



MARKET RELEASE

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Genesis delivers strong financials, more customers and lower emissions

	Six months Dec 2022	Six months Dec 2021	Change
EBITDAF ¹	\$298.3m	\$210.3m	42%
Net Profit	\$145.3m	\$84.7m	72%
Earnings Per Share	13.84 cps	8.12 cps	5.72 cps
Final Dividend Per Share	8.80 cps	8.70 cps	0.10 cps
Free Cash Flow ²	\$214.7m	\$152.4m	41%

Genesis Energy (GNE) continued to grow in H1 FY23, with EBITDAF of \$298 million. During the six-month period customer numbers increased and carbon emissions declined.

The company delivered H1 EBITDAF of \$298 million, an increase of 42% from \$210 million in H1 FY22. The revaluation of long-term contracts has resulted in a Net Profit After Tax (NPAT) of \$145 million, a 72% increase on the same period last year. Note NPAT includes changes in the forecast return on long-term electricity supply contracts such as power purchase agreements for renewable generation. It does not represent realised cash profit today.

Genesis was able to generate a record 2,034 GWh from its three hydro schemes, 43% more than H1 FY22. Conversely, this reduced thermal generation at Huntly Power Station to record lows, significantly lowering fuel costs and reducing carbon emissions from generation by 470,000 tonnes (a 52% reduction versus H1 FY22).

The Company declared an interim dividend of 8.80 cps. This represents continued value for shareholders while retaining capability for future investment.

Interim Chief Executive Tracey Hickman said, “these results fall at an incredibly challenging time for many New Zealanders, with Cyclone Gabrielle and the Auckland floods. Genesis continues to offer support to communities and customers affected.”

Genesis enjoyed strong customer growth, gaining 10,273 customers to reach a total of 481,285, an increase of 2.2%. Residential churn also declined by 1ppt to 12% from the same period in FY22.

Genesis has progressed its strategic priorities, helping create a low-carbon future for New Zealand powered by renewable energy. This work included a successful trial burn of biomass at Huntly Power Station and securing the first site in its development of up to 500MW of grid scale solar generation.

EV Launch

In September Genesis launched EVerywhere, New Zealand’s first ‘energy roaming’ service for electric vehicle (EV) drivers, making it cheaper and easier to charge their EVs on the road. EVerywhere enables customers to use ChargeNet stations for the same price they pay to charge at home, saving up to 70% in on-road charging costs.

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 2023 Interim Report for a reconciliation from EBITDAF to Net Profit after tax.

² 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.



Biomass trial at Huntly

Genesis successfully completed a biomass burn trial at Huntly Power Station on 14 February, a significant step in its search for alternative fuel options for the Company's thermal plant at Huntly. Biomass is seen internationally as a viable alternative to fossil fuels, in particular, in manufacturing and some industrial processes.

Hickman commented, "Huntly will continue to be critical to the country's electricity system looking ahead, and the company is committed to explore more renewable fuel options to replace coal. Genesis has signed an agreement with Fonterra to work together in exploring the viability of a sustainable local supply chain of biomass. We'll also collaborate with other industry partners as we attempt to reduce carbon emissions in our respective sectors."

Solar development update

In February Genesis and its solar joint venture partner, FRV Australia, announced it had secured a fully consented, 90 hectare site near Lauriston on the Canterbury Plains. The site is expected to start generating electricity in late 2024. The site will hold approximately 80,000 solar panels with a capacity of 52 MW and generate around 80 GWh of renewable electricity annually - enough to power nearly 10,000 houses. First generation is expected in late 2024.

"Lauriston is poised to be one of the first large scale solar farms to reach operational stage in New Zealand, and it's only the start," said Hickman. "We are looking forward to making more announcements on solar during 2023."

Malcom Johns to join as Chief Executive

As previously announced, Malcolm Johns will join Genesis Energy as Chief Executive on 6 March. Johns was previously Chief Executive of Christchurch Airport.

Kupe Development Well

Genesis Energy has confirmed its investment into a well development programme at the Kupe gas field (KS-9) pending Environment Protection Authority approval of consent applications lodged by operator Beach Energy. Gas is expected to continue to play a role through the energy transition in providing both back-up generation for dry periods and support for increased intermittent wind and solar generation. Without this additional gas, it is expected that emissions would be higher due to a greater need for coal generation.

While there has been further interest from third parties in acquiring Genesis' stake in Kupe, valuations have been considerably below value in use.

FY23 Guidance

FY23 EBITDAF guidance has been updated to around \$515 million from around \$500 million, subject to hydrological conditions, gas availability, and any material adverse events or unforeseeable circumstances.

Guidance 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 is expected to be around \$80 million, excluding investment in the Kupe well development. Long-run outlook for stay in business capital expenditure is \$50 million to \$70 million. Capex related to the Kupe development well (KS-9) is around \$75 million (split approximately \$15 million in FY23 and the remainder in FY24).

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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 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 \$NZ2.8 billion during the 12 months ended 30 June 2022. More information can be found at www.genesisenergy.co.nz