



2016 Macquarie Conference

Dennis Barnes

Chief Executive Officer

Contact[®]

Disclaimer



This presentation may contain projections or forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties.

Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks.

Although management may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realised.

Furthermore, while all reasonable care has been taken in compiling this presentation, Contact accepts no responsibility for any errors or omissions.

This presentation does not constitute investment advice.

How is Contact different?

- » Diverse and flexible portfolio requiring minimal investment provides strong free cash flow
- » Significant investment in systems and capability now in place supported by a clearly articulated customer strategy
- » 58 years geothermal development and operations experience
- » Gas storage and thermal generation underpins internal risk management process
- » Refreshed Board of Directors bringing new perspectives and experiences from other industries
- » Open share register provides increased liquidity and flexibility relative to peers



About Contact

\$2.9b

Our net assets are \$2.9 billion (at 31 December 2015)

166 MW
(gross)

of geothermal generation commissioned May 2014

1,066

We employ 1,066 people from Auckland to Invercargill

1

New Zealand's only underground gas storage facility

11

Contact owns and operates 11 power stations throughout New Zealand

556k

Contact has 556,000 customers across electricity, gas and LPG

5

Geothermal stations in the central North Island

22%

We supply 22 per cent of the New Zealand electricity and gas retail markets (at 31 December 2015)

23%

Contact generates around a quarter of New Zealand's electricity

2

Hydro power stations at Roxburgh and Clyde

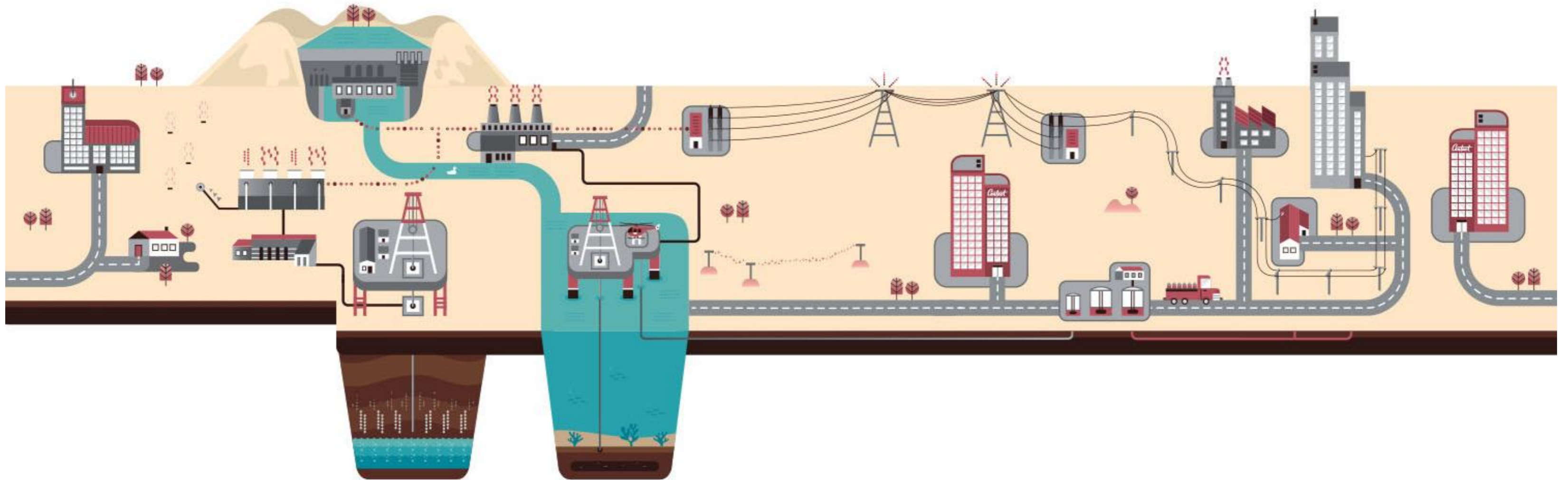
69,000

Contact is one of New Zealand's largest listed companies with around 69,000 shareholders across our NZX and ASX listings

4

North Island thermal power stations support renewable generation

The New Zealand electricity market



5 Major generators

1/2 Hourly wholesale spot market

1 State-owned national transmission grid operator

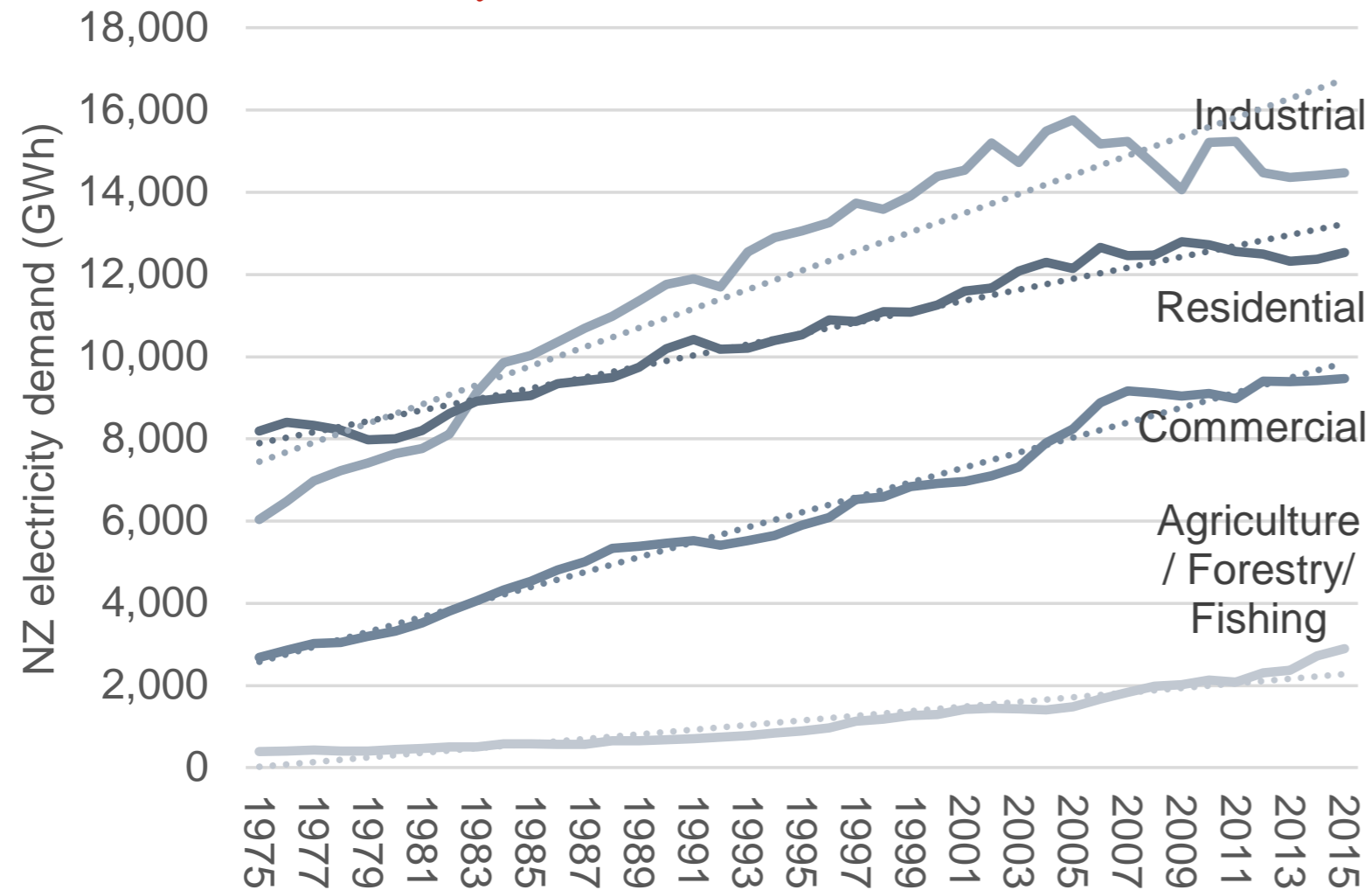
29 Distribution businesses

26 Electricity brands

2 Million consumers

80% of New Zealand's 39,000 GWh of electricity consumption in 2015 came from renewable generation

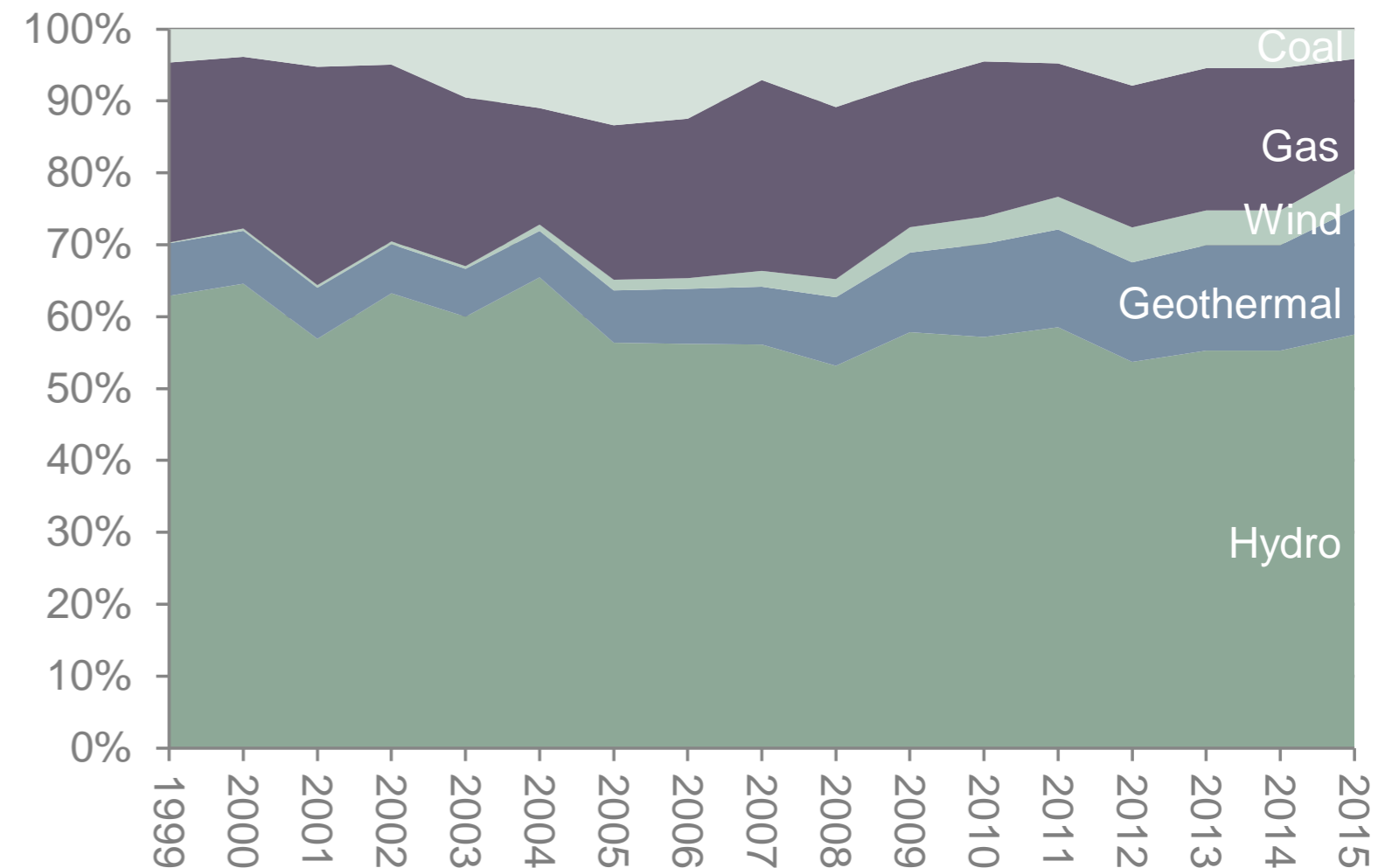
National demand by sector



- » Total demand has remained largely flat since 2008; recent signs of demand growth from migration and agriculture
- » Distributed generation has had relatively little impact

Data source: Annual electricity and consumption and generation, Ministry of Business Innovation & Employment

New Zealand electricity supply (based on GWh generation)

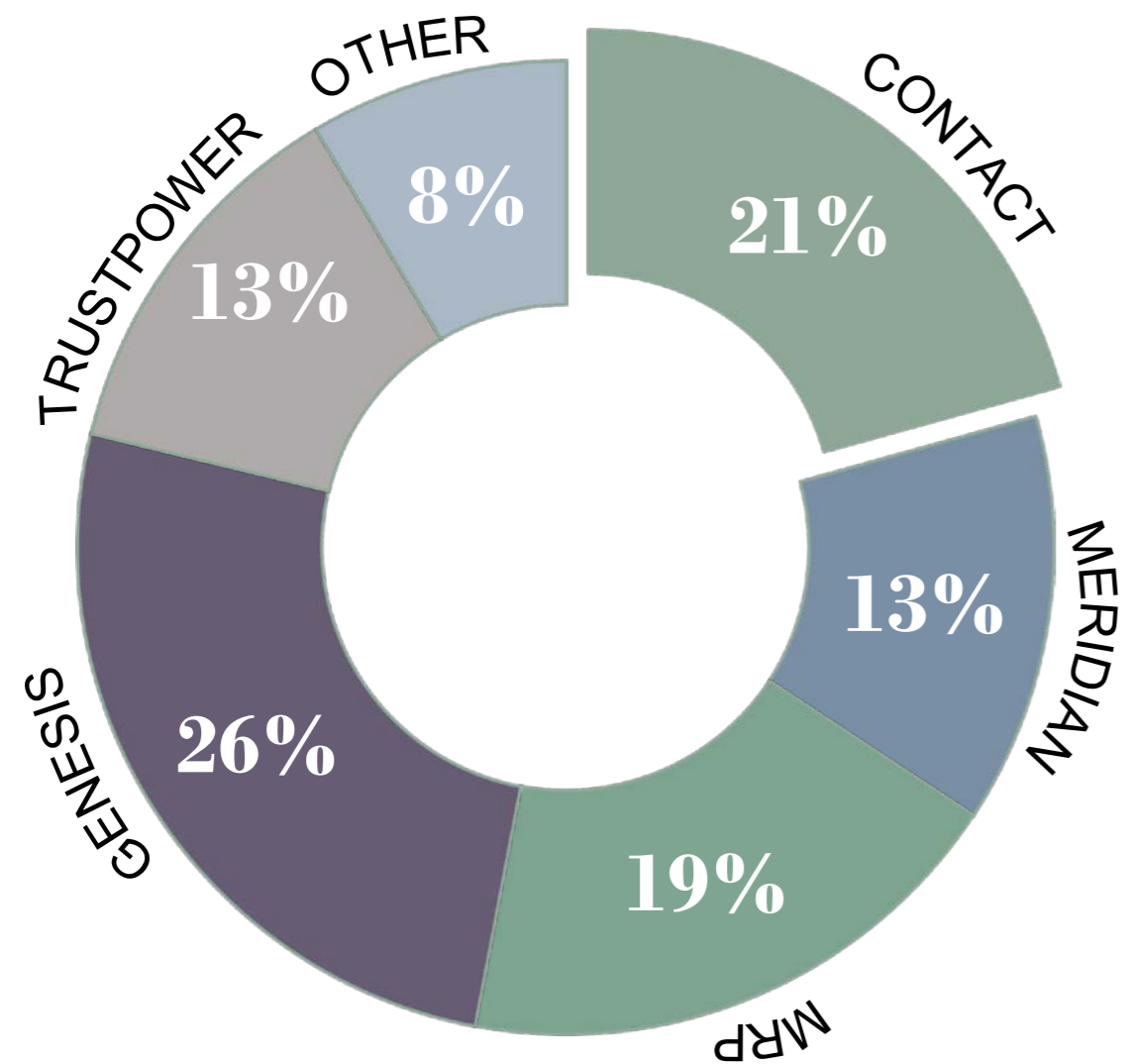


- » New Zealand has added subsidy free renewable generation, which in a period of flat demand, has displaced fossil fuels

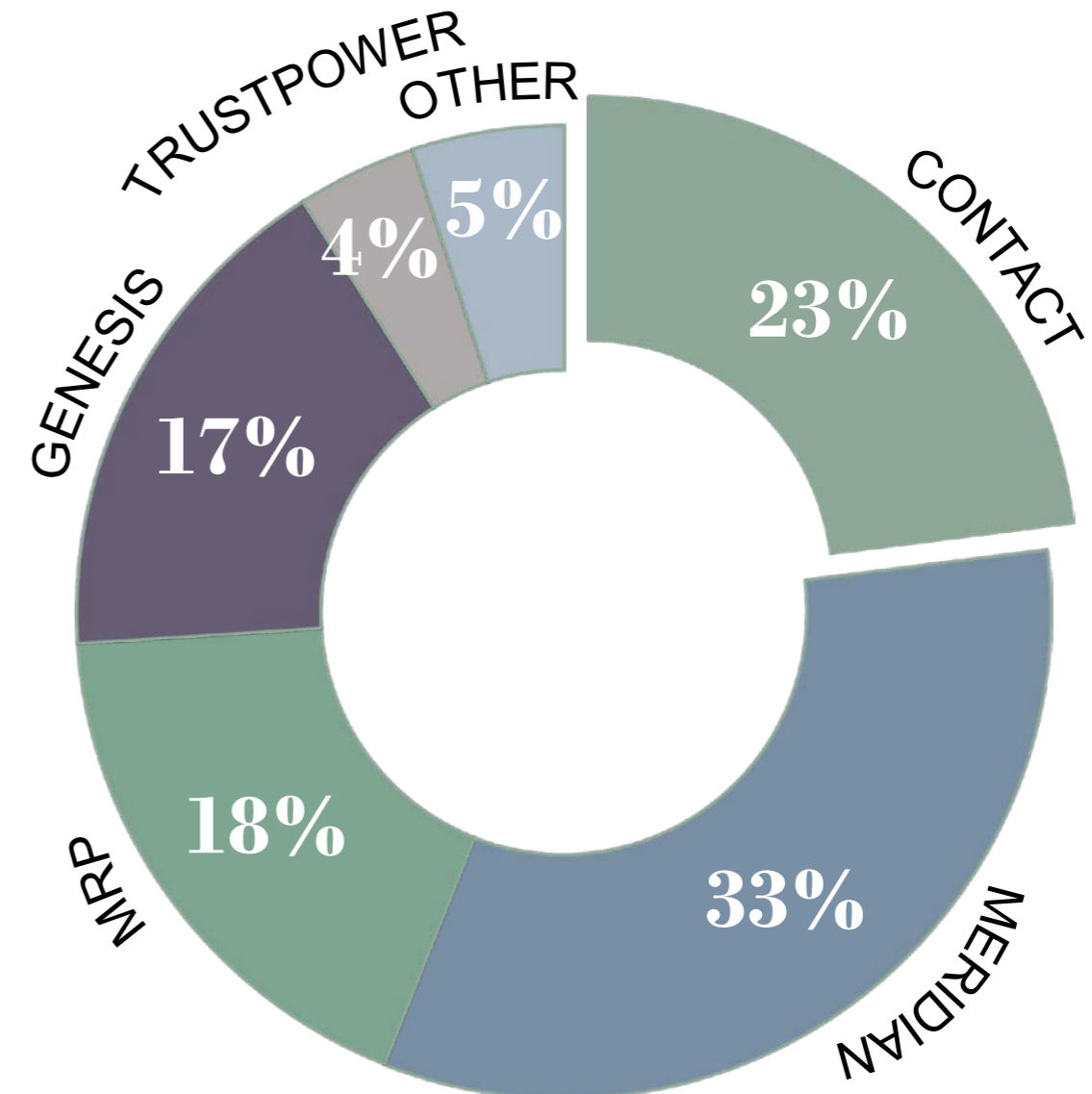
Data source: Annual electricity and consumption and generation, Ministry of Business Innovation & Employment

Industry dominated by highly hedged, vertically integrated companies with the five largest companies now all publicly listed

Retail electricity market share by customer number



Generation market share by volume



Key market and regulatory update

» Customer churn

- Retail competition expected to continue, despite high costs of churn
- Contact starting to recover customer losses
- Distributed generation not a major part of NZ market

» Transmission and distribution reviews

- Regulatory changes around transmission pricing, network charging and carbon critical to ensure the right incentives are in place for customers and industry participants

» Tiwai

- New Zealand's largest electricity user at 13% of demand
- Transmission pricing review may provide cost upside to Tiwai

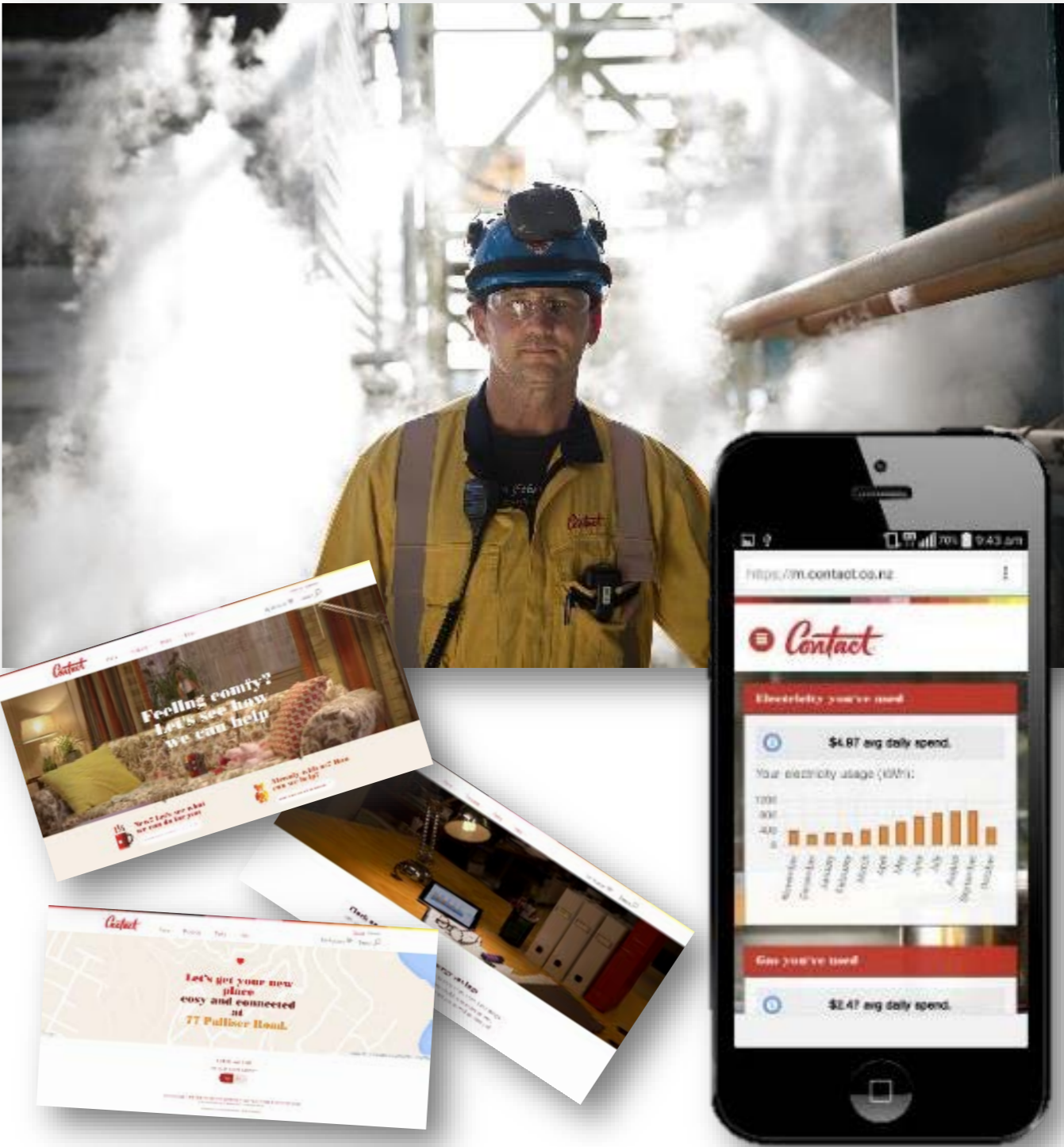
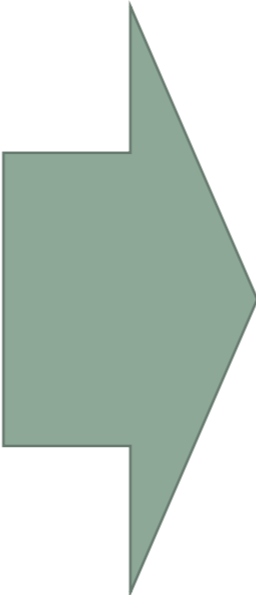
» 2019 capacity requirement

- Announced Huntly coal units will remain open until 2022; additional gas fired peaking plant likely to be required longer term
- Contact secured additional capacity to further support balanced portfolio

Electricity churn



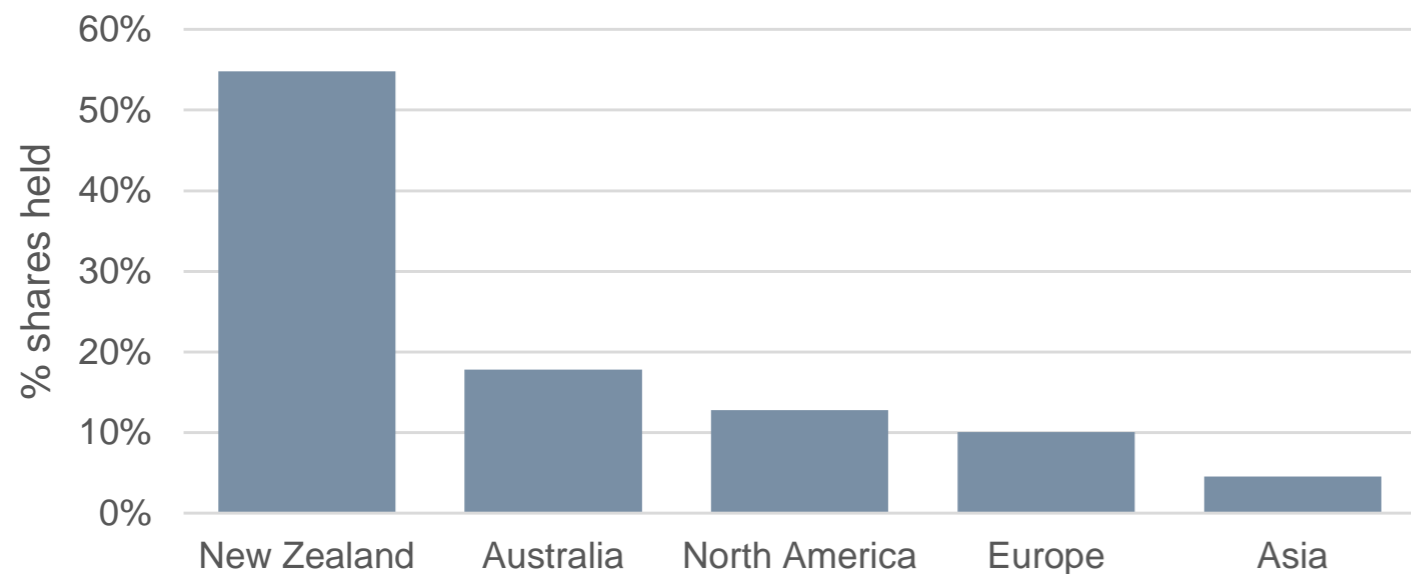
The Contact story



For the first time in its 20 year history Contact doesn't have a majority shareholder



Contact has a diverse share register dual listed on ASX and NZX



Three new directors add valuable skills and experience, joining two existing directors on the Board



Sir Ralph Norris
(Chairman)



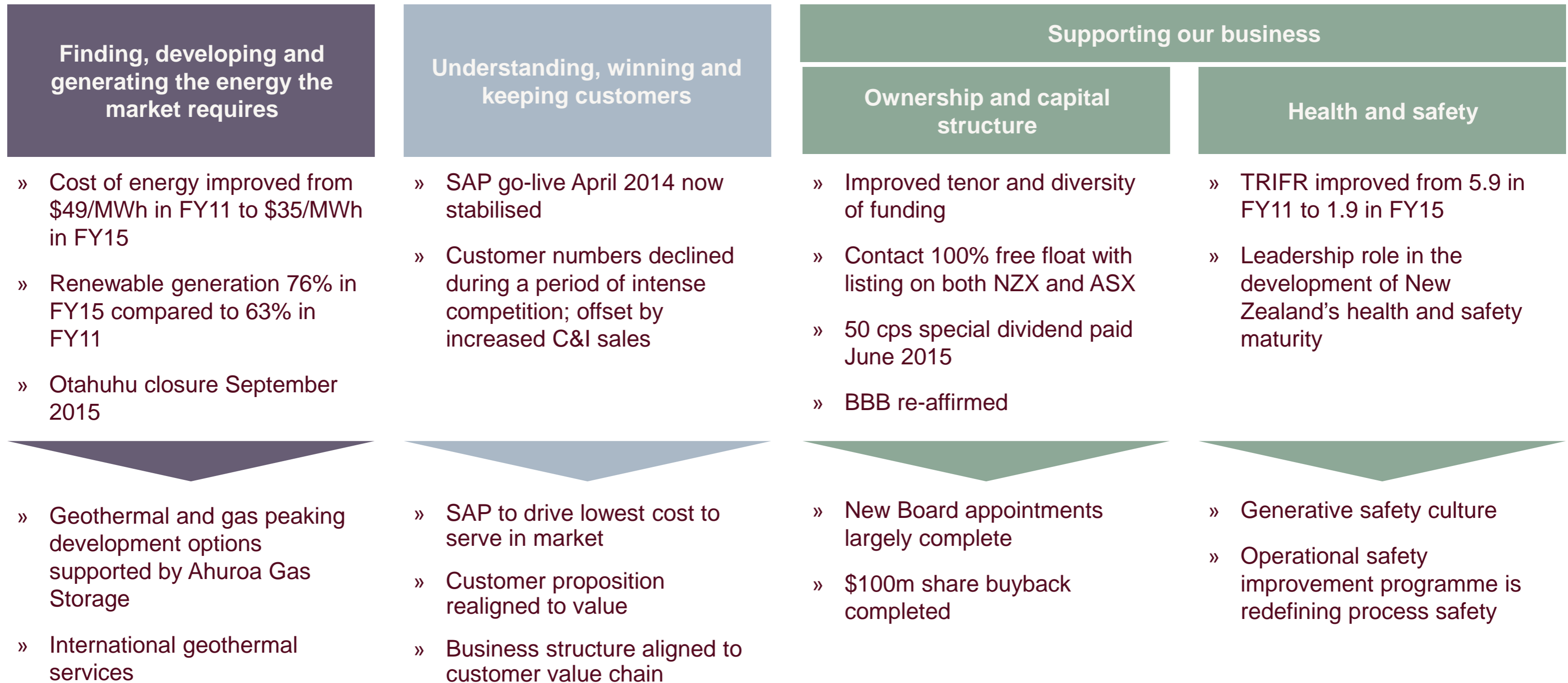
Victoria Crone



Rob McDonald

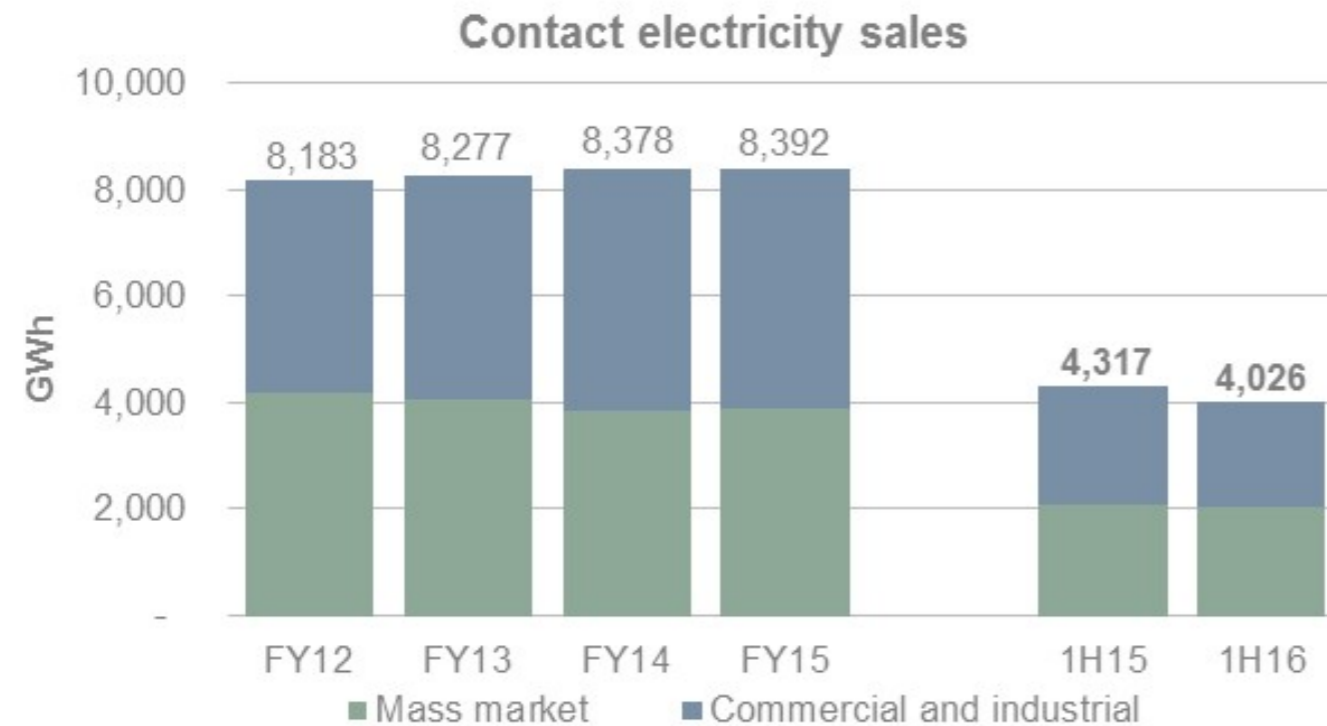
One more director with engineering experience currently being sought

Contact has been executing on a change programme over a number of years



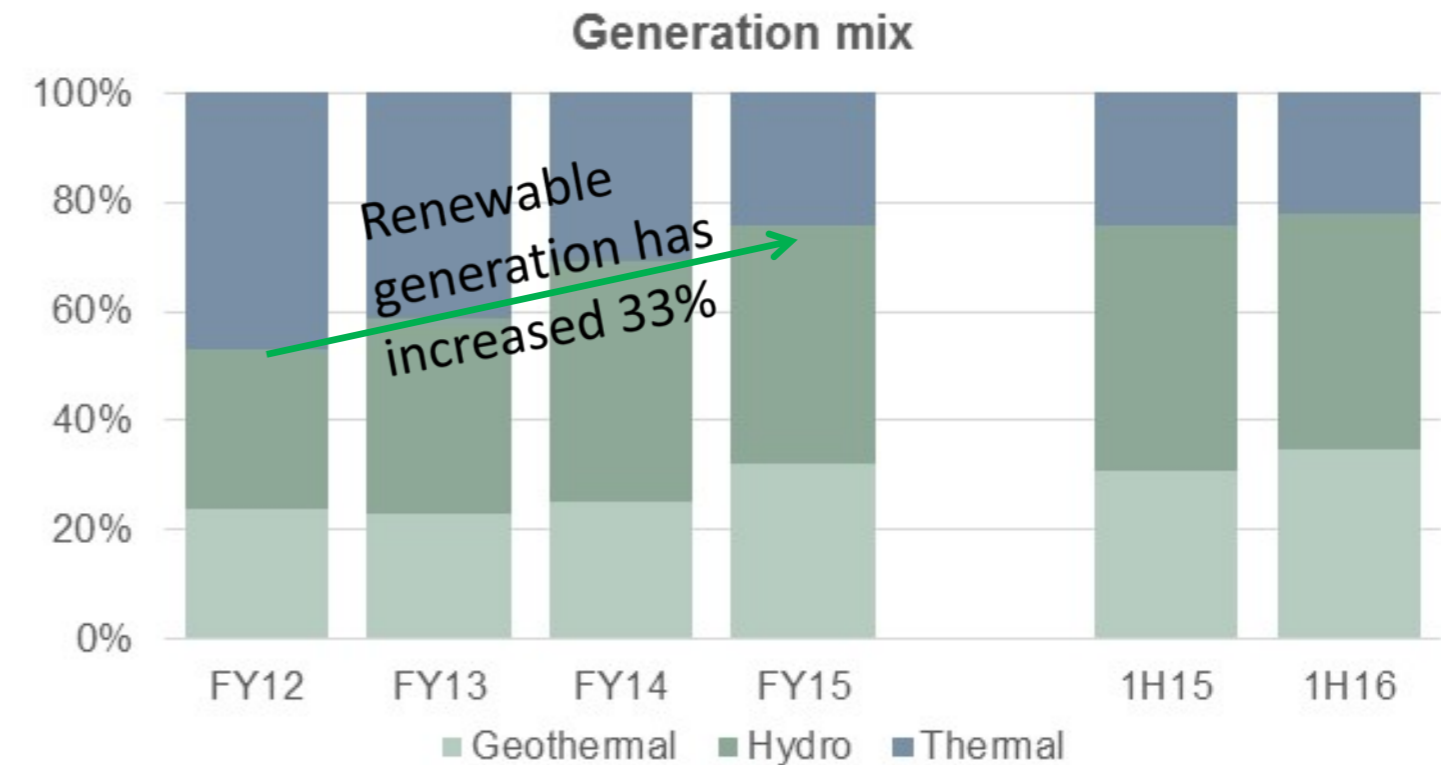
Contact is well setup to deliver stable cash flow

Second largest gas and electricity retailer in New Zealand



- » Second largest electricity retailer in New Zealand based on customer accounts
- » Significant LPG and natural gas businesses enhance Contact's energy offering

Flexible portfolio allows management of variable operating conditions

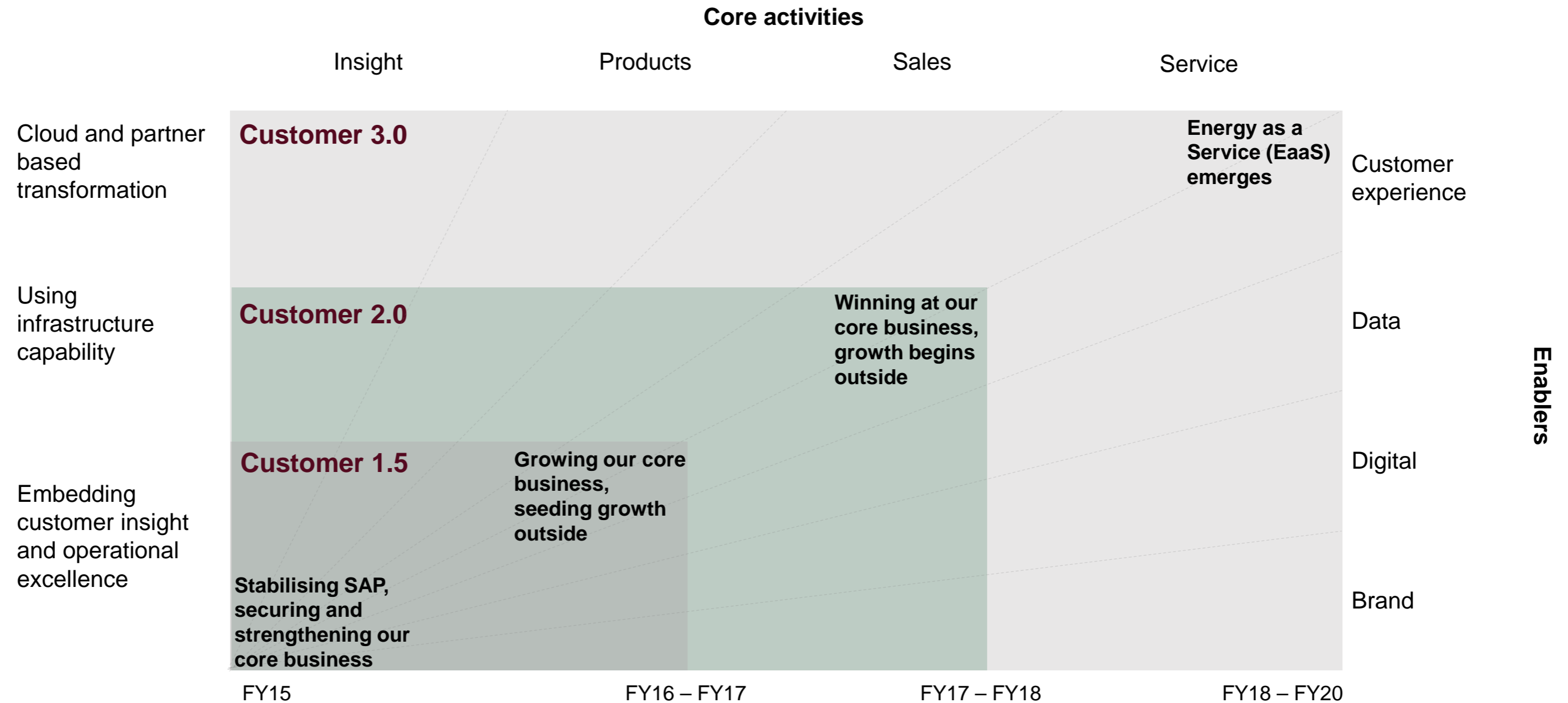


- » Generation spread across hydro, geothermal and thermal fuel sources supported by New Zealand's only commercial gas storage facility
- » Increasingly renewable portfolio with a declining cost of energy

Expected average annual capital expenditure of \$80-100m per annum, down from an average \$400m per annum during a period of capital investment during FY10-14

Positioning the customer business to win in an intensely competitive environment is the current strategic focus

Technology and customer expectations require acceleration of our plans and transformation



Improvements are being sought across all customer metrics

Net gain in customers over past quarter, debt collection indicators continue improvement

	1H15	2H15	1H16	Jan–Mar 16
Net promoter score	n/a	-2%	-4%	-3%
Change in customer numbers	-7,300	-1,600	-9,800	+1,500
Average time to answer (seconds)	220	268	222	114
Churn (variance to market)	+2.9%	-0.2%	+1.4%	-0.7%
% of residential customers on non-10% PPD discount	63%	70%	76%	78%
Number of vacant properties ²	10,679	9,156	8,385	4,846
Average late bills >30 days	12,000	5,000	2,000	1,000
Bad and doubtful debt as a % of revenue	0.55%	0.70%	0.67%	0.61%

¹ Net change in customer numbers (excluding vacant properties) in the period

² Electricity and natural gas

Tired of paying daily charges at your back when the lights aren't on and nobody's home?

Switch to Contact and lock in a special fixed electricity rate until the end of 2017

Feel certain for longer

Here's the deal
Lock in your new rate until 31 December 2016 or 31 December 2017. If you choose the 2017 Fixed Plan, you'll get \$50 off your bill.*

Great News
We'll also give you a 20% discount when you pay your electricity bill in full and on time. Plus hook up your gas with us and you could make the discount a whopping 23%. See full terms and conditions for details.

Flip the page to see what your new plan could look like.

Contact

* Prices may vary by region. See the terms of the plan or visit [www.contactenergy.com.au](#) for more information. Contact has relied on the information you provided to set your previous plan amount. See standard terms and conditions for details.

How is Contact different?

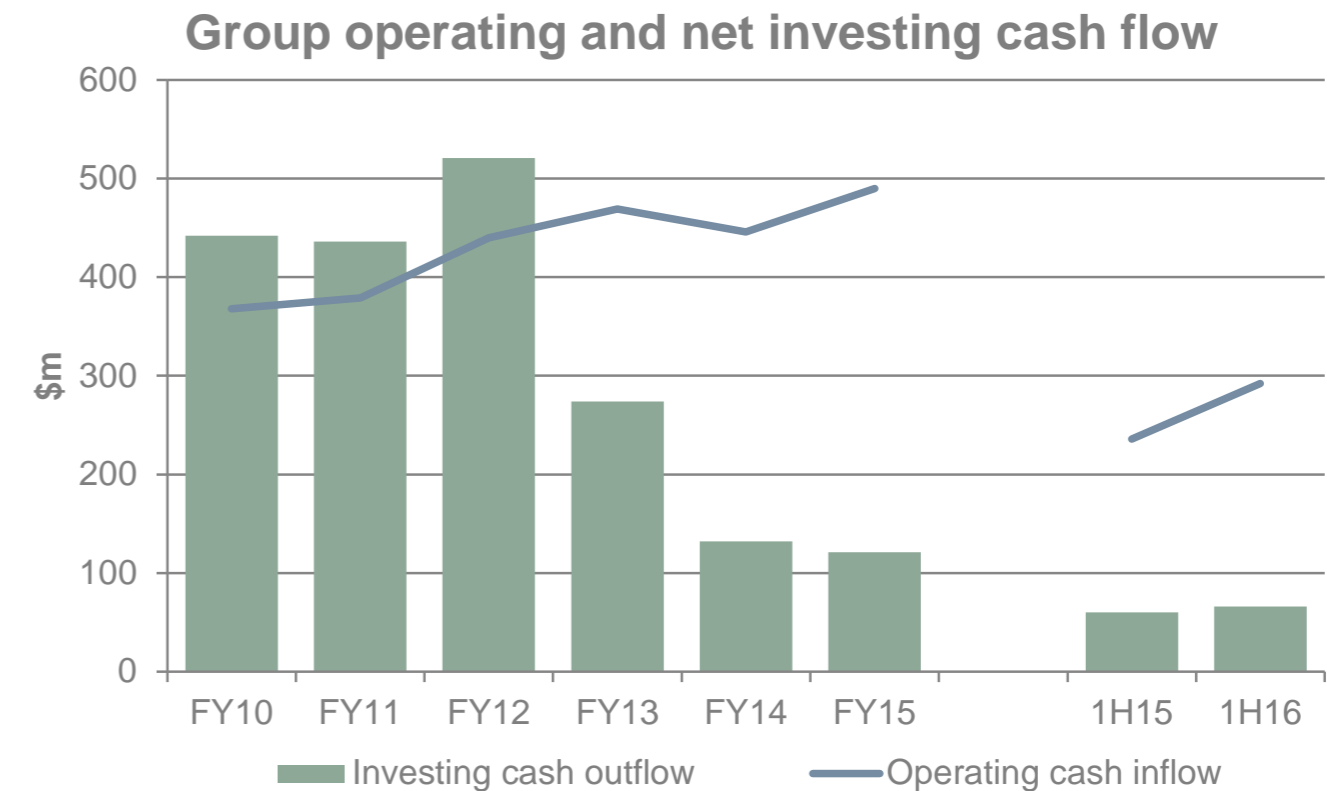
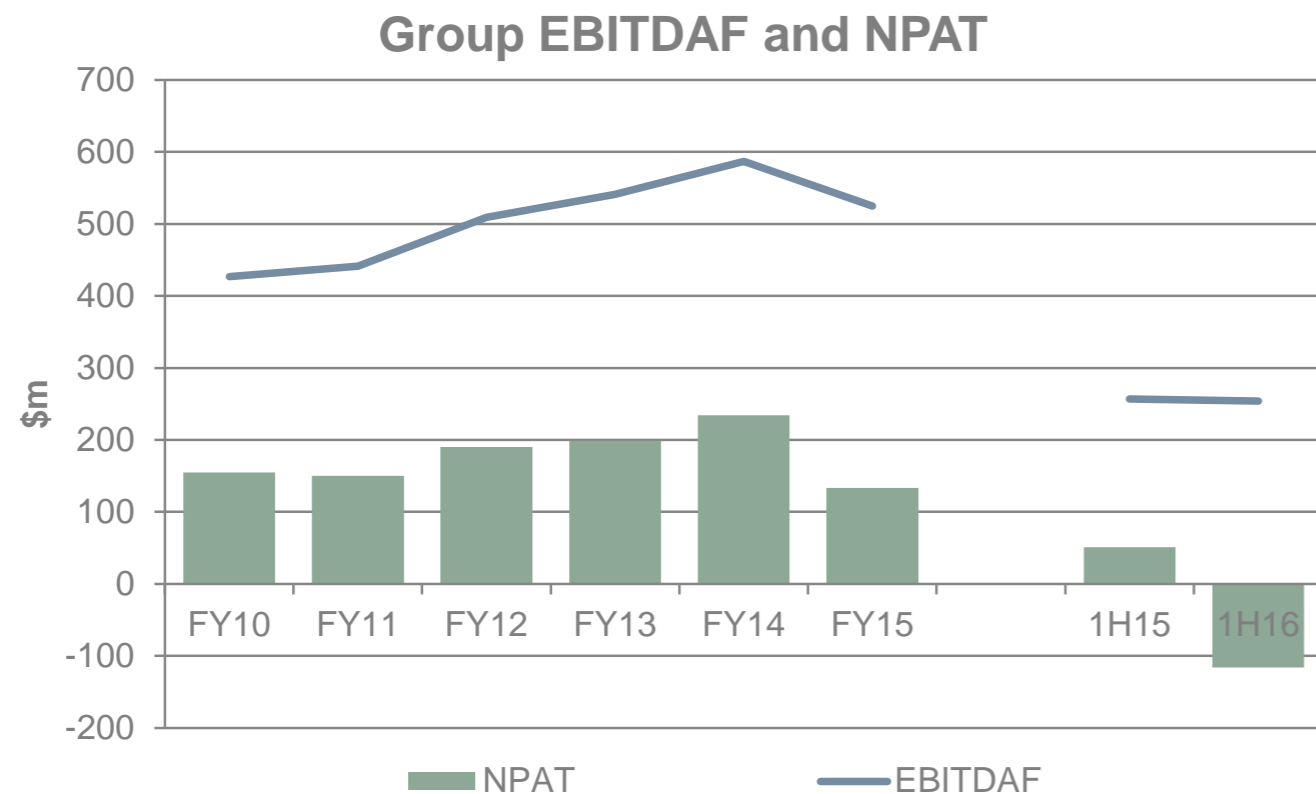
- » Diverse and flexible portfolio requiring minimal investment provides strong free cash flow
- » Significant investment in systems and capability now in place supported by a clearly articulated customer strategy
- » 58 years geothermal development and operations experience
- » Gas storage and thermal generation underpins internal risk management process
- » Refreshed Board of Directors bringing new perspectives and experiences from other industries
- » Open share register provides increased liquidity and flexibility relative to peers





Questions?

Earnings and cash flow

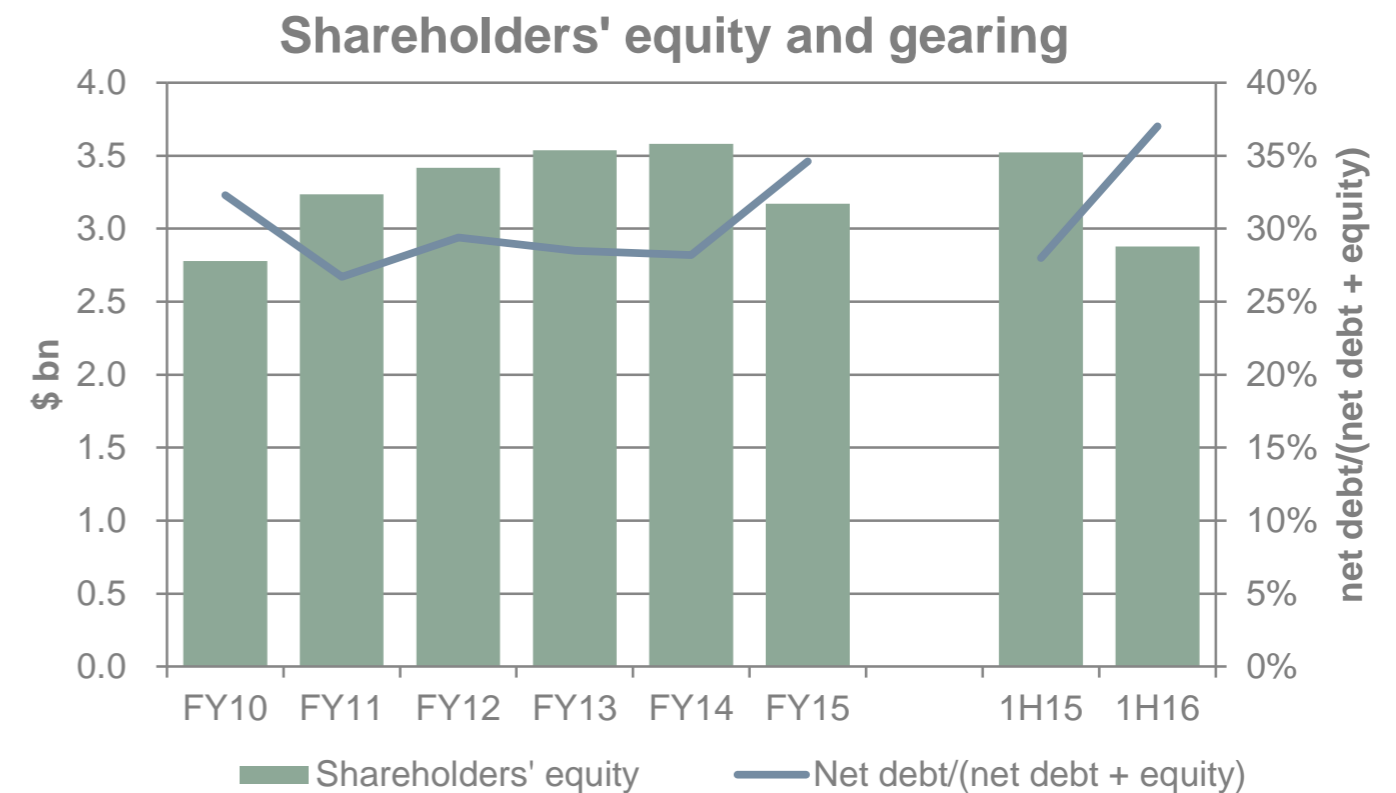
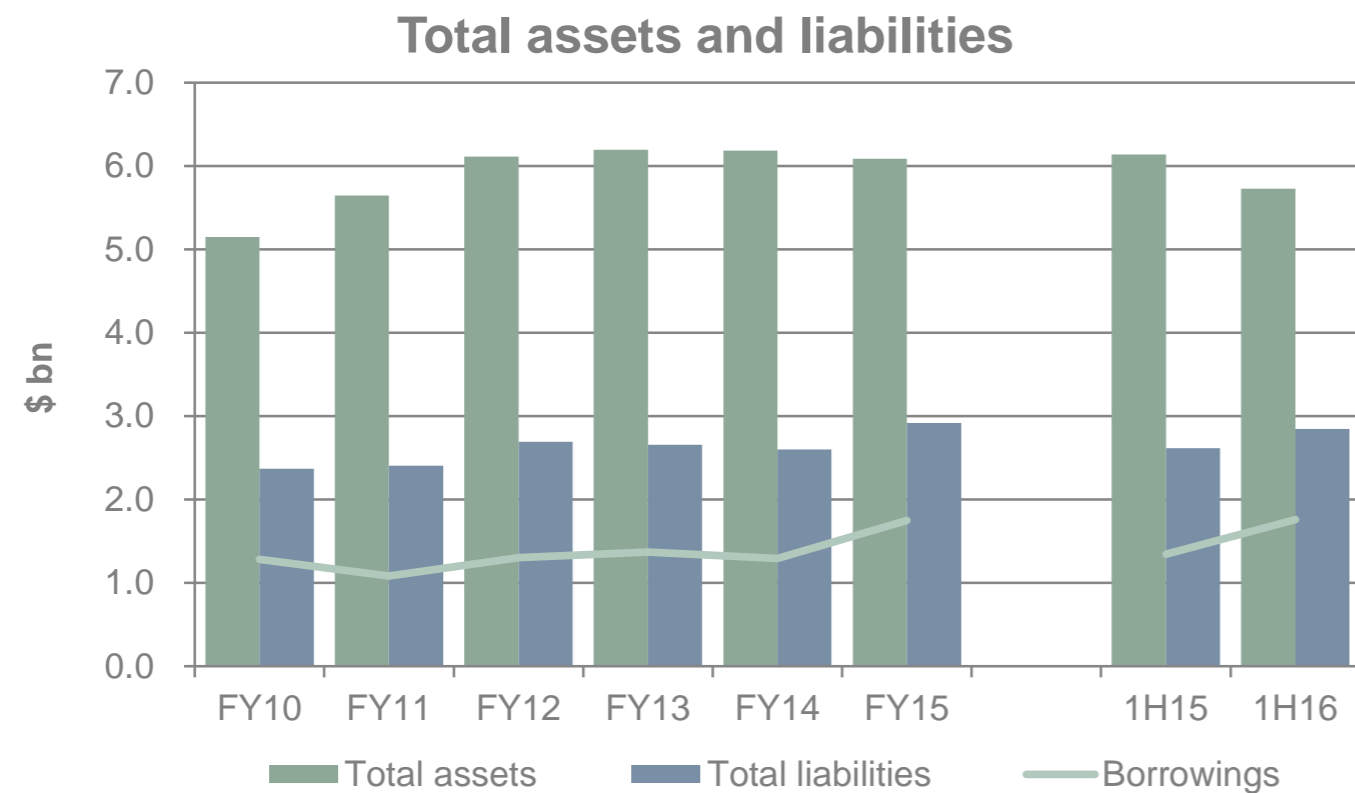


» **Profit largely follows EBITDAF* trend with steady gains as investments have been completed and flexibility has returned to the generation portfolio**

- FY14 EBITDAF included \$43m compensation as a result of the delayed start-up of Te Mihi without a full year of associated interest and depreciation costs
- 1H16 included \$257m of impairments relating to the Otahuhu power station and an assessment that the Taheke geothermal resource was unlikely to be developed in the foreseeable future

* A non-GAAP measure equal to earnings before net interest expense interest, tax, depreciation and amortisation, changes in fair value of financial instruments and other significant items

Balance sheet



» **Gearing has remained low over the period of capital investment**

- Contact raised equity to maintain its investment grade credit rating during the period of capital investment
- Recent increase due to the special dividend paid on 23 June 2015

Reference material and contact details

Reference material

- » Contact website <https://www.contact.co.nz/corporate>
- » Electricity Authority website www.ea.govt.nz
- » Sector overview <https://www.ea.govt.nz/about-us/media-and-publications/electricity-nz/>
- » Industry news www.energynews.co.nz
- » Wholesale spot prices www.em6live.co.nz
- » Forward prices <http://www.sfe.com.au/content/prices/rtp15ZFEA.html>

Investor enquiries:

Fraser Gardiner | Head of Investor Relations and Communications

DDI: +64 4 462 1408 • Mobile: +64 21 228 3688

fraser.gardiner@contactenergy.co.nz