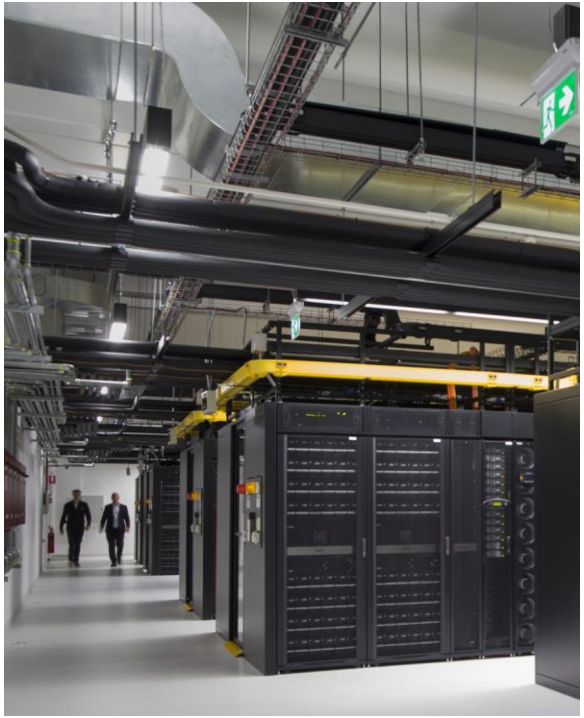
Infratil

2017 Full Year Result

18 May 2017

Full Year Overview

Capital deployment, new platforms and second-half tail winds feature in FY17



- Net parent surplus for the year was $66.1 million compared to $438.3 million in the prior period which included $436.3 million of gains from the sales of Z Energy and iSite
- A strong finish to the year sees underlying EBITDAF of $519.5 million, up $57.4 million (12.4%) on the prior year of $462.1 million
- Significant capital deployment in new platforms during FY17:
  - Data Infrastructure (Canberra Data Centres $411.5 million),
  - Student Accommodation (Australia National University $84.8 million); and
  - US Renewables (Longroad Energy, $33.2 million)
- Tilt and Trustpower successfully demerged enabling focus on their standalone opportunities
- Portfolio offers multiple long term opportunities to deploy further capital across a number of sectors and jurisdictions
- $631 million of cash and undrawn bank facilities remain on hand (after the disposal of Metlifecare on 11 April 2017)
- Final dividend of 10cps, up 11% on the prior year

Financial Highlights

Uplift in earnings from core businesses

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Full Year ended 31 March ($Millions)	2017	2016	Variance	% Change
Underlying EBITDAF (continuing activities)[1]	**519.5**	462.1	57.4	12.4%
Net Parent Surplus	**66.1**	438.3	(372.2)	(84.9%)
Net Operating Cash Flow	**245.0**	250.5	(5.5)	(2.2%)
Capital Expenditure	**168.1**	220.9	(52.8)	(23.9%)
Investment	**560.1**	-	560.1	100.0%
Earnings per share (cps)	**11.8**	78.0	(66.2)	(84.9%)

[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 Metlifecare and RetireAustralia's underlying profits. Underlying EBITDAF for Metlifecare and RetireAustralia includes Infratil's share of their respective underlying profits. Underlying profit is a common performance measure used by retirement companies and removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, 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

Reported comparisons impacted by revaluations and prior year gains on sale

31 March ($Millions)	2017	2016
Operating revenue	1,913.8	1,775.7
Operating expenses	(1,380.4)	(1,284.3)
Depreciation & amortisation	(186.5)	(172.1)
Net interest	(165.7)	(169.9)
Tax expense	(24.6)	(24.8)
Revaluations	(55.2)	(51.8)
Discontinued operations	-	436.3
Net profit after tax	130.4	495.5
Minority earnings	64.3	57.2
Net parent surplus	66.1	438.3

- Operating revenue increased 7.8%, largely attributable to Australian Renewable assets
- Increased depreciation and amortisation following revaluations in the prior year
- Net interest decreased through net cash at the corporate level and refinancing at lower interest rates
- Revaluation loss from adjustment to the carrying value of Metlifecare to net sale proceeds
- Discontinued operations in the prior period relate to Z Energy and iSite

Final ordinary dividend of 10.0 cps fully imputed payable on 15 June 2017 to shareholders recorded as owners by the registry as at 2 June 2017 (last year final ordinary of 9.0 cps). The DRP remains suspended for this dividend

Underlying EBITDAF

Core assets provide underlying earnings uplift during the period

Underlying EBITDAF ($Millions)	2017	2016
Trustpower (pre demerger)	-	329.4
Trustpower[1]	234.5	-
Tilt Renewables	131.7	-
Wellington Airport	90.5	86.1
NZ Bus	43.7	42.0
Perth Energy	(14.1)	2.9
CDC	10.6	-
Metlifecare	14.9	12.4
RetireAustralia	31.4	21.1
ANU Student Accommodation	7.0	-
Longroad Energy	(2.9)	-
Corporate and Other	(27.8)	(31.8)
Continuing operations	519.5	462.1
Discontinued operations	-	18.4
Total	519.5	480.5

- **Trustpower** – Australian hydro assets delivered an exceptional result while NZ generation was also strong, including a full period contribution from King Country Energy
- **Tilt Renewables** – Australia wind generation 9% above the prior period, offset by higher generation production costs
- **WIAL** – Increased aeronautical and passenger services revenue was driven by record passenger numbers
- **NZ Bus** – Operating expenses 8% lower than the prior year, with the end of some South Auckland services, continued focus on productivity and a lower fuel price
- **Perth Energy** – improved performance in the second half through reduced exposure to retail market and other performance management measures
- **RetireAustralia** – Underlying profit A$31 million up 49%, with strong unit price rises and realised development margins
- Initial contributions for **CDC**, **ANU** and **Longroad** during the period

[1] Trustpower EBITDAF excludes demerger costs of $16.7 million

Group Capital Expenditure and Investment

Significant capital deployed through existing assets and acquisitions

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31 March ($Millions)	2017	2016
Trustpower	26.7	119.3
Tilt Renewables	6.3	-
Wellington Airport	79.3	56.7
NZ Bus	16.2	11.2
RetireAustralia[1]	37.8	27.8
Other	1.8	5.9
Capital Expenditure	168.1	220.9
CDC	411.5	-
ANU Student Accommodation	84.8	-
Longroad Energy	33.2	-
Perth Energy	24.8	-
Other	6.7	-
Investment	560.1	220.9
Total	728.2	220.9

- **Trustpower and Tilt** capex represents operational and maintenance capex programme
- **Wellington Airport** has several major capital expenditure projects, including the main terminal expansion, commencement of the land-transport hub and an onsite hotel
- **NZ Bus** completed the acquisition of 23 ADL double decker buses for use on key Auckland corridors and assembly of a Wrightspeed electric powertrain prototype is progressing
- **RetireAustralia** spend includes 50% share of 105 new units built during the year
- The acquisitions of **ANU** and **CDC** were completed totalling $496 million
- Investment of $33.2 million in US Renewables through 45% stake in **Longroad Energy**
- A$22.9 million shareholder loan provided to **Perth Energy**

Asset Values

Strong demand for lower-risk cash flows underpins the value of the portfolio

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Investment ($Millions)	March 2017	March 2016
Trustpower (pre demerger)	-	1,223.6
Trustpower	734.8	-
Tilt Renewables	341.8	-
Wellington Airport	414.5	408.9
CDC	426.3	-
NZ Bus	191.2	201.5
Perth Energy	73.4	69.2
RetireAustralia	278.2	252.9
Metlifecare	237.9	222.7
ANU	91.2	-
Longroad Energy	33.2	-
Other	84.8	73.2
Total	2,907.5	2,452.0

Appetite for lower-risk cash flows and supply of capital continues to drive up valuations in the infrastructure sector, highlighting potentially significant gaps between book value and market value

- **Trustpower** and **Tilt Renewables** listed market share prices of $4.60 & $2.14 respectively
- **Wellington Airport** – book value implies EV/EBITDA multiple of 8.5x compares to Auckland Airport >20x
- **NZ Bus** assets are shown at depreciated book value
- **CDC**, **RetireAustralia, Longroad** and **ANU** – reflect acquisition cost plus share of trading result adjusted for foreign exchange movements
- **Metlifecare** – closing value reflects disposal price of $5.61 per share (compared to $5.25 market share price at 31 March 2016)
- Other investments include ASIP, Snapper, Envision and Property

Debt Capacity and Facilities

Strong capital base remains with cash position, facility head room and duration

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- Cash position of $384 million and wholly owned subsidiaries bank facilities drawn of $61 million at 11 April 2017
- Senior debt facilities have maturities up to 3.5 years and 5 years (for bus finance export credit facility)
- $150 million in Infrastructure Bonds raised in June 2016, replacing $100 million of maturing bonds
- Infratil has opened a new offer of bonds in two separate series, June 2022 (5.65%) and December 2025 (6.15%)
- Infratil continues to target duration of its borrowings consistent with the profile of its assets and long-term ownership

Maturities in period to 31 March ($Millions)	Total	2018	2019	2020	2021	>4 yrs	>10 yrs
Bonds	1,005.4	147.4	111.4	149.0	93.8	271.9	231.9
Infratil bank facilities[1]	246.0	57.0	71.0	86.0	32.0	-	-
100% subsidiaries bank facilities[2]	54.7	12.7	12.7	12.7	10.3	6.3	-

[1] Infratil and wholly-owned subsidiaries exclude Trustpower, Tilt, WIAL, Perth Energy, CDC, Metlifecare, RetireAustralia, ANU and Longroad

[2] NZ Bus export credit guarantee fleet procurement facility

Funds Available for Investment

Significant capacity remains to support further investment

- $631 million of cash and undrawn bank facilities remain on hand

31 March ($Millions)	2012	2013	2014	2015	2016	2017
Net bank debt (cash on hand)	363	364	72	(228)	(661)	(92)
Infratil bonds (incl. PiiBs)	859	912	989	989	957	1,005
Market value of equity	1,109	1,382	1,269	1,786	1,844	1,629
Total capital	2,331	2,658	2,330	2,547	2,140	2,542
Gearing (net debt / total capital)	**52%**	**48%**	**46%**	**30%**	**14%**	**36%**
Infratil undrawn bank facilities	328	354	624	276	276	246
100% subsidiaries cash	64	54	50	309	729	147
Proceeds from Metlifecare[(1)]	-	-	-	-	-	238
Funds Available	392	408	674	585	1,005	631

[1] Metlifecare holding sold on 11 April 2017

Divestment of Metlifecare

Divestment realises $237.9 million and delivers a 15.8% annualised IRR

- IFT acquired a 19.9% stake in MET in November 2013 for $3.53 and sold the investment on 11 April 2017 for $5.61 per share
- Infratil was very active in the management of the investment and considered opportunities to increase its exposure
- Equity accounting for associates increased carrying value to $6.91 equivalent prior to sell-down on 11 April
- Adjustment to carrying value at 31 March to reflect sales proceeds resulting in $54.0 million revaluation loss for accounting purposes
- Cash gain on investment $93.9 million, delivering an annualised return of 15.8%

Gain on MET Sale	$Millions
Acquisition Cost	147.9
Plus: Dividends received	6.1
Less: Dividends reinvested	(2.2)
Sales proceeds	237.9
Net gain on sale	**93.9**
Annualised Investment IRR (over 3.5 years)	**15.8%**

Distributions

Growth in dividend per share maintained

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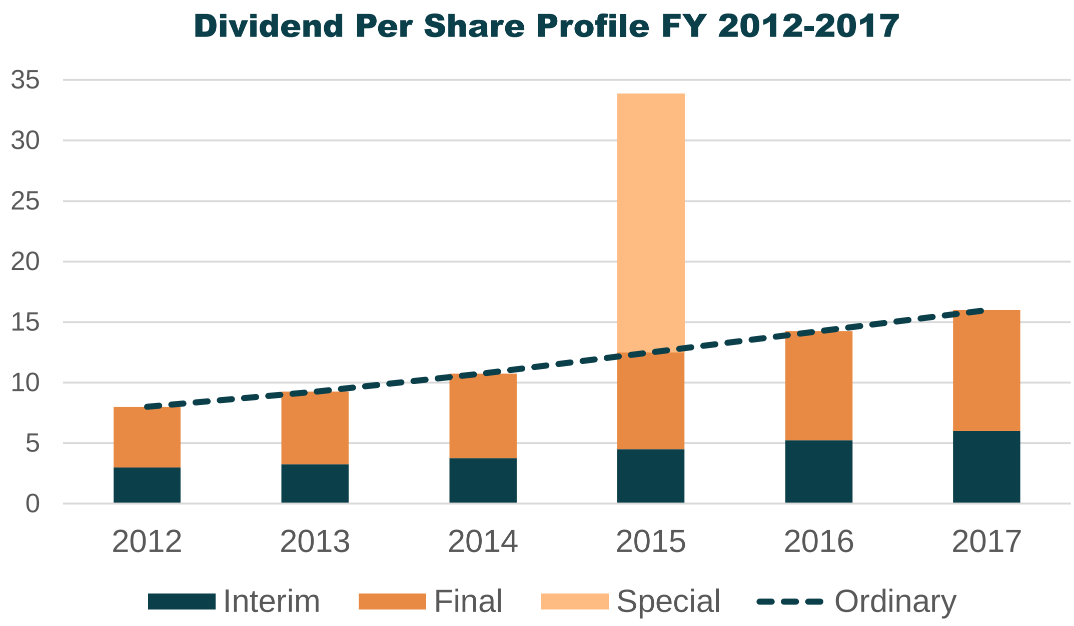


FINAL ORDINARY DIVIDEND

Final **ordinary** dividend of **10.0** cps, fully imputed, payable on **15 June 2017** to shareholders recorded as owners by the registry as at **2 June 2017** (last year final ordinary of 9.00 cps)

The DRP remains suspended for this dividend

Trustpower

Multi-product customer growth during demerger and a flat New Zealand market

FY17 EBITDAF $234 million, excluding demerger costs of $16.7 million

Customers

- Total accounts up 4% since 31 March 2016 to 385,000
- Total accounts with two or more utilities up 17% since 31 March 2016 to 90,000

Generation

- New Zealand generation production up 27%, largely due to the King Country Energy acquisition, and 3% above the long term average. Additional volume offset by very low wholesale prices throughout the year
- Production from Australian hydro stations was 359 GWh, 41% higher than FY16 reflecting very strong hydro inflows in the year. Coupled with higher wholesale prices, these assets provided an EBITDAF contribution up $19 million from FY16

Tilt Renewables

Bringing a fresh approach to renewable energy generation

FY17 EBITDAF A$124.0 million, A$0.7 million below FY16

- Australian revenue A$174.5 million, up 8%, due to stronger production, contracted price increases and stronger LGC prices for uncontracted production
- New Zealand revenue slightly down on the prior period, with higher production offset by lower contracted/wholesale prices
- Higher generation production costs from increased ancillary market costs in South Australia and reduced capitalisation of asset maintenance fees across the portfolio

Development

- Development activity focused on:
    - bringing 54 MW Salt Creek wind project to FID by end June
    - accelerating development of other well positioned projects within Tilt's existing pipeline
    - adding solar options to Tilt's pipeline (350 MW added in QLD)
- Targeting over 1,200 MW of consented projects in Australia and 530 MW in New Zealand by the end of 2017 calendar year

Longroad Energy
Continued development of renewables in the U.S.

- Longroad undergoing an accelerated start-up;
  - Now fully staffed with 26 employees
  - Secured up to 600 MW of 100% PTC qualified wind turbines
  - Acquired 3 GW solar PV development pipeline
  - Targeting establishment of ~10 GW wind and solar development options pipeline
  - Continually exploring a number of inorganic growth options
- The U.S. continues to be a positive environment for pursuing growth with strong support for expansion of renewables across a number of progressive States (despite uncertainty around Federal support)
  - Renewables maintain bipartisan support for growth and job creation
  - Proposed tax cuts in U.S. may indirectly impact appetite for tax credits, while proposed importation duties may impact the cost of procuring equipment (likely to impact all industry participants)
- Infratil capital invested to date of US$25m
  - Some additional near term capital deployment options emerging to construct solar and wind farms in 2017/2018

Canberra Data Centres

Compelling platform in an emerging growth sector

- IFT completed its acquisition of 48% of Canberra Data Centres (CDC) on 14 September 2016, for a total cash equity cost of A$385.7 million
- From acquisition through to 31 March 2017 CDC delivered EBITDAF of A$25.6 million (on a 100% basis)
    - Growth slowed temporarily in 2016 with Australian Federal Election and high profile cyber issues
    - Recent acceleration of tender activity and bilateral contract discussions
- Hume 3 data centre completed in October 2016 adding a further 9 MW of available capacity
- Fyshwick 2 development (20 MW facility) expected to commence construction in 2H18
- FY18 outlook is positive with low double digit EBITDAF growth from filling capacity in existing data centres

Wellington International Airport

Capital investment supports passenger growth and customer experience

EBITDAF of $90.5 million +5.1%

- Almost 6 million passengers. +2.9% or 167,000 (ten year average growth 133,000 p.a.)
- Commercial revenues up 3.6% through higher transport income and retail benefits of terminal upgrade
- Transport hub well underway and commenced construction of onsite hotel (scheduled for completion late 2018)
- Wellington City Council-Wellington Airport project to extend the runway progressing, slowly:
  - Widely supported resource consent application lodged with the Environment Court
  - On hold pending resolution of uncertainty with the Civil Aviation Authority's regulations following the Court of Appeal's unexpected reversal of a supportive High Court decision
  - CAA and Wellington Airport have sought leave to appeal to the Supreme Court
- Revenue and EBITDAF expected to continue to rise reflecting traffic growth and capital investment

NZ Bus
Improved financial performance for FY17 offset by loss of contracts

EBITDAF of $43.7 million, +4%

- Revenue down 1%, due to the end of some South Auckland services, partially offset by additional capacity introduced into Central Auckland.
- Expenses down 8% reflecting the end of some South Auckland services, a continued focus on productivity and a lower fuel price

Contracting market update (Public Transport Operating Model)

- NZ Bus secured one Central Auckland unit and tender results for 7 North Auckland units yet to be announced
- Negotiations for directly appointed Auckland units progressing, 10 units guaranteed and 9 units subject to mediation or re-tender if negotiations fail
- NZ Bus is not a preferred tenderer for any of the 3 units it tendered for in Wellington. An invitation to price 5 directly appointed Wellington units is expected shortly and the Wellington Airport Flyer service will be retained as it falls outside PTOM

Future technologies

- Continued development of Wrightspeed prototype and testing of other electric vehicle options

RetireAustralia

Strong FY17 result with development and care strategies progressing

Operating performance

- Net profit after tax (IFRS) A$55 million, post A$18 million deferred tax provision
- Underlying profit A$59 million driven by strong price rises and realised development margins
- 105 new units completed with a realised development margin of A$15 million
- 319 resales, down 14% due to lack of stock, partly offset by higher average realised deferred management fees and capital gains
- FY18 forecasts assume normalisation to 3%-4% nominal average price growth across the portfolio

Development strategy

- Awaiting consent on 3 greenfield sites and actively seeking new and adjacent sites to underpin 300 unit per annum target
- Decision to build ~250 apartments at high value Central Coast villages to increase yield and best meet care needs of residents, however re-consenting will delay delivery until FY19

Care strategy

- Home care provider status granted. Positive pilot results to underpin planned roll-out initially to 1,500+ potential clients at Central Coast/Sydney villages

Perth Energy
Improved performance since half year result

- EBITDAF loss for the year of A$13.3 million, with improved performance in the second half
- A$22.9 million shareholder loan provided during the year to assist with liquidity requirements

Retail

- Loss making contracts maturing but market remains highly competitive so retail activity reducing
- Conservative wholesale hedging implemented
- Focus on negotiating sustainable and flexible wholesale supply arrangements with Synergy

Generation

- Announced closure of Muja AB power station from September 2018 marks a material step in bringing the market closer to demand/supply balance
- Perth Energy's generation provides valuable peak capacity as intermittent renewables increase as a proportion of total generation

Australia National University Student Accommodation

Evolving standalone sector with attractive yield and development profile

- Investment is a 50% interest in a 30-year revenue stream from nine on-campus residences of Australian National University (“ANU”) in Canberra
- Provides Infratil with exposure to a new growth sector with an attractive yield profile
- The portfolio of 3,750 beds is fully occupied at the commencement of the 2017 academic year, including a new 500 bed facility which opened in February
- Existing unmet demand and significant growth in interstate and international students supports the development of additional residences in the near term

2017/18 Outlook

Outlook reflects portfolio changes and normal weather conditions

- Outlook for 2017/18 reflects:
  - Return to long run average weather conditions and house price inflation
  - Expected future scale of NZ Bus
  - Revised development mix at RetireAustralia delaying completion until FY19
  - Sale of Metlifecare on 11 April 2017
  - Trustpower FY18 EBITDAF guidance of $215 - $235 million
- Capital Expenditure guidance excludes Tilt's development pipeline until financial close. Tilt is targeting 1,200 MW of consented projects by the end of 2017
- Capital structure and confidence in outlook remain positive for growth in dividends per share
- Reinvestment options and deployment of available funds provides potential for upside

Investment ($Millions)	2017 Actual	2018 Outlook
Underlying EBITDAF	519.5	460-500
Operating Cashflow	245.0	210-250
Net Interest	165.7	155-165
Depreciation & Amortisation	186.5	175-185
Capital Expenditure	168.1	200-250

2018 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 Metlifecare and RetireAustralia's underlying profits. Underlying profit is a common performance measure used by retirement companies and removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, 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

Summary
The focus is clear

Reshaping of portfolio has established high quality platforms in several meaningful sectors

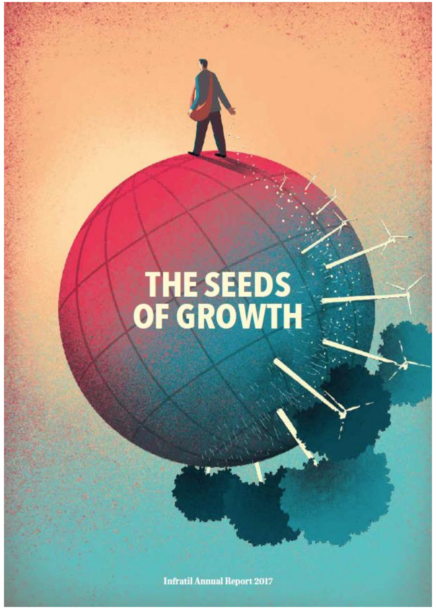
- Targeting essential services supported by long-term secular trends, consumers and regulators
- Developed extensive proprietary pipelines in several jurisdictions

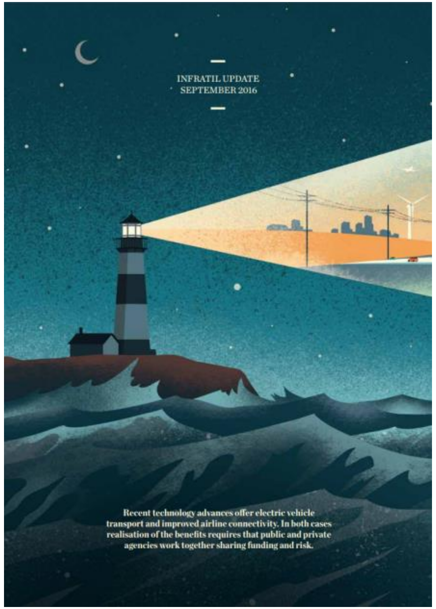
Clear deliverables for FY18

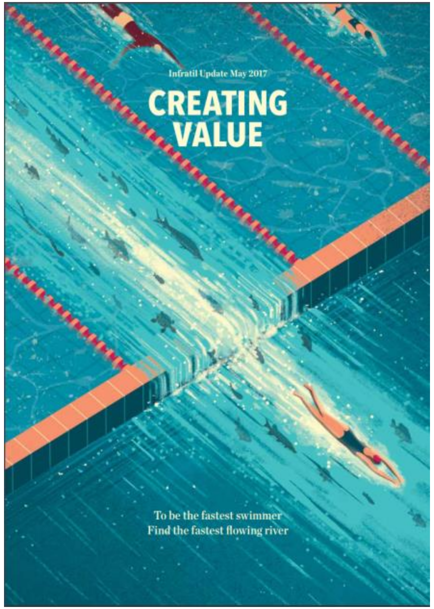
- Realise customer value benefits of the Trustpower multi-product offering
- Achieve financial close on Australian and U.S. renewable projects
- Deploy capital in our most accretive development options
- Enhance development and care capability within RetireAustralia
- Tighten portfolio and optimise performance within remaining core assets
- Balance sensible capital management and distribution strategies with priority investment and portfolio opportunities
- Remain opportunistic for low-tension processes and high quality assets in our home markets

For more information

www.Infratil.com







Results Summary

Appendix I – Reconciliation of NPAT to Underlying EBITDAF

31 March ($Millions)	2017	2016
Net profit after tax	130.4	495.5
less: share of MET & RA associate earnings	(82.5)	(67.0)
plus: share of MET & RA underlying earnings	46.3	33.5
Trustpower demerger costs	16.7	-
CDC transaction costs	5.6	-
NZ Bus onerous depot lease provision adjustment	-	4.2
Net loss/(gain) on foreign exchange and derivatives	(29.0)	13.6
Net realisations, revaluations and (impairments)	55.2	51.8
Discontinued operations	-	(436.3)
Underlying Earnings	142.7	95.3
Depreciation & amortisation	186.5	172.1
Net interest	165.7	169.9
Tax	24.6	24.8
Underlying EBITDAF	519.5	462.1

- 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 Metlifecare and RetireAustralia's 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
- The impact reduces reported earnings in the current period, however provides a better benchmark to measure business performance