

Media Statement

29 October 2014

Genesis Energy's customer focus delivers improved retention in Q1 2015

The implementation of a suite of retail initiatives led Genesis Energy (GNE) to keep and acquire more electricity customers in the three months to the end of September, with customer gains in the final month exceeding customer losses.

Genesis Energy's retention focus resulted in switching rates for the quarter falling from 23.2%, as reported in the previous quarter ending 30 June 2014, to 19% in Q1. This decrease sees Genesis Energy move back into line with the industry average churn rate.

"Genesis Energy is encouraged by this significant improvement in customer retention and this will remain a focus for the Company as we continue to deliver great customer service" said Chief Executive Albert Brantley.

At 30 September 2014 Genesis Energy had 519,713 electricity customers which, despite being a 1% reduction since 30 June 2014, included a marked improvement in August and September versus the prior seven months.

Total retail electricity sales volumes of 1,578 GWh in Q1 were equal to those in Q1 2014. This reflected a 6% decrease in mass market volumes offset by a 53% increase in Time of Use ("TOU") volumes versus Q1 2014. TOU customers accounted for 15% of the total electricity sales in Q1, compared to 10% a year earlier. Above average temperatures in the last three months as well as lower customer numbers, and reduced usage per customer, contributed to the lower mass market sales volumes.

Total gas customers at the end of Q1 stood at 109,521, which was 2% lower than at 30 June and 6% lower than Q1 2014. Total retail gas sales of 2.4PJ were 26% higher in Q1 than a year ago due to a 121% increase in TOU gas volumes and a 3% increase in mass market volumes. This continues to reflect gains made by cross-selling electricity and gas to TOU customers, and increased gas usage per mass market customer offsetting lower customer numbers.

Above average national hydro storage levels, plus warmer than average temperatures and reduced consumer demand, kept wholesale electricity prices at historically subdued levels. A drier sequence through September lowered average hydro storage levels, and the quarter finished at 85% of the long run average hydro storage. The time weighted average price at the Huntly node in Q1 of \$63.82/MWh was 4% higher than the comparable period of Q1 2014, but 10% lower than Q4 2014.

With a higher amount of water available and lower wholesale prices, Genesis Energy increased generation from its three hydro power schemes by 11% in Q1 versus Q1 2014. However, this was offset by a 16% decline in thermal generation to 989 GWh.

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As a result total generation in the quarter of 1,755 GWh was 6% lower than the same period in the previous year.

During the quarter Genesis Energy announced a new four year “swaption” electricity hedge contract to provide 150MW of dry year cover to Meridian Energy starting from 1 January 2015.

Oil, gas and LPG production from the Kupe oil and gas field were all down in Q1 versus a year ago due to lower gas requirements. Oil sales of 71kbbl were 54% lower than Q1 2014 due to the delay of planned shipments from Port of Taranaki and lower export oil prices.

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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 2014. More information can be found at www.genesisenergy.co.nz