



Z Energy

Annual Shareholder Meeting

Abby Foote, Chair of the Board, Z Energy
Mike Bennetts, CEO of Z Energy

18 June 2020



2020 ASM

Virtual meeting a reflection of Z's response to Covid-19

- Introducing the Z Board
- Presentations from Chair and CEO
- Question and Answer session with the Board and Management
- Voting instructions online and in your notice of meeting
- Two resolutions to consider and vote on today
- Board has received over 300 million votes on each resolution to the ASM representing approximately 58% of the issued share capital

Chair's address

Abby Foote





FY20 in the rearview mirror

Navigating an uncertain and competitive market

- Retail competition reached peak intensity in middle two quarters of FY20 with margins lowest observed for many years
- Industry is responding and some uneconomic supply coming out of the industry; slowing investment in capacity should lead to a more sustainable and suitable level of supply to suit future demand
- The Commerce Commission Retail Fuel Market Study completed and we have responded to recommendations made; we know that shareholders expect a fair and reasonable rate of risk-weighted return from Z's size and scale
- Covid-19 response of staff and ability to operate at AL4 lockdown safely and securely highlights the many years focus on HSSE and operational excellence as well as recent investment in technology for employees and customers



Positioning Z for the future

Balance sheet flexibility to buffer Z from short term, Covid-related impacts and position Z well for the future

- Z's response to Covid-19 was to review the strategy and operational review already undertaken and accelerate the work; review Z's debt arrangements and then to execute capital raise to provide strength and flexibility to the balance sheet
- Z undertaking several self-help initiatives to retain cash including hiring freeze, contractor reductions and review of operational spend; expense reductions of over \$70 million targeted for the current year
- The sizing of the capital raise reflects the work undertaken by the management of Z to encapsulate all plausible downside scenarios for the business while the global economy deals with the effects of Covid-19
- The capital raise will be used to reduce debt, provide greater balance sheet flexibility an ability for Z to navigate current market conditions and exit in a better shape for the future
- Thank you to our shareholders that participated for their participation and trust

CEO address

Mike Benetts





Covid-19 response

Covid-19 delivered a unique set of challenges

- Protection of people and wider Whanau was, as always, priority
- Demand destruction inside NZ difficult to gauge; every country has had a different response to Covid-19. Demand for Jet significantly impacted, Z focussed on managing supply chain considering significant drop in demand
- Z already well-advanced in planning \$35m cost-out strategy based on FY19 margin environment; Covid-19 exaggerated and accelerated scope of program to \$74m
- Debt providers waived or amended next two covenant test dates and equity raise to pay down \$180m of bank debt and balance held for retail bond due Nov. 2021
- Annual FY21 gross margin forecast based on retail margin at similar levels to middle of 2019 calendar year; difficult to achieve during AL4 and AL3 lockdown with significant volume decline, but possible at AL2 and AL1
- Z witnessing a rational market response to significantly lower volumes from our distributor relationships and Caltex owners



Focused on execution in FY21

- Implementing a number of practices and structures to get Z working at-pace; focus on 90-day sprints that focus around the customer and execution excellence
- Z remains focussed on our customers with CX offer for retail and commercial based on current capabilities and assets
- Be rewarded for our size and scale in an industry that has added additional capacity in the face of incrementally declining demand
- Participate meaningfully and for the best interests of Z from the Refining NZ strategic review
- Aim to deliver a leaner, more focussed and customer centric Z Energy



Current trading conditions

- Z withdrew guidance at full year results given the highly unusual and volatile trading conditions we faced from Covid-19
- Z provided a matrix of volume forecasts for AL4 through AL1 and AL0; we have seen six weeks of AL4 and AL3 and four weeks of AL2. Currently trading in first full week of AL1 and volumes have returned to ~90% of PCP.
- Provided weekly volume data to support our forecasts and help analysis; weekly volumes have tracked largely as expected
- Cost out initiatives remain on-track for \$74m by end of FY21

Shareholders' Questions

Abby Foote

Pre-submitted Questions from
shareholders addressed to the
Annual Shareholder Meeting



Shareholder Questions

Pre-submitted questions on Z's earnings and current strategy

1. Reading the last report (which has cheesy photo's of the head staff sitting on stools), there seems to be a lot of excuses for the appalling financial result. Whats apart from cost reductions is management doing about it? Investors care about growing the company and returns. Is it possible the go back to basics and market, sell fuel? Not pretending to be a new enviroment technology company.
2. a) With so much uncertainty of the future after this Covid -19 crisis, how much certainty and assurance can we (as shareholders) have on Z Energy in the next 7 years?

b) Can we still look to Z Energy as a blue-chip company for long-term investment after this crisis and the changes in times/technology?
3. a) As slowly electric car market is picking up, what Z is doing to be relevant for the future?

b) is there any plans for Z energy to foray into retail electricity/gas distribution?
4. Do you regret not raising additional equity at the time of the Caltex Purchase?
5. What is the outlook for Z Energy as countries become clear of Covid 19.
6. a) I am concerned that Z's biodiesel manufacturing plant has failed to capture the support of any political parties and therefore has been mothballed rather than supported. Maybe its label should be changed as the word "diesel" doesn't make good media headlines. It needs Z to do better PR on this otherwise it is a loss to both shareholders and New Zealand.

b) I support Z Energy's management but the company's idealism is its undoing when their opposition's bad practices are what drives the public's perception of the industry.



Shareholder Questions

Pre-submitted questions on public policy, industry & governance

7. When Will Dividends resume? And under what criteria?
8. When will Dividends be paid to owners/shareholders?
9. I hope cost of shares get to \$8.5 not less
10. Have you been approached or are you in any negotiations about a possible takeover offer with Caltex Australia or any other entity?
11. How is Z Energy affected by fossil fuel exemption mandates operated by many investment/fund managers including the new KiwiSaver default mandate?
12. What's the market strategy to deal with the Labor Government's petrol/ energy policy
13. We have seen a significant decline in share prices and shareholder dilution with the recent SPP; dividends have been cancelled and the company has posted an eye-watering loss. The fossil fuel industry itself is experiencing a paradigm shift, in these times how is Mr. MARK MALPASS who has had less than stellar track record at Steel & Tube change the prospects of ZEL?

Shareholder Voting

Shareholder Resolutions



Ordinary resolution 1

To authorise the Board to fix the auditor's fee for next year

Proxy and proxy voting	%
For	98.90
Against	0.06
Discretionary	1.04
Total	100
Total issued share capital voted	58.01

Ordinary resolution 2

That Mark Malpass, who was appointed during the year, be elected as a Director

Proxy and proxy voting	%
For	98.60
Against	0.37
Discretionary	1.04
Total	100
Total issued share capital voted	57.99

Thank you

