



Terms Sheet
Fixed Rate Bonds
Maturing 15 August 2024

18 February 2019



Terms Sheet

Fixed Rate

Green Bonds

Maturing

15 August 2024

18 February 2019

This terms sheet (**Terms Sheet**) sets out the key terms of the offer by Contact Energy Limited (**Contact**) of up to NZ\$100,000,000 of unsecured, unsubordinated, fixed rate, interest bearing bonds maturing on 15 August 2024 (**Bonds**) under its Master Trust Deed dated 23 February 2009 (as amended from time to time) as modified and supplemented by the Supplemental Trust Deed dated 15 February 2019 entered into between Contact and The New Zealand Guardian Trust Company Limited (**Supervisor**) (together, **Trust Documents**).

Important notice

The offer of debt securities by Contact is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Contact's:

- NZ\$222,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 5.80% per annum) maturing on 15 May 2019, which are currently quoted on the NZX Debt Market under the ticker code CEN020 (**CEN020 Bonds**);

- NZ\$150,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 4.40% per annum) maturing on 15 November 2021, which are currently quoted on the NZX Debt Market under the ticker code CEN030 (**CEN030 Bonds**), and
- NZ\$100,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds (which have a fixed interest rate of 4.63% per annum) maturing on 15 November 2022, which are currently quoted on the NZX Debt Market under the ticker code CEN040 (**CEN040 Bonds**),

(the CEN020 Bonds, the CEN030 Bonds and the CEN040 Bonds, together the **Existing Bonds**).

The Bonds are of the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CEN.

The Existing Bonds are the only debt securities of Contact that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

ADDRESS DETAILS:

Issuer: Contact Energy Limited	Joint Lead Manager: ANZ Bank New Zealand Limited	Joint Lead Manager: Bank of New Zealand	Joint Lead Manager : Deutsche Craigs Limited	Registrar: Link Market Services Limited
Harbour City Tower 29 Brandon Street Wellington 6143 04 499 4011	Level 25, ANZ Centre 23-29 Albert Street Auckland 1010 0800 269 476	Level 6, Deloitte Centre 80 Queen Street Auckland 1010 0800 284 017	Level 36, Vero Centre 48 Shortland Street Auckland 1010 0800 226 263	Level 11, Deloitte Centre 80 Queen Street Auckland 1010 09 375 5998



Issuer	Contact Energy Limited	
Description of Bonds	<p>The Bonds are unsecured, unsubordinated, fixed rate, interest bearing debt obligations of the Issuer ranking equally and without preference among themselves and equally with all other outstanding unsecured and unsubordinated indebtedness of Contact, except indebtedness preferred by law.</p> <p>The Supervisor, on behalf of the Bondholders, has the benefit of certain provisions of Contact's deed of negative pledge and guarantee dated 19 May 2005 (Negative Pledge). Among other things, the Negative Pledge provides that the Issuer will not grant any security interest in its assets except under certain limited exceptions set out in the Negative Pledge. The Bonds are not guaranteed by any person.</p> <p>The Bonds are Green Debt Instruments under the Issuer's Green Borrowing Programme certified by the Climate Bonds Initiative (CBI) based on the Climate Bonds Standard. Further information about the Green Borrowing Programme and the Green Borrowing Programme Framework is available on the Issuer's website:</p> <p>www.contact.co.nz/aboutus/sustainability/financial-sustainability</p>	
Financial Covenants	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (all as described in the Negative Pledge) must not exceed 60%.	
Purpose	The proceeds from the issue of the Bonds will be used by the Issuer for the financing of renewable generation and other eligible assets (Green Assets) in accordance with the terms of the Green Borrowing Programme Framework.	
Joint Lead Managers	ANZ Bank New Zealand Limited, Bank of New Zealand and Deutsche Craigs Limited	
Credit Ratings	Issuer Credit Rating	Expected Issue Credit Rating
Standard & Poor's	BBB (stable)	BBB
	A rating is not a recommendation by any rating organisation to buy, sell or hold Bonds. The above credit ratings are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.	
Issue Amount	Up to NZ\$100,000,000	
Opening Date	18 February 2019	
Closing Date	12pm, 22 February 2019	
Rate Set Date	22 February 2019	
Issue Date	1 March 2019	
Maturity Date	Thursday, 15 August 2024	
Indicative Issue Margin	1.45 to 1.55 percent per annum	
Interest Rate	The Interest Rate will be set on the Rate Set Date as being equal to the sum of the Base Rate plus the Issue Margin.	
Base Rate	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Joint Lead Managers in consultation with the Issuer, according to market convention, with reference to ICAP New Zealand Limited (Bloomberg: ICNI > NZD Interest Rate Swaps) (or its successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).	
Issue Price	NZ\$1.00 per Bond	



Interest Payments	<p>Quarterly in arrear in equal payments.</p> <p>The interest paid on the first Interest Payment Date will be for the period from (and including) the Issue Date to the first Interest Payment Date. The interest for this period will be calculated based on the number of days in the period and a 365-day year, rather than being the equal quarterly payment made on the other Interest Payment Dates.</p> <p>Interest paid on the Bonds will be paid to the registered holder of the Bonds on the relevant Record Date.</p>
Interest Payment Dates	<p>15 February, 15 May, 15 August and 15 November each year up to and including the Maturity Date being the dates determined by the Issuer with the prior written consent of the Supervisor and recorded in the register of the Bonds.</p> <p>The first Interest Payment Date is Wednesday, 15 May 2019</p>
Record Date	<p>10 calendar days before the relevant Interest Payment Date or Maturity Date or, if not a Business Day, the preceding Business Day.</p>
Business Day	<p>A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington.</p> <p>If an Interest Payment Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next Business Day.</p>
Minimum Application Amount	<p>NZ\$5,000 with multiples of NZ\$1,000 thereafter.</p>
ISIN	<p>NZCEND0050L0</p>
NZX Debt Market Quotation	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.</p>
NZX Debt Market Ticker Code	<p>CEN050</p>
Transfers	<p>The registered owner of a Bond may transfer that Bond at any time, subject to the terms of the Trust Documents and any applicable securities laws and regulations. Bonds may be transferred using any commonly used written instrument of transfer, by any method of transfer permitted by the NZX Listing Rules dated 1 January 2019 (Listing Rules) or by any other means of transfer of marketable securities which is not contrary to law and which may be operated in accordance with the Listing Rules and which is approved by the Issuer.</p>
Expected date of initial quotation and trading on NZX Debt Market	<p>4 March 2019</p>
Repo-eligibility	<p>Contact intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.</p>
No Event of Default	<p>Failure by the Issuer to:</p> <ol style="list-style-type: none"> 1. allocate the proceeds of the Bonds as described in the Green Borrowing Programme Framework; 2. comply with CBI criteria or the Green Borrowing Programme in respect of the Bonds; 3. maintain CBI certification of the Green Borrowing Programme; 4. comply with any environmental laws and standards in respect of the Green Assets or otherwise; 5. receive further assurance from CBI; 6. comply with the Green Borrowing Programme Framework (including updating its website in respect of the Bonds); 7. notify Bondholders that the Bonds cease to comply with the Green Borrowing Programme Framework or Green Borrowing Programme; or 8. in any other way ensure that the Bonds retain their green attributes,



is not an Event of Default or other default or breach of any obligation under the Trust Documents and does not have the result of requiring, or permitting Bondholders to require, the Bonds to be repaid.

Registrar and Paying Agent	<p>Link Market Services Limited.</p> <p>The Bonds will be accepted for settlement within the NZClear system.</p>
Early Repayment	<p>Bondholders have no rights to require the Issuer to redeem the Bonds early except through the Supervisor in the case of an Event of Default (as set out in the Trust Documents). The Issuer does not have the right to redeem the Bonds early.</p> <p>In the case of an Event of Default (as set out in the Trust Documents) which is continuing unremedied, the Supervisor may declare, and may be directed by an Extraordinary Resolution (as defined in the Trust Documents) of the Bondholders to declare, the principal amounts of the Bonds, together with any accrued interest, to be immediately due and payable.</p>
Supervisor	<p>The New Zealand Guardian Trust Company Limited</p>
Governing Law	<p>New Zealand</p>
Who May Apply & How to Apply	<p>All of the Bonds including any oversubscriptions will be reserved for institutional investors and clients of the Joint Lead Managers and other Primary Market Participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the Bonds.</p> <p>Retail investors should contact the Joint Lead Managers, their financial advisor or any Primary Market Participant for details on how they may acquire Bonds. You can find a Primary Market Participant by visiting www.nzx.com/investing/find-a-participant</p> <p>Any allotment of Bonds will be at the Issuer's discretion, in consultation with the Joint Lead Managers. The Issuer reserves the right to refuse to make any allotment (or part thereof) without giving any reason. The Issuer may deal with oversubscriptions (if any) in its sole discretion.</p> <p>Applications cannot be withdrawn or revoked. Applications may be scaled in the event of oversubscriptions. The Issuer in consultation with the Joint Lead Managers reserves the right to scale at its discretion.</p> <p>Each investor's financial advisor will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such arrangements in place.</p>
Selling Restrictions	<p>It is a term of the offer of the Bonds that the selling restrictions included in this Terms Sheet apply.</p>
Singapore Securities and Futures Act Product Classification	<p>Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the SFA), Contact has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).</p>



The dates set out in this Terms Sheet are indicative only and the Issuer, in conjunction with the Joint Lead Managers, may change the dates set out in this Terms Sheet. The Issuer has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date, or to choose not to proceed with the offer. If the Closing Date is changed, other dates (such as the Issue Date, Interest Payment Dates and the Maturity Date) may be changed accordingly.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Copies of the Trust Documents will be made available by the Issuer for inspection during usual business hours by any Bondholder at the Issuer's registered office listed above (or such office as the Issuer may notify the Bondholders from time to time). Copies of the Trust Documents are also available on the Issuer's website:

www.contact.co.nz/aboutus/investor-centre/investor-information#Bond-information

Investors should seek qualified, independent financial and taxation advice before deciding to invest. Investors will be personally responsible for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

The Supervisor accepts no responsibility for the information contained in this Terms Sheet.

For further information regarding the Issuer, visit www.nzx.com/companies/CEN.



SELLING RESTRICTIONS

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Terms Sheet. This Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

Without limiting the generality of the above, the following selling restrictions apply in respect of each relevant jurisdiction:

Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Relevant Member State except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager, or Joint Lead Managers nominated by Contact for any such offer; or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require Contact or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **"offer of the Bonds to the public"** in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression **"Prospectus Directive"** means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to Contact.

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

Singapore

Each Joint Lead Manager has acknowledged that this Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Bonds have not been and will not be offered or sold, or made the subject of an invitation for subscription or purchase nor may the Terms Sheet or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds be, nor will it be, circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;



- 2) where no consideration is or will be given for the transfer;
- 3) where the transfer is by operation of law;
- 4) as specified in Section 276(7) of the SFA; or
- 5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Bonds (including this Terms Sheet) has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- a) make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- b) distribute or publish, any Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia,

unless:

- i. the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- ii. the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- iii. such action complies with all applicable laws, regulations and directives; and
- iv. such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

By applying for the Bonds under this Terms Sheet, each person to whom the Bonds are issued (an **Investor**):

- a) will be deemed by Contact and the Joint Lead Managers to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - i. that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - ii. the sale offer is received outside Australia;

and

- b) will be deemed by Contact and the Joint Lead Managers to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

Hong Kong

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMPO)**) or which do not constitute an offer to the public within the meaning of the C(WUMPO). No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to ‘professional investors’ as defined in the SFO and any rules made under the SFO.

Japan

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in “*ha*” of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.



United States of America

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (**Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of Contact, any Joint Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts in relation to the Bonds, and each of Contact, any Joint Lead Manager have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the Tranche of which such Bonds are part, as determined and certified by any Joint Lead Manager, except in accordance with Rule 903 of Regulation S under the Securities Act. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

'The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the 'Securities Act') or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.'

Until 40 days after the completion of the distribution of all Bonds of the Tranche of which those Bonds are a part, an offer or sale of the Bonds within the United States by any Joint Lead Manager, or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

Indemnity

By its subscription for the Bonds, each Bondholder agrees to indemnify Contact, the Joint Lead Managers and the Supervisor and each of their respective directors, officers and employees for any loss, cost, liability or expense sustained or incurred by Contact, the Joint Lead Managers or the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out above.



CBI disclaimer

The certification of the Issuer's Green Borrowing Programme by the Climate Bonds Initiative is based solely on the Climate Bonds Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Bonds, the Green Borrowing Programme, any other Green Debt Instrument or Green Asset, including but not limited to this Terms Sheet, the Trust Documents, any transaction documents, the Issuer or the management of the Issuer.

The certification of the Green Borrowing Programme by the Climate Bonds Initiative was addressed solely to the board of directors of the Issuer and is not a recommendation to any person to purchase, hold or sell the Bonds (or any other Green Debt Instruments in the Green Borrowing Programme) and such certification does not address the market price or suitability of the Bonds or the Green Borrowing Programme for a particular investor. The certification also does not address the merits of the decision by the Issuer or any third party to participate in the Bonds, any other Green Debt Instruments or any Green Asset and does not express and should not be deemed to be an expression of an opinion as to the Issuer or any aspect of the Bonds, any other Green Debt Instruments or any Green Asset (including but not limited to the financial viability of the Bonds, any other Green Debt Instruments or any Green Asset) other than with respect to conformance with the Climate Bonds Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative.

The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Green Debt Instruments, Green Asset or the Issuer. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Green Debt Instruments or Green Asset. The certification may only be used with the Green Borrowing Programme and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Bonds (or any other Green Debt Instruments in the Green Borrowing Programme and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

Joint Lead Manager disclaimer

None of the Joint Lead Managers nor any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this term sheet or its contents or otherwise arising in connection with the offer of Green Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this term sheet; and (c) make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this term sheet and accept no liability (except to the extent such liability is found by a court to arise under the Financial Markets Conduct Act 2013 or cannot be disclaimed as a matter of law).



Retail Bond Offer Investor Presentation

Dorian Devers, Chief Financial Officer

Louise Tong, Head of Capital Markets & Tax

Joint Lead Managers



DeutscheCRAIGS

February 2019

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(the CEN020, CEN030 and CEN040 Bonds, together the **Existing Bonds**).

The Bonds are of the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CEN

The Existing Bonds are the only debt securities of Contact that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Disclaimer

This document does not constitute a recommendation by the Issuer, ANZ Bank New Zealand Limited, Bank of New Zealand and Deutsche Craigs Limited (together, Joint Lead Managers), The New Zealand Guardian Trust Company Limited (Supervisor), nor any of their respective directors, officers, employees, affiliates or agents to subscribe for, or purchase, any of the Bonds.

To the extent permitted by law, none of the Issuer, Joint Lead Managers or Supervisor nor any of their respective directors, officers, employees, affiliates or agents accept any liability whatsoever for any loss arising from this document or its contents, or otherwise in connection with the offer or any person's investment in these Bonds.

This document is for preliminary information purposes only and is not an offer to sell or the solicitation of an offer to purchase or subscribe for the Bonds and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Speaker Profiles



Dorian Devers

Chief Financial Officer

Dorian joined Contact in December 2018 as Contact's Chief Financial Officer. Dorian has led successful transformations in both the UK and South Africa. He has successfully delivered a number of acquisitions including transactions in the Australian and New Zealand energy sector

He has governance experience having served on the Board of Afrox, a publicly listed company and the largest industrial gases business in Africa, as well as being a previous Board member of Liquigas, a New Zealand LPG infrastructure business



Louise Tong

Head of Capital Markets & Tax

Louise is responsible for funding, liquidity and financial market risks, investor relations and tax at Contact. Prior to joining Contact in December 2011 she worked for 15 years in the banking industry in New Zealand, principally in corporate finance and financial markets. Louise holds a degree with Honours in Civil Engineering from the University of Canterbury and a Masters in Applied Finance from Victoria University of Wellington

Louise is current Chair of the Institute of Finance Professionals NZ, INFINZ, and acts as an independent advisor in the Auckland Council Treasury Management Steering Group

Agenda

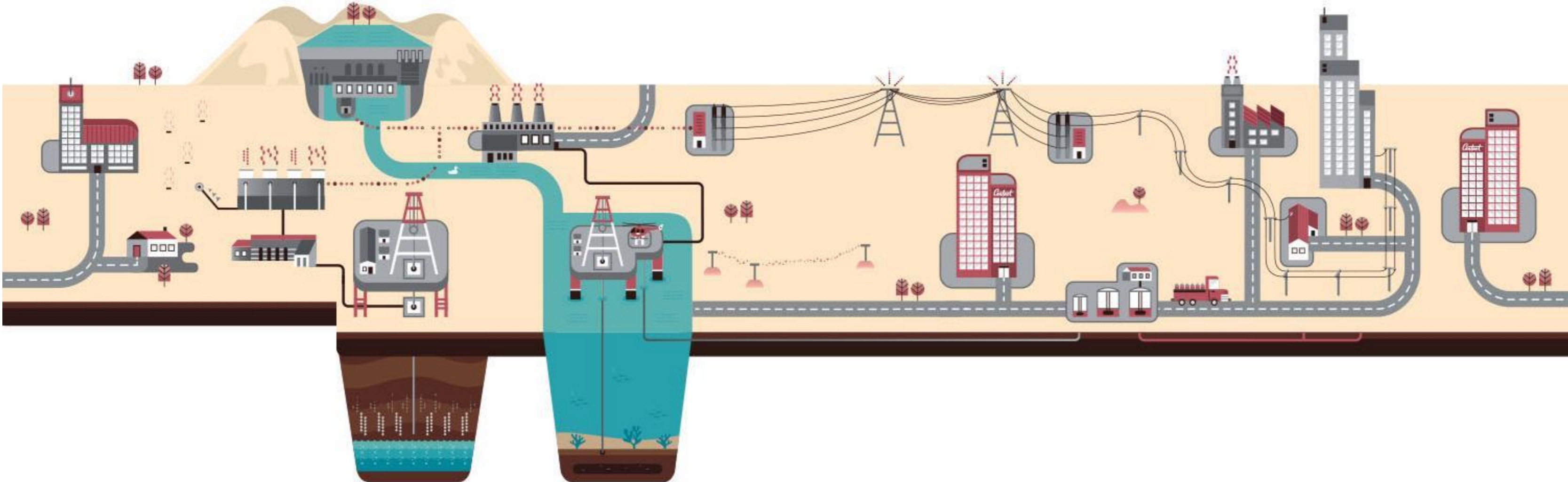
1	Electricity market overview	
2	Contact overview	Dorian Devers
3	Business performance update	
4	Capital structure and funding	Louise Tong
5	Bond offer information	Joint Lead Managers



Electricity market overview

Dorian Devers
CFO

New Zealand electricity market



5 Major generators

1/2 Hourly wholesale spot market

1 State-owned national transmission grid operator

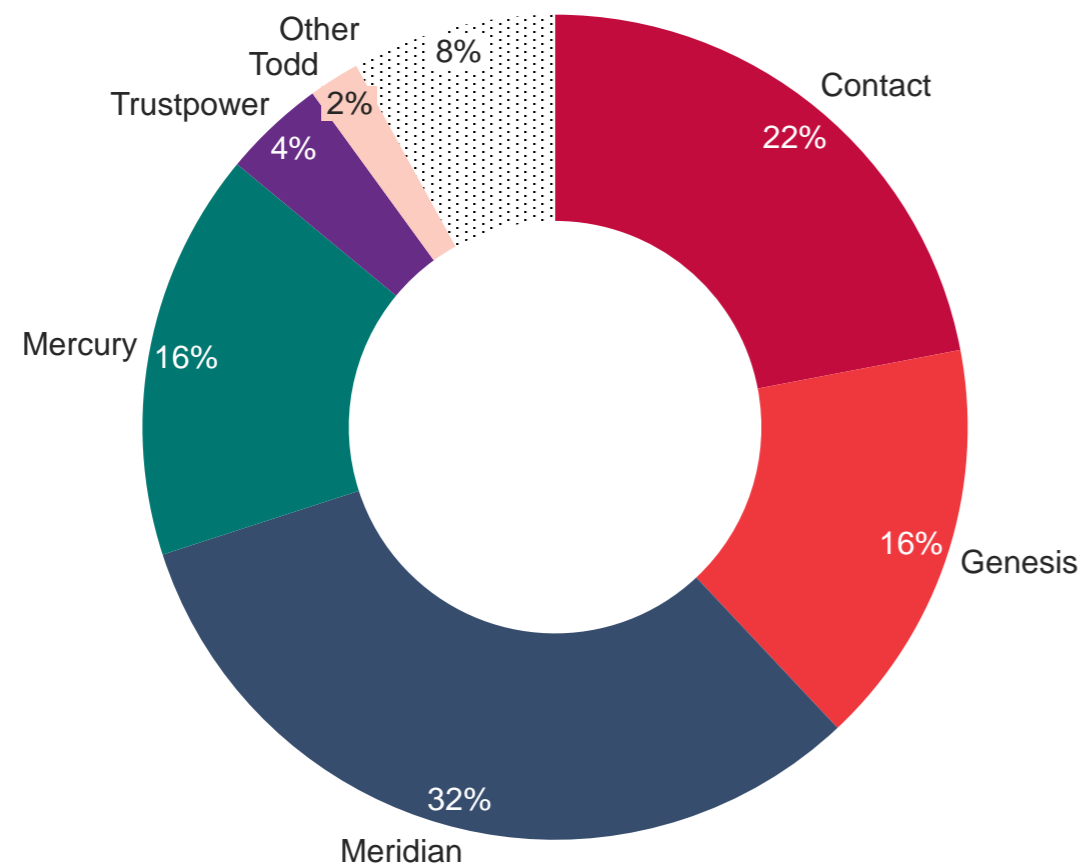
29 Distribution businesses

31 Retailers (36 brands)

2.1 Million consumers

The five largest energy companies are all vertically integrated and publicly listed

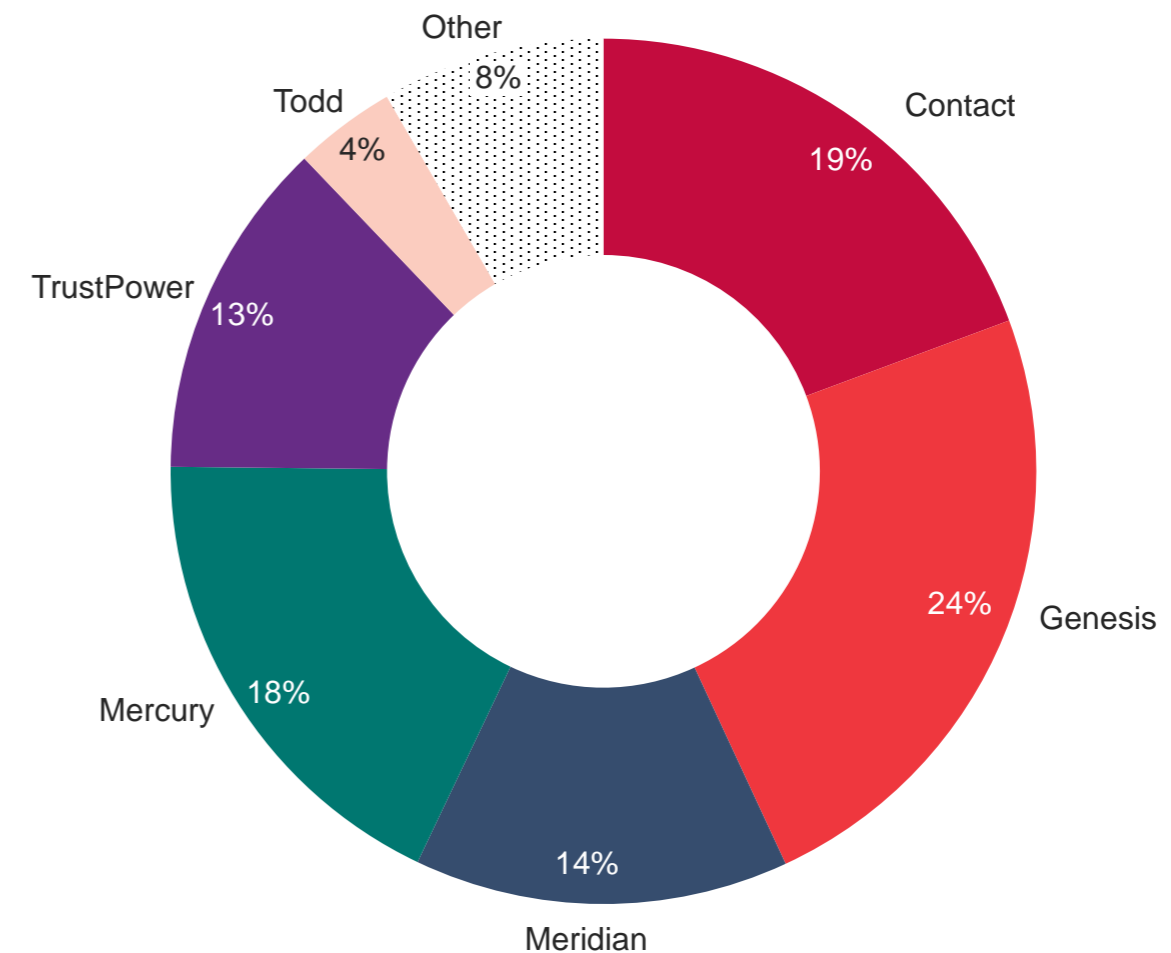
Generation market share by volume



Source: Electricity Authority (year ended 31 December 2018)

- Year-to-year generation market share varies depending on hydrology
- Contact has a diverse generation portfolio allowing management of exposure to spot market volatility

Retail electricity market share by customer connections



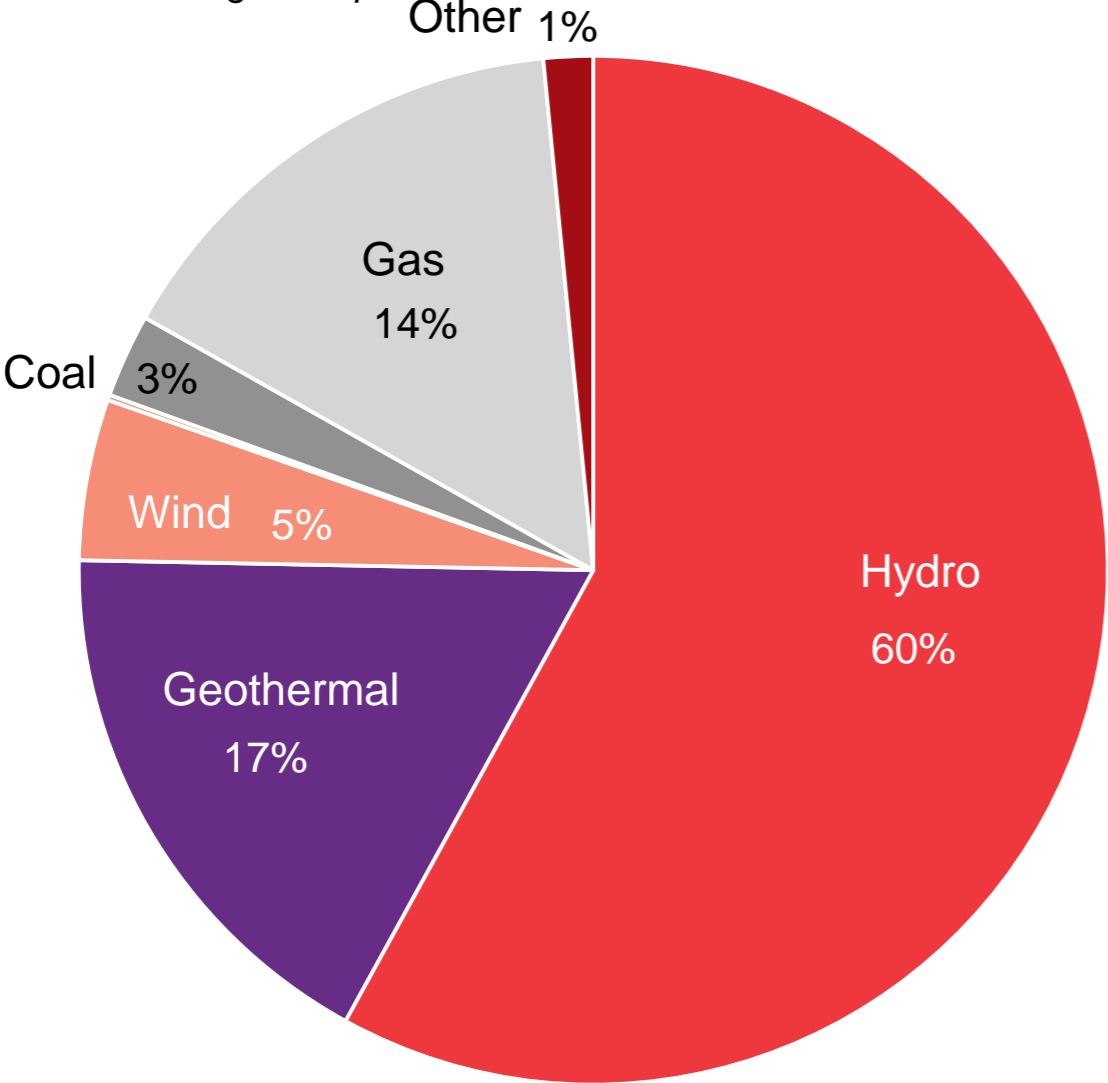
Source: Electricity Authority (as at 31 December 2018)

- Meridian supplies the Tiwai smelter which accounts for approximately 14% of total national electricity demand

New Zealand electricity supply is over 80% renewable

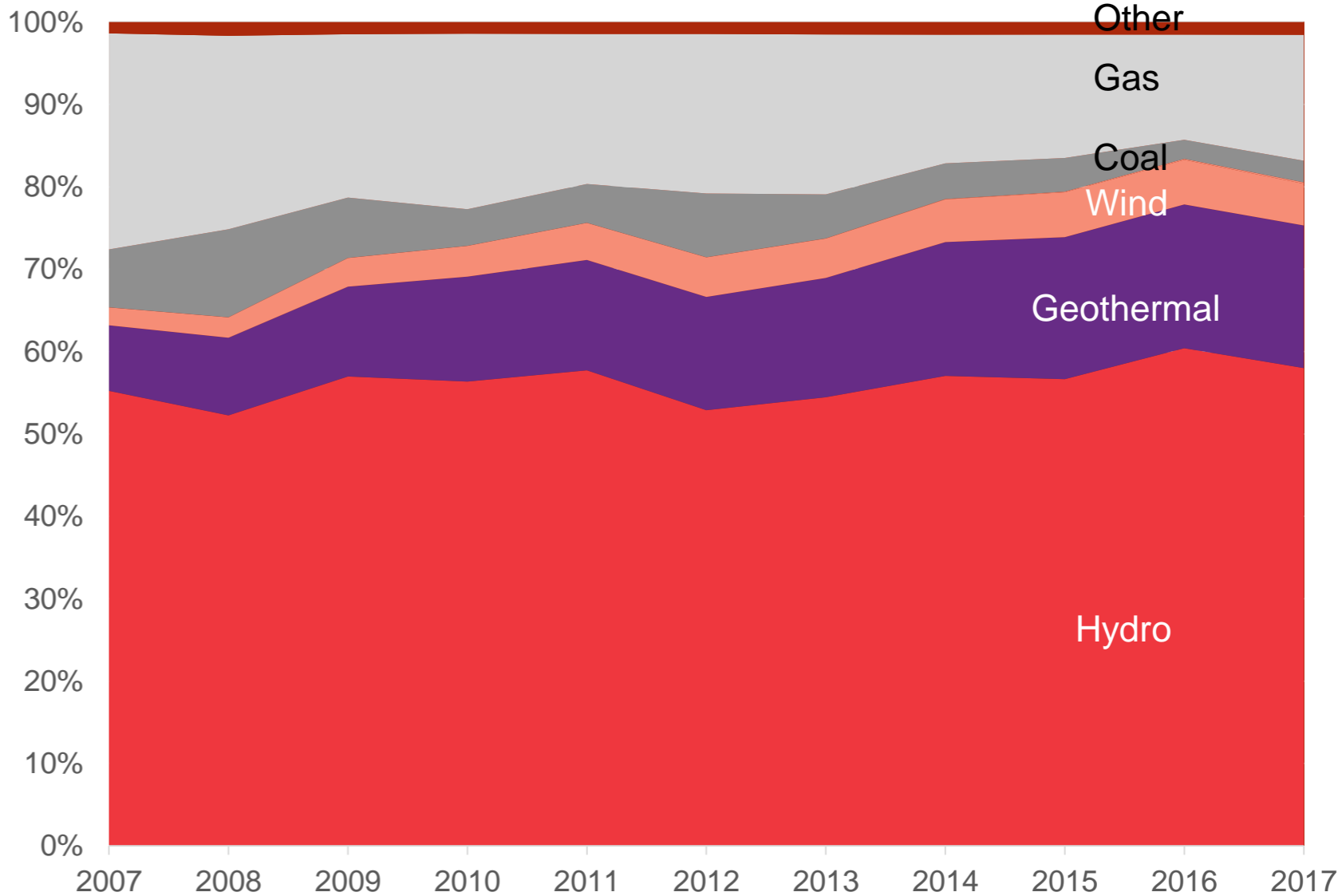
Electricity generation mix

Source: MBIE quarterly electricity generation and consumption survey
12 months ending 30 September 2018



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

New Zealand electricity supply



» New Zealand has added subsidy free renewable generation in a period of flat demand which has displaced fossil fuels. The percentage of renewables is now over 80%, up from 65% in 2007

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

Long term prices impacted by the fundamental supply and demand balance

- » Estimated population growth of over 200k by 2023
- » Electrification of transport

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

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

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



- » Average household consumption falling through energy efficiency

- » Tiwai - early termination option (Tiwai electricity demand is around ~14% of the annual New Zealand electricity demand)

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

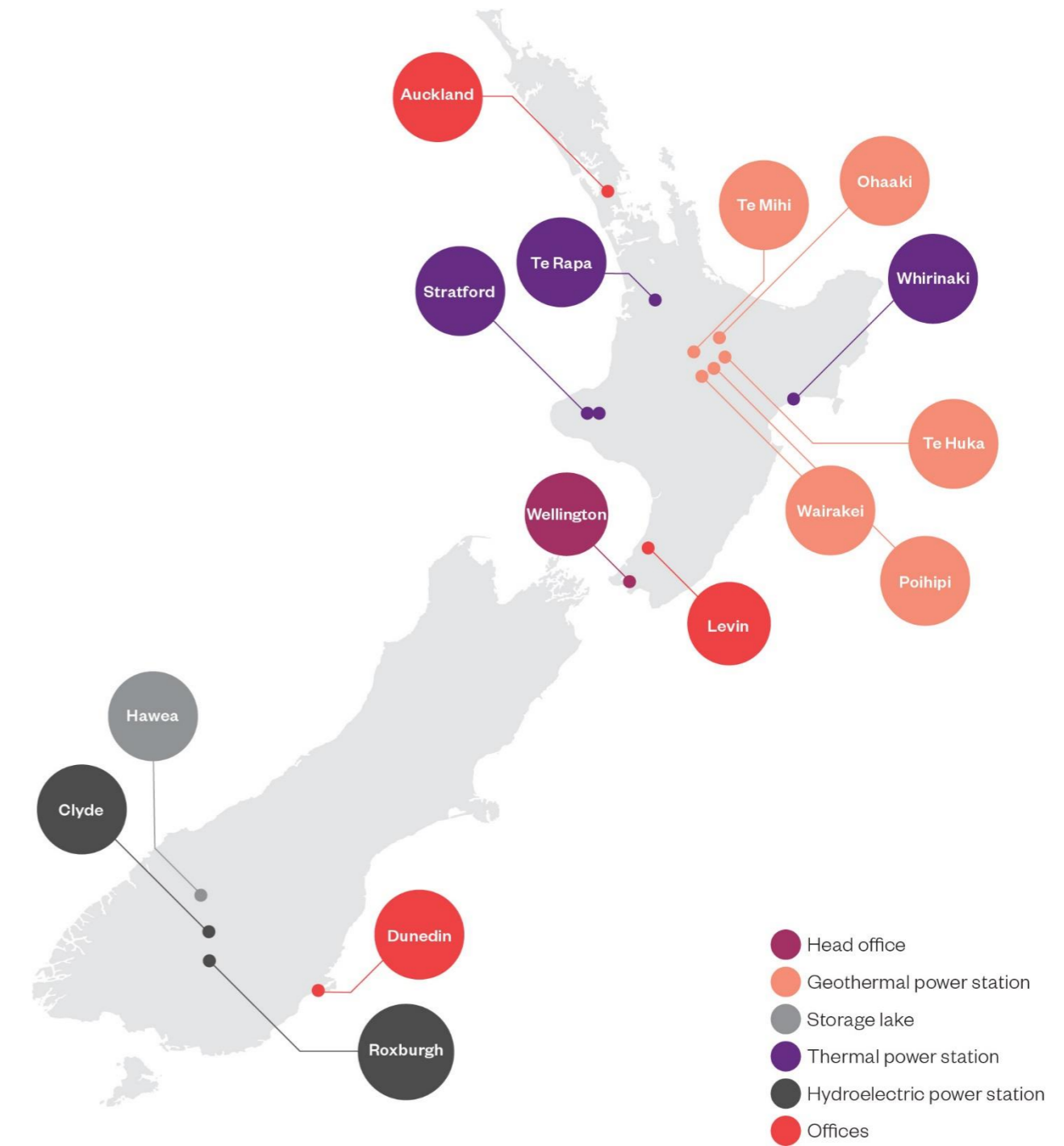
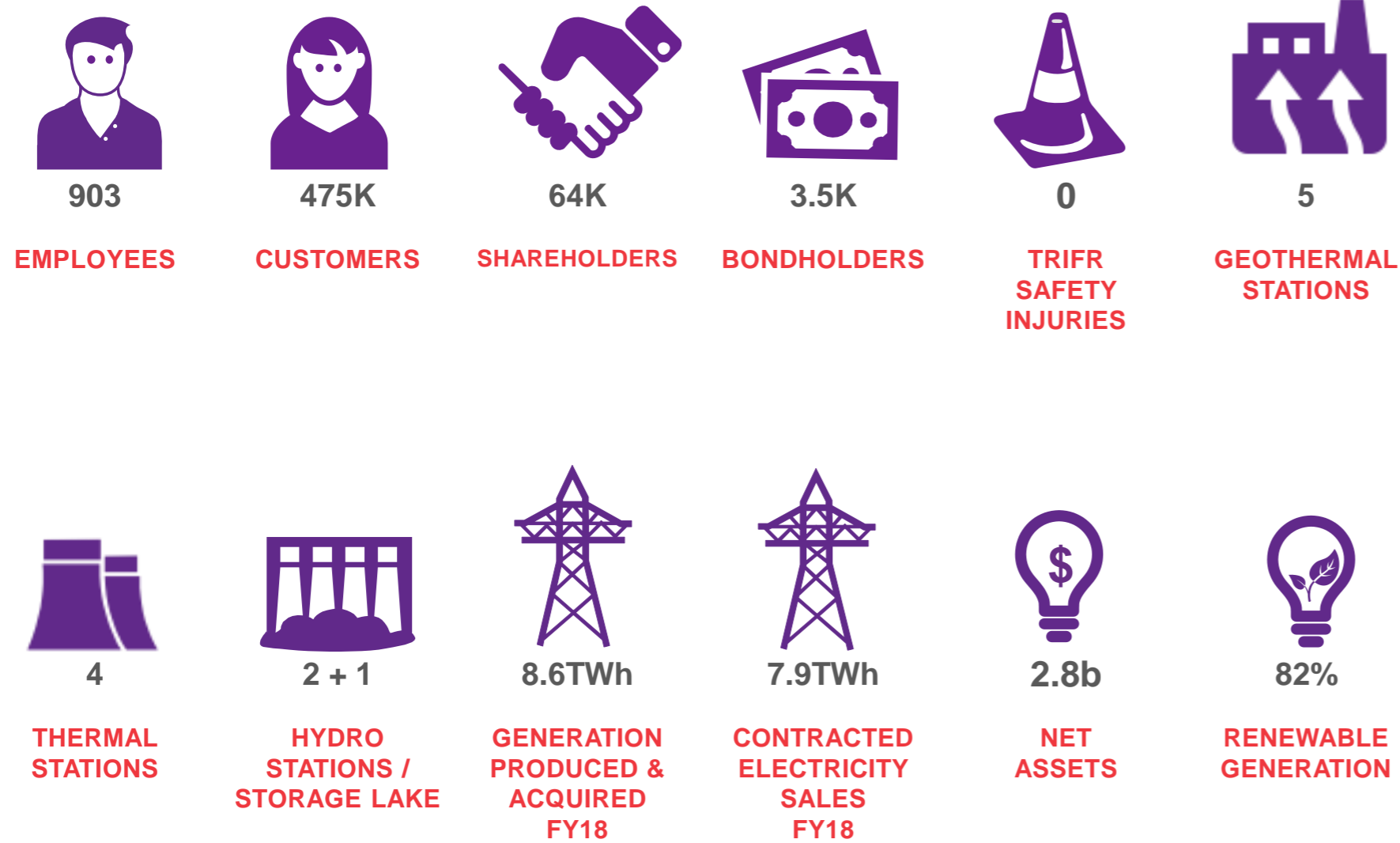
- » Only one natural gas producing basin, with a reserves / production ratio of 12 years
- » Carbon price increasing, currently at the cap



Contact overview

Snapshot of Contact

We are an integrated electricity, gas and LPG business



* Except as noted, all figures as at / 6 months to 31 December 2018

Operations have a national footprint with 11 power stations totalling 1,969 MW capacity

Our strategy

Optimise the Customer and Wholesale businesses to deliver strong cash flows

CUSTOMER

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

WHOLESALE

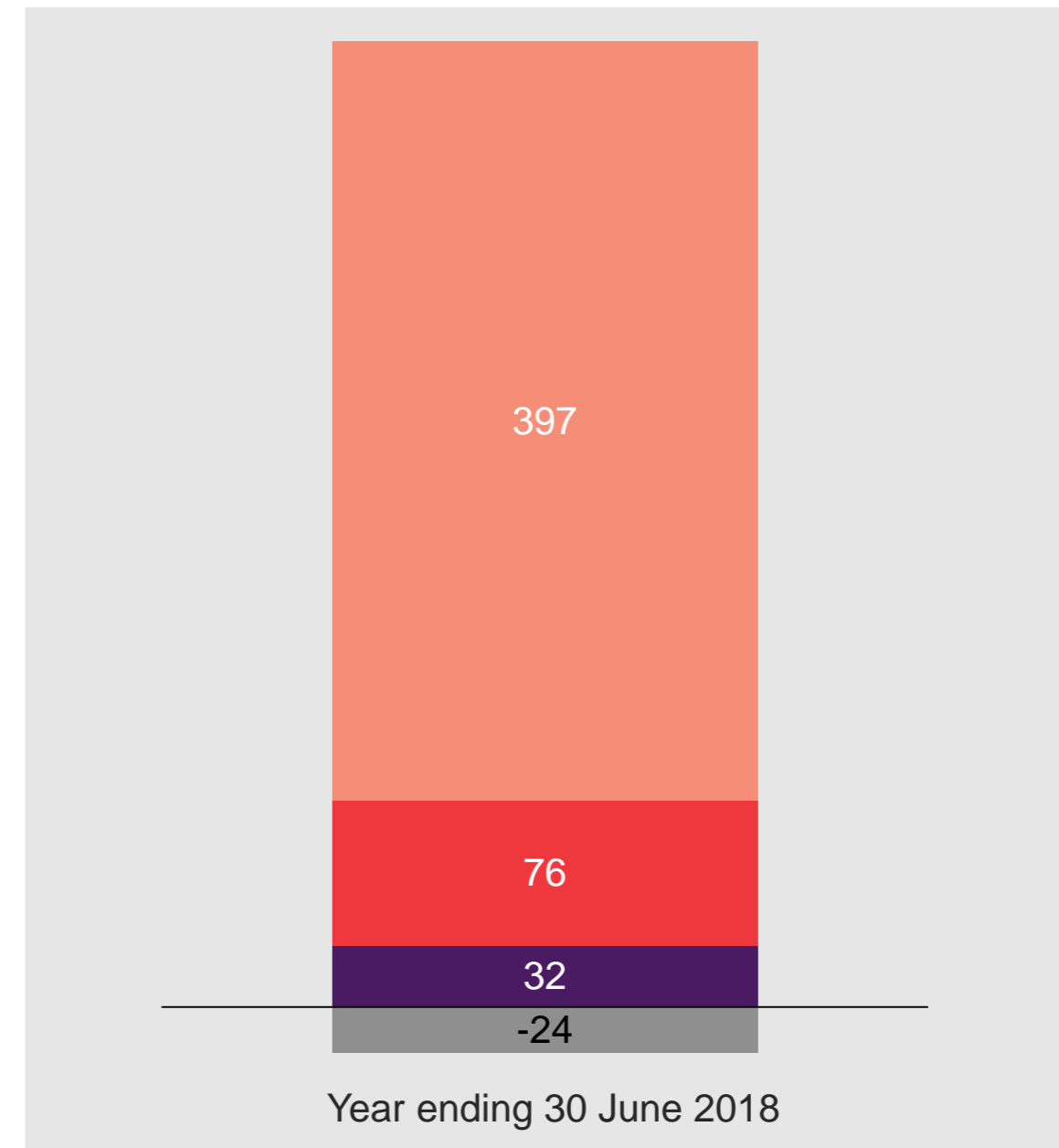
An innovative, safe and efficient generator working with business customers, partners and suppliers to decarbonise New Zealand's energy sector

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

Well run generation and wholesale operations currently drive most cashflow

EBITDAF segmentation (\$m)

- Customer business provides important contribution to overall operations, but generation drives high proportion of total cashflows
- Corporate overheads well managed



Wholesale LPG (disposed of in November 2018)
Customer Corporate



Business performance update

Retail Bond Offer
Investor presentation

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Execution of the strategy will capture value



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



Wholesale

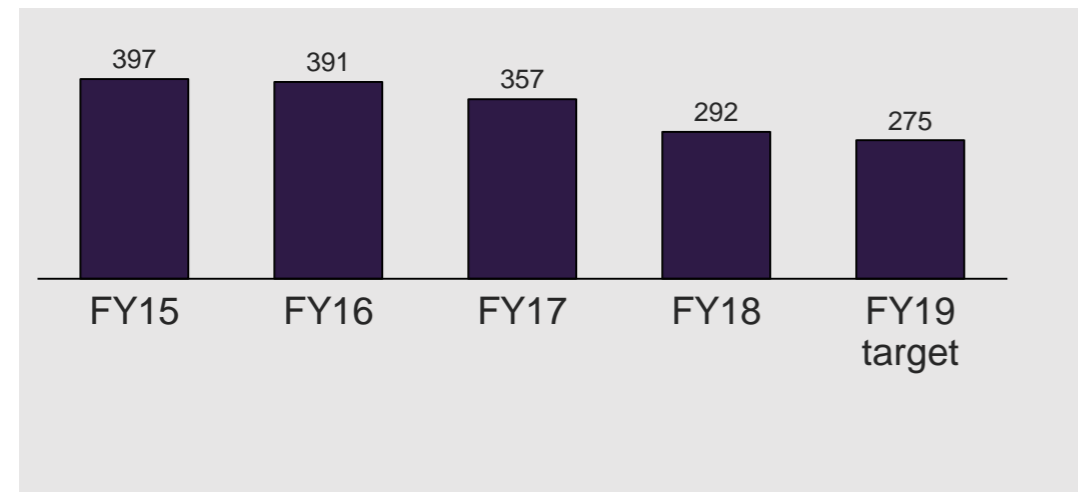
- » Sustainable cost reduction balanced against risk
- » Strengthen geothermal capability to remain as a recognised world leader
- » Partner with customers on mutually beneficial decarbonisation opportunities
- » Develop options to enable the economic substitution of thermal generation with renewables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

Capital discipline to continue

..and deliver continued operational improvement

MAINTAINING FINANCIAL DISCIPLINE

CONTROLLABLE OPEX AND CAPEX COSTS (\$m)



SAFE AND ENGAGED EMPLOYEES

TOTAL RECORDABLE INJURY FREQUENCY RATE

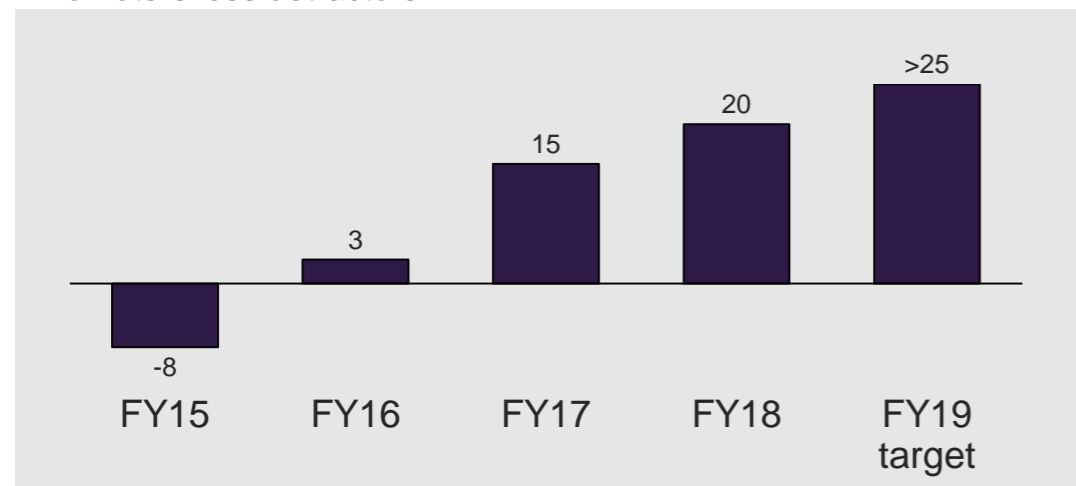
Recordable injuries per million hours worked



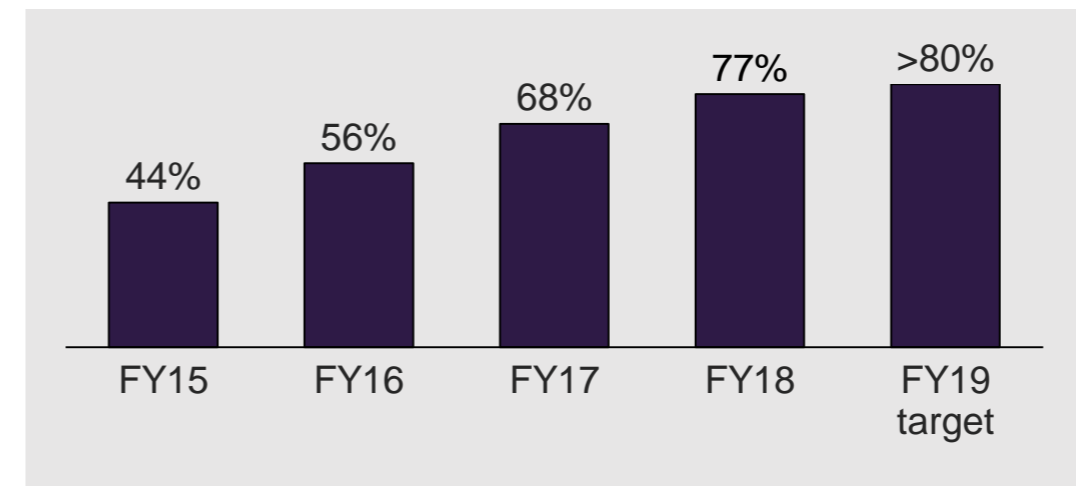
BUILDING CUSTOMER ADVOCACY

NET PROMOTER SCORE

Promoters less detractors

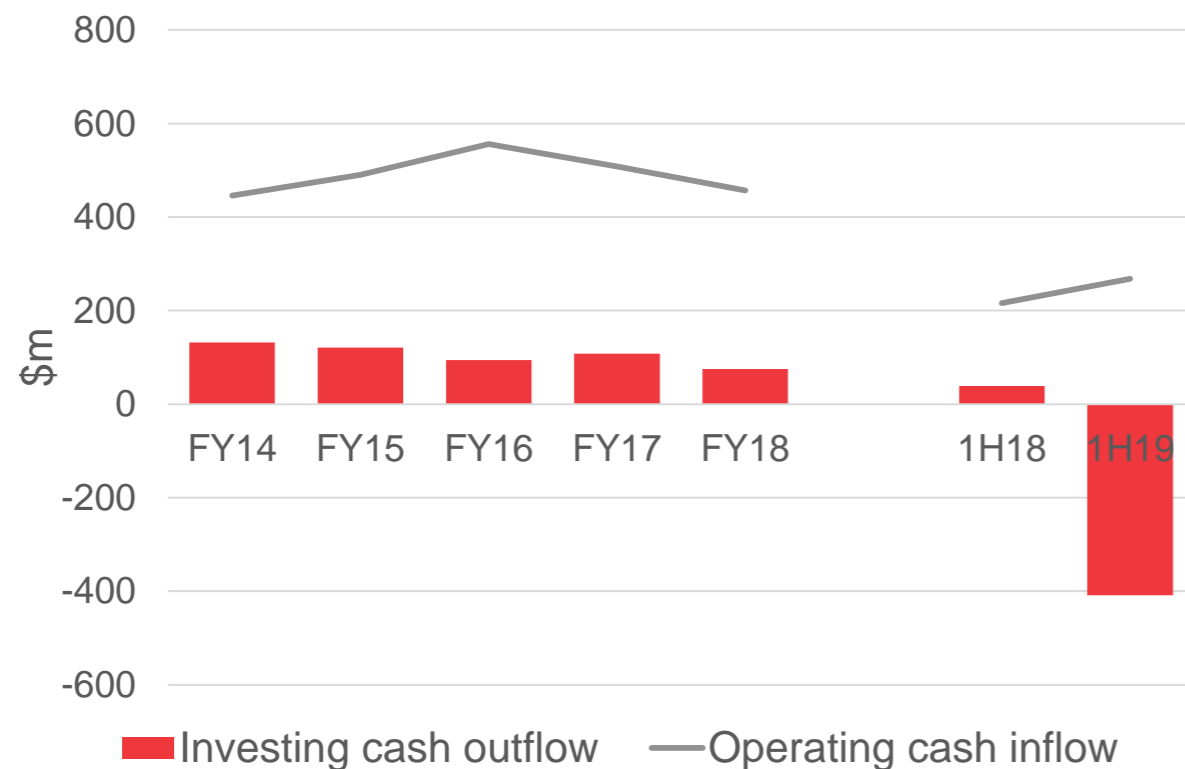


EMPLOYEE ENGAGEMENT (%)

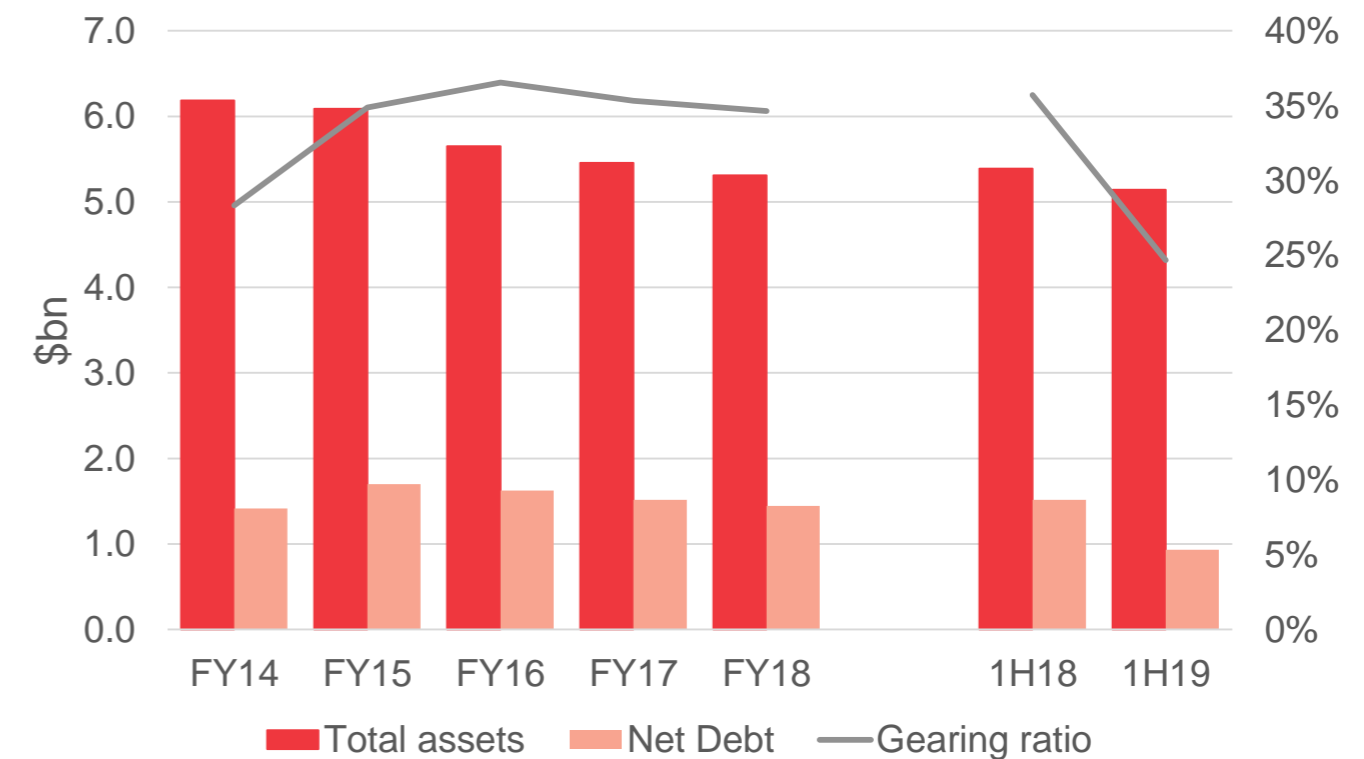


Operating cashflow remains strong and balance sheet gearing managed within BBB metrics

Group operating and net investing cashflow



Balance sheet & gearing



- » Focus and discipline managing opex and capex underpins strong net cashflows in all hydrological conditions
- » Gearing increased in FY15 and FY16 due to capital management initiatives and one-off impairments reducing the book value of equity. As at 31 December 2018, net debt was \$0.93bn (including finance leases), relative to shareholders' equity of \$2.84bn, putting gearing (net debt / net debt + shareholders' equity) at 24.7%



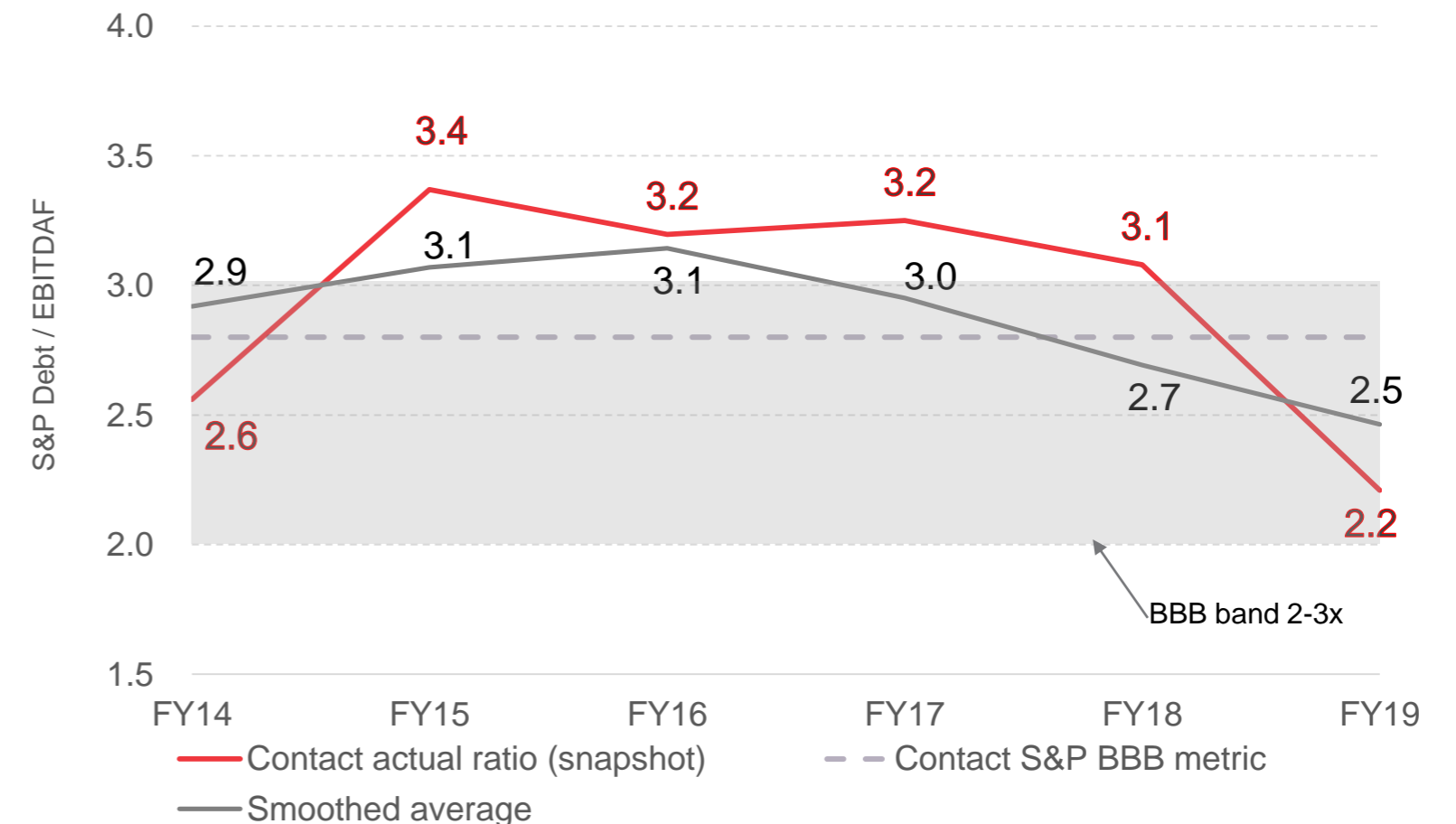
Capital structure & funding requirement

Contact remains committed to a BBB credit rating

Contact has had a BBB rating since 2002 - why BBB?

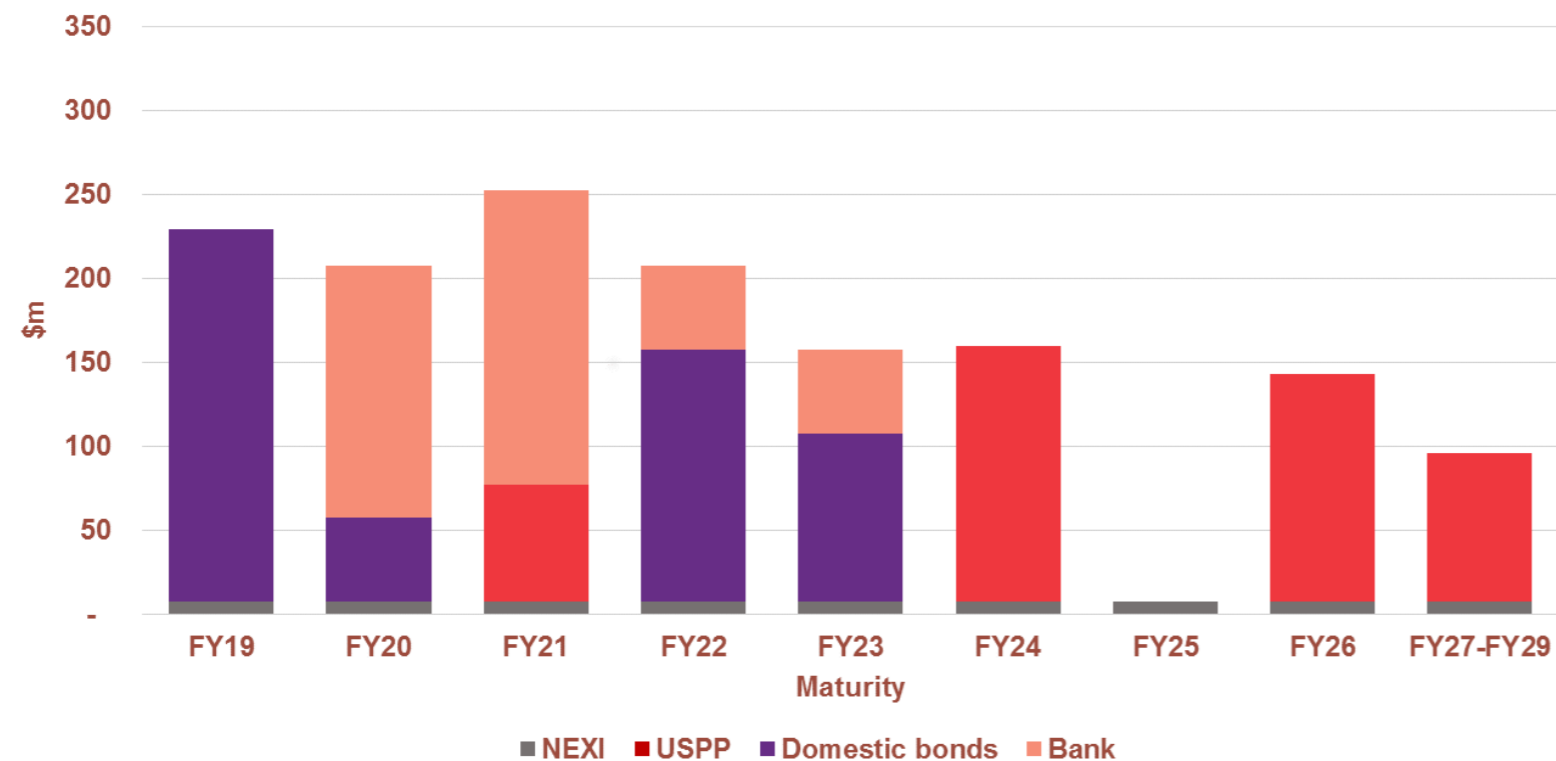
- ✓ Solid foundation for the management of operational and financial risks
- ✓ Efficient capital structure
- ✓ Access to diverse sources of funding markets and jurisdictions
- ✓ Attractive relative pricing and terms
- ✓ A margin of safety within the investment grade rating
- ✓ Key S&P metric net debt / EBITDA ratio of 2.8x

Contact's S&P Debt / EBITDAF Ratio is now comfortably back within BBB band

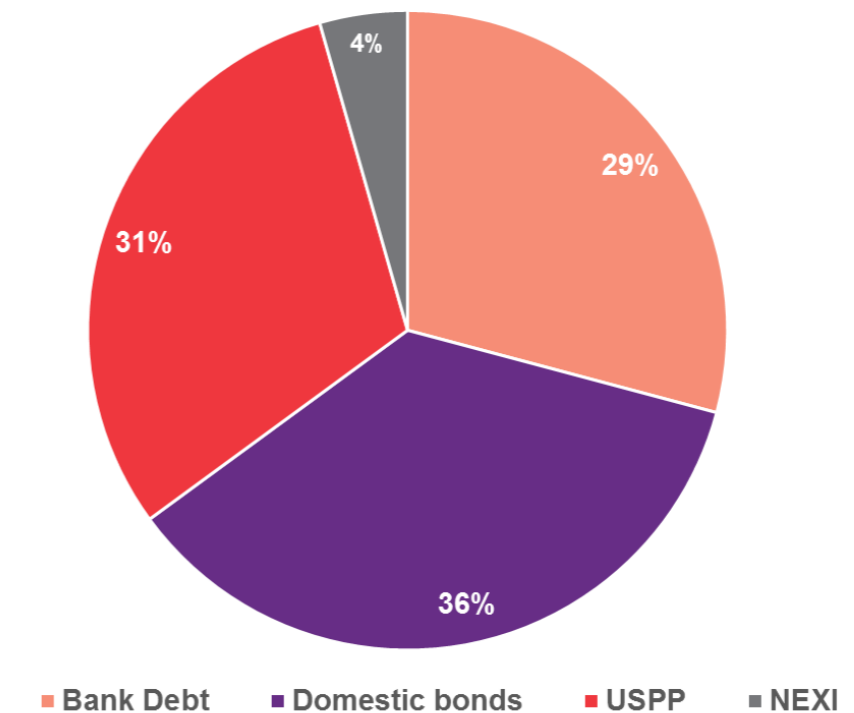


Contact's balance sheet is supported by a robust funding portfolio

Funding maturity profile (at 31 December 2018)



Funding sources (at 31 December 2018)



- Contact benefits from a funding portfolio that is flexible, efficient, diverse and has a manageable maturity profile:
 - As at 31 December 2018, \$425m total committed bank facilities (\$0 drawn) and \$80m commercial paper
 - Addition of the new bond issue will extend portfolio duration
- Funding requirement arises from maturity of \$222m of domestic retail bonds on 15 May 2019
- Contact has issued domestic bonds at least once every two years since 2007, demonstrating its commitment to this market

Green Borrowing Programme

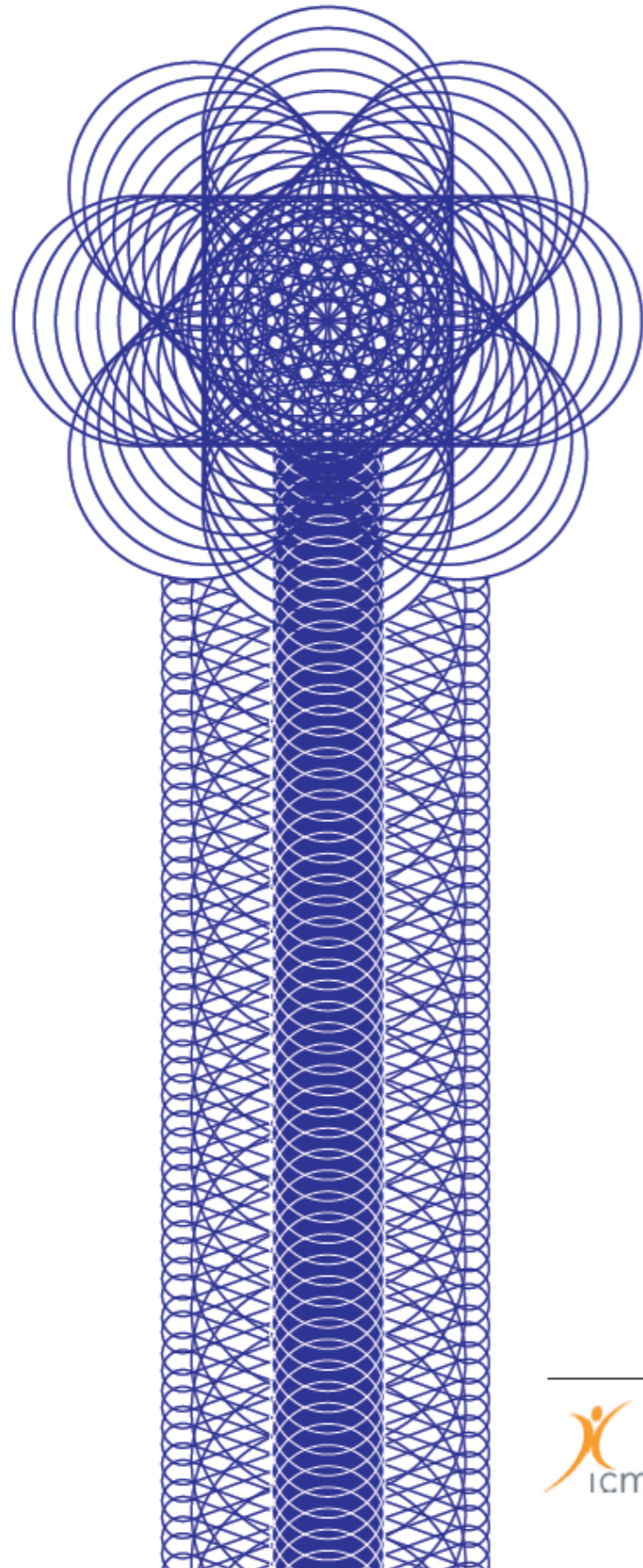


In August 2017, Contact obtained green certification from the Climate Bonds Initiative for all debt in the funding portfolio – the “Green Borrowing Programme”

- The proceeds of the Green Borrowing Programme are used to finance existing and future renewable generation assets that meet the Green Bond Principles and the Climate Bonds Standard (Green Assets). All of Contact’s geothermal assets (excluding Ohaaki) qualify to be included as eligible Green Assets
- Through certification, the Green Borrowing Programme means Contact’s funding portfolio reflects the low carbon nature of the company’s renewable generation assets and aligns with our focus on decarbonisation

The new 2019 bond will be a certified Green Bond

- The 2019 bond will be the first new bond issue under Contact’s Green Borrowing Programme and the first new Green Bond issue by a New Zealand corporate
- The Green Borrowing Programme has been independently verified by EY. As at 30 June 2018, the emissions intensity (of the Green Assets) was 35gCO₂/kWh, well below the 100gCO₂/kWh required under the standard, and the Green Ratio (Eligible Green Assets / Green Debt Instruments) was 1.08 times
- Further information about the Green Borrowing Programme and the Green Borrowing Programme Framework is available on the Issuer's website: www.contact.co.nz/aboutus/sustainability/financial-sustainability
- Note that lack of compliance with the Green Borrowing Programme Framework or the CBI standards is not an event of default in relation to the bonds



Certification



Climate
Bond
Certified

This is to certify that the

Contact Energy 2024 Retail Bonds

Issued by

Contact Energy Limited

Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the
Climate Bonds Initiative

29.1.2019

SEAN KIDNEY

CEO of the Climate Bonds Initiative



CALSTRS IIGCC



Climate Bonds Initiative

Contact credit highlights

Independent board with diverse experience and perspectives

Vertically integrated business with diversified portfolio

Well run, largely renewable generation drives value

Leveraging technology investment across large customer base

Significant positive free cash flow

Strong balance sheet

BBB S&P issuer rating since 2002

Diversified funding with well spread maturity profile

Regular issuer in domestic retail market

Green Borrowing Programme



Bond offer information

Retail Bond Offer
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Key terms of the offer

Issuer	Contact Energy Limited	
Description	Unsecured, unsubordinated, fixed rate obligations of the Issuer	
Purpose	The proceeds from the issue of the Bonds will be used by the Issuer for the financing of renewable generation and other eligible assets (Green Assets) in accordance with the terms of the Green Borrowing Programme Framework	
Negative Pledge	The Supervisor, on behalf of the Bondholders, has the benefit of certain provisions of Contact's deed of negative pledge and guarantee dated 19 May 2005, as amended (Negative Pledge)	
Issue Amount	Up to NZ\$100,000,000	
Maturity Date	15 August 2024	
Interest Rate	The sum of the Base Rate plus the Issue Margin, on the Rate Set Date as set out in the Terms Sheet	
Indicative Issue Margin	1.45 – 1.55% p.a.	
Interest Payments	Quarterly in arrear in equal payments on 15 February, 15 May, 15 August and 15 November. Interest paid on the first Interest Payment Date will be for the period from (and including) the Issue Date to the first Interest Payment Date (Wednesday, 15 May 2019)	
Application Amounts	Minimum NZ\$5,000 with multiples of NZ\$1,000 thereafter	
Listing*	It is expected the Bonds will be quoted under the ticker code CEN050 on the NZX Debt Market	
Issue Credit Rating Standard & Poor's	Issuer Credit Rating BBB (Stable)	Expected Issue Credit Rating BBB
Financial Covenant	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders' funds (as described in the Negative Pledge) must not exceed 60%	
Repo-eligibility	Contact intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations	

Key dates and offer process

Date	Process
18 February 2019 (Monday)	Offer opens
18 – 19 February 2019	Roadshow presentations in Auckland and Wellington and investor call
22 February 2019 (Friday)	Offer closes – bids due 12pm
22 February 2019	Allocations and rate set
1 March 2019 (Friday)	Issuance and settlement date
4 March 2019 (Monday)	Expected date of initial quotation
15 May 2019 (Wednesday)	First Interest Payment Date
15 August 2024 (Thursday)	Maturity Date



Questions?

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