



MARKET RELEASE

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NZX: GNE / ASX: GNE

Genesis delivers strong first half EBITDAF of \$217 million

	Half Year-ended December 2020	Change year on year
EBITDAF ¹	\$217 million	Up \$50 million on HY20 of \$167 million
Net Profit	\$53 million	Up \$44 million on HY20 of \$9 million
Underlying Earnings ²	\$60 million	Up \$44 million on HY20 of \$16 million
Earnings Per Share	5.90 cents	Up 4.19 cps from HY20 of 0.9 cps
Underlying Earnings Per Share	5.83 cents	Up 4.30 cps from HY20 of 1.53 cps
Interim Dividend Per Share	8.60 cents	Up 0.9% from HY20 of 8.525 cents
Free Cash Flow ³	\$159 million	Up 69% on HY20 of \$94 million

Strong retail margins and lowered fuel costs help to offset reduced hydro inflows and challenging gas market conditions

Genesis Energy (ASX: GNE, NZX: GNE) today announced that it delivered EBITDAF of \$217 million for the first half of FY21, an increase of 30% on the same period last year. This is the Company's strongest first half performance since listing in 2014. Net Profit increased to \$53 million driven by stronger performance across the Wholesale, Kupe and Retail segments.

The Retail segment was boosted by stronger retail margins and the Wholesale segment by lower thermal fuel costs. The Kupe joint venture continues to produce a reliable return due to increased output supported by fewer planned outages in the first half.

Net debt is down 5.5% to \$1,182 million and free cash flow is up 69% to \$159 million. An interim dividend of 8.60cps has been declared. The Dividend Reinvestment Plan has been suspended until further notice.

"Our retail business has delivered improved efficiencies without compromising on our vision to be 'customer's first choice for energy management'. Our Energy IQ app now has 229,000 subscribers and, in 1H FY21, we launched advanced gas metering and new Energy Plus plans, which have already given 183,000 customers access to more customised payment options. The last six months has also seen a reduction in disconnections and bad debt, largely due to measures implemented by the business as part of its response to the customer impact of COVID-19," said Marc England, Chief Executive, Genesis Energy.

"The Wholesale segment experienced low hydro inflows and a volatile gas market, affecting electricity supply and prices. Huntly Power Station was again called upon to support the market in anticipation of a La Nina dry year. However, the high fuel costs that impacted the bottom line this time last year have moderated. The Waipipi Wind Farm entering the market in November has produced 54GWh of 100% renewable, zero emissions electricity as at 31 January 2021. It is due to reach its full 133MW capacity in March 2021, displacing 250,000-370,000 tonnes of carbon emissions annually."

Genesis completed a significant capital investment project at the Tekapo B Power Station during the half. This improved generation efficiency at the station by 2.5%. In addition, the \$26.5 million seismic intake gate project was also completed, following a two-year programme of construction. This will enable the Tekapo Power Scheme to operate back at full capacity.

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 2021 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 finance expense, cash taxes paid and stay in business capital expenditure.

⁴ Kupe's 2P reserves estimate as at 30 June 2020 was 340.5 PJe, an increase of 21.5 PJe on the prior year's closing reserves estimate.



In August, the Kupe Joint Venture announced a 21.5 petajoules equivalent (PJe) upgrade in Proved and Probable Reserves ('2P'), reinforcing the quality of the asset⁴. In November, Genesis announced a strategic review of the asset. An update to the market on the outcome of the strategic review is targeted for the middle of the calendar year.

Future-gen strategy update

Genesis' Future-gen strategy aims to economically displace baseload thermal electricity generation with 2,650GWh of reliable and affordable renewable electricity to support the country's transition to a low carbon future.

The first phase of this strategy is complete as the Waipipi Wind Farm reaches 100% generation capacity next month. The second phase aims to bring a further 1,350GWh of renewable electricity to market by 2024. The RFP process with 11 partners, canvassing 6,000GWh of options, closes on 12 March. Genesis expects to announce its decisions in December this year.

Genesis has also committed to removing at least 1.2 million tonnes of annual carbon emissions over the next five years (Scope 1, 2 and 3) as part of its commitment to the Science Based Targets initiative (SBTi) international benchmark of limiting global warming to below 1.5°C by 2025. Outside of Europe, Genesis is the only electricity generator and retailer to tie targets to 1.5°C with the SBTi.

Interim dividend and dividend reinvestment plan

The Board has declared an interim dividend of 8.60 cents per share, an increase of 0.9% which has a record date of 18 March 2021 and will be paid on 1 April 2021. As noted above, the Dividend Reinvestment Plan has been suspended.

FY21 guidance

Genesis expects the hydrological and gas market conditions experienced in the first half to continue through into the second half of FY21. Huntly Unit 5 will also go offline for planned maintenance in April 2021 to ensure its availability over winter.

EBITDAF guidance for the full year ended 30 June 2021 has been revised upward from previous guidance of \$395 million - \$415 million to \$415 million - \$425 million, subject to market conditions. Capital expenditure guidance for FY21 is unchanged at up to \$95 million.

Further information on the company's operations and financing can be found in the HY21 investor presentation and in the 2021 Interim Report. Both can be found at 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 \$NZ2.6 billion during the 12 months ended 30 June 2020. More information can be found at www.genesisenergy.co.nz