Public Transport, Airports, Renewable Energy

30 September 2007 Interim Results

19 November 2007
Track Record

Established 1994
- Initially as a passive investor in NZ’s privatising infrastructure sector
- The second listed “infrastructure fund” in the world (after Foreign & Colonial Special Utilities Investment Trust PLC)
- Established by Wellington-Brisbane based investment advisory firm Morrison & Co

Capital Management
- Initial capital base of $25 million (March 1994)
- Over 13.5 years: Net $231 million raised from shareholders. Gross dividends of $271 million paid. Market cap $1,666 million
- $1,706 million of value created for shareholders ($1,468 million as at 31 March 2007)

Capital Returns/Structure [30 Sept 07]
- >20%pa. compound after tax return to shareholders over 13.5 years (20x return)
- $1,510 million equity market capitalisation ($1,347 million 31 March 2007)
- $1,109 million of debt (Infratil and wholly owned subsidiaries) ($922 million)
  - $749 million of the debt is deeply subordinated bonds ($730 million)
  - $88 million of equity raised post balance date

Management
- Managed under contract by Morrison & Co
- Management fee 0.8% of capitalisation (debt + equity) >$200 million
- Some performance fees on offshore and venture investments
- Management own ~9% of Infratil (all acquired on-market)

Assets
- Until 2001 all in New Zealand, now approximately 50% of capitalisation is in Australia and Europe
- Airports in New Zealand and Europe
- Energy in New Zealand and Australia
- Public Transport in New Zealand
Track Record

15.5%  31 March to 30 September 2007

Annual Dividend Return
Annual Return
Infratil Accumulation Index

15.5%  31 March to 30 September 2007
2007/8 Notable Events/Developments

TrustPower
- Government Emission Trading & Renewable Generation Targets
- Good profit given low market prices and low hydro generation
- Completion of Tararua III. Progress on South Australia and Waipori. Consenting progressed for 558MW of additional generation (Lake Mahinerangi wind, Wairau hydro, Arnold hydro, Kaiwera Downs wind)

Infratil Energy Australia
- Tumultuous energy market conditions. Very high electricity and gas prices
- 49,000 customer gain over the half. A$5.4m EBITDAF before consolidation of Perth Energy
- Progress on new peaker generation development

Wellington Airport
- Pacific Blue announces domestic services. Vigorous competitive response
- Growth in property and passenger services income. 14.5% Earnings increase

Auckland Airport
- Long term co-investment with NZ Superannuation Fund

NZ Bus
- Re-launch of the Auckland Link service. Wellington to get 62 new trolley buses. Orders for 60 low-emission diesels
- Public Transport Amendment Bill

Partly-paid Share Issue
- $88 million raised. Very high level of take-up by holders. Part of positioning for market uncertainty
# Consolidated Results

## Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>6 months to 30 Sept 2007</th>
<th>6 months to 30 Sept 2006</th>
<th>Year to 31 March 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>699.1</td>
<td>285.7</td>
<td>702.6</td>
</tr>
<tr>
<td>EBITDAF</td>
<td>165.0</td>
<td>69.0</td>
<td>153.0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(35.9)</td>
<td>(19.8)</td>
<td>(47.7)</td>
</tr>
<tr>
<td>Movement in financial derivatives</td>
<td>22.0</td>
<td>11.1</td>
<td>25.2</td>
</tr>
<tr>
<td>Net interest expense</td>
<td>(68.9)</td>
<td>(31.0)</td>
<td>(75.3)</td>
</tr>
<tr>
<td><strong>Operating surplus</strong></td>
<td><strong>82.2</strong></td>
<td><strong>29.3</strong></td>
<td><strong>55.2</strong></td>
</tr>
<tr>
<td>Realisations and impairments</td>
<td>(7.1)</td>
<td>0.5</td>
<td>38.9</td>
</tr>
<tr>
<td>Tax</td>
<td>(29.5)</td>
<td>(3.4)</td>
<td>(18.6)</td>
</tr>
<tr>
<td>Minority share of net surplus</td>
<td>(33.1)</td>
<td>(1.8)</td>
<td>(10.8)</td>
</tr>
<tr>
<td><strong>Infratil parent net surplus</strong></td>
<td><strong>12.5</strong></td>
<td><strong>24.6</strong></td>
<td><strong>64.7</strong></td>
</tr>
</tbody>
</table>
## Infratil Capital Structure *

<table>
<thead>
<tr>
<th></th>
<th>30 September 2007</th>
<th>31 March 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net bank debt</td>
<td>220.5</td>
<td>52.0</td>
</tr>
<tr>
<td>Non recourse debt</td>
<td>140.0</td>
<td>140.0</td>
</tr>
<tr>
<td>Bonds maturing 2010-2011</td>
<td>132.8</td>
<td>132.8</td>
</tr>
<tr>
<td>Bonds maturing 2012-2013</td>
<td>142.7</td>
<td>142.7</td>
</tr>
<tr>
<td>Bonds maturing 2014-2020</td>
<td>233.3</td>
<td>233.3</td>
</tr>
<tr>
<td>Perpetual Bonds</td>
<td>240.0</td>
<td>221.2</td>
</tr>
<tr>
<td><strong>Market value of equity</strong></td>
<td><strong>1,510.3</strong></td>
<td><strong>1,346.9</strong></td>
</tr>
<tr>
<td></td>
<td><strong>2,619.6</strong></td>
<td><strong>2,268.9</strong></td>
</tr>
</tbody>
</table>

Debt comprised 42% of capitalisation (39% including the proceeds of the October equity raising)

* Infratil and wholly owned subsidiaries
Dividend, Share Split & Warrant Issue

Dividend 2.5 cps fully imputed
- To be paid 17 December 2007 to shareholders registered 7 December
- 1.25 cps on partly-paid shares
- 7.5 cps paid in June pre share split

1 for 1 share split
- To enhance liquidity

Warrant issue
- 1 for 10 to share and existing warrant holders

Warrant price adjustment
- Reflecting the warrant issue
- July 2009 Warrants from $1.75 to $1.62
- June 2012 Warrants from $4.25 to $4.12

Rights issue & subsequent partly paid share issue
- 1 for 5 to shareholders
- 88.0 million shares issued. Paid to $1 with a second $1 payable July/August 2008
- 95% take-up. 5% taken up “on behalf of” with rights value paid back to holders

Total returns to shareholders
- 15.5%
- Reflecting warrants, rights and dividends
TrustPower

Results

- Good financial returns from a period of low market electricity prices and low hydro generation by TrustPower

Generation projects

- Tararua III completion. South Australia and Waipori on track
- 558MW of projects in consenting; Lake Mahinerangi wind, Wairau hydro, Arnold hydro, Kaiwera Downs wind
- Waipori turns 100

Emission trading & renewable generation targets

- Real incentives for renewable generation
Infratil Energy Australia Group

<table>
<thead>
<tr>
<th></th>
<th>$A</th>
<th>1st ½ 2007/8</th>
<th>1st ½ 2006/7</th>
<th>2006/7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billed energy accounts</td>
<td>235,441</td>
<td>119,179</td>
<td>186,033</td>
<td></td>
</tr>
<tr>
<td>Generation capacity (MW)</td>
<td>70</td>
<td>60</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$135.1m</td>
<td>$65.6m</td>
<td>$131.8m</td>
<td></td>
</tr>
<tr>
<td>EBITDAF</td>
<td>$4.6m</td>
<td>$4.7m</td>
<td>$8.6m</td>
<td></td>
</tr>
</tbody>
</table>

Results
- Tumultuous energy market. Tripling of electricity prices. Very high gas prices
- A$5.4 million EBITDAF before consolidation of Perth Energy. 49,400 (26%) gain in customers

Growth
- Retail growth slowed by energy prices and low retail margins which are now returning to adequate levels
- A$20 million Hunter (30MW) peaker generator on budget for completion in early 2008

Environment
- The market disruption has reduced the prospect of new-entrant retailer competition
**Infratil Energy Australia Group**

**Infratil Energy Australia Retail: Billed Accounts**

**Forward Electricity Prices in Victoria**

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**Very high electricity prices**
- The extreme prices from June made customer growth unattractive
- 1/4 gain 12,000/month. 2/4 gain 4,500/month

**Growth**
- Wholesale prices are now returning, in some markets, to more attractive levels

**Very high gas prices**
- Very high gas prices in Victoria on cold days in June with changes to market structure
- Solutions sought for winter 2008
Wellington Airport

### Results
- Passenger growth constrained by aircraft capacity
- 14.5% Earnings growth driven by growth in property and passenger service income

### Investment
- $33m runway safety. $12m international processing area. $15m Northern pier and gate expansion. $12m carpark enhancement and expansion. $50m international terminal enhancement and expansion next.
- Domestic and anticipated Tasman growth igniting a thorough review of terminal needs
- Long-haul marketing progressing

### Market
- Reset aeronautical charges 1 July. 2.5%pa. increase. The first since 2002. Air NZ announces litigation.
- Pacific Blue announces domestic services

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### Wellington Airport Results

<table>
<thead>
<tr>
<th></th>
<th>1st ½ 2007/8</th>
<th>1st ½ 2006/7</th>
<th>2006/7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers</td>
<td>2,330,713</td>
<td>2,291,051</td>
<td>4,635,711</td>
</tr>
<tr>
<td>Aero income</td>
<td>$20.7m</td>
<td>$19.2m</td>
<td>$41.9m</td>
</tr>
<tr>
<td>Passenger services income</td>
<td>$10.7m</td>
<td>$9.1m</td>
<td>$18.8m</td>
</tr>
<tr>
<td>Property &amp; other income i</td>
<td>$4.7m</td>
<td>$3.9m</td>
<td>$6.6m</td>
</tr>
<tr>
<td>Operating costs ii</td>
<td>$8.7m</td>
<td>$8.3m</td>
<td>$17.0m</td>
</tr>
<tr>
<td>EBITDAF iii</td>
<td>$27.7m</td>
<td>$24.2m</td>
<td>$55.1m</td>
</tr>
</tbody>
</table>

i. Includes Isite EBITDA rather than income. Excludes revaluations
ii. Excludes regulatory costs and bad debts. iii. 2006/7 includes revaluations
**Wellington Airport**

**Costs/Revenues Per Passenger**

- **Income**
  - Aeronautical charges per passenger remain flat (since 1998 in real terms $5.95 to $5.63)
  - Passenger service income $4.59. Up 16%. Property income $4.7m (1998 $1.63/pax and $1.2m pa. respectively)

- **Costs**
  - Greater investment in route development. Management of growth (since 1998 costs down 36% in real terms per pax) 

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**Infratil**
Wellington Airport: Competition

Relative to international, domestic air travel has increased in cost 60%
### Infratil Airports Europe

<table>
<thead>
<tr>
<th>UK£</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; ½ 2007/8</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; ½ 2006/7</th>
<th>2006/7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers</td>
<td>1,715,427</td>
<td>1,772,150</td>
<td>3,085,797</td>
</tr>
<tr>
<td>Freight (tonnes)</td>
<td>25,101</td>
<td>24,454</td>
<td>56,455</td>
</tr>
<tr>
<td>Aero income</td>
<td>£11.2m</td>
<td>£10.6m</td>
<td>£20.5m</td>
</tr>
<tr>
<td>Passenger services income</td>
<td>£4.1m</td>
<td>£3.7m</td>
<td>£6.7m</td>
</tr>
<tr>
<td>Property income</td>
<td>£1.5m</td>
<td>£1.7m</td>
<td>£3.4m</td>
</tr>
<tr>
<td>Operating costs</td>
<td>£18.0m</td>
<td>£15.7m</td>
<td>£34.3m</td>
</tr>
<tr>
<td>EBITDAF</td>
<td>£0.3m</td>
<td>£0.8m</td>
<td>£0.7 m</td>
</tr>
</tbody>
</table>

### Results
- Results impacted by the cost of progressing growth. Also increased security expenses at Glasgow

### Investment
- Lübeck consents progressing
- Route development and airline marketing the priority

### Market
- UK passenger market flat (Significant Government tax impost and congestion at London airports)
- Freight also flat. Very positive medium/long term forecasts for dedicated air freight services
Infratil Airports Europe: Freight

Glasgow Prestwick Airport
Kent International Airport
Annual Growth Rate %
Infratil Airports Europe: Passengers

Lübeck Airport
Kent International Airport
Glasgow Prestwick Airport
Annual Growth Rate %
Public Transport

<table>
<thead>
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<th>2006/7</th>
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</thead>
<tbody>
<tr>
<td>Passengers</td>
<td>26.8m</td>
<td>28.0m</td>
<td>57.6m</td>
</tr>
<tr>
<td>Fare income</td>
<td>$55.8m</td>
<td>$52.7m</td>
<td>$107.7m</td>
</tr>
<tr>
<td>Contract income</td>
<td>$41.8m</td>
<td>$39.0m</td>
<td>$73.8m</td>
</tr>
<tr>
<td>Capital investment</td>
<td>$11.0m</td>
<td>$1.1m</td>
<td>$10.1m</td>
</tr>
<tr>
<td>Contribution</td>
<td>$7.9m</td>
<td>$10.1m</td>
<td>$23.7m</td>
</tr>
</tbody>
</table>

Results

- Contribution consistent with last year (which was inflated by the transfer of NZB’s Mana interest)
- Significant cost pressures (wages, fuel) balanced by higher income
- Patronage impacted by congestion and capacity constraints

Investment

- $80m investment underway into electric buses, low-emission diesels, ferries, management systems and training, ticketing
- New management

Market

- High fuel prices are now resulting in patronage growth
- Progress on priorities with city councils
- Public Transport Amendment Bill and no indication of further Government funding
Prospects

Airports - New Zealand
- Pacific Blue and the responses from AirNZ and Qantas are positive for domestic and short haul air travel
- The arrival of low cost Asian carriers in Australia and huge growth of Middle Eastern airlines positive for the medium term

Airports - Europe
- The low cost revolution has some way to go yet. 1/3 of the UK market, but only 20% of German and 10% of French
- Hub airport congestion, especially in London, is becoming chronic and their expansion costs are huge

Renewable energy New Zealand & Australia
- NZ’s target of 90% renewable by 2025 is realistic but tough. It will require faster development of renewable capacity
- Australian popular support for greater renewable generation is growing (every day it doesn’t rain)

Energy sector Australia
- Restructuring continues. Gradual move to greater liberalisation

Public Transport
- Strong political will and public support for more and better services
- Complex and politicised regulatory environment
www.infratil.com