



ANNOUNCEMENT

11 September 2024

Manawa Energy signs Scheme Implementation Agreement

Manawa Energy Limited ('**Manawa**') (NZX Code: MNW) has entered into a Scheme Implementation Agreement ('**SIA**') with Contact Energy Limited ('**Contact**') under which Contact has agreed to acquire all of Manawa's shares through a scheme of arrangement ('**Scheme**').

Key Highlights of the Scheme

Under the Scheme, Manawa shareholders will receive consideration valued at \$5.95 per Manawa share¹, comprising:

- 0.5719 Contact shares for each Manawa share ('**Initial Exchange Ratio**'), corresponding to consideration of \$4.79 per Manawa share, based on Contact's five-day VWAP on the NZX immediately prior to the date of the SIA of \$8.3755 per share² ('**Scrip Consideration**'); plus
- \$1.16 per Manawa share in cash ('**Cash Consideration**'),

subject to adjustment for dividends paid by either party (together, '**Consideration**').

The Consideration implies an equity value and enterprise value ('**EV**') for Manawa of \$1,862 million³ and \$2,336 million⁴, respectively, and as at 10 September 2024 represents a premium of:

- 47.6% to Manawa's closing price of \$4.03;
- 47.4% to Manawa's 30-day VWAP of \$4.04; and
- 42.3% to Manawa's 90-day VWAP of \$4.18.

Based on the Initial Exchange Ratio, Manawa shareholders will be issued with Contact shares equal to 18.5% of the ordinary shares outstanding following implementation of the Scheme⁵.

If either party declares a dividend with a record date prior to the implementation date of the Scheme:

- the Cash Consideration will be reduced by the quantum of any dividend declared by Manawa
- the Initial Exchange Ratio will be proportionately increased for the effect of any dividend declared by Contact⁶

To ensure continuity and support integration with the Manawa business and assets, and growth of the combined business, it is intended that Manawa's Chairman, Deion Campbell, will join the Contact Board following implementation of the Scheme.

Contact intends to repay Manawa's debt facilities, including Manawa's bank facilities and retail bonds, at or shortly after implementation of the Scheme. As a result, Manawa's bondholders will be repaid, and the retail bonds will cease to be listed on the NZX.

Chairman Comments on the Transaction

Manawa's Chairman, Deion Campbell, said:

"This is an attractive acquisition offer for Manawa and achieves a significant premium to Manawa's recent share price for shareholders, reflecting the company's high-quality hydro asset base and its strategic development portfolio. The combination of our hydro schemes with Contact's generation assets, including its base load geothermal fleet, creates a unique generation portfolio, with significant diversification benefits. Contact will retain various funding options post implementation of the Scheme that mean it will be well-placed to accelerate the progression of Manawa's development portfolio.

Given the majority scrip-based structure of the Consideration, Manawa shareholders will continue to enjoy exposure to the New Zealand electricity sector, becoming owners in a leading New Zealand energy company with the operational advantages arising from the combination of the two companies' assets and capabilities. Shareholders will also benefit from the synergies expected to arise from combining the two companies via this transaction, as well as a higher expected equivalent dividend per share⁷.

Until the transaction is completed, the Board and Management team will remain focused on running the business in the usual manner. We appreciate the transaction will create some uncertainty for our people and we are also focused on supporting them through this period"

Directors' Recommendation and Shareholder Support

Manawa's board is of the view that the transaction has meaningful benefits to Manawa shareholders:

- The Consideration represents attractive value to Manawa shareholders:
 - Significant takeover premium relative to Manawa's recent share price levels
 - Implied EV/EBITDAF multiple of 16x based on FY24 results;
- Manawa shareholders will become shareholders in a combined company with a strategic and diversified generation portfolio, large customer base and significant portfolio of renewable energy development options;
- Contact has estimated that it will realise portfolio and cost synergies of ~\$33-48m per annum (on a 100% run-rate basis), which Manawa shareholders will share in the benefits of;
- The transaction is expected to lead to higher equivalent dividends per share for Manawa shareholders⁷;
- Manawa shareholders will benefit from being shareholders in a significantly larger company, with increased liquidity for trading in shares.

In the absence of a superior proposal and subject to the Independent Adviser's Report concluding (and continuing to conclude in any updated, replacement or supplementary report issued prior to the Manawa shareholder meeting to vote on the Scheme) the value of the Consideration is within or above the Independent Adviser's valuation range for the Manawa shares, the Manawa Directors unanimously recommend that Manawa shareholders vote in favour of the Scheme, and, if they hold or control Manawa shares, intend to vote their own shares in favour of the Scheme⁸.

Immediately after Manawa entering into the SIA, the shareholding entities of Manawa's two major shareholders Infratil Limited ('**Infratil**') and TECT Community Trust ('**TECT**') entered into voting agreements with Contact. Subject to a number of conditions, these entities have agreed to vote their 51.1% and 26.8% shareholdings, respectively, in favour of the Scheme.

Scheme Conditions

The SIA is conditional upon the satisfaction of certain conditions, including:

- New Zealand Commerce Commission ('**NZCC**') approval;
- The IAR concluding (and continuing to conclude in any updated, replacement or supplementary report issued prior to the Manawa shareholder meeting to vote on the Scheme) that the value of the Consideration is within or above the Independent Adviser's valuation range for Manawa;
- Manawa shareholders approving the Scheme at a meeting of shareholders to be held after satisfaction of the NZCC approval condition;
- High Court approval; and
- Other customary conditions, including no material adverse changes and no 'prescribed occurrences' affecting Manawa or Contact.

A full list of the conditions is included in the SIA, which is attached to this announcement. The SIA also contains customary exclusivity conditions, including no-shop, no-talk provisions, obligations to notify Contact of any competing proposal, Contact having a matching right and break fees.

Timing

Manawa will hold a meeting of shareholders to vote on the Scheme as soon as practicable after the NZCC approval condition is satisfied. Manawa will send a Scheme Booklet, containing information relating to the Scheme, the Independent Adviser's Report, information relating to the Scrip Consideration and Contact, and details of the shareholder meeting to Manawa shareholders ahead of the meeting. Shareholders should carefully consider these materials and seek their own professional advice.

Manawa and Contact are targeting implementation of the Scheme in H1 2025, although this is indicative and subject to change. The Scheme implementation timing will depend on the timing of satisfaction of the NZCC approval condition. Contact is starting the Commerce Commission application process this week.

Advisers

Manawa's financial adviser is Lazard Australia and its legal adviser is Harmos Horton Lusk.

Overview of Manawa

Manawa is an independent energy generation company, located in Tauranga, and listed on the NZX. Manawa has 510 MW of installed generation capacity in 26 generation schemes across New Zealand, comprising mostly hydro generation. Manawa's long-run annual generation from these schemes is ~1.94 TWh p.a., with additional volumes acquired from third parties through long-term offtake agreements on wind and geothermal projects. Manawa also has a pipeline of more than 1.2 GW of secured wind and solar projects under active development. Manawa has 217 employees.

Overview of Contact

Contact is a leading New Zealand integrated energy company. It is headquartered in Wellington and is listed on the NZX and the ASX. It has a generation fleet of six geothermal assets, two hydro power stations, one controlled storage lake, two thermal peaking stations, and a development portfolio of geothermal, wind, solar and battery projects. At 30 June 2024, Contact had ~625,000 customer connections and 1,273 employees, and in FY24 had ~9 TWh of contracted electricity sales.

Important Information about the Scrip Consideration

The implied value of the Scrip Consideration of \$4.79 per Manawa share is based on Contact's five-day VWAP on the NZX immediately prior to the date of the SIA of \$8.3755 per share. Contact shares are quoted on the NZX and ASX. Accordingly, the market price of Contact shares is subject to change prior to implementation of the Scheme. The value of the Consideration on implementation of the Scheme will depend on the market value of the Scrip Consideration at that time. This may be greater than or less than \$4.79 per Manawa share. Shareholders are encouraged to seek their own financial advice in respect of the value of the Scrip Consideration.

This announcement and the SIA are not an offer of, or an invitation in respect of, the Scrip Consideration. The Scrip Consideration cannot currently be acquired. The offer of Scrip Consideration to Manawa shareholders will be made by the sending of the Scheme Booklet to Manawa shareholders⁹. Unless and until this occurs, there is no offer of Scrip Consideration to Manawa shareholders.

When the offer of the Scrip Consideration is made, it will only be made to shareholders in New Zealand, Australia and other jurisdictions that may be agreed between Manawa and Contact. No offer of the Scrip Consideration is made, or will be made, in any other jurisdiction¹⁰. Without limitation, no offer of the Scrip Consideration is made to any Manawa shareholder in the United States. Shares that would otherwise be issued to shareholders located in a jurisdiction where no offer of the Scrip Consideration is made will be issued to a nominee and sold, with the net proceeds paid to those shareholders.

Manawa understands that the offer of the Scrip Consideration, if made, will be made by Contact:

- in New Zealand in reliance on clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013. Accordingly, the Scheme Booklet will not be a product disclosure statement for the purposes of that Act, and no product disclosure statement will be provided to Manawa shareholders in connection with the Scrip Consideration; and
- In Australia in reliance on ASIC Corporations (Compromises or Arrangements) Instrument 2015/358. Accordingly, the Scheme Booklet will not be a prospectus for the purposes of the Corporations Act, and no prospectus will be provided to Manawa shareholders in connection with the Scrip Consideration.

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Investor and media enquiries:

Jen Spence

Communications

Ph 027 306 2618

comms@manawaenergy.co.nz

¹ All references to currency in this announcement are to New Zealand dollars.

² Shareholders should read the "Important Information about the Scrip Consideration" section of this announcement, which sets out important information in respect of the Scrip Consideration.

³ Based on 312,973,000 Manawa shares outstanding.

⁴ Based on Manawa's Statement of Financial Position as at 31 March 2024, i.e. debt outstanding of \$453.7 million, unrestricted cash of \$1.7 million and non-controlling interests of \$22.2 million.

⁵ Before any shares issued pursuant to Contact's dividend reinvestment plan or vesting of performance rights, and before adjustment of the exchange ratio for any dividends paid by Contact.

⁶ The formula for the 'Adjusted Exchange Ratio' is outlined in the SIA.

⁷ Based on Contact's expected dividends per share per its investor presentation dated 11 September 2024 and assuming the Cash Consideration is reinvested at Contact's five-day VWAP used to calculate the Initial Exchange Ratio of \$8.3755 per share. Relative to Manawa's FY24 full-year dividend.

⁸ For this purpose, no Manawa Director who is associated with or who represents Infratil or TECT is treated as holding or controlling any shares which are held or controlled, respectively, by Infratil or TECT.

⁹ If the offer of Scrip Consideration is made, the offeror will be Contact. Manawa is not the offeror of the Scrip Consideration.

¹⁰ For Manawa shareholders in a jurisdiction other than New Zealand or Australia, it is intended that their Scrip Consideration be issued to a sale agent which will sell that Scrip Consideration. The cash proceeds of sale (less brokerage and certain other withholdings) will be distributed to such Manawa shareholders after implementation of the Scheme.