



GENESIS ENERGY

FY2014 Results Presentation



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2014 HIGHLIGHTS

Albert Brantley
Chief Executive



FY2014 a Milestone Year

- Listed on the NZX and ASX on 17 April 2014
 - 68,000 new shareholders at listing
- Genesis Energy relied on three key business activities to manage the impact of volatility in New Zealand's electricity market on its earnings, achieve the prospective financial information (PFI), and enable the Company to pay an increased dividend
- Key financial metrics were all better than prospective financial information
 - EBITDAF of \$307.9m was 1% ahead of the PFI forecast
 - NPAT of \$49.2m was 18% higher than PFI
 - Total dividends declared of 13.0cps is 2% higher than the PFI

1
**NZ'S LARGEST
RETAILER
OF ELECTRICITY
AND GAS**

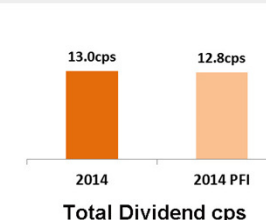
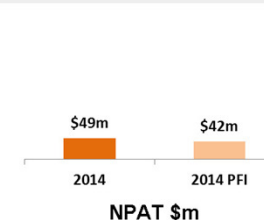
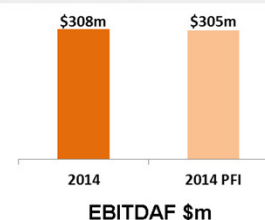
2
**DIVERSE AND
FLEXIBLE
ELECTRICITY
GENERATION**

3
**OIL AND GAS
DIVERSIFICATION**

**FY2014 Dividend
Yield**
(based on share price at
30 June 2014)

10.0%
Gross Dividend Yield

7.2%
Cash Dividend Yield

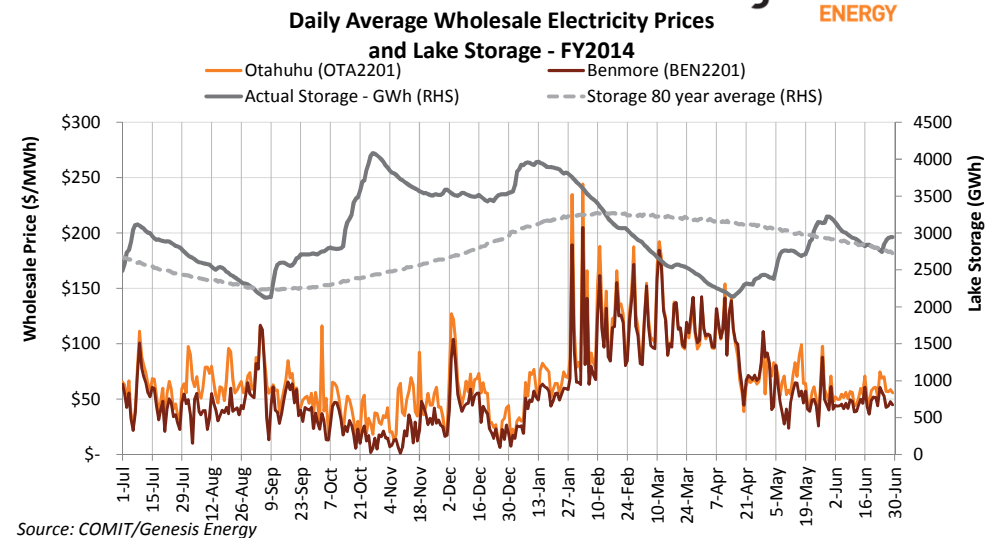


Strategic Highlights

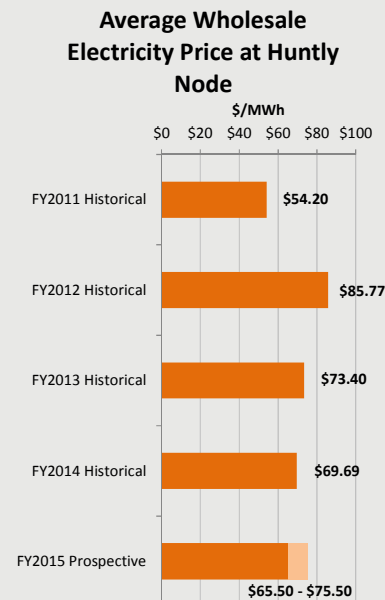
- Improved on delivery of our commitment to Health and Safety and achieving a zero harm work place
- Completed remediation work on the Tekapo Canal ahead of schedule, under budget and with no lost time injuries or major incidents recorded
- Placed second Huntly 250MW coal/gas Rankine unit into long term storage in December 2013
- Restructured coal supply contracts to reflect future thermal strategy
- Signed a new gas supply contract with Contact Energy
- Post balance date signed a four year swaption agreement with Meridian Energy



Wholesale Electricity Market



- Three distinct periods of hydrological conditions which affected wholesale electricity prices
 - Storage above average for first seven months of the year
 - January 2014 until mid April 2014 dry sequence, inflows declined and national storage levels reduced
 - Wholesale prices dropped sharply from mid April to the end of the year due to significant rainfall and above average temperatures
- Lake Tekapo storage not affected by mid-year dry sequence due to Tekapo A and B outage for canal remediation
- Waikaremoana storage significantly below long run average at beginning and end of year, above average mid year



Customer Experience Performance

12 months to June 30	2014	2014 PFI	Difference vs PFI %	2013	% change
Electricity Customers	523,278	541,920	-3%	543,774	-4%
Gas Customers	111,966	118,949	-6%	115,003	-3%
Total Customers ex LPG	635,244	660,869	-4%	658,777	-4%
LPG Customers	11,803	12,708	-7%	9,708	22%
Total Customer Accounts	647,047	673,577	-4%	668,485	-3%
Total Advanced Meters Installed	367,882	-	-	327,721	12%
12 months annualised churn rate	21.2%	-	-	15.6%	36%
Retail Electricity Sales (GWh)	5,391	5,497	-2%	5,354	1%
Retail Electricity Purchases (GWh)	5,729	5,814	-1%	5,693	1%
Retail Gas Sales (PJ)	6.1	6.3	-3%	5.0	23%
Retail Gas Purchases (PJ)	6.1	6.3	-3%	5.0	21%
Retail LPG Sales (tonnes)	3,018	3,000	1%	2,445	23%
Average Retail Electricity Purchase Price (\$/MWh)	\$69.80	\$68.57	2%	\$76.88	-9%
LWAP/GWAP ratio	99%	95%	4%	102%	-3%

- Retail electricity and gas markets continue to be extremely competitive
- Total retail electricity and gas sales volumes up 1% and 23% respectively on last year, but behind PFI estimates
 - Both benefitting from increases in Time of Use (TOU) sales volumes
- Electricity and gas customer numbers are both lower than last year and both lower than PFI forecasts
- LWAP* higher than PFI, but 9% lower than FY2013



*LWAP is the Load Weighted Average Price or the average price Genesis Energy paid to purchase electricity to supply its customers

GWAP is the Generation Weighted Average Price or the average price Genesis Energy received on the wholesale market for the electricity it generated

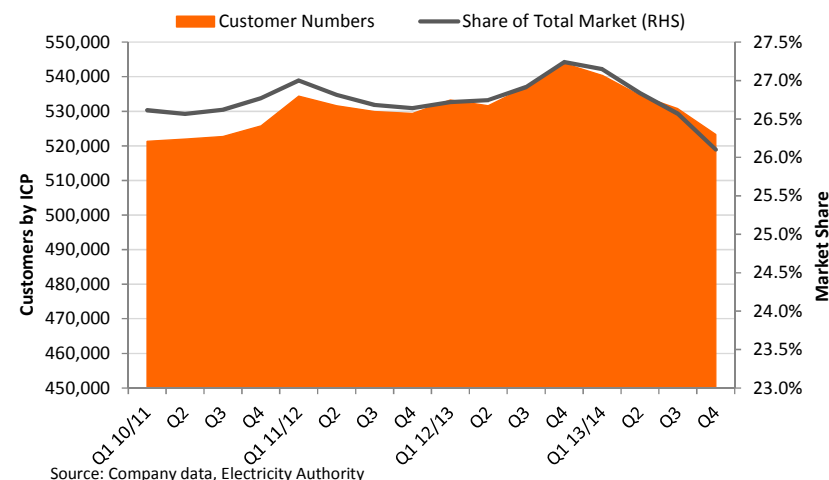


Electricity Customers

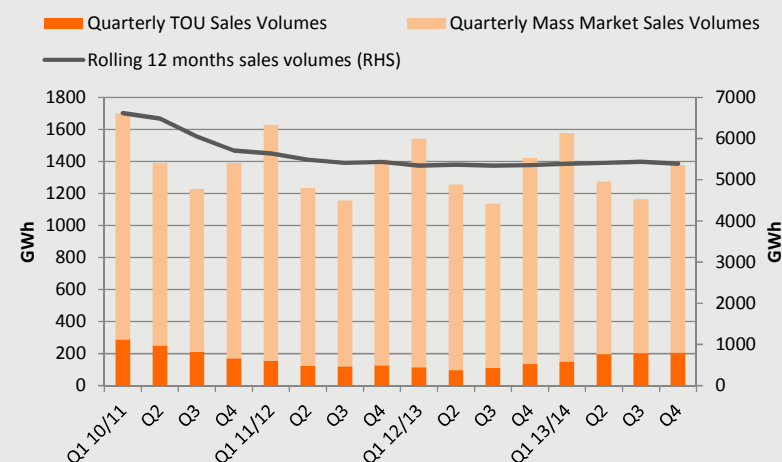
- Genesis Energy maintains its position as New Zealand's largest electricity retailer
- Total electricity customers of 523,278
- Market share reduced to 26.1% of ICPs reflecting:

- Increased switching rates
- Heightened competition from smaller niche retailers
- Bundled offerings from established competitors
- Despite lower customer numbers, total retail electricity sales volumes 1% higher in FY2014 reflecting:
 - A 67% increase in TOU sales offsetting a 5% decline in mass market sales volumes
 - Rolling 12 month total sales volumes show a flat trend over last two years
- A strategy is being implemented to halt the decline in customers and leverage the momentum in the TOU market to increase sales volumes

Electricity Customers and Market Share



Electricity Sales Volumes (GWh)

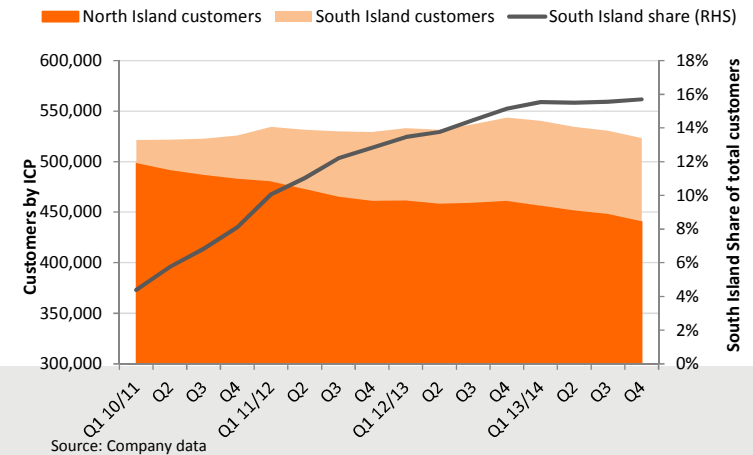




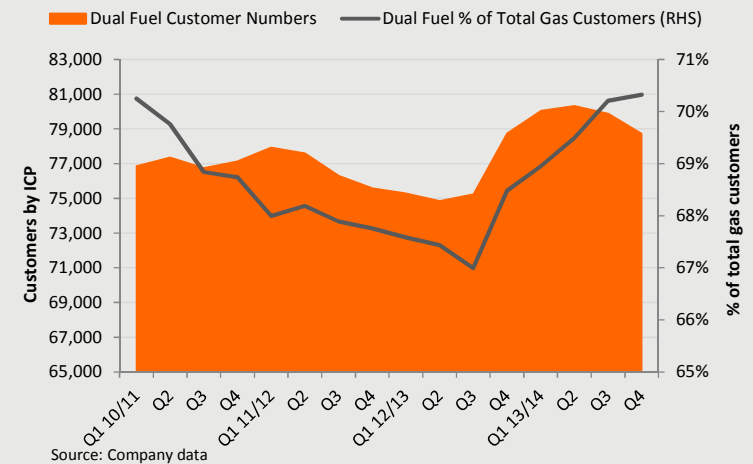
Retaining Electricity Customers

- South Island customers steady at 82,171, representing 16% of total customers by ICPs
- Over 70% of gas customers also take electricity from Genesis Energy.
- There were 40,088 Advanced Meters installed in 2014
 - Total active meters now at 367,882, or 70% of electricity customers
- Use of the meters continues to grow:
 - Access usage and billing information through “MyMeter”
 - Utilise “MyEnergyCoach” for planning energy use
 - Delivery of multi-rate tariffs where lines companies facilitate the tariff
- Growth in contracted customers

Geographic Split of Electricity Customers



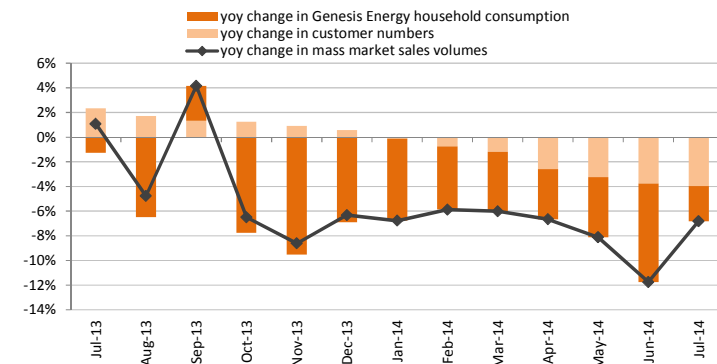
Dual Fuel Customer Base



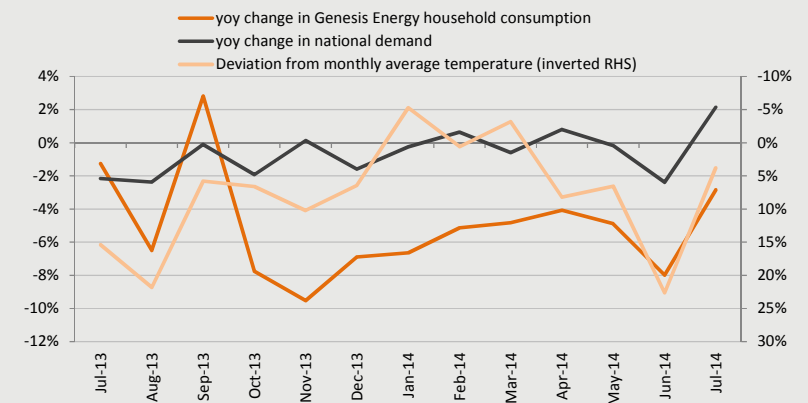
Drivers of Electricity Sales Volumes

- Year on year decreases in customer numbers is a significant contributor to year on year declines in mass market electricity sales volumes
- Decreases in average household consumption of Genesis Energy customers consistent with broader industry trend
- Above average temperatures also a contributor to lower demand

Contribution to year on year growth in mass market electricity sales volumes



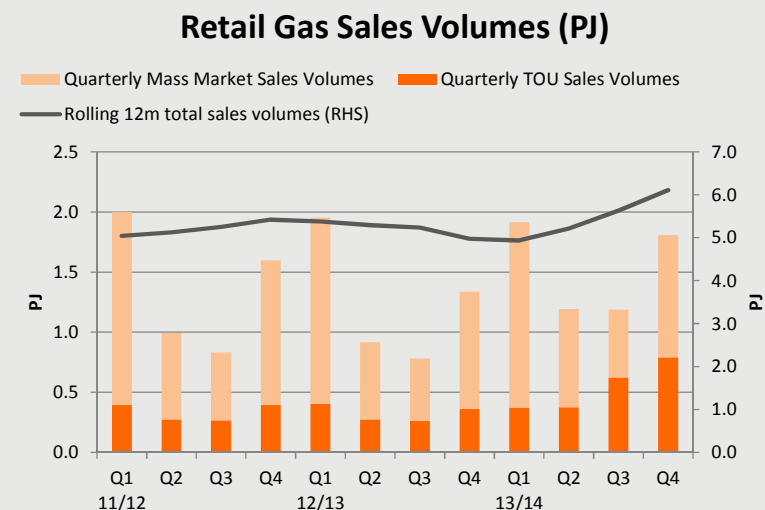
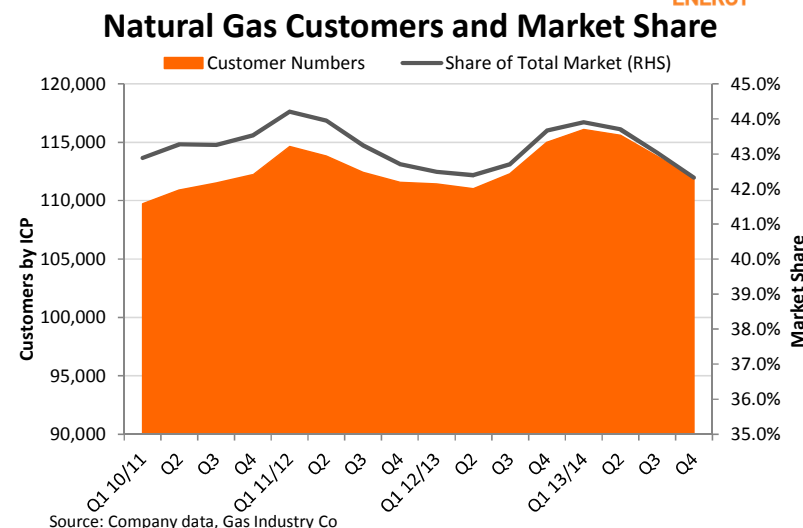
Underlying change in Genesis Energy mass market sales volumes vs national demand





Gas Customers

- 111,966 gas customers at 30 June 2014, representing a 42% share of the market by ICPs
 - 3,037 fewer customers than a year ago
- Natural gas market continues to be competitive with new entrants and established retailers bundling products
- Total retail gas sales volumes up 23% in FY2014 to 6.1PJ compared to 5.0PJ in FY2013
 - Driven by TOU gas sales which are up 66%
 - Gained “All of Government” contract to supply gas across a number of departments, including a schools initiative
- 11,803 LPG customers, up 22% on FY2013
 - Continues to be demand for bottled LPG in both North and South Island
 - Able to take advantage of LPG offtake volumes from Kupe



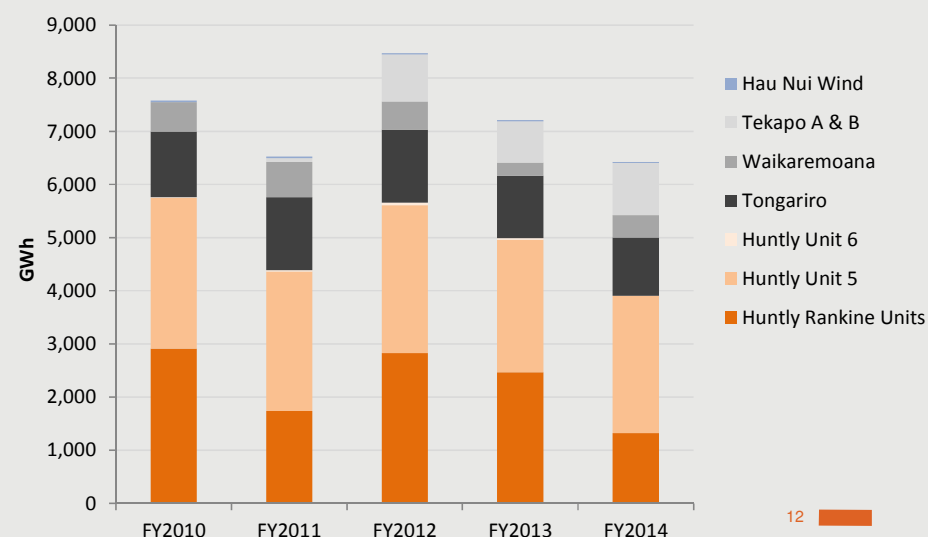
12 Months to 30 June	2014	2014 PFI	Difference vs PFI %	2013	% change
Gas (GWh)	2,930	2,780	5%	2,732	7%
Coal (GWh)	977	1,317	-26%	2,259	-57%
Total Thermal (GWh)	3,907	4,097	-5%	4,991	-22%
Hydro (GWh)	2,497	2,543	-2%	2,200	13%
Wind (GWh)	23	27	-15%	21	9%
Total Renewable (GWh)	2,520	2,570	-2%	2,221	13%
Total Generation (GWh)	6,427	6,667	-4%	7,212	-11%
Average Price Received for Generation (\$/MWh)	\$70.53	\$71.95	-2%	\$75.60	-7%

Generation Performance

Total generation down 11% from FY2013 to 6,427 GWh, 4% lower than PFI, as a result of:

- A wetter end to the year resulting in reduced opportunity to run thermal fleet
- Preference for gas-fired over coal-fired generation given increased gas offtake volumes from Kupe
- Reduction in generation from the Huntly Rankine units due to placing a second 250MW unit into long term storage, plus lower peaking requirement
- Hydro generation up 13% versus FY2013 due to shorter outage of Tekapo A and B during canal remediation
 - Catchment diversity offset significantly below average North Island inflows

Annual Generation Profile



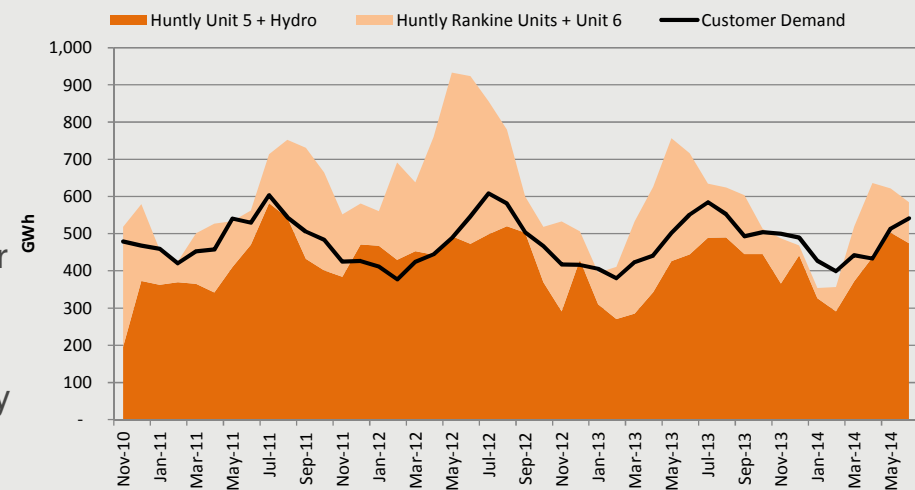
Generation Versus Customer Demand



Customer demand continues to be matched broadly by generation output from Huntly Unit 5 plus the hydro stations

- Some periods throughout the year where demand not matched by generation
 - Emphasises the appropriateness of strategy of going short generation when prices are lower
- In January and February 2014 generation was lower due to Tekapo A and B not being available during the Tekapo Canal remediation works
- With only two Rankine units in use, peaking capacity reduced, but utilisation of individual units higher

Generation versus Customer Demand



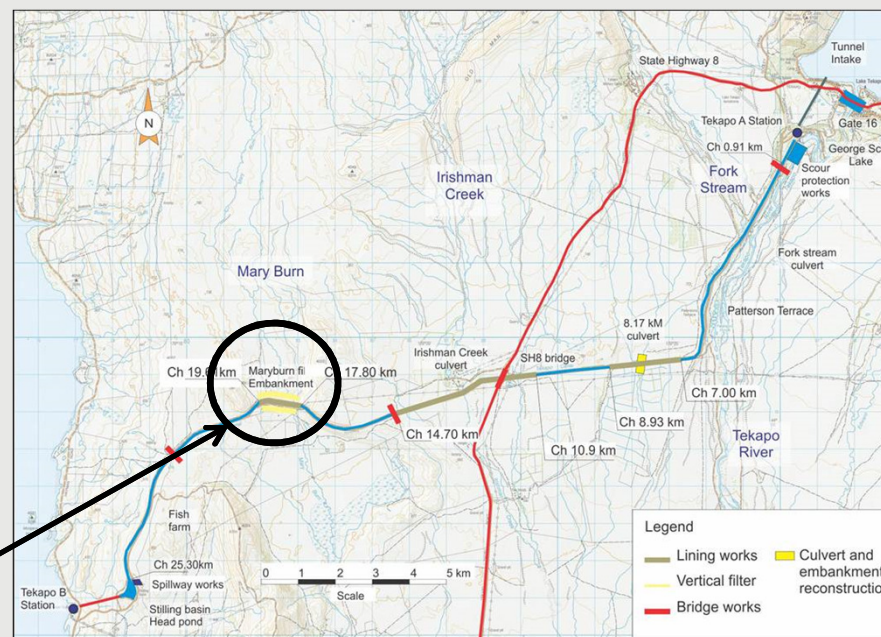
Tekapo Canal Remediation



Work on the remediation of Tekapo Canal concluded in FY2014

- Second season of canal outage was for 8 weeks with Tekapo B station generating by 26 February 2014
- No lost time injuries over 243,000 man hours of work, over two seasons
- Estimated \$11.5m impact on FY2014 EBITDAF due to lost generation in line with PFI
- Total capital expenditure of \$136m under \$145m to \$155m guidance

Focus of second season of work

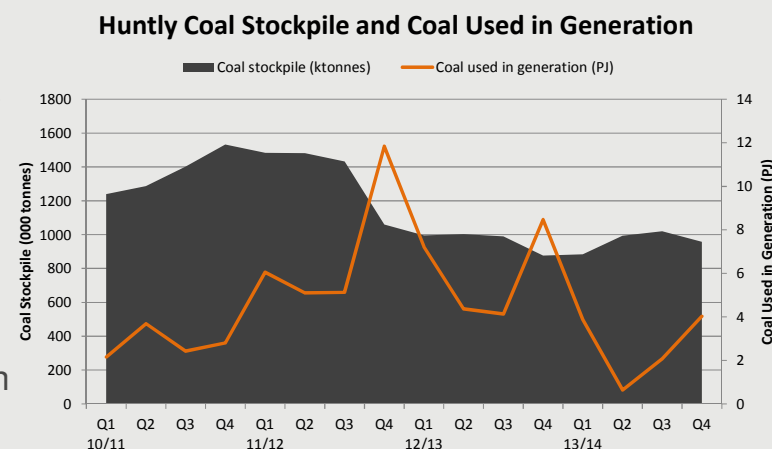


Fuel management: 12 Months to 30 June	2014	2014 PFI	Difference vs PFI %	2013	% change
Wholesale Gas Sales (PJ)	15.8	15.7	1%	12.6	26%
Total Gas Purchases (PJ)	45.0	45.7	-2%	38.6	17%
Gas Used in Internal Generation. (PJ)	23.1	23.7	-3%	21.0	10%
Wholesale Coal Sales (PJ)	0.0	-		1.3	-100%
Coal Purchases (PJ)	12.4	12.0	3%	21.5	-42%
Coal Used in Internal Generation (PJ)	10.6	11.2	-5%	24.2	-56%
Coal Stockpile (kilotonnes)	958	910	5%	877	9%

Fuel Management

Management of gas and coal remains a key feature of Genesis Energy's portfolio

- Increased wholesale gas sales due to Methanex's ramping up production
- Gas used in internal generation increased 10% versus FY2013 due to Unit 5 outage in FY2013, but was 3% behind PFI due to lower than expected thermal generation burn in Q4
- Coal purchases reduced 42% since FY2013 reflecting termination of offshore supply contract plus re-profiling of domestic supply contract
- Coal stockpile reduced in Q4 to 958,000 tonnes but higher than at June 2013 and PFI due to reduced coal burn in Q3
- Six year contract to supply Contact Energy with 27PJ of gas





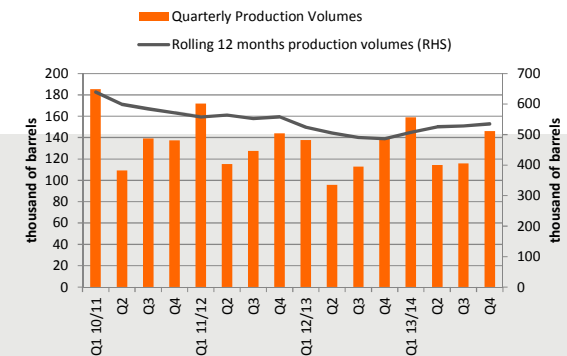
Kupe: 12 Months to 30 June	2014	2014 PFI	Difference vs PFI %	2013	% change
Gas Sales (PJ)	7.1	6.9	3%	5.6	26%
Oil Production (kbbbl)	535.3	515.1	4%	485.8	10%
Oil Sales (kbbbl)	531.5	497.9	7%	509.1	4%
LPG Sales (kilotonnes)	29.8	29.6	1%	24.0	24%
Oil and Gas EBITDAF	107.0			109.2	-2%

Kupe

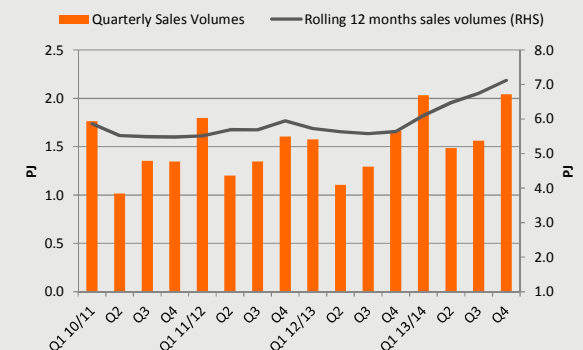
Kupe continues to be a consistent source of earnings

- Natural gas, oil and LPG volumes all up on FY2013 and compared to PFI
- Increased earnings reflect attractive price for oil in export markets plus opportunity to accelerate gas offtake for fuel and gas sales
- Decisions around field development and future capital expenditure unlikely to be made in short term

Kupe Oil Production Volumes (kbbbl)



Kupe Gas Sales Volumes (PJ)



People, Health and Safety

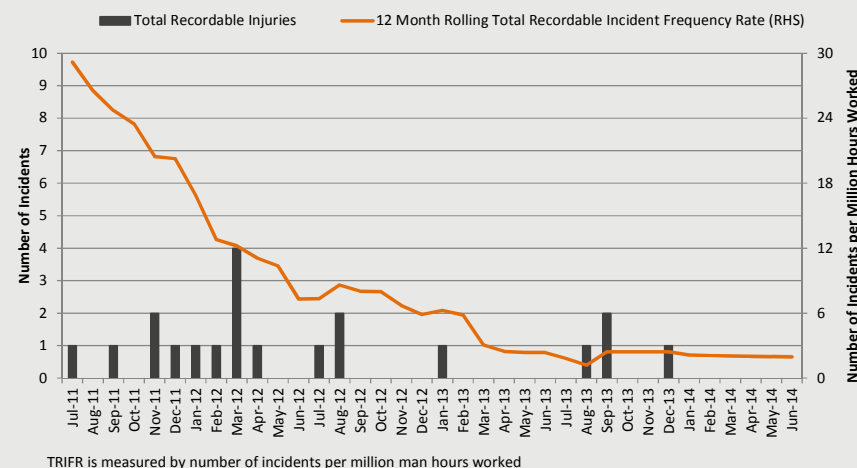


The safety of our employees and workplace remains a priority

- Genesis Energy is committed to a zero harm work environment
- Only 2 lost time incidents in FY2014 (2 in FY2013) and no serious incidents
- TRIFR* of 1.97 was 17% lower than FY2013
- Near miss reporting 13% higher
- Genesis Energy was the recent winner of Excellence in Health and Safety award at Deloitte Energy Excellence Awards

*Total Recordable Injury Frequency Rate per million man hours

Genesis Energy Safety Statistics



TRIFR is measured by number of incidents per million man hours worked

2014 FINANCIAL PERFORMANCE

Andrew Donaldson
Chief Financial Officer



Results Summary

- EBITDAF, NPAT, free cash flow (FCF), dividends and net debt are better than the PFI
- EBITDAF of \$307.8m down 9% on FY2013 but 1% ahead of PFI
 - Reduced operating expenses more than offset lower revenue – purchasing electricity from the market cheaper than generating

- Also reduced fuel costs with lower generation
- NPAT down 53% on FY2013, but 18% higher than PFI
 - Benefitted from lower net interest charge, positive fair value changes and marginally lower than expected depreciation, depletion and amortisation
- Better than expected conversion of EBITDAF into FCF
 - Higher FCF means that the payout % is not as high as predicted in PFI even though final dividend has increased

\$m	2014	2014 PFI	Difference vs PFI %	2013	% change
Revenue	2,005.0	2,040.6	-2%	2,070.3	-3%
Total operating expenses ⁽¹⁾	1,697.2	1,735.4	-2%	1,733.7	-2%
EBITDAF ⁽²⁾	307.8	305.2	1%	336.6	-9%
Depreciation depletion & amortisation	156.7	157.8	-1%	135.0	16%
Impairment	10.1	9.5	6%	6.6	53%
Revaluation of generation assets	-	-	-	1.0	-100%
Fair value change (gains)/losses	-0.4	3.9	-111%	-30.5	-99%
Other (gains)/losses	1.6	0.3	472%	1.6	1%
Earnings before interest and tax	139.8	133.7	5%	224.9	-38%
Interest	68.3	71.1	-4%	78.5	-13%
Tax	22.4	20.8	8%	41.8	-46%
Net profit after tax	49.2	41.8	18%	104.5	-53%
Earnings per share (cents per share)	4.9	4.2	18%	10.5	-53%
Stay in business capital expenditure	54.5	60.1	-9%	59.8	-9%
Free cash flow	161.8	152.8	6%	155.5	4%
Dividends declared	130.0	128.0	2%	114.0	14%
Dividends per share (cents per share)	13.0	12.8	2%	11.4	14%
Dividends declared as a % of FCF	80.4%	83.8%	-4%	73.3%	10%
Net debt	966.0	994.3	-3%	1,002.2	-4%

⁽¹⁾ Includes cost of electricity purchases

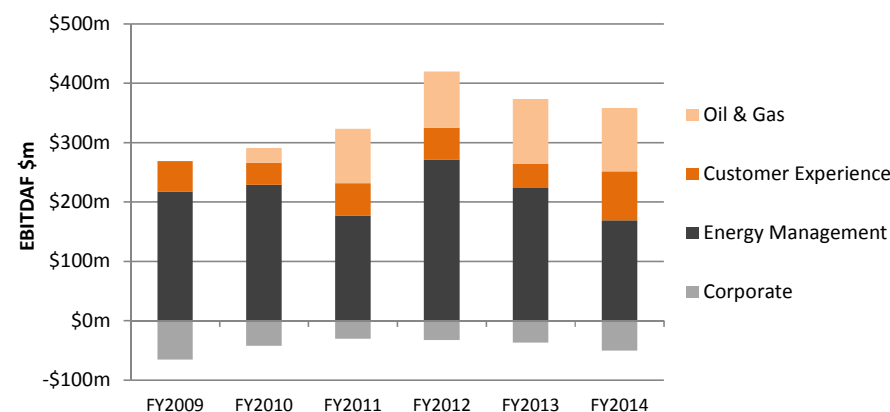
⁽²⁾ Earnings before net finance expense, tax, depreciation, amortisation, fair value changes and other gains and losses

Segmental Detail

FY2014 EBITDAF composition changed materially from FY2013

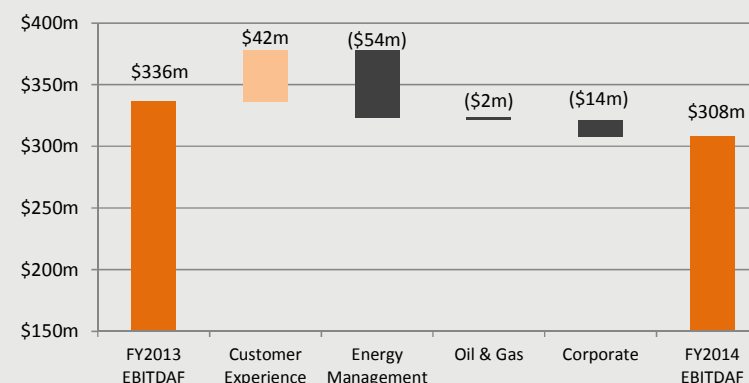
- \$42m increase in Customer Experience EBITDAF primarily due to
 - Improvements in pass through of distribution and transmission charges
 - Impact of increases in energy component of electricity customer bills
- Energy Management EBITDAF reduced 24% to \$169m
 - Lower generation revenues
 - Impact of Tekapo outage
 - One-off costs associated with terminating coal supply contract
- Kupe's FY2014 EBITDAF of \$107m represents 35% of Group EBITDAF
- Corporate overheads increased due to costs associated with IPO and employee restructuring

Genesis Energy Contribution to EBITDAF



Source: Genesis Energy

EBITDAF bridge from FY2013 to FY2014



Significant items: \$m	2014	2014 PFI	Relative to PFI	2013	% change
EBITDAF	307.8	305.2	ahead	336.6	-9%
Tekapo Power Scheme outage	11.5	8 to 12	in line	20 to 25	-49%
Offer costs	9.8	10.0	in line	0.6	1533%
Coal supply contract termination fee and related onerous contracts	16.8	16.2	larger	-	-
Abnormal under-recovery of lines charges	-	-	-	7.7	-100%
Insurance compensation and related costs	-	-	-	(18.5)	-100%
Total impact on EBITDAF	38.1	34.2 to 38.2	in line	9.8 to 14.8	210%
Tax effect of the above	(7.0)	(6.8) to (7.9)	in line	(2.6) to (4.0)	112%
Total impact on NPAT	31.1	27.4 to 30.3	larger	7.2 to 10.8	246%

One-off and Significant Items

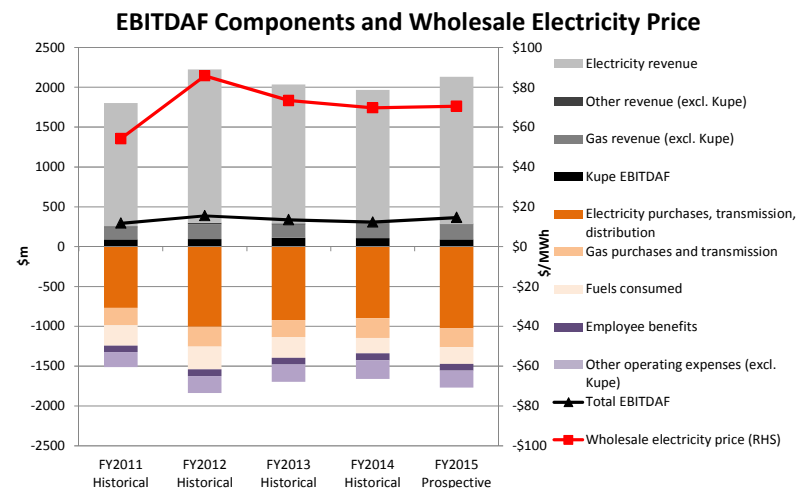
There were a number of one off items during FY2014 and FY2013 that impacted EBITDAF and NPAT

- FY2014 impacts in line with PFI except for onerous contracts related to coal supply contract
- Lower generation at Tekapo due to Canal Remediation work
- IPO costs
- When impact each year added back, FY2013 and FY2014 EBITDAF very similar



Managing Volatility

- FY2014 results reinforce ability of Genesis Energy's portfolio to manage volatility in the wholesale electricity price
- Average wholesale price of \$69.69/MWh in FY2014 still within the \$30/MWh to \$75/MWh range where EBITDAF exhibits low correlation with annual average wholesale electricity prices



Balance Sheet

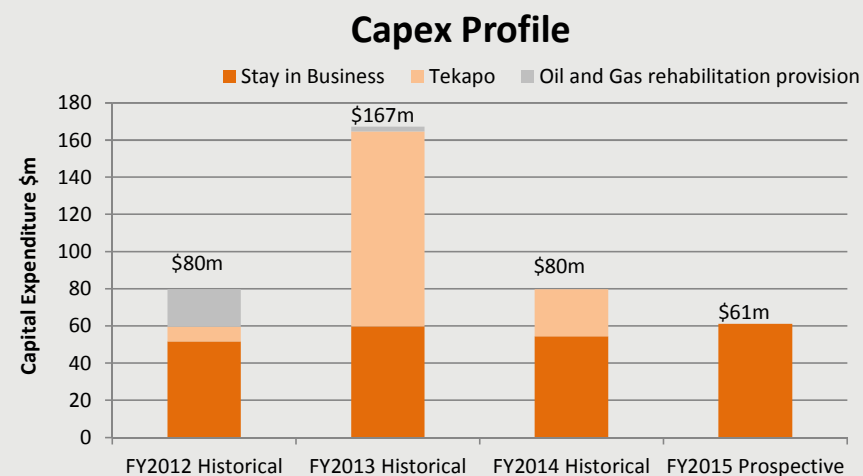
- Despite increased dividend and capital expenditure associated with Tekapo Canal remediation, net debt is down 4% to \$966m
 - Net debt remains within the target range
 - Gearing is flat at 34.5%, but ahead of PFI
- EBITDAF interest cover improved since last year given reduction in interest costs

As at 30 June (\$m)	2014	2014 PFI	Difference vs PFI %	2013	% change
Cash and cash equivalents	23.3	24.5	-5%	22.7	3%
Other current assets	333.9	366.6	-9%	370.8	-10%
Non-current assets	3,272.1	3,294.0	-1%	3,357.8	-3%
Total assets	3,629.4	3,685.1	-2%	3,751.2	-3%
Total borrowings	989.3	1,018.7	-3%	1,024.9	-3%
Other liabilities	759.3	795.2	-5%	776.5	-2%
Total equity	1,880.7	1,871.2	1%	1,949.8	-4%
Net debt	966.0	994.3	-3%	1,002.2	-4%
Gearing	34.5%	35.3%	-2%	34.5%	0%
EBITDAF interest cover	5.3	5.3	1%	6.3	-15%
Net debt: EBITDAF	3.1	3.3	-4%	3.0	5%
Net Assets	1,880.7	1,871.2	1%	1,949.8	-4%

\$m	2014	2014 PFI	Difference vs PFI %	2013	% change
Net operating cashflow	303.9	293.3	4%	298.4	2%
Net investing cashflow	-82.9	-97.6	-15%	-172.6	-52%
Net financing cashflow	-220.4	-193.9	14%	-127.9	72%
Net increase (decrease) in cash	0.6	1.8	-65%	-2.1	-131%
Stay in business capex	54.5	60.1	-9%	59.8	-9%
Total capex	79.8	92.5	-14%	167.2	-52%
Free cash flow	161.8	152.8	6%	155.5	4%

Cashflow and Capital Expenditure Summary

- Operating cashflows increased 2% vs FY2013 and 4% versus PFI
- Investing cashflows better than expected due to lower stay in business capital expenditure and lower Tekapo Canal remediation cost
- Final season of Tekapo Canal remediation also cost less than expected at \$25.3m
 - Tekapo Canal final capital expenditure of \$136m versus guidance of \$145m to \$155m
- Improvement in cashflows helped to reduce net debt
- Free cash flow higher than PFI and FY2013

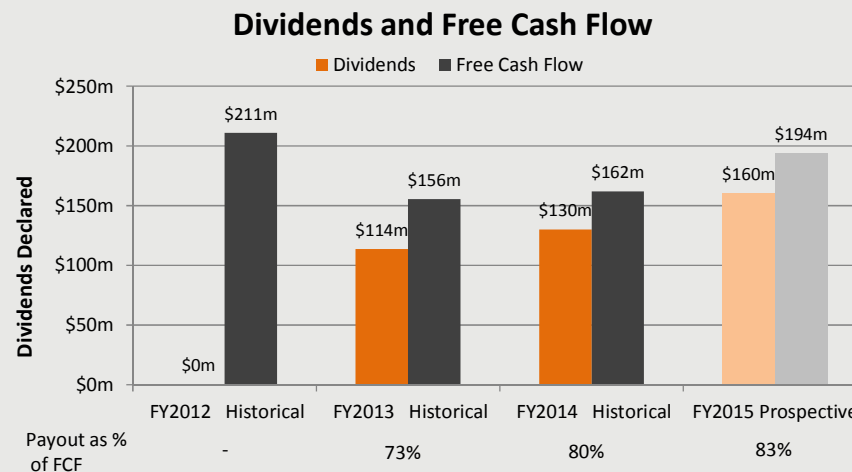


Dividends

Dividend policy remains unchanged:

- Intention is to pay a dividend that provides shareholders with a consistent, reliable and attractive dividend even in periods of business-cycle downturn
- Expected that year on year dividends will be at least maintained in real terms

- Final dividend of 6.6cps takes total dividends declared in FY2014 to 13.0cps
 - 14% ahead of FY2013
 - 2% ahead of the PFI
 - Fully imputed
 - Equates to a net yield of 7.2% based on share price at 30 June 2014
- FY2014 dividends equate to 80% of Free Cash Flow
 - Compares to 73% in FY2013
 - 84% estimated payout in PFI
- FY2015 PFI dividends of \$160m, 23% higher than FY2014



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Genesis Energy
Investor App



Summary and Outlook

- In the face of challenging retail and wholesale electricity markets, Genesis Energy has delivered FY2014 results better than the April 2014 PFI
- Opportunities to improve on the Company's 2014 results, especially in Customer Experience, have been identified
- The Company is focused on delivering the FY2015 PFI forecasts

Outlook

- Continuation of heightened retail competition in the electricity and natural gas markets, warmer temperatures and elevated hydro storage levels in the near terms
- However, given the Company's portfolio of assets and its ability to manage volatility in the electricity market, Genesis Energy retains its FY2015 PFI forecasts:
 - EBITDAF of \$363.4m
 - NPAT of \$95.4m.
 - Dividend of 16cps



THANK
YOU