



## MARKET RELEASE

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NZX: GNE / ASX: GNE

### Genesis Energy delivers solid earnings and emissions reduction

	Year Ended June 2023	Year Ended June 2022	Change
EBITDAF <sup>1</sup>	\$523.5m	\$440.3m	19%
Net Profit after Tax	\$195.7m	\$221.9m	(12%)
Earnings Per Share	18.52 cps	21.24 cps	(2.72) cps
Total Dividend Per Share	17.6 cps	17.6 cps	0 cps
Free Cash Flow <sup>2</sup>	\$335.2m	\$263.9m	27%

**Genesis Energy delivered a strong financial performance in FY23 with EBITDAF of \$523.5 million built on growth across all customer brands and improved margins while reducing emissions.**

Favourable hydro conditions throughout the year led to 65% of Genesis' generation coming from renewable sources, the highest proportion since the company was formed in 1999. Conversely, thermal generation fell to record lows, resulting in significantly reduced fuel costs and a 45% reduction in emissions compared to FY22.

Lower thermal generation was also the key driver in a 16% drop in revenue to \$2,374.2<sup>3</sup> million on the corresponding period. Net Profit after Tax (NPAT) was down 12% to \$195.7 million.

The impact of inflation was felt in increased costs for insurance, software, staff and Kupe. Staff numbers rose, particularly in customer facing roles, and contributed to an 11% increase in operating expenditure to \$330.2 million.

The company declared a final dividend of 8.8 cps. This takes the annual declared dividend to 17.6 cps.

#### Well positioned for future investment

Chief Executive Malcolm Johns said the result enables Genesis to invest in new renewable generation and play a key role in New Zealand's transition to a new energy future. Genesis announced a solar farm in Canterbury of approximately 52MW and rights to three other sites in the North Island that could deliver approximately 400 MW combined. Final investment decision is expected on the Canterbury development later this year.

"Looking through the three lenses of people, planet and profit this is a pleasing result. We continue to deliver value for shareholders, build the capability of our people to deliver for our customers and

<sup>1</sup> Earnings before net finance expenses, income tax, depreciation, depletion, amortisation, impairment, unrealised fair value changes and other gains and losses. Refer to note A1 in the consolidated financial statements in the 2023 Integrated Report for a reconciliation from EBITDAF to net profit before tax.

<sup>2</sup> Free Cash Flow represents EBITDAF less cash tax paid, net interest costs and stay in business capital expenditure. Net interest costs is interest and other finance charges paid; less interest received.

<sup>3</sup> Excludes \$13.3m (FY22: \$(8.0m) of realised gains/losses on all electricity derivatives.



support the communities in the areas in which we operate while investing in grid-scale solar and examining other renewable options for the future,” Johns said.

“It is particularly pleasing to see customer numbers grow across all brands and that our focus on lifting service levels is recognised both through customer sentiment and service industry awards.

The energy sector is at the heart of New Zealand’s successful transition to a low carbon future, and Genesis has an important role to play with the assets we own. We are on track to lead the country in solar generation and are looking at different options for Huntly Power Station over the coming decades.”

### **Strategy review**

The company has commenced work on an updated long-term strategy which will be shared at its investor day around the end of November 2023.

“We know the most impactful thing New Zealand can do to reach net zero 2050 is to electrify more of our society and economy,” Johns said. “We’re working on playing a greater role in this transition with particular focus on customers, growth and value for shareholders.”

### **Leadership team strengthened**

Three recent appointments have added depth and breadth to the company’s executive team that will deliver the updated strategy.

Claire Walker joined Genesis as Chief People Officer (CPO) in April 2023. She has held senior executive roles in major listed companies. Claire brings deep experience in building high performance cultures with a focus on diversity, equity and inclusion.

Stephen England-Hall has joined as Chief Customer Officer (CCO). He brings extensive international and domestic experience in customer strategy and loyalty, building strong consumer brands, marketing, data, digital technology, channels to market and industry disruption. Stephen is a go to market strategy specialist.

Edward Hyde will join as Chief Transformation & Technology Officer (CTTO) in early September. A senior executive with broad commercial experience, he has a track record of introducing new technologies and working practices to enable businesses to drive productivity deep into operating models through innovation and disruption, complemented by strong experience in people and commercial leadership.

Johns said the new appointments bring key strengths and experience for the next phase of Genesis’ focus on productivity, growth and commercial outcomes.

### **Guidance**

FY24 EBITDAF is expected to be around \$430 million subject to hydrological conditions, gas availability, and any material adverse events or unforeseeable circumstances.



As previously announced, Huntly Unit 5 is scheduled to return to service in May 2024. Genesis is actively pursuing options to return the unit to service earlier and has material damage and business interruption insurance cover in place.

The financial impact of this event, based on current market conditions, plant and fuel availability, and mitigating factors is estimated to be in the range of \$20 million to \$30 million, net of insurance proceeds. This is included in EBITDAF guidance.

Operating expenditure is expected to be around \$375 million, including additional technology spend of around \$25 million and increased spend on strategic growth initiatives.

Capital expenditure in FY24 is expected to be around \$165 million. FY24 expenditure includes:

- Investment of \$65 million in the Kupe KS9 well within the existing gas field
- Other key capital expenditure projects include completion of Tuai generator upgrades and commencing the Rangipo turbine and generator overhauls. Stay in business capital expenditure is expected to return to around \$60 million p.a. from FY25 to FY27

**ENDS**

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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 and Frank Energy and is one of New Zealand's largest energy retailers with approximately 480,000 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 \$NZ2.4 billion during the 12 months ended 30 June 2023. More information can be found at [www.genesisenergy.co.nz](http://www.genesisenergy.co.nz)