



# ASX RELEASE

## Infigen Energy

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15 November 2013

## AGM PRESENTATIONS

Attached are the presentations to be delivered at Infigen Energy's Annual General Meeting being held today at 11am 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 [www.infigenenergy.com](http://www.infigenenergy.com)

**ENDS**

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



# Annual General Meetings of Securityholders

## Infigen Energy

**11am, Friday, 15 November 2013**

### **Mike Hutchinson, Chairman**

Good morning Ladies and Gentlemen. My name is Mike Hutchinson. I am the Chairman of Infigen Energy and it is my pleasure to welcome you all to Infigen's 2013 Annual General Meeting.

Our company secretary advises that a quorum of securityholders is present so 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. Miles will be addressing securityholders later in the meeting and will be providing an update on Infigen Energy's FY13 business performance.
- Fiona Harris joined the Board as an independent non-executive director in June 2011 and is Chair of the Audit, Risk & Compliance Committee. Fiona is also a member of the Nomination & Remuneration Committee.
- Ross Rolfe joined the Board as an independent non-executive director in September 2011. Ross is a member of the Audit, Risk & Compliance Committee and the Nomination & Remuneration Committee.
- Philip Green is The Children's Investment Master Fund nominee director 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 who retires by rotation has offered himself for re-election at this meeting.

- For myself, I joined the Board in mid 2009 and was elected chairman in November 2010. I am a professional engineer, have been a professional director since 2000, previously served on the board of another listed renewable energy company and have experience internationally and at senior Federal Government levels.

I am happy to report that your Board, while small, is functioning well. The relatively small size also requires us to balance competing needs. We seek to deliver best practice governance standards while living within our means. At the beginning of the 2013 financial year your Board had its effectiveness assessed by an external consultant. While there are some areas where we can improve, the feedback and assessment was generally positive. This was reinforced by the feedback we received from independent governance advisors.

We are also 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 auditors PricewaterhouseCoopers and remuneration consultant Guerdon Associates are also present today, represented by Darren Ross and Michael Robinson respectively. I thank them for being here.

Infigen's 2013 Annual Report details the Company's financial and operating performance during the year. Copies of the report are available here today.

## **PERFORMANCE**

Let me now turn to company performance.

The safety of our people and the communities in which we operate remains our first priority. While our safety record has been satisfactory and in line with the prior year, there is always room for improvement. We had one lost time injury in FY13, reminding us that we must always avoid complacency. We will continue to support management, staff and contractors in adopting further safety improvements throughout our business.

Miles George will speak in more detail about the FY13 financial performance. But in brief last year we delivered an improved net operating cash flow outcome of \$84.2 million, up 36% on the prior year. This followed a 25% net operating cash flow increase in FY12 compared to FY11.

We initiated an organisation restructure and cost reduction initiative which further reduced our operating and overhead costs. We also moved to protect our future operating cost exposure by executing long term service and maintenance agreements with Gamesa during the year. We continue to focus our efforts on maximising the operational performance of the business.

Our security price improved by 14% during the year from 22.5 cents to 25.5 cents and is currently trading around this level. Our security price remains depressed relative to book value and to your Board's view of fundamental value. It continues to reflect little to no equity value in the vast majority of our business that generates the strong operating cash flows I referenced earlier.

Prospective investors in Infigen securities tell us that the level and nature of our debt significantly limits investment appeal. We continue to work hard to reduce our Global Facility debt balance, and to pursue opportunities to relieve the capital constraints imposed by the terms of our current debt facilities.

The substantial regulatory uncertainty that has been a recent feature of our industry in Australia is also raised consistently by prospective investors as a key barrier to investment. We continue to be actively engaged in policy advocacy initiatives. We seek to influence the Federal Government's policy review processes, with a view to securing a more stable regulatory environment for our business.

We believe that our focus on operational performance coupled with our initiatives to reduce and restructure our debt, and to positively influence regulatory outcomes should lead to better value recognition in your company's security price.

Earlier this week we announced a transaction in the US that enables us to acquire "Class A" investor interests in nine of our US wind farms. The acquired interests are predominantly entitlements to cash flow, which will enable the Infigen Group to lessen the "cash dip" associated with these assets. Given our familiarity with these assets we are confident that their acquisition represents a prudent use of our scarce cash that meets our demanding investment criteria.

## **CAPITAL WIND FARM**

Earlier this year we undertook a market testing exercise for our 141 MW Capital wind farm in Australia, following the release of the Climate Change Authority's favourable review of the Renewable Energy Target legislation. The purpose of any divestment of this asset would be to reduce Global Facility debt. Despite recent adverse changes in regulatory certainty, we remain in discussion with a small group of interested parties.

## **OUTLOOK**

The current financial year has started well.

We reported generation and revenue for the first quarter on 31 October. The Australian result was strong with the US slightly below for the quarter. Both outcomes were due mainly to wind conditions.

The last few weeks have seen the strong Australian results continue, and a welcome period of above budget generation in the US.

Full year operating costs expectations remain within guidance. This reflects ongoing containment of post-warranty costs. It includes realising the benefit of the commercial settlement of long standing disputes with Gamesa, announced in June of this year.

These trends underpin our expectation of a modest improvement in cash flow available to reduce liabilities this year, against our guidance of at least \$80 million.

## **GROWTH PROSPECTS**

The mandatory sweeping of surplus cash flows from the assets within the Global Facility Borrower Group continues to preclude the payment of distributions to securityholders.

During the year we continued the prudent advancement of the development pipelines in the US and Australia. We are mindful that we must balance the maintenance of cash reserves with preserving and enhancing the option value of the development project portfolio.

Under current conditions, the active fostering by many US states of renewable – and especially solar – generation means that investment opportunities are strongest in that market.

In the US we made significant development progress on two solar photovoltaic (PV) development projects in California. These are now sufficiently advanced that they could commence construction in 2014. We also executed favourable power purchase agreements for those projects. We will continue our assessment of the optimal capital arrangements for those projects. We note there is currently strong appetite for the acquisition of fully developed solar PV projects in the US.

In Australia we undertook construction of a solar PV and energy storage demonstration facility near our Capital wind farm in New South Wales. A time lapse video of its construction played here on-screen prior to the commencement of today's meeting. This facility, the first of its kind in Australia, was completed in September. It is the first solar farm to be registered in the National Electricity Market. There were many lessons learned on this project. We believe this knowledge and experience will be very valuable to us when we undertake construction of a large scale solar project.

We also advanced our proposed Bodangora, Cherry Tree and Flyers Creek wind farms toward development approval.

## **COMMUNITY ENGAGEMENT / ALLEGED HEALTH EFFECTS**

We are increasingly concerned about the continued misrepresentation about community and alleged health effects of renewable energy projects in Australia. Vested interests and blatant self-promotion are being advanced, by some, ahead of scientific fact. Selective opinion and anecdotes are being bandied about as if they were evidence, and as if actual research and systematic evidence were irrelevant. Political responses are affording opponents of renewable energy projects unjustifiably different, and more favourable, rights than opponents of any other class of infrastructure investment in Australia.

Infigen respects the rights of opponents to hold their own opinions. But those rights do not extend to the right to select their own "facts". We will continue to work constructively with communities that host our facilities, and to urge politicians to work from substantive evidence, not merely the noise of a self-interested minority.

## **REGULATION / COST OF LRET**

During the year we welcomed the Climate Change Authority's positive findings following its thorough review of the Renewable Energy Target legislation. Unfortunately, the regulatory predictability that it sought to deliver was short-lived. Uncertainty has been renewed with the Government's post-election commitment to undertake yet another review of the RET early next year. This review must reflect the importance to investment of regulatory certainty and the avoidance of sovereign risk.

Australia is not well served by those in and close to Government who are in denial of the facts of climate change science and the need for action ahead of crisis. These old men of yesterday's industries risk our children's and grandchildren's future for imagined short term political advantage and the avoidance of necessary adjustment costs – costs that will only be massively higher if deferred until the crisis upon us. History will judge these people harshly; ranking them along with the pre-Pythagorean flat-earth theorists, those who persecuted Galileo's 17<sup>th</sup> century heliocentric vision, and those who appeased 20<sup>th</sup> century militarism and worse.

Major vested commercial interests that have deliberately engineered a future shortfall in their access to LGCs are lobbying hard to have legislation amended to relieve them of their RET obligations, rather than face the economic cost of meeting them. Any such change that resulted in a weakened future demand for renewable energy products from your investments – made in good faith on the basis of the RET legislation – would be a significant realisation of sovereign risk – at your expense.

With nations competing for limited capital, and Australia keen for economic activity to follow the mining investment boom, addressing regulatory and planning support for investment should be a priority for Australian governments.

I would like to finish by acknowledging the efforts of all Infigen staff, as well as my fellow Directors including the Managing Director, Miles George, for their contributions to the business during the year.

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

### **Miles George, Managing Director**

Thank you Mike. Good morning Ladies and Gentlemen and welcome again to Infigen's 2013 Annual General Meeting.

Let me begin by reiterating management's commitment to working hard to have fundamental value realised and recognised in our security price. A large number of us are securityholders too and we share your frustration in relation to security price underperformance.

During the 2013 financial year your management team's focus was on delivering efficient and predictable operating cost outcomes and maximising cash flow available for debt amortisation. The performance of the business during the year was solid primarily due to good revenue growth and contained operating costs. I'm pleased to report that solid operating performance has continued so far this year.

I am pleased to report steady progress on ensuring we have a strong platform for growth in place for when we resolve our capital structure challenges, and in the case of Australia, investment conditions improve. As Mike pointed out, the recent acquisition of Class A interests in the US is a useful step towards improving our capital structure.

The key features of our full year result from an economic interest perspective were as follows:

- Production of 4,605 GWh was up 2%;
- Revenue of \$289 million was up 7%;
- Operating costs of \$109 million were in line with the prior year notwithstanding the first full year of operations at the Woodlawn wind farm;
- Operating EBITDA increased 12% or \$19 million to \$177 million;
- The net loss after tax but before impairments improved by \$34.3 million to \$21.6 million
- We recorded a non-cash impairment expense of \$58.4 million against our US cash generating unit resulting in a statutory net loss of \$80 million compared with \$55.9 million;

- Net operating cash flow of \$84 million represented a 36% improvement on the prior year;
- Net debt of \$936 million at June 2013 was \$7 million less than the prior year. Debt repayment under the Global Facility and the Woodlawn project finance facility were largely offset by adverse FX movements;
- We carried out a cost reduction initiative and organisation restructure which will deliver \$7 million of annualised cash cost savings;
- We settled our long standing disputes with Gamesa and put in place 15 year Warranty and Maintenance Agreements for the sites with Gamesa turbines;
- We also commenced the construction of the Capital East Solar PV and energy storage demonstration facility and as Mike just informed you, the solar PV element is now complete.

## **OPERATIONS**

I would like to describe the operating result in a bit more detail.

Infigen's first priority is the safety of our people and the communities in which we operate. Over the last financial year, we have maintained our Lost Time Injury Frequency Rate of 1.2. Regrettably we had a lost time injury in January 2013 after having briefly achieved our goal of zero harm over the 12 months to December 2012. We remain firmly committed to pursuing our zero harm goal and we continue to introduce new initiatives and enhance existing programs to assist with achieving that objective.

Total production increased 2% to 4,605 GWh.

Production from our Australian wind farms increased 8% or 114 GWh to 1,516 GWh, which included 43 GWh of compensated production. The increase was also attributable to fewer network constraints, a full year of production from Woodlawn, improved availability and better wind conditions in New South Wales and Western Australia. These were partially offset by less favourable wind conditions in South Australia.

Production from our US wind farms decreased 47 GWh or 2% to 3,089 GWh due to lower average wind speeds, Gamesa blade failures, and weather and network related curtailments. These were partially offset by improved site availability and improved scheduling of turbine maintenance during low wind periods.

Revenue was \$286.1 million, up 7% or \$19.5 million reflecting higher revenue in Australia slightly offset by marginally lower revenue in the US.

In Australia, revenue increased \$20.5 million to \$146.3 million as a result of higher average prices, higher production and higher compensated revenue. This was partially offset by an unfavourable movement in the marginal loss factors applied to our production.

In the US, revenue decreased 1% or US\$1 million to US\$142.9 million reflecting lower production and lower REC prices, partially offset by higher compensated revenue and higher average electricity prices.

Operating costs of \$109 million were in line with the prior year. The small increase in operating costs in Australia was mostly attributable to the first full year of operations at the Woodlawn wind farm. This was offset by lower costs in the US and favourable FX translation of US costs.

Pleasingly, both the US and Australia recorded wind farm operating costs below the lower end of the guidance ranges previously advised to the market.

Effective management of post-warranty operating costs is important to generating stable earnings. Following the execution of post-warranty service and maintenance agreements with Mitsubishi in the US and Vestas in Australia in the 2012 financial year, we retired another significant risk in relation to our US wind farms with Gamesa turbines.

At the end of the year we entered into 15 year Warranty and Maintenance Agreements with Gamesa at those sites.

100% of the Australian assets and 71% of the US assets are now covered by their original warranty or a medium to long term post-warranty agreement.

This has enabled Infigen to substantially reduce our exposure to the financial consequences of future component failures, and to forecast operating costs with a higher degree of certainty into the medium term.

As a result of these revenue and cost outcomes, operating EBITDA was up 12% to \$176.8 million.

Other costs were broadly in line with the prior year with the exception of corporate costs, which were up \$2.6 million to \$14.1 million. This was expected due to the non-recurrence of incentive write-backs booked in the prior year. At an underlying level corporate costs included a net \$0.7 million reduction realised as part of the \$7 million cost reduction initiative.

As a result EBITDA grew 13% to \$158.2 million.

I don't normally spend a lot of time commenting on items below the EBITDA line given our depreciation expense is generally steady and predictable, and the interest expense component of our financing cost is also predictable due to the largely hedged interest rates associated with the Global Facility.

Last year however included a non-cash impairment expense of \$58.4 million related to our US Cash Generating Unit or CGU. A higher discount rate and a lower gearing assumption were primarily responsible for the lower book valuation outcome for the US CGU. Other key operational assumptions including production, merchant prices and operating costs have also been reviewed and updated. These reflect the outcome of biannual price forecast updates and the recently executed post-warranty maintenance agreements, but in aggregate have not changed valuation materially.

Including the impairment expense Infigen reported a Statutory Loss for the year of \$80 million. Excluding the impairment expense there was a \$34.3 million improvement to our net loss after tax.

From a cash perspective, a strong net operating cash flow outcome was achieved, up 36% to \$84.2 million on the back of higher earnings.

Infigen's balance sheet remains sound. Infigen repaid Global Facility borrowings of \$57.5 million during the year, which was slightly ahead of guidance. We also directed \$13.9 million in cash towards reducing liabilities to Class A tax equity members and repaid \$1.5 million of the Woodlawn project finance facility.



## **DEVELOPMENT ACTIVITY**

A key area of focus for the development team is managing community, regulatory and/or Government stakeholder relationships. This includes communicating with, informing and consulting with a wide range of stakeholders including in particular the communities in which we operate.

During the year the development teams continued to advance the most prospective projects in the wind and solar development pipelines, and carried out work necessary to sustain the option value of the Australian pipeline for growth when investment conditions return in Australia.

In Australia the Bodangora and Cherry Tree wind farm developments are at a very advanced stage and Infigen's response to public submissions related to Flyers Creek wind farm was accepted by Department of Planning.

Development activity continued also in the US where investment conditions for solar PV developments are good. During the year we executed power purchase agreements in California for two solar PV development projects for a total of 40 MW.

In April 2013, we commenced construction of our first solar PV demonstration project at the Capital Renewable Energy Precinct near Bungendore in New South Wales. This project will provide valuable insights into the development and construction of utility scale solar PV projects in Australia, and the operation of utility scale solar PV projects in the National Electricity Market. Investment in direct action projects like these is necessary to achieve Australia's carbon emission reduction targets.

## **REGULATORY ENVIRONMENT**

In the near term the Australian regulatory environment continues to be challenging. Despite the favourable findings of the Climate Change Authority's review of the Renewable Energy Target or RET in 2012, vested interests continue to lobby forcefully, often using highly selective or inaccurate "data", to reduce the RET to protect their commercial interests. Independent modelling conducted by SKM-MMA for the Climate Change Authority, and more recent independent modelling conducted by Bloomberg New Energy Finance shows that households and businesses will be worse off under a reduced RET scheme.

The current level of uncertainty is to the point where the market for new renewable energy project development remains very weak and the appetite to contract existing assets is poor.

In Australia, the existing LGC surplus can satisfy small deficits until 2017, but the deficits begin to grow dramatically from 2015 onwards. These deficits can only be met through new renewable generation investment. Between three to four GW of new capacity will need to be installed between now and 2017 to meet the impending shortfall in 2018 alone. Beyond that up to two GW of new capacity per annum will be required to keep pace with the increasing annual targets to 2020.

Capital providers will only provide the necessary finance if legislation is stable and predictable. Liable entities will only commit to meet their obligations under the scheme if they believe the legislation is stable and predictable. Stable legislation will help them to meet their long term obligations at least cost and to protect the interests of their customers and their shareholders from the risks of inefficient boom/bust cycles in new renewable energy investment.

In the US the new build signal for all forms of electricity generation has been weakened by low natural gas prices. But increasing demand, reduced capacity investment, continuing retirement of coal fired power stations and increasing natural gas forward prices are expected to tighten capacity reserves and lift prices in the medium term. This is reflected in electricity forward markets and in independent long term electricity price modelling.

The Investment Tax Credit for solar development remains in place until December 2016 with healthy demand for solar PV projects under State renewable portfolio standards providing some strong solar PV development opportunities for us there.

## **OUTLOOK**

Over the last three years Infigen has been focussed on delivering predictable operating cost outcomes and maximising cash flow available for debt amortisation. Infigen has achieved or outperformed the guidance ranges provided to the market over that timeframe.

A number of key operational achievements have contributed to these better-than-guidance outcomes. These include improved operating practices in the US and Australia, execution of post-warranty agreements for turbine service and maintenance, a business re-organisation and cost reduction initiative that has improved efficiency and significantly reduced costs, and an embedded culture of safety and continuous improvement.

Infigen begins the 2014 financial year with a goal of building upon our operational performance improvements. We have had a good start to the current financial year with strong wind conditions so far this year in Australia. In the US wind conditions were in line with the prior year for the first quarter but since then have outperformed our expectations. Work continues to return to service of a number of Gamesa turbines and once the maintenance transition works have been completed we expect further improved availability for our Gamesa fleet in the US.

Overall electricity and certificate pricing outcomes have been broadly in line with our expectations and we don't expect any significant changes over the balance of the year.

The business will benefit from a full year of savings from the reorganisation and cost reduction initiative undertaken last year. We remain on track to deliver the full \$7 million cash savings benefit in the coming year.

US operating costs, which include costs associated with the Infigen Asset Management business, are forecast to be between US\$73 million and US\$76 million, and Australian operating costs, which include Energy Markets costs, are forecast to be between \$35 million and \$37 million. These are the same guidance ranges that were provided in August. Should Australian production continue to outperform our expectations at the sites covered by the Vestas agreements, then Vestas will be entitled to a performance bonus. This will be an additional cost not included in the guidance, but will be more than offset by additional revenue.

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

I would like to thank all Infigen staff for their contributions to the business during the year. They continue to work relentlessly to overcome obstacles and pursue our business goals. Together we seek to deliver a brighter and cleaner energy future. We must change the way in which we harness our energy sources. The vast majority of the community accepts the clear scientific consensus on climate change and expect progress, not regression, on initiatives to address the climate change challenge.

Together we share a vision of a future where through direct action investment we will generate a substantial proportion of our electricity needs from renewable energy technologies. History will not look favourably on the actions of those that seek to irresponsibly delay this inevitable transition.

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 second year the Woodlawn "Run with the Wind" fun run, which will take place on Sunday. These events allow the wider community the opportunity to visit a wind farm, and I encourage everyone here to take up one of these opportunities.

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



# **Infigen Energy Annual General Meeting**

15 November 2013

# Welcome Mike Hutchinson



OUR GENERATION  
**YOUR FUTURE**

# Infigen Directors and Company Secretary



**MICHAEL HUTCHINSON**  
Non-Executive Chairman



**MILES GEORGE**  
Managing Director



**ROSS ROLFE AO**  
Non-Executive Director



**PHILIP GREEN**  
Non-Executive Director



**FIONA HARRIS**  
Non-Executive Director



**DAVID RICHARDSON**  
Company Secretary

# Chairman's Address

## Mike Hutchinson



OUR GENERATION  
**YOUR FUTURE**

# Chairman's Address

## FY13 Performance

- Safety performance was satisfactory and we will continue to support management, staff and contractors in adopting further safety improvements throughout our business.
- Net operating cash flow increased 36% to \$84.2 million
- We implemented an organisation restructure and cost reduction initiative which further reduced our operating and overhead costs
- We executed long term service and maintenance agreements with Gamesa in the United States
- Security price increased 14% to 25.5c, but remains depressed relative to book value and to the Board view of fundamental value
- We continued to focus on reducing our Global Facility debt balance

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# Chairman's Address

## Addressing our capital structure challenges

### ACQUISITION OF CLASS A INTERESTS

- We acquired various “Class A” investor interests in nine of our US wind farms.
- The acquired interests are predominantly entitlements to cash flow
- This will enable the Infigen Group to lessen the “cash dip” associated with these assets.
- We are confident that this investment, which has a relatively short payback period, represents a prudent use of our scarce cash

### CAPITAL WIND FARM

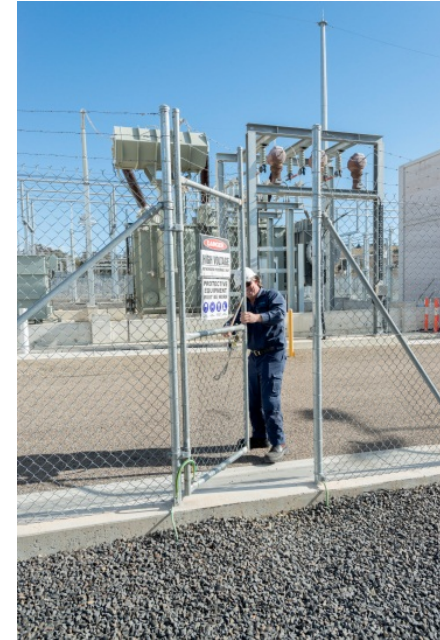
- Earlier this year we undertook a market testing exercise for the 140.7MW Capital wind farm
- Purpose of any sale of this asset would be to reduce Global Facility debt
- We remain in discussions with a small group of interested parties



# Chairman's Address

## Outlook and growth opportunities

- Promising start to the year from a production perspective
- Operating costs are expected to be within guidance
- We expect to have \$80 million available to reduce liabilities
- Cash sweep continues to preclude the payment of distributions to securityholders
- Prudent investment in our development pipelines continues with investment opportunities strongest in the US currently
- We have two solar PV projects in the US that are now sufficiently advanced that they could commence construction in 2014
- Active market and opportunities throughout the solar PV development value creation chain in the US
- We commenced construction of a solar PV and energy storage demonstration facility in Australia to gain knowledge and experience in anticipation of developing a large scale project
- We advanced Bodangora, Flyers Creek and Cherry Tree wind projects towards development approval



Capital Renewable Energy Precinct



# Chairman's Address

## Regulatory Update

- We welcomed the Climate Change Authority's positive findings in its review of the Australian renewable energy target
- Action is needed on climate change and history will not judge the deniers of the science well
- Major vested commercial interests are lobbying hard to have legislation amended to relieve them of their RET obligations
- Our investments, including development activities, were made in good faith on the basis of the RET legislation
- A change that resulted in a weakened future demand for renewable energy would be a significant realisation of sovereign risk
- The stable and predictable energy programs, incentive programs and planning laws in the US contrast sharply with the experience in Australia
- Nations are competing for limited capital
- Addressing regulatory and planning support for investment should be a priority for Australian governments



# Managing Director's Address

## Miles George



OUR GENERATION  
**YOUR FUTURE**



# Managing Director's Address

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

## FY13 Highlights

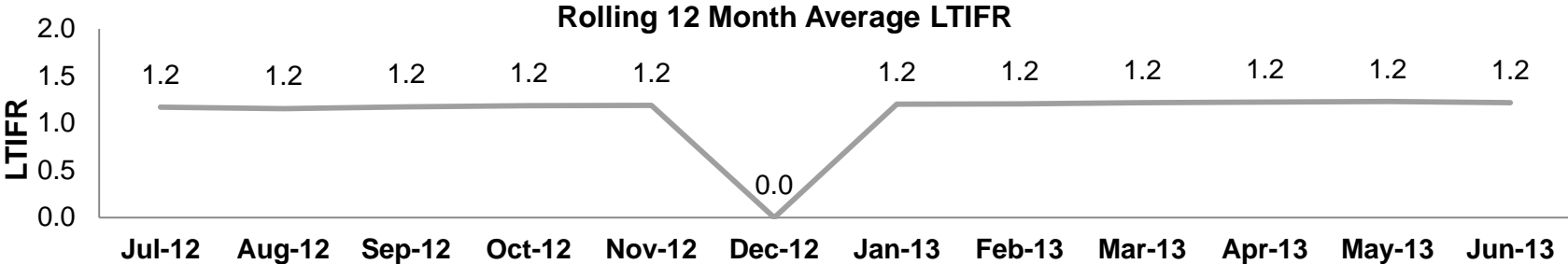
- Strong revenue growth, up \$19.5m
  - higher prices in Australia and the US
  - higher production and compensated revenue in Australia
- Operating costs flat notwithstanding Woodlawn's first full year of operation, with wind farm costs below guidance in both regions
- EBITDA increase drove a net operating 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

# Managing Director’s Address

## People & safety



### 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

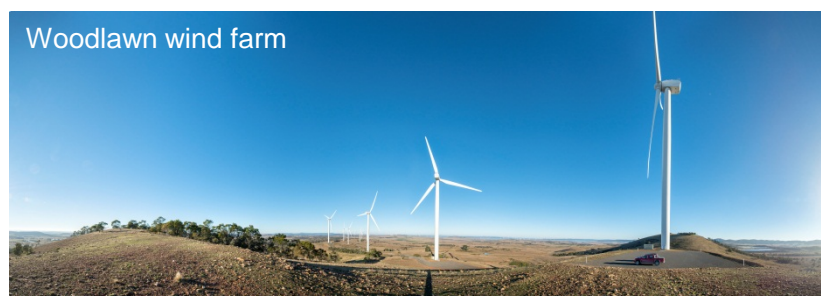


# Managing Director's Address

## Revenue

Production (GWh)	FY13	FY12	Change % F/(A)
US	3,089	3,136	(2)
Australia	1,516	1,402	8
<b>Total</b>	<b>4,605</b>	<b>4,538</b>	<b>2</b>

Revenue (A\$ million)	FY13	FY12	Change % F/(A)
US	139.8	140.8	(1)
Australia	146.3	125.8	16
<b>Total</b>	<b>286.1</b>	<b>266.6</b>	<b>7</b>



## Comments

### Production

- Decreased in the US due to lower average wind speeds, weather and network related curtailments, and Gamesa blade failures (under warranty going forward) partially offset by improved availability at certain sites and favourable maintenance scheduling
- Increased in Australia as a result of better wind conditions in WA and NSW, lower network constraints, a full year of production from Woodlawn, improved availability and compensated production partially offset by poor wind at Lake Bonney

### Revenue

- Lower in the US due to lower production and lower REC prices, partially offset by compensated revenue and higher wholesale electricity prices
- Increased in Australia due to higher average prices, higher production, higher compensated and other revenue partially offset by unfavourable MLF

# Managing Director's Address

## Operating costs

Australia Year ended 30 June	2013	2012	Change 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)
<b>Total Operating Costs</b>	<b>36.3</b>	<b>34.7</b>	<b>(5)</b>

USA Year ended 30 June	2013	2012	Change 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)
<b>Total operating costs (US\$M)</b>	<b>74.8</b>	<b>75.9</b>	<b>1</b>

### Comments

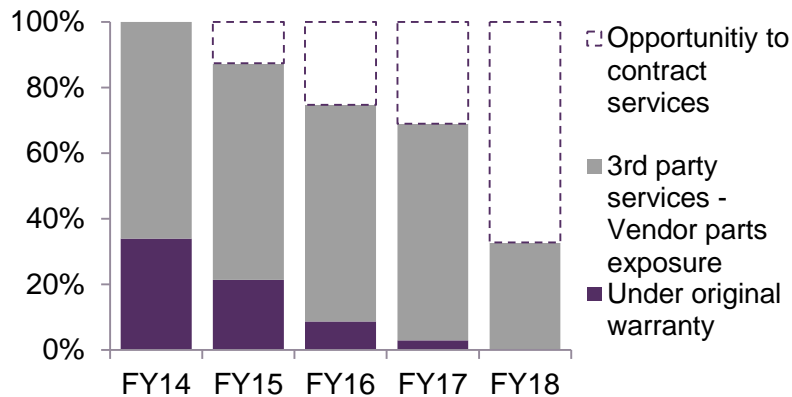
- Full 12 month operation of Woodlawn contributed to higher operating costs in Australia (+\$0.6m)
- Lower costs in the US from turbine O&M and favourable FX translation
- Costs in both regions were below the lower end of the guidance ranges
- Predictive and preventive maintenance measures and direct 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



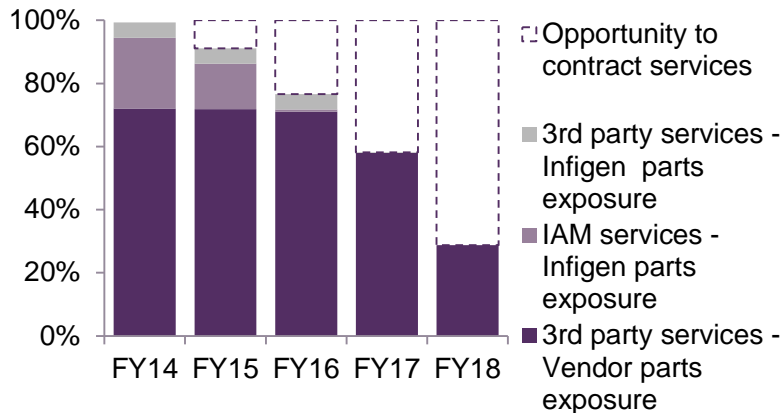
# Managing Director's Address

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

## Australia turbine warranty and services profile



## US turbine warranty and services profile



## Initiatives to manage post-warranty costs

1. Increased use of preventive maintenance
2. Competitive tendering for maintenance services
3. Direct sourcing of components
4. Strategic relationships with OEMs

### FY13 progress:

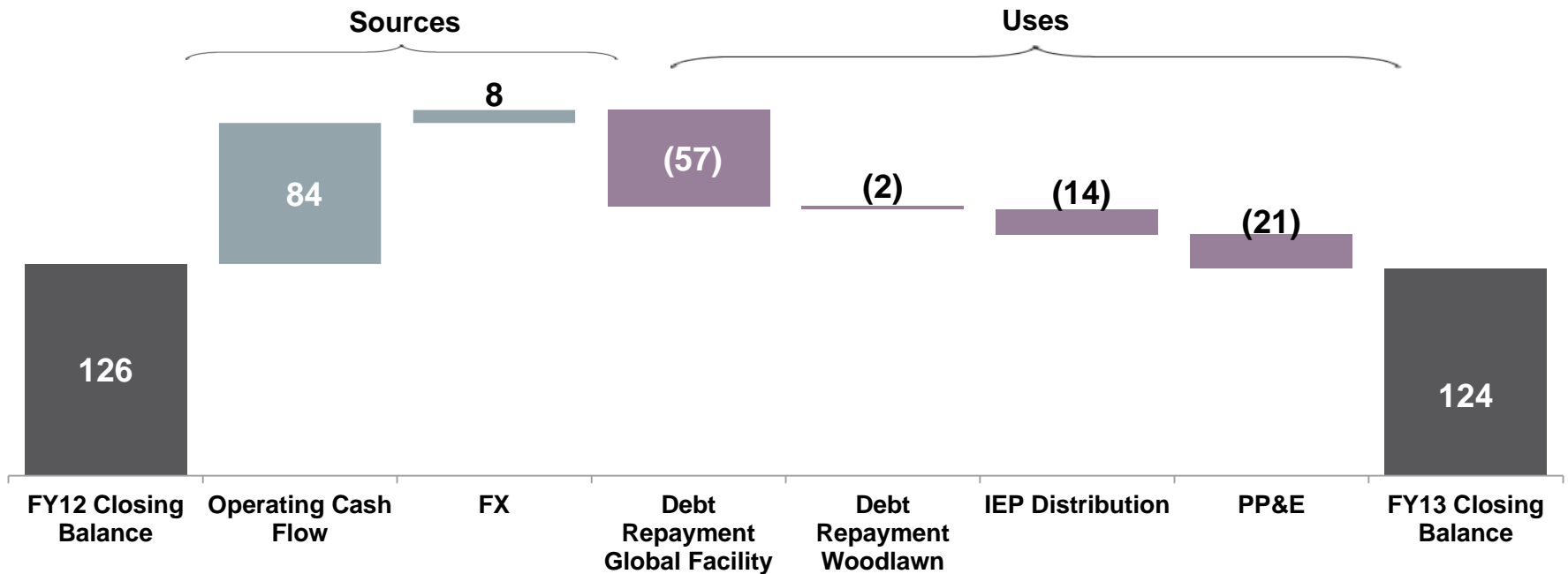
15 year warranty and maintenance agreement with Gamesa covering 25% of the US fleet



# Managing Director's Address

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

## FY13 Cash Movement (A\$M)



### 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

# Managing Director's Address

## Development pipelines progressed in the US and Australia

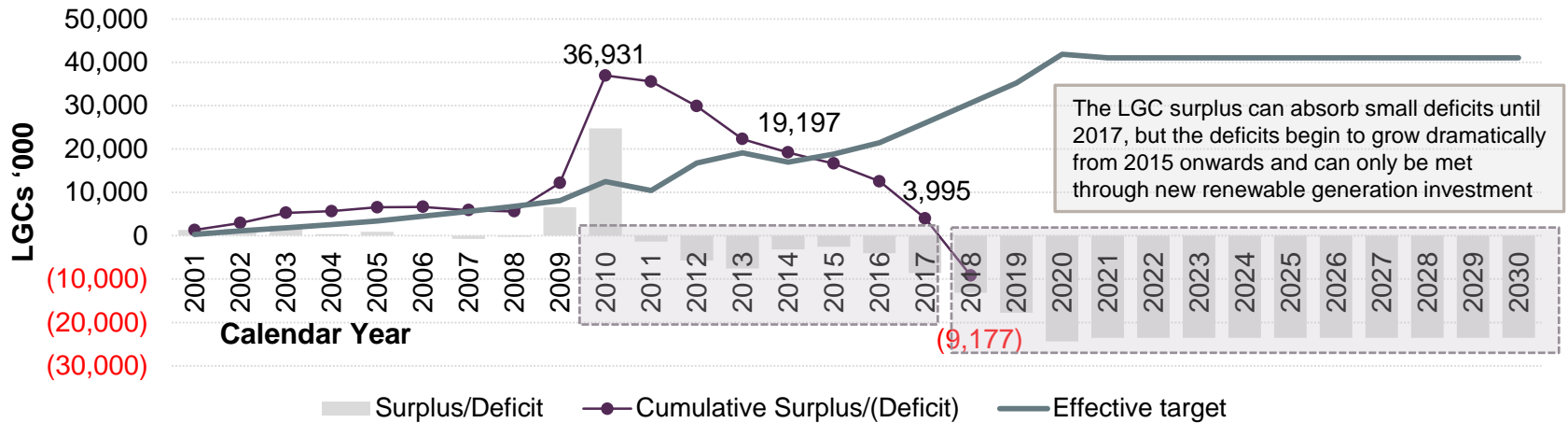
Wind Farm	Location	Capacity (MW)	Planning Status	Connection Status
Bodangora	NSW	90-100	Approved	Advanced
Capital 2	NSW	90-100	Approved	Advanced
Cherry Tree	VIC	35-40	Pending VCAT decision	Intermediate
Flyers Creek	NSW	100-115	Public display complete	Intermediate
Forsayth	QLD	60-75	Approved	Intermediate
Walkaway 2&3*	WA	~400	Approved	Intermediate
Woakwine	SA	~450	Approved	Intermediate
<b>Total</b>		<b>1,230 –1,280</b>		

Solar Farm	Location	Capacity (MW)	Planning Status	Connection Status	PPA
Wildwood I	California	20	Approved	Advanced	Secured
Pumpjack I	California	20	Approved	Advanced	Secured
Rio Bravo I	California	20	Early	Early	Marketing
Wildwood II	California	15	Approved	Advanced	Marketing
Others	Various	307	Various	Various	Marketing
<b>Total</b>		<b>382</b>			

\* Infigen has a 32% equity interest.

# Managing Director's Address

## Australian Regulatory Update



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
- The current level of uncertainty is to the point where the market for new renewable energy project development remains very weak and the appetite to contract existing assets is poor
- Independent modelling shows that households and businesses will be worse off under a reduced RET
- Capital providers will only provide the necessary finance if legislation is stable and predictable
- Stable legislation will help liable entities to meet their long term obligations at least cost and to protect the interests of their customers and their shareholders from the risks of inefficient boom/bust cycles in new renewable energy investment

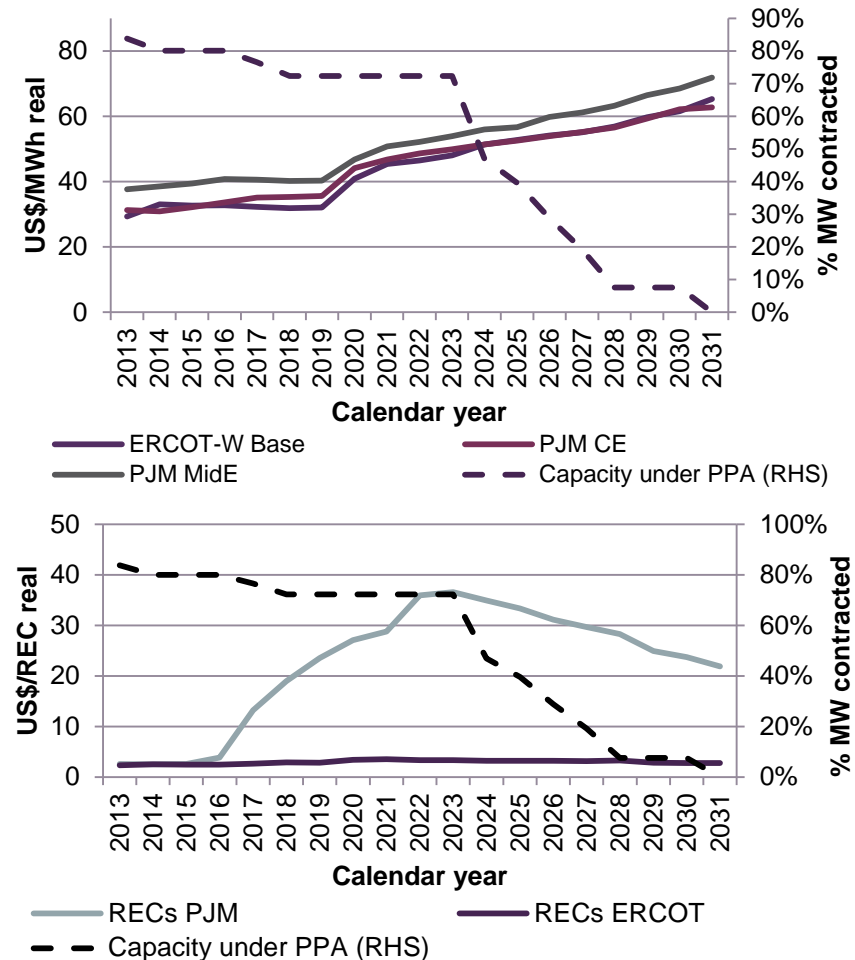
# Managing Director's Address

## US Market Update

### 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 in the longer term we expect to benefit from the higher electricity and REC prices as 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



# Managing Director's Address

We look to build upon recent steady operational performances

## OUTLOOK

- **Production:**
  - US – expect increased availability following the Gamesa agreements
  - Australia – potential for improved wind conditions
- **Prices:**
  - US – average realised price expected to be slightly below FY13
  - Australia – average bundled price expected to be the same as FY13
- **Operating Costs:**
  - US: US\$73–76 million (effective cost control expected to continue)
  - Australia: A\$35–37 million (effective cost control expected to continue)
- **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
- Ongoing focus on operational cost containment initiatives and opportunities
- Increase value of pipeline
- Ongoing stakeholder engagement related to renewable energy policies

# Mike Hutchinson – Chairman



OUR GENERATION  
**YOUR FUTURE**

# Item 1: Financial Report

## Company, Foreign Company and Trust

To receive and consider the combined consolidated financial report of Infigen Energy and the separate financial report of the Trust, as well as the respective reports of the Directors and Auditor for the year ended 30 June 2013.

*There is no vote on this item.*



# Item 2: Remuneration Report

## Company only

To adopt the Remuneration Report for the year ended 30 June 2013. The Remuneration Report is set out in the Directors' Report included within the Infigen Energy Annual Report 2013.

*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: Participation in the Infigen Energy Equity Plan by Mr Miles George Company, Foreign Company and Trust



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

That approval is given for all purposes under the Corporations Act and the Listing Rules of the Australian Securities Exchange for:

- a) the issue to Mr Miles George, Managing Director of the Company, of up to 2,739,130 performance rights under the Infigen Energy Equity Plan (**Equity Plan**); and
  - b) the issue or transfer of, and acquisition accordingly by Mr George of, stapled securities in respect of those performance rights,
- all in accordance with the terms of the Equity Plan and on the basis described in the Explanatory Notes accompanying the Notice of Meeting.

# Item 5: 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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