

# Genesis Energy Limited Green Capital Bond Offer

June 2023

Presenters:

**James Spence** Chief Financial Officer

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# Important Information

The offer (**Offer**) of unsecured, subordinated green capital bonds maturing on 10 July 2053 (**Capital Bonds**) by Genesis Energy Limited (**Genesis**, the **Company** or the **Issuer**) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**). The Offer is contained in an indicative terms sheet dated 26 June 2023 (**Terms Sheet**) prepared by Genesis, which accompanies this presentation (**Presentation**).

The Offer is an offer of capital bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Genesis' \$285,000,000 unsecured, subordinated green capital bonds maturing on 9 June 2052 (with a fixed interest rate of 5.66% per annum), which are currently quoted on the NZX Debt Market under the ticker code GNE070 (**GNE070 Bonds**).

The Capital Bonds are of the same class as the GNE070 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Genesis is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/GNE/announcements](http://www.nzx.com/companies/GNE/announcements).

The GNE070 Bonds are the only debt securities of Genesis that are in the same class as the Capital Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the GNE070 Bonds to find out how the market assesses the returns and risk premiums for those bonds.

# Disclaimer

The information in this Presentation is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

None of the Joint Lead Managers, the Supervisor nor any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this Presentation or its contents or otherwise arising in connection with the offer of Capital Bonds, (b) authorised or caused the issue of, or made any statement in, any part of this Presentation, or (c) make any representation, recommendation or warranty, express or implied, regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Presentation and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).

Unless otherwise indicated, the numerical data provided in this Presentation is stated as at or for the six months ended 31 December 2022. All amounts are in New Zealand dollars. Due to rounding, numbers within this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

**The Capital Bonds are complex financial products that are not suitable for many investors. You should carefully consider the**

**features of the Capital Bonds, which differ from the features of a standard senior bond. Those features include the ability of Genesis to defer interest, optional redemption rights for Genesis, a margin step-up and the subordinated nature of the Capital Bonds. You should read the Terms Sheet carefully (including the risks discussed in the section titled “Risks in relation to the Capital Bonds”) and seek qualified, independent financial advice before deciding to invest in the Capital Bonds. If you do not fully understand how the Capital Bonds work or the risks associated with them, you should not invest in them.**

Unless the context otherwise requires capitalised terms in this Presentation have the same meaning as defined in the Terms Sheet.

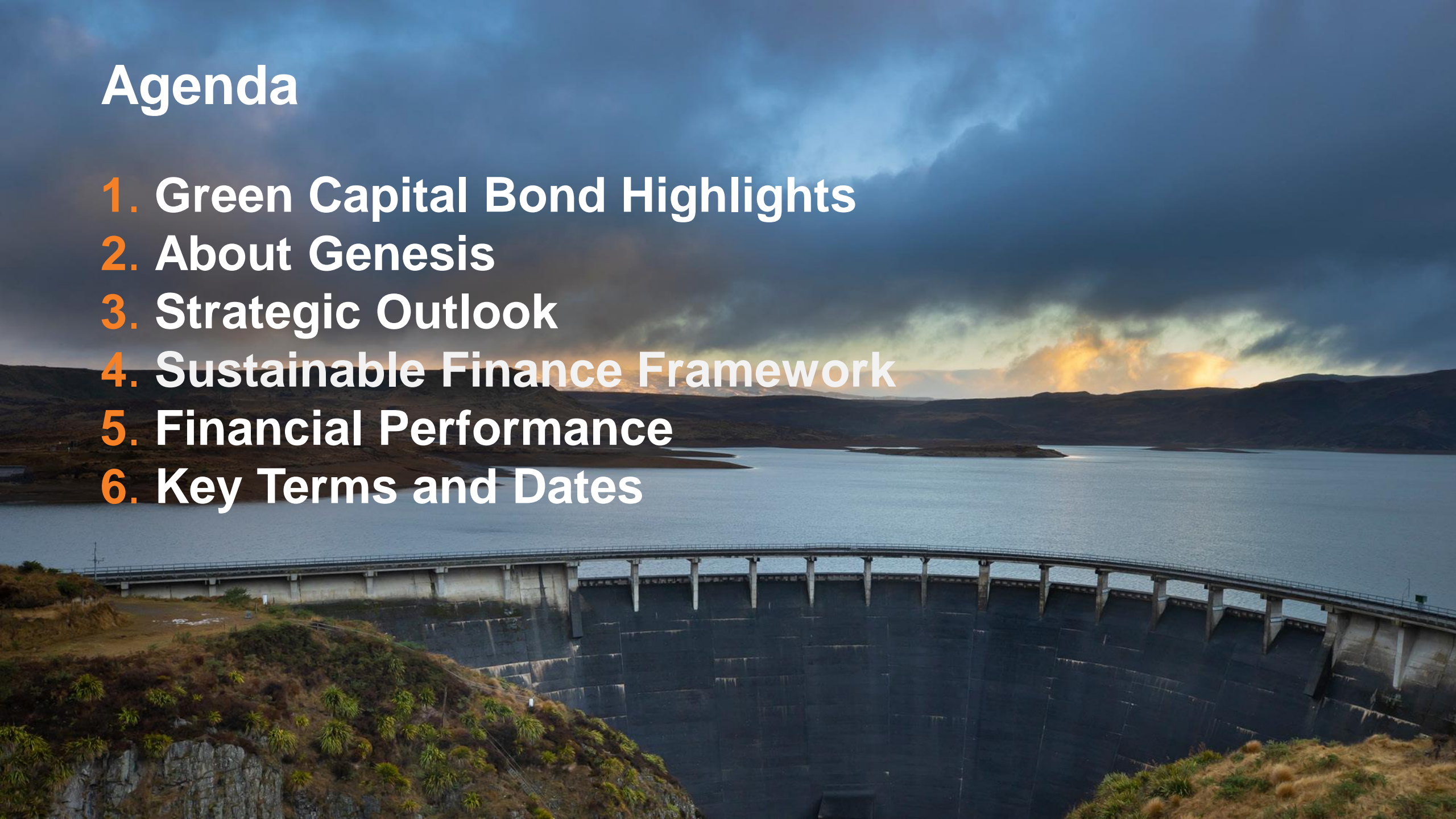
The selling restrictions set out in the Terms Sheet apply to the Capital Bonds.

The full terms of the Capital Bonds are set out in the Capital Bonds Trust Deed dated 26 June 2023 between Genesis as Issuer, Kupe Venture Limited as Original Guarantor and Trustees Executors Limited as Supervisor (**Capital Bonds Trust Deed**). A copy of the Capital Bonds Trust Deed is available on Genesis' website at [www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations](http://www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations) under “Green Capital Bond Offer”.

This Presentation is dated 26 June 2023.

# Agenda

1. Green Capital Bond Highlights
2. About Genesis
3. Strategic Outlook
4. Sustainable Finance Framework
5. Financial Performance
6. Key Terms and Dates



# Green Capital Bond Highlights

1



# Offer Highlights

<b>Issuer</b>	Genesis Energy Limited.
<b>Description</b>	<p>The Capital Bonds are unsecured, subordinated interest bearing debt securities.</p> <p>The Capital Bonds will be designated as green bonds in accordance with Genesis' Sustainable Finance Framework dated November 2021 (as amended from time to time) (<b>Sustainable Finance Framework</b>).</p>
<b>Use of Capital Bond Proceeds</b>	In accordance with Genesis' Sustainable Finance Framework, Genesis intends to notionally allocate an amount equal to the proceeds of the Capital Bonds to finance or refinance existing renewable energy assets, or other projects, assets and/or activities, that meet the eligibility criteria set out in the Sustainable Finance Framework ( <b>Eligible Assets</b> ). Consistent with this, Genesis will apply the net proceeds of this offer to repay existing debt (including Genesis' capital bonds quoted under ticker code GNE050). For the avoidance of doubt, the net proceeds will not be applied directly to fund the new renewable generation development described in this Presentation.
<b>Offer</b>	Up to \$240,000,000 (with the ability to accept oversubscriptions at Genesis' discretion).
<b>Ranking</b>	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Genesis, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Bonds.
<b>Guarantee</b>	<p>The Capital Bonds benefit from the unsecured, subordinated guarantee contained in the Capital Bonds Trust Deed. As at the date of this Presentation, Kupe Venture Limited is the only Guarantor.</p> <p>The New Zealand government does not guarantee the Capital Bonds and is under no obligation to provide financial support to Genesis.</p>
<b>Credit Rating</b>	Expected Issue Credit Rating for the Capital Bonds: BB+ (S&P Global Ratings) (Genesis has an Issuer Credit Rating of BBB+ (Stable)).
<b>Term</b>	30 years (maturing 10 July 2053).
<b>Reset Dates</b>	10 July 2028 and every five years thereafter.
<b>Closing Date / Rate Set Date</b>	29 June 2023.
<b>Interest Rate (until 10 July 2028, the First Reset Rate)</b>	Benchmark Rate (mid-market NZD swap rate for a 5-year term) plus the Margin, subject to the minimum Interest Rate set out in the Terms Sheet.
<b>Joint Lead Managers</b>	BNZ, Craigs Investment Partners and Forsyth Barr.

# About Genesis

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# Genesis Overview

## KEY INFORMATION

**Revenue (FY22):** \$2.8 billion<sup>1</sup>

**EBITDAF Guidance (FY23):**  
around \$515 million<sup>2</sup>

**Market Capitalisation:** \$2.9 billion<sup>3</sup>

**Enterprise Value:** \$4.2 billion<sup>4</sup>

**Credit Rating (S&P Global Ratings):**  
Issuer Credit Rating BBB+ (Stable)

Genesis is one of New Zealand's largest energy retailers and operates a range of renewable and thermal generation sites across Aotearoa. Genesis has a 46% interest in the Kupe Joint Venture, which owns the Kupe oil and gas field situated off the south Taranaki coast.



HUNTLY  
**1204**<sup>5</sup>  
Peak Capacity/MW



WAIKAREMOANA  
**138**  
Peak Capacity/MW



WAIPIPI PPA  
**133**  
Peak Capacity/MW



TONGARIRO  
**362**  
Peak Capacity/MW

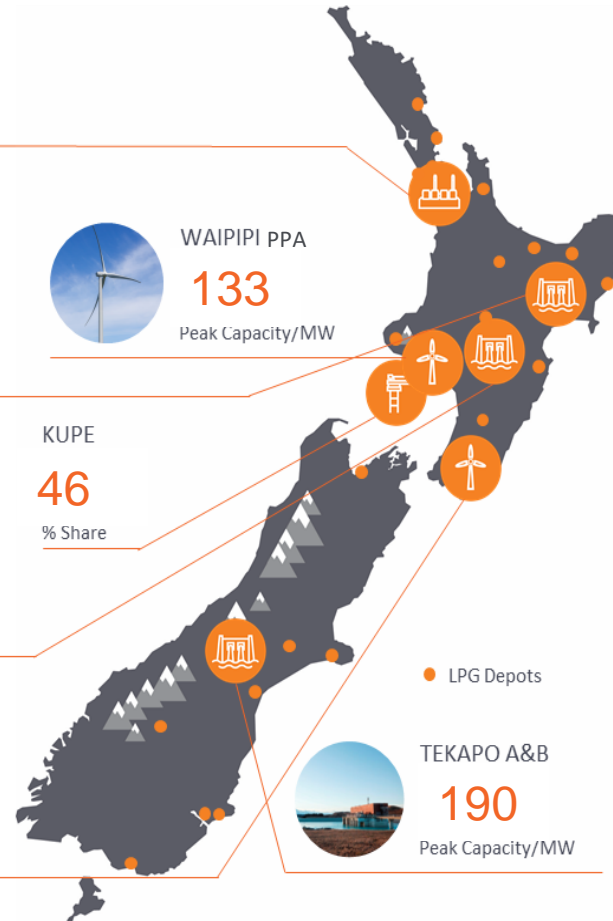
KUPE  
**46**  
% Share



HAU NUI  
**9**  
Peak Capacity/MW



TEKAPO A&B  
**190**  
Peak Capacity/MW



**~481,000**<sup>6</sup>

## Customers<sup>6</sup>

- 23% electricity market share
- 35% gas market share
- 23% LPG retail market share

<sup>1</sup> As at 30 June 2022.

<sup>2</sup> EBITDAF Guidance for FY23 announced 27 February 2023.

<sup>3</sup> Market Capitalisation as at 31 May 2023.

<sup>4</sup> Sum of Market Capitalisation as at 31 May 2023 and net debt (total debt less cash and cash equivalents) as at 31 December 2022.

<sup>5</sup> This includes three Rankine units. Under normal conditions, only two Rankine units can be run concurrently.

<sup>6</sup> Total customers relates to both brands (Genesis and Frank Energy) and all customer types as at 31 December 2022.

# H1 FY23 Performance Highlights

## Financial

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EBITDAF<sup>1</sup>

**\$298m**

42% increase relative to H1 FY22

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NPAT<sup>2</sup>

**\$145m**

Increase of \$61m relative to H1 FY22

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Interim Dividend

**8.80 cps**

100% Imputation

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## Operational

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Growth in customers in H1 FY23

**10,273**

Total customers 481,285

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Progress on Future-gen with

**Lauriston Solar Farm**

First solar project, expected to generate 80 GWh p.a. once operational (subject to Final Investment Decision)

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Portfolio Fuel Costs

**\$28/MWh**

\$25/MWh decrease relative to H1 FY22

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## Sustainability

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Carbon emissions lower by

**852 kt CO<sub>2</sub>e**

46% decrease in total emissions relative to H1 FY22.<sup>3</sup> 488 kt CO<sub>2</sub>e of the decrease relates to Scope 1 which is associated with lower coal and gas burn as a result of higher hydro inflows which changes each year

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Power Shout hours

**300,000**

Hours of free electricity to be gifted in winter by our customers and us to families in need

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Supporting warm homes in our community

**Habitat for Humanity**

New partnership to support Healthy Homes programme in Auckland and Northland

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# Strategic Outlook

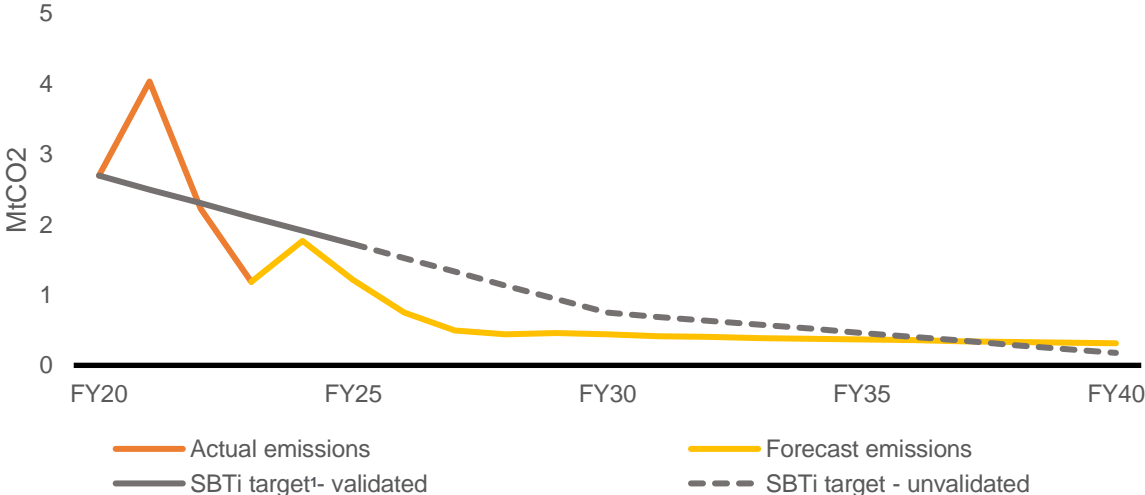
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# An Active Enabler of New Zealand’s Energy Transition

- Genesis and its Joint Venture partner, FRV Australia are in negotiations for four solar sites in the North Island with the potential capacity of around 452 MW (including Lauriston as discussed on the next slide).
- In January 2023, Genesis lodged an application to extend the consent for the Castle Hill Wind Farm. The new application retains the best sites for wind generation. No decision has been made for the development of the site.
- The Future-gen projects identified on this slide do not form part of Genesis’ Eligible Assets for the purpose of its Sustainable Finance Framework.

## GENERATION EMISSIONS AND SCIENCE BASED TARGETS



## SOLAR PIPELINE

Early stage feasibility studies	Advanced feasibility studies	Pre development activities
350 MW	400 MW	52 MW

## FUTURE-GEN PROJECTS

	Generation	Capacity	Start Date
Waipipi	450 GWh	133 MW	November 2020
Solar-gen	Up to 740 GWh	Up to 500 MW	Target first generation FY25, full volume by FY27
Kaiwaikawe	230 GWh	75 MW	Target Mid-2025
Tauhara	520 GWh	63 MW	Target January 2025

<sup>1</sup> SBTi stands for Science Based Targets initiative.

# Lauriston Solar Farm Proposal

- Genesis launched a Joint Venture partnership with FRV Australia in February 2022. The Joint Venture announced the first project of ~ 52 MW at Lauriston that is expected to be operational in late 2024 (subject to Final Investment Decision).
- The investment has land rights, resource consent and well progressed transmission agreements, making it one of the most advanced large scale solar projects in the country.
- Lauriston provides:
  - good proximity to a strong grid connection;
  - a generation profile well correlated to local network demand; and
  - a flat and easily accessible site for construction.
- If the project is approved:
  - the Joint Venture will construct, own and operate the solar farm; and
  - Genesis will forward contract to purchase 100% of the generation for 10 years under a virtual power purchase agreement (a contract for difference (CFD)).
- Genesis holds a 60% interest in the Joint Venture, with the option to adjust ownership level in specific projects. A 40% stake in Lauriston is anticipated and project finance will be used.
- The Joint Venture has launched a procurement process for the Engineering, Procurement and Construction (EPC) contracts.

Lauriston Solar Farm	
Location	Lauriston, Canterbury
Area	93 Ha
Capacity <sup>1</sup>	~52 MWp c. 47 MW AC
Annual Generation <sup>1</sup>	c. 80 GWh
Final Investment Decision <sup>1</sup>	H1 FY24
First Generation <sup>1</sup>	H1 FY25

<sup>1</sup>Forecast.

## CORRELATION BETWEEN GENERATION AND LOCAL DEMAND

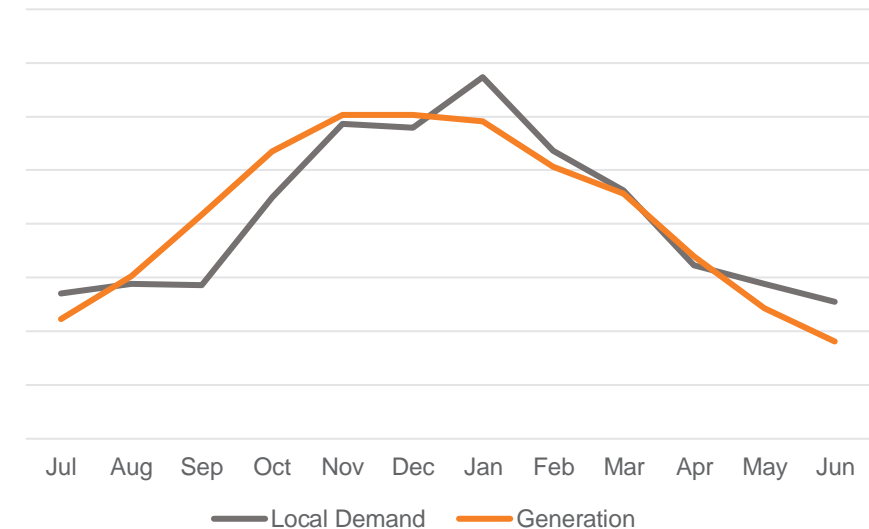


Chart shows historical demand at ASB0661 node and forecasted Lauriston generation.

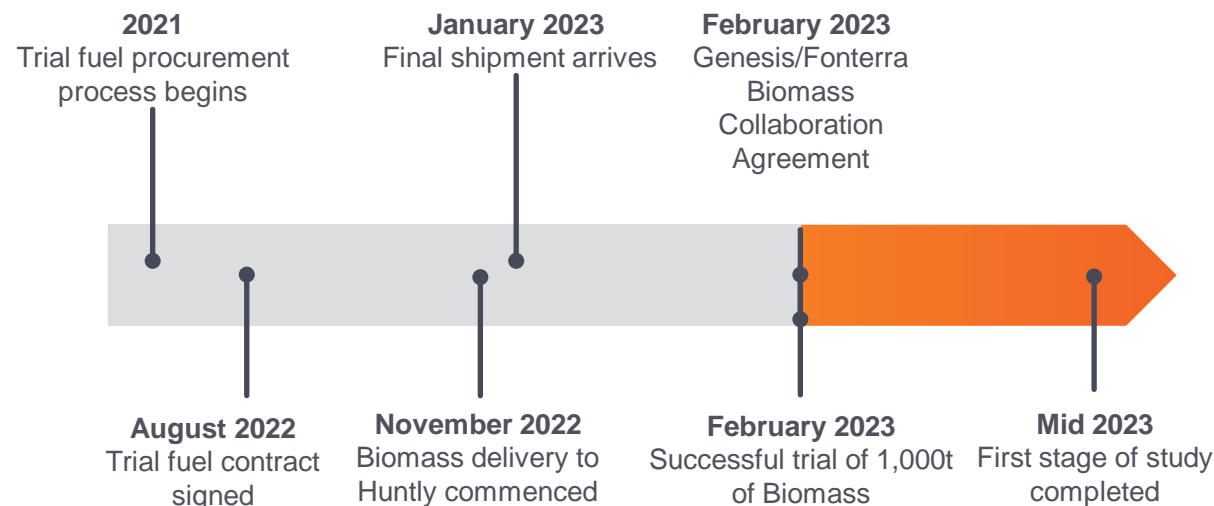
# Huntly Trial - 100% Biomass Fuel

- In February 2023, Genesis completed a technical viability trial using 100% renewable biomass in the Huntly Rankine Units.
- The trial using Canadian sourced advanced biomass demonstrated that the black pellets could be a drop-in replacement for coal, however, a local source would be preferable.
- Genesis is partnering with Fonterra to explore the viability of a domestic biomass industry. Other contributors are close to being finalised.

	Test	Result	
<b>Reclaim and Storage</b>	Movement of fuel into internal bunkers.	Successful internal transfer with minimal spillage. Minor dust suppression required.	✓
<b>Plant Modifications</b>	Checking suitability of plant, mill capability and ability of delivery to furnace.	Minor reversible modification to mill made.	✓
<b>Health and Safety</b>	Hazop study recommendations implemented.	Explosion and fire risks managed.	✓
<b>Plant Performance</b>	Testing fuel feed rate, boiler output, and emissions.	Pending full analysis of trial data but initial indications positive.	⊘

## Domestic Biomass Assessment

- Consider potential sources for raw material for advanced biomass production.
- Identify potential sites for domestic production.
- Assessment of production technologies.
- Estimate capital costs for plant development.
- Outline other potential users of a domestic biomass supply.



# Sustainability and Our People

## A low-carbon future for all

- Carbon emissions lower by 852 kt CO<sub>2</sub>e for H1 FY23 – a 46% reduction in carbon emissions relative to H1 FY22.<sup>1</sup> 488 kt CO<sub>2</sub>e of the decrease relates to Scope 1 which is associated with lower coal and gas burn as a result of higher hydro inflows which changes each year.

## A more equal society

- Ngā Ara Creating Pathways programme opportunities preparing rangatahi for the future of work included: 6 apprentices, 7 interns, 9 work experience students, and more than 50 scholarships.
- Extended our support of curtain bank services for families in need through a new partnership with Habitat for Humanity.<sup>2</sup>

## A sustainable business

- Finalised and launched 2025 Sustainability Framework.
- Continuing to build employee capability on Climate Risk and Integrated Reporting.

<sup>1</sup> Combined Scope 1, 2 and 3 emissions.  
<sup>2</sup> Genesis have announced a community partnership that will support Habitat for Humanity's "Healthy Homes Programme".  
<sup>3</sup> Percentage gap between Male and Female calculated using Total Package (base + benefits + incentives). A positive number represents females are paid less than males.  
<sup>4</sup> Female to Male ratio for CEO and direct reports to CEO.  
<sup>5</sup> Female to Male ratio among senior leaders (tier 1, 2 and 3 (tier 1 is CEO)).  
<sup>6</sup> LTI: lost time injuries; RWI: restricted work injuries.

**2.0%**

**Pay Equity Gap<sup>3</sup>**  
FY22 1.3%

**50:50**

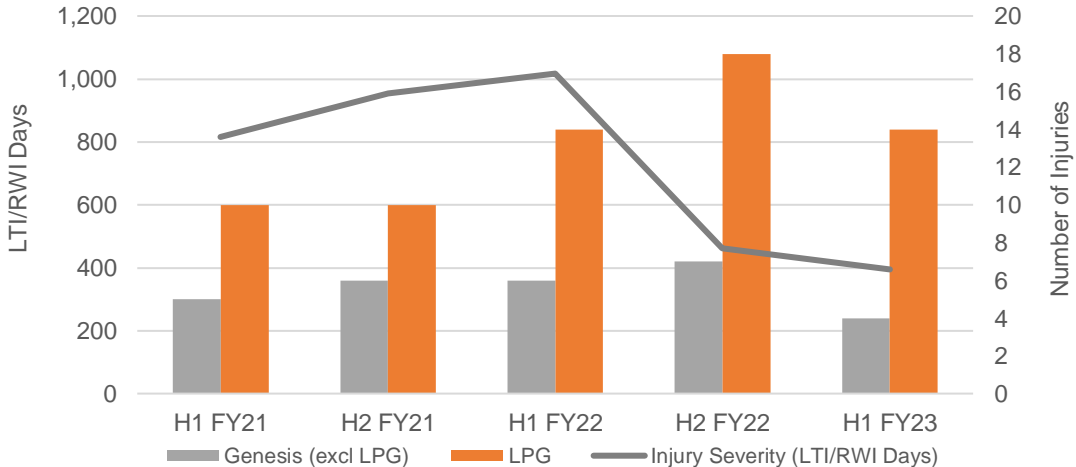
**Exec Gender Diversity<sup>4</sup>**  
FY22 50:50

**43:57**

**Senior Leader Gender Diversity<sup>5</sup>**  
FY22 42:58



### NUMBER OF INJURIES



# Sustainable Finance Framework

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# Overview of the Sustainable Finance Framework

## Established by Genesis in November 2021

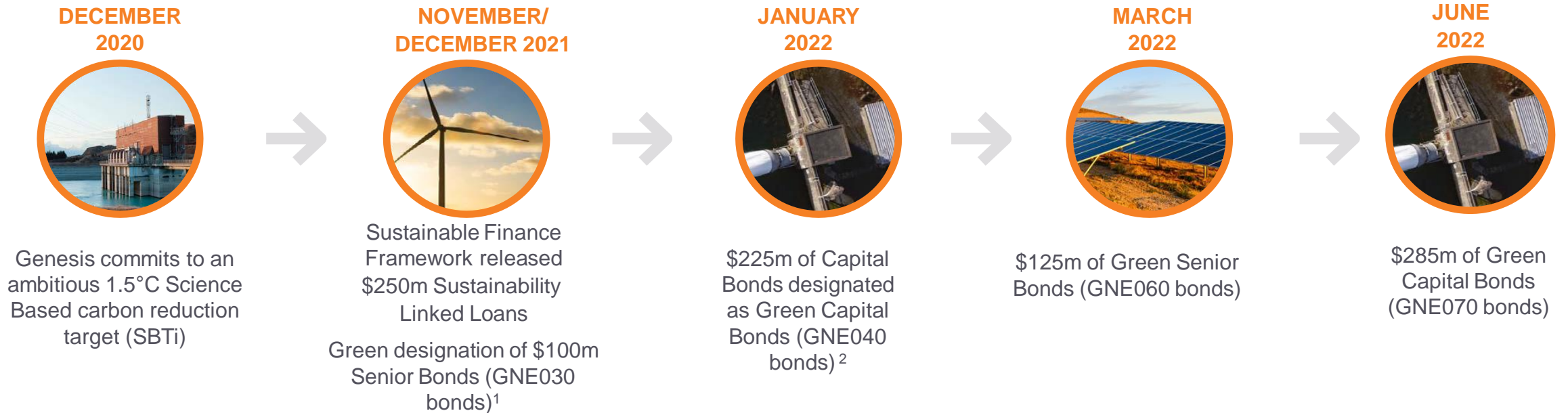
- Genesis' Sustainable Finance Framework (**Sustainable Finance Framework**) sets out the process by which Genesis intends to issue and manage bonds and loans (**Sustainable Debt**) on an ongoing basis to support Genesis' sustainability objectives, to contribute towards the United Nation's Sustainable Development Goals, and to create positive environmental and social outcomes (**Sustainability Goals**).
- Through the Sustainable Finance Framework, Genesis aims to support the industry's response to helping New Zealand achieve its net-zero emissions goals, address social challenges and provide a mechanism for investors to contribute capital to achieve their Sustainability Goals.
- The Sustainable Finance Framework is consistent with the applicable sustainable finance principles and guidelines issued by the International Capital Market Association and the Asia Pacific Loan Market Association (together the **Market Standards**). The Market Standards are voluntary and accepted as best practice for issuance and management of Sustainable Debt in the global capital markets.



A copy of the Sustainable Finance Framework is available on Genesis' website. This can be found at [www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations](http://www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations)

# Debt Linked to Sustainable Assets and Outcomes

First NZ company to have a Framework, loan, and bond aligned to the Climate Transition Finance Handbook



- Genesis has a total of \$250m Sustainability Linked Loans. The loans financially incentivise Genesis to meet sustainability targets, which include reductions across all scopes of emissions, increasing renewable energy generation, and a future of work programme. Genesis will pay a lower interest rate and availability fee on the loans for achieving its goals but will pay a higher interest rate and availability fee if it falls short of its commitments.
- As of 31 May 2023, Genesis had \$660m of bonds and bank debt facilities under its Sustainable Finance Framework and expects to extend this, including through this Capital Bond offer.

<sup>1</sup> The Senior Bonds (GNE030) designated as green have since matured.

<sup>2</sup> The Capital Bonds (GNE040) designated as green have since been redeemed.



# Pillars of the Sustainable Finance Framework

## Management & Governance

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### Use of Proceeds

In accordance with Genesis' Sustainable Finance Framework, Genesis intends to notionally allocate an amount equal to the proceeds of its green bonds and green loans to finance or refinance renewable energy assets, or other projects, assets and/or activities, that meet the eligibility criteria set out in the Framework (**Eligible Assets**).

### Selection of Eligible Assets

Genesis has established processes to ensure that Eligible Assets are properly identified and assessed to ensure compliance with the Sustainable Finance Framework. The processes include Genesis' Sustainable Financing Committee holding responsibility for the Eligible Asset evaluation and selection process, as well as monitoring compliance with the Sustainable Finance Framework and the relevant Market Standards. The Committee consists of representatives from Financial Control, Treasury, Risk Assurance and Sustainability.

As at the date of this Presentation, the assets included in the Eligible Asset Register are renewable energy generation assets, including hydro-electricity and wind energy.

### Management of Proceeds

Genesis maintains a register of Eligible Assets that outlines (among other things) the current book value and allocation of green debt proceeds.

Genesis intends to maintain a balance of Eligible Assets that have an aggregate book value which is at least equal to the aggregate green debt proceeds of all outstanding green bonds and green loans issued by Genesis.

### Reporting

Genesis will publish annual update reports that cover allocation reporting, eligibility reporting, and impact reporting.

# Eligible Asset Register

Hydroelectricity	Asset Value \$m (30 June 2022)	Green Debt Instrument	Green Debt Value \$m
Rangipo	1,383	GNE060	125
Tokaanu		GNE070	285
Mangaio		<b>GNE080 (proposed refinancing-excluding GNE050)</b>	240 <sup>1</sup>
Tuai		<b>Total Green Debt</b>	<b>650</b>
Piripaua	463	<b>Total</b>	<b>Value \$m</b>
Kaitawa		Total Eligible Assets Value	2,824
Tekapo A	971	Total Green Debt Values	650
Tekapo B		Surplus Eligible Assets	2,174
<b>Wind</b>	<b>Asset Value \$m (30 June 2022)</b>	<b>Eligible Asset Ratio</b>	<b>4.3x</b>
Hau Nui	7		
<b>Total Eligible Assets (\$m)</b>	<b>2,824</b>		



The full Eligible Asset Register under the heading "FY22 Sustainable Finance Report", which is available at [www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations](http://www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations)

<sup>1</sup> Assumes \$240m issue size.

# External Review

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## Pre- Issuance Verification

Genesis obtained pre-issuance verification from DNV Business Assurance Australia Pty Ltd (**DNV**) that concludes, in DNV's opinion, the Sustainable Finance Framework and Eligible Asset Register are aligned with the Green Bond Principles and the Climate Transition Finance Handbook.

The Second Party Opinion can be found at:  
[www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations](http://www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations)

## Post- Issuance Review

Genesis intends to seek an external opinion from an independent and recognised sustainable finance verifier of any update report issued by Genesis regarding alignment of the Capital Bonds with the Green Bond Principles and the Sustainable Finance Framework.



# Financial Performance

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# H1 FY23 Financial Summary

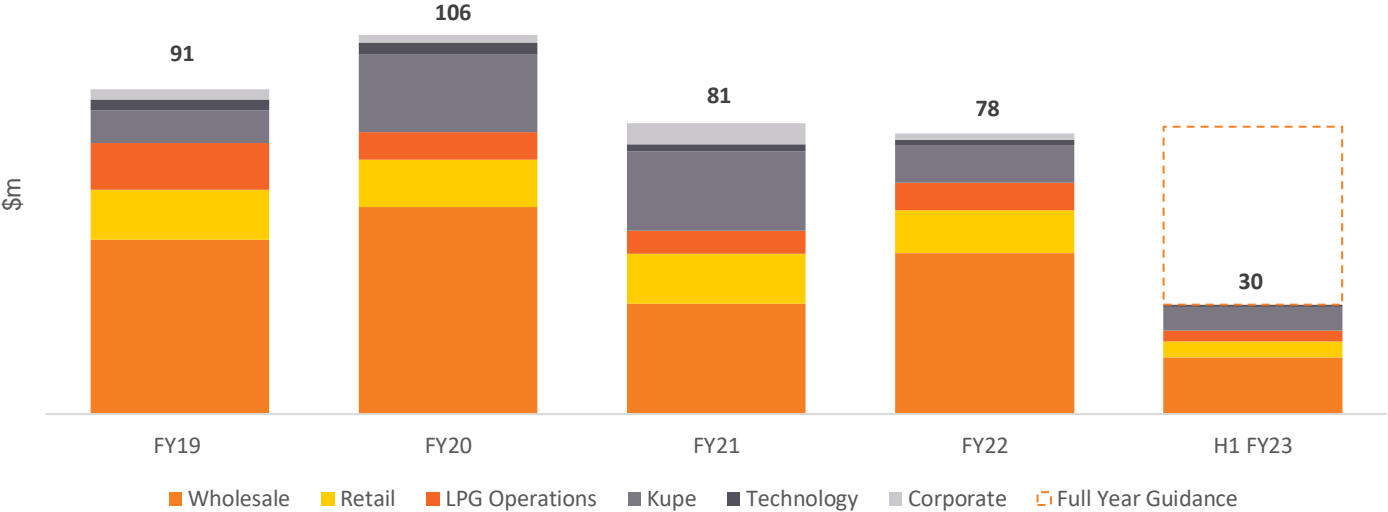
	H1 FY23 \$m	H1 FY22 \$m	Variance \$m	%	Movements
Revenue	1,155.1	1,382.4	(227.3)	(16%)	▼
EBITDAF	298.3	210.3	88.0	42%	▲
NPAT	145.3	84.7	60.6	72%	▲
Operating Expenses <sup>1</sup>	156.6	144.3	12.3	9%	▲
Free Cash Flow <sup>2</sup>	214.7	152.4	62.3	41%	▲
Capital Expenditure	30.4	38.1	(7.7)	(20%)	▼
Interim Dividend	8.80 cps	8.70 cps	0.10 cps	1%	▲
Adjusted Net Debt <sup>3</sup>	1,307.5	1,332.8	(25.3)	(2%)	▼

<sup>1</sup> Operating Expenses refer to Employee Benefits plus Other Operating Expenses.

<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> Adjusted Net Debt represents total borrowings less cash and cash equivalents, less foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency interest rate swaps and fair value interest rate risk adjustments for fixed rate bonds.

# Capital Expenditure



**Stay in business capital expenditure<sup>1</sup> of \$24m includes:**

- Investment in the Huntly units to maintain long term reliability and flexibility.
- Commenced the second Tuai generator refurbishment to enable continued reliable generation and is expected to increase unit capacity by 2 MW. This additional capacity is expected to be available for winter 2023.
- Continued Piripaua turbine overhaul, the second of two units. This will improve water use efficiency by 3.3%, producing an estimated 4 GWh per annum.

**Growth capital includes:**

- Launched EVerywhere, New Zealand’s first ‘energy roaming’ service for electric vehicle (EV) drivers, making it cheaper and easier for customers to charge their EVs on the road.
- Supported the continued growth in our LPG business and investment in transportation.

**Investment in Associates:**

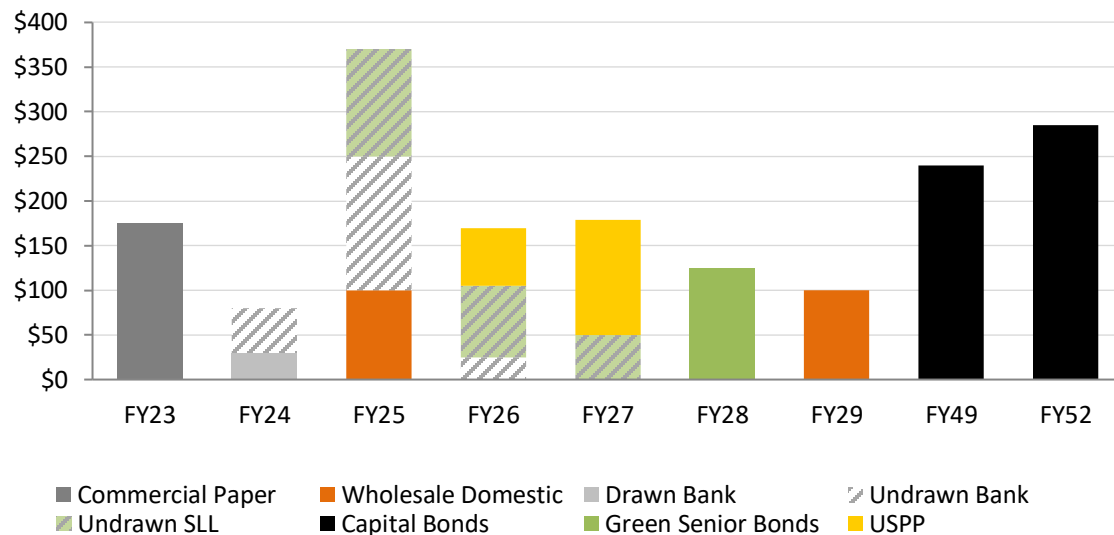
- In addition to capital expenditure, \$8.7m was invested in long term carbon offsets.

<sup>1</sup> Stay in business capital expenditure includes an additional \$1.9m which reflects payments made during the period regarding Long Term Maintenance Agreement (LTMA).

# Debt Information

## GENESIS DEBT PROFILE AT 31 MAY 2023

\$m



- \$475m of bank facilities (including \$250m of sustainability linked loans (SLL)) were undrawn and \$173m of Commercial Paper<sup>4</sup> was on issue as at 31 May 2023. The Commercial Paper matures within 90 days.

Debt Information	H1 FY23 (\$m)	FY22 (\$m)	Variance
Total Debt	1,434	1,493	
Cash and Cash Equivalents	114	106	
<b>Headline Net Debt</b>	<b>1,320</b>	<b>1,387</b>	<b>(4.8%)</b>
USPP FX and FV Adjustments	12	35	
<b>Adjusted Net Debt<sup>1</sup></b>	<b>1,308</b>	<b>1,352</b>	<b>(3.3%)</b>
Headline Gearing <sup>2</sup>	33.9%	38.5%	(4.6 pts)
Adjusted Gearing <sup>2</sup>	33.6%	37.6%	(4.0 pts)
Covenant Gearing <sup>2</sup>	27.8%	31.9%	(4.1 pts)
Net Debt/EBITDAF <sup>3</sup>	2.2x	2.7x	(0.5x)
Interest Cover	9.5x	9.6x	(0.1x)
Average Interest Rate	4.9%	4.2%	0.7 pts
Average Debt Tenure	10.9 yrs	10.5 yrs	0.4 yrs

<sup>1</sup> Adjusted Net Debt is calculated by reducing the Headline Net Debt figure by foreign currency translation and fair value movements related to USD denominated borrowings which have been fully hedged with cross currency interest rate swaps and fair value interest rate risk adjustments for fixed rate bonds.

<sup>2</sup> Gearing refers to the relationship of debt to equity. Gearing measures are based on gross debt i.e. cash is not deducted. Headline gearing is calculated as Total Debt / (Total Debt + Total Equity). Adjusted Gearing is calculated as Total Debt (reduced by the USPP FX and FV adjustments) / (Total Debt + Total Equity). Covenant gearing is based on the definition used for bank covenants. This includes 50% equity treatment attributed to the capital bonds.

<sup>3</sup> S&P make a number of adjustments to Net Debt and EBITDAF for the purpose of calculating credit metrics. The most significant of these is the 50% equity treatment attributed to the capital bonds.

<sup>4</sup> Commercial Paper figure includes accrued interest.

# Key Terms and Dates

6.





# Key Terms

<b>Description</b>	<p>The Capital Bonds are unsecured, subordinated interest-bearing debt securities.</p> <p>The Capital Bonds will be designated as green bonds in accordance with Genesis' Sustainable Finance Framework dated November 2021 (as amended from time to time) (<b>Sustainable Finance Framework</b>).</p>
<b>Offer</b>	Up to \$240,000,000 (with the ability to accept oversubscriptions at Genesis' discretion).
<b>Ranking</b>	The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Genesis, other than indebtedness expressed to rank equally with, or subordinated to, the Capital Bonds.
<b>Guarantee</b>	<p>The Capital Bonds benefit from the unsecured, subordinated guarantee contained in the Capital Bonds Trust Deed. As at the date of this Presentation, Kupe Venture Limited is the only guarantor.</p> <p>The New Zealand government does not guarantee the Capital Bonds and is under no obligation to provide financial support to Genesis.</p>
<b>Credit Rating</b>	<p>Expected Issue Credit Rating for the Capital Bonds: BB+ (S&amp;P) (Genesis has an Issuer Credit Rating of BBB+ (Stable)).</p> <p>Genesis' current Issuer Credit Rating of BBB+ includes a one-notch uplift from the company's stand-alone credit rating of 'bbb' reflecting the legislated majority ownership by the New Zealand government.</p> <p>The expected Issue Credit Rating of the Capital Bonds is two notches below Genesis' stand-alone credit rating. One notch is deducted for the Capital Bonds being subordinated and a second notch because of the potential for interest payments to be deferred.</p>
<b>Term</b>	30 years (maturing 10 July 2053).
<b>Reset Dates</b>	10 July 2028 and every five years thereafter. As part of a Successful Election Process, a different Reset Date may be adopted.
<b>Margin</b>	The Margin will be determined following a bookbuild process and announced via NZX on or shortly after the Rate Set Date (29 June 2023).
<b>Interest Rate from the Issue Date to the first Reset Date (10 July 2028)</b>	The Interest Rate applying from (and including) the Issue Date to (but excluding) the first Reset Date will be the percentage rate per annum equal to the Benchmark Rate (mid-market NZD swap rate for a 5-year term, as determined on the Rate Set Date) plus the Margin, subject to the minimum Interest Rate set out in the Terms Sheet.
<b>Interest Rate after each Reset Date</b>	The Interest Rate will reset on each Reset Date. The Interest Rate applying from (and including) each Reset Date to (but excluding) the next Reset Date will be the percentage rate per annum equal to the Benchmark Rate that is determined on that Reset Date plus the Margin plus the Step-up Margin (0.25%). A different Interest Rate may apply if a Successful Election Process has been completed in relation to a Reset Date.
<b>Optional Early Redemption by Genesis</b>	Genesis has the right to redeem (a) all or some of the Capital Bonds on any Reset Date; (b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date; (c) all (but not some only) of the Capital Bonds if a Change of Control occurs; or (d) all or some of the Capital Bonds if a Tax Event or a Rating Agency Event occurs.
<b>Discretionary Deferral of Interest</b>	Genesis may, in its absolute discretion, defer any payment of interest for up to five years, with a distribution stopper in place while any Unpaid Interest remains outstanding. Deferred interest is cumulative.

# Interest Payments

## Interest Rate

The Interest Rate applying from (and including) the Issue Date to (but excluding) the first Reset Date will be the percentage rate per annum equal to the Benchmark Rate (mid-market NZD swap rate for a 5-year term, as determined on the Rate Set Date) plus the Margin (as determined on the Rate Set Date), subject to the minimum Interest Rate set out in the Terms Sheet.

The Interest Rate will reset on each Reset Date. The Interest Rate applying from (and including) each Reset Date to (but excluding) the next Reset Date will be the percentage rate per annum equal to the Benchmark Rate that is determined on that Reset Date plus the Margin plus the Step-up Margin (0.25%). A different Interest Rate may apply if a Successful Election Process has been completed in relation to a Reset Date, as summarised below.

## Election Process

Before any Reset Date, Genesis may propose new terms and conditions (**New Conditions**) (including, for example, a new Margin) to apply to the Capital Bonds from the next Reset Date. If Genesis declares a Successful Election Process, on the Reset Date:

- Genesis must purchase each Capital Bond in respect of which a Bondholder has rejected the New Conditions; and
- the New Conditions will apply from the relevant Reset Date.

If no Successful Election Process occurs, the New Conditions will not apply, and the Interest Rate will reset as described above.

## Interest Deferral and Distribution Stopper

Genesis may, in its absolute discretion, defer any payment of interest for up to five years. If deferred, an interest payment amount will accrue interest (compounding every Interest Payment Date) at the prevailing Interest Rate on the Capital Bonds (in aggregate, the **Unpaid Interest**). Genesis' right to defer interest does not apply to interest that is due to be paid on the Maturity Date or an early Redemption Date.

While any Unpaid Interest remains outstanding, Genesis must not:

- unless approved by Bondholders by way of an Extraordinary Resolution, pay any dividend on, or make any other distribution in respect of, or pay any interest on, any shares or securities ranking, in liquidation, equally with or after the Capital Bonds; and
- without the consent of the Supervisor, acquire, redeem or repay any of Genesis' shares or other securities ranking, in liquidation, equally with or after the Capital Bonds (or provide financial assistance for the acquisition of such shares or securities).

# Early Redemption

## Mandatory Redemption

Genesis must redeem all the Capital Bonds on the Maturity Date or if an Event of Default occurs.

## Optional Early Redemption by Genesis

Genesis has the right to redeem:

- a) all or some of the Capital Bonds on any Reset Date;
- b) all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date;
- c) all (but not some only) of the Capital Bonds if a Change of Control<sup>1</sup> occurs; or
- d) all or some of the Capital Bonds if a Tax Event<sup>2</sup> or a Rating Agency Event<sup>3</sup> occurs.

If Genesis is redeeming some (but not all) of the Capital Bonds, at least 100,000,000 Capital Bonds must remain outstanding after the partial redemption.

## Holder Put Event – early redemption at the election of Bondholders

In summary, a **Holder Put Event** will occur if both a Change of Control and an associated Rating Downgrade<sup>4</sup> occurs. If a Holder Put Option occurs and Genesis has not elected to redeem all outstanding Capital Bonds, each Bondholder may (within a specified time) require Genesis to redeem all (but not only some) of the Capital Bonds held by that Bondholder.

## Redemption Amount

For each Capital Bond redeemed under paragraph b) or c) under "Optional Early Redemption by Genesis"<sup>4</sup> above, the redemption amount payable is the greater of:

- a) the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest); and
- b) the market value of the Capital Bonds plus all accrued but unpaid interest.

In all other cases, the redemption amount payable is the Principal Amount (\$1.00) plus all accrued but unpaid interest (including any Unpaid Interest).

<sup>1</sup> In summary, a **Change of Control** will occur if the New Zealand government no longer has majority ownership or control of Genesis.

<sup>2</sup> In summary, a **Tax Event** will occur if, as a result of any change or clarification in any law, treaties or regulations, the interest payments on the Capital Bonds would no longer be fully deductible for tax purposes.

<sup>3</sup> In summary, a **Rating Agency Event** will occur if (a) as a result of a change in criteria, the Capital Bonds will no longer be assigned an Intermediate Equity Content classification; or (b) Genesis ceases to hold an Issuer Credit Rating from S&P.

<sup>4</sup> In summary, a **Rating Downgrade** will occur if, within a specified time following a Change of Control, S&P lowers Genesis' Issuer Credit Rating by at least one rating notch and the resulting rating is lower than BBB+.

# Key Early Redemption Drivers

## Year 5 – Reset Date 10 July 2028

- Potential Election Process or Genesis can call (redeem) the Capital Bonds
- Step-up in margin (0.25%) if not called or no Successful Election Process
- Potential refinancing risk at year 10 if not called
- Call is at par (any subsequent issuer call between Reset Dates is at the higher of par and market value, except if a Tax Event or a Rating Agency Event occurs)

## Year 10 – Reset Date 10 July 2033

- S&P's equity content expected to reduce to minimal (0%)
- Treated as 100% debt by S&P
- Expected to be high-cost debt with limited benefits to Genesis
- Outcomes not consistent with Genesis' rationale for issue

Genesis believes that hybrid securities that are ascribed equity content (such as the Capital Bonds) are an effective capital management tool and currently intends to maintain such instruments as a key feature of its capital structure going forward.

If Genesis chooses to redeem the Capital Bonds early, its current expectation is that equivalent replacement securities would be issued to fund that redemption.

There is no certainty that Genesis will choose to redeem the Capital Bonds on a Reset Date or any other optional redemption date. Bondholders have no right to request Genesis to redeem the Capital Bonds early unless a Holder Put Event has occurred.

# Offer Structure

## Bookbuild process

- All Capital Bonds (including oversubscriptions) are reserved for subscription by clients of the Joint Lead Managers, institutional investors and certain other parties.
- No public pool.

## Redemption on the first reset date of GNE050 Bonds

If the bookbuild for the Offer is successful, Genesis will issue a redemption notice in respect of the GNE050 Bonds on or about 30 June 2023 in order to redeem the GNE050 Bonds on 17 July 2023 (being the first business day after the scheduled first reset date of 16 July 2023, which is a Sunday) that are not otherwise redeemed on the Issue Date under the exchange mechanism described below.

## Exchange Mechanism

If the bookbuild for the Offer is successful, holders of GNE050 Bonds that are held through a custodial account (and who wish to re-invest in the Capital Bonds) (**Custodial GNE050 Bondholders**) may be able to exchange all or some of their GNE050 Bonds for an equal number of Capital Bonds on the Issue Date (on a one-for-one basis at a face value of \$1.00). This mechanism will only be available to a Custodial GNE050 Bondholder if:

- (a) the Custodial GNE050 Bondholder receives an allocation of new Capital Bonds from a participant in the bookbuild for the Offer; and
- (b) Genesis and the relevant participant (acting on the authorisation of the Custodial GNE050 Bondholder) have agreed to the exchange.

GNE050 Bondholders who wish to participate in the Offer and invest in the Capital Bonds (including under the exchange mechanism described above) should contact their financial adviser, one of the Joint Lead Managers or another Primary Market Participant.

## Minimum Application

- Minimum application of \$5,000 with multiples of \$1,000 thereafter.

## Fees / Brokerage

- Applicants are not required to pay brokerage or any charges to Genesis.
- Genesis will pay retail brokerage of 0.50% and firm fees of 0.50% to Market Participants and approved financial intermediaries (as applicable).

# Key Dates

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## Opening Date

Monday, 26 June 2023

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## Closing Date

10.30am, Thursday, 29 June 2023

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## Rate Set Date

Thursday, 29 June 2023

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## Issue Date

Monday, 10 July 2023

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## Expected Date of Initial Quotation on NZX Debt Market <sup>1</sup>

Tuesday, 11 July 2023

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## Interest Payment Dates

10 January, 10 April, 10 July and 10 October each year up to and including the Maturity Date.

The first Interest Payment Date will be 10 October 2023.

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## First Reset Date

Monday, 10 July 2028

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## Maturity Date

Thursday, 10 July 2053

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<sup>1</sup> Application has been made to NZX for permission to quote the Capital Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Presentation have been duly complied with. However, NZX accepts no responsibility for any statement in this Presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

# Non-GAAP Measures

EBITDAF (earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes, and other gains and losses) is a non-GAAP (generally accepted accounting practice) financial measure. It is commonly used within the electricity industry (including internally by Genesis' management) as a measure of performance as it shows the level of earnings before impact of gearing levels and non-cash charges such as depreciation and amortisation. It may be useful to investors for these reasons. The EBITDAF shown in Genesis' financial statements (and used in this Presentation) has been audited for 30 June balance dates and reviewed by the external auditor for half year numbers. Genesis' financial statements (available at [www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations](http://www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations)) include a reconciliation to net profit after tax.



## Green Capital Bond Enquiries

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