



17 July 2019

Z Energy quarterly operating update

Industry volumes down after exit of Gull supply from industry data

During the June quarter Industry volumes declined by -4.0% year over year and by -11.6% quarter over quarter. As previously disclosed, Gull at its Mt Maunganui terminal is now being supplied by its Australian parent company. As this supply agreement is not captured through Industry Exchange, Gull volumes are no longer being reported in the Industry data.

The total industry volume for all fuels as reported through Industry Exchange was 2,159 million litres. Z's market share was up 1.6% year over year.

Z total fuel volumes were 976ml for the quarter, flat year on year (2018: 980ml). Retail petrol was up 4ml to 287ml year over year due to a solid performance by the Foodstuffs network offset by industry volume decline.

Caltex Retail volumes declined in the quarter, in part due to the announcement that Caltex would exit the AA Smartfuel loyalty program from 1 August 2019. Z expects to remedy this short-term impact once we can directly communicate with customers about the Pumped discount program.

Retail Diesel was flat year over year. Commercial Diesel was down -4.5% year over year due to a decline in Truck stop volume across both networks, primarily as a result of customer losses in the second half of FY19. Other fuels declined year over year due mainly to changes in Jet with some international carriers reducing their flights beyond the usual seasonal decline.

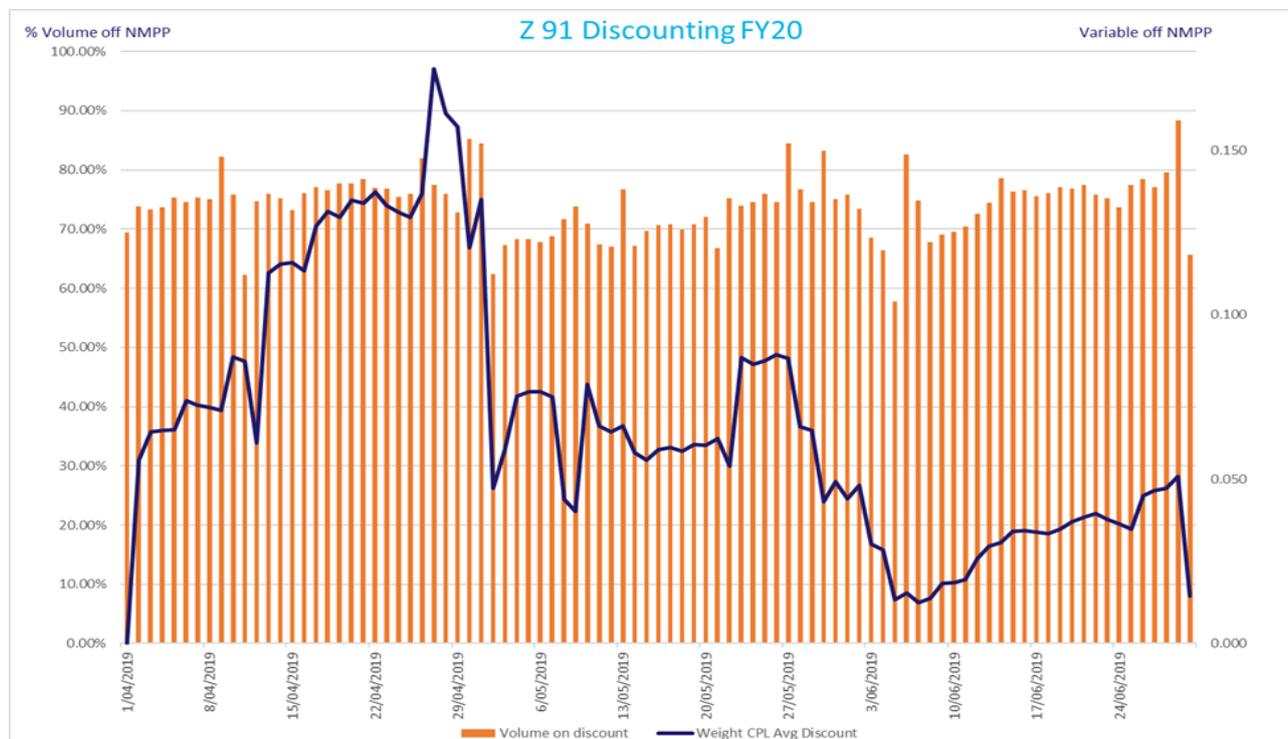
Notional Main Port Price (NMPP)

At the beginning of the June quarter the NMPP per litre for regular 91 octane fuel was \$2.21 per litre and ended at \$2.17 per litre. The range for the quarter was between \$2.37 and \$2.17 per litre.



Discounting

The percentage of fuel sold on discount decreased during the quarter as the barrel price of crude moved down through May and June.



Customer Experience (CX)

Z implemented or further developed several improvements to their CX for both retail and commercial customers during the quarter.

- The Pumped fuel discount program was extended to include all Airpoints cardholders within the Air New Zealand loyalty program
- Pre-order coffee has been scaled up and is now available at 171 Z sites nationwide
- Z converted one of its company owned Caltex sites to an unmanned offer in Wellington
- Z App reached 315,000 registered users, up 5% on the previous month and Caltex App reached 139,000 registrations, up 6% on the previous month with 39% of active users (defined as having used the App in the last 28 days)
- Z launched a Network Valuation tool that enables Z Business cardholders to model how much they can save through accessing both the Z and Caltex networks for their truckstop and service station purchases; the ability to access both networks on one Z business card is a result of replacing legacy cards with a common card platform for commercial customers

HSSE

During the quarter Z reported two spills to ground. Spills to ground are defined as loss of containment of 20 litres or more. The first incident occurred during a regulation refill of a Mini Tanker when the automatic filled volume off switch did not work properly. The second incident occurred at a Z retail site where during routine maintenance, a contractor found a loss of containment into the tank's monitoring well. The issue was identified, rectified and tested and the tank put back into service.

These two separate incidents were the first spills to ground that Z has recorded since the quarter ended March 2016.

Reaffirming FY20 earnings and dividend guidance

Z reaffirms FY20 earnings guidance for RC EBITDAF to be in a range of \$450 million - \$490 million (including the adoption of IFRS16 accounting standards as previously announced) and the dividend to be in a range of \$0.48 and \$0.54 cents per share.

Z will not be releasing quarterly data for 2QFY20 but instead will provide this data in its 1HFY20 presentation which is scheduled for Thursday, 31 October 2019.

Z Energy operational data for quarter ended June 2019

Health, safety, security and environment (HSSE)

| | June 2019 | June 2018 | March 2019 |
|----------------------------------|-----------|-----------|------------|
| Lost time injuries | 6 | 9 | 5 |
| Spills to ground | 2 | 0 | 0 |
| Robberies ¹ | 4 | 5 | 3 |
| Fuel quality incidents | 0 | 0 | 0 |
| Process safety incidents | 1 | 0 | 0 |
| Food safety incidents | 1 | 0 | 0 |
| Total recordable case frequency | 1.4 | 1.99 | 1.62 |
| Motor vehicle incident frequency | 1.24 | 0 | 0 |

Fuels

| All fuels in millions of litres | June 2019 | June 2018 | March 2019 |
|---|------------------|-----------|------------------|
| Total industry volumes (all fuels) ² | 2,159 | 2,249 | 2,441 |
| Z Group total fuel volumes | 978 | 1,052 | 1,099 |
| Petrol - Z Retail | 188 ³ | 173 | 192 ³ |
| - Caltex Retail | 99 | 110 | 107 |
| Diesel - Z Retail | 74 | 73 | 74 |
| - Caltex Retail | 37 | 40 | 40 |
| - Commercial | 191 | 200 | 207 |
| Other fuels | 259 | 259 | 333 |
| Supply - Domestic | 128 | 125 | 144 |
| - Industry & Export | 2 | 72 | 2 |

1 Robberies reported only relate to Z Retail sites. Caltex sites are owned and operated by independent dealers

2 Excludes 'Supply - Industry & Export' sales

3 Z Retail volumes include volumes from 53 Foodstuffs sites



Refining

| | June 2019 | June 2018 | March 2019 |
|---------------------------------|-------------------------|-----------|-------------------------|
| USD GRM per barrel | 6.63⁴ | 6.82 | 4.88⁴ |
| NZD GRM per barrel ⁵ | 9.78 | 9.41 | 7.18 |

Customer experience

| | June 2019 | June 2018 | March 2019 |
|--|---------------------|--------------|---------------------|
| Z Retail customer satisfaction ⁶ | 92% | 90% | 91% |
| Total Z Retail transaction count | 13.9 million | 14.0 million | 14.4 million |
| Z Retail: fuel-only transactions | 7.2 million | 7.4 million | 7.2 million |
| Z Retail: fuel and store transactions | 1.5 million | 1.6 million | 1.6 million |
| Z Retail: store only transactions | 5.2 million | 5.0 million | 5.6 million |
| Z Average weekly store sales | \$36,679 | \$33,506 | \$38,334 |
| Z Average weekly store sales like-for-like | \$37,173 | \$33,753 | \$39,039 |
| Number of Z branded service stations | 201 | 202 | 203 |
| Number of EV charging stations | 8 | 8 | 8 |
| Caltex Retail customer satisfaction ⁶ | 79% | 81% | 79% |
| Number of Caltex branded service stations | 139 | 139 | 140 |
| Number of truck stops ⁷ | 155 | 156 | 155 |

4 This number is from Refining NZ published data for the March/April period

5 The NZD conversion is calculated by Z

6 Customer satisfaction determined using ongoing internal customer measurement

7 This figure represents the combined Z and Caltex branded truck stops

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