12 November 2021

Interim results for the period ended 30 September 2021

Infratil performs strongly with half year profit buoyed by Tilt sale

Infratil Limited today announced a Net Parent Surplus from Continuing Operations of $1.086 billion, for the six months ended 30 September 2021, which is the largest net surplus that Infratil has recorded in its 27-year history.

Infratil chief executive Jason Boyes said the financial performance was buoyed by the sale of Tilt Renewables, which contributed a $1.015 billion gain, while the overall result showed the business performing strongly and demonstrating resilience despite the ongoing challenges posed by the Covid pandemic.

Proportionate EBITDAF was $253.6 million, a 28.2% rise on the $197.9 million for the same period the previous year - reflecting good performances across Infratil's investments. Proportionate EBITDAF for the year to 31 March 2022 is forecast to be between $500 million and $530 million (previous guidance was $505 million to $550 million), with the narrower range primarily reflecting the addition of Gurin Energy and Kao Data to the Group, together with the estimated full year impact of Covid-19 on Wellington Airport and Infratil's Diagnostic Imaging businesses.

"It is pleasing to see the positive results and outlook from assets across the portfolio, despite all the challenges which have impacted businesses over the past six months.

"In terms of our returns to shareholders, we will pay an interim dividend of 6.5 cents per share, a 4% increase from the comparative period. The dividend will also be fully imputed. Infratil's share price also rose from $7.13 to $7.96 over the period, with an after-tax return to shareholders over the last five years of 26.0% and 19.0% over the full 27.5 years since Infratil listed."

Mr Boyes said Infratil's profit for the period and financial circumstances could have allowed a special dividend, but as noted in the 31 March 2021 annual report, we do not view special dividends as the best use of funds. We do however anticipate dividends increasing further in line with cash earnings from CDC Data Centres, Vodafone and our Diagnostic Imaging businesses.

"This approach provides our shareholders with a solid and sustainably rising dividend and enables us to continue to prudently and productively deploy the capital in ideas that matter.

"Over the six months, we deployed $833.8 million across digital infrastructure, global renewables, and social infrastructure, including our $313.6 million investment in Pacific Radiology. Along with our investment last year in Qscan and our more recent purchase of a stake in Auckland Radiology Group, we expect to generate meaningful synergies and reinvestment opportunities from our health businesses in the coming years.

"In September we announced the establishment of Singapore-based Gurin Energy to develop renewable generation in Asia with a commitment of US$233 million. This means we are now active in renewables in Australasia, North America, Europe, and Asia. All told the Infratil group has built 3,530MW of solar, wind, and hydro generation capacity and we expect to more than double that over the next decade.

"CDC Data Centres is significantly expanding its capacity with over A$1 billion of investment across four sites, including two new facilities in Auckland. When we acquired 48% of CDC Data Centres in 2017 for $411.5 million the company had 39MW of capacity and earnings of $50.4 million. The most recent independent valuation of CDC Data Centres at 30 June 2021 valued Infratil's investment in the range of A$2.3-2.5 billion. Post this half-year period, we announced the purchase of 40% of London data centre business Kao Data. We see significant growth potential for this sector.

“The market continues to value assets in the digital infrastructure and renewables sectors at significant premiums to Infratil’s carrying values. We expect to see a growing awareness that healthcare assets are also becoming the next set of premium infrastructure assets.”

Upon completion of the Tilt Renewables’ disposal, Infratil fully repaid its drawn bank debt facilities of $840 million, leaving a net cash balance of more than $1.1 billion. Infratil’s gearing reduced to 4.6% of Infratil’s total capital with total liquidity available of approximately $2 billion. Infratil also took this opportunity to fully refinance and extend all of its bank facilities with a range of maturity dates out to July 2026.

Across the portfolio during the period:

- CDC Data Centres continued to progress the 4 facilities it has under construction (totalling 70MW of capacity), while also adding an additional 150MW of capacity in Melbourne to its development pipeline.
- Vodafone’s cost efficiency programme is creating headroom to reinvest and helping improve margins, while product simplification is driving down the cost to serve and making the customer experience simpler.
- Trustpower announced the conditional sale of its retail business to Mercury Energy for $441 million, while its generation business produced a strong result driven largely by higher generation volumes and wholesale prices.
- Longroad Energy completed construction of a further 530MW of utility scale solar and commenced construction of a 26MW distributed generation project in Maine.
- Galileo Green Energy continued to expand its business development activities, resulting in a pipeline expansion over the half year to 2.1GW of dedicated projects.
- RetireAustralia enjoyed a strong half year with 296 sales of villas and apartments during the period and overall village occupancy increasing to 91%. After pausing development for a period last year, RetireAustralia now has construction underway at four sites.
- As essential healthcare providers, both Qscan and Pacific Radiology continued to provide critical imaging services despite lockdowns across New Zealand and Australia. Qscan has three new PET-CT clinics due to open in FY2022, while Pacific Radiology has a new purpose-built imaging facility under construction in Frankton, Queenstown.

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 at: https://edge.media-server.com/mmc/p/anoj6ayw

Any enquiries should be directed to:

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