Z Energy

NZX:ZEL

Investor Day 2021

Wednesday, 28 July 2021

https://investors.z.co.nz/

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Agenda

Time	Subject	Presenter
1000	Setting up	Mike Bennetts, Chief Executive
1020	Current context	Julian Hughes, GM Transition
1050	Optimise the Core	Mandy Simpson, Chief Digital Officer Andy Baird, GM Retail Lindis Jones, Chief Financial Officer
1230	Lunch break	
1330	Transition to a low carbon future	Nicola Law, GM Commercial Nicolas Williams, GM Strategy and Risk
1430	Capital Management	Lindis Jones, Chief Financial Officer
1500	Q&A	
1545	Networking	Including product demos

Executive team

Mike Bennetts
CEO
Joined April 2010

Lindis Jones
CFO
Joined May 2010

Nicolas Williams
GM Strategy and Risk
Joined June 2011

Nicola Law
GM Commercial
Joined March 2014

David Binnie
GM Supply
Joined September 2014

Julian Hughes
GM Transition
Joined February 2015

Debra Blackett
General Counsel & Chief Governance Officer
Joined June 2015

Helen Sedcole
Chief People Officer
Joined January 2018

Mandy Simpson
Chief Digital Officer
Joined February 2019

Andy Baird
GM Retail
Joined April 2019

Figen Ulgen
Chief Customer Officer
Joined February 2021

A simple and coherent game plan to FY24

Today, we are resetting the playing field given our confidence in Z's future

We have responded to the events of the last few years, and are better for the lessons we have learnt

We are very focused on optimising our core business, with a tighter and simpler definition of what that core business is

We have a simple and coherent game plan, and there are no unturned stones for improving performance

Optimising the core business and transitioning to a low carbon future is an achievable double, when done with capital discipline within clearly defined boundaries

In the meantime, we'll be generating a lot of cash with much less volatility, which underpins shareholder returns

Linking strategy to execution

Line of sight from the governance level to frontline teams

Ultimate Goal	Strategic Priority	Roadmap Objective (by end FY24)	Quarterly Objectives and Key Results
Solve what matters for a moving world	Always be safe and reliable	• 6 x quantitative or qualitative targets	• Linked to the relevant Roadmap objective and set in the current operating context for the forthcoming quarter
by **Optimising the core business**	Deliver awesome customer experiences	• 4 x quantitative or qualitative targets	
so we can	Generate heaps of free cash flow	• 6 x quantitative targets	
Transition to a low carbon future	Grow non fossil fuel income	• 5 x quantitative or qualitative targets	

The Game Plan to end FY24

Framed by the targets in the Roadmap Objectives

Optimise the Core

- Optimise the Retail and truckstop network for the forecasted 2030 demand
- Grow wholesale market share
- Transition to an import only supply chain
- Exit discretionary activity
- Further cost reductions from simplification

Transition to a Low Carbon future

- Grow CR revenue to $500m
- Scale up to the fullest extent of the biofuels mandate
- Maintain relevance in Hydrogen and preserve options to scale quickly
- Evaluate adjacency opportunities within the electron ecosystem

Disciplined Capital Management

- Deleverage to ~1.5x net debt/EBITDAF
- Repay debt as it falls due
- Execute REIT for Retail properties
- Reliable dividends within the existing Distribution Policy, with options for specials and buybacks

Today's roadmap

Current context

- Two years of significant change are behind us
- Strategic progress has been made
- Relative performance is strong, while the ongoing impacts of COVID-19 are minimal
- Previous limitations or uncertainties are either resolved, or the pathway is clear enough for us get into action

Optimise the core

- An import only supply chain in less than a year's time
- Our CVP is focused on retaining market share
- We have redefined our core business, opening up asset divestments and further simplification which reduces costs
- There is organic growth within the core business

Transition to a low carbon future

- Our carbon intensity is actively managed
- We have a detailed understanding of fossil fuel demand drivers and forecast accordingly
- Z can sensibly participate in the alternatives to fossil fuels for transport
- There is more risk to shareholder value by rushing in, so we will retain optionality

Disciplined capital management

- Z expects to deliver higher returns with much lower volatility
- Sustainable dividends from strong cash generation
- The risk of having stranded assets is low
- Any transition from fossil fuels will be managed in a disciplined way

Current Context

Julian Hughes
General Manager
Transition

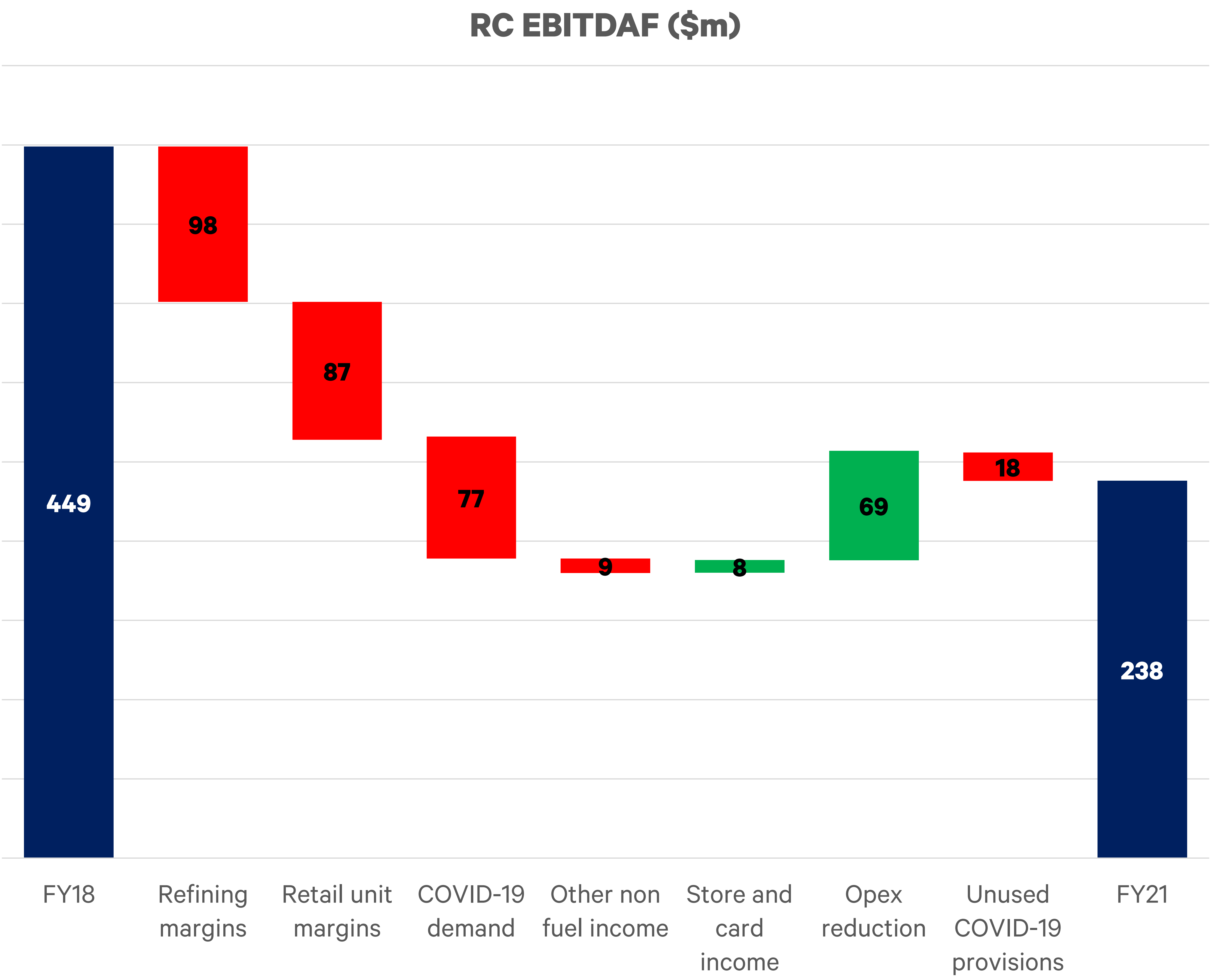
Two years of significant change

In responding to external challenges and a proactive focus on improving execution

Regulatory interventions	• RAP Inquiry complete (2019) and all actions closed out with Energy Minister (2021) • Zero Carbon Act passed (2019) • Fuel Industry Act passed (2020) with supporting regulations (2021) - final tranche (information disclosure) to come • Modern Slavery Statement disclosed • Climate Change Commission's Final Advice to Government (May 2021) • Biofuels mandate announced with consultation yet to complete (July 2021)
Industry structure	• Retail capacity growth slowing from 2017 high (net +21) to net +1 sites in 1H 2021 • Terminal gate pricing at Nelson (2020) and Mount Maunganui (2021) • Heads of Agreement with Refining NZ to move to an import terminal
Internal productivity	• Structural cost reduction of $49m in FY21, targeting $70m for FY22 • FTE headcount down 20% (>120) from December 2019 high as a period of significant IT and management system development ends • Agile @ Z and changes to the target setting and performance monitoring system • Employee short term incentive based solely on company performance

Industry headwinds have been significant

Refining, retail margins and COVID-19 have adversely affected earnings



Drivers of change from FY18 to FY21

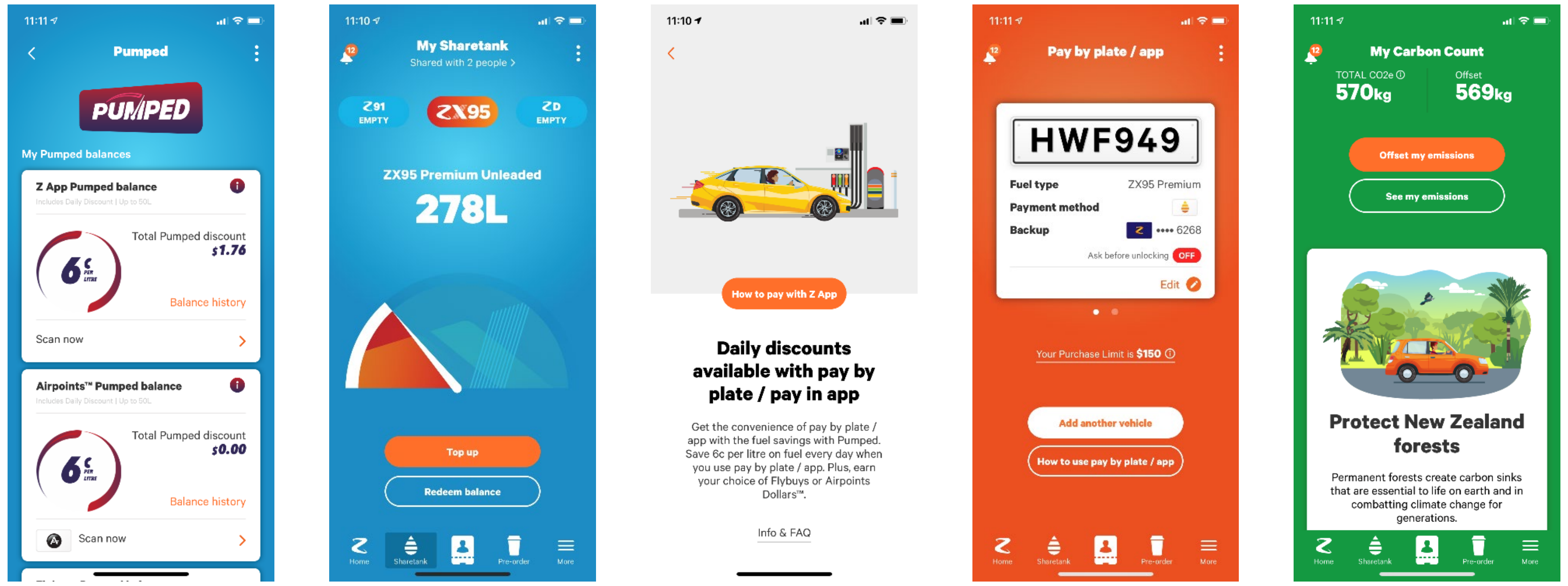
- Refining margins have reduced from the ten year average of US$6/bbl to less than US$3/bbl, consistently below the fee floor since December 2019
- Retail unit margins in FY21 -6.3cpl to the FY18 average
- 900ml of demand destruction in FY21 from COVID-19, with 580ml (64%) of that in Jet, which is not expected to fully recover until after FY25
- Non fuel income impacted by reduced commissions and lease income, primarily as a result of selling excess (Caltex) Retail and terminal assets
- FY18's opex of $398m grew to a peak of $416m in FY20, before being reduced to $351m in FY21, net of $18m of unused COVID-19 provisions from FY20

Progress over the past two years

Strategically, mostly to the upside, but some actions delayed by the Fuel Market Study

To the upside

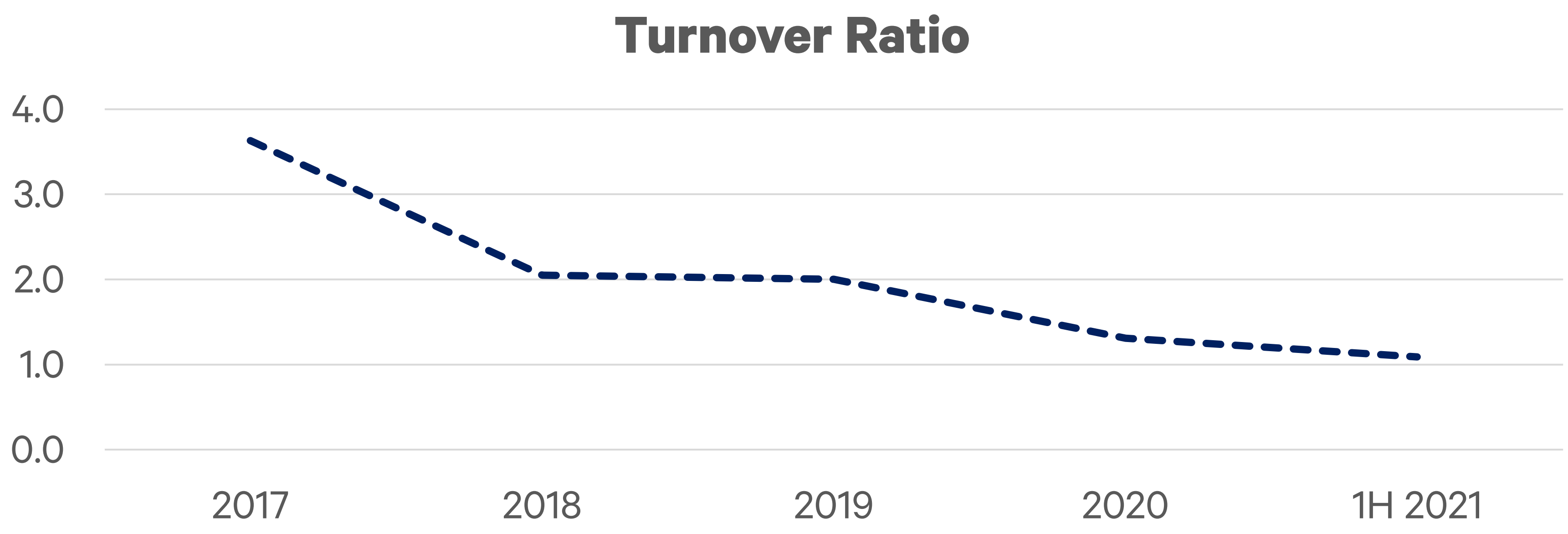
- Optimising the Retail network across both brands
- Refreshed segmentation for Retail and Commercial
- Launched Pumped and a refresh FlyBuys CVP
- Changed pricing tactics at Z, Caltex and the Pak'nSave networks
- Implemented Terminal Gate Pricing at Nelson and Mount Maunganui
- Structural opex reduction in FY21 of $49m, targeting $70m in FY22
- Completed all ERP and customer platform upgrades, e.g. Z Business



To the downside

- Declining brand metrics for Z and Caltex
- Continued net growth in the Industry's Retail site numbers as economically marginal sites remain operating, for now…
- Not obtaining commercial returns within the Supply chain

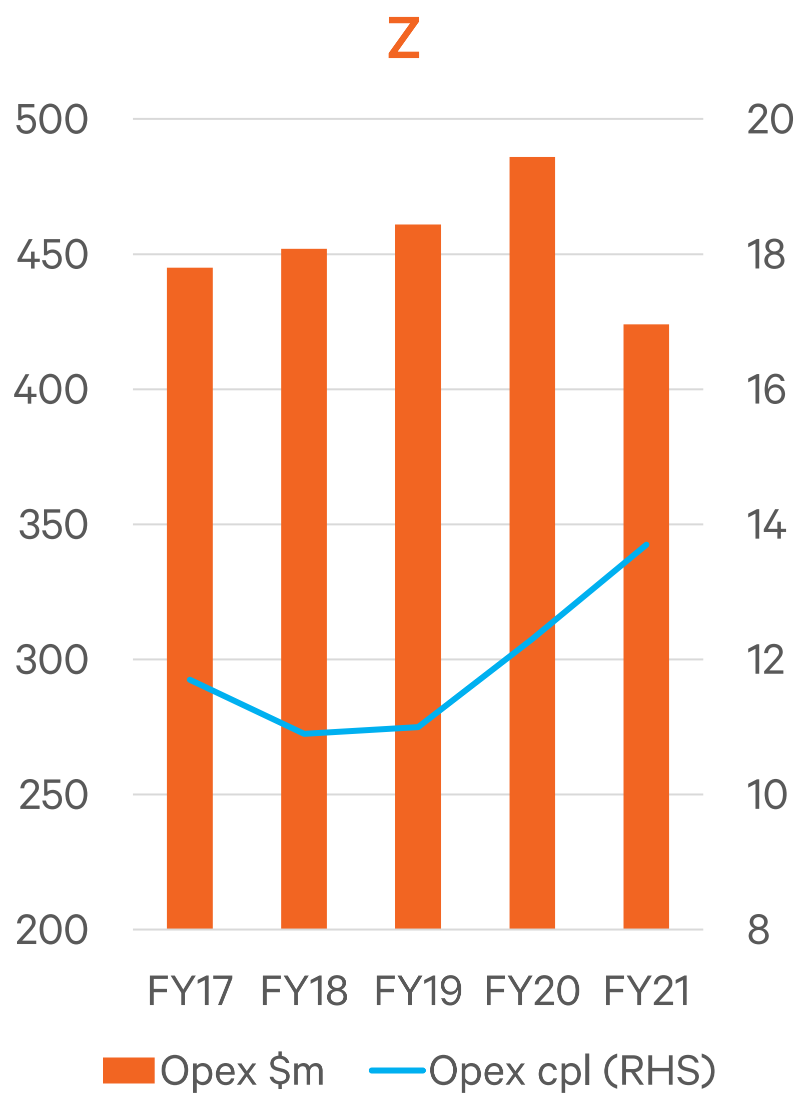
Industry Network	2017	2018	2019	2020	1H 2021
Site closures	8	19	16	16	11
Rebrands	-	-	-	8	3
New to Industry (NTI)	29	39	32	21	12
Net NTIs	**+21**	**+20**	**+16**	**+5**	**+1**



Turnover ratio is the number of NTIs divided by site closures

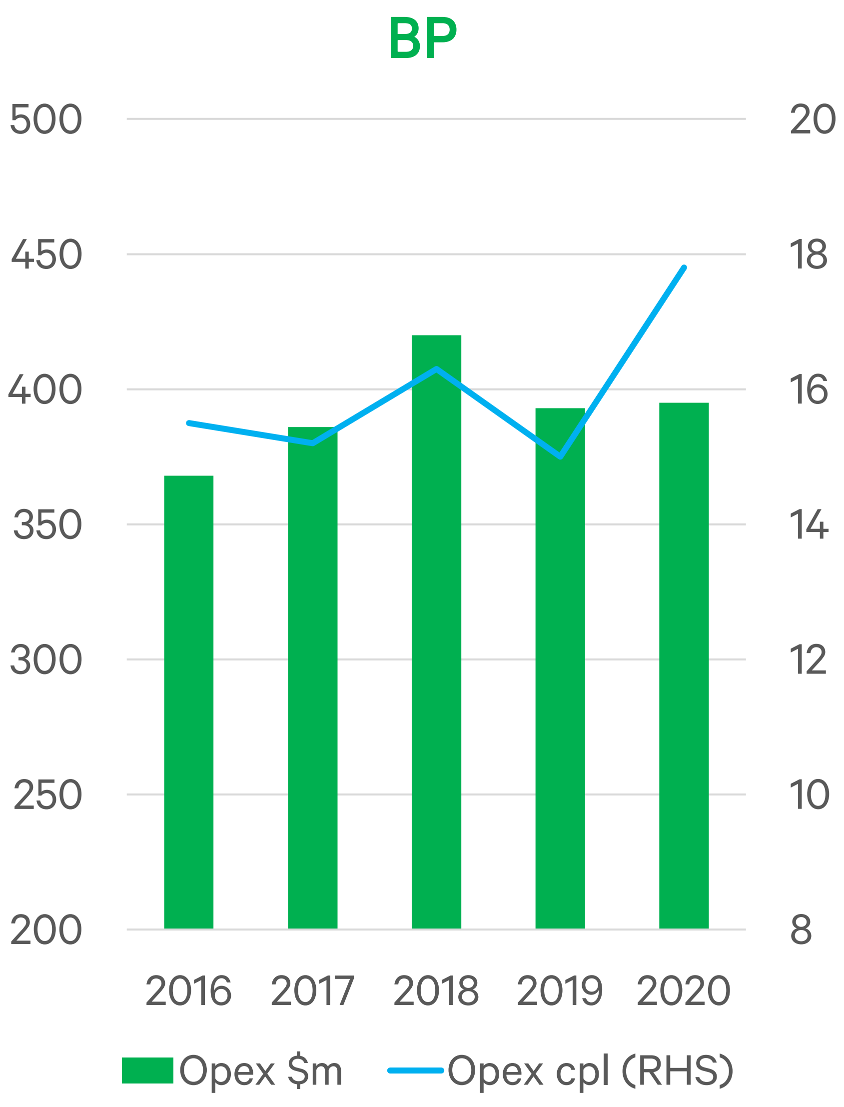
Comparing Z to integrated competitors

Differing cost responses to the dual challenges of COVID-19 and declining Industry profitability

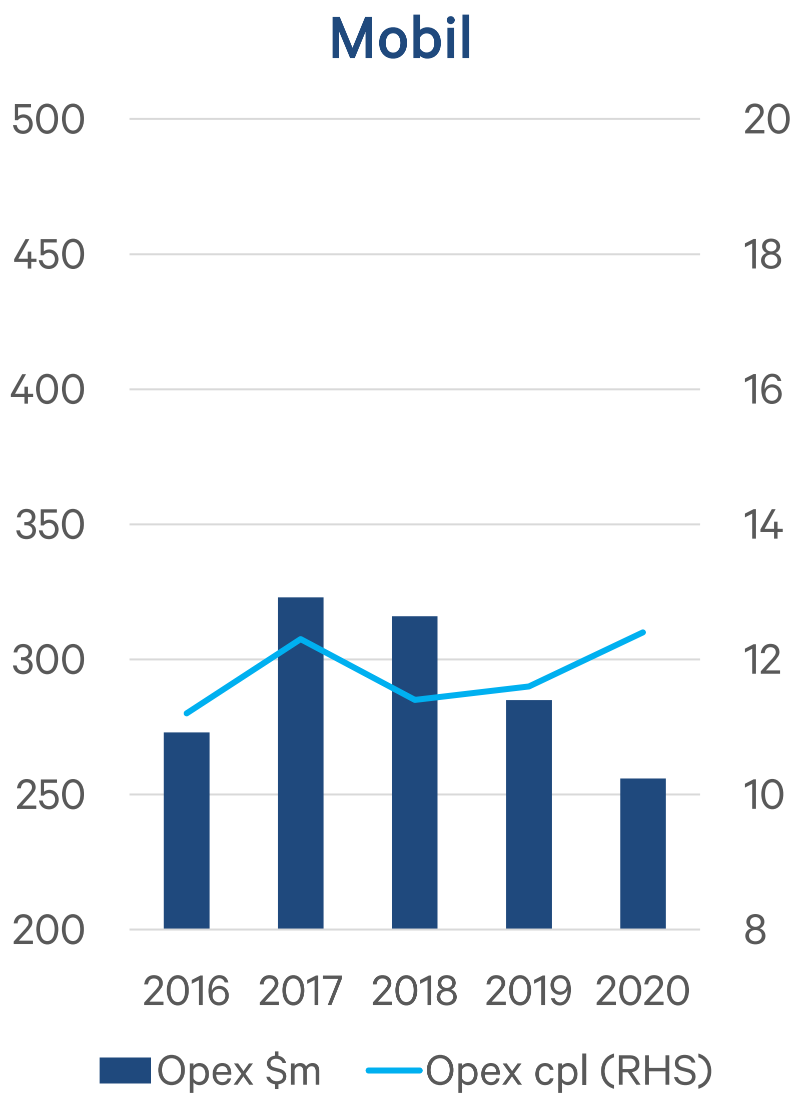


EBITDA	$m	cpl
FY19	434	10.4
FY20*	381	9.6
FY21*	223	7.2

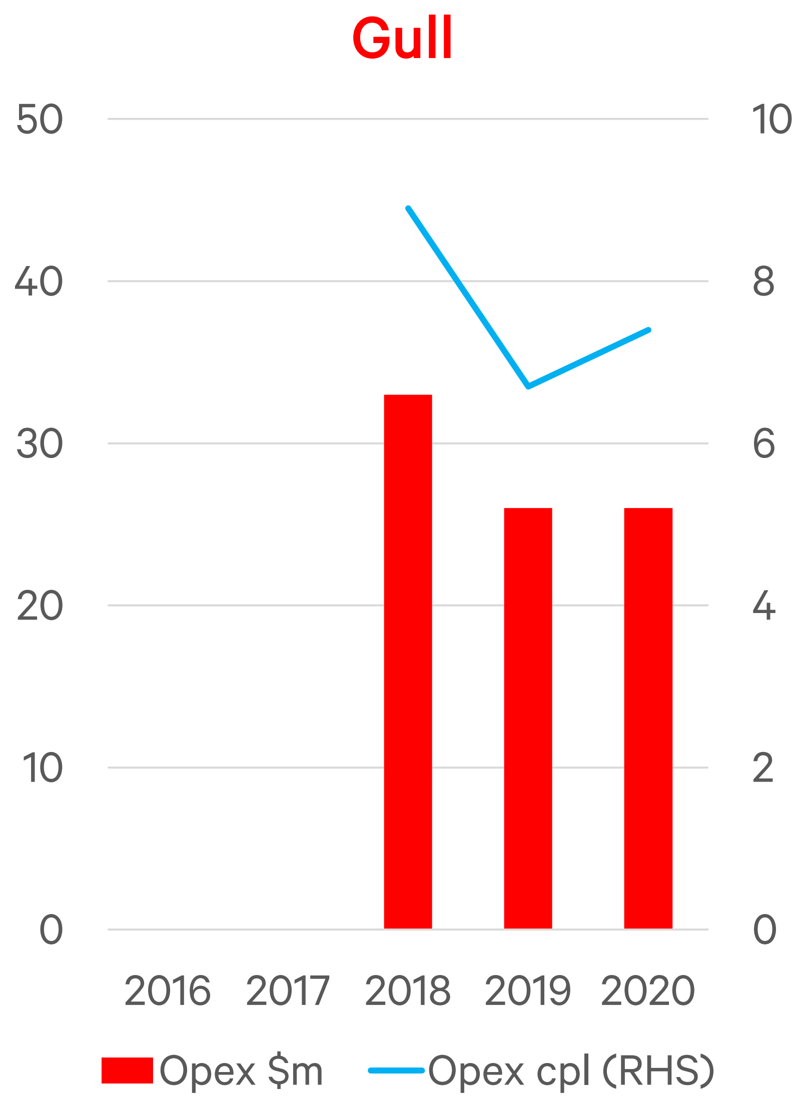
* adjusted for Covid-19 provisions



EBITDA	$m	cpl
2018	259	10.1
2019	255	9.7
2020	163	7.4



EBITDA	$m	cpl
2018	82	3.0
2019	154	6.3
2020	69	3.3



EBITDA	$m	cpl
2018	55	15.0
2019	74	19.0
2020	70	19.8

Competitor data sourced from Statutory Accounts filed in the Companies Office

Opex (including net lease costs and primary distribution), financing costs and COSA adjusted to enable a consistent replacement cost (RC) comparison across similar financial years

Climate Change Commission (CCC)

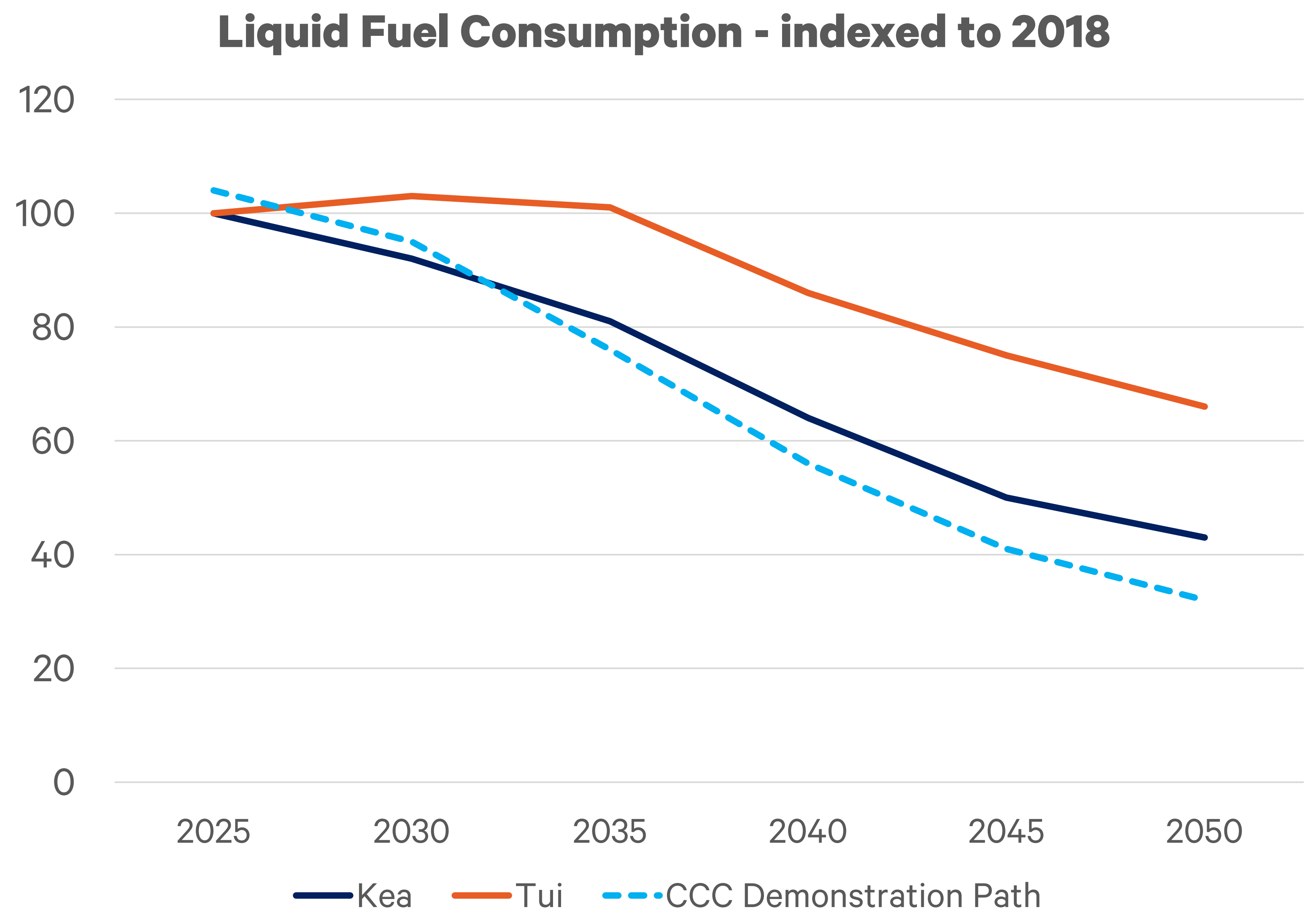
CCC's Final Advice to Government published on 9 June 2021

Three recommended areas in Transport for Government to focus on

- Reducing the reliance on cars (or light vehicles) and supporting people to walk, cycle and use public transport
- Rapidly adopting electric vehicles (EVs) – ambitious policies are needed to address supply and cost constraints, bring more EVs into the country, and import more efficient ICE vehicles until EVs are widely available and affordable
- Beginning work now to decarbonise heavy transport and freight – develop a national low-emissions freight strategy, that includes moving more freight by rail and sea, and encourage the production and use of low emissions fuels, such as biofuels, electricity, and green hydrogen

Notable changes from the Draft Advice to Final Advice

- Biofuels penetration of domestic transport fuels doubled to 6% by 2035 – all from local biomass
- Slower adoption of EVs – 36% of light fleet in 2035 compared to previous recommendation of 40%



Sources:
For the Tui and Kea forecasts – Business Energy Council: https://times.bec.org.nz/
Climate Change Commission Ināia tonu nei: a low emissions future for Aotearoa: https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa.pdf

Biofuels

A rapidly changing market and regulatory context – to the upside for Z

What happened in FY21?

- Safely hibernated Te Kora Hou (Z's biodiesel plant in Auckland) and reduced what was otherwise an annual -$5m EBITDAF impact
- Ensured all relevant IP captured and stored for future reference
- Proved out an import only supply chain for biodiesel using existing infrastructure established for domestic production
- Worked with stakeholders advocating for a biofuels mandate
- Worked as a consortium with AirNZ, Scion, LanzaTech and LanzaJet on a Sustainable Aviation Fuels (SAF) pathway

What has happened to date in FY22?

- Government announced a biofuels mandate with consultation on target levels of penetration due to complete by end July
- CCC recommended 6% of biofuels to be made from local biomass by 2035
- Noticeable increase in customer requests for biodiesel following CCC's Draft Advice
- Signed MOUs for exclusive period to negotiate supply agreements with regional at scale suppliers of biofuels
- $1m FEED underway for ~$15m expansion of Te Kora Hou, which would only proceed if discounted cash payback less than five years

Optimise the Core Business

Mandy Simpson
Chief Digital Officer

Andy Baird
General Manager
Retail

Lindis Jones
Chief Financial Officer

Current context

- Two years of significant change are behind us
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A simplified supply chain post FY22

Changing through regulation and market dynamics

Strategic Upsides

- Exit of refining reduces working capital, reduces earnings volatility and provides options for further simplification and cost reductions
- Terminal gate pricing enables monetisation of relative infrastructure advantages
- More contestable wholesale market for Z to grow from 40% market share to better match Z's 54% terminal storage share

Financial Upsides

- Working capital release from two million barrels of crude of $150m noting $30m already achieved from reduction in refining capacity to 90kbd
- Cash release able to be assigned to further debt reduction of Retail bonds in 2023 ($70m) and 2024 ($125m)
- Net reduction in refining related costs (COGS and opex) of $26m against foregone refining margin (-$21m in FY21)
- $19m of immediate freight and procurement benefits, with further upside potential from taking a 20mbbl short to a regional market that is oversupplied

The Past	The Future
• 13mbbls refining • 7mbbls product imports, primarily from a single refiner	• 20mbbls product imports, potentially from 1-3 suppliers – refiners or traders
• Borrow and loan fee structure • Net 240mlpa loan to competitors	• Terminal gate pricing, and reform or withdrawal from B&L • Sales of >142mlpa (Nelson only)
• Exclusive, long dated or evergreen Distributor agreements	• Non-exclusive, maximum five year agreements
• Estimated Distributor market of ~1600mlpa • Z share of this market is ~35%	• Estimated Distributor market of >1600mlpa • Z share to be determined through market dynamics

CVP focused on holding market share

We compete for consumers and business customers through three reinforcing layers

Competitive Pricing as a basic	• Shifted to a volume rather than margin orientation since August 2019 • Data shows Z discounted purchases are on par or lower than unmanned pricing • All products shown on all price boards as required by Fuel Industry Act • Market share decline has flattened, with positive QoQ results since 1Q FY21 • Clustered with most other brands for price perception, and more can be done to improve this
with interactions that are Digitally enabled	• Lowers onsite and offsite operating costs, e.g. replacement of forecourt concierge with features on the Z and Caltex Apps • Increase customer satisfaction through various self service fuelling options – steady trend upwards for "the fastest to get in and out of" • >40% of transactions are at the pump, freeing up capacity in store • Pre-order platform expanded beyond coffee to include other beverages
and Customer Experience focused where the returns are worth it	• Delivered as an "extra to" and not "instead of" low pricing • Focused on resolving the pain points that limit increasing share of wallet (e.g. Sharetank) or improving retention (e.g. Z Business application process) • Low cost experimentation where success is uncertain, e.g. carbon count feature in Z App • Key focus on growing App adoption as data indicates retention and share of wallet improves materially

Convenience retailing (CR) is material

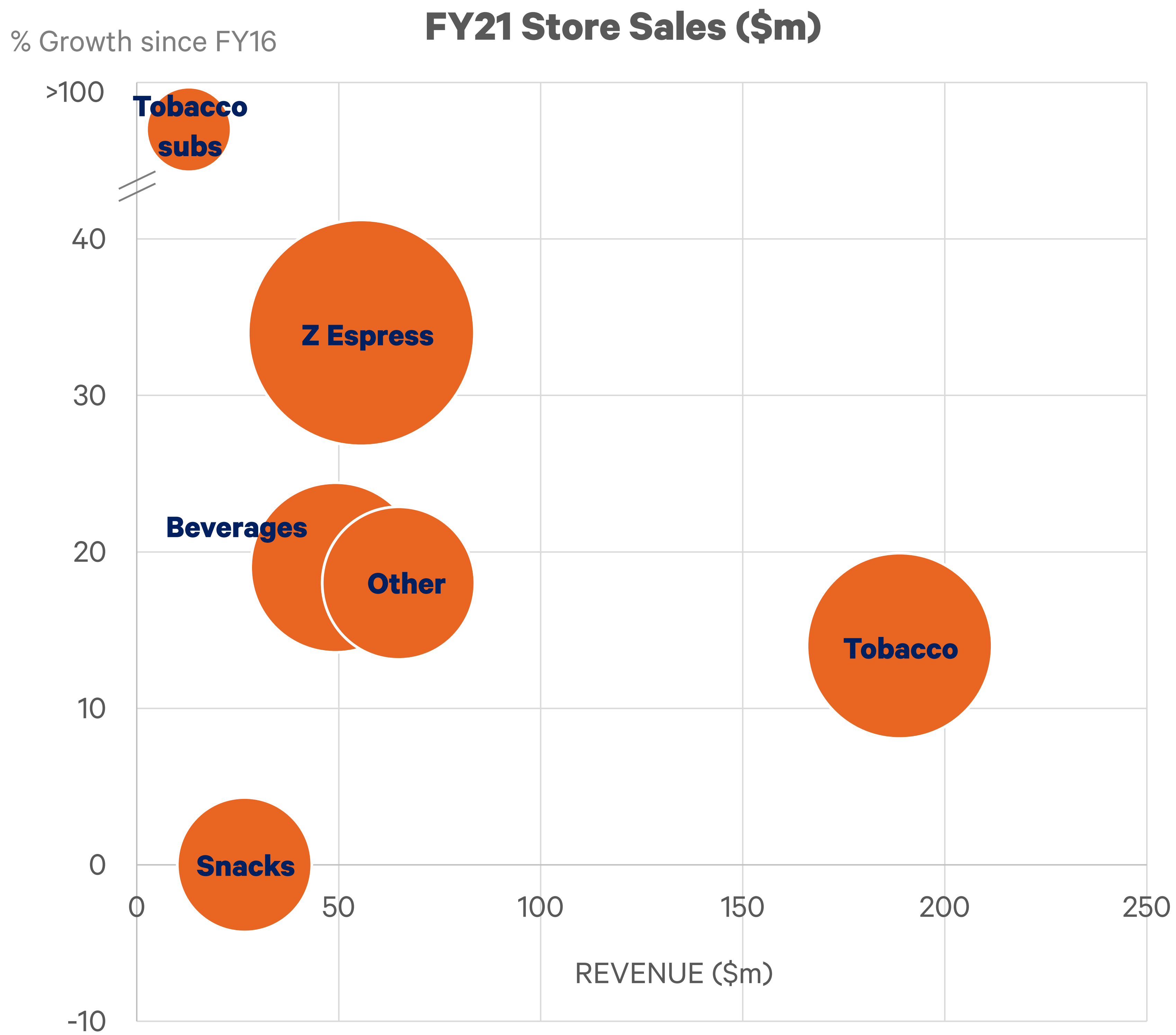
Both within Z and compared to other retailers

A strong CR foundation has already been established

- Continual sales growth across most categories with focus on Z Espress and tobacco substitutes
- Store revenue of $406m in FY21, +3% to FY20 despite the impact of COVID-19 lockdowns in 1Q
- Store only transactions have grown to 21.8 million (+8% to FY16), and now are 42% of all Z Retail transactions, with Fuel and Store a further 10%
- Z Retailer's CR revenue compares as 100% of Restaurant Brands (NZ only) and 165% of McDonalds NZ

Revenue growth in Store sales benefits Z two ways

- Z proportionately shares in the gross margin generated by store sales
- Improved Retailer profitability is reflected in reduced opex through lower Selling Commissions



Bubble size is relative $m gross margins

Organic growth from optimising the core

Plans developed for implementation to end FY24, requiring $65-75m of growth capex

Thematic	Intention	Planned Actions	EBITDAF FY21 to FY24	Capex (FY22-24)
Network optimisation	Establish the network for the likely 2030 demand	• ~5 new builds in highway locations • Closure of ~10 sites in FY22/23 • Rebrand ~15 sites from Caltex to Z (4 to date) • Conversion of some Tier 3 sites to automated offer • Renew (or not) 30% of all Retail leases	+$10-15m	$35-40m
Wholesale strategy	Monetise Z's differentiated infrastructure advantage	• Implement terminal gate pricing • Potential to exit all storage from National Inventory Agreement • Compete for Distributor contracts	+$10-15m	Not required
Convenience retailing (CR)	Leverage existing assets and capabilities	• Grow sales in higher margin products • Refresh ~50 Tier 1 stores • Expand store capacity in ~5 sites	+$20-30m	$30-35m
Import only supply chain	Transition to 100% imported products in 1Q FY23	• Simplify internal structures and processes • Establish new product procurement contracts during 3Q FY22 – not our own Singapore trading office • Consider further optimisation of international supply chain with another importer	$45-55m	Not required
			$85-115m	**$65-75m**

Macro view for Convenience Retail (CR)

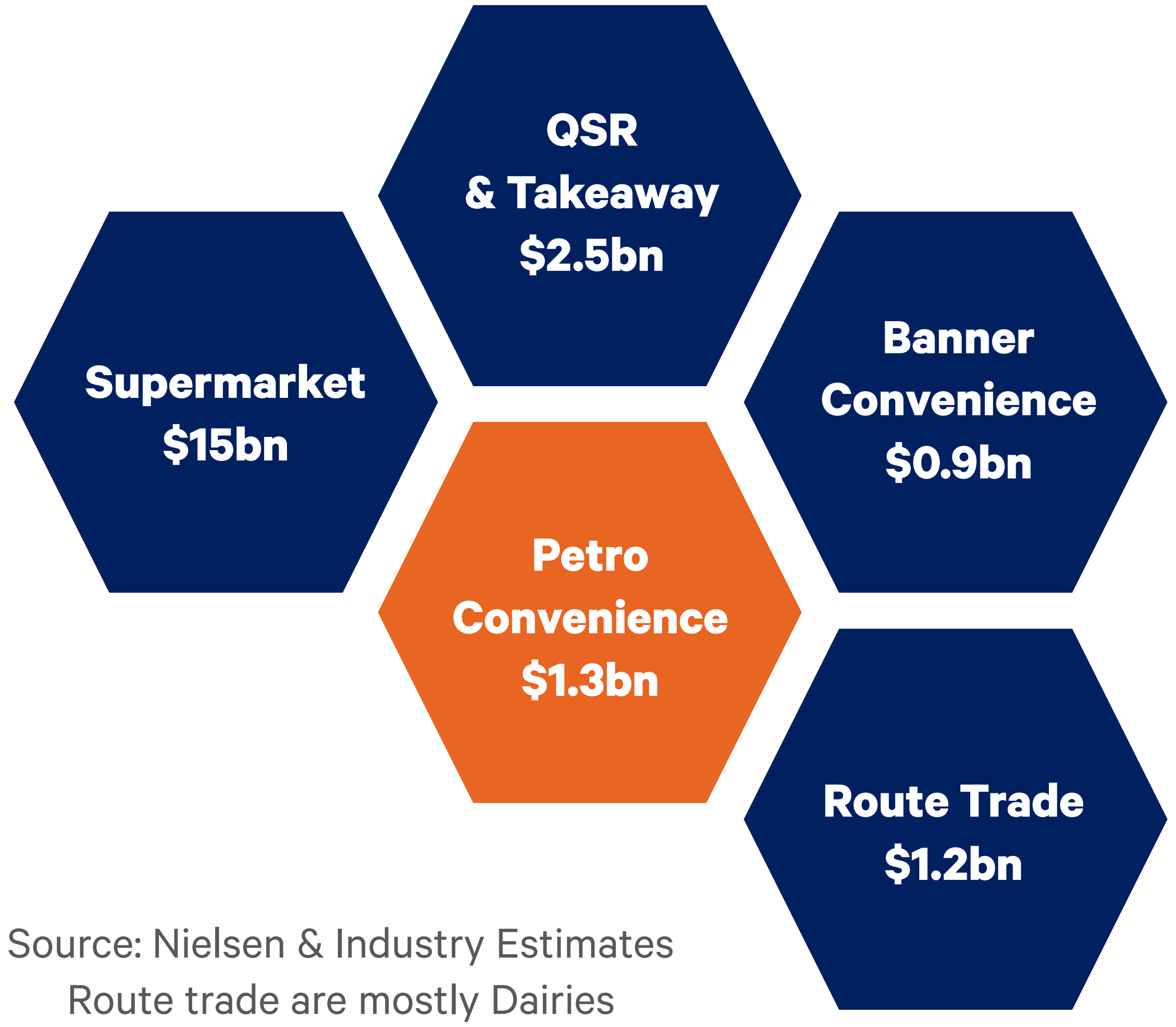
Petroconvenience is an attractive channel with ability to service the fringes of a $19.6bn market

Macro trends that support growth

- Consumers hectic lifestyles, longer working hours and commuting times demand solutions that enable them to buy back time
- Consumer demand for mobility and food remain interconnected
- Transport (whatever mode or fuel source) combined with fresh daypart food options continue to grow
- Mobile consumers need to eat and drink three times a day
- Consumer buying pattern changes due to COVID-19 – less frequent supermarket shops and larger baskets
- Online grocery sales and home meal kits have created a gap in the market for top up shopping

Trend	Downside Risk	Likely mitigation
Tobacco consumption	• Smokefree 2025 • Excluded from category	• 5% of market remains through a much smaller number of outlets, possibly Z • Route trade closure provides opportunity for Z's growth
Labour costs	• Immigration reset leading to limited and more expensive labour pool	• Focus on digital CX, e.g. forecourt payment options • Digitise for supply chain efficiencies
Last mile	• Delivered convenience	• Focus on satisfying mobile customer needs

Total Convenience market of $3.4bn
Total adjacent market of $17.5bn

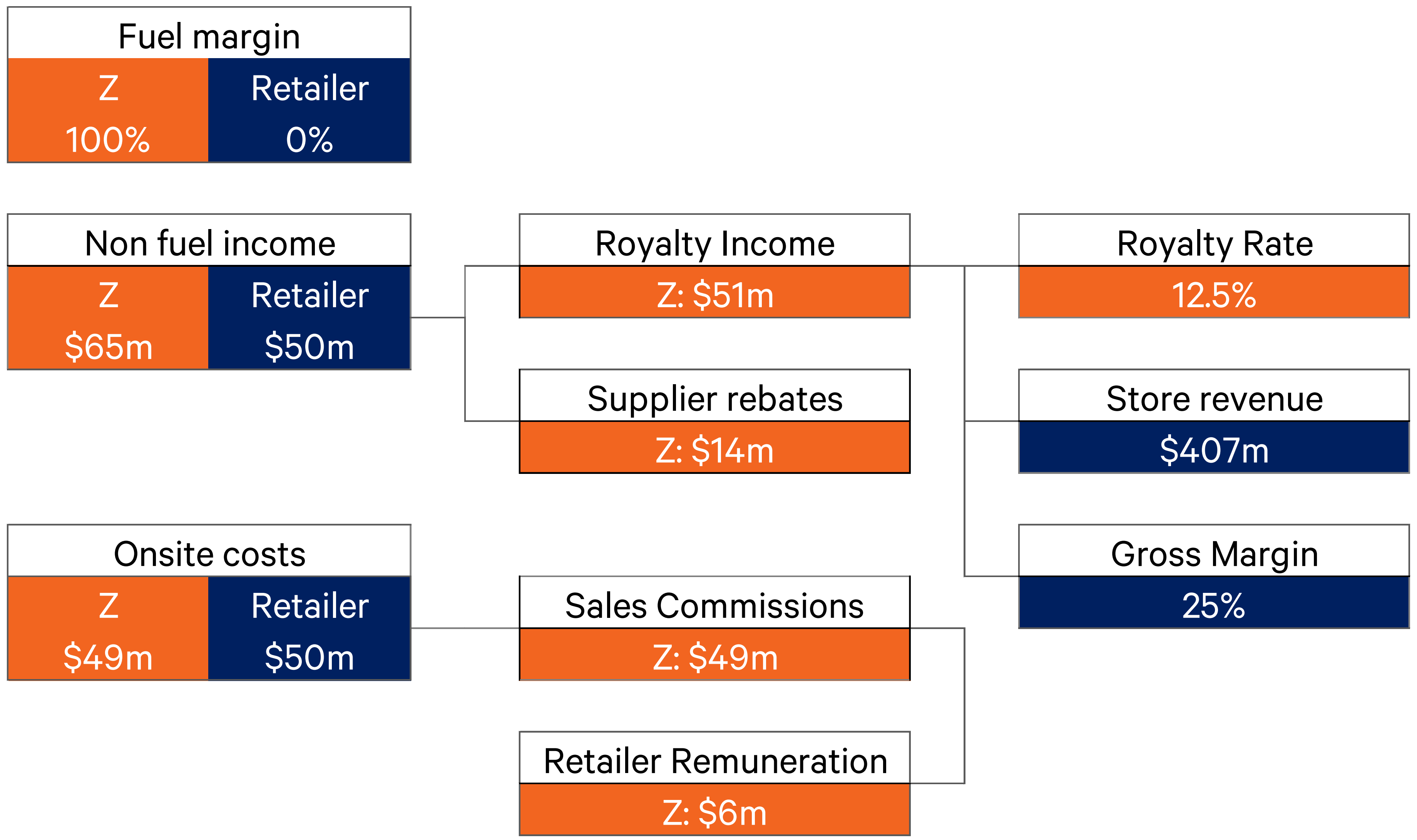


Source: Nielsen & Industry Estimates
Route trade are mostly Dairies
Banner convenience, e.g. Four Square

The CR model for the Z network

Z is almost 100% leveraged to margin growth above the cost base and contracted remuneration

FY21 Results



Z's non fuel income is highly leveraged to growth in CR revenue

- Retailer model occupies a sweet spot between company operations and franchise
- Z underwrites a level (cap and collar) of Retailer earnings based on performance against a balanced scorecard of targets
- Retailers are incentivised to grow gross margin from non fuel to achieve the limit of the cap
- As gross margin increases each year, the additional proceeds flow to Z through both increased Royalty Income and reduced Sales Commissions

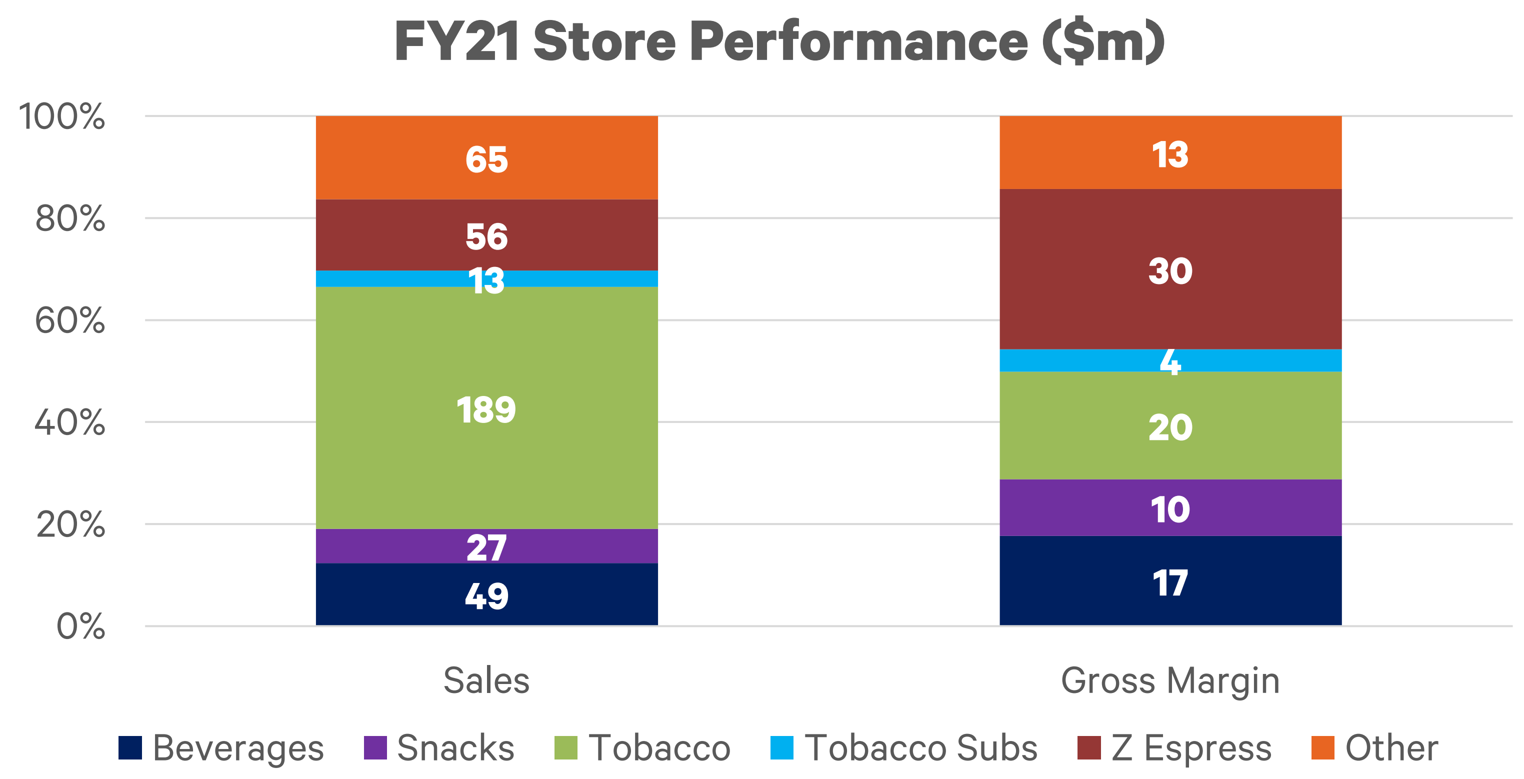
A practical example

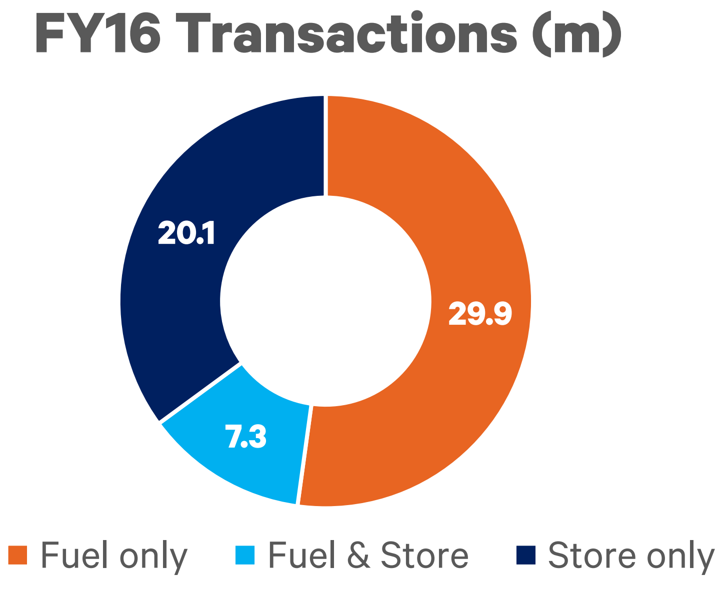
- If FY21's CR sales were 10% higher (+$40m revenue for $10m more gross margin), then non fuel income would have been $5.0m higher and Sales Commissions would have been $4.9m lower
- In other words, Z's model results in Z receiving close to 100% of all year-on-year non fuel gross margin growth, less wastage and shrinkage ($6m in FY21)
- This is fair remuneration for both parties given Retailer remuneration is guaranteed (within a range), while Z funds all capex and opex investment in support of growth

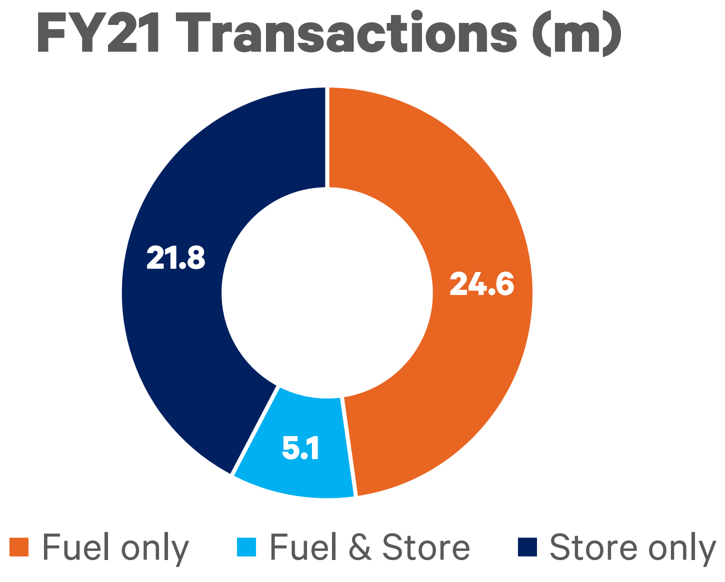
Current CR performance

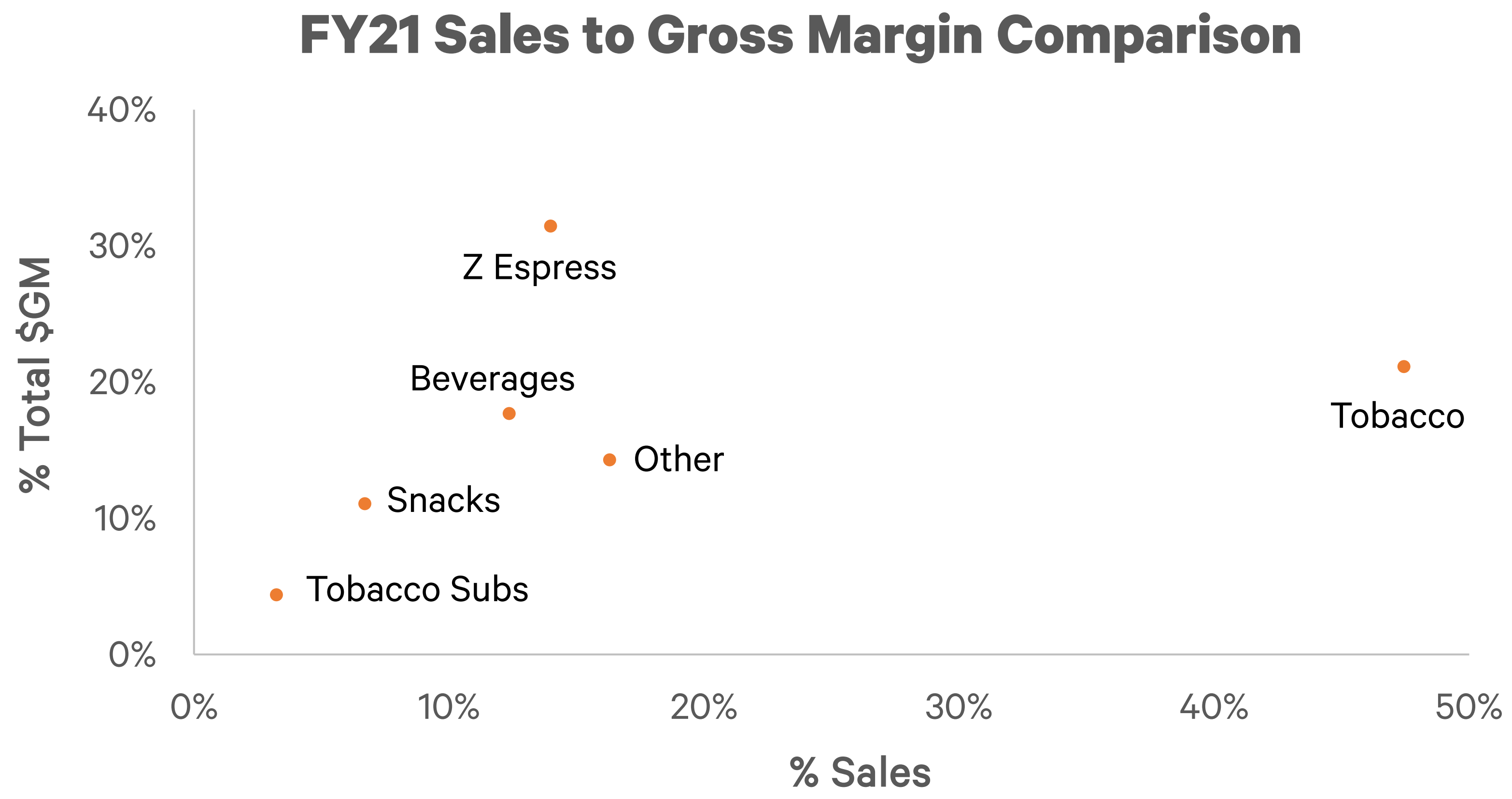
Across the Z network of 198 sites in FY21

Metric	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Fuel volume (ml)	5.6	4.8	3.9	2.9
Store revenue ($m)	3.2	2.4	1.7	0.9
Store to fuel ratio	0.58	0.50	0.43	0.31
Share of total fuel sales	33%	28%	23%	16%
Share of total store sales	40%	29%	21%	10%









FY25 Goal – $500m revenue at 33% GM

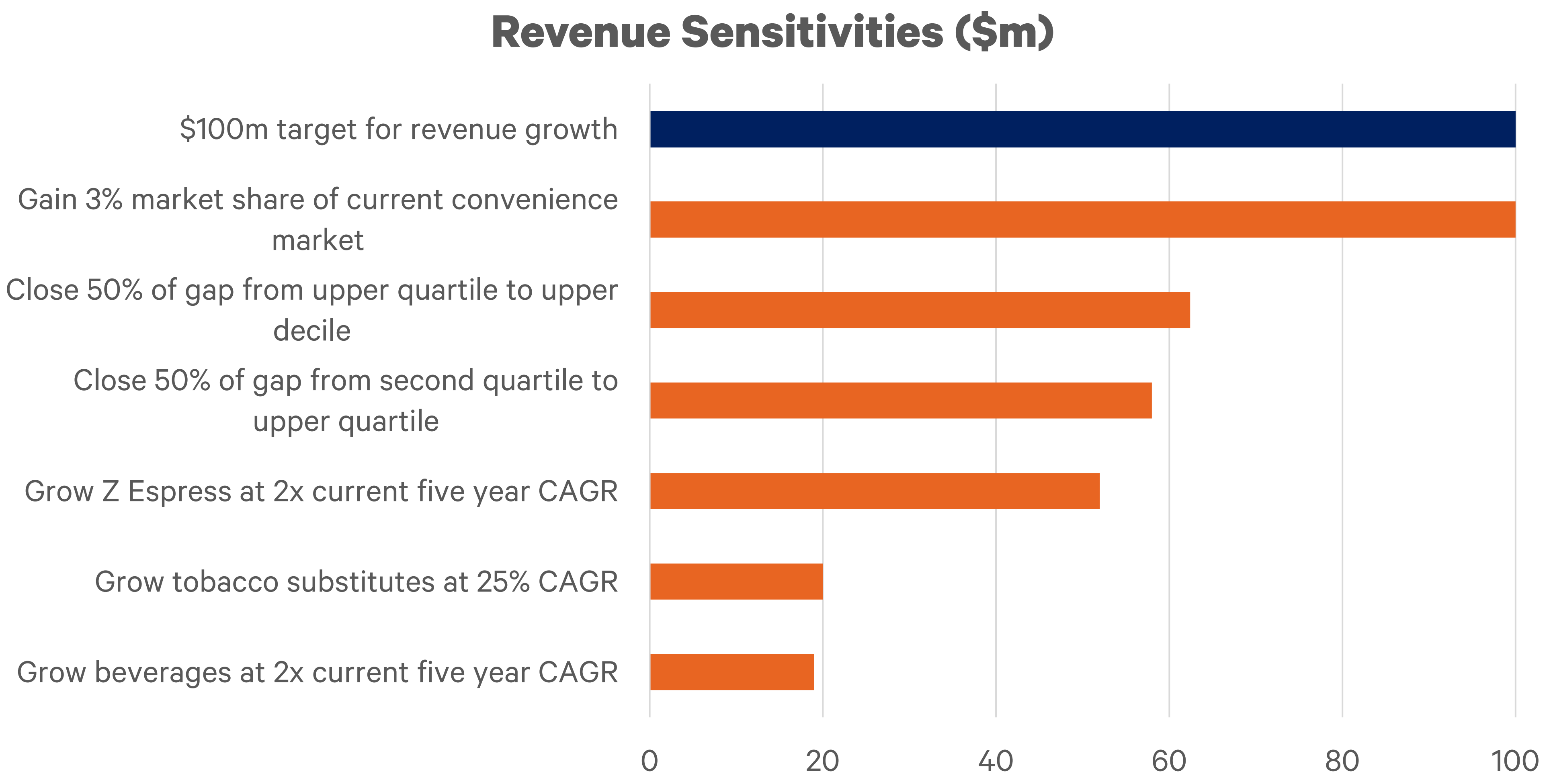
20% increase in revenues while GM moves from 25% to 33% through improved product mix

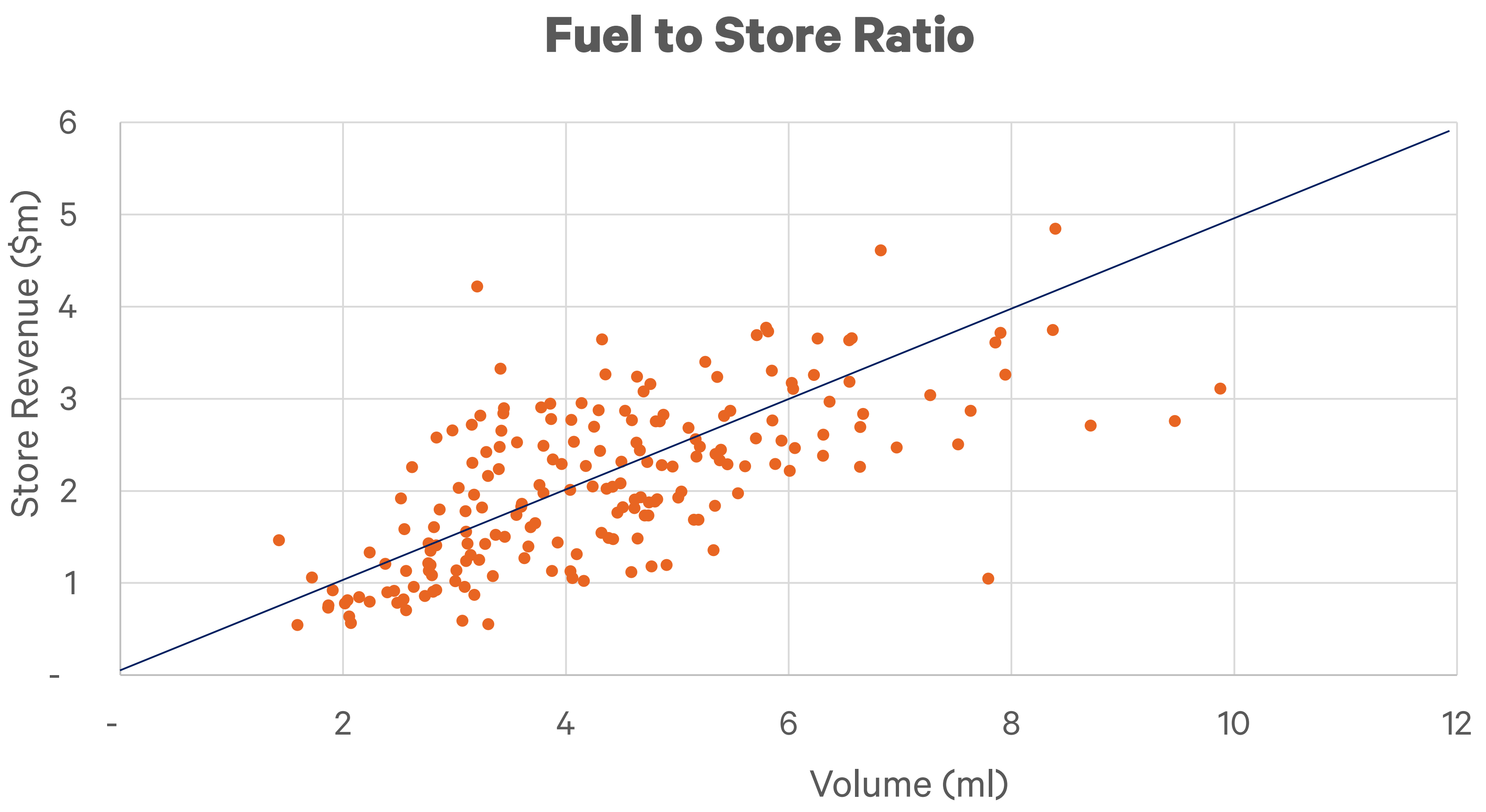
Reasons to believe

- Z's share of the $3.4 billion convenience market is 12%
- Across the network, 48 cents of CR revenue is earned for every litre of fuel sold
- Caltex conversions typically deliver $3m of CR revenue, with a further three conversions scheduled over the next two years
- We expect tobacco sales to decline by $65m from current $189m, so underlying revenue growth needs to be $165m, or +40% to FY21 (CAGR of 10%)

Current Five Year CAGRs

- Beverages +4%
- Z Espress Food +13%
- Z Espress Drinks +6%
- Tobacco subs +269% (YoY)





Five key workstreams

Targeting revenues +20%, while gross margin moves from 25% to 33% through product mix

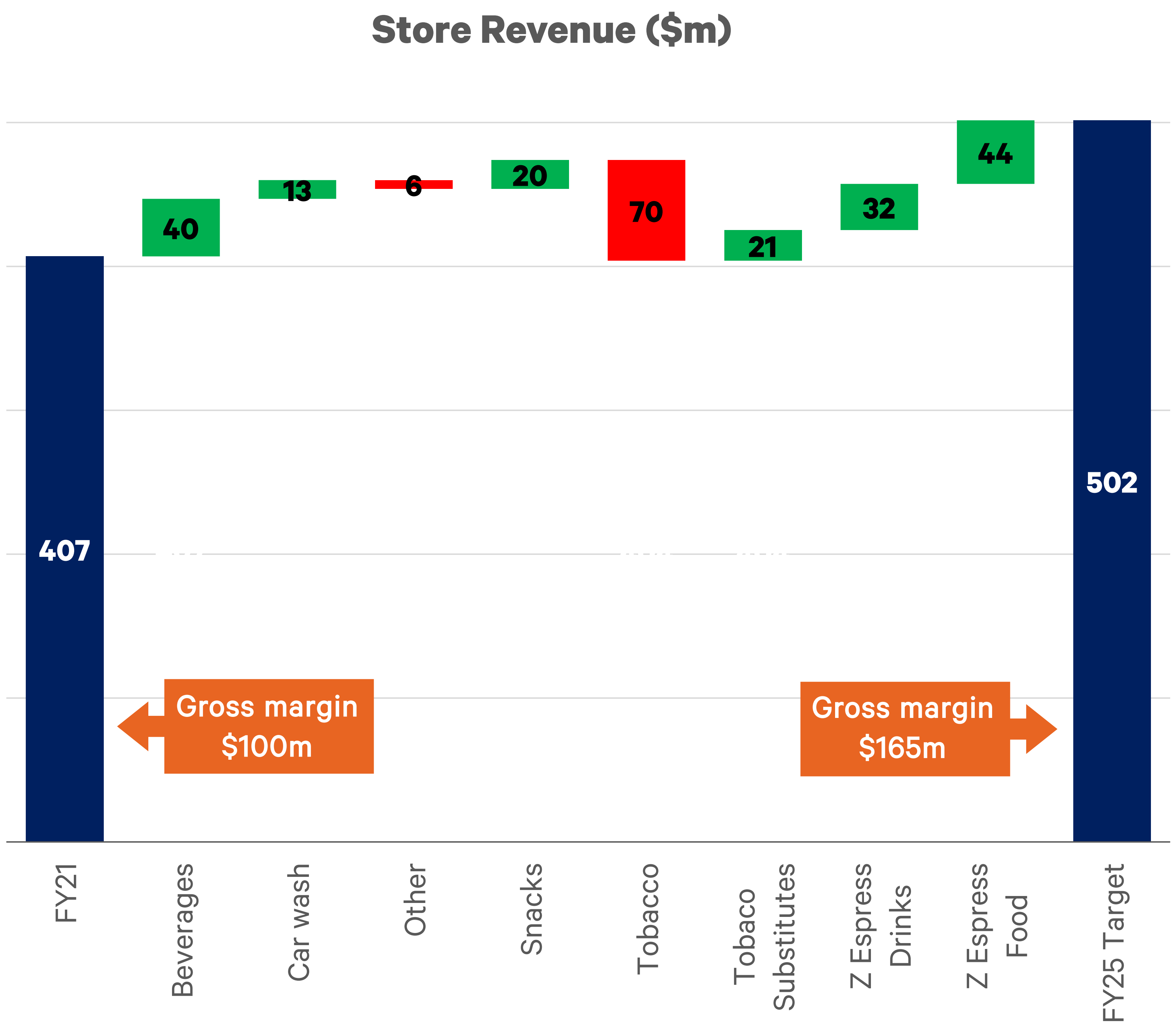
Customer Experience	• Retain and grow our target customers through leveraging our digital advantages, e.g. Pre-order • Increase fuel forecourt payment transactions (37% to 50%) to free store labour to focus on food and coffee
Store refresh	• Enhance the top 50 stores - contemporary image, design and merchandising offer • Design out known capacity break points, coffee and payment queues • Increase physical assets to deliver our highest growth potential categories • Move to Barista Coffee, grow credibility, capacity and speed • Grow fresh food day part options, e.g. smoothie bar
Category management	• Shift store product mix to higher margin food and drink categories • Grow core categories by applying space-to-sales principles in the store, and exit low potential categories, e.g, magazines • Refreshed coffee bean – taste and texture • Faster introduction of new products, e.g. Iced Coffee
Format	• Define offer, range and categories across the network to leverage different store types and geographies • Yearly store relays
Supply chain	• Reduce cost to serve • Enable daily fresh food delivery, and explore partnership or equity models with key suppliers

A simple formula for revenue growth

Increase onsite capacity + refresh stores + leverage existing capabilities = $100m revenue

- 14% of the targeted $100m revenue growth comes from three Caltex conversions and two Z NTIs
- Focus on driving categories with high growth and margin options
- Although CAGRs in some categories appear high, they are modest increases on FY16-21 CAGRs, albeit off a higher base
- Further offsite EBITDAF growth possible from equity, partnership or JV with key Z Espress suppliers

Targets for FY25	Revenue	CAGR FY21-25	% Sales
Beverages	$90m	+22%	18%
Other	$74m	+3%	15%
Snacks	$48m	+14%	10%
Tobacco	$124m	-10%	25%
Tobacco substitutes	$34m	+25%	7%
Z Espress	$130m	+23%	26%
Total All Categories	**$502m**	**+6%**	**100%**



Shift in mix within the cost base since FY18

Reduction in core operating costs the most certain option

Core costs

- Incurred in core processes for operating the business
- 76% of total costs

Opportunities

- Driven by participation choices, including those arising from changing industry structures
- Removal of activity leads to permanent cost reductions and simplification

Compressible Costs

- Discretionary over short term, but not the long term
- 9% of total costs

Opportunities

- Previous technology infrastructure builds a main driver
- In house capability reduces cost
- Traditional cost discipline

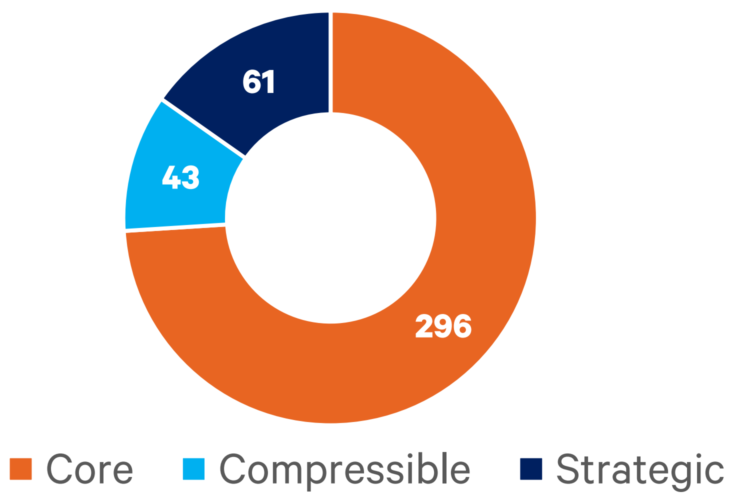
Strategic Costs

- Associated with key choices unique to Z, where returns are worth it
- 15% of total costs

Opportunities

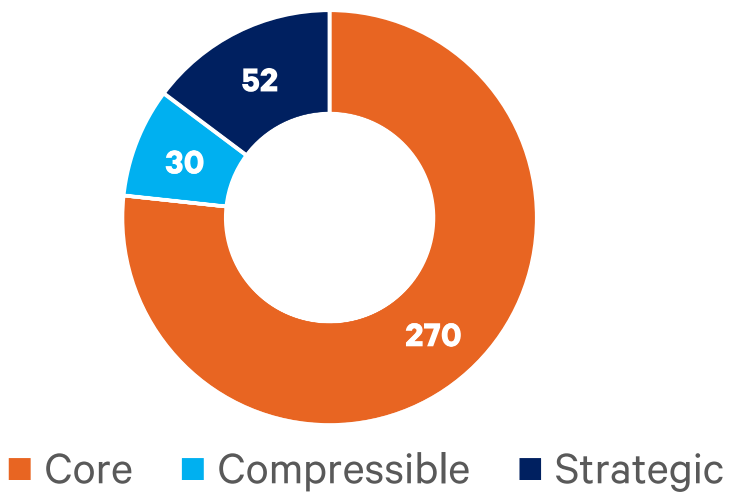
- Funding digital based offers allows for more dynamic investment decisions
- Retain “low cost option”

FY20 Opex ($400m)



(Excludes COVID-19 related provisions)

FY21 Opex ($351m)



(Excludes COVID-19 related provisions)

Optimising around more focused core

Opens up options for further simplification, benefitting both costs and free cash flow

	Supply	Distribution	Wholesale	Retail
Core Business *Activity that is outright growth, or a platform for growth in a low carbon future*	• Product imports • Terminal Gate Pricing • Carbon sequestration • Biofuel manufacturing • Biofuel feedstocks	• Terminals • Outsourced haulier	• Caltex network • Foodstuffs network • Truckstops • Distributors • Jet	• Z network • Z convenience stores • REIT for existing freehold land
Discretionary *Activity that **does not** provide a platform for growth in a low carbon future*	• RNZ equity • National Inventory Agreement • Coastal shipping (COLL)	• Industry joint venture infrastructure, e.g. WOSL-WAP-JUHI	• Bitumen • Bulk diesel • General Aviation • Lubricants • Mini Tankers	

Cost efficiencies from a more focused core

Exiting discretionary activity enables further simplification

		EBITDAF Impact
Gross Margin	**Exit Refining** • Increased margin and avoided COGS • Potential upside from Procurement gains	+$45m to +$55m
	Exit Discretionary Wholesale Business • Further upside from retaining wholesale margin from these exits	-$45m to -$55m
	EBITDAF Impact to FY21	**-$10 to +$10m**
OPEX	**Direct Cost Avoided** • Associated with Discretionary activities	+$30m
	Simplification Opportunities • Organisational overhead and professional services	+$10m to +$15m
	EBITDAF Impact to FY21	**+$40 to $45m**

A more efficient, simpler and resilient Z

- $40 to $45m OPEX reductions will reduce operating leverage creating a stronger relative competitive position and resilience for the future
- Zero cost budgeting has generated additional coverage on these targets exist
- Utilised Partners in Performance, the same organisation partner that helped deliver FY20 cost savings and Chevron synergies
- More than 90% of cost savings are associated with Discretionary Wholesale activities – not simply exiting refining
- Considered together they provide a distinctive opportunity to simplify Z and further reduce core costs
- These cost savings will be augmented by an estimated $5m reduction in Sales Commissions as CR income increases
- Exit of Discretionary activity also releases capital

Questions?

Lunchbreak

Presentations will recommence at 1.30pm NZT

Transition to a Low Carbon Future

Nicola Law
General Manager
Commercial

Nicolas Williams
General Manager
Strategy and Risk

Current context

- Two years of significant change are behind us
- Strategic progress has been made
- Relative performance is strong, while the ongoing impacts of COVID are minimal
- Previous limitations or uncertainties are either resolved or the pathway is clear enough to for us get into action

Optimise the core

- An import only supply chain in less than a year's time
- Our CVP is focused on retaining market share
- We have redefined our core business, opening up asset divestments and further simplification which reduces costs
- There is organic growth within the core business

Transition to a low carbon future

- Our carbon intensity is actively managed
- We have a detailed understanding of fossil fuel demand drivers and forecast accordingly
- Z can sensibly participate in the alternatives to fossil fuels for transport
- There is more risk to shareholder value by rushing in, so we will retain optionality

Disciplined capital management

- Z expects to deliver higher returns with much lower volatility
- Sustainable dividends from strong cash generation
- The risk of having stranded assets is low
- Any transition from fossil fuels will be managed in a disciplined way

Transition is necessary, and comes with choices

There are differing considerations around timing and pace, plus where and how to participate

There is plenty of opportunity in our current core business, while any decline in long term demand is still some way off

There is more risk to shareholder value by rushing into things

There is a preference for keeping our options open for as long as reasonably possible

We will retain an open mind on how we transition – as Z, in partnerships, strategic alliances, or minority shareholdings

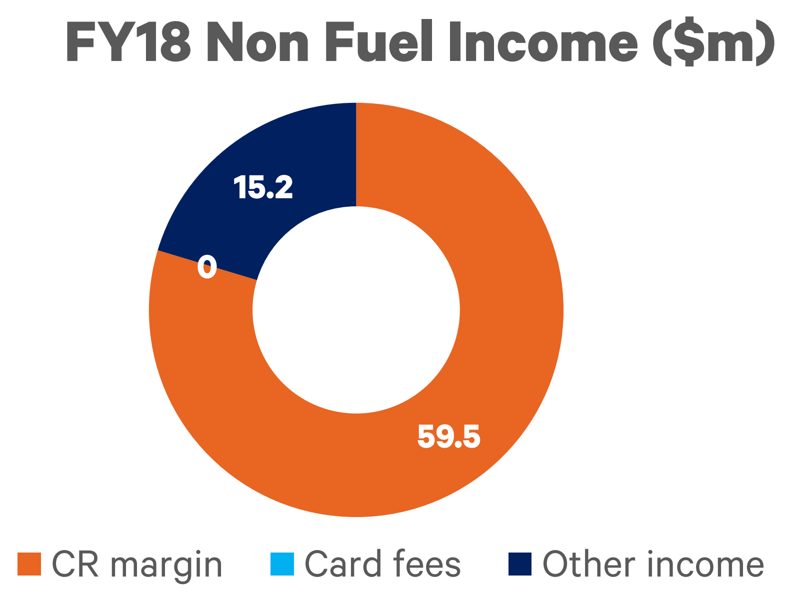
We will be disciplined and thoughtful choosing between transition capex versus returning cash to shareholders via buybacks or special dividends

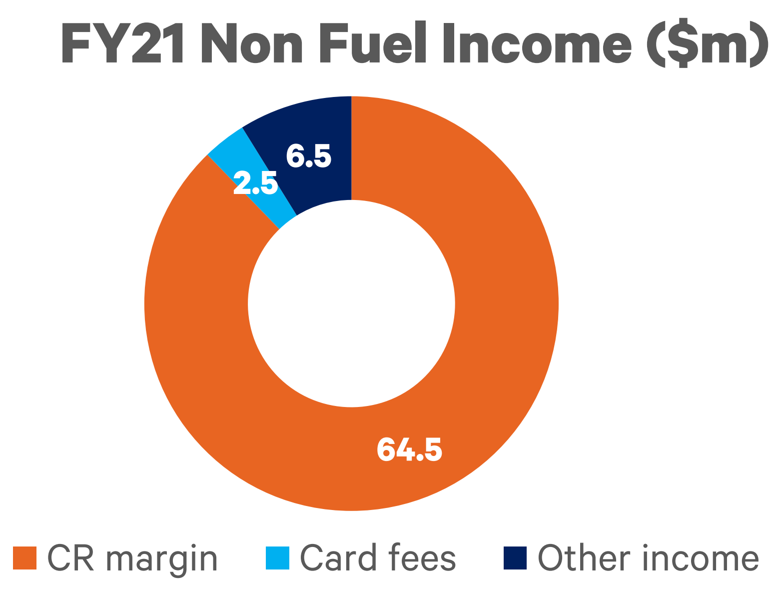
Z's earnings reducing in carbon intensity

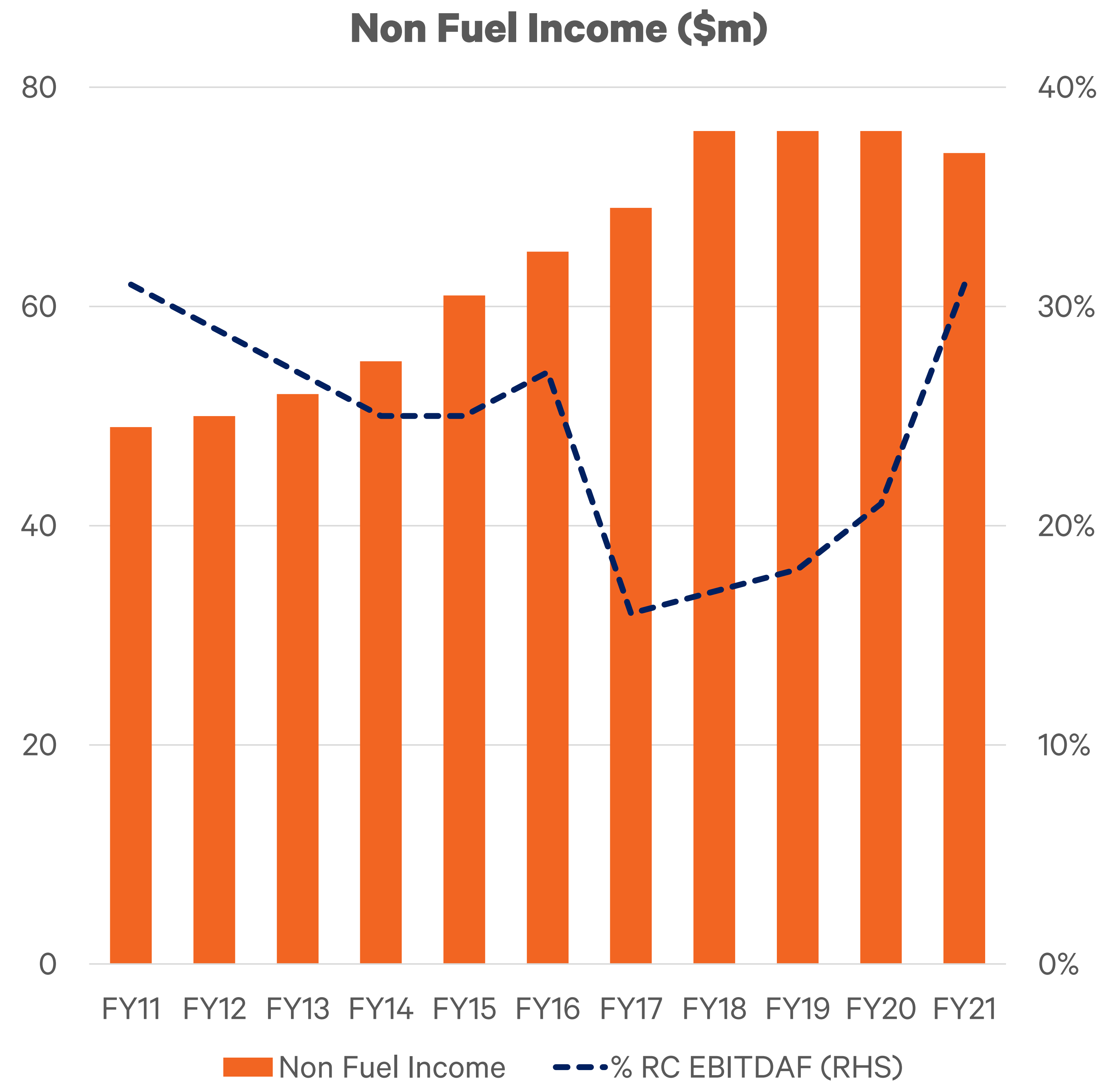
Convenience retailing (CR) is significant and growing

CR business accounts for 90% of Z's non fuel income

- Non fuel income is a combination of income (accounted for as gross margin) from the margin sharing on Z's convenience store sales, rental and commission income and Z Business card fees
- There is minimal offsite costs or overhead required to generate this margin
- There is no non-fuel income derived from the Caltex network, which explains the percentage drop in FY17 when Z and Caltex merged in June 2016
- Rental income has reduced where Z has exited from legacy Caltex terminal and Retail sites so divestment proceeds could be recycled elsewhere
- Greater visibility of CR sales and performance will be shared in the future although Z will not provide segmented reporting





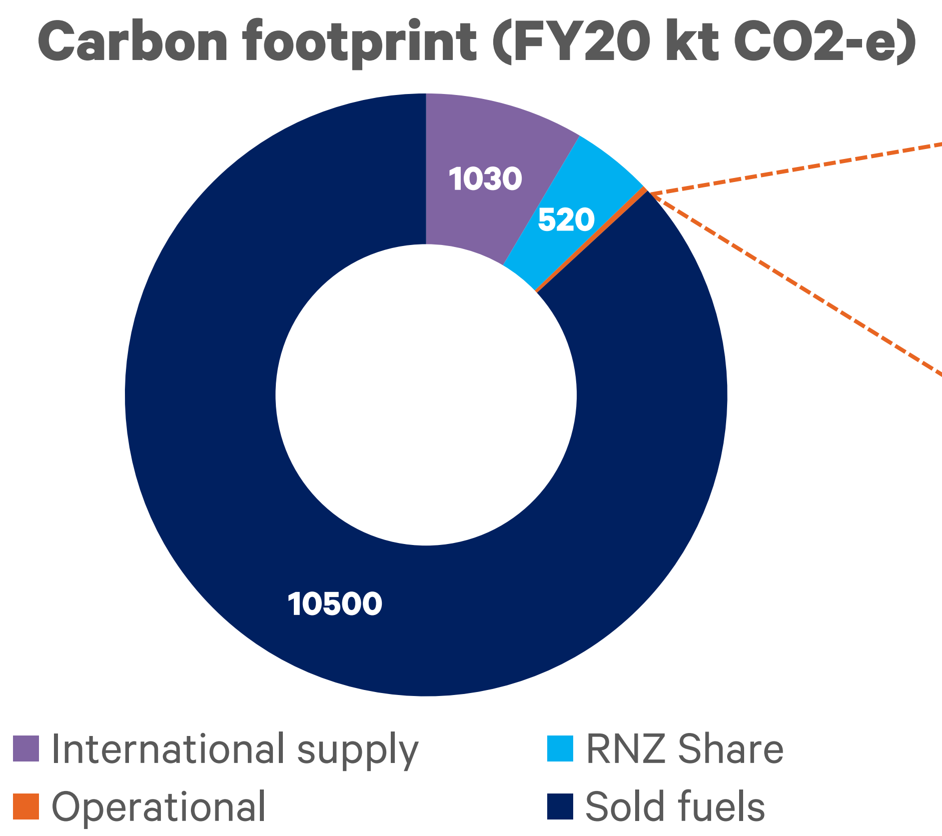


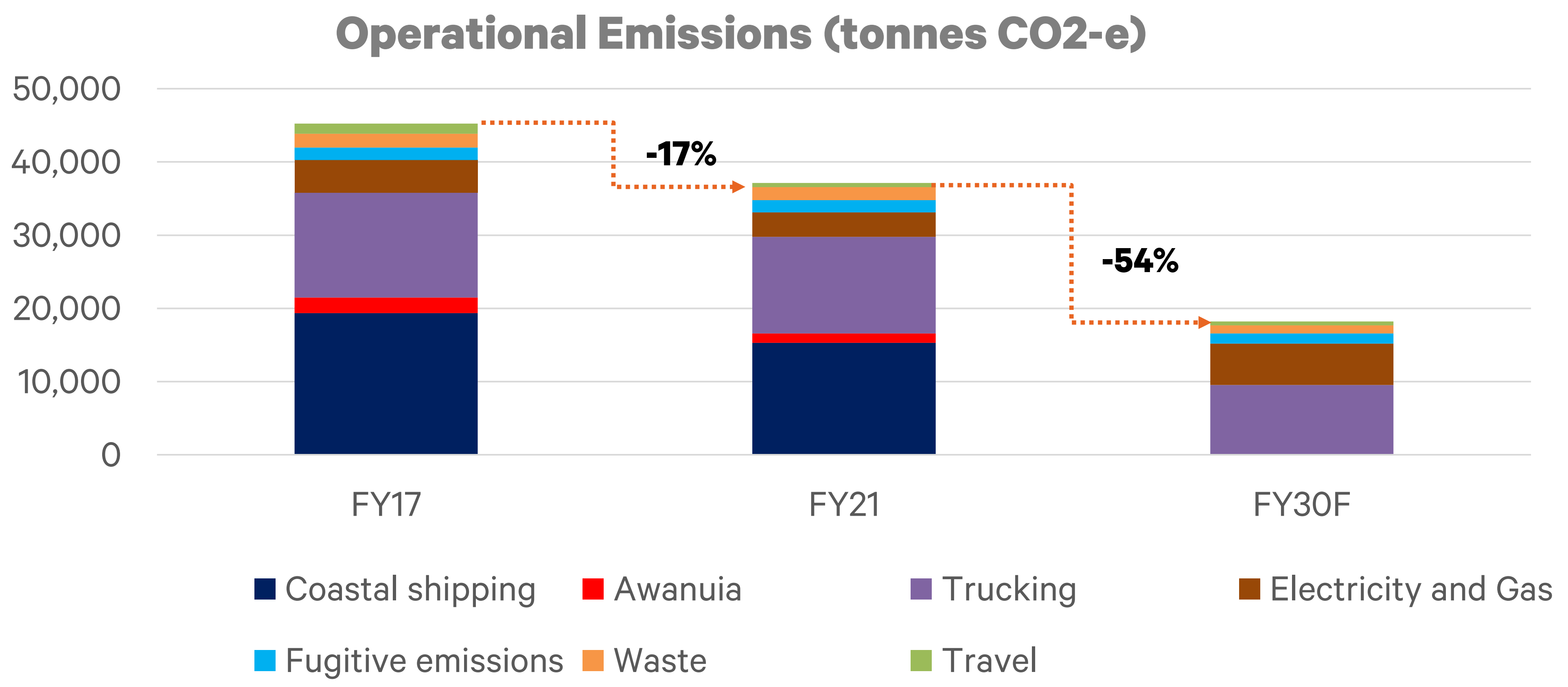
Percentage calculated as disclosed non fuel income divided by disclosed RC EBITDAF

Z's operational emissions

Achieved a 17% (7500kt) reduction from the FY17 baseline

- Run rate from FY21's decisions and actions (1.3kt) would increase reductions to 20% from the FY17 baseline
- Where Z cannot reduce its operational emissions, it offsets through permanent NZ native forests, at a cost of $1.7m in FY21
- Science based targets for operational emissions (consistent with 1.5 degrees of warming) have been set for 2030, requiring a 42% reduction from a 2020 baseline, primarily achieved through exiting all Coastal shipping and biofuels into the trucking fleet
- Z's 2030 commitment is aligned with the Zero Carbon Act and the Climate Change Commission's budgets and advice to Government
- Exiting refining reduces Z's total scope 1-3 emissions by a further 520kt (4.3%) and can be replaced by "green" international shipping
- Reduction in the 12,000kt of Scope 3 emissions is enabled by a commercial strategy to transition to low carbon alternatives (electrons and hydrogen) and reduce the carbon intensity of the core fossil fuel products (biofuels)

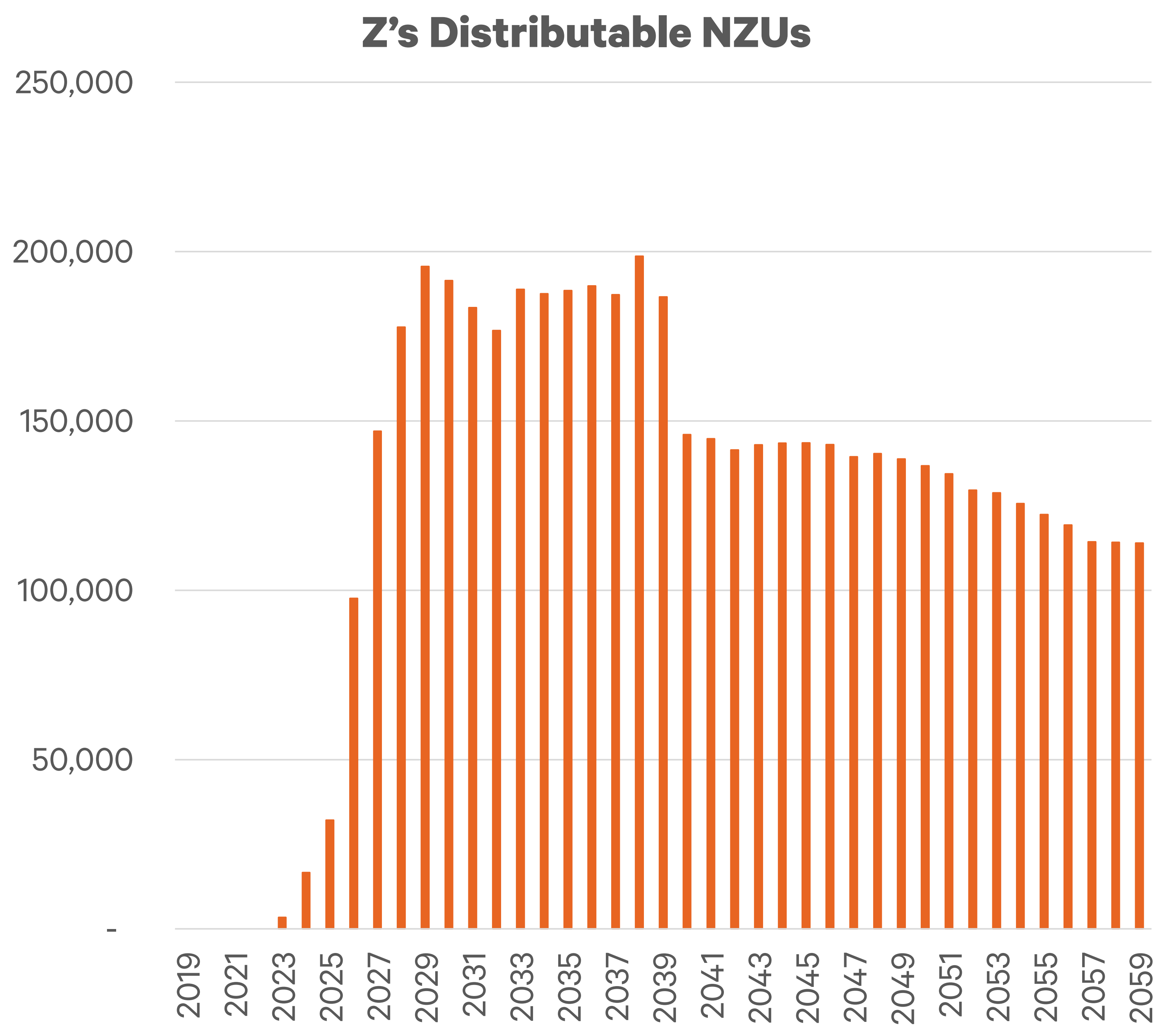




Investing in carbon sequestration

Reducing COGS post 2025

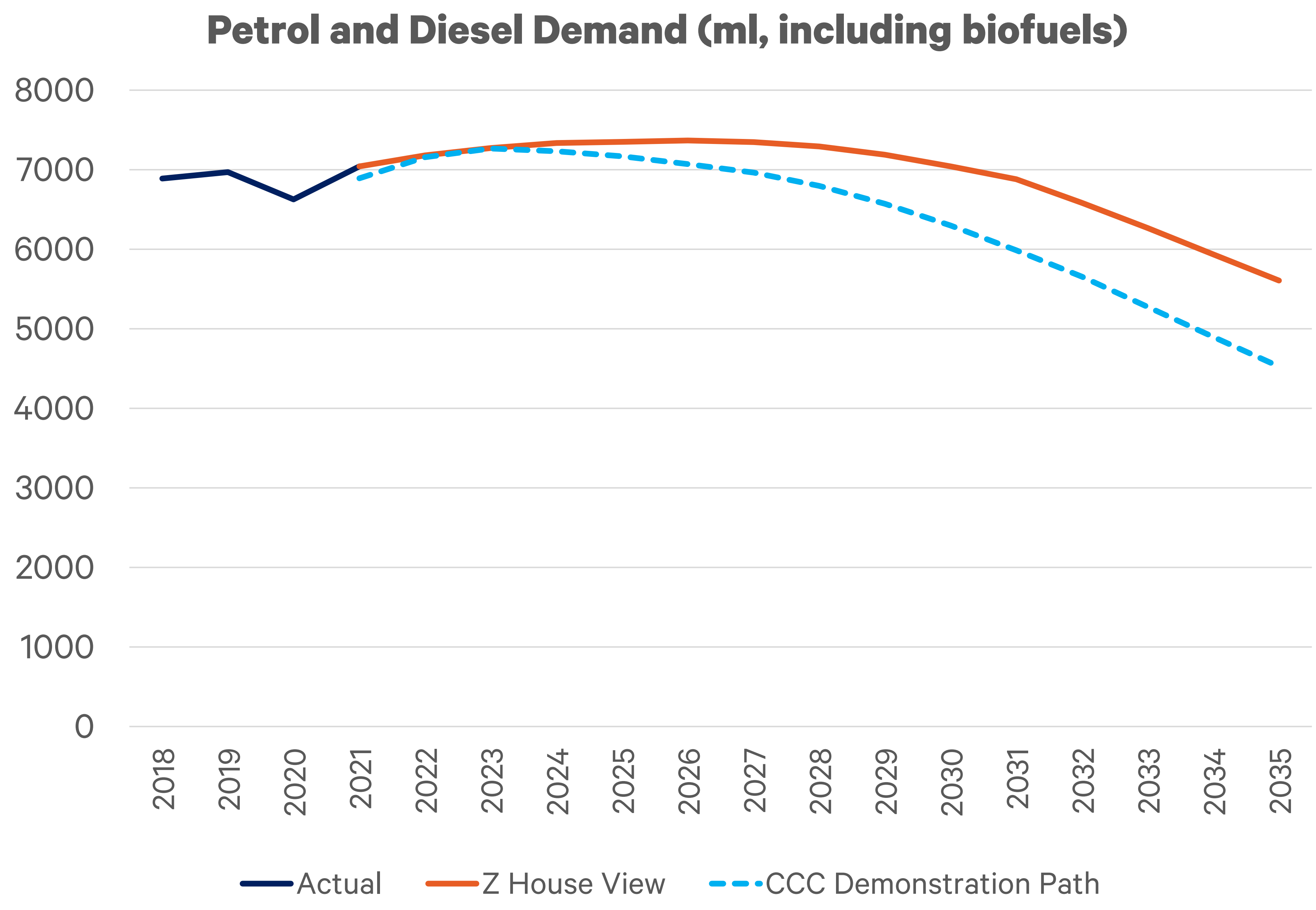
- Dryland Carbon is a carbon forestry operation designed to help New Zealand meet its climate change commitments through forestry on land where trees are the best use of land
- A preference for rotation forestry and for partnerships with landowners
- Partnership managed by Lewis Tucker and Co – an advisory and investment banking firm specialising in the agribusiness and forestry sectors
- Z has invested $17m to date and plans for $16m in FY22 and $12m in FY23
- Investment economics assumed an effective ETS price (NPV) of $20/tonne to deliver an acceptable level of return
- 100k ETS units available from 2026 onwards, approximately 1.3% of Z's forecasted obligation, growing to 3% of Z's forecasted obligation in 2030
- The expected value from these should be included in any earnings forecasts as a profit to the forecasted ETS price given the "COGS" are a past sunk capex cost
- Current ETS prices are ~$48/tonne, for every $10/tonne change (2.4cpl), then the EBITDAF impact would be +$2m in 2026 and +$4m in 2030
- Considering whether to participate in any further investment rounds



House View on fuel demand

Z will be offering a workshop to debrief the contents of today's disclosed House View

- Z has commissioned Castalia, a global economics consultancy, to build a fuel demand model that enables Z to perform its own detailed in-house volume modelling, undertake sensitivity analysis and test scenarios
- Three key questions have been asked:
  - What is the total land transport task for NZ?
  - How will the task be delivered?
  - What is the resulting fuel requirement?
- Z has identified ten key drivers of demand for transport fuel and formed a view relative to the Climate Change Commission's "Demonstration Path" scenario
- The variables in Z's model will be updated on a regular schedule to take account of changes, especially relating to Government policy, e.g. transport mode shift
- General sense checking of the model's inputs and outputs was made to some European markets, e.g. Germany was selected by Castalia as a specific comparator market for inputs into the Bass Diffusion Model parameters



Sources: Z House View, CCC product volumes implied from Demonstration Path

House View on fuel demand

These are the key areas of difference between Z and the CCC's modelling

Key Driver	Z's relative position	Change	Forecast fuel demand
Climate change policy for transport	Slower than CCC	• No hard ICE ban • Feebate modelled to be fiscally neutral during 2022-2028	Increased
Consumer adoption of EV's	Slower than CCC	• Bass Diffusion (technology adoption methodology) • 2035 light passenger vehicle (LPV) fleet EV 36% to CCC's 38% • 2035 heavy passenger vehicle (HPV) fleet EV 2.4% to CCC's 14.6%	Increased
Vehicle utilisation of EV's relative to ICE	Less than CCC	• EV LPVs travel up to 30% further than ICE to CCC's up to +46% • EV HPVs travel up to 9% further than ICE to CCC's up to +300%	Increased
Freight task (tonne kms)	Higher than CCC	• 3.5bn medium and heavy truck VKTs vs CCC 2.9bn (by 2035)	Increased
Transport patterns – VKT/person, mode shift	Less mode shift than CCC	• Reduced rate of mode shift by 30% following Auckland Transport's assessment of what is achievable	Increased
Fuel efficiency standards/vehicle improvement	Same as CCC	• None	No change
EV battery price path	Faster than CCC	• LPV capital cost parity (excluding feebate) one year earlier than CCC	Reduced
NZ market EV pricing and availability	Better than CCC	• Parity one year earlier in 2029 to CCC's 2030	Reduced
Fuel/electricity pricing and taxes	Fuel more expensive	• +5cpl in 2026 and +10cpl in 2030, whereas CCC assumed flat fuel prices	Reduced

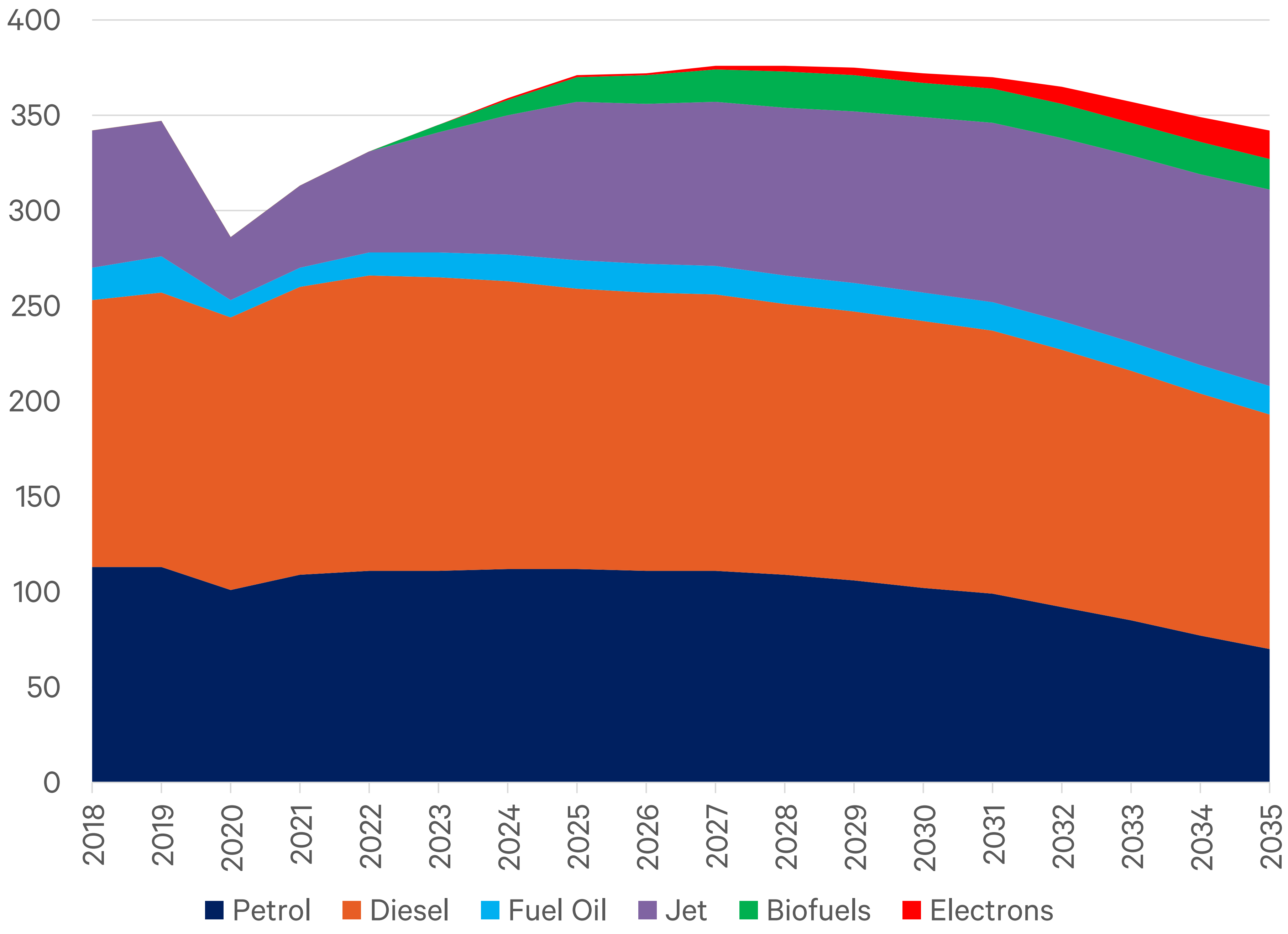
Fossil fuels substituted to meet demand growth

Understanding the whole of transport fuels demand matters to Z's future outlook

Overall demand for transport fuels will grow

- Z's House View on transport fuel forecasts (from 2021 to 2035) vehicle kilometres travelled (VKT) to be +15% for light passenger and commercial vehicles and +23% for medium and heavy trucks
- Petrol volumes are -36% and diesel volumes are -8% (including biofuels) over the same period
- All of that growth and a proportion of existing demand must be met by fossil fuel alternatives in order to meet NZ's first three emissions budgets
- Important to note that electrons used in electric motors for transport are ~3x more efficient than fossil fuels used in an internal combustion engine in terms of work done for the same amount of energy (PJ)
- Jet fuel may be substituted by Sustainable Aviation Fuels (SAF) but unable to forecast the timing of that, given the evolution of SAF technology and it is most likely to use existing infrastructure
- Hydrogen has been excluded from current forecasts given the significant uncertainty of hydrogen transport cost curves and technology development – an example of the need for regular reviews of the model's inputs and outputs

NZ Transport Fuel Demand plus transport electrons (PJ)



Source: Z's House View – only petrol diesel and transport electrons are from Z House View. Fuel oil and Jet are currently out of scope from a modelling perspective, so forecasts have been based on a 50/50 blend of the Times 2.0 Tui/Kea scenarios.

Z is less affected than any other participants

The scope and scale of Z's portfolio relatively limits the downside from substitution

Relative to the Industry, Z is likely to be less impacted by the Industry's demand decline

- Z's retail locations are inherently stronger than Industry averages, as evidenced by existing average fuel volumes
- Z is not adversely affected by any urban concentration, where perhaps EV penetration is likely to be higher in the earlier phase of the transition
- Z is more diversified with a convenience retailing (CR) business, with >40% of all Z transactions already being store only sales, which implies a locational or convenience advantage over others, especially those without store offers of any sort
- Z's smaller competitors do not participate in the Jet markets, providing Z with economies of scale in the supply chain given Jet is less subject to substitution before 2030

Z is also relatively advantaged in terms of substitutes to fossil fuels

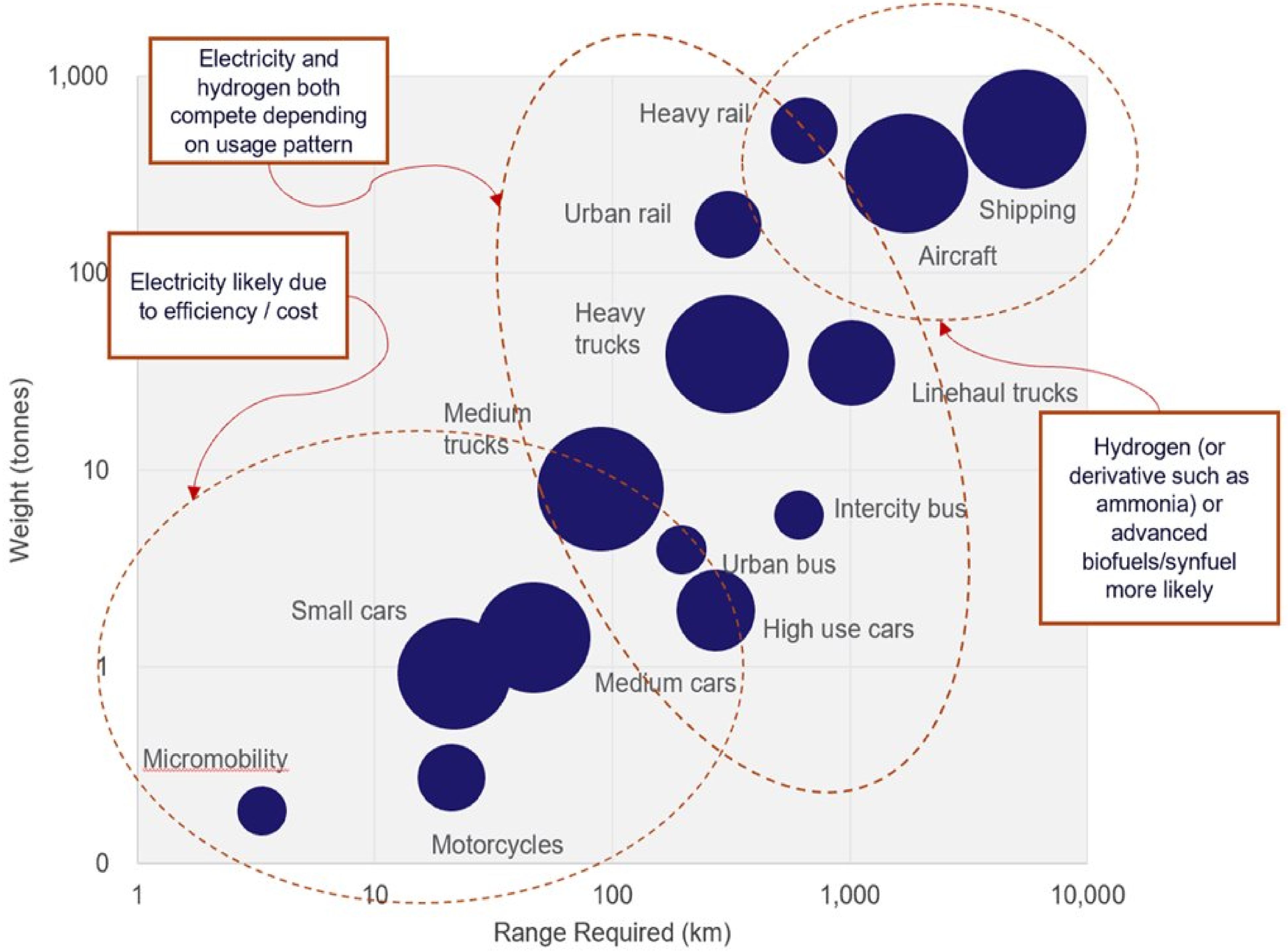
- Opportunities differ across the value chain – production, distribution, sales – and not all of Z's existing competitors have strong capabilities in all three areas
- Z's existing infrastructure is a scale advantage in any emerging biofuels and hydrogen markets
- Z has unique IP and experience in biofuels production, importing and distribution
- Not all of Z's existing competitors can easily or effectively participate in these substitutes

Low to zero carbon fuels are possible now

But require policy support to incentivise investment and change buyer behaviour

- The big potential carbon abatement opportunity in NZ is electrifying transport and relatively niche opportunities for biofuels and hydrogen
- Z is ready to act when the right conditions arise and prepared for a rapid change in external stimulus for low to zero carbon transport fuels
- Z already has some exposure to biofuels, hydrogen and electron opportunities and/or partnerships
- Z's investments in electricity retailing, biofuels and mobility have been positive for brand and reputation across multiple stakeholder groups
- However, they have not delivered commercial payback meaning timing, approach and execution is critical to any further investments made
- There is the opportunity to refine current focus and resources to balance efforts on those future fuels with lowest cost abatement, that meet known or emerging customer needs, and are a strategic fit for Z
- Three immediate low carbon future fuels opportunities exist for Z to pursue:
  - biofuels
  - hydrogen
  - electrons

Transport Use Cases



Indicative only: Bubble size indicates relative energy use
Source: Z Energy

How Z can win with alternatives to fossil fuels

Through a unique blend of assets, positions and capabilities

Scale in Infrastructure

Z has terminal infrastructure and retail assets across all regions of New Zealand

Proof Points

- Contracted for 44-53% of NZR's import terminal capacity
- Ownership of 54% of the other terminal infrastructure
- Tenure over Z Retail sites secured through freehold and extended lease tenure (as options not commitments)
- Key Retail and truckstop locations can be repurposed for alternative fuel or non-fuel uses

Customer reach

Market leading position in both B2C and B2B channels, primarily through direct customer relationships rather than through third parties

Proof Points

- Combined Retail network of >550 sites through Z, Caltex and Challenge brands
- 52 million transactions each year through Z sites
- 80% of the population live within 5kms of a Z or Caltex service station
- 32,000 SME accounts
- Average tenure with top 20 Commercial customers is >20 years

Capabilities

Core capabilities in managing a downstream oil business is now supplemented with growing capability in digital and customer experience (CX)

Proof Points

- NZ leading health and safety performance across the entire value chain
- Operational management of liquid supply chains of hazardous materials
- Only participant with domestic experience in biofuels production at scale
- Z is flexible in how it works with others having delivered financial returns through differing structures, e.g. joint ventures, equity positions

Brand

Z is an iconic Kiwi brand that has potential to extend beyond fossil fuels

Proof Points

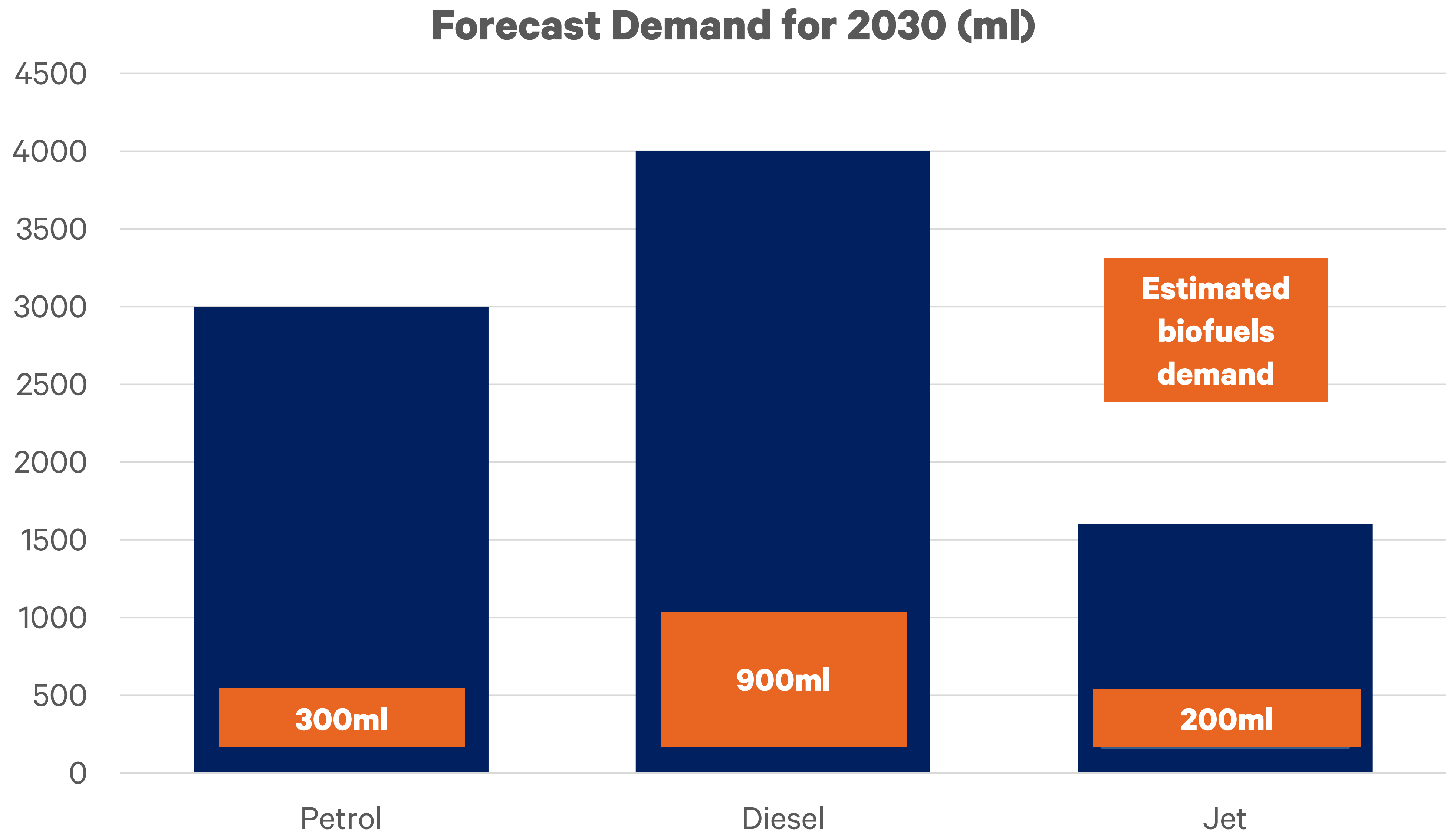
- Ranked #12 in Colmar Brunton's 2020 corporate reputation (RepZ) survey, having ranked as high as #3 in 2017
- Sector leading brand metrics on "progressive" attributes, e.g. innovation, technology, thinking beyond fossil fuels
- Acknowledged as "open for business" for fossil fuel alternatives by a broad group of stakeholders

Biofuels market opportunity

Target markets based on the anticipated GHG reductions being mandated

Sizing the Biofuels land transport market

- NZ land transport market has been sized in 2030 based on Z's House View of long term fuel demand (petrol and diesel)
- Target market sized to meet an expected 10% Green House Gases (GHG) emissions reduction mandate from biofuels – ethanol, biodiesel and renewable diesel – which is 3x the likely 2023-25 mandate



Sizing the Sustainable Aviation Fuels (SAF) market

- Proposed consortium roadmap for Sustainable Aviation fuel (SAF) has a 7.5% GHG emissions reduction mandate by 2030, requiring 12% of demand to be met by SAF

Value chain and participation choices

- Z comparatively well placed to participate in the storage, distribution, wholesaling and retailing of biofuels to transport users, including sustainable aviation fuel
- Opportunity to participate in feedstock and production parts of the value chain, e.g. tallow (integrated)

- Emissions reductions targets set by the proposed mandate will likely require both domestic production and importation of biofuels

Biofuels roadmap summary

Scale up across the value chain to the fullest extent of the mandate

Current and foreseeable context

- Over half NZ's transport fleet likely to still have internal combustion engines in 2035, with other use cases continuing to need liquid fuels in the longer time horizon
- Biofuels can be readily 'dropped into' the existing liquid fuel supply chain, and are a long-term solution (to at least 2050) for use cases that electrification or hydrogen can't easily decarbonise, particularly aviation and shipping
- Biofuels likely to be mandated by 2023, and the Climate Change Commission (CCC) has recommended at least 60% of NZ's energy use is renewable by 2035 (with minimum of 6% biomass from local production)
- A mandate in 2023 guarantees demand while providing and opportunity to spread incremental costs across all litres given externalities benefit all of NZ
- Local production can give cost and reputational advantage
- Carbon budgets and a growing customer pull for sustainable fuel offers opportunity for incremental volume growth
- There is "upstream" value in the supply chain – feedstocks and wholesale

The goal is for Z to have the most attractive customer proposition for biofuels, as well as the lowest cost when compared to import parity, through:

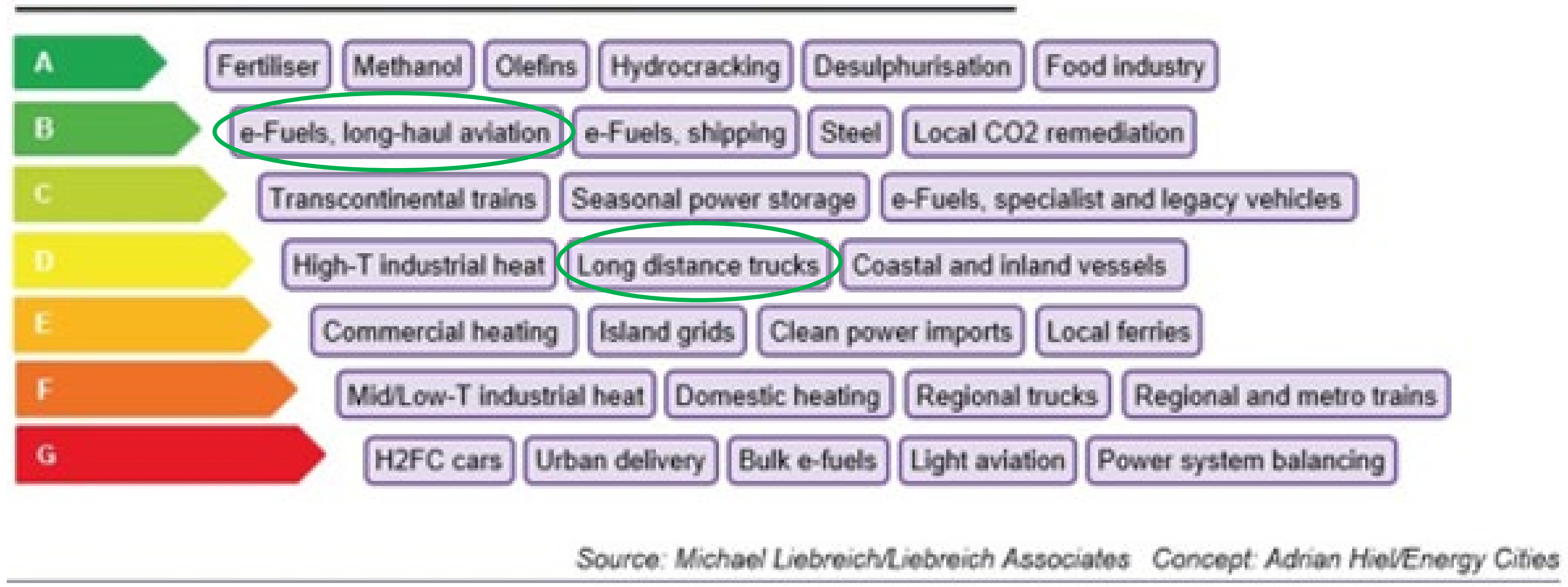
1. Investing in economically viable domestic production, while preserving the option to exit via an offtake agreement
2. Developing regional supply partnerships for complementary imports as well as local supply options
3. Exploring capturing value upstream in the biofuels supply chain
4. Advocating for the right policy settings to allow for investment in domestic production for Sustainable Aviation Fuels (SAF)

Hydrogen market opportunity

2030 demand estimated to be 13% of total NZ trucking market

Hydrogen uses by merit order

- Transport energy is the closest adjacency, with fuel cell technology for long distance trucks the most likely technology to first become viable

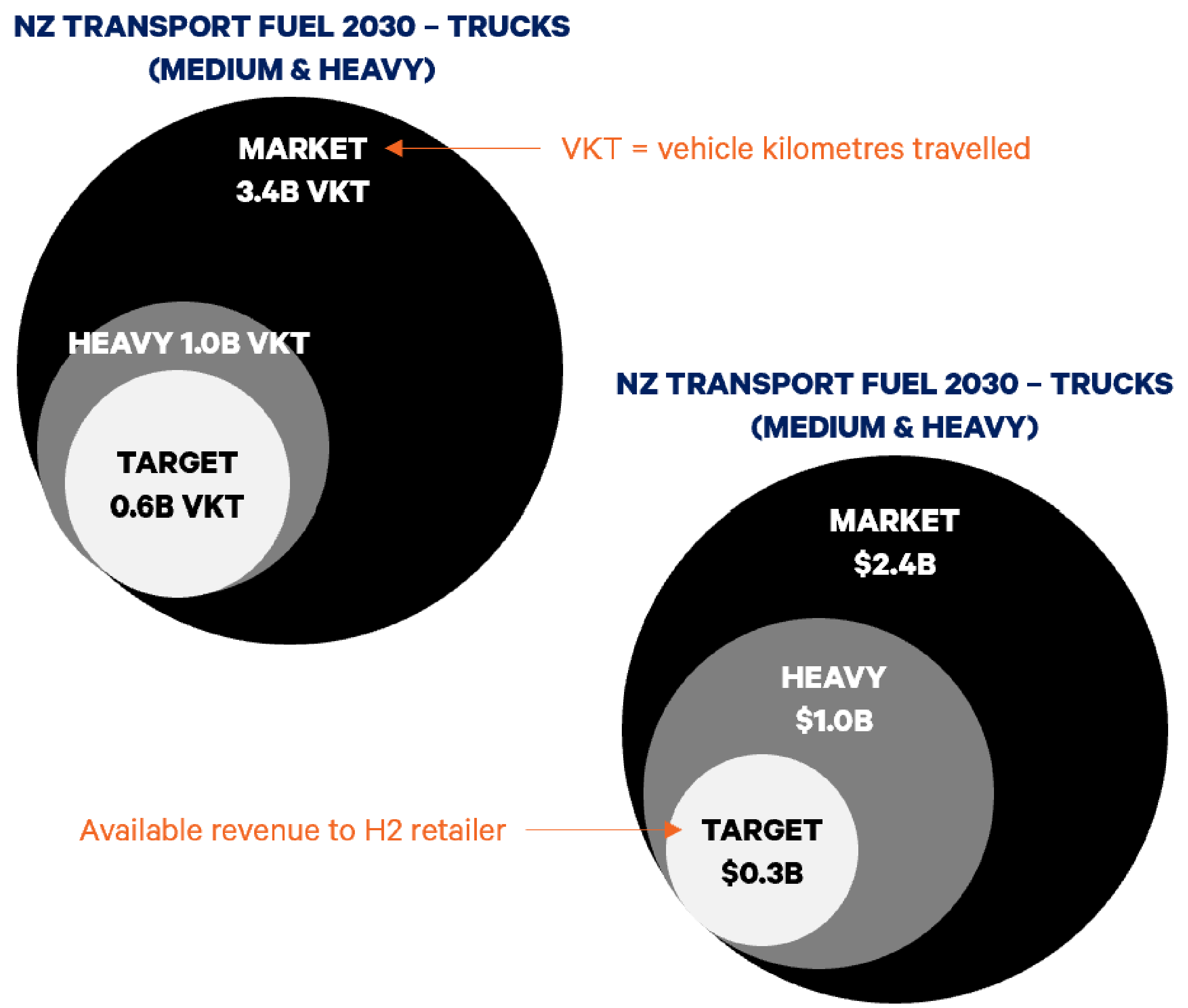


Value chain and participation choices

- Z comparatively well placed to participate in the storage, distribution and sales of hydrogen to heavy transport users
- Secondary consideration for Z on participating upstream in hydrogen production, not ruling out and to consider on case by case basis

Sizing the Hydrogen heavy transport market

- NZ heavy vehicle transport market (>30T) has been sized in 2030 based on Z's house view of long term fuel demand, within that segment it is assumed that heavy trucks travelling greater than 80,000 km per annum are suited to hydrogen fuel use case (note this is the addressable market, i.e. does not present a view on the rate of adoption or uptake over time)



Hydrogen roadmap summary

Maintain relevance and the option to scale quickly

Current and foreseeable context

- Hydrogen is technically ready and manufacturing scale-up can occur if market conditions are right, however it currently has significant economic and affordability challenges as it is uneconomic relative to diesel and electricity
- Z is well placed to offer hydrogen refuelling but it is too soon to commit to hydrogen as a future fuel
- Heavy transport providers and transport policy makers are actively considering decarbonisation of heavy transport and hydrogen is an option being investigated and trialled
- Unlikely to have widespread role in short term without intervention, so the drivers for change would be a Government led export market, regulatory interventions or an industrial scale production facility
- Vehicle manufacturing is transitioning into commercial phase, with over 1500 fuel cell trucks signalled to be on road in NZ by 2026, supplied by Hyzon Motors and Hyundai
- There are use cases that cannot easily decarbonise without hydrogen
- Wide range of views on applicability of hydrogen in NZ – aviation and shipping are clear use cases but differing views on road transport

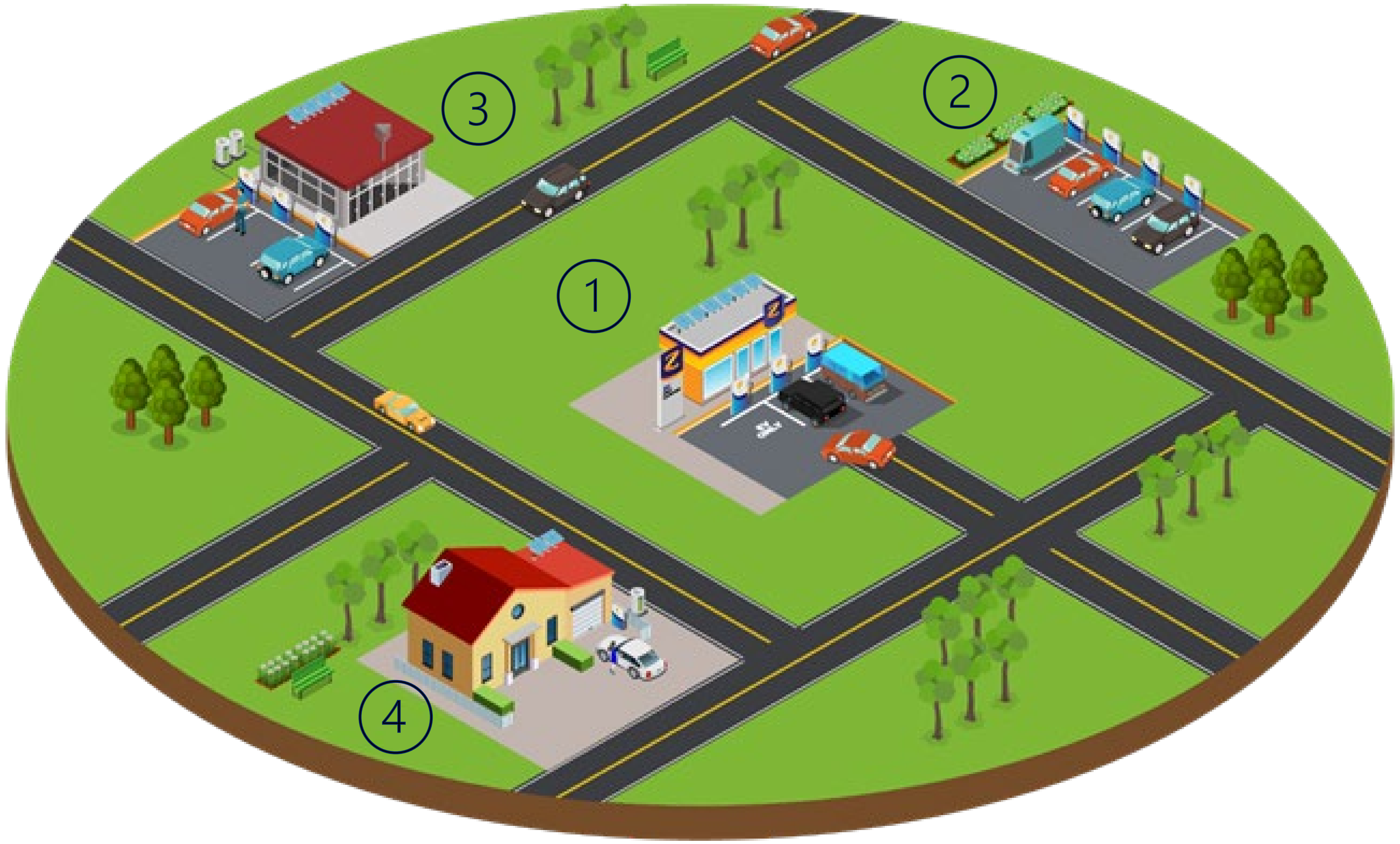
The goal is to maintain our relevance as a major transport energy provider by positioning ourselves as being able to meet customers' hydrogen needs

1. Maintain watching brief on technology and market developments
2. Partner with others to build understanding of the case for hydrogen transport and adjacencies
3. Build relationships with key international suppliers and domestic customers
4. Learn about hydrogen refuelling to develop real expertise, potentially through a few customer oriented pilots
5. Be capable of scaling up quickly under the right conditions, including a Draft investment case for a hydrogen network

Electrons

Exploring what adjacent market spaces in the ecosystem Z may participate in

- Work is expected to be finished by the end of 2021
- Have engaged McKinsey to help develop and test our thinking



1 **On-the-go charging network (Z sites)**
Z fuel network – fuel up or recharge (high speed)

2 **Public on-the-go charging hub**
High speed charging hubs

3 **Business fleet charging hub**
High speed chargers on location

4 **Home charging**
Home charging
Distributed generation and battery storage

Disciplined capital management

Lindis Jones
Chief Financial Officer

Current context

- Two years of significant change are behind us
- Strategic progress has been made
- Relative performance is strong, while the ongoing impacts of COVID are minimal
- Previous limitations or uncertainties are either resolved or the pathway is clear enough to for us get into action

Optimise the core

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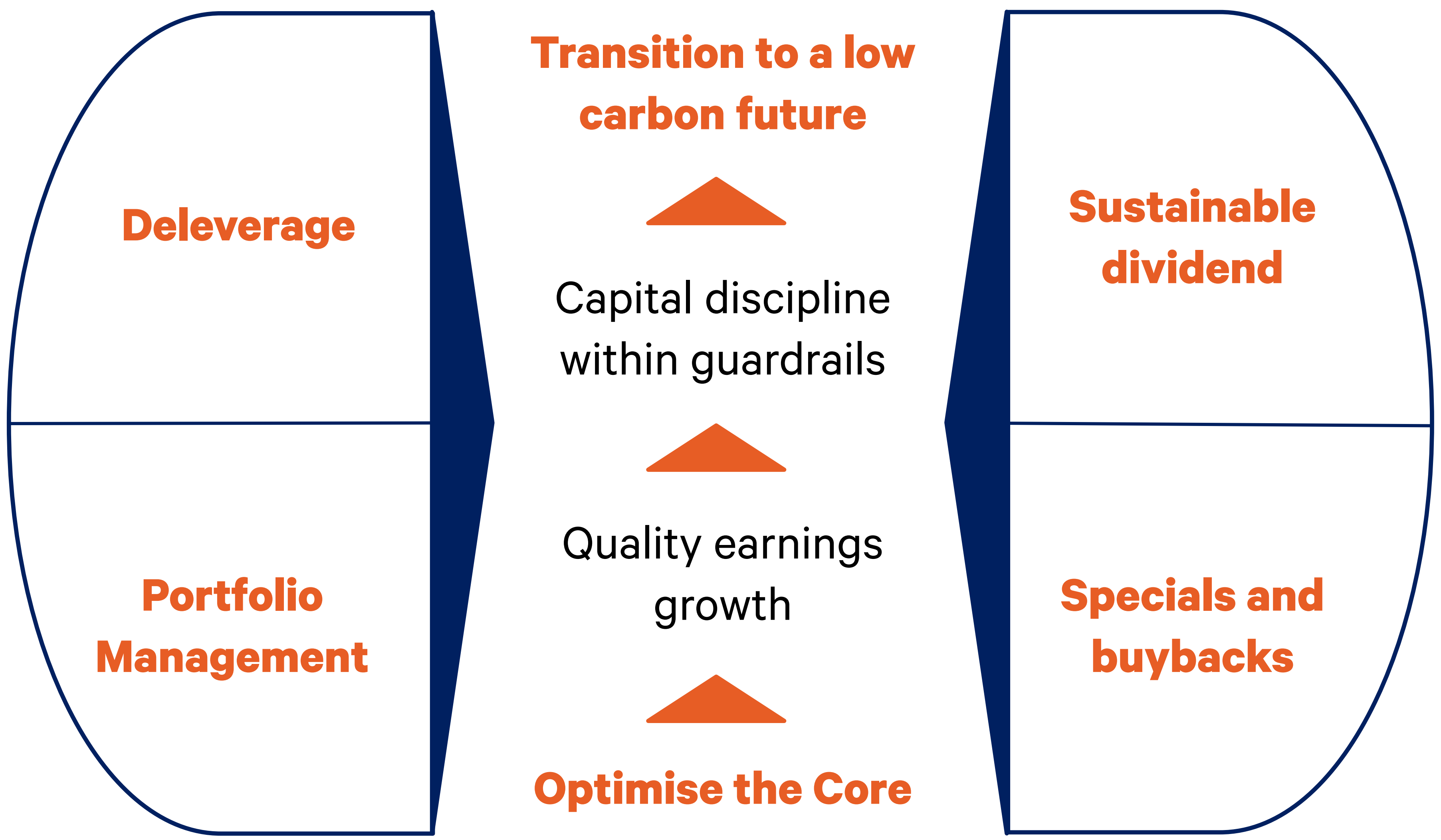
Disciplined capital management

- Z expects to deliver higher returns with much lower volatility
- Sustainable dividends from strong cash generation
- The risk of having stranded assets is low
- Any transition from fossil fuels will be managed in a disciplined way

Financial Framework

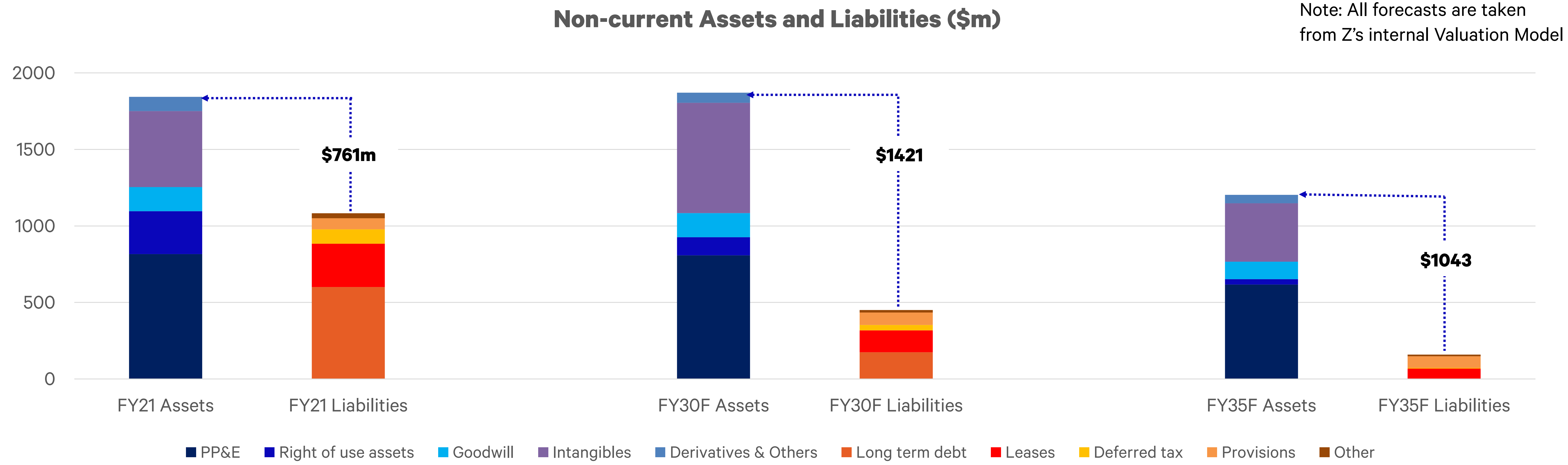
Strong balance sheet and disciplined allocation underpin sustainable returns



	FY21 - FY24 Scorecard
1	15% earnings CAGR
2	Deleverage to ~1.5x Net Debt to EBITDA
3	Sustainable ordinary dividend not less than 19cps
4	>$300m of capital release

The risk of stranded core business assets is low

Against a materially reducing level of Non-current Liabilities

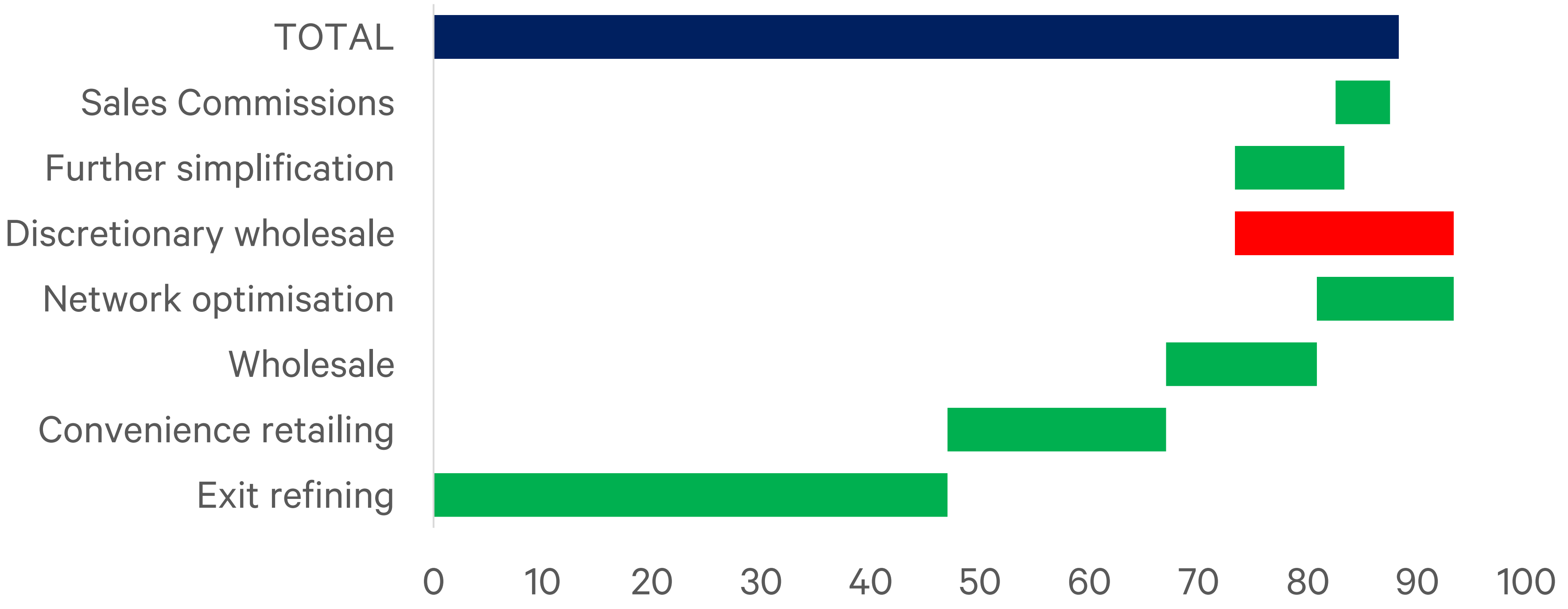


- Right of use assets reduce because expected lease tenure shorten, as does the matching Lease liability
- The increase in Intangibles is primarily from the growth in ETS units – for which financing solutions exist
- Long Term Debt is forecasted to be repaid as it falls due – Retail bonds in 2023 and 2024, with USPP in 2026, 2028 and 2030
- Provisions are mostly Decommissioning & Restoration and reduce as they are actualised
- More active management could reduce PP&E balance significantly, leaving land being the most significant asset in 2035

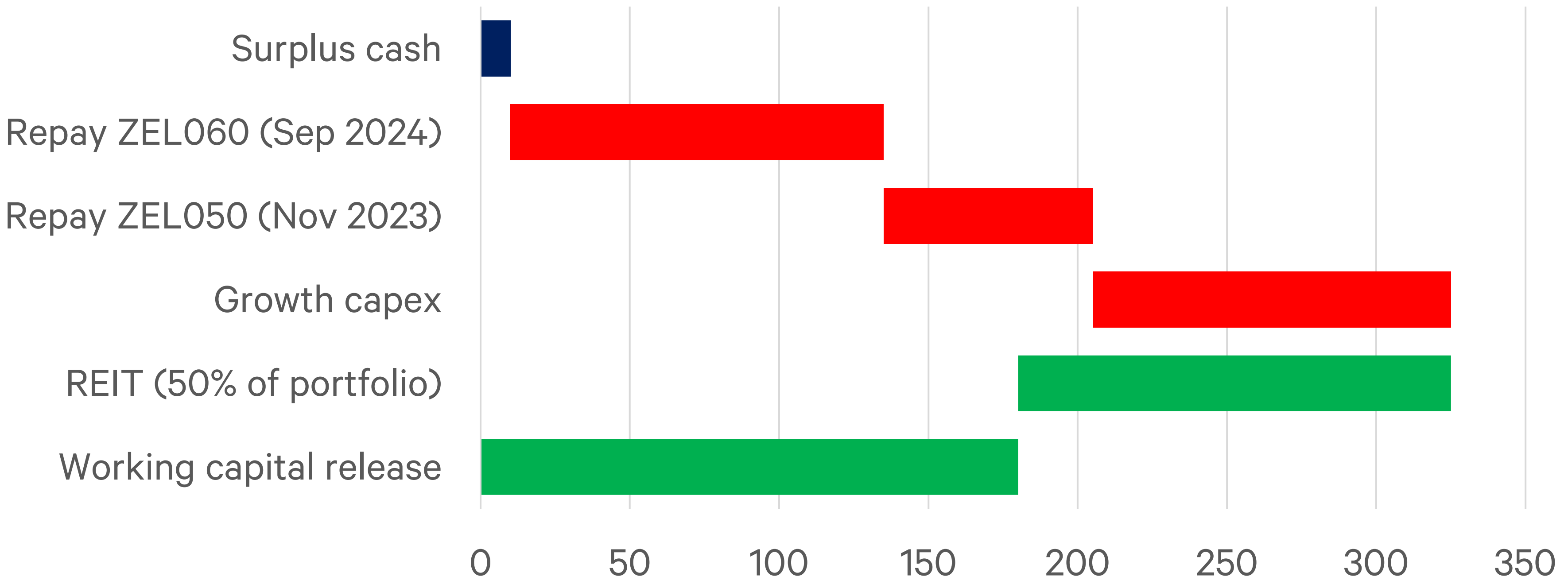
Quantifying the Game Plan to end FY24

Building blocks that deliver stronger earnings and cashflow

Incremental EBITDAF to FY21 ($m)



One off* capital impacts to end 2024 ($m)



Significant cash flows over the next three financial years

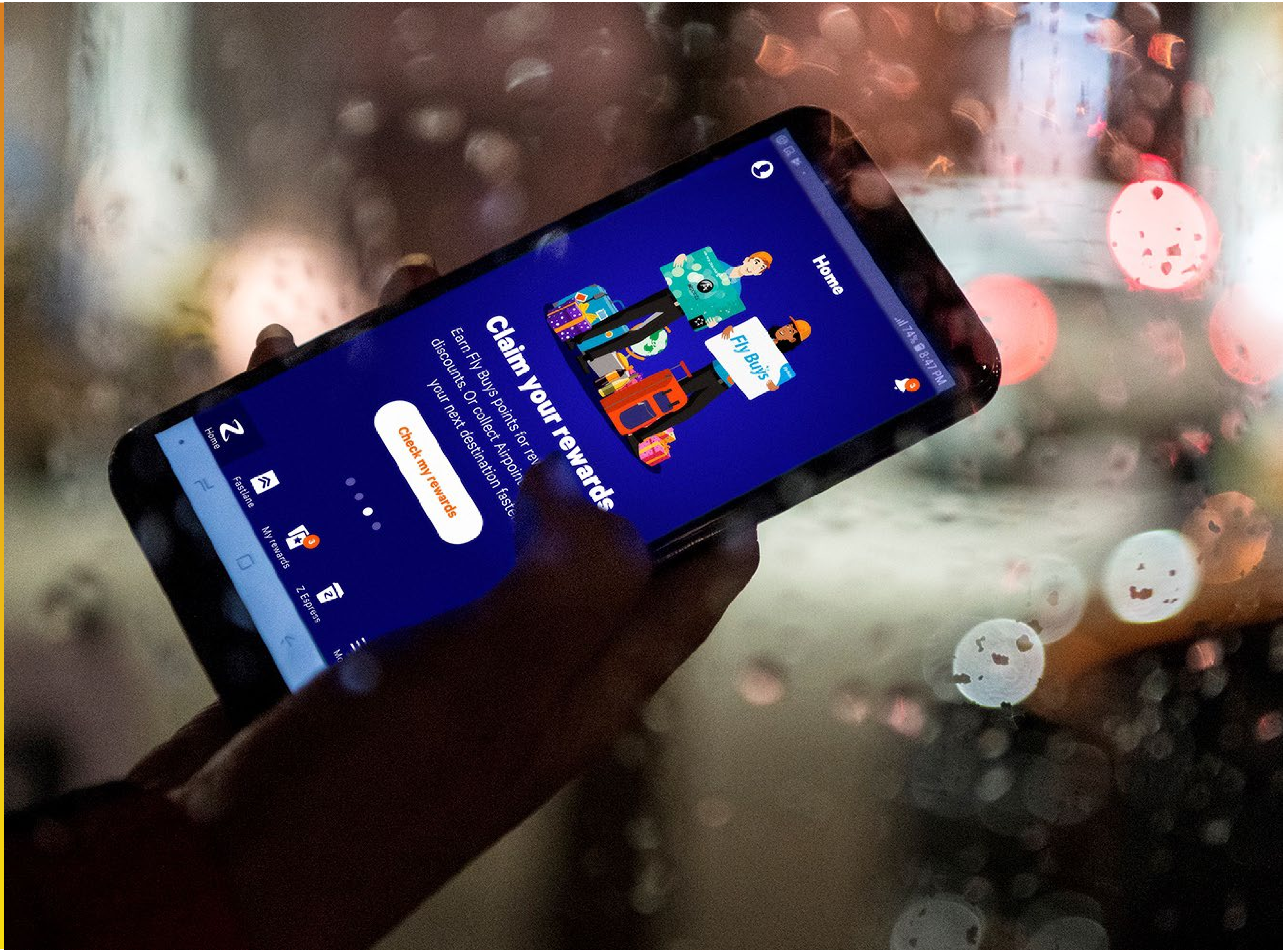
- Incremental EBITDAF upside of $85-120m, equal to +15% CAGR from the FY21 base, excluding COVID-19 recovery
- One time capex investment ($65-75m) to realise recurring EBITDAF benefit, while stay in business capex at $50m p.a.
- Bottom of current dividend guidance (19cps) expected to represent a minimum level under all plausible circumstances
- Unchanged dividend payout ratios (70-85% of free cash flow) supports potentially higher dividends as earnings targets are achieved
- Working capital benefit from refinery conversion and capital release initiatives strengthen balance sheet
- Flexibility to further enhance shareholder returns through any divestment proceeds from remaining Discretionary activity

*** Note: One Off Capital Impacts**

1. The REIT percentage is indicative only and may vary from the final package
2. These impacts exclude any proceeds from exiting any remaining Discretionary activity

Closing out

Mike Bennetts
Chief Executive



Z is now a different investment proposition

Our Game Plan delivers growth in earnings and sustainable dividends

Greater clarity around industry context and supply chain supports confidence in execution of strategy

Customer value proposition is focused on defending market share

Competitive advantages enable both cost reductions and revenue growth

Stewardship of cash flows delivers sustainable shareholder returns

Participating in lower carbon transport energy through existing infrastructure, customer reach, capabilities and brand

Questions?

Thank you