18 May 2016

Infratil Limited Results for the year ended 31 March 2016

Financial

Net parent surplus was $438.3 million, up from $383.5 million last year (78 cents per share up from 68 cents in the prior year).

Consolidated Underlying EBITDAF[1] from continuing operations was $462.1 million, up from $450.7 million last year.

- Strong contributions from all businesses. In particular the $21 million contribution from RetireAustralia, up from $3 million last year when it was only owned for three months.
- $5 million of costs relating to the unsuccessful bid for Pacific Hydro.

Group capital expenditure totalled $220.9 million from $465.4 million last year.

- Trustpower acquired a 65% in King Country Energy during the year for $78.1 million
- Wellington Airport has several major projects underway including terminal expansion and a land-transport hub

Divestments including the remaining shareholding in Z Energy and iSite Media realised $530.5 million and provided a gain on book value of $419.3 million.

Net debt of Infratil and wholly owned subsidiaries fell to $295.9 million from $760.8 million at the start of the period (representing 14% of total capitalisation at balance date, down from 30%).

Final dividend of 9 cents per share (8 cents last year) fully-imputed is to be paid on 15 June 2016 to shareholders of record on 2 June 2016. The DRP remains suspended for this dividend.

Commentary

Providing better value services creates the platform for generating returns to shareholders and opportunities to grow shareholder value over time. On these criteria the last year has been satisfactory for the group. Trustpower's innovative multi-product offer continues to win support and remains unique. Wellington Airport's operating costs per passenger are the lowest of any Australasian international airport and its average aeronautical charges (per passenger) are the lowest of any international airport in New Zealand. NZ Bus has fully implemented real-time bus monitoring which is

[1] 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 its associates (Metlifecare 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.

delivering smoother rides and saving on operating costs. RetireAustralia is developing care services for its residents to prolong their ability to comfortably remain in their homes.

Outside of the factors we control we are experiencing both challenges and opportunities; Australia's confirmation of a 2020 renewable energy target means a massive and quick expansion in renewable generation is required. Air travel is increasing rapidly in our part of the world. Changes to how the Australian government pays for aged care will result in more demand for in-home services. Conversely NZ Bus experienced the criteria of regional transport agencies when it lost its South Auckland services.

Our objective is to build on the good operational performances of our businesses and to take advantage of growth opportunities. Infratil is well placed to deliver on this objective and to create value for our communities and our shareholders.

- Infratil has unprecedented access to capital. As at 31 March 2016 it had $728.6 million on deposit and net debt comprised only 14% of capitalisation.
- Trustpower has projects underway that will more than double its generation capacity in Australia. The scale is apparent given that Trustpower's current Australian capacity of 385MW cost $819 million and last year provided EBITDAF of $105 million.
- Wellington Airport is part way into a $300 million investment upgrade of its facilities; expanding its domestic and international terminals and building a land-transport hub and a hotel.
- RetireAustralia and Metlifecare are both increasing their construction of accommodation to meet increasing demand.
- NZ Bus is about to trial electric buses which could be the harbinger of a significant change to public transport in New Zealand.

In addition to these internal projects Infratil's management are actively seeking external opportunities to deploy capital. While last year's initiative to acquire Pacific Hydro was not successful, the expertise and information gained has opened other opportunities which are being pursued. We are also working on investments across a number of sectors, including renewable energy, retirement & aged-care, social & student housing, waste and telecommunications infrastructure.

Outlook

Underlying EBITDAF and operating cash flow guidance for FY2017 are set out below:

2017 Financial Year	Actual FY2016	Guidance 2017
Underlying EBITDAF	$462.1 million	$475-515 million
Operating cash flows	$250.5 million	$225-255 million

These forecasts assume that business conditions remain consistent with those currently being observed and that no material investments, divestments or capital management initiatives occur. However, it should be noted that it is reasonable to expect that some combination of these will occur over the course of the year.

Infratil is pleased to be able to issue it's Annual Report for the year ended 31 March 2016 at the same time as its results. The full Annual Report is now available on Infratil's website: www.infratil.com