



**29 May 2020**

## **Full year results announcement for the year ended 31 March 2020**

### **Increasing exposure to data infrastructure and renewable energy drives net growth in a year of portfolio changes**

During the year ended 31 March 2020 Infratil invested \$2 billion which included the acquisition of Vodafone New Zealand ('Vodafone') for \$1,029 million. The remaining \$962 million was invested in Infratil's existing businesses, including significant renewable energy projects developed by Tilt Renewables and Longroad Energy, and the development of additional data centres by CDC Data Centres. This increased exposure to our preferred sectors of renewable energy generation and data infrastructure will drive future earnings growth.

The acquisition of Vodafone represented the largest corporate transaction in New Zealand for over a decade when Infratil acquired a 49.9% stake alongside global infrastructure investor Brookfield Asset Management. The acquisition is transformational for Infratil and significantly strengthens the cash generative core of the portfolio while increasing Infratil's exposure to long-term data and connectivity growth. The deal was well supported by shareholders, reflected by the strong backing of the \$400 million capital raise undertaken as part of the acquisition.

Alongside the Vodafone investment, the Infratil Group continued to undertake significant capital investment while also exercising a high level of capital discipline:

- Tilt Renewables is progressing with construction of its Dundonnell (336MW) and Waipipi (133MW) wind farms, having also concluded the sale of Snowtown 2 wind farm ('Snowtown 2'). The sale crystallised a profit of \$512 million and in April 2020, Tilt Renewables announced a capital return to shareholders of approximately A\$260 million;
- Longroad Energy's development initiatives gave rise to economic gains of which Infratil's share is between \$46 million and \$66 million (with the final amount to be determined when construction of the projects is completed). Longroad currently has construction underway of 907MW of renewable generation capacity;
- CDC Data Centres completed construction of 2 data centres (35MW in total) and construction of a further data centre (25MW) is underway. CDC Data Centres has also announced the development of two world class hyperscale data centres in Auckland, with 20MW of capacity and forecast completion in calendar year 2022;
- Vodafone has commenced its initial roll-out of New Zealand's first commercial 5G deployment with 108 enabled cell-sites to provide 5G coverage in Queenstown, Christchurch, Wellington, and Auckland; and,
- RetireAustralia has completed construction of 70 new care-units at its Glengara Village, while construction is ongoing on 177 units at The Verge village adjacent to the Burleigh Golf Club in Queensland.

While the year under review was dominated by investment, the divestments of five portfolio businesses, ANU Student Accommodation, NZ Bus, Perth Energy, Snapper and Aspire Schools are also significant in the context of Infratil's goals and strategies. In addition to releasing capital, the asset sales reflect the desire to simplify Infratil's portfolio and recognise that those activities were unlikely to grow to a material scale.

## **Solid operating result as capital was deployed and portfolio shifts were completed**

Infratil's net surplus for the year from continuing operations of \$508.8 million, compared to \$64.4 million in the prior year. This current year result was driven by Tilt Renewables' gain from its sale of Snowtown 2. The wind farm was developed and constructed by Tilt Renewables with full commissioning achieved in 2014. Tilt Renewables then operated it successfully for 5 years. The sale of Snowtown 2 is consistent with Tilt Renewables' focus on delivering shareholder value from market opportunities and ensuring capital is available to execute near-term, high-value opportunities from its development pipeline.

Underlying EBITDAF<sup>1</sup> (excluding incentive fees) from continuing operations was \$605.9 million for the year ended 31 March 2020, up from \$533.8 million in the prior year. This included an eight-month contribution from Vodafone of \$154.9 million. Excluding the contribution from Vodafone, the main changes were lower contributions from Trustpower and Longroad arising from low hydro generation in New Zealand and the accounting treatment of Longroad's project sales, a lower contribution from Tilt Renewables due to the sale of Snowtown 2 part way through the year, and an increase in the contribution from CDC Data Centres as new data centres came online.

Infratil has maintained its dividend, with a final dividend of 11.00 cps to be paid on 15 June 2020 to shareholders of record as at 8 June 2020. This is in line with the dividend paid in respect to the prior year. This will carry 2.5 cps of imputation credits. The dividend reinvestment plan will not be activated for this dividend.

As part of the 31 March 2020 results announcement Infratil has advised that due to the continued uncertainty from COVID-19, it is unable to provide Group FY2021 earnings and dividend guidance at this stage.

There will be a briefing for institutional investors, analysts and media commencing today at 10.00am.

An audio webcast of the presentation will be available live at:

<https://edge.media-server.com/mmc/p/92hipxhq>

Further information is available on [www.infratil.com](http://www.infratil.com)

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<sup>1</sup> Underlying EBITDAF is an unaudited non-GAAP ('Generally Accepted Accounting Principles') measure. Underlying EBITDAF does not have a standardised meaning and should not be viewed in isolation, nor considered a substitute for measures reported in accordance with NZ IFRS, as it may not be comparable to similar financial information presented by other entities. A definition of Underlying EBITDAF and reconciliation of Underlying EBITDAF to Net profit after tax is provided in the Infratil Annual Results Presentation 2020.