



## MARKET RELEASE

Date: 26 August 2021

NZX: GNE / ASX: GNE

### Genesis Delivers Earnings of \$358 million and Dividend of 17.4 cents per share

	Year-ended June 2021	Change year on year
<b>EBITDAF<sup>1</sup></b>	\$358 million	Up \$2 million on FY20 of \$356 million
<b>Net Profit</b>	\$34 million	Down \$12 million on FY20 of \$46 million
<b>Underlying Earnings<sup>2</sup></b>	\$75 million	Up \$22 million on FY20 of \$53 million
<b>Earnings Per Share</b>	3.22 cents	Down 1.25 cents from 4.47 cents
<b>Underlying Earnings Per Share</b>	7.23 cents	Up 2.09 cents from 5.14 cents
<b>Final Dividend Per Share</b>	8.80 cents	Up 0.125 cents from 8.675 cents
<b>Free Cash Flow<sup>3</sup></b>	191 million	Up \$23 million on FY20 of \$168 million

**Genesis delivered a strong financial performance, led by continued growth in the Retail segment and by providing seasonal back-up energy in a year characterised by gas supply shortages and low hydro inflows.**

Genesis Energy (GNE) today announced EBITDAF of \$358 million for the year ended 30 June 2021. Genesis achieved Net Profit of \$33 million and underlying earnings of \$75 million. Genesis declared an increased final dividend of 8.8 cps, resulting in total FY21 dividends of 17.4 cps. Results were impacted by Genesis' decision to invest \$27 million to utilise the Fixed Priced Option<sup>4</sup> in order to meet the company's carbon obligations as well as an unfavourable arbitration ruling resulting in \$33 million of costs relating to prior years.

The result follows a challenging FY21 for the sector with persistently low hydro inflows and declining gas supply. The flexibility of Genesis' assets provided support to the market during a period of prolonged energy shortages ahead of winter.

"The value of our generation portfolio was demonstrated by our ability to temporarily reinstate a generator at Huntly Power Station to compensate for the shortfall in renewable generation and ensure hydro levels could be conserved ahead of winter," Mr England said.

"And, operating at the intersection of the electricity and gas markets meant we were able to negotiate key gas supply agreements that supported electricity generation through winter and allowed us to supply critical gas supply to industrial customers and other market participants."

#### Future-gen moving at pace

As part of our Future-gen strategy, Genesis has committed to three major power purchase agreements (PPAs) and announced a plan to co-develop 500 MW of solar. The first PPA, Waipipi Wind Farm was completed in March and is expected to deliver 455 GWh of renewable energy in FY22.

Genesis signed another 20-year PPA with Tilt Renewables<sup>5</sup> for a 75 MW wind farm in Northland that will be completed by early 2024. The Kaiwaikawe Wind Farm will produce approximately 230 GWh of renewable energy and is estimated to reduce carbon emissions by 180,000 tonnes annually. A further agreement was signed with Contact Energy, to support the development of geothermal generation from the Tauhara power station. Genesis will purchase 63 MW of energy for 15 years from 2025.

<sup>1</sup> 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 2021 annual report for a reconciliation from EBITDAF to Net Profit after tax.

<sup>2</sup> Net Profit adjusted for non cash fair value adjustments and business acquisition costs.

<sup>3</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>4</sup> The Fixed Priced Option allowed Emissions Trading Scheme Participants to pay a fixed price of \$35 per tonne in lieu of surrendering units.

<sup>5</sup> Tilt Renewables New Zealand assets have since been acquired by Mercury NZ Limited.



Genesis has also announced its plan to develop grid-scale solar as part of the Future-gen programme. The company has shortlisted two international solar developers and is finalising the terms of a joint venture. 500MW of generation is targeted by 2025, and some of which will be generated on Genesis owned land near existing grid connections.

Collectively, these announcements put Genesis on track to displace 1,800GWh of thermal baseload generation and remove 1.2 million tonnes of annual carbon emissions by 2025.

### **Genesis Retail business goes from strength to strength**

Genesis has targeted growth across our Business Energy Services and LPG businesses by growing through targeted propositions. Our Business Energy Services have provided energy audits and monitoring to enable customers to understand, manage and reduce their energy consumption. LPG delivered a strong performance with nearly 8% growth.

Across all customer segments, including our residential customer base, Genesis continues to put control in our customers' hands. There were 11.6 million interactions with our Energy IQ platform and 275,000 households are engaging with their energy choices.

### **Dividends**

The Genesis Board has confirmed a final dividend of 8.8 cents per share, bringing the full year dividend to 17.4 cents per share, an increase of 1.2%. The final dividend has a record date of 24 September 2021 and will be paid on 8 October 2021.

The Board also confirmed a new dividend policy of paying out between 70% and 90% of free cash flow. The change in policy introduces the flexibility to retain capital to invest in our Future-gen strategy. However, the change in policy does not represent a departure from our aim to grow dividends over time and we recognise the importance of dividends to our investors.

Our dividend policy is located here: <https://www.genesisenergy.co.nz/investors/dividends>.

### **FY22 guidance**

EBITDAF guidance for the full year ended 30 June 2022 is \$420 million to \$440 million, subject to market conditions. Capital expenditure guidance for FY22 is for capital spend up to \$95 million.

Further information on the company's operations and financing can be found in the investor presentation of the full year results at [nzx.com/markets/NZSX/securities/GNE](https://nzx.com/markets/NZSX/securities/GNE) and [www.genesisenergy.co.nz/investors](https://www.genesisenergy.co.nz/investors).

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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 Energy Online 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](http://www.genesisenergy.co.nz)