



# **GOVERNANCE ROADSHOW**

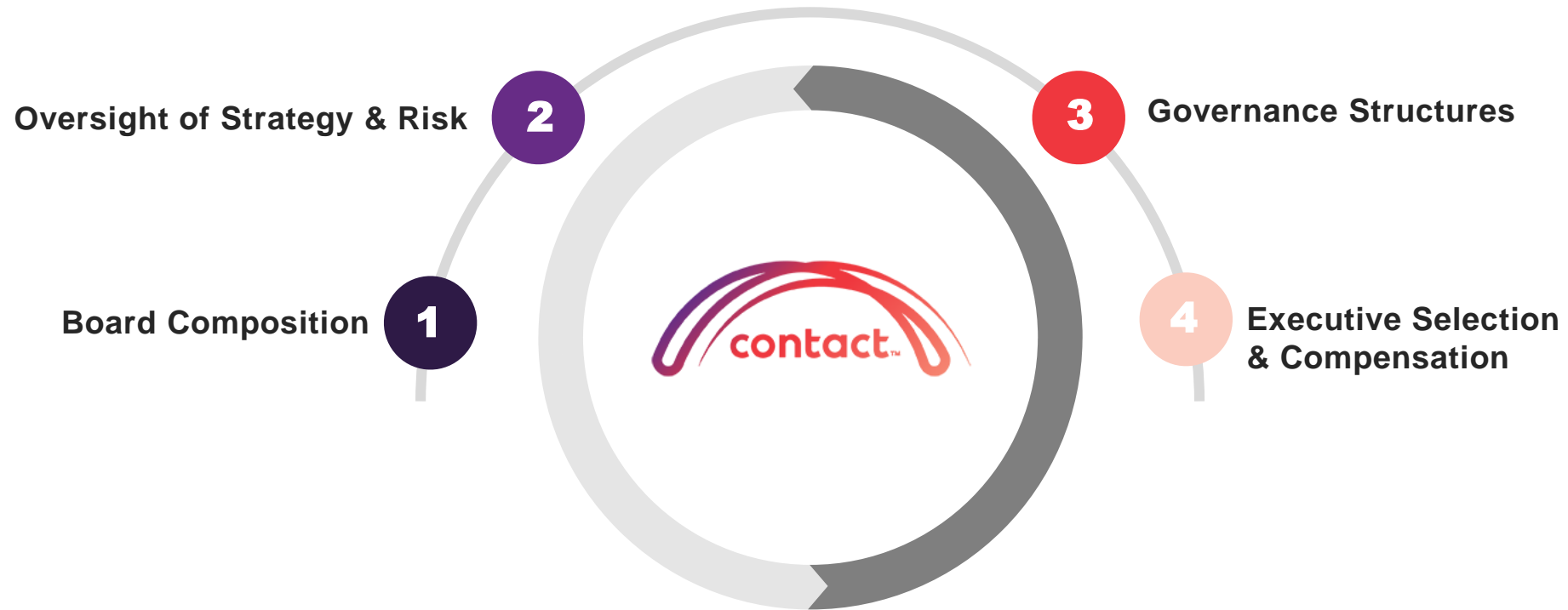
Auckland, Wellington, Sydney

OCTOBER 2019



# CORPORATE GOVERNANCE PRINCIPLES

EFFECTIVE CORPORATE GOVERNANCE IS AN IMPORTANT INGREDIENT FOR THE LONG-TERM SUCCESS OF COMPANIES AND THEIR INVESTORS



WE USE VANGUARD'S FOUR PRINCIPLES OF GOVERNANCE TO FRAME OUR APPROACH,  
AND COMPLEMENT OUR DOMESTIC STANDARDS



# BOARD OF DIRECTORS

THE BOARD REPRESENT THE INTERESTS OF THEIR SHAREHOLDERS AND MAKE CRITICAL DECISIONS ABOUT A COMPANY'S LEADERSHIP, ITS STRATEGY, AND THE RISKS THAT COULD CREATE OBSTACLES TO ITS LONG-TERM SUCCESS



Elena Trout, Victoria Crone, Jon Macdonald, Dame Therese Walsh, David Smol, Whaimutu Dewes, Rob McDonald

## TENURE (YEARS)

7+ **14%**

4-6 **43%**

0-3 **43%**

## GENDER DIVERSITY



## AGE (YEARS)

**57%** >50

**43%** 30-50

**0%** <30

# BOARD OF DIRECTORS

CONT.

## STRATEGIC FOCUS

## EXPERTISE

### Customer

Next generation customer experience



### Wholesale

Energy sector, including regulation, generation and renewable energy



Physical infrastructure



Capital markets – investment community knowledge and connections



Portfolio efficiency



### Corporate/Portfolio

Iwi connections/relationships



Financial expertise

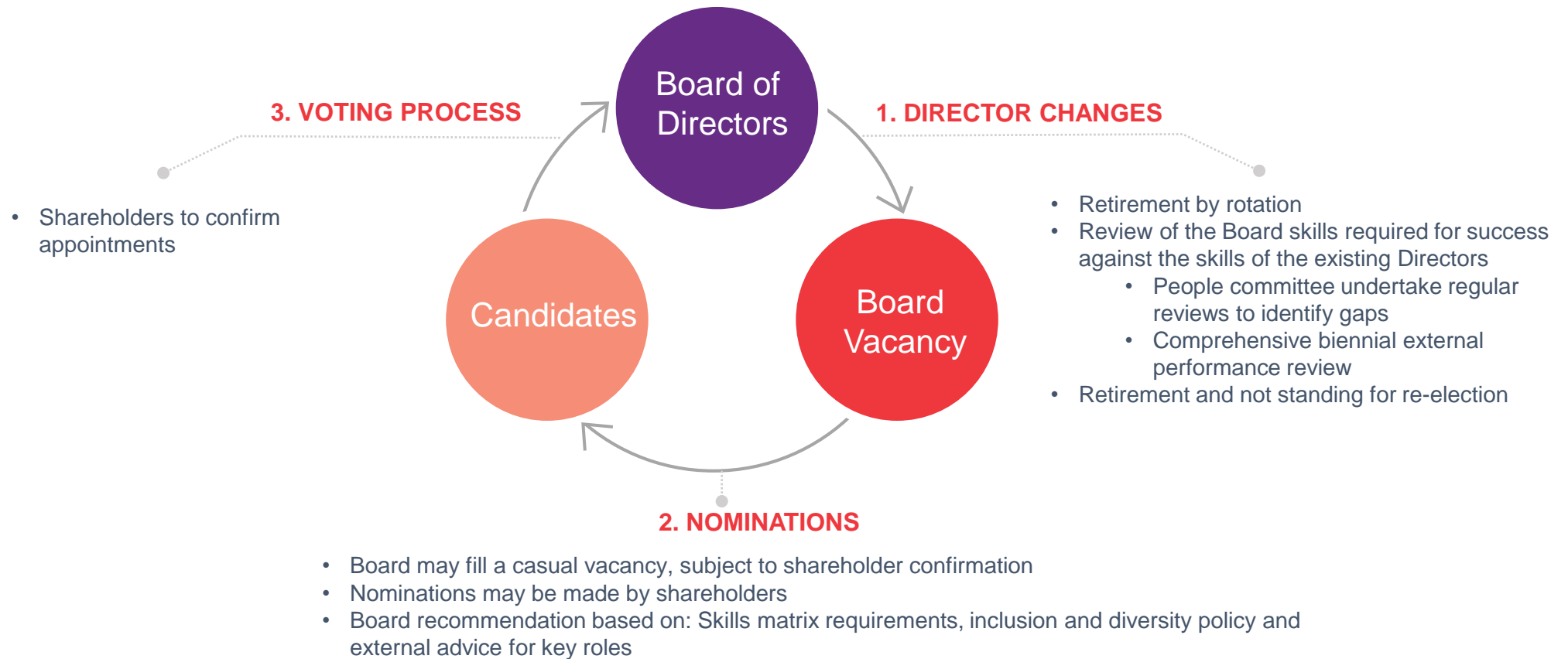


IT/Technology



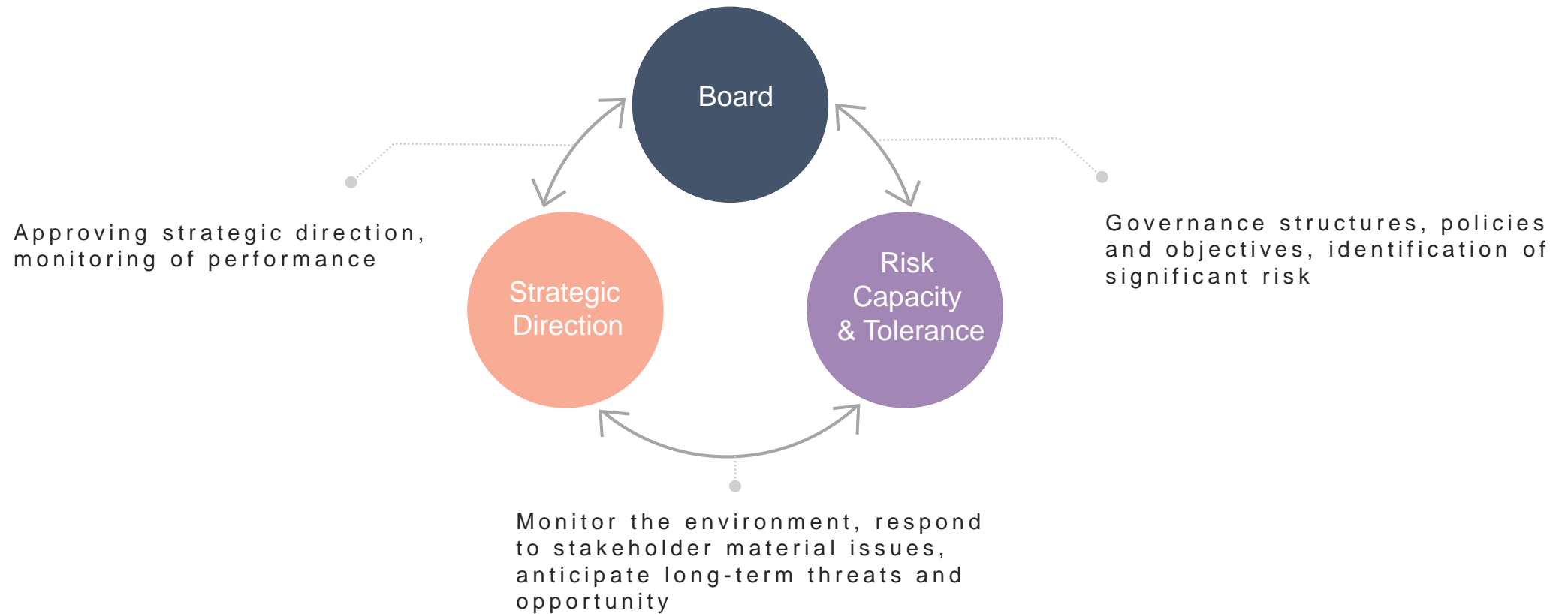
# BOARD COMPOSITION

REGULAR PERFORMANCE REVIEWS, COMPLEMENTED BY A ROBUST SELECTION PROCESS, ENSURE ALIGNMENT OF THE BOARD'S SKILLS WITH THE COMPANY'S STRATEGIC FOCUS



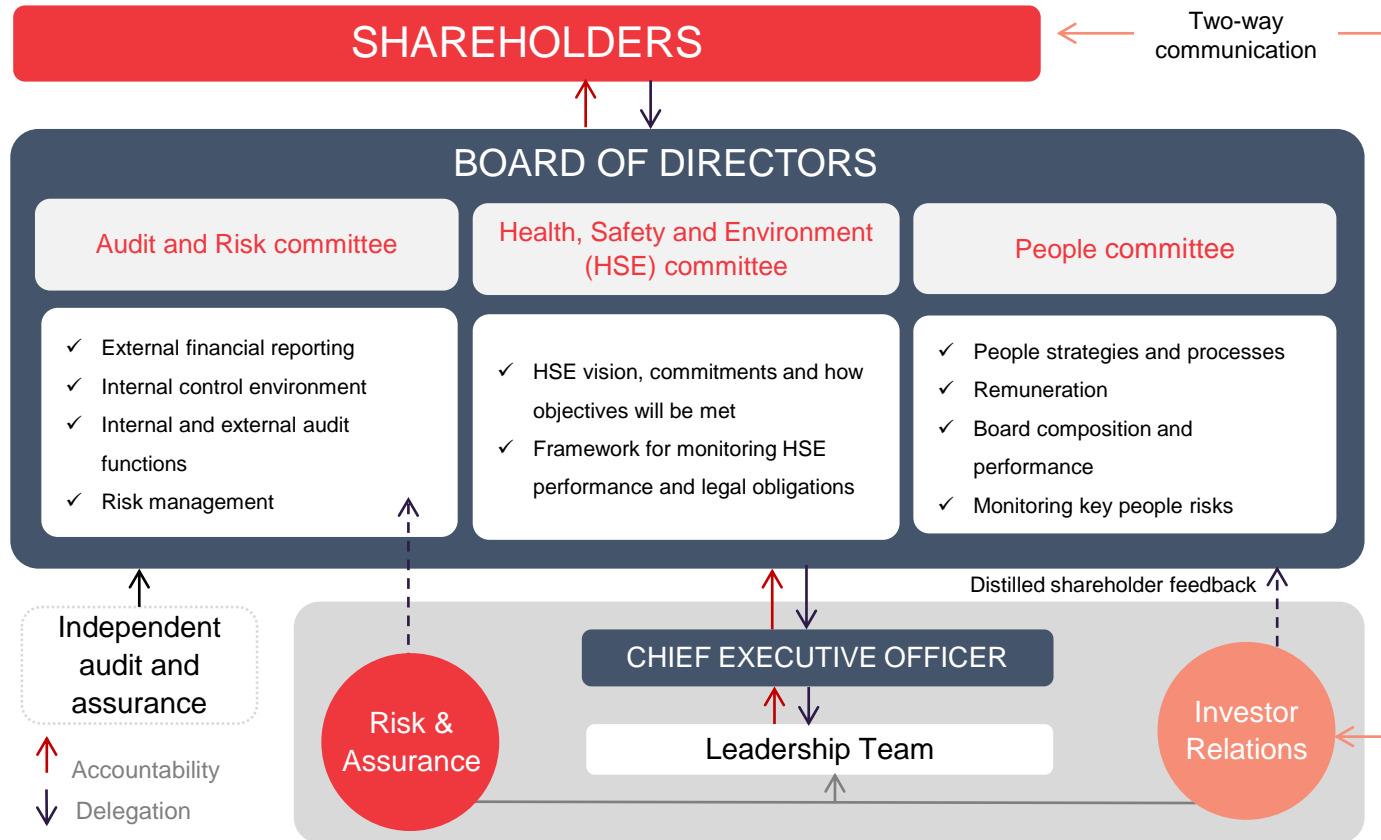
# OVERSIGHT OF STRATEGY & RISK

RISK MANAGEMENT FRAMEWORK ENABLES THE BOARD TO SET AN APPROPRIATE RISK STRATEGY AND ENSURE THAT RISK IS MANAGED THROUGH THE ORGANISATION



# GOVERNANCE STRUCTURES

TO EMPOWER SHAREHOLDERS AND ENSURE ACCOUNTABILITY



- Giving **shareholders a voice and a vote** on governance matters
  - Annual meeting where shareholders can ask questions and vote on all resolutions including Director appointments. This can be done in-person, through the virtual meeting facilities or by proxy
  - Every three years Directors are required to retire by rotation at the annual meeting
    - All shareholders have equal voting rights with voting by poll
  - Any shareholder may propose a resolution provided sufficient notice is given
  - Contact runs an active investor relations programme which facilitates effective two-way communication with shareholders

# INCOMING CHIEF EXECUTIVE

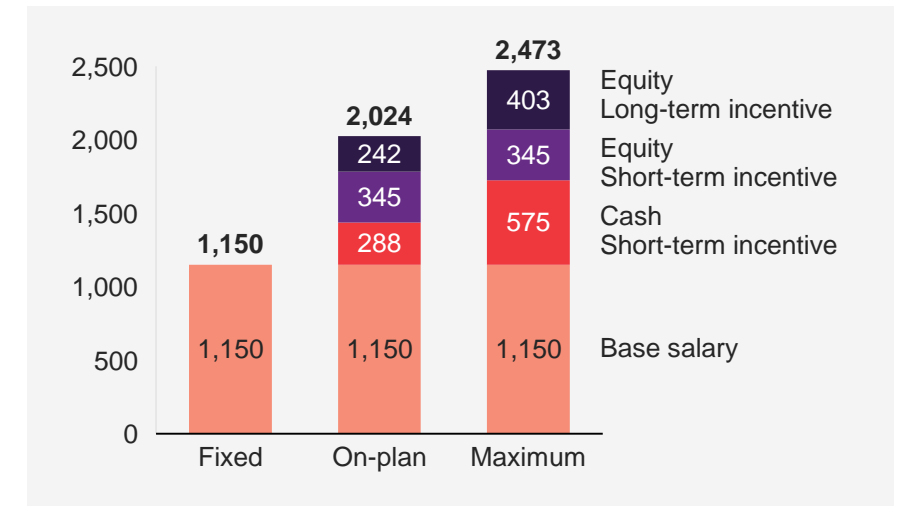
PROVEN LEADER WITH A STRONG TRACK RECORD IN RENEWABLE ENERGY



## MICHAEL FUGE

- Mike will join Contact in Q1 2020 after an extensive international search
- Strong track record as the Chief Executive of Pacific Hydro in Melbourne – a global renewable energy owner, operator and developer
- Long history in the energy sector, both in New Zealand and internationally, with his current role as the Chief Executive of Refining NZ, having also held the position of Chief Operating Officer at Genesis Energy, following a long career at Royal Dutch Shell Group internationally
- Mike will ensure Contact is a leader in the decarbonisation of New Zealand

## EXECUTIVE REMUNERATION (\$000s)



- CEO remuneration package that **reflects the wide-ranging skills required** – based on independent remuneration benchmark data
  - Equity incentives ensure alignment with shareholders
  - Cash incentives dependent on achievement of Board-set KPIs (operating FCF – 60%, EPS – 30%, HSE index – 10%)



# EXECUTIVE MANAGEMENT TEAM

CONTACT IS LED BY AN EXPERIENCED AND DIVERSE LEADERSHIP TEAM WHO IS COMMITTED TO OUR CUSTOMERS, SHAREHOLDERS AND PEOPLE

---



James Kilty (Chief Generation and Development Officer), Vena Crawley (Chief Customer Officer), Dorian Devers (Chief Financial Officer), Dennis Barnes (Chief Executive Officer), Catherine Thompson (GM External Relations and General Counsel)

- Two new appointments delivering a diverse capability set and mix of tenure to support strategy execution
  - Dorian Devers was appointed as Chief Financial Officer in December 2018. Dorian brings strong business transformation experience, having led successful turnarounds of businesses in both the UK and South Africa.
  - Announced the appointment of Jan Bibby who will join Contact as Chief People Officer in November. Jan has driven organisational transformations through mergers and acquisitions, leadership development, talent management, change management
- The remaining members of the leadership team have been in their current roles since at least 2014

# WHY OWN CONTACT?

THE INVESTMENT OPPORTUNITY IN OUR CORE MARKETS IS SIGNIFICANT, WITH GOOD VISIBILITY ON PROJECTS TO DELIVER CASHFLOW GROWTH

---



Strong cash  
flow generation



Dividend policy  
provides certainty



ESG credentials



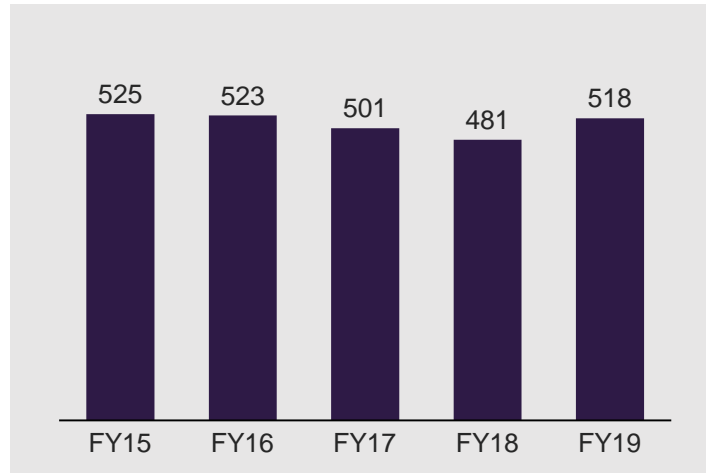
Shares offer value  
when benchmarked



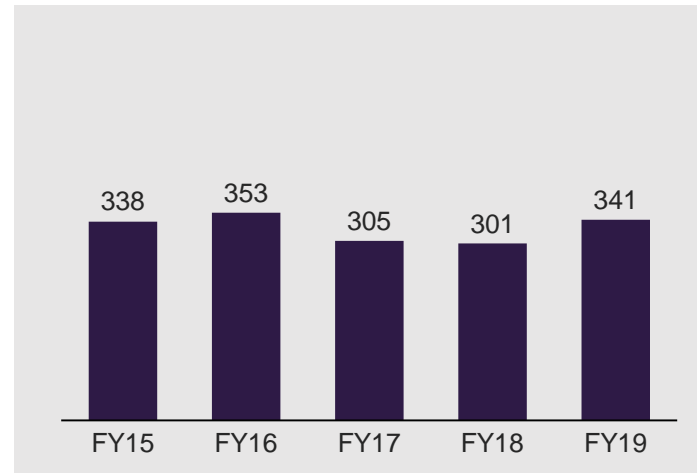
Latent potential with  
world-class  
geothermal  
capability

# STRONG FINANCIAL TRACK RECORD

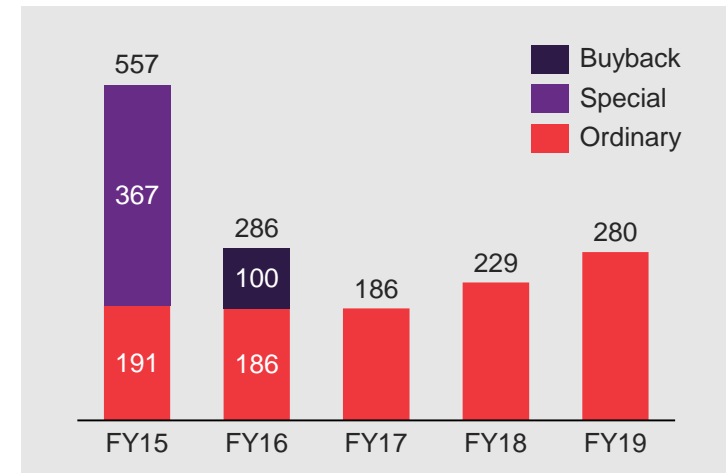
EBITDAF (\$m)



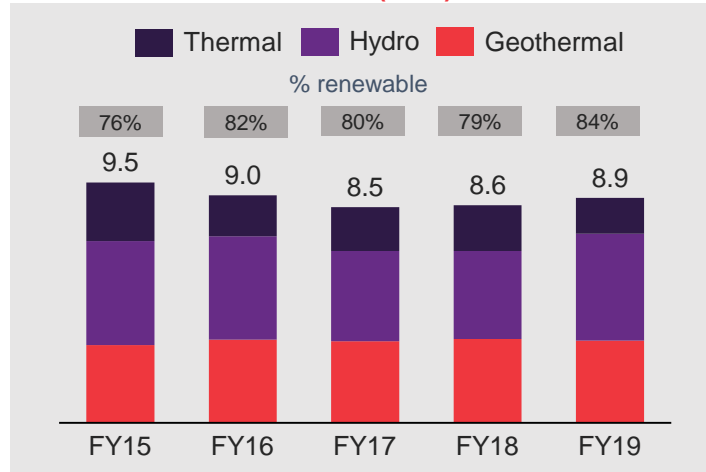
OPERATING FREE CASH FLOW (\$m)



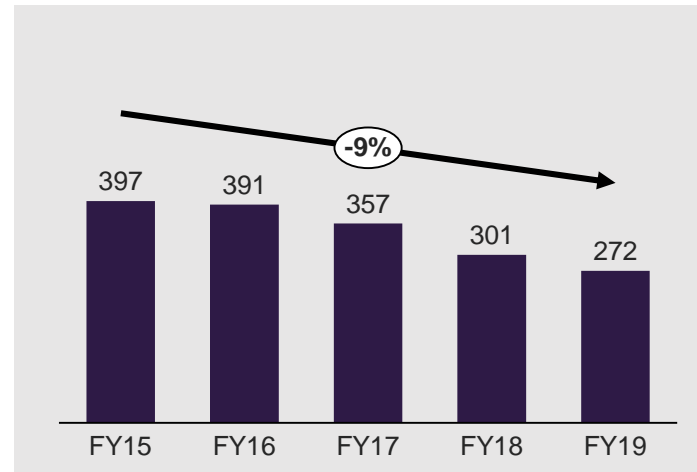
DISTRIBUTIONS (\$m)



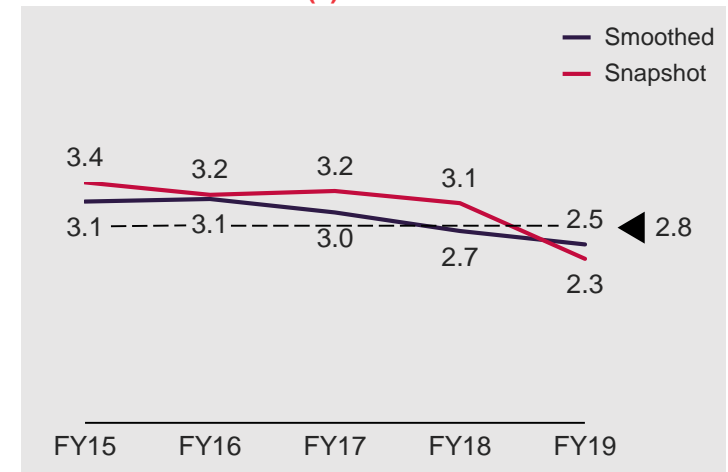
ELECTRICITY GENERATION (TWh)



CONTROLLABLE OPEX AND CAPEX (\$m)



NET DEBT / EBITDAF (x)



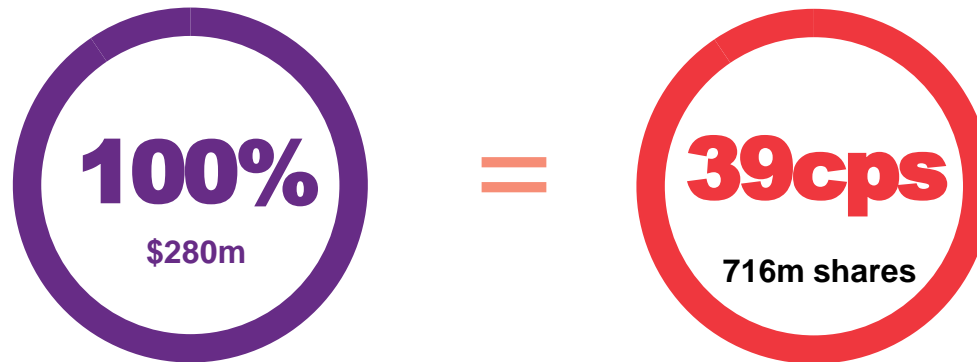
# DISTRIBUTION POLICY

DISTRIBUTION POLICY PROVIDES CLARITY TO INVESTORS AND DRIVES  
A STRONG CAPITAL DISCIPLINE

## Distribution policy

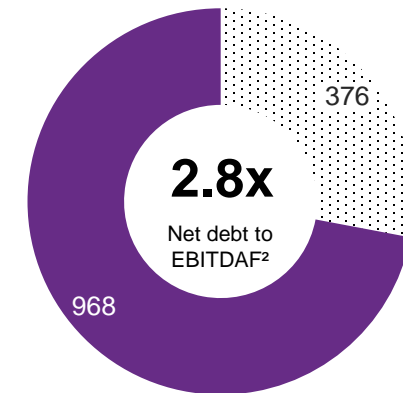
FY19  
Ordinary dividend

Ordinary dividend of



of expected Operating Free Cash Flow<sup>1</sup>

## Balance sheet capacity



Headroom to BBB (\$m)  
S&P net debt (\$m) <sup>3</sup>

- Recent business portfolio changes provide balance sheet capacity to buffer shareholders from hydrology and stay-in-business capex cycles
- Structural changes which cause sustainable changes in operating free cash flow will lead to reassessment of 39 cps dividend.

<sup>1</sup>Operating Cash Flow less stay-in-business capex and net interest costs after adjusting for expected medium-term stay-in-business capital expenditure, mean hydrology and appropriate Board consideration of a sustainable financial structure including targeting the long-term credit rating of BBB from S&P

<sup>2</sup>Assuming FY20(f) EBITDAF of \$480m

<sup>3</sup>As at June 30 2019. With a new long-term user contracted to access AGS, S&P will no longer capitalise the storage service payments from FY20