Infinis plc announces its annual results for the year ended 31 March 2013

Key Highlights

- Acquisition and integration in February 2013 of the landfill gas business from Novera Energy (the "Novera LFG business"), a sister company ultimately controlled by our shareholder
- Refinancing of £275m 9.125% bond due December 2014 with £350m 7.0% bond due February 2019
- Credit rating upgrade from Moody's Investor Services in February 2013 to Ba3 and new credit rating of BB- from Fitch Ratings
- Successful outcome of the Candles and Welbeck judicial review[1]
- Revenue up 6.5% at £152.6m (up 2.3% to £174.6m on a pro forma basis[2])
- EBITDA before refinancing costs[3] up 8.7% at £91.6m (up 7.7% at £101.0m on a pro forma basis[2])

On 15 February 2013 Infinis plc issued a £350 million bond (the "2019 Notes") with an interest rate of 7% and a repayment date of 15 February 2019. Proceeds of the 2019 Notes were used to prepay the £275m bond due to mature in December 2014, make distributions to our shareholder and to part-fund the acquisition of the Novera LFG business. The acquisition and integration of the Novera LFG business were successfully completed as envisaged in the Offering Memorandum dated 1 February 2013 for the 2019 Notes. As a result, Infinis plc now consolidates all landfill gas activities of the Infinis Group.

The 2019 Notes were rated Ba3 by Moody's and B+ by Standard & Poor's at issuance. Infinis is pleased to announce that the 2019 Notes have subsequently been rated BB- by Fitch. We intend to cancel the rating from Standard & Poor's.

On 13 February 2013 the Court of Appeal issued a ruling in favour of Infinis which upheld the results of a judicial review (which also ruled in favour of Infinis) regarding ROC accreditation at two of our sites, Candles and Welbeck.

Revenue for the year ended 31 March 2013 increased by £9.3m (6.5%) to £152.6m. The acquisition of the Novera LFG business contributed £6.6m and the successful outcome of the Candles and Welbeck judicial review[1] contributed £10.2m of revenues, of which £7.8m related to prior periods. Both 2013 and 2012 results were affected by prior year adjustments regarding ROC recycled payments. 2013 suffered a prior year adjustment of £3.0m relating to CP10[4] and 2012 benefited from a prior year adjustment of £4.3m relating to CP9[4].

On a pro forma basis, assuming a full year contribution from the Novera LFG business, Infinis plc revenue increased by £4.0m (2.3%) to £174.6m in the year ended 31 March 2013. The prior year adjustments regarding ROC recycled payments were, on a pro forma basis, a negative £3.7m adjustment in 2013 relating to CP10 and a positive £5.0m adjustment in 2012 relating to CP9.

Reported average selling price ("ASP") increased by £3.07/MWh (3.7%) to £86.37/MWh as the proportion of output sold under the RO regime increased following the expiry and termination of lower priced NFFO contracts. Adjusting for prior periods' Candles and Welbeck ROC income included in our reported results, and aligning ROC recycled payments to the period in which they were earned, the underlying ASP increased by £3.25/MWh (4.1%) to £83.41/MWh.

On a pro forma basis, assuming a full year contribution from the Novera LFG business, our reported ASP increased by £2.80/MWh (3.5%) to £83.48/MWh as the proportion of output sold under the RO regime increased following the expiry and termination of lower priced NFFO contracts. Adjusting for prior periods' Candles and Welbeck income included in our reported results, and aligning ROC recycled payments to the period in which they were earned, the pro forma underlying ASP increased by £3.89/MWh (5.0%) to £81.40/MWh.

	Year to 31 March 2013	**Year to 31 March 2012**
Reported ASP (Pro forma reported ASP)	£86.37/MWh (£83.48/MWh)	£83.30/MWh (£80.68/MWh)
Underlying ASP (Pro forma underlying ASP)	£83.41/MWh (£81.40/MWh)	£80.16/MWh (£77.51/MWh)

Output increased by 16 GWh to 1,616GWh, with the Novera LFG business contributing 62 GWh. On a pro forma basis output declined by 68 GWh (3.3%) to 1,955 GWh. A failure of two old Ruston RK 270 engines at Stewartby accounted for 9.8 GWh of lost output. The failed engines have been replaced with modern Caterpillar engines and Infinis has budgeted the preventative replacement of the remaining two operational Ruston engines at Stewartby with Caterpillar units during 2013. The replacement of these engines has been initiated and is currently underway. Further lost output is attributable to a delayed drilling programme at Brogborough. This drilling programme is now underway.

EBITDA (excluding £1.6m of costs incurred in relation with the bond refinancing and the associated corporate reorganisation) increased by £7.3m (8.7%) to £91.6m. EBITDA margin increased from 58.8% to 60.1% and after adjusting for Candles and Welbeck and recycled ROC payments relating to prior periods, underlying EBITDA margin increased from 55.7% to 57.4%.

On a pro forma basis, assuming a full year contribution from the Novera LFG business, EBITDA (excluding the same refinancing and restructuring costs highlighted above) increased by £7.2m (7.7%) to £101.0m. Pro forma EBITDA margin increased from 55.0% to 57.8% and after adjusting for Candles and Welbeck and recycled ROC payments relating to prior periods, underlying pro forma EBITDA margin increased from 51.7% to 55.8%.

Capital expenditure was £15.2m and on a pro forma basis was £18.2m, comparable with previous years.

Cash at 31 March 2013 was £19.8m and net debt / last 12 months EBITDA (excluding refinancing and restructuring costs) was 3.6x (3.3x on a pro forma basis).

The Offering Memorandum for the 2019 bond set out intended 'Use of Proceeds', intended distributions to our shareholder and expected use of existing cash for the acquisition of the Novera LFG business. £9.9m is available for future distribution and (subject to distributable reserves and working capital requirements) we expect to make distributions of £9.9m. Additional distributions may be made subject to meeting the consolidated net income and/or leverage tests as described in the Offering Memorandum.

Notes:

1. Infinis launched judicial review proceedings challenging the decision by Ofgem not to accredit two of our sites (Candles and Welbeck) as qualifying for entitlement to ROCs. The initial judgement was in our favour but subsequently appealed by Ofgem. Ofgem's appeal was dismissed on 13 February 2013.
2. On 15 February 2013 Infinis plc issued a £350m 7.0% bond with a maturity date of 15 February 2019. Proceeds were used to prepay the £275m 9.125% bond due to mature in December 2014, make distributions to our shareholder and to part-fund the acquisition of the Novera LFG business (40 sites with an installed capacity of 71MW owned by Novera Energy, a sister subsidiary of our shareholder). Our statutory results consolidate the results of operations from the Novera LFG business from 15 February 2013. Unaudited pro forma consolidated financial and operational data and statistics have also been prepared for the years ending 31 March 2013 and 31 March 2012 as if the Novera LFG business was part of Infinis plc throughout these periods.
3. EBITDA excludes £1.6m of non-capitalised refinancing and restructuring costs in relation to the £350m bond and associated corporate reorganisation.
4. CP10 refers to the ROC compliance period beginning 1 April 2011 and ending 31 March 2012 and CP9 refers to the ROC compliance period beginning 1 April 2010 and ending 31 March 2011.

An investor conference call will be held today, June 20, 2013 at 14.00hrs.
Dial in details for this call are: +44 (0) 1452 555 566
Participant code: 35796924