



MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND

# Full Year 2012 Results Presentation

21 January 2013



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# Highlights



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# Highlights

## 12 months to 31 December 2012

**Full year 2012  
Net income on  
an adjusted  
basis  
S\$57.4m**

- Net income of S\$57.4 million up S\$9.2 million on prior corresponding period (pcp) driven by:
  - Investment income from:
    - Taiwan Broadband Communications (TBC) was S\$43.7 million (2011: S\$29.9 million)
    - Hua Nan Expressway (HNE) was S\$17.4 million (2011: S\$22.5 million)
    - Changshu Xinghua Port (CXP) was S\$7.0 million (2011: S\$5.3 million)
  - The higher income from TBC reflects the full year contribution from MIIF's additional 27.5% interest in the business acquired in 2011

**NAV per share  
S\$0.70**

- Net Asset Value (NAV) of S\$807.6 million
  - The value of MIIF's infrastructure businesses amounted to S\$731.5 million as at 31 December 2012

**Solid capital  
position**

- Market capitalisation of S\$735.9 million<sup>1</sup>
- Cash balances of S\$78.6 million as at 31 December 2012
- No corporate-level borrowings

Note: (1) As at 18 January 2013



# Highlights

## 12 months to 31 December 2012

### Dividend payout

- MIIF declared an ordinary dividend of 2.75 cents per share for the six months to 31 December 2012 and a special dividend of 3.00 cents per share
  - Ex-dividend date: 1 February 2013
  - Dividend payment date: 13 February 2013

### Portfolio performance

- TBC continued to see strong demand for its digital television and broadband products
- CXP experienced higher log, paper & pulp volumes and higher average tariffs for general cargoes
- HNE traffic volumes were higher due to the continued positive contribution from Guanghe Expressway, a complementary road and lower tolls enforced on HNE from 1 June 2012. While traffic volumes were higher, the toll revisions at HNE have adversely impacted revenue from 1 June 2012

### Share buy-back

- MIIF suspended its buy-back programme on 10 October 2012 following the announcement of the strategic review undertaken by the MIIF Board
- A summary of MIIF's current buy-back activities
  - Maximum number of shares authorised for buy-back: 118.2 million shares
  - Cumulative number of shares purchased to 31 December 2012: 32.6 million shares
  - Number of issued shares as at 31 December 2012: 1,149.9 million shares

## Strategic review

- On 18 December 2012, the MIIF Board announced the completion of the strategic review which it initiated in June 2012 to consider a range of initiatives focused on generating value for MIIF's shareholders (Strategic Review)
- After considering the observations arising from the Strategic Review and assessing the alternatives available to MIIF, the MIIF Board concluded that in order to maximise value for shareholders, the strategy for MIIF should change. As a result, the MIIF Board decided to undertake the following initiatives:
  - Distribute existing excess cash to shareholders as a special distribution;
  - Commence a joint process with Macquarie Korea Opportunities Fund (MKOF), MIIF's TBC co-shareholder, to realise maximum value for their investment in TBC;
  - Pursue the orderly divestment of MIIF's interests in HNE, CXP and Miaoli Wind;
  - Distribute the proceeds from any divestment to shareholders as soon as practicable; and
  - Allow MIIF's corporate-level debt facility to lapse upon maturity.
- The revised strategy will substantially alter the focus of MIIF. The independent directors of the MIIF Board have concluded that the change in MIIF's strategy requires an amended approach to the fee structure with MIIF's manager<sup>1</sup>. The current strategy is one which incentivises the growth of MIIF whereas the revised strategy, if successfully implemented, leads to the winding down of MIIF. The independent directors have recommended the restructuring of the manager's fee arrangements to realign the interests of MIIF and the manager. The restructuring of the fee arrangements is subject to shareholders' approval

Note: (1) Macquarie Infrastructure Management (Asia) Pty Limited





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# Financial Results



# Financial Results

## Review of revenue and operating expenses

(S\$'000)	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011	Variance Fav/(Adv)
CXP	7,049	5,324	32.4%
HNE	17,378	22,492	(22.7%)
Miaoli Wind	-	-	-
TBC	43,723	29,878	46.3%
Interest income	275	768	(64.2%)
Realised net foreign exchange gain	559	734	(23.8%)
<b>Total revenue</b>	<b>68,984</b>	<b>59,196</b>	<b>16.5%</b>
Base management fees	8,760	7,863	(11.4%)
Directors' fees	361	363	0.6%
Lending fees	201	1,139	82.4%
Other operating expenses	2,254	1,623	(38.9%)
<b>Total operating expenses</b>	<b>11,576</b>	<b>10,988</b>	<b>(5.4%)</b>
<b>Net income on an adjusted basis<sup>1</sup></b>	<b>57,408</b>	<b>48,208</b>	<b>19.1%</b>

Note: (1) Net income on an adjusted basis represents the earnings of MIIF that underpins the payment of dividends to MIIF shareholders, and as such is one of the key measures that the Board of Directors of MIIF focuses on to determine the amount of dividends that are ultimately paid to MIIF shareholders. This measure excludes all unrealised gains or losses on investments and other balance sheet items, and transaction costs incurred, that are ordinarily captured in a statement of comprehensive income prepared in accordance with all applicable accounting standards.

### Total investments of S\$810.1 million down 15.9% from 31 December 2011

- NAV per share of S\$0.70 as at 31 December 2012
- The value of MIIF's infrastructure businesses amounted to S\$731.5 million as at 31 December 2012
- Decrease was due primarily to the reduction in the valuation of HNE following the tolling revisions implemented by the Guangdong Government on 1 June 2012 and adverse foreign exchange movements on the portfolio

	Company Balance at 31 Dec 11 S\$'000	Investment / (divestment) S\$'000	Income received from investments S\$'000	Foreign exchange effects S\$'000	Revaluation to 31 Dec 12 S\$'000	Company Balance at 31 Dec 12 S\$'000
CXP	101,470	-	(7,049)	(4,992)	11,269	100,698
HNE	244,165	-	(17,378)	(10,208)	(80,088)	136,491
Miaoli Wind	-	-	-	-	-	-
TBC	506,951	-	(43,723)	(9,534)	40,534	494,228 <sup>1</sup>
Others	72	-	-	-	-	72
Investments in unlisted securities	<b>852,658</b>	-	<b>(68,150)</b>	<b>(24,734)</b>	<b>(28,285)</b>	<b>731,489</b>
Net cash & cash equivalents	109,979	(31,414)	-	-	-	78,565 <sup>2</sup>
<b>Total</b>	<b>962,637</b>	<b>(31,414)</b>	<b>(68,150)</b>	<b>(24,734)</b>	<b>(28,285)</b>	<b>810,054</b>

Note: (1) Excludes S\$1.2 million of accrued management fee receivable from TBC, recognised in trade and other receivables on the MIIF balance sheet at 31 December 2012

(2) Balance includes S\$66.1 million which will be used to pay declared dividends on 13 February 2013



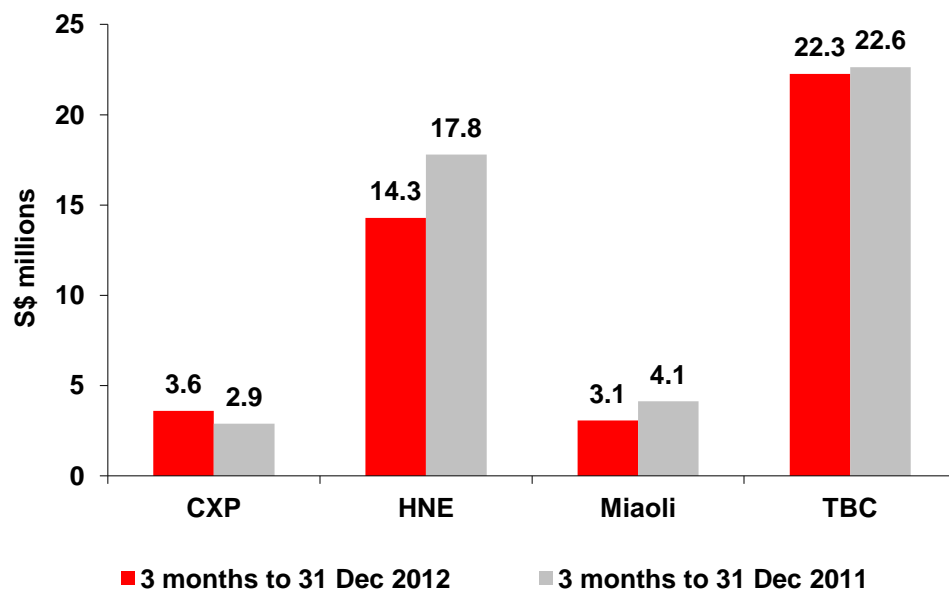
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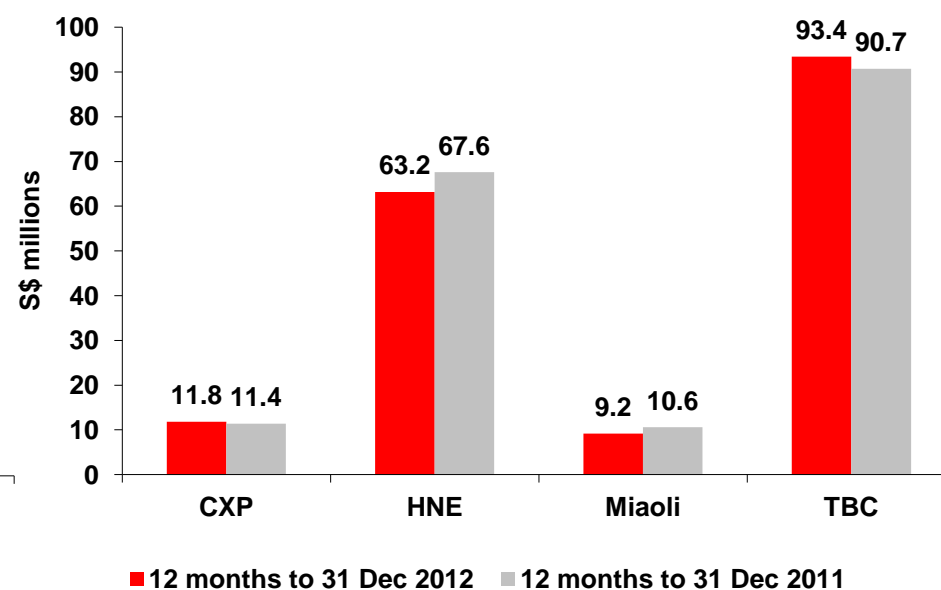
# MIIF Portfolio

## Proportionate EBITDA from assets in 2012 is consistent with the pcp

### 3 Months Ended 31 December Proportionate EBITDA<sup>1</sup>



### 12 Months Ended 31 December Proportionate EBITDA<sup>1,2</sup>



Notes: (1) All calculations use 31 December 2012 exchange rates  
 (2) Assumes MIIF owns 47.5% of TBC in 2011



# Taiwan Broadband Communications (TBC)

## Leading media company in Taiwan

### Business performance

- TBC performed well with EBITDA 3.0% higher compared to the pcp. Revenues were 2.5% higher due to continued increases in subscriber numbers across all businesses
  - Digital subscribers increased by 21.7% on the pcp to 110,324
  - Broadband subscribers increased by 6.3% to 174,958
  - Basic cable subscriber numbers reached 751,393, representing an increase of 0.4% on pcp
- Digital TV is a key aspect of TBC's next growth phase. Digital TV currently represents only 14.7% of total basic cable TV, implying substantial growth opportunities via successful up-selling of digital TV products to basic cable TV subscribers
- TBC raised an additional NT\$1.5 billion capex facility in 2Q2012, which will allow TBC to continue its expansion of digitisation and be at the forefront of Taiwan's digitisation initiatives

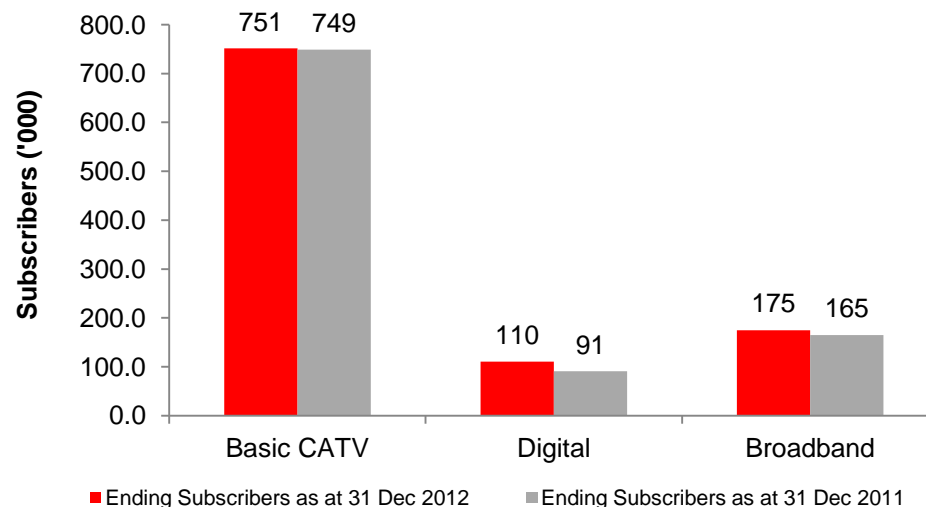
### Outlook

- With the foundation of a stable and growing Cable TV subscriber base, TBC continues to lead the market with new products in both broadband and digital TV. These are expected to continue to drive strong operational performance in 2013

### Financial highlights for the 12 months ended 31 December

NT\$ million	2012	2011	Variance Fav/(Adv)
Revenue	7,307.0	7,127.7	2.5%
EBITDA	4,680.1	4,543.1	3.0%
EBITDA margin	64.0%	63.7%	0.3%
Distributions to MIIF (S\$ million)	43.7	29.9	46.2%

### Subscribers Composition





# Hua Nan Expressway (HNE)

## Urban toll road in South China

### Business performance

- Total traffic volumes for 2012 were 17.4% higher than the pcp because of favourable traffic drivers such as the opening of Guanghe Expressway, a complementary road and the lower toll rates following the standardisation of toll rates in Guangdong Province from 1 June 2012
- However, despite significant traffic growth, revenue of RMB502.5 million was 5.2% lower compared to the pcp due to:
  - The standardisation of toll rate and tolling mechanism enforced by the Guangdong Provincial Government
  - The nation-wide measure making travel on toll roads for passenger vehicles free during the Chinese New Year, Qing Ming Festival, Labour Day and National Day holidays
- EBITDA for FY2012 was 6.5% lower than the pcp
  - Operating expenses of RMB104.9 million for FY2012 were flat on pcp despite the significant traffic growth

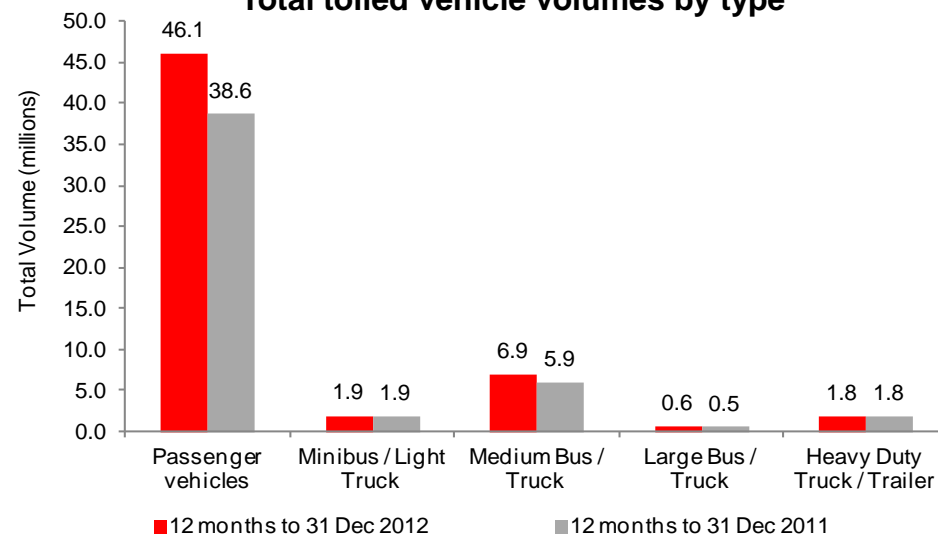
### Outlook

- HNE is expected to continue benefitting from favourable traffic drivers such as the opening of Guanghe Expressway, a complementary road. However, the tolling revisions enforced on HNE on 1 June 2012 will continue to have an adverse impact on its financial performance

### Financial highlights for the 12 months ended 31 December

RMB million	2012	2011	Variance Fav/(Adv)
Revenue	502.5	530.1	(5.2%)
EBITDA	397.6	425.2	(6.5%)
EBITDA margin	79.1%	80.2%	(1.1%)
Distributions to MIIF (\$ million)	17.4	22.5	(22.7%)

### Total tolled vehicle volumes by type





# Changshu Xinghua Port (CXP)

## Multi-purpose cargo port in China

### Business performance

- Revenue of RMB325.5 million, up 8.1% compared to pcp due to increases in log, paper & pulp volumes and higher average tariff on general cargo volumes
- EBITDA increased by 4.2% as operating expenses were higher by 12.1% compared to the pcp. The higher expenses were mainly caused by an increase in handling costs as a result of stronger log and paper & pulp volumes, jetty maintenance and one-off cost for 2012 estimated at RMB3.1 million, predominantly relating to a temporary stacking yard. Further, CXP reversed a provision of RMB9.5 million for a one-off legal claim after it received a positive ruling on the case
- CXP general cargo volumes were 4.1% higher compared to pcp with increases in log and paper and pulp volumes were offset by lower steel volumes

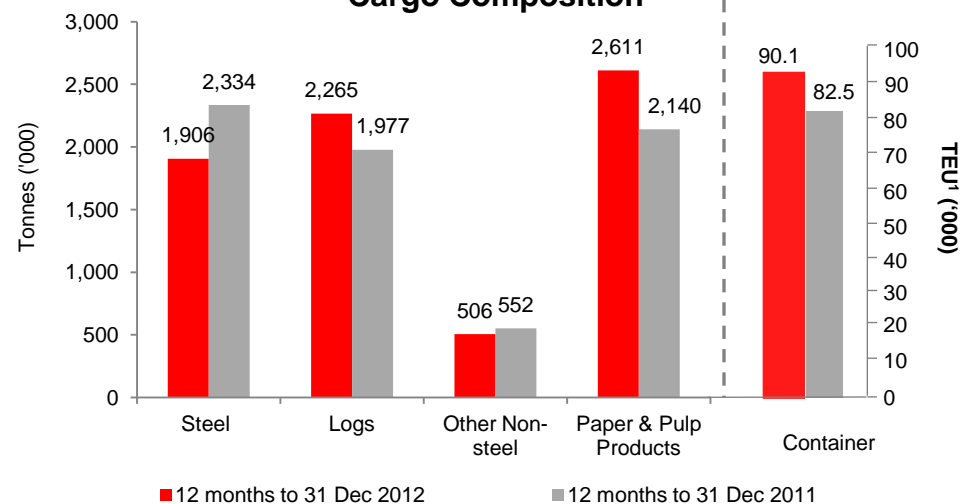
### Outlook

- CXP is anticipated to continue performing steadily in 2013 and is well placed to further consolidate its position as the region's leading paper and pulp port
- However, some weakness is anticipated in steel and log volumes in the coming year as a consequence of slowdown in the Chinese economy. In addition, CXP will continue to face cost pressures due to expected increase in minimum wages

### Financial highlights for the 12 months ended 31 December

RMB million	2012	2011	Variance Fav/(Adv)
Revenue	325.5	301.1	8.1%
EBITDA	158.9	152.5	4.2%
EBITDA margin	48.8%	50.6%	(1.8%)
Distributions to MIIF (\$ million)	7.0	5.3	32.1%

### Cargo Composition



Notes: (1) Twenty foot equivalent unit





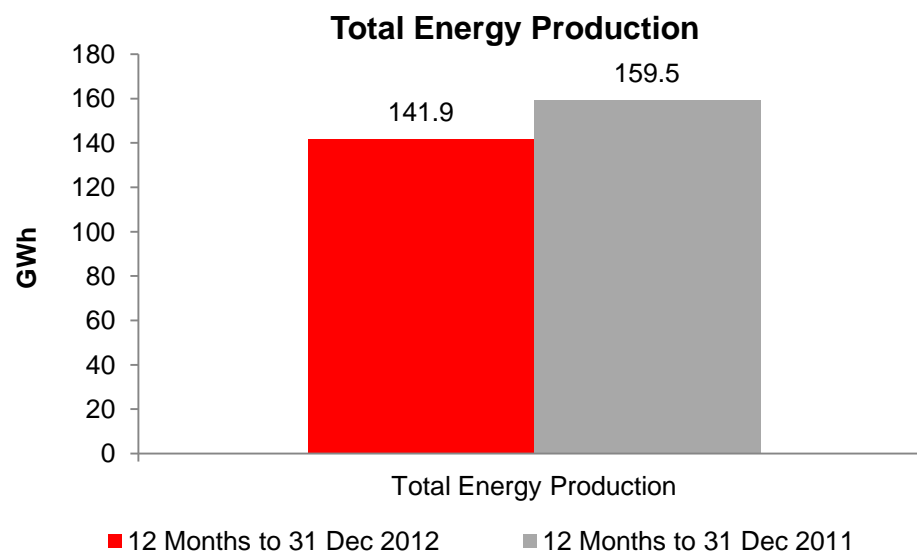
# Miaoli Wind Operating wind farm in Taiwan

## Business performance

- Total energy production was 11.0% lower compared to pcp due to lower wind speeds in the first and fourth quarter compared to the pcp
- EBITDA was 13.6% lower compared to pcp due to power generation revenue being 11.3% lower in the period
- In December 2012, senior debt of NT440 million at Miaoli Wind was due for repayment. However, the repayment date for this tranche of debt has been extended to April 2013 by its lenders. The repayment date can be further extended with agreement from the lenders

## Financial highlights for the 12 months ended 31 December

NT\$ million	2012	2011	Variance Fav/(Adv)
Revenue	274.5	309.5	(11.3%)
EBITDA	218.0	252.2	(13.6%)
EBITDA margin	79.4%	81.5%	(2.1%)
Distributions to MIIF (S\$ million)	-	-	-%





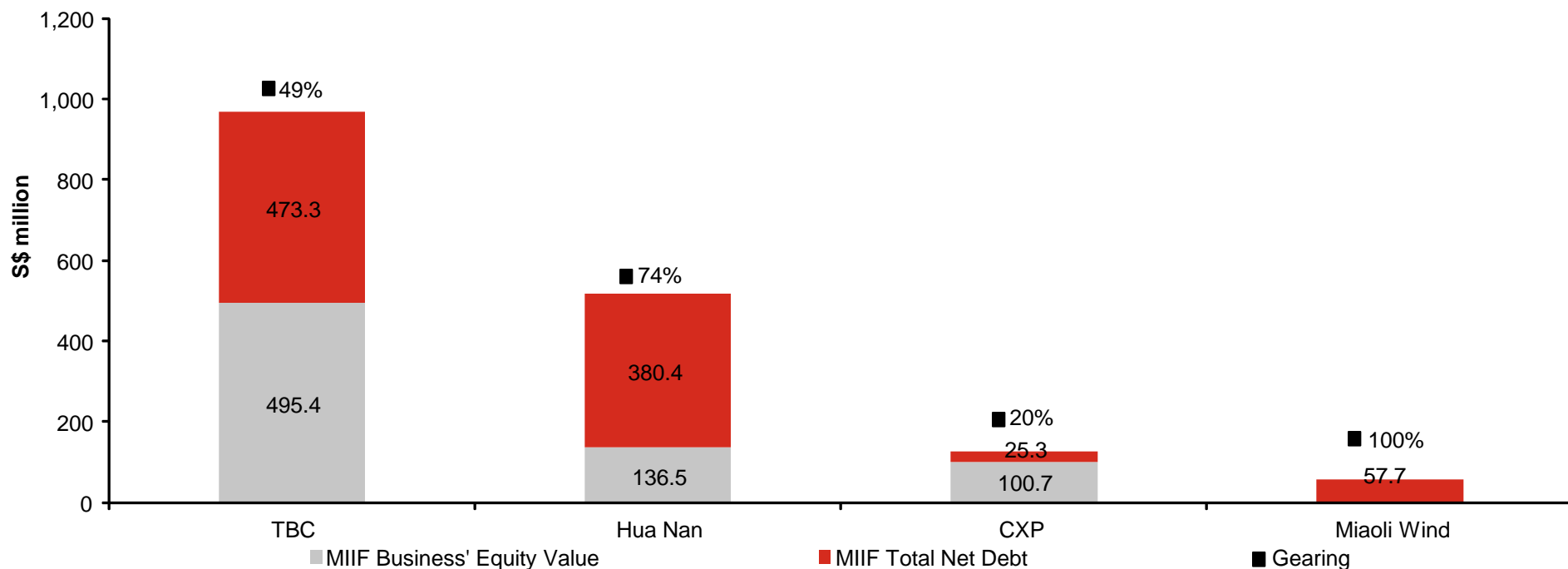
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Strong Balance Sheet

**MIIF's Aggregate gearing is 53.9% (includes corporate level cash)**

- Excluding corporate level cash = 56.1%
- Excluding corporate level cash & Miaoli Wind = 54.5%



Notes: (1) As at 31 December 2012



# MIIF & Business-Level Borrowings

## Debt terms

### Business level borrowings are non-recourse to MIIF

- Weighted average DSCR of 2.3x
- Average Net debt/EBITDA of 4.9x
- Weighted average debt maturity of six years across MIIF's businesses

Business Level	Total debt drawn	Maturity date	Repayment	% Hedged	DSCR 2012 <sup>(1)</sup>	DSCR Default
CXP A	RMB180 million	Jul 2014	Bullet	N/A	3.3x	N/A
CXP B	RMB175 million	Apr 2017	Bullet; amount to be repaid over 2015 – 2017	N/A	3.3x	N/A
HNE	RMB2.4 billion	Mar 2022	Amortising	N/A	1.4x	N/A
Miaoli Wind A	NT\$1.1 billion	June 2020	Amortising	100%	1.7x	1.05x
Miaoli Wind B <sup>2</sup>	NT\$340 million	April 2013	Bullet	N/A	1.7x	1.05x
TBC Senior <sup>3</sup>	NT\$21.0 billion	Jun 2017	Amortising <sup>4</sup>	82%	3.1x	1.20x
TBC Junior	US\$135 million	Dec 2017	Bullet	100%	3.1x	1.05x
MIIF Level	Facility limit	Maturity date	Total debt drawn			
Corporate Facility A	S\$100 million	Oct 2014	-	N/A	N/A	N/A

Notes: (1) Last 12 months Debt Service Coverage Ratio as at 31 December 2012

(2) Original facility was due in December 2012 but the repayment date has been extended to April 2013 by its lenders

(3) Includes capex revolver facility

(4) Bullet until December 2013, amortising thereafter



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# Outlook

## Portfolio outlook

- MIIF's portfolio performed well in 2012, despite another challenging year for global markets. While market conditions are expected to remain subdued in 2013, MIIF's businesses are expected to perform steadily
- TBC is anticipated to continue benefitting from subscriber growth across all of its businesses, with particularly strong demand in digital uptake
- CXP is anticipated to continue performing steadily in 2013 and is well placed to further consolidate its position as the region's leading paper & pulp port. However, some weakness is anticipated in steel and log volumes in the coming year as a consequence of slowdown in the Chinese economy. In addition, CXP will continue to face cost pressures
- HNE is expected to continue benefitting from favourable traffic drivers, such as the opening of Guanghe Expressway, a complementary road. However, the Tolling Revisions effective from 1 June 2012 will continue to have an adverse impact on its financial performance
- In December 2012, senior debt of NT\$440 million at Miaoli Wind was due for repayment. However, the repayment date for this tranche of debt has been extended to April 2013 by its lenders. The repayment date can be further extended with agreement from the lenders

## **MIIF outlook**

- MIIF's Board will continue to pursue the initiatives that have been formulated following the strategic review with a focus on maximising value for MIIF's shareholders
- In accordance with MIIF's continuous disclosure obligations, the Board will keep the market appropriately informed of further developments. A number of the initiatives outlined by the Board will require the approval of MIIF's shareholders at the appropriate time

## **Dividend payout**

- MIIF declared an ordinary dividend of 2.75 cents per share for the six months to 31 December 2012 and a special dividend of 3.00 cents per share
  - Ex-dividend date: 1 February 2013
  - Dividend payment date: 13 February 2013

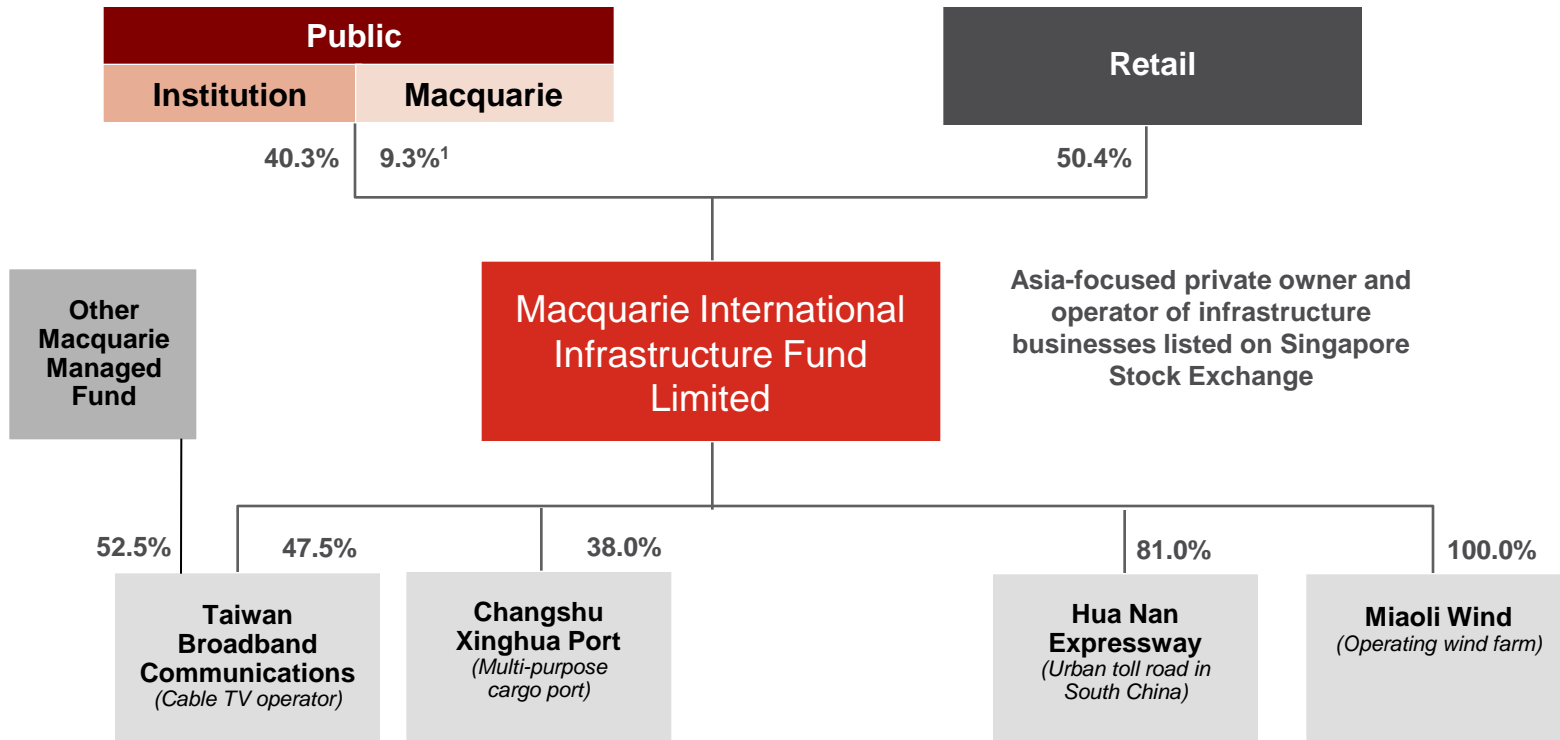


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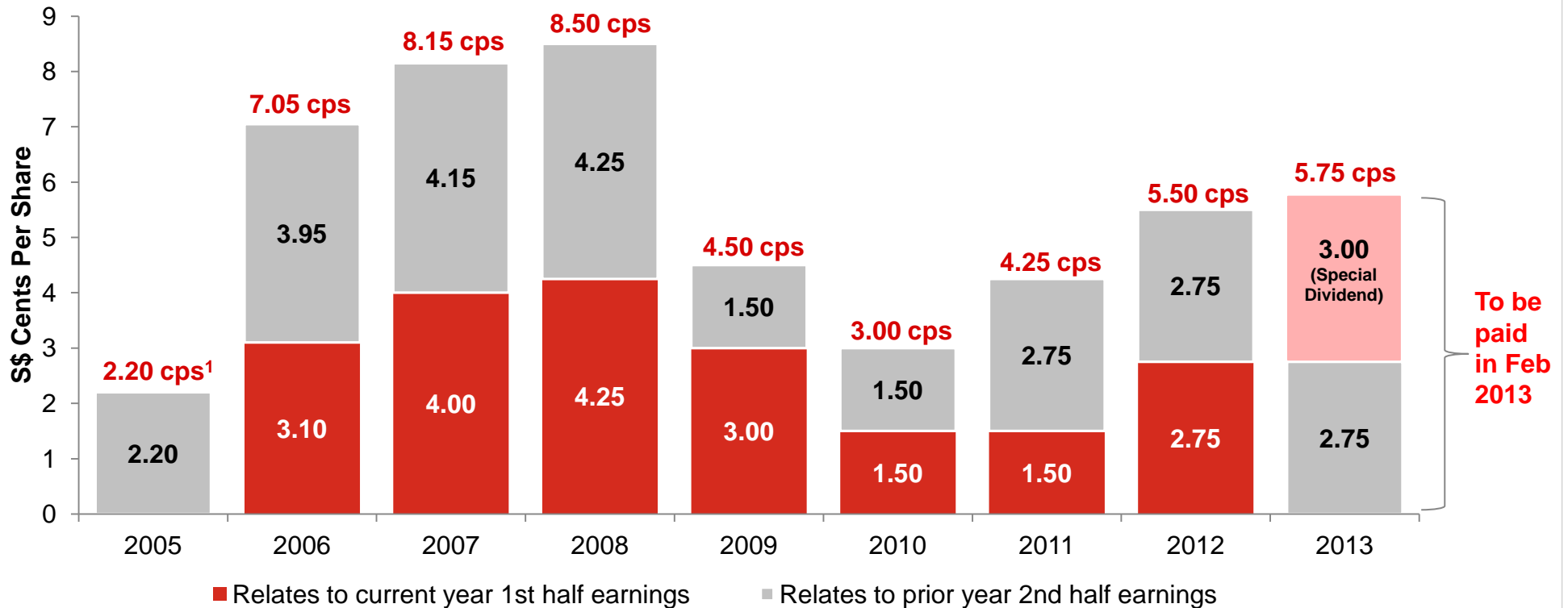
# Appendix





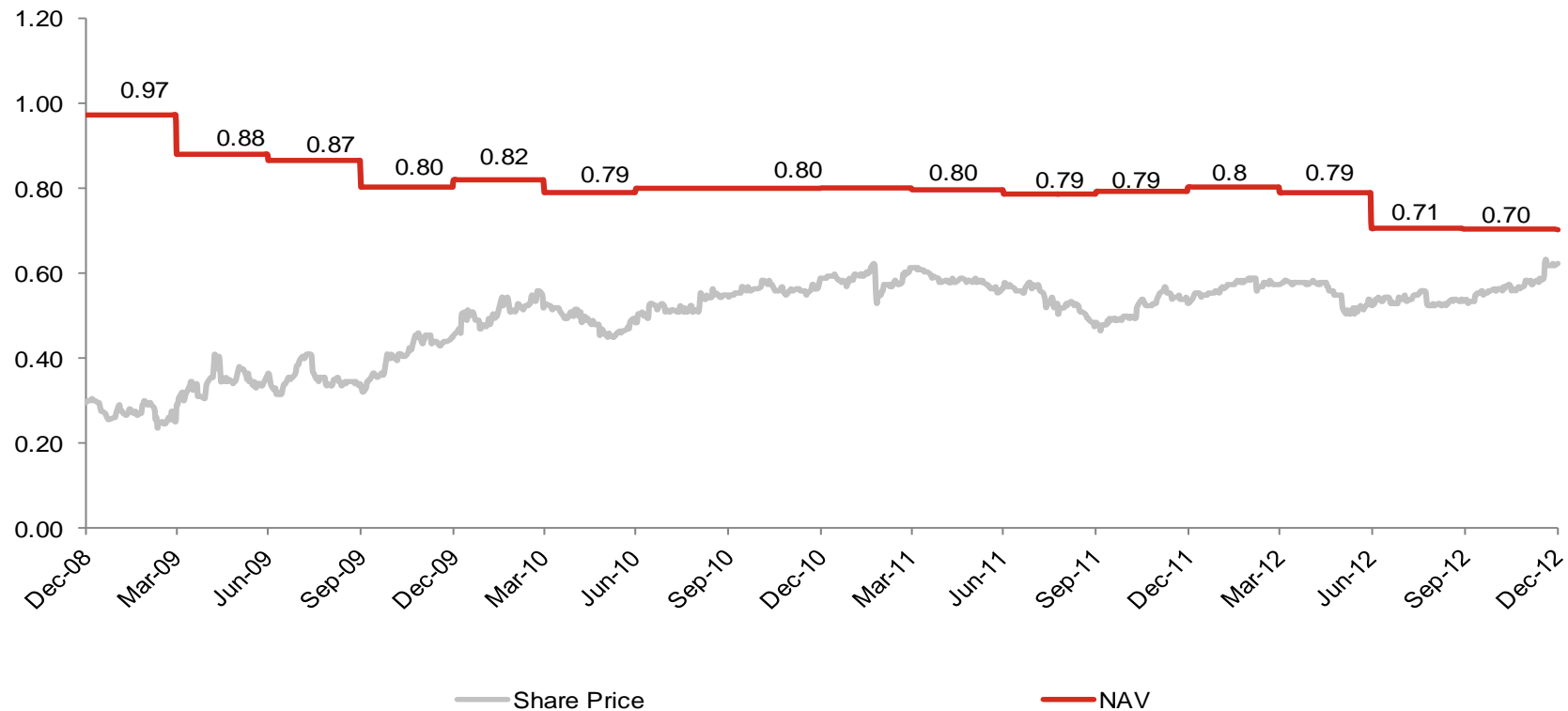
Notes: (1) Includes MIMAL's interest of 9.3% as at 31 December 2012

**MIF dividend per share (on a paid basis)**



Notes: (1) Reflects a part year of operations in 2005

- Share price discount to NAV reduced from a high of 75.8% on 12 March 2009 to a low of 9.8% on 19 December 2012
- Discount of 11.0% as at 31 December 2012





# Changes In Exchange Rates

## 3 months to 31 December 2012

- S\$ weakened against the RMB and NT\$ over the quarter

	31 Dec 2012	30 Sep 2012	% change Dec 2012/ Sep 2012
S\$:RMB	5.096	5.118	(0.43%)
S\$:NT\$	23.791	23.905	(0.48%)

Source: MIRA economics

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