

The Good Oil

Importer Margins Up? Nov 2019

MBIE importer margins continue to paint a picture not as bad as Z Energy's (ZEL) commentary. The average October 2019 MBIE margins increased +4% and +8% for diesel and petrol respectively, which contrasts with ZEL's trading commentary suggesting October was worse than September.

MBIE importer margins firm in October

Provisional MBIE importer margins in October 2019 were 34.1cpl and 26.4cpl for diesel and petrol respectively, up +1.3cpl and +1.9cpl. However, we note that MBIE's estimated petrol discount for the Dec20 quarter is -1.7cpl lower than the Sept20 quarter, so it could be an illusion.

The finalised Sept20 quarter petrol importer margin was -3.25cpl below the provisional margin — not a big surprise given ZEL's earnings downgrade.

ZEL 1H20 result weak, as expected

ZEL reported a weak 1H20 result, with underlying EBITDAF down -\$7m (-4%) on the pcp. Retail conditions have been materially tougher than ZEL expected, and as yet, have shown little indication of returning to normal. Notwithstanding the very attractive apparent dividend yield, further FY20 earnings downgrades cannot be ruled out.

Gross refining margins (GRM) start to show effects of imminent low-sulphur fuel oil regulations

We estimate that NZR's October 2019 GRM was US\$8.60/barrel, up +US\$0.86/barrel on September. The high sulphur fuel oil crack spread fell --US\$10barrel in October, with increases in all the other product spreads.

Refining NZ (NZR) has announced it is building a grid scale solar farm on vacant land adjacent to the refinery. The \$37m project will annually produce ~10% of NZR's electricity requirements. We estimate equity project returns are low double digits, albeit returns are very sensitive to the electricity price.

EV sales return to trend after big September spike

October 2019 EV sales totalled 534, -47% below the September record which was boosted by Tesla 3 sales. EV registrations were 2.2% of all light vehicles, consistent with the 12-month average, but -1.5% lower than the September record.

Figure 1. Summary company valuation metrics

Company	Price	Target		Rating	1 year forward		Gr Yld
		Price	Return		EV/EBITDA (x)	PE (x)	
NZR	2.05	2.15	10.6%	NEUTRAL	5.0	14.4	6.1
ZEL	5.36	5.20	6.0%	NEUTRAL	7.5	13.9	12.4

Source: Forsyth Barr analysis

Investment View

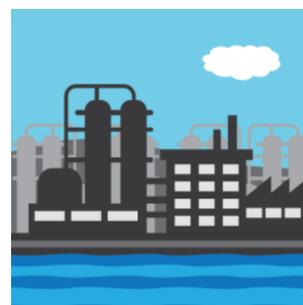
We have NEUTRAL ratings on both NZR and ZEL. Whilst there are positive upside scenarios, both stocks also face challenges. ZEL has difficult trading conditions and its underlying earnings level is unclear. NZR's challenge is to control opex and capex to ensure it remains competitive with import options.

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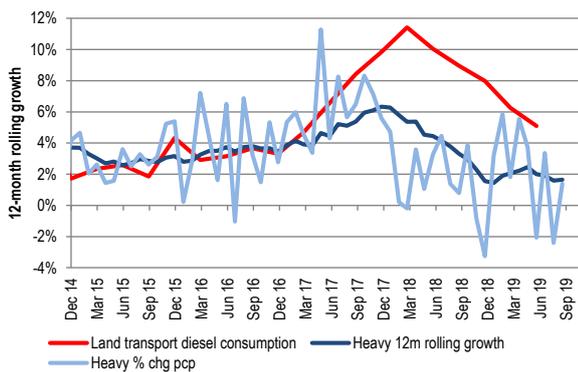
Downstream — Fuel volume indicators

Vehicle traffic

Heavy traffic growth volatility continues with a bounce into modest growth

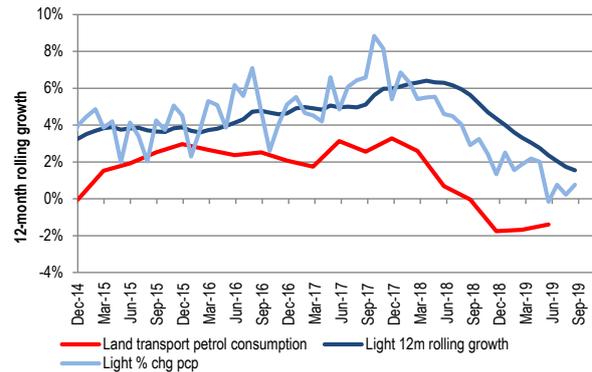
Heavy traffic volume data remains volatile, up +1.4% in September vs. the pcp compared to -2.4% fall in August vs. pcp. The 12-month rolling volume growth continues to hover around +2%. Light vehicle traffic volumes in September 2019 ticked up +0.8% vs. pcp and 12-month rolling growth continues to gradually decline.

Figure 2. Heavy vehicle 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 a mixed result

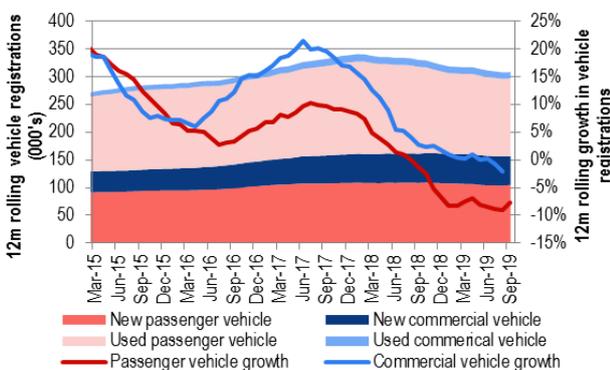
Commercial vehicle sales continued to decline in September 2019, falling -6.1% vs. pcp. However, following 6 months of steady decline, new passenger vehicle sales have bucked the trend with +9.4% growth vs. pcp. Overall YTD new vehicle sales were down -4% compared to last year.

The decline in used vehicle registrations continued as used-commercial and used-passenger were down -4% and -6% on the prior month respectively.

The number of Heavy Vehicles/SUVs/utes sales per EV sale fell to 17.8 as a result of a spike in sales in September.

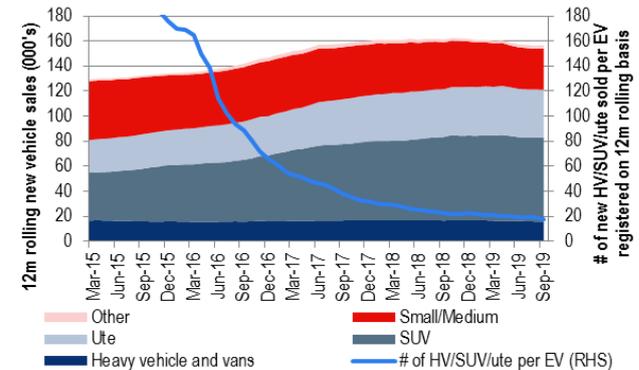
At the time of publishing, October 2019 data had not been released.

Figure 4. 12 month rolling vehicle registrations



Source: MIA, Forsyth Barr analysis

Figure 5. 12 month rolling vehicle sales by type



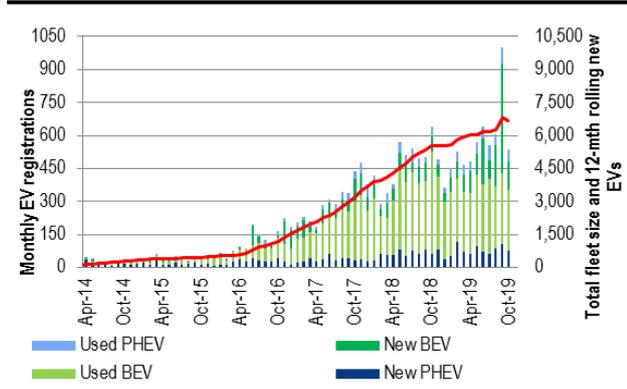
Source: MIA, Forsyth Barr analysis

EV registrations

EV registrations were 534 in October 2019, this is -16% down on the pcp and -47% lower than September which had a record 999 EV registrations. September was helped by the 359 Tesla model 3s sold during the month. The total number of electric vehicles now sits at 16,979.

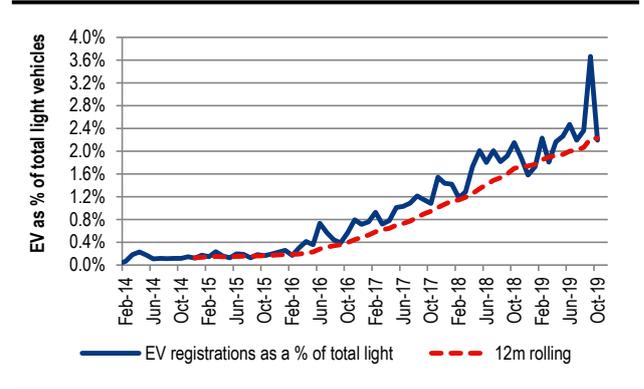
October 2019 new EV registrations were 1.7% of new light vehicle registrations, -2.5% lower than the record 4.2% set in September 2019. Total EV registrations were 2.2%, consistent with the last 12-month average.

Figure 6. EV registrations



Source: MoT, Forsyth Barr analysis

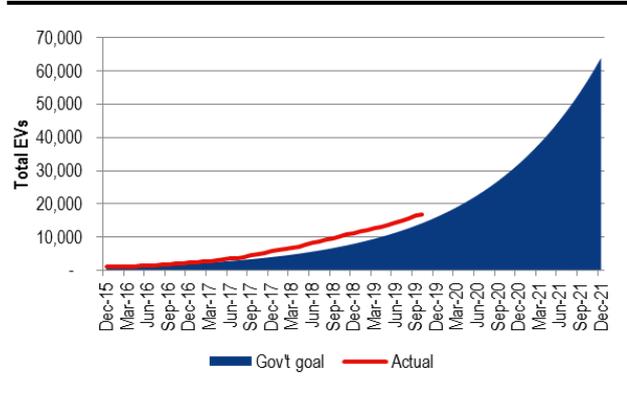
Figure 7. EV registrations as % of total light vehicle registrations



Source: MoT, Forsyth Barr analysis

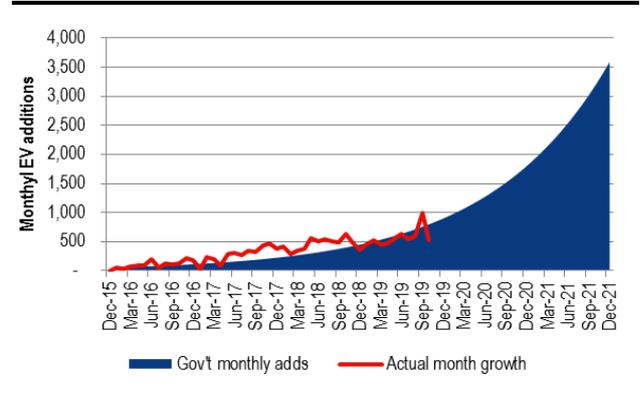
The total number of registered EVs continues to be comfortably ahead of the Government target (16,979 vs. 14,254 by end of October 2019). However, apart from a record number of registrations in September, monthly registrations are starting to lag further behind the required growth rate.

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

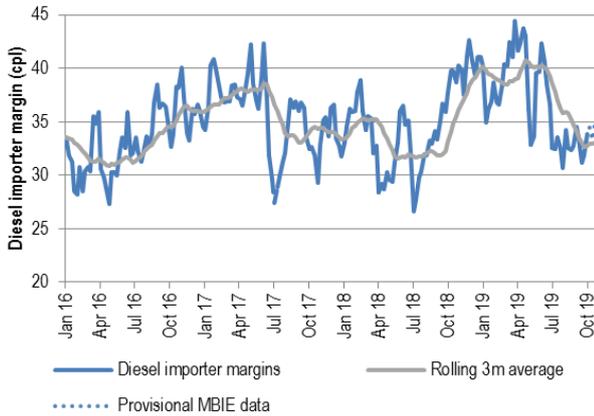
Downstream — MBIE importer margins

Petrol margins show healthy growth

October 2019 provisional MBIE importer margins show strong growth in both diesel and petrol margins, up +4% and +8% respectively. Diesel has now had three consecutive months of growth and averaged 34.1cpl. Petrol margins recovered the decrease that was observed in September 2019 and averaged 26.4cpl in October 2019.

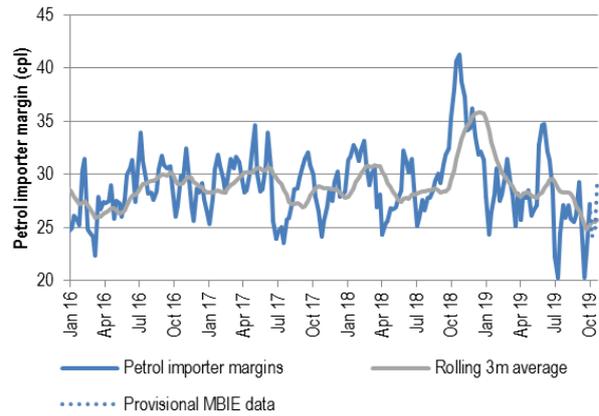
The lift in margins reported in October are contrary to ZEL's 1H20 result commentary that suggested October was worse than September.

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

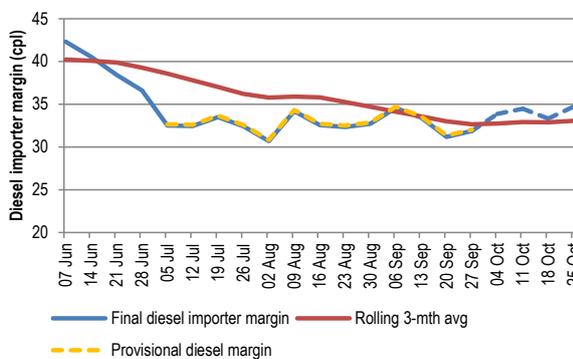
	Monthly Average			% chg	Spot Margin	YTD FY19	YTD FY20	% chg	FY18	FY19	% chg
	Aug-19	Sep-19	Oct-19								
MBIE importer margin - diesel (cpl)	32.5	32.8	34.1	4%	34.7	33.0	35.7	8%	34.9	35.0	0%
MBIE importer margin - petrol (cpl)	26.1	24.5	26.4	8%	29.3	29.8	27.1	-9%	29.0	30.2	4%

Source: MBIE, Forsyth Barr analysis
*The financial year is the year to 31 March.

Final 2Q20 importer margins released

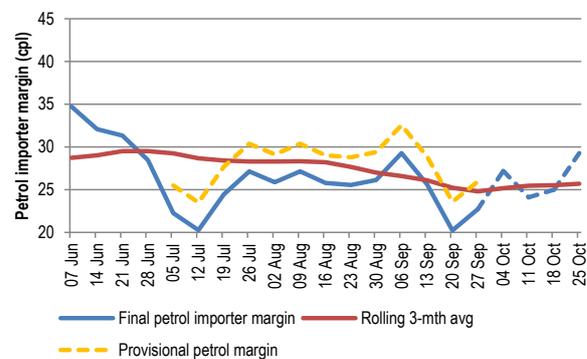
As expected following ZEL's earnings downgrade, MBIE final fuel margins for the September 2019 quarter show both diesel and petrol importer margins below provisional estimates, albeit only marginally for diesel. Diesel margins were -0.15cpl (-0.4%) below the provisional estimates. Petrol margins were -3.25cpl (-11.6%) below provisional estimates.

Figure 13. Provisional and final diesel importer margins



Source: MBIE, Forsyth Barr analysis

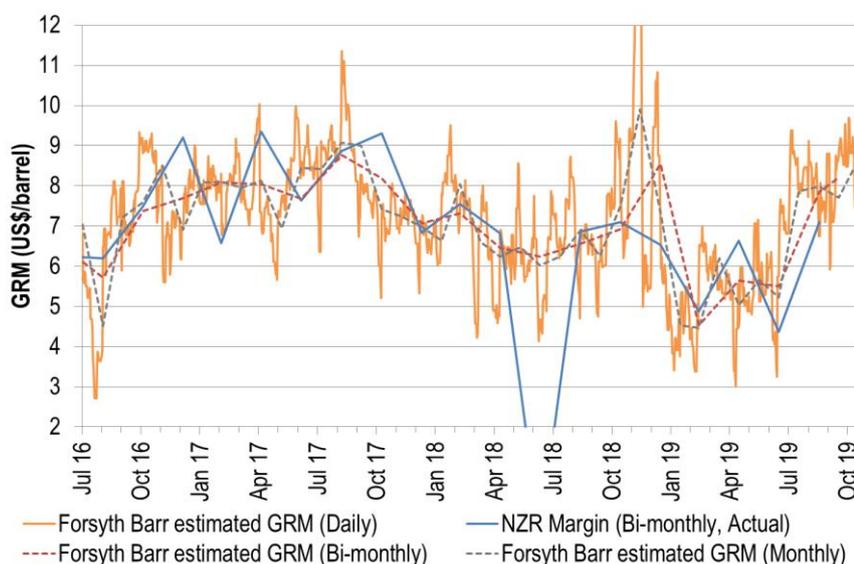
Figure 14. Provisional and final petrol importer margins



Source: MBIE, Forsyth Barr analysis

Downstream — Refining margins

Figure 15. 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

Estimated gross refining margin grows in October

We estimate that NZR's October 2019 gross refining margin (GRM) was US\$8.60/barrel, increasing +11% from our estimate of US\$7.76/barrel in September 2019. This was reflected in the increasing component crack spreads, with both average petrol (gasoline) and jet fuel crack spreads showing growth, up ~+7% and ~+44% respectively.

Our estimated processing fee increased to NZ\$33.2m, up from NZ\$30.0m in September. This increase is consistent with GRM growth as the USD/NZD exchange rate was unchanged.

We are starting to see the IMO 2020 low-sulphur oil requirements impacting refining margins, as high-sulphur fuel oil crack spreads decreased significantly from an average of -US\$2.6/barrel in September to an average of -US\$12.7/barrel in October. This was accompanied by a firming up of diesel crack spreads as the average for October increased from US\$15.4/barrel in September to US\$17.4/barrel in October.

Figure 16. Key statistics

	Monthly average			% chg	Spot estimate	YTD FY18	YTD FY19*	% chg	FY17	FY18	% chg
	Aug-19	Sep-19	Oct-19								
Forsyth Barr estimated GRM (US\$/barrel)	8.17	7.76	8.60	11%	8.36	5.52	6.23	13%	8.10	5.69	-30%
NZDUSD	0.643	0.634	0.634	0%	0.641	0.695	0.661	-5%	0.711	0.693	-3%
Estimated processing fee (NZ\$m)	31.1	30.0	33.2	11%	n/a	132.2	201.7	53%	328.9	255.1	-22%

Source: NZR, Bloomberg, Forsyth Barr analysis

*Includes Forsyth Barr estimate for September and October 2019

Financial year is the year to 31 December

Upstream — Brent oil price

Figure 17. Brent oil price (spot)



Source: Bloomberg, Forsyth Barr analysis

Figure 18. Brent oil price forecasts (Bloomberg consensus)



Source: Bloomberg, Forsyth Barr analysis

Negative outlook beginning to show signs of turnaround

The Brent oil price was a lot more stable in October with the prices fluctuating between ~US\$58/barrel and ~US\$62/barrel following a volatile September. Oil prices rose in the middle of the month as a result of both a decline in US inventories, and the possibility that a portion of the US–China trade deal may be signed early. However, worries around weak Chinese industrial data mean oil prices have started to roll back towards US\$60/barrel. Overall, the average price in October 2019 of US\$59.6/barrel was -4% down from September.

October consensus forecasts were slightly down for 2019 and 2020. However, following decreases in 2021 consensus forecasts for the last 2 months, the forecast rose +1% to US\$61.9/barrel.

Figure 19. Key statistics

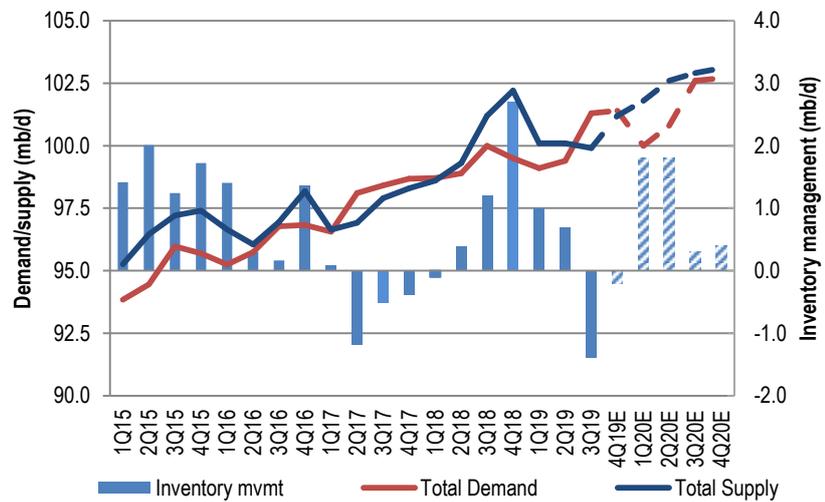
	Monthly average			% chg	Spot price	YTD 2018	YTD 2019	% chg	2017	2018	% chg
	Aug-19	Sep-19	Oct-19								
Historic prices (Period average)											
Brent crude price (US\$/bbl)	59.5	62.3	59.6	-4%	60.2	72.7	64.2	-12%	54.8	71.5	30%
Brent crude price (NZ\$/bbl)	92.5	98.2	94.1	-4%	97.0	104.2	97.2	-7%	77.2	103.6	34%
Forecast prices (Month end)											
Bloomberg consensus forecast 2019	66.8	64.7	64.0	-1%							
Bloomberg consensus forecast 2020	64.4	62.0	60.1	-3%							
Bloomberg consensus forecast 2021	65.5	61.1	61.9	1%							

Source: Bloomberg, Forsyth Barr analysis

Supply and demand

The International Energy Agency (IEA) has revised its 2020 oil demand forecasts down to +1.2mb/d compared to 2019, a -0.1mb/d reduction. The key reason this has been revised is due to weaker forecast growth in GDP.

Figure 20. IEA daily oil supply/demand



Source: IEA, Forsyth Barr analysis

Global oil supply fell -1.5mb/d in September 2019 to 99.3mb/d, Saudi Arabia had the largest individual country decrease with a -0.8mb/d reduction. Compliance with the OPEC+ (OPEC +Russia) agreement rose to 202% in September, boosted by the temporary Saudi Outage.

Refining NZ (NZR)

Priced as at 01 Nov 2019: NZ\$2.05

December year end

Forsyth Barr valuation		Valuation Ratios				2017A	2018A	2019E	2020E	2021E	
Valuation methodology	Blend of spot valuations, weighted to multiples				EV/EBITDA (x)	3.8	5.6	5.0	4.2	4.6	
					EV/EBIT (x)	6.7	15.3	12.2	8.5	10.7	
12-month target price (NZ\$)*	2.15	Spot valuations (NZ\$)			PE (x)	8.2	21.6	14.7	9.5	12.1	
Expected share price return	4.9%	1. DCF	2.06		Price/NTA (x)	0.8	0.8	0.8	0.8	0.8	
Net dividend yield	5.7%	2. Market multiples	2.10		Free cash flow yield (%)	16.1	-9.0	8.9	11.7	10.4	
Estimated 12-month return	10.6%	3. n/a	n/a		Net dividend yield (%)	8.8	3.7	4.4	5.9	5.9	
					Gross dividend yield (%)	12.2	5.1	6.1	8.1	8.1	
Key WACC assumptions	DCF valuation summary (NZ\$m)				Imputation (%)	100	100	100	100	100	
Risk free rate	2.00%	Total firm value	931		Pay-out ratio (%)	72	79	65	56	71	
Equity beta	1.00	(Net debt)/cash	(274)								
WACC	8.5%	Value of equity	657		Capital Structure	2017A	2018A	2019E	2020E	2021E	
Terminal growth	0.0%	Shares (m)	313		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	
Profit and Loss Account (NZ\$m)	2017A	2018A	2019E	2020E	2021E	Net debt/ND+E (%)	16.4	25.3	22.6	18.7	16.1
Sales revenue	414.6	362.5	408.0	431.3	416.6	Net debt/EBITDA (x)	0.7	1.7	1.3	0.9	0.8
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)	Key Ratios	2017A	2018A	2019E	2020E	2021E
Normalised EBIT	124.2	55.6	72.7	102.6	81.5	Return on assets (%)	9.3	4.0	5.2	7.4	5.9
Net interest	(13.7)	(13.8)	(12.2)	(9.2)	(7.9)	Return on equity (%)	9.9	3.9	5.5	8.2	6.4
Associate income	-	-	-	-	-	Return on funds employed (%)	10.1	4.6	5.8	7.8	6.4
Tax	(31.9)	(12.2)	(17.0)	(26.1)	(20.6)	EBITDA margin (%)	53.1	42.1	43.4	47.9	45.2
Minority interests	-	-	-	-	-	EBIT margin (%)	30.0	15.3	17.8	23.8	19.6
Normalised NPAT	78.5	29.6	43.5	67.2	53.0	Capex to sales (%)	22.8	44.8	19.5	23.3	22.5
Abnormals/other	-	-	-	-	-	Capex to depreciation (%)	98	167	76	96	87
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	Operating Performance	2017A	2018A	2019E	2020E	2021E
DPS (cps)	18.0	7.5	9.0	12.0	12.0						
						Revenue Breakdown (NZ\$m)					
Growth Rates	2017A	2018A	2019E	2020E	2021E	Processing fee revenue	327.4	258.9	302.6	326.5	309.9
Revenue (%)	17.1	-12.6	12.6	5.7	-3.4	Natural gas recovery	24.4	32.0	39.8	40.6	41.4
EBITDA (%)	31.7	-30.7	16.1	16.6	-8.8	Other refining revenue	11.7	13.6	14.8	13.5	13.8
EBIT (%)	55.2	-55.3	30.8	41.1	-20.6	Pipeline revenue	37.8	44.1	37.0	37.8	38.5
Normalised NPAT (%)	66.5	-62.3	46.9	54.6	-21.2	Other revenue	13.3	13.9	13.9	12.9	13.0
Normalised EPS (%)	66.5	-62.3	46.9	54.6	-21.2	Total revenue	414.6	362.5	408.0	431.3	416.6
DPS (%)	100.0	-58.3	20.0	33.3	0.0	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
Cash Flow (NZ\$m)	2017A	2018A	2019E	2020E	2021E	Processing fee drivers					
EBITDA	220.3	152.6	177.2	206.6	188.5	Refining margin (USD/barrel)	8.0	6.2	6.6	7.4	7.0
Working capital change	22.5	(38.8)	(13.6)	4.0	0.2	NZDUSD	0.71	0.69	0.66	0.68	0.68
Interest & tax paid	(36.9)	(25.2)	(38.6)	(35.4)	(28.5)	Throughput (mbls)	41.7	40.4	43.4	43.0	43.0
Other	(8.0)	16.0	11.4	-	-	Refining margin (NZD/barrel)	7.9	6.2	6.9	7.6	7.2
Operating cash flow	198.0	104.6	136.5	175.3	160.2	Margin cap (USD/barrel)	9.0	9.0	9.0	9.0	9.0
Capital expenditure	(94.6)	(162.3)	(79.6)	(100.3)	(93.6)	Fee floor (estimated) (USD/barrel)	3.2	3.3	3.0	3.1	3.2
(Acquisitions)/divestments	-	-	-	-	-	Operating cost breakdown (NZ\$m)					
Other	(0.4)	-	-	-	-	Process materials and utilities	45.9	49.2	59.6	54.1	54.4
Funding available/(required)	103.1	(57.7)	56.9	75.0	66.6	Natural gas costs	24.4	32.0	39.8	40.6	41.4
Dividends paid	(37.5)	(46.9)	(20.3)	(34.4)	(37.5)	Materials & contractor payments	31.0	29.0	31.1	31.5	31.8
Equity raised/(returned)	(0.7)	(0.3)	(0.3)	-	-	Wages & salaries	59.0	61.3	62.3	63.6	64.9
Increase/(decrease) in net debt	(64.8)	104.9	(36.3)	(40.6)	(29.1)	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
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						

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

Forsyth Barr valuation					Valuation Ratios						
Valuation methodology					2018A 2019A 2020E 2021E 2022E						
Blend of spot valuations					EV/EBITDA (x)	6.6	6.6	7.5	7.4	7.5	
					EV/EBIT (x)	8.6	9.2	12.0	11.1	11.2	
12-month target price (NZ\$)*	5.20	Spot valuations (NZ\$)			PE (x)	10.1	10.9	13.9	13.1	13.0	
Expected share price return	-3.0%	1. DCF	5.07		Price/NTA (x)	17.2	9.2	42.8	32.2	26.7	
Net dividend yield	9.0%	2. Dividend Yield	5.33		Free cash flow yield (%)	14.2	13.2	-0.5	10.9	11.3	
Estimated 12-month return	6.0%	3. Market Multiple	5.30		Net dividend yield (%)	6.0	8.0	9.0	9.0	9.0	
					Gross dividend yield (%)	8.4	11.1	12.4	12.4	12.4	
Key WACC assumptions					Imputation (%)	100	100	100	100	100	
Risk free rate	2.00%	DCF valuation summary (NZ\$m)			Pay-out ratio (%)	61	88	125	117	117	
Equity beta	0.84	Total firm value	3,033		Capital Structure						
WACC	7.1%	(Net debt)/cash	906		2018A	2019A	2020E	2021E	2022E		
Terminal growth	-2.0%	Value of equity	2,044		Interest cover EBIT (x)	6.7	6.1	3.9	4.4	4.7	
					Shares (m)	400					
					Interest cover EBITDA (x)	8.6	8.5	6.2	6.7	7.0	
Profit and Loss Account (NZ\$m)	2018A	2019A	2020E	2021E	2022E	Net debt/ND+E (%)	57.2	55.4	63.6	64.1	64.4
Sales revenue	4,570	5,450	5,168	5,169	5,079	Net debt/EBITDA (x)	1.8	1.9	2.69	2.47	2.42
Normalised EBITDA	448	435	396	420	413	Key Ratios					
Depreciation and amortisation	(102)	(122)	(147)	(141)	(137)	2018A	2019A	2020E	2021E	2022E	
Normalised EBIT	347	312	248	279	276	Return on assets (%)	12.4	11.0	8.1	9.2	9.3
Net interest	(52)	(51)	(64)	(63)	(59)	Return on equity (%)	24.2	21.7	18.4	20.5	21.5
Associate income	1	(1)	(1)	-	-	Return on funds employed (%)	17.4	15.8	10.8	12.4	12.8
Tax	(82)	(61)	(49)	(60)	(61)	EBITDA margin (%)	9.8	8.0	7.7	8.1	8.1
Minority interests	-	(2)	(19)	(9)	(8)	EBIT margin (%)	7.6	5.7	4.8	5.4	5.4
Normalised NPAT	211	196	154	164	164	Capex to sales (%)	1.9	1.0	1.7	0.9	0.9
Abnormals/other	(6)	(16)	(35)	-	-	Capex to depreciation (%)	140	85	107	57	58
Reported NPAT	205	180	119	164	164	Operating Performance					
Normalised EPS (cps)	52.9	49.0	38.5	41.0	41.1	2018A	2019A	2020E	2021E	2022E	
DPS (cps)	32.3	43.0	48.0	48.0	48.0	Product volumes (m litres)					
						Petrol	1,204	1,165	1,136	1,139	1,126
Growth Rates	2018A	2019A	2020E	2021E	2022E	Diesel - retail	461	454	446	438	427
Revenue (%)	18.3	19.3	-5.2	0.0	-1.7	Diesel - commercial	807	812	799	831	846
EBITDA (%)	6.9	-2.9	-9.0	6.2	-1.6	Diesel - biofuels	-	1	6	14	22
EBIT (%)	3.3	-10.1	-20.4	12.3	-0.9	Other fuels	1,153	1,193	1,156	1,171	1,186
Normalised NPAT (%)	8.2	-7.4	-21.4	6.7	0.1	Supply - domestic	520	544	551	566	574
Normalised EPS (%)	8.2	-7.4	-21.4	6.7	0.1	Sub-total	4,145	4,168	4,094	4,159	4,180
DPS (%)	10.2	33.1	11.6	0.0	0.0	Supply - industry & export	178	280	82	102	100
						Total Fuels	4,323	4,448	4,176	4,260	4,280
Cash Flow (NZ\$m)	2018A	2019A	2020E	2021E	2022E	Retail service stations	343	343	340	336	339
EBITDA	448	435	396	420	413	Petrol/service station (m litres)	3.70	3.59	3.52	3.54	3.50
Working capital change	61	(159)	16	(7)	7	Diesel/service station (m litres)	1.34	1.32	1.31	1.29	1.26
Interest & tax paid	(103)	(161)	(142)	(130)	(128)	Gross profit (NZDm)					
Other	(15)	223	(192)	(4)	(4)	Fuels	685	700	654	658	653
Operating cash flow	391	338	77	279	289	Refining	77	54	68	72	69
Capital expenditure	(87)	(55)	(88)	(46)	(47)	Non-fuels	76	81	76	80	82
(Acquisitions)/divestments	18	(28)	36	-	-	Flick Electric	-	1	4	7	9
Other	12	4	4	6	6	Gross profit	838	836	803	816	813
Funding available/(required)	334	259	30	239	248	Fuels gross margin (cpl)	16.5	16.8	16.0	15.8	15.6
Dividends paid	(134)	(152)	(198)	(192)	(192)	Fuels margin incl refining (cpl)	17.6	17.0	17.3	17.1	16.9
Equity raised/(returned)	(2)	(1)	(14)	(14)	(14)	Fuels margin excl supply (cpl)	18.3	18.0	17.6	17.5	17.3
Increase/(decrease) in net debt	(198)	(106)	182	(33)	(42)	Non-fuels revenue/station (NZD 000)	373	398	378	397	407
						Refining volume (m barrels)	21.3	19.7	20.8	21.2	21.3
Balance Sheet (NZ\$m)	2018A	2019A	2020E	2021E	2022E	Sales sourced from refinery (%)	82	75	81	81	81
Working capital	196	358	363	370	364	ZEL refining margin (USD/barrel)	8.6	6.2	6.9	7.0	7.0
Fixed assets	870	830	806	781	757	Flick customer numbers (000)	-	20.5	20.2	26.2	31.7
Intangibles	750	668	785	733	685	Total funding sources					
Other assets	134	161	219	219	219	2018A	2017	2,173	2,103	2,024	
Total funds employed	1,950	2,017	2,173	2,103	2,024						
Net debt/(cash)	824	827	1,065	1,038	1,002						
Other non current liabilities	269	270	263	257	249						
Shareholder's funds	857	920	844	808	772						
Minority interests	-	-	-	-	-						

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

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