

# INFIGEN ENERGY INVESTOR PRESENTATION

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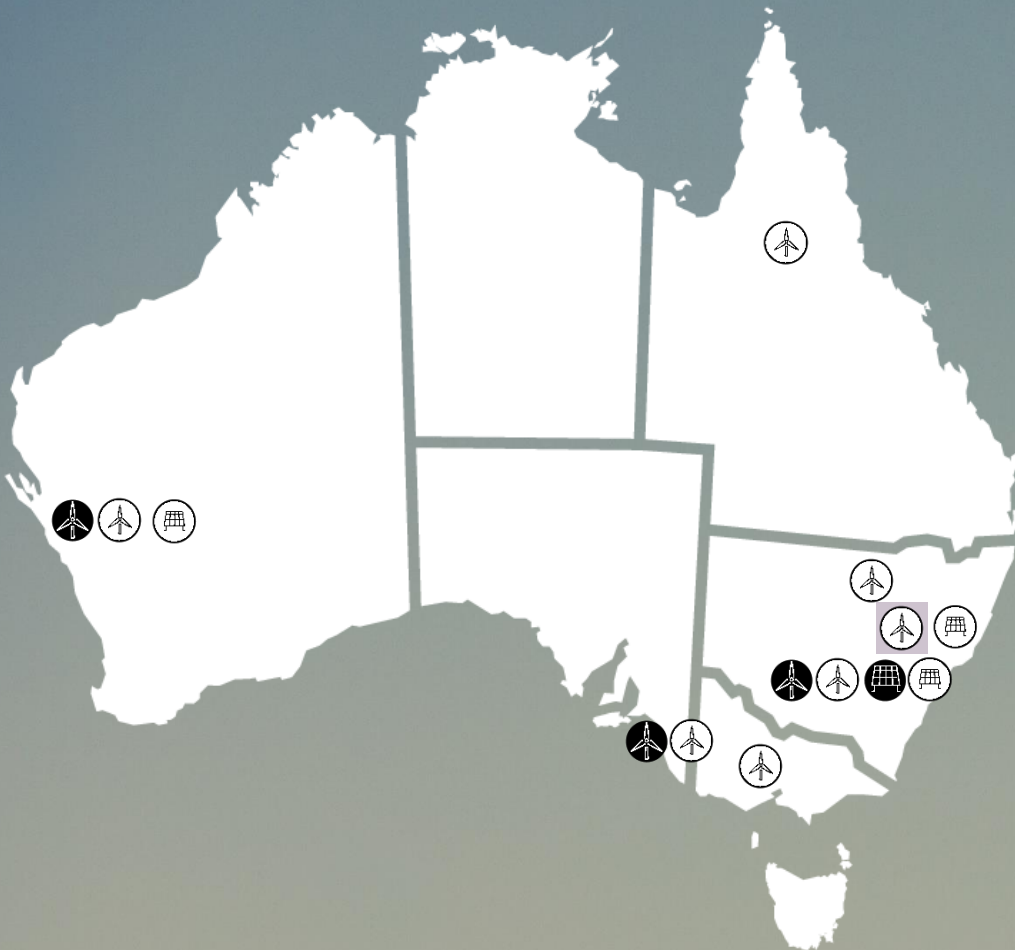
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# About Infigen Energy (Infigen)








Infigen is an active participant in the Australian energy market. It is a developer, owner and operator of renewable energy generation assets delivering energy solutions to Australian businesses and large retailers



Infigen owns 557 MW of installed generation capacity operating in New South Wales, South Australia and Western Australia and sells the energy and LGCs through a combination of medium and long term contracts and through the spot market.

Infigen is looking to develop further renewable energy projects in response to the strong demand for renewable energy created by the Renewable Energy Target and decreasing cost of development. It has a number of projects that offer near-term development opportunities.

-  **OPERATING WIND FARMS (557 MW)**
-  **OPERATING SOLAR FARM (0.1 MW)**
-  **WIND FARM DEVELOPMENT PROJECTS WITH PLANNING APPROVAL (~870 MW)**
-  **SOLAR FARM DEVELOPMENT PROJECTS WITH PLANNING APPROVAL (~110 MW)**
-  **WIND FARM UNDER CONSTRUCTION (~113 MW)**

Note: All MW figures refer to Infigen's equity interests, refer to slides 16-17 for more detail

# Business overview

## Infigen sells energy and LGCs through a combination of short, medium and long term contracts

Operating asset	State	MW	Customer
Alinta	WA	89.1	Power: Alinta and LGC: Alinta & AGL
Capital	NSW	140.7	SDP & merchant
Lake Bonney 1	SA	80.5	Merchant
Lake Bonney 2	SA	159.0	Merchant
Lake Bonney 3	SA	39.0	Power: Alinta and LGC: merchant
Woodlawn	NSW	48.3	Power: merchant and LGC: Origin Energy
<b>Total</b>		<b>556.6</b>	

### Production

- Historical average annual production from operating assets is ~1,500 GWh from 557 MW
- Marginal loss factors determined annually by market operator
- Weighted average age of assets is ~9 years

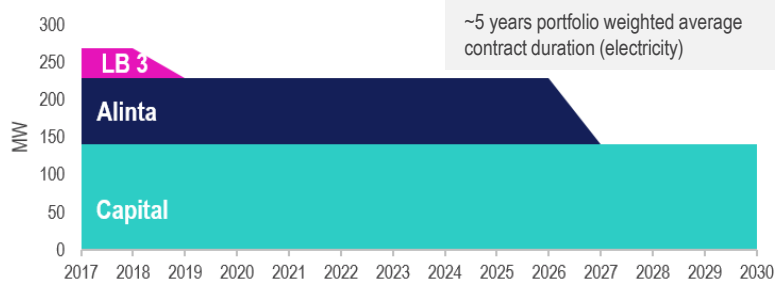
### Sources of revenue

- Mix of contracted and uncontracted electricity and LGC revenue
- Channels to markets vary over time depending on market opportunity and risk appetite

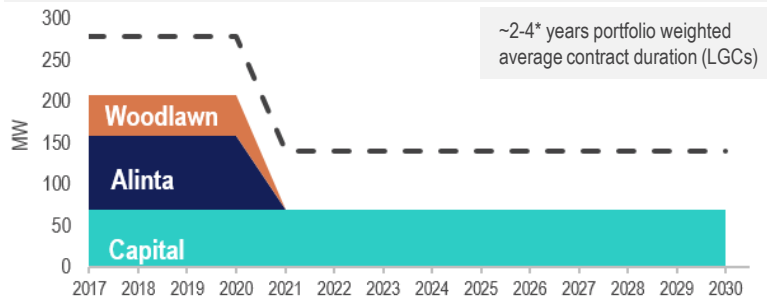
### Operating costs

- Substantially steady and predictable
- Turbine operations and maintenance (O&M) costs are largely fixed price agreements where provider bears major component failure risk. Substantial progress on energy-based performance O&M agreements beyond 2017
- Other wind farm operating costs include energy markets, asset management, balance of plant, land lease payments and insurance

### Contracted power:



### Contracted Large-scale Generation Certificates:



— \*Effectively all LGCs are sold from Capital wind farm to the Sydney Desalination Plant (SDP) when it is operating at full capacity.

# H1 FY17 financial performance summary



Net profit growth largely driven by improved production and higher electricity and LGC prices

Six months ended 31 December (\$M)	2016	2015	Change % F/(A)
Revenue	115.4	83.4	38
EBITDA	84.0	58.0	45
Depreciation and amortisation	(26.0)	(25.9)	-
EBIT	58.0	32.0	81
Net borrowing costs	(25.4)	(27.3)	7
Net FX and revaluation of derivatives	(1.2)	(4.2)	71
Profit from discontinued operations	-	0.4	n.m.
Tax expense	(10.0)	(3.1)	(223)
<b>Net profit / (loss) after tax</b>	<b>21.4</b>	<b>(2.2)</b>	<b>1,073</b>

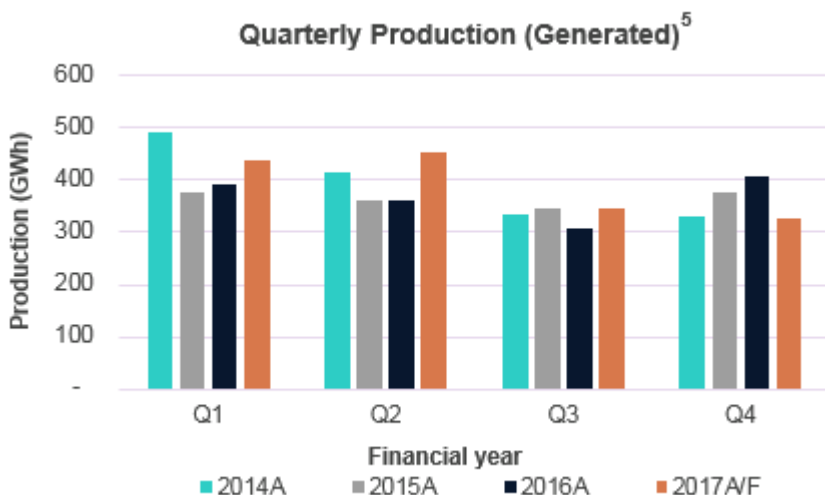
Six months ended 31 December (\$M)	2016	2015	Change % F/(A)
Net operating cash flow per security (cps)	4.2	1.4	200
EBITDA margin	72.8%	69.5%	3.3 ppts



# Underlying FY17 EBITDA guidance

FY17 EBITDA for the year is expected to be \$147 million<sup>1</sup>, 22% higher than FY16 actual EBITDA

FY17 underlying EBITDA Guidance <sup>1</sup>	\$147 million
FY17 Electricity production assumption (GWh) <sup>2,4</sup>	1,564
FY17 Electricity to be sold assumption (GWh) <sup>3</sup>	1,471



## Material assumptions and FY16 actuals

Electricity produced	Q4 FY17 Assumption <sup>2</sup>	• 327 GWh
	Q4 FY16 Actuals <sup>6</sup>	• 406 GWh
Electricity sold	Q4 FY17 Assumption <sup>3</sup>	• 309 GWh
	Q4 FY16 Actuals	• 383 GWh
Uncontracted LGC prices	Q4 FY17 Assumption	• ~\$85/LGC
Uncontracted electricity prices	Q4 FY17 Dispatch Weighted Average Price (DWA) Assumption	• SA: ~\$86/MWh
		• NSW: ~\$95/MWh
Price Sensitivities (on Q4 uncontracted production)	LGC price	• ~\$145k per \$1
	Electricity price (DWA)	• SA ~ \$92k per \$1 • NSW ~ \$42k per \$1

<sup>1</sup> Excludes the profit on sale of Manildra of \$4.3 million and \$5.7 million fair value uplift relating to the Bodangora acquisition

<sup>2</sup> Production is weather dependent

<sup>3</sup> Difference between electricity produced and electricity sold arises because of the application of marginal loss factors (MLF). MLF to 30 June 2017 has been published and will not change during FY17

<sup>4</sup> Includes 4 GWh of compensated production in H1

<sup>5</sup> FY17 Q1 and Q2 quarterly production figures are actuals, Q3 production figures are estimates as at 24 March 2017 and Q4 production figures are forecasts

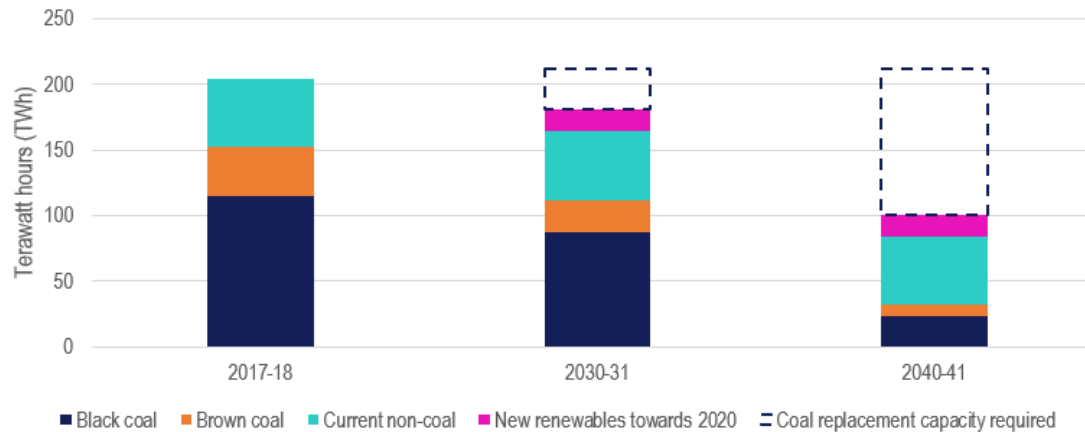
<sup>6</sup> Includes 8 GWh of compensated production

# MARKET CONTEXT

# National Electricity Market (NEM)

The NEM is transitioning from a market dominated by coal-fired generation to one with a higher penetration of variable renewable energy generation

## NEM coal replacement requirement<sup>1</sup>:



### Phasing out of ageing coal generation:

- over 75% of Australia's total NEM electricity delivered by coal-fired plant
- economic challenges for ageing plants (~50 years) are fuel costs, depletion of reserves, ageing equipment, and increasing overhaul costs

### Structural changes to the NEM occurring due to an ageing coal fleet, with the transition affected by:

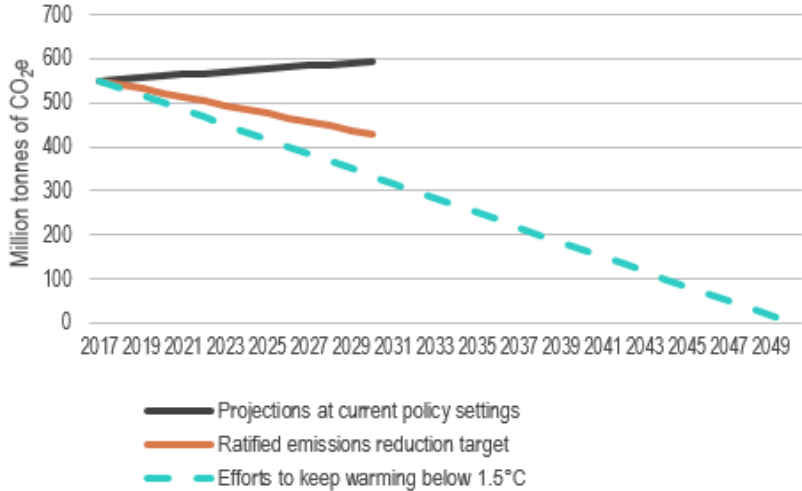
- subdued grid supplied electricity demand growth
- a drive to a lower emissions economy influenced by Commonwealth and state government's climate change policies
- decreasing capital costs of renewable energy and increasing reliable and affordable storage options
- the failure of gas generation to play a more meaningful role

<sup>1</sup> Infigen Energy analysis

# Emissions reduction requires generation supply changes

Regulatory focus is on delivering a secure, affordable supply while meeting Australia's emissions reduction commitments

**Australia's emissions target and projections<sup>1</sup>:**



<p><b>Paris Agreement</b></p>	<ul style="list-style-type: none"> <li>• The Paris Agreement aspires to achieve carbon neutrality by 2050</li> <li>• Australia has committed to a national emissions reduction target of 26-28% below 2005 levels by 2030</li> <li>• The Government is undertaking a review of the Climate Change Policy but not its 2030 emissions reduction target</li> </ul>
<p><b>Security of the NEM</b></p>	<ul style="list-style-type: none"> <li>• The Commonwealth Government's Expert Panel is conducting a review into the future security of the NEM</li> <li>• The combination of renewable technologies and storage can offer secure and reliable supply in a lower emissions economy</li> </ul>

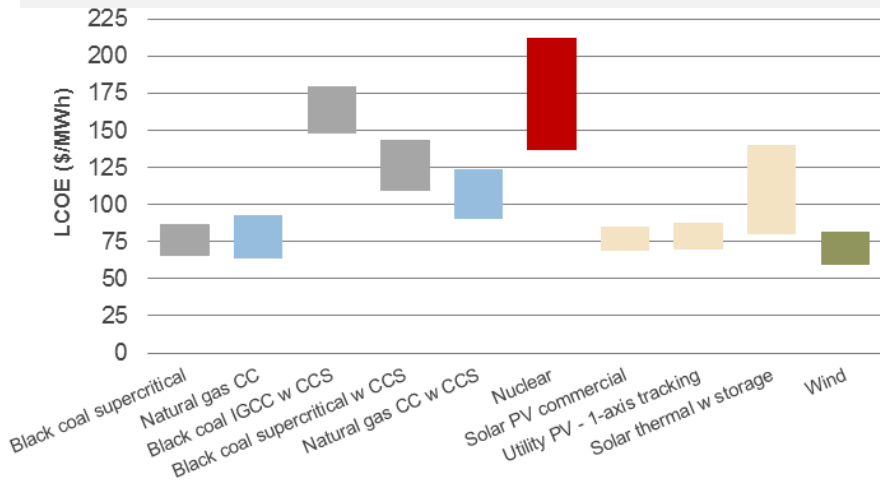
<sup>1</sup> Source: Australia's Emissions Projections 2016, Department of Environment and Energy  
 Available at <http://www.environment.gov.au/system/files/resources/9437fe27-64f4-4d16-b3f1-4e03c2f7b0d7/files/aust-emissions-projections-2016.pdf>



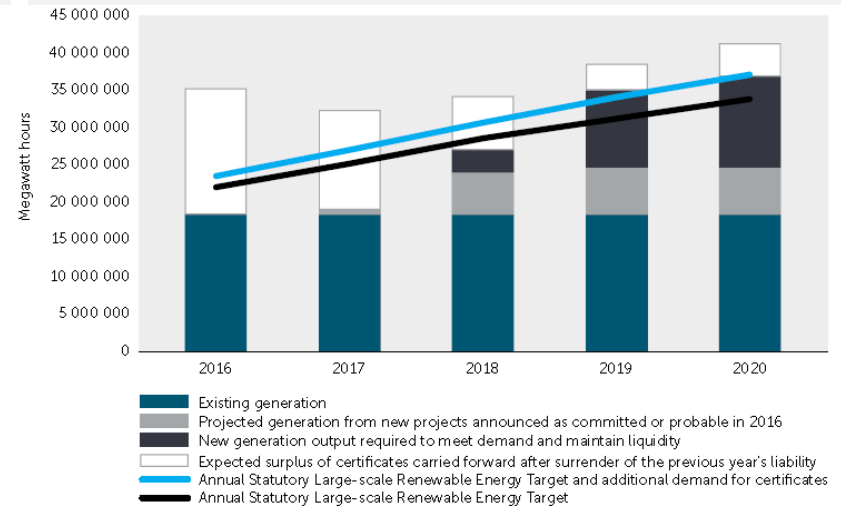
# Market prices reflect energy policy uncertainty

Energy policy uncertainty has contributed to underinvestment in the sector – the market now expects the LRET to be met but temporary shortfall still likely to occur

2015 levelised cost of energy by technology<sup>1</sup>:



Generation required to meet LRET demand<sup>2</sup>:



## Electricity price

- Future electricity prices will increasingly be driven by the long run cost of gas and renewable generation
- Further reduction in the capital cost of renewable generation expected

## LGC price

- The LRET requires 33 TWh per annum of electricity to come from eligible renewable generators by 2020
- The LRET signals for c.3,000-4,000 MW of new large-scale capacity beyond that committed

## Customers

- Energy users are assessing opportunities to lock in longer term electricity supply agreements
- Generators are seeking to recover long run marginal cost
- Energy users may be responding to changing social expectation of sustainable energy supply by seeking to associate themselves with renewable energy producers

<sup>1</sup> Source: Adapted from Australian Power Generation Technology Study – CO2CRC

<sup>2</sup> "Tracking towards 2020: encouraging renewable energy in Australia", Clean Energy Regulator, April 2017

# STRATEGY UPDATE



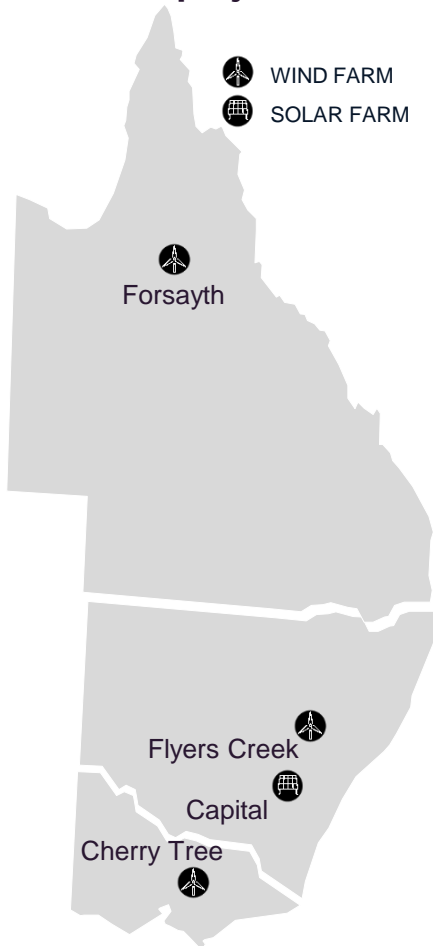
# Recent developments

## Positioning the business to deliver the growth strategy

<b>Equity raise</b>	<ul style="list-style-type: none"><li>• Successfully completed a \$151 million fully underwritten accelerated non-renounceable entitlement offer</li><li>• Strong support from institutional and retail investors who took up approximately 97% and 74% of the entitlements respectively</li></ul>
<b>Growth strategy</b>	<ul style="list-style-type: none"><li>• Together with existing cash reserves, the proceeds from the capital raising will be used to:<ul style="list-style-type: none"><li>– finance equity component of new projects including the construction of Bodangora</li><li>– increase balance sheet flexibility to facilitate a potential refinancing of two existing Infigen debt facilities</li></ul></li><li>• Progress on refinancing:<ul style="list-style-type: none"><li>– initial feedback from potential lenders received</li><li>– firming up our contracting/pathways to market strategy through refinement of the business plan to underpin an approach to market</li><li>– process expected in H1 FY18 – but no requirement to refinance</li></ul></li><li>• Site works commenced on the 113.2 MW Bodangora wind farm in Wellington, NSW<ul style="list-style-type: none"><li>– acquired the 50% interest in the project that we did not own prior to financial close</li></ul></li><li>• Continued customer engagement:<ul style="list-style-type: none"><li>– align our business with our customers</li></ul></li></ul>
<b>Strengthened management team</b>	<p><b>Operations and Projects</b> (Mr Tony Clark):</p> <ul style="list-style-type: none"><li>• Drive value from existing assets and deliver new projects with a long-term ownership focus</li></ul> <p><b>Energy Markets</b> (Mr Owen Sela):</p> <ul style="list-style-type: none"><li>• Developing diverse channels to market is critical in delivering value from existing and future assets</li></ul> <p><b>Finance, Legal and Strategy</b> (Ms Sylvia Wiggins):</p> <ul style="list-style-type: none"><li>• Ensure competitive advantages are identified and leveraged to work with and for Infigen’s business</li></ul>

# Near-term development opportunities

Regional market outlook, new customer opportunities and securityholder value will be key considerations in our next project selection



## Forsyth wind farm development project

- ~70 MW wind farm in Queensland
- Development Approval received
- Revised connection offer being prepared

## Flyers Creek wind farm development project

- 110-145 MW wind farm in NSW
- Development Approval received
- Advanced Connection Investigation; Access Pending

## Capital solar farm development project

- 50 MW solar farm in NSW
- Development Approval received
- Connection Agreement executed<sup>1</sup>
- Ability to use existing Infigen connection infrastructure at Capital and Woodlawn Wind Farms

## Cherry Tree wind farm development project

- 45-55 MW wind farm in Victoria
- Development Approval received
- Advanced connection status with AusNet

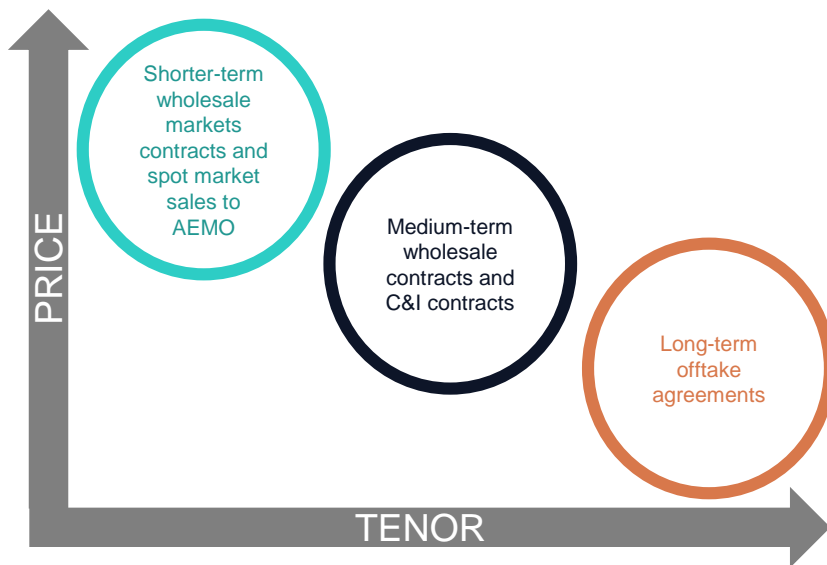
**Infigen continues to assess and advance its portfolio of development opportunities, and consider additional growth alternatives. Market developments will require prudent assessment of optimal capital deployment.**

<sup>1</sup> Capital solar farm can use the existing Woodlawn wind farm connection agreement to access the grid

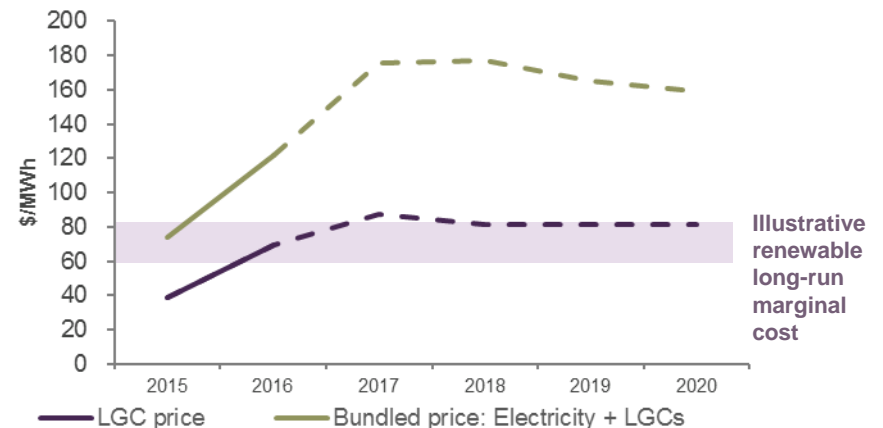
# Financing growth

Investment decisions will be underpinned by multiple channels to market – creating diversity of tenor, credit and leaving the option for market opportunity to drive further value

## Energy sales value continuum:



## Current LRMC for new projects<sup>1</sup>:



### Offtake

- Retail PPAs can underpin construction but will not of themselves deliver Infigen’s required investment returns
- Infigen targets a balance of channels to markets, varying over time depending on market opportunity and risk appetite

<sup>1</sup> Source: ASX Energy, Mercari. Electricity price based on NSW actual and futures price

# Key investment thesis

1. The energy market in Australia is in transition. Renewable generation is becoming more cost competitive and is an accepted essential part of the future energy market. The combination of renewable technologies and storage can offer secure and reliable supply in Australia's lower emissions economy
2. Infigen is a leading generator in the Australian renewable energy sector with a geographically diversified portfolio of operating assets. Its growth ambitions are supported by a pipeline of well-advanced development projects
3. Infigen is continuing to diversify its channels to market to improve revenue stability and underpin development of its growth opportunities
4. The \$151 million equity raising is the first step in achieving Infigen's objective of creating a capital structure that better supports its business strategy

# APPENDICES

# Operating assets and those under construction



Asset	State	Commercial operation date	Nameplate capacity (MW)	Capacity factor <sup>6</sup> (1H17)	FY17 marginal loss factor <sup>1</sup>	O&M services agreement end date	Power contracted	LGCs contracted	Contract end date	Customer
Alinta wind farm	WA	Jul 2006	89.1	46%	0.9519	Post-warranty: Dec 2017	100%	100%	Power: Jun 2026 LGC: Jan 2021	Power: Alinta Energy LGC: Alinta Energy & AGL
Capital wind farm	NSW	Jan 2010	140.7	35%	0.9931	Post-warranty: Dec 2017 <sup>2</sup>	90-100% <sup>3</sup>	50-100% <sup>3</sup>	Power & LGC: Feb 2030	SDP & merchant
Lake Bonney 1 wind farm	SA	Mar 2005	80.5	32%	0.8768	Post-warranty: Dec 2017	-	-	-	Merchant
Lake Bonney 2 wind farm	SA	Sep 2008	159.0	33%	0.8768	Post-warranty: Dec 2017	-	-	-	Merchant
Lake Bonney 3 wind farm	SA	Jul 2010	39.0	34%	0.8768	Post-warranty: Dec 2017	100%	-	Power: Dec 2018	Power: Alinta Energy LGC: merchant
Woodlawn wind farm	NSW	Oct 2011	48.3	42%	0.9931	Post-warranty: Dec 2017 <sup>2</sup>	-	100%	LGC: Sep 2020	Power: merchant LGC: Origin Energy
Capital East Solar Farm <sup>4</sup>	NSW	Sep 2013	0.1	-	-	-	-	-	-	Merchant
Bodangora <sup>5</sup>	NSW	Scheduled August 2018	Expected ~113.0	Expected ~36%	N/A	20 years from commercial operation	60%	60%	Power & LGC: Dec 2030	EnergyAustralia & merchant
<b>Total</b>			<b>669.7</b>							

<sup>1</sup> AEMO published annual marginal loss factors

<sup>2</sup> Infigen has option to extend to December 2022

<sup>3</sup> Effectively all output is contracted when Sydney Desalination Plant (SDP) is operating. Approximately 50% of LGCs are sold on a merchant basis when the plant is not operating

<sup>4</sup> Capital East Solar farm is a 0.12 MW solar photovoltaic (PV) and energy storage demonstration facility

<sup>5</sup> Bodangora is under construction and scheduled to complete within ~18 months

<sup>6</sup> Capacity Factor in this table reflects actual production for the period 1 July 2016 to 31 December 2016





# Development pipeline

Infigen continues to assess and advance its portfolio of development opportunities. Attractive projects selected for late stage development are expected to be funded through a combination of debt, equity, and operating cash flows where available

Development project	State / Territory	Capacity (MW)	External development approval status <sup>1</sup>	Approval date	Connection status
Batchelor solar farm	NT	~10	In progress	N/A	Intermediate
Bluff solar farm	QLD	~100	In progress	N/A	Intermediate
Bogan River solar farm	NSW	12	Approved	Dec 2010	Intermediate
Bowen solar farm	QLD	30-40	In progress	N/A	Intermediate
Capital solar farm	NSW	50	Approved	Dec 2010	Offer received
Capital 2 wind farm	NSW	90-100	Approved	Nov 2011	Offer received
Cherry Tree wind farm	VIC	45-55	Approved	Nov 2013	Advanced
Cloncurry solar farm	QLD	30	In progress	N/A	Early
Flyers Creek wind farm	NSW	110-145	Approved	Mar 2014	Intermediate
Forsayth wind farm <sup>2</sup>	QLD	~70	Approved	Feb 2014	Revised connection offer being prepared
Manton Dam solar farm	NT	~12	In progress	N/A	Intermediate
Mt Benson wind farm	SA	150	Approved	Jun 2012	Early
Walkaway 2 wind farm <sup>3</sup>	WA	~41	Approved	Dec 2008	Intermediate
Walkaway 2 solar farm <sup>3</sup>	WA	~45	Approved	July 2016	Intermediate
Walkaway 3 wind farm <sup>3</sup>	WA	~310	Approved	Dec 2008	Early
Woakwine wind farm	SA	~300	Approved	Jun 2012	Intermediate
<b>Total (Infigen equity interests)</b>		<b>~1,130</b>			

<sup>1</sup> Although a number of government development approvals have been obtained, in order to proceed to a final investment decision there are a significant number of key project aspects that must be finally determined and further agreements (e.g. connection, equipment supply, financing) that must be secured for each of the developments. As such, there is no guarantee that any of the projects noted above will be progressed to financial close

<sup>2</sup> Infigen has a 50% equity interest

<sup>3</sup> Infigen has a 32% equity interest



# Pro-forma balance sheet

A summarised balance sheet is presented below reflecting the impact of the equity raising and pro-forma adjustments

Balance sheet A\$ in millions	31 Dec 2016 (Reported)	Issue of Stapled Securities	Bodangora acquisition	Bodangora initial commitments	Manildra disposal	31 Dec 2016 (Pro Forma)
Cash	144.7	145.0	(6.2)	(74.0)	5.1	214.6
Restricted cash Bodangora	-	-	-	55.9	-	55.9
Inventory of LGCs	43.5	-	-	-	-	43.5
Receivables	18.5	-	-	-	-	18.6
Property, plant and equipment	760.7	-	-	18.1	-	778.8
Intangible assets	121.3	-	17.5	-	(0.8)	137.9
Investments in associates	1.4	-	(0.6)	-	-	0.8
Deferred tax assets <sup>1</sup>	32.1	-	-	-	(1.3)	30.8
Derivative financial assets	0.9	-	-	-	-	0.9
<b>Total assets</b>	<b>1,123.1</b>	<b>145.0</b>	<b>10.7</b>	<b>-</b>	<b>3.0</b>	<b>1,281.8</b>
Payables	9.2	-	-	-	-	9.2
Provisions	9.7	-	-	-	-	9.7
Borrowings <sup>2</sup>	709.9	-	-	-	-	709.9
Derivative liabilities	75.5	-	-	-	-	75.5
Deferred tax liabilities	-	-	4.9	-	-	4.9
<b>Total liabilities</b>	<b>804.2</b>	<b>-</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>809.1</b>
<b>Net assets</b>	<b>318.9</b>	<b>145.0</b>	<b>5.7</b>	<b>-</b>	<b>3.0</b>	<b>472.7</b>

Note: Refer to Appendix A in the investor presentation (3 April 2017) for a statutory balance sheet presentation and notes to explain the basis of preparation and each of the pro-forma adjustments. Certain balance sheet numbers do not sum due to rounding (i.e. \$0.1m difference in Bodangora acquisition column).

<sup>1</sup> Provided the various conditions for loss utilisation are satisfied, then Infigen, based on current expectations, does not expect to pay Australian income tax on profits generated in the short to medium term

<sup>2</sup> Includes Global Facility (\$677m), Woodlawn Project Finance Facility (\$37m) less \$4m of amortised loan costs

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