10 November 2016

New Zealand Stock Exchange
Level 1, NZX Centre
11 Cable Street
Wellington 6011
New Zealand

Z Energy Limited (ZEL) half year results announcement (for the six months ended 30 September 2016)

Please find attached the financial information required by NZX Main Board / Debt Market Listing Rule 10.4.2 together with a copy of Z Energy's half year results presentation and Half Year Report for the six months ended 30 September 2016.

The information in this announcement should be read in conjunction with Z Energy's most recent Annual Report.

Attached:

1. NZX Appendix 1;
2. Media announcement in relation to the half year results;
3. Half year results presentation;
4. Management discussion and analysis in relation to the half year results;
5. Z Energy's Half Year Report including group financial statements for the six months ended 30 September 2016 and the Auditor's review report; and
6. NZX Appendix 7, detailing the dividend of 9.4 cents (New Zealand currency) per ordinary shares to be paid on 12 December 2016 to those shareholders on the company's share register as at 5pm on 25 November 2016.

Yours sincerely

Debra Blackett

Chief Governance Officer, Z Energy

Appendix 1

Full year reporting periods

Reporting period	six months to 30 September 2016
Previous reporting period	six months to 30 September 2015

Results for announcement to the market

	Six months to 30 September 2016 (NZ $m)	Percentage change
Operational results		
Revenues from ordinary activities	1,664	27%
Profit (loss) from ordinary activities after tax attributable to security holders	82	22%
Net profit (loss) attributable to security holders	82	22%

	Amount per security (NZ cents)	Imputed amounts per security (NZ cents)
Dividends – Ordinary shares		
Interim dividend	9.4	3.6556
Record date		25 November 2016
Payment date		12 December 2016

There are currently no dividend or distribution reinvestment plans in operation.

Financial information and commentary

For commentary on the results please refer to the media announcement and management commentary. Appendix 1 should be read in conjunction with the interim Group financial statements for the six months ended 30 September 2016 as contained in the Half Year Report and Z's most recent Annual Report.

Net tangible assets per security

	30 September 2016 (NZ cents)	30 September 2015 (NZ cents)
Net tangible assets per security	-14	57

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Subsidiaries, associates and joint operations

	Percentage holding
Subsidiaries	
Z Energy 2015 Limited (formerly Chevron New Zealand) [1]	100%
Harbour City Property Investments Limited	100%
Z Energy ESPP Trustee Limited	100%
Z Energy LTI Trustee Limited	100%
Challenge Petroleum (dormant) [1]	100%
Associates	
The New Zealand Refining Company Limited	15%
Loyalty New Zealand Limited	25%
New Zealand Oil Services Limited	50%
Wiri Oil Services Limited [2]	44%
Coastal Oil Logistics Limited [2]	50%
Joint operations	
The Group has participating interests in five unincorporated jointly controlled operations relating to the storage and distribution of petroleum products	
Joint User Hydrant Installation (JUHI)	50%
Joint Interplane Fuelling Services (JIFS) (Z and BP)	50%
Joint Ramp Service Operations Agreement (Z Energy 2015 Limited & Mobil) [3]	50%
Jointly Owned Storage Facility (JOSF) (Z and BP)	50%
Wiri to Auckland Airport Pipeline [2]	60%

[1] Entities acquired as part of the acquisition of the shares in Z Energy 2015 Limited.

[2] Shareholding comprises shares held by Z Energy Limited and Z Energy 2015 Limited.

[3] Shareholding held by Z Energy 2015 Limited.

Accounting standards

The Group financial statements comply with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting. They do not include all the information required in the annual financial statements and should be read in conjunction with the Group financial statements for the year ended 31 March 2016.

Audit

This report is based on the unaudited interim Group financial statements. KPMG has provided a review report on the financial statements which is attached.

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10 November 2016

Consolidating the foundation for continued success

Result and dividend

Z Energy Limited (Z) released its results for the six months ended 30 September 2016 today.

The Z Group has delivered Historical Cost Net Profit After Tax (NPAT)[1] of $82 million, up from $67 million in the prior corresponding period (PCP).

Replacement Cost Operating EBITDAF[2] was $167 million, up 43 per cent from the PCP, reflecting four months of contribution from the Chevron New Zealand (Caltex) business.

The Board has declared a fully imputed interim dividend of 9.4 cents per share, up 10 per cent on the PCP. The dividend will be paid on 12 December 2016.

Chief Executive Mike Bennetts said the result represented a solid financial performance for the first half of the year, delivered at the same time the Caltex and Z businesses were being brought together into one integrated operation.

“Integration is progressing very well, and faster than originally planned and we are excited about the value our new combined organisation is now positioned to deliver for customers, shareholders and stakeholders alike.

“We’ve safely combined the two companies to use common systems without disruption to our customers and over the period we’ve delivered good financial performance that sets us up very well for the last half of the year and beyond,” said Mike.

“Z’s improved result has been generated in an environment in which refining margins are sharply down from historically record levels, fuel margins and Z-branded volumes have been flat, despite modest industry volume growth, and there has also been a significant change within loyalty programmes across major retailers.”

Caltex acquisition, strategy development

Mike Bennetts described the successful acquisition of Caltex as a transformational opportunity.

“We are in the privileged position of being able to combine two leading companies to create an organisation that can make a positive contribution to New Zealand. As I said at the time of the acquisition, with the cutover process to common operating systems complete, we are being mindful and deliberate around the choices we make.

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[1] Z’s statutory NPAT earnings are prepared on an historical cost basis as required by NZ GAAP. Earnings prepared on this basis are subject to fluctuations in the value and volume of stock sold over the period due to changes in oil prices, exchange rates and deliveries.

[2] Replacement Cost Operating Earnings Before Interest, Taxation, Depreciation (including gains and (losses) on the sale of fixed assets), Amortisation and Fair Value movements in interest rate derivatives and Movements in Decommissioning and Restoration provision.

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"We will have organisational design implemented for the new business by the end of November and all but a handful of Caltex heritage staff have opted to transfer across to Z's employment terms and conditions."

Mike said the opportunities to learn from each other provided an unrivalled wealth of talented people to operate the business and an enduring competitive advantage for Z.

"The focus now is on building an integrated company with a culture of highly engaged and committed employees. Strategy development is also well under way which will provide Z with the clarity and focus as to how we will win in our markets and deliver distinctive results through to the period post 2020.

"We expect to have the next stage of Z's strategy developed and implementation plans ready to go by the end of the financial year."

Synergies

As a part of the integration and strategy work streams, Z has also been focused on value realisation.

As a result of work completed between settlement and the end of the half year, Z had announced synergies of $28 million would be realised in the 2018 financial year with $12 million in the current financial year. These are largely from supply chain efficiency and scale, as well as some corporate overhead cost reductions.

On October 19, Z updated the market with new estimates, increasing total synergies to be realised from the transaction to $40 - $45 million by the end of the 2018 financial year.

"We've already demonstrated our ability to identify and realise value and as we move through the strategy development process and better understand the choices we have available to us, we are confident we will find additional ways to deliver increasing value to all stakeholders with an interest in our business."

Bringing more sustainable fuels to market

As an example, the country's largest biodiesel plant in Wiri, Auckland, is currently undergoing commissioning. Z's Te Kora Hou (the new spark) biodiesel plant is a $26 million investment which will produce 20 million litres of the highest quality biodiesel per annum.

At full production, its output will be blended to make 400 million litres of B5 biodiesel which will, from the end of November, be progressively available to select commercial customers and then through retail service stations in the top half of the North Island.

Mike Bennetts said that in a world increasingly concerned about climate change, this plant is a modest first step from Z to lower the environmental impact of New Zealand's transport fuels.

"We've been delighted with the leadership and support of some of New Zealand's most significant companies who have committed to using this product and we encourage all customers, large or small, to join us on this journey and where possible choose a more sustainable fuel."

More information on this project is at: www.z.co.nz/biod

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Focus on operational risks

Mike Bennetts said one of the most pleasing elements of the last six months has been the continued focus on health and safety.

“We’ve achieved the transition without losing our focus on keeping people, our customers and our environment safe and I’m very grateful to the professionalism and commitment of all of the team in this area.”

Mike said that over the period Z, and many other retailers, have experienced a sharp increase in robberies as an unintended outcome of increasing prices for tobacco-related products.

“As a result, Z has been implementing a comprehensive site security improvement plan to make robberies of Z sites incredibly difficult. The initiatives in place cover technology – both hardware and software – storage systems, site security resources and physical infrastructure.

“Collectively these steps are designed to keep Z’s sites, our staff and our customers safe. They make the chances of successfully robbing a Z site very low and exponentially increase the risks of apprehension.”

Being distinctive in a competitive market

Mike said the market remains intensely competitive with price board discounting, changing loyalty offers and an increasing number of participants investing in current assets and new retail service stations at a scale not seen for 20 years.

“Z’s strategy will guide how we win, but already our scale, efficiency and strength of national infrastructure assets mean we can add further value to our commercial customers.

“Z’s store offer - an increasingly important driver of profitability - continues to go from strength-to-strength with another period of strong growth.

“We have also overhauled the primary loyalty programme for Z branded sites, introducing fuel discounts into its ‘Fly Buys Pumped’ offer and exiting its previous supermarket docket relationship.

“Loyalty in the retail markets is highly dynamic and materially changing, but we’ve been pleased that Z has largely held its volume position through Z sites with Fly Buys Pumped and continues to attract customers to its service, convenience and loyalty offers. Additionally we have exposure to the AA Smartfuel offer through the Caltex branded service station network which is now partnered with Countdown for their supermarket dockets.”

Mike said outside of the brand and loyalty offers, Z has many opportunities to drive distinctive performance across all elements of the expanded business: through increased scale and buying power in crude oil and fuel procurement; by enabling greater refining efficiency; by creating a best-in-class bulk fuel terminal system; by developing an unrivalled national truckstop network and operating two leading retail service station brands.

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Divestments

As a requirement of the Commerce Commission's clearance of the acquisition, Z undertook to divest 19 retail sites and one truck stop. All 20 sites now have signed sale and purchase agreements with a range of buyers. Site-by-site settlement and handover to the new owners, which are competing retailers, are planned to occur progressively through November to January 2017.

Outlook and guidance

At the start of the financial year, Z standalone guidance of replacement cost operating EBITDAF of $260 - $290 million was provided to the market.

With the Caltex business now sufficiently integrated, updated FY17 guidance for the Z Group is now $385 - $415 million. This number excludes the impact of one off integration expenses of $34 million, includes $12 million of synergies (which will be realised within the year), and the effect of reduced earnings from divestments (timed for the end of the third quarter) of $4 million.

Jonathan Hill: 021 440 090

Reconciliation from statutory NPAT to RC Operating EBITDAF	
Net Profit per the statutory financial statements	**82**
Replacement cost of sales adjustment (net of tax)	(7)
Foreign exchange and commodity (gains) on fuel purchases[3]	(8)
RC Net Profit After Tax	**67**
Depreciation and amortisation	28
Net financing expense	26
Other	9
Taxation (including tax on COSA)	38
Share of earnings in associates (net of tax)	(1)
RC Operating EBITDAF	**167**
Integration expenses	18
RC Operating EBITDAF excluding integration expenses	**185**

[3] From FY17 onwards the impact of foreign exchange and commodity gains and losses on fuel purchases is removed from the replacement cost results, as indicated in the FY16 results announcement.

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2017 Interim Results Presentation

For the six months ended 30 September 2016

10 November 2016

Mike Bennetts, Chief Executive

Chris Day, Chief Financial Officer

Disclaimer

Please read this page before the rest of the presentation

Please do not read this presentation in isolation

This presentation supplements our half year results announcement dated 10 November 2016. It should be read subject to and in conjunction with the additional information in that announcement and other material which we have released to NZX and ASX. This material is available on our website, www.z.co.nz. All references in $ are to New Zealand dollars unless otherwise stated

Forward looking statements are inherently fallible

This presentation contains forward-looking statements and projections. These reflect our current expectations, based on what we think are reasonable assumptions. But for any number of reasons the future could be different – potentially materially different. For example, assumptions may be wrong, risks may crystallise, unexpected things may happen. We give no warranty or representation as to our future financial performance or any future matter. Except as required by law or NZX or ASX listing rules, we are not obliged to update this presentation after its release – even if things change materially

Understand our non-GAAP information

Some of the financial information in this presentation has not been prepared in accordance with generally accepted accounting practice ("GAAP"). In particular, we show results calculated on the basis of "replacement cost accounting". It is very important that you understand how this non-GAAP information relates to our GAAP results. So please read the explanation in the appendices

There is no offer or investment advice in this presentation

This presentation is for information purposes only. It is not an offer of securities, or a proposal or invitation to make any such offer. It is not investment advice or a securities recommendation, and does not take into account any person's individual circumstances or objectives. Every investor should make an independent assessment of Z Energy on the basis of expert financial advice

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Headline financials

Results on track with four months of Caltex contribution

Key Financials	1H FY17	1H FY16	Variance
Historical cost net profit after tax (HC NPAT)	$82m	$67m	22%
Replacement cost operating EBITDAF (RC Operating EBITDAF)	$167m	$117m*	43%
Integration related expenses	($18m)	($10m)	80%
RC Operating EBITDAF less integration expenses	$185m	$127m*	46%
Interim dividend declared	9.4 cents	8.5 cents	10%

- RC NPAT of $67m primarily reflecting a lower contribution from Z's shareholding in Refining NZ and increased financing costs due to the Chevron New Zealand (CNZ) acquisition
- Operating cash flow of $131m, supporting debt reduction of $25m in 2Q
- Refining margin environment reverting to more usual levels after top of cycle margins in FY16
- CNZ acquisition, transition and integration related opex of $18m and capex of $2m, a further $16m opex in 2H FY17 to complete integration related activities

Note: HC NPAT has been calculated in accordance with NZ GAAP. RC NPAT and RC Operating EBITDAF has been calculated on the basis of "replacement cost accounting". In this presentation we show results calculated in accordance with NZ GAAP and results calculated on the basis of "replacement cost accounting". It is very important that you understand how the "replacement costs" results relates to our NZ GAAP results, so please read the explanation and consider the reconciliation information in the appendices.

*From FY17 onwards the impact of foreign exchange and commodity gains and losses on fuel purchases is removed from the replacement costs results and is no longer reported separately within operating expenses. Comparative numbers for prior periods have been adjusted to reflect this.

Health, Safety, Security and Environment

Focus on security risk management at Z's retail sites

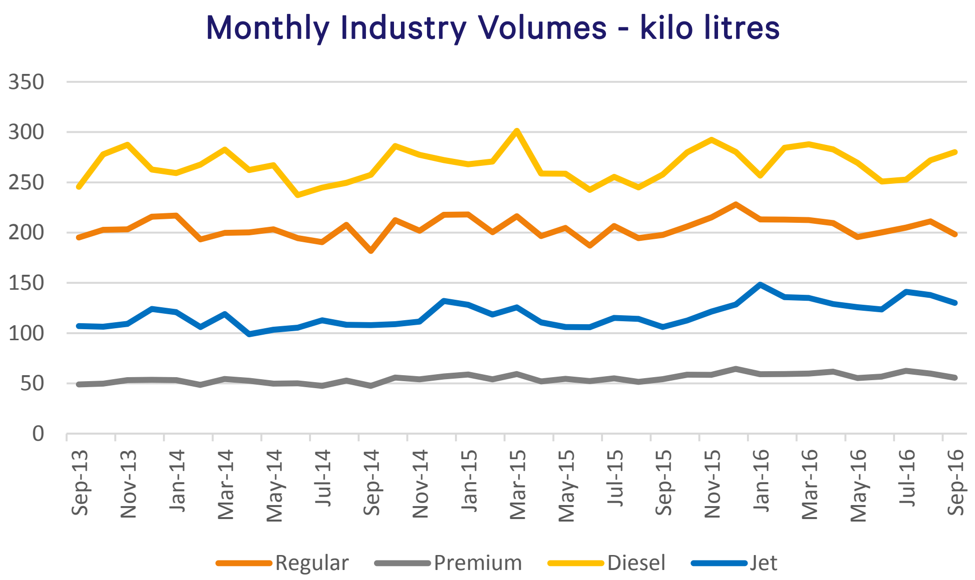
Operational Metrics	1H FY17	1H FY16
Total recordable case frequency (TRCF)	0.9	1.4
Motor vehicle incident frequency rate (MVIFR)	1.3	8.8
Lost time injuries (LTIs)	7	4
Number of spills (loss of containment)	0	0
Security incidents (Z robberies only)	15	2
Product quality incidents (high risk)	0	0
Process safety incidents (Tier 1 & 2)	0	0
Food safety incidents	0	1

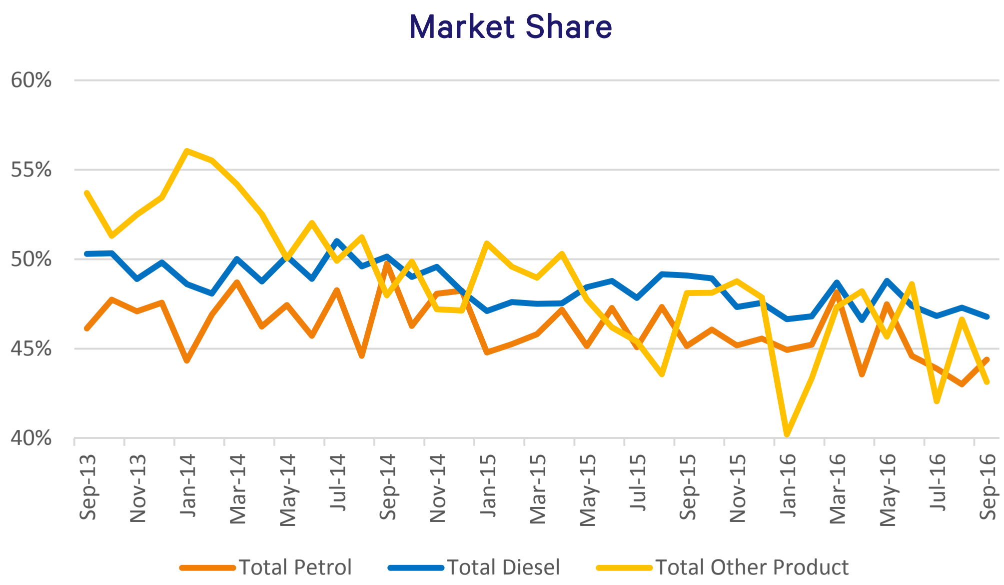
- Positively tracking against HSSE strategy milestones
- Z's Operational Risk Management (ZORM) system 'build it' phase completed. Focus on implementation in 2H
- An unplanned $2m opex and $1m capex deployed in robbery response plans to increase both offender deterrents and employee security, and reduce the potential reward for the offenders
- Decrease in MVIFR partially explained by a more risk focussed change in the reporting base
- Increase in LTIs largely relates to sprains and strains

Note: All HSSE operational metrics are reported at a Z Group level from 1 June 2016, with the exception of robberies. Caltex robberies are not reported as Caltex's retail network is run by a group of independent dealers who in almost all cases own the assets and control the operational activities on the site.

Trading conditions

Strong economy enabling overall industry demand growth





- Industry petrol volumes for 1H are +4% on PCP, lower pump prices sustained across the industry and increased vehicle sales
- Industry diesel volumes for 1H are +6% on PCP, compared to remaining flat over the past year, so returning to the usual correlation to GDP
- Industry jet volumes +20% on PCP, from organic growth in flight numbers and new to market airlines in Auckland

- Graph does not include Supply – Industry and Export sales
- Structural changes in industry loyalty offers with FlyBuys introducing Pumped, AA Smartfuel redeeming supermarket dockets and AirPoints leaving FlyBuys and growing partners in their own program
- Growing site numbers and participation of distributors in provincial markets

Note 1: Source is Industry Exchange data at September 2016

RC operating EBITDAF variances to 1H FY16

Caltex acquisition delivers expected margins and synergies

Refining -$9m

- Volume -8% (0.5m bbl) to PCP
- Gross refining margins (NZD/bbl) -31% to PCP
- Average NZD/USD exchange rate of 0.71 to PCP of 0.69

Fuels and non fuel +$4m

- Volume growth and unit margin decline offset to be flat to PCP
- Fuel margin +1% underlying to PCP due to procurement benefits
- Non fuel margin growth +6% underlying to PCP due to rollout of new store offers

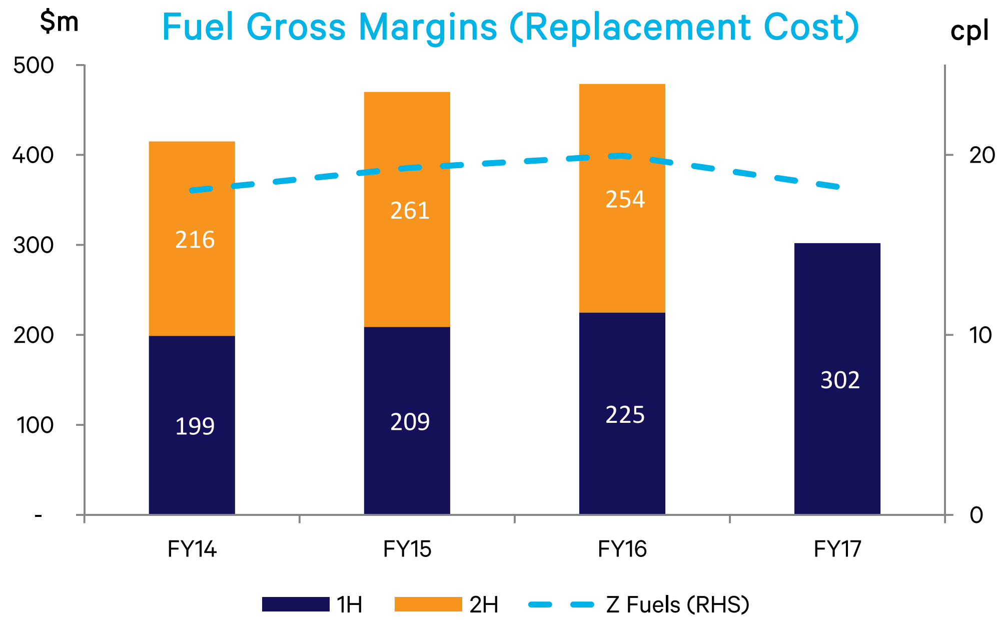
Operating expenses -$13m

- One off and timing related $7m for launch of FlyBuys Pumped and dockets into AA Smartfuel
- $2m for Commercial distribution costs given volume growth for jet and diesel

Fuel margin +1% underlying to PCP

Caltex acquisition drives fuel and margin growth since PCP

Sales Volumes (ml)	1H FY17	1H FY16*	Var
Petrol	592	596	-1%
Diesel	640	622	3%
Other	424	382	11%
Total marketing volume	**1,656**	**1,600**	**3%**
Supply sales and exports	87	90	-3%
Total Volume	**1,743**	**1,690**	**3%**

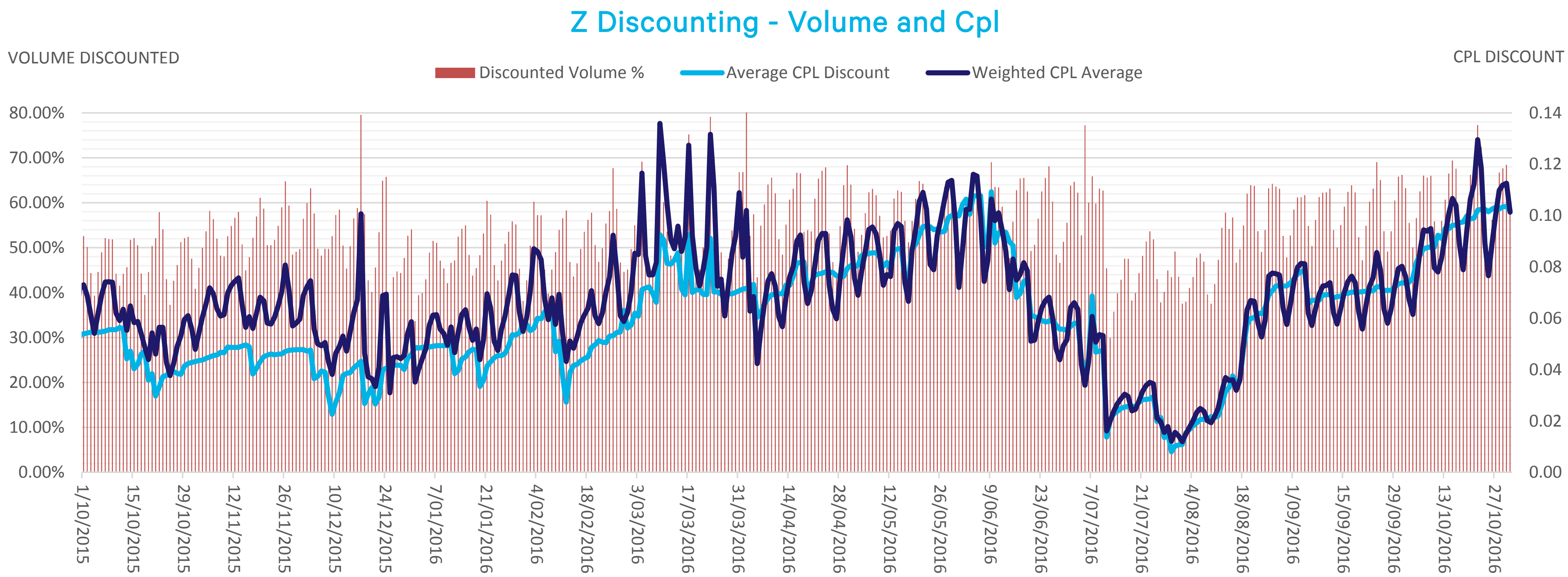


- Focus in 1H on loyalty offers - launch of FlyBuys Pumped retained most of Z's petrol and diesel volumes while Caltex has not benefitted from supermarket docket transfer
- Other volume includes marine (72ml), bitumen (41ml) and jet (307ml). Airline customers offering new destinations enabled 29% volume growth in jet
- Supply sales include sales of products (diesel and marine fuel) within industry and overseas
- Unit margin of 18.2cpl compares to prior year 21.3cpl reflecting differing operating models and margin exposures between Z and Caltex networks
- Use of loyalty and reward offers are embedded in the retail market

*1H FY16 figures have been adjusted to add Caltex volumes to provide a like-for-like comparison. These figures have been sourced from Industry Exchange information.

Retail discounting continues

Competition for volume remains as strong as ever



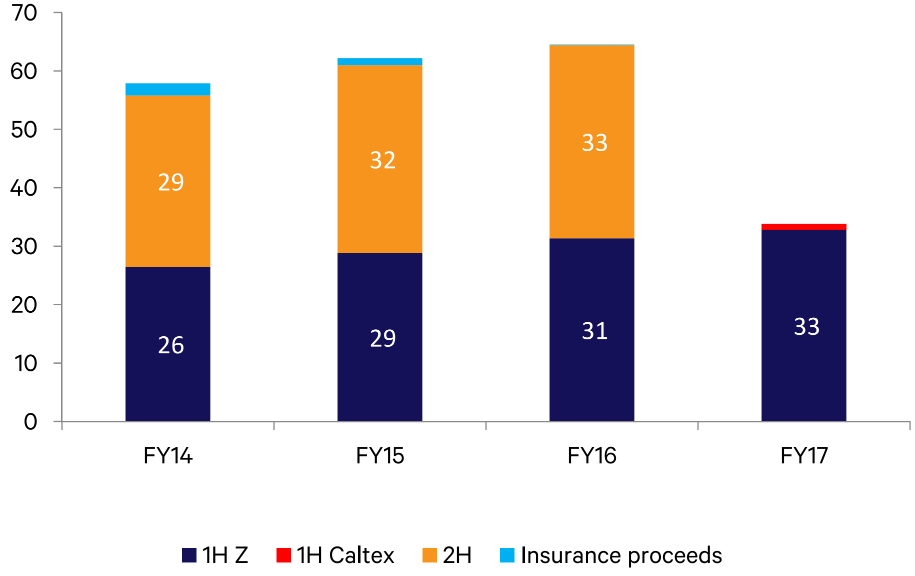
- Continuation of regional discounting activity, with discounts as high as 30cpl at times
- Z branded sites continue with tactical pricing, including store promotions, discount days and expanded Z App offers
- Z and Progressive Enterprises ended their supermarket docket loyalty relationship and replaced this with its Fly Buys Pumped loyalty offer
- Progressives have since entered into a loyalty scheme with AA Smartfuel which can be redeemed at Caltex service stations

Non fuel revenue +6% underlying to PCP

Strong customer demand for new offers coming through Z branded sites

Operational Metrics	Tier 1	Tier 2	Tier 3
Number of stores	92	62	57
1H FY16	*87*	*61*	*58*
Average weekly shop sales	$40k	$28k	$22k
Sales growth	7%	8%	2%
Total transaction count YoY	0%	2%	(5%)
Store transaction count YoY	6%	8%	2%

Non Fuel Gross Revenue ($m)



- ChillZone rollout now at 42 sites, Lotto introduced to 83 sites
- Continued focus on service, loyalty, and food offers
- Record carwash activity during August
- Non fuels margin also includes $1m of rental income and third party arrangements from Caltex network

- Coffee sales +15% to PCP
- Food +18% to PCP
- Leisure +61% to PCP
- Providing more choice in food offers and improving existing offers proving effective (e.g. hot fruit pies, change in coffee supplier)

Note 1: The number of stores shown excludes independents

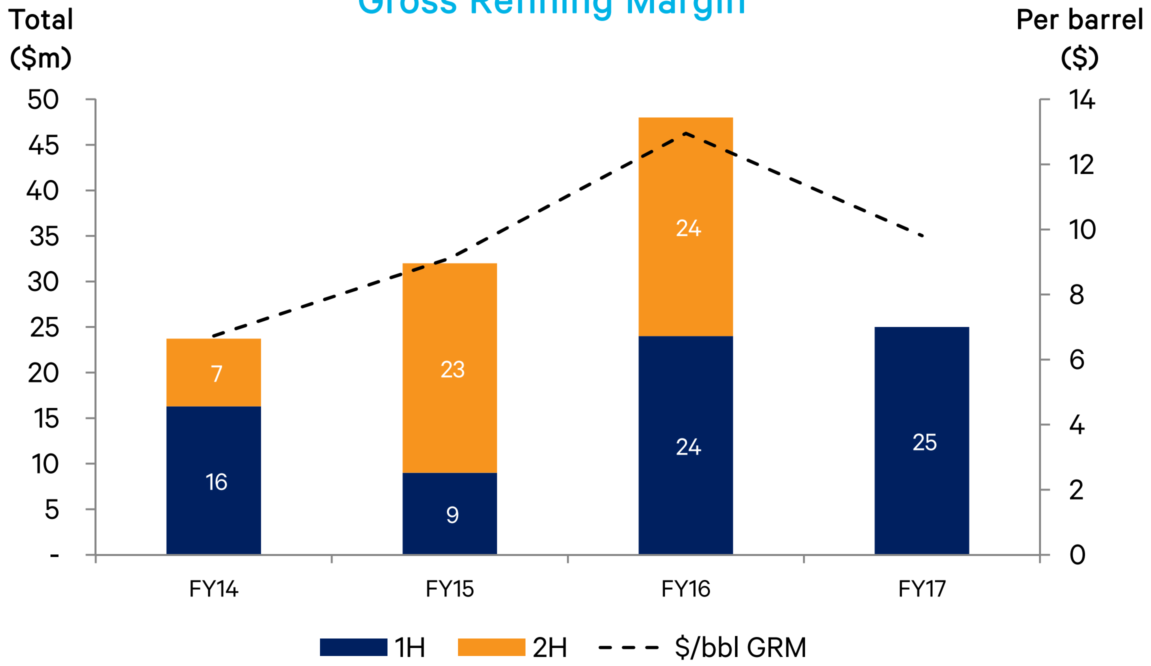
Refining margin -38% underlying to PCP

Refining margins normalise after record FY16

Regional markets and Refining NZ

- Gross refining margins reflect both the weaker regional conditions and the longer than planned shutdown at Refining NZ compared to PCP
- Crude supply agreements renegotiated
- Annual procurement savings of $5m which have been reported as synergies
- Combined, Z and Caltex process 21m barrels, around 47% of Refining NZ's annual production

Gross Refining Margin



Z Performance

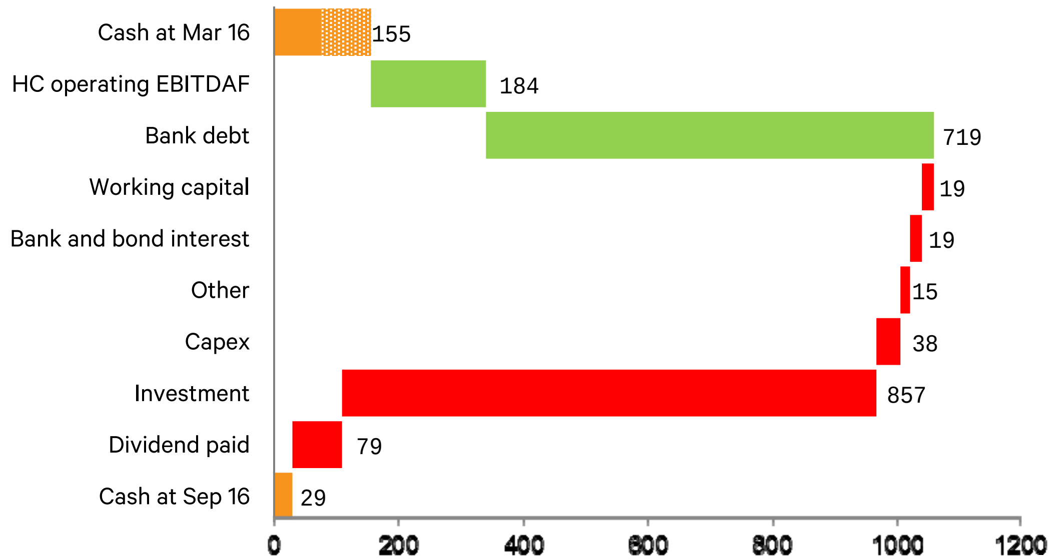
- 1H processing volumes increased to 8.5m barrels from 6.0m barrels PCP as a result of CNZ acquisition
- 1H refining margins are 6.9% of total gross margin against 8.6% PCP
- Optimisation programme realised a $4m benefit (reported in fuel margin), flat against PCP

Cash and capital

Debt and cash levels impacted by CNZ acquisition

Metrics	Sep 16	Mar 16	Sep 15
Gearing – book value	65%	33%	40%
Gearing – market capitalisation	24%	9%	12%
Market capitalisation	$3.4b	$2.7b	$2.7b
Debt coverage* (Net debt/12 months RC operating EBITDAF)	2.6x	1.3x	1.5x

Sources and Uses of Cash ($m)



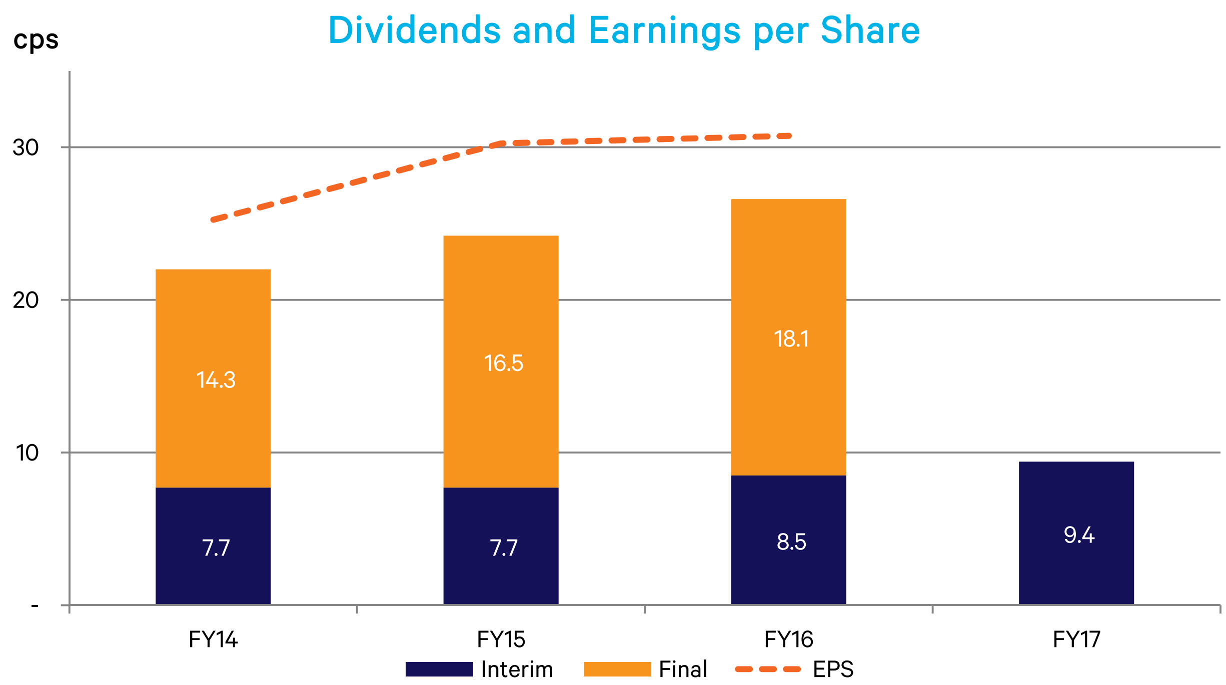
- Net debt of $1,058m, made up of $432m domestic retail bonds and $655m bank debt less $29m cash on hand
- Average net debt of $836m compared to $350m PCP
- New capex spend of $37m, +$8m compared to PCP
- ZEL040 (five year) and ZEL050 (seven year) fixed rate retail bond offer commenced on 30 September, issued $220m (comprising $150m and $70m respectively) on 1 November
- Leveraged up to fund the CNZ acquisition through debt, with $25m repaid in September

Note 1: In calculating gearing ratios in previous periods, acquisition deposit of $79m has been treated as cash

*Debt coverage ratio is based on balance sheet debt calculation. Net Debt being defined as the sum of bonds plus bank debt less cash on hand, and excludes working capital funding. 12 months RC operating EBITDAF for Sept 16 has been annualised based on 4 months Z and Caltex combined business results.

Equity and distributions

Strong operating cash flows enable a 10% increase in interim dividend



- Directors have declared a fully imputed final dividend of 9.4 cents per share ($38m)
  - Record date: 25 November 2016
  - Payment date: 12 December 2016
- As signalled, deleveraging to 2x earnings
- Distribution policy targeting 10% growth in DPS
- Deleverage is forecast to be complete during FY19 at which point Z will reconsider options to apply excess free cash flow
- Introduction of a dividend reinvestment plan is under consideration by Directors

Updated FY17 guidance

A summation of previously disclosed components

RC operating EBITDAF	$m	Explanation
Z stand alone Caltex	260-290 117	Disclosed in May 2016 Disclosed in August 2016
Synergy	12	Synergies identified will deliver run rate of $40m, consistent with monthly transition updates and Investor Day disclosure
Divestment impact	(4)	Loss of earnings from divestment sites in 4Q (run rate of $15m)
Updated guidance	**385-415**	
Integration expenses	(34)	One off expenses, consistent with monthly transition updates
Total RC operating EBITDAF	**351-381**	

Capex guidance		
Z stand alone Caltex	60 15	Disclosed in May 2016 Disclosed in August 2016
Updated guidance	**75**	
Divestments and acquisition capitalised items	16	One off items, capitalised to opening balance sheet on acquisition and debt facilities
Total Capex	**91**	

Delivered in challenging circumstances

Consistent performance across all aspects of balanced scorecard

Reflecting on 1H FY17

- Reliably delivered financial performance during a period of significant operational risk and major change
- Cutover completed ahead of schedule with no adverse HSSE outcomes or customer impacts
- Integration tracking ahead of plan with employee engagement higher than typical in these circumstances

Looking forward to 2H FY17

- Divestments being progressively settled during November and December
- $12m of in year synergy delivery over next two quarters with run rate towards $40m by year end
- Refining margins expected to increase by ~USD1/bbl based on improved market conditions
- Volatility in retail fuel volumes and margins expected as loyalty landscape changes to new equilibrium
- Choices made for Strategy 3.0 by March end with progressive implementation during FY18

Appendix

1. Financial results
2. Profit and loss

Financial results

Basis of presentation

Non-GAAP Accounting Measure - Replacement cost (RC) earnings:

- Is a non-GAAP measure used by the downstream fuel industry to measure and report earnings
- RC earnings adjusts purchases of crude and product as if the product sold in a month had been purchased in that month, rather than the Historical Cost (HC) which reflects the prices actually paid
- RC earnings exclude the impact of changes in crude oil and refined product prices on the value of inventory held by Z, thus it is a better measure of underlying performance
- The difference between HC earnings and RC earnings is the Cost of Sales Adjustment (COSA) and the foreign exchange and commodity gains and losses. Refer to the reconciliation between HC NPAT and RC NPAT in these appendices
- From FY17 onwards the impact of foreign exchange and commodity gains and losses was removed from RC results, FY16 financial information has been restated to provide a like-for-like comparison
- 1H FY17 financial information includes four months of Caltex contribution

Profit and loss

$m	1H FY17	1H FY16	Variance
Revenue	1,664	1,309	27%
RC gross margin	361	280	29%
Operating expenses (excluding primary distribution expenses)	(194)	(163)	(19%)
RC Operating EBITDAF	167	117	43%
Share of earnings in associates	1	11	(91%)
RC EBITDAF	168	128	31%
Depreciation and amortisation	(28)	(20)	(40%)
Net financing expense	(26)	(17)	(53%)
Other	(9)	1	<>
Taxation	(38)	(24)	(58%)
RC NPAT	67	68	(1%)
Reconciliation from RC NPAT to statutory NPAT			
Tax on COSA	(2)	(5)	60%
COSA (difference between RC and HC Gross Margin and EBITDAF)	9	16	(44%)
Foreign exchange and commodity (gains)/losses	8	(12)	<>
Net profit per the statutory financial statements	82	67	22%
HC gross margin	370	296	25%
HC operating EBITDAF	184	121	52%

Z Energy Limited and Subsidiaries Management Discussion and Analysis

Financial performance for the six months ended 30 September 2016

Overview

This is an analysis and commentary on Z Energy Limited and subsidiaries ('Z', or 'Z Group') financial performance for the half year ended 30 September 2016. Included in the current period results are four months contribution from the Chevron New Zealand (CNZ) business which was acquired on 1 June 2016.

As a result of the CNZ acquisition the financial results of Z Group have changed significantly making like for like comparisons harder. In order to address this, the first section of the Management Discussion and Analysis (MD&A) compares actual results for 1HFY17 to actual 1HFY16. Further analysis prepared on a pro forma basis is included in Appendix 1 to enable comparisons on a like for like/underlying basis.

1HFY17 compared to 1HFY16 Statutory Historical Cost Net Profit After Tax (HC NPAT) was $82m, up $15m from the prior corresponding period (PCP). The increase is due to the contribution from the CNZ business and offset by a decline in refining environment throughout all of the first half of FY17.

Results below are presented on a replacement cost basis.[1]

NZD millions	6 months ended 30 September 2016	6 months ended 30 September 2015	Var	Var %
Revenue	1,664	1,309	355	27%
Replacement cost gross margin (RC gross margin)	361	280	81	29%
Operating expenses (excluding primary distribution expenses)	(176)	(135)	(41)	(30%)
Customs penalties	-	(18)	18	<>
Acquisition, transition and Integration expenses	(18)	(10)	(8)	(80%)
Replacement Cost Operating EBITDAF	**167**	**117**	**50**	**43%**
Share of earnings in associates	1	11	(10)	(91%)
Replacement Cost EBITDAF	**168**	**128**	**40**	**31%**
Depreciation and amortisation	(28)	(20)	(8)	(40%)
Net financing expense	(26)	(17)	(9)	(53%)
Other	(9)	1	(10)	<>
Taxation (incl. tax impact of COSA[1])	(38)	(24)	(14)	(58%)
Replacement Cost Net Profit After Tax	**67**	**68**	**(1)**	**(1%)**

[1] Information on replacement cost (including the cost of sales adjustment – COSA) can be found in the appendices in the attached presentation pack.

Profit for the period

Replacement Cost Operating EBITDAF (RC Operating EBITDAF) inclusive of transaction, transition and integration expenses has increased by $50m to $167m from the PCP.

RC Operating EBITDAF has been impacted by one-off expenditure relating to the acquisition, transition and integration of CNZ in which Z has incurred expenses of $18m (PCP $10m for cutover preparation). Consistent with Z's guidance, adjusting for transaction, transition and integration expenses of $18m, RC Operating EBITDAF has increased $58m from the PCP to $185m.

Included in the PCP is the previously disclosed Customs dispute of $23m, of which $18m in penalties were reported as an expense and the balance of $5m reported in fuels margin. This dispute was subsequently settled at the end of FY16, with penalties being reduced to $1m.

Replacement Cost Net Profit After Tax (RC NPAT) was $67m, down $1m on the PCP. The decrease is a combination of:

i. the lower contribution from Z's shareholding in The New Zealand Refining Company Limited (Refining NZ) due to lower refining margins;
ii. higher unrealised losses on interest rate swaps due to the decrease in NZ interest rates; and
iii. higher financing costs as a result of additional debt obtained to finance the CNZ acquisition.

As signalled in FY16, the reporting of FY17 replacement cost results – represented by RC Operating EBITDAF, excludes realised and unrealised gains/(losses) relating to foreign exchange and commodity transactions for crude and refined product purchases that have been calculated in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP). This change has been made to simplify reporting, assist in evaluating underlying performance, and to better reflect that in replacement terms, there is no time delay between purchase and sale of product. The PCP has been restated to reflect this change. There has been no change to the calculation and reporting of historic cost NZ GAAP results.

Fuel volumes

Million litres (ml)	6 months ended 30 September 2016	6 months ended 30 September 2015	Var	Var %
Petrol	592	390	202	52%
Diesel	640	394	246	62%
Jet	307	174	133	76%
Marine	72	73	(1)	(1%)
Bitumen	41	25	16	64%
Lubricants	2	-	2	<>
Other	2	1	1	100%
Sub total	**1,656**	**1,057**	**599**	**57%**
Supply – Industry and export	87	65	22	34%
Total	**1,743**	**1,122**	**621**	**55%**

Included in the current period results are four months of volumes from the Caltex network. The inclusion of Caltex has been the primary driver of volume growth compared to PCP.

Z branded Petrol volumes have reduced 1% in comparison to the PCP while industry petrol volumes have grown 4% over the same period. This industry trend is driven by a combination of the economic impacts of migration (as evidenced by increased vehicle sales) and continued lower pump prices.

Z's market research continues to support customers preferring the Z brand and service offer when price is more or less equivalent. There is a growing percentage of customers that are attracted by immediate discounts and Z has adjusted its marketing to be more active with post prime sign discount offers. Z launched Flybuys Pumped on 1 August 2016, with the volume gained from this predominately offsetting the loss of supermarket docket volume as a result of Z ending its relationship with Progressive Enterprises Limited at the end of July 2016.

Z branded Diesel volumes have increased 4% in comparison to the PCP while industry diesel volumes have grown 6% over the same period. Strong GDP has driven underlying diesel growth in NZ and Z has continued with its portfolio optimisation strategy to grow its volume.

Against the PCP, Z branded Jet volumes increased 29% as a result of Z successfully gaining new international customers, as well as organic growth of existing customers in line with increased international and domestic travel demand.

Quarterly operational data for prior quarters is included in Appendix 2.

Replacement cost gross margin

NZD millions	6 months ended 30 September 2016	6 months ended 30 September 2015	Var	Var %
Fuels[2]	302	225	77	34%
Non fuels	34	31	3	10%
Refining	25	24	1	4%
Total	**361**	**280**	**81**	**29%**
Fuel volumes				
Fuel sales excl. supply sales (ml)	1,656	1,057	599	57%
Refining production (million bbl)	8.0	6.0	2.0	33%
Margin				
Fuels cents per litre (cpl)	18.2	21.3	(3.1)	(15%)
GRM (USD/bbl)	7.01	9.28	(2.27)	(24%)
GRM (NZD/bbl)	9.96	13.42	(3.46)	(26%)

Fuels margin

Fuels gross margin (replacement cost), which includes four months of Caltex performance, has increased by $77m or 34%. This increase is the result of the Caltex acquisition as well as a continuation of Z's pricing strategy. Included in the PCP is $5m of Customs penalties relating to a customs dispute from prior years.

Z continues to capture the targeted benefits of its joint procurement and processing of crude oil with BP and Refining NZ. This initiative has delivered a benefit of $4m during the period consistent with PCP. This benefit is reported in fuel margins.

Z has worked to maintain marketing volumes in an increasingly competitive market through price board activity, loyalty offers and trimming out marginal commercial business. The Z Group fuel margin has decreased to 18.2 cents per litre (cpl), down 15% from the PCP. This is due to the new mix of Z and Caltex network fuels cpl margins, which vary due to the differences in operating models. The Z brand network fuels cpl margin is in line with the PCP.

[2] Fuels gross margin is net of primary distribution expenses. Primary distribution covers fuels distribution from the refinery to terminals, including both the cost of coastal distribution operations and the Refinery to Auckland Pipeline (RAP).

Non fuels margin

Z's share of non fuels revenue flows directly through to gross margin and consists of both the business arrangement with retailers of the Z branded retail service station network, under which retailers are independent business operators and third party arrangements.

Group non fuels gross margin contribution has increased by $3m (10%) compared to the PCP. This includes a $2m increase in Z Retail network margin due to the increase in non fuel transactions as a result of a full period of Tier 2 store upgrades and operational focus on key food and beverage categories. The other $1m growth is due to Caltex third party arrangements.

Refining margin

Refining margin increased in comparison to the PCP by $1m or 4%, driven by the inclusion of Caltex processed crude volume but offset by lower Z processed crude volume (0.5mbbls) and lower unit refining margins for all volumes. Average gross refining margins for the period were down NZ$3.49 or 26% to NZ$9.96 compared to the PCP due to the persistent over-supply of middle distillates (AGO and Jet) globally impacting current period margins.

Operating expenses

NZD millions	6 months ended 30 September 2016	6 months ended 30 September 2015	Var	Var %
Selling commissions	30	30	-	-
Secondary distribution	30	21	(9)	(43%)
Employee benefits	28	20	(8)	(40%)
On site	27	23	(4)	(17%)
Administration and other	25	16	(9)	(56%)
Marketing	14	7	(7)	(100%)
Professional fees	10	8	(2)	(25%)
Storage and handling	9	7	(2)	(29%)
Insurance	3	3	-	-
Operating expenses	**176**	**135**	**(41)**	**(30%)**
Customs penalties	-	18	18	<>
Acquisition, transition and integration	18	10	(8)	(80%)
Total operating expenses	**194**	**163**	**(31)**	**(19%)**

Underlying operating expenses were $176m in the period, up $41m from the PCP. Included in the current period is four months of Caltex operating expenses.

Secondary distribution and storage and handling costs have increased by $9m compared to PCP due to including four months of Caltex volume. Similarly on site expenses have increased by $4m due to the inclusion of 63 Caltex Network Truck stops and 10 Caltex Retail company owned Network sites and an increase in Z branded Retail site maintenance costs.

Employee benefits have increased $8m over the PCP as a result of the inclusion of CNZ employee benefits for four months and an increase in short term headcount to deliver marketing and loyalty initiatives i.e. Flybuys Pumped.

Administration and other expenses have increased mainly due to the addition of Caltex terminal property expenses, additional ICT infrastructure expenses to support the Caltex standalone business and the Caltex office occupancy expenses.

Marketing expenses have increased $7m in comparison to the PCP, partially due to the Flybuys Pumped promotion which was launched on 1 August 2016, as well as the inclusion of four months of Caltex marketing and tactical pricing expenses. Z continues to invest in its brands and maintains its advertising share of voice.

Professional fees have increased due to higher project expenses and unplanned costs for security guards as a response to an increase in robberies at Z Retail branded sites throughout the period.

One-off operating expenses relating to acquisition, transition and integration expenses for the period were $18m, which consists of $5m acquisition, $9m transition and $4m integration. The $10m expense in the PCP consisted of $4m of acquisition and $6m of transition expenses. The PCP also includes Customs penalties of $23m ($5m in Fuels margin and $18m in operating expenses).

Items below RC Operating EBITDAF

NZD millions	6 months ended 30 September 2016	6 months ended 30 September 2015	Var	Var %
Depreciation and amortisation	(28)	(20)	(8)	(40%)
Net financing expense	(26)	(17)	(9)	(53%)
Other	(9)	1	(10)	<>
Taxation (incl. tax impact of COSA[1])	(38)	(24)	(14)	(58%)
Total Items below RC Operating EBITDAF	**(101)**	**(60)**	**(41)**	**(68%)**

Share of earnings in associates (Refining NZ and Loyalty NZ)

Associate company earnings were $1m compared to the PCP of $11m largely due to a decline in Refining NZ earnings. The decrease in profitability of Refining NZ in 1HFY17 is a result of lower US dollar refining margins and a higher NZD:USD exchange rate.

Depreciation and amortisation

Depreciation and amortisation expenses have increased by $8m over the PCP. The current period depreciation of $3m for Caltex fixed assets is provisional and will be finalised alongside the acquisition accounting work (explained further under "Accounting for the Acquisition of CNZ"). Also, following a fair value exercise completed in FY16 the depreciation expense has increased by $2m. There has also been a $1m increase in IT hardware and software depreciation in the period due to recent upgrades and replacements.

Net financing expense

Net financing expense for the period was $26m, up $9m from PCP. This was due to the $680m increase in borrowings in June used to finance the CNZ acquisition. The average cost of funds for Z for the period was 6.0% compared to 7.2% for the PCP.

Other

Included in the results under "other" are unrealised gains and losses arising from interest rate swaps used to hedge Z's floating rate debt. For this period there was a $9m loss, compared with a $1m gain in the PCP. This loss was driven by the unrealised losses arising from the fair value on the interest rate swaps entered into to hedge Z's interest rate risk in line with our treasury policy. The negative fair value relative to the PCP is due to the decrease in the New Zealand yield curve relative to the rates achieved in the fixed leg of the interest rate swaps.

Taxation

Taxation expense on a replacement cost basis for the period was $38m, compared to $24m for the PCP. This is principally due to the higher RC Operating EBITDAF contribution.

Cashflows

Net cash inflow from operating activities was $131m for the period compared to a net cash outflow of $15m in the PCP. This increase is due to the unwind of the opening working capital as part of the CNZ acquisition.

Net cash outflow from investing activities was $816m compared to $112m in the PCP. The increased outflow in the period relates primarily to the $706m balance of the purchase price paid in respect of the acquisition of CNZ plus the $72m working capital payment as part of finalising working capital purchased as part of the acquisition. The PCP includes the $79m deposit paid in respect of the acquisition.

Net cash inflow from financing activities was $638m compared to an outflow of $63m in the PCP reflecting the proceeds from principal debt of $719m raised to finance the acquisition offset by a dividend payment of $79m, which is $9m higher than the PCP. A debt repayment of $25m was made in September 2016.

Net cash at 30 September 2016 was $29m, up $13m from the PCP, after $25m of bank debt was repaid in September 2016 from free cash flow.

Balance Sheet

Working Capital

NZD millions	As at 30 September 2016	As at 30 September 2015	Var	Var %
Accounts receivable and prepayments	234	238	(4)	(2%)
Inventory	431	319	112	35%
Accounts payable, accruals and other liabilities	425	240	185	77%
Net working capital	240	317	(77)	(24%)

Accounts receivable and prepayments

Z has a range of trade terms with its diverse customer base. Commercial trade terms typically vary from seven days to the 21st of the month following invoice for some customers. Z branded retail fuel sales are effectively cash receipts credited two days following sale. Credit terms on items provided to Z branded convenience retail operators are 20 to 30 days following delivery. Credit terms for Caltex branded retail deliveries are typically 2 to 4 days following delivery.

At 30 September 2016, accounts receivable and prepayments were $234m down $4m from the PCP. Included in the PCP was the CNZ acquisition deposit of $79m (held in escrow at the time) which was paid on settlement. Excluding this $79m deposit, accounts receivables and prepayments have increased $74m from $159m which reflects the inclusion of CNZ accounts receivables and prepayments.

Average receivable days were 21 during the period compared to 20 in the PCP, excluding the CNZ acquisition deposit.

Inventory

The purchase and settlement of crude oil and refined product inventory is a significant driver of Z's net working capital position and can cause material changes in net working capital balances. The timing of crude purchases is influenced by the Refining NZ production schedule.

At 30 September 2016, Z Group inventory balance was $431m (PCP $319m), comprising $162m of crude oil (PCP $101m), $216m of refined products (PCP $180m) and $4m of lubricants (PCP $0m), with the remainder being attributable to excise and carbon associated with inventory on hand. At 30 September 2016, Z held 5.5m barrels on hand, compared to 3.1m at 30 September 2015. This increase in volume is due to the addition of CNZ inventory partially offset by the lower price of crude oil.

Average inventory days measures the average number of days Z holds its inventory before selling it. This is calculated from the time Z procures the inventory until it sells it to the customer. At a Z branded retail site, the inventory is held as consignment stock and is sold once the retail customer purchases it. At a Caltex branded retail site the inventory is sold once it is sold to the Caltex retailer. This means that the Caltex network has a shorter supply chain which is a driver of the reduction in average inventory days from 70 in the PCP to 49.

Accounts payable, accruals and other liabilities

Accounts payable, accruals and other liabilities include crude oil, refined fuel, Government duties, taxation payable, carbon and other payables.

Crude oil and refined product payables include associated costs, i.e. shipping, wharfage and inspection fees. Government duties and tax payables arise when refined product is imported or leaves the refinery. Other payables include operating and capital structure payables, sundry creditors, Refining NZ processing fees, employee entitlements and convenience retail payables. Z accumulates emission trading scheme (ETS) carbon units and subsequently surrenders these to the New Zealand Emission Unit Register by May of the following year in respect of its previous calendar year's compliance obligation.

Accounts payable, accruals and other liabilities at 30 September 2016 were $425m (PCP $240m), comprising product payables of $147m (PCP $32m), excise accruals of $83m (PCP $43m) and other sundry payables of $195m (PCP $165m). This increase in other accounts payable, accruals and other liabilities is primarily due to the inclusion of CNZ.

Average payable days were 47 during the period compared to 45 for the PCP.

Net debt

Net debt (debt less cash) was $1,058m at 30 September 2016. This compares to $423m for the PCP. The increase in debt is due to the financing of the acquisition. Cash on hand was $29m compared to $16m for the PCP, driven by the timing of working capital cash flows.

There was $680m of drawn bank debt facilities put in place for the acquisition of CNZ (which included purchase of average working capital). There is $140m of bank debt maturing in September 2017, which at 30 September 2016 was fully drawn and $540m revolving facility, maturing May 2019. At 30 September 2016 the revolving facility was reduced to $515m as $25m was repaid in September 2016 from free cash flow.

Z also has a $350m working capital facility from a group of banks to manage liquidity for day to day operations, $64m was drawn at 30 September 2016. The working capital facility is excluded from the calculation of net debt.

Average net debt over the first six months of FY17 was $836m, compared to $350m in the PCP.

At 30 September 2016, Z had three fixed coupon bonds on issue at a face value of $1.00 per bond, providing $432m of funding to Z. Details of the bonds were as follows:

NZD millions	Amount	Issued	Maturity	Coupon %	Interest payment frequency
ZEL010	147	6 Sep 2010	15 Oct 2016	7.35%	Half yearly
ZEL020	150	9 Aug 2011	15 Aug 2018	7.25%	Quarterly
ZEL030	135	15 Aug 2012	15 Nov 2019	6.50%	Quarterly
Total Bonds	432				

Accounting for the acquisition of CNZ

In accordance with IFRS3 Business Combinations accounting standards, the CNZ assets are currently being fair valued. The standard allows one year post-acquisition to finalise the opening balance sheet. Provisional figures have been provided in the interim financial statements, including goodwill of $634m and Z has committed to complete this acquisition accounting work in order to present a final position at 31 March 2017.

Intangible assets

The acquisition of CNZ has significantly increased Z's intangible assets, leading to a tangible assets per security of -14 cents (compared to 57 cents PCP). Intangible asset value is expected to decrease and tangible assets increase once acquisition accounting is complete.

Appendix 1: Z Energy – Pro forma Comparisons

To assist with comparisons on the underlying performance of the combined business pro forma results have been prepared on two separate bases;

1. Four months of Caltex results are included in the comparatives to enable a like-for-like comparison of the results.
2. Including an additional two months of Caltex results in the current period and six months of Caltex results in the comparatives to show the impact of a full period of Caltex earnings.

Each is explained below and provides additional insight on the underlying performance of the business. Z intends to stop providing pro forma information after the 31 March 2017 reporting.

1HFY17 Z Group actual compared to pro forma Z Group 1HFY16

In the table below, pro forma PCP numbers have been prepared to include four months of the last financial year for Caltex with Z's actual results for 1HFY16. The Caltex results are not seasonalised and when added to Z's actual 1HFY16 results provide a basis of comparison – i.e. they enable (within reason) a like for like comparison between the two half year results

NZD millions	6 months ended 30 September 2016[3]	6 months ended 30 September 2015[4]	Var	Var %
Petrol (ml)	592	596	(4)	(1%)
Diesel (ml)	640	622	18	3%
Other (ml)	424	382	42	11%
Total marketing volume (ml)	**1,656**	**1,600**	**56**	**3%**
Supply sales & exports (ml)	87	90	(3)	(3%)
Total volumes (ml)	**1,743**	**1,690**	**53**	**3%**
Revenue	1,664	1,931	(267)	(14%)
Replacement cost gross margin (RC gross margin)	361	361	-	-
Operating expenses (excluding primary distribution expenses)	(176)	(164)	(12)	(7%)
Customs penalties	-	(18)	18	<>
Acquisition, transition and Integration expenses	(18)	(10)	(8)	(80%)
Replacement Cost Operating EBITDAF	**167**	**169**	**(2)**	**(1%)**

The RC gross margin for the period is in line with the PCP. Average gross refining margins were lower for the period compared to the PCP but were offset by a combination of higher fuels and non fuels gross margin.

Underlying operating expenses were $176m in the period, up $12m from the PCP. This is primarily due to a combination of the Flybuys Pumped promotion which was launched on 1 August 2016, higher secondary transport costs due to the increase in Commercial Inland Fuels volume, unplanned costs for security guards as a response to an increase in robberies at Z Retail branded sites throughout the

[3] Includes six months of Z branded actuals and four months of Caltex actuals.

[4] Includes six months of Z branded actuals and four months of Caltex CY15's audited results (not seasonalised) and Industry Exchange results.

period, higher maintenance costs at Z branded Retail sites, a higher number of staff to deliver initiatives as well as increased costs associated with the AA Smartfuel loyalty scheme.

Pro forma 1HFY17 Z Group compared to pro forma Z Group 1HFY16

Pro forma current period results have been prepared to include six months of Z branded actual results, four months of Caltex actual results and two months of the Caltex FY17 Plan (not seasonalised). Pro forma PCP results have been prepared to reflect six months of Z branded results and six months of the previous financial year for Caltex's results in order to provide a basis for half year on half year comparison.

NZD millions	6 months ended 30 September 2016[5]	6 months ended 30 September 2015[6]	Var	Var %
Petrol (ml)	701	699	2	0%
Diesel (ml)	763	738	25	3%
Other (ml)	480	436	44	10%
Total marketing volume (ml)	**1,944**	**1,873**	**71**	**4%**
Supply sales & exports (ml)	159	136	23	17%
Total volumes (ml)	**2,103**	**2,009**	**94**	**5%**
Revenue	1,942	2,242	(300)	(13%)
Replacement cost gross margin (RC gross margin)	402	401	1	0%
Operating expenses (excluding primary distribution expenses)	(192)	(178)	(14)	(8%)
Customs penalties	-	(18)	18	<>
Acquisition, transition and Integration expenses	(18)	(10)	(8)	(80%)
Replacement Cost Operating EBITDAF	**192**	**195**	**(3)**	**(2%)**

The RC gross margin above shows a similar trend to the previous pro forma RC gross margin and is in line with the PCP. Again, average gross refining margins were down for the period compared to the PCP but was offset by higher fuels gross margin.

Similar to the previous pro forma, underlying operating expenses were $192m in the period, up $14m from the PCP. This is primarily due to a combination of the Flybuys Pumped promotion which was launched on 1 August 2016, higher secondary transport costs due to the increase in Commercial Inland Fuel volume, unplanned costs for security guards as a response to an increase in robberies at Z Retail branded sites throughout the period, higher maintenance costs at Z branded Retail sites, a higher number of staff to deliver initiatives as well as increased costs associated with the AA Smartfuel loyalty scheme.

[5] Includes six months of Z branded actuals, four months of Caltex actuals and two months of Caltex FY17 Plan (not seasonalised).

[6] Includes six months of Z branded actuals and six months of Caltex CY15 audited results (not seasonalised) and Industry Exchange results.

Appendix 2: Z Group – Quarterly operational data

	September 2016	September 2015	June 2016	June 2015
Health, safety, security and environment (HSSE)				
Lost time injuries	3	3	4	1
Spills to ground	0	0	0	0
Robberies[7]	6	2	9	0
Fuel quality incidents	0	0	0	0
Process safety incidents[8]	0	0	0	0
Food safety incidents[9]	0	1	0	0
Total recordable case frequency	1.0	1.8	0.9	1.1
Motor vehicle incident frequency	0	6.0	2.7	10.0

Fuels				
Total industry volumes (all fuels)[10]	2,117	1,987	2,117	1,966
Z Group total fuel volumes (ml)	1,007	1,040[11]	1,028[11]	1,015[11]
Petrol (ml) - Z Retail	193[12]	194	192	196
- Caltex Retail	124	126[11]	130[11]	123[11]
Diesel (ml) – Z Retail	71	70	71	70
- Caltex Retail	42	43[11]	45[11]	44[11]
- Commercial	186[13]	179[11]	190[11]	177[11]
Other fuels (ml)	236	214[11]	239[11]	222[11]
Supply (ml) – Domestic	113[13]	108[11]	110[11]	106[11]
- Industry / export	42	85[11]	115[11]	51[11]

[7] Robberies reported only relate to Z Retail sites. Caltex sites are owned and operated by independent dealers.

[8] Process safety incidents include Tier 1 and 2 incidents based on definitions per the Process Safety Performance Indicators for Refining and Petrochemical Industries as published by the American Petroleum Institute (API RP-754).

[9] Food safety incidents is a new HSSE measure being reported on this quarter due to the increased food offer at Z sites (does not include Caltex sites). These incidents are defined as safety issues under the Food Safety Act 2014.

[10] Excludes 'Supply – Industry and Export' sales.

[11] These numbers have been adjusted to include Caltex volumes prior to Caltex forming part of Z Group.

[12] Over this quarter Z and Progressive Enterprises ended their supermarket docket loyalty relationship. Z replaced this with its Fly Buys Pumped loyalty offer. Progressives have since entered into a loyalty scheme with AA Smart Fuel which can be redeemed at Caltex service stations.

[13] These figures have been restated from what was originally published to the market on 17 October 2016 to include distributor fuel volumes sold under both brands to 'Supply – Domestic' sales volumes. Previously this category only captured volume sold through the Caltex brand.

	September 2016	September 2015	June 2016	June 2015
Refining				
Refining NZ gross refining margin (GRM)				
USD GRM per barrel	6.20[14]	7.66	1.84	8.77
NZD GRM per barrel[15]	8.64	11.70	2.70	11.57

Customer experience				
Retail customer satisfaction[16]	86%	85%	86%	83%
Total Z Retail transaction count	13.8 million	13.8 million	14.0 million	14.1 million
Z Retail: fuel-only transactions	7.2 million	7.4 million	7.3 million	7.5 million
Z Retail: fuel and store transactions	1.7 million	1.8 million	1.7 million	1.8 million
Z Retail: store only transactions	4.9 million	4.6 million	5.0 million	4.8 million
Z Average weekly store sales	$30,968	$29,358	$31,555	$30,140
Z Average weekly store sales – like for like	$31,691	$29,739	$32,274	$31,010
Number of Z branded service stations	211	212	210	210
Caltex Retail customer experience score[15]	89%	-	-	-
Number of Caltex branded service stations	146	-	-	-
Commercial customer[15] satisfaction	89%	83%	90%	85%
Number of truck stops	161[17]	92	92	92

[14] This number is from Refining NZ published data for the July/Aug period.

[15] The NZD conversion is calculated by Z.

[16] Customer satisfaction determined using ongoing internal customer measurement.

[17] This figure represents the combined Z and Caltex branded truck stops.

Appendix 3: Caltex June 2016 actual month volumes

Caltex June 2016 actual month volumes were (ml):

Petrol – Caltex Retail	41
Diesel- Caltex Retail	14
Diesel – Commercial	24
Other fuels	26
Supply – Domestic	29
Supply – Industry	15
Total Caltex June 16 Volume	**149**

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages): 1

Full name of Issuer	Z Energy Limited
Name of officer authorised to make this notice	Chris Day
Authority for event, e.g. Directors' resolution	Directors' resolution
Contact phone number	+64 4 462 4620
Contact fax number	
Date	9 / 11 / 2016

Nature of event
Tick as appropriate

Bonus Issue	☐
If ticked, state whether: Taxable	☐
/ Non Taxable	☐
Conversion	☐
Interest	☐
Rights Issue Renouncable	☐
Rights Issue non-renouncable	☐
Capital change	☐
Call	☐
Dividend	☑
If ticked, state whether: Interim	☑
Full Year	☐
Special	☐
DRP Applies	☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary Shares
ISIN	NZZELE0001S1

If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	
ISIN	

If unknown, contact NZX

Number of Securities to be issued following event	
Minimum Entitlement	
Ratio, e.g (1) for (2)	for
Conversion, Maturity, Call Payable or Exercise Date	
Treatment of Fractions	
Tick if pari passu	☐
OR provide an explanation of the ranking	
Strike price per security for any issue in lieu or date Strike Price available.	

Enter N/A if not applicable

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	**$0.094**
Source of Payment	Retained Earnings
Excluded income per security (only applicable to listed PIEs)	
Currency	NZ Dollars
Total monies	**$37,600,000**

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	**$0.016588**
Date Payable	**12 December, 2016**

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	**$0.006528**
Imputation Credits (Give details)	**$0.036556**
Foreign Withholding Tax	$
FDP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	**25 November, 2016**
Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.*	**12 December, 2016**
Notice Date *Entitlement letters, call notices, conversion notices mailed*	
Allotment Date *For the issue of new securities. Must be within 5 business days of application closing date.*	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights
Cease Quoting Rights 5pm
Commence Quoting New Securities
Cease Quoting Old Security 5pm:

Security Code:

Security Code: