



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	14 October 2014
From	Helen Hardy	Pages	11
Subject	CONTACT ENERGY - ANNUAL GENERAL MEETING		

Contact Energy held their Annual General Meeting today. Attached are the following documents which Contact Energy has released to the NZX:

- Chairman's Address
- CEO's Address
- Annual General Meeting Results

Origin Energy holds 53.09% of quoted ordinary shares in Contact Energy Limited.

Regards

Helen Hardy
Company Secretary

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Chairman's Address to Contact Energy 2014 Annual Meeting of Shareholders

For immediate release

Tuesday 14 October 2014

The 2014 financial year has been one of significant achievement.

Financial performance has been sound with underlying earnings after tax of \$227 million up 12 per cent compared to the prior year and free cash flow, including the purchase and sale of fixed assets, for the year of \$201 million, up \$109 million on the prior year.

Given the year's performance, your Directors have resolved that the final dividend should be increased one cent per share to the equivalent of 15 cents per share. This makes a total distribution for the year of 26 cents per share, representing a payout ratio of 84 per cent of underlying earnings after tax. All distributions have been paid as fully imputed cash distributions.

Our balance sheet is strong with a number of financing transactions undertaken during the year to ensure the company had sufficient liquidity to fund its activities and maintain a BBB credit rating.

Two major projects were also successfully completed during the year. The company's investment in new retail systems, which we called Retail Transformation, was completed with the stabilisation activity, often necessary after large system investments, nearly complete. The investment in the \$623 million geothermal power station at Te Mihi was also completed with this project now making a significant contribution to Contact's earnings and cash flow. Your CEO, Dennis Barnes, will talk further about these in his presentation shortly.

The completion of these investments puts Contact in a strong competitive position and well placed to produce consistent earnings and strong free cash flow.

These outcomes for the year are achievement enough, but I think are best viewed in light of events that began seven years ago.

Until then Contact was generating a substantial amount of energy from its fleet of thermal power stations using relatively cheap and flexible gas available to it under legacy take-or-pay gas contracts. This was at the then core of the Company's competitive advantage but all began to change when gas contracts became less flexible and gas prices began to rise in response to predicted shortages in indigenous supply. The unexpected removal of Pole 1 transmission capacity between the North and South Islands also significantly impacted the connection between our generation assets and customer demand.

With reducing flexibility of Contact's portfolio, increasing renewable generation supply in the market, and diminishing demand growth, it became clear to us that Contact's reliance on its gas position and in particular the take-or-pay nature of those gas contracts was becoming a source of inflexibility - a liability not an asset.

For these reasons Contact entered a significant period of change characterised by substantial investment to improve the flexibility of its investments in generation and the competitiveness of its business.

This period was characterised by investment in;

- the Ahuroa gas storage project and associated gas pipeline projects to allow gas to be injected and withdrawn from storage to better reflect demand.
- the 200 MW Stratford and the 155 MW Whirinaki peaking plants to make generation more able to respond to changes in demand for electricity.
- the 166 MW Te Mihi geothermal power station to increase the amount of low marginal cost renewable generation.
- the Retail Transformation project to improve the quality and competitiveness of products and services it can offer its customers.
- repositioning the Company's customer base to better match its position in fuel and generation.

During this period Contact also reviewed all of its activities, as a result Contact discontinued development of wind generation and divested a number of assets, including its gas metering business, the New Plymouth power station and a number of properties no longer required for the effective future conduct of its business.

In November 2013 the interconnector capacity between the North Island and South Island was finally restored, coinciding with the completion of all these investments and restoring the flexibility that Contact's hydro generation in the South Island brings to Contact's business.

It is also worth noting that this all occurred through a period of significant uncertainty: economic uncertainty triggered by the global financial crisis and policy uncertainty leading up to the partial privatisation of the previously state-owned energy companies, a step we believe was a sound initiative to put all energy companies on the same competitive basis. The significant uncertainty around the potential restructuring of the industry under proposals known as the single buyer policy were, we believe, an unwarranted intervention in a market that is working effectively.

Contact now has a much more flexible portfolio of fuel and generation with a significantly lower operating cost and the customer systems to compete effectively in this very competitive energy market in New Zealand. Contact also has access to some of the best undeveloped geothermal resources in the world to be developed when demand for energy requires this to be done. With little requirement for more capital investment in the short to medium term Contact will be a strongly cash generative business able to fund whatever opportunities the future has to offer.

During this period of significant change Contact has been well led by your current CEO Dennis Barnes and his predecessor David Baldwin who set much of this change in motion. They and their colleagues have demonstrated the strategic, tactical and executional skills to manage this change and equip Contact with world leading skills particularly in geothermal generation. These skills will provide the basis for the ongoing growth and development of your Company.

As we report to shareholders today all of these initiatives and issues are behind us and Contact is very well placed to face the future whatever challenges it will most certainly bring.

In concluding, I would like to thank my colleagues on the Board, your Directors, for their contribution during the year. We also thank Dennis and all the team at Contact for their ongoing efforts on your behalf.

We would also like to thank you, our shareholders for your continued support of the company.

Thank you.

ENDS

CEO's Address to Contact Energy 2014 Annual Meeting of Shareholders

For immediate release

Tuesday 14 October 2014

Tēnā koutou katoa,
Ki ā tātou kua huihui mai i tēnei rā,
nau mai haere mai ki runga i te kaupapa – te hui-ā-tau.
Na reira tēnā koutou, tēnā koutou, tēnā koutou katoa

I am Dennis Barnes, your CEO. I'd like to join Grant in welcoming you here to Wellington and to this, our 16th AGM.

You heard us sing our waiata - mai i runga. We sang this as a leadership team at a breakfast with our neighbours at Wairakei on the Te Mihi opening day and when we signed the Ohaaki mitigation agreement. The waiata was gifted to us a couple of years ago and us singing it is our way of showing respect.

Let me introduce you to my leadership team.

I'm pleased to say that you will recognise most of the names; although, some of their roles may have changed:

- Seated with the Board is Paul Ridley-Smith, Contact's General Counsel. We announced a month ago, this will be Paul's last AGM as he takes a well earned break before moving on to new challenges. Thank you Paul for your hard work; I know the team and I will miss your insights and challenge.
- Graham Cockroft is Contact's Chief Financial Officer.
- James Kilty is Contact's Chief Generation & Development Officer. James has spent the past year leading the implementation of our Retail Transformation programme.
- Nick Robinson is Contact's General Manager Corporate Affairs.
- Annika Streefland is Contact's General Manager of People and Culture.
- Mark Corbitt is our General Manager Information, Communication and Technology
- Tania Palmer is our General Manager Health and Safety.
- I would also like to welcome Vena Crawley to our leadership team. Vena started yesterday in the newly created role of Chief Customer Officer. The New Zealand retail electricity market is amongst the most competitive in the world and I am excited to have someone of Vena's calibre joining the team as we look to continue our recent improvements and leverage the system investments we have made.

At the end of this meeting I hope you will enjoy a cup of tea with us, introduce yourself to members of the team and share with us any thoughts you have about the company and its direction.

Now let's look at the year in review.

Our 2014 financial results reflect the progress we have made in all aspects of the business. I firmly believe that we are delivering on our promise we made to you to focus on improving our operational performance. When I look back on the past year there have been seven key events, strengthening our business as well as providing a more stable environment in which to operate;

1. The Pole 3 and the North Island grid upgrades allow our generation to more readily flow to customers
2. The State Owned Generators privatisations have been completed
3. Our \$905m refinancing programme completed
4. We switched on our new customer billing and service system
5. Te Mihi was commissioned
6. The National party was re-elected removing a degree of regulatory uncertainty
7. Contact commenced a television advertising campaign for the first time in 10 years promoting our brand and customer promise

I'll touch on some of these and some others more specifically now.

Health and safety remains our top priority at Contact. I firmly believe that the attitudes and processes that ensure everyone at Contact can return home safely every day to their families are closely connected to a company that performs well financially.

Our safety performance as measured by Total Recordable Injury Frequency Rate was flat for FY14 with 17 injuries occurring across four million hours worked on Contact Sites. It's disappointing that we did not improve on this measure during the year but I am pleased to say we have started the current year well with only one minor injury in the first 3 months.

Our focus for the next year is on continuing to evolve our positive safety culture. We are once again targeting a 20 per cent improvement in our safety performance.

We believe that New Zealand has to make a step-change in how it manages work related hazards and safety risks and we have been vocal and supportive during the process to revise the Health and Safety Act.

I'm pleased to say that during the year Te Mihi was completed and has been delivering lower cost, renewable geothermal electricity to New Zealand for five months.

Te Mihi is the newest member of our family of five geothermal power stations that together can power about 400,000 kiwi homes. Officially opened in August, it sits on the Wairākei steamfield and is a state-of-the-art geothermal power station that maximises generation efficiency and minimises the cost of each megawatt of electricity produced.

Within Contact, the development and operation of Te Mihi has contributed to an exponential growth in expertise. Earth scientists, chemists, operators, managers, and engineers of every kind have contributed to the development of Te Mihi and are now a part of our highly skilled geothermal workforce.

Flexibility is at the heart of Te Mihi's design. With two 83 MW steam turbines, the plant has been designed to make the best use of steam and maximise capacity. A vast network of pipes connects Te Mihi to the Wairākei steamfield, increasing overall efficiency and generation reliability, and allowing maintenance to be performed without the need for a costly shut down of the entire station.

With Te Mihi completed, geothermal generation now counts for a third of Contact's annual average generation and brings to an end an unprecedented period of investment.

In the last year we signed the Ohaaki Mitigation Agreement, a critical step in developing a mutually beneficial and respectful relationship with local hapu, Ngāti Tahu.

After 17 years of discussion we reached an agreement and are now working together on protecting their tāonga, or ancestral resources, while using leased land as part of our Ohaaki power station generation activities.

Reaching agreement was critical in enabling us to re-consent the Ohaaki power station for a further 35 years.

On the retail side of our business it's fair to say that the retail market continues to be highly competitive and we have worked hard to retain customers in a market defined by high levels of customer switching activity. During the year the number of customers switching electricity providers increased by 10 per cent. A continued focus on customer service and competitively priced products saw Contact's retail sales increase by one per cent.

In April we switched on our new customer billing and service system, which marks a major milestone in a multi-year transformation programme and a significant investment into the future of Contact.

The new system integrates and simplifies our information technology environment, but it is also designed to improve the quality of service we will be able to provide.

We are making good progress bedding in this new system.

The Retail Transformation programme represents an extraordinary effort by the people of Contact. It retires 20 old IT systems into one, integrates over 2,000 business processes and has migrated hundreds of thousands of customers data.

While the majority of customers won't have noticed our system change and have been enjoying things such as our new bill format and online functionality, there have been a small number who have experienced delays in receiving their bills or faced longer wait times when trying to get in touch with our contact centre soon after the system was switched on. We've been working hard to resolve these issues, ensuring no one is financially affected by any delays on our part and supporting impacted customers.

As we do each year, we have Customer Service Representatives here today to help with any specific queries you may have as a customer.

Our customers tell us that we need to offer simple, more transparent products and services that are connected to their needs, and that is what we are working towards to help our customers live more comfortably with energy.

We are well on the way to changing the way we do things, you may have seen our new ads on TV, or online, heard them on the radio or perhaps you've visited our new-look website. Following on from the introduction of our new brand last year, we've been taking a different approach to how we communicate with existing and potential customers, and this is something that will also take further shape in the next year.

Pricing and customer disconnections are two key issues that continue to be a focal point for the industry. Our approach involves regularly reviewing our pricing across the country so we strike a balance between providing a fair, reliable and competitive service, while remaining a profitable business. Part of our new customer proposition that we are promoting is products such as pay on pay day and smoothpay which gives customers more certainty about their monthly bill and greater flexibility around when they pay it.

It is also important to understand that not all of the costs in a power bill are within our control. A large part of a customer's bill is for Transmission and Distribution services that we do not control. Our job is to pass them on effectively and these may cause prices to change, up or down. As we committed to last year, the part of the energy and service components of the bill that we can control has not increased. It is likely that with the current oversupply in the market and the continued intense competition those prices will not rise for the foreseeable future.

As I mentioned earlier, we have created a new leadership role - 'Chief Customer Officer' which has been filled by Vena Crawley, to further strengthen our focus on customers, and to lead the charge in this area.

Contact prides itself on being the neighbour you'd want to have. It's a philosophy that we put in place in 2007, and it has helped guide us in all our community engagement and investment.

This year, we invested \$700k into New Zealand communities. We have funded groups such as 'Waicare' a community water quality monitoring and action programme that supports the restoration of local waterways in Auckland; 'Swim Well' in Taupō, which has provided free swimming lessons for thousands of kids in Taupō; and events which are important to the

communities themselves such as the Epic Mountain Bike race, the Alexandra Blossom Festival and the Contact Lake Taupō Challenge.

We have also entered into a new partnership with the Ākina Foundation, supporting the growth and development of social enterprises. Social enterprises are commercial businesses that aim to deliver social or environmental impact.

We are the co-principal partner of Ākina's programme called Launchpad, which is an intense 6 month programme that's helping eleven teams to get their businesses off the ground. The teams have some absolutely fantastic ideas like 'CareEd 4' who are developing alternative childcare options for working families; or 'Ora', who are creating innovations to support workplace health and safety measures; or 'Rate-my-flat' who are developing an online platform to share information about the quality of their housing.

There are plenty more of these wonderful businesses involved in this programme, and Contact are proud to be right there supporting them from the beginning.

Now to the future.

Our priorities for the year ahead are fairly simple;

We will be leveraging our existing asset base through integrating Te Mihi into our generation portfolio and increasing the amount of energy we produce from renewable sources.

We will improve our customers experience and reduce the cost of servicing our customers by realising the benefits of the implementation of our new customer billing and service system.

We will ensure that our thermal generation capacity provides security and attracts a fair return. The addition of Te Mihi to our generation fleet has reduced our generation costs, which combined with lower future gas take-or-pay constraints and having New Zealand's only gas storage facility, means our thermal power stations will only operate when we can achieve an economic return. These factors will help to make our earnings more predictable.

All of this work is only made possible by the energy, commitment and discipline of our people at Contact and through your financial support, as shareholders.

The Leadership Team and I are very proud of the Contact team and what they have achieved this year.

I would also like to thank the Board members for their contribution. The guidance and support they provide me remains invaluable.

We've had some major successes that stand us in good stead for the future. Our focus now is to leverage the investments we have made in both the generation and retail sides of our business, and to continue to position ourselves to meet the needs of customers and the market.

As you can see, our company, Contact, is in a great position to be able to rise to the opportunities and challenges ahead.

Thank you.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.

ENDS



14 October 2014

Contact Energy 2014 Annual Meeting Results

Contact Energy Limited (Contact) is pleased to advise that all the resolutions were passed at its Annual Meeting of Shareholders held today in Wellington.

Resolution		Result	Proxies lodged with voting instructions in respect of the resolution
Resolution 1	That Grant King, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company	Passed by show of hands	For: 540,704,539 (99.01%) Against: 4,530,215 (0.83%) Discretionary: 867,700 (0.16%)
Resolution 2	That Sue Sheldon, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company	Passed by show of hands	For: 544,533,405 (99.71%) Against: 717,107 (0.13%) Discretionary: 859,353 (0.16%)
Resolution 3	That the directors be authorised to fix the fees and expenses of the auditor	Passed by show of hands	For: 545,103,234 (99.83%) Against: 67,794 (0.01%) Discretionary: 885,969 (0.16%)

Paul Ridley-Smith
General Counsel