22 May 2023

**Infratil delivers a strong FY2023 result, and provides positive guidance for FY2024 despite near term global and local economic headwinds, with strong thematic tailwinds continuing to drive investment across the portfolio**

Infratil today announced a net parent surplus from continuing operations of $643.1 million for the year ended 31 March 2023, driven by significant growth in earnings from its associates and the gains recognised on the sale of the Trustpower retail business and the sale of One New Zealand's passive tower assets.

Proportionate EBITDAF was $531.5 million – an 11.9% increase on the $474.9 million from the same period the previous year - reflecting strong performances from CDC Data Centres, One New Zealand and Wellington Airport – and towards the top end of our most recent guidance.

Infratil CEO Jason Boyes said that on performance, we unapologetically aim high, and the current year has been no different on that front, meeting our market guidance and achieving our target returns to shareholders in a difficult macro environment.

"The last year has been extremely active across our portfolio. Longroad Energy undertook a significant capital raise, which saw a material uplift in its value. One New Zealand completed its rebrand as well as the sale of its passive mobile tower infrastructure to a consortium including Infratil, leading to the establishment of Fortysouth. CDC Data Centres delivered an additional 104MW of data centre capacity across in Canberra, Sydney and Auckland. While Manawa Energy completed the sale of the Trustpower mass market retail business."

At a portfolio level Infratil committed to setting a science-based target with a clearly defined path to reduce emissions in line with the Paris Agreement goals in May 2023.

"What' is pleasing is that despite all of the activity across our portfolio, the management teams of our portfolio companies have remained focused and delivered a set of impressive financial and operational results.

"CDC saw a significant expansion of capacity to meet new and existing customer demand, substantial capital deployment to bring this capacity online and a continuation of strong financial growth, this year delivering 33% EBITDAF growth. Expansion included two new Auckland campuses in Silverdale and Hobsonville, which are the largest and most secure data centres of their type in New Zealand.

"2023 was a year of change as Vodafone rebranded to One New Zealand, a culmination of its second phase of transformation involving network expansion, improved customer experience, and the sale of passive mobile tower assets. Against this backdrop One New Zealand delivered a strong annual result with EBITDAF of $527.8 million, and momentum that will see further growth in FY2024.

"By any measure it was a stand-out period for Longroad Energy, starting with the announcement of a US$500 million capital raise and introduction of new co-investor MEAG. The transaction, which closed prior to the announcement of the Inflation Reduction Act, highlighted the level of value that Longroad had created for shareholders. With this new capital committed Longroad is now in the midst of the largest construction programme in its history, totalling 1.3GW across six projects in five states of the United States of America.

“Hydrological conditions, wholesale pricing, and hedging contracts contributed to a stronger net energy margin for Manawa Energy, however this was offset by a fall in carbon prices, the loss of ACoT revenue, and increased development and corporate overheads. Following the completion of the sale of the Trustpower retail business in May 2022, Manawa has used the last 12-months to refocus on advancing new developments and serving its commercial and industrial customers.

“Looking ahead, the New Zealand diagnostic imaging team expects to see a return to pre-covid scan volume growth rates in FY2024. The industry fundamentals remain strong, the health system reforms are gathering pace, and the healthcare system and radiology referral network is continuing its recovery from covid. We are also excited to deliver additional capacity in Whangārei, Auckland, Hamilton, Tauranga, Whanganui, Napier and Dunedin over the next year.

Mr Boyes said, the scale of Infratil’s platform, which also includes Qscan in Australia, means that we can continue to invest in the best technology, offer the best learning and development opportunities for our doctors and staff, and most importantly, offer patients and referrers the widest breadth of expertise across a full range of sub-specialisations.

“Demand for RetireAustralia’s retirement villages continues to be strong with 432 sales during the year and waitlists now in place for over 75% of its villages. The integration of care into villages is continuing, using a combination of RetireAustralia’s own home care services and partnerships with select local care providers.

“In its first full year of travel without covid restrictions since the start of the pandemic, Wellington Airport hosted 5.3 million passengers, with 4.7 million domestic passengers and 560,000 international passengers passing through its terminals. This helped drive an improved financial result from the previous year, with EBITDA up 57.6% to $89.6 million, reflecting a solid recovery across all revenue lines and in line with the growth in passenger numbers.

Over the last year, close to $1.4 billion was deployed across the portfolio, primarily across Infratil’s existing digital and renewable businesses. “This is the type of investment that shareholders should be looking at, because it is the investment, we are making today that will generate returns over the next 10-year period and beyond.”

Mr Boyes highlighted that Infratil retains significant liquidity to support further internal and external investment opportunities.

“Thematic tailwinds continue to provide valuable options for growth across Infratil’s portfolio. Climate commitments from governments and societal demands are growing and will accelerate the transition to renewable energy, resulting in an unprecedented level of investment. Data demand and connectivity growth is showing no sign of slowing, which also creates further unique investment opportunities in this sector.

In the last 12-months we have seen the United States-led Biden Administration’s climate agenda receive a US$369 billion boost in federal funding towards clean energy and climate change mitigation with the signing of the Inflation Reduction Act. This is most meaningful for developers that have already spent time building their development pipelines.

Not to be outdone, the European Union has also increased its funding, with over €400 billion now allocated to the clean energy transition, which we expect to continue globally."

Infratil currently has $1.4 billion of available capacity to fund growth, including significant undrawn corporate facilities, and almost $600 million of cash on hand. At 31 March, gearing was 9.8%, significantly below the target range of 30%.

Reflecting feedback and concerns of shareholders in recent years, Infratil and its Manager, Morrison & Co, have agreed in principle to make amendments to the incentive fee provisions in the Management Agreement. The amendments will provide for annual offsetting of over and under performance between the three categories of incentive fees for international assets, and the carry forward of the impact of underperformance for unrealised assets (and in limited circumstances for realised assets).

The amendments will be applied to the calculation of the incentive fees due to Morrison & Co for FY2023, and the net effect of the changes for FY2023 is a reduction in incentive fees of $5.7 million.

In addition to this, Infratil has elected to pay $60.0 million of the third tranche of the FY2021 Annual Incentive Fee by way of issue of shares on 29 May 2023. In accordance with the Management Agreement, the share issue price will be set at 98 per cent of the weighted average sale price of all trades of Infratil's ordinary shares on the NZX on the 5 business days immediately prior to the issue date of 29 May 2023.

"In terms of our returns to shareholders, we will pay a fully imputed final dividend of 12.50 cents per share, to go with the 6.75 cents per share interim dividend, a 4% increase from the prior year. Infratil's share price also rose from $8.25 to $9.20 during the year, with an after-tax return to shareholders over the six months of 14.2%, and a return over the last ten years of 19.4% per annum," Mr Boyes said. "Infratil's portfolio continues to deliver outstanding returns to shareholders, and the investments we have made this year should support future returns in line with our stated target return of 11 to 15 % per annum to shareholders over a 10 year period."

Looking ahead, the FY2024 Proportionate EBITDAF guidance range has been set at $570 million to $610 million, up 11.0% at the midpoint FY2023 result strong result – reflecting the momentum that has been building across the portfolio.

**Investor briefing**

There will be a briefing for institutional investors, analysts and media commencing at 10.00am. A webcast of the presentation will be available live on the below link.

https://edge.media-server.com/mmc/p/ikpvzpep

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