Management Discussion of Financial Results for the 12 Months Ended 30 June 2015

Against the backdrop of variable weather conditions, sustained retail competition, a subdued wholesale market and declining oil prices, Genesis Energy's diverse portfolio allowed it to post a strong financial result for the full year to the end of June 2015.

Strategic Highlights:

- Signs of stabilisation in the customer numbers late in the year
- Major planned outage of Huntly Unit 5 in November to December 2014 completed
- Undertook a US Private Placement of debt securities in November 2014
- Responded to a sharp fall in Brent crude oil price by agreeing with Kupe Joint Venture partners to increase production from the Kupe field
- Retired second Huntly 250MW coal/gas Rankine unit in June 2015

Summary financial results

12 months ended 30 June	2015 $m	2014 $m	Change year on year
Revenue	**2,097.6**	**2,005.0**	5%
Total operating expenses[1]	1,752.8	1,697.2	3%
EBITDAF[2]	**344.8**	**307.8**	12%
Depreciation depletion & amortisation	155.7	156.7	-1%
Impairment	14.0	10.1	39%
Fair value change (gains)/losses	(32.1)	(0.4)	7081%
Other (gains)/losses	0.2	1.6	-87%
Earnings before interest and tax	**207.0**	**139.8**	48%
Net finance expense	66.7	68.2	-2%
Tax	35.5	22.4	58%
Net profit after tax	**104.8**	**49.2**	113%
Earnings per share (cents per share)	10.5	4.9	113%
Stay in business capital expenditure[3]	43.6	54.5	-20%
Free cash flow[4] (FCF)	**197.7**	**161.8**	22%
Dividends declared	160.0	130.0	23%
Dividends per share (cents per share)	**16.0**	**13.0**	23%
Dividends declared as a % of FCF	80.9%	80.4%	1%
Net debt[5]	**905.1**	**966.0**	-6%

[1] Includes cost of electricity purchases

[2] Earnings before net interest, tax, depreciation, amortisation, fair value changes and other gains and losses

[3] Stay in business capital expenditure relates to ongoing asset management and life-cycle maintenance and re-investment programme expenditure

[4] Free Cash Flow (FCF) is defined as EBITDAF less finance expense less income tax expense less stay in business capital expenditure

[5] Reported net debt of $937.2 million has been adjusted for $32.1 million of foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency interest rate swaps.

Genesis Energy's EBITDAF for the 12 months ended 30 June 2015 of $344.8 million was 12% above the EBITDAF reported in the last financial year, but 5% lower than the prospective financial information (PFI) forecast published in the Company's share offer prospectus. Performance compared to FY2014 was due to increased retail electricity and gas revenues, reduced corporate overheads, offset by lower oil and gas earnings.

Other key financial metrics of net profit after tax, capital expenditure, and free cash flow (FCF) in FY2015 were all better than the PFI forecasts.

Net profit of $104.8 million was significantly higher than the net profit of $49.2 million reported in FY2014 and 10% above the PFI forecast. In each case this was due mainly to a much higher than expected gain on fair value changes - which in turn was a result of lower than predicted wholesale electricity prices – and reduced finance expense.

As was the case in FY2014, the conversion of EBITDAF to FCF was particularly strong in FY2015. At $197.7 million, FCF in FY2015 was 22% higher than a year ago. The key driver of this outcome was a 20% reduction in stay in business capital expenditure from FY2014 to $43.6 million.

Cashflow

Cashflow: 12 months to 30 June ($m)	2015	2014	Change year on year
Net operating cashflow	318.5	303.9	5%
Net investing cashflow	-48.6	-82.9	-41%
Net financing cashflow	-272.2	-220.4	24%
Net increase (decrease) in cash	**-2.3**	**0.6**	-457%

Operating cashflow of $318.5 million was 5% ahead of last year, predominantly due to higher operating earnings, while net investing cash outflows of $48.6 million were 41% lower than last year due to the lower capital expenditure. Net financing cash outflows were 24% higher than in FY2014, reflecting the increased dividends paid in FY2015 and increased repayment of borrowings.

Liquidity and balance sheet:

Balance Sheet: As at 30 June ($m)	2015	2014	Change year on year
Cash and cash equivalents	21.0	23.3	-10%
Other current assets	325.5	334.0	-3%
Non-current assets	3,181.5	3,272.1	-3%
Total assets	**3,528.0**	**3,629.4**	-3%
Total borrowings	958.2	989.3	-3%
Other liabilities	744.4	759.3	-2%
Total equity	**1,825.4**	**1,880.7**	-3%
Net debt[6]	**905.1**	**966.0**	-6%
Gearing	34.4%	34.5%	0%
EBITDAF interest cover	6.2	5.3	16%
Net debt: EBITDAF	2.6	3.1	-16%
NTA per share ($ per share)	$1.70	$1.75	-3%

During FY2015 Genesis Energy restructured some of its debt by undertaking a US Private Placement (USPP) of debt securities to a select group of institutions in the United States of America. In total the Company issued US$150 million of securities, and used the proceeds to pay down short term NZ dollar denominated bank debt, increasing the average maturity of funding facilities from 7.1 to 8.8 years. At the same time there was also the opportunity to reduce the Company's current undrawn facilities, which will help to reduce financing costs in the future.

After adjusting for the foreign currency translation and fair value movements associated with the USPP, net debt was $905.1 million compared to $966.0 million at 30 June 2014. Genesis Energy's gearing ratio (debt to debt plus equity) now sits at 34.4% which is lower than the 34.5% reported at the end of FY2014.

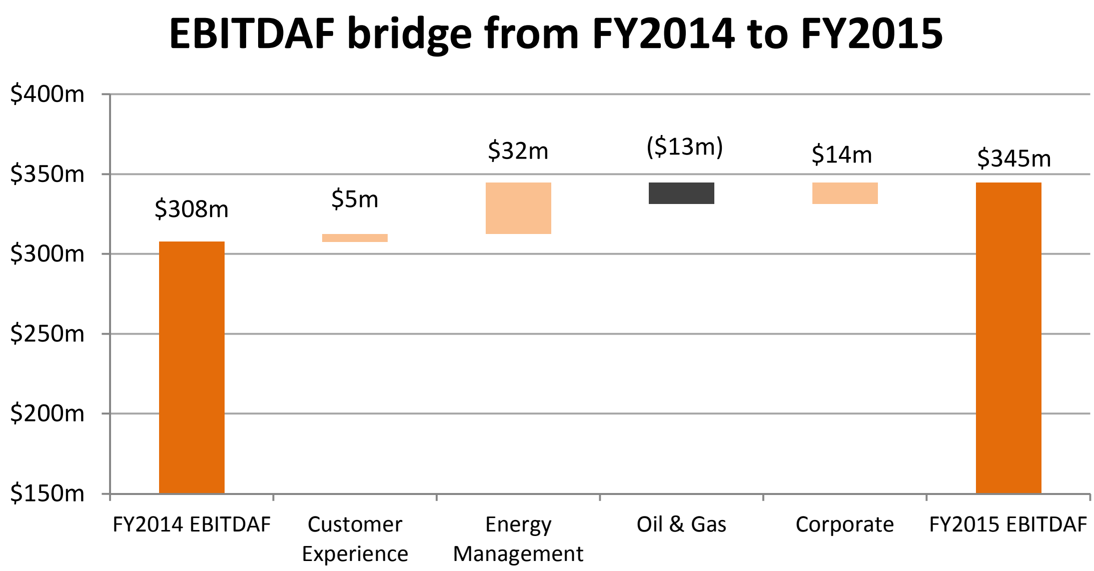
Net borrowing costs for the 12-month period reduced by $1.5 million from $68.2 million in FY2014 to $66.7 million in FY2015, reflecting lower average debt levels throughout the year. and lower interest rates.

Genesis Energy has declared a final dividend of 8.0 cents per share (cps) for FY2015, ahead of the 6.6cps final dividend declared in FY2014. Coupled with the interim dividend of 8.0cps, this brings the total dividend declared in FY2015 to 16.0cps, equating to 80.9% of FCF compared to 80.4% in FY2014. The final dividend will be paid on 16 October 2015 with a record date of 2 October 2015.

The chart below indicates the contribution to total EBITDAF growth in FY2015 by each of the Company's business segments. Customer Experience and Energy Management both experienced growth in EBITDAF versus 2014, contributing $4.7 million and $32.2 million, respectively, while Corporate costs reduced by $13.6 million. Oil and Gas EBITDAF of $93.5

6 Adjusted net debt as per footnote 5

million was $13.5 million, or 13% lower than in FY2014, mainly due to lower international oil prices and lower production volumes. Oil and Gas EBITDAF from the Kupe field contributed 27% of total EBITDAF in FY2015 versus 35% a year ago.

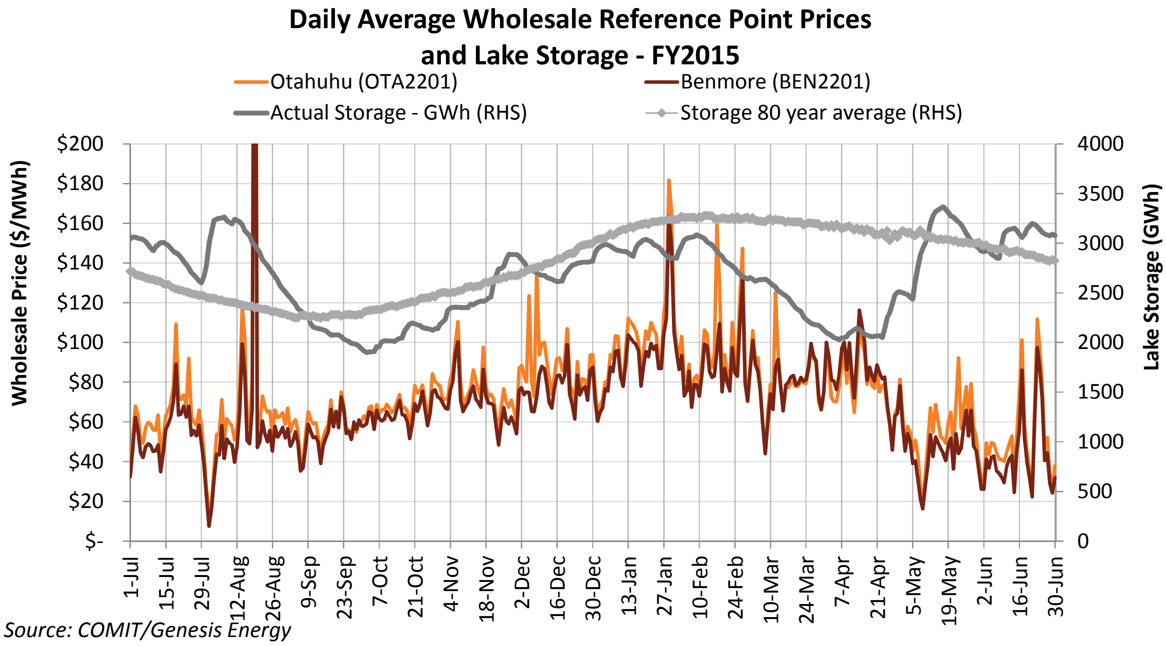


Wholesale Electricity Market Conditions

The wholesale electricity market during FY2015 was split into four distinct periods of hydrological conditions which affected national wholesale electricity prices. In the period from 1 July to late August 2014 there was above average rainfall, and lake storage levels were consistently in excess of the long run average. Except for one notable observation, this led to wholesale prices sitting around the $50/MWh to $60/MWh level for a number of weeks.

From early September 2014 until mid-February 2015 national lake storage levels were in line or slightly below the long run average. However, average wholesale prices steadily increased, due to the impact of generation plant outages throughout summer, with some notable price spikes in December 2014, then again in January 2015.

From mid-February until late April 2015 very low rainfall throughout the country reduced national hydro storage levels to around 64% of the long run average (and 45% of the maximum), to levels last seen in 2008. Despite this the average wholesale electricity price stayed within the $70/MWh to $100/MWh range as a number of structural factors meant that the large renewable generators in the South Island continued to run their hydro stations consistently, seemingly without fear of running out of water. These structural factors include the increase in geothermal baseload generation compared to previous years, improved transfer of electricity through the HVDC link across the Cook Strait, de-facto levels of dry year insurance held by market participants and ultimately the movement in hydro risk curves. These factors resulted in a disconnect between national hydro storage levels and the wholesale electricity price in this period.

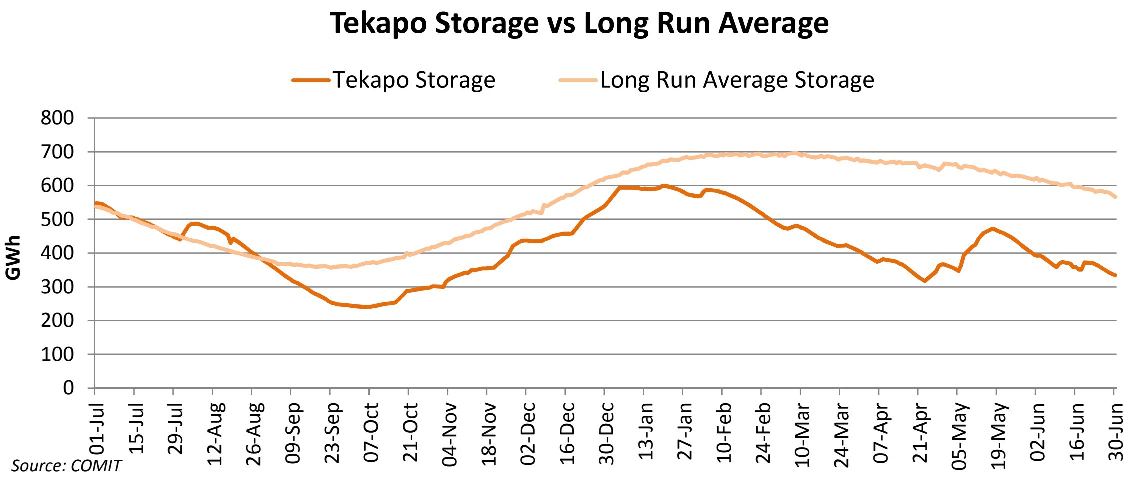


Source: COMIT/Genesis Energy

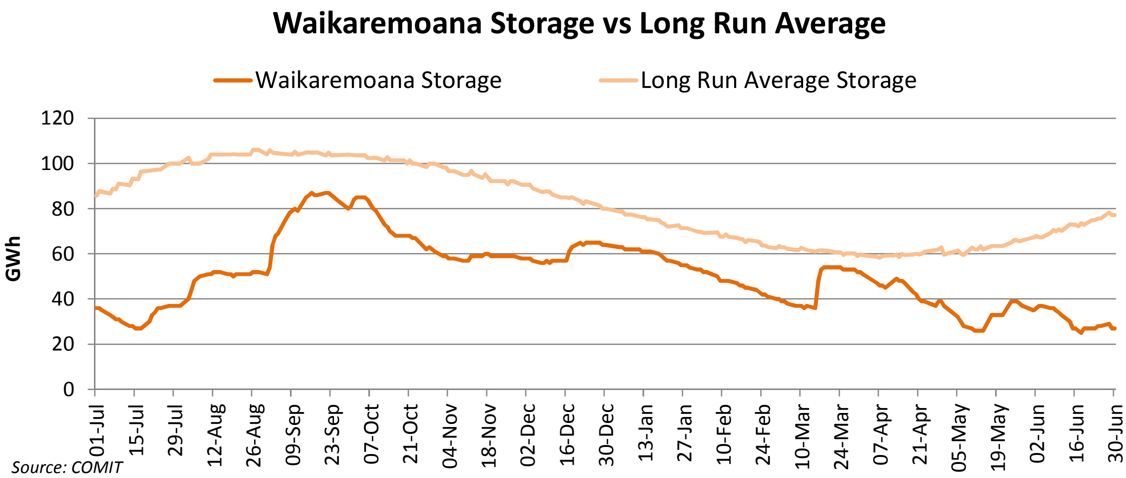
In late April to early May 2015 there were a number of significant rainfall events across New Zealand that quickly and materially changed national hydro storage levels, returning them to above average for the remainder of FY2015. This led to a large correction in the wholesale electricity price in May and June, which averaged $52/MWh, and was 13% lower than the same period a year ago.

The average price for the whole of FY2015 was $73.22/MWh, which was 5% higher than the average for FY2014 and compared to the $60.50/MWh to $70.50/MWh range forecast in the IPO prospectus.

Genesis Energy's two most significant storage lakes are Lake Tekapo and Lake Waikaremoana. During FY2015 Lake Tekapo's storage levels followed a similar trend to the long run average level up until mid-January 2015 when inflows reduced and lake levels started to fall. From then until late April 2015 Tekapo storage fell to around 55% of the long run average. Although inflows increased significantly a decision was made to run the Tekapo A and B stations in favour of thermal units elsewhere in the portfolio given the lower wholesale price, hence storage levels did not recover in line with other hydro lakes in the South Island.



Lake levels at Waikaremoana were significantly below the long run average for the majority of FY2015 given the extremely low inflows, as rainfall in the first half of the year was at approximately the tenth percentile level. This ultimately impacted the amount of electricity generated by the Waikaremoana Power Scheme and was similar to that experienced at the Tongariro Power Scheme, which is largely operated as 'run of the river' (i.e. it has very little storage).



These hydrology charts provide some insight to the hydro generation deficit (relative to mean) experienced in FY2015 which has been valued at approximately 360GWh (or $23 million) for Genesis Energy catchments. Traditionally this value would have been offset by long thermal volume at high prices.

Customer Experience

Customer Experience: 12 months to 30 June	2015	2014	Change year on year
Electricity Customers	516,574	523,278	-1%
Gas Customers	106,263	111,966	-5%
Total Customers ex LPG[7]	**622,837**	**635,244**	-2%
LPG Customers	13,839	11,803	17%
Total Customer Accounts	**636,676**	**647,047**	-2%
Total Advanced Meters Installed	364,129	367,882	-1%
Average Customer Switching Rate[8]	19.1%	21.2%	-10%
Retail Electricity Sales (GWh)	5,414	5,391	0%
Retail Electricity Purchases (GWh)	5,769	5,729	1%
Retail Gas Sales (PJ)	7.1	6.1	16%
Retail Gas Purchases (PJ)	7.0	6.1	15%
Retail LPG Sales (tonnes)	3,523	3,018	17%
Average Retail Electricity Purchase Price ($/MWh)[9]	74.67	69.80	7%
LWAP/GWAP ratio[10]	99%	99%	0%
Customer Experience EBITDAF ($m)	**87.2**	**82.5**	6%

The retail electricity market provided significant challenges in FY2015 as the number of retailers increased, new products entered the market and switching rates remained elevated. Genesis Energy's total electricity customers reduced 1% to 516,574 at 30 June 2015 as a result of these pressures, although customer numbers started to stabilise near the end of the year. The bulk of the customer losses have occurred around central to southern North Island regions including Waikato, Taranaki, Kapiti and Wellington. Genesis Energy's national challenger brand Energy Online grew by approximately 7,000 customers in FY2015, while the Genesis Energy brand continues to grow in the South Island and Auckland.

As a result of lower customer numbers and subdued mass market demand, offset by higher Time of Use (TOU) sales, Customer Experience recorded total retail electricity sales of 5,414 GWh which remained in line with FY2014, but 5% behind the PFI estimate.

Total gas customers of 106,263 at 30 June 2015 were 5% lower than a year ago, reflecting strong competition for dual fuel customers and competitors utilising lower wholesale gas pricing to aggressively discount products. Energy Online had 4,259 gas customers at the end of the year, a 91% increase on the same time last year. Total retail gas volumes during FY2015

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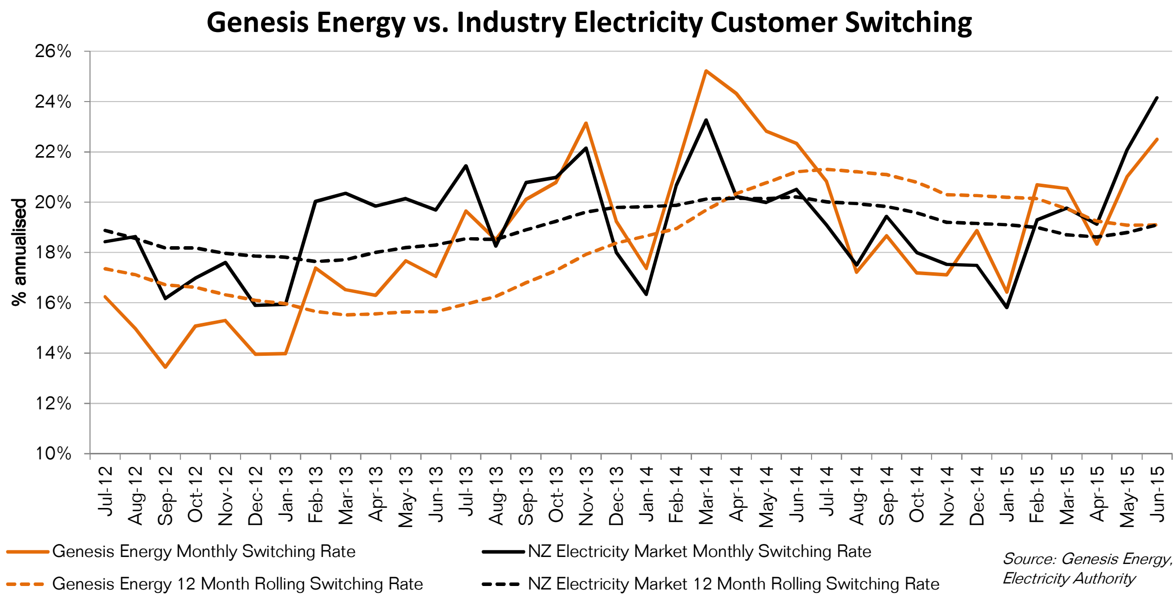
[7] Based on Genesis Energy customer records, excluding vacant accounts and defined by number of connections.
[8] Based on the number of ICPs (or points of connection).
[9] Excludes settlements from electricity derivatives.
[10] The ratio of average retail electricity purchase price to average price received for generation

were up 16% to 7.1PJ and benefitted from a 3% increase in mass market volumes on the back of increased usage per customer. TOU volumes increased significantly, up 39% year on year to 3.0 PJ and now represent 44% of all gas sales.

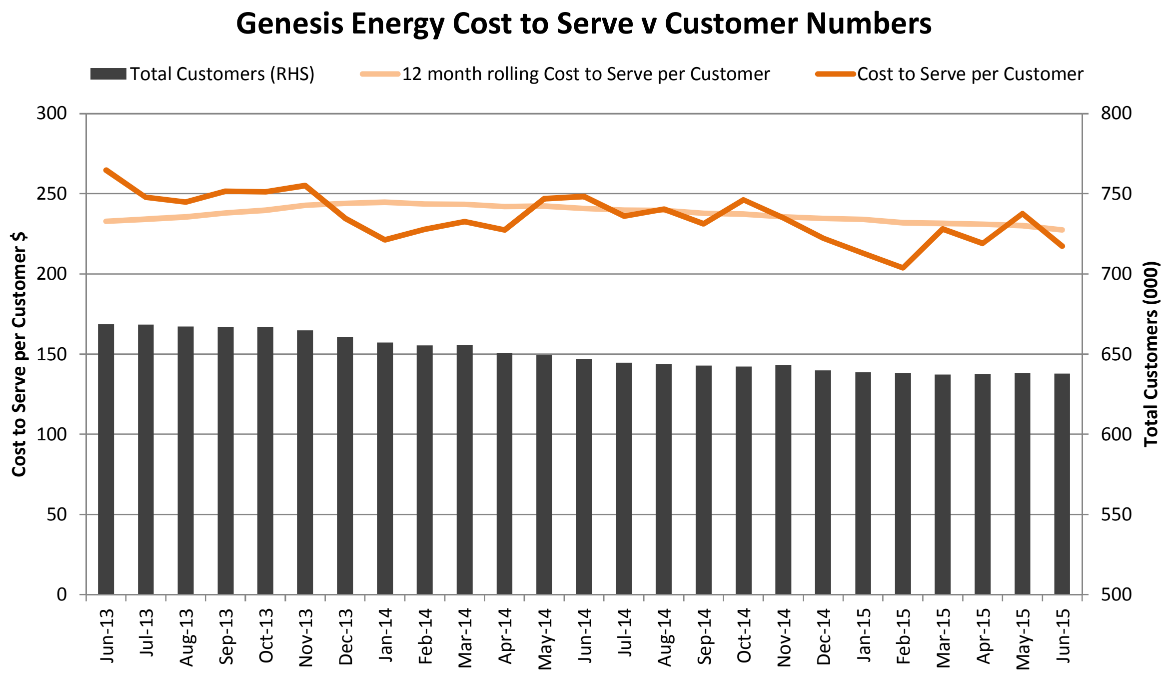
LPG volumes sold were up 17% at 3,523 tonnes compared to 3,018 a year ago and were in line with the increase in customers to 13,839 at 30 June 2015.

Genesis Energy worked hard to reduce its electricity switching rates below that of the wider market. June 2015 was the first time since March 2014 when Genesis Energy's rolling 12 month switching rate of 19.1% matched that of the wider market and was 2% points lower than a year ago.



Despite the reduction in electricity and gas customers the Customer Experience segment EBITDAF increased 6% to $87.2 million from $82.5 million in FY2014. Higher revenues were due to price increases offsetting lower customer numbers, while lines and distributions costs were lower due to lower electricity volumes.

Genesis Energy has continued to focus on reducing both its cost to serve per customer and any costs to acquire either electricity or gas customers. The chart below shows that, even though total customers have declined, a focus on the constituents of cost to serve has still reduced the cost per customer.

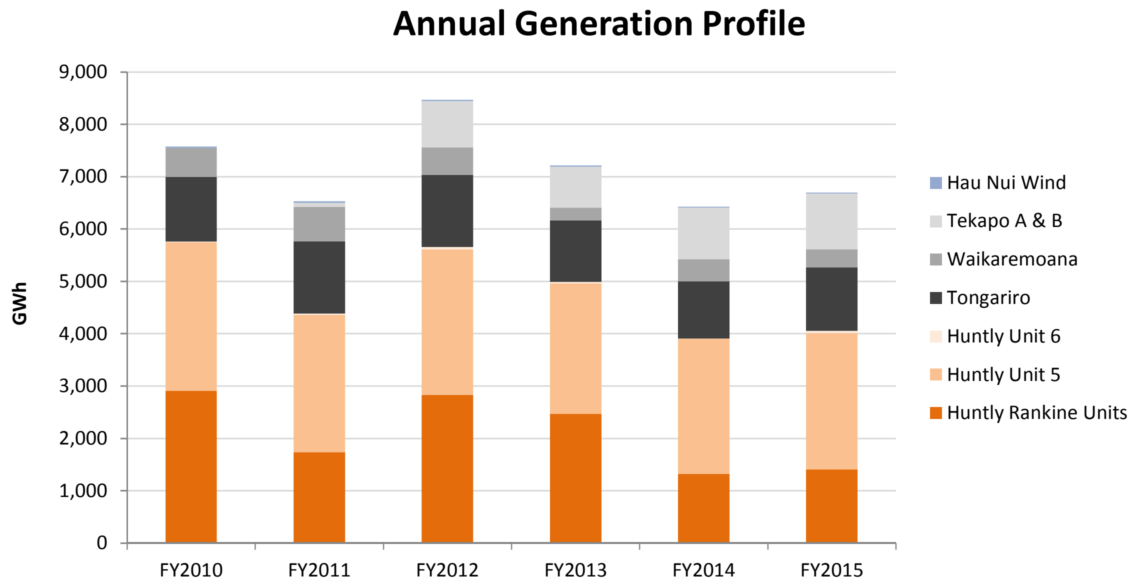


Energy Management

Generation: 12 months to 30 June	2015	2014	Change year on year
Gas (GWh)	2,772	2,930	-5%
Coal (GWh)	1,277	977	31%
Total Thermal (GWh)	**4,049**	**3,907**	4%
Hydro (GWh)	2,627	2,497	5%
Wind (GWh)	22	23	-5%
Total Renewable (GWh)	**2,649**	**2,520**	5%
Total Generation (GWh)	**6,698**	**6,427**	4%
Average Price Received for Generation ($/MWh)[11]	75.41	70.53	7%
Energy Management EBITDAF ($m)	**201.1**	**168.9**	19%

Total thermal generation in FY2015 increased 4% to 4,049 GWh versus 3,907 GWh in FY2014 reflecting increased wholesale electricity prices and cover for hydro generation when inflows into Genesis Energy's North Island hydro schemes were very low. The mix of thermal generation was significantly different to that produced in FY2014. Coal generation increased 31% in FY2015 due to the Huntly Rankine units being used to cover a planned Unit 5 outage and the lack of inflows to hydro schemes in Q3 2015.

[11] Excludes settlements from electricity derivatives



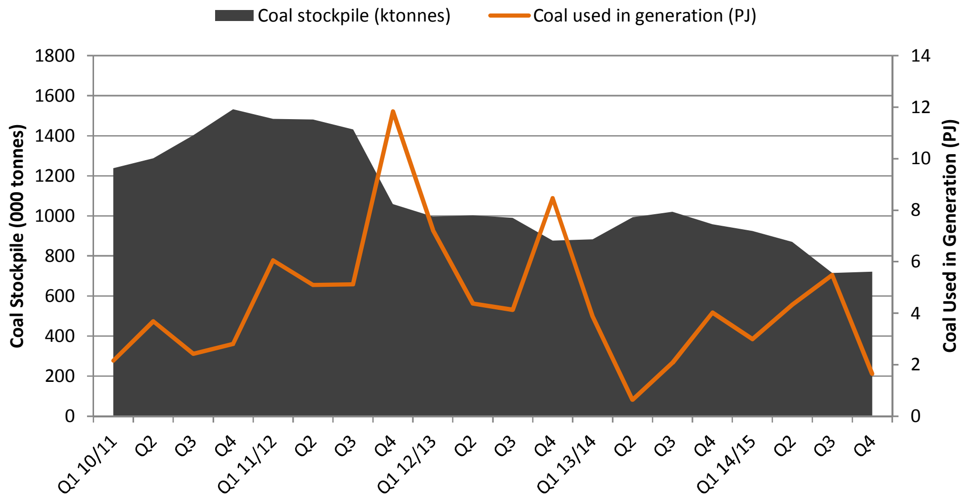
Total generation in FY2015 increased 4% to 6,698 GWh versus 6,427 GWh in FY2014 and even though the mix of generation was different, Energy Management EBITDAF in FY2015 of $201.1 million was 19% higher than last year. This was due to the 7% increase in the average price received for generation, the overall increase in generation volumes and the continued focus on reducing operating and maintaining costs. These efforts were furthered in September 2014 with the award of an integrated services contract for outsourced maintenance services at all Genesis Energy generation sites to Transfield Worley Power Services (TWPS). The TWPS integrated services contract replaced around 80 separate outsourced maintenance contracts.

At the end of June 2015, Genesis Energy permanently retired a second 250MW coal/gas fired Rankine unit at the Huntly Power Station. Market events had proved there was no justification for keeping the additional Rankine unit in storage.

Fuel management: 12 months to 30 June	2015	2014	Change year on year
Wholesale gas sales (PJ)	20.6	15.8	30%
Gas purchases (PJ)	48.5	45.0	8%
Gas used in internal generation. (PJ)	20.8	23.1	-10%
Wholesale coal sales (PJ)	0.7	0.0	N/A
Coal Purchases (PJ)	9.6	12.4	-22%
Coal used in internal generation (PJ)	14.2	10.6	34%
Coal stockpile (kilotonnes)	721	958	-25%

Genesis Energy continues to manage its fuel portfolio to optimise returns from its gas book, with a view to depleting all its coal by the time the Rankine units at Huntly are retired. The time taken to deplete the stockpile will depend on wholesale electricity market conditions, and any coal sales made to third parties. In FY2015 there were 14.2 PJ or 643,000 tonnes of coal burnt in the Rankine units and 0.7 PJ or 30,000 tonnes of wholesale coal sales.

Huntly Coal Stockpile and Coal Used in Generation

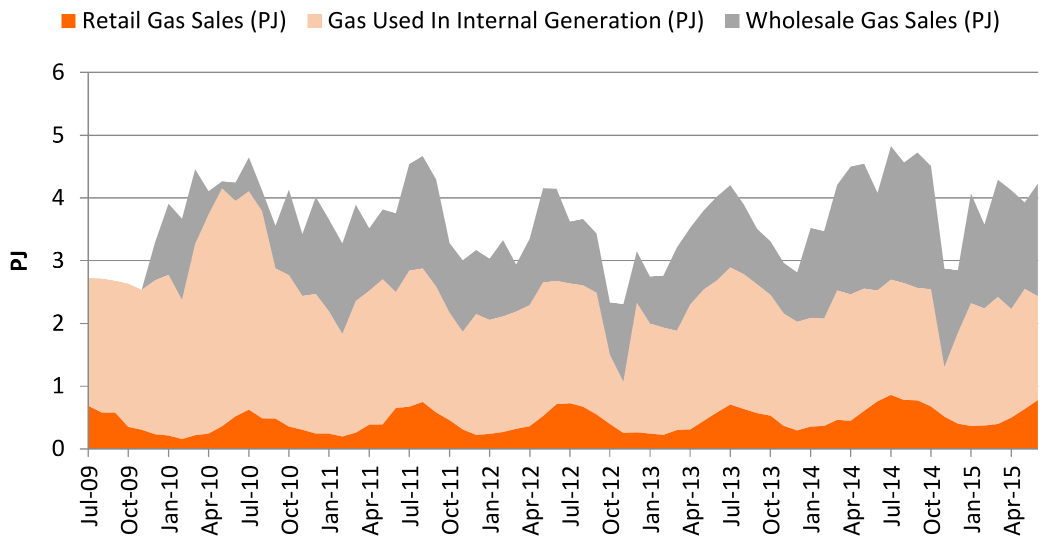


The higher coal usage reflected increased production from the Rankine units in November to December 2014 when they were used to cover a planned outage of Unit 5, and in Q3 2015 when wholesale prices started to increase, and low inflows into Tongariro and Waikaremoana restricted those schemes.

The Unit 5 outage led to reduced gas usage at the Huntly Power Station of 20.8 PJ of gas, which was 10% lower than in 2014. Wholesale gas sales of 20.6 PJ were 30% higher than in FY2014, mainly due to the accelerated gas from Kupe in H2 and the need to sell take or pay gas that was not used in the Huntly Power Station.

The chart below shows the use of gas over the last five years, highlighting the relatively predictable and seasonal retail gas flows, the consistent levels of gas use for generation (mainly reflecting Unit 5's steady operation) and the flexing wholesale gas sales which are dependent on a mix of firm contracts and month to month spot sales.

Genesis Energy Use of Natural Gas

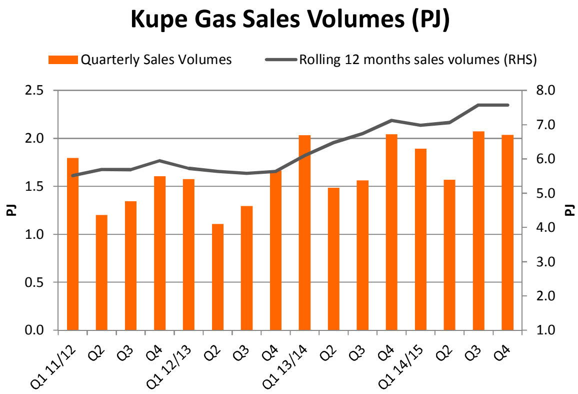


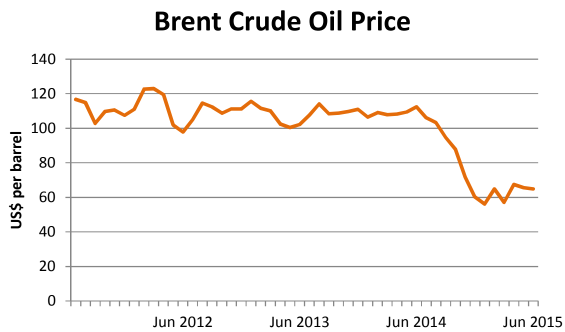
Kupe

Oil and Gas: 12 months to 30 June (Genesis Energy share)	2015	2014	Change year on year
Gas Sales (PJ)	7.6	7.1	7%
Oil Production (kbbl)	502.1	535.3	-6%
Oil Sales (kbbl)	500.8	531.5	-6%
LPG Sales (kilotonnes)	31.6	29.8	6%
Oil and Gas EBITDAF ($m)	**93.5**	**107.0**	-13%

Genesis Energy's 31% share of the Kupe Oil and Gas field delivered EBITDAF of $93.5 million in FY2015, 13% lower than in FY2014 due to reduced H1 production volumes and lower international oil prices in the last seven months of the year.

Gas sales of 7.6PJ were 7% higher than in FY2014 reflecting a decision by the Kupe joint venture partners to increase production volumes in the second half of the financial year to offset the impact of the oil prices which fell from approximately US$110 to US$60 per barrel during the course of the financial year





The impact of the oil price fall was also mitigated by the hedging that was put in place, as 81% of total oil production was hedged at US$91.60/bbl and 87% of NZD/USD cross rate was hedged at 0.77c. Total oil production of 502.1 kbbl was 6% lower than in FY2014 and LPG sales of 31.6 kt were 6% higher than FY2014.

The table below indicates the reserves remaining in the whole Kupe field after adjusting for production over the last three years, based on the last full reserves assessment which was at 30 June 2012. An updated reserves assessment is likely to be completed by the first half of FY2016. The joint venture partners are also reviewing the timing and scope of the second phase of development of the Kupe field committed to by each of the joint venture partners when Kupe was commercialised. This could involve near field drilling and/or compression of the wells.

		Full Field Reserves (2P)	Full Field Production			Full Field Remaining Reserves (2P)		
		30-Jun-12	FY2013	FY2014	FY2015	Developed	Undeveloped	Total
Condensate /Light Oil	barrel (000)	13,629	1,556	1,712	1,608	5,016	3,737	8,753
Gas	PJ	276	18	23	24	123	88	211
LPG	tonne (000)	1,178	77	96	103	532	370	902

Outlook

While Genesis Energy has recently experienced some stabilisation of its electricity customer numbers and reduction in its gas customer losses, the retail electricity and gas markets are expected to remain competitive and switching rates elevated.

The above average hydro storage levels at the beginning of FY2016 are continuing to impact on wholesale electricity and spot generation revenues, although recent cooler temperatures have seen increases in usage of electricity, gas and LPG.

The recent announcement regarding retirement of the Rankine units means that the Company is very focused on reducing its operating expenditure and believes there are cost savings to be made before the final Rankine retirement date by operating the Huntly Power Station more efficiently.

The announcement on 20 August 2015 that the Solid Energy coal supply agreement has been terminated means that Genesis Energy now only has 721,000 tonnes of coal on the stockpile plus four months of coal deliveries to burn through the Rankine units before any alternative fuel would be needed. The announcement also provides increased flexibility of fuel supply for the Rankine units ahead of their retirement, which will have a free cash flow benefit in future periods.

Kupe continues to produce oil and gas at consistent rates. Currently output is at approximately 10% above the base level. Although the low international oil prices are likely to have some impact on Kupe EBITDAF, current hedging in place for FY2016 covers 80% of the projected oil production at US$85.40 per barrel. Recent weakness in the New Zealand dollar will likely benefit Kupe EBITDAF in FY2016.

In summary, Genesis Energy expects to report FY2016 EBITDAF in line with that reported in FY2015, and to increase its total dividend declared in FY2016 in line with the Company's progressive dividend policy.

Ends

About Genesis Energy

Genesis Energy (NZX: GNE) is a diversified New Zealand energy company. It sells electricity, reticulated natural gas and LPG through its retail brands of Genesis Energy and Energy Online. It is New Zealand's largest energy retailer with around 637,000 customer accounts. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis Energy also has a 31% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis Energy had revenue of $NZ2.1bn during the 12 months ended 30 June 2015. More information can be found at www.genesisenergy.co.nz