

NZX RELEASE

13 October 2022

Q3 Conversion Project Update

Channel Infrastructure (CHI), New Zealand's largest fuel import terminal business based at Marsden Point in Northland, has today released its quarterly conversion project update for the three months ended 30 September 2022 (Q3 FY22).

Key conversion project highlights for Q3 FY22 include:

- Six months of terminal operations successfully completed with 35 import shipments received and discharged;
- Permanent decommissioning of refinery plant is now over 70% complete and on track for completion of decommissioning in H1 FY23
- Significant workforce transition largely complete with 97% of those who have left having secured their next opportunity; and
- Conversion costs tracking to budget, with approximately \$98 million spent project to date.

CEO Naomi James said "After six months of terminal operations, our business is now firmly focused on the future, with imported fuel flowing through our infrastructure and the first delivery of sustainable aviation fuel receipted into Marsden Point. We are progressing work to source lower cost renewable electricity, and have had significant interest in our RFI, while at the same time we continue to work with customers to support them with the import of fuels which offer more choice to consumers. We are delivering on our plans to utilise Marsden Point's highly strategic assets to deliver long-term shareholder value, while at the same time supporting our customers to decrease their environmental impact in the future."

Overall, the terminal and pipeline supplied nearly one-and-a-half billion litres of product to the Auckland and Northland markets since 1 April. Jet fuel throughput continues to grow steadily and is approaching 60% of pre-COVID levels. Further strong growth in jet demand is expected as more overseas airlines return to Auckland over the summer period and long-haul routes and capacity is added.

Decommissioning of refining plant continues to progress well and remains on schedule for completion in H1 2023.

Terminal upgrade works (including changes to increase vessel discharge rates and commissioning of the first fire-system and secondary-containment upgrades) and continued private storage tank conversion work is ongoing and progressing well.

The extensive workforce transition program is now largely complete. Channel Infrastructure had a target for at least 90% of employees securing a job or retraining within 6 months of leaving, and this has been reached with 97% of those who have left having secured their next opportunity.

Conversion costs are tracking to plan with \$98 million spent to 30 September 2022 (30 June 2022: \$73 million), including c\$7m of private storage costs. The conversion spend, partly offset with positive cash flows



from terminal operations, resulted in an increase in net borrowings from \$215 million as at 30 June 2022 to \$230 million as at 30 September 2022.

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About Channel Infrastructure NZ

Channel Infrastructure is New Zealand's leading fuel infrastructure company.

Channel Infrastructure owns critical infrastructure, supplying the Northland and Auckland markets, which make up 40% of New Zealand's transport fuel demand and all of the jet fuel to the Auckland International Airport. Utilising the deep-water harbour and jetty infrastructure at Marsden Point, as well as 280 million litres of storage tanks, and the 170-kilometre pipeline from Marsden Point to Auckland we receive, store, test and distribute fuel owned by our customers. Channel Infrastructure's wholly-owned subsidiary, Independent Petroleum Laboratories, provides fuel quality testing services at Marsden Point and around New Zealand.

Channel Infrastructure is well positioned to support New Zealand's changing future fuel needs, with growth opportunities at the Marsden Point site including additional fuel storage to support fuel security, renewable electricity supply through the Maranga Ra solar project, and work underway with customers and partners on biofuel and hydrogen opportunities.

For more information on Channel Infrastructure, please visit: www.channelnz.com