



22 November 2021

Z Energy welcomes final investment decision on import terminal

Z Energy (NZX / ASX: ZEL) ("Z") welcomes the announcement today from Refining NZ (NZX: NZR) informing that the final investment decision (FID) has been made to cease domestic refining and move to an import terminal by April 2022.

Z Chief Executive, Mike Bennetts, said the decision to move to importing refined fuels was the best choice for New Zealand and thanked the Board and Management of the Refinery for undertaking such a comprehensive, independent strategic review and then securing the approval of shareholders and customers.

"Moving to a refined product fuel supply chain will improve flexibility and resilience of the supply chain and improve the industry's ability to respond to changes in the domestic market. It will also reduce New Zealand's greenhouse gas emissions profile and level the playing field between all competitors in the domestic market.

Refining margins have been a source of significant volatility in Z earnings over recent years and Z has been required to subsidise refining operations at considerable cost. The move to an import terminal will release approximately \$150 million in working capital that Z has tied up in crude oil product for the benefit of shareholders and our investment in a low carbon future."

Mike Bennetts said it was difficult to sustain refining at Marsden Point given the distance New Zealand was from oil fields, the size and scale of the refinery and rising labour and electricity costs made the Refinery unable to compete with more efficient regional refineries.

"Today's decision is a sensible one that will see the conversion of Marsden Point to an import terminal. With its storage facilities and pipeline supplying Auckland, Channel Infrastructure will continue as a critically important piece of national energy infrastructure into the future.

Refining in New Zealand has a proud history of safe and reliable operations serving the people of New Zealand. We acknowledge and thank everybody who has been a part of refining in New Zealand for the last 60 years for their professionalism, skill and commitment."

Mike added that Z's own planning was well on track to move exclusively to refined fuel imports in line with the NZR timetable.

Ends

Matt Hardwick
Corporate Affairs Manager
matt.hardwick@z.co.nz
Mob +64 (0)27 787 4688