



Analyst Briefing

28 February 2018



REFINING NZ
Your Energy Hive

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- Each forward looking statement speaks only as of the date of this announcement, 28 February 2018.

Agenda

2017

2018

Pipeline incident

Did I crumble? Did you think I'd lay down?*)

Oh no not I...



I will survive!



Revenue loss \$8.3m, extra costs \$6.0m, insurance recovery \$2.9m

Throughputs higher today than before the incident

No prosecution - external expert studies concluded:

- Pipeline well run in lead-up to incident
- Incident due to external force

Resilience improvement:

- LIDAR trial
- 33 kV at Wellsford pump station
- Feasibility study into improved truck loading

We expect a Q2/3 return to full pressure post pig-run validation

* Lyrics from "I will survive" made famous by Gloria Gaynor and Shirley Bassey

Strong financial performance...

Despite tough operational and reputational challenges in the second half



	FY 16	FY 17
Gross Refinery Margin (US\$/barrel)	6.47	8.01
Free cash flow (NZ\$m) ^[1]	47	103
Net profit after tax – Group (NZ\$m)	47	79
Personal		
TRCF ^[2]	0.51	0.89
LTIF ^[2]	0.25	0.26
Process		
Tier 1 (>US\$25k) ^[3]	1	0
Tier 2 (>US\$2.5k) ^[3]	0	4
Releases outside consent	5	4
Throughput (million barrels)	42.7	41.7
Operational availability	96.9%	98.0%
Brent price (US\$/barrel)	44	54
Exchange rate (US\$)	0.70	0.71

[1] Free cash flow calculated as operating cash flow minus actual capital expenditures

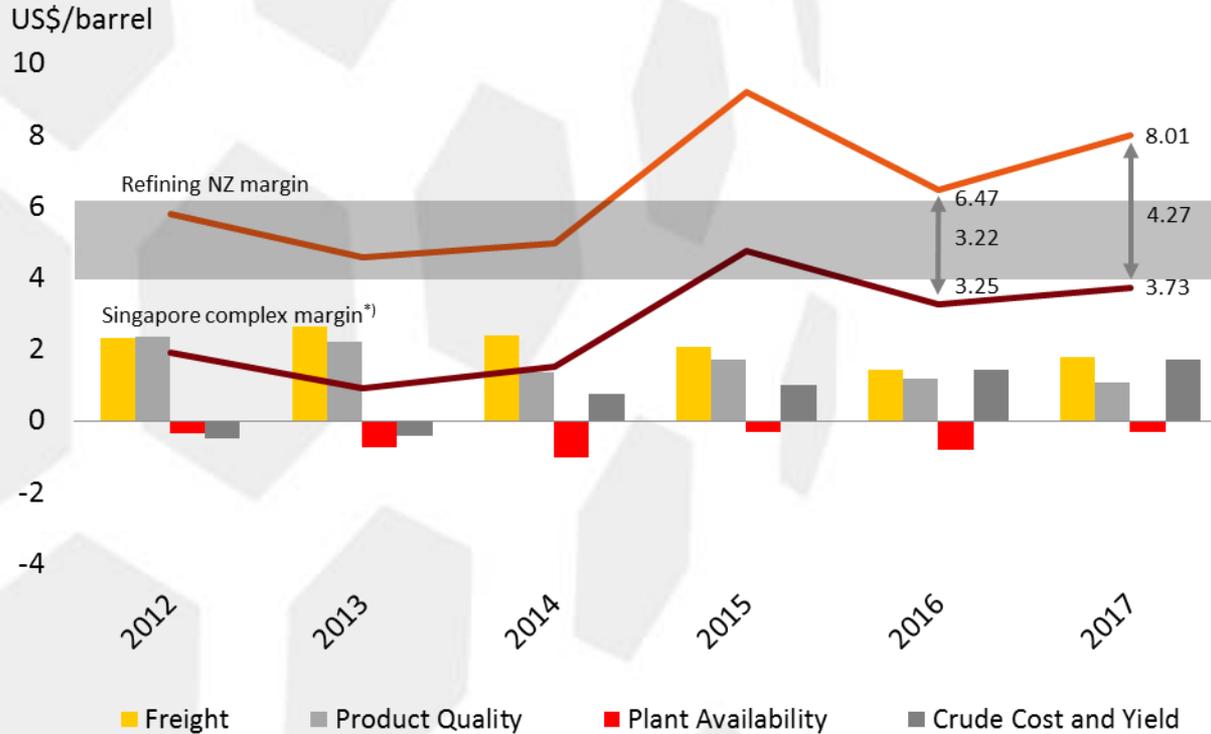
[2] Per 200,000 hours, rolling 12-month

[3] For a full definition please refer to Glossary in Appendix I

See our Annual Report for further detail, available at <http://www.refiningnz.com/investor-centre.aspx>

Margins continue at top of historical average...

Growth strategy continues to pay off in a tough competitive environment



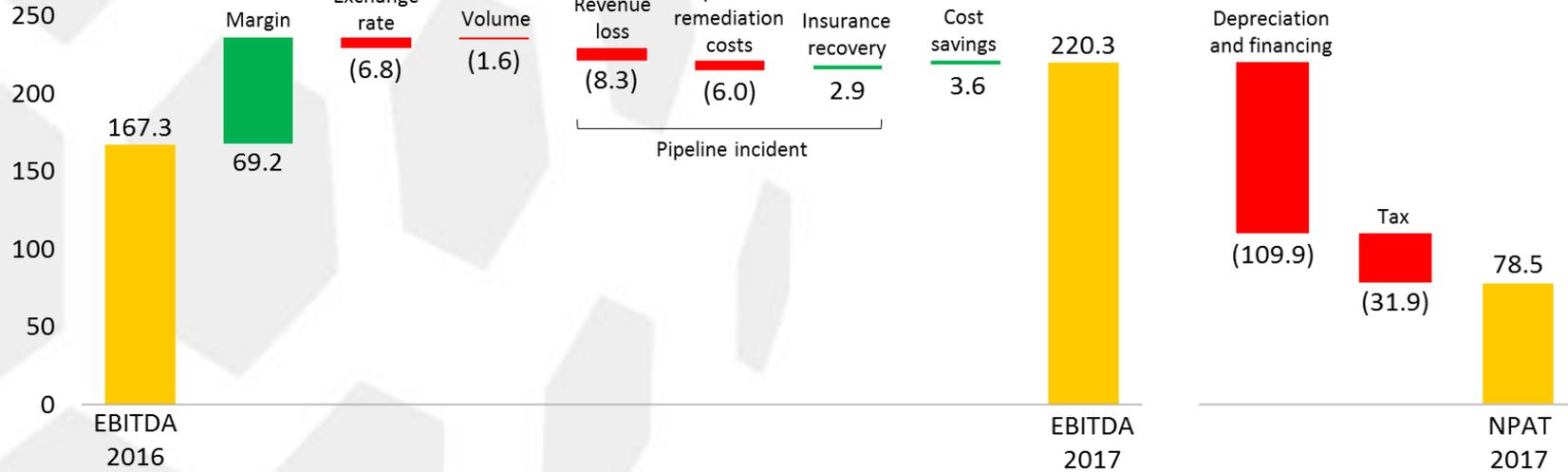
Uplift 2017 versus 2016	US\$/barrel
Freight	0.37
Product quality	(0.11)
Plant availability	0.52
Crude cost and yield	0.27
Total	1.05

* The Singapore Complex Margin is calculated using Platts Dubai crude and Singapore product prices, VLCC freight to Singapore, and the International Energy Agency's Dubai complex refinery yields adjusted for fuel & loss.

EBITDA up 32%

EBITDA TO NPAT

NZ\$m



Subsequent to balance date – Refining NZ’s business interruption claim has been accepted

New simplified dividend policy...

Resulting in 12 cps final dividend

Refining NZ's dividend policy is to pay 80% of Free Cash Flow (FCF) as ordinary dividends.

Subject to the Board's due consideration of the Company's:

- medium-term asset investment programme,
- 20% targeted average gearing level, and
- future circumstances including the profitability, growth opportunities, and the financial and taxation position of Refining NZ.

2017 Growth delivery

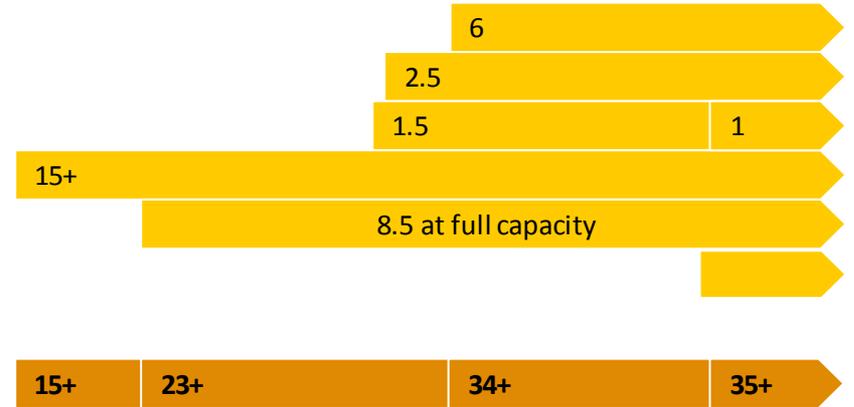
33 US cents per barrel delivered^{*)}



Post Te Mahi Hou Optimisation:

- - Hydrogen recovery from BRU: compressor
- - Hydrogen recovery from CCR: Advanced Process Control
- **Other short payback projects**
- **Natural Gas**
- **Pipeline capacity increase: Stages I and II**
- **Jet fuel tank farm re-configuration**
- **Sulphur solidification**

Cumulative



* Pending recertification of pipeline at 87 bar

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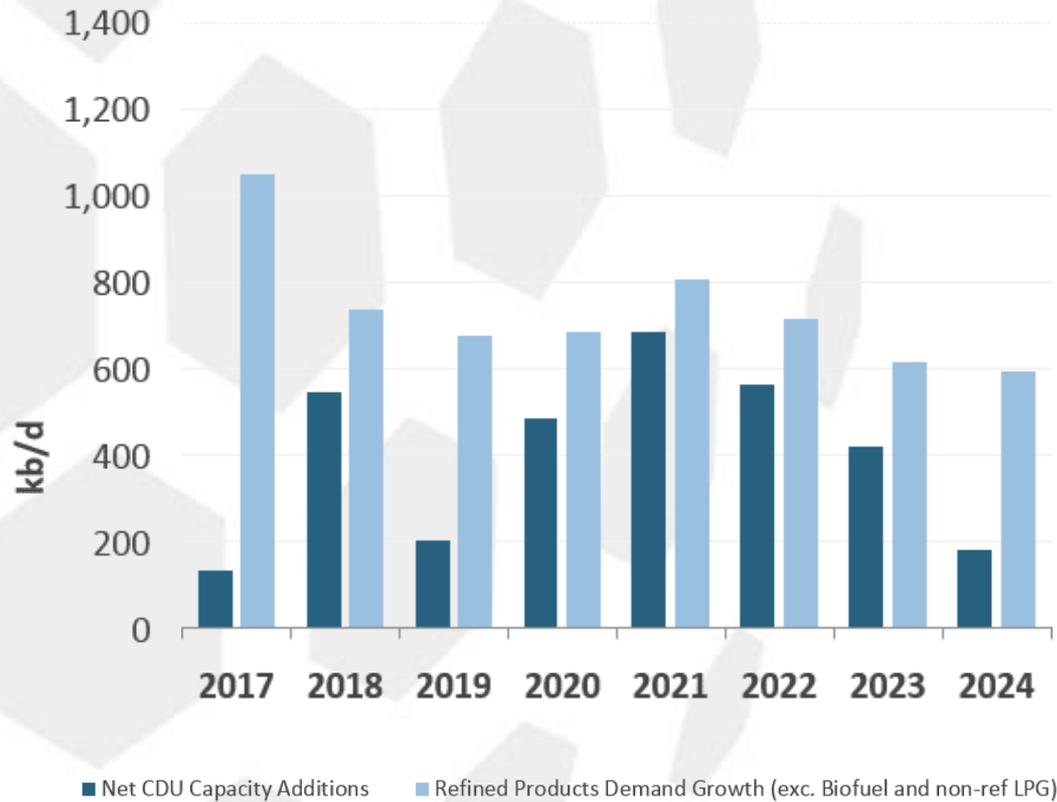
2017

2018

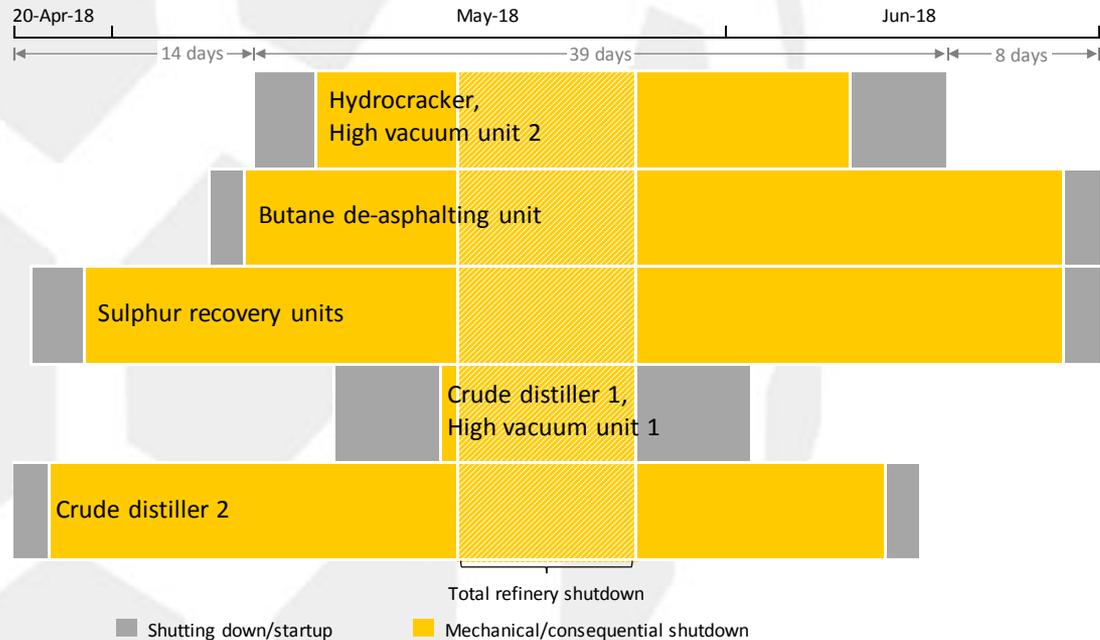
Strong macro continues

Capacity additions and retirements “locked in” to early 2020s with an IMO caveat

Asia Net Capacity Additions vs. Oil Product Demand Growth



We are well set up for the 2018 shut



- Capital spend NZ\$85m
- Hydrocracker shutdown 39 days – comparable with 2014
- Financial impact NZ\$30m – comparable with a normal hydrocracker shutdown
- Intake 42.3mmbbls

\$20m earmarked for 2018 growth projects

Delivering 18 US cents per barrel new income



PIPELINE CAPACITY

- Phase 3 2019
- Further expansion*)



DREDGING

- Resource consent hearing in February 2018
- Dredging 2019/ 2020 onwards*)



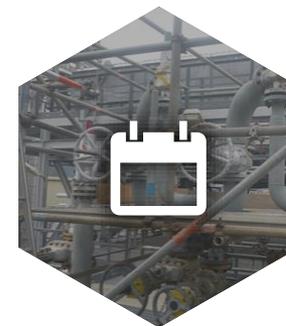
SULPHUR FORMING

- Completion 2018



JET TANK FARM RECONFIGURATION

- Completion 2018



SHORT PAYBACK PROJECTS

- Hydrogen recovery from BRU
- Additional nitrogen storage
- Tops to Benzene Removal Unit
- VSD on C252

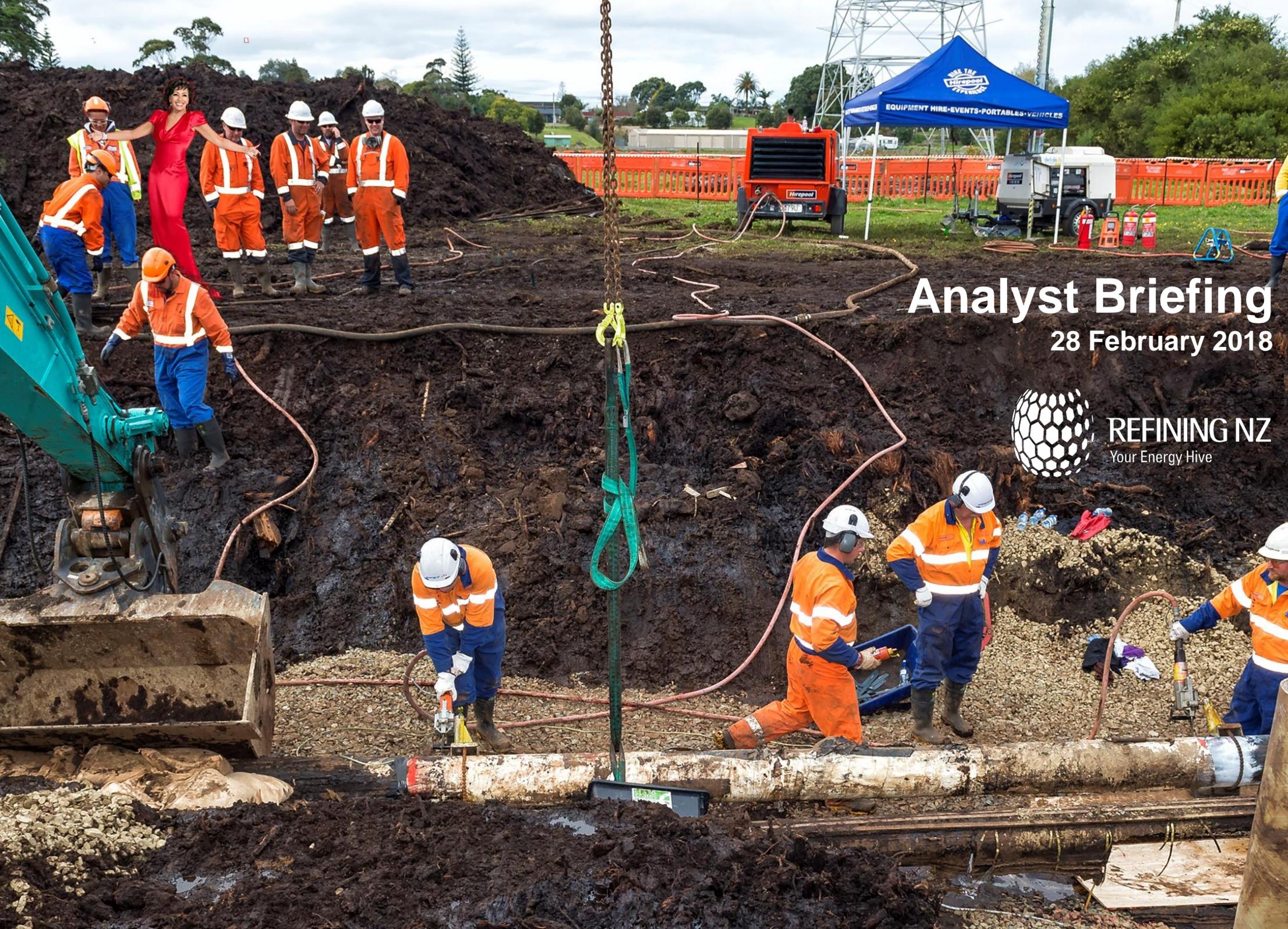
* Subject to final Board approval

2018 profit and borrowings matrix

USD Exchange Rate	0.60	0.65	0.70	0.75	0.80
GRM USD					
5.00	21 208	7 228	(5) 244	(16) 259	(25) 272
6.00	58 165	41 182	26 201	14 218	3 233
7.00	94 128	75 148	58 165	43 180	30 195
8.00	131 92	109 114	89 133	72 150	58 165
9.00	168 55	142 80	121 102	102 121	85 137

42 Production: (Barrels ('000's)
 90 Non Processing Fee Revenue, \$m
 93 Depreciation, \$m

Capex (NZ\$m)		2018	2019
Retain	Was	119	-
	Now	114	80
Grow	Was	14	-
	Now	20	5



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Appendix I

Glossary

- **LTIF** - Lost time injury frequency (rolling 12 month per 200,000 hours)
- **TRCF** - Total recordable case frequency (rolling 12 month per 200,000 hours)
- **Tier 1 Process Safety Event (API 754)** - A tier 1 Process Safety Event (PSE) is an unplanned or uncontrolled release of any material, including non-toxic and non-flammable, from a process which results in one or more of the following: A LTI and/or fatality; A fire or explosion resulting in greater than or equal to \$25,000 of direct cost to the company; A release of material greater than the threshold quantities given in Table 1 of API 754 in any one-hour period; An officially declared community evacuation or community shelter-in-place.
- **Tier 2 Process Safety Event (API 754)** - A tier 2 Process Safety Event (PSE) is an unplanned or uncontrolled release of any material, including non-toxic and non-flammable, from a process which results in one or more of the following: A recordable injury; A fire or explosion resulting in greater than or equal to \$2,500 of direct cost to the company; A release of material greater than the threshold quantities given in Table 2 of API 754 in any one-hour period.

Dividend Policy

Refining NZ's dividend policy is to pay 80% of Free Cash Flow (FCF) as ordinary dividends subject to the Board's due consideration of the Company's medium-term asset investment programme, 20% targeted average gearing level and future circumstances including the profitability, growth opportunities, and the financial and taxation position of Refining NZ.

Free Cash Flow is the Net Cash from Operating Activities less normalised stay-in-business capital.

Dividend payments are expected to be split into an interim dividend paid in September and a final dividend paid in March.

It is the intention of the Board to attach imputation credits to dividends to the extent that they are available.