



MARKET RELEASE

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NZX: GNE / ASX: GNE

Genesis delivers strong HY22 result while investing for future growth

	Half Year-ended December 2021	Half Year-ended December 2020	Change Year on Year
EBITDAF¹	\$210.3 million	\$216.0 million	\$5.7 million (down 3%)
Net Profit	\$84.7m	\$52.0m	\$32.7 m (up 63%)
Underlying Earnings²	\$60.3m	\$59.7m	\$0.6 m (up 1%)
Earnings Per Share	8.1 cps	5.0 cps	3.1cps (up 62%)
Underlying EPS	5.8 cps	5.8 cps	---
Interim dividend	8.7 cps	8.6 cps	0.1cps (up 1%)
Free Cash Flow³	\$152.4m	\$157.7m	\$5.3 m (down 4%)

Genesis Energy (ASX: GNE, NZX: GNE) delivered another strong performance in the first half of FY22 with EBITDAF of \$210.3 million, and net profit of \$84.7m which is 63% up on the same period last year. The result underlines the company's momentum as it invests for future growth in new renewable generation and enhanced customer experiences.

The Retail segment performed well through a combination of strong margins, improved efficiencies and customers feeling supported through lockdown. Net customer churn fell for a sixth consecutive quarter and was 13.2% in the half. Our brand net promoter score lifted to its highest level of +26. Netbacks continued to grow with gas, in particular, performing strongly.

In the Wholesale segment, the flexibility of our assets continues to support the market during periods of high spot prices. During periods of lower prices, when more renewable generation was available, our portfolio flexed to benefit from lower spot prices.

Operating expenses rose 8% to \$144.3m, which included ongoing investment in our digital transformation, the Future-gen strategy, and building a pipeline of new solar development options. Additional cost was also incurred to protect our people and operations from Covid-19, with the introduction of saliva PCR testing at generation sites and the purchase and deployment of rapid antigen tests across the whole business. Our people have completed more than 15,500 Rapid Antigen tests to date.

An interim dividend of 8.7 cps and the reintroduction of the Dividend Reinvestment Plan has been approved by the Board.

Chief Executive Marc England said Genesis has delivered another strong result while building capability for the future.

¹ 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 interim report for a reconciliation from EBITDAF to Net Profit after tax.

² Net Profit adjusted for non-cash fair value adjustments and business acquisition costs.

³ Free Cash Flow is EBITDAF, less cash tax paid, net interest costs and stay in business capital expenditure.



“We’re investing in enhanced digital capabilities, new sources of renewable generation, and in maximising the efficiency and output of our assets, all important for future growth as we manage the transition to a sustainable future,” England said.

“This will be a pivotal year for the electricity sector and New Zealand’s climate agenda. There is significant investment in renewables being made, the Emissions Reduction Plan is due from Government and Budget 2022 will allocate capital to our climate response. Genesis has a key role to play with agreements for wind and geothermal generation, expanding our portfolio into grid-scale solar, and continuing our work to ensure back-up generation at Huntly supports the transition.”

Future proofing our assets

Genesis undertook three significant investment projects during the period, at Kupe, Tekapo B and the Waikaremoana Power Scheme. Along with our Kupe joint venture partners, a \$72m project was completed that restored production capability back to 77 TJs per day, equivalent to approximately 15% of New Zealand’s daily natural gas demand. The joint venture partners are now investigating the potential for drilling another development well to further increase recovery from the field.

Work started on stage two of a challenging upgrade of our Tekapo B power station that will future-proof it for decades. The \$15m+ project will deliver operational flexibility, reduce running limitations and annual maintenance costs. It follows the completion of a two-year \$26.5m project to install a new intake gate at Tekapo A in FY21. At Piripaua, on the east coast of the North Island, a \$7.7m project is underway to overhaul two turbines, one this summer and one next summer.

Empowering New Zealand’s sustainable future

Genesis continues to progress its Future-gen strategy, signing new power purchase agreements for wind and geothermal generation and a joint venture agreement with internationally recognised solar developer, FRV Australia. Focus is now on building the pipeline of development opportunities.

Huntly Power Station remains a viable alternative to the proposed Lake Onslow pumped hydro scheme due to its location close to demand, infrastructure already in place, and its accessible workforce. Scenario analysis we have undertaken through to 2030 shows the electricity sector will be 96% - 98% renewable by the end of the decade. However, dry year risk and increased renewable intermittency will mean back-up in the form of both peaking capacity and dry-year energy storage will still be required. Biomass through Huntly’s Rankine units could provide a relatively low-cost renewable back-up option out to 2040.

FY22 guidance

The FY22 EBITDAF guidance range has been updated to \$430 to \$440 million subject to hydrological conditions, gas availability, any material events, one-off expense or other unforeseeable circumstances. FY22 capital expenditure guidance is up to \$84 million. ⁴

Further information on the company’s operations and financing can be found in the HY22 investor presentation and in the 2022 Interim Report. Both can be found at www.genesisenergy.co.nz/investors.

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⁴ As a result of implementing the IFRS Interpretations Committee (‘IFRIC’) agenda decision regarding accounting for SaaS configuration and customisation costs, a total of \$11 million has been reclassified from capex to opex. This change has been reflected in guidance.



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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 New Zealand's largest energy retailer with approximately 500,000 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 \$NZ3.2 billion during the 12 months ended 30 June 2021. More information can be found at www.genesisenergy.co.nz