



ASX RELEASE

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FY17 FULL YEAR FINANCIAL RESULTS

Infigen Energy (ASX: IFN) today released its full year financial results for the 2017 financial year (FY17).

Infigen's net profit after tax for FY17 increased to \$32.3 million, up \$27.8 million on the prior corresponding period (pcp).

SUMMARY OF PERFORMANCE

Key measures of performance compared to pcp were:

- **Production:** increased to 1,487 GWh, up 1%
- **Revenue:** increased to \$196.7 million, up 14%
- **Underlying EBITDA:** increased to \$139.3 million, up 16%
- **EBITDA:** increased to \$149.7 million, up 25%
- **Net profit after tax:** increased to \$32.3 million, up \$27.8 million
- **Operating cash flow:** increased to \$98.7 million, up 73%
- **Net debt:** decreased to \$402.1 million, down 32%

Revenue increased by \$23.5 million (+14%) due to higher electricity prices and higher LGC prices, partially offset by the effect of less favourable marginal loss factors on production sold.

Underlying EBITDA increased by \$19.1 million (+16%) primarily due to higher revenue, higher production-linked turbine operations and maintenance costs, higher Energy Markets costs, and higher corporate and transition costs.

EBITDA increased by \$29.5 million (+25%) due to improved underlying EBITDA, non-cash income from a fair value revaluation following the acquisition of the 50% interest in the Bodangora wind farm development project which Infigen did not own and other income that included a \$4.3 million gain on sale of the Manildra solar development project.

Corporate and development costs were up \$1.4 million (+9%) reflecting costs associated with restructuring and transitioning the business to ensure Infigen has the necessary capability to execute its business strategy, costs associated with the CEO transition and management restructure, and costs associated with undertaking and responding to corporate strategic activities.

FY17 BUSINESS HIGHLIGHTS

In FY17 Infigen made substantial progress in implementing its strategy to grow its business and strengthen its participation in the Australian energy market. Key achievements in this regard include:

- Commercialising the first of its development projects at Bodangora in New South Wales. This project will add 20% to Infigen's installed capacity and 24% to its expected annual production when it achieves commercial operations, which is scheduled to occur in August 2018
- Raising \$151 million in equity capital to support the delivery of Infigen's future growth strategy
- Executing long-term service agreements with Vestas to better align wind farm costs with business revenues and introduce greater cost stability. These agreements cover the entire operating fleet of wind farms. They guarantee turbine availability on an energy yield basis through to the 20 year anniversary of each wind farm.



Since the capital raising and reaching financial close on Bodangora, Infigen has completed a detailed plan to implement its business strategy. This plan contemplates the construction of further new projects from its development pipeline and the diversification of channels to market for the sale of electricity and LGCs. The plan prioritises investment in new projects in regional markets that contain the greatest opportunities for value accretive growth. The plan assists Infigen to engage with the debt markets in exploring the optional time to refinance the existing debt facilities associated with its operating assets, and replace them with a capital structure that better supports Infigen's operations and growth plans.

OUTLOOK

Infigen expects wind farm availability in FY18 to be in line with FY17, however wind conditions are always uncertain. To better inform the market on the production outcomes, Infigen will provide unaudited monthly generation outcomes going forward, with the July 2017 monthly report appended in this ASX release.

Marginal loss factors determined by AEMO in respect of Infigen's wind farms for the period from 1 July 2017 to 30 June 2018 will have a slightly favourable effect on production sold in FY18 compared with FY17.

The electricity market remains volatile as a result of a number of factors, including: withdrawal of capacity, gas prices, the ongoing energy and emissions reduction policy debate and state and federal government actions regarding the sector. The debate in relation to the energy markets' future design and rules can create uncertainty that adversely affects market sentiment.

The demand for LGCs under the Large-scale Renewable Energy Target (LRET) is expected to be met with a sufficient build of renewable energy projects by 2020. Notwithstanding, a shortfall of LGCs is expected to occur in FY18. While the LGC spot price has varied considerably over the last 12 months, the interaction of the RET legislation with new legislation, such as the Clean Energy Target proposed in the Finkel review¹, may pull back momentum in LGC price increases.

The revenue outcome will be influenced by the rate at which Infigen's business strategy is executed as well as production outcomes. The long-term growth of the business necessitates growing customer numbers and volumes at sustainable profit margins.

The provision of operations and maintenance services at the Capital and Woodlawn wind farms will transition from Suzlon to Vestas from 1 January 2018. The agreements with Vestas are based on energy yield rather than time-based availability, incentivising Vestas to perform scheduled turbine maintenance activities during low wind periods, and therefore assisting Infigen to maximise the profitability of its operating fleet. Costs associated with that transition are expected to be in low single-digit million dollars. Other operating costs are expected to be broadly in line with FY17.

Corporate costs are expected to be in the order of \$13.5 million reflecting the ongoing transition and the implementation of Infigen's business strategy.

ENDS

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¹ "Blueprint for the Future: Independent Review into the Future Security of the National Electricity Market", 9 June 2017, Commonwealth of Australia 2017



About Infigen Energy (Infigen)

Infigen is an active participant in the Australian energy market. It is a developer, owner and operator of generation assets delivering energy solutions to Australian businesses and large retailers.

Infigen has 557 MW of installed generation capacity across New South Wales, South Australia and Western Australia with a further 113 MW under construction in New South Wales. It sells the electricity and Large-scale Generation Certificates (LGCs) through a combination of medium and long-term contracts and through the spot market.

Infigen is looking to diversify and expand its customer base and will grow its generation portfolio in response to strong price and investment signals. In the short term it is targeting expansion in New South Wales and entry into the Victorian and Queensland regions of the National Electricity Market (NEM).

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

For further information please visit Infigen's website: www.infigenenergy.com.



APPENDIX 1: JULY 2017 MONTHLY PRODUCTION

Infigen Energy (ASX: IFN) today reported unaudited production generated² for July 2017.

Asset (GWh)	State	July 2017	July 2016	Variance (%)
Alinta wind farm	WA	15	27	(44)
Capital wind farm	NSW	43	45	(4)
Lake Bonney 1 wind farm	SA	23	24	(6)
Lake Bonney 2 wind farm	SA	46	50	(8)
Lake Bonney 3 wind farm	SA	12	13	(9)
Woodlawn wind farm	NSW	19	18	4
Total production generated		157	177	(11)

Marginal Loss Factors

As electricity flows through the transmission and distribution networks, energy is lost due to electrical resistance and the heating of conductors. Infigen's revenue is generally subject to marginal loss factors that are fixed annually by the Australian Energy Market Operator to account for network losses.

Year ended 30 June	2015	2016	2017	2018
Alinta wind farm	0.9027	0.9384	0.9519	0.9487
Capital wind farm	0.9618	0.9748	0.9931	1.0163
Lake Bonney 1 wind farm	0.9665	0.9352	0.8768	0.8906
Lake Bonney 2 wind farm	0.9665	0.9352	0.8768	0.8906
Lake Bonney 3 wind farm	0.9665	0.9352	0.8768	0.8906
Woodlawn wind farm	0.9618	0.9748	0.9931	1.0163

² Excluding compensated production