



Analysts Briefing

2013 Half Year Result

23 August 2013



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- This presentation contains forward looking statements concerning the financial condition, results and operations of The New Zealand Refining Company Limited (hereafter referred to as “Refining NZ”).
- Forward looking statements are subject to the risks and uncertainties associated with the refining environment, including price and foreign currency fluctuations, production results, demand for Refining NZ’s services and other conditions.
- Forward looking statements are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.
- Forward looking statements include among other things, statements concerning the potential exposure of Refining NZ to market risk and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions.
- Forward looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “seek”, “should”, “target”, “will” and similar terms and phrases.
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- In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this announcement.
- Each forward looking statement speaks only as of the date of this announcement, 23 August 2013.

Overview

Results

Strategic Refresh

Analyst Briefing

Results

Strategic Refresh

Another tough start to the year...

Highlights

- Te Mahi Hou progressing to plan
 - Good performance on Hydrocracker since March shutdown
 - Promising 'go forward' action plan
-

Lowlights

- Systemic offshore discounting of marker product prices
- Revenue impacted by late shutdown and late crude deliveries

...but better than 2012...

	30 June 2013	30 June 2012*	Change
	NZ\$000	NZ\$000	%
FINANCIAL PERFORMANCE			
Total income	126,467	113,326	11.6
Costs	81,398	84,434	(3.6)
EBITDA	45,070	28,892	56.0
DA	37,097	30,596	21.2
Net finance cost	543	1,521	(64.3)
Income tax	2,145	(903)	337.5
Net profit after income tax	5,285	(2,322)	327.6

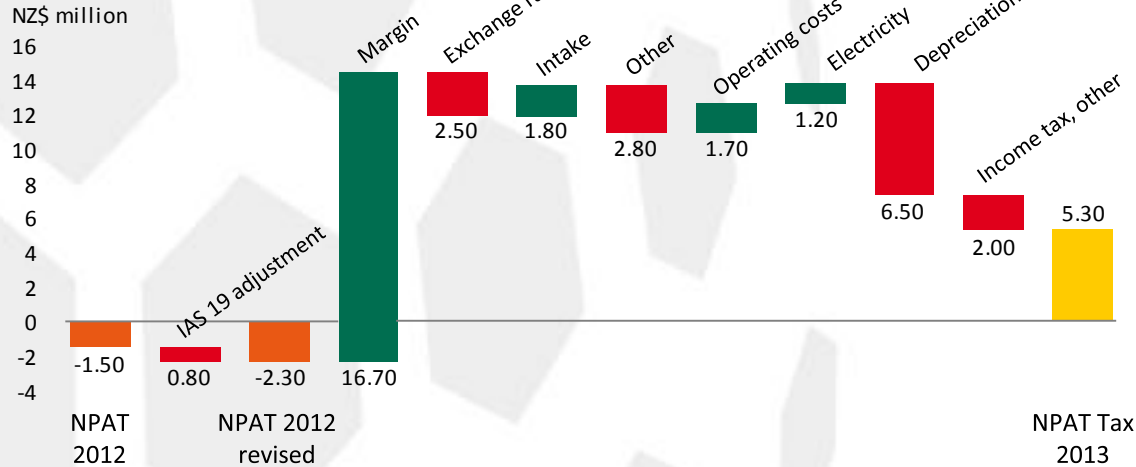
FACTS AT A GLANCE

Earnings per share (cents)	1.87	(0.85)
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* Comparative restated

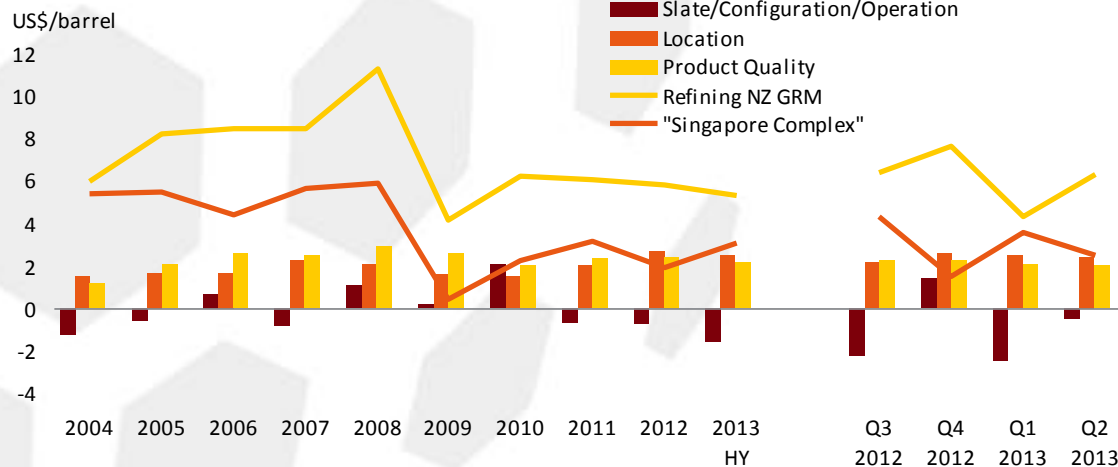
Better than 2012 with margins up, forex down, costs lower than 2012

NPAT JUNE 2012 to NPAT JUNE 2013



	2013 HY	2012 HY
Intake (million barrels)	21.0	20.5
GRM (US\$/barrel)	5.27	4.36
Exchange rate (US\$/NZ\$)	0.82	0.80

REFINING NZ MARGIN ELEMENTS



Te Mahi Hou progressing to plan



Tank demolition May-June



Pipe rack foundations



Reactor fabrication, India



Heater fabrication, Thailand

■ Good progress on key unit fabrication:

- Reactor due Sep
- Heater due Dec
- Compressor due Jan
- NZ\$118M spent to date



Business conditions to remain volatile

USD exch. Rate YTD (Jan-Jun)	0.82	0.82	0.82	0.82	0.82	0.82	0.82
USD exch. rate Forecast (Jul-Dec)	0.65	0.70	0.75	0.80	0.85	0.90	0.95

Margin YTD USD	Forecast Margin USD	Full Year	NPAT \$M	NPAT \$M	NPAT \$M	NPAT \$M	NPAT \$M	NPAT \$M	NPAT \$M
5.27	2.00	3.67	(25)	(27)	(29)	(31)	(32)	(34)	(35)
5.27	3.00	4.62	(9)	(12)	(15)	(18)	(20)	(22)	(24)
5.27	4.00	4.65	7	2	(2)	(5)	(8)	(11)	(13)
5.27	5.00	5.14	22	17	12	8	4	0	(3)
5.27	6.00	5.63	38	31	25	20	16	12	8
5.27	7.00	6.12	54	46	39	33	28	23	19
5.27	8.00	6.70	69	60	52	46	40	35	30
5.27	9.00	7.09	85	75	66	58	52	46	40

41 Production: (Barrels ('000's))
 66 Non Processing Fee Revenue
 74 Non Cash Costs

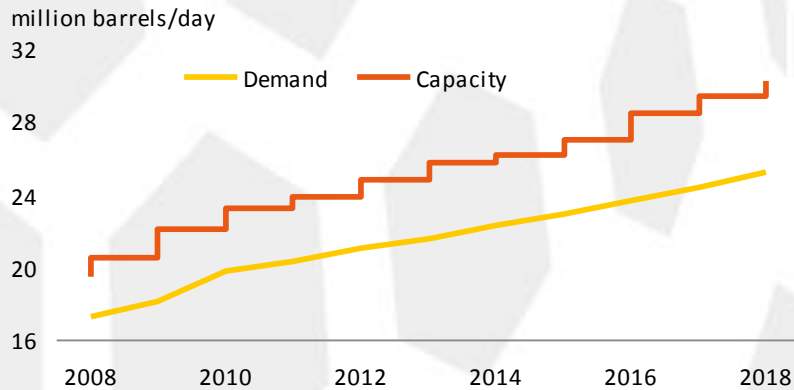
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Results

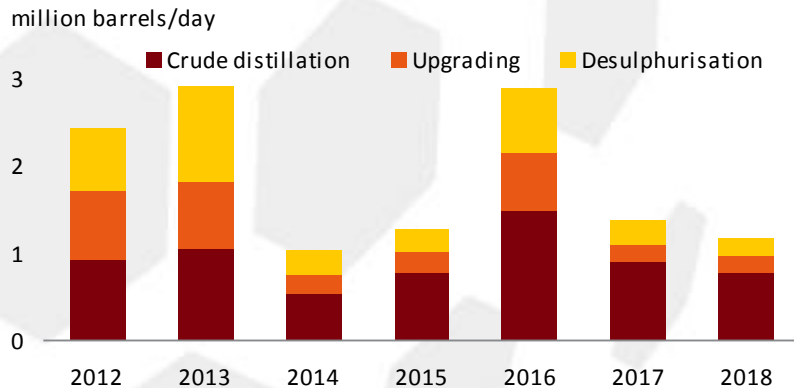
Strategic refresh

Aggressive growth in Asia Pac capacity...

ASIA PACIFIC – DEMAND VS. REFINING CAPACITY



ASIA PACIFIC – CAPACITY ADDITIONS



Note – Asia Pacific data includes China. Source: IEA Medium-Term Oil Market Report 2013



Key comparisons	RNZ	Yeosu
Crude capacity (Kbpd)	135	775
Recent investment	NZ\$365m	US\$3 billion
Employees*	344	1600
Area (hectares)	32	600
Export destinations	-	20

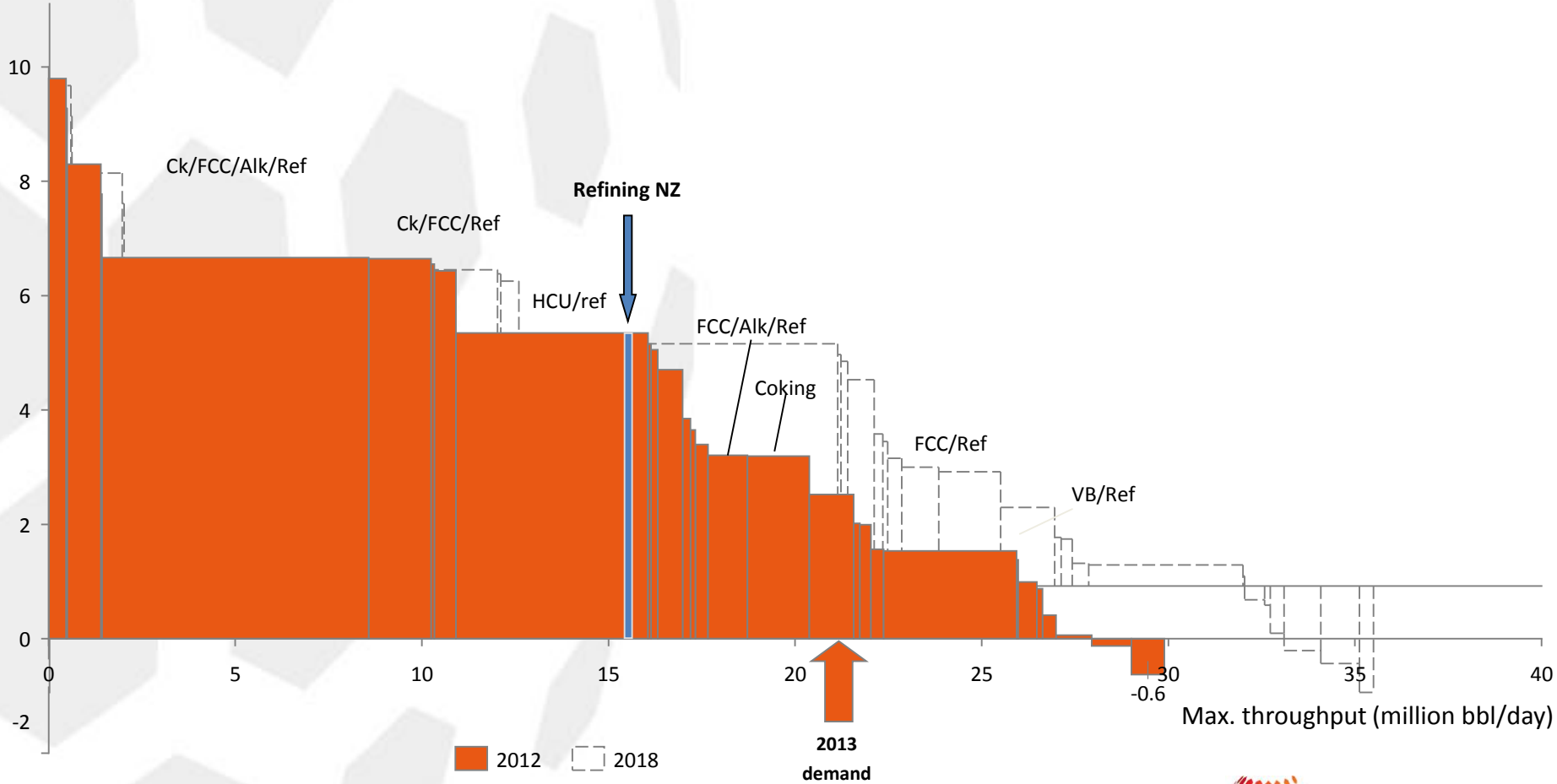
Sources: USIEA Report 2013; Chevron

*June 2013 excluding TMH and IPL employees.

...gets tougher for less complex refiners

Variable margin
2012 (US\$/bbl)

Refining Supply in Asia Pacific (2012-2018)



Source: BCG Refining Model; IEA



Our strategy...

Lifting our game and building on strengths

Need to lift our performance

World class personal and process safety and environmental performance

A fuels offer competitive with Asia Pac's best

1st quartile NZX50 returns for shareholders

Continue our aspiration

To be the fuels manufacturing and supply partner of choice for New Zealand industry

Build on and keep what we are good at

Production of on spec quality fuels

Plant reliability

Reasons to believe

Talented, innovative and committed people

Nimble, fit for purpose operation

We have been here before

Action plan to exploit opportunities

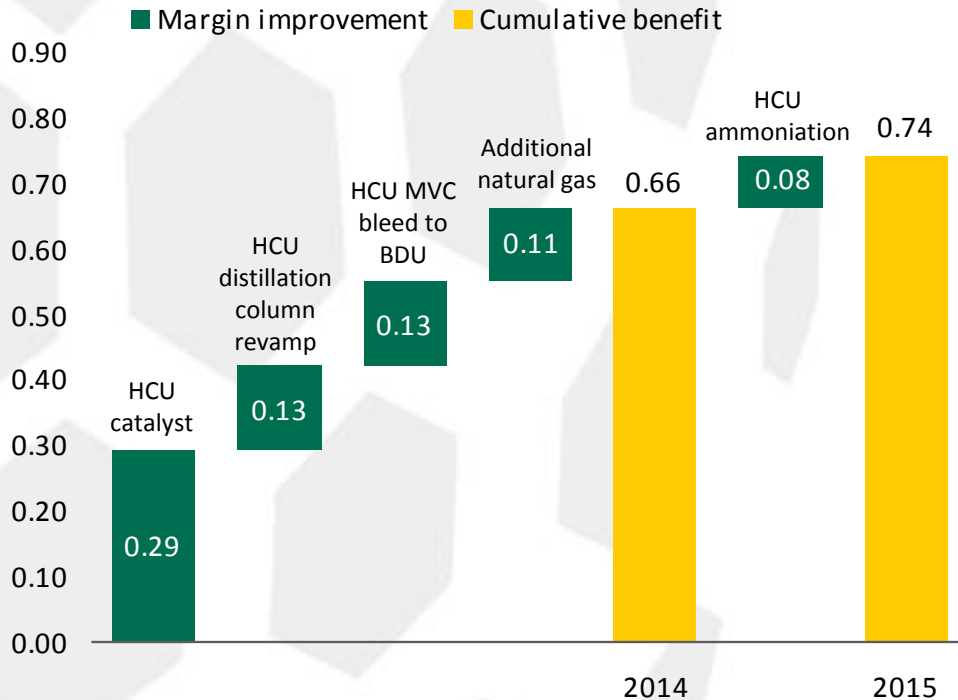
Doing nothing is not an option...

Lifting our game – revenue growth

Increasing hydrocracker yield

MARGIN IMPROVEMENT – 2013 TO 2015

US\$/barrel



Lifting our game – managing costs

Cost initiatives

Procurement

- Getting smarter with contracts
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Indirect costs

- Budget reduction across the business
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Electricity/ Gas

- Renegotiating contracts
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Contractors

- Removed lead contractor
 - Reviewed contractor rates
 - New ways of working
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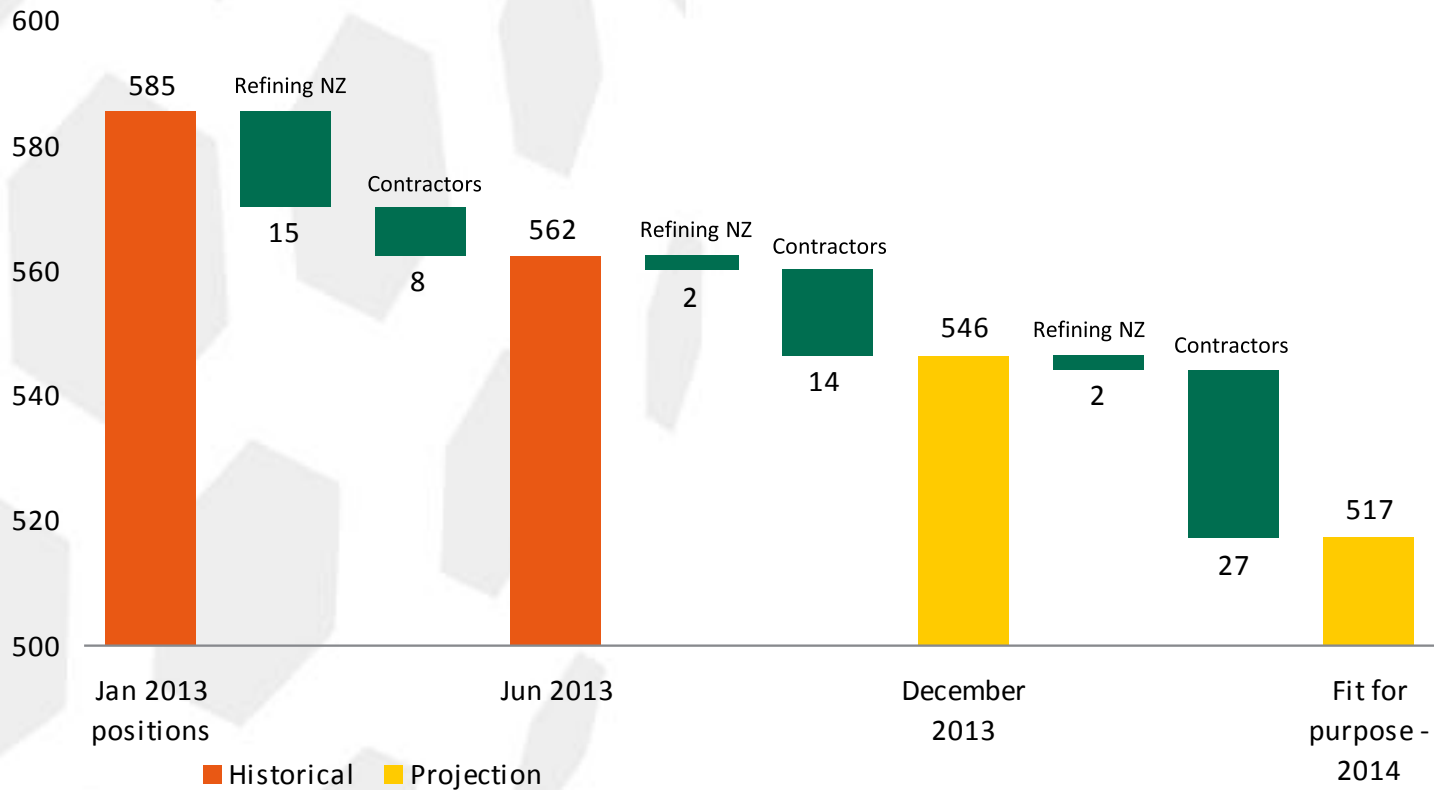
Fit for Purpose

- Right number of people and skills
- Performance culture

Lifting our game – Fit for Purpose organisation

FIT FOR PURPOSE

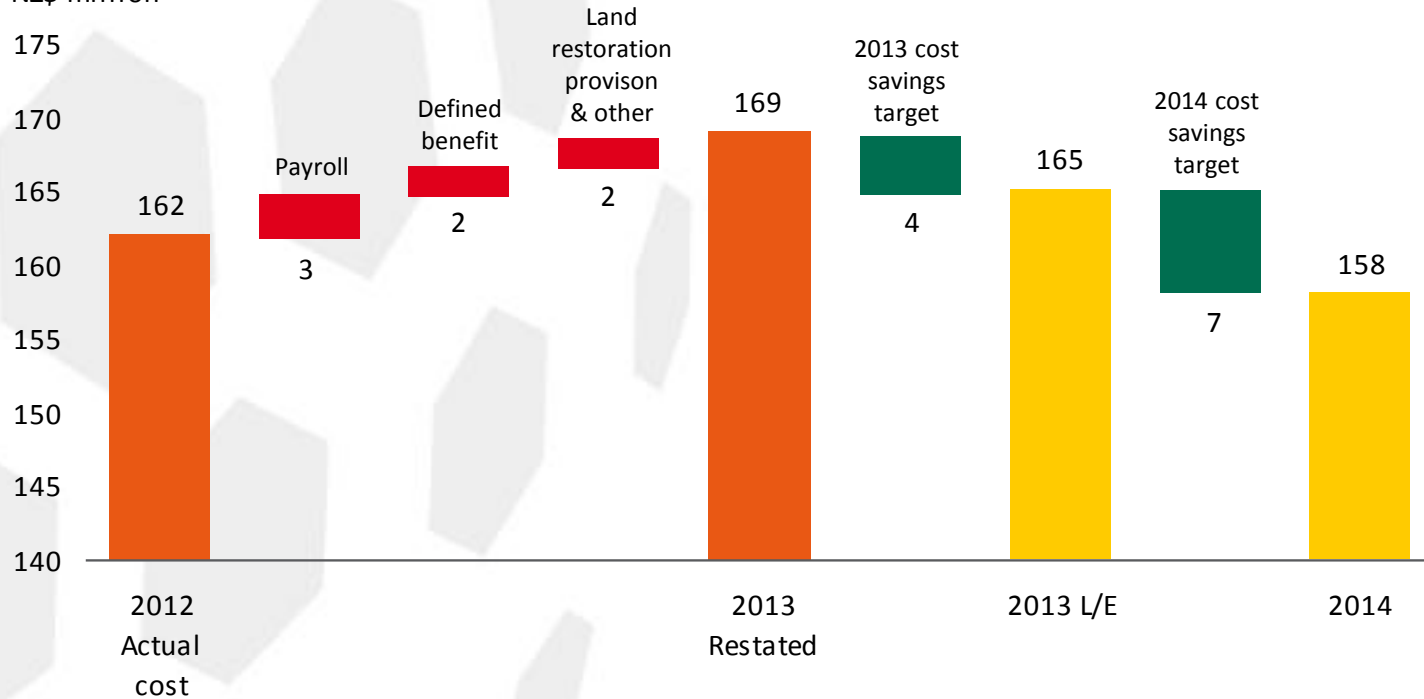
Personnel



Lifting our game – managing costs

COSTS – 2012 TO 2014

NZ\$ million



REFINING NZ

Action plan improves NPAT

Initiatives deliver \$26M uplift (2012 vs. 2014)

USD Exchange Rate	0.70	0.75	0.78	0.80	0.82	0.85
Margin USD	NPAT \$M	NPAT \$M		NPAT \$M	NPAT \$M	NPAT \$M
2.00	(49)	(49)		(49)		(49)
4.00	(15)	(23)		(30)		(36)
5.00	16	6		(3)	2012 Actual	(11)
5.77	47	40	35	33	31	28
6.00	47	35		24		14
6.47			57		49	...with ~\$18M revenue growth
7.00	78	64	...and ~\$8M cost reduction	51		40
9.00	140	121		105		91



REFINING NZ