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Energy Developments Limited (ASX: ENE)

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For Immediate Release

ASX Release

EDL delivers strong growth and significant increase in final dividend

Highlights - Results

- ***Revenue** of $423 million, up 5%*
- ***EBITDA** of $182 million, up 3% and within guidance*
- ***NPAT** of $45 million compared to $55 million in FY13*
- ***Net operating cash flow** of $136 million, up 4%*
- ***Growth capex and investment** of $139m, up 68%*
- ***Full year final dividend** of 28 cents per share, fully franked (2013: 11 cents per share)*

Highlights – Operations and Growth

- ***Safety performance**: LTIFR nil at June 2014, 19 months LTI free*
- ***154MW** additional installed capacity:*
  - *81MW successfully commissioned safely, on time and within budget*
  - *73MW acquired and operating at or exceeding expectations*
- *Total of **883MW** installed capacity with a further **21MW** progressing on time for commissioning in December 2014*

Energy Developments Limited ("EDL" or the "Company") today reported improved EBITDA of $182.2 million, up 3% from $177.0 million, and declared a full year final dividend of 28 cents per share for the year ended 30 June 2014, which will be fully franked.

"EDL continues to deliver tailored, bespoke energy solutions safely and on budget in our core remote and clean energy businesses," Managing Director Greg Pritchard said.

"The opportunities for continued growth remain strong. Our strategic acquisitions completed this year, not only contribute scale and value, but have created additional growth opportunities with new blue-chip customers."

"Our solid growth in energy generation capacity this year will translate into stronger earnings, as we outline in our guidance for FY15."

Mr Pritchard said the Company had an active pipeline of growth opportunities focussed on tailored power solutions for existing and new customers, extensions and expansions at existing sites, selective acquisitions and from immediate adjacencies to EDL's core businesses.

“The Company’s strong result, cash flow and well executed growth in FY14 have provided the confidence to declare a significant step up in the FY14 ordinary dividend which will be fully franked.”

“EDL has consolidated its market leading positions in remote power generation and waste methane abatement for our blue-chip customers. It was pleasing to see the growing contribution from the Company’s overseas businesses during the course of the year.”

Mr Pritchard said that the growing demand in Australia for distributed energy solutions, as alternatives to the traditional power generation and poles and wires network solutions, provides a positive outlook for the Company in coming years.

Financial Performance

An overview of the divisional EBITDA performance of the Company is detailed below:

Region	**FY14 (AUDm)**	**FY13 (AUDm)**	**Change**
Clean Energy – AUS	75.9	78.1	(3%)
Prior period ACCUs	-	7.6	-
Remote Energy – Aus	72.4	67.3	8%
Europe	38.2	29.8	28%
US	13.4	9.6	39%
Corp & BD	(15.1)	(15.3)	(1%)
Business Acquisition & Strategy Costs	(2.5)	-	-
Group	**182.2**	**177.0**	**3%**

EBITDA for the group increased $5.2 million. Australian Clean Energy was down slightly mainly due to weaker electricity and LGC prices, Australian Remote Energy benefited from a second half contribution from the McArthur River expansion, while the UK and US both experienced improved generation, pricing and the translation benefit of stronger currencies.

Second half EBITDA increased 15% to $97.6 million from $84.6 million in the first half mainly reflecting the McArthur River power project expansion in January, the Envirogen acquisition in April and stronger second half power prices in the UK.

Net Profit After Tax for the year was $45.4 million, down $9.6 million compared to FY13 which included $7.6 million from the sale of prior period ACCUs. The FY14 result is after $9.5 million of accelerated depreciation recognised on the sale of assets in the first half.

Investment in Growth

During the year EDL successfully completed major growth projects safely, on time and on budget, as well as completing significant acquisitions of assets delivering accretive value and scale, including:

- 53MW expansion of the McArthur River Power Project in the Northern Territory for Glencore, underpinned by a 20 year Power Purchase Agreement;

- 18MW expansion of the Moranbah North WCMG Power Project in Central Queensland, underpinned by a 25 year gas supply extension with Anglo American Coal and a network support agreement with Powerlink Queensland;

- Acquisition of the 43MW Envirogen WCMG power station portfolio; and

- Acquisition of 51MW of gas fired power generation to electrify upstream LNG projects in the Surat Basin in Western Queensland.

"The Envirogen acquisition introduced two new global customers, Glencore and Vale, and included operating synergies and expansion prospects. In the 4 months since acquisition, EDL has achieved a 64% performance improvement through implementation of core asset maintenance and operating strategies, with little capital spend."

Cash and Financing

The Company has continued to deliver long term and diversified operating cash flows in this financial year. Net operating cash flow was $136.4 million, up 4% from the previous financial year.

In the last twelve months EDL has established a further $125 million of committed debt facilities and raised $50 million in an equity placement in February 2014 bringing total available funds to $276 million at 30 June 2014. EDL has commenced a refinancing process which is expected to deliver significantly lower finance costs from the second half of FY15, taking advantage of favourable local banking market conditions.

Regulatory Environment

Despite a number of regulatory changes impacting clean energy markets in Australia, the Company acknowledges bi-partisan political support in Australia for the policy objective to reduce greenhouse gas emissions to 5% below 2000 levels by 2020.

As a leading clean energy and greenhouse gas abatement business, EDL expects to benefit from existing and future policies designed to achieve greenhouse gas emission reductions.

The Australian Government's Emissions Reduction Fund (ERF) is currently progressing through the legislative process and EDL continues to consult with Government on the design of the various policy frameworks associated with the ERF and the Government's Direct Action policy. EDL expects that its existing landfill gas power projects, eligible under the current Carbon Farming Initiative, and new and expanded WCMG power projects will be eligible to participate in the Emissions Reduction Fund upon adoption of the proposed legislation.

EDL notes the repeal of the carbon pricing mechanism with effect from 1 July 2014. The Company incurred carbon liability costs in FY14 which are largely passed through under contractual or market mechanisms.

The Company also notes the review of the Renewable Energy Target (RET) which is due to report in August. The Company is confident the Australian Government recognises that large scale investments have been made in good faith on the basis of the long term Government RET policy and appropriate transitional mechanisms would be considered should any material changes to the RET be legislated.

FY14 Dividend

The Board declared a full year final dividend of 28 cents per share fully franked for the year ended 30 June 2014, totalling $47.5 million, to be paid on Thursday 23 October 2014 based on a record date of Tuesday 23 September 2014. The Company's Dividend Reinvestment Plan will not apply to this dividend.

It is the Board's current intention to maintain a progressive dividend policy where the Company pays regular franked dividends at a sustainable level, which will be maintained or increased each period.

Outlook

"The completion of major projects and acquisitions this year have provided momentum for continued earnings growth next year, despite lower Australian wholesale electricity and ACCU prices following the repeal of the carbon tax. EBITDA for FY15 is anticipated to be between $192 million to $202 million, compared to $182.2 million in FY14" Mr Pritchard said.

"EDL remains well positioned for continued growth as the market leader in its core businesses of Remote and Clean Energy."

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For additional information please contact:

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About Energy Developments

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Energy Developments Limited ABN 84 053 410 263 (EDL) is an international provider of safe, clean, low greenhouse gas (GHG) emissions energy and remote energy solutions. EDL currently owns and operates a diversified international portfolio of power stations in Australia, the United States, the United Kingdom and Greece from a range of fuel sources including landfill gas, waste coal mine gas, natural gas and liquefied natural gas.

In the year ended 30 June 2014:

- EDL's worldwide operations produced approximately 3.7 million MWh of energy, enough to power over 600,000 homes; and
- EDL's landfill gas power stations around the world, and waste coal mine power stations in Australia abated and avoided approximately 12 million tonnes of carbon dioxide equivalent of GHG emissions, equivalent to removing 3.5 million cars from the road

Note: in this release, all amounts are Australian dollars unless otherwise specified, and all numbers are approximate unless otherwise specified.