

Dame Jenny Shipley

Chairman's address to Genesis Energy 2017 ASM

Slide 3: Dame Jenny Shipley – Chairman (portrait)

Kia ora tatou.

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

On behalf of my fellow directors, our chief executive and his team, and all Genesis Energy people around New Zealand, welcome to Eden Park for our 2017 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. 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, and 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.

Toilets are located on this floor on the opposite side of the arcade to the auditorium.

And please note that Eden Park is a non-smoking venue.

We have a quorum and so I will declare the annual shareholder meeting of Genesis Energy Limited open.

We're delighted to be able to talk directly with such a large number of our shareholders and share with you our confidence in this company.

FY2017 has been a successful year for Genesis Energy as we created momentum and progress to reimagine energy.

The board agreed on a refreshed strategic direction which saw the company make two major and interlinked acquisitions that position for a sustainable future.

Led by our chief executive Marc England, we stayed focused on moving the

company towards a truly customer-centric future, one that puts control in our customer's hands, and we've refreshed the look and feel of our brand, too, to better reflect the energy driving this company.

Let me quickly run through the agenda and introduce you to our Board before covering this year's highlights.

Slide 4: Dame Jenny Shipley - Agenda

The Notice of Meeting was dispatched to all shareholders and to the company's auditor on 22 August directly following the announcement of the company's full-year result.

Our company's auditor on behalf of the Auditor General is also here today.

This morning I will provide an overview of the company's performance in the year to 30 June 2017.

Marc will then provide you with insight into what shareholders should expect in the year ahead.

There will be an opportunity to ask any questions you may have concerning the company and its performance.

Following this we'll move to the formal business of the meeting. At that point I will outline the process for the discussion and voting on the resolutions in the agenda.

And of course at the meeting's conclusion, you are invited to join directors and the executive team for morning tea and further conversation.

Please let me introduce our Board.

Slide 5: Dame Jenny Shipley - Your Board (portraits)

Maury Leyland joined the Genesis Energy board in August last year, and brings a wide range of experience having held a variety of senior management and governance roles with large corporate organisations.

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.

Tim Miles also joined our board last year, coming to us from his previous role as chief executive of Spark Digital. Tim has had a long career in customer and technology-focused roles at the most senior levels both in New Zealand and

internationally.

Joanna Perry is a chartered accountant, a professional director and chairs our Audit and Risk committee. Joanna joined the board of Genesis Energy in May 2007.

Doug McKay joined our board in June 2014. Doug is an experienced commercial executive and director. Doug chairs our Human Resources and Remuneration committee.

John Leuchars joined the Genesis Energy board in July 2012 and has enjoyed a long career as a consulting engineer, bringing to the Board significant technical skills.

Paul Zealand joined our board last year and brings to the table a wealth of oil and gas, and health and safety experience developed from senior executive and chief executive roles.

Finally, I was appointed to the Genesis Energy board as chairman in November 2009. In recent years, I've also chaired or served as a director on a number of companies and organisations here in NZ and overseas.

The board is joined on the stage by our chief executive, Marc England, and our company secretary and general counsel, Cherie Lawrence. Members of the executive team have also joined us today.

Slide 6: Dame Jenny Shipley - Successful and strong governance

Genesis Energy has a very diverse Board with the skills and experience necessary to support the strategic development of the Company. The Board works closely with the executive team where appropriate, contributing their individual expertise to assist the company's performance as it implements its strategy.

Annually we undertake a skills and performance review of our Board as we consider the important issues of succession planning while considering the skills required to support the company's future strategy.

We also seek insights from stakeholder groups to assist us in our aim to ensure relevant and constant improvement as we govern the Company in all shareholder interests. Last year we made major changes to the Board. This year is a year of consolidation.

This morning we are therefore pleased to invite you to consider the reappointment of Mark Cross, Doug McKay and John Leuchars later in the meeting.

For those of you who joined us at last year's ASM you will recall that I pledged to

update shareholders annually on the topic of Director remuneration even when we are not seeking to increase the pool for directors' fees for the year ahead. As shareholders, last year you supported a two-stage adjustment with the second stage being implemented in November this year.

You may be interested to note that as a result of the fast-paced execution of our strategy the current pool available for special fees was exhausted this year as significant demands on the time and skills of board members were made.

The board established a number of special committees, culminating in nineteen extra sub-committee meetings and five unscheduled board meetings, to oversee the company's successful Nova and Kupe acquisitions, and our capital bond raising.

I would like to thank the members of the board for their commitment to complete this important process.

While the company is unlikely to undertake two major acquisitions every year it may nevertheless be timely next year to review the special committee fee pool to ensure directors can be fully recognised for their important contribution. This pool is not allocated unless there is work well over and above the normal work of Directors.

Overall directors' fees in New Zealand continue to rise as they both catch up with those typically seen in other markets, and to ensure companies can attract and retain the excellent director talent you would expect as shareholders in an environment where more is being expected from directors each year.

Any review of director fees in 2018 will consider both the market conditions as well as the talent and experience that Genesis needs to improve shareholder return.

Finally, I note the total cost of the board and executive at Genesis Energy is 22% below the average across our peers. I will leave you to decide if you are getting value for money!

Slide 7: Dame Jenny Shipley - Your Company

Ladies and gentlemen, it is now my pleasure to present you with an overview of the company's performance.

I note you will have received the Annual Report and financial statements for the year ended 30 June 2017, either by post or electronically, depending on your choice.

I hope you've had the opportunity to browse through both our investor presentation, and the company's Year in Review microsite for further information, videos and context. This year we have sought to bring to life our

employees, customers and involvement with our environment and communities through the digital medium of video for your interest.

There are hard copies of the Annual Report available in the room here today if you require another copy, and some of the video content is playing on screens today.

In the year to 30 June 2017 Genesis Energy delivered an EBITDAF of \$333 million, which is extremely pleasing.

EBITDAF, rather than net profit, is the most robust and comparable measure of our performance.

To deliver a result ahead of market guidance during a period of significant change is a worthy achievement and the result of hard and focused work by both the board and the executive team, working together to bring our strategy to life.

Net profit after tax was \$119 million, down 36% on the prior comparable period as a result of prior-year revaluations of assets. Free cash flow was down 2%.

Once again, our diverse mix of assets that sets us apart from our competitors enabled us to deliver a stable result in a volatile market.

Our generation capability is both diverse in terms of Geography – we are the only hydro generator in both North and South Islands, and in terms of generation type – a mix between hydro and thermal generation.

While the diversity of our generation portfolio certainly proved its worth to New Zealanders this year as the impacts of dry South Island lakes were felt in the last few weeks of the year, overall the financial year was a wet one, which suppressed wholesale prices and therefore lower generation volumes for Genesis.

Having highly reliable generation capacity, planning effectively for the future and getting the right people on board not just to do the job now but to be highly relevant in five years' time is fundamental to Genesis Energy's success, and remains a core focus of the Genesis Energy Board.

As your chairman, I look for leaders leading effectively, running their-day-to-day activities with a focus on today and view to the future so that shareholders are satisfied and that employees believe in the company's purpose and are rewarded fairly.

I think this year has been an exceptional year when assessed against all those criteria.

We've delivered a fair and reasonable result for shareholders while executing a strategy focused on optimising assets, innovating so we'll be secure in the future, and investing astutely to increase our EBITDAF over time.

Slide 8: Dame Jenny Shipley - Acquisitions laying the foundations for sustainable growth

The company's two major acquisitions have delivered the first transaction of substance by a Mixed Ownership Model business since the IPOs. While executed separately, both are part of delivering a strategy the board approved in July last year.

The first of these two major acquisitions resulted in Genesis increasing its ownership share in Kupe by 15%, from 31% to 46% for \$168 million. This acquisition provides Genesis with both a blocking stake in the joint venture, meaning we can manage the decisions that happen in the Joint Venture more closely, and the ability to solidify our integrated fuels strategy.

This increase in shareholding in Kupe was followed closely by the acquisition of the retail bottled gas business of Nova Energy for \$192 million. This has provided Genesis with an increase in share of the New Zealand LPG bottled market from 3% to 19%, and a distribution network that will see us better able to serve our customers.

These deals mean Genesis now has an integrated position between LPG production from the Kupe field, and our significant retail position in a relatively high-margin market that continues to grow.

Both substantial acquisitions have laid the foundations to deliver sustainable growth benefitting shareholders and customers into the future.

Slide 9: Dame Jenny Shipley - The energy market continues to evolve

Technology and global influences continue to impact a dynamic energy sector.

As we focus on the future and what that means for our customers, Genesis Energy has multiple initiatives underway including the Local Energy Project in the Wairarapa which is a new way to test and learn how new energy technologies impact and engage consumers. We are using the Wairarapa as a real-life test lab from which we can scale products and services to the rest of the market.

While advances in technology are quickly re-shaping customer experiences, and we continue to focus on future products and services for customers, you can expect to see Genesis Energy continue to ask the tough questions of our regulators and law makers to ensure that the settings we have in place are driving success for New Zealand. Rather than providing an unwanted handbrake we want to ensure a vibrant competition of services is available for New Zealand

consumers.

Genesis has continued to advocate for customer-first thinking from our rule makers, as opposed to the old way of viewing the world from a network-first point of view. That will continue in the year ahead.

Slide 10: Dame Jenny Shipley - Dividends

Turning now to dividends...

Consistent with our policy of increasing dividends in real terms over time, the Genesis board has declared a final dividend of 8.4 cents per share.

This takes total dividends to 16.6 cents per share - an increase of 1.2% on the same basis as the prior comparable period and 3.8% over the past 3 years versus cumulative inflation of 2.5%. In fact, our dividend pay-out has increased by 44% over the last 5 years as the business has been run more efficiently leading up to, and since, the IPO.

The dividend will be paid on 13 October 2017, with a record date of 29 September 2017.

EBITDAF guidance for the full year ended 30 June 2018 is in a range of between \$345 million and \$365 million.

Slide 11: Dame Jenny Shipley - Doing good in our communities

Genesis is constantly aware of our corporate social responsibility and know that shareholders and stakeholders expect us to take a lead position in this area. We focus on our social license to operate in the many communities and sensitive environmental settings we work in every day.

We employ nearly 1,000 people directly across New Zealand and three to five times that number indirectly. We value our people and work hard to see that they work and return home safely every day.

Our commitment to the value of diversity and leadership that reflects New Zealand is ingrained throughout the Company where we focus on engagement; Mind the Gap in pay equity terms; and ensure we have a diverse team that helps us better serve our customers.

We are major tax payers having paid \$51 million dollars in tax in the last financial year. We have paid \$166 million dollars in dividends to our shareholders, 51% of which was paid to the New Zealand Government. Of interest Government dividends remain significantly higher post-IPO than when we were 100% Government-owned.

Our community investment includes our leading SchoolGen programme in 92 schools around New Zealand, where we energise children to focus on renewable energy and the use of electricity in their schools. In doing so, SchoolGen is helping young New Zealanders to reimagine energy in a hands-on way which will be relevant for their future.

We have a major partnership with DOC in the Tongariro area where we have helped protect the Whio, the endangered blue duck, increasing the number of breeding pairs of this iconic bird.

Genesis has also been deeply involved with the Iwi communities in and around the areas in which we operate. We proactively work together to achieve a common understanding and a focus on the long-term sustainability of the environment and culture within which we operate, respectively taking into account each other's interests and needs.

As a large New Zealand company we will always seek to do well for our shareholders through a relentless focus on total shareholder return, but in doing so we also focus on community good as we achieve that success.

It is now my pleasure to invite Marc to outline how our vision to reimagine energy to be customers' first choice for energy management is taking shape.