

**Channel Infrastructure NZ Limited
Annual Meeting of Shareholders
Tuesday 30 April 2024 at 2.00pm**

CEO Rob Buchanan's address

Thanks James, and welcome everyone.

It's been a big year, and I am delighted to be joining you here today.

Joining me from our management team is Alexa Preston, our Chief Financial Officer, Jack Stewart, our GM Operations, Peter van Cingel, our Business Development Manager, and our General Counsel and Company Secretary, Chris Bougen, who you met at the start of the meeting.

Before I begin, I want to take a moment to reiterate to shareholders what James has said to you today. Here on this stage, we have over 100 years' experience at all levels of refinery operations. It is no exaggeration to say that the group of people who make up our Board are the very people you would choose to run a refinery business, if you were starting again from scratch.

Refining was our core business. I know I speak for the staff past and present, as well as past board members, when I say that we were disappointed for our people and our community that we couldn't make the refinery business model work.

I watched the lengthy consultation process play out, and I knew many of those who were involved. I know I speak for them when I say that everyone worked incredibly hard to try and find a way to make that business model stack up. This decision, which I know the team agonized over, given its significance, was simply a reflection of the lack of a commercially viable future as a refinery. It would have been irresponsible for our company to remain as it was.

So, with that said, and with the support of 99% of our shareholders who voted to close down the refinery, over the past two years, our focus has been on delivering on the very clear instruction we received from our shareholders, to convert our operations and establish our company on a more sustainable footing. This has enabled us in turn to invest in projects which are not only good for the company, but good for New Zealand – such as increased fuel storage, and safer, more innovative processes and equipment. I'll have a bit more to say on this shortly.

I am proud of all that the team achieved in 2023. It was a year of execution... and of delivery.

Shareholders will be familiar with the company's 2023 priorities, and I am pleased to report that we achieved them all.

This is due to the hard work and dedication of the entire Channel Infrastructure team, and I really want to pay tribute to their efforts.

With our company-wide focus on safe, reliable, and cost-efficient operations, we now have our long-term asset management plan in place. In 2023, we also conducted a review of site safety and introduced a new safety culture programme.

The refinery decommissioning is now complete, and we came in within budget and on time. Our wider site conversion project is now substantially complete as well.

Work with our customers on fuel resilience continued, and I am proud of our efforts, with the increase in fuel storage tanks brought online last year. In support of the Government's wider ambitions for a secure diesel supply chain, we submitted to the Government's onshore diesel storage tender and we continue to work with customers in respect of other supply chain enhancement and storage opportunities.

We made good progress on our growth opportunities, which I'll discuss in more detail shortly, and James has already spoken to our shareholder returns, and the new business model which has enabled our investment in resiliency.

2023 was our first full financial year of operation as an import terminal, with FY22 only including 9 months of import terminal operations.

We delivered a strong set of results at the top end of our guidance range:

- Revenue of \$130.7 million with terminal fees exceeding take-or-pay levels, and private storage revenue increasing.
- EBITDA of \$87.2 million and normalised free cash flow of \$61.8 million represent a Free Cash Flow yield of 11.3% and an EBITDA to Free Cash Flow conversion of 71%, and
- a total 2023 dividend of 12 cents per share, including a 1.5 cent per share special dividend, which represents a dividend yield of 8.3%

The 2023 special dividend reflected:

- That the conversion project is now substantially complete, and we are confident that we can manage the rest of the terminal upgrades within our existing conversion budget.
- And, the Board's confidence in our company's outlook, including a free cash flow yield that is substantially higher than our dividend yield and a determination that we will be disciplined about the use of shareholders' capital.
- Lastly, we needed to make sure that we balanced the quantum of the special dividend against a developing pipeline of growth projects which have strong returns, and our desire to invest in supply chain resilience in New Zealand.

This strong financial position has enabled us to undertake important work to bring our terminal up to a world-class standard, which I will discuss in more detail shortly.

Looking at all the work that has been undertaken on the permanent refinery decommissioning, I can report that the team at Marsden Point has completed this project safely, and to plan. We have spent \$169 million on this important work to date, to deliver the clear instruction of our shareholders to safely close down the refinery, and convert our operations.

At the same time, we've increased the resilience of New Zealand's supply chain by completing the commissioning of additional storage tanks.

The conversion project was a multi-year infrastructure project with an initial budget set back in 2021, and we anticipate its completion within the upper end of the original budget. This

was achieved despite a pandemic, supply and labour shortages, major weather events and a high inflation environment. This is a significant achievement that we are very proud of and underlines our capabilities delivering major and complex infrastructure projects, and as a critical infrastructure provider.

The remaining terminal upgrade and private storage conversion is also largely complete, with the firefighting upgrades expected to complete this year and the bund upgrade work expected to continue until 2027.

Alongside this, the refinery workforce transition is complete with 100% of employees who left the business and wanted a new role elsewhere, being supported into new opportunities, jobs, or retraining.

In September, we successfully completed the commissioning of an additional 45 million litres of private jet fuel storage at Marsden Point, which more than doubled our on-site jet fuel storage. This significantly adds to New Zealand's overall jet fuel resilience at a time when we are seeing air travel demand – and therefore jet fuel demand – return sharply.

In our first full financial year of operations as New Zealand's largest fuel import terminal, we successfully received and discharged 70 import shipments and delivered 3.4 billion litres of fuel to Auckland and Northland.

This was ahead of the fuel demand outlook that we provided to shareholders at the beginning of 2023, driven by stable diesel and petrol volumes and a continuing strong recovery in jet fuel demand. We are now seeing fuel volumes overall approaching pre-covid levels, with aviation demand reaching 96% of pre-covid demand.

Two-weeks ago, we released our Q1 operating update, which confirms terminal and pipeline throughput remains ahead of the Envisory fuel demand outlook, with over 920 million litres of fuel delivered, on 17 import shipments. The increased throughput continues to be driven by a strong aviation demand recovery, with jet fuel throughput up around 38% on the previous corresponding period.

Supporting a resilient supply chain today, and tomorrow, is critical to all that we do at Channel, and a core part of our work is making sure we are equipped and ready to do that as the fuel demand profile changes.

This is a graphic that shareholders will be familiar with – it is the past fuel throughput at Marsden Point indicated in grey, and Envisory's demand outlook into the future.

Today, I want to draw shareholders' attention to the back-end of this graphic, where we see what is expected to happen to the mix of fuels consumed in New Zealand out to 2050.

We expect diesel demand, which is in green, to remain strong over the medium term, given how critical this is to New Zealand's heavy industry, and that diesel is harder to abate. Petrol however, which is the light blue, clearly tails off to very low future volumes.

While there has been commentary recently that the adoption of electric vehicles is slowing in New Zealand, the trajectory over the longer term remains the same, and we still expect the petrol market to be the fastest to transition to alternative fuels.

By 2050, we expect that petrol will make up only around 1% of our total throughput.

As many shareholders will know, a typical oil refinery is not able to produce only one type of fuel. It is an all-or-nothing facility, and that means that even if, by 2050, we only had a

market to make jet fuel as a refinery, without substantial further investment in new processing capabilities, you would still be forced to produce petrol and diesel as well.

Ultimately, if we were refining fuels at Marsden Point in 2050, our customers would then be faced with having to sell the surplus petrol and diesel back on the global marketplace at a significant discount, and at a time when it's expected that there would be an oversupply of petrol in the world.

The final point I would make on this, is that when our facility was operating as a refinery, we were never configured to produce product solely from oil extracted here in New Zealand, and there was never adequate domestic crude sources to meet the country's fuel demand.

So, the country was always reliant on importing crude to fuel the refinery, creating a single point of failure risk. Today, our customers import a range of refined product from a range of refineries around the world, providing more flexible options for sourcing product to meet the country's changing fuel demand wherever it is in New Zealand.

Shareholders, this brings me to the opportunities for our business in the aviation sector.

While land transport is already well on the path towards decarbonisation, the aviation sector still has a long way to go to transition to lower-carbon fuel solutions, and this presents a really exciting growth opportunity for us.

Liquid Sustainable Aviation Fuel is emerging as the most technically viable way to bring down aviation emissions for medium- to long-haul travel. You may have seen the comments from Air New Zealand Chair, Dame Therese Walsh, just two weeks ago – calling on companies to go faster, and further, to increase the global supply of SAF to support the decarbonisation of Aviation. Others around the world are saying the same thing.

We have a partnership with Fortescue underway, to investigate the feasibility of creating and refining sustainable aviation fuel, or SAF, at Marsden Point.

This mock-up of Marsden Point shows you just how well suited we are to support a facility like this in New Zealand – with our surplus land, that is already consented for heavy industrial uses, the industrial electricity and gas connections we have, surplus tanks to store product, and the critical pipeline to Auckland and on to the airport.

While we are in the early stages of assessing the feasibility of this project, it is exciting that we are at the forefront of an emerging global industry. This could be transformational for our business, our local community would get the benefit of investment and new jobs, and New Zealand would become one of the first movers in transitioning its aviation sector to a lower carbon future.

As James noted, supporting long-term asset resilience and positioning Channel as a partner of choice for fuel infrastructure is our strategic ambition as a company. Delivering world-class operations is critical to unlocking this growth strategy.

World-class recognises that our customers operate globally and interact with terminal businesses all over the world, so they know what good looks like.

In under two years of operation as an import terminal, and due to the stability of our new business model, we have already made good progress towards achieving a world-class operating standard, lifting our customer focus and focusing on our operational discipline. We have clear objectives across our infrastructure, systems, processes, and capabilities to drive us further towards the standard of our international peers.

As a high-hazard site, we are committed to ensuring that we get 'everyone safely home, every day'. Operating a safe workplace is foundational to our ambition to be a world-class operator of our infrastructure.

We are really proud of our efforts at site to deliver on the clear instructions of our shareholders, to convert our operations to this new model, and invest in facilities that are adding to New Zealand's overall supply chain resilience.

Rather than tell you about them, I'd like to pause now and show you a quick video from site, which demonstrates the world-class facilities that we have been investing in at Marsden Point.

I think we can all agree that the contrast between the old facilities, and those that have been upgraded is immense. The part that stands out most to me when reflecting on all the work that has been undertaken at site recently, is the bund upgrades and firefighting systems, which draw on the very latest technology to not only keep our people safe, but to make sure we can respond quickly and efficiently to any emergency situation. This investment in our site is important as we strive to reach world-class, and we could not have made the important investments if it weren't for our new business model.

As we prove our credentials as a world-class operator of terminals and fuel infrastructure, and with our low cost of capital positioning us as a strong infrastructure partner, we are willing and able to invest in projects beyond our site, where there are parties looking for a partner, and where we can provide a valuable contribution in support of fuels infrastructure for New Zealand.

The New Zealand energy markets are undergoing a transition, and to the extent that other parties may be looking for a partner to invest in their facilities, or new partners may be seeking support in standing up additional energy or fuel storage capacity, Channel is open to owning and operating other terminal assets outside Marsden Point.

The greatest growth opportunities as we know, lie in aviation fuels, but the forecast decline in road transport fuels could also present an opportunity for us to consolidate terminal infrastructure around NZ, which could benefit our customers through the energy transition.

These are opportunities that we are open to, but that we expect to be playing out over a longer time frame. We have a proven track record as a critical infrastructure provider, and we are committed to investing in New Zealand fuel resilience.

So, shareholders, I want to acknowledge that there are people here today who would like to see an oil refinery reopened at our site. We assessed every possible way forward to make that business model work. We have a depth of experience that is unrivalled in this space, and these are the people that you would want advising you on matters such as this. We are incredibly lucky to have this Board instead focused on delivering our vision for the company that aligns with where New Zealand is going, and is as committed as I am to making sure we deliver supply chain resilience for our customers, and our country.

And with that, I'll hand back to James for the resolutions and voting. I look forward to answering shareholder questions on our company strategy later in the meeting.