Interim Announcement

2018

The New Zealand Refining Company Limited

Results for announcement to the market

Reporting Period six months to 30 June 2018
Previous Reporting Period six months to 30 June 2017

The Directors of The New Zealand Refining Company Limited today announced the Company's financial results for the six months to 30 June 2018, details of which are attached.

This report, including the results for the previous corresponding period, is consistent with the unaudited interim financial statements of the New Zealand Refining Company Limited for the six months ended 30 June 2018.

Consolidated Results

1. Results $NZ 000

Revenue from ordinary activities

Current year $147,099[1]

Down 23%

Previous corresponding year $190,634

(Loss)/profit from ordinary activities after tax attributable to security holder.

Current year ($2,822)

Down 108%

Previous corresponding year $35,193

Net (loss)/profit attributable to security holders.

Current year ($2,822)

Down 108%

Previous corresponding year $35,193

2. Interim Dividend

The Directors have resolved to pay a fully imputed interim dividend.

Amount per security, NZ 3 cents per share. Imputed amount per security, NZ 3 cents per share (fully imputed). Record date 13 September 2018. Dividend payment date 20 September 2018.

There is no dividend reinvestment plan in place.

3. Net Tangible Assets per Security

As at 30 June 2018 $2.41

As at 30 June 2017 $2.47

[1] Current half year total income reported is $148,181k less insurance recovery of $1,082k included in 'other income'.

COMMENTARY

Refining NZ has reported an interim net loss after tax of $2.8 million for the six months ending 30 June 2018 (1H 2017: Net Profit after Tax $35.2 million).

Chief Executive, Sjoerd Post said the result reflected the impact of the Company's planned maintenance shutdown, the first total refinery shutdown at Marsden Point in fifteen years.

"This was without doubt, a major achievement for our refining business. The team deserves credit for completing over 1700 individual jobs to a high quality in unseasonably cold weather."

"The shutdown included two major retrofits – the replacement of the mid-section of the high vacuum unit and the re-life of the hydrogen manufacturing unit – both of which were especially well managed given the complexity of the work involved."

Post said that refining margins were healthy in the first six months of the year.

"Without the shutdown impact of USD 2.60 per barrel the actual margin in the first half was USD 8.25 per barrel."

The 2018 profit matrix has been re-issued to reflect the Company's end-of-year profit and borrowing expectations for a number of unit margin and exchange rate scenarios.

PERFORMANCE HIGHLIGHTS

- Completed the first total refinery maintenance shutdown at Marsden Point in 15 years.
- Net loss after tax of $2.8 million for the six months ending 30 June 2018 (1H 2017: NPAT $35.2 million) reflected the impact of the shutdown.
- GRM of USD 5.65 per barrel (1H 2017: USD 7.70 per barrel) at the top of the historical range of USD 4-USD 6 per barrel helped by healthy refining margins in the first half of the year.
- The Company achieved an average uplift over the Singapore Complex Margin of USD 2.42 per barrel (1H 2017: USD 4.59 per barrel).

OUTLOOK

Said Post: "We are currently capitalising on healthy refining margins and hope this continues in the second half of 2018."

"Looking further ahead, the re-life of the hydrogen manufacturing unit strengthens our position as a major producer as we continue to explore the feasibility of a domestic biofuels and hydrogen industry to meet the needs of aviation and long haul trucking."

DIVIDEND

The Directors have resolved to pay a fully imputed interim dividend of 3 cents per share to be paid on 20 September 2018 with a record date of 13 September 2018.

ENDS

For further information:
Greg McNeill
Communications and External Affairs Manager T: 094325115; M: 021 873623; E: greg.mcneill@refiningnz.com