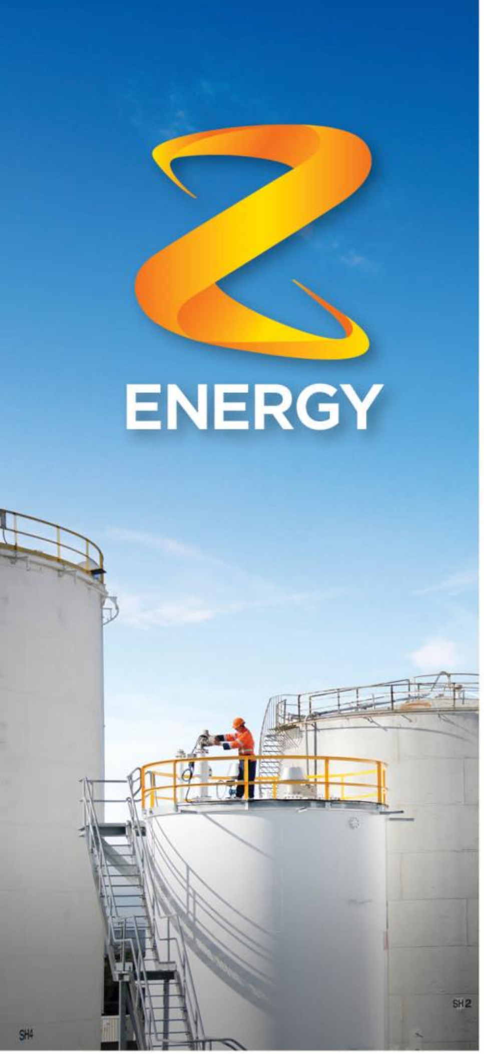


Z Energy Limited

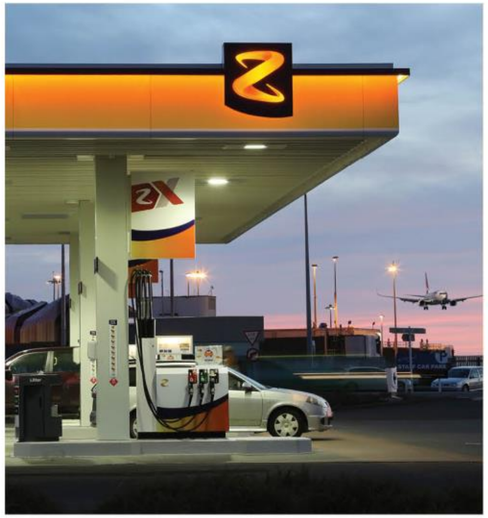
Retail Bond Offer Presentation

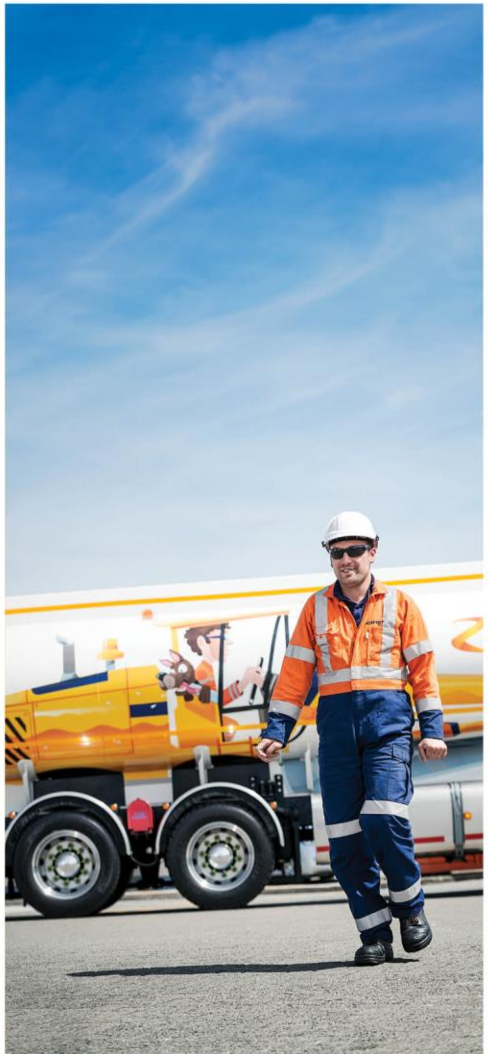
20 August 2018

Presented by:

Chris Day: Chief Financial Officer

Richard Norris: Treasurer





Joint Lead Managers

DeutscheCRAIGS

Forsyth Barr

Disclaimer

Please read carefully before the rest of the presentation

The offer of debt securities by Z Energy Limited (**Z** or the **Issuer**) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**). The offer of Z's fixed rate Bonds is an offer of fixed rate bonds (**Bonds**) that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Z's bonds:

- maturing on 15 November 2019, which have a fixed interest rate of 6.50 percent per annum and are currently quoted on the NZX Debt Market under the ticker code ZEL030;
- maturing on 1 November 2021, which have a fixed interest rate of 4.01 per cent per annum and are currently quoted on the NZX Debt Market under the ticker code ZEL040; and
- maturing on 1 November 2023, which have a fixed interest rate of 4.32 per cent per annum and are currently quoted on the NZX Debt Market under the ticker code ZEL050,

(together, the **Existing Bonds**). Accordingly the Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/ZEL

The Existing Bonds are the only debt securities of Z that are currently quoted and in the same class as the Bonds. Investors should look to the market price of the Existing Bonds to find out how the market assesses the returns and risk premium for those bonds.

This presentation contains certain forward-looking statements with respect to the Issuer. All of these forward-looking statements are based on estimates, projections and assumptions made by the Issuer about circumstances and events that have not yet occurred. Although the Issuer believes these estimates, projections and assumptions to be reasonable, they are inherently uncertain. Therefore, reliance should not be placed upon these estimates or forward-looking statements and they should not be regarded as a representation or warranty by the Issuer, the directors of the Issuer or any other person that those forward-looking statements will be achieved or that the assumptions underlying the forward-looking statements will in fact be correct. It is likely that actual results will vary from those contemplated by these forward-looking statements and such variations may be material.

This document does not constitute a recommendation by the Issuer, Deutsche Craigs Limited and Forsyth Barr Limited (Joint Lead Managers), Westpac Banking Corporation (acting through its new Zealand branch) (Arranger, Organising Participant and Joint Lead Manager), Trustees Executors Limited (Supervisor), nor any of their respective directors, officers, employees, affiliates or agents to subscribe for, or purchase, any of the Bonds. None of the Joint Lead Managers or Supervisor nor any of their respective directors, officers, employees, affiliates or agents make any representation, recommendation or warranty, expressed or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied by or on behalf of the Issuer in connection with the Bonds, and accept no liability therefor (expect to the extent such liability arises under the FMCA or cannot by law be disclaimed).

The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

A terms sheet (**Terms Sheet**) has been prepared by the Issuer in respect of the offer of the Bonds, which sets out how the Bonds may be applied for.

The distribution of this presentation, and the offer or sale of the Bonds, may be restricted by law in certain jurisdictions. Persons who receive this presentation outside New Zealand must inform themselves about and observe all such restrictions. Nothing in this presentation is to be construed as authorising its distribution, or the offer or sale of the Bonds, in any jurisdiction other than New Zealand and the Issuer accepts no liability in that regard. The Bonds may not be offered or sold directly or indirectly, and neither this presentation nor any other offering material may be distributed or published, in any jurisdiction except with the prior consent of Z and in conformity with all applicable laws and regulations of that country or jurisdiction.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Certain financial information and the pro-forma financial information contained in this presentation is prepared on a replacement cost basis. Replacement cost is a non-GAAP measure used by the downstream fuel industry to report earnings on a replacement cost basis. The difference between historical cost earnings and replacement cost earnings is the Cost of Sales Adjustment (COSA). Refer to Z's audited financial statements for a reconciliation of non-GAAP replacement cost to GAAP historical cost by visiting http://z.co.nz/investor-centre/

All dollar amounts contained in this document are in NZ$ unless noted otherwise.

Offer highlights

Z’s sixth retail bond issue

- Bond offer to refinance a portion of the ZEL020 bond maturity and for general corporate purposes
- This offer refinances existing facilities, there is no increase in Z Energy Limited’s (Z) debt

Issuer	Z
Bonds	Unsubordinated, secured, fixed rate bonds
Security	Equal ranking with Z’s banks, USPP noteholders and existing bondholders
Issue Size	Up to $100m (with the ability to accept oversubscriptions of up to a further $25m at the Issuer’s discretion)
Term	Six years
Joint Lead Managers	Deutsche Craigs, Forsyth Barr, Westpac Banking Corporation (acting through its New Zealand branch)

Z Overview

Z Energy Limited

Established company with track record of growth and performance

- **A Publicly Listed Company**: Z was formed in April 2010 following the purchase of Royal Dutch Shell plc's New Zealand downstream fuels business by listed local infrastructure investor Infratil Limited and Guardians of New Zealand Superannuation

- **Market Capitalisation:** Floated in August 2013; now NZX10 and ASX listed company with market capitalisation of circa $2.9 billion

- **Downstream Fuel Business:** Z owns and operates downstream fuels businesses (Aviation, Marine, Bitumen and Petrol and Diesel) in New Zealand through commercial and retail distribution channels

- **Acquired Chevron**: On 1 June 2016, Z settled the acquisition of Chevron New Zealand for $785 million

- **Extensive Network**: Z has an extensive network of service stations and truck stops, and has significant investments and joint ventures in other infrastructure assets in the transport fuel supply chain

- **Historically Strong Earnings Growth**: Z is a distinctive and highly trusted brand in New Zealand and has consistently delivered upper quartile total shareholder returns with sustained earnings growth year on year since 2010

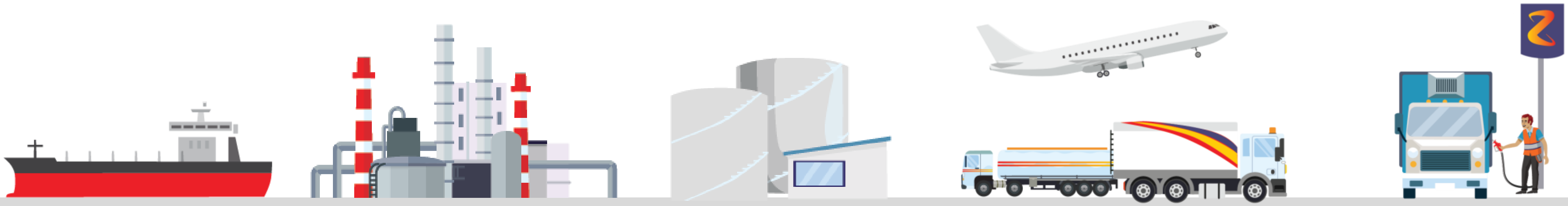
Business overview

Integrated energy business in an essential industry

- **Strategically Important New Zealand Company** - integrated New Zealand energy company in an essential industry – literally keeping the New Zealand economy moving
- **Significant Market Share** - supplies circa 45% of New Zealand's liquid transport fuel requirements, across all fuel types
- **Market Leader** in all segments in which it operates
- **Resilient Established Business** with consistent demand with a close link to GDP growth
- **Z and Caltex Brand** - Dual brand strategy with differentiated offerings and distinctive business models of retailers (Z) and dealers (Caltex)
- **Strong New Zealand Footprint** - circa 343 retail service stations and 159 truckstops within its network; multiple joint ventures and direct investment in distribution infrastructure and operations; a 15% holding in New Zealand's sole oil refinery, The New Zealand Refining Company Limited **(RNZ)**, and 25% holding in New Zealand's leading loyalty programme - Fly Buys
- **New Zealand Focus** - Z is a focused, locally managed and operated downstream New Zealand fuels business not integrated with any upstream oil / gas producer. All decision-making and governance functions are in-country and Z seeks to behave as a distinctively transparent, values-based Kiwi company

Z at a Glance

Z's operations span all aspects of the downstream fuels industry in New Zealand



1. Imports
2. Refining & primary distribution
3. Terminals & secondary distribution
4. Commercial Marketing
5. Retail Marketing

Imports

- 15m bbl of crude product through RNZ
- 5m bbl of refined product imported

CALTEX

Refining & primary distribution

- ~48% of RNZ refining capacity
- 50% ownership of Costal Shipping JV (COLL)
- 15% ownership of Refining New Zealand

Terminals & secondary distribution

- Eleven fully-owned terminals
- 276ml terminal capacity
- Four Joint Venture terminals around New Zealand with access to additional capacity

Commercial Marketing

- 159 truck stops across Z and Caltex brands*
- 2,489ml total commercial sales volume*
- 877ml Jet & Avgas*
- 1,184ml commercial diesel
- 133ml Marine fuel and 128ml Bitumen
- ~45,000 Z card and StarCard customer accounts

Retail Marketing

- 204 Z sites
- 139 Caltex independently owned and operated sites*
- 1,655ml total retail fuels*
- Convenience store non-fuel sales ~$365m
- Lubricants
- Flybuys & AA Smartfuel loyalty programmes
- FoodStuffs Docket Redemption program

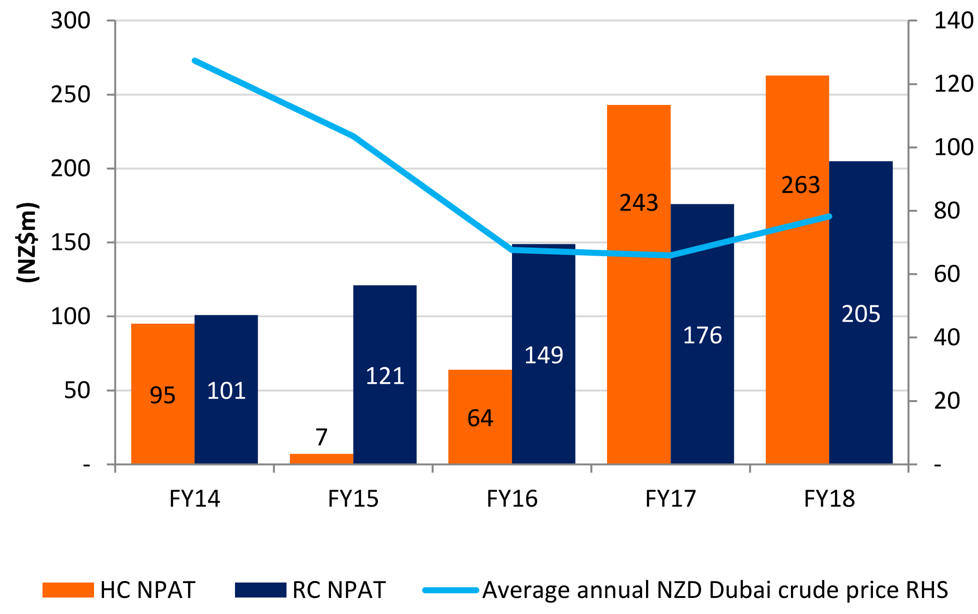
* Numbers as at 31 March 2018. Cumulative volumes for FY18.

Financial Summary

Headline financials – FY18

Earnings at the upper end of restated guidance in a year of pronounced volatility and operational challenges

Key financials[1]	FY18	FY17	Change
Historical cost net profit after tax (HC NPAT)	$263m	$243m	8%
Replacement cost EBITDAF (RC EBITDAF)	$449m	$423m[2]	6%
Replacement cost Net Profit After Tax (RC NPAT)	$205m	$176m	16%
Net operating cash flow	$395m	$255m	55%
Total dividend declared	32.3 cps	29.3 cps	10%



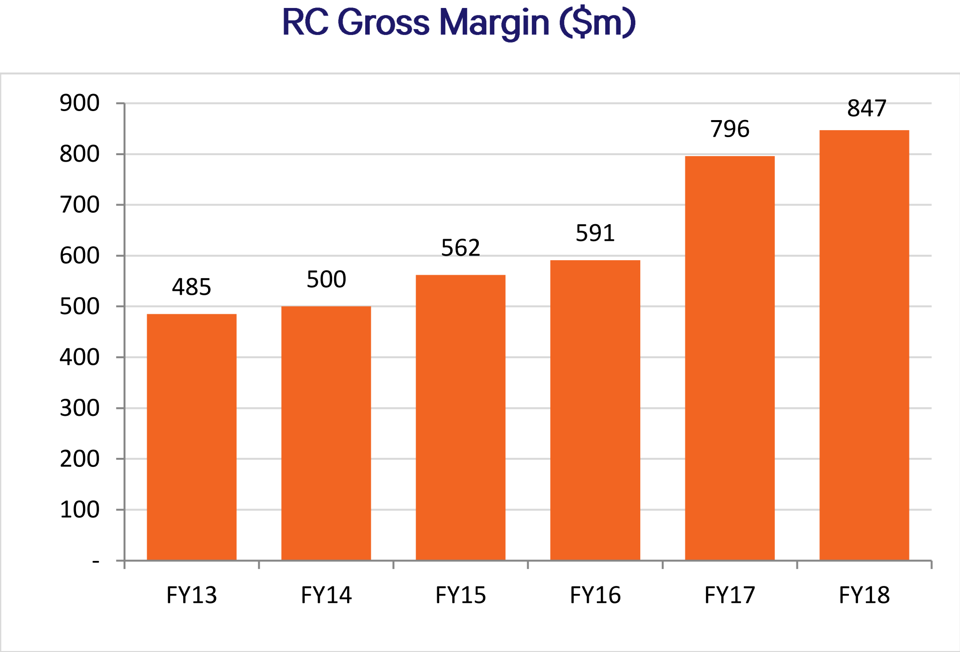
- HC NPAT up $20m largely reflecting an increase in commodity prices (~18% YOY increase in Dubai oil price)
- RC NPAT increased $29m from an extra two months of Caltex contribution and synergy delivery

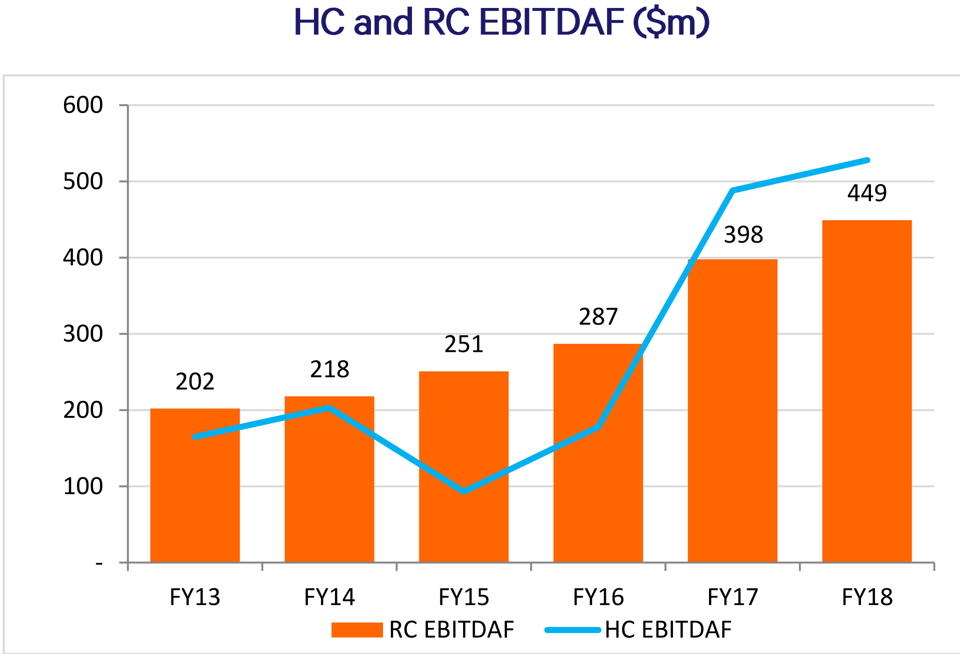
Note 1: HC NPAT has been calculated in accordance with NZ GAAP. RC NPAT and RC BITDAF have been calculated on the basis of "replacement cost accounting". In this presentation we show results calculated in accordance with NZ GAAP and results calculated on the basis of "replacement cost accounting". It is very important that you understand how the "replacement cost" results relates to our NZ GAAP results.

Note 2: FY17 RC EBITDAF excluding Caltex integration expenses of $27m and adjusted for change in Refining NZ accounting treatment.

Historically strong earnings growth year on year

Guidance of $420-455m RC EBITDAF for FY19





- RC Gross Margin has increased by 12% per annum during the last five years. Similarly, RC EBITDAF has increased by 17% per annum over this period

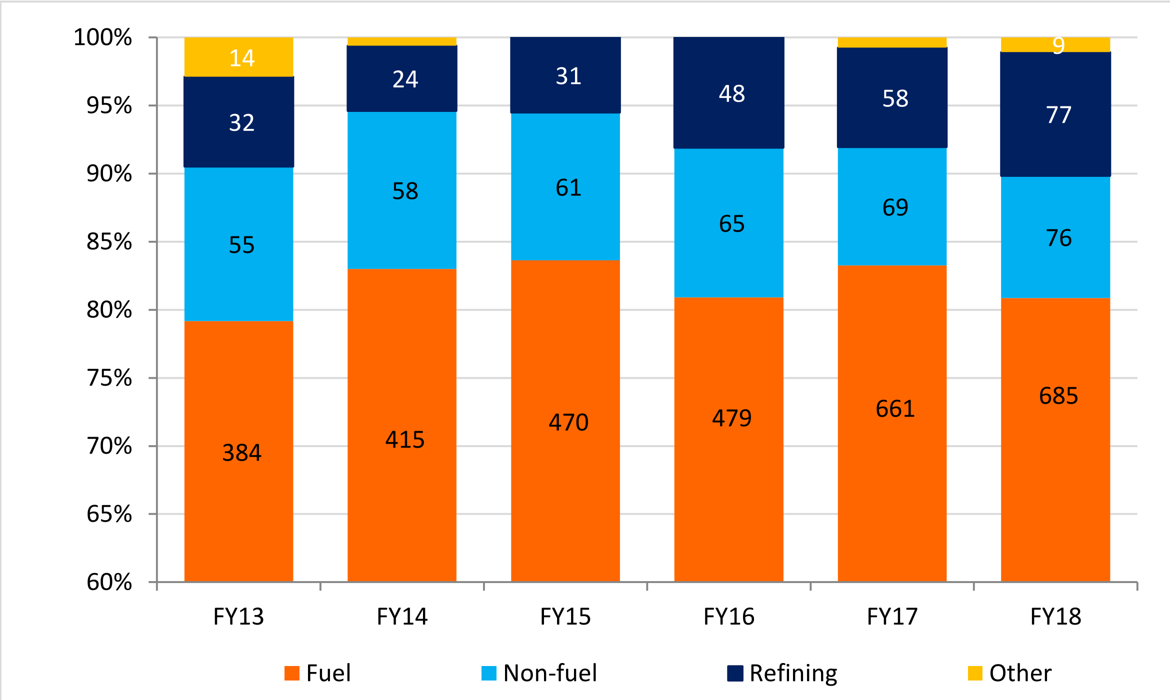
Replacement Cost (RC) earnings:

- Is a non-GAAP measure used by the downstream fuel industry to measure and report earnings on a replacement cost basis
- RC earnings adjusts purchases of crude and product as if the product sold in a month had been purchased in that month, rather than Historical Cost (HC) which reflects the prices actually paid
- RC earnings exclude the impact of changes in crude oil and refined product prices on the value of inventory held by Z, thus it is a better measure of underlying performance. The difference between HC and RC earnings is the Cost of Sales Adjustment (COSA)

Financials

Non-fuels margin is a growing source of earnings for Z

RC Gross Margin ($m)

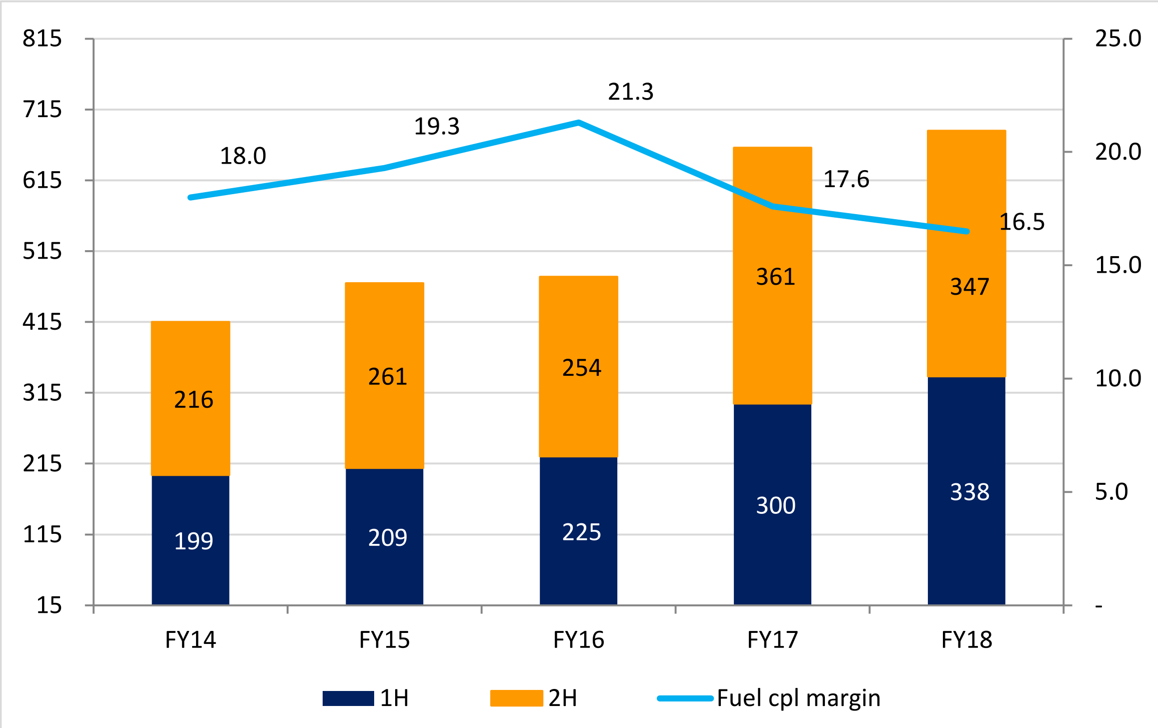


- Fuels margin is the largest source of earnings for Z accounting for 81% of total RC gross margin in FY18
- Z's share of non-fuels margin is growing in value (FY18 contributed $76 million of RC Gross Margin) and flows directly through to gross margin. The non-fuels margin consists of both the business arrangement with retailers of the Z branded retail service station network and rebates received as a result of arrangements with third party suppliers. Z does not share in Caltex store income
- Refining margin represents Z's share of RNZ's gross refining margin which is effectively retained by Z under the processing agreement

Financials

RC fuels gross margin driven by post Caltex business model and competitive environment

RC Fuel Gross Margins ($m)

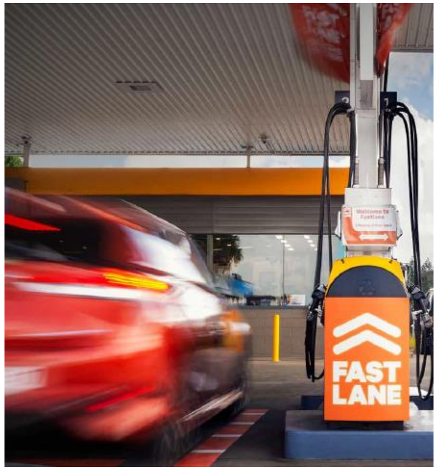


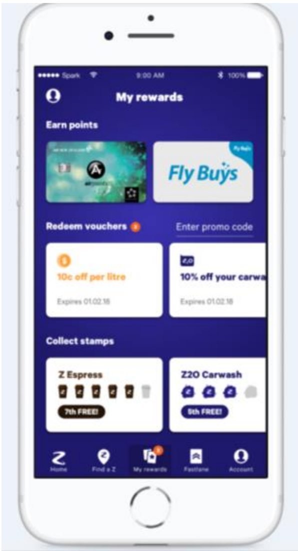
- RC fuels gross margin has increased by circa 40% as a result of the acquisition of Chevron New Zealand partially offset by lower cents per litre (**cpl**) fuel margins
- Z's fuel margin has decreased to 16.5 cpl, down from the pre Chevron New Zealand acquisition period. This is due to the different business model of the Caltex business (effectively a portfolio of supply contracts) and a competitive environment which has seen margins reduce from top of cycle
- The New Zealand summer (2H of Z's financial year) traditionally delivers a greater proportion of gross margin from higher volume due to the cruise ship and peak tourism season, farming, roading and general transport

Looking forward

Underlying growth in EBITDAF earnings after accounting for one-off events and continued rigor around capex and use of capital

- Annual guidance of $420-455m of RC EBITDAF (previously $450-485m) includes one-off effect of Refining NZ prolonged maintenance shutdown ($20m) and retail impact of record high pump-prices seen in Q1 FY19
- Additional earnings to come from Foodstuffs contract due to start 1 September 2018 (~150mill litres pa), Strategy 3.0* projects in Commercial and continued work on digitisation and productivity projects
- Further evolution of Strategy 3.0 to be disclosed at 1H FY19 results announcement with additional core business growth initiatives in conjunction with new WIN* opportunities
- Focus on capital control with $40m budgeted for Integrity capex and $20m for one off ICT projects. Growth capex of $35m funded by divestment proceeds with the ability to pull-forward FY20 projects if required
- Targeting debt repayment moving towards stated target of 1.5x Debt to EBITDAF by 2021 (subject to realisation of WIN opportunities)
- Targeting dividend payout ratio of 90-100% of underlying free cash flow, i.e. 50-55 cents per share





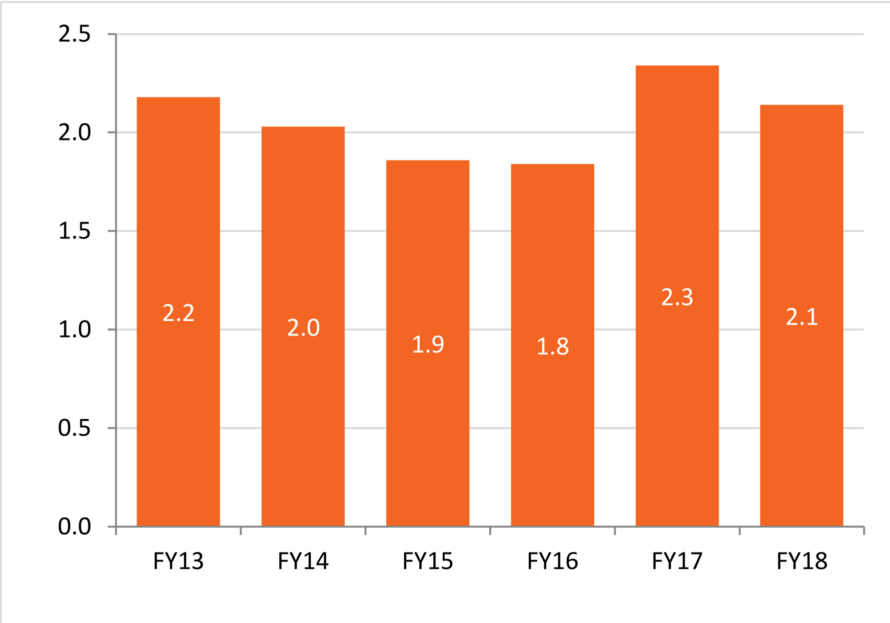
* Further information can be found on the Z investor website

Funding & Bond Structure

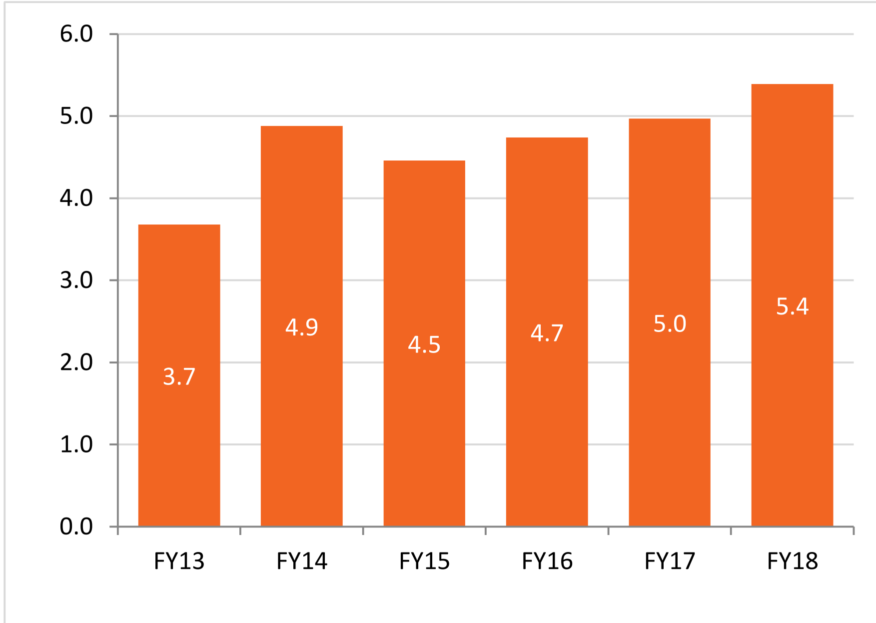
Key debt covenants

Z considers financial metrics comparable to BBB investment grade

Debt Coverage



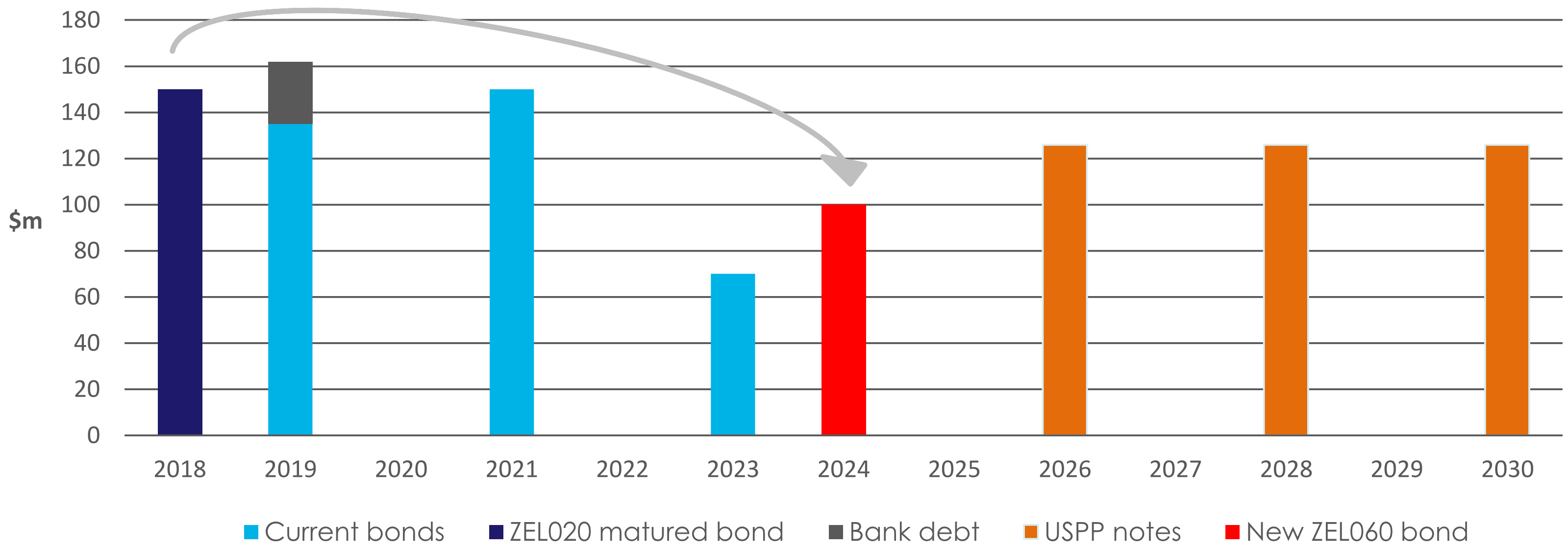
Interest Coverage



- Debt Coverage – Debt/RC EBITDA (debt excludes working capital drawings)
    - Given the working capital exclusion, Z has the requirement to maintain a minimum ratio of working capital to drawings against its working capital facility. In addition Z is required to clean down this facility to nil drawings for a minimum of three consecutive working days per annum
- Interest Cover – RC EBITDAL/Fixed costs (interest expense plus operating lease expense)
- Unrated but Z considers the business and its financial profile to be consistent with investment grade BBB range
- Strong underlying earnings growth has resulted in sustained deleverage and increased finance cost serviceability
- Post acquisition leverage (debt/FY16 RC Operating EBITDAF) peaked at ~2.6x with term debt of $1.1 billion

Funding structure –Term Debt of $910 million

Bond to refinance recently matured ZEL020 bond



- $150 million retail bond matured 15 August 2018
- $355 million of remaining retail bonds - three tranches maturing in 2019, 2021 and 2023
- $180 million 3yr bank debt facility - term debt revolving facility expiring May 2019
  - currently drawn $177 million (includes $150 million drawn to repay ZEL020 bonds)
- $378 million USPP notes – three tranches maturing in 2026, 2028 and 2030
- $350 million 3yr bank working capital facility - appropriate to prudently provide for the significant cash payments required for large oil shipment purchases and volatility in crude and currency markets

Bond security structure

Bond security structure remains unchanged from previous issues

- Equal Ranking Security Rights - Z has New Zealand retail bond, USPP note and bank debt, with lenders sharing the same security on an equal ranking basis, including this issue
- Security consists of at least 95% of the assets of the group by value and by contribution to RC EBITDA. The guarantee is secured over all assets of the Guarantors, except for certain excluded assets
- A key protection for Bondholders is the cross acceleration provision, and that they share the proceeds of security enforcement with the Banks and USPP noteholders on an equal ranking basis

Priority of security

Consistent with previous issues; bondholders rank equally with USPP noteholders and banks

Some crude oil and refined product suppliers have prior ranking security over products they have supplied to Z for which they have not been paid, and their proceeds. Bondholders, USPP noteholders and banks then rank equally

In addition, if an Event of Default occurs and Z is to continue trading:

- It will need to continue to procure products, and it may need to grant priority over those products to the relevant suppliers/working capital providers
- The Supervisor may, if it considers it in the best interests of Bondholders as a whole, allow any supplier/working capital provider to take priority over relevant products

Priority of repayments of working capital during breach of Bond Covenant

- In practice, any repayment of the Banks' facilities before security enforcement will repay working capital facility and hedging obligations first. Only when these and similar amounts are repaid, will core bank debt be repaid
- If security is enforced before the Bond Covenant breach is remedied, banks, USPP noteholders and bondholders share (a) security enforcement proceeds, and (b) core debt prepayments made after the breach occurred, in proportion to the total amount of debt each provides
- Proportional sharing of core debt prepayments does not apply to repayments of working capital or hedging obligations, or to scheduled repayments of core debt

Bond repayment rights

Bondholders can require payment in Event of Default

An event of default occurs if:

- Breach of Bond Covenant – where the ratio of current Debt (excluding working capital) to RC EBITDA exceeds 3.5x on two consecutive test dates
    - The 3.5x varies with the bank covenant (plus 0.5x), but may not rise above 4.0x
    - Bank covenant currently 3.0x
- Material change of core business or breach of distribution stopper not remedied within 30 days
- Acceleration of the obligation to repay other debt exceeding $10m (cross default) or enforcement of the security
- Other typical events of default for bonds of this nature

Key Terms & Timetable

Key offer terms

Bonds	Unsubordinated, secured, fixed rate bonds
Issue Size	Up to $100m (with the ability to accept oversubscriptions of up to a further $25m at the Issuer's discretion)
Rating	Unrated
Purpose	Refinancing a portion of the ZEL020 bond maturity and for general corporate purposes
Issue Date	3 September 2018
Maturity	3 September 2024
Indicative Issue Margin	Announced via the NZX on 20 August
Interest Rate	Higher of (i) the sum of the applicable Issue Margin and the applicable Base Rate or (ii) the Minimum Interest Rate. The Interest Rate will be set on 24 August 2018 and announced to NZX
Minimum Interest Rate	Announced via the NZX on 20 August
Bond Covenant	Debt (excluding working capital) to RC EBITDA not to exceed the lower of 4.0x or Bank covenant level +0.5x
Distribution Stopper	While a Bond Covenant breach or Event of Default (Bonds / Banks) continues – no distribution to a non guarantor
Listing	Application has been made to NZX to quote the Bonds on the NZX Debt Market under ticker code ZEL060

Offer terms and process

No public pool

Offer process	All of the Bonds are reserved for subscription by clients of the Joint Lead Managers, institutional investors and other Primary Market Participants invited to participate in the bookbuild. There will be no public pool
Applications	Minimum $5,000 and multiples of $1,000 thereafter
Firm brokerage	0.75% on firm allocations

Offer timetable

Offer Opens	Monday, 20 August 2018
Roadshow	Monday, 20 August and Wednesday, 22 August 2018
Firm Bids Due	Firm bids due, 11.00am Friday, 24 August 2018
Rate Set Date	Friday, 24 August 2018
Closing Date	Friday, 24 August 2018
Issue Date	Monday, 3 September 2018
Expected Quotation Date	Tuesday, 4 September 2018

Summary and Q&A

Summarising your investment in Z

Investment in a leading essential industry with equal treatment of debt providers

Strategically important to the New Zealand economy	Integrated New Zealand energy company in an essential industry – Top 10 NZX listed
Leading market position, with an integrated and robust supply chain	Owns and operates substantial logistical and distribution infrastructure Market share approximately 45%
Equal treatment of debt providers	Same security structure applies to bondholders, USPP noteholders and core bank debt syndicate
Strong financial performance	Track record of delivering financial performance since April 2010
Robust capital structure	Z's gearing has reduced post-acquisition of Chevron NZ - debt coverage reduced from ~2.6x at acquisition to 2.1x FY18. Current capital strategy focuses on shareholder distributions and further deleveraging subject to realisation of WIN strategies
Leadership	All decision-making and governance functions are in-country and seeks to behave as a distinctively transparent, values-based Kiwi company
Repeat issuer in the domestic retail bond market	This proposed bond issue represent Z's 6th domestic issue, following earlier issues in 2010, 2011, 2012 and 2016 (dual tranche)


Litter
STAFF CAR PARK