20 September 2018

INVESTOR ROADSHOW PRESENTATION – SEPTEMBER 2018

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Profile

Dennis Barnes

Chief Executive Officer

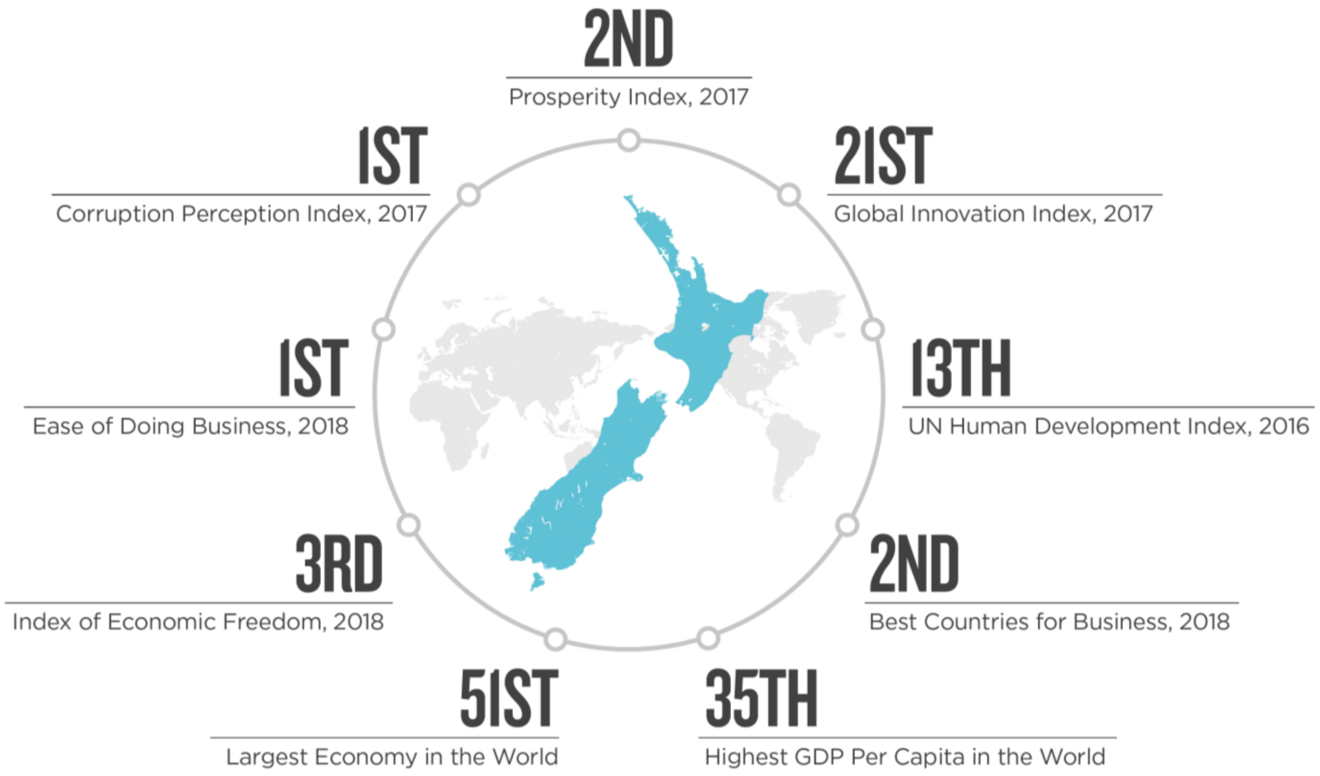
Dennis Barnes has been Chief Executive Officer of Contact since 2011. Dennis has completed Contact’s NZD2bn investment programme in renewable energy, flexible generation and companywide systems. Over his time at Contact Dennis has provided industry leadership on topics as wide ranging as wholesale electricity market structures and health and safety reform. During 2015, Dennis successfully led Contact as its majority shareholder exited and Contact diversified its shareholding base and listed on the ASX. Prior to joining Contact, he was General Manager Energy Risk Management at Origin where he oversaw Origin's significant and expanding operations in wholesale markets. Prior to Origin, Dennis held a number of positions operating in international energy markets; including managerial roles at Scottish and English electricity companies. Dennis' career began as a Metallurgist with Alcan and he holds a BSc(Hons), GradDip (Marketing) and MBA.

New Zealand economy

New Zealand has an open economy that works on free market principles

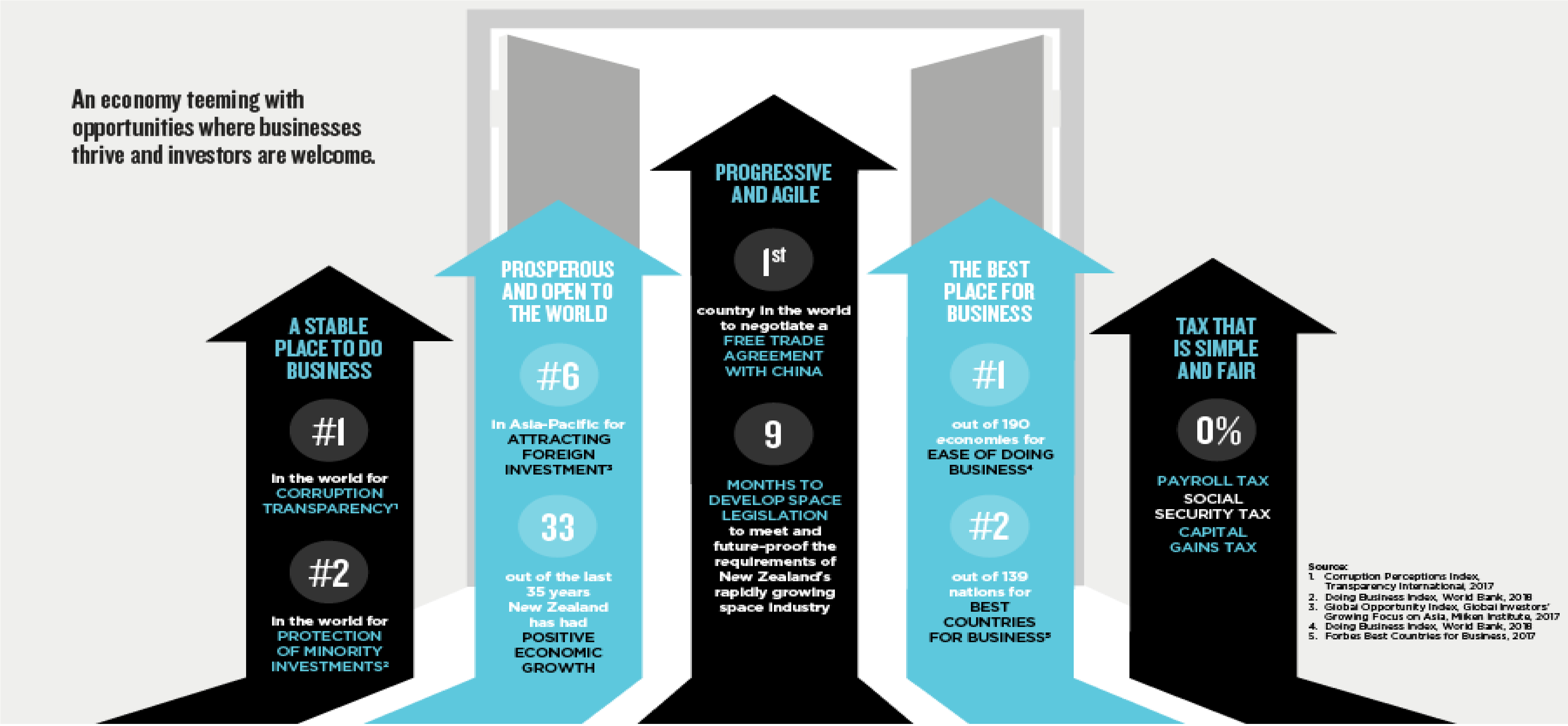
New Zealand's stable economy and political system, reputation for innovation and the ease of doing business make it an attractive place to invest

- Safe, stable and secure business environment
- Ease of doing business
- Comparatively low developed-country business costs
- Simple tax system
- Market orientated economy
- Innovative and entrepreneurial culture
- Policies to promote skills immigration
- Abundant natural resources
- Strong international transport links
- Stable banking sector with Reserve Bank supervision
- Modern telecommunications infrastructure



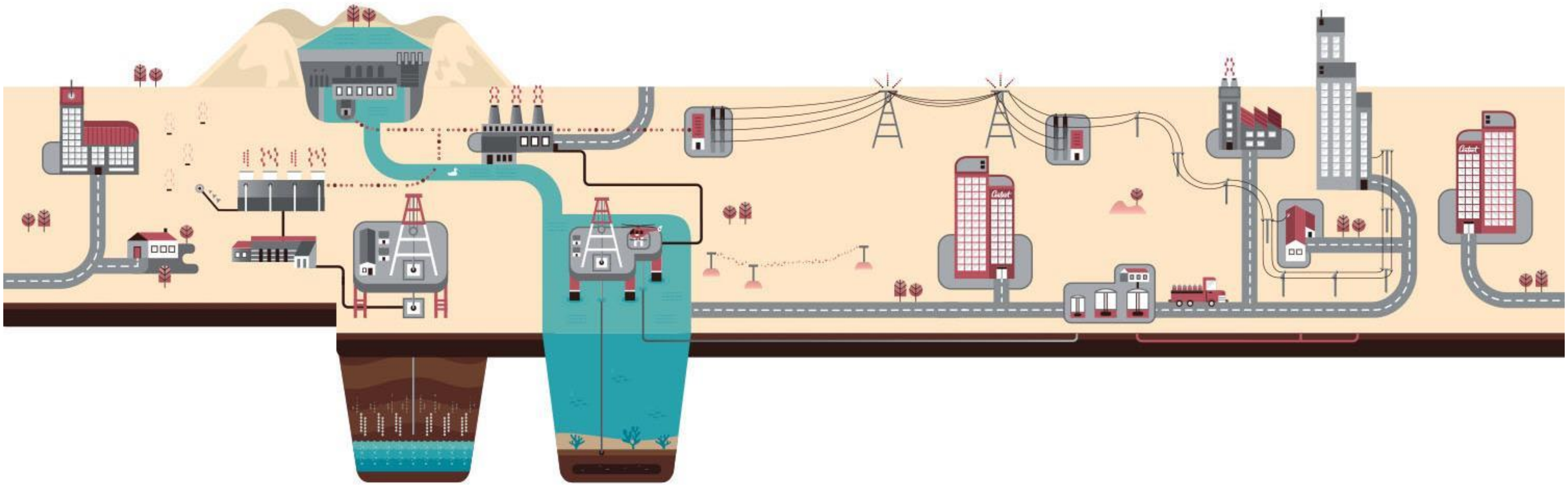
Sources: World Bank, 'Doing Business' 2018, Milkin Institute 'Global Opportunity Index' 2016, 2016-17 World Economic Forum Global Competitiveness index, Global Finance World's Safest Banks index, Heritage Foundation Index of Economic Freedom, Transparency International Corruption Perceptions index

New Zealand is open for business



Market dynamics

New Zealand electricity market



5 Major generators

1/2 Hourly wholesale spot market

1 State-owned national transmission grid operator

29 Distribution businesses

33 Retailers (44 brands)

2.1 Million consumers

New Zealand electricity market continues to work effectively

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

"New Zealand serves as a model for effective energy markets and secure power system operation"

International Energy Agency (IEA)
New Zealand 2017 Review

Quality renewable resources

» Low cost, long-life renewable resources including hydro, wind and geothermal, which are cost competitive with gas and coal

Progressive regulatory settings

» Regulatory settings have historically been focused on creating a progressive, efficient market structure

Stable political environment

» Strong bipartisan support to reduce greenhouse gas Electrification of transport

» Geothermal energy for industrial process

Rational market competition

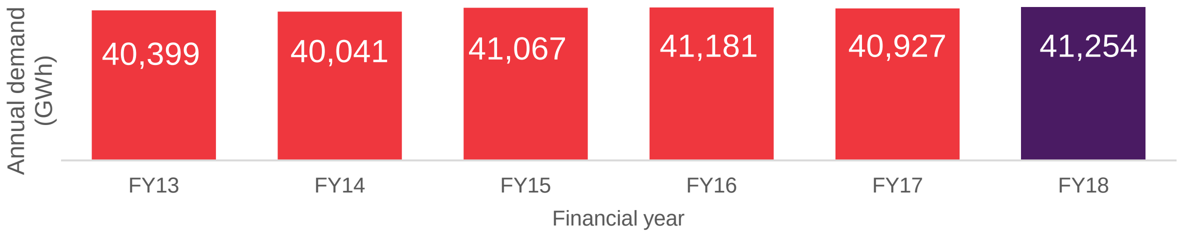
» Industry dominated by five integrated companies supplying 90% of the market. Capable new entrant retailers ensure the retail market remains competitive.

Electricity demand has been flat since 2006

National electricity demand of around 41,000 GWh

National electricity demand

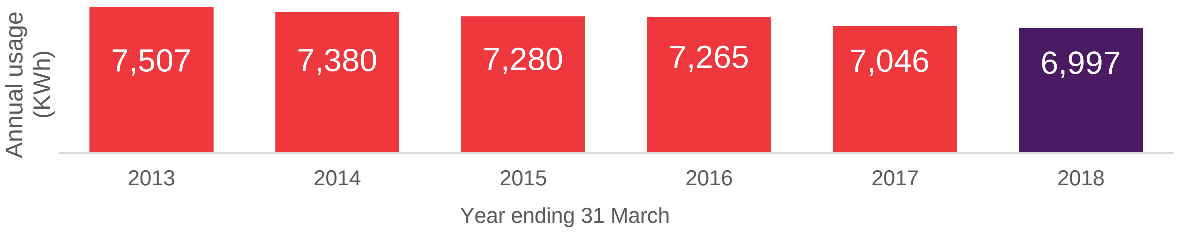
Source: *EMI*



- Despite the continued growth in new customer connections, lower residential demand per connection and industrial closures have contributed to flat demand
- Currently ~10,000 EVs in the total light passenger fleet of ~3 million and currently at 2% of vehicle registrations per month. Government target of 64,000 by 2021.

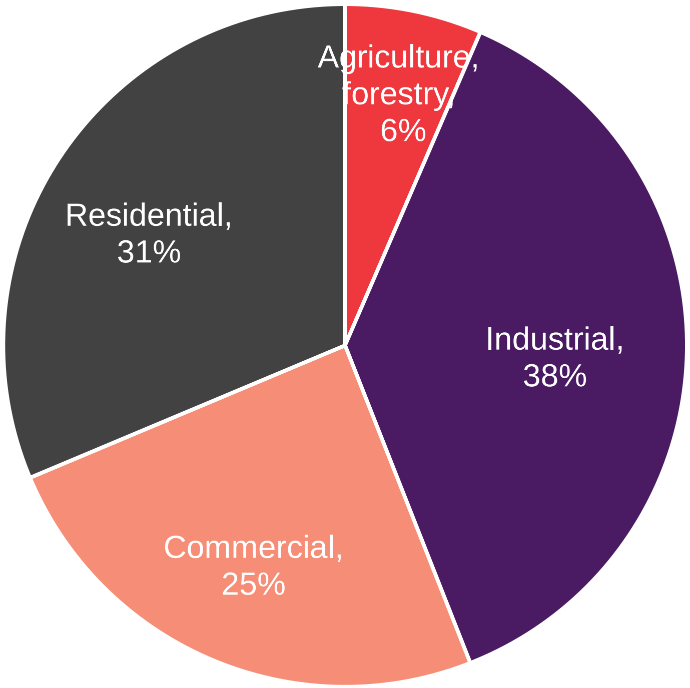
Annual consumption per household (kWh)

Source: *MBIE Quarterly Survey of Domestic Electricity Prices*



Electricity consumption breakdown

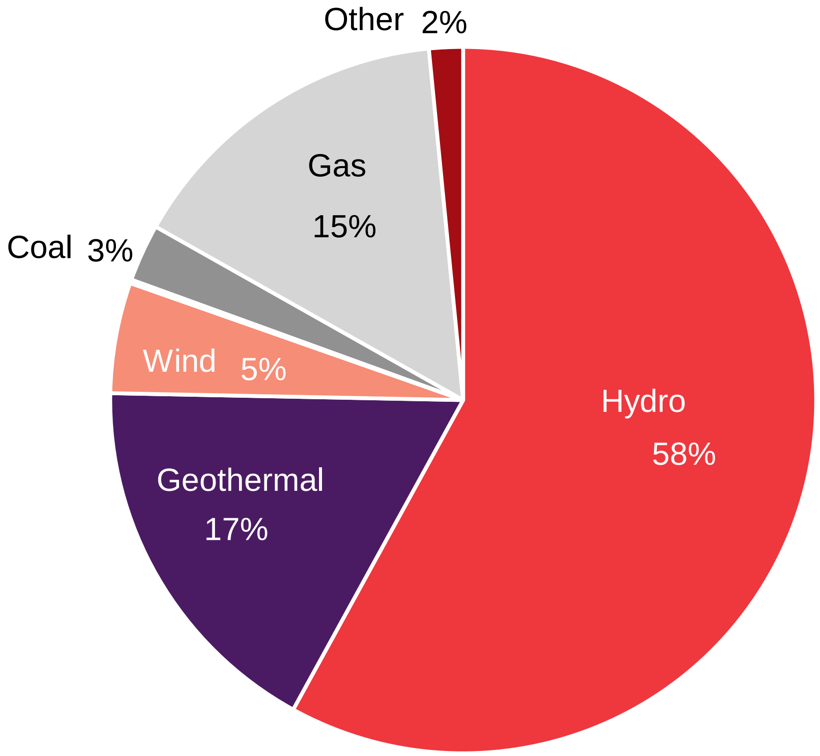
Source: *MBIE quartely electricity generation and consumption survey*



New Zealand electricity supply is over 80% renewable

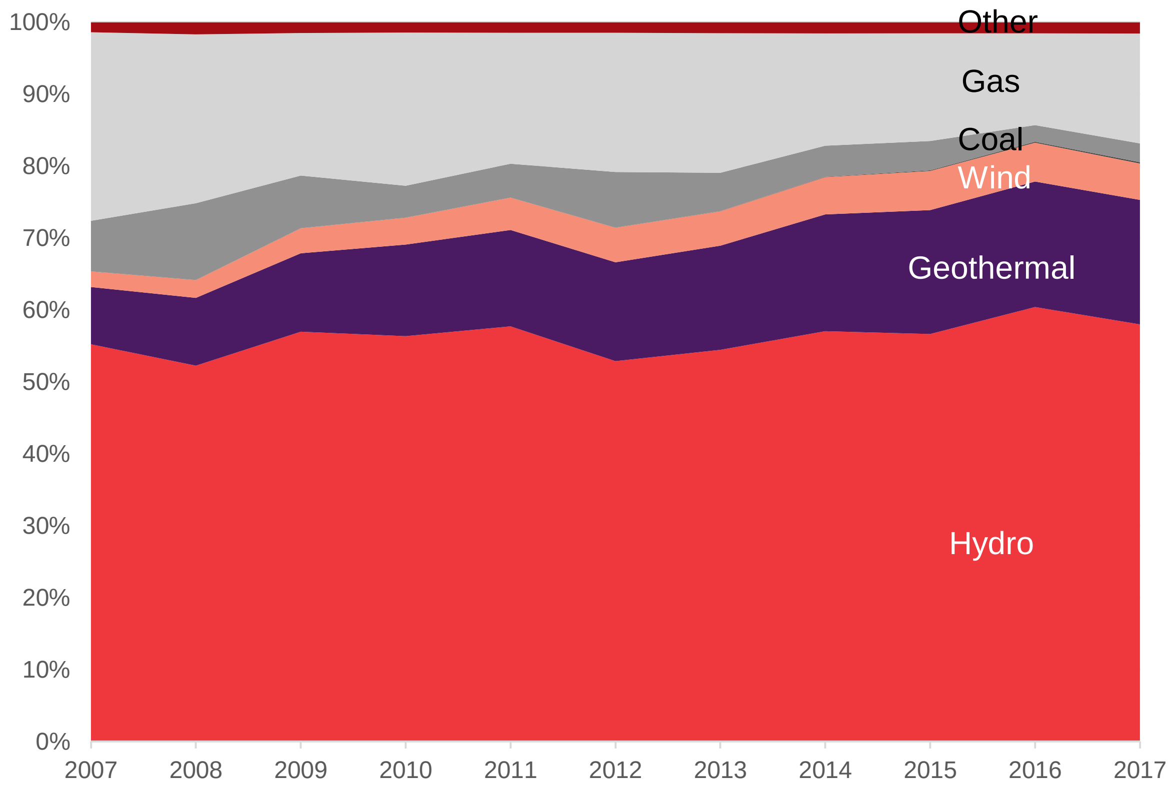
Electricity generation mix for 2017

Source: *MBIE quartely electricity generation and consumption survey*



» Distributed generation (e.g. solar) comprises approximately 0.2% of the total annual generation

New Zealand electricity supply 2007 - 2017

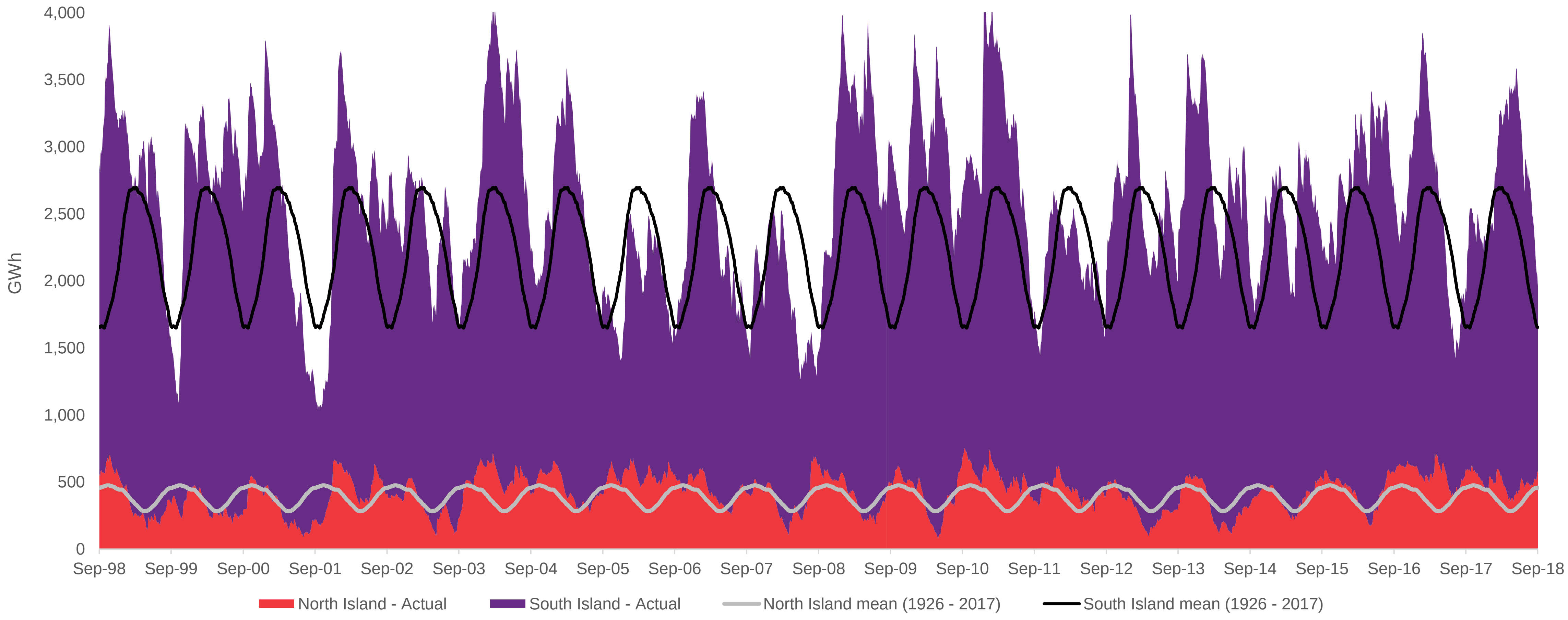


» New Zealand has added subsidy free renewable generation, which, in a period of flat demand, has displaced fossil fuels, with the percentage of generation from renewables up from 65% in 2007

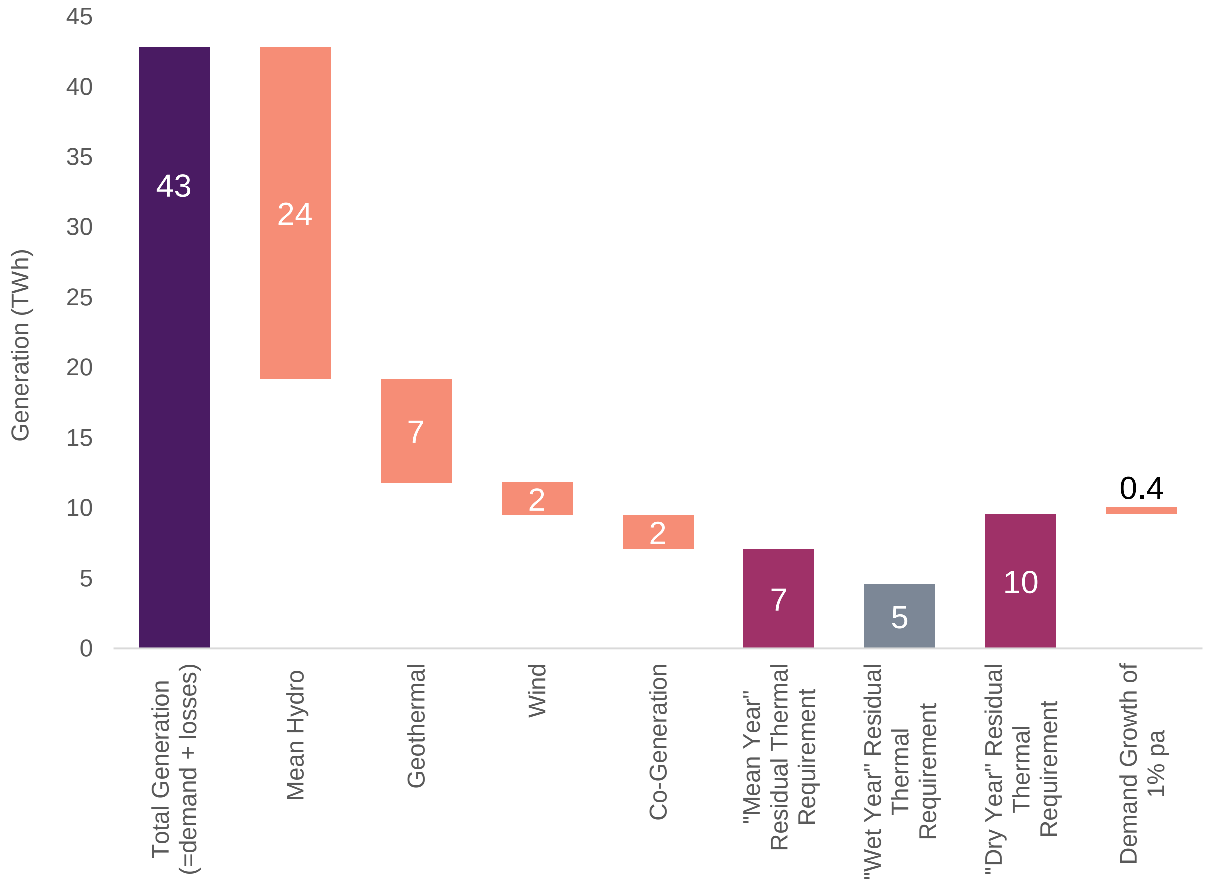
Hydro schemes are mainly run of river with limited controlled storage capacity

National hydro storage against mean storage (controlled only)

Source: *NZX hydro*



Thermal generation has a clear role to firm intermittent renewables



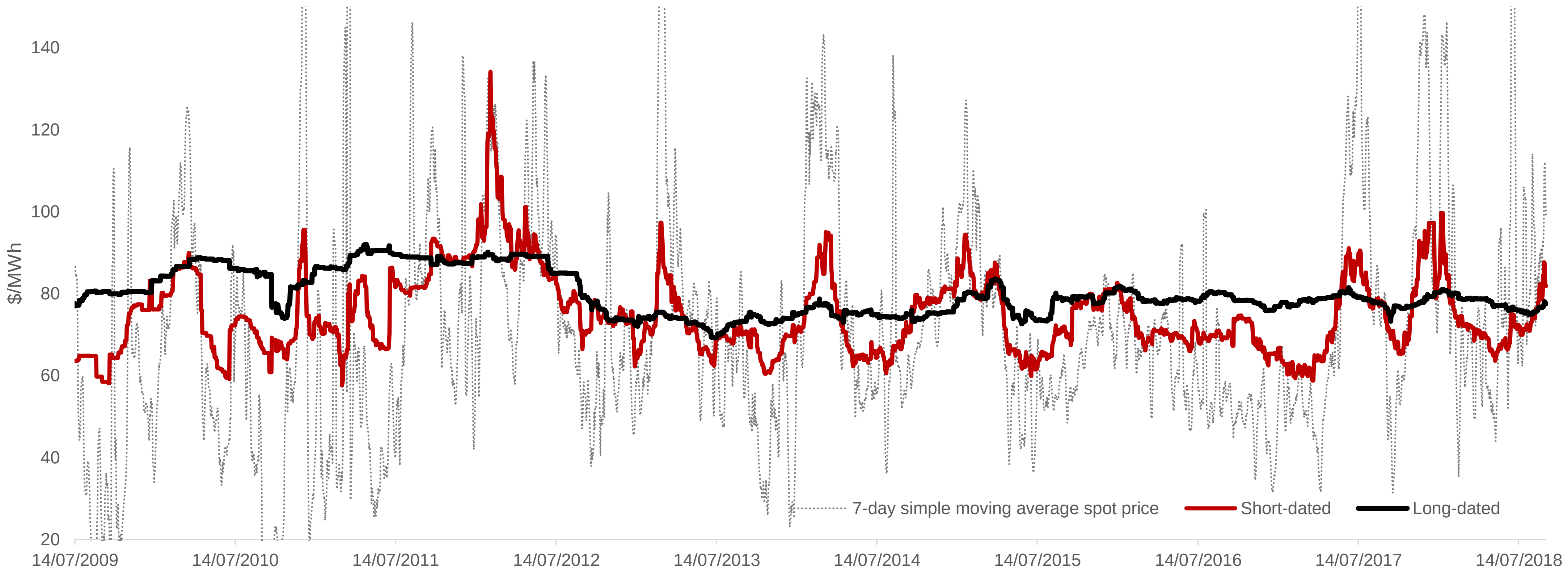
5TWh & 10TWh

per annum of renewables firming required

Spot electricity prices respond to hydrological volatility

Long term prices impacted by the fundamental supply and demand balance

Source: *EMI*



Industry risks are balanced with potential for growth, strong capital discipline to continue

Long term prices impacted by the fundamental supply and demand balance

Demand

- Estimated population growth of 320k by 2020 (+7%)
- Electrification of transport

- Average household consumption falling through energy efficiency

Industrial demand

- The Tiwai fourth potline provides medium term demand strength
- Material demand growth from the conversion of carbon based energy to electricity

- Tiwai - early termination option (Tiwai electricity demand is around ~13% of the annual New Zealand electricity demand)

New technology

- New products and services through a deeper customer relationship and managing complexity

- Improving solar and storage economics but the transition is likely to be slow
- Deploying capital into the evolution of digital and data

Fuel

- Consented and scalable renewable development projects
- Geothermal energy for direct use in industrial process

- Only one natural gas producing basin, with a reserves / production ratio of 12 years
- Carbon price increasing, currently at the cap

Competition and energy efficiency continues to reduce the real cost of electricity to households

Network costs rising, energy component falling; real cost to households flat

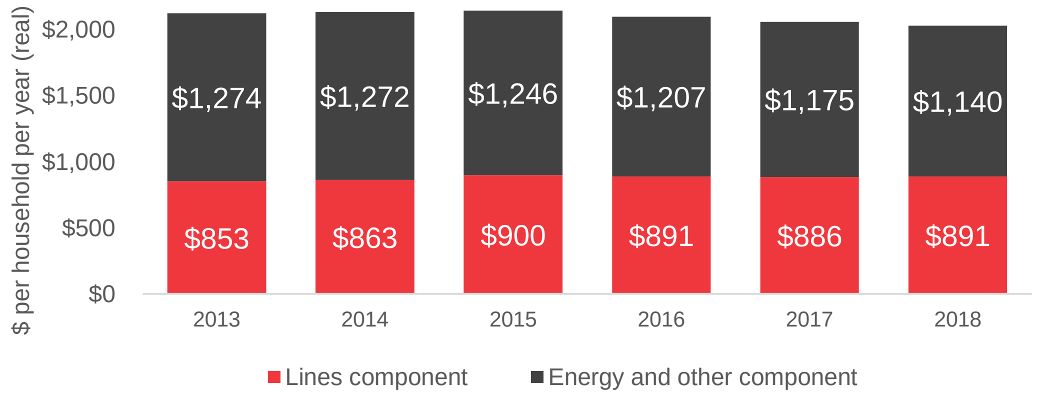
» Residential electricity price increases remain below inflation

  » Residential prices rose by 1.5% for the quarter ended March 2018 (line costs up 5.6% offset by a 1.5% reduction in energy related charges)

» Competition and energy efficiency have seen reducing real electricity expenditure for households

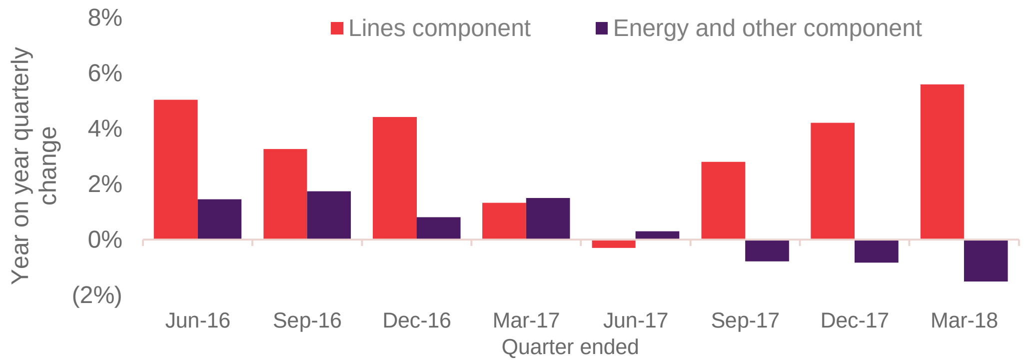
Average real residential expenditure (including GST)

Source: *MBIE quarterly Survey of Domestic Electricity Prices*



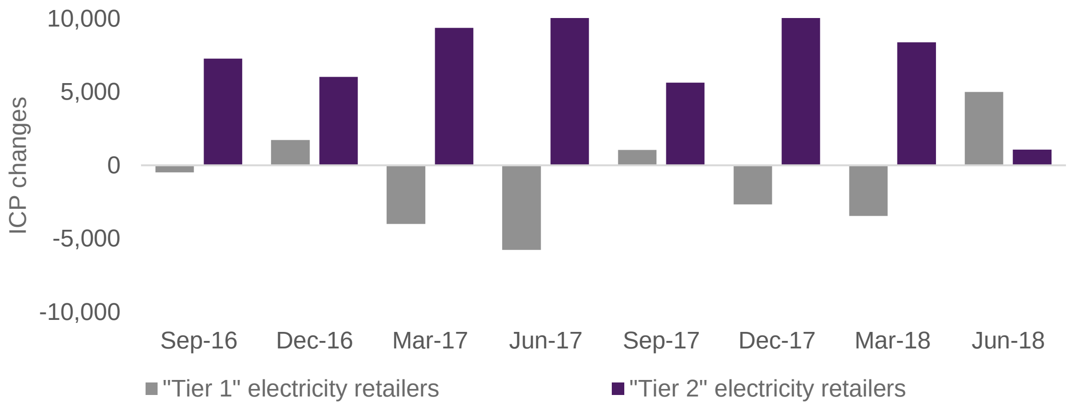
Year on year quarterly change in residential electricity prices

Source: *MBIE Quarterly Survey of Domestic Electricity Prices*



All retailers competing

Source: *EA, ICP market share*



Company strategy

Strategy to optimise the Customer and Generation businesses to deliver strong cash flows

Customer

A service and value focussed retailer, connecting customers and communities to smart solutions that make living easier for them now, and in the future

Generation

An innovative, safe and efficient generator working with business customers, partners and suppliers to decarbonise New Zealand's energy sector

Underpinned by a disciplined and transparent approach to operating and capital expenditure while continuing to investigate ways to optimise our portfolio of assets

Strategy to optimise the business and to focus on cash remains appropriate

While directionally the environment remains broadly similar the momentum driving the market is increasing

Electricity demand and supply

- National demand for electricity is relatively flat with long term wholesale prices holding firm on no significant change to net supply
- The Tiwai fourth potline provides medium term demand strength
- Material demand growth from the conversion of carbon based energy to electricity

Decarbonisation

- The Government's decarbonisation agenda and the speed of movement to act on climate change has increased

Regulatory settings

- Regulatory settings have historically been focused on creating a progressive, efficient market structure
- Electricity pricing review initial issues paper has been published with comments due end October

Retail competition

- Retail sector competition continues with 10 new entrants in the last 2 years - growing Tier 2 market share has seen pressure on retail gross margins
- Increased competition for C&I load from integrated generator / retailers looking to match load with their generation assets

Brand refresh and new customer propositions to mitigate these headwinds

The Customer business continues to reduce cost to serve while improving the customer experience

NEAR TERM DESCRIPTION OF SUCCESS

High-performing, efficient retailer with the lowest cost to serve and best customer experience of the tier 1 retailers in New Zealand, with an ability to execute consistently

	FY16	FY17	FY18
Employee engagement	36%	53%	79%
Net promoter score (final qtr.)	+3	+15	+20
Churn variance to market (12 mth avg)	at market	0.7% below	1.3% below
Electricity and gas cost to serve	$113m	$110m	$97m
Number of calls	1.1m	1.0m	0.9m
Debt write-offs	$9.3m	$6.6m	$5.5m
Mass market electricity netback	$99.2/MWh	$97.9/MWh	$99.5/MWh

Delivering on our strategy

» Executing on continuous improvement initiatives

» Digitising and streamlining highest-priority customer journeys

» New products and services deliver smart customer solutions

» Adapting the IT operating model to rapidly respond to customer needs

Strong operational performance in the Customer business offset by the competitive market

Operational performance metrics continue to improve

	Operational performance metrics continue to improve	FY18 EBITDAF	Keys to extracting value
1	Mass market earnings up marginally on cost improvements	$65m ($49m electricity, $12m gas, $4m meters and other income)	Best-in-class retailer, reducing CTS while growing customer advocacy – vital to expand margins in a competitive market with limited tariff growth
2	C&I prices trending to ASX	$12m	Assisting with the conversion of C&I customers with high carbon footprint to renewable energy
3	LPG product and carbon costs increasing faster than pass through to customers	$32m	Maintaining a multi-fuel offering to support our ability to compete in the electricity market

The Generation business is delivering continuous improvement while enabling decarbonisation

NEAR TERM DESCRIPTION OF SUCCESS

Focus on operational excellence and investment in digital approaches with clear payback to accelerate continuous improvement

	FY16	FY17	FY18
Employee engagement	60%	65%	68%
TRIFR	3.2	3.3	5.2
Cash costs[1]	$214m	$185m	$165m
3 year average forward price	$77.00 / MWh	$77.80 / MWh	$78.60 / MWh
Geothermal and hydro volumes	3,297 GWh 4,090 GWh	3,233 GWh 3,562 GWh	3,323 GWh 3,479 GWh
Plant availability	90%	92%	89%
Cost of energy	$26.71/MWh	$27.61/MWh	$28.00/MWh

[1] Cash cost includes generation operating costs and SIB Capex

Delivering on our strategy

» Executing on continuous improvement initiatives

» Geothermal efficiency gains greater than all solar installed in New Zealand

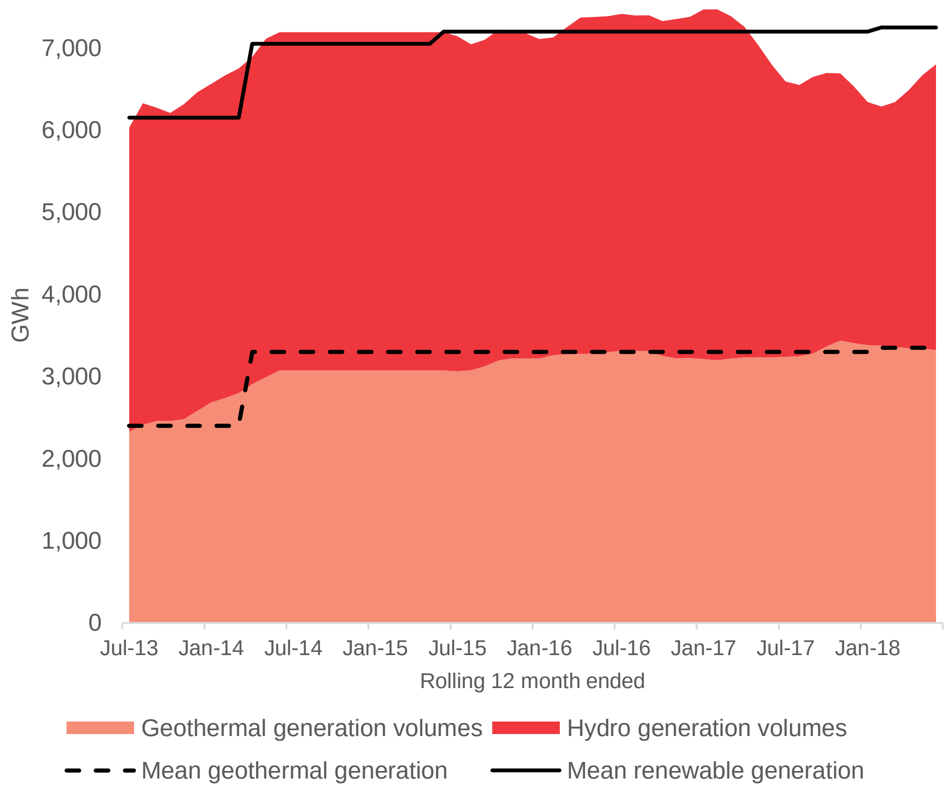
» Innovating to lead the world in lowering the cost of geothermal energy

» Initiatives to support further decarbonisation of New Zealand's energy sector

Generation business continues to improve operational performance

Strong operational performance delivering cost reduction and improving resource utilisation, short term earnings impacted by hydrology. Long term growth dependent on the disciplined development of renewable generation

12 month rolling renewable generation vs mean



Keys to extracting value

1 Delivering on the continuous improvement programme

2 Grow demand for renewables by partnering with customers on decarbonisation solutions and further thermal substitution

3 Lowering the cost of geothermal and refining deployable development options

Creating value by optimising the portfolio of assets

Sale of Ahuroa gas storage for $200m

» Contact identified a higher value owner for this long life infrastructure asset. Contact has retained access to competitive long term gas storage services compatible with its requirements for flexible thermal generation. Contact benefits from the committed expansion.

Strategic rationale

1 Monetises unused capacity

» The AGS reservoir is larger than Contact's requirements and is capable of supporting storage services to other customers

2 Sold to a higher value owner (GSNZ)

» GSNZ has a lower cost of capital
» Existing Taranaki operations present operational synergies

3 Reduces gas storage costs

» Committed expansion reduces the cost per unit of storage
» Effective share of operating costs reduce with additional users

4 Independent owner of storage

» Without upstream or downstream interests, the new owner will likely be seen as a more independent counterparty facilitating new users

Sale of Rockgas LPG for $260m

» Divesting Rockgas will enable greater focus and allow for accelerated transformation in the Customer business, ultimately creating value for shareholders

Strategic rationale

1 Preserves dual fuel value

» The marketing alliance allows Contact to continue to offer LPG as part of its product suite. Lower churn benefits retained

2 Monetises scale advantages

» The services agreement will preserve our scale advantage to enhance returns from digital transformation

3 Eliminates commodity exposure

» The sale will eliminate Contact's exposure to the variability in international LPG prices, exchange rates and domestic LPG supply and demand dynamics

4 Strengthens balance sheet

» The sale proceeds will improve our balance sheet strength and facilitate improved distributions to shareholders

Outlook

To capture value for shareholders we will accelerate execution of the strategy

Customer

- Move to a simple, lean operating model centred on the customer experience reinventing key customer experiences and processes
- Capable employees, identifying and driving performance initiatives with ownership and accountability
- Transform technology to drive both efficiency and better automated customer experiences
- Reposition the brand and reputation from a strong operational retailer to a smart customer solutions provider

Generation

- Sustainable cost reduction balanced against risk
- Strengthen geothermal capability to remain as a recognised world leader
- Partner with customers on mutually beneficial decarbonisation opportunities
- Develop options to enable the economic substitution of thermal generation with renewables
- Lower the cost of geothermal to ensure Contact development options are cost competitive with firmed intermittent renewables

Framework for new investment

Customer:

- Value defined by customers
- Scalable
- Leverages existing capabilities and cost structures
- Short paybacks
- Complementary partnerships

Generation:

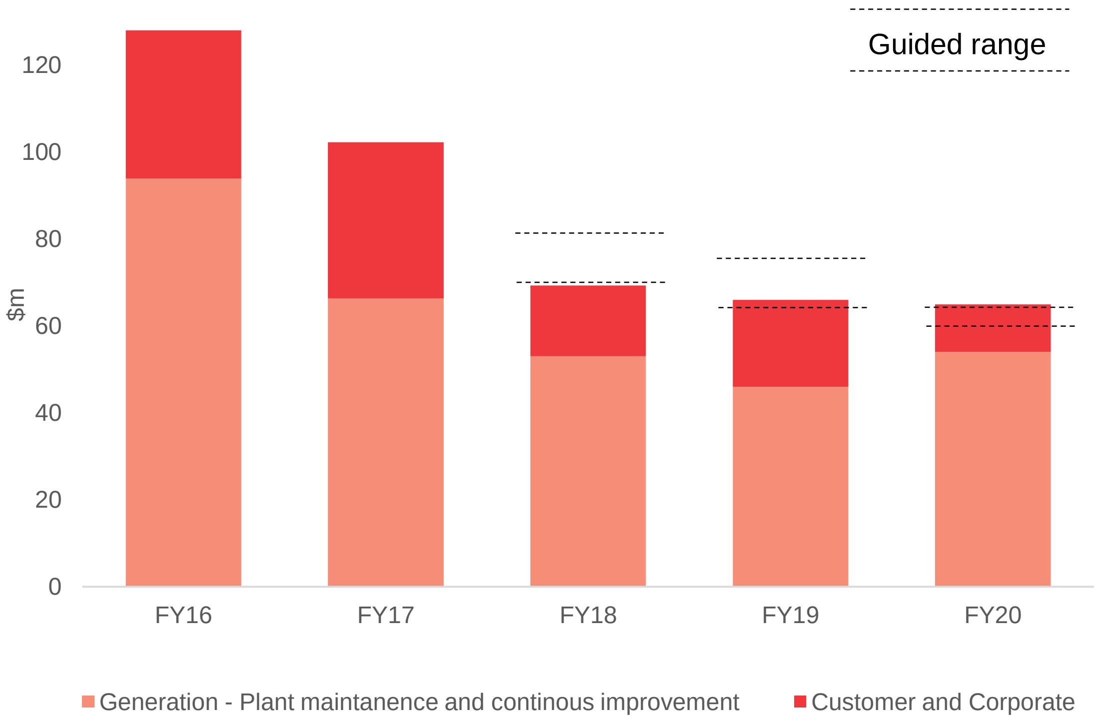
- Sustainable new demand
- New geothermal development cost competitive with new firmed renewables and thermal life extensions

Disciplined capital expenditure continues

Capital expenditure and targets

» FY18 accounting capex of $69m, $32m lower than FY17 (32%). Cash spend on SIB capex of $78m, $38m down on FY17 (33%).

SIB capital expenditure



Sustainable capital expenditure, post financial close of AGS and Rockgas is between $60 - $65m per annum and includes:

» Thermal plant refurbishment

» Geothermal well drilling to maintain geothermal generation at 3,350 GWh per annum

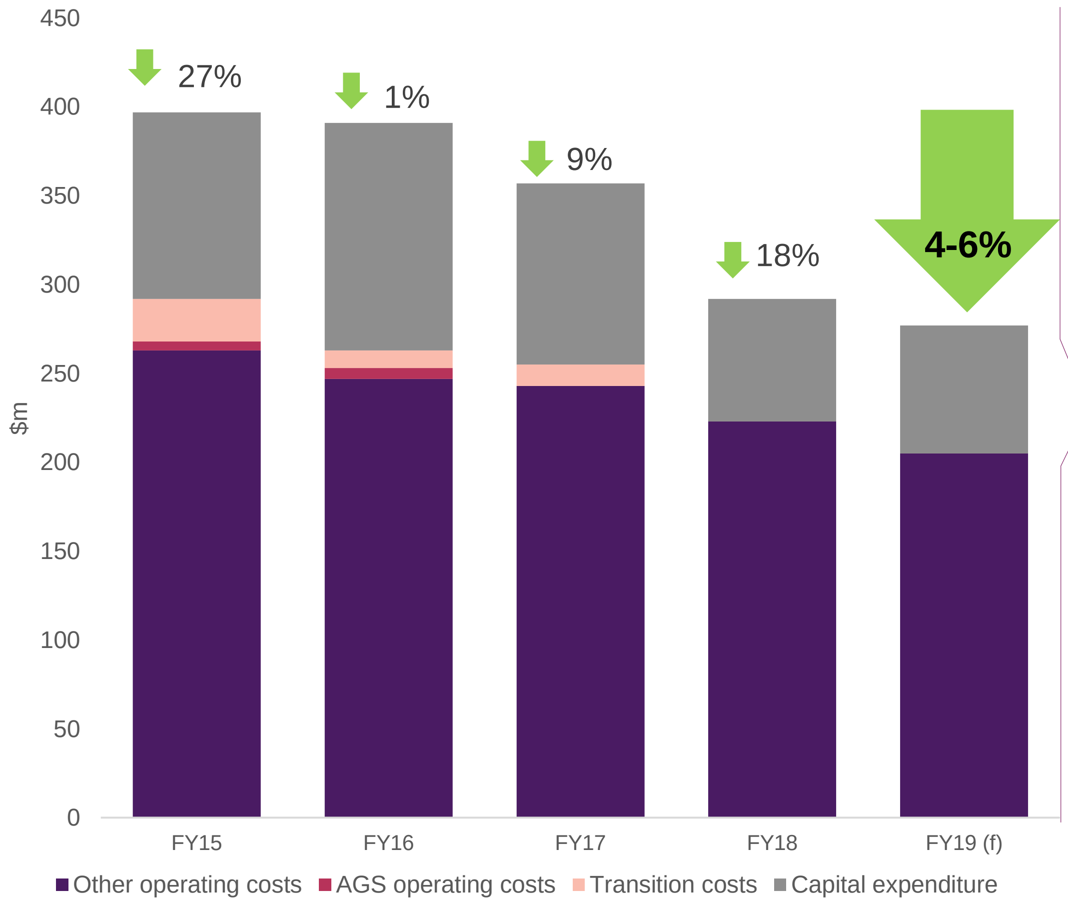
» Transformation and continuous improvement initiatives

» Plant and systems maintenance

» Excludes capex associated with Wairakei extension post 2026

Cost efficiency programme continues to deliver controllable cost reduction

Controllable costs down by over $100m since the delivery of the geothermal and SAP capex programmes



	FY15	FY16	FY17	FY18	SIB FY19 (f)[2]	SIB FY20 (f)
Other operating costs	$263m	$247m	$243m	$223m	$205m	$190m
Costs excluded from underlying	$24m	$10m	$12m	-	-	-
AGS operating costs	$5m	$6m	-[1]	-	-	-
Capital expenditure	$105m	$128m	$102m	$69m	$65-75m	$60-65m
Controllable costs	**$397m**	**$391m**	**$357m**	**$292m**	**$275 – 280m**	**$250 – 260m**
Improvement on prior year	$146m	$6m	$34m	$65m **(guided range $46m – 66m)**	$12 - 17m	$15 - 35m

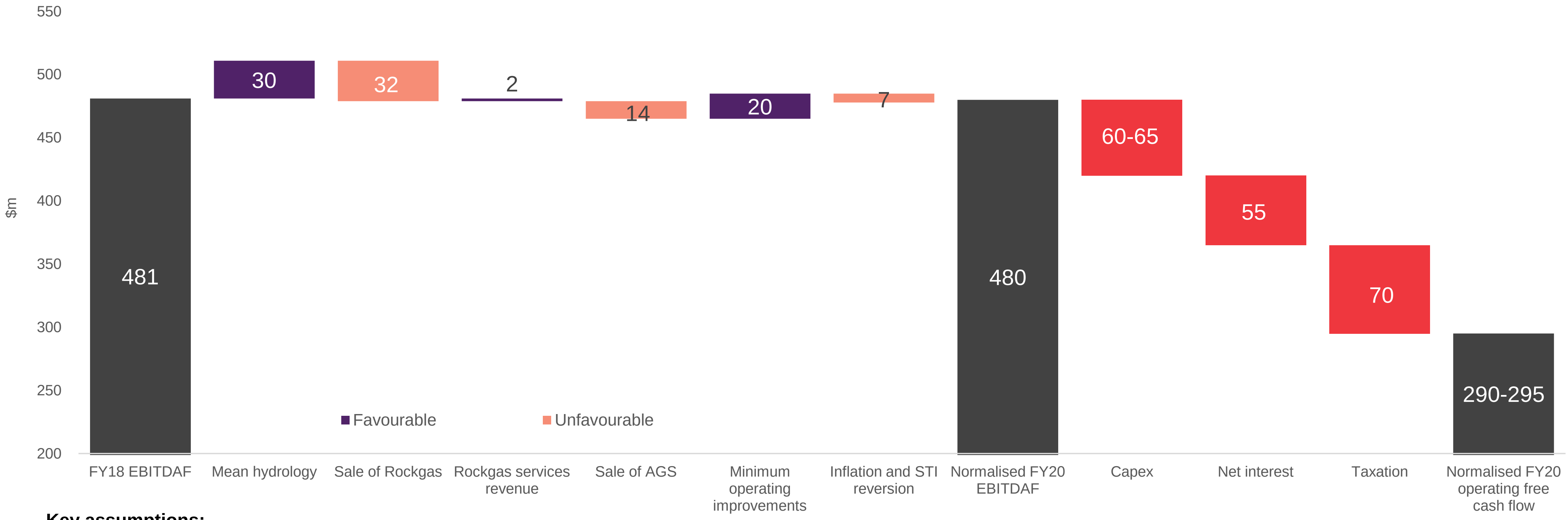
[1] From FY17, AGS operating costs have been included in other operating costs

[2] Includes an assumption of the completion of the sale of AGS and Rockgas

Illustrative FY20 EBITDAF normalised for the impact of the asset sales is estimated at $480m

With the sale of AGS and Rockgas due to complete in 1H19 a normalised FY20 EBITDAF is provided

Bridge illustrating FY18 EBITDAF to FY20 operating free cash flow (excludes movement in working capital)



Key assumptions:

- Hydro generation at 3,900 GWh (mean), geothermal generation at 3,350 GWh (average)
- ASX electricity futures and electricity retail margins stable
- Delivery on Customer transformation

Sale of Rockgas improves our balance sheet and facilitates improved ordinary dividends

Distribution policy

Target ordinary dividend of between

80-90%

of Operating Free Cash Flow

once the S&P net debt / EBITDAF ratio is below 2.8x

Net debt

$1,448m

Borrowings at 30 June 2018

($410m)

Reduction in net debt from proceeds of asset sales (after tax)

S&P net debt

$1,480m

Estimated at 30 June 2018

($257m)

Reduction in S&P net debt from proceeds of asset sales

FY19 Target ordinary dividend

35cps

up +9% on FY18

Interim dividend

April

40%

Final dividend

Sept

60%

of expected total

Appendix
Operational and financial performance FY18

Highlights

Operational performance improves, cash discipline enables increasing dividends

Comparison against FY17

MAINTAINING FINANCIAL DISCIPLINE

Strong cost control with other operating costs down by $20m (8%). Cash spent on SIB capital expenditure down by $38m (33%). $99m cash reduction in borrowings.

+16% Reduction in total cash operating costs and capital spend

ENHANCED CUSTOMER EXPERIENCE

Net promoter score (NPS) for final quarter of FY18 of +20, up from the +15 recorded for the same period in FY17 on the implementation of operational improvements. Below market churn.

+5 Improvement in NPS

SAFE AND ENGAGED EMPLOYEES

Increasing employee engagement with 77% of employees engaged, 9% up on FY17 and 36% up on FY15. Maturing safety culture.

+9% Increase in employee engagement

REWARDING SHAREHOLDERS

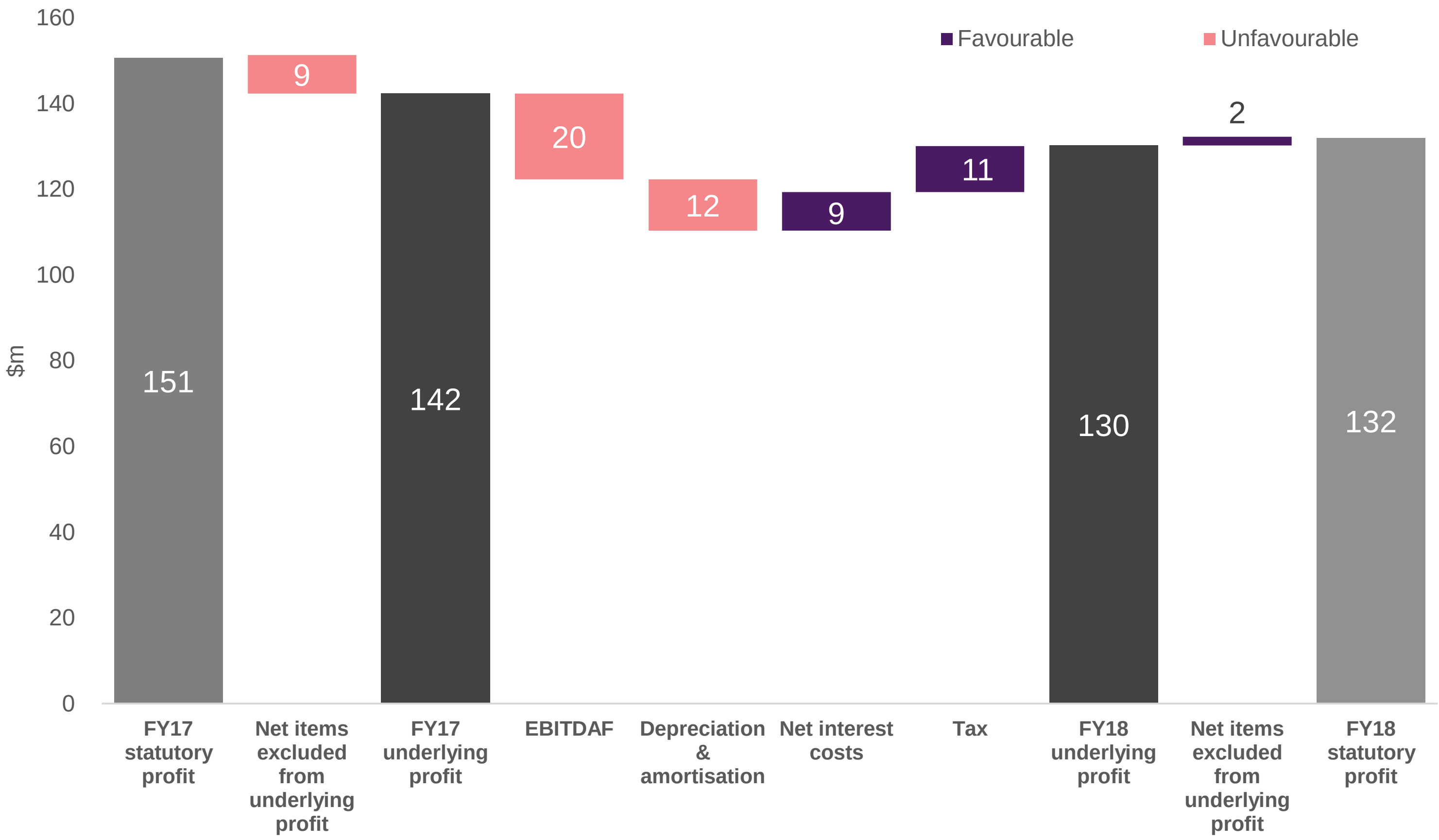
FY18 dividend of 32 cents per share, up 6 cents per share on FY17. Target FY19 dividend of 35 cents per share, up 9% on FY18

+23% Increase to the FY18 full year dividend

Statutory profit of $132m, down $19m on lower operating earnings

Underlying profit down 8% from $142m in FY17 to $130m

Contact's statutory profit



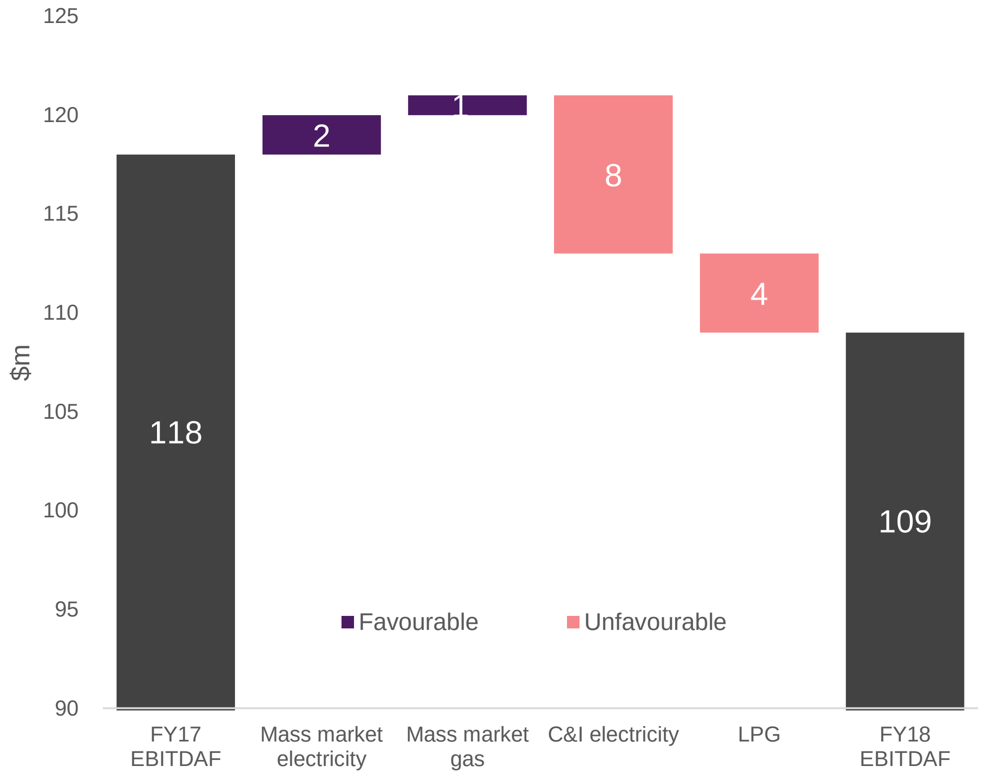
Financial performance compared to FY17

- Underlying profit of $130m, was down by $12m (8%) reflecting:
  - $20m reduction in EBITDAF
  - Depreciation and amortisation up by $12m with a full year of depreciation from the ICT change and transition programme and higher TCC depreciation post the major refurbishment
  - Net interest costs reduced by $9m on marginally lower interest rates and a reduction in average debt over the period
  - Lower tax expense
- The only item excluded from underlying profit in the current period was the increase in the fair value of financial instruments of $2m (net of tax).

EBITDAF down by $20m

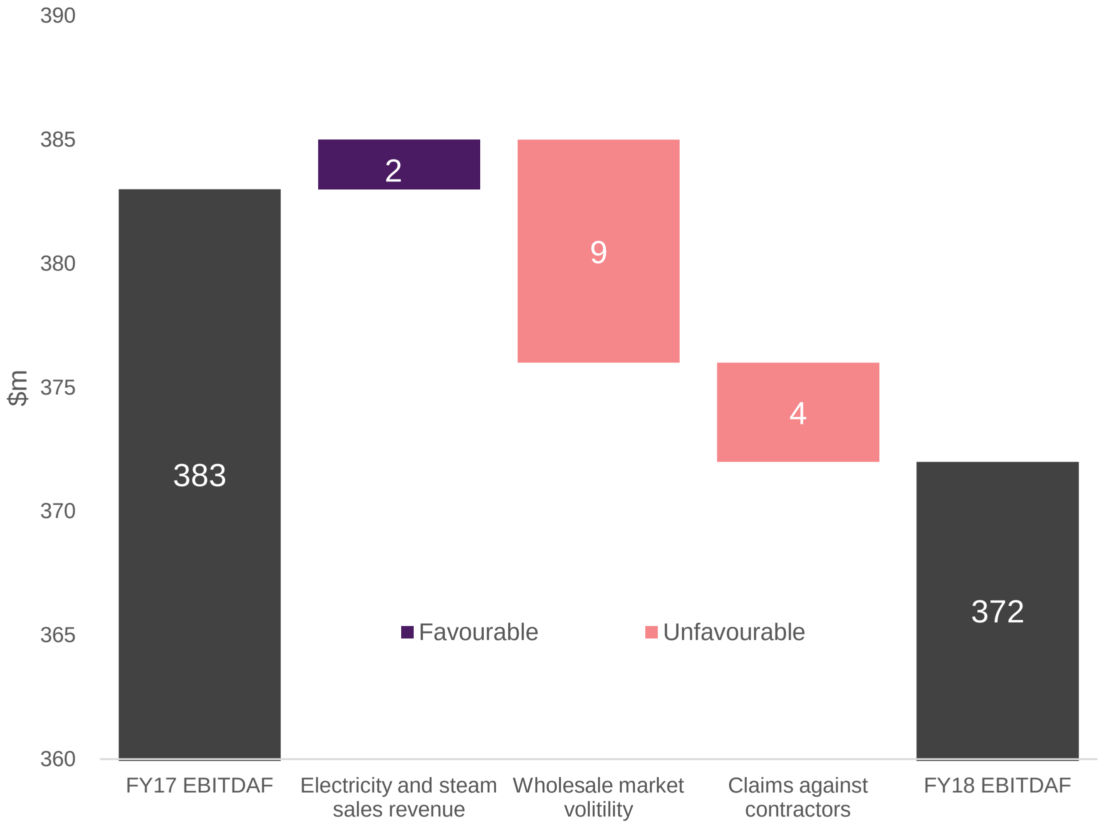
Customer EBITDAF of $109m, $9m lower than FY17

Customer EBITDAF movement on FY17



Generation EBITDAF of $372m, $11m lower than FY17

Generation EBITDAF movement on FY17



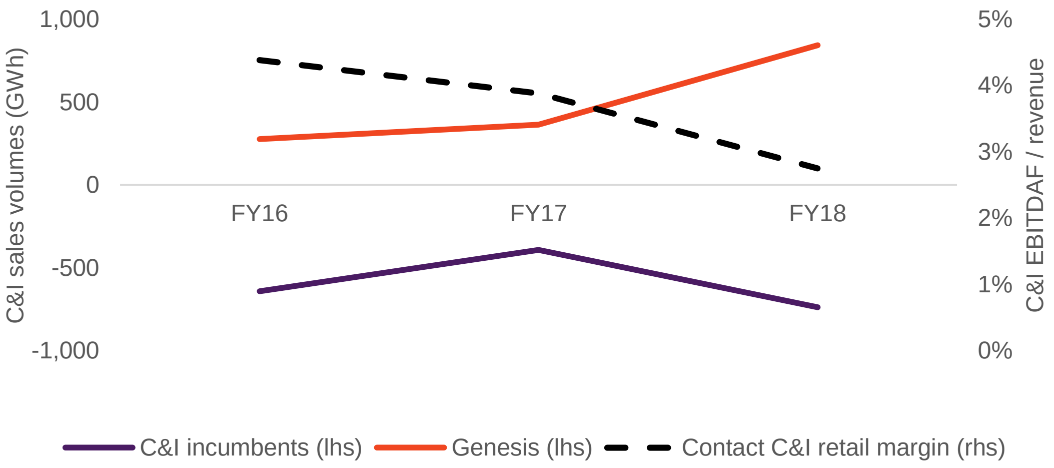
Customer EBITDAF down $9m on increased C&I competition and rising LPG product costs

C&I electricity EBITDAF of $12m, $8m lower than FY17

» Competition for C&I sales has increased, which has led to a reduction in the C&I retail margin above ASX reference from 4.6% in FY16 to 2.8% in FY18

» Contact C&I sales volumes down by 6% with lower re-signs as Contact was unwilling to match the lower prices from competitors

C&I sales volume changes on FY15



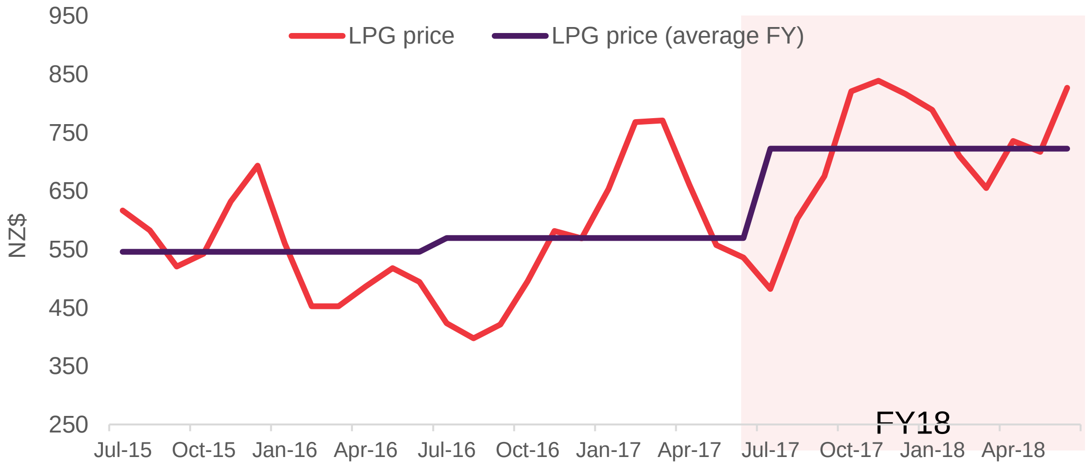
LPG EBITDAF of $32m, $4m lower than FY17

» Contact is not integrated into upstream LPG supply and is exposed to the fluctuations in oil linked commodity prices

» FY18 has seen a sustained and sharp increase to oil linked LPG product costs which are up by $4m (10%). Carbon costs were also $1m higher than FY17

  » LPG price changes were implemented in the year, tariff up 2%, volumes flat

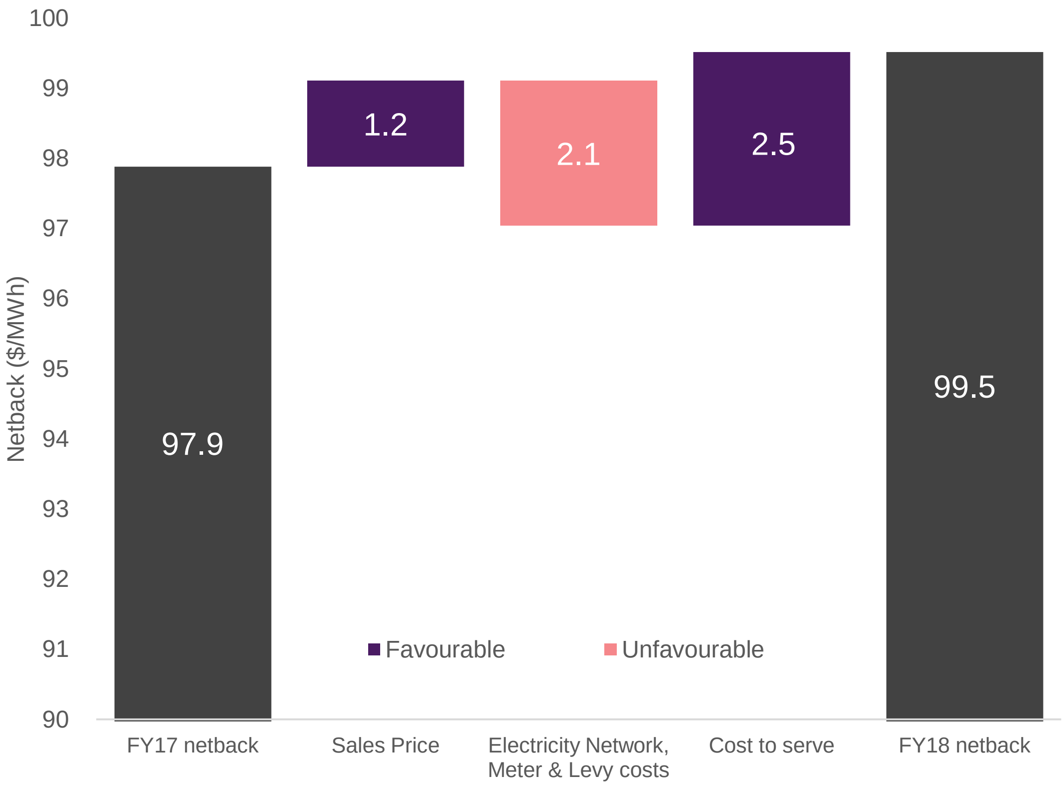
International LPG pricing (50% propane, 50% butane) in NZ$



Mass market electricity and gas EBITDAF up by $3m after cost to serve reduced by $11m

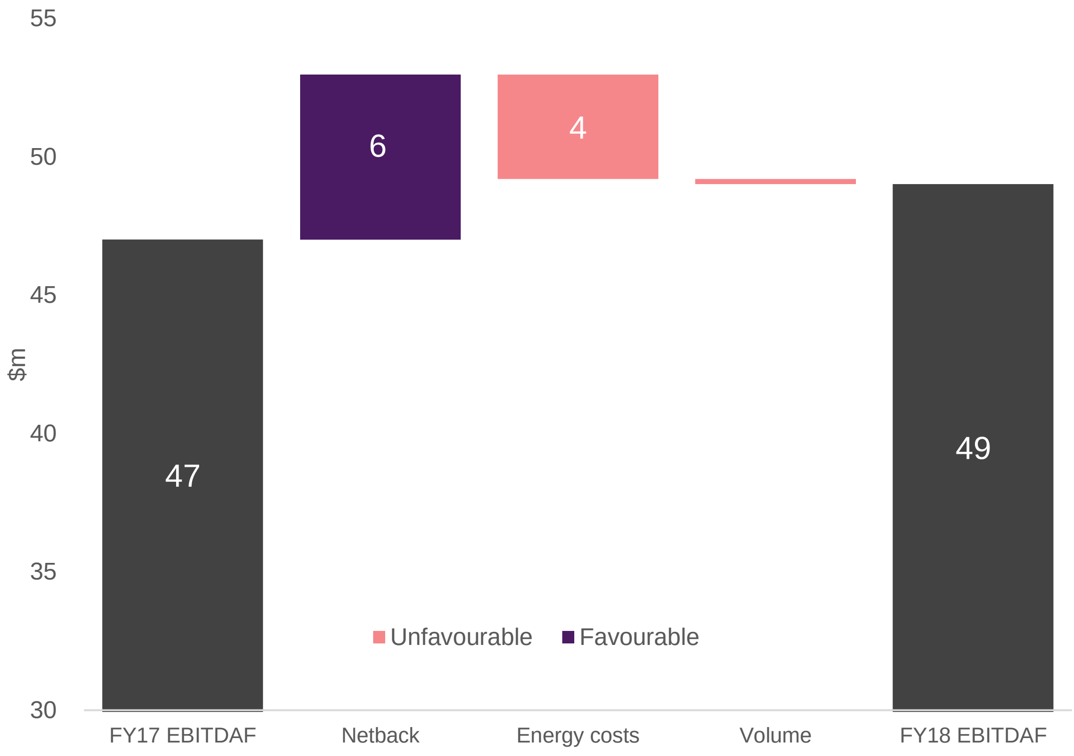
Mass market electricity tariffs up 0.5%, network costs up 2%, cost to serve down 10%

Mass market electricity netback ($/MWh) year on year movement



EBITDAF from mass market electricity sales was $49m in FY18, up $2m (4%) from the prior period despite lower sales volumes and rising energy prices

Mass market electricity EBITDAF year on year movement



Generation managed hydrological variability and low inflows

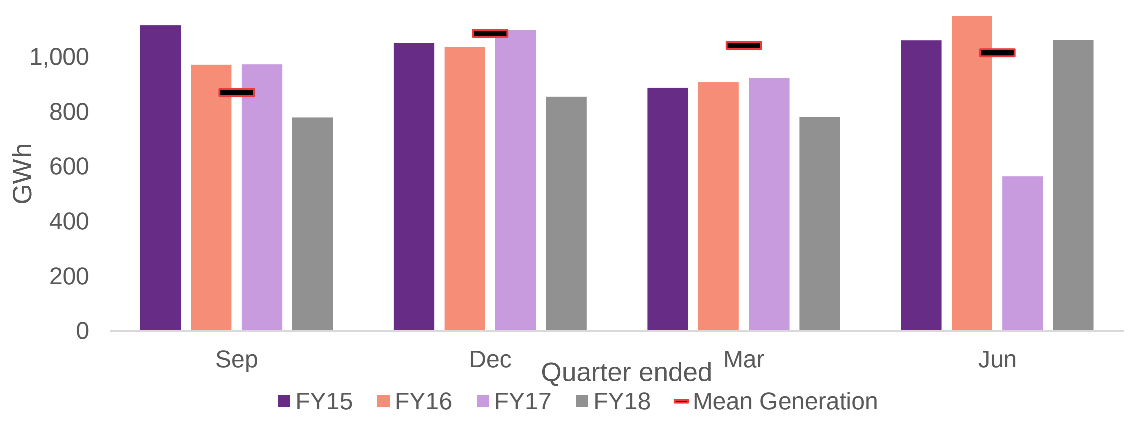
Hydro generation volumes 10% below mean for the second consecutive financial year

» Clutha hydro inflows during FY18 were 19% below mean for the first three quarters (5% above mean for the last quarter)

» The scheduled major refurbishment of the Taranaki Combined Cycle plant (TCC) during November and December meant Contact could not take full advantage of higher wholesale prices

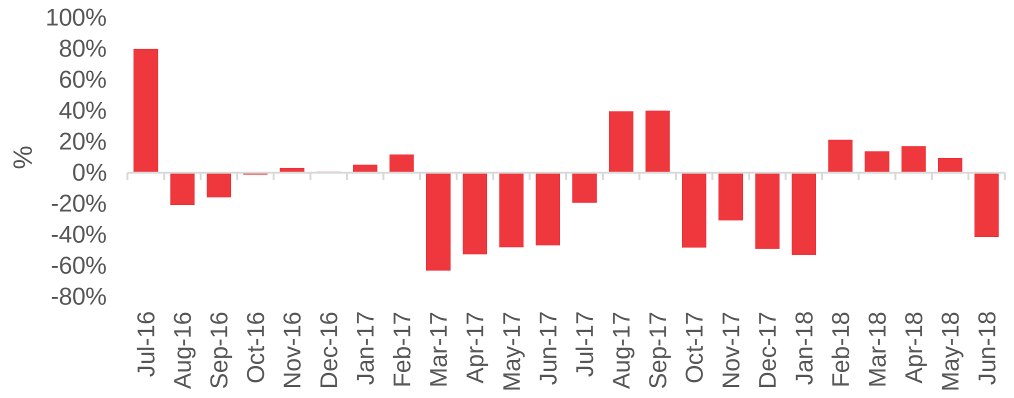
Contact hydro generation by quarter for FY15 – 18

Source: *Contact*



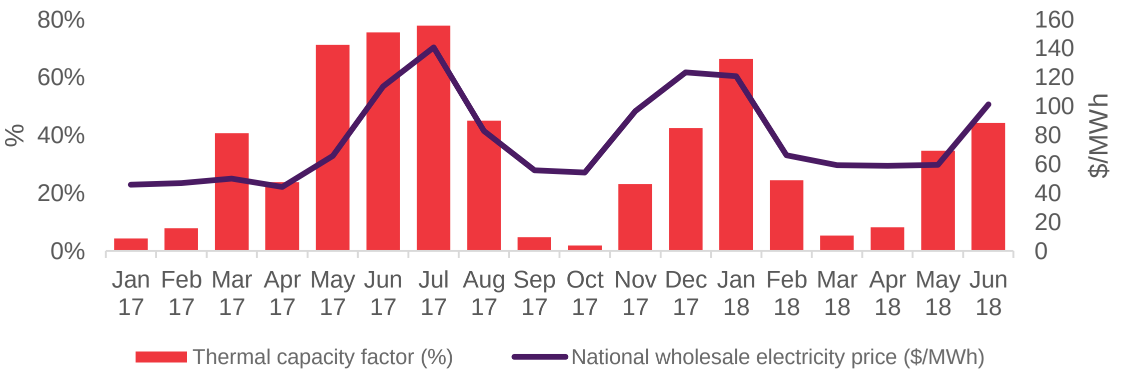
Clutha inflows vs mean inflows (variance)

Source: *NZX hydro*



Thermal utilisation by month and wholesale electricity price

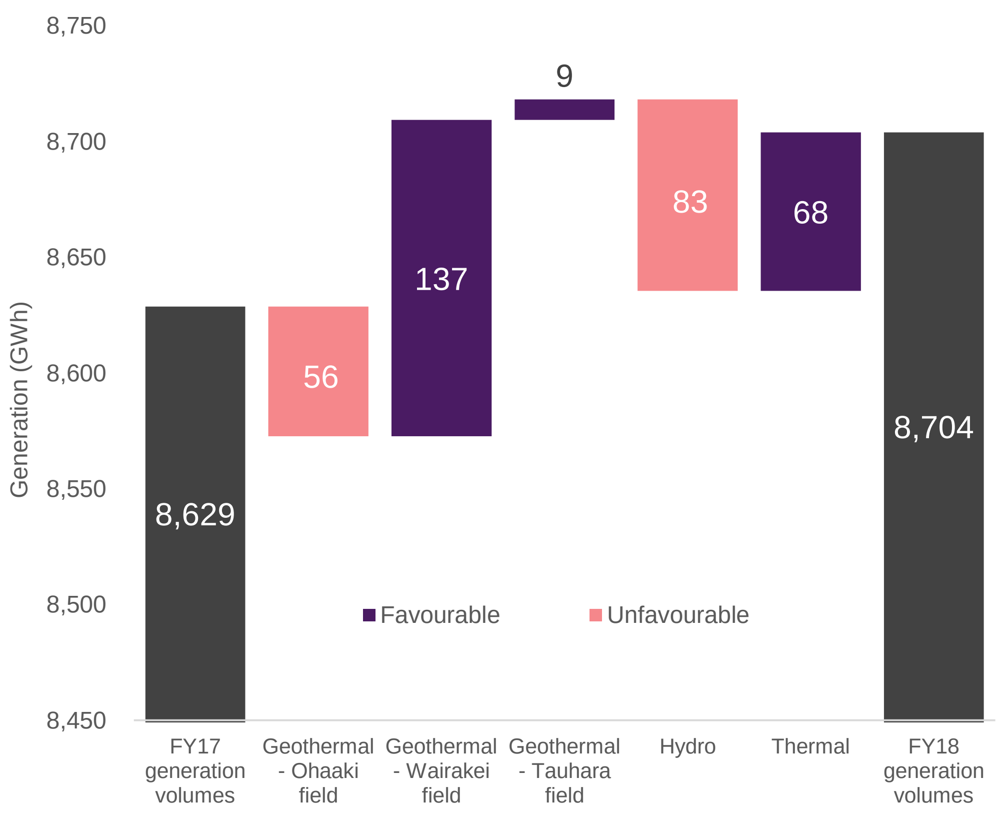
Source: *Contact, EA – Wholesale energy prices*



Record geothermal generation but thermal up, generation costs flat

Efficiency gains and maximum fuel use at Wairakei. Ohaaki generation impacted by injection constraints

Generation volumes (GWh) year on year movement



Operating cost reduction offset by rising gas and carbon costs

Generation costs year on year movement