

11 May 2017

Z Energy Limited (ZEL) full year results announcement for the year ended 31 March 2017

Please find attached the financial information required by NZX Listing Rule 10.3.2 together with a copy of Z Energy's full year results presentation and Annual Report for the year ended 31 March 2017.

Attached:

1. Market announcement in relation to the full year results;
2. Management Discussion and Analysis in relation to the full year results;
3. Full year results presentation;
4. Z Energy's Annual Report including group financial statements for the year ended 31 March 2017;
5. NZX Appendix 1;
6. NZX Appendix 7 detailing the dividend of 19.9 cents (New Zealand currency) per ordinary share to be paid on 7 June 2017 to those shareholders on the company's share register as at 5.00 pm on 26 May 2017;
7. ASX Compliance Confirmation under ASX Listing Rule 1.15.3;
8. Notice to shareholders under section 209 of the New Zealand Companies Act 1993.

Yours sincerely



Debra Blackett
Chief Governance Officer
Z Energy Limited



11 May 2017

Acquisition and efficiency drive financial performance

Result and dividend

Z Energy Limited (Z) released its results for the year ended 31 March 2017 today.

On an historic cost basis, reflecting both the Caltex acquisition and a 43 per cent increase in the value of crude oil inventory, Z delivered Historical Cost Net Profit After Tax (HC NPAT) of \$243 million, up \$179 million from the prior corresponding period (PCP). As movements in the crude oil price can significantly impact the value of inventory under historic cost reporting, Z believes that results prepared on a replacement cost basis provide a better view of the underlying performance of the company.

Replacement Cost Operating EBITDAF (RC Operating EBITDAF), excluding one-off expenses associated with the Caltex New Zealand acquisition, increased 59 per cent to \$419 million.

Replacement Cost Net Profit After Tax (RC NPAT) was \$176 million, up \$27 million or 18 per cent. The increase is principally due to earnings from the inclusion of a 10 month contribution from the Caltex business.

The Z Board has declared a fully imputed final dividend of 19.9 cents per share, bringing total dividends to 29.3 cents per share, up 10 per cent per share on the PCP. The dividend will be paid on 7 June.

Drivers of the result

Z Chief Executive, Mike Bennetts, said the result highlighted the importance of the Caltex acquisition to the continued growth of the business.

"The result includes \$17 million of synergy that we've been able to deliver from efficiencies through combining these two companies and we're confident we will deliver approximately \$40 million of total synergy by the end of this financial year.

"Z's focus will be on delivering the synergies from this transaction and then increasingly to delivering value through the company's next iteration of its strategy," said Mike.

Z's volume and margin on a cent per litre basis were down over the year as competition in the market continues and reflecting Z's diversification of its retail business model. Z's fuel gross margin decreased to 17.6 cents per litre (cpl), down 17 per cent, from the previous year.

"We think fuel margins are top of cycle and expect some softening over the coming year as a result of the multitude of new participants in the industry fighting for a share of the market.

"The Caltex acquisition gives us the scale and a portfolio of options to deliver distinctive value without an undue reliance on fuel margin."

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The importance of strategy in a rapidly changing industry

Mike Bennetts said Z would provide detail around the company's strategy choices, including potential value from strategy execution, longer-term (post 2020) strategic considerations and the company's distribution policy, in the company's Strategy Day on September 28 in Auckland.

"Our strategy lies at the heart of Z continuing to unlock distinctive value for customers and shareholders in an increasingly crowded and competitive market place.

"For example there are now 21 different brands operating in the New Zealand market and 43 per cent of all retail service stations, representing 20 per cent of all retail fuel sales, are now in the hands of independent brands. This number has grown and continues to grow rapidly.

"Additionally, 70 per cent of all service stations, regardless of the brand, are owned and operated by independent 'mum and dad' business owners who run their own business and set their own price."

Mike said there is a wider range of business models and choices for customers across the country than there has ever been and this is showing up in different cost structures and varying prices both within and between regions.

"While we appreciate that significantly differing prices can be potentially confusing for customers, it is the ultimate demonstration of intense competition in a mature margin environment," he said.

"Z's focus is to continue to compete vigorously and increasingly to deliver value through supply chain efficiencies and the commercial fuels network rather than retail margin expectation," he said.

Integration

Mike said the integration of the Caltex and Z businesses has gone to plan.

"We have successfully brought these two businesses together and made a strong start to realising the synergy gains that are available. Through a period of significant change we have maintained strong operational safety performance, have seen fewer job losses than we expected and have maintained a very high level of staff engagement.

"We now have the right people in the right roles to execute our strategy and we are committed to learning from our Caltex heritage colleagues so we genuinely bring together the best of both backgrounds for enduring competitive advantage."

Mike said there was a strong common commitment across the new organisation to maximising the new opportunities in front of the company.

"Over the remainder of the financial year we will complete an investment in upgrading our Enterprise Resource Planning (ERP) system so processes are streamlined, simplified and that people are better able to deliver commercial insight rather than manually processing tasks. Additionally, Z will continue to implement a universal payment card system to support both the



Z and Caltex cards and, in doing so, unlock the customer benefit of the company's unrivalled national network."

Health and safety

Mike Bennetts said in a year of significant change Z had delivered satisfactory operational health and safety performance across most areas.

"The area of most concern remains robberies of retail service stations targeting tobacco. In the last financial year we recorded 23 robberies, up from 11 in the 2016 financial year and three in 2015.

"Z has invested in a range of prevention measures which started to deliver results in the last quarter of the year with attempted robberies failing. The company will be rolling out additional measures to reduce further the likelihood of a successful robbery with the aim being to deter criminals from targeting Z sites.

"There is no room for complacency in this area. While most people targeting a Z site end up in custody the increase in prevalence of tobacco-related robberies remains a significant concern for us, requiring continued vigilance and ongoing investment in deterrents."

Biodiesel

Z's \$26 million, 20 million litre per annum biodiesel plant at Wiri, Auckland, is running 12 months behind the original schedule.

Following a series of delays in entering production, Z is now beginning the commissioning process again with a view to supplying the upper North Island commercial and retail markets with a five per cent biodiesel blend from the middle of the 2017 calendar year.

Mike Bennetts said he was confident Z had made the right decisions to push out the commissioning timetable.

"It's been a big year for Z and, in the midst of this, we were moving towards commissioning of a brand new manufacturing facility. In the interests of safety and quality we have taken longer than originally planned to complete this plant and I want to thank our customers for their patience in waiting for us to deliver this product."

In particular Mike reiterated his thanks to the cornerstone customers - Fonterra, TIL, Fulton Hogan, NZ Post and Downers - which have supported Z in bringing this product to market.

Outlook and guidance

Mike Bennetts said Z was forecasting RC Operating EBITDAF of between \$445 - \$475 million and capital expenditure up to \$90 million for the 2018 financial year. The capex guidance covers both the ERP and card replacement projects.

"FY17 has been a big year for our business in which we have taken a lot of ground. We have set ourselves up for our future success in a very different market to the one we were dealing with seven years ago. We have the right people and are building the capabilities and

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strategies to ensure Z can continue to deliver for its customers, shareholders and range of stakeholders across the New Zealand community.”

Jonathan Hill: 021 440 090

Reconciliation from statutory NPAT to RC Operating EBITDAF - \$m

Net Profit per the statutory financial statements	243
Replacement cost of sales adjustment (net of tax)	(60)
Foreign exchange and commodity (gains) on fuel purchases	(7)
RC Net Profit After Tax	176
Depreciation and amortisation	89
Net financing expense	56
Other	1
Taxation (including tax on COSA)	76
Share of earnings in associates (net of tax)	(6)
RC Operating EBITDAF	392
Integration related expenses	27
RC Operating EBITDAF less CNZ expenses	419

Z Energy Limited and Subsidiaries Management Discussion and Analysis

Financial performance for the year ended 31 March 2017

Overview

This is an analysis and commentary on Z Energy Limited and subsidiaries ('Z', or 'Group') financial performance for the year ended 31 March 2017. Included in the current year results are 10 months contribution from the Chevron New Zealand business which was acquired on 1 June 2016 and is referred to subsequently in this document as 'Caltex'.

As a result of the acquisition the financial results of the Group have changed significantly making prior corresponding period (PCP) comparisons more difficult. In order to address this, the first section of this document compares actual results for FY17 to actual results for FY16. Further analysis prepared on a pro forma basis is included in Appendix 1 to enable comparisons on a like for like basis.

For FY17, Historical Cost Net Profit After Tax (HC NPAT) was \$243m, up \$179m from the PCP. The increase is due to the contribution from the acquisition and increasing crude oil and refined fuel prices throughout the majority of the second half of FY17.

Results below are presented on a replacement cost basis.¹

NZD in millions	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Revenue	3,871	2,521	1,350	54%
Replacement cost gross margin (RC gross margin)	796	591	205	35%
Operating expenses	(377)	(302)	(75)	(25%)
Transition expenses	(27)	(25)	(2)	(8%)
Replacement Cost Operating EBITDAF	392	264	128	48%
Share of earnings in associates	6	23	(17)	(74%)
Replacement Cost EBITDAF	398	287	111	39%
Depreciation	(58)	(37)	(21)	(57%)
Amortisation	(31)	(4)	(27)	<>
Movements in decommissioning and restoration provision	2	(7)	9	<>
Net financing expense	(56)	(32)	(24)	(75%)
Other	(3)	(12)	9	75%
Taxation (incl. tax impact of COSA ¹)	(76)	(46)	(30)	(65%)
Replacement Cost Net Profit After Tax	176	149	27	18%

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 year

Replacement Cost Operating EBITDAF (RC Operating EBITDAF) inclusive of the acquisition, transition and integration (“transition”) expenses of Caltex has increased by \$128m to \$392m from the PCP. Consistent with Z’s guidance which excludes transition expenses (\$27m), RC Operating EBITDAF has increased by \$130m to \$419m from the PCP, 1% above the upper end of the guidance range.

The increase in RC Operating EBITDAF is mainly due to a combination of 10 months contribution by the Caltex business, acquisition synergies realised (\$17m) and offset by lower fuel margins and refining margins relative to the PCP.

Replacement Cost Net Profit After Tax (RC NPAT) was \$176m, up \$27m on the PCP. The increase is due to higher RC EBITDAF as a result of the inclusion of 10 months of Caltex earnings, and gains on interest rate swaps partially offset by increased depreciation, amortisation, and financing expenses.

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 oil 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 cost 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)	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Petrol	1,301	802	499	62%
Diesel	1,460	820	640	78%
Jet	735	375	360	96%
Marine	163	168	(5)	(3%)
Bitumen	125	78	47	60%
Lubricants	5	-	5	<>
Other	6	5	1	20%
Sub total	3,795	2,248	1,547	69%
Supply sales and exports	113	112	1	<>
Total	3,908	2,360	1,548	66%

The inclusion of Caltex has been the primary driver of volume growth compared to the PCP.

Between October 2016 and January 2017, Z divested 19 retail sites and one truck stop as part of the Commerce Commission approval for the purchase of Caltex. Of the 19 retail sites divested, 11 were branded Z, six Caltex and two Challenge. This will have a full year impact on Z’s volume of 68ml and explains part of the FY17 volume decline for Z branded petrol.

While industry petrol volumes have grown 3% over the same period, Z branded petrol volumes have reduced 5% and Caltex branded petrol volumes have reduced 1% in comparison to the PCP. The industry growth trend is driven by a combination of the economic impacts of migration (as evidenced by increased new vehicle sales) and a buoyant economy.

The market has continued to be highly competitive with growth in the number of retail sites from both major brands and regional distributors and changes in loyalty partnerships. Z’s market research shows that while preference for the Z brand has remained stable at the national level, there have been some changes in provincial centres, largely as a consequence of distributors entering these markets. Since the launch of FlyBuys Pumped on 1 August 2016, Z has seen an increase in the number of people

redeeming Fly Buys discounts at Z (increased penetration) however this has not fully offset the loss of supermarket discount dockets from Z ending its relationship with Progressive Enterprises Limited in July 2016. Z has also seen growth from customers participating in the Air New Zealand loyalty program which launched in October 2016, although this is a small percentage of Z's volume.

In October, Countdown supermarkets joined the AA Smartfuel program and began offering fuel discounts on grocery spend. This was a significant milestone for the AA Smartfuel programme and was supported with an extensive marketing campaign. Through the Caltex brand, Z is working closely with AA Smartfuel and its retailers to continue to improve the performance of the programme. Z's market research suggests that fuel discounts remain the most appealing reward for motorists and are one of the key aspects considered when making a choice about where to fuel up.

Z branded diesel volumes have increased 3% and Caltex branded diesel volumes have increased 2% in comparison to the PCP while industry diesel volumes have grown 6% over the same period. Strong GDP has driven underlying diesel growth in New Zealand and Z has continued with its portfolio optimisation in the Commercial markets to grow its volume.

Against the PCP, Z branded Jet volumes have increased 35%, compared with industry Jet volume growth of 20%, 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.

Z branded marine volumes have decreased 14%, compared with the PCP due to lower cruise ship volume. Caltex has a minor domestic marine business.

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

Replacement cost gross margin

NZD in millions	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Fuels	669	479	190	40%
Non fuels	69	64	5	8%
Refining	58	48	10	21%
Total	796	591	205	35%
Fuel volumes				
Fuel sales excl. supply sales (ml)	3,795	2,248	1,547	69%
Refining production (million bbl)	18.3	12.4	5.9	48%
Margin				
Fuels cents per litre (cpl)	17.6	21.3	(3.7)	(17%)
GRM (USD/bbl)	7.53	8.78	(1.25)	(14%)
GRM (NZD/bbl)	10.64	12.96	(2.32)	(18%)

Fuels margin

Fuels gross margin (replacement cost) has increased by \$190m or 40%. This increase is a result of the acquisition offset by lower fuel margins. Included in the PCP is \$12m of Customs penalties relating to a Customs dispute from prior years.

Z has worked to maintain marketing volumes in an increasingly competitive market through price board activity and loyalty offers. The Group fuel margin has decreased to 17.6 cents per litre (cpl), down 17% from the PCP. This is due to the new mix of Z and Caltex network fuels volume which has changed the Group cpl margin compared to the PCP. The Z branded network fuels cpl margin fell slightly compared to the PCP due to the increased cost of loyalty and reward schemes.

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 rebates received as a result of arrangements with third party suppliers.

Group non fuels gross margin contribution has increased by \$5m (8%) compared to the PCP. This includes a \$2m increase in Z retail network margin mainly due to the increase in non fuel transactions as a result of a full year of Tier 2 store upgrades and operational focus on key food and beverage categories.

The other \$3m growth is due to rental income and third party arrangements within the Caltex branded network.

Refining margin

Total refining income increased in comparison to the PCP by \$10m or 21%, driven by the inclusion of Caltex crude volume but partially offset by lower unit refining margins. Gross USD refining margins per barrel for the year were above mid cycle but, as expected, were lower than the PCP during which refining margins operated near the cap of USD9 per barrel. Average gross refining margins for the year were down \$2.32 or 18% to \$10.64 per barrel compared to the PCP.

Operating expenses

NZD in millions	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Secondary distribution	64	45	(19)	(42%)
Employee benefits	61	47	(14)	(30%)
Selling commissions	58	59	1	2%
On-site	57	52	(5)	(10%)
Administration and other	53	36	(17)	(47%)
Marketing	35	23	(12)	(52%)
Professional fees	23	22	(1)	(5%)
Storage and handling	20	13	(7)	(54%)
Insurance	6	5	(1)	(20%)
Operating expenses	377	302	(75)	(25%)
Transition expenses	27	25	(2)	(8%)
Total operating expenses	404	327	(77)	(24%)

Excluding transition expenses, operating expenses were \$377m in the year, up \$75m from the PCP and largely attributable to the acquisition.

Secondary distribution and storage and handling expenses have increased by \$26m compared to the PCP due to the acquisition and increased diesel volume. Similarly on-site expenses have increased by \$5m mainly due to the inclusion of 63 Caltex network truck stops and eight Caltex network company-owned retail sites.

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

Employee benefits have increased \$14m over the PCP as a result of the acquisition. \$2m of people synergies have been realised during the year subsequent to the acquisition.

Marketing expenses have increased \$12m in comparison to the PCP, mainly due to the acquisition. Flybuys Pumped was launched on 1 August 2016 and the Air New Zealand Loyalty scheme launched October 2016 increasing Z's marketing costs. Z continues to invest in its brands and maintains its advertising share of voice.

Professional fees have increased \$1m due to unplanned expenses for security guards in response to an increase in robberies at Z retail branded sites throughout the year. However, this has been largely offset by lower project expenses.

One-off operating expenses relating to transition for the year were \$27m, which consists of \$6m acquisition, \$8m transition and \$13m integration and strategy. This is \$6m lower than the plan of \$33m due to lower than planned redundancy expenses as a number of Caltex staff have been redeployed into vacant permanent roles. The \$25m expense in the PCP consisted of \$6m of acquisition and \$19m of transition expenses.

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

Share of earnings in associates decreased to \$6m compared to the PCP of \$23m, largely due to a decline in Refining NZ earnings. The decrease in profitability of Refining NZ is due to lower US refining margins compared with refining margins operating near the cap of USD\$9 per barrel in the PCP and a stronger NZD:USD exchange rate.

Items below RC Operating EBITDAF

NZD in millions	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Depreciation	(58)	(37)	(21)	(57%)
Amortisation	(31)	(4)	(27)	<>
Movements in decommissioning and restoration provision	2	(7)	9	<>
Net financing expense	(56)	(32)	(24)	(75%)
Other	(3)	(12)	9	75%
Taxation (incl. tax impact of COSA)	(76)	(46)	(30)	(65%)
Total items below RC Operating EBITDAF	(222)	(138)	(84)	(61%)

Depreciation

Depreciation expense has increased by \$21m over the PCP. This includes \$11m of depreciation relating to property, plant and equipment acquired (inclusive of \$4m as a result of revaluing to fair value on acquisition).

Following a fair value exercise completed in FY16 the depreciation expense on retail buildings subject to finance leases has increased by \$5m. There has also been a \$2m increase in IT hardware depreciation in the year due to recent upgrades and replacements and \$2m increase in depreciation for the new biodiesel plant in Auckland.

Amortisation

Amortisation expenses have increased by \$27m over the PCP. \$24m of amortisation expenses related to the intangible assets identified as part of the acquisition, (explained further under “Accounting for the Acquisition of Caltex”). Z has aligned the amortisation periods of the acquired contracts to the cashflows used to generate the identifiable asset value with the average expected life of 20 years. The remaining software amortisation is in line with the PCP.

Movement in decommissioning and restoration provision

This provision covers the costs of removing tanks and restoring the condition of sites on exit. The movement in the provision has decreased by \$2m due to the divestment of 19 retail sites and one truck stop as required by the Commerce Commission. This has been offset by an increase in the provision for the Z terminals after an internal review in FY17.

Net financing expense

Net financing expense for the year was \$56m, up \$24m from PCP. This was due to the \$680m increase in borrowings in June 2016 to fund the acquisition. Term debt (excluding working capital borrowings) was \$1.112b following the acquisition. By year end term debt was \$995m, a reduction of \$117m generated from both operating cashflows and asset sales (retail property).

In October 2016, the retail bond for \$147m with a fixed coupon rate of 7.35% matured. This was refinanced in November 2016 by two retail bonds. The refinancing reduced funding costs, and comprised a five year retail bond for \$150m with a fixed coupon rate of 4.01% and a seven year retail bond for \$70m with a fixed coupon rate of 4.32%.

The average cost of funds for Z for the year was 5.8% compared to 6.8% 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 FY17, there is a \$3m gain, compared with a \$6m loss in the PCP. This gain was driven by the unrealised gains arising from the fair value treatment of the interest rate swaps entered into to hedge Z’s interest rate risk in line with Z’s treasury policy. The positive fair value relative to the PCP is due to the increase in the long dated New Zealand interest rates compared to rates achieved in the fixed leg of the interest rate swaps.

Also included within “other” are profit and loss on sale of fixed assets of \$1m and impaired assets of \$5m which is consistent with the PCP.

Taxation

Taxation expense on a replacement cost basis for the year was \$76m, compared to \$46m for the PCP. This is principally due to the higher RC Operating EBITDAF contribution.

Cashflows

NZD in millions	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Cashflows from operating activities	255	129	126	98%
Cashflows from investing activities	(812)	(150)	(662)	<>
Cashflows from financing activities	490	(109)	599	<>
Net (decrease) in cash	(67)	(130)	63	48%
Opening cash balance	76	206	(130)	(63%)
Closing cash balance	9	76	(67)	(88%)

Net cash inflow from operating activities was \$255m for the year compared to \$129m in the PCP. This increase is due to increased cash from earnings as a result of the acquisition.

Net cash outflow from investing activities was \$812m compared to \$150m in the PCP. The increased outflow in the year relates primarily to the balance of the Caltex purchase price paid (\$706m) plus a \$72m working capital adjustment payment as part of the acquisition. The PCP includes a \$79m deposit paid in respect of the acquisition.

Net cash inflow from financing activities was \$490m compared to an outflow of \$109m in the PCP reflecting borrowings of \$680m to finance the acquisition. This is offset by debt repayment of \$117m. Dividends of \$121m were paid during the year, \$16m higher than the PCP.

Cash at 31 March 2017 was \$9m compared to \$76m for the PCP.

Balance Sheet

Working Capital

NZD in millions	As at 31 March 2017	As at 31 March 2016	Var	Var %
Accounts receivable and prepayments	278	234	44	19%
Inventory	464	203	261	129%
Accounts payable, accruals and other liabilities	(426)	(278)	(148)	(53%)
Net working capital	316	159	157	99%

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 invoicing 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 two to four days following delivery.

At 31 March 2017, accounts receivable and prepayments were \$278m up \$44m from the PCP. Included in the PCP was the Caltex acquisition deposit of \$79m (held in escrow at the time) which was paid on settlement. Excluding the \$79m deposit, accounts receivables and prepayments have increased \$123m to \$278m which reflects the inclusion of Caltex accounts receivables and prepayments along with increasing commodity prices.

Average receivable days were 22 during the year compared to 23 in the PCP, excluding the 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 31 March 2017, the Group inventory balance was \$464m (PCP \$203m), comprising \$158m of crude oil (PCP \$59m), \$263m of refined products (PCP \$96m) and \$4m of lubricants (PCP \$nil), with the remainder being attributable to excise and carbon associated with inventory held. The increase in inventory balance is a combination of higher crude and product prices and higher inventory on hand. At 31 March 2017, Z held 5m barrels, compared to 2.7m barrels at 31 March 2016. The increase in inventory on hand is a combination of the addition of Caltex inventory and the closing FY16 inventory being lower than normal levels.

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. 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 61 in the PCP to 50.

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. The Government announced in May 2016 it was phasing out the one-for-two transitional measure in the New Zealand Emissions Trading Scheme (NZ ETS) which allowed non-forestry businesses to pay one emissions unit for every two tonnes of carbon dioxide equivalent emissions. This one-for-two transitional measure is being phased out evenly over three years starting 1 January 2017. The 50 percent surrender obligation increased to 67 percent on 1 January 2017 and will increase to 83 percent from 1 January 2018, and a full surrender obligation from 1 January 2019. At 31 March 2017, the Group ETS payable balance was \$76m (PCP \$25m). This increase is due to the addition of the Caltex ETS obligation, the increase in surrender obligation from 50 percent to 67 percent from 1 January 2017 and the increase in the market price of ETS units.

Accounts payable, accruals and other liabilities at 31 March 2017 were \$426m (PCP \$278m), comprising product payables of \$137m (PCP \$94m), ETS payable and excise accruals of \$143m (PCP \$69m), and other sundry payables of \$146m (PCP \$115m). This increase in other accounts payable, accruals and other liabilities is primarily due to the inclusion of Caltex.

Average payable days were 43 during the year compared to 45 for the PCP.

Non-Current Assets

NZD in millions	As at 31 March 2017	As at 31 March 2016	Var	Var %
Property, plant and equipment	900	674	226	34%
Goodwill	158	-	158	<>
Intangible assets	535	44	491	<>
Investments in associates and subsidiaries	116	115	1	1%
Other	9	12	(3)	(25%)
Total Non-Current Assets	1,718	845	873	103%

Accounting for the acquisition of Caltex

In accordance with IFRS3 Business Combinations accounting standards, the Caltex assets and liabilities have been fair valued. The final figures have been provided in the FY17 financial statements, including goodwill of \$158m and identifiable intangible assets of \$470m.

Property, plant and equipment

The acquisition has significantly increased Z's property, plant and equipment. Z engaged Jones Lang LaSalle (JLL) to complete the valuation of the acquired property, plant and equipment. The opening balance of Caltex's property, plant and equipment on acquisition was \$82m with a fair value uplift from the revaluation of \$164m resulting in a finalised opening balance for property, plant and equipment of \$246m.

Intangible assets

Intangible assets at 31 March 2017 were \$535m (PCP \$44m), comprising Brands and contracts acquired of \$439m (PCP \$nil), ETS units \$84m (PCP \$33m) and other intangible assets of \$12m (PCP \$11m).

As part of the acquisition, Z recognised \$470m of identifiable intangible assets on its balance sheet. The intangible assets identified are retail, commercial and supply contracts, the Caltex brand and lease contracts acquired at terms below market value.

The valuation methods employed were the excess earnings method (income-based approach which estimates value based on future earnings generated), and the relief from royalty method (market value of royalties that would ordinarily be paid). Discount rates were based on risks in the business supported by historical financial ratios.

Z has aligned the amortisation periods for these identifiable intangible assets to the cash flows used to generate the identified asset values. The average amortisation period is 20 years and Z will continue to reassess the appropriateness of the amortisation periods on an annual basis.

Also, Z's ETS carbon units have increased \$51m to \$84m from the PCP. This is due to the inclusion of the Caltex carbon units this year, increase in the ETS unit costs and the increase in the surrender obligation from 50 percent to 67 cent from 1 January 2017.

Goodwill

The acquisition has resulted in goodwill being created on Z's balance sheet. The \$158m goodwill represents the difference between the purchase price paid of \$857m (consisting of \$785m purchase price and \$72m working capital) and the assets identified (\$699m). Goodwill will be tested for impairment annually.

Net debt

Net debt (debt less cash) was \$986m at 31 March 2017. This compares to \$354m for the PCP. Cash on hand was \$9m compared to \$76m for the PCP, driven by the timing of working capital cash flows.

There was \$680m of drawn bank debt facilities in place for the acquisition of Caltex (which included purchase of average working capital). Term debt (excluding working capital borrowings) was \$1.112b following the acquisition. By year end, term debt was \$995m, a reduction of \$117m in the year, generated from both operating cashflow and asset sales (retail property).

At 31 March 2017, the \$995m of term debt included retail bonds of \$505m plus bank term facilities of \$490m. The \$140m acquisition facility was fully repaid and cancelled during the year as planned.

Z also has a \$350m working capital facility from its banking syndicate to manage liquidity for day to day operations, of which \$51m was drawn at 31 March 2017. The working capital facility is excluded from the calculation of net debt.

Average net debt over FY17 was \$919m, compared to \$354m in the PCP.

Appendix 1: Z Energy – Pro forma Comparison

To assist with comparisons on the underlying performance of the combined business, pro forma results have been prepared below to include an additional two months of Caltex results in the current year and 12 months of Caltex results in the comparatives to show a full year of Caltex earnings.

This provides additional insights on the underlying performance of the business. This will be the last time additional pro forma information relating to the acquisition is provided.

FY17 Group actual compared to pro forma Group FY16

The Caltex results have not been seasonally adjusted and when added to Z's actual FY16 results provide a basis of comparison – i.e. they enable (within reason) a like for like comparison between the two full year results.

NZD in millions	Year ended 31 March 2017	Year ended 31 March 2016	Var	Var %
Petrol (ml)	1,410	1,455	(45)	(3%)
Diesel (ml)	1,584	1,542	42	3%
Other (ml)	1,090	964	126	13%
Total marketing volume (ml)	4,084	3,961	123	3%
Supply sales and exports (ml)	125	237	(112)	(47%)
Total volumes (ml)	4,209	4,198	11	0%
Revenue	4,157	4,385	(228)	(5%)
Replacement cost gross margin (RC gross margin)	837	831	6	1%
Operating expenses (excluding primary distribution expenses)	(393)	(388)	(5)	(1%)
Transition expenses	(27)	(25)	(2)	(8%)
Replacement Cost Operating EBITDAF	417	418	(1)	(0%)

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

Excluding transition, operating expenses were \$393m in the year, up \$5m from the PCP. This is primarily due to a combination of the Flybuys Pumped promotion which was launched on 1 August 2016 and Air NZ Loyalty scheme launched October 2016, increased costs associated with the AA Smartfuel loyalty scheme, unplanned costs for security guards as a response to an increase in robberies at Z retail branded sites throughout the year but offset by lower retail site costs due to the divestment of 19 retail sites and one truck stop and lower project expenses for the year.

Appendix 2: Z Energy operational data for Quarter Ended March 2017

	March 2017	March 2016	December 2016	December 2015
Health, safety, security and environment (HSSE)				
Lost time injuries	8	3	6	2
Spills to ground	0	1	0	0
Robberies ²	2	6	6	3
Fuel quality incidents	0	0	0	0
Process safety incidents	0	0	1	0
Food safety incidents	0	0	0	0
Total recordable case frequency ³	1.7	1.1	1.4	1.1
Motor vehicle incident frequency ⁴	1.3	0	0	5.6
Fuels				
Total industry volumes (all fuels) ⁵	2,430	2,271	2,332	2,211
Z Group total fuel volumes (ml)	1,097	1,104 ⁶	1,068	1,086 ⁶
Petrol (ml) - Z Retail	186	199	190	208
- Caltex Retail	126	141 ⁶	132	137 ⁶
Diesel (ml) - Z Retail	77	72	72	76
- Caltex Retail	44	47 ⁶	46	49 ⁶
- Commercial	201	189 ⁶	204	195 ⁶
Other fuels (ml)	332	274 ⁶	277	256 ⁶
Supply (ml) - Domestic	128	122 ⁶	132	124 ⁶
- Industry / export	10	60 ⁶	15	41 ⁶

² Robberies reported only relate to Z Retail sites. Caltex sites are owned and operated by independent dealers.

³ Total recordable case frequency is the number of total recordable cases (TRC) per 200,000 hours worked. Where TRC is the total number of Medical Treatment Cases, Restricted Work Cases, and Lost Time Injuries reported

⁴ Motor vehicle incident frequency is the number of motor vehicle incidents (MVI) per 1,000,000 kilometres travelled. Where MVI's are incidents reported involving a collision that are risk rated 'High'.

⁵ Excludes 'Supply - Industry and Export' sales.

⁶ These numbers have been restated to reflect Caltex volumes prior to Caltex forming part of Z Group.

	March 2017	March 2016	December 2016	December 2015
Refining				
Refining NZ gross refining margin (GRM)				
USD GRM per barrel	6.58 ⁷	7.96	9.20	10.82
NZD GRM per barrel ⁸	9.18	12.11	12.96	16.07
Customer experience				
Retail customer satisfaction ⁹	87%	86%	87%	86%
Total Z Retail transaction count	14.5 million	14.5 million	14.6 million	14.9 million
Z Retail: fuel-only transactions	7.5 million	7.3 million	7.3 million	7.7 million
Z Retail: fuel and store transactions	1.8 million	1.8 million	1.9 million	1.9 million
Z Retail: store only transactions	5.2 million	5.4 million	5.4 million	5.3 million
Z Average weekly store sales	\$34,859	\$33,744	\$35,100	\$32,810
Z Average weekly store sales – like for like	\$35,280	\$34,568	\$35,974	\$33,765
Number of Z branded service stations	204	213	204	212
Number of EV charging stations	7	7	7	1
Caltex Retail customer experience score ⁷	88%	-	88%	-
Number of Caltex branded service stations	139	-	142	-
Commercial customer ⁷ satisfaction	88%	88%	86%	81%
Number of truck stops	157 ¹⁰	92	156 ⁸	92

⁷ This number is from Refining NZ published data for the Jan / Feb period.

⁸ The NZD conversion is calculated by Z.

⁹ Customer satisfaction determined using ongoing internal customer measurement.

¹⁰ This figure represents the combined Z and Caltex branded truck stops.

2017 Results Presentation

For the year ended 31 March 2017



11 May 2017

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 full year results announcement dated 11 May 2017. 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

Strong financial performance enables accelerated deleveraging



Key financials ¹	FY17	FY16 ²	Variance
Historical cost net profit after tax (HC NPAT)	\$243m	\$64m	<>
Replacement cost operating EBITDAF (RC Operating EBITDAF)	\$392m	\$264m	48%
Integration related expenses	(\$27m)	(\$25m)	(8%)
RC Operating EBITDAF less integration expenses	\$419m	\$289m	45%
Final dividend declared	19.9 cents	18.1 cents	10%

- Increase in RC NPAT to \$176m from \$149m PCP, primarily reflecting Caltex contribution since acquisition on 1 June
- Operating cash flow of \$255m, evidence of sustained volumes and margins
- Strong end of year for Retail and Commercial due to seasonal uplift and Jet and Diesel demand growth
- CNZ acquisition, transition and integration related opex of \$27m. Lower than guidance of \$33m due to CNZ staff being redeployed to vacant permanent roles, resulting in less redundancy costs

Note 1: 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.

Note 2: From FY17 onwards the impact of foreign exchange and commodity gains and losses on fuel purchases, calculated on a NZ GAAP basis, is removed from the replacement costs results. Comparative numbers for prior periods have been adjusted to reflect this.

Health, Safety, Security and Environment

Systems in place to enable a proactive risk management culture



Operational Metrics	FY17	FY16
Total recordable case frequency (TRCF)	1.36	1.26
Motor vehicle incident frequency rate (MVIFR)	1.27	5.73
Lost time injuries (LTIs)	23	9
Number of spills (loss of containment)	0	1
Security incidents (Z robberies only)	23	11
Product quality incidents (high risk)	0	0
Process safety incidents (Tier 1 & 2)	1	0
Food safety incidents	0	1

- Completion of “Build It” and “Use It” phases of Z’s Operational Risk Management (ZORM) system
- Establishment of High Hazards Programme and approval of Environment and Food Safety strategies
- Despite reduced number of vehicle incidents, two were high potential incidents
- Tactical robbery response plan executed in Auckland region. Increased security measures on sites has decreased the frequency of robberies in 2H
- Proactive risk management programmes in place to manage the increase in LTIs noted in retail operations
- First Tier 2 process safety incident since company launched – 720L Jet fuel spill contained on site

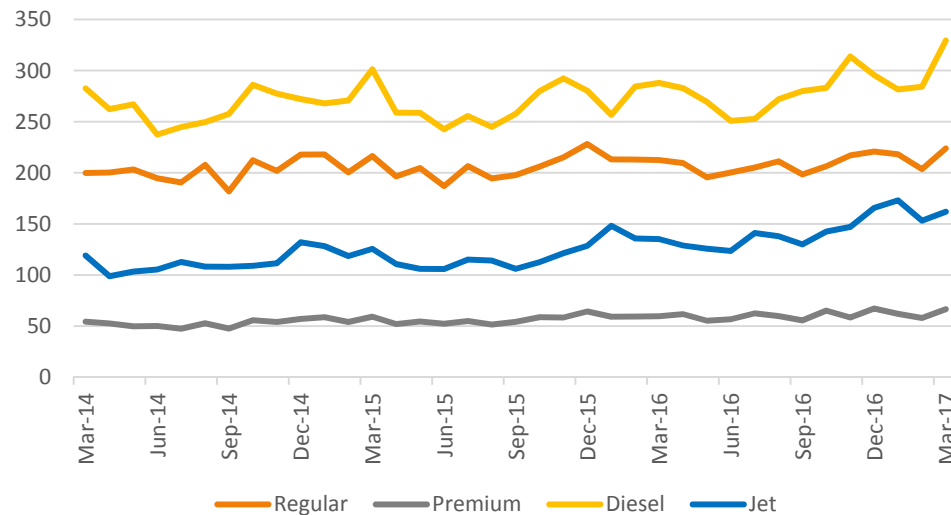
Note: All HSSE operational metrics are reported at a Z Group level from 1 June 2016, with the exception of robberies. Caltex robberies are not reported as Caltex’s retail network is run by a group of independent dealers who, in almost all cases, own the assets and control the operational activities on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

Trading conditions

Buoyant economy, tourism and migration drive industry growth

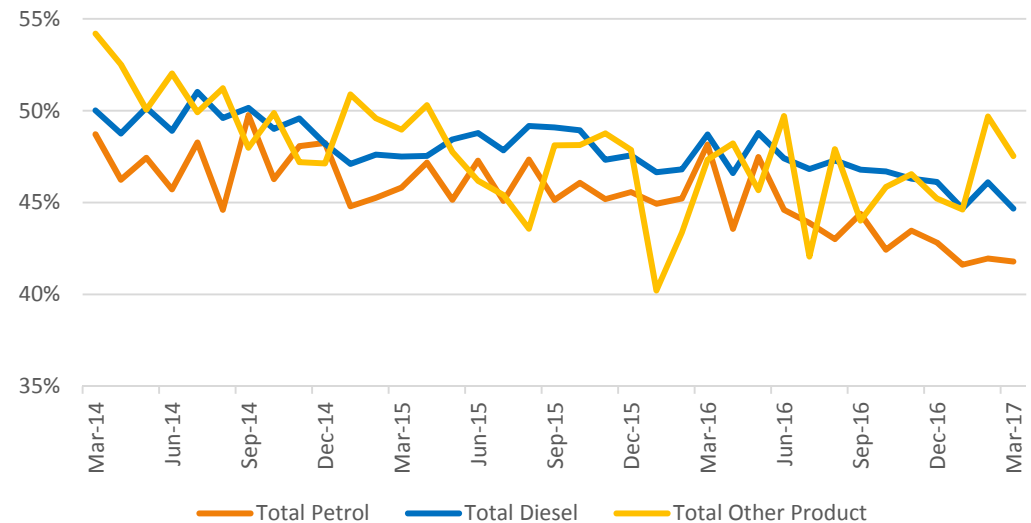


Monthly Industry Volumes – kilolitres



- Industry Petrol volumes for FY17 are +3% on PCP, driven by a combination of the economic impacts of migration (increased vehicle sales) and a buoyant economy
- Industry Diesel volumes for FY17 are +6% on PCP, evidence of strong GDP
- Industry Jet volumes for FY17 are +20% on PCP, driven by growth in Jet volumes at Auckland Airport

Market Share



- Increased market share from other products due to strong growth in Jet volumes driven by organic growth from existing customers as well as gaining new customers
- Structural changes in industry loyalty offers with FlyBuys Pumped, dockets into AA Smartfuel, and AirNZ Airpoints in the market; changes still flowing through into customer behaviour

RC Operating EBITDAF variances to FY16

Caltex contribution and synergies realised



Refining

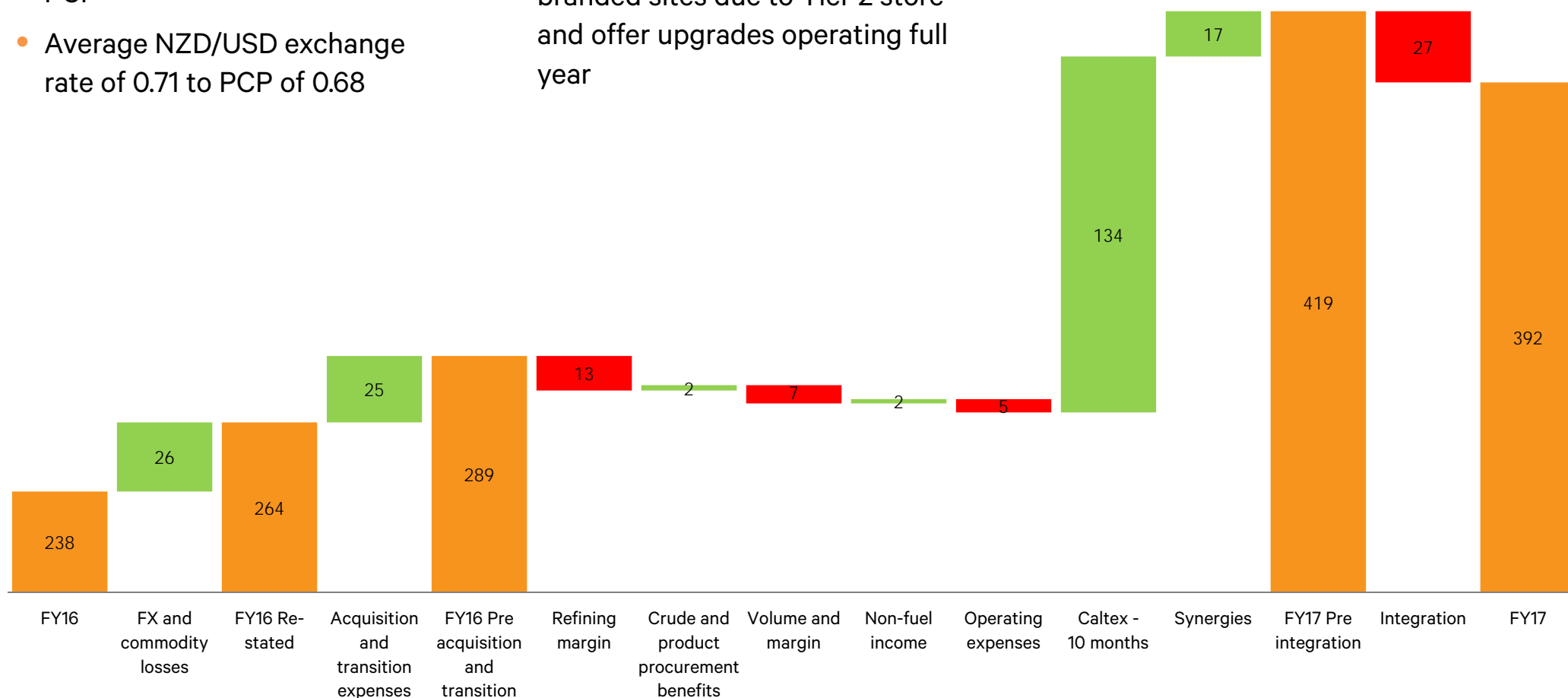
- Volume throughput for the Group up 48% (5.9m bbl) to PCP
- Per barrel margin down 18% to PCP
- Average NZD/USD exchange rate of 0.71 to PCP of 0.68

Fuels and non fuel

- Divestment impact on Group fuels margin of -\$7m
- Non fuel margin growth at Z branded sites due to Tier 2 store and offer upgrades operating full year

Operating expenses and one offs

- Increased 2% on underlying opex for marketing, robbery deterrents and secondary distribution



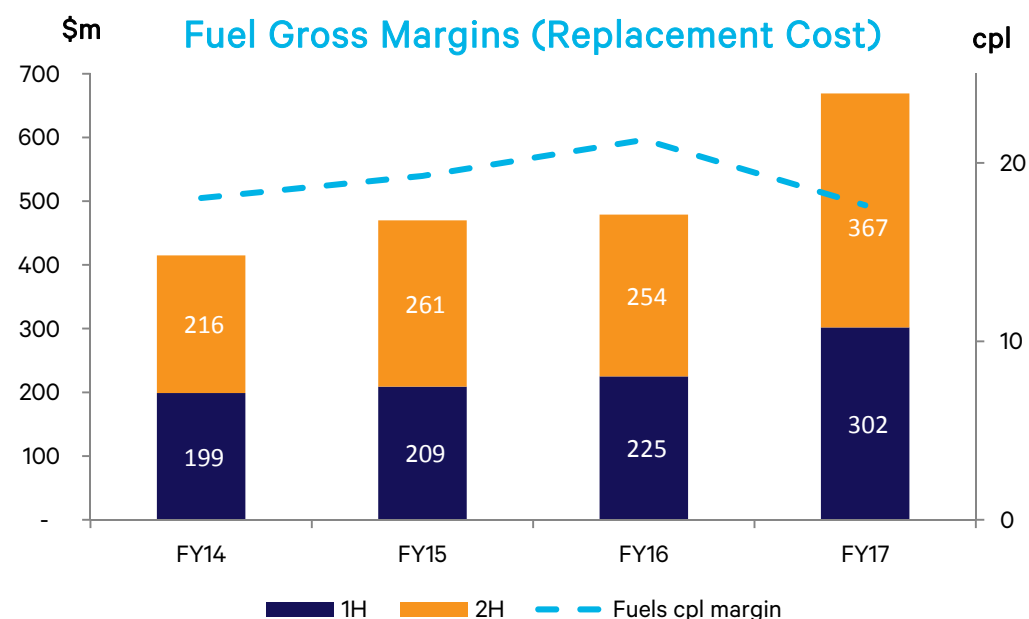
Z brand fuel margin -1% to PCP

Decrease in retail volumes offset by Jet volumes



Sales Volumes (ml)	FY17	FY16 ¹	Var
Petrol	1,301	1,352	(4%)
Diesel	1,460	1,426	2%
Other	1,034	910	14%
Total marketing volume	3,795	3,688	3%
Supply sales and exports	113	191	(41%)
Total Volume	3,908	3,879	1%

- Divestment impact of -21ml
- New FlyBuys and AirNZ Airpoints loyalty offers have retained volumes at Z sites, however insufficient to offset docket loss and shortfall not recovered through Caltex and AA Smartfuel
- Other volume includes marine (163ml), bitumen (125ml), jet (735ml), and lubricants (5ml)



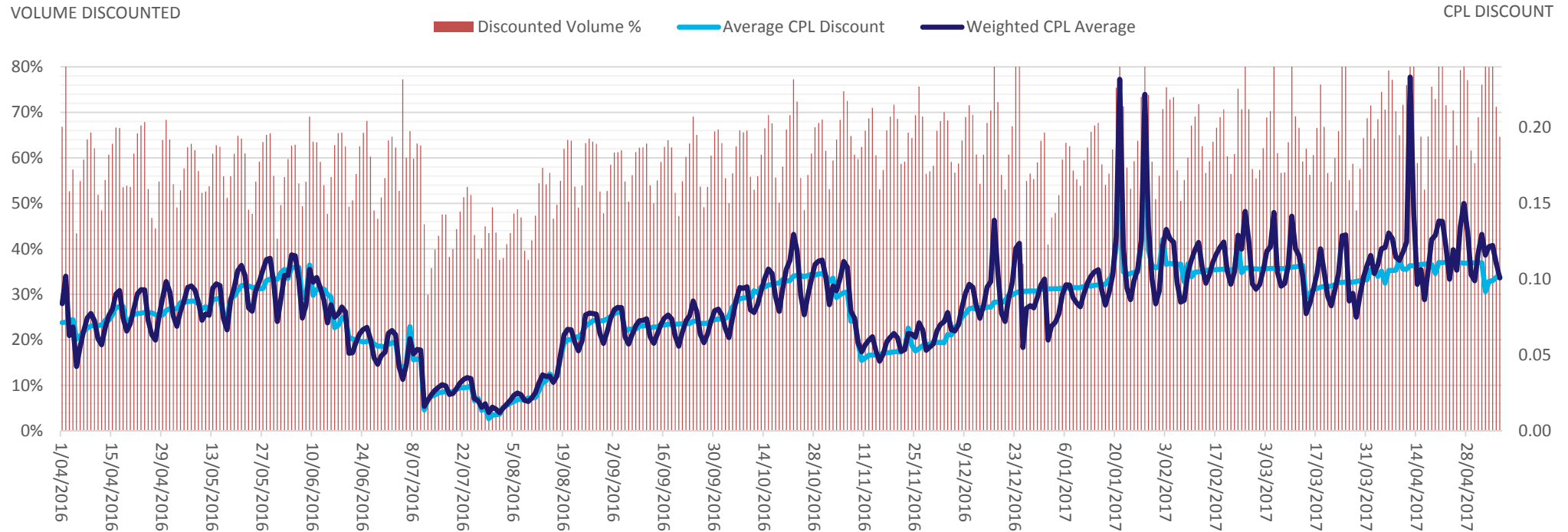
- Fuel unit margin of 17.6cpl compares to prior year 21.3cpl reflecting differing operating models (Z and Caltex networks) and competitive market
- Some underlying margin decline from increased loyalty and reward offers for both Z and Caltex

Retail discounting continues

Discounting activity remains competitive in the industry



Z Discounting



- Z branded sites continue with tactical pricing, including store promotions, discount days and expanded Z App offers
- Caltex sites maintain price board competitiveness and continued tactical use of AA Smartfuel
- Diversity of pricing across regions and within metro markets like Auckland
- Market increasingly competitive: 21 brands in the market, 70% of retail sites in independent ownership

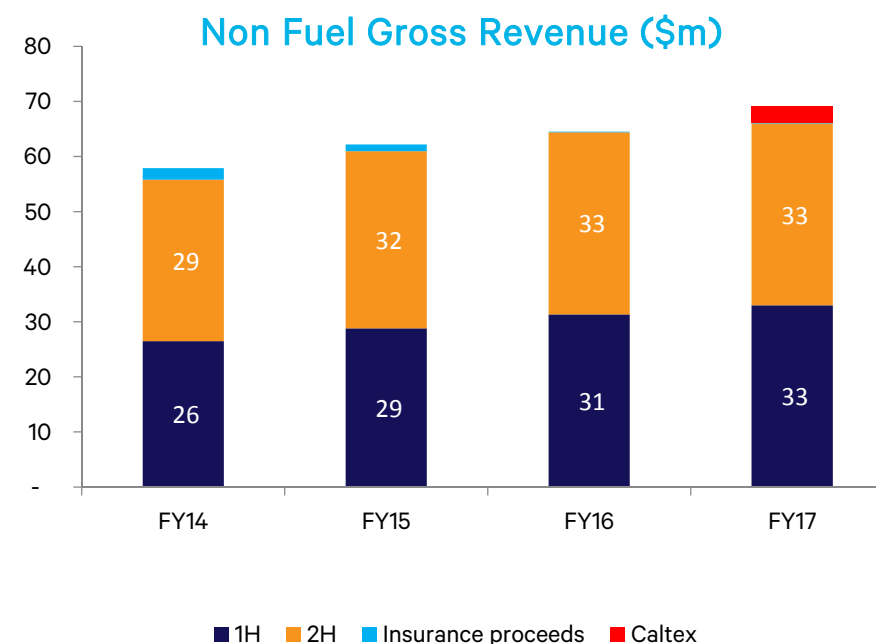
Z brand non fuel revenue +3% to PCP

C-store growth continues year on year



Operational Metrics	Tier 1	Tier 2	Tier 3
Number of stores	91	66	44
<i>FY16</i>	<i>89</i>	<i>61</i>	<i>58</i>
Average weekly shop sales	\$45k	\$28k	\$18k
Sales growth	6%	6%	(3%)
Total transaction count YoY	1%	1%	(9%)
Store transaction count YoY	4%	2%	(8%)

- ChillZone rollout now at 62 sites, Lotto introduced to 106 sites
- Z carwashes closed during Auckland water crisis in March impacting carwash income
- Non fuels revenue also includes \$3m of rental income and third party arrangements from Caltex network



- Coffee sales +9% to PCP
- Food +15% to PCP
- Leisure +19% to PCP
- Unseasonal weather in 4Q impacted the typical seasonal sales peak

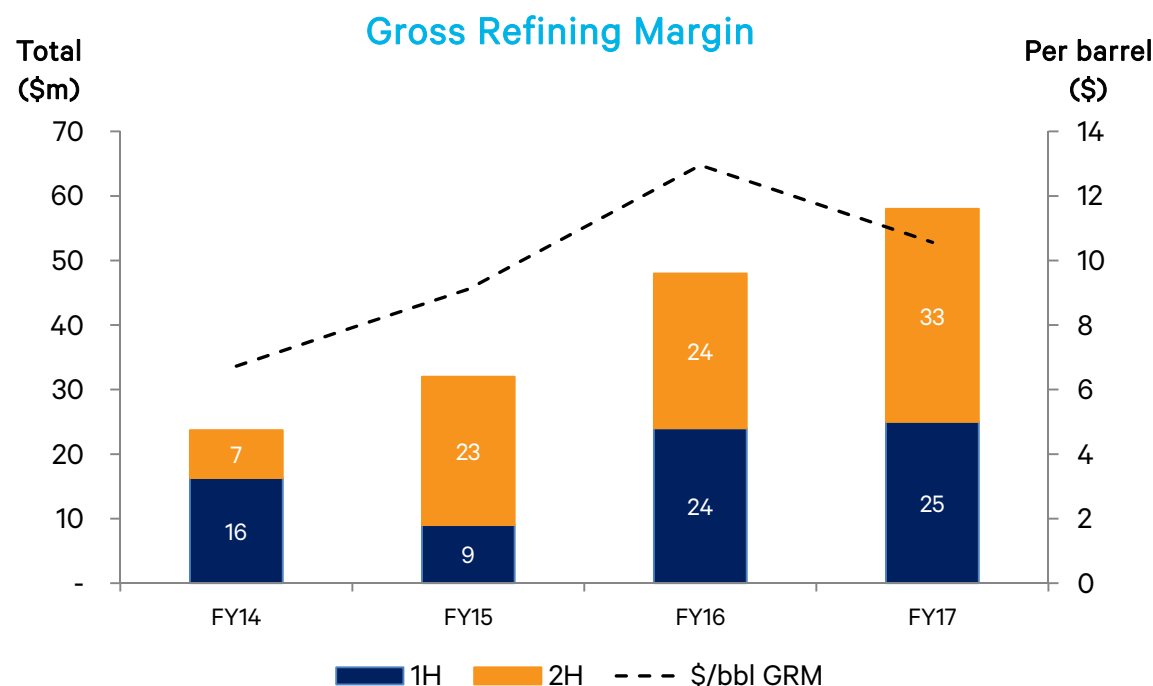
Z brand refining margins -27% to PCP

Refining margins cool off after record highs in FY16



Regional markets and Refining NZ

- Gross refining margins reflect steady regional conditions and increased capacity being utilised at Refining NZ compared to PCP
- International refining margins lower than FY16 but remain strong due to high petrol demand in Asia and North America
- Average NZD/USD exchange rate of 0.71 to PCP of 0.68



Z Performance

- 2H processing volumes increased to 9.8m barrels from 6.4m barrels PCP as a result of CNZ acquisition
- FY17 refining income makes up 7.3% of total gross margin, down from 8.1% in PCP
- Average gross refining margins for the year were down \$2.32 (NZD) per barrel compared to the PCP

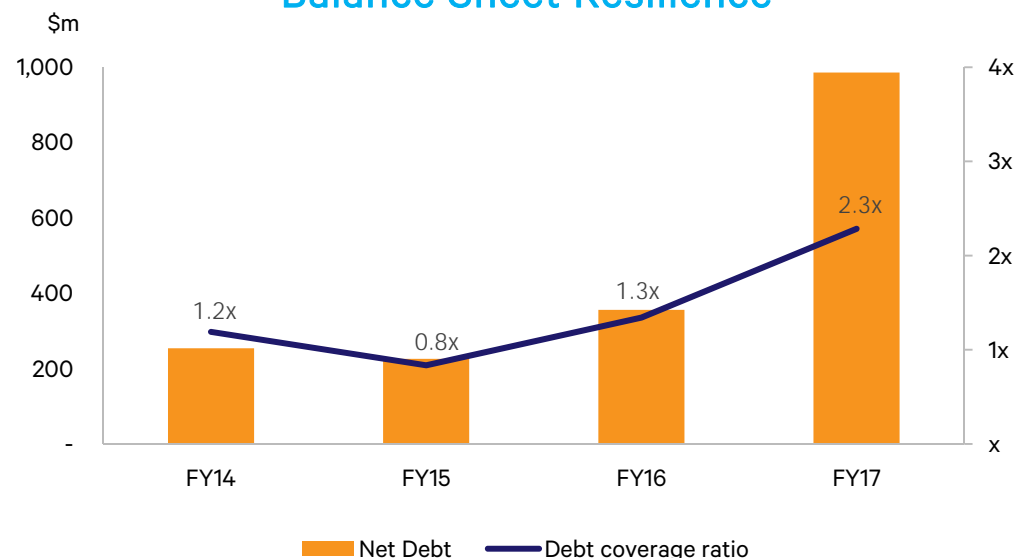
Cash and capital

Efficient cash management ensuring balance sheet resilience



Metrics	Mar 17	Sep 16	Mar 16
Gearing – book value (debt to equity)	58%	65%	33%
Gearing – market capitalisation	26%	24%	9%
Market capitalisation	\$2.8b	\$3.4b	\$2.7b
Debt coverage (Net debt/12 months RC operating EBITDAF)	2.3x	2.6x	1.3x

Balance Sheet Resilience



- Net debt of \$986m, made up of \$505m domestic retail bonds and \$490m bank debt, less \$9m cash on hand
- Average net debt of \$919m compared to \$354m PCP and in year peak of \$1,112m
- New capex spend of \$77m, with \$15m of incomplete projects carried forward into FY18
- On track to deleverage debt to 2x RC Operating EBITDAF by end of FY18

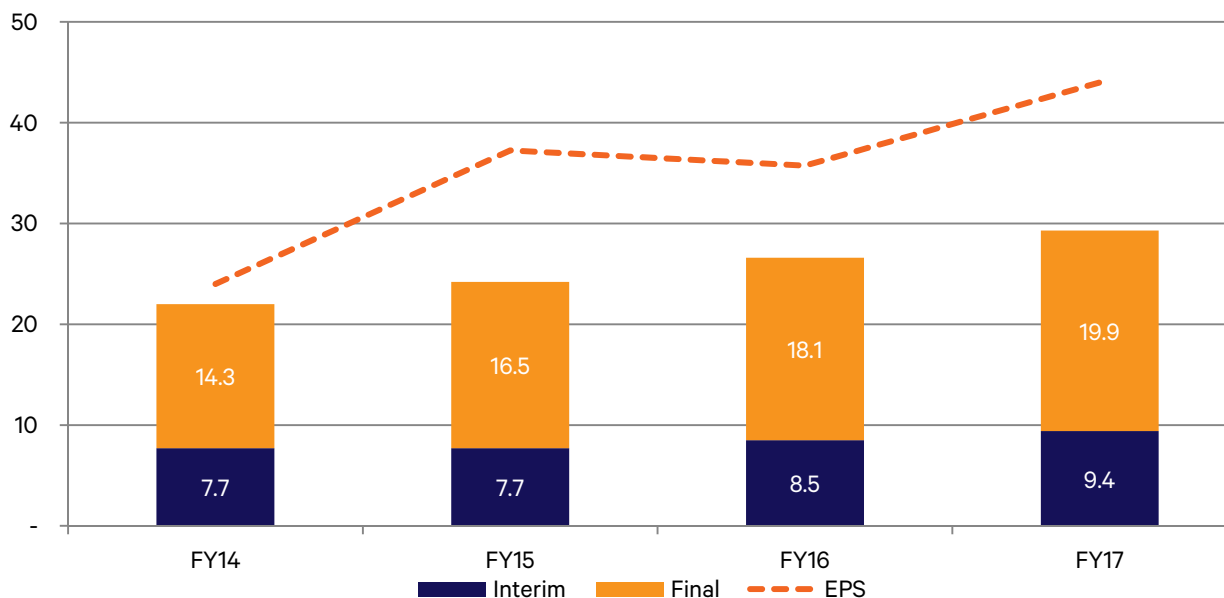
Note: In calculating gearing ratios in previous periods, acquisition deposit of \$79m has been treated as cash. Debt coverage ratio is based on balance sheet debt calculation. Net Debt being defined as the sum of bonds plus bank debt less cash on hand, and excludes working capital funding. 12 months RC operating EBITDAF for Sept 16 has been annualised based on 4 months Z and Caltex combined business results.

Earnings and distributions

10% increase in total dividend on EPS basis



Dividends and Earnings per Share



- Directors have declared a fully imputed final dividend of 19.9 cents per share (\$m)
 - Record date: 26 May 2017
 - Payment date: 7 June 2017
- Total FY17 dividend 29.3cps (\$117m) compared to FY16 at 26.6cps (\$106m)
- Total FY17 dividend represents a dividend payout ratio of 67% of RC NPAT

Acquisition synergy: delivery on track

\$17m of synergies realised within 10 months of acquisition



Value creation	Description	FY17 Actual	FY18 Guidance
Supply chain Benefitting from scale	<ul style="list-style-type: none">• RNZ optimisation• Crude and product procurement• Freight and secondary distribution	\$4m	\$22-24m
People Integrating teams	<ul style="list-style-type: none">• Removing duplication of roles• Simplification of task and process	\$2m	\$4-5m
Corporate	<ul style="list-style-type: none">• Offshore charges• Offset by Z incremental costs• Non oil procurement	\$10m	\$12-13m
Fuels marketing Retail and commercial channels	<ul style="list-style-type: none">• Simplicity of processes• Improved pricing controls	\$1m	\$2-3m
TOTAL		\$17m	\$40-45m

Strategy 3.0

Productivity from the core business



- Strategy 3.0 is a capability led strategy which differs from Z's previous investment led strategy
- Complete disclosure of workstreams, value and risks targeted for Investor Day in September 2017

Business Unit	Workstreams (disclosed to date)	Annualised Benefit
Supply chain Leveraging scale	<ul style="list-style-type: none">• Caltex terminals not going into the existing Z/BP joint venture• Simplified distribution model targeted for 3Q	
Commercial Integrating offers and common platforms	<ul style="list-style-type: none">• Repricing of Jet at Auckland airport to reflect structural changes in supply costs• IT project for common card platform underway	
Retail Clarity on brand positions, customer segmentation and loyalty offers	<ul style="list-style-type: none">• Caltex lubricants into Z stores• Caltex pricing into Z's optimisation system• Caltex CORO sites being divested or rebranded to Z• POS system rollout	<div>\$1m</div> <div>\$1m</div>

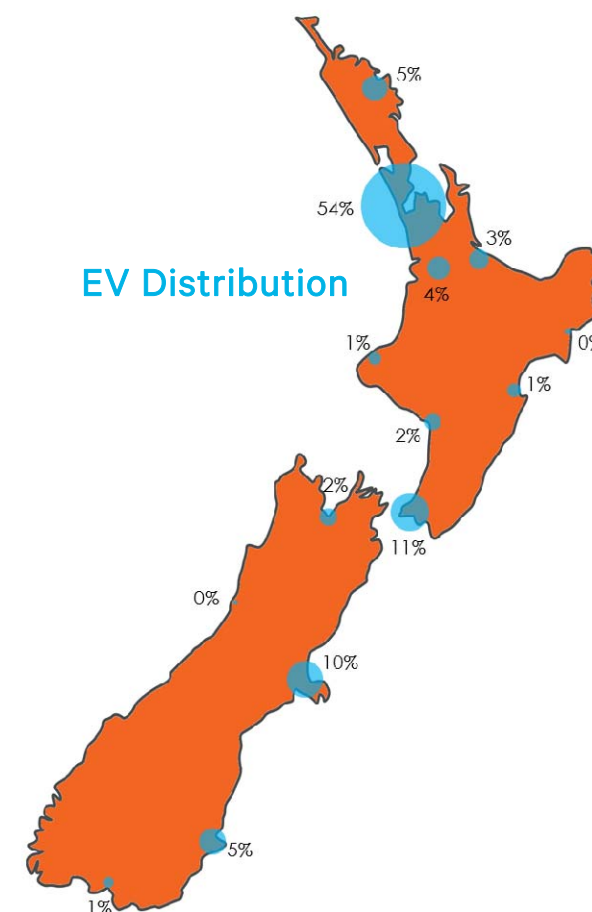
What is Next? (WIN)

Work programme progressing to schedule



- Lead indicators show no immediate threat to core business from disruption
- Focus is on growth opportunities that extend core business through leveraging Z brand and existing capability
- Update on WIN growth opportunities at Investor Day in September 2017

Signposts	Q1 FY17	Q4 FY17	Trend
EV Purchase Price Premium (%)	27	27	-
Fast Charging Stations (No)	37	64	+27
EV Light Vehicle Fleet Size (No)	1,518	3,050	+1,532
EV % of NZ Light Vehicle Fleet (%)	0.04	0.08	+0.04%
Carbon Price (\$/T of CO ₂)	15	18	+3
Average Vehicle Use (Vehicle Kilometers Traveled)	11,772	11,383	(389)



A milestone year for Z

Transformational deal now requires transformation to be delivered



Summarising FY17

- Momentum from the underlying business, albeit somewhat distracted
- Cutover and Integration well executed and synergy delivery on track
- Strategy 3.0 implementation plans being finalised
- ERP upgrade progressing to plan with November 2017 implementation
- Final dividend +10% to PCP from strong operating cash flow

Looking forward to FY18

- Softening Retail earnings – discounts, rewards and marketing spend
- Any benefits from Strategy 3.0 are offset by implementation costs in the first year
- RC Operating EBITDAF of \$445-475m: \$23-28m of additional synergy, two months of CNZ and downside from divestments
- Debt repayment of ~\$75m with leverage down to 2x
- Capex of ~\$100m (\$36m ICT) offset by \$10m of divestments
- Investor Day in September to focus on value and risk from Strategy 3.0, capital management, and options for WIN
- Retail investor roadshows after 1H in November



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 business performance
- 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 calculated on a NZ GAAP basis was removed from RC results. FY16 financial information has been restated to provide a like-for-like comparison
- FY17 financial information includes ten months of Caltex contribution

Profit and loss



\$m	FY17	FY16	Variance
Revenue	3,871	2,521	54%
RC gross margin	796	591	35%
Operating expenses	(404)	(327)	(24%)
RC Operating EBITDAF	392	264	48%
Share of earnings in associates	6	23	(74%)
RC EBITDAF	398	287	39%
Depreciation and amortisation	(89)	(41)	<>
Net financing expense	(56)	(32)	(75%)
Other	(1)	(19)	95%
Taxation	(76)	(46)	(65%)
RC NPAT	176	149	18%
Reconciliation from RC NPAT to statutory NPAT			
Tax on COSA	(23)	24	<>
COSA (difference between RC and HC Gross Margin and EBITDAF)	83	(83)	-
Foreign exchange and commodity gains/(losses)	7	(26)	<>
Net profit per the statutory financial statements	243	64	<>
HC gross margin	879	508	73%
HC operating EBITDAF	482	155	<>



Appendix 1

Full year reporting periods

Reporting period	twelve months to 31 March 2017
Previous reporting period	twelve months to 31 March 2016

Results for announcement to the market

	Twelve months to 31 March 2017 (NZ \$m)	Percentage change
Operational results		
Revenues from ordinary activities	3,871	54%
Profit (loss) from ordinary activities after tax attributable to security holders	243	280%
Net profit (loss) attributable to security holders	243	280%

	Amount per security (NZ cents)	Imputed amounts per security (NZ cents)
Dividends – Ordinary shares		
Final dividend	19.9	7.7389
Record date		26 May 2017
Payment date		7 June 2017

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 Group financial statements for the twelve months ended 31 March 2017 contained in the Annual Report.

Net tangible assets per security

	31 March 2017 (NZ cents)	31 March 2016 (NZ cents)
Net tangible assets per security	1	63

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 & BP)	50%
Joint Ramp Service Operations Agreement (Z Energy 2015 & Mobil) ³	50%
Jointly Owned Storage Facility (JOSF) (Z & BP)	50%
Wiri to Auckland Airport Pipeline ²	60%

¹ Entities acquired as part of the acquisition of Z Energy 2015 Limited (previously Chevron New Zealand Limited).

² Existing shareholding increased as part of the acquisition of Z Energy 2015 Limited (previously Chevron New Zealand Limited).

³ New shareholding as part of the acquisition of Z Energy 2015 Limited (previously Chevron New Zealand Limited).

Accounting standards

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') and the Financial Reporting Act 2013. They comply with the NZ equivalents to International Financial Reporting Standards ('NZ IFRS') as appropriate for profit-oriented entities, and with International Financial Reporting Standards ('IFRS'). Z has reported as a Tier 1 entity under the External



Reporting Board (XRB) Accounting Standards Framework. Z meets the definition of a Tier 1 entity because it is 'publicly accountable' and 'large' as defined by the XRB.

Audit

This report is based on the audited financial statements. KPMG has provided an Audit report on the financial statements which is attached.

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 **10 / 5 / 2017**

Nature of event
Tick as appropriate

Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/> Call <input type="checkbox"/> Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/> Full Year <input checked="" type="checkbox"/>	Special <input type="checkbox"/>	DRP Applies <input type="checkbox"/>

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

Strike price per security for any issue in lieu or date Strike Price available. Tick if *pari passu* ☐ OR provide an explanation of the ranking

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)	\$0.199	Source of Payment	Retained Earnings
Excluded income per security (only applicable to listed PIEs)			
Currency	NZ Dollars	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents \$0.035118
Total monies	\$79,600,000	Date Payable	7 June, 2017

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	\$0.013819	Imputation Credits (Give details)	\$0.077389
Foreign Withholding Tax		FDP Credits (Give details)	

Timing

(Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm

For calculation of entitlements -

26 May, 2017

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.

7 June, 2017

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:





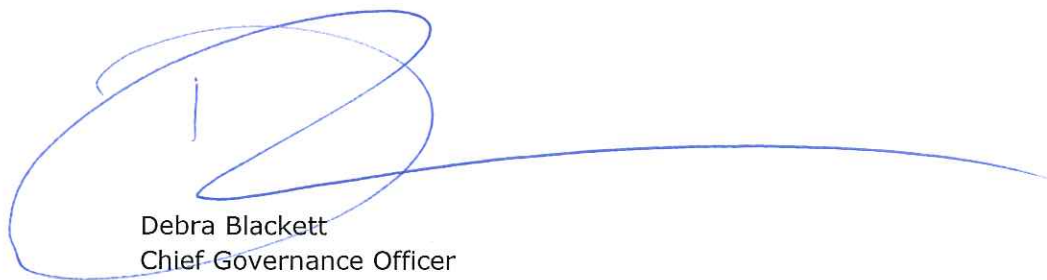
11th May 2017

Company Announcements Office
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

**Z ENERGY LIMITED (ZEL) – COMPLIANCE CONFIRMATION UNDER ASX LISTING
RULE 1.15.3**

For the purposes of ASX Listing Rule 1.15.3, Z Energy Limited confirms that it continues to comply with the NZX Main Board / Debt Market Listing Rules.

Yours sincerely



Debra Blackett
Chief Governance Officer



11 May 2017

Z Energy Limited – 2017 Annual Report

Dear Investor,

Our annual report for the period 1 April 2016 to 31 March 2017 is now available. This year we have changed the way we report and are reporting under the International Integrated Reporting Framework, ensuring that we put as much focus on what we are doing next year as well as what we did last year and reporting on our impacts on the communities we live in on a broader basis than just our financial results. We put quite a bit of effort into making our annual report a distinctive and meaningful way of communicating with our investors and we're keen to make sure you get it in the most convenient and sustainable way.

The law says that companies like Z Energy may make their annual and half yearly reports available by electronic means, and only provide printed copies to investors who have elected to receive them in that form.

I want to be really straight up with you that we have a strong preference for electronic annual reports. Not only are they much more sustainable and cost-effective but they also provide a much more interactive platform through which we can communicate with each other.

So, Z's annual report for the financial year ended 31 March 2017 is now available on-line on the Z Energy website at www.z.co.nz. The half yearly report for the period to 30 September 2017 will be available on-line on the same website before the end of December 2017.

However, I recognise that some people have a preference for a hard copy, so of course you have the right to request printed copies of Z's half year and annual report. If you opt for a printed report we will print and post one to you, free of charge. To help ensure we print only the number we need, please tick the box below and return this form within 15 business days to Z Energy's registry, Link Market Services, either by:

- Requesting this through the Link Market Services Investor Centre on: <https://investorcentre.linkmarketservices.co.nz> and electing 'communication preferences' from the menu. You will need to provide your holder number/CSN and FIN for secure access to your holding.
- Mailing it in the reply paid envelope supplied (if received by post). If you mail this from outside New Zealand please affix the necessary postage.
- Fax to +64 (9) 375 5990 (if you really must)!
- Scanning and emailing it to operations@linkmarketservices.com (please put Z Energy annual report in the subject line for easy identification).

☐

I would like to receive a hard copy of the annual and half yearly reports

Please mark this box with a "✓" if you wish to receive a printed copy of Z Energy's annual and half yearly reports (when available). Should you wish to change your election you need to advise the Link Market Services in writing.

If you have received this notice by mail, you can now elect to receive your future Z Energy investor communications by email, by providing the registry with your email address in the space provided below.

Again, I'd encourage you to opt for the electronic option if you can and if it works for you. The digital versions of

our reports provide a wider range of ways for you to communicate with your company.

Please communicate to me by email to the following email address as provided below:

The Z Energy annual report referred to above is required to satisfy Z Energy's obligations under the Companies Act 1993, the Financial Markets Conduct Act 2013, the NZX Main Board / Debt Market Listing Rules and the ASX Listing Rules.

Thanks again for your support of Z Energy.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mike Bennetts', with a stylized flourish at the end.

Mike Bennetts
Chief
Executive Z
Energy Limited