



Rt Hon Dame Jenny Shipley DNZM



Albert Brantley, CEO

*“The next few years will be a period of considerable change in the New Zealand energy sector.”*

*“Advanced meters are the platform for change and our window into our customers energy use.”*

## GOVERNANCE

### BOARD OF DIRECTORS

Appointed:

Rt Hon Dame Jenny Shipley DNZM – Chairman	1/11/09
Joanna Perry MNZM – Deputy Chairman	1/5/07
Graeme Milne	1/5/09
Dr Nicola Crauford	1/1/05
Denis Wood	1/5/09
Barbara Elliston	1/5/08
John Dell	1/5/10
Rukumoana Schaafhausen	1/5/10
Robert Fisher	1/11/10

### EXECUTIVE:

Chief Operating Officer:	Albert Brantley
Chief Operating Officer:	Michael Fuge
Chief Financial Officer:	Andrew Donaldson (Starts 16 January 2012)
General Manager Energy Management:	Bob Weir
General Manager Customer Experience:	Jamie Reid (Acting)
General Counsel & Company Secretary:	Maureen Shaddick
General Manager Corporate Affairs:	Malcolm Alexander
General Manager Strategy & Business Development:	Nick Thomas
General Manager People & Transformation:	Sheridan Broadbent

## HISTORY

Genesis Energy began business in 1999 when ECNZ (Electricity Corporation of New Zealand) was split into three state-owned enterprises.

At the same time, electricity lines companies in New Zealand were required to sell their generation and retail businesses. In 1999, Genesis Energy acquired the retail activities of Wairarapa Electricity, Central Power in the Manawatu, and Powerco in Taranaki and Wanganui.

Genesis Energy went on to acquire Natural Gas Corporation's North Island electricity customers (in 2001), energy retailer Energy Online (in 2002), and FreshStart's retail business (in 2003).

Between 2001 and 2003, as part of a strategy to develop new high efficiency thermal generation, the Company increased its stake in the Kupe oil and gas field from 25.75% to 81% to control and drive the development of the field. In 2004, we selected Origin Energy to be the field developer and operator. At the same time, origin purchased a 50% interest from us. Other partners were introduced in following years. Commercial production of oil, gas and LPG from Kupe started in 2010.

Genesis Energy has grown into one of the largest and diversified providers of integrated energy services to consumers in New Zealand.

### COMMUNITY RELATIONS

Genesis Energy partners with, and supports, communities in which it operates. The Company has established a range of broad based community initiatives, which include the Genesis Oncology Trust, Schoolgen and Curtain Bank. Genesis Energy also has strong relationships with iwi in areas where our assets are located, and we are committed to maintaining those relationships over the long term.

### CONTACT US FOR MORE INFORMATION:

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TRADING AS:

## ABOUT GENESIS ENERGY

With more than 650,000 customers around New Zealand, Genesis Energy is presently New Zealand's largest energy retailer. We supply electricity, gas and liquefied petroleum gas (LPG). We are also the country's third largest electricity generator, owning and operating a portfolio of thermal and renewable power stations across New Zealand with a total generation capacity of 2131 megawatts (MW).

We are owned by the Crown on behalf of New Zealand under the State Owned Enterprises Act, and we operate as a disciplined commercial business.

Our experienced management team is focused on three key business strategies:

1. Customer Experience – We aim to be

New Zealand's leading customer focused energy retailer, using the Advanced Meter platform to deliver innovative energy products and services that will give our customers new tools for better managing their energy needs;

2. Portfolio Optimisation – We aim to use our assets in a manner that maximises their value in the New Zealand electricity market over time, making best use of our balanced and flexible generation portfolio and our expertise in wholesale market trading and risk management;

3. Innovation – We aim to innovate across our business continuously striving to put in place improved solutions that enable us to better meet our customers' needs.

## KEY FINANCIALS

Genesis Energy has a strong financial position and a BBB+ investment grade rating by Standard & Poor's. Our Capital Bonds are listed on the NZDX.

YEAR	2011	2010	2009	2008	2007
12 MONTHS TO 30 JUNE 2011	\$M	\$M	\$M	\$M	\$M
REVENUE	1,835	1,895	1,957	2,437	1,767
TOTAL OPERATING EXPENSES <sup>(1)</sup>	(1,542)	(1,646)	(1,755)	(2,137)	(1,584)
EBITDAF <sup>(2)</sup>	293	249	202	300	183
OTHER GAINS	21	25	29	46	4
DDA <sup>(3)</sup>	(144)	(93)	(88)	(85)	(60)
ASSET REVALUATIONS	(97)	0	(261)	0	0
EARNINGS BEFORE INTEREST & TAX	31	132	(176)	169	119
FINANCE COSTS (NET)	(49)	(25)	(13)	(27)	(1)
TAX	1	(38)	53	43	29
NET PROFIT AFTER TAX	(16)	69	(136)	99	89
UNDERLYING EARNINGS <sup>(4)</sup>	64	88	82	132	80
SHAREHOLDERS' EQUITY	1,712	1,445	1,393	1,407	1,326
TOTAL ASSETS	3,677	2,532	2,585	2,707	2,225
TOTAL LIABILITIES	1,965	1,087	1,192	1,300	899
OPERATING CASHFLOW	246	243	263	209	97

<sup>(1)</sup> Includes cost of electricity purchases

<sup>(2)</sup> Earnings before interest tax depreciation amortisation and fair value adjustments

<sup>(3)</sup> Depreciation depletion and amortisation

<sup>(4)</sup> Excludes one-off items and changes in the fair value of financial instruments

### DIVIDEND POLICY:

Dividends are determined with reference to: our working capital requirements; our medium-term fixed-asset expenditure programmes; our opportunities to invest in new businesses and the risk profile of the business. Subject to these conditions Genesis Energy currently assumes annual dividend payments at 80% of free cash flow. As part of the Company's funding arrangements for the acquisition of the Tekapo A and B hydro stations, the Board has determined that no dividend will be paid in the 2011/2012 financial year.

### CORPORATE OFFICE:

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### PUBLICLY LISTED DEBT:

NZDX code: GPLFA  
Maturity: 15 July 2041  
Bonds on issue: \$275,000,000  
Coupon: 8.5%  
Payment frequency: Quarterly  
Payment dates:  
15 Jan, 15 April, 15 July, 15 Oct  
Price at 30 Nov 2011: \$1.0375  
Credit rating: BB- (Standard & Poor's)

### UNLISTED TRADED NOTES:

NZ OTC Code: GPL010  
Notes on issue: \$120,000,000  
Maturity: 15 Mar 2014  
Coupon: 7.25%  
Payment frequency: Six monthly  
Payment dates: 15 Mar, 15 Sep  
Yield at 30 Nov 2011: 4.10%  
Price at 30 Nov 2011: \$1.0833  
Credit rating: BBB+ (Standard & Poor's)

### NZ OTC Code: GPL020

Notes on issue: \$105,000,000  
Maturity: 15 Mar 2016  
Coupon: 7.65%  
Payment frequency: Six monthly  
Payment dates: 15 Mar, 15 Sep  
Yield at 30 Nov 2011: 5.25%  
Price at 30 Nov 2011: \$1.11047  
Credit rating: BBB+ (Standard & Poor's)

### DEBT RATING:

Genesis Energy has an issuer credit rating of BBB+ Stable (Standard & Poor's)

### REGISTRY INFORMATION:

Link Market Services Limited  
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Web: www.linkmarketservices.com  
e: lmsenquiries@linkmarketservices.com

**1.2** BILLION SINCE 1996 WE HAVE PROVIDED OVER \$1.2B IN DIVIDENDS FOR THE GOVERNMENT

## GENERATION PORTFOLIO:

### THERMAL:

#### Huntly / Capacity: 1448MW

Huntly Power Station is New Zealand's largest thermal power station. It is located on the banks of the Waikato and is close to Auckland and Hamilton, two of the largest centres of electricity demand. Huntly can provide up to 20 per cent of the country's electricity and plays a critical role in supplying New Zealand with power. It has four 250MW coal or gas-fired turbines (Huntly Units 1 - 4), one 400MW gas-fired turbine (Huntly Unit 5) and a 48MW gas turbine (Huntly Unit 6)

### HYDRO:

#### Tongariro Power Scheme Capacity: 360MW

The Tongariro Power Scheme is located on the central volcanic plateau south of Lake Taupo and taps a catchment area of more than 2600 sq km that provides water to the Tokaanu power station on the slopes of Mount Tihia, near the township of Turangi, and the Rangipo Station underground in the Kaimanawa Forest Park. The scheme has four 60MW turbines at Tokaanu and two 60MW units at Rangipo.

#### Tekapo A & B / Capacity: 185MW

The Tekapo A & B stations in the Mackenzie Country in the centre of the South Island were acquired in June 2011. A 1.6km tunnel delivers water from Lake Tekapo to the 'A' power station. Water is then passed, via a 26km canal, to the 'B' station on the eastern shore of Lake Pukaki. Tekapo A has a single 25MW turbine, while Tekapo B has two 80MW turbines.

#### Waikaremoana Power Scheme Capacity: 138MW

The Waikaremoana Power Scheme is located between the Te Urewera National Park and Wairoa, along the Waikaretaheke River in the East of the North Island. Water is taken from Lake Waikaremoana via tunnels and lakes to Kaitawa, Tuai and Piripaua power stations and then is discharged into the Waikaretaheke River. The scheme has two 18 MW turbines at Kaitawa station, three 20MW units at Tuai and two 21MW units at Piripaua.

### WIND:

#### Hau Nui / Capacity 8.65MW

Hau Nui wind farm is in the South Wairarapa and has 15 wind turbines. The wind farm provides enough power for around 4,200 homes in the Martinborough area, and depending on demand and output, as far as Greytown. Hau Nui has the capacity to generate 8.65MW and there is potential for further development in the future.

## CUSTOMER EXPERIENCE<sup>(1)</sup>

With more than 650,000 customers, we are presently the largest energy retailer in New Zealand. Mostly we supply under our brand Genesis Energy. However, we also sell electricity and gas under the Energy Online brand.

Being the best at meeting our customers' needs is our core mission. To this end, our intention is to roll out a range of new products and services that will give our customers new tools for better managing their energy needs. Our Advanced Metering programme will be a key platform for many of these innovations.

### RETAIL SEGMENT

YEAR	2011	2010	2009
	\$000's	\$000's	\$000's
REVENUE	1,186,656	1,256,191	1,330,324
EBITDAF	54,641	36,667	51,230
CUSTOMER NUMBERS	651,500	643,700	676,900
RETAIL ELECTRICITY SALES (GWh)	5705	6378	6970
RETAIL GAS SALES (GWh)	4.6	4.6	6.0
RETAIL LPG SALES (TONNES)	1,045	210	-

<sup>(1)</sup> The Customer Experience segment encompasses any activity that is associated with the Group's supply of energy to end user customers as well as related services. It excludes its share of corporate overheads.

## ENERGY MANAGEMENT: OIL & GAS

Genesis Energy holds a 31% stake in the Kupe Oil & Gas Field off the Taranaki Coast, in joint venture with Austalia's Origin Energy (50%), New Zealand Oil & Gas Limited (15%) and Mitsui E&P Australia (4%). Commercial production from the field began in March 2010 and at peak flow is expected to meet approximately 15% of New Zealand's annual gas demand and approximately 50% of New Zealand's LPG demand for the next 10 to 15 years. Genesis Energy has contracted to take 100% of the gas from Kupe.

Our 31% stake in Kupe strategically diversifies our earnings, and provides positive operational benefits for Genesis Energy in the gas industry. It also supports our growing LPG business.

### OIL & GAS SEGMENT

YEAR	2011	2010
	\$000's	\$000's
TOTAL REVENUE	121,315	32,355
EBITDAF	91,949	25,313
GAS SALES (PJ)	5.5	2.7
OIL SALES (kbbbl)	563	319
LPG SALES (Kilotonnes)	24.5	8.8

## ENERGY MANAGEMENT: GENERATION & WHOLESALE TRADING<sup>(2)</sup>

Genesis Energy operates an integrated portfolio of thermal and renewable power stations with a total capacity of 2131MW. Combined with our wholesale trading and risk management capacities, our portfolio is flexible and comparatively balanced.

Drawing on optimal new generation solutions in wind, hydro and geothermal, we are developing plans to construct 300MW of new renewable electricity generation in the next five years or so, timing our new investments to best fit evolving market conditions.

Genesis Energy has a disciplined approach to investing in new development. Our policy is only to proceed with a new investment when it is economically justified.

### HUNTLY UNITS 1 TO 4:

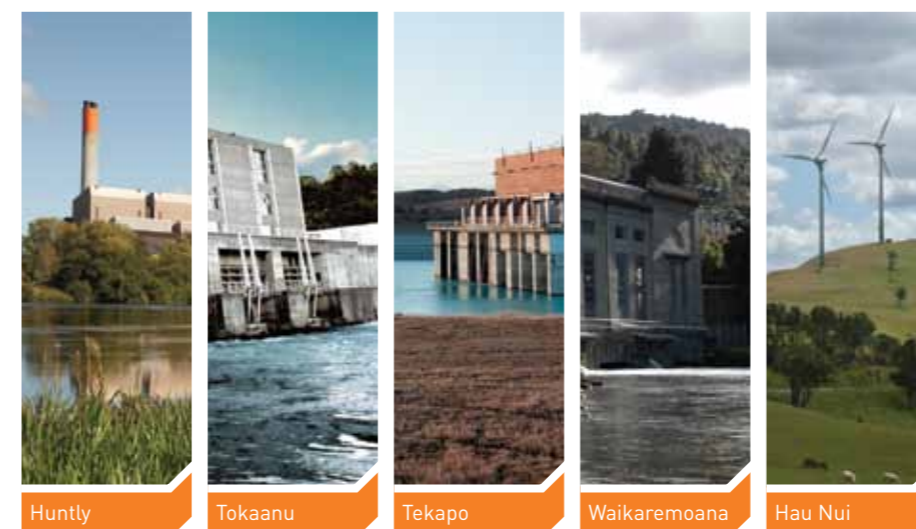
Each of the four 250MW units at Huntly can run on coal and/or gas. Each unit can be operated on an individual basis. They give us useful operational flexibility to support a variety of customer strategies.

We also have good options for the future as we keep the role of Huntly Units 1 to 4 under review. How we use them will be determined by our ability to make a commercial return on those assets. While we will continue to seek commercial hedge arrangements over the next few years, our current plan is to put one unit into long-term storage from January 2013, and a second from January 2015.

The Huntly site as a whole continues to be a long term generation site of national significance, which reflects its critical role in supplying firm and controllable electricity, and important ancillary services such as frequency and voltage support, together with its proximity to major North Island load centres, and its direct connection to the Waikato River and significant gas and coal supplies.

### ENERGY MANAGEMENT SEGMENT

YEAR	2011	2010	2009
	\$000's	\$000's	\$000's
TOTAL REVENUE	1,088,544	1,150,960	1,213,004
EBITDAF	176,952	229,103	-
TOTAL THERMAL (GWh)	4387	5761	6276
TOTAL RENEWABLE (GWh)	2138	1815	1770
TOTAL GENERATION (GWh)	6526	7576	8046
AVERAGE PRICE (\$/MWh)	59.67	61.88	67.82



Huntly

Tokaanu

Tekapo

Waikaremoana

Hau Nui

## STRUCTURE:

Genesis Energy is organised into two main revenue earning business units – Customer Experience and Energy Management. The Company also has a Strategy & Business Development unit and various supporting corporate services such as Legal, Finance, Corporate Affairs and People & Transformation.

<sup>(2)</sup> The Energy Management segment includes the financial contribution from the trading of electricity and related products. It includes sales to the wholesale electricity market, derivatives and wholesale gas or coal sales.

**4387** THERMAL GENERATION REACHED 4387 GWH IN 2011

**2111** HYDRO GENERATION REACHED 2111 GWH IN 2011

**27** WIND GENERATION REACHED 27 GWH IN 2011