

INFIGEN ENERGY FULL YEAR RESULTS

12 MONTHS ENDED 30 JUNE 2016

29 August 2016

For further information please contact:

ir@infigenenergy.com

+61 2 8031 9900

Richie Farrell
Marju Tonisson

General Manager, Strategy & Corporate Affairs
Manager, ESG & Investor Relations



Our generation, your future

AGENDA

- Performance Overview
- Operational Review
- Financial Review
- Outlook
- Questions
- Appendix

PRESENTERS

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

ABOUT INFIGEN ENERGY

Infigen Energy (Infigen) is a developer, owner and operator of renewable energy generation assets in Australia. We own six wind farms and a solar farm with a combined installed capacity of 557 megawatts operating in New South Wales, South Australia and Western Australia.

Infigen's development pipeline comprises approximately 1,100 megawatts of large-scale wind and solar projects spread across five states in Australia.

For further information please visit our website:

www.infigenenergy.com

A blurred background image of a wind turbine in a field, with a warm, golden light suggesting a sunset or sunrise. The text "PERFORMANCE OVERVIEW" is overlaid in white, bold, uppercase letters.

PERFORMANCE OVERVIEW

FY16 Overview

Simplified business, stable capital structure, supportive policy environment. Positioned for profitable growth

- **Safety:** achieved a rolling 12-month lost time injury frequency rate (LTIFR) of zero, with no lost time injuries (LTIs) since November 2013, and eight years without an LTI at Alinta and Lake Bonney wind farms
- **Sale of US businesses:** completed the sale of the US solar development assets and the US wind business resulting in a \$100 million increase in cash available for growth
- **Net profit after tax:** \$4.5 million, up \$308.1 million on the pcp, which included a \$285.2 million loss from discontinued US operations
- **Net profit after tax (continuing operations):** \$7.0 million, a \$25.4 million improvement compared to the pcp, primarily due to higher electricity and LGC prices
- **EBITDA:** \$120.2 million, up 44% or \$36.7 million on the pcp
- **Net operating cash flow (continuing operations):** \$56.9 million, up 71% or \$23.7 million on the pcp
- **Reduced borrowings :** \$51.0 million of Global Facility borrowings repaid from operating cash flow and \$5.5 million of Woodlawn facility borrowings repaid. Net debt was \$594.9 million at 30 June 2016
- **Organisational restructure:** completed after the sale of the US businesses, to reduce corporate costs from FY17 and position the Australian business for growth
- **Growth and development:** positioned development pipeline to respond to supportive market conditions

Performance Overview

Outcome reflects improved market prices and effective risk and operational management

\$M (unless otherwise stated) Year ended 30 June	2016	2015	Change % F/(A)	Comments
Safety (LTIFR)	-	-	-	• Achieved zero lost time incidents and injuries
Capacity (MW)	557	557	-	
Production (GWh)	1,469	1,459	1	• Better wind conditions in NSW and improved network availability at Lake Bonney wind farm, partially offset by lower wind in SA and WA
Revenue	173.2	133.8	29	• Higher LGC and electricity prices, higher production and effective hedging
Operating costs	(37.4)	(34.7)	(8)	• Higher FCAS charges in South Australia for services that maintain power system stability • Post-warranty O&M cost step-up and unscheduled BOP costs at Capital wind farm
Corporate, development & other costs	(15.7)	(15.6)	(1)	• Organisational restructure costs
EBITDA	120.2	83.5	44	
Profit / (loss) from continuing operations before tax	10.6	(18.2)	158	• Higher EBITDA partially offset by FX effects and revaluation of derivatives
Net profit / (loss)	4.5	(303.6)	101	• Higher tax expense • Loss from discontinued operations in the pcp related to the divestment of the US business (\$284.5 million impairment)
Net operating cash flow	56.9	79.5	(28)	• Net operating cash flow in the pcp includes \$46.3 million from discontinued operations

OPERATIONAL REVIEW

Safety & Environment

Actively managing safety and monitoring effects of climate change

Safety As at 30 June measured on a rolling 12-month basis	2016	2015	Change F/(A)
Total recordable injury frequency rate (TRIFR)	4.8	9.7	51
Lost time injury frequency rate (LTIFR)	-	-	-
Lost time injuries (LTI)	-	-	-

Greenhouse gas emissions ¹ Year ended 30 June	2016	2015	Change % F/(A)
Scope 1 emissions (tCO ₂ e)	448	470	5
Scope 2 emissions (tCO ₂ e)	2,801	2,854	2
Total energy consumption (TJ)	18.4	18.6	1
Emissions intensity of generation (tCO ₂ e/MWh)	0.002	0.002	-

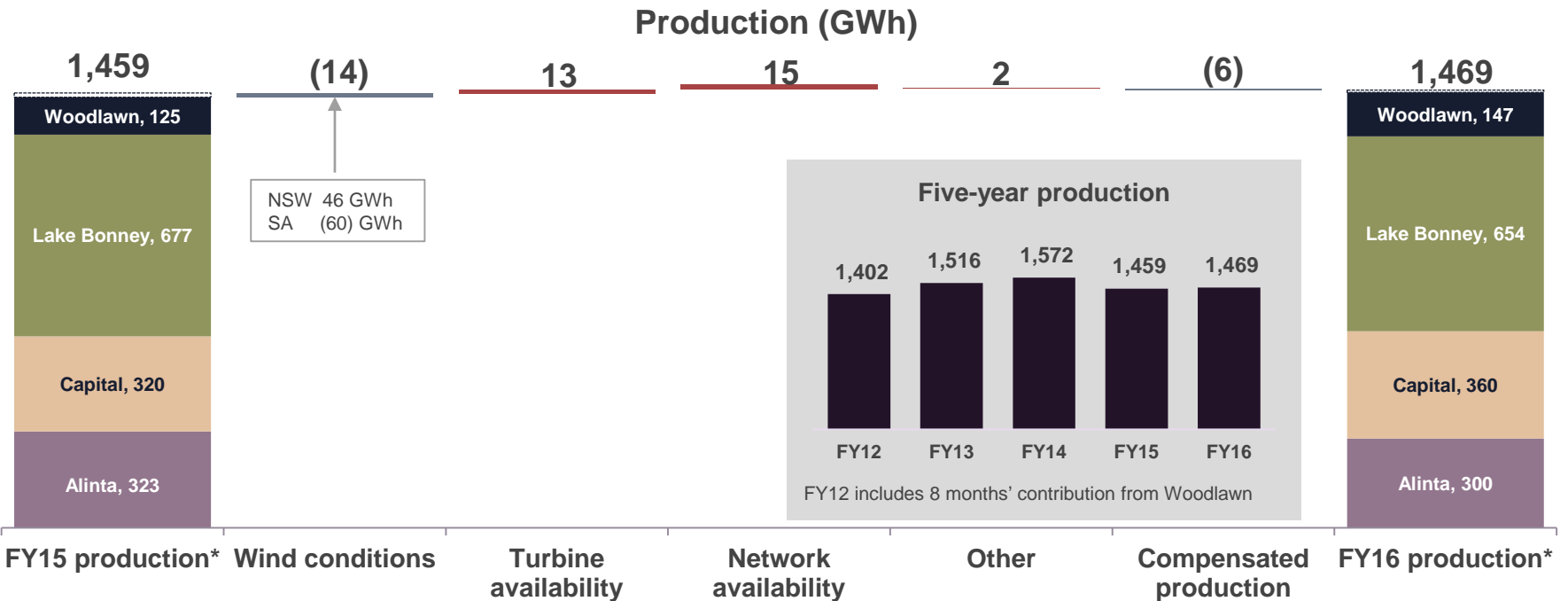
Comments

- **Safety:** HSE action plan significantly improved focus on leading indicators and the risk management of potential hazards and risks
- **TRIFR** decreased from 9.7 to 4.8, representing one recordable injury in FY16 and 5% less recordable work hours during the year
- **Greenhouse gas emissions** decreased by 75 tCO₂e due to reduced electricity imports from the grid, lower fuel consumption on-site and lower electricity used in the office
- **Emissions intensity of production** remained at 0.002 tonnes of CO₂e
- **Our generation** displaced approximately 1.5 million tonnes of CO₂ from Australia's electricity sector and provided enough electricity to power 250,000 average households

¹ FY16 emissions remain subject to review by the Clean Energy Regulator

Production

Production increased in FY16 but was lower than historical average of ~1,500 GWh



Comments

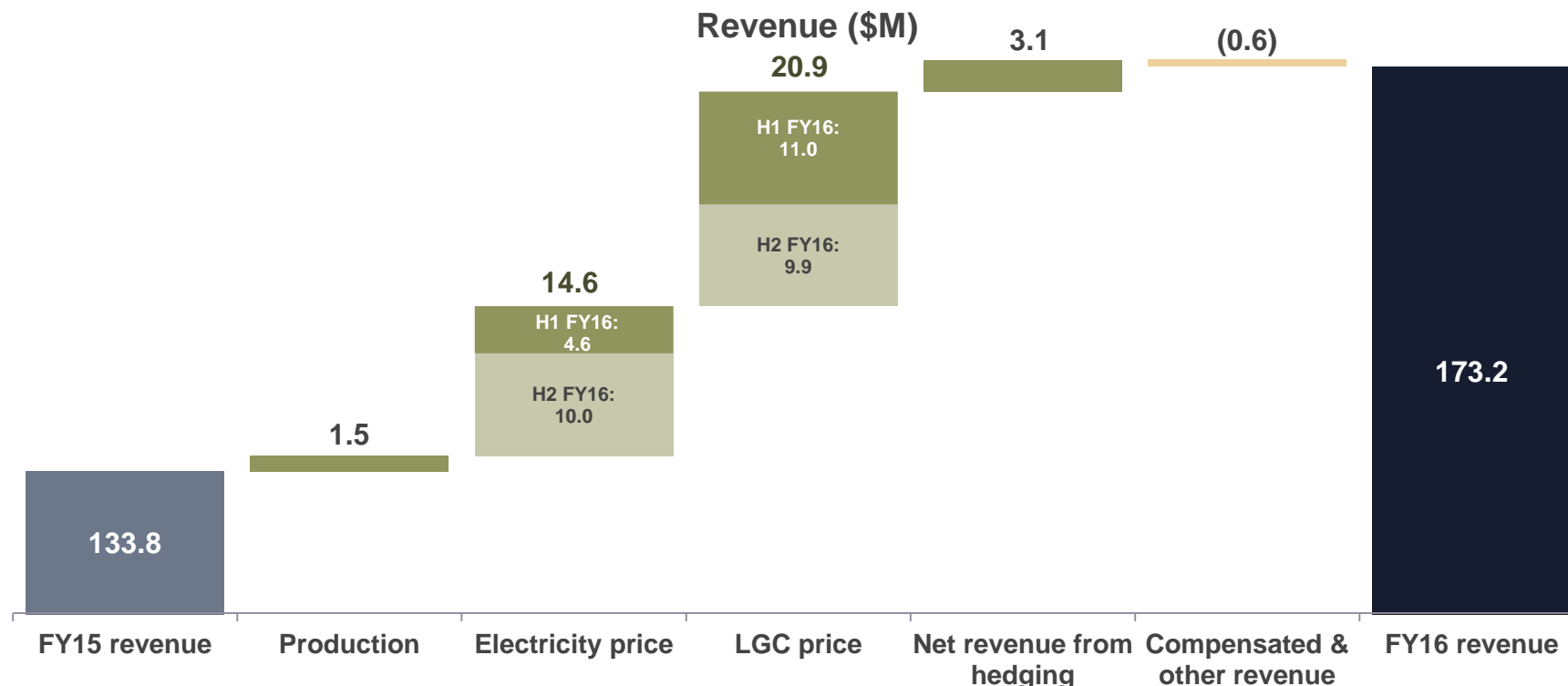
- Better wind conditions in NSW partially offset by lower wind in SA and WA
- Improved turbine availability at Capital and Woodlawn wind farms
- Reduced network losses at Alinta and Lake Bonney wind farms
- Improved site availability but lower compensated production

* Includes compensated production of 14 GWh in FY15 and 8 GWh in FY16



Revenue

Benefitted from higher LGC and electricity prices and effective risk management



Average price	FY16		FY15	
	H1	H2	H1	H2
Average merchant LGC market price (\$/LGC)	61.34	79.93	31.90	46.21
Infigen's DWA wholesale electricity price, SA (\$/MWh)	47.04	55.12	30.50	30.10
Infigen's DWA wholesale electricity price, NSW (\$/MWh)	42.55	54.58	36.46	32.81

Operating Costs

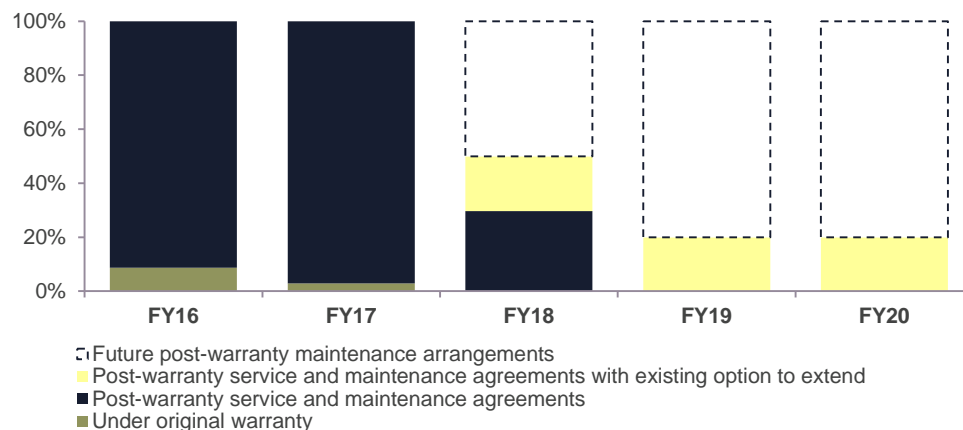
Delivered full year operating costs below guidance range despite higher FCAS fees

Year ended 30 June (\$M)	2016	2015	F/(A) %
Asset management	6.7	6.2	(8)
FCAS fees	2.0	0.3	(567)
Turbine operations & maintenance (O&M)	18.9	18.4	(3)
Balance of plant (BOP)	0.9	0.4	(125)
Other direct costs	7.0	7.4	5
Wind & solar farm costs	35.5	32.7	(9)
Energy Markets	1.9	2.0	5
Operating costs	37.4	34.7	(8)

Comments

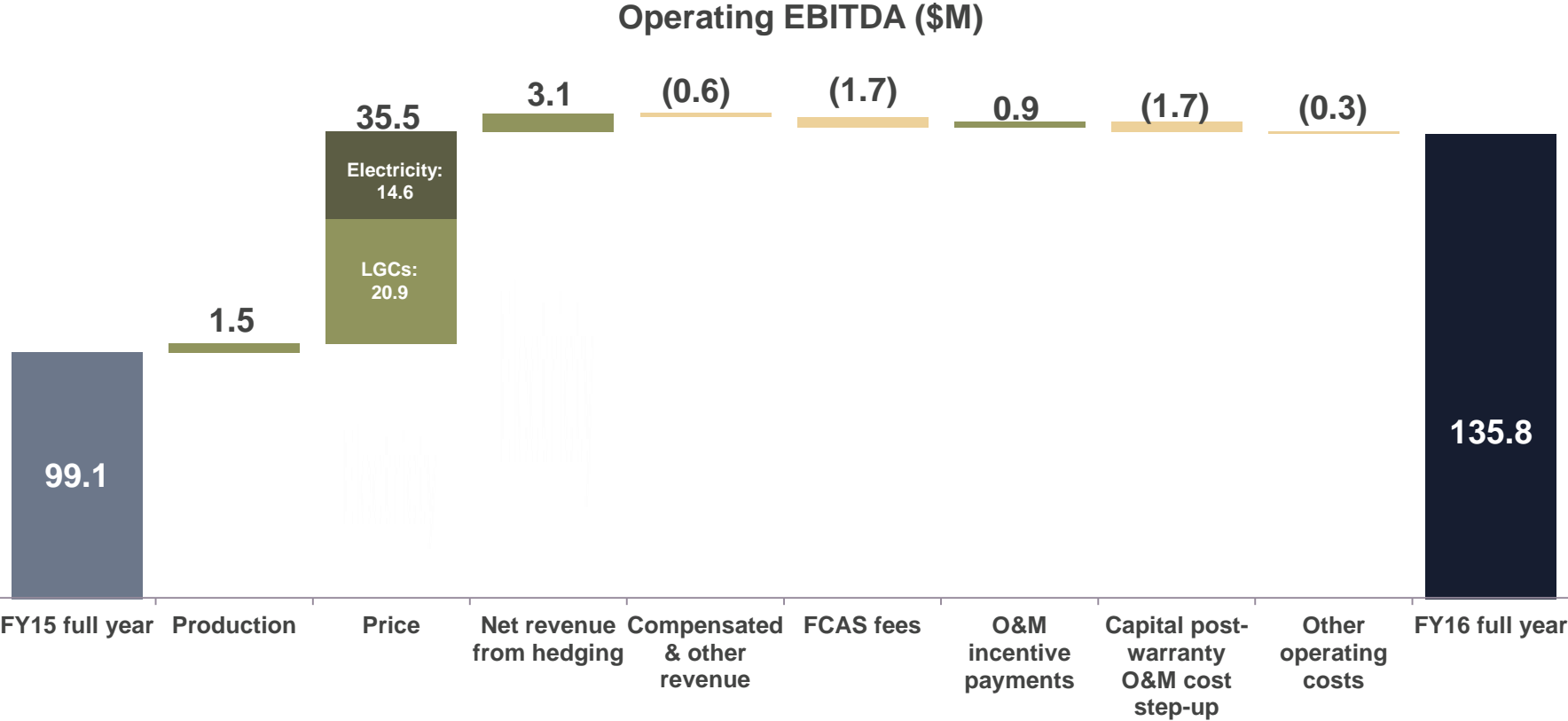
- Full year operating costs below the \$37.5-39.5 million guidance range
- Above historical average frequency control ancillary services (FCAS) fees incurred as a result of interconnector upgrade works in South Australia
- Higher turbine O&M costs due to contracted post-warranty cost step-up at Capital wind farm offset by lower production-linked turbine O&M costs at Alinta and Lake Bonney wind farms
- Higher contracted BOP costs at Alinta and Lake Bonney wind farms, and higher unscheduled BOP costs at Capital wind farm
- Currently finalising a new post-warranty service and maintenance agreement for the Woodlawn wind farm from October 2016
- Increased competition in post-warranty service markets underpins confidence that long-term O&M costs will be comparable to existing post-warranty turbine O&M costs
- Negotiations progressing on long-term turbine O&M agreements beyond January 2018

Turbine warranty and maintenance contract profile



Operating EBITDA

Higher revenue partially offset by higher operating costs



A blurred background image showing a person in a red shirt in the foreground and wind turbines in the distance under a sunset sky.

FINANCIAL REVIEW

Summary Profit & Loss and Financial Metrics

Improved operating result partially offset by adverse FX effect and tax expense

Year ended 30 June (\$M)	2016	2015	Change % F/(A)
Revenue	173.2	133.8	29
EBITDA	120.2	83.5	44
Depreciation and amortisation	(52.0)	(54.5)	5
EBIT	68.2	29.0	135
Net borrowing costs	(53.6)	(55.3)	3
Net FX and revaluation of derivatives	(4.0)	8.0	(150)
Profit / (loss) from continuing operations before tax	10.6	(18.2)	158
Loss from discontinued operations	(2.5)	(285.2)	99
Tax expense	(3.6)	(0.2)	(1,700)
Net profit / (loss)	4.5	(303.6)	101
As at 30 June	2016	2015	Change % F/(A)
Net operating cash flow per security (cps)	7.4	4.3	72
EBITDA margin	69.4%	62.4%	7.0 ppts
Book gearing	68.0%	74.0%	6.0 ppts

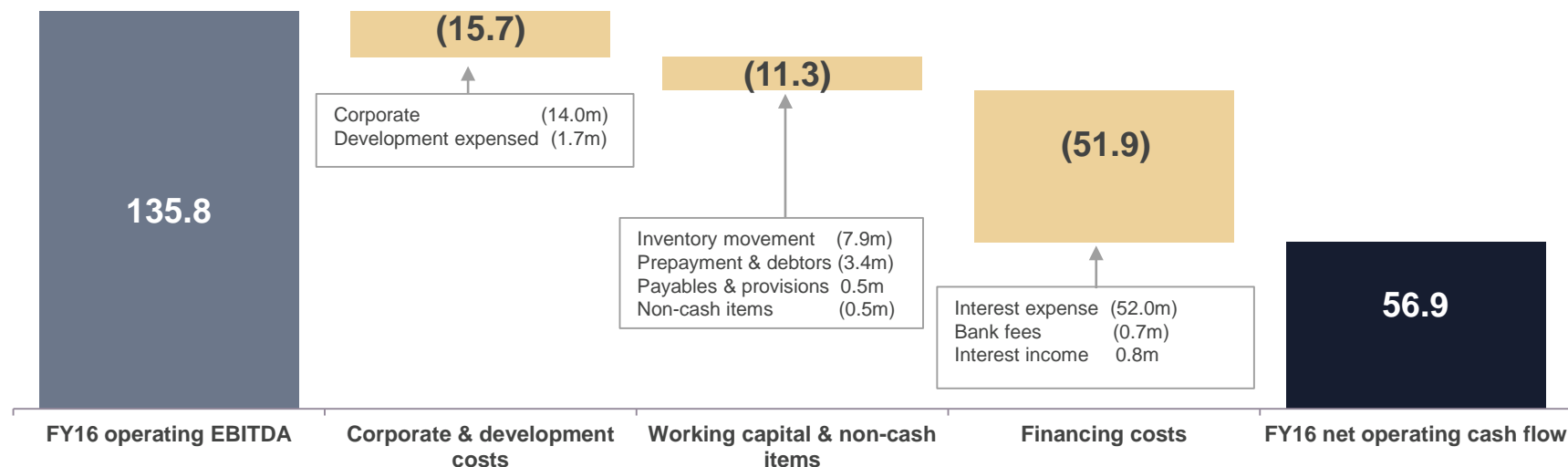
cps = cents per security; ppts = percentage point changes

Operating Cash Flow

Strong production in May-June 2016 and higher LGC price increased the value of inventory

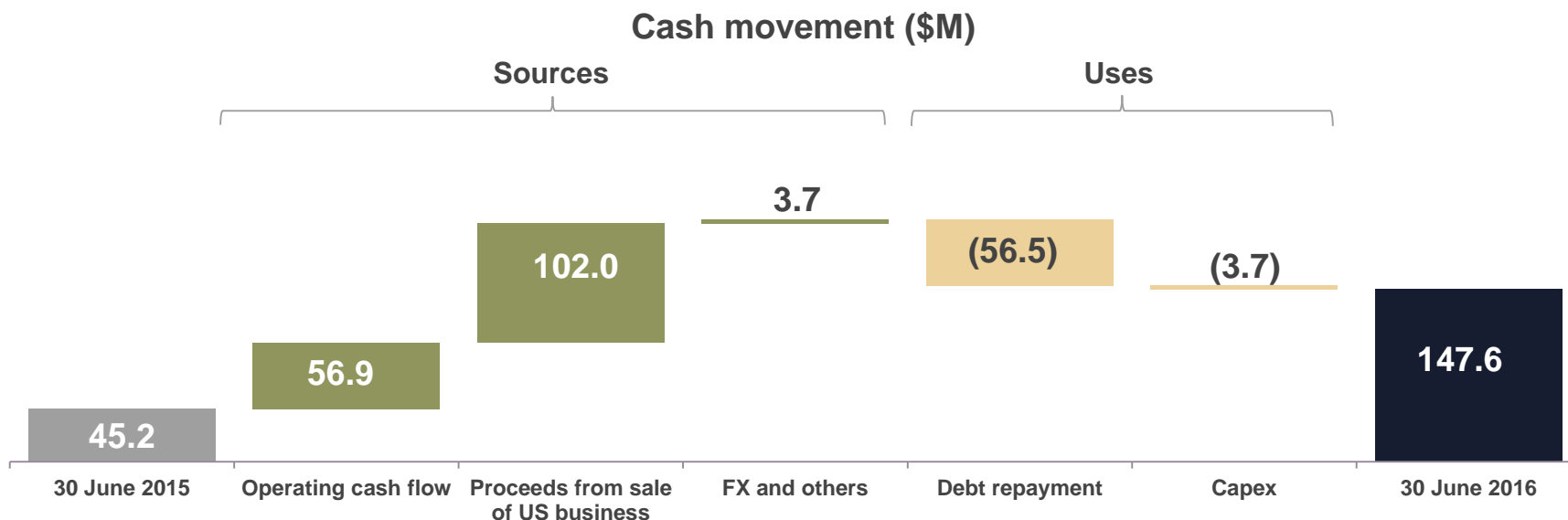
Year ended 30 June (\$M)	2016	2015	Change % F/(A)
Operating EBITDA	135.8	99.1	37
Corporate and development costs and other income	(15.7)	(15.6)	(1)
Movement in working capital and non-cash items	(11.3)	2.4	(571)
Financing costs	(51.9)	(52.7)	(2)
Net operating cash flow from continuing operations	56.9	33.2	71
Net operating cash flow from discontinued operations	-	46.3	n.m.
Net operating cash flow	56.9	79.5	(28)

Operating cash flow (\$M)



Cash Movement

Higher cash balance from proceeds of sale of the US business

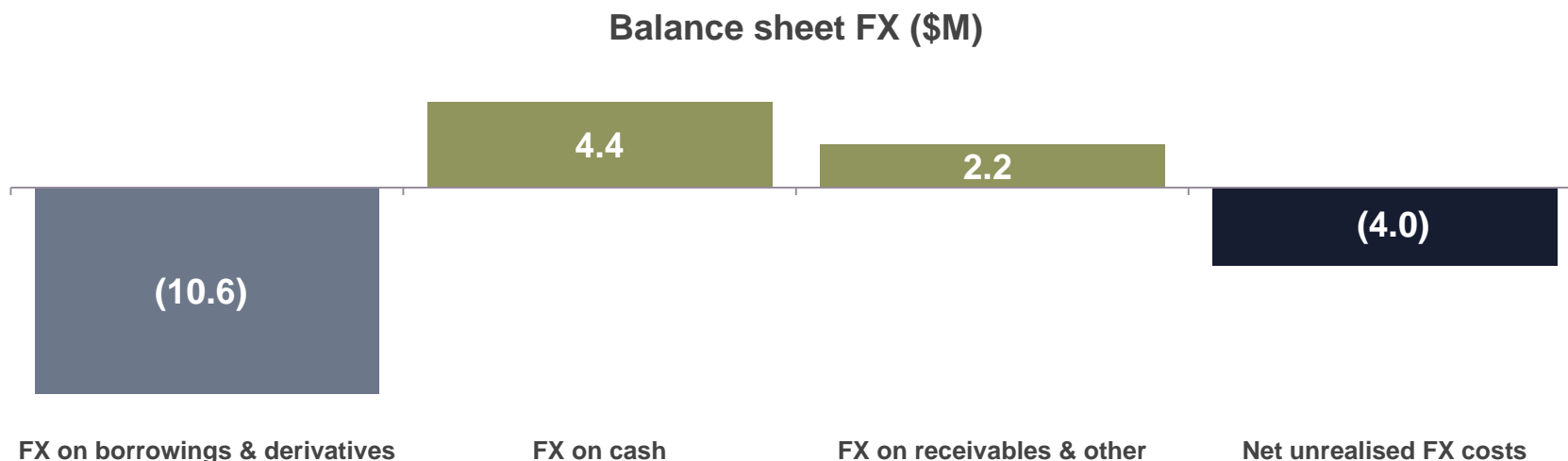


Comments

- Cash balance at 30 June 2016 comprises \$136.9 million held by Excluded Companies and \$10.7 million held by entities within the Global Facility Borrower Group
- \$102 million inflow to Excluded Companies from the sale of the US business: US wind Class A interests and US solar development assets including solar related proceeds received in H2 FY16
- \$3.7 million capital expenditure on wind farm property, plant and equipment, IT and development
- Substantial amount of Excluded Companies' cash balance available to invest in new projects and other investment opportunities

Effect of FX on Balance Sheet

USD and EUR borrowings partially hedged with USD and EUR cash balances



Comments

- FX movements resulted in an adverse effect on the balance sheet in AUD terms
- As at 30 June 2016 Infigen had foreign currency borrowings of USD116.2 million and EUR14.0 million
- As at 30 June 2016 Infigen held USD80.0 million and EUR12.4 million in cash

Balance Sheet

Higher cash balance, lower borrowings and improved debt ratios

Position at (\$M)	30 Jun 2016	30 Jun 2015
Cash	147.6	45.2
Receivables	24.1	76.7
Inventory LGCs	20.6	12.7
PP&E	783.8	830.2
Goodwill and intangible assets	122.7	126.8
Investments in associates	1.3	0.5
Deferred tax assets & other assets	52.4	49.9
Assets of disposal group (held for sale)	-	1,286.8
Total assets	1,152.5	2,428.8
Payables	17.4	29.0
Provisions	11.3	9.8
Borrowings	742.5	786.9
Derivative liabilities	100.8	99.3
Liabilities of disposal group (held for sale)	-	965.3
Borrowings and swaps (disposal group)	-	277.6
Total liabilities	872.0	2,167.9
Net assets	280.5	260.9

Debt ratios*	30 Jun 2016	30 Jun 2015
Net debt / EBITDA	5.0x	8.9x
EBITDA / Interest	2.3x	1.6x
Net debt / (Net debt + Net assets)	68.0%	74.0%

* Debt ratios calculated in the above table differ from the Global Facility covenant metrics due to inclusion of Excluded Companies

Comments

- Assets and liabilities held for sale in the pcp
- Cash proceeds from the sale of US Class A interests and US solar development pipeline reduced receivables
- Increased inventory attributable to higher LGC price and strong production in May and June
- PP&E decrease includes depreciation expense of \$46.5 million
- Decrease in intangible assets attributable to the sale of a 50% interest in the Bodangora and Forsayth development projects

A blurred background image showing a person in a red jacket in the foreground and wind turbines in the distance under a sunset sky.

OUTLOOK

Outlook

Stable capital structure, business positioned for growth in rejuvenated Australian market

Earnings growth:

- Potential for production to increase from historically low wind years in FY15 and FY16
- Current LGC prices and electricity futures prices are substantially higher than FY16
- Revenue assurance improved - LGC contract with Alinta Energy extended to December 2020 for Alinta wind farm and executed 5 year LGC contract with Origin Energy for Woodlawn wind farm

Deleveraging:

- Stronger earnings will increase Global Facility debt repayments and improve refinancing prospects

Business development:

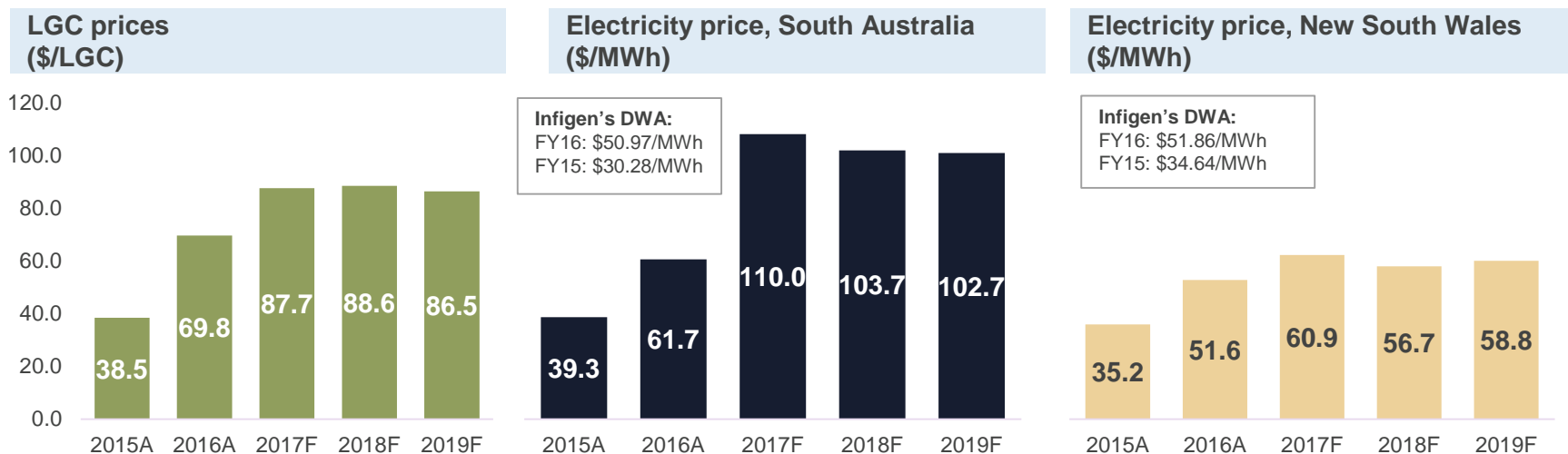
- Infigen's geographically diverse development pipeline of wind and solar projects is well positioned to proceed to construction as market opportunities emerge
- Prospecting for further solar development opportunities
- Engaged in bilateral offtake negotiations and an active participant in competitive procurement processes
- Outlook for LGC and electricity spot market prices substantially higher than reported PPA prices, providing an investment signal for some merchant opportunities

Securityholder value:

- Infigen has approximately \$137 million of cash in Excluded Companies, a substantial portion of which can be deployed towards organic growth and other investment opportunities

Stronger Outlook for LGC and Electricity Prices

Substantially improved outlook will benefit Infigen's merchant assets



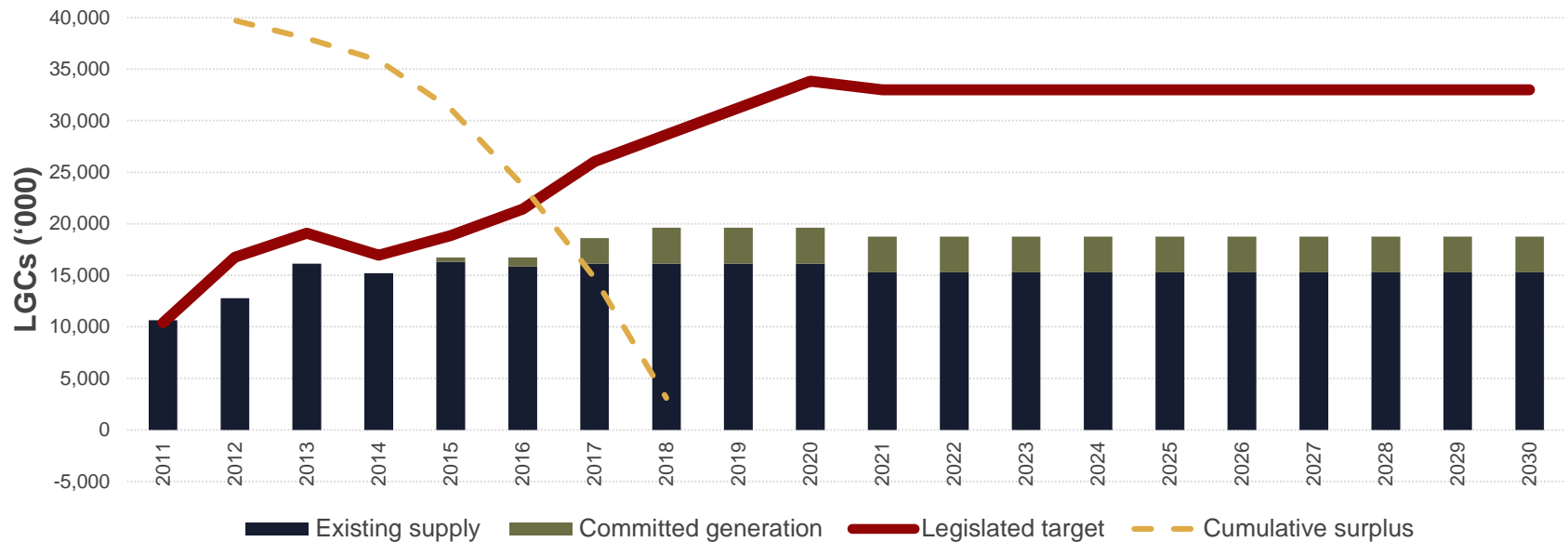
Sources: AEMO, GFI, ASX base electricity futures, broker reports, August 2016. Data is presented on a financial year basis.

Comments

- Expectations of a likely shortfall in LGC supply over the medium term and improved outlook for Australia's climate policy increased demand from the major retailers
- A combination of higher gas prices and the closure of the Northern power station should maintain higher time weighted average electricity prices in South Australia
- Wind and solar generators have a short-run marginal cost lower than the existing fleet of coal and gas generators

Large-scale Renewable Energy Target (LRET)

Surplus of LGCs is rapidly decreasing with long lead times for new supply



Source: Green Energy Markets, August 2016

Comments

- Momentum is building but current rate of new build must increase to avoid LGC shortfall in 2018
- Scheme design caters for temporary shortfalls by allowing liable parties to carry over up to 10% of their shortfall to the following year
- Some consumers are looking to satisfy their LRET liability directly with renewable generators



Market conditions supportive of pipeline development

Development project	State	Capacity (MW)	Planning status	Approval date	Connection status
Bodangora wind farm ¹	NSW	90-110	Approved	Aug 2013	Advanced
Bogan River solar farm	NSW	12	Approved	Dec 2010	Intermediate
Capital solar farm	NSW	50	Approved	Dec 2010	Offer received
Capital 2 wind farm	NSW	90-100	Approved	Nov 2011	Offer received
Cherry Tree wind farm	VIC	45-55	Approved	Nov 2013	Advanced
Cloncurry solar farm	QLD	30	N/A	N/A	Early
Flyers Creek wind farm	NSW	100-115	Approved	Mar 2014	Intermediate
Forsayth wind farm ¹	QLD	70-80	Approved	Feb 2014	Advanced
Manildra solar farm ²	NSW	50	Approved	Mar 2011	Advanced
Walkaway 2 wind farm ³	WA	~41	Approved	Dec 2008	Intermediate
Walkaway 2 solar farm ³	WA	~45	Approved	July 2016	Intermediate
Walkaway 3 wind farm ³	WA	~310	Approved	Dec 2008	Early
Woakwine wind farm	SA	~450	Approved	Jun 2012	Intermediate
Total (Infigen equity interests)⁴		~1,100			

¹ Infigen has a 50% equity interest; ² In 2015 Infigen entered into a letter of intent regarding co-development and potential sale of the Manildra solar development project, with the sale conditional upon that project being successful in the ARENA large-scale solar PV competitive round. If the sale proceeds, Infigen will receive a payment determined by reference to the proposed MW capacity of the Manildra project; ³ Infigen has a 32% equity interest; ⁴ Adjusted for Infigen's equity interest

Comments

- Infigen can select and tailor projects from its diverse pipeline to respond to majority of offtake contract opportunities that have specific project size and location requirements
- Extensive experience as a developer, owner, operator and acquirer of assets has created a disciplined investment appraisal culture where we pursue acceptable risk adjusted return opportunities
- The contract to merchant price spread is wide, implying large value transfers from developers to offtakers. Attractive merchant opportunities exist for low cost energy projects

FY17 Guidance

Revenue expected to benefit from higher production and prices

Production and revenue:

- Potential for production to increase from FY16, which was below the 5 year historical average
- LGC and electricity spot and futures contract prices are substantially higher than FY16

Corporate and development costs:

- Cost benefit of organisational review to be realised from FY17 where corporate and development costs are expected to be approximately \$14 million

EBITDA:

- EBITDA is expected to be approximately \$130 million reflecting a likely contractual turbine O&M cost increase at the Woodlawn wind farm as it comes off its original warranty in October 2016, and significantly higher Frequency Control Ancillary Service (FCAS) charges and associated hedging costs

Growth:

- Infigen has approximately \$137 million of cash in Excluded Companies, a substantial portion of which can be deployed towards organic growth and other investment opportunities

QUESTIONS

APPENDIX



Operational Assets

Asset	State	Commercial operation date	Nameplate capacity ¹ (MW)	FY16 average output	FY16 marginal loss factor ²	O&M services agreement end date	Power contracted	LGCs contracted	Contract end date	Customer
Alinta wind farm	WA	Jul 2006	89.1	38%	0.9384	Post-warranty: Dec 2017	100%	100%	Power: Dec 2026 LGC: Jan 2021	Power: Alinta Energy LGC: Alinta Energy & AGL
Capital wind farm	NSW	Jan 2010	140.7	29%	0.9748	Post-warranty: Dec 2017 ³	90-100% ⁴	50-100% ⁴	Power & LGC: Dec 2030	SDP & merchant
Lake Bonney 1 wind farm	SA	Mar 2005	80.5	26%	0.9352	Post-warranty: Dec 2017	-	-	-	Merchant
Lake Bonney 2 wind farm	SA	Sep 2008	159.0	27%	0.9352	Post-warranty: Dec 2017	-	-	-	Merchant
Lake Bonney 3 wind farm	SA	Jul 2010	39.0	27%	0.9352	Post-warranty: Dec 2017	-	-	-	Merchant
Woodlawn wind farm	NSW	Oct 2011	48.3	35%	0.9748	OEM warranty: Oct 2016	-	100%	LGC: Sep 2020	Power: merchant LGC: Origin Energy
Total			556.7							

¹ Average percentage of nameplate capacity

² AEMO published annual marginal loss factors which are available at <http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Security-and-reliability/-/media/EC6AF881593F4DB7B10F6286F3AD1004.ashx>

³ Infigen has option to extend to December 2022

⁴ Effectively all output is contracted when Sydney Desalination Plant (SDP) is operating. Approximately 50% of LGCs are sold on a merchant basis when the plant is not operating



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