Infrastructure to fuel NZ's future to 2050 and beyond

Analyst Day

19 October 2023

Channel

Infrastructure NZ

Important Information

This presentation has been prepared by Channel Infrastructure NZ Limited ("CHI" or "Channel") for general information purposes only and does not purport to be complete or comprehensive.

Forward-looking statements: The presentation contains forward looking statements concerning future events and the financial performance and operations of CHI. Forward-looking statements are all statements other than statements of historical fact and any other statement or estimate regarding the future prospects or performance of CHI (and its subsidiaries), its business or its assets. By their nature, forward-looking statements involve risk and uncertainty because they are based on assumptions and judgements and relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, such as the risks identified in Section 6 of the Explanatory Booklet, dated 5 July 2021, CHI's Investor Presentation dated 29 November 2021, and in CHI's Product Disclosure Statement dated 28 April 2022 (all available on NZX's website: https://www.nzx.com/companies/CHI/announcements).

You acknowledge that any forward-looking information: (i) is provided for illustrative purposes only; (ii) reflects various judgements and assumptions which may or may not prove to be correct, reasonable or reliable; (iii) is subject to the emergence of new risk factors and to unexpected impacts of known risks; and (iv) may be affected by subsequent events, including changes in economic and other circumstances. Except as required by law or regulation (including the NZX Listing Rules), CHI undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

No reliance: CHI does not guarantee future performance, and past performance information is for illustrative purposes only. To the maximum extent permitted by law, the directors of CHI, CHI and any of its related bodies corporate and affiliates, and their respective officers, partners, employees, agents, associates and advisers ("Specified Persons") do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this presentation, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence) including for any person's reliance on them. You agree that you will not bring any proceedings against or hold or purport to hold any Specified Person liable in any respect for this presentation or the information in this presentation and waive any rights you may otherwise have in this respect.

No advice: This presentation is for information purposes only and does not constitute legal, financial, tax, financial product advice or investment advice or a recommendation to acquire CHI's financial products and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, you should consider the appropriateness of the information having regard to your own objectives, financial situation and needs and consult an NZX Firm or solicitor, accountant or other professional adviser if necessary.

Non-GAAP information: Forward-looking figures in this presentation are unaudited and may include non-GAAP financial measures and information. Not all of the financial information (including any non-GAAP information) will have been prepared in accordance with, nor is it intended to comply with: (i) the financial or other reporting requirements of any regulatory body; or (ii) the accounting principles generally accepted in New Zealand or any other jurisdiction with IFRS. Some figures may be rounded, and so actual calculation of the figures may differ from the figures in this presentation. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. Non-GAAP financial information in this presentation is not audited or reviewed.

Not an offer: Nothing in this presentation constitutes an invitation or offer of financial products for subscription, purchase or sale in any jurisdiction.

Date: Each forward-looking statement speaks only as of the date of this presentation, 19 October 2023.

Channel
Infrastructure NZ

Welcome and agenda

Rob Buchanan
Chief Executive

Agenda

2.15pm	Our Strategy	Rob Buchanan
	Fuel Volume Outlook	Ian Twomey, Envisory
	Q&A	
	Supporting the goal of lower carbon aviation	Peter van Cingel
	Q&A	
3.50pm	Break	
4.00pm	World-Class Operator	Jack Stewart
	Q&A	
	Multiple opportunities to grow	Peter van Cingel
	A stable infrastructure business	Alexa Preston
	Transitioning to the future	Rob Buchanan
	The way forward	Rob Buchanan
4.45pm	Q&A	

Experienced and Proven Management Team

Rob Buchanan
Chief Executive

Jack Stewart
GM Operations

Alexa Preston
Chief Financial Officer

Peter van Cingel
Business Development Manager

Chris Bougen
General Counsel and Company Secretary

Steve Levell
GM Independent Petroleum Laboratory (IPL)

Caz Jackson
Chief People Officer

Phil Jones
GM Projects

World-class delivery and execution through conversion

- Safely shutdown the refinery and commenced import terminal operations to plan
- Transitioned business model to stable and predictable earnings through long-term customer agreements, with a "Take-or-pay" underwrite and PPI escalation, and strong free cash flow conversion
- Business and workforce transition largely complete – >97% of employees supported into new employment or retraining opportunities
- Permanently decommissioned the refinery process plant safely to plan and to budget
- Signed a long-term renewable electricity supply agreement with Energy Attribute Certificates attached - Scope 1&2 emissions are on track to be largely eliminated from 2024[1] – six years ahead of target
- Contracted and commissioned an additional c.100 ML of private storage, doubling jet fuel storage at Marsden Point, and delivering $90 million of incremental revenue (prior to PPI escalation, over ten years)
- Reset cost of funding with inaugural senior retail bond issue and bank refinancing
- Recommenced dividend payments and delivered a TSR of c.86%[2] over the last two years – compared to NZX50 average of -15%

[1] Assuming all electricity supplied to Channel under the new agreement is from renewable sources.
[2] TSR calculated for the two years to 29 September 2023

What's next for Channel Infrastructure?

Providing infrastructure that will support the energy transition and aviation fuel supply beyond 2050

Ambition to become a world-class operator that will provide infrastructure resilience for many decades and enable us to pursue growth at Marsden Point and beyond

A focus on unlocking the value of our highly strategic, unutilised real estate at Marsden Point

Highly disciplined investment criteria, committed to delivering > WACC returns with stable dividends and a capital structure with credit metrics consistent with a shadow BBB+ credit rating

Channel will invest to support New Zealand's decarbonisation efforts

Channel
Infrastructure NZ

Our Strategy

A refresh post-conversion

Rob Buchanan
Chief Executive

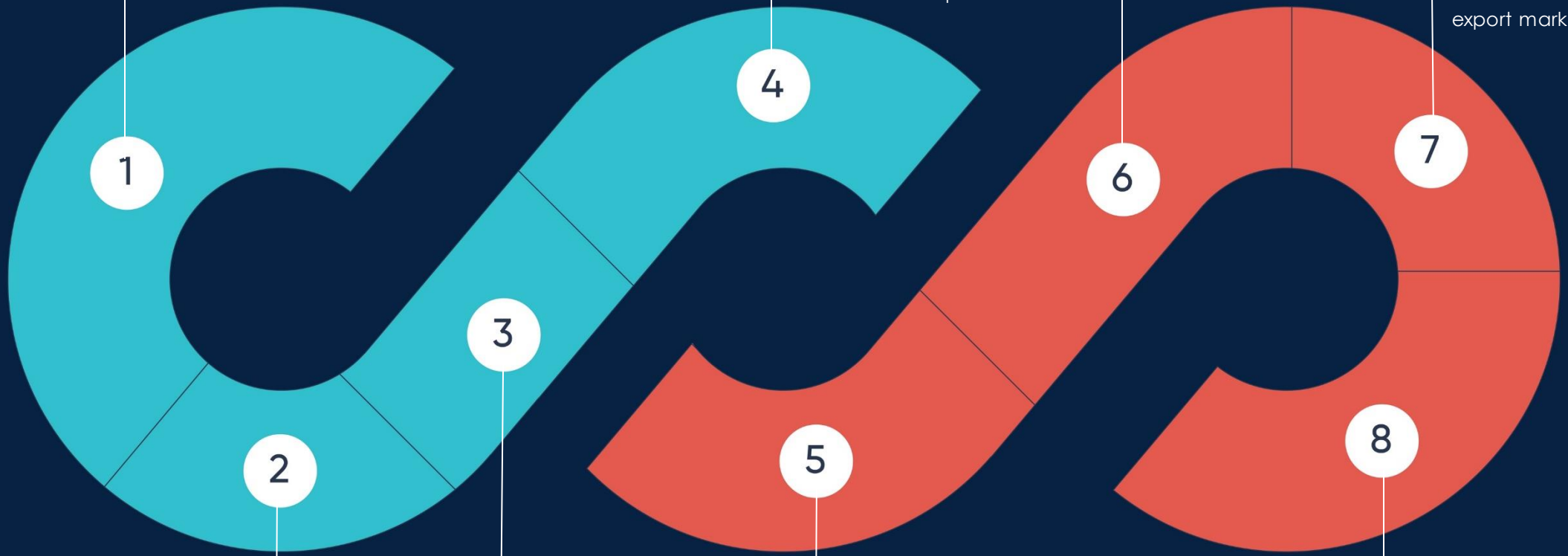
Our infrastructure will help fuel NZ's future to 2050 and beyond

The enablers for Channel's strategy

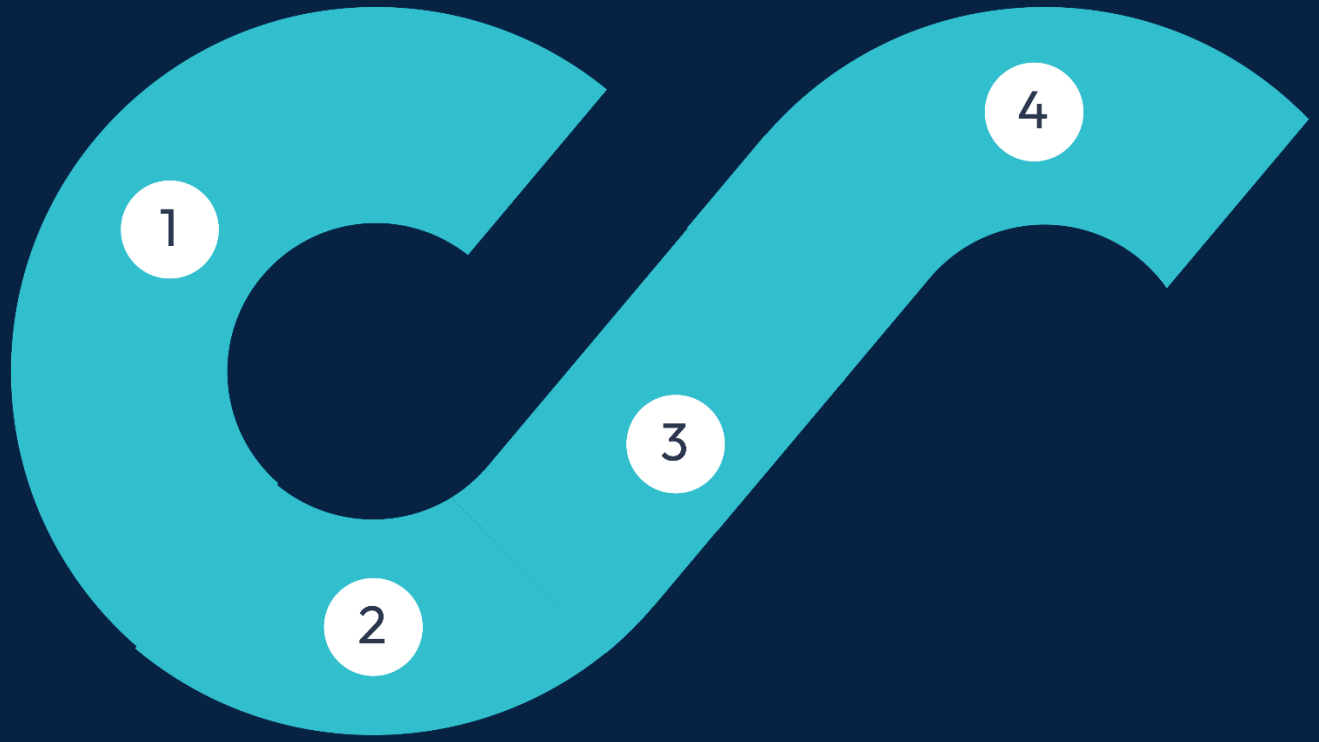
1. Strong and stable cash flows
2. Strong capabilities
3. Uniquely strategic assets
4. Key supply route for jet to Auckland International Airport

What Channel will be called on to deliver

5. Support a stable medium-term diesel outlook and resilient transition of petrol
6. Meet expected growing jet demand
7. Support New Zealand's reliance on long-haul air travel to reach our offshore export markets
8. Infrastructure to support a lower carbon liquid fuel solution for aviation



Infrastructure to help fuel NZ's future to 2050 and beyond – the enablers for Channel



The key enablers of our future strategy:

1. **Strong and stable cash flows**

   Import terminal business model with long-term contracts, PPI escalated

2. **Strong capabilities**

   Building on existing capabilities with ambition to become a world-class operator

3. **Uniquely strategic assets**

   Marsden Point is a uniquely strategic site in NZ with a combination of a 35-year resource consent, deepwater harbour, and jetty access, electricity and gas connections and pipeline to NZ's largest city and international gateway

4. **Key supply route for jet fuel to Auckland International Airport**

   Auckland International Airport accounts for ~75% of NZ's international seat capacity and 80% of NZ's jet fuel usage

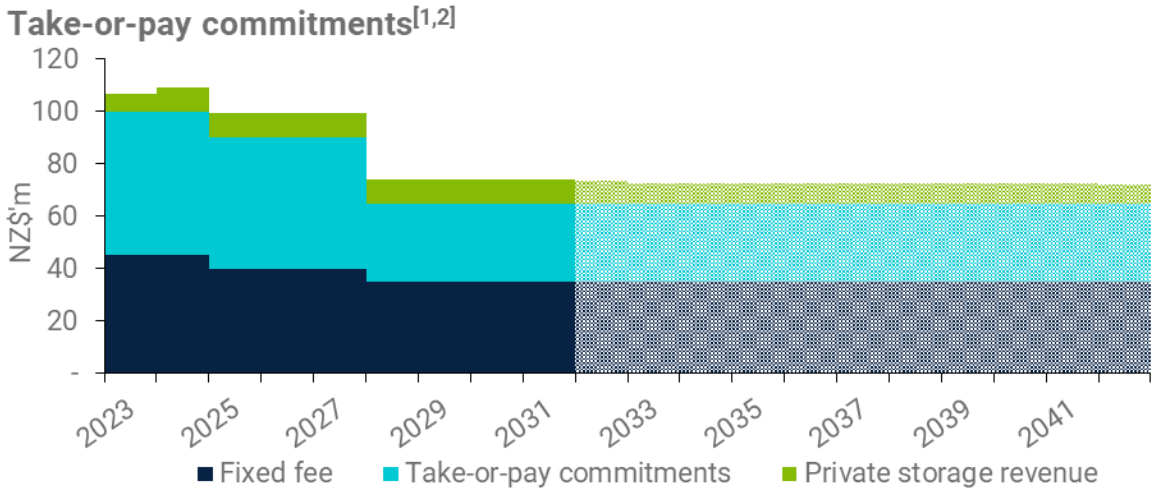
1. Strong and stable cash flows

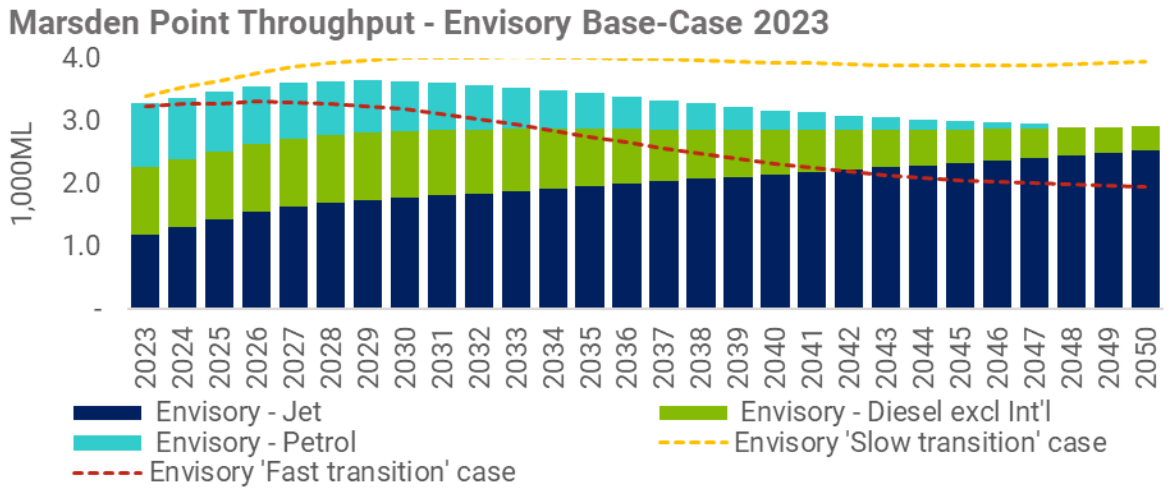
Long-term customer contracts

- Initial term of 10-years, with two 5-year rights of renewal
- Fixed and minimum fee components
- Third-party access to unutilised Marsden Point-to-Auckland Pipeline (MPAP) capacity after 1 April 2025
- Key customers are strong counterparties[3]

Revenue outlook

- All import terminal fees subject to indexation which provides protection through inflationary cycles
- Take-or-pay underwrites minimum revenue – but future revenue will be based on throughput
- Take-or-pay was set at a higher level for first three years, to enable the conversion to be debt-funded and allowing a recovery in demand post COVID
- In 1H23, revenue was marginally higher than the pro-rata take-or-pay
- Volumes expected to continue to increase over the next few years, in line with Envisory's fuel outlook – this would mean total revenue would exceed the Take-or-pay underwrite

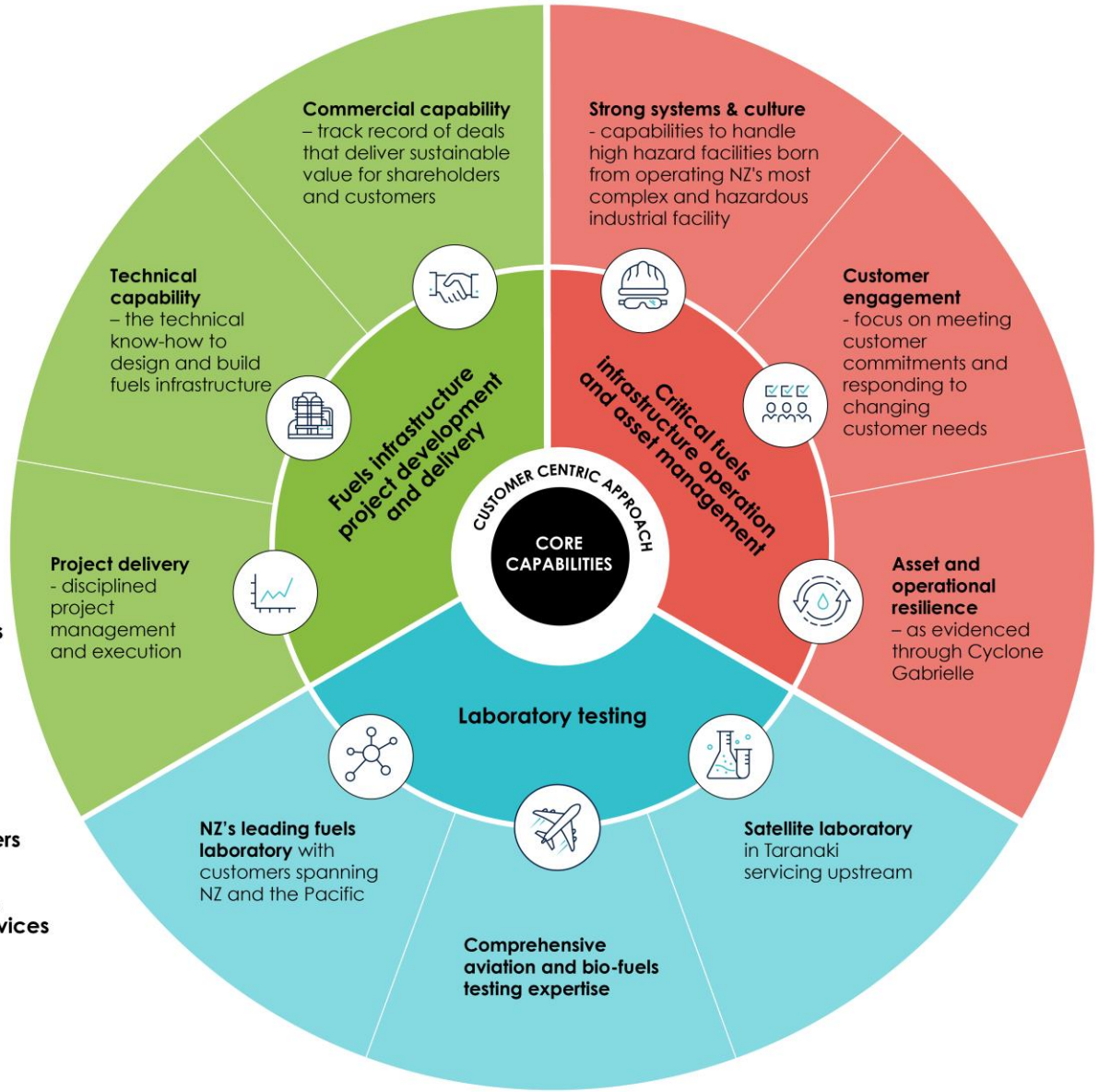




[1] All revenue is stated in 2021 real-terms
[2] The change of shading represents periods after the first Terminal Services Agreement (TSA) renewal date
[3] Customer credit ratings: Exxon Mobil AA-; BP plc A-, Ampol Baa1

2. Strong capabilities

- **Deals we've done:**
  - Terminal Services Agreements
  - Private Storage Contracts
- **World-class conversion**
  - Import Terminal
  - Tanks
- **Conversion delivered in line with budget schedule in post COVID/high inflation environment**



- **Process and personal safety performance through transition**
- **Safety case**
- **Emergency Response Plan**
- **Scale of assets under management**
- **No supply disruption through transition and cyclone**
- **Strong pipeline uptime**

- **Comprehensive aviation fuel analysis**
- **10 years of bio-fuels testing**
- **ISO accredited facilities at Marsden Point and New Plymouth**
- **Database of over 150 active customers**
- **Provision of laboratory management, training, audits and collaboration services to customers**
- **95 accredited test methods**

3. Uniquely strategic assets

Industrial natural gas, water, and electricity grid connections

Close proximity to Northport

Deep water harbour and jetties capable of receiving refined product ships amongst the largest in the world

180ha of land of which only 1/3 is currently in use. Book value of unutilised land c.$15million

35-year resource consent renewed in 2021

c.3 billion litres of fuel throughput annually, more than our customers' 10 terminals in the next 3 largest ports in NZ, combined

Capacity to expand

170km pipeline - the key supply route for jet fuel to Auckland International Airport

Only pipeline capable of transporting liquid fuels to Auckland (at around one-tenth of emissions compared to road transport)

Available for repurposing

Import Terminal System and Contracted Storage

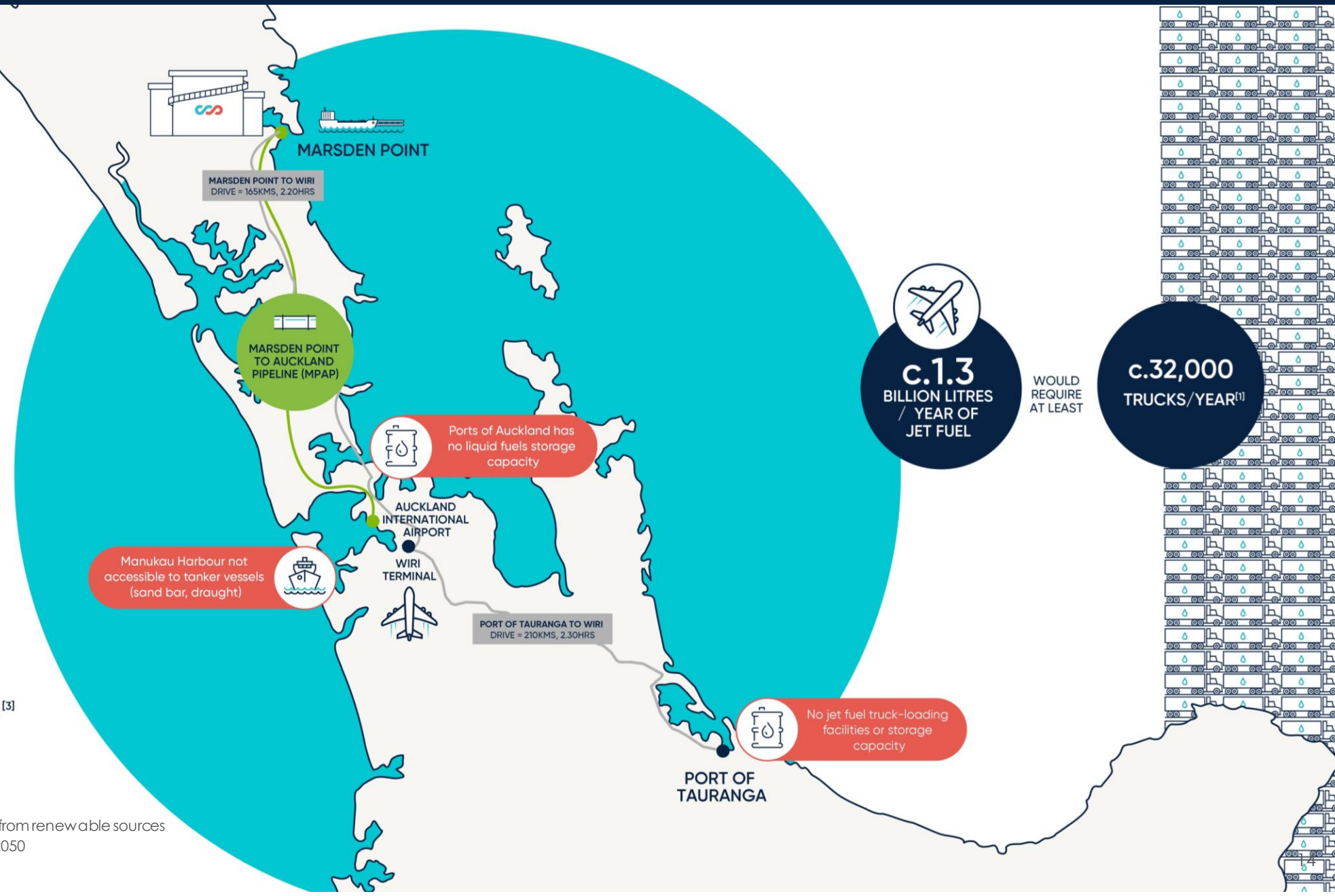
Owned and operated by Wiri Oil Services Ltd

Independent Petroleum Laboratory

4. Key supply route for jet fuel to Auckland International Airport

Pipeline supply is the safest, lowest-cost and lowest-emission distribution option to get fuel to Auckland International Airport

- Safe, reliable, unobtrusive supply of jet fuel to Auckland
- Pipeline does not contribute to road congestion, road transport emissions, road wear
- Expect to be near Scope 1 & 2 emissions free from January 2024 [2]
- Adequate capacity to meet all of Auckland's projected future fuel needs [3]



[1] Assuming 40,000 litres/truck
[2] Assuming all electricity used by Channel is from renewable sources
[3] Based on Envisory mid case projection to 2050

Our refreshed strategy: helping fuel NZ's future to 2050 and beyond

OUR VISION

World-class energy infrastructure company

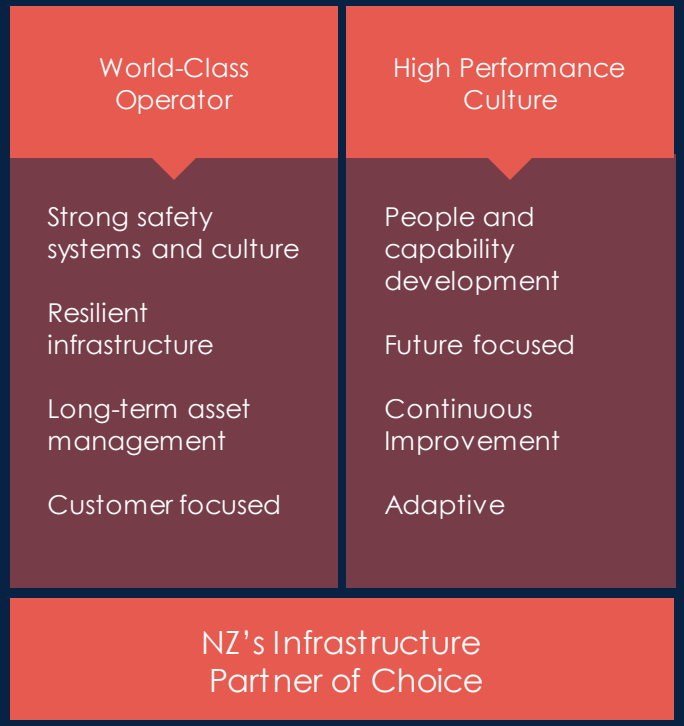
OUR PURPOSE

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

OUR STRATEGIC PRIORITIES

World-Class Operator	High Performance Culture	Grow from the Core	Support Energy Transition	Disciplined Capital Management	Good Neighbour, Good Citizen
Strong safety systems and culture Resilient infrastructure Long-term asset management Customer focused	People and capability development Future focused Continuous Improvement Adaptive	Brownfield opportunities at Marsden Point Consolidator of fuels infrastructure Supply chain optimisation for our customers	Repurposing Marsden Point Support transition of aviation to lower carbon fuels Marsden Point Energy Hub	Target credit metrics consistent with a BBB+ shadow credit rating Deliver above WACC returns Cost management Stable dividends	Reducing environmental impacts Community engagement and iwi relations Just transition Transparency and disclosure
NZ's Infrastructure Partner of Choice		**Grow Through Supporting the Energy Transition**		**More Sustainable Future**	

Strategic Priority – NZ's Infrastructure Partner of Choice



World-class operator

Being a world class operator is key to being considered a partner of choice for current and new customers, and therefore, to the long-term sustainability of our business and unlocking our growth strategy

- Trusted as a safe and reliable operator of critical infrastructure
- Customer focused outcomes
- Fit for purpose management systems and processes
- The right infrastructure which is safe, reliable and of assured integrity
- Disciplined investment in our people and assets

High Performance Culture

- Attracting, supporting and maintaining a diverse and engaged workforce
- Clear succession planning and talent management
- Maintaining an agile and resilient workforce
- A focus on wellbeing

Strategic Priority – Grow through supporting the energy transition

Grow from the core

- Unique and highly strategic assets at Marsden Point with multiple brownfield growth opportunities:
  - 70 million litre Government Strategic Diesel Storage tender underway
  - Additional fuels storage for existing customers where required
  - New storage and distribution opportunities that take advantage of existing Marsden Point infrastructure
  - Import terminal optimisation opportunities for our customers which create "win-wins"
  - New pipeline customers can be introduced from 2025, non-pipeline customers today
- Opportunity to grow beyond Marsden Point:
  - Liquid fuels storage infrastructure
  - Preference for aviation-linked assets given long-term growth outlook and diesel assets given stable medium-term outlook, but will consider petrol assets to aide resiliency in the transition and to consolidate storage and lower supply chain costs for our customers
  - Other energy storage or distribution infrastructure that leverages our capability (high hazard asset management and energy storage)

Support Energy Transition

- Repurpose unutilised land at Marsden Point and leverage strategic assets e.g. Sustainable Aviation Fuel (SAF) opportunity
- Other potential energy opportunities to support the transition and leverage our site e.g. electricity storage, solar, with a longer-term opportunity for an energy storage hub at Marsden Point to support New Zealand's energy transition

Strategic Priority – a more sustainable future

Disciplined capital management

- Efficient allocation of capital to achieve strategic objectives, while maintaining stable dividends and targeting credit metrics consistent with those of a shadow BBB+ credit rating[1]
- Capital allocation framework set to deliver returns to shareholders:
  - Long-term contracts deliver strong cashflow
  - 30-40% of normalised free cash flow not currently paid out in dividends, available for deleveraging or growth
- Invest in infrastructure projects that deliver:
  - Above WACC returns, and
  - Customer contracts that provide revenue certainty
- Focus on maintaining an effective cost management culture

Good neighbour, good citizen

- Committed to maintaining a high standard of environmental performance and reducing our impact on the environment in which Channel operates
- Engaging with the local community
- Recognising iwi responsibilities as tangata whenua and kaitiaki over poupouwhenua, the land upon which we operate, and partnering in work to maintain the cultural health of the site and surrounding area
- Incorporating ESG into long-term business model planning

[1] Channel Infrastructure does not have a credit rating (either public or private)

The future for New Zealand fuels in a decarbonising world

What Channel will be called on to deliver for New Zealand:

5. **Support a stable medium term diesel demand outlook and a resilient transition of petrol**

   Stable diesel demand expected in the medium term with longer-term "harder to shift" agricultural and heavy transport sectors. Both petrol and diesel reliant on low-cost infrastructure that may need to accommodate renewables / biofuels

6. **Meet expected growing jet demand**

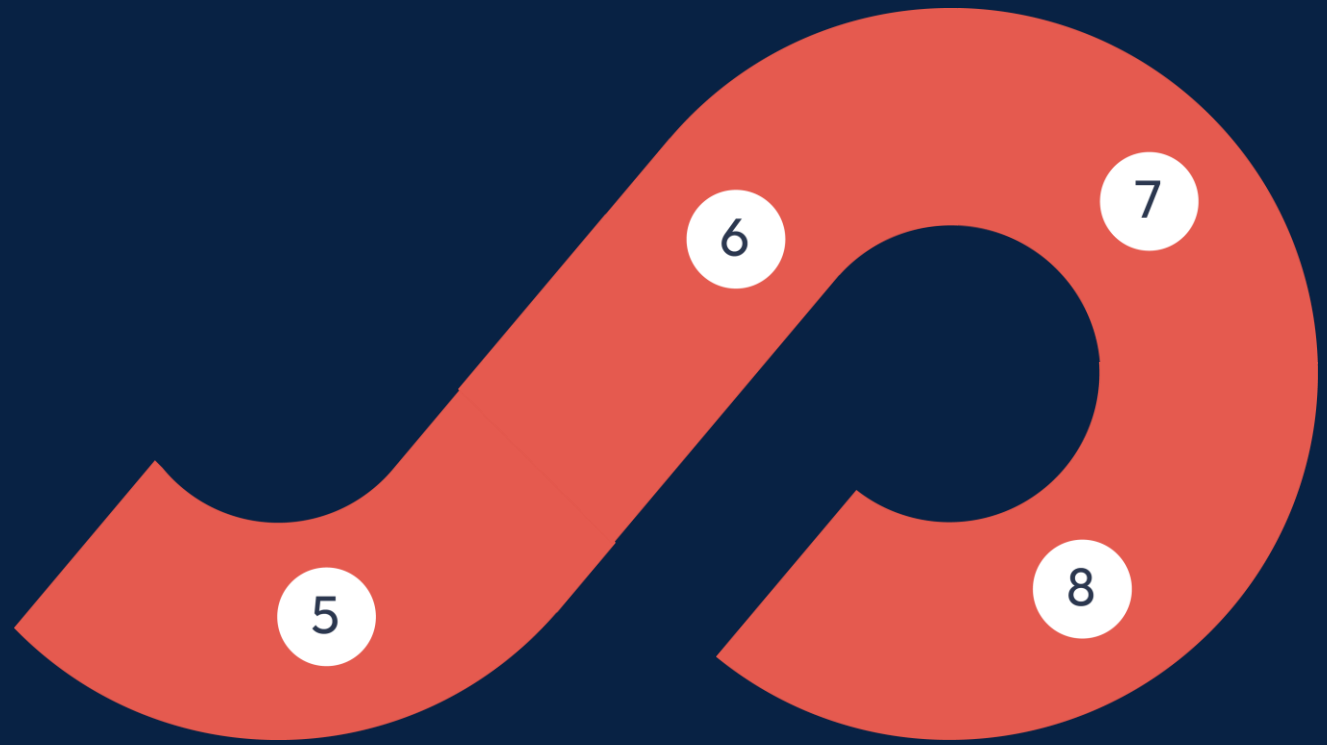
   Increasing middle-class in Asia/India that can afford to travel

7. **Resilient infrastructure to support New Zealand's reliance on long-haul air travel to reach our offshore export markets**

   NZ is geographically isolated and is reliant on air travel to connect people and markets

8. **Infrastructure to support a lower carbon liquid fuel solution for medium- to long- haul flights**

   Our existing infrastructure can accommodate these solutions, which will reduce transition costs



Channel
Infrastructure NZ

Fuel volume outlook

Ian Twomey
Envisory

Channel Infrastructure Fuel Volume Outlook

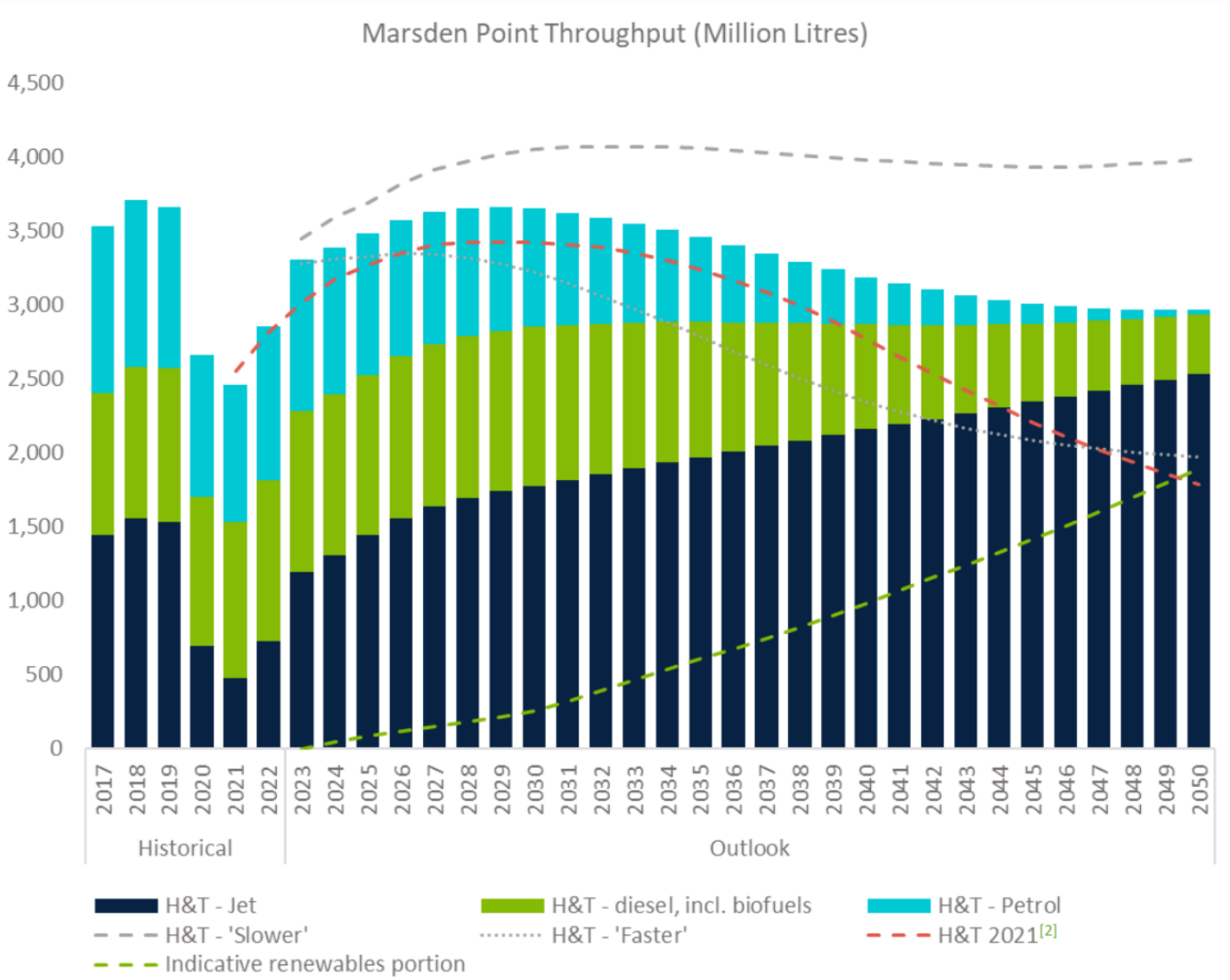
for

October 2023 Presentation

Presenter: Ian Twomey

Envisory (formerly Hale & Twomey)

Channel Infrastructure throughput outlook



- Late 2022, Envisory developed a long-term fuel outlook for Channel
- This chart was presented in the February 2023 Investor presentation and highlighted:
  - Petrol volumes decline most rapidly due to replacement transport options (primarily EVs) being available over the outlook period
  - Diesel volumes also decline, although at a slower rate due to some 'difficult to shift' demand
  - Jet volumes (including liquid sustainable aviation fuel) continue to increase, due to post COVID recovery, continued demand for international travel and difficultly of substitution
- Over time jet fuel demand (be it fossil fuel or sustainable aviation fuel) is expected to become a much larger part of Channel's business

Development of land transport fuel outlook

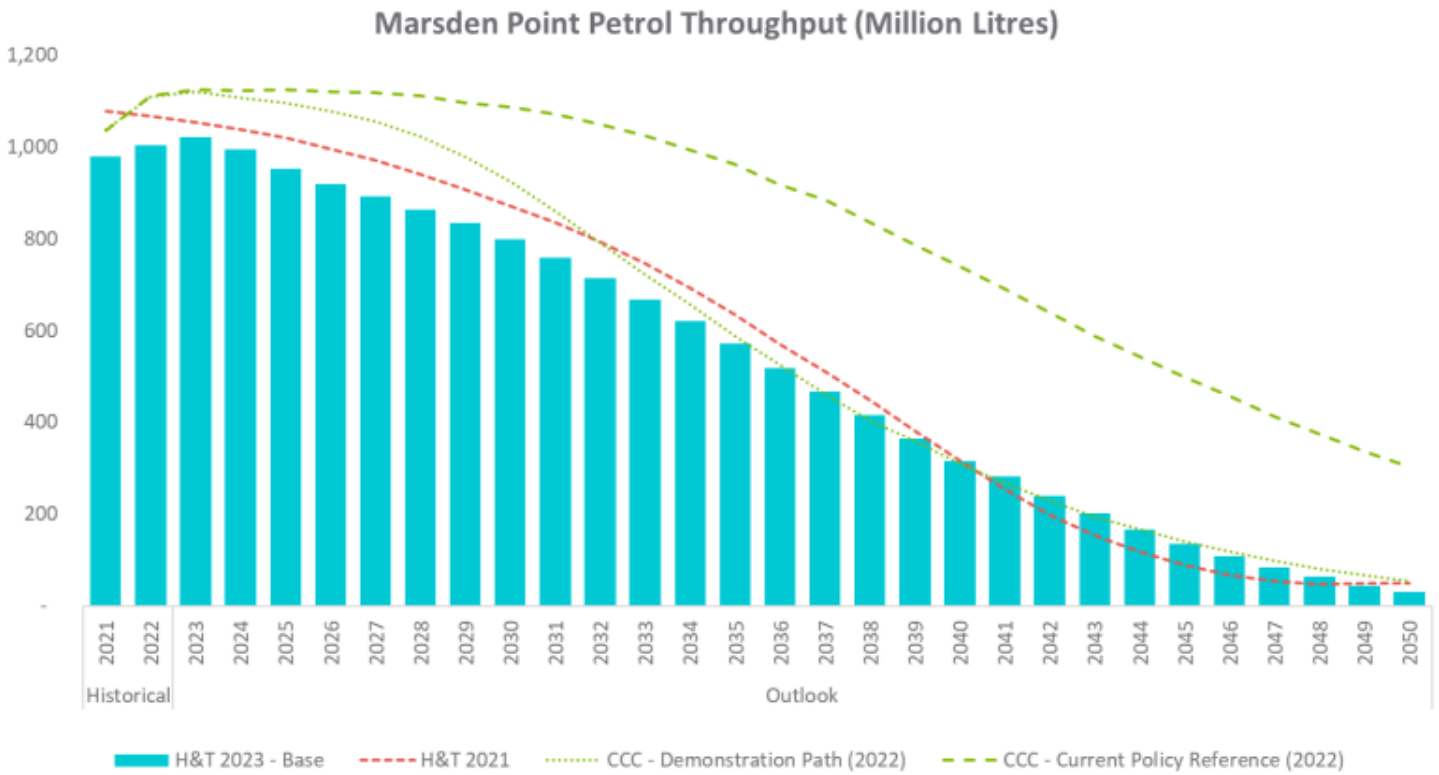
Demand
- Total country demand modelled (segmented into demand type)
- Vehicle kilometres travelled models transport demand trend

Drivers
- Population, price and behavioural change drive light vehicle demand
- Population, GDP, behavioural change drive various segments of heavy vehicle demand

Fleet
- EV modelling varies for different transport sectors
- Efficiency of Internal Combustion Engine (ICE) fleet also key driver of outlook

Output
- Segment demand combined to provide total fuel demand by type
- Alternate liquid fuel demand modelled
- Channel Infrastructure demand developed from distribution shares

Petrol volume outlook



- Post-COVID recovery through 2023 before declining due to improved fleet efficiency and EV substitution
- Demand well down (8%) on the pre-COVID peak (2017)
- National demand is slightly down on forecast although CHI's throughput is in line, indicating an improvement in market share
- EV uptake ahead of assumptions, may fall back in line if clean car rebate dropped
- High prices may be impacting current demand

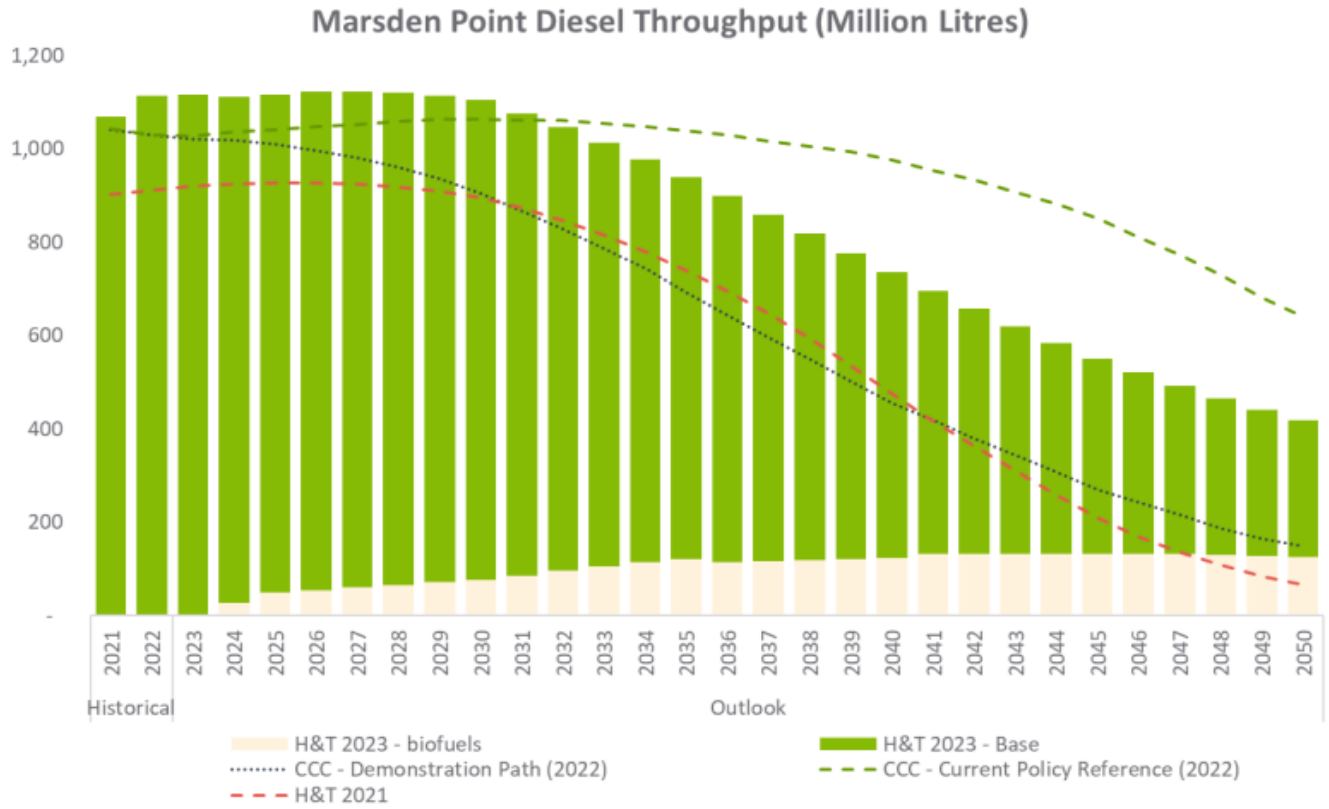
- Improved efficiency of ICE fleet is a major driver of outlook. Driven by the clean car standard which requires imported vehicles to meet an improving standard over time. This policy has broader political support than the clean car rebate.

We remain comfortable with the basis and trend of the petrol outlook.

Diesel volume outlook

- Diesel volume outlook relatively stable over this decade although that compares to strong growth through the 2010s
- Replacement of small diesel passenger and commercial vehicles with EVs is a short-term driver before transitioning heavy transport during the 2030s

- Around 30% of NZ's diesel demand is used in non-transport sectors
- Some of this demand will transition to electricity although there are expected to remain pockets of "hard to shift" use
- Biofuel use may still be driven by those sectors that want to decarbonize and CHI is well placed to handle those volumes
- National demand (end June) is in line with forecast, although CHI throughput is higher implying a higher distribution market share than was assumed in the outlook



We remain comfortable with the basis of the diesel outlook although there is more uncertainty with this outlook, as it is unclear how some of the demand sectors will transition to other fuels.

Influences on transition pace for land transport

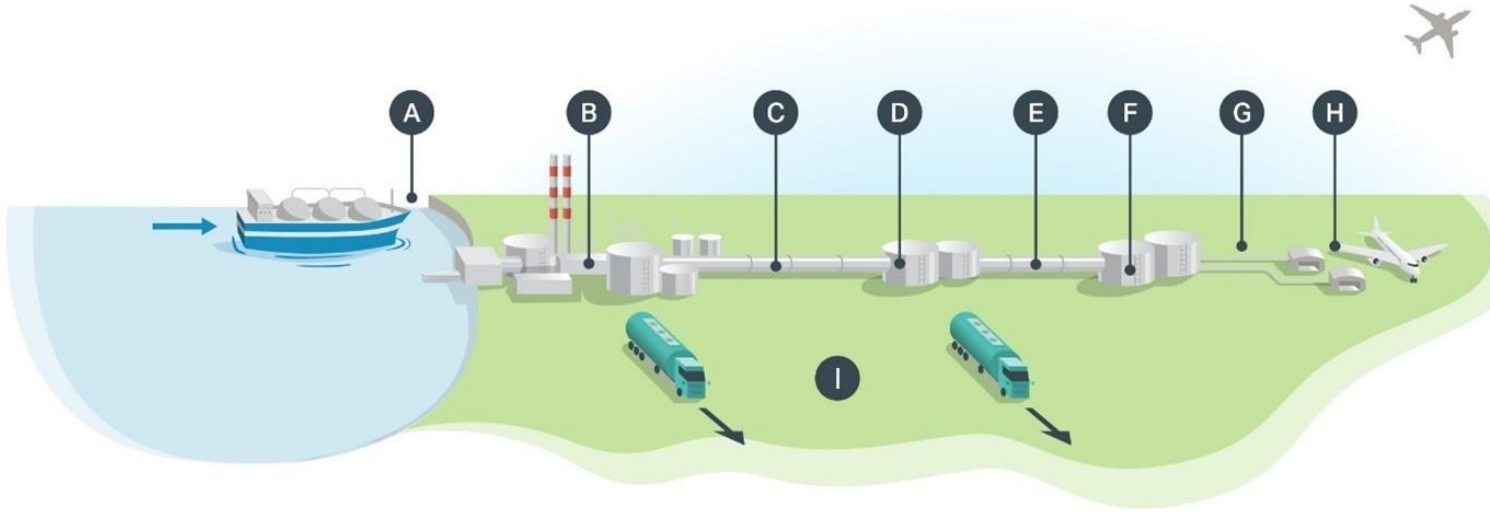
Faster Transition	Slower transition
EVs reach cost parity with ICE[1] earlier (~ 2025)	EVs take longer to reach cost parity (post 2030)
Efficiency of new ICE fleet improves faster than expected	Slower efficiency improvement through less efficient vehicles coming into the fleet
Better economic conditions increasing rate of fleet turnover	Poorer economic conditions resulting in age of fleet increasing
Favourable Government policies (particularly on fleet efficiency targets)	Unfavourable Government policies and lack of support for net zero by 2050
Proposed bans on new ICE cars are maintained or brought forward[2]	Proposed bans on new ICE cars are deferred
Behavioural changes have more impact than expected	More difficult to change people's behaviour with respect to transport
Breakthroughs in development of alternate fuel heavy vehicles	More inertia in transition, possibly due to alternate (cheaper) ways of meeting emission reductions

1. ICE – internal combustion engine
2. Our forecast does not assume a ban on ICE cars in NZ but assumes availability impacted by bans in vehicle manufacturing countries

Aviation fuel supply

Jet fuel supply in New Zealand

- Channel Infrastructure receives jet fuel on ships and supplies Wiri terminal
- This is ~80% of national jet fuel demand
- Auckland Airport is supplied through a pipeline from Wiri to the airport JUHI
- Regional airports (small demand) in the northern half of the North Island are supplied from Wiri using trucking
- Modelled jet demand at Auckland Airport is critical for national jet fuel outlook and demand through Channel Infrastructure facilities
- In 2019, 80% of New Zealand's jet demand was international and volumes are expected to return to those levels over the next few years



A MARSDEN POINT WHARF
Fuel companies import their products to the wharf.

B MARSDEN POINT TERMINAL
Operated by Channel Infrastructure.

C MARSDEN POINT TO AUCKLAND PIPELINE
Transports 4 types of refined fuel to Wiri on the outskirts of Auckland.

D WIRI STORAGE FACILITY
Receives and stores fuel from the RAP.

E WIRI TO AIRPORT PIPELINE (WAP)
Transports jet fuel from Wiri to Auckland Airport.

F JOINT USER HYDRANT INSTALLATION (JUHI)
Stores jet fuel at the airport.

G AIRPORT HYDRANT SYSTEM
Network of pipes taking jet fuel from the JUHI to the plane fuelling point.

H WINGTIP FUELLING SYSTEMS
Pumping systems on the apron used to fill planes.

I FUEL TRUCKS
Transport fuels to customers and retail outlets.

Updated from a graphic in the RAP Inquiry report

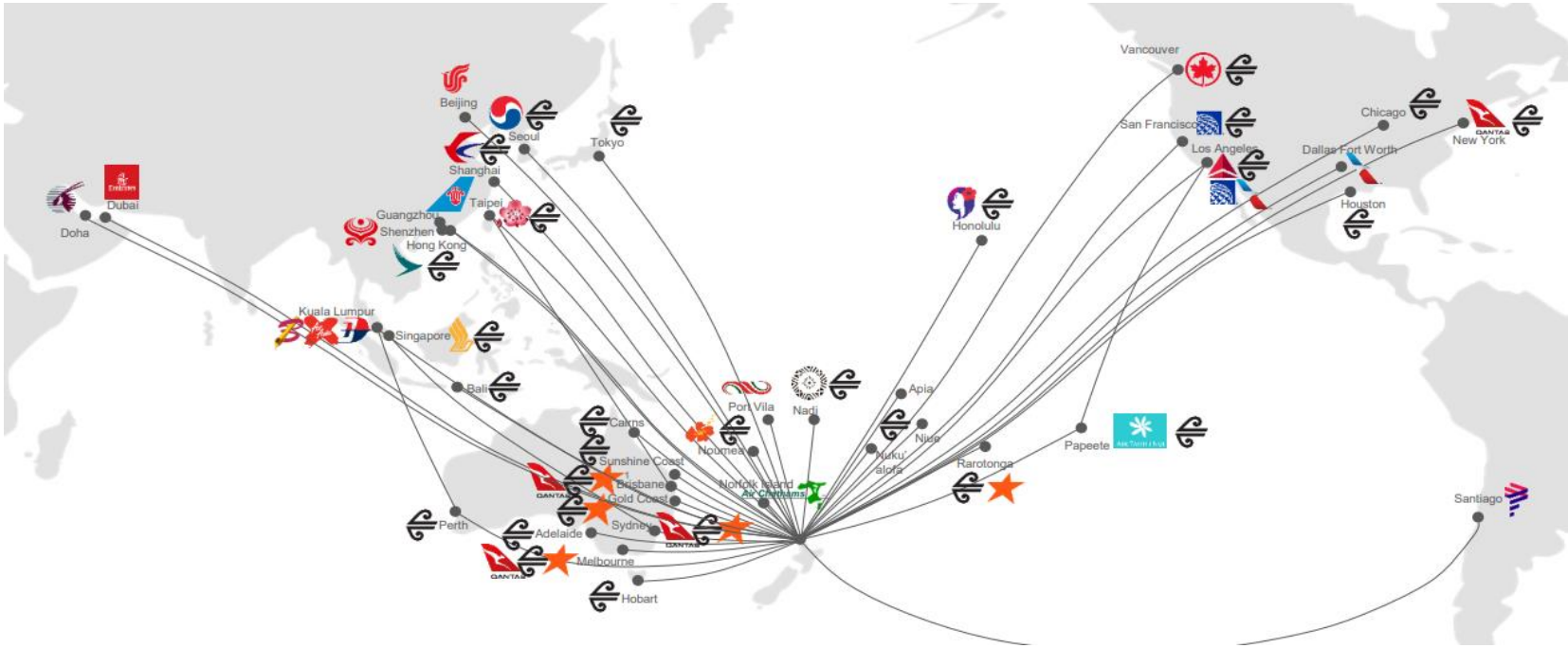
Jet fuel demand model development

Envisory developed models for calculating jet fuel demand from the outlook for:

- Number of passengers flying from an airport
- Aircraft yields (how full aircraft are on average)
- Type of aircraft used and fuel use for each of those aircraft
- Destination of aircraft, particularly flight length and balance of fuel use between take off/landing and cruising
- Continued efficiency improvement caused by newer aircraft entering fleet at expense of older less efficient aircraft

The models are tuned to actual jet demand to ensure the robustness of the relationships

The modeling is used both for short term (next six months) outlook from the planned winter and summer schedules and long term (over many decades)

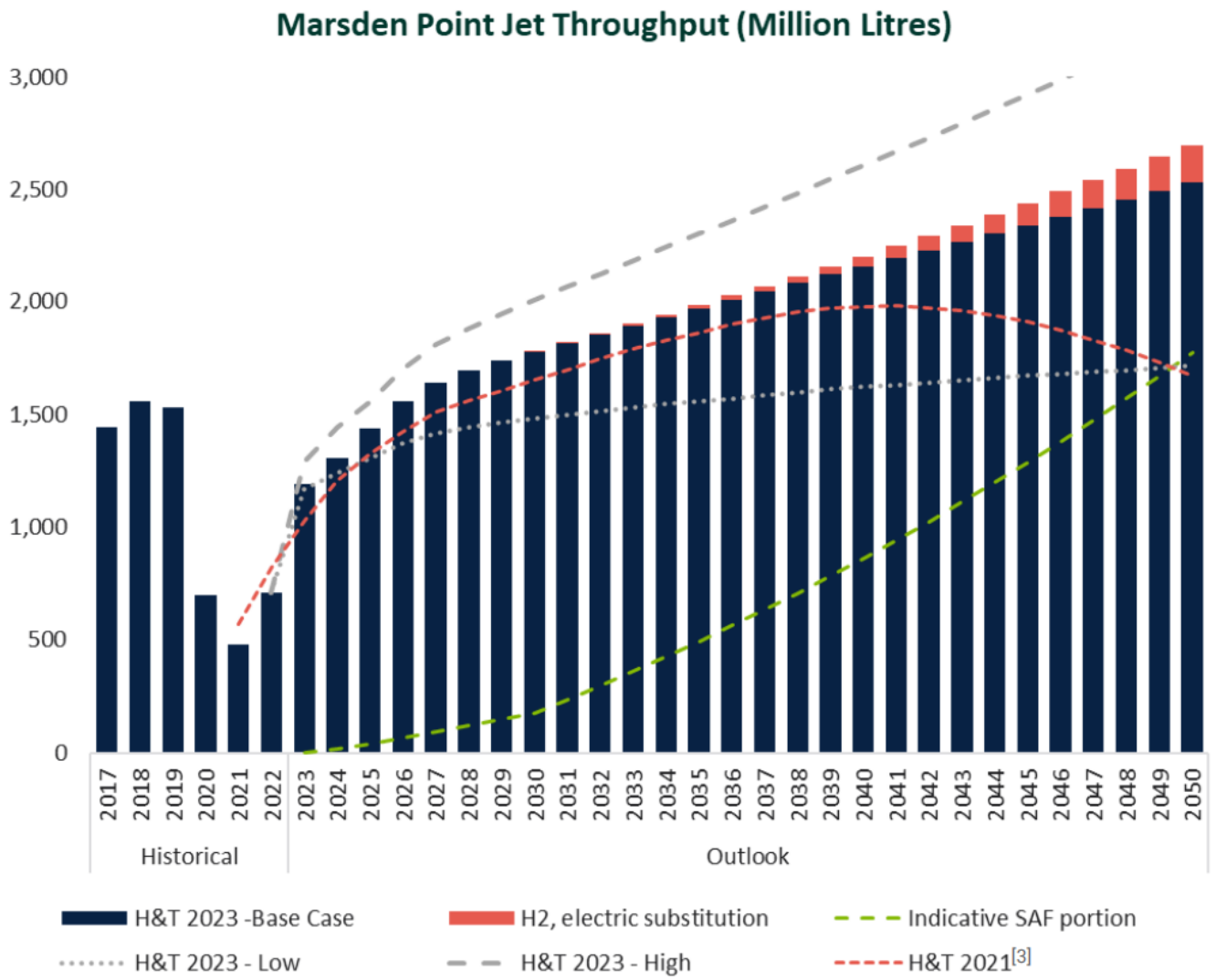


Source: Auckland Airport Annual Results Presentation 2023

Envisory

Auckland Airport jet fuel outlook

- The model development for Auckland Airport has shown the key drivers of jet fuel demand are:
  - Overall passenger number throughput
  - Destination of those passengers (segment demand)
  - The distance of flights
- Flight distance is a critical driver. Extra long-haul flights result in higher jet use per passenger. These flights are being added with improved aircraft technology, and now make up over 20% of long-haul flights from Auckland Airport.
- Long-haul and extra long-haul flights generate 55% of jet fuel demand despite only being 23% of passenger numbers
- Continued development of extra long-haul destinations will remain a key demand driver
- The outlook was developed together with AA passenger and aircraft movement forecasts developed by DKMA[1]



1. DKMA are an Airport Market Research & Advisory provider

Jet fuel substitution impact on outlook

Sustainable Aviation Fuel (SAF) will be covered in more detail in the following presentation.

- Our view is SAF pathways with a liquid fuel directly substituting jet fuel are more likely
- Liquid SAF uses existing infrastructure and requires little or no modification of the aviation fleet
- Channel Infrastructure is well placed for this future as it can handle most liquid fuels as well as being a possible manufacturing site for SAF

Source: Airbus

Source: Airbus

There is impact on throughput late in the outlook from non-liquid SAF alternatives which includes:

- Direct use of electricity for regional flights from the 2030s, developing more strongly as the fleet is upgraded during the 2040s (note regional fuel demand is only around 6% of total jet fuel throughput)
- Use of hydrogen for short-haul aircraft, replacing domestic jet and short-haul international movements commencing in the 2040s although still with limited impact by 2050 due to relatively slow turnover of aircraft

Channel
Infrastructure NZ

Q&A

Channel
Infrastructure NZ

Supporting the goal of lower carbon aviation

Sustainable Aviation Fuel (SAF)

Peter van Cingel
Business Development Manager

New Zealand is reliant on long-haul air travel

NZ is geographically isolated and reliant on long-haul air travel to connect people and markets:

- Tourism is New Zealand's largest export industry and directly employs 8.4% of New Zealand's workforce [1]
- Air freight carries 16% of exports and 22% of imports [2]
- Auckland International Airport accounts for 80% of NZ's jet fuel usage [3]

[1] Pre-COVID, https://www.tourismnewzealand.com/insights/industry-insights/
[2] By dollar value. Transport.govt.nz, Stats NZ
[3] From Channel's throughput data and MBIE Oil data tables

Demand for jet is expected to grow

New Zealand is expected to remain a desirable destination, with an increasing middle-class in Asia and India that can afford to travel through Auckland's gateway

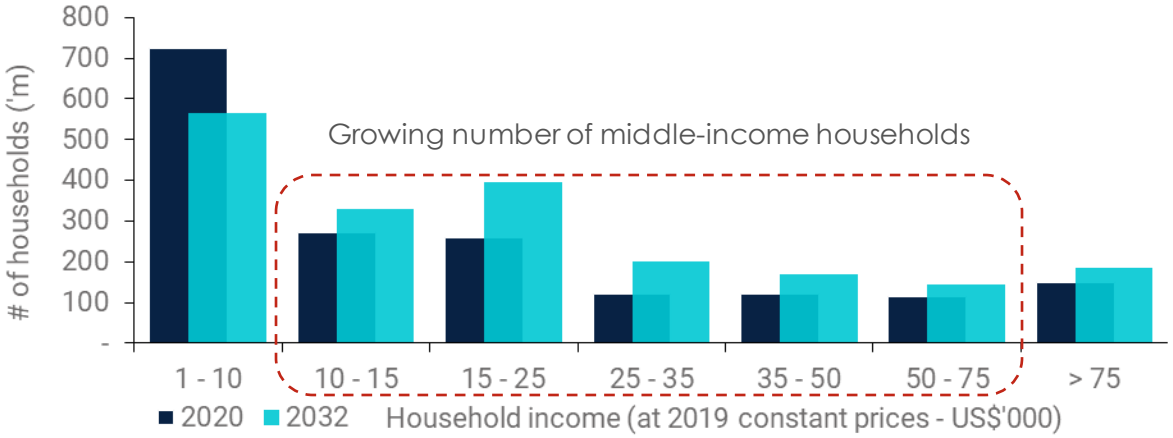
Growing middle-class will drive a propensity to travel

- Middle class households projected to grow by 350 million in next 10-years[2]
- Predominantly in emerging markets like Asia and India, key travel/inbound tourism markets for New Zealand
- Aligned with key New Zealand trading partners and countries with whom New Zealand has an ambition to deepen ties to enhance exports (tourism, dairy, etc.)

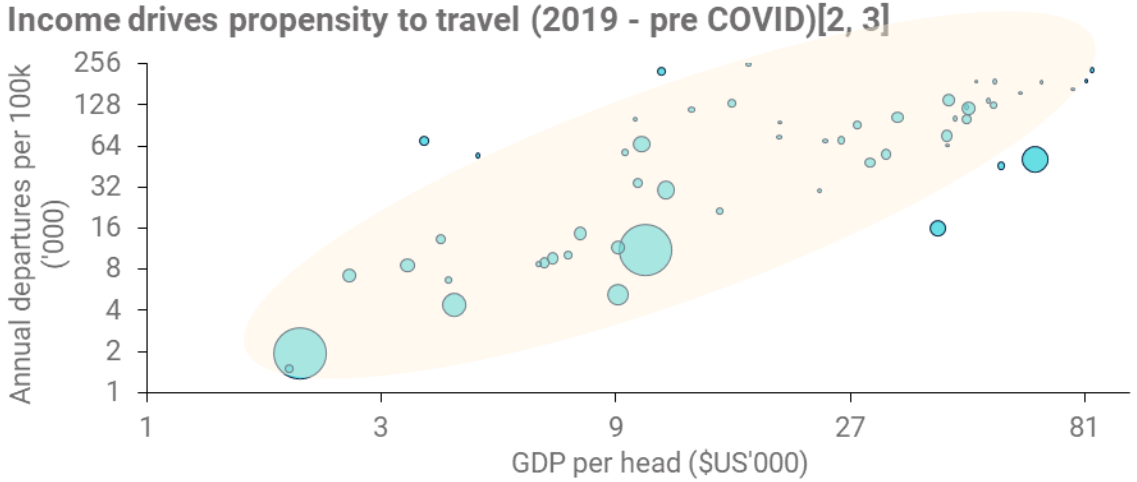
Global trends

- Aviation provides connectivity for business, trade, family and tourism
- Strong correlation between household income and propensity to travel
- Growth in middle-classes leads to growth in air travel
- IATA[1] / Boeing / Airbus all projecting continued growth in aviation
- Boeing & Airbus projecting need for 40,000 – 45,000 new aircraft over next 20 years

Number of middle income households are forecast to grow[2]



Income drives propensity to travel (2019 - pre COVID)[2, 3]



[1] IATA = The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 300 airlines or 83% of total air traffic

[2] Source: Economist intelligence

[3] Each bubble represents a different country, and the bubble size represents the population. The two biggest bubbles represent India and China.

Aviation sector aspirations to Net Zero

Global challenge

- Airlines recognise need to decarbonise operations – aviation represents about 2.5% of global emissions [1] (and expected to grow)
- Aviation is much more challenging to decarbonise than electricity and road transport
- Achieving decarbonisation will require global collaboration, enabling policy landscapes, and significant advances in technology. This will take time and investment to achieve
- IATA [2] has issued roadmap to Net Zero emissions by 2050

Summary of ambitions announced by Auckland International Airport's major airlines:

Air New Zealand	Net Zero emissions by 2050, 10% SAF use by 2030, begin replacing Q300 domestic fleet with more sustainable aircraft from 2030
AA	Net Zero emissions by 2050, 10% SAF use by 2030, 45% reduction in net emissions from 2019 by 2035
	Net Zero emissions by 2050, 10% SAF use by 2030, committed to 1.1 million tonnes of SAF use over 10-years, invested in Fulcrum bioenergy (SAF manufacturer)
Emirates	Support the IATA Net Zero emissions by 2050 strategy
Qantas	Net Zero emissions by 2050, 10% SAF use by 2030, 25% reduction in net emissions from 2019 by 2030, average of 1.5% p.a. fuel efficiency improvements, US$200 million joint investment with Airbus to accelerate SAF industry in Australia. Announced access to up to 500ML/yr of SAF from 2028 in FY23 results
Qatar	Net Zero emissions by 2050, 10% SAF use by 2030
Singapore Airlines	Net Zero emissions by 2050, 10% SAF use by 2030
United	Net Zero emissions by 2050 (without use of offsets), 10% SAF use by 2030, 50% reduction in carbon intensity from 2019 by 2035

[1] https://fortune.com/2023/01/26/boeings-chief-sustainability-officer-we-cant-count-on-hydrogen-powered-commercial-flights-before-2050/
[2] IATA = The International Air Transport Association (IATA) is the trade association for the world's airlines representing 300 airlines and 83% of global air traffic

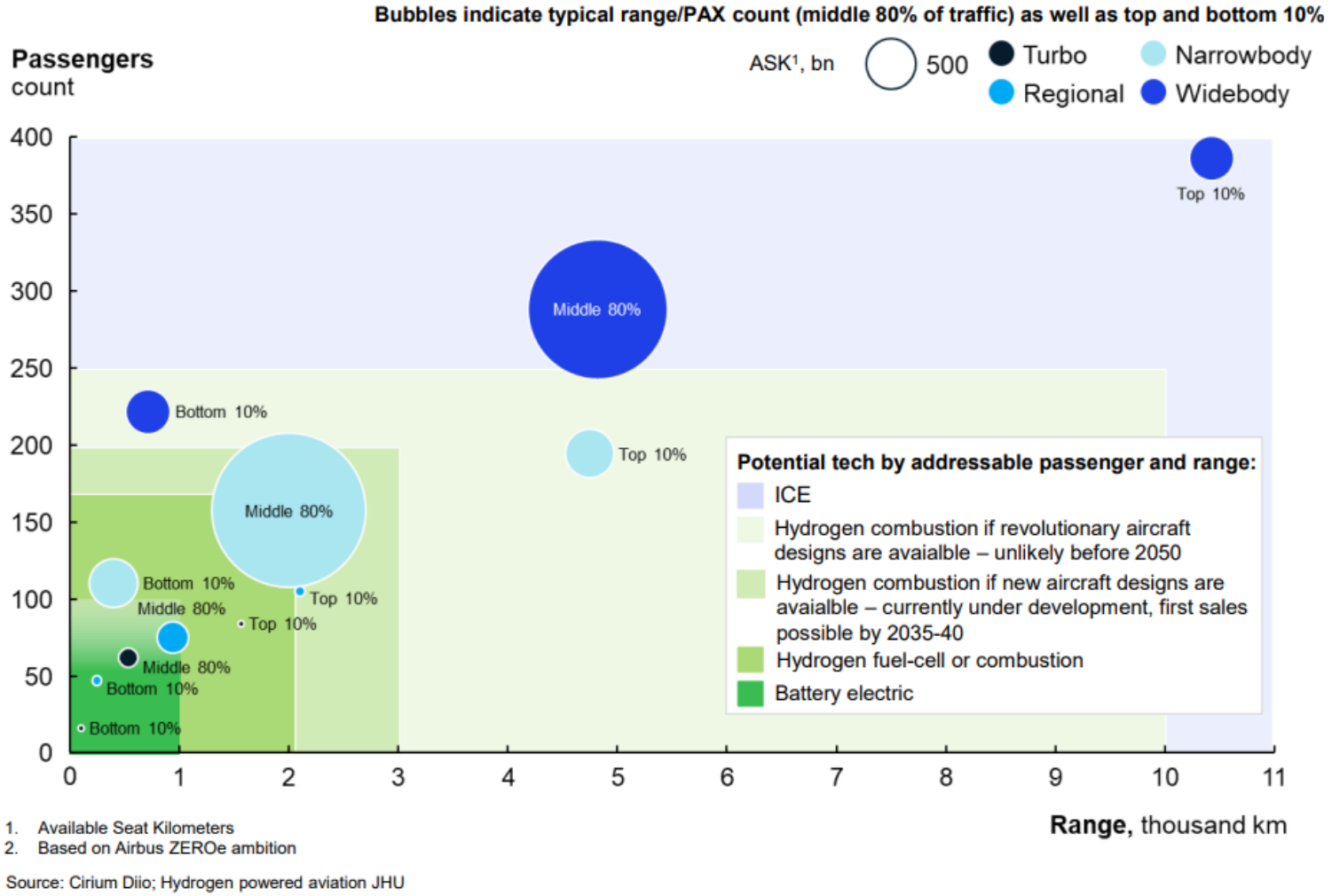
SAF currently appears to be the most viable route for lower carbon, long-haul aviation

Limited options outside of SAF

- Battery-electric and hydrogen an option for short-haul / regional sector - reliant on small planes and new technology:
  - Airbus' ambition to have first commercial hydrogen-fuelled plane by 2035
  - Boeing appears to be less enthusiastic on hydrogen
- Leadtime on technology development and low fleet replacement rate mean limited impact of hydrogen by 2050 [1]
- Emissions will need to be mitigated by SAF

Auckland International Airport specific challenges

- International flights account for nearly 90% of Auckland jet fuel consumption - bulk of this from long haul [2]
- A small number of aircraft movements are responsible for the bulk of the jet consumption
- SAF expected to play an important part in initiatives to decarbonise long-haul air travel



[1] Christopher Raymond, Chief Sustainability Officer of Boeing, https://fortune.com/2023/01/26/boeings-chief-sustainability-officer-we-cant-count-on-hydrogen-powered-commercial-flights-before-2050/
[2] Source: Envisory

SAF also expected to be the lowest cost route to lower-carbon aviation

SAF utilises existing powertrains and airport infrastructure and therefore is expected to be the lowest cost route to decarbonisation

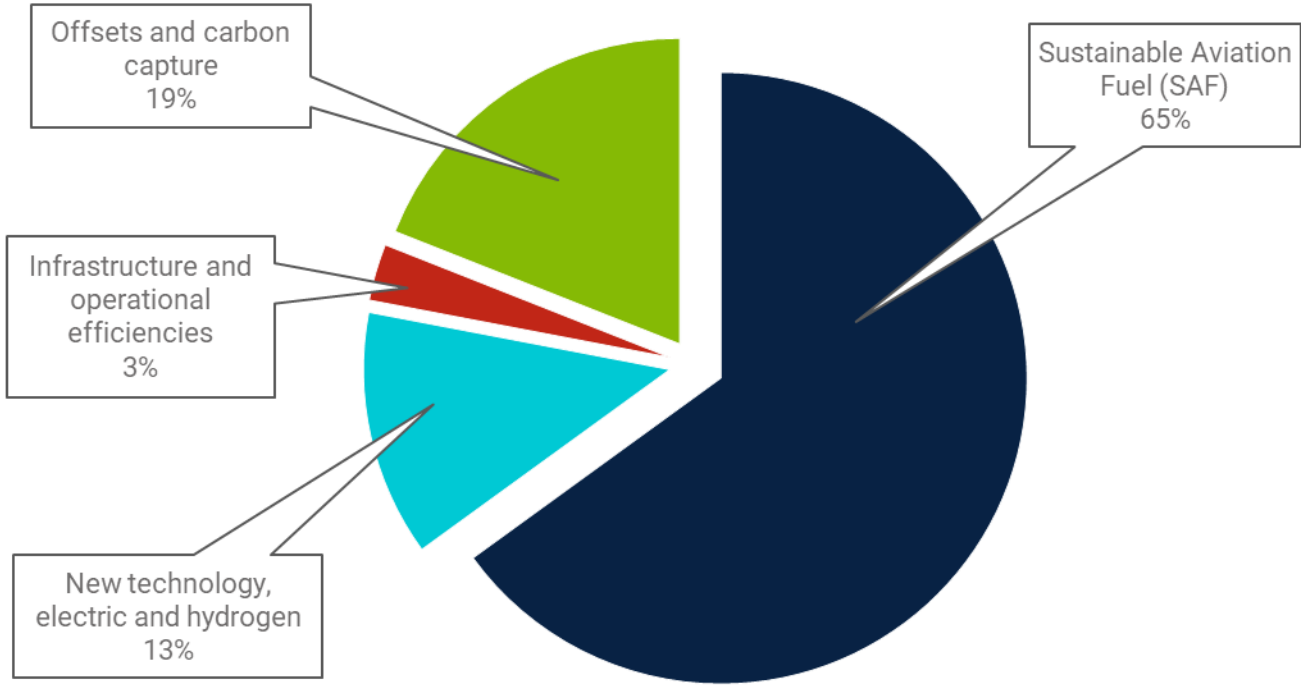
Airlines will need to draw on all options to meet emission reduction targets

- Continued engine fuel efficiency improvements, improved aerodynamics, weight reductions, flight routing, electric taxiing
- But aircraft propulsion remains the biggest lever
- No cheap / easy option to replace fossil jet fuel exists today
- Energy-density of batteries and hydrogen is highly restrictive – will also require new aircraft, new airport infrastructure
- Cost of investment to replace existing fleet and infrastructure would be enormous
- Reliant on a number of factors, including collaboration with industry and policy makers (and not just SAF) if going to meet targets

SAF is technically feasible now

- First SAF import into NZ received through Marsden Point in 2022 and delivered via the pipeline into Auckland
- SAF is a drop-in fuel; can be used by existing infrastructure (shipping, fuel storage, pipelines, airports, aircraft)
- 7 approved manufacturing pathways to SAF for 50%-blends in commercial aircraft today
- Boeing committed to have 100% SAF-compatible aircraft by 2030
- Global supply of SAF is currently limited

IATA – Strategy towards Net Zero by 2050[1]



[1]: IATA (International Air Transport Association) strategy to achieve the 2050 Net Zero emissions commitment by its 300 airlines (representing 83% of global air traffic)

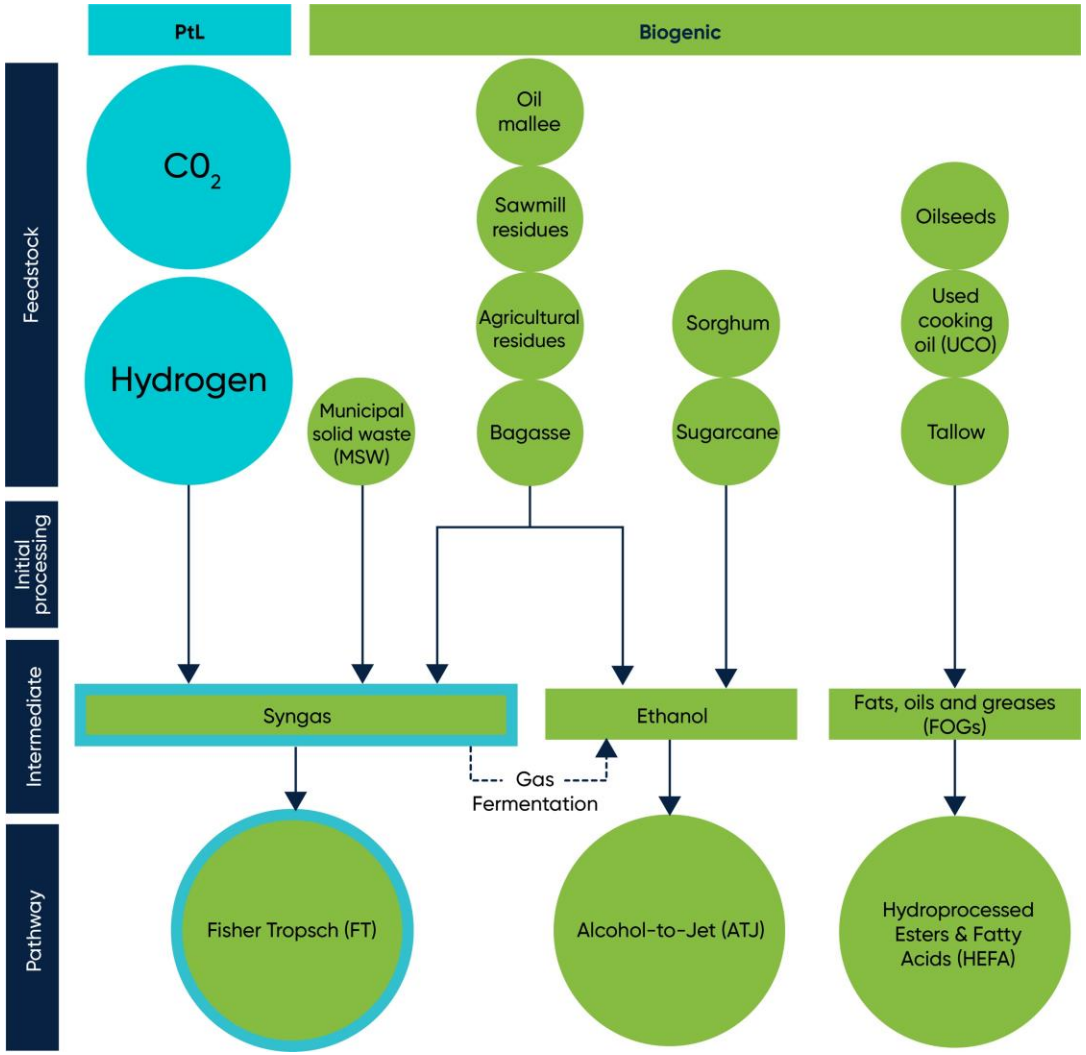
Two types of SAF – both will be needed and both face challenges

Biogenic SAF (bioSAF)

- Uses organic feedstocks (fats, oils, woody residues, Municipal Solid Waste (MSW))
- Technology is in commercial use today
- Key challenge to scalability is quantum of feedstock required:
  - Used oil and MSW quantities too low to scale production
  - Forestry wastes are dispersed with a high cost to harvest, aggregate and transport
  - Feedstock cultivation competes with food crops
- Risk of feedstock cost escalation as SAF scales and demand grows

Synthetic SAF (eSAF)

- Also known as Power-to-Liquids (PtL), it is chemically indifferent to fossil jet
- Manufactured by combining renewable hydrogen and CO_2 to produce hydrocarbons via Fisher Tropsch process
- Scalable: reliant on supply of renewable electricity to produce green hydrogen
- eSAF manufacturing still in infancy, highly capital intensive



Source: Australia's National Science Agency, CSIRO, Sustainable Aviation Fuel Roadmap, 2023

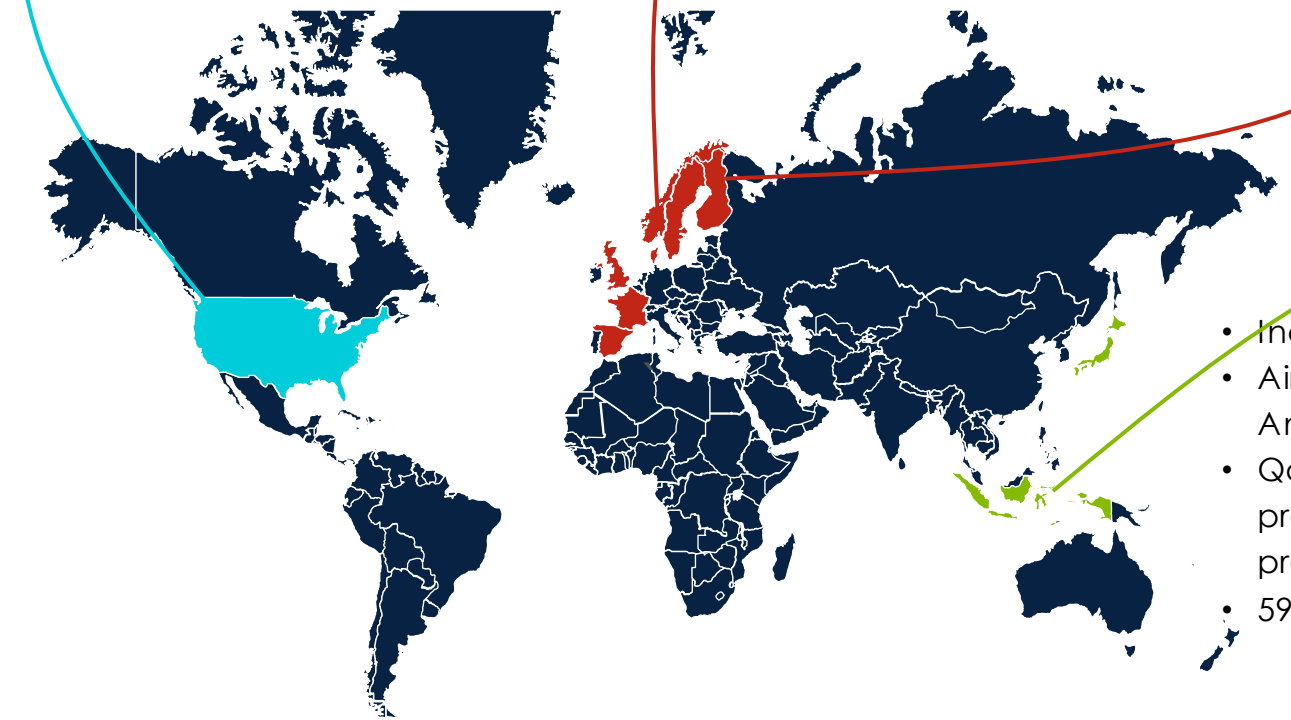
Country SAF targets should speed adoption, but supply today is very limited

Country target – North America

- 3bn gallons SAF in 2030 (~12% blend); 35bn gallons SAF in 2050 (100% blend)

Country targets – Europe

- 0.5% advanced bio-SAF since 2020
- 0.8% SAF in 2021, 5% in 2025, 27% in 2030
- 1% SAF since 2022, 2% in 2023, 5% in 2030
- 2% by 2025, 6% in 2030, 20% in 2035,
- 10% SAF in 2030, developing a manufacturing 'revenue-certainty' scheme



Country targets – Asia

- 10% in 2030
- 2% in 2016, 3% in 2020, 5% in 2025

- Increasing number of SAF mandates and targets being introduced globally
- Airlines and service providers signed up to Clean Skies for Tomorrow 2030 Ambition Statement – 10% SAF by 2030
- Qantas and Airbus studying SAF production from bagasse (via Alcohol-to-Jet process), US$200 million co-funding to accelerate domestic (Australia) SAF production [1]
- 59 offtake agreements announced since 2022, equivalent to 12 billion litres:
  - 51 bio-SAF based
  - 8 Power-to-Liquids
- >130 renewable fuel projects with SAF announced by more than 90 producers in 30 countries

[1] https://www.qantas.com/agencyconnect/au/en/agency-news/agency-news-june-22/qantas-and-airbus-joint-investment-to-kickstart-australian-biofuels-industry.html

Low-carbon liquid fuels expected to play a significant role in decarbonisation

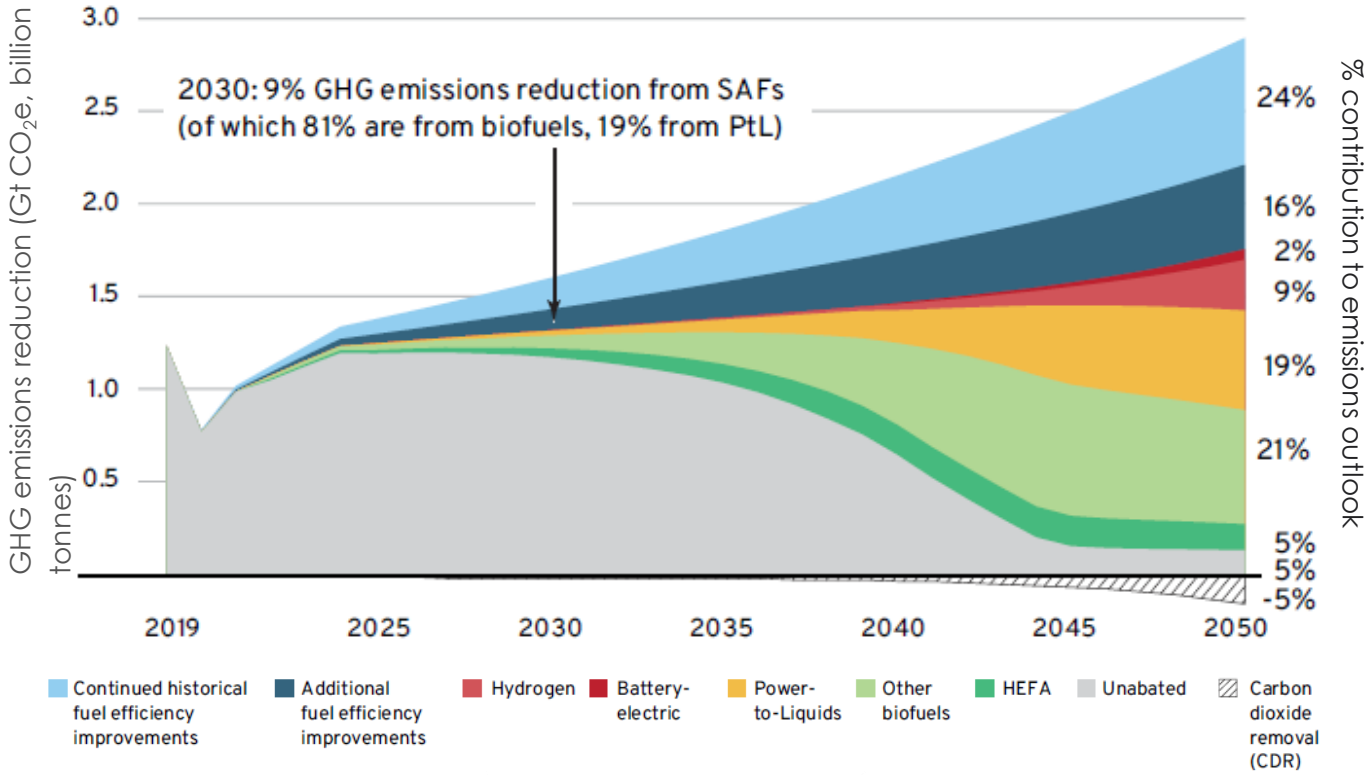
Global Outlook

- Limited impact from hydrogen/battery electric by 2050 [1]
- Large reliance on fuel efficiency improvements and on SAF
- Need >300 SAF plants by 2030 to be on track for 2050 Net-Zero i.e. upscale current planned projects by 5-6x
- Liquid fuels are expected to continue to play a large part in aviation future (even in 2050 Net-Zero case)[1]

Channel uniquely placed

- Channel provides the key supply route for jet fuel into Auckland (and this is expected to be via a near-emission-free pipeline from 2024)[2]
- The bulk of Auckland International Airport's jet fuel demand is for long-haul travel and cannot be substituted by batteries or hydrogen in the foreseeable future
- Long-haul demand is projected to continue growing strongly and underwrites NZ's tourism and export industries
- Channel's infrastructure will therefore support the aviation fuel supply chain for decades to come – and beyond

Emission-reduction levers making net-zero aviation a reality[1]



[1] Mission Possible: Making Net-Zero Aviation Possible, An industry-backed 1.5degC-aligned transition strategy, Prudent scenario

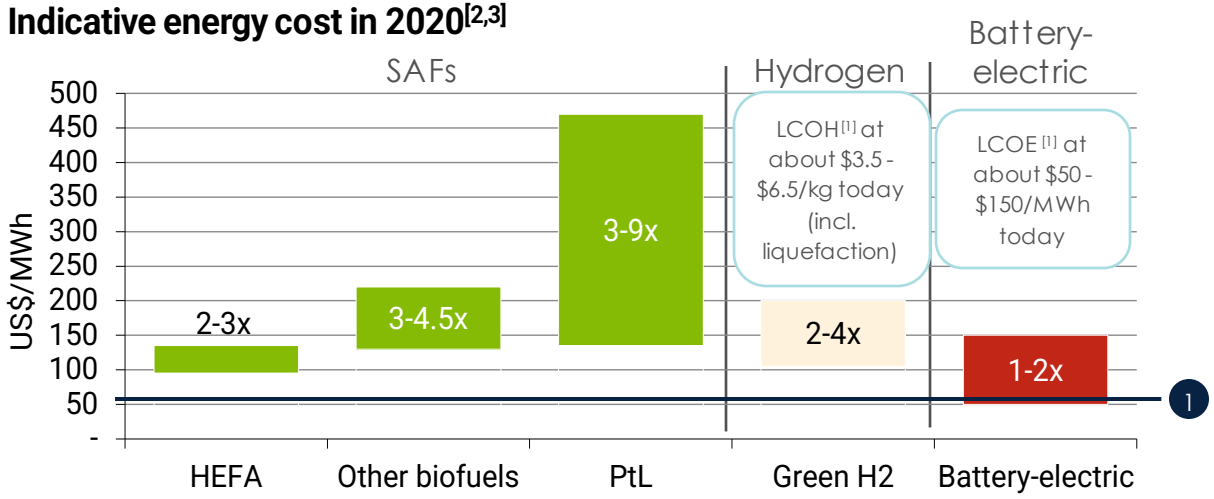
[2] Scope 1 & 2 emissions from Channel's operations (including pipeline) will be largely eliminated from 1 January 2024, assuming all electricity supplied under a new long-term agreement is from renewable sources.

Indicative cost of SAF

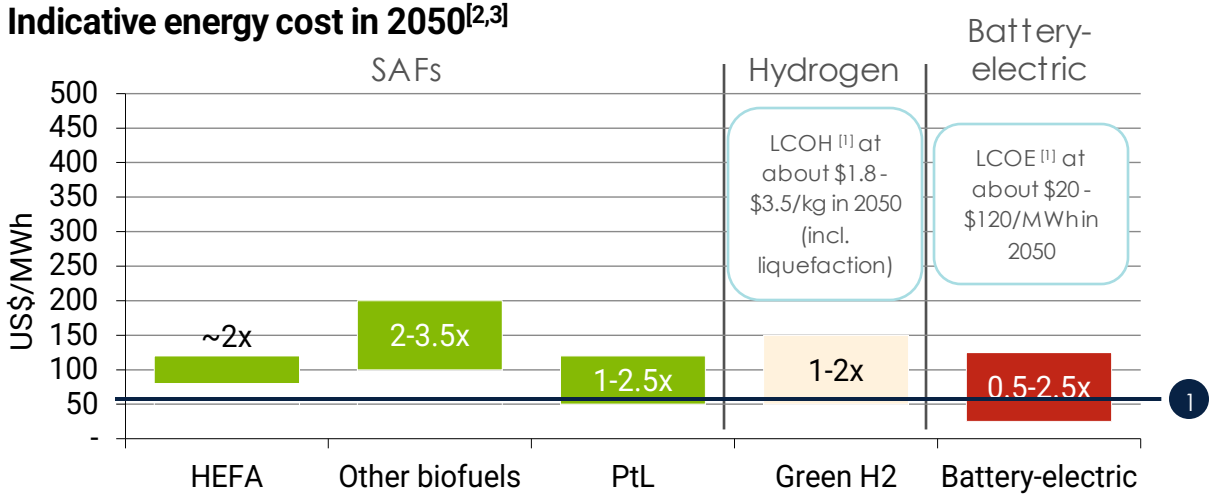
- Weaning off fossil fuels will cost more, but impact is expected to be limited initially with low blend rates
- Global SAF manufacturing capacity is starting from a very low base, eSAF is early in the technology curve
- Production costs expected to decline as industry scales – eSAF expected to show greatest advances given feedstock is limited only by renewable electricity
- Accelerated SAF uptake anticipated as mandates introduced and/or production costs fall
- Energy density of hydrogen and batteries constrain its use to shorter flights and smaller planes
- Aircraft fuel efficiency also continuing to improve, therefore will require less fuel per km flown

1 Fossil jet fuel US$600 - 650 /tonne, US$50 – 54 /MWh

Indicative energy cost in 2020[2,3]



Indicative energy cost in 2050[2,3]



[1]: LCOH – Levelised cost of hydrogen, LCOE – Levelised cost of electricity
[2]: Mission Possible: Making Net-Zero Aviation Possible, An industry-backed 1.5degC-aligned transition strategy
[3]: US$/MWh and as multiple of historical average of fossil jet fuel price

Channel
Infrastructure NZ

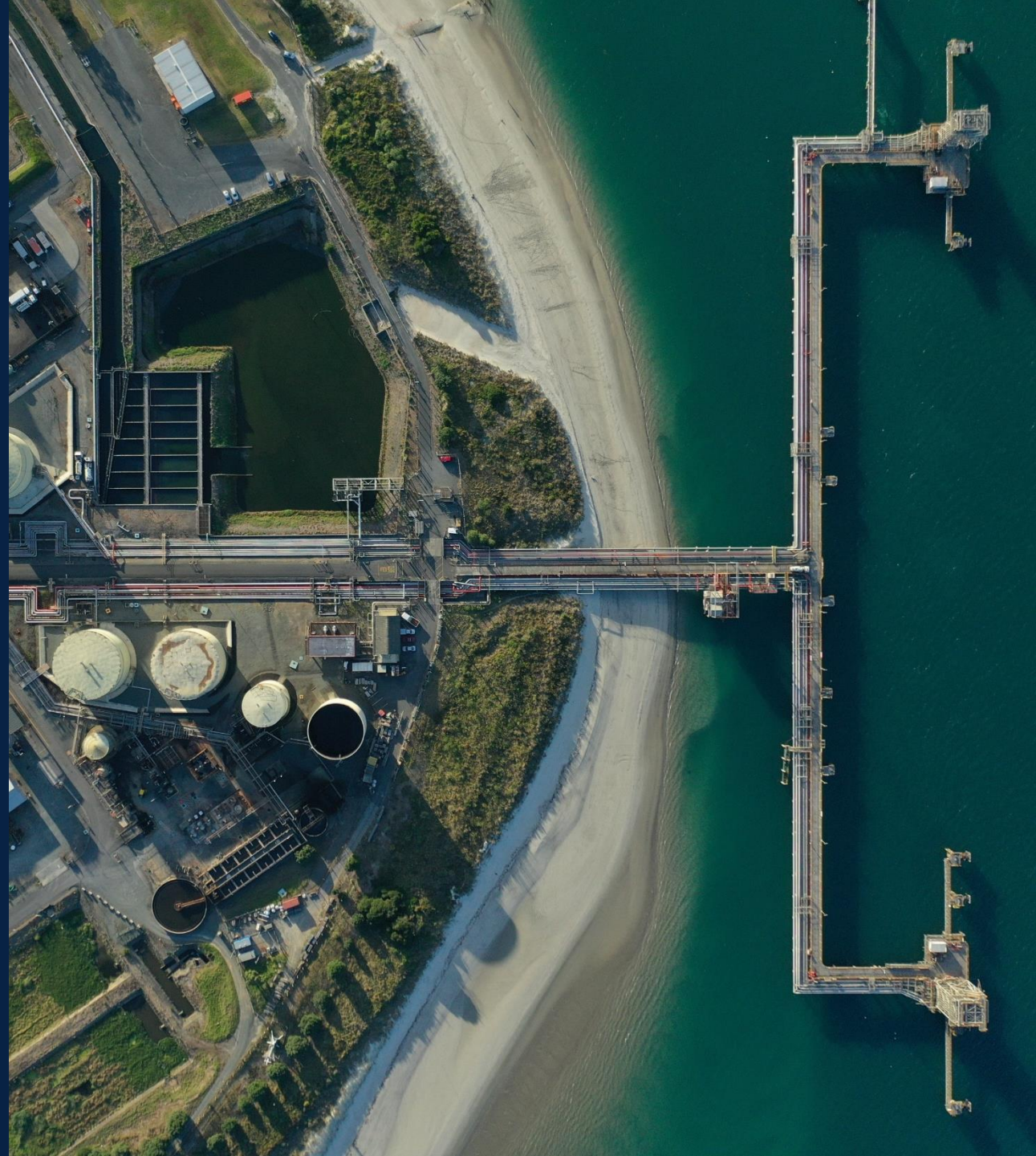
Q&A

Channel
Infrastructure NZ

World-class operator

To provide resilient infrastructure and unlock growth opportunities

Jack Stewart
GM, Operations

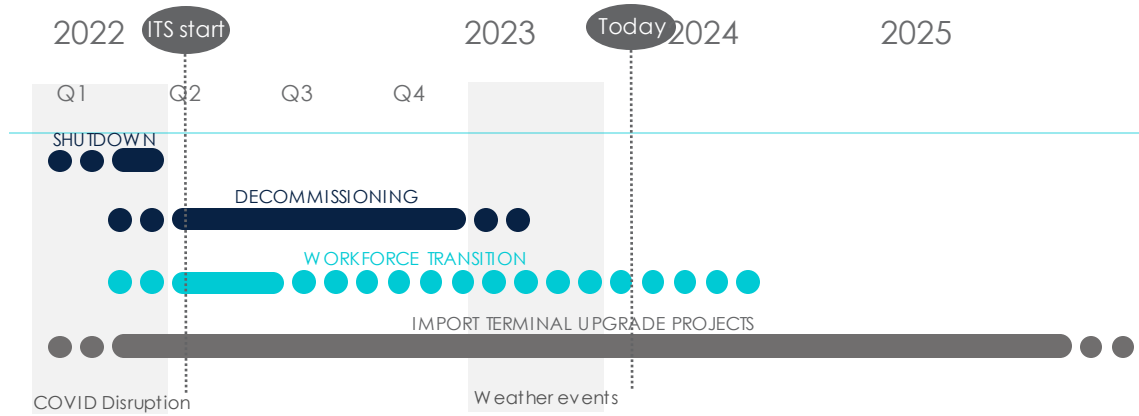


Achieved today: A world-class import terminal conversion

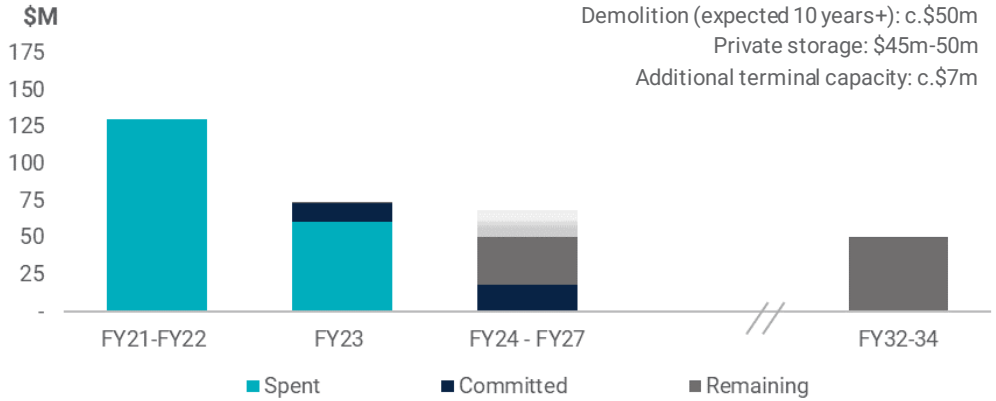
Our focus has been to get the basics right and deliver a seamless transition. Having delivered a world-class import terminal conversion, our aim is to become a world-class operator

- Excellent personal and process safety performance maintained
- Established minimum viable import terminal operations to schedule from 1 April 2022
- No impact to NZ fuel supply, including through COVID disruption and significant weather events
- Retained key capability throughout the transition, turnover at 4%
- Conversion budget contingency levels remain appropriate to absorb market disruption
- Commissioned additional jet fuel storage, more than doubling Marsden Point jet fuel storage through the import terminal conversion
- Next step: world-class fuels infrastructure operations

Conversion timeline



Terminal conversion: $200-220m
Demolition (expected 10 years+): c.$50m
Private storage: $45m-50m
Additional terminal capacity: c.$7m



Our ambition: A world-class fuels infrastructure partner

Establishing world-class fuels infrastructure operations through targeted, incremental investment will support the long-term resilience of our infrastructure and build credibility as a partner of choice for a broader role

World-class enables long-term security of supply

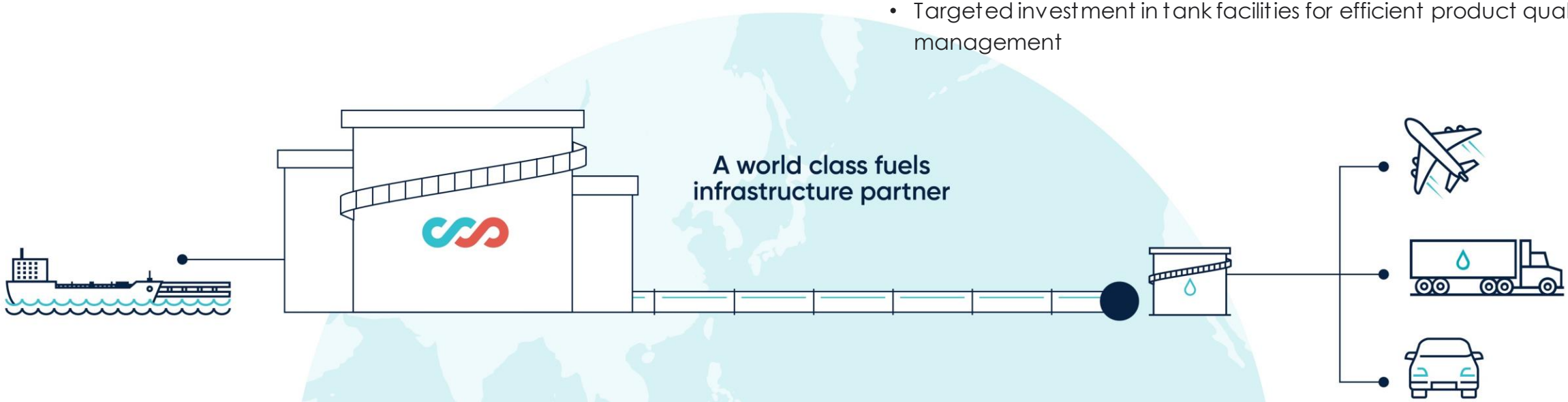
- Long-term aviation fuel demand underpins demand for Channel's infrastructure beyond 2050
- World-class capabilities are needed to support long-term fuels infrastructure resilience

World-class positions Channel as partner of choice

- World-class fuels infrastructure capability builds credibility for a broader role
- Unlocks greater growth opportunities at Marsden Point and beyond as a partner of choice for customers

Incremental investment is needed to become world-class

- Investment in key capabilities across operations, projects and asset management
- Disciplined investment in asset maintenance, renewal and upgrade
- Targeted investment in tank facilities for efficient product quality management

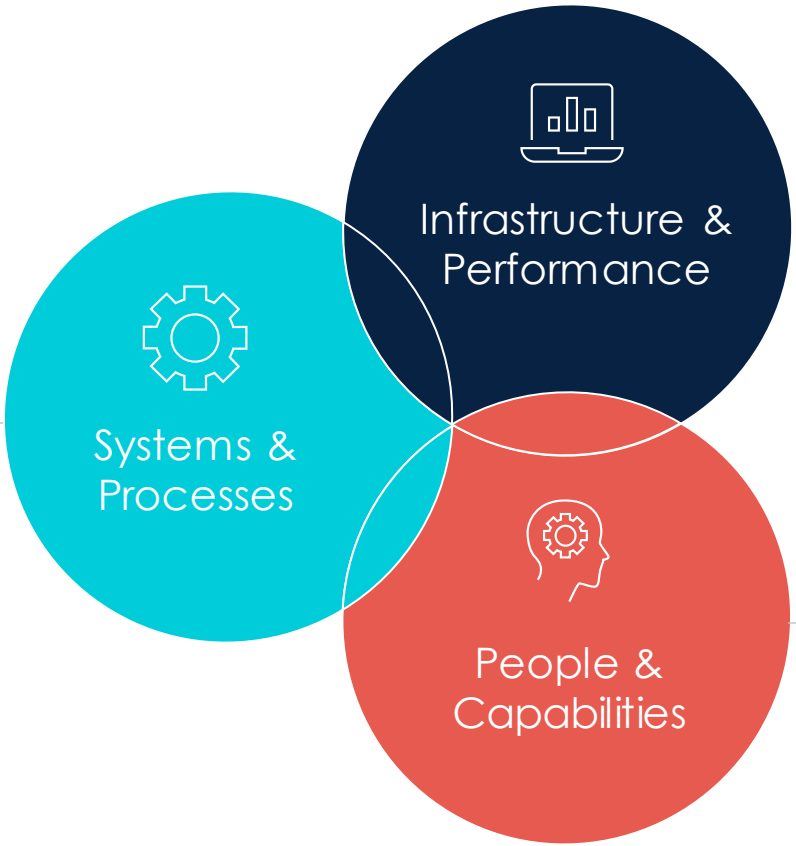


The pathway to World-class

Substantial progress has already been made against world-class. Future work plan focuses on seven key workstreams across systems, assets, and capabilities

Fit for purpose management systems and processes

- Customer focus through quarterly review and satisfaction survey
- Operational discipline: safety culture program in place to embed procedural compliance and safety critical controls
- Operational efficiency through continuous improvement of ship turnaround efficiency and maintenance, finance and project management systems
- Streamlined procedures: Rationalise and optimise overly stringent/complex safety, operations, and emergency response procedures



The right infrastructure which is safe, reliable and resilient

- Long-term asset management plans in place including asset replacement
- Asset renewal & upgrade: Invest in asset maintenance, replacement and automation and upgrade of tanks supported by increased levels of preventative maintenance and condition monitoring
- Facilities and branding: Invest in consistent branding and upgrades to facilities including new Channel offices and modernised security systems

The right people equipped with the mindsets and capabilities

- Employee engagement: 'Your Voice' survey and improvement program lifting engagement
- Resourcing: Increased in-house resourcing to support key capabilities in operational excellence, safety and asset management
- Training systems: Implement training modules for all systems and key competencies

Achieved *In progress*

Health, Safety and Environment

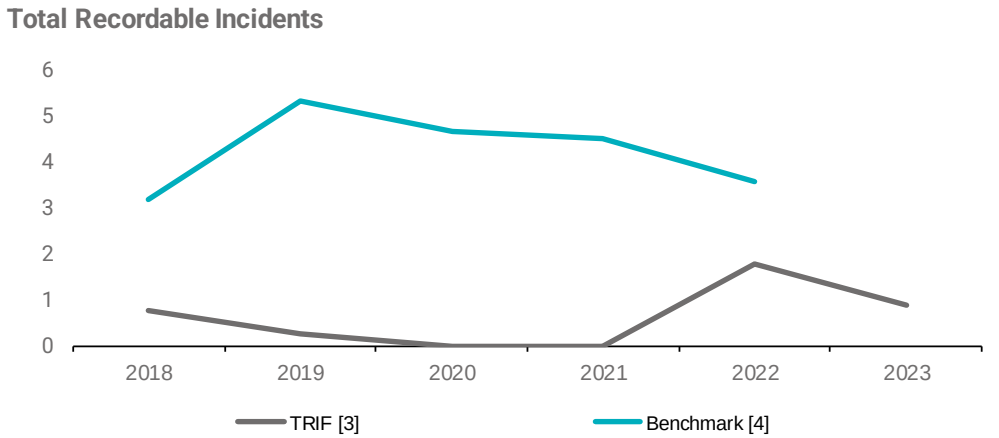
Strong focus on safety systems and culture, born from operating NZ's most complex and hazardous industrial facility, provide a strong foundation for establishing a world-class fuels infrastructure operation

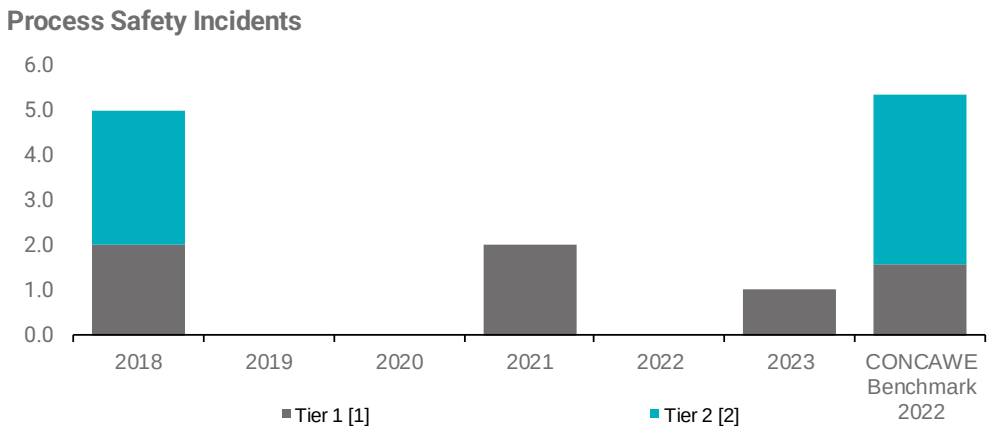
Focus remains on getting everyone safely home every day

- Maintained safe operations and reduced TRIF[3] through complex conversion construction program
- Substantial investment in import terminal safety systems including fire-fighting and bunding upgrades to tank facilities
- Environmental risk reduced as a result of conversion

To deliver world-class we need to further adapt safety culture, assets and systems

- *High standard of safety, security and environmental infrastructure*
  Modernisation of security systems and continued maintenance capex investment to improve asset condition
- *Strong safety awareness and leadership, continuous improvement and training*
  Safety culture programme underway focused on operational discipline, strong leadership and safety critical controls
- *Robust safety and risk management systems*
  Streamlining and simplifying overly stringent and complex safety and emergency response procedures





[1] Tier 1 Process Safety Event (API 754) – A tier 1 Process Safety Event (PSE) is an unplanned or uncontrolled release of any material, including non-toxic and non-flammable, from a process which results in one or more of the following: A LTI and/or fatality; A fire or explosion resulting in greater than or equal to $100,000 of direct cost to the company; A release of material greater than the threshold quantities given in Table 1 of API 754 in any one-hour period; An officially declared community evacuation or community shelter-in-place

[2] Tier 2 Process Safety Event (API 754) – A tier 2 Process Safety Event (PSE) is an unplanned or uncontrolled release of any material, including non-toxic and non-flammable, from a process which results in one or more of the following: a recordable injury; a fire or explosion resulting in greater than or equal to $2,500 of direct cost to the company; a release of material greater than the threshold quantities given in Table 2 of API 754 in any one-hour period

[3] TRIF – Total Recordable Injury Frequency per 200,000 hours (rolling 12-monthly average)

[4] NZ Business Leaders Health & Safety Forum Benchmark (injuries per 200,000 hrs)

Operations

As operations continue to grow, focus is to ensure Channel has the capabilities to provide the most efficient and resilient services for customers and New Zealand

Channel's operations continue to grow

- Average cargo size up 10% on 2022 leveraging NZ's only LR (Long Range) capable import terminal capable of over 100ML cargo on a single ship
- Storage capacity increased 80% over 18-months including more than doubling aviation fuel storage
- Capacity for increased demand - aviation fuel throughput increased by 43%[2] driving pipeline utilisation up by 14% with headroom of 18%
- Growing demand for NZ's most capable fuels laboratory with comprehensive aviation and biofuels testing capabilities – testing volumes up c.16% on 2022

Becoming a world-class operator means maximising operational efficiency

- Efficient product handling and transfer – targeted improvements in efficiency including ship turnaround time, a key cost driver for customers
- A culture of continuous improvement – improving as part of every-day work
- Training and development programs – building key capabilities to support world-class operations

NEW ZEALAND's LARGEST FUEL TERMINAL

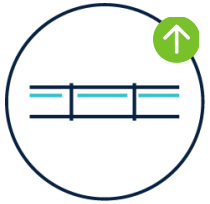
c.280ML

IMPORT CARGO SIZE INCREASED

10%

TURNAROUND TIMES [1]

95%



PIPELINE UTILISATION

82% [3]

JET THROUGHPUT

893ML

YTD SEPTEMBER 2023

[1] Laboratory testing turnaround times as per the customer contracts
[2] % increase when compared to pcp (April to September).
[3] For the month ended 30 September 2023

Asset Management: Investing in long-term infrastructure

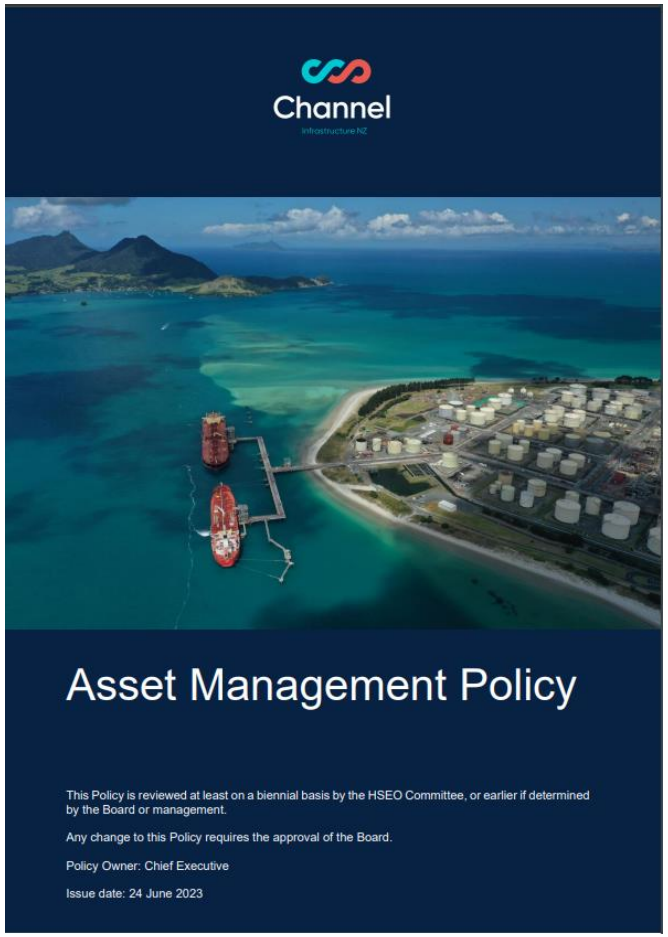
Our infrastructure has proven resilience through the storm and flood events of 2023 and a disciplined approach to asset management will ensure sustained asset resilience to 2050 and beyond

Our assets are reliable and resilient

- Maintained uninterrupted supply of fuel through cyclone and storm events
- On-target EBITDA performance through disciplined cost management
- First version of long-term strategic asset management plan:
    - 15-year view of "stay-in-business" capex remains within $5-12 million long-term guidance
    - Upper end of guidance in near-term for ex-refinery asset maintenance, as assets are bedded into the new import terminal and to ensure resiliency of our assets for their expected lifetime
    - Forecast capex will mature over time as plans are refined for key assets (i.e. jetty)

Delivering world-class asset reliability and resilience

- Well maintained infrastructure – invest in asset maintenance and renewal, along with upgrades to more efficiently manage import product quality
- A skilled and capable asset maintenance workforce – building capability in asset management through recruitment, apprenticeships and training



Payoff for investment in world-class infrastructure and capability

Benefits of a world-class approach include resilient infrastructure to support long-term fuel demand, capability to deliver growth opportunities and unlocking growth opportunities beyond Marsden Point

Resilient, world-class fuels infrastructure to 2050 and beyond

- Investments in key capabilities and assets will ensure world-class fuel infrastructure
- Supports current and future fuel demand, including Sustainable Aviation Fuels
- Maintains long-term infrastructure reliability and resilience, while allowing us to invest in assets in a way that aligns with their expected lifetime
- Provides capability for us to execute on incremental import terminal upgrade projects and new storage opportunities as decommissioning workforce transitions

World-class is a key enabler for growth beyond Marsden Point

- Positions Channel as a partner of choice for a broader role in NZ's energy supply chain
- Coupled with project delivery capability, drive to grow and invest, to meet NZ's changing energy needs
- Differentiates Channel against other NZ fuels infrastructure players

Recently commissioned jet storage tanks

World-Class: Investment for a longer-term future

Asset renewal and investments in key capabilities support world-class delivery and infrastructure resilience for a longer-term future to 2050 and beyond

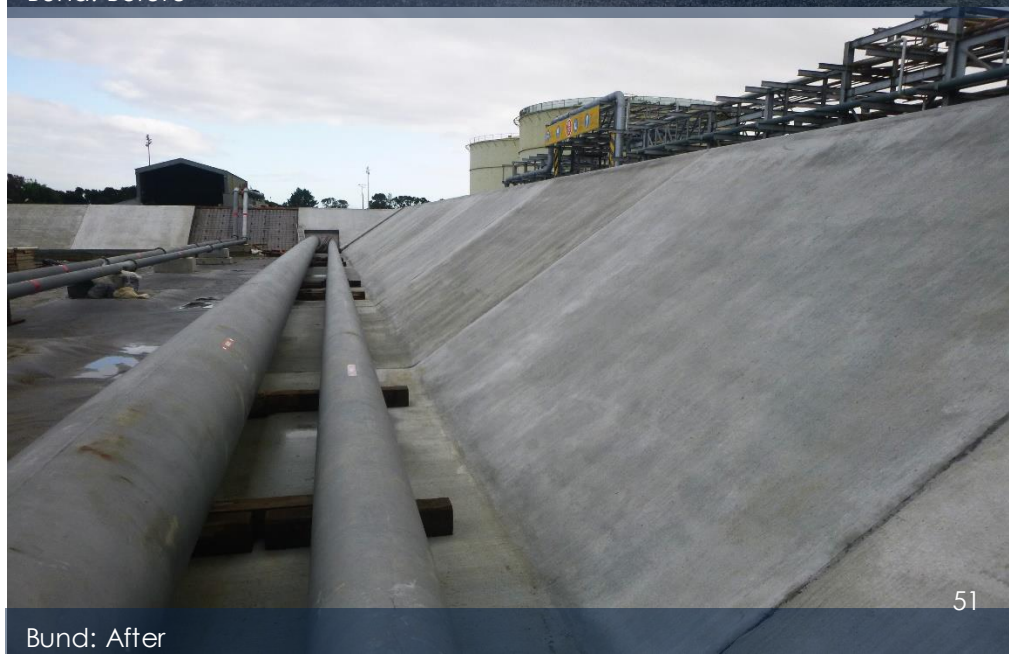
Incremental investment in tanks

- Tank renewal requires incremental funding to support world-class product handling and quality
- Prepares assets for increase in sustainable aviation fuels
- No impact to previously announced import terminal stay-in-business capex guidance[1]
- Key investments planned pre-2030 to support near-term supply chain performance

Planned investments in capability

- Recruiting specific skills and knowledge to enhance operational excellence, asset management and project delivery
- Growing in-house capability for asset maintenance through apprenticeships, graduate and trainee roles
- Reflects incremental investment of c.1% of total opex - expected to reduce outsource services over time


Bund: Before


Bund: After

[1] Guidance for Import Terminal "Stay in Business" capex over the Terminal Services Agreement initial contract term is $5-$12 million per annum – refer to FY22 Investor pack

Channel
Infrastructure NZ

Q&A

Channel
Infrastructure NZ

Multiple opportunities to grow

Peter van Cingel
Business Development Manager

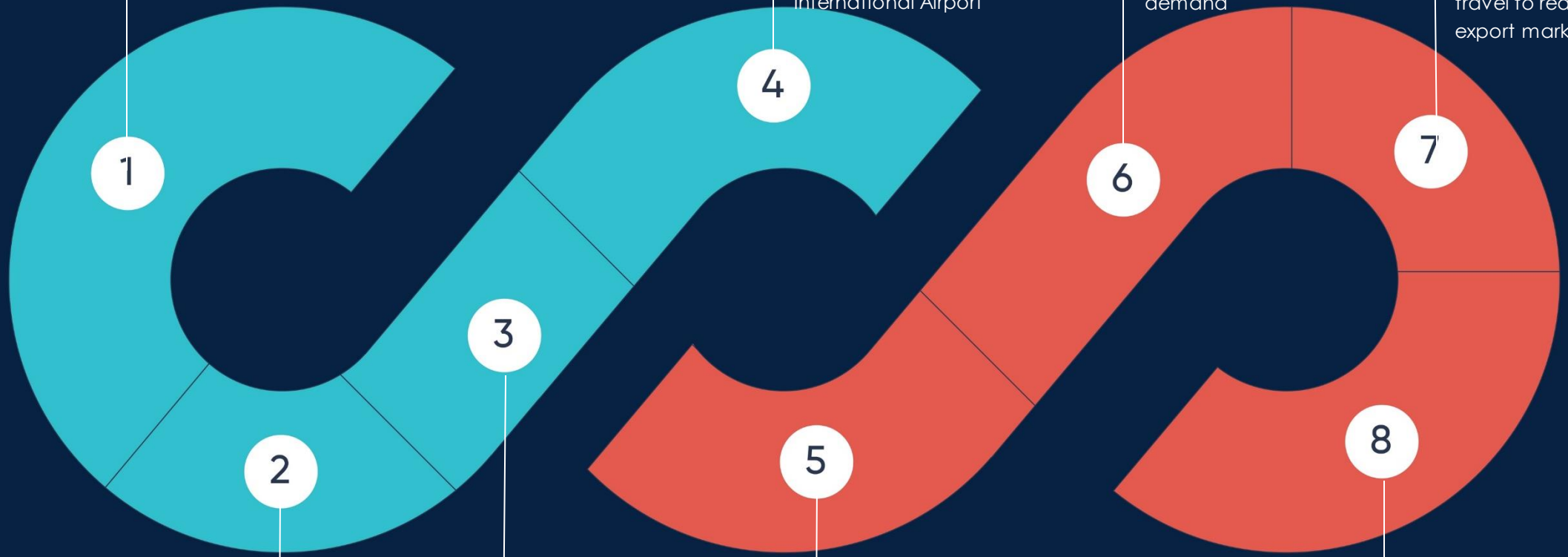
Our infrastructure will help fuel NZ's future to 2050 and beyond

The enablers for Channel's strategy

1. Strong and stable cashflows
2. Strong capabilities
3. Uniquely Strategic Assets
4. Key supply route for Jet to Auckland International Airport

What Channel will be called on to deliver

5. Support a stable medium-term diesel outlook and resilient transition of petrol
6. Meet expected growing Jet demand
7. Support New Zealand's reliance on long-haul air travel to reach our offshore export markets
8. Infrastructure to support a lower carbon liquid fuel solution for aviation



Marsden Point has several brownfield fuels opportunities

Strategic Diesel Reserves

- NZ Government tendering up to 70-million litres of diesel storage capacity
  - Energy (Fuels, Levies, and References) Amendment Bill passed May 2023
  - Tender documents released September 2023
  - Product quality requirements necessitate regular stock turn-over
- Channel is preparing tender response

Minimum Stockholding Obligations (MSO)

- Fuel Industry (Improving Fuel Resilience) Amendment Bill passed in August 2023, obliges fuel importers to hold minimum stock levels
- Channel is well placed to support customers with additional storage

Further Customer Opportunities

- Incremental import terminal upgrade opportunities, investing to lower customers' supply chain costs or improve their supply chain
- Additional liquid storage opportunities onsite (c.400 million litres of unutilised capacity available)
  - New storage contract signed for c.$9 million[1] of additional revenue across 10-years from 2024, with minimal incremental growth capex
  - Currently in discussions with customers on a potential (as yet uncontracted) import terminal upgrade project with c.$10 million of capex and appropriate commercial returns
- Marsden Point to Auckland Pipeline open-access from April 2025

[1] 2023 real terms

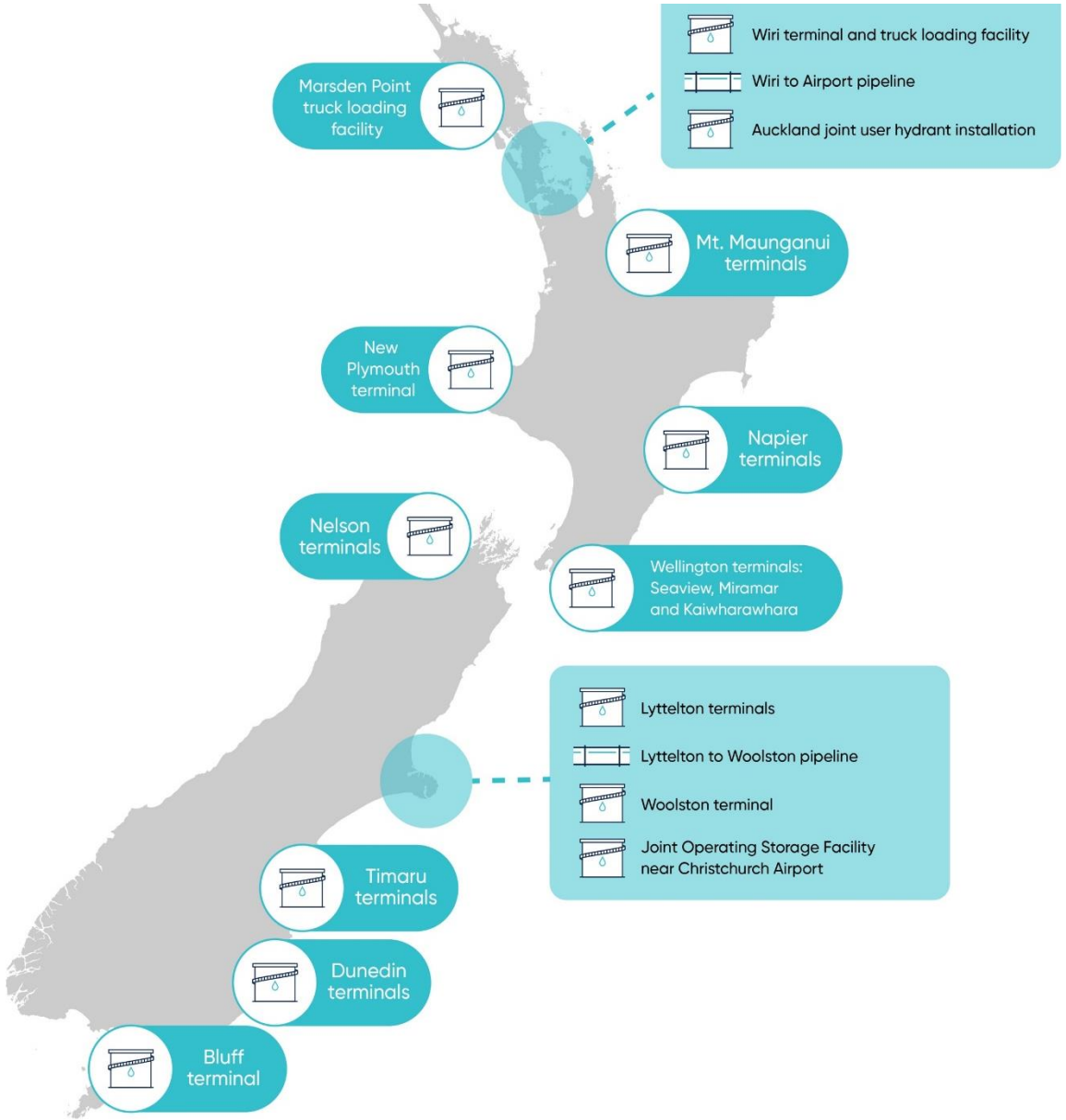
Over time will look to unlock opportunities beyond Marsden Point

Leverage capabilities beyond Marsden Point, where there are value-accretive opportunities

- Fuel markets undergoing transition – Channel open to owning or operating other fuel infrastructure assets if parties are looking to sell
- Key to positioning for these opportunities is demonstrating our world-class capability as a highly credible and reliable supply chain partner to customers
- Most interested in aviation and diesel assets given the medium-term outlook
- Should petrol demand decline in line with the Envisory outlook, it may present opportunities to consolidate terminal infrastructure around New Zealand to benefit overall customer supply chain costs and resiliency through changes in fuel demand
- Unlocking investment opportunities will take time

Disciplined investment criteria

- Customer contracts that provide revenue certainty with strong counterparties / customer base
- Above WACC returns



Marsden Point site well suited for the import and production of eSAF

Channel has an opportunity to support New Zealand's aviation decarbonisation efforts – via either the receipt and storage of imported SAF through our infrastructure or by enabling domestic manufacture of SAF (if feasible)

- Fortescue Future Industries (FFI) developing technologies to decarbonise hard-to-abate sectors while building a global portfolio of renewable energy projects:
    - The Marsden Point site, with its electricity connection, 35-year operating consents, proximity to import terminal system and pipeline to Auckland (with Air New Zealand's interest underpinned by an MOU) provides a unique opportunity
    - Pre-feasibility study underway investigating a 300MW, c.60 million litres per-year e-SAF production facility (c.3% of New Zealand's demand), with the e-SAF to be distributed via the existing Marsden Point-to-Auckland International Airport supply chain
    - Project is supported by an EECA grant given the potential for large-scale demand response for NZ, enabling electricity to be released to the grid when needed
- Work with FFI on developing the commercial model is ongoing with initial discussions focused on Channel being an infrastructure provider or operator, with the Marsden Point site and import terminal system a key enabler of the project, rather than as a lead sponsor
- It is anticipated that global SAF production will lag global SAF demand for many years

We will continue to work on realising value from decommissioned refinery plant

- In July 2023, US-based Seadra Energy Inc was granted an option to purchase permanently decommissioned parts of the former refinery for total consideration of US$33.875 million:[1]
  - 6-months to consider the purchase of certain assets from the hydrocracking complex in consideration for a non-refundable option payment of US$4 million
  - Seadra may choose not to pursue the purchase or may renew the option for an additional 6-months for a further non-refundable payment of US$0.5 million
- Continue to actively market other refinery assets and we are in discussions with interested parties

Former hydrocracking complex – Subject to Conditional Asset Sale Agreement with Seadra Energy

Potential units for sale

Refinery facilities under strategic review, enabling potential redevelopment of the site

[1] Purchase price includes the option payments but prior to any transaction costs

Strategic real estate with significant repurposing potential

- Marsden Point land is highly strategic and difficult to replicate

- 180ha of land at Marsden Point:
  - Only 1/3 productively occupied
  - Unutilised land valued at $15 million in Channel's accounts (value of c.$18/$m^2$)
  - Significant latent value in unutilised land

- Master Site Plan to be developed to assist with assessment of highest value and best use of land

- Consented solar farm, potential e-SAF project (FFI), hydrogen production/truck loading, electricity storage, are all examples of repurposing opportunities for the site:
  - Recognising Channel's core strength is as an infrastructure provider or operator, we would look to work with highly credible partners who have strong IP in their field on these opportunities, rather than lead-develop ourselves
  - Common link is utilisation of Marsden Point site's key strategic features (electricity connection, access to import terminal system etc) as the enabler

Channel
Infrastructure NZ

Q&A

Channel
Infrastructure NZ

A stable infrastructure business

Targeting credit metrics consistent with a shadow investment grade rating of BBB+

Alexa Preston
Chief Financial Officer

Import terminal delivers stable financial profile

Stable and predictable earnings

Revenue [1]

95%

Underpinned by fixed or 'Take-or-pay' fees

90%

Subject to indexation [1]

EBITDA Margin[1]

68%

EBITDA to FCF Conversion [4]

70%

Stable Ordinary Dividend Yield

c.7%[2]

Strong cash flow and balance sheet

Leverage[3]

3.6x

EBITDA

83%

Debt fixed or hedged

Targeting credit metrics consistent with a shadow credit rating

BBB+

Debt expected to peak in next 6-12 months

Reducing post conversion

Disciplined capital management

30-40%

Normalised FCF available for deleveraging or growth

Investment criteria

- Above WACC returns
- Contracted Revenue

All metrics are as at 30 September 2023, unless otherwise stated

[1] For the six-months ended and as at 30 June 2023

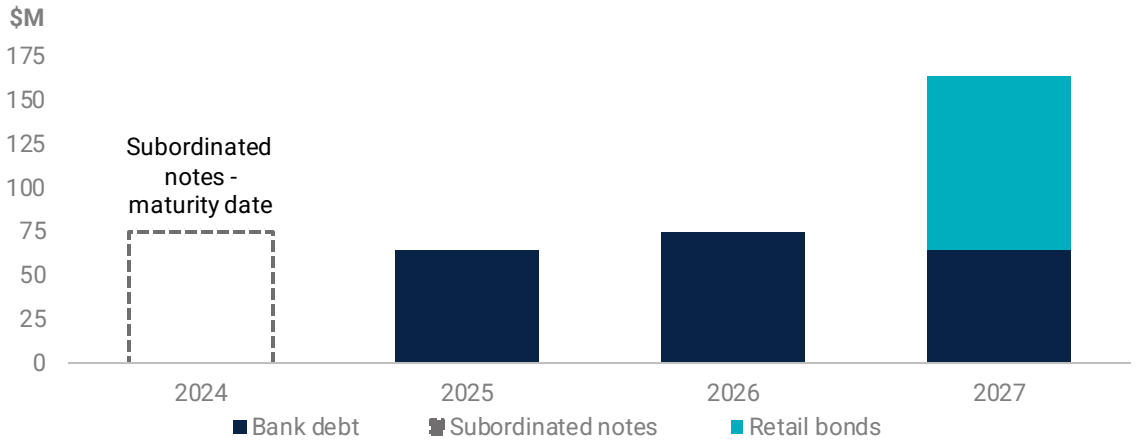
[2] Based on a share price of $1.47 per share (as at 13 October 2023) and the mid-point of the latest FY23 guidance of 9.5-11.5 cents per share

[3] Based on net debt as at 30 June 2023

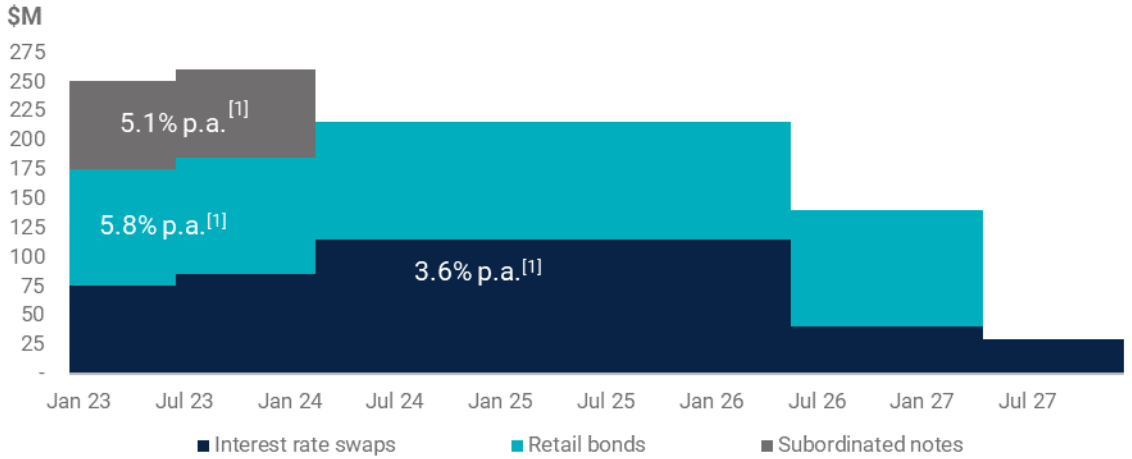
[4] Based on mid-point of FY23 Guidance as set out on slide 66 of this pack

Considering a new retail senior bond to replace subordinated notes

Debt profile as at 30 September 2023



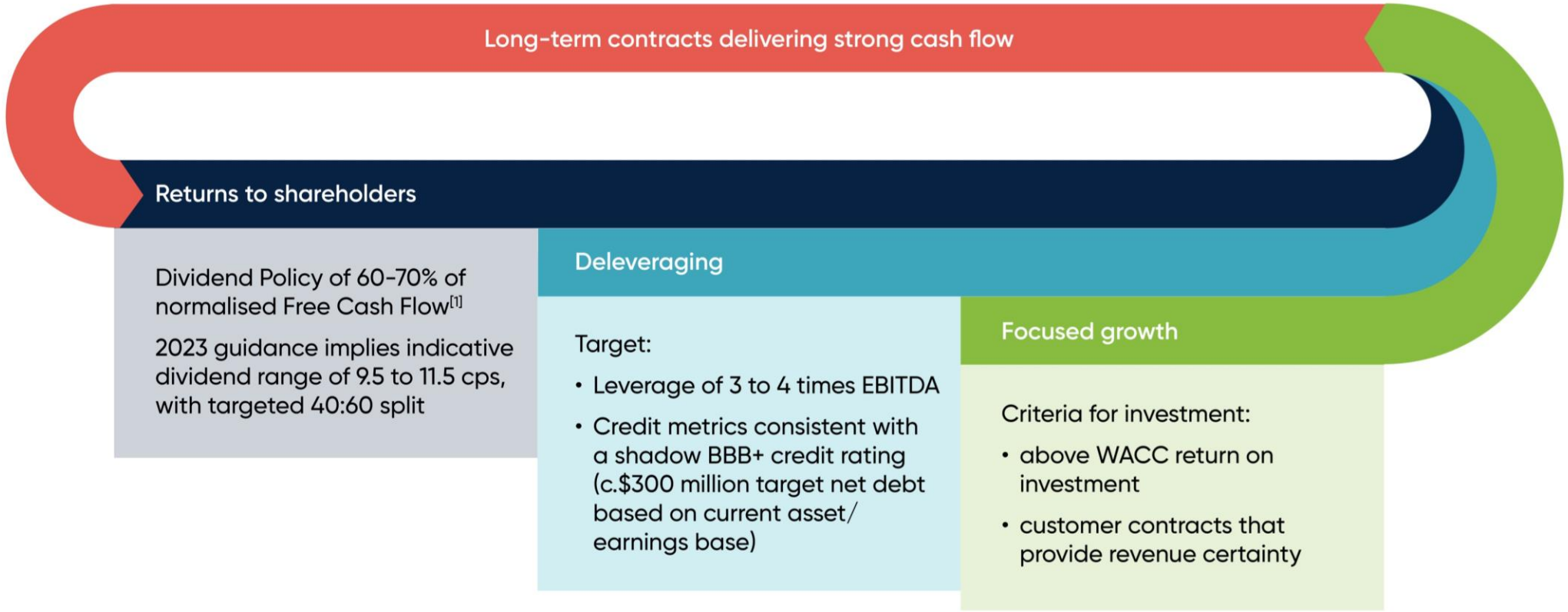
Interest rate profile as at 30 September 2023



- Debt facilities of $380 million with significant liquidity headroom available (c.$62 million as at 30 September 2023)
- Expected debt will peak at around $15 to $35 million above the 30 September 2023 level in the next 6 - 12 months (assuming no further growth projects)
- C.83% of 30 September 2023 net debt fixed, with significant hedge protection in the following years
- Considering a new retail senior bond to replace the subordinated notes[2]

[1] Nominal interest rate, excluding the amortisation of up-front bank fees and bond issuance costs. Bank nominal interest rate represents a combination of bank margin, line fees, and swap rates (note: drawn facilities in excess of the hedged amount are subject to floating interest rates, i.e. Bank Bill Rate plus the applicable line fee and margin)
[2] The first election date to redeem the subordinated notes is 1 March 2024

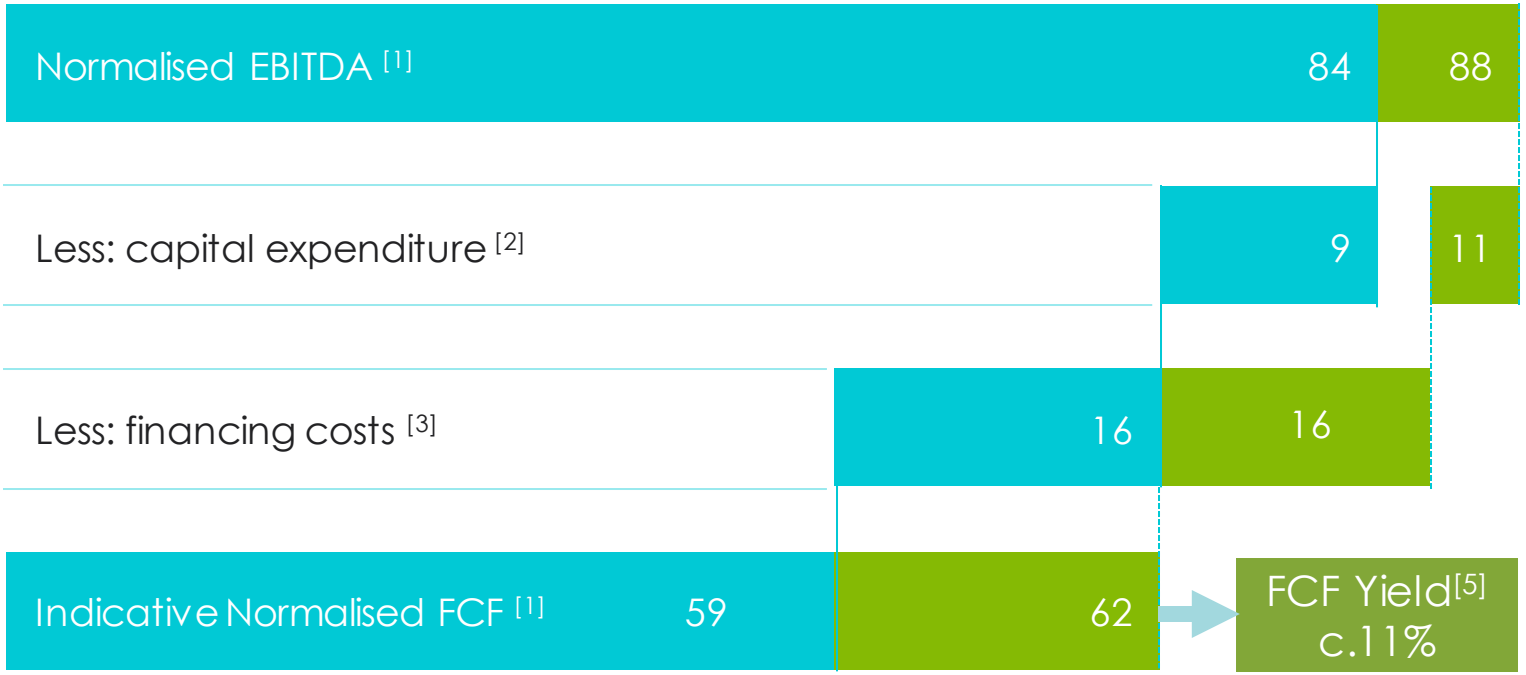
Capital allocation framework set to deliver returns to shareholders:

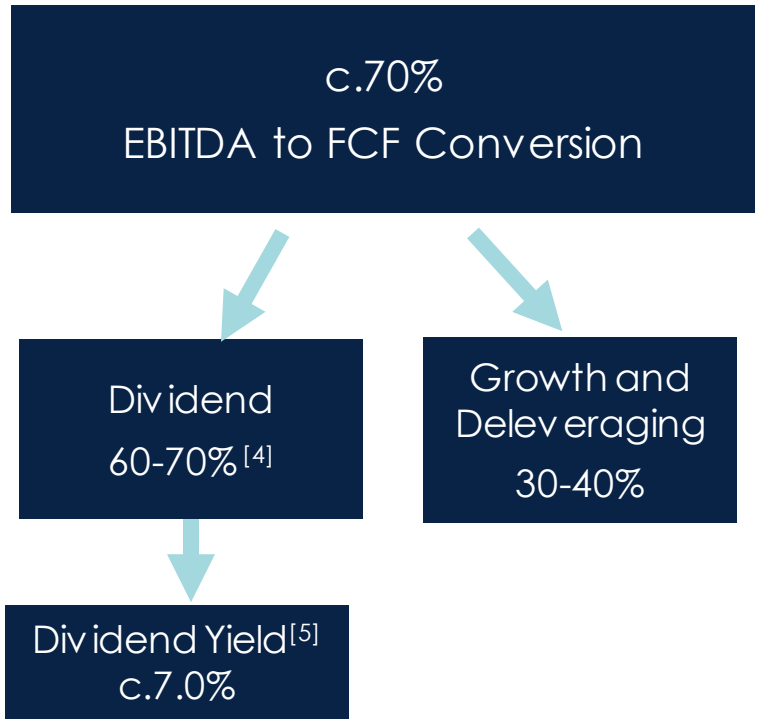


[1] Normalised free cash flow is calculated as net cash flow from operations less maintenance capex (excluding conversion costs and growth capex). The dividend policy is subject to the Board's due consideration of the Company's medium term asset investment programme; a sustainable financial structure for Channel Infrastructure, recognising the targeted investment grade rating; and the risks from short and medium term economic and market conditions and estimated financial performance

Strong free cashflow conversion

FY23 Financial Metrics Guidance
($ million)





[1] Normalised EBITDA and free cash flows exclude one-off conversion costs and growth capex
[2] Import terminal capital expenditure range over the initial 10-year contract term, excluding growth and one-off conversion capital expenditure
[3] Based on current financing arrangements, hedged positions and current 90-day bank bill rate
[4] The Board has reconfirmed a dividend policy pay-out of 60-70% of free cash flow (being adjusted net cash generated from operations less maintenance capex. The dividend policy is subject to the Board's due consideration of the Company's medium-term asset investment programme; a sustainable financial structure for Channel Infrastructure, recognising the targeted shadow investment grade rating; and the risks from short and medium term economic and market conditions and estimated financial performance
[5] Based on a share price of $1.47 per share (as at 13 October 2023) and the mid-point of: the dividend payout range and guidance for normalised free cash flow

FY23 guidance reconfirmed. Outlook for FY24

Indicative FY23 Financial metrics[1]

	($m)	
Terminal and other revenue	128-130	No change
Operating costs	42-44	No change
EBITDA	84-88	No change
Depreciation	34-35	No change
Financing costs	c.16	No change
Income tax payable	Nil	No change
Stay-in-business capex	c.9-11	No change
Indicative normalised free cash flow	59-62	No change
Indicative dividend range[2]	9.5 -11.5cps	No change

FY24 guidance[3] to be released with FY23 results. Key drivers include:

- The PPI escalator applying to 2024 import terminal services and private storage revenue published mid-November
- Private storage revenue at full run rate of c.$9 million p.a. (2021 real)
- New storage contract announced today: c.$9 million of additional revenue across 10 years from 2024 (with minimal incremental growth capex)
- Over $2 million saving in FY24 electricity supply costs vs FY23 due to new supply contract from 1 January 2024
- Inflationary cost pressure across variable opex
- Continued focus on maintaining effective cost management culture and creating efficiencies across the business

[1] Guidance is for import terminal operations (classified as continuing operations) and excludes discontinued operations (i.e. one-off conversion cost opex and capex of $200-220 million), private storage capex ($45-50 million) and additional terminal storage ($7 million), with no change in guidance for these projects. Guidance also excludes any opex and capex associated with new growth opportunities

[2] The dividend policy is subject to the Board's due consideration of the Channel Infrastructure's medium-term asset investment programme; a sustainable financial structure for Channel Infrastructure, recognising the targeted investment grade rating; and the risks from short and medium-term economic and market conditions and estimated financial performance

[3] From FY24, guidance will be provided on EBITDA and normalised free cash flow

Channel
Infrastructure NZ

Transitioning to the future

Our approach

Rob Buchanan
Chief Executive

Achieved significant progress on our ESG scorecard

Environmental, Health and Safety

78%
Reduction in water consumption[1]

30%
Reduction in the extent of legacy groundwater contamination[2]

Scope 1& 2 emissions reduction
>99%

0.8
TRCF[3] and 0.77 LTIF[4]

Diversity, equity and inclusion

>97%
of employees in new roles or retraining within 6 months

$30M
Paid to employees as redundancy and entitlement benefits

37%
Of the corporate and senior leadership team identify as female

Culture and partnerships

10+ years
Collaboration with iwi and pipi research

4
Community meetings attended by senior leaders in 1H2023

[1] For the Year End 31 December 2022
[2] Measured over the last six years
[3] TRCF – Total recordable case frequency per 200,000 hours (rolling 12-monthly average)
[4] LTIF – Lost time injury frequency per 200,000 hours (rolling 12-monthly average)

Stakeholder's material issues have informed the strategy refresh

A broad range of stakeholders were consulted with in 1H23 to identify material issues

MATERIAL ISSUE		STRATEGIC PILLAR
Health, safety and wellbeing	Creating and maintaining a safe and healthy workplace environment that is free of injuries, fatalities, and illness and ensuring physical and mental health of workforce.	**World class operator**
Infrastructure resilience	Ensuring that Channel's infrastructure assets, are resilient to environmental and specification changes.	
Asset and lifecycle management	Ability to manage infrastructure and operational asset lifecycle risks through infrastructure, service delivery and end-of-life management.	
Employee equity, diversity & inclusion	Attracting, supporting, and maintaining a diverse workforce and healthy working culture. Ensuring Channel's culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base.	
Asset and lifecycle management	Ensuring our services support the delivery of reliable, high-quality fuel by our customers to accommodate their changing needs and maintain their competitiveness.	**Grow from the core**
GHG Emissions	Management of regulatory risks, environmental compliance, and reputational risks and opportunities, as they relate to scope 1, 2, and 3 GHG emissions.	**Good neighbour, good citizen**
Iwi Partnerships	Recognising iwi responsibilities as mana whenua and kaitiaki over poupouwhenua and partnering to maintain and enhance the cultural health of our operational site and the surrounding coast, and informing our partners of potential changes and considering their views.	
Transparency and disclosure	Ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and providing accurate and timely information about our sustainability impacts and performance.	

Site proved resilient through extreme weather events earlier this year

Coastal Hazard Management Plan under development

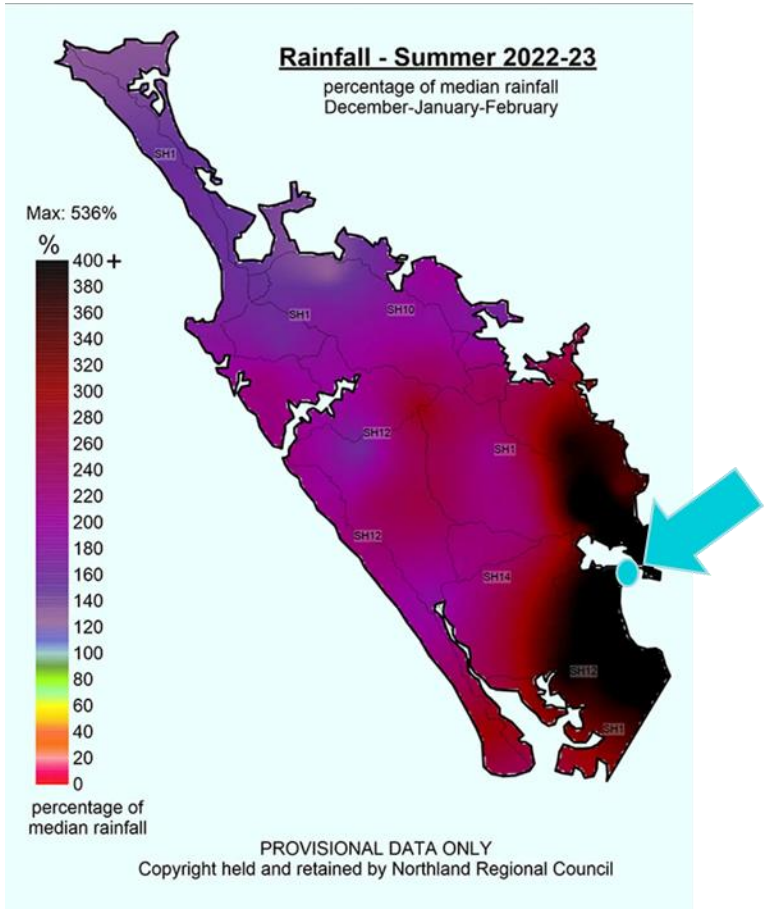
- Assessment includes 4-degree warming scenario (year 2130) [1]
- Modelling indicates little impact likely before 2080 [1]
- Practical options identified for mitigation of long-term coastal erosion and inundation risks [1]
- Mitigation plans to be developed and implemented through asset management plans

Global risk benchmarking reflects low to moderate hazard for natural catastrophe risks [2]

- Loss modelling reflects mean asset loss of c. $20 million for 2,000-year return period for earthquake, tsunami and cyclone

Continued investment in stormwater collection and treatment systems, provided strong resilience to recent weather events

- Received the same amount of rainfall as Auckland during Summer '23, and no major impacts to site, proving previous investments and site protocols have delivered resilient infrastructure



[1] Marsden Point Coastal Climate Risk Assessment Report– woodbeca August 2023

[2] Natural catastrophe loss modelling and climate change analysis, and Channel Infrastructure Marsden Point Terminal New Zealand Underwriting Report - Marsh

Channel
Infrastructure NZ

The way forward

Rob Buchanan
Chief Executive

Our refreshed strategy: helping fuel NZ's future to 2050 and beyond

OUR VISION

World class energy infrastructure company

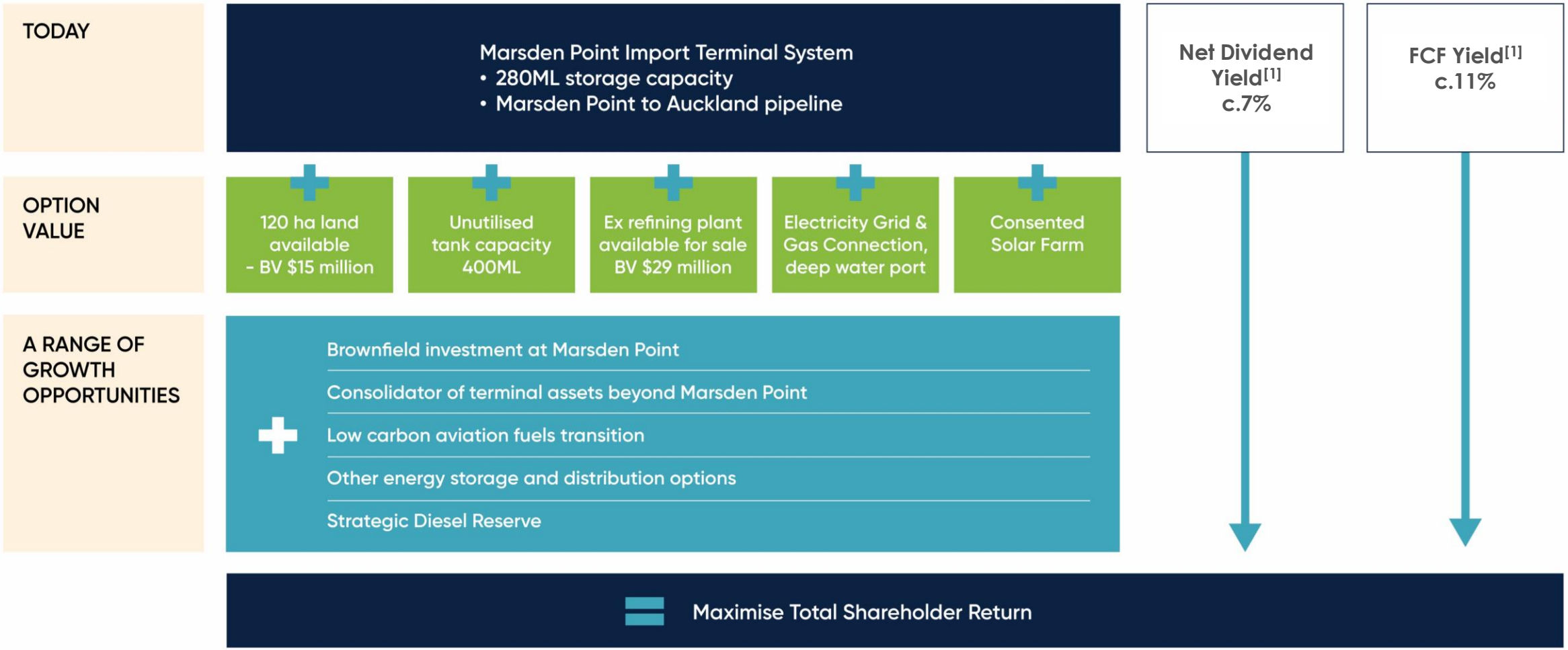
OUR PURPOSE

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

OUR STRATEGIC PRIORITIES

World Class Operator	High Performance Culture	Grow from the Core	Support Energy Transition	Disciplined Capital Management	Good Neighbour, Good Citizen
Strong safety systems and culture Resilient infrastructure Long-term asset management Customer focused	People and capability development Future focused Continuous Improvement Adaptive	Brownfield opportunities at Marsden Point Consolidator of fuels infrastructure Supply chain optimisation for our customers	Repurposing Marsden Point Support transition of aviation to lower carbon fuels Marsden Point Energy Hub	Target credit metrics consistent with a BBB+ shadow credit rating Deliver above WACC returns Cost management Stable dividends	Reducing environmental impacts Community engagement and iwi relations Just transition Transparency and disclosure
NZ's Infrastructure Partner of Choice		**Grow Through Supporting the Energy Transition**		**More Sustainable Future**	

World-class operator to unlock option value of unique, strategic assets to maximise total shareholder return



[1] Based on a Share Price of 1.47 per share (as at 13 October 2023) per share and mid point of dividend payout range and FY23 normalised free cash flow guidance
Refer to HY23 NZX announcement, investor presentation, and Annual Report for full details, available at www.channelnz.com

What's next for Channel Infrastructure?

Providing infrastructure that will support the energy transition and aviation fuel supply beyond 2050

Ambition to become a world-class operator that will provide infrastructure resilience for many decades and enable us to pursue growth at Marsden Point and beyond

A focus on unlocking the value of our highly strategic, unutilised real estate at Marsden Point

Highly disciplined investment criteria, committed to delivering > WACC returns with stable dividends and a capital structure with credit metrics consistent with a shadow BBB+ credit rating

Channel will invest to support New Zealand's decarbonisation efforts

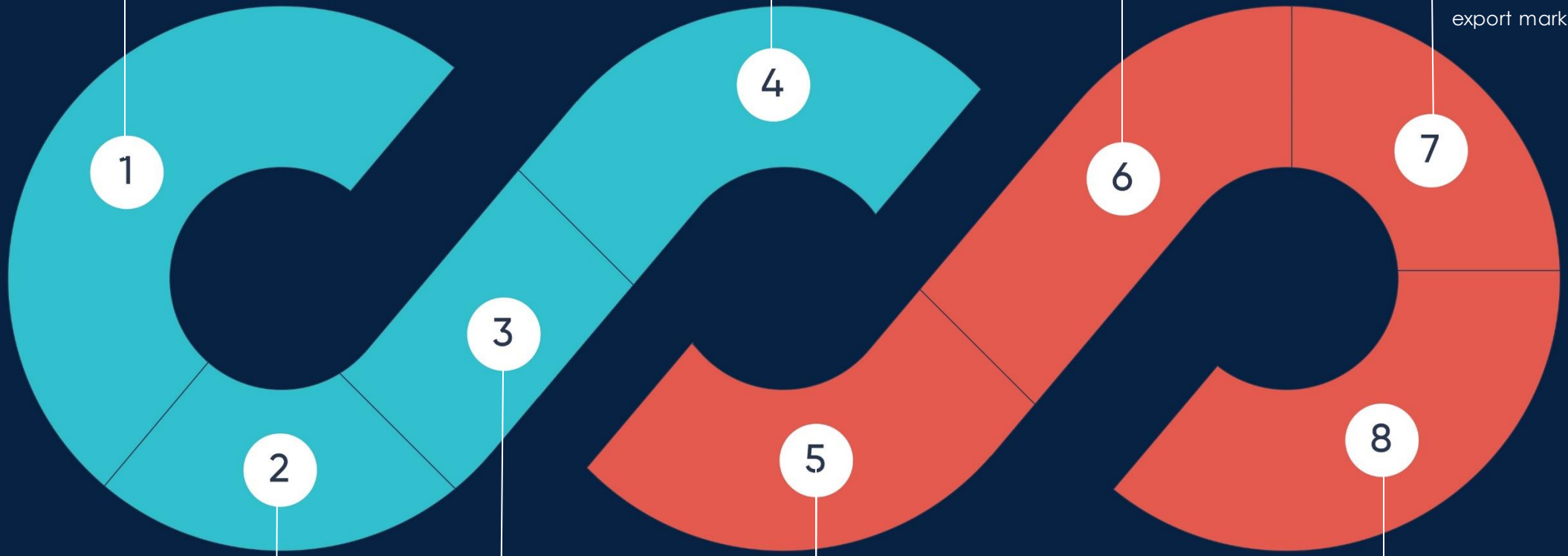
Our infrastructure will help fuel NZ's future to 2050 and beyond

The enablers for Channel's strategy

1. Strong and stable cashflows
2. Strong capabilities
3. Uniquely Strategic Assets
4. Key supply route for Jet to Auckland International Airport

What Channel will be called on to deliver

5. Support a stable medium term diesel outlook and resilient transition of petrol
6. Meet expected growing Jet demand
7. Support New Zealand's reliance on long-haul air travel to reach our offshore export markets
8. Infrastructure to support a lower carbon liquid fuel solution for aviation



Channel
Infrastructure NZ

Q&A

Channel

Infrastructure NZ