

# Investor Day

15 February 2022

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# Welcome

## Infratil's 2022 Investor Day



### Mark Tume

- Independent Director since November 2007 and Infratil Chair since October 2013
- Chair of the Manager Engagement Committee and Nomination and Remuneration Committee
- Director of RetireAustralia



### Jason Boyes

- Infratil Chief Executive Officer and Director since 1 April 2021
- Joined Morrison & Co in 2011 after a 15 year legal career in corporate finance and M&A in New Zealand and London
- Chair of Longroad Energy and Galileo Green Energy. Director of CDC Data Centres



### Phillippa Harford

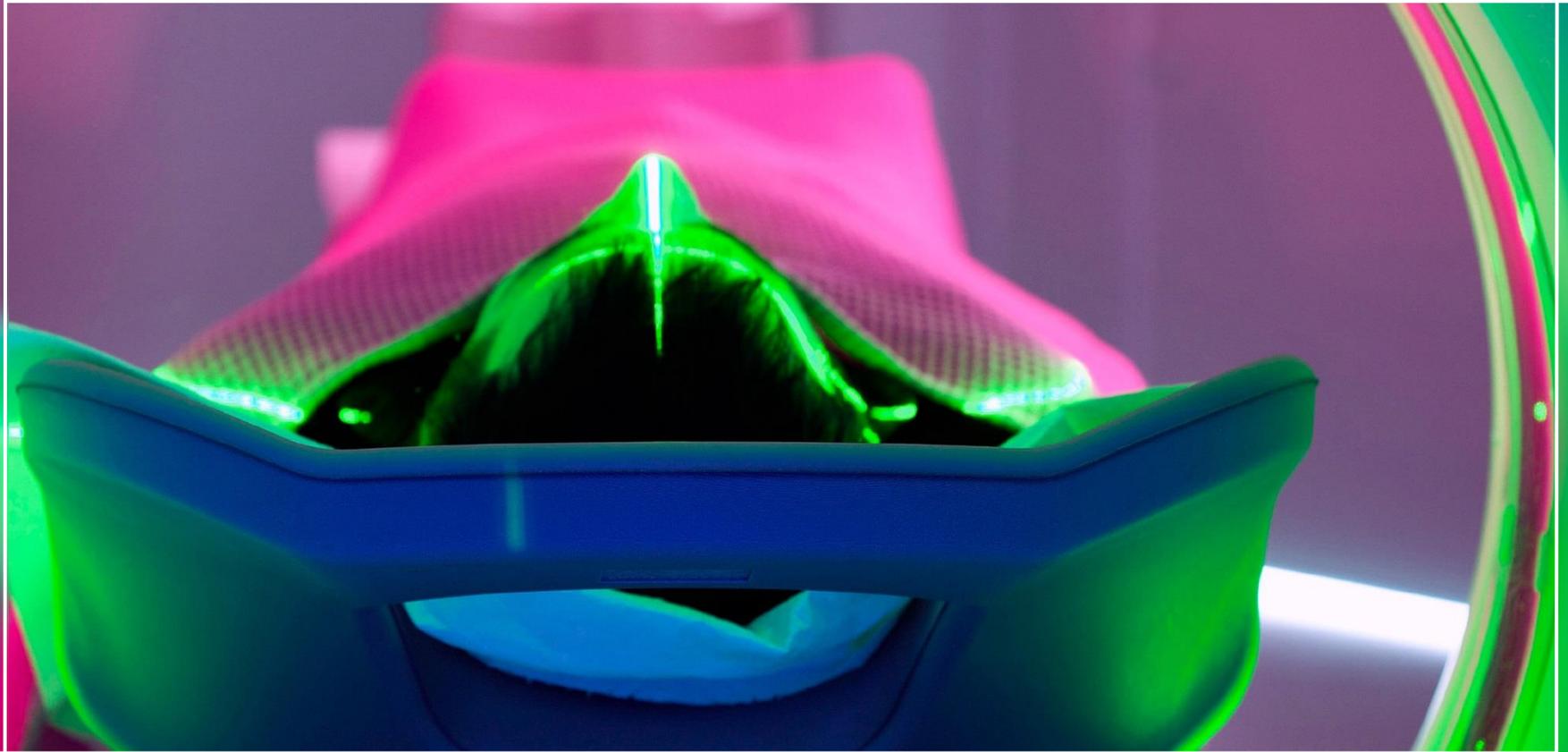
- Infratil Chief Financial Officer since May 2015
- Joined Morrison & Co in 2009 after a 17 year career in corporate tax and tax advisory in New Zealand and offshore
- Director of Pacific Radiology, RetireAustralia and Wellington International Airport



# 2022 Investor Day

## Agenda

10.30am - 11.10am	<b>Introduction and Welcome, Portfolio Update &amp; Growth Outlook</b> Mark Tume, Infratil Chair, Jason Boyes, Chief Executive and Phillippa Harford, Chief Financial Officer
11.10am - 11.25am	<b>Renewable Energy Platform</b> Vimal Vallabh, Morrison & Co Global Head of Energy
11.25am - 11.55am	<b>Longroad Energy</b> Paul Gaynor, Longroad Energy Chief Executive
11.55am - 12.25pm	<b>Renewable Energy Panel Discussion</b> Vimal Vallabh, Paul Gaynor, Ingmar Wilhelm (Galileo Green Energy Chief Executive) and Assaad Razzouk (Gurin Energy Chief Executive)
12.25pm - 1.00pm	<i>Lunch break</i>
1.00pm - 1.10pm	<b>Morrison &amp; Co Update</b> Paul Newfield, Morrison & Co Chief Executive
1.10pm - 1.25pm	<b>Digital and Connectivity Platform</b> Will Smales, Morrison & Co CIO and Global Head of Digital and Connectivity
1.25pm - 2.00pm	<b>CDC Data Centres</b> Greg Boorer, CDC Data Centres Chief Executive
2.00pm - 2.30pm	<b>Vodafone New Zealand</b> Jason Paris, Vodafone Chief Executive
2.30pm - 2.45pm	<b>Healthcare Platform</b> Peter Coman, Morrison & Co Co-Head of Australia and New Zealand
2.45pm - 3.15pm	<b>Healthcare Panel Discussion</b> Peter Coman, John Livingston (Morrison & Co Senior Advisor, Healthcare), Chris Munday (Qscan Chief Executive) and Terry McLaughlin (Pacific Radiology Chief Executive)
3.15pm - 3.30pm	<b>Wrap up</b> Jason Boyes



# Portfolio Update and Growth Outlook

Jason Boyes (CEO) and Phillippa Harford (CFO)



## Overview

Infratil is an infrastructure investor with significant investments in Digital Infrastructure, Renewables and Social Infrastructure

Established

1994

Listed on

NZX ASX

Managed by

Morrison  
& Co

Market Capitalisation

\$5.5b

Group Assets

\$8.5b<sup>+</sup>

2022F Investment

\$1.3b

Track record

28 years

After tax return

18.6% p.a.

2022F EBITDAF

\$500m-  
\$520m

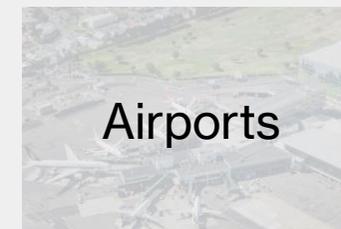


# Investment Approach

Our successful, high conviction approach has remained consistent through multiple market cycles

“Ideas That Matter”

- Infratil invests in infrastructure businesses, targeting returns to shareholders of 11-15% p.a. over the long term
- Investment is focused on sectors and businesses with
  - ✓ strong defensive characteristics
  - ✓ exposure to growth, driven by macroeconomic and industry tailwinds – “Ideas that matter”
  - ✓ opportunities to reinvest and manufacture infrastructure at scale – “platforms”
- High conviction approach, with significant investments in 4 “Ideas that matter”
- Portfolio blends investments in lower risk cash generating businesses and higher risk and return growth infrastructure platforms to meet target returns, and credit and liquidity metrics
- Active asset management and balance sheet flexibility key to managing risk and achieving returns, requiring control or significant influence over the businesses Infratil invests in
- Infratil’s ability to position itself early in next generation infrastructure is a source of outperformance – continuing to scan for new “Ideas that matter”





# 2021 Investor Day

## Looking back at what we said we would do, and what we did

### What we said we would do

- Undertake the strategic review of Infratil's investment in Tilt Renewables
- Rebuild scale in renewables post-Tilt, including investigating renewable energy development in Asia
- Evaluate global data centre opportunities, particularly in new niches
- Build on our Qscan investment to create a scale diagnostic imaging platform, and evaluate adjacent healthcare businesses

### What we did

- Successful sale of Tilt Renewables completed in August 2021, generating a return of 35% p.a.
- Established Gurin Energy to develop renewable generation projects across Asia with a commitment of USD233 million
- Shifted Longroad Energy's strategy to scale the business, retaining more of the projects it is developing
- Progressed the establishment and pipeline of Galileo Green Energy
- Committed £120-130 million of growth capital to London data centre business Kao Data, focussed on specialist high performance computing requirements with growth opportunities
- Invested in Pacific Radiology, Auckland Radiology and Bay Radiology which saw Infratil deploy over \$400 million in New Zealand, creating one of the largest diagnostic imaging service providers in Australasia





# Portfolio Overview

Four significant investment platforms with business, sector and geographic diversification



Digital Infrastructure  
56%



Renewables  
21%



Social Infrastructure  
14%



Airports  
9%

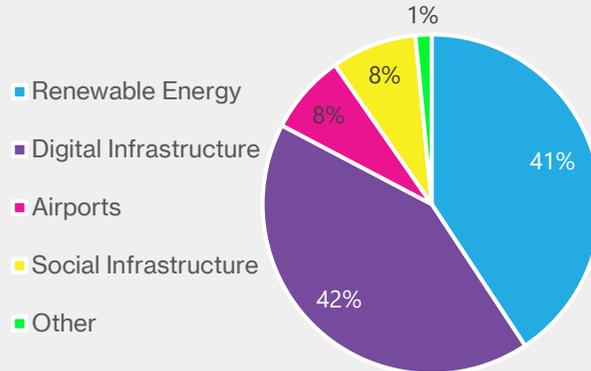




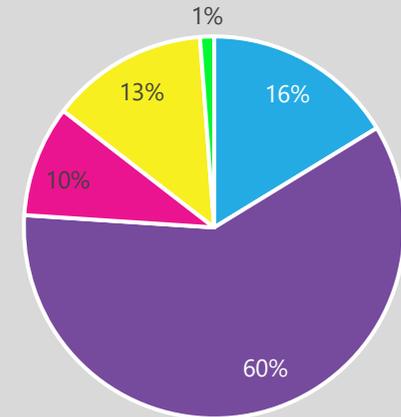
# Portfolio Composition

High conviction in Digital Infrastructure, resulting from strong performance and Tilt Renewables exit. Growth in Renewables and Healthcare underway, with increased geographic diversity

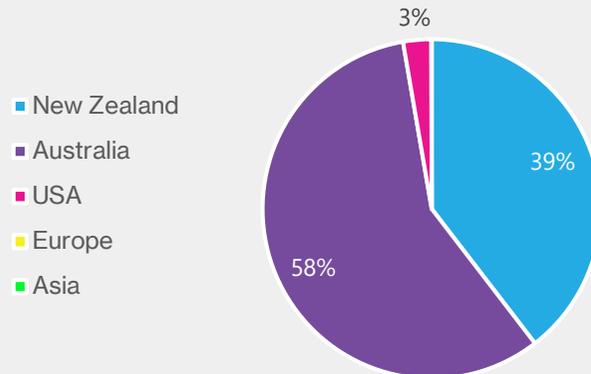
2021



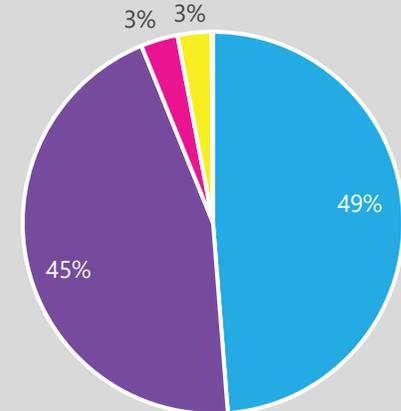
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2021



2022



Figures exclude cash

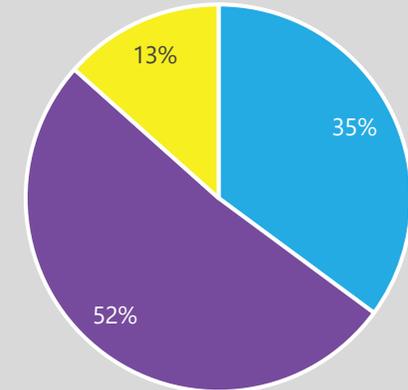
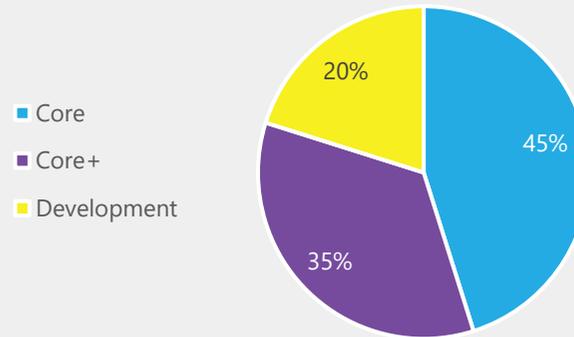


# Portfolio Composition

Earlier stage investments in development expected to grow. Room to add core cash generation to support that

2021

2022



## Target Portfolio Return

Infratil Portfolio	Expected Returns	Leverage Assumption	Management Costs	Return to Shareholders
<b>Core</b> Lower Risk	<b>8–10%</b> Per annum	Average net debt/ total capital <b>30%</b> at <b>6%</b> p.a. interest rate	<b>1% of assets</b> Per annum	<b>11–15%</b> Per annum
<b>Core Plus / Growth</b>	<b>10–15%</b> Per annum			
<b>Development</b> Higher Risk	<b>15–25%</b> Per annum			

# Portfolio Strategy

Long-term mega trends driving Infratil's chosen sectors remain and are further enhanced by complementary global investment tailwinds

- Long-term mega trends driving Infratil's chosen sectors of Digital Infrastructure, Renewables and Healthcare are still early
- Further backed by long-term tailwinds for infrastructure investment, which continues to grow rapidly, globally
  - Infrastructure is less correlated with the general economy, particularly where backed by long-term mega trends, "Ideas that Matter"
  - Attractive in inflationary environments, often with strong sustainability credentials
  - Fastest growing alternative equity investment class. Private markets transactions continuing at materially higher valuations than listed markets
- Sustainable investment also growing rapidly, with Renewables in particular well-placed



# Portfolio Strategy

Infratil's early moves in growth and sustainable infrastructure have positioned it well with multiple embedded growth options

- Infratil's early move into growth infrastructure sectors - Digital Infrastructure, Renewables and Healthcare – and sustainable investing has positioned it well
  - The valuation of those investments has increased, as has competition for new investments
  - Existing high quality “platforms” allow Infratil to reinvest in internal pipelines or efficiently bolt-on businesses and geographies at attractive risk-adjusted returns
  - Options to enhance returns by realising manufactured or embedded infrastructure, while retaining the “platform”
  - Infratil's track record and capability differentiates it as an investor and potential partner for business owners and management



# Portfolio Outlook

Focussed on capitalising on early starts, building further scale, evaluating attractive adjacent investments and diversifying geographically. Room to add further core cash generating assets

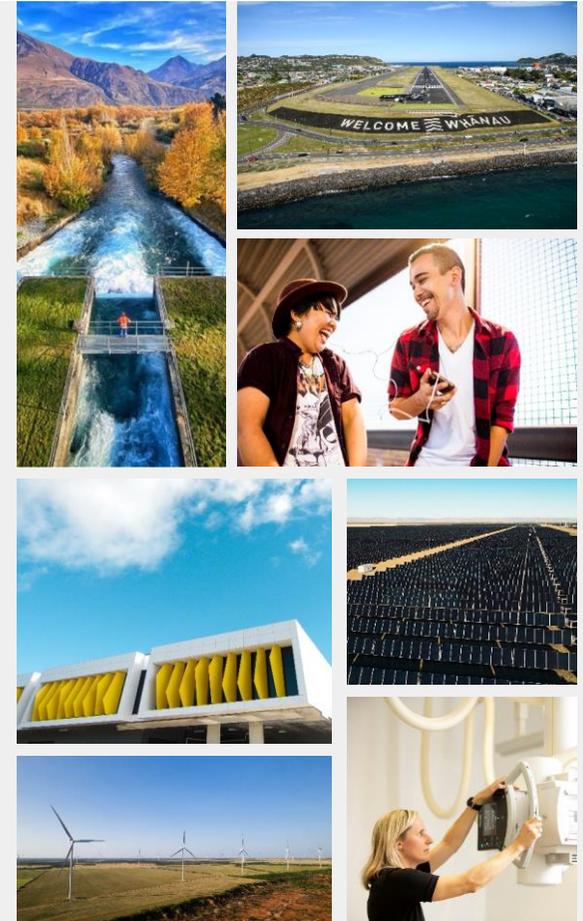
- Digital Infrastructure
  - Already at scale in A/NZ – CDC Data Centres continues to experience strong organic growth, assessing network capital release options for Vodafone
  - Continuing to evaluate further attractive data centre and connectivity opportunities offshore
- Renewables poised to scale
  - Longroad Energy's strategic shift, assessing new minority investor(s)
  - Opportunities for Gurin Energy to grow via acquisition in Asia, renewables market reminiscent of Europe or the US five years ago
- Healthcare, Infratil still an early infrastructure investor with multiple options to scale and grow
  - Qscan continues to evaluate bolt-ons in its market
  - Teleradiology being evaluated to extract synergies across A/NZ. Potential to extend to new geographies
  - Continue to evaluate adjacent sectors, such as cancer care
- Room to add further cash generating assets to support growth platforms as gearing increases back to long-term targets



# Sustainability

Since inception, Infratil has invested in assets that are important to society and the environment, an investment strategy that has served us well

- Over the last 12 months the Infratil board has been setting our long-term sustainability strategy
- The strategy establishes a sustainability vision for the business together with long-term environmental, social and governance objectives
- It also includes a series of ESG medium term targets and outlines the expectations we have of our portfolio companies
- We are also focussed on ensuring that Infratil is financially resilient to the physical and transitional impacts of climate change, and committed to reporting to stakeholders in line with the recommendations of the Taskforce for Climate-related Financial Disclosures
- We will provide a further update on our climate change action plan and our sustainability strategy as part of our 2022 Annual Report

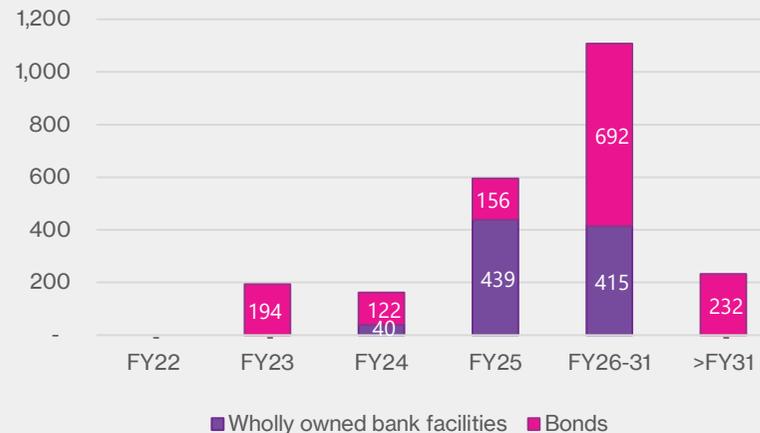




# Capital Availability

Well positioned for capital deployment with \$800 million of cash and significant undrawn bank facilities

(\$Millions)	14 February
Net bank debt/(cash)	(804.2)
Infratil Infrastructure bonds	1,163.7
Infratil Perpetual bonds	231.9
Total net debt	591.4
Market value of equity	5,516.8
Total capital	6,108.2
<b>Gearing</b>	<b>9.7%</b>
Infratil wholly owned undrawn bank facilities	894.0
100% subsidiaries cash	804.2
<b>Liquidity available</b>	<b>1,698.2</b>



- Upon completion of the Tilt Renewables disposal, Infratil fully repaid its drawn bank debt facilities, leaving a cash balance of ~\$1.1 billion, some of which has since been applied to investments
- Infratil has fully refinanced all of its bank facilities with a range of maturity dates out to July 2026
- These include undrawn core facilities of \$744 million and term facilities of \$150 million, with access to additional acquisition facilities if required
- Current gearing of ~10% is significantly below the target range of 30%
- Infratil's next two bond maturities are \$93.7 million of IFT190 bonds in June 2022 and \$100.0 million of IFT240 bonds in December 2022



# Guidance

Guidance range narrowed and dividend confidence retained

## Proportionate EBITDAF

- FY2022 Proportionate EBITDAF guidance range is narrowed to \$500-\$520 million (previously \$500-\$530 million)
- Covid-19 continues to impact the earnings of Wellington Airport and our Diagnostic Imaging businesses, which may persist for the remainder of the financial year
- Guidance excludes the impact of the IFRIC clarification relating to the accounting treatment of software-as-a-service, which is a non-cash item primarily impacting Vodafone
- Guidance also assumes a full year contribution from Trustpower Retail

## Dividends

- The dividend outlook is for modest continued growth in cps, reflecting expected growth in operating earnings from CDC Data Centres and Vodafone and the addition of Qscan and Pacific Radiology to the Group
- The FY2022 interim dividend saw a 4.0% increase (excluding imputation credits) from the comparative period





# Inflation

Infratil's portfolio is relatively well positioned to withstand the pressure of a high inflationary environment

- A material portion of the Group's revenue is derived through contracts which provide for revenue adjustments for Consumer Price Inflation or via an alternative % increase, therefore cushioning inflationary impacts
- For some portfolio companies a flow through of cost increases to customers may be constrained by competitive pressure, therefore impacting margins, however those businesses expect that this can be responded to with a continued focus on operational efficiency
- Workforce costs constitute a large part of the cost base for some portfolio companies – increases are expected to be mitigated through revenue indexation mechanisms where applicable, or through a focus on operational efficiency
- Inflation is expected to have a limited impact on near-term Group capital expenditure. Portfolio companies with significant forecast capital projects either have project costs locked in or have built in headroom in anticipation of an increasingly inflationary environment
- The impact of inflation on asset valuation is expected to be slightly positive when taken on a whole-portfolio basis, assuming discount rates steady over the long-term





# Conclusions

Infratil is very well positioned, with multiple growth options, long-term tailwinds, and a strong balance sheet

- Infrastructure is one of the hottest asset classes globally experiencing strong long-term tailwinds, alongside the long-term mega trends supporting our three focus sectors: Digital Infrastructure, Renewables and Healthcare
- CDC Data Centres continuing to see strong organic growth, assessing network capital release options for Vodafone, and further data centre and connectivity opportunities offshore
- Renewables and Healthcare investments poised to scale at attractive risk-adjusted returns, through internal reinvestment, bolt-ons and adjacent investments, at our option. Longroad Energy's strategic shift, assessing new minority investor(s)
- Room to add more core cash generating assets to support growth investments in the future
- Infratil's flexibility and capability to move early into emerging infrastructure still a source of outperformance – continuing to scan for the next big thing
- Remaining patient and disciplined

