



## MARKET RELEASE

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NZX: GNE / ASX: GNE

### FY20 Q2 PERFORMANCE REPORT AND MARKET UPDATE

Genesis Energy today released to the NZX/ASX its FY20 Q2 Performance Report for the three months ended 31 December 2019, which includes a market update for the 6-months ended, 31 December 2019. The FY20 Q2 Performance Report is available from the Genesis Energy page at [www.nzx.com](http://www.nzx.com) or <https://www.genesisenergy.co.nz/investors/reports-and-presentations#quarterly>.

#### FY20 Q2 Performance Summary

##### RETAIL

Genesis' customer gross churn and net churn declined by 2.9ppt and 2ppt on the prior comparable period (pcp). Dual fuel customer churn has fallen to 8%. Customers choosing to purchase more than one fuel continued to increase, up 5,678 on pcp, and total ICP's remained flat at 674,000. The continued increase in dual fuel customers is driven from targeted products such as [For Dairy](#) and targeted campaigns and service enabled by our integrated Energy IQ experience and single billing platform. Total electricity sales volume was up by 2.8% and total LPG sales volume up 16.9% on the prior year, with total gas sales volume held flat on 1.8 PJ.

##### WHOLESALE

Gas market constraints continued into the second quarter, driven by declining gas production and Kupe's 30-day planned outage. Spot prices remained elevated with the price received for generation at \$108/MWh, albeit down significantly on the prior year following strong South Island inflows in the later half of the period and a pcp reflecting unprecedented gas and hydro shortages. Elevated gas prices meant the volume weighted average fuel cost for thermal generation was up 19% on the pcp to \$82/MWh. Looking forward, Genesis' main hydro catchments will begin the second half of FY20 with 150 GWh more storage than the prior year.

##### KUPE

Kupe operated at 90% of available capacity over the period, up from 89% on pcp, a quarter that included successful completion of its planned 30-day maintenance outage for the onshore production facility. Gas production was down on the pcp at 1.8 PJ, LPG yield remained high at 4.4 t/TJ, whilst oil yield was down 11% due to the natural decline in the field. Oil sales for Genesis were recorded at 72,000 barrels, down 27% on the pcp, with a realised oil price of NZ\$87/bbl, down 14% on the prior year.

##### MARKET UPDATE

First half fuel constraints, elevated fuel costs, low inflows and the Kupe outage have all impacted the Wholesale Segment performance when compared to a record prior year, which will result in first half EBITDAF being down approximately 15%. However Genesis' FY20 full year EBITDAF guidance of \$360 million to \$380 million remains unchanged. Genesis expects a less constrained second half of FY20 with lower fuel costs and a starting hydro storage level 150 GWh above the pcp.



Furthermore, Genesis and other JV partners have approved a project to carry out wellbore logging and make additional perforations in existing production wells at Kupe, that will result in intermittent reduction to gas production between 3 and 29 February. The project, if successful, could deliver additional production of up to 5 PJ in the period before the inlet compression project comes online in mid-2021. The production uplift will depend on the number of wells perforated, which will be determined by results from wireline wellbore logging.

*“The continued momentum from our Retail Segment is pleasing, however the ongoing fuel constraints and elevated fuel costs in Wholesale will act to reduce our first half Wholesale segment result relative to the prior comparable period,” said Chris Jewell, Chief Financial Officer.*

ENDS

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### **About Genesis Energy**

Genesis Energy (NZX: GNE, ASX: GNE) is a diversified New Zealand energy company. Genesis sells electricity, reticulated natural gas and LPG through its retail brands of Genesis Energy and Energy Online and is New Zealand’s largest energy retailer with approximately 500,000 customers. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis had revenue of \$NZ2.7 billion during the 12 months ended 30 June 2019. More information can be found at [www.genesisenergy.co.nz](http://www.genesisenergy.co.nz)