

MARKET ANNOUNCEMENT

31 March 2023

Market guidance update

This announcement provides information related to earnings guidance for Manawa Energy (MNW) in relation to the FY23 and FY24 financial years.

FY23 guidance

- MNW expects EBITDAF for the year to 31 March 2023 to be around the top end of the current EBITDAF guidance of \$127.5m to \$140.0m. This is due to strong Q4 trading conditions, driven by solid wholesale prices and generation volumes.
- Capital expenditure guidance of \$45m to \$55m remains unchanged.

FY24 guidance

- MNW expects EBITDAF for the year to 31 March 2024 to be in the range of \$120m to \$140m.
- This is underpinned by the following assumptions:
 - Wholesale prices remain materially in line with the current ASX forward curve;
 - MNW's generation volumes are approximately 1,915 gigawatt hours, including the volumes generated by KCE¹ schemes. Note that this is below the 'long-run average' of 1,942 gigawatt hours due to a weather-related outage at the Esk Scheme (Hawke's Bay) and a planned Waipori Scheme (Otago) outage over summer to replace the Waipori 3 generator and undertake maintenance works;
 - Average hydrological conditions;
 - Around \$8m operational expenditure related to our new generation development pipeline; and
 - No material adverse events.
- MNW expects its FY24 capital expenditure to be in the range of \$65m-\$80m. This comprises the following expenditure:
 - \$18m-\$22m for enhancements of existing generation assets;
 - \$22m-\$28m for asset maintenance and lifecycle expenditure on existing generation assets (including KCE assets);
 - \$13m-\$16m for new generation development activity;
 - \$7m-\$9m for technology, regulatory, environmental, and other capital investment;
 - ~\$5m for the Manawa House office fit-out in Tauranga.

¹ KCE owns 5 hydro schemes in the North Island. It is majority-owned (75%) by Manawa Energy.

- MNW also expects to receive \$20m-\$28m of cash proceeds in FY24 from the divestment of surplus land and carbon credits.

Further information

- To better compare MNW's financial performance between FY23 and FY24 on a like-for-like basis, three key "normalisations" are required:
 - FY23 is the final year MNW receives avoided cost of transmission revenue, and this is expected to provide ~\$15m of EBITDAF (net of other transmission pricing methodology changes) in FY23.
 - FY23 includes April 2022 earnings from the mass market retail business (sold in May 2022), providing ~\$4m of net EBITDAF.
 - FY23 included one month of internal transfer pricing for electricity to the mass market retail business prior to the commencement of the Mercury CFD². This provided ~\$3m of EBITDAF upside.
- The following items are expected to drive a net increase in the FY24 EBITDAF result.
 - The energy outlook in FY24 is expected to be favourable compared to FY23, driven by current price and volume assumptions, and changes to our hedge position (increases EBITDAF by \$10m to \$20m).
 - Generation operational costs increase primarily as a result of abnormally high project expenditure including a significant dam safety project (reduces EBITDAF by \$1m to \$3m).
 - New generation development operating costs increase due to additional resource and increased consenting costs and other activities expected to be undertaken in FY24 (reduces EBITDAF by \$2m to \$4m).

MNW management will provide a full update on asset enhancements, the new development pipeline, and other key business initiatives at the company's full year results announcement in May 2022.

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² contract for differences

About Manawa Energy Limited

Manawa Energy is Aotearoa New Zealand's largest independent electricity generator and renewables developer. We have 26 power schemes throughout New Zealand and a total installed capacity of 502 megawatts, generating ~1942 gigawatt hours of electricity per year. We supply around 650 commercial and industrial customers via 6,400 electricity connections.

Manawa (meaning 'heart') acknowledges our heritage establishing electricity generation on the Omanawa River in the Kaimai area during the early 1900s. Our name was gifted by Ngāti Hangarau hapū, mana whenua of the area where our Kaimai hydro-electric power scheme is located.

