664	768	783	2,283	2,526
	Spot electricity purchases	GWh	699	703	770	2,248	2,273
	CfD sales	GWh	(79)	15	(9)	(75)	33
	GWAP	\$/MWh	50.08	57.02	51.10	52.00	53.62
	LWAP	\$/MWh	(53.57)	(60.34)	(55.69)	(57.44)	(57.03)
	LWAP/GWAP	%	107%	106%	109%	110%	106%
	Gas used in internal generation	PJ	1.5	2.2	1.7	4.7	6.3
	Gas storage net movement ²	PJ	(0.5)	(0.4)	(0.5)	(1.22)	(1.20)
	Unit generation cost	\$/MWh	(35.41)	(43.45)	(33.75)	(32.14)	(38.31)
	Cost of energy	\$/MWh	(34.29)	(40.96)	(33.63)	(31.99)	(37.37)
LPG	LPG sales	tonnes	6,477	6,502	7,334	21,244	21,336
	LPG customer numbers (includes franchises)	#	76,000	71,500	75,500		

¹ Data has been rounded to the nearest 500 and reflects numbers as at month end.

Glossary of terms

Netback

Measures the performance of the retail 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

Add: Revenue from steam 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 energy supply business.

Cost of energy reflects the total operational costs of supplying the energy sold. It does not include any capital return expectations.

Wholesale electricity revenue from our generating assets

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

Less: Electricity transmission costs and levies

Less: Gas and diesel purchase costs

Less: Gas transmission costs and levies

Less: Carbon emissions costs

Less: Generation operating costs and head office allocation

Keep in touch

Investor Relations

Matthew Forbes - Investor Relations Manager

 investor.centre@contactenergy.co.nz

 contact.co.nz/corporate/investor-centre

 +64 462 1323

 +64 21 0728578

Contact Energy

 contact.co.nz

 @ContactEnergy

 [Linkedin.com/company/contact-energy-ltd](https://www.linkedin.com/company/contact-energy-ltd)

 [Facebook.com/contactenergy](https://www.facebook.com/contactenergy)

 [Youtube.com/ContactEnergy](https://www.youtube.com/ContactEnergy)