MARKET RELEASE

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NZX: GNE / ASX: GNE

Genesis delivers higher EBITDAF of $440m with 44% lower emissions

	Year-ended June 2022	Year-ended June 2021[1]	Variance
EBITDAF [2]	$440.3m	$354.6m	$85.7m
Net Profit	$221.9m	$31.7m	$190.2m
Earnings Per Share	21.24 cps	3.04 cps	18.20 cps
Full Year Dividend Per Share	17.6 cps	17.4 cps	0.20 cps
Free Cash Flow [3]	$263.9m	$189.5m	$74.4m
Carbon Emissions [5]	2.2m t	3.9m t	1.7m t
Customer Net Promoter Score	51 pts	47 pts	4 pts

Genesis Energy (GNE) had a strong year in FY22, demonstrating growing profitability, its highest ever customer satisfaction score and declining carbon emissions.

The company delivered EBITDAF of $440 million for the year ended 30 June, up 24% from $355 million in FY21, or 6% up on an adjusted basis [4]. The revaluation of derivative contracts supported an increase in Net Profit to $222 million.

Genesis declared a final dividend of 8.9 cps, making total FY22 dividends of 17.6 cps. This represents continued value for shareholders while retaining capability for future investment.

Chief Executive, Marc England, said Genesis demonstrated its role in delivering energy security for New Zealand as COVID-induced supply chain issues and the conflict in Ukraine created energy crises elsewhere.

"Our fixed price gas supply contracts and coal purchased well in advance of global supply issues have cushioned New Zealand's electricity system from price shocks seen elsewhere in the world. More recent rainfall has also added to a healthy level of hydro energy for the rest of 2022," says England.

The company remains on track to meet its Science Based Target of sustainably reducing 1.2m tonnes of annual carbon by FY25 compared to FY20, however, annual emissions will fluctuate depending on weather conditions and demand-driven use of thermal generation. FY21 saw relatively high emissions, however, FY22 emissions declined by 1.7m tonnes to 2.2m [5].

England said that as New Zealand transitions to an even higher level of renewable electricity, thermal back-up will remain essential to maintain security of supply through the transition, even though it will be used less often.

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[1] Due to the implementation of IFRIC agenda decision on configuration and customisation costs incurred in implementing Software-as-a-Service, FY21 comparable financials have been restated. As a result, prior comparable period (pcp) metrics may also have changed.

[2] Earnings before net finance expenses, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses. Refer to consolidated comprehensive income statement in the 2022 Annual Report for a reconciliation from EBITDAF to Net Profit after tax.

[3] 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.

[4] FY21 adjusted for impact of arbitration and carbon Fixed Priced Offer.

[5] Scope 1 and 2 GHG emissions.

"Our forecasts show New Zealand's electricity generation will be 96-98% renewable by 2030, but there will still be times when it doesn't rain, the wind doesn't blow, and the sun doesn't shine. Huntly can continue to provide security to the renewable electricity system day to day for the country's energy consumers to decarbonise over the long term. However, the security Huntly provides needs to be supported by appropriate commercial agreements and market settings.

"Market reforms are being implemented overseas to secure back-up generation through the renewable transition. We have the opportunity now to discuss reforms to ensure an orderly transition."

Highest ever customer satisfaction

England said it was testament to the commitment of the company's customer care teams that during a year made difficult by COVID Genesis received its highest ever interaction Net Promoter Score (iNPS) of 51 pts. Customer churn also reduced from 16% in FY21 to 13%.

Te Tira Manaaki o Kenehi was established in 2020 to take care of Genesis' most vulnerable customers. In 2022 over 110,000 were flagged as vulnerable due to age, health, and financial hardship. Using data analytics to help identify customers who may be experiencing early signs of financial hardship, the team offers a range of personalised support and referral to specialist agencies.

"Manaaki Kenehi is an example of how customers can be treated with empathy and flexibility to keep their lights on and homes warm, while also reducing debt," said England.

Future-gen gains momentum

Genesis' joint venture with FRV Australia to build up to 500 MW of solar capacity saw teams begin assessing sites throughout the country. Four high priority sites have been identified and along with FRV we plan to announce the first construction site by the end of 2022.

A refreshed executive team to lead the transition

Genesis completed a refresh of its executive team with the appointment of James Spence as Chief Financial Officer and three internal promotions. Rebecca Larking became Chief Operations Officer, Pauline Martin was appointed Chief Trading Officer, and Peter Kennedy was made Chief Digital Officer.

In June, England announced his resignation after six years with the company. He is moving to Australia to lead New South Wales electricity distributor, Ausgrid. England's last day with Genesis will be 14 October 2022.

Chief Customer Officer Tracey Hickman will be interim CEO, until a new CEO is appointed. The Board is well underway with a formal process to appoint a successor.

FY23 Guidance

FY23 EBITDAF is expected to be around $455 million, subject to hydrological conditions, gas availability, and any material adverse events or unforeseeable circumstances.

The current Swaption contracts will end in December 2022. Depending on the outcome of negotiations and market conditions across the second half, there is potential for more variability in current year results than in previous years.

Guidance also includes an allowance in operating costs relating to the implementation of the new sales, service, and billing platform. This is subject to final vendor selection and implementation timeframes.

FY23 capex guidance is around $80 million. Long-run outlook for stay in business capital expenditure is $50 million to $70 million.

Key capital expenditure projects include Huntly Unit 4 cold survey, Tuai generator refurbishment and Huntly Unit 6 refurbishment, capital to support LPG growth and enhance customer experience, and capex for the digital transformation programme.

No investment decision has been taken on a new Kupe well. Any significant expenditure associated with a new well would be incurred in FY24.

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 more than 470,000 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 $NZ2.8 billion during the 12 months ended 30 June 2022. More information can be found at www.genesisenergy.co.nz