



20 January 2022

## Z Energy 3QFY22 Operating Data

Z Energy (NZX/ASX: ZEL) ("Z") releases its operating data for the third quarter of FY22 and reaffirms FY22 RC EBITDAF guidance to be between \$270m and \$310m.

Commenting on the operating data Z's CEO Mike Bennetts said, "Z's strategy execution for the quarter was excellent. We have made progress across all four of our organic growth opportunities, in some cases well ahead of the trajectory to our FY24 targets.

Covid-19 related lockdowns in Auckland and other regions throughout the quarter, coupled with high pump prices due to increased crude oil costs and weaker NZD exchange rates, has reduced retail volumes compared to the same quarter last year," he added.

At the 2021 investor day Z introduced four organic growth opportunities that will enhance earnings from Z's core business. These growth opportunities were in Network Optimisation, Wholesale Strategy, Convenience Retail (CR) and the industry move to an Import-only Supply Chain.

### Network Optimisation

- Z progressed the sale and lease-back of 52 freehold convenience retail sites with Z maintaining a majority controlling ownership in the newly established entity. The transaction is expected to be completed by the end of FY22.
- During 3Q there were two Z site closures and Z Rolleston was opened as an NTI in late December. Rolleston includes Z's latest store design and a new forecourt layout that includes four EV fast charging points.

### Wholesale Strategy

- Z is well on track to deliver its FY24 target of \$15m of additional RC EBITDAF. Z is confident that we will secure access to the majority of that additional wholesale related EBITDAF by the end of FY22 through new distributor contract wins and increased wholesale volume from early FY23.

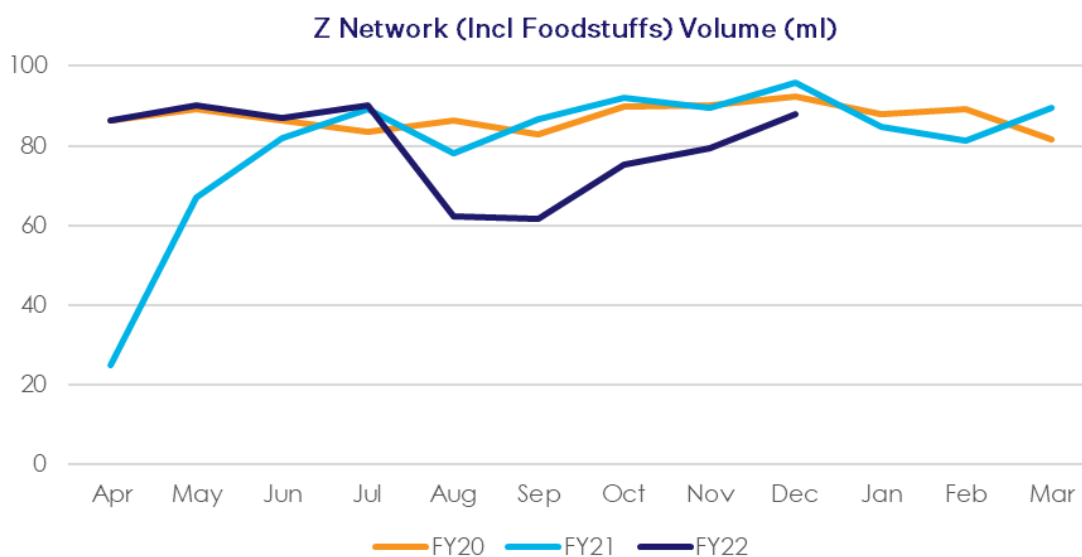
### Convenience retailing (CR)

- First Z Espresso site refresh completed in 3Q and two more sites expected to be completed in 4QFY22. The pace of the rollout has been affected by Covid-19 lockdowns but Z expects to make up the current four month lag during FY23. Z is targeting a total refresh of 50 stores by end FY24.
- CR store sales, on a like for like basis up 2.2% for 3QFY22 versus FY21 PCP, with margins up 1.4% versus FY21 PCP.

## Import only Supply Chain

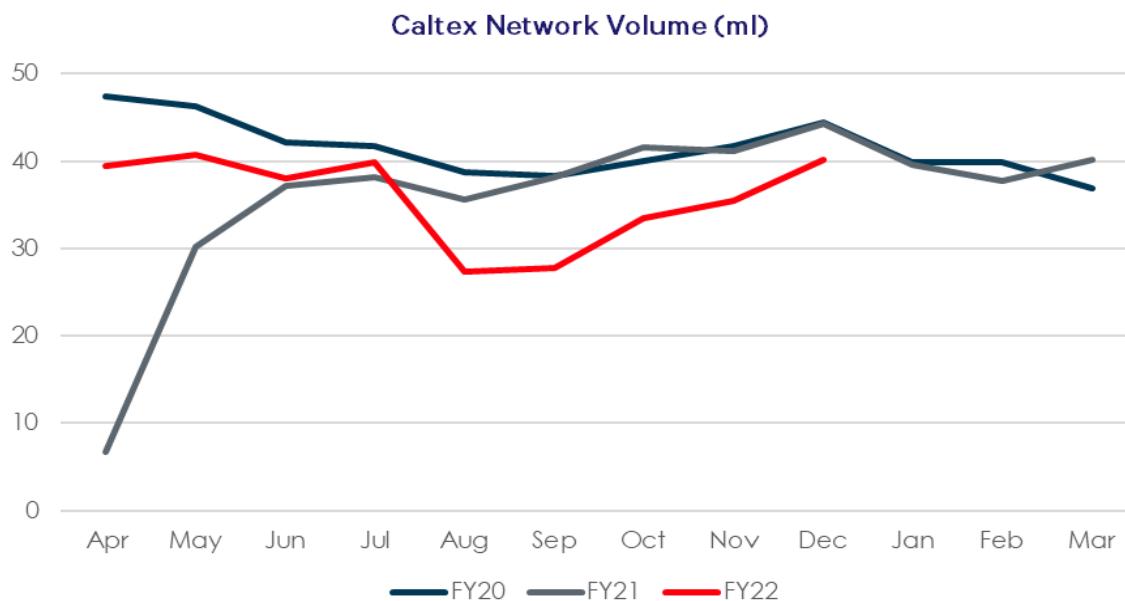
- Refining NZ (NZX:NZR) announced final investment decision during the quarter confirming the move to an import only terminal (ITS) by 1 April 2022. Z has completed its RFP processes with term suppliers and import shipments under these new contracts are expected from February. Z is on track to move exclusively to refined fuel imports from 1 April.
- The contribution from these new contracts to the \$45-55m of incremental EBITDAF previously disclosed is \$10m less than forecast meaning short term delivery will be at the bottom end of the overall FY24 EBITDAF uplift. This is a result of current refining market conditions therefore Z has only entered into a one-year agreement with the two providers as it expects conditions to improve in the next 12-24 months.
- The refinery to terminal conversion is expected to cost Z between \$3-5m due to the loss on export of part-processed crudes ("intermediates") and other related conversion costs. There are also closure related costs which will arise in FY23 but are required to be accrued for in FY22. These one-off costs, along with the expected ramping down of production in February and March is encapsulated within the reconfirmed FY22 guidance.

## Volumes affected by regional lockdowns

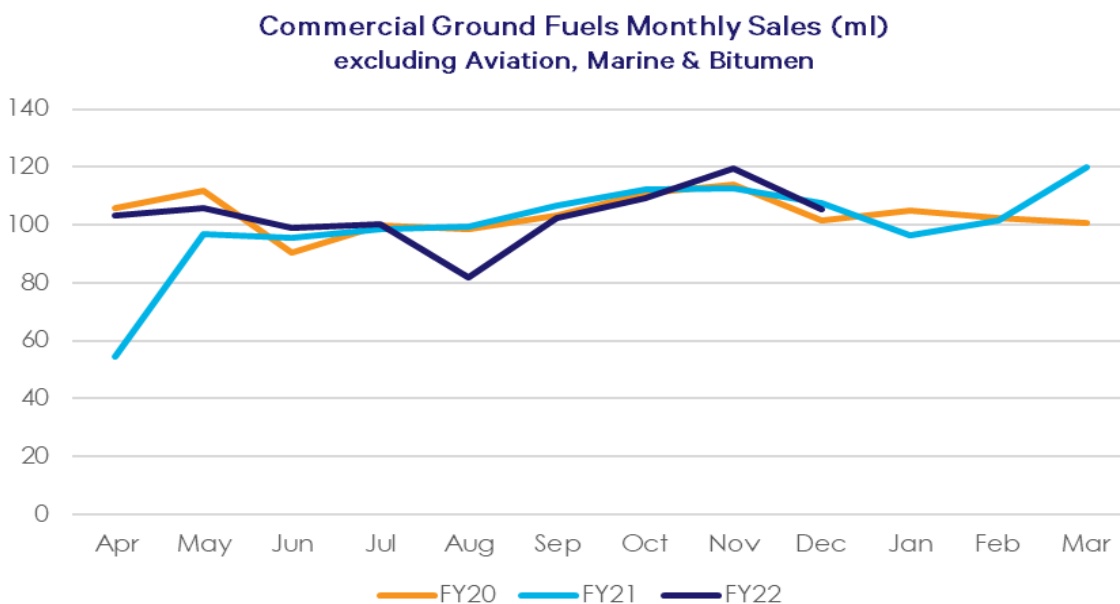


Volumes were lower than forecast with Z retail volumes down 12.2% for 3QFY22 versus the prior corresponding period (PCP) given the shutdown in the Auckland region and smaller local shutdowns in Northland and Waikato-Coromandel regions. As expected, retail volume increased in December as lockdowns were lifted and the holiday driving season started but remain slightly negative versus PCP. This is more likely to be a consequence of record high pump prices during December than Covid-19 related factors.

Caltex Retail volumes for petrol and diesel declined by 14.1% compared to PCP volumes.



Commercial ground fuels for 3QFY22 were overall consistent compared to FY21 PCP, but up 2.1% against FY20 PCP. Most commercial businesses were able to operate during regional lockdowns in a way that maintained their requirement for transport fuels, unlike Retail markets where many consumers were working from home.



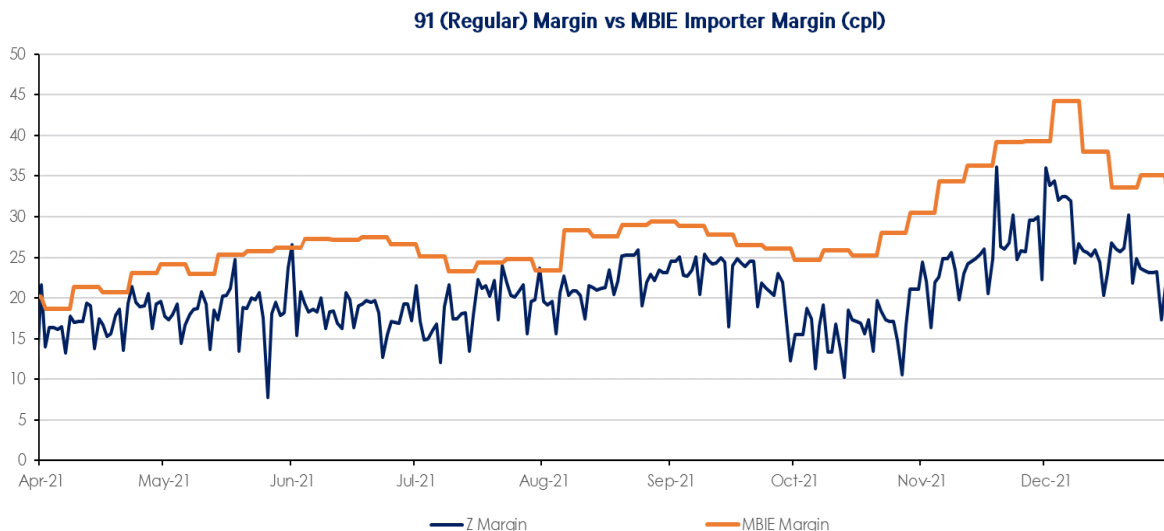
Under the 'Traffic Light' system introduced during the quarter by the NZ government Z has seen less volume reduction under all traffic light conditions than under previous 'Alert Level' conditions as New Zealanders manage the response to Covid-19.

### Margins

Margins remained tight with crude oil input costs cycling through the quarter from a starting US\$72/bbl rising to US\$85/bbl by late October, falling to \$70/bbl in early December and ending the quarter at US\$79/bbl. Retail margins expanded and

compressed during the quarter consistent with previous cycles and averaged 1cpl higher than the average for the previous quarter.

Z as a business is largely made up of fixed costs but did not apply for Government support during the quarter, despite meeting the criteria for the wage subsidy.



## Ampol

The scheme implementation is on track with the New Zealand Commerce Commission releasing its Statement of Issues on 24<sup>th</sup> December with significant focus on the sale of Gull by Ampol. The Commerce Commission has requested an extension to 16<sup>th</sup> March which was expected.

Z and Ampol remain committed to the transaction and expect to provide materials, including the Independent Advisors Report, to support a shareholder vote in Q1 2022.

## Biofuels Mandate

In December the Government confirmed it will introduce a Sustainable Biofuels Mandate from 1 April 2023 to help reduce greenhouse gas emissions in the transport sector. Z supports this announcement as it sets a clear agenda for us and the wider industry on what is needed to achieve a low carbon transport fuels future.

Z has recently signed an MoU with Neste, the world's leading producer of renewable diesel and sustainable aviation fuel to collaborate to bring low-carbon fuels to the New Zealand market.

**Ends**

**Matt Hardwick**  
**Corporate Affairs Manager**  
+64 (0)27 787 4688  
[matt.hardwick@z.co.nz](mailto:matt.hardwick@z.co.nz)

# Operational data

For the quarter ended 31 December 2021



Safety & Wellbeing (S&W)	December 2021	December 2020	September 2021
Lost time injuries	2	3	2
Spills to ground	-	-	-
Robberies <sup>1</sup>	1	1	3
Fuel quality incidents	-	-	-
Tier 1 / 2 Process safety incidents	-	-	-
Food safety incidents	2	-	-
Total recordable case frequency	0.9	0.8	0.8 <sup>5</sup>
Motor vehicle incidents frequency	0	2.5	0 <sup>5</sup>

Refining	December 2021	December 2020	September 2021
USD GRM per barrel	4.62 <sup>2</sup>	1.15	2.96 <sup>3</sup>
NZD GRM per barrel <sup>4</sup>	6.55	1.73	4.24

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

2 This number is from Refining NZ published data for the September/October period

3 This number is from Refining NZ published data for the July/August period

4 The NZD conversion is calculated by Z

5 Total recordable case frequency and Motor vehicle incidents frequency figures for September 2021 quarter has been restated to a quarterly metric. It was previously stated as a year to date metric.

# Operational data

For the quarter ended 31 December 2021



Fuels - All fuels in millions of litres	December 2021	December 2020	September 2021
Total NZ Fuel consumption <sup>5</sup>	-	2,096	1,705
Z Group total fuel volumes	916	931	841
Petrol - Z Retail <sup>6</sup>	167	196	148
- Caltex Retail	72	87	64
Diesel - Z Retail	76	81	66
- Caltex Retail	37	40	31
- Commercial	203	208	178
Other fuels	110	125	102
Supply - Domestic	142	142	117
- Industry & Export	73	14	107
- Terminal Gate sales	36	38	28

5 Based on MBIE Oil supply, transformation and consumption data tables excluding LPG. Data in not yet available for December 2021 quarter. This replaces Industry volumes previously reported as this is no longer available due to the Commerce Commission inquiry. Total NZ Fuel consumption does not include Bitumen and Lubricants

6 Z Retail volumes include volumes from 52 Foodstuffs sites

# Operational data

For the quarter ended 31 December 2021



Customer Experience	December 2021	December 2020	September 2021
Total Z Retail transaction count	13.4 million	15.1 million	11.5 million
Z Retail: fuel-only transactions	6.4 million	7.3 million	5.5 million
Z Retail: fuel and store transactions	1.3 million	1.5 million	1.1 million
Z Retail: store only transactions	5.7 million	6.3 million	4.9 million
Z Average weekly store sales	\$44,053	\$43,087	\$37,255
Z Average weekly store sales like-for-like	\$44,618	\$43,639	\$39,730
Z Convenience store revenue <sup>7</sup>	\$107.9 million	\$109.2 million	\$94.3 million
Z Convenience store margin <sup>7</sup>	\$28.4 million	\$28.0 million	\$24.0 million

# Operational data

For the quarter ended 31 December 2021



Customer Experience - continued	December 2021	December 2020	September 2021
Z Retail customer satisfaction <sup>8</sup>	91%	92%	93%
Number of Z branded service stations	194	197	195
Number of EV charging stations	6	7	6
Caltex Retail customer satisfaction <sup>8</sup>	75%	80%	76%
Number of Caltex branded service stations	134	136	133
Number of truck stops <sup>9</sup>	148	151	148

<sup>8</sup> Customer satisfaction determined using ongoing internal customer measurement

<sup>9</sup> This figure represents the combined Z and Caltex branded truck stops