



ASX RELEASE

Infigen Energy

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21 February 2019

FY19 INTERIM RESULTS

Infigen Energy (ASX: IFN) today released its interim results for the 2019 financial year (FY19).

SUMMARY OF PERFORMANCE

Production generated from owned assets	903 GWh, increased 48 GWh on pcg	Primarily due to the Bodangora WF commencing operations
Production sold from owned assets	872 GWh, increased 56 GWh on pcg	See above
Net Revenue	\$119.2 million, increased \$1.0 million on pcg	Higher production, offset by lower electricity and Large-scale Generation Certificate (LGC) prices Infigen's average LGC price down 8% on pcg (cf 17% market decline)
Underlying EBITDA	\$88.2 million, increased \$0.2 million on pcg	Stable Underlying EBITDA
Net profit after tax (NPAT)	\$21.1 million, decreased \$5.7 million on pcg	Reflects a non-cash impairment of Development Assets of \$9.8m (pre-tax). NPAT pre-impairment was \$30.9m
Operating cash flow	\$27.2 million, decreased \$22.0 million on pcg	Due to increase in LGC inventories held to meet contracts settling January/February 2019. Since 31 December 2018, \$73.0m of cash has been received which was referable to LGCs held against contracted sales at 31 December 2018
Net debt	\$554.4 million, increased \$23.1 million since 30 June 2018	Funding for the Bodangora WF development, offset by scheduled repayments for Corporate and Bodangora WF debt facilities.

Infigen's Managing Director, Ross Rolfe, said, *"During the first half of FY19 we have enjoyed continued success in executing our strategy, designed to improve the quality of our earnings, by making them more certain in quantum and sustainable over time. Success is observable in our H1 FY19 results."*



“Bodangora WF is almost fully operational and we entered into our first two Capital Lite transactions, to increase generation available for sale. This increase was accompanied by a continued increase in the proportion of electricity being sold to Commercial and Industrial (C&I) Customers - building upon foundations that we have laid over the last 2 years.

Our growth is occurring within a dynamic energy market which is in a state of transition - as aging generation exits the system and consumers more broadly are seeking clean and reliable energy supplies at competitive prices.

Access to competitively priced firming capacity and increased generation will enable us to continue to grow contracted sales to C&I Customers. In addition, investments in customer service capabilities will allow Infigen to target a broader range of customers and expand contracted sales”.

H1 FY19 BUSINESS HIGHLIGHTS

Continued successful execution of the Multi-Channel Route to Market Sales Strategy delivered the following business highlights:

- Production from owned assets up 6% to 903 GWh of energy:
 - Driven by Bodangora WF (located in NSW), expected to contribute ~360 GWh p.a. once fully operational
- entry into the Victorian market underpinned by the two aforementioned Capital Lite transactions:
 - 5-year power purchase agreement (“PPA”) as electricity offtaker in respect of the 31 MW Kiata WF
 - sale of the 58 MW Cherry Tree WF development project and purchase of its electricity and LGCs (or equivalent) output once operational
- increase in contracted revenues, delivering stable and reliable revenue outcomes:
 - 24% - PPAs
 - 41% - C&I / Wholesale Customers
 - 35% - Net Pool Sales
 - LGCs (contracted 93% for FY19)
- operating costs down 5% on pcp, reflecting transition to long term operations and maintenance contract with Vestas in FY18
- investment in additional firming capacity:
 - 25 MW SA Battery will allow an additional 18 MW of firm energy to be sold – expected to be fully operational by Q4 FY19
 - focused on access to physical firming to allow an increase in contracted sales in a risk managed manner

STRATEGY UPDATE

The long-term profitable growth of the business necessitates:

1. continuing to increase our capacity to deliver firm supplies of electricity to our customer base while managing the risks associated with intermittent fuel generation
2. increasing our sales at sustainable profit margins
3. further diversifying our customer base; and
4. further enhancing our capability to service our growing customer base



In H1 FY19 we have achieved success in each of these priorities with the growth in generation available for sale (both on balance sheet and through our Capital Lite strategy), increasing our C&I sales, increasing the number of customers we serve, and investing in people and systems to allow us to continue to attract and retain customers.

Infigen is focused on the access to physical firming to allow it to increase its contracted sales in a risk managed manner and this will support further contracted sales and growing the generation available for sale.

Infigen's capital management strategy seeks to balance the various calls on capital, calls for growth, returns to security holders and deleveraging.

OUTLOOK

Infigen believes that energy market fundamentals continue to evolve to its potential advantage, and that while policy and sentiment are regularly debated, the reality is that Australia is transitioning to a lower emissions electricity future and substantial amounts of new generation is required.

Infigen is positive about both FY19 and the future. The energy market is dynamic, and Infigen is responding to it with a strategy for the future that is capable of adapting to emerging market dynamics and conditions. In the short – medium term, Infigen's contracted position supports the continued delivery of reliable revenue outcomes.

Electricity spot markets continue to be volatile, but fundamentals remain strong.

As Infigen's transition to an energy markets company continues, revenue will be further influenced by increased production volumes (driven by the additional contribution from Bodangora WF), and sales of a greater proportion of electricity on a contracted basis. Infigen is actively considering additional physical firming opportunities to support an expansion of contracted volumes, which will provide greater stability and less volatility to earnings.

The expected FY19 portfolio-wide average bundled price range for production sold from Infigen's owned assets is confirmed at \$125-130/MWh.

Infigen continues to pursue a capital allocation strategy to achieve its strategic objectives. These objectives include preserving sufficient liquidity in the business to meet its business needs, accessing new sources of energy to supply to our growing customer base, obtaining firming capacity to manage the risks in supplying energy from intermittent generation, reducing debt and returning capital to our investors when that can be achieved on a sustainable basis.

Infigen remains engaged with all stakeholders and looks forward to the resolution of the energy policy debate in due course.

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About Infigen Energy

Infigen is a leading Australian Securities Exchange (ASX) listed energy market participant delivering energy solutions to Australian businesses and large retailers.

Infigen supplies Australian business customers clean energy from a combination of its own renewable energy generation assets, energy sourced under power purchase agreements and firming solutions from the broader energy market and the 25 MW / 52 MWh Battery currently under construction.

Infigen's wind generation assets are located in New South Wales, South Australia and Western Australia and it has power purchase agreements in Victoria. Infigen's energy retailing licences are held in the National Electricity Market (NEM) regions of Queensland, New South Wales (including the Australian Capital Territory), Victoria and South Australia.

Infigen is Australia's largest listed wind power generator by installed capacity of 557 MW, with a further 113 MW in New South Wales expected to commence commercial operations in late February 2019. It is also a proud and active supporter of the communities in which it operates.

For further information please visit our website: www.infigenenergy.com

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2019 Interim Results.

Six months ended
31 December 2018



Ross Rolfe

Managing Director / Chief Executive Officer

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Safety – Our Priority

Infigen's first priority is the safety of its people and the communities in which it operates.

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(12 months ended ^{1,2}) Infigen's performance	31 Dec 2018	31 Dec 2017
Lost Time Injuries	–	2
Lost Time Injury Frequency Rate	–	7.4
Total Recordable Injury Frequency Rate	8.7	11.0

Committed to achieving the goal of Zero Harm

- Combining engineering and design solutions, human practices and behaviours to reduce or eliminate safety risks from our operating assets
- Infigen continues to actively engage in the management of contractor safety, using methods including workshops, monthly meetings, and audits

There were no recorded lost time injuries reported involving Infigen's employees or contractors during the 12 months to 31 December 2018

Lake Bonney 1 WF and Alinta WF continue as +10 years LTI free

1. Safety performance is measured on a rolling 12-month basis to 31 December, and in accordance with standards of Safe Work Australia

2. Includes both employees and contractors

Environmental, Social & Governance

Infigen is committed to earning the support of our community of stakeholders, including our investors, customers, employees and landholders.

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Development of a high performance and engaged workforce

42%

Female workforce, including directors

Investment in diversity, staff development and training, and education, and indigenous engagement

74%

Employee Engagement Index

16%

Net Employee Promoter Score

Reducing our carbon footprint

221,000

Equivalent homes powered with Infigen generated energy

8%

Emissions reduced 8% to 3,077t CO₂e

Investing in the future of local communities and our industry

\$4.7 million+

Payments to landholders, and local employment

Investment in 44 community projects

Support for industry organisations to contribute to policy design and public debate

Focus on continuous improvement of community consultation and engagement practices

\$7 million

Spent in local community during Bodangora WF construction

37

Local jobs created during the Bodangora WF construction

Creating value for our customers

Infigen works closely with existing and prospective customers to design clean energy solutions and products that deliver the greatest value to their businesses

All information provided in the tables above are annual to 30 June 2018, other than Employee Engagement Index and Net Promoter Score, accurate as at 31 January 2019

Financial Overview and Business Update

Financial Highlights

Stable EBITDA and increasing NPAT (pre-impairment) reflects the continued execution of the Multi-Channel Route to Market sales strategy.

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Drivers

Underlying EBITDA \$88.2m

- Increased marginally (H1 FY18: \$88.0m)
- Increased Revenue:
 - 7% more production sold v. pcp (Bodangora WF contributed +58GWh)
 - But lower LGC and electricity prices received
- Lower operating costs primarily due to:
 - non-recurrence of pcp transition costs re Vestas O&M
 - lower FCAS net expense

NPAT \$21.1m

- Decreased 21% (H1 FY18: \$26.7m)
- NPAT increased to \$30.9m (up 16% v. pcp), prior to the impairment of Development Assets (\$9.8m)

Net Operating Cash Flow \$27.2m

- Decreased 45% (H1 FY18: \$49.2m) primarily due to higher LGC inventory levels held at 31 December 2018 to meet contracts settling January/February 2019
- Since 31 December 2018, \$73.0m of cash has been received which was referable to LGCs held against contracted sales at 31 December 2018
- Continued strong EBITDA to free cash flow conversion expected over the remainder of FY19
- Free cash flow potentially is available to support business growth strategy, returns to security holders and deleveraging consistent with Infigen's capital management strategy

Operational Highlights

Bodangora WF commenced production. Average electricity price received decreased modestly, with increased sales from C&I contracts decreasing exposure to spot market sales (ex Bodangora WF).

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Drivers

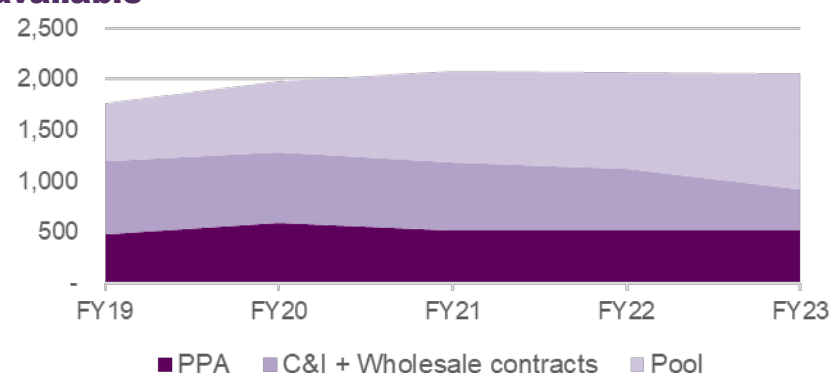
Production	Source of Sales	Costs
<p>Production generated from Owned Assets:</p> <ul style="list-style-type: none"> 903GWh, up 6% on pcip <p>Production sold from Owned Assets:</p> <ul style="list-style-type: none"> 872GWh, up 7% on pcip <p>Production purchased and sold from Contracted Assets:</p> <ul style="list-style-type: none"> 46GWh, pcip nil <p>Wind resource in line with expectation:</p> <ul style="list-style-type: none"> Bodangora WF increased production sold by 58GWh on pcip El Niño conditions may emerge in H2 FY19 to reduce overall expectations of production as foreshadowed in August 2018 	<p>Rebalancing of Infigen's sales channels:</p> <ul style="list-style-type: none"> 65% of electricity sold through contracts: <ul style="list-style-type: none"> 41% via C&I/Wholesale 24% via PPAs Multi-Channel Route to Market Sales Strategy continues to balance price, contract tenor and risk - delivering more stable revenue profile <p>Realised prices</p> <ul style="list-style-type: none"> Electricity prices down 5% on pcip from Infigen's owned assets, with increased contracted sales expected to protect against continuing decline in the forward curve LGC average price down 8% on pcip cf. 17% market decline 	<p>Operating costs:</p> <ul style="list-style-type: none"> \$21.9m, down 5% on pcip Stability provided by the Vestas O&M contracts for the fully operational WFs <p>Corporate costs:</p> <ul style="list-style-type: none"> \$7.3m, up 18% on pcip Costs incurred in relation to the pursuit of growth opportunities <p>Development costs:</p> <ul style="list-style-type: none"> \$1.8m, up \$0.8m on pcip Continued investment in exploring firming capacity and generation opportunities

Forward Contracted Volumes

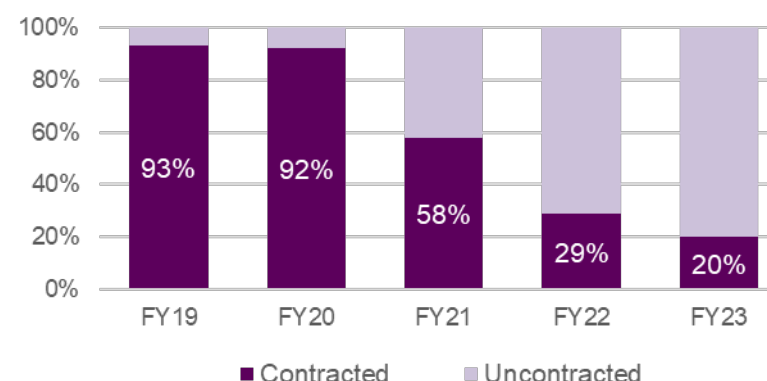
Volume, price and tenor – managing risk to deliver stable and reliable revenue outcomes.

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Contracted volumes of electricity generation available¹



Contracted volumes of LGCs^{1,2}



- **Electricity:** The market remains in backwardation. Securing contracts which balance price against the value of contract tenor delivers revenue stability
- **Firming:** The importance of firming increases in line with Infigen's increasing number of C&I contracts
- **LGCs:**
 - Forward markets expect over-supply to drive down price. The rate at which this will occur is unknown. Infigen's contracted sales are an important mitigant against a declining price
 - Commencement of operations at the Sydney Desalination Plant will increase LGC sales, but the trajectory is uncertain as it depends on the ramp up and actual electricity use
- **Overall:** The bundled price for electricity and clean products (LGCs or otherwise) is expected to remain strong given the need for new clean reliable generation

1. Expected electricity sales and LGC production outcomes having regard to: (1) historical production for owned operating facilities, (2) expected production from the Bodangora WF and (3) expected production and LGCs acquired (where relevant) under run of plant PPAs where Infigen is the off-taker.
 2. LGC volume contracted as at 31 January 2019. These numbers assume: (1) Sydney Desalination Plant remains off. If it turns on and once fully operational then the quantum of LGC volume contracted will increase with reference to the actual electricity consumption and (2) Includes LGCs where Infigen has optionality and based on current market curve it is expected these will be exercised.

Progress on Strategic Priorities

Striking the right balance of sales price, contract tenor and risk to stabilise earnings. Long-term growth depends on additional supplies of competitively priced generation, flexible firming solutions, diversifying our customer base, enhancing capabilities to serve our customers, and prudent capital management.

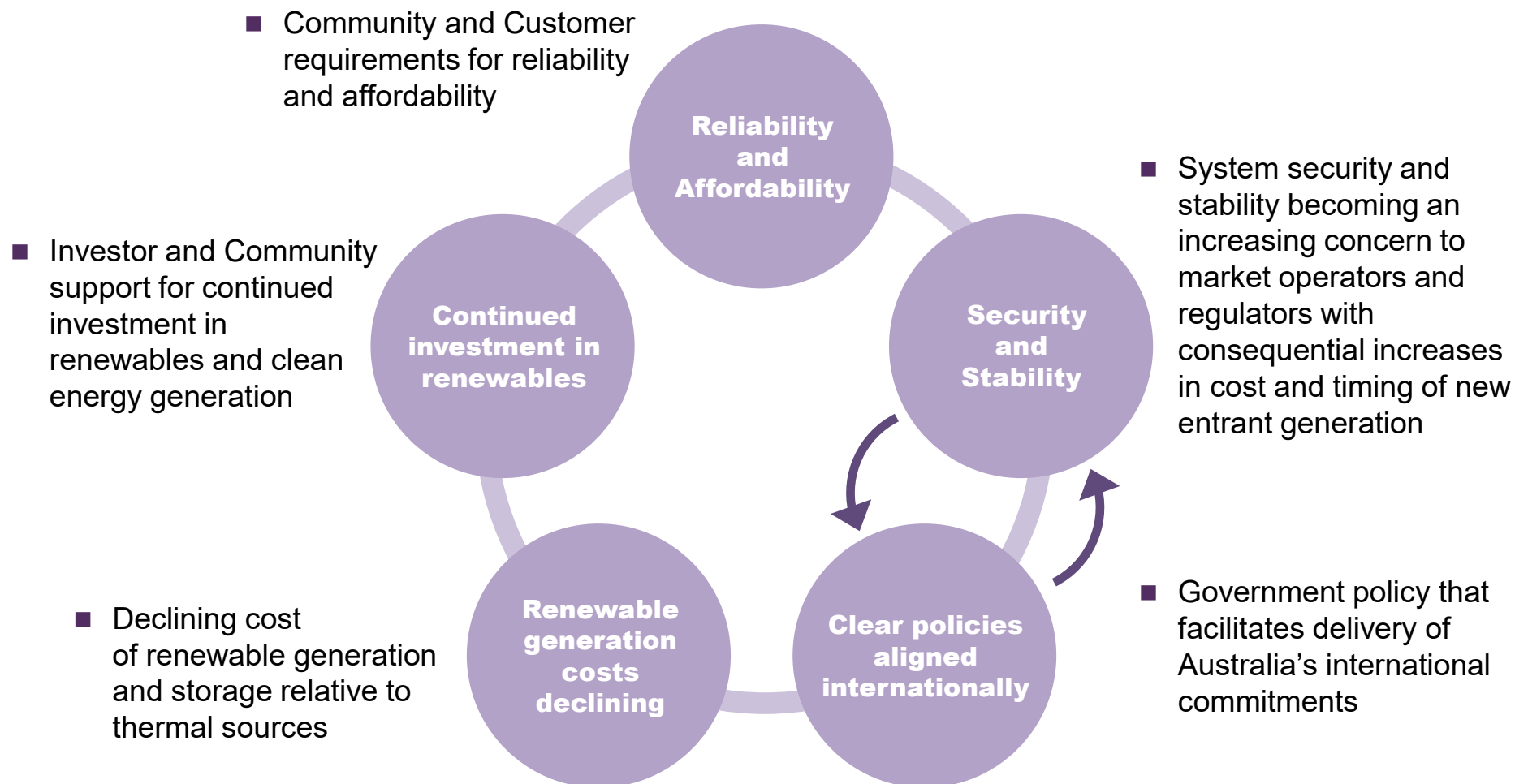
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Growth Area	Outcomes
Firming	<ul style="list-style-type: none">▪ 25 MW SA Battery will allow an additional 18 MW of firm energy to be sold – targeting commercial operations in Q4 FY19 (subject to grid connection)▪ A range of firming solutions in the NEM are under active consideration
Generation	<ul style="list-style-type: none">▪ Bodangora WF set to achieve practical completion and reach full production in Q3 FY19▪ Two Capital Lite transactions underpin entry into Victoria delivering generation growth off balance sheet:<ul style="list-style-type: none">→ 5-year PPA to purchase the electricity generated by the 31 MW Kiata WF underpins our first contracted sales in the Victorian market→ Sale of the 57.6 MW Cherry Tree WF development project and the entry into a 15-year PPA in respect of its production once commissioned, will deliver electricity and green products (e.g. LGCs) to further grow our Victorian business
Customer Service	<ul style="list-style-type: none">▪ Continued success in growing the C&I customer base – increasing contracted production sales▪ Investing in enhanced customer service and billing capability to enable Infigen to better service customers with multiple sites. Expected go live for new billing system H1 FY20

Policy and Market Considerations

Infigen is engaged with all relevant stakeholders in the effort to design a future policy framework that reflects community expectations and industry requirements during a period of market transformation.

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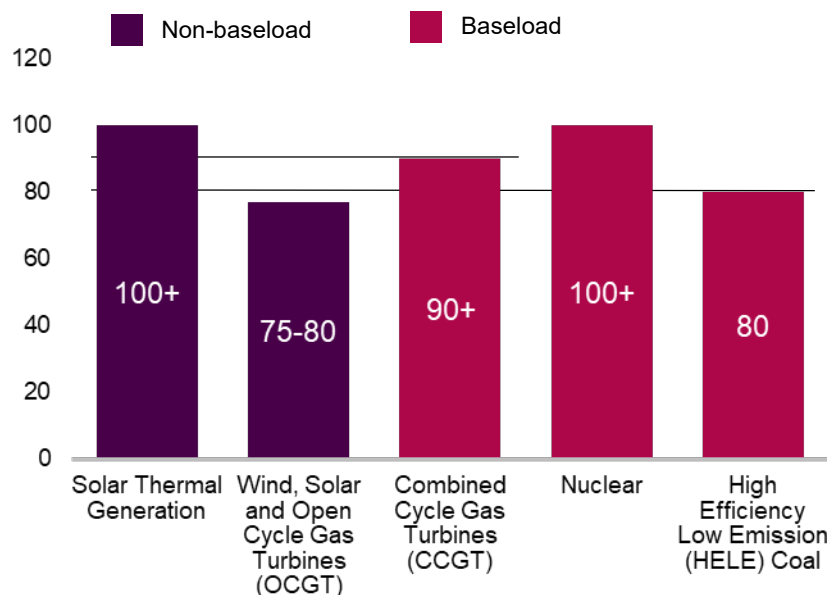


Establishing the Price for Electricity

The electricity forward curve is in decline. This trend appears to rest, in part, on the assumption that electricity should be priced at the cost of renewables plus firming (OCGT). As baseload generation continues to exit, the electricity price is expected to increase – with CCGT becoming the reference price.

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New entrant cost of electricity generation by source (\$AUD/MWh)^{1,2,3}



As CCGT requires a price of \$90-100MWh to be financially viable, Infigen believes that this will be the new benchmark Electricity Price

Renewables plus OCGT is not a long-term solution

- Renewables & OCGT can provide short term generation and capacity at competitive prices
- Concentration of solar likely to accelerate exit of certain ageing inflexible coal generators
- Emerging network issues likely to slow the pace of new entrant (renewables) generation
- Baseload coal fired generation will continue to exit, resulting in OCGT being active for longer
- Short run marginal cost of OCGT is higher than CCGT

Therefore:

- If OCGT is used for more than 30% of the time, it will increase the cost of the “Renewables PLUS OCGT” solution to a point where CCGT is economic
- CCGT will enter the system to provide reliable baseload power, but not at the expense of displacing the renewables and OCGT (and storage) which have been installed

Price must facilitate investment in optimal generation mix to maintain system strength and stability

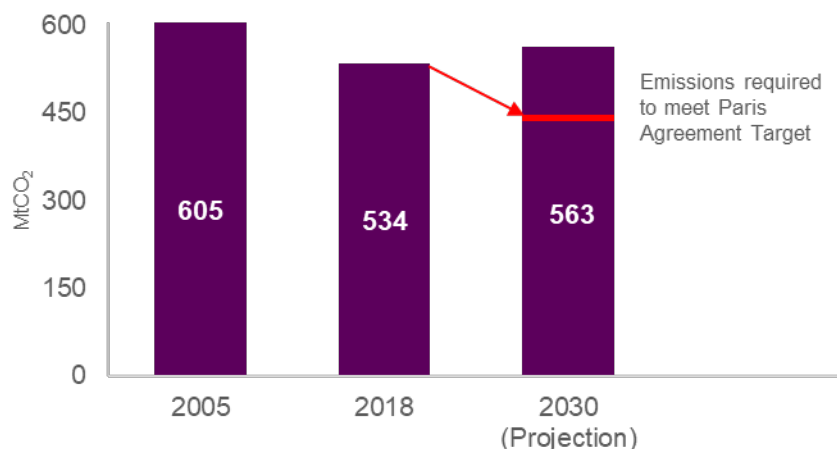
1. This analysis does not assume a price for emissions or a premium for emissions abatement. Any additional value available to renewable generation would be in addition to the revenue from electricity sales
2. Assumes gas price of \$8.50 GJ
3. Assumes Wind, Solar and Open Cycle Gas Turbines operating at <30% capacity

Establishing the Value of Clean Energy

Electricity is the logical sector to increase its contribution to the emissions reduction required for Australia to meet the Paris Agreement commitment of a 26-28% CO₂ reduction from 2005 levels by 2030 beyond its pro rata share.

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Australia's Emission Projections at 2030¹



- Electricity 2030 emissions are projected to be 17% below 2005 levels
- The NEM is projected to be 28% below 2005 levels (i.e. the RET allows the NEM to meet the Paris Agreement target)
- Australia's 2030 CO₂ emissions are projected to be 7% below 2005 levels
- To meet the national target across all sectors will require a very considerable contribution from other sectors (particularly Transport and Agriculture)

1. Department of the Environment and Energy, Australia's emissions projections, December 2018

The cost of Electricity Sector contributing to the Paris Agreement Target

- Meeting the RET does not result in the Australian electricity sector decarbonising by 26-28%. Therefore more renewable energy is required
- More renewable energy will emerge if it is economically viable
- The cost of renewables has decreased but investors expect to receive an appropriate return on capital
- Electricity sector can decarbonise at a known cost – estimated at \$25-35MWh – above the cost of electricity

What is the cost of other sectors of the economy decarbonising?

- Other sectors of the economy have substantial challenges in decarbonising: timeframe, cost and the mechanism
- Unless decarbonisation can occur in other sectors at a price and timeframe equal to that which the electricity sector can achieve, it is rational to assume the electricity sector should be asked to do more
- The energy sector is well placed to deliver sufficient investment to meet the national target at the lowest cost to the consumer

Capital Management Strategy

Infigen has a Capital Management Strategy designed to enable it to respond to market dynamics, capture emergent opportunities as well as manage the risk inherent in the Australian energy market.

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Principal business considerations

- Balancing business growth, returns to security holders and deleveraging
- Understanding the equity capital markets, the debt markets and the energy markets

The current position

- A range of firming solutions in the NEM are under active consideration for investment to allow Infigen to increase its contracted sales in a risk managed manner
- Investment in new supplies of energy likely via Capital Lite – preserving balance sheet capacity to achieve other goals
- Infigen will consider a Distribution with the FY19 Full Year Results

Distributions Policy

“Each half year the Boards will determine whether and if so, in what amount, to declare a distribution.

“At that time, the Boards review Infigen’s level of gearing and funding requirements for value accretive investment opportunities against the level of current and forecasted free cash flows.

“Free cash flow and cash reserves will be considered for distribution to security holders having regard to current economic and market conditions. The sustainability of any distribution will be taken into consideration when determining the quantum.”

Outlook FY19

Infigen is positive about both FY19 and the future. The energy market is dynamic, and Infigen is responding to it with a strategy for the future that is capable of adaptation to respond to emerging market dynamics and conditions. In the short – medium term, Infigen's contracted position will deliver reliable revenue outcomes.

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Drivers	FY19
Energy available for sale <ul style="list-style-type: none"> • Production • Purchased • Firmed 	<ul style="list-style-type: none"> ▪ Increased with Bodangora WF commencing operations ▪ H2 production is historically lower than H1. There is a risk that El Niño may exacerbate that result in H2 FY19 ▪ Robust O&M contracts in place to ensure high level of plant availability, sound long term management of assets and stable costs ▪ New sources of energy supply achieved via Capital Lite (Kiata WF and Cherry Tree WF) ▪ Prudent firming plan developed to support customer supply contracts to manage risks associated with intermittent generation
Contracted sales	<ul style="list-style-type: none"> ▪ FY19 strong contracted positions for electricity and LGCs delivering increased revenue stability¹ <ul style="list-style-type: none"> ▪ Electricity production sold: 27% PPA and 41% C&I and Wholesale contracted. ▪ LGCs: 93% contracted at fixed price, mitigating price decline ▪ Infigen has traded some short term electricity price upside for contract tenor - results expected over the lives of the contracts as earnings volatility is reduced
Average Bundled Price	<ul style="list-style-type: none"> ▪ Re-confirm \$125 – \$130MWh for FY19 in respect of production sold from Infigen owned generation assets ▪ Price variation may occur based not only on production volumes, but production timing, geographic location of production, spot and DWA prices and LGC spot prices
Long-term electricity and LGC prices	<ul style="list-style-type: none"> ▪ Long-term electricity pricing likely to be set by reference to CCGT new entrant cost ▪ Long-term value of LGCs likely to decline but future policy may recognise value in emissions reductions
Costs	<p>Operating Costs / Development Costs:</p> <ul style="list-style-type: none"> ▪ In line with FY18, taking account of increased costs given Bodangora WF commercial operations and reflecting continued pursuit of growth opportunities <p>Corporate Costs:</p> <ul style="list-style-type: none"> ▪ In line with FY18 after accounting for increased capability and growth opportunities

1. Electricity and LGC sales outcomes have regard to historical production for operating facilities, expected production from Bodangora WF and commencement of the Bodangora WF PPA for 60% of production once commercial operations commence

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Detailed Financial Review

Financial Metrics

Infigen commences H2 FY19 able to support its immediate growth and to deliver its business plans.

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Profit and loss and cash flow	Unit	31 Dec 2018	31 Dec 2017	Change	Change (%)
Net profit after tax (statutory)	\$ million	21.1	26.7	(5.7)	(21)
Underlying EBITDA	\$ million	88.2	88.0	0.2	–
Net profit after tax (statutory) - EPS	cents	2.2	2.8	(0.6)	(21)
Underlying EBITDA - EPS	cents	9.2	9.2	–	–
Underlying EBITDA margin	%	74.0	74.5	(0.5)	(1)
Operating cash flow	\$ million	27.2 ²	49.2	(22.0)	(45)

Balance Sheet	Unit	31 Dec 2018	30 Jun 2018	Change	Change (%)
Cash	\$ million	108.1	144.9	(36.8)	(25)
Debt (drawn)	\$ million	662.5	676.1	(13.6)	(2)
Net debt	\$ million	554.4	531.2	23.1	4
Net assets per security	\$	0.59	0.60	(0.01)	(1)
Book Gearing ¹	%	48.4	45.8	2.6	6
Net debt / LTM Underlying EBITDA	Ratio	3.7	3.6	0.1	4
LTM underlying EBITDA / LTM interest	Ratio	4.7	4.5	0.2	3

1. Calculated as net debt (net of capitalised commitment fees) divided by sum of net debt and net assets

2. Does not include the \$73m cash from LGC sales settled in early February 2019

Revenue

Bodangora WF and entry into the Victorian market increased revenue which was offset by declining LGC price and lower electricity price received. Growth in production and contracting created stability.

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* Infigen earns revenue on total Generation Available (production sold), not production generated

Underlying EBITDA

Stable EBITDA reflects the continued execution of the Multi-Channel Route to Market sales strategy and a stable cost structure with the existing capacity for prudent growth.

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H1 FY19 Underlying EBITDA primarily due to:

- Higher revenue: 7% more production sold, with Bodangora WF contributing +58GWh sold, offset by lower LGC and electricity prices received
- Lower operating costs: notably lower O&M and FCAS costs (Bodangora WF O&M costs will commence in H2 FY19: cost stability provided by the General Electric 20-year O&M agreement)
- Higher corporate costs in relation to the pursuit of growth opportunities

Cash Flow

Decrease primarily due to timing effect of increased forward sales of LGCs. Since 31 December 2018, \$73.0m of cash has been received which was referable to LGCs held against contracted sales at 31 December 2018.

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	31 Dec 2018 (\$ million)	31 Dec 2017 (\$ million)	Change (\$ million)	Change (%)
Operating EBITDA	97.3	95.2	2.1	2
Corporate and development costs	(9.1)	(7.2)	(1.9)	(26)
Increase in LGC inventory	(34.2)	(14.1)	(20.1)	(143)
Movement in other working capital	(8.6)	(5.2)	(3.4)	(65)
Non-cash items	0.6	0.4	0.2	50
Net finance costs paid	(18.8)	(19.9)	1.1	6
Net operating cash flow	27.2	49.2	(22.0)	(45)
Existing generation assets PPE and other capex	(0.5)	(1.5)	1.0	65
Free cash flow	26.7	47.7	(21.0)	(44)

- Increase in inventory due to timing effect of forward sales of LGCs leading to high inventory being held at 31 December 2018

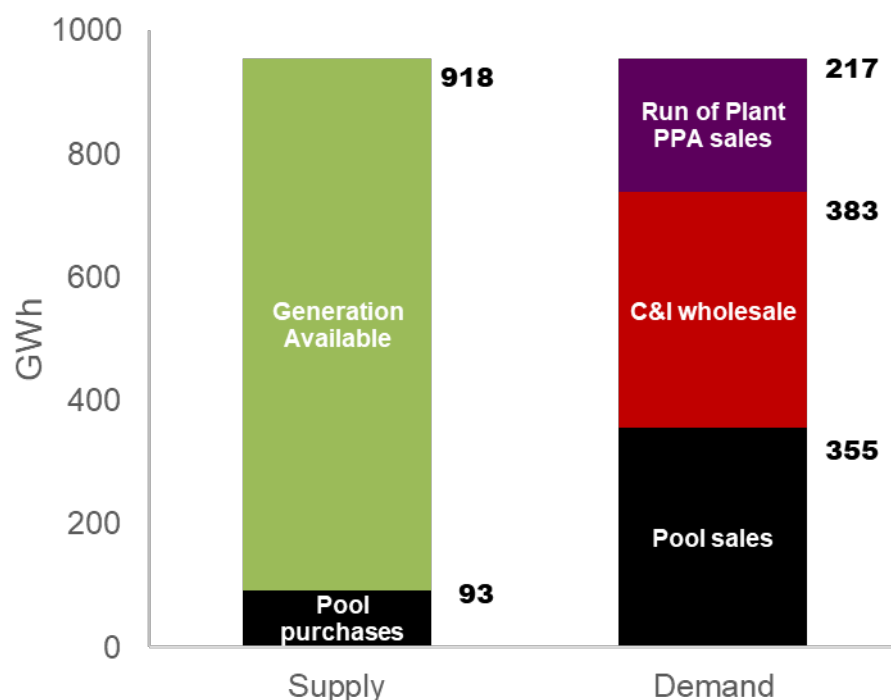
- Continued strong EBITDA to free cash flow conversion expected over the remainder of FY19 given settlement of forward sale LGC contracts in January/February (for CER surrender in February)

Infigen's Supply and Demand Profile

Infigen matches its electricity sales against its generation supply. It supplements shortfalls from the pool (NEM) when Generation Available is insufficient to meet Infigen's firm delivery obligations and Infigen sells Generation Available in excess of its contracted obligations to the pool. This is the same for all gentailers.

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H1 FY19 Supply & Demand



- Infigen purchases electricity from the pool when it is not producing electricity and needs to meet its firm contractual commitments (C&I /Wholesale customers). Infigen sells excess generation to the pool
 - The cost of pool purchases/(spot purchases) = spot price at the time of consumption X volume
 - The revenue from pool sales /(spot sales) = spot price at the time of generation X volume
- The SA Battery and any other potential investments in firming solutions will strengthen Infigen's ability to manage the costs of delivering firm supply to customers
 - Ensures energy availability, expanding the proportion of Generation Available that can be contracted firm
 - Limits the price of any supplemental energy at the cost of the firming solution, rather than the spot price at the time

Generation Available – by regional market

Delivery of the Bodangora WF and entry into the Victorian market has rebalanced Infigen's portfolio by investing in capacity in the robust liquid NSW and VIC market.

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(GWh)	H1 FY19	H1 FY18
Production sold from Owned Assets	872	815
Production purchased and sold from Contracted Assets	46	-
Total Generation Available for sale	918	815

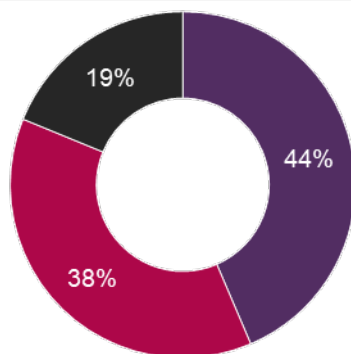
Bodangora WF

- 58 GWh production sold in H1 FY19
- Commercial operations expected to commence late February 2019

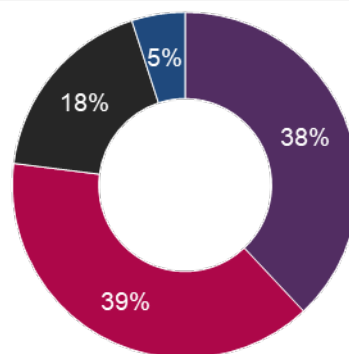
Committed portfolio¹ weighting

- The regional exposure to the NSW and VIC market will increase with:
 - Bodangora WF providing full year generation of ~360 GWh p.a. (NSW)
 - Cherry Tree WF PPA commencing ~mid-2020 contributing generation of ~182 GWh p.a. (VIC)

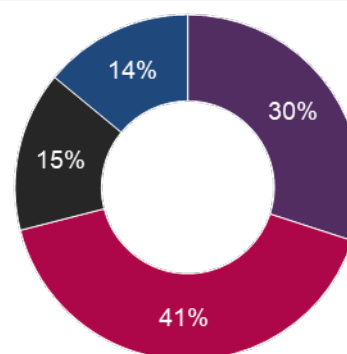
H1 FY18



H1 FY19



Committed portfolio



■ WA ■ NSW ■ SA ■ VIC

1. Includes the full year contribution of Bodangora WF, the Kiata WF PPA and commencement of the Cherry Tree WF PPA (mid-2020)

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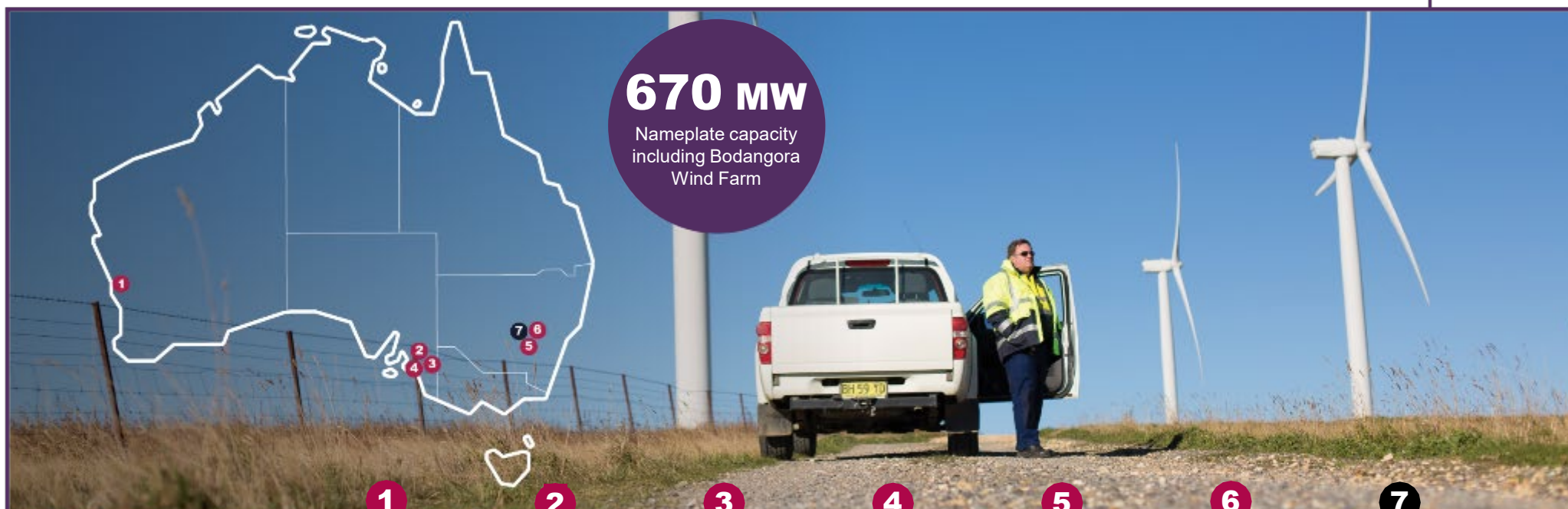
Q&A

Appendices

Individual items and totals reconcile with the Financial Statements, however, may not add due to rounding of individual components

Infigen's Owned Generation

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	1	2	3	4	5	6	7
	Alinta Wind Farm	Lake Bonney 1 Wind Farm	Lake Bonney 2 Wind Farm	Lake Bonney 3 Wind Farm	Capital Wind Farm	Woodlawn Wind Farm	Bodangora Wind Farm
Location	Geraldton, WA	Millicent, SA	Millicent, SA	Millicent, SA	Bungendore, NSW	Tarago, NSW	Wellington, NSW
Nameplate capacity	89.1 MW	80.5 MW	159.0 MW	39.0 MW	140.7 MW	48.3 MW	113.2 MW
Commenced operations	July 2006	March 2005	September 2008	July 2010	January 2010	October 2011	H1 FY19
H1 FY19 production generated	166 GWh	112 GWh	213 GWh	55 GWh	213 GWh	85 GWh	59 GWh
H1 FY19 capacity factor	42%	32%	30%	32%	34%	40%	n.m.
O&M services end date	December 2025	December 2024	December 2027	December 2029	December 2030	December 2032	

1. Infigen operates its assets on the basis that they have an estimated useful life of not less than 25 years

● Operating wind farm

● Expected to commence commercial operations in late February 2019

Role of Renewables and Infigen's Opportunity

Infigen's focus is on C&I customers seeking medium to longer term electricity contracts and selling LGCs to obligated parties. Growth will respond to demand signals.

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Market fundamentals

- Coal-fired fleet retirement based on age / coal costs, even without climate policy
- Focus on low-emissions generation and declining costs support continued investment in renewable generation
- Gas will cap or set marginal electricity price
- Gas prices continue to be set by reference to international markets
- C&I customers seek direct engagement with renewable generators



Policy considerations

- Government and Customer requirements for reliability and affordability
- System security and stability becoming an increasing concern > AEMO and AER are more active
- Investor and Community support for continued investment in renewables and clean energy generation
- Government will need to provide clear policy that aligns with Australia's international commitments



Our approach

- **Multi-Channel Route to Market – a diverse sales strategy**
- **Firming Capacity:**
 - to minimise financial risk in delivering firm contracts
 - respond to system requirements
- **Market signalled Generation Growth:**
 - On balance sheet
 - Capital "lite"
- **Investment in Customer Service Capability** to expand the number and nature of C&I customers

Capital Structure that supports execution of the strategy

Strategic Growth Opportunities

Three interrelated growth opportunities underpin Infigen's strategic pathway.

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Firming Capacity

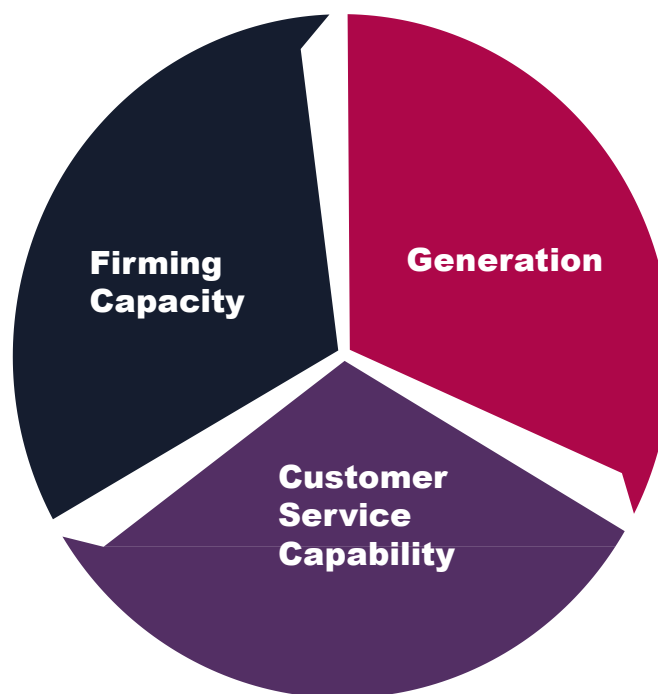
Firming solutions allow Infigen to increase its contracted sales in a risk managed manner

Firming can be inherent in the portfolio, but as contracted sales increase, Infigen is seeking both financial and physical firming solutions

Physical firming solutions allow Infigen to price contracts for the long term, with confidence in the costs of firming

The SA Battery is an important part of this strategy

A range of firming solutions in the NEM are under active consideration



Customer Service Capability

With enhanced capability, Infigen can service C&I customers with multi-sites and greater variability in load profile – increasing the universe of potential customers

New electricity for sale

There will be an increasing need for new generation as aging thermal generation retires

Infigen will respond to price signals for further investment in certain regional markets with a disciplined approach – leveraging Infigen's management expertise

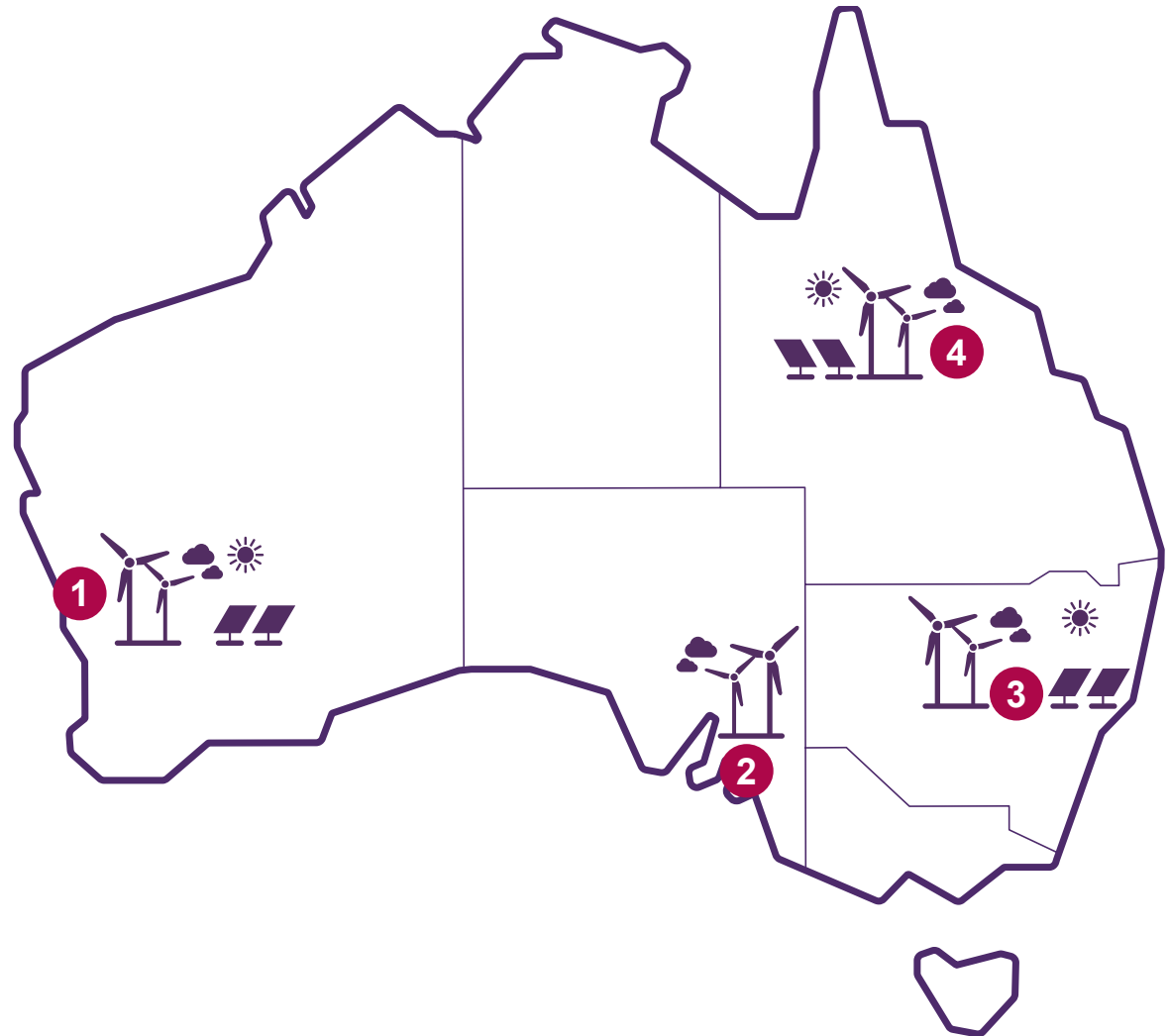
Expansion will be either on-balance sheet or Capital Lite, to maximise value creation and prudently manage capital

The Flyers Creek WF development is under active consideration, but a number of matters require resolution prior to any final decision to proceed

Infigen's Wind and Solar Development Pipeline

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1	Western Australia
Wind projects	~350 MW ¹
Solar projects	~45 MW ¹
Total	~395 MW
2	South Australia
Wind projects	~450 MW
3	New South Wales
Wind projects	~230 MW
Solar projects	~60 MW
Total	~290 MW
4	Queensland
Wind projects	~65 MW ²
Solar projects	~155 MW
Total	~220 MW



1. Infigen has a 32% equity interest
2. Infigen has a 50% equity interest

Sales Channels – An Overview

Infigen has 4 primary sales channels which form part of the Multi-Channel Route to Market Strategy. The price received under each contract reflects the risk associated with the delivery of electricity and the tenor over which the price can be “locked in”.

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No Production Risk Contracts

Run of Plant PPAs – No Production Risk

- Offtaker takes all the electricity from a nominated wind farm – no production risk, but revenue outcome depends on actual production
- Lowest risk route to market for Infigen:
 - Limited production risk (as volume linked to production)
 - Generally no price risk for Infigen
- Lowest fixed price contract for Infigen reflects the fact the offtaker has production risk (quantity and time of day)
- Tenor varies (generally 3-20 years)
- Offtaker manages individual energy use requirements. Suitable for large retailers or substantial consumers with energy markets management skills

Spot Market for electricity

- Price received for electricity not sold through another sales channel
- No production risk - Infigen receives the market price
- Prices in the NEM fluctuate between - \$1,000/MWh and \$14,500/MWh

Fixed / Firm Delivery Contracts

Commercial & Industrial Customers (“C&I”)

- Fixed delivery contracts to customers - exposes Infigen to price risk when the customer wants electricity (load shape may not be flat)
- Price reflects the risk of firm delivery and load shape - materially higher than ROP PPA
- Typical Load > 3 MW
- Typical Tenor – 3 years to 7 years
- Contracts tailored with customers to create value (demand side management / risk-reward sharing etc.)

Wholesale Market

- OTC and ETC are liquid markets for fixed /firm delivery contracts on a flat load basis exists
- Infigen accepts delivery risk in exchange for price and tenor - exposes Infigen to price risk if not producing at time when sales price is higher than Pool Price
- Tenor of 3-36 months forward sales, with lower liquidity further out
- Used as a fixed/firm sale channel where Infigen seeks fixed price to manage risk

Increasing the capacity to provide Fixed/Firm Delivery Contracts

To capture the value of a Fixed/Firm contract – fixed price over a medium/long term tenor – Infigen must manage the risk arising from its intermittent fuel source. It does this by the use of Firming. The availability and price of Firming determines the number of Fixed/Firm delivery contracts which Infigen can enter into consistent with its prudent approach to risk management

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The requirement for Firming

- Wind output is a variable energy resource
- Infigen may not be producing electricity when required to provide a firm price to a customer for its electricity consumption
- Infigen adjusts contracting and firming strategies to ensure its exposure to financial risk is managed

Risk Management

- Board approved Energy Risk Policy governs entry into and management of all contracts
- **Limits are set** on both a regional and whole of business basis in relation to
 - Maximum volumes which can be subject to contracts
 - The requirements for firming to manage risk associated with fixed/firm contracts
 - Maximum financial exposure on a MTM basis each day
 - Nature and type of contracts
 - Creditworthiness of counterparties and exposure limits
 - Earnings at Risk
- **Guidance is provided** in relation to
 - Minimum preferred contracted position
 - Duration and Modified Duration of the entire portfolio
- Energy Risk Management Committee monitor performance and compliance

Firming Strategies

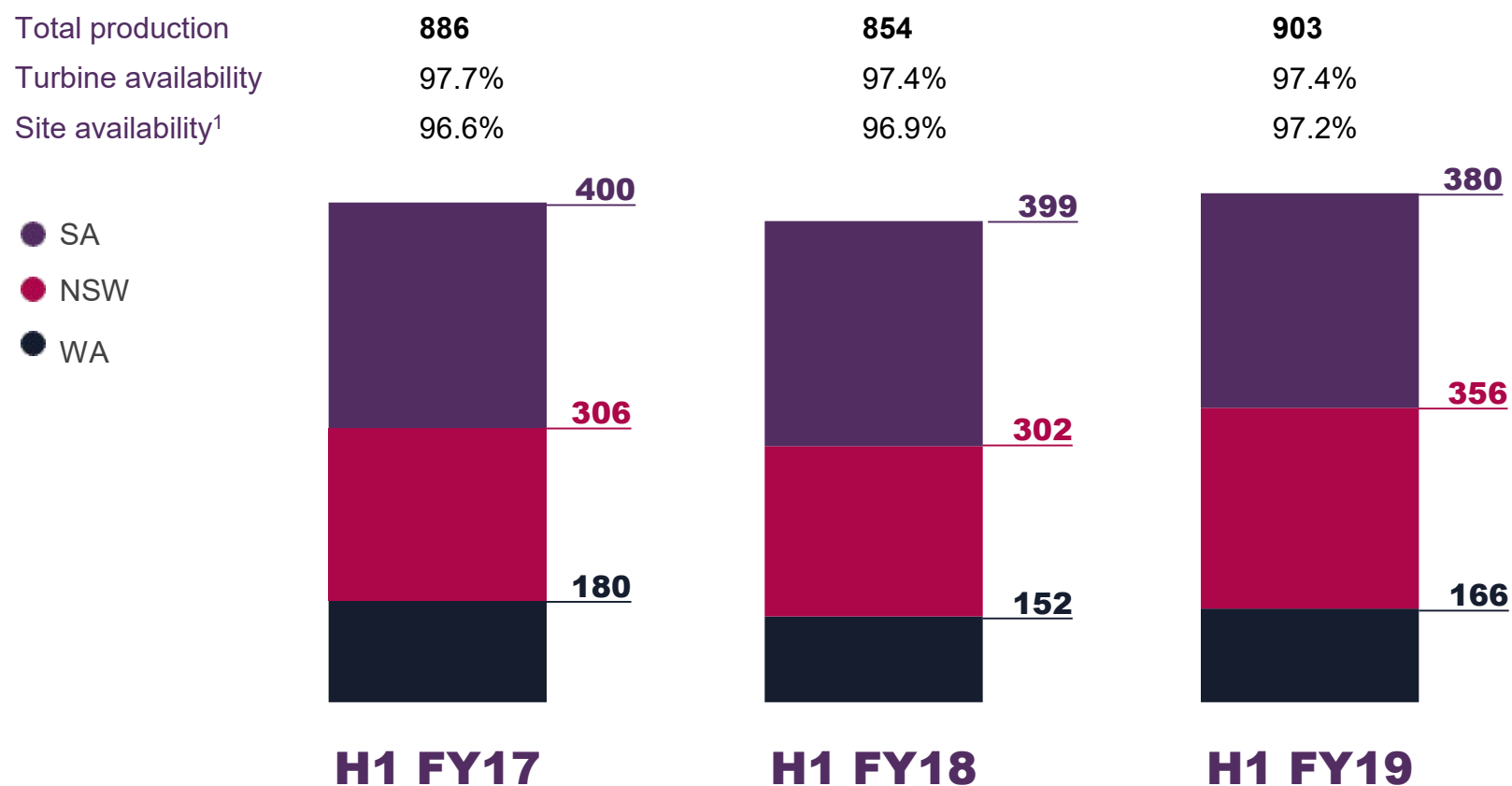
- **Physical:** Fast response physical firming controlled by Infigen allows it to protect its contract position in times of high price and where production is less than contracted loads
 - SA Battery Development: allows Infigen to protect its contract position, supply FCAS services and sell to the spot market
 - Other potential sources of physical firming capacity include:
 - Open Cycle Gas Turbines¹: Even with high gas prices OCGT can protect contracted positions (sustained high prices are not a regular feature of the NEM)
 - Pumped Storage Hydro¹: provide substantial electricity “storage” as well as short term firming depending on its scale
- **Financial:** In all regions of the NEM other than SA, there is a liquid market for financial derivative products which provide financial protection in times of high price – generally regardless of Infigen’s actual production
 - Cap Contracts provide an efficient risk management tool against extreme price events – ETC and OTC are available
- **Natural Firming in the Portfolio:** Infigen’s diverse wind portfolio across multiple geographical locations and regions reduces both portfolio volatility and favourably impacts the requirement for firming
- **Demand-Side Management:** Some customers will curtail usage on demand i.e. demand response. They trade price benefits in exchange for giving Infigen this flexibility.

1. Infigen does not own or hold an interest in an OCGT nor Pumped Storage Hydro. Refer to Capital Management Strategy slide for further discussion.

Production generated from owned assets

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Production Generated (GWh) & Availability (%)



1. Site availability is the combination of turbine and balance of plant availability.

Summary Profit & Loss

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Six months ended	31 Dec 2018 (\$ million)	31 Dec 2017 (\$ million)	Change (\$ million)	Change (%)
Net Revenue	119.2	118.2	1.0	1
Operating costs	(21.9)	(23.0)	1.1	5
Operating EBITDA	97.3	95.2	2.1	2
Corporate costs	(7.3)	(6.2)	(1.1)	(18)
Development costs	(1.8)	(1.0)	(0.8)	(80)
Underlying EBITDA	88.2	88.0	0.2	–
Depreciation and amortisation	(25.6)	(25.8)	0.2	1
Impairment of development assets	(9.8)	–	(9.8)	(100)
EBIT	52.8	62.2	(9.5)	(15)
Net finance costs	(20.8)	(22.6)	1.7	8
Net profit before tax	32.0	39.6	(7.6)	(19)
Income tax expense	(10.9)	(12.9)	2.0	15
Net profit after tax	21.1	26.7	(5.7)	(21)

Underlying EBITDA to NPAT Reconciliation

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Six months ended	31 Dec 2018 (\$ million)	
Underlying EBITDA	88.2	Higher production and lower operating expenses
Depreciation & amortisation	(25.6)	In-line with pcip
Net finance costs	(20.8)	Decreased by \$1.7m primarily due to: <ul style="list-style-type: none"> - Lower interest expense and non-recurring fees in relation to the refinancing in pcip - Lower interest income due to a lower cash balance - Higher amortisation of commitment fees
Tax expense	(10.9)	Recognition of further unrecognised tax losses is closely monitored – linked to continued execution of Business Strategy
NPAT (pre impairment)	30.9	
Impairment of development assets	(9.8)	
NPAT	21.1	

Balance Sheet

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	31 Dec 2018 (\$ million)	30 Jun 2018 (\$ million)	Change (\$ million)	Change (%)
Cash ¹	108.1	144.9	(36.8)	(25)
Receivables and prepayments	26.2	18.5	7.8	42
LGC inventory	77.5	43.3	34.2	79
PP&E	920.2	896.4	23.8	3
Intangible assets	102.8	115.3	(12.5)	(11)
Deferred tax assets and equity accounted investments	10.8	27.6	(16.8)	(61)
Derivative financial assets	0.2	12.8	(12.6)	(98)
Total assets	1,245.9	1,258.8	(12.9)	(1)
Payables	14.0	18.3	(4.2)	(23)
Provisions	11.2	12.5	(1.3)	(11)
Borrowings	639.5	650.1	(10.6)	(2)
Derivative liabilities	14.7	6.2	8.5	136
Total liabilities	679.4	687.1	(7.7)	(1)
Net assets	566.4	571.7	(5.3)	(1)

1. Restricted cash held was \$22.0 million at 31 December 2018 (30 June 2018: \$50.4 million)

Operating Costs

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Six months ended	31 Dec 2018 (\$ million)	31 Dec 2017 (\$ million)	Change (\$ million)	Change (%)
Turbine operations and maintenance	11.0	11.8	(0.8)	(7)
Asset management	3.4	3.6	(0.2)	(5)
Other direct costs	3.7	3.6	0.1	3
Balance of plant	0.6	0.5	0.2	34
Generation costs	18.8	19.4	(0.6)	(3)
Energy Markets	1.7	1.7	0.1	5
FCAS net cost	1.3	1.9	(0.5)	(28)
Operating costs	21.9	23.0	(1.1)	(5)

Capital Expenditure

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Six months ended	31 Dec 2018 (\$ million)	31 Dec 2017 (\$ million)	Change (\$ million)	Change (%)
Development projects (capitalised)	3.8	2.0	1.8	90
Property, plant & equipment and IT equipment	0.5	1.5	(1.0)	(65)
Assets under construction	47.0	76.3	(29.3)	(38)
Capital expenditure	51.3	79.9	(28.6)	(36)

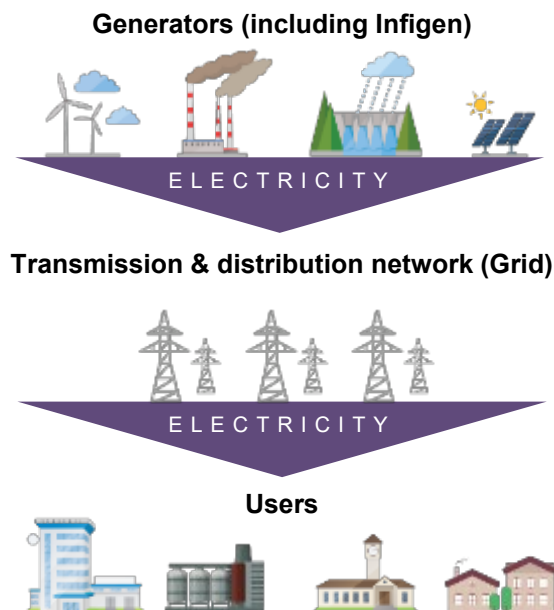
Infigen delivers firm supply – to our C&I contract customers

Risk is managed through a combination of self generation, physical and financial firming strategies.

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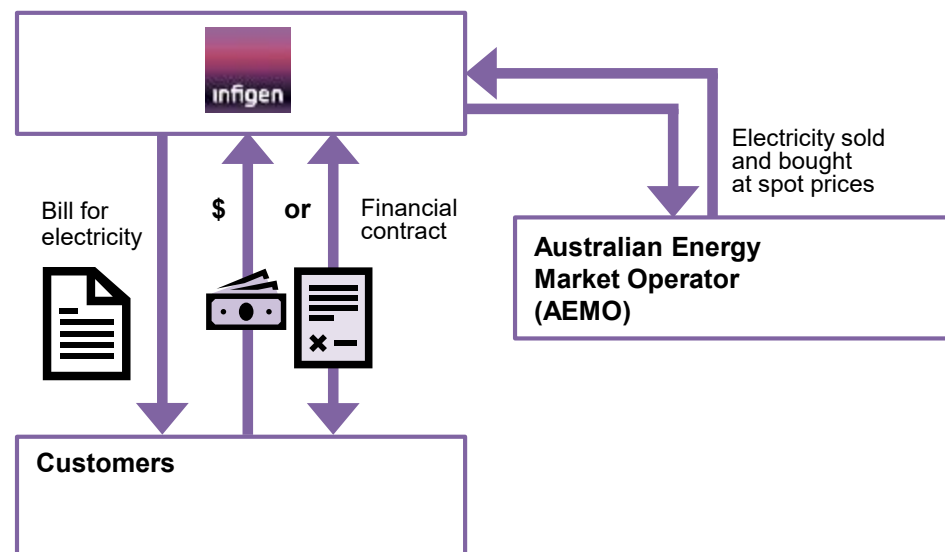
The physical electricity market

Users can draw electricity from the Grid provided electricity is available – source is not relevant.



The financial electricity market

Payment flows depend on whether Infigen is the retailer to the customer or has entered into a financial contract with the customer. In either case the economic outcome for Infigen is the same – that is it receives the contract price for electricity



Experienced Management Team

Infigen's Board and Management have extensive energy industry experience and a proven ability to deliver on key corporate strategic initiatives.

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	Name	Title	Years at Infigen	Years in industry	Key experience
	Ross Rolfe AO	CEO / Managing Director	7	>30	<ul style="list-style-type: none"> ✓ Substantial and broad experience in the Australian energy and infrastructure sectors in senior management, government and strategic roles ✓ Extensive experience in stakeholder management at the governmental, commercial and community levels including managing relationships and negotiating projects and policy positions
	Sylvia Wiggins	Executive Director – Finance & Commercial	3	>20	<ul style="list-style-type: none"> ✓ Substantial experience across a broad range of businesses and countries, most recently working in the energy, infrastructure, defence and structured finance areas ✓ Strategic planning, commercial negotiations, capital management and corporate finance
	Paul Simshauser AM	Executive General Manager – Corporate Development	1	>25	<ul style="list-style-type: none"> ✓ Significant experience in energy markets including roles in systems development, environmental markets trading, strategic and business planning, mergers and acquisitions, and corporate affairs ✓ Most recently held the position of Director-General of the Queensland Department of Energy and Water Supply
	Tony Clark	Executive General Manager – Operations & Projects	2	>20	<ul style="list-style-type: none"> ✓ Extensive experience in the power sector having been involved in the operation and construction of a number of key Australian power stations

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Thank you

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Sylvia Wiggins

Executive Director, Finance & Commercial

Glossary

ASX	Australian Securities Exchange
Backwardation	Where the futures price of a commodity (e.g. electricity) is lower than the expected future spot price (supply driven)
Capacity	The maximum power that a wind turbine generator was designed to produce
Capacity factor	A measure of the productivity of a wind turbine, calculated by the amount of power that a wind turbine produces over a set time period, divided by the amount of power that would have been produced if the turbine had been running at full capacity during that same time period.
cf.	Compared with
CER	Clean Energy Regulator
CCGT	Combined Cycle Gas Turbines
Contracted Assets	Generation assets owned by third parties, from whom Infigen has entered into a contract to acquire some or all of the energy generated by those assets
Development pipeline	Infigen's prospective renewable energy projects that are in various stages of development prior to commencing construction. Stages of development include: landowner negotiations; wind and solar monitoring, project feasibility and investment evaluation; community consultation, cultural heritage assessment, environmental assessment; design, supplier negotiations and connection.
DWA	Dispatch weighted average. Price calculated as merchant electricity revenue divided by unhedged production
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per security
FCAS	Frequency control ancillary services
Firming	The acquisition or generation of alternate energy, or dispatch of energy from storage, for when renewable energy generation output is less than required to meet contracted supply
Forward Curve	The anticipated spot prices of a commodity (supply driven) at different dates in the future.
Generation Available	Production sold from Infigen's owned assets and Contracted Assets acquired under run of plant PPAs where Infigen is the off-taker
Grid	The network of power lines and associated equipment required to deliver electricity from generators to consumers
GW / GWh	Gigawatt / Gigawatt hour
Infigen	Infigen Energy, comprising IEL and IET and their respective subsidiary entities from time to time

Glossary

LGC	Large-scale Generation Certificate. The certificates are created by large-scale renewable energy generators and each certificate represents 1 MWh of generation from renewable resources.
Lost Time Injury Frequency Rate	Calculated as Lost Time Injuries multiplied by 1,000,000 divided by total hours worked
LTM	Last twelve months
MW / MWh	Megawatt / Megawatt hour
NEM	National Electricity Market
Net debt / EBITDA	Net debt represents total debt minus cash and capitalised loan costs
n.m.	Not meaningful
O&M	Operations and maintenance
OCGT	Open Cycle Gas Turbines
Owned Assets	The generation assets detailed on Slide 24 of this presentation
pcp	Previous corresponding period
PPA	Power purchase agreement
RET	Renewable Energy Target
SA Battery	25 MW/52 MWh Lake Bonney Battery Energy Storage System currently under construction
Total Recordable Injury Frequency Rate	Calculated as the sum of recordable Lost Time Injuries and Medical Treatment Injuries multiplied by 1,000,000 divided by total hours worked
Underlying EBITDA	The Directors of Infigen consider Underlying EBITDA an important indicator of underlying performance noting it is a non-international financial reporting standard measure. To calculate Underlying EBTIDA statutory EBTIDA is adjusted to exclude certain significant non-cash and one-off items that are unrelated to the operating performance of Infigen.
WF	Wind Farm

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