Infratil Limited

Results For The Year Ended 31 March 2015

19 May 2015

Summary

Net parent surplus was $384 million, up from $199 million last year (68 cents per share up from 34 cents in the prior year).

Consolidated EBITDAF [1] from continuing operations was $453 million, up 4% on last year's $437 million. Adjusted consolidated EBITDAF[2] including discontinued operations was $526 million; up 7% on last year's $493 million (these figures include the Z Energy contribution on a replacement cost basis):

- $53 million increase in Trustpower EBITDAF (primarily due to commissioning of the Snowtown wind farm and contribution from the newly acquired Green State Power business in New South Wales).
- $10 million decline in Z Energy contribution (following Infratil's reduction of its 50% stake down to 20% in Z's initial public offering in August 2013).
- $12 million reduction from other businesses sold during the year.
- Satisfactory contributions from Infratil's other businesses.

Investments totalled $508 million ($616 million the previous year):

- $219 million acquisition of a 50% interest in RetireAustralia in December 2014.
- Trustpower invested $200 million, mainly to complete the Snowtown II wind farm in South Australia and to acquire hydro and wind assets in NSW.
- $32 million investment in Australia Social Infrastructure Partners (ASIP).
- $57 million investment by other subsidiaries in their own activities.

Divestment of Lumo/Infratil Energy Australia and interests in PayGlobal and New Lynn property raised $700 million and provided a gain on book value of $345 million.

Net debt of Infratil and wholly owned subsidiaries fell to $761 million from $1,062 million at the start of the period (representing 30% of total capitalisation at balance date, down from 46% in 2014).

Capital management initiatives totalled $120 million:

- $84 million (15.0 cents per share) fully-imputed special dividend paid in December 2014.
- $36 million (6.4 cents per share) fully-imputed special dividend to be paid in June 2015 in conjunction with the ordinary final dividend.

The final dividend of 8 cents per share (7 cents last year) fully-imputed is to be paid on 15 June 2015 to shareholders of record on 5 June 2015.

1. EBITDAF is a non-GAAP measure which shows management's view of underlying business performance. It shows operating earnings before interest, tax, depreciation and amortisation and before making any adjustments for fair value movements, realisations and impairments.
2. Adjusted consolidated EBITDAF includes the contributions from businesses sold over the period and gives Z Energy's contribution on a replacement cost rather than historic cost basis. For FY2015 it also excludes Infratil's share of the costs associated with the acquisition of RetireAustralia.

COMMENTARY

By any measure over the year ended 31 March 2015 Infratil was successful in creating value for its shareholders and in positioning to continue to do so.

Adjusted consolidated EBITDAF was $526 million, up 7% on last year's $493 million. Net surplus was $384 million compared with $199 million and the adjusted net surplus[1] was $79 million from $39 million. $700 million was raised through divestments.

$289 million of internal investment was undertaken and a 50% stake in RetireAustralia was acquired for $219 million, expanding Infratil's interest in this sector at a good entry price.

The success of the last year has created its own challenges. Normally Infratil relies on debt to provide approximately 50% of its capital. With debt now providing closer to 30% of funding there is substantial capacity for further capital management or new investments.

We believe that our shareholders would rather have the capital deployed within Infratil, but we are conscious that if new investments are not executed in a reasonable time frame then some capital should be returned. Illustrating this balanced and incremental approach, for the year under review $120 million has been returned to shareholders or earmarked for return via special dividends, while the group invested $508 million.

Although we are confident about future investments, inevitably there is uncertainty of timing and completion risks are not insignificant. To mitigate this, management is taking all practical steps to set out the Company's approach and criteria, most recently at the Infratil Investor Day held on 31 March (all presentations are on Infratil's website).

The overriding theme of Infratil's allocation of capital is discipline. That means making sure than any new investment is undertaken in the expectation that it will still be part of Infratil in the long-term. That is a wonderful incentive to think deeply about all the "what could go wrong" possibilities.

Good value investments can still be made with a patient and long-term approach. Over the last two years approximately $750 million has been invested in transport and energy facilities and $400 million in retirement facilities.

We are however in an environment which is distorted by cheap money and some asset values reflect very aggressive rate of return expectations with little room for error. While some Infratil shareholders will naturally harbour concerns about overpayment, the best proof that this is unlikely is Infratil's track record. Over the 21 years the Company has existed it has delivered an 18.4%pa. after tax compound return to shareholders; which we understand makes Infratil the best performed share on the NZSE/NZX over that period. We can also point to the 14 year project that was Infratil Energy Australia as a case study of discipline and patience (it is fully explained in the 30 September 2014 Interim Report), attributes also evident in the $2,285 million invested and $1,138 million released by divestment over the last five years.

1. The calculation of adjusted net surplus is provided on page 6.

Of the $2,285 million invested, over 80% was internal; terminal facilities at Wellington Airport, 400 new buses for Auckland and Wellington, Trustpower's windfarms and so on. However, it is never forgotten that even "captive opportunities" are not fait accomplis. Trustpower was able to undertake its Snowtown wind farm developments because of exceptional delivery of its core functions. Similarly Wellington Airport's projects to expand its terminal and passenger services rest on a track record of safe and efficient operation and its management's successes in working with airlines to deliver expanded capacity and hence passenger throughput.

While the salient events of the last financial year involved investments and divestments, underpinning everything are well-managed businesses.

COMMUNITY

Good relations in the communities within which we operate is a hallmark of the Infratil approach. Most of the facilities and services we provide are crucial to their users and their communities; energy to homes and businesses, retirement accommodation and care to the elderly, a key connection between central New Zealand and the rest of the world, transport fuel, public transport in Auckland and Wellington, and social infrastructure.

Our commitment to our customers and communities is not just that we will seek to provide efficient and reliable facilities at a reasonable cost, it is also that we should anticipate what those customers and communities want. We aim to provide the Airport Wellingtonians want, the bus service that Aucklanders want and so on.

The trust generated by good community relations is illustrated by the cost-sharing joint venture between Wellington City Council and Wellington Airport to obtain consents for the extension of the Airport's runway.

REGULATION & GOVERNMENT

In the regulatory sphere the main event of the period was the reduced threat of a major restructuring of the New Zealand electricity sector given the result of the last General Election.

In contrast, the protracted political process of the Australian Government over the renewable generation targets has delayed Trustpower's plans to expand its wind power capacity in that country.

A more intriguing area of potential is the steps being taken by Christchurch City Council to progress the sale of shares in its infrastructure businesses. In fact across New Zealand councils are facing pressure to invest in better facilities and some are coming to the realisation that recycling capital (selling one asset to buy another) should at least be contemplated along with the alternatives of raising charges or rates.

SHAREHOLDERS

For Financial Year 2015, Infratil paid a 4.5 cents per share interim dividend in December 2014 and will pay an 8 cents per share final dividend on 15 June 2015 to shareholders of record on 5 June 2015 (3.75 cps and 7.0 cps respectively last year). The 16% increase is consistent with Infratil's objective of providing a steadily rising dividend.

In addition to the ordinary dividends Infratil paid a 15 cents per share special dividend in December 2014 and will pay a further 6.4 cents per share special in June along with the ordinary final.

The special dividends (which total $120 million) reflect Infratil's current low gearing, the availability of imputation credits and comfort with access to capital for immediate investment plans.

FINANCIAL YEAR 2016

EBITDAF is forecast to increase by between 7% and 14% due mainly to past investment. There will be the full year contribution from Trustpower's Australian generation which was commissioned or acquired last year and Trustpower's New Zealand retailing base is also expected to continue to grow. RetireAustralia will be making a full year contribution, Wellington Airport's earnings are expected to rise due to increased traffic and aeronautical charges, and most of Infratil's other businesses are also expected to increase their contributions.

	Actual FY2015	Guidance 2016
EBITDAF	$484 million*	$520-550 million
Operating cash flows	$236 million	$270-300 million

* EBITDAF from continuing operations with Z Energy's contribution measured on a replacement cost basis and excluding $7.8 million of landholder duty and other acquisition costs associated with the purchase of the 50% interest in RetireAustralia.

These forecasts assume that business conditions remain consistent with those currently being observed and that no material investments, divestments or capital management initiatives occur beyond those already announced. However, it should be noted that it is reasonable to expect that some combination of these will occur over the course of the fiscal year.

INFRATIL'S FINANCIAL PERFORMANCE

Consolidated Results

Year Ended 31 March ($Millions)	2015	2014
EBITDAF (continuing)	$453.4	$437.4
Depreciation & amortisation	($149.7)	($126.2)
Net interest	($178.2)	($180.1)
Tax expense	($19.6)	($58.8)
Net gain on Z sale	-	$182.5
Revaluations [1]	($6.8)	$110.4
Discontinued operations	$367.2	($90.6)
Net profit after tax	$466.3	$274.6
Minorities	($82.8)	($75.7)
Net parent surplus	$383.5	$198.9

1. Revaluation of energy, interest rate and FX derivatives, and net investment realisations/ (impairments).

For FY2015 the average NZ$/A$ exchange rate was 0.9259. (0.8809 in FY2014).

EBITDAF

Year Ended 31 March ($Millions)	2015	2014
Trustpower	$330.7	$277.4
Wellington Airport	$82.1	$86.0
NZ Bus	$34.2	$40.0
Perth Energy	$14.1	$16.8
Z Energy [1]	$1.4	$32.7
Metlifecare	$16.3	$5.0
RetireAustralia [2]	($6.2)	-
Parent/Other	($19.2)	($20.5)
EBITDAF (continuing)	$453.4	$437.4
Discontinued operations	$42.0	$53.6
Total EBITDAF	**$495.4**	**$491.0**

1. Z Energy's contribution is shown on a historic cost basis. On a replacement cost basis Z Energy would have contributed $24.2m in 2015 and $34.2m in the prior year.
2. In acquiring 50% of RetireAustralia Infratil share of landholder duty and other acquisition costs was $7.8 million. Excluding this one off cost RetireAustralia's EBITDAF was A$6.6 million and its NPAT contribution to Infratil would have been A$1.5 million (NZ$1.6 million).

Trustpower's $53.3 million increase reflected part year contributions from its Snowtown II wind farm and from the generation acquired from the NSW government. Z Energy's lower contribution reflected Infratil reducing its shareholding from 50% to 20% in FY2014 and Z Energy reporting lower earnings on an historic cost basis.

Consolidated Operating Cash Flow

Year Ended 31 March ($Millions)	2015	2014
EBITDAF *(continuing operations)*	$453.4	$437.4
Net interest	($167.4)	($167.5)
Tax paid	($57.0)	($42.7)
Working capital/other	($7.1)	$111.8
Discontinued operations	$13.7	$68.2
Operating cash flow	**$235.6**	**$407.2**

Last year's working capital movements included $107 million of pre-IPO distributions received from Z Energy and a $38 million gain from foreign exchange contracts.

Adjusted Net Surplus: Year Ended 31 March 2015

Infratil's adjusted net surplus is the reported net surplus before changes in the value of derivatives, revaluations and realisations and minority interests, adjusted to reflect Z Energy's contribution on a replacement cost basis and RetireAustralia's contribution before acquisition costs. Adjusted net surplus was $78.5 million up from $39.1 million the prior year. As shown in the following tables, the 101% increase reflects several factors, with the main ones being Trustpower's increased NPAT and lower interest costs incurred by the Infratil parent company.

2015 $Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership	Infratil Share
Trustpower	330.7	(98.2)	(78.5)	(20.7)	133.3	51%	68.0
Wellington Airport	82.1	(16.2)	(17.8)	(9.5)	38.6	66%	25.5
NZ Bus	34.2	(26.4)	(1.0)	3.6	10.4	100%	10.4
Perth Energy	14.1	(5.9)	(4.4)	(1.1)	2.7	80%	2.2
Z Energy	24.2	-	-	-	24.2	20%	24.2
Metlifecare	16.3	-	-	-	16.3	20%	16.3
RetireAustralia	1.6	-	-	-	1.6	50%	1.6
Parent/Other	(19.2)	(3.0)	(76.5)	8.1	(90.6)	100%	(90.6)
EBITDAF (continuing)	**484.0**	**(149.7)**	**(178.2)**	**(19.6)**	**136.5**		**57.5**
Discontinued operations							
IEA/Lumo	40.8	(9.4)	(0.3)	(10.8)	20.3	100%	20.3
PayGlobal	1.2	(0.1)	0.1	-	1.2	54%	0.6
Total	**526.0**	**(159.2)**	**(178.4)**	**(30.4)**	**158.0**		**78.5**

Adjusted Net Surplus: Year Ended 31 March 2014

2014 $Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership	Infratil Share
Trustpower	277.4	(72.0)	(61.7)	(37.8)	105.9	51%	54.0
Wellington Airport	86.0	(15.8)	(18.7)	(12.5)	39.1	66%	25.8
NZ Bus	40.0	(27.2)	(0.3)	(1.3)	11.1	100%	11.1
Perth Energy	16.8	(7.1)	(5.8)	(1.0)	2.8	80%	2.3
Z Energy	34.2	-	-	-	34.2	20%	34.2
Metlifecare	5.0	-	-	-	5.0	20%	5.0
Parent/Other	(20.5)	(4.1)	(93.5)	(6.2)	(124.3)	100%	(124.3)
EBITDAF (continuing)	**438.9**	**(126.2)**	**(180.1)**	**(58.8)**	**73.8**		**8.1**
Discontinued operations							
IEA/Lumo	61.2	(25.3)	(1.0)	(3.9)	31.0	100%	31.0
PayGlobal	1.7	(0.3)	0.1	(0.5)	1.0	54%	0.5
European Airports	(9.3)	(2.5)	(0.1)	11.3	(0.6)	100%	(0.6)
Total	**492.5**	**(154.3)**	**(181.1)**	**(51.9)**	**105.3**		**39.1**

Reconciliation of Reported Net Surplus and Adjusted Net Surplus before Minority Interests

Year ended 31 March $Millions	2015	2014
Adjusted Net Surplus before minority interests above	**$158.0**	**$105.3**
Z Energy Replacement Cost Adjustment	($22.8)	($1.5)
RetireAustralia Acquisition Cost Adjustment	($7.8)	-
- Net (loss)/gain on foreign exchange and derivatives	($36.3)	$70.7
- Net gain on Z IPO	-	$182.5
- Net gain on acquisition of Metlifecare	-	$33.1
- Net realisations, revaluations and (impairments)	$29.5	$6.6
Net realisations, revaluations, gain/(loss) on sale of discontinued operations	$345.7	($122.0)
Reported Net surplus for the year	**$466.3**	**$274.6**
Less - Minority Interests	($82.8)	($75.7)
Reported Net surplus after Minority Interests	**$383.5**	**$198.9**

Infratil's Assets

$Millions	31 March 2015	31 March 2014
Trustpower	$1,270.0	$1,036.7
Wellington Airport	$349.9	$351.5
NZ Bus	$285.8	$303.1
Perth Energy	$76.7	$76.8
Z Energy	$410.4	$312.0
Metlifecare	$199.6	$170.6
Retire Australia	$208.6	-
Infratil Energy Australia	-	$271.9
Other	$86.5	$78.6
	$2,887.5	**$2,601.2**

Values exclude 100% subsidiaries' cash balances and deferred tax where CGT does not apply.

Over the period, Infratil Energy Australia was sold for a net $671 million and assets previously held under "Other" with a 31 March value of $19 million were sold for $28 million ($26 million after tax). These assets included a property in New Lynn which had been developed in partnership with the Auckland Council and a shareholding in PayGlobal.

Changes to the values of Trustpower, Metlifecare and Z Energy are due to changes in their share prices on the NZX. $1.6 million was also invested in Metlifecare through the reinvestment of dividends. Changes in the value of Wellington Airport and NZ Bus reflect the difference between the companies' net surplus over the period and payments to shareholders.

"Other" now includes iSite, Snapper, Infratil Infrastructure Property and ASIP.

For 31 March 2015 a NZ$/A$ exchange rate of 0.9785 was used (0.9364 for 2014).

Funding & Bank Facilities

$Millions	31 March 2015	31 March 2014
Net (cash)/debt 100% subsidiaries	($228.4)	$72.7
Dated bonds	$754.3	$754.3
Perpetual bonds	$234.9	$234.9
Market value equity	$1,786.8	$1,269.3
Total capital	**$2,547.6**	**$2,331.2**
Net Dated debt / capital	20.6%	35.5%
Net Debt / capital	29.9%	45.6%

Over the period, bank and vendor funding of Infratil and 100% subsidiaries reduced from a net debt position of $72.7 million on 31 March 2014 to a net cash position of $228.4 million on 31 March 2015 (including $308.6 million of cash).

As at 31 March 2015 Infratil and 100% subsidiaries had $356.2 million of committed bank funding facilities of which $276 million was undrawn. Over the year bank commitments were reduced from $784 million to reduce the cost of carrying excess facilities.

Capital Expenditure and Investment

Year Ended 31 March ($Millions)	2015	2014
Trustpower	$200.0	$349.7
Wellington Airport	$21.9	$20.3
NZ Bus	$15.3	$68.1
Perth Energy	$0.1	$0.1
Z Energy	-	-
Metlifecare	$1.6	$147.9
Retire Australia	$219.2	-
Infratil Energy Australia	$16.2	$22.0
ASIP	$32.0	-
Parent/Other	$1.5	$8.0
Total	**$507.6**	**$616.1**

Infratil's deployment of further capital is either through subsidiaries, such as Trustpower building the Snowtown wind farm, or by direct acquisition, such as the purchase of 50% of RetireAustralia. The investments related to Metlifecare and RetireAustralia are solely Infratil's purchase of shares in the relevant companies. No internal investment activity by those two companies or Z Energy is included in the table.

TRUSTPOWER (51% INFRATIL OWNERSHIP)

Trustpower delivered a 19% increase in EBITDAF and a13% uplift in underlying net earnings. The main source of the increase was the commissioning of the Snowtown II windfarm and the purchase of 105 MW of additional Australian hydro and wind generation assets from the NSW government. Good retail growth in New Zealand also contributed. On the negative, generation on both sides of the Tasman was 8% below long term expected average output, largely due to a lack of wind.

Now that it has been commissioned, Snowtown II has been independently valued at A$730 million, A$309 million above cost. The other generation assets that were acquired were also independently valued at A$23 million more than their A$72 million purchase cost.

Trustpower has exceptional talent in the structuring and execution of wind projects and in this field small nuances can make a substantial difference to the cost of plant, the amount of generation derived, and the revenue achieved. The excellent price paid for the generation assets acquired from the NSW government reflects the reality that few companies in Australia have Trustpower's expertise in managing remote, small scale wind and hydro generation.

Naturally it is hoped that further similar opportunities arise, but one impediment to this is the Australian Government review of its renewable energy targets. Originally the goal was to get to 41,000GWh of renewable generation by 2020 (about the same level as New Zealand and about 20% of Australia's total) and 17,000GWh has been commissioned. The target has now been reduced to 33,000GWh but this has not yet been confirmed by legislation. When that occurs it is hoped the Trustpower will be successful in developing additional windfarms as it has three sites in South Australia, Victoria and New South Wales at various stages of approval with a total potential of 890MW (Snowtown II installed capacity is 270MW).

Trustpower increased its New Zealand electricity sales by 12% in volume to 8% more customers. Trustpower has also achieved exceptional success with its offer of a bundle of services so that a customer can choose any of electricity, gas, internet and telephone services. 52,000 of Trustpower's customers now take more than one service, up from 38,000 a year prior.

Year Ended 31 March	**2015**	**2014**
NZ output sold	3,934GWh	3,512GWh
NZ generation	2,216GWh	2,209GWh
Australian generation	1,465GWh	536GWh
Energy accounts	266,000	238,000
Telecommunication accounts	38,000	31,000
Av. NZ generation spot price	7.1c/kwh	6.7c/kwh
EBITDAF	**$330.7m**	**$277.4m**
Investment spend	$200.0m	$349.7m
Infratil cash income	$63.9m	$63.9m
Infratil's holding value [1]	$1,270.0m	$1,036.7m

1. NZX market value at period end

WELLINGTON AIRPORT (66% INFRATIL OWNERSHIP)

Wellington Airport saw progress on a number of initiatives that will have significant consequences over the next few years.

$22 million was invested in the first stages of a $250 million upgrade and expansion of all aspects of the passenger experience. Over the next four years plans are underway that will result in a marked expansion of the domestic terminal and international terminal arrivals area, and the construction of a weather-proof multilevel car park. It is hoped that a hotel will also be built to directly connect into the terminals. The need for the expansion was highlighted on 27 March when the Airport experienced its busiest ever day when over 20,000 passengers arrived or departed.

Three new international air services were confirmed. In late FY2015 Jetstar commenced flying between Wellington and Coolangatta and Melbourne, and Fiji Airways is to start services with Nadi (with on-links to Los Angeles) in June 2015. In total these services will expand the Airport's international capacity by 16%. Historically the growth in passenger numbers on any route has been strongly influenced by new entrant airlines. Inevitably they have a different offer than incumbents and seek out different potential travellers. They also stimulate incumbents to perform and this is already happening with these new services.

The domestic market is also changing as Air New Zealand changes it aircraft fleet. They are introducing bigger aircraft onto the more travelled routes, with a cessation of services to smaller centres. Markets dislike a vacuum and AirNZ's withdrawal has sparked the expansion of a number of second tier carriers that previously were not willing to compete with AirNZ.

On the regulatory front the Commerce Commission affirmed that the prices set by Wellington Airport for the period June 2014 to March 2019 are acceptable according to their calculations. The annual disclosures required by the Commission of the three main airports make interesting reading as they now cover a reasonable period having commenced in 2011. Wellington Airport is rated very highly for its quality of service and is by far the most efficient (measured as cost per passenger).

The most attention grabbing development of the year was agreement between the Airport and the Wellington City Council to jointly fund a review of an extension of the runway and the application for resource consents to allow construction to occur. The project is covered extensively in the Infratil September 2014 Update, and is not without its detractors, including airlines that don't favour Wellington gaining long haul services because they are concerned about the effect on services that now use Auckland Airport.

Year Ended 31 March	2015	2014
Passengers Domestic	4,682,086	4,683,931
Passengers International	775,193	753,355
Aeronautical income	$64.5m	$67.9m
Passenger services income	$34.1m	$33.7m
Property/other	$9.7m	$9.2m
Operating costs	($26.2m)	($24.9m)
EBITDAF	**$82.1m**	**$86.0m**
Investment spending	$21.9m	$20.3m
Infratil cash income	$38.2m	$35.3m
Infratil's holding value [1]	$349.9m	$351.5m

1. Infratil's share of net assets excluding deferred tax at period end

NZ BUS (100% INFRATIL OWNERSHIP)

NZ Bus experienced strong 6% patronage growth in Auckland and a more modest 1% increase in Wellington/Hutt Valley.

Auckland is showing the benefit of the network wide investment and focus of Auckland Transport. While NZ Bus has played its part with better buses, driver training and improved systems, Auckland Transport deserves credit for being motivated and resourced to increase patronage by improving Auckland's public transport network.

What is also apparent from the NZ Bus figures is that bus public transport could do much more for much less than the alternatives that are being progressed by the transport agencies.

	FY2015	FY2011	Change
Auckland Passengers	39,888,455	36,475,026	9.4%
Wellington Passengers	20,536,828	20,359,263	0.9%
Average Fare/Pax	$2.18	$2.06	5.8%
Average Contract/Pax	$1.52	$1.41	7.8%
Average Opex/Pax [1]	$3.15	$2.90	8.6%

1. 2015 operating cost excludes approximately $3 million spent on efficiency initiatives

Over the five-year period detailed in the table above, consumer prices rose 9% and average hourly wages 14%. The Wellington/Hutt population rose 4% and Auckland's by 6%.

The cost of markedly expanded bus based public transport in Auckland, Wellington and the Hutt would be a small fraction of the cost of either building more roads or expanding rail. Regrettably both of those activities receive much more political and lobbying support.

However, at least one change is due for bus public transport in FY2016 when new contracts are finally implemented after literally a decade of wrangling. The contract uncertainty has impeded transport regulators from providing more funding to bus services, and the lack of certainty has hampered operators from investing in their businesses.

The contract details which have been provisionally disclosed offer bus companies medium-term certainty (6 to 12 years) and seem likely to transfer most patronage and fare risk to the transport agencies. Today if someone doesn't catch the bus, it is the operators who are at risk. Under the new contracts it will be the council's problem.

The key to being successful under the new regime will be providing a safe, reliable, low cost service and this is the focus of NZ Bus management. Over FY2015 $2 million was spent on specific measures to improve productivity and this is showing good results. In total EBITDAF was reduced by $5 million due to one off initiatives and non-recurring costs. NZ Bus has also achieved the ACC's highest standard of safety accreditation.

Year Ended 31 March	**2015**	**2014**
Patronage north	39,888,455	37,591,015
Patronage south	20,536,828	20,373,202
Bus distance (million kilometres)	47.8	47.8
Bus numbers	1,075	1,117
Passenger income	$131.8m	$127.9m
Contract income	$91.8m	$89.1m
EBITDAF	**$34.2m**	**$40.0m**
Capital spending	$15.3m	$68.1m
Infratil's holding value[1]	$285.8m	$303.1m

1. Infratil's share of net assets excluding cash and deferred tax at period end

Z ENERGY (20% INFRATIL OWNERSHIP)

For the year ended 31 March 2015 Z Energy reported $241 million EBITDAF (replacement cost basis) up from $219 million the previous year. The Company declared dividends for the year of 24.2 cps up from 22 cps previously.

Improved refining margins contributed $7 million to the uplift and further improvement from this source is anticipated once the $365 million upgrade to the refinery is completed later this year.

Z Energy has itself invested an average of $63 million per annum over the last five years and these initiatives have lifted sales, margins and ancillary income as well as driven efficiencies. The Company is on track to generate up to a further $40 million in EBITDAF gains from its various development projects.

METLIFECARE (20% INFRATIL OWNERSHIP)

Metlifecare made a $16 million equity accounted contribution to Infratil over the year.

The Company's half year performance to 31 December 2014 showed a 70% increase in underlying profit to $26 million, including realised resale gains and development margins of $17 million up from $10 million for the same period the previous year.

Over the six months 231 units gained new residents, including 29 units for the first time and construction was underway on a further 198 units and care beds which is consistent with Metlifecare's goal of delivering 5% growth. The Company's total pipeline comprises 1,089 units and 370 care beds, and it has also entered into conditional agreements to acquire further land in the Auckland area.

The average gain between the payment to outgoing and incoming residents rose to $132,000 per unit ($111,000 a year prior). The average Embedded Value of occupied units rose to $147,000. This is the amount Metlifecare has projected it will receive from the re-occupation of all its units in due course ($124,000 a year prior).

RETIREAUSTRALIA (50% INFRATIL OWNERSHIP)

Over the 3 months to 31 March 2015 RetireAustralia delivered to the acquisition forecast with EBITDAF of A$6.6 million, operating cash flows of A$11.2 million (before financing and acquisition costs). The net surplus before acquisition related costs was A$3.1 million, which was reduced to a loss of A$11.4 million after taking those costs into account.

For the year to 30 June 2015 it is forecast that RetireAustralia will roll over the occupation of approximately 350 existing units and will sell about 80 rights to occupy new units. The quarter's performance was consistent with this expectation.

The Company has almost concluded the refinancing of it's A$250 million of medium term debt facilities which will reduce its interest cost.

Chief executive Tim Russell decided to step down from the role to become a consultant to the Company. A search for a replacement is underway.

Two independent directors have been appointed to assist RetireAustralia expedite their development plans and to expand its care offering.

INFRATIL INFRASTRUCTURE PROPERTY (100% INFRATIL OWNERSHIP)

IIP was established to provide specialist focus to the ownership of land utilised by Infratil subsidiaries, which to date mainly comprises the depots used by NZ Bus. Over the last year IIP's initiatives in this area included completion of stage one of the redevelopment of land previously used for bus parking in New Lynn, Auckland and the acquisition and leasing to NZ Bus of a new depot in Thorndon, Wellington.

In both cities, the availability of large flat sites is constrained and optimal land use and value are changing. This makes minimising the cost of depots, on the one hand, and maximising the value of the land on the other hand, a challenge. It is hoped that redevelopment of the Kilbirnie and Auckland City bus depots will be progressed in FY2016.

The New Lynn development was undertaken in joint venture with Auckland Council and entailed both parties contributing land no longer required for public transport. IIP developed the site into a medical centre, car parks and residential units, which have been partially sold down for $20 million, realising a $5 million profit. Sale of the rest of the property is expected to occur in FY2016.

SNAPPER SERVICES (100% INFRATIL OWNERSHIP)

Snapper was originally established to provide cost-efficient ticketing systems to New Zealand public transport operators.

It has successfully executed this mandate, including the integration of smart card tickets with the use of mobile phones. This work gained international recognition with receipt of the Transport Ticketing Technology of the Year award in London earlier this year.

This success also resulted in Snapper, in partnership with Vix Technologies, securing a contract to provide ticketing and payment services to the National Transport Authority for the Republic of Ireland.

In a technology sector which is changing quickly, Snapper has developed and installed a suite of excellent payment and information products thanks to the calibre of its team.

ISITE (100% INFRATIL OWNERSHIP)

iSite provides a third of New Zealand's commercial outdoor advertising and is championing the shift from static to digital billboards. Reflecting its professionalism and focus on measuring results for its customers it won the industries' Media Business of the Year award for 2015 against competition from Media Works and TVNZ.

iSite's EBITDAF contribution to Infratil rose to $5.2 million from $4.7 million the previous year.

PERTH ENERGY (80% INFRATIL OWNERSHIP)

The Western Australian electricity market is both physically remote from that of the Eastern states and was set up with a regulatory structure which placed much greater power in the hands of state owned entities and regulatory agencies. Over 2014 this model was comprehensively reviewed and found wanting in several areas. While the government has not supported all of the recommendations put forward by the review, it is in favour of introducing full retail contestability into the electricity market, which is positive for Perth Energy.

Material changes are not expected to be implemented before 2017 and are being closely followed. In the meantime Perth Energy had a satisfactory year in FY2015. Retail revenue was down 10% and EBITDAF fell 12% to A$13.1 million, but external debt was reduced to A$51.2 million and the holding vale of Infratil's stake was unchanged at NZ$76.7 million.

AUSTRALIAN SOCIAL INFRASTRUCTURE PARTNERS FUND (ASIP)

Increasing Australian state and federal use of Public-Private Partnership funding for schools, hospitals and roads saw Infratil commit to invest A$100 million into the sector through ASIP. The investments are believed to offer attractive risk/return features and their technical complexity requires the specialist expertise provided by the Fund.

To date ASIP has invested in two projects and has bid to participate in a number of others.

The two which were successful, were the A$323 million, seven school, Aspire Schools initiative in Queensland and the A$1,850 million Royal Adelaide Hospital. Construction of the schools is now complete and the Queensland government is now making distributions to capital providers. The Hospital is expected to be commissioned in mid-2016.

Infratil's contribution to Aspire Schools was A$8.8 million and over FY2015 A$0.6 million of distributions were received. The investment has also been revalued up by a similar amount.

Infratil's contribution to the Royal Adelaide Hospital now totals A$19.1 million and the first distribution on this is expected in FY2017.

It is hoped that over FY2016 ASIP is successful in gaining access to additional projects.

Marko Bogoievski	Mark Tume
Chief Executive	Chairman