2020 INTERIM RESULTS PRESENTATION
For the six months ended 30 June 2020

REFINING NZ
Your Energy Hive

17 August 2020

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- Each forward looking statement speaks only as of the date of this announcement,17 August 2020. The financial statements referenced in this presentation have been prepared based on existing Group operations under the current Processing Agreements, as at 16 August 2020. The potential outcomes from the Strategic Review, which are not solely within the Company’s control, may be substantially different from such existing operations and may therefore impact the financial performance and financial position of the Company in the future.

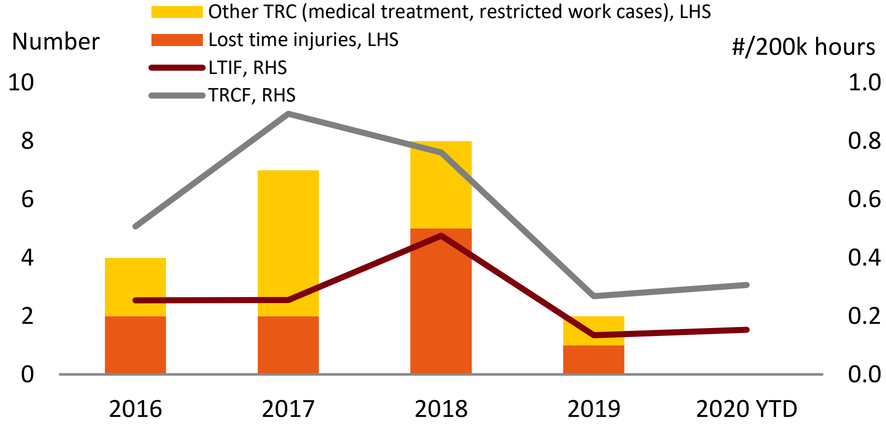
HY 20 HIGHLIGHTS

- Outstanding safety and operational performance
- Refinery and RAP throughput impacted by COVID-19
- Fee Floor protected the Company against low refining margins and COVID-19 impacts
- Reset the 2020 cost base to reduce cash-breakeven to Fee Floor levels
- Early action to strengthen the balance sheet – significant debt headroom and no material near-term maturities
- Strategic Review well progressed

SAFETY & ENVIRONMENT

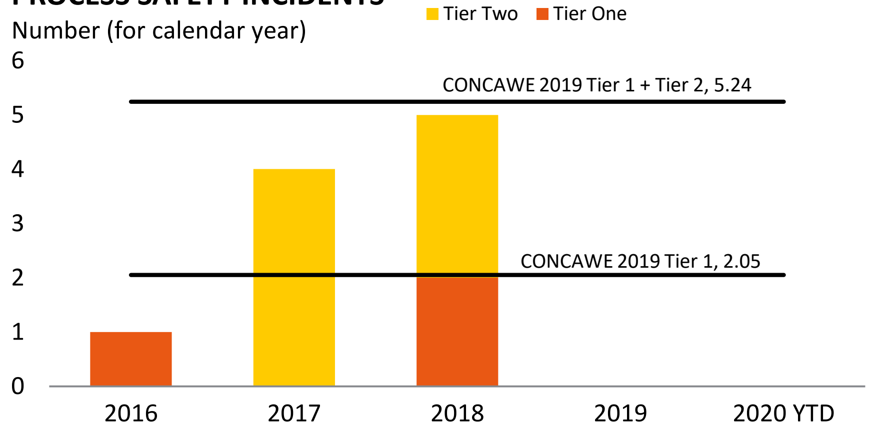
Incident free operations during period of significant disruption

TOTAL RECORDABLE CASES[1]



PROCESS SAFETY INCIDENTS[1]

Number (for calendar year)



- No recordable injuries during 2020 – last recordable incident in Oct 2019
- No Tier 1 or Tier 2[process safety events
- Successfully operated with frequent cycling of process units (due to a significant reduction in demand associated with COVID-19) – reflecting a highly capable workforce and strong operational discipline
- Workforce flexibility and rapid changes in workplace practices ensured a healthy workplace and no operational interruption during COVID-19 lockdown
- The E Tu Tangata safety culture programme is a finalist in the 2020 New Zealand Workplace H&S Awards

1 For a full definition please refer to Glossary in Appendix 1

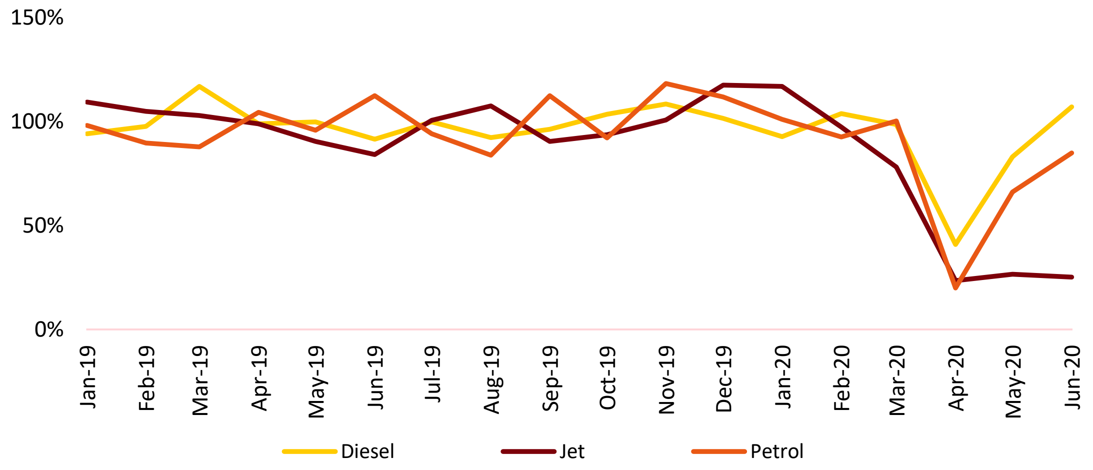
DEMAND

Effective operational response to unprecedented demand reduction

		HY 19	HY 20	Change	
Refinery Throughput	Mbbl	21.2	15.4	5.8 ▼	27%
RAP Throughput	Mbbl	10.3	7.5	2.8 ▼	27%
Operational availability	%	99.9	96.8	3.1 ▼	3%

RAP DELIVERIES BY MONTH, JAN-19 TO JUN-20

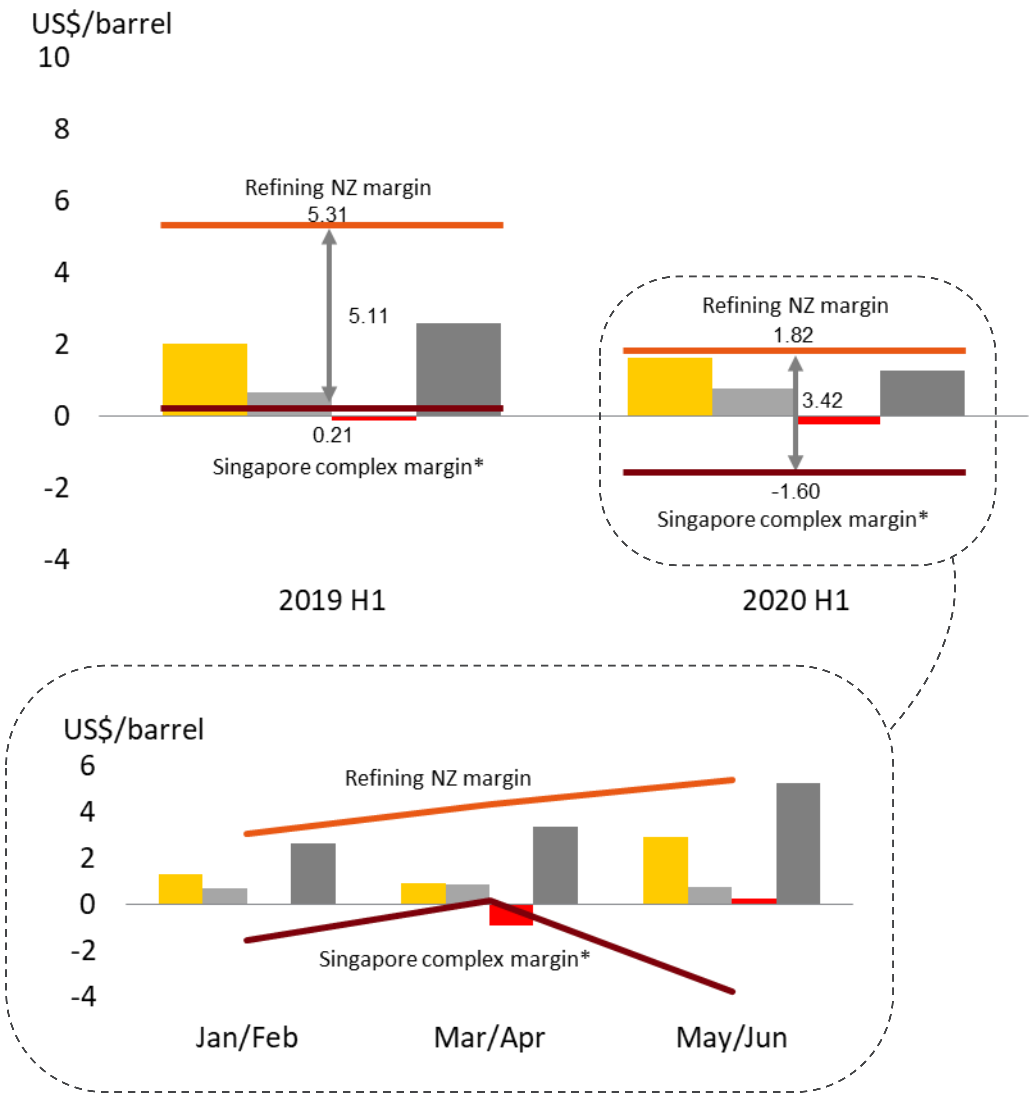
% of 2019 average



- Unprecedented fuel demand destruction, due to COVID-19 travel restrictions
- Substantially lowered production rates and adopted strategies to minimise jet fuel production. Operational availability adjusted to align with reduced demand
- Gasoline and diesel demand have largely recovered to pre-COVID levels, however jet fuel demand remains weak at ~40% v pcp
- Restarting refinery in August after temporary 6-week shutdown to balance fuel supply

REFINING MARGINS

Volatile, depressed refining margins due to COVID-19



US$/BARREL	HY 19	HY 20	Change
Singapore Complex Margin*	0.21	(1.60)	(1.81)
Freight	2.00	1.61	(0.39)
Product quality	0.65	0.76	0.11
Plant availability	(0.14)	(0.22)	(0.08)
Crude cost and yield	2.59	1.29	(1.30)
Refining NZ uplift	5.11	3.42	(1.69)
RNZ GRM	5.31	1.82	(3.49)

- Negative Singapore Complex Margin due to COVID-19 impacts on oil and refined product demand
- Volatility in uplift over Singapore Complex Margin, impacted by higher crude freight rates and discounting of crude as COVID-19 caused significant oversupply, oil inventory build and use of shipping as floating storage

* 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.

Reset the cost base while operating at the Fee Floor

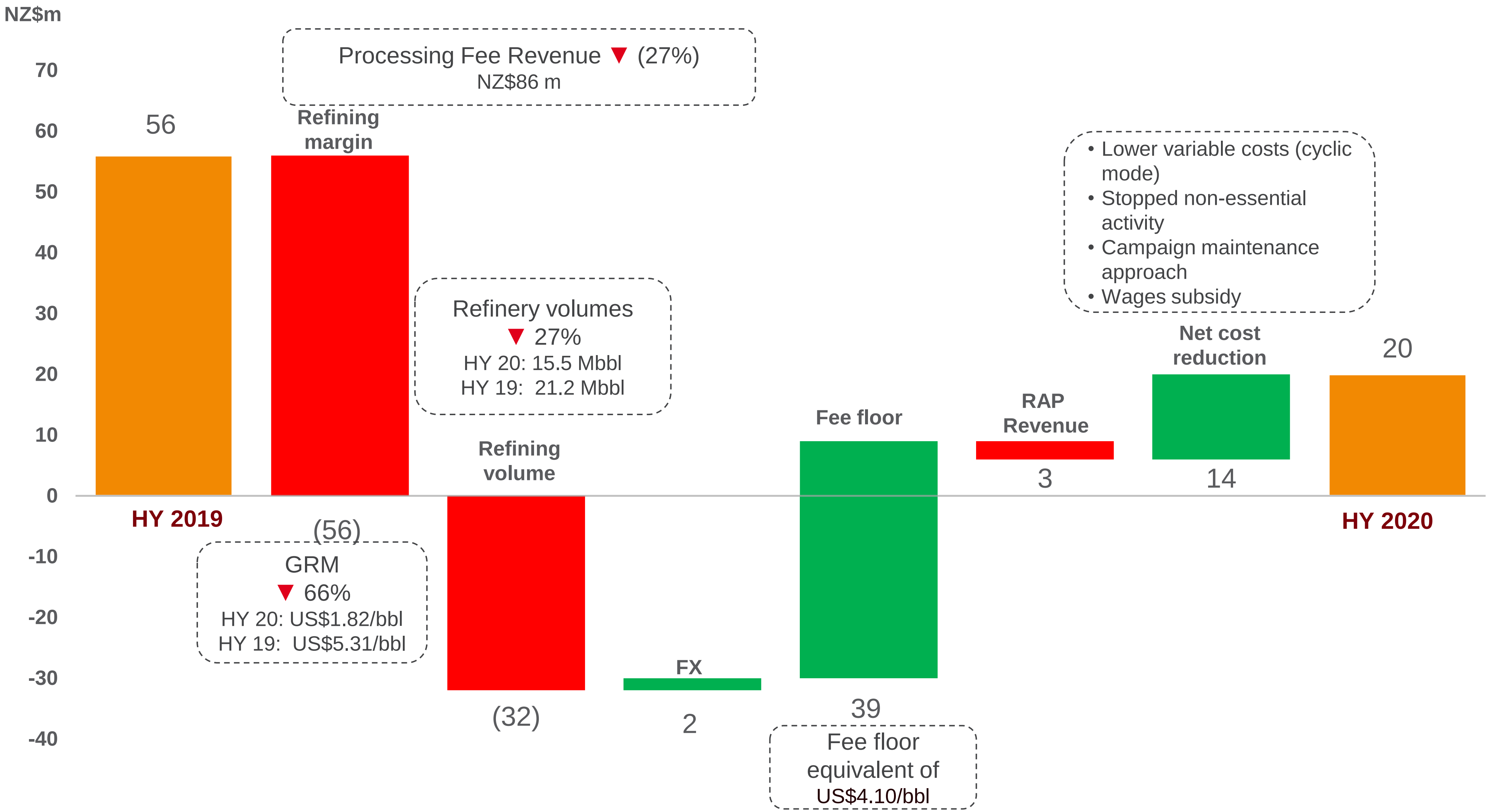
		HY 19	HY 20	Change	
Revenue - Refinery [1]	NZ$M	146.1	96.5	49.6 ▼	34%
Revenue - Infrastructure [1]	NZ$M	25.5	22.6	2.9 ▼	11%
EBITDA [2]	NZ$M	54.1	15.4	38.7 ▼	72%
Adjusted EBITDA [2]	NZ$M	56.2	20.5	35.7 ▼	64%
Capex [3]	NZ$M	29.8	22.0	7.8 ▼	26%
Free cash flow [4]	NZ$M	18.2	(8.3)	26.5 ▼	nm
Net Profit/(Loss) after tax	NZ$M	(3.5)	(186.3)	(182.8) ▲	nm
Net Debt [4][5]	NZ$M	241.4	249.7	8.3 ▲	3%

- Significant decline in revenue due to low margins and throughput – COVID-19 impacts
- Fee Floor in operation protecting against full extent of margin and demand decline
- Net loss after tax impacted by non-cash impairment of $158 million (net of tax) – revised refining margin assumptions reflecting excess global capacity and COVID-19 impacts
- Free cash flow neutral and net debt flat since April 2020

1. For further information, please refer to our Interim Financial Statements, available at http://www.refiningnz.com/investor-centre.aspx
2. For a reconciliation of these Non-GAAP measures, please refer to Appendix 3 and refer to our Interim Financial Statements for further detail
3. Cashflow associated with Capex
4. For a full definition please refer to the Glossary in Appendix 1
5. Net debt as at 31 December 2019

ADJUSTED EBITDA VARIANCES TO HY19

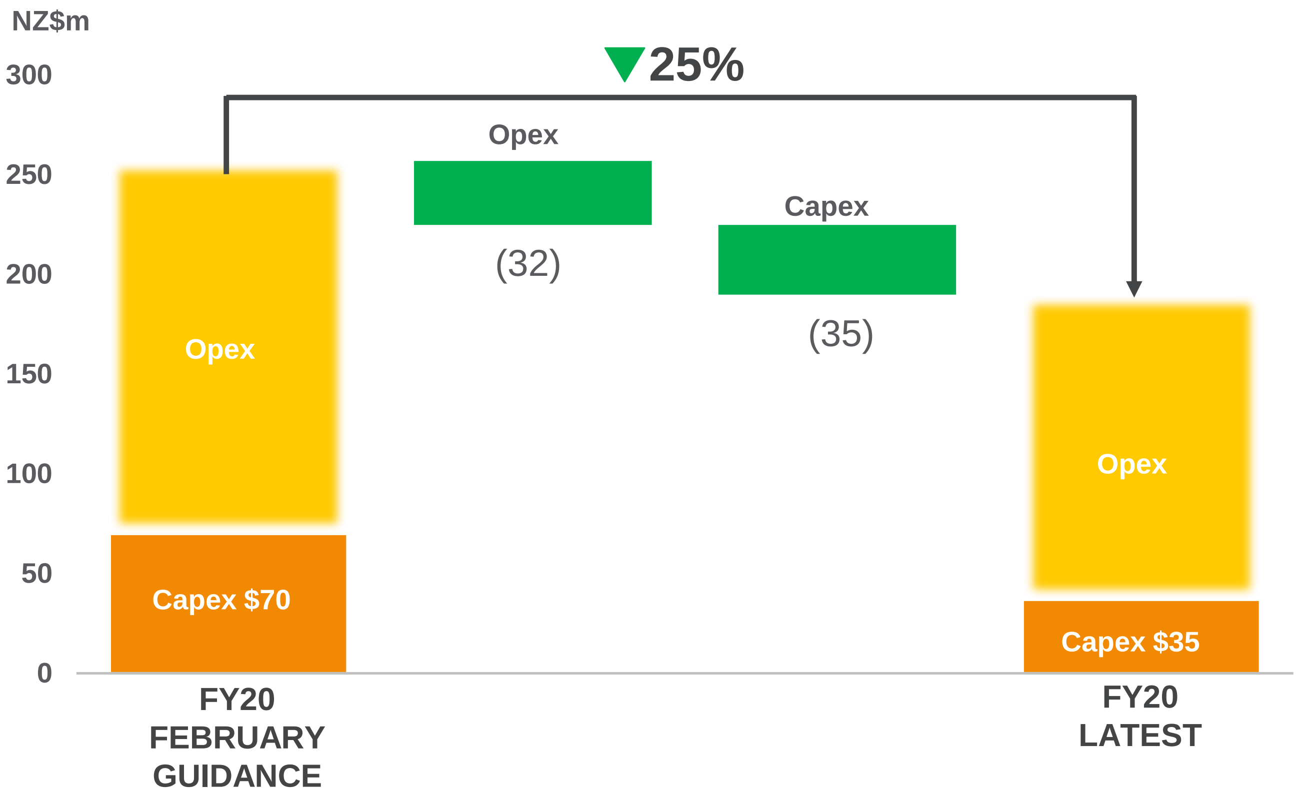
Decline in revenue partly offset by Fee Floor payments and cost reductions



1. The above chart excludes any movement in pass through costs such as natural gas, sulphur and carbon. See our Financial Statements for further detail, available at http://www.refiningnz.com/investor-centre.aspx
2. For a definition of Adjusted EBITDA, please refer to the Glossary in Appendix I. For a reconciliation of this Non-GAAP measure, please refer to Appendix 3 and our Interim Financial Statements.

c$70M REDUCTION IN 2020 OPEX AND CAPEX

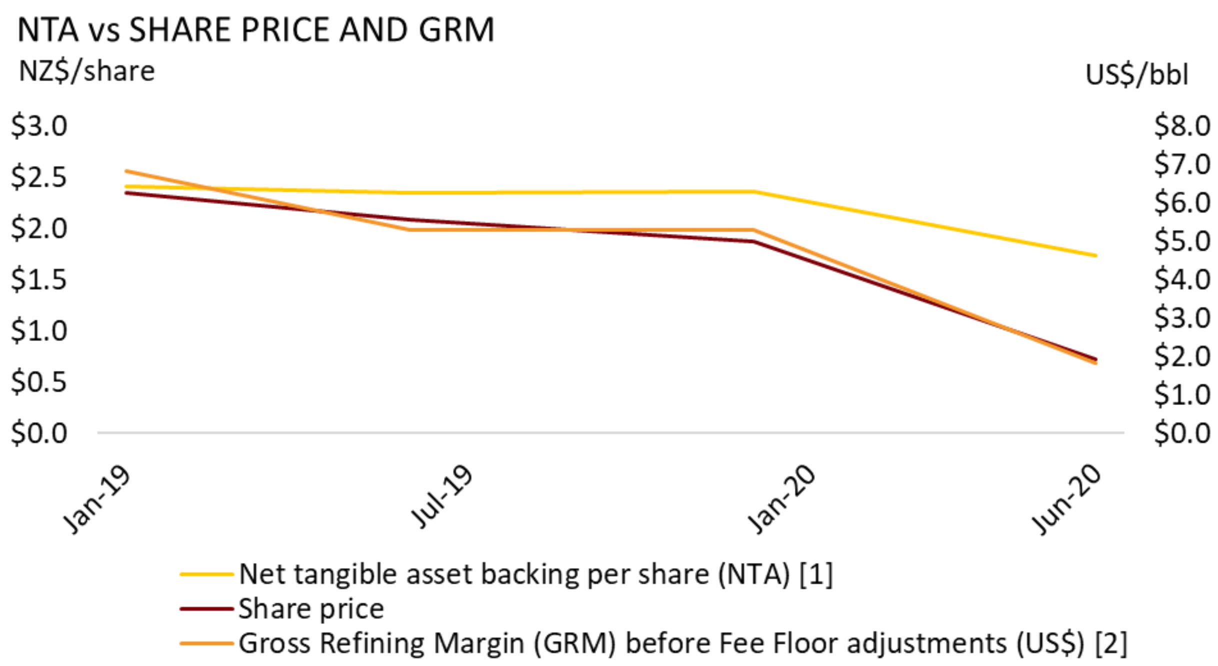
Provides foundation for operating cash neutral from Q2 in 2020



- Deferral of platformer and crude distillation shutdown into 2021
- Optimisation of capital budget, in line with latest asset management strategy
- Reduced variable costs from lower refinery production
- Reduction in the number of people on site, focused on essential activity
- Lower electricity costs, ~20% of our cost base, during the cycling of our process plant

The above chart excludes any movement in pass through costs such as natural gas, sulphur and carbon and prior to any Strategic Review implementation costs.

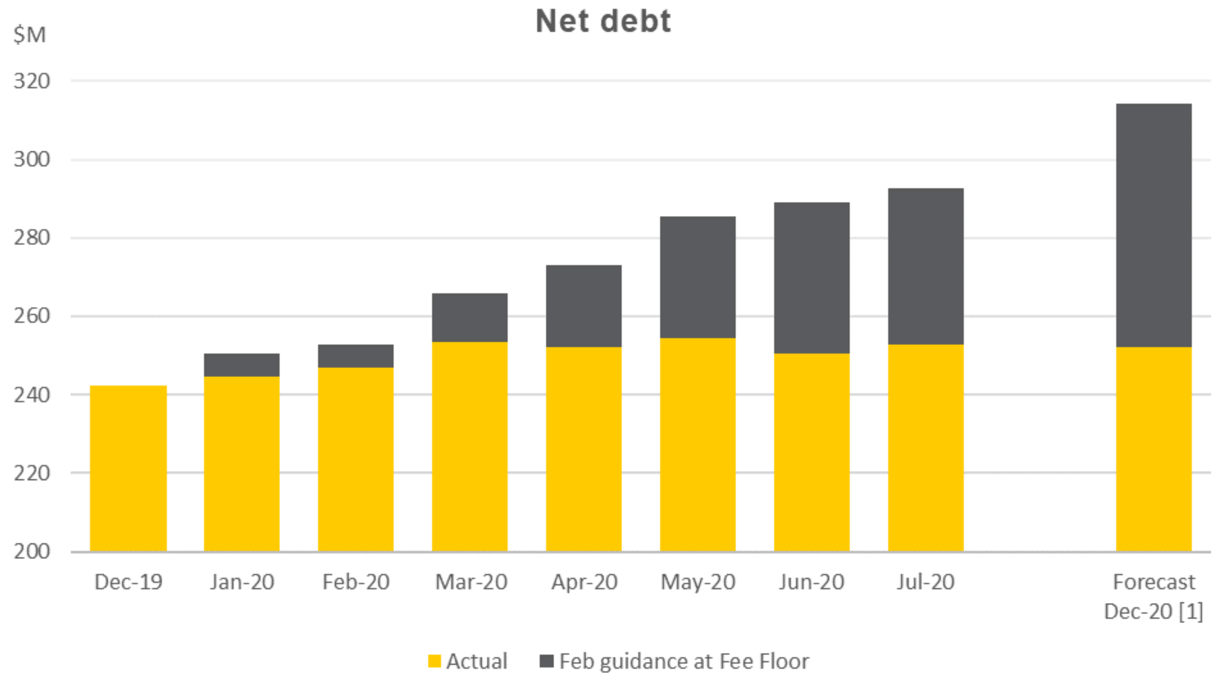
Strong net tangible asset backing



- Share price over the previous 12 months has tracked the decline in GRM, well below the post-impairment NTA of $1.74 per share
- Impairment testing has been undertaken based on existing refining business model and Processing Agreements before Strategic Review outcomes
- Revised refining margin assumptions reflecting excess global capacity and COVID-19 impacts has resulted in $158m impairment after tax
- Transparent disclosure in financial statements of basis for impairment assessment, given margin uncertainty in current environment and changes in cost base and Strategic Review underway
- Valuation of infrastructure assets underway as part of Strategic Review work

1 Net tangible asset backing per share (NTA) calculates as the Group’s net assets, excluding intangible assets and derivative financial assets and liabilities.
2 Gross refining margin is a 6-monthly actual margin earned by Refining NZ, prior to any Fee Floor adjustments.

Maintaining cash neutral position



February 2020 matrix guidance withdrawn:

- Steps taken to maintain cash neutral position
- $70 million reduction in FY20 planned expenditure

Covenant compliant:

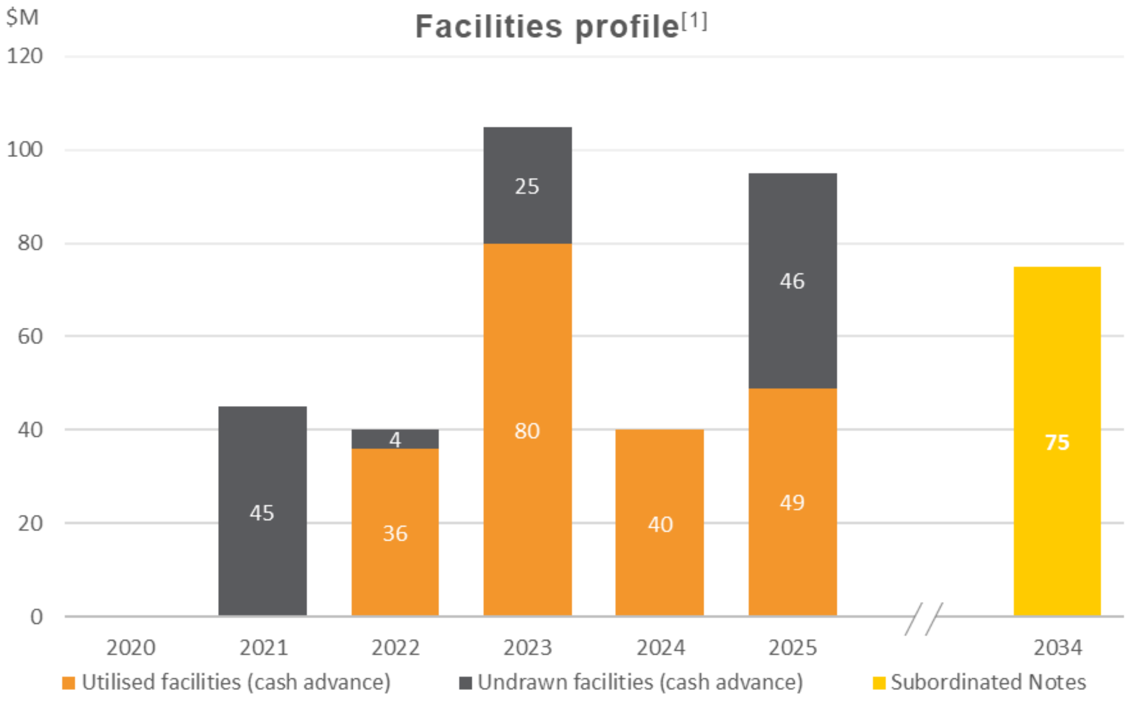
- 12 months to 30 June 2020, includes 8 months at the Fee Floor
- Further covenant headroom expected in 2021 as interest rate swaps mature

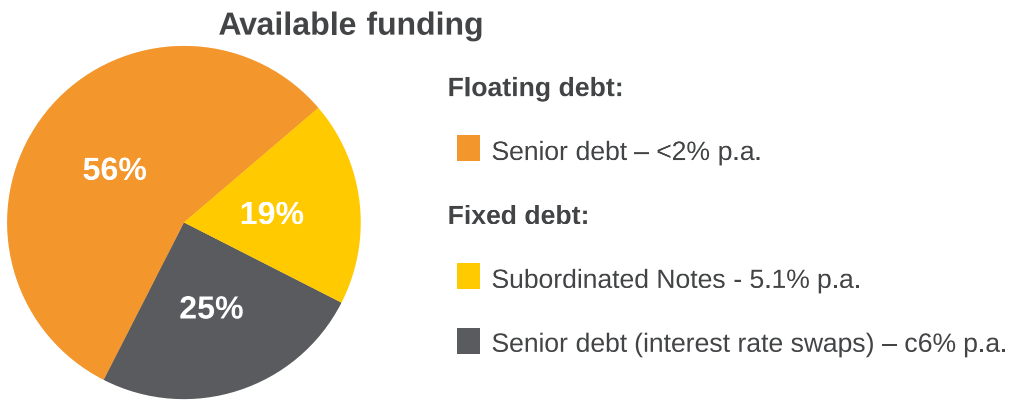
	Covenant	Actual 30 June 2020
Gearing	Max 45%	25%
Interest cover	Min 4x	9x
Total Interest cover	Min 2x	6x

1. Refer to Appendix 3 for an outline of covenants

BALANCE SHEET STRENGTHENED

Creating runway for value creation through Strategic Review





- Increased and extended debt facilities:
  - $50m of additional lines
  - extended maturities on $120m debt
  - 5.3 years average tenor and no significant maturities in near term
- c$150m of facility headroom/cash as at 30 June 2020
- Average interest rate of 5.4% in HY20, down from 5.9% for HY19, due to lower fixed rate debt and lower floating rates

1. This chart outlines borrowings profile after taking into account a post 30 June 2020 extension of $40M bank facilities from 2022 to 2024

Focused on unlocking the full value of our assets

Phase I complete, with two options taken forward to Phase II (detailed planning) – next update around end of Q3

Simplify refinery operations

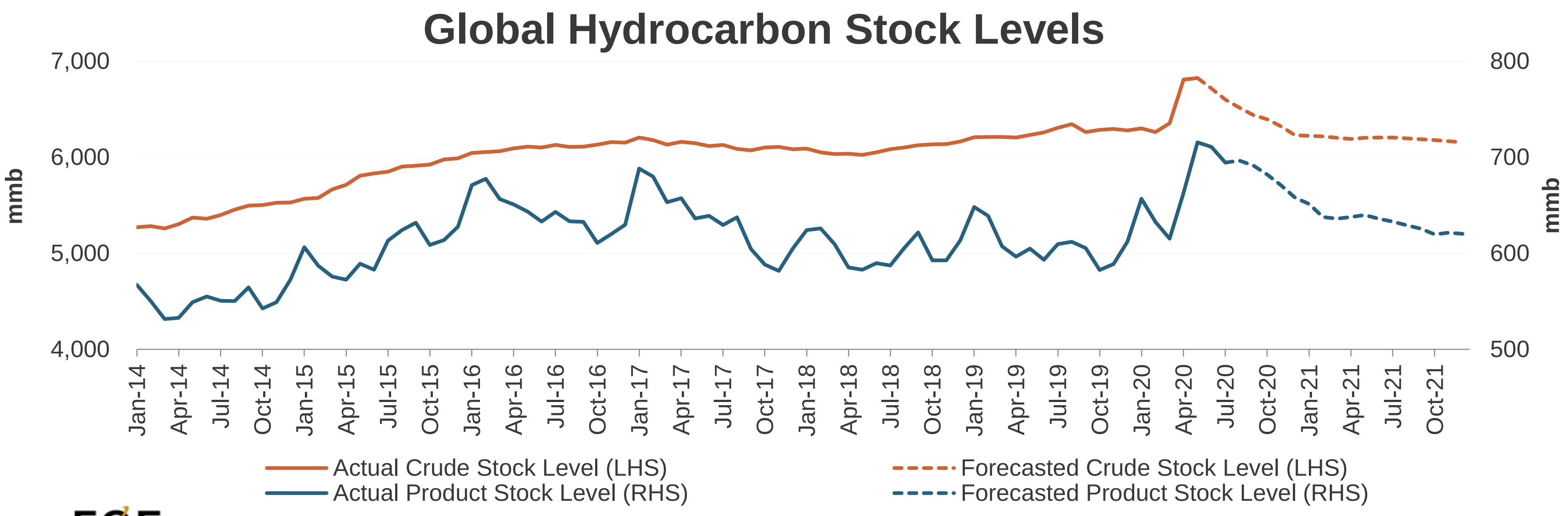
- Focused on achieving a structural reduction in complexity and operating cost within the existing Processing Agreement
- Permanent reset of cash-breakeven level to Fee Floor level – making business robust to an extended period of low-margins
- Creates time and optionality to assess potential import terminal option
- Plans expected to be finalised around the end of Q3, ahead of implementation in Q4

Future staged transition to an import terminal

- Significant latent value in our highly strategic infrastructure assets, which provide an efficient and reliable supply chain to the large Auckland market
- Exploring a commercial framework with customers, overseen by the Independent Directors
- Focus on self-funded transition through level and timing of transition costs, balance sheet efficiency and tariff structure
- Any transition would ultimately require shareholder approval (excluding customer shareholders)

Uncertain market conditions persist, exacerbated by COVID-19

- GRM expected to remain volatile in the near term
  - COVID-19 impacts & recovery, USA-China tensions and Chinese exports
  - Singapore Complex Margin forecast to improve from H1, but remain weak
  - Refining NZ uplift expected to remain volatile due to COVID-19 and global inventory levels
- Refinery to return to low production mode after temporary shutdown in July/August. NZ jet demand expected to remain low through 2020
- Expect processing fees to remain at Fee Floor level though H2 2020
- Focus on keeping cash-breakeven level at the Fee Floor, while progressing Strategic Review detailed planning



Source: FGE

LOOKING AHEAD

- Challenging and volatile market conditions persist, exacerbated by COVID-19
- Maintain cash break-even through 2020 at Fee Floor
- Strategic Review well progressed – simplification plans to be finalised end Q3 for implementation

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APPENDIX 1 GLOSSARY

- **Concawe** – an organisation that benchmarks safety performance for member companies and JV's in the EU, Norway and Switzerland. The latest benchmarking study was carried out in respect of 2019 performance, covering 42 member organisations.

- **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; A 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.

- **Net debt –** Net debt comprises total borrowings less cash and cash equivalents

- **Reported EBITDA** – Earnings Before Interest, Tax, Depreciation and Impairment is a non-GAAP measure. Please refer to Appendix II for a reconciliation

- **Adjusted EBITDA** - Reported EBITDA adjusted for other non-cash expenses, and used for bank covenant purposes

- **Free Cash Flow –** net cash generated from operations less investing activities

APPENDIX 2 NON-GAAP MEASURES

Refining NZ's standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (NZ GAAP) is net profit/(loss) after tax. Refining NZ has used non-GAAP measures when discussing financial performance in this Half-Year Report. The Directors and Management Team believe that these measures provide useful information as they are used internally to evaluate segmental and total Group performance, to establish operating and capital budgets as well as being used for bank covenant purposes.

Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand equivalents to International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures included in this report are not comparable with those used by other companies. They should not be used in isolation or as a substitute for GAAP profit measures as reported by Refining NZ in accordance with NZ IFRS.

	GROUP 30 JUNE 2020 $000	GROUP 30 JUNE 2019 $000
Reported net loss for the period (GAAP)	(186,348)	(3,503)
Add back:		
Income tax	(70,879)	(1,327)
Net interest expense	6,406	6,743
Impairment of assets	218,903	-
Depreciation	47,300	52,137
Reported EBITDA	15,382	54,050
Add back non-cash expenses:		
Stock obsolescence provision	3,269	278
Defined benefit pension fund cost	1,720	1,842
Interest income	146	24
Adjusted EBITDA	20,517	56,194

APPENDIX 3 COVENANTS

Refining NZ's banks have been grated the benefit of a Negative Pledge Deed, which sets out a number of covenants that the Company agrees to comply with. These are outlined as follows:

Senior Interest Cover Ratio The ratio of Negative Pledge EBITDA[1] to Interest Expense for the Refining NZ Group which is to be not less than **4.0** times. Interest expense includes the majority of interest on debt but does not include any interest or Deferred Interest paid with respect to the Subordinated Notes.

Total Interest Cover Ratio The ratio of Negative Pledge EBITDA (Adjusted EBITDA) to Total Interest Expense for the Refining NZ Group which is to be not less than 2.0 times. Total interest expense is the Interest Expense plus any interest or Deferred Interest paid with respect to the Subordinated Notes.

A gearing ratio The ratio of bank deb to the sum of bank debt plus shareholder equity for Refining NZ which is required to be not greater than 45%.

The senior interest and total interest cover ratios are tested semi-annually and are only breached if they are not met on two consecutive test dates. The gearing ratio is tested at all times.

1. Negative Pledge EBITDA has the same meaning as "Adjusted EBITDA" as set out in Appendix 1 and 2