Infratil Full Year Results Presentation

Year Ended 31 March 2013

14 May 2013

FULL YEAR OVERVIEW
IMPROVING YIELD WITH GROWTH

- Result in line with guidance despite challenges in NZ electricity and downstream oil markets
- Continuation of long-term EBITDAF growth profile driven by ongoing investment programme and tight management
- Attractive set of future development options with strong balance sheet and capital structure
- Questions over regulatory environment will impact future TPW and WIAL choices
- Portfolio activity remains likely during FY14
- Very strong free cash flow performance enables final dividend of 6 cps, up 20% on PY

FINANCIAL HIGHLIGHTS

1.4% EBITDAF GROWTH ON REPORTED BASIS

Year Ended 31 March ($Millions)	2013	2012	Variance	% Change
EBITDAF (continuing activities)(1)	$527.6	$520.2	$7.4	1.4%
Operating Earnings (continuing activities)(1)	$183.5	$199.3	($15.8)	(7.9%)
Net Surplus after Tax, MI and Disc Ops	$3.4	$51.6	($48.2)	(93.4%)
Net Operating Cash Flow	$288.0	$187.9	$100.1	53.3%
Capital Expenditure/Investment	$343.0	$171.9	$171.1	99.5%

(1) Continuing operations in FY13 and FY12 exclude Infratil Airports Europe Limited which is held for sale at 31 March 2013

RESULT SUMMARY

ADJUSTED NPAT +19.2% ON PRIOR YEAR

- $25.7m increase in adjusted net profit after tax to $159.3m (+19.2%)(2)
- Strong growth in Australian energy EBITDAF
- Steady performance from TPW, Z Energy, WIAL and NZ Bus
- Associate earnings from Z Energy reflect the historic cost result rather than the current cost result
- Adjusted EBITDAF and EBIT increases of 5.5% and 3.5% respectively:

Adjusted EBITDAF & EBIT ($Millions)	31 March 2013	31 March 2012	% Change
EBITDAF(1)	$527.6	$520.2	1.4%
Z Energy equity earnings adjustment(3)	$10.2	($10.6)	196.2%
Adjusted EBITDAF	$537.8	$509.6	5.5%
Depreciation & Amortisation	($148.7)	($133.7)	(11.2%)
Adjusted EBIT	$389.1	$375.9	3.5%

(1) EBITDAF from continuing operations
(2) Adjusted net profit after tax reconciliation detailed in Appendix II
(3) Z Energy adjustments detailed in Appendix II

RESULT SUMMARY

NON-CASH ITEMS IMPACT THE REPORTED RESULT

OPERATING CASH FLOW

- $288.0m for the year (+53% pcp) reflecting improved margins and lower working capital requirements, particularly in IEA where gas prepayments from prior years have been consumed

MARK TO MARKET FAIR VALUES AND ASSET IMPAIRMENTS

- Energy, FX and interest rate swap mark to market losses of $14.4m
- Impairment of Auckland NZB / Snapper ticketing equipment $5.8m
- Impairment of European Airport assets of $52.6m to a net asset value of $20.0m (additional $8.7m since the half year)

FINAL DIVIDEND*

- final dividend of **6.0 cps** fully imputed payable on **14 June 2013** to shareholders recorded as owners by the registry as at **31 May** (last year 5.0 cps)

* The DRP will continue to operate for this dividend. The price of the DRP shares will be the weighted average price recorded on the NZX over 3 June – 7 June inclusive. Shares will be issued 14 June.

EBITDAF BREAKDOWN

INFRATIL ENERGY AUSTRALIA HAS DRIVEN GAINS

FY 31 March ($Millions)	2013	2012
TrustPower	$294.8	$300.2
Infratil Energy Australia	$97.7	$64.4
Wellington Airport	$83.0	$76.3
NZ Bus	$44.1	$46.0
Other, eliminations, etc.	($23.0)	($19.0)
EBITDAF pre associates	$496.6	$467.9
Associates – Z Energy	$31.0	$52.3
EBITDAF – continuing	$527.6	$520.2
EBITDAF – discontinued	($9.9)	($11.9)
Total EBITDAF	$517.7	$508.3

- **TrustPower** – EBITDAF decrease of 2% respectable given lower generation volumes and high industry retail churn rates
- **IEA** – Significant lift in margins for electricity and gas, resulting from 11% customer growth and being well positioned for lower wholesale prices
- **Wellington Airport** – PAX growth of 3.5% driven by increase in domestic of 3.9% as a result of the growth in Jetstar capacity
- **NZ Bus** – EBITDAF -4.1% including -$2m revenue adjustment relating to a prior period and the prior year benefitting from the Rugby World Cup
- **Z Energy** – strong result considering high crude prices and significant competitor activity. CCS result in-line with previous guidance

CAPITAL MARKET OVERVIEW
ACCESS TO CAPITAL CONTINUES TO IMPROVE

Comfortable gearing and strong support from senior lenders

- Infratil bank capacity retained with **$784m** of total facilities and **~$440m** of head room at 31 March 2013
- Infratil gearing **48%** (net debt / total net debt + equity capitalisation) including Piibs
- Renewal of maturing Infratil Group borrowings of **$381m** in next 12 months well advanced and covered by facility capacity

Active in bond market activity across the group and share buybacks

- Infratil **$111m** new 6yr bond (incl **$36m** roll-overs of 2012 maturities) at **6.85%**
- TPW raised **$140m** new 7 year bonds (including **$65m** renewals) at **6.75%**
- Z Energy completed **$135m** new 7yr bonds at **6.15%**
- IFT share buybacks of **6.4m** shares at average price of **$2.07**
- New Infratil bond issue announced and opened 29 April 2013

New sources of capital introduced & bank re-financing completed

- Infratil export credit facility for bus acquisitions has been expanded to **$79.4m**
- Bank facility renewals completed for Infratil, Wellington Airport and Lumo during the year
- **$100m** commercial paper programme has been re-established at WIAL

Unsecured, Unsubordinated Infrastructure Bonds : A copy of the simplified disclosure prospectus in relation to the offer is available by contacting Link Market Services on 09 375 5990, emailing lmsenquiries@linkmarketservices.com or through your financial adviser. It is also available free of charge on Infratil's website www.infratil.com. Application has been made to NZX for permission to list the new Infrastructure Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this announcement have been duly complied with. However, NZX accepts no responsibility for any statement in this announcement. The NZX Debt Market is a registered market operated by NZX Limited which is a registered exchange, regulated under the Securities Markets Act 1988.

DEBT PROFILE

AVERAGE DURATION PROVIDES FLEXIBILITY

- Total Infratil and wholly owned subsidiaries(1) bank facilities of $784m. Net drawn debt of $376m at 31 March 2013 including utilised guarantees (excluding bonds)
- Senior borrowing facilities include senior debt with terms up to 5 years and 9 year export credit facilities
- Infratil will continue to target duration of its borrowings consistent with the profile of its assets and long-term ownership

As at 31 March ($Millions)	2014	2015	2016	2017	>4 yrs	>10 yrs
Bonds	85.3	-	152.8	100.0	339.3	234.9
Infratil bank facilities(1)	208.0	113.0	118.0	37.0	140.0	-
Vendor finance(2)	17.7	1.5	-	-	-	-
100% Subsidiaries bank facilities	100.5	9.6	9.6	9.6	38.6	-

(1) Infratil and wholly-owned subs excludes TrustPower, WIAL, Perth Energy and Z Energy
(2) Vendor finance used for Port Stanvac generation development funding

NEW BOND ISSUE
KEY INVESTMENT TERMS

- June 2022 maturity (9 year maturity)
- 6.85% coupon
- Unsecured, unsubordinated offer, which does not have a share conversion option
- General offer $25m (with option to accept up to $75m over-subscriptions)
- Proceeds used for general corporate purposes
- Further extends Infratil's debt profile and tenure

Unsecured, Unsubordinated Infrastructure Bonds : A copy of the simplified disclosure prospectus in relation to the offer is available by contacting Link Market Services on 09 375 5998, emailing lmsenquiries@linkmarketservices.com or through your financial adviser. It is also available free of charge on Infratil's website www.infratil.com. Application has been made to NZX for permission to list the new Infrastructure Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this announcement have been duly complied with. However, NZX accepts no responsibility for any statement in this announcement. The NZX Debt Market is a registered market operated by NZX Limited which is a registered exchange, regulated under the Securities Markets Act 1988.

NET ASSET VALUES

BOOK VALUES AT 31 MARCH

Investment(1) ($Millions)	31 March 2013	31 March 2012
TrustPower	$1,226.0	$1,154.3
Infratil Energy Australia	$434.8	$477.2
Wellington Airport	$342.2	$326.2
Z Energy	$324.0	$331.2
Infratil Airports Europe	$21.2	$70.2
NZ Bus	$269.6	$246.3
Other	$64.8	$63.3
Total	$2,682.6	$2,668.7

(1) Values exclude 100% subsidiaries' cash balances and deferred tax where CGT does not apply

- **TrustPower** value change reflects NZX market price (i.e. passive portfolio per share valuation)
- **IEA** book value ignores long-term customer values beyond capitalised acquisition costs
- **WIAL** implied EV/EBITDA multiple of 9.2x
- **Z Energy** implied EV/EBITDAF multiple of 4x
- **NZ Bus** growth reflects investment in new buses
- The value of **Kent** and **Glasgow Prestwick** airports and investment properties have been impaired by $53m from the 31 March 2012 independent valuations
- Other investments include **iSite, Snapper and Property**

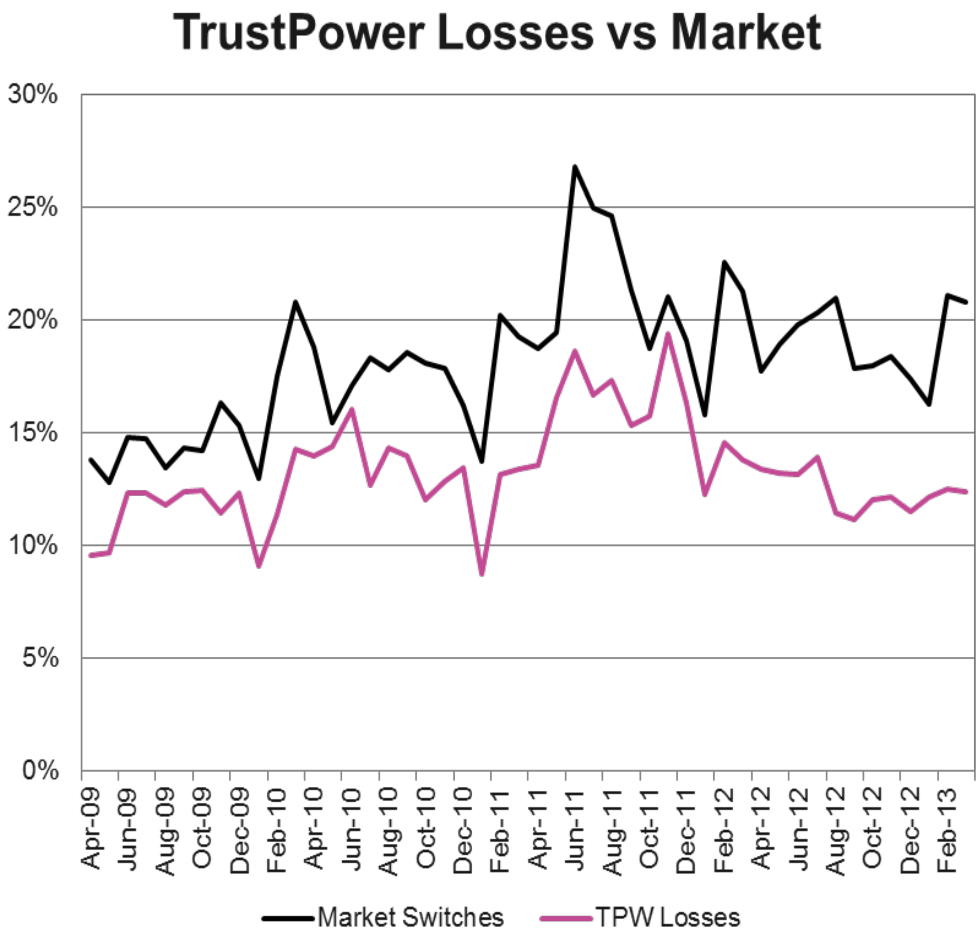
NZ ENERGY - TRUSTPOWER

SOLID EARNINGS WITH INVESTMENT GROWTH

- EBITDAF decreased 2% over prior period;
  - Lower NZ generation offset by firmer wholesale prices
  - Increased retail competition reducing margin
- Electricity customer numbers decreased to 206k from 209k at 31 March – relatively stable after high churn in prior years
- Construction started on 2nd stage 270MW Snowtown Wind Farm in South Australia
- Irrigation strategy advanced with change in Water Conservation Order in Canterbury – allows storage and release contracts with irrigators utilising Lake Coleridge
- 570MW of wind options progressed to Development Approval application stage in Australia

NZ ENERGY - TRUSTPOWER

CREDIBLE RETAIL PERFORMANCE VERSUS MARKET



- National customer churn high but slowing;
  - TrustPower churn rates significantly lower than industry
- TrustPower now focused on customer number growth
- Currently investing in:
  - Systems
  - People and processes
  - Online presence
  - Brand proposition
- Will lead to an expanded product offering in the future

NZ ENERGY - TRUSTPOWER

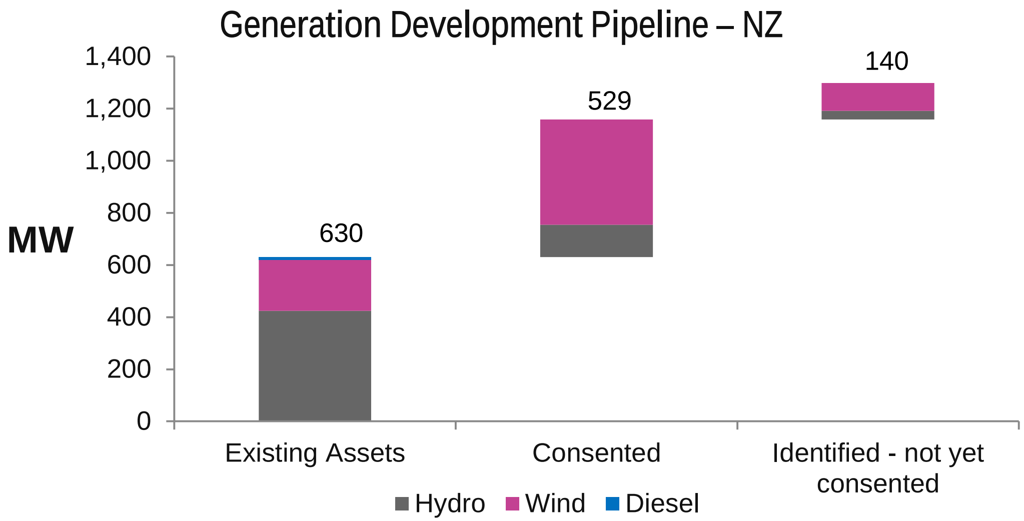
SNOWTOWN II – CONSTRUCTION UNDERWAY

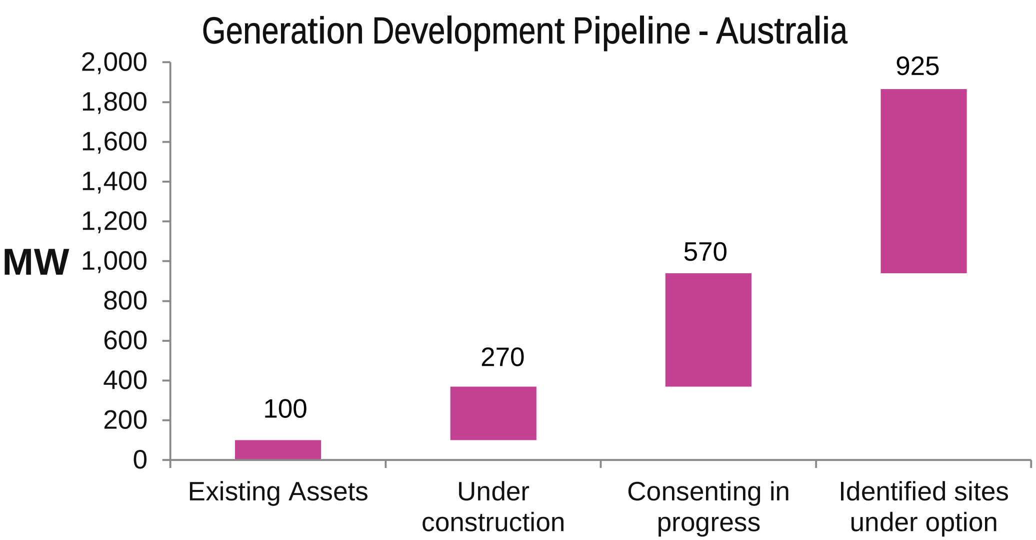
- On target and budget
- Total spend to date NZD $159m
- Civil works 50% complete, transmission 70% complete
- First wind turbines due on site May/June

KEY FACTS:

- 270MW split into two separate wind farms
- EPC contract with Siemens
- 15 year PPA with Origin Energy
- Expected completion South (April 2014), North (September 2014)
- First generation October 2013

NZ ENERGY - TRUSTPOWER
SIGNIFICANT GENERATION DEVELOPMENT OPTIONS





NZ Hydro and Wind

- near term over-supply headwind to investment
- incremental investment in existing hydro assets is showing NPV benefits
- Strategy is to maintain options as long as possible

Australian Wind

- 20% by 2020 renewable energy target will be largely met by wind
- PPA's mitigate risk
- co-investor model enables large scale, better value projects and spreads risk
- 570MW in consenting process

NZ ENERGY - TRUSTPOWER

CONCERN OVER REGULATORY UNCERTAINTY

There have been two significant events over the last 12 months that have given TrustPower cause to reflect on the level of regulatory risk in New Zealand;

TRANSMISSION PRICING FRAMEWORK

- Recent Electricity Authority proposal to amend transmission pricing is unnecessarily complex
- This view is shared by a large majority of users, consumer groups, generators, retailers and distributors

LABOUR/GREENS PROPOSED REFORMS OF THE ELECTRICITY MARKET

- Proposal to abolish wholesale market increases uncertainty and will be difficult to implement
- Potential for significant unintended consequences and risk transfer to tax payers
- Should expect a higher standard for policy development in critical infrastructure industries. Detailed analysis is required before implementation of any major changes
  - Previous 2006 report on the model indicated that it would be "*complex, challenging, costly and fraught with risk*"

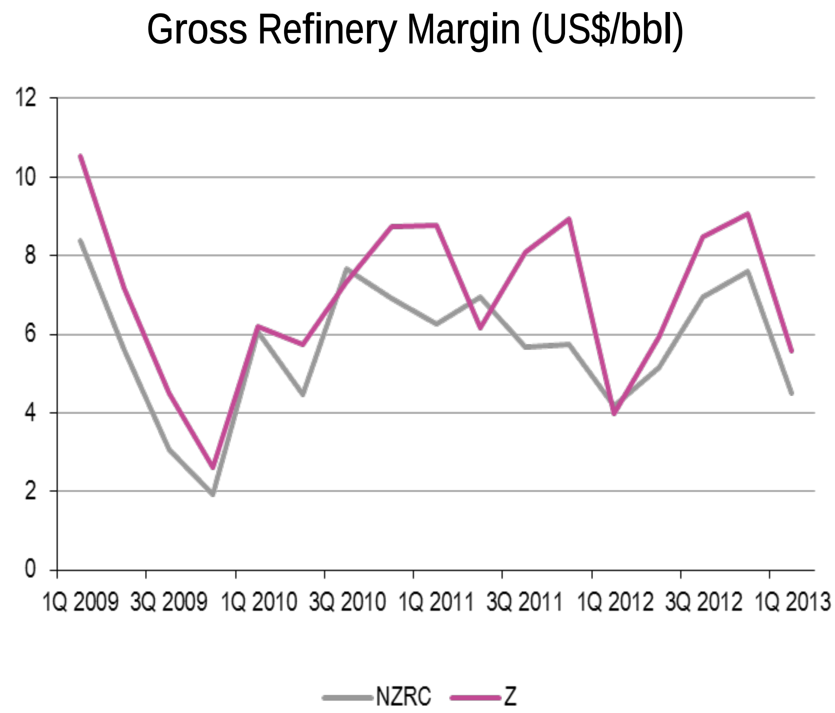
NZ FUEL DISTRIBUTION & MARKETING – Z ENERGY

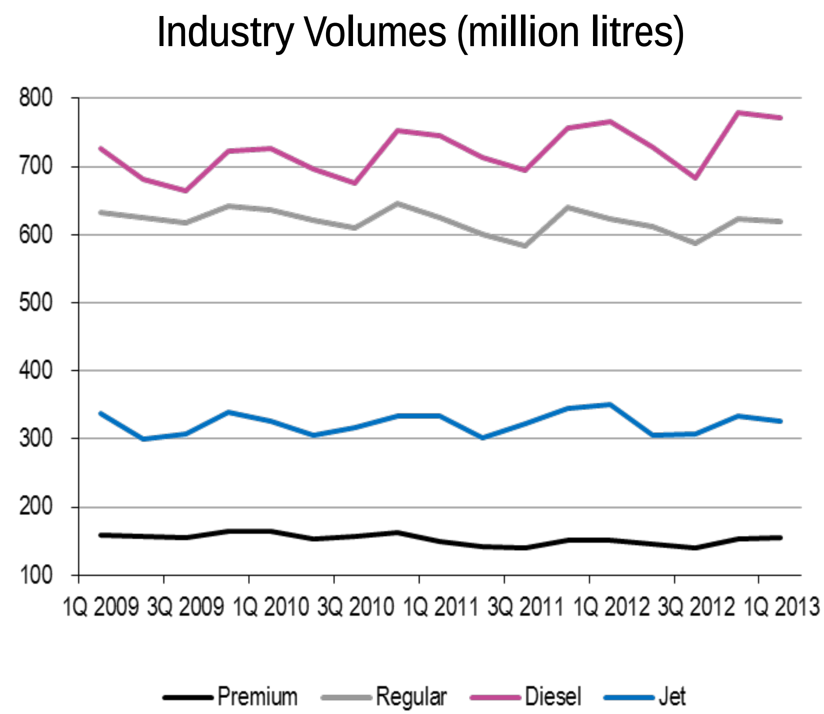
Z ENERGY – LEADERSHIP IN DOWNSTREAM OIL

- Current cost EBITDAF +13% to $195m despite slower economic growth and increased price-based competition
  - Z sales volumes -5% versus +1% for industry
- Reported earnings impacted negatively by effect of historic cost accounting
  - Movement in HCA adjustment ($62m)
- Focus on strategy execution delivering growth in earnings and long term valuation
- Development of the next multi-year strategy is well under way
- “Z” is a brand that is already most trusted and preferred in the industry with a great deal more potential
- Initiated process to list Z

NZ FUEL DISTRIBUTION & MARKETING – Z ENERGY

TRADING CONDITIONS REFLECT PACE OF ECONOMIC RECOVERY





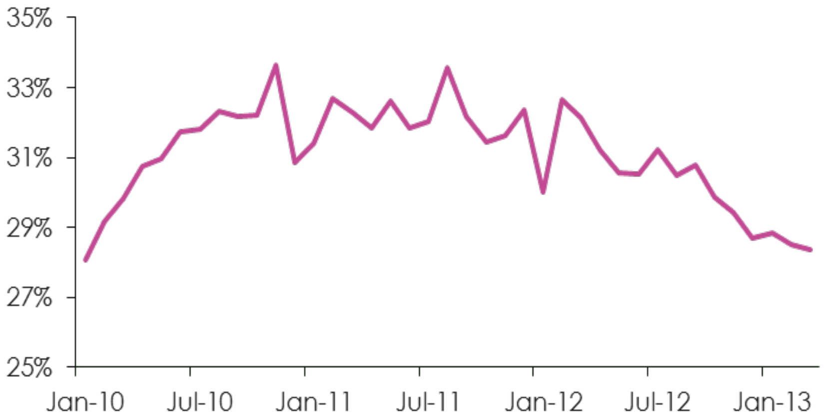
- Final quarter affected by RNZ shutdown
- Near term trend expected to be consistent with the past year
- Data sourced from RNZ

- For FY13, YoY sales for the industry are +0.1% for petrol and +1.1% for diesel
- Retail sales remain soft due to high pump prices
- Commercial sales tracking GDP growth
- Data sourced from LAPT returns

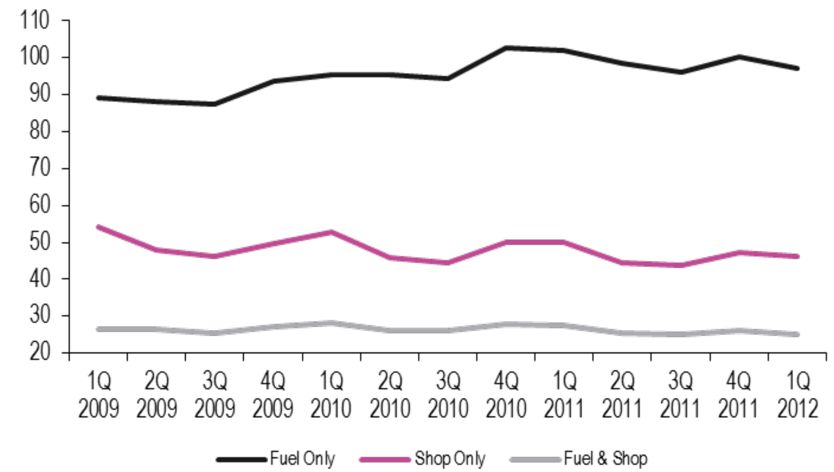
NZ FUEL DISTRIBUTION & MARKETING – Z ENERGY

MARKET SHARE REFLECTS FOCUS ON MARGINS

Market Share - All Products



Average Daily Customer Count (000's)

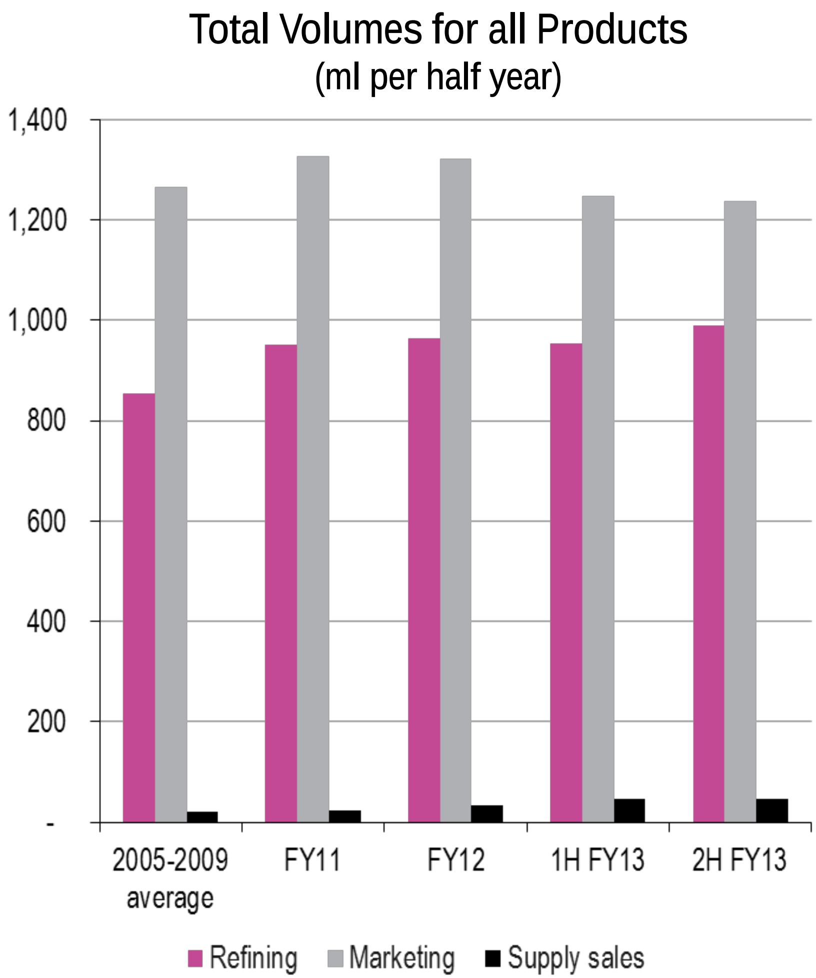


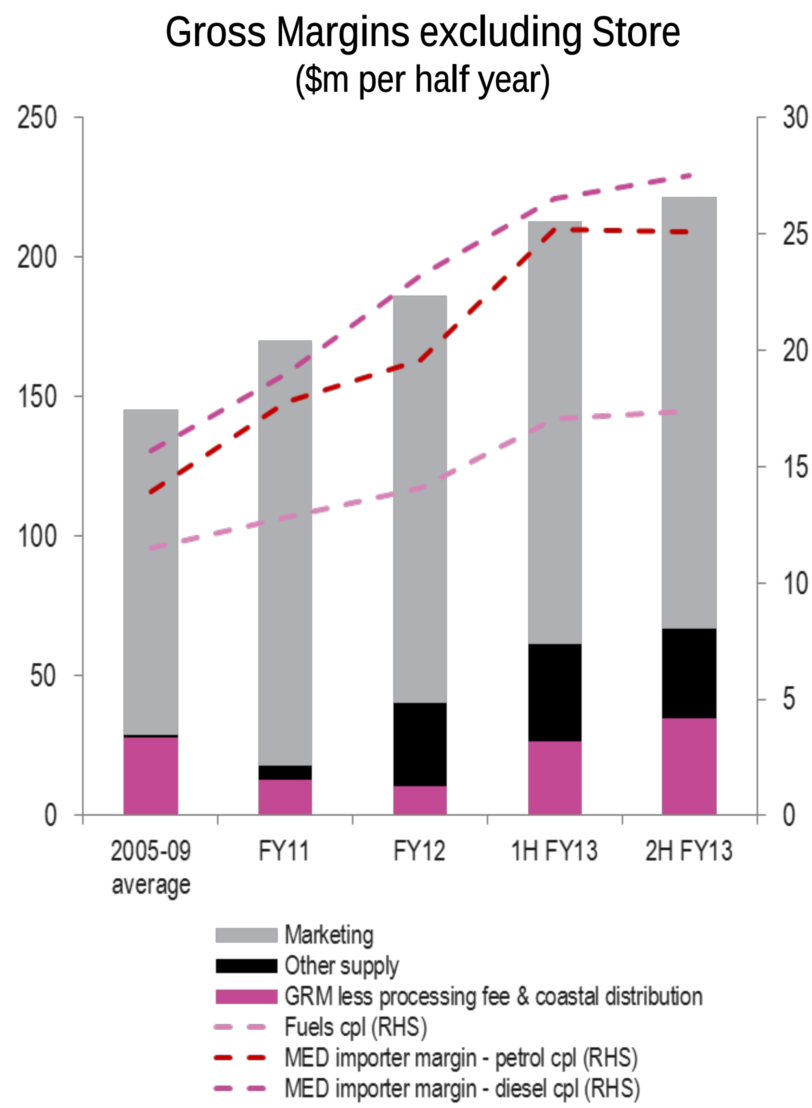
- Significant changes amongst four majors in retail market share arising from changes in AA Smartfuel and supermarket docket arrangements
- Retail focus on total dollar margins while preserving economies of scale
- Less service station disruption from rebranding and store refits during 2H
- Conscious decision to shed low profit or marginal volume within Commercial

- Total transactions -5% YoY
- Shop-only customer count growing in line with strategy
- Refit store revenue +9.1% versus non refit stores of -2.4%

NZ FUEL DISTRIBUTION & MARKETING – Z ENERGY

ACTUAL GROSS MARGINS ARE LOWER THAN MBIE PUBLISHED DATA





NZ FUEL DISTRIBUTION & MARKETING – Z ENERGY

EBITDAF IN-LINE WITH PREVIOUS GUIDANCE

Key Variables	Full Year Actual	Guidance for FY13
Gross refinery margin (USD/bbl)	$7.40	$7.00
RNZ processing volume (ml)	1,966	1,880
Sales volume (ml)	2,524	2,600
Operating costs	$280m	$260-270m
Operating EBITDAF (Current Cost)	$195m	$185-200m
Capex	$71m	$70-90m

- Q3 and Q4 performance improved on traditional Q2 trough
- Very poor refinery margins in Q1 were recovered throughout the year although Q4 was lower than average and affected by refinery shutdown
- Sales volumes affected by increased competitor pricing activity in retail and a conscious decision to high-grade the commercial portfolio away from uneconomic and marginal accounts (after allowing for integrated value and cost of debtors)
- Operating costs higher due to increased Retailer commissions ($11m) and Christchurch earthquake repairs and maintenance costs ($4.5m)

NZ AIRPORTS – WELLINGTON AIRPORT

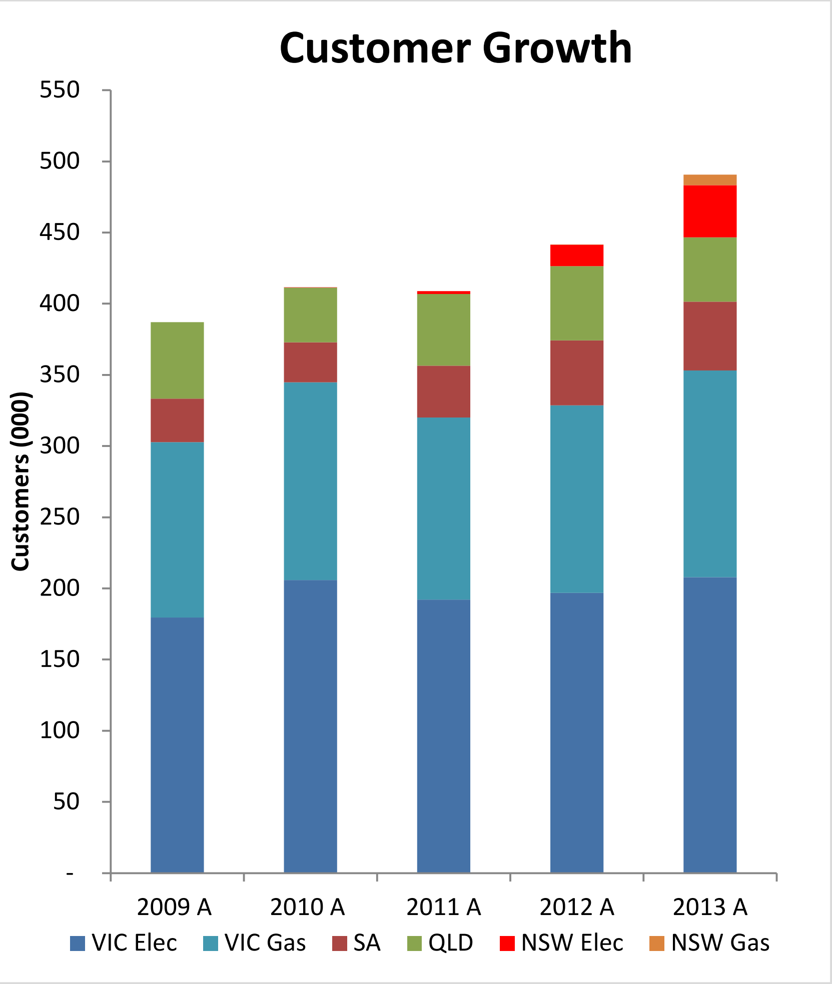
GDP+ GROWTH FROM A CORE ASSET

- EBITDAF +8.8% to $83m
- Aeronautical revenue +5.4%
  - Strong domestic PAX +3.9% due to Jetstar growth and competitive response from Air NZ
  - International PAX up 1.2%
- Commercial revenue +3.2% due to strong growth in car parking and retail partially offset by impacts of a reduction in advertising and duty free tobacco restrictions
- CAPEX - $12m invested during the year including extension of the main terminal car park. Future spend is focused on further extensions of the main terminal, retail and additional car park enhancements
- Pricing and regulation – Commerce Commission S56G report on WIAL is currently before the Ministers of Commerce and Transport. The Commission's approach is being tested in the High Court and the next steps are likely to be influenced by the outcome of the merits appeal. A decision is expected soon.

AUSTRALIAN ENERGY – LUMO AND PERTH ENERGY

ANOTHER YEAR OF STRONG EARNINGS GROWTH

- Continued organic growth;
  - revenue growth of A$187.0m (+24.0%)
  - total customer growth in NEM of 11% to 491,000. Strong growth across all states in NEM and WA, except QLD (new sales curtailed)
- EBITDAF A$77.1m +55%
  - improved electricity and gas margins at Lumo Energy
  - wholesale portfolio that delivered very competitive and low wholesale prices over a year where spot prices were low and at times extremely volatile
  - operating costs per customer flat year on year
  - lower returns from generation due to lower cap prices
- Focus on building operating capability, including brand development, customer communications and operating platform
- Generation plant reval of -A$21m from 2012 due to;
  - lower capacity prices in WA and cap prices in NEM
  - downward revision of NEM demand forecasts and therefore a longer period of surplus supply than previously anticipated



AUSTRALIAN ENERGY – LUMO AND PERTH ENERGY

CONTINUING TO BUILD A SUSTAINABLE BUSINESS

- Sales and operations
  - strong revenue growth despite significant competition in the market – increasing average life of Lumo Energy customers indicates building incumbency
  - continued development of the Lumo Energy brand positioning
  - Direct Connect now switching customers to Lumo Energy (with some transfers to other retailers)
  - focus on improving customer experience by investing in core systems (back office infrastructure, telephony, sales capability and other customer handling processes)
- Growth in customers and service improvements set to continue in 2013/2014
  - higher level of new sales expected from Direct Connect
  - well positioned wholesale electricity and gas portfolio - with gas supply now contracted out to 2017
- 2013/14 EBITDAF outlook A$67m- A$77m (including Perth Energy)
  - softer outlook due to expectation of higher wholesale electricity costs and customer growth costs from Direct Connect channel
  - EBITDAF growth expected in 2014/15

NZ PUBLIC TRANSPORT – NZ BUS

STRONG CAPABILITY AND CLEARER OUTLOOK

- EBITDAF -4.1% to $44.1m
  - Impacted by one-off prior period adjustment of -$2m
  - Satisfactory annual patronage growth in AKL (+3.3%) and WLG (+1.7%) after adjusting for impact of Rugby World Cup in 2011
  - Focus on efficient operator model has resulted in benefits in direct labour and fleet costs, and reduced indirect overheads
- Developing a constructive culture within the business
  - All collective employment agreements ratified for 3+ year periods without major industrial action
  - 7% year-on-year reduction in lost time injuries and 39% below international benchmark for PT
- On-going investment in fleet, facilities and people
  - 316 new Alexander Dennis buses ordered and 210 delivered by March 2013 (mostly into the Auckland market)
  - New satellite depot in Mt Roskill completed
  - Continue to up-skill drivers through “Pathway to safer driving” programmes

NZ PUBLIC TRANSPORT – NZ BUS
STRONG CAPABILITY AND CLEARER OUTLOOK

- Partnerships
  - Legislation set to be enacted shortly, confirming implementation of Public Transport Operating Model - provides a commercial partnership approach to delivery of PT
  - Working with AT, GWRC and NZTA on the new procurement policies and transition to new contracted terms – first tenders in Auckland expected in late 2013, negotiated contracts in 2014, and reshaping of all contracts over the following 3 years
  - New terms will include incentives for NZ Bus and transport agencies to collaborate to grow services and patronage
- Sale of North Bus business
  - Recently executed sale of North Bus business in Whangarei for approx. 6x EBITDAF. NZ Bus focus is growing key metropolitan markets

NZ PUBLIC TRANSPORT – SNAPPER

SCALE PLATFORM WITH ON-GOING INNOVATION

- PT continues to provide good opportunities
  - 56.5m transactions processed in FY13
  - Auckland ~50% and Wellington ~80% of NZ Bus transactions used Snapper - ~160k active users
  - Upgrade for NZ Bus providing extra scheduling and telematics functionality
  - Preparation for GWRC and regional tenders in 2014 with rail demonstration in place
- Snapper Mobile has been in the market for a year
  - ca. 10,000 app downloads, support for 8 devices
  - Simplicity of ease and use on ~6000 bus trips per month
  - 2degrees Mobile partnership and ongoing discussions with other major telcos
  - Well engaged in NZ mobile payments standards forum
- Snapper parking in Wellington launches 18 June
  - 50 trial sites now growing to 550 by launch date
- Withdrawal from Auckland planned for 2H FY14
  - Close co-ordination with NZ Bus for a smooth transfer

PROPERTY – INFRATIL INFRASTRUCTURE PROPERTY

WORKING IN PARTNERSHIP WITH LOCAL GOVERNMENT

- Owner and manager of 6 bus depots and investment properties
- Completed construction of the ~$30m New Lynn Merchant Quarter in partnership with Auckland City Council
  - Anchor lease to a Medical Centre and Auckland Council
  - Complete leasing of vacant retail space and then review sale prospects
- IIP (looking to the future)
  - IIP is currently negotiating a further joint venture with Auckland Council for the redevelopment of the old Papatoetoe town centre to accommodate housing and retail developments.
  - Further projects are in discussion phase with both Central and Local Government primarily based around new infrastructure projects
  - IIP continues to work closely with NZ Bus and is currently reviewing the upgrade of both the Kilbirnie and Auckland Central depots

CAPITAL EXPENDITURE

ANOTHER YEAR OF SIGNIFICANT INVESTMENT

Capex ($Millions)	FY March 2013	Outlook March 2014
TrustPower	$214.1	$360-$380
Australian Energy	$27.7	$30-$40
Wellington Airport	$12.0	$40-$50
Public Transport	$56.7	$55-$65
Euro Airports & Other	$32.5	$5-$10
SUB TOTAL	$343.0	$490-$545
Z Energy[1]	$70.7	$90-$100
Total	$413.7	$580 - $645

(1) 100% of Z Energy CAPEX

- **TrustPower** – construction of Snowtown II and billing system upgrades
- **Australian Energy –** organic customer growth and system developments /enhancements
- **Wellington Airport –** car park and terminal expansion
- **Public Transport –** NZ Bus fleet upgrade to meet future growth and quality standards
- **Z Energy** – finalisation of reformatting of retail service stations and asset integrity programme
- **Other** – Construction of New Lynn precinct and IIP projects

2013/14 OUTLOOK

MODEST EBITDAF GROWTH REFLECTS TPW AND IEA OUTLOOK

FY 31 March ($Millions)	FY 2013 Actual	FY 2014 Outlook
EBITDAF – (continuing operations) adjusted for Z CCS	$537.8	$520 - $560
Net interest	$195.4	($200 - $210)
Operating cashflow	$287.6	$250 - $280
Depreciation and amortisation	$148.7	($150 - $170)

- 2013/14 EBITDAF range **$520m - $560m**:
  - Assumes no major changes in the IFT portfolio
  - TPW expected to be flat to slightly negative vs PY. Snowtown commissioning date (South April 2014 and North Sept 2014)
  - IEA EBITDAF expected to fall due to higher electricity wholesale costs and Direct Connect cost of customers
  - Consistent gains across other businesses reflecting expected returns on recent CAPEX investment and ongoing improvement in operating margins delivered in 2012/13
  - Operating cashflow outlook excludes the receipt of any special dividends from Z Energy

INFRATIL GROUP SUMMARY

ON TRACK AND CONFIDENT

- Improved operating and underlying cash flow performance from well positioned investments
- Strong capital position with significant options to fund future investments
- Continuing investment in key sectors with significant progress on longer-term development options
- Portfolio options are progressing with divestment bias and origination focused on Australian wind, irrigation, and earlier-stage investments
- Confidence in FY14 outlook and capital growth

FOR MORE INFORMATION GO TO WW.INFRATIL.COM

APPENDIX I
CONSOLIDATED PROFIT & LOSS

Group Financial Performance ($Millions)	FY March 2013	FY March 2012
Operating revenue	$2,400.0	$2,218.9
Operating expenditure	($1,872.4)	($1,698.7)
EBITDAF (continuing activities)	$527.6	$520.2
Net interest	($195.4)	($187.2)
Depreciation & amortisation	($148.7)	($133.7)
Operating Earnings	$183.5	$199.3
Net gain (loss) on reval of financial derivatives	($14.4)	$19.2
Net investment realisations/(impairments)	($5.9)	$4.3
Tax	($24.1)	($58.4)
Discontinued operation(1)	($62.1)	($37.4)
Net Surplus after Tax	$77.0	$127.0
Minority interests	($73.6)	($75.4)
Net Parent Surplus	$3.4	$51.6

(1) Discontinued operation in FY13 and FY12 refers to Infratil Airports Europe Limited which is held for sale at 31 March 2013

APPENDIX II

ADJUSTED EARNINGS RECONCILIATION

Year Ended 31 March ($Millions)	March 2013	March 2012	Variance	% Change
Net Profit after Tax – reported	$77.0	$127.0	($50.0)	(39.4%)
Net (gain)/loss on derivatives[i]	$14.4	($19.2)		
Net investment revals, realisations and impairments	$5.9	($4.3)		
Tax effect of changes including effect of previously unrecognised deferred tax[iii]	($10.3)	$3.3		
Add back result from discontinued operations	$62.1	$37.4		
Z Energy Adjustments (after tax)				
Z Energy equity earnings (HCA to CCS adjust) [ii]	$11.3	($12.4)		
Z Energy gain on derivatives	($1.7)	$3.3		
Z Energy net investment revals, realisations and impairments	$0.6	($1.5)		
Net Profit after Tax – adjusted	$159.3	$133.6	$25.7	19.2%

i) Mark to market movements on derivatives reflect the market value of interest rate, foreign exchange and energy hedges at a reporting date and are subject to the market prices of the respective hedges.

ii) Z Energy reports its earnings on a historic cost basis, which may be volatile depending on how much the price of oil fluctuates. Current cost earnings are calculated by revaluing the cost of fuel to its cost at the reporting date. Further details are provided on the next page.

iii) The tax effect reflects the tax change as a result of removing the other adjustments.

APPENDIX II - CONTINUED

Z ENERGY - HCA TO CCS ADJUSTMENT

- Historic cost earnings (as required by IFRS) are subject to fluctuations in the value and volume of stock due to changes in oil prices, exchange rates and deliveries
- Management and capital providers therefore focus on **current cost** earnings for Z Energy as these better reflect the underlying business operations and competitive context
- Current cost earnings measure the cost of sales in a particular month as if the product were purchased in the same month as it is sold
- This is calculated by revaluing opening and closing stock to the average replacement cost for the month
- The difference between historic and current cost earnings is reflected in the cost of sales adjustment (“COSA”)
- Historic and current cost earnings are likely to differ in any one period, but should deliver similar results over time