The Good Oil

October 2019 — ZEL's Month to Forget

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September 2019 was dominated by Z Energy (ZEL) related news flow, with its -$60m FY20 EBITDAF earnings downgrade a negative surprise, in addition to ongoing Commerce Commission fuel study consultation and the pipeline inquiry findings. Data points show gross refining margins have stayed firm (US$7.76/barrel), but fuel volume data (traffic and vehicle registrations) continue to show falling trends.

Regulator raps fuel companies

The major news stories for the month were ZEL's FY20 earnings downgrade amidst stiff retail competition, the RAP pipeline inquiry finding the oil companies should have invested earlier into resilience, the Saudi oil facility drone attack and the ongoing ComCom retail fuel study. Whilst not helpful for ZEL's earnings, the downgrade highlighted to the ComCom that retail competition is healthy. It also highlighted how poor MBIE importer margins are at picking up the increased margin pressure. Whilst diesel importer margins were soft in the September 2019 quarter (down -16%), petrol margins were only slightly down (-4%) on the prior quarter.

Industry volume growth continues to soften

Traffic data indicates a continued softening of growth. On a 12-mth rolling basis heavy vehicle growth is now under +2% at +1.7% and light vehicle growth is also +1.7%. Vehicle registrations continue to decline, with new commercial sales down -10.1% and used commercial registrations down -23.5% vs. pcp. However, SUV sales grew +6.0%, the only category to grow in August vs. the pcp. EV sales remain firm at 2.4% of total registrations, the second highest month on record. August EV sales were boosted by Tesla 3 sales finally coming through.

Gross refining margins (GRM) remain firm, limited sign of IMO impacts

We estimate that Refining NZ's (NZR) GRM was US$7.76/barrel, up on the US$7.10/barrel NZR reported for the July/August 2019 period. At this stage the new low sulphur shipping fuel requirements, that come into force on 1 January 2020, do not appear to be having a big impact on refining margins. Whilst diesel crack spreads have lifted in the last two weeks, high sulphur fuel oil spreads have also remained strong.

Figure 1. Summary company valuation metrics

Company	Price	Target Price	Target Return	Rating	1 year forward EV/EBITDA (x)	PE (x)	Gr Yld (%)
NZR	2.09	2.15	8.4%	NEUTRAL	5.1	15.0	6.0
ZEL	5.55	5.40	6.1%	NEUTRAL	7.8	14.8	12.0

Source: Forsyth Barr analysis

Investment View

We are NEUTRAL on both ZEL and NZR. ZEL needs to once again provide the market with confidence that its earnings are sustainable. In the meantime, we expect ZEL to trade sideways. Whilst NZR should benefit from shipping fuel changes, the medium-term outlook is less certain.

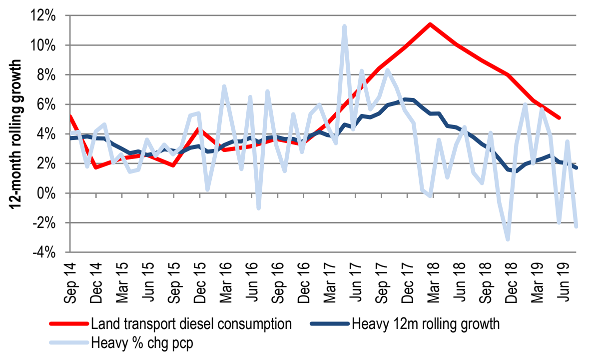
Downstream — Fuel volume indicators

Vehicle traffic

Heavy vehicle traffic falls in August vs. pcp as 12-month growth continues to slow

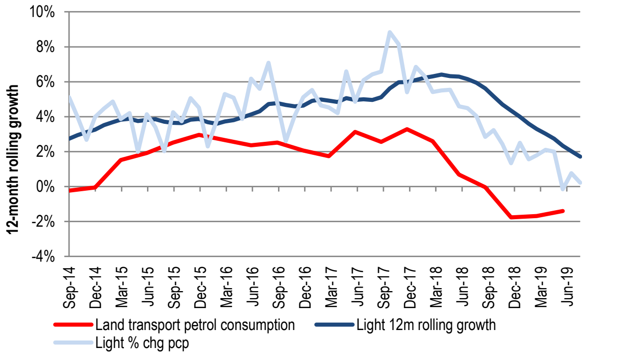
Heavy vehicle traffic volumes were down -2.3% in August 2019 vs. pcp and light vehicle volumes were effectively flat, up just +0.2%. Heavy vehicle 12-month rolling volume growth is still positive, although growth has been steady at ~+2.0% for the past 10 months (+1.7% in the 12-months to August 2019). Light vehicle 12-month rolling volume growth continues to decline and is now also +1.7%.

Figure 2. Heavy vehicle traffic vs. MBIE diesel consumption



Source: MBIE, ANZ, NZTA, Forsyth Barr analysis

Figure 3. Light vehicle traffic vs. MBIE petrol consumption



Source: MBIE, ANZ, NZTA, Forsyth Barr analysis

Vehicle sales

New vehicle registrations continue to decline

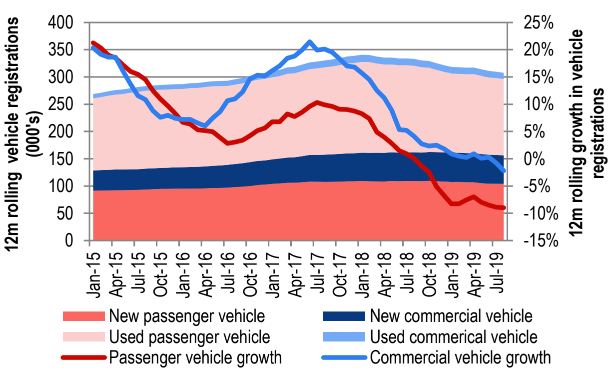
August 2019 new vehicle registrations fell -10.1% (commercial) and -1.5% (passenger) respectively. The decline in used registrations was even more dramatic, with new commercial registrations down -23.5% and passenger used registrations down -7.6%. The 12-month rolling growth rates also continue to deteriorate.

However, SUV sales have bucked the trend with new SUVs increasing +6.0%, whereas all other vehicle categories declined in August 2019 vs. pcp. SUVs were 45.0% of new vehicle sales, a new record.

Continued strong EV growth has seen the number of heavy vehicles/SUVs/utes for each EV sale decline to 19.3.

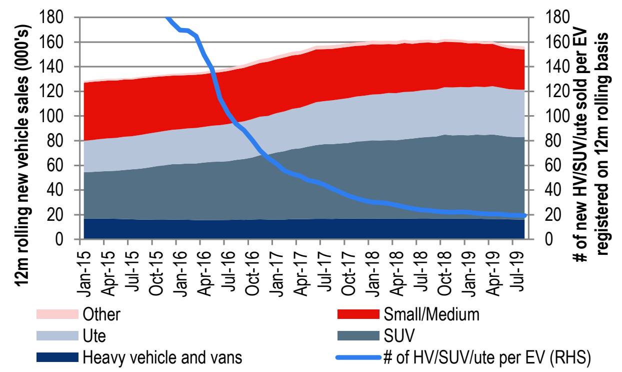
At the time of publishing, September 2019 data had not been released.

Figure 4. 12 month rolling vehicle registrations



Source: MIA, Forsyth Barr analysis

Figure 5. 12 month rolling vehicle sales by type



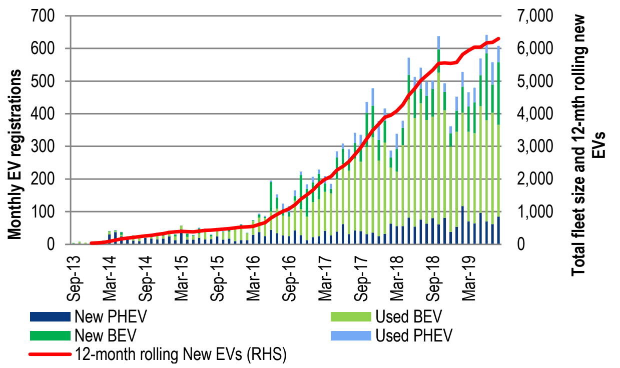
Source: MIA, Forsyth Barr analysis

EV registrations

EV registrations in August 2019 totalled 608, +50 more than July 2019 and +110 more than the pcp. Total EV registrations are now 15,463.

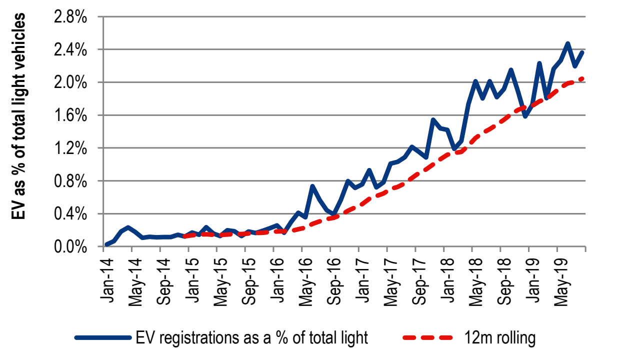
August 2019 EV sales were 2.4% of total registrations, a little below the June record.

Figure 6. EV registrations



Source: MoT, Forsyth Barr analysis

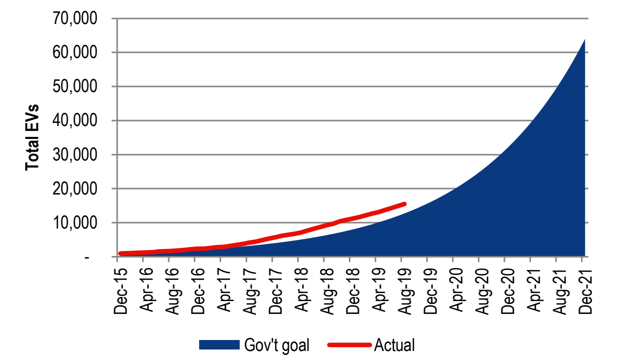
Figure 7. EV registrations as % of total light vehicle registrations



Source: MoT, Forsyth Barr analysis

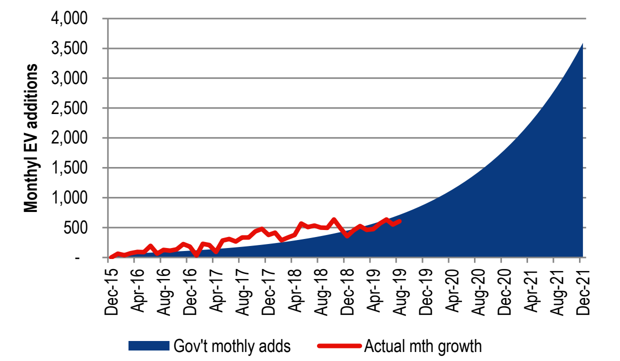
Relative to the Government target, the total number of EVs registered remains comfortably above the target. However, monthly registrations are now falling behind the required growth rate.

Figure 8. Total EV registrations vs. Government target



Source: MoT, Forsyth Barr analysis

Figure 9. Monthly EV registrations vs. Government target



Source: MoT, Forsyth Barr analysis

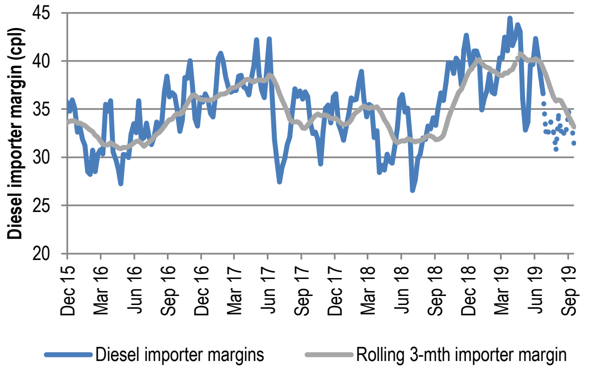
Downstream — MBIE importer margins

Petrol margins show high volatility

Provisional petrol MBIE importer margins have shown high volatility over the past month, ranging from a high of 32.5cpl in the week ending 6 September, to a low of 23.6cpl in the week ending 20 September. September 2019 has averaged 28.3cpl, -3% down on the prior month. The diesel importer margin averaged 33.2cpls, up +2% on the prior month.

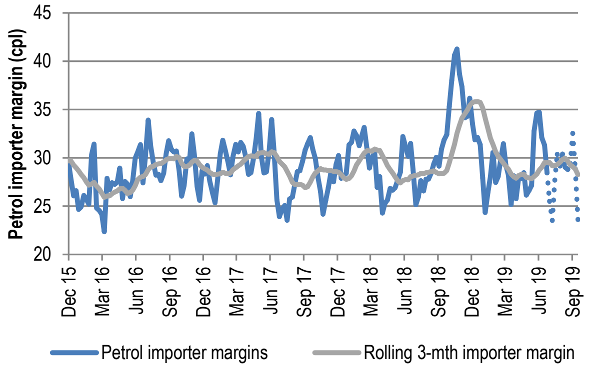
In the context of ZEL's -$60m FY20 EBITDAF guidance downgrade and commentary that July and August were very difficult months, the MBIE importer margins do not appear to be picking the increased competition (in particular petrol margins). The average September quarter petrol margin is down only -1.2cpl vs. the June 2019 quarter.

Figure 10. Rolling 3-month diesel importer margin



Source: MBIE, Forsyth Barr analysis

Figure 11. Rolling 3-month petrol importer margin



Source: MBIE, Forsyth Barr analysis

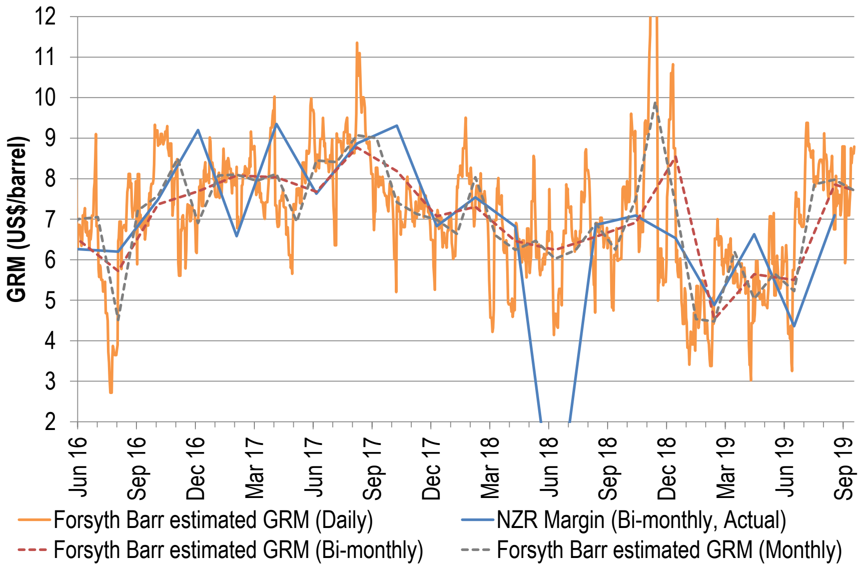
Figure 12. Key statistics

	Monthly Average			%	Spot	YTD	YTD	%			%
	Jul-19	Aug-19	Sep-19	chg	Margin	FY19	FY20	chg	FY18	FY19	chg
MBIE importer margin - diesel (cpl)	32.9	32.6	33.2	2%	31.4	31.9	36.2	13%	34.9	35.0	0%
MBIE importer margin - petrol (cpl)	26.8	29.3	28.3	-3%	23.6	28.2	28.9	2%	29.0	30.2	4%

Source: MBIE, Forsyth Barr analysis

Downstream — Refining margins

Figure 13. NZR refining margin (forecast vs. actual)



Source: NZR, Bloomberg, Forsyth Barr analysis
Note: Forsyth Barr estimates exclude the impact of the hydro-cracker outage in May/June 2018. NZR actual includes the impacts

Refining margins remain firm

We estimate that NZR's gross refining margin (GRM) was US$7.76/barrel, although the current spot estimate is close to US$9.00/barrel. During the month margins were quite volatile, with the attack on the Saudi facilities having some impact on margins.

At this stage the upcoming IMO 2020 low-sulphur fuel oil requirements do not appear to be impacting refining margins greatly. Whilst towards month end diesel crack spreads started to firm, high sulphur fuel oil crack spreads remain surprisingly firm. The International Energy Agency (IEA) has reiterated its view that whilst compliant fuel margins are likely to increase, the market is largely prepared for the regulatory change that commences 1 January. However, it sees the potential for bigger supply issues in 2Q20 as seasonal supply and demand dynamics lower system capacity.

The softening NZDUSD fx rate (September 2019 average fx rate was down -1% and the spot rate is lower) is also helping our estimate of processing fee revenue.

In September, NZR reported a July/August 2019 GRM of US$7.10/barrel, ~-10% below our estimate for the period.

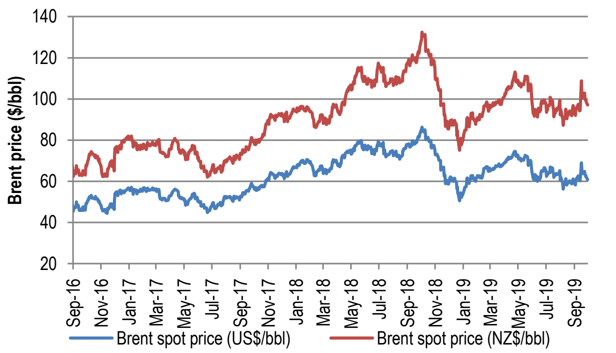
Figure 14. Key statistics

	Monthly average			%	Spot	YTD	YTD	%			%
	Jul-19	Aug-19	Sep-19	chg	estimate	FY18	FY19	chg	FY17	FY18	chg
Forsyth Barr estimated GRM (US$/barrel)	7.94	8.17	7.76	-5%	8.79	5.07	6.10	20%	8.10	5.69	-30%
NZDUSD	0.668	0.643	0.634	-1%	0.626	0.700	0.662	-5%	0.711	0.693	-3%
Estimated processing fee (NZ$m)	29.1	31.1	30.0	-4%	n/a	126.2	188.9	50%	328.9	255.1	-22%

Source: NZR, Bloomberg, Forsyth Barr analysis
Financial year is the year to 31 December

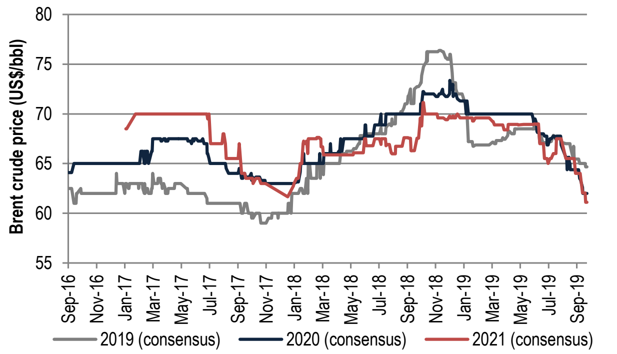
Upstream — Brent oil price

Figure 15. Brent oil price (spot)



Source: Bloomberg, Forsyth Barr analysis

Figure 16. Brent oil price forecasts (Bloomberg consensus)



Source: Bloomberg, Forsyth Barr analysis

Brent prices rise, but outlook expectations fall

The Brent oil price fluctuated between US$58/barrel and US$68/barrel. The price spike in the middle of the month followed the drone attack on Saudi crude oil processing facilities. However, with Saudi Arabia now reporting production is back to normal, oil prices have drifted back towards US$60/barrel and are currently US$60.8/barrel. The mid-month price spike meant the average price in September 2019 of US$62.3/barrel was +5% higher than August.

Whilst September oil prices were firmer, consensus forecasts slipped between -3% and -7% as concerns over future demand increased. The 2021 consensus forecast is now US$61.1/barrel, down -10% from two months ago.

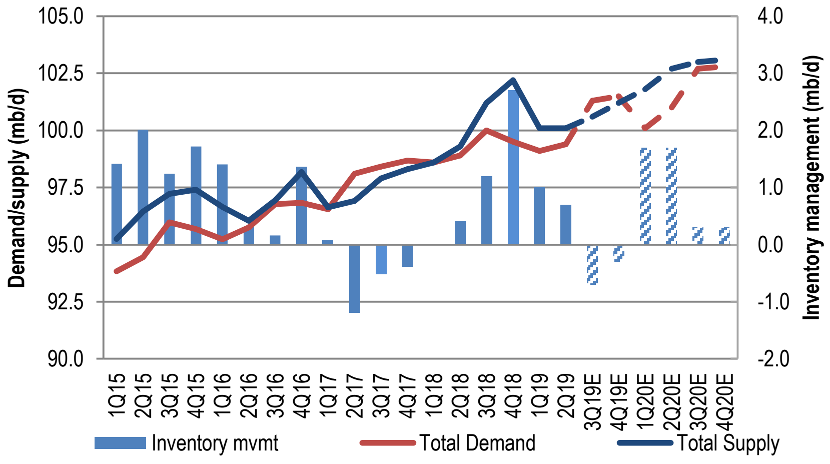
Figure 17. Key statistics

	Monthly average			%	Spot	YTD	YTD	%			%
	Jul-19	Aug-19	Sep-19	chg	price	2018	2019	chg	2017	2018	chg
Historic prices (Period average)											
Brent crude price (US$/bbl)	64.2	59.5	62.3	5%	60.8	72.7	64.7	-11%	54.8	71.5	30%
Brent crude price (NZ$/bbl)	96.2	92.5	98.2	6%	97.0	104.2	97.5	-6%	77.2	103.6	34%
Forecast prices (Month end)											
Bloomberg consensus forecast 2019	67.7	66.8	64.7	-3%							
Bloomberg consensus forecast 2020	67.8	64.4	62.0	-4%							
Bloomberg consensus forecast 2021	67.5	65.5	61.1	-7%							

Source: Bloomberg, Forsyth Barr analysis

Supply and demand

Figure 18. IEA daily oil supply/demand



Source: IEA, Forsyth Barr analysis

The IEA's demand forecasts are unchanged and assume 2020 global demand will increase +1.3mb/d over 2019, with continued low oil prices a key factor in aiding demand growth. Compliance with the OPEC+ (OPEC +Russia) agreement fell to 116%.

Refining NZ (NZR)	Priced as at 01 Oct 2019: NZ$2.09					December year end

Forsyth Barr valuation			
Valuation methodology	Blend of spot valuations, weighted to multiples		
12-month target price (NZ$)*	**2.15**	**Spot valuations (NZ$)**	
Expected share price return	2.9%	1. DCF	2.06
Net dividend yield	5.5%	2. Market multiples	2.10
Estimated 12-month return	8.4%	3. n/a	n/a
Key WACC assumptions		**DCF valuation summary (NZ$m)**	
Risk free rate	2.00%	Total firm value	925
Equity beta	1.00	(Net debt)/cash	(274)
WACC	8.5%	Value of equity	650
Terminal growth	0.0%	Shares (m)	313

Profit and Loss Account (NZ$m)	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
Sales revenue	414.6	362.5	408.0	431.3	416.6
Normalised EBITDA	**220.3**	**152.6**	**177.2**	**206.6**	**188.5**
Depreciation and amortisation	(96.1)	(97.1)	(104.5)	(104.0)	(107.0)
Normalised EBIT	**124.2**	**55.6**	**72.7**	**102.6**	**81.5**
Net interest	(13.7)	(13.8)	(12.2)	(9.2)	(7.9)
Associate income	-	-	-	-	-
Tax	(31.9)	(12.2)	(17.0)	(26.1)	(20.6)
Minority interests	-	-	-	-	-
Normalised NPAT	**78.5**	**29.6**	**43.5**	**67.2**	**53.0**
Abnormals/other	-	-	-	-	-
Reported NPAT	**78.5**	**29.6**	**43.5**	**67.2**	**53.0**
Normalised EPS (cps)	25.1	9.5	13.9	21.5	17.0
DPS (cps)	18.0	7.5	9.0	12.0	12.0

Growth Rates	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
Revenue (%)	17.1	-12.6	12.6	5.7	-3.4
EBITDA (%)	31.7	-30.7	16.1	16.6	-8.8
EBIT (%)	55.2	-55.3	30.8	41.1	-20.6
Normalised NPAT (%)	66.5	-62.3	46.9	54.6	-21.2
Normalised EPS (%)	66.5	-62.3	46.9	54.6	-21.2
DPS (%)	100.0	-58.3	20.0	33.3	0.0

Cash Flow (NZ$m)	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
EBITDA	**220.3**	**152.6**	**177.2**	**206.6**	**188.5**
Working capital change	22.5	(38.8)	(13.6)	4.0	0.2
Interest & tax paid	(36.9)	(25.2)	(38.6)	(35.4)	(28.5)
Other	(8.0)	16.0	11.4	-	-
Operating cash flow	**198.0**	**104.6**	**136.5**	**175.3**	**160.2**
Capital expenditure	(94.6)	(162.3)	(79.6)	(100.3)	(93.6)
(Acquisitions)/divestments	-	-	-	-	-
Other	(0.4)	-	-	-	-
Funding available/(required)	**103.1**	**(57.7)**	**56.9**	**75.0**	**66.6**
Dividends paid	(37.5)	(46.9)	(20.3)	(34.4)	(37.5)
Equity raised/(returned)	(0.7)	(0.3)	(0.3)	-	-
Increase/(decrease) in net debt	**(64.8)**	**104.9**	**(36.3)**	**(40.6)**	**(29.1)**

Balance Sheet (NZ$m)	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
Working capital	(17.0)	19.5	32.1	28.1	27.9
Fixed assets	1,128.9	1,191.9	1,168.7	1,165.0	1,151.6
Intangibles	8.1	14.3	17.9	17.9	17.9
Other assets	-	0.0	0.1	0.1	0.1
Total funds employed	**1,120.1**	**1,225.7**	**1,218.8**	**1,211.0**	**1,197.4**
Net debt/(cash)	155.1	260.3	229.2	188.6	159.4
Other non current liabilities	172.2	195.8	203.8	203.8	203.8
Shareholder's funds	792.3	769.2	785.4	818.2	832.7
Minority interests	0.4	0.4	0.4	0.4	1.4
Total funding sources	**1,120.1**	**1,225.7**	**1,218.8**	**1,211.0**	**1,197.4**

Valuation Ratios	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
EV/EBITDA (x)	3.8	5.6	5.1	4.3	4.7
EV/EBIT (x)	6.8	15.5	12.4	8.6	10.8
PE (x)	8.3	22.1	15.0	9.7	12.3
Price/NTA (x)	0.8	0.9	0.9	0.8	0.8
Free cash flow yield (%)	15.8	-8.8	8.7	11.5	10.2
Net dividend yield (%)	8.6	3.6	4.3	5.7	5.7
Gross dividend yield (%)	12.0	5.0	6.0	8.0	8.0
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	72	79	65	56	71

Capital Structure	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
Interest cover EBIT (x)	9.0	4.0	5.9	11.1	10.4
Interest cover EBITDA (x)	16.0	11.1	14.5	22.4	24.0
Net debt/ND+E (%)	16.4	25.3	22.6	18.7	16.1
Net debt/EBITDA (x)	0.7	1.7	1.3	0.9	0.8

Key Ratios	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
Return on assets (%)	9.3	4.0	5.2	7.4	5.9
Return on equity (%)	9.9	3.9	5.5	8.2	6.4
Return on funds employed (%)	10.1	4.6	5.8	7.8	6.4
EBITDA margin (%)	53.1	42.1	43.4	47.9	45.2
EBIT margin (%)	30.0	15.3	17.8	23.8	19.6
Capex to sales (%)	22.8	44.8	19.5	23.3	22.5
Capex to depreciation (%)	98	167	76	96	87

Operating Performance	**2017A**	**2018A**	**2019E**	**2020E**	**2021E**
Revenue Breakdown (NZ$m)					
Processing fee revenue	327.4	258.9	302.6	326.5	309.9
Natural gas recovery	24.4	32.0	39.8	40.6	41.4
Other refining revenue	11.7	13.6	14.8	13.5	13.8
Pipeline revenue	37.8	44.1	37.0	37.8	38.5
Other revenue	13.3	13.9	13.9	12.9	13.0
Total revenue	**414.6**	**362.5**	**408.0**	**431.3**	**416.6**
Processing fee revenue growth (%)	18.4	-20.9	16.9	7.9	-5.1
Total revenue growth (%)	17.1	-12.6	12.6	5.7	-3.4
Processing fee drivers					
Refining margin (USD/barrel)	8.0	6.2	6.6	7.4	7.0
NZDUSD	0.71	0.69	0.66	0.68	0.68
Throughput (mbls)	41.7	40.4	43.4	43.0	43.0
Refining margin (NZD/barrel)	7.9	6.2	6.9	7.6	7.2
Margin cap (USD/barrel)	9.0	9.0	9.0	9.0	9.0
Fee floor (estimated) (USD/barrel)	3.2	3.3	3.0	3.1	3.2
Operating cost breakdown (NZ$m)					
Process materials and utilities	45.9	49.2	59.6	54.1	54.4
Natural gas costs	24.4	32.0	39.8	40.6	41.4
Materials & contractor payments	31.0	29.0	31.1	31.5	31.8
Wages & salaries	59.0	61.3	62.3	63.6	64.9
Admin & other expenses	33.8	38.4	38.0	35.0	35.7
Total expenses	**194.3**	**209.8**	**230.8**	**224.7**	**228.1**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Z Energy (ZEL)		Priced as at 01 Oct 2019: NZ$5.55			March year end

Forsyth Barr valuation			
Valuation methodology			Blend of spot valuations
12-month target price (NZ$)*	**5.40**	**Spot valuations (NZ$)**	
Expected share price return	-2.7%	1. DCF	5.44
Net dividend yield	8.8%	2. Dividend Yield	5.56
Estimated 12-month return	6.1%	3. Market Multiple	5.35
Key WACC assumptions		**DCF valuation summary (NZ$m)**	
Risk free rate	2.00%	Total firm value	3,438
Equity beta	0.84	(Net debt)/cash	1,025
WACC	7.1%	Value of equity	2,330
Terminal growth	-2.0%	Shares (m)	400

Profit and Loss Account (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Sales revenue	4,570	5,450	4,958	4,998	4,919
Normalised EBITDA	**448**	**435**	**374**	**412**	**406**
Depreciation and amortisation	(102)	(122)	(129)	(113)	(108)
Normalised EBIT	**347**	**312**	**245**	**299**	**298**
Net interest	(52)	(51)	(49)	(47)	(43)
Associate income	1	(1)	-	-	-
Tax	(82)	(61)	(55)	(71)	(71)
Minority interests	-	(2)	(9)	(8)	(7)
Normalised NPAT	**211**	**196**	**150**	**190**	**190**
Abnormals/other	(6)	(16)	-	-	-
Reported NPAT	**205**	**180**	**150**	**190**	**190**
Normalised EPS (cps)	52.9	49.0	37.5	47.5	47.6
DPS (cps)	32.3	43.0	48.0	49.0	50.0

Growth Rates	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue (%)	18.3	19.3	-9.0	0.8	-1.6
EBITDA (%)	6.9	-2.9	-14.1	10.4	-1.5
EBIT (%)	3.3	-10.1	-21.5	22.2	-0.5
Normalised NPAT (%)	8.2	-7.4	-23.5	26.8	0.2
Normalised EPS (%)	8.2	-7.4	-23.5	26.8	0.2
DPS (%)	10.2	33.1	11.6	2.1	2.0

Cash Flow (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EBITDA	**448**	**435**	**374**	**412**	**406**
Working capital change	61	(159)	62	(4)	5
Interest & tax paid	(103)	(161)	(109)	(120)	(119)
Other	(15)	223	-	-	-
Operating cash flow	**391**	**338**	**327**	**288**	**292**
Capital expenditure	(87)	(55)	(91)	(46)	(47)
(Acquisitions)/divestments	18	(28)	25	-	-
Other	12	4	4	6	6
Funding available/(required)	**334**	**259**	**265**	**248**	**251**
Dividends paid	(134)	(152)	(178)	(194)	(198)
Equity raised/(returned)	(2)	(1)	-	-	-
Increase/(decrease) in net debt	**(198)**	**(106)**	**(87)**	**(54)**	**(53)**

Balance Sheet (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Working capital	196	358	323	327	322
Fixed assets	870	830	797	770	745
Intangibles	750	668	639	599	562
Other assets	134	161	134	134	134
Total funds employed	**1,950**	**2,017**	**1,892**	**1,829**	**1,763**
Net debt/(cash)	824	827	744	696	648
Other non current liabilities	269	270	265	263	259
Shareholder's funds	857	920	883	871	856
Minority interests	-	-	-	-	-
Total funding sources	**1,950**	**2,017**	**1,892**	**1,829**	**1,763**

Valuation Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EV/EBITDA (x)	6.8	6.8	7.8	6.9	7.0
EV/EBIT (x)	8.8	9.5	11.9	9.6	9.6
PE (x)	10.5	11.3	14.8	11.7	11.7
Price/NTA (x)	17.8	9.1	9.4	8.4	7.7
Free cash flow yield (%)	13.7	12.7	10.6	10.9	11.1
Net dividend yield (%)	5.8	7.7	8.6	8.8	9.0
Gross dividend yield (%)	8.1	10.8	12.0	12.3	12.5
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	61	88	128	103	105

Capital Structure	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Interest cover EBIT (x)	6.7	6.1	5.0	6.4	6.9
Interest cover EBITDA (x)	8.6	8.5	7.6	8.9	9.4
Net debt/ND+E (%)	57.2	55.4	53.8	52.3	50.8
Net debt/EBITDA (x)	1.8	1.9	1.99	1.69	1.60

Key Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Return on assets (%)	12.4	11.0	9.2	11.3	11.3
Return on equity (%)	24.2	21.5	17.1	22.0	22.4
Return on funds employed (%)	17.4	15.8	12.7	16.2	16.8
EBITDA margin (%)	9.8	8.0	7.5	8.2	8.2
EBIT margin (%)	7.6	5.7	4.9	6.0	6.1
Capex to sales (%)	1.9	1.0	1.8	0.9	1.0
Capex to depreciation (%)	140	85	139	71	73

Operating Performance	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Product volumes (m litres)					
Petrol	1,204	1,165	1,130	1,119	1,106
Diesel - retail	461	454	440	431	421
Diesel - commercial	807	812	823	837	853
Diesel - biofuels	-	1	7	15	23
Other fuels	1,153	1,193	1,173	1,171	1,186
Supply - domestic	520	544	553	566	574
Sub-total	**4,145**	**4,168**	**4,126**	**4,140**	**4,162**
Supply - industry & export	178	280	95	127	125
Total Fuels	**4,323**	**4,448**	**4,221**	**4,267**	**4,287**
Retail service stations	343	343	340	338	335
Petrol/service station (m litres)	3.75	3.64	3.55	3.53	3.49
Diesel/service station (m litres)	1.34	1.32	1.29	1.27	1.25
Gross profit (NZDm)					
Fuels	685	700	646	663	656
Refining	77	54	58	68	66
Non-fuels	76	81	85	87	90
Flick Electric	-	1	7	9	11
Gross profit	**838**	**836**	**796**	**827**	**822**
Fuels gross margin (cpl)	16.5	16.8	15.7	16.0	15.8
Fuels margin incl refining (cpl)	17.6	17.0	16.7	17.1	16.8
Fuels margin excl supply (cpl)	18.3	18.0	17.1	17.6	17.3
Non-fuels revenue/station (NZD 000)	373	398	418	435	446
Refining volume (m barrels)	21.3	19.7	21.2	21.2	21.1
Sales sourced from refinery (%)	82	75	82	81	81
ZEL refining margin (USD/barrel)	8.6	6.2	5.9	7.0	7.0
Flick customer numbers (000)	-	20.5	25.9	32.3	38.1

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend