

Media Statement

22 July 2014

Genesis Energy (GNE) grows Time of Use sales and benefits from increased Kupe production in Q4 2014

Increased Time of Use (TOU) electricity and gas sales, plus increased oil and gas production from Kupe supported Genesis Energy's operational performance in the three months ended 30 June 2014 (Q4). This partially offset the impact of lower electricity generation volumes than in Q4 2013, due to significant hydro inflows from mid-April and corresponding lower wholesale electricity prices. The warmest June on record also reduced household demand for electricity.

Chief Executive Albert Brantley said a 55% increase in TOU electricity volumes versus Q4 2013 reflected a conscious effort by the Company to cross-sell electricity and gas to TOU customers. These customers accounted for 15% of the total electricity sales Genesis Energy made in Q4, compared to 9% a year earlier. This partially offset a 9% decrease in mass market volumes, which led to a 3% decline in total retail electricity sales volumes. Warmer temperatures in June 2014 alone contributed to a 12% reduction in electricity demand from mass market customers versus June 2013.

A 118% increase in TOU gas volumes was driven by the acquisition of the "All of Government" contract to supply 1.7 PJ of reticulated gas to government agencies per annum. Total retail gas sales increased 35% in Q4 compared to Q4 2013, with TOU gas customers accounting for approximately 45% of retail gas sales, versus 28% in Q4 2013.

At 30 June 2014 Genesis Energy had 523,278 electricity and 111,966 gas customers, which was 4% and 3% lower than at the end of June 2013, respectively. These decreases reflect increased competition for electricity customers and the growth of a number of niche retailers. Average electricity switching rates in Q4 were 23.2% for Genesis Energy versus 20.2% for the wider industry.

Significant rainfall starting in mid-April in the South Island coupled with unseasonably warm weather led to a sharp reduction in the wholesale electricity price for most of the fourth quarter. The time weighted average price at the Huntly node in Q4 of \$70.90/MWh was 8% lower than Q4 2013. The FY2014 average price of \$69.69/MWh was 5% lower than FY2013.

Electricity prices in turn affected the level and type of generation. Total generation of 1,848 GWh was 12% lower than in Q4 2013, with coal-fired generation down 53% to 372 GWh and gas-fired generation down 7% to 752 GWh versus Q4 2013. Conversely, with abundant water and lower wholesale prices, Genesis Energy's hydro fleet was run harder with a 46% increase in generation to 719 GWh, contributing 39% of total generation versus 23% in Q4 2013.

The lower wholesale electricity prices provided Genesis Energy the opportunity to purchase electricity for its customers at lower prices than it received for generating

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electricity. The Load Weighted Average Price (LWAP) of \$72.66/MWh was 11% lower than last year and the Generation Weighted Average Price (GWAP) of \$73.26/MWh declined 8%. This supported the LWAP/GWAP ratio falling to 99% for the fourth quarter, compared with 103% in Q4 2013.

Production of oil from the Kupe oil and gas field was up 5% in Q4 to 146kbbbl compared to Q4 last year to take advantage of higher international oil prices. This in turn drove a 23% increase in gas sales to 2PJ versus Q4 2013 and an 18% increase in LPG sales volumes to 9,300 tonnes.

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About Genesis Energy

Genesis Energy (NZX: 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 650,000 customer accounts. 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 31% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis Energy had revenue of \$NZ2bn during the 12 months ended 30 June 2013. More information can be found at www.genesisenergy.co.nz