NZX RELEASE

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Channel acquires strategic position in Melbourne's jet fuel supply chain

Channel Infrastructure NZ Limited (NZX:CHI) has today announced that it has acquired a strategic 25% interest in the Somerton jet fuel pipeline, a critical infrastructure asset in Melbourne's jet fuel supply chain for A$14.2 million.

Highlights

- A$14.2 million investment[1] for a 25% interest in the Somerton Pipeline Joint Venture jet fuel pipeline, funded through Channel's existing debt facilities
- The Somerton pipeline is a dedicated jet fuel pipeline serving Melbourne Airport that forms part of Australia's critical jet fuel supply chain infrastructure
- The acquisition aligns with Channel's strategic ambitions to enhance the overall quality of the business with measured step-outs in New Zealand and Australia
- The acquisition is projected to be cash flow accretive from FY2026
- Organic growth is anticipated from continued route development at Melbourne Airport, the construction of Melbourne Airport's third runway complemented by significant embedded opportunities for growth including jet supply chain expansion opportunities and the ability to commit capital as opportunities become available
- The Somerton jet fuel pipeline is operated by ExxonMobil, a proven, safe and reliable operator of critical infrastructure, enabling a lower-risk entry into the market

Chief Executive Rob Buchanan said: "This is a unique and exciting opportunity to invest into infrastructure critical to the operation of Australia's second busiest airport. Melbourne Airport travel is expected to grow strongly in the coming years, with no curfew and the addition of a third runway in the early 2030's anticipated to enable a further 136,500 aircraft movements each year by 2046.

Channel is a long-term investor in critical infrastructure and as part of considering this investment, we have also identified a number of adjacent growth opportunities which have the potential to materially enhance the value of our existing investment and provide new capital deployment opportunities, while adding to the resilience of jet fuel supply to Melbourne Airport.

This acquisition aligns with our ambitions for measured growth step-outs in Australasia focused on adding to the quality of our existing asset portfolio, deepening our relationship with our customers and expanding our footprint in liquid fuels growth markets."

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[1] On a cash free, debt free basis

Chair, James Miller said "This acquisition meets the disciplined investment criteria we apply to how we allocate shareholders' capital and establishes another footprint in the Australasian jet supply chains which complements our strong position in the Auckland market. We remain focused and committed to the work already underway in respect of opportunities for additional storage, fuel and energy security projects within our Marsden Point Energy Precinct as well as consolidation along our current supply chain to Auckland Airport. Alongside this we will continue to assess measured step-outs in New Zealand and Australian markets as opportunities arise, and when they meet our investment criteria."

Strategic infrastructure asset with proven operator

The 34km Somerton jet fuel pipeline forms part of the only jet fuel pipeline supply chain servicing Melbourne Airport, underpinned by long-term demand fundamentals for aviation fuel. The pipeline is operated by ExxonMobil, providing confidence in operational excellence and reliability while minimising Channel's requirement for an operational presence in the market.

The transaction positions Channel to capture growth from Melbourne Airport, supported by international route expansion, domestic population growth, recovery in aviation activity and a planned third runway. During the evaluation of the pipeline, Channel identified a number of embedded growth opportunities to further enhance the value of the asset either by upgrading current infrastructure, improving the efficiency of adjacent infrastructure or through synergistic consolidation along the Melbourne Airport jet fuel supply chain in the future.

Acquisition structure

Channel Infrastructure will acquire all the shares in DIF CIF I Australia Pty Ltd (the holding company) for a net acquisition price of ~A$14.2 million (on a cash free, debt free basis) from CVC DIF's CIF I fund. The holding company has a 25% stake in the Somerton Pipeline Joint Venture which owns the Somerton Pipeline. The other Joint Venture participants are ExxonMobil (37.5%), Viva Energy (18.75%), and bp (18.75%). Channel has existing relationships with ExxonMobil and bp as customers in New Zealand.

Financial impact

The acquisition will be funded through Channel's existing debt facilities. Following the acquisition, Channel will remain within its target credit metrics of between 3x and 4.5x Net Debt to EBITDA, consistent with a shadow BBB/BBB+ credit rating.

The acquisition is expected to be cash flow accretive from FY2026. Channel confirms that current EBITDA and dividend guidance for FY2025 remains unchanged at EBITDA of between $89 million to $94 million and a dividend of between 12.0 and 12.5 cents per share.

Conference call

Channel Infrastructure's Chief Executive, Rob Buchanan and Chief Financial Officer, Alexa Preston will give a presentation on the acquisition at 10.00am (NZ time) today.

To access the audio call, dial 09 929 1687 (New Zealand) or 02 9007 3187 (Australia) and ask to be connected to the Channel Infrastructure briefing. To pre-register for direct access to the call, go to Event Registration

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About Channel Infrastructure

Channel Infrastructure is New Zealand's largest fuel import terminal business, storing and distributing 40% of New Zealand's transport fuel, including 80% of New Zealand's jet fuel. We receive, store, test and distribute petrol, diesel, and jet fuel that our customers import and supply to Auckland and Northland.

Fuel is imported via our deep-water harbour and jetty infrastructure at Marsden Point and stored in more than 290 million litres of contracted storage tanks on site. The fuel is then distributed via our 170- kilometre pipeline to Auckland, or by our customers (bp, Mobil, and Z Energy) via truck into Northland. We underpin the resilience of New Zealand's fuel supply chain with our tank capacity, which enables increased storage of fuel in New Zealand, and through efficient, low-emission distribution of the fuel into the Auckland market. Given our proximity to Auckland, and critical role in the jet fuel supply chain, Channel is well positioned to support the renewable fuel transition.

Our plan for growth includes supporting fuel resilience for New Zealand through additional fuel storage on our site, unlocking the strategic value of the Marsden Point Energy Precinct Concept which reflects the significant role Channel could play in supporting New Zealand's energy transition – through potential opportunities including supporting the manufacture of lower-carbon future fuels, as well as a range of potential energy security opportunities, and exploring expansion beyond Marsden Point.

Channel Infrastructure's wholly-owned subsidiary, Independent Petroleum Laboratory Limited, provides fuel quality testing services throughout New Zealand.

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