

A full-page photograph of a runner on a gravel path with wind turbines in the background. The runner is in the foreground, wearing a red tank top and black shorts, with a race bib number 221. The background features several large white wind turbines on a grassy hillside under a blue sky with scattered clouds. The overall scene is bright and clear, suggesting a sunny day.

infigen

# **FY19 Full Year Results Investor & Analyst Briefing Transcript.**

**Infigen Energy**

**Operator:** Good morning and welcome to the Infigen full year results presentation for the 12 months ended 30 June 2019. Infigen Energy's Managing Director and Chief Executive Officer, Ross Rolfe, will present the financial results. He is joined by Sylvia Wiggins, Executive Director Finance and Commercial; Paul Simshauser, Executive General Manager Energy Markets; and Peter Campbell, General Manager Investor Relations, who will be available to answer your questions. I now hand over to Ross Rolfe.

**Ross Rolfe:** Thank you and good morning. FY19 has been a transformative year for Infigen. In this year, the business delivered strong financial results and achieved significant milestones in executing our corporate strategy. Many of you will recall that Infigen commenced this process of transitioning away from its legacy business model some three years ago, towards a vertically integrated facility of the future, one that supplies clean energy to a more diverse range of customers with a particular focus on the growing commercial and industrial segments.

In FY18 we laid the foundations upon which to execute our strategy. The refinancing of our legacy debt facility was a critical step in this journey, so too did we adopt a capital management strategy that enabled us to increase the volume of renewable generation within our portfolio under our Capital Lite model. This approach enabled us to preserve balance sheet capacity to invest directly in firming plant and battery storage. It also enabled us to pursue our broader goals of further deleveraging and returning capital to our security holders.

In FY18, we expanded our CMI customer base significantly, we also developed plans to enhance our capacity to attract and service the growing C&I market, as well as manage the risks associated with contracting to supply firm volume of energy to those customers. In FY19, we've continued to build out this strategy. Over the course of the next few slides I will take you through the key milestones that we've achieved over this reporting period.

Going forward, we expect FY20 to be a year in which we consolidate and extend the progress we've made. Our key focus therefore in FY20 will be to expand our firming capacity in the South Australian market, as well as increase the amount of renewable generation within our national portfolio. This will enable us to increase the scale of our business and supply greater volumes of firm, clean energy to our growing customer base. Access to physical firming capacity will also allow us to improve the quality and reliability of our earnings and concurrently to effectively manage the risks involved in the Australian energy market.

Turning to slide 3, as mentioned earlier, during FY19 we've made significant progress in our strategic transition. During the period, we materially increased the amount of renewable energy we generate and sought, in particular, we increased our own renewable fleet by 113 megawatts, to 670 megawatts. We also contracted the output from two other renewable energy projects to receive 89 megawatts of additional renewable capacity under medium and long-term off take agreements.

Specific initiatives in this regard include, first, we reached practical completion of our 113 megawatt Bodangora Wind Farm project; second, we procured the production from the 31 megawatt Kiata Wind Farm; and third, we monetised the value of our 58 megawatt Cherry Tree Wind Farm as a development asset under our Capital Lite model and contracted to receive the generation from that project from the owner under a 15-year PPA. This project is currently on schedule and on budget to commence production in the second half of FY20.

These three investments reflect our market strategy of expanding our position in New South Wales, prudently entering the Victorian market and consolidating our position in South Australia. In parallel with the expanding renewable generation platform and complementary to it, we also advanced our plans to create a physical firming platform. Our first step was to invest in a 25 megawatt/52 megawatt/hour battery in South Australia. The battery has been installed and is currently undergoing the final stages of the system strength studies that are part of the new requirements to get final approvals for grid access.

The SA battery, once operational, offers a range of functions that support our business strategy. It will assist us in performing our obligations to C&I customers to supply a firm energy, as well as manage our exposure to excess charges in an increasingly unstable grid and capture value from volatile price events.

Our second step was to acquire the three units of open cycle gas peaking plant at Smithfield in Western Sydney. This plant now has a capacity of 123 megawatts. These acquisitions are integral to ensuring that we are able to add real value to the product we are supplying to our customers, as well as manage the risks and the changing dynamics of the national energy market. Importantly, the Smithfield plant also positions us to significantly grow our renewable generation in New South Wales by enabling us to firm an additional 300 to 400 megawatts of new generation, more than double our existing installed capacity in that state.

As the amount of renewables in the system continues to grow, we believe that flexible, fast start machines will play an increasingly important role in the evolving energy market. The lack of flexibility of the ageing coal fire generators will likely mean that they are decreasingly competitive in an increasingly volatile market.

During the course of FY19, we also continued to gather momentum in building our C&I customer book and we enhanced our capacity to service customer needs. Specifically, we increased our electricity sales to C&I customers by 19% to 768 gigawatt hours and we invested in new customer billing systems that allow us to service customers with multiple metering points. The enhancements to our billing system is an important step that enables us to enter a new sub-segment of the C&I market and attract significant new customers.

It's pleasing to see the impact of this strategy in our FY19 financial result with EBITDA up 11% to \$165.3 million. This was primarily due to a 20% increase in renewable energy generation. During

FY19, the proportion of our revenue from contracted sources, PPAs, C&I and contracted LGCs, increased 13% to \$182 million. In FY19, Infigen sold 67% of its renewable generation under contract; we enter FY20 with 75% of our renewable generation and 100% of expected LGC production under contract. In this context, we are able to observe the benefits that can be derived both by sellers and buyers from a prudent contracting strategy that reduces the volatility in either revenues or costs over time.

Our net operating cash flows of \$144.3 million was 44% higher than FY18. Approximately half this increase was driven by the increase in the underlying EBITDA and the remainder due to timing of LGC cash flow. Net profit after tax of \$40.9 million was 10% or \$4.7 million lower than FY18. The FY19 result reflects the impact of a non-cash impairment in relation to the development assets of \$9.9 million. The results and our capital management strategy enabled us to reintroduce distributions at \$0.01 per security per half year.

Turning to slide 4, the chart on the left hand side shows the 20% increase in renewable generation from Bodangora and Kiata Wind Farms. It's worth noting that this increase was achieved under slightly weaker wind conditions than prevailed in FY18. The chart on the right hand side shows Infigen's net revenue composition in FY19 compared to FY18. In FY19, \$182 million or 79% of net revenue was derived from contracts with [fixed] prices, providing Infigen with visibility over its revenue and enhancing the quality of our earnings.

As previously advised, Infigen also recognised \$10 million of compensated revenue in Q4 FY19. This principally reflected the value of liquidated damages of construction delays at Bodangora Wind Farm.

Turning to slide 5, during FY19 Infigen's higher electricity generation resulted in higher electricity volumes sold via all channels to market. C&I volumes increased 19%. This outcome reflects the success of our contracting strategy and our investment in enhanced customer service systems and capability. PPA volumes increased 20%. This primarily reflects the contributions made by Bodangora Wind Farm PPA that came into effect in March 2019. As previously advised, 60% of the production at Bodangora is under long term PPA with Energy Australia.

During Bodangora's construction period, its generation was recognised in merchant sales, which were also 6% higher during the period. The additional generation from Bodangora and Kiata also reduced Infigen's reliance on purchasing generation from the spot market to meet our contractual obligations when our plant is not producing. Hence merchant volume purchases were down 22% compared to FY18, reflecting higher levels of internal generation covering C&I contracts.

Turning to slide 6, Infigen's 9% increase in net revenue was principally driven by higher generation. This increase in generation enabled us to achieve \$9.5 million of additional revenue from C&I customers and an additional \$3.5 million of revenue from PPA customers, compared to FY18. LGC revenues were lower by \$3.4 million in FY19 as higher contract prices rolled off and

spot prices were subdued. Merchant revenues for electricity were broadly in line with FY18.

Moving now to slide 7, Infigen's underlying FY19 EBITDA of \$165.3 million was 11% higher than the \$149.1 million achieved in FY18. The strong results reflects significant revenue growth while maintaining relatively stable operating costs. Expenses directly related to our owned renewable assets were \$38.2 million. This reflects the stability of our long term operations and maintenance contracts with GE and Vestas. These O&M contracts have availability guarantees in place until the 20<sup>th</sup> anniversary of each wind farm's commissioning date, ensuring our fleet continues to reliably perform over the medium to long term.

In FY19, FCAS expenses were \$3 million. Our fixed operating costs for our firming assets was \$0.2 million. This reflects the short period of Smithfield OCGT ownership in FY19. Business operating costs at \$22.7 million was slightly higher than FY18 due to the investment in internal capabilities to support execution of our business strategy.

Turning now to slide 8, depreciation and amortisation charges of \$54.6 million were higher than FY18 at \$51.4 million. This outcome reflects the inclusion of Bodangora Wind Farm and Smithfield OCGT in our portfolio. The newly constructed Bodangora plant is depreciated over 30 years, the balance of the wind generators we own are depreciated over 25 years. Smithfield is being depreciated over 20 years, although Infigen expects the asset to have a remaining useful life of up to 30 years. In FY20, depreciation will be higher, reflecting the addition of these new assets.

Net finance costs were \$45.6 million. This principally consists of \$40.2 million of interest expenses attached to the corporate facility and the Bodangora facility and other finance costs of \$8.1 million, principally reflecting the amortisation of establishment and bank fees. These costs are partly offset by \$2.3 million of interest income. During the construction of Bodangora Wind Farm, interest was capitalised, but will be expensed in FY20.

Income tax of \$20.5 million was recognised in the period. The \$9.9 million impairment of Infigen's development portfolio was reported in the interim results and announced in December 2018. Infigen also recorded a net gain on financial instruments related to its Capital Lite PPA of \$6.5 million. These factors resulted in a statutory NPAT of \$40.9 million. This outcome absorbs, however, the full impact of \$9.9 million of non-cash impairment of our development asset in the FY19 result. Without such an impairment, the FY19 result would have been an NPAT of \$50.8 million, an increase of 11% over PCP.

On slide 9, we can see that Infigen's higher operating cash flow of \$144.3 million enabled the company to fund several important capital projects on balance sheet. These included the acquisition of the 123 megawatt Smithfield OCGT and the construction of the South Australian battery. These investments utilised \$104.4 million of unrestricted cash reserves in FY19, of which \$2 million should be recovered in FY20 following receipt of government grant funds.

Net debt is broadly unchanged from FY18, resulting in the company reporting a lower net debt to EBITDA leverage ratio of 3.2 times. Our corporate debt facility has an outstanding balance of \$483.8 million, after having repaid \$33.7 million in FY19. The Bodangora project finance facility has been reduced by \$3.3 million to \$155.3 million. Against this backdrop, Infigen's Board declared a \$0.01 per security distribution with respect to the half year ended 30 June 2019. This distribution is payable in September 2019. Infigen's half year distributions are paid from free cash flow and we expect this distribution will be sustainable through the cycle.

Slide 11 discusses Infigen's outlook. In FY20, Infigen expects renewable energy generation to be higher, reflecting full year contributions from Bodangora and Kiata. Of this higher production in FY20, Infigen has contracted 75% of its expected renewable energy generation and 100% of its expected LGC production. Under ordinary operating conditions, Infigen is expecting higher C&I and PPA revenues in FY20, as well as slightly higher merchant revenues, reflecting the operation of Smithfield for a full year.

LGC revenue is expected to be lower as higher generation volumes are more than offset by lower contract prices. While forward curves for merchant electricity prices are moderating, C&I and PPA electricity prices are expected to be broadly in line with FY19. Information on Infigen's electricity and LGC contracting positions is available on slide 23 and slide 24 of the Appendix of the pack we've released to the market today. We also note that due to LGC contract sales dates, net revenue is likely to be weighted towards the first half of FY20. Net operating cash flows, by contrast, will be weighted towards the second half because most LGC supply contracts are settled in Q3 FY20.

In FY20 asset operating costs are expected to be higher. This is due to full year costs being incurred from Bodangora and Smithfield, as well as the commencement of operating costs relating to the battery. The market operator is also positioned to incur significantly higher FCAS costs in FY20, and these will be subsequently passed on to users. Business operating costs are likely to be modestly higher, reflecting Infigen's investment in energy markets and customer service capability. Capital expenditure in FY20 is principally allocated to advancing the development of the 138-megawatt Flyers Creek Wind Farm in New South Wales, and modest upgrades of equipment at Infigen's owned assets.

The chart on the left-hand side of slide 12 shows Infigen's historic levels of electricity volumes sold through different market channels. It illustrates Infigen's success at increasing contracted electricity sales, particularly with C&I customers from FY17 to FY20. Through FY20, Infigen expects to convert additional merchant electricity volumes into new or renewed C&I customer contracts. Our goal is to maintain an overall contracted position of approximately 75% of our production, under medium- to long-term supply contracts going forward. The chart on the right-hand side shows the opportunity for additional contracting with C&I customers, made possible as

a result of Infigen's investment in firming assets.

Following the acquisition of the Smithfield gas plant, Infigen is able to introduce 300 to 400 megawatts of additional nameplate renewable energy capacity in New South Wales, and sell approximately 75% of this expanded volume into firm supply contracts. The volume growth is expected to be delivered by Infigen's capital-light strategy. While we anticipate that the value of LGCs will decline over time, our strategy is to progressively replace this reduced revenue with LGC sales with increased revenues resulting from the growth in the volume of firm to renewable generation that we supply to our diversified customer base.

Turning to slide 13, I've spoken a lot today about Infigen's strategy of offering firm supplies of energy to our growing base of commercial and industrial customers, from a portfolio of low-cost renewable generation and flexible, fast-start firming machines. The growth of our C&I contract volumes is evidence of the success of this strategy. The chart on the right shows the baseload electricity price curve for New South Wales, South Australia and Victoria. The curves are in backwardation, with forward prices expected to eventually decline. Infigen's C&I customer contracts, however, provide revenue stability beyond the visible forward curve. This strategy allows Infigen to offer our customers reliable and competitively priced renewable energy, while providing our securityholders with higher quality of earnings.

On slide 14, I've outlined key issues that reflect the values that we believe in as a Company, and which guide and influence our behaviours and corporate priorities. The safety of our people is, of course, our highest priority. We are, therefore, pleased to report that in FY19 we had zero lost-time injury. Our strong safety record is reflected in the fact that both Lake Bonney 1 and Alinta wind farms have experienced no LTIs for over 11 years. That said, a strong safety performance requires constant vigilance if it is to be sustained. We, therefore, continue to strive for improvement based on a philosophy that prioritises the elimination of safety risks by design and engineering, supported by a safety-focused culture and safe work practices.

Infigen recognises that an engaged and diverse workforce, motivated by a common purpose and functioning in accordance with values and behaviours that drive sustained success, is central to the effective execution of our business strategy. Defining those values and behaviours, as well as enshrining them in the Company's DNA, is an enduring project involving all employees and directors of the company. It was, therefore, pleasing to learn that our employee engagement index is currently 74%. So, too, have we made progress on reaching our diversity targets. Currently, 10 of the 22 engineers employed by Infigen are women and 38% of our total workforce are female.

As far as our engagement with local communities that host our generation plant is concerned, we strive to establish and maintain constructive, mutually-beneficial relations. In FY19, we contributed support to 45 community projects, and we seek to maximise the prospects of local

employment where possible. The construction of Bodangora Wind Farm, for example, created jobs for 37 local residents, as well as provided a number of local businesses with commercial opportunities. Infigen's core business is focused on generating energy from renewable fuel and supplying it to our customers under firm supply contracts. This has necessarily involved the introduction of gas peaking plants into our portfolio. To remain faithful to our sustainability objectives, at the time of committing to the Smithfield acquisition, the Infigen Board adopted a target to achieve carbon neutrality for both Scope 1 and Scope 2 emissions by 2025. In FY19, Infigen sourced 100% of its office and wind farm electricity from renewable sources of energy.

Turning now to slide 15. As I said at the outset of this presentation, FY19 was a transformative year for Infigen. During this year, the Company continues to build momentum in transitioning from an infrastructure fund to a clean-energy gen-tailer, supplying firm volumes of predominantly renewable generation to the C&I market. Over the course of the last three years, we have implemented many of the steps necessary to position the Company for success in an Australian energy market that is undergoing rapid transformation.

These steps include, first, we de-levered and refinanced, providing the capital structure that enabled the business strategy to be executed. Second, we diversified our customer base and invested in our energy markets capability to ensure we could successfully attract and service those customers while managing the business risk involved in doing so. Third, we increased by 200 megawatts the volume of renewable generation available to sell to our expanded customer base, through both on-balance-sheet and off-balance-sheet transactions. In so doing, we've consolidated our position in New South Wales and entered the Victorian market. Fourth, we've invested in a 25-megawatt, 52-megawatt hour factory in South Australia. This project, once commissioned, will deliver valuable firming capacity and FCAS services, as well as enable us to capture value from time shifting energy in an increasingly volatile market.

Fifth, we acquired the Smithfield peaking plant, a 123-megawatt fast-start generator comprised of three 40-megawatt open-cycle gas turbines. This acquisition will transform our ability to grow our C&I customer base in New South Wales as we add further renewable generation to our portfolio in that state. Sixth, we implemented a new customer billing system, with advanced analytics and multisite functionality, in order to demonstrate our continued commitment to serving our customers' needs and attract a deeper pool of potential C&I customers. Seventh, after a hiatus of eight years, we reintroduced distributions at \$0.01 per security per half year, paid from free cashflow and sustainable through the cycle.

We believe we've made solid progress in our journey and we are now positioned to continue to build momentum in our growth strategy going forward. Our future goals include, first, we will continue to explore opportunities to deliver additional firming capacity in South Australia. This will enable us to maximise the value from our existing plant at Lake Bonney and to better service our



existing customers. It will also enable us to grow our portfolio of generation and our customer base in that state. Second, we are seeking to increase our renewable capacity in New South Wales by 300 to 400 megawatts. This will allow us to capture maximum value from our existing firming assets, and pursue the opportunity for growing our C&I sales book in the largest regional market in the NEM.

Third, we will bring the Cherry Tree project to practical completion over the course of FY20, with first energy expected in Q3 and full commissioning completed by the end of Q4. This will mean that we will have 87 megawatts of generation available to support our customers in Victoria, a market within which we intend to expand at a prudent pace. Fourth, while we've reached our target of 75% electricity contracting for FY20, we are focused on extending the duration of that contract book by bringing on new customers as existing contracts expire and our volume of additional generation increases. Fifth, consistent with our capital management strategy, we will continue to pursue our growth, while de-leveraging our balance sheet and returning capital to our investors on a sustainable basis from free cashflow generated by the business. Finally, we will continue to target carbon neutrality for our entire business, a target that demonstrates our commitment to leading Australia's transition to a clean energy future.

In closing, can I thank you for your interest in attending this presentation on our full-year results for FY19. I'll now hand you back to the operator for Q&A.

**Operator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. If you wish to ask a question, please press star one on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, you may press the pound or hash key. Please note that there may be a short pause as we collate the questions. Your first question comes from the line of James Nevin from RBC, please ask your question.

**James Nevin: (RBC Securities, Analyst)** Hi, everyone, and congrats on the result today. I just had, firstly, a question just on the capital management policy. Obviously, you've introduced or reintroduced a distribution. I'm just wondering do you have any formal policy on that going forward? Obviously, [unclear] sustainable dividend going forward, but any sort of target payout ratio or anything like that?

**Sylvia Wiggins:** Hi, James, it's Sylvia. At this stage, I think what we're telling the market quite clearly is it's \$0.01 each half year that we expect to be paying. As we've tried to announce to the market, and Ross has just sent you an extensive list of things we've done but things we've still got ambition to do, we still see a lot of value in accretive acquisitions, as Ross was talking earlier today. So I think the market should think \$0.01 per security's sustainable, with other free cashflow still being targeted for accretive acquisitions, as Ross outlines.

**James Nevin: (RBC Securities, Analyst)** Okay, thank you. So on accretive acquisitions, obviously like physical firming in SA is one of the big ones. I'm just wondering on actually

needing to do that. Do you need to own that physical firming down there? Or can you do it through some sort of capital-life strategy as well, and just use financial contracts to provide firming down there?

**Ross Rolfe:** Yes, James, look, as a general principle, I guess it's the case which we've said to the market before, that we sort of have a bias for owning physical firming assets. We are less committed to owning new renewable generation and happy to procure that. Now, having said that, I guess we look at every circumstance on their merits. If it makes sense for a capital-light approach or some hybrid version of that, well, we certainly wouldn't rule it out if it was more value accretive. But as a general principle, I guess we have a bias for owning the fast-start, flexible machine, less concerned about how much of the renewable generation we actually own on balance sheet.

**James Nevin: (RBC Securities, Analyst)** Okay, thank you. Then just wondering about getting an update potentially on trying to lengthen out that contract book. I'm just not sure we've seen an announcement, any recent announcements on new contracts that you've entered. Just particularly with kind of the backwardation in the forward curve, is there any reluctance on the side of C&I customers to actually enter into maybe three to five year contracts right now where if they see the electricity prices potentially coming down in the next few years they're going to maybe - they might hold off on that.

**Ross Rolfe:** I'll let Paul go first and then I might add something.

**Paul Simshauser:** James, it would be fair to say that a majority of customers, when they step out into the market to renew their current arrangements they're generally sort of looking at up to a three year window, but there are circumstances where customers are seeking to go beyond that. I'm sure you'll be aware there's a reasonably active market for corporate PPAs. So there are transactions out there with a degree of length. As a matter of course though we sort of don't announce each of our customers for the obvious reason we don't want too many people knowing what we're up to in the marketplace, being a fiercely competitive marketplace.

**James Nevin: (RBC Securities, Analyst)** Okay, thank you. On actually trying to sign more contracts with sourcing the 200 to 300 megawatts in New South Wales, are there a lot of opportunities out there that you see? Like some of the other large gen-tailers maybe they aren't signing those long term kind of PPA contracts. Does that help, like if Infigen, if people try to develop wind farms or solar farms at the moment that you guys can step in there and kind of offer some sort of long-term PPA to help these get financed?

**Paul Simshauser:** Yeah, it's a reasonably active market still, James, we're certainly dealing with a number of parties in relation to PPA offtake agreements. Having said that, as you will have noted from reading the print media, look, the implications in terms of connecting into the grid at present have certainly slowed down the pace of a lot of new projects.

I think at present for example there is something like 70 applications currently in the process for connecting new generation. So there is a slowing down and I guess a slightly more subdued attitude on the part of developers. Having said that, as I mentioned, we're currently dealing with a number of counter parties on projects they've got in various stages of gestation.

**James Nevin: (RBC Securities, Analyst)** Okay. Then just the last question, I just wanted to check on - you've given kind of your LGC contracted position for the next few years, does that include what you've sold to the Sydney desalination plant? I'm just wondering is there upside to what you've disclosed today on the Sydney desal plant stays on for longer?

**Sylvia Wiggins:** Yes, James, we have included - we've assumed for the FY20 outlook position on LGC sales that we will sell one LGC for each one megawatt of electricity that the SCC uses for the 30 June next year. Should they continue to be operating after that date then there is upside in the FY21 numbers in relation to the continued operation of the SCC.

**James Nevin: (RBC Securities, Analyst)** Thank you very much.

**Operator:** Your next question comes from the line of James Bullen from Canaccord, please go again.

**James Bullen: (Canaccord, Analyst)** Morning, guys, and congratulations on the results. Just on Cherry Tree, so you're expecting that to come on in Q4?

Ross Rolfe: We're expecting to get sort of first energy I think Q3 and assuming that we remain on track, full commissioning in Q4.

**James Bullen: (Canaccord, Analyst)** Great. But you have excluded it from your guidance?

**Ross Rolfe:** It's probably because of the smaller amount I suppose, James.

**Sylvia Wiggins:** Correct, James, ultimately it will really depend on where Cheery Tree gets on [unclear] operations, James, so that the PPA - because we're just the off taker in that relationship from hereon in. So we're just sort of factoring, we thought [it would be prudent] you factor in some of the delays that can occur.

**James Bullen: (Canaccord, Analyst)** Okay, alright, so that's why it's excluded. Great. Just on the Queensland Renewables 400, Forsyth has been shortlisted there, do you have any expectation around timing of award in the Queensland 400?

**Ross Rolfe:** Well, that's a good question and I'll ask Paul to answer that given he worked for Queensland government when that process was initiated, at least two decades ago. It was actually two years. But it's sort of come back up out of the woodwork over the course of the last few weeks and I think Paul is probably more familiar with that.

**Paul Simshauser:** Yeah, they're seeking to move relatively quickly, the sort of broad timeframes are trying to arrive at propositions within a couple of months. But I guess one of the things that I'd

hasten to add is that the contenders in this process have probably had to hold their programs in place for quite literally a couple of years. I think it's going to be very hard for people to put in the type of bid that I think that they would hope to receive. If the date doesn't move then there's going to be caveats on bids just because of the lapse of time and of course there's been very material rule changes in the marketplace since they first capped the market.

So my expectations on timeframes are that if they hold the current one of a couple of months you might get an announcement but it will have a lot of caveats.

**James Bullen:** (Canaccord, Analyst) Obviously the other government process that is out there is the SA's fast start generators and the long-term leasing of those, something that you've talked about, the value of firming in South Australia. Do you have any expectation around when we could hear some progress from the South Australian government?

**Paul Simshauser:** I don't really - James, that process is sort of entirely in the hands of the government, as you know we have a couple of options that we're considering in South Australia, so we're not reliant necessarily on the outcome of any particular one process. But like you, we eagerly await news on what happens there.

**James Bullen:** (Canaccord, Analyst) Okay, great. Final question, and apologies to Sylvia because I know you probably get asked this every year, the outlook for cash tax.

**Sylvia Wiggins:** We still have a number of substantial losses sitting on the balance sheet and also ones that we have not yet recognised as a deferred tax asset, James. So I think it is going to be a number of years before Infigen has a liability for cash tax, notwithstanding have substantially turned the corner and become a growingly profitable business going forward. We have still got losses to absorb those profits.

**James Bullen:** (Canaccord, Analyst) Great. Thanks very much.

**Operator:** Once again, if you wish to ask a question please press star one on your telephone key pad.

**Ross Rolfe:** Thank you so much everyone for your time this morning, greatly appreciated and look forward to catching up with many, if not all of you over the course of the next couple of weeks. Thanks, bye.

**Operator:** Thank you. Ladies and gentleman, that does conclude our conference for today, you may disconnect.

**End of Transcript**