

Genesis Energy Annual Public Meeting

23 October 2012

Chair's Address – Rt. Hon. Dame Jenny Shipley

Tena koutou, tena koutou, tena koutou katoa

Good afternoon ladies and gentlemen, and welcome to Genesis Energy's 2012 annual public meeting.

My name is Jenny Shipley and I am Chairman of Genesis Energy.

I'm glad to be joined today by Chief Executive, Albert Brantley; my fellow board members Joanna Perry, Graeme Milne, John Dell, Rukumoana Schaafhausen, John Leuchars, Alison Andrew; and the Genesis Energy Leadership Team. Unfortunately one of our Board Members, Andrew Clements, was unable to be here today

The purpose of this meeting is to report to you on how Genesis Energy has performed in the financial year to the end of June 2012 and to share with you some of the key factors influencing the way the company operates and our plans for the future.

Genesis Energy is a truly diverse national energy company. Our energy solutions are delivered to the largest customer base in New Zealand. With operations in both Islands as well as diversity in terms of fuel type, we have the flexibility to respond to our customer's needs, irrespective of the weather.

The last year, however, could be characterised as one of change for Genesis Energy as we began implementing a strategy that would see us leverage our historic strengths as a Company to create new opportunities and growth.

It has of course been a demanding year for New Zealand as a result of the global slow down. In the face of international political upheavals and economic woes, the New Zealand economy remains subdued and households and businesses reflect that pressure. But there are some green shoots of growth on the horizon which are extremely positive. During this period of economic uncertainty and significant competition in the energy sector, I am proud to report that the Genesis Energy Board and management team responded effectively and has continued to successfully implement the strategic direction that has positioned it well for the future.

This focus has seen Genesis Energy continuing to do the things we know we are good at; driving optimisation of operations and assets, constantly seeking ways to improve our financial performance, whilst delivering the best outcomes to customers. The best customer outcomes are not just about offering competitive pricing and security of supply, but also about giving customers the tools they need to manage their own costs and consumption – putting them in control.

In the coming year Genesis Energy will continue to build on this strategy in order to create a path of improved prosperity for the Company and its Shareholder, its employees and customers, and for the communities in which we operate.

Our Chief Executive, Albert Brantley, will run through the financial performance of the Company for you in more detail but I am pleased to report a Net Profit after Tax of \$90.25 million. This is a strong result that endorses our strategy to derive the greatest value and efficiency from a well-managed generation portfolio that is matched to our customer demand profile.

In addition I am pleased to report that after a two year hiatus, following our acquisition of Tekapo hydro stations A and B, Genesis Energy will return to paying dividends next year. In the future we are confident the company will continue to perform well and as a result the Board is projecting a consistent, reliable and attractive dividend yield for its shareholders.

Delivering against our strategy has been the main driver for Genesis Energy but I would like to take this opportunity to note three specific key milestones that have been achieved this past year.

Firstly, Genesis Energy has successfully integrated the newly acquired South Island hydro generation facility, Tekapo A and B into our portfolio. I am extremely pleased that this has been achieved so smoothly and has now become one of the core foundations of this successful business.

Secondly, we have started to live out the mantra of delivering for our customers by launching Tomorrow Street - a real world test environment in some actual Auckland households. Building on the back of our advanced meters roll-out, this progressive energy neighbourhood will provide us with the ability to develop and test a range of innovative products that we can deliver to our customer's over time.

Thirdly, I believe Genesis Energy's continued focus on stakeholder engagement, and our active participation in the communities in which we operate, has largely been responsible for our securing renewed resource consents for continued operations at the strategic Huntly power station site, without the need for a public hearing. This re-consent, spanning the next 25 years, will allow us to maintain a stable platform across our portfolio so that we are better able to manage adverse weather conditions and dry years for the benefit of the whole country.

While our business strategies and direction continue to focus on demand-side innovations, new commercial opportunities and the optimisation of our generation portfolio, the Company has not and will not, lose sight of the need to operate like a responsible listed company – meeting the aspirations of its stakeholders, its staff, communities and the environment.

I would also like to take this opportunity to thank those directors who contributed positively but whose terms were completed during the financial year in question: Denis Wood, Barbara Elliston, Nicki Crauford and in August Rob Fisher. I thank them on behalf of the company and the Shareholder for their solid contributions.

With that said I would like to formally welcome our new Board Members Andrew Clements, Alison Andrew and John Leuchars to the Board. They bring new and highly relevant skills to the Board and I know they are looking forward to making a contribution to the success of the company in the years ahead.

This year has also seen considerable change for Genesis Energy as our Chief Executive has sought to realign our organisation to our evolving strategies, and we have brought in new and fresh skills and ideas to help us on our path. Our employees have managed the considerable uncertainty that comes with such organisational change by doing what they have always done best - simply getting on with doing their jobs effectively and efficiently. Our pleasing financial and operating results this year are a testament to the depth of talent within our organisation, and I would like to personally thank all Genesis Energy employees for their great efforts this year.

In conclusion, the Board remains confident in the strategy that is being progressed. In the coming years we expect to reap the rewards. The future of Genesis Energy is assured. The Company enjoys strong and diversified earnings growth, has a highly disciplined approach to capital expenditure, well managed risks and a sound balance sheet with a BBB+ rating by Standard and Poor's.

Genesis Energy is one of the four State-owned energy companies that the Government has indicated will be partially sold down in the near future. While no date has been announced for the commencement of this process in respect to Genesis Energy, we are well prepared. Whatever may happen, Genesis Energy remains committed to its current business plan and strategic direction with the intention of creating and building shareholder value.