

# Question and Answer

## Unknown Analyst

Jonathan [ph] from ACC. I was wondering if you could talk to the stepping down of Tim Russell. Is it more -- was that an Infratil decision or his decision? It just seemed like a bit of a change in the story since yesterday.

## Marko Bogoevski

*CEO & Director*

Yes. Well, Jonathan [ph], it wasn't Plan A, so -- but it wasn't an Infratil decision. I mean, so Tim decided he wanted to do something else at this stage. I think you have to respect those sorts of decisions when they come from people leading businesses like that. He, obviously, has a lot of people behind him that also respects his decision making. He's had, I think, 8 or 9 years involved with the entity. He's taking the opportunity to move on. I think, more importantly, you've seen his lieutenant, I think with Mark Taylor, who's the CFO, has worked alongside him for the same amount of time, step into that acting CEO role, and they've actually had a lot of support. So this stuff happens. It wasn't what we planned it to be, but we wish him all the best. And I think he's still going to be -- he's leaving in a way that's still connected with the business, so he's still going to be supportive where he can. He's still interacting and is amicable, and it certainly wasn't Infratil's Plan A, I guess, is the point. Are there any other questions in the room in Wellington?

## Unknown Analyst

Jason [ph] from ACC. I was wondering if you can comment on a -- as a majority shareholder in Trustpower, how would you expect them to fund the growth pipeline that's in front at the moment, potentially over \$1 billion in wind developments? Would you expect sale of Snowtown? Or what's your thinking?

## Marko Bogoevski

*CEO & Director*

Well, look, I think Plan A, just to put it a little bit in context, so Trustpower has funded existing developments on balance sheet and without having to raise the equity. Obviously, it's used its debt capacity well, and at the peak, I guess, it's being managed to fund even large projects like Snowtown II, which is AUD 420 million type of project. I would expect more of the same. So you would-- at a minimum, you would expect Snowtown II to be an item available for sale to fund the next development. And if you think again about the nature of that asset being the contracted cash flow long-term PPA with Origin, it's actually a very valuable asset as the reval just shows. So I don't -- I think it's entirely realistic approach. I think the only thing that, that forces on the group, really, is sort of a sequential view about developing out the pipeline, right? So if we decide we want to go fast in that or run some things in parallel, I guess, we'll look at alternatives then. Right now I think Plan A is a sale of existing wind assets in Australia that are operational where a lot of the development margins actually been earned already.

## Unknown Analyst

And you were concerned last year about the quality of the PTOM contracts. There's a comment in there today, which seems to suggest that NZ has changed a little or NZ is run more to the councils rather than NZ Bus having to pick up the slack if they don't get the passengers. Have those contracts improved at all to your knowledge since that period last year?

## Kevin Maxwell Baker

*Chair of NZ Bus and Director of Canberra Data Centres & Infratil Infrastructure Property*

I think I can answer that. I think the principle that PTOM was set up under, which were agreed effectively by the operators with the Ministry of Transport and NZT at the time, would have actually developed a pretty even playing field between operators in terms of protecting their incumbency, giving them

the opportunity to both negotiate long-term contracts and have some contracts hit by tender, which would make sure that this, I guess, visibility to pricing, which is really important. And it would have had proportionate mechanisms for sharing passenger growth with a penalty model, which was evenhanded, recognizing that when you're running reliability or lateness issues, it's both a mix of what's happening in terms of fleet and drivers but also what's happening on the road and the infrastructure, which is obviously a council-type issue. I guess the initial contracts that we saw last September, we think, were balanced heavily in favor of the transport authorities or the regulators. And we're in developments as we would have liked to be seen. So what we've been doing over the last 6 months is seeing if we can get back to a more balanced position, which reflects the principles that we agreed essentially over the last 3 or 4 years. The process that NZTA is running at the moment is a review of those draft contracts. We would expect them to be comparing those draft contracts with what the industry agreed and also what the cabinet agreed when they made changes to the legislation. We're in the same position as you that it's a bit of a wait and see.

**Unknown Analyst**

Sorry, Marko, just one more. I think earlier in the presentation, you guided to mid-teen dividend growth, which, I guess, is covered by growth in underlying earnings, which is great. Just to clarify the capital management initiative coming to the end of the peak year, I guess with latest special you've distributed around 1/3 of the Lumo profits is a special dividend. Are they going to be an ongoing feature?

**Marko Bogoievski**

*CEO & Director*

No, I wouldn't assume them as an ongoing feature. I think they're reflective of what our current outlook is, i.e., where we think we'll need capital for ideas that look interesting and where we think we don't. So no, I certainly wouldn't bake them in as ongoing feature, but I would enjoy them while you can.

**Unknown Analyst**

In Wellington International Airport, you've got quite a lot of CapEx there. What should we expect in terms of timing of benefits and size of benefits?

**Marko Bogoievski**

*CEO & Director*

Can you sort of hand the mic about 3 down to Steve Sanderson who's sitting right -- so Steve's the CEO of Wellington Airport.

**Steven Sanderson**

*Chief Executive Officer of Wellington International Airport*

Yes. So the capital investments that we have tied to our aeronautical pricing over the next 5 years, so the major investment on the aeronautical side is the terminal expansion, which some -- at \$60 million, which you'll see completed by 2016.

**Marko Bogoievski**

*CEO & Director*

Are there any more questions in the room here in Wellington? Okay, doesn't look like there is, so Kimber, who's operating the phones today, can you help us take questions on the phone, please?

**Operator**

[Operator Instructions] Okay, you have a question from the line of Andrew Green from Forsyth Barr.

**Andrew Rupert Pelham Harvey-Green**

*Forsyth Barr Group Ltd., Research Division*

Marko, just a quick query around -- we have seen -- there was a bit of news recently about Morrison & Co looking at Crown Castle in Australia. Are you able to provide a little bit more color on your thinking about why that asset looked attractive and obviously, weren't successful this time around, but -- yes.

**Marko Bogoievski**

*CEO & Director*

Andrew, I can't confirm that we were acting on behalf of some clients, but clients were -- and did not involve Infratil, so -- I mean, I can talk about why it's attractive, but I don't think it's appropriate in the Infratil release that's all.

**Operator**

[Operator Instructions] Okay. There appears to be no further questions from the phones.

**Marko Bogoievski**

*CEO & Director*

[indiscernible] that's disappointing, but we'll take it as positive. Look, thank you for your interest. I mean, it's always pleasing to result -- as I said, to report results like this. I'm sure there'll be some questions after it, and I look forward to updating you at the half year result, so thank you.