

# Z Energy

## Holiday Volumes Offset Margin Squeeze

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### OUTPERFORM

Z Energy's (ZEL) 3Q21 volumes and shop sales were strong, but not enough to offset a decline in retail margins. We have trimmed our FY21 EBITDAF forecast -NZ\$3m (-1.1%) to NZ\$243m and lowered our target price -5cps (-1.1%) to NZ\$4.30. ZEL continues to trade on undemanding value metrics, and in our view only has to deliver on FY21 EBITDAF guidance with the promise of a modest FY22 dividend to positively re-rate. We reiterate our OUTPERFORM rating.

NZX Code	ZEL	Financials: Mar/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$3.11	NPAT* (NZ\$m)	102.2	20.0	97.0	119.9	PE	12.2	81.0	16.7	13.5
Target price	NZ\$4.30	EPS* (NZc)	25.6	3.8	18.7	23.1	EV/EBIT	13.1	31.5	15.2	12.9
Risk rating	Medium	EPS growth* (%)	-47.8	-85.0	n/a	23.6	EV/EBITDA	7.3	11.3	8.2	7.6
Issued shares	520.1m	DPS (NZc)	16.5	0.0	25.0	25.0	Price / NTA	n/a	5.3	4.2	4.0
Market cap	NZ\$1,618m	Imputation (%)	100	100	100	100	Cash div yld (%)	5.3	0.0	8.0	8.0
Avg daily turnover	1,235k (NZ\$3,829k)	*Based on normalised profits					Gross div yld (%)	7.4	0.0	11.2	11.2

#### What's changed?

- **Earnings:** FY21 EBITDAF lowered -NZ\$3m (-1.1%) to NZ\$243m (vs. ZEL FY21 EBITDAF guidance of NZ\$235m to NZ\$265m)
- **Target price:** Reduced -5cps (-1.1%) to NZ\$4.30

#### Good volumes, but more retail margin pressure

Following a soft November 2020, December 2020 volumes were well ahead of expectations, ensuring 3Q21 volumes were generally stronger than 3Q20. ZEL's 3Q21 retail volumes increased +2% and commercial diesel volumes increased +7%. These categories are the most important for the profitability of ZEL. The other stand-out feature of 3Q21 was the +6% increase in like-for-like weekly store sales. However, these positive features were offset by very weak December MBIE importer margins. We calculate the 3Q21 blended importer margin was 27.2cpl, -0.9cpl less than the very weak 3Q20 and -4.0cpl down on the prior 2Q21. November and December saw crude oil prices rise sharply, up +21% to NZ\$78/barrel, and crude oil price movements always impact importer margins. In addition, ZEL has indicated its retail margins have not fallen by the amount the MBIE margins imply, with the level of market-wide discounting declining in December – MBIE is currently unable to track intra-quarter discount movements.

#### Modest forecast changes

We have lowered our FY21 EBITDAF forecast -1.1% (-NZ\$3m) to NZ\$243m. The lower retail margins (-2.9%) have been only partially offset by stronger retail (+1.7%) and commercial diesel (+5.4%) volumes and a +4.4% increase in convenience store sales. Perhaps most importantly, ZEL has reiterated its FY21 EBITDAF guidance range of NZ\$235m to NZ\$265m, indicating ZEL is confident that even if retail margins do not improve from current levels its FY21 result should still be within the guidance range.

#### Clear positive catalysts ahead

ZEL has two positive catalysts in front of it. First, simply delivering on its earnings guidance and reinstating a dividend will ensure a re-rating. ZEL is currently trading on an 11.2% gross dividend yield. Second, the refinery is a material headwind at present with refining margins remaining below the fee floor. Whilst it appears ZEL and Refining NZ are still some distance apart, we expect at some point in the coming six months the parties will agree to convert the refinery to an import terminal, unlocking significant working capital enabling ZEL to compete more effectively with the Tier 2 retailers.

## Z Energy (ZEL)

Priced as at 20 Jan 2021 (NZ\$) **3.11**

<b>12-month target price (NZ\$)*</b>	<b>4.30</b>
Expected share price return	38.3%
Net dividend yield	6.7%
Estimated 12-month return	45.0%

<b>Key WACC assumptions</b>	
Risk free rate	1.30%
Equity beta	0.88
WACC	5.8%
Terminal growth	-5.0%

<b>Spot valuations (NZ\$)</b>	
1. DCF	4.94
2. Dividend Yield	3.79
3. Market Multiple	3.90

<b>DCF valuation summary (NZ\$m)</b>	
Total firm value	3,145
(Net debt)/cash	(573)
Less: Capitalised operating leases	0
Value of equity	2,572

<b>Profit and Loss Account (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Sales revenue	5,450	4,987	3,384	3,986	4,149
<b>Normalised EBITDA</b>	<b>435</b>	<b>366</b>	<b>243</b>	<b>313</b>	<b>335</b>
Depreciation and amortisation	(122)	(163)	(154)	(144)	(136)
<b>Normalised EBIT</b>	<b>312</b>	<b>203</b>	<b>87</b>	<b>169</b>	<b>198</b>
Net interest	(51)	(66)	(50)	(50)	(47)
Associate income	(1)	0	(2)	0	0
Tax	(61)	13	(26)	(33)	(42)
Minority interests	(2)	(16)	(7)	(11)	(11)
<b>Normalised NPAT</b>	<b>196</b>	<b>102</b>	<b>20</b>	<b>97</b>	<b>120</b>
Abnormals/other	(16)	(42)	2	0	0
<b>Reported NPAT</b>	<b>180</b>	<b>60</b>	<b>22</b>	<b>97</b>	<b>120</b>
Normalised EPS (cps)	49.0	25.6	3.8	18.7	23.1
DPS (cps)	43.0	16.5	0	25.0	25.0

<b>Growth Rates</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue (%)	19	-8	-32	18	4
EBITDA (%)	-3	-16	-34	29	7
EBIT (%)	-10	-35	-57	93	17
Normalised NPAT (%)	-7	-48	-80	>100	24
Normalised EPS (%)	-7	-48	-85	>100	24
Ordinary DPS (%)	33	-62	-100	n/a	0

<b>Cash Flow (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>EBITDA</b>	<b>435</b>	<b>366</b>	<b>243</b>	<b>313</b>	<b>335</b>
Working capital change	(159)	268	(153)	(34)	(11)
Interest & tax paid	(161)	(124)	(58)	(91)	(97)
Other	223	(194)	103	(8)	(8)
<b>Operating cash flow</b>	<b>338</b>	<b>316</b>	<b>136</b>	<b>181</b>	<b>219</b>
Capital expenditure	(55)	(102)	(54)	(52)	(53)
(Acquisitions)/divestments	(28)	21	(1)	0	0
Other	4	(29)	(24)	(24)	(24)
<b>Funding available/(required)</b>	<b>259</b>	<b>206</b>	<b>57</b>	<b>104</b>	<b>142</b>
Dividends paid	(152)	(203)	0	(47)	(130)
Equity raised/(returned)	(1)	0	337	0	0
<b>(Increase)/decrease in net debt</b>	<b>106</b>	<b>3</b>	<b>394</b>	<b>57</b>	<b>12</b>

<b>Balance Sheet (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Working capital	358	119	276	309	320
Fixed assets	830	819	790	763	737
Intangibles	668	786	598	553	515
Right of use asset	0	282	280	280	280
Other assets	161	253	163	163	163
<b>Total funds employed</b>	<b>2,017</b>	<b>2,259</b>	<b>2,107</b>	<b>2,068</b>	<b>2,016</b>
Net debt/(cash)	827	1,083	692	622	599
Lease liability	0	299	299	299	299
Other liabilities	270	275	215	207	200
Shareholder's funds	902	600	906	956	946
Minority interests	18	2	(5)	(17)	(28)
<b>Total funding sources</b>	<b>2,017</b>	<b>2,259</b>	<b>2,107</b>	<b>2,068</b>	<b>2,016</b>

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

<b>Valuation Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
EV/EBITDA (x)	5.4	7.3	11.3	8.2	7.6
EV/EBIT (x)	7.5	13.1	31.5	15.2	12.9
PE (x)	6.4	12.2	81.0	16.7	13.5
Price/NTA (x)	4.9	n/a	5.3	4.2	4.0
Free cash flow yield (%)	17.5	13.2	5.1	7.9	10.2
Net dividend yield (%)	13.8	5.3	0.0	8.0	8.0
Gross dividend yield (%)	19.2	7.4	0.0	11.2	11.2

<b>Capital Structure</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Interest cover EBIT (x)	6.1	3.1	1.8	3.4	4.2
Interest cover EBITDA (x)	8.5	5.5	4.9	6.3	7.1
Net debt/ND+E (%)	55.4	72.4	48.6	44.3	43.6
Net debt/EBITDA (x)	1.9	3.0	2.8	2.0	1.8

<b>Key Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Return on assets (%)	11.0	6.7	3.4	6.4	7.5
Return on equity (%)	21.3	17.0	2.2	10.3	13.1
Return on funds employed (%)	15.8	13.2	3.3	8.6	10.4
EBITDA margin (%)	8.0	7.3	7.2	7.8	8.1
EBIT margin (%)	5.7	4.1	2.6	4.2	4.8
Capex to sales (%)	1.0	2.0	1.6	1.3	1.3
Capex to depreciation (%)	85	126	68	66	67
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	88	65	0	134	108

<b>Operating Performance</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>Product volumes (m litres)</b>					
Petrol	1,165	1,099	969	1,064	1,059
Diesel - retail	454	445	426	469	466
Diesel - commercial	812	769	775	798	817
Other fuels	1,193	1,120	402	691	839
Supply - domestic	544	537	505	539	541
<b>Sub-total</b>	<b>4,168</b>	<b>3,970</b>	<b>3,078</b>	<b>3,560</b>	<b>3,722</b>
Supply - industry & export	280	67	39	30	30
<b>Total Fuels</b>	<b>4,448</b>	<b>4,037</b>	<b>3,117</b>	<b>3,590</b>	<b>3,752</b>
Retail service stations	343	334	331	330	333
Petrol/service station (m litres)	3.60	3.41	3.03	3.34	3.31
Diesel/service station (m litres)	1.32	1.30	1.26	1.41	1.41
<b>Gross profit (NZDm)</b>					
Fuels	700	666	538	583	590
Refining	54	37	(25)	5	26
Non-fuels	81	76	76	79	81
Flick Electric	1	2	3	4	4
<b>Gross profit</b>	<b>836</b>	<b>781</b>	<b>592</b>	<b>671</b>	<b>702</b>
Fuels gross margin (cpl)	16.8	16.8	17.5	16.4	15.9
Fuels margin incl refining (cpl)	17.0	17.4	15.9	15.7	15.8
Fuels margin excl supply (cpl)	18.0	17.7	16.7	16.5	16.6
Non-fuels revenue/station (NZD 000)	397	373	378	396	404

## Modest forecast changes following December 2020/3Q21 statistics

Following the 3Q21 operating statistics we have made three key forecast changes, two positive, one negative:

1. Increased retail and commercial diesel volumes +1.7% and +5.4% respectively. Retail and commercial diesel are the highest margin fuel categories
2. Increase non-fuel (convenience store) sales +4.4%
3. Lowered our 2H21 retail margin assumption -0.7cpl (-2.9%) to 22.9cpl

The net effect of these adjustments is to lower our FY21 EBITDAF forecast -NZ\$3m (-1.1%) to NZ\$243m. This compares to ZEL's FY21 EBITDAF guidance of NZ\$235m to NZ\$265m.

**Figure 1. Forecast changes**

	FY21 Old	FY21 New	% Chg	FY22 Old	FY22 New	% Chg	FY23 Old	FY23 New	% Chg
Revenue	3,225	3,384	5%	3,982	3,986	0%	4,146	4,149	0%
Gross profit	594	592	0%	677	671	-1%	707	702	-1%
Gross Margin	18.4%	17.5%	-5%	17.0%	16.8%	-1%	17.1%	16.9%	-1%
Operating costs	(348)	(349)	0%	(357)	(358)	0%	(366)	(367)	0%
<b>EBITDAF</b>	<b>246</b>	<b>243</b>	<b>-1%</b>	<b>320</b>	<b>313</b>	<b>-2%</b>	<b>342</b>	<b>335</b>	<b>-2%</b>
Depreciation & amortisation	(154)	(154)	0%	(144)	(144)	0%	(136)	(136)	0%
<b>EBIT</b>	<b>92</b>	<b>89</b>	<b>-3%</b>	<b>176</b>	<b>169</b>	<b>-4%</b>	<b>205</b>	<b>198</b>	<b>-4%</b>
Net Interest	(50)	(50)	0%	(49)	(50)	2%	(46)	(47)	1%
Other	4	4	0%	-	-		-	-	
<b>Pre-tax profit</b>	<b>46</b>	<b>44</b>	<b>-6%</b>	<b>128</b>	<b>119</b>	<b>-7%</b>	<b>159</b>	<b>151</b>	<b>-5%</b>
Tax expense	(27)	(26)	-3%	(36)	(33)	-7%	(45)	(42)	-5%
<b>NPAT</b>	<b>20</b>	<b>18</b>	<b>-10%</b>	<b>92</b>	<b>86</b>	<b>-7%</b>	<b>114</b>	<b>109</b>	<b>-5%</b>
Minority interest	7	7	0%	11	11	0%	11	11	0%
<b>NPAT post-minorities</b>	<b>27</b>	<b>25</b>	<b>-7%</b>	<b>103</b>	<b>97</b>	<b>-6%</b>	<b>126</b>	<b>120</b>	<b>-4%</b>
<b>Normalised Profit</b>	<b>22</b>	<b>20</b>	<b>-9%</b>	<b>103</b>	<b>97</b>	<b>-6%</b>	<b>126</b>	<b>120</b>	<b>-4%</b>
Earnings per share (eps)	4.2	3.8	-9%	19.8	18.7	-6%	24.1	23.1	-4%
Dividend (cps)	-	-		25.0	25.0	0%	25.0	25.0	0%
<b>Key operating assumptions</b>									
Retail - petrol	959	969	1%	1,054	1,064	1%	1,049	1,059	1%
Retail - diesel	413	426	3%	456	469	3%	454	466	3%
Commercial - diesel	760	775	2%	774	798	3%	793	817	3%
Commercial - jet	238	250	5%	499	527	6%	638	671	5%
Commercial - marine	87	42	-52%	106	39	-63%	109	41	-63%
Commercial - bitumen & other	110	110	0%	125	125	0%	127	127	0%
Domestic supply	507	505	0%	540	539	0%	542	541	0%
<b>ZEL specific volumes (m litres)</b>	<b>3,074</b>	<b>3,078</b>	<b>0%</b>	<b>3,554</b>	<b>3,560</b>	<b>0%</b>	<b>3,713</b>	<b>3,722</b>	<b>0%</b>
Industry and export supply	141	39	-72%	165	30	-82%	169	30	-82%
Terminal gate sales	-	112		-	150		-	150	
<b>Total fuel volumes (m litres)</b>	<b>3,215</b>	<b>3,117</b>	<b>-3%</b>	<b>3,719</b>	<b>3,590</b>	<b>-3%</b>	<b>3,881</b>	<b>3,752</b>	<b>-3%</b>
GM excl supply (cpl)	17.6	17.5	-1%	16.5	16.4	-1%	16.0	15.9	-1%
GM incl refining (cpl)	16.8	16.7	0%	16.7	16.5	-1%	16.7	16.6	-1%
<b>Gross profit make-up</b>									
Fuels gross profit	542	538	-1%	587	583	-1%	595	590	-1%
Refining gross profit	(24)	(25)	4%	10	5	-47%	30	26	-15%
Non-fuel gross profit	73	76	4%	76	79	4%	78	81	4%
NZR dividend	-	-		-	-		-	-	
Flick gross profit	3	3	0%	4	4	0%	4	4	0%
	<b>594</b>	<b>592</b>	<b>0%</b>	<b>677</b>	<b>671</b>	<b>-1%</b>	<b>707</b>	<b>702</b>	<b>-1%</b>

Source: Forsyth Barr analysis

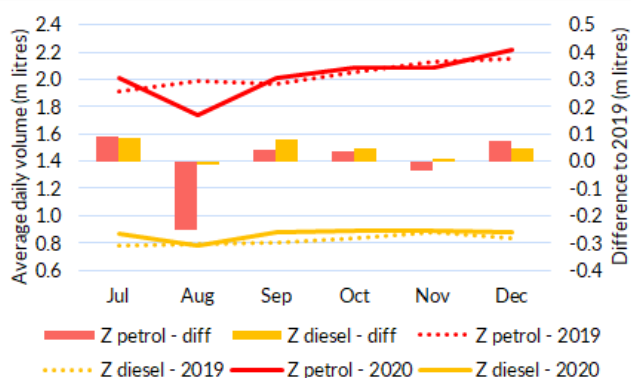
## December volumes strong and key segments up

Figure 2. December 2020 volumes

m litres	Dec-19	Nov-20	Dec-20	% chg vs. pcp	% chg vs. prior mth
<b>Volumes by brand/product</b>					
Petrol - Z	67	63	69	3%	6%
Petrol - Caltex	31	28	31	-2%	5%
Petrol - Domestic supply	13	11	12	-6%	10%
Diesel - Z	26	27	27	5%	-2%
Diesel - Caltex	13	13	14	2%	2%
Diesel - Domestic supply	34	37	35	3%	-8%
Diesel - Commercial	61	70	65	7%	-10%
Other - Jet	83	24	27	-67%	6%
Other - Marine	14	1	1	-95%	-46%
Other - Bitumen & other	13	16	10	-20%	-40%
<b>Total ZEL excl export &amp; terminal sales</b>	<b>354</b>	<b>290</b>	<b>290</b>	<b>-18%</b>	<b>-3%</b>
Terminal gate sales	0	12	13		8%
Industry & export	0	7	2		-74%
<b>Total ZEL</b>	<b>354</b>	<b>309</b>	<b>305</b>	<b>-14%</b>	<b>-4%</b>
<b>Volumes by category</b>					
Total Z	92	89	96	4%	4%
Total Caltex	44	41	44	-1%	4%
Total domestic supply	47	47	47	1%	-4%
Total retail (incl supply)	184	178	187	2%	2%
Total commercial	170	112	103	-40%	-11%
<b>Total volumes</b>	<b>354</b>	<b>290</b>	<b>290</b>	<b>-18%</b>	<b>-3%</b>

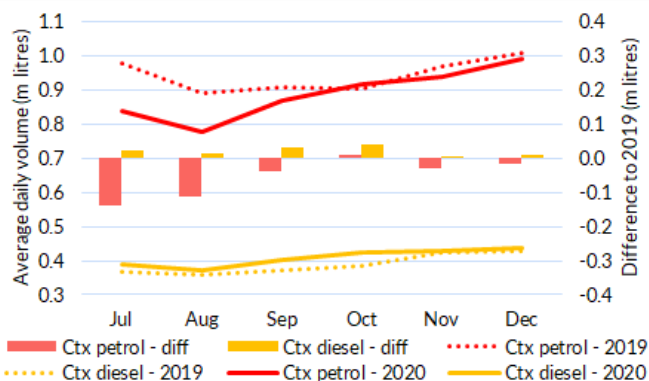
Source: ZEL, Forsyth Barr analysis

Figure 3. Z branded volumes



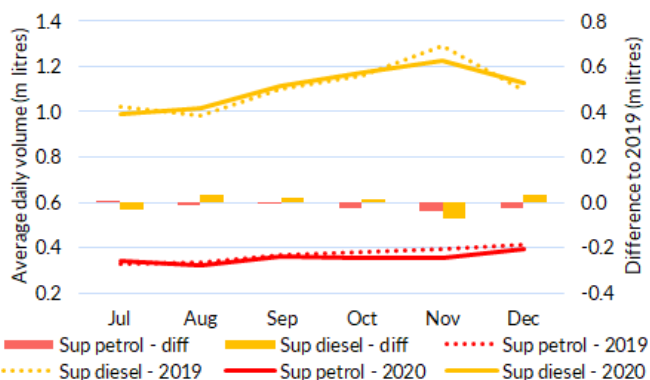
Source: ZEL, Forsyth Barr analysis

Figure 4. Caltex branded volumes



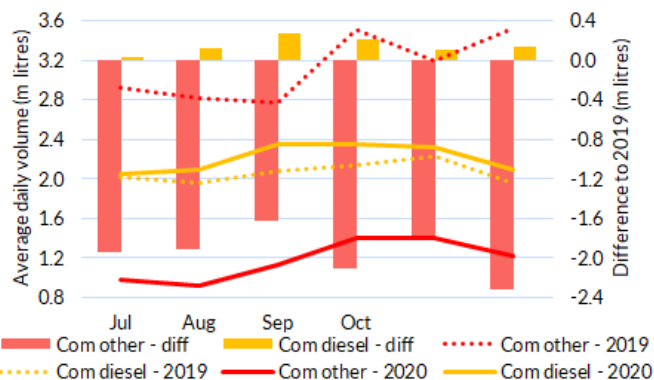
Source: ZEL, Forsyth Barr analysis

Figure 5. Domestic supply volumes



Source: ZEL, Forsyth Barr analysis

Figure 6. Commercial volumes



Source: ZEL, Forsyth Barr analysis

## December 2020 quarter generally show positive statistics

Our key take-outs from the 3Q21 operating statistics:

- Retail and commercial diesel volumes were strong, up +2% and +7% respectively. Following a softer than expected November, the December outcome is a great result
- The blended retail MBIE importer margin was down -3% on 3Q20. Given 3Q20 was a soft quarter, margin pressure has been intense. We discuss this in more detail on the next page
- Shop only transactions were up +9%, indicating ZEL's convenience store offering is performing well. This uplift in traffic has flowed through to sales. Like-for-like weekly shop sales increased +6% vs. 2Q20

Figure 7. 3Q21 operating statistics

	3Q20 Dec-19	2Q21 Sep-20	3Q21 Dec-20	% diff vs pcq	% diff vs pq
<b>Volumes (ml)</b>					
Petrol - Z	194	177	196	1%	11%
Petrol - Caltex	88	76	87	-1%	14%
Petrol - Subtotal	282	253	283	0%	12%
Diesel - Z	78	77	81	4%	5%
Diesel - Caltex	38	36	40	5%	12%
Diesel - Subtotal	116	113	121	4%	7%
<b>TOTAL Retail</b>	<b>398</b>	<b>366</b>	<b>404</b>	<b>2%</b>	<b>10%</b>
Diesel - Commercial	194	199	208	7%	5%
Jet/Fuel Oil/Bitumen	316	93	125	-60%	35%
Supply - Domestic	145	127	142	-2%	12%
<b>TOTAL Commercial</b>	<b>655</b>	<b>418</b>	<b>475</b>	<b>-27%</b>	<b>13%</b>
<b>TOTAL Underlying Volume</b>	<b>1,053</b>	<b>784</b>	<b>879</b>	<b>-17%</b>	<b>12%</b>
Supply - Industry & Export	39	12	14		
Supply - Terminal gate sales	0	37	38		
<b>TOTAL</b>	<b>1,092</b>	<b>833</b>	<b>931</b>	<b>-15%</b>	<b>12%</b>
Z retail (as reported)	272	254	277	2%	9%
Caltex retail	126	112	127	1%	13%
<b>Margin (MBIE data) (cpl)</b>					
Regular petrol - MBIE	23.9	25.6	22.8	-5%	-11%
Premium petrol - MBIE	37.1	37.7	35.4	-5%	-6%
Diesel - MBIE	31.1	37.2	30.4	-2%	-18%
<b>Blended retail margin</b>	<b>28.1</b>	<b>31.2</b>	<b>27.2</b>	<b>-3%</b>	<b>-13%</b>
<b>Transaction volumes - Z (m)</b>					
Fuel only	7.4	6.4	7.3	-1%	14%
Fuel & shop	1.6	1.3	1.5	-6%	15%
Shop only	5.8	5.3	6.3	9%	19%
<b>TOTAL</b>	<b>14.8</b>	<b>13.0</b>	<b>15.1</b>	<b>2%</b>	<b>16%</b>
Weekly shop sales (\$)	40,906	39,554	43,087	5%	9%
Like-for-like weekly sales (\$)	41,208	40,218	43,639	6%	9%
<b>Outlet Numbers</b>					
Service stations - Z	202	198	197	-2%	-1%
Service stations - Caltex	136	136	136	0%	0%
<b>Service stations - Total</b>	<b>338</b>	<b>333</b>	<b>333</b>	<b>-1%</b>	<b>0%</b>
Truck stops	154	152	151	-2%	-1%

Source: ZEL, Forsyth Barr analysis

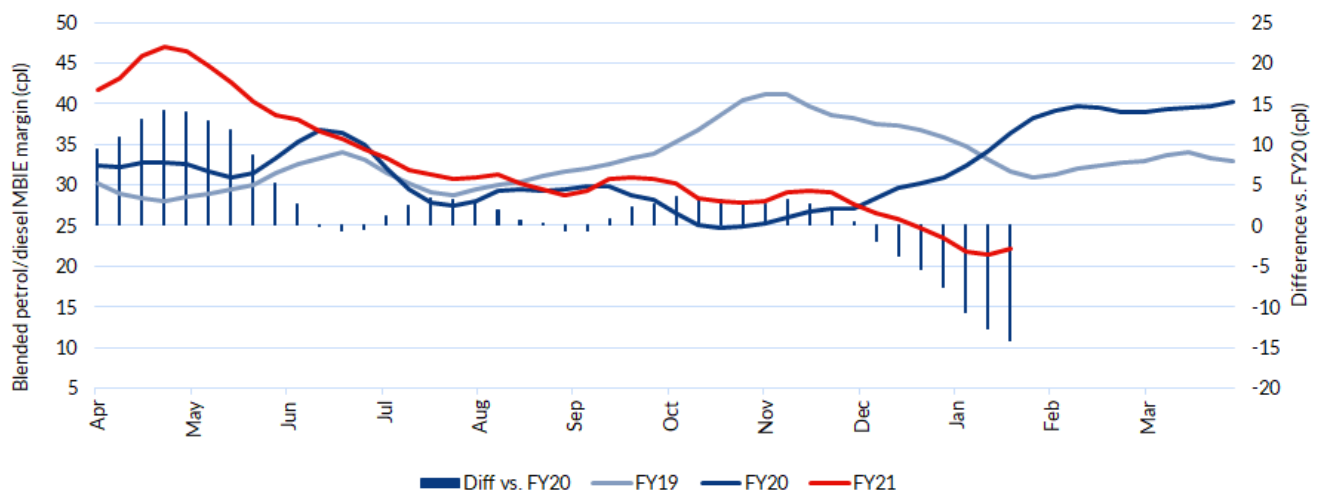
## Retail margins drop to new lows

Retail margins have been weak during the holiday period, dipping below the lows of the October/November 2019 period. The regular petrol MBIE importer margin for the last two weeks of December 2020 were the lowest in eight years. Several factors appear to be at play:

- Rising crude oil prices. During periods of sharp crude oil price increases there tends to be a margin squeeze. From the beginning of November 2020 to early January crude oil prices have lifted +37% (+NZ\$21/barrel or +13.2cpl) to NZ\$78/barrel. Margins tend to stabilise when crude oil movements cease
- According to ZEL data, discount levels for regular petrol eased from ~25cpl at the beginning of December to ~15cpl at the end of December. MBIE data does not capture intra-quarter discount changes, applying a flat estimate across each quarter. This will ameliorate some of the decline observed in the charts below
- Margin squeeze as fuel stations fought for market share during the summer holiday driving season. Notwithstanding the above two points, lower importer margins have hurt ZEL

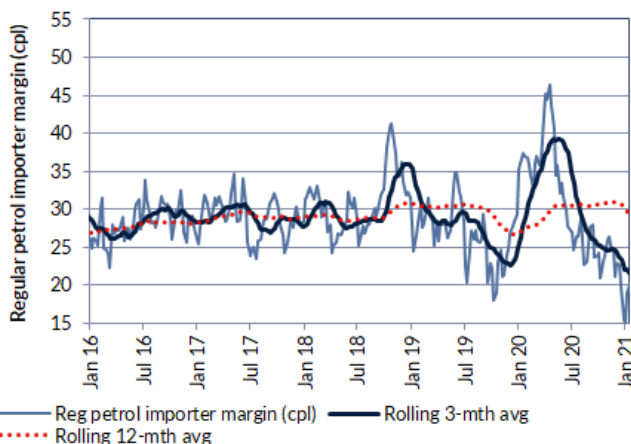
Retail margins have started to rebound in the first two weeks of January — in particular diesel, which is back to early November levels. We do not expect importer margins to match those of 4Q20 which had a very strong tailwind due to falling crude oil prices, however, we do expect them to return to between 27cpl and 30cpl (on a blended basis).

Figure 8. Rolling 4-week blended petrol/diesel MBIE margin



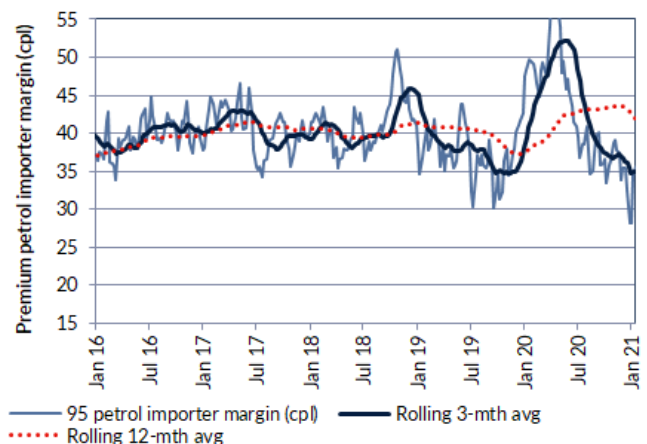
Source: MBIE, Forsyth Barr analysis

Figure 9. Regular petrol import margin

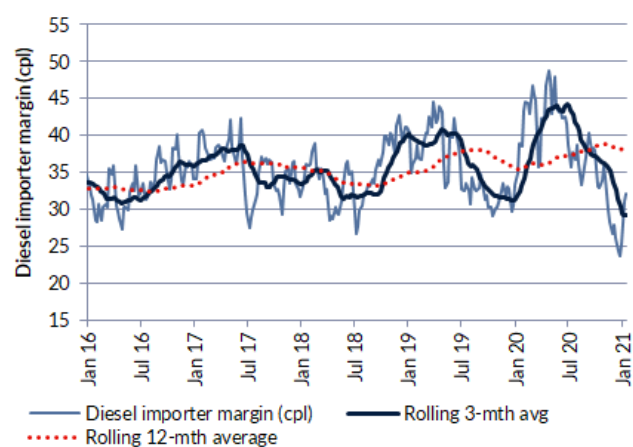


Source: MBIE, Forsyth Barr analysis

Figure 10. Premium petrol importer margin



Source: MBIE, Forsyth Barr analysis

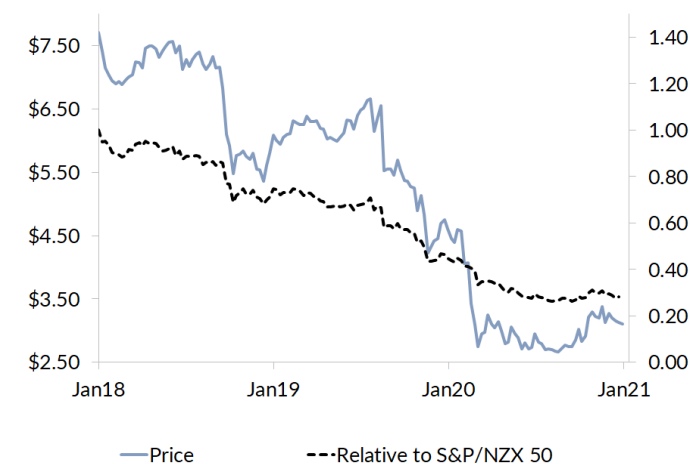
**Figure 11. Diesel importer margin**


Source: MBIE, Forsyth Barr analysis

**Figure 12. MBIE importer margins**

	Regular petrol	Premium petrol	Diesel	Blended
Spot	20.0	35.6	32.1	25.4
Last 4 weeks	17.4	31.6	28.0	22.2
Last 3 months	21.5	34.7	28.8	25.3
<b>FY21 YTD</b>	<b>27.5</b>	<b>40.4</b>	<b>36.7</b>	<b>31.7</b>
FY20	28.7	39.8	36.0	32.2
FY19	30.2	40.8	35.8	33.2
FY18	29.0	40.1	34.9	32.2

Source: MBIE, Forsyth Barr analysis

**Figure 13. Price performance**


Source: Forsyth Barr analysis

**Figure 14. Substantial shareholders**

Shareholder	Latest Holding
ACC	9.3%
Commonwealth Bank of Australia	6.1%
L1 Capital Partners Pty	5.0%

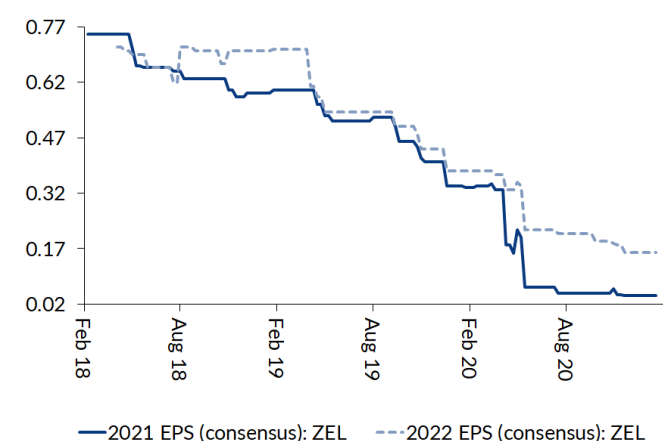
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 15. International valuation comparisons**

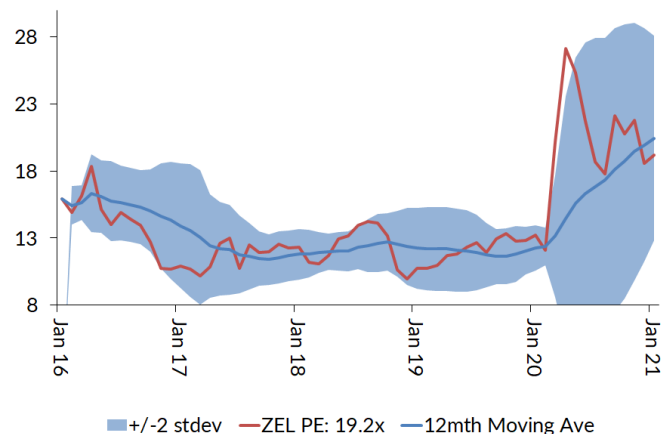
Company	Code	Price	Mkt Cap (m)	PE 2021E	PE 2022E	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBIT 2021E	EV/EBIT 2022E	Cash Yld 2022E
(metrics re-weighted to reflect ZEL's balance date - March)										
Z Energy	ZEL NZ	NZ\$3.11	NZ\$1,618	>50x	16.7x	11.1x	8.6x	30.9x	16.0x	8.0%
SUBURBAN PROPANE PARTNERS LP	SPH US	US\$15.45	US\$966	14.3x	12.6x	8.3x	8.6x	16.2x	16.2x	8.0%
AMPOL	ALD AT	A\$29.99	A\$7,489	32.1x	19.0x	11.3x	9.2x	21.8x	14.7x	2.9%
VIVA ENERGY GROUP	VEA AT	A\$1.84	A\$2,950	>50x	23.7x	9.1x	6.8x	39.7x	15.6x	3.5%
CONTACT ENERGY *	CEN NZ	NZ\$9.18	NZ\$6,596	27.1x	27.3x	16.8x	16.7x	36.6x	35.0x	3.9%
MERCURY *	MCY NZ	NZ\$6.90	NZ\$9,400	36.1x	32.6x	21.0x	19.3x	36.8x	33.0x	2.6%
TRUSTPOWER *	TPW NZ	NZ\$8.75	NZ\$2,739	33.9x	28.9x	17.8x	15.9x	23.3x	20.4x	3.9%
MERIDIAN ENERGY *	MEL NZ	NZ\$7.44	NZ\$19,066	44.7x	46.6x	27.7x	28.1x	47.7x	48.2x	2.3%
GENESIS ENERGY *	GNE NZ	NZ\$3.60	NZ\$3,757	21.0x	17.8x	12.8x	11.7x	28.1x	24.1x	4.9%
Compco Average:				29.9x	26.1x	15.6x	14.5x	31.3x	25.9x	4.0%
ZEL Relative:				n/a	-36%	-29%	-41%	-1%	-38%	101%

EV = Current Market Cap + Actual Net Debt

Source: \*Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (ZEL) companies fiscal year end

**Figure 16. Consensus EPS momentum (NZ\$)**


Source: Forsyth Barr analysis

**Figure 17. One year forward PE (x)**


Source: Forsyth Barr analysis



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