Infratil

2016 Full Year Results Presentation

18 MAY 2016

Full Year Overview

Successful divestments lead to record net surplus and opportunity for renewal

- Record net parent surplus of $438 million boosted by asset realisations
- Underlying EBITDAF from continuing operations of $462 million, an increase of 2.5%
- Further portfolio renewal provides internal investment opportunities and new investment capacity:
  - Sale of Z Energy stake and iSite contribute cash of $528 million
  - $78 million acquisition of 65% of King Country Energy by Trustpower
  - $57 million of developments at WIAL including $47 million on the main terminal extension
  - Over $1 billion of cash and undrawn bank facilities on hand
- Final ordinary dividend of 9 cps, up 13% on prior year, and total ordinary dividends of 14.25 cps for the year
- Strong capital position and confidence around near term investment opportunities
- Solid Underlying EBITDAF growth forecast for FY17

Financial Highlights

Net Parent Surplus of $438 million dominated by gain on sale of Z Energy and iSite

Full Year Ended 31 March ($Millions)	2016	2015	Variance	% Change
Underlying EBITDAF (continuing activities)[1]	**462.1**	450.7	11.4	2.5%
Net Parent Surplus	**438.3**	383.5	54.8	14.3%
Net Operating Cash Flow	**250.5**	235.6	14.9	6.3%
Capital Expenditure & Investment	**220.9**	465.4	(244.4)	(52.5%)
Earnings per share (cps)	**78.0**	68.3	9.7	14.2%

[1] Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of its associates (Metlifecare and RetireAustralia) underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins. A reconciliation of Underlying EBITDAF is provided in Appendix I

Results Summary

Full year dividend growth of 14% delivered

Infratil

31 March ($Millions)	2016	2015
Operating revenue	1,775.7	1,635.0
Operating expenses	(1,284.3)	(1,186.2)
Depreciation & amortisation	(172.1)	(148.3)
Net interest	(169.9)	(180.2)
Tax expense	(24.8)	(19.3)
Revaluations	(65.4)	(6.8)
Discontinued operations	436.3	372.1
Net profit after tax	495.5	466.3
Minority earnings	(57.2)	(82.8)
Net parent surplus	438.3	383.5

- Operating revenue increased 8.6% against an 8.3% increase in operating expenses
- Depreciation and amortisation has increased following FY15 asset revaluations
- Net interest has decreased principally at the Corporate level following the divestments of Lumo, Z Energy and iSite and the resultant net cash position
- Revaluations include the impairment of $55 million of goodwill in relation to NZ Bus after it was unsuccessful in its bids for the 8 South Auckland units
- Discontinued operations include the results of Z Energy and iSite prior to divestment and the gain on sale

Final **ordinary** dividend of **9.0** cps fully imputed payable on **15 June 2016** to shareholders recorded as owners by the registry as at **2 June 2016** (last year final ordinary of 8.0 cps). The DRP remains suspended for this dividend.

Results Summary

Steady growth in earnings has the portfolio well positioned for the future

Underlying EBITDAF ($Millions)	2016	2015
Trustpower	329.4	330.7
Wellington Airport	86.1	82.1
NZ Bus	42.0	34.2
Perth Energy	2.9	14.1
Metlifecare	12.4	9.4
RetireAustralia	21.1	2.6
Other	(31.8)	(22.4)
Continuing operations	462.1	450.7
Discontinued operations	18.4	71.4
Total	480.5	522.1

- Trustpower – The continuation of challenging conditions and customer acquisition costs, in line with substantial increases in connections, delivered a flat result
- WIAL – An increase in aeronautical and passenger services revenue was driven by record passenger numbers
- NZ Bus – Prior period investment in real-time bus monitoring is now delivering smoother rides and operating cost savings
- PE - Impacted by reduced electricity gross margin due to increased competition and lower generation revenue due to lower reserve capacity pricing
- Metlifecare – Hot Auckland property market has driven demand for new units coming out of MET's development pipeline as well as strong demand for resales
- RetireAustralia – Strong first full 12 month contribution driven by 102 new unit sales and 376 existing unit resales
- Other – FY16 includes $5 million of bid costs in relation to the unsuccessful offer for Pacific Hydro

Group Capital Expenditure and Investment

Reinvestment in existing businesses to provide a catalyst for future earnings growth

Investment[1] ($Millions)	2016	2015
Trustpower	119.3	157.4
Wellington Airport	56.7	21.9
NZ Bus	11.2	15.3
Metlifecare	0.6	1.6
RetireAustralia	27.8	219.1
Australian PPP	0.8	32.0
Other	4.4	18.0
Total	220.9	465.4

- Trustpower acquired a 65% shareholding in King Country Energy during the year at a cost of $78 million
- Wellington Airport currently has several major capital expenditure projects underway with significant spend during the year relating to the terminal expansion and the commencement of the land-transport hub
- NZ Bus acquired 23 ADL double decker buses for use on key Auckland corridors to reduce congestion
- RetireAustralia spend includes Infratil's 50% share of new units built during the period. The prior period included Infratil's $219 million acquisition of 50% of RetireAustralia

[1] Capital expenditure excludes asset level capex of Metlifecare

Asset Values

Strong demand for Infrastructure assets underpins the value of Investment Portfolio

Investment ($Millions)	2016	2015
Trustpower	1,223.6	1,270.0
Wellington Airport	408.9	349.9
NZ Bus	201.5	285.8
Perth Energy	69.2	76.7
Z Energy	-	410.4
Metlifecare	222.7	199.6
RetireAustralia	252.9	208.6
Other	73.2	86.5
Total	2,452.0	2,887.5

Lower for longer expectations continue to drive up valuations in the infrastructure sector highlighting potentially significant gaps between book value and market value

- Trustpower – movement in listed market share price ($7.66 vs $7.95)
- WIAL – book value implied EV/EBITDA multiple of 8x compares to AIA >20x
- NZ Bus – movement reflects asset depreciation and impairment of Goodwill
- RetireAustralia – acquisition cost plus share of trading result
- Metlifecare – movement in listed market share price ($5.25 vs $4.72)
- Other investments include ASIP, Snapper and Property

Portfolio Divestments

Execution of divestments contributes exceptional cash and IRR returns to the portfolio

- On 30 September 2015, Infratil completed the sale of its residual 20% stake in Z Energy for a net sales price of $480 million, recognising a gain on sale of $392 million
  - Infratil acquired the business in April 2010 for $210 million and received $1,033 million in cash returns during its ownership
- On 1 December 2015 the Group sold it's 100% shareholding in iSite Limited for a net sales price of $48 million

Reported gain on Z Energy Sale	$Millions
Gross sales proceeds	480.0
less: sales costs	(0.2)
Net sales proceeds	**479.8**
Carrying value of net assets sold	(87.5)
Net gain on sale	**392.3**
Annualised Investment IRR (over 5.5 years)	48.4%

Reported gain on iSite Sale	$Millions
Gross sales proceeds	49.0
less: sales costs	(0.6)
Net sales proceeds	**48.4**
Carrying value of net assets sold	(21.4)
Net gain on sale	**27.0**
Annualised Investment IRR (over 6.5 years)	30.0%

Debt Position

Strong capital base remains with facility head room and duration

- Cash position of $729 million and wholly owned subsidiaries bank facilities drawn of $67.5 million
- Senior debt facilities have maturities up to 4.5 years and 5.5 years (for bus finance export credit facility)
- A new 8 year bond issue at 5.25% for $100m with $22m in oversubscriptions was closed on 13 November 2015
- Infratil is considering making a new offer of bonds in two separate series, maturities in 2021 and 2024
- Infratil gearing 13.8% (net debt / total net debt + equity capitalisation) including Piibs (down from 29.9% at March 2015)
- Infratil continues to target duration of its borrowings consistent with the profile of its assets and long-term ownership

As at 31 March ($Millions)	2017	2018	2019	2020	>4 yrs	>10 yrs
Bonds	100.0	147.4	111.4	149.0	215.8	233.4
Infratil bank facilities[1]	95.0	57.0	71.0	-	53.0	-
100% subsidiaries bank facilities[2]	12.7	12.7	12.7	12.7	16.7	-

[1] Infratil and wholly-owned subsidiaries excludes Trustpower, WIAL, Perth Energy, RetireAustralia, and Metlifecare

[2] NZ Bus export credit guarantee fleet procurement facility

Trustpower

Growth agenda continuing to deliver despite the continuation of challenging market conditions

- EBITDAF for FY16 was $329 million, 0.5% below FY15
  - FY16 result shows continuing, challenging conditions characterised by low wholesale prices, generation over-capacity, flat demand and high NZD/AUD exchange rate.
  - Customer acquisition costs were higher than expected as a result of substantial increases in connections during the year.
  - First full year contribution from Snowtown Stage 2
- Multi-product growth strategy has continued to drive connection and customer growth
  - Electricity connections up 15% to 277,000
  - Gas connections up 29% to 31,000
  - Telco connections up 83% to 62,000
  - Customers with two or more connections up 48% to 77,000
- NZ Generation capacity (wind/hydro) of 634MW produced 2,312 GWh, up 5% on last year
- Australian wind volume 1,197GWh, down 10% on expectation

Trustpower

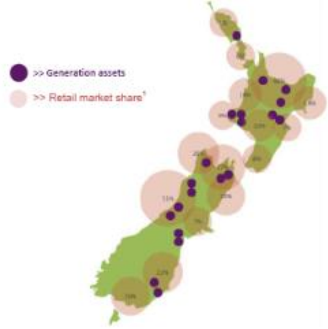
Proposed demerger provides path to deploy capital and build out near-term wind developments

Trustpower is currently considering a demerger to create NewCo and Trustpower Core. Shareholders will receive 1 share in each company

- NewCo will hold Trustpower's Australian and NZ existing wind assets and the wind and solar development pipeline
- Key attributes of NewCo:
  - Strong existing wind portfolio and development pipeline
  - Australian development options underpinned by supportive regulatory environment (Large Scale Renewable Energy Target), that is targeting ~23.5% of Australia's electricity being renewable by 2020 (33,000 GWh)

Overview of key development projects

- Trustpower Core will hold Tustpower's remaining NZ hydro and customer assets and Green State Power in NSW, Australia
- Key attributes of Trustpower Core:
  - Electricity connections 277,000, Telecommunications connections 62,000, Gas connections 31,000 and 77,000 customers with 2 or more services.
  - 38% lower churn for multi-product customers
  - 80% of new customers taking both electricity and telecommunications
  - 530MW of Hydro Generation
  - Long term power purchase agreements with NewCo to acquire generation outputs of NZ wind farms at market prices



Wellington International Airport

EBITDAF reflects strong uplift in passenger numbers

- EBITDAF +4.9% to $86 million
  - Total passengers 5.8 million, +339,000 (long run average growth +124,000 p.a.), International passenger growth of +16%
  - Five new services launched from Jetstar, Fiji Airways and Qantas. Growth set to continue with the arrival of the Singapore Airlines service to Singapore via Canberra commencing in September 2016 adding around +40k PAX in FY2017
  - Domestic PAX growth +4.6% following up-gauging of Air NZ aircraft and regional competition from Jetstar
- $57 million of capex invested during the year including main terminal extension nearing completion, airfield works and retail park expansion
- Total capex programme of $300 million includes domestic and international terminal developments, 4.5 star hotel and land transport hub
- Revenue and EBITDAF are expected to increase reflecting investment in route development and increases in scheduled aeronautical charges

NZ Bus

Strong result for the year as the business focuses on the future

- Underlying EBITDAF of $42 million, +22.8%
- Revenue +0.4%, reflecting stable patronage levels and yield growth on contracted services
- Expenses -1.3%, reflective of lower fuel prices and lower maintenance costs resulting from prior year investments in new fleet and in productivity initiatives
- $55 million impairment of goodwill following review of operations post South Auckland contract losses
- $4 million of provisions for exit of South Auckland operations following the awarding of South Auckland contracts to other Operators
- Constructive industrial relations environment, with collective employment agreements successfully negotiated with main Auckland and Wellington unions

NZ Bus

Investment in Fleet and Emerging Technologies

- Fleet Investment
  - Acquisition of 23 ADL double decker buses for use on key Auckland corridors to reduce congestion
  - On-going research into emerging vehicle technologies including US$30 million deal to purchase electric powertrain technology from Wrightspeed Inc. for fitting to existing fleet
- Contracting market update (Public Transport Operating Model)
  - NZBus was unsuccessful in its bids for the 8 South Auckland units. Preparations for the transition of the Waka Pacific business have begun
  - Tenders for 4 West Auckland units were released in May and are expected to be followed shortly by the release of Wellington tenders, with North and Central Auckland following later in 2016
  - Negotiations for NZ Bus' directly appointed Auckland units which represent a significant share of its kilometres should also occur in 2016

RetireAustralia

Implementing plans to provide residents with more of what they want and need

- Strong first full year result in IFT portfolio
  - Net profit after tax (IFRS) A$46 million
  - Underlying profit A$39 million
- Operating Metrics
  - Strong sales momentum – 102 new sales and 376 resales
  - Realised DMF and capital gains continue to grow (A$106,000 per resale)
  - Development margin 18%
  - Embedded value A$108,000 per unit
- Governance and organisational change
  - New CEO, Alison Quinn, started January 2016
  - New General Manager Care, started April 2016
- Strategic direction
  - Development team in place and multiple sites under review
  - Care strategy being finalised
  - Work underway to improve and standardise contract terms offered to residents

Metlifecare

Preparing for next stage of growth

- $12 million Underlying EBITDAF contribution to Infratil, up from $9 million in FY15
  - Underlying Profit of $33.5 million in 1H16[1] up 29%
  - Revaluation gains $128.5 million and realised gains of $28.6 million (1H16)
  - Strong growth in the key profit metrics driven by lift in list prices of resale units across the portfolio, in particular in Auckland and Bay of Plenty, and increases in new sales of occupation right agreements
- During 1H16 Metlifecare achieved 200 resales of occupation right agreements, which was in line with the prior period and generated realised resale gains of $21.6 million, up 53% on the pcp. Realised resale gains per unit increased to $111k, a 48% increase on the pcp
- As at 31 December 2015 Metlifecare had 307 units under construction, a lift of 55% on the pcp
- Current development pipeline of 2,184 units and care beds

[1] 1H16 for Metlifecare refers to the 6 months to 31 December 2015. Metlifecare's financial year end is 30 June.

Capital Management

Divestments of assets has created unprecedented financial flexibility within the portfolio

Infratil's current capital position is appropriate given our future investment plans and our key development platforms

- Confidence in internal and external origination pipeline with near-term capital deployment opportunities
- Currently assessing investments across a number of sectors, including renewable energy, retirement & aged-care, social & student housing, waste and telecommunications infrastructure
- A combination of proprietary development platforms and inorganic opportunities in these sectors could absorb all available Infratil equity over the next 12-18 months
- Trustpower separation gives Infratil a path to deploy significant capital to build out near-term wind farm developments. Step-out options include investments in Australian solar and international development vehicles
- Our NZ & Australian retirement businesses have enhanced their internal development capability and pipelines over the last 12 months. Attractive industry consolidation options are emerging in Australia that could allow RetireAustralia to build a market leading position

2016/17 Outlook

Strong growth forecast from continuing operations

- Underlying EBITDAF trends reflect current momentum and changes in the portfolio including:
  - A full period contribution from King Country Energy
  - Trustpower demerger costs of about $10 million
  - Continued growth from Wellington Airport
  - NZ Bus impacted by the loss of its South Auckland service contracts
  - Small improvements forecast across each of Infratil's other businesses
- Capital structure and confidence in outlook are positive for continued growth in dividends per share

Investment ($Millions)	2016 Actual	2017 Outlook
Underlying EBITDAF	462.1	475-515
Operating Cashflow	250.5	225-255
Net Interest	169.9	180-190
Depreciation & Amortisation	172.1	170-180

2017 guidance is based on management's current expectations and assumptions about the trading performance of Infratil's investments and is subject to risks and uncertainties, is dependent on prevailing market conditions continuing throughout the outlook period and assumes no major changes in the composition of the Infratil investment portfolio. Trading performance and market conditions can and will change, which may materially affect the guidance set out above.

Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of its associates (Metlifecare and RetireAustralia) underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.

Summary

Targeting a balance of incremental high confidence moves and future option development

Infratil is set to perform well under a number of scenarios

- Underlying performance of existing assets
- Quality of people and capability
- Strength of origination pipeline
- Access to capital and capital structure

We are prepared to make larger commitments when uncertainty is low and the price is right

- Confidence around deployment of high-return capital in proprietary platforms
- Will remain opportunistic and vigilant in home markets

Intention to ramp up the manufacture of future emerging platforms capable of independent scale

- Continue to invest in long-term development pipelines and future strategic options
- Continue to invest in key development platforms in focus sectors

For more information:

www.infratil.com

Results Summary

Appendix I – Reconciliation of NPAT to Underlying EBITDAF

31 March ($Millions)	2016	2015
Net profit after tax	495.5	466.3
less: share of MET & RA investment property revaluations	(58.4)	(16.1)
plus: share of MET & RA realised resale gains	14.2	5.3
plus: share of MET & RA development margin	7.9	3.4
plus: share of MET & RA deferred tax expense and non-recurring items	2.8	9.5
NZ Bus onerous depot lease provision adjustment	4.2	-
Net loss/(gain) on foreign exchange and derivatives	13.6	36.3
Net realisations, revaluations and (impairments)	51.8	(29.5)
Discontinued operations	(436.3)	(372.1)
Underlying Earnings	95.3	102.9
Depreciation & amortisation	172.1	148.3
Net interest	169.9	180.2
Tax	24.8	19.3
Underlying EBITDAF	462.1	450.7

- There has been no change to the methodology for reporting EBITDAF for the balance of Infratil's subsidiaries. The methodology has been adjusted to more accurately present the contributions from Metlifecare and RetireAustralia
- Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties and moves to a realised basis
- The impact reduces reported earnings in the current period, however provides a better benchmark to measure business performance
- NZ Bus' South Auckland operation utilised the Wiri bus depot with a lease from February 2009 to January 2024. A provision has been recognised for the present value of this lease after NZ Bus was unsuccessful in its bids for the 8 South Auckland units