# ASX RELEASE

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23 August 2013

## INFIGEN ENERGY FY13 FULL YEAR RESULTS

Infigen Energy (ASX: IFN) today announced strong financial and operational results for the year ended 30 June 2013 (FY13).

Infigen has delivered EBITDA growth of 13% to $158.2 million and a 36% increase in net operating cash flow to $84.2 million. Infigen repaid $57.5 million of Global Facility debt, directed $13.9 million in cash towards reducing liabilities to United States (US) Class A tax equity members, and repaid $1.5 million of its Woodlawn project finance facility.

The performance of the business on an economic interest basis during the year was solid primarily due to 7% revenue growth, underpinned by higher wholesale electricity prices in Australia and the US, and higher production and compensated revenue in Australia. Operating costs were flat year-on-year notwithstanding the additional costs associated with Woodlawn wind farm's first full year of operation.

Infigen reported a $34.3 million improvement to its net loss after tax and before impairment of $21.6 million compared with a net loss after tax of $55.9 million in the prior year.

Infigen's statutory loss for the year of $80 million included a non-cash impairment expense of $58.4 million related to its US Cash Generating Unit (US CGU). A higher discount rate and a lower gearing assumption were primarily responsible for the lower book valuation outcome for the US CGU.

Key measures of business performance on an economic interest basis compared with the prior year are outlined below:

- Production: increased by 2% to 4,605 GWh
- Revenue: increased by 7% to $286.1 million
- EBITDA: increased by 13% to $158.2 million
- Net operating cash flow: increased by 36% to $84.2 million
- Net loss before impairment: decreased from $55.9 million to $21.6 million
- Statutory loss (after impairment): increased by 43% to $80.0 million

Infigen's Managing Director, Miles George said, "We are pleased to be able to continue to deliver net operating cash flow growth, and to slightly exceed our debt amortisation guidance through our ongoing focus on cost control, cash management and cash conversion."

"The US and Australian businesses continued to focus on containing operating costs with both regions delivering wind farm costs below the lower end of the guidance ranges previously advised. In the US we settled the disputes with Gamesa. Each of Infigen's US wind farms with Gamesa turbines is now covered under a 15 year warranty, service and maintenance agreement with Gamesa. These agreements significantly reduce Infigen's exposure to cost variability at those wind farms," he said.

Mr George said, “We now have all of our wind farms in Australia and 71% of our US fleet covered by either original warranties or post-warranty agreements where the service provider meets the cost of component replacements.”

**OUTLOOK & FY14 GUIDANCE**

In FY14, production in the US is expected to improve with the return to service of a number of Gamesa turbines and improved availability for the Gamesa fleet. The Crescent Ridge wind farm (40.8 MW) power purchase agreement (PPA) expired in June and that wind farm will be operated on a merchant basis with wholesale prices currently below the previous PPA price. However, average US prices are nonetheless expected to be only slightly below FY13 due to the highly contracted nature of Infigen’s assets.

In Australia, Infigen expects an improvement in investment conditions following the Federal election and a favourable outcome from the scheduled further review of the Renewable Energy Target (RET) legislation in 2014. However, in the near term the regulatory environment continues to be challenging. Despite the favourable findings of the Climate Change Authority’s review of the RET in late 2012, vested interests in the fossil fuel generation sector continue to lobby forcefully to reduce the RET. The upcoming Federal election has exacerbated the uncertainty to a point where the market for new renewable energy project development is very weak, and the appetite to contract with existing assets is poor. This has depressed the Large-scale Generation Certificate (LGC) spot price to low $30s levels. Average Australian prices are expected to be around the same as FY13 due to contract escalation and a higher carbon price, offset by lower LGC prices.

In FY14 the US and Australian businesses will benefit from a full year of savings from the cost reduction initiative undertaken in FY13, with the group on track to deliver the full $7 million cash savings benefit in FY14. US operating costs are forecast to be between US$73 million and US$76 million (including Infigen Asset Management costs), and Australian operating costs between $35 million and $37 million (including Energy Markets costs).

In FY14 the total cash flow that we expect to have available to distribute to Class A tax equity members, close out interest rate swaps, and repay the Global Facility will be approximately $80 million.

**ENDS**

For further information please contact:
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## About Infigen Energy

Infigen Energy is a specialist renewable energy business. We have interests in 24 wind farms across Australia and the United States. With a total installed capacity in excess of 1,600MW (on an equity interest basis), we currently generate enough renewable energy per year to power over half a million households.

As a fully integrated renewable energy business in Australia, we develop, build, own and operate energy generation assets and directly manage the sale of the electricity that we produce to a range of customers in the wholesale market.

Infigen Energy trades on the Australian Securities Exchange under the code IFN.

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

# Infigen Energy

## Full Year Results
## 12 months ended 30 June 2013

23 August 2013

# Agenda

- **Performance Overview**
- Financial Result
- Operational Review
- Regulatory & Market Update
- Outlook & Priorities
- Questions

**Presenters:**

| | |
|---|---|
| Miles George | Chief Executive Officer & Managing Director |
| Chris Baveystock | Chief Financial Officer |

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# Performance Overview

**Solid underlying business performance underpinned by strong revenue growth and flat costs**

## FY13 Highlights

- Strong revenue growth, up $19.5m
  - higher prices in Australia and the US
  - higher production and compensated revenue in Australia
- Operating costs flat notwithstanding Woodlawn's first full year of operation, with wind farm costs below guidance in both regions
- EBITDA increase drove a net operating cash flow increase of $22.1m to $84.2m
  - largely deployed to reduce leverage
- Long standing Gamesa disputes settled
  - 15 year warranty and maintenance agreements executed
  - 71% of the US turbine fleet now covered by post-warranty agreements
- Implemented reorganisation and cost reduction initiative

## FY13 Financial Highlights

- Revenue of $286.1m, up 7%
- Operating costs of $109.3m, flat
- Operating EBITDA of $176.8m, up 12%
- EBITDA of $158.2m, up 13%
- Net operating cash flow of $84.2m, up 36%
- Net loss before impairment of $21.6m,
  - $34.3m improvement
- Net loss including non-cash impairment of $58.4m was $80.0m
- Global Facility debt amortisation of $57.5m
  - ahead of guidance by $2.5m

# Financial Performance Overview (Economic Interest)

**Benefits of higher Australian revenue and below guidance costs were key drivers of the results**

| Year ended 30 June | 2013 | 2012 | Change % F/(A) | Comments |
|---|---|---|---|---|
| Production (GWh) | 4,605 | 4,538 | 2 | • Higher availability, higher compensated production, a full year of Woodlawn production partially offset by lost production from Gamesa blade failures. Wind conditions, network and weather related constraints were mixed. |
| Revenue ($ million) | 286.1 | 266.6 | 7 | • Higher electricity prices, higher production including full year of Woodlawn revenue and higher compensated revenue partially offset by unfavourable marginal loss factors in Australia |
| Operating costs ($ million) | (109.3) | (109.2) | - | • Full year of Woodlawn costs, inflation and higher post-warranty contract costs offset by lower component replacement costs |
| Corporate, Development & Other costs ($ million) | (18.6) | (16.9) | (10) | • Prior year corporate costs included write back of employee benefits<br>• Offset by lower development costs and initial net benefit of cost review |
| EBITDA ($ million) | 158.2 | 140.5 | 13 | • Higher revenue and flat operating costs |
| Net Loss ($ million) | (80.0) | (55.9) | (43) | • Impairment expense against the US CGU following adverse changes to discount rates and gearing assumptions<br>• Higher net income from US IEPs and lower net interest expense partially offset by higher amortisation of loan fees and FX losses, and a lower tax benefit |

F = favourable; (A) = adverse

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# Summary Statutory P&L and Financial Metrics

| Year ended 30 June (A$M) | 2013 | 2012 | *Change % F/(A)* |
|---|---|---|---|
| **Revenue** | 302.6 | 283.5 | *7* |
| **EBITDA** | **169.5** | **152.7** | ***11*** |
| Depreciation & Amortisation | (137.9) | (140.1) | *2* |
| Impairment | (58.4) | - | *n.m.* |
| **EBIT** | **(26.7)** | **12.6** | ***(312)*** |
| Net borrowing costs | (76.5) | (75.0) | *(2)* |
| FX and interest rate derivative revaluations | (7.2) | (0.1) | *n.m.* |
| Net income from US Institutional Equity Partnerships | 26.0 | 4.4 | *494* |
| **Loss before tax** | **(84.5)** | **(58.1)** | *(45)* |
| Tax benefit / (expense) | 4.5 | 2.3 | *96* |
| **Net Loss** | **(80.0)** | **(55.9)** | ***(43)*** |

| Year ended 30 June | 2013 | 2012 | *Change % F/(A)* |
|---|---|---|---|
| **EBITDA Margin (%)** | **56.0** | **53.9** | ***2.1ppts*** |
| **Net Operating Cash Flow per Security (cps)** | **12.8** | **9.8** | ***31*** |
| **EBITDA / (Net Debt + Equity) (%)** | **11.9** | **10.4** | ***1.5 ppts*** |
| **Net Debt/ (Net Debt + Equity) (%)** | **65.9** | **64.2** | ***1.7 ppts*** |
| **Book Value / Security ($)** | **0.63** | **0.69** | ***(9)*** |

ppts = percentage point change; n.m. = not meaningful

# Reconciliation of Statutory to Economic Interest

| Year ended 30 June 2013 (A$M) | Statutory | Non-controlling Interest | Economic Interest |
|---|---|---|---|
| **Revenue** | **302.6** | **(16.5)** | **286.1** |
| **EBITDA** | **169.5** | **(11.3)** | **158.2** |
| Depreciation & Amortisation | (137.9) | 7.6 | (130.3) |
| Impairment | (58.4) | - | (58.4) |
| **EBIT** | **(26.7)** | **(3.7)** | **(30.4)** |
| Net borrowing costs | (76.5) | 0.4 | (76.1) |
| FX and interest rate derivative revaluations | (7.2) | - | (7.2) |
| Net income from US Institutional Equity Partnerships | 26.0 | 3.3 | 29.3 |
| **Loss before tax** | **(84.5)** | **-** | **(84.5)** |
| Tax benefit / (expense) | 4.5 | - | 4.5 |
| **Net Loss** | **(80.0)** | **-** | **(80.0)** |

**The slides that follow are presented from an economic interest perspective**

# Summary Economic Interest Financial Metrics

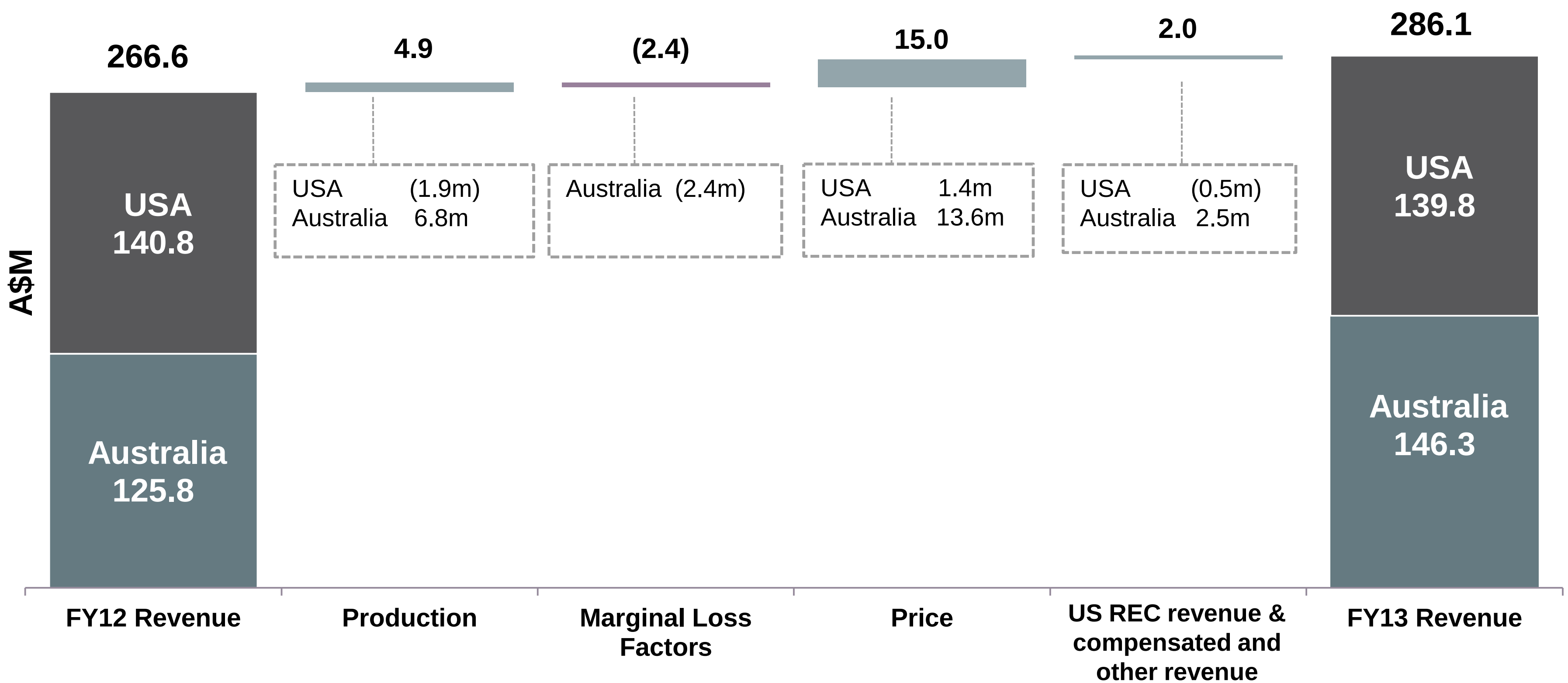
| Year ended 30 June (A$M) | 2013 | 2012 | *Change % F/(A)* |
|---|---|---|---|
| **Revenue** | **286.1** | **266.6** | ***7*** |
| Operating EBITDA | 176.8 | 157.4 | *12* |
| Other costs and income | (18.6) | (16.9) | *(10)* |
| **EBITDA** | **158.2** | **140.5** | ***13*** |
| Depreciation & Amortisation | (130.3) | (132.6) | *2* |
| Impairment | (58.4) | - | *n.m.* |
| **EBIT** | **(30.4)** | **7.9** | ***(484)*** |
| Net borrowing costs | (76.1) | (75.1) | *(1)* |
| FX and interest rate derivative revaluations | (7.2) | (0.1) | *n.m.* |
| Net income from US Institutional Equity Partnerships | 29.3 | 9.2 | *219* |
| **Loss from continuing operations** | **(84.5)** | **(58.1)** | ***(45)*** |
| Tax benefit / (expense) | 4.5 | 2.3 | *96* |
| **Net Loss** | **(80.0)** | **(55.9)** | ***(43)*** |

| Year ended 30 June | 2013 | 2012 | *Change % F/(A)* |
|---|---|---|---|
| **EBITDA Margin (%)** | **55.3** | **52.7** | ***2.6 ppts*** |
| **Net Operating Cash Flow per Security (cps)** | **11.0** | **8.1** | ***36*** |
| **EBITDA / (Net Debt + Equity) (%)** | **11.1** | **9.6** | ***1.5 ppts*** |
| **Book Gearing (%)** | **65.9** | **64.2** | ***1.7 ppts*** |
| **Book Value / Security ($)** | **0.63** | **0.69** | ***(9)*** |

ppts = percentage point change; n.m. = not meaningful

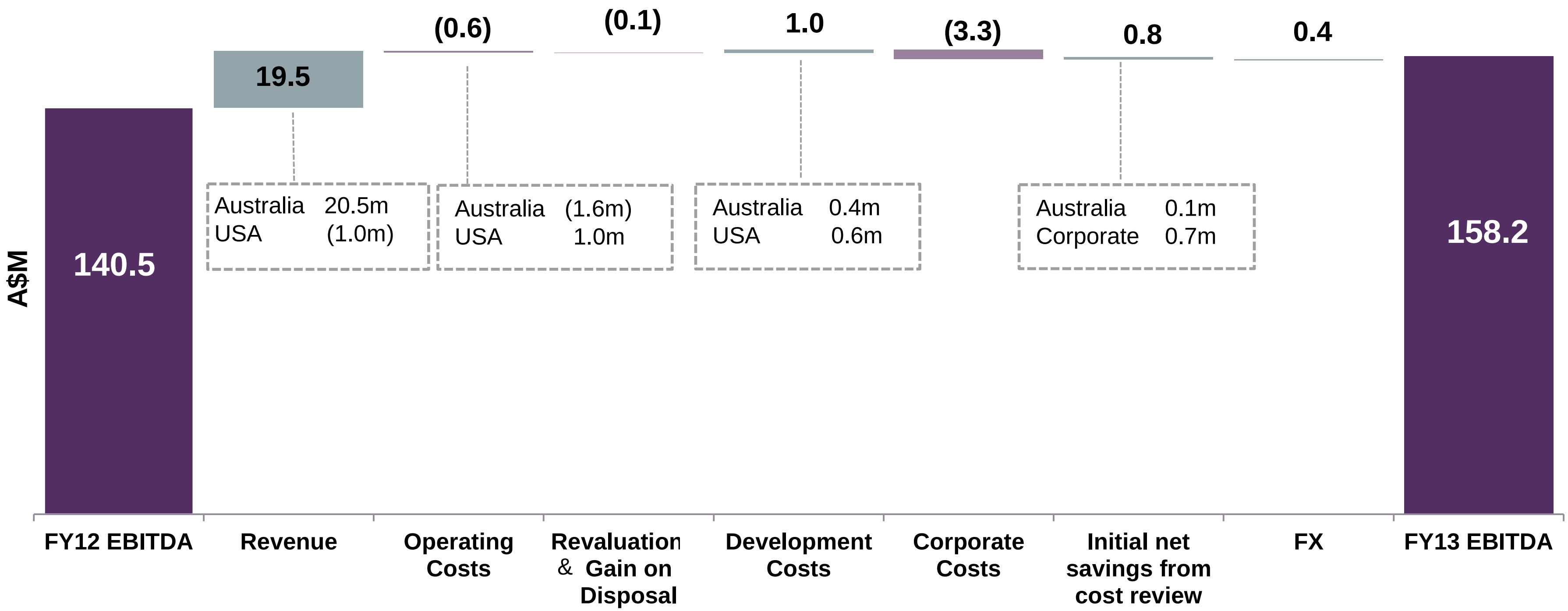
# Revenue

## Higher wholesale electricity prices in Australia, including the introduction of a carbon price



# EBITDA

**Higher EBITDA reflects higher revenue and flat operating costs**



# Operating Cash Flow

## Strong cash conversion of higher operating EBITDA

| Year ended 30 June (A$M) | 2013 | 2012 | Change % F/(A) |
|---|---|---|---|
| **Operating EBITDA** | **176.8** | **157.4** | **12** |
| Corporate, development & other costs | (18.6) | (16.9) | (10) |
| Movement in working capital & non-cash items | (2.0) | (2.2) | 8 |
| Financing costs & taxes paid | (72.1) | (76.2) | 5 |
| **Net operating cash flow** | **84.2** | **62.1** | **36** |

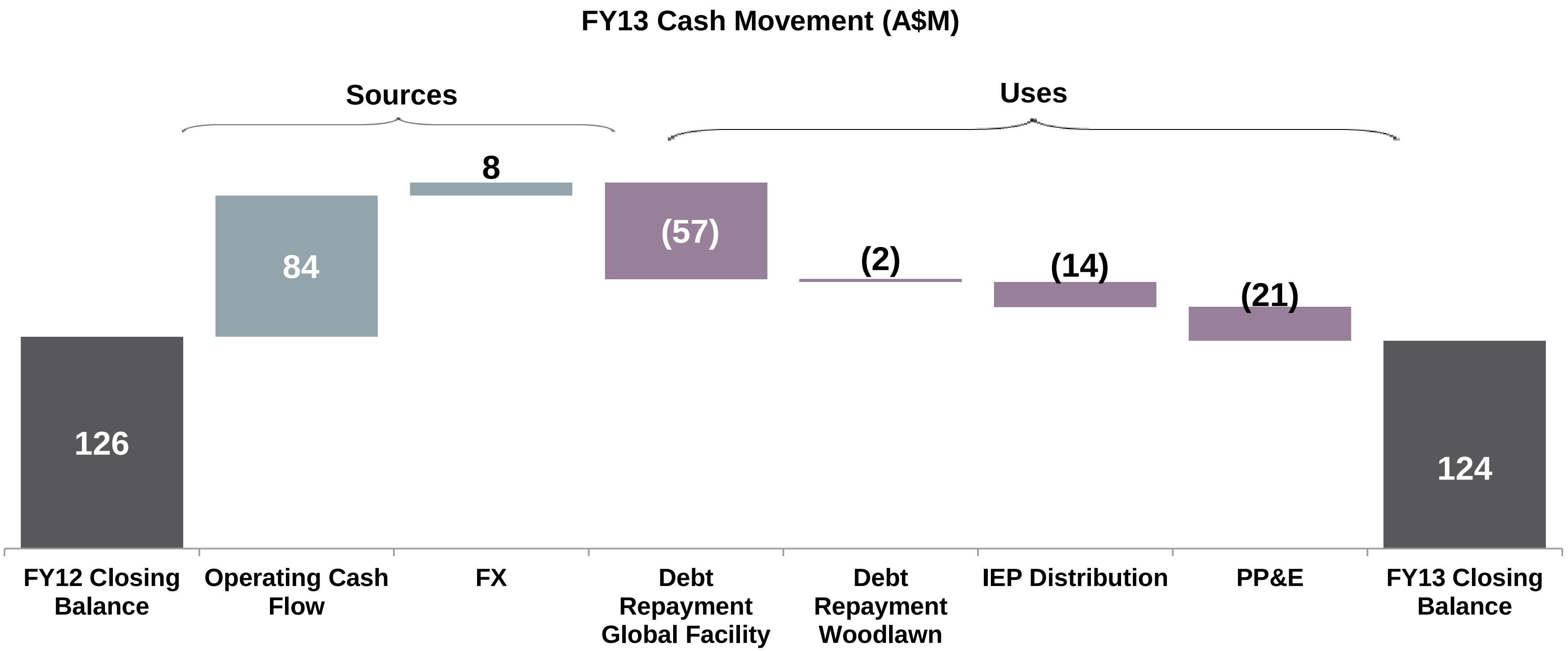
**Comments**

Key factors contributing to year-on-year operating cash flow movements were:

- Higher EBITDA
- Strong cash conversion rate
- Lower interest expense from ongoing debt amortisation

# Cash Flow – Cash Movement

**FX movements resulted in an unrealised FX gain on US and EUR cash held for risk management**



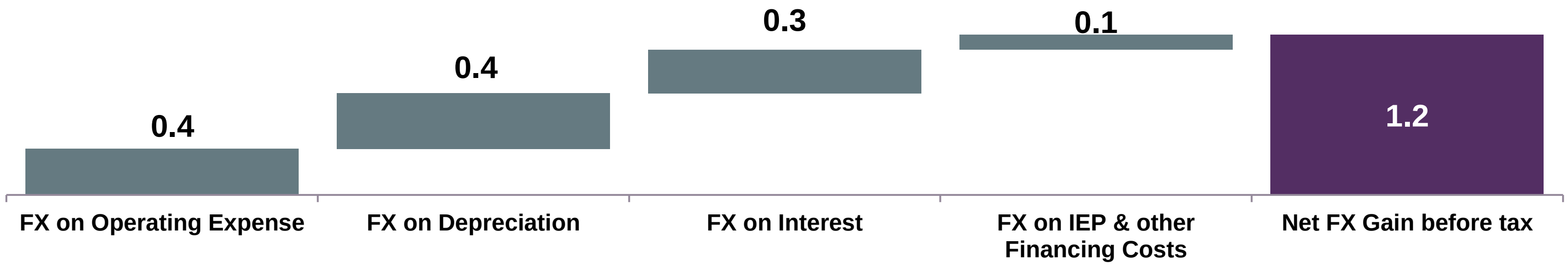

**Comments**

- 30 June 2013 closing cash balance included $105 million of 'Excluded Companies' cash; $97 million at 30 June 2012
- Excluded Company cash inflows included Woodlawn net operating cash flow, LGC sales, interest income and unrealised FX movements
- Excluded Company cash outflows included development opex and capex, and Woodlawn principal repayment

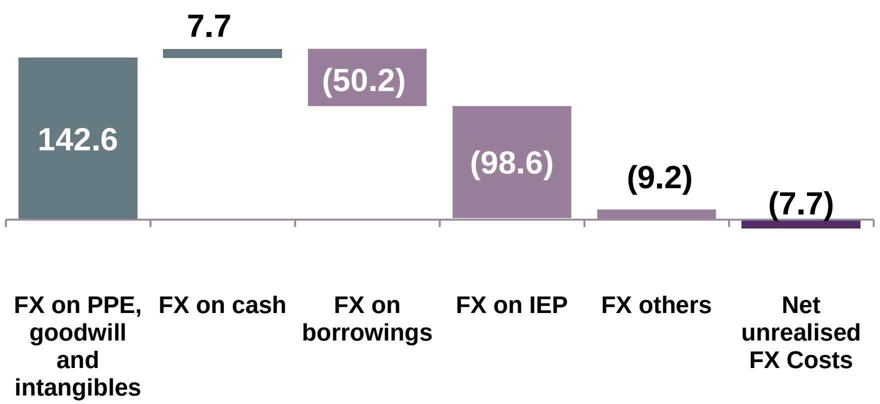
# Impact of FX

## Natural currency hedge results in modest P&L impact

### Profit and Loss (A$M)




### Balance Sheet (Assets and Liabilities) A$M




### Comments

- FX movements have resulted in favourable net profit and loss outcome
- An increase in net assets is driven by the US assets partially offset by higher USD and EUR debt expressed in AUD terms
- Utilised AUD strength to reduce foreign currency borrowings with additional hedging through holding EUR and USD cash

**Average rate:**

AUD:USD 30 June 2013 = 1.0242, 30 June 2012 = 1.0195

AUD:EUR 30 June 2013 = 0.7941, 30 June 2012 = 0.7681

**Closing rate:**

AUD:USD 30 June 2013 = 0.9275, 30 June 2012 = 1.0238

AUD:EUR 30 June 2013 = 0.7095, 30 June 2012 = 0.8084

# Balance Sheet

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| A$M | 30 June 2013 | 30 June 2012 |
|---|---|---|
| Cash | 124.0 | 126.2 |
| Receivables, Inventory & Prepayments | 62.5 | 62.8 |
| PPE, Goodwill & Intangibles | 2,571.7 | 2,581.1 |
| Deferred Tax & Other Assets | 50.5 | 52.9 |
| **Total Assets** | **2,808.7** | **2,823.0** |
| | | |
| Payables & Provisions | 62.2 | 45.4 |
| Borrowings | 1,060.0 | 1,069.2 |
| Tax Equity (US) | 588.7 | 565.4 |
| Deferred Revenue (US) | 459.1 | 426.0 |
| Interest Rate Derivatives | 154.7 | 191.2 |
| **Total Liabilities** | **2,324.7** | **2,297.2** |
| **Net Assets** | **484.0** | **525.8** |

| Debt Ratios | 30 June 2013 | 30 June 2012 |
|---|---|---|
| Net Debt / EBITDA | **5.9x** | **6.7x** |
| EBITDA / Interest | **2.3x** | **1.9x** |
| Net Debt / (Net Debt + Net Assets) | **65.9%** | **64.2%** |

Debt Ratios calculated on an IFN economic interest basis

Debt service and leverage metrics in the above table are not directly comparable to Global Facilities covenant metrics

## Comments

- Borrowings decreased $9 million largely due to Global Facility debt repayment in December 2012 & June 2013 ($57.5 million), Woodlawn project finance repayment ($1.5 million), offset by adverse FX movements ($50.2 million)
- Global Facility leverage ratio covenant satisfied for December 2012 and June 2013

# Agenda

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- Financial Result
- **Operational Review**
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- Outlook & Priorities
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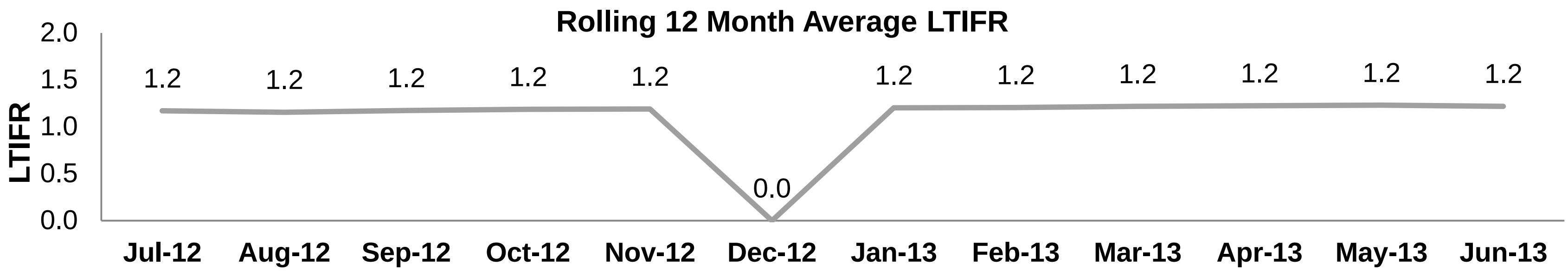
# People and Safety

**The safety of our people and the communities we operate in is our first priority**




## Comments

**People**

- Our team includes employees and contractors across the US and Australia
- We are owners, operators and developers of renewable energy assets
- We operate 24 wind farms 24 x 7 in the US and Australia

**Safety**

- We continue to focus on sustaining a culture where safety is our first priority
- Our LTIFR of 1.2 was in line with the prior year. Our target remains zero harm

# Operational Performance: USA

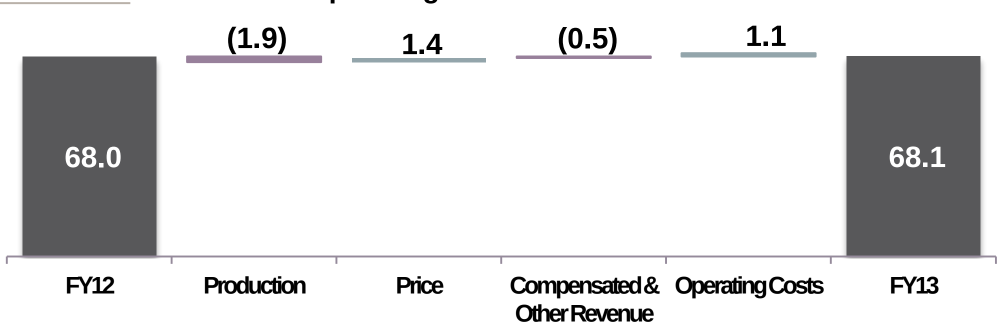
## Steady Operating EBITDA as lower operating costs offset lower revenue

| Year ended 30 June | 2013 | 2012 | F/(A)% |
|---|---|---|---|
| **Operating Capacity (MW)** | **1,089** | 1,089 | - |
| **Production (GWh)** | **3,089** | 3,136 | (2) |
| **Capacity Factor** | **32.4%** | 32.8% | (0.4) ppts |
| **Site Availability*** | **95.3%** | 95.3% | - |
| | | | |
| **Revenue (US$M)** | **142.9** | 143.9 | (1) |
| **Operating Costs (US$M)** | **74.8** | 75.9 | 1 |
| **Operating EBITDA (US$M)** | **68.1** | 68.0 | - |
| **Operating EBITDA Margin** | **47.7%** | 47.8% | (0.1) ppts |
| | | | |
| **Electricity Price (US$/MWh)** | **44.80** | 43.46 | 3 |
| **Operating Costs (US$/MWh)** | **24.18** | 24.20 | - |

**Comments**

- Production decreased due to Gamesa blade failures – under warranty going forward (-27 GWh), lower average wind speeds (-19 GWh), and weather and network related curtailments (-35 GWh) partially offset by improved availability at certain sites and favourable maintenance scheduling (+34 GWh)
- Lower revenue due to lower production and lower REC prices, partially offset by compensated revenue and higher wholesale electricity prices
- Operating costs reflect lower major component replacement costs and lower legal fees
- Settlement of the Gamesa dispute and execution of long term warranty and maintenance agreements were key achievements in FY13

**Operating EBITDA US$M**



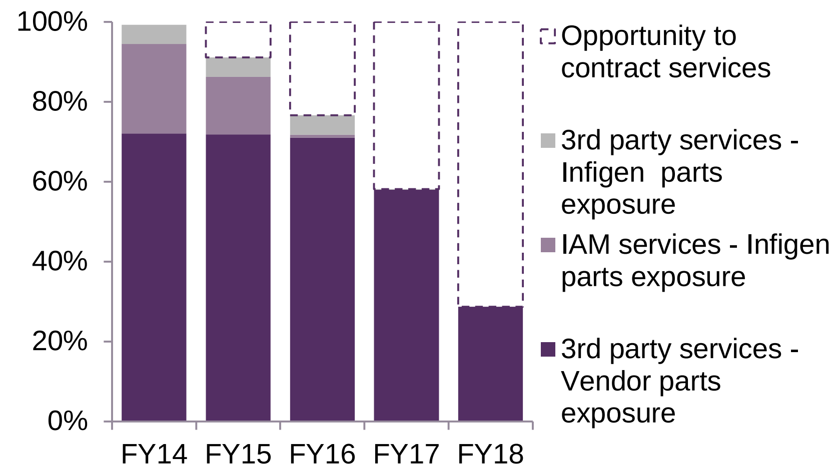

* Excludes downtime related to Gamesa equipment failures.

# Operating Costs: USA

## Post-warranty service and maintenance agreements leading to steady and predictable costs

| Year ended 30 June | 2013 | 2012 | F/(A)% |
|---|---|---|---|
| **Asset Management/Admin** | **15.9** | 15.7 | (1) |
| **Turbine O&M** | **33.1** | 34.2 | 3 |
| **Balance of Plant** | **6.9** | 7.2 | 4 |
| **Other direct costs** | **18.9** | 18.8 | (1) |
| **Total operating costs (US$M)** | **74.8** | 75.9 | 1 |

### Turbine warranty and services profile




### Comments

- Lower turbine component failure costs partially offset by higher fixed costs associated with extended warranty agreements
- Lower balance of plant costs partially offset by higher other direct costs
- Predictive and preventive maintenance measures and direct sourcing of components continues to improve cost outcomes at wind farms where Infigen pays for replacement components
- Competitive tendering for maintenance services for wind farms not currently covered by warranty, service and maintenance agreements

# Operational Performance: Australia

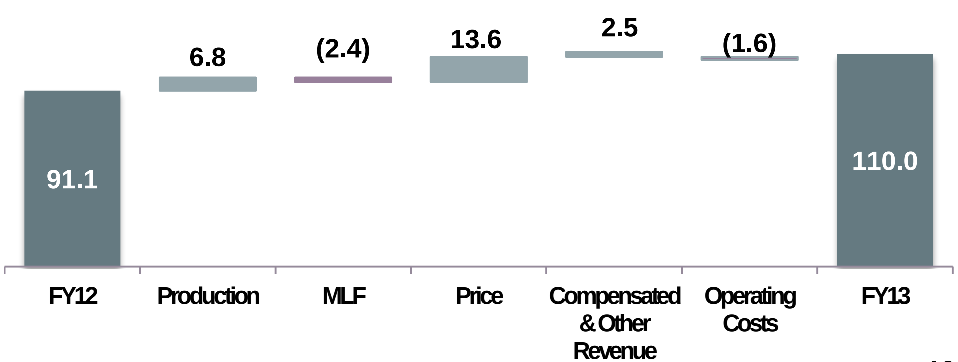
## Strong performance driven by improved pricing and production

| Year ended 30 June | 2013 | 2012 | F/(A)% |
|---|---|---|---|
| **Operating Capacity (MW)** | **557** | 557 | - |
| **Production (GWh)** | **1,516** | 1,402 | 8 |
| **Capacity Factor** | **31.1%** | 28.9% | 2.2 ppts |
| **Site Availability** | **96.8%** | 95.1% | 1.7 ppts |
| | | | |
| **Revenue (A$M)** | **146.3** | 125.8 | 16 |
| **Operating Costs (A$M)** | **36.3** | 34.7 | (5) |
| **Operating EBITDA (A$M)** | **110.0** | 91.1 | 21 |
| | | | |
| **Operating EBITDA Margin** | **75.2%** | 72.4% | 2.8 ppts |
| | | | |
| **Bundled Price (A$/MWh)** | **96.6** | 89.7 | 8 |
| **Operating Cost (A$/MWh)** | **23.9** | 24.8 | 4 |

**Comments**

- Production increased as a result of better wind conditions in WA and NSW (+49 GWh), lower network constraints (+30 GWh), a full year of production from Woodlawn (+22 GWh), improved availability (+18 GWh) and compensated production (+43 GWh) offset by poor wind at Lake Bonney (-48 GWh)
- Improved site availability largely due to Woodlawn being fully operational for the entire year and decreased unplanned servicing and outages at Capital
- Increased revenue reflects higher average prices (+$13.6m), higher production (+$6.8m), higher compensated and other revenue (+$2.5m) partially offset by unfavourable MLF (-$2.4m)
- Operating cost increases largely attributable to a full year of Woodlawn and inflation

**Operating EBITDA (A$M)**



# Operating Costs: Australia

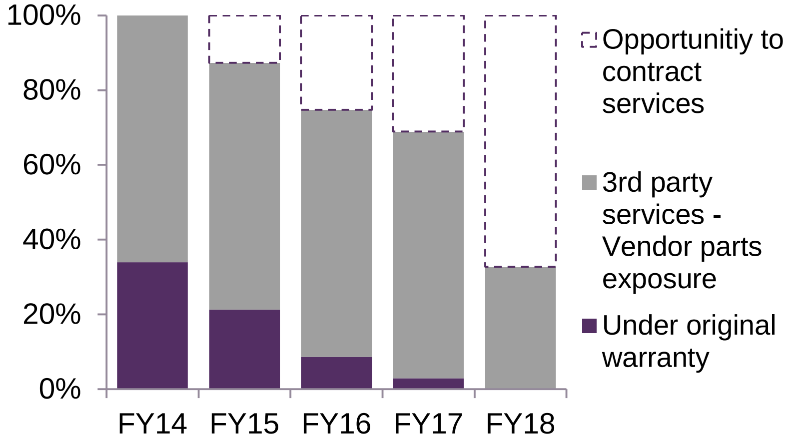
## Increased costs reflect a full year of Woodlawn operations and inflation

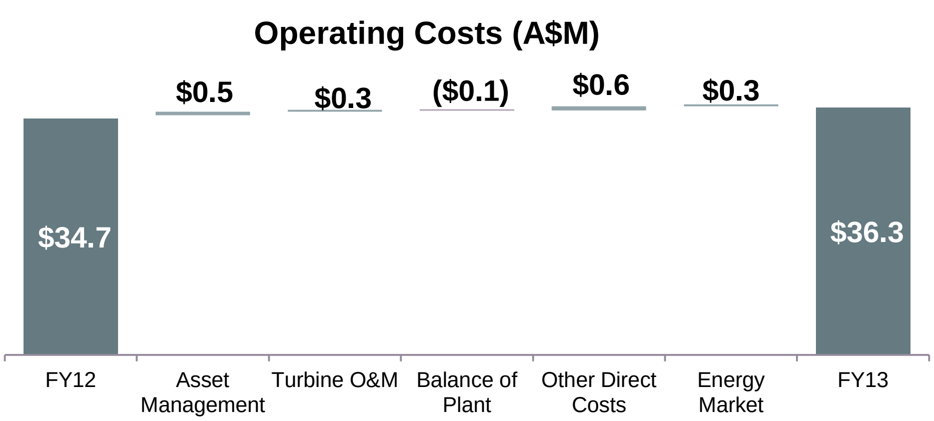
| Year ended 30 June | 2013 | 2012 | F/(A)% |
|---|---|---|---|
| **Asset Management/Admin** | **7.0** | 6.5 | (8) |
| **Turbine O&M** | **17.2** | 16.9 | (2) |
| **Balance of Plant** | **0.9** | 1.0 | 10 |
| **Other Direct Costs** | **7.5** | 6.9 | (9) |
| **Wind Farm Costs** | **32.6** | 31.3 | (4) |
| Energy Markets | **3.7** | 3.4 | (9) |
| **Total Operating Costs** | **36.3** | 34.7 | (5) |

### Comments

- Full 12 month operation of Woodlawn contributed to higher operating costs (+$0.6m)
- Higher asset management costs due to legal costs associated with resolution of AEMO scheduling error and end of warranty inspection costs at Lake Bonney
- Lower component replacement costs offset higher turbine O&M costs under new Vestas agreements
- Increased other direct costs due to inflation
- Energy Markets costs increase associated with increased compliance obligations

### Turbine warranty and services profile



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# US Market Update

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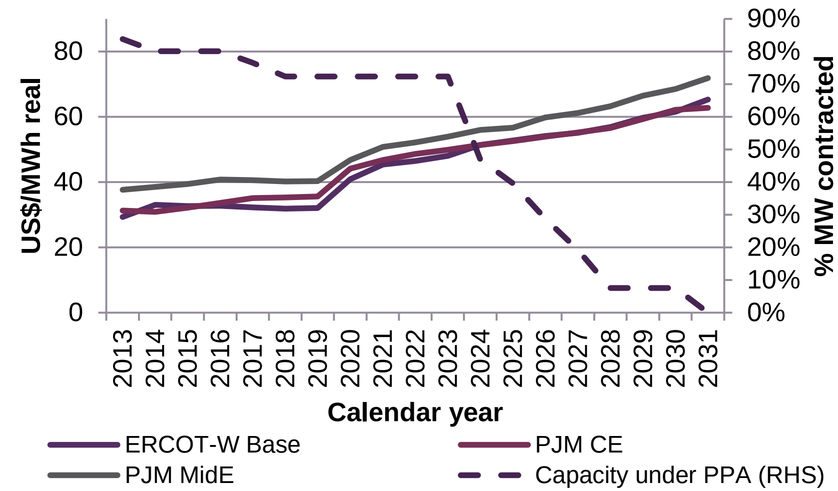
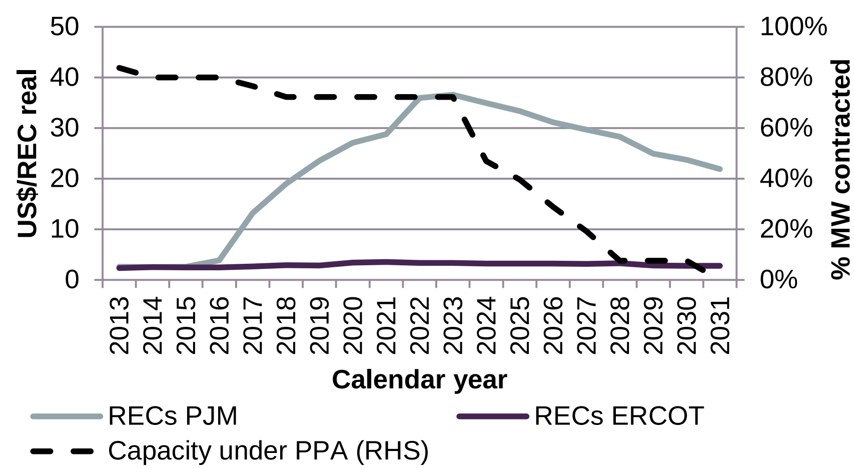
## Infigen's US assets remain largely insulated from merchant electricity prices in the medium term

### Market Drivers and Outlook

- Infigen's US portfolio is 80% contracted with weighted average remaining contract duration of 11.5 years
- Increasing demand, limited new capacity investment and planned retirement of existing capacity are expected to tighten capacity reserves in some markets and support prices in the medium term and reflected in independent long term electricity price modelling
- Infigen's average realised price is approximately $45/MWh and it expects to benefit from the higher electricity and REC prices when PPAs roll off
- PJM REC prices are forecast to rise significantly as renewable targets increase
- ERCOT REC prices are forecast to remain subdued due to significant oversupply
- Investment Tax Credit for solar development in place until December 2016 with healthy demand for solar PV projects under state based renewable portfolio standards

### Ventyx Forecast Price

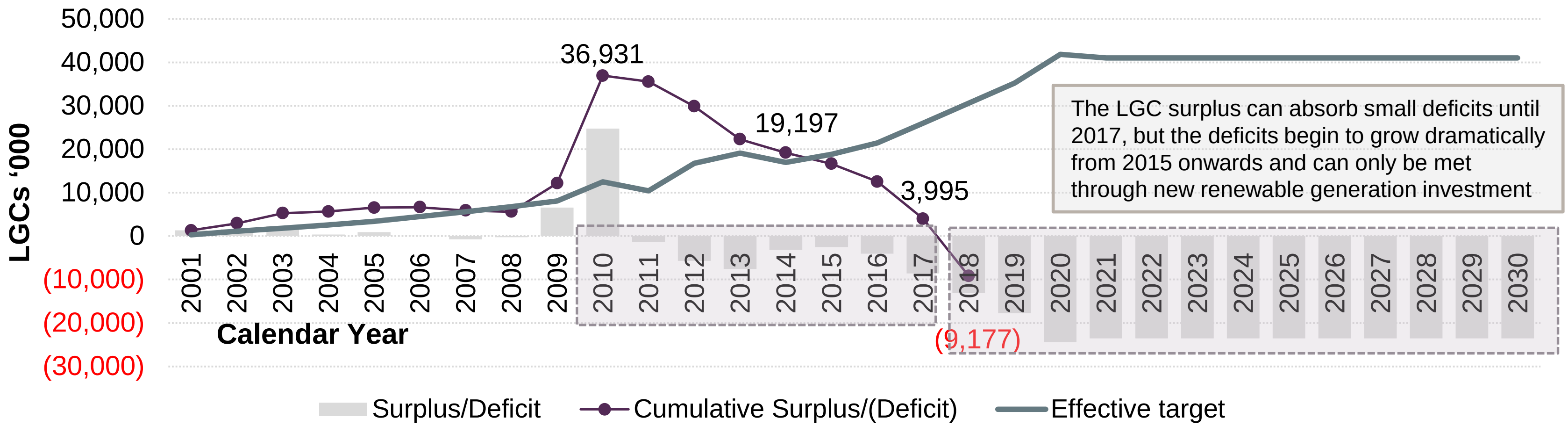



Source: Ventyx North American Power Reference Case (Spring 2013); Infigen

# Australian Regulatory Update

**Unequivocal support for the RET required from all major political parties to encourage investment**




Source: Market data, Infigen

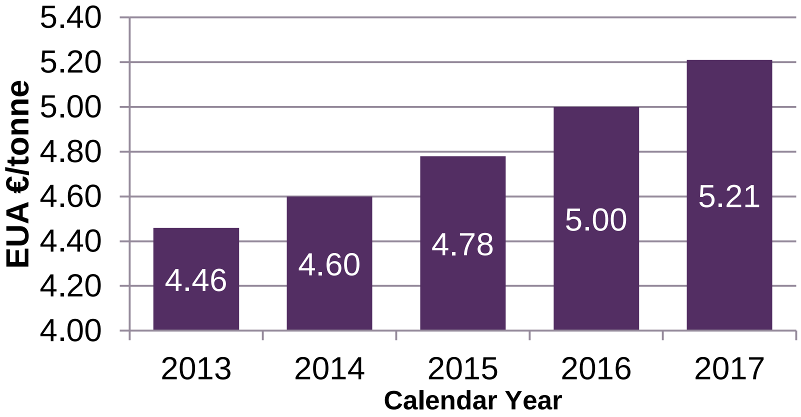
**Comments**

- Regulatory uncertainty remains notwithstanding the Climate Change Authority's (CCA) positive recommendations and findings from its review of the renewable energy target (RET) and the Commonwealth Government's endorsement
- With an upcoming Federal election incumbent fossil fuel generators are strongly lobbying to reduce the RET to protect their commercial interests
- Independent modelling shows that households and businesses will be worse off under a reduced RET
- The targets are challenging but achievable and liable entities will need to underwrite investments in the long-life renewable energy assets required in order to meet their long term obligations
- The Clean Energy Finance Corporation (CEFC) and the Australian Renewable Energy Agency (ARENA) have been playing an active role in building momentum in renewable energy investments

# Australian Regulatory Update – Bundled Price

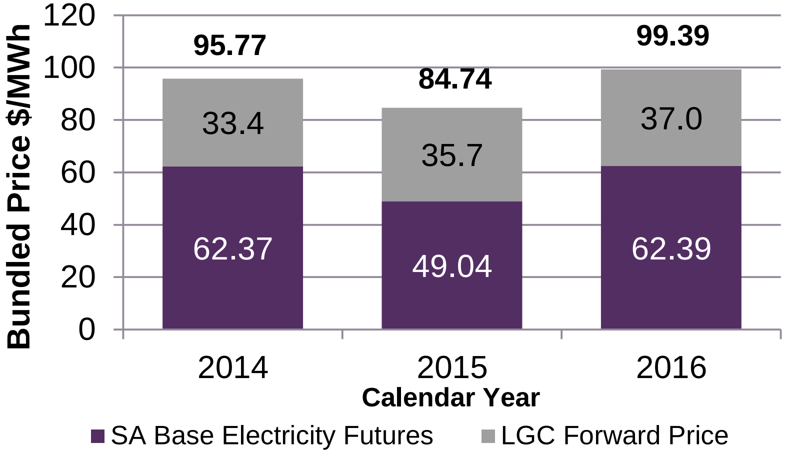
## Uncertainty around timing of floating carbon price or carbon repeal

### EU ETS Futures prices




Source: EEX (August 2013)

### Forward Electricity and LGC prices




Source: D-Cypha, Mercari (August 2013)

### Comments

- The Commonwealth Government plans to bring forward the floating carbon price (linked to the European Union Emissions Trading Scheme) a year early to 1 July 2014 and the Opposition has stated that it will repeal the carbon price if elected
- The market is pricing in a lower carbon price in 2015
- Calendar 2016 forward electricity price is reflecting the expectation of higher gas prices as east coast LNG export ramps up
- Forward LGC prices have dropped throughout FY13 reflecting illiquidity, uncertainty and a lower cost of carry as a result of lower interest rates
- Spot LGC availability continues to decline resulting in limited ability for obligated parties to meet obligations for 2016 onwards from the existing surplus

# Agenda

- Performance Overview
- Financial Result
- Operational Review
- Regulatory & Market Update
- **Outlook & Priorities**
- Questions

# Addressing Strategic Issues

**A continued focus on addressing key strategic issues to achieve better value recognition**

| | |
|---|---|
| OVERLEVERAGED | • Strong NOCF of $84.2m largely applied to reduce leverage<br>• Exceeded Global Facility debt repayment target in FY13<br>• Continue to meet Global Facility leverage ratio covenant |
| USA BUSINESS STRUCTURE | • Further disclosure provided to facilitate understanding of cash flow profile and amortisation of tax equity liabilities<br>• Gamesa litigation risk resolved and operating cost risk profile improved |
| RESTRICTIVE GLOBAL FACILITY AND INABILITY TO GROW | • $105m cash reserves, development assets and surplus cash flow from Woodlawn<br>• Attractive development pipeline opportunities prudently advanced in both regions |
| OPERATING COSTS | • Operating costs within or below guidance in FY11, FY12 and FY13<br>• Post warranty agreements have contributed to steady operating costs, improved cost risk profile and improved predictability<br>• Cost review delivered some initial cost saving in FY13<br>• Full benefit of $7m cost review coming through in FY14 |

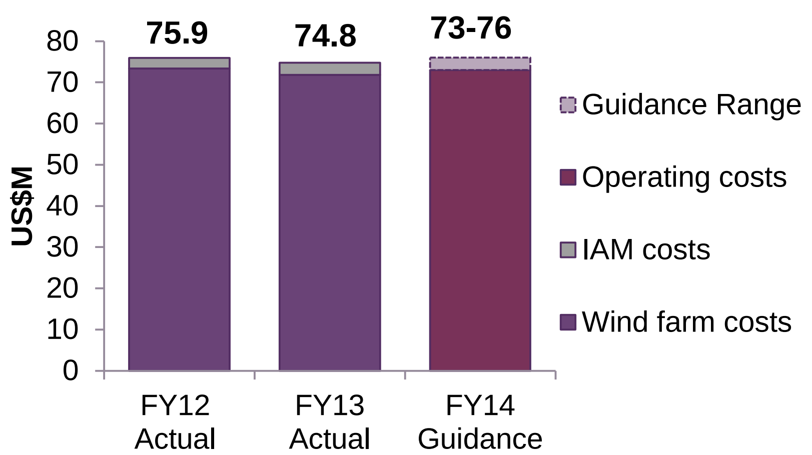
# FY14 Outlook & Priorities

**To build upon steady operational performances**

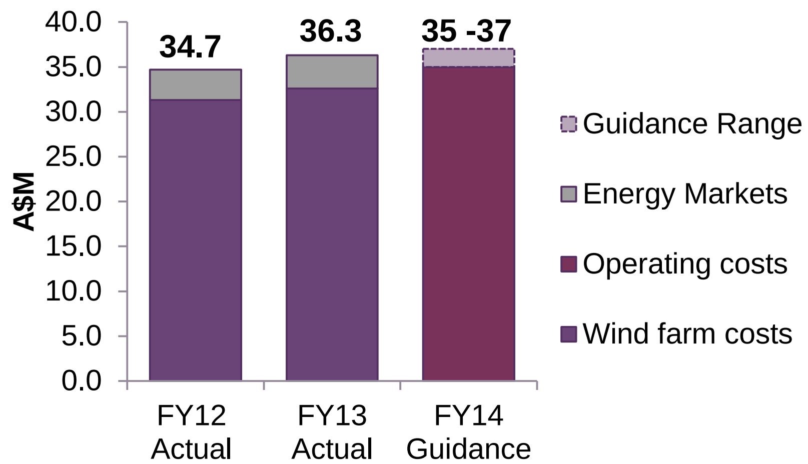
| | |
|---|---|
| OUTLOOK | • **Production**:<br>  • US – expect increased availability following the Gamesa agreements<br>  • Australia – potential for improved wind conditions<br>• **Prices:**<br>  • US – average realised price expected to be slightly below FY13<br>  • Australia – average bundled price expected to be the same as FY13<br>• **Operating Costs:**<br>  • US – US$73 – 76 million (flat profile expected to continue)<br>  • Australia – A$35 – 37 million (flat profile expected to continue)<br>• **Cash flow** for Global Facility repayment, interest rate swap terminations and Class A distribution expected to be around $80 million |
| NEAR TERM PRIORITIES | • Deliver full year cost savings from FY13 cost review<br>• Ongoing focus on operational cost containment initiatives and opportunities<br>• Increase value of pipeline<br>• Ongoing stakeholder engagement related to renewable energy policies |

# Guidance

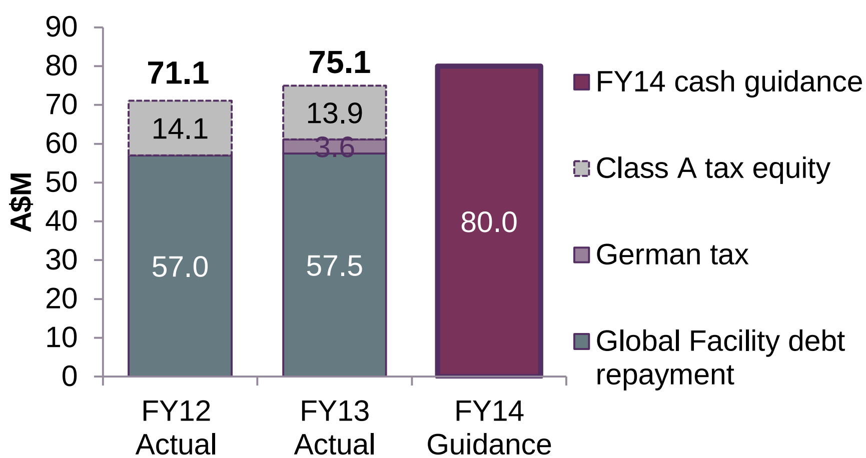
## FY14 US operating cost guidance (US$73-76M)




## FY14 Australia operating cost guidance (A$35-37M)




## FY14 cash guidance (A$80M)




## Comments

The regional business components of the cost review savings of $7m foreshadowed in Infigen's interim results are fully factored through at the low end of the guidance range. Other components of the cost review savings will be realised in corporate costs, lower systems capex, and interest expense savings. A net restructure benefit of $0.8m was realised in FY13.

Due to the uncertainty around timing of cash flow, FY14 cash guidance is on an aggregate basis and covers cash flow to Class A tax equity, IR swap termination costs and Global Facility debt repayments

# Agenda

- Performance Overview
- Financial Result
- Operational Review
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- Outlook & Priorities
- **Questions**

# Questions

# Appendix

# Operational Performance Summary

| Year ended 30 June (A$M) | 2013 | 2012 | Change % F/(A) |
|---|---|---|---|
| US Wind Farm Revenue | 136.1 | 137.4 | (1) |
| US IAM Revenue | 3.6 | 3.3 | 9 |
| Australia Wind Farm Revenue | 146.3 | 125.8 | 16 |
| **Total Revenue** | **286.1** | **266.6** | **7** |
| US Wind Farm Costs | (70.0) | (71.9) | 3 |
| US IAM Costs | (3.0) | (2.5) | (19) |
| Australia Wind Farm Costs | (32.6) | (31.3) | (4) |
| Australia Energy Markets | (3.7) | (3.4) | (9) |
| **Total Operating Costs** | **(109.3)** | **(109.2)** | **-** |
| **Operating EBITDA** | **176.8** | **157.4** | **12** |
| US Development Costs | (0.4) | (1.0) | 57 |
| Australia Development Costs | (2.9) | (3.3) | 13 |
| Revaluation Costs & Management Fees | (1.2) | (1.1) | (9) |
| Corporate Costs | (14.1) | (11.5) | (23) |
| **EBITDA** | **158.2** | **140.5** | **13** |

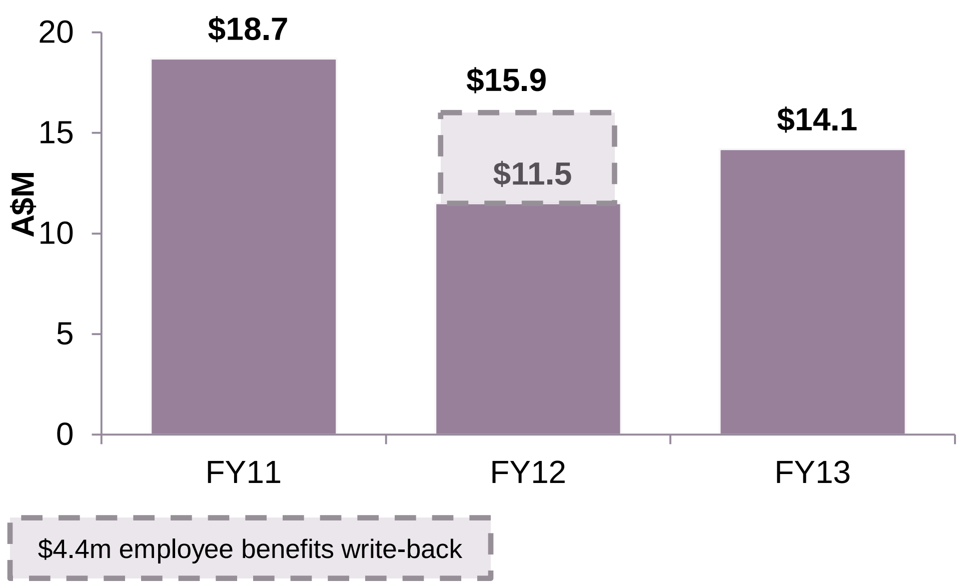
# Balance Sheet by Country

| A$M | 30 June 2013 IFN Statutory | Less US Non-controlling Interest | 30 Jun 2013 IFN Economic Interest | Australia | United States |
|---|---|---|---|---|---|
| Cash | 124.5 | (0.6) | 124.0 | 110.2 | 13.8 |
| Receivables | 32.5 | (0.5) | 32.0 | 25.2 | 6.8 |
| Inventory & LGCs | 13.8 | (0.2) | 13.6 | 9.0 | 4.5 |
| Prepayments | 17.2 | (0.1) | 17.1 | 8.1 | 8.9 |
| PPE | 2,478.0 | (160.7) | 2,317.3 | 918.5 | 1,398.9 |
| Goodwill & intangibles | 272.1 | (17.7) | 254.3 | 137.5 | 116.9 |
| Deferred tax assets | 50.5 | - | 50.5 | 50.5 | 0.0 |
| **Total Assets** | **2,988.5** | **(179.8)** | **2,808.7** | **1,258.9** | **1,549.8** |
| | | | | | |
| Payables | 36.6 | (1.9) | 34.6 | 18.7 | 16.1 |
| Provisions | 29.3 | (1.8) | 27.5 | 10.7 | 16.8 |
| Borrowings | 1,060.0 | 0.0 | 1,060.0 | 723.5 | 336.5 |
| Tax Equity (US) | 712.8 | (124.1) | 588.7 | 0.0 | 588.7 |
| Deferred revenue (US) | 511.1 | (51.9) | 459.1 | 0.0 | 459.1 |
| Interest rate derivative | 154.7 | 0.0 | 154.7 | 104.7 | 50.0 |
| **Total Liabilities** | **2,504.5** | **(179.8)** | **2,324.7** | **857.6** | **1,467.2** |
| | | | | | |
| **Net Assets** | **484.0** | **0.0** | **484.0** | **401.4** | **82.6** |

# Corporate Costs

| Year Ended 30 June<br>A$M | 2013 | 2012 | Change %<br>F/(A) |
|---|---|---|---|
| Personnel including contractors | 6.8 | 4.3 | (58) |
| Audit, ASX, Link, Annual Report and Board expenses | 2.2 | 2.8 | 21 |
| Consultants & Advisors | 2.8 | 2.1 | (33) |
| Accommodation, Facilities, IT, Travel & Other | 2.3 | 2.3 | - |
| **Total Corporate Costs** | **14.1** | **11.5** | **(23)** |

**Corporate Costs**



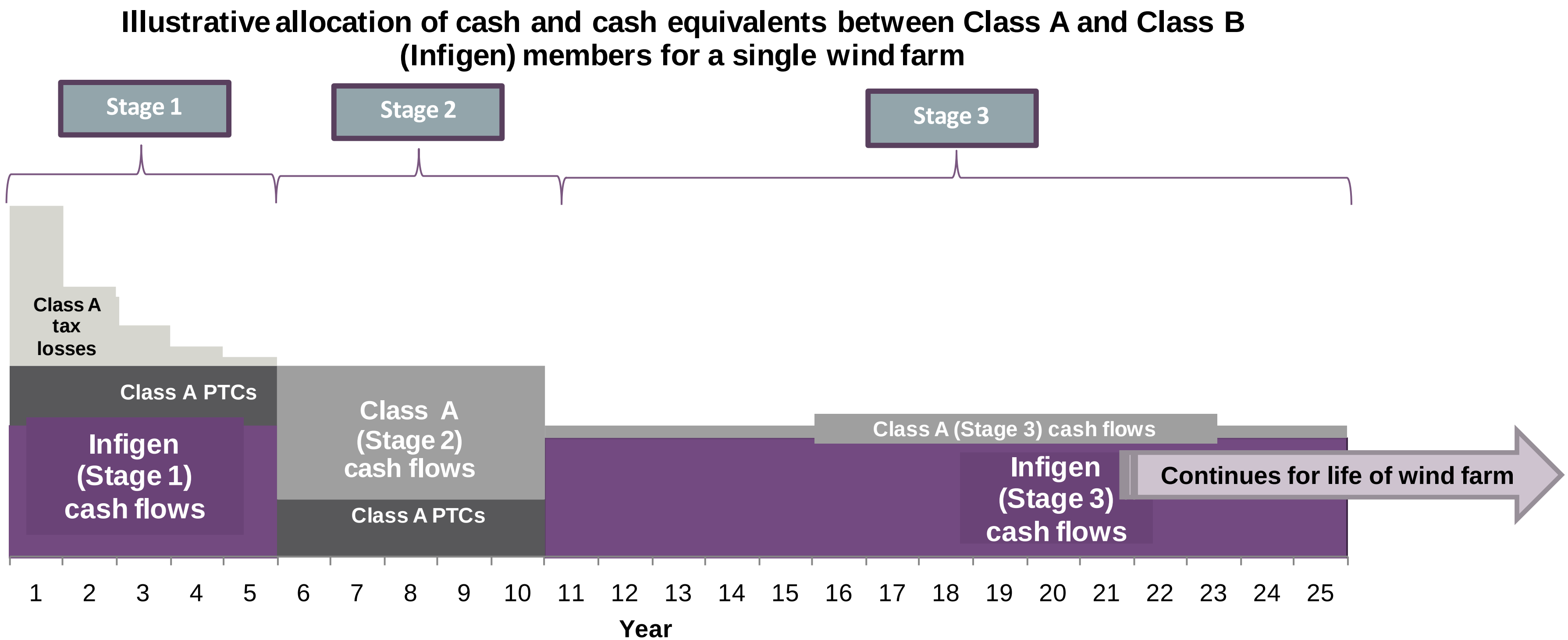

**Comments**

- FY13 includes $0.7m of net savings in corporate costs from cost review initiatives
- FY12 personnel and contractor costs were reduced by write backs of employee benefits

# Institutional Equity Partnerships

| Year ending 30 June (A$M) | 2013 | 2012 | Change % |
|---|---|---|---|
| Value of production tax credits (Class A) | 76.2 | 78.5 | (3) |
| Value of tax losses (Class A) | (7.3) | 1.3 | (662) |
| Benefits recouped/(deferred) during the period | 9.9 | (16.2) | 161 |
| **Income from IEPs** | **78.8** | **63.6** | **24** |
| Allocation of return (Class A) | (39.2) | (42.8) | 8 |
| Movement in residual interest (Class A) | (10.6) | (8.9) | (19) |
| Non-controlling interest (Class B) | (3.0) | (7.4) | 59 |
| **Financing costs related to IEPs** | **(52.8)** | **(59.2)** | **11** |
| **Net income from IEPs (Statutory)** | **26.0** | **4.4** | **494** |
| Non-controlling interests (Class B & Class A) | 3.3 | 4.8 | (31) |
| **Net income from IEPs (Economic Interest)** | **29.3** | **9.2** | **219** |

# USA Tax Equity Structure




- Class A (US tax payer) and Class B (typically owner-operator) members share economic benefits over the life of the wind farm. Class A capital investment has a contracted target return.
- Class B gets all cash in stage 1 to repay initial investment while Class A gets tax losses and production tax credits (PTCs) as cash equivalents to repay initial investment
- Class A continues to receive cash equivalent tax benefits and operating cash through stage 2 until capital investment has been repaid and target return achieved
- Class A and Class B share operating cash during stage 3 with Class B members typically having an option to acquire the Class A minority interest at an agreed market value

# Guidance

| Year ended 30 June | 2012 Actual | 2013 Guidance | 2013 Actual | 2014 Guidance |
|---|---|---|---|---|
| US wind farm costs | US$73.4m | US$74-79m | US$71.8m | |
| IAM costs | US$2.5m | US$2.5m* | US$3.0m | |
| **US operating costs** | US$75.9m | US$76.5-81.5m | US$74.8m | **US$73-76m** |
| Australian wind farm costs | A$31.3m | A$34-37m | A$32.6m | |
| Energy Markets costs | A$3.4m | A$3.4m* | A$3.7m | |
| **Australian operating costs** | A$34.7m | A$37.4-40.4m | A$36.3m | **A$35-37m** |

| | |
|---|---|
| **Cash available for Class A tax equity, IR swap terminations and GF debt repayment** | **A$80.0m** |

The regional business components of the cost review savings of $7m flagged at the interim results are fully factored through at the low end of the guidance range. Other components of the cost review savings will be realised in corporate costs, lower systems capex, and interest expense savings. A net restructure benefit of $0.8m was realised in FY13.

* Guidance was for these costs to be around the same as FY12

**A$80 million FY14 cash guidance reconciliation**

| Year ended 30 June | 2012 | 2013 | 2014 |
|---|---|---|---|
| Cash to Class A tax equity | A$14.1m | A$13.9m | A$33.0m |
| Cash for German tax and IR swap terminations | - | A$3.7m | A$17.0m |
| Global Facility amortisation | A$57.0m | A$57.5m | A$30.0m |
| **Total** | A$71.1m | A$75.1m | **A$80.0m** |

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