Infratil
Future Directions

Investor Day

29 March 2017

Infratil focus is clear

Enhance the core while harvesting the new set of proprietary development options

- Active reset of the Infratil portfolio over the last few years to exit long-term positions and create new growth platforms
- Achieved equilibrium across core assets and new platforms with long-term opportunities to deploy capital likely to exceed our capital base
- Explicit shift in focus in 2017/18 towards maximising the value of what we have:
  - Address the performance of our core assets
  - Get capital to work into our most accretive development options
  - Tighten the overall portfolio
- Recognition that valuation uncertainty is at its highest at this stage of our investment cycle

Infratil idea generation and execution

Multiple work streams required to convert insights into superior returns

Committed to investing in ideas that matter

Willingness to invest early and redefine industries and customer experience

- Why focus on ideas that matter?
  - Early exposure to long term trends implies a strong capital requirement and potential for higher returns
  - Growth infra is differentiated from ”bond-proxy” utility cash flows that are exposed to rising interest rates
  - Ability to influence development of industry structure and future business models
  - Asset management capability critical to delivering outcomes and is a barrier to entry versus more passive capital
  - Addressing social imperatives supports long-term “license to operate” and changes relationship with regulators and politicians
  - Much more powerful purpose for our employees and stakeholders

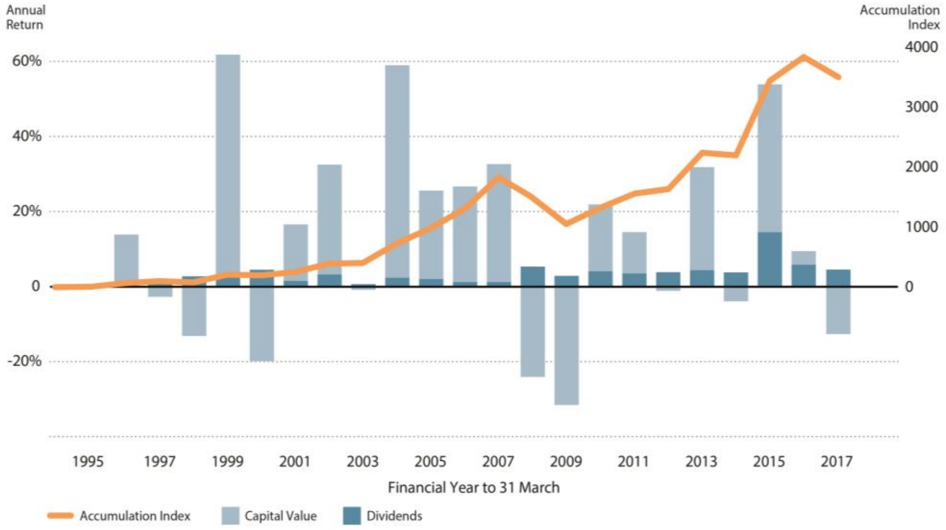
Examples of ideas that matter:

- Lowering the cost of energy
- Decarbonisation
- Allowing people to retire with dignity
- Managing growing health-care costs
- Improving capacity of key transport gateways
- Repowering future public transport fleets with EVs
- Improving access and connectivity to high-speed broadband
- Protecting data with secure and private networks

Valuation also matters

Discount to NAV has widened while the new positions have been established

- The implied net asset value discount on an Infratil share has widened as new sector positions have been established
  - Discount likely to narrow as platforms reach independent scale
- Still plenty to do with our core assets:
  - Extract value from remaining internal options and position for end-game(s)
  - Hit targets and assess opportunities for consolidation or divestment
  - Specific focus on TPW and NZ Bus in FY18
- Look to Tilt, Longroad, CDC and TPW for near-term valuation catalysts:
  - Clear greenfield development pipelines
  - Market forces leading to some consolidation



Proprietary platforms are a critical indicator of future success

Emphasis is shifting back to capital growth

Infratil

- Important enabling initiatives have been executed
  - TPW separation and Tilt demerger
  - Establishment of three core platforms; renewables, eldercare, and data infrastructure
- Growth infrastructure is different from rate-exposed bond-proxy utility cash flows
  - Portfolio of development options supported by long term secular trends (sustainable energy, contemporary social infra, broader eldercare services, ubiquitous broadband and global connectivity)
- Mid-risk alternatives not accessible to all competitors
  - Early stage investing requires operational capability, access to capital, jurisdictional diversification, and flexible mandates

Key Questions around IFT outlook:

- Investment thesis – supported by long term trends in energy, demographics, and technology
- Capability to execute – strong starting points supported by capable management teams and active shareholder
- Funding – long duration debt, access to capital, low stay-in-business capex, and capable JV partners
- Risk management – strong financial and operational controls, jurisdictional diversification, gated optionality
- Track record – 23 year TSR performance through many market cycles
- Near term catalysts – Tilt Renewables, Longroad and Canberra Data Centres all likely to deploy capital in the near term

Our approach to capital management reflects a development bias

Maintain flexibility while reserving capital for proprietary pipelines

- Significant near-term capital deployment opportunities in the renewable, eldercare and data infrastructure sectors
- Flexible mandate enables Infratil to maximise returns over the long-term
  - Portfolio can accommodate development, growth infrastructure and operational assets
  - Patience to hold assets through full growth cycle
  - Good alignment with capable JV partners who share a sector vision
  - Remain opportunistic for cash generative businesses at attractive valuations
- We maintain multiple levers on capital
  - Current settings (right) designed to maximise flexibility in different jurisdictions and sectors

Current Settings

- $380m of cash and available facilities prior to any potential divestments
- Reliable FCF from mature core assets
- Aligned JV partners with long term perspective and access to capital
- Long average duration for retail bonds and nominal senior bank debt
- Discretion/control over timing of major project investment
- Major development options with low carry cost and lengthy exercise periods
- Portfolio recycling potential
- Ability to raise debt at project level
- Sensible DPS and distribution strategy with active buy-back programme

IFT Portfolio strategy on a page

High return development platforms supported by a cash-generating core

Although the focus is on growth, it is important to retain a proportion of core infra in the portfolio to facilitate the model

CORE CASH GENERATIVE ASSETS

Trustpower · Wellington Airport · NZ Bus · Australian National University

Renewables Platform

Longroad Energy · Tilt Renewables

Eldercare Platform

Metlifecare · Retire Australia

Data Infrastructure Platform

CDC

Emerging Platforms

- Student accommodation / social infrastructure

All platforms manufacture lower-risk core assets (and free cash flow if we choose to restrict future investment)

A balanced approach remains important, with liquidity, yield and DPS parameters constantly reviewed as we build out growth platforms

IFT Portfolio strategy on a page

High return development platforms supported by a cash-generating core

Core portfolio generates cash to support IFT-level debt and dividends

Deliver development returns and build scale to create options as platforms mature

CORE CASH GENERATIVE ASSETS

Trustpower · Wellington Airport · NZ Bus · Australian National University

Renewables Platform

longroad ENERGY · tilt renewables

Eldercare Platform

Metlifecare · retire australia

Data Infrastructure Platform

cdc

Emerging Platforms

- Student accommodation / social infrastructure

Rotate out of businesses with declining outlooks

Remain opportunistic for cash-generative businesses at attractive valuations

Incubate future development platforms that are supported by long-term growth drivers

IFT Portfolio strategy on a page

High return development platforms supported by a cash-generating core

- Core, mature assets with history of generating ~10-12% equity returns
- Allows overall portfolio to achieve higher blended returns by supporting debt and reinvestment in high conviction growth platforms

CORE CASH GENERATIVE ASSETS

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Emerging Platforms

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- Reinvestment options with stronger marginal returns e.g., mid-teens for large scale projects, under-developed early-stage investments with 20%+ outcomes
- Model supports opportunistic allocation to ‘most attractive’ return options, with discretion over major project timing

Performing at the core

Positioning for model shifts, changing industries and more active politicians & regulators

- TRUSTPOWER
  - Diverse and flexible renewable generation plant throughout New Zealand and Australia
  - Embarked on a differentiated multiservice retail strategy
  - Well positioned as both the generation and retail markets decentralise and place more power in the hands of consumers
  - Proven capability to be opportunistic and flexible

- WELLINGTON AIRPORT
  - Part-way through a significant capital expenditure program, including car parking, terminal expansion, apron facilities, and hotel
  - Incremental route development gains across the Tasman with Singapore Airlines, and Qantas/Emirates
  - Runway extension timing and approach challenged by Court of Appeal decision

- NZ BUS
  - Mid-way through major re-contracting activity in Wellington and Auckland markets (PTOM)
  - Expect future business to be 2/3rds of the current business
  - Market share and margin pressure likely to be offset by productivity gains and potential to repower the fleet

Focusing on what we have

Infratil has largely established the main areas of new growth for the medium term

- RENEWABLES
  - Tilt ~2GW pipeline of opportunities in Australia with significant near-term development opportunities
  - Step-out options include investments in Australian solar and enabling tech – e.g. storage
  - Longroad ~ 5GW wind and solar pipeline under development with significant additional opportunities adjacent to the core pipeline

- ELDERCARE
  - Our NZ & Australian retirement businesses have enhanced their development and care capability and pipelines over the last 12 months
  - Attractive industry consolidation options are emerging in Australia that could allow RetireAustralia to build a market leading position
  - Longer term extension to a full eldercare services model

- DATA INFRASTRUCTURE
  - CDC positioning for long term growth and further momentum in data centre out-sourcing and cloud-based services
  - Central vantage point for seeing trends in fixed and wireless access, IoT, growth of public and private cloud-based services, and latest developments in security and privacy
  - Focus on consolidating new capacity

Infratil FY18 guidance and near term outlook

Guidance range reaffirmed at $485-$505 million for FY17

- FY17 underlying EBITDAF forecast $485-$505 million
- Outlook for 2017/18 is flat year on year, assuming:
  - long run average hydrology and wind volumes
  - Roll-out of PTOM contract outcomes for NZ Bus
  - Revised development mix at Retire-Australia to introduce higher yielding care assets, but delaying the completion of these units to FY19
  - new platforms take time for their growth initiatives to unfold
- Capital structure and confidence in outlook still positive for growth in dividends per share

	2017 Outlook $m	2018 Outlook $m
Underlying EBITDAF	485-505	470-510
Operating Cashflow	215-235	210-250
Net Interest	165-175	160-170
Depreciation & Amortisation	170-180	175-185

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 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.

Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare's and RetireAustralia—underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.

Focused on Ideas that Matter

Execution priorities and deliverables are clear

- Infratil is poised to benefit from the establishment of high quality platforms in areas of high conviction
  - Targeting essential services supported by long-term secular trends, consumers, and regulators
  - Secured high-calibre management teams with experience in key markets
  - Developed extensive proprietary pipelines in several jurisdictions
  - Joined with sophisticated equity partners for long-term support of key initiatives
- Long-term capital requirements of our platforms exceed our current capital base
  - Capital will be prioritised based on an assessment of expected returns, execution risk, option duration, and portfolio fit
  - Discretion and multiple levers to manage future capital requirements
- Our flexible capital and operating capability is combining to create a differentiated vehicle in a crowded infrastructure market
  - Experience across multiple sectors with both early stage and late stage opportunities
  - Strong asset management capability to drive performance and returns
  - We will always remain opportunistic and vigilant in home markets