



REFINING NZ
Your Energy Hive

Half Year Announcement

2015

The New Zealand Refining Company Limited

Results for announcement to the market

The Directors of The New Zealand Refining Company Limited today announced the Company's financial results for the year to 30 June 2015, details of which are attached.

This report, including the results for the previous corresponding half year, is consistent with the unaudited interim financial statements of The New Zealand Refining Company Limited for the six months ended 30 June 2015.

Reporting Period	6 months to 30 June 2015
Previous Reporting Period	6 months to 30 June 2014

	Amount (000s) for 30 June 2015	Percentage change	Amount (000s) for 30 June 2014
Revenue from ordinary activities	\$203,966	121%	\$92,436
Profit (loss) from ordinary activities after tax attributable to security holders	\$65,245	NA	(\$6,964)
Net profit (loss) attributable to security holders	\$65,245	NA	(\$6,964)

Interim Dividend	Amount per security	Imputed amount per security
	\$NZ 0.05	\$NZ0.019444

Total Interim Dividend	\$NZ 15,628,823
Record Date	10 September 2015
Dividend Payment Date	24 September 2015

	For 30 June 2015	Percentage change	For 30 June 2014
Net Tangible Assets per Security	\$2.31	13.24%	\$2.04

COMMENTARY

Refining NZ's long-term strategic focus on reliability has allowed the Company to capitalise on strong refining margins and the declining NZ dollar, to report a Net Profit after tax (NPAT) of \$65.2 million for the period ended 30 June 2015.

CEO, Sjoerd Post described the result as a remarkable improvement on the \$6.9 million loss reported at the same time last year and vindication of the Company's clear strategic formula.

"During the first six months the team capitalised brilliantly on the consistently high margins and improved NZD/ USD exchange rate by processing (at times), record volumes at close to, or above margin cap levels.

"In refining you cannot beat having an experienced team to lift your performance. This was roundly demonstrated in the first half of the year by the processing fee revenue produced, which at \$170.9¹ million for 1H 2015 was \$2.5 million better than for the whole of 2014.

"Strong operating cash-flows continued to strengthen and in the first half allowed us to reduce borrowings by \$73 million from a peak of \$342 million to a total of \$269 million. The combination of debt reduction and the continued progress on the construction of Te Mahi Hou (TMH) means that the Company will pay a dividend to shareholders for the first time in two years," he said.

PERFORMANCE HIGHLIGHTS

- The refinery marked 12 months without a lost time injury, a notable achievement highlighting the commitment of staff and contractors to good workplace safety practices.
- The Gross Refining Margin (GRM) for 1H 2015 was \$9.09 - prior to cap or floor adjustment, (1H 2014: \$1.66). The margin generated in 1H 2015 was above the cap, resulting in \$7.8m being available if margins for the relevant customers should fall below the cap over the remainder of the year.
- The Company maintained its uplift over the Singapore Complex Margin. Normally around USD 3.00-4.00, the uplift in 1H 2015 averaged USD 4.27 per barrel.
- The planned shutdown for maintenance on the large crude distillation unit (CDU1) and catalyst regeneration was completed successfully in May.
- The throughput of 20.9 million barrels for 1H 2015 was one million barrels ahead of the 1H 2014 throughput, including a record intake of 127,000 barrels per day in February.
- TMH continues to make excellent progress with the project around 95 per cent complete and entering the pre-commissioning phase. As at 30 June 2015, construction spending on TMH totalled \$338 million.
- The Company continues to progress strategic initiatives, including the proposal to bring bigger crude shipments to Marsden Point, plans to double the refinery's use of natural gas and embedding strategic alliances with key "best-in-class" business partners such as Honeywell for its process control solutions.

DIVIDEND

¹ After deducting a Margin Cap of NZD 7.8 million, recoverable in the second half of 2015 should the Gross Refinery Margin (GRM) move below the Margin Cap.

Given the marked improvement in Company performance, reduced borrowings and the progress of TMH, the Company's Directors have resolved to pay a fully imputed interim dividend of 5 cents per share to be paid on 24 September 2015, with a record date of 10 September 2015.

OUTLOOK

Said Post: "Full credit to the team and to our strategy of concentrating on core strengths, managing costs and the continual improvement of our business processes, both of which have given Refining NZ a very good start to 2015. We expect that sticking to that strategy will continue to pay off for the remainder of the year."

ENDS

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