



MARKET RELEASE

Date: 30 November 2023

NZX: GNE / ASX: GNE

Genesis Energy to use Kupe profits to deliver 95% renewable generation by 2035 under strategy reset

Genesis Energy will use profits from the Kupe gas field to support a \$1.1 billion programme to build new renewable generation and grid scale battery storage between now and 2030.

As part of a strategy reset, Gen35, investment will be made into solar, grid scale battery storage and wind that will help grow Genesis' renewable portfolio to around 8,300 GWh. This is a 160% increase on Genesis' current 3,200 GWh of renewable generation. Genesis' proportion of renewable generation is targeted to rise to 95% by 2035, the same level as New Zealand's overall generation.

Details on the development pipeline, the new lower-cost Retail operating model and a 10-year financial plan will be outlined today to capital market participants by Chief Executive Officer, Malcolm Johns and the executive team.

"Electrifying the economy is the pathway to achieving net-zero 2050. New Zealand needs to move from 40% of energy drawn from electricity today to more than 70% by 2050. That means electrifying our homes and businesses much faster than we are currently."

"Genesis has a key role to play in achieving all of this and we have a long-term vision and strategy for growth and value creation for shareholders," Johns said.

"On the demand side, we will be focused on partnering with our customers to accelerate electrifying how they live, work and move. On the supply side, this includes optimising existing generation assets to take them deeper into the transition, developing more renewables and investing in grid scale firming and flexible generation."

Huntly Power Station by virtue of its location, firming capability and connection to critical national infrastructure will continue to be a centre piece of the company's supply side plans together with hydro assets and more solar and wind.

Progress is being made toward biomass replacing coal and this may open up some interesting regional economic development opportunities and jobs. Staged development of up to 400MW (800 MWh) of battery capacity is underway. Unit 5 may be adapted in future to generate on hydrogen, and operate as a fast-start peaker to advance Genesis' grid scale firming and peaking capabilities.

"Huntly Power Station is a generation site of national value that will ensure electricity flows uninterrupted as demand increases and the sector builds new renewables," Johns said. "The size and scale of the transition is known; the demand growth is less clear but there is no market segment or political constituency for cold showers by candlelight."

"Huntly is a portfolio of assets, fuels and unique human skills, available to secure the grid today and fill the portfolio option in the NZ Battery project. It is a logical and cost-effective option to support the country through the energy transition and beyond. It already delivers hundreds of jobs to regional New Zealand and can use fuels procured from within New Zealand."

Genesis will move from focusing on pure offtake agreements to a portfolio of development options including PPA's, JV's with PPA's and building generation and storage assets on its own balance sheet.



Securing four solar sites to generate around 450MW and investing in grid scale batteries are the first stages. Beyond that, the Kupe field provides the option of developing offshore wind.

“The Genesis of the future is now a very different investment than the Genesis of today,” Johns said.

Financial Outlook

Genesis is forecasting Gen35 to drive growth in earnings. In the Gen35 base case plan, EBITDAF is expected to be around \$500m in FY25 and in the mid-high \$500 millions between FY26 and FY28. Operating Expenditure is forecast to be lower than current levels by FY28. Stay-in-Business capital expenditure is expected to be around \$70 million per annum for FY25 to FY27.

The Board has updated the dividend policy, to direct free cash flow from Kupe to renewables development. As a consequence, total FY24 dividends have been guided at 14.0 cents per share. The Company will aim to maintain dividends in real terms and grow where appropriate.

FY24 EBITDAF guidance remains unchanged at \$430 million, subject to hydrological conditions, gas availability and any material adverse events or unforeseeable circumstances.

The financial impact of the Huntly Unit 5 outage, based on current market conditions, plant and fuel availability, and mitigating factors is estimated to be \$25 million, net of insurance proceeds. This is included in EBITDAF guidance, and is consistent with previous guidance.

FY24 operating expenditure is expected to be around \$380 million. Capital expenditure in FY24 is expected to be around \$165 million.

Investor Day 2023

The presentation from Genesis Energy’s 2023 Investor Day is attached.

ENDS



Caption: Illustration of how batteries can be installed at Huntly Power Station

For investor relations enquiries, please contact:
Tim McSweeney
GM Investor Relations & Market Risk
M: 027 200 5548

For media enquiries, please contact:
Chris Mirams
GM Communications and Media
M: 027 246 1221

About Genesis

Genesis (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 and is one of New Zealand’s largest energy retailers with more than 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