

NZX RELEASE

16 January 2023

Q4 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 31 December 2022 (Q4 FY22).

Key conversion project highlights for Q4 FY22 include:

- Nine months of terminal operations successfully completed with 56 import shipments received and discharged;
- Permanent decommissioning of refinery process plant is now nearing completion and on track to be completed in H1 FY23;
- Almost half of the private storage capacity has been commissioned and is now available at Marsden Point; and
- Conversion costs continuing to track to budget, with c\$126 million¹ spent project to date and limited utilisation of project contingency to date.

CEO Naomi James said "The importance of our critical infrastructure has never been clearer, as aviation demand rapidly returns to New Zealand. We have successfully completed tank conversions on almost half of the contracted private storage capacity, with the remainder due to come online in coming months."

After nine months of terminal operations, with imported fuel flowing through our infrastructure and the first delivery of sustainable aviation fuel receipted into Marsden Point, our business is now firmly focused on delivering our plans for the future. We are working with the New Zealand Government to support their fuel security measures and progressing work to source more affordable and preferably renewable electricity, with significant interest received in response to our RFI."

Terminal and pipeline throughput in Q4 2022 was 800 million litres, the highest level seen since the arrival of COVID. Aviation demand continues to show a strong recovery, with jet consumption (which is predominantly driven by the resumption of long-haul flights out of Auckland Airport) now having doubled compared with the same period last year and reaching 65% of pre-COVID levels.

Rigorous testing processes at Marsden Point identified an off-specification jet import cargo in December and ensured this fuel was not distributed further along the supply chain. We are now working with our fuel company customers, who own the fuel imported into Marsden Point, to draw learnings from this incident. We expect that the Government's proposed minimum domestic stockholding obligations will support additional system resilience, when implemented.

Decommissioning of refining plant is nearing completion and remains on track to be completed in H1 2023. The terminal upgrade works, and continued private storage tank conversion works, are ongoing and progressing well with almost half of contracted private storage capacity commissioned in 2022. A further c.50 million litres of mostly jet private storage is due to be commissioned mid-2023. Schedule impacts from



supply chain disruptions and abnormal levels of wet weather in Northland are being closely managed, with November the wettest month on record.

Conversion costs are tracking to plan with c.\$126 million¹ spent to 31 December 2022 (30 September 2022: \$98 million), including c.\$15 million of private storage costs (30 September 2022: \$7 million). In addition, platinum leases of \$14 million were closed out in the quarter, with recovery of platinum from catalyst expected to occur within 12-24 months. Conversion costs and platinum lease close-out, partly offset with positive cash flows from terminal operations, resulted in an increase in net borrowings from \$230 million as at 30 September 2022 to \$257 million as at 31 December 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 Laboratory Limited, 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

¹ Subject to the finalisation of the FY22 financial results.