

NZX RELEASE

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Channel Infrastructure releases refreshed strategy

Channel Infrastructure today released details of its refreshed strategy, as it outlined the opportunities it sees for the Company's future.

Channel Infrastructure Chair, James Miller said "Over the past two years Channel Infrastructure has successfully executed on its plan set by the Board and Management back in 2021. This has enabled us to recommence dividend payments and deliver a total shareholder return of almost 86%¹ over the past two years."

"Channel Infrastructure is now well positioned with strong and stable cash flows, a highly capable team, and uniquely strategic assets which provide the key fuel supply route to Auckland. With the world-class conversion of the refinery to an import terminal, and commissioning of additional jet fuel storage at Marsden Point last quarter, it is the right time to refresh our strategy to ensure we are identifying and pursuing the best opportunities for the business as we help fuel New Zealand's future to 2050 and beyond."

"We will assess the growth opportunities ahead of us against our disciplined investment criteria of delivering returns above our Weighted Average Cost of Capital, underpinned by customer contracts, and the Board is committed to maintaining stable dividends, while targeting credit metrics consistent with a shadow BBB+ credit rating."²

Channel Infrastructure CEO, Rob Buchanan said "Having delivered a successful import terminal conversion, our vision is now to become a world-class energy infrastructure company. Channel will invest to support the long-term resilience of our infrastructure and to be a supply chain partner of choice for our customers. This in turn will enable us to pursue growth opportunities both within and beyond the Marsden Point gate."

"Marsden Point is a highly strategic location and, combined with our assets, means we are a unique part of New Zealand's fuel import system. There just isn't another site in New Zealand like it, and it will be key to executing our future strategy."

"As we look to deliver resilient infrastructure solutions to meet New Zealand's changing fuel and energy needs, Channel will continue to pursue opportunities at Marsden Point which have the added value of providing increased resilience for New Zealand's fuel supply chain. We are currently developing a proposal to support the Government with respect to its strategic diesel storage objectives as well as our customers with the incoming minimum fuel stockholding obligations from 2025. Over time, the Company has an ambition to unlock opportunities beyond Marsden Point, where we can partner with new and existing customers on their fuels infrastructure needs and deploy our world-class capabilities to provide resilient infrastructure for New Zealand's changing fuel needs."

"It is New Zealand's decarbonisation pathway that presents the most exciting longer-term opportunity for Channel Infrastructure. While New Zealand's demand for petrol will likely decline over time, the country will continue to need a resilient diesel supply chain to fuel its heavy transport and agriculture sectors. Further, the aviation sector still has a long way to go to transition to lower-carbon fuel solutions. New Zealand's air connections play a crucial role to the economy through both our tourism and export industries, and we are ready to leverage our critical role in the liquid aviation fuel supply chain to ensure we are part of this journey."

¹ TSR calculated for the two years to 29 September 2023

² Neither Channel Infrastructure, its existing subordinated notes and existing senior retail bonds, nor the senior retail bonds referred to in this announcement have a credit rating (either public or private).



“We see this as key to Channel’s future success, and this is why, alongside our wider strategy refresh, our team is taking a deep look into what the decarbonisation pathway for aviation might be in the future. Based on our work to date, liquid sustainable aviation fuel is emerging as the lowest cost route to lower aviation emissions for medium to long haul travel, and we continue to work on how we can play our part to help solve this critical challenge for New Zealand’s future.” Rob Buchanan added.

“We have already achieved significant progress on our ESG scorecard. Sourcing all our electricity requirements from renewable sources under our new electricity supply contract from January 2024 would mean that from 2024 we will be largely Scope 1 and 2 emissions-free. We continue to see being a good neighbour and citizen as a top priority in our strategy, with the key workstreams around reducing environmental impacts and continued engagement with the community we operate in.” Rob Buchanan said.

Channel Infrastructure has also today reconfirmed its FY23 guidance, announced a new storage contract (c\$9 million³ of additional revenue across 10 years from 2024 with minimal incremental growth capex) and confirmed it is considering a retail senior bond to replace the listed subordinated notes.

Accompanying this announcement is a presentation to analysts, which is also now available on the Channel Infrastructure website and the delayed webcast of the presentations will be available on channelnz.com in the next few days.

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About Channel Infrastructure

Channel Infrastructure’s vision is to be a world-class infrastructure company, delivering resilient infrastructure solutions to meet changing fuel and energy needs.

Channel Infrastructure’s assets are a critical part of the Northland and Auckland fuel supply chain, supplying around 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 will seek to support New Zealand’s decarbonisation ambitions, by utilising our strategically-located assets and our expertise in supply chain infrastructure. The Company remains focused on its future growth opportunities at the Marsden Point site and beyond, including additional fuel storage to support fuel security and studies underway with partners on hydrogen and sustainable aviation fuel opportunities.

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

³ 2023 real terms