

Infratil Investor Day 2015



Recent divestments have delivered gains and flexibility

Ideal platform to grow existing positions and develop future options



- Sell-down of Z Energy and Lumo has placed Infratil in an unprecedented position of financial flexibility
 - Currently holding ~\$400m-\$700m of investment capacity relative to targeted credit metrics prior to any portfolio changes
 - Banks and retail bond market have significant appetite for Infratil credit exposure
- Access to committed capital is critical to our confidence
 - Leads to stronger bargaining position and higher probability of bilaterals and proprietary transactions
 - Ability to act quickly in volatile market conditions
- We are confident of the external origination programme and internal pipeline of opportunities
 - Existing platforms and maturity of origination programme creates higher visibility around future investment opportunities



Positive outlook moderated by market dynamics

Competition for private market assets is dictating a shift in Infratil's focus



- Competition for assets from large low cost-of-capital funds is reinforcing Infratil's focus on development platforms
 - Most large SWFs and pension funds still shy away from greenfield or development infrastructure – although there is some evidence they are moving up the risk curve
 - IFT has focused significant investment into differentiated early stage ideas and building future investment “platforms”
- The total portfolio still needs to be able to operate within targeted return, credit and liquidity parameters under realistic potential downside scenarios
 - These parameters are assessed and managed at the portfolio level allowing for individual assets to have a range of cash flow yields or liquidity



Same recipe, different emphasis

Increased activity levels and focus on scalable future platforms



Balanced portfolio

- Lower-risk core assets provide the cash flow to support higher-return early stage investments delivering higher overall blended returns and portfolio diversification
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Reinvestment options

- Low maintenance capex levels and control over reinvestment options creates significant flexibility over the timing of major investments and capital management activity
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Operating capability

- IFT capability enables realistic consideration of operationally-complex assets and more lucrative early stage development projects
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Active risk management

- Ensure that the portfolio can operate within targeted return, credit and liquidity parameters under realistic downside scenarios

Précis of the Investor Day

Key strategic choices ahead regarding future lines of business



- Infratil is likely to build on the core investment platforms established for renewables and the retirement sector
 - Strong top-down themes and tail-winds
 - Good value is available as market disruptions occur (e.g. Australian renewables post the RET review)
 - Possible that both models can be extended beyond traditional Australasian markets in the long-term
- Identification of additional scalable platforms will be important
 - Recognition that future platforms are likely to originate from long-term relationships with industry participants and involve co-investment
 - Search for controlled development risk may require consideration of new geographies and sectors



Our origination approach is being extended

Strategies to target less competed, higher returning opportunities



1 Building Platforms



Description

- Invest into seed assets with a proprietary development or investment pipeline that will enable meaningful follow-on investment over time
- Focus on attractive sectors with long-term growth prospects

Examples

- Wind, solar and renewables
- Retirement and related services
- Social infrastructure

2 “Manufacturing” Infrastructure



- “Manufacture” assets with attractive infrastructure characteristics from components not separately recognised as “infrastructure”, e.g.
 - Sale and contract-back structures from corporate balance sheets
 - Roll-up/aggregation of assets in a sector
 - Creation of shared infrastructure platforms across multiple users

- Early stage ideas under consideration:
 - Telco Infrastructure
 - Oil and gas mid-stream infra
 - Fuel distribution and storage
 - Water & irrigation

In case you were wondering ..

Some Frequently Asked Questions



Further capital returns?

- Significant return unlikely given current origination outlook
- Buybacks and specials still under consideration

Sell-down of Z stake?

- IFT won't hold onto minority stakes in listed shares forever – however immediate prospects for ZEL look interesting and there is renewed activity in the downstream sector following the collapse of oil prices

Outlook for MET holding?

- MET has yet to earn the re-rating that should follow consistent achievement of targets and Infratil has confidence around its plans

Why not sell WIAL?

- Infratil supportive of the next phase of significant capex. Serious investigation into the runway extension. Option to sell WIAL at attractive multiples is not likely to go away anytime soon

Outlook for NZ Bus?

- New public transport contract structure is still not finalised. NZ Bus will compete for tendered contracts however, contract structures appear unsupportive of public transport growth

IFT guidance and near-term outlook

Holding guidance for the financial year ended 31 March 2015



- 2014/15 **EBITDAF** guidance maintained in the middle of the range despite stronger NZD:AUD
- Operating cash flow guidance reflects expected changes in timing of cash flows and FX movements
- Capital structure and confidence in outlook are positive for continued growth in dividends per share
- Strong outlook for 2015/16 due to a full year contribution from Snowtown II and RetireAustralia, and performance improvement across other businesses
- Incorporates loss of \$41.5m Lumo EBITDAF following disposal

31 March	2015		2016
NZ \$m	Updated Guidance*	Previous Guidance	New Guidance*
EBITDAF (continuing operations)**	\$480-\$490	\$475-\$500	\$520-\$550
Operating cashflow	\$240-\$250	\$250-\$280	\$270-\$300
Net interest (continuing operations)**	\$175-\$180	\$165-\$175	\$165-\$175
Depreciation & amort (continuing operations)**	\$150-\$155	\$155-\$165	\$160-\$170

* The 2015 guidance update is based on year to date trading to February 2015 and does not represent actual results for the full year ended 31 March 2015 and accordingly has not been audited. The 2015 and 2016 guidance is based on management's current expectations and assumptions about the trading performance of Infratil's investments and is subject to risks and uncertainties, is dependent on prevailing market conditions continuing throughout the outlook period and assumes no other major changes in the composition of the Infratil investment portfolio. Trading performance and market conditions can and will change, which may materially affect the guidance set out above.

** Operating EBITDAF is a non-GAAP measure of financial performance and represents consolidated net earnings before adjustments for interest, tax, depreciation, amortisation, financial derivative movements, revaluations, non-operating gains or losses on the sales of investments, and includes adjustments to reflect the Z replacement cost of inventory. EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance.

What to expect next ..

Further consistency and discipline against a coherent plan



- Continued focus on performance of existing assets
 - Hitting the new EBITDAF guidance of \$520m-\$550m for FY16
 - Critical transition period for RetireAustralia
- Increased pace of origination activity
 - Build out of existing renewables and retirement platforms
 - Identification of the next scalable platform beyond FY16
- Updated capital management guidance following the 19 May full-year results announcement
 - \$36m buy-back deferred given investment in RetireAustralia and limited market window(s)
 - Expect 12%-15% growth in DPS subject to long-term credit parameters
- Successful execution should provide IFT investors with a growing exposure to 2-3 material lines of business
 - With long-term options to isolate sector or risk/return profile as scale allows



For more information
www.infratil.com