8 July 2024

Significant Tauhara milestone supports expected dividend uplift

Following successful completion of the power station reliability run, Contact's new Tauhara geothermal plant is now undertaking final commissioning activities. This is a significant milestone in the delivery of Contact26, Contact's strategy to lead the decarbonisation of New Zealand.

Tauhara's 30-day power station reliability run was completed on Monday 24th June, with the plant run continuously over that period at around 152 MW[1]. The plant was also successfully tested at the target capacity of 174MW. As Contact completes the final stages of commissioning, Tauhara will be run at 130-135MW for the next two months while modifications are undertaken to address vibrations in a section of the steam separation plant. Once commissioned, Tauhara is expected to operate at around 152MW until further modifications are undertaken during the first planned outage, scheduled for October 2025, to secure long-term generation of 174MW (as previously advised).

Contact's 51.4 MW geothermal plant, Te Huka 3, remains on track to be online in Q4 2024.

The replacement of the Wairakei A&B geothermal power station is the next geothermal development in Contact's pipeline. Contact is targeting a final investment decision in Q4 2024 on a new binary plant of around 100 MW[2], with an indicative construction completion target of mid-2027. A further update, including Wairakei extension considerations, will be provided at Contact's FY24 results in August.

Outlook

Contact's normalised and expected EBITDAF for FY25 is $770m, materially higher than expected in FY24 (see guidance table in Appendix). Contact' FY25 outlook reflects changes to its generation portfolio as it delivers on its Contact26 commitments with Tauhara and Te Huka 3 coming online. Expected geothermal volumes for the year reflect final planned commissioning activities and the statutory four-yearly outage at Te Mihi (which reduces generation by around 150GWh). Large new long-term contracts to the New Zealand Aluminium Smelter (NZAS), Genesis, Oji Fibre and Pan Pac all commence in FY25. With a reduction in expected gas deliveries, geothermal outages will need to be met with acquired generation which has elevated near-term generation costs.

With a long-term contract now in place with NZAS and current geothermal projects at or near completion, Contact expects to deliver a 4cps uplift from its current 35cps annual dividend. This would be phased in 2cps increases across the final FY24 and interim FY25 dividend periods. While the proposed initial ~100 MW Wairakei replacement capex project is under construction, further increases to dividend per share are not currently anticipated.[3]

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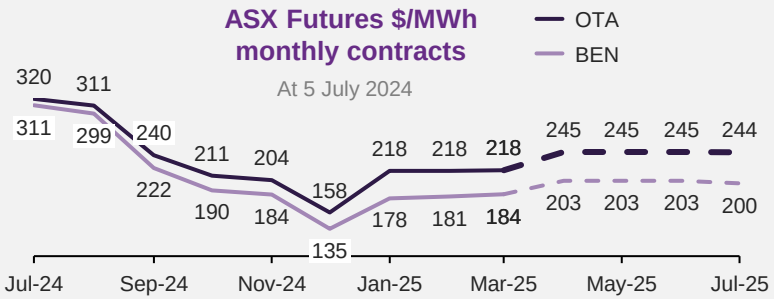
[1] The Guaranteed Net Power Output (GNPO) for Tauhara is 152MW.
[2] Contact expects a scaled new build plant to cost over $7m/MW including approved pre-FID spend.
[3] All dividend decisions are a matter for the Board at the conclusion of each reporting period. These align to the dividend policy and are dependent on business and market conditions when each payment decision is made.

Normalised and expected FY25 EBITDAF

Contracted Uncontracted

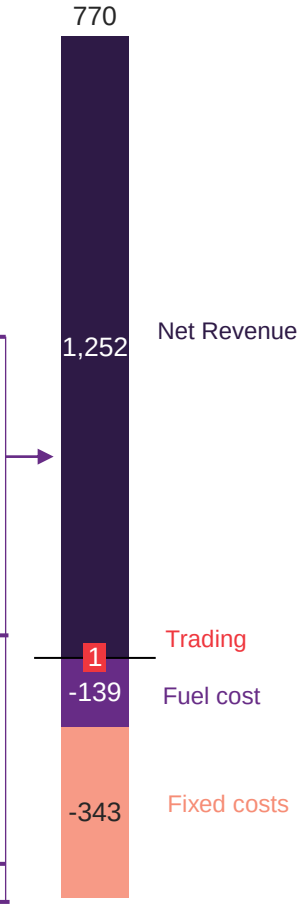


FY assumptions that deliver expected & normalised EBITDAF for FY25

1 Channel choices maximise long term value[1]		x	2 Net price[2] driven by best commercial practices	=	Total
Strategic fixed price	1,900GWh	x	$80/MWh	=	$152m
CFDs	1,770GWh	x	$154/MWh	=	$273m
C&I	1,300GWh	x	$150/MWh	=	$195m
Retail	3,800GWh	x	$154/MWh		$585m
Other income[3]					$47m
					$1,252m

3 Hydrology & Asset availability optimise generation		x	4 Access to and price of fuel* drives financials & risk position	=	Total
				=	
Hydro mean	3,900GWh	x	$0/MWh	=	-$0m
Geothermal average	4,620GWh	x	$4/MWh	=	-$19m
Thermal	350GWh	x	$130/MWh[4]	=	-$46m
Acquired	350GWh	x	$215/MWh		-$75m
					-$139m

5 Trading delivers value to more than offset locational losses		6 Digitalisation & continuous improvement optimise fixed costs	
Length[5]	$86m	Transmission/Storage	-$71m
Location losses[6]	-$85m	Operating expenses	-$272m
Total	**$1m**	**Total**	**-$343m**



1. All volumes are at the Grid Exit Point (GXP)
2. Net price is equal to tariff less pass-through costs (network, meters and levies) /MWh
3. Steam sales, retail gas gross margin, broadband gross margin and other income
4. Gas price of $8.20/GJ, carbon price of $80/unit and thermal portfolio heat rate (10GJ/MWh)
5. Length of 450GWh p.a. assumed
6. Locational losses of 5.1% on spot purchases and settlement of CFDs sold at a wholesale price of $190/MWh

* Fuel is natural gas and carbon costs.
** Retail volume contracted competitive risk remains on pricing achieved.

- Note, these figures are subject to rounding.