



MARKET RELEASE

Date: 23 January 2020

NZX: GNE / ASX: GNE

Genesis Energy Segment Note Update

Genesis Energy (Genesis) advises that a new segment note structure has been adopted. This reflects enhanced internal business segment reporting, and includes the following key updates:

- Intersegment revenues and expenses are shown separately by segment (previously disclosed in total by product);
- Emissions revenue and expenses are shown separately (previously disclosed within the product it related to i.e. electricity, gas or petroleum);
- Petroleum revenue and expenses have been split into LPG and oil;
- Other revenue has been allocated to products where possible;
- Electricity purchases and electricity network, transmission, levies and meters are shown separately (previously disclosed together);
- Gas purchases and gas network, transmission, levies and meters are shown separately (previously disclosed together); and
- Other operating expenses have been split into two lines (other costs, nested within gross margin, and other operating expenses) and electricity and gas metering costs, marketing fees & levies have been presented in their respective product lines.

In addition to changes in the structure of the segment note, FY19 information has been restated to reflect:

- Adoption of the new accounting standard NZ IFRS 16: Leases;
- Realignment of Genesis' Technology and Digital function previously captured under the Corporate Segment to Retail Segment; and
- Removal of corporate cost allocation to business segments.

Please see the attached explanatory presentation for further detail on the segment note update, which will also be available on Genesis' [Investor Centre](#) web page.

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

Genesis Energy Segment Note Update

23 January 2020



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1. Summary of Key Segment Note Changes



Key Segment Note Changes

- ❖ The key structural changes to the segment note affect only items above EBITDAF.
- ❖ The segment note EBITDAF is now broken out into gross margin and other operating expenses. Previously gross margin was not differentiated in the note.
- ❖ Other changes to the structure include:
 - Intersegment revenues and expenses are shown separately by segment (previously disclosed in total by product);
 - Emissions revenue and expenses are shown separately (previously disclosed within the product it related to i.e. electricity, gas or petroleum);
 - Petroleum revenue and expenses have been split into LPG and oil;
 - Other revenue has been allocated to products where possible;
 - Electricity purchases and electricity network, transmission, levies and meters are shown separately (previously disclosed together);
 - Gas purchases and gas network, transmission, levies and meters are shown separately (previously disclosed together); and
 - Other operating expenses have been split into two lines (other costs, nested within gross margin, and other operating expenses) and electricity and gas metering costs, marketing fees & levies have been presented in their respective product lines.
- ❖ In addition to changes in the structure of the segment note, FY19 information has been restated to reflect:
 - Adoption of NZ IFRS 16 Leases accounting standard. This has resulted in changes to other operating expenses and line items below EBITDAF, as shown in Section 4.
 - Realignment of Genesis' Technology and Digital function, previously captured under the Corporate Segment. This has been aligned to the Retail Segment¹ to better reflect internal business unit accountability. This change affects employee benefits and other operating expenses in addition to line items below EBITDAF, as shown in Section 4.
 - The change in allocation of employee benefits and other operating expenses from the Corporate Segment to Retail and Wholesale Segments. The corporate allocation has been removed in FY20, with FY19 disclosures restated to allow for comparability. The impact is disclosed in Section 4.

¹ Retail netbacks are unaffected by the realignment of the Technology and Digital function from the Corporate Segment to Retail and Technology and Digital costs will continue to be excluded from future netback calculations.

2. Half Year 2019 Update and Reconciliation



HY19 Operating Revenue

Significant changes are discussed below and refer to the segment note table on the next slide:

- 1) External Revenue:
 - a) Retail: Revenue lines by product now include revenue recoveries, which were previously included in other revenue (Electricity \$5.3m, Gas \$0.7m, LPG \$0.4m). \$1.4m of revenue has been reallocated to electricity from gas \$(1.1)m and LPG \$(0.3)m.
 - b) Wholesale: Intersegment revenue is now split out clearly by product, presented below total external revenue. Revenue from emissions on fuel sales and electricity contracts have been removed from their respective product lines, and is now shown as its own line item (refer note 2 below).
 - c) Kupe: Intersegment emissions on fuel sales and gas product intersegment line items are now shown separately. Internal gas revenue of \$42.9m and internal gas emission revenue credits of \$2.2m were previously combined to represent Kupe gas revenue of \$40.7m.
- 2) Emissions revenue had previously been included within their respective commodity revenue lines. Emissions revenue is now presented as its own line item:
 - a) Wholesale: Emissions previously included within electricity revenue \$2.5m, gas revenue \$3.8m, petroleum revenue (including LPG) \$0.2m and other revenue \$0.2m are now disclosed together on a new line emissions on fuels sales and electricity contracts (\$6.7m).
- 3) Petroleum revenue has been split into LPG and oil revenue:
 - a) Kupe: \$28.2m of petroleum revenue previously disclosed has now been split into oil revenue \$15.3m, LPG revenue \$4.9m, emissions \$0.4m and LPG intersegment \$7.6m.

New Segment Note Reconciliation: HY19 Operating Revenue

- Please refer to the previous slide for discussion points referenced under the New Segment Note.
- Note that all restated financial numbers remain unaudited at the stage of market issue, whereby some minor rounding differences may be present, however the Segment Note will be audited at the completion of the financial year 2020.

| Previous Segment Note | | | | | | |
|------------------------------------|--------|-----------|------|-----------|--------------|---------|
| in (\$ million) | Retail | Wholesale | Kupe | Corporate | Intersegment | Total |
| Electricity revenue | 648.3 | 758.9 | - | - | (271.3) | 1,135.9 |
| Gas revenue | 83.0 | 79.7 | 40.7 | - | (71.0) | 132.4 |
| Petroleum revenue (including LPG) | 34.1 | 11.5 | 28.2 | - | (17.2) | 56.6 |
| Emission unit revenue from trading | - | 25.1 | - | - | - | 25.1 |
| Other revenue | 6.8 | 3.4 | 0.5 | 0.3 | - | 11.0 |
| Operating revenue | 772.2 | 878.6 | 69.4 | 0.3 | (359.5) | 1,361.0 |

| New Segment Note | | | | | | | | |
|---|------------------------|-----|-----------|-----|-------|-----|-----------|---------|
| in (\$ million) | Restated and unaudited | | | | | | | Total |
| | Retail | ref | Wholesale | ref | Kupe | ref | Corporate | |
| Electricity | 655.0 | 1a | 485.1 | 1b | - | | - | 1,140.1 |
| Gas | 82.6 | 1a | 45.6 | 1b | - | | - | 128.2 |
| LPG | 34.2 | 1a | 1.7 | 1b | 4.9 | 3a | - | 40.8 |
| Oil | - | | - | | 15.3 | 3a | - | 15.3 |
| Emissions on fuel sales and electricity contracts | - | | 6.7 | 2a | 0.4 | 3a | - | 7.1 |
| Emission unit revenue from trading | - | | 25.1 | | - | | - | 25.1 |
| Other revenue | 0.4 | | 3.2 | | 0.5 | | 0.3 | 4.4 |
| Total external revenue | 772.2 | | 567.4 | | 21.1 | | 0.3 | 1,361.0 |
| Electricity - intersegment | - | | 271.3 | 1b | - | | - | 271.3 |
| Gas - Intersegment | - | | 30.3 | 1b | 42.9 | 1c | - | 73.2 |
| LPG - intersegment | - | | 9.6 | 1b | 7.6 | 3a | - | 17.2 |
| Emissions on fuel sales - intersegment | - | | - | | (2.2) | 1c | - | (2.2) |
| Total segment revenue | 772.2 | | 878.6 | | 69.4 | | 0.3 | 1,720.5 |

HY19 Operating Expenses

Significant changes are discussed below and refer to the segment note table on the next slide:

- 1) Electricity & gas purchase, transmission and distribution costs are now split between respective product purchase lines and network, transmission levies and metering costs:
 - a) Retail: Electricity & gas metering costs, and market fees & levies, totalling \$27.0m were previously included in other operating expenses but are now shown in their respective product cost lines, along with transmission costs. Intersegment purchases are clearly identified below total external costs in the new note.
 - b) Wholesale: Electricity & gas metering costs, and market fees & levies, totalling \$3.0m were previously included in other operating expenses but are now shown in their respective product cost lines. Electricity purchases now include only spot market purchases and ancillary costs.
- 2) All emission costs were previously grouped within their respective product lines, now shown on separate lines:
 - a) Wholesale: In the new segment note emissions associated with fuel sales of \$4.7m includes \$4.5m of emissions from gas sales previously included in gas purchases and \$0.2m emissions from LPG sales previously included in other operating expenses.
 - b) Wholesale: In the new segment note emissions associated with electricity generation of \$4.3m was previously in fuels consumed.
- 3) Petroleum production, marketing and distribution costs are now split into LPG purchases, inventory changes and transportation costs and oil inventory changes, storage and transportation costs:
 - a) Retail: Petroleum costs previously disclosed, \$16.8m, are now split between LPG purchases, inventory changes and transportation costs \$7.2m and LPG intersegment purchases \$9.6m, as clearly identified in the Segment costs section.
 - b) Kupe: To better reflect its operations Kupe's previously stated petroleum production, marketing and distribution costs of \$14.8m has been split out into oil inventory changes, storage and transportation costs \$(0.8)m, emissions associated with fuel sales \$2.4m, and other costs above gross margin \$5.7m, and other operating expenses of \$7.5m below gross margin.
- 4) Fuels consumed:
 - a) Wholesale: Fuel consumed of \$117.4m as disclosed in the previous segment note has now been split and disclosed as fuel consumed in electricity production \$72.4m, emissions associated with electricity generation \$4.3m (identified in note 2b above), intersegment fuels consumed \$42.9m and intersegment emission costs \$(2.2)m.

New Segment Note Reconciliation: HY19 Operating Expenses

- Please refer to the previous slide for discussion points referenced under the New Segment Note.
- Note that all restated financial numbers remain unaudited at the stage of market issue, whereby some minor rounding differences may be present, however the Segment Note will be audited at the completion of the financial year 2020.

| Previous Segment Note | | | | | | |
|---|---------|-----------|--------|-----------|--------------|-----------|
| in (\$) | Retail | Wholesale | Kupe | Corporate | Intersegment | Total |
| Electricity purchase, transmission and distribution | (543.6) | (484.1) | - | - | 271.3 | (756.4) |
| Gas purchase, transmission and distribution | (67.1) | (97.5) | - | - | 30.3 | (134.3) |
| Petroleum production, marketing ad distribution | (16.8) | (11.8) | (14.8) | - | 17.2 | (26.2) |
| Fuel consumed | - | (117.4) | - | - | 40.7 | (76.7) |
| Employee benefits* | (22.8) | (14.1) | (0.1) | (12.2) | - | (49.2) |
| Emission unit expense from trading | - | (23.9) | - | - | - | (23.9) |
| Other operating expenses* | (60.2) | (26.0) | (2.0) | (10.6) | - | (98.8) |
| Operating Expenses | (710.5) | (774.8) | (16.9) | (22.8) | 359.5 | (1,165.5) |
| EBITDAF | 61.7 | 103.8 | 52.5 | (22.5) | - | 195.5 |

| New Segment Note | | | | | | | |
|--|---------|-----|------------------------|-----|-------|-----------|-----------|
| in (\$) | Retail | ref | Restated and unaudited | | | Corporate | Total |
| | | | Wholesale | ref | Kupe | | |
| Electricity purchases | - | | (477.5) | 1b | - | - | (477.5) |
| Electricity network, transmission, levies and meters | (298.9) | 1a | (9.5) | | - | - | (308.4) |
| Fuel consumed in electricity production | - | | (72.4) | 4a | - | - | (72.4) |
| Gas purchases | (0.2) | | (93.0) | | - | - | (93.2) |
| Gas network, transmission, levies and meters | (37.0) | 1a | (0.1) | | - | - | (37.1) |
| LPG purchases, inventory changes and transportation costs | (7.2) | 3a | (4.2) | | - | - | (11.4) |
| Oil inventory changes, storage and transportation costs | - | | - | | 0.8 | 3b | 0.8 |
| Emissions associated with electricity generation | - | | (4.3) | 2b | - | - | (4.3) |
| Emissions associated with fuel sales | - | | (4.7) | 2a | (2.4) | 3b | (7.1) |
| Emissions unit expenses from trading | - | | (23.9) | | - | - | (23.9) |
| Other costs | (0.2) | | (0.6) | | (5.7) | 3b | (6.5) |
| Total external costs | (343.5) | | (690.2) | | (7.3) | - | (1,041.0) |
| Electricity purchases - intersegment | (271.3) | 1a | - | | - | - | (271.3) |
| Fuel consumed in electricity production - intersegment | - | | (42.9) | 4a | - | - | (42.9) |
| Gas purchases - intersegment | (30.3) | 1a | - | | - | - | (30.3) |
| LPG purchases, inventory changes and transportation costs - intersegment | (9.6) | 3a | (7.6) | | - | - | (17.2) |
| Emission costs - intersegment | - | | 2.2 | | - | - | 2.2 |
| Total segment costs | (654.7) | | (738.5) | | (7.3) | - | (1,400.5) |
| Gross margin | 117.5 | | 140.1 | | 62.1 | 0.3 | 320.0 |
| Employee benefits * | (24.4) | | (12.5) | | (0.1) | (12.2) | (49.2) |
| Other operating expenses* | (38.0) | 1a | (18.8) | 1b | (9.5) | 3b | (73.3) |
| EBITDAF | 55.1 | | 108.8 | | 52.5 | (18.9) | 197.5 |

* Employee benefits and other operating expenses are affected by the EBITDAF adjustments outlined in Section 4 of this pack

3. Full Year 2019 Update and Reconciliation



FY19 Operating Revenue

Significant changes are discussed below and refer to the segment note table on the next slide:

- 1) External Revenue:
 - a) Retail: Revenue lines by product now include revenue recoveries, which were previously included in other revenue (Electricity \$10.5m, Gas \$1.3m, LPG \$0.7m). \$3.1m of revenue has been reallocated to electricity from gas \$(2.4)m and LPG \$(0.7)m.
 - b) Wholesale: Intersegment revenue is now split out clearly by product, presented below total external revenue. Revenue from emissions on fuel sales and electricity contracts have been removed from their respective product lines, and is now shown as its own line item (refer note 2 below).
 - c) Kupe: Intersegment emissions on fuel sales and gas product intersegment line items are now shown separately. Internal gas revenue of \$88.5m and internal gas emission revenue credits of \$0.5m were previously combined to represent Kupe gas revenue of \$88.0m.
- 2) Emissions revenue had previously been included in their respective commodity revenue lines. Emissions revenue is now presented as its own line item:
 - a) Wholesale: Emissions previously included within electricity revenue \$7.8m, gas revenue \$10.2m, petroleum revenue (including LPG) \$0.4m and other revenue \$0.2m are now disclosed together on a new line, emissions on fuels sales and electricity contracts \$18.6m.
- 3) Petroleum revenue has been split into LPG and oil revenue:
 - a) Kupe: \$66.5m of petroleum revenue previously disclosed has now been split into oil revenue \$38.8m, LPG revenue \$10.3m, emissions \$1.1m and LPG intersegment \$16.3m.

New Segment Note Reconciliation: FY19 Operating Revenue

- Please refer to the previous slide for discussion points referenced under the New Segment Note.
- Note that all restated financial numbers remain unaudited at the stage of market issue, whereby some minor rounding differences may be present, however the Segment Note will be audited at the completion of the financial year 2020.

| Previous Segment Note | | | | | | |
|------------------------------------|---------|-----------|-------|-----------|--------------|---------|
| in \$ million | Retail | Wholesale | Kupe | Corporate | Intersegment | Total |
| Electricity revenue | 1,258.6 | 1,506.2 | - | - | (530.8) | 2,234.0 |
| Gas revenue | 155.4 | 164.2 | 88.0 | - | (143.6) | 264.0 |
| Pretroleum revenue (including LPG) | 68.2 | 22.4 | 66.5 | - | (34.9) | 122.2 |
| Emission unit revenue from trading | - | 62.4 | - | - | - | 62.4 |
| Other revenue | 13.3 | 3.5 | 0.7 | 0.6 | - | 18.1 |
| Operating revenue | 1,495.5 | 1,758.7 | 155.2 | 0.6 | (709.3) | 2,700.7 |

| New Segment Note | | | | | | | |
|---|------------------------|-----|-----------|-----|-------|-----|-----------|
| in \$ million | Restated and unaudited | | | | | | Total |
| | Retail | ref | Wholesale | ref | Kupe | ref | Corporate |
| Electricity | 1,272.2 | 1a | 967.6 | 1b | - | - | 2,239.8 |
| Gas | 154.3 | 1a | 98.4 | 1b | - | - | 252.7 |
| LPG | 68.2 | 1a | 3.4 | 1b | 10.3 | 3a | 81.9 |
| Oil | - | - | - | - | 38.8 | 3a | 38.8 |
| Emissions on fuel sales and electricity contracts | - | - | 18.6 | 2a | 1.1 | 3a | 19.7 |
| Emission unit revenue from trading | - | - | 62.4 | - | - | - | 62.4 |
| Other revenue | 0.8 | - | 3.3 | - | 0.7 | - | 5.4 |
| Total external revenue | 1,495.5 | - | 1,153.7 | - | 50.9 | - | 2,700.7 |
| Electricity - intersegment | - | - | 530.8 | 1b | - | - | 530.8 |
| Gas - Intersegment | - | - | 55.6 | 1b | 88.5 | 1c | 144.1 |
| LPG - intersegment | - | - | 18.6 | 1b | 16.3 | 3a | 34.9 |
| Emissions on fuel sales - intersegment | - | - | - | - | (0.5) | 1c | (0.5) |
| Total segment revenue | 1,495.5 | - | 1,758.7 | - | 155.2 | 0.6 | 3,410.0 |

FY19 Operating Expenses

Significant changes are discussed below and refer to the segment note table on the next slide:

- 1) Electricity & gas purchase, transmission and distribution costs are now split between respective product purchase lines and network, transmission levies and metering costs:
 - a) Retail: Electricity & gas metering costs, and market fees & levies, totalling \$53.3m were previously included in other operating expenses but are now shown in their respective product cost lines, along with transmission costs. Intersegment purchases are clearly identified below total external costs in the new note.
 - b) Wholesale: Electricity & gas metering costs, and market fees & levies, totalling \$5.6m were previously included in other operating expenses but are now shown in their respective product cost lines. Electricity purchases now include only spot market purchases and ancillary costs.
- 2) All emission costs were previously grouped within their respective product lines, now shown on separate lines:
 - a) Wholesale: In the new segment note emissions associated with fuel sales of \$15.7m includes \$15.2m of emissions from gas sales previously included in gas purchases and \$0.5m emissions from LPG sales previously included in other operating expenses.
 - b) Wholesale: Emissions associated with electricity generation of \$18.4m previously included in fuels consumed have been separately disclosed in the new segment note.
- 3) Petroleum production, marketing and distribution costs are now split into LPG purchases, inventory changes and transportation costs and oil inventory changes, storage and transportation costs:
 - a) Retail: Petroleum costs previously disclosed \$32.6m are now split between LPG purchases, inventory changes and transportation costs \$14.0m and LPG intersegment purchases \$18.6m as clearly identified in the Segment costs section.
 - b) Kupe: To better reflect its operations Kupe's previously stated petroleum production, marketing and distribution costs of \$42.0m has been split out into oil inventory changes, storage and transportation costs \$1.0m, emissions associated with fuel sales \$11.1m, and other costs above gross margin \$13.5m, and other operating expenses of \$16.4m below gross margin.
- 4) Fuels consumed:
 - a) Wholesale: Fuel consumed of \$289.6m as disclosed in the previous segment note has now been split and disclosed as fuel consumed in electricity production \$183.2m, emissions identified in note 2b above of \$18.4m, intersegment fuels consumed \$88.5m and intersegment emission costs \$(0.5)m.

New Segment Note Reconciliation: FY19 Operating Expenses

- Please refer to the previous slide for discussion points referenced under the New Segment Note.
- Note that all restated financial numbers remain unaudited at the stage of market issue, whereby some minor rounding differences may be present, however the Segment Note will be audited at the completion of the financial year 2020.

Previous Segment Note

| in (\$ million) | Retail | Wholesale | Kupe | Corporate | Intersegment | Total |
|---|-----------|-----------|--------|-----------|--------------|-----------|
| Electricity purchase, transmission and distribution | (1,052.6) | (917.8) | - | - | 530.8 | (1,439.6) |
| Gas purchase, transmission and distribution | (121.9) | (208.4) | - | - | 55.6 | (274.7) |
| Petroleum production, marketing and distribution | (32.6) | (22.8) | (42.0) | - | 34.9 | (62.5) |
| Fuel consumed | - | (289.6) | - | - | 88.0 | (201.6) |
| Employee benefits* | (44.4) | (28.9) | (0.1) | (25.5) | - | (98.9) |
| Emission unit expense from trading | - | (57.3) | - | - | - | (57.3) |
| Other operating expenses* | (121.5) | (56.3) | (4.3) | (20.6) | - | (202.7) |
| Operating Expenses | (1,373.0) | (1,581.1) | (46.4) | (46.1) | 709.3 | (2,337.3) |
| EBITDAF | 122.5 | 177.6 | 108.8 | (45.5) | - | 363.4 |

* Employee benefits and other operating expenses are affected by the EBITDAF adjustments outlined in Section 4 of this pack

New Segment Note

| in (\$) million | Restated and unaudited | | | | | | | |
|--|------------------------|------------|-----------|------------|--------|------------|-----------|-----------|
| | Retail | <i>ref</i> | Wholesale | <i>ref</i> | Kupe | <i>ref</i> | Corporate | Total |
| Electricity purchases | - | | (904.3) | 1b | - | | - | (904.3) |
| Electricity network, transmission, levies and meters | (574.2) | 1a | (19.0) | | - | | - | (593.2) |
| Fuel consumed in electricity production | - | | (183.5) | 4a | - | | - | (183.5) |
| Gas purchases | (0.1) | | (193.2) | | - | | - | (193.3) |
| Gas network, transmission, levies and meters | (67.1) | 1a | (0.1) | | - | | - | (67.2) |
| LPG purchases, inventory changes and transportation costs | (14.0) | 3a | (6.5) | | - | | - | (20.5) |
| Oil inventory changes, storage and transport costs | - | | - | | (1.0) | 3b | - | (1.0) |
| Emission associated with electricity generation | - | | (18.4) | 2b | - | | - | (18.4) |
| Emission associated with fuel sales | - | | (15.7) | 2a | (11.1) | 3b | - | (26.8) |
| Emission unit expense from trading | - | | (57.3) | | - | | - | (57.3) |
| Other costs | (0.3) | | (0.6) | | (13.5) | 3b | - | (14.4) |
| Total external costs | (655.7) | | (1,398.6) | | (25.6) | | - | 2,079.9 |
| Electricity purchases - intersegment | (530.8) | 1a | - | | - | | - | (530.8) |
| Fuel consumed in electricity production - intersegment | - | | (88.5) | 4a | - | | - | (88.5) |
| Gas purchases - intersegment | (55.6) | 1a | - | | - | | - | (55.6) |
| LPG purchases, inventory changes and transportation costs - intersegment | (18.6) | 3a | (16.3) | | - | | - | (34.9) |
| Emission costs - intersegment | - | | 0.5 | | - | | - | 0.5 |
| Total segment costs | (1,260.7) | | (1,502.9) | | (25.6) | | - | (2,789.2) |
| Gross margin | 234.8 | | 255.8 | | 129.6 | | 0.6 | 620.8 |
| Employee Benefits* | (47.5) | | (25.8) | | - | | (25.6) | (98.9) |
| Other Operating Expenses* | (77.3) | 1a | (41.2) | 1b | (20.6) | 3b | (13.3) | (152.4) |
| EBITDAF | 110.0 | | 188.8 | | 109.0 | | (38.3) | 369.5 |

4. Restatement Relating to Adoption of NZ IFRS 16: Leases and Removal of Corporate Allocations



NZ IFRS 16 Leases adoption

- The following summarises the impact of the adoption of NZ IFRS 16 Leases accounting standard. As noted in the FY19 Annual Report the full retrospective method has been applied on adoption of the standard. Full transition details will be disclosed in the FY20 Annual Report.

| NZ IFRS16 Leases adjustments to HY19 | | | | |
|--|--------------|--------------|------|--------------|
| | Retail | Wholesale | Kupe | Corporate |
| Gross Margin | | | | |
| Employee benefits | | | | |
| Other operating expenses | 0.5 | (0.7) | | 2.2 |
| EBITDAF | 0.5 | (0.7) | | 2.2 |
| Depreciation, depletion and amortisation | (0.4) | (0.3) | | (1.6) |
| Impairment of non-current assets | - | 2.8 | | - |
| Revaluation of generation assets | | | | |
| Share of associate | | | | |
| Change in fair value of financial instruments | | | | |
| Other gains (losses) | | | | |
| Profit (loss) before net finance expense and income tax | 0.1 | 1.8 | | 0.6 |
| Finance revenue | | | | |
| Finance expense | (0.2) | (0.7) | | (1.1) |
| Profit (loss) before income tax | (0.1) | 1.1 | | (0.5) |

| NZ IFRS16 Leases adjustments to FY19 | | | | |
|--|--------------|--------------------|------|--------------|
| | Retail | Wholesale (0.3) | Kupe | Corporate |
| Gross Margin | | | | |
| Employee benefits | | | | |
| Other operating expenses | 0.9 | 0.9 | | 4.6 |
| EBITDAF | 0.9 | 0.6 | | 4.6 |
| Depreciation, depletion and amortisation | (0.8) | (0.6) | | (3.8) |
| Impairment of non-current assets | - | 2.8 | | - |
| Revaluation of generation assets | | | | |
| Share of associate | | | | |
| Change in fair value of financial instruments | | | | |
| Other gains (losses) | | | | |
| Profit (loss) before net finance expense and income tax | 0.1 | 2.8 | | 0.8 |
| Finance revenue | | | | |
| Finance expense | (0.3) | (1.5) | | 2.0 |
| Profit (loss) before income tax | (0.2) | 1.3 | | (1.2) |

Note: Positive amounts indicate a reduction in expense and vice versa (excluding total lines).

Business Structure and Cost Allocation Changes

Business structural changes:

The key structural change is the Technology and Digital function move from Corporate into the Retail Segment, and the related Employee Benefits and expenses previously in Corporate now recognised in Retail. HY19 Technology and Digital costs excluding items below EBITDAF equate to \$15.3m and \$29.2m for the full year FY19.

Corporate cost allocation:

Previously, a portion of employee benefits & operating expenses were allocated out from the Corporate Segment into Retail and Wholesale Segments. This allocation has been removed in FY20. HY19 corporate allocation costs equate to \$14.4m and \$27.3m for the full year FY19.

Summary of changes:

| HY19 | Retail | Wholesale | Kupe | Corporate |
|---------------------------------|--------|-----------|------|-----------|
| Employee benefits | | | | |
| Business structural changes | (3.7) | - | - | 3.7 |
| Corporate Cost Allocation | 2.1 | 1.8 | - | (3.9) |
| Other operating expenses | | | | |
| Business Structural Changes | (11.6) | - | - | 11.6 |
| Corporate Cost Allocation | 6.3 | 4.2 | - | (10.5) |

| FY19 | Retail | Wholesale | Kupe | Corporate |
|---------------------------------|--------|-----------|------|-----------|
| Employee benefits | | | | |
| Business Structural Changes | (7.1) | - | - | 7.1 |
| Corporate Cost Allocation | 4.0 | 3.5 | 0.1 | (7.6) |
| Other operating expenses | | | | |
| Business Structural Changes | (22.1) | - | - | 22.1 |
| Corporate Cost Allocation | 11.8 | 7.8 | 0.1 | (19.7) |

Note: Positive amounts indicate a reduction in expense and vice versa.

5. Appendix: Restated Segment Note for FY2019 Half and Full Year



Genesis Energy Limited

Notes to the condensed consolidated interim financial statements

Segment reporting

Six months ended 31 December 2018

| | Restated retail unaudited \$ million | Restated wholesale unaudited \$ million | Restated kupe unaudited \$ million | Restated corporate unaudited \$ million | Restated total unaudited \$ million |
|--|---|--|---|--|--|
| Electricity | 655.0 | 485.1 | - | - | 1,140.1 |
| Gas | 82.6 | 45.6 | - | - | 128.2 |
| LPG | 34.2 | 1.7 | 4.9 | - | 40.8 |
| Oil | - | - | 15.3 | - | 15.3 |
| Emissions on fuel sales and electricity contracts | - | 6.7 | 0.4 | - | 7.1 |
| Emission unit revenue from trading | - | 25.1 | - | - | 25.1 |
| Other revenue | 0.4 | 3.2 | 0.5 | 0.3 | 4.4 |
| Total external revenue | 772.2 | 567.4 | 21.1 | 0.3 | 1,361.0 |
| Electricity - intersegment | - | 271.3 | - | - | 271.3 |
| Gas - intersegment | - | 30.3 | 42.9 | - | 73.2 |
| LPG - intersegment | - | 9.6 | 7.6 | - | 17.2 |
| Emissions on fuel sales - intersegment | - | - | (2.2) | - | (2.2) |
| Total segment revenue | 772.2 | 878.6 | 69.4 | 0.3 | 1,720.5 |
| Electricity purchases | - | (477.5) | - | - | (477.5) |
| Electricity network, transmission, levies and meters | (298.9) | (9.5) | - | - | (308.4) |
| Fuel consumed in electricity production | - | (72.4) | - | - | (72.4) |
| Gas purchases | (0.2) | (93.0) | - | - | (93.2) |
| Gas network, transmission, levies and meters | (37.0) | (0.1) | - | - | (37.1) |
| LPG purchases, inventory changes and transportation costs | (7.2) | (4.2) | - | - | (11.4) |
| Oil inventory changes, storage and transportation costs | - | - | 0.8 | - | 0.8 |
| Emissions associated with electricity generation | - | (4.3) | - | - | (4.3) |
| Emissions associated with fuel sales | - | (4.7) | (2.4) | - | (7.1) |
| Emission unit expenses from trading | - | (23.9) | - | - | (23.9) |
| Other costs | (0.2) | (0.6) | (5.7) | - | (6.5) |
| Total external costs | (343.5) | (690.2) | (7.3) | - | (1,041.0) |
| Electricity purchases - intersegment | (271.3) | - | - | - | (271.3) |
| Fuel consumed in electricity production - intersegment | - | (42.9) | - | - | (42.9) |
| Gas purchases - intersegment | (30.3) | - | - | - | (30.3) |
| LPG purchases, inventory changes and transportation costs - intersegment | (9.6) | (7.6) | - | - | (17.2) |
| Emission costs - intersegment | - | 2.2 | - | - | 2.2 |
| Total segment costs | (654.7) | (738.5) | (7.3) | - | (1,400.5) |
| Gross margin | 117.5 | 140.1 | 62.1 | 0.3 | 320.0 |
| Employee benefits | (24.4) | (12.5) | (0.1) | (12.2) | (49.2) |
| Other operating expenses | (38.0) | (18.8) | (9.5) | (7.0) | (73.3) |
| Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF) | 55.1 | 108.8 | 52.5 | (18.9) | 197.5 |
| Depreciation, depletion and amortisation | (11.0) | (53.7) | (32.2) | (3.5) | (100.4) |
| (Impairment) / impairment reversal of non-current assets | (0.1) | 2.7 | - | - | 2.6 |
| Change in fair value of financial instruments | - | 6.0 | 1.5 | 0.6 | 8.1 |
| Profit (loss) before net finance expense and income tax | 44.0 | 63.8 | 21.8 | (21.8) | 107.8 |
| Finance revenue | - | - | - | 0.3 | 0.3 |
| Finance expense | (0.4) | (1.8) | (1.8) | (35.1) | (39.1) |
| Profit (loss) before income tax | 43.6 | 62.0 | 20.0 | (56.6) | 69.0 |
| Other segment information | | | | | |
| Capital expenditure | 13.3 | 20.1 | 2.8 | 0.7 | 36.9 |

Genesis Energy Limited

Notes to the consolidated financial statements

Segment reporting

| | Restated retail unaudited | Restated wholesale unaudited | Restated kupe unaudited | Restated corporate unaudited | Restated total unaudited |
|--|---------------------------------|------------------------------------|-------------------------------|------------------------------------|--------------------------------|
| Year ended 30 June 2019 | \$ million | \$ million | \$ million | \$ million | \$ million |
| Electricity | 1,272.2 | 967.6 | - | - | 2,239.8 |
| Gas | 154.3 | 98.4 | - | - | 252.7 |
| LPG | 68.2 | 3.4 | 10.3 | - | 81.9 |
| Oil | - | - | 38.8 | - | 38.8 |
| Emissions on fuel sales and electricity contracts | - | 18.6 | 1.1 | - | 19.7 |
| Emission unit revenue from trading | - | 62.4 | - | - | 62.4 |
| Other revenue | 0.8 | 3.3 | 0.7 | 0.6 | 5.4 |
| Total external revenue | 1,495.5 | 1,153.7 | 50.9 | 0.6 | 2,700.7 |
| Electricity - intersegment | - | 530.8 | - | - | 530.8 |
| Gas - intersegment | - | 55.6 | 88.5 | - | 144.1 |
| LPG - intersegment | - | 18.6 | 16.3 | - | 34.9 |
| Emissions on fuel sales - intersegment | - | - | (0.5) | - | (0.5) |
| Total segment revenue | 1,495.5 | 1,758.7 | 155.2 | 0.6 | 3,410.0 |
| Electricity purchases | - | (904.3) | - | - | (904.3) |
| Electricity network, transmission, levies and meters | (574.2) | (19.0) | - | - | (593.2) |
| Fuel consumed in electricity production | - | (183.5) | - | - | (183.5) |
| Gas purchases | (0.1) | (193.2) | - | - | (193.3) |
| Gas network, transmission, levies and meters | (67.1) | (0.1) | - | - | (67.2) |
| LPG purchases, inventory changes and transportation costs | (14.0) | (6.5) | - | - | (20.5) |
| Oil inventory changes, storage and transportation costs | - | - | (1.0) | - | (1.0) |
| Emissions associated with electricity generation | - | (18.4) | - | - | (18.4) |
| Emissions associated with fuel sales | - | (15.7) | (11.1) | - | (26.8) |
| Emission unit expenses from trading | - | (57.3) | - | - | (57.3) |
| Other costs | (0.3) | (0.6) | (13.5) | - | (14.4) |
| Total external costs | (655.7) | (1,398.6) | (25.6) | - | (2,079.9) |
| Electricity purchases - intersegment | (530.8) | - | - | - | (530.8) |
| Fuel consumed in electricity production - intersegment | - | (88.5) | - | - | (88.5) |
| Gas purchases - intersegment | (55.6) | - | - | - | (55.6) |
| LPG purchases, inventory changes and transportation costs - intersegment | (18.6) | (16.3) | - | - | (34.9) |
| Emission costs - intersegment | - | 0.5 | - | - | 0.5 |
| Total segment costs | (1,260.7) | (1,502.9) | (25.6) | - | (2,789.2) |
| Gross margin | 234.8 | 255.8 | 129.6 | 0.6 | 620.8 |
| Employee benefits | (47.5) | (25.8) | - | (25.6) | (98.9) |
| Other operating expenses | (77.3) | (41.2) | (20.6) | (13.3) | (152.4) |
| Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF) | 110.0 | 188.8 | 109.0 | (38.3) | 369.5 |
| Depreciation, depletion and amortisation | (25.3) | (105.2) | (63.2) | (8.0) | (201.7) |
| Impairment of non-current assets | (1.1) | 2.5 | (5.6) | - | (4.2) |
| Revaluation of generation assets | - | 4.6 | - | - | 4.6 |
| Change in fair value of financial instruments | - | (16.7) | 0.5 | 1.0 | (15.2) |
| Share of associate | - | (0.2) | - | - | (0.2) |
| Other gains (losses) | 0.1 | 7.4 | - | (0.2) | 7.3 |
| Profit (loss) before net finance expense and income tax | 83.7 | 81.2 | 40.7 | (45.5) | 160.1 |
| Finance revenue | - | - | 0.1 | 0.5 | 0.6 |
| Finance expense | (0.5) | (3.6) | (3.6) | (70.0) | (77.7) |
| Profit (loss) before income tax | 83.2 | 77.6 | 37.2 | (115.0) | 83.0 |
| Other segment information | | | | | |
| Capital expenditure | 30.4 | 48.1 | 9.0 | 3.2 | 90.7 |