HY19 Result Presentation

27 February 2019

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GENESIS ENERGY LIMITED

genesis

AGENDA

1 Key Highlights

Key highlights

EBITDAF
$196m

NPAT
$49m

Dividends up 1.8% to
8.45cps

Gross yield of
8.6%

Net Debt down
$27m

Operating costs down
1%

Customers purchasing more than 1 product grew by 6.4%

Wholesale portfolio delivers stable earnings in volatile, resource constrained wholesale market.

Electricity netback increased by
5.3% (Residential) 5.5% (Business)

Generation asset reliability at record highs, forced outages at 0.2%

Gross churn[1] reduced by 4.8 ppt
and net churn by 3.4 ppt

1,200 Energy Management Connections deployed

1. Gross churn (new disclosure) is defined as customers who instigated a trader switch or home move, whilst net churn is post home move save and retentions.

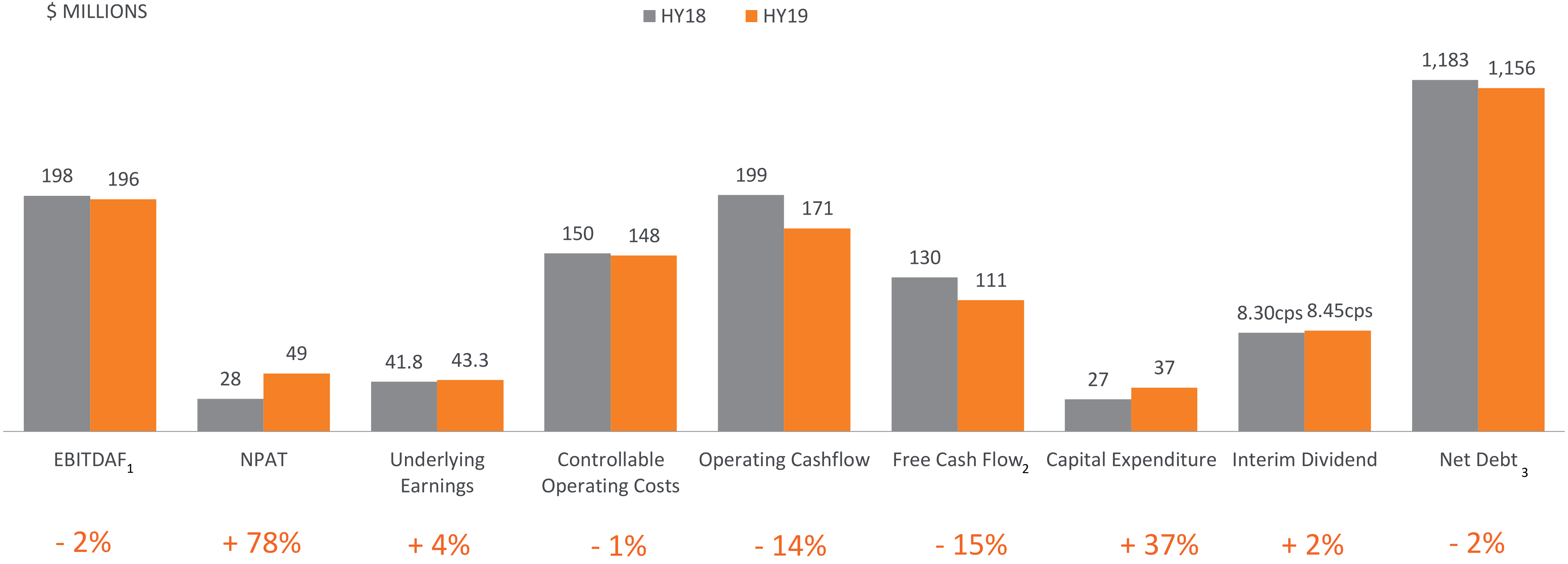
2 Financial Performance

HY19 financial summary[1]

— EBITDAF of $196m, underlying earnings up 4%, with operating costs down and net debt down $27m

FINANCIAL HIGHLIGHTS

$ MILLIONS

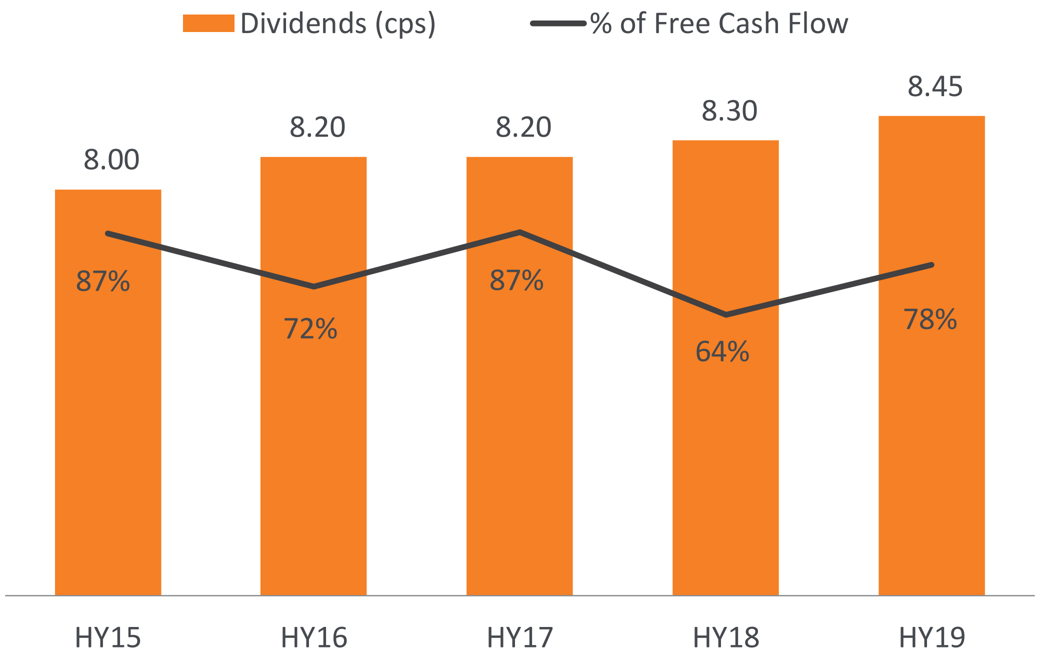


1. Comparable HY18 financials have been restated in line with note 1 of Genesis' financial statements, accounting for the adoption of NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers. No other comparable periods have been adjusted.
2. Free cash flow represents EBITDAF less cash tax paid, net interest costs and stay in business capital expenditure.
3. Net Debt is shown on a separate scale to other financial comparisons, and shows the change in Net Debt over the period from FY18 ($1,183m).

Dividends

— Interim dividend of 8.45 cps declared (up 1.8%), with 80% imputation, representing a 8.6% gross yield[1]

DIVIDEND (CPS) & PAYOUT HISTORY



- An Interim dividend of 8.45 cps, 80% imputed, will have a record date of 4 April 2019, payable to shareholders on 18 April 2019.
  - Supplementary dividend of 1.1929 cps payment to non-resident shareholders.
- The Dividend Reinvestment Plan (DRP) continues to be offered at 2.5% discount, with an opt-in cut off date as at 4 April 2019. DRP pricing will be notified to shareholders on 10 April 2019.
- Pay-out ratio as a percentage of free cash flow[2] is 78%.

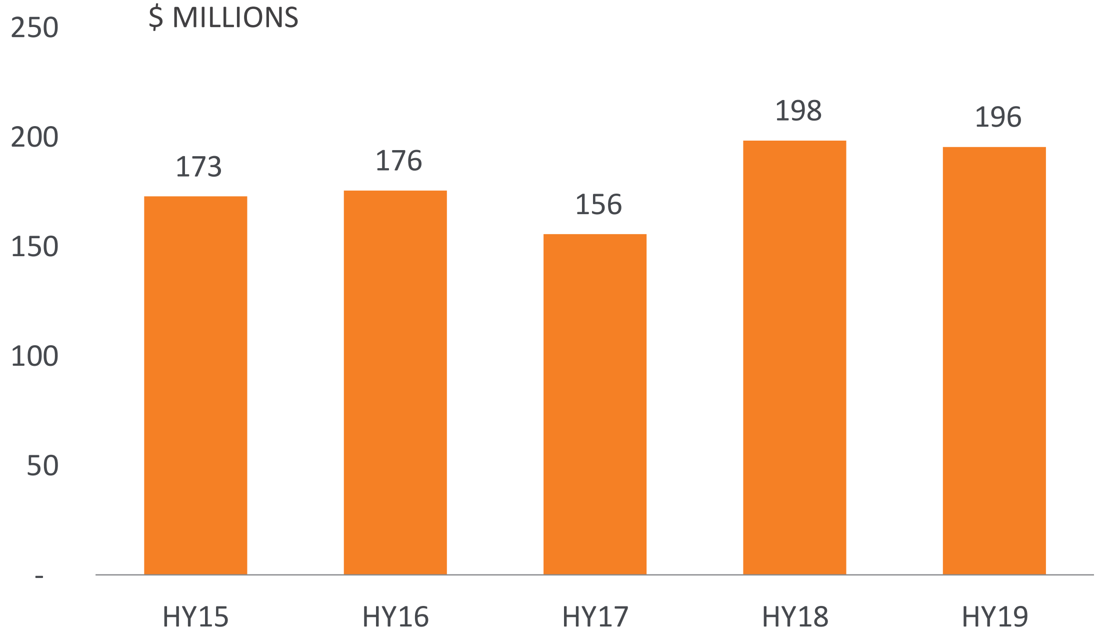
1. Gross yield based on the rolling 12 month dividend cps and closing share price of $2.61 as at 31 December 2018.
2. Free cash flow represents EBITDAF less cash tax paid, net interest costs and stay in business capital expenditure.

HY19 EBITDAF

— Comparable period variance reflects improved Customer performance, offset by Unit 5 outage, gas constraints and record comparable period

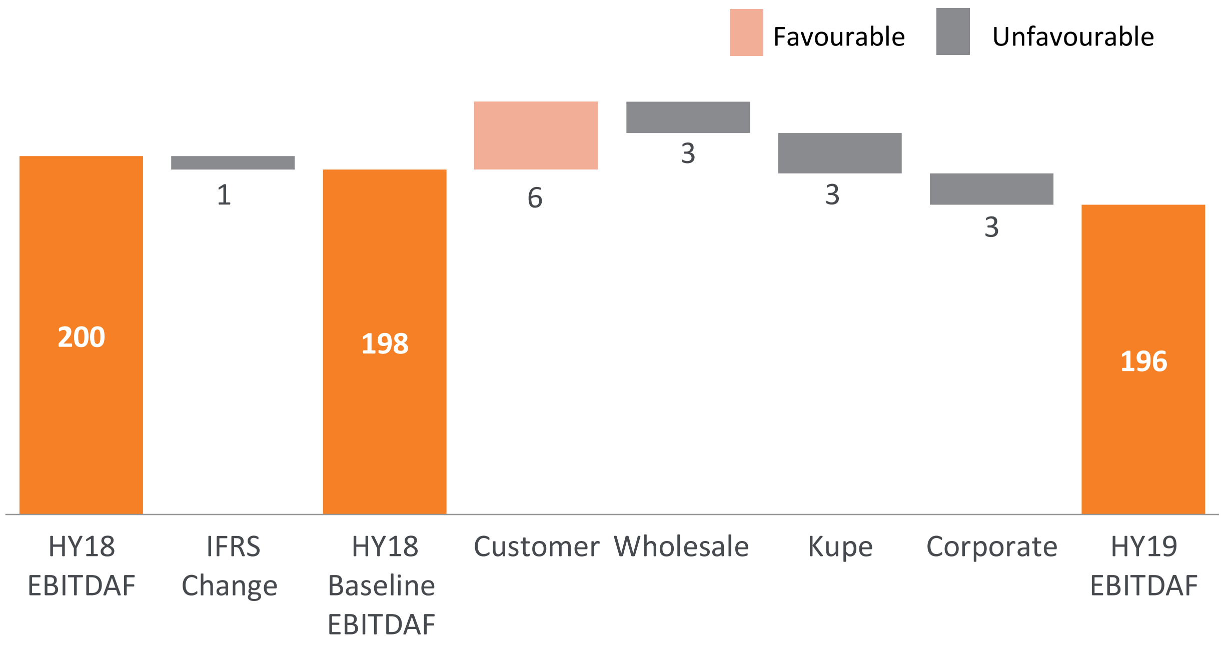
EBITDAF

$ MILLIONS



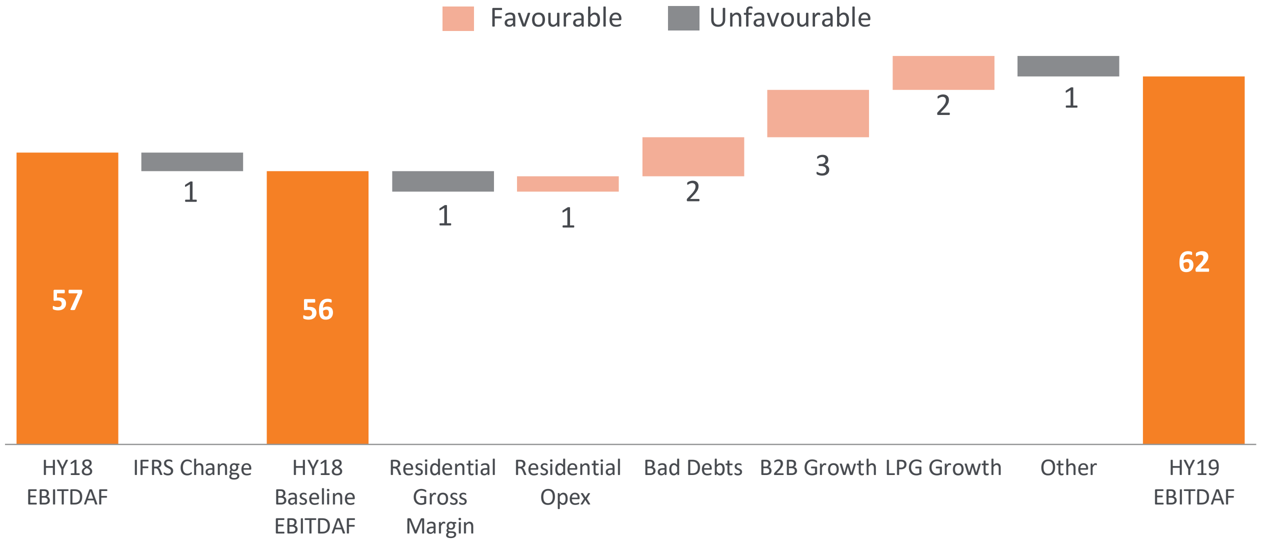
HY19 vs HY18 EBITDAF

$ MILLIONS



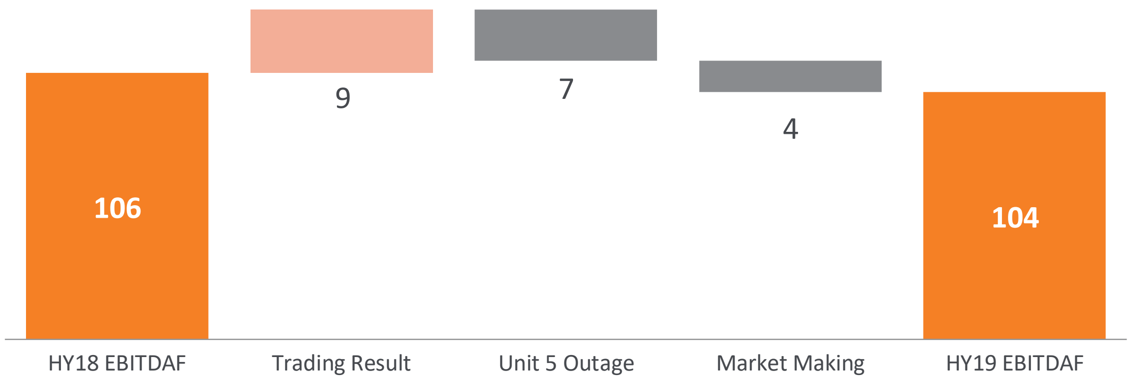
Segment EBITDAF

CUSTOMER EBITDAF HY18 TO HY19

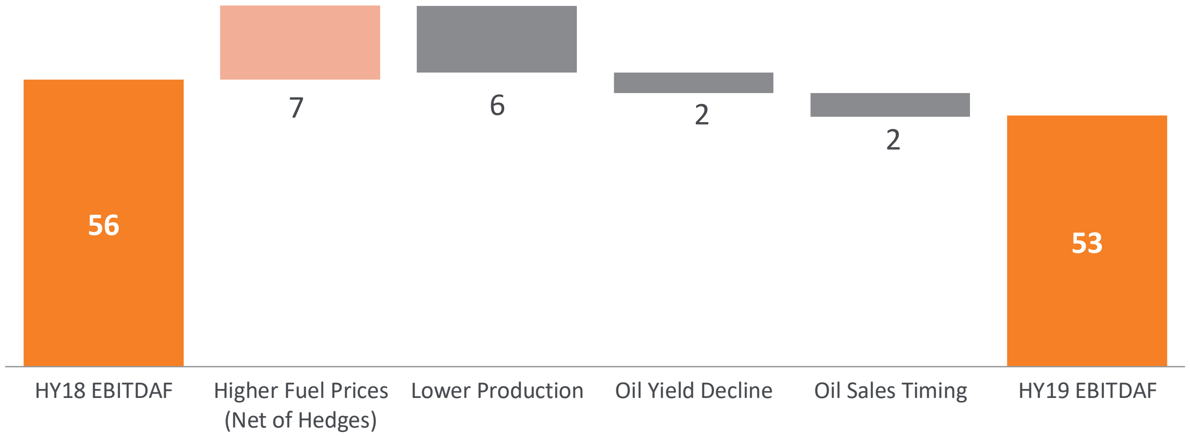


- **Customer** improved performance in LPG, Business margins and reduced operating expenses and bad debts.
- **Wholesale** performance stable but moderated by swaption calls, gas constraints and an extended Unit 5 outage. GWAP up $50/MWh to $146/MWh however total generation volume down 467 GWh.
- **Kupe** benefited from stronger fuel prices, however result was offset by reduced production.
- **Corporate** costs increased by $2.5m due to lower capitalisation of technology teams.

WHOLESALE EBITDAF HY18 TO HY19

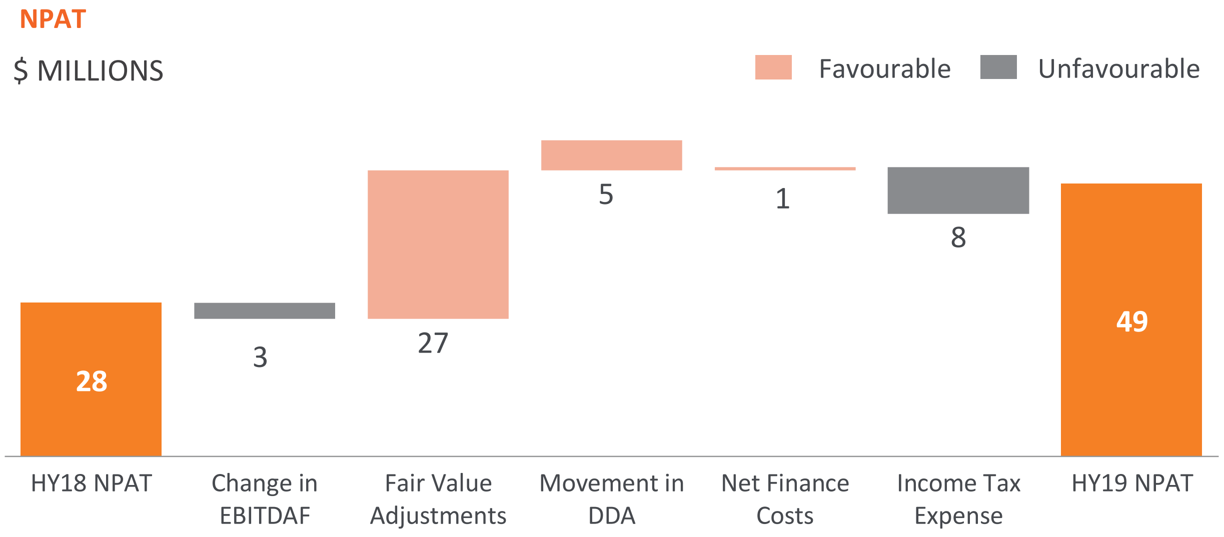


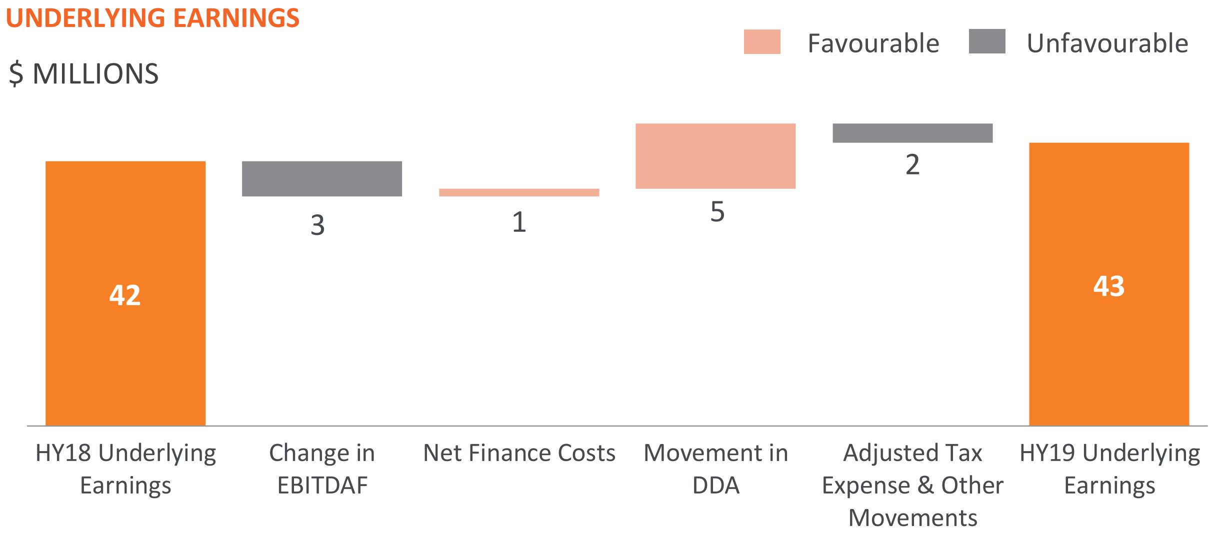
KUPE EBITDAF HY18 TO HY19



NPAT & Underlying Earnings

— 78% increase in NPAT and 4% increase in Underlying Earnings





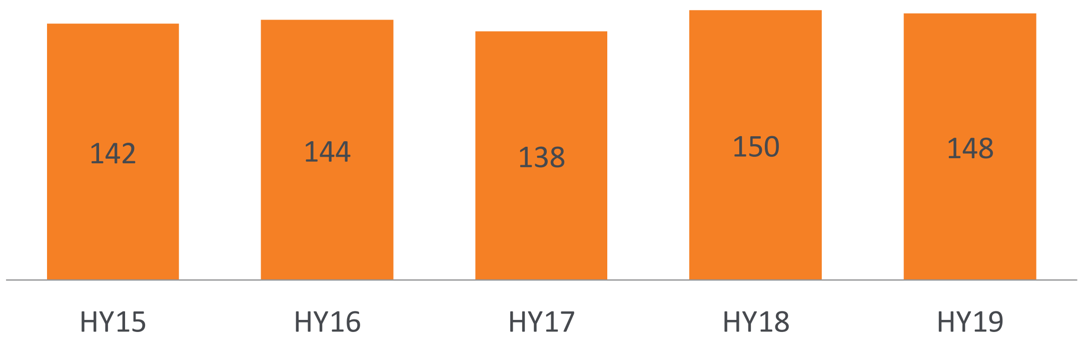
- Depreciation and amortisation costs down driven by reduced production at Kupe and a large write off of Hamilton building hardware in FY18.
- Positive fair value adjustment of $27m due to a negative impact of rapidly rising forward prices in FY18, reducing the value of swaptions, and 1H FY19 purchased forward contracts relating to hedge strategy seeing a positive fair value swing.
- Net finance costs are down $1m year on year driven by reduced debt offset by marginally higher interest rates.

Controllable operating expenses

— Controllable operating expenses down 1% on pcp

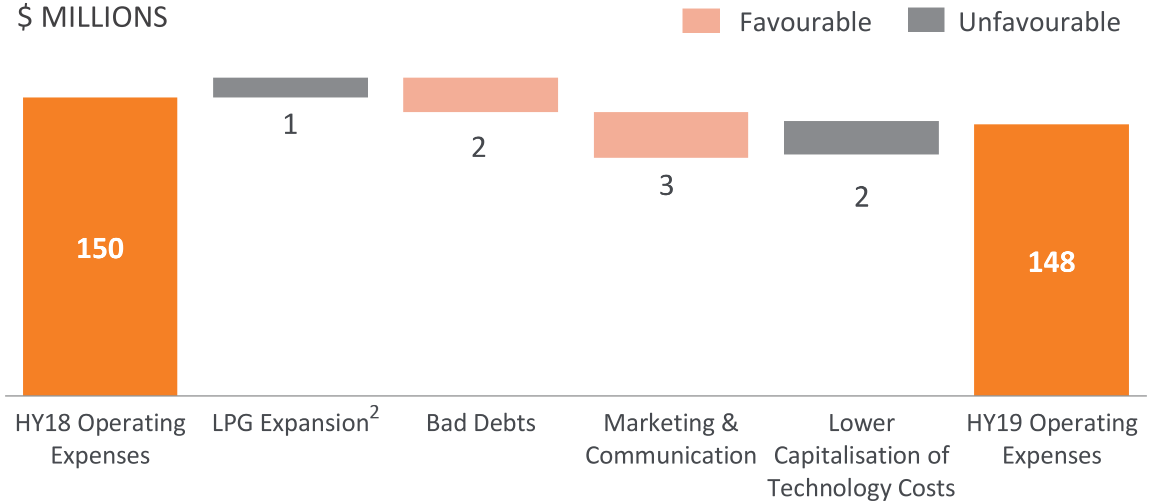
CONTROLLABLE OPERATING EXPENSES[1]

$ MILLIONS



CONTROLLABLE OPERATING EXPENSE BRIDGE

$ MILLIONS



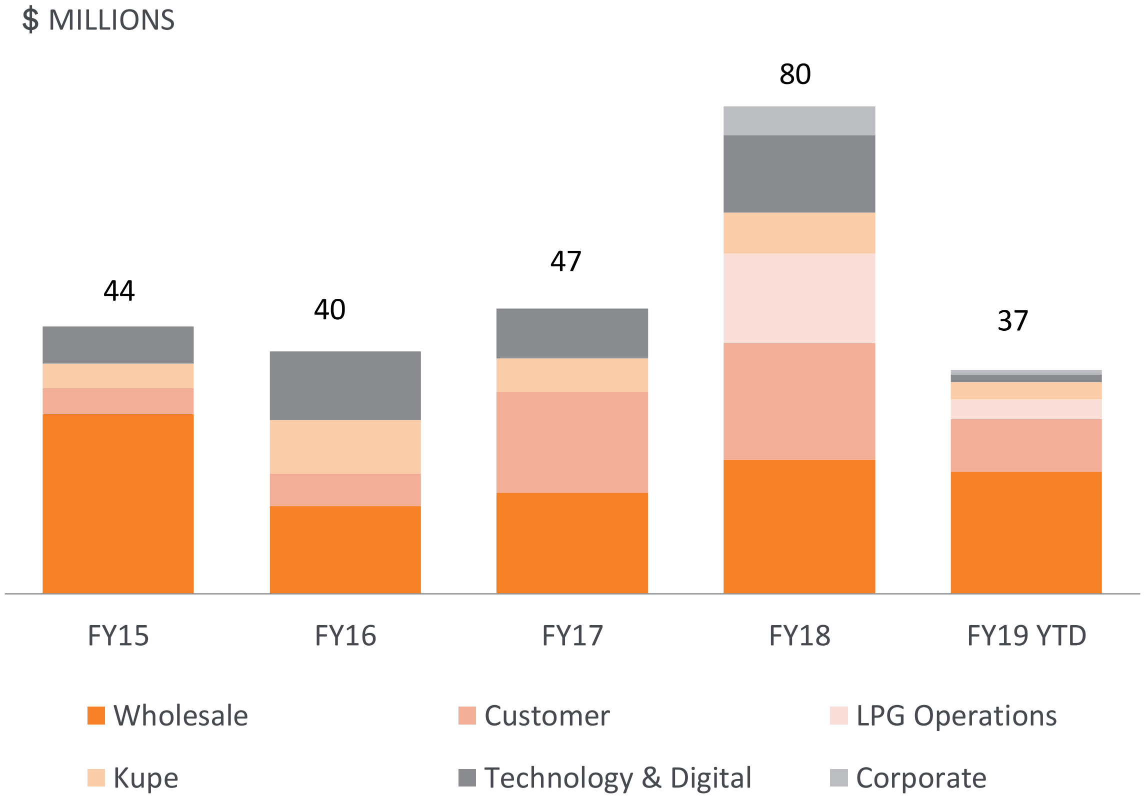
1. Controllable operating expenses refers to employee benefits plus other operating expenses.
2. Represents costs associated with LPG growth offset by synergies from cost to deliver savings

- Costs have stabilised at HY18 levels following a period of investment.
- Increased focus on bad debts is improving results.
- Improved loyalty and brand performance enabling reduced marketing costs.
- Technology teams have spent less time this half year on capital projects.

Capital expenditure

— Total capital expenditure at HY19 was $37m, FY19 guidance being up to $85m

CAPITAL EXPENDITURE[1]



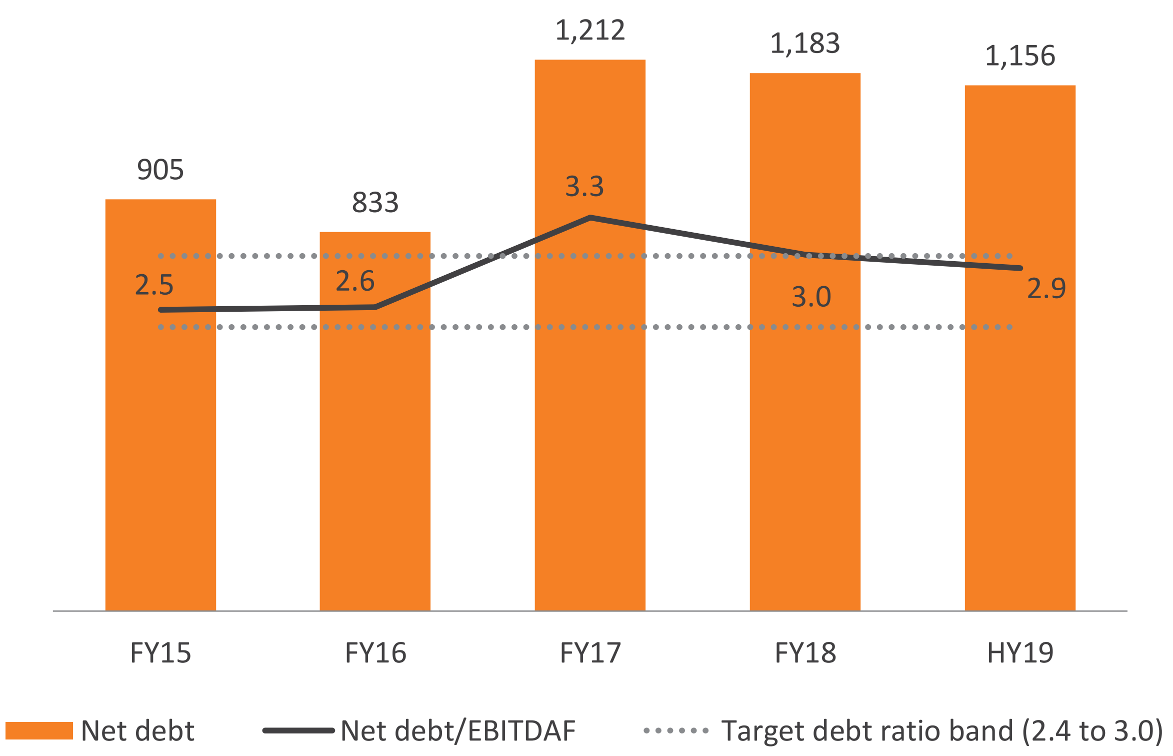
1. Capital expenditure excludes M&A activities.

- Stay in business capex (SIB) was $30m, significant projects included:
  - Huntly U5 planned maintenance, Kupe LPG plant maintenance, station crane upgrades, Tuai generator refurbishments, Tokaanu auxiliary generator upgrade, Rangipo fire protection upgrade.
- Other capex includes ($7m):
  - LPG depot expansion and growth projects, development of Energy Management products, Huntly U5 gas turbine performance upgrades and Kupe Phase 2 Development feasibility study.

Capital structure

— Net debt reduced by $27 million, credit metrics improving and within target band

NET DEBT AND NET DEBT/EBITDAF RATIO[1]



- S&P reaffirmed BBB+ credit rating in January 2019
- $240m of Capital Bonds maturing in FY 2049 were issued on 16 July 2018 at a coupon rate of 4.65%. $200m of existing Capital Bonds with a coupon rate of 6.19% were redeemed at the same time.
- Dividend reinvestment plan (DRP) in place since the FY18 interim dividend with 29% of holders currently participating, representing 22% of all shares, and $38 million raised to date.
- Average debt tenor has increased to 12.3 years, from 11.4 years. Bank funding facilities have been renegotiated to achieve a longer tenor at a reduced overall cost.

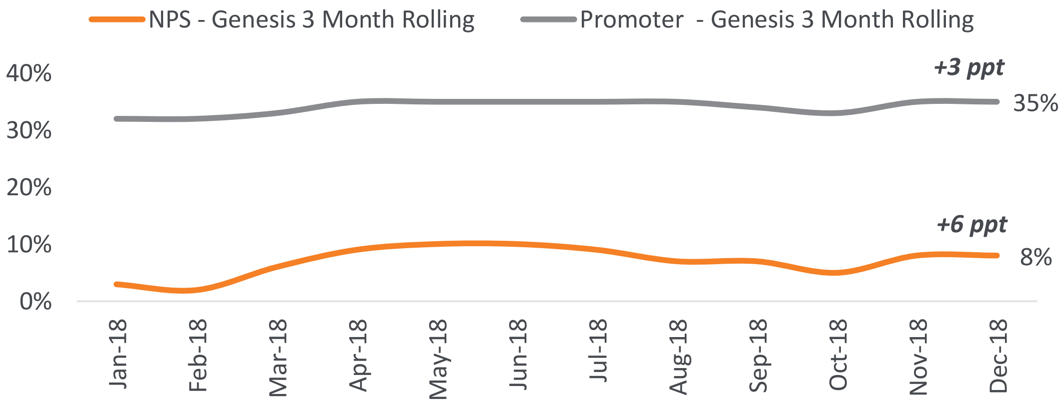
1. Standard and Poor's make a number of adjustments to Net Debt and EBITDAF for the purpose of calculating credit metrics. The most significant of these is the 50% equity treatment attributed to the Capital Bonds. HY19 calculation is based on actual debt at 31 December 2018 and the mid-point of the EBITDAF guidance range for FY19.

Operational and Strategic Update

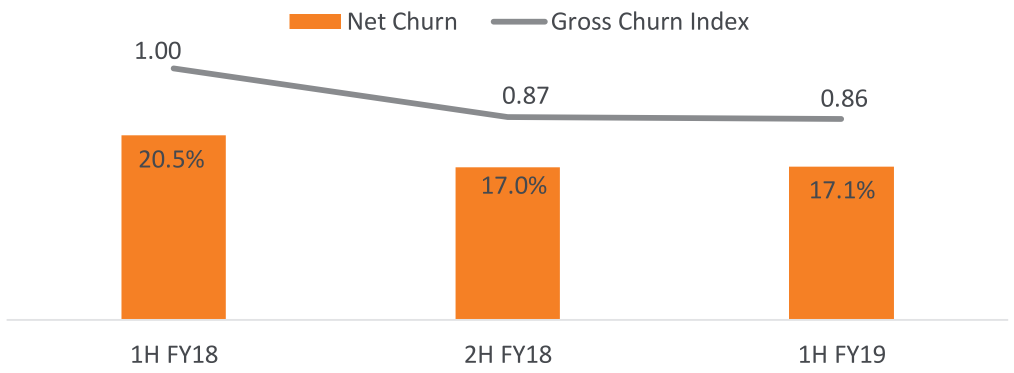
Customer brand, loyalty & engagement

— Focus on multi-fuels and loyalty continues to drive down churn

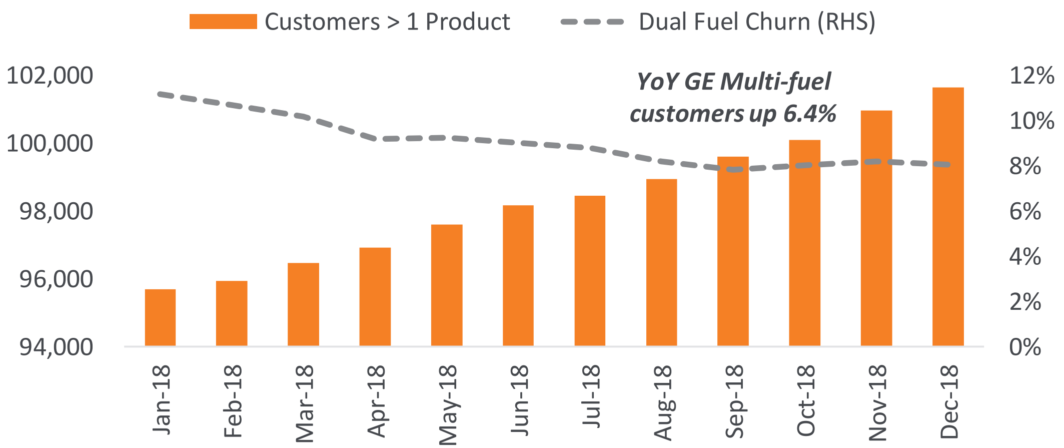
BRAND NPS UP 6 ppt AND PROMOTER SCORE UP 3 ppt IN 12 MONTHS



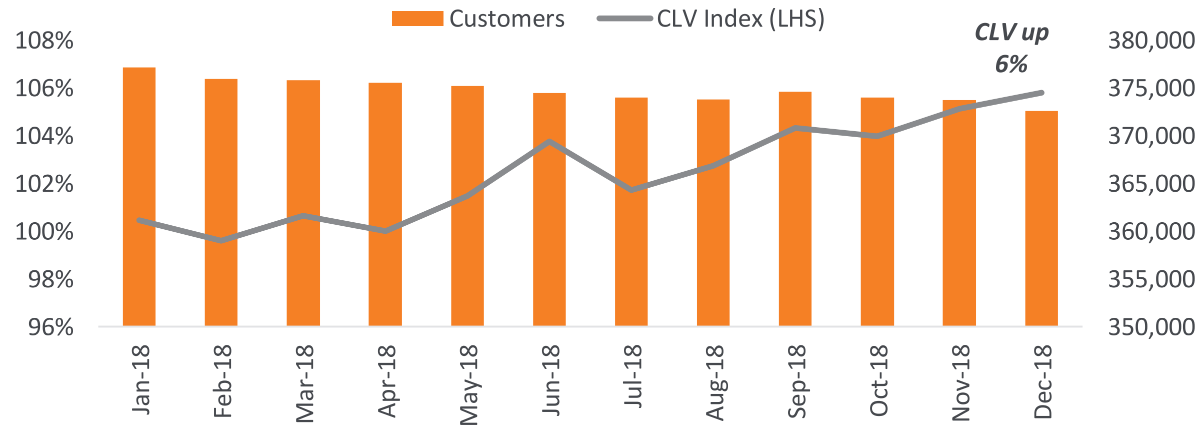
RESIDENTIAL CUSTOMER GROSS[2] CHURN DOWN 4.8 ppt, NET CHURN DOWN 3.4 ppt (HY AVERGAES)



DUAL FUEL CUSTOMERS[1] UP 6.4% GROWTH AND CHURN DOWN TO 8.1%



RESIDENTIAL CUSTOMER NUMBERS DOWN 1%, CUSTOMER LIFE VALUE INDEX[3] (CLV) UP 6%

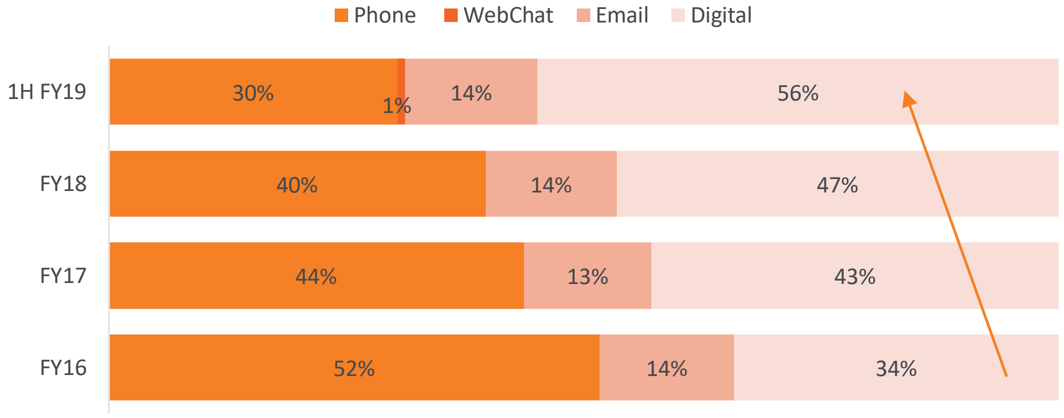


1. Genesis residential customers, excluding EOL, with churn based on a 3 month rolling average.
2. Gross churn (new disclosure) is defined as customers who instigated a trader switch or home move, whilst net churn is post home move save and retentions.
3. Customer Lifetime Value is the margin for each customer, discounted over its expected tenure.

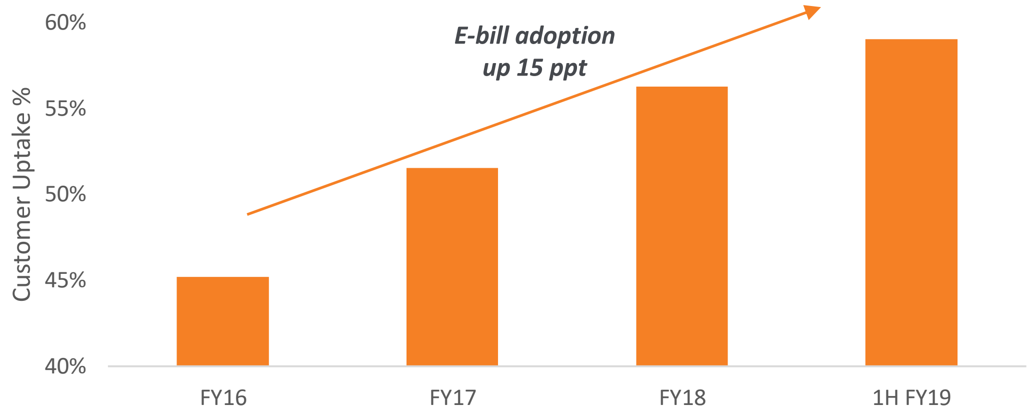
Customer service excellence

— Customer service is increasingly digital and automated, bad debt down $2m

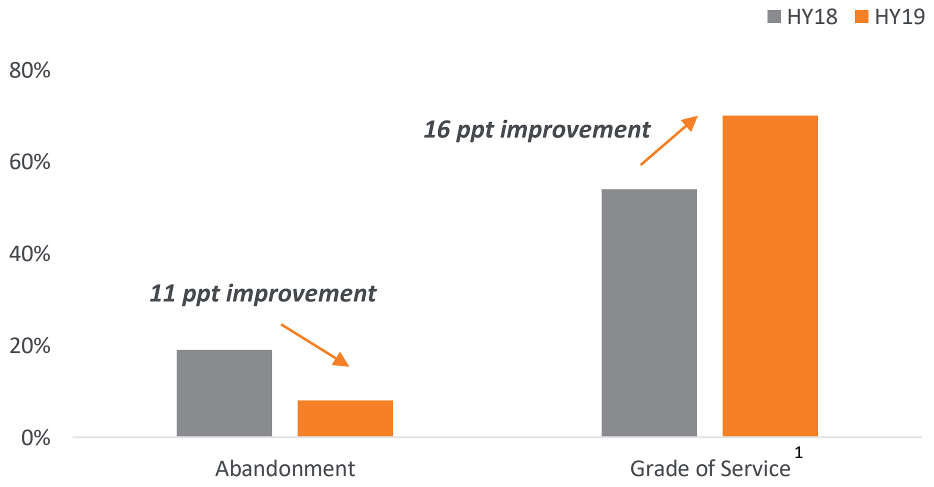
DIGITAL INTERACTIONS UP 22 ppt SINCE FY16



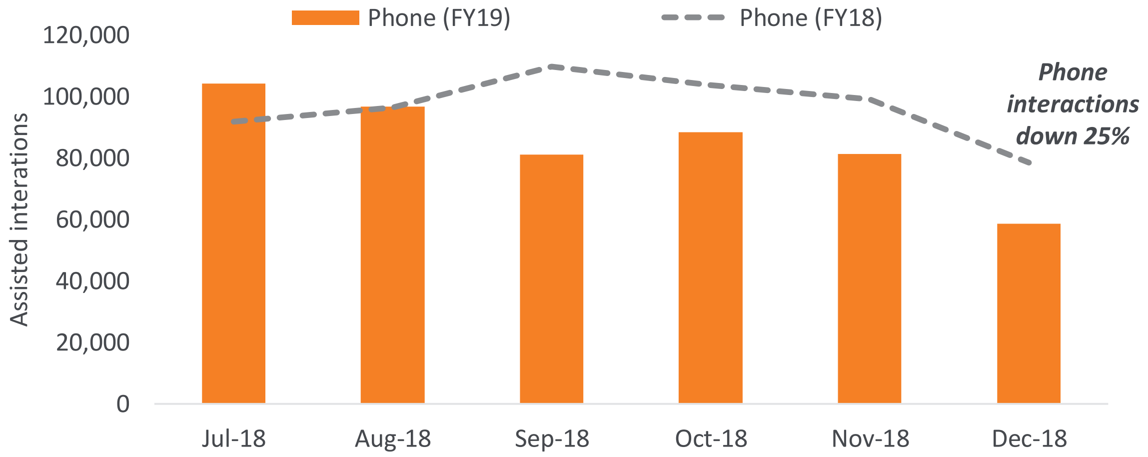
15 ppt INCREASE IN CUSTOMER E-BILL ADOPTION SINCE FY16



CONTINUED IMPROVEMENT IN CALL CENTRE SERVICE METRICS



ASSISTED PHONE INTERACTIONS DOWN 25% IN 12 MONTHS

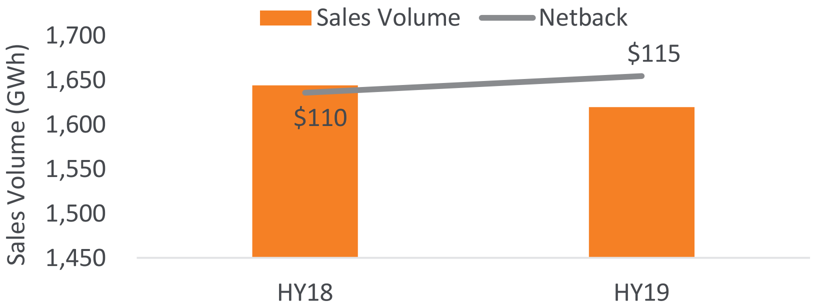


1. Grade of Service shows the percentage of calls that are answered within a defined time.

Optimising the Customer Segment for value

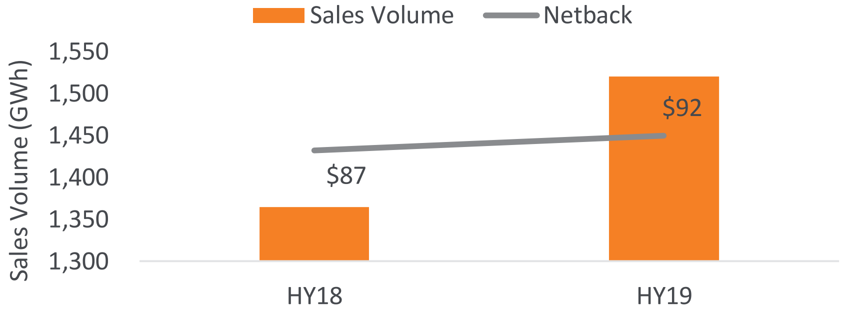
— Volume growth a focus but not at the expense of value.

RESIDENTIAL ELECTRICITY SALES VOLUMES (GWh) & NETBACK[1] ($/MWh)



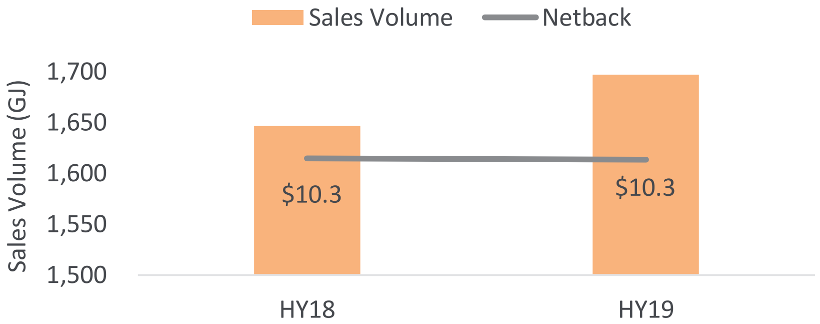
Volume/value mix

BUSINESS ELECTRICITY SALES VOLUMES (GWh) & NETBACK ($/MWh)



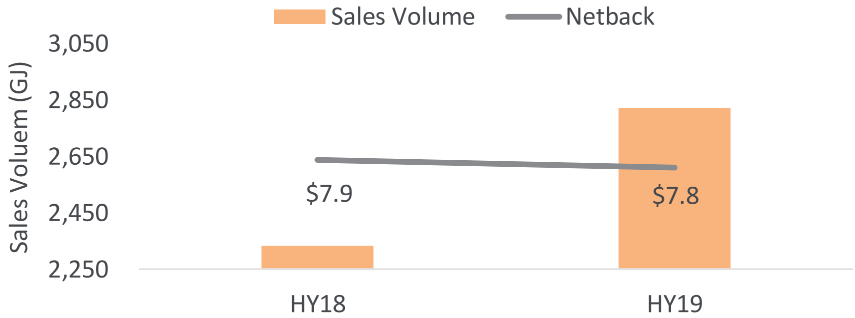
Volume/value mix

RESIDENTIAL GAS SALES VOLUMES (GJ) & NETBACK ($/GJ)



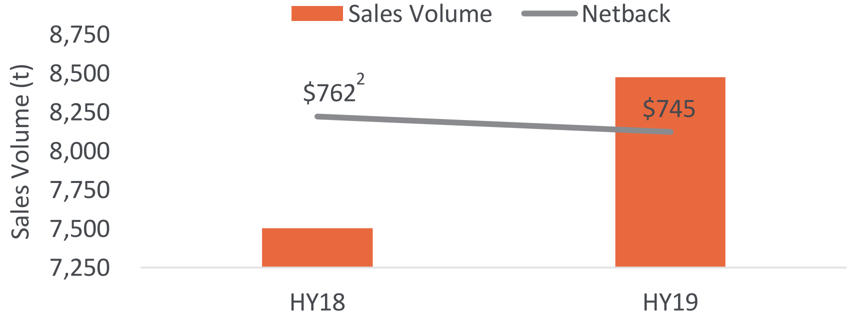
Volume/value mix

BUSINESS GAS SALES VOLUMES (GJ) & NETBACK ($/GJ)



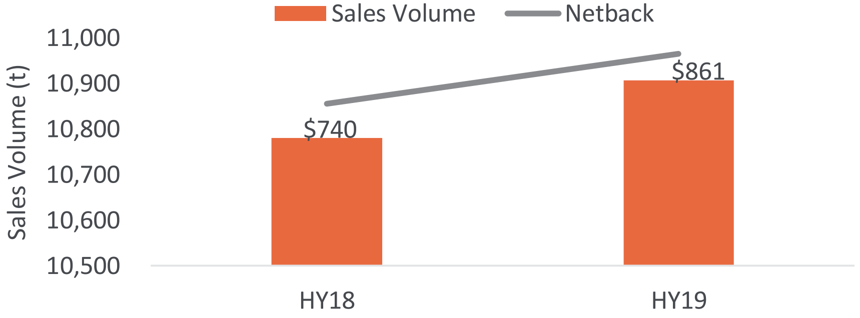
Volume/value mix

RESIDENTIAL LPG SALES VOLUMES (t) & NETBACK ($/t)



Volume/value mix

BUSINESS LPG SALES VOLUMES (t) & NETBACK ($/t)



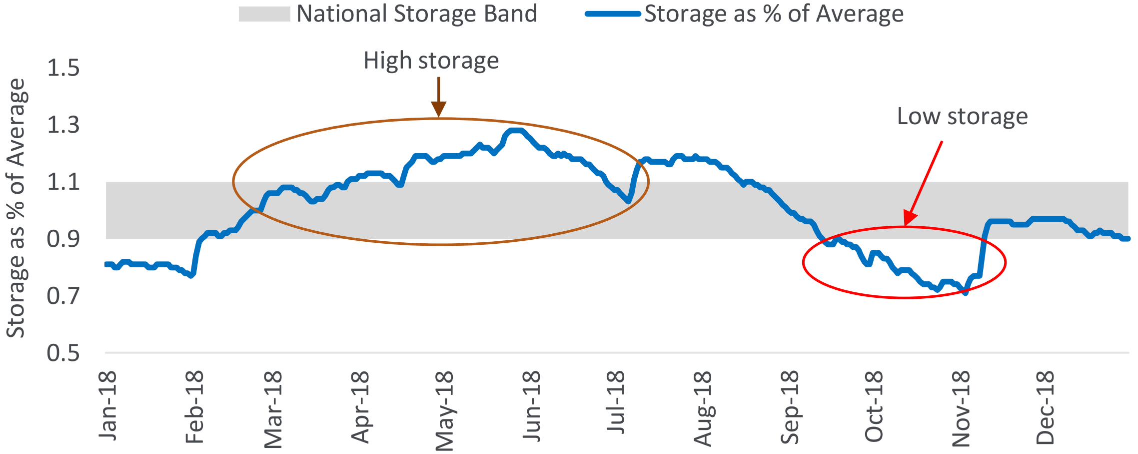
Volume/value mix

1. Netback is defined as Customer EBITDAF by fuel type plus respective fuel purchase cost divided by total fuel sales volumes, stated in native fuel units and excluding corporate allocation costs.
2. Residential LPG Netback has been normalised to account for one-off accounting adjustments and Nova management fees relating to acquisition.

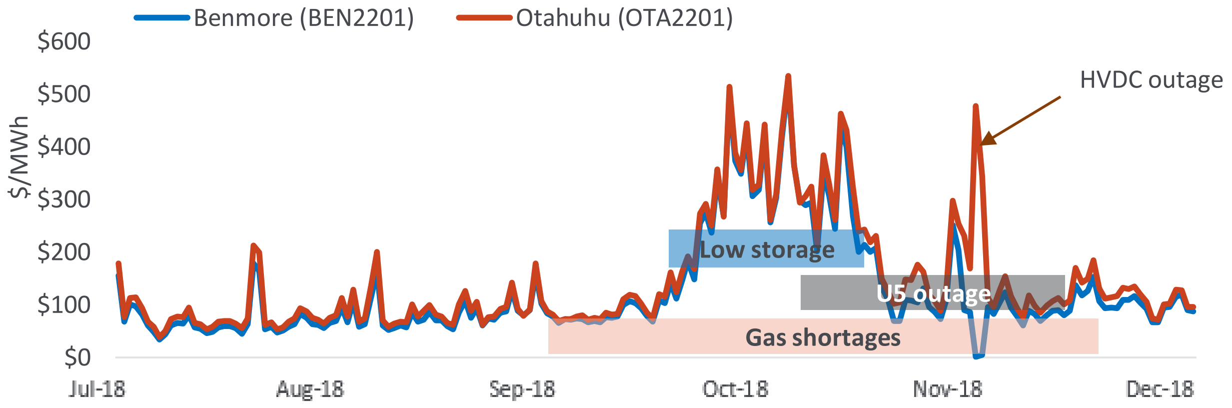
Rankines crucial for national security of supply

— Wholesale result moderated by gas shortages, planned 50-day Unit 5 outage, low storage and swaption calls

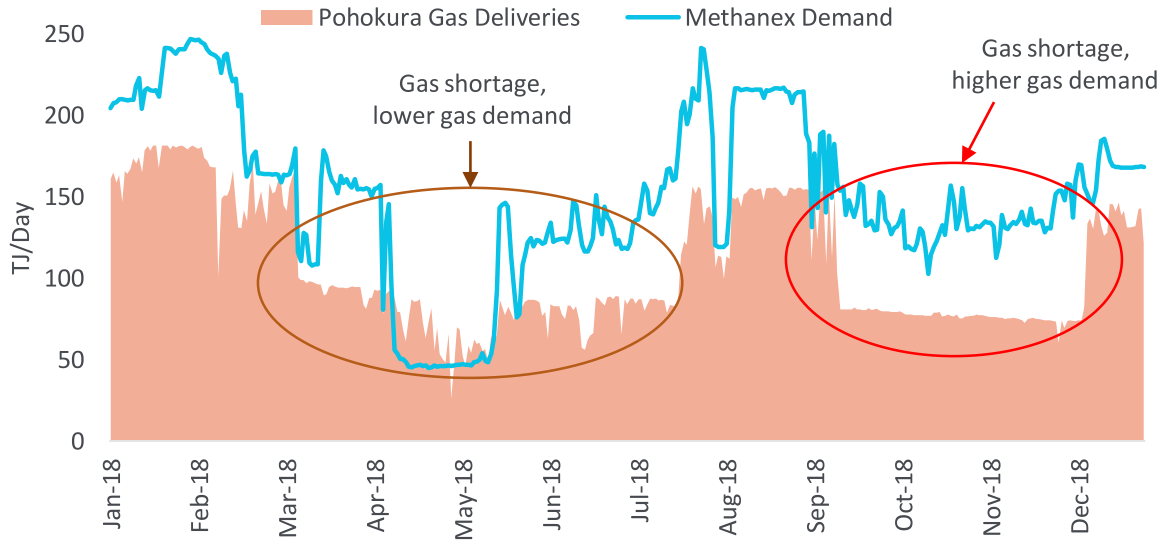
A TIGHTER WHOLESALE MARKET RESPONDS QUICKLY TO HYDRO SHORTAGES



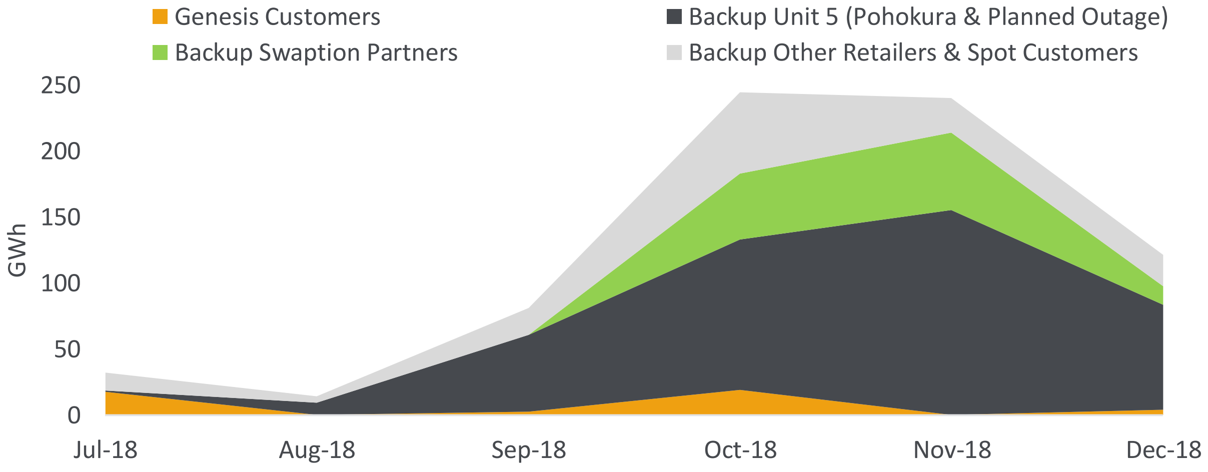
SHORTAGE OF BOTH GAS AND WATER DRIVES WHOLESALE PRICE VOLATILITY, GWAP[1] OF $146 MWH UP 52%



UNEXPECTED GAS SHORTAGES CREATE FURTHER ELECTRICITY SUPPLY SHORTAGES



TOTAL GENERATION DOWN 12% TO 3,403 GWH HOWEVER RANKINES PERFORM WELL IN THEIR ROLE AS BACKUP TO THE MARKET FOR HYDRO AND GAS SHORTAGES

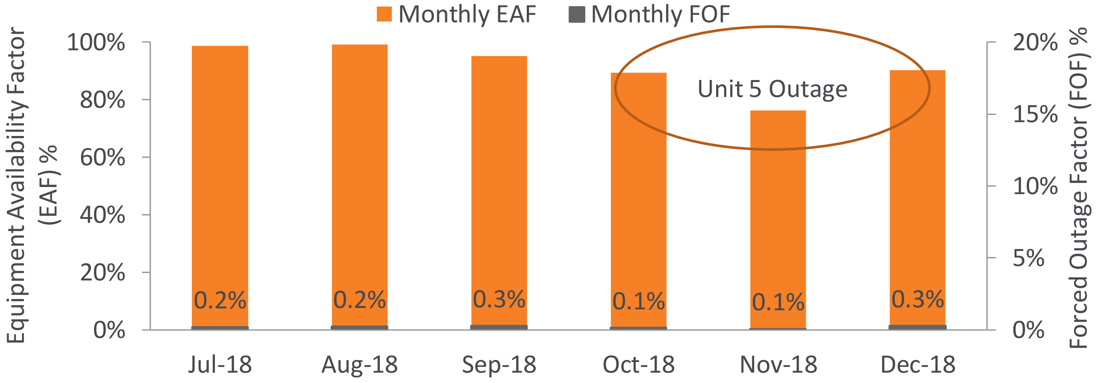


1. GWAP is the average price received for generation, $/MWh.

Plant reliability key in volatile market

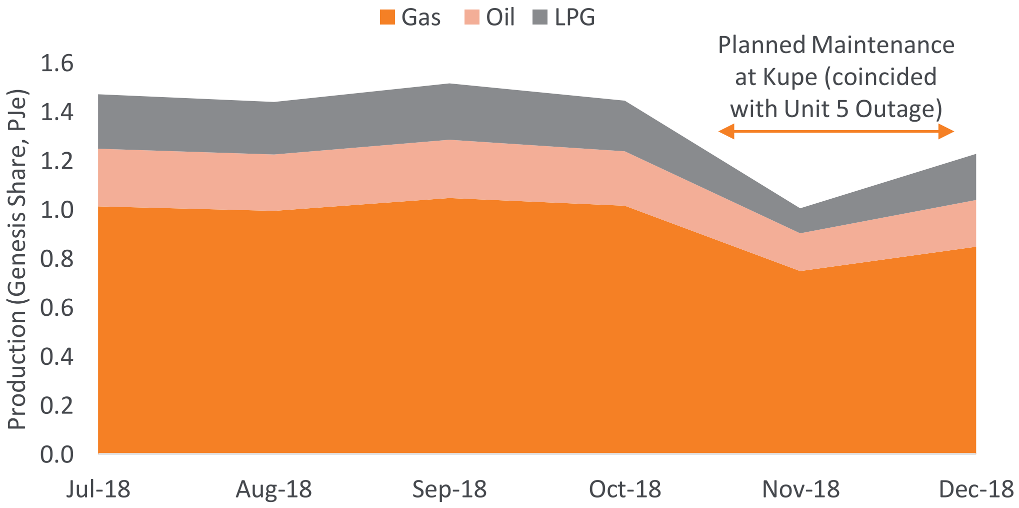
— However market making costs increase sharply due to ASX volatility

CONTINUED HIGH PLANT RELIABILITY – UNIT 5 MAINTENANCE DELIVERED ON TIME AND BELOW BUDGET

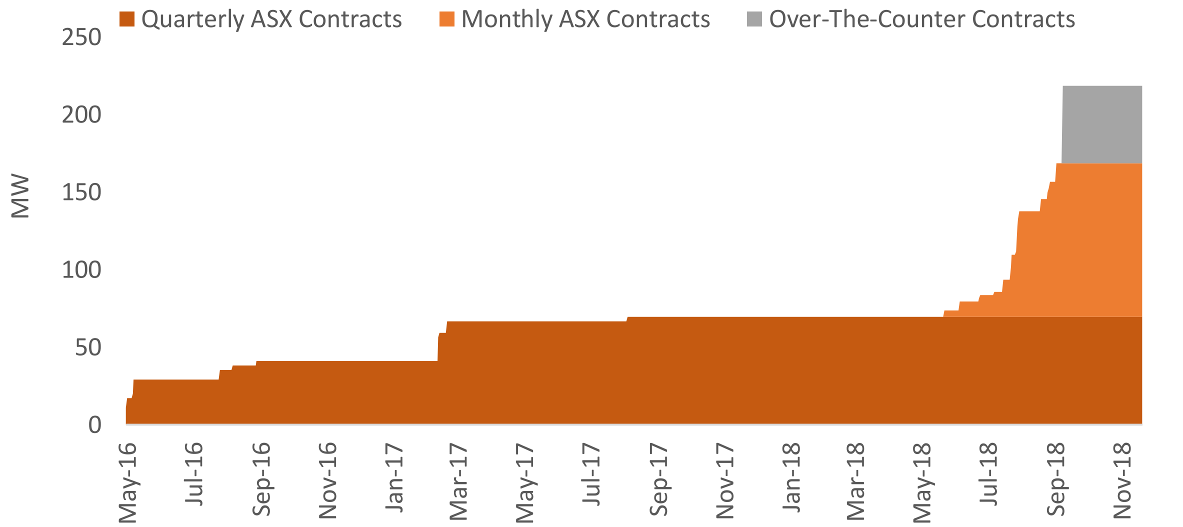


VOLUNTARY MARKET MAKER COSTS INCREASE WITH VOLATILITY

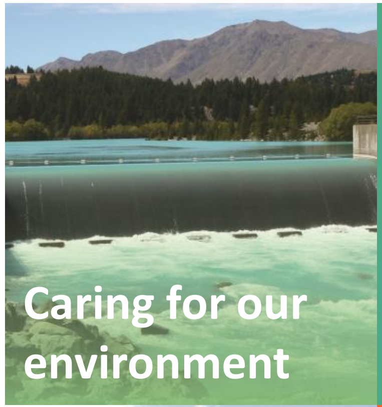
KUPE PRODUCTION DOWN DUE TO PLANNED MAINTENANCE (GENESIS SHARE, PJe)



UNIT 5 OUTAGE COVERED THROUGH DERIVATIVE MARKET LIQUIDITY (NOVEMBER HEDGES ONLY)



Enabling a more sustainable future



Caring for our environment

We're driving electric -

35 EVs now part of Genesis fleet

November 2018

Ohope Beach School joins School-gen solar programme

November 2018

Genesis signed up to EV 100, a global business initiative driving the switch to EVs.

EV 100 by THE CLIMATE GROUP

December 2018

Whio population boosted

20 ducks released

January 2019

Building strong communities

Employee volunteering revitalised

700+ Hours already given back to communities

November 2018

Genesis wins YWCA Equal Pay Award

November 2018

Emirates Team New Zealand & School-gen partner to bring STEM to schools

December 2018

School-gen Trust launches, providing $50,000 of STEM funding for schools

February 2019

Powering New Zealand

Waverley Wind Farm partnership announced

October 2018

Bottles gas for Business launched – usage sensors minimize waste

October 2018

MOU signed with DETA Consulting for energy management services to businesses

October 2018

Genesis joins the NZ Hydrogen Association, supporting development of low emission fuel sources

HYDROGEN NEW ZEALAND

February 2018

4 Outlook

Outlook and guidance

— Updated guidance for FY19 EBITDAF is $360 to $375 million

Market Outlook

- **2H FY19** – wholesale market remains volatile with ongoing gas outages, drier conditions, uncertainty in the availability of competitor thermal plant. The FY19 guidance range reflects these conditions.
- **Longer term** electricity market supply and demand fundamentals continue to improve:
  - 4th potline at Tiwai has been reinstated. ASX Year 3 OTA forward curve has lifted $15 to trade at $90/MWh since July 18.
  - Uncertainty in longer term gas supply market remains, beyond current outage phase.

FY19 Guidance

- FY19 EBITDAF guidance range is $360 to $375 million subject to hydrological conditions, gas availability, any material events, one-off expenses or other unforeseeable circumstances.
- FY19 capital expenditure guidance is unchanged at up to $85 million.

FY20 Guidance

- Beach Energy has confirmed a 35 day shutdown of Kupe for cyclical maintenance – FY20 EBITDAF impact of $8 to $10 million.

Appendices

Financial statements[1]

Income Statement	HY19 ($m)	HY18 ($m)	Variance
Revenue	1,361.0	1,213.0	+12.2%
Total Operating Expenses	(1,165.5)	(1,014.6)	+14.9%
EBITDAF	**195.5**	**198.4**	**(1.5%)**
Depreciation, Depletion & Amortisation	(98.1)	(103.5)	
Impairment of Non-Current Assets	(0.2)	-	
Fair Value Change	8.1	(19.7)	
Other Gains (Losses)	-	0.9	
Earnings Before Interest & Tax	**105.3**	**76.1**	**+38.4%**
Interest	(36.8)	(37.4)	
Tax	(19.5)	(11.1)	
Net Profit After Tax	**49.0**	**27.6**	**+77.5%**
Earnings Per Share (cps)	4.87	2.76	+76.4%
Stay in Business Capital Expenditure	29.5	21.6	+36.6%
Free Cash Flow	110.5	129.6	(14.7%)
Dividends Per Share (cps)	8.45	8.30	+1.8%
Dividends Declared as a % of FCF	77.7%	64.0%	

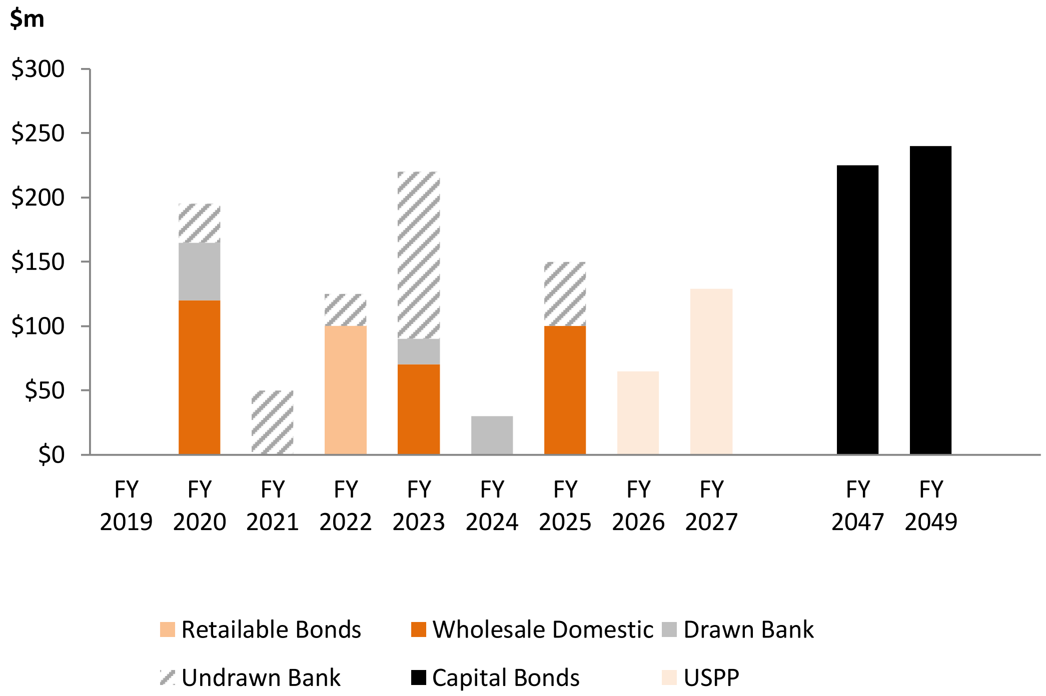
Balance Sheet	HY19 ($m)	FY18 ($m)	Variance
Cash and Cash Equivalents	38.0	49.3	
Other Current Assets	341.6	341.3	
Non-Current Assets	3,787.9	3,838.8	
Total Assets	**4,167.5**	**4,229.4**	**(1.5%)**
Total Borrowings	1,223.6	1,255.4	
Other Liabilities	995.6	1,017.6	
Total Equity	**1,948.3**	**1,956.4**	**(0.4%)**
Adjusted Net Debt	1,155.8	1,182.9	(2.2%)
Gearing	38.6%	39.0%	
EBITDAF Interest Cover	6.3x	6.4x	
Net Debt/EBITDAF	2.9x	3.0x	

Cash Flow Summary	HY19 ($m)	HY18 ($m)	Variance ($m)
Net Operating Cash Flow	171.0	198.9	
Net Investing Cash Flow	(36.7)	(30.7)	
Net Financing Cash Flow	(145.6)	(155.4)	
Net Increase (Decrease) in Cash	**(11.3)**	**12.8**	**(24.1)**

1. Comparable HY18 financials have been restated in line with note 1 of Genesis' financial statements, accounting for the adoption of NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers. No other comparable periods have been adjusted.

Debt information

GENESIS ENERGY DEBT PROFILE



Debt Information		HY19 ($m)	FY18 ($m)	Variance
Total Debt	$	1,223.6	1,255.4	
Cash and Cash Equivalents	$	38.0	49.3	
Headline Net Debt	**$**	**1,185.6**	**1,206.1**	**(1.7%)**
USPP FX and FV Adjustments	$	29.8	23.2	
Adjusted Net Debt[1]	**$**	**1,155.8**	**1,182.9**	**(2.3%)**
Headline Gearing		38.6%	39.0%	-0.4 ppts
Adjusted Gearing		38.0%	38.6%	-0.6 ppts
Covenant Gearing		31.2%	32.4%	-1.2 ppts
Net Debt/EBITDAF[2]		2.9x	3.0x	-0.1x
Interest Cover		6.3x	6.4x	-0.1x
Average Interest Rate		5.8%	5.8%	-
Average Debt Tenure		12.3 yrs	11.4 yrs	+ 0.9 yrs

1. Net debt has been adjusted for foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency swaps
2. EBITDAF is based on the midpoint of the guidance range provided for FY19

Operational highlights

Customer Key Information	HY19	HY18	Variance
EBITDAF ($ millions)	**61.7**	**56.1**	**+10.0%**
Electricity Netback ($/MWh)	$103.98	$99.75	+4.2%
Gas Netback ($/GJ)	$8.73	$8.91	(2.0%)
LPG Netback ($/t)	$810.26	$781.86	+3.6%
Customers with > 1 Fuel	113,549	105,758	
Electricity Only Customers	335,332	345,832	
Gas Only Customers	17,440	18,509	
LPG Only Customers	34,770	34,534	
Total Customers	**501,091**	**504,633**	**(0.7%)**
Total Electricity, Gas and LPG ICP's	**674,387**	**667,273**	**+1.1%**
Volume Weighted Average Electricity Selling Price – Resi ($/MWh)	$251.62	$248.52	+1.2%
Volume Weighted Average Electricity Selling Price – SME ($/MWh)	$220.02	$216.03	+1.8%
Volume Weighted Average Electricity Selling Price – C&I ($/MWh)	$126.20	$120.45	+4.8%
Volume Weighted Average Gas Selling Price ($/GJ)	$24.25	$25.59	(5.2%)
Volume Weighted Average LPG Selling Price ($/tonne)	$1,764.42	$1,828.90	(3.5%)
Customer Electricity Sales (GWh)	3,139	3,008	+4.4%
Customer Gas Sales (PJ)	4.5	4.0	+12.5%
Customer LPG Sales (tonnes)	19,380	18,281	+6.0%

Wholesale Key Information	HY19	HY18	Variance
EBITDAF ($ millions)	**103.8**	**106.4**	**(2.4%)**
Renewable Generation (GWh)	1,713	1,697	+0.9%
Thermal Generation (GWh)	1,690	2,173	(22.2%)
Total Generation (GWh)	**3,403**	**3,870**	**(12.1%)**
GWAP ($/MWh)	$146.32	$96.16	+52.2%
LWAP/GWAP Ratio	97%	103%	+6 ppts
Weighted Average Fuel Cost ($/MWh)	$33.90	$35.72	(5.1%)
Coal/Gas Mix (Rankines only)	85/15	62/38	

Kupe Key Information	HY19	HY18	Variance
EBITDAF ($m)	**52.5**	**55.7**	**(5.7%)**
Gas Production (PJ)	5.7	6.1	(6.6%)
Gas Sales (PJ)	5.5	6.1	(9.8%)
Oil Production (kbbl)	235	281	(16.4%)
Oil Sales (kbbl)	168	241	(30.3%)
LPG Production (kt)	23.6	22.4	+5.4%
LPG Sales (kt)	23.7	22.7	+4.4%
Average Brent Crude Oil (USD/bbl)	$71.52	$56.74	+26.0%
Realised Oil Price (NZD/bbl)	$91.12	$78.24	+16.5%

Health & Safety Information	HY19	HY18	Variance
Total Recordable Injury Frequency Rate	1.11	1.44	(0.33pt)

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