INFRATIL LIMITED

RESULTS FOR THE YEAR ENDED 31 MARCH 2013

14 MAY 2013

For the year ended 31 March 2013 Infratil delivered on its earnings guidance and committed significant investment capital to underpin future growth. Infratil's core businesses are performing well and the positive earnings and value trajectory is being maintained.

Net Surplus was $3.4 million against $51.6 million last year. The decline reflects $62.4 million of costs and write downs associated with the two UK airports, from $37.3 million the previous year. Fluctuations in derivatives and other asset value changes amounted to a further net cost of $20 million from a net $23 million gain the previous year.

Consolidated earnings before interest, tax, depreciation, amortisation and movements in the value of financial derivatives (EBITDAF) from continuing operations was $538 million compared with $510 million in the prior year. This includes Z Energy's contribution measured on a current cost basis adjusted for revaluations, impairments and realisations. For the year to March 2014 EBITDAF from continuing operations adjusted for Z's current cost earnings in the range of $520-$560 million is anticipated, assuming no changes in the Infratil portfolio.

Net cashflow from operating activities was $288 million up from $188 million in the prior year.

Capital expenditure(1) was $414 million up from $246 million.

The group has a comfortable **financial position** and retains bank and capital markets support which is enabling early refinancing of 2014 maturities. The solid position and good financial performance has allowed Infratil to declare a **final dividend** of 6.0 cents per share bringing the total dividend for the year to 9.25 cents up from 8.0 cents for the prior year. The dividend will be paid on 14 June to shareholders on the register as at 31 May. The dividend reinvestment plan will operate.

There were two particular highlights in the 2013 financial year; TrustPower starting construction of the $550 million Snowtown II wind farm, and Infratil Energy Australia's 52% increase in EBITDAF contribution to $98 million. In their own ways both represent the Infratil approach. Both developments involved years of hard work, the application of a great deal of expertise and diligent management of risks. The commencement of the Snowtown wind farm is the start of a new stage of earnings growth for TrustPower.

Other developments during the year included:

- Wellington Airport unveiled plans for expansion of the domestic terminal, and is also considering its response to the Commerce Commission analysis which forecasts returns in excess of the Commission's benchmarks from the 2015 financial year;
- NZ Bus had a good year operationally and is well positioned to enter the new public transport regulatory regime;
- Snapper has continued to roll out innovative payment products, but has also been required to withdraw from the public transport market in Auckland;

(1) Capital investment includes 100% of that undertaken by Z Energy.

- The two UK airports have not yet been sold and have been written down further;
- Z Energy produced a solid result and its shareholders initiated a process which may lead to a partial public float.

Meeting Customer Needs

Each year we set our businesses two paramount objectives - look after your customers and look after growth. We believe that if our businesses are well placed in growth sectors and they are well regarded by their customers then they will be able to invest in expansion.

Over the last year each of our major companies have delivered in an environment with intense competition and a modest macroeconomic backdrop. Each of our businesses has to provide services to a high standard and do so at the least possible cost.

Infratil operates in markets where there is heightened sensitivity over prices and long-run returns. Energy, airport, public transport, and fuel prices are all subject to significant scrutiny and commentary. An illustration is the Commerce Commission forecast that Wellington Airport will generate excess aeronautical earnings from the year ended 31 March 2015. The Commission's approach is being tested in the High Court and the next steps are likely to be influenced by the outcome of that merits appeal.

The Airport's management are maintaining their focus on a wide range of operational needs, expansion of the domestic terminal and car park, enhanced air services, as well as the project to attract direct air services with Asia.

Investment and Divestment

Over last year group capital expenditure was $414 million; largely on power generation in Australia, Z's retail network, and the NZ Bus fleet. This capital outlay is expected to increase Infratil's future earnings and value.

While the sum is very substantial, the allocations were conservative and reflect where the group has a competitive edge. Infratil also participated in a number of new investment transactions, none of which resulted in an acquisition. This was disappointing, and educational about the risk and return appetite of other investors.

If Infratil proceeds to a partial sell-down of its holding in Z Energy, or other major asset sales take place, the Company is likely to have additional capital flexibility. Infratil shareholders should not anticipate immediate reinvestment. Infratil's criteria for both internal capital spending and acquisition will not be softened, in fact if anything the current market requires particular care. These are unusual times and it is difficult to arrive at high-confidence forecasts about the economy or financial markets.

At present Infratil is actively involved with the sale of two assets; the exit from its UK airports and the more recently initiated market testing of the partial sale of Z Energy. The state of European markets has made the sale of the airports unpredictable and difficult. On the other hand, the latter process will run its course relatively quickly. If the eventual indications of value are satisfactory the transaction is likely to be concluded before 30 September 2013.

In addition to the $414 million invested in operating assets, Infratil also applied $13 million repurchasing shares. Share buy-backs will continue to be an option, especially if the shares remain below the value the directors believe to be implicit in their net asset backing.

Capital and Debt

During the year $57 million of Infratil infrastructure bonds matured and $111 million were issued to mature in 2018.

As at 31 March 2013 net borrowings by Infratil and its 100% subsidiaries, from banks and vendors, was $364 million, from $363 million at the start of the year. The 100% Infratil group had dated debt (excludes perpetual bonds) as a percentage of debt and equity market value of 39%, down from 42% in the prior year.

Over the year Infratil issued 3.0 million shares for $6 million under its dividend reinvestment plan and repurchased 6.4 million shares on market for $13 million.

Infratil's ownership changed slightly with local ownership rising to approximately 78% from 76% a year prior.

Looking Forward

For the financial year to 31 March 2014 Infratil's earning and cashflow guidance is:

- **Consolidated EBITDAF from continuing operations $520-$560 million (compared with $538 million in the current year).** In both cases including Z Energy's contribution measured on a current cost basis adjusted for revaluations, impairments and realisations**.**
- **Consolidated operating cash flow $250-$280 million, from $288 million in the current year.**
- **Investment spending of $580-$645 million, up from $414 million** (includes 100% of Z capital expenditure).

The EBITDAF outlook is consistent with last year and reflects softer expectations from TrustPower and Infratil Energy Australia. In both cases EBITDAF is expected to improve after the 2014 financial year as both companies are investing in assets or operational capability.

As always there are short term challenges and naturally faster growth in the overall economy would be desirable. Infratil's businesses are well positioned to continue to provide increasing returns to shareholders, they are operating well and our people are energetic and committed.

Marko Bogoievski
Chief Executive

David Newman
Chairman

TrustPower

For the first time in a decade TrustPower did not deliver EBITDAF growth. Generation volumes were down, it was an extraordinary year for hydrology and wholesale electricity prices in New Zealand, retail competition was intense and per customer consumption declined.

All of these factors are normal, but it was unusual that they should all occur together.

TrustPower is anticipating that earnings in the 2014 financial year will also be flat to slightly negative compared to the 2013 financial year result, although after 2014 an uplift is expected as investments currently underway come to fruition.

TrustPower is continuing to develop projects so that it is able to invest in growth when returns look prospective. In New Zealand this means having options to build hydro and wind generation and to upgrade existing plant. The options may be converted into projects once electricity prices are at levels which offer positive returns on capital. Locally TrustPower is also working on providing services to irrigation schemes.

Over the next year, two local initiatives are coming on stream. The $13 million, 3.8MW Esk Valley Hydro project will commence generation with expected annual output of 15GWh. Following approval of the variation to the Rakaia River Water Conservation Order, TrustPower is in a position to use Lake Coleridge storage as back up to local irrigation schemes and an agreement has been concluded with Barrhill Chertsey Irrigation.

In Australia TrustPower is building the second stage of its Snowtown wind farm near Adelaide. Once this is fully commissioned in 2014 TrustPower will have invested about $770 million in Snowtown I and II and will be generating about 35% of its total output in Australia. TrustPower has lodged development applications for two other wind sites amounting to 570MW and has a further 1,000MW under review.

TrustPower has also initiated plans to halt the decline in its customer numbers and the results were positive over the second half of the last financial year.

TrustPower's operational and financial results, and its investment plans, make an interesting counterpoint to the recently floated opposition political parties' electricity sector policy statement.

- Electricity retailing in New Zealand is intensely competitive, between both incumbents and specialist new entrants.

- The wholesale market has coped with a dry period which in "the old days" under the central planning model would have sent prices rocketing and/or caused blackouts.

- Investors are rational, but not always accurate in their forecasts. Too much generation has been built in New Zealand over the last few years because the lack of load growth was not anticipated. The cost of this over-build is currently being carried by generators.

Year Ended 31 March	2013	2012	2011
NZ sales	3,684GWh	3,960GWh	4,033GWh
NZ generation	2,330GWh	2,582GWh	2,287GWh
Australian generation	386GWh	376GWh	328GWh
Electricity customers	206,000	209,000	221,000
Av. generation spot price	8.3c/kwh	7.2c/kwh	5.1c/kwh
EBITDAF	$295m	$300m	$274m
Infratil cash income	$64m	$64m	$61m
Investment spend	$201m	$49m	$109m

Infratil Energy Australia Group

IEA delivered earnings in excess of expectations due to the strong performance in retail. Lumo Energy lifted earnings 25% and customer numbers 11% with good growth in Victoria and New South Wales.

Lumo Energy's growth in accounts tends to follow deregulation and this was shown by developments in South Australia. In that state more onerous regulation was stifling competition until it was announced that price controls would be removed from 2014. This was a spur, and was the opposite of what has happened in Queensland where Lumo Energy has ceased marketing to new accounts given the state regulation of energy retailing.

Towards the end of the year Lumo Energy started accepting a higher proportion of customer connections from its subsidiary, Direct Connect. This company is Australia's largest utility connector, allowing people who move residence to sign-up a range of utility services, including electricity and gas. Last year over 130,000 energy connections were provided by Direct Connect, but until now Lumo Energy has been receiving only a minority of these energy connections.

Lumo Energy's strong earnings were due to higher customer numbers, and margins which benefited from lower wholesale energy costs. Operating costs per customer were flat as Lumo Energy is providing improved customer services. Next year Lumo Energy's earnings are forecast to be slightly lower as it expects to have higher electricity wholesale costs and customer acquisition costs.

IEA's generation earnings were lower than the previous year due to lower prices for wholesale electricity price-caps. It is expected that over-supply in this market will continue for some time and as a consequence IEA has reduced the carrying value of its generation plant by A$13 million to A$124 million.

Lumo Energy's gas wholesale position has been better balanced in 2012/13 than in prior years, which has contributed improved gas retail margins. The availability and price of gas in the Eastern States has come under scrutiny with the impending opening of the Queensland gas liquification and export facilities. To cover its gas position going forward Lumo Energy has recently entered into an agreement to acquire gas for three years from 2015. The contract is significant for Lumo Energy, strengthening its position in the market place, providing additional capacity and flexibility to Lumo Energy's existing gas portfolio and confidence of supply in the uncertain gas environment ahead.

On 1 July 2012 Australia introduced carbon pricing. Other than an increased administrative burden and the pass through to retail prices this has had little impact on Lumo Energy's operations. There is uncertainty about how carbon pricing will be impacted by the result of the Australian federal election in September 2013.

Perth Energy's earnings rose slightly notwithstanding a number of challenges with maintenance of the Kwinana power station and very low retail margins. An expectation of excess generation supply in the Western Australian market and soft wholesale prices has led to an A$8 million reduction in the value of the Kwinana station to A$122 million.

Year Ended 31 March	2013	2012	2011
Lumo Energy customers	490,770	441,788	408,834
Lumo Energy revenue	A$690m	A$571m	A$543m
Earnings contribution			
Lumo Energy	A$55.1m	A$44.1m	A$44.4m
IEA generation	A$9.1m	A$10.9m	A$8.3m
Perth Energy [1]	A$13.7m	A$12.4m	A$4.5m
Excess gas	-	(A$12.0m)	(A$5.0m)
Hedges/NGACs [2]	A$2.0m	(A$2.8m)	(A$6.5m)
Development/overhead	(A$2.8m)	(A$2.8m)	(A$3.0m)
EBITDAF	**A$77.1m**	**A$49.8m**	**A$42.7m**
Hedge revaluations	A$4.0m	A$30.9m	A$35.3m
Depreciation [3]	(A$14.6m)	(A$12.1m)	(A$6.3m)
Amortisation [4]	(A$14.2m)	(A$11.7m)	(A9.0$)
External interest [5]	(A$7.2m)	(A$8.6m)	(A$3.3m)
Tax	(A$10.9m)	(A$11.4m)	(A$15.0m)

1. Perth Energy's earnings in FY13 were A$13.1m from generation activities and A$0.6m from retailing.
2. The NGAC scheme is now finished.
3. Depreciation is attributable A$6m to IEA and A$8m to Perth Energy.
4. A$13.7m of the amortisation cost is attributable to IEA.
5. A$1.5m of the interest cost was incurred by IEA.

Capital & Assets 31 March 2013

	IEA	Perth Energy	Group
Cash	A$25.3	A$22.4	A$47.7
Receivables, etc.	A$128.8	A$36.5	A$165.3
Prepaid gas	A$41.0	0	A$41.0
Payables, etc.	(A$103.0)	(A$29.5)	(A$132.5)
Net Current Assets	**A$92.1**	**A$29.4**	**A$121.5**
PP&E [1]	A$139.6	A$122.4	A$262.0
Intangibles [2]	A$18.0	A$0.2	A$18.2
Deferred tax	(A$8.4)	(A$5.4)	(A$13.8)
Derivatives	A$5.9	(A$2.3)	A$3.6
External debt [3]	(A$15.4)	(A$75.2)	(A$90.6)
Other non-current receivables & payables	A$5.7	A$7.5	A$13.2
Net	**A$237.3**	**A$76.7**	**A$314.1**
NZ$ IFT value [4]	NZ$283.8	NZ$80.6	
Goodwill	NZ$66.2	NZ$4.2	
Total	**NZ$350.0**	**NZ$84.8**	**NZ$434.8**

1. IEA's generation assets were written down in value by A$12.6m primarily a result of reduced wholesale cap pricing. Depreciation on the IEA stations was A$4.3m in FY13. Perth Energy's Kwinana station was depreciated by A$7.8m and the station was written down by a further A$8.1m.
2. Intangibles primarily relate to capitalised customer contracts and computer software.
3. IEA had A$15.4m of vendor finance and no drawings on bank lines.
4. The value of IEA which Infratil reports is net of debt and cash. The net debt of wholly owned subsidiaries is included in the group's debt. Infratil owns 80.0% of Perth Energy. The exchange rate used was 0.8014.

Wellington Airport

Wellington had good traffic growth, especially on the well competed domestic trunk where Jetstar has been a major source of stimulation on the links with Auckland and Queenstown. This resulted in a 9% increase in EBITDAF.

The increasing traffic, and forecasts of further growth, are making expansion of the terminal urgent and this has been a major planning and consultation project for Airport management. It seems likely that work will start later in 2013 with the aim of increasing the size of the terminal without major disruption to Airport users. By 2018 Wellington's domestic passengers are forecast to increase to 5.3 million and international passengers to 0.9 million.

In its current five year pricing period to 31 March 2017 Wellington Airport has forecast aeronautical capital spending of $70 million. The $40 million terminal expansion will be a major part of this total. In addition to expanding its aeronautical facilities, the Airport is also undertaking a number of passenger services and property developments. The main development underway over the last year has been the reconfiguration of the car park and roadway leading up to the terminal. Other projects under consideration include adding decks to the car park and the possible construction of an airport hotel.

The airline industry has also been dynamic over the year. It seems that many of the region's airlines are joining one of two blocks which are held together by a mixture of cross shareholdings and alliance agreements. Innovation in airline services tends to come from new entrants and perhaps the formation of the two blocks is a signal of industry "middle age". The challenge for Wellington will be how to continue to encourage dynamic innovative airline behaviour.

The Airport is increasing marketing spend and is working with the Wellington City Council (which is also the 34% shareholder) to raise the region's profile offshore. Attracting direct Asia services remains a primary goal. Today well over a plane-load of people a day fly each way between Asia and Wellington, but they all travel via Christchurch, Auckland or Australia. The effect on demand and on the region's ability to establish links with Asia is well recognised.

After 31 March 2013 the Commerce Commission reported on whether it considers that the new disclosure regime was working to promote the objectives of the Commerce Act. This report identified that while mainly satisfactory, the Airport was projected to start over earning from the year ended 31 March 2015. The differences of opinion between Airport and Commission are elaborated on in the April 2013 Infratil Update. The Commission's findings are part of a much wider regulatory process and the goal now is to ensure that the Airport does not become embroiled in a multi-year dispute.

Year Ended 31 March	2013	2012	2011
Passengers domestic	4,646,724	4,473,544	4,479,651
Passengers international	726,895	718,185	654,576
Aeronautical income	$64.5m	$61.2m	$57.1m
Passenger services income	$32.6m	$31.6m	$28.9m
Property/other	$8.9m	$7.5m	$7.9m
Operating costs	($23.0m)	($24.0m)	($21.6m)
EBITDAF	$83.0m	$76.3m	$72.3m
Investment spending	$12.0m	$22.2m	$16.0m
Infratil cash income	$30.0m	$57.0m	$27.3m

Z Energy

Z Energy delivered a good current cost EBITDAF outcome comfortably within its guidance range. The result was based on a rebalancing of the sales portfolio away from very low margin consumers and was achieved despite a 5% fall in sales volume. The change in sales mix, and reluctance to chase sales for the sake of maintaining volume, reflects Z management gaining a better understanding of which sales are adding, or not adding, value. Improvements also came from better procurement terms for crude oil and refined products. In both cases significant cost savings have been locked in.

The most visible project of Z Energy over the year was completion of the rebranding and refurbishment of the majority of retail sites. The success of this work is shown by refurbished and rebranded sites achieving significant, almost 10%, increases in revenues relative to prior performance. Surveys indicate that Z Energy is New Zealand's preferred fuel retailer, as well as being the company that has the third highest number of national retail transactions.

Reported operating costs were up markedly, but a significant proportion of this increase reflects reclassification of costs which were previously included in cost of product, or one-offs related to earthquake remediation work in Christchurch.

Z's two equal shareholders, Infratil and the NZ Superannuation Fund, have instigated a process to test the market for a possible float of the company later in the year. Initial feedback from brokers and prospective investors is encouraging. The proposition is that the two shareholders each sell an equal number of shares into the float with the free float amounting to about half of their current interest.

Year Ended 31 March	2013	2012	2011
Average crude price	NZ$132/bbl	NZ$137/bbl	NZ$115/bbl
Sales (litres)	2,524m	2,647m	2,654m
Sourced from refinery	80%	71%	68%
Distributed to retail	46%	47%	47%
Inventory (litres)	470m	605m	524m
Inventory value	$481m	$671m	$549m
Revenue (ex tax)	$2,989.3m	$3,179.3m	$2,795m
Gross margin	$475.7m	$422.1m	$401m
Operating costs	($280.4m)	($249.7m)	($244m)
Current cost EBITDAF	**$195.3m**	**$172.4m**	**$157m**
Stock value adjustment	($31.5m)	$29.5m	$62m
Associates contribution	$5.9m	$4.3m	$10m
Historic cost EBITDAF	**$169.7m**	**$206.2m**	**$229m**
External interest	($40.6m)	($37.7m)	($30m)
Depreciation & amortisation	($41.3m)	($36.6m)	($27m)
Derivatives/revaluations/other	$3.2m	$3.9m	$112m
Tax	($28.9m)	($31.2m)	($52m)
Shareholder surplus	$62.0m	$104.5m	$232m
Shareholder cash income	$67.0m	$58.6m	$28m
Capital spending	$70.7m	$74.0m	$29m
Average gross margin *	18.8c/litre	15.9c/litre	15.1c/litre
Margin after interest, tax & depreciation *	3.3c/litre	2.5c/litre	1.8c/litre

* Current Cost Earnings (as described in Appendix II to the results presentation) and excluding Associate contributions.

NZ Bus

The stable patronage and financial performance of NZ Bus belied the excellent work going on to prepare the Company for the new regulatory and contracting regime which is expected to commence later this year.

One illustration of NZ Bus's preparation for the new regime is the fleet renewal programme. By 31 March 2013 201 new buses had been received from Tauranga's Kiwi Bus Builders and ADL. Over a 100 more of these excellent buses are on order to be delivered over the 2014 financial year. This is only a part of the Company's fleet upgrade. In addition to new buses, telematic measurement of each bus's performance is being installed. This will assist driver training and improve both safety and fuel efficiency.

One milestone achieved over the year was agreement with the unions of NZ Bus staff over new terms and conditions. The agreements came about via a constructive negotiation process with little disruption to services and hence customers.

After balance date NZ Bus sold its Whangarei operations for proceeds of $5.8 million, slightly higher than book value. The business operates 41 buses across urban, contracted and school runs. While owning NorthBus was providing satisfactory financial returns and it was well run and well regarded by its community, over the next couple of years the focus of NZ Bus must be on enhancing its services in its key metropolitan areas of Auckland and Wellington.

Both markets will provide significant opportunities as the new contracting regime and network changes are rolled out.

Year Ended 31 March	2013	2012	2011
Patronage north	38,320,948	38,713,136	36,475,026
Patronage south	20,331,222	20,341,102	20,359,263
Bus distance (million kilometres)	48.4	46.4	47.4
Bus numbers	1,092	1,102	1,068
Passenger income	$127.0m	$127.0m	$117m
Contract income	$87.4m	$84.0m	$80m
EBITDAF*	$44.1m	$46.0m	$40m
Capital spending	$48.7m	$64.0m	$17m

* 2013 EBITDAF includes prior year revenue adjustments of $2.0 million

Snapper

Over the year Snapper processed over 56 million transactions on behalf of approximately 160,000 active users. In Wellington approximately 80% of the passengers on NZ Bus services use Snapper. In Auckland approximately 50% of passengers use Snapper.

Snapper mobile, which can be installed on mobile phones, is proving to be popular with approximately 10,000 apps now downloaded and phones being used to pay for several thousand bus trips a month. The success of the 2degrees Mobile partnership has led to discussions with other major cellular phone providers.

Snapper is also being installed on Wellington's street car park ticket kiosks and work is underway to prepare for the Greater Wellington Regional Council tender for a new rail ticketing system.

Regrettably NZ Bus was obliged to terminate the use of Snapper on its Auckland buses.

Infratil Infrastructure Property

IIP was established to own and develop property peripheral to Infratil's core activities, which to date has mainly involved bus depots.

Over the year IIP achieved a major milestone with completion of the New Lynn Merchant Quarter in partnership with Auckland City Council. The project cost approximately $30 million and involves car parks, a range of office and retail space, and the sale of "air space" to developers of residential apartments. Work is underway to conclude leasing and when this is done the development's long-term ownership will be reviewed.

The project has been a total success for IIP and Auckland Council. It is a high quality commercial and retail development and community asset that will create a precinct which meets the Council's goals for the area.

IIP is now working to undertake a second joint venture with Auckland Council, this time for the redevelopment of the Papatoetoe town centre to include residential and retail. A number of other projects are also under discussion with central and local government. IIP is also working with NZ Bus over upgrades to the Kilbirnie and Auckland Central bus depots.