



Z Energy

(NZX: ZEL)

Plimmerton Rotary Presentation

9 July 2019

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- What is next
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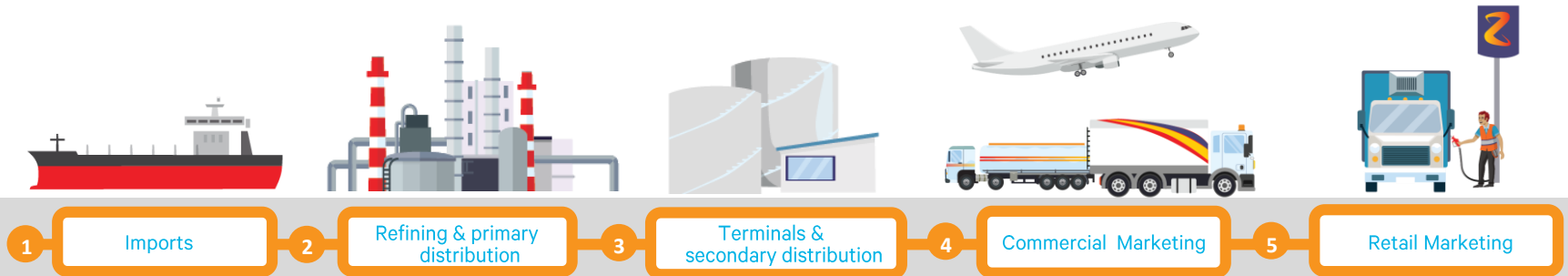




1

Z at a glance

Z spans all aspects of the fuels industry in NZ



- 16m bbl of crude product through RNZ
- 5m bbl of refined product imported

- ~45% of RNZ refining capacity
- 50% ownership of Costal Shipping JV
- 15% ownership of Refining New Zealand

- 11 fully-owned and operated terminals
- 276ml terminal capacity

- 159 truck stops across Z and Caltex brands
- Jet & Avgas
- Diesel
- Marine fuel
- Bitumen
- ~45,000 Z card and StarCard customer accounts

- 204 Z sites
- 139 Caltex independently owned and operated sites
- 1,655ml total retail fuels
- Convenience store non-fuel sales ~\$365m
- Lubricants
- Pumped loyalty programme
- FoodStuffs Docket redemption program



CALTEX

Product Overview - Core Transport Fuels



PRODUCT	Petrol	Diesel	Jet Fuel	Fuel Oil
Market Size	3.3 billion litres	3.6 billion litres	1.8 billion litres	0.5 billion litres
Key Customers	Retail consumers	Transport, manufacturing and construction	Airlines	Freight, fishing, ferries, cruise lines
Key Demand Drivers	<ul style="list-style-type: none"> Population growth Vehicle fuel efficiency Take-up of hybrid /EV vehicles Urban planning Public transport Ride sharing and autonomous vehicles 	<ul style="list-style-type: none"> Economic growth (GDP) Diesel penetration (cars) Vehicle fuel efficiency 	<ul style="list-style-type: none"> Economic growth (GDP) Airline industry growth Growth in long haul flights Aircraft fuel efficiency 	<ul style="list-style-type: none"> Industry sector growth Ship fuel efficiency Biofuels
Z Market Share				

2

Strategic context



Distracted boyfriend



Energy and Mobility Transitions, San Francisco, February 4, 2019

BloombergNEF

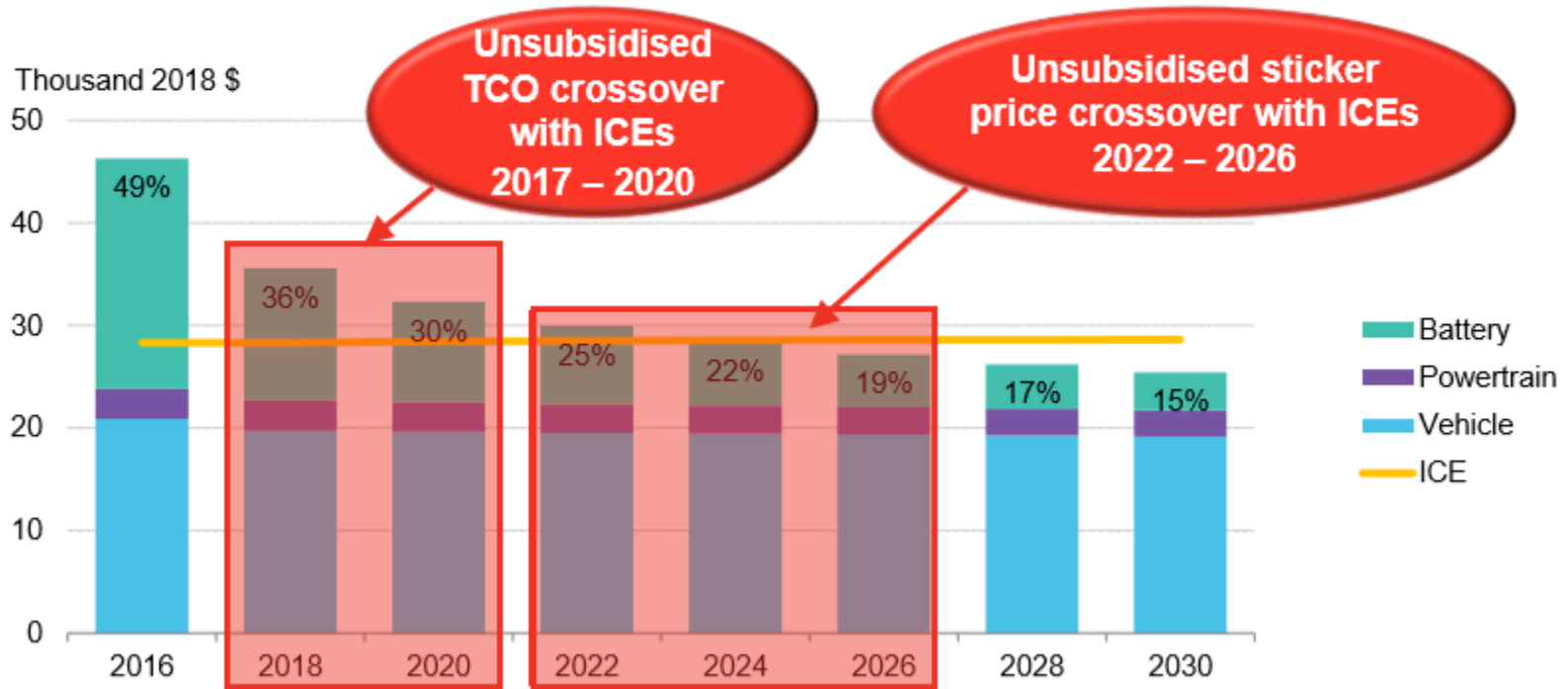
Distracted boyfriend



Energy and Mobility Transitions, San Francisco, February 4, 2019

BloombergNEF

US medium BEV price breakdown, share of battery costs and ICE price

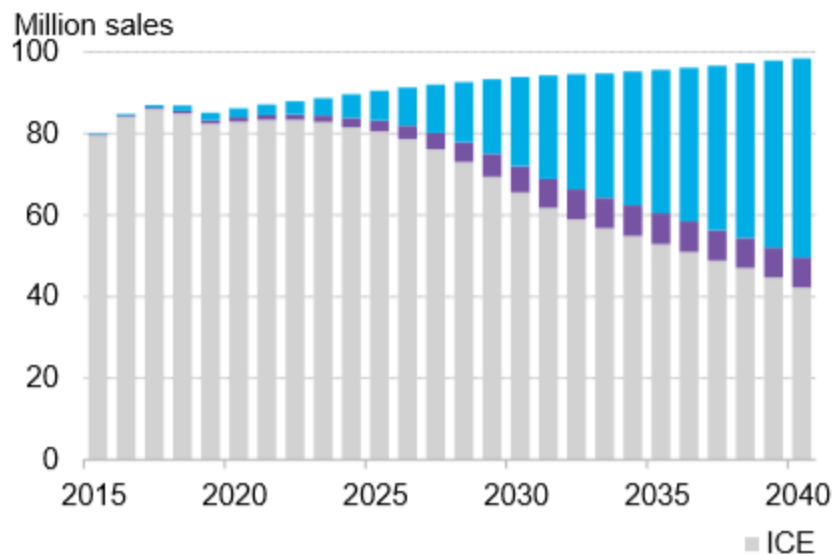


Note: Based on EV models with 400 km of range

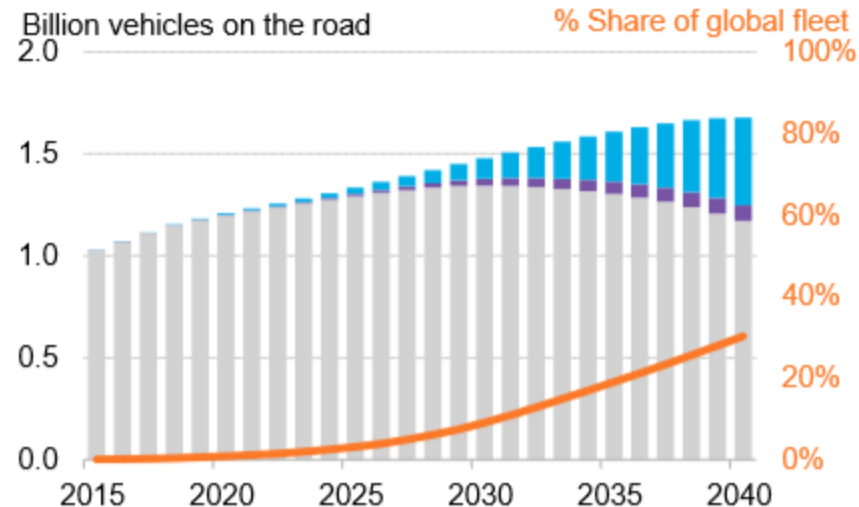
Source: BNEF

BNEF electric vehicle outlook to 2040

Annual global passenger vehicle sales



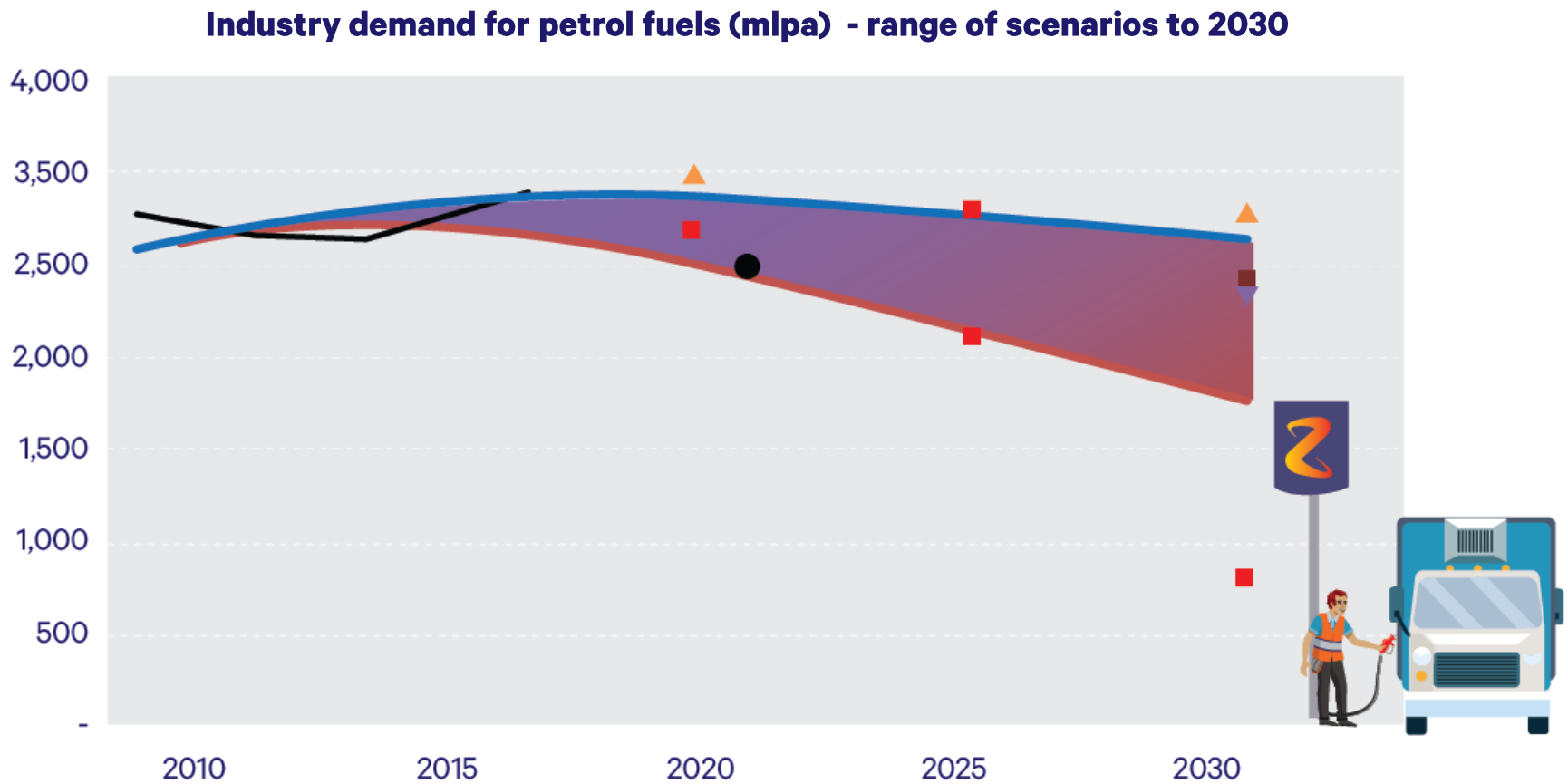
Global passenger vehicle fleet



Source: BNEF EVO 2019

NZ outlook

Monitoring long-term demand scenarios





3 What is next



Strategy on a page

A capability led and option rich strategy

Built upon Z's foundations as stated in the Z Why

- ▶ **Purpose:** to solve what matters for a moving world
- ▶ **Our Stands:** HSSE; Community; Diversity and Inclusion; Environmental Sustainability

Optimised Performer

Business focus through to end FY21:

- ▶ Supply – drive change to existing structures to ensure we are rewarded for scale
- ▶ Commercial – combine the best of Caltex and Z to significantly simplify offers
- ▶ Retail – differentiate brand positions and segment customers for “true” loyalty

Capability Led Strategy

Organisationally, these matter:

- ▶ Customer experience
- ▶ Productivity
- ▶ Digitisation
- ▶ Innovation
- ▶ Brand

What is Next (WIN)

Choosing to prepare for post FY21:

- ▶ Investigate inorganic options for adjacent cash flows
- ▶ Explore three market spaces, through organic experiments in:
 - Future Fuels
 - Mobility as a Service
 - Last Mile

INVESTMENT THESIS

- ▶ We aim to extract value from our current asset base by delivering outstanding customer experiences, while positioning ourselves for future industry disruption



Understand

Engage customers and help them understand the offer, products, and what the brand stands for. Show we care by seeking to better understand their needs.



Discover

Connect with customers in ways that are appropriate, meaningful and compelling. Make it easy for them to discover us. Inspire them and make them proud to be Kiwi.



Engage

Foster a customer relationship beyond the transactional so they want to come back. Listen to what they say and learn from their experience. Seek to better understand them and help them become advocates. Make them proud to be Kiwi.

Choose

Make choosing us as easy as possible. Remove friction, provide a clear, simple path and help them understand where they are at any moment in time.

3

Arrive

Acknowledge customers on arrival. Make them feel welcome and valued. Demonstrate we understand their needs and preferences.

4

Assist

Anticipate when customers might need or want help and offer assistance, and enable customers to be self-sufficient if they prefer. Be friendly, informative, and trustworthy.

5

Refuel

Make refuelling as simple, fast and safe as possible. Give back time by removing down time and enabling customers to do more.

6



Shop

Make it easy for customers to find products that satisfy their needs and resonate with their values. Keep it fresh, find ways to delight and reward those who are loyal.

7

Refresh

Provide facilities, products, and services that give customers a chance to revive and refresh in comfort. Make them feel at ease, relaxed, and safe.

8

Pay

Make payment easy, simple and reliable. Give customers payment options to suit their channel preference, location, processes, and role.

9

Review

Provide clear and insightful information to help customers unlock value and manage their spend. Build a healthy, reciprocal relationship.

11

12

Leave

Provide a clear, safe way to exit and make sure customers leave feeling valued. Ensure they know where to go to meet future needs and find information or assistance.

Reward

Find ways to recognise and reward customers for their loyalty. Make them feel valued and provide value with options they care about.

10

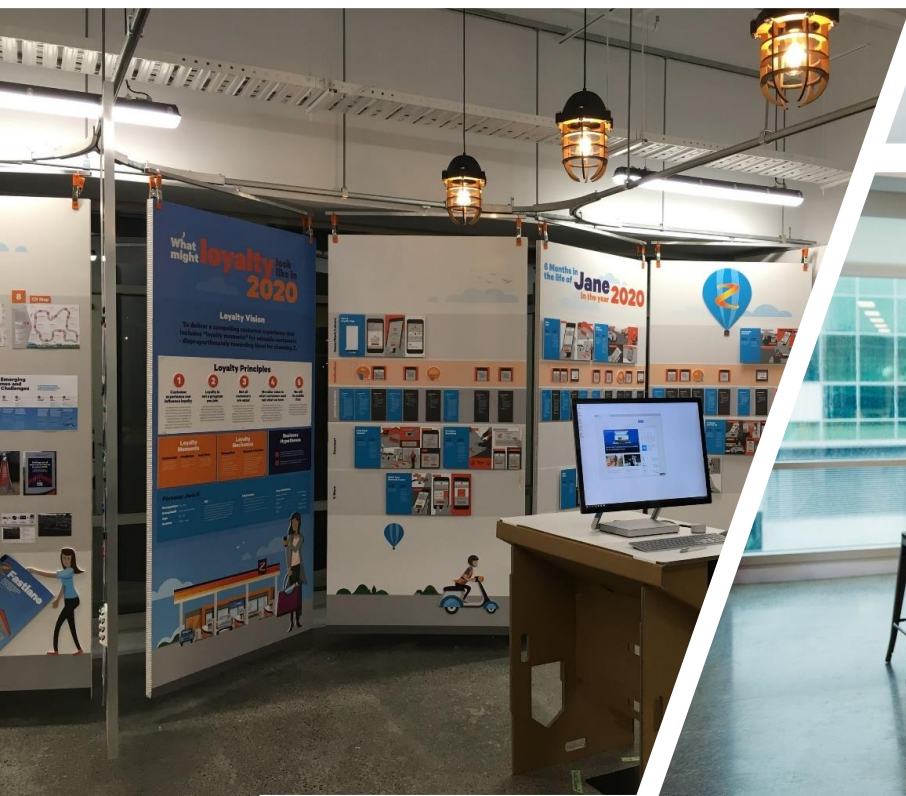
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INNOVATION @ Z

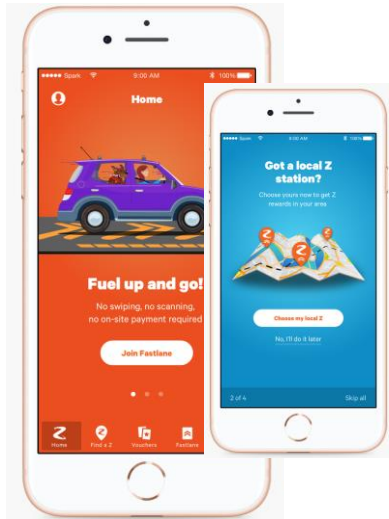
THE INNOVATION
REFINERY



Unlocking end-to-end CX

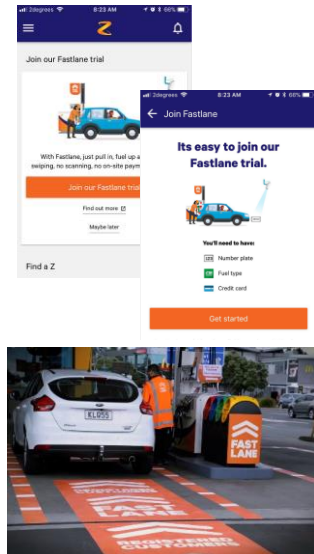


Experimental, component approach



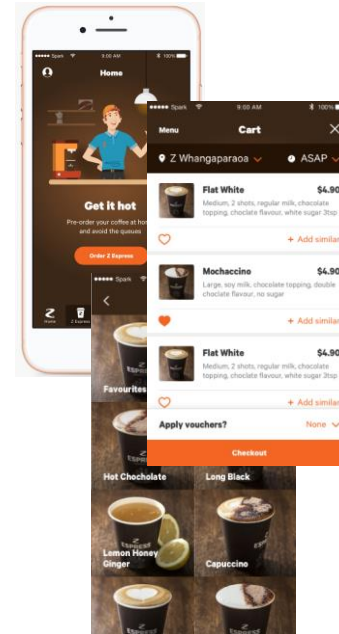
1 Next Gen Z App

Modernizing our experience and making our features more accessible.



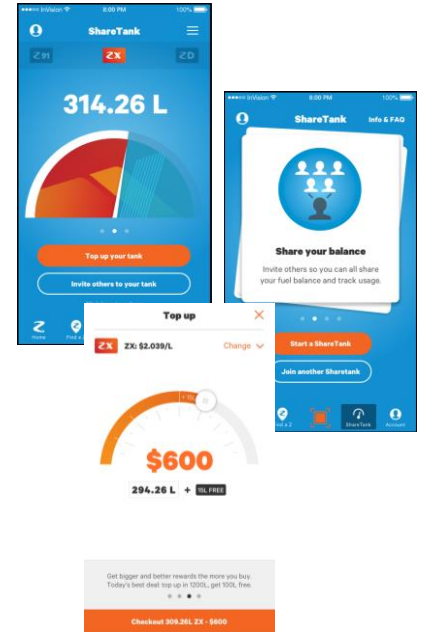
2 Fastlane

Fuel up and go without touching your wallet, cell phone or credit card.



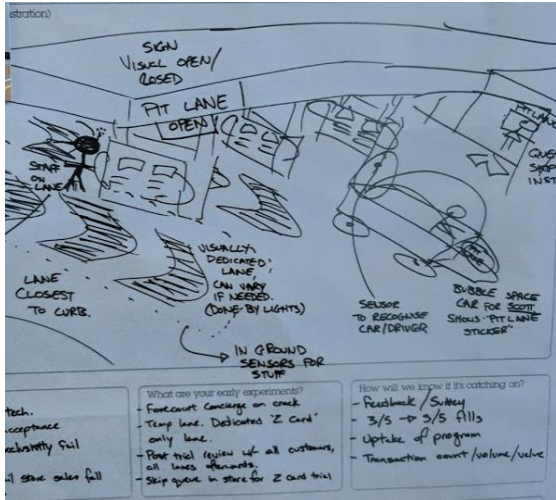
3 Pre-order Coffee

Order your favourite and have it ready when you arrive.



4 Sharetank

World first application of 'price lock' fuel for consumers in Beta testing



40 Interviews

16 Female

24 Male

Ask me about Fastlane

Z Card Holders

Airports Members

Fly Buys Members

Innovation in progress





Experiment, experiment, experiment





Z App
FAST LANE

Registered Users Only





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THE INNOVATION
REFINERY



Te Kora Hou

Biodiesel Plant





Hydrogen



Z House View 03

Hydrogen fuel cell vs battery electric cars

LIEBREICH
Associates

Tesla Model 3 (Long Range RWD)



Toyota Mirai



Price	\$49,900	\$57,500
Curb weight	1,847 kg	1,850 kg
Range	325 miles	312 miles
Number of seats	5	4
Luggage/cargo space (cubic feet)	15 ft ³ (43 ft ³ with seats down)	12.8 ft ³ (seats don't fold down)
Acceleration 0-60mph, top speed	4.4 seconds, 145 mph	9.0 seconds, 111mph
Refuel time, petrol station	230 miles (10%-80%): 30 minutes	280 miles: 3 minutes
Refuel time, home, office, mall	< 1 minute	Not possible
Drive train moving parts	17	> 200
Wind-to-wheel efficiency	> 61%	< 32 %

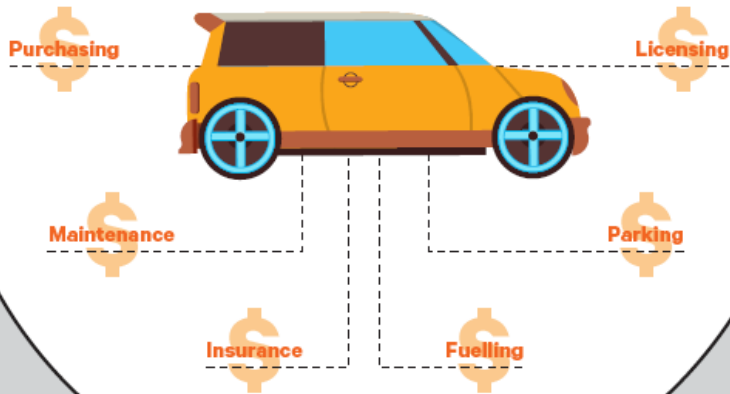
Images: Tesla; Toyota; Source: Liebreich Associates



Future of mobility

From

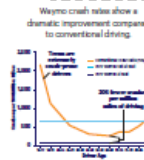
Mobility today consists of individual vehicle ownership and multiple touchpoints.



To

We believe autonomous electric vehicles could unlock an on-demand mobility future.

Safer



Cheaper

Transport-as-a-service (TaaS) will offer nearly lower-cost transport alternatives — four to ten times cheaper per mile than buying a new car and two to four times cheaper than operating an existing vehicle.

Simple

A couple of taps on your phone

Accessible to more people



mevo™



THE INNOVATION
REFINERY



“ 80 percent of
Kiwis live within 5km
of a Z group service
station. ”

● *Our retail and truckstop network*





Q & A

