

Infratil



INFRATIL POSITION AND PROSPECTS
REPORT TO SHAREHOLDERS 2010

growing

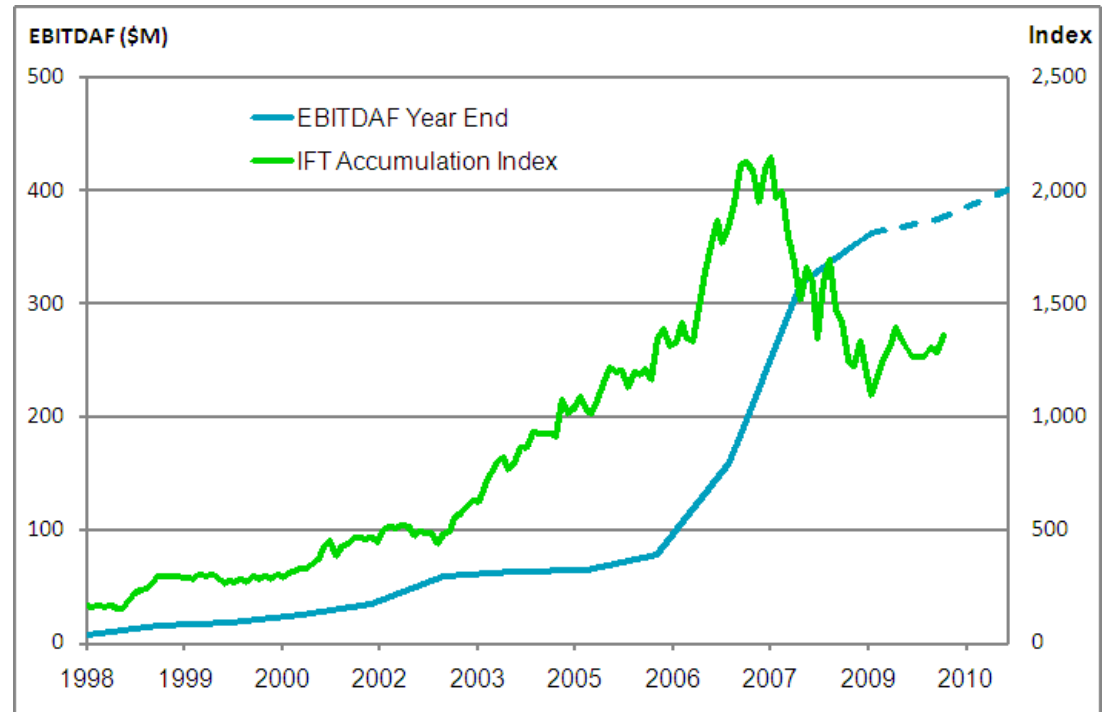
Infratil – confidence around future growth

- The valuation of Infratil is supported by very strong underlying businesses operating in good sectors
- The momentum from previous investments and current trends provides confidence around growth in operating earnings and cash earnings after tax
- The combination of improved earnings, changes in the portfolio, and recent deleveraging have further strengthened the balance sheet
- The Greenstone transaction is an example of the opportunities available for an experienced investor with operating experience

Infratil is uniquely placed to capitalise on investment opportunities over the next few years

Momentum in operating earnings

- Growth in March 31, 2010 operating earnings (EBITDAF) despite \$392m of asset sales
- Significant gains on the sale of ENE offset by non-cash hedge movements
- \$29m net parent surplus
- \$36.2m of dividends paid
 - 15.7% increase over 2008/09
 - DRP scheme commenced



EBITDAF growth forecast to continue

Core businesses support higher valuations

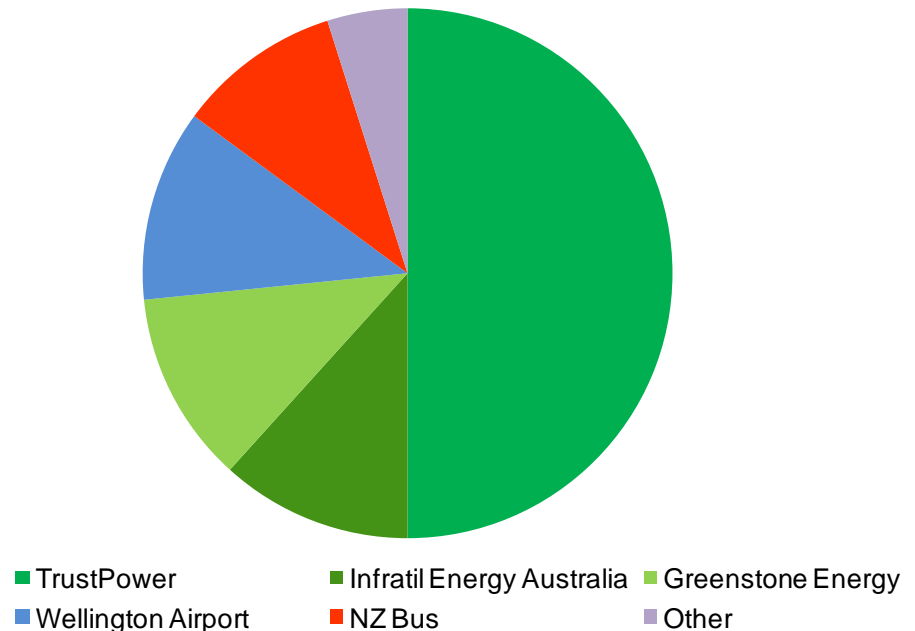
- TrustPower
 - Earnings momentum and pipeline of new projects
 - Rising electricity price path in NZ
- Greenstone Energy (Shell NZ)
 - Market leader in retail and commercial fuels
- Wellington Airport
 - Projecting 10m passengers by 2030
- Australian Energy
 - Rising per customer valuations leading into NSW privatisation
- NZ Bus
 - Positive regulatory developments likely



Stronger balance sheet and a better mix of assets

- \$392m of assets sold during the year with minimal EBITDA loss
 - Sale of minority stakes in AIA & ENE
- \$210m investment in Greenstone Energy
- \$382M reduction in Infratil parent company debt
 - Strong support from banks and debt market
- Equity capital raised
 - \$141m raised through IFTWB warrants
- Maturity of capital projects and businesses
 - First full year of Snowtown
 - Kwinana near complete
 - Scale of IEA and Lumo Energy

IFT asset mix
June 30, 2010



Our newest investment – Greenstone Energy

- Potential long-term core asset with significant business improvement opportunity in a rapidly changing industry
- Market leader in most segments with very competitive cost base and access to critical energy-related infrastructure
- Quality portfolio of commercial customers and retail sites
- Should respond well to selective investment after many years of limited available capital

Opportunity to create a substantial NZ business



Next phase of investment cycle will suit Infratil



- Large amount of passive funds targeting utility returns
- Fewer active managers of complex assets
- Many quality assets currently in “work-out” situations or PE funds
- Higher risk/higher return assets only available to operators
- Capital markets will only support the highest quality projects (and managers)

Best ideas are still internally generated projects where we can dictate sequence and timing

2010/11 capital investment programme



- Greenstone Energy
 - \$210m equity investment (50%) funded in April 2010
- TrustPower approved stage 1 of the Mahinerangi wind farm
 - \$75m 36 MW project scheduled for completion by April 2011
- IEA capex includes generation projects and ongoing customer acquisition programme
 - Organic customer growth
 - Kwinana (120 MW) in WA
 - Port Stanvac (65 MW) in SA
- Origination activity continues
 - Australian and NZ energy
 - Water and irrigation

Confidence in the 2010/11 financial outlook

YE 31 March (\$Millions)	2010	2011 Guidance
EBITDAF	\$363	\$390-\$430
Net Interest	(\$159)	(\$170-\$180)
Operating Cash Flow	\$127	\$140-\$180
Investment/Capex	(\$193)	(\$400-\$460)

- First 4 months operating performance have improved confidence levels around the initial 2010/11 full-year EBITDAF guidance of \$390m-\$430m
- Greenstone Energy has made a very positive start
- IEA and Lumo Energy (formerly Victoria Electricity) are benefiting from more flexible gas supply arrangements and enhanced customer management systems
- Outlook subject to normal caveats

Longer-term opportunities and focus

- Group capital expenditure depends on TrustPower (wind and irrigation) options and Australian energy (generation and retail)
 - 558 MW of consented or near consented generation development projects in NZ
 - Approx 200 MW in Australia (Snowtown II under review)
- Origination activity is largely focused on energy and transport opportunities in Australia and NZ
 - Opportunities adjacent to our existing positions in Greenstone Energy and IEA/Lumo
 - Market scans are constantly conducted across a broad range of infrastructure sectors
- Discretionary capital expenditure continues to be carefully controlled
 - Public transport/airports undergoing regulatory review
- ASX listing and growth in Australian assets should encourage more interest from Australian institutional investors

Capital allocation and portfolio decisions (buy or sell) are always assessed against buyback alternatives and options

Infratil - touching most New Zealanders every day

- Electricity
 - 221,000 customers throughout NZ
- Fuel
 - 6.8m litres of retail and commercial fuel sold
- Public transport
 - 150,000 bus rides per day
- Air travel
 - 15,000 passengers through Wellington airport
- Convenience retail
 - 178,000 customers through 222 Shell stores
- Loyalty programmes
 - Over 2.2m individual Fly Buys cardholders
- Payment services
 - 110,000 Snapper cards issued



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