



17 June 2021

Z Energy Chair address to ASM

Kia ora koutou katoa and Hare Mai. Welcome everyone to the 2021 Z Energy Annual Shareholder Meeting.

My name is Abby Foote and I'm Chair of the Z Board.

Welcome to everyone who is joining us here in Te Whare Rama, Z's Auckland office and to those shareholders online for this meeting.

Over March and April of last year, this kind of in-person meeting could not have been further from our minds. So please, let's protect the freedoms we enjoy – if you haven't already, please make sure you have scanned in on your Covid-19 tracer app before you leave.

In the event of an Emergency the closest emergency exit are the stairs immediately to my left using an exterior staircase. The meeting point is outside Aleisha's café. If you can not make this exit, the alternative is the exit next to reception where you first entered the Z office. Please do not use the lifts. The emergency meeting point for this exit is outside the building on Great South Rd. The Z emergency wardens, who will be wearing high-viz jackets and easily recognised, will be available to help evacuate the building in the event of an emergency.

We have approximately [XX] shareholders joining us online and we have approximately [XX] people here in the Z offices in Auckland. We had a shareholder request to move the ASM to Auckland, which we were unable to do last year, so it is good to be back. We have also moved the ASM to a more convenient time, around lunchtime when shareholders can follow along and made it a hybrid meeting to allow for maximum participation.

This meeting has been properly called and there is a quorum present.

We will use some slides during the meeting. For those of you online you will be able to see these and follow along. The slides have been posted to the NZX and ASX and will be available on Z's investor website at the conclusion of this meeting.

For those of you online I would encourage you to send through your questions as soon as you can. This will allow us to answer these questions at the appropriate time of the meeting.

I'd like to briefly introduce my fellow directors on the Z Board. I am joined today by:

- Blair O'Keeffe
- Julia Raue
- Mark Cross
- Mark Malpass
- Steve Reindler

We are also joined by Mike Bennetts our CEO, members of the Z executive team, our legal advisors and our auditors.

I intend to speak briefly to the year that was and then focus on how Z will deliver significant ongoing value to shareholders through focussed execution of our strategy.

Mike will then address the meeting and after that we will be happy to take your questions.

There will be instructions posted online on how to address your questions to the meeting and Mike and I will also answer questions submitted in advance.

I'll then move to the formal part of the meeting. We have three resolutions to consider today:

First, the authority to approve remuneration for the auditors, KPMG.

The final two resolutions relate to the election of Directors. Both myself and Mark Cross have held office for three years since last being elected and both of us, I am pleased to say, are eligible for re-election as Directors of Z Energy.

Mark is a very high calibre director and as a board we consider ourselves fortunate to have his contribution. Mark has the respect and confidence of his Board colleagues and we particularly value his experience with listed companies, capital markets and investment banking. These skills have been of real value, particularly over the last year.

When the time comes, I will ask Mark to address the meeting and you are then welcome to ask any questions of him directly.

I am also up for re-election and I will speak to this at the end of my prepared remarks. During the voting on my re-election I will ask Mark to temporarily Chair the meeting.

Finally, if you have not already voted, your notice of meeting contains instructions on how to cast your vote.

I can confirm that we have received a large number of postal and on-line votes and that the final results of the voting will be posted on both the NZX and ASX stock exchanges later today.

Again, there will be an opportunity for questions from those online before each resolution is put to the meeting.

Before I hand over to Mike, I would like to share my thoughts on the journey we have been on over the last year and the steps we are taking to deliver shareholder value.

I want to divide my remarks into two parts; focusing on Z's performance over what has been the most challenging year in our history and then to focus on the valuation of our company and how Z will deliver earnings and sustainable value for shareholders in a low carbon future.

First I want to acknowledge our shareholders. The last financial year has been difficult and challenging for our company, and our country, but also for difficult and challenging for our shareholders. Z's dividend, upon which many investors depend, was temporarily suspended as we recapitalised our company and the market valuation of our company remains too low.

On behalf of the Board, thank you very much for your patience and your loyalty.

I also want to thank the whole team at Z. At various times throughout FY21 Z was operating under crisis conditions. The corporate team was working remotely while actively running multiple potential scenarios that might occur across our global supply chain.

Our Z site and operational teams were delivering an essential service safely and reliably every day, keeping New Zealand's fuel supply chain operating effectively despite nationwide lockdown conditions.

Mike would almost certainly prefer that I didn't, but I want to acknowledge Mike's outstanding leadership over the last year. During a period of unprecedented uncertainty for our people, Mike has kept our team connected to our purpose, our values and to each other all whilst implementing the change that was necessary to respond to the challenges we faced.

It would have been understandable if while managing through the complexities of Z's Covid-19 response Mike had dropped some external commitments to initiatives like the Climate Leaders Coalition. He didn't; instead continuing to facilitate a transformation of our industry which will benefit Z, and in the long term, New Zealand.

Z has emerged from the year of Covid-19 with the right strategy and the right people to deliver shareholder value. We are creating the right industry structures for our operations and scale and have significant opportunities in front of us.

Our focus is now squarely on executing our strategy to realise value for shareholders.

Z delivered \$238 million of Replacement Cost EBITDA earnings for FY21 in a year in which Covid-19 heavily impacted the business in the first half of the year. Jet volumes are still significantly down compared to pre-Covid volumes and we do not expect this market to recover until international travel to the Northern hemisphere returns.

In the second half of the year rising crude oil prices and intense retail competition compressed margins but we were pleased to still deliver RC EBITDA within earnings guidance.

When faced with the uncertainty of Covid-19, off the back of a period where refining margins were at decade lows and intense retail competition that saw an estimated \$100m in earnings competed away in the industry in the prior 2 years, Z took the necessary step of recapitalising our company, raising \$347 million in additional equity to strengthen our balance sheet and pay down debt. You, our shareholders, backed us and, as a result, we now have a strong balance sheet with which to build our business. Again, I thank our shareholders for their support.

As a condition of securing accommodation from its debt providers, Z had to make the difficult choice to commit to withholding dividends for the FY21 financial year. This was not a decision the Board took lightly and was part of several measures, along with reducing operating costs, withholding employee bonuses and raising equity that ensured Z was able to manage so well through the Covid-19 crisis.

Given Z's strong operational response and New Zealand's faster-than-expected recovery from the worst of the Covid-19 pandemic, we were able to resume dividends six months earlier than originally expected. For FY21 Z distributed a 14 cent per share dividend for the full year to the end of March 2021, at the top end of our guidance range.

Looking forward into FY22 the current guidance remains for Z to deliver RC EBITDAF earnings of between \$270m and \$310m with dividends in a range of 19 cents to 23 cents per share.

While there is much that we can take as positive from the last year, we recognise that there is still work to be done to realise the opportunities we have and to earn the confidence of investors in our ability to do that. This is what I would like to talk to that next.

I want to spend the remainder of my comments on recent industry changes, addressing the question of the current market value of Z and finally making some comments about Z's role in New Zealand's low carbon future.

During the past year, alongside the four point performance response that Mike will speak to shortly, Z has also focused on the structural change in our industry. Much of Z's additional future value will be unlocked through these significant changes we are driving in our industry. Specifically this work has involved the regulatory changes, in the form of the Fuel Industry Act, that will greatly enhance the competitive wholesale market and the steps Z is taking to exit the crude oil supply chain and move to a more flexible and cost-effective fuel import model.

Changes in the Fuel Industry Act open up terminal gate pricing for fuel wholesaling at bulk fuel storage terminals and withdrawing from the borrow and loan arrangements ensures Z can benefit from its own investments. Selling fuel at a wholesale level from terminals enables Z to begin to achieve a fair return from these assets while offering new services to customers and competitors alike. Z's commitment to commercialising these assets and operating more independently will see us increasingly rewarded for our investments and scale.

Moving to an import only fuel supply chain will reduce the volatility that refining margins have had on our annual earnings and level the competitive playing field in retail, where users of the refinery have borne additional costs when compared to an import-only model.

Z has pushed hard for these changes which will deliver a more secure fuel supply for the country and cut the environmental impacts of refining oil in New Zealand.

I want to acknowledge the frustration that many shareholders have around Z's share price. It is also a frustration of mine. We see a disconnect between the strong earnings we create, the cash flows that come from those earnings and the current market valuation of our shares.

I have personally been engaging with institutional investors in recent weeks and while there are a number of possible reasons for this value disconnect, I am not going to make any excuses for it. The onus is on us to close this gap. We must do a better job of articulating the value we are creating and then, recognising that actions speak louder than words, earn the trust of the market by continuing to execute our strategy and deliver on our promises.

Our execution of strategy over FY21 has been excellent and we have been successful in establishing the structures and conditions that will drive our future success.

I also want to acknowledge that we have made some missteps on execution over the previous couple of years and markets have long memories. Z's Board and management are focused on continuing to demonstrate our ability to execute our strategy on behalf of shareholders.

Exiting the crude oil supply chain will not only reduce earnings volatility and improve earnings visibility, but will release working capital that was previously tied up in the crude oil supply chain. The working capital release will assist us in deleverging the balance sheet thereby supporting sustainable future dividends and enabling the Board to explore other options in the future such as special dividends or share buybacks.

Mike will speak in more detail to these points when he addresses the meeting in a few moments.

Looking to the future value of Z, current market consensus for this financial year is forecasting year on year growth in RC EBITDAF as the business bounces back from Covid-19 with further growth in FY23. The consensus for dividends shows a similar growth trajectory. Creating long term sustainable value for shareholders is a top priority for the Board. We look forward to providing more details at our upcoming investor day.

While Z has been challenged during FY21, we have benefited from the challenge. We have focused on execution, cut costs, built resilience into the business and the balance sheet, and at the same time created material options for further value creation.

Finally I want to focus on what we agree to be one of the most material issues of our time: climate change. Just as the downstream fuel industry in New Zealand is starting a significant structural change, so too is our world as the process of transitioning to low carbon forms of energy gains momentum.

Z has many choices over this transition. Given our industry and scale, very few companies can make the kind of contribution that Z can to deliver a lower carbon future in New Zealand.

There is strong and growing interest across the investment community around the role of companies like Z in a low carbon future and we see very clear opportunities to realise significant earnings growth in the transition.

Our commitment to helping lead New Zealand's energy transition is also critically important to our social license to operate and to the long term support of our investors. The Board believes Z is an important part of realising New Zealand's climate change ambitions and Z will be able to manage this transition while rewarding shareholders.

Last week the Climate Change Commission published its final advice to government and more recently still we heard about the government's proposed changes to the reintroduction of a Biofuels mandate, clean car standards and the 'feebate' program for the purchase of new EVs. Clearly the government is committed to these changes.

The Climate Change Commission scenario is in line with our own forecast planning and gives us further confidence in our ability to deliver shareholder value as we support the transition to a different energy future. Again, we look to discuss our industry forecast model at our investor day.

The point I want to make here is that demand for energy is not decreasing, in fact it is increasing. The sources of this energy will transition over time. New Zealand's energy transformation will be one of energy substitution and growth, not energy disruption.

Hydrocarbons will play a reduced role over the coming decades but alternative fuels like electricity, biofuels and hydrogen are likely to significantly increase in volume and value. As we

transition away from conventional fuels in transport, Z's unmatched network of infrastructure assets, and the skills we have developed, are perfectly suited to these emerging forms of new transport energy.

In an energy transformation, there will be opportunities for Z to make smart investments and build partnerships that benefit our customers, shareholders and the planet. We will continue to look for opportunities that make sense commercially and when they arise we will execute them with discipline and focus.

Before I wrap up these remarks, I am also up for re-election by rotation as a director of Z. I have been on the Board of Z for eight years now, two of which as Chair. I would deeply value the opportunity to serve you for another term. If elected, it will mean a total of 11 years on the Board of Z, so this will be the last time that I will seek re-election.

By way of a very brief recap, my training is in law and finance. I have been a professional director for over 12 years now and I currently hold directorships at Sanford, and Freightways in addition to my role with Z. I have previously served on a number of boards including Te Papa, TVNZ, Transpower, and LIC.

I am passionate about this company and the opportunities we have in front of us. We have traversed some significant challenges over the last 18 months and I am proud of the way both the Board and management team have handled the disruption of Covid-19. Over this period we have steadily developed the strategy, the organisation and the opportunities that are now in front of us and I ask for your support to see these through in service of all shareholders.

Our industry is going through major transformation over both the short and medium-term. This I believe is, somewhat understandably, generating some uncertainty for investors. We have worked hard to facilitate this change and we see it as the source of significant value for Z.

Our absolute focus now is on consistent execution of the opportunities we have in front of us and demonstrating this value to our investors and stakeholders. We will achieve this through doing what we say we will do and through rewarding investors for their faith in us.

We have a clear strategy in place to guide us, a strong balance sheet with rapidly decreasing debt levels, and a Board and management team with the skills and experience we need to execute these opportunities.

We have come through the most challenging period in our history in very good shape. We have work to do to realise the full benefit of our strategy, our previous investments and the opportunities we have created for ourselves, but I am excited about this and what the future holds for our company and investors.

I am asking for your support in my re-election and thank you again for your support of me and of our company.

I will now pass over to Mike Bennetts, Z's CEO

Questions and Answer session with Abby and Mike

Thanks for that presentation Mike.

I would now like to move to the question and answer section of the meeting.

We will start with those questions which have been pre-submitted before the start of the ASM from shareholders. We have 7 questions pre-submitted. All questions have been repeated in exactly the form that they were answered and remain unedited.

We have however grouped some of the questions that relate to very similar themes in the interests of time so that we can manage the answers collectively.

At the end of these questions I will call for questions from the room. When I call for questions, please clearly state your name before asking the question. I ask that in the interests of fairness to all shareholders attending this meeting that anyone wishing to ask questions be as concise as possible and be considerate to other shareholders wishing to ask questions.

For those shareholders listening online your voting instructions are included in the Virtual Annual Meeting Online Guide that accompanied your notice of meeting.

Shareholder voting

I would now like to move to the formal part of the meeting and that is the voting on the resolutions placed before the meeting.

Shareholders joining us today here, you would have been validated or been given your shareholder voting card. If you are a shareholder and did not register on arrival and wish to vote, please make your way to the registration desk outside the room and staff from Link will assist you.

Please mark your voting intention for each resolution and the voting cards will be collected at the conclusion of the meeting.

Shareholders joining online will be able to cast their vote using the electronic voting card received when online registration is validated.

To vote, you will need to click "Get Voting Card" within the online meeting platform. You will be asked to enter your Shareholder or Proxy Number to validate. Please then mark your voting card in the way you wish to vote by clicking on the voting card. Once you have made your selection please click "Submit Vote" on the bottom of the card to lodge your vote.

Please refer to the virtual meeting online portal guide or use the help line specified if you require assistance.

Voting will remain open until 5 minutes after the conclusion of the meeting.

Results of the vote will be announced via the NZX and ASX.

Each resolution set out in the Notice of Meeting is to be considered as an ordinary resolution and, as such, must be approved by a simple majority of the votes cast by shareholders entitled to vote and voting on the resolution.

We have three resolutions to vote on today.

The first is to approve the remuneration for our Auditors KPMG

Are there any questions for the Board concerning the resolution from shareholders in attendance or online?

Thank you – please mark your voting cards in the way you wish to vote by ticking “FOR”, “AGAINST” or “ABSTAIN” in the appropriate place on the voting card.

The second resolution regards my re-election to the board

I will temporarily ask Mark Cross to step in to Chair the meeting while the shareholders contemplate my re-election.

As I have noted in previous comments , I am passionate about this company and the opportunities we have in front of us. We have a clear strategy in place to guide us, a strong balance sheet with rapidly decreasing debt levels, and a Board and management team with the skills and experience we need to execute these opportunities. I am asking for your support in my re-election and thank you again for your support of me and of our company.

[Mark Cross] Thank you – please mark your voting cards in the way you wish to vote by ticking “FOR”, “AGAINST” or “ABSTAIN” in the appropriate place on the voting card.

[Abby Foote] Thank you Mark. If you could stay up neat the lecturn for a few more minutes please. The third and final resolution for the meeting is to vote on Mark who retires by rotation and seeks re-election to the Z Board.

Mark, I'd ask you to address the meeting now.

Thank you – please mark your voting cards in the way you wish to vote by ticking “FOR”, “AGAINST” or “ABSTAIN” in the appropriate place on the voting card.

Thank you everyone for your attendance today. I would now like to close the meeting.

Again, the results of the meeting along with the presentations and prepared remarks will be available on the NZX and ASX exchnages shortly along with voting outcomes.

To those shareholders in the room please join the Board and executive teams for a light refreshment. Just move towards the back of the room, through the double doors where there is tea and coffee and sausage rolls.

Thank you and goodbye.