

Operations Report

New Zealand

Reliable supply chain and ongoing energy transition enables one of New Zealand's leading transport energy companies, Z Energy.

New Zealand
RCOP EBIT

\$264m

The New Zealand segment includes a full 12 months' contribution from Z Energy and the contribution from Ampol's import supply chain into New Zealand.

New Zealand delivers improved performance

The New Zealand segment contributed RCOP EBIT of \$264 million as Z Energy's fuel sales volumes improved by 11%, on a proforma basis compared with 2022. The underlying Z Energy business performed strongly, including a strong performance from shop as sales and gross margin continued to improve. The 2023 result for New Zealand also includes the once-off recovery of impacts from the New Zealand Government's temporary reduction of fuel excise duty in 2022 as part of the Government's response to significantly elevated global fuel prices.

Z Energy strategy refresh

Between 2019 and 2023, Z Energy delivered against a four-year strategy program that generated a new industry structure, a reconfigured liquid fuel supply chain and an optimised network and customer offer.

That strategy was focused on optimising the core business and resulted in a business that is simpler and more efficient while maintaining growth options from its privileged network of assets.

Z Energy's investment in building its capability in digital technology and convenience retail is paying off. Their customers engage across a range of digital products aimed at providing convenience. The pay-by-plate technology is the ultimate in speed and ease while the coffee pre-order remains a convenient option that our customers are increasingly using.

This strategy phase was about optimising the core business and provided the foundation for growth in the years to come.

Z Energy now enters a new phase of strategy, where it can build upon its strong and diverse foundations. This phase balances Z Energy's responsibility as one of New Zealand's leading transport energy companies – to safely and reliably deliver the affordable energy customers and the economy needs, while supporting the energy transition.

An integrated, efficient fuel supply chain

Z Energy plays a critical role in the secure and reliable supply of transport fuels that its customers and the New Zealand economy need.

Over the year, Z Energy took further steps to ensure its supply chain is efficient, safe and reliable. In two tranches, Z Energy has smoothly transitioned its fuel imports into the Ampol supply chain. Z Energy now benefits from the regional scale of the Group, including the Group's Singapore trading function, and has access to a flexible regional supply of high-quality transport fuels.

This followed the transition of New Zealand's sole crude oil refinery to an import-only terminal, which was the biggest structural shift in New Zealand's liquid fuel supply chain in more than 60 years and was managed with no impacts on operational safety, customers or the economy.



Delivering growth through infrastructure

Z Energy holds approximately 40% of New Zealand's liquid fuel bulk storage assets through a network of port terminals and equity stakes in the country's primary fuel import terminal and inland tank farm at Wiri, Auckland.

To operate these assets with greater commercial autonomy, Z Energy increased its national fuel market share position over 2023. This growth has been driven by strong performance in wholesale and commercial fuel markets. Supporting this increasing volume performance, Z Energy signed a five-year contract during the year with fuel trucking company, MOVE Logistics. This contract provides greater security around Z Energy's road delivery requirements.

New energy solutions determine partnerships

Z Energy continues to identify and commercialise new energy solutions for its customers and support them in their own decarbonisation journeys.

The New Zealand Government, in conjunction with Air New Zealand, co-funded two feasibility studies to test the viability of establishing and operating a domestic Sustainable Aviation Fuel (SAF) facility. In one of these studies, Z Energy is partnering directly with LanzaTech and LanzaJet, focusing on the potential to use forestry residue as a feedstock in the production of SAF.

Supporting the electrification of customers and the economy

Electrification can play a significant role in the energy transition. Z Energy has been active in diversifying operations to ensure they can deliver value to their customers from increasing the use of electricity, including directly into customers' homes.

Over 2023, Z Energy increased its majority ownership position of the electricity retail business, Flick Electric, to 100% ownership and introduced an innovative new electricity offer.

Using a technology platform that was developed and built in-house, Flick Electric provides a flexible and easy-to-use system for its customers to monitor and control their energy consumption.

In conjunction with domestic EV charging provider Evnex, Z Energy has introduced the opportunity for customers to have EV chargers installed in their homes, as well as a discount offer that provides free electricity during certain off-peak periods for domestic EV charging.

Throughout 2023, Z Energy has also accelerated its delivery of EV charging bays across its retail network. As of the end of 2023, Z had 104 EV charging bays and is continuing to invest in fast charging capacity at strategic locations across the highway network.

○ CASE STUDY

Meeting customers on their journeys

Z Energy's strategy is to build a flexible, efficient business that delivers value. Investment in alternative energy, digital technology and customer experience provides a strong platform for growth.

Take fictional Joel for example. Joel has two kids and runs his own business. Time is precious and he wants to leave a better world for his kids.

He drops his kids at school before heading to work. He uses the Z App to pre-order a latte from his local Z.

Joel employs 12 staff with a fleet of trucks and vans. Using Z business cards at service stations and truck stops across his region, fuel purchases are centralised into one account that he monitors.

During the kids' pickup, he might buy healthy snacks while refuelling at the local Z, or if he's in a hurry, he'll use pay by plate.

Joel is active in the community and votes for local community organisations through the annual Good In The Hood program.

With Z's EV at Home plan, he uses an Evnex charger installed in his garage and loves charging his EV for free from 3am to 6am.

Joel often visits whānau in other regions, using Z's EV chargers to top up his car while enjoying a coffee.

He is talking with his Z account manager about the future of his work fleet. Joel takes confidence in Z's growing EV charging network while continuing to get the fuels he needs now from a network he trusts.

