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# Genesis Energy

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*Annual Financial Results*

*Twelve month period to 30 June 2010*

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Chief Executive

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General Manager Finance



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# Overview of FY10 result

Performance Summary \$m	30 June 2010	30 June 2009
Operating revenue	1,895	1,957
Operating expenses	1,646	1,755
Earnings before interest, taxation, depreciation and amortisation	249	202
Net profit after tax	69	(136)
<b>Underlying earnings</b>	<b>88</b>	<b>82</b>
Total assets	2,532	2,585
Total liabilities	1,087	1,192
Dividend paid to Shareholder	39	36

Underlying earnings up slightly on previous year  
 Revenue down largely due to lower retail volumes

# Comments on results

- EBITDAF result excellent given 6% reduction in generation volumes
- Ancillary revenues strong during year
- Contribution from Kupe in last quarter
- Average wholesale price down 8.8% to \$61.88/MWh
- Fuel consumption down 7.8% due to lower thermal generation
- Average fuel burn cost up 10% due to higher gas burn and lower coal burn



Water flows into Tongariro River

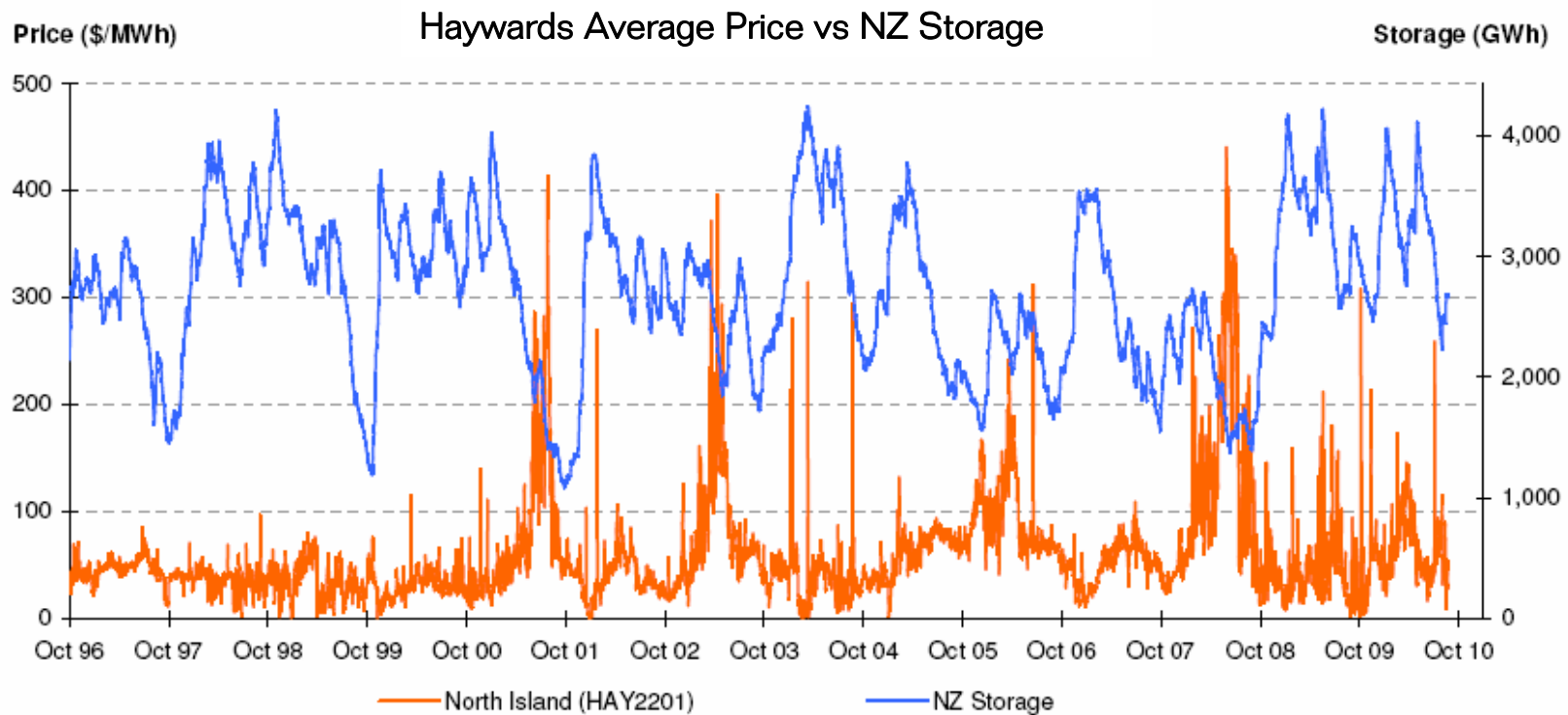
# Production and sales

Performance Summary	30 June 2010	30 June 2009
Thermal Generation GWh	5,761	6,276
Hydro and wind generation GWh	1,815	1,770
<b>Total Generation GWh</b>	<b>7,576</b>	<b>8,046</b>
Average wholesale electricity price \$/MWh	61.88	67.82
Retail Sales GWh	6,378	6,970
Wholesale and retail gas sales PJ	10.40	6.50
Gas used in internal generation PJ	31.80	26.50
Coal used in internal generation PJ	21.20	31.00
Total fuel used in internal generation PJ	53.00	57.50
Electricity customer numbers	535,200	567,600
Gas customer numbers	116,800	114,000

- New generation plant and a wet year resulted in lower wholesale prices
- Thermal production volumes down as a result of lower wholesale prices



# Hydrology drives prices



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*We have re-focused  
our business to deliver  
greater value for the  
shareholder on an  
on-going basis*

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# Customer growth

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- Customer acquisition campaign in South Island
- Winning back customers with competitive price offers
- Brought Customer Contact Centre in-house
- Advanced Meters
  - 74,000 installed – now averaging 10,000 per month
  - Reached scale to develop new products and services



# Strategic challenges



Canal linking Tekapo A and B power stations

- Electricity Industry Bill leads to Tekapo negotiations
- Developed new asset management strategy for Huntly Units 1 to 4
- Improving business practices to deliver greater efficiency and revenue gains

# Outlook



Castle Hill Wind Farm site in Wairarapa

- Continued competition in Retail markets
- ETS effective from July 2010
- Increasing revenues from Kupe
- Greater flexibility from generation plant
- Acquisition and integration of Tekapo A and B into portfolio
- Lodge consents for Castle Hill Wind Farm
- Investigating a number of other generation prospects

# Financial review



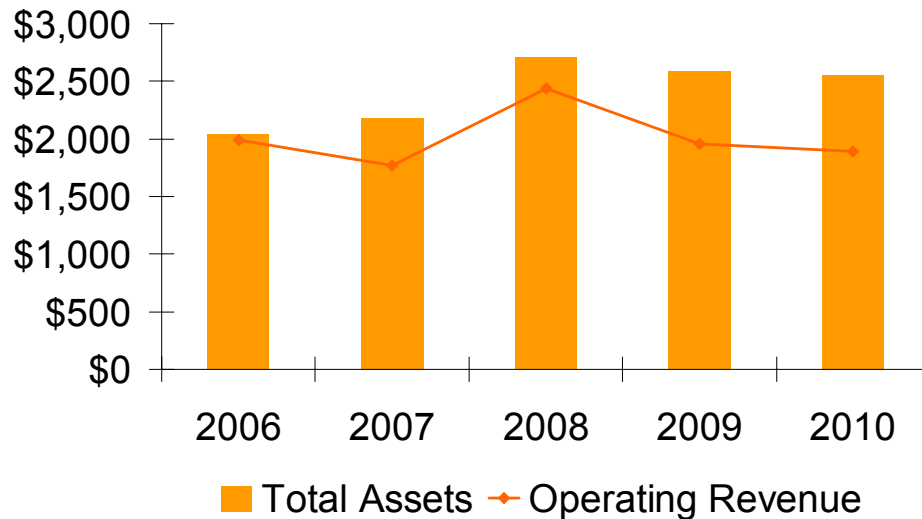
Kupe production facility in operation

- Revenue
- EBITDAF and NPAT
- Cash flow
- Assets
- Debt
- Financial outlook

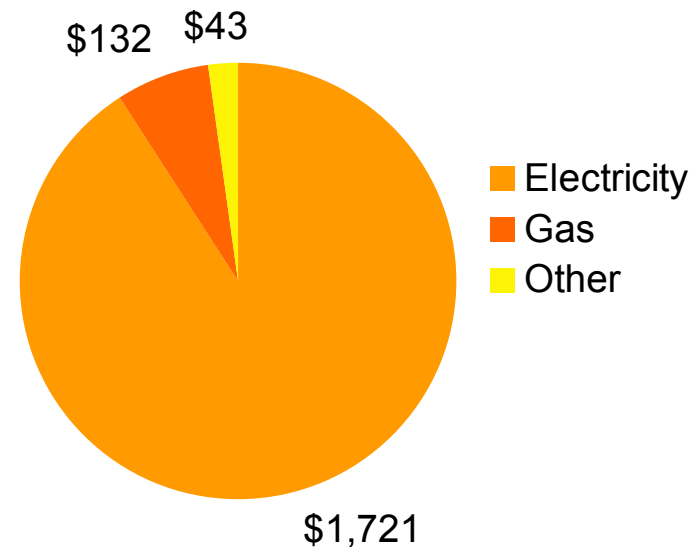


# Revenue

Revenue & Total Assets (\$m)



Revenue Breakdown - 2009/10 (\$m)

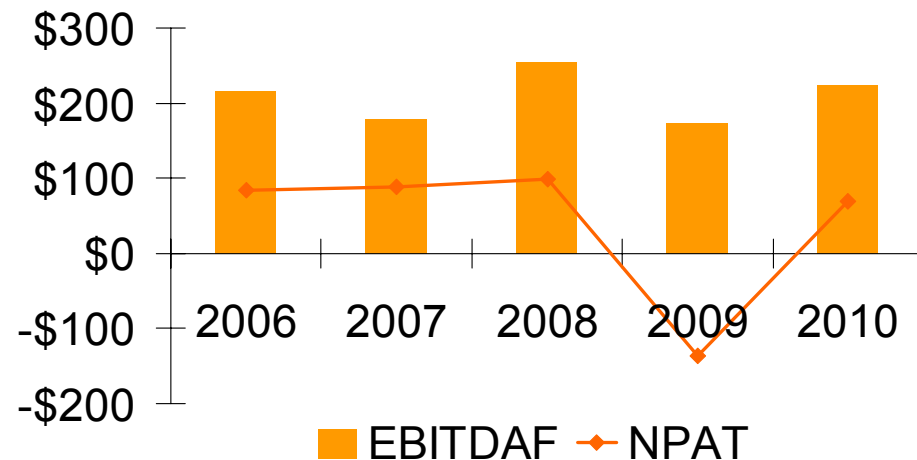


- Revenue down slightly due to lower Retail volumes
- Kupe revenue of \$32m including internal revenue of \$10m

# EBITDAF and NPAT

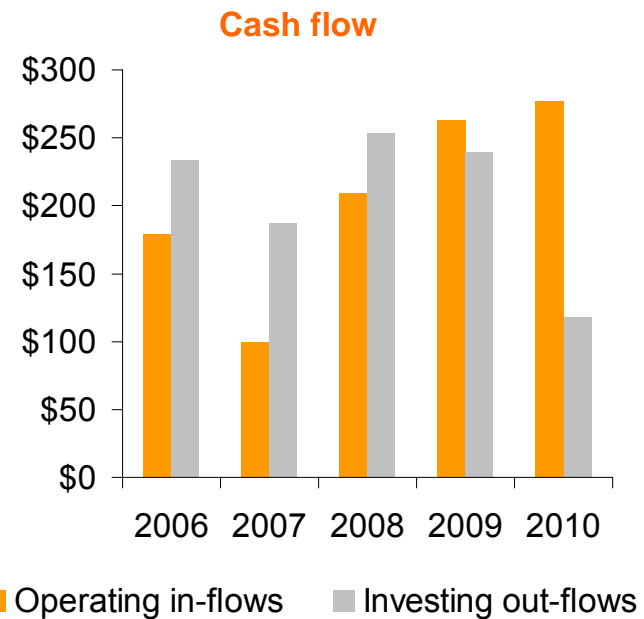
- Kupe EBITDAF \$26m
- Strong contribution from production with a higher margin and lower operating costs
- Loss in 2009 due to downwards revaluation of Huntly units 1 to 4 and 6
- Tax adjustments:
  - Building depreciation not deductible +\$11m
  - Tax rate change -\$5m

EBITDAF and NPAT (\$m)



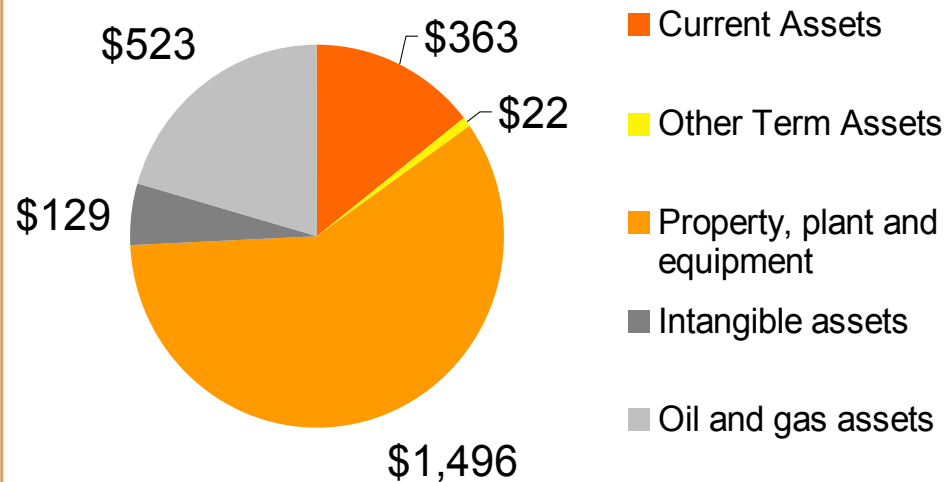
# Cash flow

- Operating cash flows reflect strong result for the year
- Investing cash flows lower due to completion of Kupe
- Other than Tekapo acquisition, no significant capital expenditure in short term



# Assets

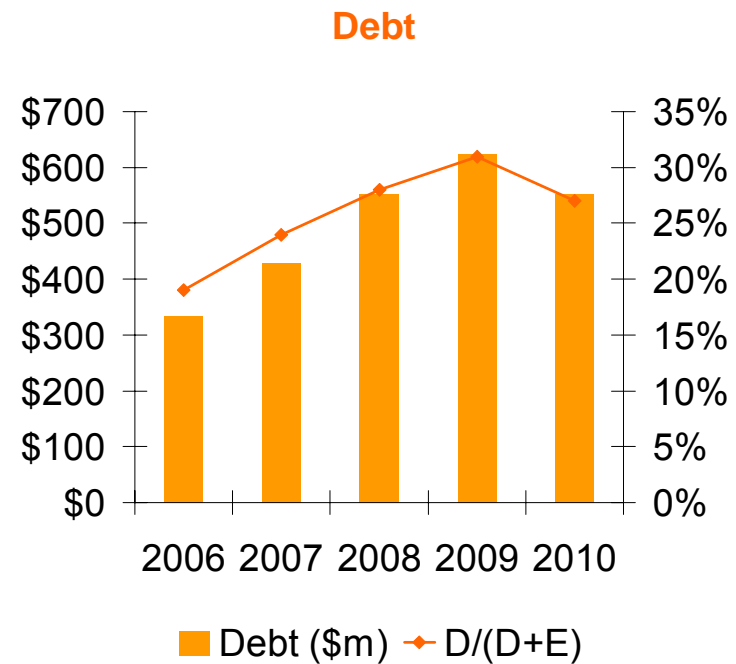
## Assets - 2009/10



- Total assets slightly down on 2009
- Kupe investment 23% of total non current assets
- Coal stockpile increased \$20.8m in value to \$107.4m

# Debt

- Debt has declined after a period of significant investment activity
- Total committed funding facilities of \$920m at 30 June 2010
- Drawn funds of \$532m at 30 June 2010
- Funding maturities spread from October 2011 to June 2020





# Financial outlook

- Well positioned with strong balance sheet
- \$575m of Bank Facilities entered into in July 2010 for Tekapo A & B acquisition and refinancing of bank facilities maturing in 2011
- Competition in Retail electricity and gas markets likely to impact price increases
- 2011 full year contribution from Kupe
- Forecast to meet SCI financial targets



Oil and gas now flowing from Kupe production well



*Thank you.*