
Rockgas Acquisition

6 March 2007

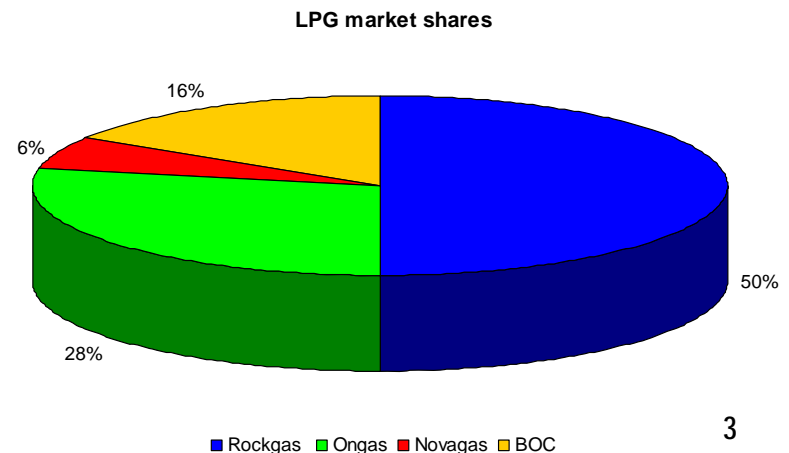


Overview of Rockgas acquisition

- Contact has agreed with Origin Energy to purchase the Rockgas business from Origin Energy. The acquisition is subject to Overseas Investment Office approval.
- The price to be paid by Contact will be \$156m (assuming a 1 July 2007 transaction date)
 - 2007 EBITDA multiple of 9.5 (CEN trading at 10.8)
 - \$1,672/tonne (cf ORG's acquisition of Queensland LPG business (A\$2,130/tonne))
- Rockgas is New Zealand's largest supplier of LPG and adds a significant new product into Contact's energy offering
- Contact has been independently investigating the possibility of entering the LPG market for some time and concluded that the acquisition of Rockgas represents the best opportunity to achieve this
- The acquisition by Contact represents a value enhancing opportunity for both Contact and Origin. Contact can deliver upside which Origin cannot extract itself directly, and Origin will benefit from the upside through its ownership of Contact
- An independent report on the acquisition has been commissioned from PricewaterhouseCoopers which has concluded that the acquisition cost is fair. A summary of the report is available on the Contact website

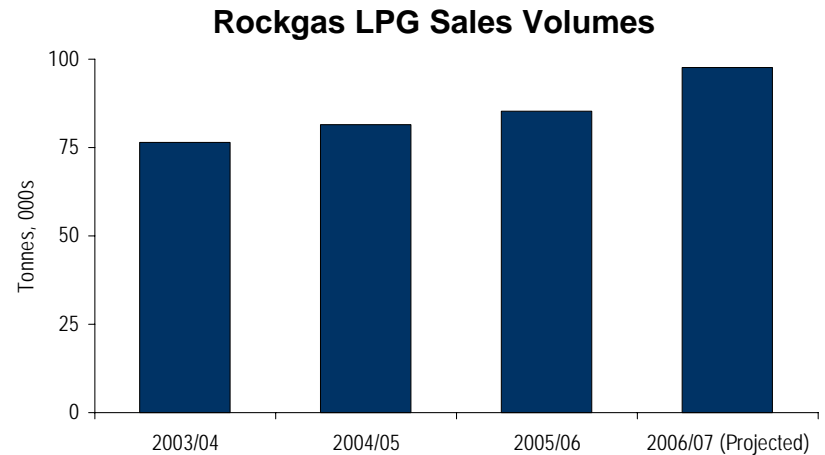
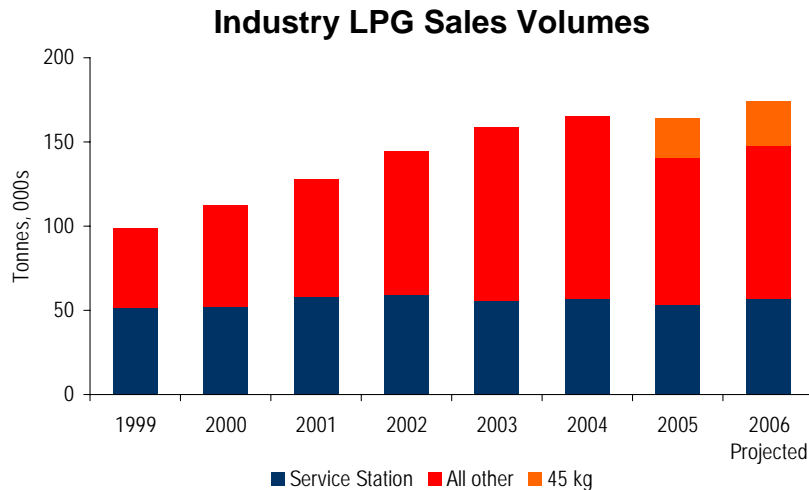
Overview of Rockgas

- Rockgas is an LPG specialist which has been operating since 1934
- Supplies over 50% of the New Zealand market
- Supplies over 300 bulk industrial customers, 7,000 commercial customers, and 17,000 residential customers
- Distributes to a further 15,000 customers through an extensive franchise network
- Distributes to over 300 automotive LPG refuelling outlets around New Zealand via the Caltex, Mobil and Challenge networks
- Significant development in reticulation networks, particularly in the South Island with underground networks in Queenstown and Christchurch
- About 150 staff located throughout New Zealand
- Supported by LPG supply arrangements from Origin Energy for imported product and rights to LPG to be produced from the Kupe field at market prices



Growth in LPG use in New Zealand and historic Rockgas growth

- The LPG market has grown significantly in the past few years, primarily in the non-automotive market
- Rockgas volumes have grown in line with that underlying sector growth



Source: LPG Association

Acquisition process followed by Contact

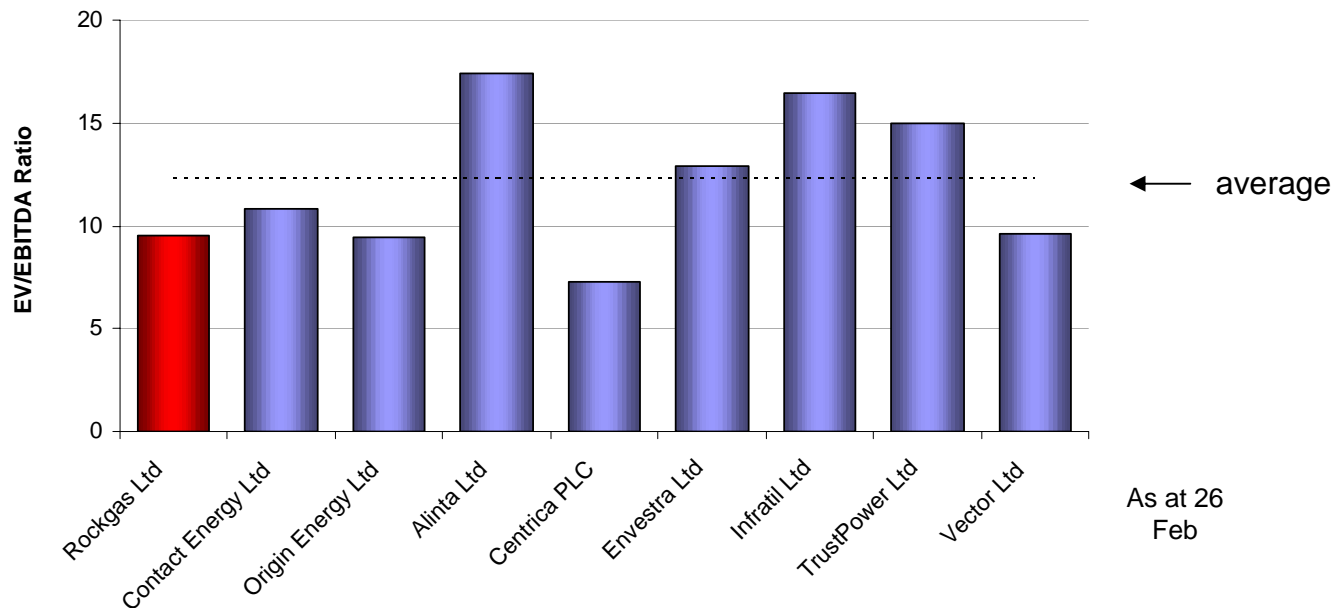
- Given that the transaction is with a related party, the following process was adopted for the transaction:
 - The independent directors committee was established to oversee the transaction on behalf of the board
 - A management team was established to complete a valuation of the business, undertake due diligence and negotiate a sale and purchase agreement with Origin
 - Contact used external advisers to undertake legal, financial and tax, technical, and health, safety and risk management due diligence
 - PWC was engaged to provide an independent appraisal of the acquisition cost
- PWC concluded that:
 - The purchase price falls within their assessment of the fair market value taking into account the base DCF and the potential benefits when combined with Contact; and
 - Comparison of the purchase price to market multiples does not indicate any overstatement of value

Rationale for purchase by Contact

- There are a number of benefits for Contact in the purchase of Rockgas
 - Key element in positioning Contact as an “energy solutions” company
 - LPG is the major alternative energy source in the South Island where there is no domestic gas reticulation – 40% of Contact’s customer base is in the South Island
 - Experience of Contact’s existing dual fuel offering has confirmed that retention of customers is higher with a joint product
 - A number of gas customers can be better served with an LPG solution and this enables Contact to provide more appropriate solutions for those customers
 - The existing customer bases of both companies represent significant cross selling opportunities
 - The LPG market is growing at a high rate, particularly in new connections, which provides opportunities for both electricity and LPG offerings
 - Potential rationalisation of administration, systems and sales functions
- The synergy analysis which underpins the acquisition does not depend on operating cost cuttings to any great extent. While there are clear opportunities for some efficiencies no personnel cuts are assumed

Acquisition cost and impact on Contact

- Contact has agreed an acquisition cost of \$156m, reflecting a value as at 1 July 2007. The final price will be determined by an adjustment at the actual completion date
- PWC has described this as fair to Contact, taking into account the base value of the business and the potential synergies to Contact, as well comparable multiples
- The acquisition is expected to add approx. \$16.5million of EBITDA (excluding synergies) in 2007/08 which represents an EBITDA multiple of 9.5 (which compares well with trading multiples of Australasian comparables)
- The acquisition is earnings neutral in 2007/08, and earnings positive in subsequent years



Integration approach

- The business will be integrated into Contact's business as follows:
 - The Rockgas General Manager will join the Contact SMT
 - Some operational synergies will be gained through combining corporate functions
 - Over time billing and other systems will be rationalised
- It is expected that the acquisition will be completed around the end of April
- Completion is conditional on the consent of the OIO

Summary

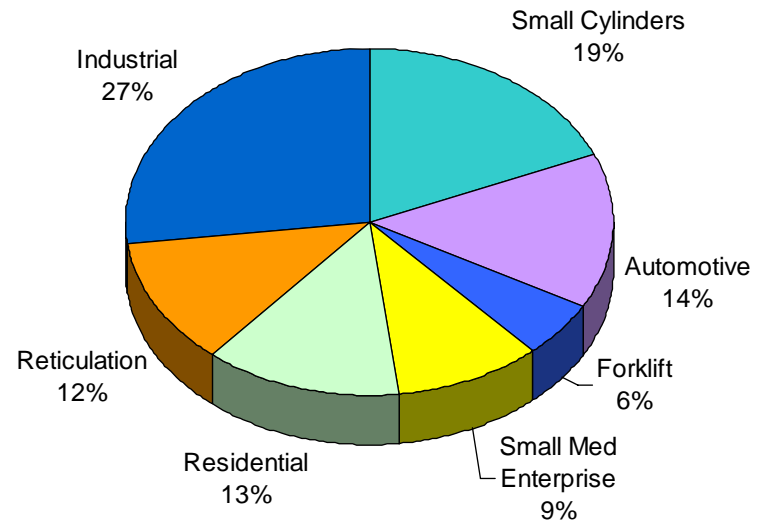
- The acquisition of Rockgas presents an exciting opportunity for Contact
- The transaction represents a value enhancing proposition to both Contact and Origin given Contact's ability to derive more value through cross selling and other synergies
- This positions Contact as the only energy retailer with national capability to provide electricity and gas solutions to any customer
- Provides firm foundation to support Contact's vision to provide complete a range of energy solutions for customers

Background material on the New Zealand LPG industry

The New Zealand LPG Industry

- Liquefied Petroleum Gas (LPG) is the generic name for a mixture of two hydrocarbons, propane and butane.
- The most common LPG supplied to the New Zealand customer is general product, which is 60/40 mix of propane and butane.
- The major uses of LPG include automotive, industrial, domestic heating and commercial use. The cylinder market encompasses small cylinders that are typically filled at service stations, and larger 45kg cylinders that are delivered to residences and small to medium enterprises.
- LPG can also be supplied via reticulated pipelines. The largest reticulated networks are in Christchurch, Dunedin and Queenstown.

LPG Market Segments



The New Zealand LPG Industry (continued)

- The total New Zealand market for LPG is estimated at 175,000 tonnes in 2007 and has shown steady growth since 1999.
- The LPG business in New Zealand is strongly influenced by seasonality, with demand peaking during the cooler winter months.
- All of New Zealand's indigenous LPG is produced from the Taranaki region. While production from some existing domestic producers is diminishing, additional supply is coming to market from new fields and developments. During periods of demand in excess of production, the balance is covered by imports from regional trading markets.
- LPG has a reduced environmental impact compared with other fuels:
 - Compared to petrol and diesel for vehicles LPG produces less aromatic hydrocarbons, less carbon monoxide, less nitrous oxides and less greenhouse gases than petrol and less particulates and nitrous oxides than diesel.
 - For use in heaters, water heaters and boilers, LPG produces less greenhouse gases, less sulphur and less particulates than coal, wood or oil.

LPG supply infrastructure

- The bulk of North Island demand is supplied by Maui and other local fields (Kapuni, TAWN)
- Liquigas acts as a distributor through its purchase of the Maui LPG and ownership of the key infrastructure. Liquigas is owned by the key participants – Rockgas holds 8.5%
- Once processed at Oaonui the LPG is then transferred to Liquigas facilities in Taranaki and then transported to Auckland and the South Island
- Product is transported by truck within the North Island
- South Island demand is met from shipments from the North Island or through direct imports
- Liquigas has several storage facilities at Christchurch and Dunedin to receive Maui or imported product

