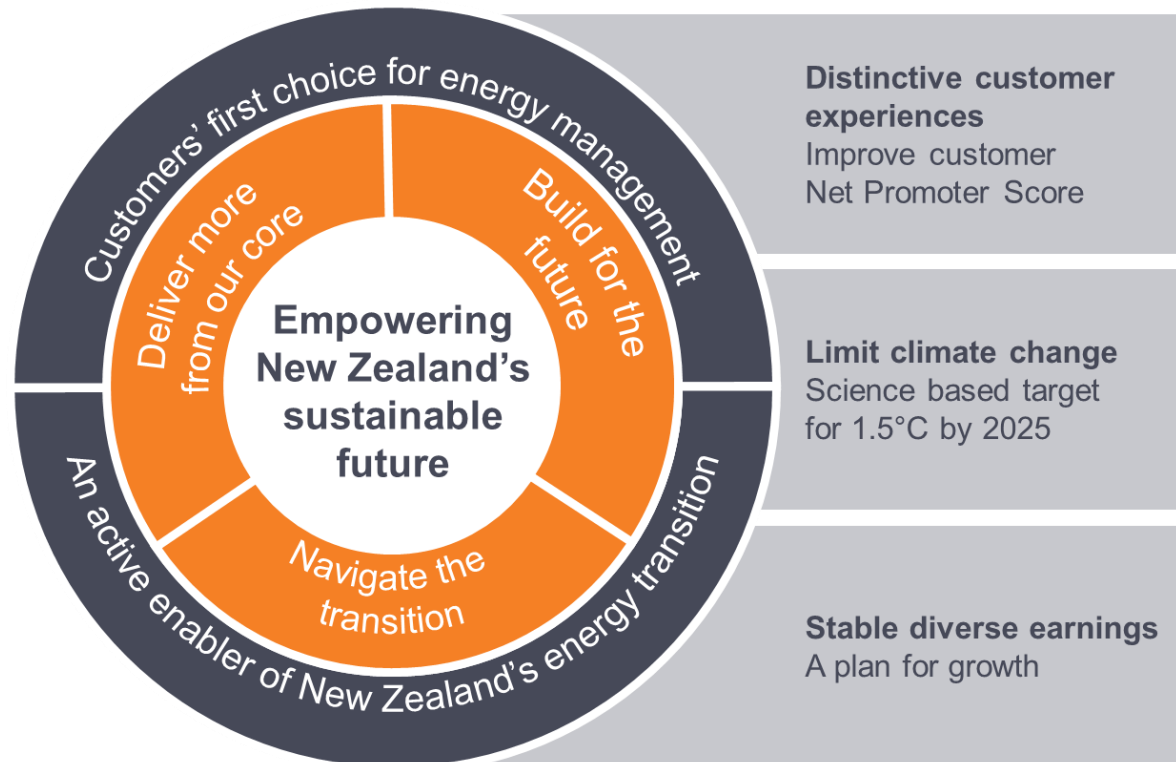


# Genesis Stakeholder Day Strategy sessions



genesis With you. For you.

# We're refreshing our purpose, strategies and vision as we head into the 2020's

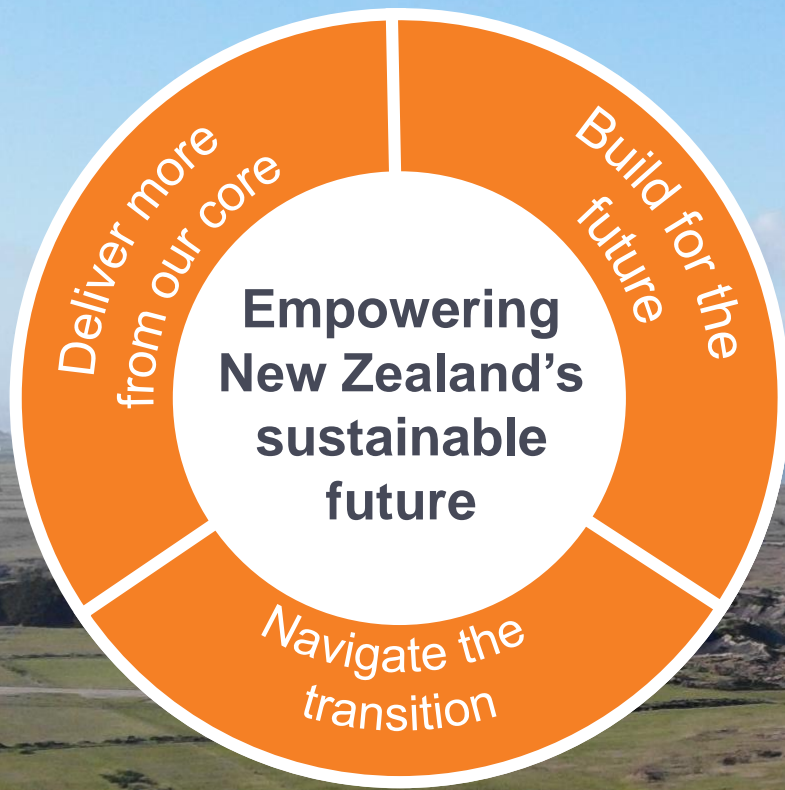


Our refreshed retail strategy emphasises six key priorities, **delivering more for our core whilst building for the future**

- 1 Create residential experiences that build customer loyalty
- 2 Grow our market share of small business customers
- 3 LPG #1 or #2 in every region
- 4 Unleash Energy Online in the tier 2 market
- 5 Design products for emerging energy management needs
- 6 Invest in technology and data to create consistent and distinctive end to end Customer Experiences

Our Future-gen strategy focuses on the opportunity to **deliver value uplift** by actively managing the energy transition

- 1 New renewables displacing baseload thermal
- 2 Secure gas flexibility through contracts and storage
- 3 Emissions abatement from forestry
- 4 Improved plant efficiency and MW capacity



**Deliver more  
from our core**

Continue to leverage the stability from our diverse revenue streams, and grow in markets where we identify compelling opportunities

**Navigate the  
transition**

Manage an economic transition to a lower carbon portfolio, delivering carbon reductions for Genesis and our customers and supporting a stable electricity market.

**Build for the  
future**

Building the capabilities, systems and infrastructure for future value growth





# The strategy break-outs cover three strategic themes core to our future but not everything we do

## Customer strategy

Delivering more for our customers



## Digital and innovation strategy

Powering Genesis' next horizon



## Future-gen strategy

Actively enabling New Zealand's energy transition



# Customer strategy

Delivering more for our customers

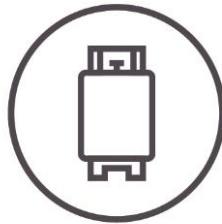


genesis With you. For you.

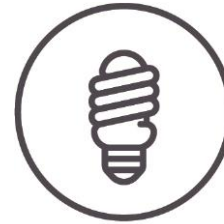
# The first phase has seen good success, **building momentum for the next horizon**



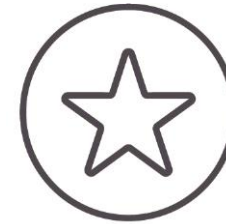
Reduced cost-to-serve from \$160 to \$140 per ICP



Expanded LPG business, now #3 with 26% market share



Increased the proportion of dual fuel customers from 20% to 25%



Clear brand leadership and ownership of energy management



Digital interactions increased from 47% to 65%



Maintained market share: 23% of electricity ICPs and 35% of gas ICPs



Reduced net churn from 18.8% to 14.8%

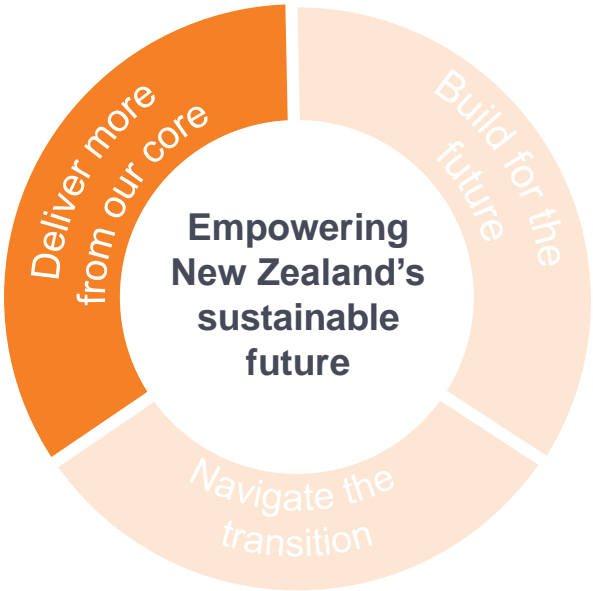


Grown Retail EBITDAF from \$110m to \$134m

\*FY18 to FY20

# We are delivering more for our core through **customer loyalty, retention and care**

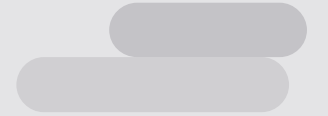
**Total Retail EBITDAF Uplift  
\$15 million by FY2024**



Key Goals FY22 to FY24	
1	Create residential experiences that build customer loyalty
2	Grow our market share of small business customers
3	LPG #1 or #2 in every region
4	Unleash Energy Online in the tier 2 market
5	Design products for emerging energy management needs
6	Invest in technology and data to create consistent and distinctive end to end customer experiences

# Residential experiences that build customer loyalty

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# Power Shout as a **reward recognition system** for customers

## Power Shout has delivered:

**7 Million hours**

of free power given to customers over the last 3 years

**Over 200,000 customers**

we're regularly engaging with and rewarding

An immediate

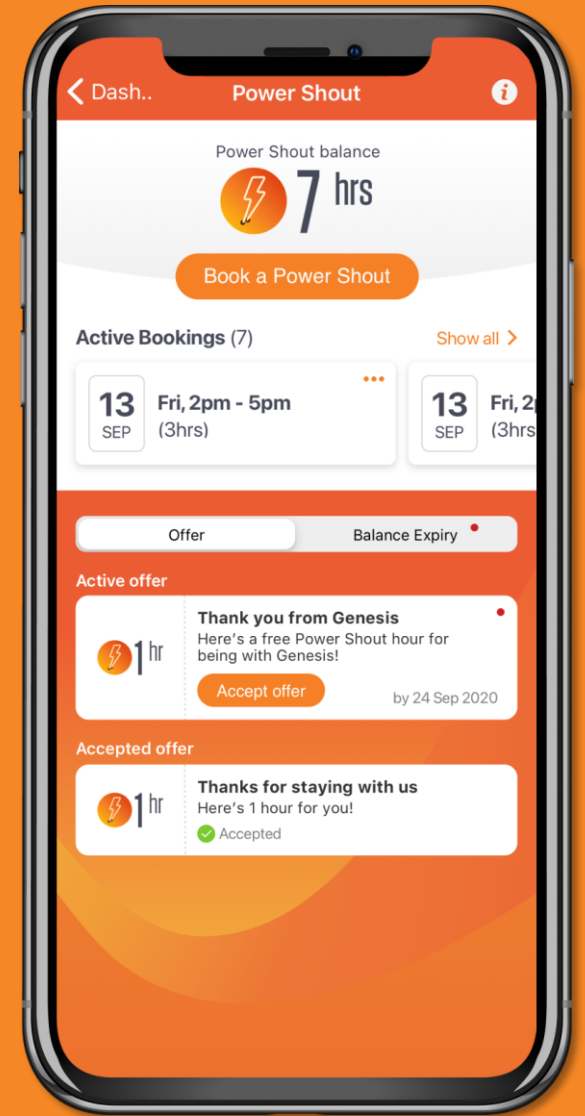
**2% churn improvement**

in those who have taken up Power Shouts

## What's next?

We're launching **Power Shout hours** – putting the control firmly in our customer's hands

- Earn Power Shout hours **on every bill**
- **Gift** them to others
- Further encouragement for our customers to engage with their energy
- Match Power Shout offers to power demand to optimise supply and demand balance



# Home move journey an **untapped retention opportunity**

**50%**

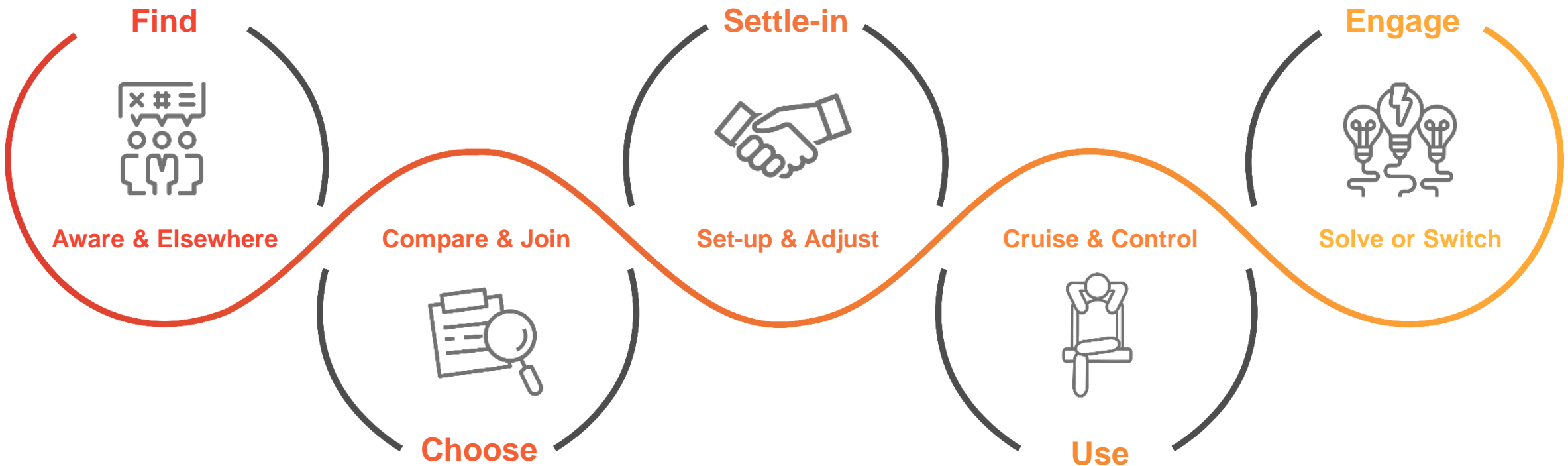
of people who move home, switch providers

**~\$2 million**

EBITAF opportunity if we retain an additional 5,500 customers through home moves

Quick wins yielding on average

**30%** more home move digital journeys from 2019



# Manaaki Kenehi – an opportunity to do more for vulnerable customers

Over  
**1,000**

customers contacted  
in 7 weeks through  
proactive early  
intervention

Reduced customer  
disconnections by

**65%**

Aug 2019 to Aug 2020

**15%**

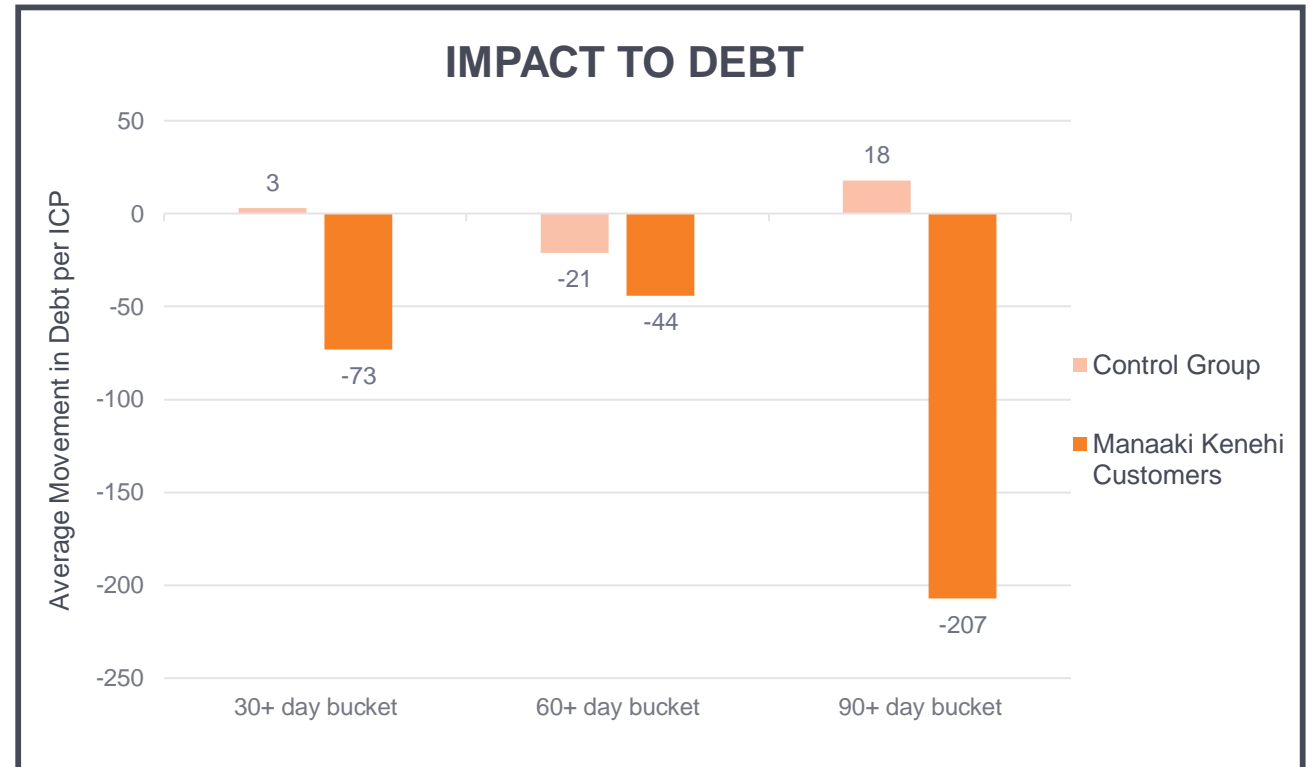
average debt  
reduction across  
all debt buckets

## Te Tira Manaaki o Kenehi

Engaged in a proactive early engagement trial,  
targeting customers that:

- 1) Are **high tenure** who have found themselves in **unusual hardship**
- 2) Have displayed the **top ranking predictive variable** to aged debt

We review each customer's account with a view to set them up for success – ranging from pricing plans, education on monitoring usage and agency referrals



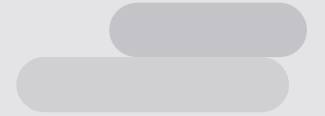
“  
There was no judgement [by Genesis] because  
we were a little behind, it was about helping us

”  
– Steve



# Grow our market share of small business customers

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# Smaller businesses **bring higher margins** and are a **large volume segment** of the market

**By FY2024:**

Grow by  
**3,900**  
ICPs

Drive  
**20%**  
Dual Fuel uptake

Scale digital channel to  
**12%**  
acquisition

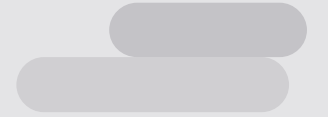
## What's next?

- Targeted acquisition through partnerships and digital channel to drive profitable growth
- Leveraging relevant residential propositions (e.g. Energy IQ and Power Shout) to retain and attract customers
- Creating distinctive product and service experiences our customers love



# LPG #1 or #2 in every region

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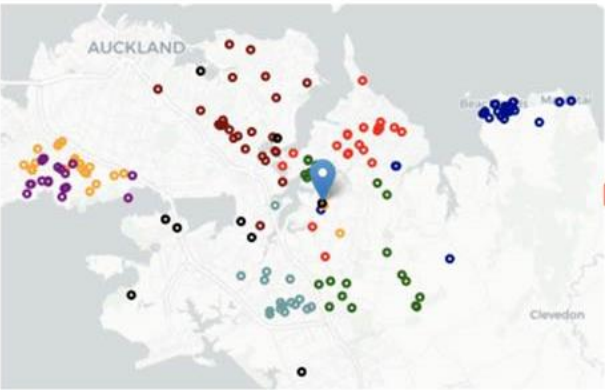
# Transforming CX and service capability through digital enablement

By FY2024:

35% volume growth	Reduce single fuel churn by 2%	Laying foundations for future growth
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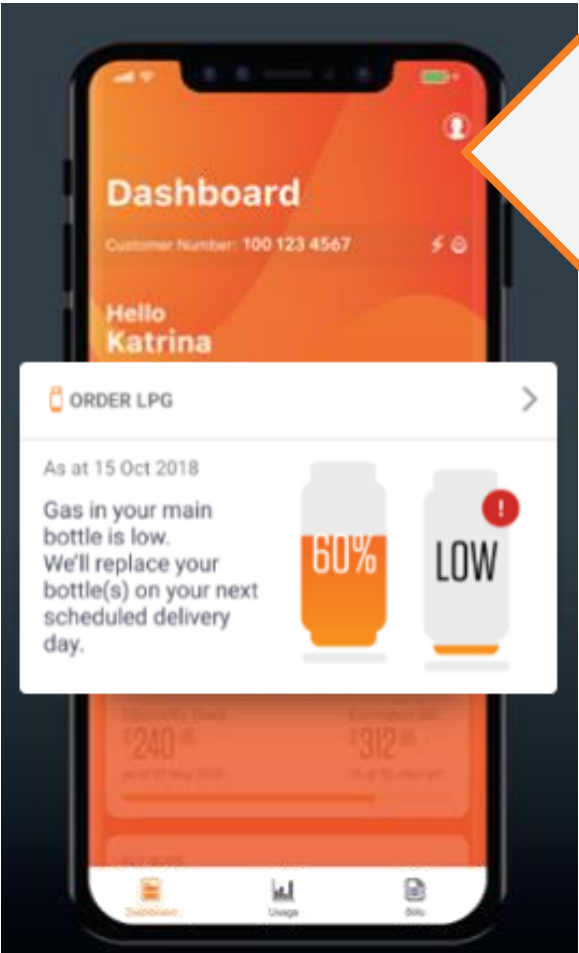
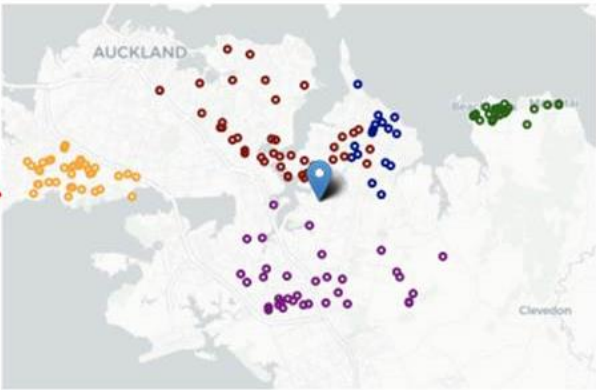
Targeted volume and optimised routing drives lower CTD

PREVIOUS OPERATIONS



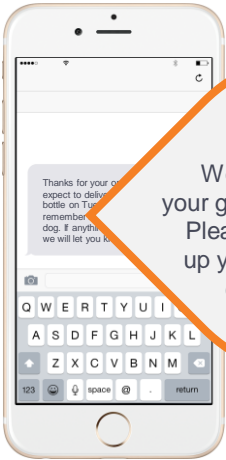
\*Vehicle on black route (FJF308) did some deliveries not included in consignment schedule

OPTIMISED ROUTING



\*Actual customer feedback

“Simplicity and assurance of a constant gas supply”  
—  
“It’s proactive rather than reactive”  
—  
“Not having to go and check the bottle. Especially in winter”



Thanks for your order.  
We expect to deliver your gas bottle on Tuesday. Please remember to tie up your dog. If anything changes we will let you know.

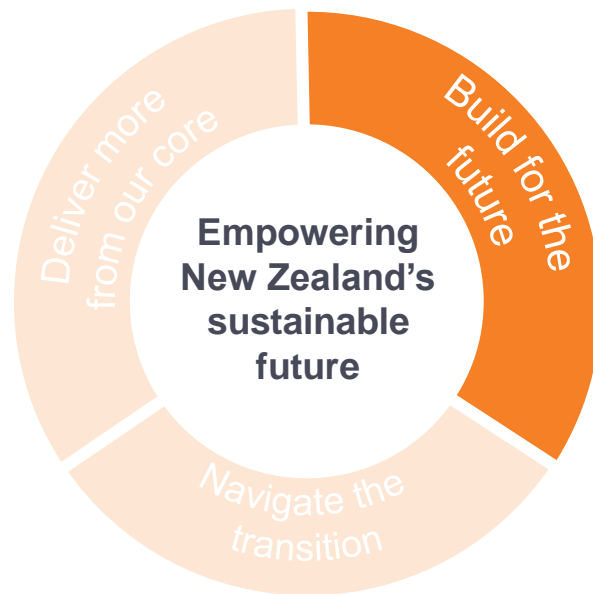
# Digital and innovation strategy

Powering Genesis' next horizon



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# We are continuing to **explore emerging customer** needs to build for the future



- 1 Create residential experiences that build customer loyalty
- 2 Grow our market share of small business customers
- 3 LPG #1 or #2 in every region
- 4 Unleash Energy Online in the tier 2 market
- 5 Design products for emerging energy management needs
- 6 Invest in technology and data to create consistent and distinctive end to end customer experiences

# Several global trends **are playing out**



## Appetite for de-carbonising increasing

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- > Government
- > Investors
- > Businesses
- > Consumers



## Adjacent industries participating

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- > Oil and gas
- > Tech
- > Telco
- > Vehicles



## Decentralisation

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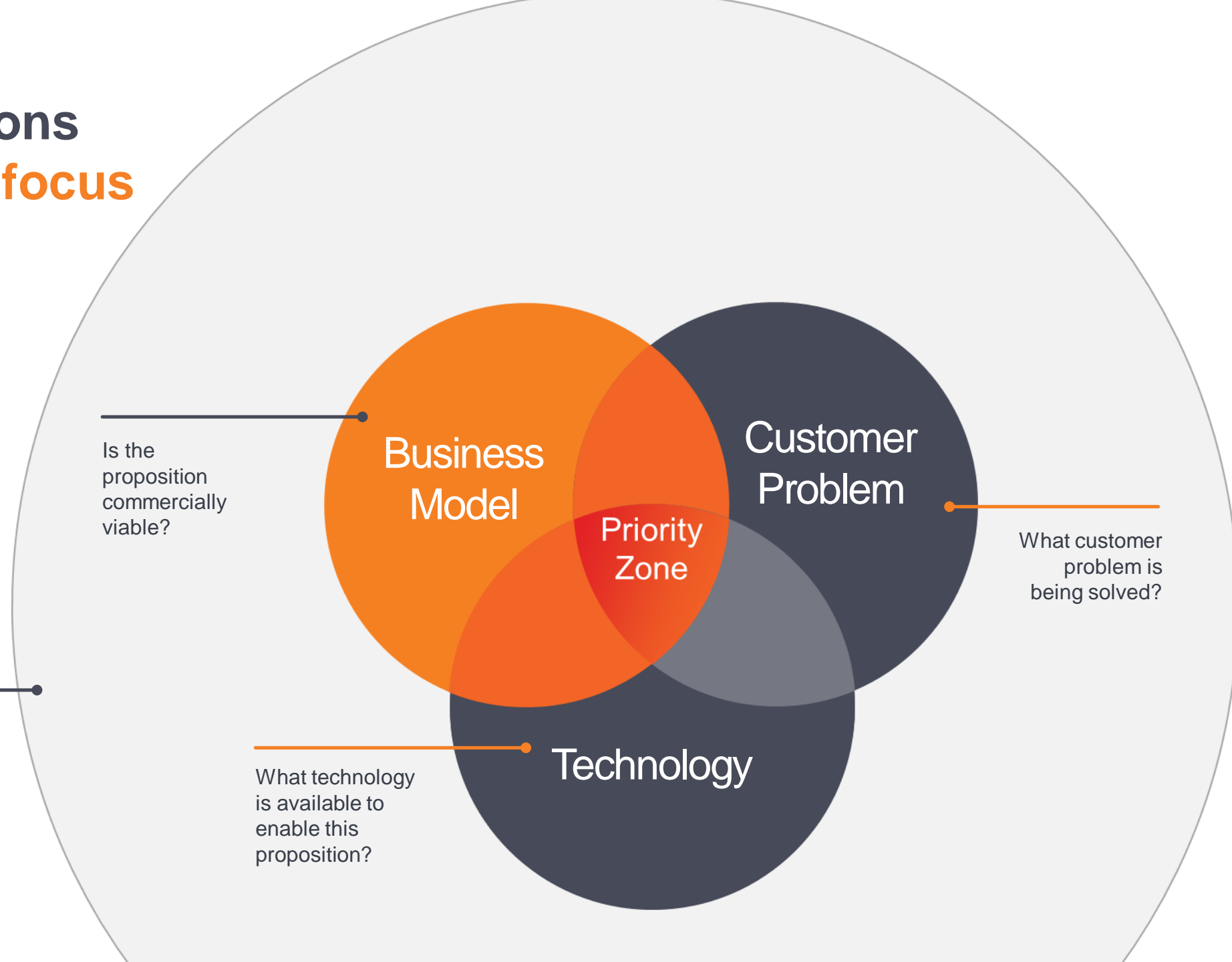
- > Digital platform models
- > Distributed generation and storage
- > Electric vehicles
- > Demand load shifting

# Future propositions

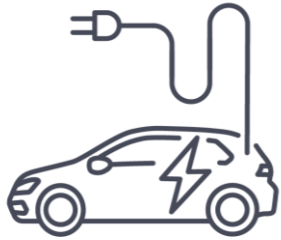
## Determining the focus

### Strategy

The transition from energy supplier to energy manager



## 4 focus territories for developing future propositions



### EVs

- Helping New Zealand transition to electrified transport
- By supporting an ecosystem level approach, we aim to drive purchase decisions and behaviour change



### IN-HOME

- To support our customers with products and services that help them to make, store and use energy at home more effectively



### ADVICE

- Helping all customers make informed choices about energy



### SUSTAINABILITY

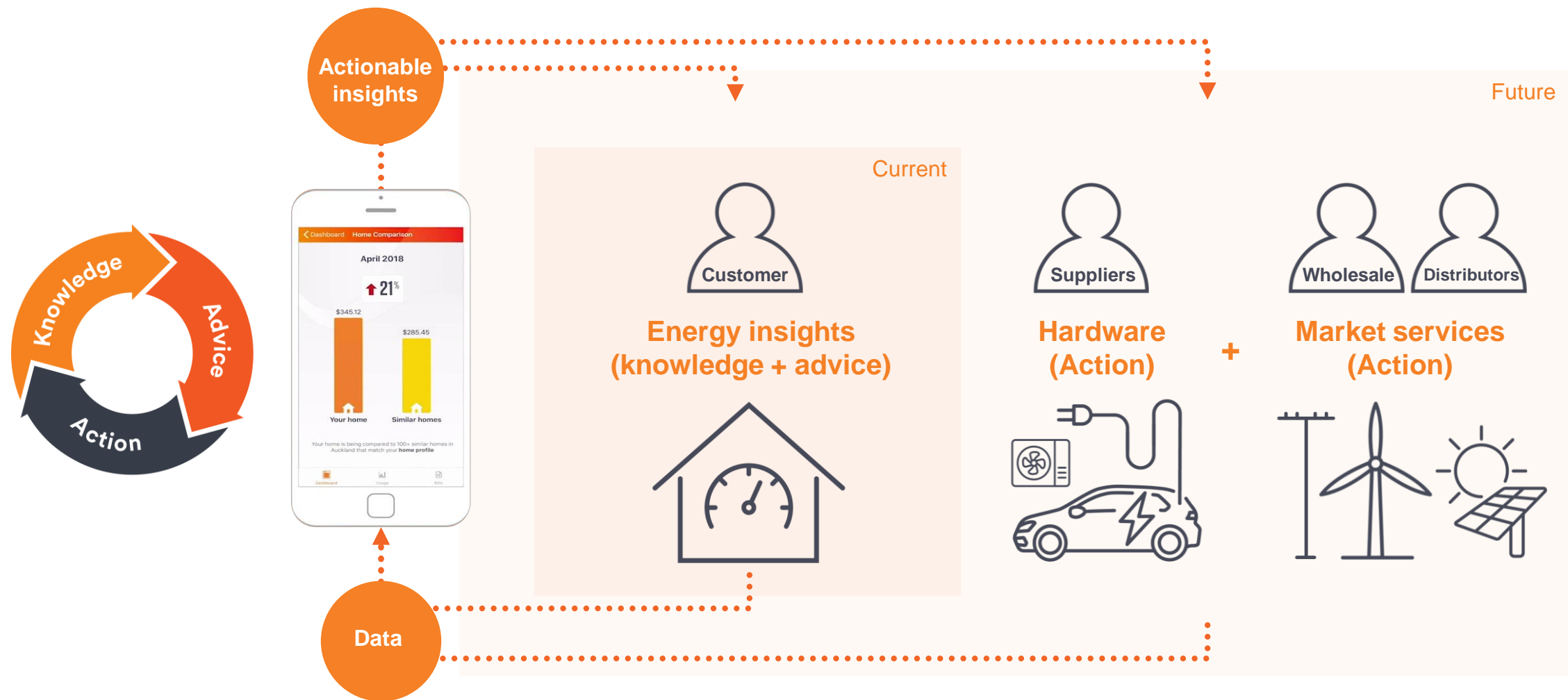
- To empower customers to make choices and take action to reduce carbon emissions



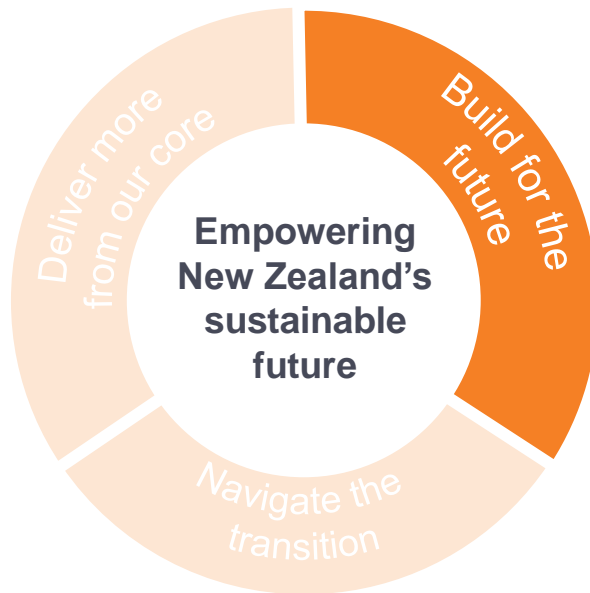
## A photograph of two men walking towards the camera in a bright, modern office hallway. The man on the left is wearing a dark blue sweater over a white collared shirt and dark trousers. The man on the right is wearing a dark blazer over a blue button-down shirt and dark trousers. They are both looking at each other and appear to be in conversation. The hallway has white walls, a light-colored floor, and large windows on the right side. A large, abstract, pinkish-red artwork is visible on the wall to the right.



# Our vision for residential energy management: Increasing range of data leads to enhanced actionable insights for customers

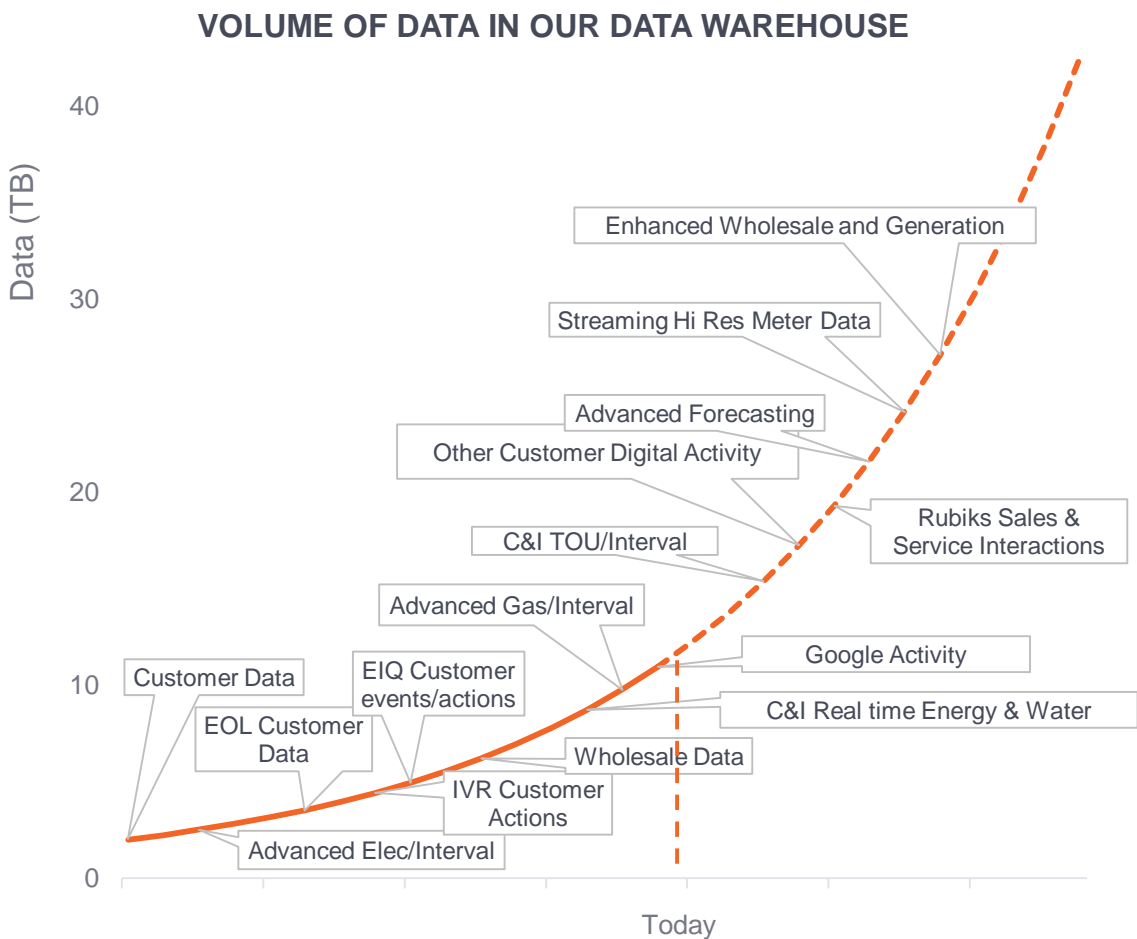


# We are **investing in the technology** needed to deliver our customer strategy

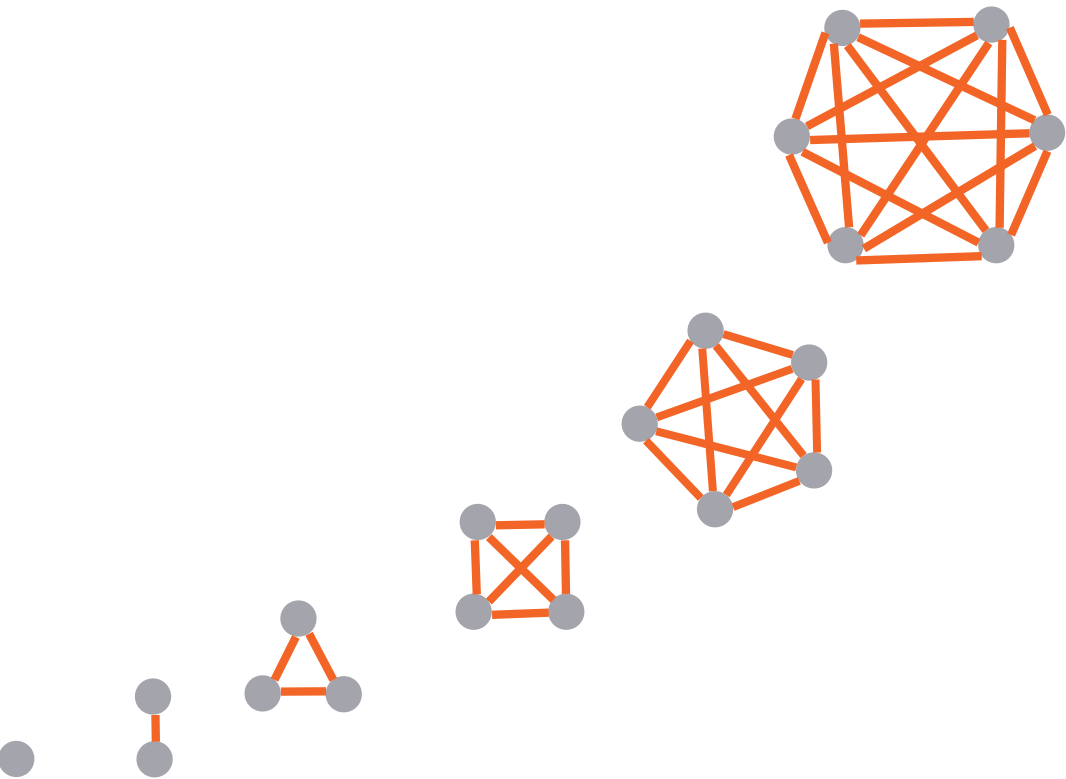


- 1 Create residential experiences that build customer loyalty
- 2 Grow our market share of small business customers
- 3 LPG #1 or #2 in every region
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- 6 Invest in technology and data to create consistent and distinctive end to end customer experiences

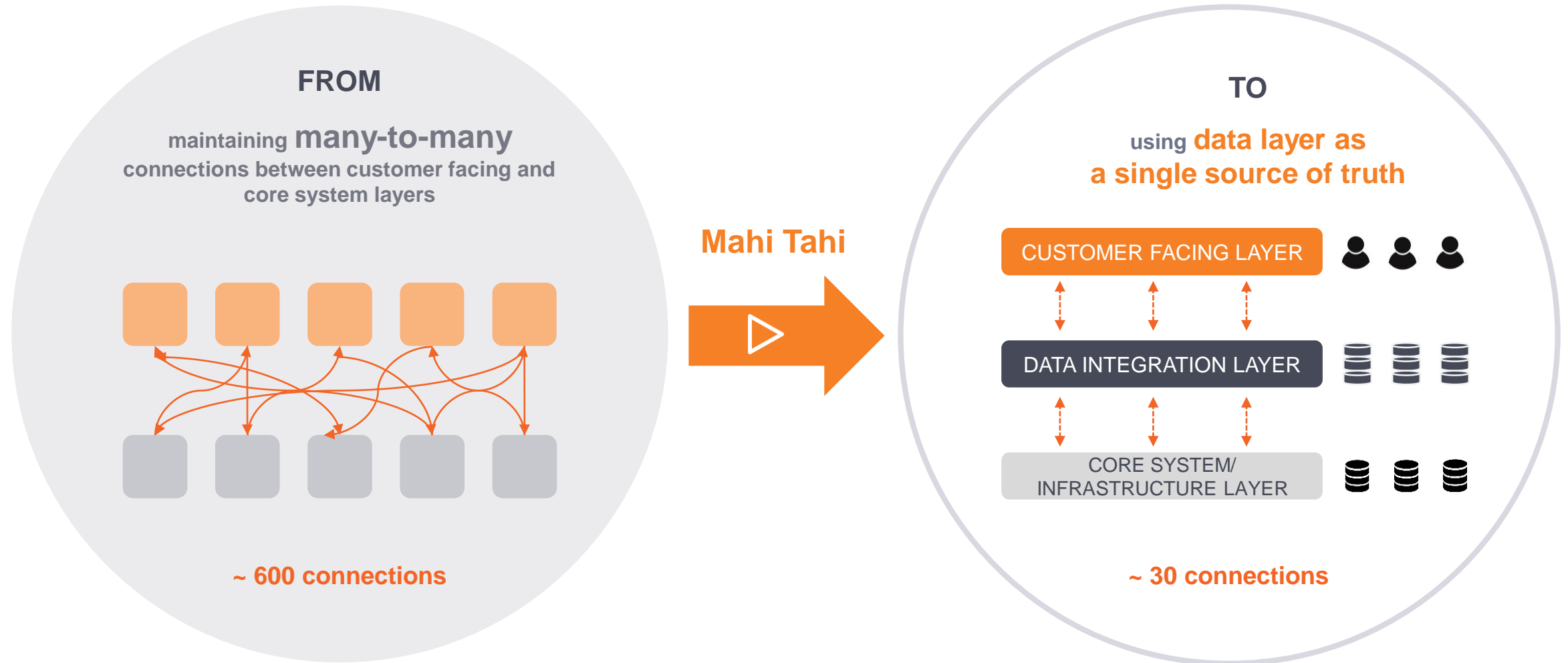
# Range and volume of data is growing, presenting ever greater opportunities to understand and serve customers



Computation, connectedness and potential grow exponentially with growing data sources



# Mahi Tahi will simplify data flows by **centralising and decoupling the data landscape**



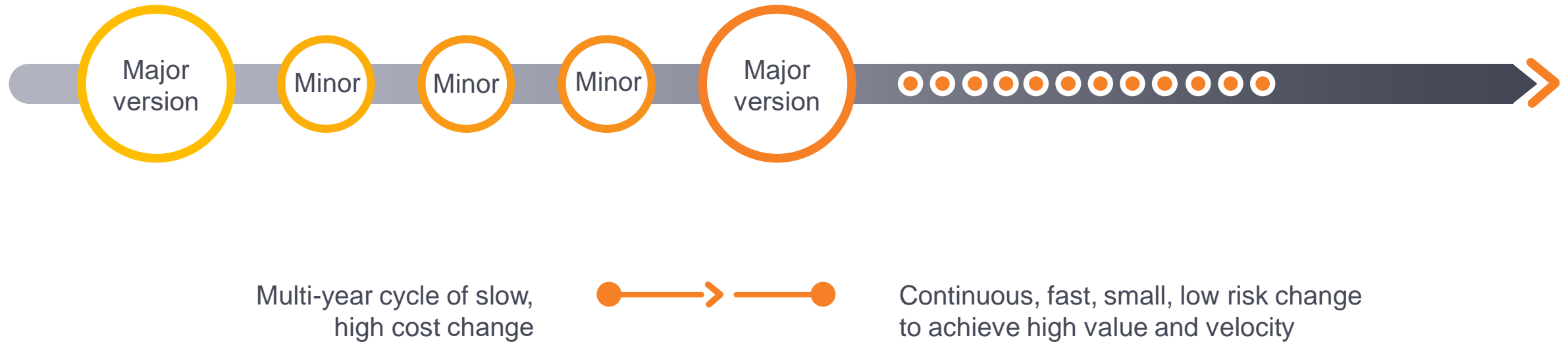
# Project Rubiks reconsiders several customer systems as a group, **re-platforming our sales, service and billing capabilities**

## Rubiks Scope





# A unique opportunity to pivot technology to **obtain business agility and enable rapid delivery of desired customer experiences**



# Rubiks + Mahi Tahi have the potential to deliver a **step change in retail performance**

Example business outcomes from international peers

**+20%**  
self service

**-50%**  
integration costs

**+35%**  
NPS

**-84%**  
Time to quote

**+10%**  
Cross sell

**-15%**  
Cost

Source: Discussions with potential technology partners and international utilities

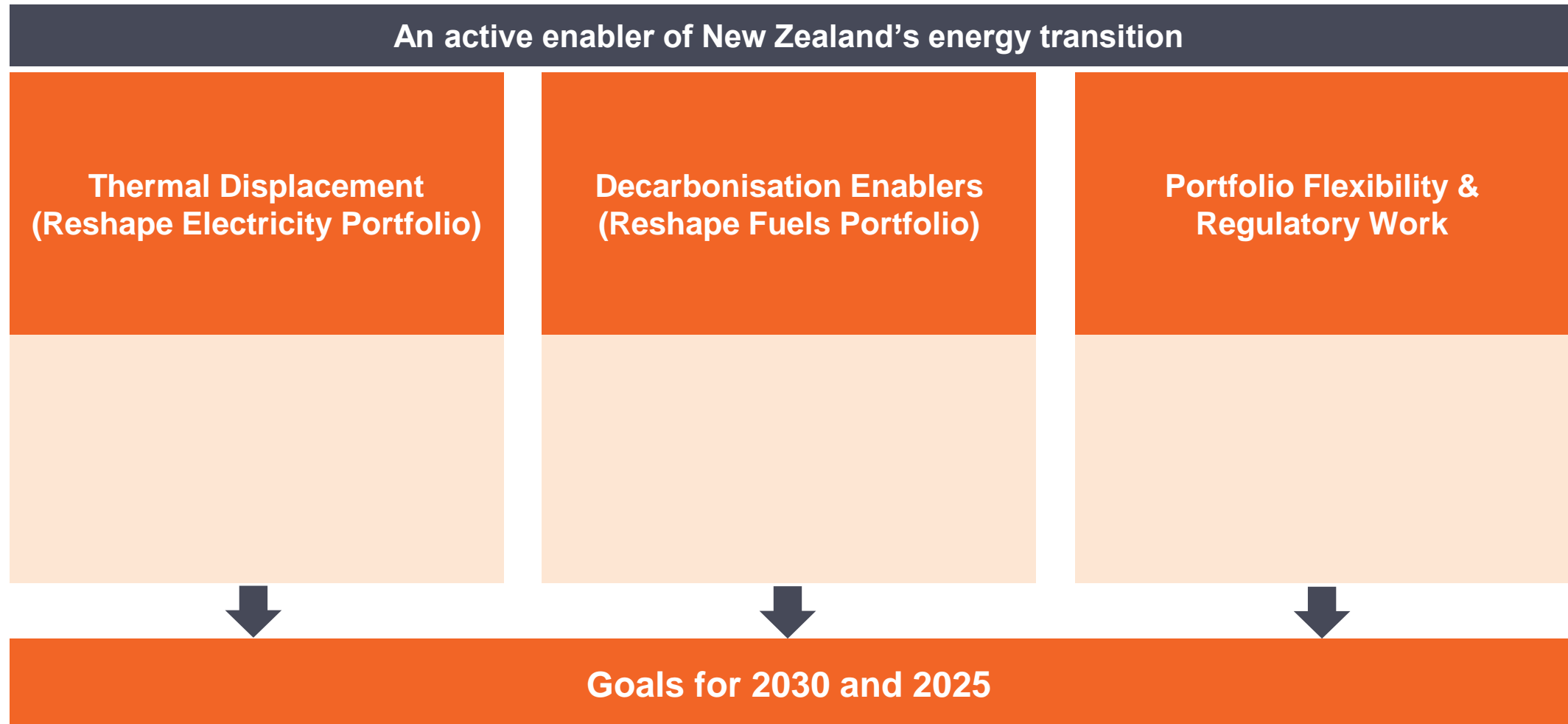
# Future-gen strategy

Actively enabling New Zealand's energy transition

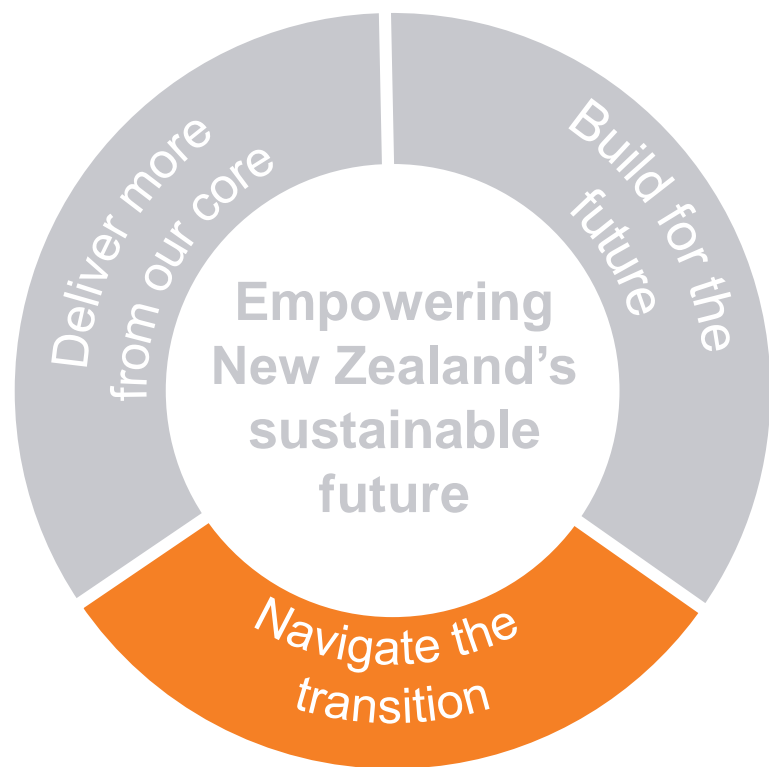


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# Proactively and economically displace baseload thermal with affordable and reliable renewable electricity



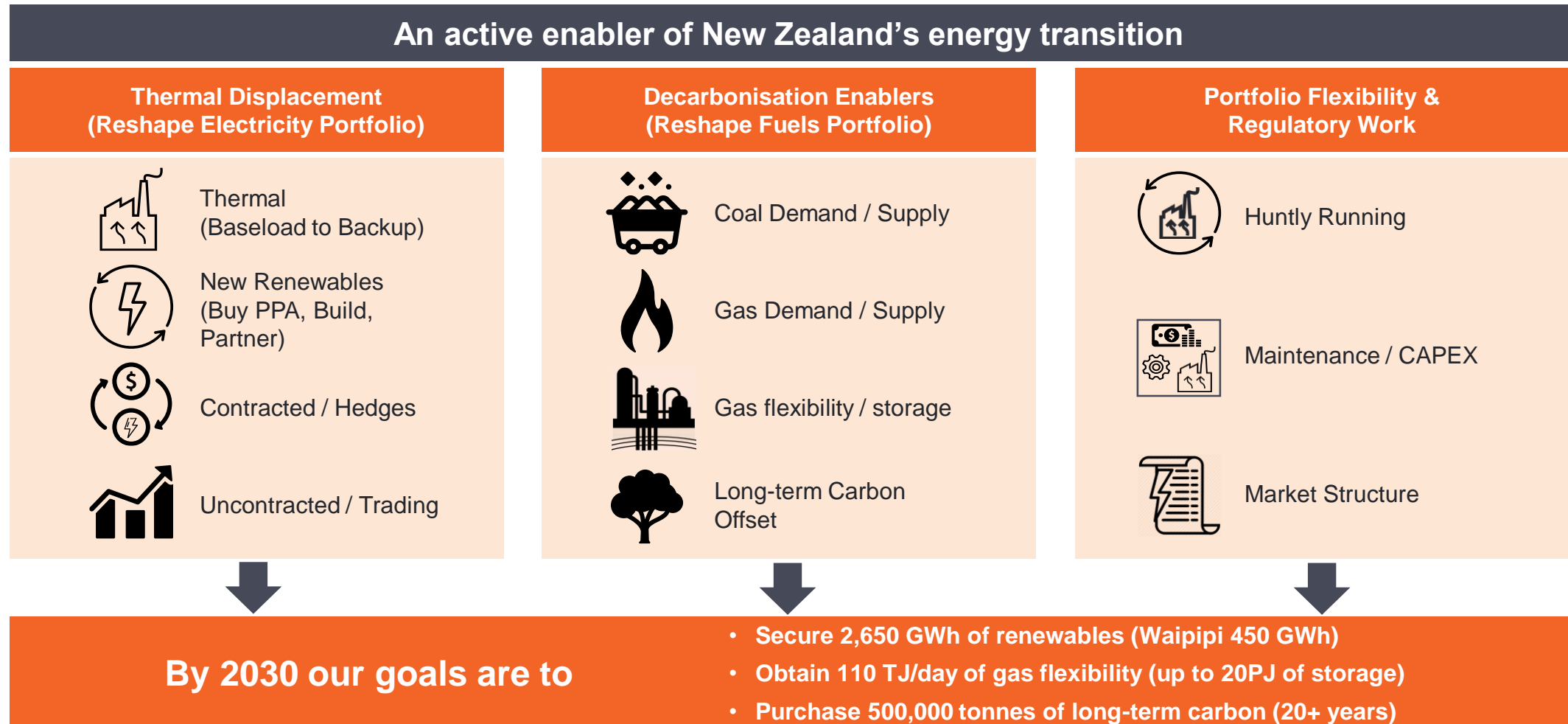
# Long-term opportunity to **deliver value uplift** by actively managing the energy transition



- 1 New renewables displacing baseload thermal
- 2 Secure gas flexibility through contracts and storage
- 3 Emissions abatement from forestry
- 4 Improved plant efficiency and MW capacity

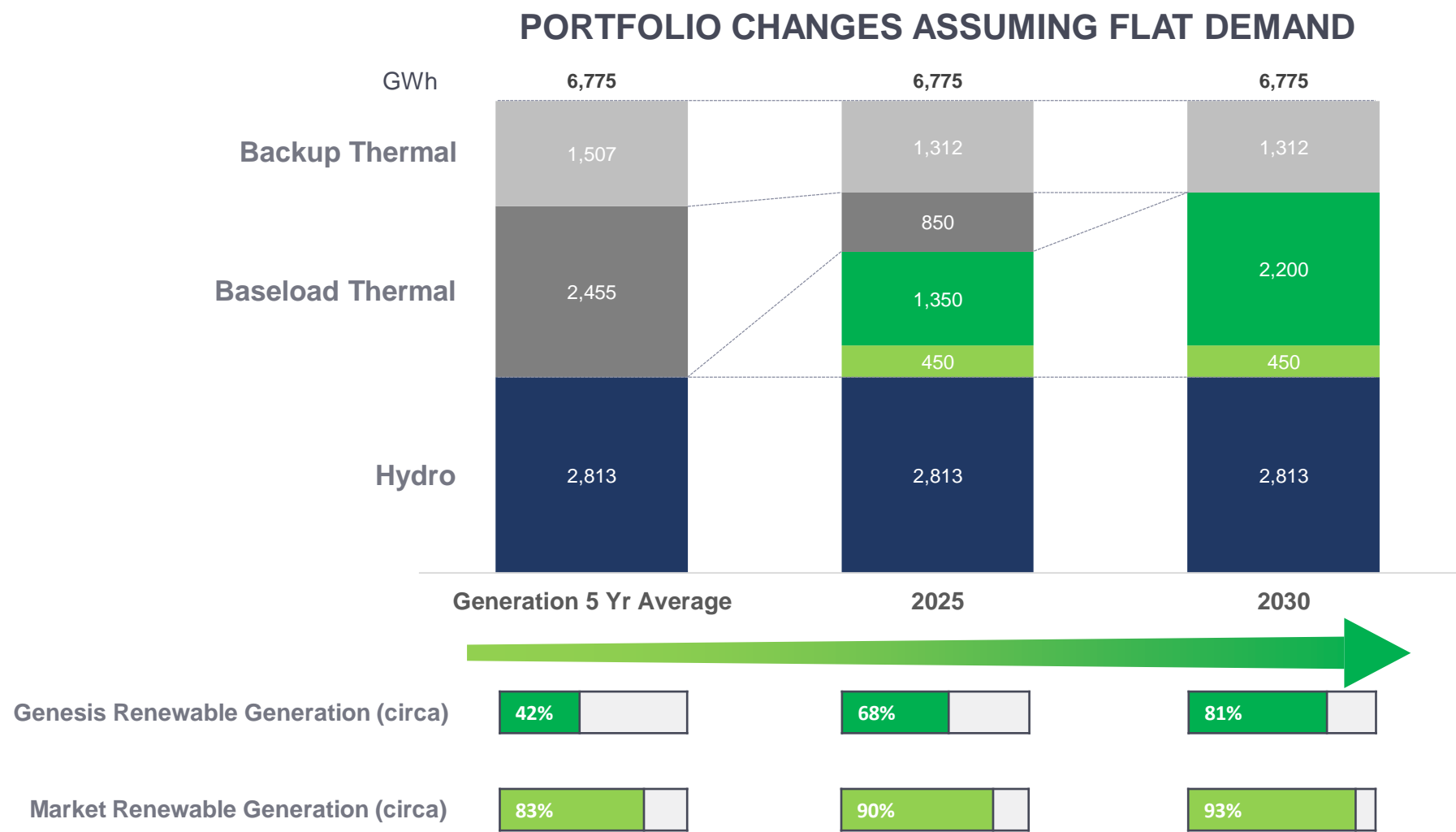
Key Metrics By 2030
2,650 GWh of renewables
110 TJ/day flexibility and 20PJ storage
500,000 tonnes of carbon credits

# Three areas of focus to create value from **flexibility and optionality** in our generation portfolio

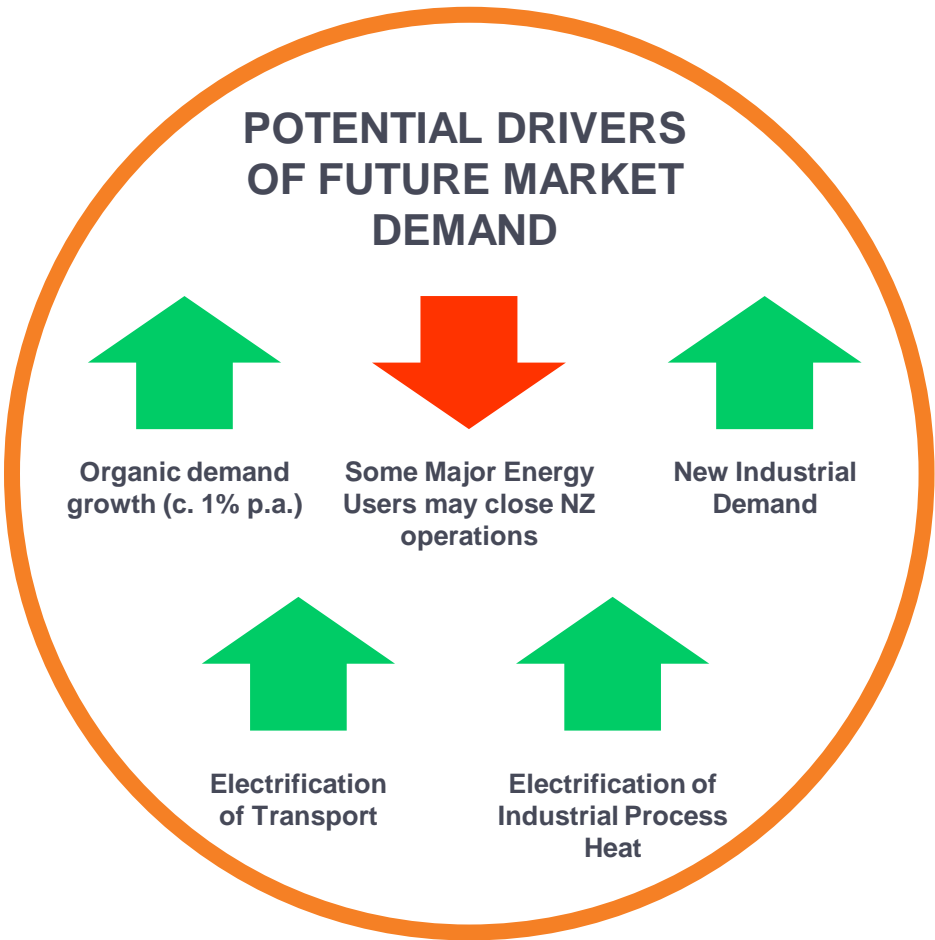
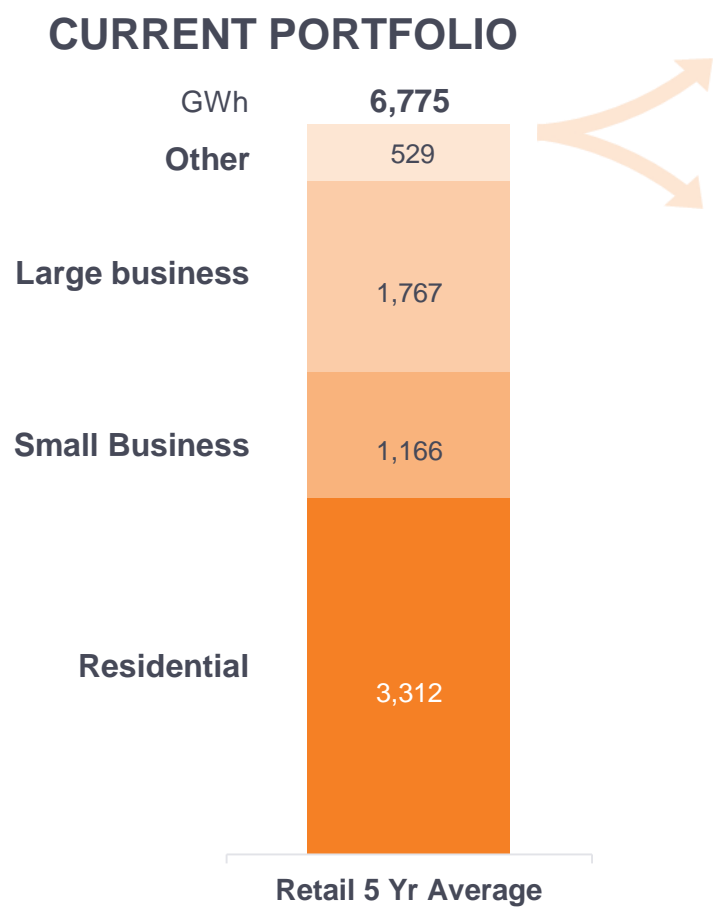




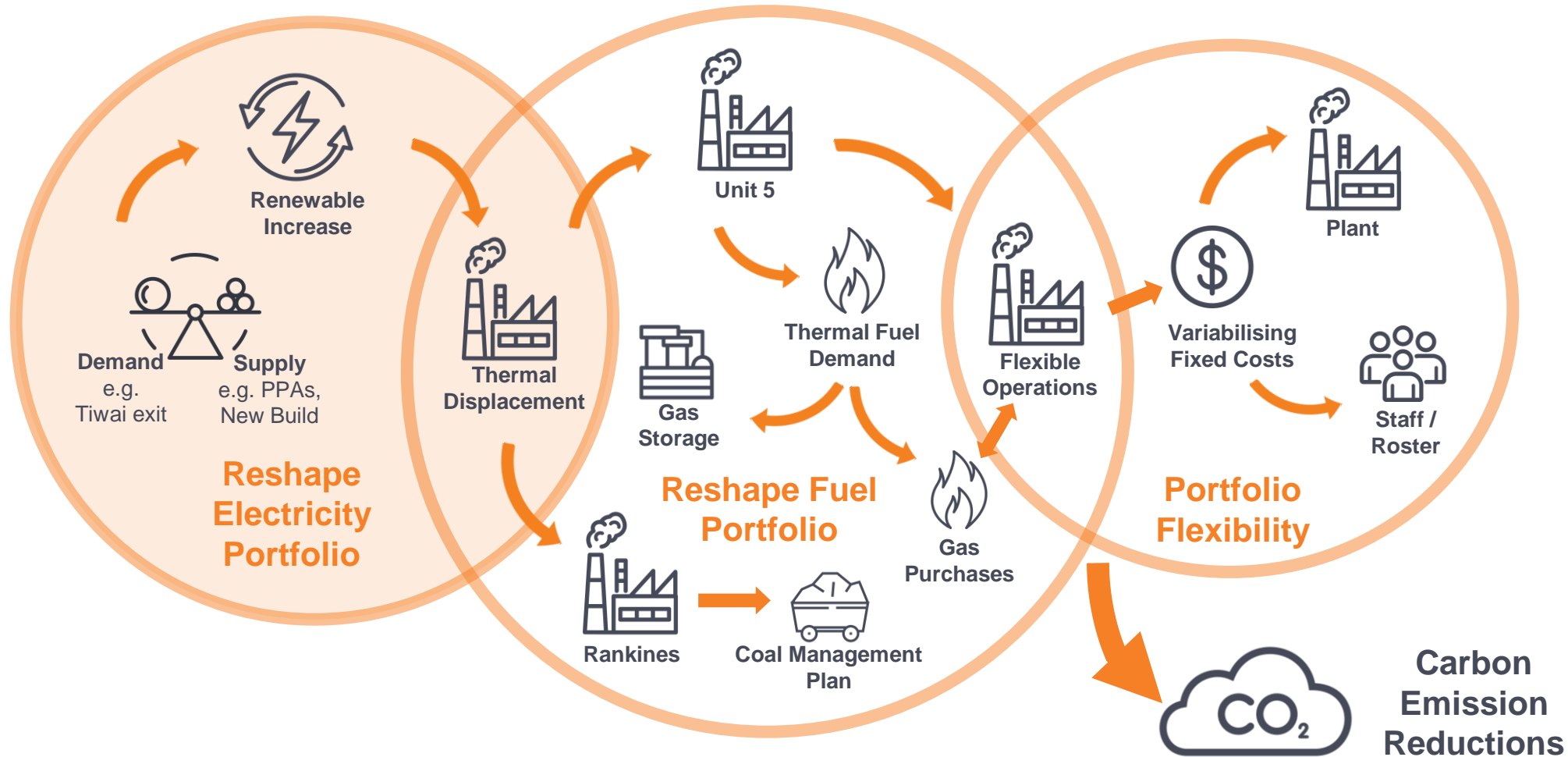
# Cheaper renewable electricity will actively displace baseload thermal



# Our increased optionality and flexibility lets us create value in any demand scenario



We will **actively transform our portfolio** to maximise value in preparation of inevitable market changes



# **Portfolio flexibility** is required to create opportunities in light of market uncertainties

Renewable Electricity Generation



Closure of Tiwai



Other Market Uncertainties



# Realising value in uncertain times requires us to think differently to create **greater flexibility and optionality** in our portfolio



## Outage and Plant Investment

- > Governance processes
- > Asset strategies vs portfolio needs
- > Predictive analytics
- > Risk based inspections
- > Supplier relationships



## Operational Structures

- > Low cost bias
- > Operator maintainer
- > Flex to meet demand
- > External resources as required



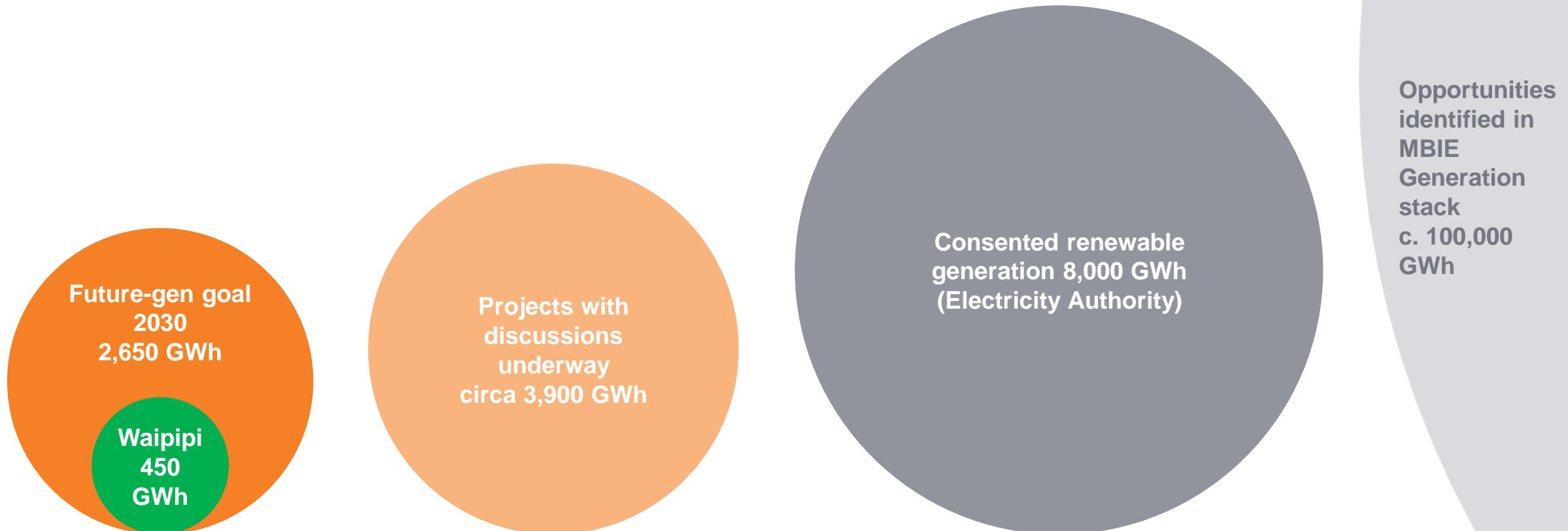
## Flexible Fuel Supply

- > Enable thermal backup
- > Gas flexibility and storage commitments
- > Coal storage and commitments
- > Commitment matching certainty

# Achieving Future-gen goals is **how we will deliver** Science Based Targets

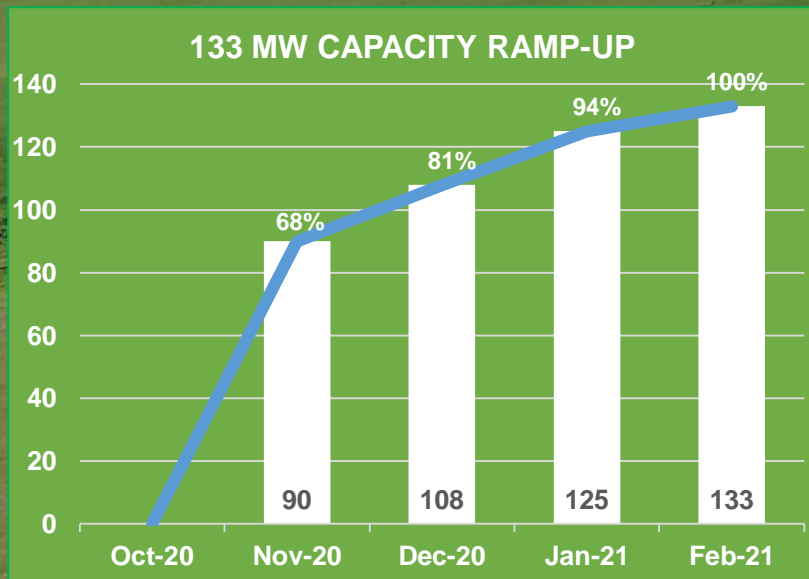


# Pipeline for new renewable electricity developments exceeds our stated ambition





# Tilt Strategic Partnership



# DrylandCarbon Partnership



# Chief Financial Officer Wrap-up

Tracking our path through the transition

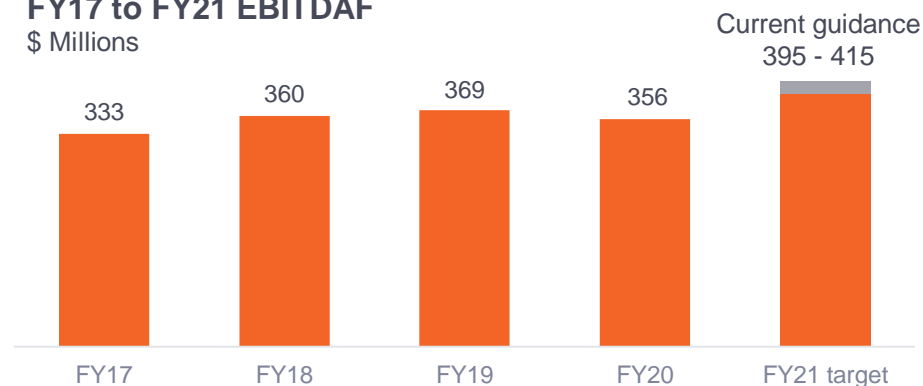




# Our financial track record shows we are a business that does what it says it will do – we are on track for the \$400m target set in FY16

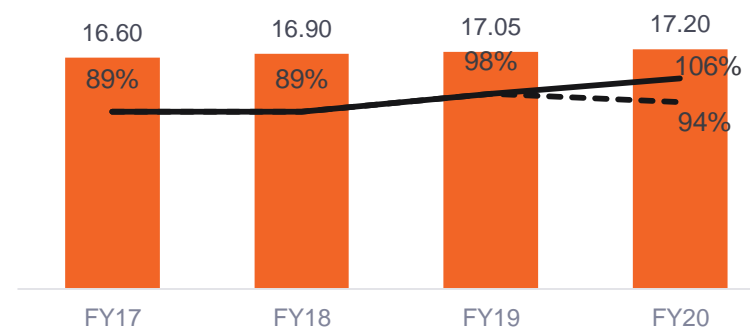
## FY17 to FY21 EBITDAF

\$ Millions



## FY17 TO FY20 DIVIDEND CENTS PER SHARE & PAY-OUT HISTORY

Dividends (CPS) — % of Free Cash Flow — % of Normalised FCF (2)



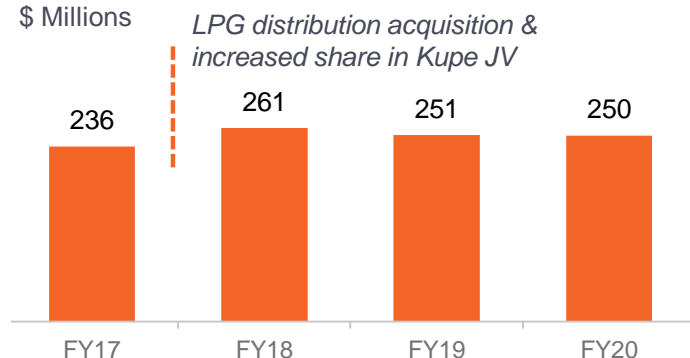
<sup>1</sup> Gross yield based on closing share price as at 18 August 2020, \$2.80.

<sup>2</sup> Free cash flow represents EBITDAF less tax paid, net interest and stay in business capital expenditure.

<sup>3</sup> Large one-off items include the Tekapo gate, Tekapo turbine overhaul and Tekapo turbine runners upgrades.

## FY17 TO FY20 CONTROLLABLE OPERATING EXPENSES<sup>1</sup>

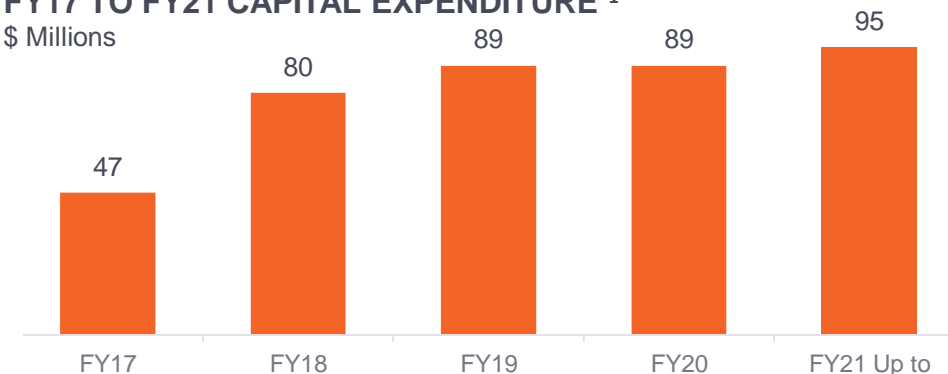
\$ Millions



<sup>1</sup> Controllable operating expenses refer to Employee Benefits plus Other Operating Expenses. In FY20 Genesis updated its segment reporting and this included realigning the Technology & Digital function previously in Corporate to the Retail Segment. All comparable periods have been adjusted to reflect the new segment note structure.

## FY17 TO FY21 CAPITAL EXPENDITURE<sup>1</sup>

\$ Millions



<sup>1</sup> Capital expenditure excludes M&A activities.

<sup>2</sup> Capital Expenditure amounts differ from amounts stated in the financial statements due to exclusion of capital expenditure relating to Huntly U5's Long Term Maintenance contract (LTMA) (FY20: \$16.5m).

# Our purpose fits within our **vision and strategy**



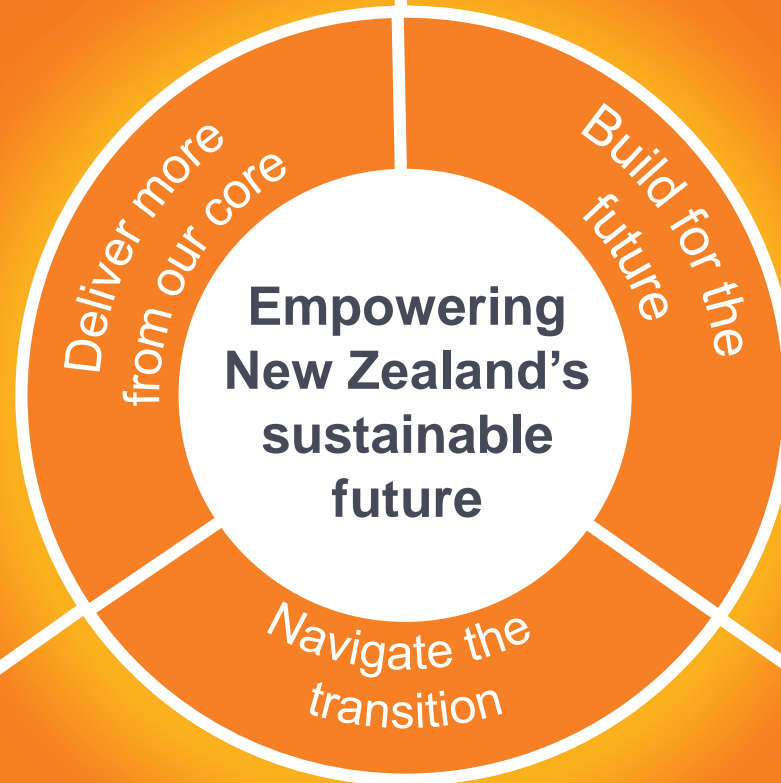
Our plan spans two horizons  
Horizon 1 – FY22 to FY24  
**Horizon 2 – FY24 and beyond**

## Our Horizon 1 Targets

- ↑ Retail EBITDAF - \$15m
- ↑ Wholesale EBITDAF - \$30m

### Driven by

- ↓ Churn
- ↑ Small business share
- ↑ Retail LPG volume
- ↑ Energy Online share of Tier 2 mkt
- ↑ Brand, Interaction, Journey Customer NPS
- ↑ Plant efficiency & MW capacity
- ↓ Legacy gas position
- ↑ Employee NPS



## Horizon 1 Targets

- Delivering sales / service / billing platform
- Delivering core data platform
- Kupe Strategic review – mid 2021
- Skills complementing a technology enabled evolution

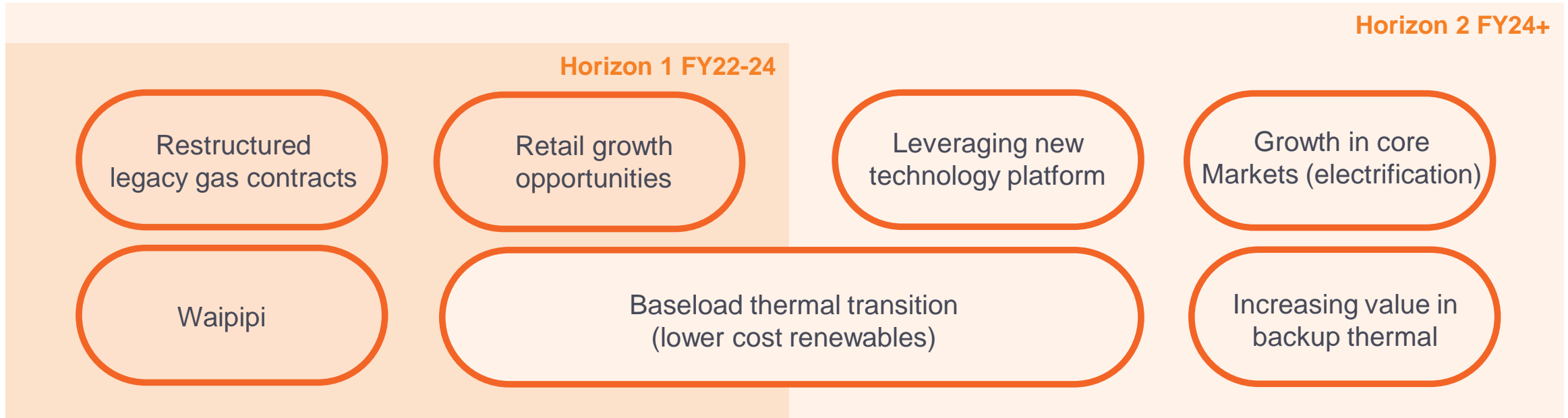
## Horizon 1 Targets

- ↑ 50% of large business customers subscribed to Energy Services
- ↑ EIQ engagement
- An adaptive and empowered culture

## Horizon 2 Targets

- ↑ Renewables - 2650 GWh
- ↑ Gas storage - 110 TJ/day, 20 PJ storage
- ↑ Forestry carbon credits - 500 kt
- ↑ EBITDAF through the transition
- ↑ Thermal plant flexibility

# A number of opportunities to grow earnings and de-risk carbon exposure



**Incremental EBITDAF Potential**

**Up to \$45m**

**TBC over time**

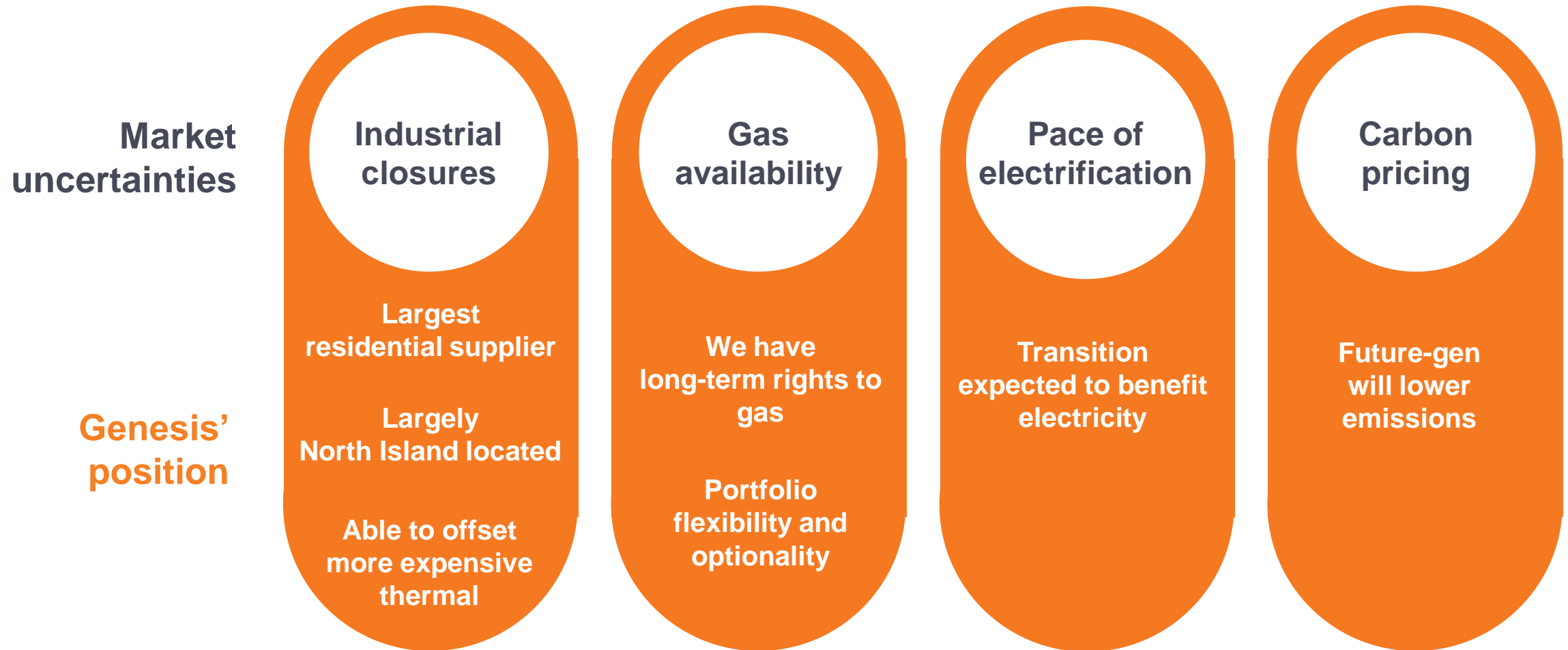
**Investment required**

**Nil to low**

**Depends on execution choice**

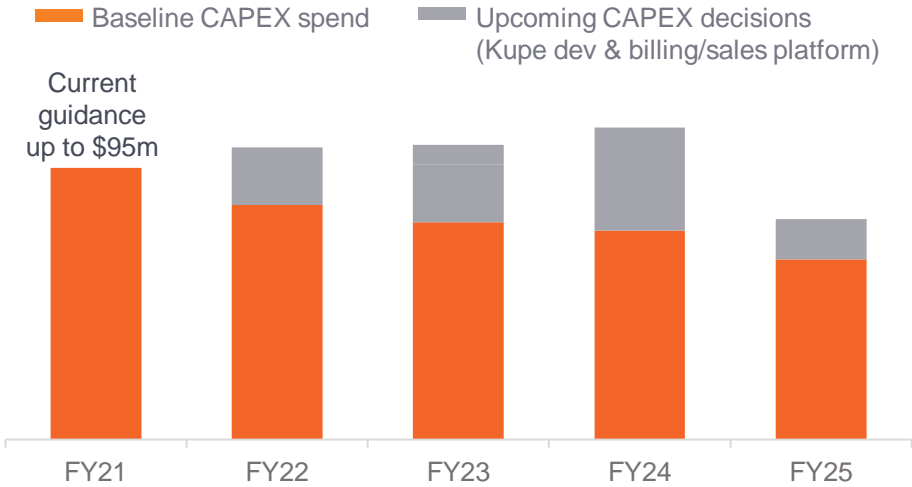
**De-risked investment proposition**

# Genesis is well positioned for **market uncertainties**

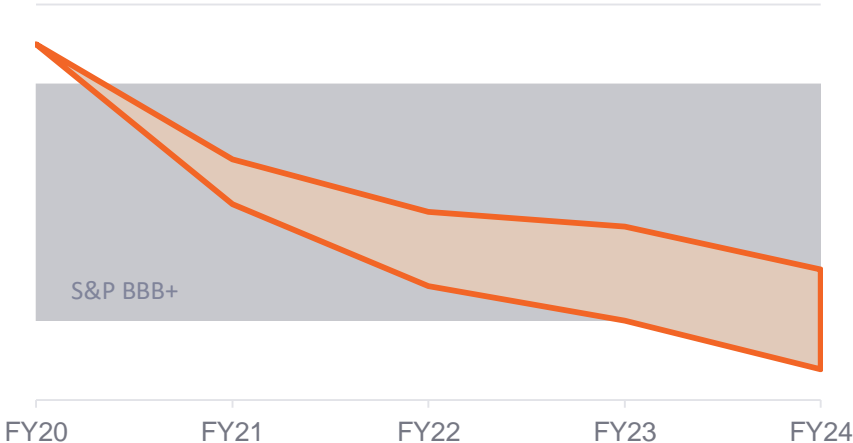


# Stable capex outlook and strengthening balance sheet

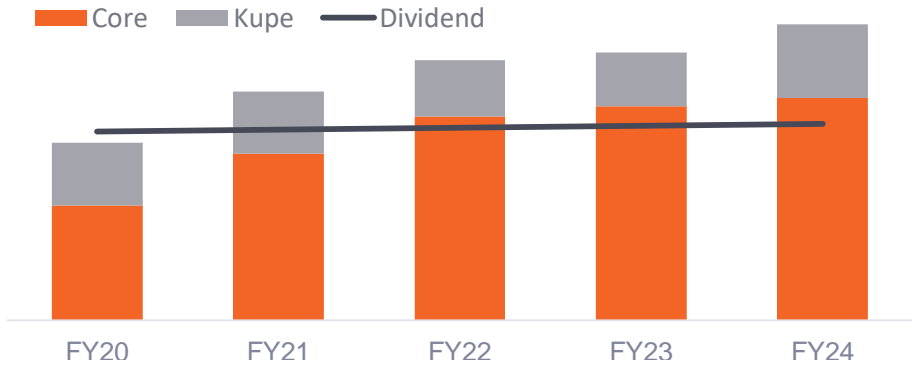
## CAPEX OUTLOOK



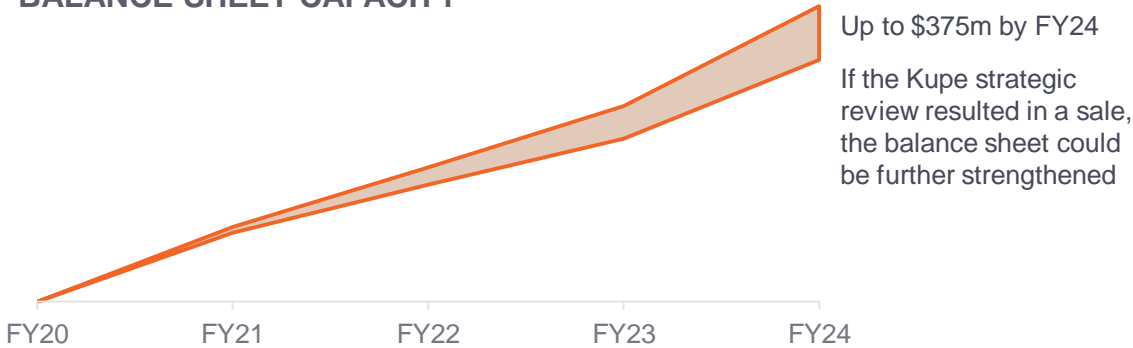
## DEBT/EBITDAF



## FREE CASH FLOW AND DIVIDEND



## BALANCE SHEET CAPACITY





## Our commitments

### **Distinctive customer experiences**

Improve customer  
Net Promoter Score

### **Limit climate change**

Science based target  
for 1.5°C by 2025

### **Stable diverse earnings**

A plan for growth

## Why invest in Genesis?

- 1 Attractive growing dividend
- 2 Earnings growth and improved balance sheet
- 3 Reducing carbon exposure
- 4 Strong team with an innovative culture

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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. 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. All reference to \$ are New Zealand dollars, unless specifically stated.