



MARKET RELEASE

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Genesis Energy Limited (GNE) – Delivering sound results

- **EBITDAF up 1.5% to \$175.5 million from \$172.8 million**
- **Generation output up 2.9% with strong North Island hydro performance**
- **Customer account numbers grew**
- **Free Cash Flow increased 25% to \$114.2m**
- **Dividend increased 2.5% to 8.2cps**

Genesis Energy continued to deliver through a combination of increased customer account numbers and increases in generation volumes, lifting Genesis Energy's operating earnings by 1.5% to \$175.5 million in the six months to 31 December 2015.

Genesis Energy Chairman, Dame Jenny Shipley, said that Genesis Energy's strategy is delivering consistent financial earnings performance against a backdrop of intense retail competition and variable wholesale market conditions.

"Despite a challenging market, our earnings proved stable through better than expected generation output, a focus on customer acquisition and simplifying online processes, while paying close attention to operating expenses," she said.

High profile customer acquisition campaigns and a focus on improving customer delivery channels helped Genesis Energy, along with its affiliated brand Energy Online, maintain market share in both the electricity and reticulated gas retail market. A simpler customer sign-up process, new website and customer service app enabled Energy Online to grow to more than 80,000 customers by the end of the Half Year.

The Company's electricity generation portfolio had a mixed six months with periods of low inflows to its hydro schemes, followed by high rainfall events. As a result of the variable hydrology during the first six months of the year, coal-fired generation was down 28% but hydro generation from the North Island schemes at Tongariro and Waikaremoana increased 6%. Generation from the Tekapo stations was down 15%.

During the six month period, the Company made a decision to retire the remaining coal/gas fired Rankine Units at the Huntly Power Station by December 2018, unless there are significant changes in the market before then. A relatively early announcement was made to provide the electricity market, the Huntly community, and employees clarity about the future plans for the Huntly Power Station. The long timeline provided Genesis Energy the ability to continue to assess any future commercial demand for the Rankine units while also considering the potential for new development options on the Huntly site to meet its own future needs.

Chief Executive Albert Brantley said, “while there remains continued speculation about the announced coal/gas fired Rankine Units’ retirement date, Genesis Energy has not changed its position that the Rankine Units’ utilisation will continue to decline and the Company is preparing for a 2018 closure date”.

“However, we have always said we are open to approaches from market participants that could see the Rankines remain in service past December 2018. We are engaged in bilateral discussions with market participants about possible options for the Rankine capacity, and we will continue to evaluate commercial proposals that could deliver value to our shareholders.”

In December 2015, Genesis Energy materially upgraded its developed reserves in the Kupe Gas and Oil field by 33%. However, Genesis Energy’s share of oil and gas production and sales decreased as a result of scheduled maintenance outages at the Kupe production plant in Taranaki, and the timing of oil exports. The Company’s customer base for bottled LPG – sourced from Kupe – continued to grow with 14,326 now taking regular deliveries (up 9.5% year on year).

Cashflows increased as a result of careful management of stay-in-business capital expenditure and a reduction in tax expense. The interim dividend of 8.2 cents per share, which is 2.5% higher than the interim dividend of FY2015, represents 72% of Free Cash Flow. The interim dividend, which will be 80% imputed, will be paid on 15 April 2016 (record date is 1 April 2016).

Dame Jenny Shipley again reiterated that Genesis Energy aims to deliver stable cashflows and a consistent, reliable and attractive dividend and this result delivers on that approach. It expects its full year (FY2016) EBITDAF to be similar to that reported for FY2015.

She also confirmed that this is the last half year announcement that Chief Executive Albert Brantley will deliver. Mr Brantley will be leaving the Company after almost eight years of successful leadership on 29 April and the incoming Chief Executive, Marc England, will assume his role on 2 May.

ENDS

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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 644,000 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 \$NZ2bn during the 12 months ended 30 June 2015. More information can be found at www.genesisenergy.co.nz