MARKET RELEASE
Date: 27 February 2019

NZX: GNE / ASX: GNE

Net profit up, debt down as Genesis builds momentum

	Half year ended December 2018	Change year on year
EBITDAF[1]	$196 million	2% decrease on HY18 of $198 million
Net Profit	$49 million	78% increase on HY18 of $28 million
Underlying Earnings[2]	$43 million	4% increase on HY18 of $42 million
Earnings per share	4.87 cents	Up 76% from 2.76 cps
Underlying Earnings per share	4.30 cents	Up 3% from 4.18 cps
Dividend per share	8.45 cents	Up 1.8% on HY18 on 8.30 cents
Free Cash Flow[3]	$111 million	15% decrease on HY18 of $130 million

Today, Genesis Energy (GNE) announced a solid first half FY19 result. EBITDAF for the period was $196 million, just 2% below the prior year's record result.

Net profit for the period was $49 million, up from $28 million last year. This is primarily due to fair value adjustments and lower depreciation due to a reduction in asset revaluations in FY18. On a normalised basis Genesis produced $43 million in underlying earnings, a 4% increase on the prior year.

"Across the business, we continue to see the benefits of our product-led strategy pay off in a highly price-competitive market. Gross customer churn is down 4.8% and the number of customers choosing to have multiple fuels with Genesis is up 6.4%. Both outcomes show that investing in great service, innovative products and loyalty initiatives is right for Genesis customers," says Marc England, Chief Executive Genesis.

"Digital innovation is central to giving our customers greater understanding and control over their energy spend. This half year we have launched two new products, Energy Audits and Bottled Gas Monitoring for businesses. Genesis' new and existing products are increasingly digital by design and digital customer interactions now make up 56% of all interactions, up from 43% two years ago. This is enabling a lower cost, higher value model to emerge, driving up netback margins and growing the Customer segment's contribution to the business."

This result was achieved during a period when the electricity sector was impacted by a national fuel supply shock caused by unprecedented gas shortages, low hydrology and cyclical plant outages. Across the six-month period, Genesis was regularly called on to run its Rankine units to help maintain security of supply.

Mr. England says the Rankine units exist for exactly this purpose.

"The Rankines enable New Zealand to operate an 85% renewable electricity system, at a relatively low cost. Effectively, Genesis' Rankines act as back-up when the country experiences water or natural gas shortages. During the six months to the end of December, Genesis demonstrated record high asset reliability as our employees put in long hours to ensure our generation assets were available for the market."

Mr. England notes Genesis' Wholesale segment performed well across very volatile conditions. However, its performance was moderated by low hydro inflows, plant outages, supporting contractual commitments with competitors and the cost of voluntary market making commitments. The Kupe segment performed slightly below the prior year due to planned outages and lower production, despite higher fuel prices.

[1] Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses
[2] Net Profit adjusted for non-cash fair value adjustments and business acquisition costs.
[3] Free Cash Flow is EBITDAF, less finance expense, cash taxes paid and stay in business capital expenditure

Interim dividend and a dividend reinvestment plan

The Genesis board has declared an interim dividend of 8.45 cents per share, an increase of 1.8% which has a record date of 4 April 2019 and will be paid on 18 April 2019.

Genesis is pleased to announce the continuation of its dividend reinvestment plan to provide shareholders a cost-effective way to reinvest in Genesis' growth strategy. The New Zealand government has committed to participate to the extent required to retain its 51% holding. Shareholders will have until 4 April 2019 to opt into the dividend reinvestment plan.

FY2019 guidance

EBITDAF guidance for the full year ended 30 June 2019 has been updated to a range of between $360 million and $375 million. Capital expenditure guidance for FY19 remains unchanged at up to $85 million.

Further information on the company's operations and financing can be found in the investor presentation of the full year results at nzx.com/markets/NZSX/securities/GNE and www.genesisenergy.co.nz/presentations.

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About Genesis Energy

Genesis Energy (NZX: GNE, ASX: 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 500,000 customers. 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 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis Energy had revenue of $NZ2.3bn during the 12 months ended 30 June 2018. More information can be found at www.genesisenergy.co.nz.