

Retail Investor Roadshow



November 2017

Disclaimer

Please read this carefully and ask if you require further explanation



Your attendance at this presentation constitutes your agreement to be bound by the following terms and conditions.

Please do not read or listen to this presentation in isolation

This presentation is made in advance of our full year results being released to the market and is no way a form of guidance for those results. It should be read subject to and in conjunction with all other material which we have released to NZX and ASX. That material is available on our website www.z.co.nz. All references in \$ are to New Zealand dollars unless otherwise stated.

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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.

There is no offer or investment advice in this presentation

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Disclaimer

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Welcome



Corporate governance at Z Energy

An aspiration to be a leader in corporate governance



- Z seeks to be one of New Zealand's leading corporate citizens and a leader in corporate governance
- Has its Board performance independently assessed (collectively and individually) every two years in pursuit of continuous improvement
- Actively plans to ensure the Board has the right mix of skills for the requirements of the business
- Voluntarily meets a number of international environmental, social and corporate governance standards
- Is committed to regular, transparent and direct communication with investor
- Corporate Communicator of the Year (INFINZ) and Company of the Year (Deloitte Top 200) as a result of these efforts

So what does your Board actually do?

An active and engaged Board with first-hand experience of the business



- Z's Board meets for two days 8-10 times per annum, with the following committee meetings:
 - HSSE, Audit and Risk, People and Culture
- There is a structured annual work plan, with every Board meeting including:
 - CEO and Board only time; updates on performance, strategy, projects and stakeholder engagement
 - External experts to ensure a well informed Board, on subjects such as social inequality, technology and innovation, capital markets, government
 - Policy for approval – for example, pending diversity and inclusion policy, cyber security
 - The annual review of Z's four foundational stands and risk appetite statement
 - Regular 'deep dives' into process safety
- Outside the Boardroom, Z's Board participate in safety visits at Z sites, investor days and meetings with institutional investors, retail investor roadshows and multiple conferences

Headline financials for the half year

On track to deliver earnings guidance for FY18



Key financials ¹	1H FY18	1H FY17	Variance
Historical cost net profit after tax (HC NPAT)	\$80m	\$73m	10%
Replacement cost operating EBITDAF (RC Operating EBITDAF)	\$221m	\$186m ²	19%
Operating cash flow	\$185m	\$131m	41%
Interim dividend declared	10.4 cents	9.4 cents	11%

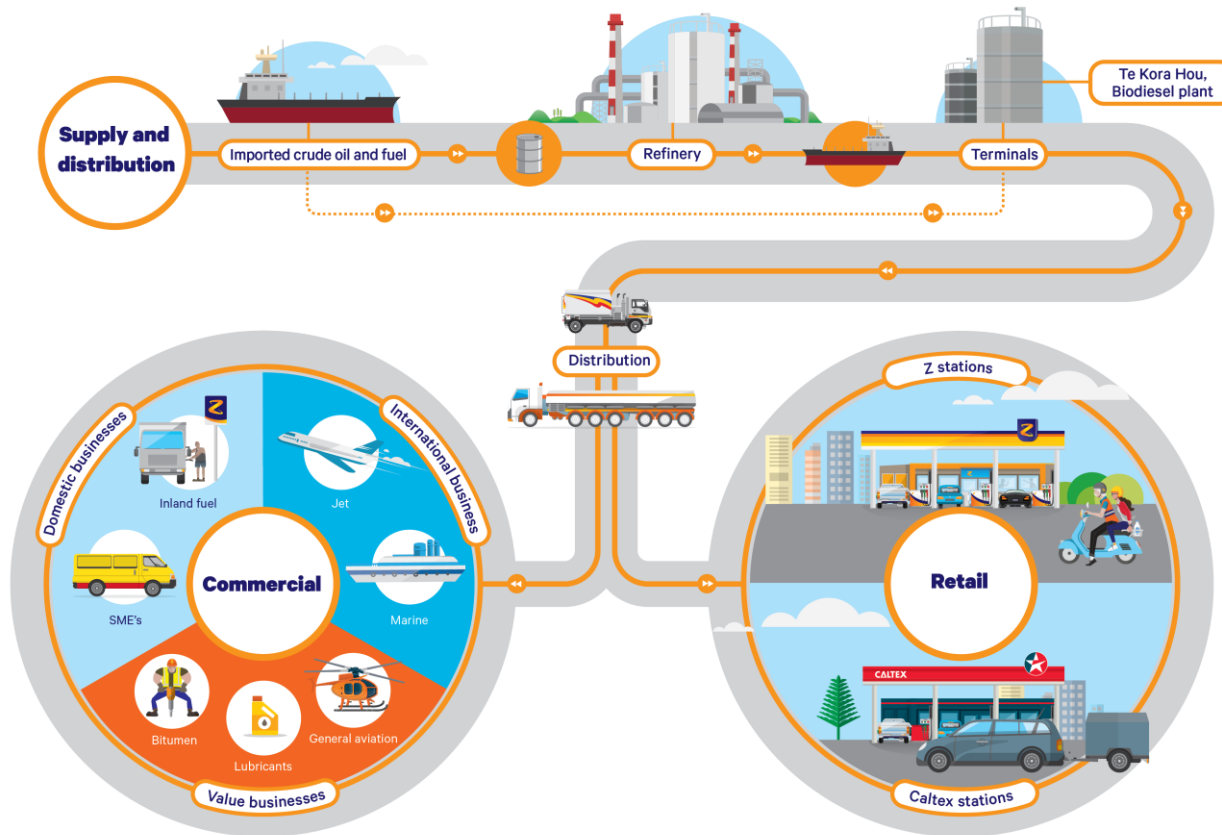
- RC NPAT of \$105m up from \$58m PCP with growth driven by an extra two months of Caltex contribution and synergy delivery
- Operating Cash flow of \$185m up from \$131m in PCP supporting debt reduction of \$35m in H1FY18
- Strong Refining margin offsetting the impact of competitor discounting and loyalty promotions on retail fuel margins

Note 1: HC NPAT has been calculated in accordance with NZ GAAP. RC NPAT and RC Operating EBITDAF have been calculated on the basis of “replacement cost accounting”. In this presentation we show result 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. Please read the explanation and consider the reconciliation information in the appendices.

Note 2: 1H FY17 RC Operating EBITDAF including transition expenses

Caltex deal has enabled new strategic choices

Strategy 3.0: moving from investment-led strategy to focus on productivity



Integration – acquisition has allowed us to gain a deep understanding of an alternative strategy and develop new choices

Productivity – leveraging our scale to do more of what matters with less. Earnings growth will come from existing market positions and assets with minimal capital required.

Capability – the delivery of certain distinctive value choices does require investment in new capability

And has delivered real shareholder value

\$40-\$42 million of synergy + \$35-\$40 million from strategy



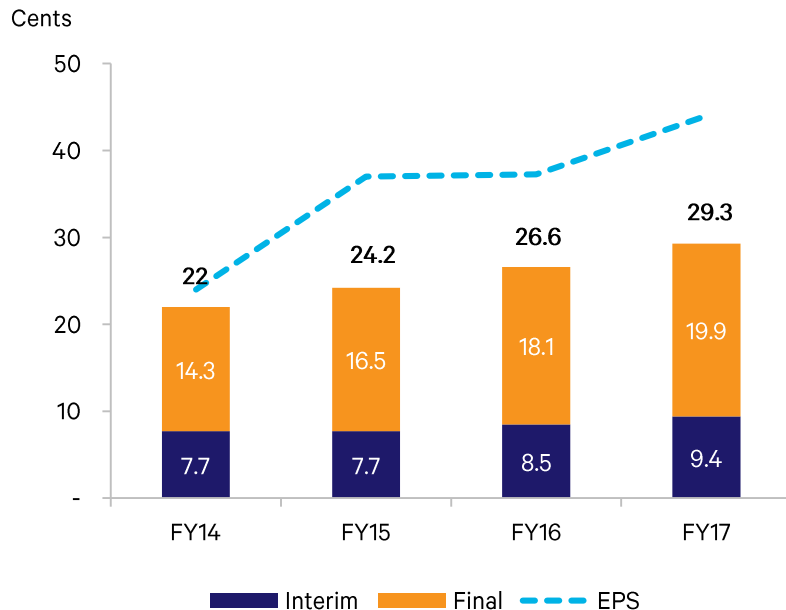
Business unit	Key drivers	FY18 Forecast	FY19 Forecast	FY20 Forecast
Supply chain	<ul style="list-style-type: none">• Terminals• Logistics• Industry agreements	-	\$4-5m	\$5-6m
Commercial	<ul style="list-style-type: none">• Integrated truck stop network• Distributor strategy• Jet• SME	\$8-9m	\$13-15m	\$26-\$29m
Retail & Marketing	<ul style="list-style-type: none">• Pricing system• Network Optimisation• Convenience	\$1-2m	\$2-3m	\$4-5m
Underlying RC Operating EBITDAF impact		\$9-11m	\$19-23m	\$35m-\$40m

Z has built a track record of delivering

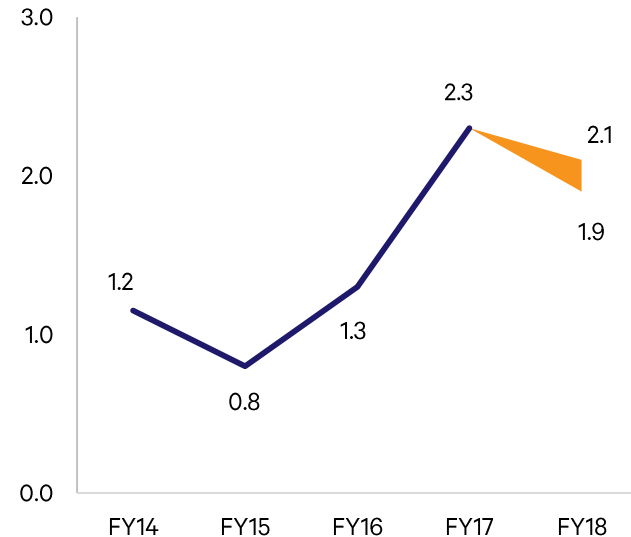
Has consistently delivered on its commitments to shareholders



Dividends and earnings per share



Net debt / EBITDAF*



- Consistent growth in dividends and earnings per share since listing, including 10% yoy since the acquisition of Caltex
- Net debt/EBITDAF* will return to 2.0x one year sooner than what we committed to at the time of acquisition
- Consistent upper quartile shareholder returns – 146% to 31 August 2017
- At acquisition, dividend policy changed from 80% of RC NPAT to 10% growth in dividends per share reflecting the additional leverage. As leverage will be close to 2.0x by the end of FY18, we are refreshing our dividend policy again.

*Replacement Cost Operating EBITDAF

Free cashflow – better with you than with us

Rapid debt repayment opens up dividend expansion for shareholders



Z's dividend policy FY19 – FY21

Pay out **80 – 100%** of
underlying free cash flow

Definition of underlying Free Cashflow

Net cash inflow from operating activities
less maintenance capex
and **principal debt repayments,**
and **adjusted for short term**
working capital fluctuations.

- Increasingly attractive yield stock
- Assuming no change in share price, the new policy implies a cash yield of ~8% in FY21
- Under the same scenario, this compares to the NZX10 average yield of ~5%

So What is Next (WIN)? Our longer-term thinking

In a rapidly changing world, options are increasingly important



1. Future fuels

Focus on adoption of low to zero carbon products

Context: climate change drive to a lower carbon economy

Options to assist provision of low carbon, energy dense fuel – primarily for long range transport (ground, sea and air)

For example, biojet



2. Mobility

Future movement of people

Context: enabled by technology development

Options to extend participation in the mobility value chain

For example, autonomous vehicle sharing



3. Last mile

Leverage retail network for delivery of goods and services

Context: 80% of NZ's population lives within 5km of Z group sites

Options to extend participation in the logistics and consumer services value chain

For example, 3D printing, drone delivery

Z continues to stand for what matters

And is committed to leadership in four key areas



HSSE matters



Community matters



**Environmental
Sustainability matters**



**Diversity &
Inclusion matters**



Keeping in touch

We're committed to deep engagement with our owners



- Shareholders often want more information and greater personal connection. We seek to deliver this by using multiple channels in order to engage with you.
 - Digital platforms, including social media
 - Email: you are able to contact the Board or senior management at any time via the following addresses: governance@z.co.nz or mike.bennetts@z.co.nz or chris.day@z.co.nz
 - Face-to-face meetings throughout the country with both institutional and individual investors
 - Annual Shareholders Meeting (ASM) – hybrid model
- www.z.co.nz/investor has all of Z's market announcements and strategy documents
- We're all happy to talk with any of our shareholders, anytime and on any issue – please keep in touch.