



# ASX RELEASE

## Infigen Energy

Level 22, 56 Pitt Street Sydney NSW 2000 Australia  
T +61 8031 9900 F +61 2 9247 6086

Infigen Energy Limited ABN 39 105 051 616

Infigen Energy Trust ARSN 116 244 118

Infigen Energy (Bermuda) Limited ARBN 116 360 715

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

17 November 2016

## AGM PRESENTATIONS

Attached are the presentations to be delivered at Infigen Energy's (ASX: IFN) 2016 Annual General Meeting to be held today at 3pm (AEDT) at the Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney.

The Annual General Meeting will be webcast and can be viewed via the Infigen Energy website at <https://www.infigenenergy.com/AGM2016>.

## ENDS

For further information please contact:  
Richie Farrell  
General Manager, Strategy & Corporate Affairs  
Tel +61 2 8031 9901

Marju Tonisson  
Manager, ESG & Investor Relations  
Tel +61 2 8031 9902

## About Infigen Energy

Infigen Energy (Infigen) is a developer, owner and operator of renewable energy generation 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 operating assets generate enough power to meet the needs of over 250,000 homes saving over a million tonnes of carbon dioxide emissions each year.

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

Infigen trades on the Australian Securities Exchange (ASX) under the code IFN.

For further information please visit our website: [www.infigenenergy.com](http://www.infigenenergy.com)



## Annual General Meetings of Securityholders

### Infigen Energy

3pm, 17 November 2016

#### CHAIRMAN'S ADDRESS

Good afternoon Ladies and Gentlemen. My name is Mike Hutchinson. I am the Chairman of Infigen Energy. It is my pleasure to welcome you all to your 2016 Annual General Meeting.

I acknowledge the Gadigal people who are the traditional custodians of this land. I also pay respect to Elders both past and present of the Eora nation. I extend that respect to other Aboriginal people present.

Our Company Secretary advises that a quorum of securityholders is present. I now declare the Infigen Energy Annual General Meeting open.

All securityholders have been sent the Notice of Meeting. We will take the Notice of Meeting as read. Additional copies are available.

The proxy votes received for today's resolutions have been inspected by our security registry. All validly lodged proxies have been accepted. The numbers of proxy votes received will be displayed on the screen prior to voting on each resolution. As Chairman I will cast all undirected proxies that I hold in favour of the relevant resolutions.

#### INTRODUCTIONS

Before we start the formal business of the Meeting, I would like to introduce your Board.

- **Miles George** is the Managing Director of Infigen Energy. Miles was appointed as a Director effective 1 January 2009. Last month we announced Miles' intention to retire as Managing Director at the conclusion of this meeting. I will speak more about Miles' achievements during his time as Managing Director. Miles will be addressing securityholders later in the meeting.
- **Ross Rolfe** joined the Board as an independent non-executive director in September 2011. Ross has been a member of the Audit, Risk & Compliance Committee and a member of the Nomination & Remuneration Committee. Following the conclusion of this meeting Ross will take up the position of Managing Director. He has stepped down as a member of the aforementioned Board Committees. Ross will address securityholders later in the meeting.

- **Philip Green** is a nominee director of The Children's Investment Master Fund and was appointed to the Board as a non-executive director in November 2010. Philip is a member of the Audit, Risk & Compliance Committee. Philip retires by rotation and offers himself for re-election at this meeting.
- **Fiona Harris** joined the Board as an independent non-executive director in June 2011 and is the Chair of the Audit, Risk & Compliance Committee. Fiona is also a member of the Nomination & Remuneration Committee. Following an extended leave of absence from July 2015 for personal reasons, Fiona resumed active Board duties in February 2016.
- **Sylvia Wiggins** joined the Board as an independent non-executive director in April 2016 following a search process. Sylvia is a member of the Audit, Risk & Compliance Committee. Sylvia is also a member of the Nomination & Remuneration Committee. Sylvia offers herself for election at this meeting.
- For myself, I joined the Board in mid-2009 and became Chairman in November 2010. I have been a professional engineer, and a professional director since 2000. I previously served on the board of another listed renewable energy company and have experience internationally and at senior Federal Government levels.

Your Board and Board Committees are functioning well. We continue to engage with independent governance advisors that assess and report on our governance practices on behalf of securityholders.

We are joined by Infigen's Company Secretary, David Richardson, and by members of Infigen's senior management team, who are seated in the front row.

The Company's external auditor, PricewaterhouseCoopers, is present today represented by Marc Upcroft. I thank him for being here.

Infigen's 2016 Annual Report details the Company's financial and operating performance during the year. Copies of the report are available here today.

## **APPOINTMENT OF THE NEW MANAGING DIRECTOR**

At the outset I acknowledge the service and leadership that Miles George has provided throughout his tenure at Infigen. Miles has a very long association with the business that we now refer to as Infigen. In early 2000 Miles first visited the site that now hosts the Lake Bonney wind farms. He saw the potential for a thriving wind energy industry in Australia and undertook the development activities that saw his vision become a reality.

The rest of the world was moving more quickly than Australia in its renewable energy ambition, much like it is today, and Miles played a key role in expanding the reach of the business to overseas markets with favourable regulatory and investment settings.

The business expanded and flourished for many years through the Initial Public Offering and beyond under Miles' stewardship. The global financial crisis brought challenging times for many businesses, including Infigen. Miles stuck with the business throughout and successfully led our international divestment strategy, which took Infigen back to its roots as a developer, owner and operator of renewable energy assets in Australia.



In recent years Miles played an important industry-leading role in persuading the Government to restore an investible renewable energy target, which we now have.

Miles will continue to work with us until the end of this year on a full time basis. He has also agreed to work with Infigen on an advisory basis for at least a further 12 months, where we will continue to benefit from his strong industry advocacy credentials.

As Chairman I have greatly valued Miles' support, counsel, guidance and company. He also happens to be a great bloke.

On behalf of the Board, staff and securityholders I thank Miles for everything he has achieved for Infigen. I wish him and Marg well for the future. I know there is a great deal of affection for him amongst his colleagues. He will be missed.

I invite you to join me in showing your appreciation for our outgoing Managing Director. Thank you Miles.

At this time I would also like to welcome and recognise Ross Rolfe. Ross will be well known to many of our long term securityholders having served on the Board since 2011. Infigen is fortunate to have a leader of the calibre of Ross Rolfe to succeed Miles. We look forward to the further evolution of Infigen's strategy, and a further period of growth and development under his leadership.

Ross is an experienced energy industry leader and executive, having served as Managing Director and Chief Executive of Alinta Energy, Chief Executive of Stanwell Corporation, and Chairman of CS Energy. He was formerly a senior official with the Queensland State Government, holding the position of Co-ordinator General and Director General of a number of Departments and agencies, including the Department of State Development and the Department of Premier and Cabinet. Ross has also been a Director of a number of public companies and a Board member of Infrastructure Australia.

## **FY16 PERFORMANCE**

Well, a lot has changed since we met last year. I am pleased to report that the Group's position has improved markedly over the last 12 months.

We are now a simplified business that has a better capital structure. We are positioned for profitable growth. We have moved into a more supportive policy environment. State governments are pursuing more ambitious policies.

Two key events in the 2016 financial year helped to restore market confidence in the Large-scale Renewable Energy Target (or LRET) legislation.

First, the change in Federal Government leadership in September 2015 and the subsequent combination of energy and environment portfolios signalled positive change in the Government's approach to integrating energy and climate change policies. The rerate of Large-scale Generation Certificate (or LGC) prices has been sustained. These factors have made it possible for the industry to consider further investment.

Second was Australia's participation in the Paris Climate Conference in December 2015. This demonstrated our renewed national commitment to supporting global efforts to limit the worst

effects and risks of climate change. This included committing to a global goal to hold average temperature increase to well below 2°C and pursue efforts to keep warming below 1.5°C above pre-industrial levels. The Government will consider Australia's emissions reduction policies in detail in 2017 in close consultation with businesses and the community, but clearly additional measures will be required to meet the targets set.

An unfortunate recent development has been an ill-conceived attack on renewables following a black system event (or blackout) in South Australia. If the intended outcome was to destabilise the industry, it has failed. Even a cursory analysis of the events leading up to the blackout clearly shows that a severe one in fifty year weather event led to catastrophic failure of transmission infrastructure – the primary cause of the black system.

The results of the recent US presidential election have, of course, cast current doubt on that country's immediate commitment to its part in global greenhouse gas reduction. This is troubling – while justifying a further sigh of relief that we had divested our US assets. But it is no reason for other countries to backslide. Indeed, if the US is actually to renege on its treaty commitments, the global future requires others, like Australia, to do even more.

Another pivotal event for Infigen has been positioning the business for profitable growth in the Australian market. During the financial year we completed the sales of our US assets. Market conditions now support increased development activities and expenditure.

Safety remains our first priority. Our ongoing initiatives to keep our people safe at work resulted in a year of zero harm. We must, however, always avoid complacency. We continue to challenge management, staff and contractors in continuing to raise awareness of safety issues, and adopting further safety improvements throughout the business.

Fostering strong local relationships with our communities, attracting and engaging talented people, and responding to climate change are prerequisites for a resilient company.

We continue to set ourselves sustainability targets to achieve commitments made to our communities, to the environment, and to improve diversity.

We remain committed to further improving community engagement and support in the regions around our operating and development assets. We seek to maintain strong ties in these communities and to share the economic benefits that our projects generate. We do this by several means, including through our community consultation committees where local members determine the allocation of our sponsorship commitments, and by hosting events at wind farms and within the community.

This year we have produced an expanded Environment, Social and Governance report that uses the Global Reporting Initiative framework to measure and report on achieving these commitments. Copies of that report are available here today.

Miles George will speak in more detail about the 2016 year financial performance. But in brief, the improved wind conditions, higher LGC prices and higher wholesale electricity prices led to a much improved financial performance.

We reduced borrowings related to continuing operations by \$56.5 million. We also applied the net proceeds from the sale of the US Class B wind business to debt reduction. The medium term outlook for strong LGC prices and wholesale electricity prices in South Australia will



support further significant debt repayments over the coming years. These factors improve the prospects for refinancing our corporate debt facility. This would reduce our cost of debt and free up cash flow that could be directed towards further growth and distributions in the medium term.

In addition, the sale of the US solar development assets and the US Class A wind interests resulted in an approximately \$100 million increase in cash held in Excluded Companies, and available to support growth.

We achieved a net operating cash flow from continuing operations of \$56.9 million. This was 71% or \$23.7 million higher than the prior year.

We reported a net profit before tax from continuing operations of \$10.6 million. This was a \$28.8 million improvement over the prior year.

## **UNLOCKING SECURITYHOLDER VALUE**

Our security price has more than doubled since last year's AGM while showing a high level of volatility. We are seeing some increase in institutional ownership. The inclusion of Infigen in the ASX200 index was also a welcome consequence.

We continue to seek avenues to create value for securityholders. We have explored a number of avenues since the US divestment. These have included opportunities within the fragmented renewable energy sector in Australia. This work continues. We are also pursuing the realisation of value from our business capability and our development pipeline.

There can, of course, be no certainty that any of the opportunities explored will come to fruition. We will, keep securityholders updated as appropriate.

## **TRADING UPDATE AND OUTLOOK**

The operating performance to date in the current financial year has been pleasing. After a poor wind year, as expected, generation output has recovered in this financial year to date.

Production and revenue for the first quarter were 11% and 56% respectively higher than the prior corresponding period. Wind conditions in October were above our expectations, but the balance of the year remains to be seen.

Revenue benefitted from some extended high price events in South Australia during July. This was offset by quite modest prices in the remainder of the first quarter. FY17 South Australian electricity futures prices remain at elevated levels. This is largely driven by an expectation of high price events over the summer months. It remains to be seen if that expectation eventuates and the extent to which Infigen might benefit.

The black system event and subsequent market suspension in South Australia resulted in an immaterial amount of lost production and revenue for Infigen. More importantly there was no personal injury or damage to our wind turbines at Lake Bonney. These three wind farms were in no way a cause of the South Australian problems. They operated until Electranet's 132kV circuit breakers tripped.



We expect frequency control expenses in South Australia for the year to be around \$4 million as interconnector upgrade works continue.

While we are currently trading ahead of our financial guidance for FY17, the energy pricing and wind conditions for the balance of the year still remain too uncertain for us to revise guidance.

## **BUSINESS GROWTH**

We now expect the previously communicated sale of the Manildra solar development project to complete in this half and we will realise an additional \$4 million EBITDA.

Nationally, 5,000 MW to 6,000 MW of new renewable energy capacity is now required to meet the Large-scale Renewable Energy Target.

Momentum is building to meet the medium-term shortfall in LGC certificate supply. However, the current rate of new build must increase to avoid a supply shortfall in 2018. It is increasingly looking unlikely that a temporary shortfall can be avoided. Large liable entities under the LRET appear to be leaving themselves, and by extension their customers, exposed to rising merchant prices for LGCs. Some consumers are starting to look to satisfy the LRET liability directly with renewable energy generators to avoid inefficient costs being passed through to them. We will look to capture these opportunities as they arise.

Electricity futures markets are showing prices substantially higher than recently reported PPA prices. This creates opportunities for projects with a low cost of energy to capture higher returns with prudently managed merchant exposures. We have the capability, resources and pipeline of projects that are well positioned to capitalise on these near-term opportunities.

We currently hold a significant cash balance. We will continue to seek opportunities to secure power purchase agreements (PPAs) through tender processes and bilateral negotiations. The Board continues to apply a disciplined investment appraisal process. We have noted a willingness by some developers to trade away significant value for the security of an early, low price, long-term PPA.

Infigen is seeking to enhance the investment returns that are achievable in the commercial offtake contract market by taking advantage of the strong fundamentals that are supporting much higher prices in the merchant markets. The Board is looking forward to a near-term commitment to the construction of the first of our new development projects that could see a significant proportion of our available funds deployed.

I would like to thank my fellow Directors, including the outgoing Managing Director, Miles George, his senior management team and all Infigen staff for their contributions to the business during the year.

Finally, I would like to thank securityholders for your continued support.

It is now my pleasure to invite our Managing Director Miles George to address the meeting.





## MANAGING DIRECTOR'S ADDRESS – MILES GEORGE

Thank you Mike. Good afternoon Ladies and Gentlemen and welcome again to Infigen's 2016 Annual General Meeting. Firstly, I would also like to acknowledge the traditional custodians of the land on which this meeting takes place, and also pay respect to Elders both past and present. I extend that respect to other Aboriginal people present.

I would also like to acknowledge and thank Mike for his kind words. I have had many enjoyable years at Infigen, made many good friends and I will be sad to leave. I do believe, however, that companies benefit from a change of leadership. Infigen now has a more sustainable capital structure and is well positioned for growth in a rejuvenated Australian market. I believe Ross is an excellent choice to drive our strategy forward. I wish Ross continued success with the business and I look forward to watching the business continue to grow from strength to strength.

After a number of years of policy uncertainty, the renewable energy industry now has much to look forward to from a more positive investment environment.

In December 2015 the Australian Government committed to join with other nations under the Paris Agreement seeking to limit the worst effects of climate change. Australia's initial commitment is to develop and implement an economy-wide target to reduce greenhouse gas emissions by 26-28% below 2005 levels by 2030. Under the Paris Agreement Australia also committed to the far more ambitious global goal to hold average temperature increase to well below 2°C, and to pursue efforts to keep warming below 1.5°C above pre-industrial levels. To achieve the global goal, all participating countries will set mitigation targets from 2020, and review targets every five years to build ambition over time, informed by a global carbon emissions stocktake.

Commitments under the Paris Agreement to achieve the 2°C warming goal require the achievement of net zero global carbon emissions by around mid-century. To meet the 1.5°C warming goal will require even faster action. Our commitments in Paris will require enhanced policy measures. These could include an extension and expansion of the existing large-scale renewable energy target scheme, a strengthening of the Safeguards Mechanism of the Government's Direct Action policy, and an emissions reduction scheme for the electricity sector. The latter could be based on an emissions intensity trading scheme and/or a scheme for planned closures of old coal-fired power generators. These policy measures are not mutually exclusive. A combination of measures is likely to be required to meet the necessary reductions in emissions. The Government has committed to a review of the alternative policy measures in 2017.

Increasingly investors are including assessments of material environmental and social impacts in their investment decisions. Infigen utilises technology that can supply electricity that is commercially, socially and environmentally sustainable. We are targeting carbon neutrality, and believe all businesses can aim to achieve the same.



Policy stability is a key element of the framework of investors' assessments. Announcing a formal carbon budget and expressing the policy architecture around that budget would send a strong investment signal from the Government to business. It would also improve the clarity of public discourse on climate policy. Energy policy stability will be key to Australia achieving its commitments under the Paris Agreement. Policies that are well understood by the market and have demonstrated successful delivery of objectives should naturally retain a role. The Large-scale Renewable Energy Target is one such policy that can achieve a larger contribution to emissions reduction if it is expanded and extended as part of the policy response.

During the 2016 financial year (FY16) your management team's focus was on operating Infigen's business safely and efficiently, completing the sales of the US assets, reducing Global Facility borrowings, and repositioning the business to pursue profitable growth opportunities in Australia.

Highlights for the year included:

- The sale of Infigen's US assets, which resulted in substantial debt reduction and added approximately \$100 million to cash available in the Excluded Companies.
- An organisation restructure to reduce corporate costs and position the Australian business for profitable growth following the sale of the US business.
- An extension of our LGC offtake contract with Alinta Energy for the Alinta wind farm to December 2020, and the execution of a five-year LGC offtake contract with Origin Energy for the Woodlawn wind farm.
- Following the reporting period, S&P Dow Jones announced that Infigen's stapled securities would be added to the S&P/ASX200 index in the September 2016 quarterly rebalance of that index.

## **OPERATIONS**

I would now like to describe the operating result and these highlights in a bit more detail.

Our first priority will always be the safety of our people and the communities in which we operate. During the year we achieved a rolling 12-month lost time injury frequency rate of zero, with no lost time injuries since November 2013, and eight years without a lost time injury at the Alinta and Lake Bonney wind farms. Our total recordable injury frequency rate fell from 9.7 to 4.8 during FY16.

Production increased 1% to 1,469 GWh in FY16 primarily due to better wind conditions in New South Wales, partially offset by lower wind conditions in South Australia and Western Australia.

Revenue increased 29% to \$173.2 million, primarily as a result of higher LGC and electricity prices, the sale of LGCs from inventory at prices reflecting a large uplift on book value, and net production hedge revenue.



During FY16 Infigen's wind turbines were covered by original equipment manufacturer's warranty (Woodlawn wind farm) or post-warranty service agreements. This contributed to the stability and predictability of operating costs. At \$37.4 million these were slightly below the guidance range of between \$37.5 million and \$39.5 million, but 8% higher than FY15. The increase was due to a step-up in post-warranty costs at the Capital wind farm. In addition we incurred above historical average frequency control ancillary services (FCAS) fees in South Australia associated with upgrade works on the Heywood interconnector between Victoria and South Australia. These higher costs were partially offset by lower production-linked service and maintenance costs in South Australia and Western Australia.

Corporate costs were up 3% to \$14.0 million and development costs were down 15% to \$1.7 million. EBITDA was up 44% to \$120.2 million, reflecting higher operating EBITDA.

Net borrowing costs were \$53.6 million, down 3% or \$1.7 million. Net foreign exchange and revaluation of derivatives expenses were \$4.0 million, up \$12.0 million due to the depreciation of the Australian dollar and fair value gains on financial instruments in the prior year.

Income tax expense of \$3.6 million was \$3.4 million higher than the prior year due to higher EBITDA.

Infigen reported a net profit before tax from continuing operations of \$10.6 million. This was a \$28.8 million improvement compared with the prior year.

Infigen's statutory net profit of \$4.5 million compared with a net loss of \$303.6 million in the prior year. The \$308.1 million variance was largely due to the announced divestment of the US operations in the prior year, which included a \$284.5 million impairment.

Infigen repaid \$51.0 million of Global Facility debt and \$5.5 million of Woodlawn project finance facility borrowings related to our continuing operations. Completion of the sales of the US assets resulted in substantial debt reduction and approximately \$100 million increase in available cash.

Just before I hand over to Ross, who will provide some commentary on the outlook for the business, I would like to acknowledge Infigen's employees for their contributions to Infigen's successes throughout the last year and in preceding years. It is their enthusiastic and unwavering support during the good times and the uncertain times that sustains this business.

I would also like to thank all the members of the local communities that we are part of for their continuing strong support. We aim to share the economic benefits of our industry with local communities by sourcing products and services locally, and by providing direct employment opportunities locally where possible.

We are pleased to be able to host events such as wind farm open days, and, for the fifth year now, the Woodlawn "Run with the Wind" fun run, which took place in late October.

Finally, I would like to thank securityholders for your ongoing support.

It is now my pleasure to invite our new Managing Director Ross Rolfe to address the meeting.



## **INCOMING MANAGING DIRECTOR'S ADDRESS – ROSS ROLFE**

Good morning everyone,

First, can I join with Mike and Miles in acknowledging the traditional owners of the land we stand on and pay my respects to elders past and present.

Secondly, can I thank you for your attendance today, your investment in Infigen and the opportunity to talk to you about the future of our company.

As you are aware, Infigen has tackled some significant challenges over the course of recent years. Over the last 12 months the successful sale of the US business and the resolution of the Australian government policy settings have combined to create conditions in which Infigen is now able to shift its focus towards more promising horizons.

In my own view, the renewable energy sector is increasingly becoming, and must become, regarded as a key component of the mainstream energy supply industry.

The evolution of renewable technologies and other structural changes within the National Electricity Market will mean that the percentage of renewable supply within the generation mix must increase. The substantial majority of existing thermal plant in the market is well past the half-way mark in its service life. It seems inconceivable in the current social, economic and cultural environment that retiring plant will be replaced by new coal-fired generators. Other market forces militate against combined cycle gas generation as the source of significant future base load capacity.

This points to a future in which the energy supply mix sees increasing levels of utility scale renewables and smaller scale distributed generation functioning within a transmission network that evolves to respond to the new model.

Once battery technologies can be confidently deployed at commercial scale, we will see yet another step change in the way the market functions – further enhancing the contribution that renewables can make to energy supply.

In this environment Infigen is poised to play a significant role in the energy market of the future. The disruption that these shifts in technology generate, create new and exciting possibilities for our company. The key to exploiting these opportunities will be to understand the market we are in and the needs of our customers. We must therefore ensure that we are ready to respond and react to those demands. It is not the largest organisation that survives and thrives during periods of dynamic change – it is the one that successfully adapts.

Enabling Infigen to seize the opportunities that the changing market outlook presents will be my primary focus. I am not suggesting that this will be an easy task.

While Infigen has the benefit of an established portfolio of assets and corporate capability to support our operations, together with an existing pipeline of development projects (and a significantly more stable capital structure than it has had in the past), substantial challenges remain if we are to reward the faith that our investors have placed in us to grow securityholder value in the energy market of the future.

First, the current market dynamics are weighted heavily in favour of the largest electricity retailers. Pent up supply of development projects has meant that retailers are able to procure long term supply contracts at prices that are highly beneficial to them and leave little value for the long term asset owner. This is despite the forward curve for LGCs over the next few years seeing merchant prices at close to the penalty price.

We believe that this pent up supply will exhaust in due course. In the meantime, we will need to be prepared to develop some of our assets on the basis that at least part of the output is uncontracted – if we are to deliver fair returns to our investors. It also means that we will need to look at options to effectively manage higher levels of merchant risk – including developing strategies to contract directly with consumers in certain circumstances.

Secondly, the Infigen development pipeline is concentrated on wind generation projects. While we believe wind will always play an important part in the National Electricity Market, we will also look to expand our capability in solar generation. This will enable us to not only complement the production achieved by wind but also to expand into new geographies where higher levels of irradiance (and comparatively poor wind resources) militate in favour of solar generation. The rapid decline in the cost of solar technologies in recent times is now placing solar solutions on an increasingly competitive footing with wind. This will mean that we will need to expand our capabilities in developing solar projects and in trading the output.

Thirdly, we will need to ensure that we have a capital management strategy that is able to support our ongoing business and plans for growth. A high priority is therefore a capital management strategy that will see our debt refinanced at the optimal time, provide access to investment capital and introduce the ability to reinstate the payment of distributions to our investors to ensure that they are achieving an appropriate return. This will be a key focus of mine and the management team.

Fourthly, we must be active in supporting policy makers in their efforts to shape a sustainable energy market of the future. The energy market is, in many ways, a creature of government policy.

It always has been – and most likely always will be. There are many aspects of the energy market that raise matters of public interest. These include:

- The importance of maintaining reliable supply to all energy consumers;
- The delivered price of that energy and its implications for householder living standards and industry competitiveness;
- The operation of a competitive market;
- The interests of workers employed in the industry and, of course;
- The impact of the industry on the pace of global warming.

There is little doubt that the energy supply industry is undergoing and will continue to undergo an accelerating pace of change over coming years.

This change will be partly in response to technological innovation, market shifts in fuel prices, public concerns in relation to the impacts of climate change, and the economics of managing the exit of an ageing fleet of coal-fired generators. But so too will it be guided by government policy settings at both the state and federal levels.

An interesting development within the Australian market has been the re-emergence of state based policy goals that seek to achieve localised outcomes that are greater than the national target. While these are welcome initiatives by the state jurisdictions they will only serve to divert investment towards these geographies unless the national target is also raised.

As a long term participant in the National Electricity Market, Infigen has a keen interest in ensuring that government policy provides a platform upon which our company can confidently attract capital and reliably deliver value to our investors. We will therefore maintain and strengthen our ability to contribute to the public policy debate and attempt to influence its design to ensure the industry and our company has a sustainable future.

In terms of broad corporate strategy, the company's growth plans will clearly assume a higher profile than it has been possible, or sensible, to adopt until recently. This will require us to strengthen our capability in project management to ensure that we are effectively managing the risks that inevitably accompany the delivery of new projects.

Anyone experienced in project origination and development will be familiar with the considerable execution risk involved in project delivery. Ensuring that we have the capacity to deliver projects that provide appropriate returns will be a high priority as we enter this phase.

While I have concentrated much of my commentary today on growth, I would not want that to imply that our focus on driving greater value from our existing assets will diminish. These assets and the resources that the company deploys to manage them, are, and will, remain the central focus of management attention. We must therefore be ambidextrous in our business strategy – we must both exploit the “here and now” but also create an environment that explores and positions for the future.

I wish to conclude by saying something about what is important to me as the CEO of this company. To this end perhaps the overarching point I wish to make is that leading by design is the key to long term success.

Good strategy and great ideas are always the result of design – that is creating the culture, constructing the architecture and inspiring the people.

It is often the case that CEOs focus on the significance of corporate values. These are of course critically important.

A successful corporate culture must contain a sense of urgency to get better and value incremental achievement. Fundamental to the creation of such a culture are values that are timeless – honesty and integrity, humility and compassion. These values are the bedrock upon which all successful organisations are built.

No organisation can survive and thrive if it creates taboos around challenging assumptions and testing the validity of long held beliefs, we must be true to our word and ethical in our

business dealings, service to our stakeholders must drive our performance and we must respect and appreciate the perspectives of others.

But, of themselves, “values” are, in my opinion, not sufficient. It is “behaviours” that are at least equally important. It is “behaviours” that drive momentum.

Behaviours result in:

- Prudent assessments of risk;
- The design of effective strategies to manage them;
- The confidence and courage to act in response to new and unforeseen challenges;
- Resilience in adversity;
- Expeditious action to capture value creating opportunities;
- The evolution of greater decision making capability;
- The productive learning from failure, and perhaps most importantly of all;
- The provision of a safe and rewarding working environment for our employees and contractors.

Behaviours are therefore the key determinants of whether or not the great idea or strategy is successfully executed.

I am delighted to be asked to lead your company through this exciting phase next phase of Infigen’s corporate history and will be working hard to deliver on the faith that you have placed in us by entrusting us to grow the value of your investments.

For me, there is no greater responsibility than delivering to you on the obligation that that creates.

Finally, I wish to pay tribute to Miles George.

It is not every day that a chief executive “racks the cue”. And rarer still that is someone with such a long and dedicated history with a company. Miles has been integral to shaping this company’s fortunes from its inception.

Over the course of my time on the Infigen Board, I have developed enormous respect for Miles’ commitment to the company and its people and his tenacious pursuit of what he believes to be in the company’s best interests.

There is no fiercer champion for renewable energy or advocate of the company’s interests than Miles – tasks he delivers with a respectful but steely grace.

I am sure you will all join with me in wishing him well in a long and fruitful future.

Thank you.

I will now hand back to the Chairman to conduct the formal proceedings of today’s meeting.

# INFIGEN ENERGY 2016 ANNUAL GENERAL MEETING

17 November 2016



Our generation, your future





# WELCOME

**Mike Hutchinson**  
Chairman



# Infigen Directors and Company Secretary



**MICHAEL HUTCHINSON**  
Non-Executive  
Chairman



**FIONA HARRIS**  
Non-Executive  
Director



**PHILIP GREEN**  
Non-Executive  
Director



**SYLVIA WIGGINS**  
Non-Executive  
Director



**MILES GEORGE**  
Managing Director<sup>1</sup>



**ROSS ROLFE AO**  
Non-Executive  
Director / Managing  
Director<sup>1</sup>



**DAVID RICHARDSON**  
Company Secretary

<sup>1</sup> Infigen announced the retirement of Miles George and appointment of Ross Rolfe as Managing Director in October 2016

# CHAIRMAN'S ADDRESS

**Mike Hutchinson**  
Chairman



# Chairman's Address

## Appointment of the new Managing Director





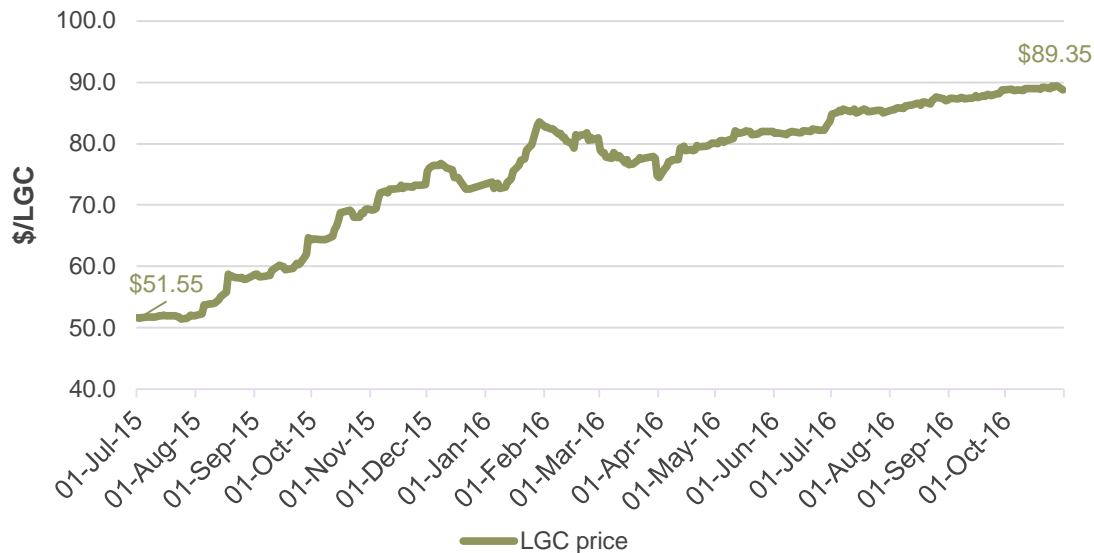
# Chairman's Address

## FY16 performance

### Market confidence in the renewable energy target legislation restored

- Large-scale Generation Certificate (LGC) price has increased significantly
- Australia is committed to supporting global efforts to limit the worst effects and risks of climate change

LGC price movement



Rescue training, Capital wind farm, July 2016



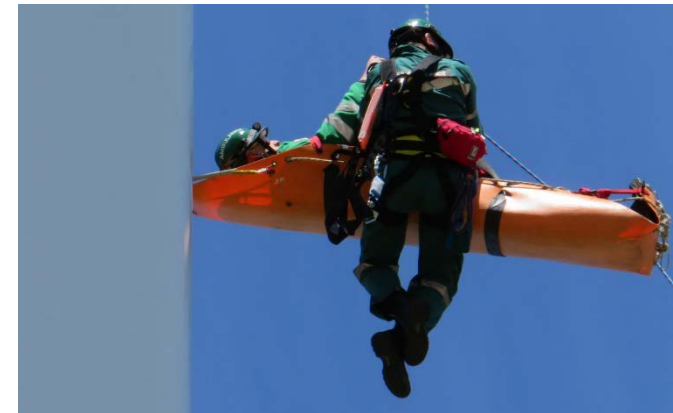
# Chairman's Address

## FY16 safety performance

- Rolling 12-month lost time injury frequency rate of zero, with no lost time injuries since November 2013
- Achieved eight years without a lost time injury at Alinta and Lake Bonney wind farms

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

F = favourable; A = adverse;



**Rescue training,  
Lake Bonney wind farm,  
October 2016**



# Chairman's Address

## FY16 ESG performance

- Infigen uses the Global Reporting Initiative framework to monitor and improve the environmental, social and governance (ESG) performance<sup>1</sup> of the business
- Our sustainability targets reflect commitments to our communities, the environment, and to improve diversity
- Committed to further improving community engagement and supporting regions around our assets



**Open day, Woodlawn wind farm, October 2016**

<sup>1</sup> Full report available at: [www.infigenenergy.com/esg](http://www.infigenenergy.com/esg)



# Chairman's Address

## FY16 financial performance

- **Reduced borrowings:**
  - \$51.0 million of Global Facility borrowings repaid from operating cash flow and
  - \$5.5 million of Woodlawn facility borrowings repaid
- **Completed sales** of the US solar development assets and the US wind business
- **Net operating cash flow (continuing operations):** \$56.9 million, up 71% or \$23.7 million on the pcp
- **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
- **Security price** 214% above the prior year



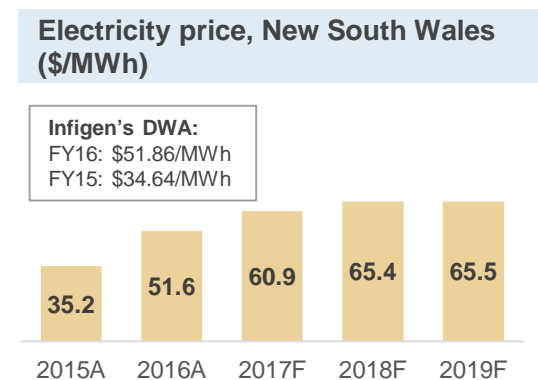
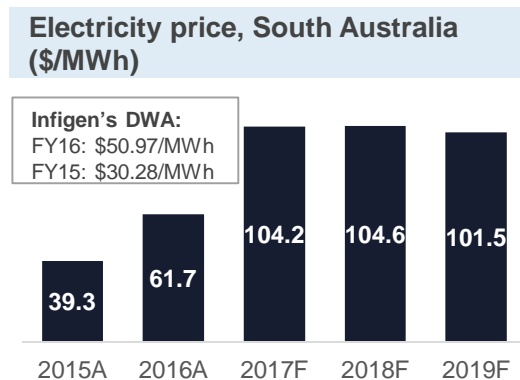
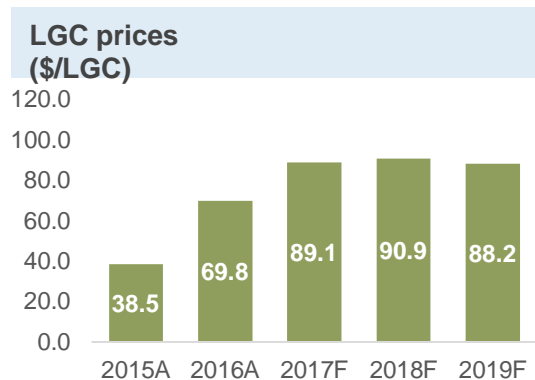
**Crane lift, Alinta wind farm,  
April 2016**



# Chairman's Address

## Trading update and growth strategy

- Pleasing start to year but production and price outcomes remain too uncertain to revise guidance
- Expect to complete the sale of Manildra solar project in this half
- Substantial portion of cash balance can be deployed towards growth opportunities
- Seeking to enhance investment returns by taking advantage of favourable prices in merchant markets
- Looking forward to a near-term commitment to the construction of the first of our new development projects



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

# MANAGING DIRECTOR'S PRESENTATION

**Miles George**  
Managing Director

# Managing Director's Presentation

## Climate policy update

- A more positive investment environment for renewables
- Commitments in Paris will require enhanced policy measures
- LRET is well understood by the market and has been successful
- Renewables can supply electricity that is commercially, socially and environmentally sustainable
- Targeting carbon neutrality
- Our generation displaced approximately 1.5 million tonnes of CO<sub>2</sub>e



**Open day, Woodlawn wind farm,**  
October 2016

# Managing Director's Presentation

## Highlights of FY16

- Sale of US assets resulted in substantial debt reduction and increased cash
- An organisation restructure positions the Australian business for profitable growth
- Entered into two medium term LGC contracts
- Included in the ASX200



**In-house operations intelligence systems, Operations Control Centre**  
October 2015

# Managing Director's Presentation

## Operations

\$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 SA 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 (\$285.2 million)
Net operating cash flow	56.9	79.5	(28)	• Net operating cash flow in the pcp includes \$46.3 million from discontinued operations

F = favourable; A = adverse; pcp = prior corresponding period; n.m. = not meaningful; BOP = balance of plant





# Managing Director's Presentation

Thanks to our employees and securityholders



**Fifth Run with the Wind, Woodlawn wind farm, October 2016**





# OUTLOOK

**Ross Rolfe AO**  
Incoming Managing Director

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

# QUESTIONS

# Item 1: Financial Report Company, Foreign Company and Trust

To receive and consider the combined consolidated financial report of Infigen Energy and the financial report of the Trust, as well as the combined reports of the Directors and Auditor for the year ended 30 June 2016.

*There is no vote on this item.*

## Item 2: Remuneration Report Company only

To adopt the Remuneration Report for the year ended 30 June 2016. The Remuneration Report is set out in the Directors' Report included within the Infigen Energy Annual Report 2016.

*This is a non-binding advisory vote.*

## **Item 3: Director Re-election**

### **Company and Foreign Company only**

To consider and, if thought fit, to pass the following as an ordinary resolution of the shareholders of the Company and Foreign Company:

That Philip Green, being a Director of the Company and the Foreign Company, who retires as a Director by rotation, in accordance with article 10.3 of the Constitution of the Company and bye-law 12.3 of the Bye-Laws of the Foreign Company, and being eligible offers himself for re-election, is re-elected as a Director of the Company and Foreign Company.

## **Item 4: Director Election**

### **Company and Foreign Company only**

To consider and, if thought fit, to pass the following as an ordinary resolution of the shareholders of the Company and Foreign Company:

That Sylvia Wiggins, who has been appointed by the Directors of the Company and the Foreign Company in accordance with article 10.8 of the Constitution of the Company and bye-law 12.8 of the Bye-Laws of the Foreign Company, and being eligible offers herself for election, is elected as a Director of the Company and Foreign Company.



## **Item 6: Re-appointment of Auditor**

### **Foreign Company only**

To consider and, if thought fit, to pass the following as an ordinary resolution of the shareholders of the Foreign Company:

That PricewaterhouseCoopers, being the current Auditor of the Foreign Company, be re-appointed as Auditor of the Foreign Company to hold office until the close of the next Annual General Meeting of the Foreign Company at a fee to be determined by the Directors.

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