

Capital Markets Day / 2023

29 May 2023



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Agenda

Topic	Presenters
Welcome and introduction	Mike Fuge
Decarbonise our portfolio	Chris Abbott
External presentation: Climate imperative	Phillip Benedetti (Boston Consulting Group)
<i>Morning tea</i>	
Grow demand	Dorian Devers
Fireside chat: Customer perspective	Andy Sibley, Nathan Jones (NZ Steel)
Grow renewable development	Jacqui Nelson
Breakout sessions: Wind and Solar	Matthew Cleland, Adam Pegg (Lightsource bp) James Flannery, Paul Botha (Roaring40s)
<i>Lunch</i>	
Create outstanding customer experiences	Matt Bolton
Panel discussion: Enabling our strategy	Louise Wright, John Clark, Jan Bibby, Chris Abbott, Tighe Wall
Major projects execution	Jack Ariel
Disciplined investment; growing returns	Dorian Devers
<i>Tauhara and Te Huka site visits</i>	

Welcome and introduction



Mike Fuge
CEO

Executive team presenting today



Mike Fuge
Chief Executive
Officer



Chris Abbott
Chief Corporate
Affairs Officer



Jacqui Nelson
Chief Development
Officer



Matt Bolton
Chief Retail Officer



John Clarke
Chief Generation
Officer



Jan Bibby
Chief People
Experience Officer



Tighe Wall
Chief Digital Officer



Dorian Devers
Chief Financial
Officer



Jack Ariel
Major Projects
Director

Executive not present today: **Iain Gauld**, Chief Information Officer

We are on track to deliver on our promises

With channel yields indicating an increase in normalised EBITDAF

FY23 performance year to date

Our performance, year to date, has reflected soft wholesale market conditions driven by unprecedented hydro inflows.

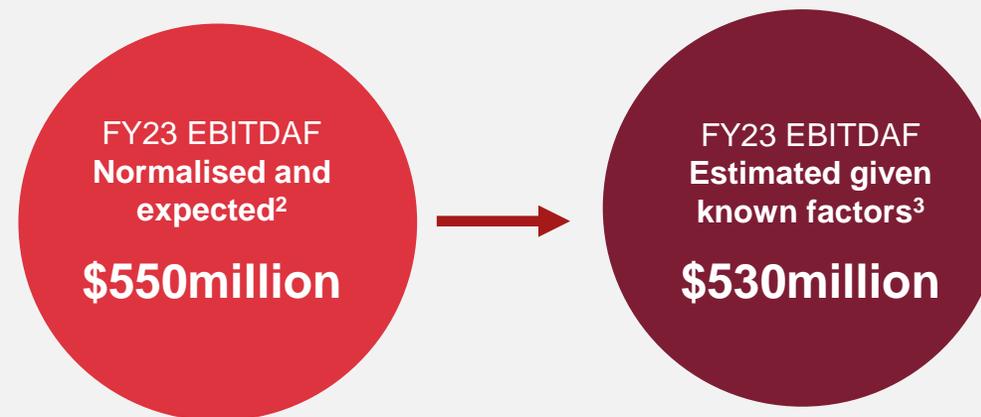
- North Island hydro inflows since 1 July 2022 have been the wettest on record. If daily inflows continue in line with the current trend, FY23 national inflows will be the highest of any post-market year.¹

These conditions have led to:

- lower wholesale spot prices than anticipated by futures pricing at the start of the year,
- lower thermal generation, and
- higher price separation between North and South Islands.

This has limited our ability to generate margin from our contracted thermal fuel position.

Retail channel yields, which are above expectations, suggest an increase in normalised EBITDAF going forward.



¹ Based on post-market data up to 24 May 2023.

² See slide 40 of the 2023 interim results presentation for assumptions underpinning FY23 normalised and expected earnings.

³ See slide 27 of the 2023 interim results presentation for assumptions underpinning our FY23 estimated EBITDAF. This excludes a \$120 million (before tax) onerous contract provision for AGS.

FY23 highlights to date



Te Huka III

Final investment decision



94%¹ completion of
Tauhara



Resource consent gained to continue operations at
Wairakei geothermal field
for the next 35 years



Launched a leading
parental leave policy
Growing your Whānau



Selected to deliver
150MW solar farm
at Kōwhai Park through
a joint venture with
lightsourcebp



Issued \$550m of
green bonds



Joined the
Dow Jones Sustainability Asia Pacific Index
(DJSI Asia-Pacific)



Energy Retailer of the Year Award
August 2022



Launched new plan
for EV owners
Dream Charge

¹ As at 30 April 2023.

We are deep in the execution of our strategy to lead New Zealand's decarbonisation



Grow demand

Attract new industrial demand with globally competitive renewables



Grow renewable development

Build renewable generation and flexibility on the back of new demand



Decarbonise our portfolio

Lead an orderly transition to renewables



Create outstanding customer experiences

Create NZ's leading energy and services brand to meet more of our customers' needs

Strategic theme

Objective

Enablers

ESG: create long-term value through our strong performance across a broad set of environmental, social and governance factors

Operational excellence: continuously improving our operations through innovation and digitisation

Transformative ways of working: create a flexible and high-performing environment for New Zealand's top talent

Outcomes

Growth

Pivot our business to a new growth era that captures the value unlocked by decarbonisation

Resilience

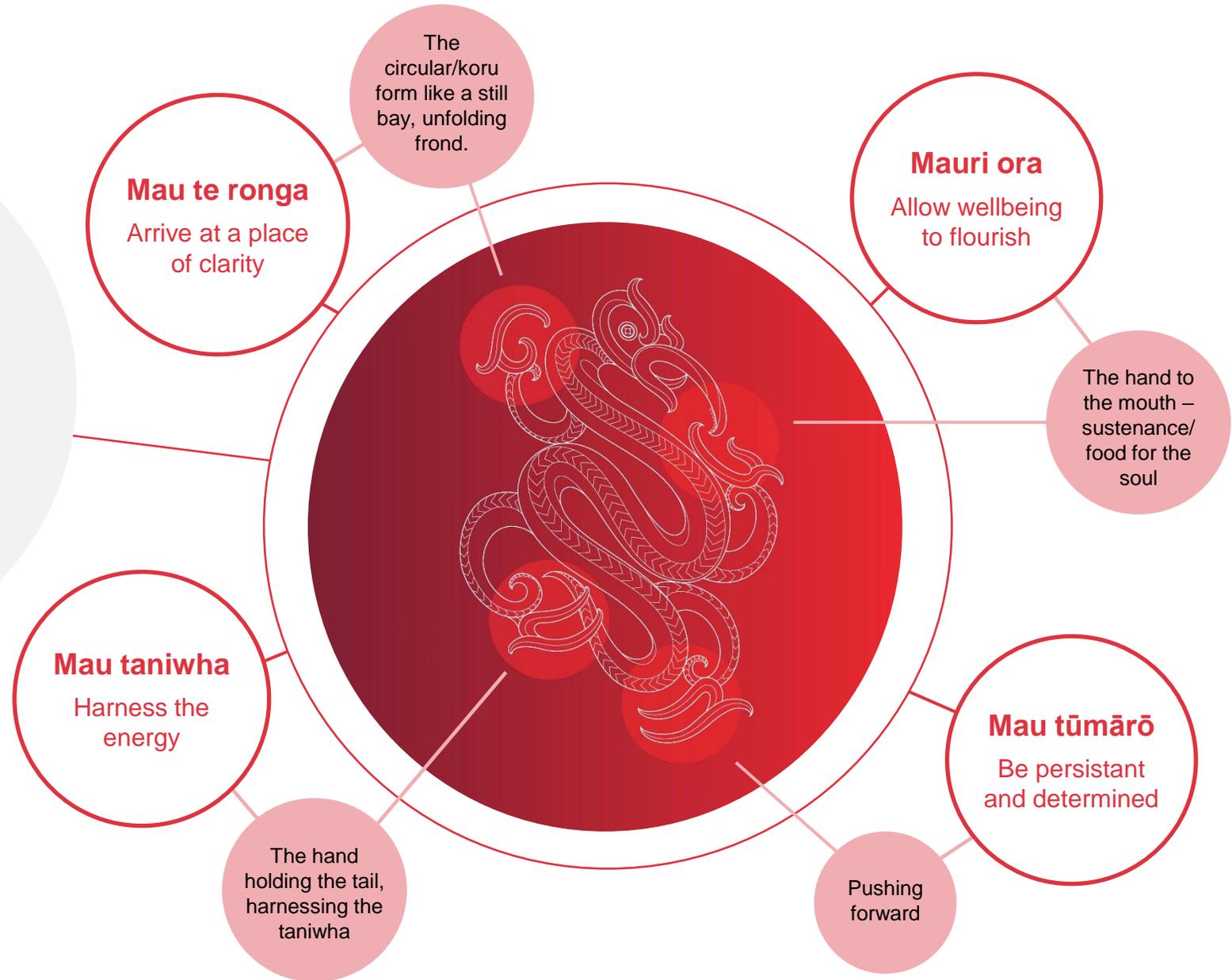
Deliver sustainable shareholder returns, aligned with our ESG commitment

Performance

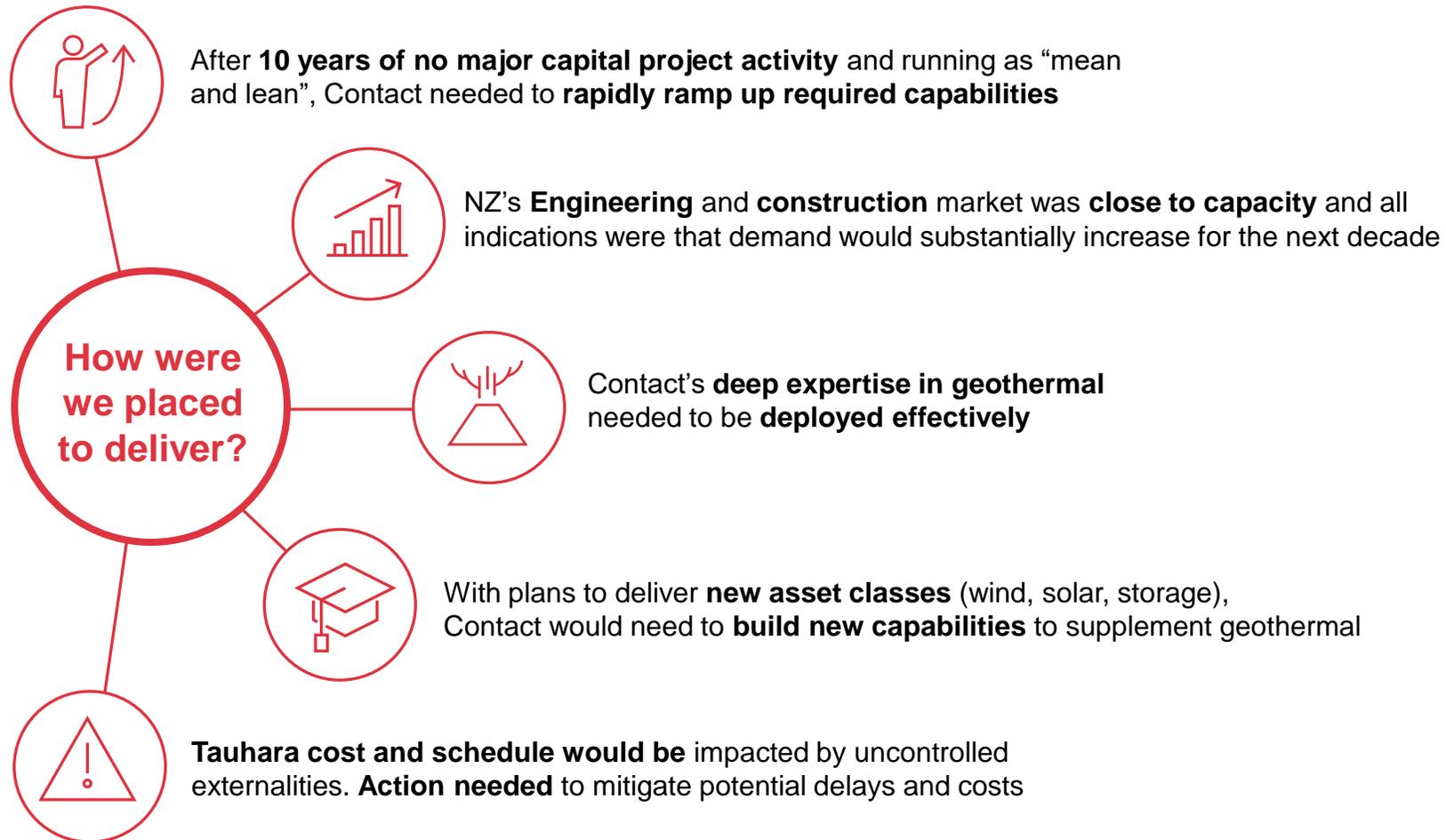
Realise a step-change in performance, materially growing EBITDAF through strategic investments

Mau Taniwha Mauri Ora

What's driving us and how we think about delivery



Growing renewables development: a key component of Contact26



We took action: Major Projects, key partnerships and continued to build on this unique capability

Immediate action:
Step change in capability



Major Projects office established and Director appointed April 2021



Clear vision for Major Projects including integration with development and roadmap for execution



Established solar JV with Lightsource bp and wind development partnership with Roaring40s



Aligned organisation on portfolio growth and risk appetite

Growth:
Evolve organisation and continue to grow capabilities



Capital allocation



Project development



Design optimisation



Contracting and procurement



Integrated project execution and commissioning



Enablers: Organisation, processes, mindsets and capability building

Significant investment programme on track

Delivering world class geothermal developments



\$1.18bn¹
225MW
1.9TWh



Tauhara

Te Huka 3

GeoFuture³

On stream: Q4 2023

Q4 2024

2H 2026

Spend²: ~\$700m¹

~\$100m¹

Expect to invest ~10% total costs pre-FID⁴

¹ Includes sunk costs. Excludes capitalised interest.

² As at 30 April 2023.

³ Subject to Board Final Investment Decision.

⁴ Expect to commit to this expenditure over the next few months.

We now have even greater ambitions for the delivery of Contact26

And we have committed to reach net zero (Scope 1&2) by 2035

Strategic pillar

FY27 ambitions



Decarbonise our portfolio

Scope 1 and 2 GHG emissions run-rate of ~300ktCO₂e, putting us well on track to our 2035 net zero commitment.

Renewable flexibility strategy to reduce reliance on thermal peaking.



Grow demand

Facilitate 100MW of new demand.

Reach 100MW total Demand Flex and start pivoting to Demand Response.

New green chemical channel established contributing incremental EBITDAF.



Grow renewables development

Grow to 10.3TWh p.a of renewable assets from geothermal new build, solar and wind.

100MW battery operational.



Create outstanding customer experiences

Greater than 685k connections.

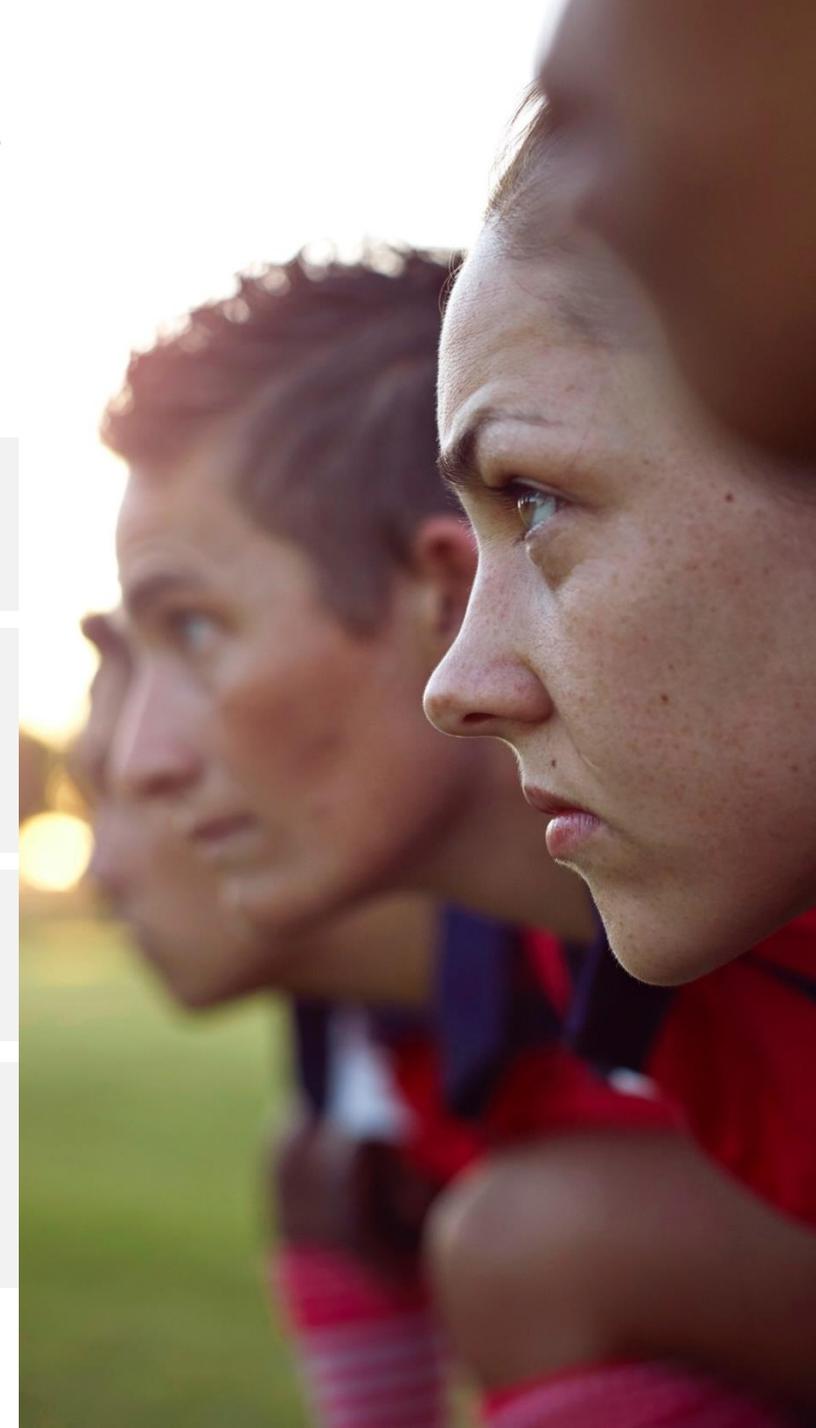
CTS at global benchmark of <\$80/ connection.

Grow EBITDAF contribution from non-energy lines of business by 3x.

Top quartile NZ Business for Sustainability survey¹ and most Trusted Energy brand².

¹ As measured by Kantar Better Futures survey.

² As measured by Contact's independently surveyed brand tracker.



Decarbonise our portfolio



Chris Abbott
Chief Corporate Affairs Officer

Decarbonise our portfolio

Facilitate an orderly transition to renewables

Contact 26 > Launch: what we said we'd do

- A** Decommission TCC.
- B** Lead NZ's thermal portfolio structure to ensure it can support security of electricity supply through the energy transition at the lowest possible cost to consumers.

Launch: ambitions for 2026

- TCC is decommissioned.
- Reduced GHG emissions by 45%.
- Thermal assets moved to aligned ownership model.

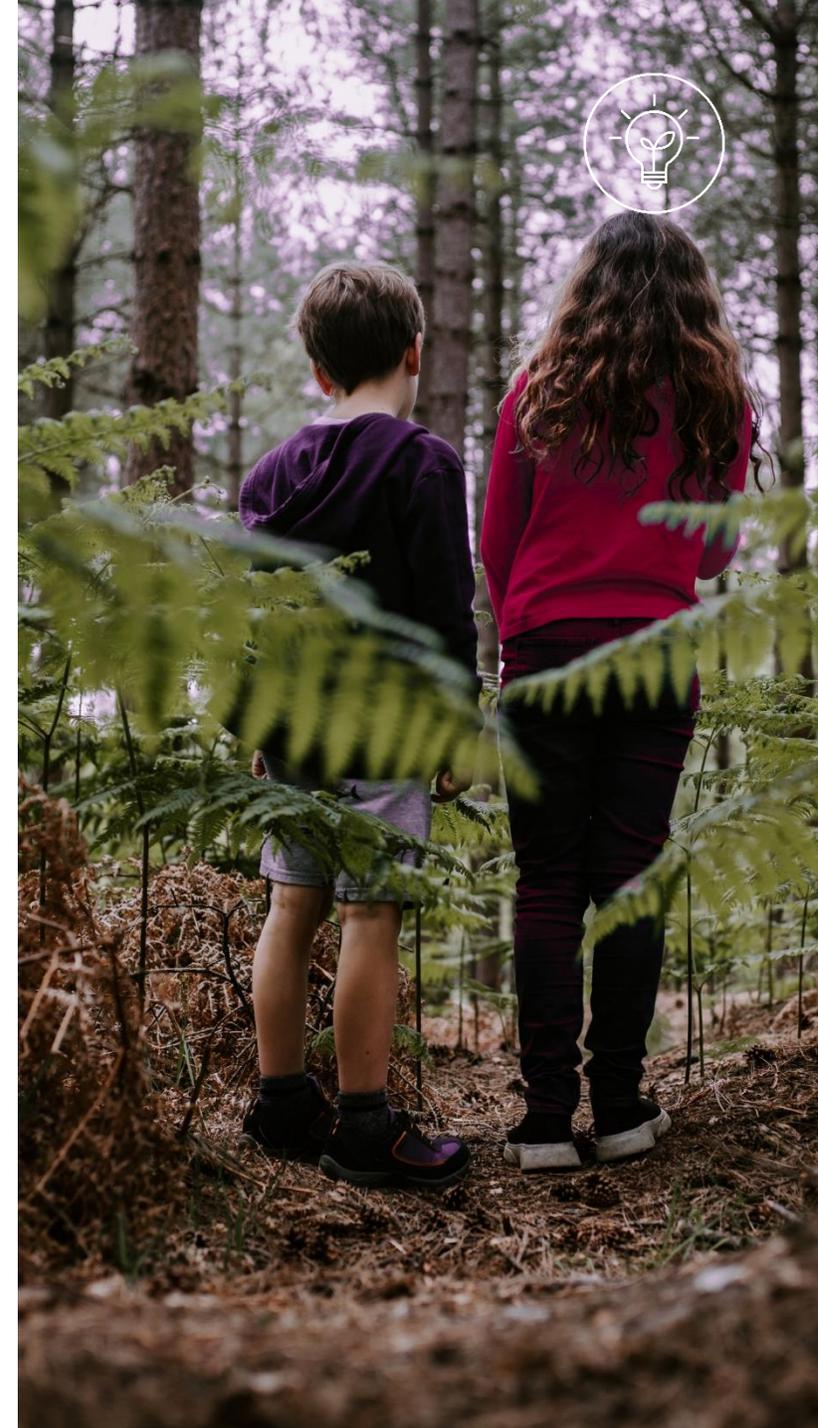
Progress

Confirmed TCC will run its remaining operating hours with no further upgrades.

On track to $450\text{ktCO}_2\text{e}$ by CY25, beating our 2026 SBTi target of $648\text{ktCO}_2\text{e}$.

Limited by industry appetite. Contact to manage its thermal assets through the energy transition, playing a key role in system security.

● On track ● Some delay ● Major delay / concerns





The case for orderly thermal substitution remains compelling ensuring security and affordability



Government sets ambitious targets

Government's first Emissions Reduction Plan released. Targeting 50% of New Zealand energy consumption sourced from renewable electricity by 2035.

NZ Battery Project evaluation continues – includes portfolio solution. No bipartisan support for Lake Onslow.

Gas Transition Plan to be released in mid 2023.



Recent volatility of carbon price

Carbon costs up ~\$20/NZU since May 2021.

Peaked at \$85 in November 2022.

Government moved away from CCC advice on carbon price settings.

First ever failure of ETS (carbon) auction in March 2023.

ETS review announced.



Gas availability constrained

Gas field declines and new drilling campaigns announced.

Volatility in gas storage capacity.

Resulting in less flexibility.

Marginal cost of gas electricity production now at \$150/MWh. This is above long run average wholesale price expectations.



More focus on supply security

Blackouts of 9 August 2021 triggered Government investigation.

EA review of security of supply for winter 2023 will implement better information disclosure and forecasting.

MDAG options paper proposes market mechanisms to improve security of supply in a 100% renewable electricity system.



Variation within thermal asset management plans

Contact introduced ThermalCo model for consultation. No consolidated view was agreed.

Risk management product offered by largest thermal electricity producer received little take-up.

Contact to retire Te Rapa (2023). TCC to run its operating hours (no further major investment).

No other thermal plant closures announced in the wider market.



Contact has a clear path towards a long-term thermal asset solution

Horizon



Orderly retirement of baseload gas generation



Otahuhu closed in 2015
Market testing of ThermalCo solution concluded
Thermal asset review now complete
Te Rapa confirmed closure June 2023
TCC to run out its operating hours with no new investment

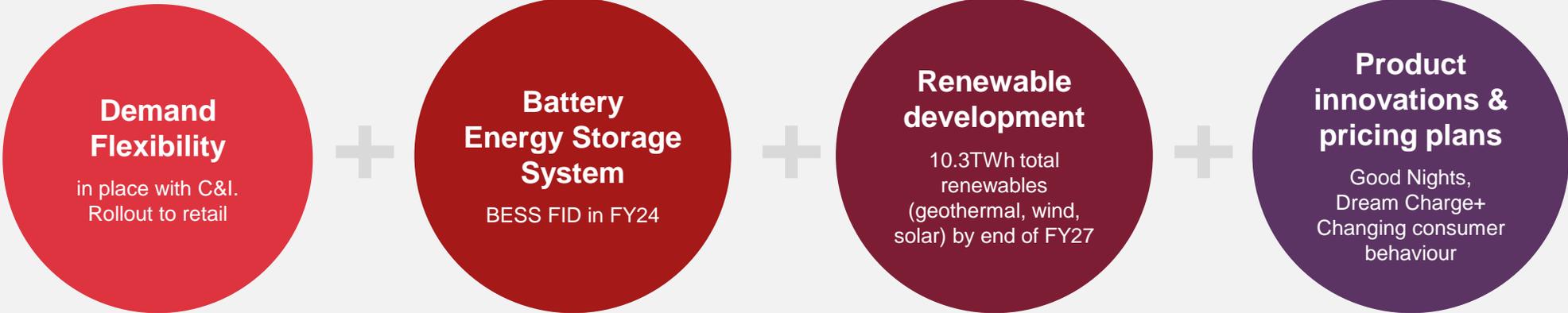


Peakers to be retained, medium term, to assist orderly transition without threatening stable, affordable electricity supply
Peakers fire up quickly to meet urgent, short-lived peak demand
With Otahuhu, Te Rapa and expected TCC closures, Contact's emissions will have reduced by 70% over 10 years

Horizon



Contact's solutions to enable eventual peaking plant retirement



Decarbonise our portfolio

Facilitate an orderly transition to renewables

Contact **26** Execution: two years on, what does delivery look like?



12 month targets (FY24)

Net zero roadmaps agreed (Scope 1 and 2).

Investment plans for further carbon offsets.

Final Investment Decision on BESS (battery).

Sustained entry into the DJSI.



ADVANCED AMBITIONS (FY27)

Scope 1 and 2 GHG net emissions run-rate of ~300ktCO₂e, putting us well on track to our 2035 net zero commitment.

Renewable flexibility strategy to reduce reliance on thermal peaking.



Key initiatives

Te Rapa closure.

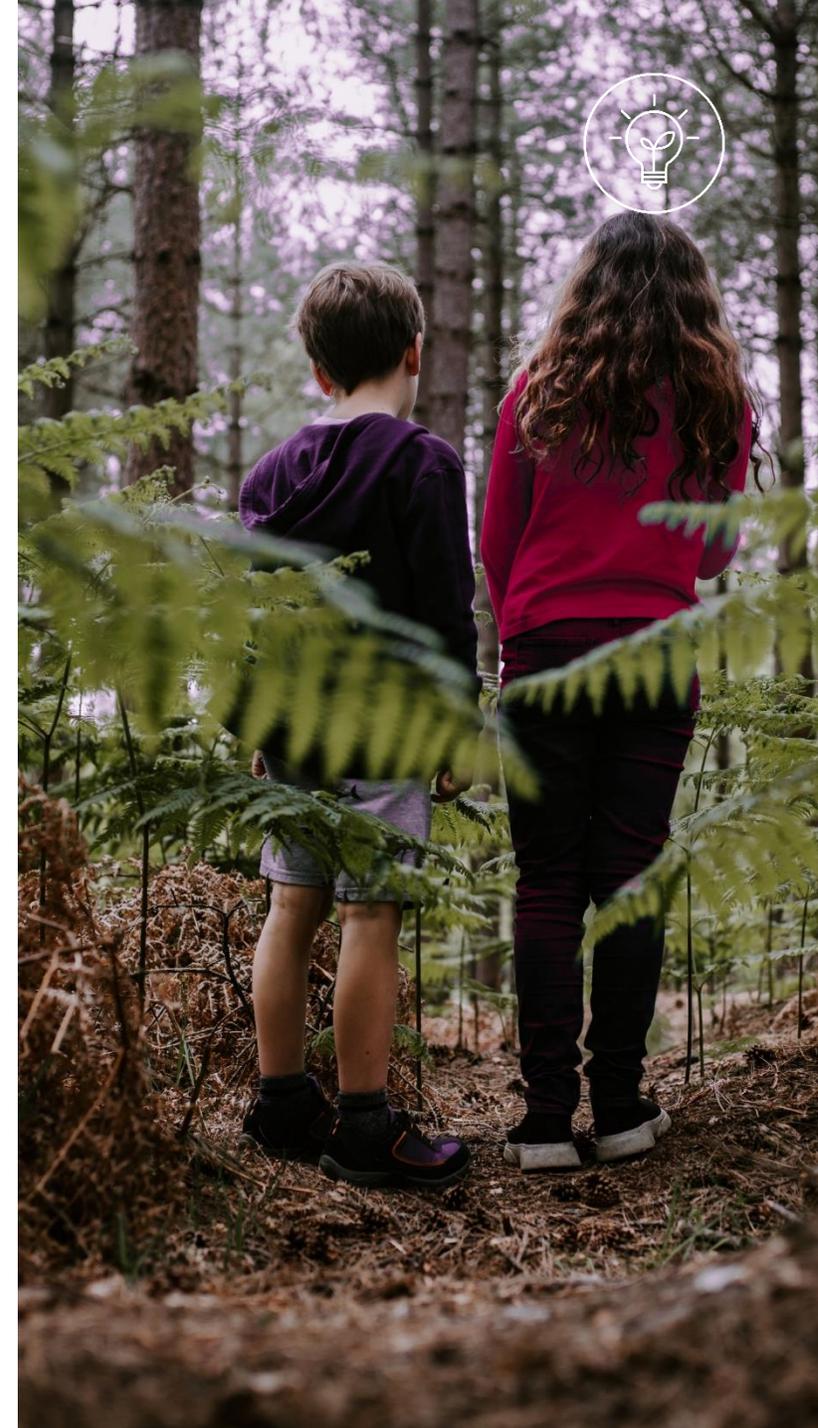
TCC retirement.

NCG reinjection at Te Huka, Te Huka 3, Poihipi.

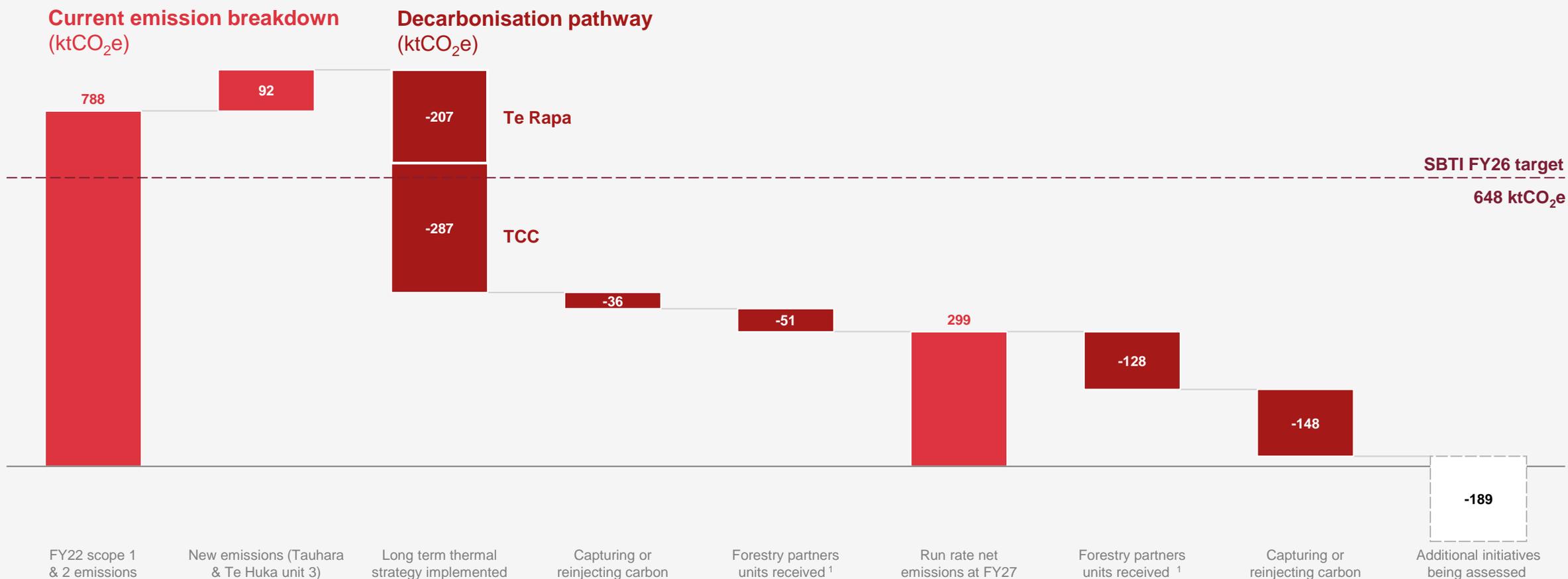
Carbon offsets via afforestation on Contact-owned land.

DJSI acceleration programme – covering human rights, hazardous waste, embedding ESG in our supply chain.

Battery solution fit for portfolio.



Our pathway to Net Zero for Scope 1 and 2 emissions by 2035



Note: Analysis is based on FY22 actual scope 1 and 2 emissions (indicative of mean year generation). Utilisation of the Peakers will vary over future years depending on hydro sequences and new technologies. Expected net impact of the Wairakei replacement, involving plans for carbon capture, is included in the second tranche of "capturing or reinjecting carbon".

¹ Includes expected units from Drylandcarbon One Limited Partnership and Forest Partners Limited Partnership. Units are shown per annum and are based on current information and may fluctuate based on climate conditions and/or regulatory updates.



Geothermal CO₂ capture will evolve baseload renewable generation from low- to no-carbon

After a successful trial at Te Huka, we're now developing a pathway to apply carbon capture technology across existing and planned plants

Successful CO₂ capture trial at Te Huka

Two units at Te Huka together generate around 24MW.

Fully functioning CO₂ (NCG) reinjection system now operational on both plants.

Currently capturing and reinjecting ~10k tCO₂e of emissions p.a. and dissolving into water that is then reinjected in the reservoir.



Emissions across Contact's current geothermal portfolio (FY22)

tCO₂e | gCO₂/KWh

Ohaaki ▷ 85k | 266

Te Mihi ▷ 55k | 40

Poihipi ▷ 13k | 38

Te Huka ▷ 10k | 53

Wairakei ▷ 19k | 18
(To be replaced)

Under construction

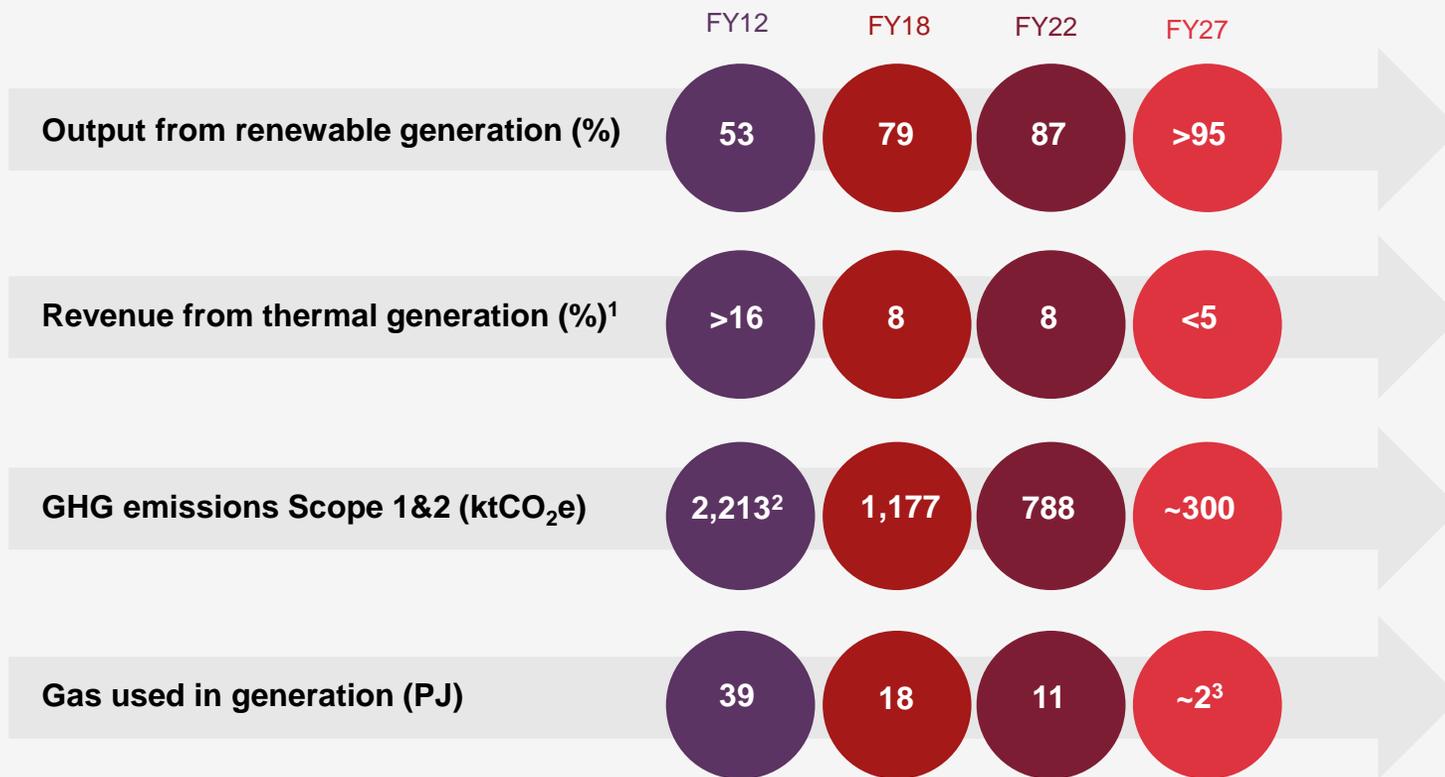
Tauhara ▷ ~80k | ~50

Te Huka 3 ▷ ~13k | ~30



Showing clear leadership in responsible decarbonisation of NZ's electricity supply

By investing to displace baseload thermal generation at Te Rapa and TCC and innovating to reduce NZ's reliance on fast start peakers for system security



¹ Pool revenue from thermal generation over Contact's total reported sales.

² Estimate based on gas used in generation and geothermal portfolio carbon emissions rates.

³ In a mean hydrology year.

External presentation

Climate imperative



Phillip Benedetti

Managing Director and Partner
Boston Consulting Group



Morning tea

Grow demand



Dorian Devers
CFO

Grow demand

Attract new industrial demand with globally competitive renewables



Contact 26 > Launch: what we said we'd do

- A** Develop NZ's hydrogen and green chemical industry.
- B** Electrify industrial process heat.
- C** Electrify space heating.
- D** Attract data centres with clean electricity.
- E** Facilitate decarbonisation of NZ road transport.
- F** Lead the market in demand flexibility.

Launch: ambitions for 2026

- Identify +300 MW demand in the South Island to replace NZAS.
- 100 MW of new industrial demand supplied by Contact.
- Extensive electrification project pipeline.
- 100 MW+ of flexible demand.

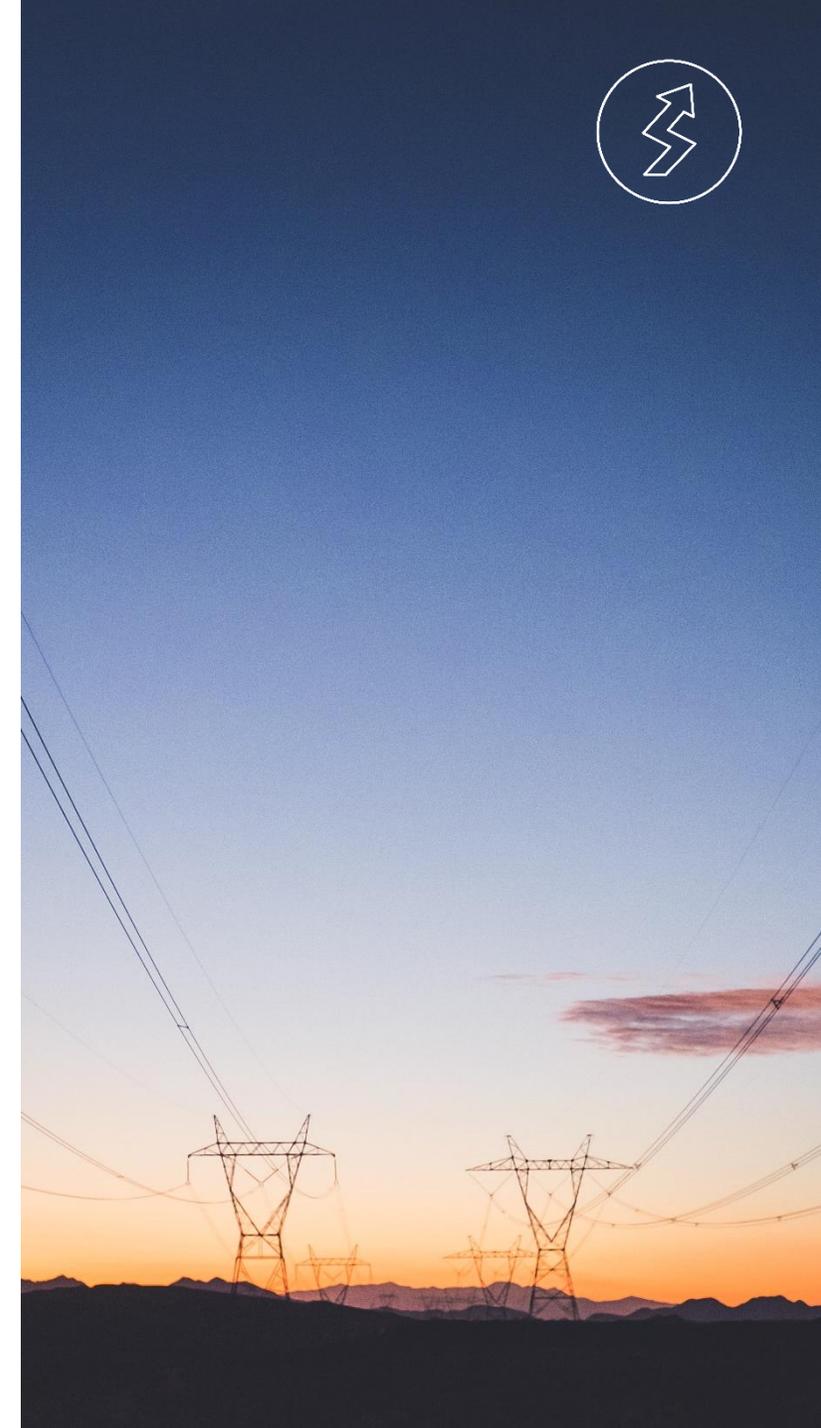
Progress

Supported 50MW new-to-market demand in lower SI. Completed assessment of hydrogen economics. NZAS discussions underway.

New demand for renewable electricity from Genesis realised through Tauhara-backed PPA. Data centres evolving.

Evolving the electrification pipeline through innovation and partnership e.g. 30 MW off-peak supply to NZ Steel.

80 MW+ of flexible demand.



▷▷ 2 YEARS



Demand outlook for electricity improving

Decarbonisation ambitions and thermal economics will support growth.



Conditions improved for NZAS to stay

Aluminium smelting economics have rapidly improved.

Rio Tinto has announced rapid decarbonisation targets.

Tiwai smelter produces high quality, low carbon aluminium.

Bilateral discussions underway for post 2024 supply arrangements.



Economics for major electricity users improved

Elevation of carbon and fossil fuel prices from 2021 levels.

Stronger financial positions on the back of commodity price increases.

Increase in GIDI funding to \$650m over four years.

Volatility driving users to longer term supply agreements / PPA.



Large scale data centre developments underway

Datacentres looking to be built in NZ with 'additionality' rules.

Attractive baseload characteristics.

Low emission customers.

Hyperscale data centre pipeline announced e.g. CDC, DCI, Microsoft, Amazon.

More than 100MW capacity due to be added by 2024.



Decarbonisation of transport gaining pace

Increasing uptake of EVs – 15% of all registrations in March 2023¹.

Greater government willingness to provide direct subsidies e.g. Clean Car rebate scheme.

Technology advancement enabling options for heavy transport.

Domestic opportunity for green chemicals in a range of hard to abate sectors, including transport.

Demand flexibility now a key part of system transition

Demand response is introduced wherever possible when entering into new supply contracts.

Will contribute to decarbonisation of NZ whilst improving the security of supply at peak periods.

High degree of customer appetite for demand response mechanisms to be packaged into new contracts.

Contact has unique demand flex capabilities through its Simply Energy subsidiary

¹ EVs¹ includes the number of electric vehicle registrations for March 2023 as reported by Waka Kotahi. This is inclusive of battery electric (3,076), plug-in hybrid electric vehicles (PHEV) Petrol (734) and PHEV Diesel (0)

Grow demand

Attract new industrial demand with globally competitive renewables



Contact 26 > Execution: two years on, what does delivery look like?



12 month targets (FY24)

Conclude NZAS extension negotiations with improved long-term pricing.

Positive FID for one Green Chemical deal.

Facilitate at least 25MW of new demand.



ADVANCED AMBITIONS (FY27)

Facilitate 100MW of new demand.

Reach 100MW total Demand Flex and start pivoting to Demand Response.

New green chemical channel established contributing incremental EBITDAF.



Key initiatives

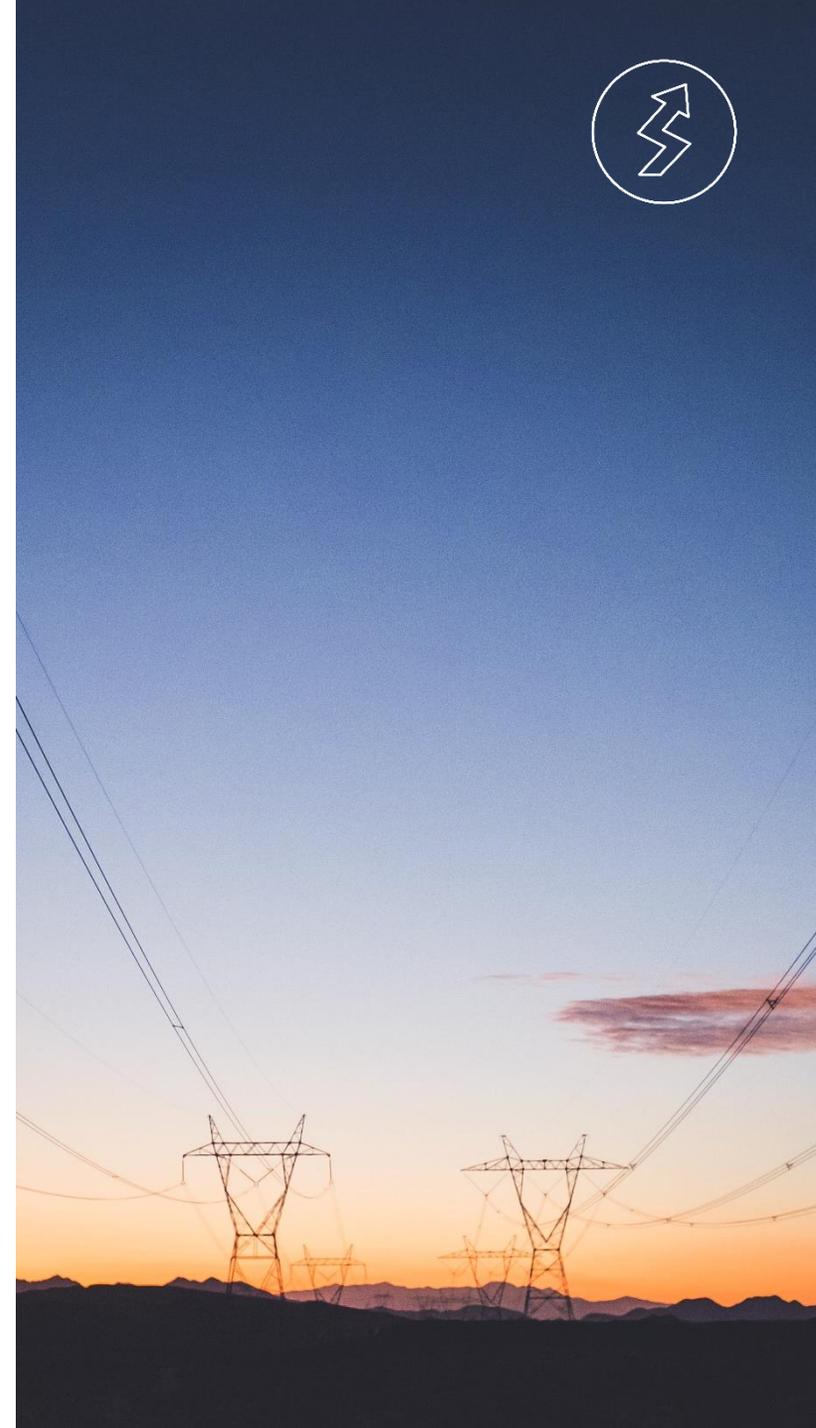
NZAS agreement extension.

Electrification of industrial process heat – NZ Steel furnace and other boiler conversions.

Facilitate other demand growth opportunities – including data centre developments.

Pursue Green Chemical opportunities – H2 & CO2, with transport focus.

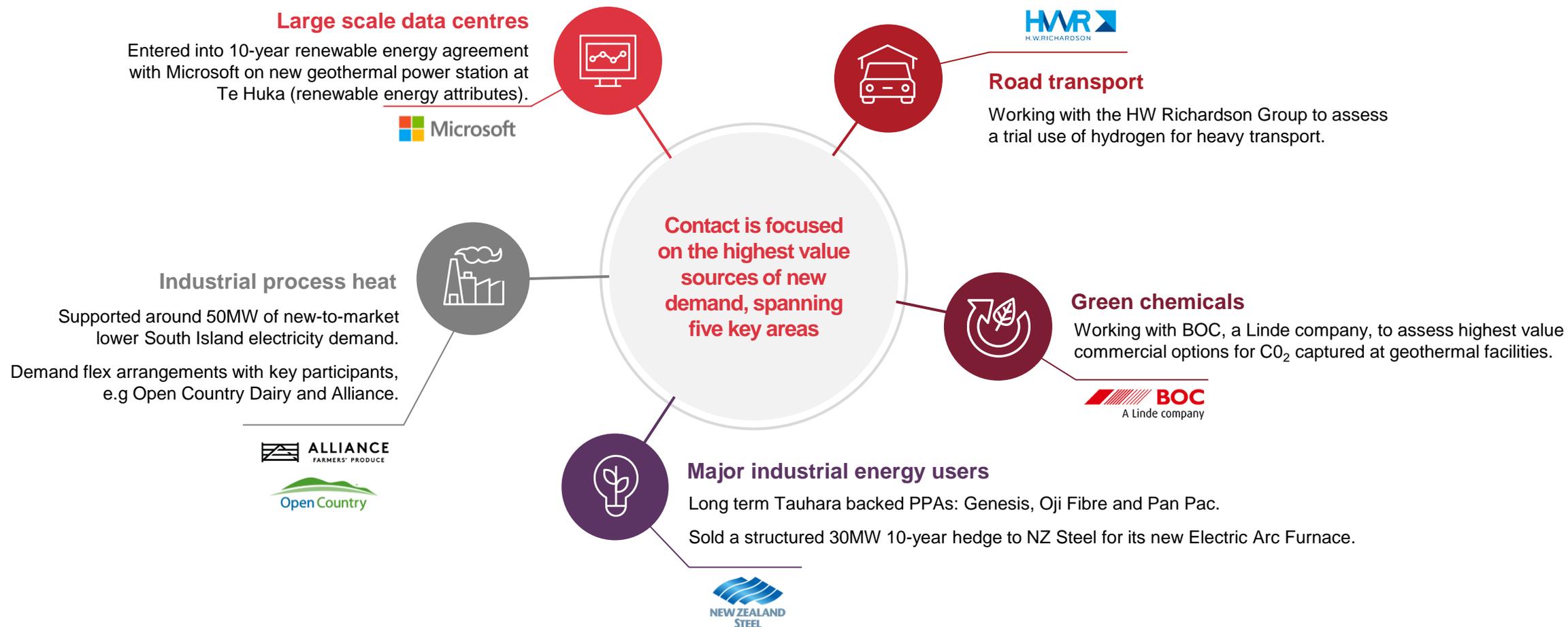
Demand Response proposition.



Key partnerships to advance demand growth



Contact has developed a view of relative netbacks across applications and will focus on those of highest value



Contact has partnered with NZ Steel to develop an innovative supply arrangement



Supporting NZ Steel's decarbonisation initiative to install an Electric Arc Furnace

Key features

- Contact has sold a 30MW 10-year hedge to NZ Steel for its new Electric Arc Furnace (EAF).
- Contract is effective from the commissioning of the EAF and no earlier than December 2025.
- 30MW load in summer (October to February) fixed across all periods.
- "Off-peak" sale in winter, excluding morning and evening peaks (March to September).
- Innovative financial solution to unlock decarbonisation in light of rising peak price volatility.
- Resulted from working in close partnership to understand the needs of key customer.

Value to NZ Steel

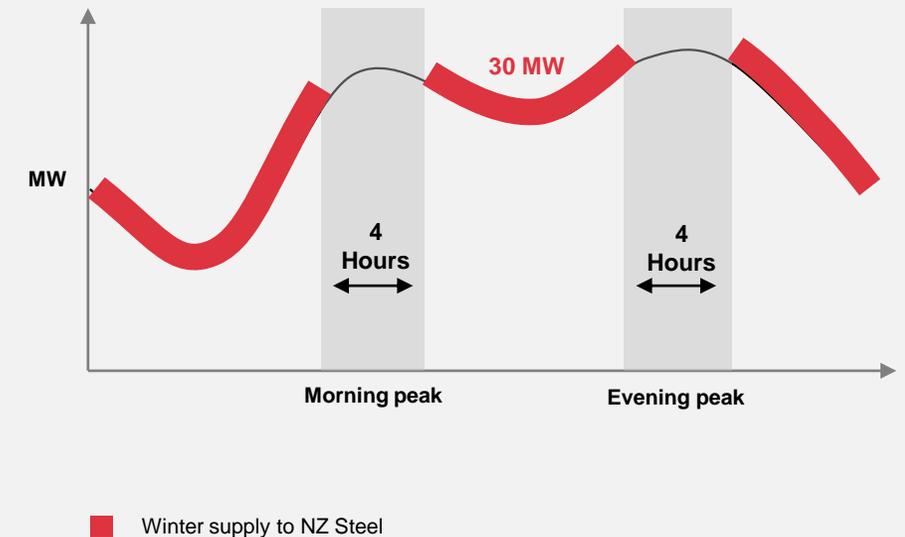
- Lower price of electricity.
- Will produce "new" steel from scrap and massively reduce coal consumption.
- Enables reduction in carbon coal emissions by at least 800 ktCO₂e p.a.

Value to Contact

- Supports Contact's shift to a greater mix of must-run summer renewables.
- Contact captures value by retaining exposure to peak volatility in winter.

Contact's fixed price sales position over "Winter"

(March – September, Peak periods are excluded 7 days a week)



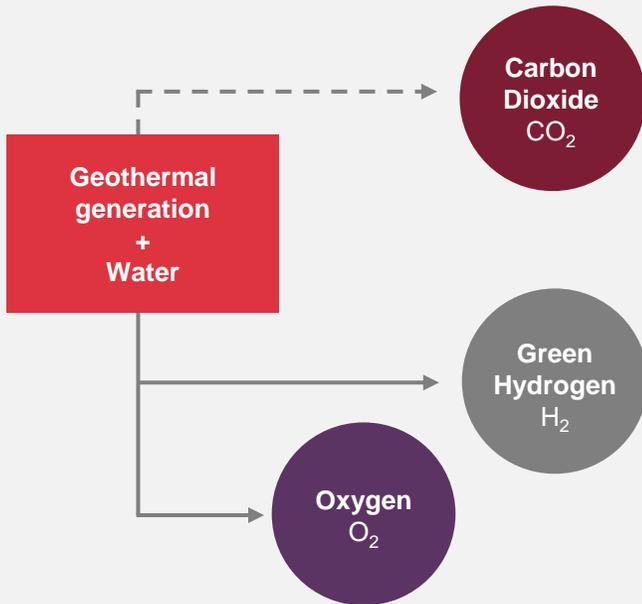
Green chemical pathway at geothermal



Opportunities from our success in geothermal carbon capture include the purification and sale of industrial grade CO₂ (Horizon I) and subsequent eFuel applications (Horizon II)

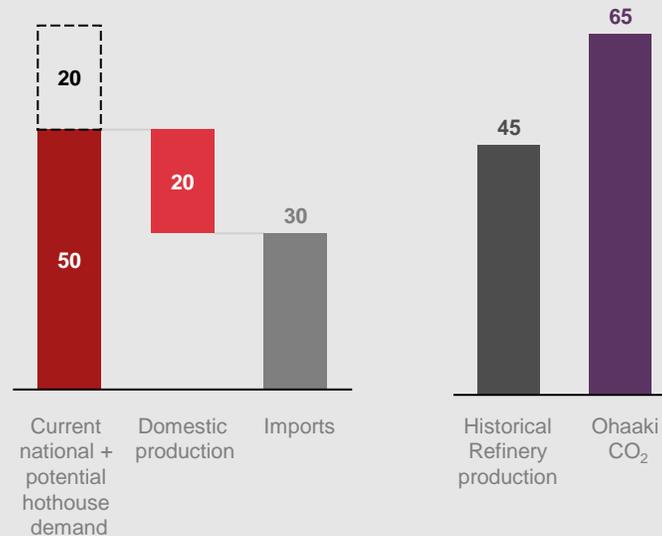
Inputs and outputs

Electrolysis using generation and water



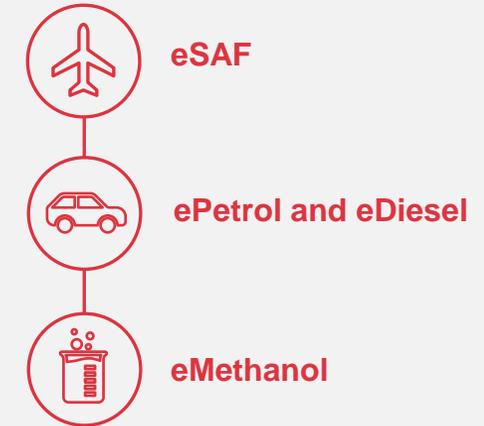
Horizon I: Industrial grade CO₂

Estimated volumes. ktpa



Horizon II: eFuels

Possible options from CO₂ and green hydrogen



Fireside chat

Customer perspective



Andy Sibley
CEO
Simply Energy



Nathan Jones
General Counsel
NZ Steel

Grow renewable development



Jacqui Nelson
Chief Development Officer

Grow renewable development

Build renewable generation and flexibility on the back of new demand



Contact 26 > Launch: what we said we'd do

- A** Build Tauhara to extend our geothermal capacity.
- B** Grow our generation footprint through Wairākei geothermal replacement, and/or wind and solar.
- C** Deploy large scale batteries.

Launch: ambitions for 2026

- Wairākei replaced with most efficient combination of geothermal, wind, solar & batteries.
- Large scale batteries deployed.
- Tauhara is online.

Progress

Wairākei replacement consented. GeoFuture, wind and solar all proceeding to FID.

Lithium prices continue to fall improving the economics of large scale batteries.

Will be operational in Q4 2023 with 22MW higher capacity than at FID. Te Huka operational Q4 2024. Combined capacity of 225MW.

● On track ● Some delay ● Major delay / concerns



▶▶ **2 YEARS**



NZ development environment has shifted with geothermal becoming more competitive

And we have seen a raft of early-stage announcements



Forward wholesale electricity prices elevated

Thermal costs are higher and set to stay high.

ASX Futures pricing at Otahuhu remains at ~\$170/MWh through 2026.

Contact's long run price expectation is \$100-110/MWh (2022 real).

Signal to build renewables remains strong.



Technology cost curves turned

Lead up to 2021 saw a significant cost curve reduction across wind and solar.

Europe is now weaning off Russia, with renewables demand keeping prices higher.

Cost of firming has risen.

Geothermal (which is baseload) is now more competitive.



Construction environment constrained

Limited appetite for EPC contracts.

Reduced immigration leading to constraints on skilled labour pool.

Global supply chain challenges.

Elevated commodity prices.



Battery economics have been challenging

Lithium iron phosphate batteries remain the technology of choice for grid-scale battery storage.

Lithium carbonate input costs surged from the start of 2021, increasing more than tenfold by late 2022.

Now rapidly receding.



Development announcements prominent

Entry of solar developers in the NZ market. Transpower now estimates ~7GW solar by end of this decade.

Of the >5GW renewable pipeline announced by NZ's top 5 generators, about 60% is early-stage.

Little underway from independent developers due to market challenges.

Potential for offshore wind being explored.

Grow renewable development

Build renewable generation and flexibility on the back of new demand



Contact 26 > Execution: two years on, what does delivery look like?



12 month targets (FY24)

Achieve FID for GeoFuture and Kowhai Park solar.

On track FID for North Island solar.

On track FID for wind.

Tauhara operational Q4 2023.

Final Investment Decision on BESS (battery).



ADVANCED AMBITIONS (FY27)

Grow to 10.3TWh p.a of renewable assets from geothermal new build, solar and wind.

100MW battery operational.



Key initiatives¹

Geothermal: GeoFuture delivering 0.4TWh incremental uplift from 2H 2026.

Solar: Kowhai Park delivering 0.3TWh by 1H 2025. North Island solar delivering 0.3TWh by 1H 2026.

Wind: Southland Wind Farm delivering between 0.9 – 1.2TWh p.a.

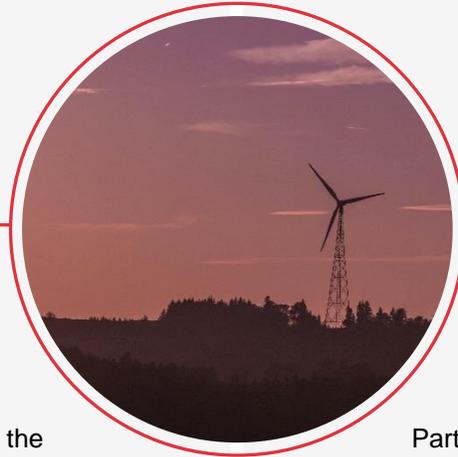
Battery solution fit for portfolio.

¹ Key initiatives are subject to FID.

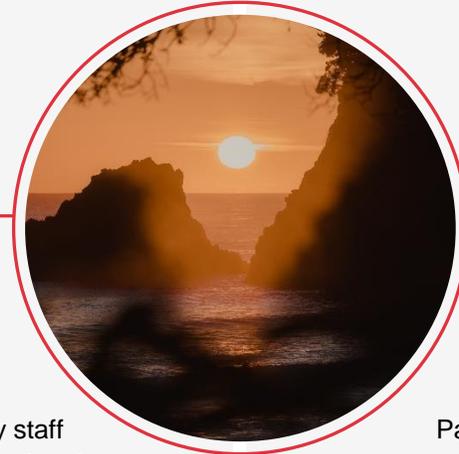
A unique capability to develop renewable generation



Geothermal



Wind



Solar

Operational experience on the world's second longest electricity producing geothermal field (Wairākei, since 1958).

Developed dedicated, internationally-recognised, subsurface team and continued R&D to lower the cost of operations.

We believe we're New Zealand's lowest cost geothermal operator¹.

Ownership of Western Energy, a leading provider of specialist well solutions offering services around the world.

Partnership with Roaring40s with key staff having experience delivering nine operational wind farms in New Zealand (totalling 500MW).

Deep knowledge of New Zealand's undeveloped wind sites totaling in excess of 2,000MW that have not yet been constructed.

Compliments Contact's previous wind experience and own ability to incorporate and trade wind developments into the market.

Partnered with Lightsource bp, recently named largest solar developer in the world.

Lightsource bp has developed 8.4GW of solar, has a global development pipeline of 55GW and operates in 19 regions globally, resulting in strong connections into solar supply chains.

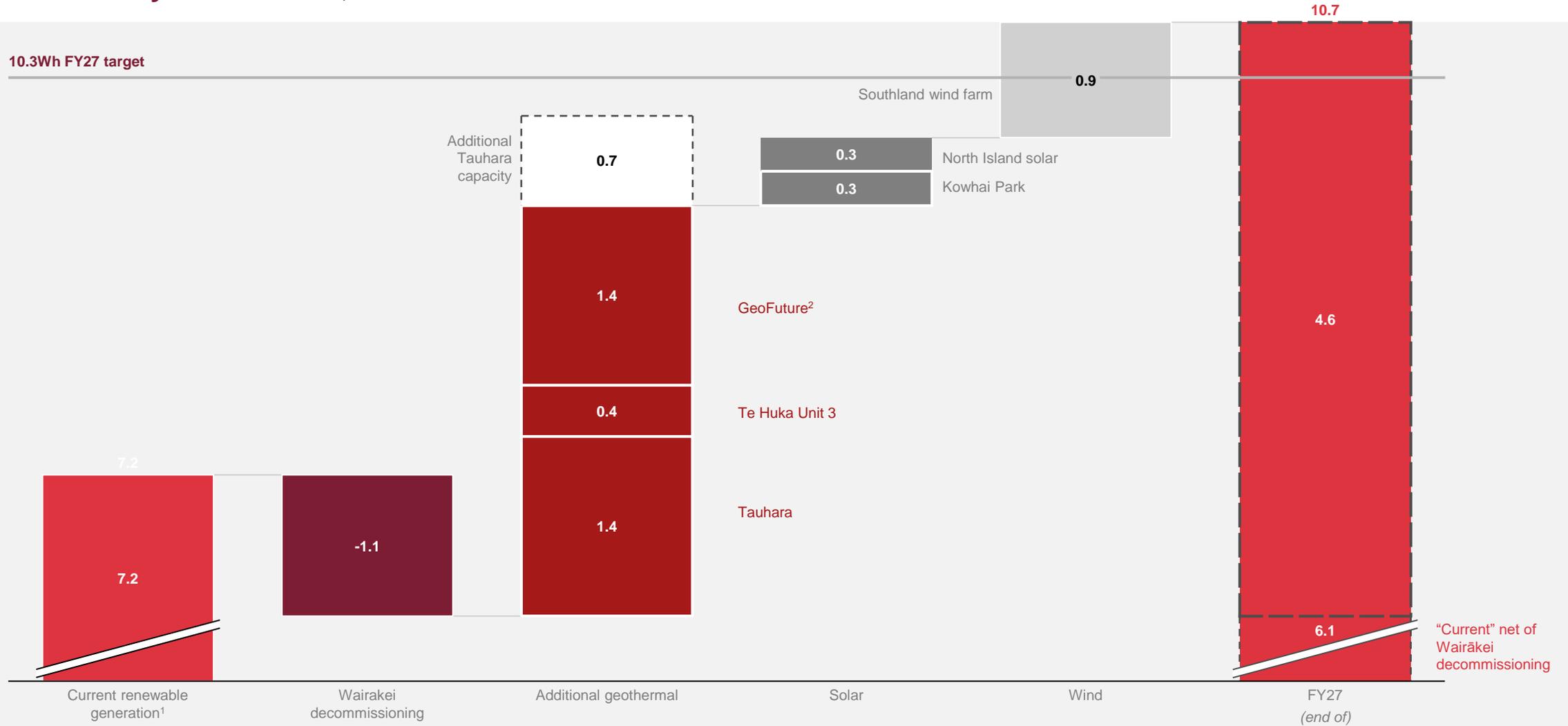
Contact brings its position as a creditworthy counterparty to support a Power Purchase Agreement (PPA) – a major hurdle to securing project finance and de-risking a project.

¹ Of the large-scale geothermal operators in New Zealand: Mercury and Contact.

Contact is targeting renewable generation



10.3TWh by end of FY27, from 7.2TWh in FY22



Note: Solar, wind and GeoFuture projects are subject to FID from the Board, with final capacity to be confirmed at FID. Solar and wind are subject to consenting outcomes.

¹ Based on FY22 renewable generation volumes.

² The net additional output from GeoFuture illustrated here is 0.4TWh as previously indicated to the market (bars do not appear to add to 0.4TWh due to rounding).

Contact is ramping up Southland wind project



Launching application for resource consent in 2023, targeting generation online in FY27

Location

30km southeast of Gore within the Southland District.

Transmission

Connection is to 220KV Transpower line between Invercargill and Dunedin.

Preferred Grid Injection Point location and transmission route is being finalised with the directly affected landowners.

Connection application to Transpower accepted and in the queue. Design process underway.

Site

Majority of wind farm located on two properties - Jedburgh Station (pastoral farm) and Venlaw Forest (pine plantation).

Total wind farm area ~5500 ha.

Consenting

Undertaking site investigations and design towards preparation of resource consent application to be lodged in second half of 2023.

Resource consent process will allow for wind turbine optionality during procurement negotiations.

Resource / indicative output

Approximately 50 turbines.

Available turbine options in the market range from 4.2MW to 6.6MW.

Modelled wind resource of 9 m/s average.

Generation range anticipated to be ~900 – 1200 GWh/annum.

Anticipated life 60 years (with repowering of turbines at 30 years).



Contact and Lightsource bp partnership

Selected as preferred developer of Kōwhai Park solar farm (stage 1)



Location

Adjacent to Christchurch Airport (CIAL).
Foundation for the Kōwhai Park energy hub.
Potential for future electricity demand growth / decarbonisation innovation at CIAL.

Transmission

Near major load centre.
Connection to strong part of Orion's distribution network.
Reduced reliance on Transpower, supporting development timeframes.
New connection designed to accommodate solar farm and future loads.

Site

CIAL and Environment Canterbury land parcels.
~300Ha of usable land for solar development.

Consenting

Foundational project (solar farm and upgraded transmission capacity) supporting future green aviation initiatives.
Consenting strategy and aviation approvals have been significantly advanced.

Resource / indicative output

Bifacial PV panels mounted on single axis trackers.
Preliminary layouts propose 150MWac project (170MW).
Generation of ~289GWh p.a.
Life of 35 years.



Christchurch airport

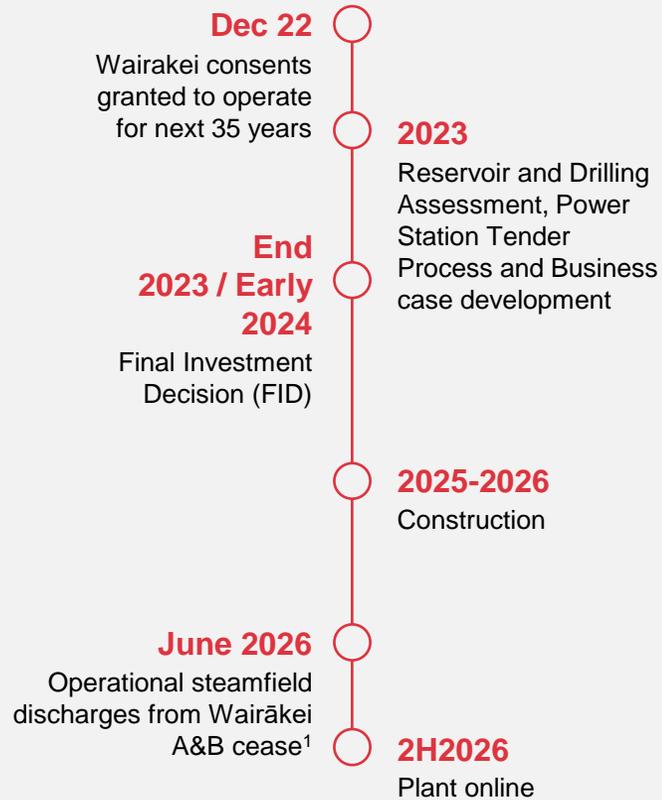
Christchurch

GeoFuture proceeding to FID

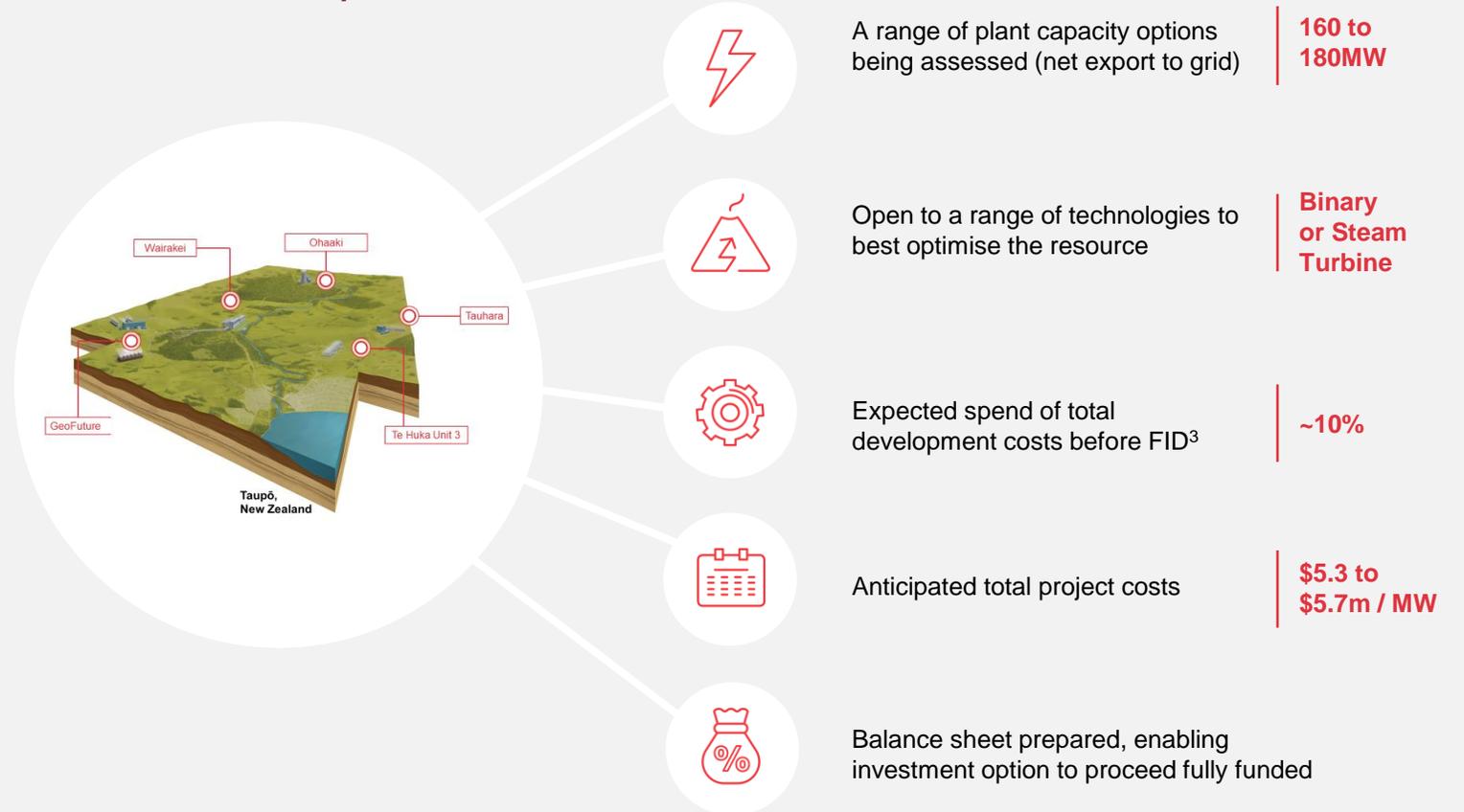


Contact to proceed with plans to replace Wairākei A&B legacy geothermal power stations with Te Mihi Stage 2 (GeoFuture)

Indicative development timeline



GeoFuture investment parameters²



¹ As per consent requirements.

² Subject to Board Final Investment Decision.

³ Expect to commit to this expenditure over the next few months.

Breakout sessions

Wind



Paul Botha
Director
Roaring40s



James Flannery
GM Strategy

Solar



Matt Cleland
Head of Wind
and Solar



Adam Pegg
Managing Director
Australia and NZ
Lightsource bp



Lunch break

Create outstanding customer experiences



Matt Bolton
Chief Retail Officer

Create outstanding customer experiences

Create NZ's leading energy sustainability brand that will support renewable development ambitions



Contact 26 > Launch: what we said we'd do

- A** Continue to improve our customer experience.
- B** Add decarbonisation and adjacent products.
- C** Decrease our cost to serve through simplification, growing connections and developing a strong digital platform.

Launch: ambitions for 2026

- Top 10 'most trusted retailer' by 2026¹.
- +650,000 customer connections by 2026.
- Lowest cost to serve energy retailer, CTS < \$90 per connection².

Progress

Energy Retailer of the Year in August '22.

Customer connections now >580,000, an increase of >57,000 since FY21.

Digitisation programme continues to unlock both cost to serve improvements and increases in NPS.

● On track ● Some delay ● Major delay / concerns

¹ As per Colmar Brunton Rep Track report, 2020 ranked 38th.
² Rebased for operating cost reclassifications in FY22.





A competitive market, customer expectations and the environment continue to change



Growing importance of the Home

Post covid new norms.
A happy home even more important to New Zealanders.
Energy consumption reshaped as we spend more time at home.
9-5 office model disrupted.



Energy usage and patterns changing

Household demand to grow (& pattern change) with EV transition.
Customers open to time-shift energy consumption for value.
Interest & growth in solar / batteries building, aligned to cost and control drivers.



Challenges of rising costs

Forward wholesale electricity prices up from \$133/MWh to \$174MWh.¹
High inflation and recession impacting households.
Energy hardship a growing concern, and energy wellbeing a focus.
Bundling helps deliver value.



Sustainability (and decarbonisation) expectations building

Concerns with climate change continue to grow – exacerbated with recent major weather events.
People looking for businesses & government to provide solutions and are supporting brands doing the right thing.

Highly competitive retail energy and telco market

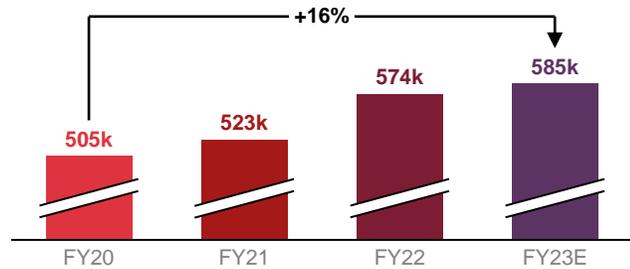
Wide range of market players (despite consolidation).
Very competitive pricing (despite rising costs).
More movements into complementary products.
New propositions emerging at pace.

¹ Source: EMI quarterly long dated Otahuhu forward curve prices.

Our recent delivery confirms FY27 targets are well within reach



Growing total connections



Growing our products

Good Nights proposition

3 hours free power
9pm-midnight every night
GOOD NIGHTS PLAN

Wireless broadband

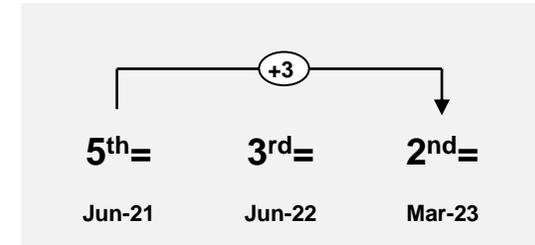
No fibre, no worries

Investigating next adjacency

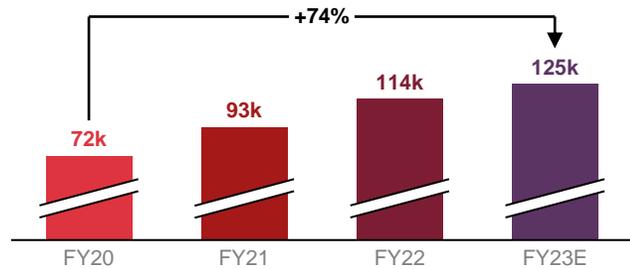
contact
Contact Mobile

contact
Contact Dynamic Load Control

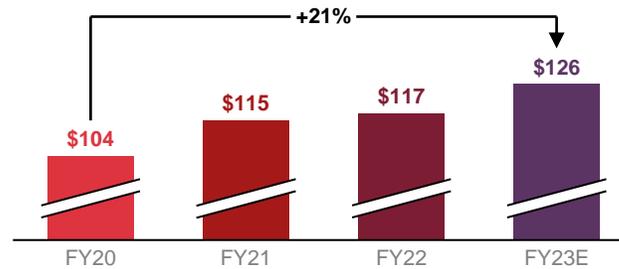
Growing Contact brand trust¹



Growing multi-product customers



Growing returns (Elec Netback \$/MWh)²



Growing customer net promoter score



¹ Brand Trust Ranking vs NZ energy retailers.

² Note Electricity Netback is at ICP level, and includes prior year operating expense allocations restated to ensure like for like comparison.

Create outstanding customer experiences

Create NZ's leading energy sustainability brand that will support renewable development ambitions



Contact 26 > Execution: two years on, what does delivery look like?



12 month targets (FY24)

Electricity net price up by >5%.

Greater than 615k connections.

Market leading cost to serve per connection down a further 5%.

Significantly grow non-energy gross margin.

Further expansion of “It’s good to be home” brand position.



ADVANCED AMBITIONS (FY27)

Greater than 685k connections.

CTS at global benchmark of <\$80/ connection.

Grow EBITDAF contribution from non-energy lines of business by 3x

Top quartile NZ Business for Sustainability survey¹ and most Trusted Energy brand.²



Key initiatives

Reshaping product and pricing architecture.

Targeted activity to drive connections growth.

New product delivery.

Business and process simplification & digitisation to continue to reduce Cost to Serve.

¹ As measured by Kantar Better Futures survey.

² As measured by Contact’s independently surveyed brand tracker.

Our digital and data capability

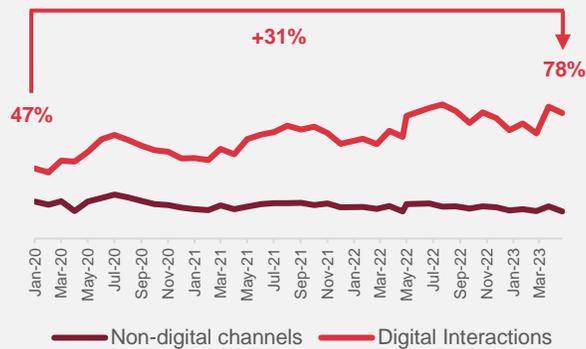
Transforming our cost to serve and pricing strategy



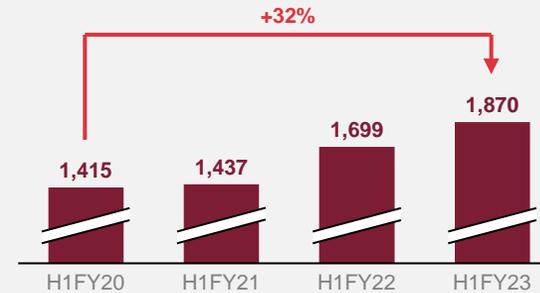
Digital services:
Transforming our cost to serve

Focused on digital journeys and customer adoption

Digital share of interactions (%)



Customer per contact centre FTE



Lowest cost platform:

Cost to serve / connection (1H FY23)¹



Data Driven pricing strategy

While bringing incremental value



Regional – 15 decisions

Homogenous regional level pricing decisions limiting cost recovery and increasing churn risk.

Manual processes result in low capture rate (<50% of connections) resulting in inability to recover rising input costs.



Local – 50 pricing decisions

ICP level profitability data driving targeted pricing decisions that are increasing retail margins.

Leveraging automation and advanced AI-powered models to increase pace and scale of pricing activity (>80% of connections).



ICP – Individual pricing decisions

Dynamic AI-led pricing strategy enabling real time cost recovery and margin growth at a customer level.

Predictive churn modelling embedded, enabling personalised offers to drive multi-product growth and increased tenure.



¹ Competitor CTS taken from reported financial statements. Note potential for corporate operating model differences.

Scaling through adjacencies

Incremental margin and improved customer experiences drive increased CLV



Broadband:
Growing

Rapidly building scale and market share

Broadband connections

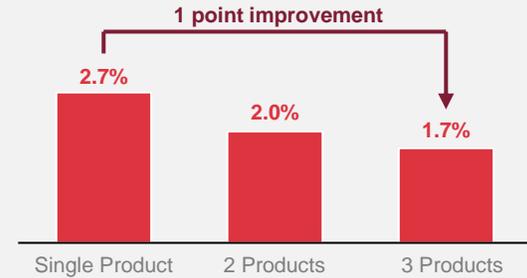


Multi product attachment
continues to drive lower churn

Bundling creates loyalty

Multi-product churn benefit

Customer month churn rate by bundle Dec 21-Dec 22



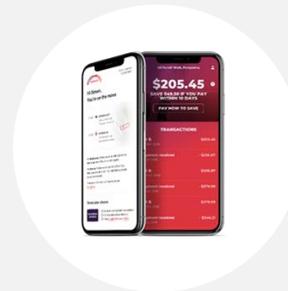
Opportunity to expand data connectivity through Contact Mobile



Dynamic load control will improve management of peak load and compliment 'Good' plans



Bringing to life 'Energy Mobility' digitally through partnerships



EV



Batteries



Solar

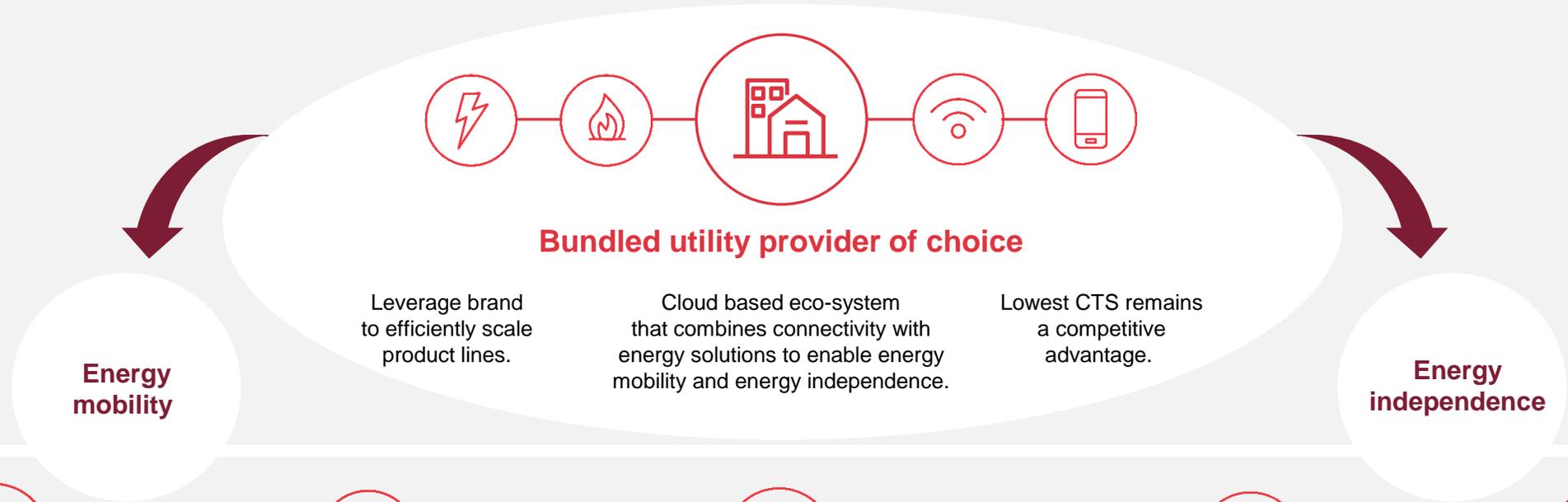


Time of use Energy Plans



Energy Control

We see a further evolution of how customers will engage with energy by the end of the decade



Electrified Transport - in home and out of home charging.
Increasing use of data and mobile connectivity.



Software powering user experiences to manage and control energy consumption while 'on the go'.



Expansion of Time of Use plans to incentivise load shifting.
Use of Automated 'Demand flex' Control.



Distributed Storage (Batteries) enables energy time shifting and resilience.



Distributed Generation (Solar) supplements network generation.

Panel discussion

Enabling our strategy



Chris Abbott
Chief Corporate
Affairs Officer



Tighe Wall
Chief Digital Officer



John Clark
Chief Generation
Officer



Jan Bibby
Chief People
Experience Officer

Facilitator: Louise Wright, Head of Communications and Reputation

Major Projects execution

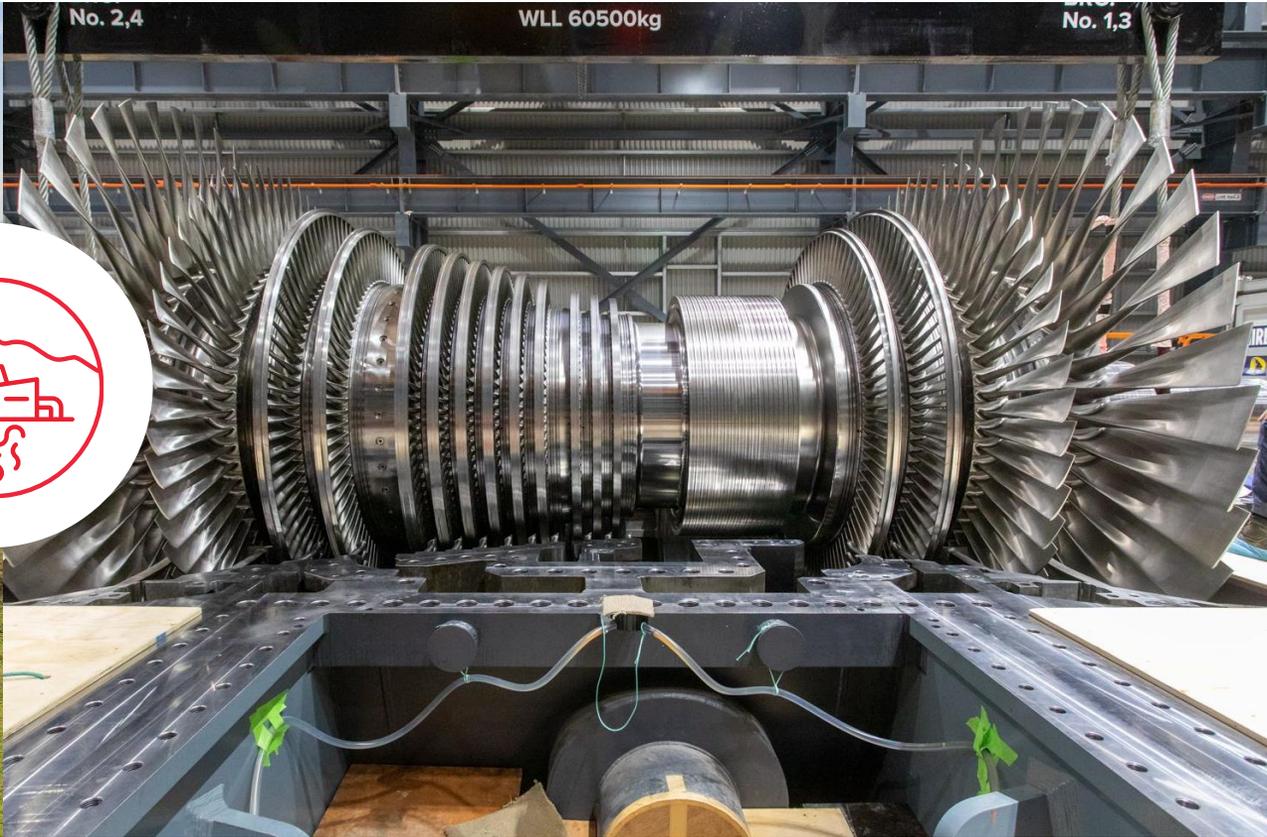


Jack Ariel
Major Projects Director

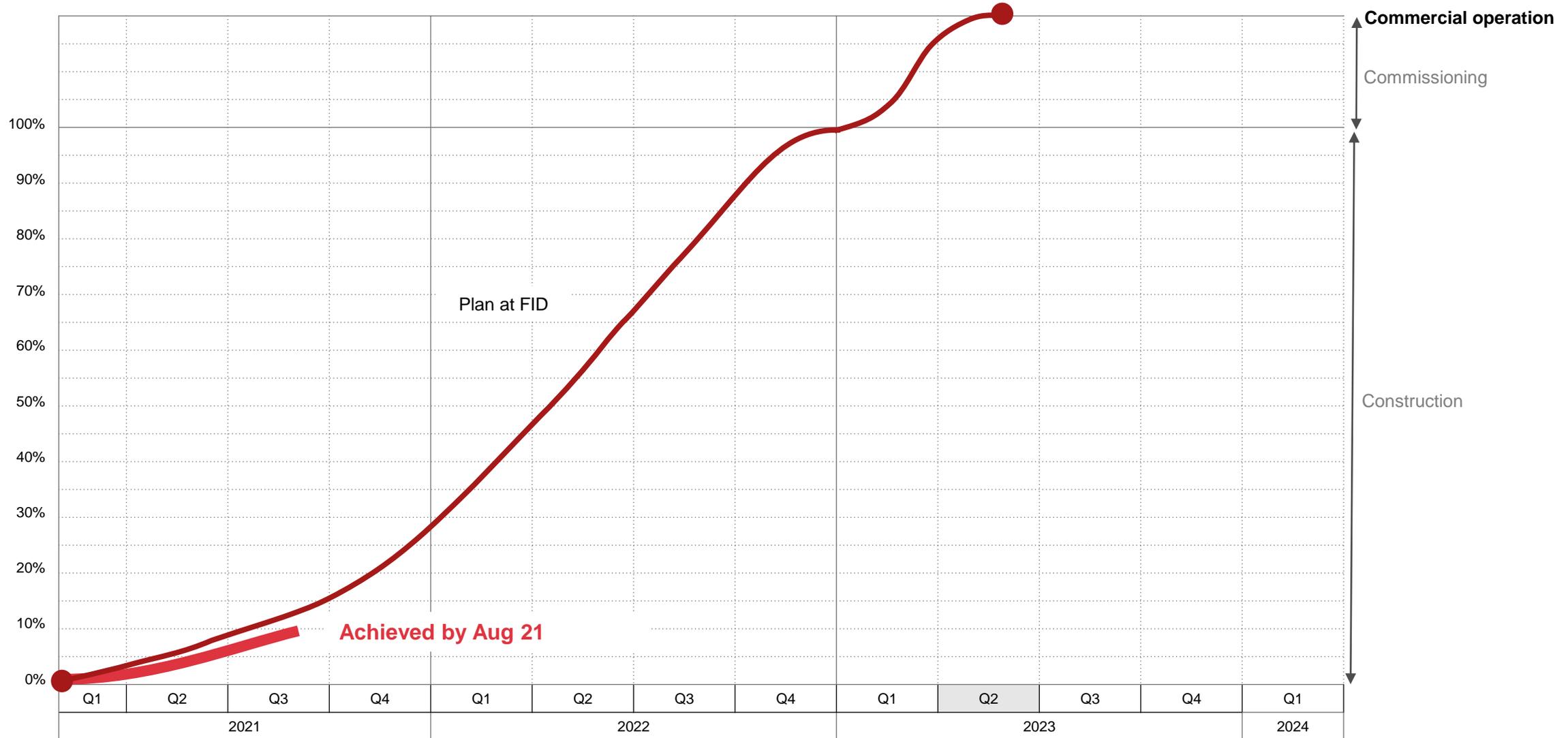
Major Projects: Tauhara execution and building capability for the future



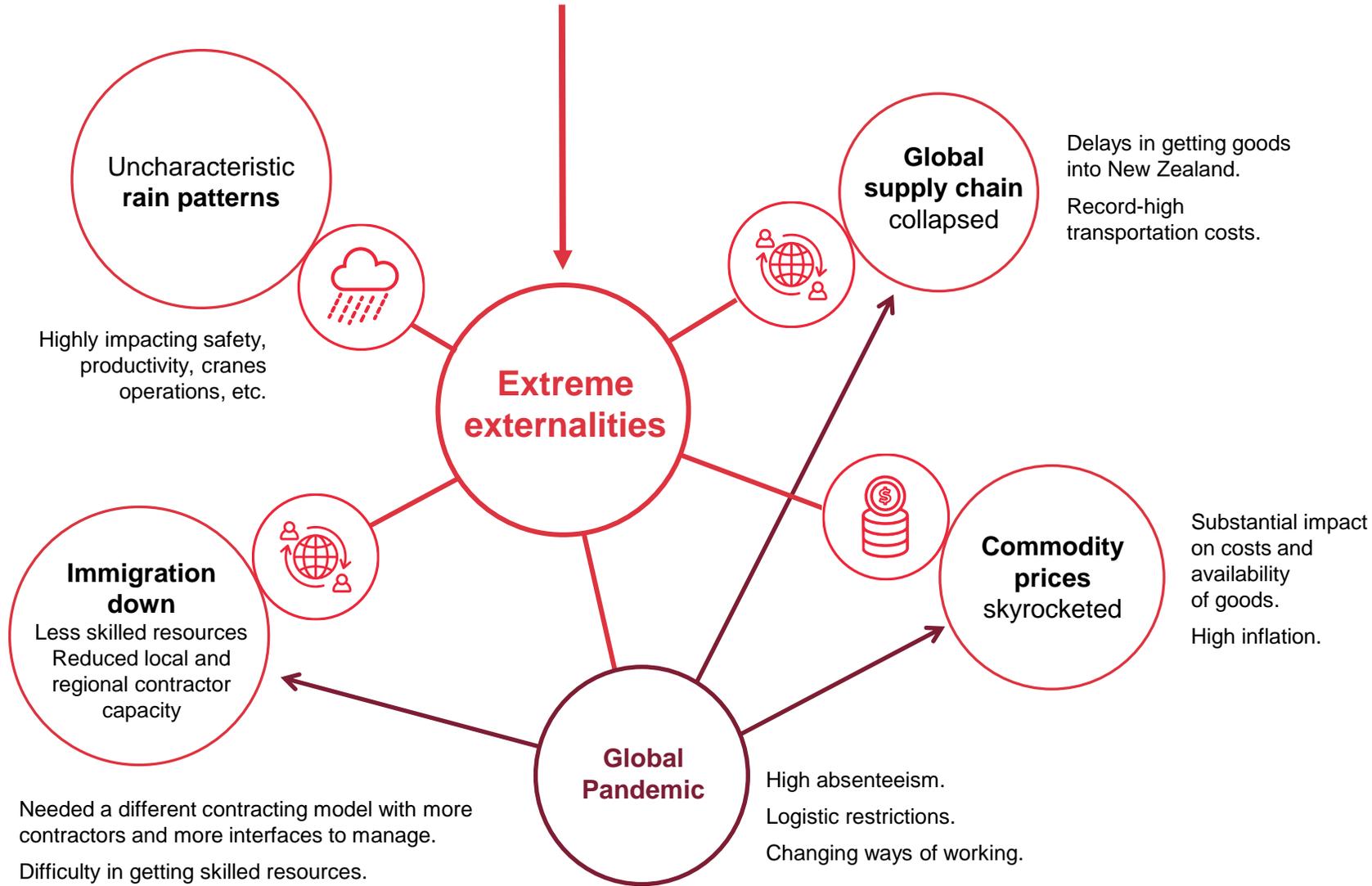
Tauhara



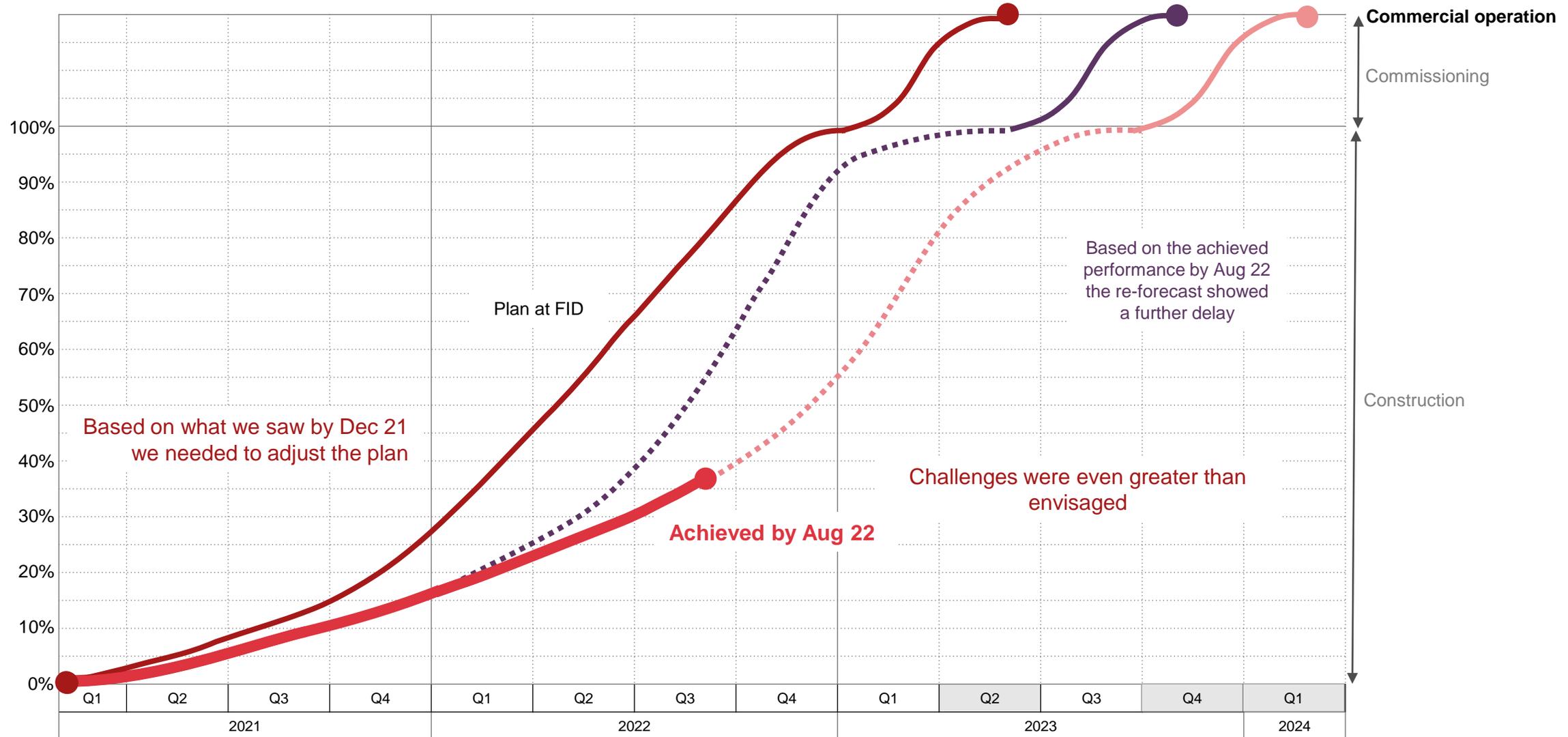
Tauhara: Project started well...



But 2021-2022 happened

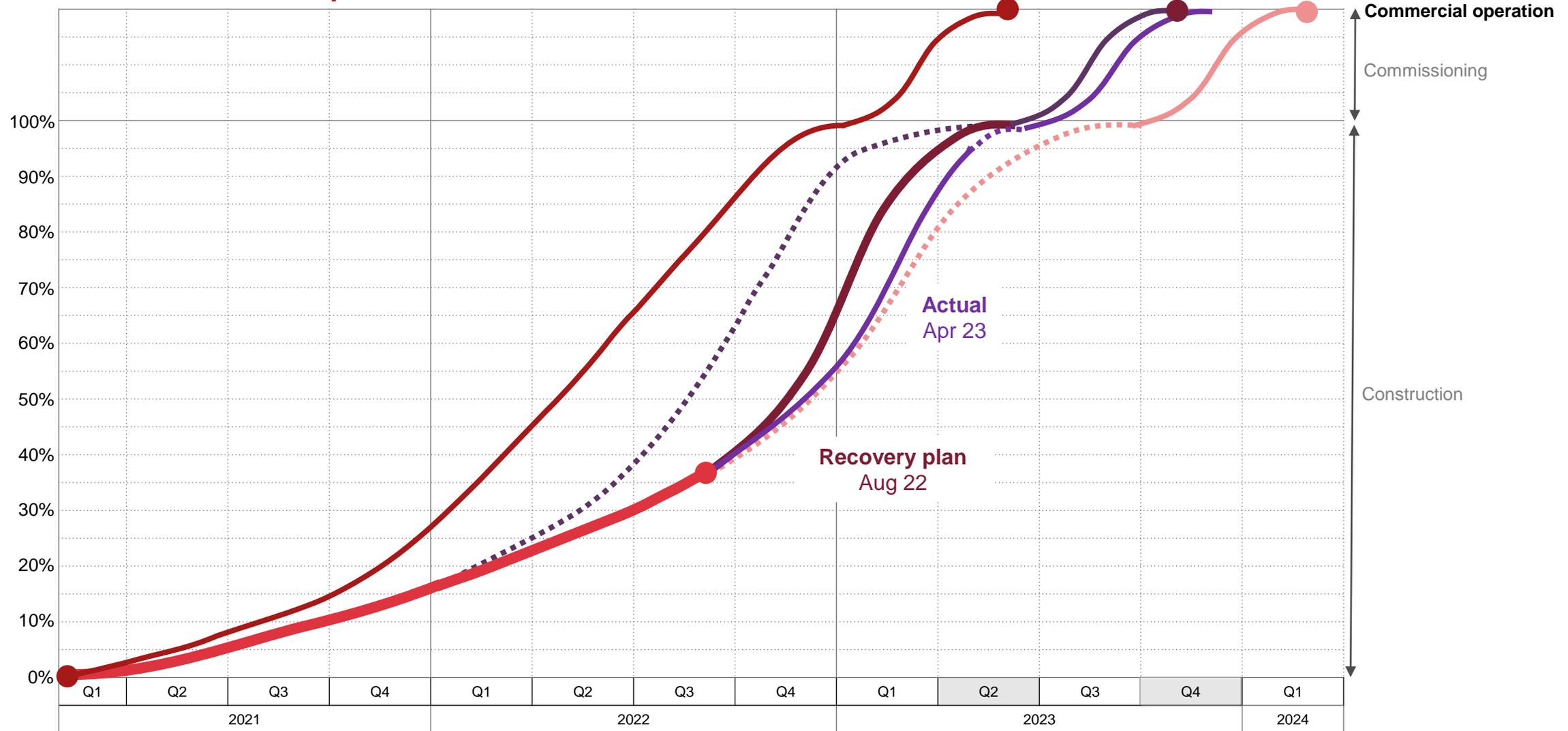


...and we started to feel the consequences



We needed to change trajectory

And have now recovered a quarter



Recovery plan – the challenge:

To recover and de-risk the programme not compromising safety & quality, nothing off-limits (time – costs – output)



Re-focused project organisation

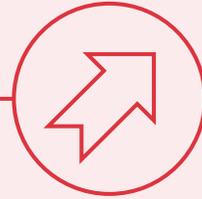
(ENABLER)

Closer line of sight, flatter organisation

Personal accountability

New and clear roles and responsibilities

Intensified recruitment drive



Set-up the Project Acceleration Office

(GAME CHANGER)

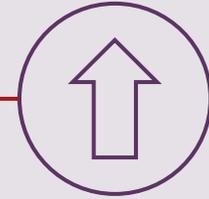
Acceleration initiatives to bring back completion date

De-risking initiatives to maintain the gains

Thorough preparation

Interface management

Relentless pace of delivery and work cadence



Collaboration with Partners

(TO IMPROVE OUTPUTS)

Worked with Sumitomo-Fuji to increase the output of the plant (from 152 MW to 174 MW)

Engaged with every construction contractor to work together on simplifying construction and resequencing jobs

Redesigned piping system and steel structures



In the end, we converted the problem into an opportunity



How we did it



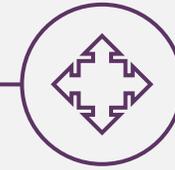
Strategy (INTENTION)

- Robust business case
- Compelling vision
- Clear objectives & goals
- Clear scope
- Well defined budget
- Strong processes



Project leadership

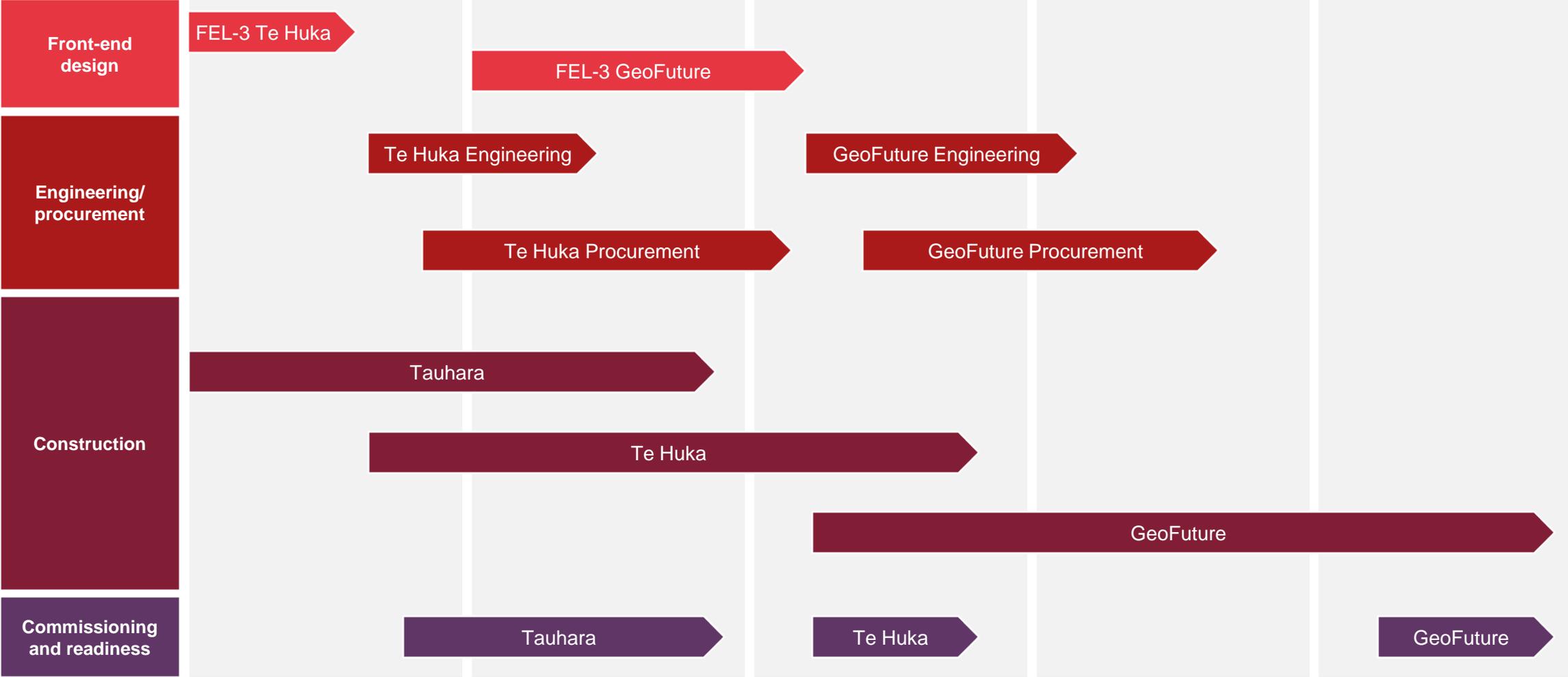
- Collaboration
- One team spirit
- Innovation
- Competence
- Motivation
- Recognition



Execution (ATTENTION)

- Meticulous plan
- Thorough preparation
- Impeccable execution
- Pace of delivery
- KPI's and LI's
- Interface management
- Risks & opportunities
- Assurance and controls

Geothermal Projects: Tauhara and Beyond





Future capability: we tackled Tauhara and developed future capability

Our thinking process...

What capabilities do we need to build to effectively execute large capital projects?

What is required for effective delivery of the future pipeline at Contact?

What we learnt from our capital projects execution experience?

Project delivery capability

Project delivery process (project management, construction, engineering, etc.)

Capability beyond geothermal

Wind, solar and storage

Design efficiency

Design to Cost
Fit for purpose specification
Constructability in design
Digital tools

Contracting strategies

Contractor operating model depending on market circumstances (not "one model fits all")

Resourcing

Owner's team and contractors' teams
Major projects delivery model

Project delivery

Pace and cadence
"Projects portfolio" approach rather than "task force" approach

Project performance

KPI measurement and tracking

Project definition and planning

Thorough front-end work
Meticulous planning

Actions taken to enhance and develop major projects capability

Creation of Major Projects Group | Major Project Processes | Project Academy | Constructability reviews through project definition & construction discipline involvement during design | Partnership with others for specialist knowledge – Lightsource bp for solar, Roaring40s for wind | Created contracting and procurement capability within Major Projects | Thorough project definition scope, estimate process, readiness reviews and more

And we've developed the capability to execute large capital projects



Tauhara



Te Huka 3



GeoFuture



Wind



Solar



Battery

Organisation

- Clear vision and leadership
- Defined functions to cover major project needs
- Competent Resources and Roles & Responsibilities
- Cadence of execution and reporting
- Full involvement of Major Projects team during project development allowing for gradual transition

Design

- Design Efficiency through scope optimisation (Design to Cost)
- Simplification of specifications & standardisation
- Constructability in Design
- Safety in Design

Capability

- Front-end work and project planning for flawless delivery
- Major Project processes for consistency in delivery
- Contracting & procurement focus
- Project Academy and mentoring programme
- Acquire specialist knowledge through partnerships (wind / solar)

Construction

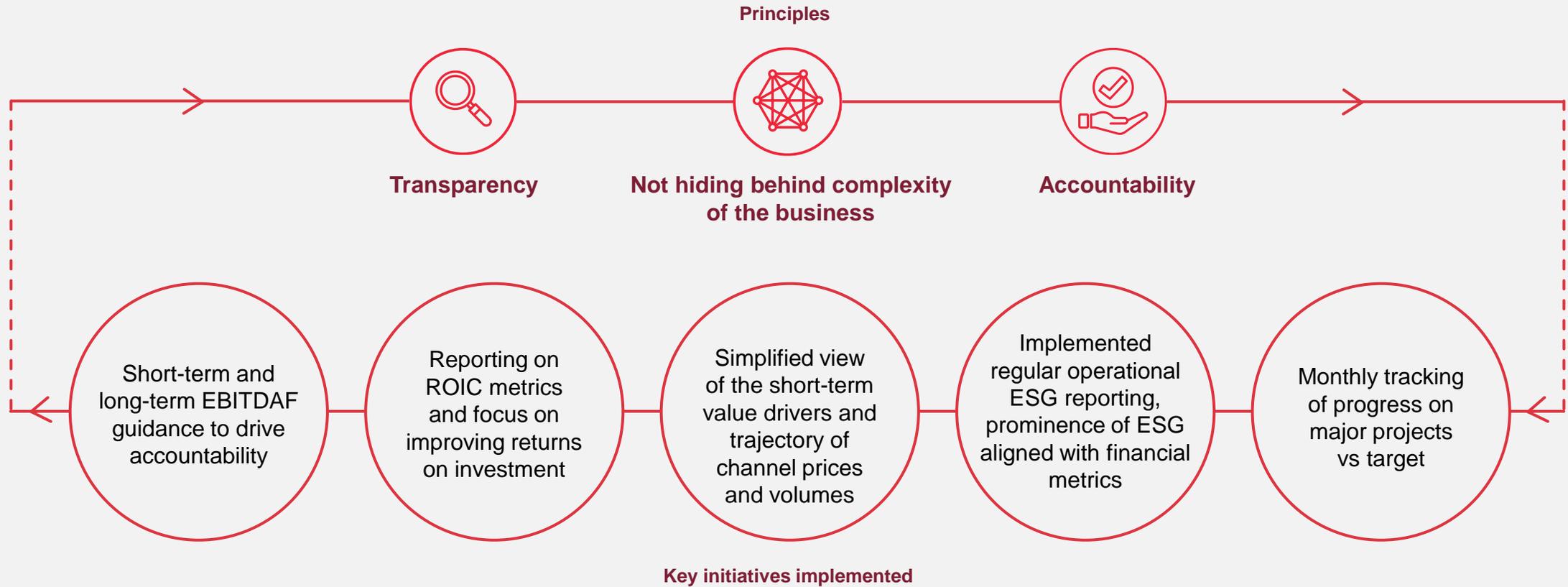
- Contracting strategies aligned with local, regional and national industry capabilities
- Partnership and collaboration mindset with contractors and construction industry
- Lean construction
- Sustainability in construction

Disciplined investment; growing returns



Dorian Devers
CFO

Leadership in shareholder communications



▶▶ 2 YEARS

Dynamic capital allocation to meet the market

Environmental changes

-  (AI) Conditions improved for NZAS to stay.
-  Forward wholesale electricity prices elevated.
-  Battery economics have been challenging.
-  Gas availability constrained, carbon prices higher.
-  Large scale data centre developments underway.
-  Technology cost curves turned.
-  Development announcements prominent.
-  Construction environment constrained.

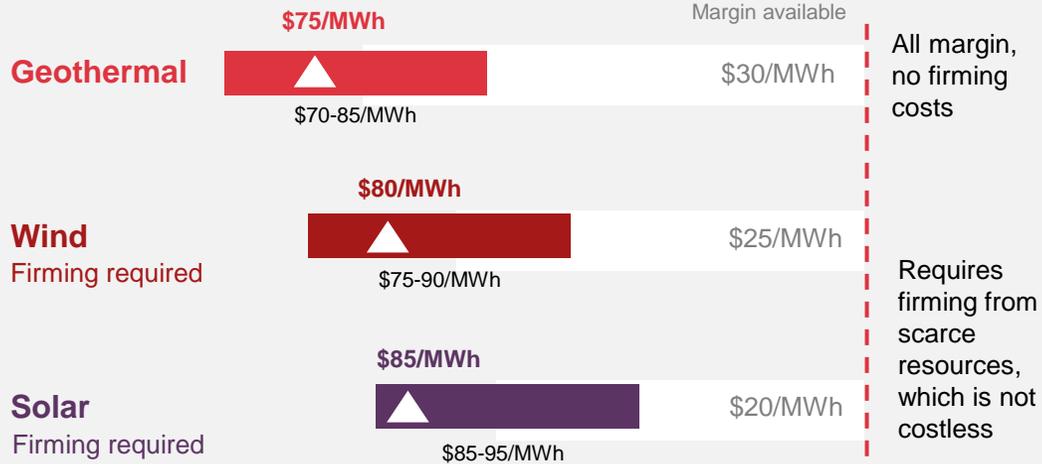
Investment decisions taken

-  **A** Accelerate the development of the geothermal assets:
 - Accelerate Te Huka 3 investment backed by Microsoft agreement.
 - Advance Te Mihi Stage 2 (GeoFuture) for investment decision.
-  **B** Early-stage investment of \$7m to secure wind and solar development pipeline.
-  **C** Deferred battery investment as lithium prices rose. Rapidly advancing to FID with capital costs \$30m lower since December 2022. Stratford (consented) or potentially Glenbrook (subject to consenting).
-  **D** Thermal investment limited to peakers and to manage security of supply:
 - Te Rapa closure.
 - No further major TCC investment.
-  **E** Enhanced asset refurbishment programme to reduce risks around unexpected plant outages.

Driving value from renewable development

We are in a unique position across the technology types, with our renewable geothermal development not requiring firming. Relative value of new renewable flexibility will increase.

Indicative go-forward renewables LRMV \$/MWh¹

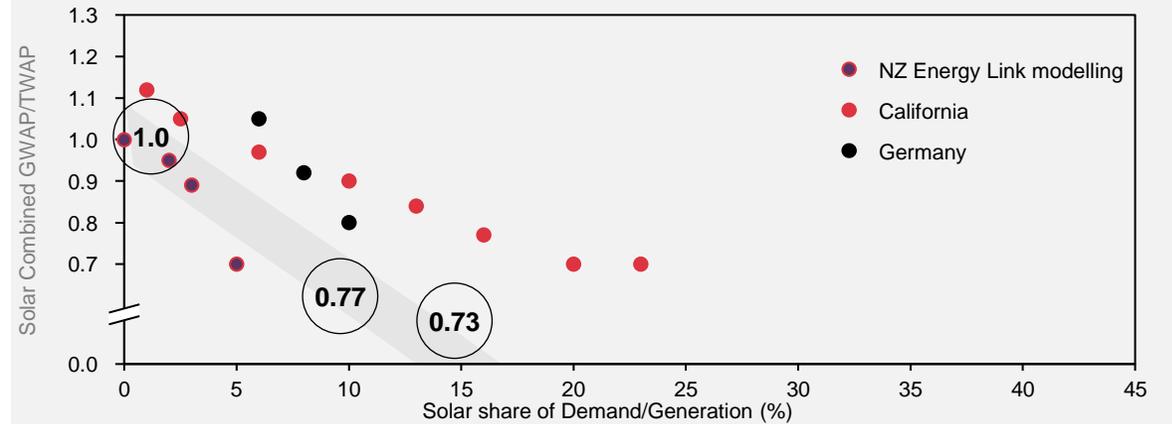


Intermittent renewable generation firming margin only available if hydro capacity is unused.

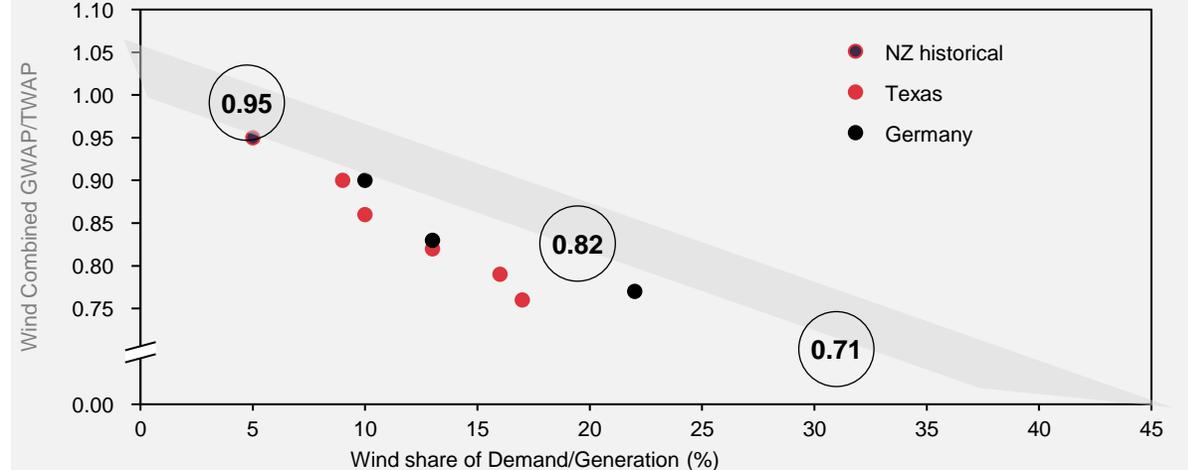
\$105/MWh (2022 real)
Long run price expectation (>2027)

▲ Early-stage point-estimate of projects available to Contact

Solar (generation weighted vs time weighted) ~25-30% loss per 10% penetration



Wind (generation weighted vs time weighted) ~10% loss per 10% penetration



¹ Based on 100MW plants across technologies. Solar includes benefits from project financing

Source MDAG: Price discovery with 100% renewable electricity supply. Concept Consulting and Energy Link.

Capital allocation framework: delivering our strategy

Changing value rankings of renewable investments

	Today (FY23)	Tomorrow (FY27+)
Highest value	New Geothermal	New Geothermal
	New intermittent renewables	New renewable flexibility
Lowest value	New renewable flexibility	New intermittent renewables

Grid scale batteries
Demand response
Biomass

Hydro consenting changes
Pumped hydro

Sources of new renewable flexibility
all uncertain (either flexibility or cost)

Decision making framework to deliver value accretive growth

Near term returns higher on elevated wholesale pricing and lower correlation with existing assets.

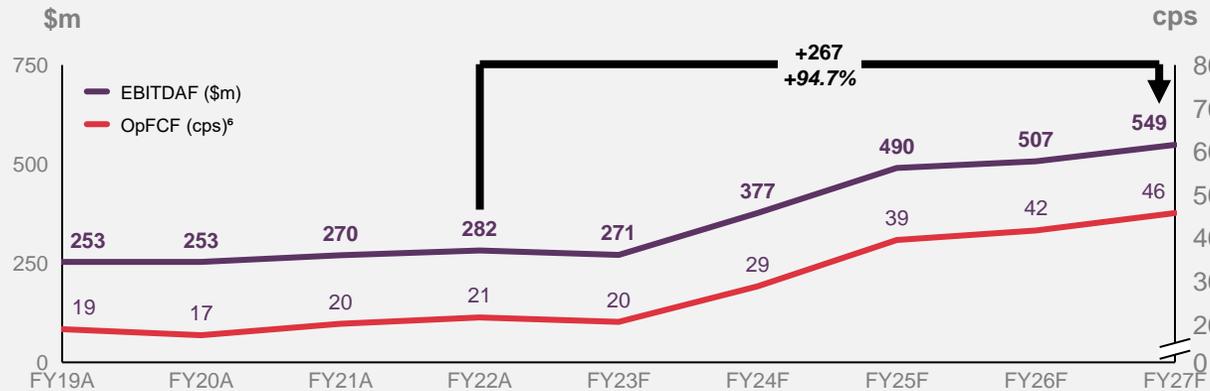
Opportunity	Expected / targeted returns ¹	Rationale
Geothermal	Near term >12% Ultimately >10%	Compensates for scarce resource and subsurface expertise to develop. No firming costs.
Wind	Near term >10% Ultimately 8-10%	Latent system firming has very limited firming costs. Above WACC return for higher quality sites.
Solar	Near term >15% Ultimately 7-9%	Speed to market to capture elevated wholesale pricing. Lowest barriers to entry. Project financing structure drives higher returns to Contact.
Utility scale batteries	Near term > 7-9% Ultimately 8-10%	Early returns will be challenged but strategic benefits of firming investment need to be captured.

¹ IRR, based on current financing approaches (Wind, Geothermal on balance sheet, 30% gearing, Solar project financed).

Near-term growth: Geothermal

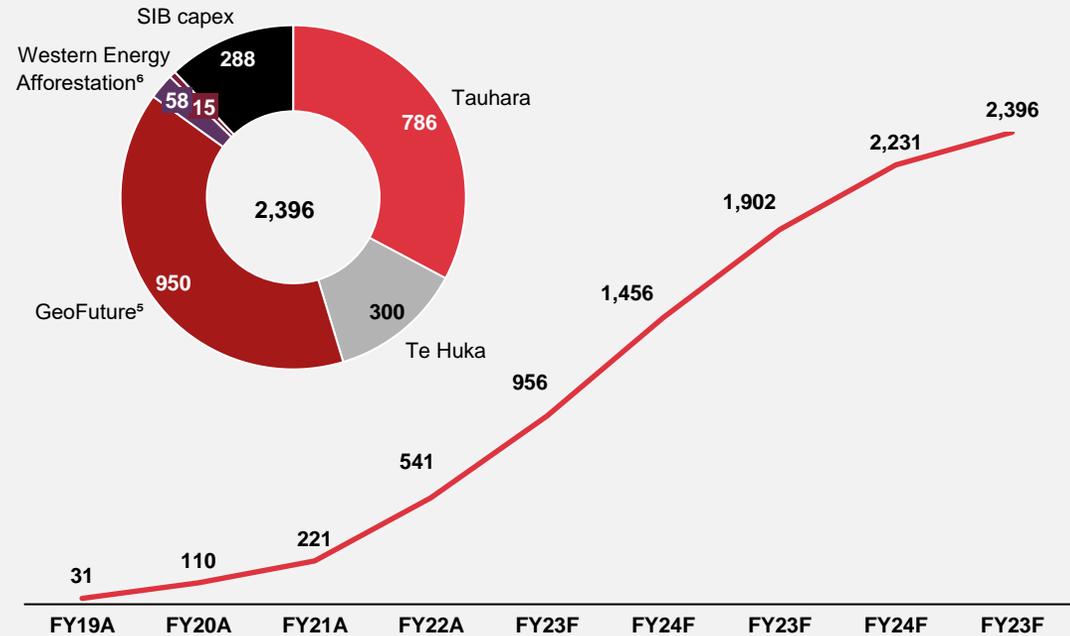
Investments expected to deliver material operating free cash flow uplift

Pro-forma geothermal segment: EBITDAF and Operating free cash flow



Key assumptions / metrics		FY19A	FY20A	FY21A	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
Generation volumes	GWh	3,256	3,333	3,114	3,283	3,232	3,974	5,019	5,126	5,464
Geothermal PPA: Internal ¹	GWh	2,930	2,999	2,803	2,955	2,896	3,562	4,049	3,885	4,189
Geothermal PPA: External	GWh	0	0	0	0	0	6	468	728	728
PPA price – Internal ²	\$/MWh	85.0	86.6	88.2	93.7	100.3	106.3	110.6	112.8	115.1
Average electricity price	\$/MWh	89.8	87.8	96.9	98.3	99.4	110.7	111.7	112.6	114.6
Other income ³	\$m	3	3	6	11	11	16	22	28	32
Carbon emissions ⁴	ktCO ₂ e	217	197	179	183	192	241	249	261	275
Transmission costs	\$m	-4	-4	-3	-3	-7	-10	-12	-12	-19
Direct operating costs	\$/MWh	-11	-10	-12	-12	-12	-12	-10	-11	-10

Cumulative geothermal capital investment (\$m)



Key metrics		FY19A	FY20A	FY21A	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
Annual inflation rate change	%	1.8%	1.9%	1.9%	6.3%	7.0%	5.0%	2.5%	2.0%	2.0%
SIB capex	\$m	-28	-39	-30	-25	-31	-39	-33	-33	-30
Notional Debt ⁷	\$m	709	707	756	789	759	1,056	1,374	1,418	1,538

¹ 10% of the generation volume merchant and sold into the spot market (forecast ASX). Does not include major commissioning outages.

² Internal PPA pricing set to \$85/MWh (real FY19).

³ Steam sales, Western Energy gross margin, revenue from sales of renewable attributes and carbon income from afforestation.

⁴ Gross carbon emissions. Does not include the impact from carbon capture.

⁵ Mid-point of the estimate range (\$5.3m - \$5.7m/MW), 168MW plant illustrated. Subject to final investment decision.

⁶ Investment in associate.

⁷ Debt sized at 2.8x net debt to EBITDAF. Interest costs forecast at 5.5%. Tax book value at FY22 ~\$800m.

Future growth: Intermittent renewables

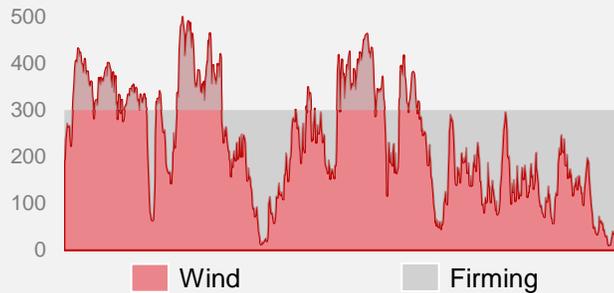
Wind and solar additions will be supported by firming and sales channel choices

Energy

Manage annual volatile hydro inflows



Manage daily/weekly intermittent renewables



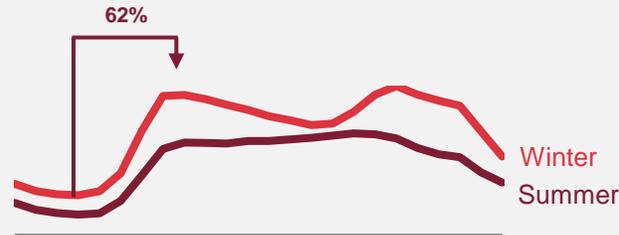
Baseload **geothermal**.

Hydro backed by peakers to cover dry year risks.

Potential **wind and solar** firming with a combination of battery / peakers / hydro / geographic diversity.

Sales

Manage demand peak shapes



Manage seasonal demand swings (TWh)

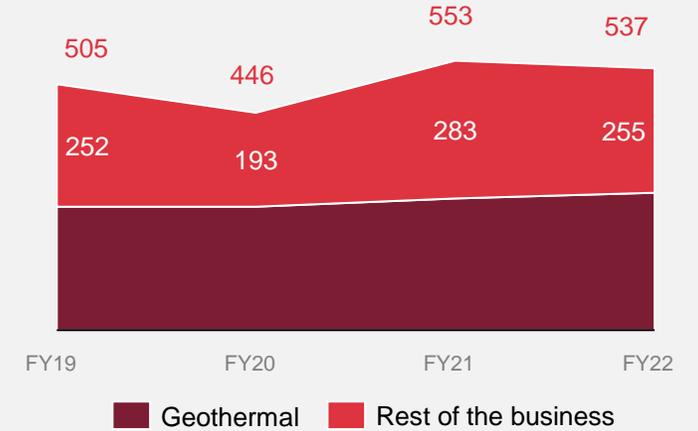


Mass market: Daily shape met with hydro and battery, seasonal with hydro storage and ASX buy/sell.

C&I: Flex to manage winter fuel risk, sell adjacent demand products (demand flex) or access pricing discrepancies with mass market channels.

ASX: Manage short-term fuel risk. Geothermal residual.

Historical EBITDAF by proforma segment (\$m)



EBITDAF range (FY19 – 22)



SIB capex average (FY19 – 22)

\$31m

Corporate

Corporate enabling functions

Strategy and portfolio management

Engineering

ICT

Five year accelerated SIB capex programme

We have accelerated key SIB capex initiatives to enhance resilience and capture market value

What we will deliver

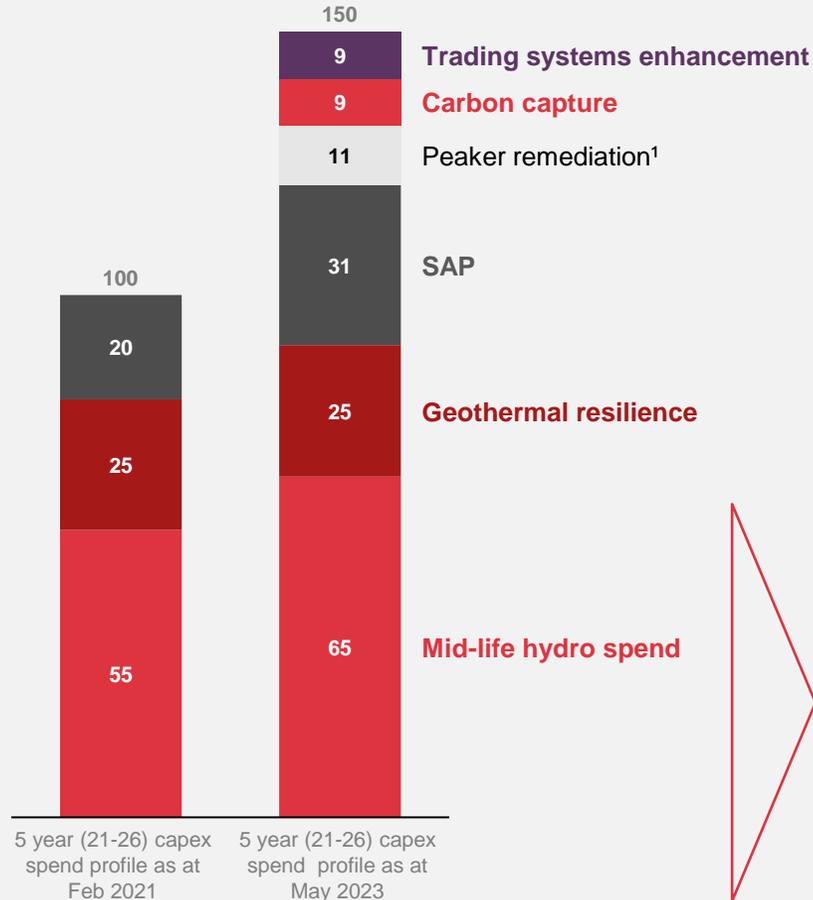
Optimising hydro assets to ensure maximum output to leverage high wholesale prices.

Investment in peaker resilience to enhance reliability, supporting system security.

Continued strong relationships with iwi to support the development of GeoFuture geothermal powerstation.

De-risking ICT environment to ensure robust, secure and supported software and information systems.

Accelerated SIB capex programme (\$m)

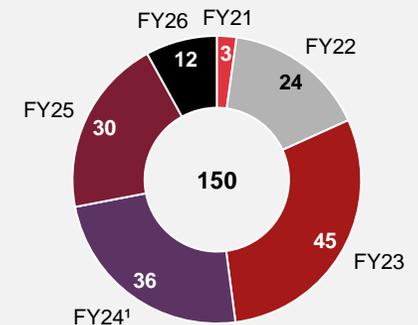


SIB capex performance² (\$m)



SIB capex average (FY19 – 22) **\$55m**
\$40m Cumulatively below expectation

Accelerated SIB capex phasing (\$m)

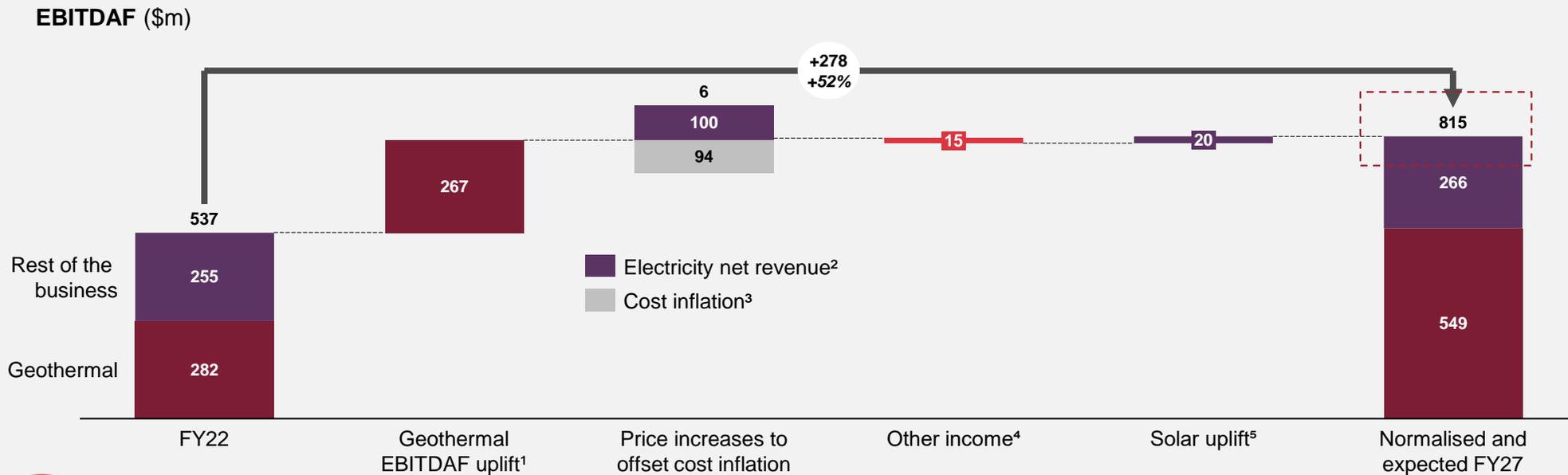


¹ Net of insurance proceeds of \$15m. The capex and insurance income will be separately disclosed in the financial statements.

² Excludes expenditure under the accelerated capex programme.

Contact indicative FY27 EBITDAF aspiration

Supported by NZAS extension and current electricity futures market prices



Achieved FY27 result will be dependent on hydrology with +/- \$50m annual variance to mean to continue



788 ktCO₂e

Scope 1 and 2 Emissions
(net of afforestation)

<300 ktCO₂e

¹ See slide 68 for assumptions underpinning assumptions for Geothermal proforma and EBITDAF changes.

² Pricing to long term channels (Retail and Strategic long-term sales) rises with inflation. Market channel pricing (C&I, CFD, Merchant) at \$135/MWh (FY22: \$133/MWh).

³ Cost inflation on thermal fuel, fixed costs and geothermal PPA escalation.

⁴ Other income reduces on steam sales from steam sales post Te Rapa closure (-\$30m) partially offset by increase in Retail non-electricity products gross margin.

⁵ Solar EBITDAF contribution subject to Board Final Investment Decision on Kowhai Park and North Island solar (see slide 37).

Q&A



Mike Fuge
CEO



Dorian Devers
CFO

Closing remarks



Mike Fuge
CEO

Thank you

