

# FY19 Q1 Performance Report

10 October 2018

GENESIS ENERGY LIMITED



# FY19 Q1 Performance Summary

## Customer

- Customer churn improved by 5 percentage points to 16% compared to the previous year, with total customer numbers down 890 on Q4 FY18.
- Change in netback is flat in electricity at \$107/MWh on pcp, 2% increase in gas netback to \$8.7/GJ, and 5% increase in LPG netback to \$862/t.
- Total electricity sales volume was up 4% to 1,725 GWh, B2B increased 14%, offset by a 3% fall in residential sales volumes.
- Total gas sales volume was up 8% to 2.7 PJ, with B2B up 16% on pcp.

## Wholesale

- Average generation price received was \$86/MWh, down 12% however remains elevated based on historical levels.
- Total generation volume was down 15% on pcp to 1,781 GWh. Carbon emissions were down 32% on pcp to 392 ktCO<sub>2</sub>.
- Thermal generation down by 29% to 784 GWh due to lower swaption calls and market gas shortages as a result of Pohokura outages. Renewable generation flat at 997 GWh.

## Kupe

- Field production was 94% of maximum capacity, down 2 percentage points on pcp. Genesis' share of gas sales was down 5% to 3 PJ due to contract rebalancing.
- LPG production was up 21% on pcp to 13.5 kt with LPG yield at 4.43 t/TJ of gas produced, up 23% on pcp.
- Oil production was down 11% to 130 kbbl, due to natural decline in yield. 70 kbbl of oil sales were recorded, up 20% on pcp.

1. PCP is defined as the prior comparable period ie Q1 FY18, unless an alternative comparison is stated



Genesis' customer churn rate continues to improve following a foundational FY18, with our integrated portfolio and fuel mix providing benefits in the first quarter of FY19.

Marc England, Chief Executive Officer



# Customer Segment Performance

## Highs

**Churn<sup>1</sup>**  
Down from 21.3%  
Q1 FY18 to 16.2%  
5.1 ppt

**764 GWh**  
B2B electricity  
sales 14.2%

**2.7 PJ**  
Total gas sales  
volumes 8.1%

**1,725 GWh**  
Total Electricity  
retail sales volumes 4.1%

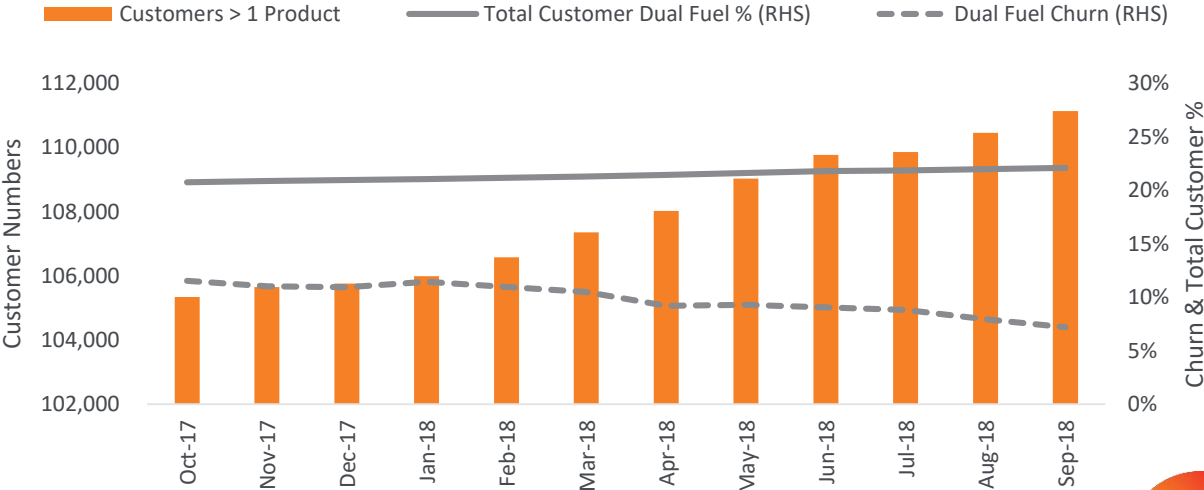
**7%**  
Genesis Brand Net  
Promoter score climbs 6 ppt

## Lows

**960 GWh**  
Residential electricity  
sales volume 2.8%

**Total Customers**  
Down 890 on Q4 FY18

DUAL FUEL CUSTOMER NUMBERS & CHURN (3 MONTH ROLLING AVERAGE)



1. Genesis residential 3 month rolling average churn (excluding EOL)



# Wholesale Segment Performance

## Highs

**97.6%**  
Equivalent Availability  
Factor (EAF) up from  
Q4 FY18 **11 ppt**

**\$86/MWh**  
Average price received  
for generation

**103%**  
LWAP / GWAP ratio  
down due to portfolio  
optimisation **2 ppt**

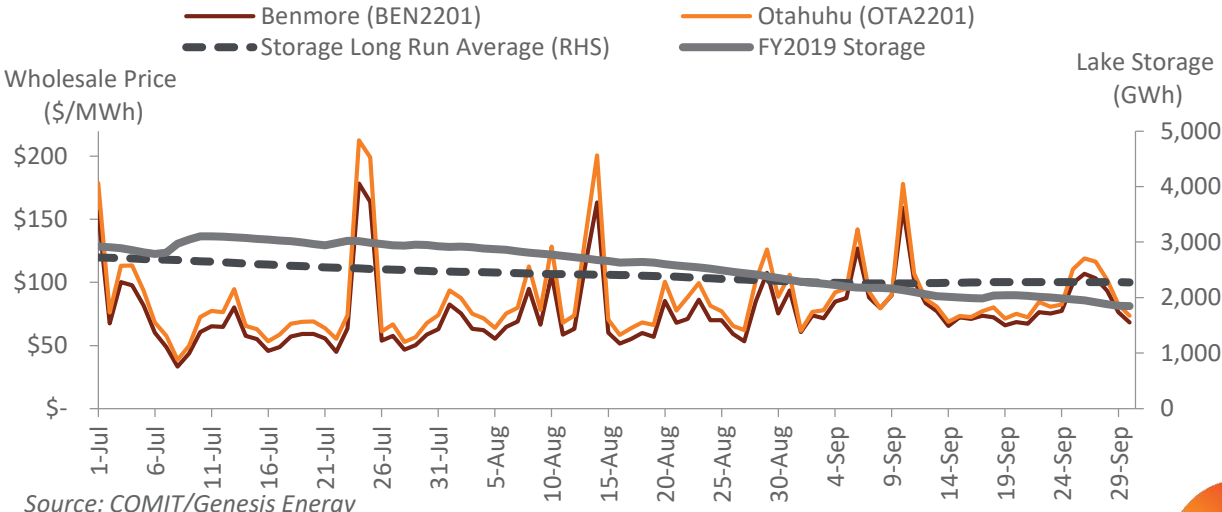
**392 ktCO2**  
Generation emission  
down **32.1%**

## Lows

**Rankine coal fuel %**  
Consumption up due to  
market gas outages **19 ppt**

**1,781 GWh**  
Total generation down due  
to lower swaption calls  
and market gas outages **15.2%**

DAILY AVERAGE WHOLESALE PRICES & NATIONAL HYDRO STORAGE



Source: COMIT/Genesis Enerav



# Kupe Segment Performance

## Highs

**4.43 t/TJ**

LPG yield up, with production plant fully available **↑ 22.7%**

**13.4 kt**

LPG sales up in line with improved production yield **↑ 17.7%**

**69.9 kbbl**

Kupe oil sales up **↑ 20.2%**

**USD75/bbl**

Average Brent Crude spot oil price **↑ 44.5%**

## Lows

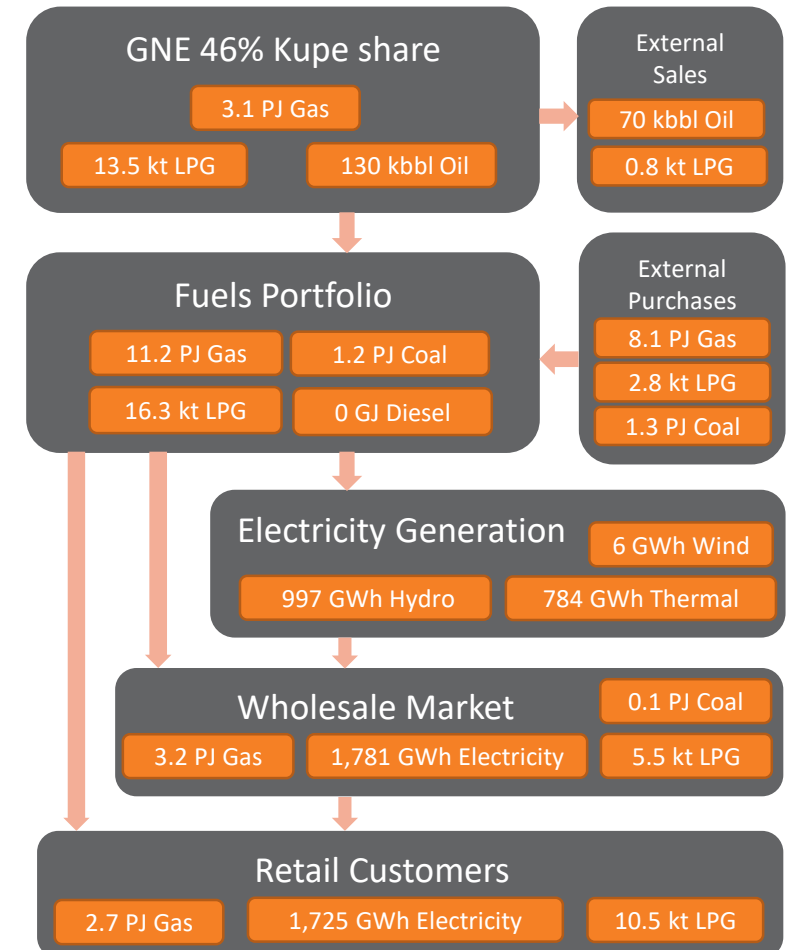
**3.1 PJ**

Gas production down slightly **↓ 1.7%**

**130 kbbl**

Oil production down due to natural yield decline **↓ 10.8%**

## Q1 FY19 INTEGRATED PHYSICAL ENERGY FLOWS<sup>1</sup>



1. LPG difference represents movement in storage

# Glossary

## CUSTOMER

Brand Net Promoter Score	Based on survey question "How likely would you be to recommend Genesis Energy/Energy Online to your friends or family?"
Electricity Market Share	Market share based on Electricity Authority data for the end of quarter
Gas Market Share	Market share based on Gas Industry Company data for the end of quarter
Customers	Electricity and gas customers are defined by single customer view, regardless of number of connections (ICP's)
Single Customer View	Represents unique customers which may have multiple ICP's
ICP	Installation Connection Point, a connection point that is both occupied and has not been disconnected (Active-Occupied)
Customer Churn	Based on losing and gaining accounts under a Single Customer View
MVP	Minimal Viable Product
Resi, SME, C&I	Residential, small and medium enterprises and commercial & industrial customers
B2B	Business to Business, including both SME and C&I
Volume Weighted Average Electricity Selling Price - \$/MWh	Average selling price for customers including lines/transmission and distribution and after prompt payment discount
Volume Weighted Average Gas Selling Price - \$/MWh	Average selling price for customers including lines/transmission and distribution and after prompt payment discount
Average Retail Electricity Purchase Price - LWAP (\$/MWh)	Excludes settlements from electricity derivatives.
LPG Customer Connections	Defined as number of customers
Bottled LPG Sales (tonnes)	Represents 45kg LPG bottle sales
Other Bulk and SME LPG Sales (tonnes)	Represents bulk, 3rd party distributors and SME sales
Wholesale LPG Sales (tonnes)	Represents wholesale, export sales and transfers to Huntly power station
Electricity Sales - Wholesale (GWh)	Includes contracts for difference and options (excluding futures)
Electricity Purchases - Wholesale (GWh)	Includes contracts for difference and options (excluding futures)
Retail Netback (\$/MWh)	Customer Segment EBITDAF plus electricity and gas purchase cost divided by total electricity and gas sales volumes

## GENERATION

Coal (GWh)	Coal generation is calculated by applying coal burn to monthly average heat rates
Average Price Received for Generation - GWAP (\$/MWh)	Excludes settlements from electricity derivatives.
Coal Used In Internal Generation (PJ)	Results have been revised to reflect changes in coal kilo tonnes to PJ conversion rate and volume methodology
Rankine's Fuelled by Coal (%)	The proportion of coal used in the Rankine units
Equipment Availability Factor (EAF)	The percentage of time a power station is available to generate electricity
Forced Outage Factor (FOF)	The percentage of time a power station is unavailable to generate electricity due to unplanned failure or defect.

## WHOLESALE

Weighted Average Fuel Cost (\$/MWh)	Total cost of fuel burnt plus emissions on fuel burnt divided by total generation (thermal, hydro and wind)
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## CORPORATE

Total Recordable Injury Frequency Rate	Rolling 12 month TRIFR per 200,000 hours worked for employees and contractors
Headcount	Based on full time equivalents, excluding contractors

## KUPE

Oil Hedge Levels (%)	% hedged for remainder of FY as % of forecast sales
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# Customer Metrics

CUSTOMER SEGMENT	Q1 FY19	Q1 FY18	% Change	Var.	YTD FY19	YTD FY18	% Change	Var.
<b>CUSTOMER</b>								
Brand Net Promoter Score - Genesis Energy (%)	7.0%	1.0%	600.0%	6.0%				
Customer Churn (3 month rolling average, %)	16.2%	21.3%	(23.9%)	(5.1%)				
Electricity Netback (\$/MWh)	\$106.8	\$107.0	(0.2%)	(\$0.22)	\$106.8	\$107.0	(0.2%)	(\$0.22)
Gas Netback (\$/GJ)	\$8.7	\$8.5	2.2%	\$0.19	\$8.7	\$8.5	2.2%	\$0.19
LPG Netback (\$/t)	\$862	\$823	4.8%	\$39.53	\$862	\$823	4.8%	\$39.53
<b>CUSTOMER NUMBERS<sup>1</sup></b>								
Electricity Only Customers	338,551	352,007	(3.8%)	(13,456)				
Gas Only Customers	18,369	18,277	0.5%	92				
LPG Only Customers	35,190	34,719	1.4%	471				
Customers > 1 Product	111,127	105,103	5.7%	6,024				
<b>Total Customers</b>	<b>503,237</b>	<b>510,106</b>	<b>(1.3%)</b>	<b>(6,869)</b>				
Electricity ICPs Active-Occupied	502,181	508,977	(1.3%)	(6,796)				
Gas ICPs Active-Occupied	106,253	105,682	0.5%	571				
<b>Total ICPs</b>	<b>608,434</b>	<b>614,659</b>	<b>(1.0%)</b>	<b>(6,225)</b>				
<b>VOLUMES AND PRICE</b>								
Volume Weighted Average Electricity Selling Price - Resi (\$/MWh)	\$247.74	\$245.23	1.0%	\$2.51	\$247.74	\$245.23	1.0%	\$2.51
Volume Weighted Average Electricity Selling Price - SME (\$/MWh)	\$215.06	\$214.56	0.2%	\$0.49	\$215.06	\$214.56	0.2%	\$0.49
Volume Weighted Average Electricity Selling Price - C&I (\$/MWh)	\$132.61	\$133.68	(0.8%)	(\$1.07)	\$132.61	\$133.68	(0.8%)	(\$1.07)
Residential Electricity Sales (GWh)	960	988	(2.8%)	(28)	960	988	(2.8%)	(28)
SME Electricity Sales (GWh)	274	285	(3.8%)	(11)	274	285	(3.8%)	(11)
C&I Electricity Sales (GWh)	490	384	27.5%	106	490	384	27.5%	106
<b>Electricity Sales - Retail (GWh)</b>	<b>1,725</b>	<b>1,657</b>	<b>4.1%</b>	<b>67</b>	<b>1,725</b>	<b>1,657</b>	<b>4.1%</b>	<b>67</b>
Electricity Purchases - Retail (GWh)	1,831	1,756	4.3%	75	1,831	1,756	4.3%	75
Average Retail Electricity Purchase Price - LWAP (\$/MWh)	\$88.11	\$102.06	(13.7%)	(\$13.95)	\$88.11	\$102.06	(13.7%)	(\$13.95)
Volume Weighted Average Gas Selling Price (\$/GJ)	\$22.00	\$23.50	(6.4%)	(\$1.50)	\$22.00	\$23.50	(6.4%)	(\$1.50)
Residential Gas Sales (PJ)	1.1	1.1	(2.0%)	(0.0)	1.1	1.1	(2.0%)	(0.0)
SME Gas Sales (PJ)	0.5	0.5	21.2%	0.1	0.5	0.5	21.2%	0.1
C&I Gas Sales (PJ)	1.0	0.9	14.1%	0.1	1.0	0.9	14.1%	0.1
<b>Retail Gas Sales (PJ)</b>	<b>2.7</b>	<b>2.5</b>	<b>8.1%</b>	<b>0.2</b>	<b>2.7</b>	<b>2.5</b>	<b>8.1%</b>	<b>0.2</b>
<b>LPG</b>								
LPG Customer Connections (#)	64,090	57,563	11.3%	6,527				
Bottled LPG Sales (tonnes)	4,817	4,514	6.7%	304	4,817	4,514	6.7%	304
Other Bulk & SME LPG sales (tonnes)	5,705	5,846	(2.4%)	(141)	5,705	5,846	(2.4%)	(141)
<b>Total LPG Sales Volumes (tonnes)</b>	<b>10,522</b>	<b>10,360</b>	<b>1.6%</b>	<b>162</b>	<b>10,522</b>	<b>10,360</b>	<b>1.6%</b>	<b>162</b>

1. Historical customer numbers restated post LPG integration



# Wholesale Metrics

WHOLESALE SEGMENT	Q1 FY19	Q1 FY18	% Change	Var.	YTD FY19	YTD FY18	% Change	Var.
<b>GENERATION</b>								
Gas (GWh)	688	921	(25.3%)	(232)	688	921	(25.3%)	(232)
Coal (GWh)	96	177	(45.8%)	(81)	96	177	(45.8%)	(81)
<b>Total Thermal (GWh)</b>	<b>784</b>	<b>1,098</b>	<b>(28.6%)</b>	<b>(314)</b>	<b>784</b>	<b>1,098</b>	<b>(28.6%)</b>	<b>(314)</b>
Hydro (GWh)	991	996	(0.5%)	(5)	991	996	(0.5%)	(5)
Wind (GWh)	6	5	11.1%	1	6	5	11.1%	1
<b>Total Renewable (GWh)</b>	<b>997</b>	<b>1,001</b>	<b>(0.4%)</b>	<b>(4)</b>	<b>997</b>	<b>1,001</b>	<b>(0.4%)</b>	<b>(4)</b>
<b>Total Generation (GWh)</b>	<b>1,781</b>	<b>2,099</b>	<b>(15.2%)</b>	<b>(318)</b>	<b>1,781</b>	<b>2,099</b>	<b>(15.2%)</b>	<b>(318)</b>
Average Price Received for Generation - GWAP (\$/MWh)	\$85.65	\$97.31	(12.0%)	(\$11.66)	\$85.65	\$97.31	(12.0%)	(\$11.66)
Generation Emissions (ktCO <sub>2</sub> )	392	577	(32.1%)	(186)	392	577	(32.1%)	(186)
Generation Carbon Intensity (tCO <sub>2</sub> /GWh)	220	275	(20.0%)	(55)	220	275	(20.0%)	(55)
Forced Outage Factor (FOF)	0.2%	0.2%	(1.5%)	(0.0%)	0.2%	0.2%	(1.5%)	(0.0%)
Equipment Availability Factor (EAF)	97.6%	97.3%	0.3%	0.3%	97.6%	97.3%	0.3%	0.3%
Rankine Output (GWh)	124	281	(56.0%)	(157)	124	281	(56.0%)	(157)
Rankines Fueled by Coal (%)	82%	63%	30.3%	19%	82%	63%	30%	19%
<b>WHOLESALE</b>								
Gas Purchases (PJ)	11.2	12.6	(11.0%)	(1.4)	11.2	12.6	(11.0%)	(1.4)
Coal Purchases (PJ)	1.3	1.0	34.1%	0.3	1.3	1.0	34.1%	0.3
Electricity Purchases - Wholesale (GWh)	291	488	(40.4%)	(197)	291	488	(40.4%)	(197)
Electricity Sales - Wholesale (GWh)	545	706	(22.9%)	(161)	545	706	(22.9%)	(161)
Wholesale Gas Sales (PJ)	3.2	2.9	10.2%	0.3	3.2	2.9	10.2%	0.3
Wholesale Coal Sales (PJ)	0.1	0.1	3.8%	0.0	0.1	0.1	3.8%	0.0
Wholesale LPG Sales (tonnes)	6,358	9,067	(29.9%)	(2,709)	6,358	9,067	(29.9%)	(2,709)
Gas Used In Internal Generation (PJ)	5.3	7.2	(27.2%)	(2.0)	5.3	7.2	(27.2%)	(2.0)
Coal Used In Internal Generation (PJ)	1.2	2.0	(41.5%)	(0.8)	1.2	2.0	(41.5%)	(0.8)
LWAP/GWAP Ratio (%)	103%	105%	(1.9%)	(2.0%)	103%	105%	(1.9%)	(2.0%)
Weighted Average Fuel Cost (\$/MWh)	\$29.96	\$33.97	(11.8%)	(\$4.01)	\$29.96	\$33.97	(11.8%)	(\$4.01)
Coal Stockpile - closing balance (kilotonnes)	312	297	5.0%	15				



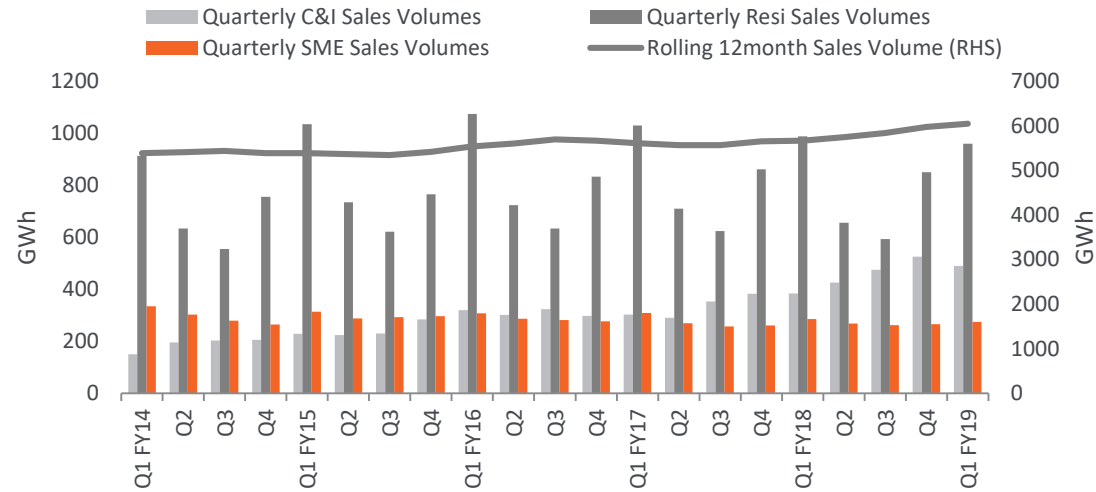
# Kupe and Other Metrics

KUPE SEGMENT	Q1 FY19	Q1 FY18	% Change	Var.	YTD FY19	YTD FY18	% Change	Var.
<b>KUPE</b>								
Gas Production (PJ)	3.1	3.1	(1.7%)	(0.1)	3.1	3.1	(1.7%)	(0.1)
Gas Sales (PJ)	3.0	3.1	(5.1%)	(0.2)	3.0	3.1	(5.1%)	(0.2)
Oil Production (kbbbl)	130.0	145.8	(10.8%)	(15.8)	130.0	145.8	(10.8%)	(15.8)
Oil Production Yield (bbl/TJ)	42.5	46.9	(9.3%)	(4.4)	42.5	46.9	(9.3%)	(4.4)
Oil Sales (kbbbl)	69.9	58.2	20.2%	11.8	69.9	58.2	20.2%	11.8
Realised Oil Price (NZD/bbl)	\$78.18	\$84.99	(8.0%)	(\$6.81)	\$78.18	\$84.99	(8.0%)	(\$6.81)
Average Brent Crude Oil (USD/bbl)	\$75.27	\$52.08	44.5%	\$23.19	\$75.27	\$52.08	44.5%	\$23.19
LPG Production (kt)	13.5	11.2	20.6%	2.3	13.5	11.2	20.6%	2.3
LPG Production Yield (t/TJ)	4.4	3.6	22.7%	0.8	4.4	3.6	22.7%	0.8
LPG Sales (kt)	13.4	11.4	17.7%	2.0	13.4	11.4	17.7%	2.0
<b>OTHER</b>								
<b>CORPORATE</b>								
Headcount (FTE)	1,052	928	13.4%	124				
Total Recordable Injury Frequency Rate <sup>1</sup>	1.33	1.36	(2.2%)	(0.03)				

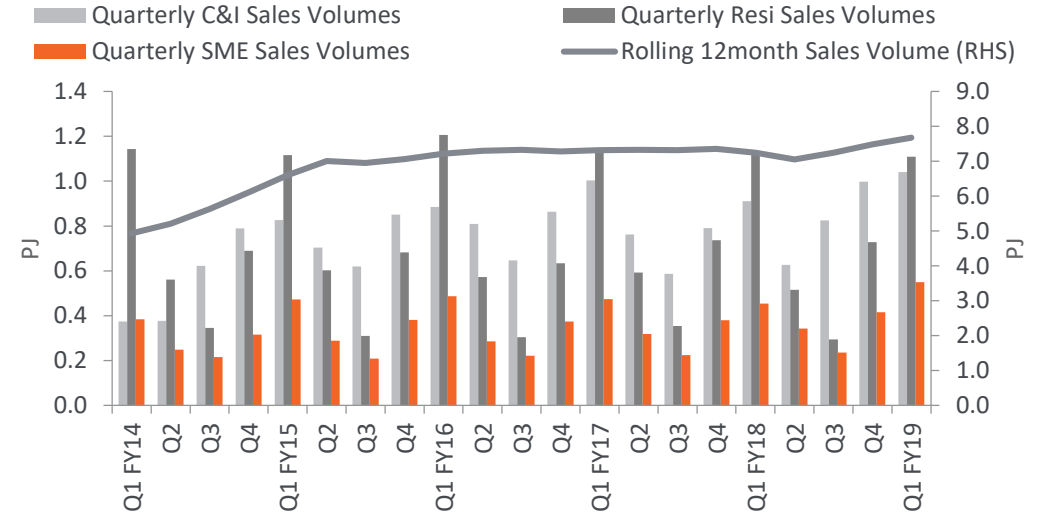
1. TRIFR now being reported to include contractors. Prior period has been restated on same basis

# Appendix: Customer Segment

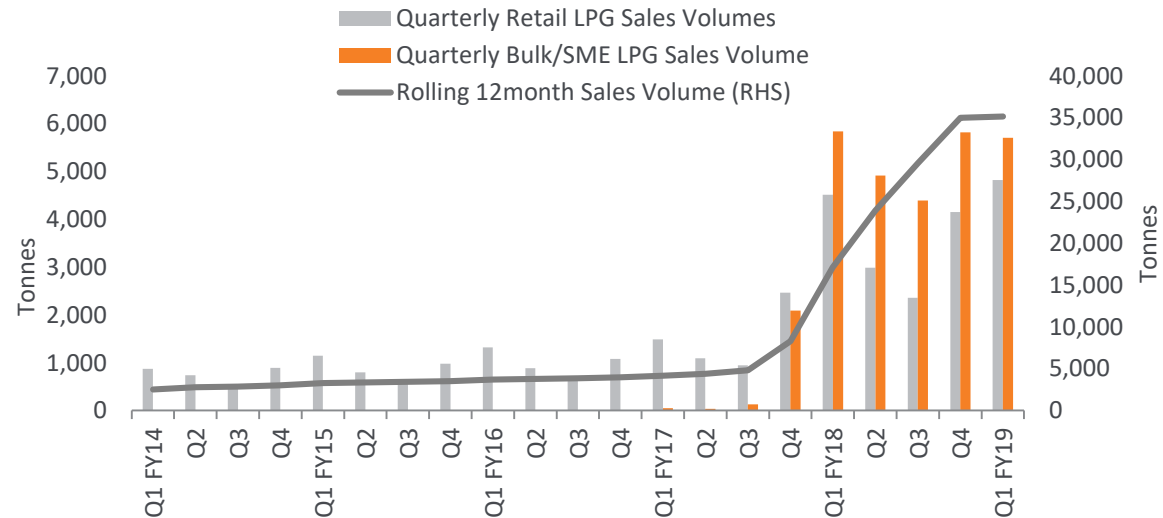
**ELECTRICITY SALES VOLUMES (GWh)**



**RETAIL GAS SALES VOLUMES (PJ)**

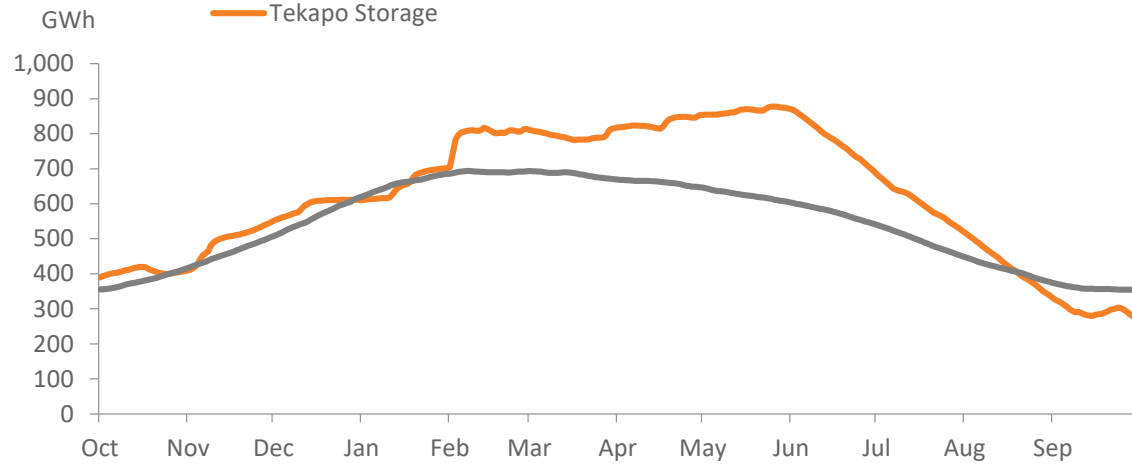


**LPG SALES VOLUMES (tonnes)**



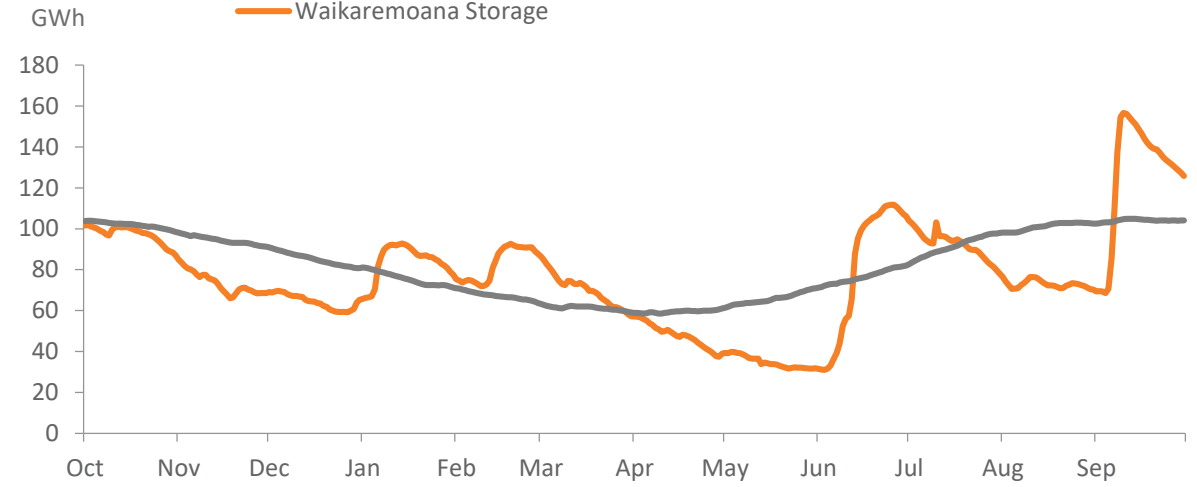
# Appendix: Wholesale Segment

TEKAPO STORAGE vs LONG RUN AVERAGE - Q1 FY19



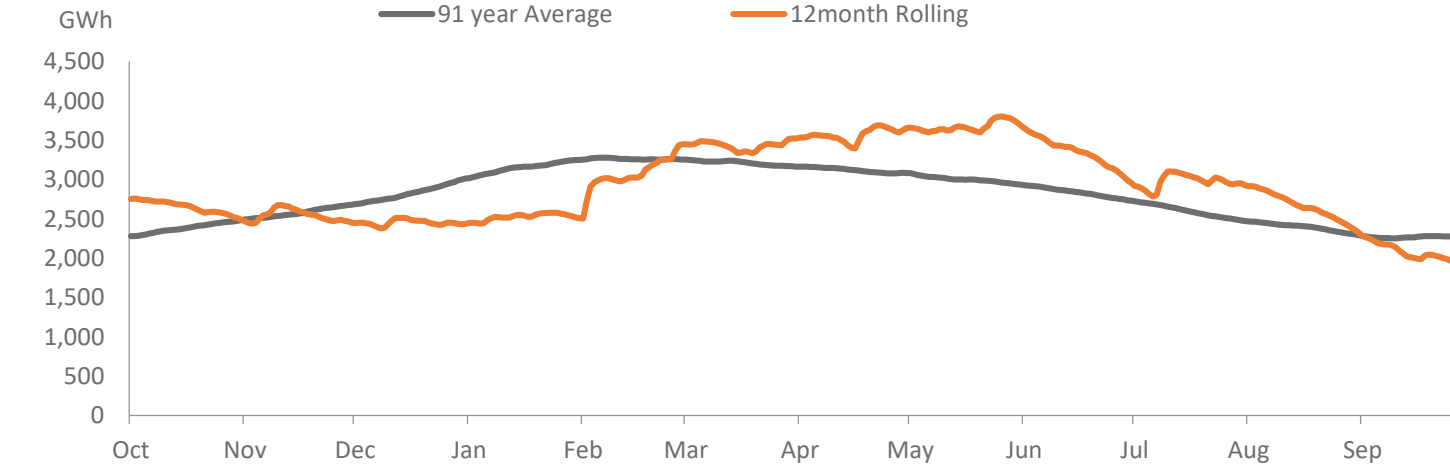
Source: COMIT

WAIKAREMOANA STORAGE vs LONG RUN AVERAGE - Q1 FY19



Source: COMIT

NEW ZEALAND DAILY STORAGE

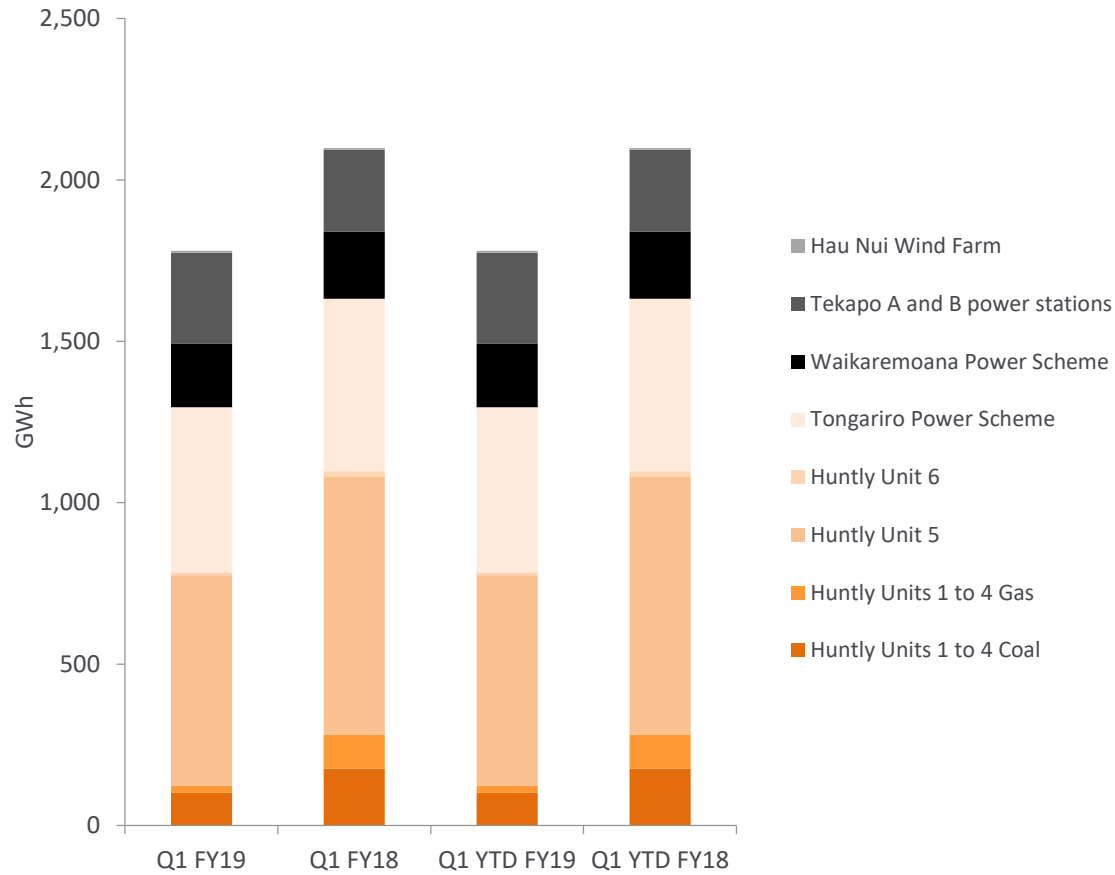


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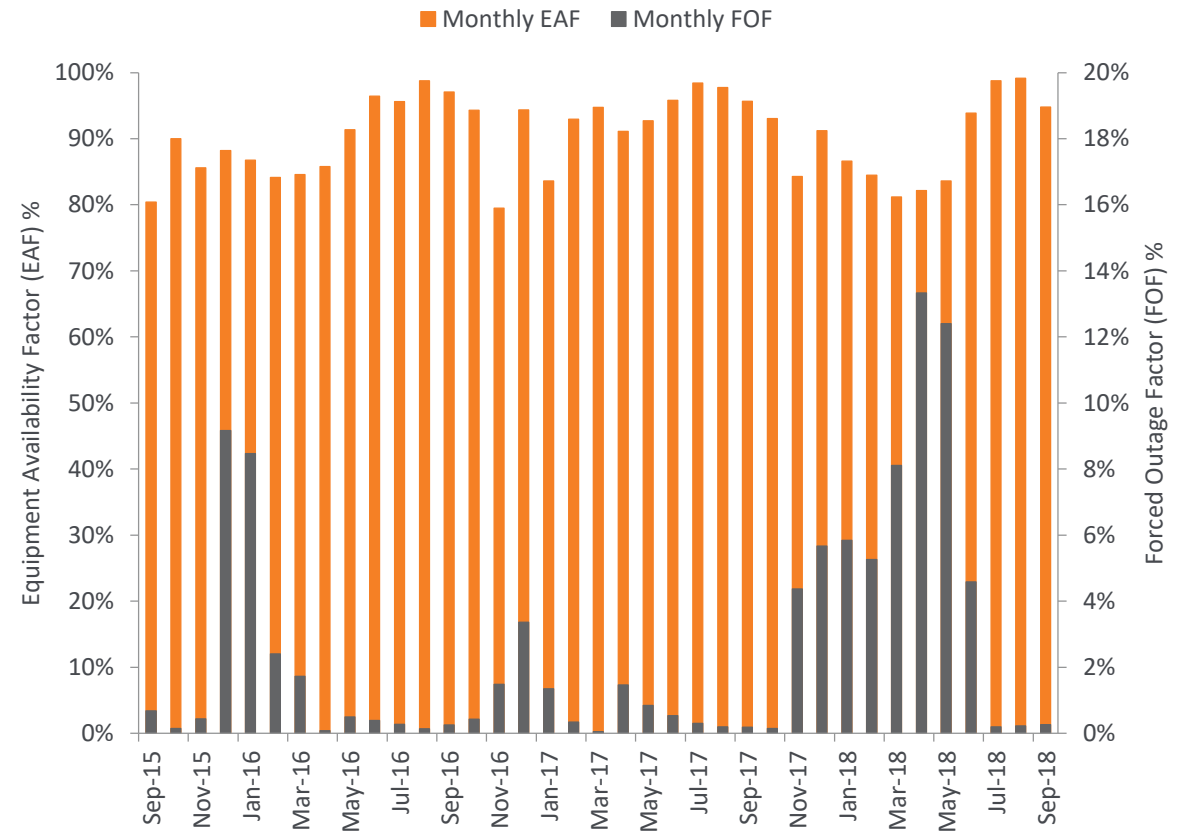


# Appendix: Wholesale Segment

GENERATION BY POWER STATION

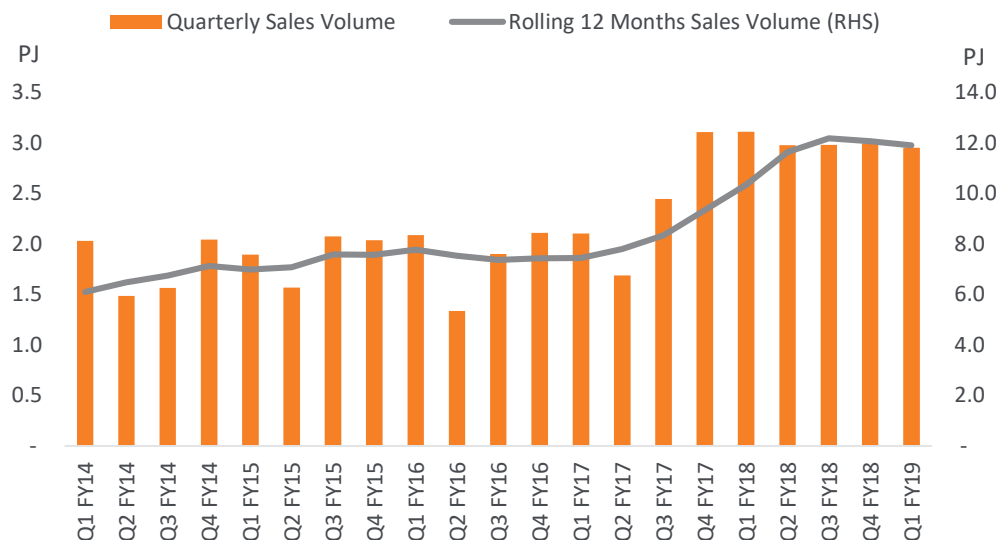


PLANT PERFORMANCE

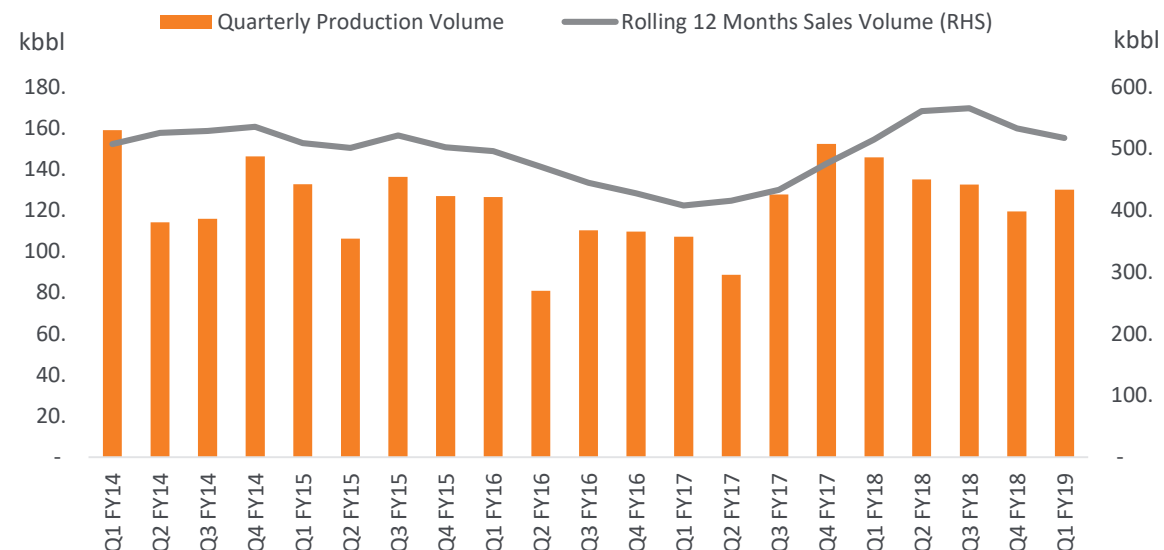


# Appendix: Kupe Segment

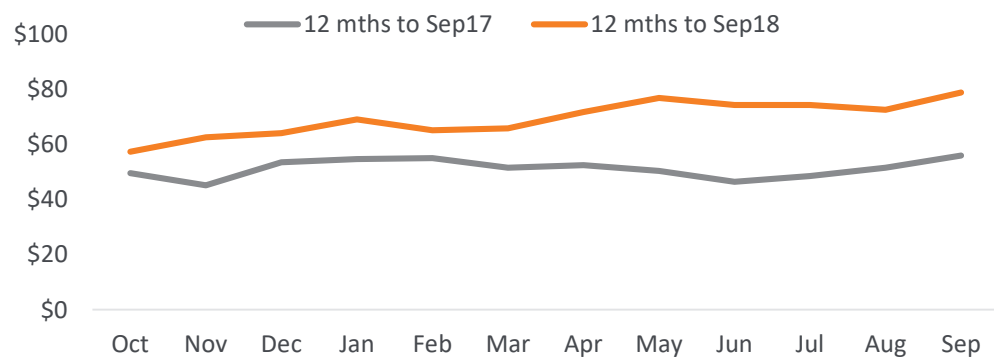
**KUPE GAS VOLUMES (GENESIS SHARE, PJ)**



**KUPE OIL PRODUCTION VOLUMES (GENESIS SHARE, kbbl)**



**BRENT CRUDE OIL SPOT PRICE (USD/bbl)**



**OIL PRICE AND FOREX RISK MANAGEMENT**

FORWARD RISK MANAGEMENT		
<b>Oil Price Hedges</b>	<b>% Hedged</b>	<b>Average Oil Price</b>
1-12 months	82%	\$59.57
13-24 months	62%	\$56.51
25-36 months	29%	\$63.43
<b>USD/NZD Hedges</b>	<b>Rate</b>	<b>Rate</b>
1-12 months	64%	0.690
13-24 months	37%	0.697
25-36 months	21%	0.683

