

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

Chairman James Miller's address

Welcome to Channel Infrastructure's 2024 Annual Shareholders' Meeting. My name is James Miller and I am the Chair of the Channel Infrastructure Board.

I am pleased to confirm that we have a quorum of shareholders and I declare the 2024 Annual Shareholders' Meeting open.

On behalf of your directors, the CEO and all of our people at Channel Infrastructure, I extend a warm welcome to you either here with us or online.

Moving on to today's agenda.

Ahead of the formal resolutions, I will talk to:

- how our improved, and more sustainable business model has delivered for our shareholders and enabled us to invest in becoming a world-class operator of our assets for New Zealand, and
- I will also cover our new refreshed company strategy which is focused on world-class operations, New Zealand's fuel security and resiliency, and the opportunities to come from the decarbonisation of the production of aviation fuel.

Rob will then speak to the successful execution of our 2023 priorities, the critical role we play in keeping New Zealand moving and the future of the business. He will also provide an operational update on the first quarter of this year.

After that we will move onto voting and resolutions.

Online voting is now open and shareholders attending online may cast their vote at any time, until I close the voting later in the meeting.

I want to acknowledge that there are a number of people here in person today who are passionate about certain issues. We welcome such engagement with the company, and appreciate you being here today to advocate for your perspective. There will be ample opportunity to have your questions addressed at the appropriate time, and so I would appreciate everyone being respectful throughout the meeting.

Shareholders will have two opportunities to ask questions. The first opportunity will come when we discuss the resolutions in the Notice of Meeting. The second will come at the end, where shareholders will be welcome to ask general questions.

Following a discussion of General Business, which we anticipate concluding at around 3.30pm, we invite shareholders to join our Board and management for further discussion over refreshments.

Joining us here in person today are my fellow Channel Infrastructure directors: Vanessa Stoddart, Felicity Underhill, Andrew Brewer, Andrew Holmes, Anna Molloy and Paul Zealand.

In the past few years, as our business has gone through its transition, your Board has also been going through a planned period of succession and renewal. This has been done to ensure we have the skills and experience at a governance level to help take your company forward.

Late last year, we farewelled Lindis Jones from the Board. I want to pay tribute to Lindis' six-years of service to the company. He brought significant insights into the downstream fuels industry in New Zealand.

I also want to acknowledge outgoing director, Lucy Nation, who departs the Board today. I want to thank Lucy for her outstanding contribution over her 3-years of service to the Board.

Lucy is a world-class expert in mid-stream fuel supply chains, and in emerging future fuels, such as SAF. We have all benefited from her wisdom, and we thank her for her generosity of support for the Channel team. Lucy has been appointed bp's Country Manager for Australia, and we wish her well for this next step in her career.

At the same time, the Board has recently appointed Felicity Underhill and Andrew Brewer, both of whom bring significant experience in areas of strategic importance to the company.

Felicity joined the Board in March, and brings world-class expertise in emerging future fuels such as SAF. As we farewell Lucy, we are delighted to gain the benefit of Felicity's extensive industry experience.

Andrew was appointed to the Board in December last year, and is highly experienced in world-class fuel infrastructure operations and leadership.

Shareholders may not be aware, but Andrew holds a deep connection to our company. Andrew was our Chief Operating Officer during 2020. I think it's fair to say that he was instrumental in developing the company's immediate response to the Covid-19 challenge. His work ensured we could continue to safely operate our high-hazard site in the face of an overnight collapse in fuel demand in New Zealand.

Drawing on his extensive experience within the industry, Andrew led the development of a unique approach involving a cyclical mode of refinery operation. This operating strategy gave us time to work through the impacts of the nationwide lock down.

Refinery equipment is not designed to be regularly cycled on and off, and to do so safely is an extremely complex task.

Faced with the unprecedented situation, we had to respond quickly to reduce fuel production.

Andrew's calm leadership, and deep fuel sector and refinery experience meant we were able to develop this unique approach. In simple terms this allowed us to alternate the refinery operating mode in order to reduce fuel production. Andrew's approach ensured the safety of our people, whilst maintaining the safety and integrity of the refinery plant and equipment.

We are delighted to have Andrew's expertise back within the company, and now on the Board.

Both Andrew and Felicity will be subject to re-election by Shareholders later in the meeting.

To ensure an effective Board there should be a balance of independence, skills, knowledge, experience and perspectives. These are set out in Channel's Board skills matrix aligned with our company strategy.

Following this planned Board transition we have:

- A board size of 7, which we believe is the right size for our company;
- 6 out of 7 directors are now deemed independent, up from 4 out of 7 in 2019;
- an excellent balance of skills and experience providing sufficient oversight across the company's activities; and
- an impressive combined total of more than 100 years of experience in the refining, fuel terminals, oil and gas, and fuel supply chain sectors.

We have the right Board to support our management team to drive our strategy forward.

Today, we are also joined by our CEO, Rob Buchanan, and members of our Management Team, as well as representatives of our external auditors (Ernst & Young), legal advisors (Minter Ellison) and share registrar (Computershare).

The transition to an import terminal model has improved total shareholder returns. If we look back to the period immediately prior to the strategic review, when we were the New Zealand Refining Company, the business was under significant pressure.

The cost of maintaining our assets had increased as we were trying to operate a sub-scale facility. This was relative to newer, and larger off-shore refineries able to operate more efficiently. At the same time refining margins continued to fluctuate and our overall returns continued to decline.

In response to this challenging environment, and with the additional challenges presented by the Covid-19 operating environment, the Board needed to find a new way forward for the company. As many of you will know, we took 18 months to work through our options, and we consulted widely, publicly, and in detail, with all those who would be impacted by any change.

Of course that included you, our shareholders, but also the Government, our local community and iwi partners, our customers and suppliers, and our people. This process was lengthy. And it was public. At times we were accused of taking too long. But we provided updates at every step of the way.

I make no apology for taking the time to make sure we got this significant decision right. We were committed to ensuring that we could deliver a change that would be just and fair for those most affected, in particular our people.

In the end, your Board presented shareholders with a comprehensive proposal that it believed was in the best interests of the company. This proposal to close the refinery and convert to an import terminal was independently assessed as fair to shareholders. We didn't reach this significant decision without looking at this matter from every angle. This included taking account of the Government policy settings of the day, particularly the signal that New Zealand needed to move past fossil fuels. We considered every possible option before us.

The proposed way forward was overwhelmingly approved by shareholders, with 99% of the votes cast in favour. This was a response to the difficult operating environment we were faced with, and the recognition that the future of our refining business was unsustainable.

Since the shareholder vote in 2021, and the successful execution and delivery of the plan we promised you, the compound annual Total Shareholder Return (that is, returns from dividends and share price movements) has been 28.9%, compared with a compound annual Total Shareholder Return of minus 6.8% over the 10 years prior to the vote, when we operated as a refinery.

We are now positioned with steadily increasing and stable cash flows. These cashflows have not only allowed significant investment in our import terminal facilities but also allowed us to return to dividends in 2022, ahead of our originally signalled plan.

During 2023 we continued to perform strongly. The Company declared ordinary dividends of 10.5 cents per share and with confidence in our future cash flows, and with the conversion project being substantially complete, the Board declared a special dividend of 1.5 cents per share.

With total dividends of 12 cents per share for 2023, we delivered a dividend yield of 8.3%.

Our dividend policy is to pay out 60-70% of normalised free cash flow. The Board is committed to delivering stable ordinary dividends over time, while maintaining credit metrics consistent with a shadow investment grade credit rating of BBB+.

We have also had a strong start to 2024 driven by strong jet fuel demand, which Rob will talk about shortly.

In light of this the Board has taken the view to lift 2024 EBITDA guidance to between \$92 and \$96 million. This is up from \$91 to \$95 million.

Shareholders, Channel Infrastructure has been set up to deliver greater resiliency for New Zealand.

Our new business model, with stable cash flows, has enabled us to bring online over 280 million litres of fuel storage capacity. We have invested over \$100 million to deliver world-class terminal operations and improving the resilience of our assets. This includes the conversion of 100 million litres of additional storage since conversion, and investing in improving bunds and firefighting systems.

It is imperative that New Zealand's import supply chain is secure and reliable.

Here you can see just some of the figures which demonstrate the impact that our business has had on supporting our customers to increase the resilience of their supply chains. This is good for New Zealand.

We welcome recent Government announcements about investigating fuel security in New Zealand, and we are already working with the Government in support of this. Given the strategic importance of fuels to keeping New Zealand moving, it is right that the Government assesses its nationwide policy in this space.

And, because we don't own the fuel that is imported through Marsden Point, we continue to look for opportunities to assist our customers with their supply chain resilience. This includes opportunities that would allow us to repurpose the approximately 400 million litres of unutilised storage capacity we have at Marsden Point.

Having substantially completed the import terminal conversion and private storage projects last year, the Board felt that 2023 was the right time to relook at our strategy.

The strategy refresh was driven by the need to ensure we could deliver the vision that your Board has for the future of this company.

We are clear. Our vision is to be the partner of choice so that we can play a broader role in New Zealand's energy supply chain. We must become a world-class operator – this is critical to proving our credentials and opening the door to further new and exciting opportunities. And, secondly, we have developed a sophisticated understanding of expected future fuel demand, including renewable fuel. It is our intention for Channel to play its part in supporting this transition.

With that I'll hand over to Rob to talk about how we will deliver on this strategy, as well as reflect on the past year.