

## NZX RELEASE

11 November 2022

### Bank debt refinancing completed

Channel Infrastructure (CHI) is pleased to announce that it has now fully refinanced its bank debt, reducing funding costs. This, together with the successful bond issue in May 2022, diversifies funding sources, extends tenor and supports lowering Channel Infrastructure's cost of capital to align with an infrastructure business.

Channel Infrastructure has refinanced \$205 million of bank debt, achieving tenor spread across 3 to 5 years. Total available debt facilities are now \$380 million with no maturities within 12 months and an average tenor of 3.6 years.<sup>1</sup> The Group's net debt as at 31 October 2022 was \$230 million, resulting in total headroom of \$150 million which provides sufficient capacity to fund the remainder of conversion costs and investment in private storage. It is expected that debt will peak at around \$100 to \$120 million above current levels in the next 12-18 months.

The refinancing programme has reduced the Company's cost of bank debt. Financing costs are now expected at the lower end of previous guidance at c.\$16 million<sup>2</sup> in 2023 (previous guidance \$15 million - \$18 million), equivalent to an effective interest rate across all debt of 5 to 5.5%. Channel's fixed rate bonds and interest rate swaps<sup>3</sup> provide significant funding cost certainty for 2023, in a rising interest rate environment.

CEO Naomi James said "With the refinancing of our bank debt, we have lowered our cost of funding, reflecting the reset of our business model to an infrastructure company with stable earnings and cashflows."

"We thank ANZ and BNZ for their support through our transition and welcome ASB, CCB and Westpac to our banking group. This refinancing programme has established Channel Infrastructure's strong presence in both bank and bond markets, which will support future growth plans and provide opportunity to continue to lower the Company's cost of capital."

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<sup>1</sup> Average tenor calculated on the assumption that the subordinated notes are redeemed at their reset date in March 2024 (noting that the Company may either exercise a right to redeem the notes or a right to offer new conditions to the noteholders).

<sup>2</sup> Based on expected average level of borrowings of c\$300 million in FY23, fixed debt costs (\$115 million of interest rate hedging swaps and \$175 million of fixed rate bonds) and current Bank Bill Rate (BKBM) for unhedged debt. Excludes non-cash interest costs (i.e. unwinding of interest associated with provisions).

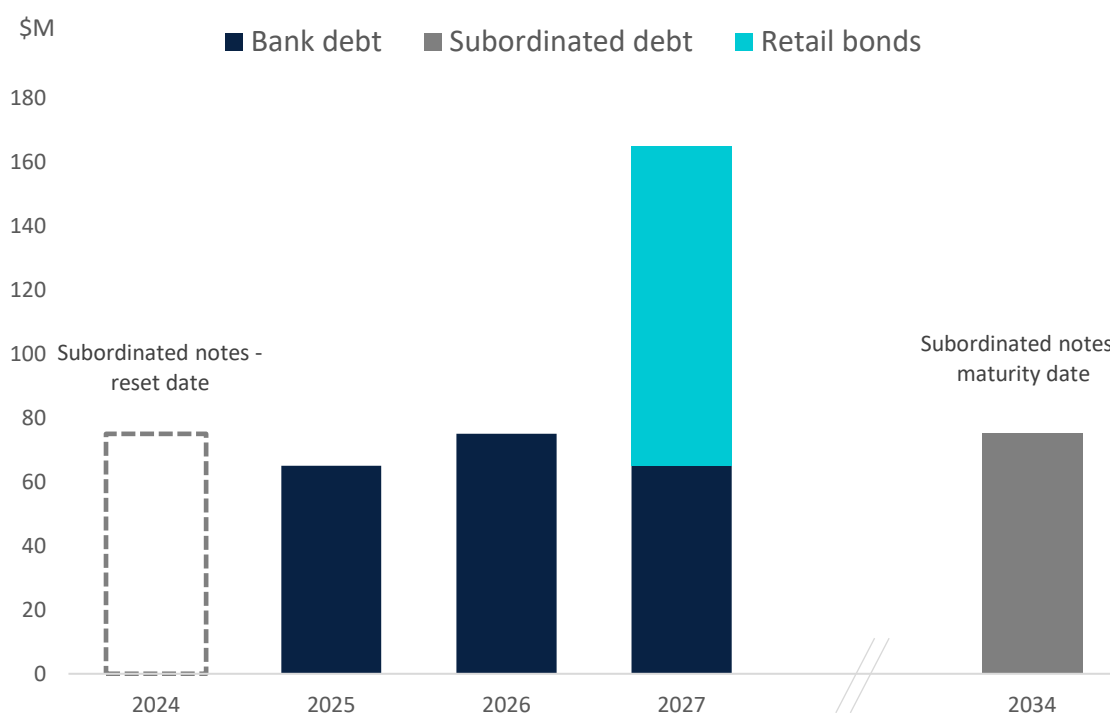
<sup>3</sup> \$75m currently in place with additional \$40m of forward swaps commencing from January 2023.



“With our funding costs largely fixed and terminal revenue indexed at PPI, we are strongly placed in the current environment to deliver strong and stable earnings and cash flow from our business, supporting a return to dividends for shareholders next year.”

For details on the debt maturity profile refer to **Appendix I**.

## Appendix I – Debt maturity profile



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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](http://www.channelnz.com)