

17 March 2021



### **Z Energy renegotiates debt covenant waivers; expects to pay FY21 dividend**

Z Energy (NZX:ZEL ASX:ZEL) (Z) is pleased to announce that it has successfully renegotiated the covenant waivers with its banking syndicate, Trustees Executors Limited (as Supervisor under its retail bond programme) and USPP holders allowing Z to recommence distributions to shareholders, starting with an expected full year dividend for FY21.

In response to the impact of the COVID pandemic on earnings, Z agreed a short-term waiver of certain debt covenants in May last year. A condition of these agreements was to pause shareholder distributions until 1 October 2021. The stronger than originally expected performance of the business, along with the reduction in debt from the proceeds of a successful equity raise, means that Z is in a much better financial position than was expected when the relief was first sought.

Commenting on the expected early return to shareholder distributions Z's Chief Executive Mike Bennetts said, "Notwithstanding the current trading conditions, Z has focused on executing our four point improvement plan in the core business, including completing a program of \$48m of structural cost reductions in FY21.

Our execution of safe and reliable operations throughout the year has been excellent; together with better than expected profitability and strengthened balance sheet we're pleased to be able to share this performance with our shareholders."

The final dividend for the FY21 year is expected to be in the range of 12 to 14 cents per share, in line with Z's recently updated FY21 guidance<sup>1</sup> and Z's current distribution policy to pay ordinary dividends of 70-85% Operating Cashflow less Integrity Capex; where Operating Cashflow is defined as RC EBITDAF less RC Tax and net financing costs.

"We'd like to acknowledge our debt providers for the ongoing support and trust in removing the limitations on paying dividends and our shareholders for the support through the capital raise. Having navigated a challenging year we have turned our attention to options that generate additional value from the core business which will support distributions to shareholders in the years to come." Mike added.

It is expected the dividend will be declared and paid in May 2021, following the announcement of Z's annual results for FY21, consistent with the practice in previous years.

### **Ends**

For investor queries please contact:

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<sup>1</sup> <https://www.nzx.com/announcements/368948>