REFINING NZ

2021
FINANCIAL RESULTS BRIEFING

IMPORTANT INFORMATION

- This presentation contains forward looking statements concerning the financial condition, results and operations of The New Zealand Refining Company Limited (hereafter referred to as “Refining NZ”).
- Forward looking statements are subject to the risks and uncertainties associated with the refining environment, including price and foreign currency fluctuations, regulatory changes, environmental factors, production results, demand for Refining NZ’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.
- Forward looking statements include among other things, statements concerning the potential exposure of Refining NZ to market risk and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. Forward looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “seek”, “should”, “target”, “will” and similar terms and phrases.
- Readers should not place undue reliance on forward looking statements. Forward looking statements should be read in conjunction with Refining NZ’s financial statements released with this presentation. 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 Refining NZ’s securities 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.
- In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this announcement. Refining NZ does not guarantee future performance and past performance information is for illustrative purposes only. To the maximum extent permitted by law, the directors of Refining NZ, Refining NZ and any of its related bodies corporate and affiliates, and their officers, partners, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to 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).
- Except as required by law or regulation (including the NZX Listing Rules), Refining NZ undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.
- 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.
- Each forward-looking statement speaks only as of the date of this announcement, 23 February 2022.

KEY MESSAGES

Another year of excellent personal safety and operational performance

Strategic Review concluded, delivering long-term plan to unlock infrastructure value

Transition to a fuels import terminal is imminent; conversion cost estimates reconfirmed

A fundamental reset of asset base to provide earnings stability and a focus on dividends

Private storage agreements show positive early traction with a focused growth strategy

FY21 PERFORMANCE & FINANCIALS

TRANSITION TO CHANNEL INFRASTRUCTURE

FY22 LOOK FORWARD

2021 PERFORMANCE HIGHLIGHTS

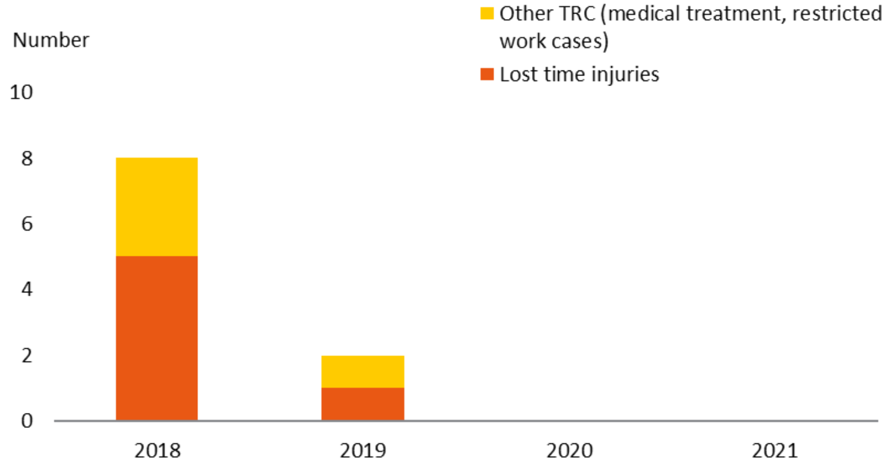
All 2021 key priorities achieved

Maintained excellent safety and operational performance through the Strategic Review and ongoing COVID-19 impacts

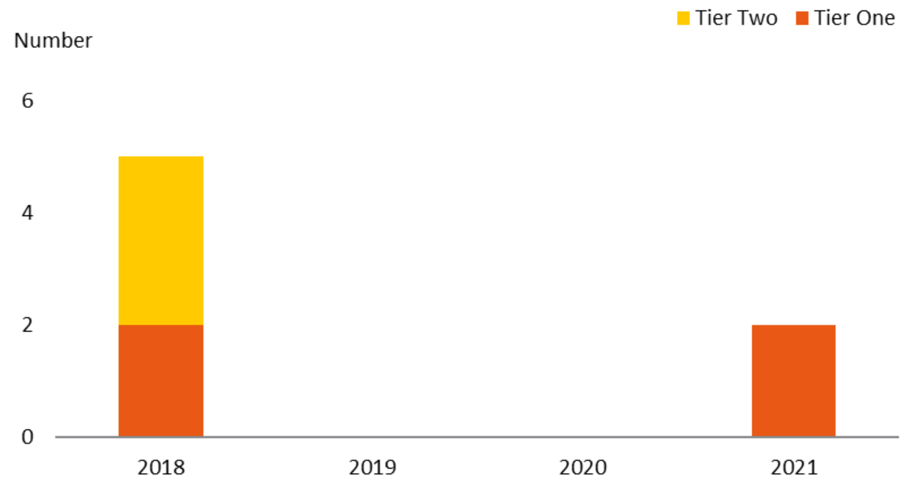
✓ **Safe, reliable and compliant operations throughout 2021**	• No recordable personal safety incidents in over 2 years
✓ **Turnaround 2021 executed safely, on time and within budget**	• Included first statutory inspection of the CCR
✓ **Maintain cash break-even operations at the Fee Floor**	• Cash neutral at the fee floor, including turnaround and Strategic Review/conversion costs
✓ **Conclude import terminal negotiations with customers**	• Terminal Services Agreements signed with bp, Mobil and Z • Additional private storage capacity contracted
✓ **Progress required shareholder and lender approvals and detailed planning**	• 99% of shareholders voted in support of conversion • Lender consent and conversion funding secured • Final investment decision taken

Record personal safety performance

TOTAL RECORDABLE CASES [1]



PROCESS SAFETY INCIDENT [1]



- Excellent personal safety performance continues with no recordable injuries in over two years
- Two Tier 1 process safety events in 1H21 were responded to quickly, with no significant damage to plant and actions taken to strengthen existing controls
- Independent assessment confirmed low risk of harm to the environment from releases of fire-fighting foam in 1H21 during fire training exercises
- Marsden Point site resource consent, covering refinery and import terminal operations, renewed for 35-years

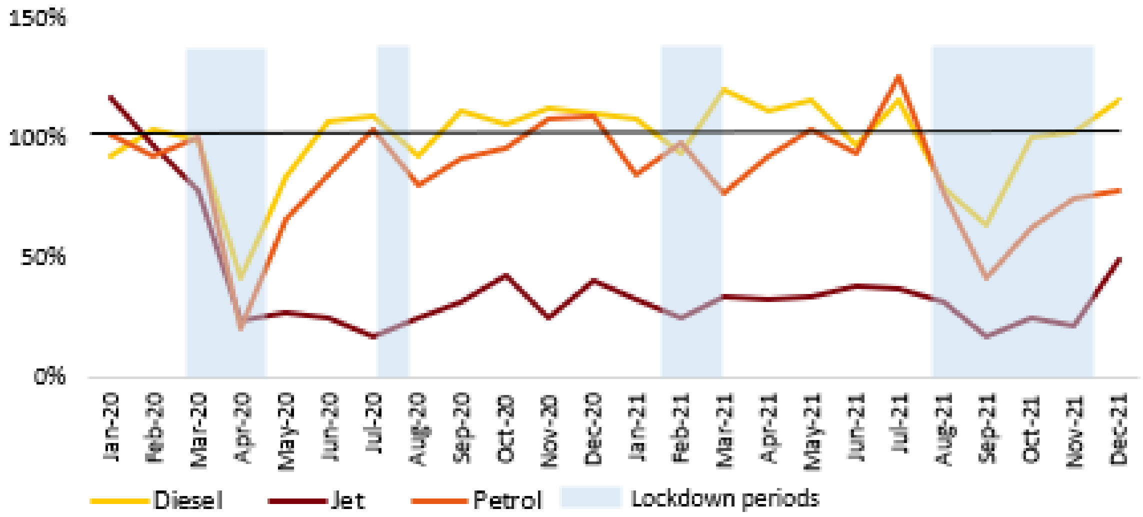
1. For a full definition please refer to Glossary on slide 25

THROUGHPUT

COVID restrictions continued to negatively impact throughput

		FY20	FY21	Change	
Refinery Throughput	Mbbl	29.9	29.2	0.7▼	2.3%
RAP Throughput	Mbbl	14.7	13.4	1.3▼	8.8%
Operational availability	%	98.2	95.8	2.4▼	2.4%

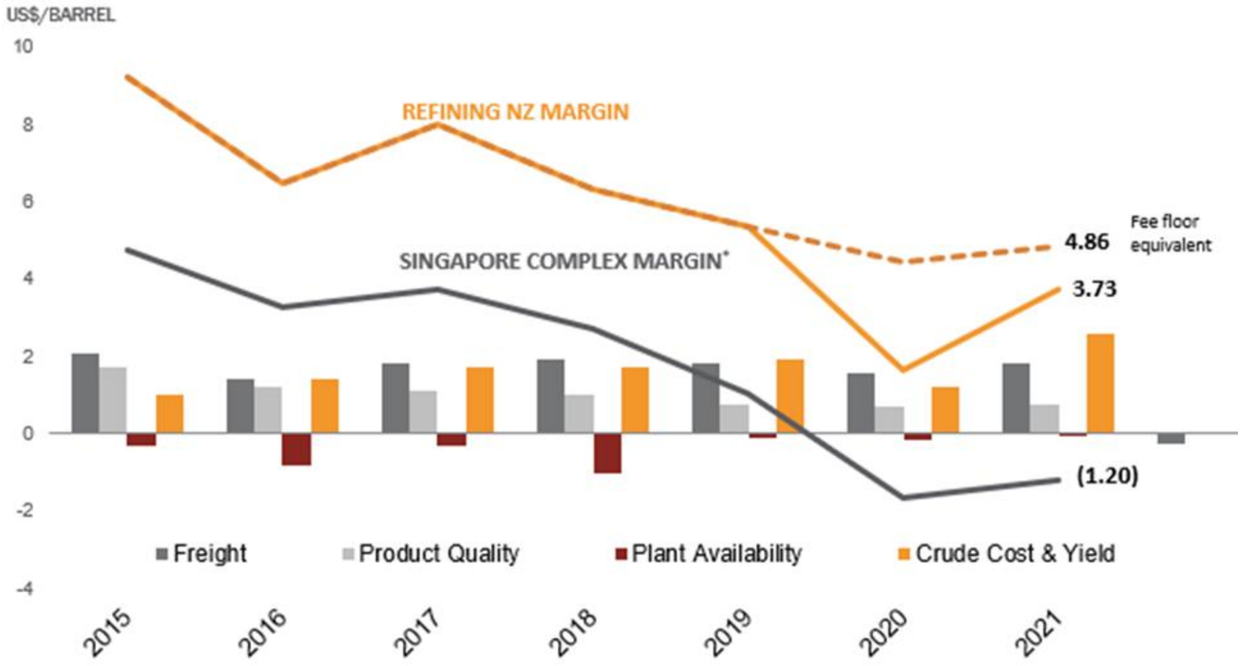
RAP DELIVERIES BY MONTH, JAN-20 TO DEC-21
% of 2019 average



- Simplified refinery model implemented from January 2021, with refinery capacity reduced by circa 18%
- Reduced capacity and product exports kept inventory balanced through COVID lockdowns - no temporary shutdowns were required as occurred in 2020
- Petrol and diesel demand has been strong outside of lockdown periods, while jet demand remained low
- Operational availability impacted by the four-week maintenance Turnaround, successfully completed 1H21

REFINING MARGINS

Second full year of operations at the Fee Floor



US$/BARREL	FY20	FY21	Change
Singapore Complex Margin (SCM)[1]	(1.65)	(1.20)	0.45
Freight	1.55	1.80	0.25
Product quality	0.69	0.75	0.06
Plant availability	(0.16)	(0.19)	(0.03)
Crude cost and yield	1.20	2.56	1.36
Refining NZ uplift	3.28	4.93	1.65
RNZ GRM	1.63	3.73	2.10

- Refining margins improved from 2020 levels, but remained below Fee Floor
- Stronger Refining NZ uplift due to the lower price for crudes processed, relative to Dubai
- Fee Floor contributions of c.$33 million (FY20: c.$90 million)

1. The Singapore Complex Margin is calculated using Platts Dubai crude and Singapore product prices, VLCC freight to Singapore, and the International Energy Agency's Dubai complex refinery yields adjusted for fuel & loss.

2021 FINANCIAL SNAPSHOT

Cash break even at the Fee Floor

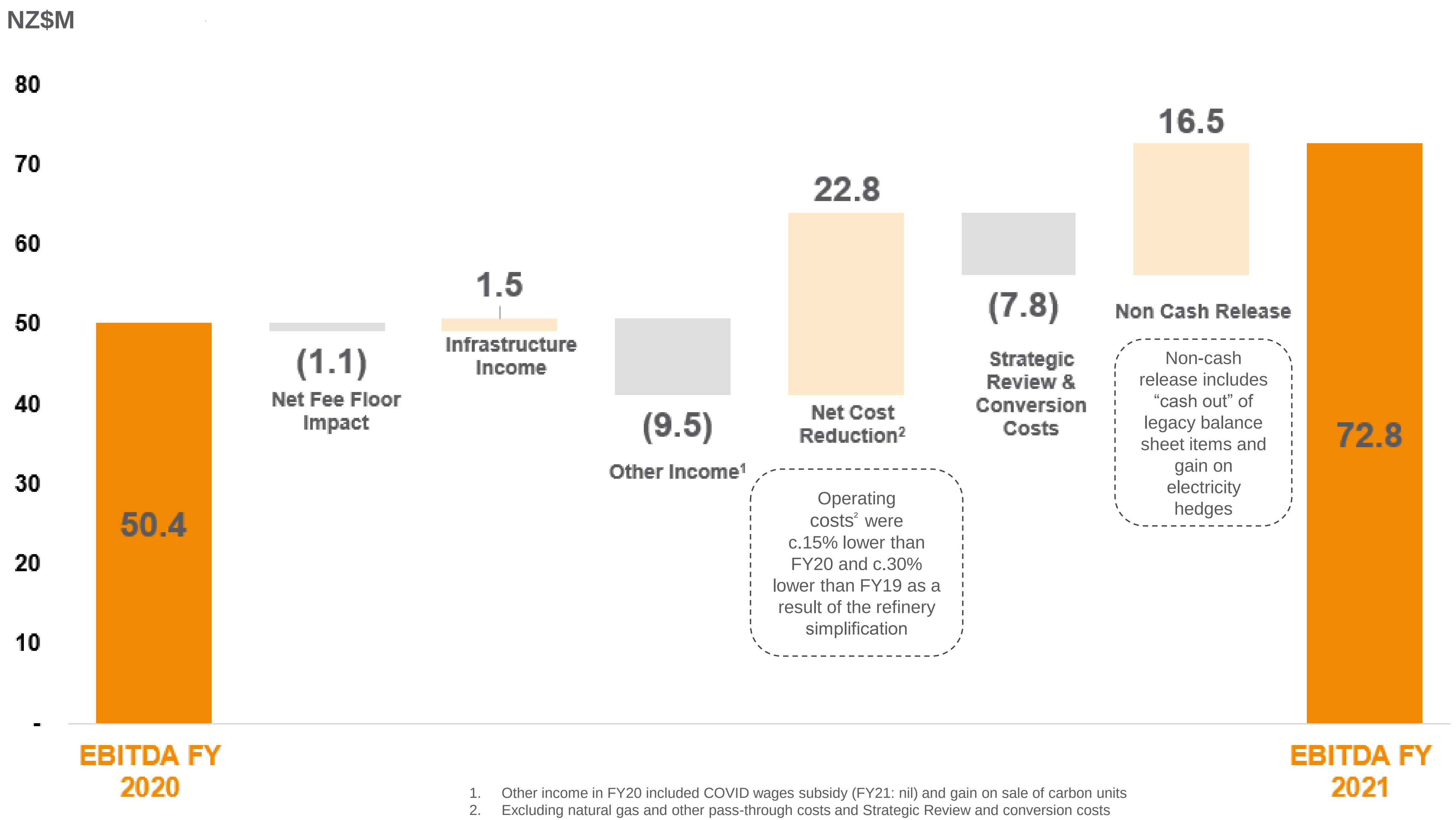
		FY20	FY21	Change	
Revenue - Refinery[1]	NZ$M	189.9	186.0	3.9▼	2%
Revenue - Infrastructure[1]	NZ$M	41.0	42.5	1.5▲	4%
EBITDA	NZ$M	50.4	72.8	22.4▲	44%
Capital Expenditure[2]	NZ$M	33.4	34.0	- ▼	nm
Free cash flow[3]	NZ$M	11.0	3.2	7.8▼	71%
Net Profit/(Loss) after tax	NZ$M	(198.3)	(552.6)	(354.3)▼	nm
Net Debt[4]	NZ$M	231.3	183.6	47.7 ▼	21%

- Lower Refinery revenue reflects lower gas usage, no wage subsidy in 2021 and lower carbon unit sales
- Improved EBITDA reflects the benefits of the refinery simplification and settlement gains from "cash out" of legacy balance sheet items (refer next page)
- Net loss after tax includes impairment of refining assets and recognition of conversion related provisions
- Net debt c.$47 million lower than FY20, primarily reflects the proceeds of the equity raise to fund Private Storage

1. For further information, please refer to our FY21 Financial Statements, available at http://www.refiningnz.com/investor-centre.aspx
2. Payments for property, plant and equipment (cashflow basis)
3. For a full definition please refer to the Glossary on slide 25

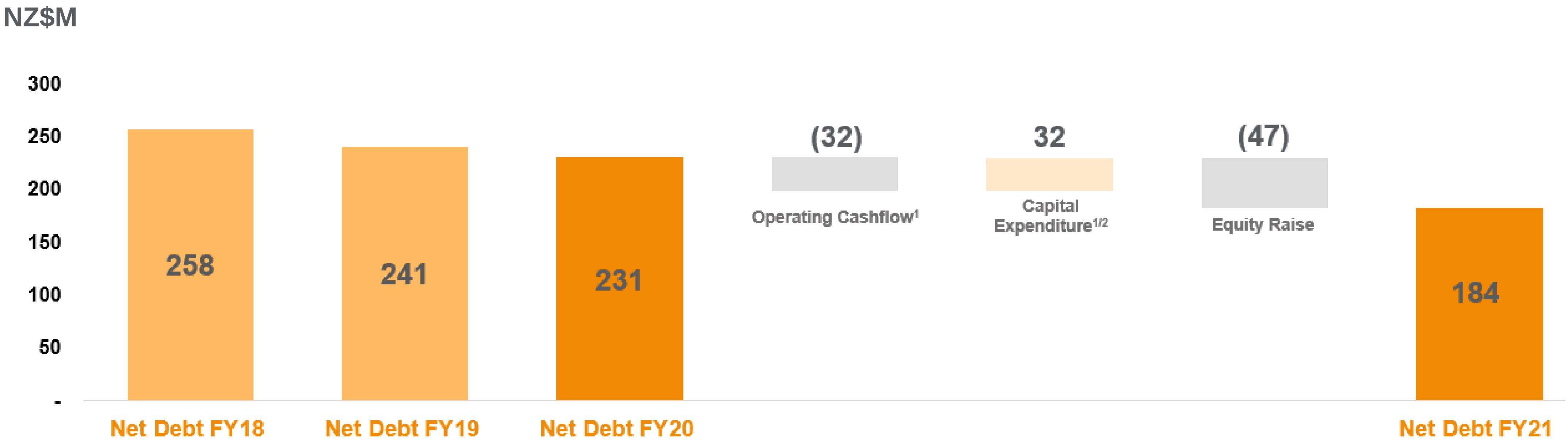
2021 v 2020 EBITDA COMPARISON

44% increase in EBITDA, at Fee Floor revenue



1. Other income in FY20 included COVID wages subsidy (FY21: nil) and gain on sale of carbon units
2. Excluding natural gas and other pass-through costs and Strategic Review and conversion costs

Operated cash neutral, with equity raise reducing net debt



- The Company successfully operated cash neutral at the Fee Floor, including turnaround and Strategic Review/conversion costs
- Capital expenditure of $32m included $13m of maintenance turnaround costs associated with the main crude distiller and the first statutory inspection of the petrol manufacturing unit (CCR)
- Lower net debt includes proceeds from the successful equity raise to fund private storage

1 Includes costs of the Strategic Review and Terminal Conversion costs less lease payments
2 Capital expenditure is net of proceeds from sale of intangibles

Impacts of conversion on FY21 Balance Sheet

Summarised Balance Sheet [1]

		FY 20	FY 21
Cash	NZ$M	43	16
Receivables and inventory	NZ$M	175	148
Current Assets	NZ$M	218	164
Property, Plant and Equipment	NZ$M	882	869
Intangibles &other non-currents	NZ$M	33	42
Deferred Tax Assets	NZ$M	35	82
Total Assets	NZ$M	1,168	1,157
Trade and Other Payables	NZ$M	164	156
Employee Benefits	NZ$M	11	10
Provisions	NZ$M	-	87
Current Liabilities	NZ$M	175	253
Borrowings	NZ$M	275	200
Employee Benefits & other	NZ$M	49	10
Provisions	NZ$M	8	98
Deferred Tax Liabilities	NZ$M	97	101
Total Liabilities	NZ$M	604	662
Net assets	NZ$M	564	495

Net assets as at 31 December 2021, equivalent to $1.33 per share

Overview of Accounting Adjustments for Conversion

Impairment of refining assets

- Non-cash impairment of refinery assets of $567 million
- Net residual value of $34 million for scrap & other assets with residual value

Provisions for Conversion Costs

- Recognition of $176 million of conversion provisions including workforce transition costs, shutdown and decommissioning costs and future demolition of refinery
- Reduction in employee benefits reflects pension and medical plan cash-out offers, payment of simplification redundancies and conversion adjustments

Revaluation of Import Terminal Assets

- Import terminal assets have been revalued to “fair value” based on independent valuation resulting in net carrying value for PPE of $869 million
- The “uplift” on revaluation of import terminal assets of $423 million is recognised in equity revaluation reserve

Recognition of tax losses

- Tax losses of $350-400 million expected to be recognised following refinery closure (with transfer from PPE to tax losses) – in addition to existing tax losses of $70 million
- Subject to shareholder continuity or (if breached) business continuity test

1. The above summarised balance sheet, should be read in conjunction with the FY21 Financial Statements, available at http://www.refiningnz.com/investor-centre.aspx

FY21 PERFORMANCE & FINANCIALS

TRANSITION TO CHANNEL INFRASTRUCTURE

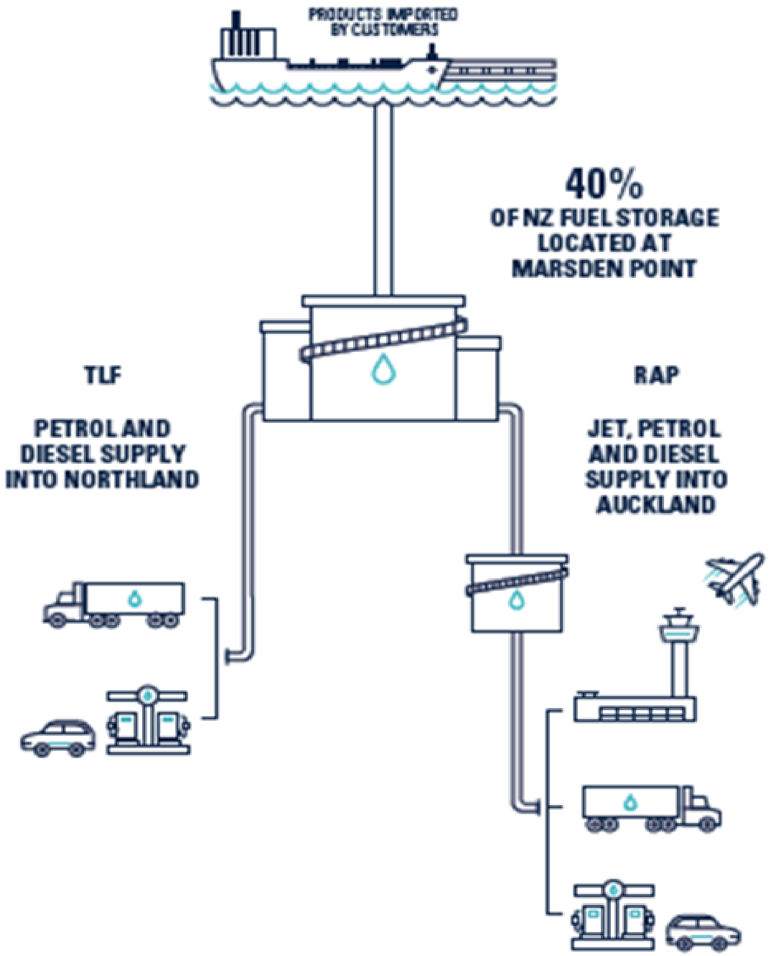
FY22 LOOK FORWARD

KEY TERMINAL HIGHLIGHTS

Critical infrastructure delivering more stable earnings through long term customer agreements

- ✓ **Ownership of critical and highly efficient infrastructure**
- ✓ **Long-term customer contracts**
- ✓ **Projected stable earnings, cash flow and dividends**
- ✓ **Supporting decarbonisation of New Zealand's economy**
- ✓ **Focused growth strategy**

Overview of ITS and Flow of Imports



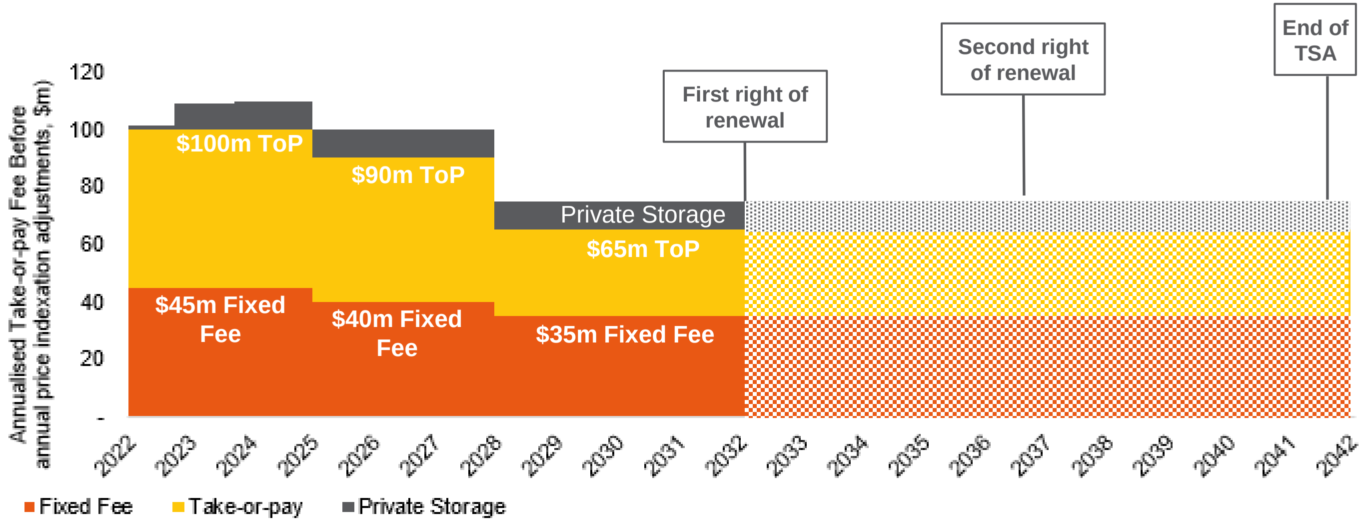
1. For a full definition of terms –TLF, RAP and ITS - please refer to the Glossary on slide 25

‘Core’ revenue contracted through bi-lateral Terminal Services Agreements

Terminal Services Agreements

- TSA fees to commence from 1 April 2022
- Initial term of 10 years plus two rights of renewal for a further five years each, at customers discretion
- Combination of fixed and throughput-based fees intended to incentivise utilisation of infrastructure
- Initial minimum take or pay commitments to support debt funding of initial conversion costs and allow time for recovery in jet fuel demand
- ‘Core’ ITS fees are expected to average c.$95 million per annum (real) across the initial 10-year term
- Additional private storage fees (refer next slide) are expected to average c.$9 million per annum (real) across the same period
- Annual PPI based indexation of all fees with the first adjustment in January 2023 for the period from 1 April 2022

Annualised Contracted Fees



Note: Private Storage Agreements have an equivalent renewal right on the basis that the TSA’s are renewed

PRIVATE STORAGE

Additional private storage capacity has now been contracted

Contracted private storage capacity totals c.100 ML – in addition to c.180 ML of shared terminal capacity

- Private storage provides customers with freight cost optimisation benefits as a result of increased product supply scale and flexibility
- In November 2021, contracted private storage required an initial capital commitment of c.$30 million for incremental revenue of c.$50 million (real) over a 10-year term
- Additional capacity commitments have now been confirmed
- Total private storage capacity now contracted:
    - Estimated capital cost of c.$45-50 million – fully funded by December 2021 equity raise of $47 million
    - Incremental revenue of c.$90 million (real) over a 10-year initial term
- Fixed rental agreements subject to annual PPI-based indexation
- Capacity will be progressively commissioned from commencement of terminal operations through to mid-2023
- Government announcement in January proposing inventory stockholding fuel security measures
    - Public consultation on the proposed Policy is currently underway
    - Initial opportunity assessment based on draft policy indicates potential for an additional 50-70 ML of private storage at Marsden Point

CONVERSION PROGRAM

Transition to Channel Infrastructure from 1 April 2022

Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	2023
		★			★			★			★

- **Feb 22** – **FY21 results** Revaluation of terminal assets
- **Mar 22** – Last crude shipment; Refinery shutdown
- **Apr 22** ★ – **1 April:** Terminal Services Agreement fees commence; Channel Infrastructure rebranding (NZR: CHI); First Sustainability Report released; Refinery decommissioning commences
- **May 22** – **10 May: AGM**
- **Jul 22** ★
- **Aug 22** – **24 August: HY FY22 results**
- **Oct 22** ★
- **2023** ★ – Target recommencement of dividends; All private storage commissioned; Refinery decommissioning completed

- Refinery shutdown to commence in March and the TSA fees commence from 1 April.
- COVID risks to project costs and delivery are being actively managed and at present remain within project budgeted contingencies
- Quarterly updates to be provided through the year as conversion project activity is undertaken

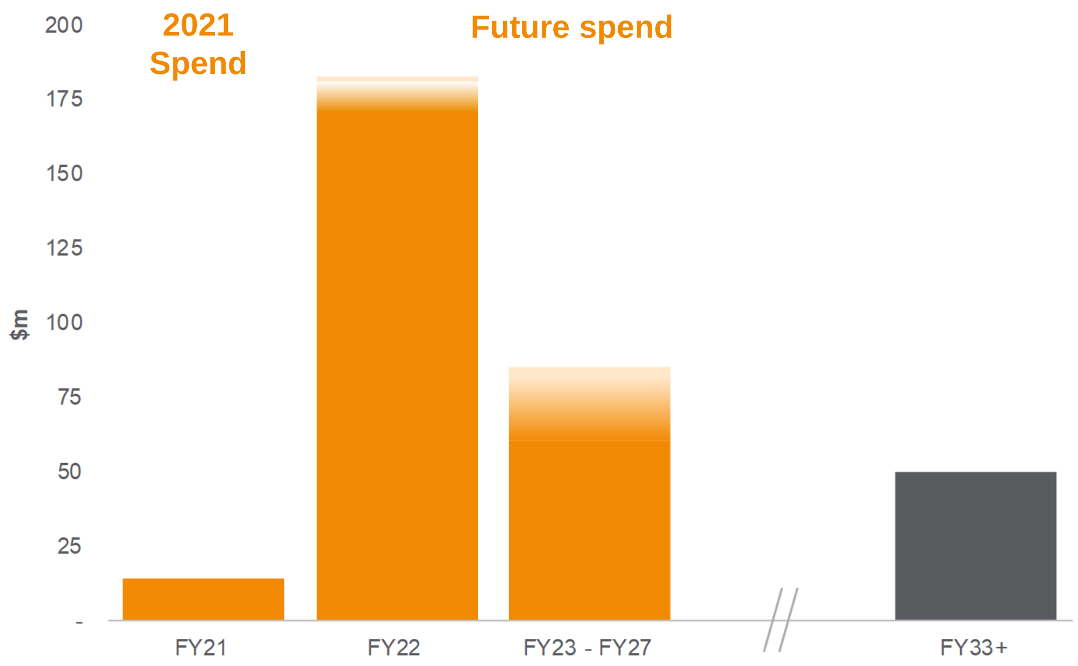
Continuous operation of the Marsden Point storage facilities and RAP

★ Quarterly Conversion Project Updates

Conversion spend phased over a number of years

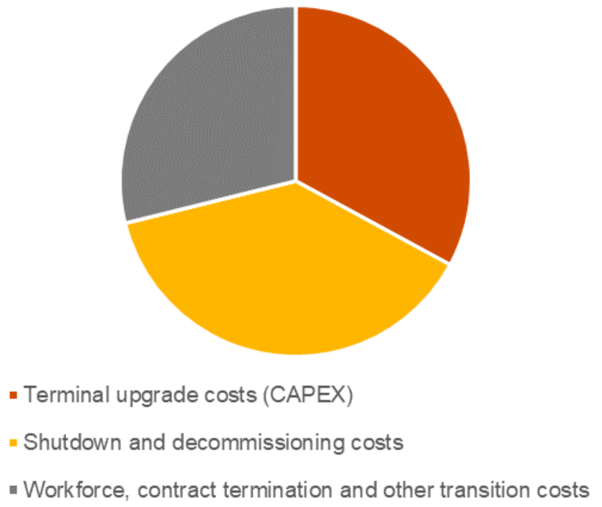
Terminal Conversion: $200-220 million
Private Storage: $45-50 million

Demolition: $50 million



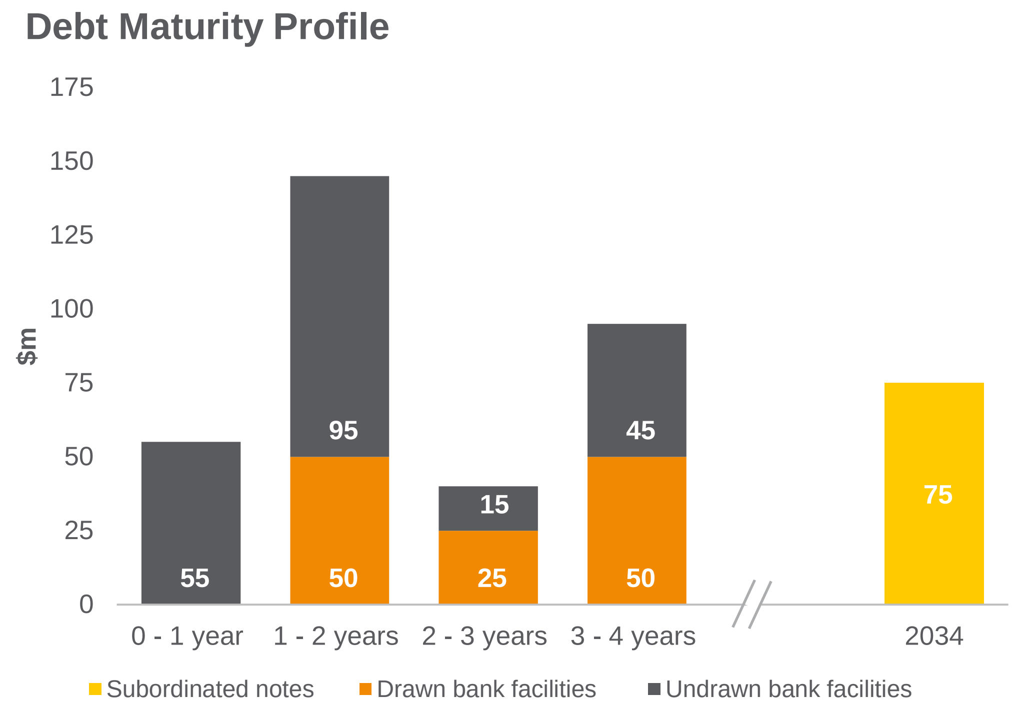
- Conversion cost operating and capital expenditure in FY21 of $15 million
- $176 million of conversion and demolition costs provided for in FY21 financial statements. Balance of conversion and private storage costs will be capitalized as incurred

Terminal Conversion: $200-220 million



CONVERSION FUNDING

Bank consents and conversion funding is in place



- In 2021, the Company received conversion consent from its bank lenders, extended certain facilities and raised new facilities to fund conversion
- As at 31 December 2021, the Company had committed facilities totalling $410 million, with $155m of liquidity headroom, excluding debt maturing in the next 12 months
- An average interest rate of 4.6% in FY21; $150 million of the Company's drawn debt is fixed, with additional forward start swaps in place
- Refinancing strategy to be executed in 2022 to diversify funding, extend debt tenor and optimise debt costs, with the improvement in the Company's credit profile
- Expect lower peak leverage (Net Debt/EBITDA) as a result of equity raising. Lender consents permit recommencement of dividends after the end of 2022 and deleveraging to below 4.5 times Net Debt/EBITDA
- The Company reconfirms its expectation that dividends should recommence within 1 to 2 years of the commencement of terminal services[1]. Proposed dividend policy pay-out ratio of 60-70% of Free Cash Flow[2]

1. The Board reserves the right to adjust the payout ratio or expected timing for the recommencement of dividends should the timing, costs or revenue associated with the conversion (including new services such as Private Storage Services) or the import terminal business change. The dividend policy will be 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 (within five years of the Services Effective Date); and the risks from short and medium term economic and market conditions and estimated financial performance.
2. Adjusted net cash generated from operations less maintenance capex.

FY21 PERFORMANCE & FINANCIALS

TRANSITION TO CHANNEL INFRASTRUCTURE

FY22 LOOK FORWARD

2022 PRIORITIES

Safe, reliable and compliant refinery and terminal operations

On time and on budget delivery of terminal conversion project

Retain and build organisational capability through the transition

Actively manage the transition to CHI with investors and debt providers

Progress opportunities for growth, including repurposing of Marsden Point

A disciplined approach to near-term prioritisation while maintaining longer-term options

An initial assessment of Marsden Point repurposing options has been completed ahead of confirming approach to refinery shutdown

Horizon 1
(Existing technology/market)

Horizon 2
(Investment/market development required)

Horizon 3
(New market/technology)

FY22 priorities:

- ***Additional private storage***
  - ITS-related and other products
- ***Government security of supply measures***
  - Initial opportunity estimate of 50-70 ML
- ***Electricity supply***
  - Exploring full range of options for lowest cost supply, including Maranga Ra project

Proactive preparation:

- ***Bio-fuels terminal (imports)***
  - Biofuels mandate due to commence 2023 – further work needed to determine infrastructure requirements
- ***Sustainable Aviation Fuels (SAF)***
  - Primary solution for decarbonising long-haul flights
  - Maintaining close contact with potential partners

Maintain options:

- ***Green hydrogen***
  - Marsden Point site attractive given existing industrial-scale infrastructure (e.g. jetty access, electricity, consents, etc.)
  - MOU with Fortescue Future Industries (FFI) to study feasibility of industrial scale operations underway

2022 OUTLOOK

1. Q1 Processing Fee revenue currently expected to exceed the Fee Floor by c.$5 to $10 million[1]
2. Import Terminal fees to commence from 1 April, with Take or Pay commitments of c.$75 million in FY22
3. FY22 Operating costs (excluding conversion costs) expected to be c.$70 million
4. Borrowings will increase over the year and are expected to average around $250 million in FY22
5. Financing costs expected to be c.$14 million[2]

1. Subject to refinery production levels, export volumes, margins and FX. Fee Floor in 2022 amounts to $147 million
2. Based on existing facilities, BKBM and interest rate hedging in place

Questions?

GLOSSARY

- **LTI** – Lost time injury
- **TRC** – Total recordable case
- **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 $25,000 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; A officially declared community evacuation or community shelter-in-place
- **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.
- **Net debt –** Net debt comprises total borrowings less cash and cash equivalents
- **Operating "cash neutral" –** maintaining a "flat" net debt position (i.e. total lender debt, including subordinated notes, less and cash/funds held on deposit), after paying all operating, capital and funding costs out of the company's revenue receipts. This excludes Strategic Review restructuring costs.
- **Reported EBITDA** – Earnings Before Depreciation and Disposal Costs, Impairment of assets, Finance costs and Income Tax in a non-GAAP measure. Please refer to Appendix II for a reconciliation
- **Free Cash Flow –** Net cash generated from operations less investing activities
- **RAP** – Refinery to Auckland Pipeline
- **TLF** – Truck Loading Facility
- **Services Effective Date** – is the commencement date of the Import Terminal System Services under the Terminal Services Agreements (TSA's)
- **ITS** – Import terminal system

REFINING NZ

2021
FINANCIAL RESULTS BRIEFING