



16 November 2023

## **Infratil delivers \$1.2 billion first half net parent surplus, remains positive on growth outlook**

Infratil today announced a net parent surplus from continuing operations of \$1,215.1 million for the six months to 30 September 2023. The result included a \$1,064.5 million revaluation of Infratil's initial 49.95% stake in One NZ, following the acquisition of a further 49.95% stake in June this year.

Proportionate EBITDAF was \$400.0 million – a 45% increase on the \$275.6 million from the same period the previous year.

Infratil CEO Jason Boyes said that the strong performance reflects a four-month contribution following Infratil's increased ownership of One NZ - it now owns 99.9% - and increased earnings at all key operating businesses including CDC Data Centres, Manawa Energy, Longroad Energy, RHCNZ Medical Imaging, Qscan Group and Wellington Airport.

“The operating performance across our portfolio gives us the confidence to lift and narrow our FY2024 Proportionate EBITDAF guidance from \$800 - \$840 million, to \$820 - \$850 million. This is pleasing, at a time when pressure is coming on earnings across the economy.”

Mr Boyes said alongside earnings growth across all our key operating businesses, we have seen considerable momentum building in a number of key assets.

“CDC is experiencing an unprecedented surge in demand for cloud and generative AI workloads, from both new and existing customers. This demand has seen CDC embark on an accelerated development plan, bringing forward 223MW of development across Canberra, Sydney, Melbourne, and Auckland. CDC is very well positioned to capture this growing demand with large campus facilities ideally suited for the rollout of multi-megawatt deployments.”

The independent valuation of Infratil's CDC investment at 30 September 2023 grew strongly, increasing A\$448 million over the six months since 31 March 2023. This equates to approximately NZ\$0.58 per Infratil share, showcasing the substantial value inherent in this investment, Mr Boyes said.

One NZ EBITDAF for the period was \$279.4 million, up \$21.5 million (8.3%) from the prior year. EBITDAF margin improvement has been driven through lower brand and rebrand costs, and mobile outperformance. Mobile performance continues to reflect the benefits from higher value endless data and unlimited data plans, roaming revenues returning, and annual pricing adjustments.

“Following the sale of its passive cell tower assets in 2022, One NZ maintains an excellent working relationship with new tower company Fortysouth, and new site rollouts are progressing well. One NZ customers also enjoyed an up to 30 percent speed increase of their 5G services across the country in July, following a full network re-tune to incorporate their new 5G spectrum.



“Longroad Energy delivered a strong result for the half year with an EBITDAF contribution of US\$57.7 million, up US\$17.0 million (41.7%) from the prior period. Performance was primarily driven by Longroad’s projects in Texas which were damaged by a severe hailstorm in the prior period. The rebuild of those projects has now been completed, and they’ve been the benefactors of high merchant pricing due to extreme heat in Texas over the summer months.

“Separately, Longroad is also undertaking the largest capital works project in its history with five projects totalling 1.5GW currently under construction. Sun Streams 4 (677MW), Longroad’s largest ever solar and storage started construction on 1 November 2023, while its Serrano (444MW) project is expected to reach the project milestones required to start construction before the end of the year.

“Gurīn Energy, our pan-Asian renewable energy venture, has received one of five conditional approvals to develop 2GW of renewable energy in Indonesia as part of establishing a green electricity trading corridor between Indonesia and Singapore. This ambitious project aims to deliver 300MW of non-intermittent renewable energy to the Singapore market, commencing in 2027.”

“While a relatively new area for Infratil, the Healthcare sector is a key component of our portfolio. In New Zealand with RHCNZ Medical Imaging Group – which delivers 33% of New Zealand’s radiology services (both public and private) through Auckland Radiology, Bay Radiology and Pacific Radiology - volumes continue to track ahead of forecast and the prior year, with revenue up 12% over the prior year.

“Qscan has demonstrated robust growth, with half-year revenues surpassing the previous year by 14%, albeit slightly below budget. Volume growth has returned near to historic trends, and we anticipate additional pricing uplift in November 2023 from the added Medicare indexation.

“RetireAustralia occupancy remains high against a growing portfolio, following completion of several successful developments. Waitlists are a feature at 25 villages, with low overall vacancy of 7.6%. The near-term development pipeline remains robust, forecasting the completion of 254 independent living units in FY2024.

“Wellington Airport continues its robust recovery, with domestic and international passenger volumes standing at 86% and 72% of pre-covid levels, respectively. The reintroduction of a Wellington to Brisbane Qantas service in October has been well-received, restoring a service that was last operated seasonally in 2015.”

## **Making meaningful commitments**

Recognising the shifting landscape, our approach to sustainability continues to evolve. In August, we published our inaugural sustainability report, a comprehensive document outlining our refreshed sustainability strategy, material environmental, social, and corporate governance issues, emissions footprint, and illustrative case studies drawn from our portfolio. Mr Boyes highlighted that the sector diversity of our portfolio contributes positively to various aspects of sustainability, from renewable energy generation to the provision of healthcare services and the facilitation of connectivity.

“As a company dedicated to playing our role helping to shape a sustainable future, Infratil is proud to be the first financial institution in New Zealand to have SBTi (Science Based



Targets initiative) validation of our climate targets - an achievement that signifies our credible commitment to climate action.”

## **Capital deployment**

Mr Boyes said that over the six months, \$2.7 billion was deployed across the portfolio, including \$1.8 billion for the One NZ stake. The remaining capital was primarily deployed across Infratil’s existing digital and renewable businesses, with demand for digital infrastructure globally experiencing an unprecedented surge driven by developments in AI.

“The agreement reached with Brookfield in June to acquire their 49.95% stake in One NZ was undoubtedly one of the highlights from the last six months. It was the culmination of a six-year journey that began well before our initial investment in May 2019, and then ended with securing 49.95% this year.

“Alongside the 49.95% acquisition of One NZ, we completed the largest equity raise in our history, raising \$935 million at \$9.20 a share. Pleasingly for shareholders who participated in the equity raise Infratil’s shares have continued to trade strongly following the raise, closing at \$10.60 a share yesterday.

“Increasing our ownership in One NZ provides Infratil with both enhanced flexibility and a renewed focus on long-term value creation to support One’s continued success. Over the first four years, Infratil’s investment in One NZ generated a return of 25.4% per annum.

“As Infratil’s digital infrastructure platform expands globally into a growing network of partnerships, we have also increased our stake in the UK data centre platform, Kao Data. With a majority holding of 53%, our new shareholding offers streamlined ownership and will provide further support to facilitate Kao Data’s growth.

“During the period, we added to our digital infrastructure portfolio with a conditional investment in Console Connect. Subject to regulatory approvals, we have committed between US\$160 million and US\$295 million, which will result in Infratil owning between 60% to 80% of the business. Console Connect invests in new subsea fibre optic cables and simplifies the process of connecting to data centres, partners, clouds, and various applications on a global scale. Its platform serves approximately 17% of global internet over 150 countries.

Mr Boyes highlighted that Infratil retains significant liquidity to support further internal and external investment opportunities with \$1.0 billion of available capacity to fund growth, including significant undrawn corporate facilities. At 30 September, gearing was 19.7%, up from 9.8% at 31 March.

“As we head into a period which is likely to be dominated by a continuation of the macro-economic uncertainty that we are currently experiencing, we are excited about the level of opportunity for continued investment across our existing portfolio. These opportunities are likely to continue to exceed our available capital, allowing us to continue to prioritise the highest value opportunities for shareholders.

“In terms of our returns to shareholders, we will pay a partially imputed interim dividend of 7.00 cents per share, a 3.7% increase from the prior year. Over the first half of FY2024, Infratil has delivered a total shareholder return of 14.1%, while the NZX50 was down 6.6% over the period. For the 12 months to 30 September 2023, Infratil’s total shareholder return was 22.3%.



“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.

### **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/e8bh3uhc>

### **Enquiries should be directed to:**

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### **About Infratil:**

Launched in 1994, Infratil Limited is a New Zealand headquartered, global infrastructure investment company ([NZX: IFT](#), [ASX: IFT](#)). Infratil’s purpose is to invest wisely in ideas that matter and, in doing so, create long-term value for shareholders. It invests in renewables, digital infrastructure, healthcare and airports, with operations in New Zealand, Australia, Europe, Asia and the United States. With group assets currently in excess of NZ\$12 billion, Infratil targets returns to shareholders of 11-15% p.a. over the long-term.

For more information, visit [www.infratil.com](http://www.infratil.com) and [LinkedIn](#).