



**Infratil**  
**Annual Meeting**  
**24 August 2018**



# Infratil Annual Meeting

## Agenda



- Chairman's Introduction
- Chief Executive's Review
- Presentation of the Annual Report for the year ended 31 March 2018 and the report of the auditor
- Questions from Shareholders
- Resolutions
- Close and Afternoon Tea



InterContinental Hotel, 2 Grey Street, Wellington, on Friday 24 August 2018 commencing at 2.30pm

# Mark Tume

Chair



- Independent Director since 2007 and Chair since 2013
- Member of the Audit and Risk Committee
- Chair of Manager Engagement Committee
- Chair of the Nomination and Remuneration Committee
- Chair of RetireAustralia
- Up for re-election

# Marko Bogoevski

Director



- Chief Executive of Infratil and on the Board since 2009
- Chief Executive of the H.R.L. Morrison & Co Group
- Chair of Longroad Energy
- Not up for re-election

# Alison Gerry

Director



- Independent Director since 2014
- Chair of the Audit and Risk Committee
- Member of Manager Engagement Committee
- Member of the Nomination and Remuneration Committee
- Director of Wellington International Airport
- Not up for re-election

# Paul Gough

Director



- Independent Director since 2012
- Member of Manager Engagement Committee
- Member of the Nomination and Remuneration Committee
- Up for re-election



# Humphry Rolleston

Director



- Independent Director since 2006
- Member of Manager Engagement Committee
- Not up for re-election

# Peter Springford

Director



- Independent Director since 2016
- Member of Audit and Risk Committee
- Member of Manager Engagement Committee
- Not up for re-election



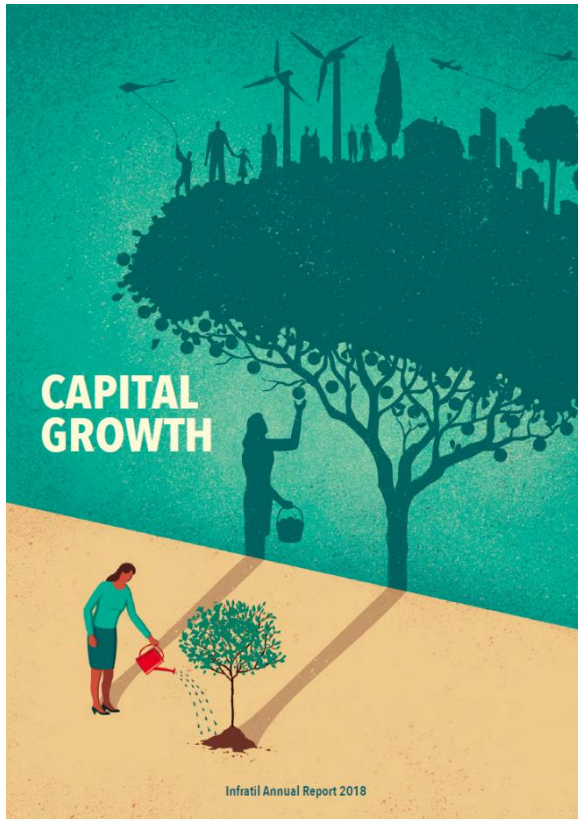
# Chief Executive's Review



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# 2017/18 Year in review

New platforms gathering momentum while core businesses deliver strong results



- Underlying EBITDAF of \$552.4 million, up \$32.9 million (6.3%) on the prior year of \$519.5 million
- Proprietary sector platforms now in place and are an important indicator of future success
  - New renewables and data infrastructure platforms firmly established and delivering
  - Eldercare platform development pipeline repositioned to include care apartments and an integrated continuum of care offering
  - Core platforms likely to generate in excess of \$1 billion of capital deployment opportunities over the next three years
- \$533 million of cash and undrawn bank facilities on hand at 31 March 2018
- Final dividend of 10.75cps, up 7.5% on the prior year
- Total shareholder return for the year was 13.2%



# Investing in “Ideas that Matter”

The cornerstone of Infratil’s approach to investment



Salt Creek Wind Farm, Victoria

- Infratil invests in critical infrastructure and essential services for countries, communities and individuals
- Since 1994 Infratil has consistently sought to invest:
  - Where demographic or core societal trends are driving long-term demand
  - Where Infratil has capability and operational expertise
  - Where there is opportunity for further re-investment
- What constitutes “infrastructure” continues to evolve as technology and business models change
- Current key areas of focus include decarbonisation, global mobility, data and an aging population

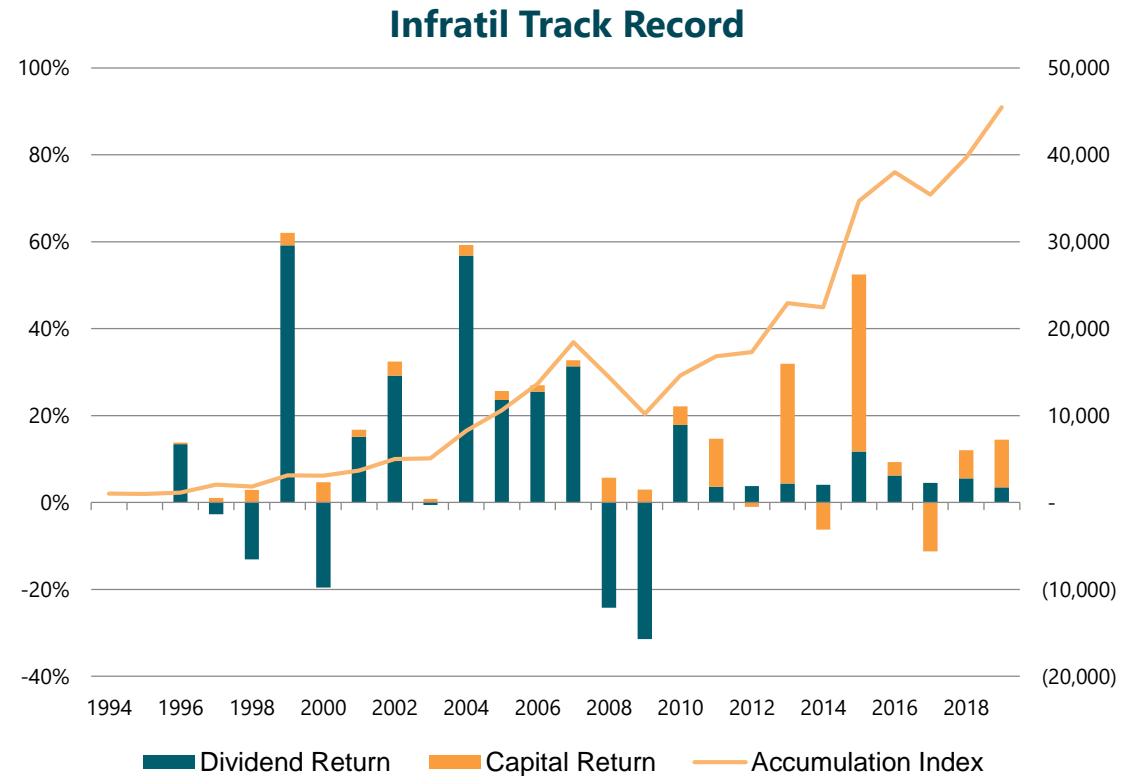


# Returns for shareholders matter

Infratil is positioned for further growth in net asset values



- Infratil's goal is to provide shareholders good risk-adjusted returns across a diversified infrastructure portfolio:
  - Since its inception Infratil has returned 16.6% p.a. over 24 years
  - Returns over the 3 years to 31 March 2018 were muted at 4.4% p.a. as Infratil positioned itself for, and executed, investment in new platforms
  - Valuation discounts have narrowed financial year to date as key platforms have demonstrated tangible progress, with returns to 23 August of 14.6%<sup>1</sup>



<sup>1</sup> Based on a closing share price of \$3.445

# Heading to a low emissions future

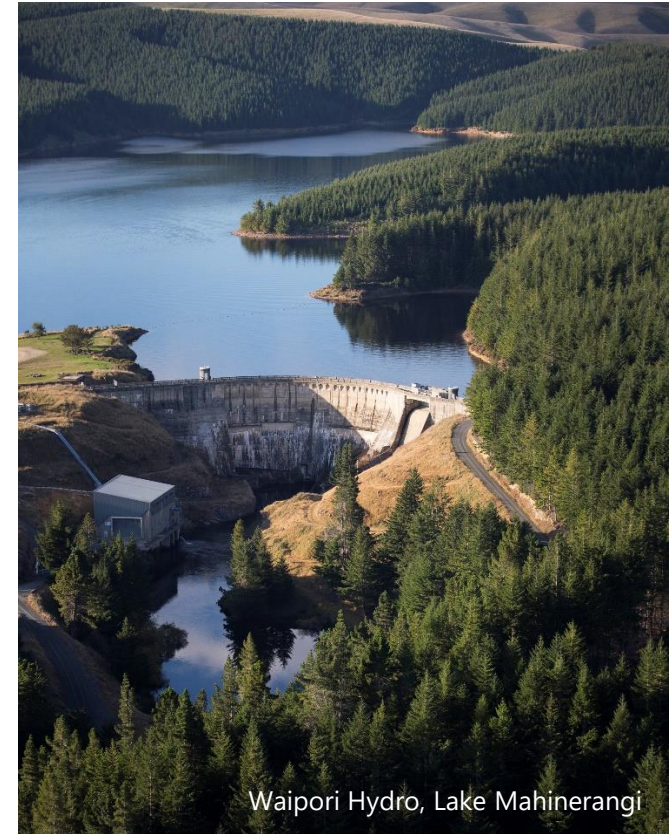
## Building a global renewables platform



- Infratil has made a long-term commitment to renewables
- Energy markets constantly face short-term political uncertainty, highlighting the benefits of market diversification
- Infratil has developed a high quality development pipeline in NZ, Australia and the US, with flexibility to reprioritise projects
- The NZ government is consulting on its Zero Carbon Bill with the aim of having the legislation in place by mid 2019
  - There is widespread acknowledgement of the need to balance the three goals of price, reliability, and emissions
  - Infratil's primary submission point is that emission reductions will require substantial capital investment and that NZ should exercise caution to ensure that investment is encouraged
  - At least \$200 billion is required over the next three decades to electrify NZ and meet objectives



- Trustpower provides Infratil with strong cashflows, supporting growth platforms and broader development opportunities
- Trustpower has a diverse and flexible portfolio of hydro generation assets, and a unique multi-product retail offering that is delivering customer and earnings growth
- Following the sale of its Australian hydro assets and the full takeover of King Country Energy, Trustpower is well positioned to participate in further industry consolidation
- Current strong capital position offers an opportunity for a capital return to shareholders



Waipori Hydro, Lake Mahinerangi



# Australasian Renewables

## Tilt Renewables - a breath of fresh air



- Tilt's pipeline of wind, solar and storage development options provides Infratil with significant investment opportunities in both Australia and New Zealand
- Infratil remains positive around the long-term development opportunity despite significant policy uncertainty in Australia
- In the three months to 30 June 2018 Tilt's total energy production was 50% above the comparative quarter in 2017 and 7% ahead of long-term expectations illustrating the significant volatility of wind resources
- Dundonnell wind farm development project bid into the Victorian Renewable Energy Auction Scheme, with an expected total cost of approximately A\$600 million, including \$A300 million from Tilt shareholders



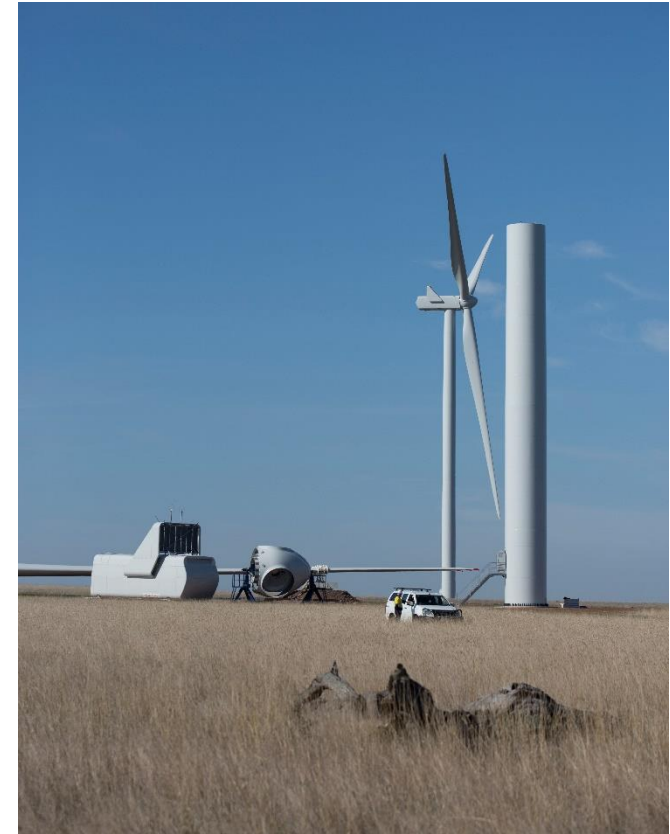
Salt Creek Wind Farm, Victoria

# Australasian Renewables

## Tilt Renewables - Infratil and Mercury's announced intention to make a takeover offer



- On 15 August Infratil and Mercury announced their intention to make a full takeover offer for Tilt Renewables
- Infratil and Mercury already respectively hold or control 51.04% and 19.99% of the Tilt shares
- The offer price of NZ\$2.30 represents a 24.3% premium to Tilt's closing share price on 11 May 2018, being the last trading day before Mercury acquired its 19.99% stake
- If fully successful, the takeover offer will result in Infratil increasing its holding in Tilt to 80.01%, at a cost of NZ\$208.54 million, with Mercury remaining at 19.99%
- The only substantive condition of the offer is approval under the Australian Foreign Investment regime
- The offer is expected to close in October



Salt Creek Wind Farm, Victoria

# US Renewables

Opportunities reflect the dynamic character of the US electricity generation market



- Longroad provides Infratil with extensive investment opportunities across the renewable energy sector in a rapidly changing US market
- Longroad recently confirmed the sale of its Phoebe solar generation project in Texas and expects to distribute approximately US\$30 million to Infratil this financial quarter
- Longroad is also progressing the Rio Bravo 238MW wind project in Texas, with completion expected in mid-2019
- Longroad remains well positioned for continued growth through its significant wind and solar development pipeline and its growing third-party services business



Milford Wind and Solar, Utah



# Australasian data and connectivity - Canberra Data Centres



Telco infrastructure is increasingly in the cross-hairs of infrastructure investors

- The data centre & telecommunications sectors continue to be driven by improved access and connectivity to high-speed broadband, and the growth in cloud-based services
- In 2018 CDC delivered a contracted EBITDAF run rate of A\$69 million and remains on track for 20% year-on-year EBITDAF run rate growth in FY19
- Scheduled completion of the Fyshwick 2 data centre (21MW) this calendar year, will be followed by commencement of the first phase of CDC's new ~50MW campus at Hume next year
- The development of 5G wireless technology and ongoing regulatory and policy developments should create further opportunities for infrastructure investors within the future telecommunications sector



Canberra Data Centres, ACT

# Wellington Airport

\$300 million five-year capital programme to be completed in FY2019



- Wellington Airport delivers strong cashflows while continuing to grow faster than underlying GDP
- Continuing traffic increases and increased aircraft size are expected to require additional investment over the next five years
  - Upgrade of the taxiway is now complete and the transport hub and hotel are scheduled for completion later this calendar year
  - The project to extend the runway has resumed after two years of frustrating court processes and a commissioning date in 2022 is plausible
- User ratings of the Airport's services and facilities are at an all-time high and the Airport continues to engage positively with the community



Wellington Airport International Terminal



- NZ Bus provides reliable cashflows to Infratil, within a contract setting that has shifted risk away from bus operators and allowed the re-sizing of the business
  - NZ Bus has secured geographically diversified, long-term revenues across Auckland, Wellington and the Bay of Plenty
  - Strong organic growth is expected, particularly in the Auckland market but also in Wellington as GWRC looks to phase in some route adjustments
  - NZ Bus has a relatively young fleet of ~710 contracted buses, and a network of 13 depots
- The TEV prototype electric bus has operated more than 6,000 kilometres in Wellington, with no reliability issues
- Infratil continues to evaluate future ownership options to maximise value and stakeholder outcomes



TEV Prototype Electric Bus, Wellington



# Australian Eldercare Services - RetireAustralia

Pursuing a strategy that will deliver contemporary, high-quality retirement living



- Investment rationale remains compelling as Australia's aged population grows while investment in specialist accommodation and care is lagging
- RetireAustralia is transitioning to an Australian version of the "continuum-of-care" model but its development rate has moderated while that transition occurs:
  - Implementation of the integrated care model in Australia has been challenging and will require patience
- 2 medium density urban villages under construction, with a further 260 new dwellings in the planning phase, and a total development pipeline of ~1,100 dwellings
- Staged rollout of the home care offering has commenced with services now accessible to more than 1,500 residents



Fancutts Retirement Living (Pre-construction), Queensland

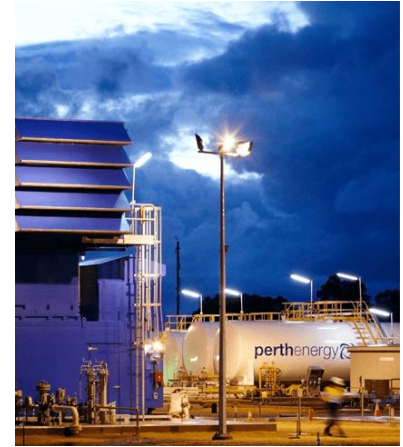
# Perth Energy and Infratil Infrastructure Property

Addressing performance, maximising value



## Perth Energy

- Significant progress in stemming retail losses with a positive earnings contribution expected in FY19
- Generation continues to provide valuable peaking capacity to the Perth market and will benefit from the recently announced removal of some coal-fired generation plant
- Medium term wholesale supply arrangements have been agreed



## Infratil Infrastructure Property

- IIPL has committed to the redevelopment of the Halsey Street bus depot site
  - Stage 1 is forecast to cost \$65 million and will provide carparking, a 154 room hotel and ground floor retail, with scheduled completion in 2020
  - The development will allow NZ Bus to remain on site, while also maximising value
- IIPL is also reviewing options for the Kilbirnie site

# 2018/2019 Outlook

Near term guidance maintained



## Key Assumptions:

- Trustpower FY19 EBITDAF guidance of \$205-\$225 million
- Tilt Renewables FY19 EBITDAF guidance of A\$120-A\$127 million
- WIAL FY19 EBITDAF guidance of \$100 million
- CDC 20% year-on-year EBITDAF run rate growth (excl. revaluations)
- Completion of one Longroad project
- Long run average weather conditions and house price inflation
- Forecast capex excludes the development of the Dundonnell Wind Farm and the impact of Infratil and Mercury's intention to make a takeover offer for Tilt Renewables

FY2019 Guidance	\$M
Normalised Underlying EBITDAF	500-540
Operating cashflow	210-250
Net interest	155-165
Depreciation & amortisation	200-210
Capital expenditure	415-455

## BALANCE SHEET AND CAPITAL POSITION

- Cash position of \$182.5 million and wholly owned subsidiaries bank facilities drawn of \$37.3 million as at 31 July 2018
- \$111.4 million of Infrastructure Bonds maturing in November 2018 are likely to be replaced by a new/rollover offer



# Infratil – platform set for the next phase of capital growth

Pressure now on capital allocation and setting priorities across multiple opportunities



## Converting the near-term pipeline into cash or tangible net assets:

- Have worked hard to establish multiple accretive options
- Investment is expected to be focused on renewables, telecommunications, and retirement services:
  - Valuation discounts are likely to narrow as current platforms achieve independent scale
  - Infratil has the benefit of working with supportive and sophisticated shareholders in various JVs

## Tightening the portfolio and reducing complexity:

- Review the long-term position of peripheral assets in the portfolio and close out several lower-value options
- Ongoing performance management of key assets and capital management



# Infratil

## Annual Meeting

Presentation of the  
Annual Report for the year  
ended 31 March 2018 and  
the report of the auditor





# Infratil

## Annual Meeting

Questions from  
Shareholders?





# Infratil

## Annual Meeting

### Resolutions



# Resolution 1

Re-election of Mr Mark Tume



**Re-election of Mr Mark Tume:** That Mark Tume be re-elected as a director of the Company.

For	Against	Discretionary
181,914,812 (89.22%)	18,585,757 (9.12%)	3,393,442 (1.66%)

# Resolution 2

Re-election of Mr Paul Gough



**Re-election of Mr Paul Gough:** That Paul Gough be re-elected as a director of the Company.

For	Against	Discretionary
200,819,298 (98.27%)	124,178 (0.06%)	3,408,250 (1.67%)



# Resolution 3

## Directors' remuneration



**Directors' remuneration:** That the aggregate maximum remuneration payable to all Directors (in their capacity as a director of the Company or any of its subsidiaries) be increased by \$59,046 from \$940,923 to \$999,969 per annum (plus GST or VAT, as appropriate).

For	Against	Discretionary
194,723,560 (97.38%)	3,252,713 (1.63%)	1,986,375 (0.99%)

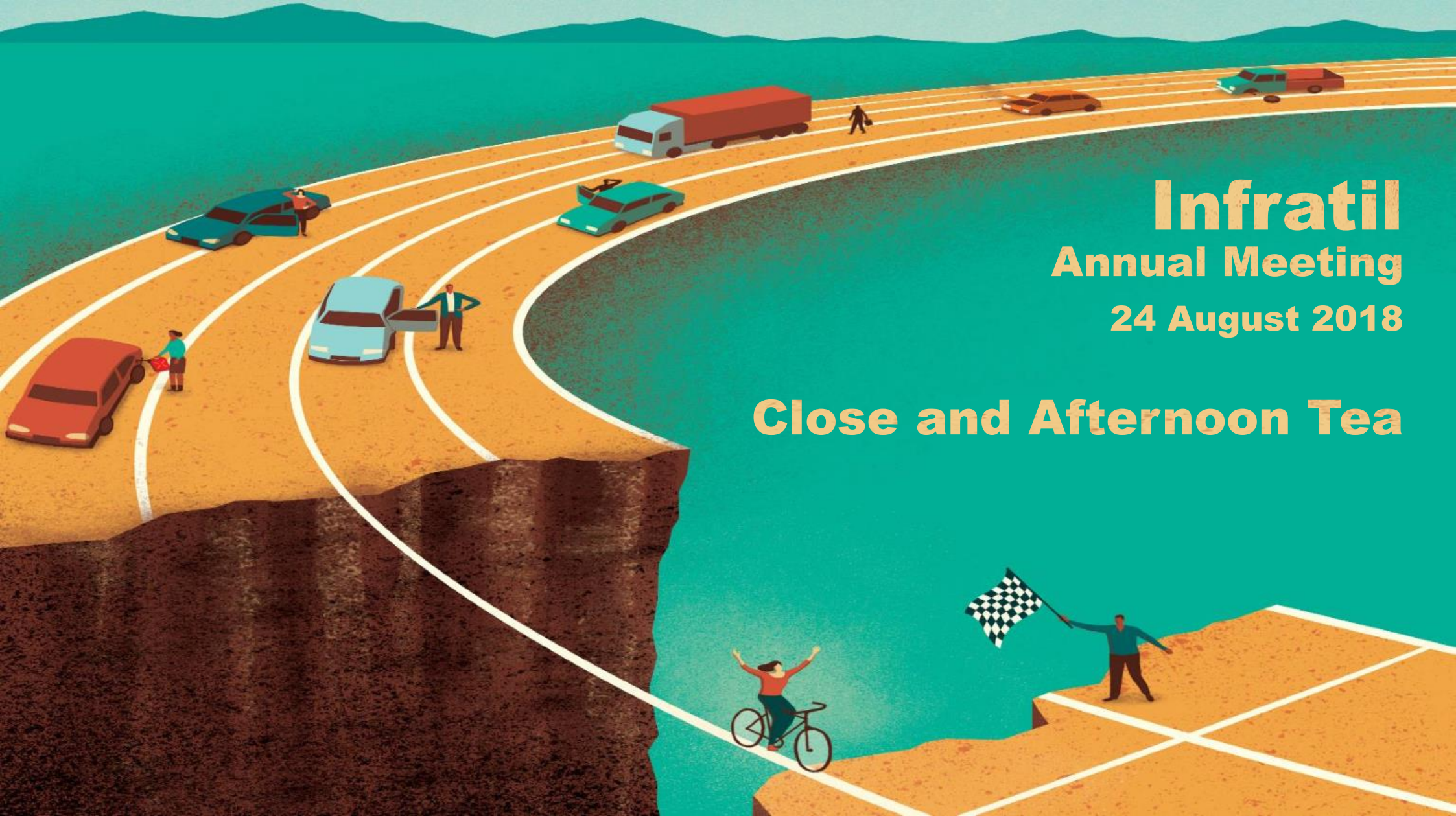
# Resolution 4

## Auditor's remuneration



**Auditor's remuneration:** That the Board be authorised to fix the auditor's remuneration.

For	Against	Discretionary
193,235,588 (94.57%)	7,683,822 (3.76%)	3,412,962 (1.67%)



# **Infratil**

## **Annual Meeting**

**24 August 2018**

**Close and Afternoon Tea**



# For more information

[www.Infratil.com](http://www.Infratil.com)

