# FY19 Full Year Results Presentation

28 August 2019

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GENESIS ENERGY LIMITED

Deloitte. ENERGY EXCELLENCE 2019 AWARDS – ENERGY TECHNOLOGY OF THE YEAR WINNER

Deloitte. ENERGY EXCELLENCE 2019 AWARDS – COMMUNITY INITIATIVE OF THE YEAR WINNER

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# AGENDA

# 1. Year in Review

# Results at a glance

Gross churn down 3.8 ppt, net churn down 2.4ppt to 16.4%[1]

Cost to Serve per connection (ICP[2]) $141 Down 7%, FY18 $151

Customers > 1 fuel up 6.8% Now 24% of total customer base, FY18 22%

6,821 GWh total generation in fuel constrained market, FY18 7,105 GWh

Total business sales volumes up 7.8%

Another record year of Kupe production 25.7 PJ FY18 25.5 PJ

Retail netbacks[3] up across all fuels

| Electricity up | Gas up | LPG up |
|---|---|---|
| 4.6% | 4.8% | 8.9% |

Strong plant reliability, Forced Outage Factor down to 0.3% FY18 5.0%

EBITDAF $363m up $3m, FY18 $360m

NPAT $59m up $39m, FY18 $20m

17.05 cps Full Year Dividend up 1%

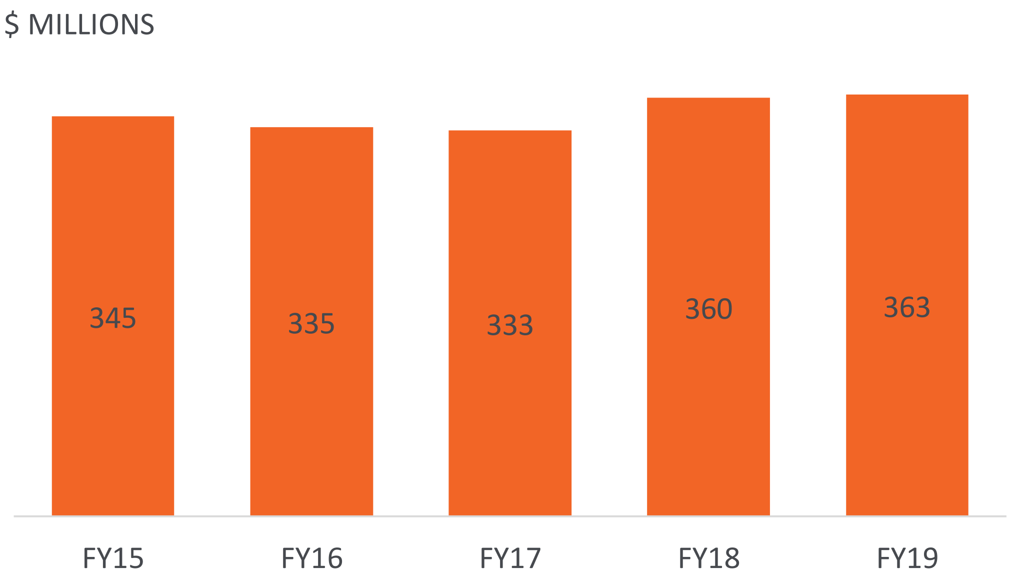
Underlying earnings $67m up 16%, FY18 $57m

[1] Both gross and net churn is expressed on the basis of a 12 month rolling average.
[2] Installation Connection Point (ICP), a connection point that is both occupied and has not been disconnected.
[3] Netback is defined as Retail 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.

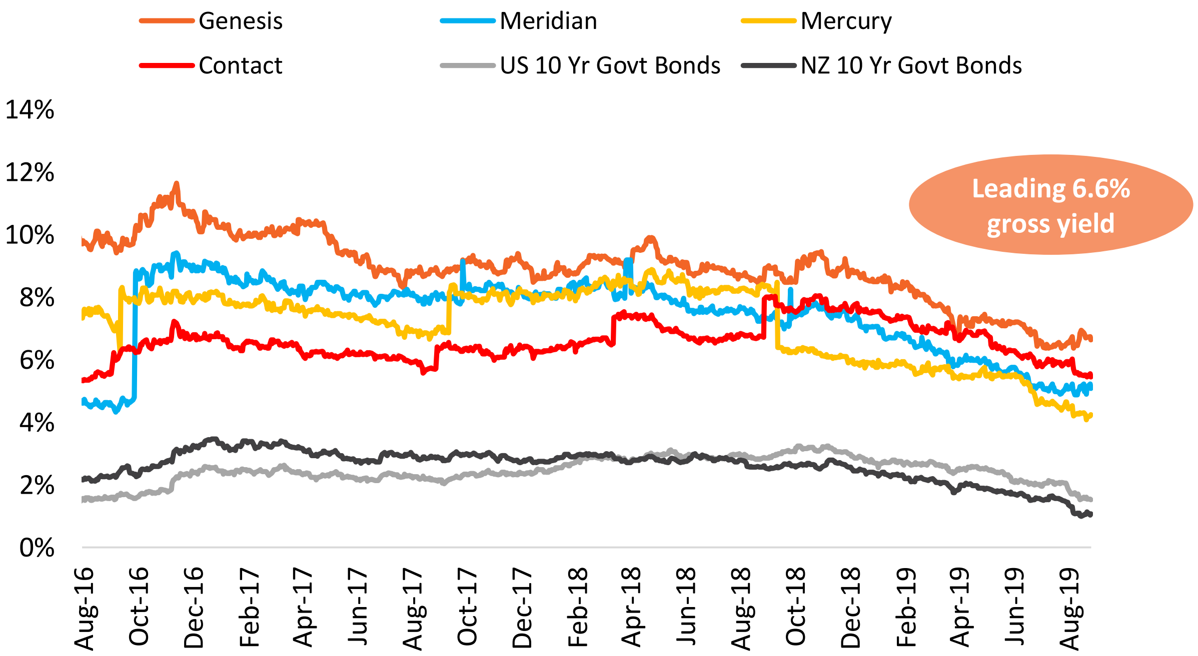
# Earnings growth

## — EBITDAF growth of $3m, and continued growth in FY19 dividends translating to a 6.6% gross yield[1]

**EBITDAF**




**GROSS DIVIDEND YIELD COMPARISON WITH PEERS AND LONG-TERM BOND YIELDS**

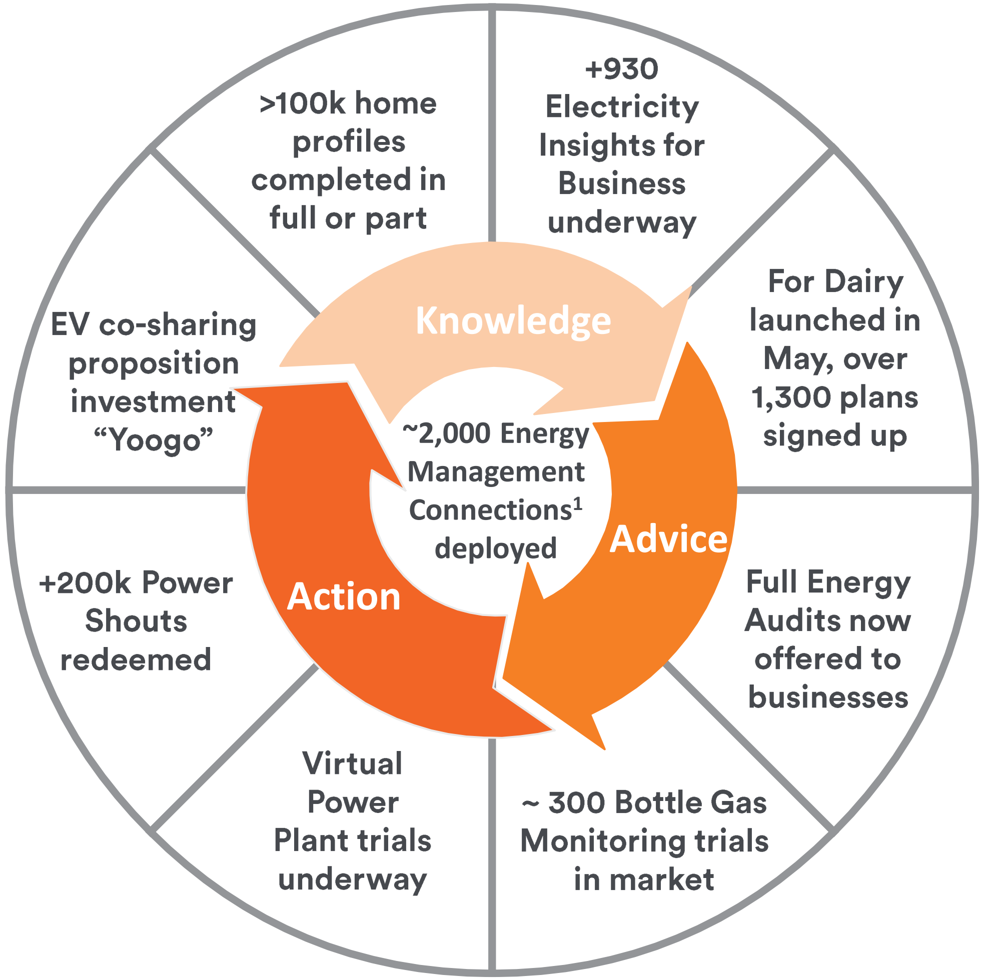



Source: Bloomberg

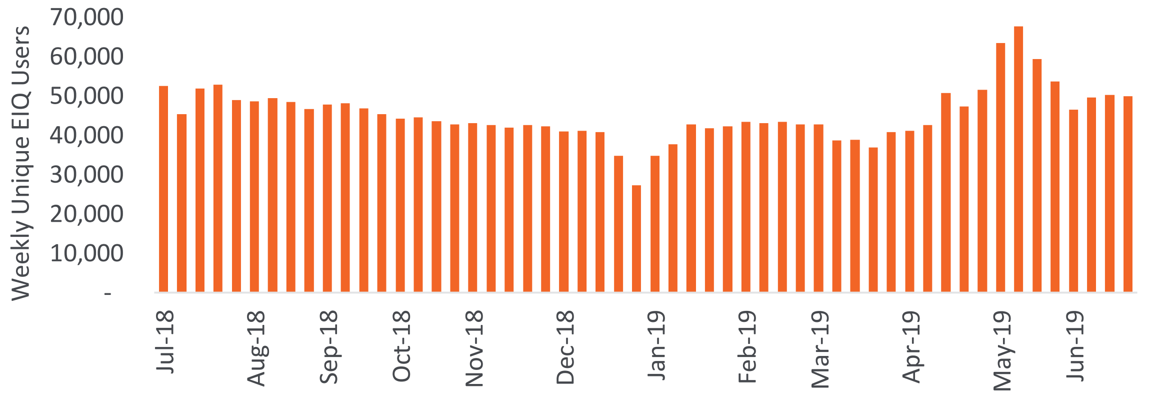
[1] Gross yield based on closing share price as at 27 August 2019, $3.37

# A customer focused strategy coming to life

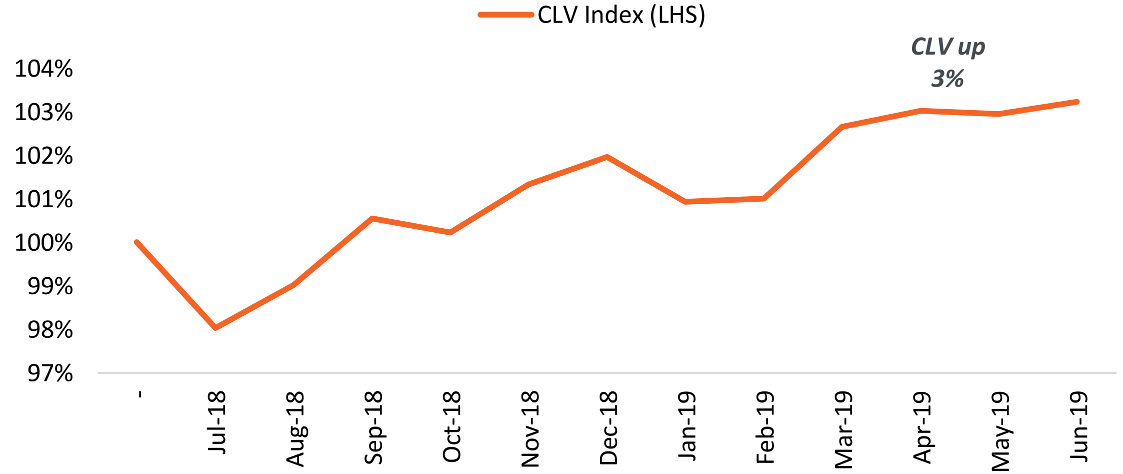
## — Investment in loyalty, brand, products and innovation is driving value, CLV up 3%




**50K UNIQUE ENERGY IQ USERS PER WEEK, 100K USERS PER MONTH (ROLLING 3 MONTH AVG)**




**RESIDENTIAL CUSTOMER LIFE VALUE INDEX[2] (CLV) UP 3%, RESIDENTIAL ICP NUMBERS UP 0.5%**



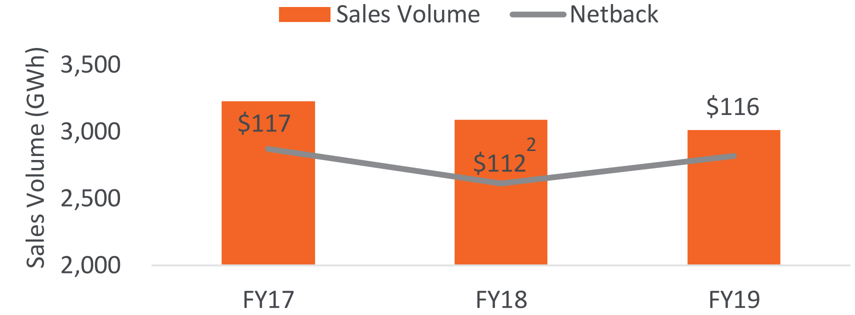

[1] Energy Management Connection: An IoT device deployed to a home or business with the specific aim of providing a customer with insights on how to optimise the way they use energy. *Electricity Insights, Bottle Gas Monitoring and Electricity Monitoring* are all products that use devices that fall within this definition.

[2] Customer Lifetime Value is the margin for each customer, discounted over its expected tenure.

# Residential customers are increasingly engaged and loyal

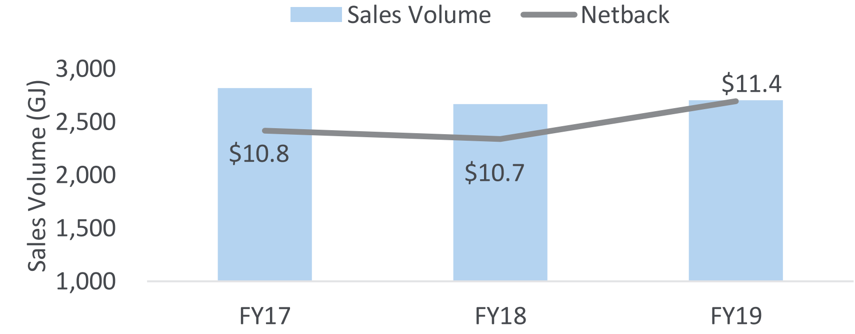
## — Increased value from our residential customer base through loyalty, gross churn down 3.8 ppt

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



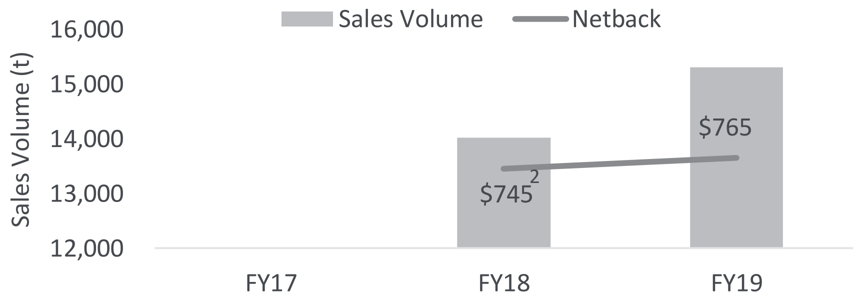

*Volume/value mix*

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



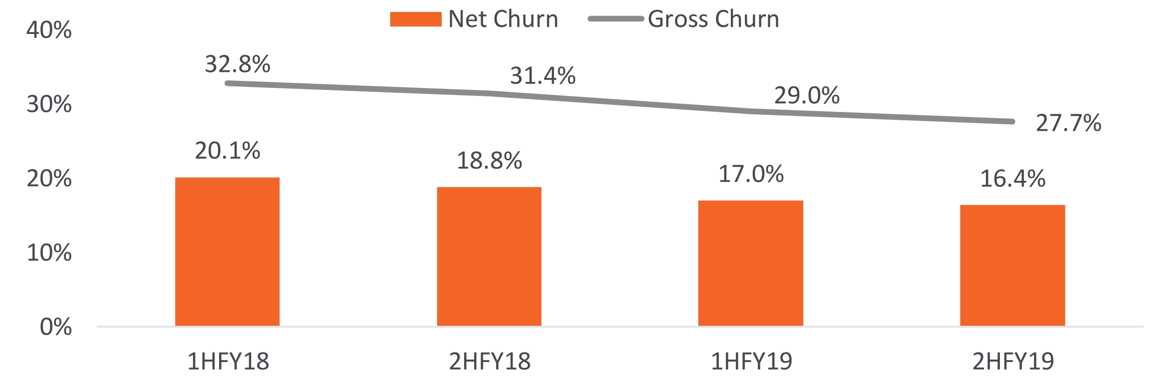

*Volume/value mix*

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

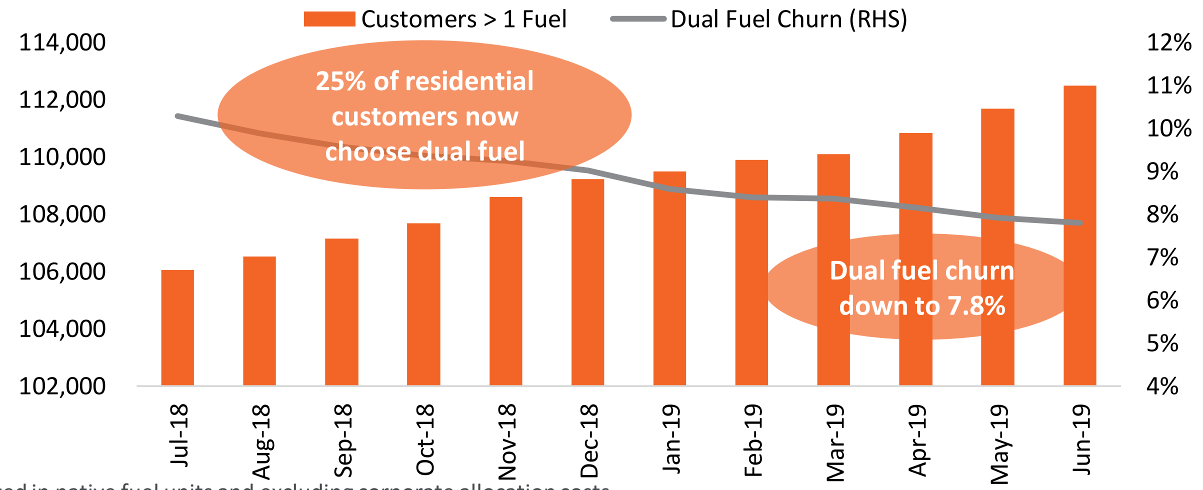



*Volume/value mix*

**RESIDENTIAL CUSTOMER GROSS[2] CHURN DOWN 3.8 ppt, NET CHURN DOWN 2.4 ppt (ROLLING 12 MONTH AVG)**




**RESIDENTIAL DUAL FUEL CUSTOMERS UP 6.1%, CHURN DOWN TO 7.8% (ROLLING 12 MONTH AVG)**

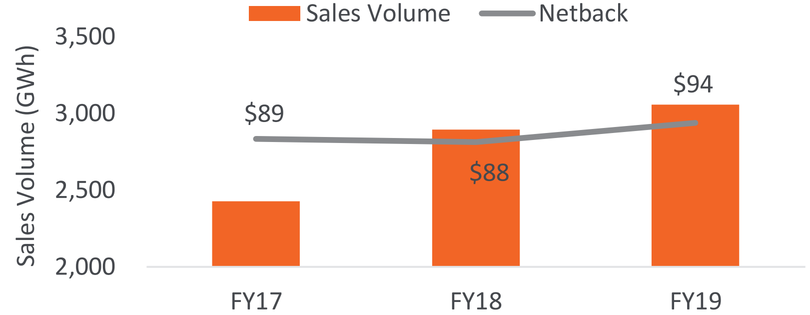



[1] Netback is defined as Retail EBITDAF by fuel type plus respective fuel purchase cost divided by total fuel sales volumes, stated in native fuel units and excluding corporate allocation costs.
[2] Residential LPG & Electricity Netbacks (FY18) have been normalised to account for one-off accounting adjustments and Nova management fees relating to acquisition.
[3] Gross churn is defined as customers who instigated a trader switch or home move, whilst net churn is post home move save and retentions.

# Growing business customer volume with targeted propositions

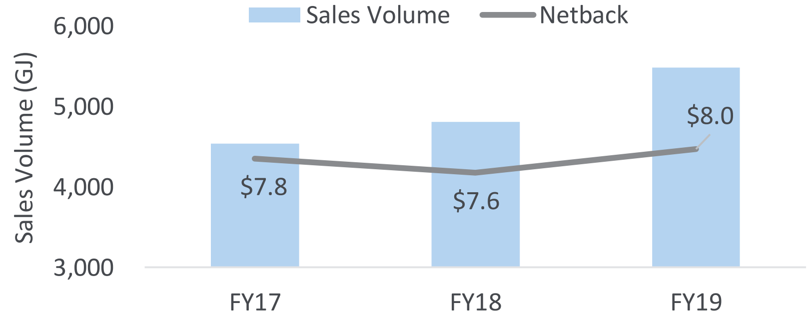
## — Focus remains on volume, but not at the expense of value, business sales volume up 7.8%

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



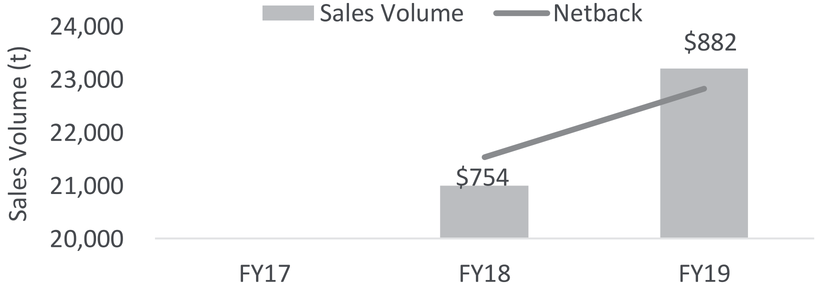

*Volume/value mix*

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



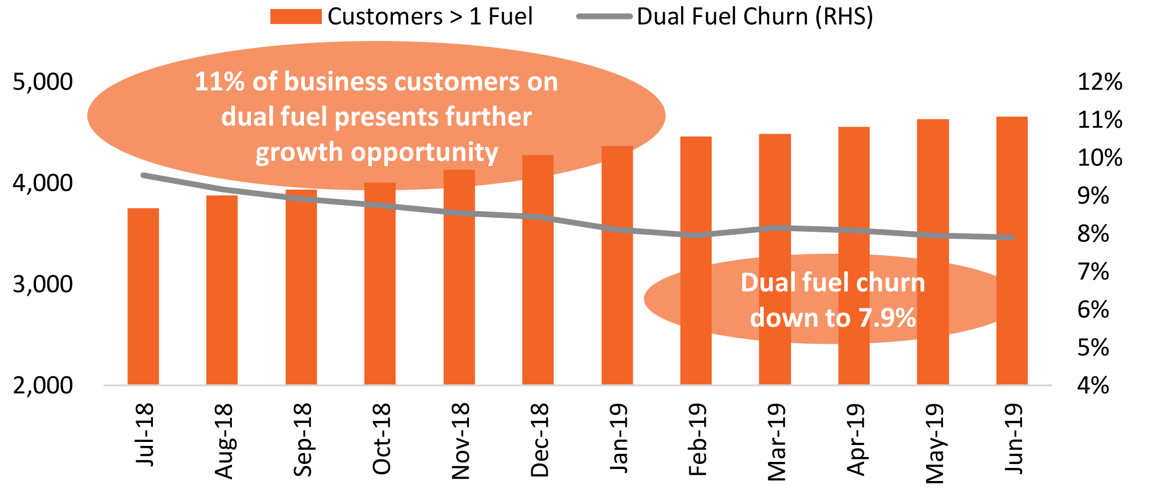

*Volume/value mix*

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

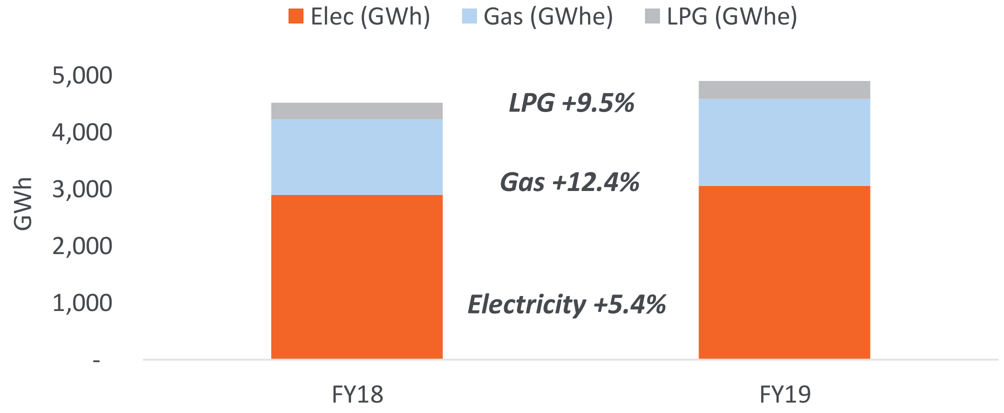



*Volume/value mix*

**BUSINESS DUAL FUEL CUSTOMERS UP 25%, CHURN DOWN TO 7.9% (ROLLING 12 MONTH AVG)**




**BUSINESS SALES VOLUME UP 7.8% ON A GWh EQUIVALENT BASIS**

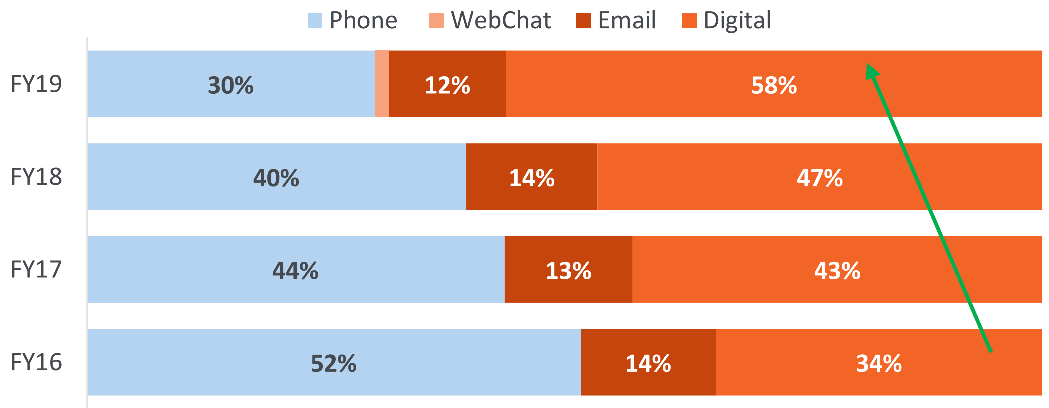



[1] Netback is defined as Retail EBITDAF by fuel type plus respective fuel purchase cost divided by total fuel sales volumes, stated in native fuel units and excluding corporate allocation costs.

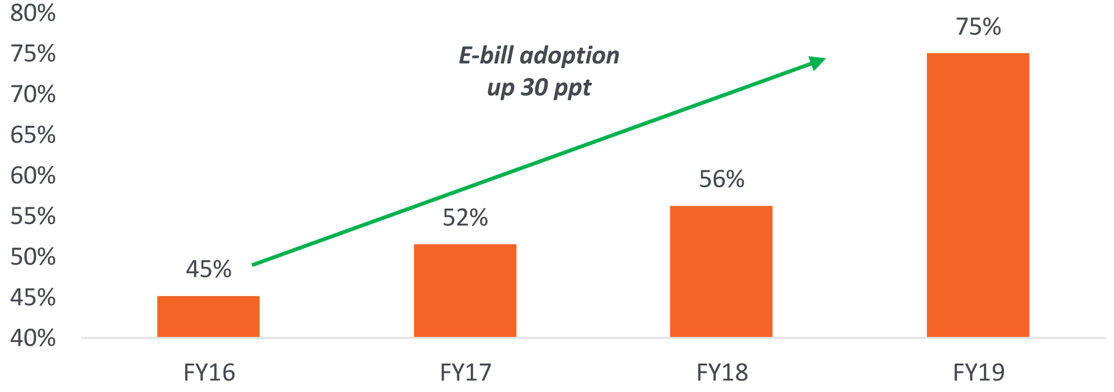
# Digital initiatives driving down cost to serve

## — Cost to serve is down 7% to $141 per connection (ICP[1])

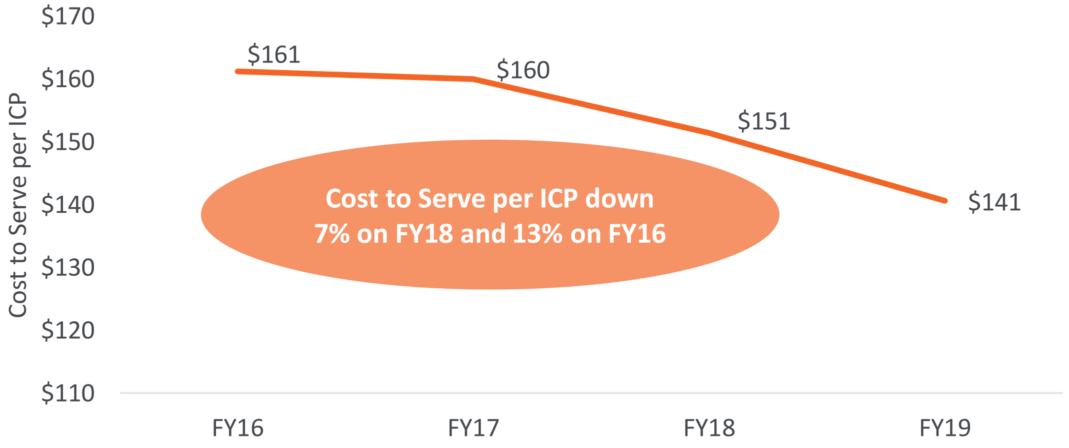
### DIGITAL INTERACTIONS UP 24 ppt SINCE FY16



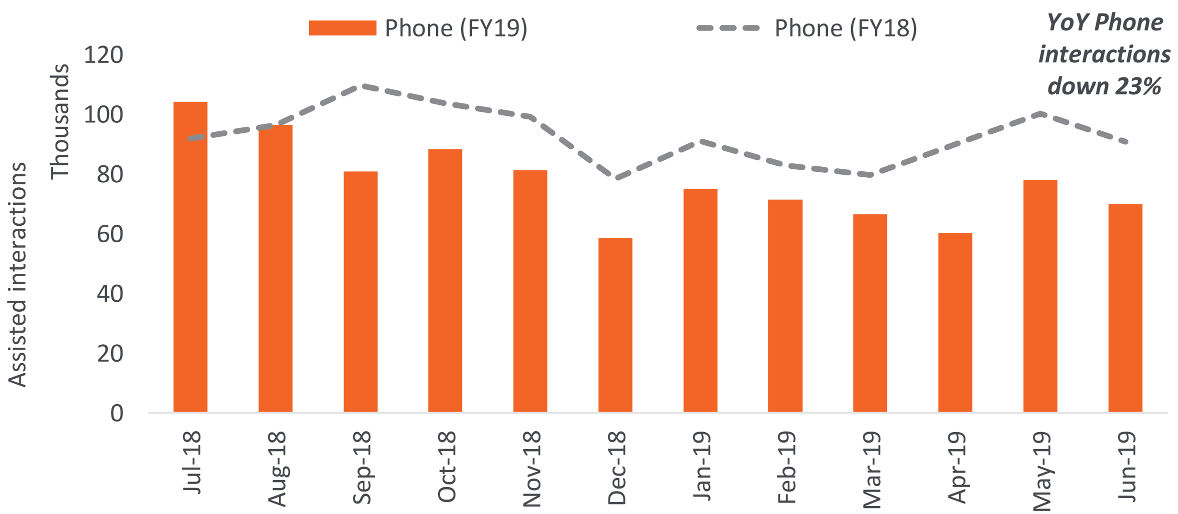

### 30 ppt INCREASE IN CUSTOMER E-BILL ADOPTION SINCE FY16




### CONTINUED IMPROVEMENT IN COST TO SERVE PER ICP[1], DOWN 7%




### ASSISTED PHONE INTERACTIONS DOWN 23% IN 12 MONTHS

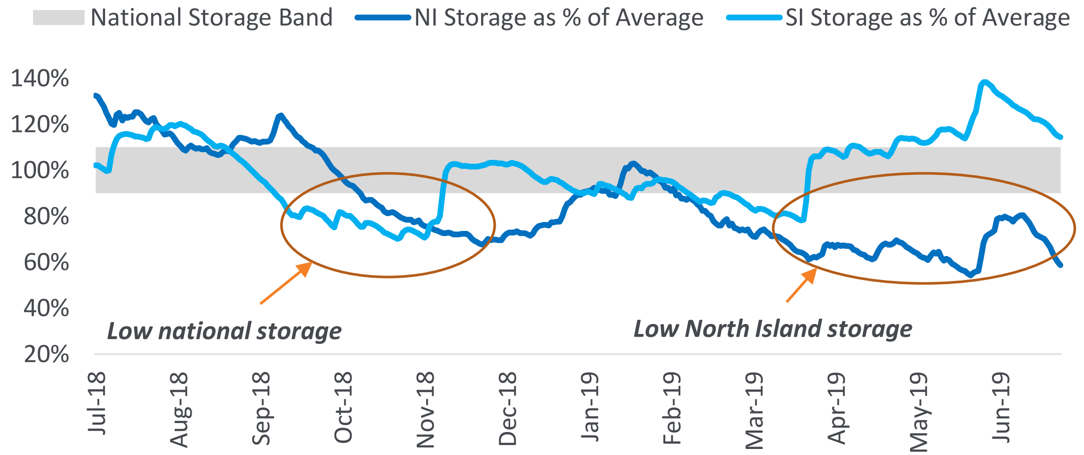



[1] Installation Connection Point (ICP), a connection point that is both occupied and has not been disconnected.

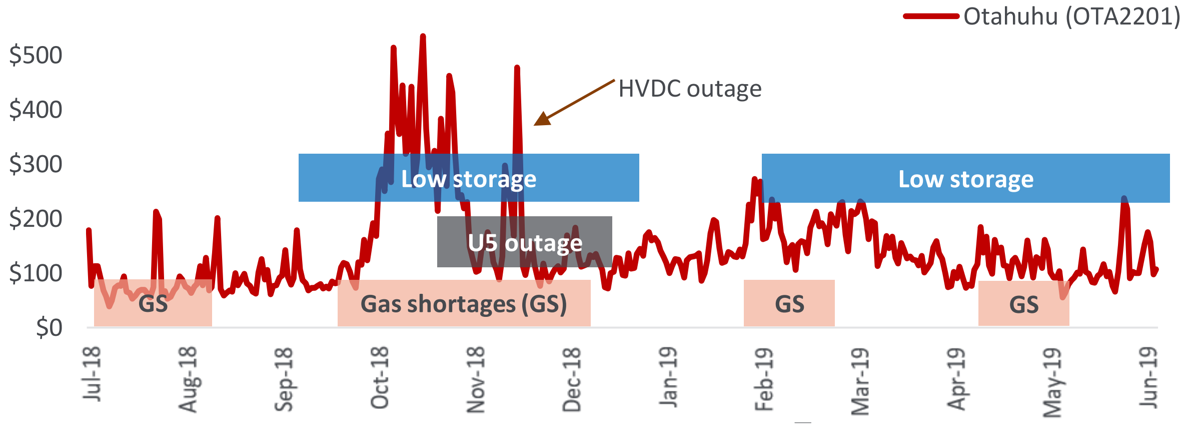
# Wholesale portfolio defended value in a volatile wholesale market

## — A resilient result, enabled by managing through gas supply constraints and water shortages

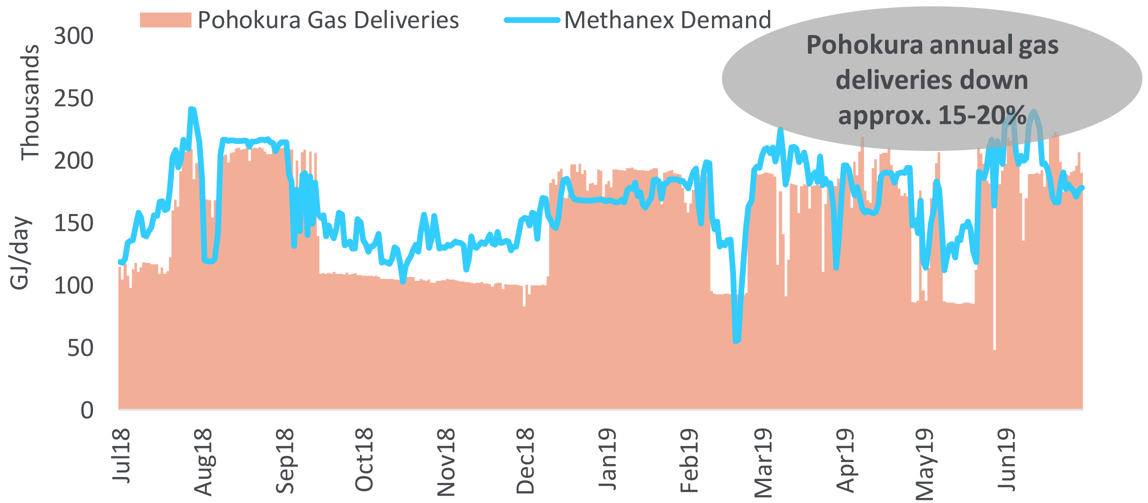
**ABNORMAL HYDRO STORAGE EXISTED ACROSS BOTH ISLANDS FOR OVER 80% OF THE YEAR**



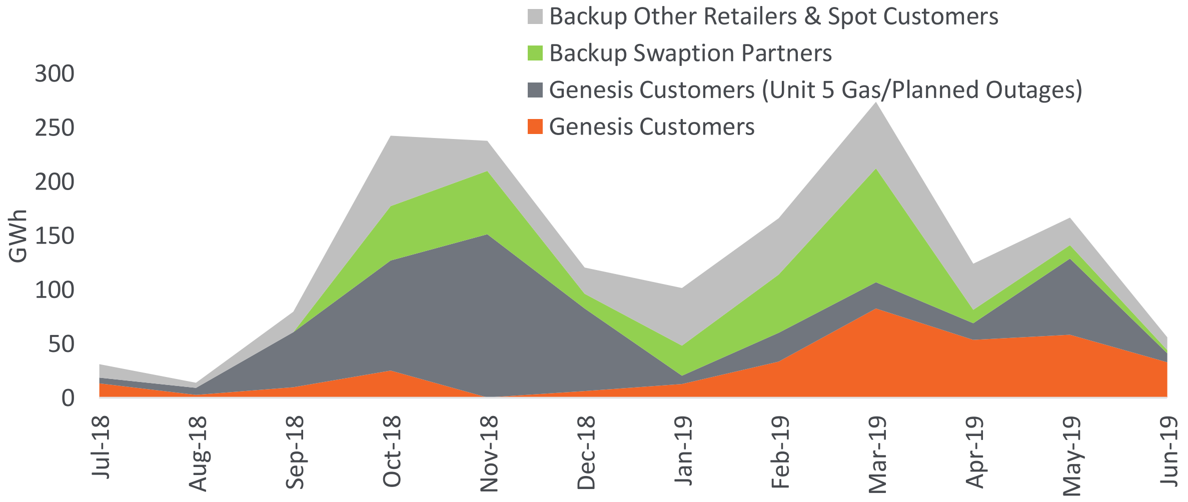

**SHORTAGE OF BOTH GAS AND WATER DRIVES WHOLESALE PRICE VOLATILITY, GWAP[1] OF $143 MWh**




**GAS OUTAGES EXISTED FOR 50% OF YEAR CREATING EXACERBATING FUEL SHORTAGES**




**RANKINES PROVIDE BACKUP FOR GAS & HYDRO SHORTAGES, OUTPUT UP 54% to 1,599 GWh, 342 GWh DEDICATED TO SWAPTIONS**

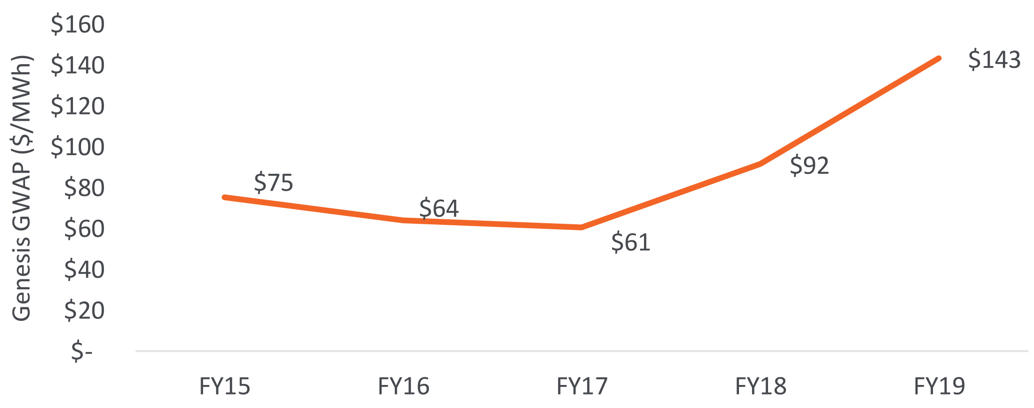



[1] GWAP is the average price received for generation, $/MWh.

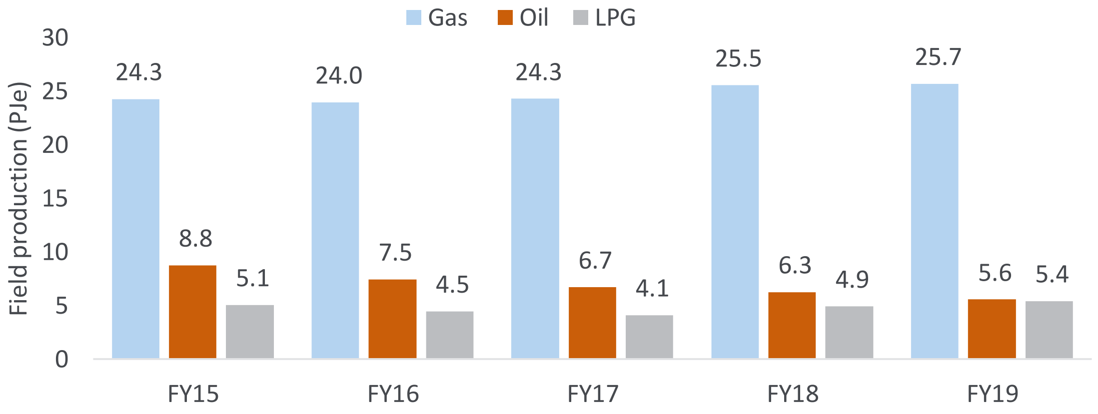
# Elevated fuel and wholesale electricity prices

## — Tighter gas fuel supply is putting upward pressure on prices

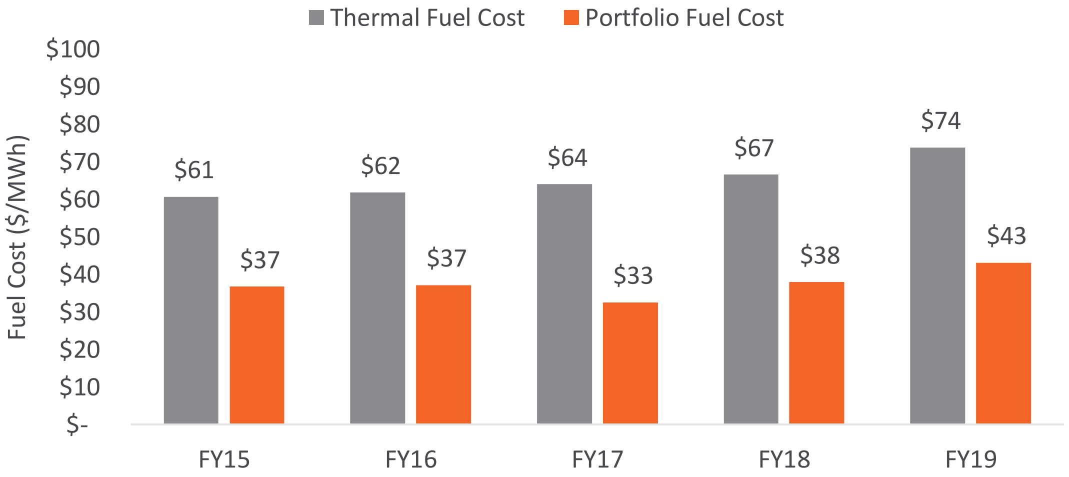
RECORD ANNUAL GWAP, FY19 UP $51/MWh to $143/MWh



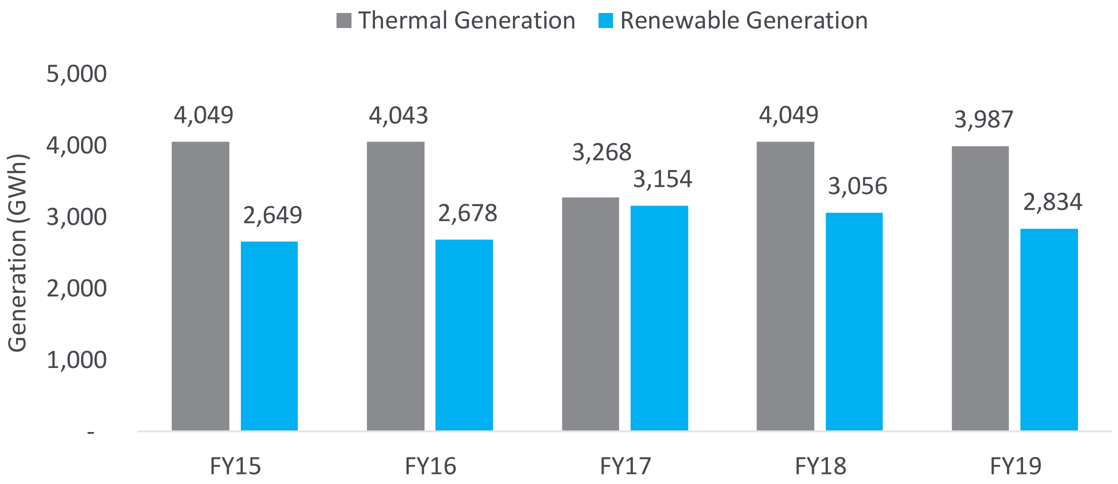

RECORD KUPE GAS PRODUCTION (25.7 PJ), LPG YIELD UP AND OIL PRODUCTION IN DECLINE




THERMAL FUEL COSTS UP 10%, PORTFOLIO FUEL COSTS UP $5/MWh TO $43/MWh



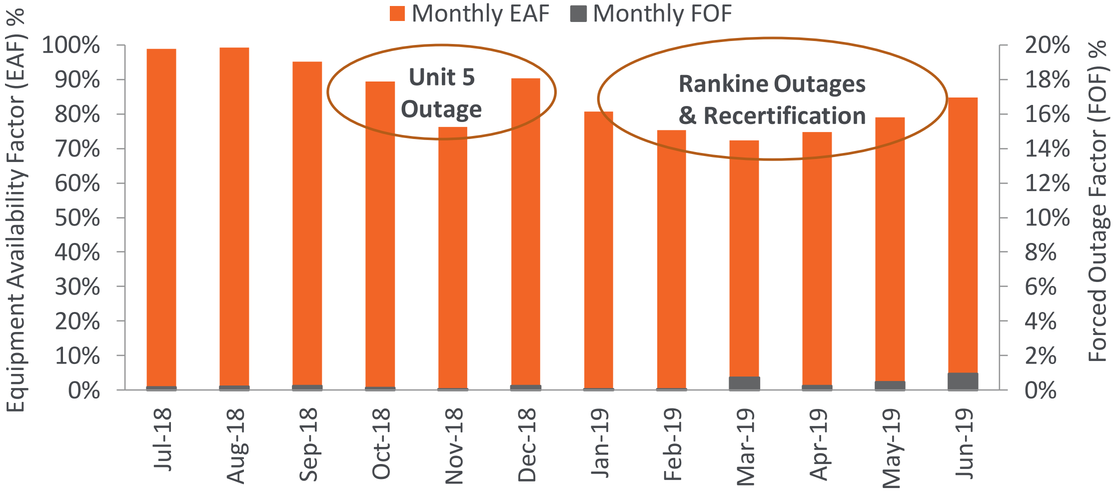

THERMAL AND RENEWABLE GENERATION CONSTRAINED, TOTAL GENERATION DOWN 4% TO 6,821 GWh



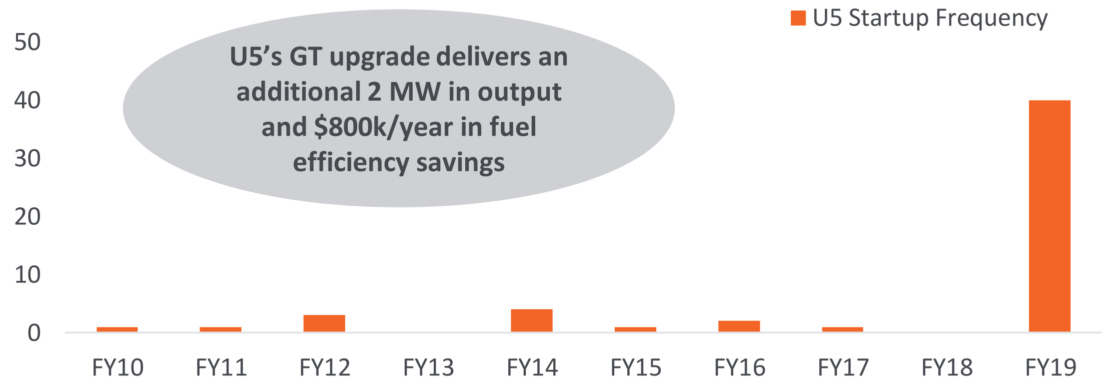
# Strong asset management underpins stable earnings

## — Key outages, on time and on budget, with Forced Outage Factor down to 0.3%

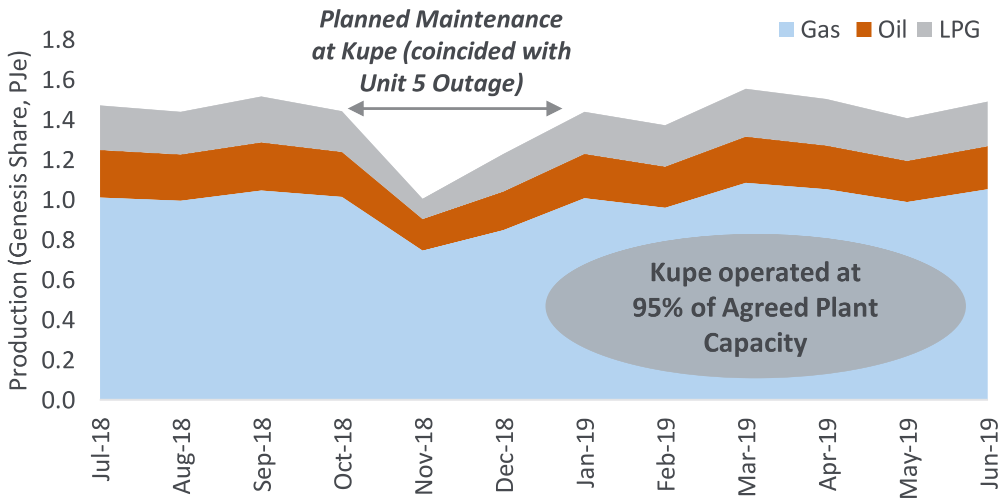
**HIGH PLANT RELIABILITY, WITH UNIT 5 MAINTENANCE & RANKINE RECERTIFICATION DELIVERED**



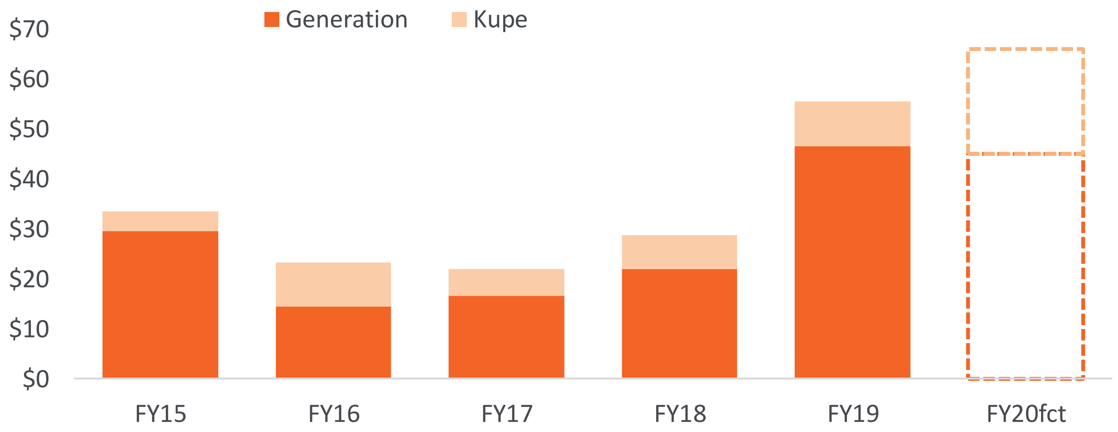

**HUNTLY'S U5 OPERATING FLEXIBILITY IS PROVEN WITH THE FY19 PLANNED OUTAGE USED TO UPGRADE THE GAS TURBINE**




**RECORD KUPE PRODUCTION NOTWITHSTANDING PLANNED MAINTENANCE (GENESIS SHARE, PJe)**




**KUPE AND GENERATION ASSET CAPITAL EXPENDITURE PROFILE[1]**

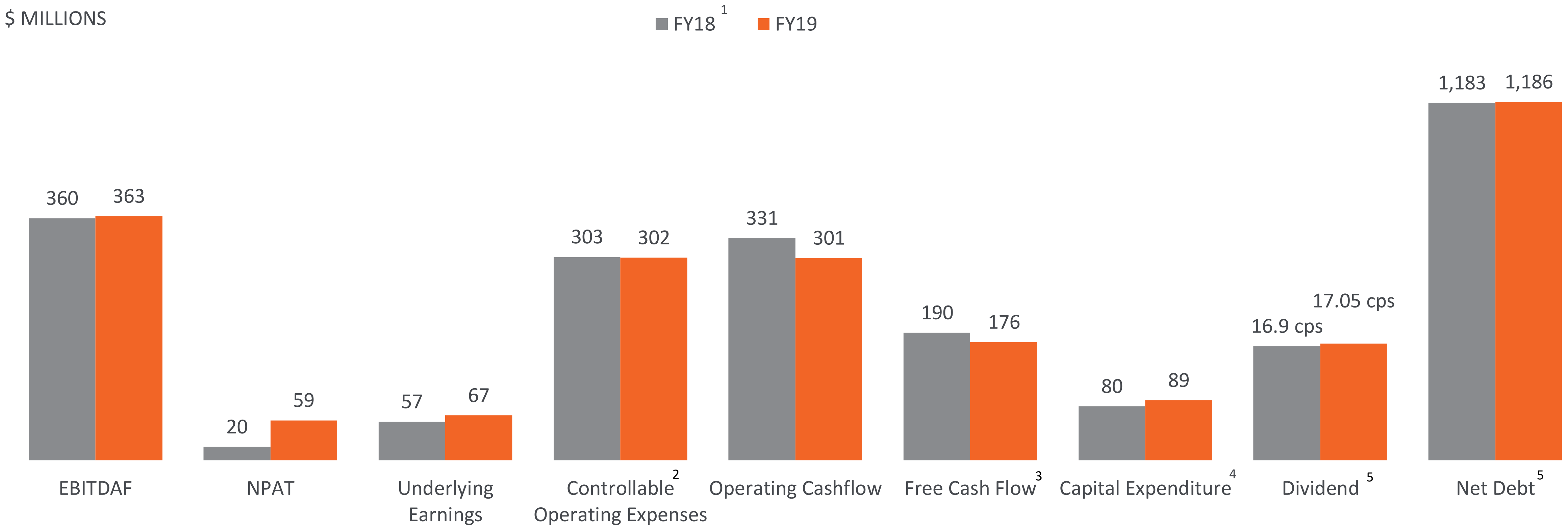



[1] FY20 forecast includes Genesis share of the Kupe Inlet Compression Project.

# 2. Financial Performance

# FY19 financial highlights

## — EBITDAF up $3m to $363m, underlying earnings up 16% to $67m, with operating costs down $1m



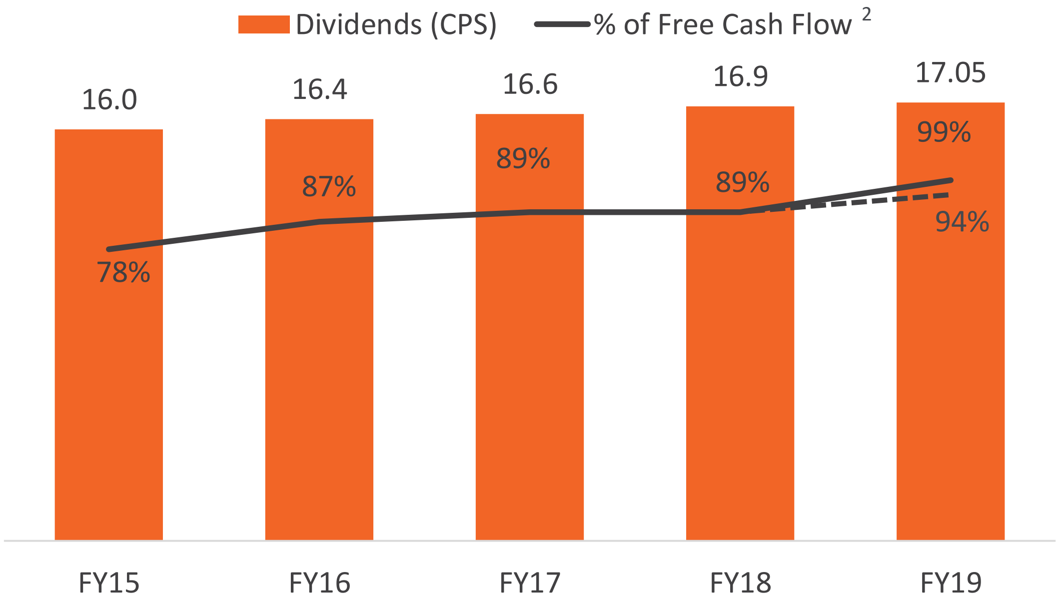

| EBITDAF | NPAT | Underlying Earnings | Controllable Operating Expenses | Operating Cashflow | Free Cash Flow | Capital Expenditure | Dividend | Net Debt |
|---|---|---|---|---|---|---|---|---|
| + 1% | + 201% | + 16% | - 0% | - 9% | - 7% | + 11% | + 1% | + 0% |

[1] Comparable FY18 financials have been restated in line with General information and significant matter included in 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] Controllable operating expenses refers to employee benefits plus other operating expenses.
[3] Free cash flow represents EBITDAF less cash tax paid, net interest costs and stay in business capital expenditure.
[4] Capital expenditure of $89m differs from the $90.7m stated in the financial statements due to exclusion of accounting adjustments for Huntly U5's long-term service contract.
[5] Net Debt and dividends is shown on a separate scale to other financial comparisons.

# Dividends

## — A final dividend of 8.6 cps declared, resulting in a full year dividend of 17.05 cps, representing a 6.6% gross yield[1]

**FY15 TO FY19 DIVIDEND CENTS PER SHARE & PAY-OUT HISTORY & NORMALISED VIEW**

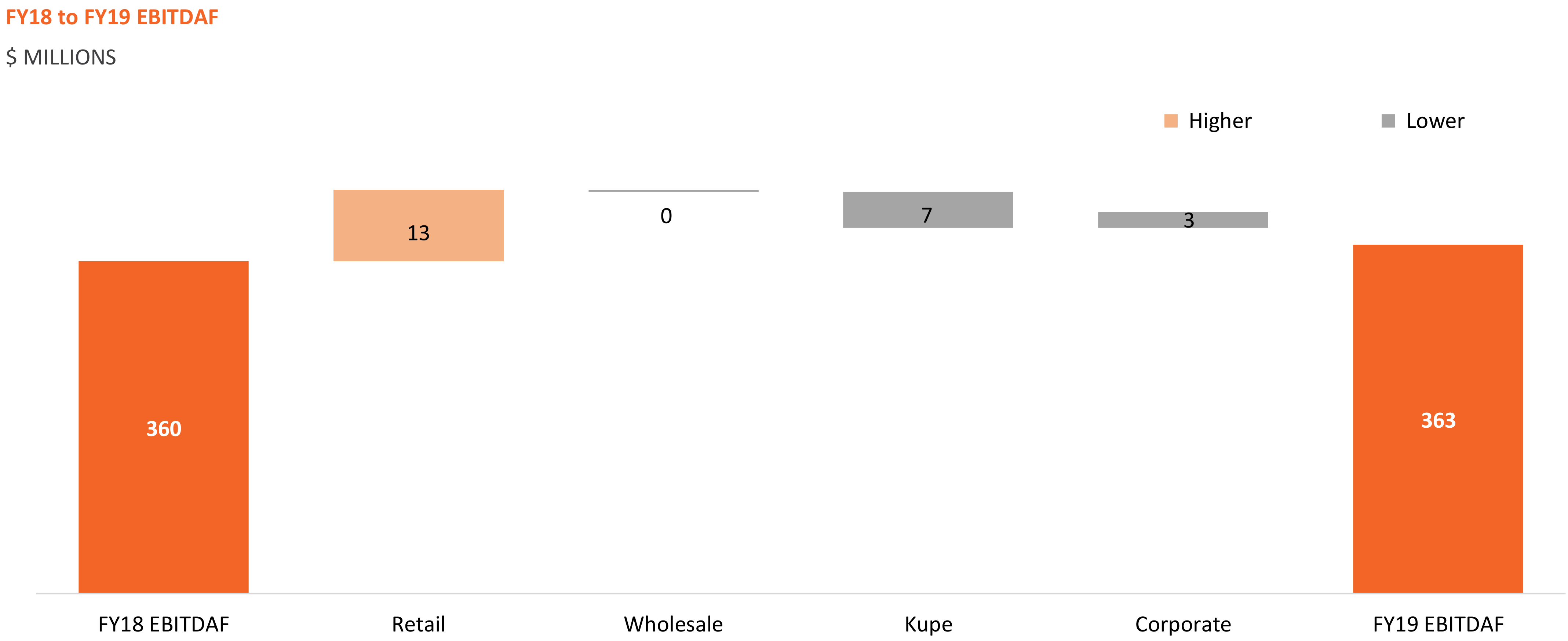



[1] Gross yield based on closing share price as at 27 August 2019, $3.37.
[2] Free cash flow represents EBITDAF less tax paid, net interest and stay in business capital expenditure.
[3] Large one-off items include Tekapo intake gate and planned maintenance on Huntly U5.

- Normalised for 'one-off[3]' levels of SIB capex, pay-out ratio is 94% of Free Cash Flow. An unadjusted pay-out ratio as percentage of free cash flow[2] is 99%.
- A final dividend of 8.6 cps, 80% imputed, will have a record date of 17 October 2019, payable to shareholders on 31 October 2019.
  - Supplementary dividend of 1.2141 cps payable 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 18 October 2019. DRP pricing will be notified to shareholders on 23 October 2019.
- Dividends have increased 6.6% from FY15 to FY19, relative to a CPI increase of 5.4% over the same period.

# FY19 EBITDAF

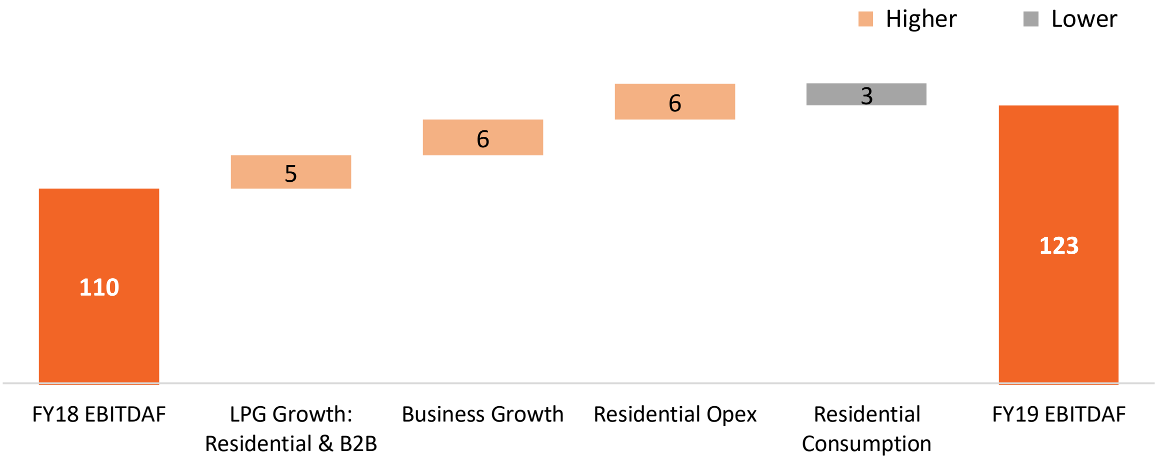
**— EBITDAF growth of $3m to $363m, due to a standout Retail performance, resilient Wholesale result, and a stable Kupe outcome**



# Segment EBITDAF

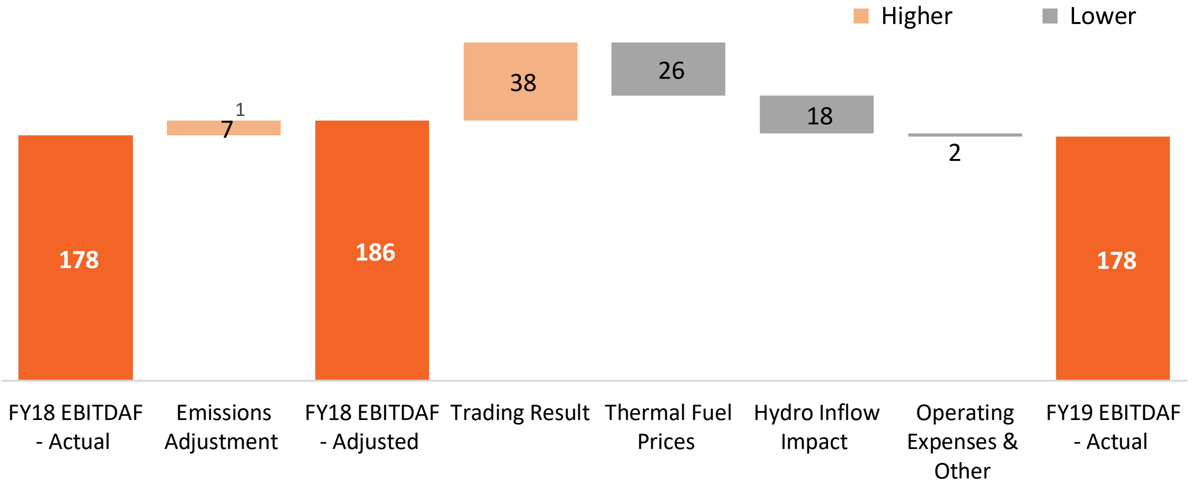
## — A standout Retail performance, resilient Wholesale result and a stable Kupe outcome

FY18 TO FY19 RETAIL EBITDAF

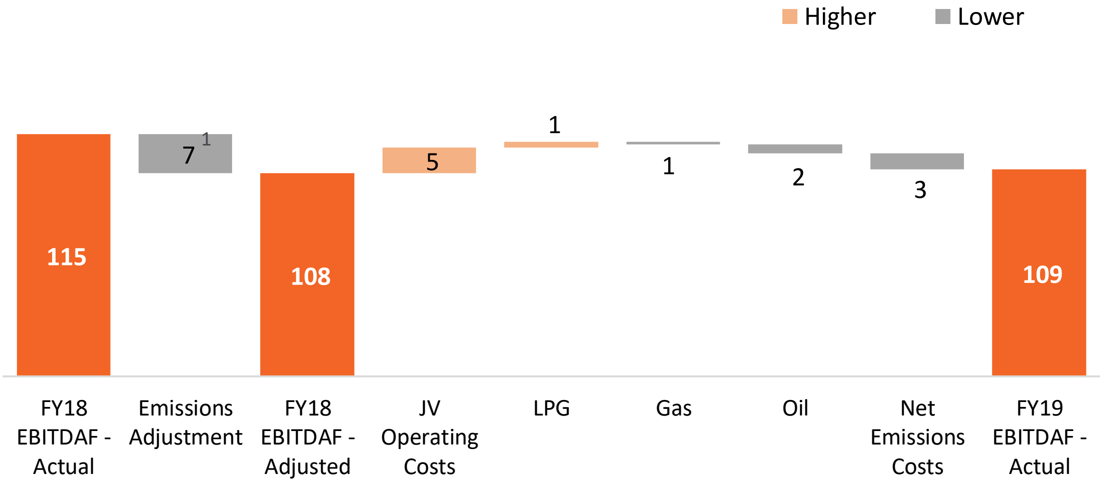



- **Retail:** Growth in LPG and Business segments and reduced cost to serve across residential customers, offset by lower residential consumption due to warmer weather.
- **Wholesale:** A strong trading result to defend against rising fuel prices and low North Island hydro storage and planned Unit 5 outage. GWAP up $51/MWh to $143/MWh however total generation volume down 284 GWh.
- **Kupe:** Operating efficiency gains offset by the naturally declining oil yield and increasing emissions costs.
- **Corporate:** Costs increased by $3m due to reduced capitalisation of technology projects, increased software costs and reduced allocations.

FY18 TO FY19 WHOLESALE EBITDAF




FY18 TO FY19 KUPE EBITDAF



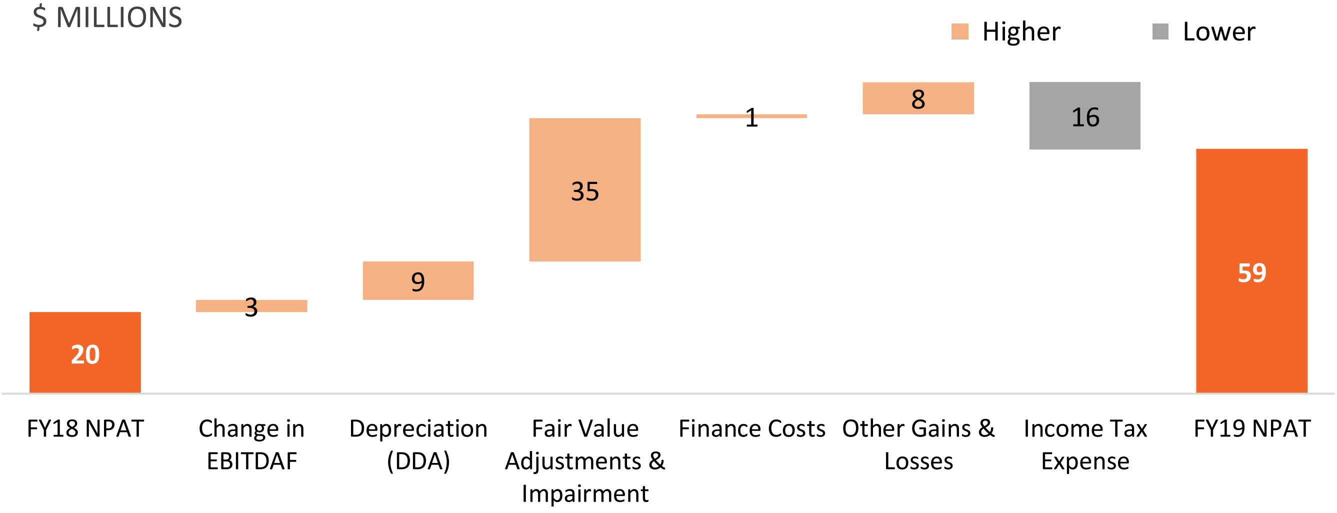

[1] This adjustment is the result of a change in treatment between Wholesale and Kupe segments.

# NPAT & Underlying Earnings

## — $39m increase in NPAT and 16% increase in underlying earnings

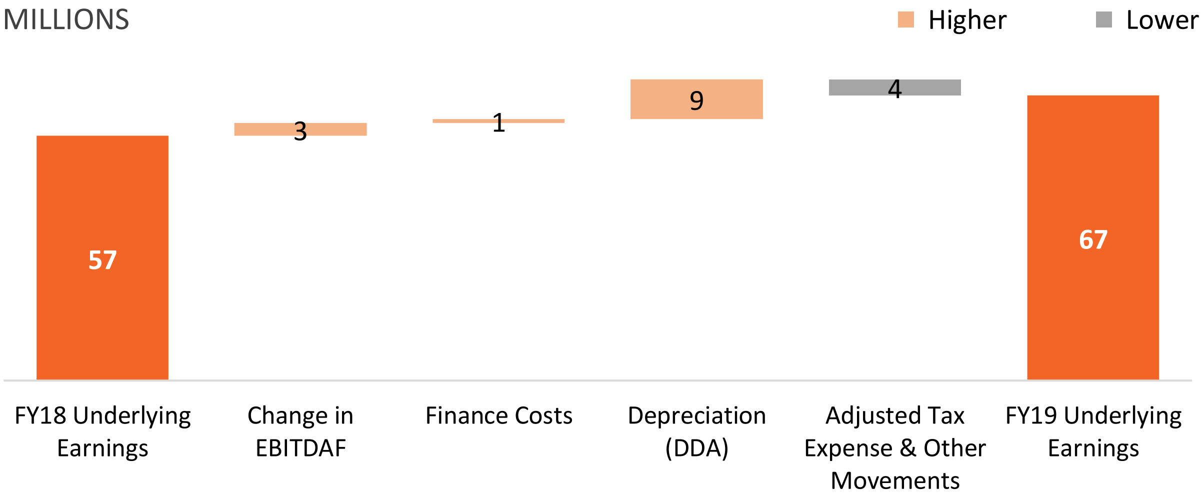
**FY18 TO FY19 NPAT**

$ MILLIONS




**FY18 TO FY19 UNDERLYING EARNINGS**

$ MILLIONS

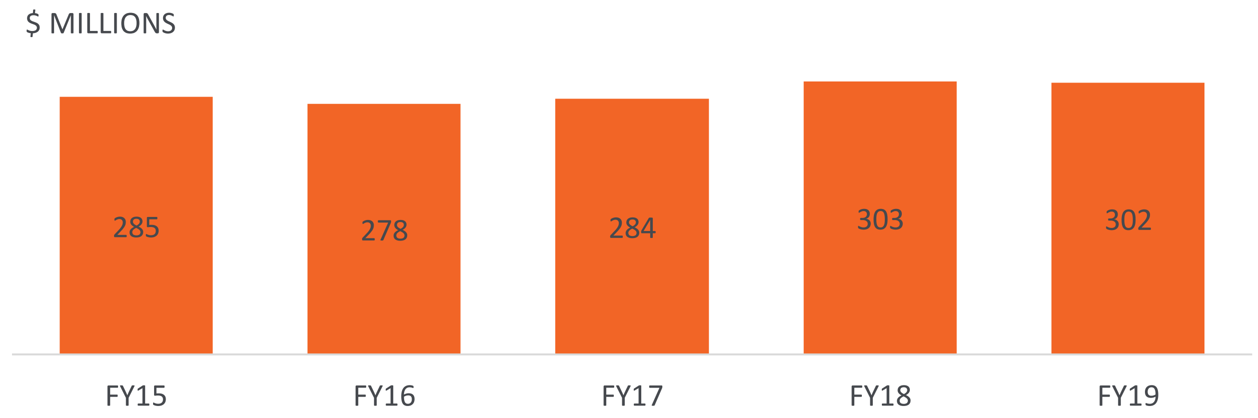



- Depreciation and amortisation costs down driven by changes in asset valuations in FY18, offset by recent investment in Retail.
- Positive fair value adjustment of $35m due to the difference between FY19 and FY18 Huntly Rankine valuation, offset by higher forward prices impacting the value of financial contracts.
- Finance costs down $1m due to the July 2018 restructuring of $240m in capital bonds, at a reduced coupon rate of 4.65%
- Other gains and losses refers to the unrealised gain in fair value of carbon units held for trading.

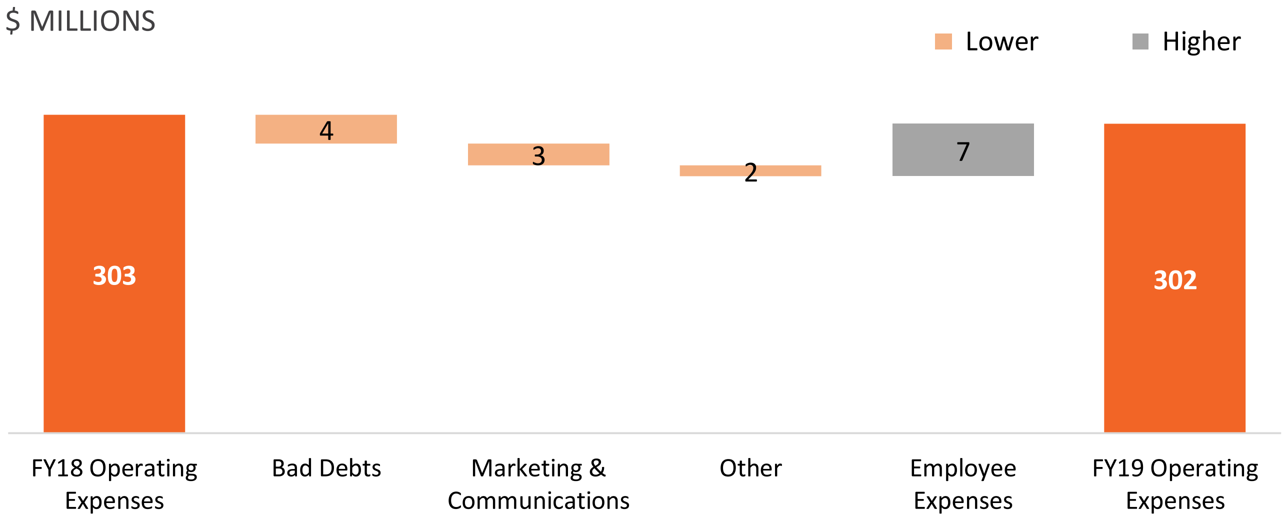
# Controllable operating expenses

## — Controllable operating expenses down $1m on the prior year

FY15 TO FY19 CONTROLLABLE OPERATING EXPENSES[1]




FY18 TO FY19 CONTROLLABLE OPERATING EXPENSE BRIDGE



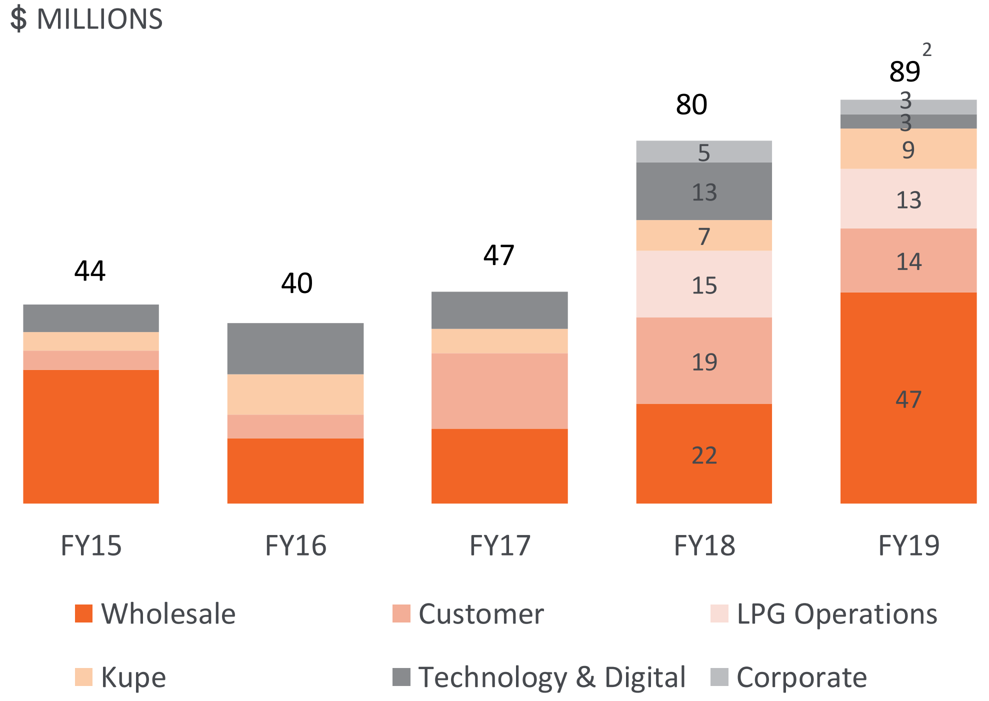

[1] Controllable operating expenses refers to employee benefits plus other operating expenses.

- Operating expenses down to $301.6m, following a period of investment (FY18, $302.8m).
- Bad debts down $4m on FY18.
- Improved loyalty and brand performance enabling reduced marketing costs.
- Technology teams have spent less time on capital projects resulting in lower employee capitalisation rates.

# Capital expenditure

## — Increased capex levels reflect a period of significant plant investment in Wholesale, reduced expenditure in Retail

**FY15 TO FY19 CAPITAL EXPENDITURE[1]**



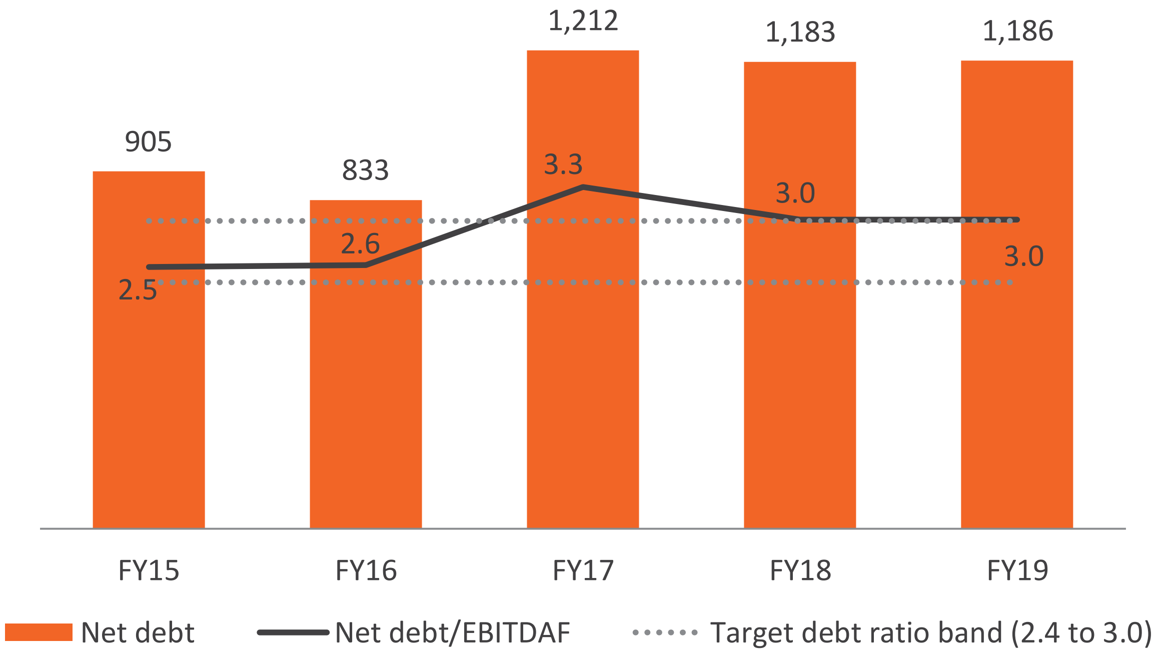

- $23m Tekapo safety upgrade to install intake gate project commenced in FY19.
- Stay in business capex (SIB) was $65m. Significant projects included:
  - Huntly U5 planned maintenance, Rankine Unit 1 recertification, Tekapo intake gate and runner replacement, Tuai generator refurbishment, Rangipo fire protection upgrades.
- Other capex includes ($24m):
  - Huntly U5 performance upgrade, Kupe Inlet Compression Project feasibility, LPG depot expansions, customer marketing automation and CRM system initiatives.

[1] Capital expenditure excludes M&A activities.
[2] Capital expenditure of $89m differs from the $90.7m stated in the financial statements due to exclusion of accounting adjustments for Huntly U5's long-term service contract.

# Capital structure

## — Net Debt/EBITDAF flat at 3.0 and net debt flat at $1,186m

FY15 TO FY19 NET DEBT AND NET DEBT/EBITDAF RATIO[1]



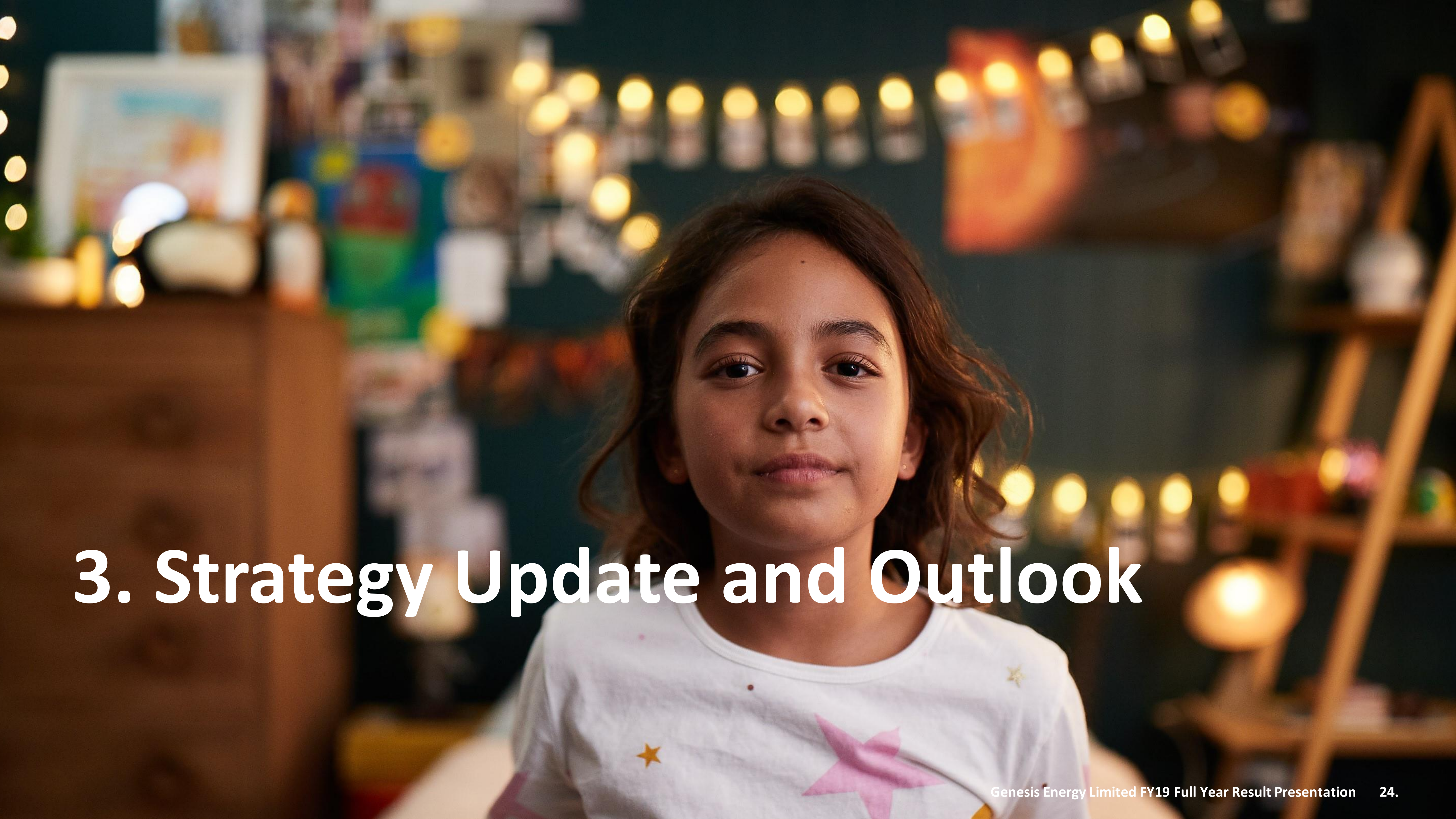

- S&P reaffirmed BBB+ credit rating in January 2019.
- $240m of Capital Bonds maturing in FY 2049 were issued on 16 July 2018 at a coupon rate of 4.65%. $200m of existing Capital Bonds with a coupon rate of 6.19% were redeemed at the same time.
- Dividend reinvestment plan (DRP) in place since the FY18 interim dividend with 30% of holders currently participating, representing 26% of all shares, and $60 million raised to date.
- Average debt tenor has increased slightly to 11.9 years, from 11.4 years.
- Coal and carbon inventories have increased by $54m year on year. Normalising for this, Net Debt/EBITDAF is 2.8.

[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.

# FY20 Guidance

## — Guidance for FY20 EBITDAF is $360 million to $380 million

- FY20 EBITDAF guidance is $360 million to $380 million subject to normal hydrological conditions, any material events, one-off expenses or other unforeseen circumstances. Key assumptions include:
  - IFRS 16 adoption - positive impact of $7 million
  - Return to normal hydrology and gas supply conditions
  - Beach Energy has confirmed a 30 day statutory shutdown of Kupe – negative impact of $10 million
  - Kupe production has come off plateau and will not return to 77 TJ/day until the Inlet Compression Project is delivered in mid-2021. FY20 forecast gas production is 24 PJ (7% lower than FY19)
- FY20 capital expenditure guidance of up to $100 million
  - Long-run outlook for stay in business capital expenditure is $50 million to $70 million
  - Capital is elevated for FY20 due partly to:
    - One off safety upgrades to install a new intake gate structure at Tekapo to mitigate seismic risk; and
    - commencement of the Kupe Inlet Compression Project, Genesis capex share is ~$30 million over FY20/21
- We continue to target the strategic goal of $400+ million EBITDAF by FY21 and our current expectation is $400 million to $420 million



# 3. Strategy Update and Outlook

# We’re performing while transforming

**Our VISION: to be customers’ first choice for energy management**

**Our PURPOSE: to reimagine energy to put control in our customers’ hands**

**Our STRATEGY: to maximise value through our market position**

## Wholesale Market

Maximising value from our Generation & Fuels Portfolio as we transition to a lower carbon future

## Retail Market

Engaging customers through loyalty as we innovate to a data-driven future

## PERFORMING

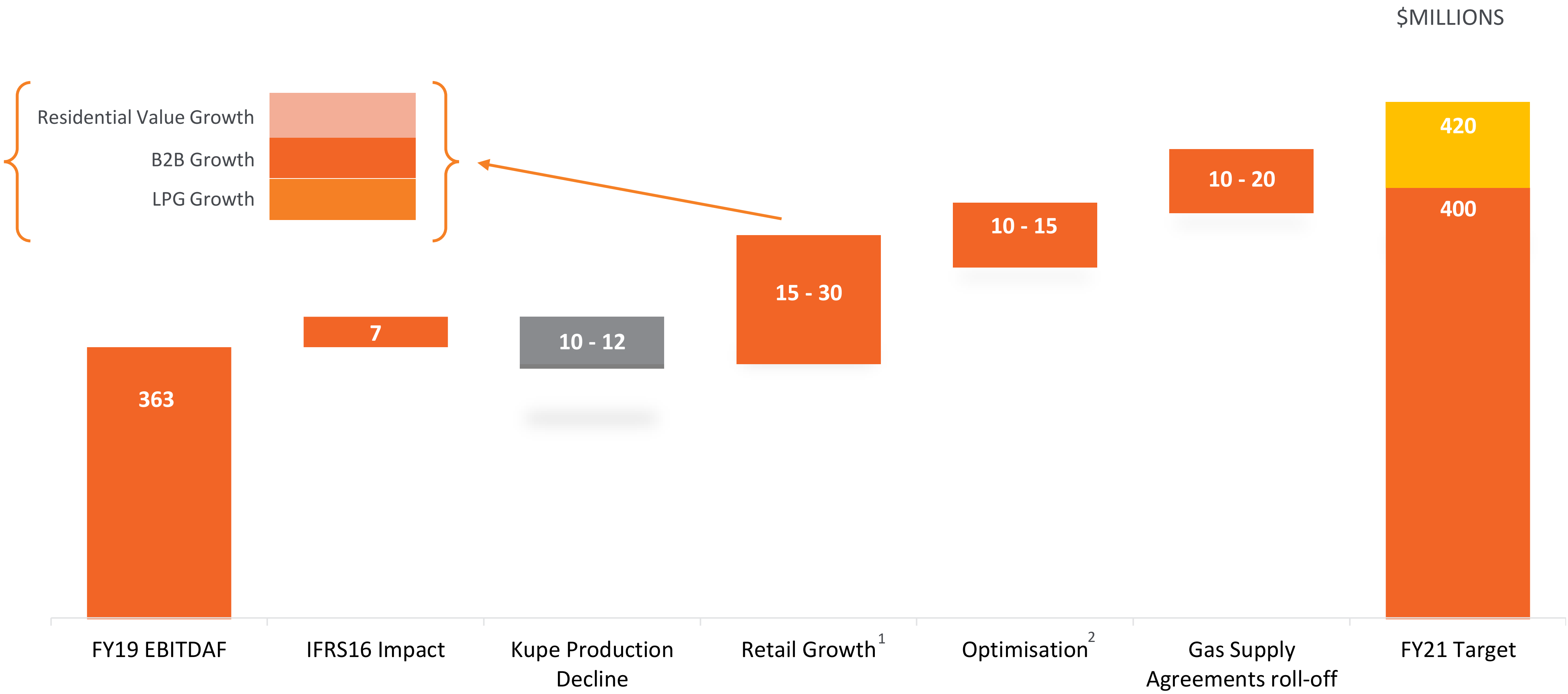
- Grow our earnings and deliver top quartile shareholder returns
- Be #1 or #2 in every product market
- Energise our people and improve engagement
- Keep our people healthy and safe
- Maximise the value of our assets, products and businesses

## TRANSFORMING

- Increase # of customers using energy management tools and increase digital interactions
- Be New Zealand’s most loved brand
- Move toward a lower carbon future
- Employees are engaged advocates for our brands and products
- Embrace diversity of thought

# Our pathway to FY21

## — Driven by targeted retail growth, optimisation and roll-off of legacy contracts, offset by the decline in Kupe production




| As reported in Nov-18 | - | - | (20 – 30) | (10 – 15) | (17 – 27) | |
|---|---|---|---|---|---|---|

[1] Retail growth represents gross margin improvements in the Retail segment through volume and value growth, based on the three key areas identified above.

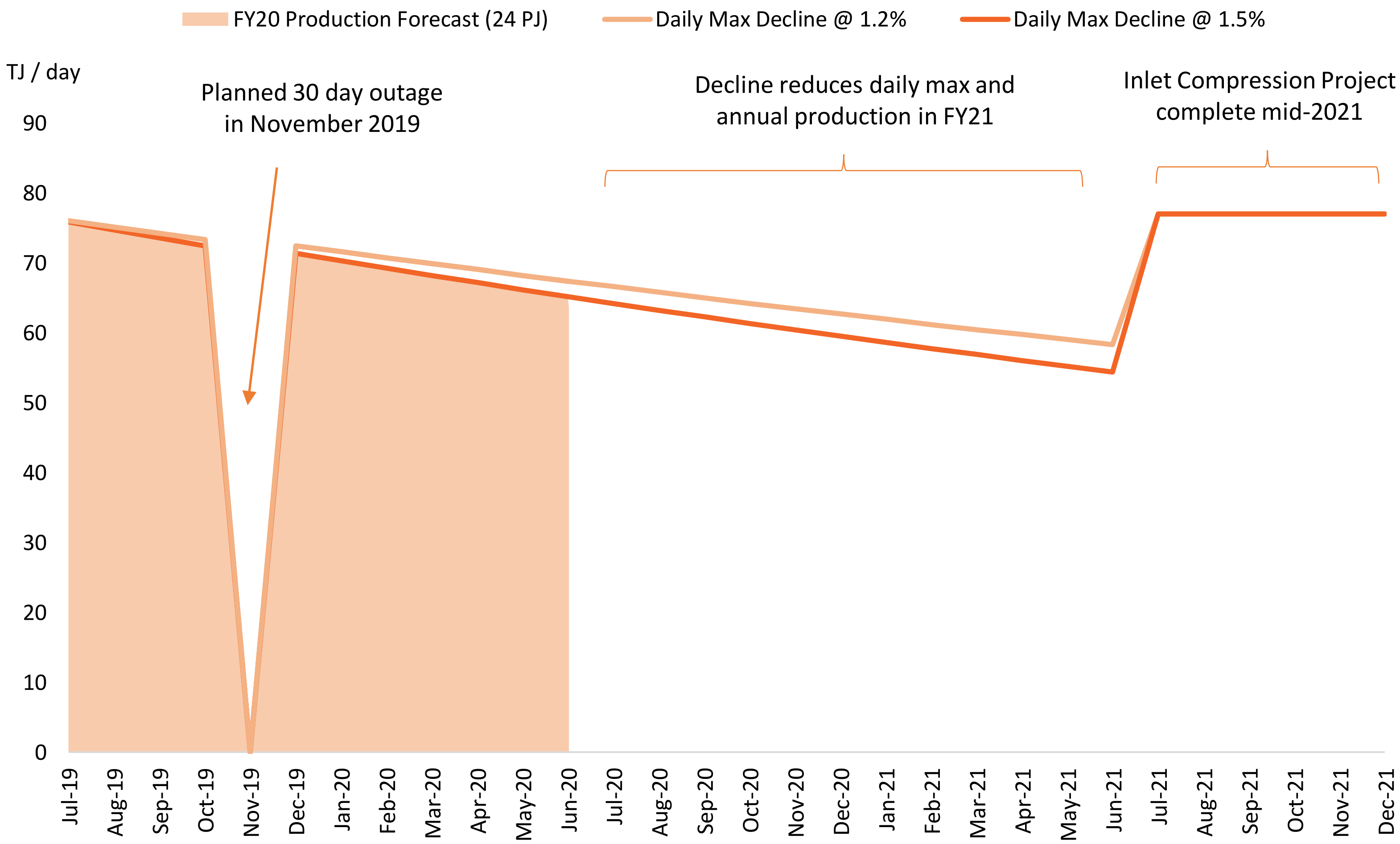
[2] Optimisation represents value creation from reduced operating expenses, enhanced wholesale revenues through improved plant and fuel efficiency and return to normal fuel and operating conditions.

# Kupe production

## — Early onset of decline due to record production driven by gas market shortages and field outages

**KUPE PRODUCTION DECLINE[1] HAS COMMENCED EARLIER THEN EXPECTED DUE TO HIGHER RECENT EXTRACTION LEVELS**

- Kupe production has come off plateau, market notified on 2 August 2019. This is in line with JV Operator reservoir modelling.
- Maximum production is expected to reduce at a rate of between 1.2% and 1.5% per month until the Inlet Compression Project is completed in mid-winter 2021.
- FY20 forecast gas production is 24 PJ, taking into account the 30 day outage.
- The actual rate of decline is likely to vary based on overall production and other factors and will be visible on OATIS as it occurs.




[1] Decline in daily production is Genesis modelling of possible outcomes using 1.2% and 1.5% monthly from 77 TJ/day.

# Genesis invests in EV car share business

## — 40% stake in Yoogo Share, New Zealand's only fully electric car sharing business, to support businesses to decarbonise

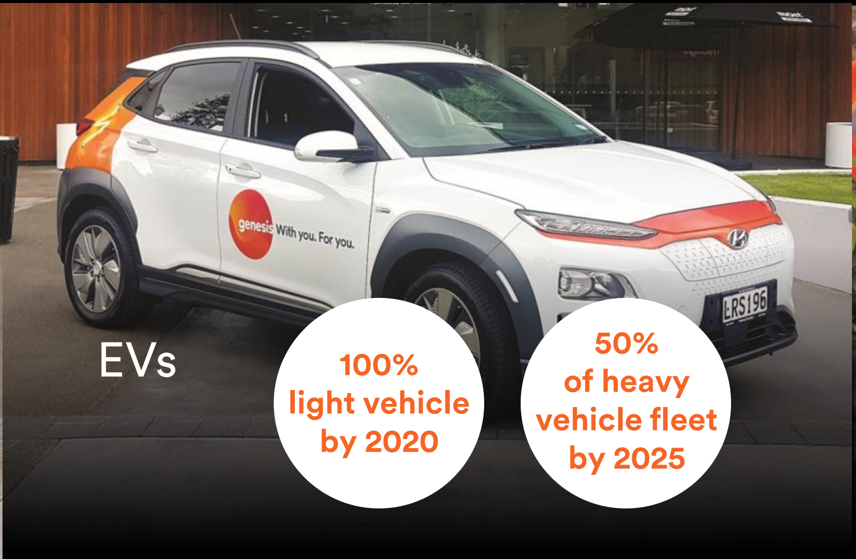

**Genesis has invested $2 million for a 40% share in Yoogo Share, an EV car sharing service provider targeting business pool car fleets.**

- The NZ transport sector represents around 20% of the country's greenhouse gas emissions.
- There is a groundswell of activity from business and government to support NZ's emissions reduction targets
- Partnering with Yoogo Share enables a differentiated and complementary solution to help businesses further reduce their energy costs and carbon emissions.
- Genesis brings customer and brand reach to complement Yoogo Share's experience in EV fleet management and charging infrastructure.
- Established charging network provides a platform to further EV understanding and inform future proposition development.
- With 200 tonnes of $CO_2$ already saved by Yoogo Share customers, and car sharing forecast for significant growth, Genesis is optimistic about what this new partnership will deliver for Shareholders

Power Zone image is concept design only

# Enabling a more sustainable future

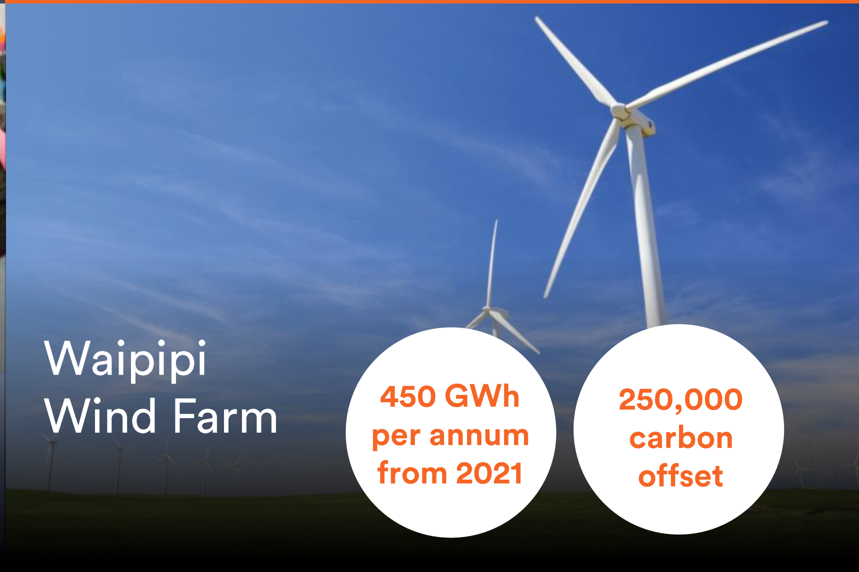
## Caring for our environment

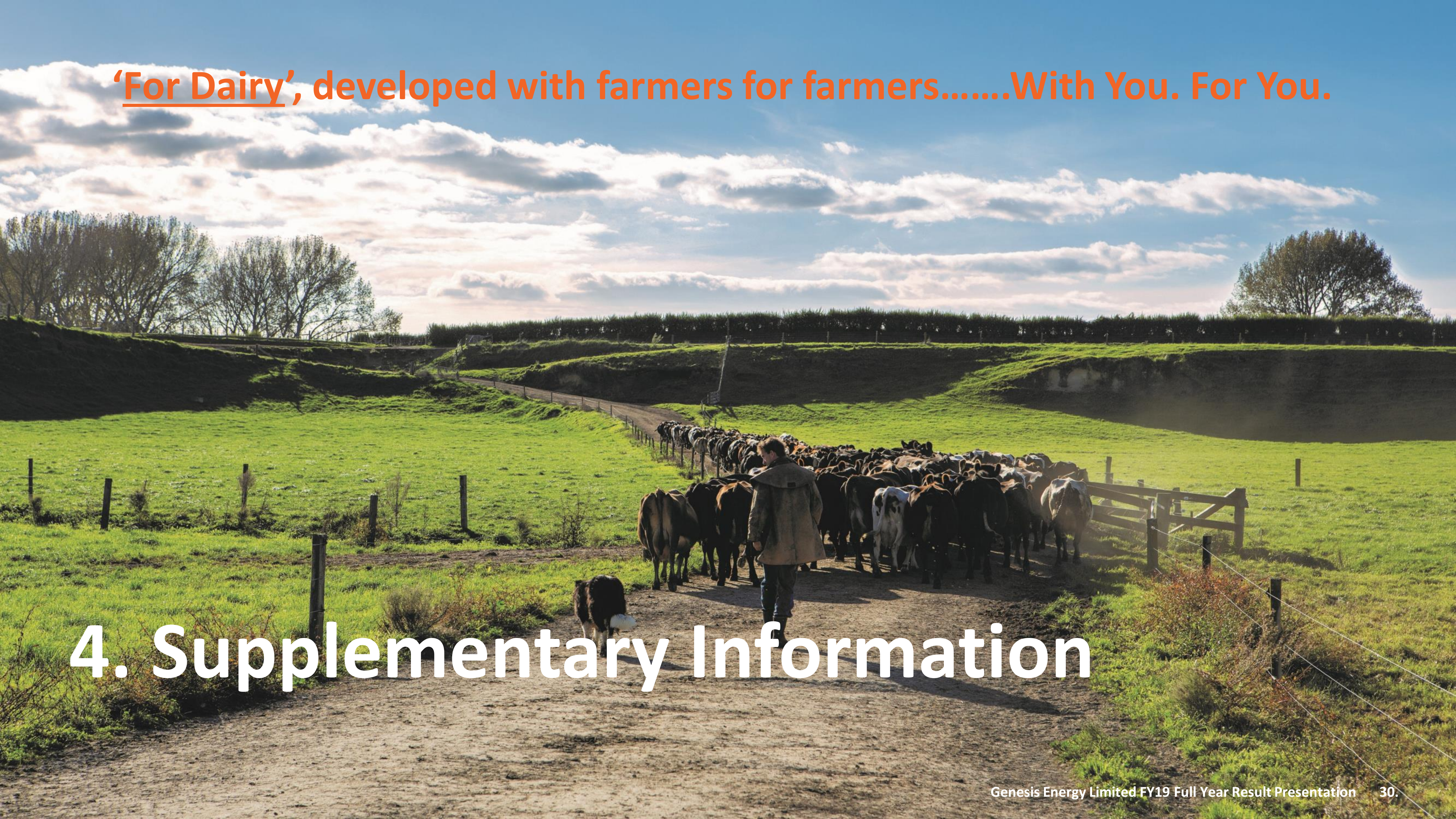

## Building strong communities



## Powering New Zealand




## ‘For Dairy’, developed with farmers for farmers……With You. For You.



# 4. Supplementary Information

# Financial statements

| Income Statement | FY19 ($m) | FY18 ($m) | Variance |
|---|---|---|---|
| **Revenue** | 2,700.7 | 2,302.5 | +17.3% |
| Total Operating Expenses | (2,337.3) | (1,942.1) | +20.3% |
| **EBITDAF** | **363.4** | **360.4** | **+0.8%** |
| Depreciation, Depletion & Amortisation | (196.5) | (205.7) | |
| Impairment of Non-Current Assets | (7.0) | (0.4) | |
| Revaluation of Generation Assets | 4.6 | (48.8) | |
| Fair Value Change | (15.2) | (3.1) | |
| Share of Associate | (0.2) | - | |
| Other Gains (Losses) | 7.3 | (0.7) | |
| **Earnings Before Interest & Tax** | **156.4** | **101.7** | **+53.8%** |
| Interest | (73.3) | (74.3) | |
| Tax | (23.9) | (7.7) | |
| **Net Profit After Tax** | **59.2** | **19.7** | **+200.5%** |
| Earnings Per Share (cps) | 5.84 | 1.97 | |
| Stay in Business Capital Expenditure | 64.6 | 50.8 | +27.5% |
| Free Cash Flow (FCF)[1] | 175.7 | 189.8 | (7.4%) |
| Dividends Per Share (cps) | 17.05 | 16.9 | +0.9% |
| Dividends Declared as a % of FCF | 99.0% | 89.4% | +10.4 ppt |

| Balance Sheet | FY19 ($m) | FY18 ($m) | Variance |
|---|---|---|---|
| Cash and Cash Equivalents | 61.9 | 49.3 | |
| Other Current Assets | 416.4 | 339.4 | |
| Non-Current Assets | 4,154.2 | 3,838.8 | |
| **Total Assets** | **4,632.5** | **4,227.5** | **+9.6%** |
| Total Borrowings | 1,289.8 | 1,255.4 | |
| Other Liabilities | 1,191.9 | 1,015.7 | |
| **Total Equity** | **2,150.8** | **1,956.4** | **+9.9%** |
| Adjusted Net Debt | 1,186.2 | 1,182.9 | |
| Gearing per bank Covenants | 30.6% | 32.5% | |
| EBITDAF Interest Cover | 6.5x | 6.4x | |
| Net Debt/EBITDAF[2] | 3.0x | 3.0x | |

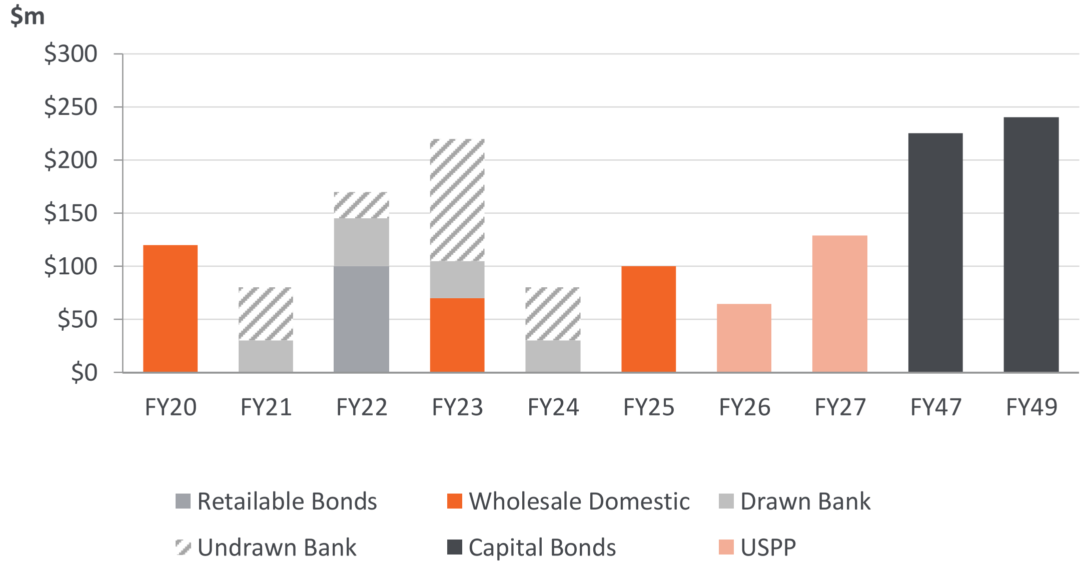
| Cash Flow Summary | FY19 ($m) | FY18 ($m) | Variance ($m) |
|---|---|---|---|
| Net Operating Cash Flow | 301.4 | 330.6 | |
| Net Investing Cash Flow | (92.7) | (82.2) | |
| Net Financing Cash Flow | (196.1) | (226.9) | |
| **Net Increase (Decrease) in Cash** | **12.6** | **21.5** | **(41.4%)** |

[1] Free cash flow (FCF) represents EBITDAF less cash tax paid, net interest and stay in business capital expenditure. This is a change in methodology from FY17 with tax paid replacing an adjusted tax calculation. All historical information has been restated to the new measure.

[2] 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.

# Diversified funding profile

GENESIS DEBT PROFILE




The $240m of Capital Bonds maturing in FY 2049 were issued on 16 July 2018 following a successful capital raising in June 2018. $200m of existing Capital Bonds were redeemed at the same time.

| Debt Information | | FY19 ($m) | FY18 ($m) | Variance |
|---|---|---|---|---|
| Total Debt | $ | 1,289.8 | 1,255.4 | |
| Cash and Cash Equivalents | $ | 61.9 | 49.3 | |
| **Headline Net Debt** | **$** | **1,227.9** | **1,206.1** | **+1.8%** |
| USPP FX and FV Adjustments | $ | 41.7 | 23.2 | |
| **Adjusted Net Debt[1]** | **$** | **1,186.2** | **1,182.9** | **+0.3%** |
| Headline Gearing | | 37.5% | 39.1% | (1.6 ppts) |
| Adjusted Gearing | | 36.7% | 38.6% | (1.9 ppts) |
| Covenant Gearing | | 30.6% | 32.5% | (1.8 ppts) |
| Net Debt/EBITDAF[2] | | 3.0x | 3.0x | |
| Interest Cover | | 6.5x | 6.4x | |
| Average Interest Rate | | 5.8% | 5.8% | |
| Average Debt Tenure | | 11.9 yrs | 11.4 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] 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.

# Operational metrics

| Retail Key Information | FY19 | FY18 | Variance |
|---|---|---|---|
| **EBITDAF ($ millions)** | **122.5** | **109.7** | **+11.7%** |
| Customers with > 1 Fuel | 117,138 | 109,710 | +6.8% |
| Electricity Only Customers | 328,415 | 341,546 | |
| Gas Only Customers | 16,549 | 17,823 | |
| LPG Only Customers | 34,181 | 35,124 | |
| **Total Customers** | **496,283** | **504,203** | **(1.6%)** |
| **Total Electricity, Gas & LPG ICP's** | **675,056** | **672,240** | **+0.4%** |
| Volume Weighted Average Electricity Selling Price – Resi ($/MWh) | $255.82 | $252.26 | +1.4% |
| Volume Weighted Average Electricity Selling Price – SME ($/MWh) | $221.17 | $216.66 | +2.1% |
| Volume Weighted Average Electricity Selling Price – C&I ($/MWh) | $128.71 | $121.46 | +6.0% |
| Volume Weighted Average Gas Selling Price – ($/GJ) | $18.97 | $19.45 | (2.5%) |
| Volume Weighted Average LPG Selling Price – ($/t) | $1,807.7 | $1,773.3 | (1.9%) |
| Retail Cost to Serve per ICP | 140.62 | 151.38 | (7.1%) |

| Retail Key Information | FY18 | FY19 | Variance |
|---|---|---|---|
| Customer Electricity Sales (GWh) | 6,067 | 5,980 | +1.5% |
| Customer Gas Sales (PJ) | 8.2 | 7.5 | +9.3% |
| Customer LPG Sales (tonnes) | 38,507 | 35,005 | +10.0% |
| Electricity Netback ($/MWh) | $104.93 | $100.28 | +4.6% |
| Gas Netback ($/GJ) | $9.10 | $8.67 | +5.0% |
| LPG Netback ($/t) | $835.95 | $767.47 | +8.9% |

| Retail Netback[1] by Segment & Fuel | FY17 | FY18 | FY19 |
|---|---|---|---|
| Residential - Electricity ($/MWh) | $117.4 | $111.9 | $116.3 |
| Residential - Gas ($/GJ) | $10.8 | $10.7 | $11.4 |
| Residential - LPG ($/tonne) | N/A | $788.2 | $765.3 |
| SME - Electricity ($/MWh) | $101.8 | $100.9 | $105.9 |
| SME - Gas ($/GJ) | $9.1 | $9.2 | $9.6 |
| SME - LPG ($/tonne) | N/A | $821.5 | $997.5 |
| C&I - Electricity ($/MWh) | $78.1 | $80.1 | $87.3 |
| C&I - Gas ($/GJ) | $7.2 | $6.9 | $7.2 |
| C&I - LPG ($/tonne) | N/A | $590.3 | $769.3 |

[1] Historical netbacks have been restated since FY18 Results to excluded corporate allocated costs (refer to definition on pages 8 & 9).

# Operational metrics

| Wholesale Key Information | FY19 | FY18 | Variance |
|---|---|---|---|
| **EBITDAF ($ millions)** | **177.6** | **178.0** | **(0.2%)** |
| Renewable Generation (GWh) | 2,834 | 3,056 | (7.3%) |
| Thermal Generation (GWh) | 3,987 | 4,049 | (1.5%) |
| **Total Generation (GWh)** | **6,821** | **7,105** | **(4.0%)** |
| GWAP ($/MWh) | $143.42 | $91.59 | +56.6% |
| Electricity Purchases – Retail (GWh) | 6,395 | 6,298 | +1.5% |
| LWAP ($/MWh) | $139.01 | $92.08 | +51.0% |
| LWAP/GWAP Ratio | 97% | 101% | (4 ppts) |
| Electricity CFD Purchases (GWh) | 2,255 | 2,023 | +11.4% |
| Electricity CFD Sales (GWh) | 2,475 | 2,711 | (8.7%) |
| Coal/Gas Mix (Rankines only) | 88/12 | 63/37 | |
| Gas Used in Internal Generation (PJ) | 20.2 | 26.7 | (24.3%) |
| Coal Used in Internal Generation (PJ) | 15.9 | 7.6 | +109.2% |
| Weighted Average Gas Burn Cost ($/GJ) | $8.69 | $8.02 | +8.4% |
| Weighted Average Coal Burn Cost ($/GJ) | $6.33 | $5.44 | +16.3% |
| Weighted Average Thermal Fuel Cost ($/MWh) | $73.78 | $66.53 | +10.9% |
| Weighted Average Portfolio Fuel Cost ($/MWh) | $43.13 | $37.91 | +13.8% |

| Kupe Key Information | FY19 | FY18 | Variance |
|---|---|---|---|
| **EBITDAF ($m)** | **108.8** | **115.3** | **(5.6%)** |
| Field Production (PJ) | 25.7 | 25.5 | +0.8% |
| Genesis Gas Sales (PJ) | 11.4 | 12.1 | (5.8%) |
| Genesis Oil Sales (kbbl) | 441 | 533 | (17.3%) |
| Genesis LPG Sales (kt) | 50.7 | 46.1 | +10.0% |
| Oil Production Yield (bbl/TJ) | 40.0 | 45.3 | (11.7%) |
| LPG Production Yield (t/TJ) | 4.3 | 3.9 | +10.3% |
| Remaining Kupe Reserves (2P, PJe)[1] | 319.0 | 351.1 | +4.6PJe |
| Average Brent Crude Oil (USD/bbl) | $69 | $64 | +7.8% |
| Realised Oil Price (NZD/bbl) | $88 | $80 | +10.0% |

[1] FY19 remaining reserves include FY18 production of 36.7 PJe, and represent a 1% increase in total reserves in FY19 (4.6 PJe).

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