



1 October 2015

## **Infratil Limited announces that it has agreed to sell its 20% stake in Z Energy Limited**

Infratil Limited announces that it has agreed to sell its 20% interest in Z Energy Limited (80 million shares) via a block trade for \$6.00 per share. The block trade followed a book build which commenced on the evening of Tuesday 29 September 2015 and concluded on the evening of Wednesday 30 September 2015. After sales costs, the net proceeds from the sale of Infratil's 20% stake are \$479.2 million resulting in a gain on sale of the 20% interest of \$392.2 million, subject to finalisation of Infratil's share of Z Energy's result for the 6 months ended 30 September 2015 and sales costs.

Infratil CEO Marko Bogoevski said that Infratil was a strong supporter of the Z Energy business and the proposed acquisition of Chevron New Zealand. "While we are positive about the outlook for the business, the current market provided an opportunity for a clean exit and the flexibility to recycle capital into new growth opportunities. "

The New Zealand Superannuation Fund ('NZSF') also concluded its sale of a 9.725% interest in Z Energy Limited (38.9 million shares) via the same block trade process for the same price per share. NZSF will continue to hold approximately 10% of Z Energy Limited.

### **History of the Investment**

Infratil and NZSF each acquired a 50% stake in Z Energy in 2010, bringing local ownership to the former Shell New Zealand fuel distribution business. Since that change to local ownership, Z Energy has successfully rebranded and applied greater focus to customer service; Z Energy was announced as New Zealand's second most reputable company in 2015 (the Colmar Brunton top 20 reputation index) and as a 2015 AON Hewitt Best Employer.

In August 2013, Z Energy was partially listed on the NZX and ASX, with Infratil and NZSF reducing their respective holdings in Z Energy to 20%.

In June 2015 Z Energy announced that it had entered into an agreement to acquire 100% of Chevron New Zealand, subject to clearance under the Commerce Act 1986 and consent of the Overseas Investment Office. Those processes are ongoing and decisions are expected by the end of 2015.

Infratil's CEO, Marko Bogoevski will continue to act as a director of Z Energy Limited. HRL Morrison & Co Head of Energy, Bruce Harker, will resign his position as director of Z Energy upon conclusion of the transaction.

### Infratil Group Guidance

Infratil provides the following updated guidance for the financial year ending 31 March 2016 to reflect the sale of its 20% interest in Z Energy;

<b>Year Ending 31 March 2016</b>	<b>Original Guidance (NZ\$ millions)</b>	<b>New Guidance (NZ\$ millions)</b>
EBITDAF from continuing operations	520 – 550	500 – 530
Net Interest	165 – 175	160 – 170
Depreciation & Amortisation	160 – 170	170 - 180
Operating cash flow	270 – 300	250 – 280

**Notes:**

1. This guidance update is based on current expectations and assumptions in respect to future performance and is subject to risks and uncertainties, and no other major changes in the Infratil portfolio. Actual results could differ materially.
2. EBITDAF represents earnings before interest, tax, depreciation and amortisations and fair value gains/losses and asset revaluations or realisations. A reconciliation of Infratil's FY2015 EBITDAF to Net Surplus after Tax is available at: <http://infratil.com/assets/Annual-Results-for-the-Year-Ended-31-March-2015/Infratil-Results-Presentation-213164.pdf>
3. Original guidance EBITDAF includes Infratil's share of Z Energy earnings based on replacement cost of sales. The EBITDAF outlook has been reduced for 2015/16 to reflect the sale of Z Energy Limited on 30 September 2015 and excludes Infratil's share of Z Energy earnings prior to the sale, which will be disclosed within discontinued operations in the Infratil Group consolidated financial statements.
4. The operating cash flow includes dividends received from Z Energy Limited to 30 September 2015.

### Capital Management

Infratil advises that following the completion of the sale of its stake in Z Energy, the net debt of the 100% owned group of Infratil companies will be approximately \$310 million, comprising infrastructure bonds of \$989 million, other drawn debt of \$74 million and cash balances held of \$753 million.

Infratil will continue to assess the full suite of capital management alternatives against ongoing opportunities for new investment and report on any decisions as that assessment is completed. Infratil expects that it will be in a position to provide a further update at its half year results announcement scheduled for 11 November 2015.

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