



29 November 2013

Z agrees finished fuel supply terms

Z Energy today agreed the terms of a new contract for the supply of approximately 600 million litres of refined petrol and diesel with a South Korean refiner.

The contract, which is expected to be formally signed next month, is to come into effect on 1 January 2014. It follows a 19 month relationship with the same refiner (via an intermediary), although it is on more favourable commercial terms than current arrangements. The improved pricing is consistent with that anticipated at the time of the company's IPO.

Z Chief Executive Mike Bennetts said Z produces around 75 per cent of its total fuel through New Zealand's sole refinery at Marsden Point with the rest directly imported as refined fuel.

"As a stand-alone local company we have built a level of expertise such that we are comfortable contracting directly for the supply of fuel from global suppliers and we are confident we are negotiating highly competitive prices," he said.

"This contract differs from the previous contract both on the commercial terms and in that Z is now contracting directly with the refiner rather than through a third party."

Mike Bennetts said Z would continue to work hard to ensure it was securing the very best commercial terms for the fuel it imports. He said the scale of savings from the previous contract was consistent with those assumed for the purposes of the forecasts in Z's IPO offer document.

"We are very pleased to be continuing the relationship with this refiner. They are a reliable refiner and produce top quality fuel to the New Zealand fuel specifications."

Fuel from this contract is to be delivered on roughly a monthly basis into major import terminals around New Zealand.

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