Channel
Infrastructure NZ

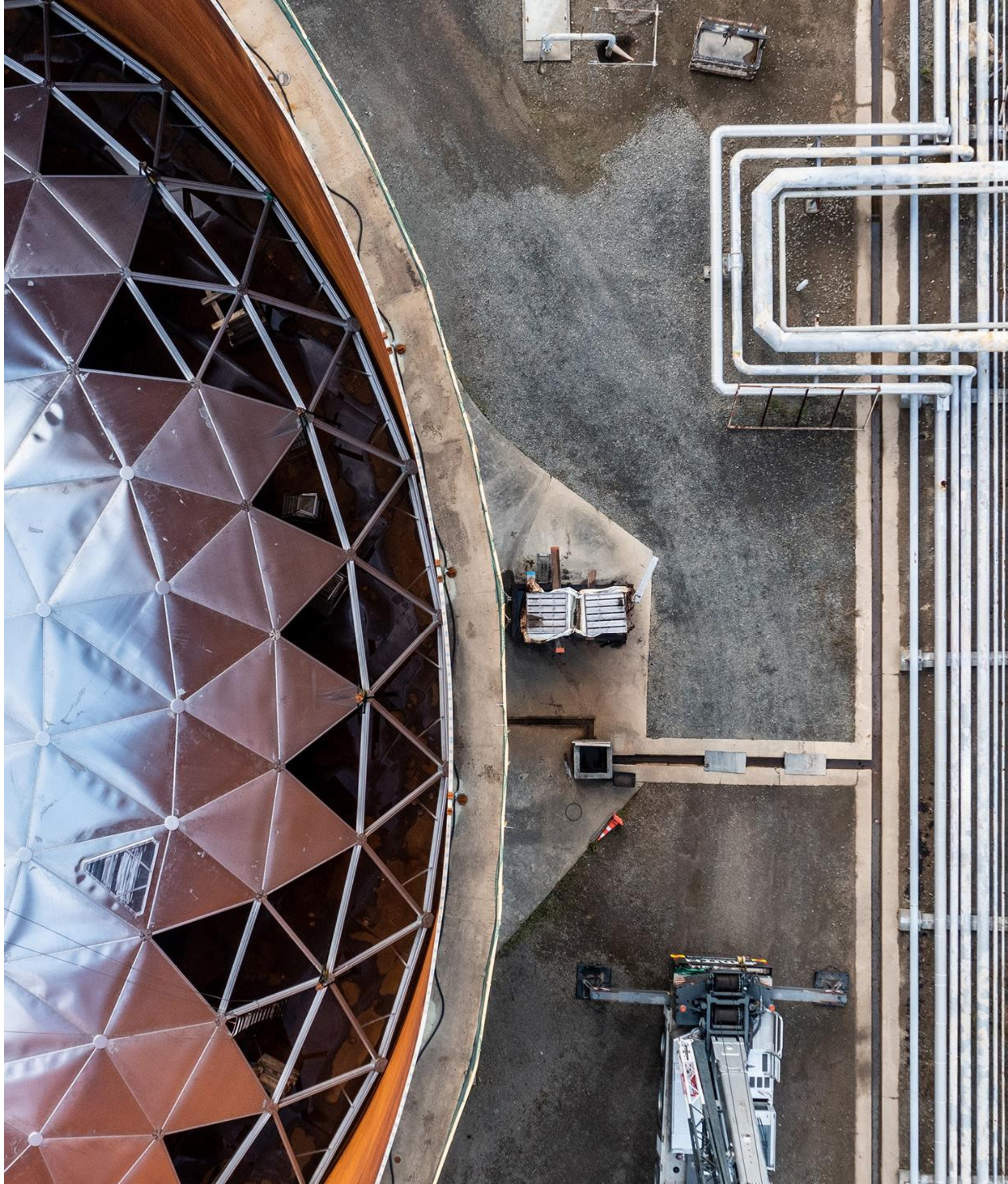
Financial Results

For the six months ended 30 June 2024

23 August 2024

Highlights and Operating Update

Rob Buchanan
Chief Executive Officer



HY24 Financial Highlights – Continuing Operations

Total Revenue
$69.8m
(+8% on HY23 $64.4m)

EBITDA
$48.1m
(+10% on HY23 $43.5m)

EBITDA Margin
69%
(HY23: 68%)

Free Cash Flow Conversion
68%
(HY23: 78%)

Normalised Free Cash Flow
$32.7m
(-4% on HY23 $34.0m)

Total Ordinary Dividend
4.4cps
(+5% on HY23 4.2cps)

HY24 Highlights

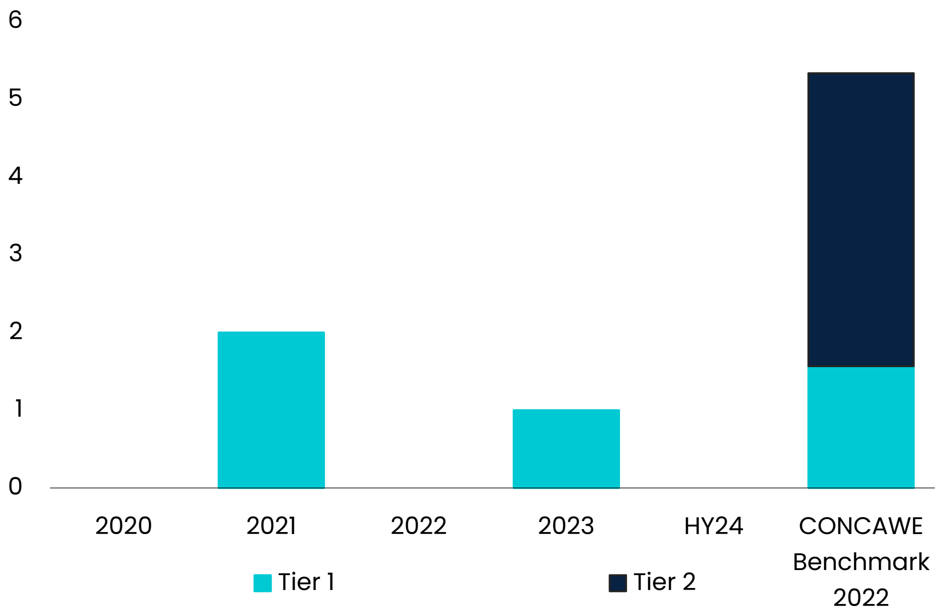
- Strong safety track record maintained
- Throughput up 8% to 1.8 billion litres, reflecting continued strong growth in jet fuel demand (up 22% on HY23)
- $48.1 million EBITDA (+10% pcp), $32.7m Normalised Free Cash Flow and an ordinary unimputed dividend of 4.4 cps
- Announced today a 10-year jet fuel storage contract generating ~$55 million of additional revenue over the contract term (pre-PPI[1] indexation), commencing in Q1 2027. Growth capital expenditure investment of $26 - $30 million across 2024 to 2026
- Significant progress made towards becoming a world-class infrastructure operator with excellent asset availability and completion of capability resourcing
- Work continues with Seadra and their consortium partners, including Qantas, Renova Inc, Kent Plc and ANZ Bank, who are well advanced in exploring a range of project alternatives for the use of the decommissioned hydrocracking assets. Seadra's option extended to 30 September 2024 for a further US$0.2 million option fee (total non-refundable option fees of US$4.7 million)

1. *Producer Price Index*

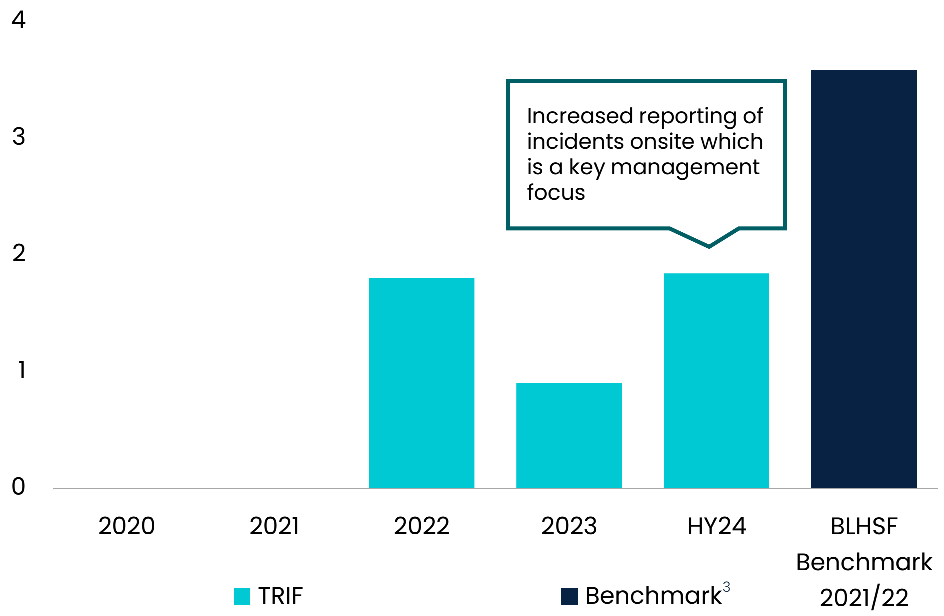
Safety-first culture

Strong safety track record maintained, with process improvements for contractors

Process safety incidents [1]



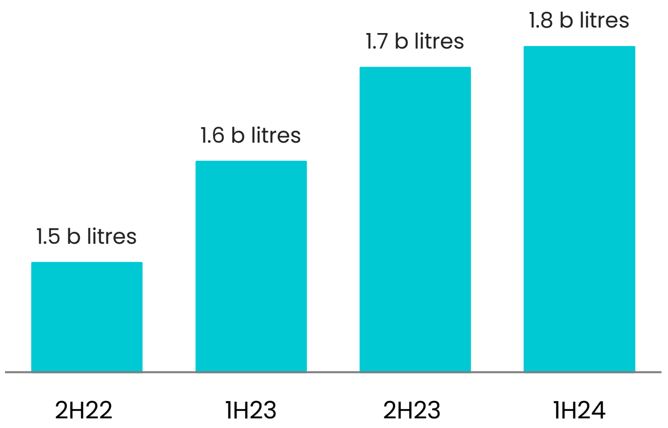
Total Recordable Injury Frequency



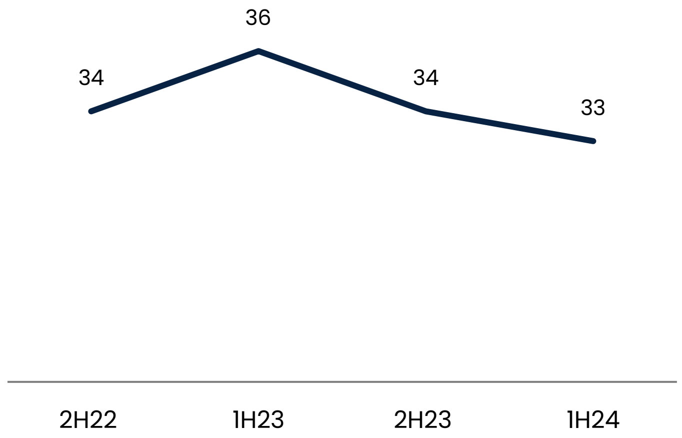
1. *Tier 1 or 2 Process Safety Event per API 754 – A Tier 1 event is a release of material above specific thresholds or that results in a LTI or fatality or damage of $100,000 or more; A Tier 2 event is a release of material above specific thresholds or that results in a recordable injury; or damage of $2,500 or more*
2. *TRIF – Total Recordable Injury Frequency per 200,000 hours (rolling 12-monthly average)*
3. *NZ Business Leaders Health & Safety Forum Benchmark (recordable injuries per 200,000 hours)*

Key operational metrics

Throughput: +8% to 1.8 billion litres[1]

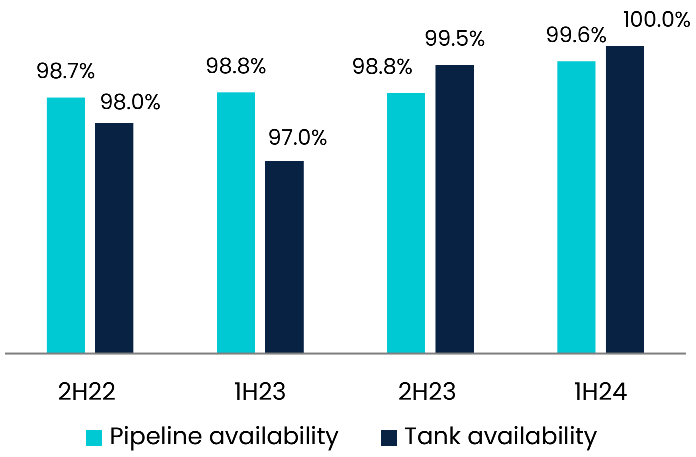


Number of ships: -8% to 33 vessels[1]

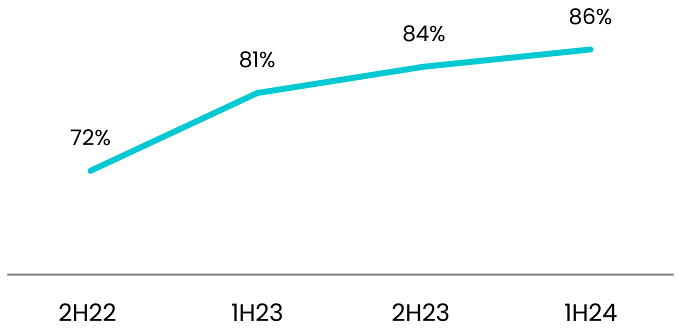


- Customers delivered 1.8 billion litres of imported fuel via 33 shipments:
  - Increased number of long-range vessels received
  - Trend anticipated to continue as customers utilise additional private storage capacity
- World-class pipeline availability performance
- Pipeline utilisation at 86% with higher throughput in the first half of the year due to seasonal variability. Sufficient pipeline capacity is available to accommodate Envisory demand outlook

Asset availability[2] : +1%[1]



Pipeline utilisation[3]: +5% to 86%[1]

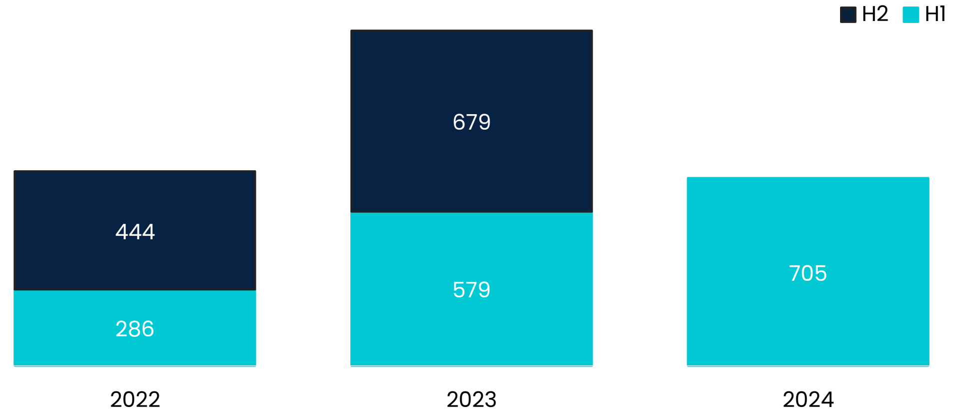


1. *HY24 versus HY23*
2. *Tank availability in 2022 and 2023 impacted by unplanned outages due to conversion works*
3. *Average for the six-month period*

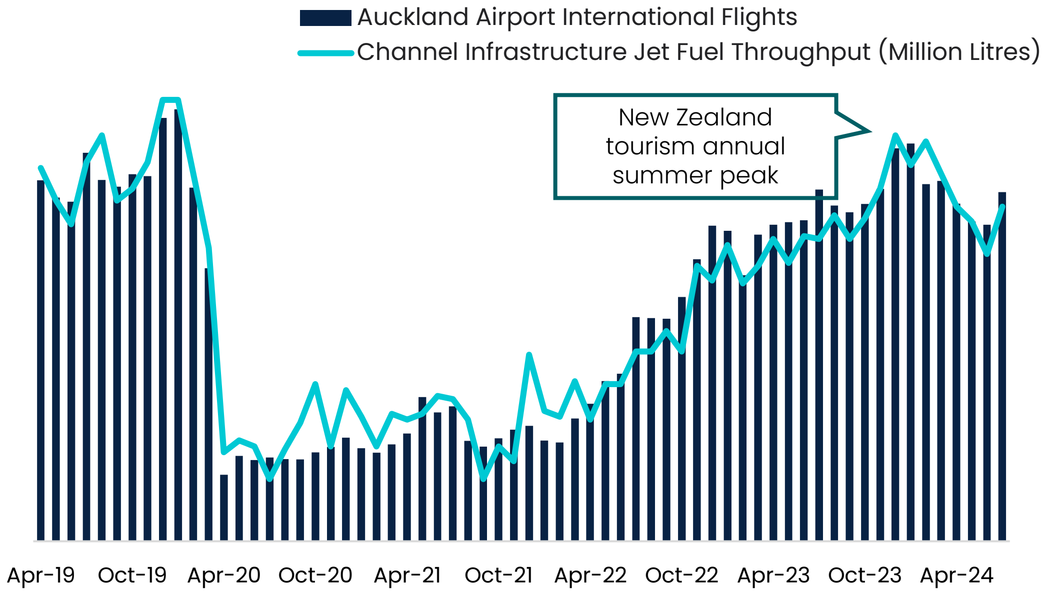
Growth in jet fuel volumes

- 22% uplift in jet fuel demand, with jet fuel volumes now at 94% of pre-Covid levels
- Jet fuel demand tracking 11% ahead of Envisory forecast reflecting the growth in the number of flights tracking higher than growth in passenger numbers
- Current jet fuel demand reflects New Zealand tourism coming off its seasonal summer peak and the corresponding impact on aircraft movements through Auckland International Airport
- Jet fuel demand is forecast to increase c.50%[1] by 2050 driven by higher demand for travel from the growing economies of India and Asia and growing air freight volume
- Channel's throughput is directly correlated with flight activity at Auckland International Airport, with 100% of their jet fuel provided through our infrastructure

Jet Throughput
Million Litres



Auckland Airport International Flight Movements



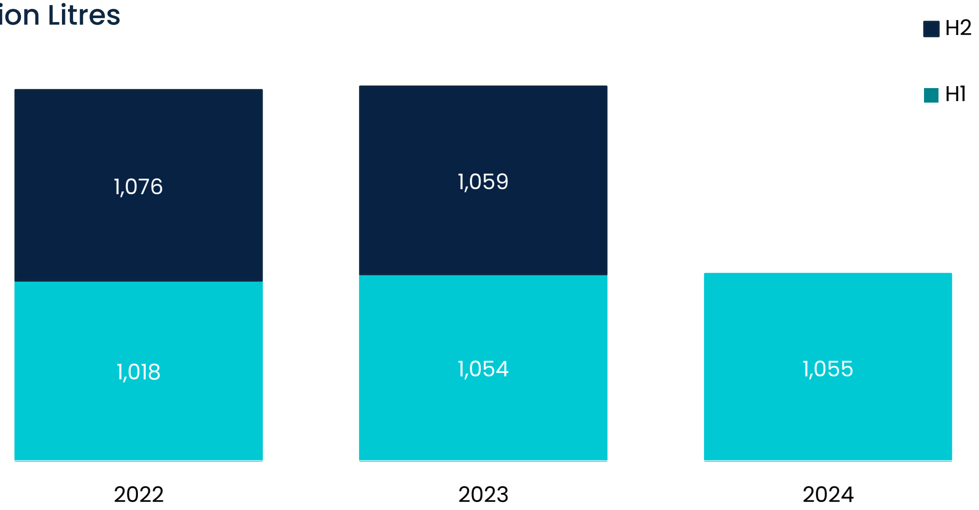
1. *Based on the Envisory outlook (base case) February 2022*

Diesel & petrol volumes remain stable

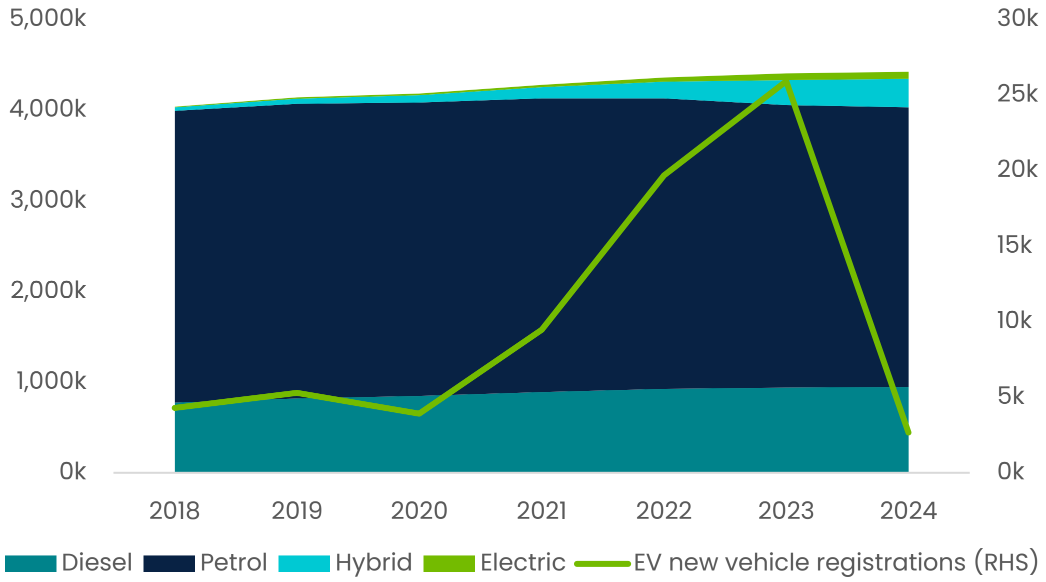
- Diesel and petrol demand tracking 1% and 3% respectively ahead of Envisory fuel outlook in the first half[1]
- Electric Vehicles (EV) represented 9% of new passenger cars in HY24 (down from 27% for FY23) with the end of the Clean Car Discount in December 2023 and the implementation of road user charges from April 2024[2]
- New Zealand's petrol and diesel vehicle fleet has remained relatively stable over time
- Diesel fuel volume expected to be relatively stable over this decade

Diesel and Petrol Throughput

Million Litres



New Zealand Vehicle Fleet



1. *The Envisory outlook is annual for petrol and diesel. Channel uses 2019 historical data to inform FY24 monthly seasonality. Envisory Jet outlook is monthly until June 2025.*
2. *Source evdb.nz/ev-stats*

On track with all 2024 measures of delivery

STRATEGIC PILLAR		MEASURE	2024 TARGET	1H24 PROGRESS	STATUS
New Zealand's infrastructure partner of choice	Safely home, every day	Lost Time Injuries	Zero	Zero	On Track
	Diverse and engaged team	Lift in employee engagement score	+4 percentage points[1]	+5 percentage points[1]	On Track
	Reliable infrastructure	Pipeline reliability	>98%	99.6%	On Track
Grow through supporting the energy transition	Net zero Scope 1 & 2 emissions	Reduce Scope 1 & 2 emissions	50% lower[1]	No measure at HY	On Track
	Supply resilience	Contracted new storage volume	+10%[1]	>10%[2]	Achieved
More sustainable future	Protect our environment	Tier 1 or 2 process safety incidents	Zero	Zero	On Track
	Financial discipline	Deliver 2024 plan and meet EBITDA guidance	$91-$95m	Lifted guidance to $92-$96m in April	On Track
	Meaningful relationships	Customer assessment of Channel performance based on customer survey against key performance criteria	+10%[1]	No measure at HY	On Track

KEY: On Track / Achieved

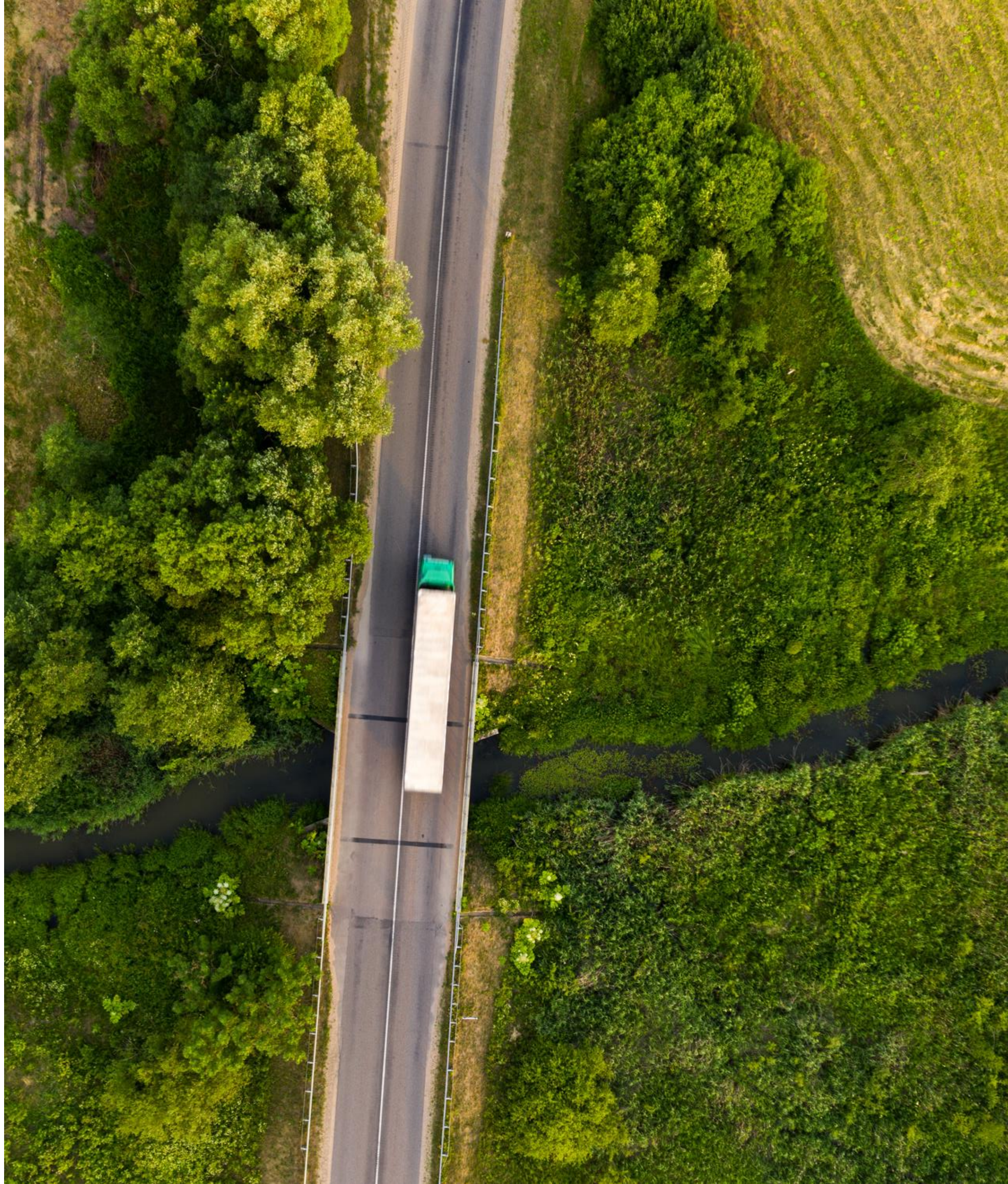
1. *Compared to FY23*
2. *Includes the new customer contract announced today*

Financial Update

Continuing Operations

Alexa Preston

Chief Financial Officer



Strong financial result

	HY24 ($M)	HY23 ($M)	%change
Revenue	69.8	64.4	8%
Operating costs	(21.7)	(20.9)	4%
EBITDA	**48.1**	**43.5**	**11%**
EBITDA margin	69%	68%	-
Depreciation	(18.7)	(16.2)	15%
Net financing costs	(9.7)	(7.2)	35%
Net profit before tax	**19.7**	**20.1**	**(2%)**
Income tax	(6.9)	(5.6)	(23%)
Net profit after tax	**12.8**	**14.5**	**(12%)**

- Continued strong EBITDA margin of 69%
- Depreciation increase reflects growth and conversion project spend in 2H 2023
- c.$6 million reduction in depreciation when Wiri lease contract expires February 2025 offset by increased capitalisation as additional new customer contracts signed
- Finance costs reflect higher net debt and moderately higher interest rates following the new retail bond issued November 2023 and the subordinated notes redemption 1 March 2024

Revenue and Operating costs

	HY24 ($M)	HY23 ($M)	% change
Terminal fees – fixed	24.4	23.7	3%
Terminal fees – variable	30.8	29.4	5%
Private storage	8.1	5.1	59%
Wiri lease and other	4.0	3.3	21%
Laboratory testing	2.5	2.9	(14%)
Total Revenue	**69.8**	**64.4**	**8%**

	HY24 ($M)	HY23 ($M)	% change
Energy and utility costs	4.8	6.1	(21%)
Materials and contractor payments	4.2	4.1	2%
Salaries, wages and benefits	6.6	5.8	14%
Administration and other costs	6.1	4.9	24%
Total Expenses	**21.7**	**20.9**	**4%**

Revenue

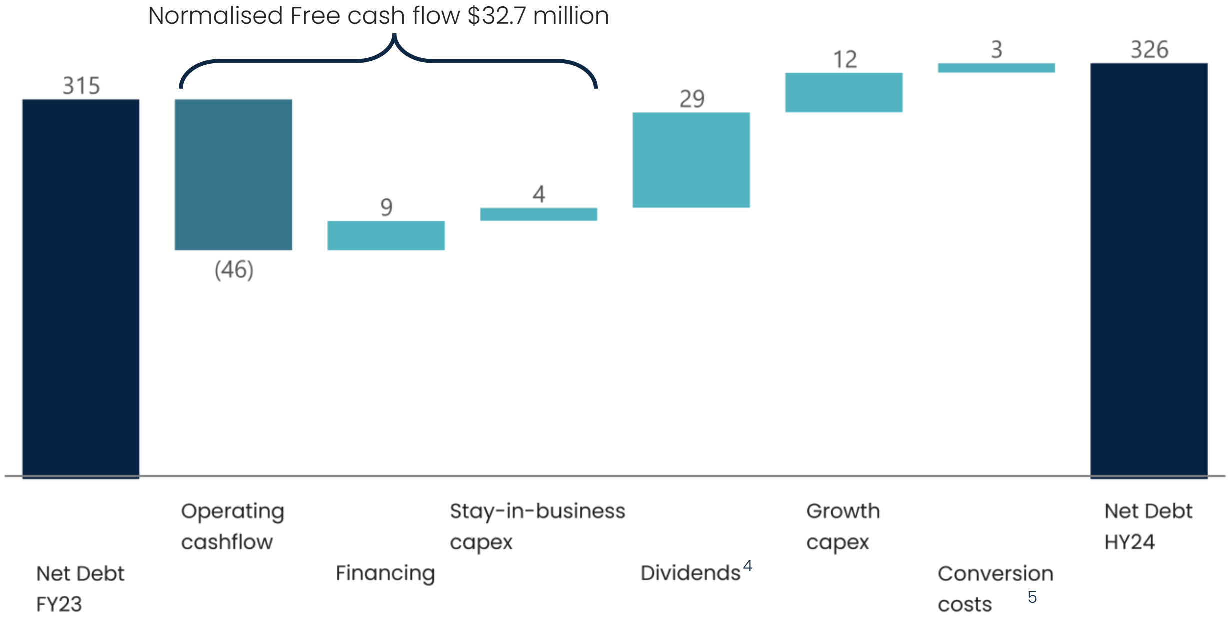
- Variable terminal fees up reflecting 8% increase in throughput and PPI of 2.1%
- Private and additional storage up with a full six-month contribution from the ~100 million litre private storage coming into service over the last two years
- Other revenue increased 21% reflecting pass-through charges to customers. Wiri lease revenue expires Feb 2025
- Laboratory testing fell 14% with lower testing volumes

Operating Costs

- Energy and utility costs reflect the new supply contract from 1 January 2024. Fixed Price contract delivering significant benefit given current high spot and futures prices
- Increased administration costs reflect inflation already signalled (e.g. rates and IT) and increased compliance costs, including Climate Related Disclosures
- Salaries, wages and benefits reflect the filling of vacancies in 2H 2023 to deliver resilient terminal operations, and investment in world-class capability as signalled at 2023 Analyst Day

Strong balance sheet and stable cashflows

	HY24	FY23
Net debt[1]	$326m	$315m
Liquidity headroom	$77m	$90m
Leverage (vs target 3-4 times)	3.4x	3.6x
Gearing (vs covenants 55%/60%)	40%	39%
Weighted average debt maturity	3.3 years	3.7 years



Balance Sheet

- Net debt increased from $315 million to $326 million largely reflecting investment in growth capital expenditure
- Lower leverage reflects growth in earnings
- Available tax losses of $445 million as at 30 June 2024 not impacted by the Mobil sell down in December 2023 or bp sell down in June 2024[2]
- Remain on track towards target of credit metrics consistent with a shadow BBB+ credit rating

Normalised Free Cash Flow and Dividend

- Normalised Free Cash Flow[3] of $32.7 million, representing an EBITDA to Free Cash Flow conversion of 68%
- HY24 Free Cash Flow of $32.7 million impacted by the timing of GST payments ($2 million) and higher financing costs compared to HY23
- Declared an unimputed ordinary interim dividend of 4.4 cents per share

1. *Calculated as total borrowings (bank, fixed rate bonds and subordinated notes) less cash and cash equivalents. Excludes the fair value movement of retail bond CHI030*
2. *Tax losses are subject to shareholder continuity test, or if there is a shareholder continuity breach, tax losses are retained as long as business continuity test is met*
3. *Net cash generated from continuing operations less financing, stay in business capex, excluding conversion costs and growth capex*
4. *Dividends FY23 paid February 2024: Ordinary dividend $23.9 million, $5.7 million special dividend*
5. *Conversion costs includes discontinued operations and conversion cash inflows and outflows*

Investment for resilience and growth

	HY24 ($M)	HY23 ($M)
Import Terminal System	0.8	1.2
Tank maintenance	3.5	3.5
Total stay-in-business capex	**4.3**	**4.7**
% of revenue	**6%**	7%
Growth capital expenditure	12.7	16.0
Conversion capex	8.5	11.5
Total capital expenditure	**25.5**	**32.2**

- Three scheduled tank maintenance turnarounds in HY24 (HY23: 3), in line with Asset Management Plan
- Growth capex reflects bund and firefighting upgrades associated with initial private storage contract and the commencement of the recently announced transmix contract
- Conversion capex firefighting project to be completed 2H 2024, bunding upgrades will continue through to 2027
- $182 million of the total conversion budget of $220 million spent as at 30 June 2024, a further $10 million anticipated across 2H 2024. Private storage growth capex of $43 million[1] spent to 30 June 2024 against a budget of $50 million.

1. *Reallocation of $5m from Private Storage to Conversion following project close out. The conversion project was run concurrently to gain project efficiencies. This has the effect of restating the Dec 2023 conversion spend to $167m (previously $163m) and private storage spend to $36m (previously $41 million).*

FY24 Guidance and Outlook

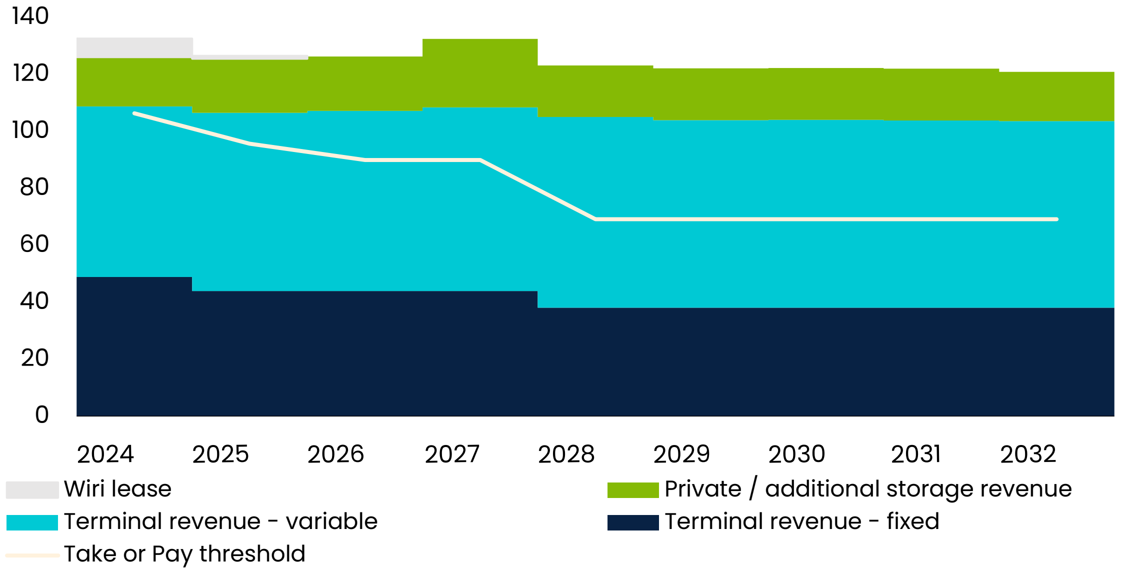
FY24 Guidance

- On track to deliver EBITDA guidance of $92-$96 million, Normalised Free Cash Flow guidance of $62-66 million, and stay-in-business capex guidance of $11-$12 million
  - Jet fuel demand exceeded the Envisory outlook for HY24
  - Remain cautious of economic environment and need to respond to Government Fuel Security Study in 2H 2024 which could incur additional cost (less than $1 million)
  - Stay-in-business capex spend is weighted to 2H 2024 driven by tank statutory inspection outage dates, aligned with Asset Management Plan

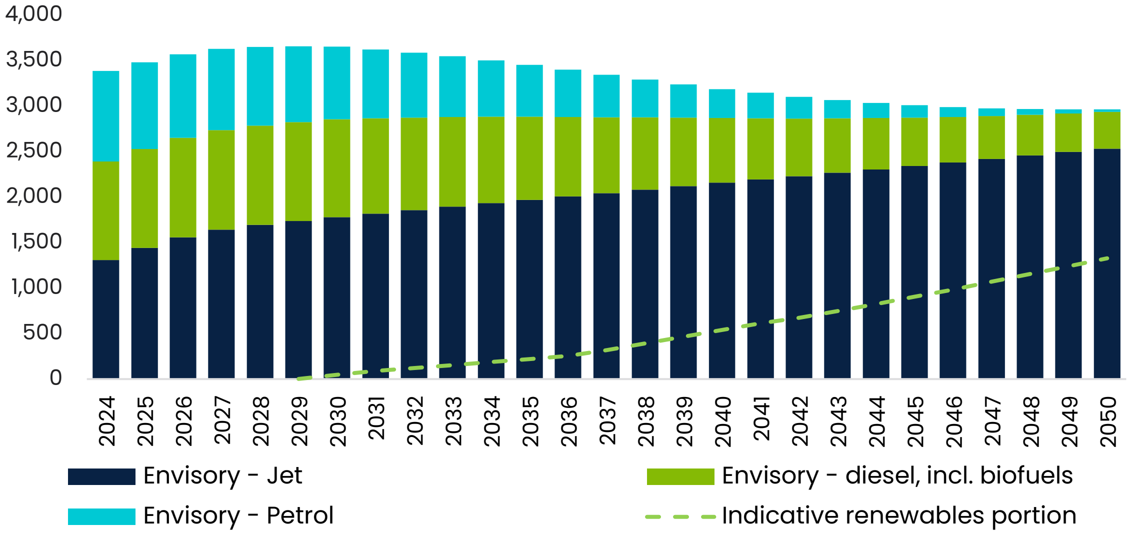
FY25 and beyond

- Long-term contracts provide stability of earnings. The lower fixed fee over time is expected to be offset by the benefit of increased throughput and Producer Price indexation (not assumed in chart)
- Wiri lease revenue expires Feb 2025

Contracted Revenue Outlook $M (excludes PPI)[1]



Marsden Point Throughput (Million Litres) Outlook



1. *All revenue is in 2024 terms and does not include any Producer Price indexation. Outlook uses Envisory base case (February 2022) assumptions and subject to change based on Envisory fuel demand outlook*

Strategy Update

Rob Buchanan
Chief Executive Officer

Helping fuel New Zealand'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 Precinct Concept	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	

Growth opportunities reinforce resilience for New Zealand's fuel supply chain

Customer contracts	Supporting New Zealand Government's fuel security ambitions	Supporting Aviation decarbonisation	Creating space for site repurposing opportunities

• Two new growth projects signed
  • Seven-year contract to store and export transmix worth ~$3 million revenue per annum (indexed to PPI).
  • New 10-year, private jet fuel storage contract announced today, generating ~$55 million revenue over the contract term (pre-PPI indexation).
  • Total of ~$75 million new revenue contracted across the contracted term (pre-PPI indexation).
	• Through the Fuel Security Study, the Government has committed to investigating the strategic importance of Channel's Marsden Point infrastructure and the role Channel could play in underpinning New Zealand's fuel resilience.
	• Government investigating options to increase New Zealand's diesel reserves from 21 to 28 days cover (equivalent to an additional ~70 million litres). The Government will consult on options later this year.
		• Continue to actively partner with Fortescue to explore the production of Sustainable Aviation Fuel on our unique site.
		• The project contemplates a 300MW ~60 million litre production facility.
		• Sustainable Aviation Fuel continues to be a priority focus for Fortescue and Marsden Point is an important project for Fortescue's aviation strategy
		• Fortescue continues to work to secure critical commercial pillars at Marsden Point including renewable power and offtake
			• Work continues with Seadra and their consortium partners, including Qantas, Renova Inc, Kent Plc and ANZ Bank, who are well advanced in exploring project alternatives for the use of the decommissioned hydrocracking assets
			• Seadra's option extended to 30 September 2024 for a further US$0.2 million option fee (total non-refundable option fees of US$4.7 million)

Investing in infrastructure resilience

Continued investment in becoming a world-class operator supporting long-term asset resilience and positioning Channel as a partner of choice for fuels infrastructure

Investment in world-class firefighting equipment

- Over the past 12 months, work has continued on upgrading firefighting systems to latest industry standard, automated equipment
- Following the upgrade, Channel's facilities will be in line with global best practice for converted import terminals
- Firefighting upgrades expected to be completed later this year

Investment in world-class bund upgrades

- Over the past two years, four tank compounds have been upgraded, two currently in progress
- Bunding program expected to complete by 2027

Strategic Energy Precinct Concept near completion

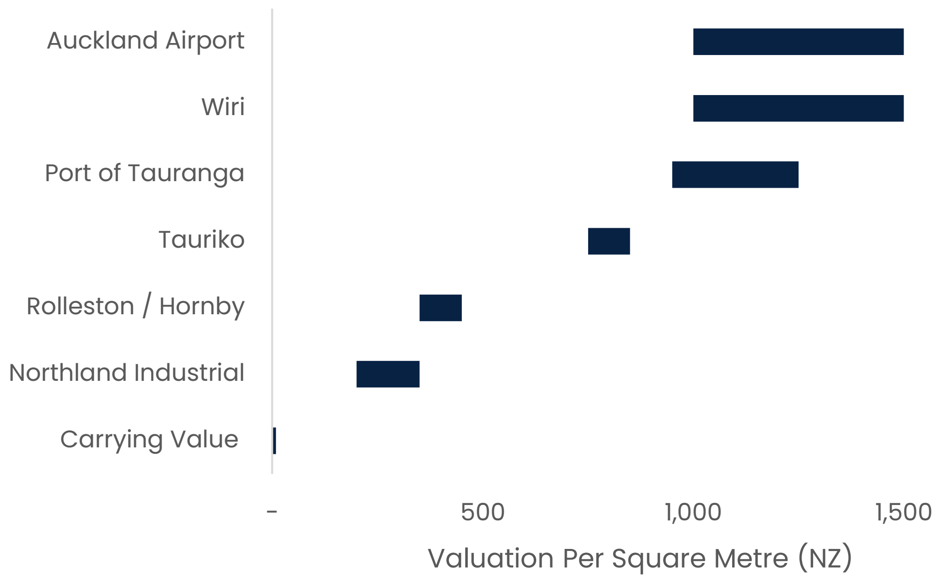
Channel Infrastructure's unique site is well positioned to support New Zealand's energy transition

- Strategic approach to understanding the value of Channel's 120 hectares of unutilised land (book value ~$15 million)
- Significant potential to support the energy transition (e.g. through the manufacture of renewable fuels and other biofuels, LNG and other firming and storage opportunities)

Channel's unique site has the following key attributes:

- ✓ Large land area
- ✓ Heavy industrial zoning
- ✓ Industrial resource consent
- ✓ Industrial electricity grid connection
- ✓ Access to renewable electricity
- ✓ Fresh water source
- ✓ Proximity to the fuel supply chain
- ✓ Sheltered, deep water harbour

Industrial land value comparison[1]



For the right strategic tenant Channel's Marsden Point site provides direct access to Wiri and Auckland Airport via our 170km long pipeline

1. *High level rate per square metre estimates for ready to build, fully serviced industrial sites provided by PwC Advisory Services*

Growth opportunities

Focused on opportunities with above WACC returns and customer contracts that provide revenue certainty

Near-term growth at Marsden Point

Supporting Fuel Resilience

Continue to support customers as they look to meet the incoming minimum stockholding obligations

Continue to support customers to create supply chain efficiencies

Repurposing of surplus land

Future Fuels

Energy Precinct Concept for the site being developed to assess highest value and best use of land

Renewable fuel production could potentially utilise some available land

Growth Outside Marsden Point

Acquisition of Other Infrastructure

Fuel markets undergoing transition

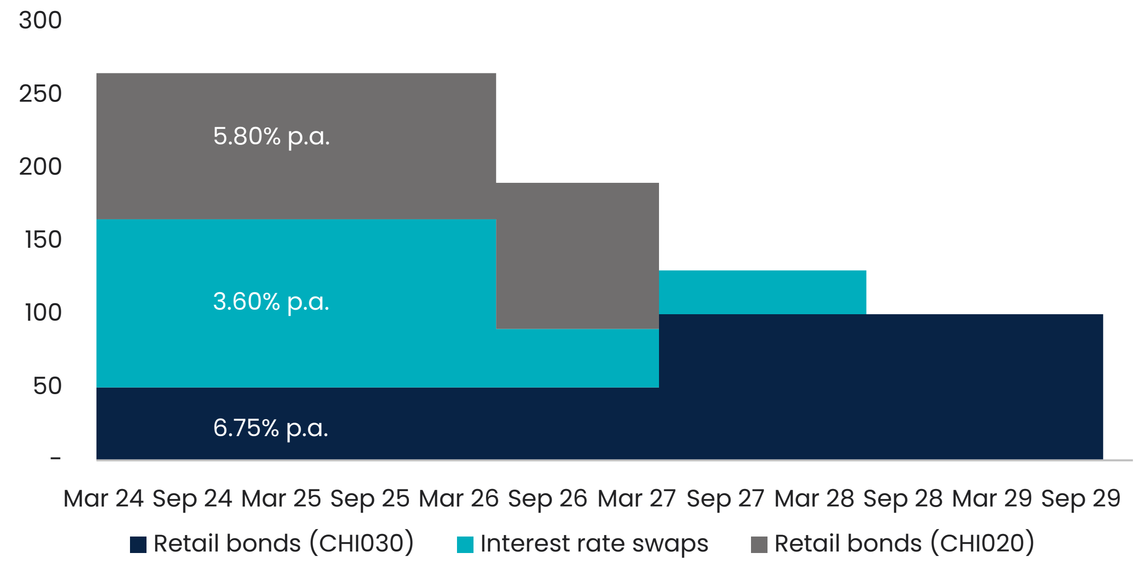
Demonstrating world-class operations is key to positioning for these opportunities

Potential opportunities as terminal assets are consolidated

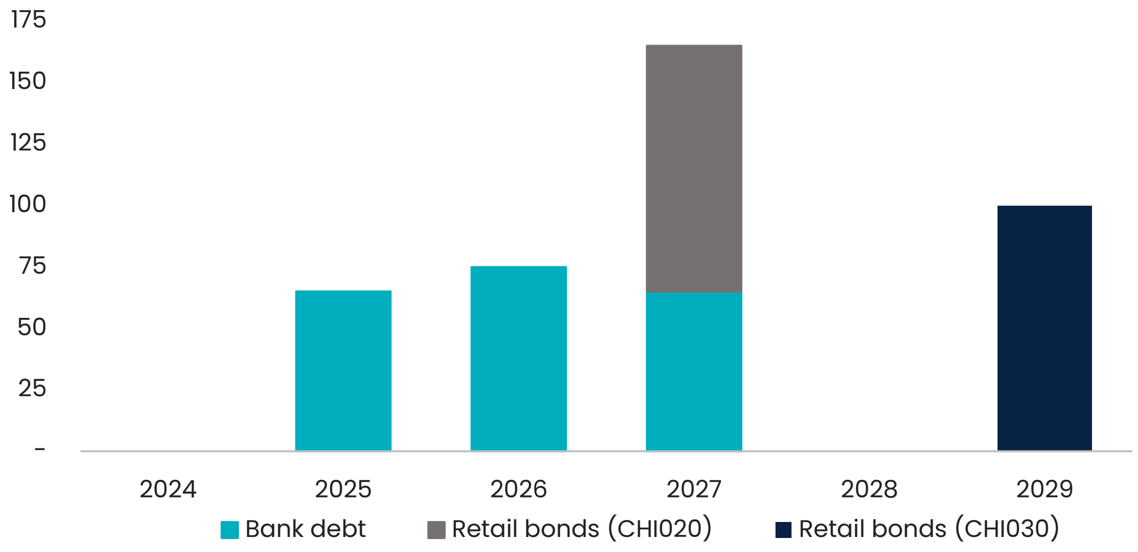
Appendix

Debt Profile

Fixed Debt Profile ($M)



Debt Maturity Profile as at 30 June 2024 ($M)



Discontinued Operations

	HY24 ($M)	HY23 ($M)
Revenue	0.2	(1.2)
Operating costs	(2.8)	(1.5)
EBITDA	**(2.6)**	**(2.7)**
Conversion costs	(0.4)	(0.5)
Revaluation of assets	6.6	-
Net financing costs	(0.9)	(1.0)
Net profit / (loss) before tax	**2.7**	**(4.2)**
Income tax	1.1	1.1
Net profit / (loss) after tax	**3.8**	**(3.1)**

- Revenue from discontinued operations principally reflects revenue from scrap metal sales
- Operating costs include costs associated with the sale of decommissioned assets, legal costs associated with settlement of historical litigation claims, and costs associated with legacy refining operations such as the retiree pension and medical scheme
- Conversion costs include an adjustment following the reassessment of the demolition provision which now stands at $69 million
- Revaluation of assets relates to refining plant, updated to reflect the movement in metals commodity prices and costs.

Glossary

Net borrowings: Bank borrowings less cash and cash equivalents and fair value hedge movements.

Normalised Free Cash-flow: Cash flow from continuing operations less financing costs and stay in business capex. Excludes growth capex and conversion costs.

Pipeline reliability[1] (availability): Pipeline available hours divided by the total hours in the period.

Pipeline utilisation: Pipeline required pumping time (for planned product volume) divided by total hours in the period.

Tank availability: Calculated on total tank basis as available hours divided by total hours in the period (excludes planned outages).

Throughput: Imported fuel volumes, normally in million litres (ML), transferred to either the truck loading facility (TLF) at Marsden Point or through the 170km pipeline to Auckland.

Transmix: A mix of petrol/jet/diesel product that results from the operation of terminals and multi-product pipelines.

1. *Availability is a subset of reliability and used interchangeably*

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- Forward looking statements are subject to the risks and uncertainties associated with the fuels supply environment, including price and foreign currency fluctuations, regulatory changes, environmental factors, production results, demand for CHI's products or services and other conditions. Forward looking statements are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.
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