



Full Year Announcement

2015

The New Zealand Refining Company Limited

Results for announcement to the market

Reporting Period 12 months to 31 December 2015

Previous Reporting Period 12 months to 31 December 2014

The Directors of the New Zealand Refining Company Limited today announced the Company's financial results for the year to 31 December 2015, details of which are attached. This report, including the results for the previous corresponding year, is consistent with the audited financial statements of the New Zealand Refining Company Limited for the year ended 31 December 2015.

Consolidated Results

1. Results \$NZ 000

Revenue from ordinary activities

Current year \$446,771

Up 92%

Previous corresponding year \$233,019

Profit from ordinary activities after tax attributable to security holder.

Current year \$150,771

Up 1417%

Previous corresponding year \$9,941

Net profit attributable to security holders.

Current year \$150,771

Up 1417%

Previous corresponding year \$9,941

2. Final Dividend

Amount per security: NZ 20 cents per share.

Imputed amount per security: NZ 7.8 cents per share (fully imputed)

Record date: 10 March 2016

Dividend Payment Date: 24 March 2016

3. Net Tangible Assets per Security

As at 31 December 2015 \$2.53

As at 31 December 2014 \$2.08

COMMENTARY

The continued excellent running of the refinery's processing units and a strong margin environment has seen Refining NZ report a significantly improved Net Profit after Tax (NPAT) of \$151 million for the year ended 31 December 2015 (2014: \$10m).

Chief Executive, Sjoerd Post described the result as outstanding for the refinery, with the Company posting a substantial year-on-year uplift in Gross Refining Margin (GRM) alongside records for crude intake and processing fee revenue.

"Hard work by our team of 500 employees and contractors has made this a remarkable year for Refining NZ. You have to go back to 2005 to the "golden age" of refining to find a similar set of results.

"In 2015, our core strategic strengths of plant reliability and quality fuel production proved the springboard to capitalise on margins - which remained strong on the back of the global demand growth for gasoline, particularly in the US, China and India - and low crude prices.

"The NPAT result was \$5 million better than the profit matrix given to the market at the start of the year and in line with the revised matrix at the half-year.

"Strong operating cash-flows from increased volumes and refining margins at cap, or near cap levels for much of the year, enabled us to reduce net borrowings to \$193 million (2014:\$315m) – within the Company's agreed gearing ratio (10-20%)- and to pay an enhanced dividend to shareholders. We also benefited from an improved NZD/ USD exchange rate, averaging USD 0.70 for the year (2014: USD0.82)."

Post said that the Te Mahi Hou (TMH) project, commissioned at the end of November, on budget and three weeks early, was running smoothly.

"A complex process unit such as TMH takes time to optimise fully as an integrated part of the whole refinery. Early indications are that the unit is starting to perform to its design specifications, including intake and extra gasoline production."

PERFORMANCE HIGHLIGHTS

- NPAT of \$151m was a significant improvement on the previous year (2014: \$10m).
- All-time record annual crude intake of 42.6m barrels was 0.5m barrels better than the previous record posted in 2012.
- Unplanned downtime at 0.33% (a mark of reliability), allowed the refinery to capitalise on the high margin environment.
- Processing fee revenue increased significantly to \$379.2m (2014: \$168.4m) around \$27m up on the previous record set in 2006.
- The Gross Refining Margin (GRM) for 2015 averaged USD 9.20 per barrel prior to cap or floor adjustment, (2014: USD 4.96 per barrel). The margin generated above the cap, resulted in the processing fee being capped by \$14m for the year.
- The Company improved its uplift over the Singapore Complex Margin. Normally around USD 3.00-4.00, the uplift for 2015 averaged USD 4.45 per barrel, up USD 0.99 per barrel on the previous year (2014: USD 3.46).
- Cash generation from operations at \$265m was up on the previous year (2014:\$67m).

DIVIDEND

The Company's Directors have [resolved to pay a fully imputed final dividend of 20 cents per share to be paid on 24 March 2016, with a record date of 10 March 2016. With an interim dividend of 5 cents paid in September, the total dividend payment for the year is 25 cents.

OUTLOOK

Said Post: "This result proves that our strategy is working, and now that TMH is running it requires only a subtle shift, from one-off projects the size of TMH to smaller capital growth projects with attractive pay back periods."

"The reliable and safe production of quality fuels will always be the basis for a strong refining business. Looking ahead we will continue to build our strategy of lifting organisational capability, embedding our network of strategic alliances, and supporting our talented team to put their pipeline of growth ideas into action."

ENDS

For further information:

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