



FY18 Q1

Performance Report

18 October 2017



Q1 FY18 Performance Summary

— strong start for the Wholesale and Kupe segments supported by favourable wholesale conditions

Customer

It was a busy first quarter for the Customer segment as several milestones were achieved in the integration of the Nova Energy retail LPG business. This included welcoming 70 new LPG team members, over 70% of customers being migrated, all depots rebranded and call centre activities being handled by the new LPG customer experience team. Electricity demand was up for the quarter as continued business growth offset residential declines with price increases across both market segments. Gas prices also increased up 2.1% although demand was down slightly. Overall customers were down 1,101 for the quarter with small declines in electricity and gas customers offset by continued growth in LPG.

Wholesale

Genesis was able to leverage its diverse and flexible generation portfolio to meet variable market conditions in the first quarter of FY18. Total generation was up 23.2% across both thermal and renewable sources from a combination of higher thermal at the beginning of the quarter when lake levels remained low, through to higher renewable generation more recently as storage levels returned to above average conditions. The weighted average wholesale price was up 66.2% in the prior quarter whilst efforts around plant availability translated to more favourable EAF and FOF metrics.

Kupe

Strong production levels were delivered in the first quarter of FY18 from gas production of 3.1PJ, with the field operating at 95.4% of maximum plant capacity. LPG yield was higher as the amine system issues in the prior quarter were resolved and compressor repairs were completed in August. Oil sales were down despite the higher ownership percentage as a shipment was deferred to accommodate a larger cargo thereby reducing selling costs.

The competitive advantage of our diverse and flexible generation and fuels portfolio was again demonstrated in the first quarter in variable market conditions

**Tracey Hickman, EGM
Generation & Wholesale**

Customer Segment Performance

— LPG integration activities on track whilst higher prices offset volume declines

Highs

\$238.36/MWh

Mass market volume
weighted average
electricity price **↑ 0.9%**

384 GWh

TOU electricity
sales **↑ 27.0%**

57,563

LPG customers
including acquired
customers **↑ 40,877**

\$23.50/GJ

Volume weighted
average gas price **↑ 2.1%**



LPG Integration

On track, >70% customers migrated,
rebranding well progressed and customer
experience activities embedded

Lows

509,529

Total customers **↓ 1,101¹**

2.5PJ

Retail gas sales **↓ 4.5%**



Newly branded Genesis LPG
depot

1. Sept 2016 customer view not available.
Movement against June 2017

Wholesale Segment Performance

— flexible portfolio delivering value in changeable market conditions

Highs

\$97.31/MWh

Average price received for generation **↑ 66.2%**

1,001 GWh

Total renewable generation **↑ 23.2%**

186 GWh

Swaptions called by South Island generators

97.3%

Average monthly Equipment Availability Factor (EAF) above target **↑ 2.0%**

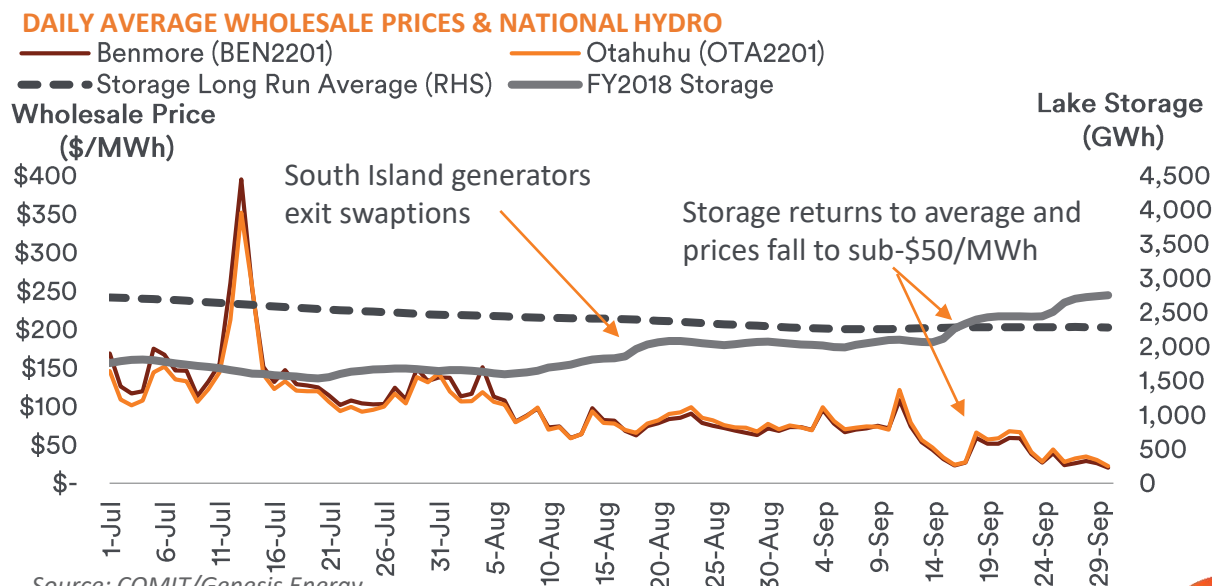
Lows

275 tCO2/GWh

Generation carbon intensity up in support of low South Island hydro storage **↑ 26.7%**

\$0.5 – 1m

Future costs identified to repair roading and slips due to high hydro inflows and flooding



Kupe Segment Performance

— integrated fuel position creating value for the portfolio

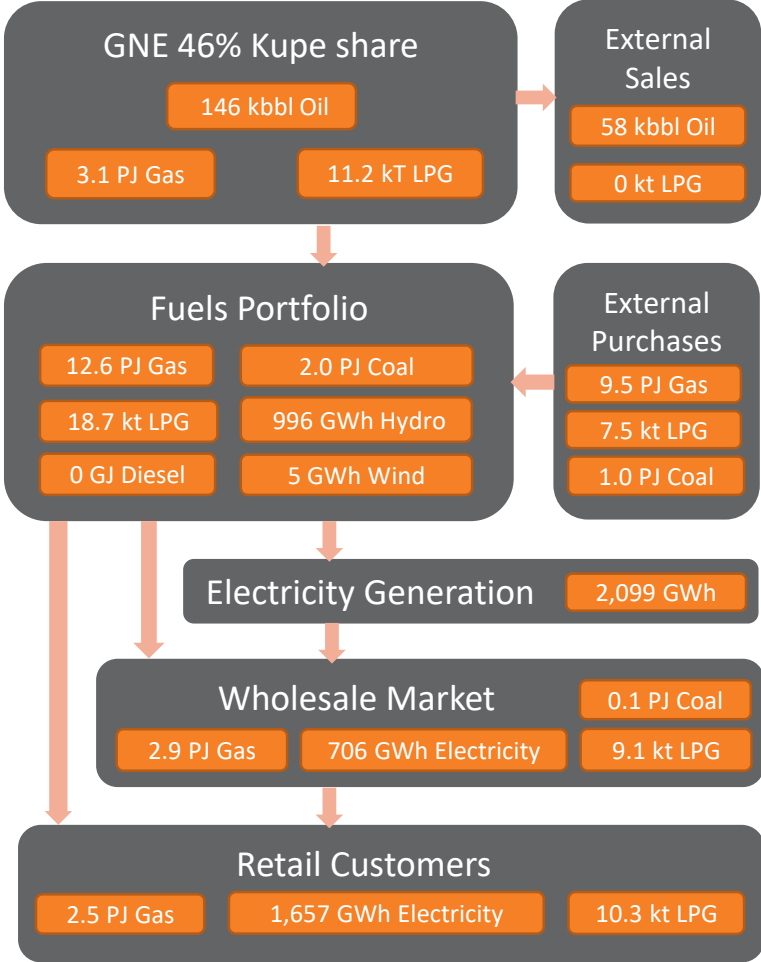
Highs

<p>3.1 PJ gas production supporting fuel flexibility</p> <p>↑ 47.8%</p>	<p>146 kbbl Kupe oil production up</p> <p>↑ 36.1%</p>
<p>11.2kt LPG production up in support of sales</p> <p>↑ 95.7%</p>	<p>USD62.5/bbl Average USD strike price on oil contract settlements</p>

Lows

58 kbbl
Oil sales down due to lower in tank volumes ↓ 21.8%

USD52.08/bbl
Average Brent Crude spot oil price



Other Corporate Highlights

— continued focus on driving towards being a leader in energy management

Highs

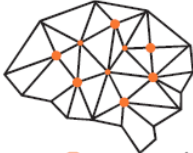


Genesis

Brand refresh successfully launched

2 MVPs

Developed and live for home and solar monitoring



Hackathon

First

Generation and Wholesale hackathon

> 250

Registered customers in Local Energy Project

Lows

1.23

Total recordable injury frequency rate



0.71



New EV charger installed at the Local Energy Project



Glossary

CUSTOMER

Net Promoter Score	Based on survey question "How likely would you be to recommend Genesis Energy/Energy Online to your friends or family?"
Electricity Market Share	Market share based on Electricity Authority data for the end of quarter
Gas Market Share	Market share based on Gas Industry Company data for the end of quarter
Customer Connection	Electricity and gas customers are defined by number of connections (ICP).
Volume Weighted Average Electricity Selling Price - \$/MWh	Average selling price for customers including lines/transmission and distribution and after prompt payment discount
Volume Weighted Average Gas Selling Price - \$/MWh	Average selling price for customers including lines/transmission and distribution and after prompt payment discount
Average Retail Electricity Purchase Price - LWAP (\$/MWh)	Excludes settlements from electricity derivatives.
LPG Customer Connections	Defined as number of customers
LPG 45kg Market Share (%)	Genesis Energy estimation based on company data, LPGA and MBIE data
Bottled LPG Sales (tonnes)	represents 45kg LPG bottle sales
Wholesale LPG Sales (tonnes)	represents sales LPG retailers
Other LPG Sales (tonnes)	represents bulk, 3rd party distributors and export sales plus transfers to the Huntly Power Station
Electricity Sales - Wholesale (GWh)	includes contracts for difference and options
Electricity Purchases - Wholesale (GWh)	includes contracts for difference and options
Retail Netback (\$/MWh)	Customer Segment EBITDAF plus electricity and gas purchase cost divided by total electricity and gas sales volumes

GENERATION

Coal (GWh)	Coal generation is calculated by applying coal burn to monthly average heat rates
Average Price Received for Generation - GWAP (\$/MWh)	Excludes settlements from electricity derivatives.
Coal Used In Internal Generation (PJ)	Results have been revised to reflect changes in coal kilotonnes to PJ conversion rate and volume methodology
Rankines Fueled by Coal (%)	
Equipment Availability Factor (EAF)	the percentage of time a power station is available to generate electricity
Forced Outage Factor (FOF)	the percentage of time a power station is unavailable to generate electricity due to unplanned failure or defect.

WHOLESALE

Weighted Average Fuel Cost (\$/MWh)	Total cost of fuel burnt plus emissions on fuel burnt divided by total generation (thermal, hydro and wind)
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CORPORATE

Total Recordable Injury Frequency Rate	Rolling 12 month TRIFR per 200,000 hours worked
Headcount	Based on full time equivalents, excluding contractors

KUPE

Oil Hedge Levels (%)	% hedged for remainder of FY as % of forecast sales
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Customer Metrics

CUSTOMER SEGMENT	Q1 FY18	Q1 FY17	% Change	Var.	YTD FY18	YTD FY17	% Change	Var.
CUSTOMER								
Net Promoter Score - Genesis Energy (%)	1%	(3%)	133.3%	4%				
Retail Netback (\$/MWh)	\$84.25	\$84.49	(0.3%)	(\$0.24)	\$84.25	\$84.49	(0.3%)	(\$0.24)
CUSTOMER NUMBERS¹								
Electricity Only Customers	348,717	NA						
Gas Only Customers	18,306	NA						
LPG Only Customers	32,718	NA						
Customers > 1 Product	109,788	NA						
Total Customers	509,529	NA						
VOLUMES AND PRICE								
Volume Weighted Average Electricity Selling Price - MM (\$/MWh)	\$238.36	\$236.24	0.9%	\$2.12	\$238.36	\$236.24	0.9%	\$2.12
Volume Weighted Average Electricity Selling Price - TOU (\$/MWh)	\$133.68	\$129.09	3.6%	\$4.59	\$133.68	\$129.09	3.6%	\$4.59
Mass Market Electricity Sales (GWh)	1,273	1,340	(5.0%)	(66)	1,273	1,340	(5.0%)	(66)
TOU Electricity Sales (GWh)	384	302	27.0%	82	384	302	27.0%	82
Electricity Sales - Retail (GWh)	1,657	1,642	0.9%	15	1,657	1,642	0.9%	15
Electricity Sales - Wholesale (GWh)	706	558	26.6%	149	706	558	26.6%	149
Electricity Purchases - Retail (GWh)	1,753	1,768	(0.9%)	(15)	1,753	1,768	(0.9%)	(15)
Electricity Purchases - Wholesale (GWh)	488	435	12.3%	53	488	435	12.3%	53
Average Retail Electricity Purchase Price - LWAP (\$/MWh)	\$102.22	\$58.00	76.2%	\$44.22	\$102.22	\$58.00	76.2%	\$44.22
LWAP/GWAP Ratio (%)	105%	99%	6.1%	6%	105%	99%	6.1%	6%
Volume Weighted Average Gas Selling Price (\$/GJ)	\$23.50	\$23.03	2.1%	\$0.47	\$23.50	\$23.03	2.1%	\$0.47
Mass Market Gas Sales (PJ)	1.6	1.6	(1.6%)	(0.0)	1.6	1.6	(1.6%)	(0.0)
TOU Gas Sales (PJ)	0.9	1.0	(9.1%)	(0.1)	0.9	1.0	(9.1%)	(0.1)
Retail Gas Sales (PJ)	2.5	2.6	(4.5%)	(0.1)	2.5	2.6	(4.5%)	(0.1)
Retail Gas Purchases (PJ)	2.5	2.7	(4.7%)	(0.1)	2.5	2.7	(4.7%)	(0.1)
LPG								
LPG Customer Connections (#)	57,563	16,604	246.7%	40,959				
Bottled LPG Sales (tonnes)	4,448	1,469	202.8%	2,979	4,448	1,469	202.8%	2,979
Other Bulk & SME LPG sales (tonnes)	5,846	-	0.0%	5,846	5,846	-	0.0%	5,846
Total LPG Sales Volumes (tonnes)	10,294	1,469	600.8%	8,825	10,294	1,469	600.8%	8,825
Wholesale LPG Sales (tonnes)	9,067	4,158	118.1%	4,909	9,067	4,158	118.1%	4,909

1. Sept 2016 customer view not available.

Wholesale Metrics

WHOLESALE SEGMENT	Q1 FY18	Q1 FY17	% Change	Var.	YTD FY18	YTD FY17	% Change	Var.
GENERATION								
Gas (GWh)	921	806	14.3%	115	921	806	14.3%	115
Coal (GWh)	177	29	504.4%	148	177	29	504.4%	148
Total Thermal (GWh)	1,098	835	31.5%	263	1,098	835	31.5%	263
Hydro (GWh)	996	864	15.2%	132	996	864	15.2%	132
Wind (GWh)	5	5	7.5%	0	5	5	7.5%	0
Total Renewable (GWh)	1,001	869	15.2%	132	1,001	869	15.2%	132
Total Generation (GWh)	2,099	1,704	23.2%	395	2,099	1,704	23.2%	395
Average Price Received for Generation - GWAP (\$/MWh)	\$97.31	\$58.56	66.2%	\$38.75	\$97.31	\$58.56	66.2%	\$38.75
Generation Emissions (ktCO ₂)	577	370	56.1%	207	577	370	56.1%	207
Generation Carbon Intensity (tCO ₂ /GWh)	275	217	26.7%	58	275	217	26.7%	58
Forced Outage Factor (FOF)	0.2%	0.2%	0.0%	0.0%	0.2%	0.2%	0.0%	0.0%
Equipment Availability Factor (EAF)	97.3%	97.2%	0.1%	0.1%	97.3%	97.2%	0.1%	0.1%
Rankine Output (GWh)	281	79	255.4%	202	281	79	255.4%	202
Rankines Fueled by Coal (%)	63%	37%	70.1%	26.0%	63%	37%	70.1%	26%
WHOLESALE								
Gas Purchases (PJ)	12.6	13.0	(3.3%)	(0.4)	12.6	13.0	(3.3%)	(0.4)
Coal Purchases (PJ)	1.0	0.1	1736.0%	0.9	1.0	0.1	1736.0%	0.9
Wholesale Gas Sales (PJ)	2.9	4.2	(31.2%)	(1.3)	2.9	4.2	(31.2%)	(1.3)
Wholesale Coal Sales (PJ)	0.1	0.2	(54.4%)	(0.1)	0.1	0.2	(54.4%)	(0.1)
Gas Used In Internal Generation (PJ)	7.2	6.2	16.5%	1.0	7.2	6.2	16.5%	1.0
Coal Used In Internal Generation (PJ)	2.0	0.4	362.1%	1.6	2.0	0.4	362.1%	1.6
Weighted Average Fuel Cost (\$/MWh)	\$33.97	\$31.12	9.2%	\$2.85	\$33.97	\$31.12	9.2%	\$2.85
Coal Stockpile - closing balance (kilotonnes)	296.8	382.2	(22.4%)	(85.5)				

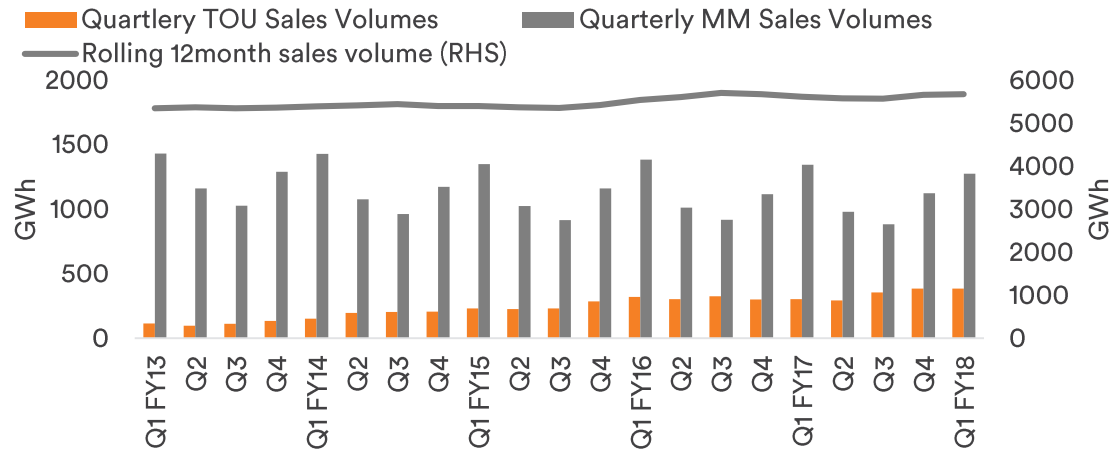
Kupe and Other Metrics

KUPE SEGMENT	Q1 FY18	Q1 FY17	% Change	Var.	YTD FY18	YTD FY17	% Change	Var.
KUPE								
Gas Production (PJ)	3.1	2.1	47.8%	1.0	3.1	2.1	47.8%	1.0
Oil Production (kbbbl)	145.8	107.1	36.1%	38.7	145.8	107.1	36.1%	38.7
Oil Sales (kbbbl)	58.2	74.4	(21.8%)	(16.2)	58.2	74.4	(21.8%)	(16.2)
Average Brent Crude Spot Oil Price (USD/bbl)	\$52.08	\$45.85	13.6%	\$6.23	\$52.08	\$45.85	13.6%	\$6.24
LPG Sales (kt)	11.4	5.6	102.0%	5.7	11.4	5.6	102.0%	5.7
LPG Production (kt)	11.2	5.7	95.7%	5.5	11.2	5.7	95.7%	5.5
OTHER								
CORPORATE								
Headcount (FTE)	928	824	12.6%	104				
Total Recordable Injury Frequency Rate	1.23	0.52	136.5%	0.71				

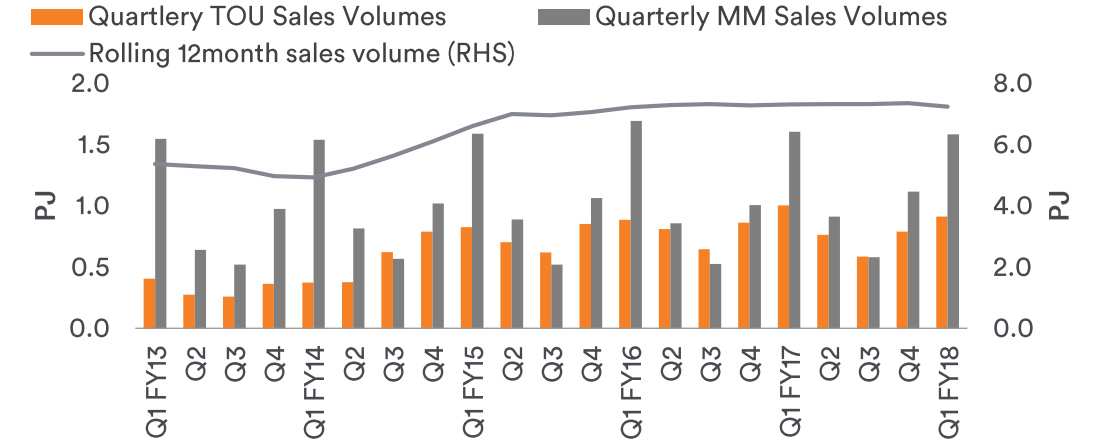


Appendix: Customer Segment

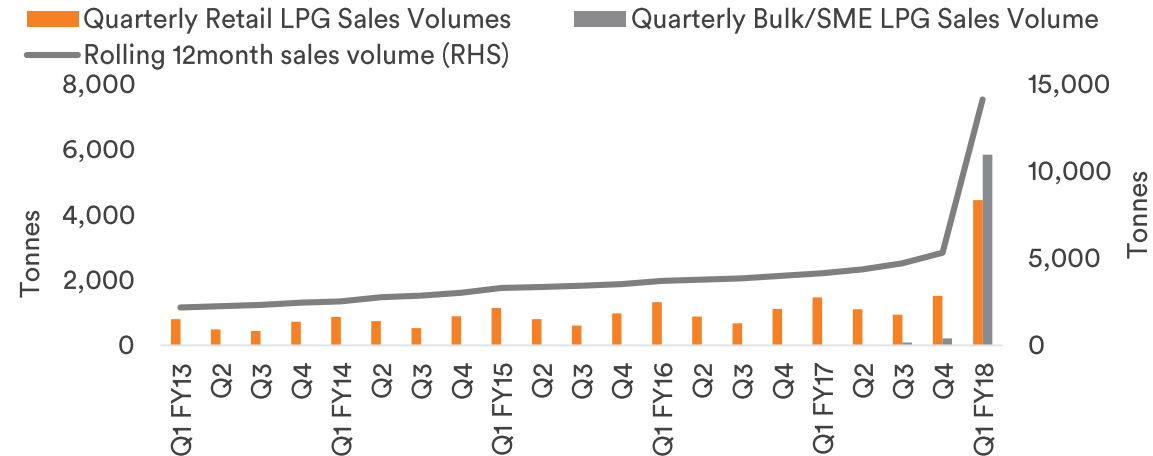
ELECTRICITY SALES VOLUMES (GWh)



RETAIL GAS SALES VOLUMES (PJ)

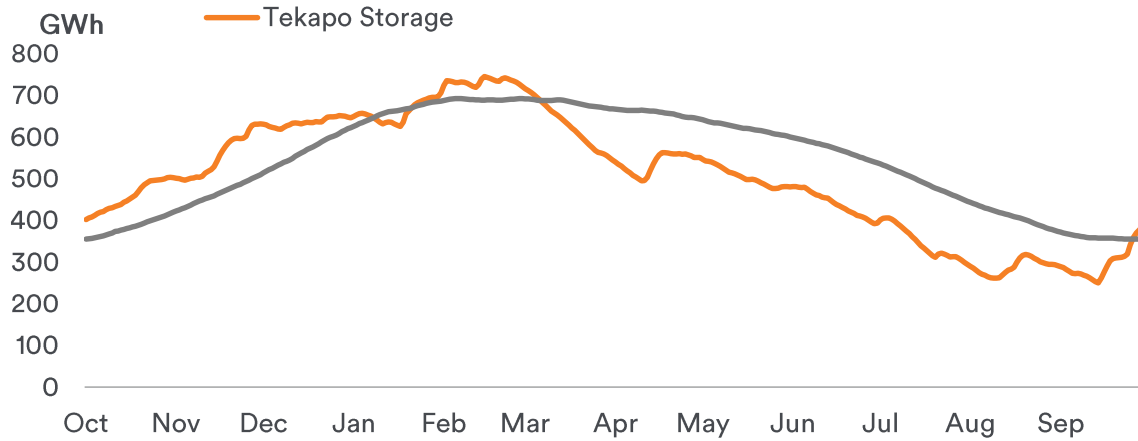


LPG SALES VOLUMES (Tonnes)



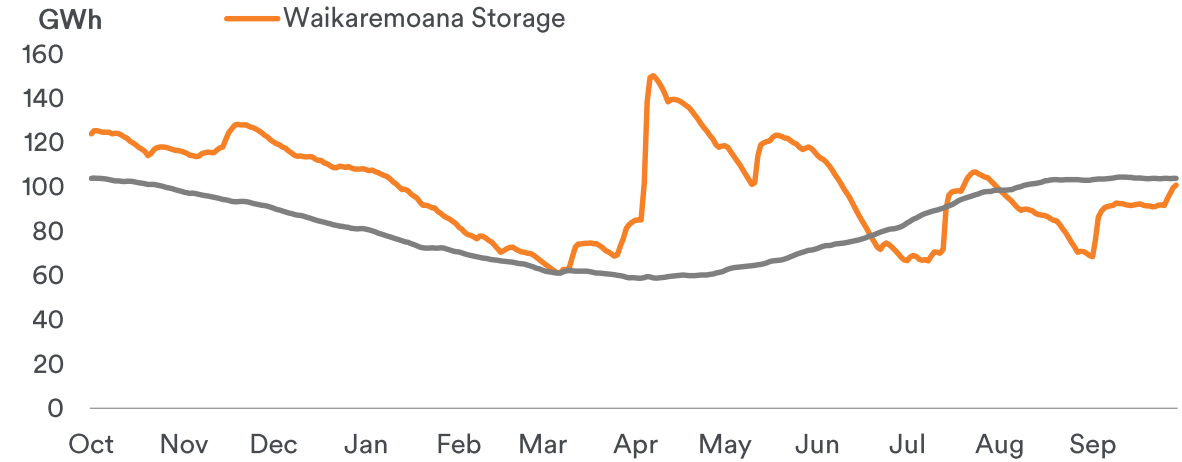
Appendix: Wholesale Segment

TEKAPO STORAGE vs LONG RUN AVERAGE - Q1 FY2017



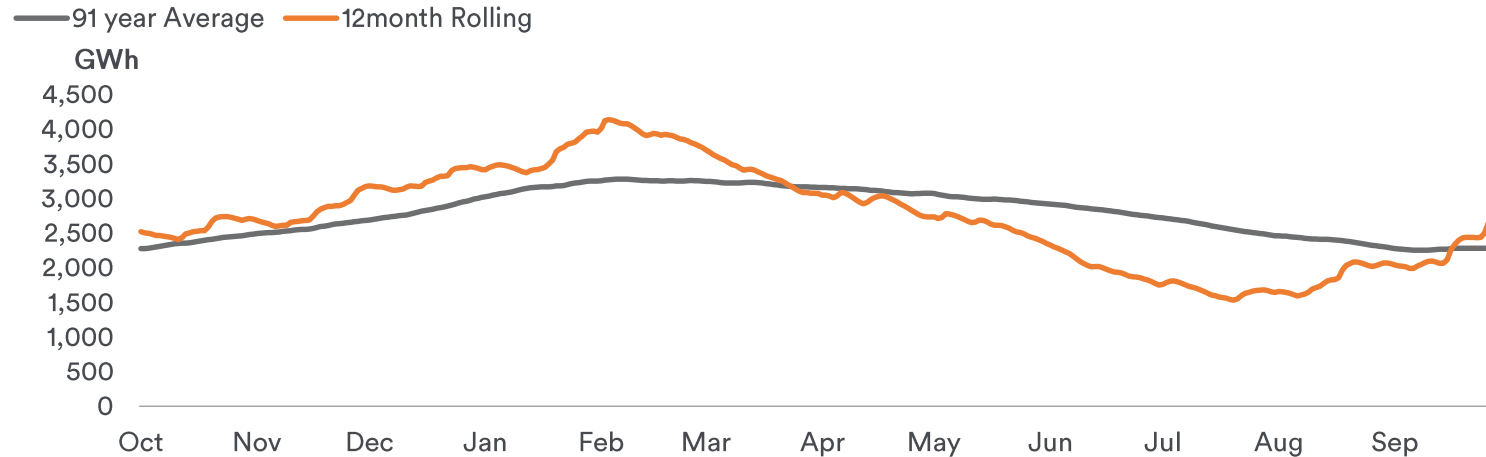
Source: COMIT

WAIKAREMOANA STORAGE vs LONG RUN AVERAGE - Q1 FY2017



Source: COMIT

NEW ZEALAND DAILY STORAGE

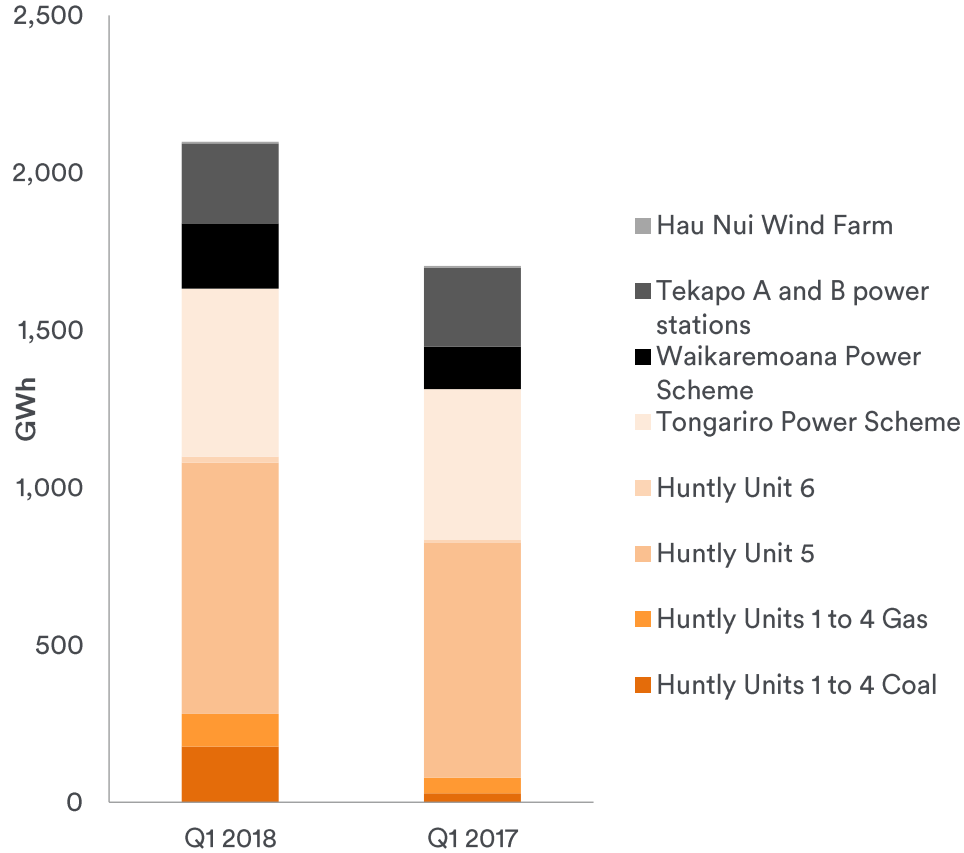


Source: COMIT

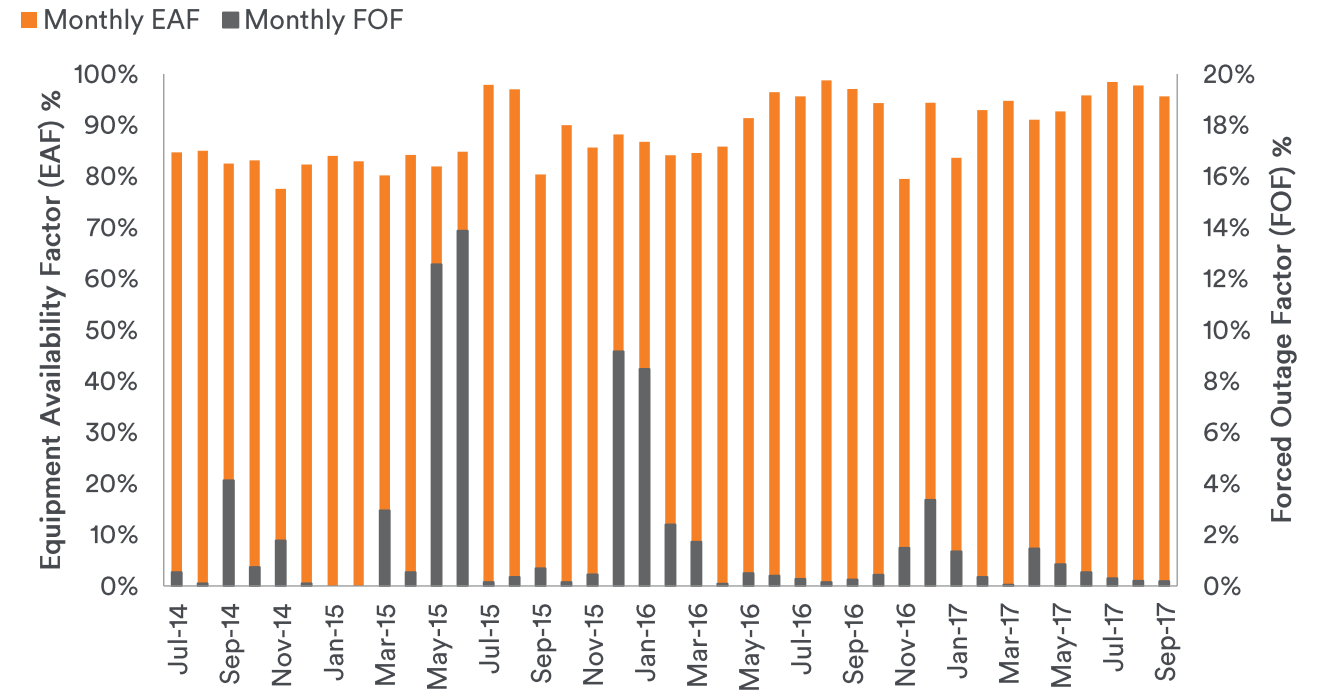


Appendix: Wholesale Segment

GENERATION BY POWER STATION

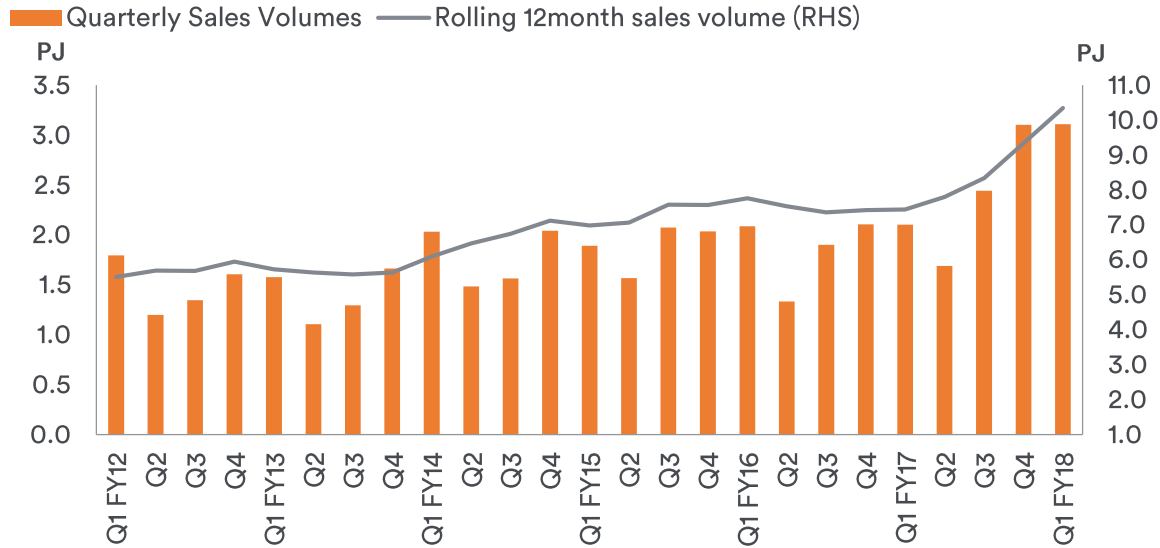


PLANT PERFORMANCE

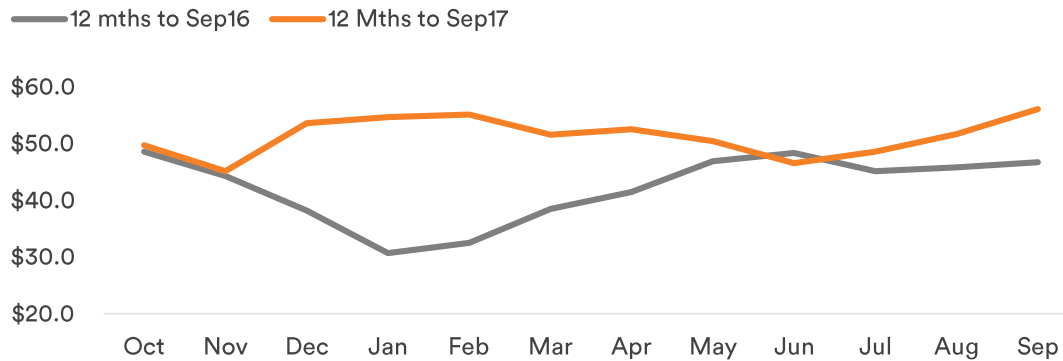


Appendix: Kupe Segment

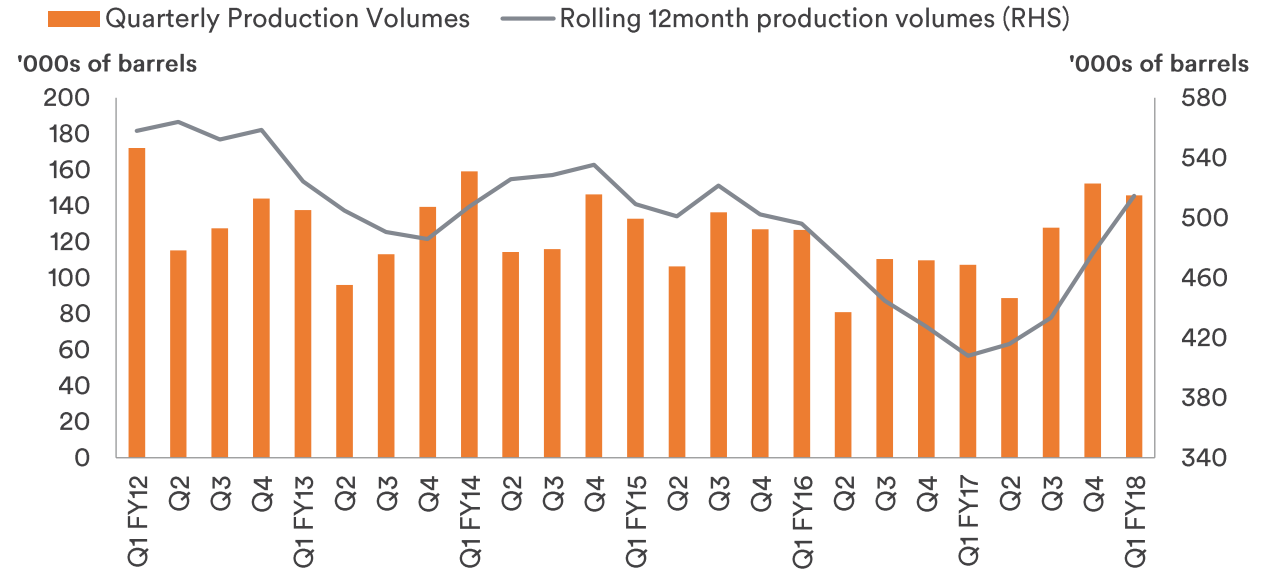
KUPE GAS SALES VOLUMES (PJ)



BRENT CRUDE OIL SPOT PRICE (USD/bbl)



KUPE OIL PRODUCTION VOLUMES (kbbbl)



OIL PRICE and FOREX RISK MANAGEMENT

FORWARD RISK MANAGEMENT		% HEDGED	
Oil Price Hedges			Average Oil Price
1-12 months	90%	USD55.4	
13-24 months	53%	USD55.9	
25-36 months	20%	USD53.5	
USD/NZD Hedges			Rate
1-12 months	56%	0.677	
13-24 months	36%	0.690	
25-36 months	21%	0.703	



Thank you

