Genesis Energy H1 2016 Results

Investor Presentation

Dame Jenny Shipley – Chairman
Albert Brantley – Chief Executive
Andrew Donaldson – Chief Financial Officer

24 February 2016
Genesis Energy Limited

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H1 2016 Highlights and Strategic Overview

Dame Jenny Shipley
Chairman

H1 2016 Highlights

Six months of resilient operations

- Improvement in electricity customers despite strong retail competition
- Steady gas customers after increase in first three months of the year
- Continued growth of the retail LPG book
- Increases in thermal and renewable generation output despite a volatile wholesale electricity market
- Reduction in Kupe contribution due to planned plant outage which reduced production levels
- Careful management of the impact of significant changes in commodity prices (oil, LPG, methanol)
- Continued focus on reducing operating costs

H1 2016 Highlights

Improvement of financial metrics

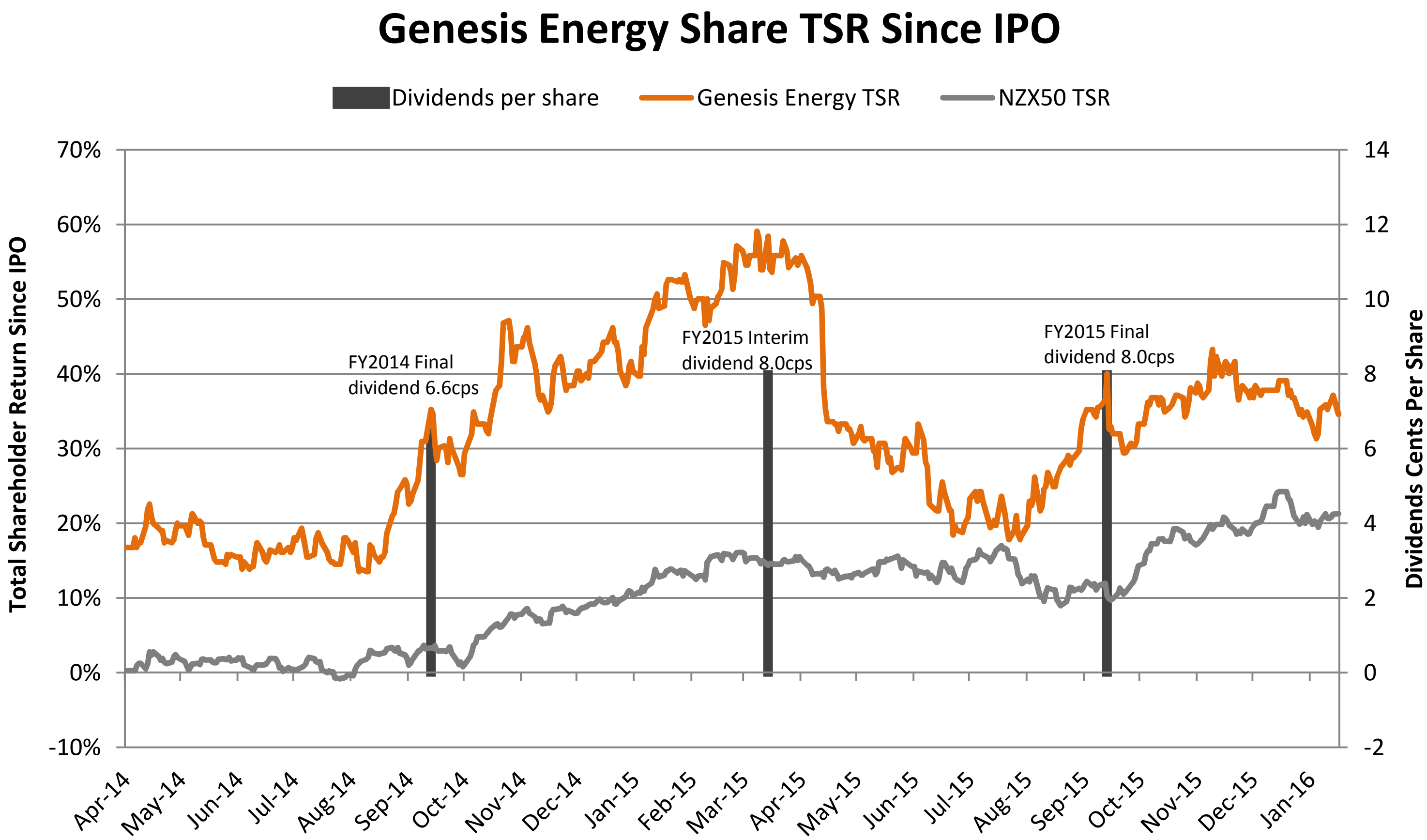
- Key financial results in H1 2016 show improvement compared with H1 2015:
  - EBITDAF of $175.5m was up 2% on comparable period
  - Adjusted Net Debt of $863.7m was 5% lower than at 30 June 2015, and 10% lower than a year ago
  - Free cash flow of $114.2m up 25% versus same period last year
  - Interim dividend declared of 8.2 cps is up 2.5% on interim dividend from first half of last year
  - Continued to deliver consistent, reliable and attractive dividends even in periods of business cycle downturn
  - Backed by a portfolio of assets delivering resilient earnings

Company strategy is focused on five areas

- The Customer's Experience
  - Increasing value by delivering the right personalised experiences through differentiated brands, products and service
- Portfolio Transition
  - Positioning the generation fleet and fuel portfolio to meet the changing New Zealand wholesale electricity market
- Kupe
  - Proving up reserves, assessing options for increasing production capacity, and finalising the Phase II Field Development Plan
- Digital Acceleration
  - Utilising digital tools to engage and add value to customers while reducing costs to deliver
- New Ventures
  - Pursuing new business activities with a long term focus on adding revenues and delivering growth

Positive Performance

Total Shareholder Returns have been positive since listing



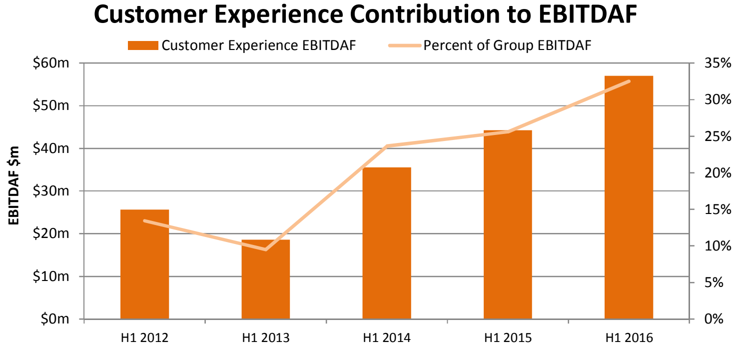
H1 2016 Operational Performance

Albert Brantley
Chief Executive

Customer Experience

Growth in Customer Experience earnings

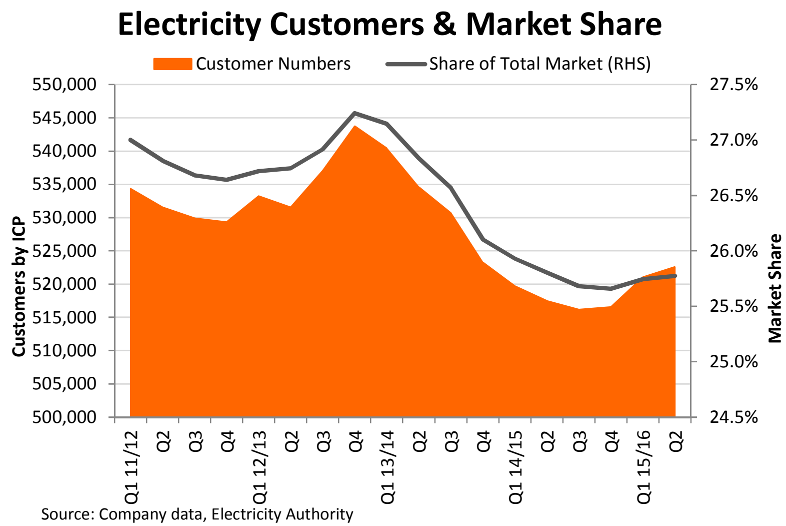
- Despite fierce competition in the New Zealand retail electricity and gas markets, Customer Experience EBITDAF increased
- Steady improvement in EBITDAF contribution over last four years
- EBITDAF helped by:
  - Lower electricity purchase costs (LWAP)
  - Deferral of acquisition costs and retail incentives
  - Changes in gas and electricity transfer pricing



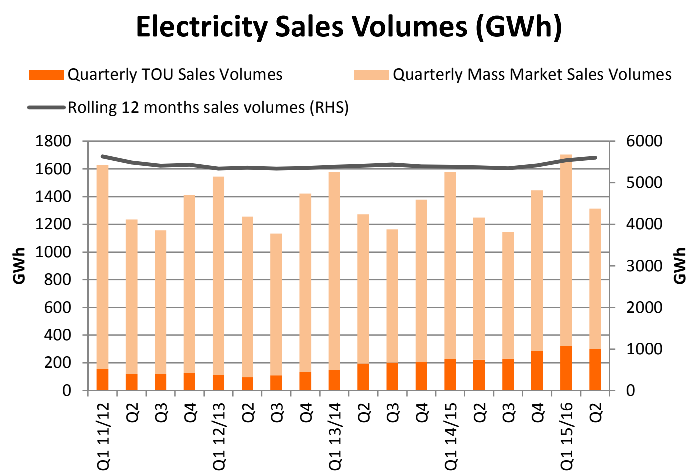
6 months to 31 December	2015	2014	% change
Electricity Customers	522,586	517,492	1%
Gas Customers	106,809	108,217	-1%
Total Customers ex LPG	**629,395**	**625,709**	**1%**
LPG Customers	14,326	13,081	10%
Total Customer Accounts	**643,721**	**638,790**	**1%**
Total Advanced Meters Installed	368,500	370,734	-1%
12 months annualised churn rate	19.8%	20.3%	-2%
Mass Market Electricity Sales (GWh)	2,394	2,373	1%
TOU Electricity Sales (GWh)	621	453	37%
Retail Electricity Sales (GWh)	**3,015**	**2,825**	**7%**
Mass Market Gas Sales (PJ)	2.6	2.5	3%
TOU Gas Sales (PJ)	1.7	1.5	11%
Retail Gas Sales (PJ)	**4.2**	**4.0**	**6%**
Retail LPG Sales (tonnes)	2,202	1,944	13%
Average Retail Electricity Purchase Price - ($/MWh)	**$61.90**	**$72.45**	**-15%**
LWAP/GWAP ratio*	100.2%	101.0%	-1%
Customer Experience EBITDAF ($m)	**57.0**	**44.2**	**29%**

Electricity customers and market share

- Electricity customer numbers have increased 1.0% compared to H1 2015, and 1.2% since recent downturn in Q3 2015
- Reflects strength in Energy Online which has delivered 14 consecutive months of growth
- Stabilisation of Genesis Energy brand through focus on pricing, incentives and acquisition strategy
- 12 month rolling switching rate of 19.8% now 0.7% points lower than that of broader electricity market
- Improving momentum in electricity sale volumes driven by Time of Use (TOU) improvement and increased demand per customer in winter months

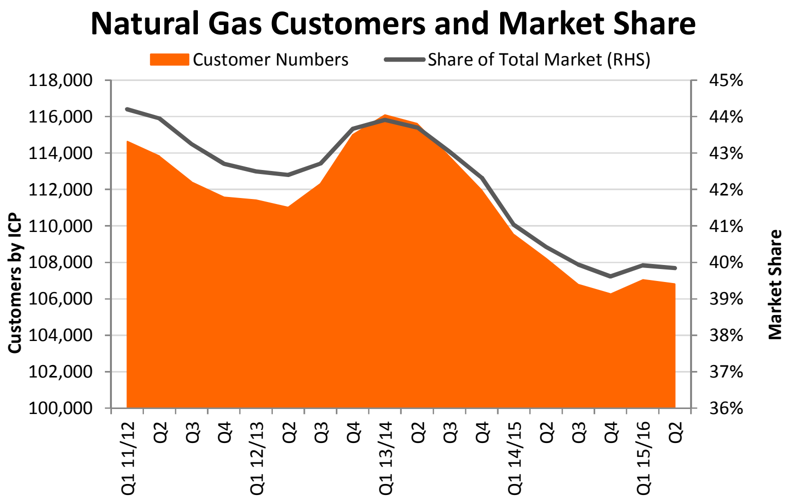


Source: Company data, Electricity Authority

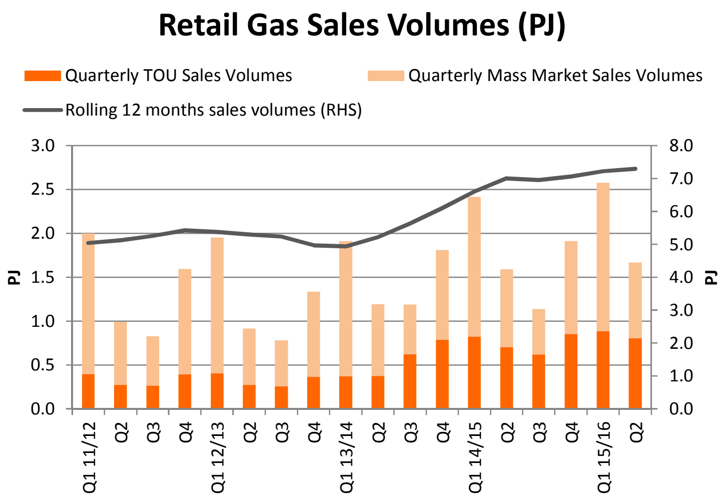


Gas customers remaining steady

- Reticulated gas customer base has been lower on back of competition for dual fuel customers
- After growth in Q1, Genesis Energy brand losses have reduced group ICP count in Q2, while Energy Online continues to grow
- New, flat rate gas plans gaining traction and are a good acquirer of dual fuel customers
- Gas sales volumes also benefitted from cold winter months in Q1, plus TOU momentum



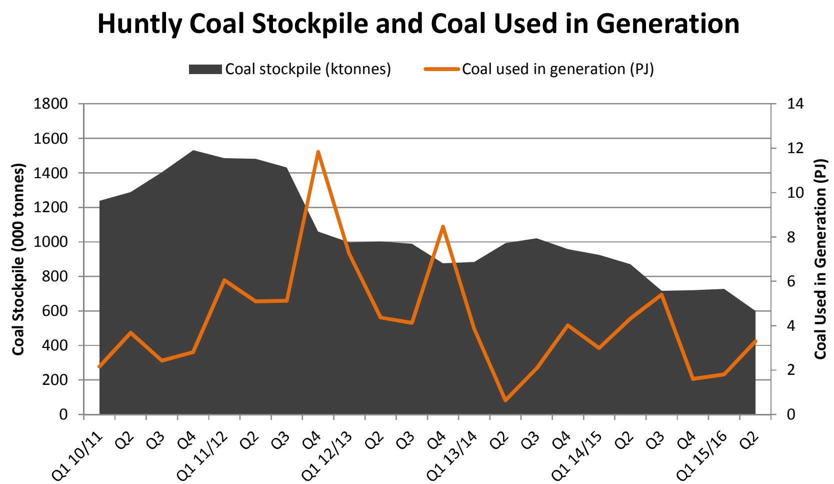
Source: Company data, Gas Industry Co



Fuel remains an important consideration

- Reductions in wholesale gas sales offset by gas used in thermal generation
- Slide in methanol prices negatively impacted on prices received for gas sold to Methanex, but contracted gas volumes are decreasing
- Last coal delivered to Huntly on 25 October 2016
- Use of coal in Huntly Rankine units now reducing coal stockpile
    - Currently at 600kt, 31% lower than a year ago
    - Careful management of stockpile will be required coming into key dry summer months

6 months to 31 December	2015	2014	% change
Wholesale Gas Sales (PJ)	8.7	10.7	-19%
Total Gas Purchases (PJ)	24.3	24.2	1%
Gas Used in Internal Generation. (PJ)	11.3	9.6	18%
Wholesale Coal Sales (PJ)	0.5	0.2	186%
Coal Purchases (PJ)	5.4	5.4	0%
Coal Used in Internal Generation (PJ)	5.1	7.2	-29%
Coal Stockpile (kilotonnes)	600	870	-31%

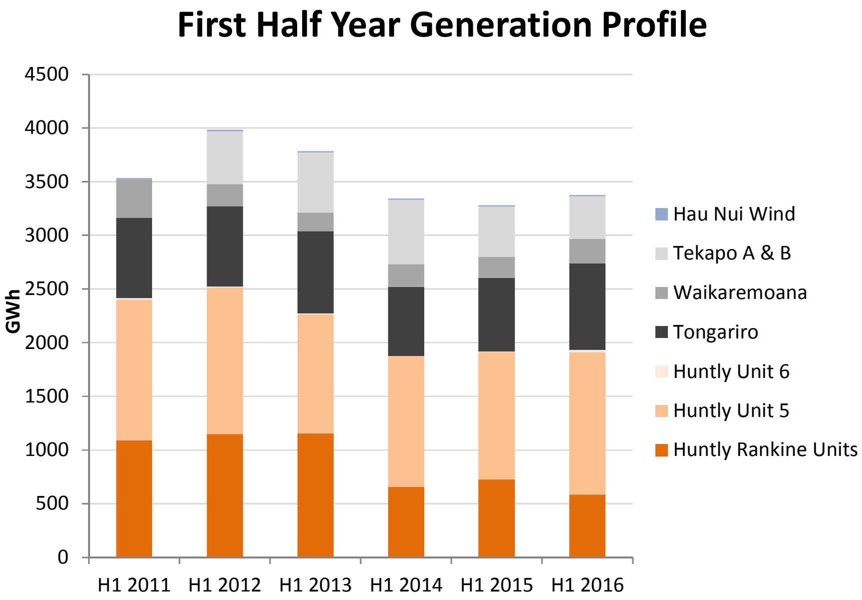


Generation

Total generation increased 3%

- Despite Unit 5 outage for 12 days in November 2015, gas generation output was up 16% on H1 2015:
  - Due to a weaker comparable period and higher spot prices in November and December 2015
- Coal generation down 29% as Rankine units were used sparsely in August and September 2015 when wholesale prices were generally lower
- Timing of hydro inflows into each of three hydro schemes offset impact of lower hydro storage, so renewable generation up 6% year on year
- GWAP was down 14% but pockets of firm pricing as thermal capacity tightened

6 months to 31 December	2015	2014	% change
Gas (GWh)	1,476	1,277	16%
Coal (GWh)	458	641	-29%
Total Thermal (GWh)	**1,933**	**1,918**	1%
Hydro (GWh)	1,431	1,351	6%
Wind (GWh)	13	11	16%
Total Renewable (GWh)	**1,444**	**1,363**	6%
Total Generation (GWh)	**3,377**	**3,280**	3%
Average Price Received for Generation ($/MWh)	$61.78	$71.75	-14%

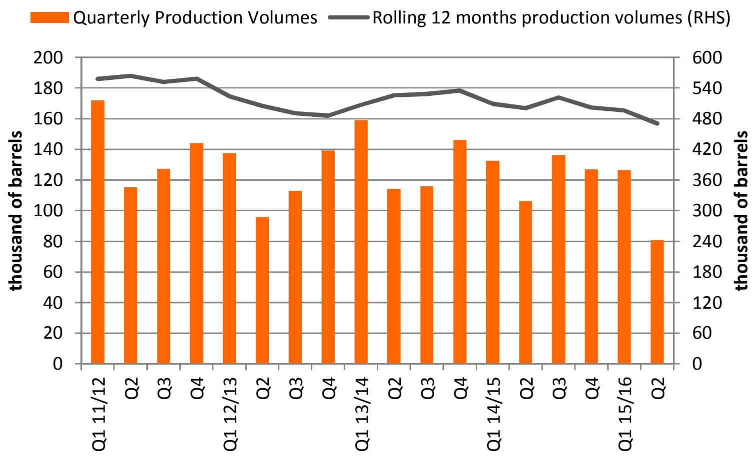


Managing the fall in oil and LPG prices

- Production at Kupe processing facility down materially on H1 2015 due to 26 day planned maintenance outage
  - Oil production -13% and timing of oil shipments meant oil sales down 32%
- Likely to be some acceleration of gas in H2 2016 due to favourable pricing – on track for another year of 23 to 24PJ of gas
- Hedging policy has helped contain impact of record lower oil prices, with 92% of volumes at US$86.10/bbl
- In December 2015 announced upgrade to Kupe developed reserves
- Phase II Development Plan expected to be finalised in Q4 FY2016, and will determine timing and magnitude of capex and confirm undeveloped reserves

Kupe: 6 months to 31 December	2015	2014	% change
Gas Sales (PJ)	3.4	3.5	-1%
Oil Production (kbbl)	207.3	238.9	-13%
Oil Sales (kbbl)	158.6	233.4	-32%
LPG Sales (kilotonnes)	14.1	15.2	-7%
Oil and Gas EBITDAF	**39.4**	**46.9**	**-16%**

Kupe Oil Production Volumes (kbbl)

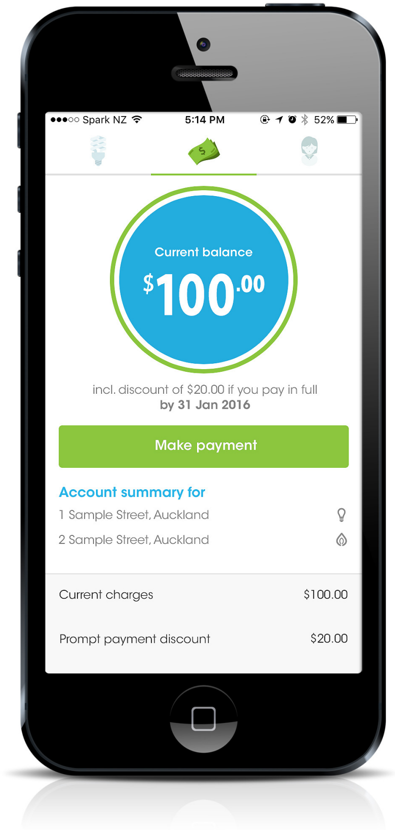


	Oil hedging		FX hedging of oil sales	
	Percentage hedged	Rate (US$/bbl)	Percentage hedged	Rate (NZD/USD)
H2 2016	85%	$81.00	62%	70.0c
FY 2017	49%	$67.00	60%	64.4c

Digital Transformation

Utilising digital tools to engage customers and add value to them while reducing costs to deliver

- Current work is focused on digital infrastructure and human resources in order to build a platform that positions the Company for future growth
  - Such as selecting and partnering with external vendors to provide the means to create new customer-orientated services in our Customer Excellence Centre
  - Also development of 'apps' to support customer self service
  - Some migration of processes and data storage to "Cloud"
- Expectation is that this will deliver tangible reductions in capex and costs to deliver



New Ventures

Pursuing new business activities with a long term focus on adding revenues and delivering growth

- New Ventures team formed to act as 'incubator' of new products and services

Solar

- Residential power purchase pilot programme now two years in operation with significant insights and learnings captured
- Successfully piloted commercial solar Power Purchase Agreements (PPA) with 186kW of installed capacity
- Tactical direct solar sales promotion underway to gauge customer interest in solar and establish supporting operational infrastructure

Battery storage

- Beta trial participant for global in-home storage provider
- Additional storage options under consideration

Energy services

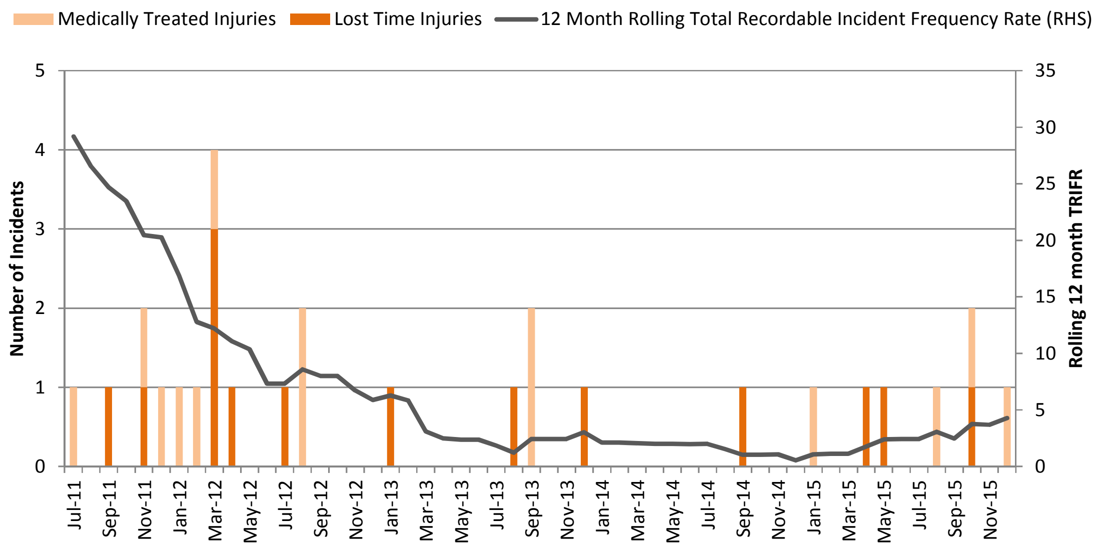
- Exploring demand for additional services that supplement current offering
- Leverage partnerships with other market leaders

Health and Safety

The safety of our employees and workplace remains a priority

- Genesis Energy is committed to a zero harm work environment
- 1 lost time injury and 3 medically treated incidents in H1 2016 (versus 1 lost time injury in H1 2015)
- Maintenance work during major plant outages completed without any serious incidents

Genesis Energy Safety Statistics



Source: Genesis Energy, TRIFR is measured by number of incidents per million man hours worked

- TRIFR* of 4.28 at 31 December 2015 was up versus 0.54 at 31 December 2014
- Good improvement over last 5 years, but vigilance still needed

*Total Recordable Injury Frequency Rate per million man hours

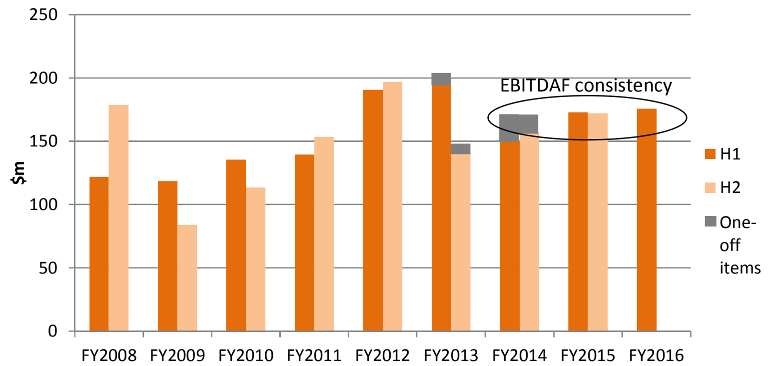
H1 2016 Financial Performance

Andrew Donaldson
Chief Financial Officer

Results Summary

- EBITDAF consistency highlights portfolio resilience to variable operating conditions
- Total revenue down 2% due to reduced GWAP, lower gas pricing and planned Kupe outages
- EBITDAF +2% to $175.5m due to lower electricity and gas purchase costs, offsetting lower Kupe EBITDAF
- Significant negative fair value swing due to hedge contracts and swaption led to 47% decline in NPAT to $35.9m
- Strength of operating earnings and reduction in Stay in Business capex highlighted in 25% increase in Free Cash Flow (FCF)
- Good dividend coverage and reduction in Net Debt

Genesis Energy 6 Monthly EBITDAF



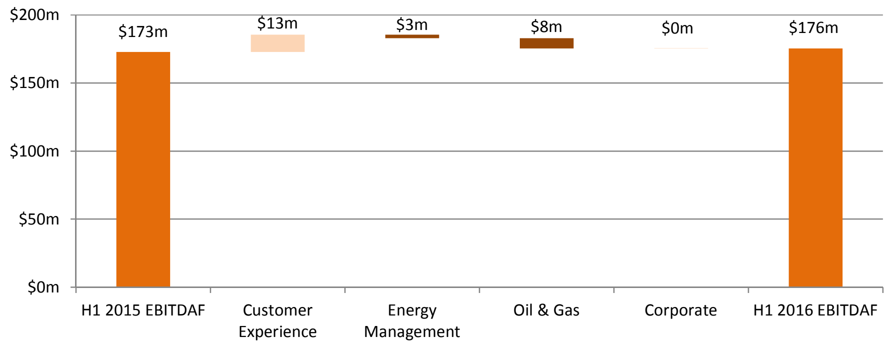
$m	H1 2016	H1 2015	% change
Revenue	**1041.6**	**1067.8**	-2%
Total operating expenses	866.1	895.0	-3%
EBITDAF*	**175.5**	**172.8**	2%
Depreciation depletion & amortisation	73.1	75.7	-3%
Impairment	0.0	3.3	-100%
Fair value change (gains)/losses	21.0	(34.6)	-161%
Other (gains)/losses	(0.1)	(0.9)	-89%
Earnings before interest and tax	**81.5**	**129.3**	-37%
Interest	31.4	33.9	-7%
Tax	14.2	27.2	-48%
Net profit after tax	**35.9**	**68.2**	-47%
Earnings per share (cents per share)	3.6	6.8	-47%
Stay in business capital expenditure	15.7	20.2	-22%
Free cash flow	**114.2**	**91.5**	25%
Dividends declared	82.0	80.0	3%
Dividends per share (cents per share)	8.2	8.0	3%
Dividends declared as a % of FCF	72%	87%	-18%
Net debt	**901.3**	**959.0**	-6%

* Earnings before net finance expense, tax, depreciation, amortisation, fair value changes and other gains and losses

Customer Experience EBITDAF up despite increased competition

- Increase in Customer Experience EBITDAF
  - Higher customer numbers in competitive environment have driven increased acquisition costs and retail incentives
  - Offset by operating costs and Cost to Serve reductions
  - Change in accounting treatment of retail incentive and acquisition costs effectively contributed $7.5m
  - Changes in gas and electricity transfer pricing removed circa $4m of costs
- Energy Management EBITDAF marginally lower due to higher gas transmission costs, lower wholesale gas sales prices and lower transfer prices
- Oil and Gas EBITDAF impacted by lower production and international oil prices
- Corporate overhead costs marginally lower

EBITDAF bridge from H1 2015 to H1 2016



$m	H1 2016	H1 2015	% change
Revenue	1,041.6	1,067.8	-2%
Energy Management EBITDAF	98.0	100.7	-3%
Customer Experience EBITDAF	57.0	44.2	29%
Oil and Gas EBITDAF	39.4	46.9	-16%
Corporate Overheads	-18.9	-19.0	-1%
Total EBITDAF	**175.5**	**172.8**	**2%**

Balance Sheet

Net debt reducing and credit metrics remain strong

- Improvement in earnings and cashflow has helped to reduce Net Debt and gearing
  - After adjusting for USPP movements Net Debt of $864m is 5% lower than 30 June 2015 and 10% lower than a year ago
  - Gearing now at 32.8%
- Key credit rating metric of Net Debt to EBITDAF currently at 2.5x which is at bottom end of range to maintain BBB+ rating
  - No motivation to seek an upgraded credit rating
  - Currently assessing best use of future cashflows and funding headroom
  - Strict return thresholds to be met for any use of funds

As at ($m)	31 Dec 2015	30 Jun 2015	% change
Cash and cash equivalents	37.5	21.0	79%
Other current assets	298.2	325.5	-8%
Non-current assets	3,097.5	3,181.5	-3%
Total assets	3,433.2	3,528.0	-3%
Total borrowings	938.8	958.2	-2%
Other liabilities	724.8	744.4	-3%
Total equity	1,769.6	1,825.4	-3%
Adjusted Net debt [1]	**864.3**	**905.1**	**-5%**
Gearing	32.8%	33.1%	-1%
EBITDAF interest cover	6.6	6.1	8%
Net debt: EBITDAF[2]	**2.5**	**2.6**	**-6%**
NTA per share	$1.64	$1.70	-3%

[1] H1 2016 net debt of $901.3m has been adjusted for $37m of foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency interest rate swaps.

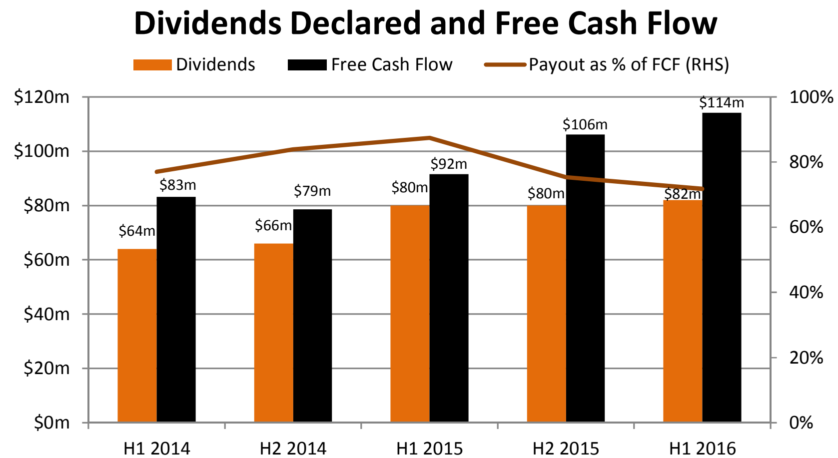
[2] H1 2016 EBITDAF annualised for calculation

As at ($m)	31 Dec 2015	30 Jun 2015	% change
Total Debt	938.8	958.2	-2%
Cash and cash equivalents	37.5	21.0	79%
Headline Net Debt	**901.3**	**937.2**	**-4%**
USPP FX and FV adjustments	-37.0	-32.1	15%
Adjusted Net Debt	**864.3**	**905.1**	**-5%**
Headling Gearing	33.7%	33.9%	-1%
Adjusted Gearing	32.8%	33.1%	-1%

Cashflow generation improvement

- Operating cashflows higher primarily due to improvement in working capital given lower coal stockpile
- Investing cash outflows lower due to 22% reduction in stay in business capex
  - Timing and magnitude of projects affect H1 2016 capex
  - Expect stay in business capex for FY2016 of $30m to $40m versus $43.6m in FY2015
- FCF increased 25% to $114.2m
- Interim dividend declared of $82m or 8.2cps
  - Represents a 72% payout as a proportion of FCF
  - Dividend record date of 1 April 2016, payment date 15 April 2016
  - 80% imputed

$m	H1 2016	H1 2015	% change
Net operating cashflow	162.5	136.2	19%
Net investing cashflow	-13.0	-25.6	-49%
Net financing cashflow	-133.0	-103.5	29%
Net increase (decrease) in cash	**16.5**	**7.1**	132%
Stay in business capex	15.7	20.2	-22%
Total capex	**14.9**	**22.7**	-34%
Free cash flow	**114.2**	**91.5**	25%



H1 2016 Outlook Statement

Dame Jenny Shipley
Chairman

Outlook

- In the face of dynamic retail and wholesale electricity and gas markets, plus softer commodity prices, Genesis Energy continues to deliver consistent results
- There will be opportunities to derive more value from the Company's current portfolio if further tightening in the wholesale electricity market occurs, and the Company continues to reduce operating costs and capital expenditure

Outlook

- Retail electricity and gas competitive tensions persist while wholesale electricity prices look to be firming in the near term, and the impact of low oil prices in H2 2016 will be mitigated by hedging in place
- FY2016 EBITDAF expected to be similar to that reported in FY2015
  - This includes the benefit of changes in the accounting treatment of customer incentives and acquisition costs
- The final dividend declared in FY2016 and the level of imputation is expected to equal the dividend declared for H1 2016

APPENDIX

Reconciliation of EBITDAF to NPAT

- EBITDAF is a non-GAAP item but is used as a key metric by Management to monitor performance at a business segment and Group level
- Genesis Energy believes that reporting EBITDAF assists stakeholders and investors in understanding the Company's operational performance
- In H1 2016 EBITDAF of $175.5m was up 2% on H1 2015
- H1 2016 Net Profit After Tax of $35.9m was 47% lower than in H1 2015

$m	H1 2016	H1 2015	% change
EBITDAF	**175.5**	**172.8**	2%
Depreciation, depletion and amortisation	73.1	75.7	-3%
Impairment of non-current assets	0.0	3.3	-100%
Change in fair value of financial instruments	21.0	-34.6	-161%
Other gains (losses)	-0.1	-0.9	-89%
Profit before net finance expense and income tax	**81.5**	**129.3**	-37%
Finance revenue	1.4	0.4	250%
Finance expense	-32.8	-34.3	-4%
Profit before income tax	**50.1**	**95.4**	-47%
Income tax expense	-14.2	-27.2	-48%
Net profit after tax	**35.9**	**68.2**	-47%

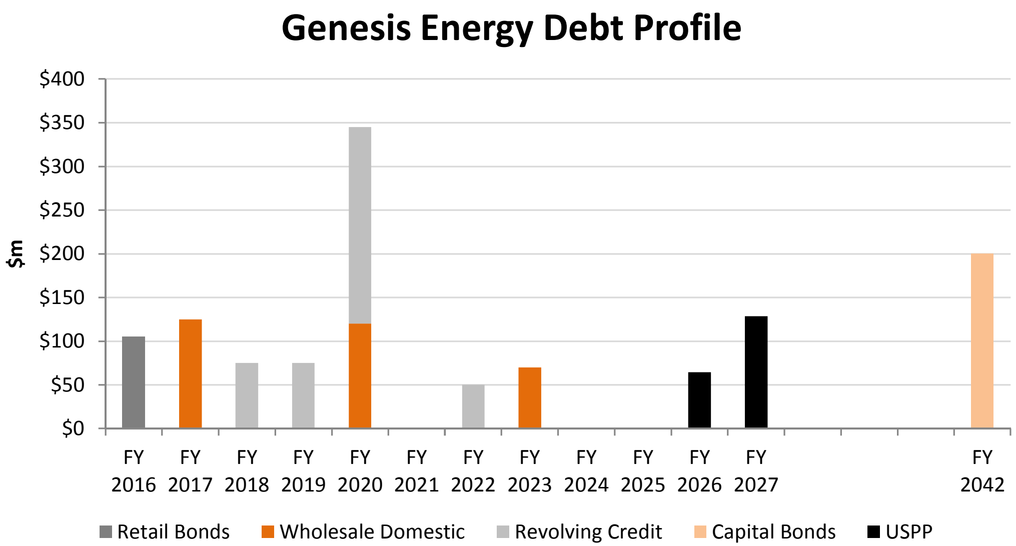
Reconciliation of EBITDAF to NPAT

- Free Cash Flow (FCF) is a key metric showing the ability to pay cash dividends
- Calculated using EBITDAF, finance expense, tax paid, and stay in business capital expenditure
- In H1 2016 FCF of $114.2m was up 25% on H1 2015 mainly due to decrease in stay in business capital expenditure and lower tax expense

$m	H1 2016	H1 2015	% change
EBITDAF	**175.5**	**172.8**	2%
Less net finance expense	31.4	33.9	-7%
Less income tax expense	14.2	27.2	-48%
Less stay in business capex	15.7	20.2	-22%
Free cash flow	**114.2**	**91.5**	25%

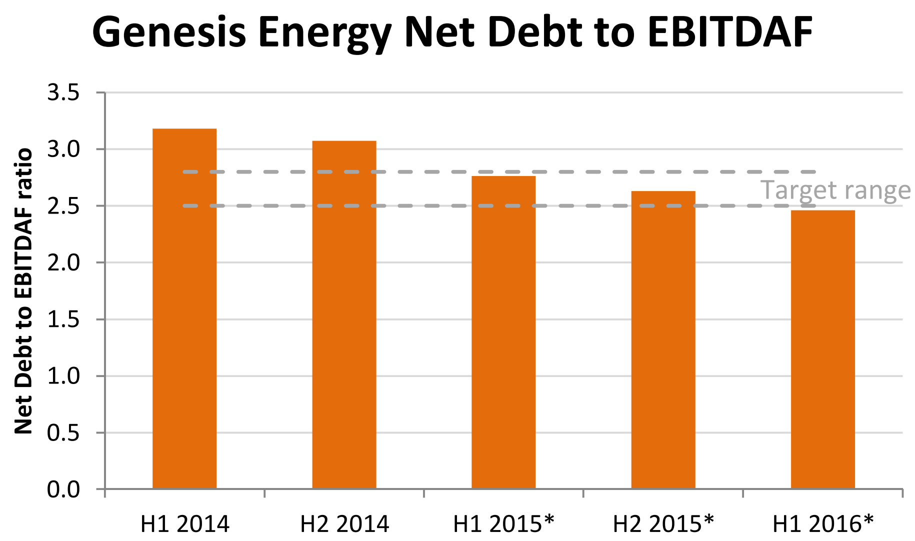
Debt Profile

- Recent restructuring of revolving credit facilities has led to reduced finance expenses
- Capital Bonds were modified in July 2013:
  - Amount reduced from $275 million to $200 million
  - Coupon reduced from 8.50% to 6.19%
- US$150 million (NZ$193 million) raised in first USPP in October 2014 at an average coupon of 3.67%
- Average maturity tenor is 8.0 years
- $350m of revolving cash facilities were undrawn at 31 December 2015



Net Debt to EBITDAF ratio

- Net Debt to EBITDAF ratio is the key metric focused on by credit ratings agencies, including Standard and Poors (S&P)
- In order to maintain a BBB+ rating the target range for the EBITDAF ratio is 2.5 to 2.8
- Note that S&P calculation of Net Debt/EBITDAF includes a number of adjustments to reported numbers e.g. USPP foreign currency translation



* Net Debt adjusted for USPP FX and FV adjustments

Kupe Reserves

- On 9 December 2015 Genesis Energy announced an increase in Kupe's developed reserves
- Proved plus Probable developed reserves of the field have increased by approximately 33% from 27.7m barrels of oil equivalent (BoE) to 36.9m BoE.
- Genesis Energy's share (31%) of Proved plus Probable developed reserves has increased from 8.6m BoE to 11.4 m BoE.

Genesis Energy Share	Developed Reserves (Proved plus Probable) as at 30 Jun 2015	Q3 2015 Production	Developed Reserves (Proved plus Probable) as at 30 Sep 2015	Reassessed Developed Reserves (Proved plus Probable) as at 30 Sep 2015	change	% change
Natural Gas (PJ)	38.1	2.1	36	47.7	+11.7	+32.6%
LPG (thousands of tonnes)	165	8.5	156.5	199.4	+42.9	+27.4%
Condensate/Light Oil (millions of barrels)	1.6	0.2	1.4	2	+0.6	+42.1%
Energy Equivalent (millions BoE)	**9.1**	**0.5**	**8.6**	**11.4**	**+2.9**	**+33.4%**

Thank you