



# Challenges and changes in the NZ fuel industry

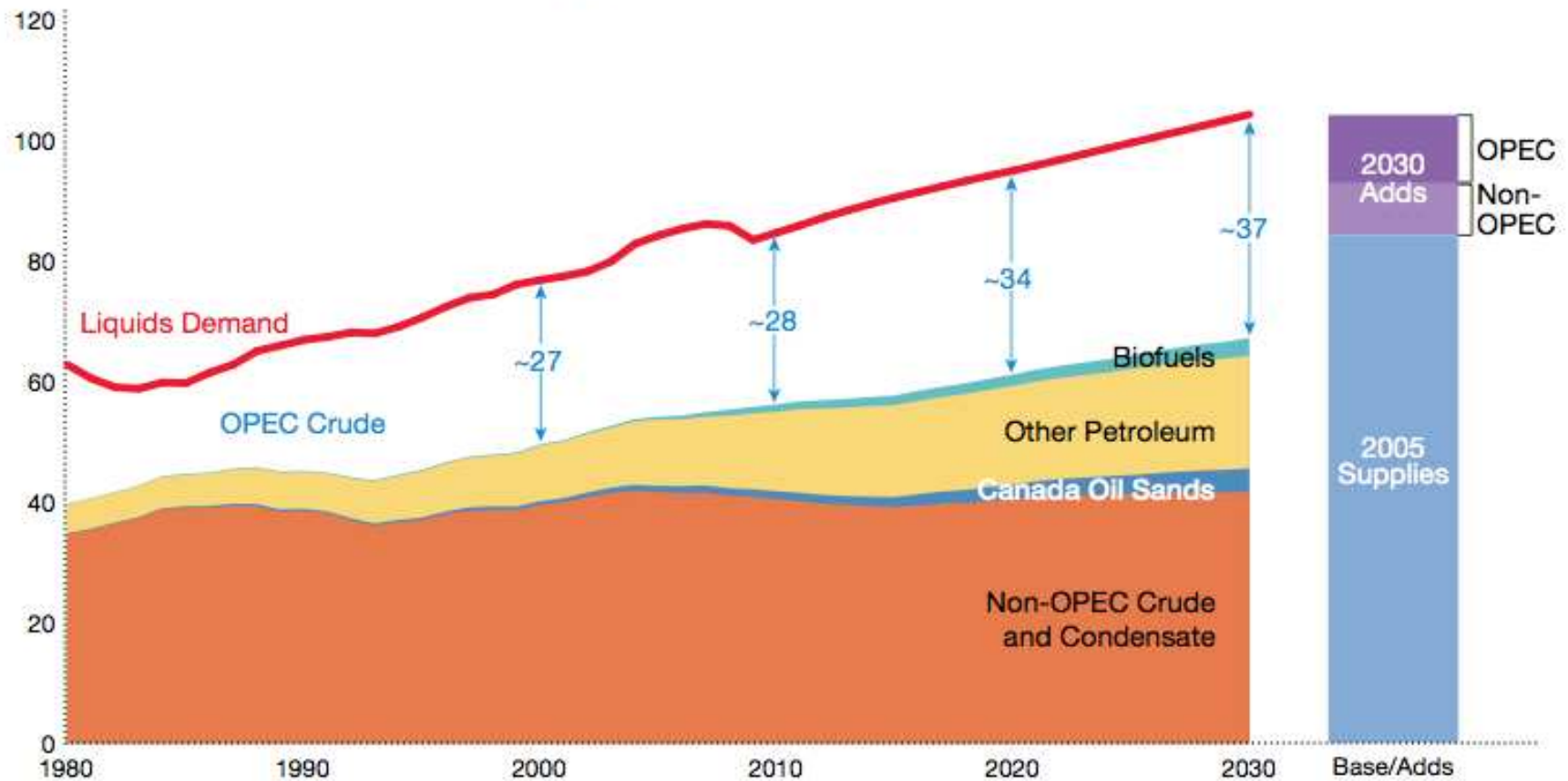
Presentation to the EFNZ

The GFC has simply been an interruption to what seems to be inevitable – 100m barrels of demand a day by 2030



### global liquids supply and demand

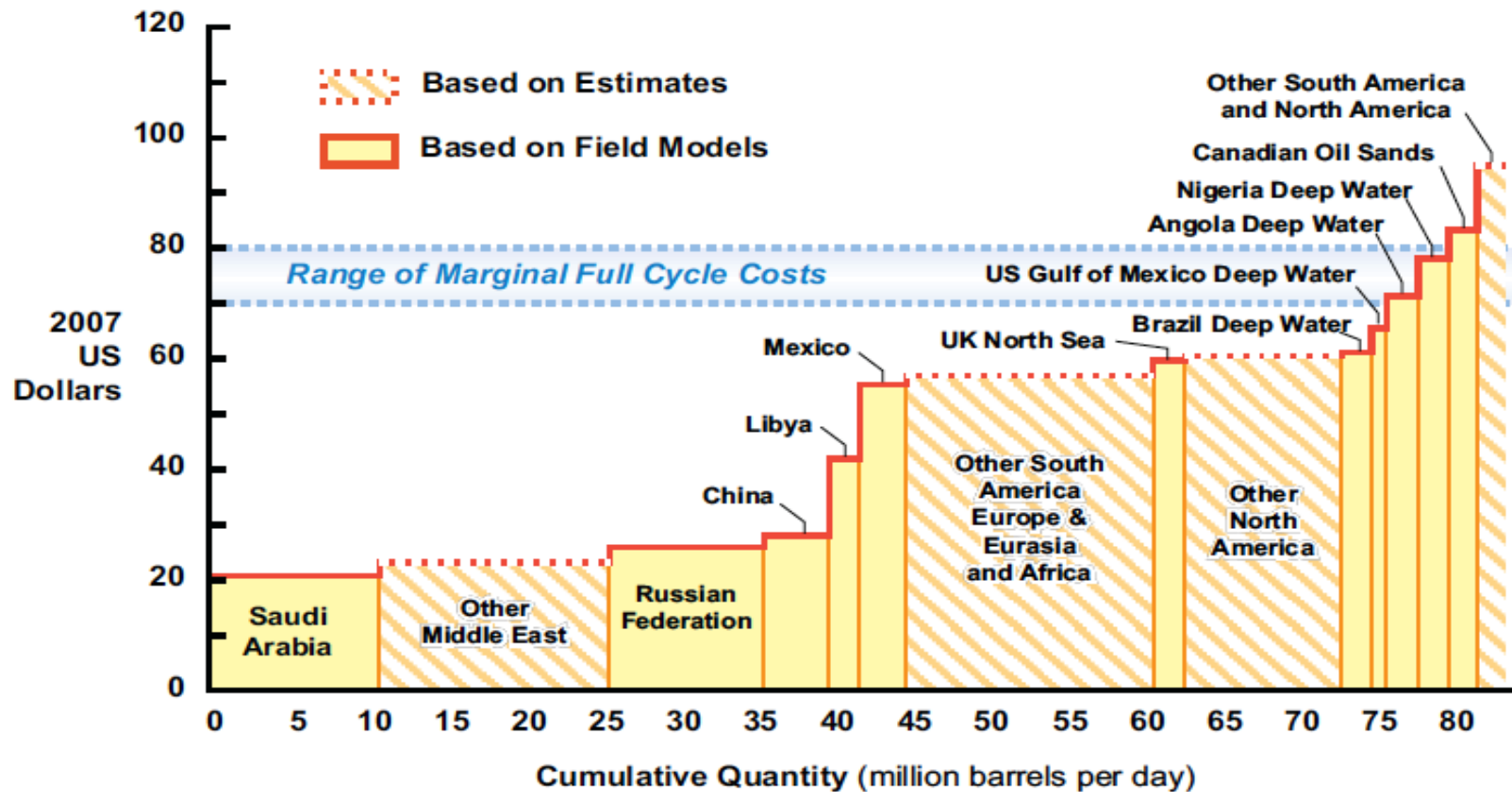
Millions of Oil-Equivalent Barrels per Day



This continued growing demand will be priced off the marginal barrel of supply that comes at a surprising cost



Global Oil Supply Costs for 2008 WTI Equivalent Prices



Source: Cambridge Energy Research Associates.

Understanding the sector is mostly through a retail customer experience but that is just a small part of the infrastructure



- 30-45 days away from supply sources
- 8.5 billion litres consumed each year with over 75% produced by NZRC
- Refinery to Auckland pipeline meets 40% of national demand
- A network of ten coastal terminals serviced by two ships
- Tight domestic supply chain exposed through limited recent investment and ongoing asset closure
- Consolidation a likely outcome?

With so much attention needed on a tight infrastructure, where is the customer in all of this?



- Customers have got lost in a sector that returns 6-8% on capital employed
- 50% of our revenues flow from customers beyond the service station
- The “good news” is customers have extremely low expectations
- And low levels of understanding
- Over the years choice has been unilaterally taken away from them
- We’re failing to tell our stories or develop and protect our brands

# The sector is mature but the pathways to success with customers need to be more contemporary and dynamic



**Greenstone Energy** Plenty of fuel in ChCh - We've seen strong demand for fuel today - there have been rumours circulating around fuel supplies to the city, which are untrue and .

We've got 24 sites in the area, they all have fuel and are all operational. The terminals are operational, tanker drivers are working and we're expecting two sh...

See More

September 7 at 10:39pm · Comment · Like

Nell Ryann Cortez Estrada, Heather Rayner, James Southorn and 7 others like this.

**Greenstone Energy** And we can now make coffee again with the lifting of the requirement to boil water for three minutes... Onwards and upwards!

September 8 at 8:32pm · 1 person · Flag

**Greenstone Energy** The straw that broke the camel's back. Following the accident which extensively damaged our Waikouaiti site last week, we've taken the hard decision not to reopen the site.



**Accident may close Waikouaiti service station | Otago Daily Times Online News Keep Up to Date Local**

www.odt.co.nz

[image] Damage caused by a truck laden with live crayfish may result in the permanent closure of Waikouaiti's sole fuel outlet.

August 23 at 7:35pm · Comment · Like

Lynette Gillies, Bonita Hinemoa, Khali Bennetton and 2 others like this.

View all 10 comments



**Tim Fraser** Good on you Greenstone - great to see transparency - the good, the bad, and sometimes the gold! You will probably get me switching my purchasing tendencies away from BP to you guys! But hey - what is your retail strategy going forward - in 50 words or less?

August 26 at 12:24am · Flag

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Welcome to the Greenstone Facebook site!

We're a brand new, Kiwi-owned energy company that wants to do things differently.

We've never been on Facebook before, so please join us and help us out as we begin our social media journey...

### Information

Founded: 2010

### 1,164 People Like This



Gene Turner

Phil Rees

Josie Morunga



Greig Buckley

Steve Adams

Graham Wallace

**Greenstone Energy** Greenstone is proud to be a major sponsor of the brand new and improved Red Nose Day! Helping to raise \$1 million for research into childhood illnesses.

**Cure Kids** Cure Kids (previously Child Health Research Foundation) was established over 30 years ago to address the lack of research into life-threatening childhood illnesses in New Zealand. Since then, we have invested over \$25 million in medical research. This research has help... Non-Profit: 239 people like this. See More

September 22 at 9:27pm · Comment · Like

Suzanne Meyer, Sarah Jane Wright, Mark Ward and 12 others like this.

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**Enis Bacova** Good on you guys. :) September 22 at 10:18pm · Flag

**Rhoda Holmes** Awesome fun! Thursday at 12:18am · Flag

**Greenstone Energy** First new service station charges ahead... hard to believe Greenstone's first new service station will be pumping fuel for customers in three weeks or so, but she will be! Check out the pics of the \$3 million Bethlehem investment.



September 22 at 7:43pm · Comment · Like

Lynette Gillies, Lincoln Putnam, Bev Odium and 3 others like this.

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# New Zealanders are ready to move on; ready for a change in the way we think and talk about ourselves



The prevailing story has been:

- A Kiwi battler and the underdog
- She'll be right mate
- Number 8 wire
- Tall poppy syndrome

The emerging new Kiwi story:

- ✓ World class in whatever we do
- ✓ Innovate and lead
- ✓ Celebrate success...
- ✓ ... and still keep humble
- ✓ Ditch the cultural cringe

# What may the future hold for the fuels industry in New Zealand?



- A higher priced transport fuels future
- Steady evolution of alternative fuels
- Exits by “Big Oil” leads to consolidation and/or fragmentation through the supply chain
- Increased pressure on infrastructure through compounding growth
- An ongoing call for investment throughout the supply chain
- Customer offers increasingly differentiated due to a variety of marketing competitors

# How will Greenstone Energy play a role in this emerging future for our Kiwi customers?



- Keeping safe, as things change
- We're local and we're staying here
- Doing what matters for customers, our owners and NZ Inc.
- Investing in jobs, infrastructure and technology
- While growing our returns on capital
- Willing to innovate and take sensible risks with customer offers
- Contributing to NZ's energy future
- Brand and strategy - watch this space...