

# Investor Strategy Day

22 November 2016



ENERGY  
YOUR  
WAY



# Disclaimer

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# Agenda

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## Introduction & overview

—  
Marc England  
Michael Summers-Gervai  
Shaun Goldsbury

2

## Strategic direction

—  
Marc England  
Dean Schmidt

3

## Optimise

—  
Tracey Hickman  
Nigel Clark

4

## Innovate

—  
James Magill  
Dean Schmidt

5

## Invest

—  
Jen Cherrington-Mowat  
Chris Jewell

6

## Outlook

—  
Nicola Richardson  
Marc England  
Chris Jewell



## YOUR PRESENTERS TODAY (FROM LEFT)



**1. NICOLA RICHARDSON**  
EGM People & Culture

**2. NIGEL CLARK**  
EGM Customer Operations

**3. CHRIS JEWELL**  
Chief Financial Officer

**4. TRACEY HICKMAN**  
EGM Generation & Wholesale

**5. DEAN SCHMIDT**  
EGM Corporate Affairs & Transformation

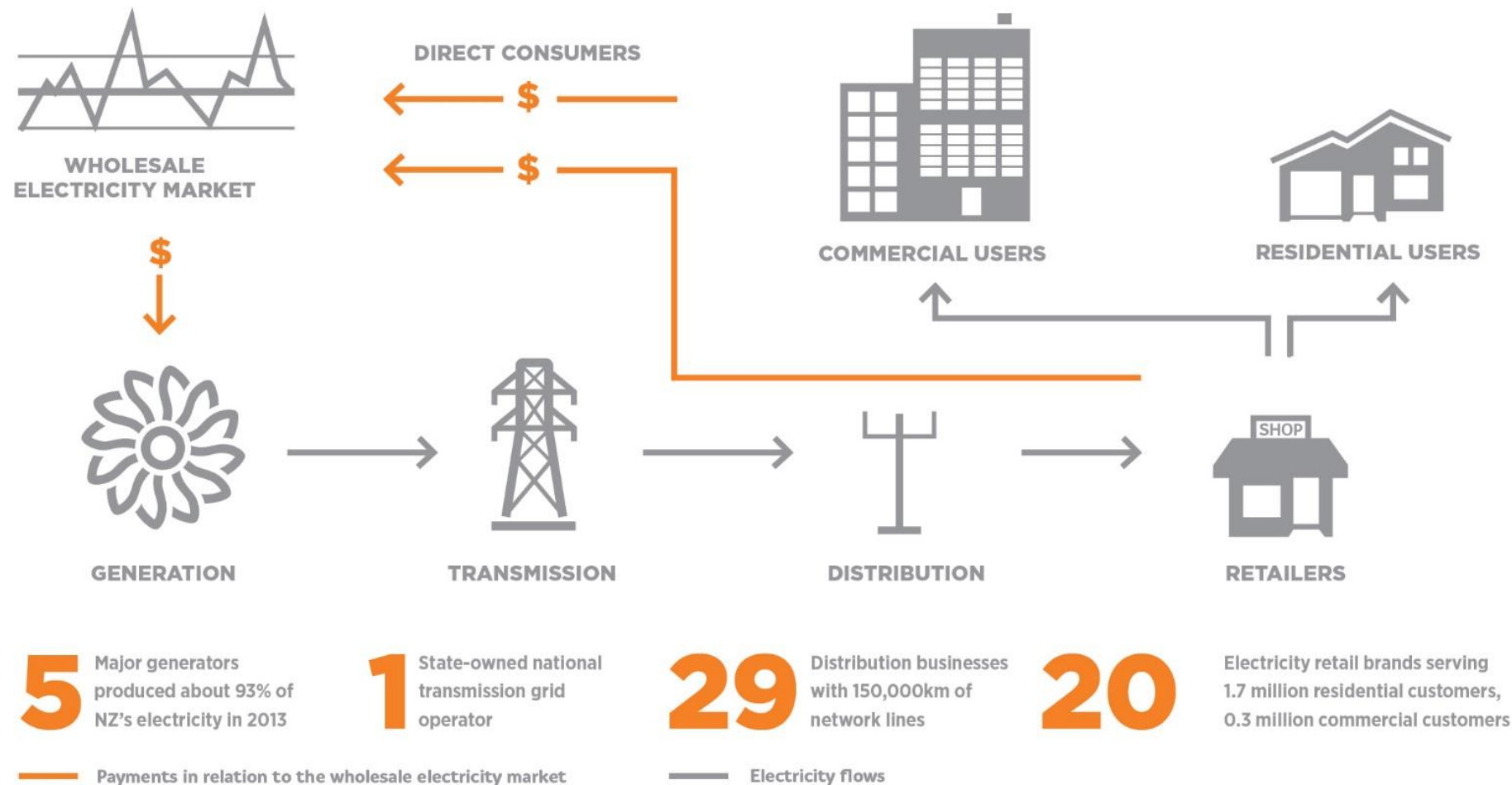
**6. JAMES MAGILL**  
EGM Product Marketing

**7. JEN CHERRINGTON-MOWAT**  
EGM Technology & Digital

**8. MARC ENGLAND**  
Chief Executive



# Overview of NZ Electricity Market



# An integrated business delivering value



HUNTLY

**948**

Peak Capacity/MW

WAIKAREMOANA

**138**

Peak Capacity/MW

TONGARIRO

**362**

Peak Capacity/MW

HAU NUI

**8**

Peak Capacity/MW

TEKAPO A&B

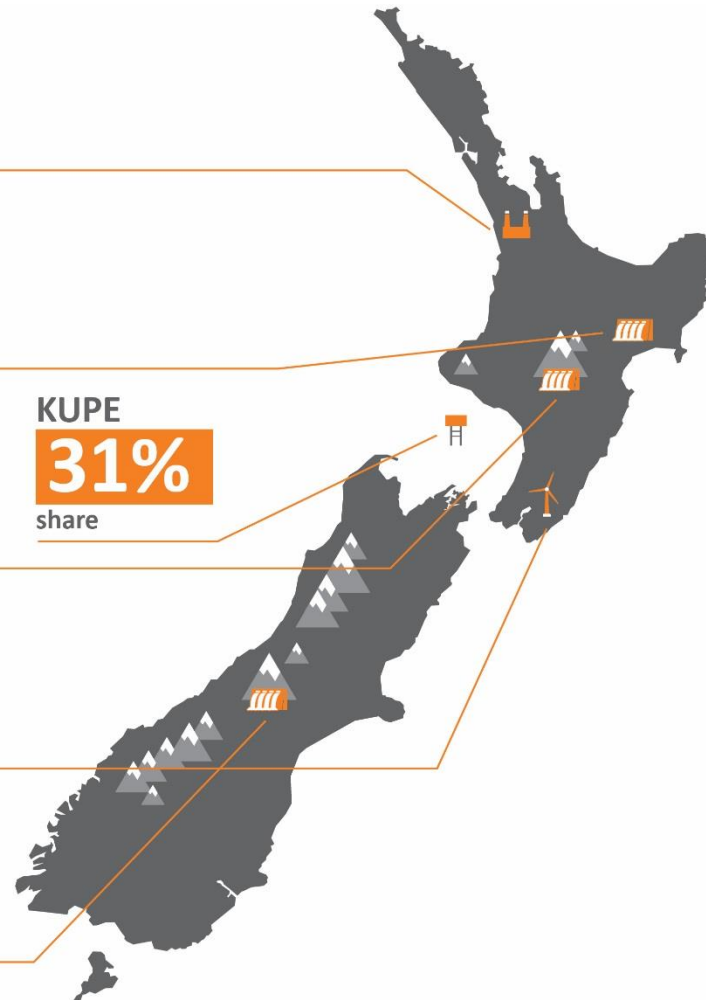
**185**

Peak Capacity/MW

KUPE

**31%**

share



NORTH ISLAND  
ELECTRICITY CUSTOMERS

**437,305**

SOUTH ISLAND  
ELECTRICITY CUSTOMER BASE

**89,608**

GAS CUSTOMER BASE

Natural Gas

Bottled Gas (LPG)

**110,395**

**16,604**

CUSTOMERS USING APPS

**88,020**

ADVANCED METER INSTALLATIONS

**387,000**



## **Retail market overview**

**Michael Summers-Gervai**

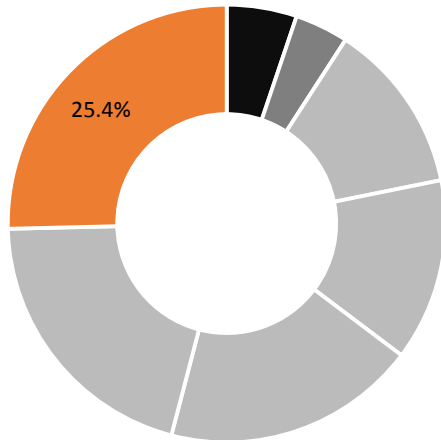
Customer Analytics Manager

# Energy Retailing

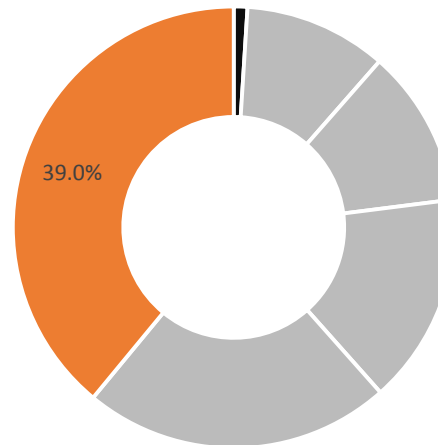


Genesis Energy maintains largest market share, as traditional retailers still dominate

ELECTRICITY MARKET SHARE



NATURAL GAS MARKET SHARE



LPG MARKET SHARE(kt)



Sources: MBIE, Genesis Energy analysis, EA, GIC

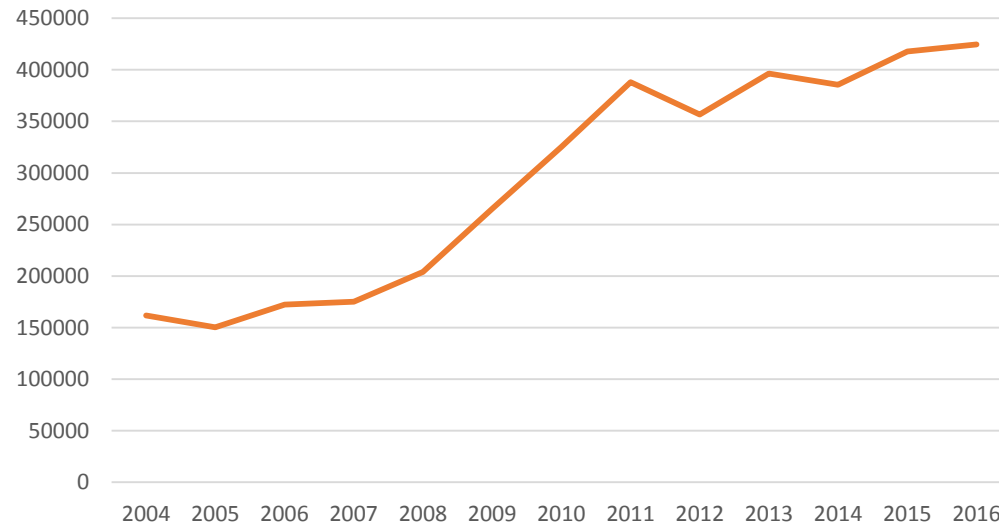


# Market switching

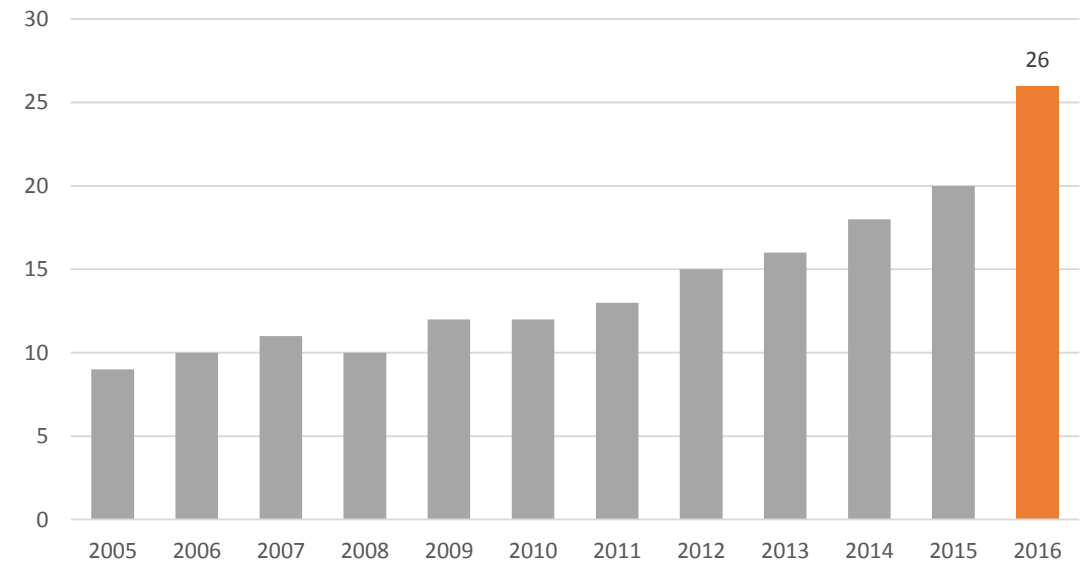


Customers changing retailers remains high as number of energy participants continues to increase

MARKET SWITCHING TRENDS



ACTIVE RETAILERS (>100 ICPS)



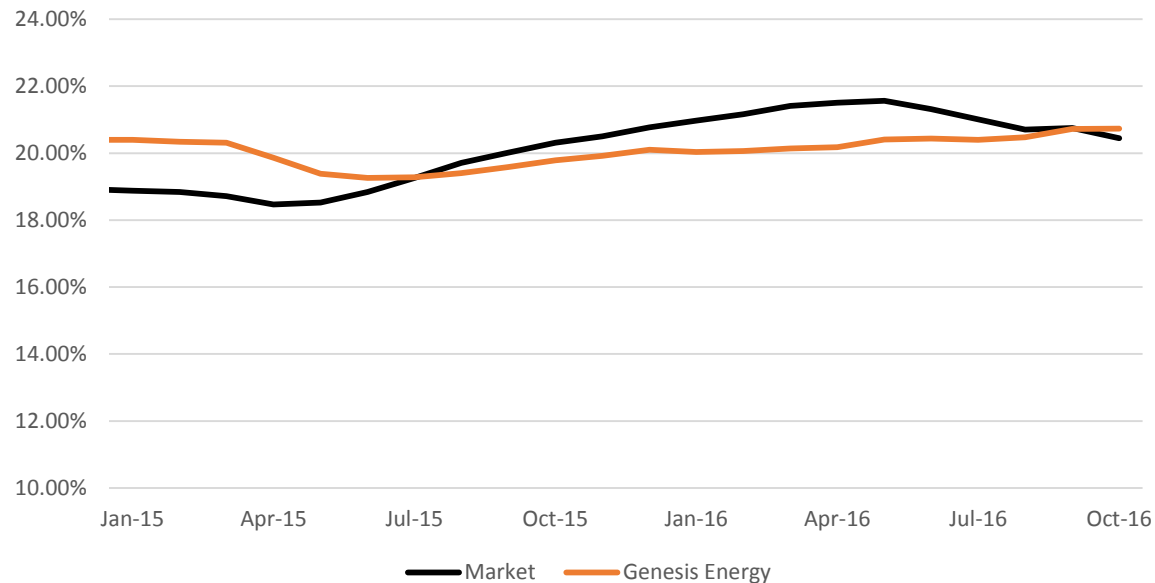
Sources: EA, GIC, Genesis Energy analysis

# Customer churn

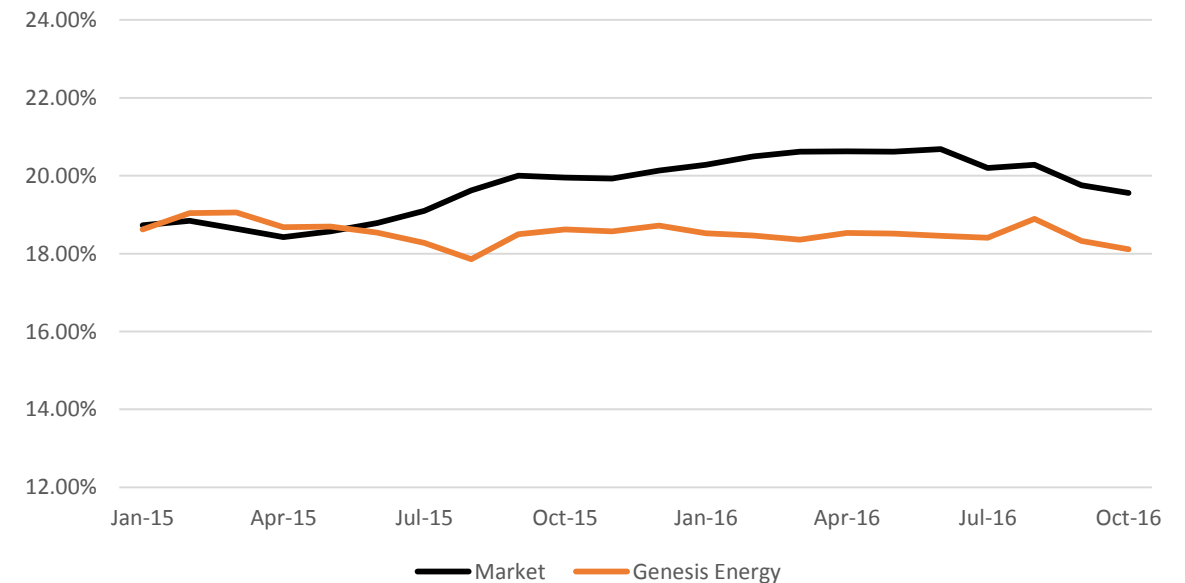


1 in 5 NZ customers switch each year but Genesis Energy maintains churn rates at or below market average

ELECTRICITY ANNUAL CHURN



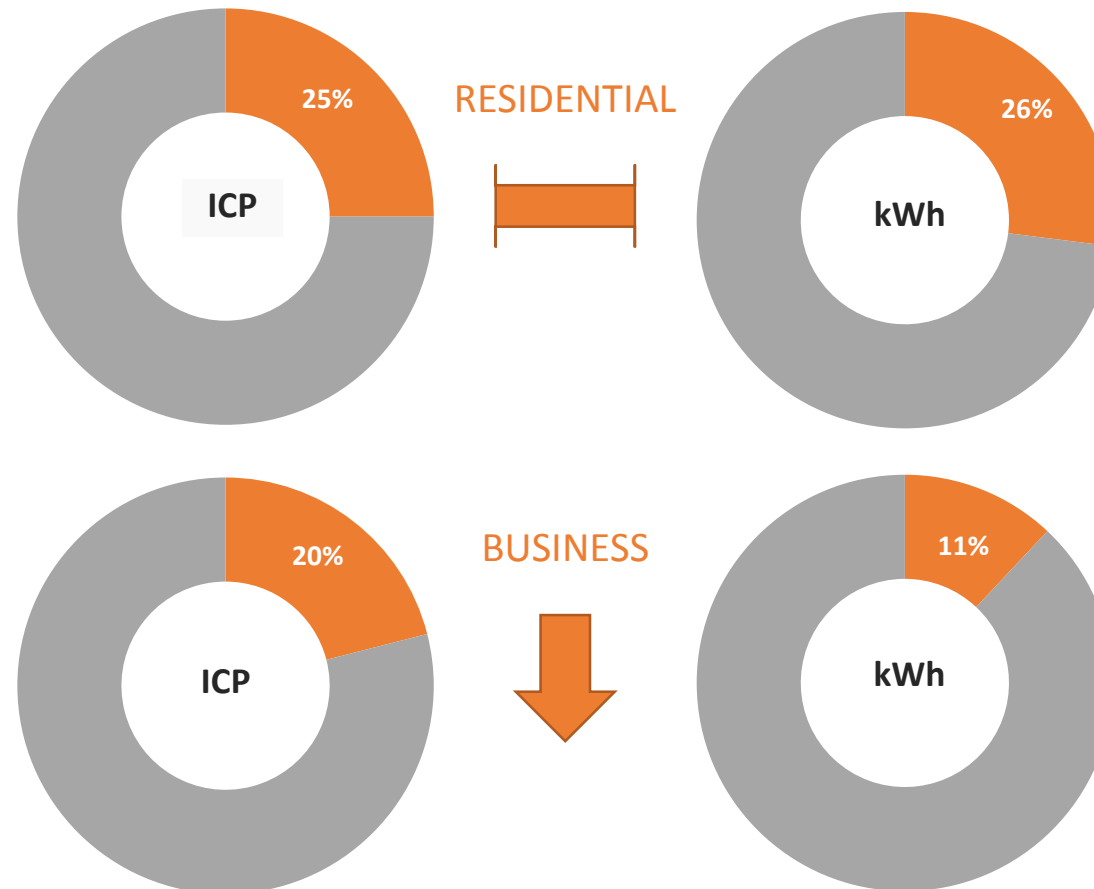
GAS ANNUAL CHURN



Sources: EA, GIC, Genesis Energy analysis

# Electricity market volume

Business segment under represented in volume compared to ICP share

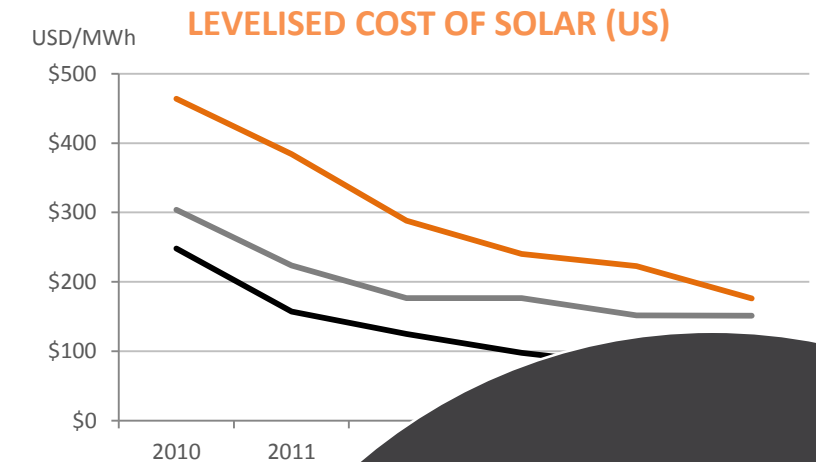
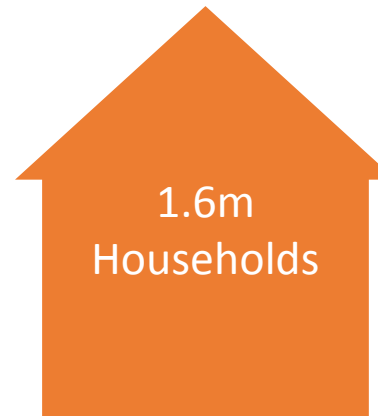
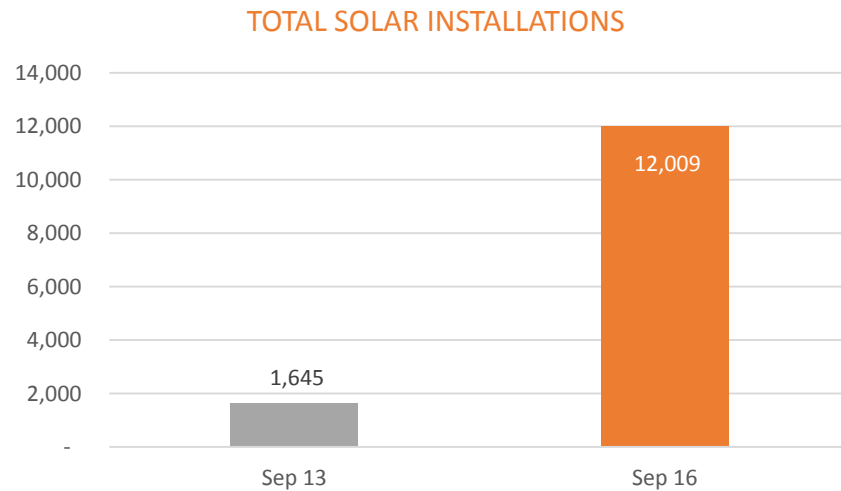




# Distributed Energy



It's early days but the direction is clear



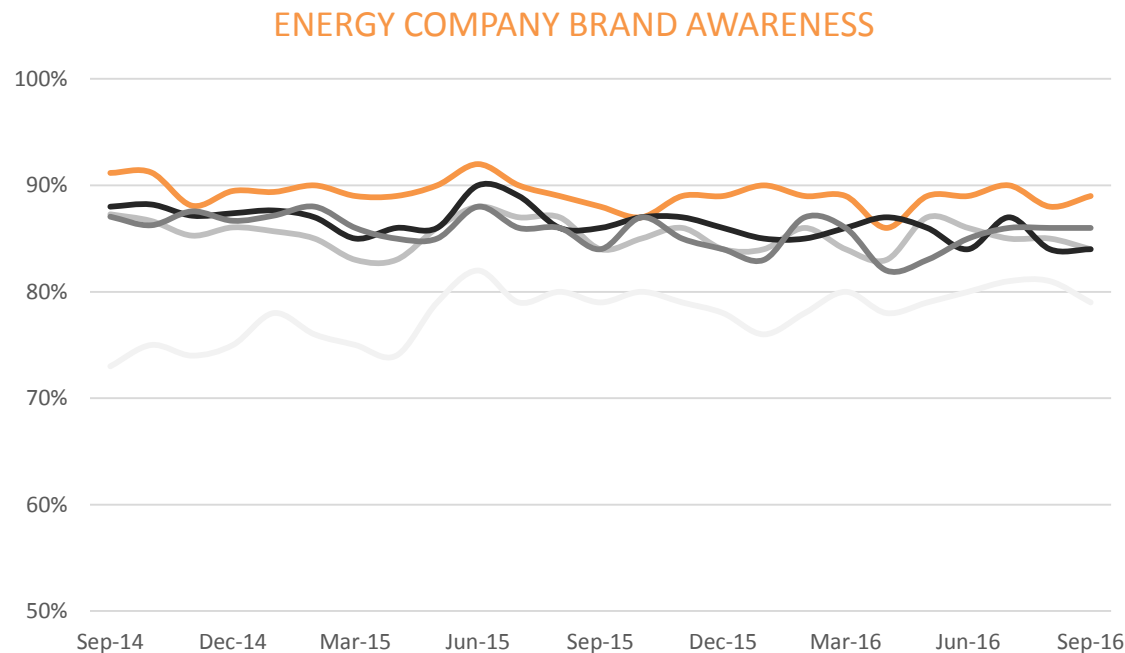
Source: Lazard, EA, MBIE

0.5% of Total MW

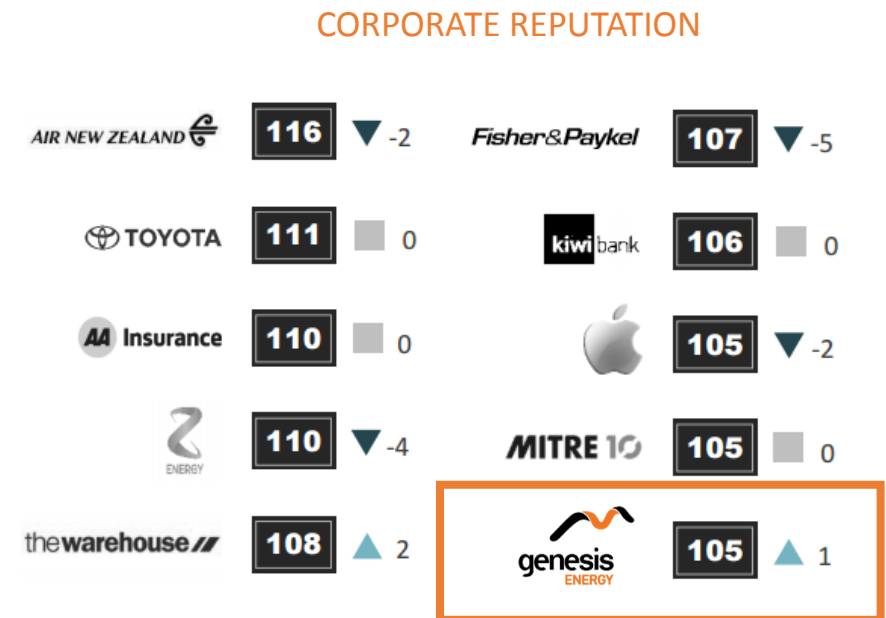
# Brand strength



## Genesis Energy brand strength places us in a strong position

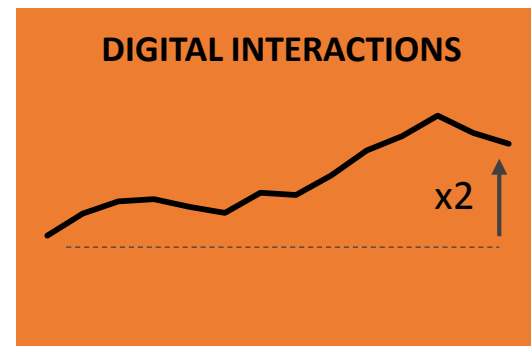
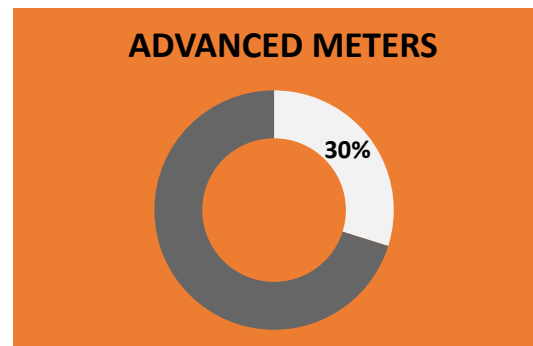
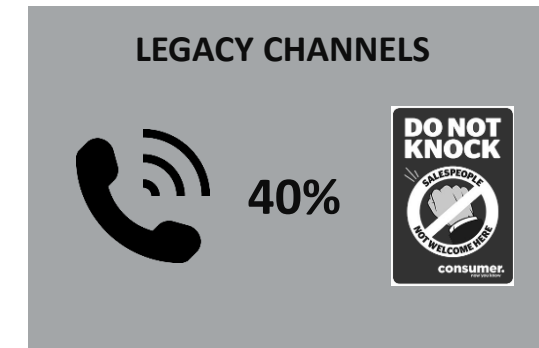
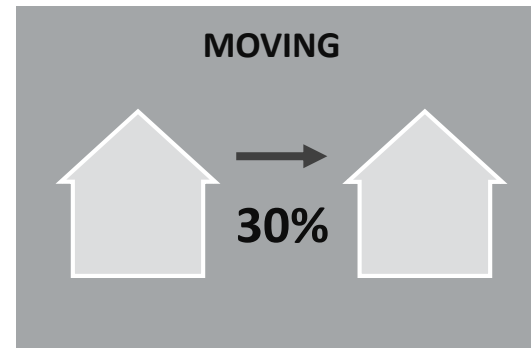


Sources: Genesis Energy Market Research, Colmar Brunton



# Customer insights

Discounted pricing, moving and door-knocking are driving churn as our customers become more digitally active



Sources: Genesis Energy market research and analysis





#

# **Wholesale market overview**

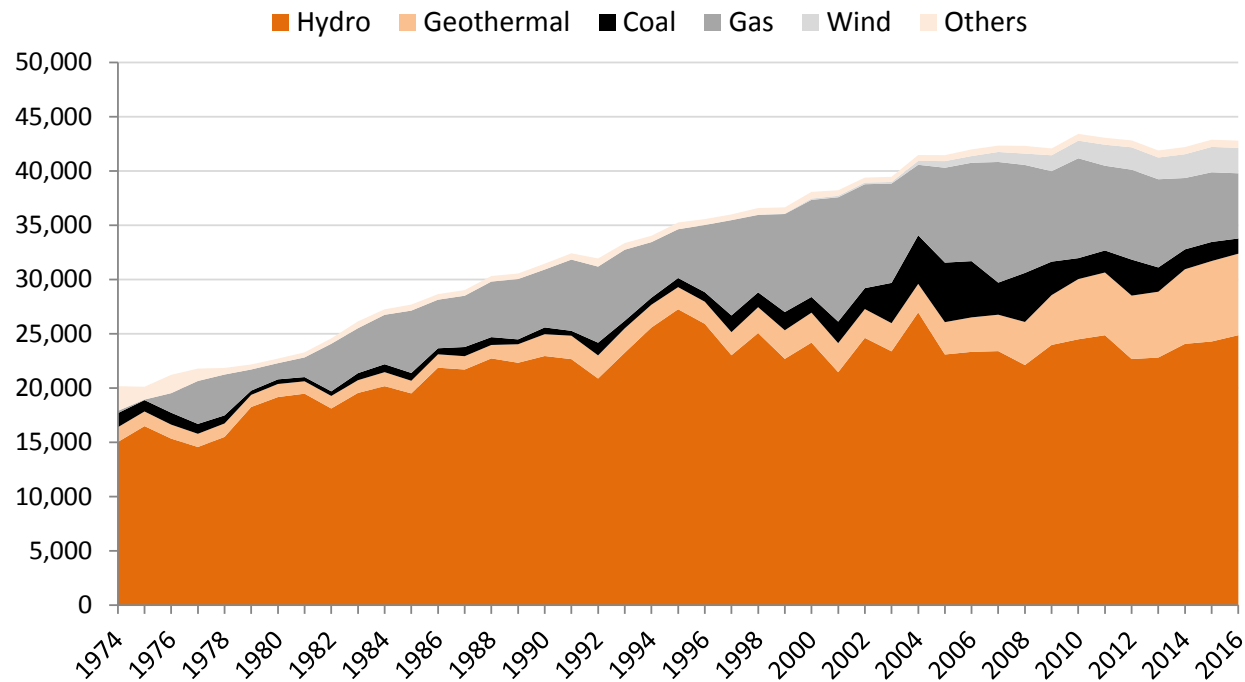
**Shaun Goldsbury**

Electricity Portfolio Manager

# Electricity supply

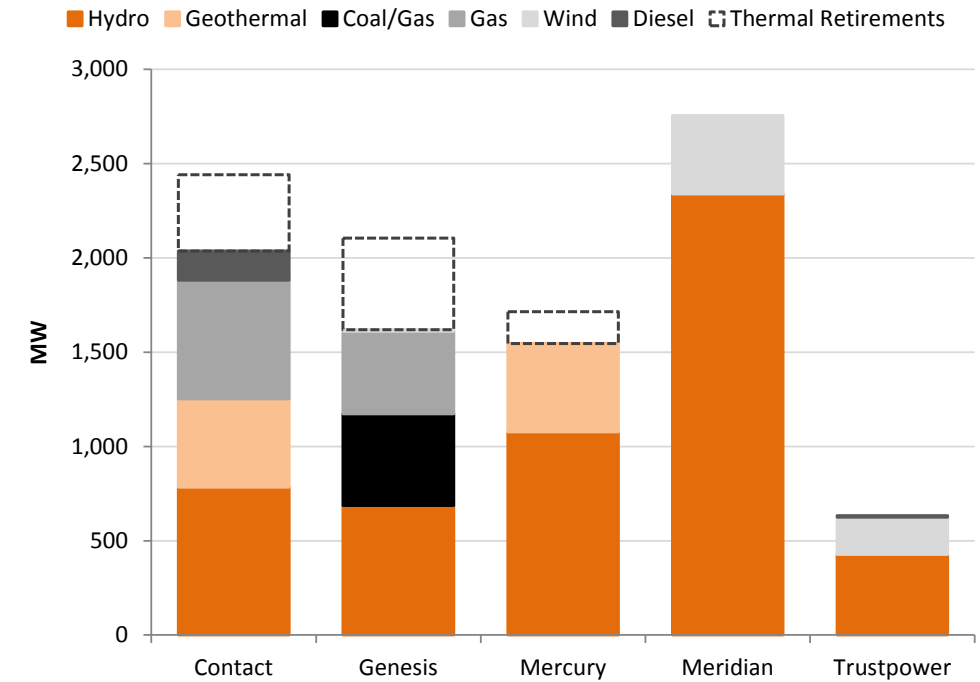
## Renewable generation builds have led to thermal retirements

### NZ Electricity Generation by Fuel Type



Source: MBIE

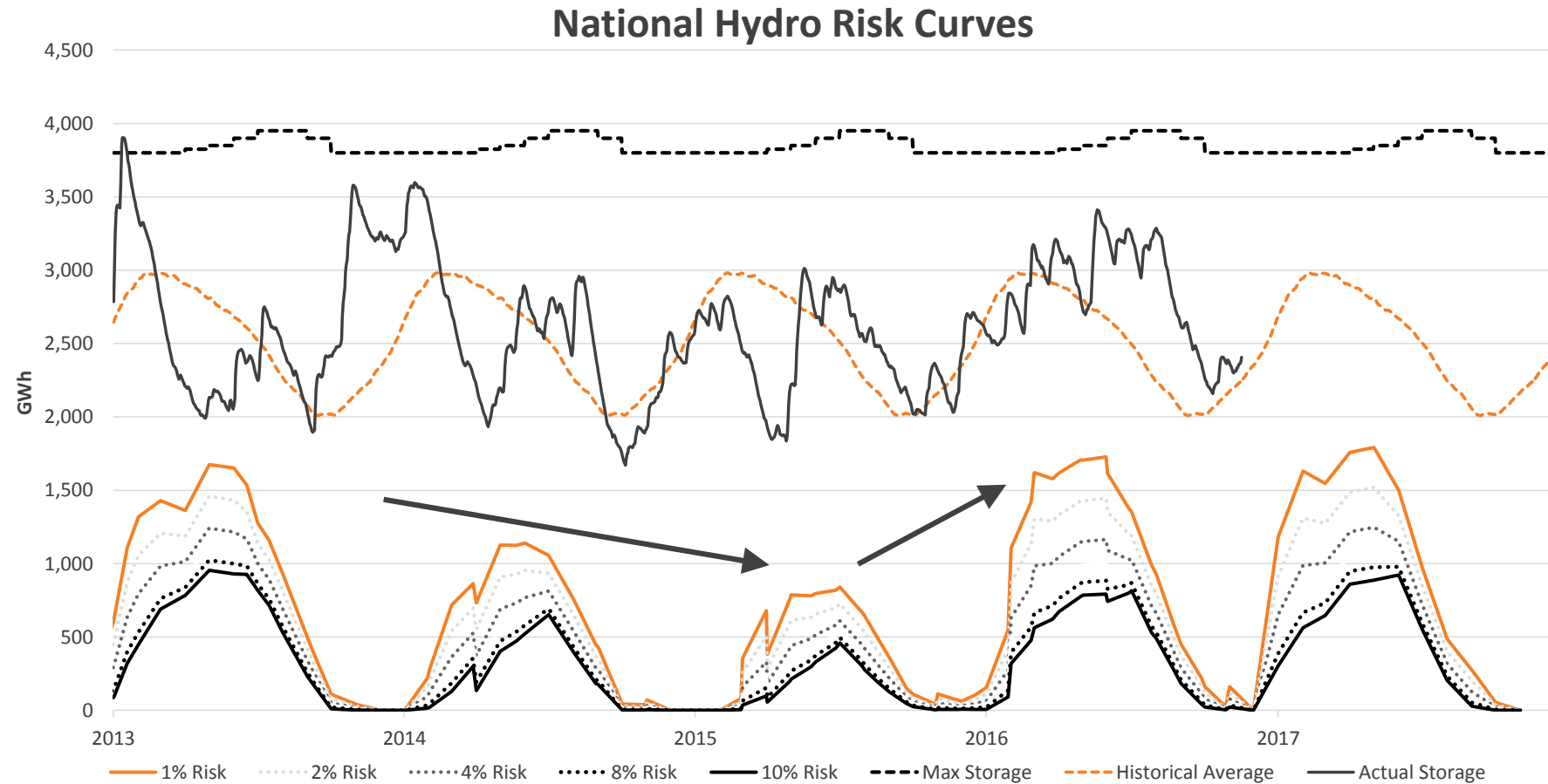
### Installed Capacity by Fuel Type



Source: Genesis Energy internal data/Gentailer websites

# Hydro risk curves

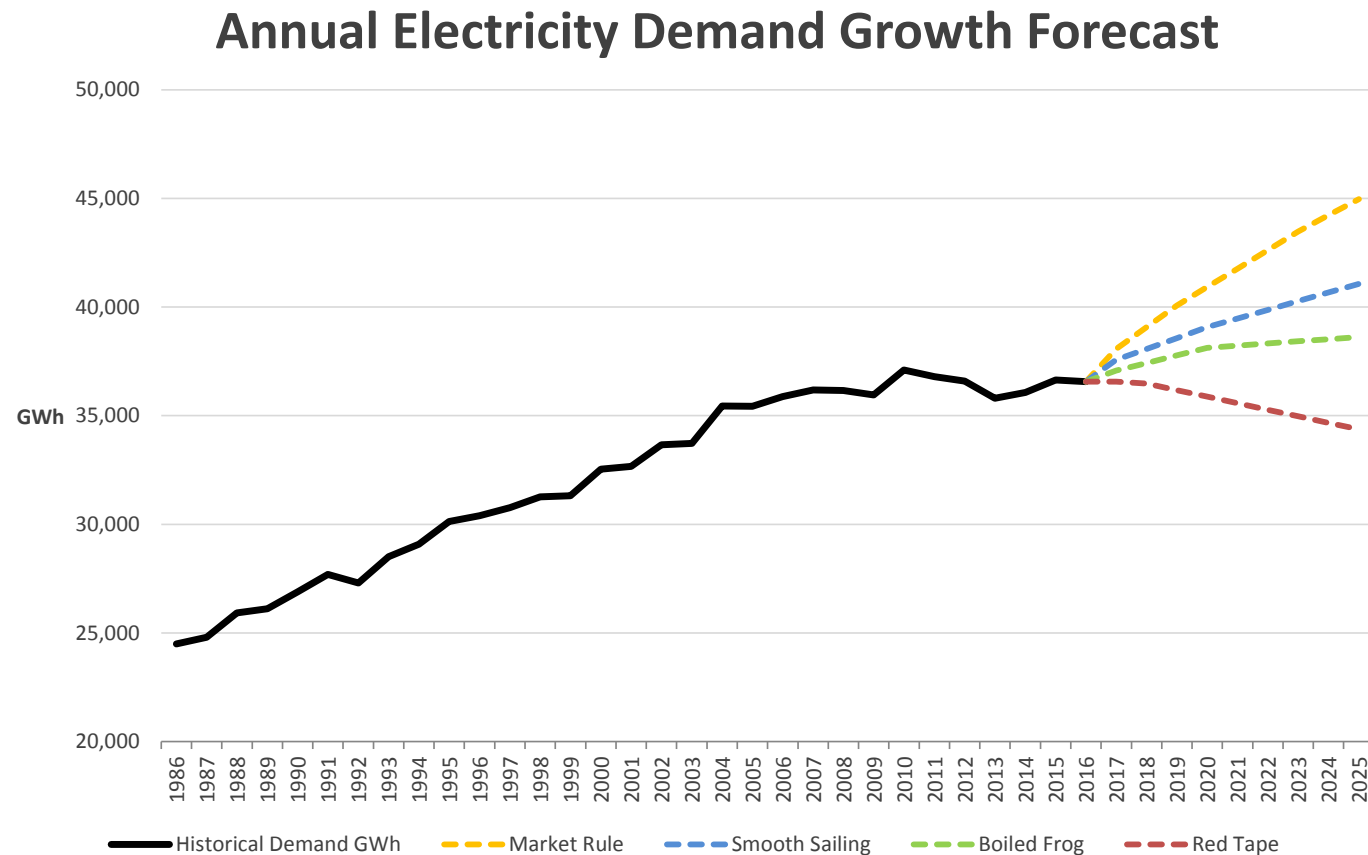
Remaining thermal has more value due to retirements rebalancing market





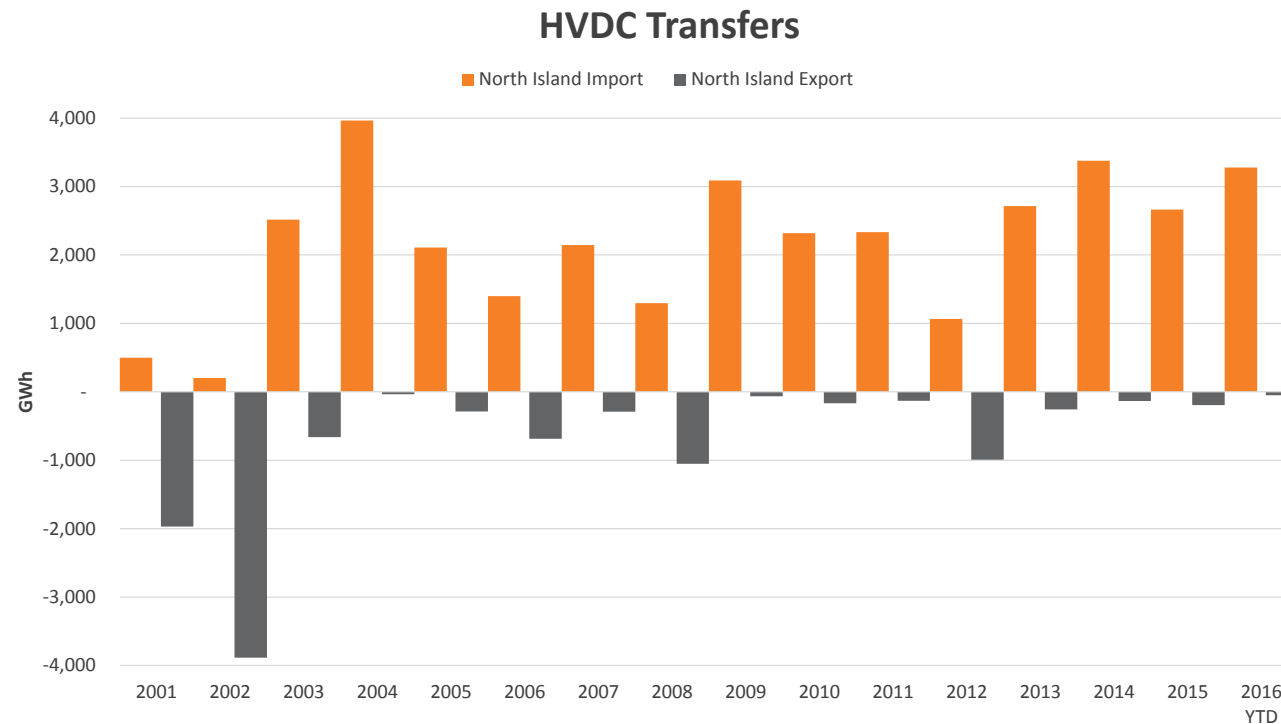
# Electricity demand growth

Genesis Energy is preparing a future with a range of possible outcomes

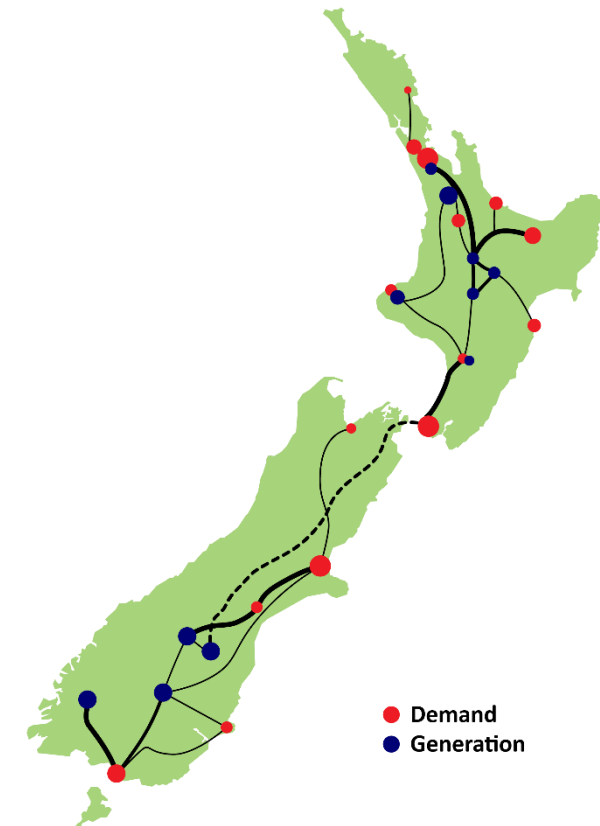


# Transmission grid

Critical due to our unique geography and location of generation



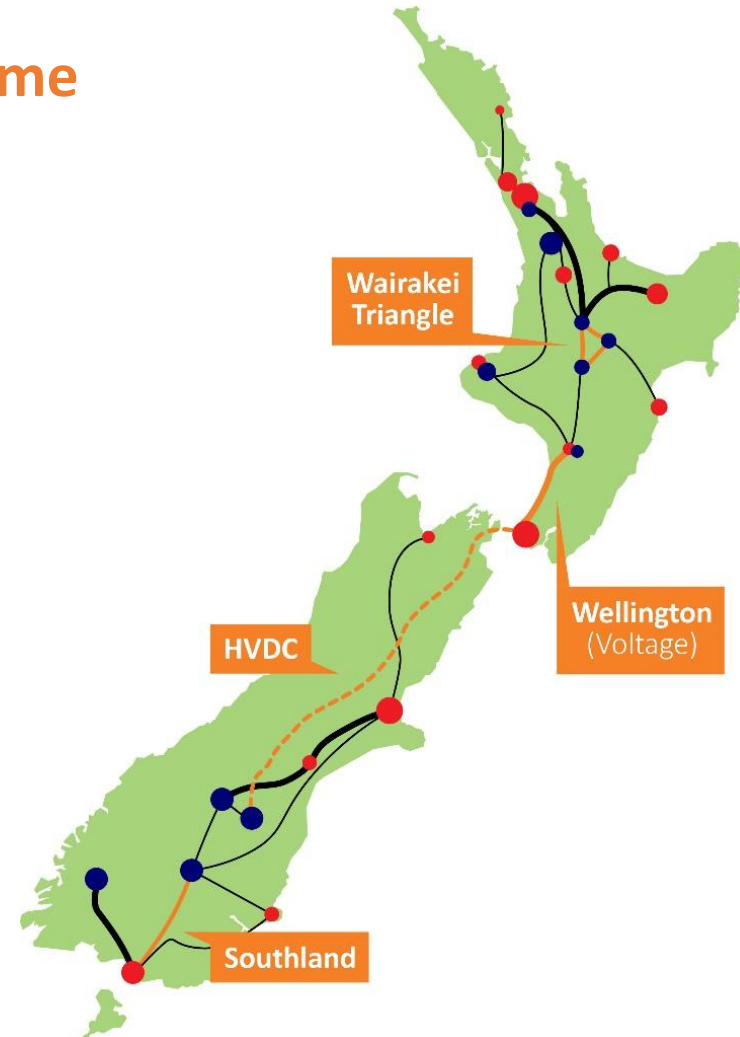
Source: Transpower



# Transmission upgrades are required

If Tiwai closes these upgrades take a long time and the cost means it may not be the best option for the consumer

- Timeframe of at least five years
- Only Southland upgrade is approved
- Cost estimate is hundreds of millions of dollars
- Who pays? (TPM)



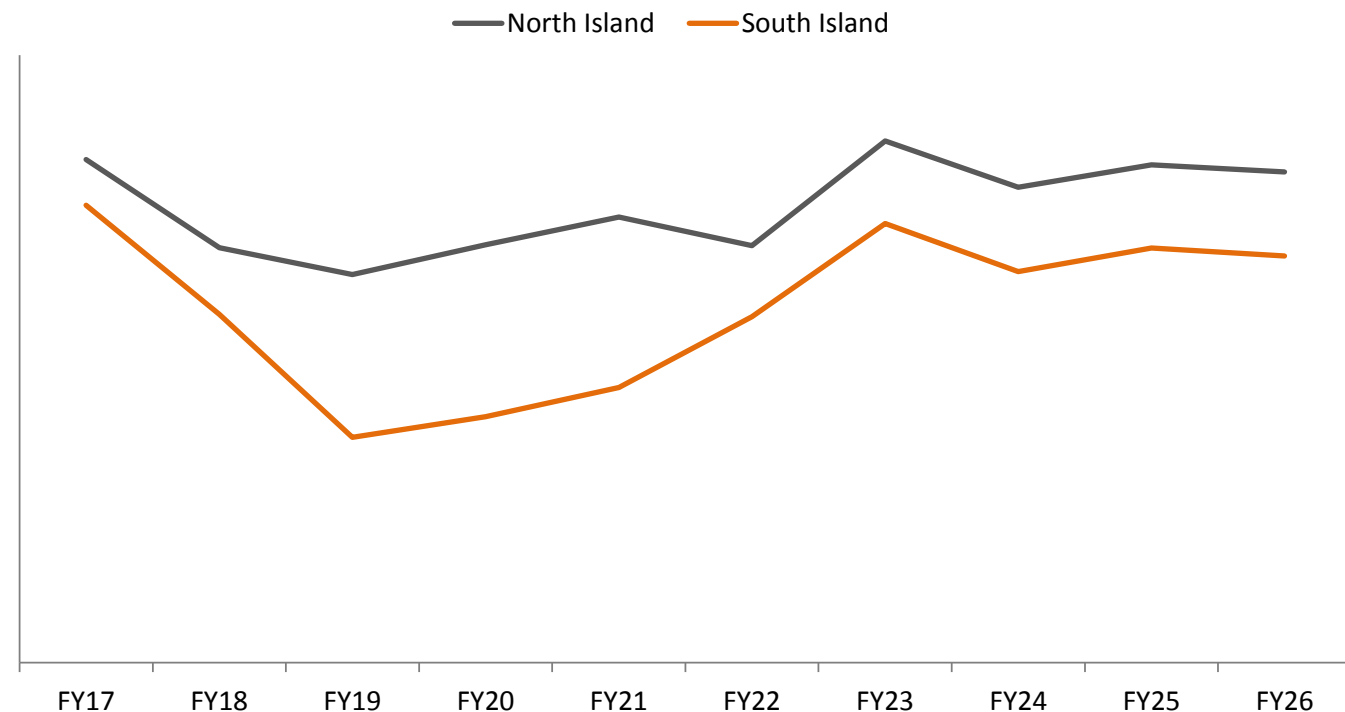


# Wholesale market more fragmented

If Tiwai closes companies with South Island generation are the most affected

## Tiwai Exit Scenario: Wholesale Price Path<sup>1</sup>

- Initial price drop
- Large regional separation
- Market rebalances
- Genesis Energy has a long retail position in the South Island



Source: Genesis Energy internal modelling

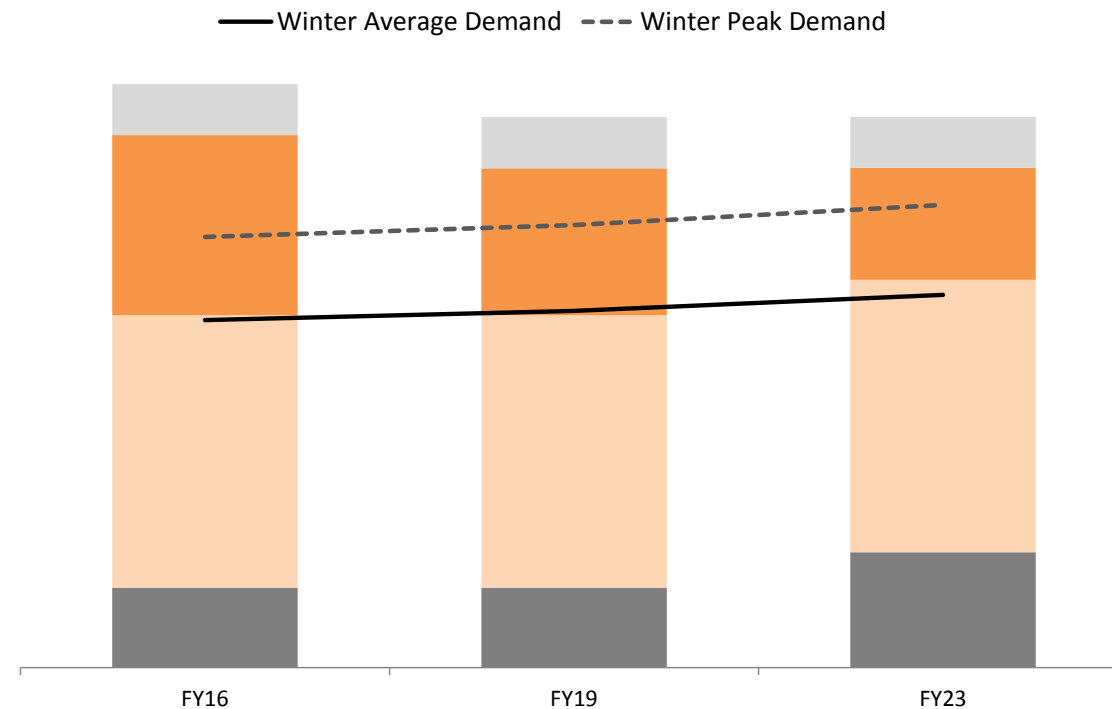
<sup>1</sup>Assumes Tiwai exit 1-Jan-2018, HVDC upgraded 2022 and some thermal retirements

# Wholesale prices more volatile

If Tiwai closes the congested transmission grid will lead to an increase in regional and seasonal price volatility

- Thermal generation still needed for capacity
- Plant runs less but gets paid more when it does run
- North Island customers become riskier for retailers without generation

## North Island Generation Capacity

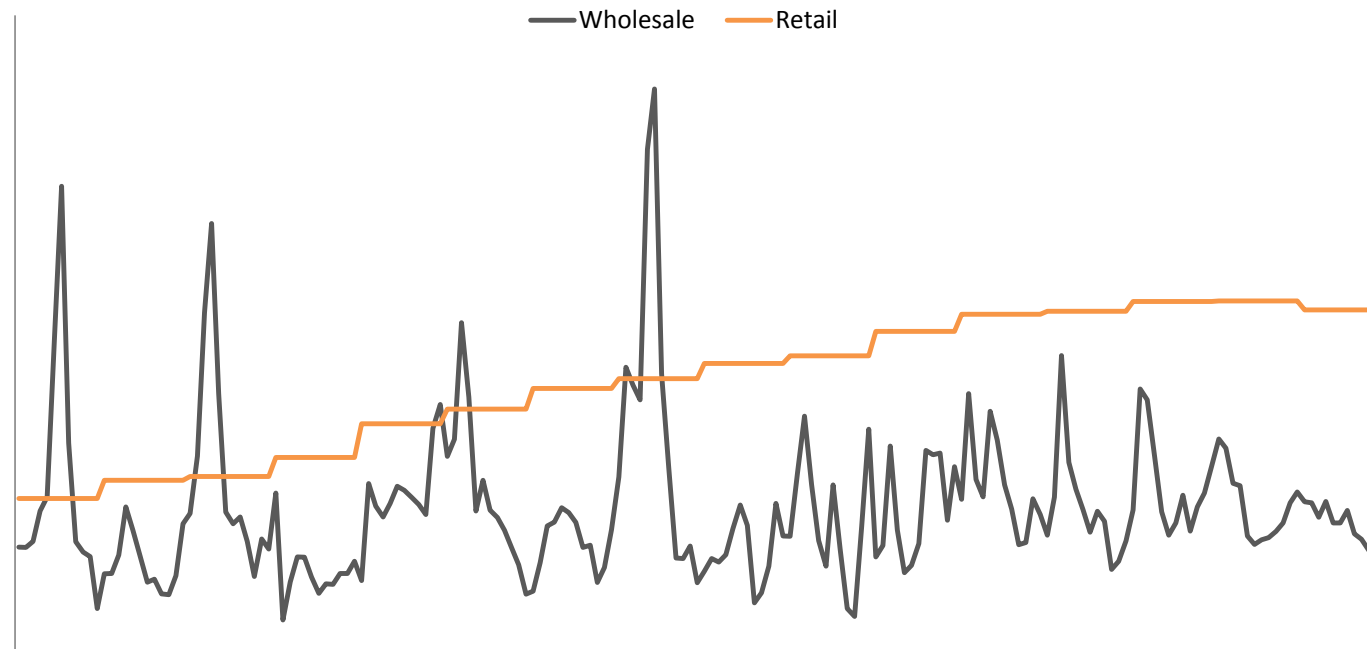


# Retail market is a shock absorber

## If Tiwai closes companies with large retail bases are the least affected

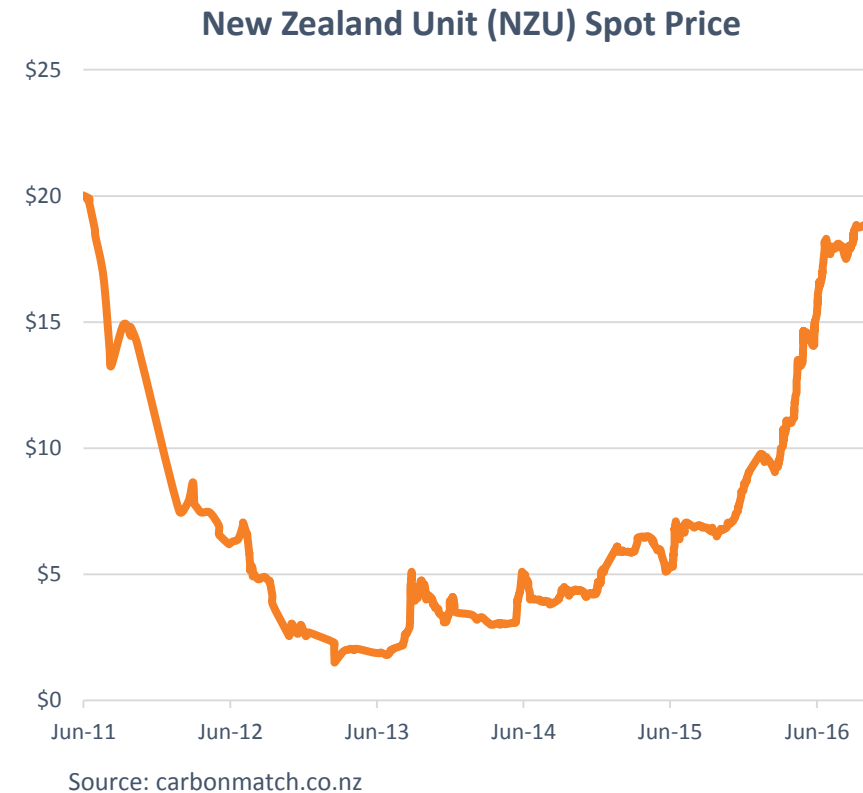
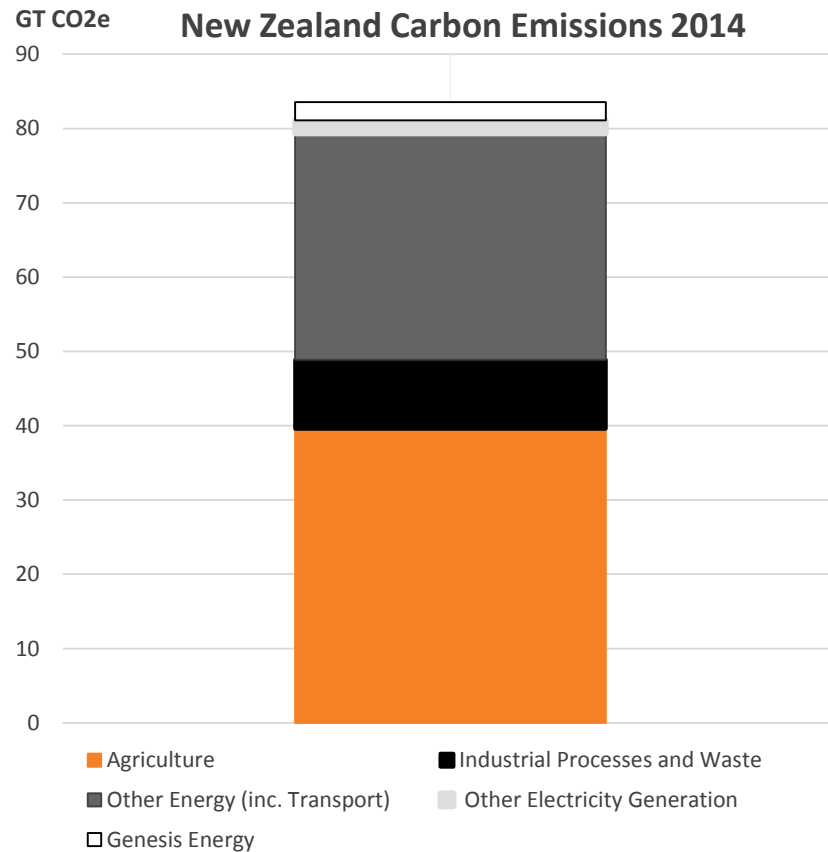
- Wholesale price is only 35% of customers bill
- Retail prices respond slowly
- Genesis Energy retail market share is:
  - 26% of overall
  - 28% of North Island
  - 16% of South Island

### Electricity Price Comparison (2000-2016)



# Emissions trading scheme

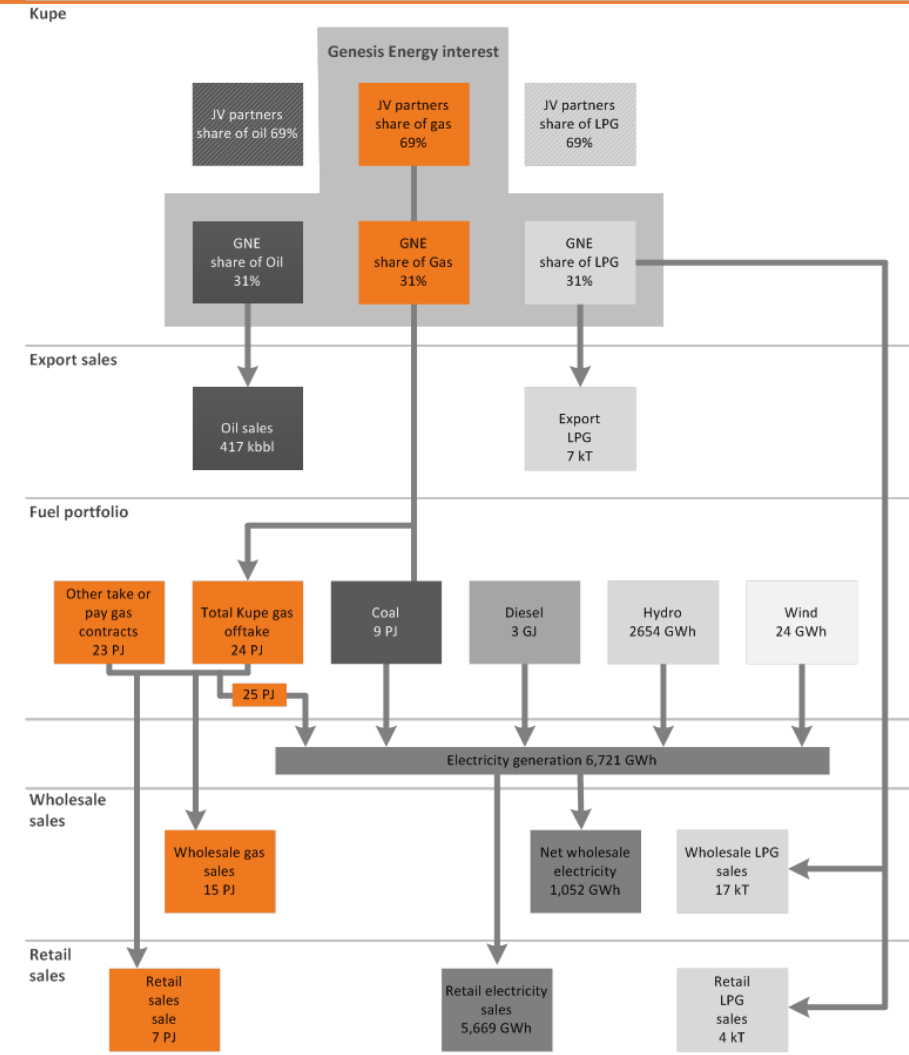
## Genesis Energy accounts for 3% of New Zealand carbon emissions



# Creating fuel flexibility

## Kupe is at the heart of our fuel strategy

- Kupe is completely vertically integrated, with gas, oil and LPG sold to:
  - Export
  - Wholesale
  - Retail
  - Generation

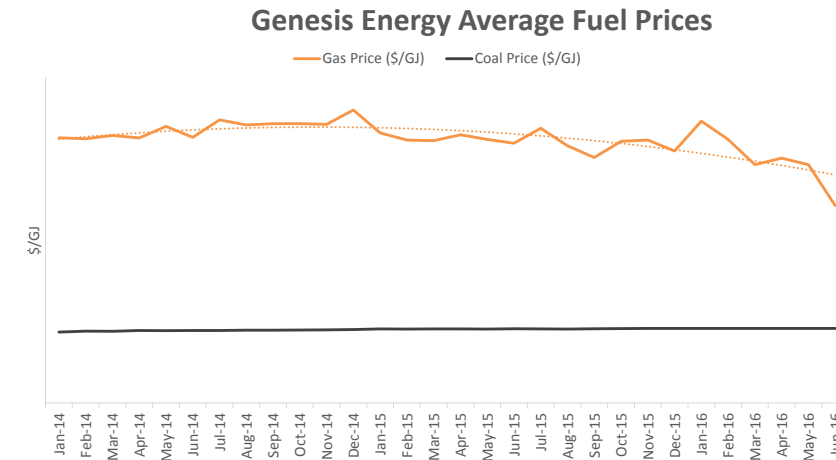
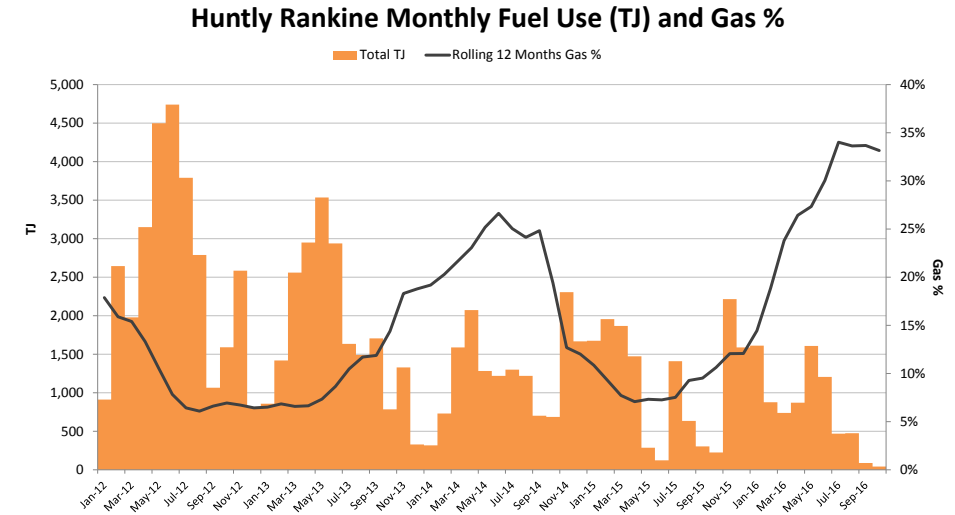




# Rankine fuel optionality

## Fuel flexibility is a core value driver

- Rankine output has decreased
- Gas usage % has increased
  - Kupe and spot gas displaces coal
- Average fuel cost falling
- Coal stockpile c350k tonnes
  - Additional supply being investigated

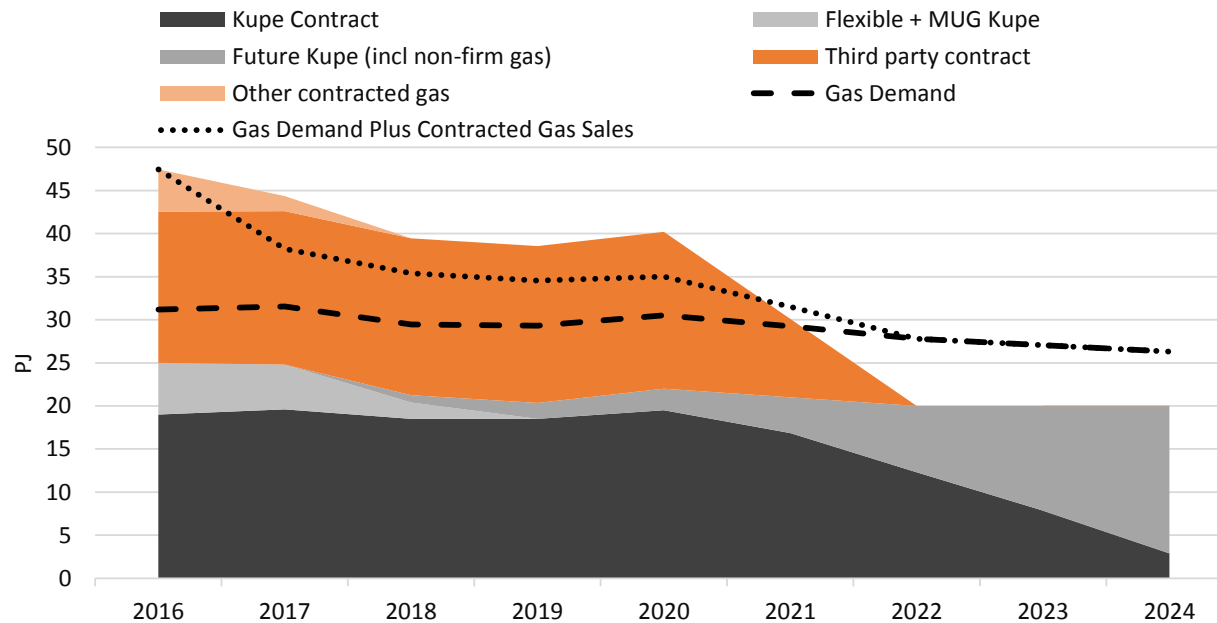


# Gas position is reducing over time

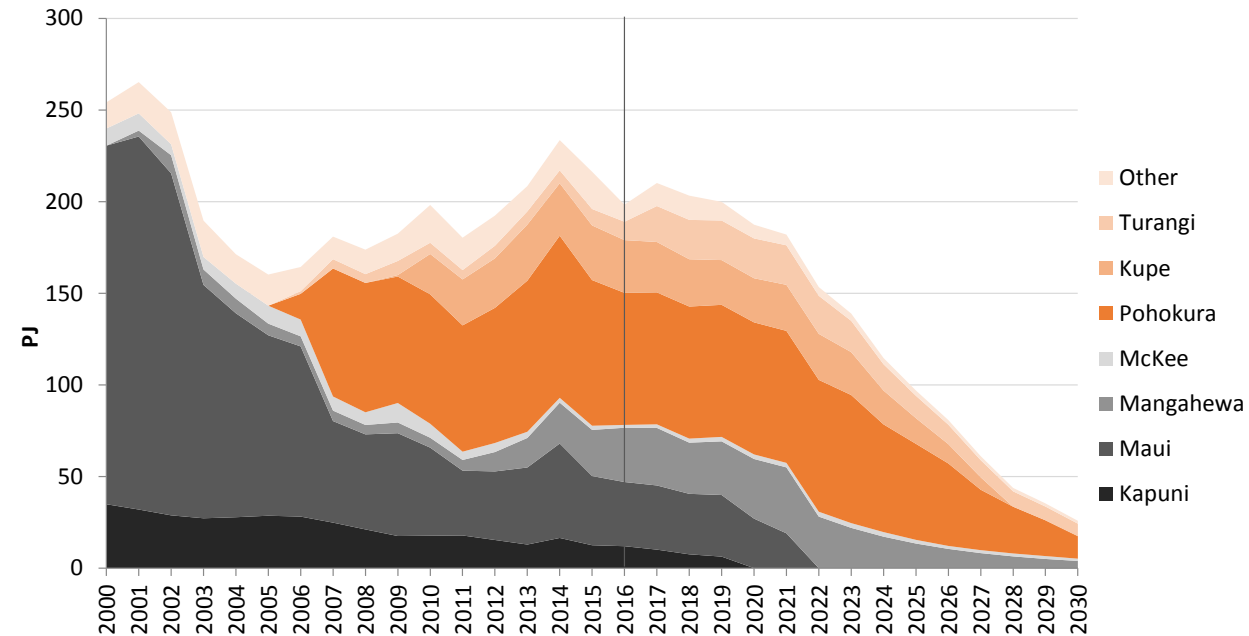


In 2020 we see a significant value uplift and material risk reduction

## Genesis Energy Gas Contracts



## New Zealand Total Gas Production

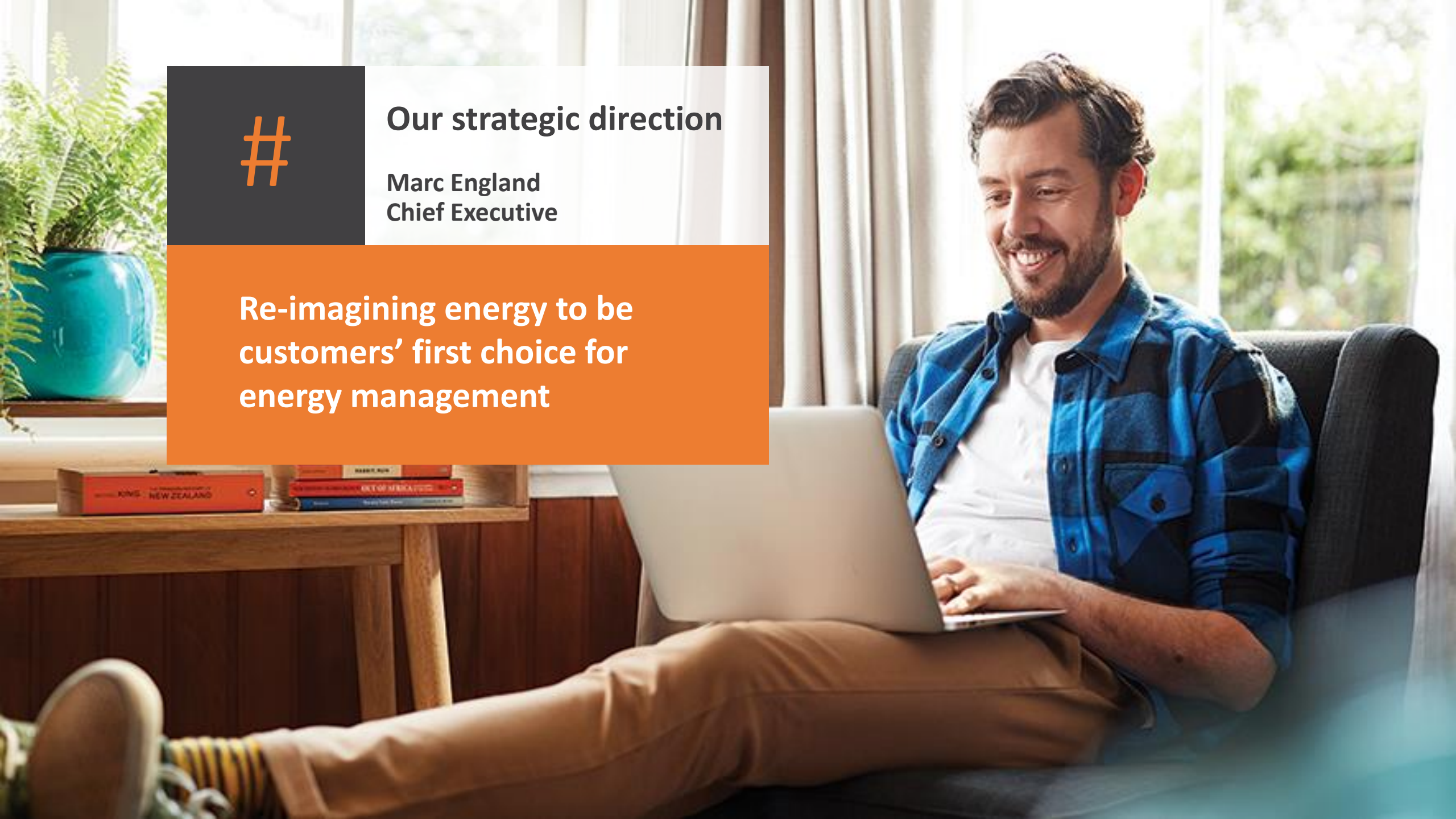




## Our strategic direction

Marc England  
Chief Executive

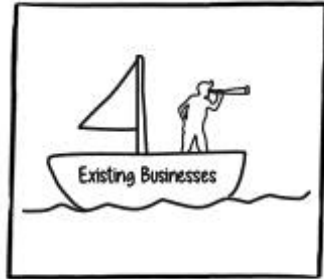
Re-imagining energy to be  
customers' first choice for  
energy management



## OUR VISION

Re-imagining energy  
to be customers'  
first choice for  
energy management.

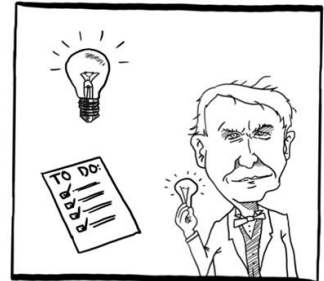
# Strategic themes to energy management



## Optimise

To improve short term return

1. Optimise generation
2. Optimise "Traditional Retail"
  - Deliver best in class cost to serve
  - Drive loyalty into the customer base
  - Win and keep valuable customers
3. Seeking corporate efficiency gains



## Innovate

For medium term growth

1. Enable products and services based on new customer data flows
2. Become market maker of customer comfort, convenience and control
3. Maximise the value of our Bottled Gas resources
4. Grow market share in Business to Business segment
5. Create an empowered and accountable agile culture and way of working



## Invest

In long-term value creation

1. Investment into systems and data capabilities, including accelerated foundation investment in retail
2. Develop eco-system platforms that deliver comfort, convenience and control for customers and advantage for Genesis Energy
3. Obtain greater influence of our Kupe business
4. Targeted business growth





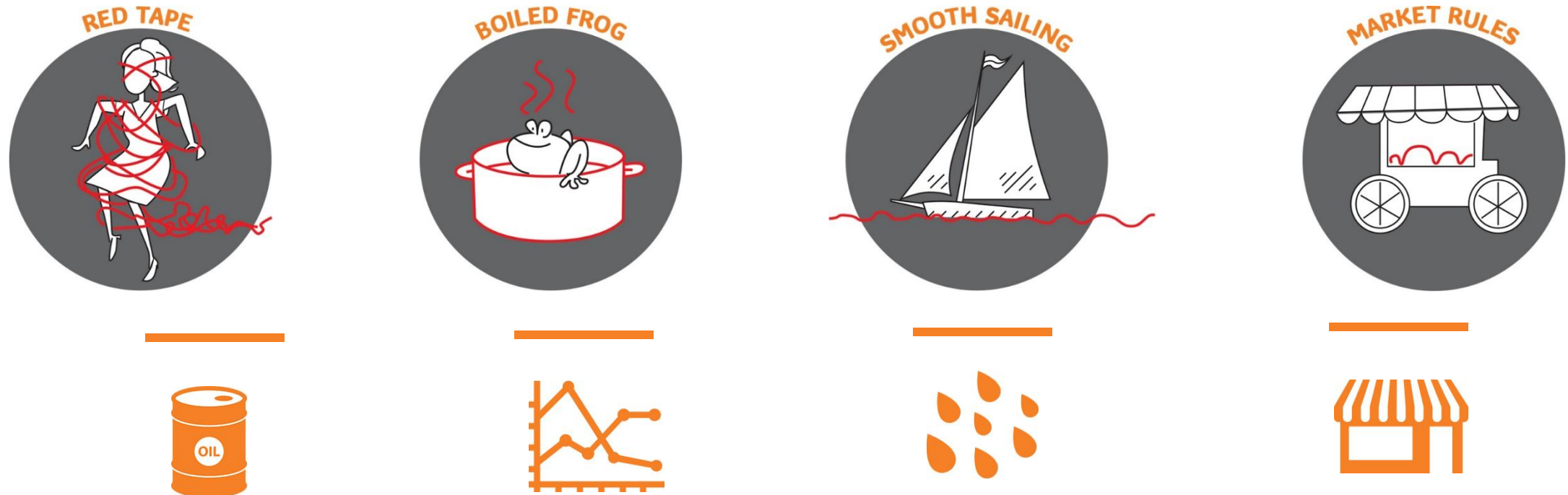
## Approaching strategic planning

**Dean Schmidt**

EGM Corporate Affairs & Transformation

# Future thinking informs decisions today

Scenarios provide plausible futures against which to challenge actions and assumptions



Scenarios are a mix of qualitative and quantitative insights

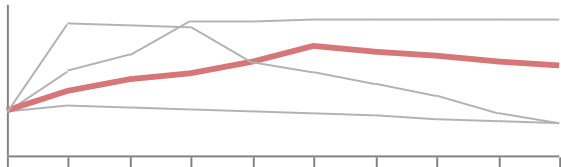


### NEW RETAIL ENTRANTS

Established players from other industries or countries enter



### REAL WHOLESALE PRICE PATH



### DISTRIBUTED ENERGY COSTS

DE costs shift slowly to be significantly lower than grid energy costs

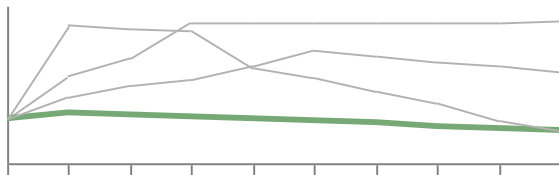


### NEW RETAIL ENTRANTS

Continued growth of Tier 2 innovation and channels



### REAL WHOLESALE PRICE PATH



### DISTRIBUTED ENERGY COSTS

DE costs shift to be lower than grid energy costs

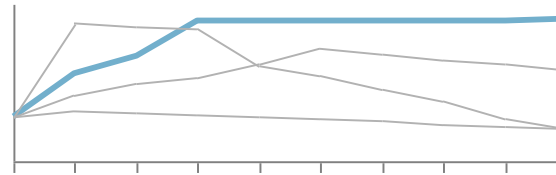


### NEW RETAIL ENTRANTS

Continued growth of Tier 2 innovation and channels



### REAL WHOLESALE PRICE PATH



### DISTRIBUTED ENERGY COSTS

DE costs reduce but still higher than grid energy costs

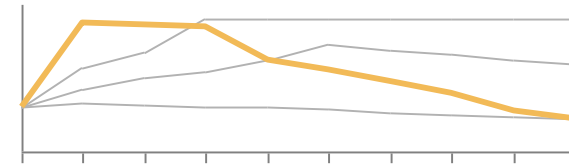


### NEW RETAIL ENTRANTS

Multiple new entrants across competitive spectrum (telco, start ups, adjacencies)



### REAL WHOLESALE PRICE PATH



### DISTRIBUTED ENERGY COSTS

DE costs shift quickly to be significantly lower than grid energy costs







#

# Optimising generation

**Tracey Hickman**  
EGM Generation and  
Wholesale



# Operating with closer integration

Driving value through greater integration of maintenance, operations and wholesale activities



Maintenance



Operations



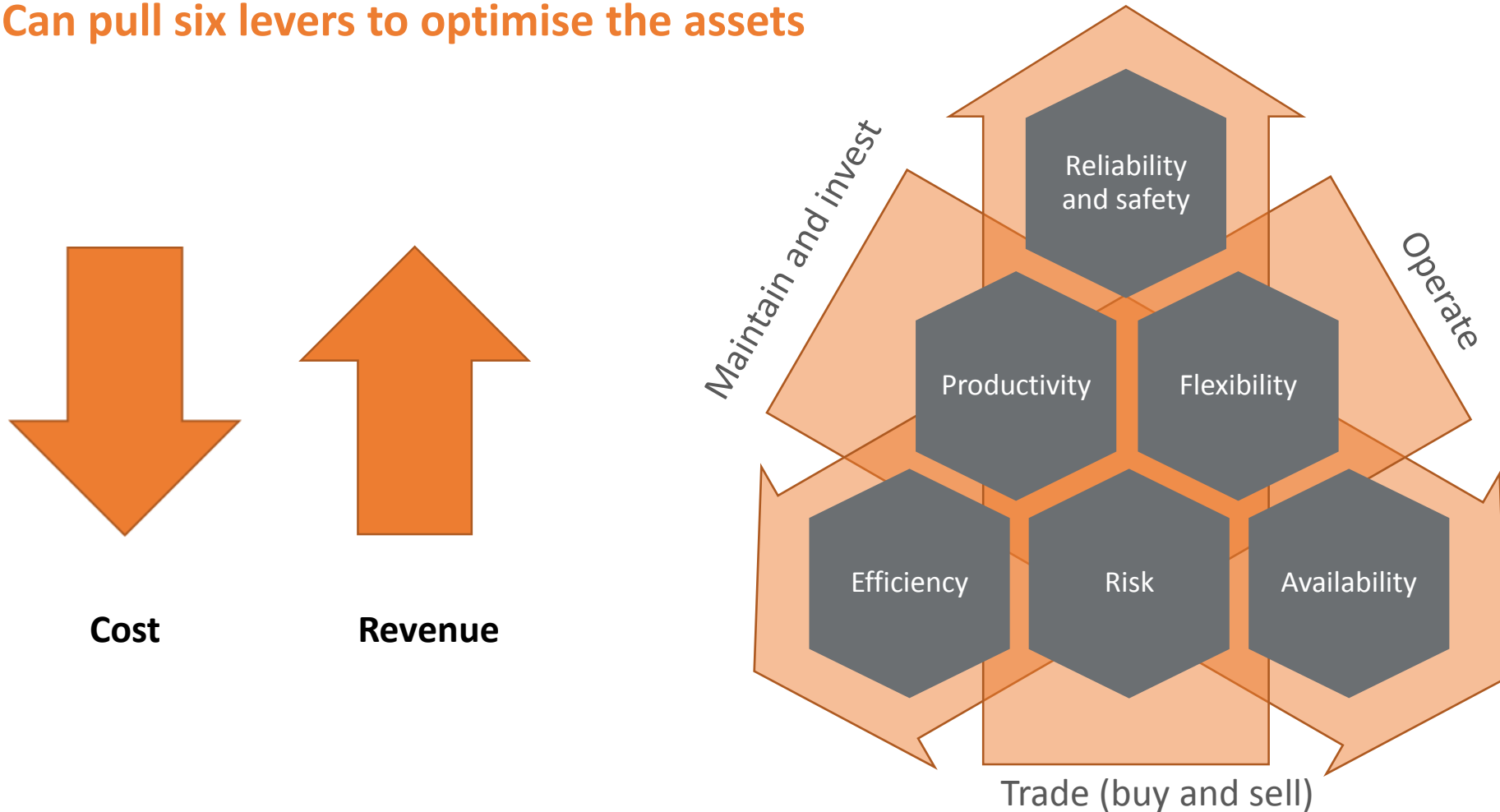
Wholesale





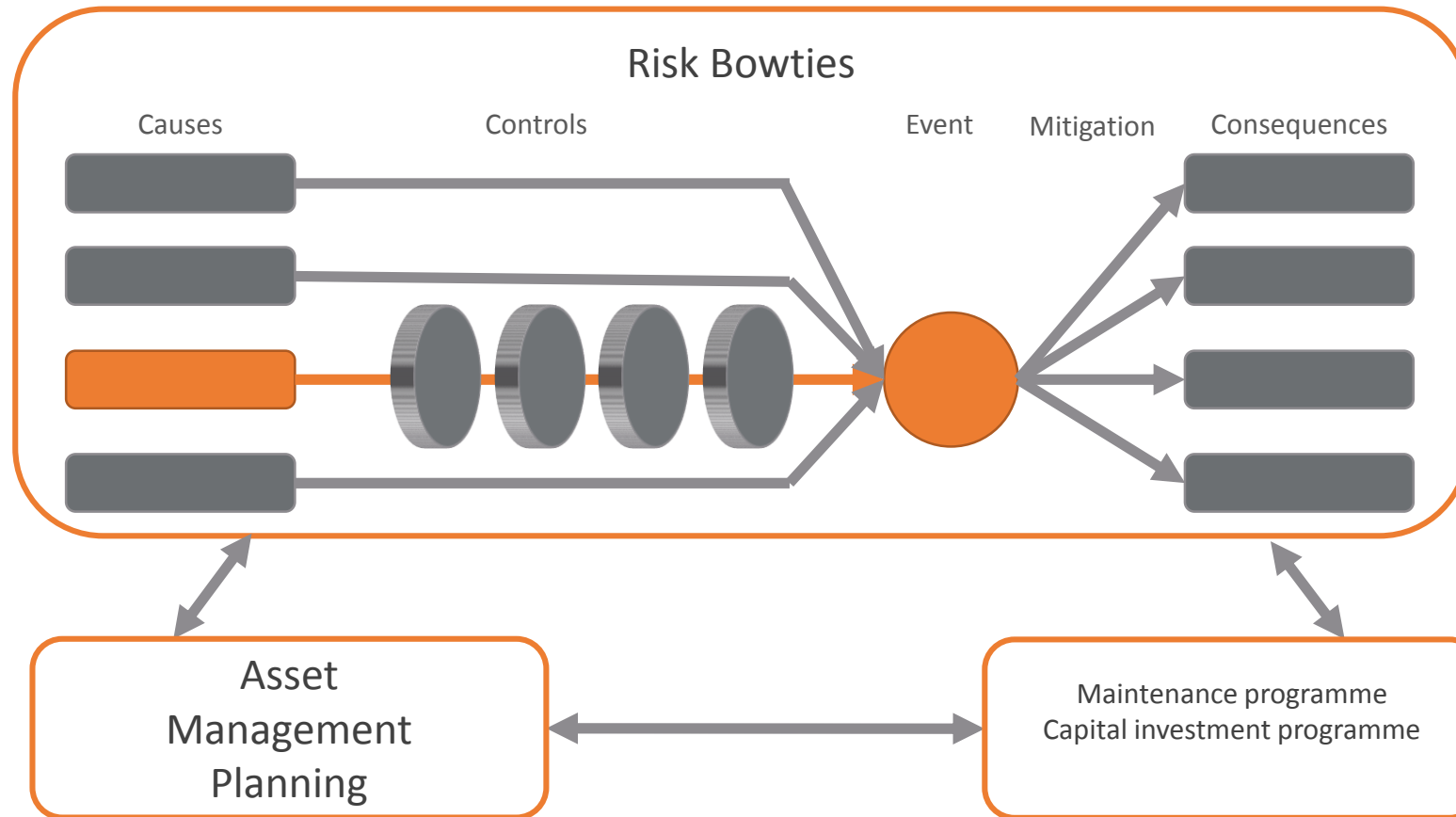
# Optimising generation assets to drive improved value

Can pull six levers to optimise the assets



# Risk management matches maintenance with consequence

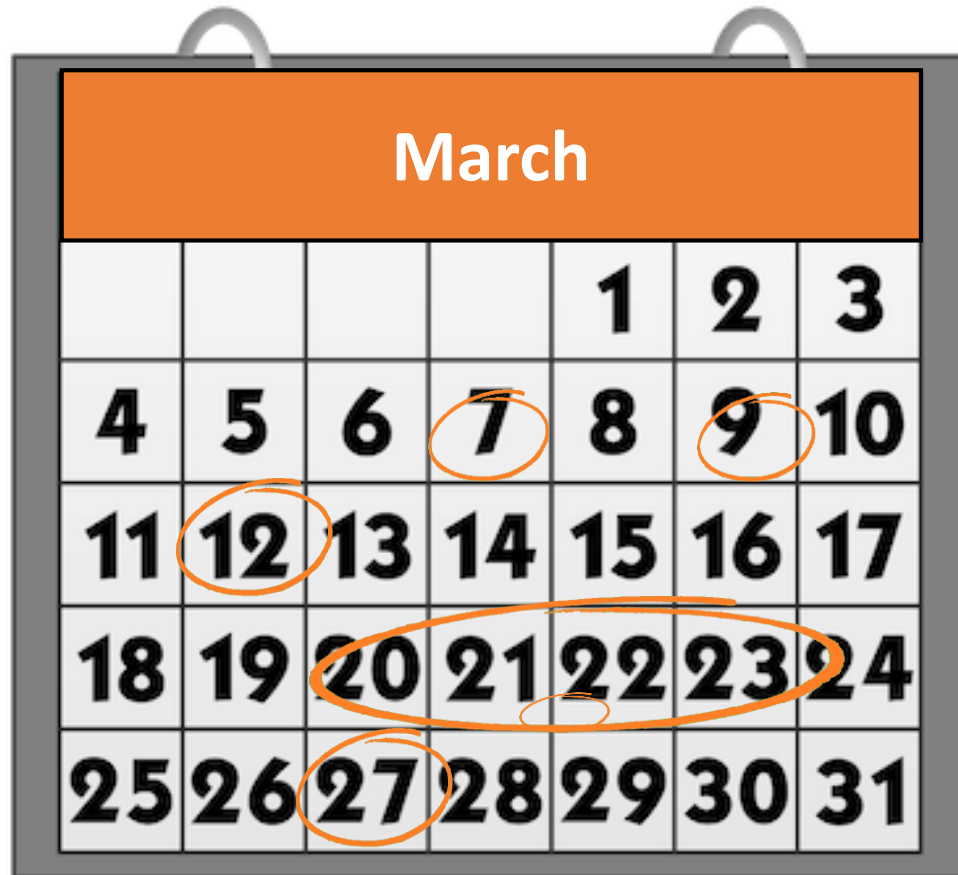
Integrated risk management drives process safety and reliability up, and costs down



# Effective planning, timing and efficient resource utilisation

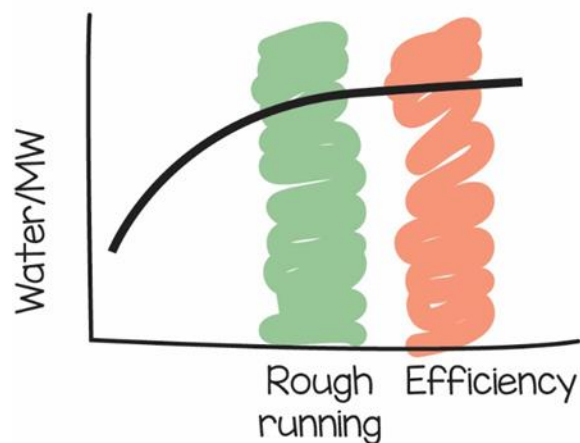


Effective planning and scheduling of maintenance drives plant availability and productivity up and costs of outages down

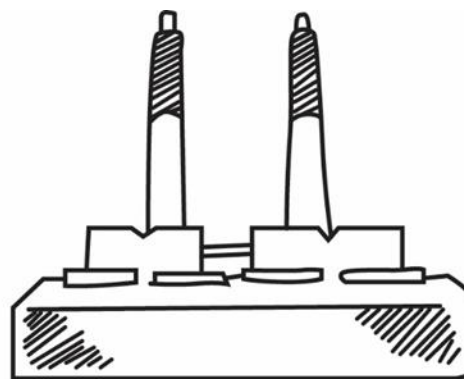


# Trading and hedging to manage operational risk

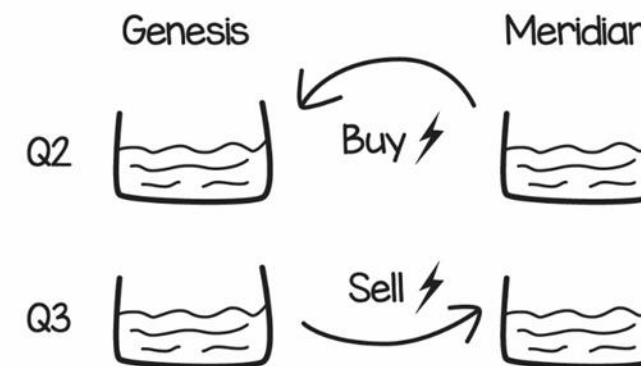
Operating and trading our assets to drive efficiency, leverage flexibility, reduce risk and create new value



Hydro Efficiency



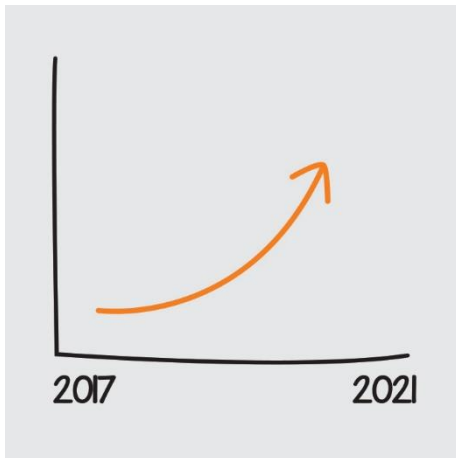
Rankine Efficiency



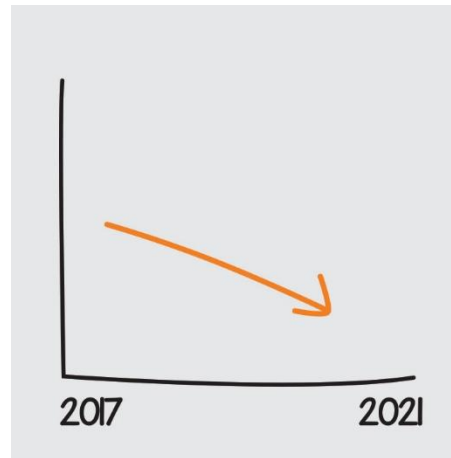
Trading & Hedging Operational Risk

# Optimising generation and trading

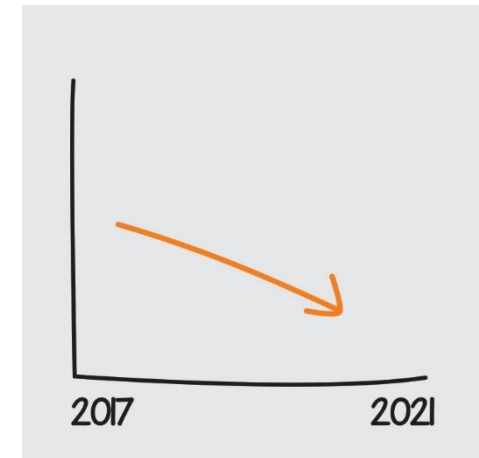
Greater value being delivered by integration of maintenance, operations and energy trading



Revenue



Opex, Capex



Plant defects





# Optimising customer value

**Nigel Clark**  
EGM Customer Operations



# Driving improvement across operations



**Leading  
customer  
experience &  
service**



**Low cost  
business  
model**



**Increase  
customer  
lifetime value**



**Innovative &  
differentiated  
products &  
services**

**DIGITAL**



**ANALYTICS**



**INNOVATIVE  
CULTURE**



# Driving improvement across operations



## Frictionless digital services for better customer outcomes at lower cost



### Leading customer experience & service

- Customer focus
- Frictionless
- Understanding
- Track Performance



### Low cost business model

- Interactions down
- Best technology
- Flexible
- Multiple channels
- Analytics and continuous Improvement

# Driving improvement across operations

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## Understanding customers to deliver engaging products and services



**Increase  
customer  
lifetime  
value**

- Understanding
- Segmentation
- Proactive
- Loyalty
- Low Churn



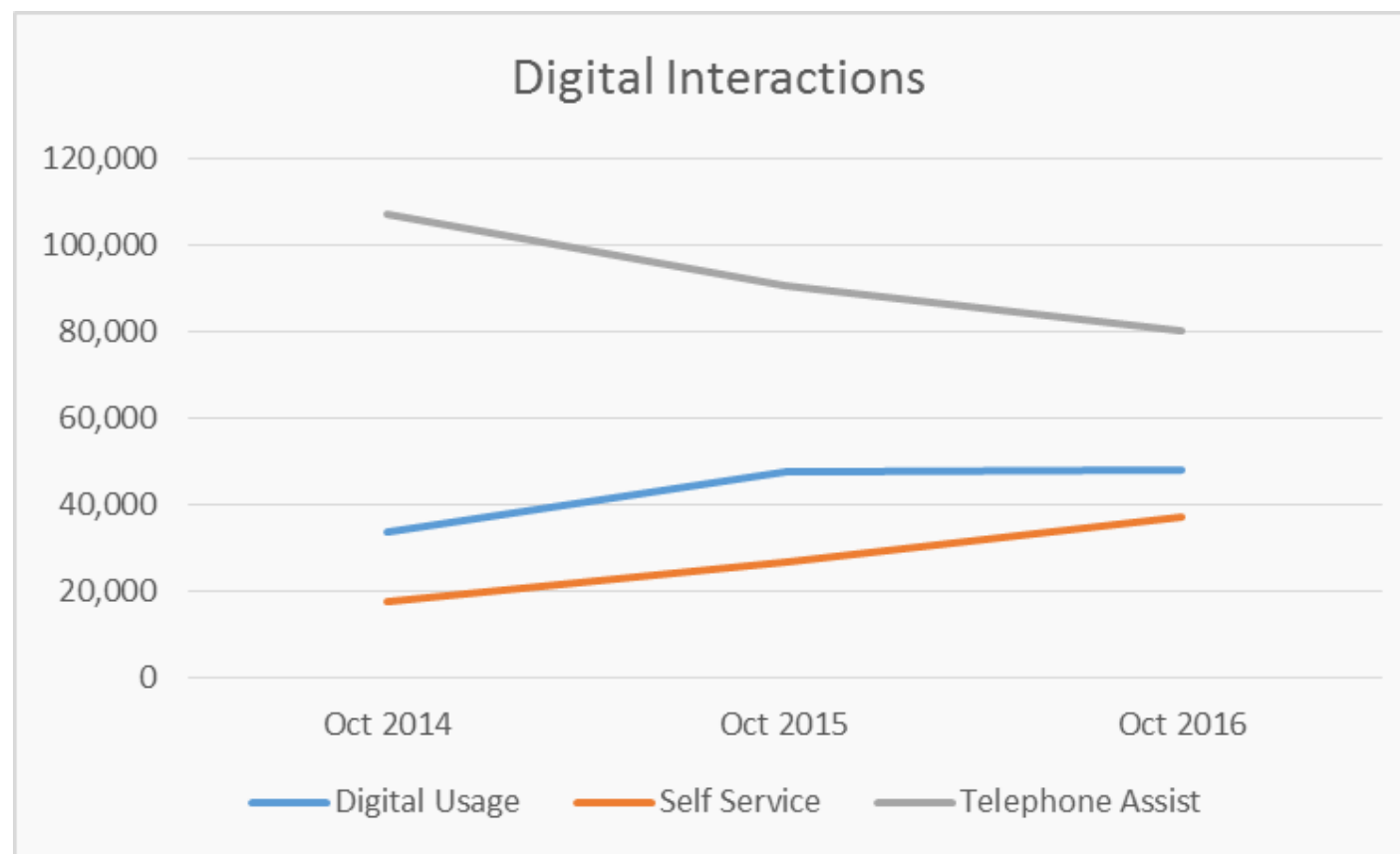
**Sales  
capability**

- Scaled Agile
- SME and LPG growth
- Future service structures

# More self service and reduction in call handling

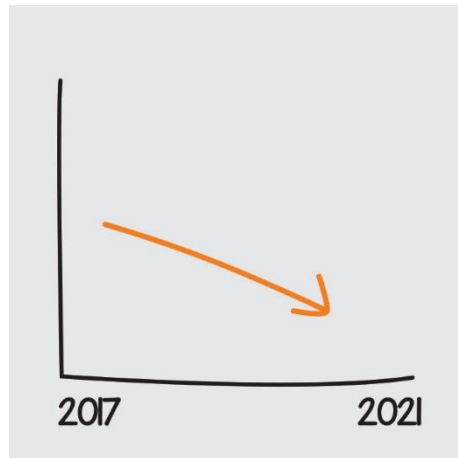


## Changing interaction is delivering great results

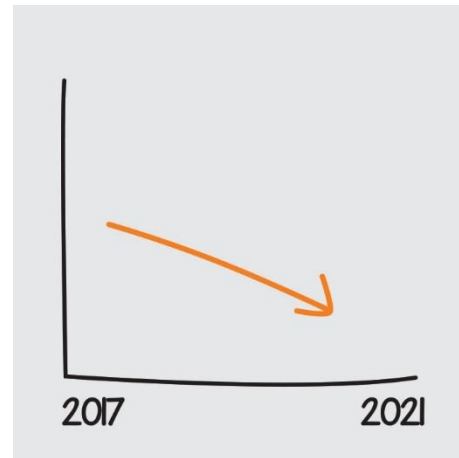


# Growing customer value

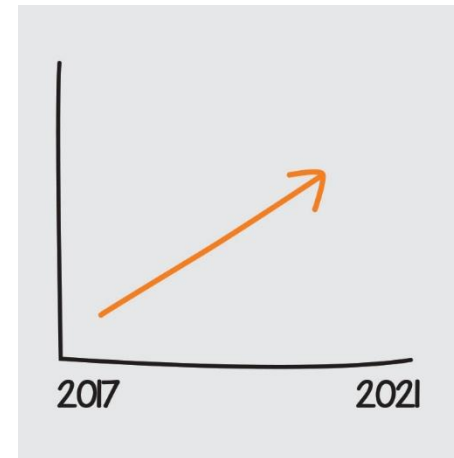
Improving the customer experience through a focus on digital, analytics and an innovative culture



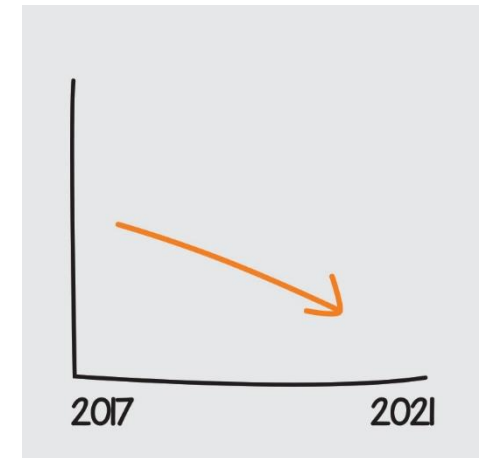
Cost to Acquire



Customer Churn



Sales



Cost to serve





# Innovate to grow

**James Magill**  
EGM Product Marketing

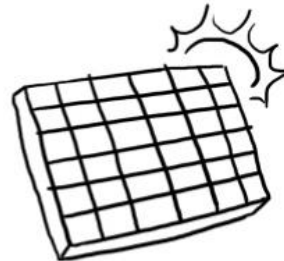


# Leveraging new technology to meet customer needs

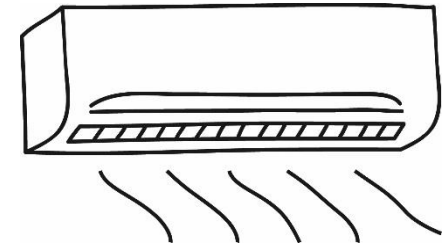
## Embracing the changing environment



Digital expectations



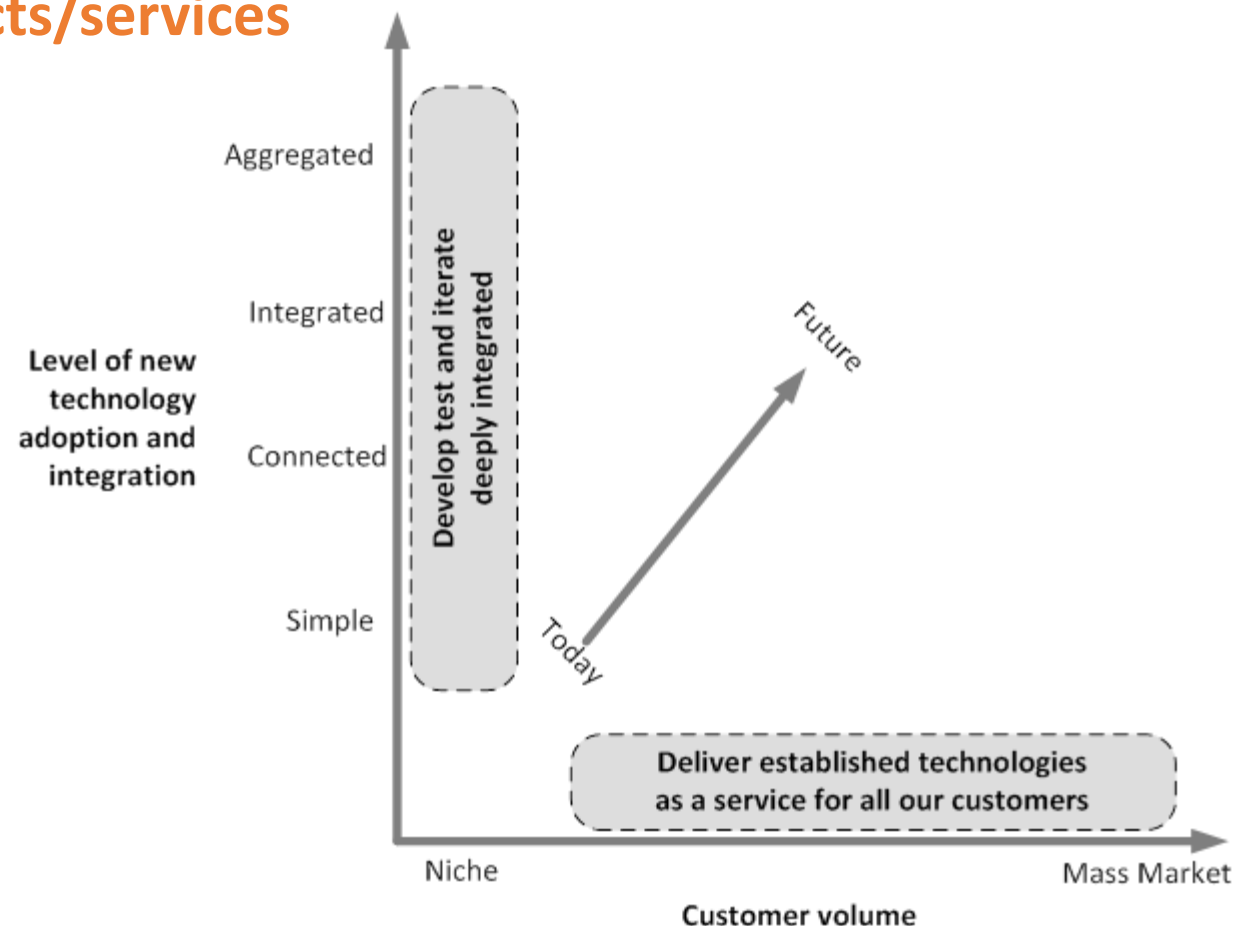
Distributed Energy



Future technologies

# Innovating for today's markets as well as the future

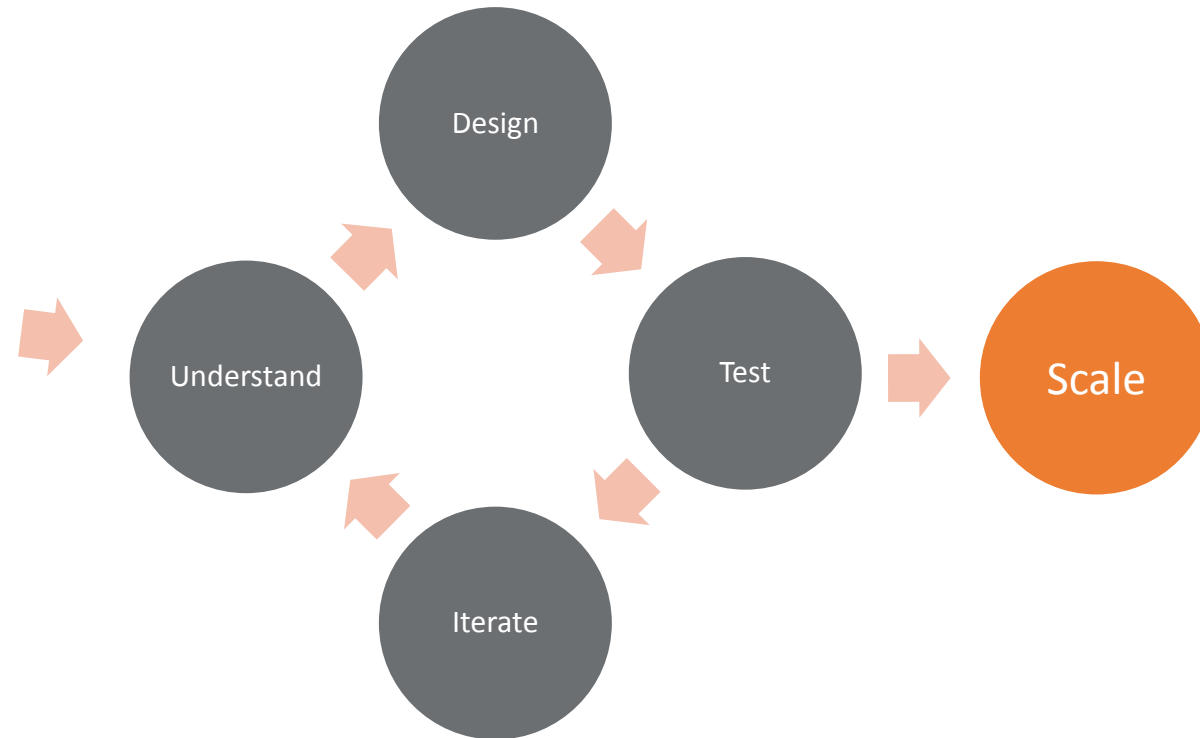
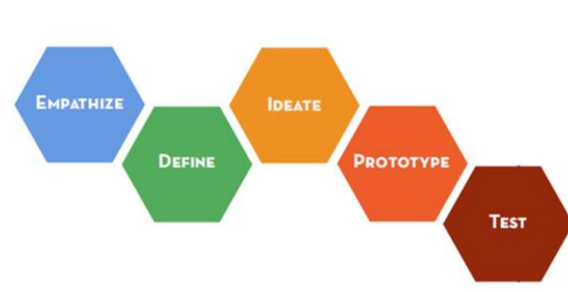
Experiment with integrating technologies to develop, iterate and ultimately scale new products/services





# New opportunities for growth

We are evolving the way we work and design products for our customers



# Existing opportunities for growth

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Focus on opportunities for growth in existing markets by disrupting current business models



Bottled gas



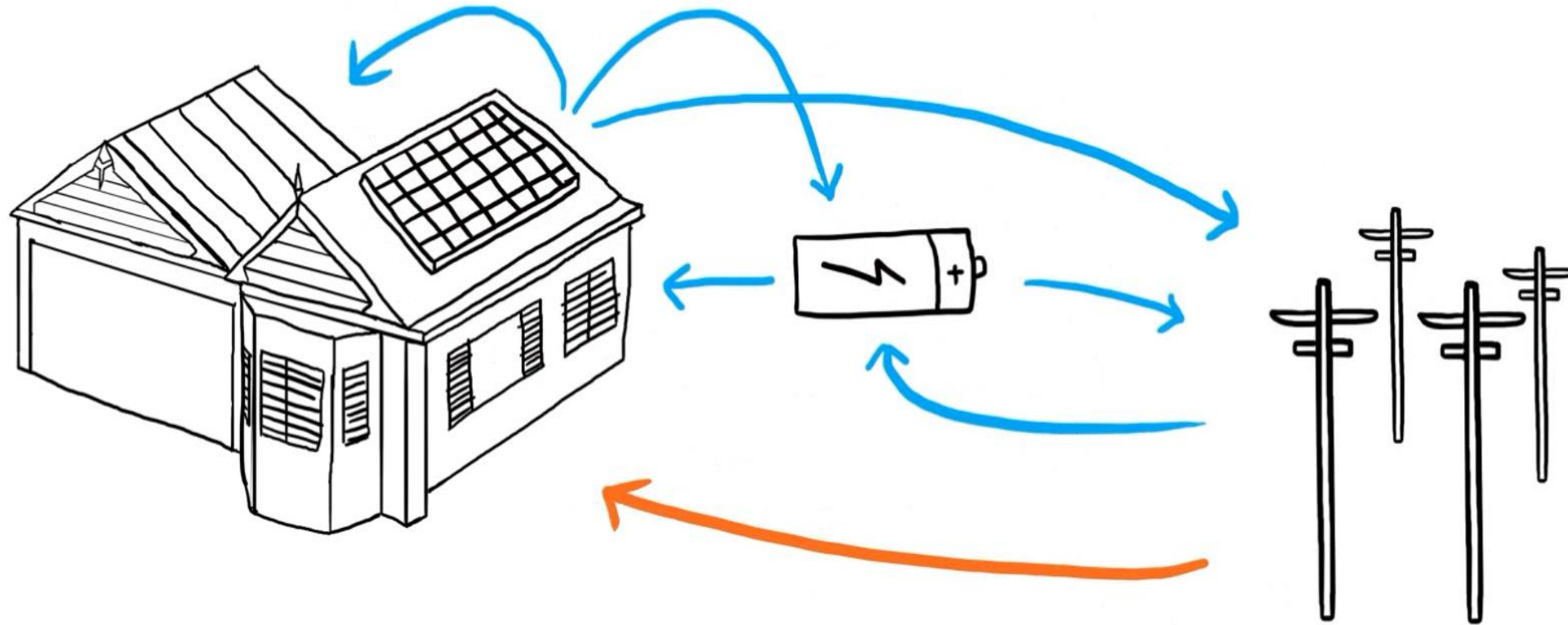
Small & medium enterprise



Residential

# Changing landscape for distributed energy

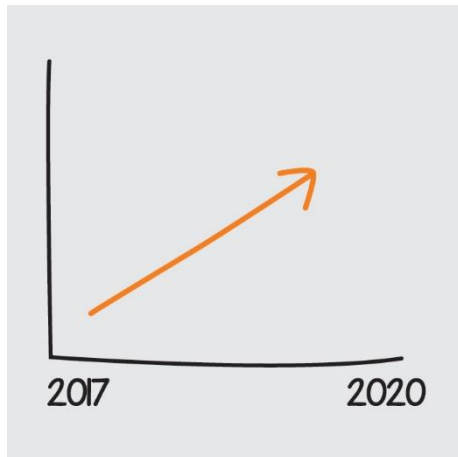
Moving from traditional one flow to seven flows of electrons



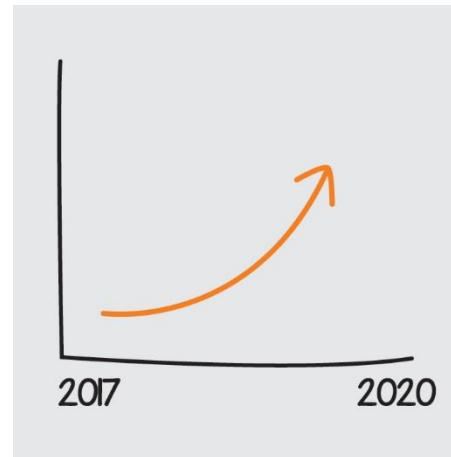


# Innovate for growth

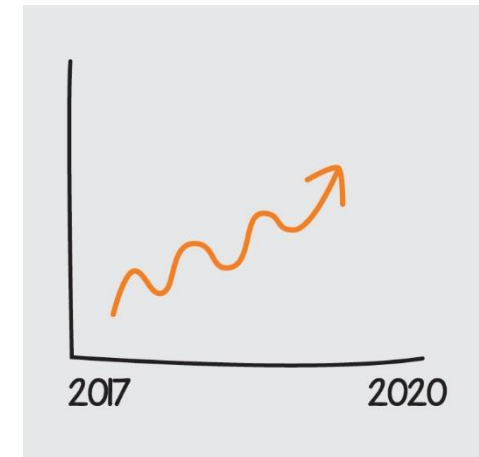
Innovation and sales focus on improving share of LPG and SME markets



LPG volume market share



SME volume market share



Energy Management  
product holdings

# From electricity market to energy market

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## Rethinking the traditional regulatory frameworks as the boundaries blur

### Level playing field

- Create a level playing field for emerging technology competition in the home and business

### Benefiting consumers

- Create a simplified distribution network that seamlessly integrates new technology in a way that benefits consumers

### Protection of data

- Create fairer access, and protection, of consumer data to allow for effective competition



# Digital strategy

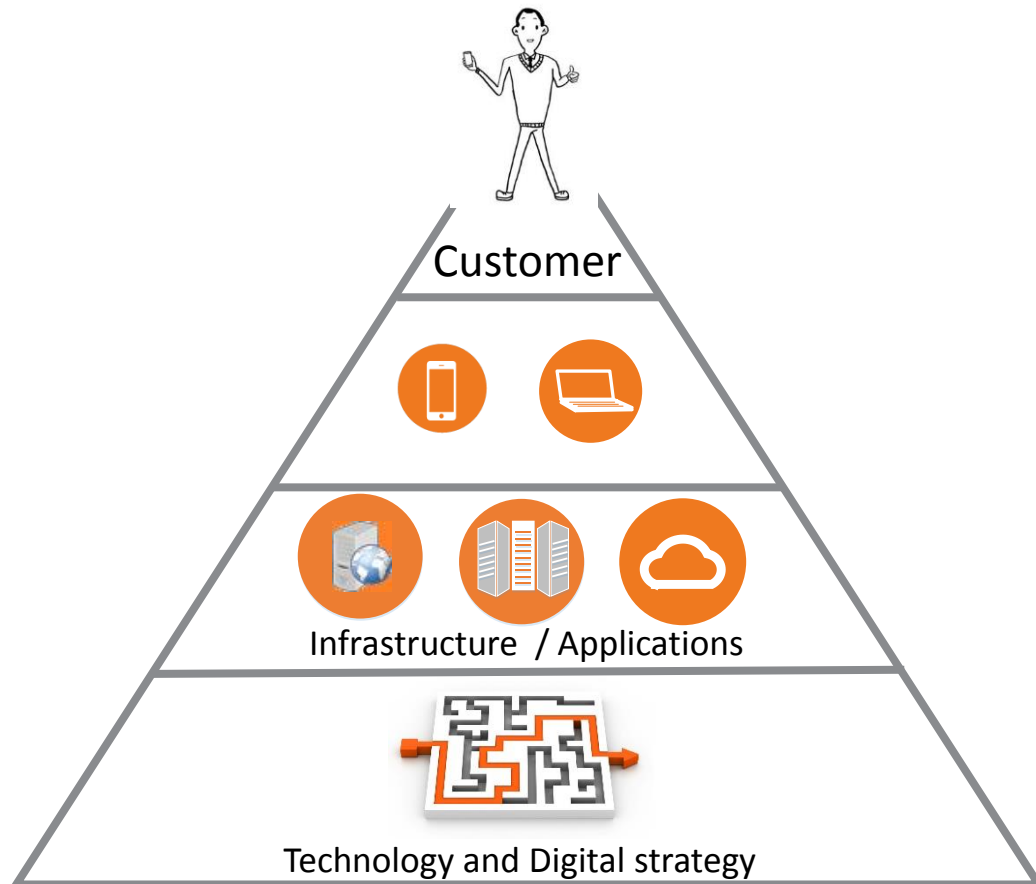
**Jen Cherrington-Mowat**  
EGM Technology and Digital





# Customers are core to the technology and digital strategy

Every project must contribute to our operational and customer value proposition



A technology and digital strategy delivered through:

- Customer-centric design-led thinking and product and service development
- Best of breed partners, suppliers and vendors
- Products and services that can be integrated, creating optimised customer experience and continued learning

# Enabling growth through tech' investment



Modular, scalable, best of breed applications and infrastructure

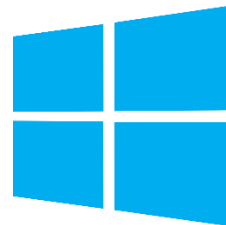


Mobile app



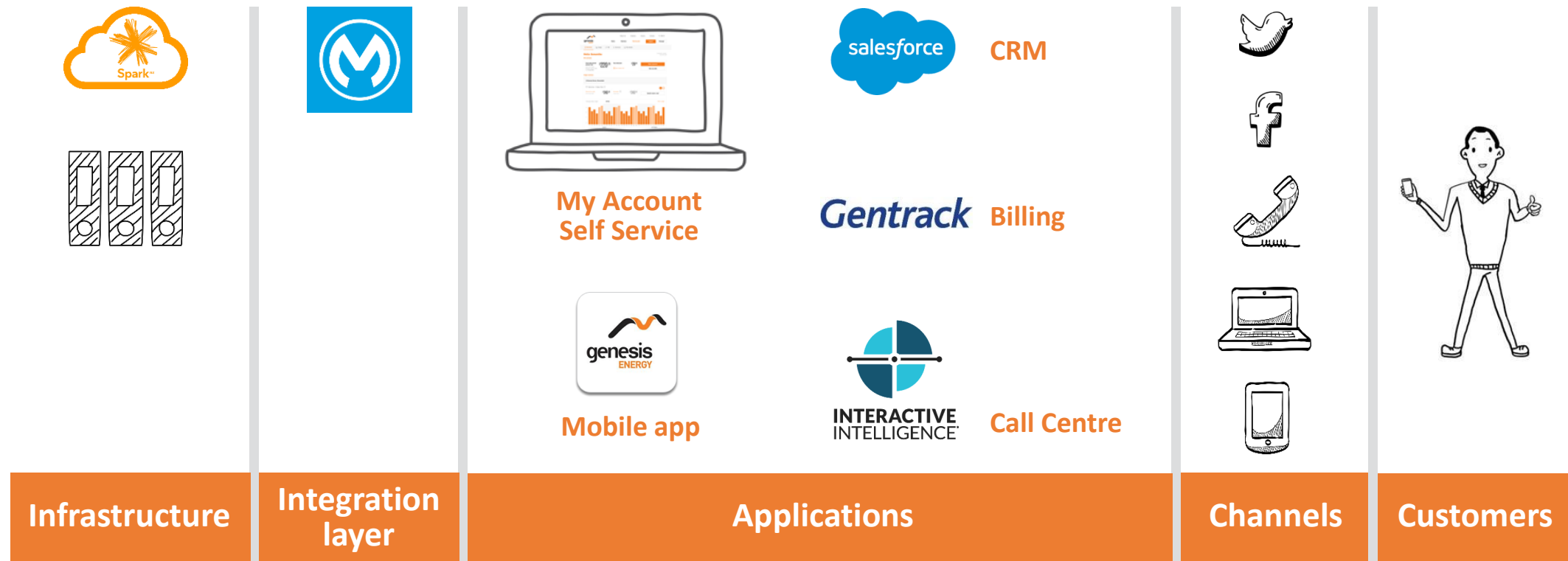
ORACLE®

*Gentrack*



# Tech' investment has already started

Key programmes of work are underway to support the business ambitions





# Next generation insight enabling new products and services

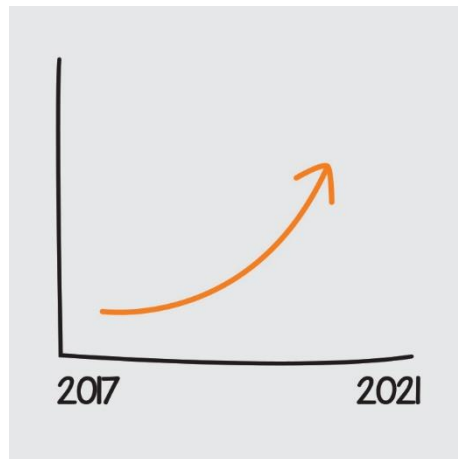


## Data and analytics supporting data-driven insights

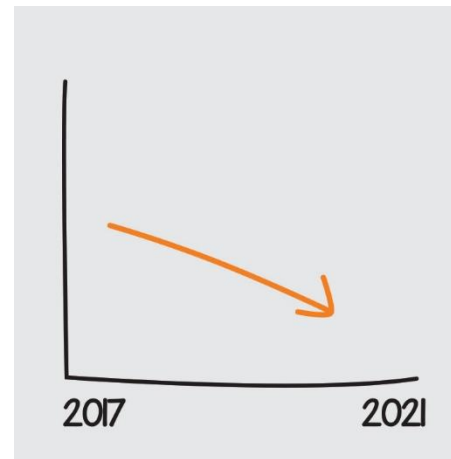


# Digital strategy is enabling growth

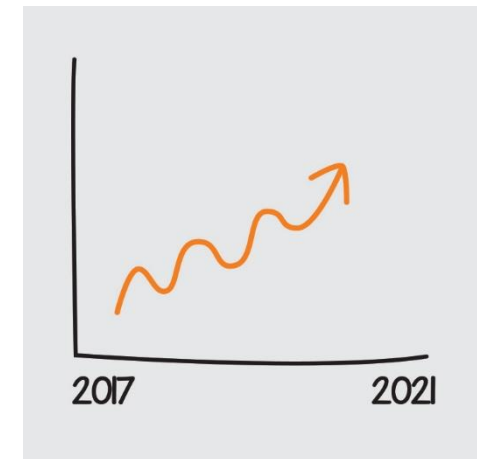
Customer insights coupled with modular and adaptable IT structure enable new services



Customer Insights



Capex



Investment in digital services



# Invest

**Chris Jewell**  
Chief Financial Officer





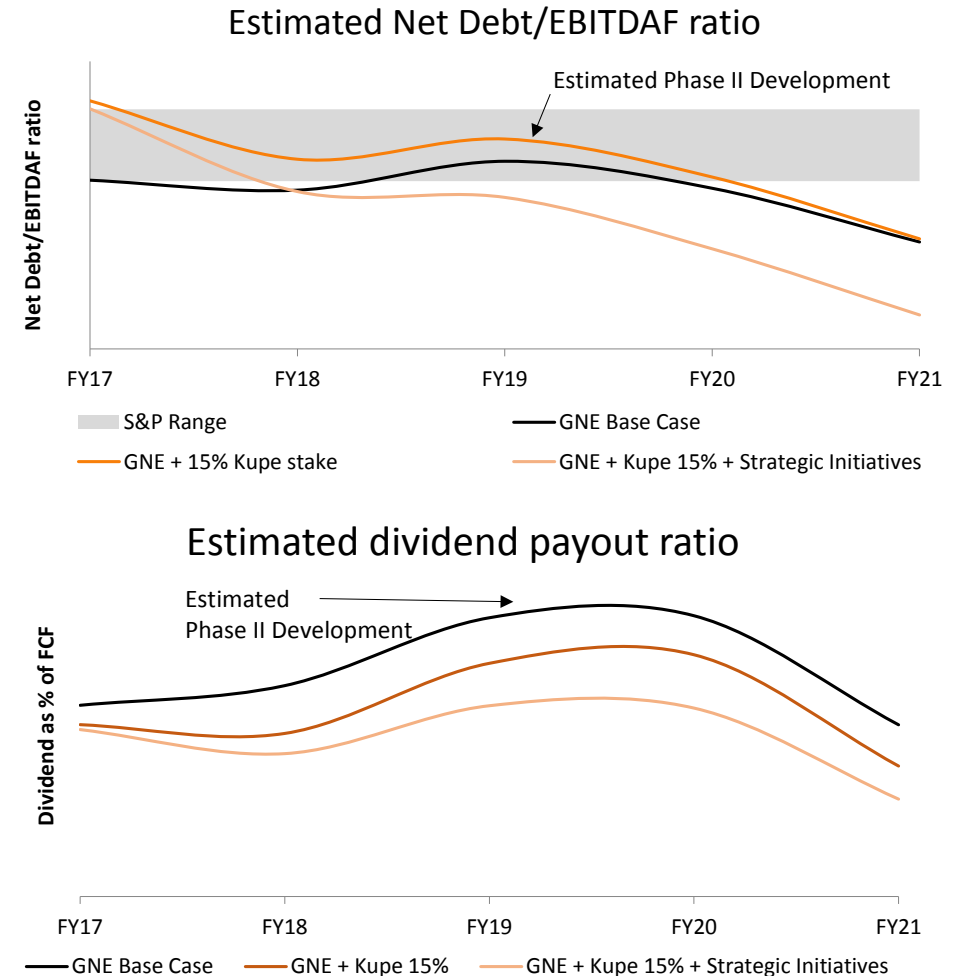
# Balance sheet capability



## Head room for investment in growth





- Balance Sheet provides flexibility to deploy for investment in growth and pay dividends
- Current debt levels well within S&P BBB+ key credit rating metrics
  - FY16 EBITDAF interest cover of 6.3x
  - FY16 Net Debt to EBITDAF ratio of 2.5x
  - FY16 Adjusted gearing of 30.4%
- Average maturity tenor of 8 years
- Diversified debt portfolio across products, countries and maturities
- \$200m - \$250m capacity for further investment<sup>1</sup>
- Any investment needs to:
  - Align with strategy
  - Be earnings accretive

<sup>1</sup>Assumes further hybrid funding is issued



# Areas of investment opportunities

## Investment opportunities aimed at enhancing and supporting our core business

	Kupe – building on our integrated fuels strategy and creating a flexible fuels strategy with 15% share acquisition from NZOG		LPG – investing to grow retail and bulk market share
	Distributed generation and Energy Management products		Foundation technology systems – to augment current products and capability or provide entry into new retail channels



# Recap of Kupe transaction highlights



## Acquisition of New Zealand Oil and Gas' 15% share in Kupe

Transaction	▶	Acquisition of NZOG's 15% stake in Kupe JV for \$168m increasing Genesis Energy's stake to 46%
Strategic	▶	Greater flexibility over future gas supply and increased JV influence
Balance Sheet	▶	Strengthened funding platform for transition to new energy future
Deal Structure	▶	Purchase 100% of the shares in four NZOG subsidiaries that hold its 15% stake and royalty receipts
Production	▶	Additional 160kbbls of oil and 13,000 tonnes of LPG per annum plus 26PJ of uncontracted gas
EBITDAF	▶	Approximately \$39m incremental annual EBITDAF at current oil prices and exchange rates
Dividend	▶	Enhanced support for Genesis Energy's dividend payments and imputation benefits
Funding	▶	Transaction will be funded by existing debt facilities
Timing	▶	Acquisition effective 1 January 2017

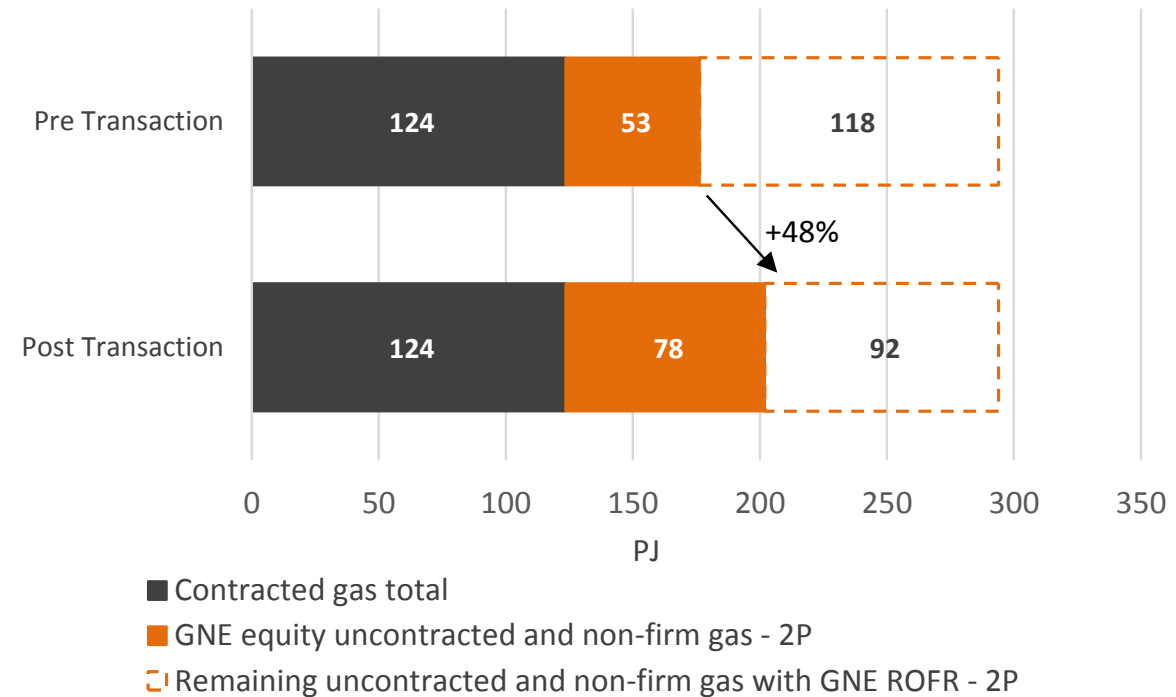
# Improving integrated fuels strategy: Gas



## Significant value in future uncontracted gas

- Significant value in 26PJ of uncontracted gas
- Domestic gas reserves declining and current prices are low
  - Transaction effectively contracts all of NZOG's future Kupe gas at today's prices and factoring in Tiwai risk
- A significant source of fuel for Genesis Energy generation and retail portfolios beyond 2020
- Genesis Energy retains right of first refusal over 54% of uncontracted gas it doesn't own
- Opportunity under consideration to accelerate production by 10% p.a.

Projected Kupe Gas Sales<sup>1</sup>



<sup>1</sup> Based on Origin Energy reported undeveloped and developed 2P reserves at 30 June 2016

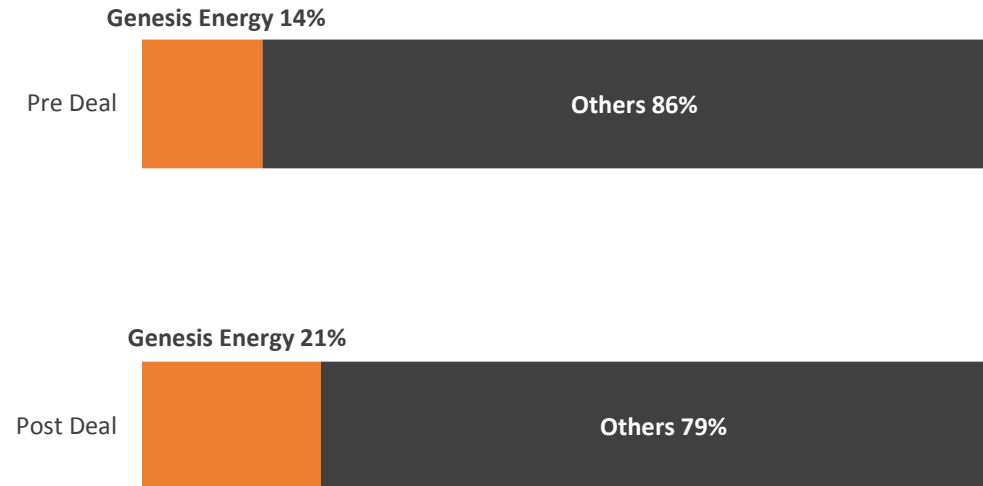
# Improving integrated fuels strategy: LPG



## Platform to grow LPG business

- Acquisition will increase Genesis Energy's share of total New Zealand LPG production from 14% to 21%
- Additional 13kt pa purchased whilst NZ is an exporter and prices are low
  - NZ production is expected to decline and industry likely to become net importer of LPG
  - Benefits to owning a greater share of declining supply
- Provides a strong platform to grow LPG business
  - Current retail sales market share of only 2%

### Genesis Energy share of New Zealand LPG production



Source: LPGA FY2016 figures, Genesis Energy

# Positive impact on earnings



## EBITDAF expected to increase

- Transaction is expected to increase annualised EBITDAF by approximately \$39m
- Based on pro-forma FY2016 estimates, earnings accretion of approximately 6% relative to FY2016 reported NPAT of \$184.2m
- Six months earnings impact in FY2017
  - FY2017 EBITDAF expected to increase by approximately \$15.1m after transaction costs<sup>2</sup>
  - FY2017 NPAT is expected to increase by approximately \$2.2m after transaction, depletion, depreciation and funding costs
  - Increase in FY2017 Free Cash Flow of approximately \$5.7m

Financial Impact of Acquisition \$m	FY2016 Estimated Pro-forma Incremental Impact <sup>1</sup>	FY2017 Estimated Incremental Impact <sup>2,3</sup>
EBITDAF	\$39.3m	\$15.1m
NPAT	\$11.3m	\$2.2m
EPS	1.13cps	0.22cps
Free Cash Flow <sup>4</sup>	\$18.4m	\$5.7m

<sup>1</sup> Estimated incremental benefit based on ownership of NZOG stake for full 12 months ending 30 June 2016 including cost of financing acquisition but excluding transaction costs

<sup>2</sup> Includes transaction costs of \$2.6m covering financial and legal advisor fees

<sup>3</sup> These estimates are based on an average oil price of US\$50.98/bbl for FY2017 and a NZD/USD cross rate of US69.4c

<sup>4</sup> Free Cash Flow is EBITDAF less interest expense, less tax, less stay in business capital expenditure

# Strong strategic rationale

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## Greater gas flexibility and JV influence

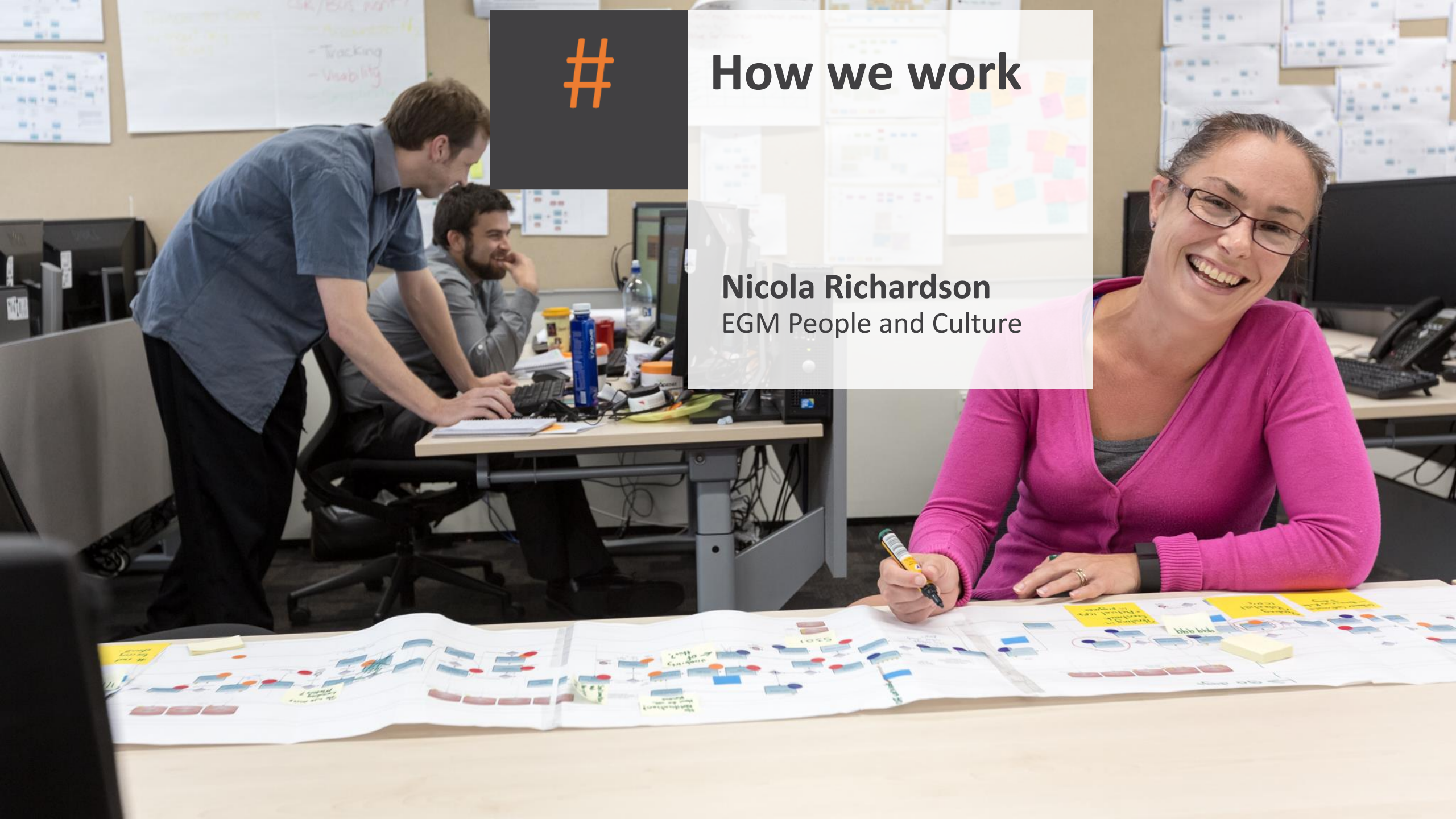
- Enhances previously communicated 'Integrated Fuels Strategy' to create value from production through to thermal generation and retail:
  - Ownership of an additional 26PJ of uncontracted gas
  - Additional LPG volumes – 13kt/yr - 21% of national production
  - Improved support for retail LPG growth initiative
  - Attractively priced LPG contract for all of NZOG's share of LPG
- Low cost opportunity to accelerate up to 10% per year of production
- Improves level of influence and control within the JV
  - For example provides more control over the timing of future development of the asset
- Underpins dividend payments with a more diverse earnings stream
  - Increased \$US dollar denominated and reduced proportional exposure to electricity market dynamics
- Strengthens medium term Balance Sheet metrics supporting a longer term transition to a new Energy future
  - Efficient use of Balance Sheet capacity with no integration risk
  - Kupe field well understood by Genesis Energy and a strong performing quality asset





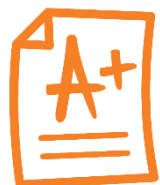
# How we work

**Nicola Richardson**  
EGM People and Culture



# Being deliberate with our best asset: our people

## To become a lean and agile top quartile employer



### Lean corporate

- Optimisation of the corporate functions



### Invest in capability

- Investment in new capabilities, product development, insights, sales and software integration skills



### Zero Harm

- An unwavering focus to keep our people safe and well

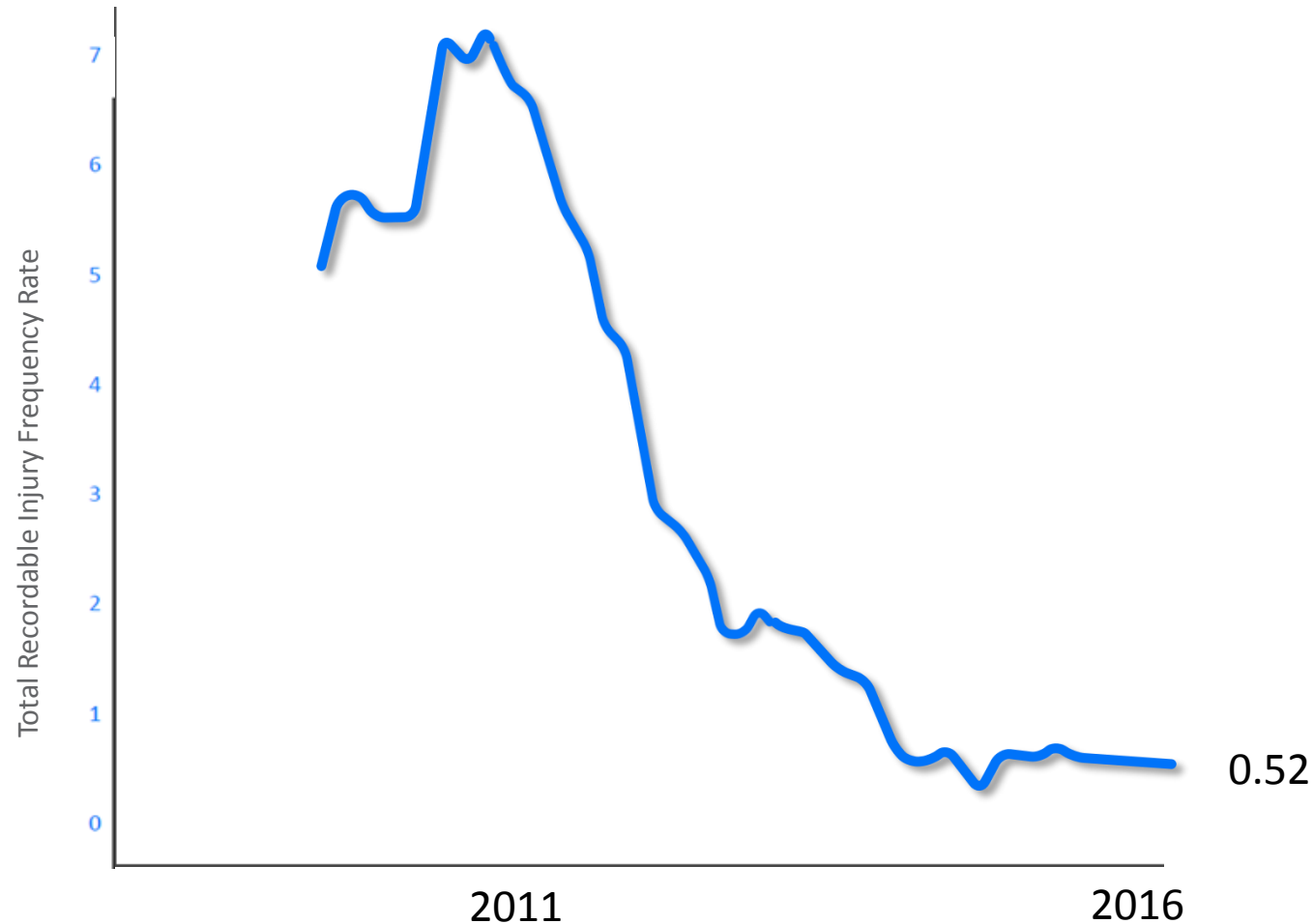


### Speed up product delivery

- Adapt new ways of working to realise EBITDAF faster

# Focus on Zero Harm is paying off

92% improvement in Total Recordable Injury Rate over five years





The Genesis Energy logo is mounted on a building facade. It features a stylized orange and black icon above the word "genesis" in black lowercase letters, with "ENERGY" in orange uppercase letters below it.

genesis  
ENERGY



# Commitment and summary

**Marc England**  
**Chris Jewell**



# Disclaimer

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This presentation has been prepared by Genesis Energy Limited ('Genesis Energy') for information purposes only. The information in this presentation is of a general nature and does not purport to be complete nor does it contain all the information required for an investor to evaluate an investment. This presentation may contain projections or forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward looking statement based on a number of important factors and risks.

Although management may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised. EBITDAF, underlying profit and free cash flow are non-GAAP (generally accepted accounting practice) measures. Information regarding the usefulness, calculation and reconciliation of these measures is provided in the supporting material. Furthermore, while all reasonable care has been taken in compiling this presentation, to the maximum extent permitted by law Genesis Energy accepts no responsibility for any errors or omissions and no representation is made as to the accuracy, completeness or reliability of the information. This presentation does not constitute investment advice.



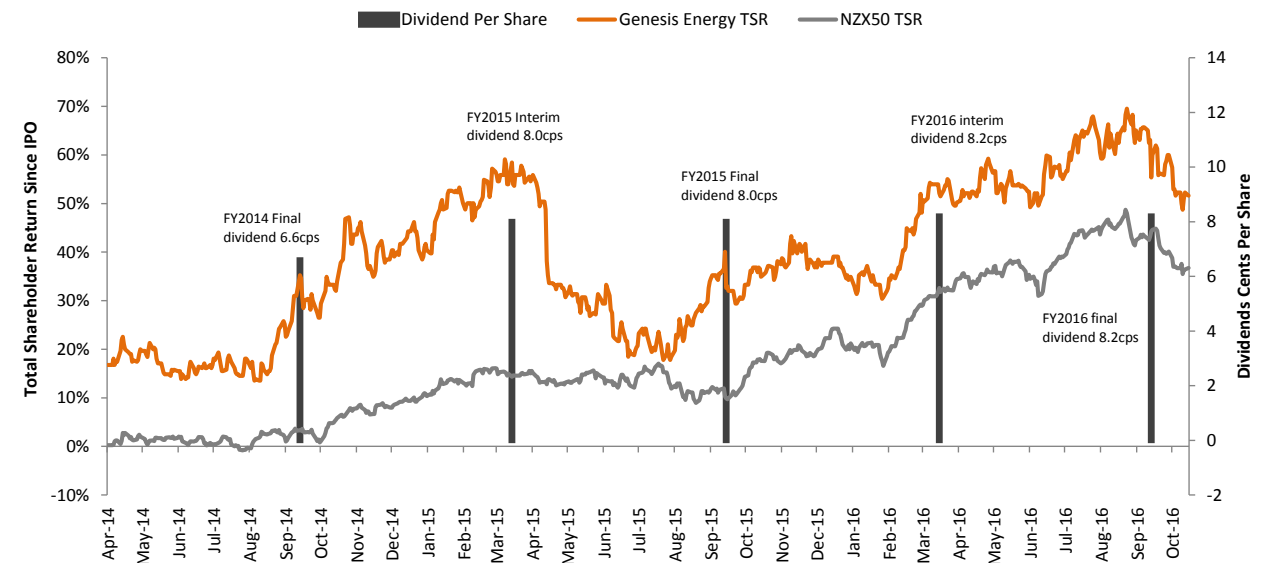
# Total Shareholder Return (TSR)



## Genesis Energy TSR has been positive to date

- Genesis Energy is targeting upper quarter annual TSR amongst comparable companies
  - Translates to target TSR of 14+% per annum
- Genesis Energy outperformed against its target in FY2016

Genesis Energy Share TSR Since IPO vs NZX50



	FY2015	FY2016	Since IPO <sup>1</sup>
GNE TSR	5%	32%	52%
NZX50 TSR	11%	20%	37%

<sup>1</sup> TSR from 17 April 2014 to 31 October 2016

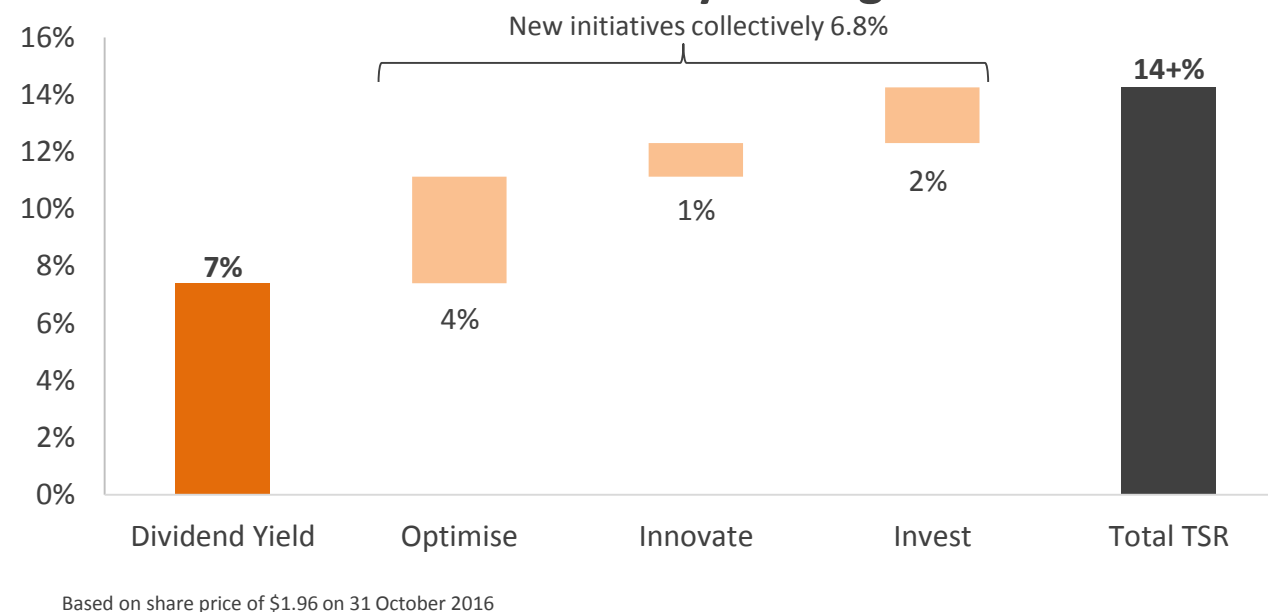
# How we think about building shareholder value



## Targeting upper quartile TSR

- Our plan targets upper quartile annualized TSR growth over FY17-FY21
- Shareholders will see yield plus growth
- Components of TSR performance include:
  - Average dividend yield 7%<sup>1</sup>
  - Optimise 4%
  - Innovate 1%
  - Invest 2%
- TSR impact of initiatives is estimated based on uplift in EBITDAF and use of capex

## Estimated contributions to targeted FY17-FY21 annualised TSR by strategic initiative



<sup>1</sup> Average forecast dividend 2017-2020 divided by average forecast share price

# How we aim to deliver and track TSR



Strategic Initiative	Description	Target Annualised EBITDAF uplift FY17 -FY21 \$m	Cumulative CAPEX to achieve target FY17-FY21 \$m	Incremental annualised TSR FY17-FY21
Genesis Energy core	<ul style="list-style-type: none"> <li>Underlying earnings driving current dividend yield</li> </ul>	\$15m - \$25m		7%
Optimise	<ul style="list-style-type: none"> <li>Lean corporate support centre</li> <li>Retail gross margins</li> <li>Retail cost to serve</li> <li>Customer churn reduction</li> <li>Generation cost base</li> </ul>	\$20m - \$30m <sup>1</sup>	\$5m-\$10m	4%
Innovate	<ul style="list-style-type: none"> <li>LPG growth</li> <li>SME and business segment growth</li> <li>Energy Management products</li> </ul>	\$12m - \$17m	\$20m-\$30m	1%
Invest	<ul style="list-style-type: none"> <li>Acquisition of additional 15% stake in Kupe</li> <li>Foundation technology systems</li> </ul>	\$35m - \$40m	\$168m (Kupe purchase price), \$46m (Kupe capex), \$5m-\$10m (GE tech systems investment)	2%
Total		\$82m - \$112m		14+%

<sup>1</sup>\$12m of Optimise annualised EBITDAF uplift is included in FY17 EBITDAF guidance

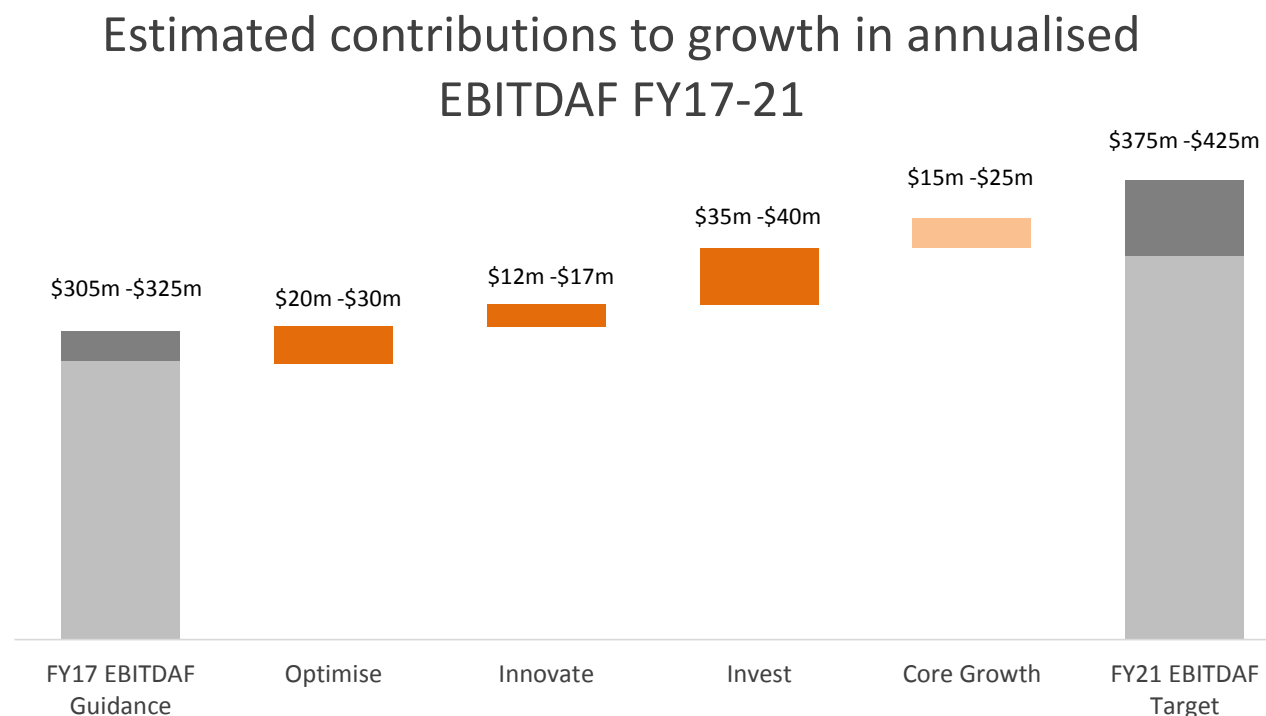
<sup>2</sup> Includes 15% share of estimate Phase 2 development capex

# Target earnings profile



## Targeting \$400m+ EBITDAF by FY21 (with a range of \$375m - \$425m)

- FY17 EBITDAF guidance – \$305m - \$325m
- Transformation journey underway - FY17 earnings guidance includes some transformation value
- EBITDAF target enables **Yield plus Growth**



Note that \$12m of Optimise annualised EBITDAF uplift is included in FY17 EBITDAF guidance

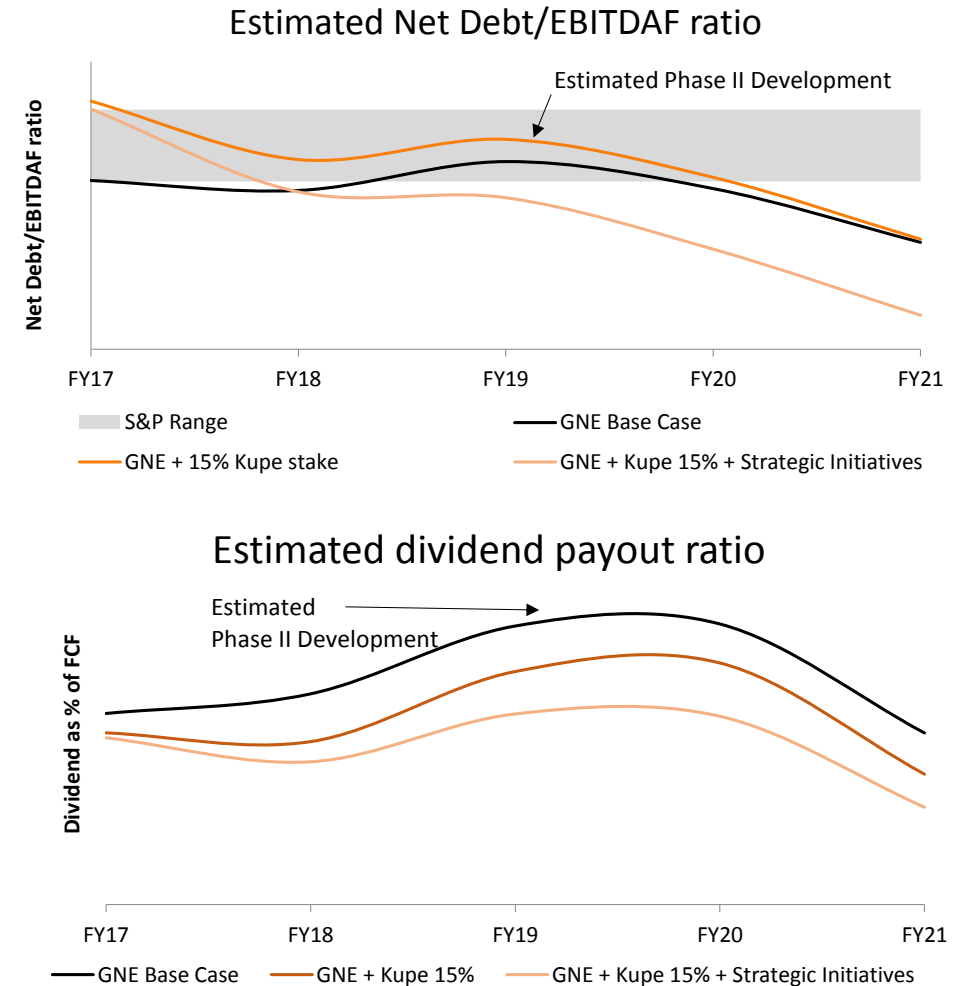
# How our balance sheet will support growth



## Focus on creating capacity

- Balance Sheet remains strong to invest for growth, pay down debt, and pay dividends
- Some new hybrid debt funding possible to create investment optionality (on top of the existing \$200m of hybrids)
- We will continue to track the impact of new strategy on capital structure based on:
  - Net Debt/EBITDAF
  - Gearing
  - Dividend as % of FCF
- \$200m - \$250m capacity for further investment<sup>1</sup>

<sup>1</sup>Assumes further hybrid funding is issued





# How we are tracking success



## New disclosure metrics

- Commitment to disclose further metrics over time to help the market track our journey towards EBITDAF growth

### OPTIMISE

#### Retail

- Retail cost to serve
- Cost to acquire
- Calls answered
- Customer interactions
- Retail netback
- Multiple product customers
- % digital only customers

#### Generation & Wholesale

- Availability
- Forced Outage Factor
- Rankines output
- Coal / Gas mix

#### Corporate

- Headcount (FTE)

### INNOVATE

#### Retail

- LPG customer numbers
- LPG sales volumes
- LPG market share
- SME market share

#### IT

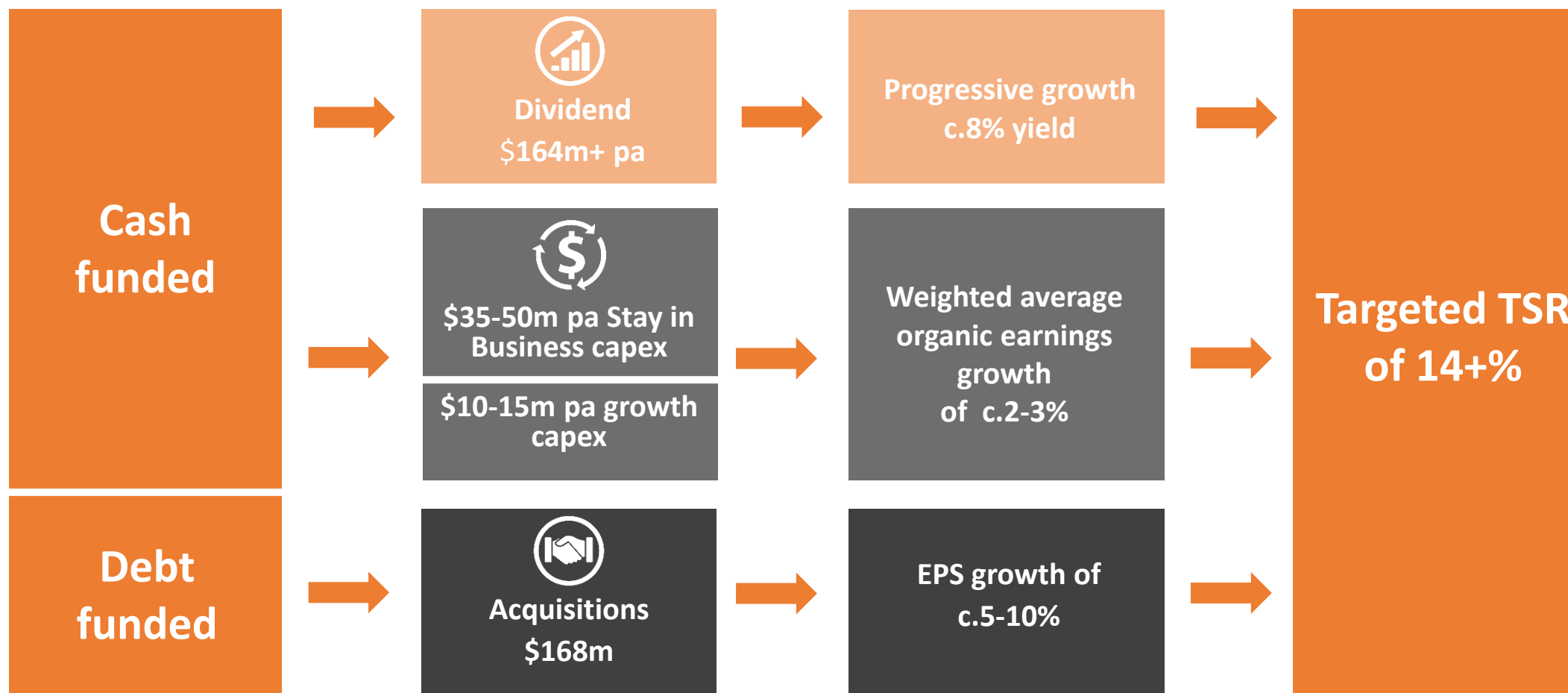
- App releases
- Digital transactions

### INVEST

#### Oil & Gas

- Oil price realised
- Oil hedge levels

# How we think about creating shareholder value



# Uplift – through business transformation

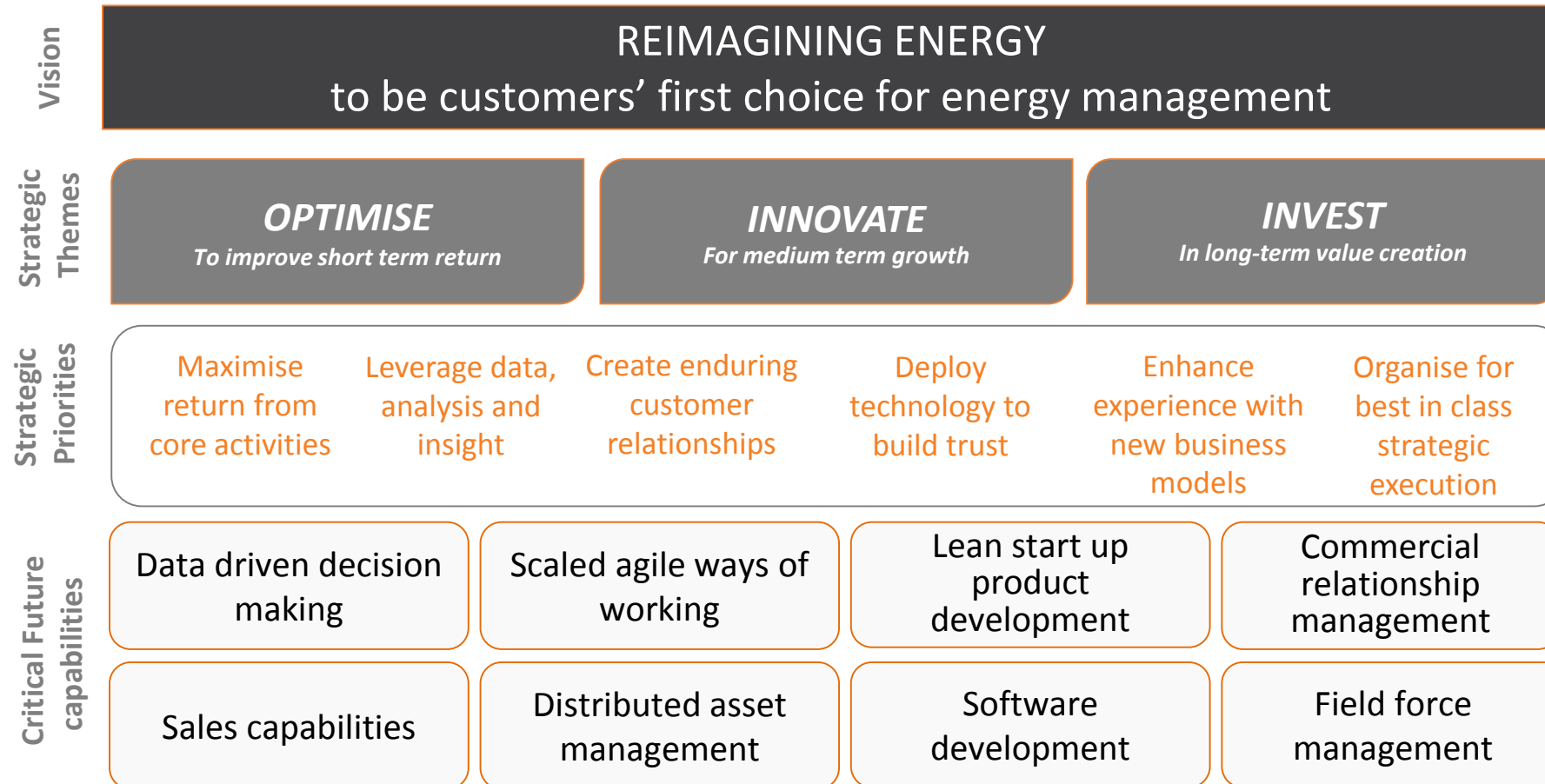
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- **Upper quartile TSR** targeted
- Target **\$400m+** EBITDAF **by FY21**
- **Transformation** journey underway
  - Some value embedded in FY17 guidance
  - **Kupe acquisition** delivers immediate value
- Strategy underpins **dividend payments**
- **Further disclosures** planned on lead indicators and strategic initiatives
- Balance Sheet has **\$200m - \$250m capacity**
- **Risks** are well **understood**
  - **Tiwai** - including relative market incentives
  - **Carbon** – priced in – thermal playing a smaller role over time

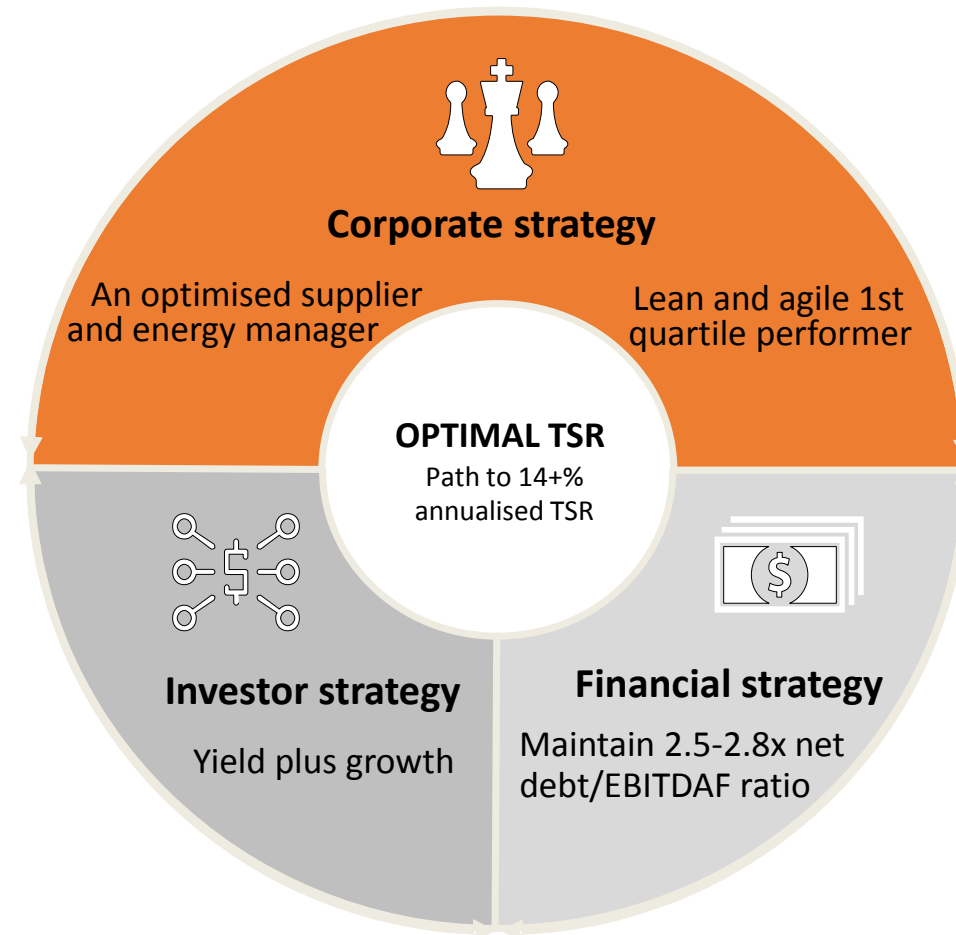
# Bringing together today's sessions

## Our plan on a page



# An integrated approach to strategy

We will make decisions with a holistic approach to value





# A team committed to driving success



## Driving change in every part of the Genesis Energy business

With thoughtful insight, acute focus and action, Genesis Energy will be a \$400m+ EBITDAF company by FY2021

*Success will come from:*



**Being obsessed  
with customer  
experience**



**Disrupting the  
way things are  
and defining  
new approaches**



**Focusing on  
maximising value  
from our integrated  
fuel position**



**Delivering lean and  
agile 1<sup>st</sup> quartile  
performance**