

## Dame Jenny Shipley, Chairman

### Slide 3: Dame Jenny Shipley – Chairman (portrait)

Kia ora koutou katao.

Good morning ladies and gentlemen. My name is Jenny Shipley and I have the privilege of chairing your company, Genesis Energy.

On behalf of your Directors, the Chief Executive, the Executive Management, and all of the Genesis Energy team I welcome you here today to Eden Park, for this Annual Shareholder Meeting. A very warm welcome also, to those shareholders following this meeting online from our webcast.

As you know Health and Safety is a priority for Genesis Energy, so for those in the room in the unlikely event of an emergency during the meeting we want to ensure everyone's safety.

If the building needs to be evacuated for any reason a long alarm will sound.

Please follow the instructions of the Eden Park staff. They will point you to the nearest exit.

Our assembly area is by Gate G on Reimers Ave.

Staff will direct you to this area once you exit the building.

The bathrooms are located on this floor on the opposite side of the Arcade to the auditorium. Please note that Eden Park is a non-smoking venue.

If we can be of any assistance to you please approach one of our team.

I am pleased to confirm that we have a quorum. I therefore declare the 2016 Annual Shareholder Meeting of Genesis Energy Limited open.

This is our second shareholders' meeting in Auckland. The Genesis Energy Board and the Genesis Energy team are delighted to be able to talk directly with such a large number of our Auckland-based shareholders and share with you our confidence in this Company.

Before I introduce the Board, I would like to introduce our new Chief Executive, Marc England.

Our former Chief Executive Albert Brantley announced his resignation from the Company in 2015 and at last year's meeting, I highlighted that a key priority for the Board was the recruitment of a new Chief Executive, to replace Albert. On behalf the Board, staff and shareholders, I would again like to thank Albert for the leadership and service he provided Genesis Energy for 8 years.

As the Board looked at the changing environment, driven by technology advancements, and policy and competition changes, and observed that globally revenues from traditional energy services are declining and are increasing in new areas such as distributed generation and 'beyond the meter' services it was critical to secure the right person to lead in the next phase of the evolution of Genesis Energy..

Marc was the stand out candidate from a global search undertaken, and is seen by the Board as the right person to drive and deliver shareholder value, as a future focused leader at this time of industry change. Since joining the Company on 2 May he has brought energy and momentum to the organisation in every aspect of our work. I know he is looking forward to outlining some of this to you shortly.

#### **Slide 4: Your Board (portraits)**

I am pleased to introduce to you the Genesis Energy Directors who have a vast array of skills to support and guide the Company's activities. While there is information about all of the

Genesis Energy Directors in the 2016 Annual Report and on our website I would like to briefly introduce them to you.

**[Camera on Graeme Milne]**

Graeme Milne was appointed as director of the Board in May 2009. Graeme is a professional director and is Chairman of a number of New Zealand based entities, including Synlait Milk Limited.

Graeme retires as a director of Genesis Energy today and is not standing for re-election. We have been very pleased to have Graeme on the Board for the past seven years during which time he has made a great contribution to the Board, with his experience as a former CEO and his deep range of governance and business interests, skills and experience.

**[Camera on Mark Cross]**

Mark Cross joined the Genesis Energy Board in June 2014. Mark has extensive financial markets experience both as a professional director, as a consultant and from a career as an investment banker. Mark is currently Chairman of MFL Mutual Fund and Milford Asset Management, and a director of Z Energy.

**[Camera on Maury Leyland]**

Maury Leyland joined the Genesis Energy Board in August 2016, and brings a wide range of experience having held a variety of senior management and governance roles with large corporate organisations. Most recently she was a member of the Fonterra executive team and she has served on the Boards of Transpower and Spark.

Maury, having been appointed to the Board during the year, is required to retire at this meeting and is now seeking election.

**[Camera on Joanna Perry]**

Joanna Perry is a Chartered Accountant and a professional director and chairs our Audit and Risk Committee. Joanna joined

the Board of Genesis Energy in May 2007. . Joanna's current directorships include the Trade Me Group, Kiwi Property Group and Partners Life. Joanna is also Chairman of the International Financial Reporting Standards (IFRS) Advisory Council.

### **[Camera on Doug McKay]**

Doug McKay also joined the Genesis Energy Board in June 2014. Doug is an experienced commercial executive and director. Doug chairs our Human Resources and Remuneration Committee. Doug has been chief executive at a number of significant New Zealand companies and is now a professional director. Doug is Chairman of the Bank of New Zealand and the Eden Park Trust Board and also a director with Ryman and IAG.

### **[Camera on John Leuchars]**

John Leuchars joined the Genesis Energy Board in July 2012 and has had a long career as a consulting engineer. He was previously managing director of Connell Wagner NZ Limited, now Aurecon.

John is also a professional director and is currently a director of KiwiRail.

### **[Camera on Rukumoana Schaafhausen]**

Rukumoana Schaafhausen joined the Genesis Energy Board in May 2010 bringing her legal and community experience to the role. Ruku has practised as a lawyer for a number of years and serves as a director on Regional Facilities Auckland and Waikato-Tainui Te Kauhanganui Incorporated. Ruku also retires as a director of Genesis Energy today and is not standing for re-election. Ruku's insights have helped the Board develop a deeper understanding of kaitiakitanga or guardianship, in our governance practices and through our relationships with stakeholders.

**[Camera on Dame Jenny]**

Finally I was appointed to the Genesis Energy Board as Chairman in November 2009. In recent years I have chaired or served as a Director on a number of companies and organisations here in NZ and off shore. I am Chair of the China Construction Bank (New Zealand) Limited having served on the parent Company for 6 years. I also Chair Oravida New Zealand and Oravida Water.

-----  
Also today, I would like to acknowledge John Dell who served as a Director for six years and retired at the end of July this year to pursue other business interests. The Board appointed Maury Leyland to the Board at that time and she stands for re-election today.

Today we also seek to fill the two vacancies created by Graeme and Rukumoana's retirement. The two nominees for these vacancies are Paul Zealand and Timothy Miles. I will invite Paul later on in the meeting to introduce himself. Tim was unable to attend this meeting due to a prior international commitment so will address you via a video.

-----  
Each of these three candidates for election are recommended to join the Genesis Energy Board because of their unique and highly relevant skills and experience to support, guide and advise the Executive, and move the Company forward.

The Board of Genesis Energy strives to govern your Company well. We believe that a high standard of corporate governance by a skilled, qualified and diverse team of Directors is essential for sustaining the long term performance of the Company.

A Board skills and performance review is completed annually. In doing so, we consider succession planning and actively seek the insights from stakeholder groups while considering the skills required to support the future strategy of the Company.

As you will have noted in the resolutions, we will also be seeking your support for an increase in the pool for Directors' fees. As outlined at our Annual Shareholder Meeting in 2015, we will address this issue on a regular basis. It has been two and a half years since the fees were altered prior to the Genesis Energy IPO in 2014. We have consulted widely and look forward to your consideration of the resolution.

The Board is joined on the stage by the Chief Executive, Marc England, and our Company Secretary and General Counsel, Maureen Shaddick. Other members of the Executive team are with us and Marc will introduce them to you later.

### **Slide 5: Agenda**

The Notice of Meeting was dispatched to all shareholders and to the Company's Auditor on the 3rd of October. Our Company's Auditor on behalf of the Auditor General, Andrew Dick is here today.

Let me outline the agenda of the meeting.

As Chairman, I will provide an overview of the Company's performance and then Marc will provide you with analysis and explanation of our financial and business performance for the year ended 30 June 2016.

Following this there will be an opportunity to answer any questions you may have concerning the Company and its performance.

We'll then move to the formal business of the meeting. There are four Resolutions to consider and vote on.

I will outline the process for the discussion and voting on the Resolutions at that point in the agenda.

At the conclusion of the meeting you are invited to join your Directors and Executive team for morning tea and further conversation.

Ladies and Gentlemen, it is now my pleasure to present you with an overview of the Company's performance. I note that you will have received the Annual Report and Financial Statements for the year ended 30 June 2016 either by post or electronically, depending on your choice. There are further copies available in the room here today.

### **Slide 6: Your Company**

Strong cash flows are enabling the Company to continue to deliver good yields for you, our shareholders.

Our pre-tax earnings, however, were under pressure as we were unable to avoid the full impact of wider market factors. These included significantly reduced international oil prices; a drier-than average autumn leading to low inflows into our hydro schemes; above average nationwide temperatures reducing energy demand and aggressive competition for retail customers.

The Board remains satisfied with the higher-than-forecast net profit after tax of \$184.2 million and the payment of the previously projected final shareholder dividend for 2016 of \$82 million.

### **Slide 7: Huntly extended**

The determination to operate profitably was the chief driver for announcing in August 2015 a retirement date of December 2018 for the two remaining Rankine Units at Huntly Power Station. At the time we said we would only reconsider that decision if market conditions changed significantly.

Subsequently a number of competitors retired thermal generation plant leading to a substantial market change and concerns for security of supply post-2018. As a result, new more profitable commercial arrangements for the use of the two Rankine Units were entered into between Genesis Energy and a

number of parties for up to four years to the end of 2022. This is a good outcome for all involved.

**Slide 8: The energy market is rapidly evolving**

That leads on to Genesis Energy's changing role in the wider market, and how our current market is structured.

Genesis Energy asks: Are we – as a sector – setting New Zealand up for success, are we enabled to efficiently deliver the best services to our customers, New Zealand's households and businesses?

Globally, the way in which energy is generated, how it is used by customers and how it is delivered to them is rapidly evolving.

Technology is revolutionising how the energy sector works. This changing landscape is one that companies such as Genesis Energy need to adapt to, and we are.

As a Company with direct links to customers, we have the opportunity to use our wealth of data to engage customers in new and value-creating ways.

This means becoming far more than a generator and retailer of energy. It means getting closer to our customers, to become the customers' champion for new energy technology.

The Board and Management are working together to lead the way in a dynamic sector that is seeing the convergence of digital applications, mobility, smart appliances, low-cost solar and battery technology with traditional energy. This convergence is gaining pace as customers demand more and more from their energy providers.

While Genesis Energy will continue to bolster our traditional revenue streams with a focus on driving greater efficiency to maximise returns, we will also lay the foundations to provide our customers with desirable energy services and, in doing so, deliver shareholders with solid returns into the future.

To achieve this we have adopted a three pronged strategy of Optimise, Innovate and Invest which Marc will expand on.

With such significant change in the energy sector we believe it is clearly time to review the regulations and policies governing the New Zealand energy sector to ensure they are fit for the future.

While the technological revolution is an opportunity for Genesis Energy, we believe it is a challenge for our regulators and policy makers to keep pace with those changes under the framework that they currently administer.

The current policy settings are allowing the boundaries between competitive markets and regulated monopoly markets to become blurred.

There is a very real risk that the regulatory environment will not be agile enough to support consumer demand for distributed energy production and new digital products and services that will deliver convenience and control into the hands of customers.

In the last 20 years real progress has been made to give New Zealand one of the most competitive markets in the world. We are now at a point where policy settings need to evolve again to be able to respond to the innovation and change which is coming our way.

Simply put, if we need to update our policy environment in order to provide our customers the full benefits of new technologies, to allow the market to maximise opportunities and to attract new investment and to keep up with other countries in terms of energy innovation and competition.

New Zealand households must be able to take advantage of new energy technology advancements and reap the rewards and benefits of the new energy environment.

This is not a simple task but as a country we need to set ourselves up for success. We should all want consumers' natural

demand for more choice, simpler services and smarter technologies that support their lifestyle and expectation to be allowed to flourish.

Genesis Energy intends to be taking a leading position in this debate in the coming years during this change and where appropriate to lead that change.

### **Slide 9: Commitment to change**

While there are challenges facing Genesis Energy and the wider energy industry, the Board is committed to tangible action to ensure the Company is best placed to take advantage of the many opportunities that change inevitably brings.

Genesis Energy is a strong company with significant customer knowledge and insights, well-managed assets and a healthy balance sheet. It is positioning itself for a successful future as an enabler of energy services for New Zealanders' homes and businesses nationwide.

-----  
Turning now to dividends...

We are pleased to have paid a final dividend of 8.2 cents per share on October 14.

As previously announced, the Board declared a total dividend for 2016 of 16.4 cents per share.

*I would also take this opportunity to reiterate the Board's commitment to the Company's progressive dividend policy.*

It is now my pleasure to invite Marc to take you through the operational highlights of the Company