MARKET RELEASE

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NZX: GNE / ASX: GNE

Genesis delivers earnings of $167 million and a 8.525 cps interim dividend

	Half Year-ended December 2019	Change year on year
EBITDAF[1]	$167 million	Down $30 million on HY19 of $197.5 million
Net Profit	$9 million	Down $40 million on HY19 of $49 million
Underlying Earnings[2]	$16 million	Down $26 million on HY19 of $42 million
Earnings Per Share	0.90 cents	Down 4.01 cps from 4.91 cps
Underlying Earnings Per Share	1.53 cents	Down 2.61 cps from 4.14 cps
Final Dividend Per Share	8.525 cents	Up 0.9% from HY19 of 8.45 cents
Free Cash Flow[3]	$94 million	Down 17% on HY19 of $113 million

A strong retail performance offset by challenging wholesale market conditions due to lower hydro generation and gas shortages

Genesis Energy (GNE) today announced that it delivered EBITDAF for the first half of $167 million, down $30 million on the pcp. Net Profit decreased $40 million to $9 million, with underlying earnings decreasing $26 million to $16 million. An interim dividend of 8.525 cps has been declared.

"The strong retail segment performance, which saw the growth of new products and digital services, was offset by higher fuel costs and lower hydro generation in the wholesale segment," said Marc England, CEO.

The retail segment continued to enhance the value of its portfolio. Dual-fuel customers increased by 5% and total electricity sales volume rose by 2.8% in the second quarter. Total LPG sales volume rose by 21.1% for the year to date.

"Pleasingly, the cost of serving our customers has continued to drop, down 3.5% in quarter two, reinforcing our digital strategy's purpose to 'put control in our customers hands'. Digital interactions now account for over 65% of all customer engagements. *EnergyIQ*, our digital engagement tool, now has 175,000 unique users, and the *For Dairy* product grew agribusiness connections by 36%. Continued focus on customer service excellence saw net customer churn drop for the third consecutive year, and is now at just 15.8%."

Conversely, Genesis' wholesale segment performance was dampened by higher fuel costs, constrained national gas supply, and lower hydro generation, 15% below the prior year. Kupe also had a planned statutory 30-day outage, which impacted its contracted gas supplies. The consequence of this was increased thermal generation at elevated fuel costs, lowering the overall wholesale result.

Future-gen strategy progressing

"The Genesis Future-gen programme continues to identify multiple renewable opportunities to transition away from baseload thermal generation and deliver on our commitment to no longer use coal during a normal hydrological year by 2025. This will ensure the continued delivery of reliable and affordable electricity, key to enabling the decarbonisation and electrification of other industry sectors."

Construction has now begun on the new 450 GWh per annum Waipipi Windfarm in Taranaki, through the Tilt Renewables partnership. It will be operational in 2021 and Genesis will buy its entire output of zero-emissions, renewable electricity.

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[1] Earnings before net finance expenses, income tax, depreciation, depletion, amortisation, impairment, Fair Value changes and other gains and losses. Refer to consolidated comprehensive income statement in the 2020 interim report for a reconciliation from EBITDAF to Net Profit after tax.

[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.

Genesis is also in advanced discussions on terms for a 300 MW solar farm in the upper North Island to generate a further 550 GWh per annum of electricity. Combined with Waipipi, these two projects should collectively enable a reduction of 550,000 tonnes of carbon emissions per annum.

Interim dividend and dividend reinvestment plan

The Board has declared an interim dividend of 8.525 cents per share, an increase of 0.9% which has a record date of 18 March 2020 and will be paid on 1 April 2020.

Genesis will continue its dividend reinvestment plan. Shareholders will have until 19 March 2020 to opt into the dividend reinvestment plan.

FY2020 guidance

Genesis expects an improved performance in the second half of FY20 with full Kupe Production and improved trading opportunities resulting from planned outages elsewhere in the sector. Subject to normal hydro inflows and expected market conditions, EBITDAF guidance for the full year ended 30 June 2020 has been revised to a range of $360 million to $370 million. Capital expenditure guidance for FY20 remains unchanged at up to $100 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. Genesis sells electricity, reticulated natural gas and LPG through its retail brands of Genesis Energy and Energy Online and is New Zealand's largest energy retailer with approximately 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 also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis had revenue of $NZ2.7 billion during the 12 months ended 30 June 2019. More information can be found at www.genesisenergy.co.nz