

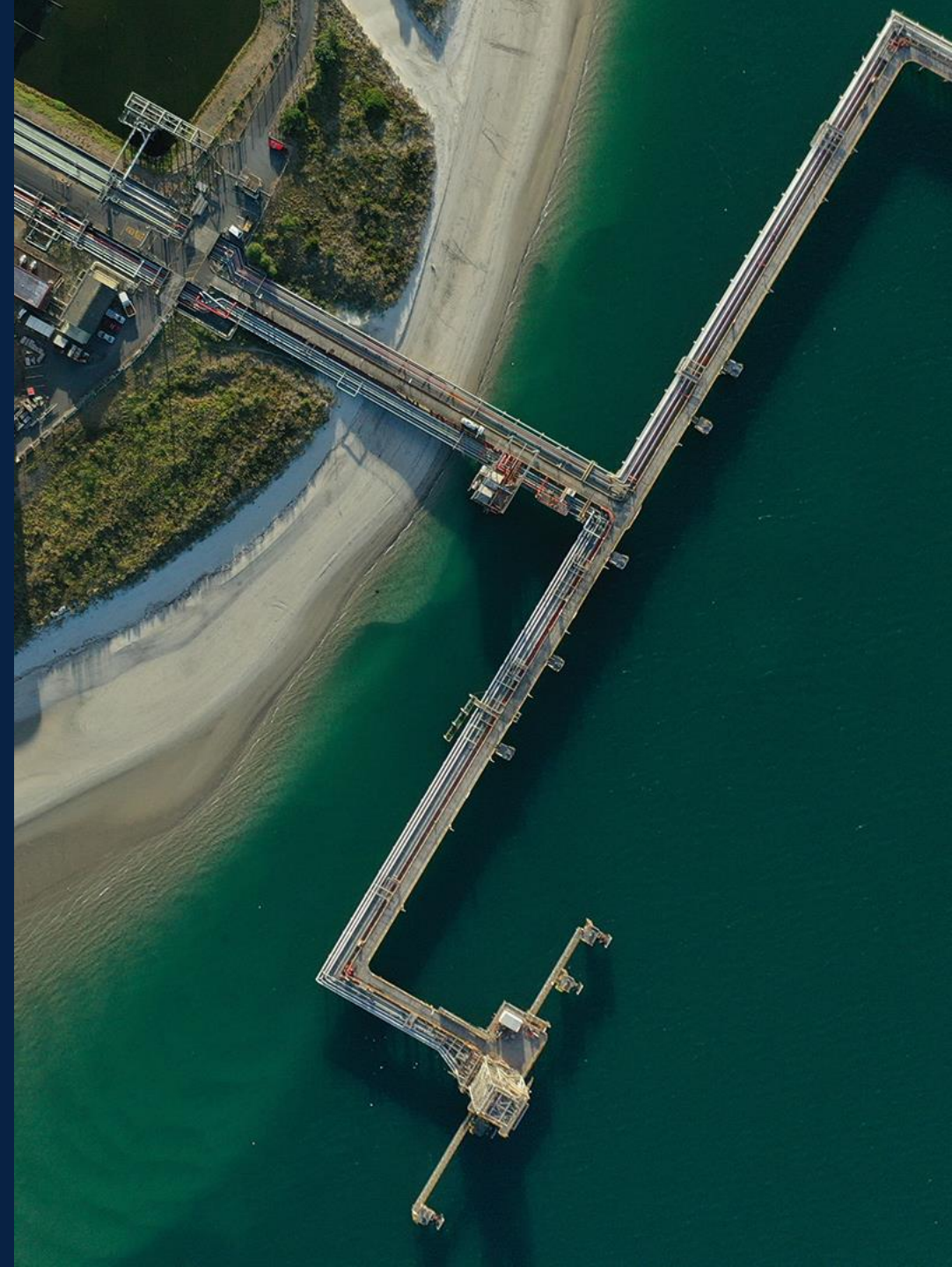


**Channel**

Infrastructure NZ

# Annual Shareholders' Meeting 2022

10 May 2022





# Agenda

- **Chairman's address**
- **CEO's address**
- **Resolutions and voting**
- **General business**







# Chairman's address

Simon Allen



## Successful completion of Strategic Review

**Strategic review commenced in April 2020 and officially launched as Channel infrastructure on 1 April 2022**

- ✓ **Simplification of refinery, creating time for customer negotiations and planned transition**
- ✓ **Strong shareholder and lender support for terminal conversion, with 99% shareholder vote in favour**
- ✓ **New long-term customer agreements, securing the value of the Company's strategic infrastructure**
- ✓ **Extensive stakeholder engagement and employee transition support programs**
- ✓ **Safe shutdown of refining and commencement of import terminal operations**



# Fundamental change in business and financial risk profiles

**Significantly lower earnings volatility**

**Lower operational risk and capital intensity**

**Reduced energy cost and carbon exposure**



# A long-term sustainable operating model with strong aspirations for growth

## OUR VISION

New Zealand's leading fuel infrastructure company

## OUR STRATEGIC PRIORITIES



# Board refresh and Corporate Governance changes



**Simon Allen**  
Chairman



**James Miller**  
Chairman-elect



**Anna Molloy**  
Director (appointed April 2022)



**Andrew Holmes**  
Director (appointed April 2022)



**Lucy Nation**  
Director



**Vanessa Stoddart**  
Director



**Paul Zealand**  
Director



**Lindis Jones**  
Director

- Completed Corporate Governance Review to ensure alignment with new business, operations and strategy
- Board refresh through a staged transition
- Simon Allen to step-down later this year, with James Miller becoming Chair



# CEO's address

Naomi James





# All key priorities achieved in 2021

- ✓ **Safe and reliable operations throughout 2021**
- ✓ **Turnaround 2021 executed safely, on time and within budget**
- ✓ **Maintain cash break-even operations at the Fee Floor**
- ✓ **Conclude import terminal negotiations with customers**
- ✓ **Progress required shareholder and lender approvals and detailed planning**

# 2021 Safety and Financial Highlights

**Total Recordable Safety Cases: 0**

2020: 0

**Pipeline Throughput: 13.4 Mbbl**

2020: 14.7 Mbbl

**EBITDA: \$72.8m**

2020: \$50.4m

**Capital Expenditure: \$33.4m**

2020: \$33.9m

**Net Debt: \$183.6m**

2020: \$231.3m

**Net Assets: \$495.5m**

2020: \$563.9m



# Strong focus on stakeholder relationships



## Government

Active engagement across fuel security, domestic fuel stockholding, biofuels mandate and Marsden Point/Northland transition

## Iwi

Working with local Iwi partners under new long-term relationship agreements

## Northland Region

New 35-year resource consent obtained for Marsden Point operations. Working with Northland Refinery Working Group (NRWG) to support regional transition planning

## Customers

Joint Governance Group with customers, to ensure a smooth transition of the fuel supply chain from refinery to import terminal operations

## Employees

Comprehensive workforce transition support plans and active engagement with unions

# Conversion execution tracking to plan



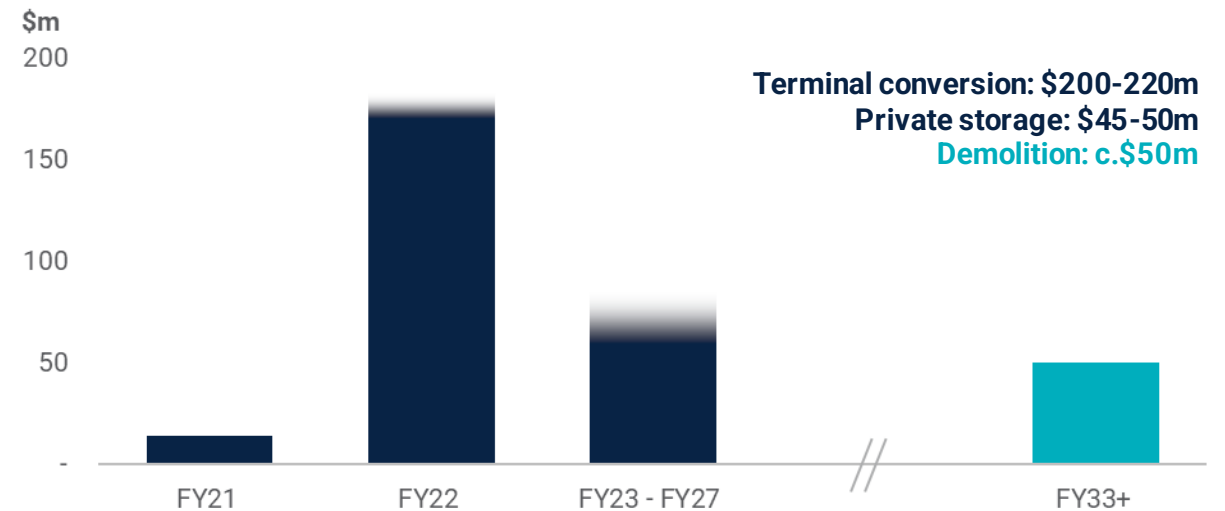
## Successfully commenced import terminal operations on 1 April 2022

### Terminal conversion project

- Tracking to plan with \$20 million spent to 31 March
- Refinery shutdown completed safely and to plan
- Import terminal in operation since April
- Two months of intensive decommissioning activities commenced

### Private storage

- Private storage tanks not requiring conversion work in operation
- Remaining tanks to be commissioned through 2022 and H1 2023





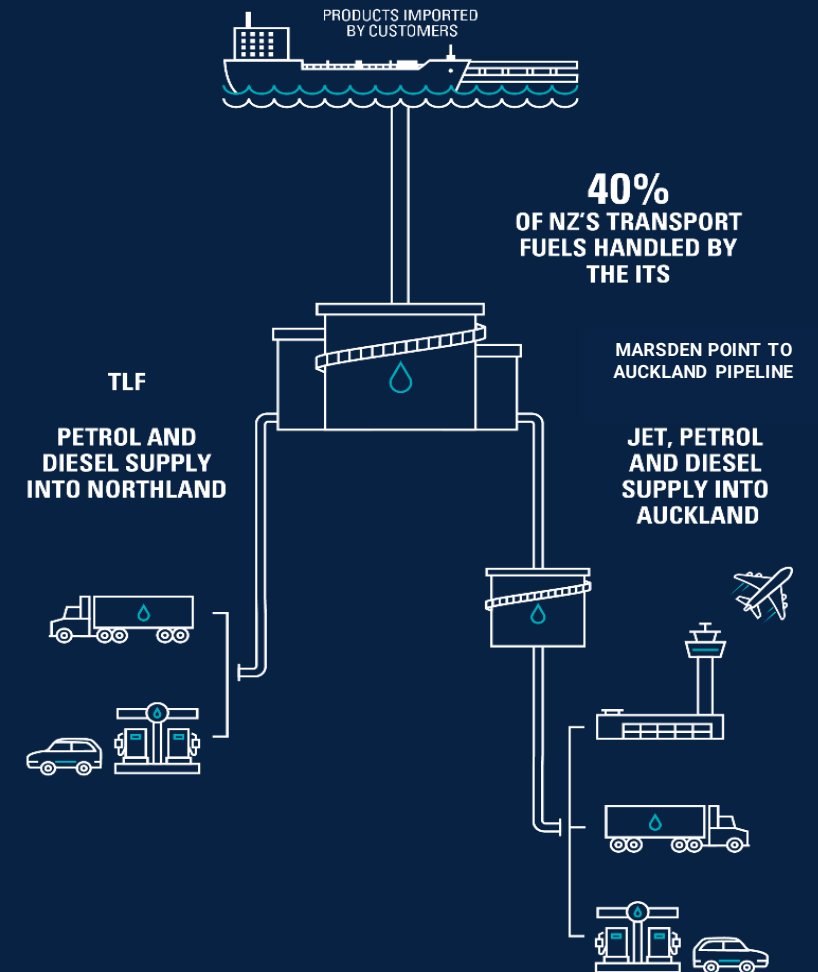
Looking to the future with confidence with a sustainable business





# Critical infrastructure delivering stable earnings through long-term customer agreements and focused growth strategy

- ✓ **Ownership of critical infrastructure**
- ✓ **Long-term customer contracts**
- ✓ **Projected stable earnings and cash flows**
- ✓ **Strong balance sheet**
- ✓ **Supporting New Zealand's decarbonisation**
- ✓ **Focused growth strategy**



Note : the Truck Loading Facility (TLF) and Wiri Terminal end-delivery points do not form part of the Import Terminal System (ITS) assets owned by Channel Infrastructure




# Earnings stability enables a focus on return to dividend payments

## Indicative FY23 Financial metrics

(in nominal terms,  
includes contracted private storage)

(\$m)



Terminal and other revenue <sup>[1]</sup>	116 – 120
Operating costs <sup>[2]</sup>	36 – 40
Normalised EBITDA <sup>[2]</sup>	76 – 84
Financing costs <sup>[3]</sup>	15 – 18
Income tax payable	Nil

## Projected stable earnings and cashflows

- Stable earnings and significant cash flow generation
- Benefit of significant tax losses
- Terminal capital expenditure<sup>[4]</sup> expected to be in the range of \$5-12m per annum over the initial contract term (including private storage)
- Deleveraging to a target 3 -4x Net Debt to EBITDA ratio to support a dividend policy of 60-70% of normalised Free Cash Flow<sup>[5]</sup> and resumed dividend payments in 2023

[1] Revenue includes terminal fees, private storage fees, revenue from Wiri terminal lease (expiring in 2025) and revenue from laboratory testing services (IPL)

[2] Operating costs and normalized EBITDA exclude one-off conversion operating costs

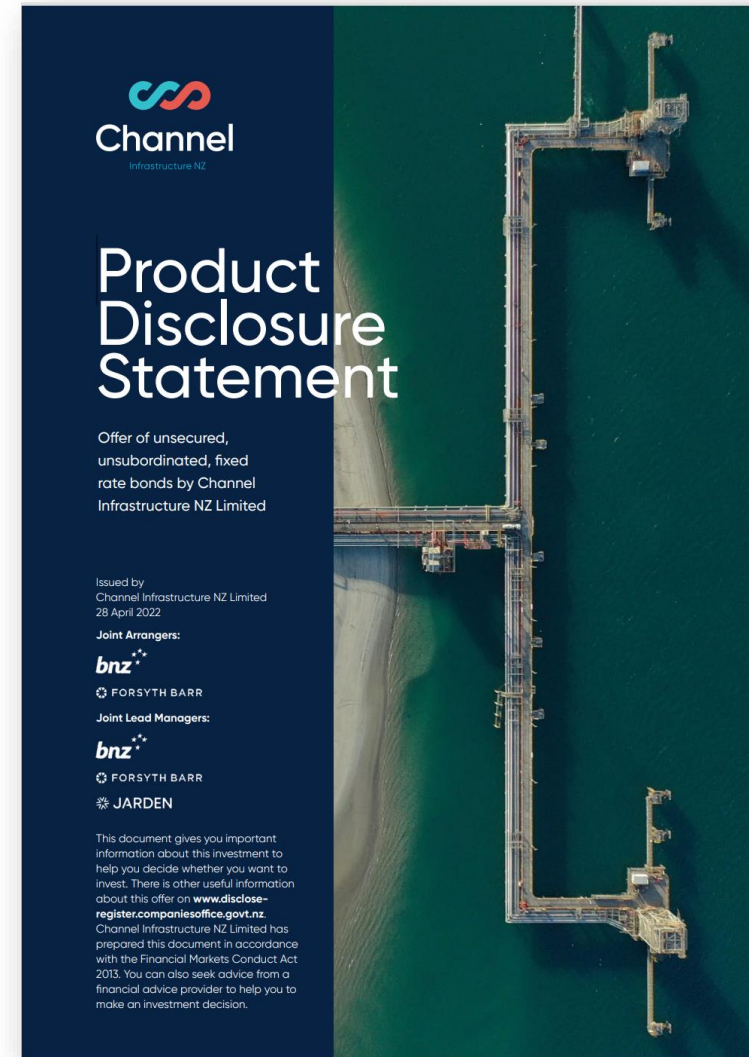
[3] Based on current financing arrangements, hedged positions and current 90-day bank bill rate

[4] Import terminal capital expenditure over the initial 10-year contract term, excluding growth and one-off conversion capital

[5] 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.

# Retail bond launched

- Channel Infrastructure NZ Limited launched a five-year unsecured, unsubordinated, fixed-rate retail bond offer of up to \$100 million (with ability to accept over subscriptions of up to \$25 million at our discretion) on 6 May 2022 with minimum coupon of 5.80%.
- Bonds will:
  - Enhance diversification of funding – increases non-bank funding to c.47%<sup>[1]</sup>
  - Extend tenor – weighted average debt term increases to 5.1<sup>[1]</sup> years (from 4.1 years)
  - Increase financial flexibility
- Significant headroom available to fund conversion project costs and no near-term maturities.
- The offer is expected to close on Friday 13 May 2022 at 11am.
- Further details of the offer are contained in the Product Disclosure Statement, which can be found on our website: <https://channelnz.com/investor-centre/bonds/>



[1] Assuming a retail bond issue of \$100m is used to reduce the bank facility limits by an equivalent amount.



# Supporting New Zealand's decarbonisation

## First Sustainability Report issued April 2022, aligned to TCFD reporting standards

### Just Transition

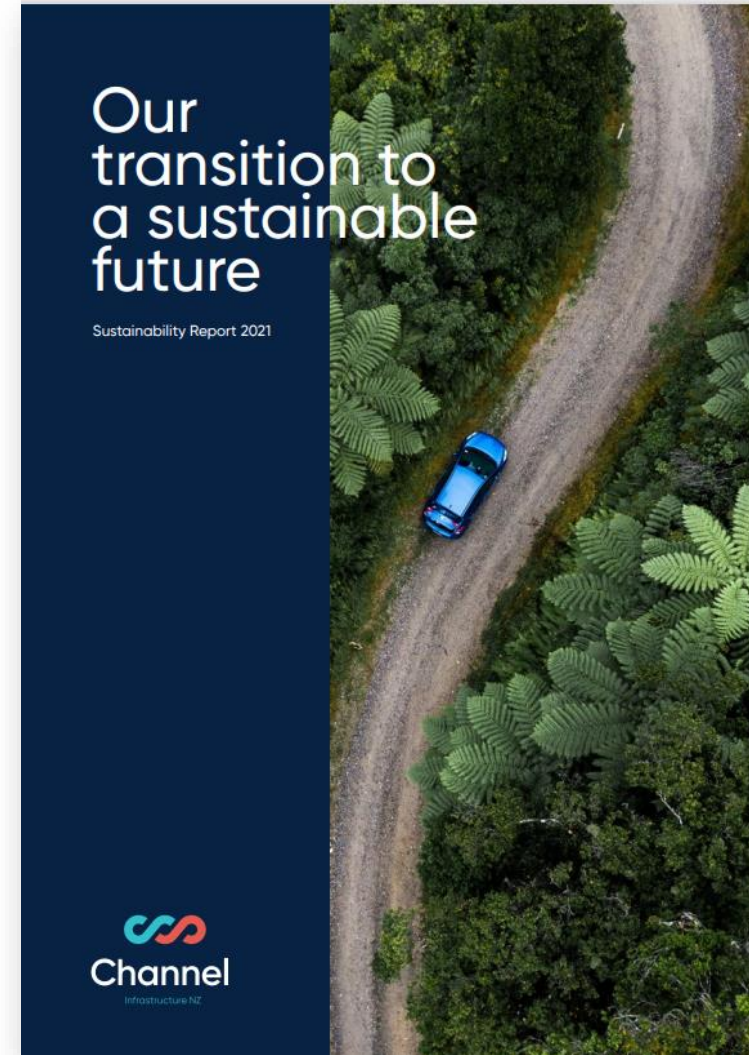
Target to have at least 90% of employees seeking new employment find new roles or are retrained within 6-months

### Net Zero

Net Zero Scope 1 and 2 emissions by 2030

### Customer scope 3

Our infrastructure is utilised to support the decarbonisation of transport sector and facilitate customer Scope 3 emissions reduction by 2030



# Strong aspirations for growth with a focused growth strategy

## Well positioned to support New Zealand's changing fuel needs



### Flexibly developing Marsden Point as an energy hub for the north of New Zealand

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- Strategic fuel storage
- Growth in electricity
- Other imports
- Transition to imports, production, storage of future fuels – biofuels, sustainable aviation fuels, hydrogen

### Leveraging independent operator capabilities across a broader asset base

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- Specialist infrastructure owner and operator
- Reduced cost of capital
- Operational synergies





# Resolutions and Voting

Simon Allen



# How to Participate in Virtual Meetings

## Shareholder & Proxyholder Q&A Participation

**Written Questions:** Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

**Help:** The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.

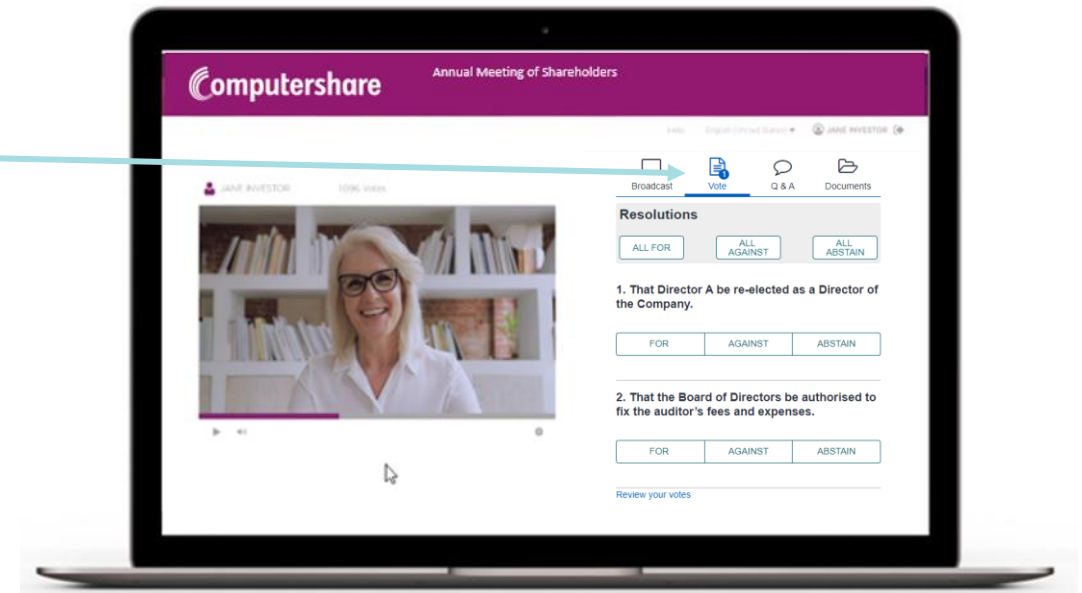


## Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.





# Resolutions

1. **Re-election of James Miller**
2. **Re-election of Paul Zealand**
3. **Election of Andrew Holmes**
4. **Election of Anna Molloy**
5. **Auditor's Remuneration**
6. **Constitution**

## Resolution 1: Re-election of James Miller as Director

That Mr. James Miller, who retires by rotation in accordance with clause 8.9 of the Constitution, be re-elected as a Director of the Company



**James Miller**  
Director



## Resolution 2: Re-election of Paul Zealand

That Mr. Paul Zealand, who retires by rotation in accordance with clause 8.9 of the Constitution, be re-elected as a Director of the Company



**Paul Zealand**  
Director

## Resolution 3: Election of Andrew Holmes

That Mr. Andrew Holmes, who retires in accordance with clause 8.8 of the Constitution, be elected as a Director of the Company



**Andrew Holmes**  
Director



## Resolution 4: Election of Anna Molloy

That Ms. Anna Molloy, who retires in accordance with clause 8.8 of the Constitution, be elected as a Director of the Company



**Anna Molloy**  
Director

## Resolution 5: Auditor's Remuneration

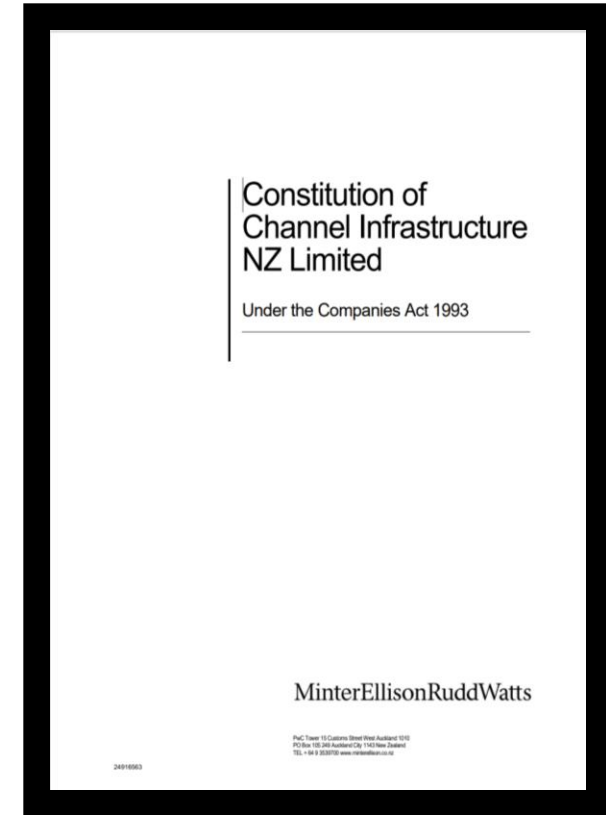
That Directors be authorised to fix the fees and expenses of EY as auditors to the Company for the financial year ending 31 December 2022.





# Resolution 6: Constitution

That the Constitution be revoked, and a new Constitution in the form presented at the Annual Meeting and signed by the Chairperson for the purpose of identification be adopted with effect from the date of this Annual Meeting.

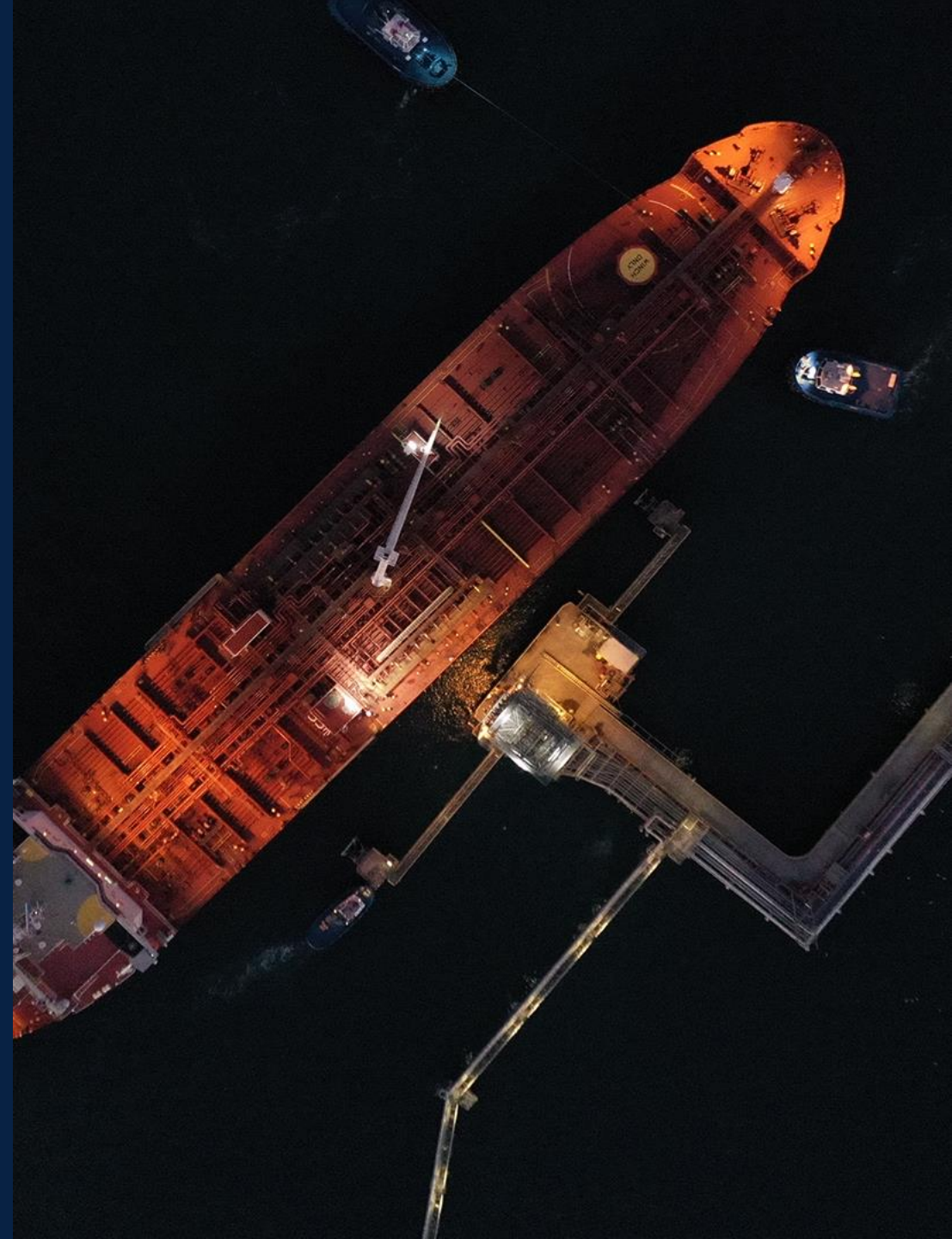




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# Questions







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**This concludes the 2022 Annual  
Shareholders' Meeting.**

**Thank you for attending!**

