



9 February 2017

## **Z welcomes market study**

Z Energy today said it would welcome clarity that MBIE's Fuel Market Financial Performance Study would bring and committed to participating fully in it.

Z Chief Executive Mike Bennetts said Z believed an MBIE-led study was the appropriate way to review the market.

The last MBIE study was completed in July 2008 (<http://www.mbie.govt.nz/info-services/sectors-industries/energy/liquid-fuel-market/documents-image-library/2007-accr-report-australian-petrol-prices.pdf>).

"The many changes that have occurred within the market since that time – growth in the number of participants, differing operating models amongst those participants, diversity of pricing and marketing offers – and the absence of external data around pricing and profitability that stakeholders can have confidence in leads to an understandable request for the study and Z will participate fully in it."

Mike said outside of Z's market disclosures, it remained difficult for stakeholders to gain insight into prices, gross margins or profits because of time lags in the official monitoring of gross margins and the absence of disclosures of other participants.

"For example, given changes in the market relating to discounting over the last couple of years the timing lag in the official monitoring data presents a misleading picture. As disclosed in Z's FY17 half year results, fuel margins were largely flat to the prior period and this is inconsistent with the official data."

Mike said it would be important that all participants in the industry's profit pool were included in the study, including the low-cost, minimal infrastructure participants; the two thirds of the retail service station market in the hands of independent business people; fuel distributors and the various participants in loyalty schemes across the country. Since the 2008 study, changes in operating models means a much higher percentage of the industry's profitability sits outside of the major companies.

"Since Z was formed in 2010 we have tried to set new standards of transparency and accountability in all aspects of our business because we believe customers and stakeholders deserve it. We intend to participate fully in this study and welcome it for the opportunity it has to provide clarity and reassurance for Kiwi motorists."

With the study now confirmed, Z will be limiting public comment around it in order to protect the integrity of the study.

Jonathan Hill: 04 498 0212, 021 440 090