2013 Full Year Results Presentation

20 August 2013

Year ended 30 June 2013

Dennis Barnes, Chief Executive Officer

Graham Cockroft, Chief Financial Officer

Contact Energy - overview

Contact Energy is one of New Zealand's largest electricity generators and retailers, and owns and operates geothermal, hydro and thermal electricity plants across New Zealand that support homes and businesses.

Contact Energy owns and operates **11 power stations** throughout New Zealand

166 MW (gross) of geothermal generation under construction

New Zealand's only underground gas storage at **Ahuroa, Taranaki**

4 geothermal stations in the central North Island

Supplies 23% of the New Zealand electricity retail market (at 30 June 2013)

5 thermal generation stations, located in Taranaki, Auckland, the Waikato and Hawke's Bay, provide capacity and backup to New Zealand's largely renewable generation

2 hydro power stations at Roxburgh and Clyde

Employs over 1,000 employees from Auckland to Invercargill

Generates around 1/4 of New Zealand's electricity

$3.5 billion Contact Energy Group had net assets of $3.5 billion at 30 June 2013

Contact Energy is one of New Zealand's largest publicly listed companies by market capitalisation and is widely held, with **around 73,000 shareholders**

Contact has approximately: **566,000 customers** across Contact Energy's electricity, gas and LPG businesses

Disclaimer

This presentation may contain projections or forward looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties.

Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks.

Although management may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realised.

EBITDAF and underlying earnings are non-GAAP (generally accepted accounting practice) profit measures. Information regarding the usefulness, calculation and reconciliation of EBITDAF and underlying earnings is provided in the supporting material.

Furthermore, while all reasonable care has been taken in compiling this presentation, Contact accepts no responsibility for any errors or omissions.

This presentation does not constitute investment advice.

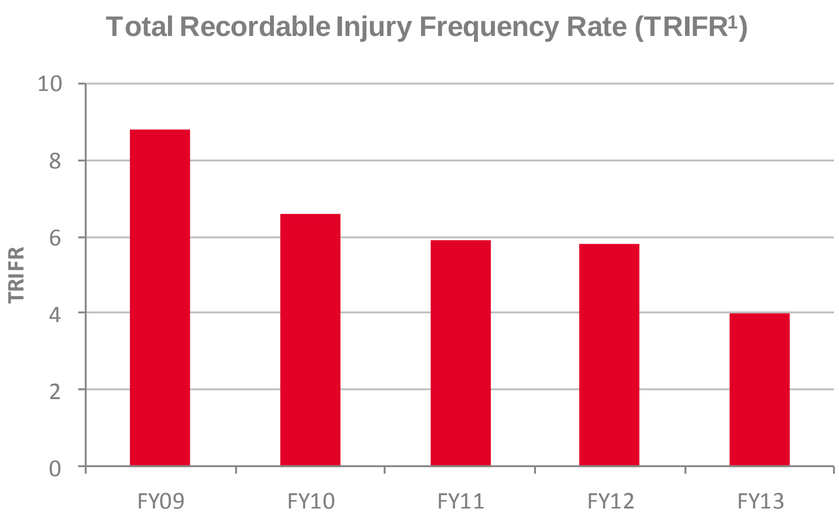
Agenda

contact

1. **Result highlights**	Dennis Barnes
2. **Operational review**	Dennis Barnes
3. **Financial performance**	Graham Cockroft
4. **Strategy update**	Dennis Barnes
Supplementary information	

Contact continues to focus on health and safety
Total recordable injury frequency rate (TRIFR) reduced to 4.0

- The health, safety and well-being of our people remain our number one priority
- TRIFR down 31% on FY12 to 4.0
- Improved reporting leads to more learnings and less future injuries
- Contact welcomes the establishment of WorkSafe New Zealand



[1] per million work hours

Continued positive momentum in earnings
Dividend increased 2 cents per share

	Year ended 30 June 2013	
EBITDAF[1]	$541m	up 6% from $509m
Profit for the year	$199m	up 5% from $190m
Earnings per share (cents)	27.2 cps	up 1% from 26.9cps
Net items excluded from underlying earnings after tax [1]	($3m)	down from ($14m)
Underlying earnings after tax[1]	$202m	up 15% from $176m
Underlying earnings per share (cents)	27.7 cps	up 11% from 25.0 cps
Full year dividend (cents)	25 cps	up 9% from 23ps
Operating Cashflow after Tax (OCAT)	$413m	up 15% from $359m
Captial expenditure	$336m	down 42% from $583m
Total recordable injury frequency rate	4.0	down 31% from 5.8

- Significant items excluded from underlying earnings include asset sales, asset impairments, and transition and restructuring costs

[1] Refer to slides 36-41 for a definition and reconciliation of EBITDAF, UEAT and OCAT

Diverse asset and fuel position and a focus on efficiency lift results

- Improved safety performance reflects focus and training, proving zero harm is realistic and achievable
- Retail netback increased by $3/MWh, primarily due to improved collections, reduced operating costs and the full recovery of network costs
  - Retail sales remain stable
- Net purchase cost reduced by $2/MWh, predominantly as a result of increased hydro generation displacing more expensive thermal generation
  - Flexibility utilised to manage a range of hydrology sequences and transmission constraints
  - Lower gas usage and carbon costs
- Continued delivery of capital investment programme
- Significant organisational changes implemented
- Continuous portfolio review including divestments and impairments

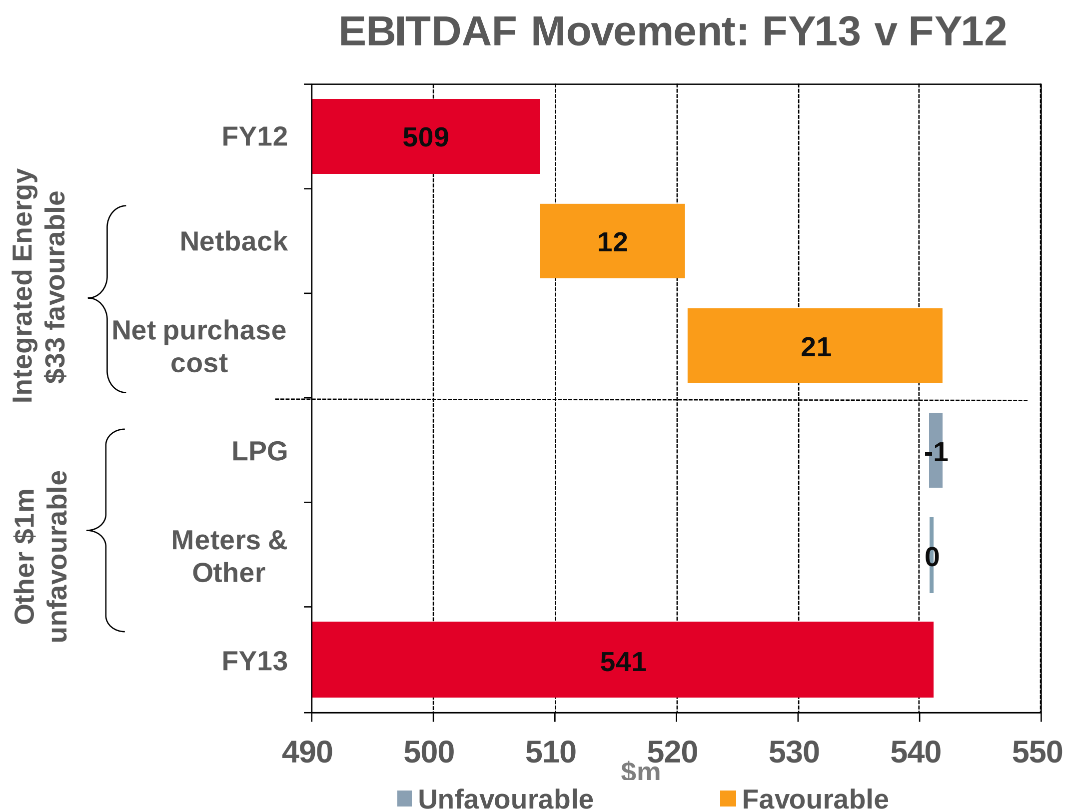
Lower energy procurement costs and retail performance improved through strong operational management

Integrated Energy segment EBITDAF: up $33m (7%) to $502m

- **Netback:** $12m favourable
- **Net purchase cost:** favourable $21m

Other segment EBITDAF: down $1m (3%) to $39m

- **LPG:** unfavourable $1m due to temporary higher purchase costs
- **Meters & Other:** slightly unfavourable driven by increased smart meter costs

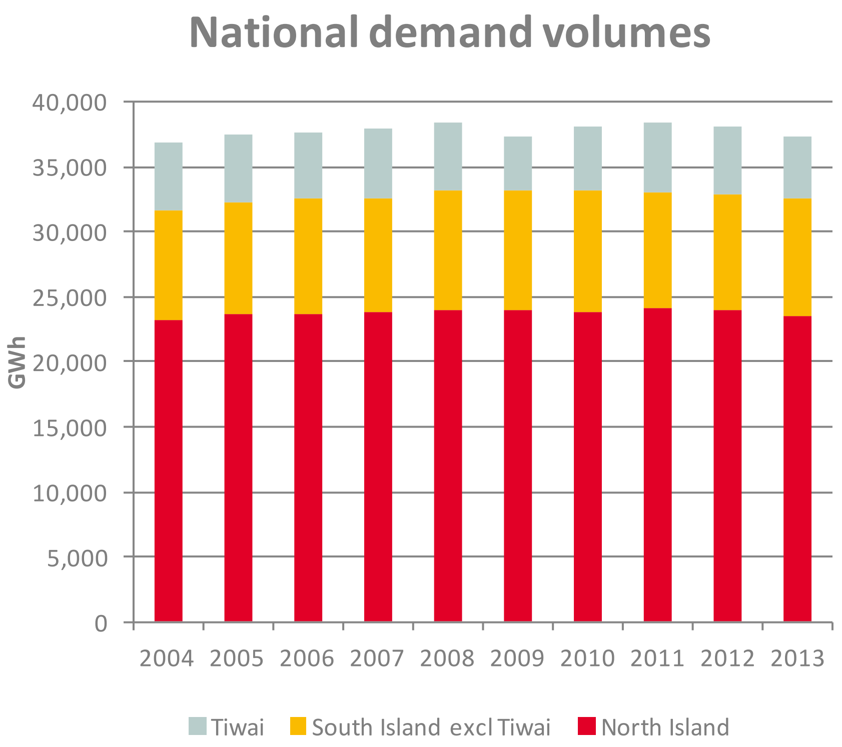


Operational review

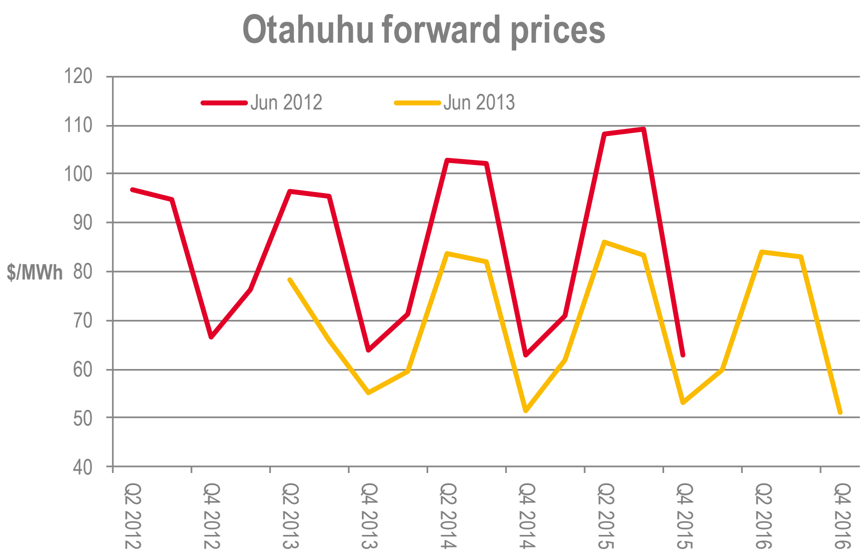
Dennis Barnes

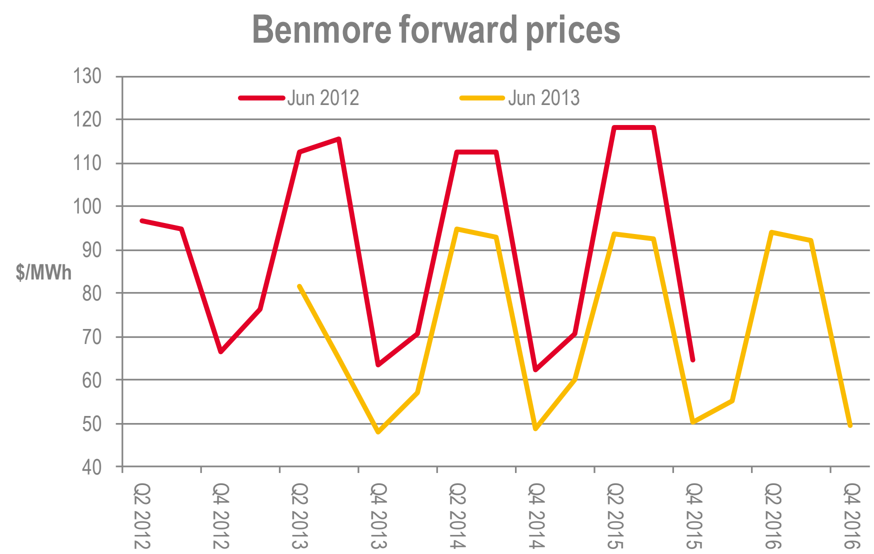
National electricity demand remains suppressed

- FY13 national electricity demand down 1% on FY12
  - Tiwai demand down 397 GWh (8%)
  - Norske Skog halved production reducing demand by 50 MW from January 2013
  - Other large industrial demand ahead slightly of FY12
  - Residential and commercial demand down 0.7%. Average temperature in FY13 was 0.7 degrees Celsius warmer than FY12



The forward price curve has fallen over the past year and is expected to remain relatively flat in the current oversupplied market





		Average price ($/MWh)			
		FY13	FY14	FY15	FY16
OTA					
	Jun 2012	$84	$83	$86	
	Jun 2013		$66	$70	$70
BEN					
	Jun 2012	$88	$90	$91	
	Jun 2013		$66	$74	$73

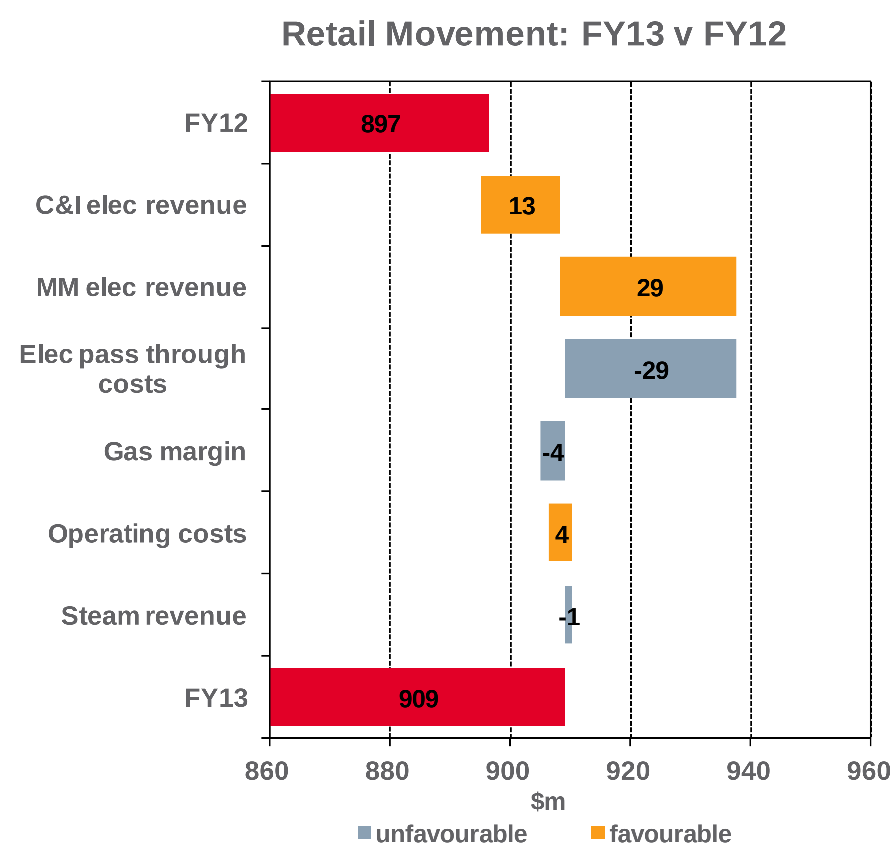
Source: ASX New Zealand electricity futures

Netback – $12m higher (1%) to $909m

A change in sales mix and gains in netback from operational improvements as network charges increase

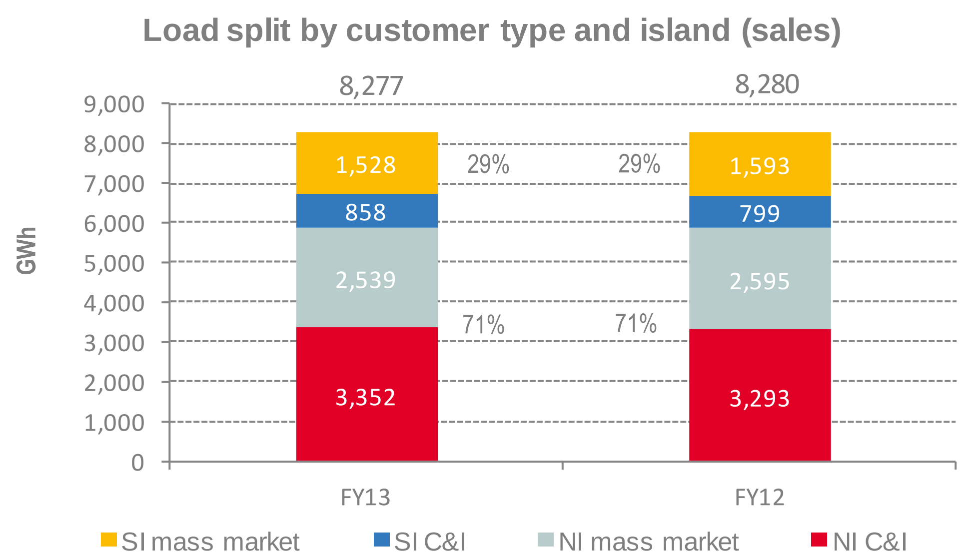
- Change in electricity sales mix; volume stable at 8,277 GWh
  - Mass market consumption down 121 GWh
  - C&I sales up 118 GWh

- Netback favourable $3/MWh to $96/MWh
  - C&I netback stable
  - Mass market netback improved primarily due to improved collections, reduced operating costs and the full recovery of network costs, unlike FY12
  - Gas margin down $4m reflecting competition in dual fuel offerings



Contact maintains market share in electricity, gas and LPG
National load split stabilised

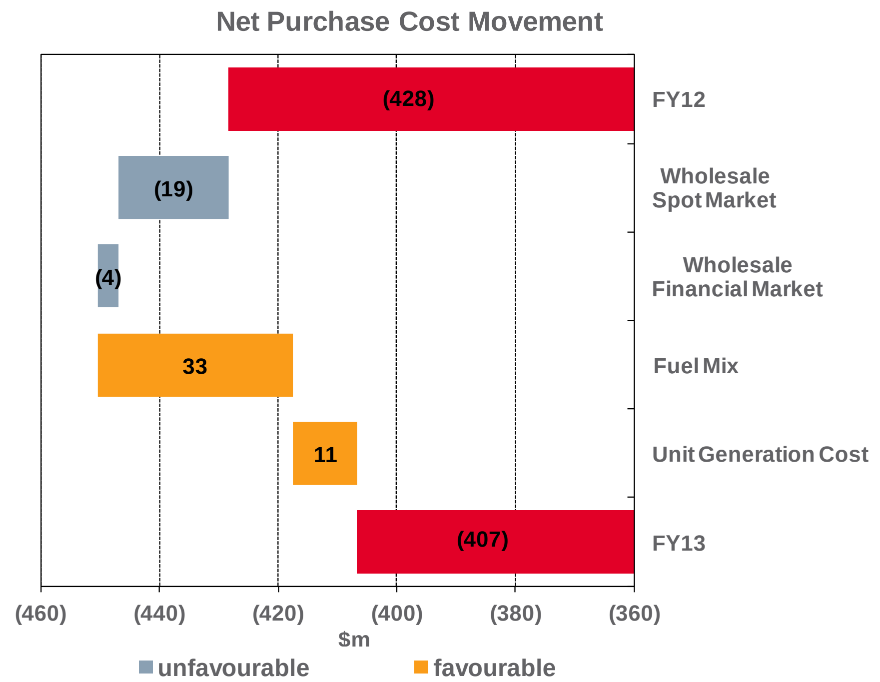
- Electricity customer numbers stable; OLOT customers 184,000 (+24,000 from 30 June 2012)
  - Industry switching activity remained high with average monthly customer switches over 30,000
- C&I sales increase 118 GWh to 4,210 GWh
- Retail gas volumes stable at 2.5 PJ, customer numbers down 1,000
- LPG sales increased 4% compared with FY12, driven by increased franchise customer numbers and the continued recovery of reticulated demand in Christchurch



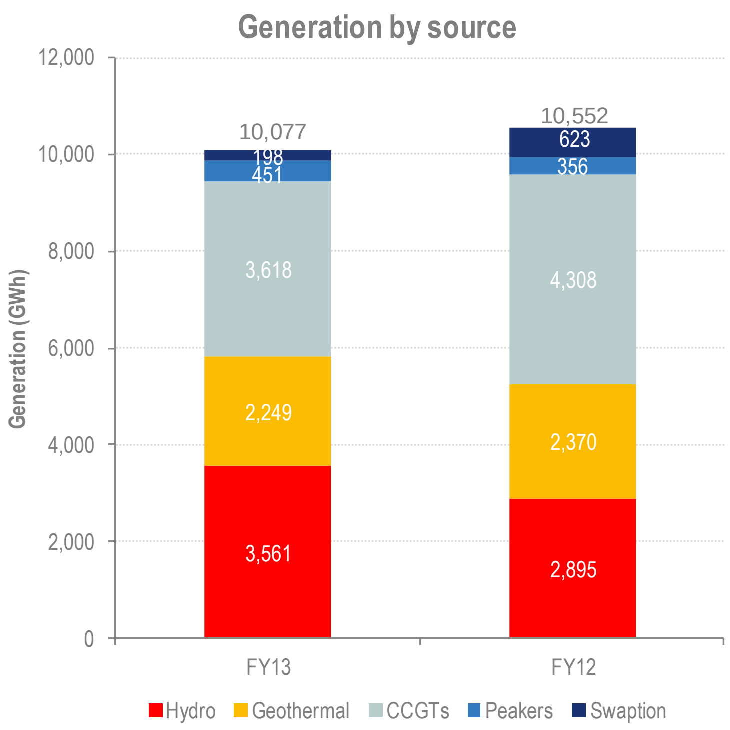
Net purchase cost favourable $21m (5%) to $407m

Diverse fuel and asset portfolio manages volatility in market in final year of significant take-or-pay commitments

- Wholesale spot market unfavourable $19m
  - GWAP down $21/MWh to $70/MWh, exposed volumes down 46 GWh
  - LWAP down $23/MWh; purchases down 4 GWh
- Wholesale financial market unfavourable $4m
  - CfD volume stable providing an effective hedge against lower wholesale prices
  - Ancillary services capability covered position and supported market. Reduced reserves revenue
- Fuel mix favourable $33m
  - Lower cost hydro generation displaced thermal generation. Generation gas usage down 4.1 PJ (11%)
- Unit generation cost favourable $11m
  - Lower carbon and gas unit price partially offset by increased HVDC charges
  - Operating costs down $7m reflecting benefits of company-wide cost reduction programme

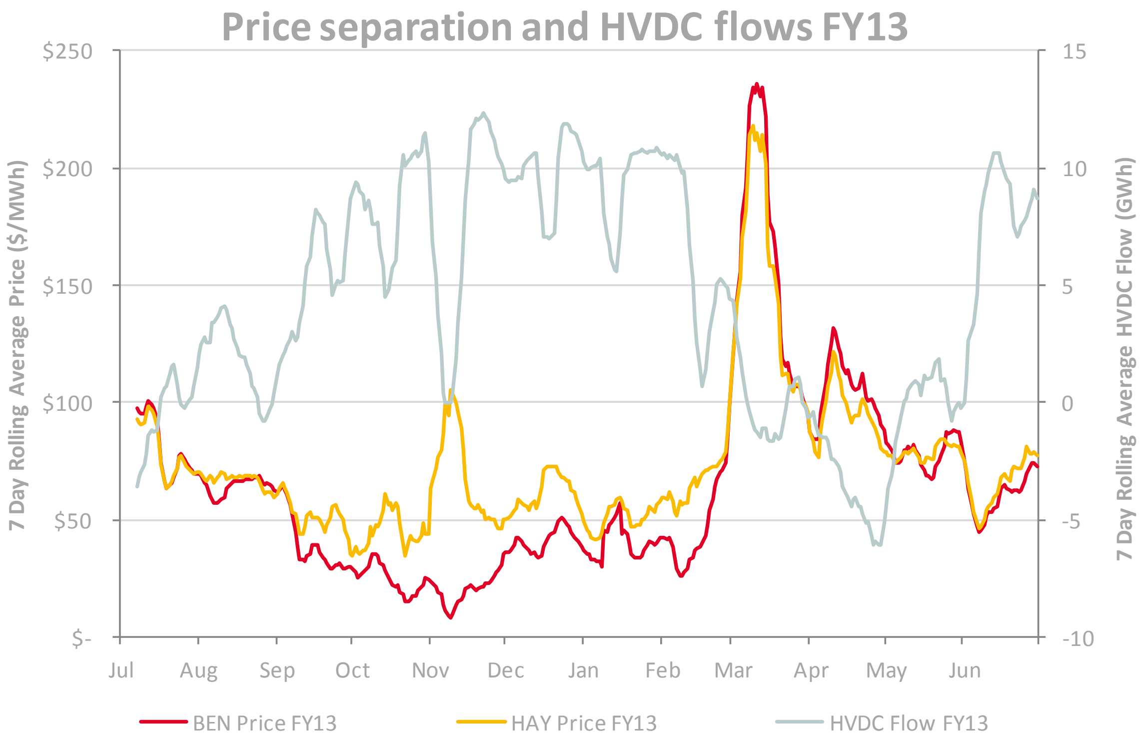


Diversity of our generation assets helps manage variable operating conditions



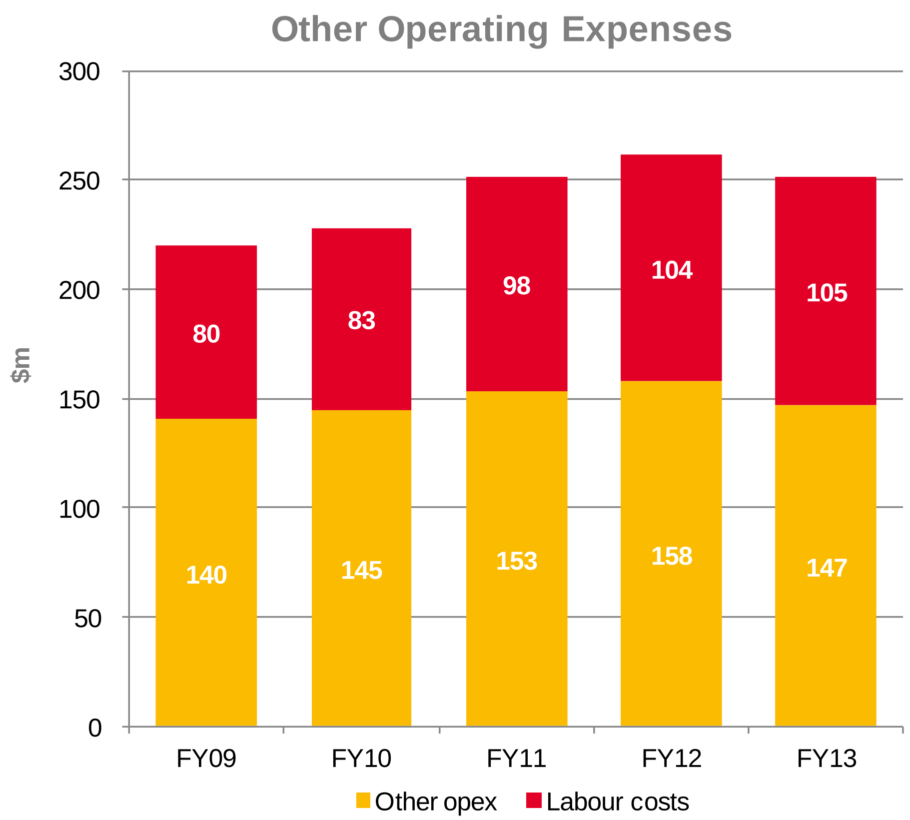
- Flexible fuel position allows economic substitution between hydro and thermal generation
  - Hydro generation up 666 GWh (23%) due to increased rainfall and more aggressive use of hydro storage
  - Geothermal generation was down 121 GWh to 2,249 GWh due to a number of outages for Te Mihi commissioning works
  - Generation from the CCGTs decreased 690 GWh to 3,618 GWh as less hydro replacement was required
  - Increasing transfer capacity between North and South islands
  - Stratford peaker generation increased 95 GWh to 447 GWh at an average price of $102/MWh. Whirinaki generated 4 GWh
  - The expiry of the swaption contract on 31 December 2012 reduced volumes by 425 GWh to 198 GWh

Contact will benefit from transmission network upgrades including the commissioning of the Pole 3 HVDC connection, particularly in wet conditions



- Pole 3 was commissioned at the end of May 2013. High south to north flows followed with minimal price separation
- Outages for Pole 2 controls upgrade has increased risk of price separation for 1H14

Contact is focused on capturing efficiencies and controlling costs



- Programme of organisational change to drive cost reductions and operational efficiencies continuing:
  - Organisation structure redesign
  - Procurement savings
  - ICT application rationalisation
- Cost pressures expected to continue with plan to absorb within FY12 baseline
  - Te Mihi operating expenses
  - Increased costs for flexible LTMAs and non-annual repairs and maintenance
  - Retail Transformation SAP-related costs
  - Salary and inflationary pressures
  - Increased cost to acquire and retain customers in a competitive market

In light of the current market outlook for new generation, Contact has determined the carrying value of its wind developments is not supportable, resulting in an impairment

- Contact has completed a full assessment of its generation development opportunities
- Contact has decided to exit the Hauāuru mā raki (HMR) wind generation development on the Waikato coast following a thorough review of the economic, market and regulatory conditions
- Contact has decided not to proceed in the foreseeable future with the Waitahora wind generation development project near Dannevirke in the Tararua district
- Asset impairments of $67m relate primarily to capital expenditure on consenting the projects and losses realised on the sale of land acquired during the consenting process
- Contact's generation development is focused on ensuring the world-class Tauhara geothermal field is developed when market conditions dictate and improving flexibility in its existing assets

Financial performance

Graham Cockroft

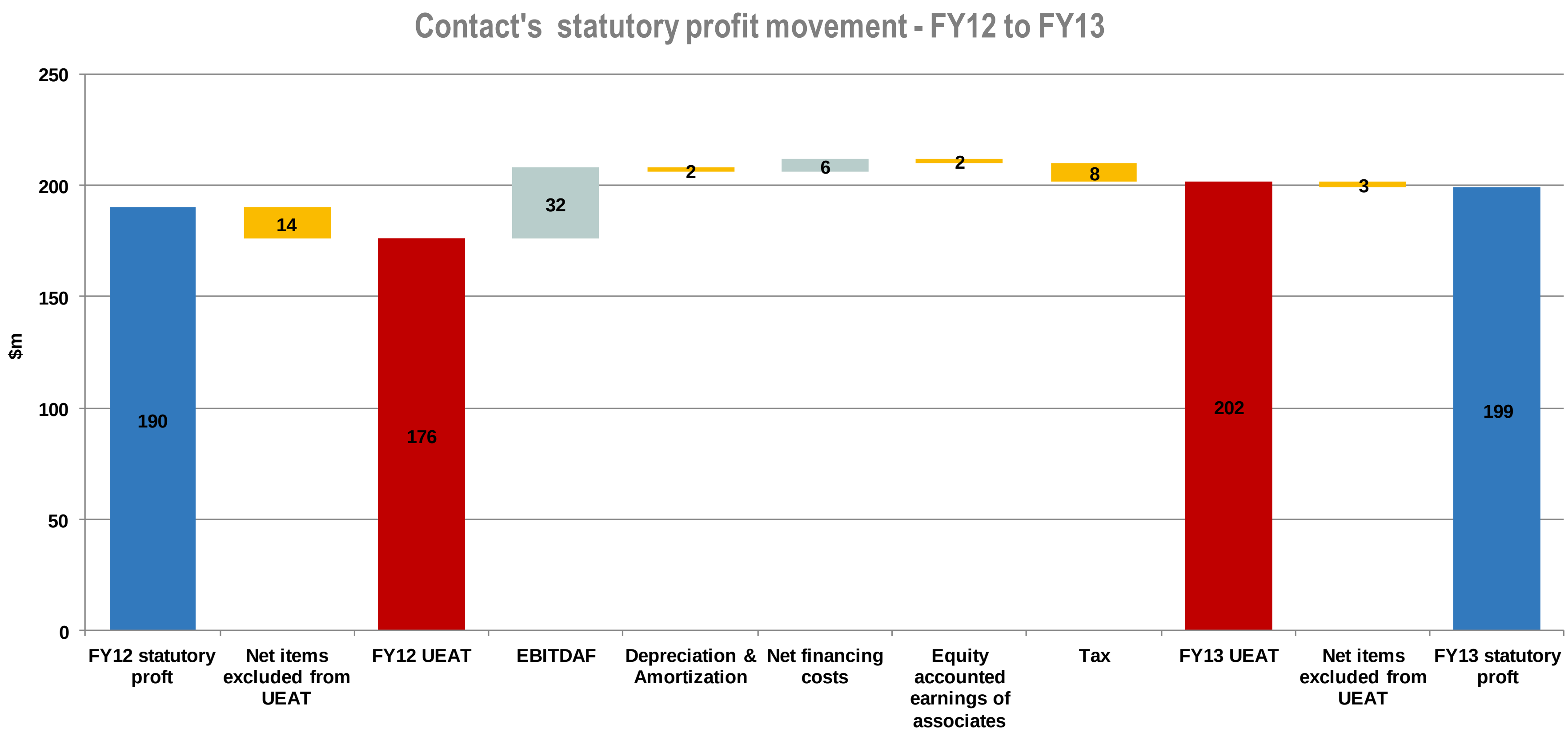
Underlying earnings per share up 11% and free cash flow up 14%

	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	%
Profit for the year	199	190	9	5%
Earnings per share (cents)	27.2	26.9	0.3	1%
Revenue	2,504	2,683	(179)	(7%)
EBITDAF	541	509	32	6%
Underlying EBIT	346	318	28	9%
Underlying earnings after tax	202	176	26	15%
Underlying earnings per share (cents)	27.7	25.0	2.7	11%
OCAT	413	359	54	15%
Free cash flow per share	42.7	37.5	5.2	14%
Captial expenditure	336	583	(247)	(42%)

Reconciliation of statutory profit to underlying earnings after tax

	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	%
Profit for the year	**199**	**190**	9	5%
Change in fair value of financial instruments	(11)	11	(22)	(200%)
Gas meter assets sale	(26)	-	(26)	(100%)
Decommissioned New Plymouth power station sale and provision release	(17)	-	(17)	(100%)
Clutha asset impairment and land sales	(13)	2	(15)	(750%)
Asset impairments	72	-	72	100%
Restructuring costs	8	-	8	100%
Transition costs	4	5	(1)	(20%)
Exit of investment in Oakey Power Holdings Pty Limited	-	(28)	28	100%
Tax credit on underlying adjustments	(14)	(4)	(10)	(250%)
Underlying earnings after tax	**202**	**176**	26	15%

Profit for the period up 5% from $190m to $199m
Underlying earnings after tax up 15% from $176m to $202m

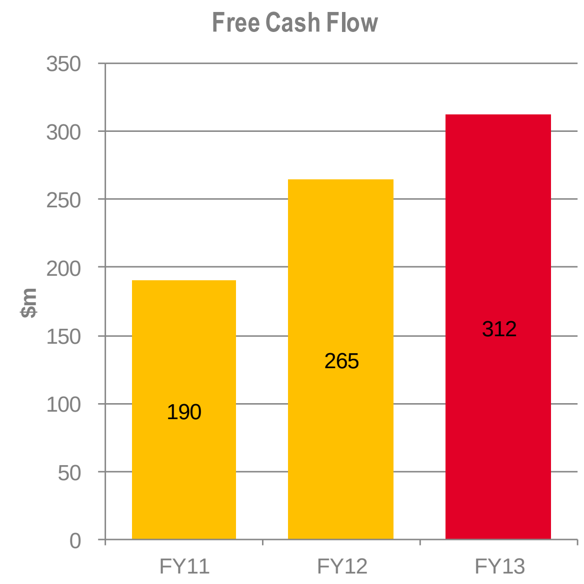


- Underlying earnings after tax increased 15%, primarily reflecting the $32m increase in EBITDAF and lower net financing costs, partially offset by an increase in tax

Improved EBITDAF and working capital movements resulted in an increase in OCAT and free cash flow

	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	%
EBITDAF	**541**	**509**	**32**	6%
Change in working capital	(32)	(52)	20	38%
Tax paid	(46)	(21)	(25)	(119%)
Other	6	4	2	50%
Operating cash flows	**469**	**440**	**29**	7%
Stay in business capital expenditure	(56)	(81)	25	31%
OCAT[1]	**413**	**359**	**54**	15%
Net interest paid	(101)	(94)	(7)	(7%)
Free cash flow[2]	**312**	**265**	**47**	18%
Average Funds Employed excluding CAPWIP	3,946	3,912	34	1%
OCAT Ratio	9.8%	8.5%	1.3%	15%

¹ Operating cashflow after tax. Refer to slide 42 for a definition and reconciliation of OCAT
² Cash available to fund distributions to shareholders and growth capital expenditure



- Improved working capital driven by lower wholesale spot price and favourable gas inventory levels in June 13
- Higher tax paid due to increased final FY12 tax payment paid in July 12
- Lower SIB capex spend following the completion of the Wairakei bioreactor in FY12

¹ Refer to slide 41 for a definition and reconciliation of OCAT

Financing costs increased by $6m reflective of higher average debt, partially offset by a reduction in the average cost of funds

	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	%
Interest income	2	3	(1)	(33%)
Interest expense	(112)	(107)	(5)	(5%)
Financing costs	**(110)**	**(104)**	**(6)**	**(6%)**
Financing costs capitalised	44	32	12	38%
Weighted average interest rate on borrowing[1]	6.8%	7.2%	0.4%	6%

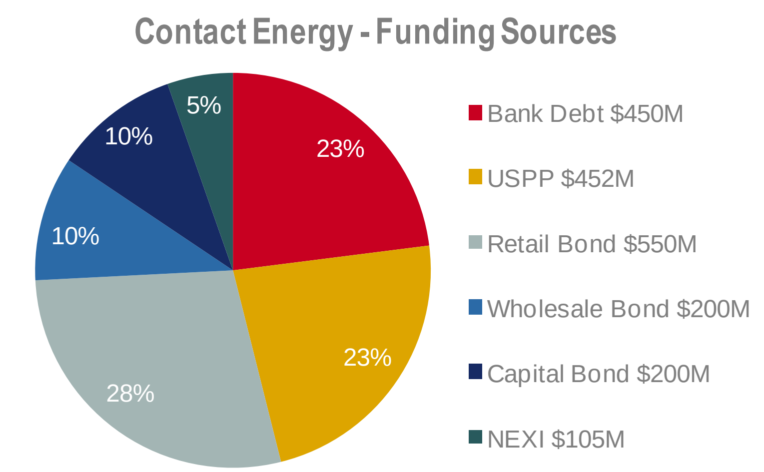
[1] excluding fees, costs and accounting adjustments

- Lower weighted average interest rate predominantly as result of a change in the mix of the borrowings portfolio to include lower priced debt
- Average net debt in FY13 was $1.50 billion compared with $1.35 billion in FY12

Capital funding

- Balance sheet gearing level remains strong
  At 30 June 2013:
  - Net debt $1.4bn, down slightly on 30 June 2012
  - Gearing ratio 28%
  - $450m total committed bank facilities (nil drawn)
  - Weighted average tenor of funding facilities 6.1 years (including recent USPP)

- Contact has raised $401m in 2013 to assist with refinancing the $705m of 2014 maturities:
  - NZ$100m of domestic wholesale bonds were issued in May 2013
  - NZ$301m equivalent of USPP notes were executed in June 2013, with settlement due in September and December

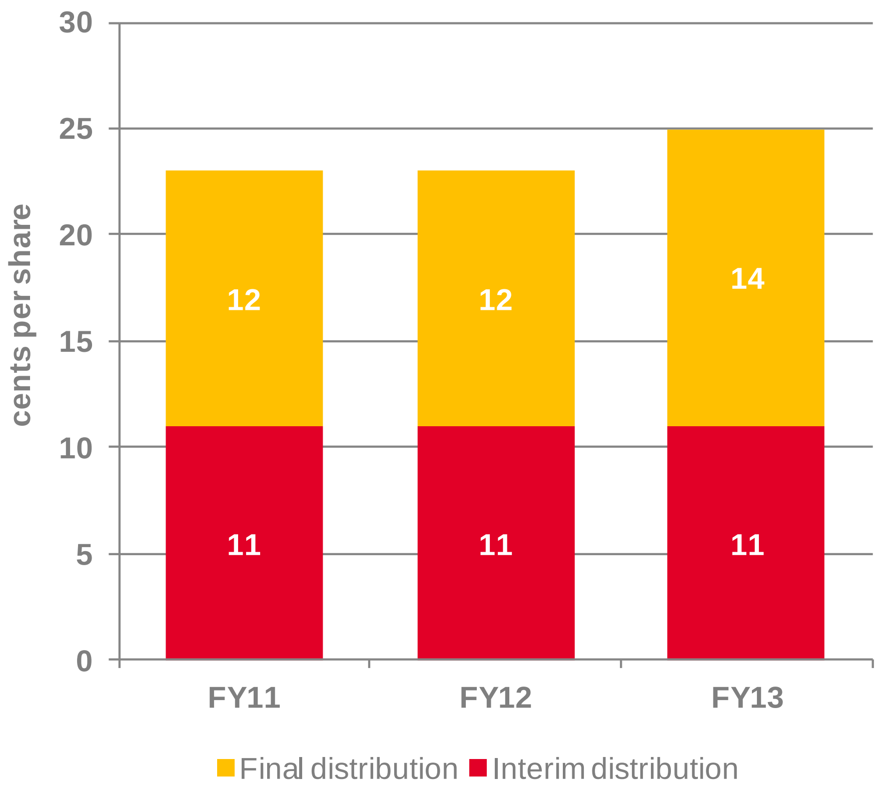


As at 30 June 2013

(The above chart excludes the recent forward dated USPP transaction)

Final dividend increased to 14 cents per share

FY13 dividend 25 cents per share, a pay-out ratio of 91% of underlying EPS



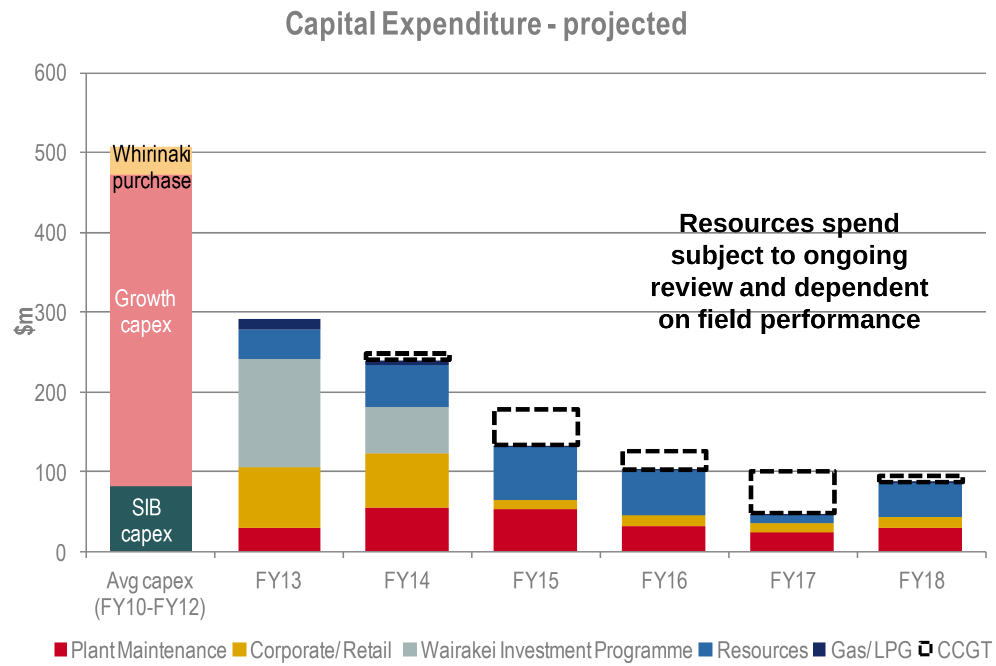
- 30 June 2013 total imputation credits available to be attached to a dividend are 223m
- Available subscribed capital at 30 June 2013 in excess of $1bn
- Record date: 4 September 2013
- Payment date: 16 September 2013

Strategy update

Dennis Barnes

Significant growth capex finishes in FY14 with the completion of Te Mihi, which in turn releases free cash flow in FY14

- **Lower average cost of generation and increased portfolio flexibility**
  - 166 MW Te Mihi geothermal power station
  - Huntly swaption expired
  - Ahuroa bypass pipeline completion October 2013
- **Defining the optimal operating regime of the CCGTs continues**
  - No significant gas commitments made
  - Open-cycle consent for Otahuhu gained



- **Future development options maintained for when market signals improve**
  - Tauhara – New Zealand's next lowest cost generation development
  - Taheke development – appraisal ongoing

The Wairakei Investment Programme continues to progress; will add net 114 MW of renewable generation

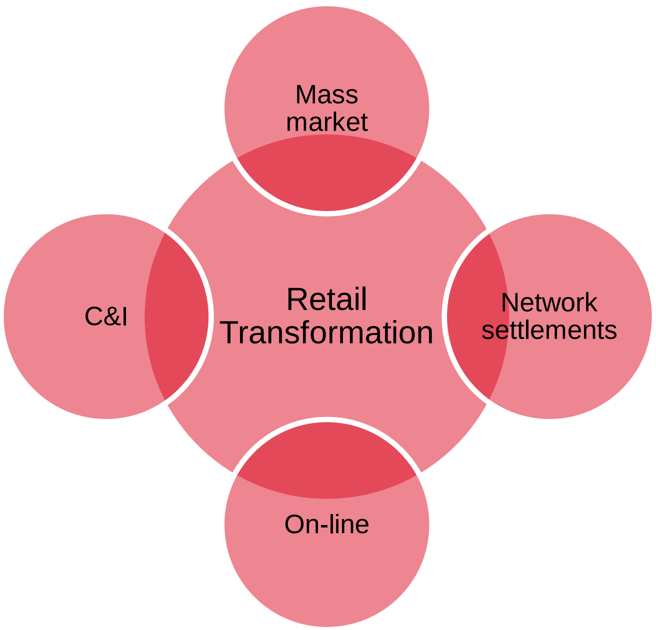
- Contact has completed all non-power station activity to support the Wairakei Investment Programme
  - Bioreactor, transmission connection, resources and steamfield works tested to full capacity
- Te Mihi power station has commenced commissioning with first power to the grid expected in the next few months
- Opportunities to produce more power from existing geothermal consents being progressed with the first 7.5 MW already identified

NCG extraction unit 1, turbine hall (north end) pump house and raw water tank

Insulation / cladding works progressing on unit 2 main steam line (cooling tower 2 in background)

Retail Transformation project 'go-live' is scheduled for late 2013

Finance 2011 | Generation 2012 | Retail 2013



Ability to create more sophisticated products including non-energy products

Single view of customer information allowing tailored offerings and increased cross selling

More customer-centric processes and less manual intervention to reduce error rates and improve customer experience

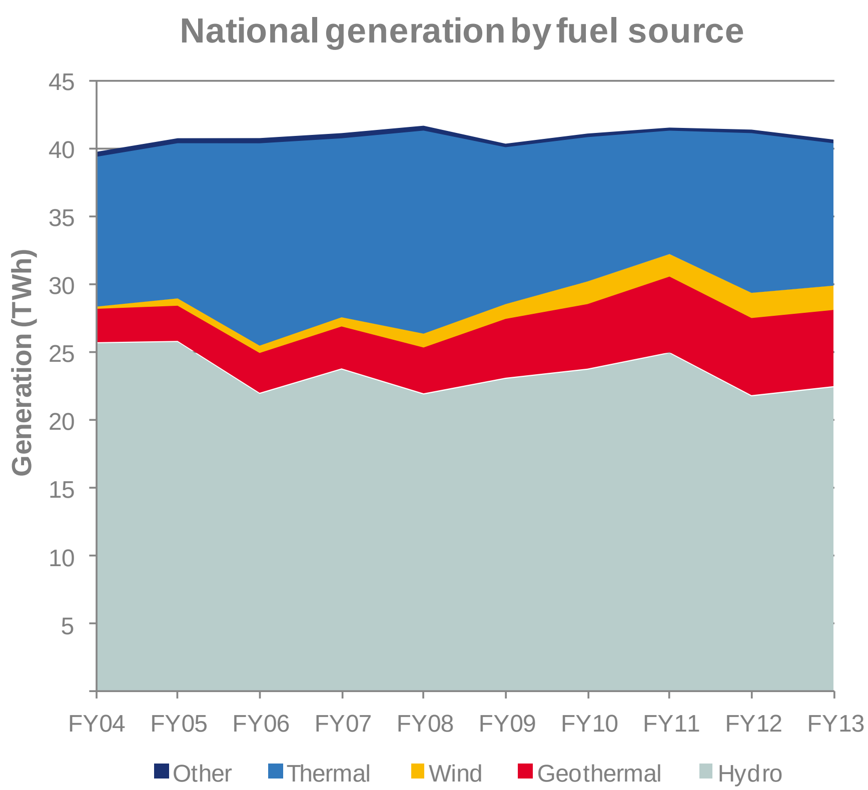
Diverse campaigns, integrated with customer information allowing for more focused campaigning

Better visibility and management of exceptions. Integrated process across data and customer life-cycle

Better control of credit and debt. Improved credit checking and debt profiling

Rationalisation of IT systems. Decommissioning of 21 IT systems

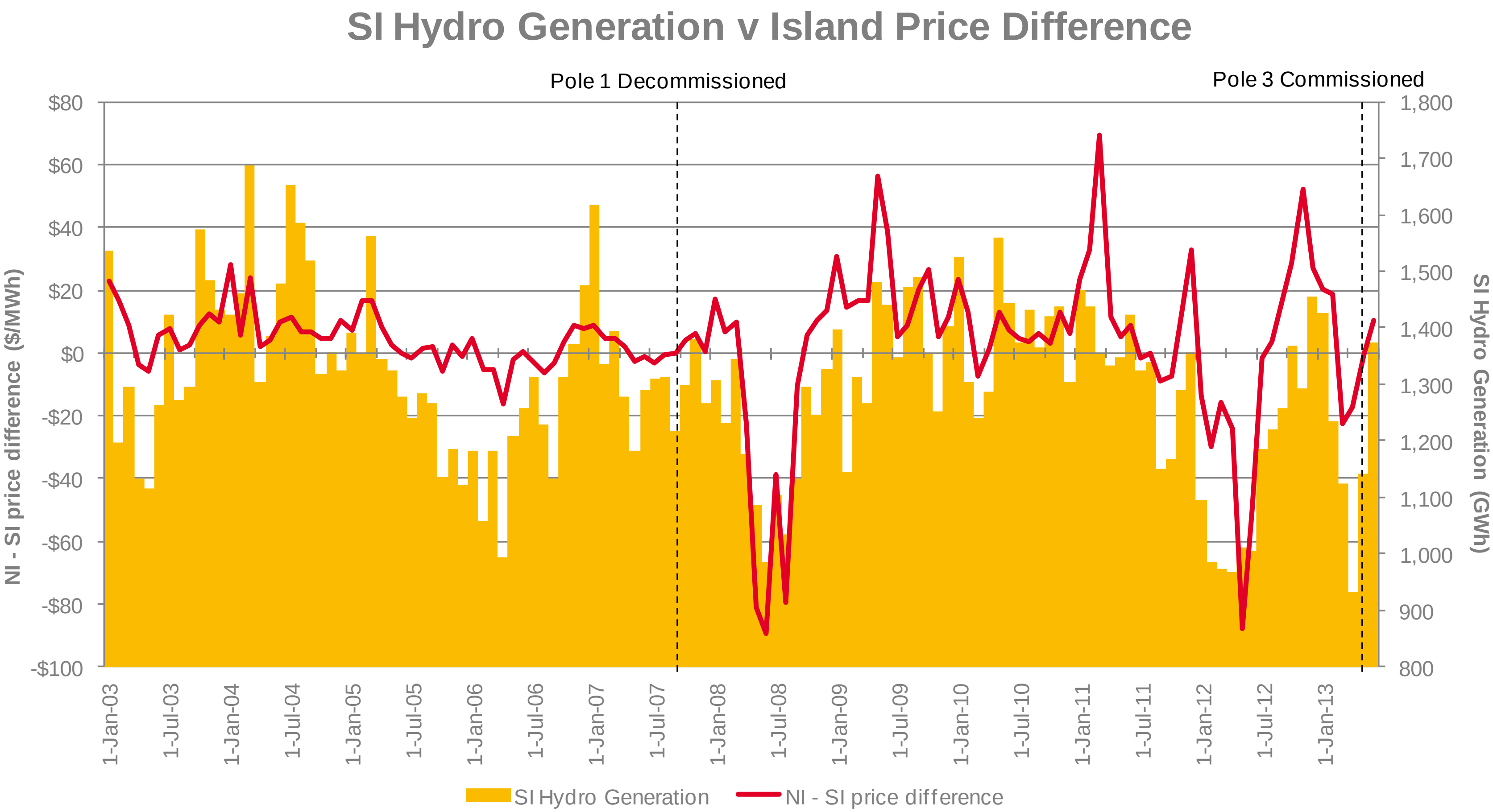
The market is continuing to evolve as the economics for large thermal generators become increasingly marginal



Source: Electricity Authority Centralised Data Set

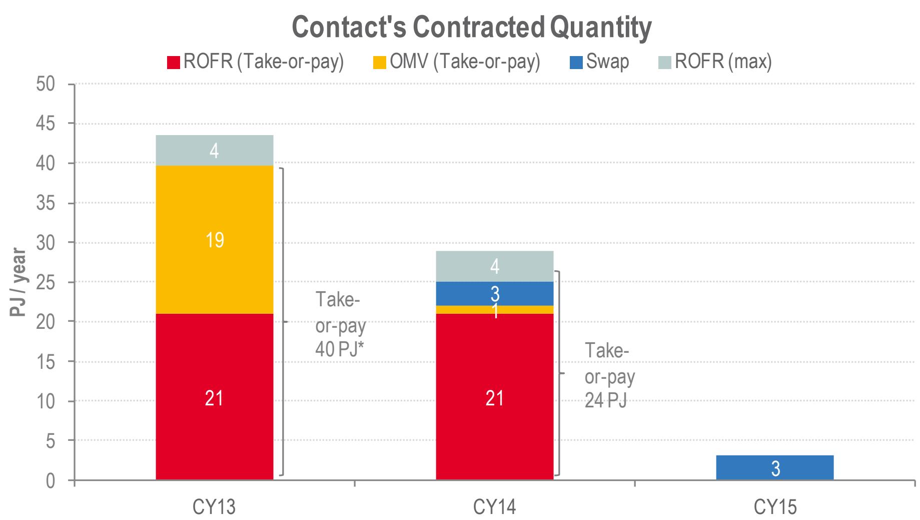
- Average thermal capacity factor over the past five years has been 42% compared with 53% in the five years prior as expensive gas supply has been displaced by geothermal and wind generation
- First Huntly unit decommissioned in December 2012 with a second unit planned for 2014
- HVDC and transmission upgrade will enable less constrained flow of generation around the country
  - Good for Contact's diverse generation portfolio and flexible fuel book
  - Reduces inter-island risk for contracted volumes
- Considerable dry year risk remains as reliance on wind and hydro generation increases

A return to bi-pole HVDC operation will be positive for Contact, particularly during periods of high South Island hydro generation



Contact continues to position its thermal portfolio for an uncertain future

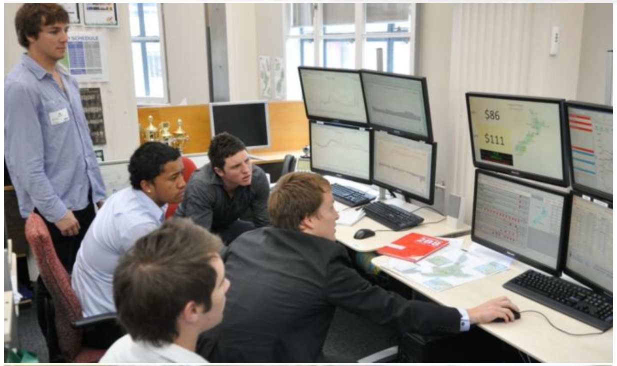
- New maintenance agreements for Otahuhu and Taranaki CCGTs deliver lower costs, defer commitments to major maintenance and provide time to determine future operating regime
- Gas transmission contract revised for Vector pipeline, reducing fixed costs and capacity
- Open-cycle consent secured for Otahuhu
- Gas pipeline between Ahuroa gas storage and the Stratford power stations progressing well
  - $20m capital spend will reduce operating costs and increase operating flexibility
- No new gas commitments



* Includes gas sale and repurchase agreement of 5 PJ in CY13

Summary

- Steady full year result
  - Significant improvement in health and safety performance
  - Stable volume and customer numbers reflect competitive offerings in a competitive market
  - Reducing cost of generation from diverse fuel and asset portfolio
  - Significant progress on aligning the company's cost base to the current operating environment
  - Dividend up 2 cents per share
- Delivery of major projects and divestments continued
- Continue to advance growth opportunities that leverage core competencies
- Earnings momentum from continued reduction in gas take-or-pay commitments and completion of the HVDC Inter-Island link



Supporting material

Non-GAAP profit measures – EBITDAF

- EBITDAF is Contact's earnings before net interest expense, tax, depreciation, amortisation, change in fair value of financial instruments and other significant items
- Management and directors monitor EBITDAF as a key indicator of Contact's performance at segment and group levels, and believe it assists investors to understand the performance of the core operations of the business
- Reconciliation of EBITDAF to reported profit:

	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	%
EBITDAF	**541**	**509**	**32**	**6%**
Depreciation and amortisation	(195)	(193)	(2)	(1%)
Change in fair value of financial instruments	11	(11)	22	200%
Other significant items	(28)	21	(49)	(233%)
Equity accounted earnings of associate	-	2	(2)	(100%)
Net interest expense	(66)	(72)	6	8%
Tax expense	(64)	(66)	2	3%
Profit for the year	**199**	**190**	**9**	**5%**

The numbers in the table have been extracted from Contact's audited financial statements

- Depreciation and amortisation, change in fair value of financial instruments, net interest and tax expense are explained in the following slide. Other significant items are explained in the following slides on underlying earnings

Explanation of reconciliation between EBITDAF and profit for the period

- The adjustments from EBITDAF to reported profit are as follows:
  - Depreciation and amortisation: Costs increased by $2m (1%) the net increase is attributed to the accelerated depreciation of electricity meters due to the smart meter replacement project
  - Change in fair value of financial instruments: Current year movement of $11m predominantly driven by the favourable movement in interest rate swap derivatives arising from an upward shift in New Zealand interest rates. This compares to an unfavourable FY12 movement of $11m arising from a downward shift in New Zealand interest rates
  - Equity accounted earnings of associate: Decline of $2m compared with FY12 is due to the exit of the investment in Oakey Power Holdings Pty Limited in January 2012
  - Net interest expense: Decreased by $6m (8%) to $66m in FY13. The decrease was attributable to capitalised interest increasing by $12m as development of the Te Mihi power station and Retail Transformation project continued, partially offset by a $6m increase in interest expense predominantly in relation to the capital bond issued in December 2011

Explanation of reconciliation between EBITDAF and profit for the period

- Tax expense represents an effective tax rate of 24% (FY12: 26%). The deviation from the corporate tax rate of 28% is due to the gains on the land sales at Clutha, Wairakei and New Plymouth being non-assessable for tax purposes, the goodwill amount received in relation to the sale of the gas meter assets being non-assessable and the release of part of the deferred tax liability recognised in relation to the disposal of New Plymouth buildings (that arose when the ability to claim tax depreciation on buildings was removed). These were partially offset by non-deductible expenditure relating to the impairment of capital projects (to the extent that future tax deductions have not been identified) and the forgiveness of intercompany loans with the deregistered Australian entities
- Other significant items are explained in a following slide

Non-GAAP profit measures – underlying earnings after tax

- Management and directors monitor underlying earnings as a basis for determining dividends and believe it assists investors to understand the ongoing performance of the business
- Underlying earnings is a non-GAAP profit measure not included in Contact's segment reporting note in the financial statements because debt funding and tax expense are managed at a Group level.
- Underlying earnings after tax is calculated by adjusting reported profit for the year for significant items that do not reflect the ongoing performance of the Group
- Significant items are determined in accordance with three principles of consistency, relevance and clarity. Transactions considered for classification as significant items include impairment or reversal of impairment of assets; fair value movements in financial instruments; business integration, restructure, acquisition and disposal costs; and transactions or events outside of Contact's ongoing operations that have a significant impact on reported profit
- Reconciliation of reported profit for the year to underlying earnings after tax:

	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	Variance %
Profit for the year	**199**	**190**	9	5%
Change in fair value of financial instruments	(11)	11	(22)	(200%)
Gas meter assets sale	(26)	-	(26)	(100%)
Decommissioned New Plymouth power station sale and provision	(17)	-	(17)	(100%)
Clutha asset impairment and land sales	(13)	2	(15)	(750%)
Asset impairments	72	-	72	100%
Restructuring costs	8	-	8	100%
Transition costs	4	5	(1)	(20%)
Exit of investment in Oakey Power Holdings Pty Limited	-	(28)	28	100%
Tax credit on underlying adjustments	(14)	(4)	(10)	(250%)
Underlying earnings after tax	**202**	**176**	26	15%

The numbers in the table have been extracted from Contact's audited financial statements

Non-GAAP profit measures – explanation of reconciliation from reported profit to underlying earnings after tax

- The adjustments from reported profit to underlying earnings are as follows:
  - The change in fair value of financial instruments that do not qualify for hedge accounting
  - Contact sold its gas meter assets to a wholly owned subsidiary of Vector Limited for $60m
  - Contact sold the decommissioned New Plymouth power station land and assets for $24m and released the $6m provision for asbestos removal
  - Contact is not proceeding in the foreseeable future with any of the options for hydro generation development on the Clutha River. The project development costs were impaired in FY12 and associated land has been sold
  - Asset impairments recognised are in relation to wind generation development projects ($67m), land held for sale ($3m) and other minor projects ($2m)
  - Restructuring costs have been incurred as part of the restructuring program announced during the year to significantly reshape the operating structure of the business
  - Transition costs arising from implementation of the retail transformation programme and associated activities in the Retail business
  - Tax adjustments in relation to the above
- Underlying earnings after tax: The adjustments have been the subject of an audit pursuant to the International Standard on Auditing (New Zealand) (ISA NZ)

Operating cash flow after tax (OCAT) and OCAT ratio

- Contact uses OCAT and OCAT ratio as an internal measure of the cash-generating performance of the business
- Key difference between OCAT and statutory cash flows from operating activities is OCAT includes stay-in-business capex

OCAT ratio

- Measures Contact's cash returns generated from productive funds employed within operations

  OCAT ratio = (OCAT – interest tax shield) / average funds employed
- Interest tax shield adjustment accounts for the reduction in tax due to interest paid

Average fund employed

- Measures funds employed by Contact in the operating assets of the business, excluding capital work in progress that are not yet operational
- Calculated on a 13-month weighted average basis to match the operating asset base to operational cash flows

Reconciliation of net assets to productive capital

Net assets
Less:
Cash
Derivative financial instruments - assets
Capital Work in Progress
Add:
Debt (NZD equivalent of notional borrowings – after foreign exchange hedging and before deferred financing fees
Derivative financial instruments - liabilities
Fund employed (13 month weighted average)

Financial results summary

Key financial information	Year ended 30 June 2013 $m	Year ended 30 June 2012 $m	Variance $m	%
Revenue and other income	2,526	2,701	(175)	(6%)
Operating expenses (1)	(1,985)	(2,192)	207	9%
EBITDAF (2)	**541**	**509**	**32**	**6%**
Depreciation and amortisation	(195)	(193)	(2)	(1%)
Change in fair value of financial instruments	11	(11)	22	200%
Other significant items	(28)	21	(49)	(233%)
Equity accounted earnings of associate	-	2	(2)	(100%)
Earnings before net interest expense and tax (EBIT)	**329**	**328**	**1**	**0%**
Net interest expense	(66)	(72)	6	8%
Tax expense	(64)	(66)	2	3%
Profit for the year	**199**	**190**	**9**	**5%**
Statutory earnings per share (cents)	27.2	26.9	0.3	1%
Underlying earnings after tax (3)	**202**	**176**	**26**	**15%**
Underlying earnings per share (cents)	27.7	25.0	2.7	11%
Shareholders' equity	3,537	3,418	119	3%

(1) Includes electricity purchases

(2) Earnings before net interest expense, tax, depreciation, amortisation, change in fair value of financial instruments and other significant items

(3) Underlying earnings after tax represents profit for the year after tax and adjusted for significant items that do not reflect the ongoing performance of the Group

Integrated Energy segment result

Integrated Energy Segment	Year Ended 30 June 2013 $m	Year Ended 30 June 2012 $m	Variance $m	%
Mass market electricity	974	945	29	3%
Commercial and Industrial electricity	558	545	13	2%
Retail gas	69	70	(1)	(1%)
Steam	19	20	(1)	(5%)
Total Revenue	**1,620**	**1,580**	**40**	**3%**
Net purchase cost	(407)	(428)	21	5%
Electricity networks, levies & meter costs	(566)	(537)	(29)	(5%)
Gas networks, levies & meter costs	(41)	(38)	(3)	(8%)
Total cost of goods sold	**(1,014)**	**(1,003)**	**(11)**	**(1%)**
Electricity and gas cost to serve	(104)	(108)	4	4%
EBITDAF	**502**	**469**	**33**	**7%**

Net purchase cost

Net Purchase Cost	Year Ended 30 June 2013 $m	Year Ended 30 June 2012 $m	Variance $m	%
Wholesale electricity revenue	742	963	(221)	(23%)
Wholesale gas revenue	23	22	1	5%
Total wholesale revenue	**765**	**985**	**(220)**	**(22%)**
Electricity purchases	(657)	(853)	196	23%
Other purchase costs	(21)	(21)	-	0%
Electricity transmission & levies	(39)	(34)	(5)	(15%)
Gas purchases	(294)	(331)	37	11%
Gas transmission & levies	(32)	(27)	(5)	(19%)
Carbon	(4)	(15)	11	73%
Total direct costs	**(1,047)**	**(1,281)**	**234**	**18%**
Generation operating costs	(125)	(132)	7	5%
Net purchase cost	**(407)**	**(428)**	**21**	**5%**

Other segment result

Other Segment	Year Ended 30 June 2013 $m	Year Ended 30 June 2012 $m	Variance $m	%
LPG revenue	119	118	1	1%
Meter leases revenue	14	13	1	8%
Meter leases revenue - internal	33	33	-	0%
Other revenue	8	5	3	60%
Total other segment revenue	**174**	**169**	**5**	**3%**
LPG purchases	(87)	(83)	(4)	(5%)
Meter lease costs	(26)	(23)	(3)	(13%)
Carbon emissions	-	0	-	0%
Total direct costs	**(113)**	**(106)**	**(7)**	**(7%)**
Other operating expenses	(22)	(23)	1	4%
EBITDAF	**39**	**40**	(1)	(3%)