

# Investor Day



November 2018



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# Investor Day Agenda

8:00 – 8:30	Welcome breakfast		
8:30 – 9:00	Overview of the day		Marc England
9:00 – 10:30	Business update	<ul style="list-style-type: none"> <li>• Customer platform</li> <li>• Wholesale market</li> <li>• Kupe (with Beach Energy)</li> </ul>	<ul style="list-style-type: none"> <li>• Nigel Clark</li> <li>• Shaun Goldsbury</li> <li>• Andre Gaylard</li> </ul>
10:30 – 11:00	Morning tea, including business intelligence demonstration		
11:00 – 12:30	Strategy Expo	<ul style="list-style-type: none"> <li>• Residential value and Business growth</li> <li>• Generation transition and fuels optimisation</li> </ul>	<ul style="list-style-type: none"> <li>• James Magill</li> <li>• Tracey Hickman and Chris Jewell</li> </ul>
12:30 – 1:00	Genesis outlook, followed by Q&A with Executive team		<ul style="list-style-type: none"> <li>• Chris Jewell and Matt Osborne</li> </ul>
1:00 – 1:30	Travel to Huntly Power Station		
1:30 – 3:00	Tour of Huntly Power Station		



# Key messages

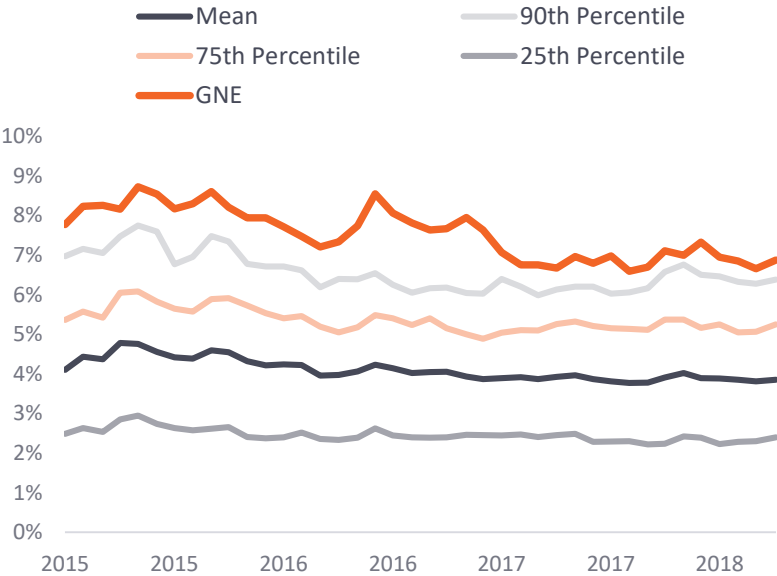
1	Genesis is accelerating the pace of change, powered by people, culture and agile processes	5-18
2	A transformed customer platform is delivering growth opportunities	19-34
3	Our diverse generation portfolio ensures stability and benefits from market volatility	35-53
4	The Kupe stake and fuel contract position provide commercial upside	54-65
5	Top quartile TSR and \$400-430m EBITDAF in FY21 remain achievable	66-72



**Genesis is accelerating the  
pace of change, powered by  
people, culture and agile processes**

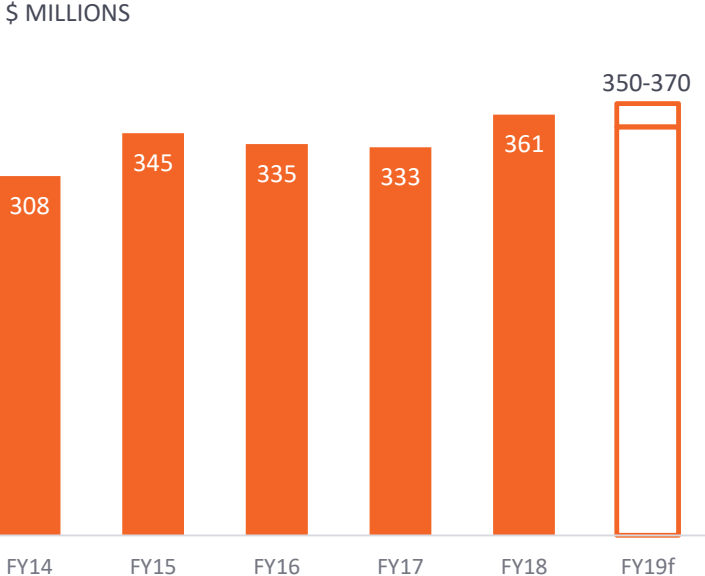
# Our investment proposition of strong yield is underpinned by growth

NZX 50 / ASX 100 YIELD COMPARISON

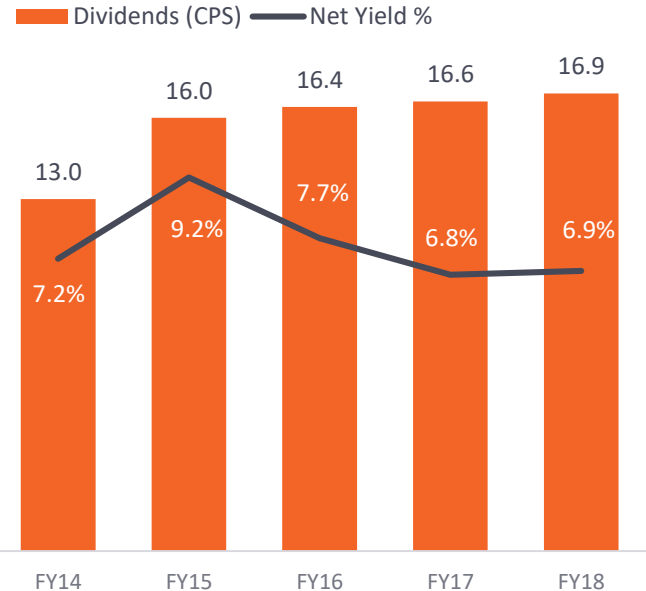


Bloomberg

EBITDAF



DIVIDEND CENTS PER SHARE & YIELD



1. Net dividend yield based on year end closing share price as at 30 June (FY18 \$2.44)
2. FY18 full year dividend of 16.9 cps declared (up 1.8%), with 80% imputation, representing a 6.9% net yield. DRP offer remains in place with 2.5% discount

# Genesis is powered by a great team...



Continuing strong health and safety focus



Valuing diversity of people and ideas



Aligning around our strategy to succeed together

# ... supported by energised and inspiring leaders

## Directors



Barbara Chapman



Doug McKay



Paul Zealand



Joanna Perry



Tim Miles



Maury Leyland



James Moulder

## Executive team



Marc England  
Chief Executive



Chris Jewell  
Chief Financial Officer



Tracey Hickman  
EGM Generation and Wholesale



Nigel Clark  
EGM Customer and Service Operations



James Magill  
EGM Product Marketing



Nicola Richardson  
EGM People and Culture



Matthew Osborne  
EGM Corporate Affairs

## Other presenters



Shaun Goldsbury  
GM Wholesale



Andre Gaylard  
GM Kupe and Corporate Finance



David Gutteridge  
GM Residential Segment



Troy Hicks  
GM Business Segment



Emma-Kate Greer  
GM Corporate Relations



Cameron Jardine  
GM LPG Operations



Wendy Jenkins  
GM Planning and Investor Relations



# Our ways of working make us safe, fast and flexible



125 people engaged in 18 squads aligned to four tribes



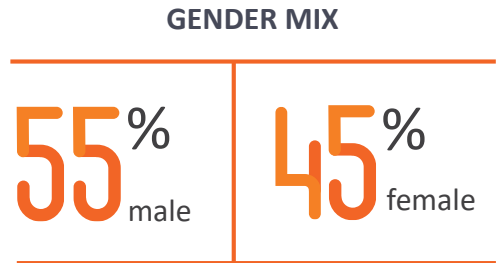
10% increase in velocity over last six months allowing for better predictability of cost and benefit realisation



Squads have completed up to 60 sprints

# Our diversity and culture drive our successful strategy delivery

**Commitment to being an inclusive and diverse employer**



**40%** of senior management including Directors are female

**MINDING THE GAP**

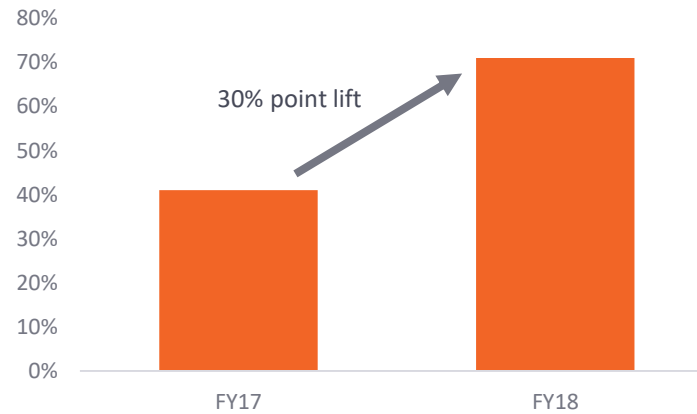
Gender pay gap has dropped

**3.8% → 2.9%**

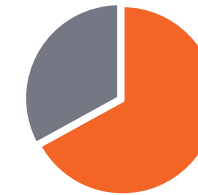
**Engagement and confidence in business success on the rise**

**38% of employees have bought nearly \$1 million of shares through Genesis' employee share scheme**

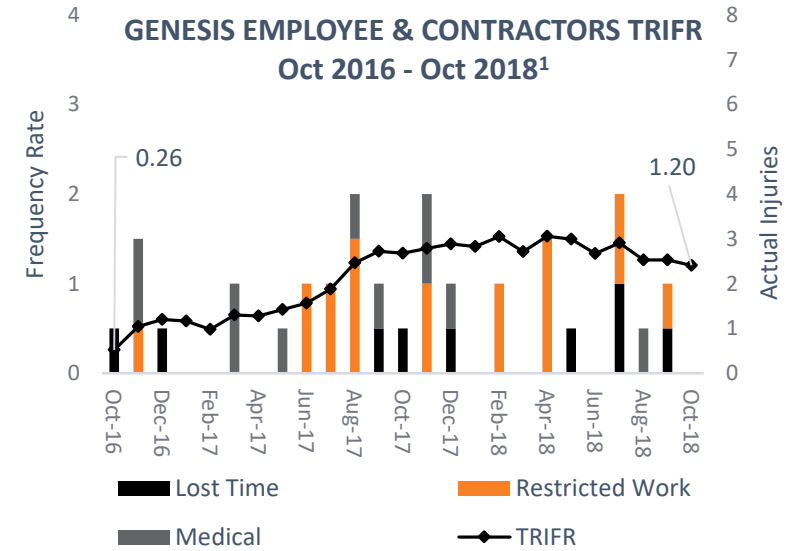
**STAFF BELIEVE OUR PRODUCTS AND SERVICES ARE AS GOOD AS, OR BETTER THAN, OUR COMPETITORS**



**Wellbeing and safety is more than just a responsibility**



**Two thirds of employees engaged into Genesis R U OK programmes**



<sup>1</sup> LPG business purchased August 2017

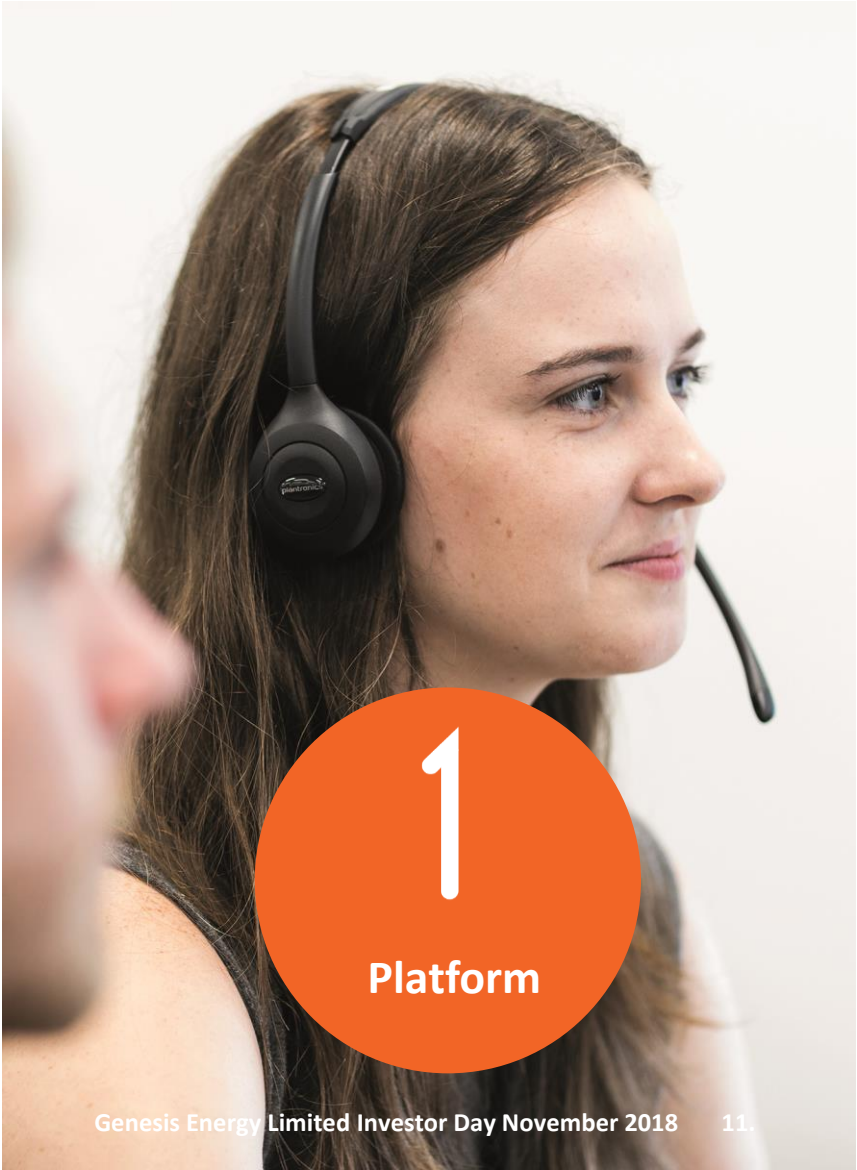
# Our purpose is to reimagine energy to put control in our customers' hands



3  
Fuels

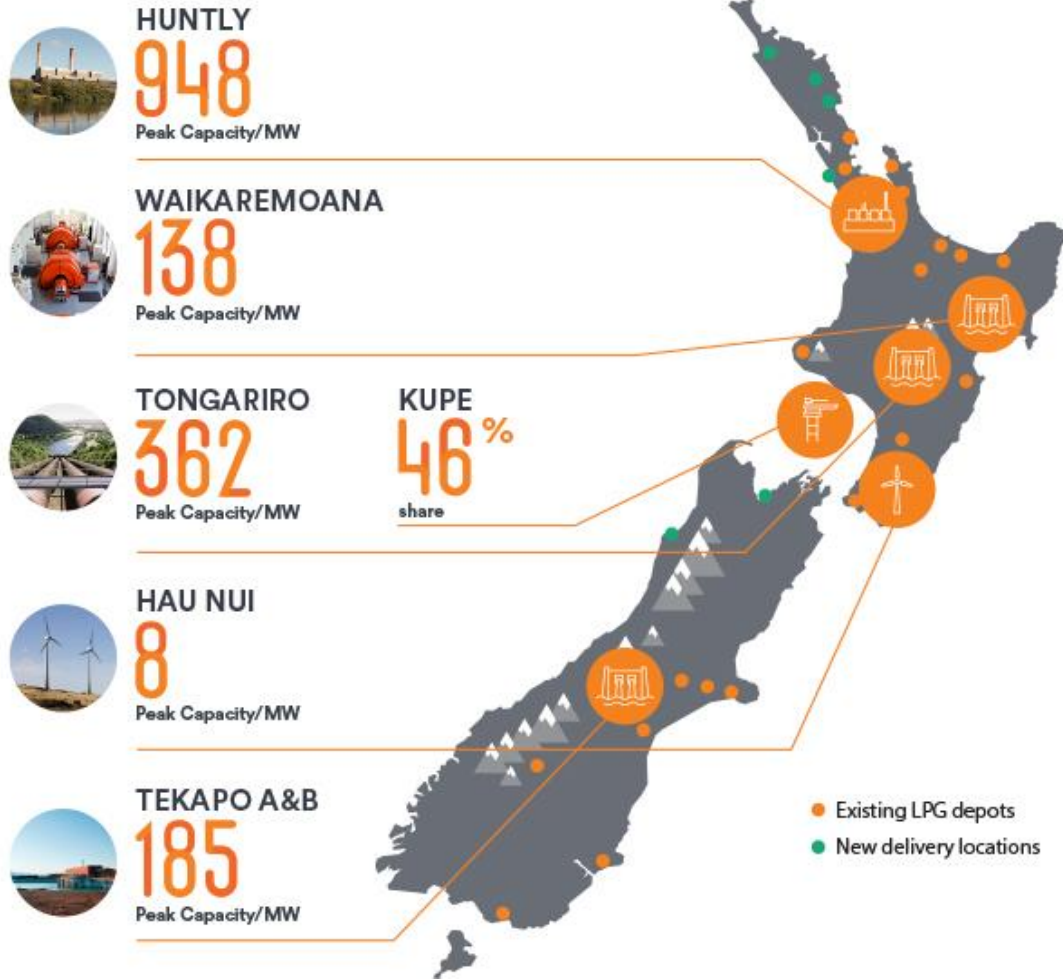
The image shows two smartphones displaying the Genesis Energy Online app interface. The top smartphone is a black iPhone showing the 'ENERGY ONLINE' logo at the top, followed by navigation icons for Electricity, Bill, LPG, and More. Below this, it displays the address '50 PUKEORA AVENUE, REMUERA, AU...', a balance of '\$ kW', and usage statistics: 'Electricity used As at 28 Oct 2018' at 372 kWh and 'Estimate 13 days to go' at 765 kWh. A bar chart shows 'Average daily usage' at 24.8 kWh. The bottom smartphone is a white iPhone showing a 'Dashboard' with a 'HOME COMPARISON' section stating 'In April 2018, your household consumption was 19% higher than homes similar to yours.' with an upward arrow and '19%'. Below this is a 'USAGE BREAKDOWN' section for 'Lights &amp; Appliances' which 'made up 58% of your total usage in April 2018'. The 'FLY BUYS' section shows '72 Fly Buys points Earned so far with Genesis'. The 'BILL SUMMARY' section shows 'Current Charges'.

2  
Brands



1  
Platform

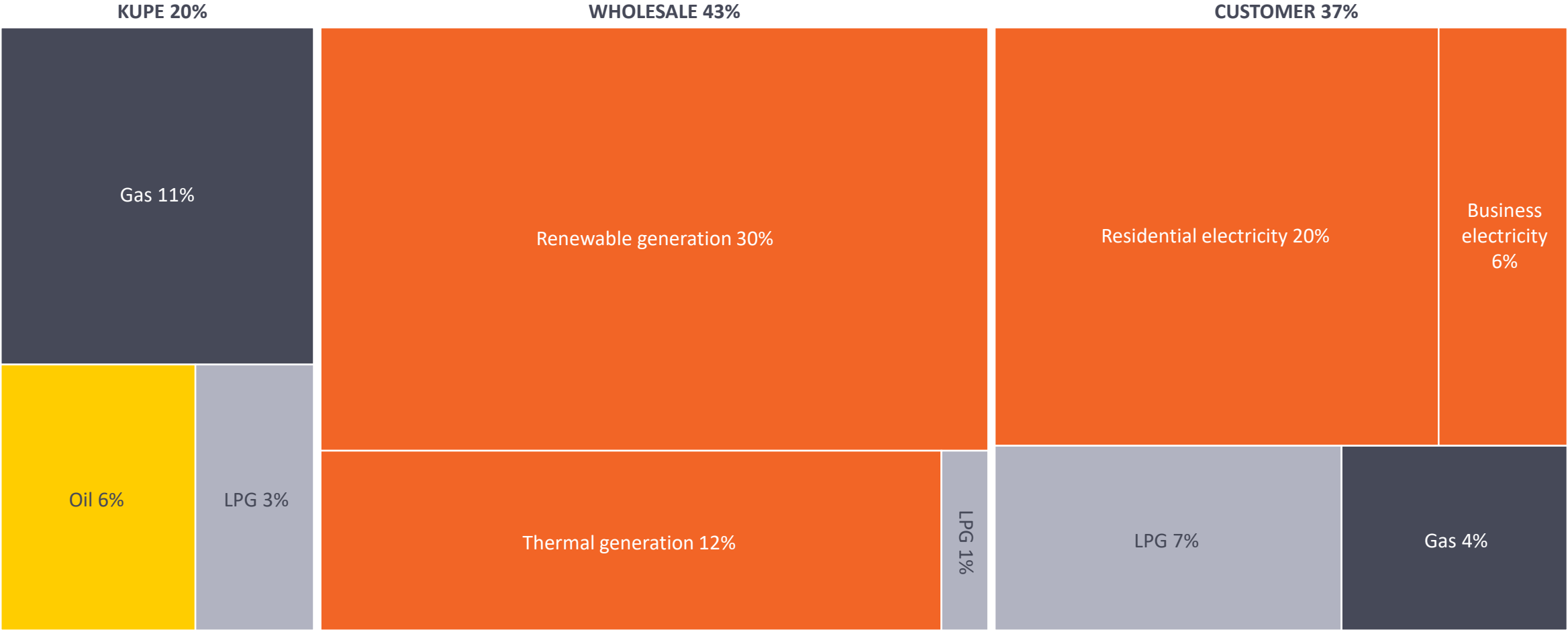
# Genesis in numbers



- 3** Fuels and national customer base  
- Electricity, natural gas, LPG
- 2** Brands  
- Genesis, Energy Online
- 5** Generation fuel options  
- Hydro, gas, coal, diesel, wind
- 3** Uncorrelated hydro catchments  
- Waikaremoana, Tongariro, Tekapo
- 20** Generator units (above 10 MW)  
- Across 8 stations
- 27** LPG depots and delivery agents  
- Delivering from Northland to Southland

# Diversity of earnings across sectors, fuels and markets

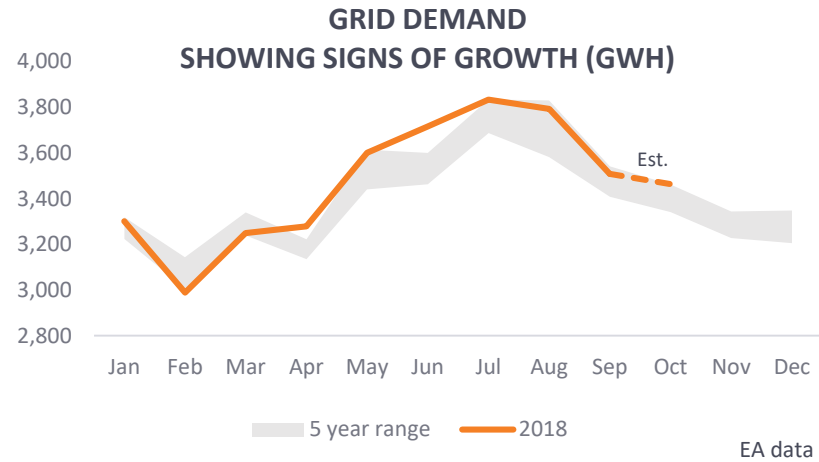
GROSS MARGIN CONTRIBUTION (FY18)



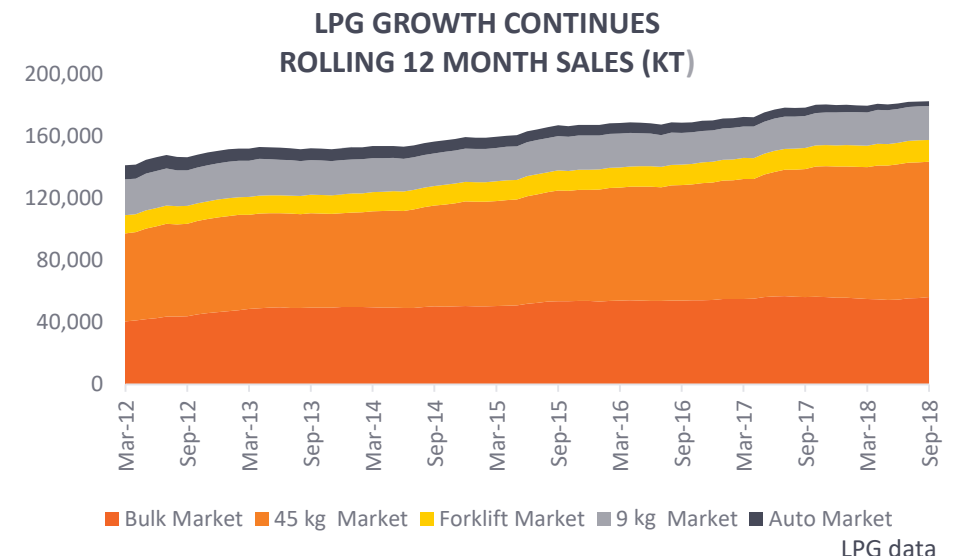
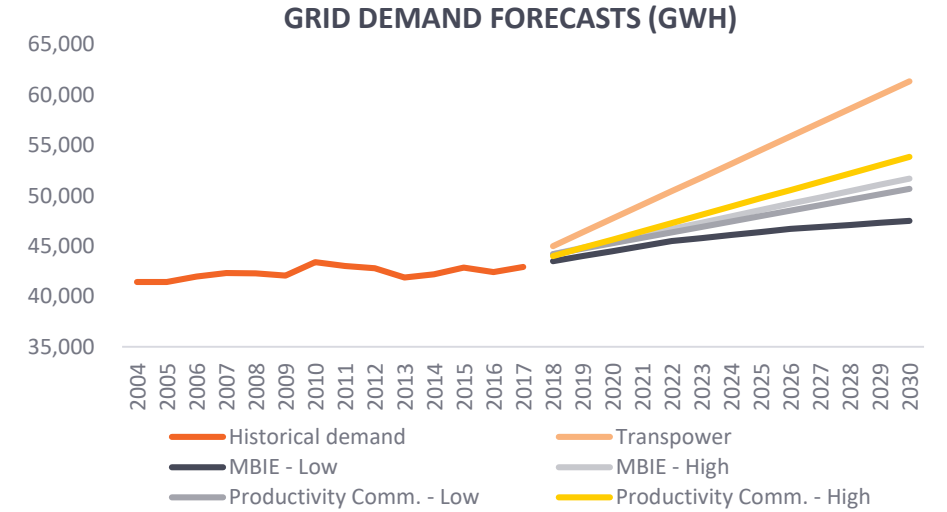
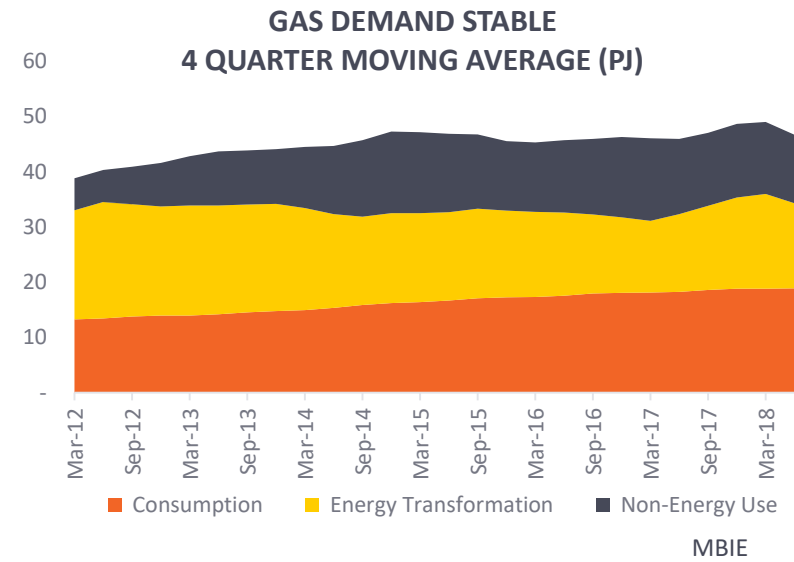
■ Electricity
 ■ Gas
 ■ LPG
 ■ Oil

# Core markets stable or growing

Growth is forecast in NZ energy demand



LPG 45 kg market grew 6% in last 12 months



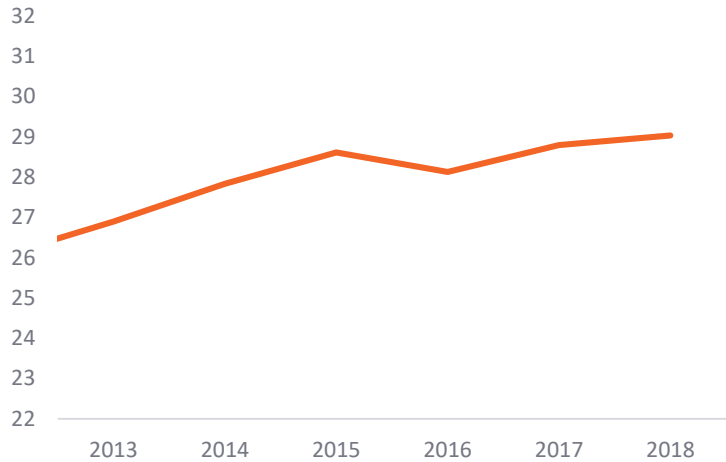
# ...with electricity markets reflecting tighter capacity margins

Regulatory review of electricity prices underway

Energy and capacity shortages showing

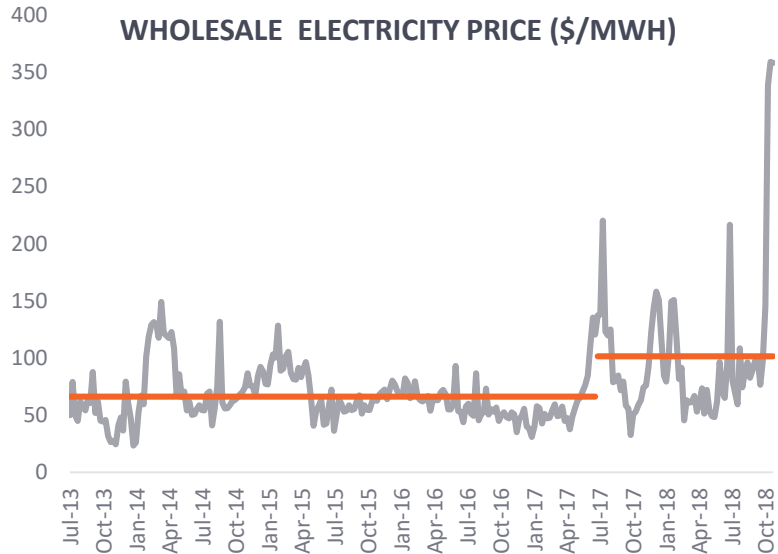
Tiwai 4<sup>th</sup> potline adds to demand

RESIDENTIAL ELECTRICITY PRICE (C/KWH)



MBIE data

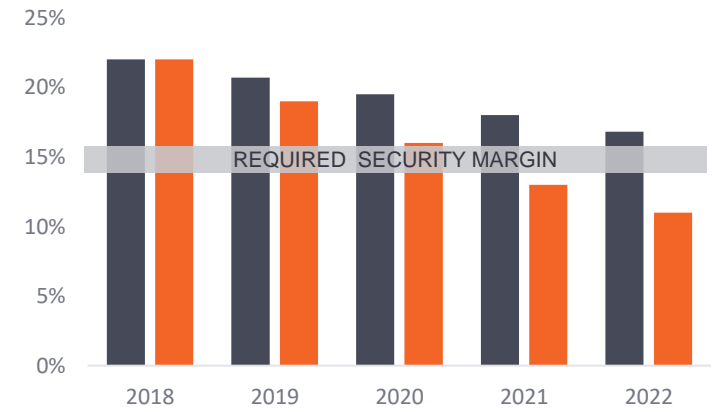
WHOLESALE ELECTRICITY PRICE (\$/MWH)



Average over the period

EA data

NEW ZEALAND WINTER ENERGY MARGIN FORECAST TO TIGHTEN



1% demand growth 2% demand growth

Transpower data

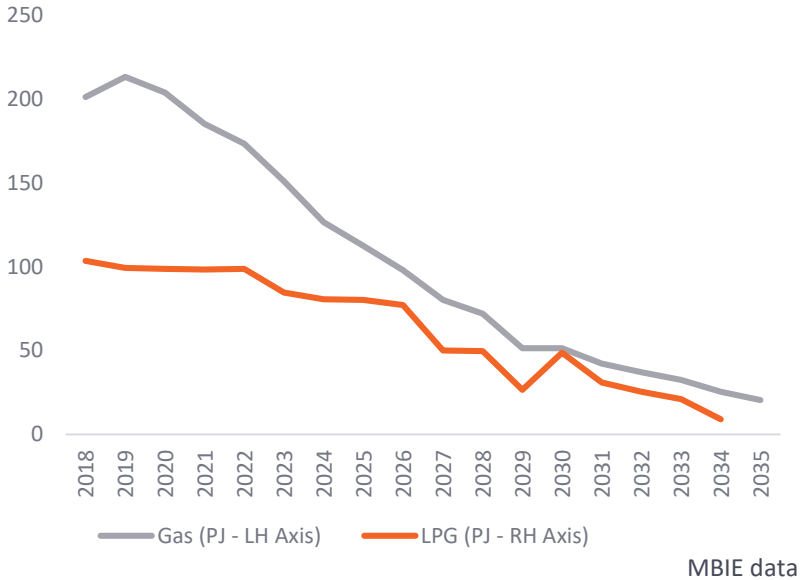
# ...and fuel markets tightening

**Oil and gas exploration to be restricted**

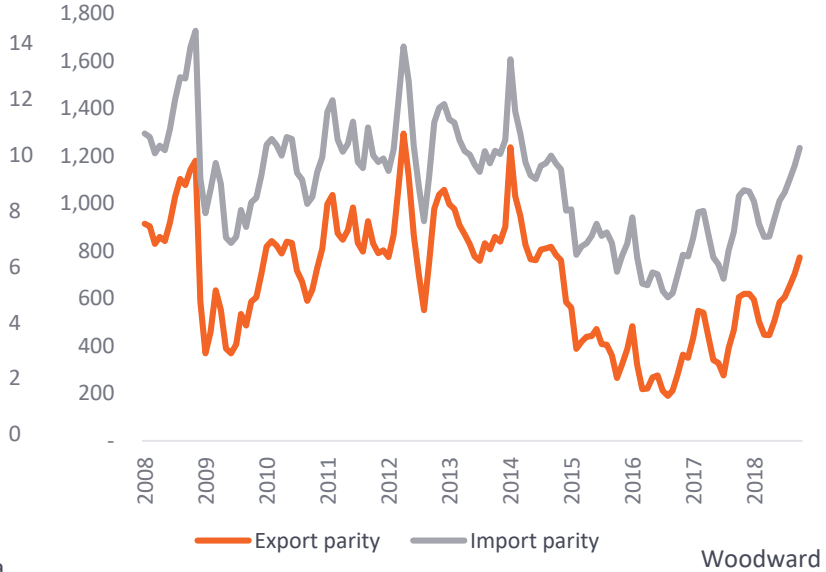
**LPG market moves to net import**

**International oil prices have increased**

**FORECAST GAS AND LPG PRODUCTION PROFILE**



**NZ LPG IMPORT/EXPORT PARITY PRICING (NZD/T)**



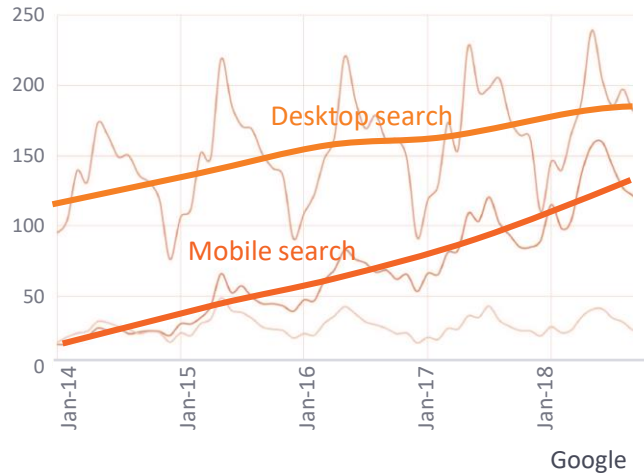
**BRENT CRUDE (USD/BBL)**



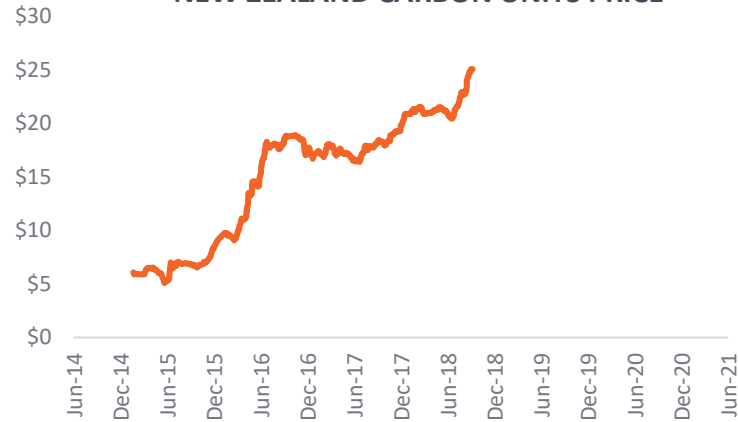


# Energy transformation is creating opportunities

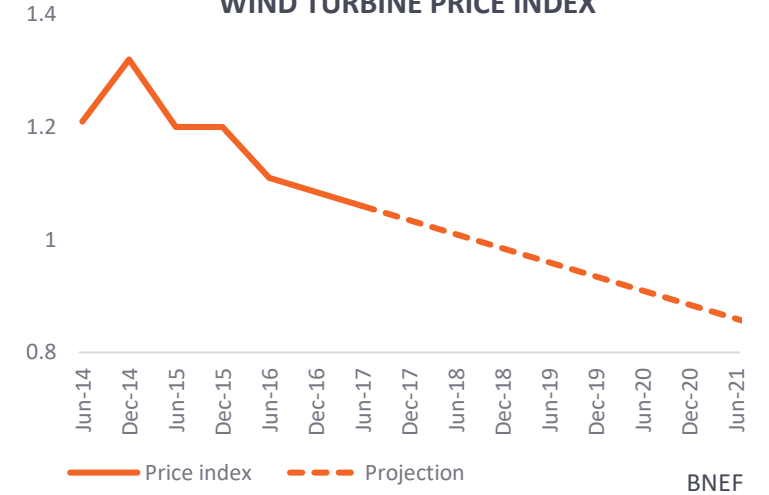
### ENERGY SEARCH VOLUME TREND



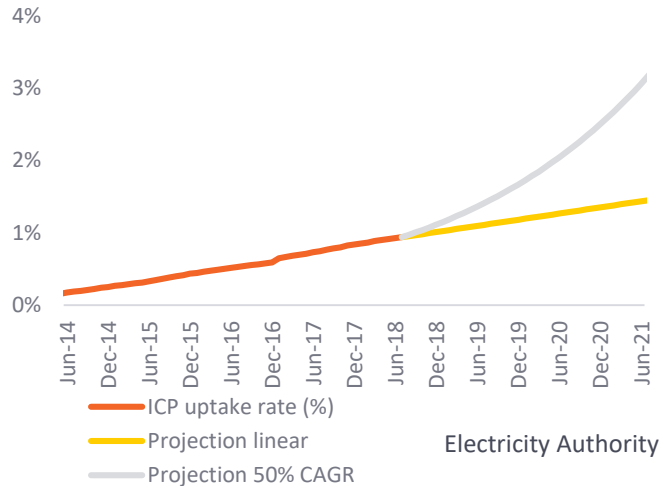
### NEW ZEALAND CARBON UNITS PRICE



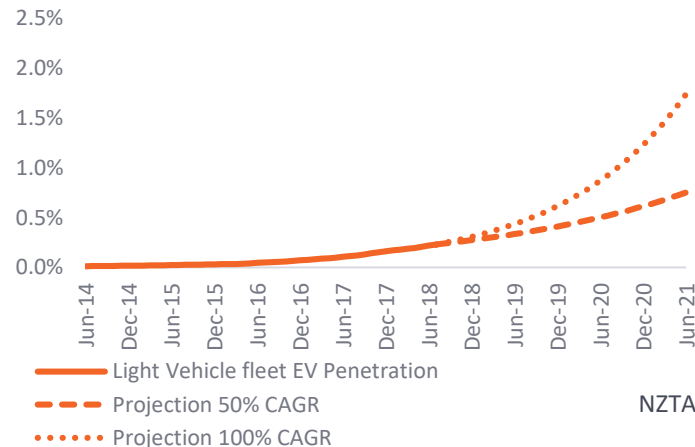
### WIND TURBINE PRICE INDEX



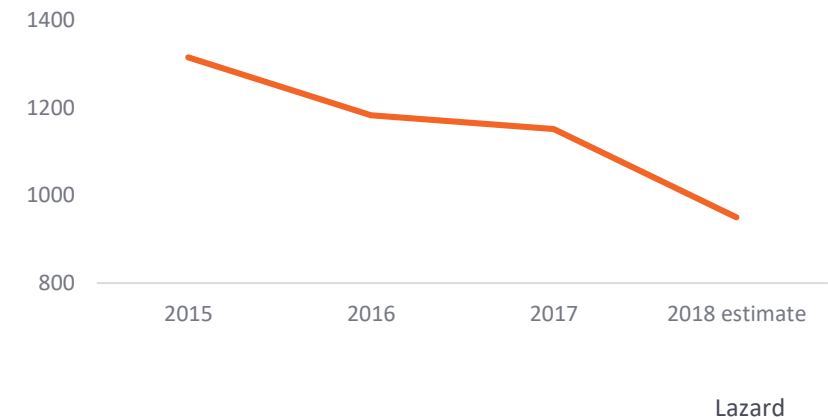
### SOLAR MARKET PENETRATION (NZ)



### ELECTRIC VEHICLE FLEET PENETRATION (NZ)



### RESIDENTIAL LITHIUM-ION BATTERY STORAGE COSTS (USD/MWH)



# We are performing while transforming

**Our VISION is to be customers' first choice for energy management**

**Our PURPOSE is to reimagine energy to put control in our customers' hands**

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

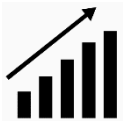
### Wholesale & Kupe segment

- Our integrated fuel position minimises costs for us and our customers
- Our generation mix gives us flexibility to maximise value in the energy markets
- We are leading the way to transition the NZ energy sector successfully to a more renewable future

### Customer segment

- We offer a full three fuel (electricity, gas and LPG) solution for our customers
- We aim to differentiate our products with seamless service, useful insights and digital tools
- Our ambition is to change how consumers engage with their energy

## 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

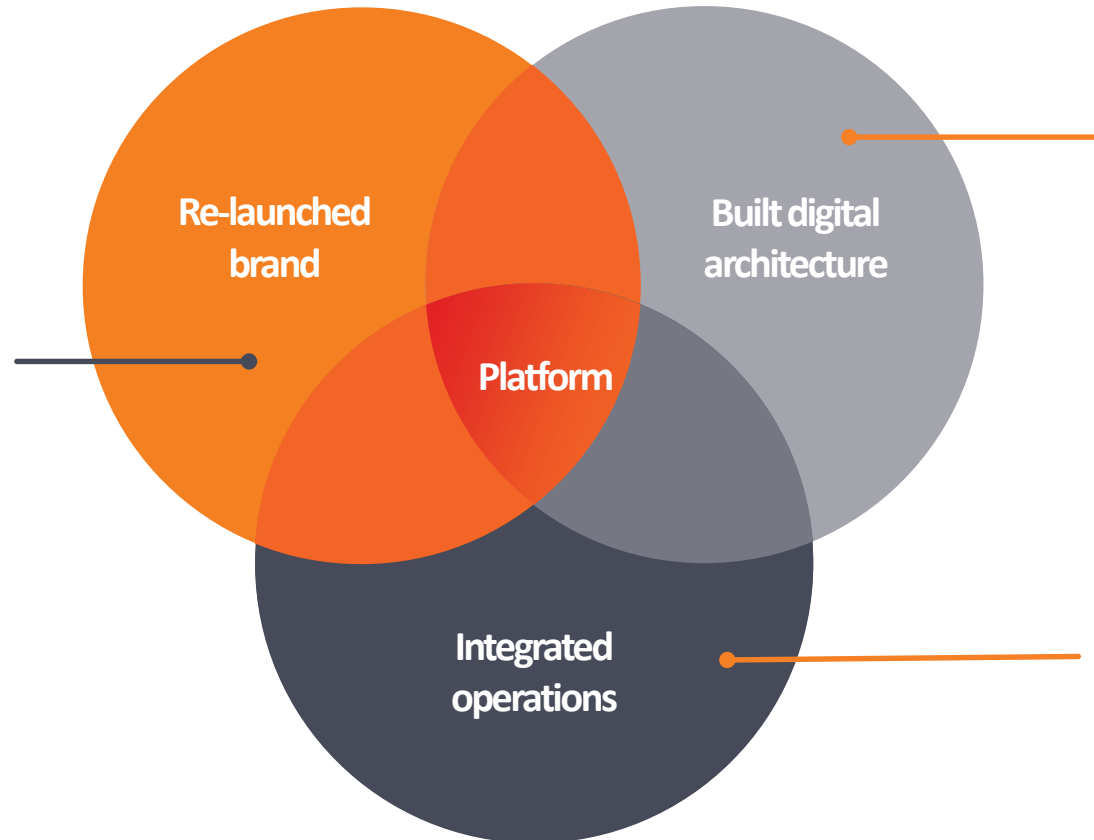


**A transformed customer platform is  
delivering growth opportunities**

# We have created a Customer Platform fit for the future

## Brand re-launch has helped us regain market leadership

- 5% improvement in promoter score whilst NPS trending positive<sup>1</sup>
- 5% improvement in brand 'Top 2 Consideration', a lead indicator for sales conversions
- Cut through of new Energy IQ proposition driving innovation and leadership positioning with customers and prospects



## Our technology platform is built for product innovation

- Billing migration completed with zero downtime – common platform for two brands
- Greatest range of Azure cloud services in NZ
- First in NZ with Azure Massively Parallel SQL Data Warehouse
- Integrated technology business unit into the rest of the business (no separation between technology and business)

## Operational integration maximises value creation across the business

- Integrated ex-Nova LPG business
- Brought forward early exit from Elgas to migrate to Genesis-only platform
- Migrated all ex-Nova LPG customers onto Gentrack platform
- Consolidated office space into new Kenehi on Bryce space
- Adopted flexible ways of working

# Our brand re-launch has helped us regain market leadership



WHEN ASKED, PEOPLE  
RECOGNISED GENESIS AS:

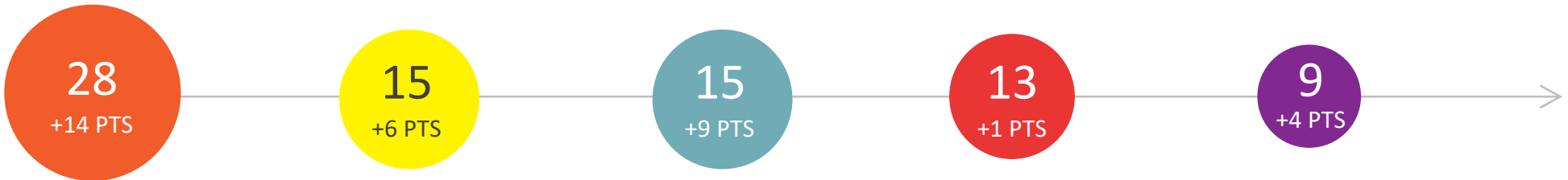
“THE MARKET LEADER”



“PUTTING PEOPLE IN CONTROL  
OF THEIR ENERGY USE”



“LEADING THE WAY WITH  
NEW TECHNOLOGY”



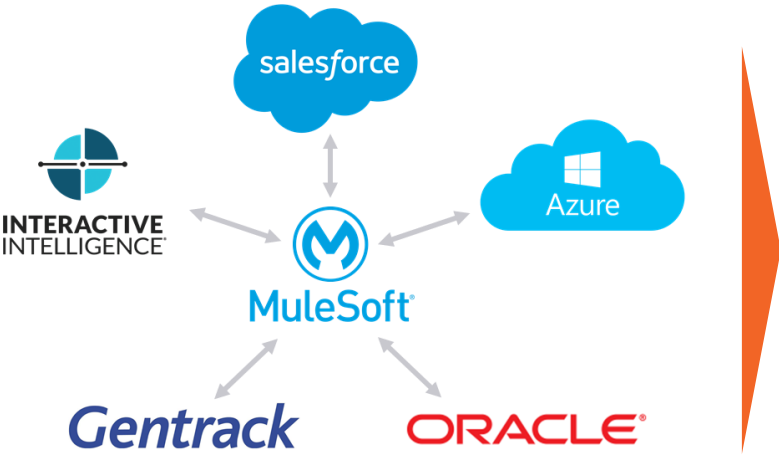
Change in score from May 2017 to August 2018

# Our technology platform is built for product innovation

— Our scalable, flexible, modular technology architecture brings speed and cost advantage

Our architecture strategy is to integrate best-in-breed applications ...

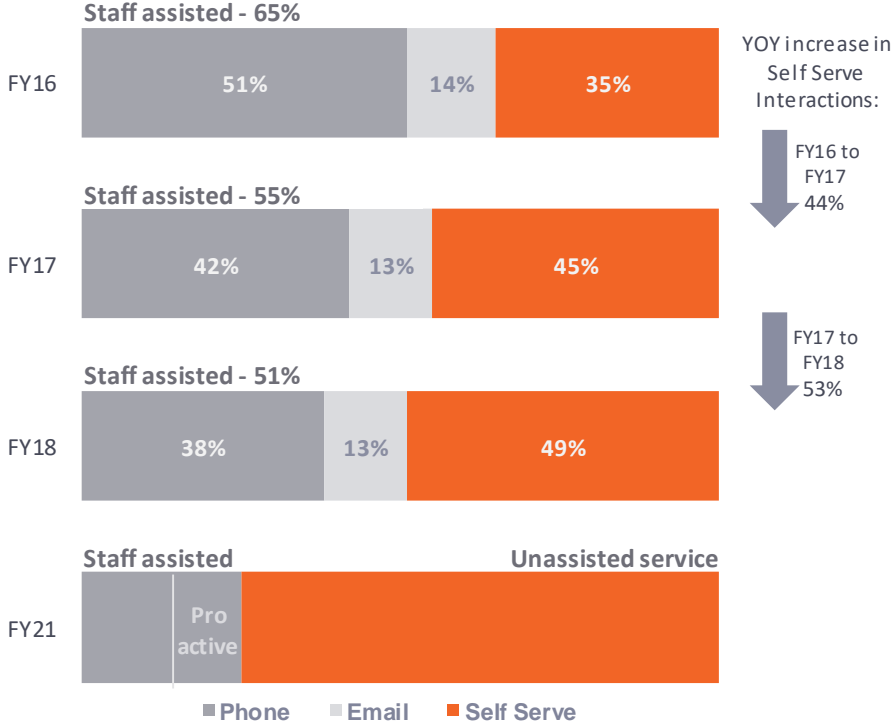
...which is transforming our digital capability and customer experience



### TIME AND COST TO BUILD FORECAST MODELS

Four years ago...	<ul style="list-style-type: none"> <li>Four forecast market models</li> <li>Took more than 12 months</li> <li>Cost \$2.6m</li> </ul>
Two years ago...	<ul style="list-style-type: none"> <li>Four updated market models</li> <li>Took six months</li> <li>Cost \$107k</li> </ul>
Last year...	<ul style="list-style-type: none"> <li>100,000 customer-specific models</li> <li>Took less than one month</li> <li>Cost \$5k</li> </ul>

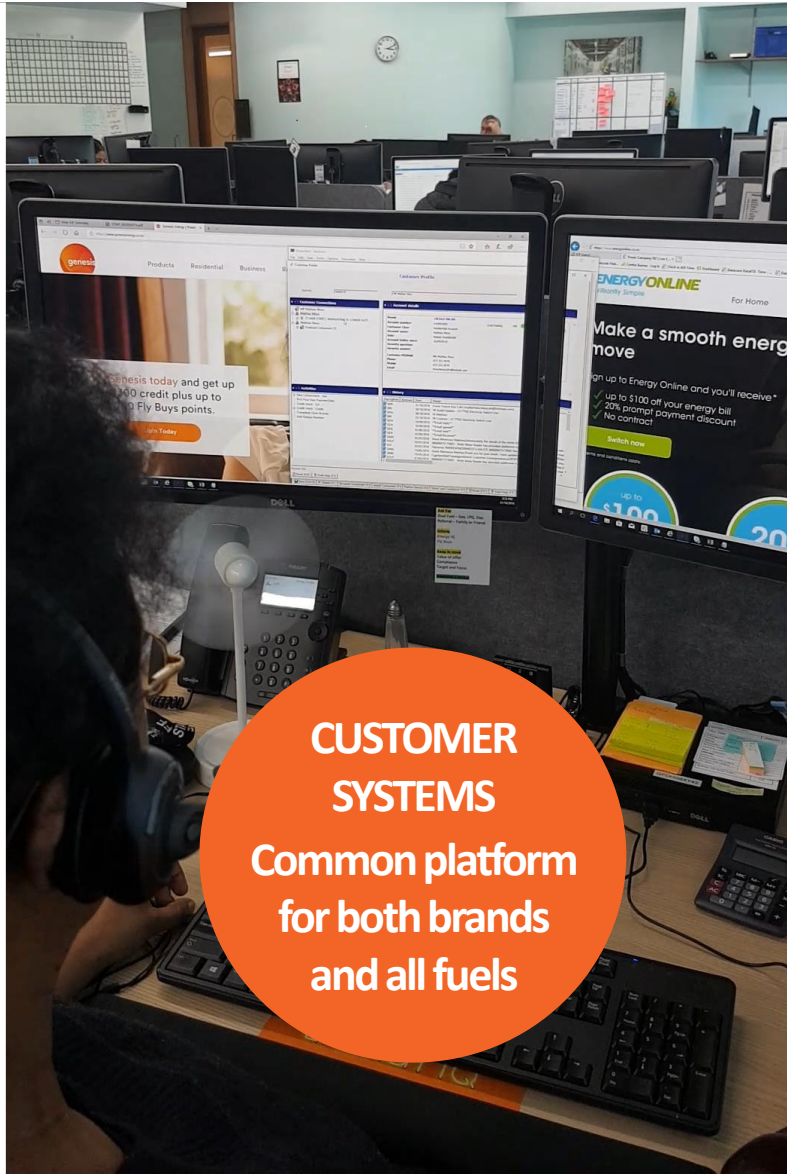
### DIGITISING OUR CUSTOMER EXPERIENCE



# Operational integration maximises value creation across the business



**LPG  
OPERATIONS**  
One logistics  
operation for both  
brands



**CUSTOMER  
SYSTEMS**  
Common platform  
for both brands  
and all fuels



**PEOPLE**  
Multi-functional  
Centre of  
Excellence

# Platform investment is delivering a difference and positions us for growth

>130,000

Total unique users for My Account/Energy IQ<sup>1</sup>

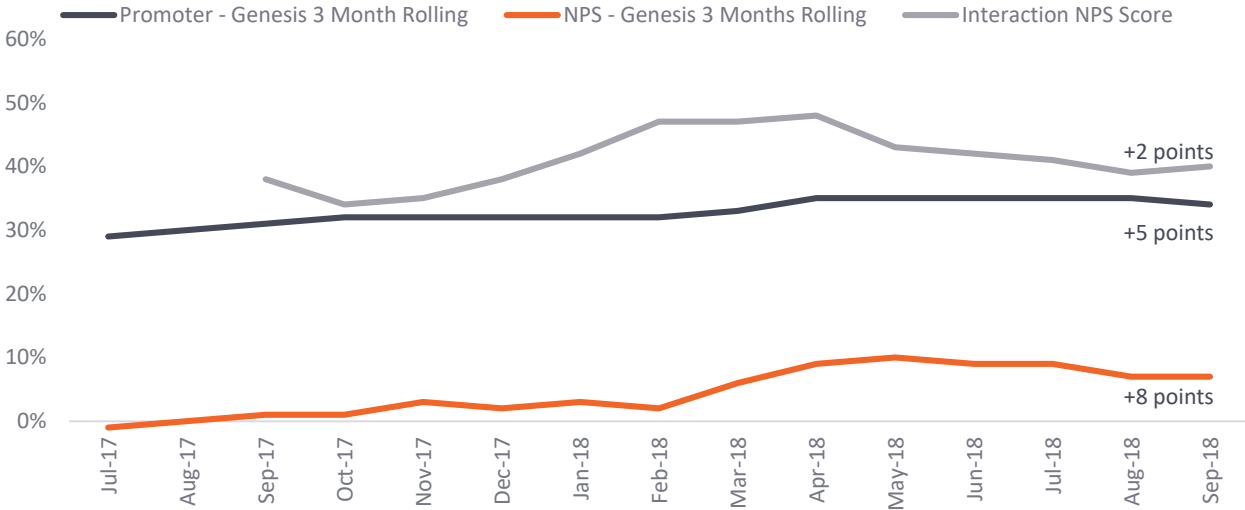
> 350,000

PowerShouts redeemed<sup>2</sup>

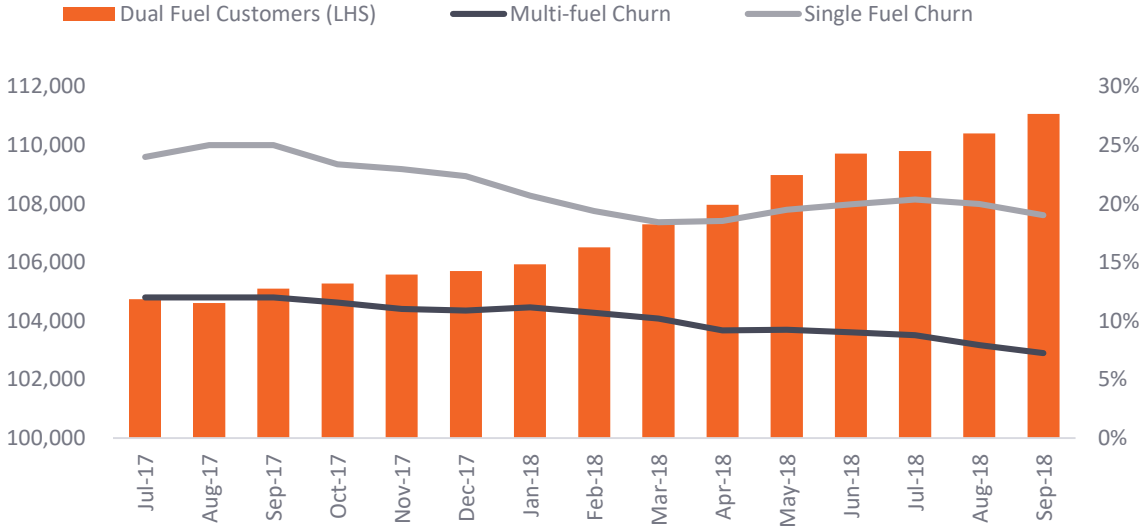
> 40 %

Customers linked to Fly Buys<sup>1</sup>

GENESIS NPS, PROMOTER SCORE AND INTERACTION NPS



DUAL FUEL CUSTOMER GROWTH (UP 5%) AND CHURN (ROLLING 3 MONTH)



<sup>1</sup> As at 30 September 2018

<sup>2</sup> PowerShouts redeemed from March to September 2018



# Value from residential loyalty



CURRENT BILL PERIOD

Electricity Used  
\$ 140.85  
as of 07 May 2018

Hello  
Alex

- Energy IQ
- Knowledge
- Advice
- Action

# Targeted business growth







- Simplicity
- Service
- Energy Management

# Multi-fuel platform



# We've made meaningful progress with our product-led strategy

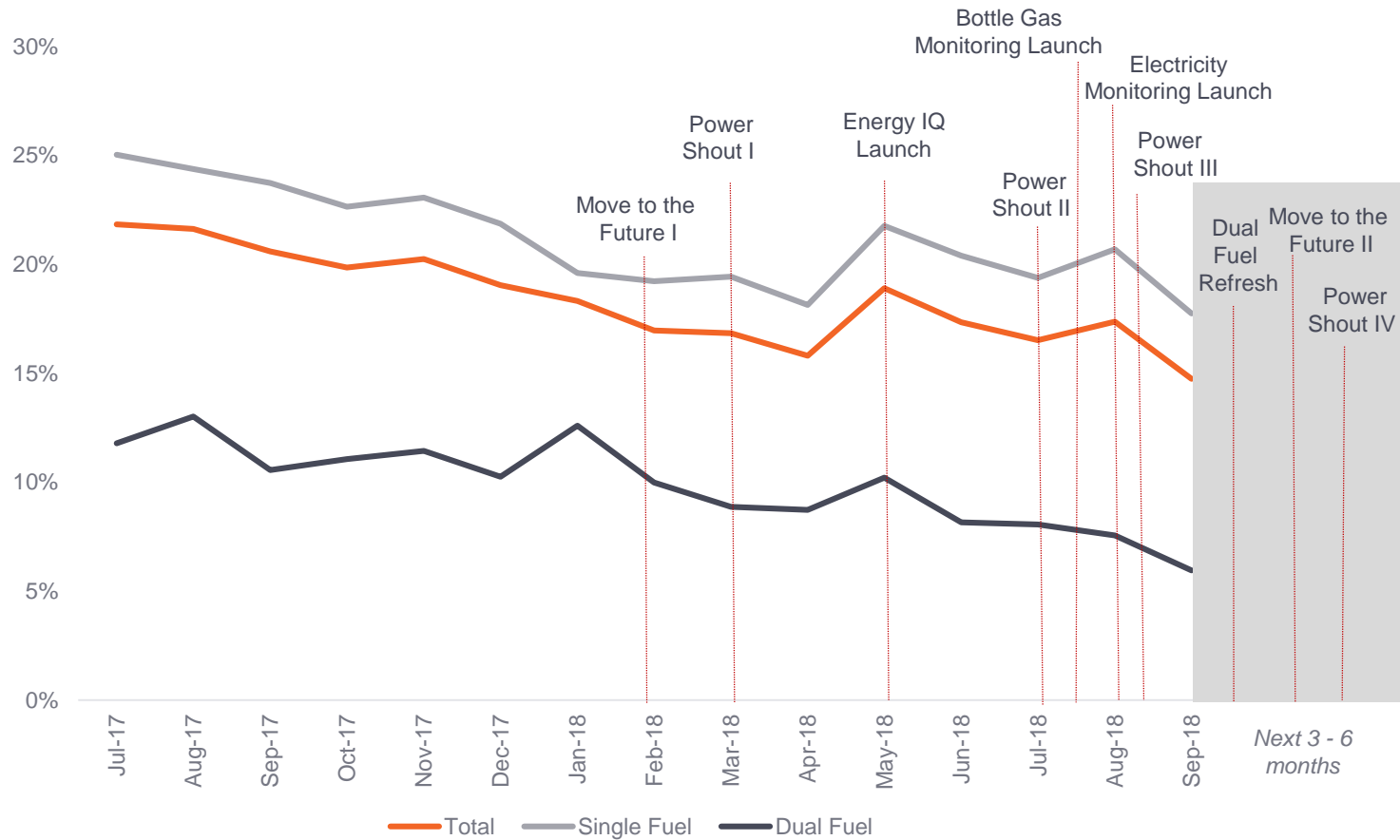
	Energy Plans	Energy Management		
		Knowledge	Advice	Action
<b>Products 2 years ago</b>	Time of use Fixed/Variable Contract/Uncontracted	MyAccount		
<b>Launched in last 2 years</b>	PowerShouts My Plan My Energy Plan Flybuys 	Energy IQ - Electricity forecast - Usage breakdown - Home comparison  Energy IQ Premium - Electricity monitoring  Energy Hub Solar Monitoring  	Electricity insights  Energy IQ Premium - Bottled Gas monitoring  Business Consultancy Energy Audit  	Solar Battery Storage Trusted Trades Heat pump control

Key: Scaled Small scale / trial stage

# Focusing on enhancing loyalty

— FY19 will deliver product differentiation at scale

GENESIS CUSTOMER CHURN RATE (BY MONTH, ALL FUELS)<sup>1</sup>



1% price increase equals ~\$7-8m EBITDAF per annum<sup>2</sup>

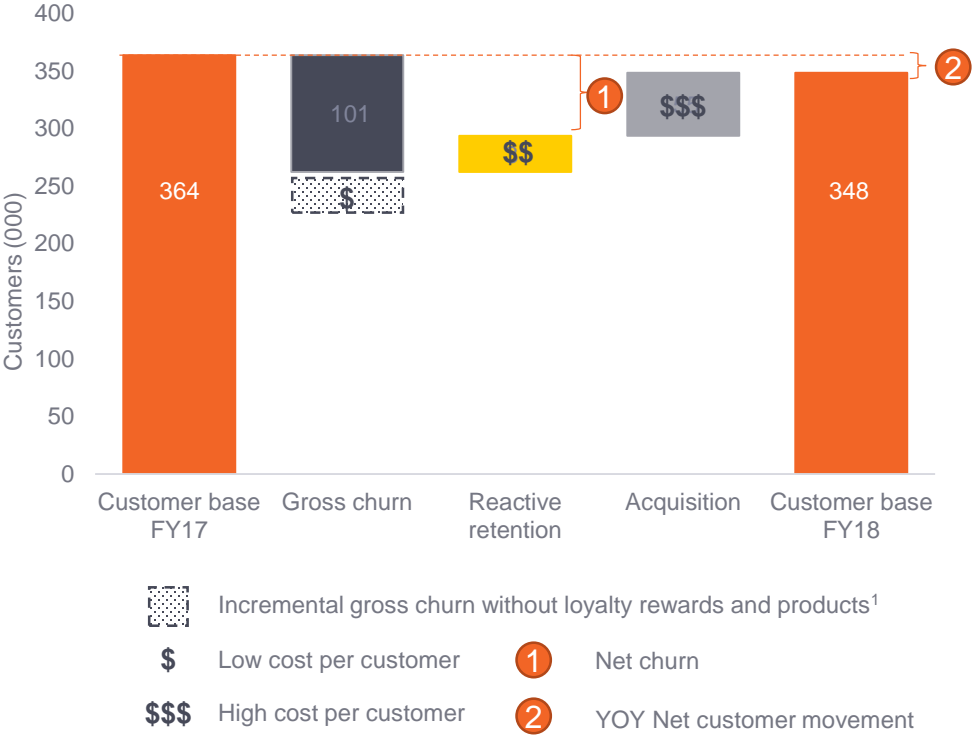
1% churn equals ~\$1-2m EBITDAF per annum<sup>2</sup>

<sup>1</sup> Monthly Churn Annualised (most recent 2 months are estimated on EOM losses and may change)

<sup>2</sup> Based on Total Residential ICPs for electricity, gas and LPG

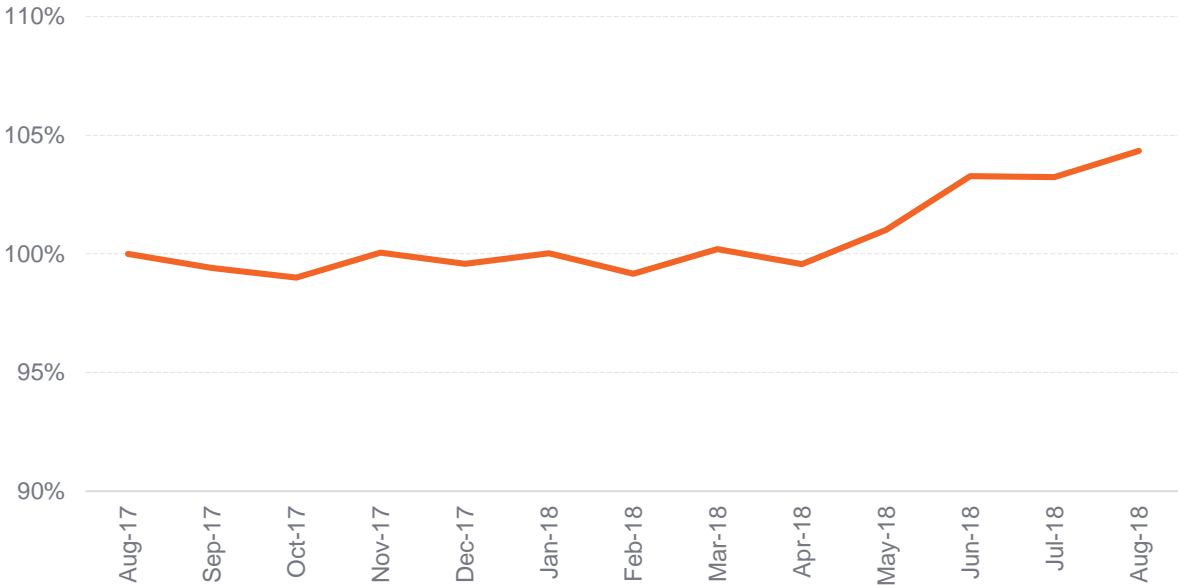
# Continued progress on optimising residential segment value

OUR APPROACH TO REDUCING “STANDSTILL COST” – GENESIS RESIDENTIAL



Investing pro-actively in brand, loyalty rewards and products, yields a greater ROI than reactive retention or acquisitions

INDEXED CUSTOMER LIFETIME VALUE<sup>2</sup> – GENESIS RESIDENTIAL



RESIDENTIAL NETBACK

	FY17	FY18	FY19 (f)
Electricity (\$/MWh)	117.1	111.4	113 - 117
Gas (\$/GJ)	10.8	10.6	11 - 12
LPG (\$/Tonne)	396.7	791.0	850 - 870

<sup>1</sup> Estimate via control groups  
<sup>2</sup> NPV of customer lifetime income, based on individual cost, revenue and churn profile

# Dual brand strategy

—Critical to enabling mass market strategy



~6% of total ICP churn is between brands<sup>1</sup>

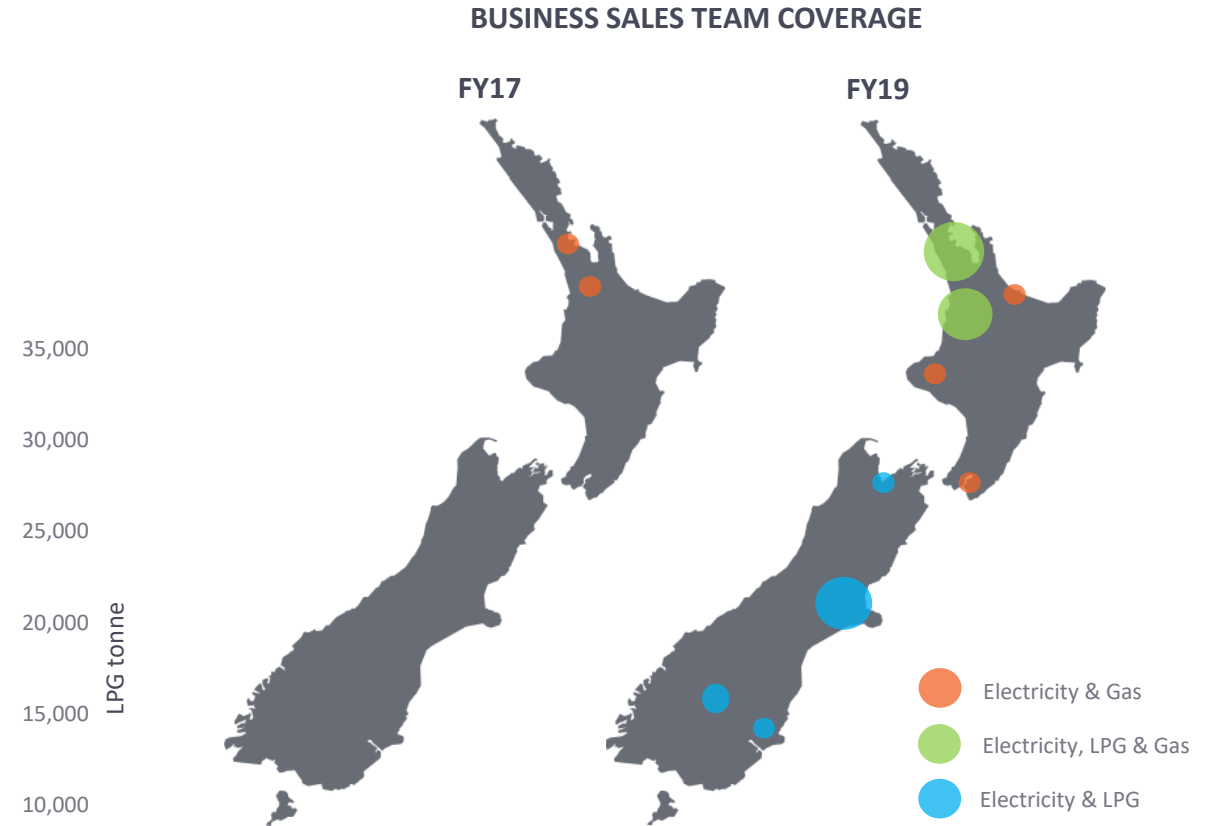
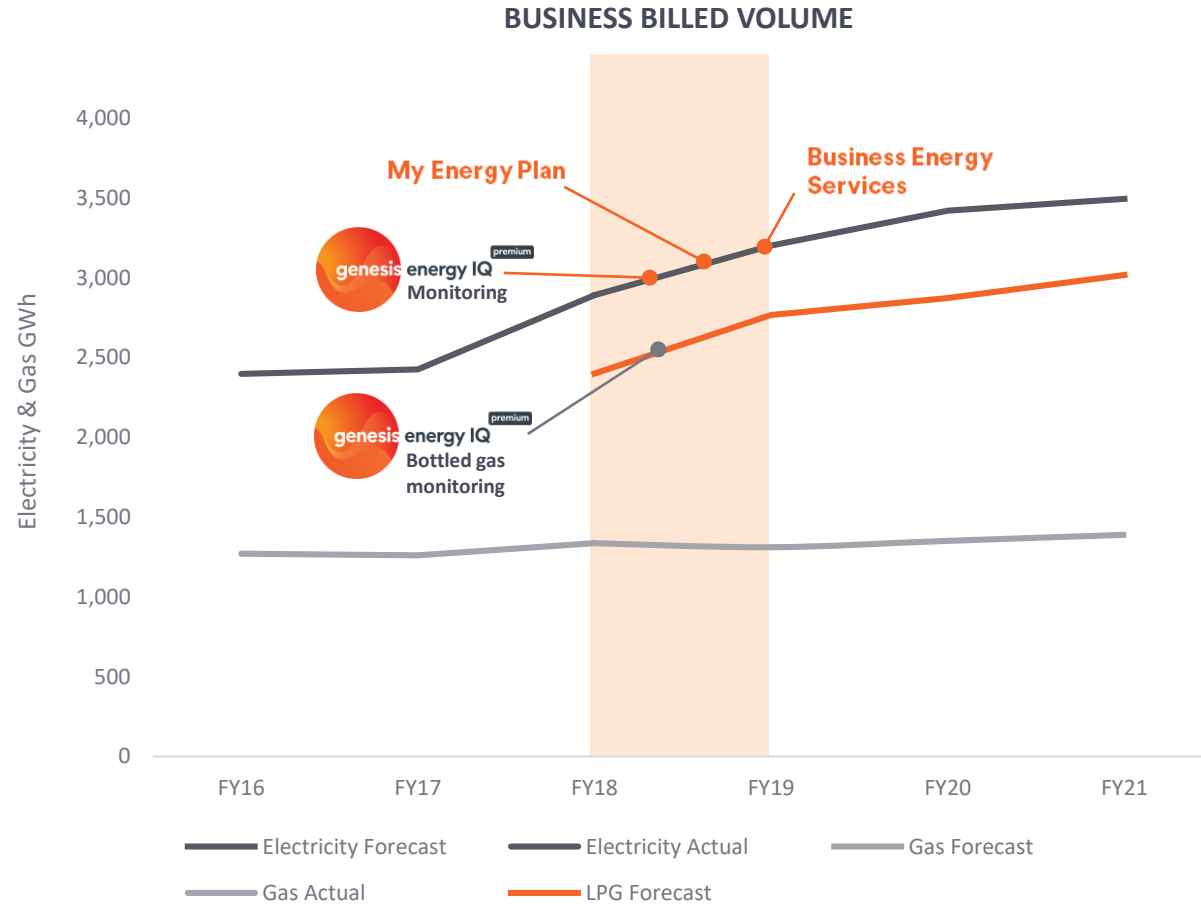


- **Market Role:** Market leader that brings to life the future of energy and has deep, valuable customer relationships
  - **Purpose:** Reimagine energy to put control in the hands of our customers
  - **Personality:** Warm, energetic, switched on, inspiring
- **Market Role:** Challenger with attitude. Nimble enough to deliver to customers with simpler needs
  - **Purpose:** Brilliantly simple energy powered by passionate people
  - **Personality:** Irreverent, authentic, straight up

<sup>1</sup> EOL competitor switch to Genesis averages @ 7% of total switches (vs 20% market share of Genesis), whilst Genesis competitor switch to EOL averages @ 5% of total switches (vs 4% market share)

# Focus on growing business volume

— Early signs that investment is paying off



### BUSINESS NETBACK

	FY17	FY18	FY19 (f)
Electricity (\$/MWh)	88.5	87.7	88 - 91
Gas (\$/GJ)	7.8	7.6	8 - 9
LPG (\$/Tonne)	n/a	755	850 - 900

# Targeted growth through differentiation

— Agriculture and hospitality are our initial focus

## AGRICULTURE

Complements our  
Retail profile

Heavy use of LPG  
within specific  
segments



## HOSPITALITY

An under-served but  
valuable segment

Heavy use of LPG  
within specific  
segments



# Brand identity critical to growth

— Putting our energy into your business

## OUR CUSTOMER VALUE PROPOSITION

### 1 Simple

Make energy simple by providing multiple fuels, at multiple sites, on one bill

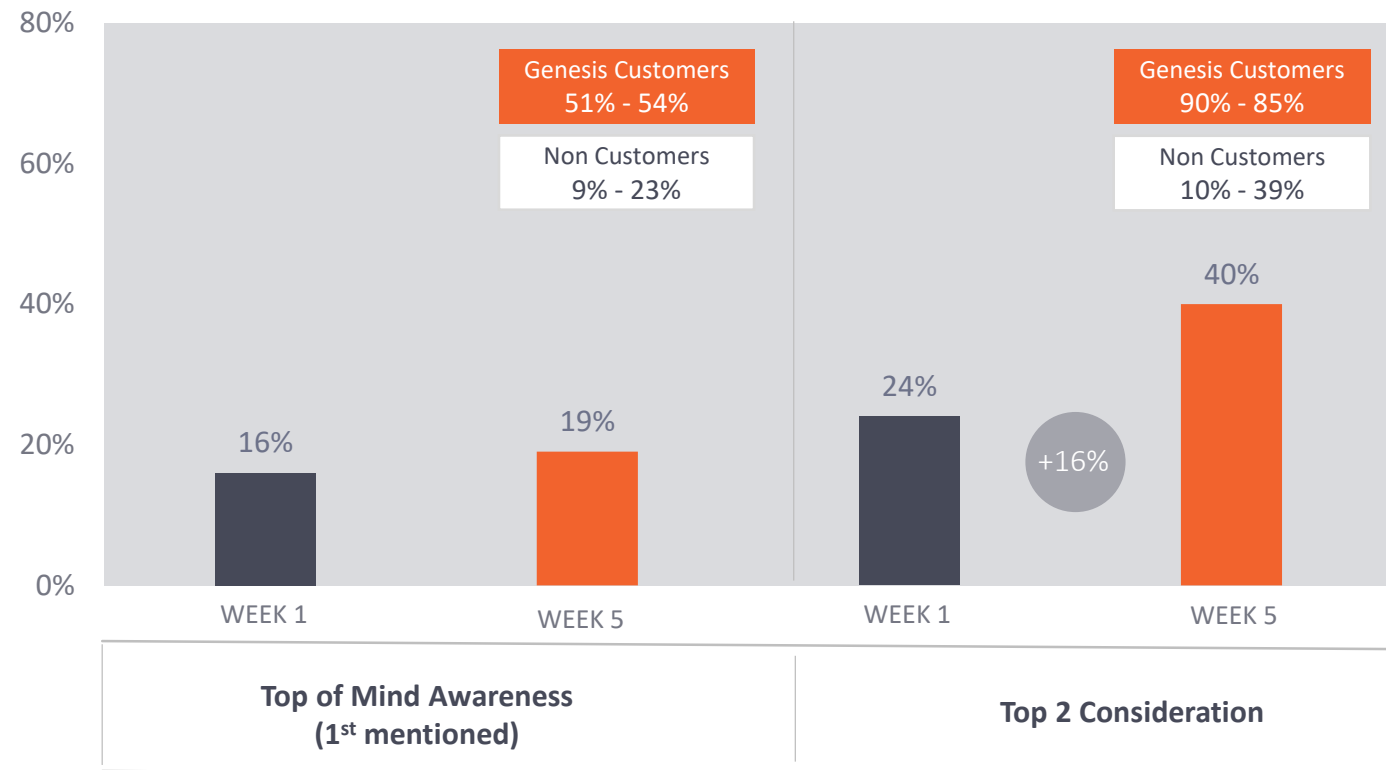
### 2 Service

Proactively health check our customers to make sure they're on the best plan for their business

### 3 Energy Management

Create the best energy management tools to monitor, control and be more efficient with energy

## BRAND METRICS: BUSINESS CUSTOMERS

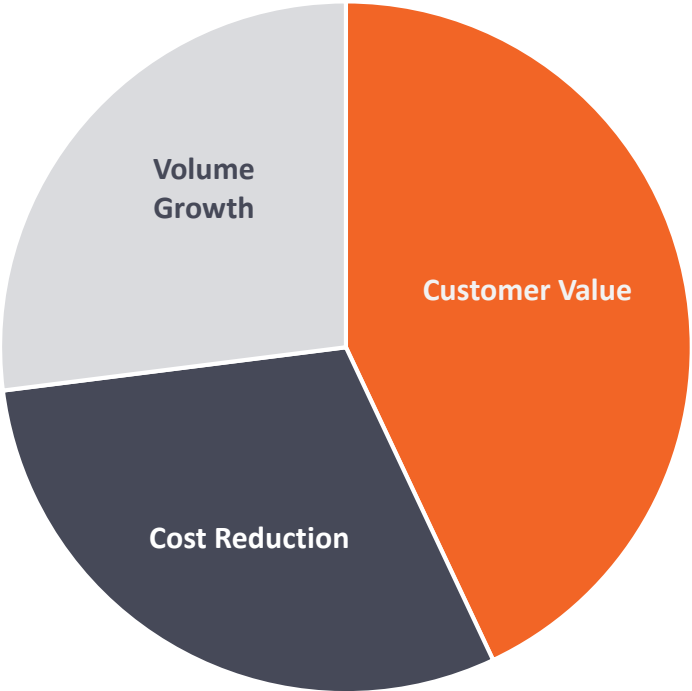




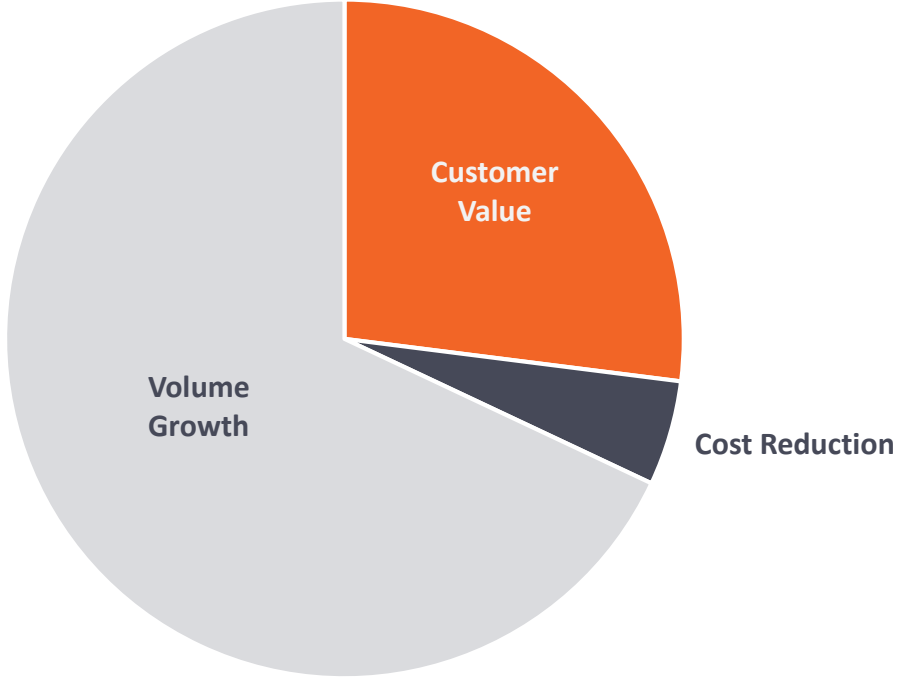
# Growth in the customer segment

— Growth in the customer segment will deliver \$20-30m incremental EBITDAF

**RESIDENTIAL**  
INCREMENTAL EBITDAF FROM FY19 - FY21 \$14-21M



**BUSINESS**  
INCREMENTAL EBITDAF FROM FY19 - FY21 \$6-9M



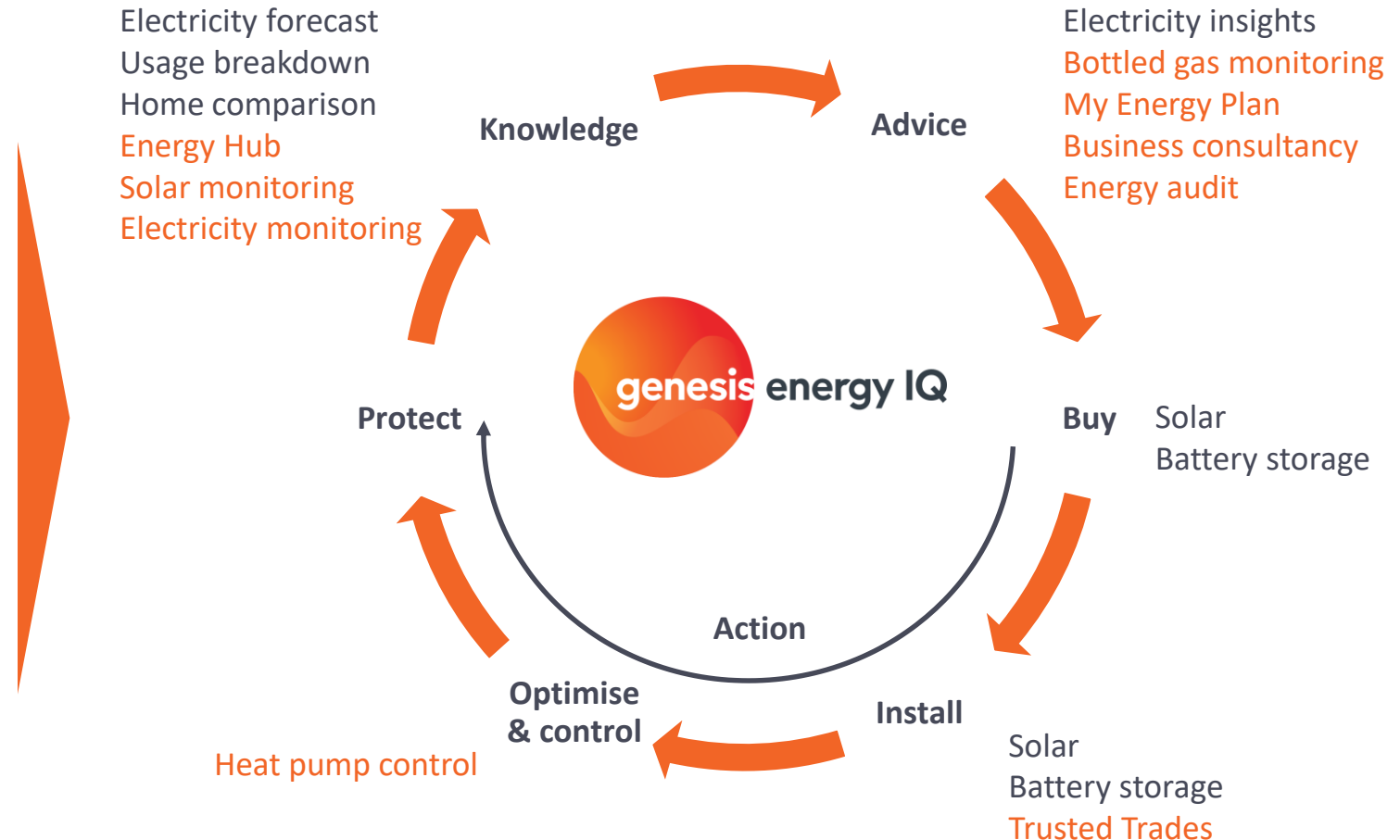
Includes LPG Synergies of \$4-6 million per annum by FY21. Synergies remain on track

# How we think about Energy Management

## ACTIVITIES WITHIN AN ENERGY MANAGEMENT VALUE CHAIN

### Energy related assets:

- Heating and Cooling
- Hot water
- Distributed generation
- Storage
- EV infrastructure
- Metering
- Building & home energy management systems
- Control units
- Insulation

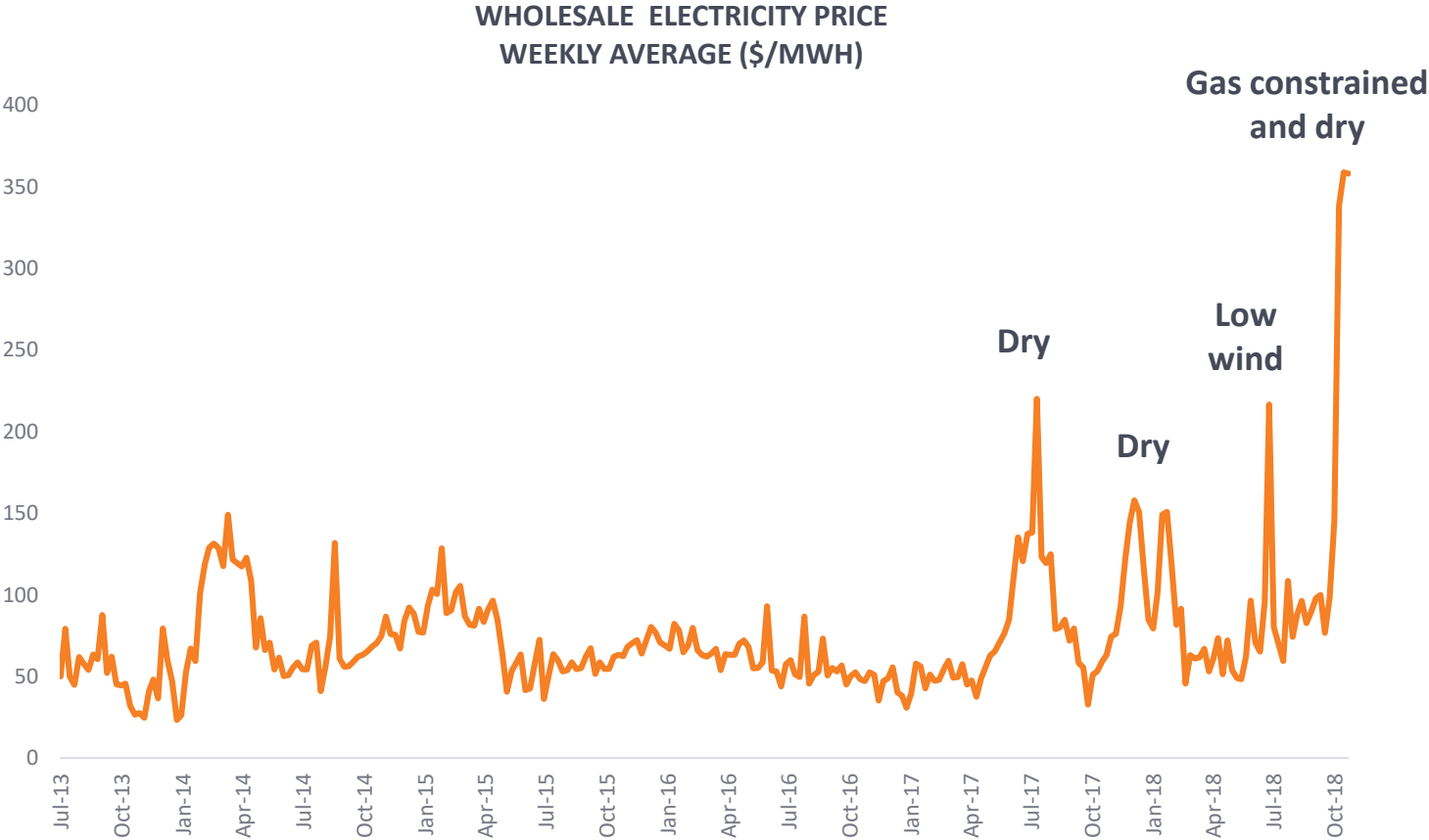




**Our diverse generation portfolio  
ensures stability and benefits  
from market volatility**

# Risks impact the wholesale electricity market

— Spot prices rise to reflect wind volatility, low inflows and reduced gas production



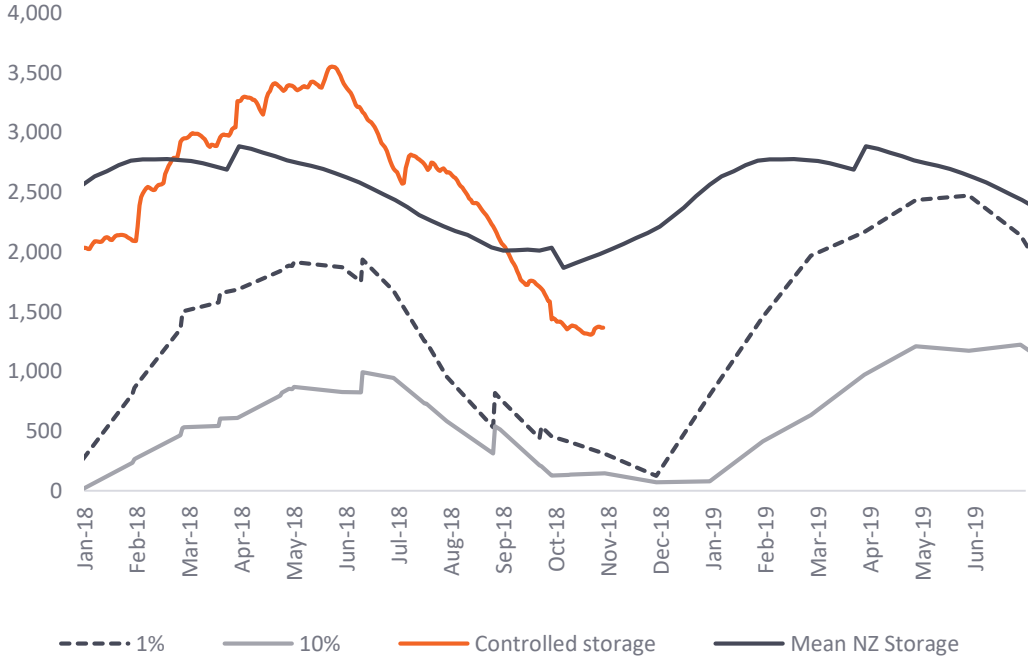
People don't value earthquake insurance...until there's an earthquake

The value of risk products is apparent in the wholesale markets right now

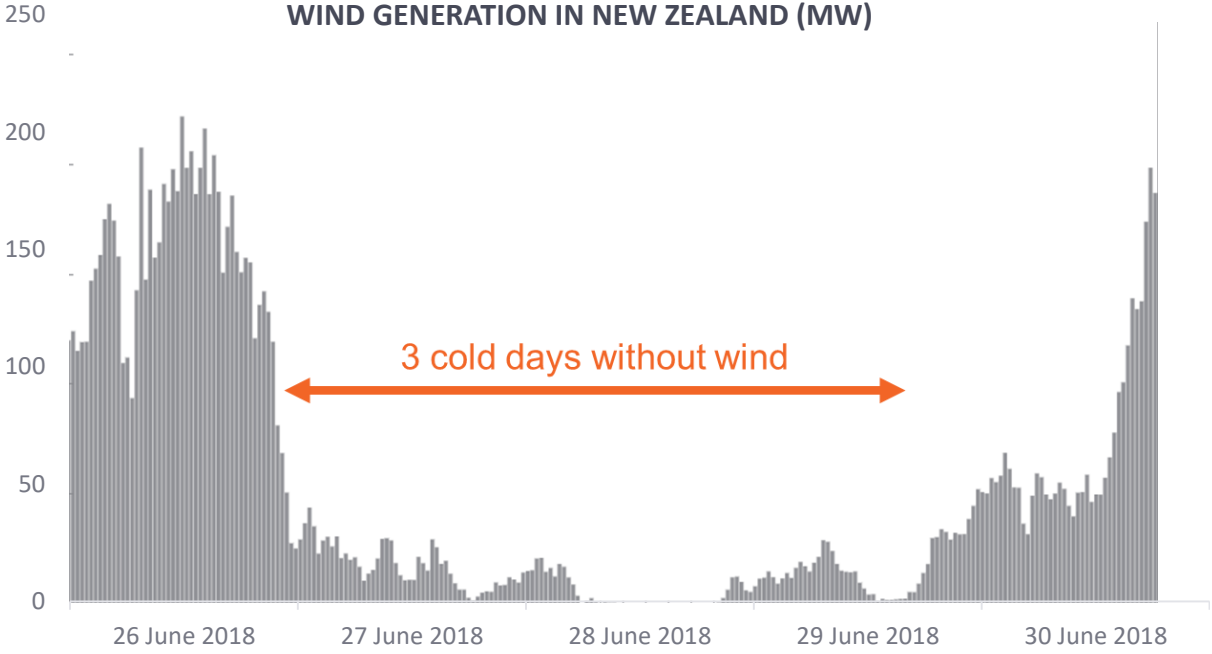
# Renewable volatility drives price volatility

— Low hydro storage and increasing wind exposure increases need for dispatchable capacity with energy storage

NZ CONTROLLED STORAGE AND RISK CURVE (GWH)



WIND GENERATION IN NEW ZEALAND (MW)



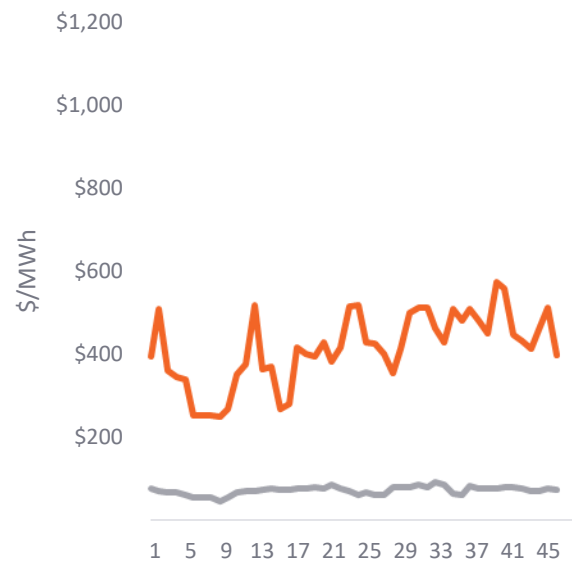
# Thermal firming is market critical

— Rankines able to capture high prices caused by scarcity of firming capacity and stored energy

## HYDRO AND GAS FIRMING

22/10/2018<sup>1</sup>

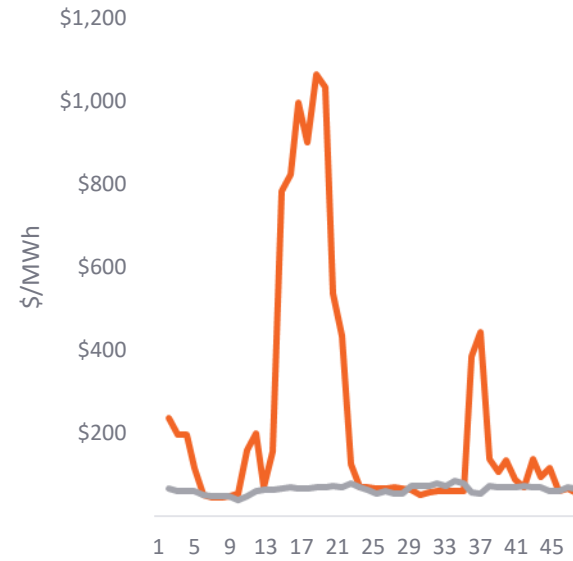
Below average hydro storage and gas constrained.



## WIND FIRMING

28/6/2018<sup>1</sup>

Above average hydro storage but high demand and wind below forecast.



Energy storage (coal or gas storage) is needed to maximise this value

Rankine Units and potentially Unit 5 able to capture value by backing up market shortfalls:

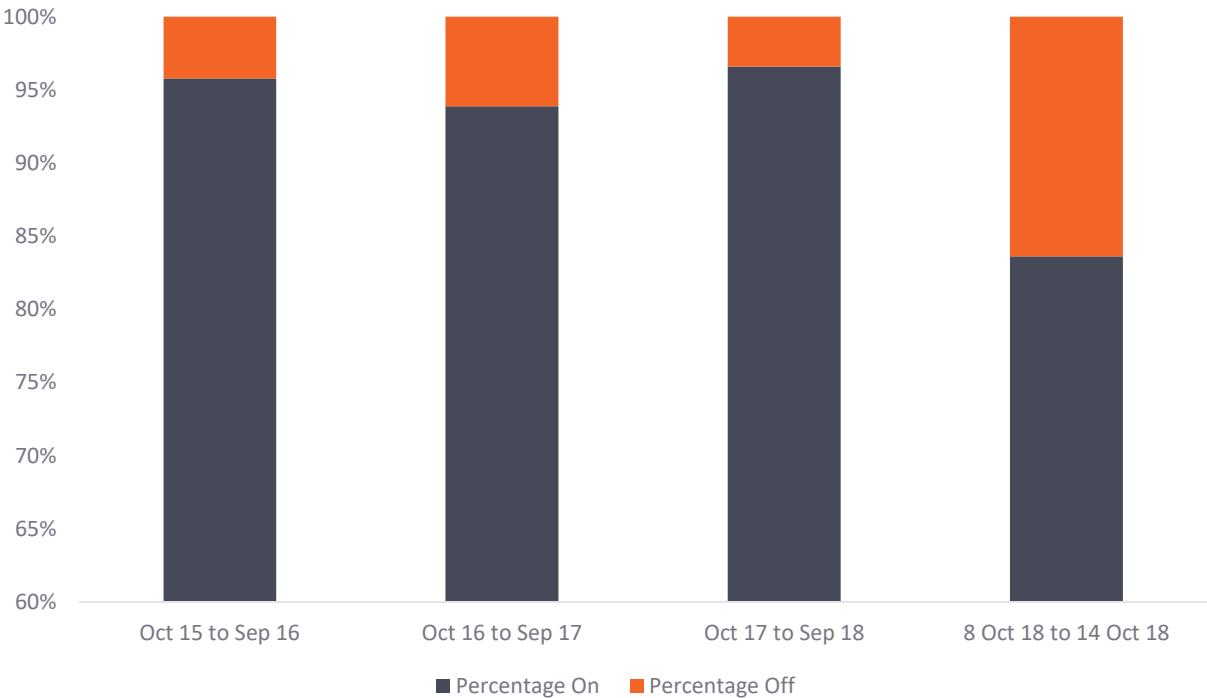
- Hydro and gas shortages
- Low wind
- HVDC outages
- Gas outages (production and pipeline)
- Generator outages e.g. Taranaki Combined Cycle (TCC)

<sup>1</sup> Average hydro storage and no other constraints shown for comparison – 22/9/2018

# We have proven the ability to operate Unit 5 flexibly

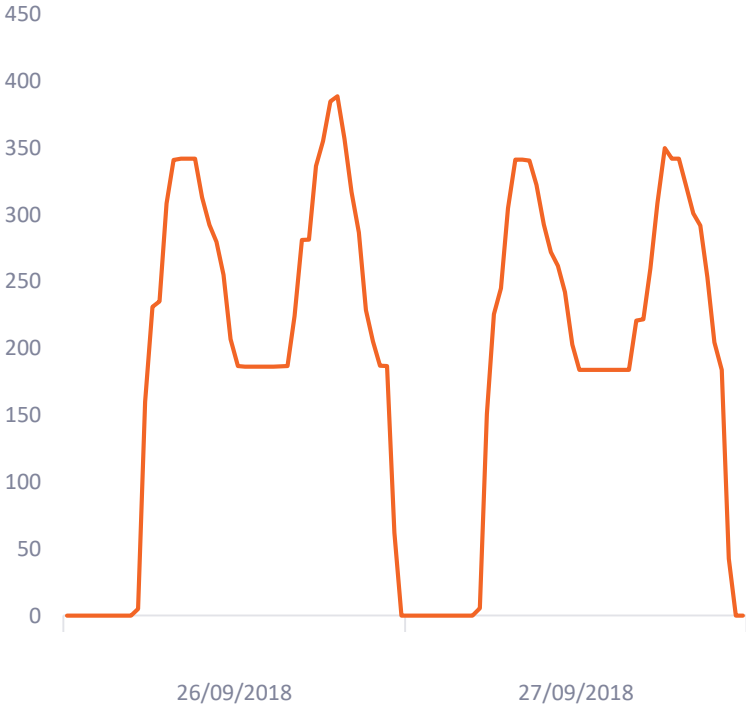
— Combined with more flexible gas portfolio drives enhanced value

**UNIT 5 PERCENTAGE OF TIME OFF**



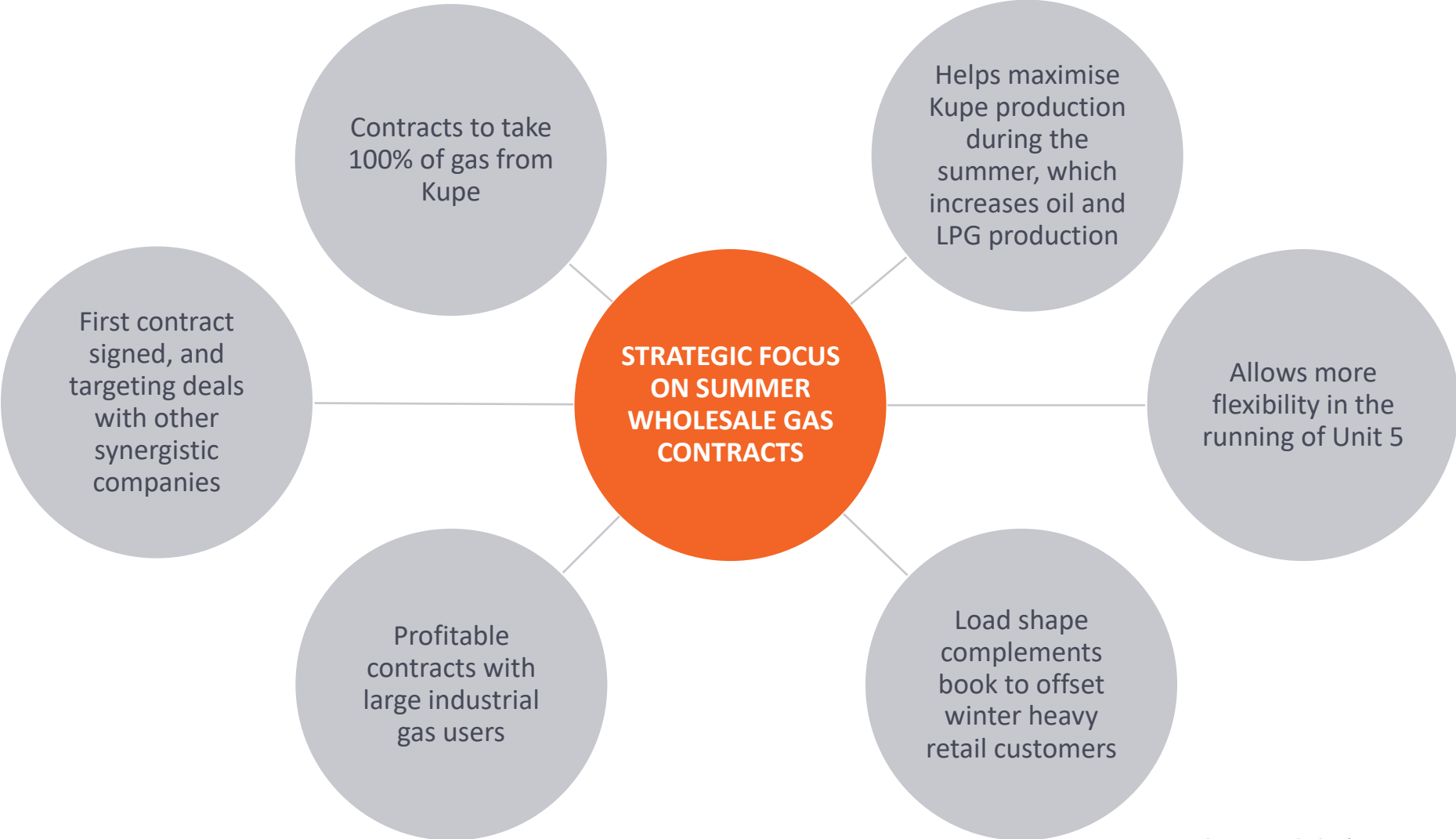
Excludes scheduled maintenance shutdown from 26<sup>th</sup> October

**RECENT UNIT 5 OPERATION**



# Creating flexibility today

— Our ability to optimise resources across markets creates value





# Rankines add value to Genesis even when not operating

— In addition to profitable running, there are three core value streams from Rankine availability

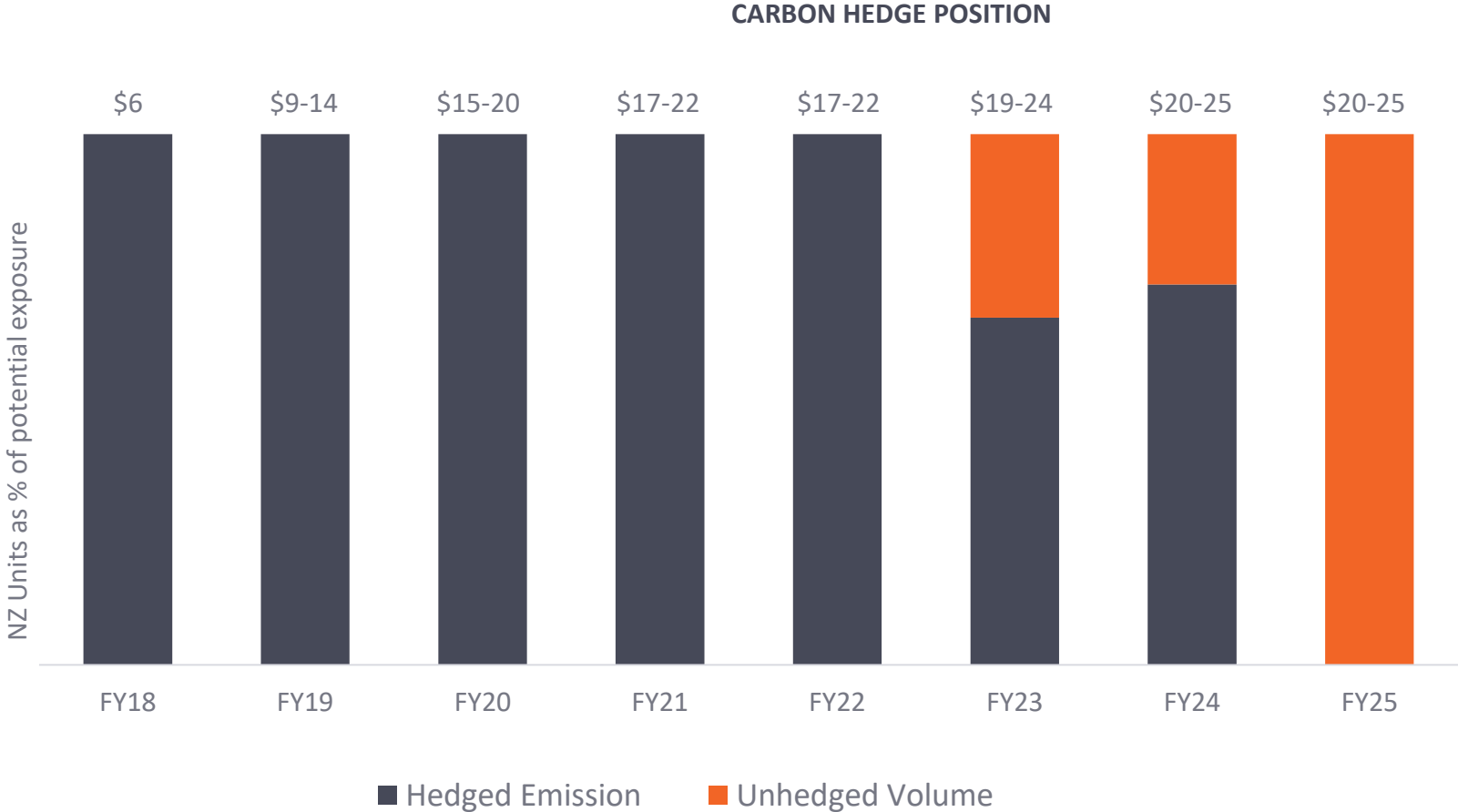
Swaptions  
(Or other insurance-like products)

Ability to maximise use of hydro storage

Provides a clear shadow price for alternative hedges

# Our emissions are largely hedged through to 2025

— We are also investigating longer term hedging options



Short-hedging has been successful to date

For longer term hedging, we are investigating the full spectrum of possible options, ranging from direct ownership of forests to off-take agreements

# Most carbon costs are recovered directly

— Only a small portion of costs are not included as a direct pass through into prices/contracts

## INDICATIVE SPREAD OF CARBON EXPOSURE ACROSS MARKETS

LPG sales	Recovery – 100%, via pricing of LPG
Wholesale gas sales	Recovery – 100%, Genesis receive the credits
Retail gas sales	Recovery – 100%, via pricing of Gas
Contracted thermal generation	Recovery – 100%, Genesis receives the credits
Generation into spot market	Recovery – very high, close to 100% via thermal offers
Generation for customers	Recovery – between 70-100% depending on market

# Cost recovery of generation burn varies

— Ability to fully recover cost of carbon supported by dry weather and under supplied market

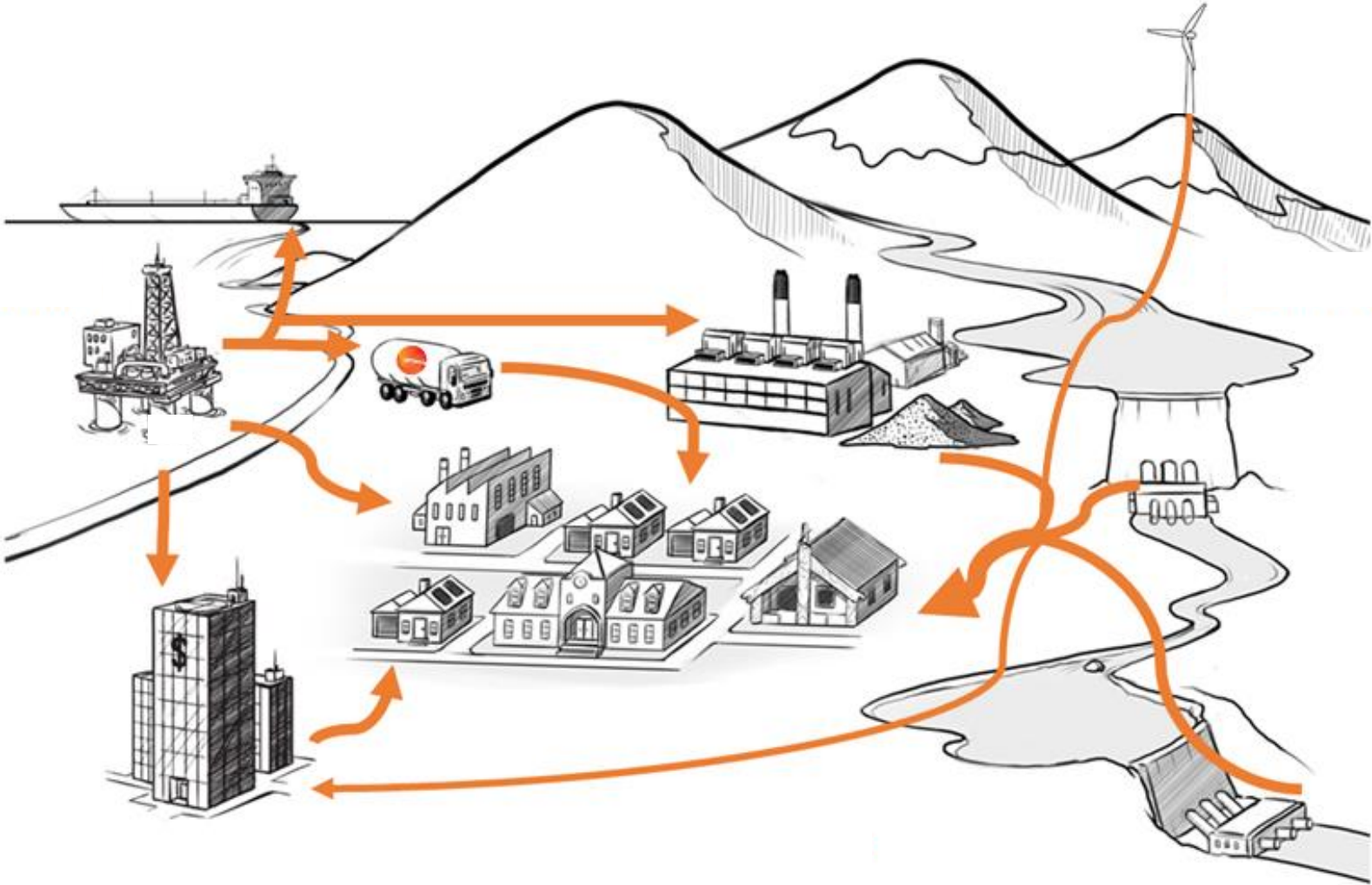
	Over supply	Under Supply
Wet	Good 70%-85% recovered	Better 85%-95% recovered
Dry	Better 85%-95% recovered	Best 95%-100% recovered

Not including portfolio impact on renewable margins

Increased flexibility in gas position and Unit 5 flexibility will improve our ability to recover carbon costs

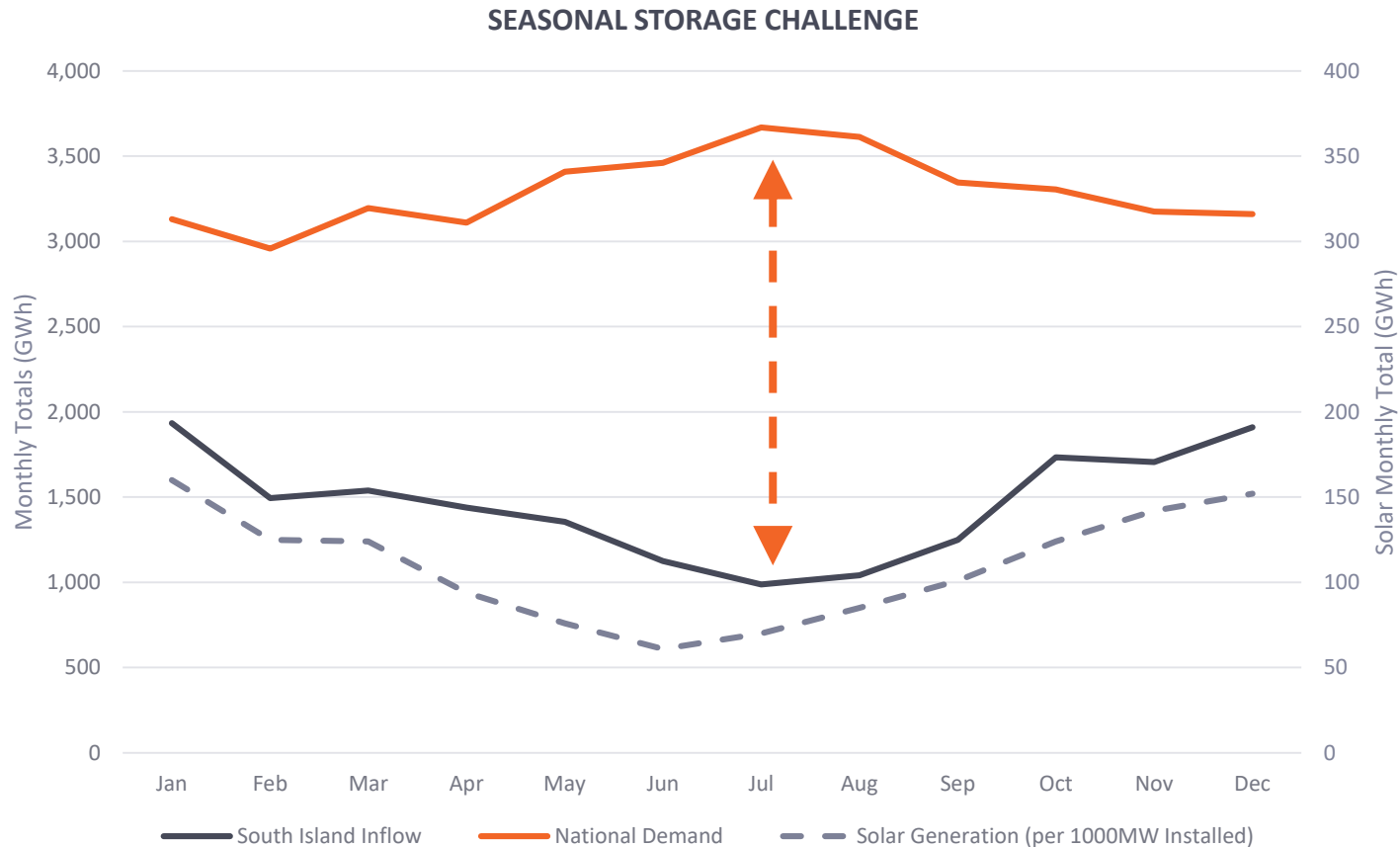
# Integrated portfolio provides flexibility

— We have options to respond to a wide variety of market conditions



# New Zealand's unique seasonal demand challenge

— Demand is highest in winter, when southern inflows are the lowest

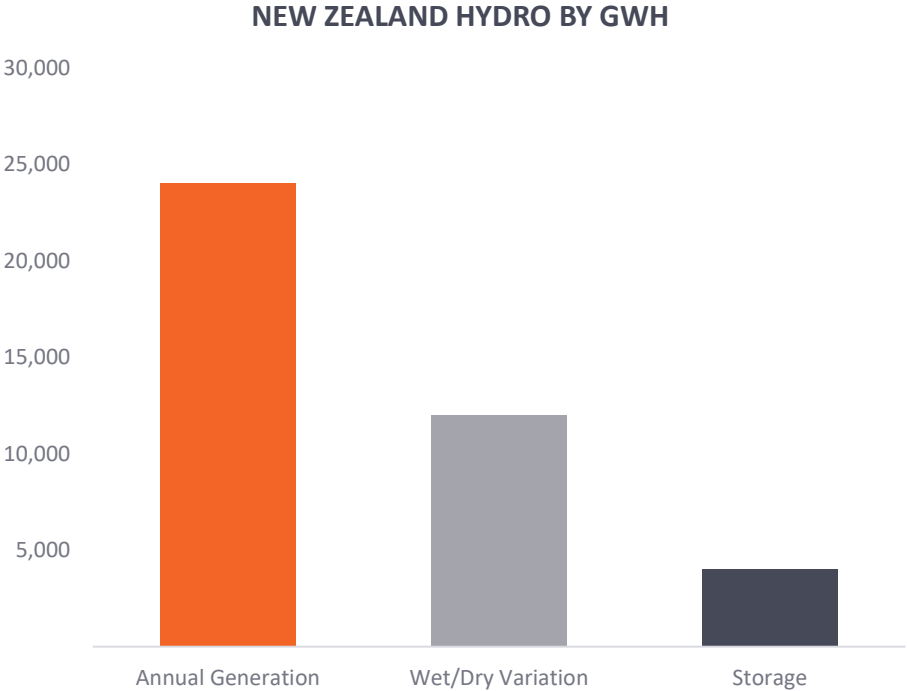


Storage or generation with flexible fuel sources need to address market challenges

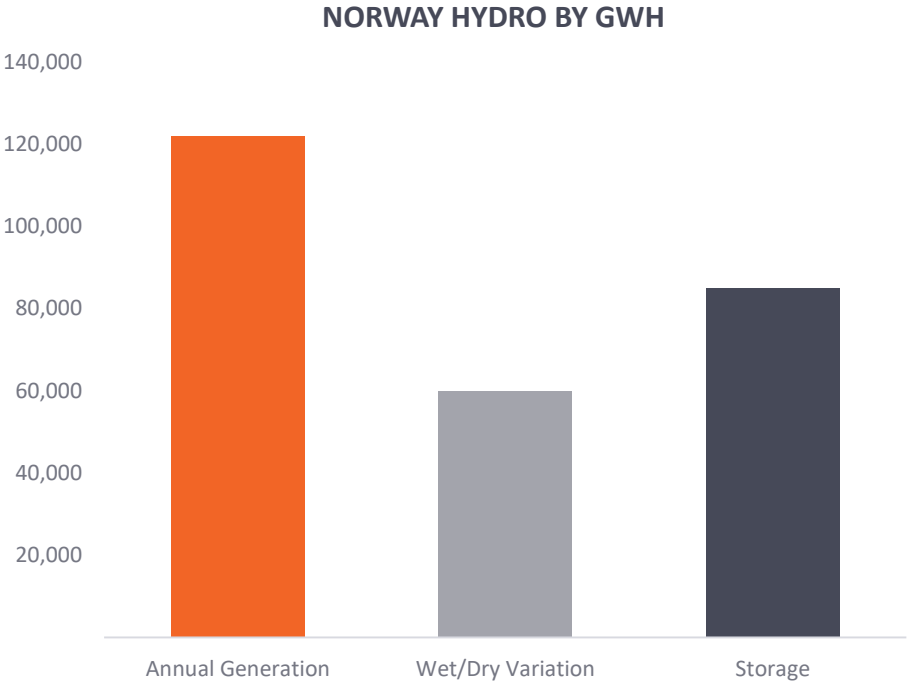
- 2,000 GWh more energy is needed in winter than summer
- Over 12 months hydro inflow can be around 5,000 GWh below average in a dry spell
- That means 7,000 GWh of deep energy storage is needed to deal with seasonal shift and dry year support
- NZ's hydro lakes provide 4,000 GWh storage, leaving a 3,000 GWh gap in a dry spell

# NZ's hydro storage is too small to manage droughts

— Even with 4 times the relative storage and with EU interconnector, Norway is still only 98% renewable



**NZ has 2 months hydro storage  
(85% renewable)**



**Norway has 8 months hydro storage  
(98% renewable)**

# Deep energy storage is a big challenge

— There are limited options available to store 3,000 GWh of energy



**5 more hydro schemes the size of Lake Taupo**



**140 Tesla Powerwalls per household (\$2m per house)**



**10 million 45kg LPG bottles (plus some sort of generator)**



**80% of the potential Huntly coal stockpile (1.4m tonnes)**



# Portfolio delivers value from flexibility & reliability

— Likely renewable builds have a different role in the market to thermal generation

Generation Role	Thermal (Gas)	Thermal (Coal)	Hydro	Geo-thermal	Wind & Solar	Batteries
<b>Baseload</b> Runs 24/7	●	●	●	●	○	
<b>Daily Flex</b> Can turn it on/off (or up/down) for a few hours	○	●	●			●
<b>Weekly Flex</b> Can turn it on/off (or up/down) for a few days	●	●	●			
<b>Dry Year Support</b> Has fuel storage to run in droughts (c. 3000 GWh)	○	●				

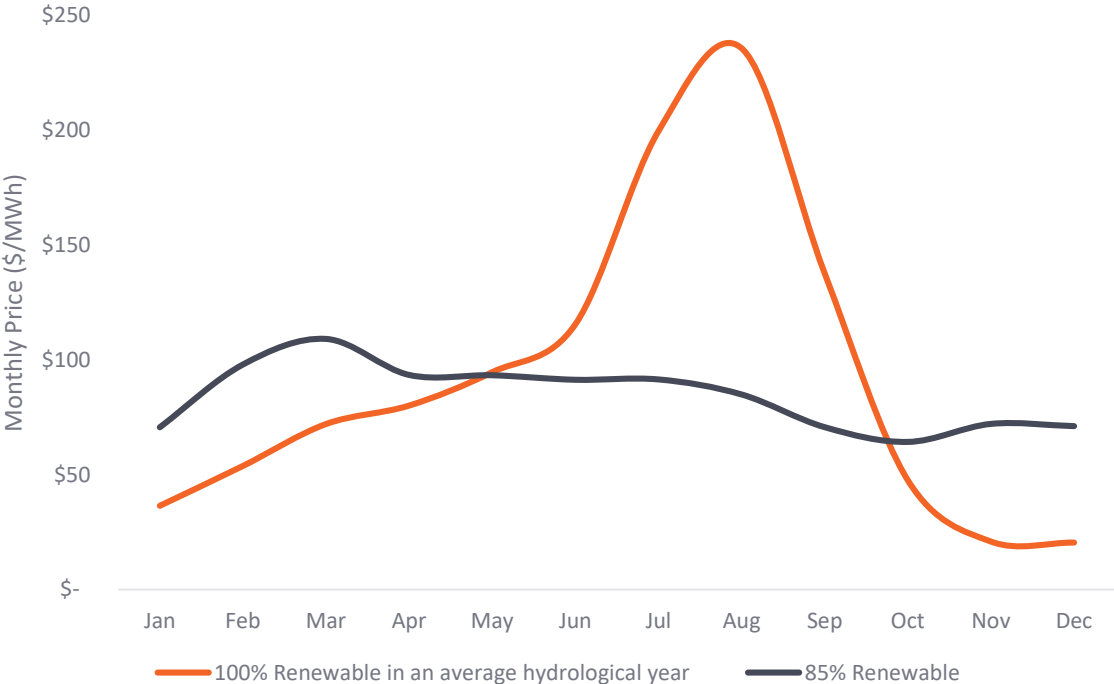
Legend for Generation Role:

- Always: ● (Solid Orange Circle)
- Sometimes: ○ (Hollow Orange Circle)

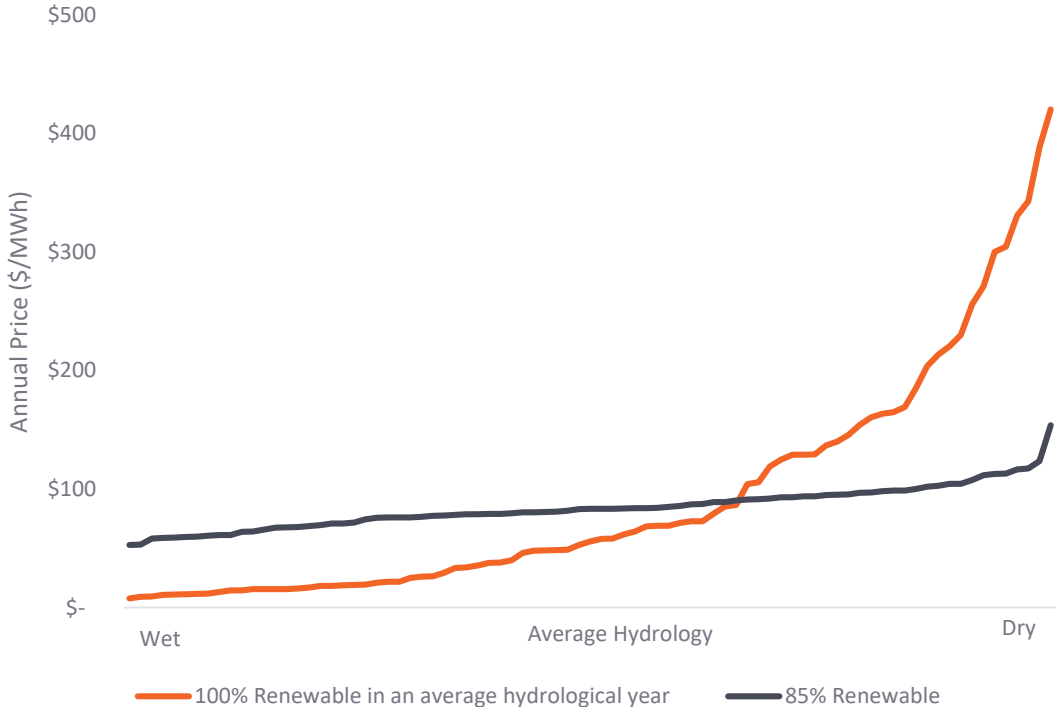
# High renewable penetration will have challenges

— If you just overbuild renewables, price rises 20% on average and becomes much more volatile

### MONTHLY PRICE VOLATILITY




### ANNUAL PRICE VOLATILITY




# Our portfolio spans a range of sub-markets

— Changes to value, volume and cost will change opportunity over time


Wholesale Portfolio Resource	Today	2022-2030	2030+
Baseload electricity	Most value exists from energy sales in today's market	Falling cost of wind technology and new builds expected to cap energy market value in near term	Electrification of transport and industry drives electricity demand and scarcity of renewable resources
Daily flex electricity	Hydro's dominance and its ability to adjust over short timeframes limits opportunity	Growing wind penetration and falling thermal creates scarcity in flexible energy	Energy Management, batteries and EVs all act to limit growth in value of daily flex energy
Weekly flex electricity			Growing wind penetration and falling thermal creates scarcity in flexible energy
Dry year support electricity	Few alternative options mean remaining equipment can secure value		



Limited value opportunity



Some value opportunity

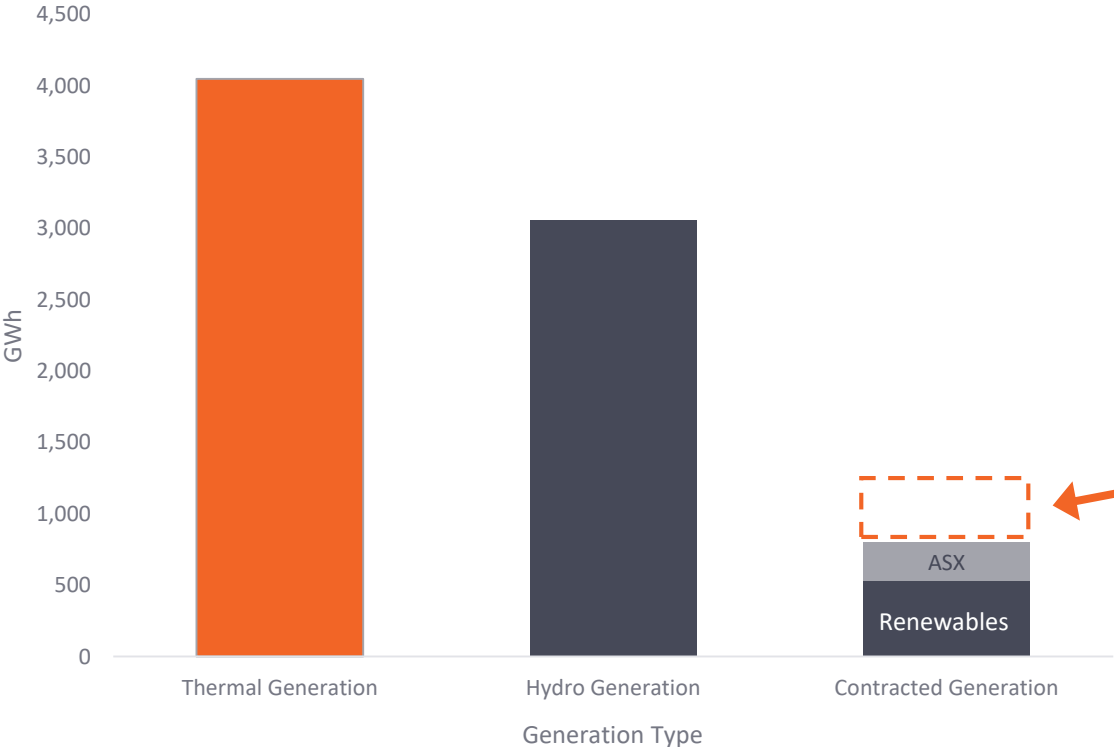


Strong value opportunity

# Contracts are an increasingly important part of our portfolio

— It's not about who owns what assets, it's about where you get your electricity from

SOURCES OF GENERATION VOLUMES FOR PORTFOLIO IN FY18



- Genesis doesn't need to invest our own capital and operate assets
- Our interest is in the electricity offtake as part of our portfolio to support our customers
- Strategic partnerships will be key for us moving forward
- Waverly will add 350-390 GWh of renewable energy to our portfolio
- We are investigating additional contracts

# We are maximising value as NZ transitions to a low carbon future



**Securing low cost  
renewable electricity**



**Flexibility from fuels and  
working towards a  
transition from coal**



**Creating flexibility from  
existing assets.  
Weekly and seasonal flex**



**The Kupe stake and fuel contract  
position provide commercial upside**

# KUPE



# COMPLIANCE STATEMENTS



## Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Underlying EBITDAX (earnings before interest, tax, depreciation, amortisation, evaluation, exploration expenses and impairment adjustments), underlying EBITDA (earnings before interest, tax, depreciation, amortisation, evaluation and impairment adjustments), underlying EBIT (earnings before interest, tax, and impairment adjustments) and underlying profit are non-IFRS measures that are presented to provide an understanding of the performance of Beach's operations. They have not been subject to audit by Beach's external auditors but have been extracted from audited financial statements. Underlying profit excludes the impacts of asset disposals and impairments, as well as items that are subject to significant variability from one period to the next. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated. References to "Beach" may be references to Beach Energy Limited or its applicable subsidiaries. Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2018 and represent Beach's share.

Certain FY19 planned activities are subject to joint venture approvals. References to planned activities beyond FY19 are subject to finalisation of work programs, government approvals, joint venture approvals and board approvals.

Due to rounding, figures and ratios may not reconcile to totals throughout the presentation.

## Reserves disclosure

Beach prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers. The reserves and contingent resources presented in this presentation were originally disclosed to the market in ASX release #034/18 from 2 July 2018. Beach confirms that it is not aware of any new information or data that materially affects the information included in this presentation and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 5.816 TJ per kboe, LPG: 1.389 bbl per boe, condensate: 1.069 bbl per boe and oil: 1 bbl per boe. The reference point for reserves determination is the custody transfer point for the products. Reserves are stated net of fuel and third party royalties.

## Assumptions

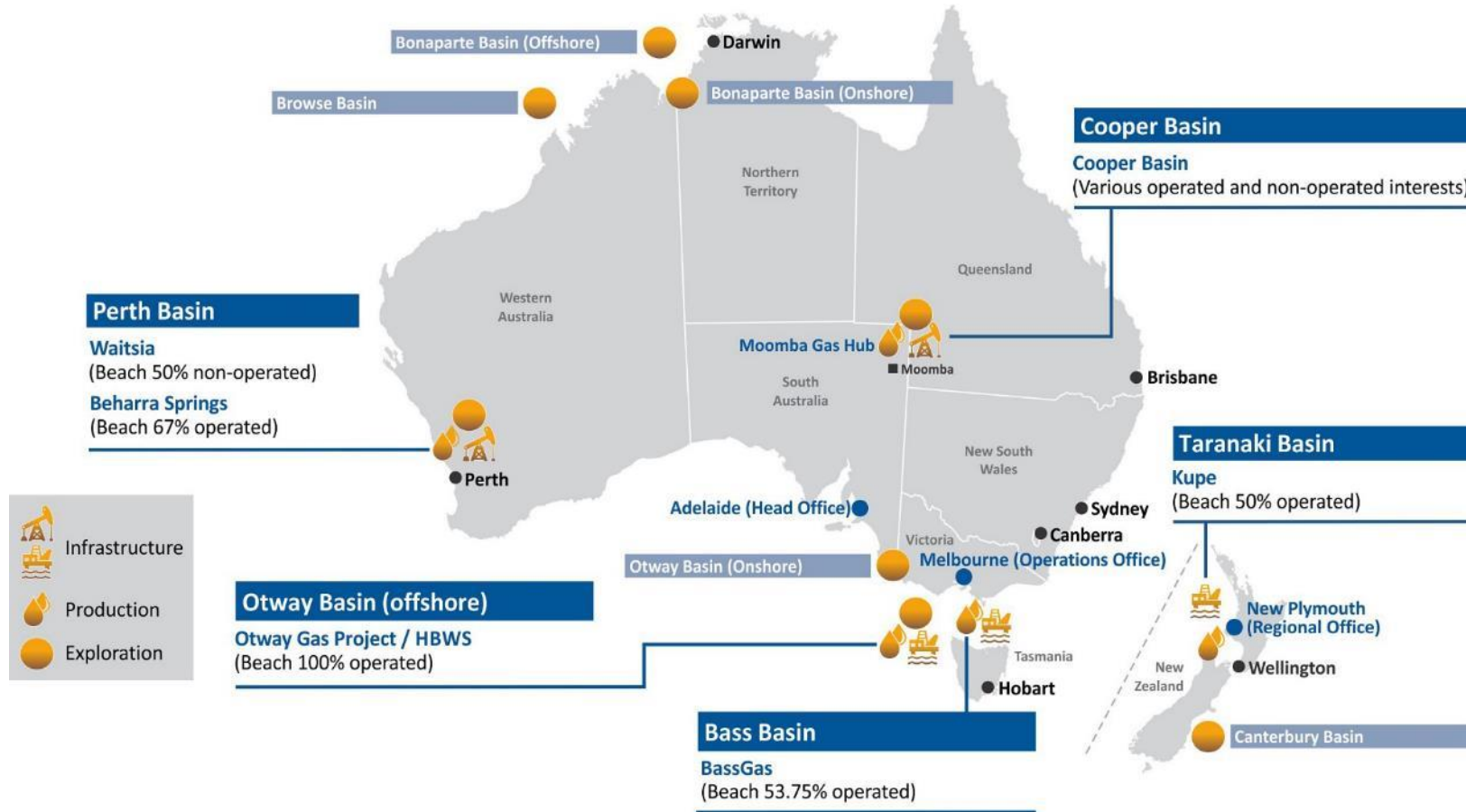
The outlook set out in this presentation is not guidance. The outlook is uncertain and subject to change. The outlook has been estimated on the basis of the following assumptions: 1. a US\$74.25/bbl Brent oil price in FY19 and a US\$70/bbl Brent oil price from FY20; 2. 0.77 AUD/USD exchange rate in FY19 and 0.75 AUD/USD exchange rate from FY20; 3. various other economic and corporate assumptions; 4. assumptions regarding drilling results; and 5. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules. These future development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and board approvals. Beach expresses no view as to whether all required approvals will be obtained in accordance with current project schedules.

FY19 guidance and 5 year outlook estimates set out in this presentation have been prepared on the basis that the proposed sale of a 40% interest in its Victorian Otway Basin assets to O.G. Energy (announced to the ASX on 5<sup>th</sup> October 2018) completes in Q3 FY18. Completion remains subject to satisfaction of customary conditions, including FIRB approval, some of which are outside of the control of Beach and as a result the timing of settlement may differ from the assumption used in this release.

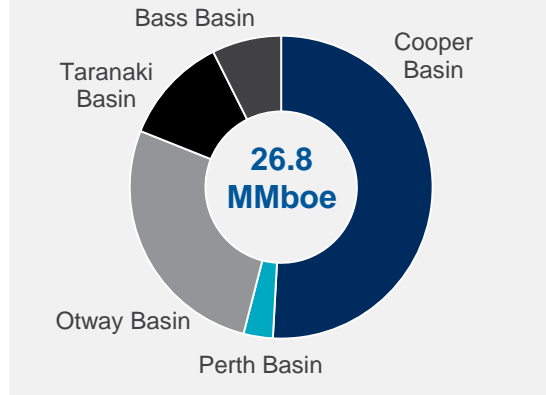


# BEACH ENERGY PORTFOLIO

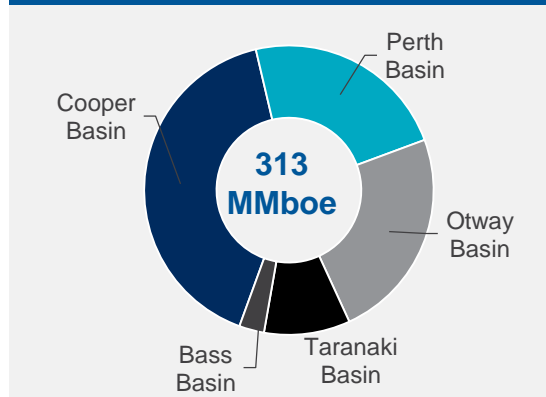
## EXPANDED FOOTPRINT WITH FIVE PRODUCTION HUBS AND SIGNIFICANT GAS PROCESSING INFRASTRUCTURE



### FY18 Pro forma production<sup>1</sup>



### FY18 2P reserves<sup>2</sup>



1. Pro forma FY18 defined as a Beach FY18 reported production of 19.0 MMboe plus H1 FY18 Lattice production of 7.9 MMboe. H1 FY18 Lattice production was not consolidated within the accounts of Beach. This information is provided for information purposes only and should not be relied upon.  
 2. 2P reserves are stated as of 30 June 2018. Reserves have not been adjusted for the announced sale of a 40% interest in the Otway Basin

# OUR VISION, PURPOSE AND VALUES



## Our vision

We aim to be Australia's premier multi-basin upstream oil and gas company

## Our purpose

To deliver sustainable growth in shareholder value

## Our values

Our values define us, guide our actions, our decisions and our words

- |                    |  |
|--------------------|--|
| <b>Safety</b>      | Safety takes precedence in everything we do                |
| <b>Creativity</b>  | We continuously explore innovative ways to create value    |
| <b>Respect</b>     | We respect each other, our communities and the environment |
| <b>Integrity</b>   | We are honest with ourselves and others                    |
| <b>Performance</b> | We strive for excellence and deliver on our promises       |
| <b>Teamwork</b>    | We help and challenge each other to achieve our goals      |

**We have delivered on promises since 2016 and intend to continue**

# NEW ZEALAND – KUPE GAS PROJECT

## KEY GROUP CASH FLOW CONTRIBUTOR

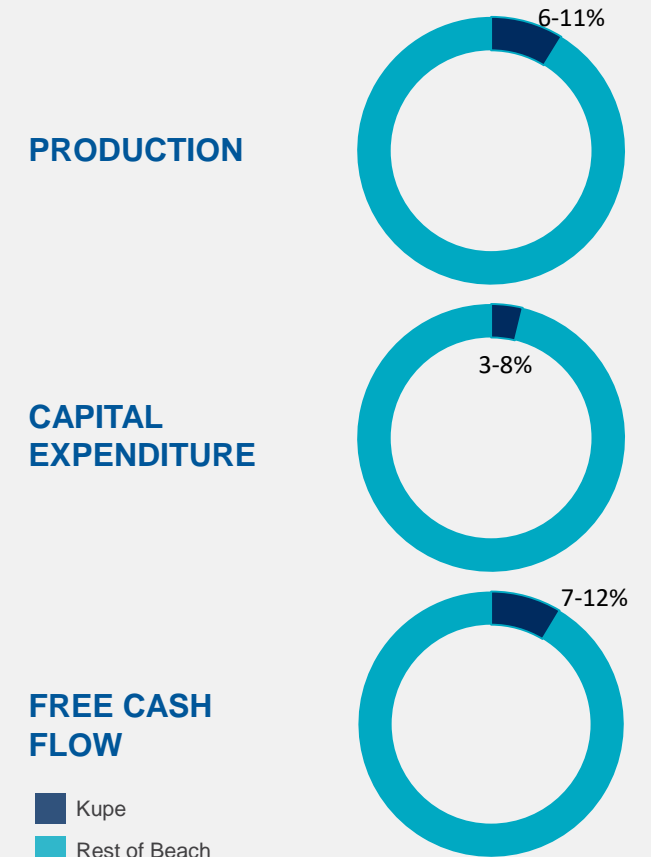


- Expected to generate ~10% of Beach’s free cash flow over the next 5 years
- Key variables to outlook include:
  - Customer demand across all products
  - Requirement for a further well
- New Zealand government offshore exploration policies do not impact this asset

### Activities to enhance value

- Successful FEED and subsequent execution of Kupe inlet compression project
- Continue to progress commercial negotiations of compression gas sales
- Optimise LPG production
- Maximise Kupe facility reliability

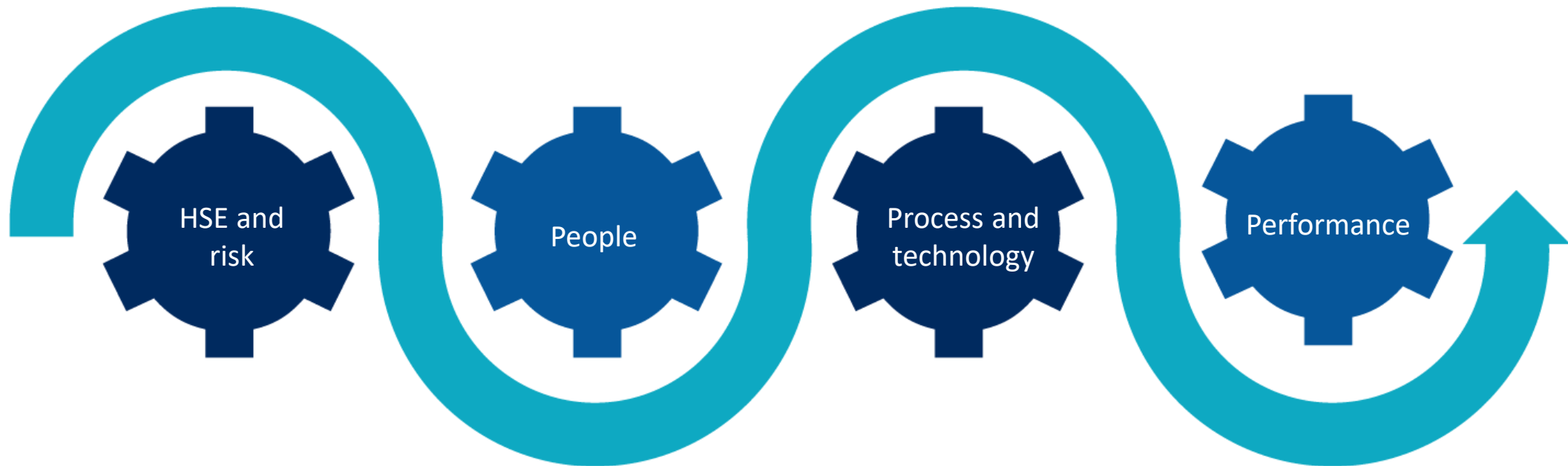
### 5 year contribution to Beach<sup>1</sup>



1. Estimated cumulative contributions to Beach determined using the assumptions set out on the “Compliance Statements” slide. Any changes to the underlying assumptions could cause reported results to differ materially to the outlook presented.  
 2. Estimates have been prepared on the basis the proposed sale of a 40% interest in the Victorian Otway assets is completed

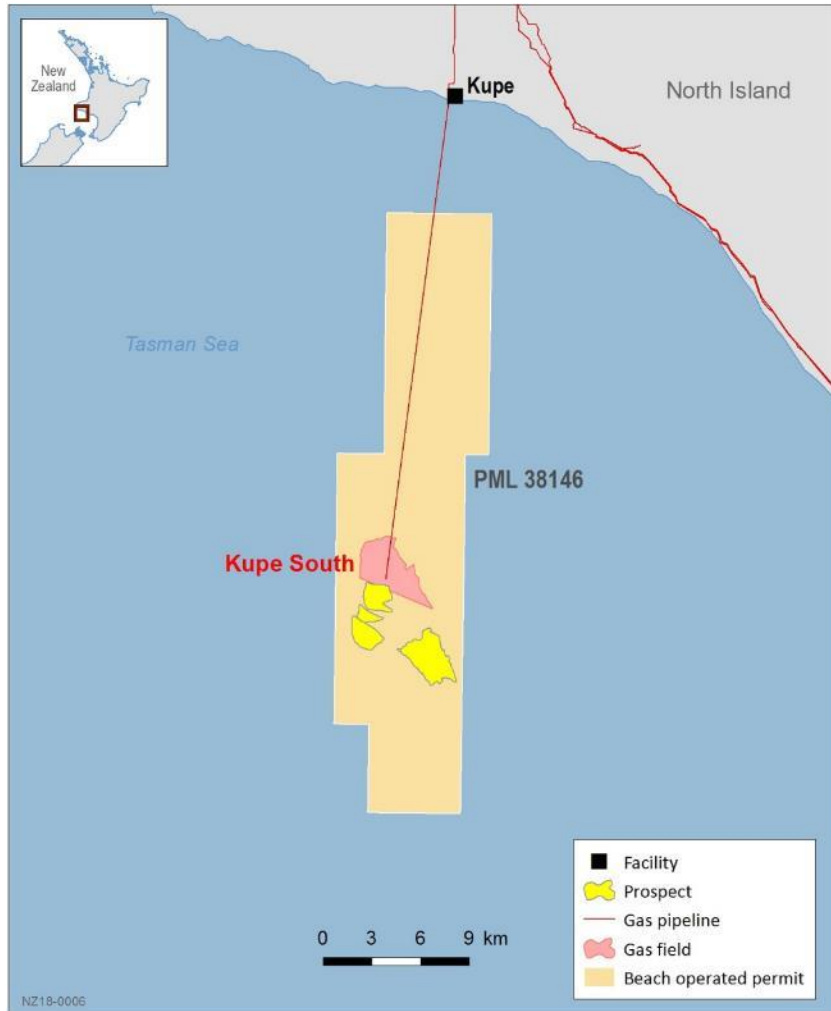
# OPERATIONAL EXCELLENCE

DELIVERY OF VALUE THROUGH SAFE, RELIABLE AND EFFICIENT OPERATIONS

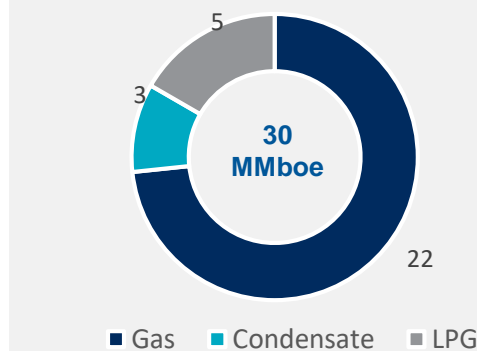


# NEW ZEALAND – KUPE GAS PROJECT

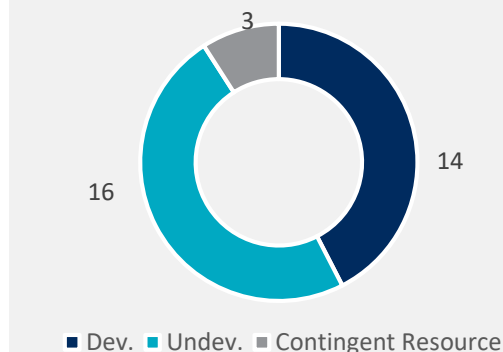
## BEACH 50% AND OPERATOR



### 2P reserves by product (MMboe)



### 2P developed / undeveloped reserves & 2C contingent resources (MMboe)



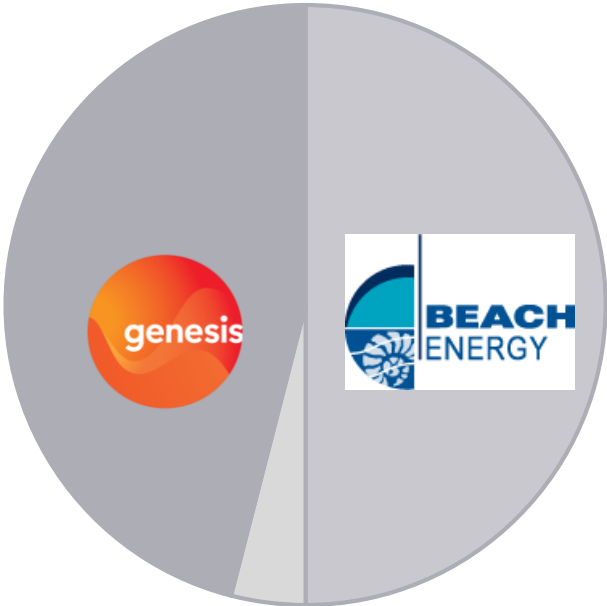
- Nameplate capacity of the plant is up to 77 TJ/day with excellent reliability (~ 99%)
- Kupe developed by three wells
- Gas exported via pipeline to North Island distribution network
- Condensate transported via road and shipped internationally
- LPG transported via road for local market
- Stable, solid free cash flow generating asset
- Low risk compression development project to maintain medium term production rates
- Long term GSA with Genesis
- More than 10 years production life remaining

Refer to "Reserves disclosure" on slide 2. Due to rounding, figures and ratios may not reconcile to totals throughout the presentation.

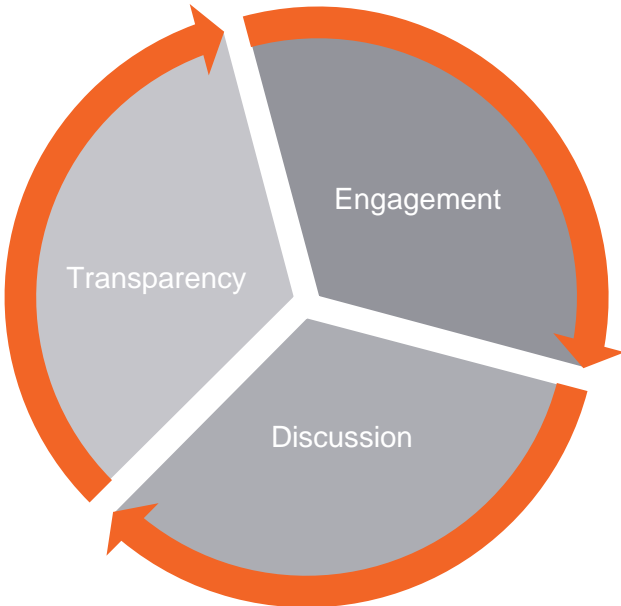
# Kupe Gas Project

— Settled joint venture focused on enhancing Kupe’s value

Economic interests aligned



Improved Collaboration

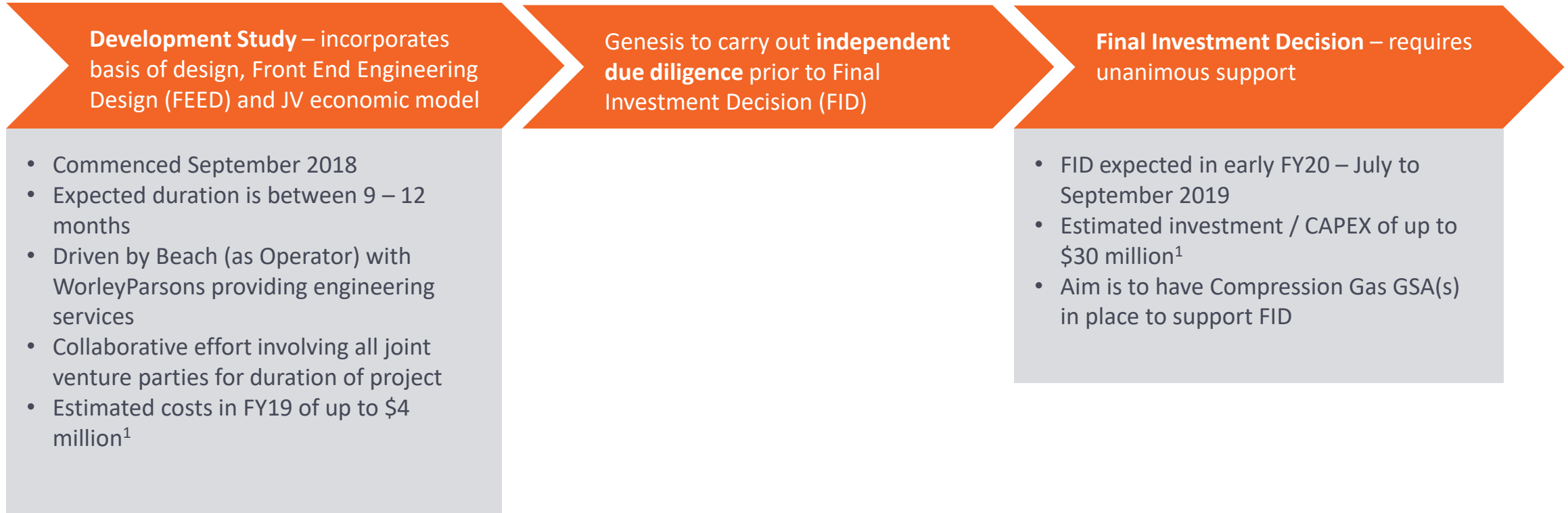


Phase Two Development  
Two distinct projects



# Phase II Development – Inlet Compression Project

— Development Study underway and aiming for Final Investment Decision in early FY20

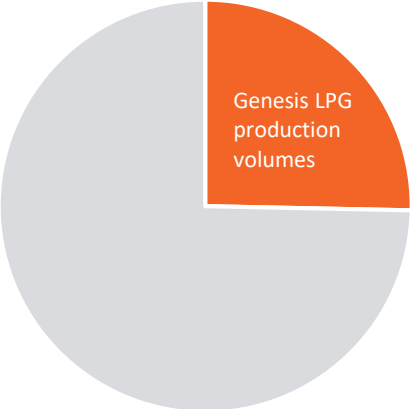


<sup>1</sup> Kupe capex guidance estimates are Genesis Energy's assessment of an incomplete proposal. FY19 Development Study incorporates Front End Engineering Design (FEED) to the value of \$3 to \$4 million. No Development Study (incorporating FEED) has been completed for the Inlet Compressor Project and the joint venture has not agreed a settled estimate of the timing or cost. No capital estimate beyond FY19 is provided for additional wells as part of phase two expansion

# Large and diverse fuel book provides options and opportunities

— Kupe ownership adds strength to Genesis fuel book

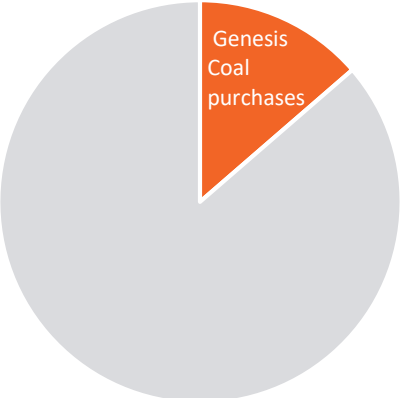
FY18 NEW ZEALAND  
NET LPG SUPPLY



FY18 NEW ZEALAND  
GAS PRODUCTION



FY18 NEW ZEALAND  
NET COAL SUPPLY



- Diversity of gas supply available with contracts across New Zealand’s three largest fields
- Genesis currently contracts for all Kupe gas
- Kupe provides c. 50% of New Zealand’s LPG
- Possible value upside in a tightening reserve market



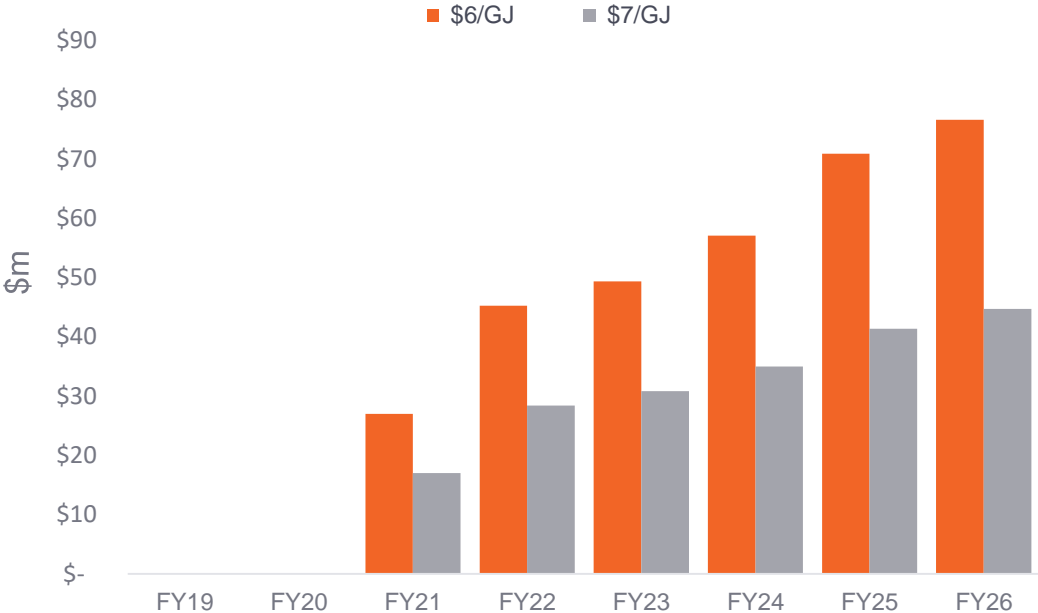
# Long-term Gas Contract Position

TAKE-OR-PAY FORWARD GAS PURCHASES<sup>1</sup>



<sup>1</sup> Represents gas contracts under which Genesis is required to take the product or pay a penalty. Includes Kupe and Producer Price Index adjustments

BENEFITS AND TIMING OF ALTERNATIVE GAS PURCHASE COST<sup>2</sup>



<sup>2</sup> Assumes approx. 37PJ of gas continues to be procured over the timeframe FY21 to FY26, at indicative gas market prices ranging from \$6/GJ to \$7/GJ (in real terms)



**Top quartile TSR and \$400-430m  
EBITDAF in FY21 remain achievable**

# Genesis Sustainability Framework launched FY19

## Caring for our environment



Emissions



Water and Wildlife

### Our ambitions include

2019 on – Reduce and offset our non-generation carbon emissions

2020 - 100% EV / hybrid light fleet by 2020, 50% EV/hybrid heavy fleet by 2025

Our intention is to phase out coal completely by 2030 (and to use only in abnormal market conditions after 2025)

## Building strong communities



Our Communities



Our People

### Our ambitions include

Living wage in place by 2020

Mobilise Genesis people to volunteer: 2019 onwards

School-gen website used by over 50% of NZ schools by 2020

## Powering New Zealand



Putting control in our customers' hands



Delivering New Zealand's energy future

### Our ambitions include

40% of customers using information and insight via our digital tools to make active choices about their day-to-day energy use by 2025

At least 2 new sustainable products for customers by 2020

200,000 customers actively providing more information about their homes to access advanced energy services by 2021

# Genesis is engaging in a number of public consultations

— Policy cohesion is key, underpinned by principles of collaboration and customer-centric approach

Our focus is on making thoughtful contributions to meaningful solutions

## ELECTRICITY PRICE REVIEW



## Zero Carbon Bill



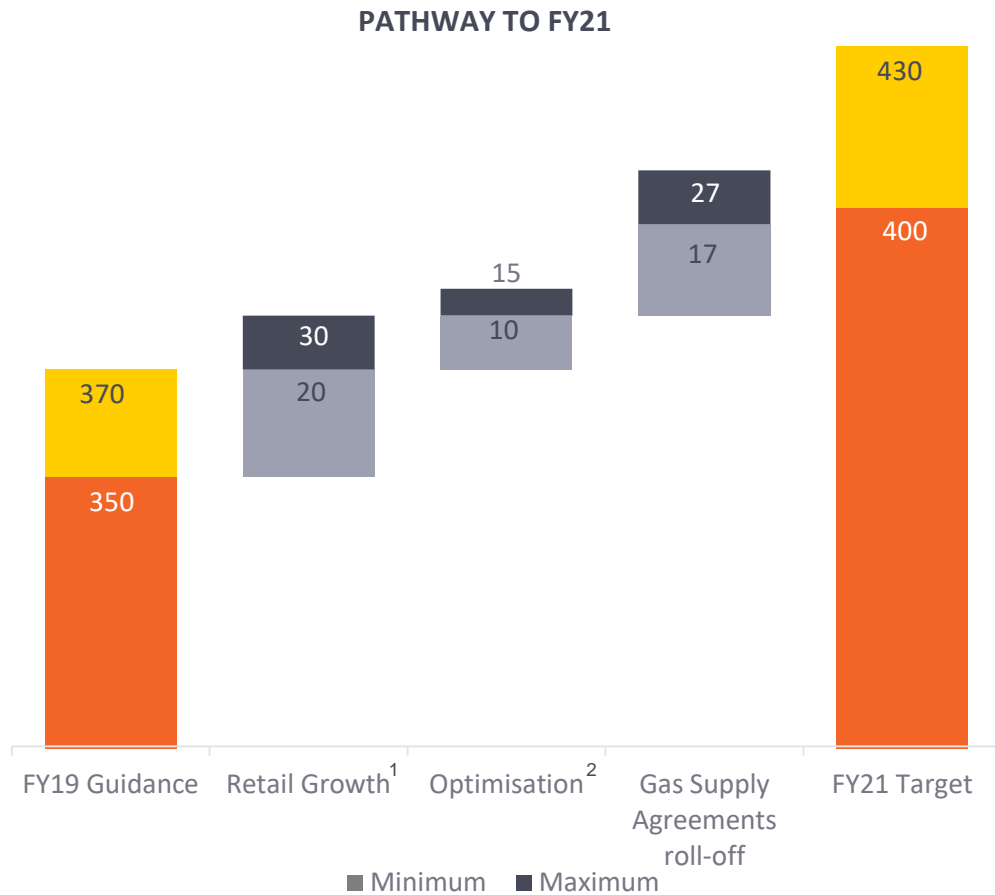
## KEY OBSERVATIONS / RECOMMENDATIONS

Retail market	<ul style="list-style-type: none"> <li>• Competition is working to deliver choice &amp; innovation</li> <li>• Strong trend toward more meaningful transparency for customers around their energy use and choices.</li> <li>• EnergyIQ is a good example of this.</li> <li>• More targeted solutions in collaboration with Government are key to 'energy hardship'</li> <li>• Drivers of usage (i.e. quality of housing) must be addressed to improve affordability for the truly vulnerable</li> </ul>
Electricity industry	<ul style="list-style-type: none"> <li>• The sector is delivering secure, reliable, and affordable electricity</li> <li>• Improved transparency across all segments will drive trust, confidence and more efficient investment, especially in the monopoly segments</li> </ul>
Transition to low emissions economy	<ul style="list-style-type: none"> <li>• The electricity sector has a key role to play in further decarbonising the economy. Its stability is key</li> <li>• The transition must be well managed to ensure costs are contained and avoid unintended consequences</li> </ul>

<sup>1</sup> Gives effect to the Government's announcement to cease issuing permits for new offshore oil and gas exploration

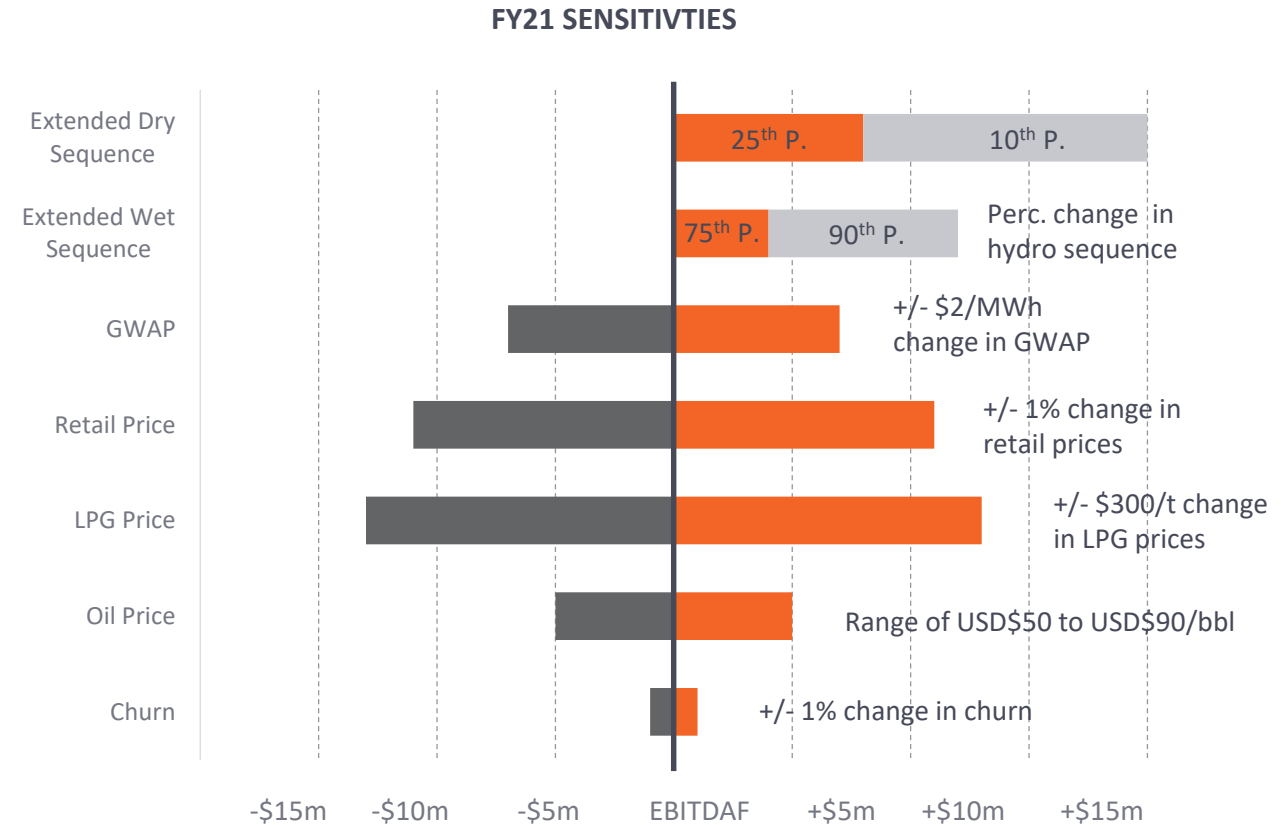
# The plan is in place to 2021 and beyond

— Driven by retail growth, optimisation and rolling off of legacy contracts



<sup>1</sup> Retail growth represents gross margin improvements in the Customer segment through volume and value growth.

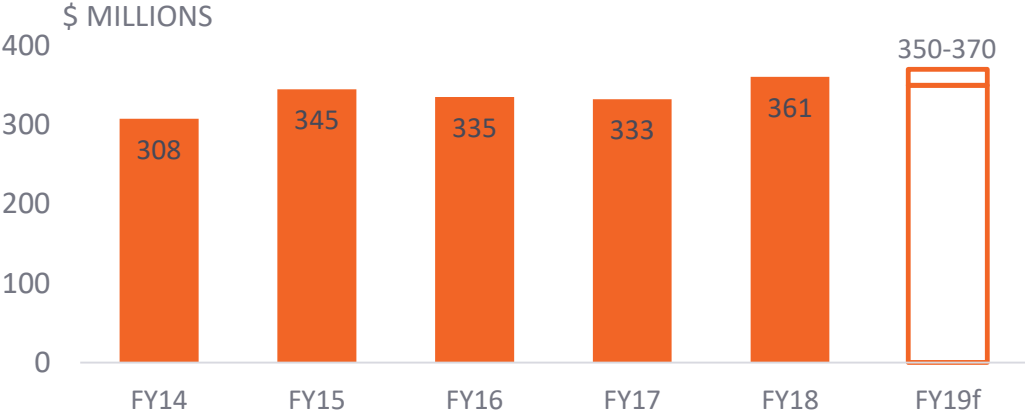
<sup>2</sup> Optimisation represents value creation from reduced operating expenses, enhanced wholesale revenues through improved plant and fuel efficiency



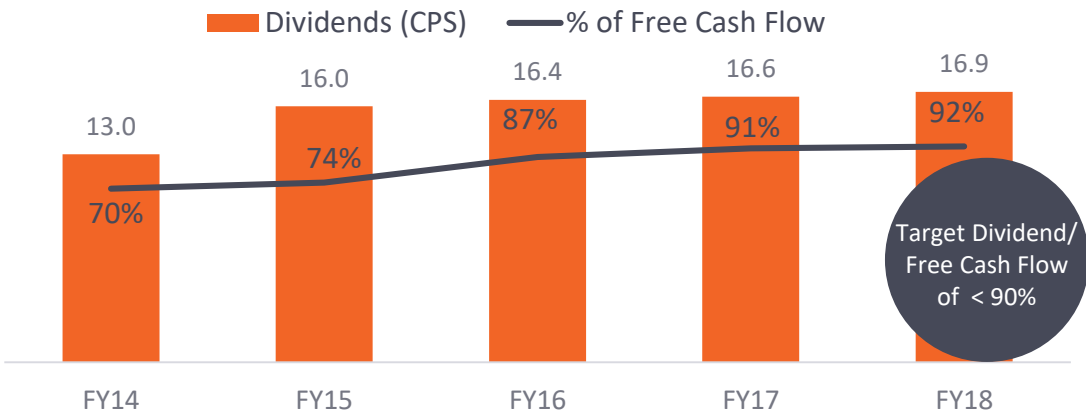
# Sustained earnings and dividend growth

— Underpinned by long dated debt book

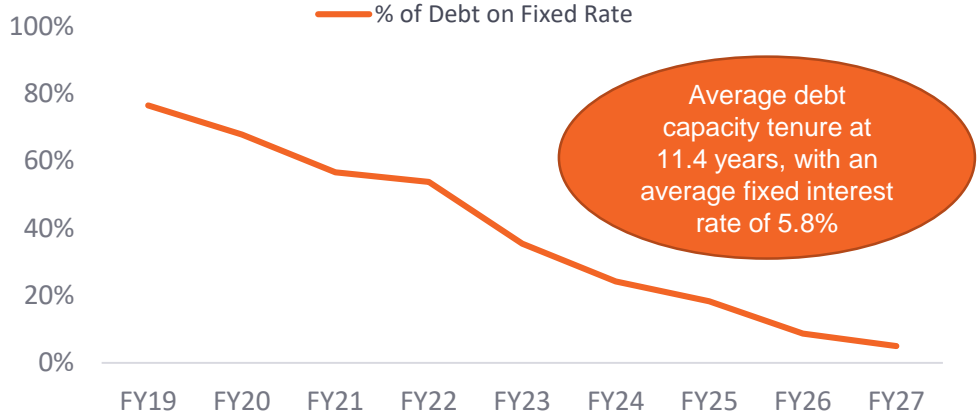
EBITDAF



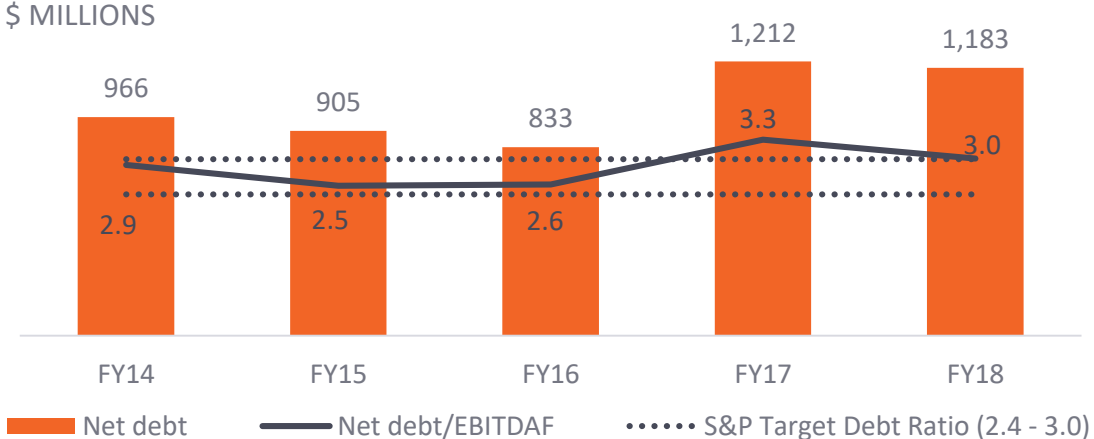
DIVIDEND CENTS PER SHARE & PAYOUT HISTORY<sup>1</sup>



AVERAGE FIXED RATE DEBT TENURE



NET DEBT AND NET DEBT/EBITDAF RATIO (S&P BBB+ RATED)

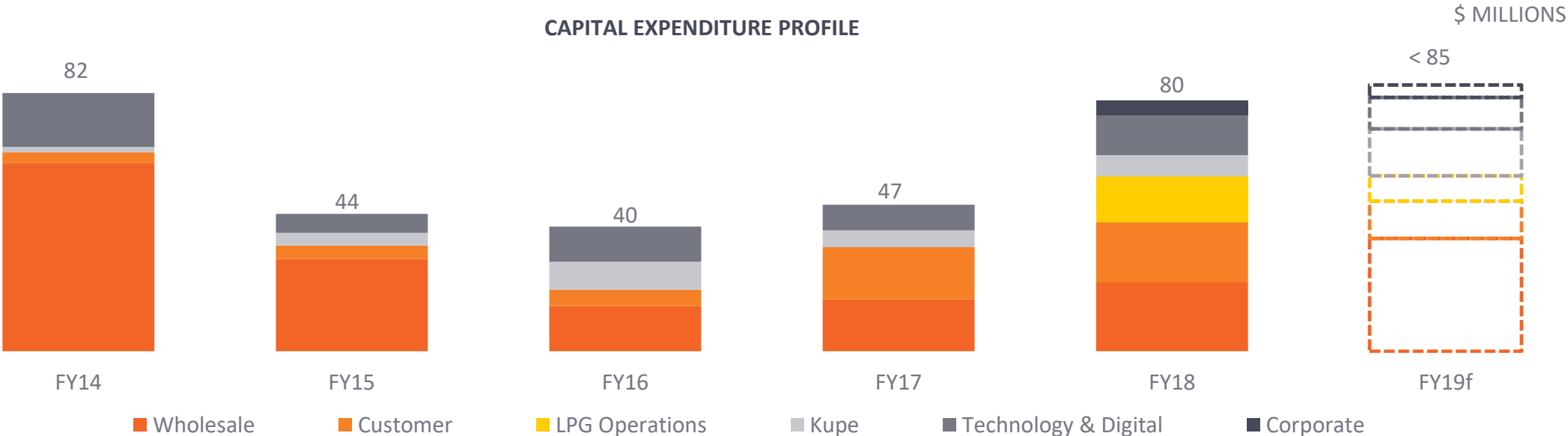


<sup>1</sup>DRP supported by 29% of holders and has raised \$38m of new capital since February 2018

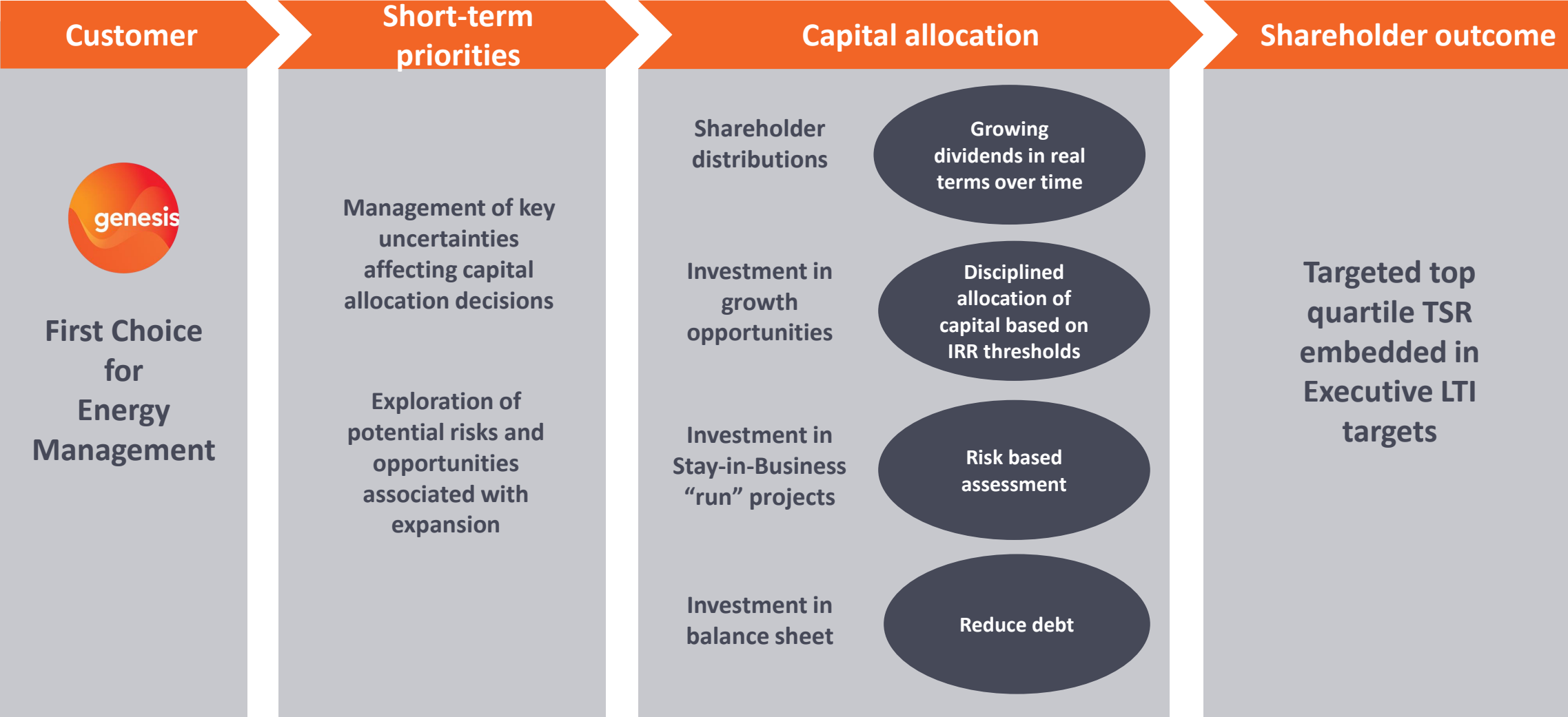
# Capital investment

— Targeted capital investment underpins an asset portfolio in transition

Category	Definition	Example	Priority Criteria
Run	Stay-in-Business capital	Generator maintenance	Risk based
Grow	Capital that drives business growth	LPG distribution expansion	IRR threshold exceeded
Transform	At-risk capital with potential to transform business	Energy monitoring & LPG weigh scales	Strategic alignment with longer term return



# How we think about delivering shareholder value







WITH YOU.  
FOR YOU.