To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	15 October 2013
From	Helen Hardy	Pages	12
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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Tuesday 15 October 2013

Chairman's Address to Contact Energy 2013 Annual Meeting of Shareholders

Some of you may recall the last AGM we held in Christchurch was shortly after the September 2010 earthquake. On that visit we viewed the substantial damage caused by the first earthquake. It was, of course, devastating to all to then see a second, more severe and deadly quake the following February.

However, in the short time that we have been here this week, the courage and resilience of the people of Christchurch and Canterbury is reflected in the rebuilding of the city and the community. Contact has played its small part in this challenge, and looks forward to continuing to be a part of the community for the long term.

We are delighted to back in Christchurch for our 15th AGM and thank you all for joining us today.

Progress on our strategy

About six years ago we recognized the importance of making Contact Energy's generation and fuel portfolio more flexible to respond effectively to changes in the New Zealand energy market. We have seen the impact of the loss of capacity in electricity transmission between the North and South islands, which has increased the risk to our earnings under varying weather conditions and higher gas prices. Fortunately, this lost capacity has finally being replaced. We have also seen substantial reductions in forecast demand for electricity with further risk around the continued operations of the Tiwai smelter. Notwithstanding declining demand, there have been continuous additions to generation capacity, particularly in wind and geothermal energy.

Contact responded to the changing nature of the electricity market, investing over $2 billion over the past six years in improving the flexibility and diversity of our generation assets as well as the systems and processes that support the business. It is therefore encouraging that over the past two years we have been able to deliver consistent profits during a range of hydrology sequences, transmission constraints and plant outages; particularly in what remains an oversupplied and highly competitive market.

Examples of our flexible and diverse fuel portfolio in action include:

- The Stratford peakers and the Whirinaki power station allow us to manage risks during low priced periods when we limit our combined cycle generation to save on fuel costs.
- We have seen more aggressive use of our hydro storage levels during drier sequences.
- Further decrease in contracted gas volumes allows our Ahuroa gas storage facility to be utilised more fully, allowing us to use much more of our take-or-pay gas than in prior years.
- Increases in renewable generation and reduced gas take or pay volumes enable more economic operation of the combined cycle plants. We expect that following the

commissioning of Te Mihi these plants will increasingly operate only when wholesale prices reflect the full cost of capacity and fuel.

- In addition to how we have operated our power stations, we have retained our focus on remaining competitive in the retail market which has seen sales remain stable – a considerable accomplishment considering the high levels of customer churn and generally suppressed demand.
- Most importantly, we also achieved a 31 per cent reduction in the total recordable injury frequency rate.
- Also last year, following a full assessment of our generation development opportunities, the decision was made to impair the portfolio of wind generation opportunities and some land assets. In light of current over supply of capacity and lack of demand growth, we decided to exit the Hauauru ma raki (HMR) wind project and to not proceed in the foreseeable future with the Waitahora wind project.
- Now we are quickly coming to the end of the current capital investment programme with two significant projects due to complete in the next few months which will add to the ongoing competitiveness of the our business.
- Construction and commissioning of the 166MW Te Mihi geothermal development near Taupo continues with commissioning and is well advanced. As well, our programme of implementing SAP into our Retail business remains on track to be implemented at the end of this year and I am confident that the transition to the new system will proceed smoothly.

Dennis will describe these activities in more detail shortly.

Capital investment and funding

We are now approaching the end of that programme and it is pleasing to see improvements in financial performance and a business that is more resilient to changing market conditions.

For the financial year ended 30 June 2013, EBITDAF increased by 6 per cent to $541 million, and underlying earnings after tax for the year were $202 million, an increase of 15 per cent from the year before. This is the third consecutive year of earnings growth.

During the year, as our capital investment programme reached its final stages, we invested $336 million, a 42 per cent decreases – or $247 million – on the previous year. This was primarily due to the Te Mihi development entering a less cash intensive phase post-completion of the majority of physical works in the 2012 financial year.

In order to further strengthen and improve balance sheet flexibility, we have put in place a number of financing and liquidity arrangements to replay $705 million of debt facilities that mature in financial year 14. We issued $100 million of wholesale bonds in May 2013 and have executed agreements with US-based investors to issue NZ$301 million of notes in the first half of the 2014 financial year.

We also continued to sell non-core assets, completing the sale of our gas metering business, the former New Plymouth power station and surplus land for a total of $115 million. Additionally, Contact has $450 million of committed bank facilities that remain undrawn.

We expect that capital expenditure will wind down this year, with committed capital expenditure in the forward years remaining substantially reduced.
Once the Te Mihi and Retail Transformation projects are complete and our refinancing is in place the Board expect the business will generate significant surplus cash-flows in the years ahead.

Distribution to shareholders

Given the year’s performance and the end of our current capital investment programme approaching, your Directors have resolved that the final distribution to shareholders should be increased 2 cents per share to the equivalent of 14 cents per share. Making a total distribution for the year of 25 cents per share, representing a payout ratio of 91 per cent of Contact’s underlying earnings per share. As signalled at last year’s AGM, the distributions were paid as fully imputed cash distributions.

Outlook

Looking to the future we expect to benefit from the resolution of two issues that had previously impacted earnings. Transmission network upgrades that include the completion of an additional HVDC inter-island link will improve the connectivity of Contact Energy’s generation and markets to the North and South islands, and the reduction in gas take-or-pay commitments will increase flexibility in the gas and generation portfolio. In addition, the completion of Te Mihi geothermal power station will provide Contact Energy with additional lower cost generation.

While we expect little growth in demand for electricity, when New Zealand does experience increased demand for electricity or older, less efficient plant is retired, Contact is well positioned with some of the most competitive development opportunities, particularly in geothermal power generation.

However, the development of large projects, such as power stations, is a lengthy and capital intensive process. In a capital intensive sector it is important to avoid creating an environment of uncertainty. The sector has shown its ability to manage operational risk but if we want to encourage investment in long-life assets, such as power stations, to ensure a reliable and competitively priced supply of energy for the long term, we need to see a more bipartisan policy environment.

The partial privatisation of previously state-owned enterprises has been well-received by investors. Contact welcomes the more stable competitive environment that should result from this initiative. Proposals by the Labour and Green parties to introduce a single buyer policy do not provide a good basis for continued investment in the industry and it is Contact’s opinion it is not the best way to achieve the industry’s objective for a reliable, competitively priced supply of energy.

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