



29 April 2021

Infratil announces agreement to acquire stake in Pacific Radiology Group

Infratil Limited (“Infratil”) announces that it has executed a conditional agreement to acquire between 50.1% and 60% of Pacific Radiology Group Limited (“Pacific Radiology”), a comprehensive Diagnostic Imaging business in New Zealand, from existing Doctor shareholders, for total consideration of up to NZ\$350 million.

Pacific Radiology is the largest private diagnostic imaging service provider in New Zealand, operating 46 clinics in the South Island and lower North Island and employing 90 radiologists throughout New Zealand.

Completion of the Pacific Radiology acquisition is conditional on counterparty consents to change of control in relation to a small number of material contracts. Assuming those consents are given, completion is expected by 31 May 2021.

Upon completion, the existing Doctor shareholders and Management will hold between 40% and 49.9% of Pacific Radiology. As the majority investor, Infratil will have governance rights consistent with its shareholding and, together with the doctor shareholders, will be able to drive the continued development and growth of the business.

The acquisition Enterprise Value of NZ\$867 million implies an EV/EBITDA multiple of 12.6-13.3x and is subject to usual completion adjustments for net debt, net working capital and capital expenditure.

Infratil CEO Jason Boyes said, “the Pacific Radiology acquisition, if completed, sits well with Infratil’s other high performing, high quality assets, and builds on its investment last year in Qscan Group, a leading diagnostic imaging business in Australia”.

“When we outlined the company’s strategic direction in February, healthcare was identified as a sector of considerable opportunity”.

“Diagnostic imaging is an essential services industry, offering a combination of defensive characteristics and structural long-term growth. Pacific Radiology is New Zealand’s largest private provider of diagnostic imaging and has a proven track record for delivering long-term growth, both organically and via acquisition”.

“We also see this as an opportunity to scale Infratil’s investment in Qscan Group and create a meaningful Australasian healthcare platform with potential synergies and adjacent opportunities”.

“The purchase also confirms our continuing confidence in the New Zealand market and the thematic which are driving our capital allocation in communications and digital infrastructure, decarbonisation, and aging populations”.

Chairman of Pacific Radiology Group, Dr Adrian Balasingam, said:

"The Doctor shareholders in Pacific Radiology are delighted to partner with such a capable long term investor as Infratil, who will add real value as Pacific Radiology continues to grow and expand our high quality services to patients, referrers and funders across New Zealand."

Further details of the acquisition process and terms are set out in the Investor Presentation also provided to the NZX and ASX today.

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Acquisition of Pacific Radiology

Investor Presentation
29 April 2021



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Disclaimer



Financial data

This presentation contains certain financial information relating to Pacific Radiology Group Limited ('Pacific Radiology', 'PRG') which has been derived from both audited and unaudited financial information relating to Pacific Radiology.

This presentation contains pro forma financial information. In particular, Infratil has prepared a pro-forma Net Debt and gearing position of Infratil as 31 March 2021 as if the Acquisition outlined in this presentation had taken place on that date. The pro-forma historical financial information provided in this presentation is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of Infratil's future financial position.

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Transaction Summary

Infratil to acquire up to 60% of New Zealand Diagnostic Imaging business Pacific Radiology for up to \$350 million

Transaction summary

- Infratil has executed a conditional agreement to acquire between 50.1% and 60.0% of New Zealand Diagnostic Imaging business Pacific Radiology Group Limited ('Pacific Radiology') from existing Doctor shareholders for total cash equity consideration of between \$292 million to \$350 million
- Infratil will be investing alongside Doctor shareholders and Management who will hold 40.0% to 49.9%
- The acquisition Enterprise Value of \$867 million¹ implies a normalised LTM EV/EBITDA multiple of 12.6-13.3x²
- The Pacific Radiology acquisition is strategically and financially compelling for Infratil shareholders:
 - ✓ Diagnostic Imaging is an essential services industry, offering a combination of defensive characteristics and structural long-term growth
 - ✓ New Zealand's largest private provider of Diagnostic Imaging, offering referrers and patients an unmatched breadth and depth of subspecialty expertise
 - ✓ Proven track record of delivering long-term growth, both organically and via acquisition
 - ✓ Opportunity to scale Infratil's investment in Qscan Group and create a meaningful Australasian healthcare platform with potential synergies and adjacent opportunities
- As the majority investor, Infratil will have governance rights consistent with its interest and, working alongside Doctor and Management shareholders, will continue to drive the development and growth of the business

Funding

- The \$867 million acquisition enterprise value is funded by \$583 million of equity (Infratil's share up to \$350 million) with the balance funded from debt facilities at the operating company level
- Infratil's equity investment will be funded through a committed acquisition bridge facility³
- As at 31 March 2021, Infratil had undrawn bank facilities of \$353 million (excluding the acquisition bridge)
- Significant liquidity is forecast upon completion of the Tilt Renewables sale which will result in \$2.0 billion of gross proceeds to Infratil

Timing & conditions

- Completion of the acquisition is conditional on counterparty consents to change of control in relation to a small number of material contracts
- Doctor shareholder and Management shareholding to be confirmed in 1-2 weeks. Completion is expected by 31 May 2021

¹ The purchase price is subject to post completion adjustments for net debt, net working capital and capital expenditure as at completion

² EV/EBITDA multiple is based on normalised EBITDA (excluding IFRS 16 adjustments) of \$65-69 million for the year to 31 March 2021

³ Acquisition debt facilities of up to \$350 million with a 12 month term, available specifically for the acquisition of Pacific Radiology

Investment Thesis

Infratil is developing a scale healthcare infrastructure platform

This is an idea that matters



- Strong healthcare systems are required for societies to function properly. Never has this been made more apparent than now, as we observe the demands placed on global healthcare systems by the COVID-19 pandemic
- A value-based shift towards early diagnosis and preventative care can significantly reduce the healthcare lifecycle for patients and address system inefficiencies, whilst achieving patients' desired care outcomes
- Pacific Radiology's PET-CT strategy is underpinned by oncology demand, with cancer being one of the leading causes of mortality in New Zealand

Diagnostic Imaging exhibits attractive characteristics



- Outlook for the Diagnostic Imaging sector benefits from long-term tailwinds of a growing ageing demographic with an increasing prevalence of chronic disease
- Diagnostic Imaging is an essential component of a patient's lifecycle. It is a critical part of preventative healthcare and in informing clinical decision-making by supporting diagnosis, treatment planning, and unlocking efficiency gains by avoiding high-cost acute care
- Revenues therefore defensive and growing, supporting continued organic growth

Clear benefits of scale



- Opportunities for value enhancement include:
 - Ability to pool volumes across sites
 - Share and invest in equipment and technology, including AI
 - Attracting and retaining radiologists
- Potential for synergistic benefits like these with Qscan Group
- Potential to expand into strategic adjacencies

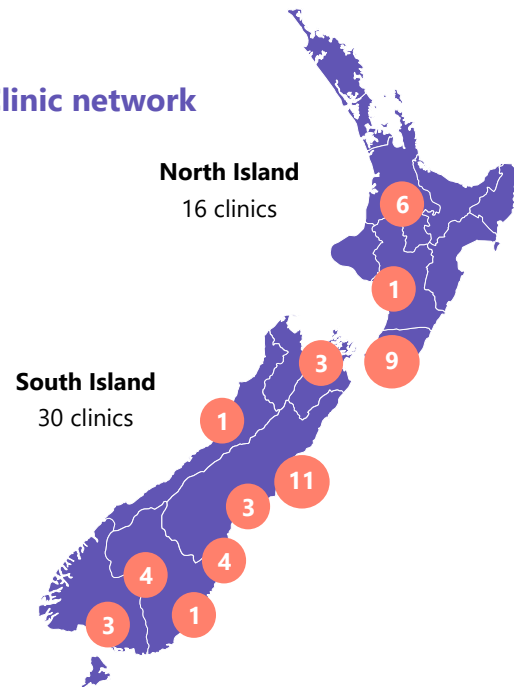
Snapshot

Pacific Radiology is New Zealand's largest provider of Diagnostic Imaging services

Overview

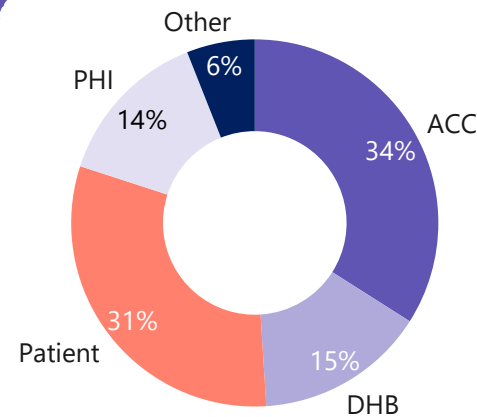
- With a heritage that dates back more than 65 years, Pacific Radiology is the largest private Diagnostic Imaging provider in New Zealand
- Pacific Radiology operates 30 clinics in the South Island and 16 in the North Island, and employs 90 radiologists and 650 employees in total throughout New Zealand. That makes Pacific Radiology around twice the size of its nearest peer, with around 20% of New Zealand's private Diagnostic Imaging clinics and radiologists
- Pacific Radiology has ~70% market share within its catchment areas. It does not currently operate in Auckland.
- Pacific Radiology offers five modalities of Diagnostic Imaging including Diagnostic Radiology ('DR'), Ultrasound ('UTS'), Magnetic Resonance Imaging ('MRI'), Computed Technology ('CT'), and Positron Emission Tomography ('PET')
- Over 230 machines are currently owned. Fleet is mid-life, implying overall steady replacement capex

Clinic network



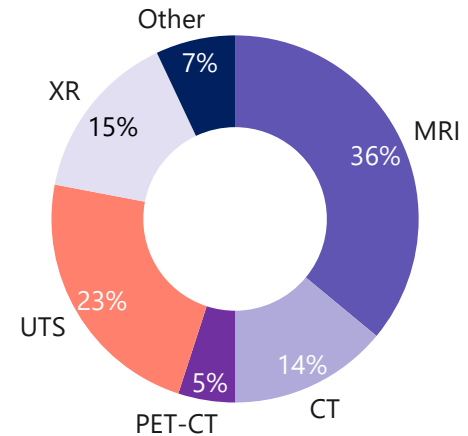
Funding mix

(Revenue LTM - December 2020)



Modality mix

(Revenue FY21F)



Investment Highlights

Pacific Radiology is the market leader in an attractive New Zealand market

1	New Zealand is an Attractive Market with a Diversified Funding Environment	<ul style="list-style-type: none"> Compared to many countries New Zealand has a diversified range of funding sources, including ACC (for accident-related injuries), Public Hospitals, Ministry of Health (cancer screening), private healthcare insurance and direct patient fees. Expected to remain stable given broad acceptance of private clinics, capacity constraints in Public Hospitals, and Diagnostic Imaging's critical role in preventative health and informing clinical decision-making
2	Clear Market and Clinical Leadership, Making it an Employer of Choice	<ul style="list-style-type: none"> In addition to its catchment leadership, Pacific Radiology is held in high regard amongst radiologists, referrers and funders for clinical and operational excellence Talent attracts talent and Pacific Radiology has unparalleled depth of radiologist subspeciality expertise in New Zealand Opportunity for new doctors to own equity is highly attractive. Together with significant continued equity ownership by existing doctor shareholders, will ensure alignment with Infratil
3	Leading Provider of High-Growth Complex Modalities	<ul style="list-style-type: none"> The majority of patient exam fee revenue comes from complex modalities, which are expected to grow faster Pacific Radiology introduced PET to the New Zealand market; it operates 2 of the 5 PET-CT machines in New Zealand, and the only 2 south of Hamilton. Also owns 50% of Cyclotek NZ which is the only manufacturer of PET isotopes in New Zealand
4	Well Identified Organic Growth Levers	<ul style="list-style-type: none"> Opportunities for value enhancement through the continued improvement of core business operations Established growth plan includes identified greenfield opportunities, targeted modality expansion within existing clinics and sustaining market leading share of high-growth complex modalities, such as PET-CT
5	Further Growth Opportunities from Scale	<ul style="list-style-type: none"> Potential synergistic benefits with Qscan, including the sharing of IT infrastructure and investment in AI, equipment/technology procurement, and professional development opportunities Inorganic growth opportunities primarily in Auckland, but also in smaller regional areas The ability to provide a scale teleradiology capability would allow the group to pool volume across sites/clusters, improving overall utilisation and allowing for greater sub-specialisation

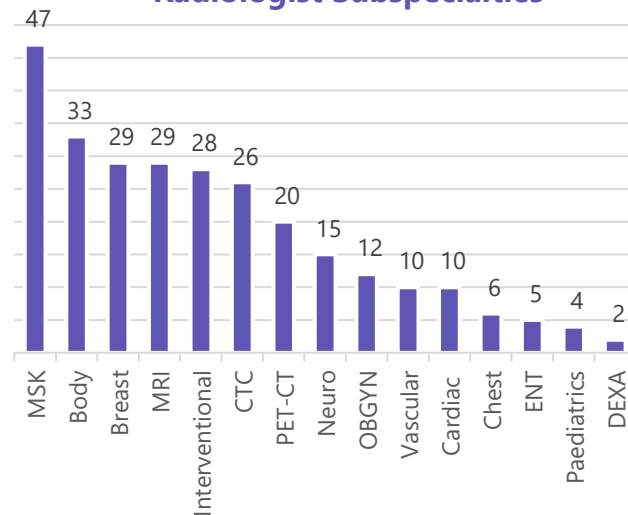
Highly Qualified Team

Leading medical professionals and experienced executive team

Clinical Leadership

- Pacific Radiology is held in high regard amongst radiologists, referrers and funders for clinical and operational excellence
- Pacific Radiology's reputation, affiliations and its subspecialised radiology team, Pacific Radiology's fellowship program is RANZCR accredited and has attracted radiologists from around the world. This gives Pacific Radiology a competitive advantage in identifying and recruiting the most talented radiologists

Radiologist Subspecialties



High Quality Executive Team



Terry McLaughlin - CEO

- Joined Pacific Radiology in 2018
- Extensive experience across both the public and private sectors. Previously a partner at Ernst Young and Chief Executive of Duncan Cotterill



Dr Jeremy Sharr – Chief Radiologist

- Joined Pacific Radiology in 2008
- Over 25 years' experience in the radiology sector. Specialisations in body imaging and intervention, breast MRI, MSK imaging, MSK spinal invention and PET/oncology imaging

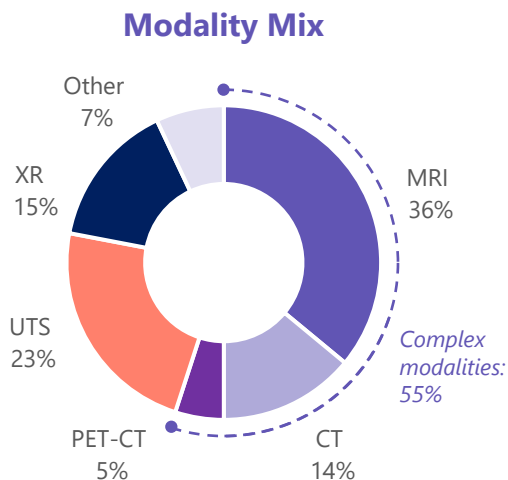
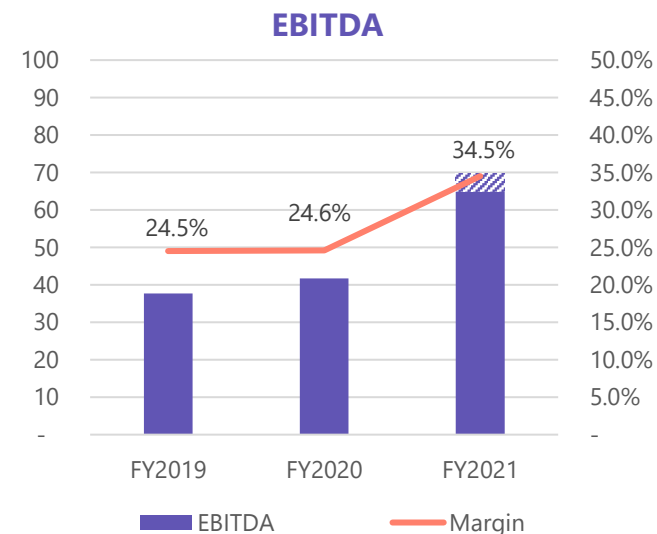
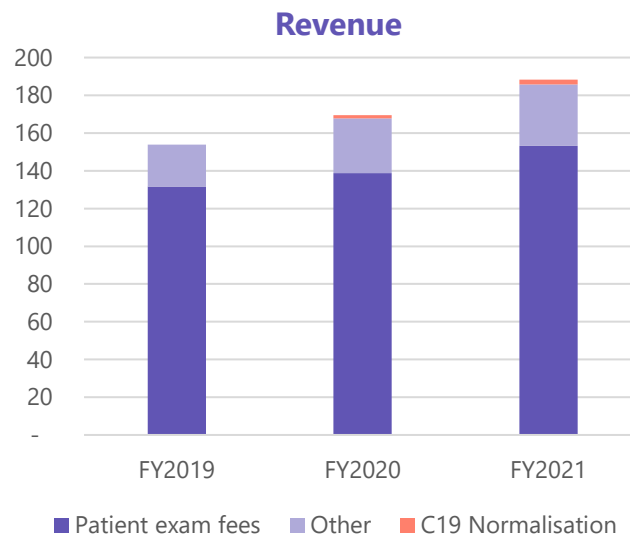


Thomas Pickles - CFO

- Joined Pacific Radiology in 2019
- More than 25 years' experience across a broad spectrum of finance processes, leading large commercial teams within large corporates

Financial Profile

Track record of revenue growth underpinned by a focus on high value modalities



- Revenue growth comes from all Pacific Radiology's regions, through volume increases, indexation and modality mix shifts. The majority of Pacific Radiology's exam fees come from complex modalities, including MRI, CT and PET-CT
- Pacific Radiology's margins are driven by its mix of scans, which are skewed towards these complex modalities
- In response to COVID-19 Pacific Radiology undertook a cost restructure, streamlining the go-forward operating cost base, contributing to the margin increase
- Revenues and EBITDA have been normalised for the impact of COVID-19

Funding and Liquidity

Following the transaction and receipt of Tilt sale proceeds Infratil will have net cash of more than \$1 billion

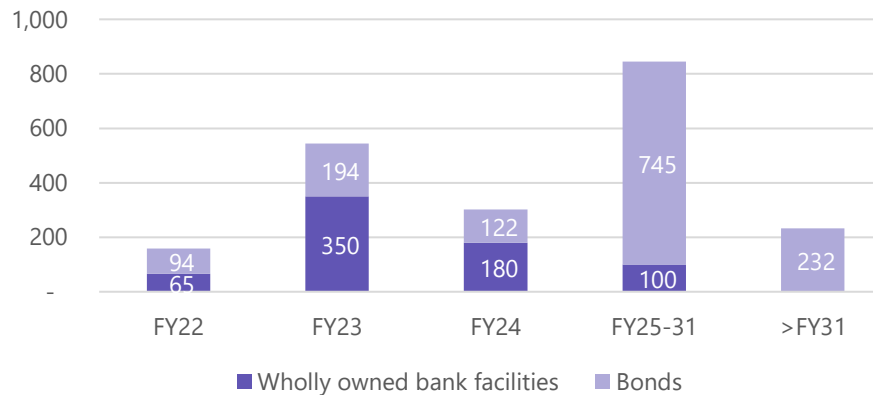


Pro-forma Capitalisation

(NZ\$ Million)	As at 31 March 2021	Pro Forma 31 March 2021 ¹
Net bank debt/(cash)	328	678
Infratil Infrastructure bonds	1,155	1,155
Infratil Perpetual bonds	232	232
Total net debt	1,715	2,065
Market value of equity	5,061	5,061
Total capital	6,776	7,126
Gearing ²	25.3%	29.0%
Infratil undrawn bank facilities ³	353	353
100% subsidiaries cash	14	14
Liquidity available	367	367

- Infratil's investment in Pacific Radiology will initially be funded via a 12 month bridge facility established for the purpose of acquiring Pacific Radiology
- Upon completion of the Tilt Renewables disposal, Infratil will fully repay its drawn bank debt facilities³, including the Pacific Radiology acquisition bridge facility, leaving a net cash balance of more than \$1 billion
- Infratil currently expects that completion of the Tilt sale will occur prior to 30 September 2021⁴

Debt Maturity Profile as at 31 March 2021 (NZ\$ million)



- As at 31 March 2021, drawn bank debt was \$342 million with \$353 million of undrawn bank facilities
- \$50 million bank facility that was scheduled to mature in June 2021 has been refinanced. Infratil's next bank maturity is \$65 million in February 2022
- Infratil's next two bond maturities are \$93.9 million of IFT220 bonds in June 2021 and \$93.7 million of IFT190 bonds in June 2022

¹ Impact of the acquisition on Infratil's 31 March 2021 balance sheet based on Infratil's investment of up to \$350 million funded via the acquisition facility

² Gearing at 31 March 2021 (Actual and Pro Forma) calculated as total net debt / total capital based on share price of \$7.00 as at 28 April 2021

³ Excludes Trustpower, Tilt Renewables, Wellington Airport, CDC Data Centres, RetireAustralia, Longroad Energy, Galileo Green Energy, Vodafone and Qscan

⁴ Subject to approvals from the Foreign Investment Review Board (Australia), Overseas Investment Office (NZ) and the High Court of NZ

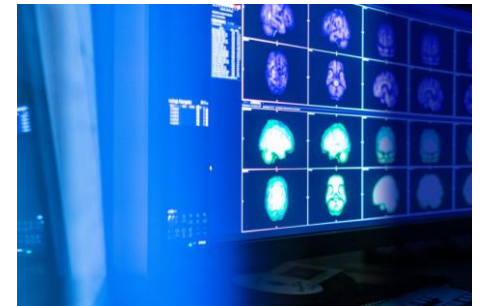
Acquisition of Pacific Radiology

New Zealand's largest private provider of radiology services, offering referrers and patients an unmatched breadth and depth of subspecialty expertise

Infratil Investor Presentation – April 2021

Infratil Acquisition of Pacific Radiology

- Infratil has executed a conditional offer to acquire up to 60% of New Zealand Diagnostic Imaging business Pacific Radiology from existing Doctor shareholders for total cash equity consideration of up to \$350 million
- On completion Doctor shareholders and Management will hold between 40.0% and 49.9% of the Company
- Diagnostic Imaging is an idea that matters. A value-based shift towards early diagnosis and preventative care can significantly reduce the healthcare lifecycle for patients and address system inefficiencies whilst achieving patients' desired care outcomes
- Pacific Radiology is a clear market leader in New Zealand Diagnostic Imaging. Pacific Radiology is able to deliver superior clinical outcomes through the delivery of complex modalities, which are also experiencing higher growth
- This acquisition is an opportunity to scale Infratil's investment in Qscan Group and create a meaningful Australasian healthcare platform with a number of potential synergies and adjacent opportunities
- The global focus on infrastructure as an asset class has not diminished Infratil's ability to source and compete for high-quality assets
- Infratil continues to invest ahead of the mainstream infrastructure market and has the capability to position our capital early in next generation infrastructure



Glossary



ACC	Accident Compensation Corporation
CT	Computed tomography (a computerised x-ray imaging procedure)
CTC	CT colonoscopy
DEXA	Dual energy x-ray absorptiometry
DHB	District Health Board
DI	Diagnostic Imaging
EBITDA	Earnings before interest, tax, depreciation and amortisation (prior to the impact of NZ IFRS 16 (Leases))
Mammo	Mammogram / mammography
MRI	Magnetic resonance imaging
MSK	Musculoskeletal
Neuro	Neurologic
OBGYN	Obstetric and gynecologic
Oncology	Branch of medicine that deals with the prevention, diagnosis, and treatment of cancer
Patient exam fees	Revenue from Pacific Radiology's primary scan and read services
PET-CT	Positron emission tomography - Computed tomography, used in clinical oncology
PHI	Private health insurer
UTS	Ultrasound
XR	X-ray



www.infratil.com