



13 December 2019

FY2020 Earnings Guidance Update

On 5 December 2019, Tilt Renewables Limited ('Tilt Renewables') which Infratil is a 65% shareholder in, announced that it had entered into an agreement to sell the 270 MW Snowtown 2 wind farm ('Snowtown 2') to an entity wholly-owned by funds managed by Palisade Investment Partners Limited and First State Super, for an enterprise value of A\$1,073 million. The net equity proceeds from the transaction, after transaction-related costs, are estimated as approximately A\$455 million.

The sale is expected to complete in December 2019 and, as such, Tilt Renewables will receive income from Snowtown 2 up to the date of completion of the sale, which is part way through the 2020 financial year (FY2020). Tilt Renewables has issued updated FY2020 guidance as a result of the sale and has provided an EBITDAF range of A\$118 million to A\$122 million (previously A\$127 million to A\$132 million), reflecting the part year contribution from Snowtown 2.

Infratil provides earnings guidance on a 'continuing operations' basis meaning that operations which are disposed of during the year are excluded from earnings guidance and this approach is applied for the entire year. The reduction in Infratil's full year Underlying EBITDAF¹ from continuing operations as a result of the sale of Snowtown 2 will be approximately A\$74 million, reflecting the annualised year to date production from this asset which is above long-term expectations. This results in a revised Underlying EBITDAF from continuing operations (excluding International Portfolio Incentive Fee) guidance range for FY2020 of \$575 million to \$615 million. Infratil notes that the 9-month earnings contribution from Snowtown 2 will instead be included in Infratil's 'net surplus from discontinued operations after tax'.

Updated Estimate of FY2020 International Incentive Fees

As part of the 30 September 2019 results announcement, Infratil accrued an International Portfolio Incentive Fee liability of \$12.8 million based on the estimated fair value of its international investments as at 31 March 2020. The actual International Portfolio Incentive Fee payable as at 31 March 2020 will be determined at that date based on independent valuations of each of the relevant investments.

One of the entities for which an International Portfolio Incentive Fee may be payable is Tilt Renewables. Following Tilt Renewables' Snowtown 2 disposal announcement, Infratil has reassessed the potential International Portfolio Incentive Fee position and advises that the estimated fee as at 31 March 2020 is now approximately \$40 million (an increase of \$27.2 million). Infratil notes that if an International Portfolio Incentive Fee is ultimately determined to be payable at 31 March 2020, the fee will be payable in three equal tranches over the period to 31 March 2022, with the payment of the latter two tranches only being payable if the total valuation of the relevant investments as at 31 March 2021 and 31 March 2022 respectively, is no less than the total valuations determined as at 31 March 2020.

Any enquiries should be directed to:

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¹ Underlying EBITDAF is an unaudited non-GAAP measure. Underlying EBITDAF does not have a standardised meaning and should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS, as it may not be comparable to similar financial information presented by other entities. Further information on how Infratil calculates Underlying EBITDAF can be found at Appendix I of Infratil's Interim Results Presentation for the period to 30 September 2019.