

A young girl with dark hair is smiling and swimming in a pool. The water is blue and rippling. In the background, there is a house with a white railing and a person standing on the deck. The scene is set outdoors during the day.

FY20 Q1 Performance Report

16 October 2019

GENESIS ENERGY LIMITED



FY20 Q1 Performance Summary

Customer

Genesis' gross churn declined further over the quarter, down 1.6 ppt on the prior year, with net churn down marginally, by 0.6 ppt. Customers choosing to purchase more than one fuel increased by 7,900 on the prior comparable period (pcp) and total ICP's increased by nearly 6,300. A key driver of this growth being a positive response to Genesis' ['For Dairy'](#) product, launched in May, and continued growth in LPG. Netback margins were up materially across all fuels. Total electricity sales was down by 0.5% on the prior year, with residential sales down 2.1% on pcp.

Wholesale

The fuel constraints observed in the prior year continued over the first quarter FY20 driven by gas outages, declining gas production at Kupe and lower than average inflows in all hydro catchments. As a result, spot prices remained elevated with the price received for generation up \$39/MWh on pcp to \$125/MWh. The combination of these factors, including Genesis' hydro generation 23% lower than the prior comparable period, meant that thermal generation was up 39% on the prior comparable period. Genesis' average portfolio fuel cost increased 59% on pcp with the need for coal-fired generation to replace unavailable gas and lower hydro generation volumes.

Kupe

Kupe operated at 97.2% of available capacity over the period, up from 95.8% on pcp, although included two short unplanned maintenance outages in late September. Gas production was flat versus pcp at 3.1 PJ, LPG yield remained high at 4.4 t/TJ, whilst oil yield was down 15% due to the natural decline in the field. Oil sales for Genesis were recorded at 66,000 barrels, down 5% on pcp, with a realised oil price of NZ\$83/bbl, up 7% on the prior year. Notably, the Joint Venture approved the commencement of Kupe's Inlet Compression Project, expected to be completed by mid-2021.

Note: The prior comparable period (pcp) is defined as FY19 Q1, unless an alternative comparison is stated



It was pleasing to see Genesis' retail strategy continue to deliver growth in what is a competitive market place, whilst our Wholesale portfolio managed the ongoing fuel constraints observed in the second half of FY19.



Marc England, Chief Executive Officer

Customer Segment Performance

Highs

Genesis Gross Churn¹
26.8%

↓
1.6 ppt

Netback
Up across all fuels
Electricity + 6.1%
Gas + 6.9%
LPG² + 19.5%

Genesis Net Churn¹
15.7%

↓
0.6 ppt

Cost to Serve
\$141/ICP

↓
4.1%

Total LPG Sales
13,122 tonnes

↑
24.7%

Customers > 1 fuel
119k

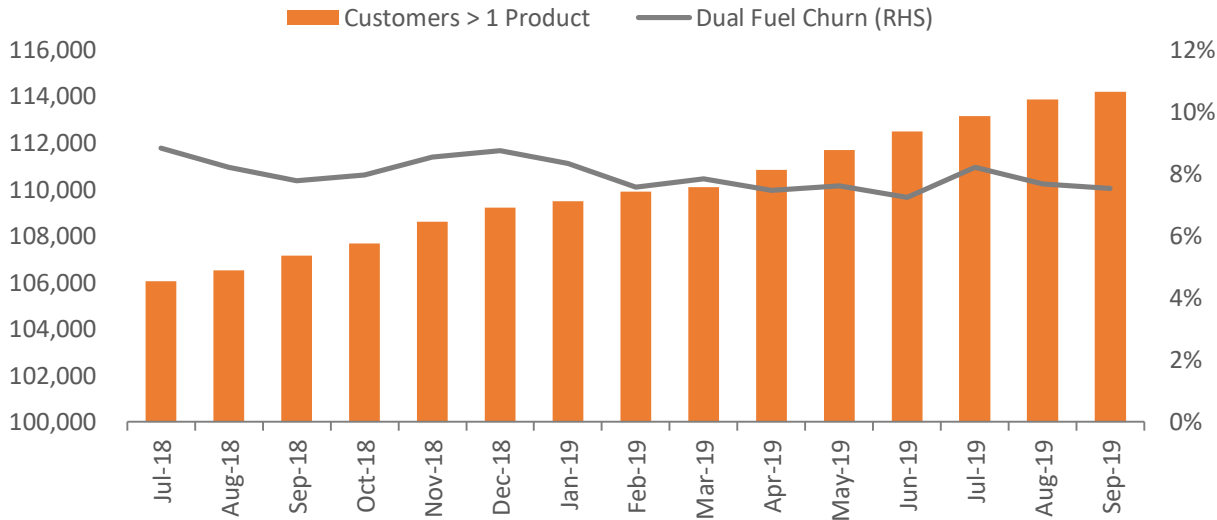
↑
7.1 %

Lows

Total Electricity Sales
Down to 1,717 GWh partly due to mild temperatures translating to lower demand

↓
0.5%

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



¹ Genesis residential customer churn, 3 month rolling average (excluding EOL)
² LPG netback includes IFRS 16 – Lease adjustment in FY20 of approximately \$20/t.

Wholesale Segment Performance

Highs

Average Price Received for Generation
 \$125/MWh
 ↑ 45.0%

High Plant Reliability
 Forced Outage Factor of 0.3%

Total Generation
 1,851 GWh
 ↑ 4.3%

Thermal Output
 up to 1,086 GWh in support of low hydro inflows and gas availability
 ↑ 39.4%

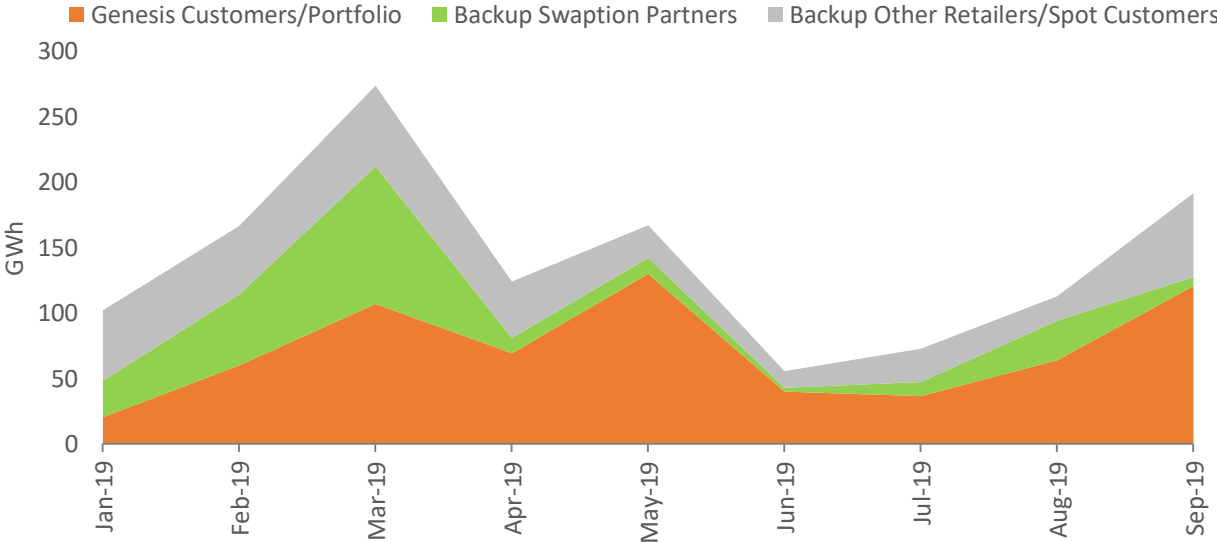
Lows

Average Portfolio Fuel Cost
 \$48/MWh
 ↑ 59.0%

Average Thermal Fuel Cost
 \$81/MWh
 ↑ 18.8%

Hydro Generation
 759 GWh
 ↓ 23.4%

HUNTLY RANKINE UTILISATION (GWh)



Kupe Segment Performance

Highs

Gas Sales

3.0 PJ flat

LPG Sales

13.9 kt ↑ 3.7%

Realised Oil Price

NZ\$83/bbl ↑ 6.6%

Lows

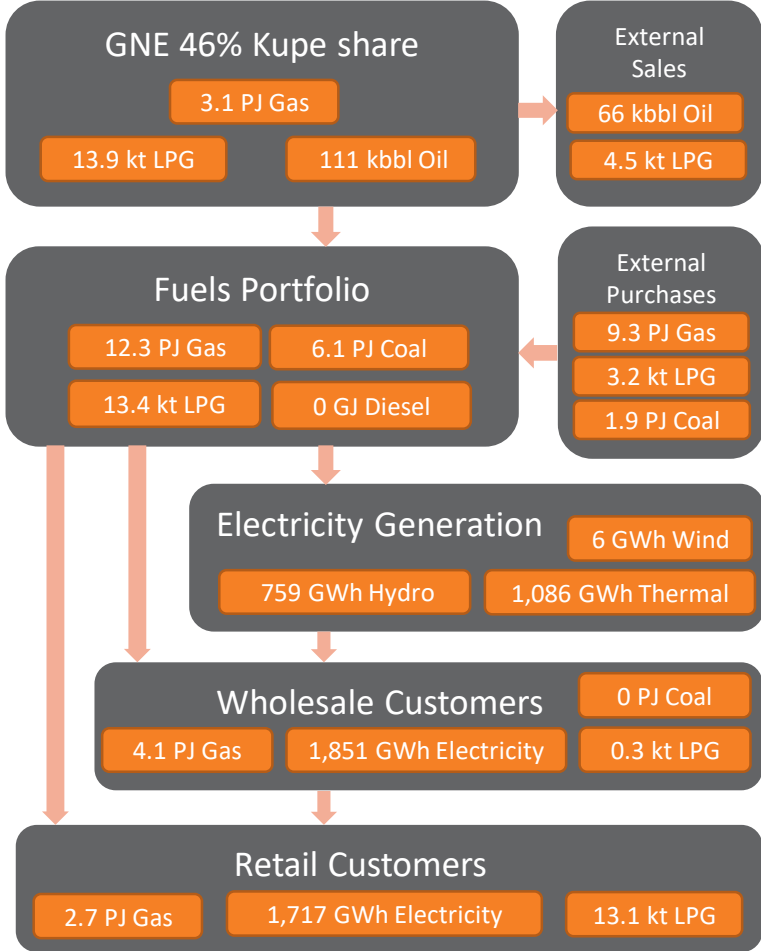
Oil Production Yield

Down to 36 bbl/TJ due to natural decline in field ↓ 14.8%

Average Brent Crude Oil Price

US\$62/bbl ↓ 17.7%

GENESIS ENERGY FY20 Q1 INTEGRATED PHYSICAL ENERGY FLOWS¹



¹ LPG/Oil/Coal difference represents movement in stock

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?"
Interaction Net Promoter Score (%)	Based on survey question "Based on your recent Interaction With GE/EOL, how likely would you be to recommend GE/EOL to your Friends/Family?"
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)
LPG Customer Connections	Defined as number of customers
Gross Customer Churn	Based on customers instigating a trader switch or home move, as opposed to net churn being post home move save and retentions
Net Customer Churn	Based on losing and gaining accounts under a Single Customer View
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 - \$/GJ	Average selling price for customers including transmission and distribution and after prompt payment discount
Volume Weighted Average LPG Selling Price - \$/tonne	Average selling price for customers including after prompt payment discount
Bottled LPG Sales (tonnes)	Represents 45kg LPG bottle sales
SME & Other Bulk LPG sales (tonnes)	Represents SME and other bulk and 3rd party distributors
Cost to Serve (\$ per ICP)	Retail costs associated with serving customers across all fuel types divided by the total numbers of ICPs at time of reporting
Netback (\$/MWh, \$/GJ, \$/tonne)	Customer EBITDAF by fuel type plus respective fuel purchase cost divided by total fuel sales volumes, stated in native fuel units (excluding corporate allocation costs)

GENERATION

Average Price Received for Generation - GWAP (\$/MWh)	Excludes settlements from electricity derivatives.
Coal (GWh)	Coal generation is calculated by applying coal burn to monthly average heat rates
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

Average Retail Electricity Purchase Price - LWAP (\$/MWh)	Excludes settlements from electricity derivatives
Electricity CFD Purchases - Wholesale (GWh)	Settlement volumes of generation hedge purchase contracts, including ASX but excluding Financial Transmission Right (FTRs) or Cap/Collar/Floor contracts
Electricity CFD Sales - Wholesale (GWh)	Settlement volumes of generation hedge sale contracts, including ASX but excluding Financial Transmission Right (FTRs) or Cap/Collar/Floor contracts
Swaption Sales - Wholesale (GWh)	Electricity (swap/option) sales contract volume called, a subset of the Electricity CFD Sales - Wholesale (GWh)
Wholesale LPG Sales (tonnes)	Represents wholesale, export sales and transfers to Huntly power station
Weighted Average Gas Burn Cost (\$/GJ)	Total cost of gas burnt divided by generation from gas fired generation, excluding emissions
Weighted Average Coal Burn Cost (\$/GJ)	Total cost of coal burnt divided by generation from coal fired generation, excluding emissions
Weighted Average Fuel Cost - Portfolio (\$/MWh)	Total cost of fuel burnt plus emissions on fuel burnt divided by total generation (thermal, hydro and wind)
Weighted Average Fuel Cost - Thermal (\$/MWh)	Total cost of fuel burnt plus emissions on fuel burnt divided by total generation from thermal plant
Coal Stockpile - Stored Energy (PJ)	The coal stockpile closing balance in tonnes divided by an estimated nominal energy content of Huntly's coal (22 GJ/t)

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, including contractors

KUPE

Oil Price realised (NZD/bbl)	Oil price received including hedge outcome for oil and foreign exchange
Oil Price realised (USD/bbl)	The underlying benchmark crude oil price that is used to set the price for crude oil sales
Oil Hedge Levels (%)	% hedged for remainder of FY as % of forecast sales

Retail Operating Metrics

RETAIL SEGMENT	Q1 FY20	Q1 FY19	% Change	Var.	YTD FY20	YTD FY19	% Change	Var.
RETAIL								
Brand Net Promoter Score - Genesis (%)	14.0%	18.0%	(22.2%)	(4)ppt				
Interaction Net Promoter Score - Genesis (%)	40.7%	36.0%	13.1%	4.7ppt				
Gross Customer Churn (3 month rolling average, %)	26.8%	28.4%	(5.6%)	(1.6)ppt				
Net Customer Churn (3 month rolling average, %)	15.7%	16.3%	(3.7%)	(0.6)ppt				
Cost to Serve (\$ per ICP)	\$141	\$147	(4.1%)	(\$6)				
Electricity Netback (\$/MWh)	\$114.01	\$107.41	6.1%	\$6.60	\$114.01	\$107.41	6.1%	\$6.60
Gas Netback (\$/GJ)	\$9.3	\$8.7	6.9%	\$0.6	\$9.3	\$8.7	6.9%	\$0.6
LPG Netback (\$/t)	\$1,031	\$863	19.5%	\$168	\$1,031	\$863	19.5%	\$168
CUSTOMER NUMBERS								
Customers > 1 Fuel	118,991	111,069	7.1%	7,922				
Electricity Only Customers	326,149	338,551	(3.7%)	(12,402)				
Gas Only Customers	16,150	17,697	(8.7%)	(1,547)				
LPG Only Customers	34,196	35,862	(4.6%)	(1,666)				
Total Customers	495,486	503,179	(1.5%)	(7,693)				
Electricity ICPs Active-Occupied	501,993	502,181	0.0%	(188)				
Gas ICPs Active-Occupied	106,443	106,253	0.2%	190				
LPG Customer Connections	70,385	64,090	9.8%	6,295				
Total ICPs	678,821	672,524	0.9%	6,297				
VOLUMES AND PRICE								
Volume Weighted Average Electricity Selling Price - Resi (\$/MWh)	\$253.47	\$247.74	2.3%	\$5.73	\$253.47	\$247.74	2.3%	\$5.73
Volume Weighted Average Electricity Selling Price - SME (\$/MWh)	\$214.88	\$215.06	(0.1%)	(\$0.18)	\$214.88	\$215.06	(0.1%)	(\$0.18)
Volume Weighted Average Electricity Selling Price - C&I (\$/MWh)	\$150.43	\$132.61	13.4%	\$17.82	\$150.43	\$132.61	13.4%	\$17.82
Residential Electricity Sales (GWh)	940	960	(2.1%)	(20)	940	960	(2.1%)	(20)
SME Electricity Sales (GWh)	290	274	5.8%	16	290	274	5.8%	16
C&I Electricity Sales (GWh)	488	490	(0.4%)	(2)	488	490	(0.4%)	(2)
Total Electricity Sales - Customer (GWh)	1,717	1,725	(0.5%)	(8)	1,717	1,725	(0.5%)	(8)
Volume Weighted Average Gas Selling Price - Resi (\$/GJ)	\$27.2	\$25.8	5.4%	\$1.4	\$27.2	\$25.8	5.4%	\$1.4
Volume Weighted Average Gas Selling Price - SME (\$/GJ)	\$14.5	\$14.4	0.7%	\$0.1	\$14.5	\$14.4	0.7%	\$0.1
Volume Weighted Average Gas Selling Price - C&I (\$/GJ)	\$10.4	\$10.0	4.0%	\$0.4	\$10.4	\$10.0	4.0%	\$0.4
Residential Gas Sales (PJ)	1.0	1.1	(9.1%)	(0.1)	1.0	1.1	(9.1%)	(0.1)
SME Gas Sales (PJ)	0.6	0.5	20.0%	0.1	0.6	0.5	20.0%	0.1
C&I Gas Sales (PJ)	1.1	1.0	10.0%	0.1	1.1	1.0	10.0%	0.1
Total Gas Sales (PJ)	2.7	2.7	0.0%	-	2.7	2.7	0.0%	-
Volume Weighted Average LPG Selling Price - Resi (\$/tonne)	\$2,463	\$2,224	10.7%	\$239	\$2,463	\$2,224	10.7%	\$239
Volume Weighted Average LPG Selling Price - SME/Bulk (\$/tonne)	\$1,464	\$1,531	(4.4%)	(\$67)	\$1,464	\$1,531	(4.4%)	(\$67)
Bottled LPG Sales (tonnes)	5,562	4,817	15.5%	745	5,562	4,817	15.5%	745
SME & Other Bulk LPG sales (tonnes)	7,560	5,705	32.5%	1,855	7,560	5,705	32.5%	1,855
Total LPG Sales Volumes (tonnes)	13,122	10,522	24.7%	2,600	13,122	10,522	24.7%	2,600

Note: Brand Net Promoter Score has been restated as at October 2019, following a change in supplier.

Wholesale Operating Metrics

WHOLESALE SEGMENT	Q1 FY20	Q1 FY19	% Change	Var.	YTD FY20	YTD FY19	% Change	Var.
GENERATION								
Gas (GWh)	725	685	5.8%	40	725	685	5.8%	40
Coal (GWh)	361	93	288.2%	268	361	93	288.2%	268
Total Thermal (GWh)	1,086	779	39.4%	307	1,086	779	39.4%	307
Hydro (GWh)	759	991	(23.4%)	(232)	759	991	(23.4%)	(232)
Wind (GWh)	6	6	0.0%	-	6	6	0.0%	-
Total Renewable (GWh)	765	997	(23.3%)	(232)	765	997	(23.3%)	(232)
Total Generation (GWh)	1,851	1,775	4.3%	76	1,851	1,775	4.3%	76
Average Price Received for Generation - GWAP (\$/MWh)	\$124.59	\$85.92	45.0%	\$38.67	\$124.59	\$85.92	45.0%	\$38.67
Generation Emissions (ktCO2)	662	393	68.4%	269	662	393	68.4%	269
Generation Carbon Intensity (tCO2/GWh)	358	221	62.0%	137	358	221	62.0%	137
Forced Outage Factor (FOF)	0.3%	0.2%	50.0%	0.1%	0.3%	0.2%	50.0%	0.1%
Equivalent Availability Factor (EAF)	94.6%	97.8%	(3.3%)	(3.2%)	94.6%	97.8%	(3.3%)	(3.2%)
Rankine Output (GWh)	374	118	216.9%	256	374	118	216.9%	256
Rankines Fueled by Coal (%)	97%	82%	18.3%	15%	97%	82%	18%	15%
WHOLESALE								
Electricity Purchases - Customer (GWh)	1,817	1,831	(0.8%)	(14)	1,817	1,831	(0.8%)	(14)
Average Retail Electricity Purchase Price - LWAP (\$/MWh)	\$125.69	\$88.11	42.7%	\$37.58	\$125.69	\$88.11	42.7%	\$37.58
LWAP/GWAP Ratio (%)	101%	103%	(1.9%)	(2.0%)	101%	103%	(1.9%)	(2.0%)
Gas Purchases (PJ)	12.3	11.2	9.8%	1.1	12.3	11.2	9.8%	1.1
Coal Purchases (PJ)	1.9	1.3	46.2%	0.6	1.9	1.3	46.2%	0.6
Electricity CFD Purchases - Wholesale (GWh)	809	613	32.0%	196	809	613	32.0%	196
Electricity CFD Sales - Wholesale (GWh)	453	525	(13.7%)	(72)	453	525	(13.7%)	(72)
Swaption Sales - Wholesale (GWh)	50	-	-	50	342	266	28.6%	76
Wholesale Gas Sales (PJ)	4.1	3.2	28.1%	0.9	4.1	3.2	28.1%	0.9
Wholesale Coal Sales (kilotonnes)	-	4.1	(100.0%)	(4.1)	-	4.1	(100.0%)	(4.1)
Wholesale LPG Sales (tonnes)	291	1,950	(85.1%)	(1,659)	291	1,950	(85.1%)	(1,659)
Gas Used In Internal Generation (PJ)	5.5	5.3	3.8%	0.2	5.5	5.3	3.8%	0.2
Weighted Average Gas Burn Cost (\$/GJ)	\$9.23	\$8.26	11.7%	\$0.97	\$9.23	\$8.26	11.7%	\$0.97
Coal Used In Internal Generation (PJ)	4.2	1.2	250.0%	3.0	4.2	1.2	250.0%	3.0
Weighted Average Coal Burn Cost (\$/GJ)	\$7.08	\$5.61	26.2%	\$1.47	\$7.08	\$5.61	26.2%	\$1.47
Weighted Average Fuel Cost - Portfolio (\$/MWh)	\$47.79	\$30.06	59.0%	\$17.73	\$47.79	\$30.06	59.0%	\$17.73
Weighted Average Fuel Cost - Thermal (\$/MWh)	\$81.44	\$68.54	18.8%	\$12.90	\$81.44	\$68.54	18.8%	\$12.90
Coal Stockpile - Closing Balance (kilotonnes)	386	312	23.7%	74				
Coal Stockpile - Stored Energy (PJ)	8.5	6.9	23.2%	1.6				

Kupe and Other Operating Metrics

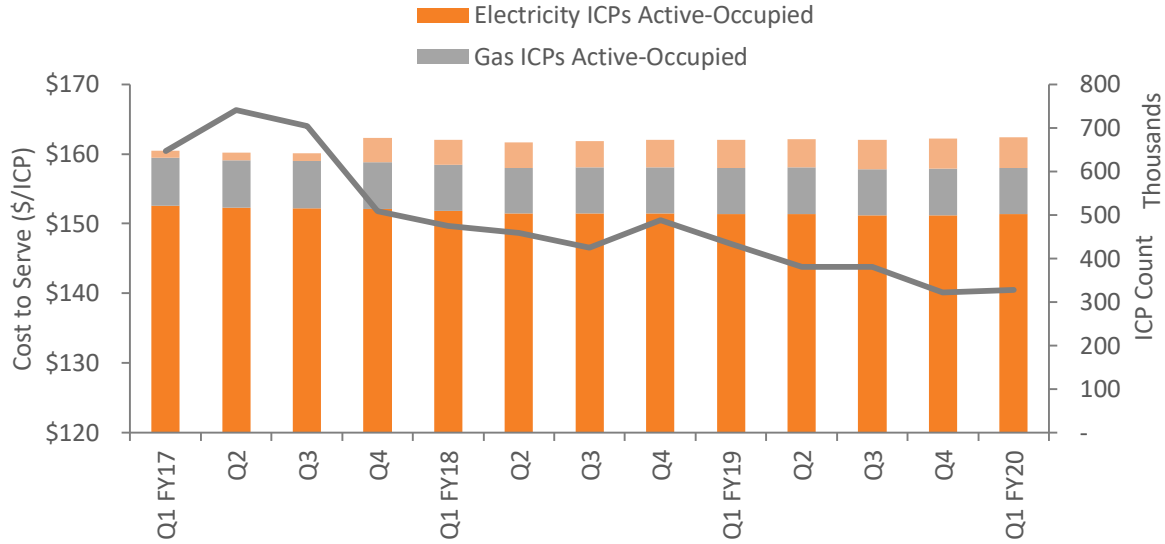
KUPE SEGMENT	Q1 FY20	Q1 FY19	% Change	Var.	YTD FY20	YTD FY19	% Change	Var.
KUPE								
Gas Production (PJ)	3.1	3.1	0.0%	-	3.1	3.1	0.0%	-
Gas Sales (PJ) ¹	3.0	3.0	0.0%	-	3.0	3.0	0.0%	-
Oil Production (kbbbl)	111	130	(14.6%)	(19)	111	130	(14.6%)	(19)
Oil Production Yield (bbl/TJ)	36.2	42.5	(14.8%)	(6.3)	36.2	42.5	(14.8%)	(6.3)
Oil Sales (kbbbl)	66	70	(5.7%)	(4)	66	70	(5.7%)	(4)
Realised Oil Price (NZD/bbl)	\$83.34	\$78.18	6.6%	\$5.16	\$83.34	\$78.18	6.6%	\$5.16
Average Brent Crude Oil (USD/bbl)	\$61.94	\$75.27	(17.7%)	(\$13.33)	\$61.94	\$75.27	(17.7%)	(\$13.33)
LPG Production (kt)	13.4	13.5	(0.7%)	(0.1)	13.4	13.5	(0.7%)	(0.1)
LPG Production Yield (t/TJ)	4.4	4.4	0.0%	-	4.4	4.4	0.0%	-
LPG Sales (kt)	13.9	13.4	3.7%	0.5	13.9	13.4	3.7%	0.5
OTHER								
	Q1 FY20	Q1 FY19	% Change	Var.	YTD FY20	YTD FY19	% Change	Var.
CORPORATE								
Headcount (FTE) ²	1,094	1,052	4.0%	42				
Total Recordable Injury Frequency Rate	1.18	1.31	(9.9%)	(0.13)				

¹ Gas sales volume was not proportionate with production in FY20 Q1 due to as historic sales volumes being rebalanced within the Joint Venture.

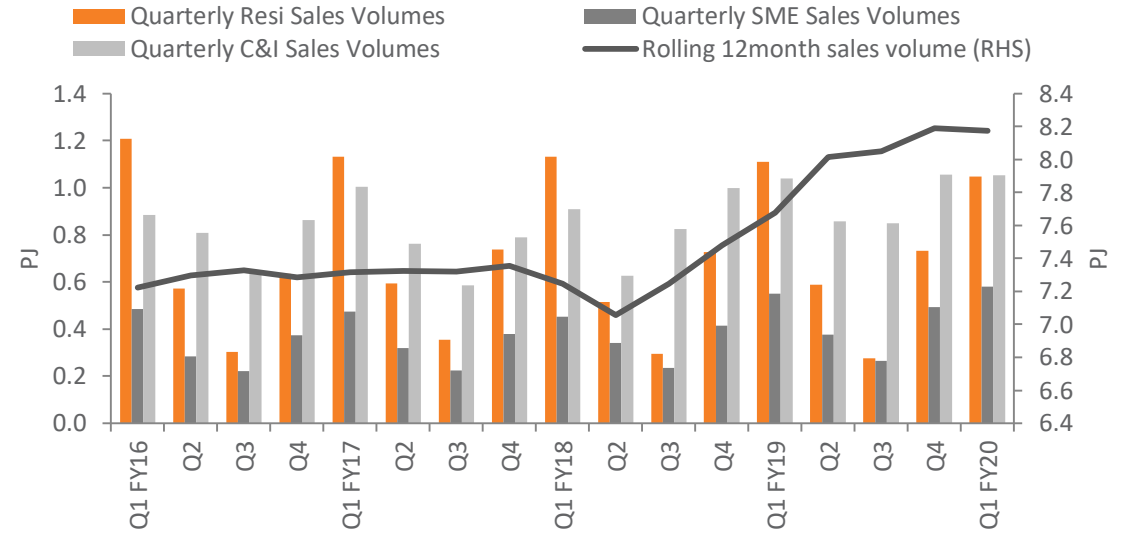
² TRIFR now being reported to include contractors. Prior period has been restated on same basis.

Appendix: Retail Segment

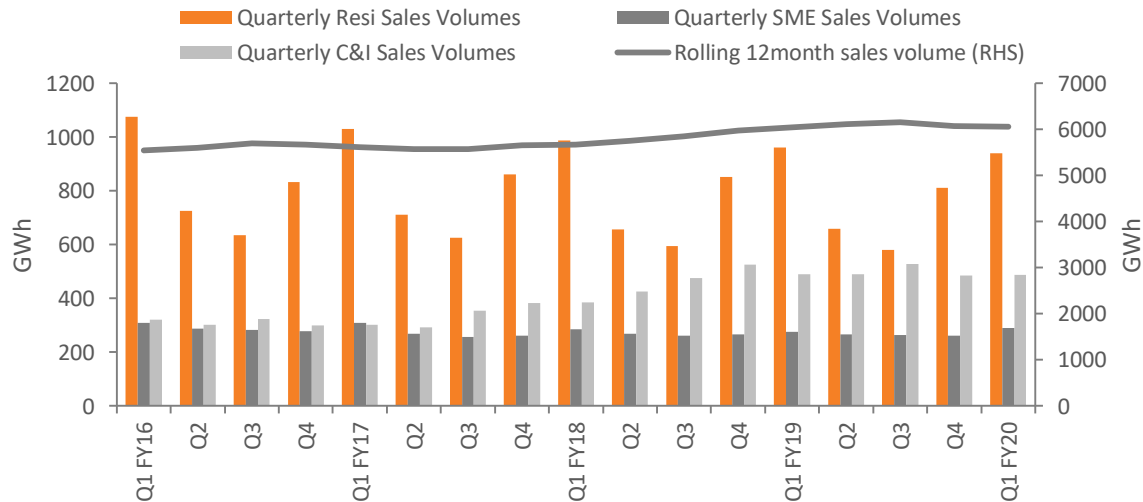
ICP NUMBER & COST TO SERVE (\$/ICP)



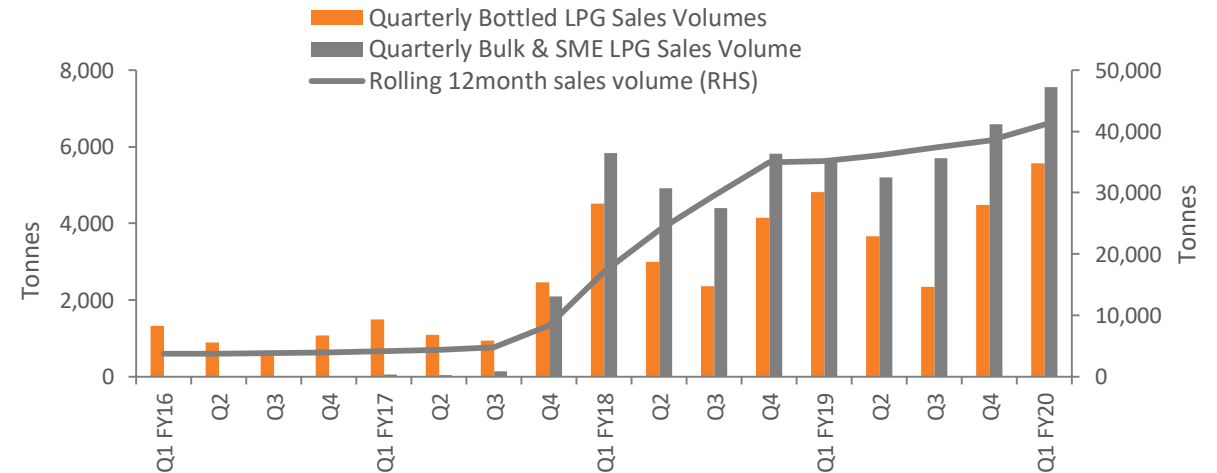
GAS SALES VOLUMES (PJ)



ELECTRICITY SALES VOLUMES (GWh)

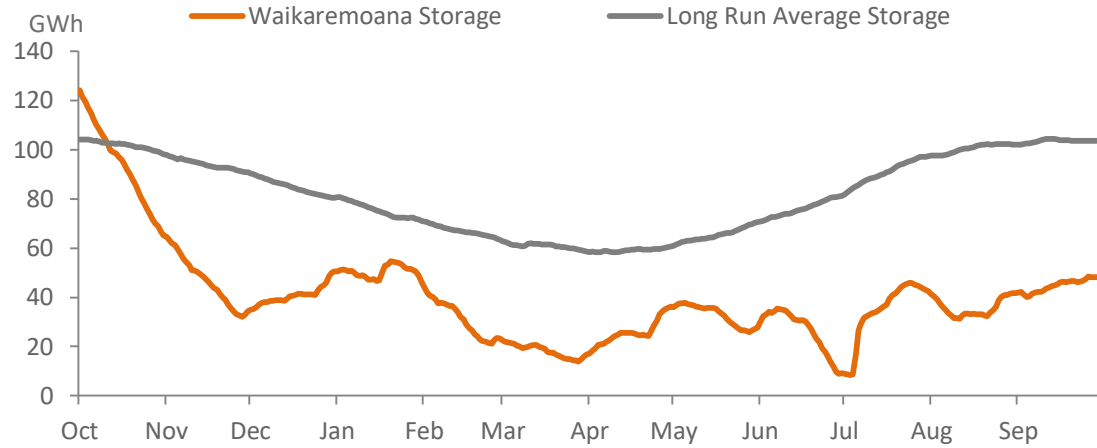


LPG SALES VOLUMES (Tonnes)



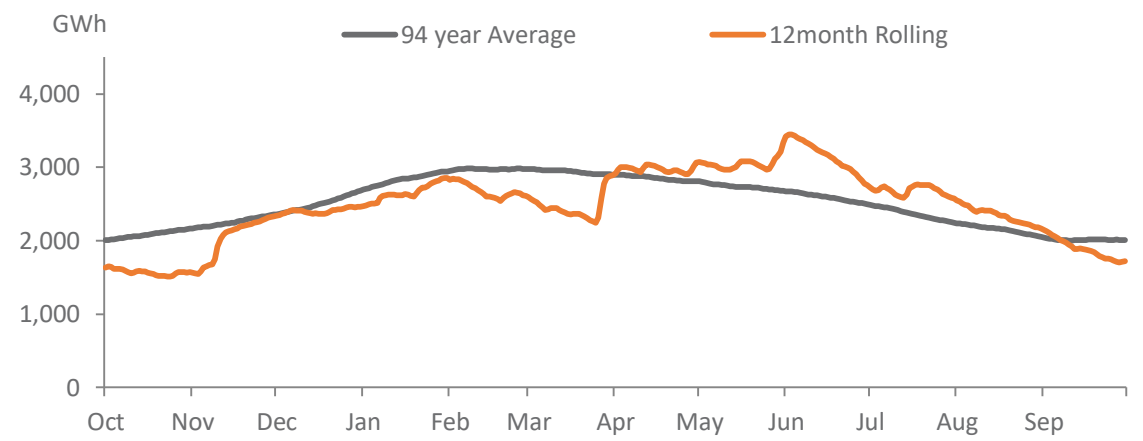
Appendix: Wholesale Segment

WAIKAREMOANA STORAGE vs LONG RUN AVERAGE



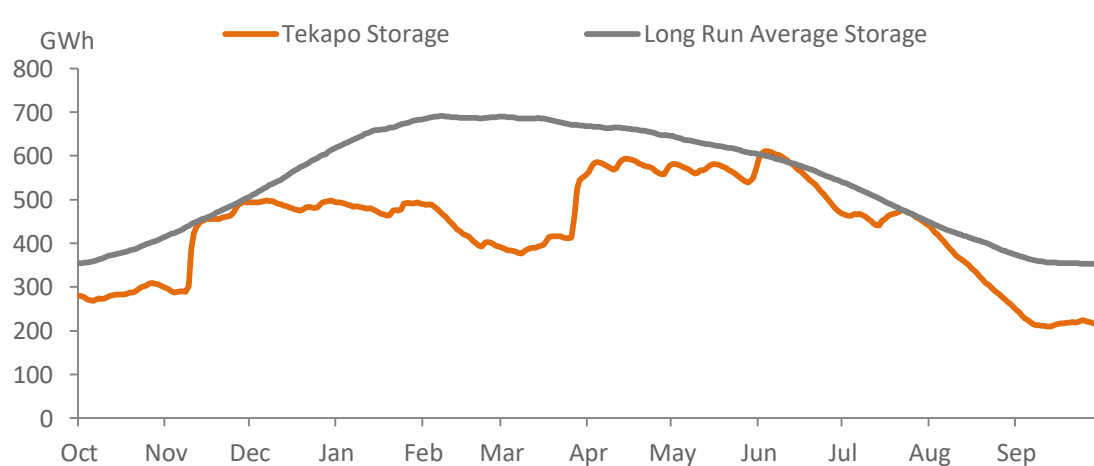
Source: COMIT

NEW ZEALAND DAILY STORAGE (ALL GENERATORS)



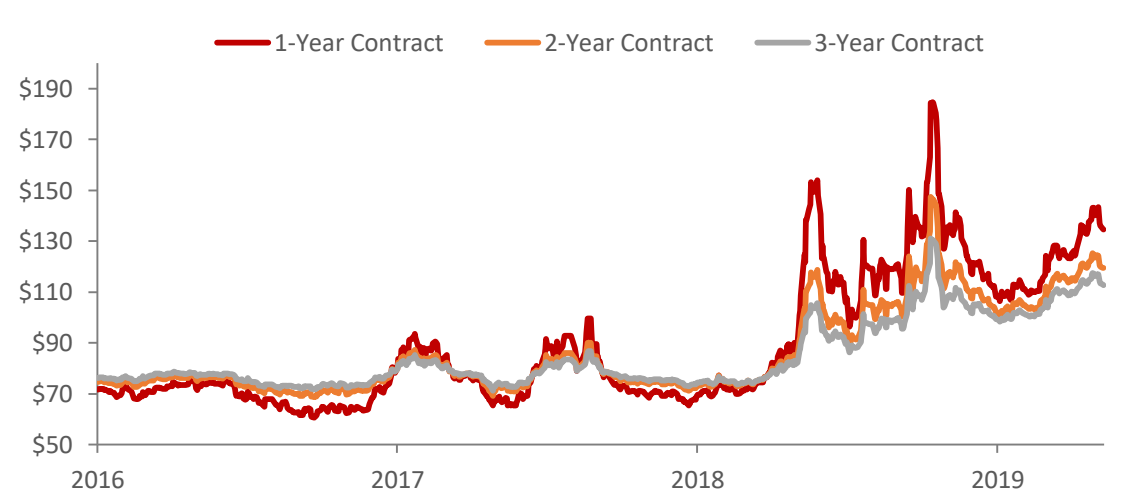
Source: COMIT

TEKAPO STORAGE vs LONG RUN AVERAGE



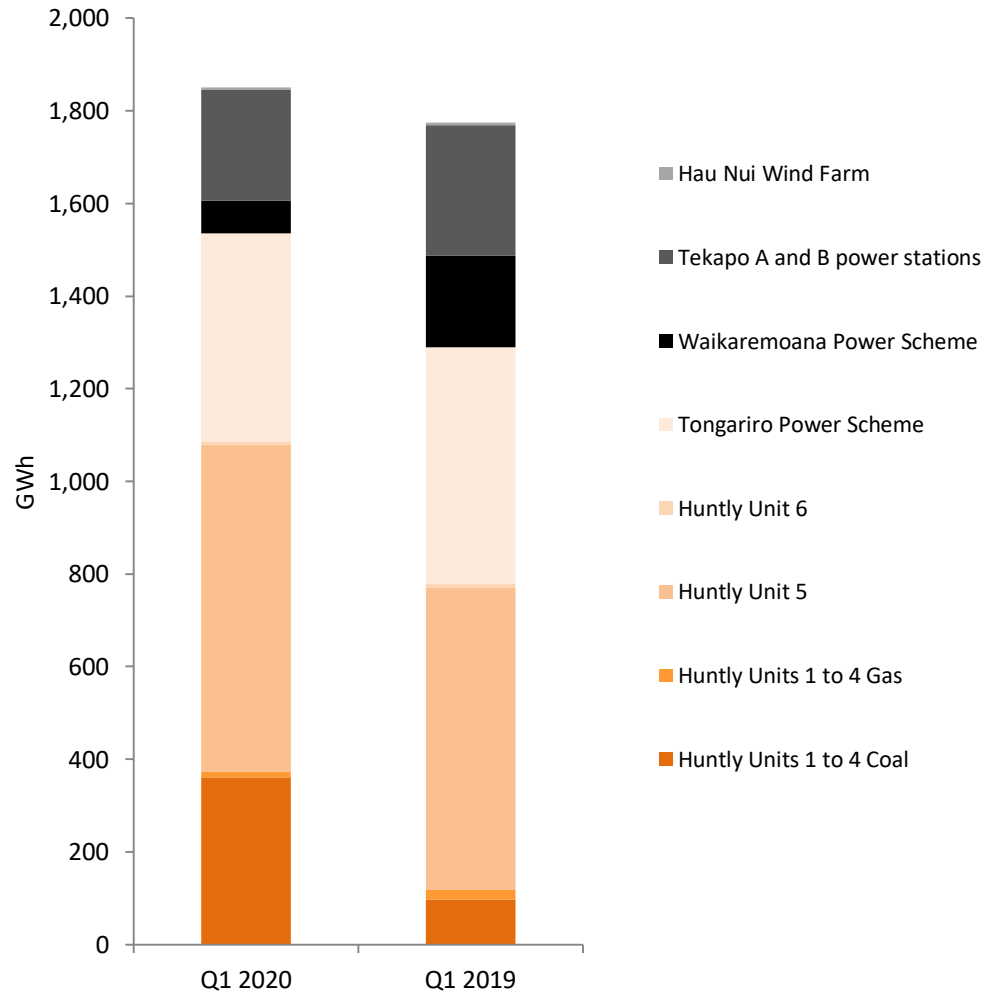
Source: COMIT

ASX FUTURES SPOT PRICING

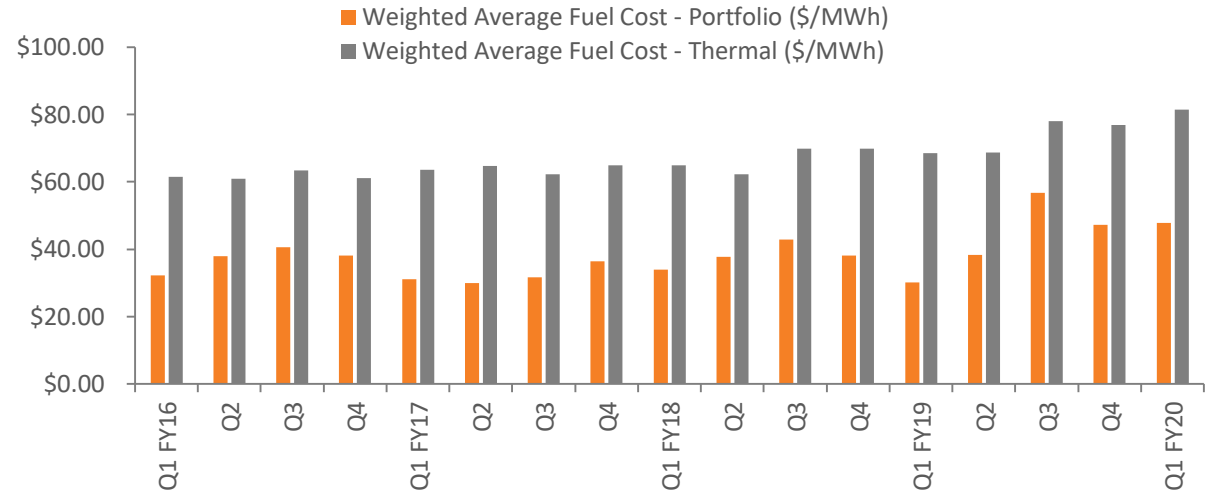


Appendix: Wholesale Segment

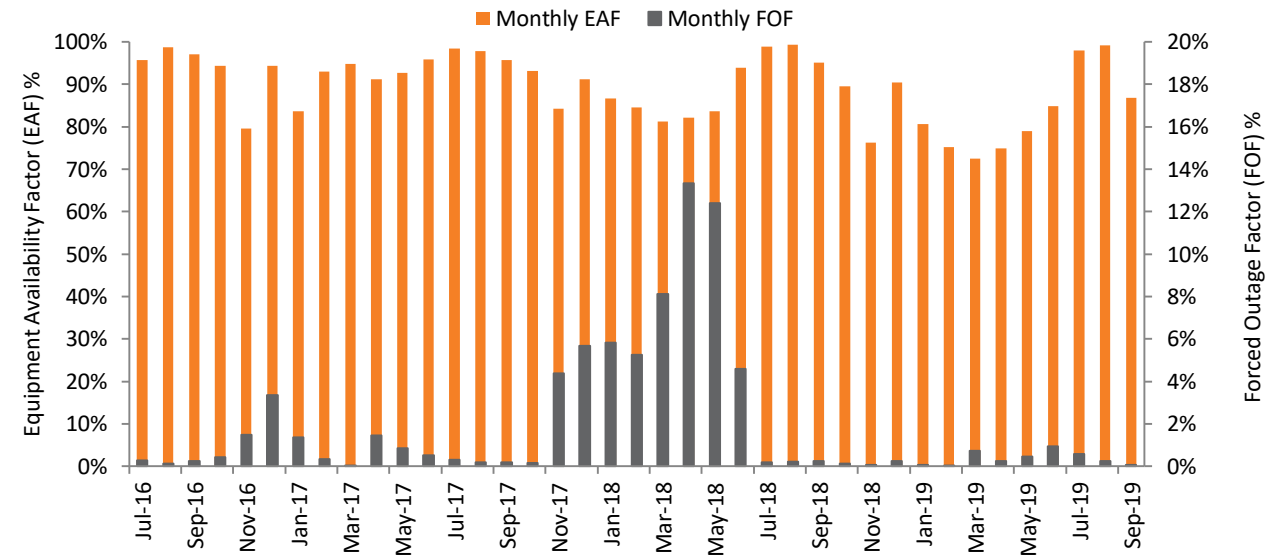
GENERATION BY POWER STATION



PORTFOLIO AND THERMAL FUEL COSTS

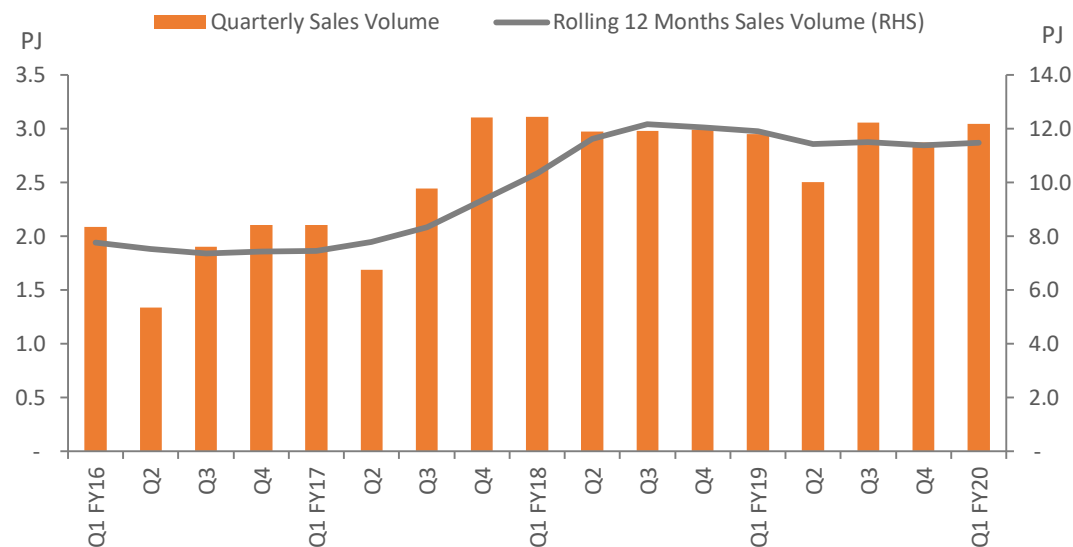


PLANT PERFORMANCE

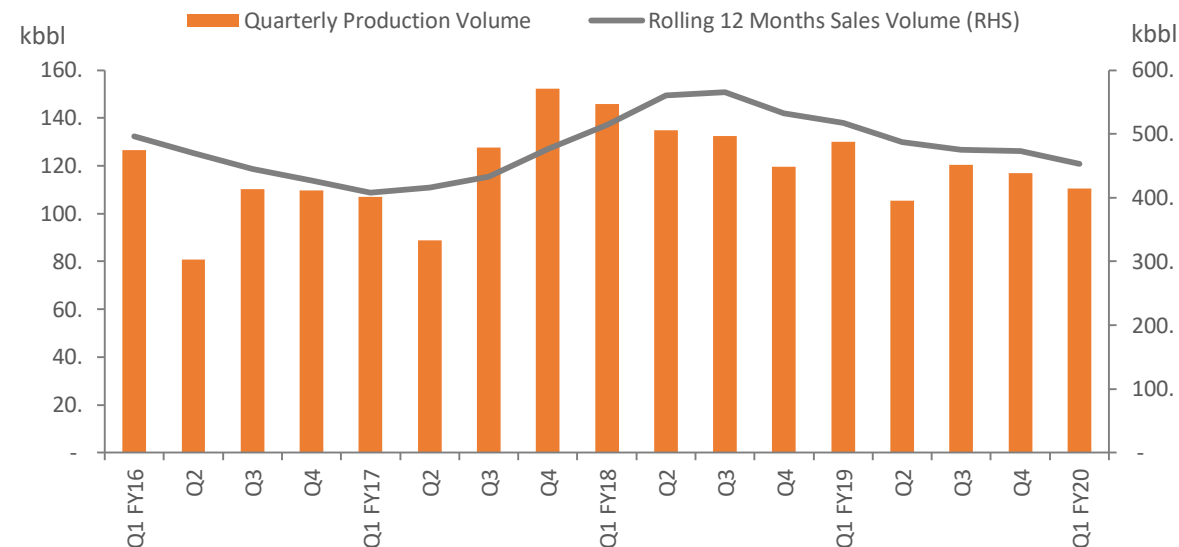


Appendix: Kupe Segment

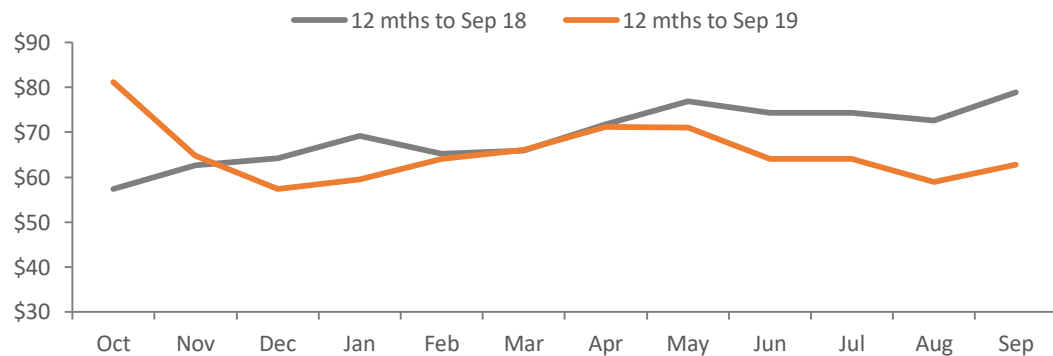
KUPE GAS SALES VOLUMES (GENESIS SHARE, PJ)



KUPE OIL PRODUCTION VOLUMES (GENESIS SHARE, kbbl)



BRENT CRUDE OIL SPOT PRICE (USD/bbl)



OIL PRICE AND FOREX RISK MANAGEMENT

FORWARD RISK MANAGEMENT		
Oil Price Hedges	% Hedged	Average Oil Price
1-12 months	65%	\$57.50
13-24 months	54%	\$61.80
25-36 months	17%	\$57.30
USD/NZD Hedges		Rate
1-12 months	72%	0.686
13-24 months	68%	0.676
25-36 months	26%	0.661