



**25 May 2021**

### **Z Energy agrees in-principle deal with Refining NZ on import terminal conversion**

Z Energy (NZX:ZEL ASX:ZEL) (Z) is pleased to announce that it has agreed in-principle to the terms offered by The New Zealand Refining Company (NZX: NZR) (Refining NZ) to transition the refinery to an Import Terminal System (ITS).

The in-principle agreement is non-binding and contingent upon several conditions including Refining NZ satisfying lender requirements as well as the completion of a binding Terminal Services Agreement (TSA) with all ITS users.

Final approval of the deal will be required by the independent directors and shareholders of Refining NZ. Z will work with Refining NZ with the objective of securing final approval in the third quarter of 2021.

The TSA will have an initial term of 10 years with the option for customers to extend and will include various contractual performance obligations on Refining NZ for the operation of the ITS.

Z's Chief Executive Mike Bennetts said, "Transitioning Refining NZ's operations to an import terminal is the right decision. We have carefully considered all the options open to Z in making this decision and we have agreed the in-principle deal to provide clarity and certainty around safe and reliable fuels supply for New Zealand. The refinery can now move forward with its ITS conversion plans and preparation for obtaining approvals, while Z can progress towards its preferred operating model of exiting the crude supply chain.

The New Zealand fuels industry is about to enter a period of significant transformation with changes resulting from the Fuel Industry Act and the conversion of the Refinery. These changes will deliver flexibility and pricing transparency for our customers, reduce the environmental impact to New Zealand of domestic refining, reduce the volatility in Z earnings while releasing considerable working capital from Z's supply chain," Mike added.

Until the details contained within the TSA are agreed and Refining NZ has confirmed the transition schedule Z is unable to advise of any impact of the conversion to FY22 guidance. The financial impact of the ITS transition to FY23 earnings and beyond will be covered at Z's Investor Day planned for 28 July 2021 by which time Z expects to have finalised the TSA.

### **Ends**

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