Smithfield site tour

For clients of Morgan Stanley
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Image: Smithfield OCGT, NSW

Agenda

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12-1pm	- **Management presentation and Q&A** - Ross Rolfe, Chief Executive Officer - Sylvia Wiggins, Executive Director, Finance and Commercial - Paul Simshauser, EGM, Energy Markets - Tony Clark, EGM, Operations
1-1:15pm	- **Tour of Operational Control Centre**
1:15-2:15pm	- **Travel to site**
2:15-3:45pm	- **Smithfield OCGT site tour**
3:45-4:45pm	- **Travel to city**

FY19 was a transformative year for Infigen

- **In FY19 Infigen made significant steps in its transition to the utility of the future.**
- **We have a clear plan for growth.**

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FY18	Today	Our plan for growth
557MW Owned Renewable Energy Assets	**670MW** Owned Renewable Energy Assets	Source an additional 600-700MW of renewable energy capacity.
Nil Contracted Renewable Energy Assets	**89MW** Contracted Renewable Energy Assets	Fast-start firming enables 75% of expanded renewable energy volumes to be contracted.
Nil Firming Assets	**268MW*** Firming Assets	Progress Flyers Creek Wind Farm to final investment decision.
647GWh C&I electricity sales	**768GWh** C&I electricity sales	Continual improvement of quality and quantity of earnings.
'Owner operator of wind farms'	**'Utility of the future'**	**We are leading Australia's transition to a clean energy future**

** Including South Australian Gas Turbines (120MW) where lease is expected to commence in May 2020.*

Sustainability

- **Infigen's first priority is the safety of its people and the communities in which it operates.**
- **We are committed to earning the support of all our stakeholders.**

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Safety	▪ One LTI in October FY20. ▪ Zero LTIs in FY19. ▪ 11 years LTI free at Lake Bonney 1 WF and Alinta WF. ▪ Continued pursuit of Zero Harm, implementing engineering solutions, regular training, monthly safety meetings and process audit.
Developing an engaged and high performance workforce	▪ Job satisfaction 83%; current motivation 86%; employee net promoter score +55. ▪ Employee led working group ensuring continued alignment of our Purpose and Values with business strategy. ▪ Continued focus on diversity with 10 of our 22 engineers (45%) and 38% of total workforce female.
Investing in our local communities	▪ Contributed to 45 community projects. ▪ $7m spent in local community in FY19 during construction of Bodangora WF, including 37 local jobs during construction.
Targeting carbon neutrality	▪ Infigen sources 100% of its office and wind farm electricity from renewables. ▪ Infigen is targeting carbon neutrality for its entire business (Scope 1 and Scope 2) by FY25.

FY19 financial highlights

- **Strong FY19 results reflecting delivery of business strategy.**

Net Revenue: $229.3m, 9% higher than FY18.

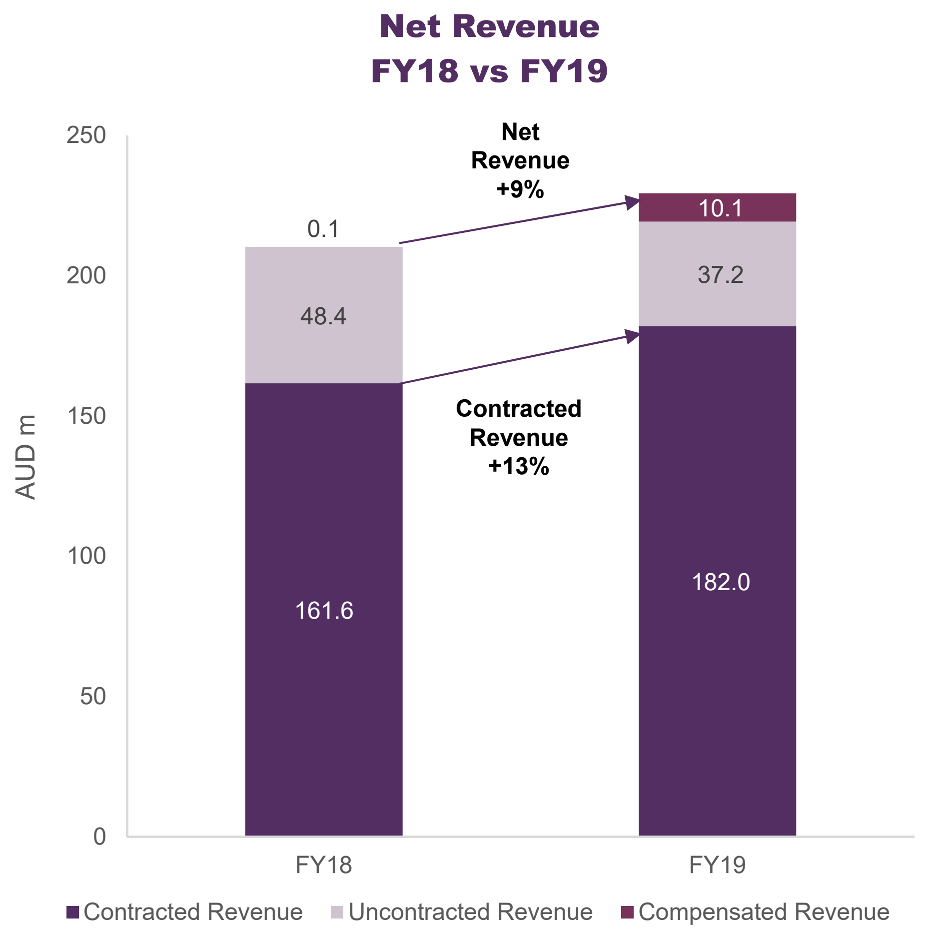
Underlying EBITDA: $165.3m, 11% higher than FY18.

NPAT: $40.9m, 10% lower than FY18. FY19 included non-cash $9.9m impairment to development assets, announced December 2018.

Net operating cash flow: $144.3m, 44% higher than FY18.

Renewable Energy Generation sold: 1,775GWh, 20% higher than FY18.

Reintroduced distributions: 1 cent per security per half year.



Notes: Contracted Revenue includes electricity revenue from PPAs, electricity revenue from C&I customers and contracted LGC revenue. Uncontracted Revenue incudes Merchant revenue and uncontracted LGC revenue. Uncontracted Revenue is subject to price risk.

The volume and growth opportunity is transformative for Infigen

Together with Smithfield OCGT and the SA Battery, the SAGTs position Infigen for a total of 600-700MW renewable capacity growth with up to 75% of the expanded renewable energy generation to be contracted.

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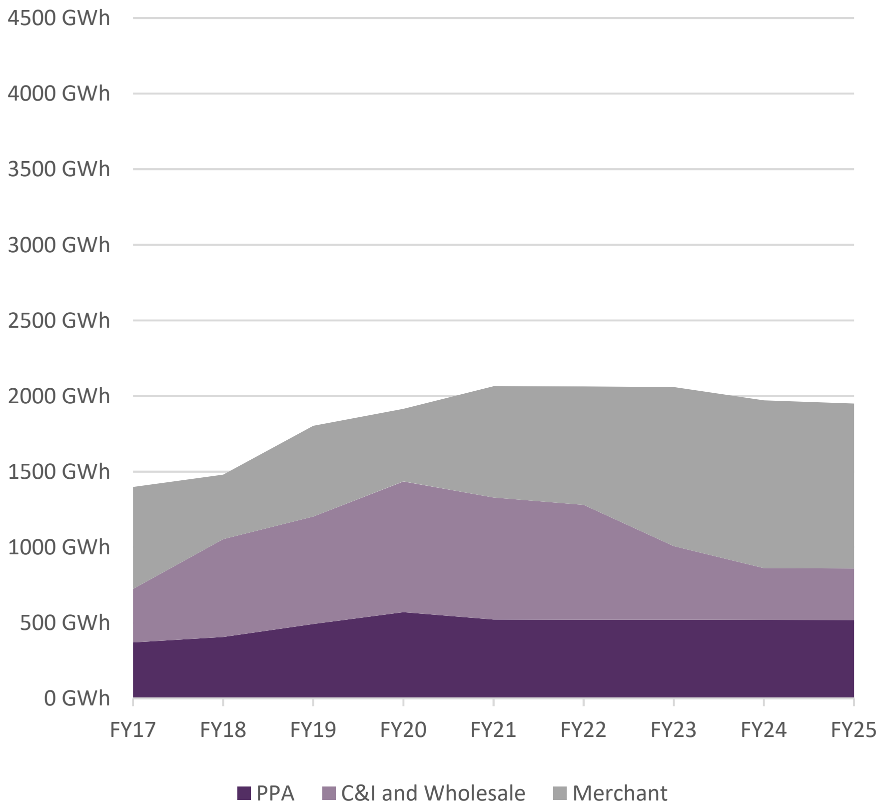
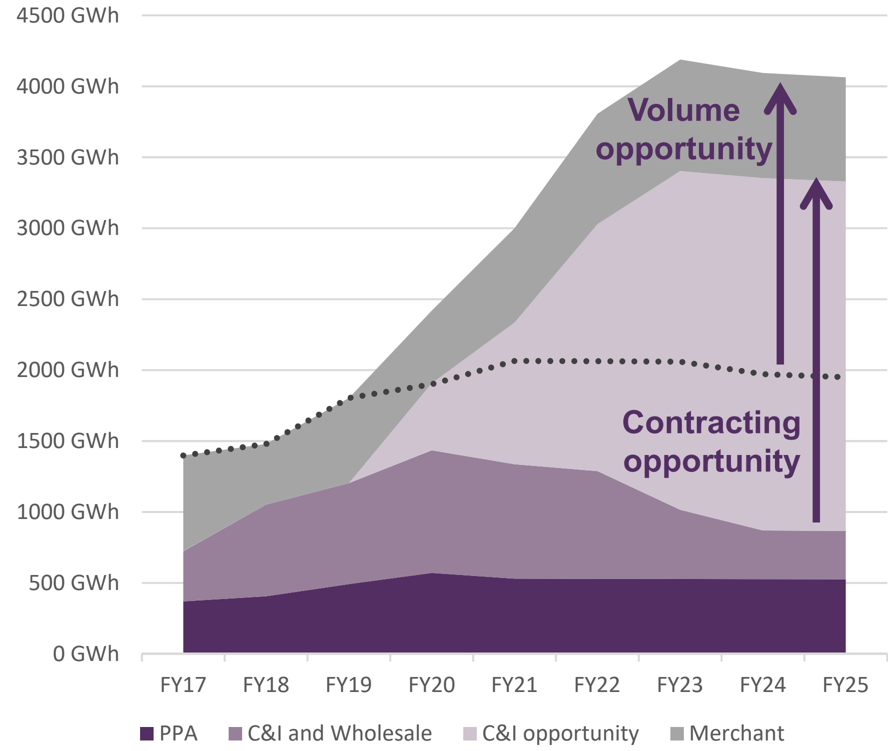
Infigen's current contracting position → The opportunity



Note: Based on expected Renewable Energy Generation adjusted for FY20 Marginal Loss Factors; includes contracted supply from Kiata WF, includes Cherry Tree WF from FY21; excludes firming assets; statistical simulation basis.



Note: Chart shows indicative volume growth and indicative contracting levels enabled by Infigen's firming strategy. Actual outcomes are dependent on timing of additional Capital Lite generation and execution of C&I contracting. Chart illustrative of the opportunity and is not guidance. Based on expected Renewable Energy Generation adjusted for FY20 Marginal Loss Factors; includes contracted supply from Kiata WF; includes Cherry Tree WF from FY21; excludes firming assets; statistical simulation basis. Actual outcomes will be dependent on timing of additional Capital Lite generation and execution of C&I contracting.

Infigen's strategy

We are leading Australia's transition to a clean energy future

We generate and source renewable energy		We add value by firming		We provide our customers with reliable clean energy
Renewable Energy	**+**	**Firming**	**=**	**Reliable Clean Energy**

Firming platform delivered

- **Infigen's portfolio of flexible, fast-start firming assets allows an additional 600-700MW of renewable energy capacity with up to 75% of the expanded generation able to be contracted.**

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Smithfield OCGT, NSW

- 123MW facility (3 units).
- 12-13 minute start time
- Acquired May 2019.

South Australia Battery

- 25MW/52MWh battery.
- <1 second start time.
- Energised; practical completion expected H1FY20.

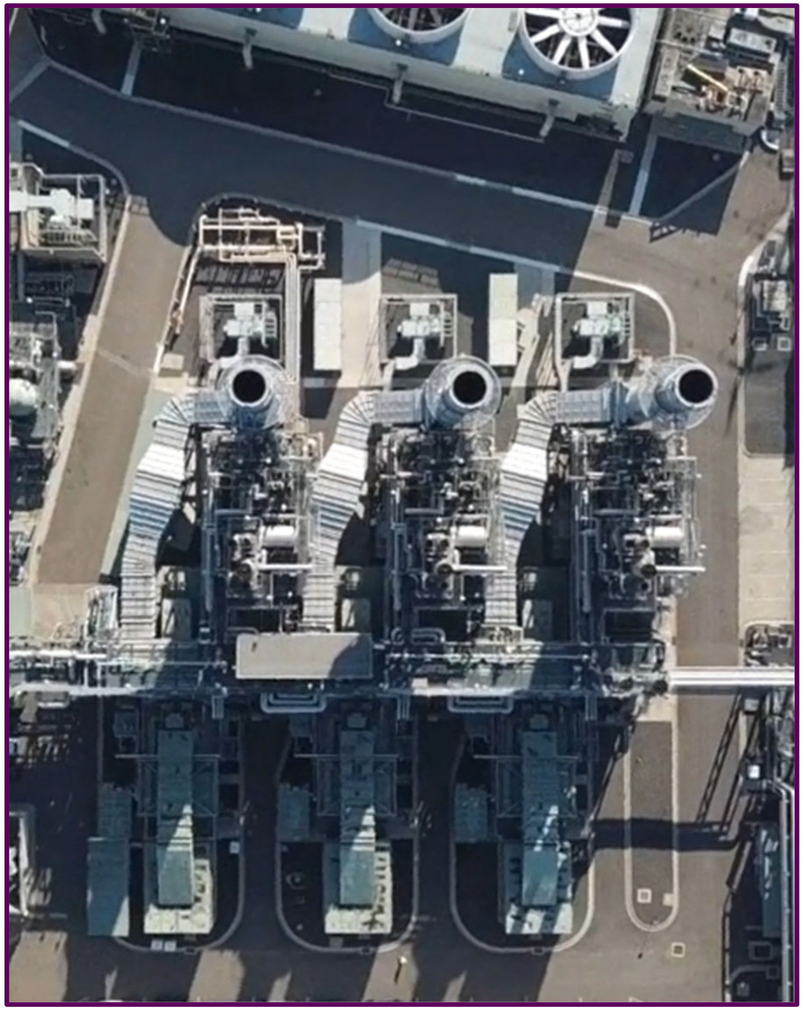
South Australia Gas Turbines

- 120MW (4x30MW units).
- 6-8 minute start time.
- Lease expected to commence May 2020

600-700MW of additional renewable energy capacity with up to 75% generation able to be contracted.

Smithfield is a strategic firming asset

- One of only three Open Cycle Gas Turbines ("OCGT") in NSW.
- Three independent units, with current rated capacity totalling 123MW, providing operational flexibility.
- Connected to one of the best load corridors in the National Electricity Market ("NEM").
- 20-30 year remaining useful life.



Smithfield Open Cycle Gas Turbine, NSW

Smithfield's operating performance

- **Smithfield is performing in line with acquisition assumptions.**

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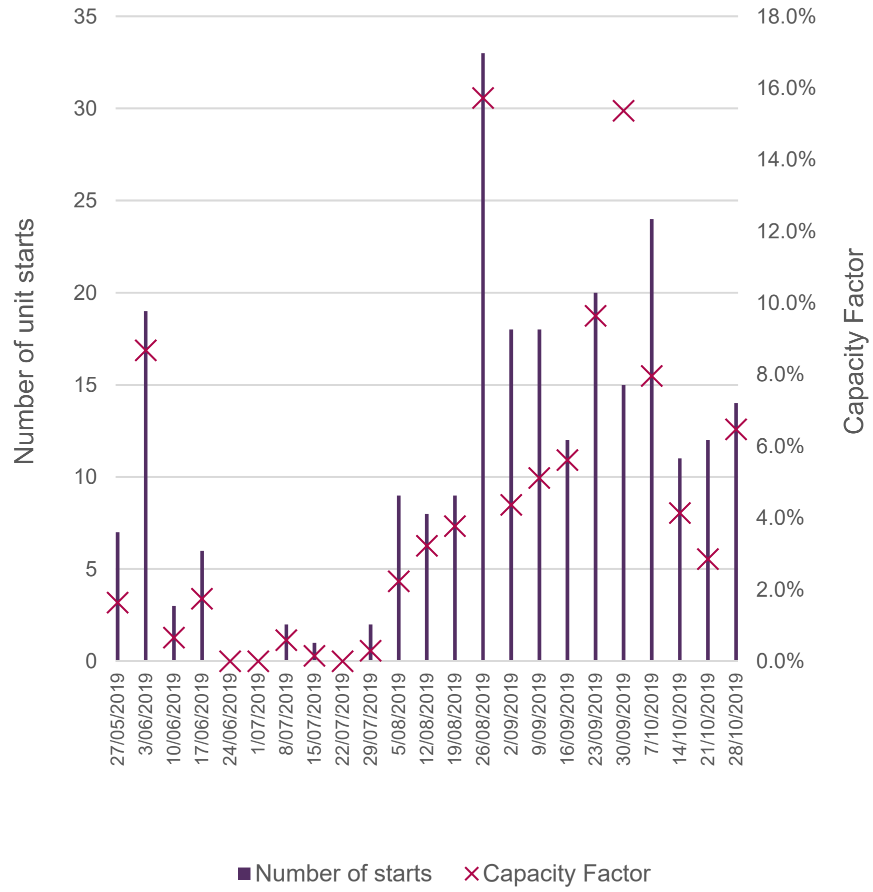
- Acquired 23rd May 2019.
- Performing in line with expectations at acquisition.
- Average capacity factor of 4.4%.
- 243 unit starts across 91 run intervals.
- Average gas price paid: $9.30/GJ.
- Net revenue contribution reported within 'Merchant'.
- All data is unaudited and reflects period from 27th May to 28th October 2019.

Number of Starts and Capacity Factor by week since acquisition



We are leading Australia’s transition to a clean energy future

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- Established portfolio of long life renewable energy assets with 670MW of owned capacity.
- Growing portfolio of Capital Lite renewable energy assets.
- Portfolio of flexible, fast-start firming assets.
- Proven Commercial and Industrial (C&I) customer capability.
- Long dated Operations and Maintenance agreements for wind assets delivering high availability.
- Experienced leadership and high performance team.
- Track record of delivering wide EBITDA margins.

Appendix

Smithfield economics

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Purchase Price comparables:

- $74m for 123MW, equivalent to $600/kW.
- These are significantly less than a new entrant OCGT at ~$1050/kW or a reciprocating engine at ~$1400/kW.
- On a CCGT basis, equivalent to $445/kW, significantly less than new entrant CCGT at ~$1500/k.

Value considerations:

- **Heat Rate** c12.5 GJ/MWh at full load.
- **Capacity Factor:** 2-8% with higher electricity prices resulting in increasing capacity utilisation.
- **Remaining useful life:** 20-30 years depending on utilisation, start ups and end of life maintenance levels.
- **Lease:** 20 year at $0.52m pa, (annual escalation at higher of 3.25% and CPI). In addition, 4x 5-year market rent renewal options.
- **Budgeted remediation:** Unless otherwise agreed with landowner, Infigen will remove the plant from the site at the end of the lease.
- **Snowy 2.0:** Infigen assumed that it will be built; that it will operate commercially and that it will, as it states in its business case, not of itself be sufficient to support the growth of renewables in the NEM.
- **Other Physical Firming Projects:**
  - Batteries have very fast response times and limited storage capacity.
  - Pumped storage projects are long-lead time, capital intensive and often located away from customer load. Snowy 2.0 is approximately $2000/kW vs Smithfield around $600/kW (on 123MW price basis).

Revenue Considerations

- Revenue split between Cap contract sales and the firming of Infigen's own portfolio.
- If used solely for $300/MWh Cap Contract sales (i.e. the 'always available' option), then Smithfield Acquisition is expected to exceed Infigen's post tax levered equity return hurdle of 12%.
- Growth opportunity involves firming Infigen's owned or sourced "MWh" rather than selling Caps, which creates additional value.
- Positions Infigen to comply with Retailer Reliability Obligation.

Upside potential beyond base case assumptions

- **Able to reconfigure to CCGT (180MW):**
  - If base load prices rise and asset utilisation increases, reconfiguring to CCGT is likely to make commercial sense.
  - CCGT conversion cost is approximately $4m, plus $2.5m for a major inspection within 24 months of commissioning.

Operations Protocol

- Cap Contract sales for up to 2 units.
- 1 unit for high price events (i.e. when price is higher than Smithfield's SRMC).

Gas supply and transport

Connection to the STTM means gas is readily available.

Gas Supply

- Infigen will purchase gas on the STTM spot market on an 'as used' basis.
- Smithfield SRMC ranges between ~$100 - $150/MWh.
- In the short term, STTM prices are not correlated to NEM critical event days.
- STTM is Sydney's major high pressure city-gate gas hub.
- This provides a reliable gas supply without entering a "take or pay" contract.
- Co-located site partner (Visy) will manage Infigen's gas purchasing and transport arrangements for a transitional period.

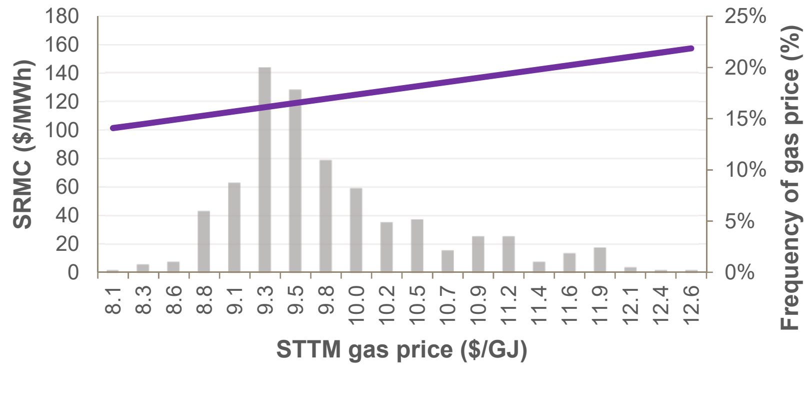
Gas Transport

- Gas is transported from the Horsley Park STTM delivery point to Smithfield via a dedicated 10km Jemena pipeline (the Horsely Park-Smithfield lateral).
- For modelling purposes, gas transportation costs are around $0.5/GJ.

Correlation between average gas prices and base electricity prices

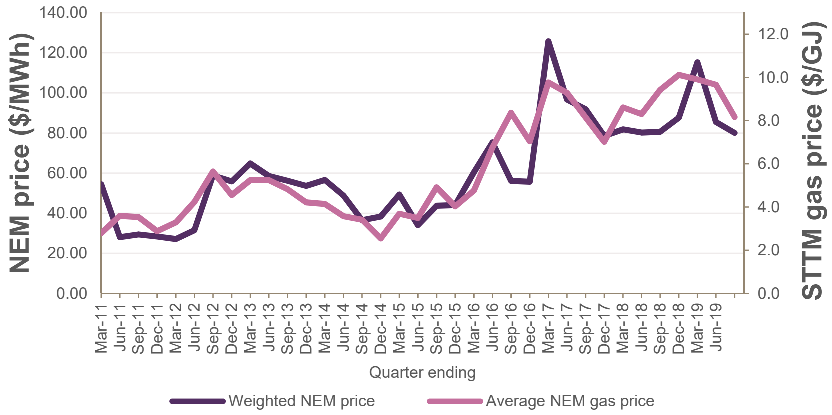
- STTM gas prices are not correlated to electricity prices on critical electricity event days in NSW.
- However, over the medium term, gas prices have fed into electricity market prices.
- Average gas prices correlate with base load electricity prices, providing a natural hedge for Infigen.

Smithfield SRMC and typical gas prices



Source: AEMO, Infigen

Correlation between NEM price and gas price



Source: AEMO, AER

Smithfield’s integration into Infigen

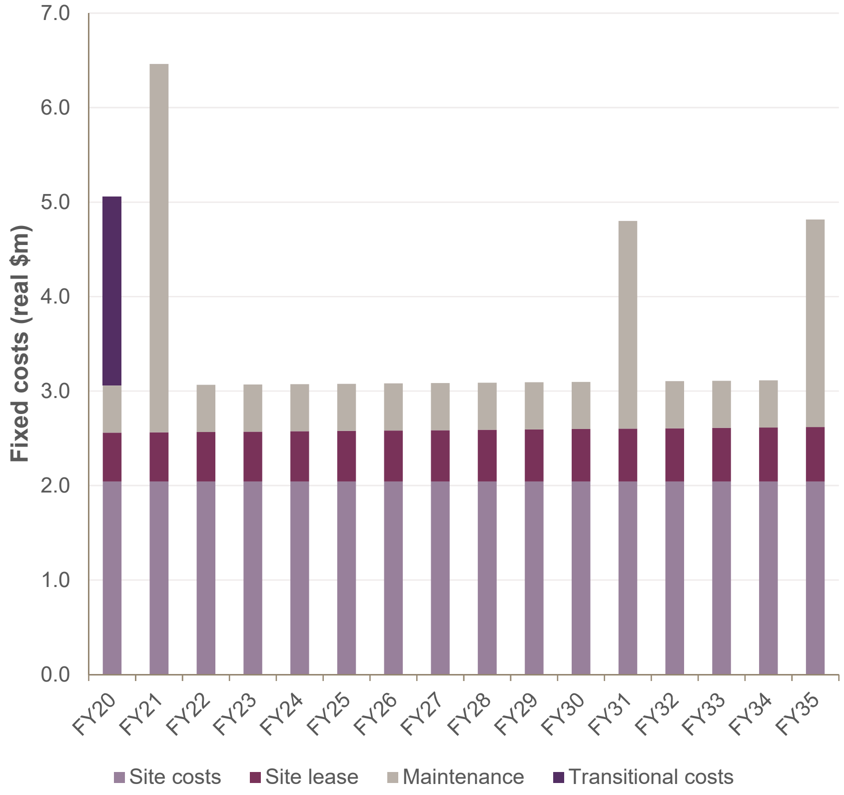
Dispatch of Smithfield OCGT

- Infigen expects to operate Smithfield OCGT if prices are higher than its SRMC.
- 12-13 minute start time. Idling capacity offers additional flexibility.
- Dispatch is managed by Infigen’s existing 24 hour control room and site management.

Operations and Maintenance

- Experienced team of on site operators have been integrated as Infigen employees.
- Facility in excellent condition, maintained in accordance with OEM regime.
- Unit 1 will undergo a major inspection and upgrade in FY21.
- Future maintenance expenditures will vary depending on asset use. More frequent starts and higher utilisation bring forward maintenance expenditure, but imply higher electricity prices.
- Further major services not expected until beyond 2030 with approximately $3m of cumulative maintenance from 2025-2030.
- High voltage interconnector capacity of 208MW, well in excess of plant capacity.

Projected site fixed costs and capital expenditure



Note: part of maintenance costs will be expensed for accounting purposes.

Infigen is the utility of the future

- **Infigen's strategy of using fast-start generators to firm low cost renewables is the future of the NEM.**

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"The cheapest way to replace generation capacity will be a portfolio of solar, wind and power storage complemented by flexible gas fired power plants."

AEMO Integrated System Plan 2018

"As thermal plants retire and variable renewables increase… new flexible capacity will be needed and there are limits to what renewables and batteries can do together…We expect peaker gas to grow by almost a factor of four by 2050."

Bloomberg NEF, New Energy Outlook 2018

"Firm or dispatchable power is a generator that… can be adjusted up and down when the wind dips and the sun stops shining…Less flexible 'baseload' generators – such as coal and nuclear – cannot adjust from off to flat out, to off again. The more renewables are used, the more flexible the firm generation needs to be."

"Black Out", Matthew Warren, 2019, p141

Smithfield OCGT, NSW

South Australia Battery at Lake Bonney, SA

Infigen's renewable energy assets

	Alinta WF	Lake Bonney 1 WF	Lake Bonney 2 WF	Lake Bonney 3 WF	Capital WF	Woodlawn WF	Bodangora WF	Kiata PPA	Cherry Tree PPA
Asset type	Wind Farm	Wind Farm	Wind Farm	Wind Farm	Wind Farm	Wind Farm	Wind Farm	Offtake (PPA), electricity only, from third party wind farm	Offtake (PPA), electricity and LGCs, from third party wind farm
Ownership Structure	100%	100%	100%	100%	100%	100%	100%	0%, Capital Lite	0%, Capital Lite
Location	Geraldton, WA	Millicent, SA	Millicent, SA	Millicent, SA	Bungendore, NSW	Tarago, NSW	Wellington, NSW	Horsham, Victoria	Seymour, Victoria
Capacity (MW)	89.1	80.5	159.0	39.0	140.7	48.3	113.2	31.0	57.6
Expected (P50) Capacity Factor	41.1%	26.2%	27.1%	27.0%	28.3%	34.3%	35.6%	47.3%	36.3%
FY19 Marginal Loss Factor	0.9475	0.9144	0.9144	0.9144	1.0100	1.0100	0.9819	0.9911	NA
FY20 Marginal Loss Factor	0.9447*	0.9777	0.9777	0.9777	0.9701	0.9701	0.9495	0.9066	NA
Expected (P50) Generation Sold (based on FY20 MLF)	321	181	369	90	338	141	335	116	177
Commenced operation	Jul-06	Mar-05	Sep-08	Jul-10	Jan-10	Oct-11	Feb-19	NA	~2020
Depreciable life end date	Jul-31	Mar-30	Sep-33	Jul-35	Jan-35	Oct-36	Feb-49	-	-
Contract end date	-	-	-	-	-	-	-	31-Aug-23	15 years from completion
O&M contract end date	Dec-25	Dec-24	Dec-27	Dec-29	Dec-30	Dec-32	Feb-39	NA	NA
Cost of supply	Share of operating expenses							Confidential PPA price	Confidential PPA price

**At Alinta WF Marginal Loss Factor is only applicable to LGCs. Electricity is sold before application of MLF.*

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