

Energy Developments (ASX: ENE)

ASX Investor Series Presentation

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Leaders in Remote and Clean Energy



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Key Highlights

- 1 Scale** – 904 MW of generation assets; #1 market positions
- 2 Diversification** – 84 projects across 3 continents; > 80% contracted; 50% take or pay
- 3 Incumbency** – Long life assets; long dated contracts; track record of recontracting
- 4 Blue chip customers** – BHPB; Anglo American; AngloGold Ashanti; Glencore; MMG
– Horizon Power; Territory Generation
- 5 Capability** – Commitment to Zero Harm; Centralised O&M and asset management
- 6 Growth** – 154 MW added in FY14
- 7 Well capitalised** – Corporate refinancing in October 2014
– Reduced borrowing cost; extension of tenor; over-subscribed bank group
- 8 Strong profitability** – FY14: EBITDA \$182m; NOCF \$136m; Fully franked div. 28cps
– FY15: EBITDA guidance of \$192m to \$202m



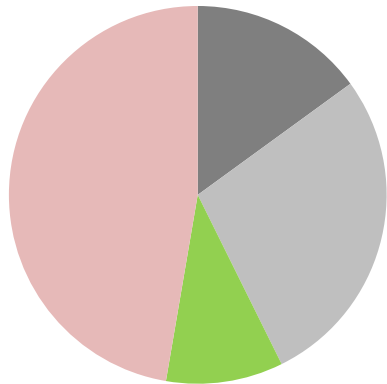
Significant Growth and Diversification Continues

FY03 Revenue: \$117m

Projects: 54

Scale: 389 MW

Dividend: Nil

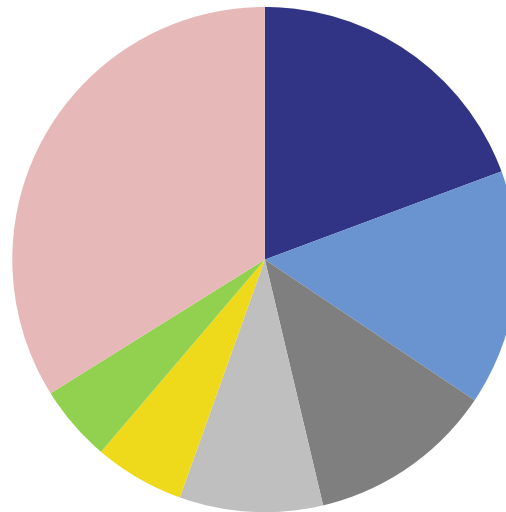


FY13 Revenue: \$403m

Projects: 80

Scale: 800 MW

Dividend: 11cps

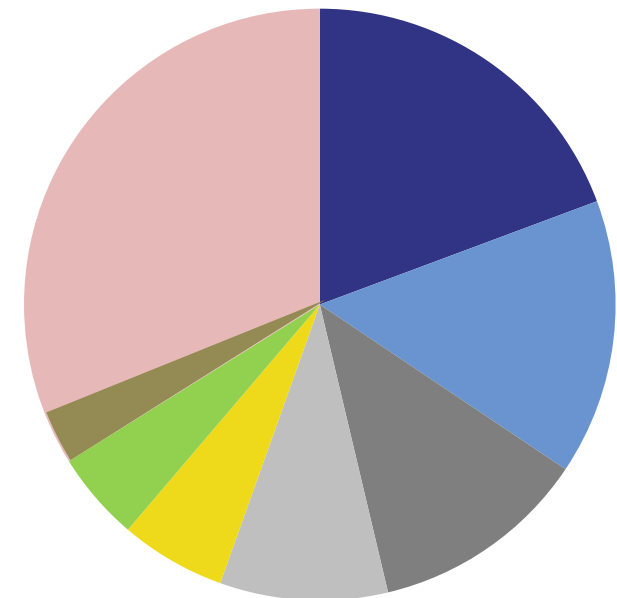


FY14 Revenue: \$423m

Projects: 84

Scale: 900 MW

Dividend: 28cps



■ Horizon Power

■ Anglo American

■ UK

■ BHP Billiton

■ Anglo Gold Ashanti

■ Territory Generation

■ Other Revenue

■ Glencore

Continued trend of earnings and capacity growth



- **Remote Energy** ~390MW
- **Waste Coal Mine Gas** ~250MW
- **Landfill Gas** ~260MW



- ✓ **Scale**
- ✓ **Diversified**
- ✓ **Long life assets**
- ✓ **Long dated contracts**
- ✓ **Blue chip counterparties**
- ✓ **Capability**
- ✓ **Growth**
- ✓ **Well capitalised**
- ✓ **Strong profitability**

Distributed Power Summary

Distributed power driven by same forces that are propelling the broader decentralization movement

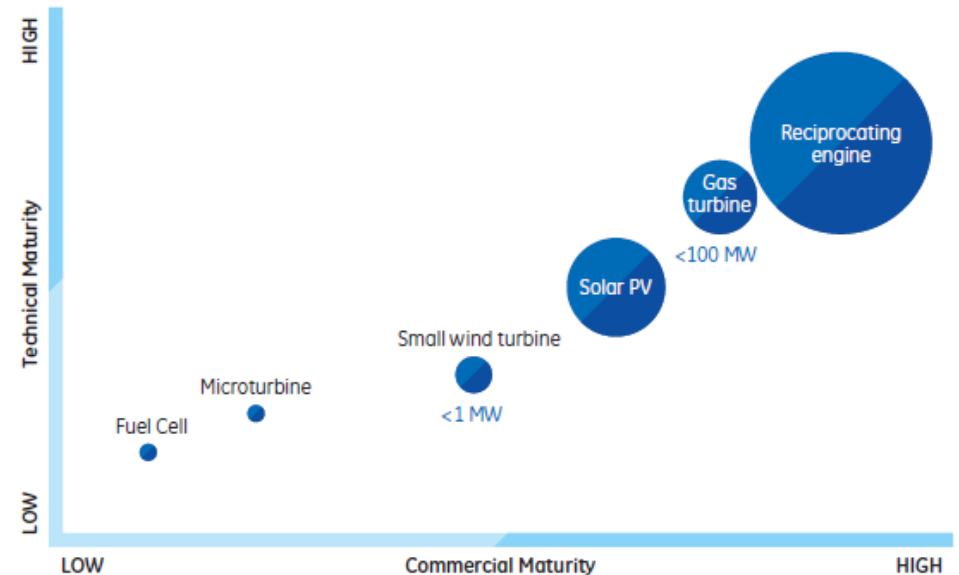
Advantages of distributed power

- Widely available, smaller, more efficient and less costly
- Overcomes capital constraints of larger projects and transmission/distribution lines
- Built and become operational faster and with less risk than large power plants
- Increased reliability generating power close to customer
- Digital control systems - can be controlled from a smartphone
- Incrementally added to meet growing energy needs
- Greater gas abundance creates opportunities for gas-fired distributed power systems

Opportunities for EDL

- Diesel displacement
 - Hybrid renewables
 - Virtual pipelines (e.g. West Kimberley; Yulara) using LNG and CNG
- Network support
- Intermediate Electrification e.g. upstream LNG

Distributed Power Technology Continuum



Source: General Electric 2014



WCMG Macro Environment

Macro – Metallurgical Coal

- **Demand:** Underpinned by steel production – with global production expected to grow at CAGR of 2.5% - 3.0% p.a.
- **Supply:** Australia provides >50% global supply and expected to remain dominant supplier of seaborne met coal globally

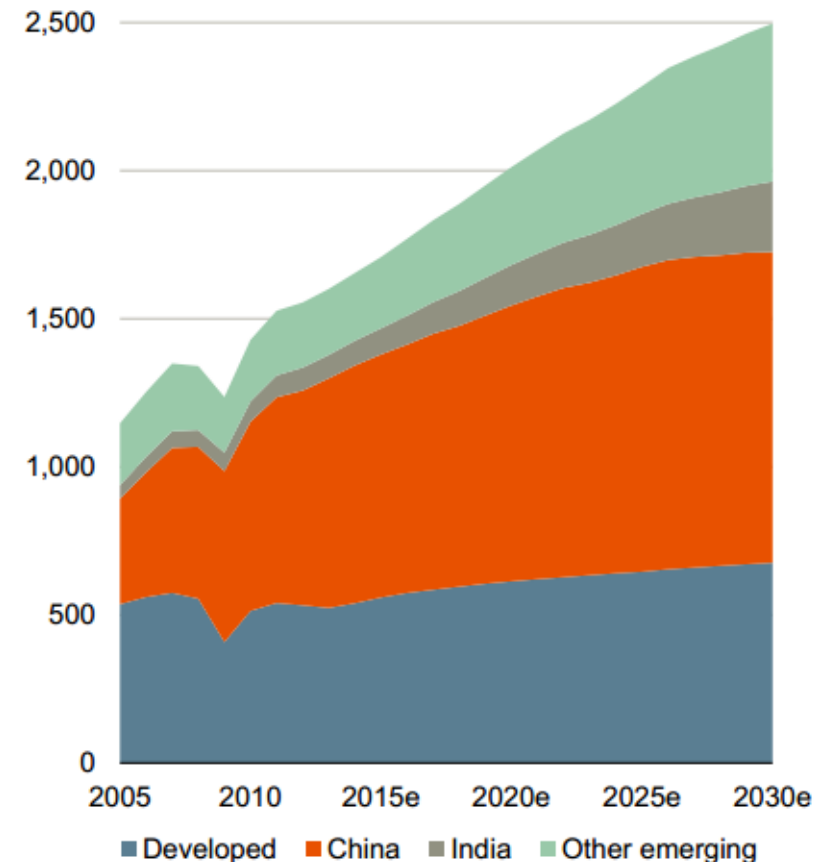
EDL Current WCMG portfolio

- Market Leader with 254MW across 9 projects
- WCMG generation/ abatement is core business
- 4 Global miners as core long term customers
- Exclusive feasibility study with fifth

Further Opportunities for Growth

- Methane abatement services to miners
- Value proposition attractive to miners
- Value add-ons: network support, islanding, direct sales, upstream services all enhance EDL offering

Global crude steel production by region
(Mt)



Source: BHP Oct 2014

Long Dated Contracts with Blue Chip Counterparties

Asset capacity (MW)

Weighted average contractual years and asset life

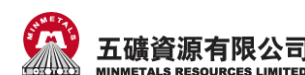
Blue Chip Counterparties

Remote Energy (389 MW)

2030+

Clean Energy (515 MW)

2030+

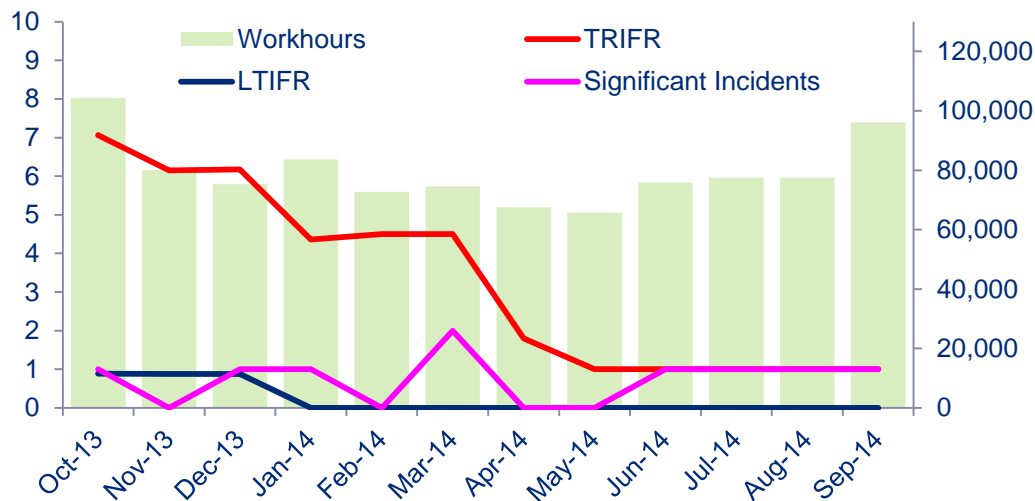




Our Capability – Safety and People

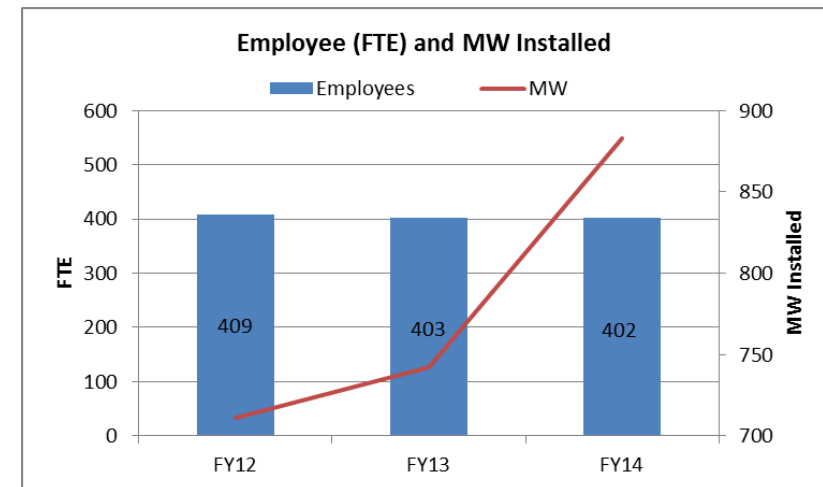
Highly experienced team with a strong track record of safely managing and growing the business

Safety



- ✓ Target Zero Harm
- ✓ Industry-leading safety performance
- ✓ LTIFR at 30 September is nil
- ✓ Zero LTIs in past 20 months (in excess of 1.6 million hours worked)
- ✓ TRIFR (total reportable injury frequency rate: LTIs + MTIs) at 31 July is 1.0. 1 MTI in Nov 2013

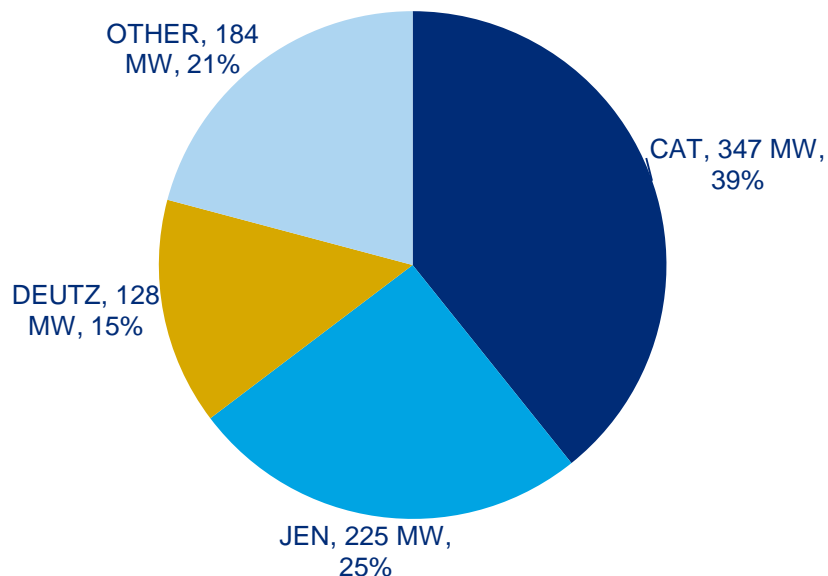
People



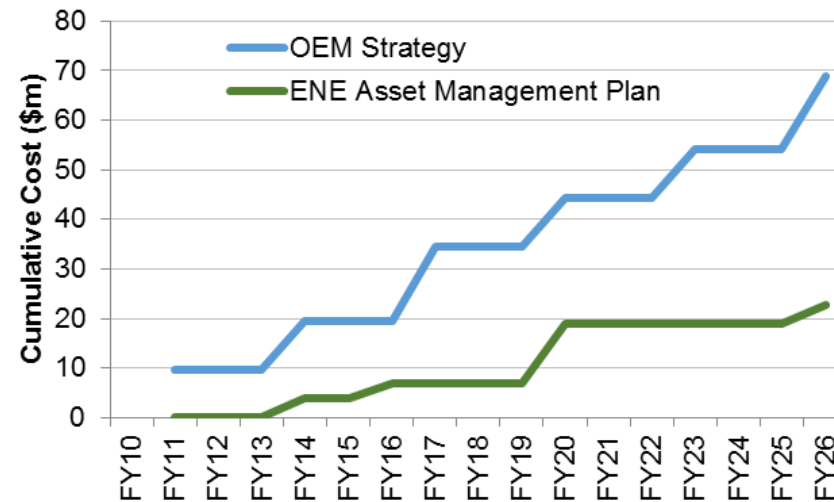
- ✓ Strategies in place to attract and retain key talent
- ✓ Improved MW / FTE from 1.7 in FY12 to 2.2 in FY14

Our Capability – Asset Management

EDL Installed MW by Engine OEM

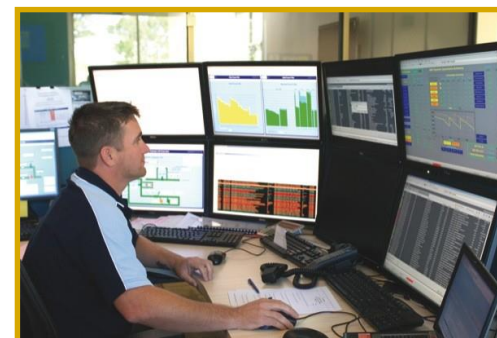


Overhaul Cost Profile ¹



¹ EDL estimate only, subject to various assumptions

- ✓ Asset management planning and condition based monitoring reducing maintenance costs
- ✓ In-house O&M, central control and adjacent operations reduces operational labour cost
- ✓ Strong track record of consistent KPI improvements, including
 - ✓ Increased capacity factors
 - ✓ Cost savings programs
- ✓ Potential for efficiency improvements in older units





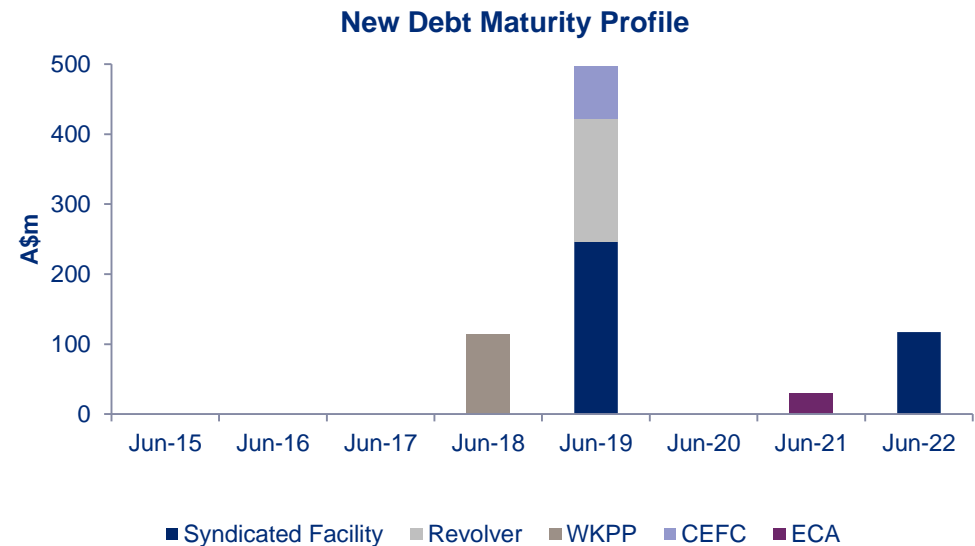
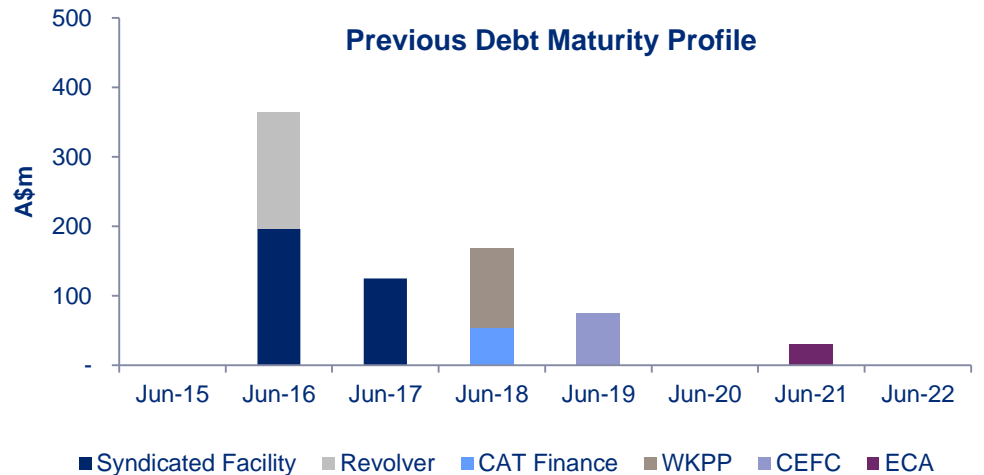
Our Capability - Refinancing

Refinancing of Corporate Banking Facilities completed in October

- Lender feedback was positive with facilities oversubscribed
- New syndicate: NAB, ANZ, Westpac, UOB, Mizuho, SMBC, ICBC, BTMU, GE and funds managed by Hastings

Outcomes

- Extension of term, revolver and working capital tranches over 5 and 8 year maturities to 2019 and 2022
- Reduction in average interest margin and commitment fees: savings > \$8m per annum
- Extension of AUD interest rate swaps to 8 years



Executed Growth – \$500m successfully invested since FY10

McArthur River – in partnership with Glencore

- Supporting Glencore's McArthur River mine expansion
 - Doubling capacity and increasing mine life to 2038
- EDL gas power station since 1995
- 20 year Power Purchase Agreement for 68MW
 - 53MW Wärtsilä expansion
- COD in January 2014



Moranbah North – in partnership with Anglo American

- Supporting Anglo's commitment to reducing carbon emissions and gas extraction costs
- 45MW WCMG power project since 2008
- 18MW expansion underpinned by:
 - 25 year WCMG supply extension with Anglo
 - Network support agreement with Powerlink
- COD July 2014



EDL continues to deliver accretive growth projects in a challenging market



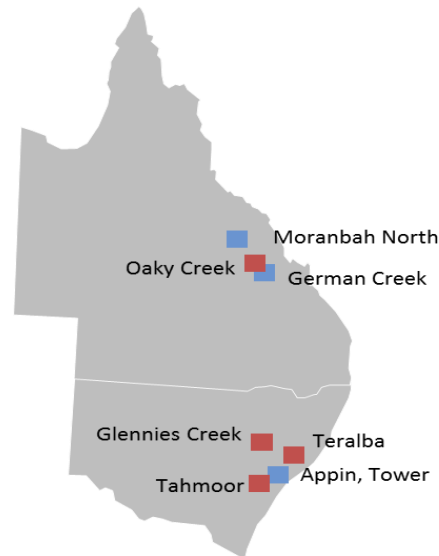
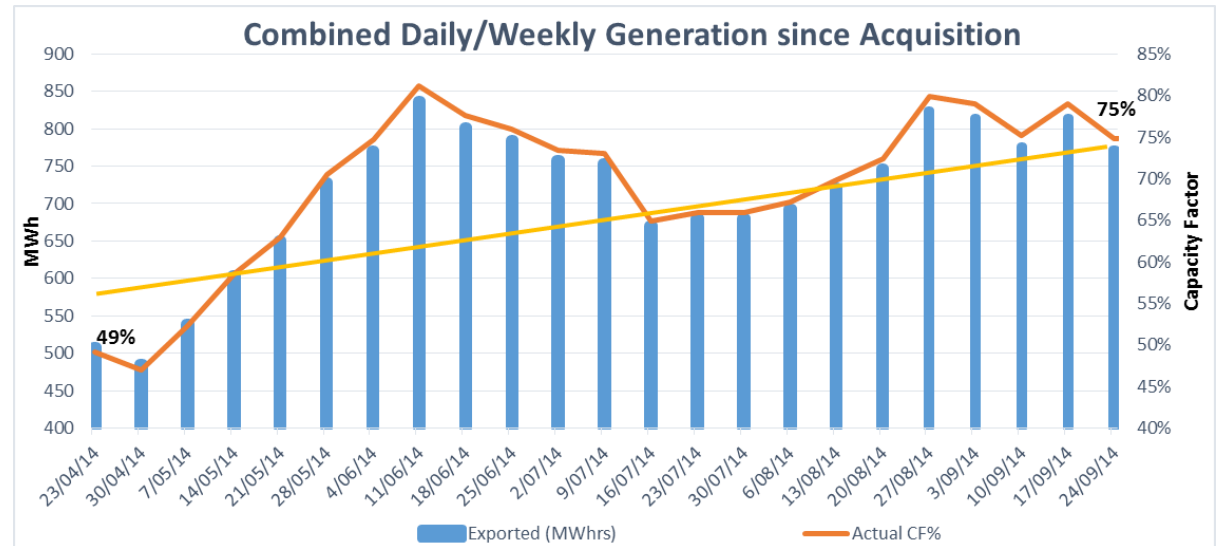
FY14 Growth – Envirogen Acquisition

Rationale

- 43MW WCMG bolt on (\$25m)
- New customers: Glencore and Vale
- Long dated mine lives
- Significant synergies

Integration & Synergies

- Alignment of OHSE and SPIRIT values
- Operating performance increased >50%
- Removed O&M and corporate overhead
- Results to date materially higher than investment case
- Consolidation benefits - German Creek and Oaky are 7km apart
- Potential for expansion at acquired sites



Oaky Creek

- **Glencore Xstrata** managed mine
- Expected mine life to 2046
- **21MW**

Integra (Glennies Creek)

- **Vale** operated mine
- **11.7MW**

Teralba

- **Glencore Xstrata**; mine closed 2001
- **3.1MW**

Tahmoor

- **Glencore Xstrata**
- Expected mine life to 2028
- **7.3MW**



FY14 Growth – Upstream LNG

Key Terms

1. Purchase of 21MW for ~\$21m in April 2014

- Initial 12-18 month rental agreement with Clarke Energy Australia for upstream LNG electrification
- COD Dec 2014

2. Purchase of 30MW for ~\$22m in June 2014

- Initial 12-18 month rental agreement with Clarke Energy Australia for upstream LNG electrification
- Commenced 1 July 2014

3. Potential for

- Extension of initial lease agreements
- Subsequent utilisation in EDL WCMG or other growth projects

Rationale

- Attractive economics with accelerated EBITDA expected from initial sale/ leaseback
- Asset redeployment into EDL business post lease
 - Reduces capital costs for future projects
 - EPC relocation terms locked in at acquisition
- Extends clean energy footprint closely adjacent to WCMG assets

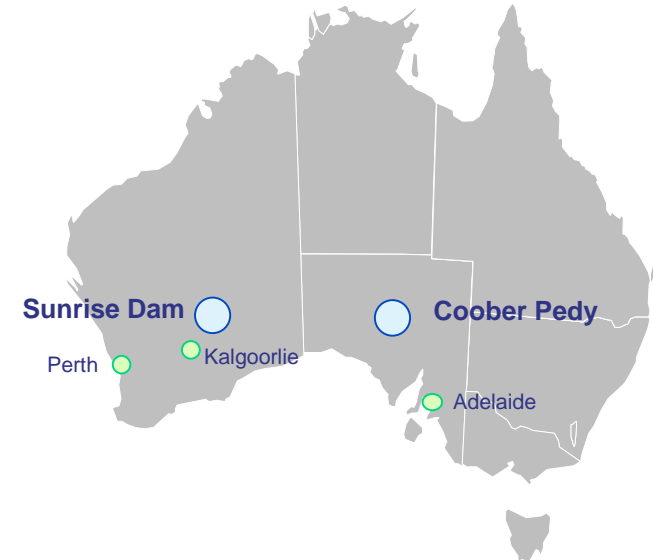


Reedy Creek, QLD

FY15 Growth Projects underway – Sunrise Dam & Coober Pedy

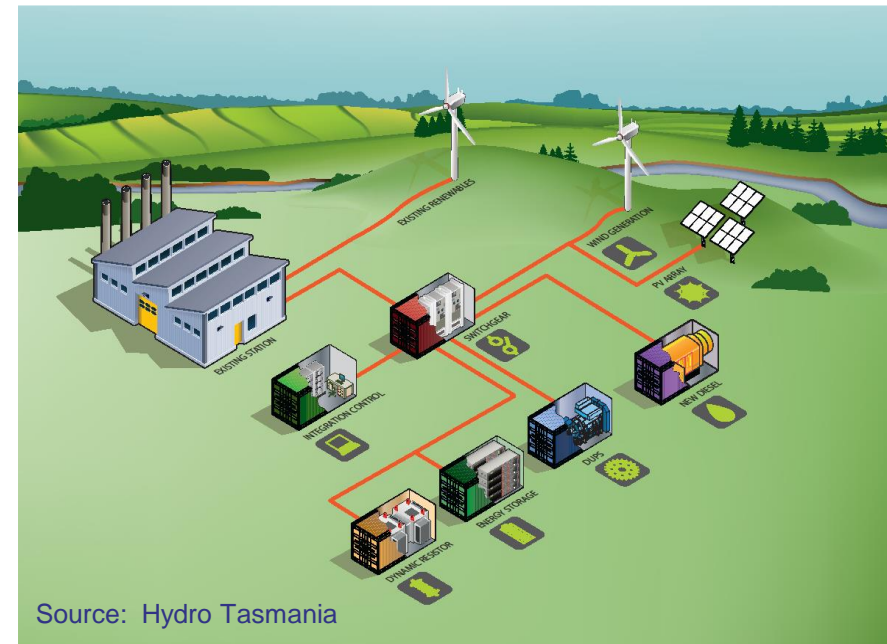
Sunrise Dam extension and expansion

- Supporting Anglo Gold Ashanti's Sunrise Dam mine
- 28MW gas and diesel power station since 1997
- Extension of current agreement by 10 years to 2025
- Expansion of 6MW replacing 2MW of diesel with 8MW of high efficiency gas generators



Coober Pedy Hybrid Renewable Project

- \$18.5m funding agreement with ARENA signed in July 2014
- Support to upgrade and expand existing 3.9MW diesel power station
 - 2MW solar
 - 3MW of wind generation
- Project to be underpinned by 20year PPA
- Target to achieve 70% diesel displacement of 20 year PPA
- Significant opportunities for diesel displacement in remote locations



Source: Hydro Tasmania



Regulatory Update – Direct Action & RET

- EDL has long history of working with Governments
- Bi-partisan support for a 5% reduction in Australia's emissions by 2020
- Private sector certainty: managed through grandfathering in the event of policy change

Direct Action – Emissions Reduction Fund (ERF)

- Parliamentary support to legislate Direct Action achieved; has now passed the Senate
- ERF a \$2.5 billion fund – EDL will be able to monetise ACCUs through reverse auction process
- EDL expected to generate ACCUs from:
 - Grandfathering of existing CFI projects into ERF
 - New WCMG expansions/greenfield projects
- Ongoing consultation with Government/Regulator on detailed design
- **Commencement expected early 2HFY15**

Renewable Energy Target (RET)

- Currently legislated until 2030 – 45,000GWh to be supplied from renewable sources by 2020
- Report of Expert Panel released in August 2014 recommendations, either:
 - No new large scale renewables into RET, but existing participants continue; or
 - RET target is frozen and grows only with demand
- Current eligible EDL projects would remain under either recommendation.

EDL expects to benefit from continuing regulatory support for cleaner energy and emissions reduction policies



Summary

1. **Market leaders** in distributed generation
2. **Differentiated and diversified** business in a dynamic energy market
3. **Proven capability** to deliver and operate bespoke distributed power solutions for our customers, safely and on time/ budget
4. **Long life assets** and **contracts** with **blue chip counterparties**
5. **Deep pool of growth options**
6. **Strong profitability** with **growing dividends** and **well capitalised**