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25 August 2015

**ASX RELEASE**

## INVESTOR PRESENTATION

DUET Group (DUET) notes the attached presentation that will be used in upcoming investor meetings.

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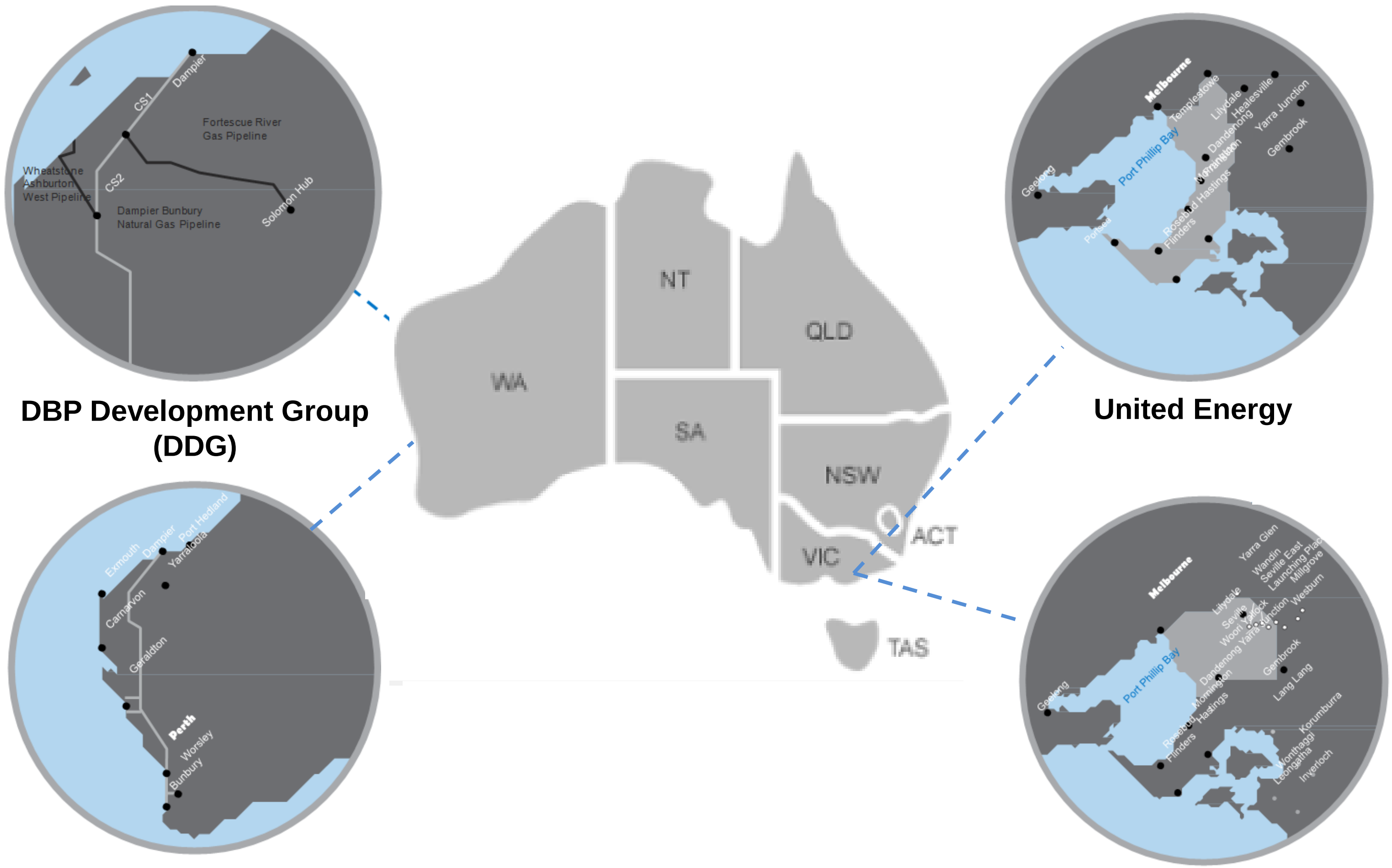
DUET GROUP


# Investor Presentation

25 August 2015

# DUET Group - Operating Company Locations




**DBP Development Group (DDG)**

**Dampier Bunbury Pipeline (DBP)**

**United Energy**

**Multinet Gas**

# DUET Group Today

| | United Energy (66%) | Multinet Gas (100%) | DBP (80%) | DDG (100%) |
|---|---|---|---|---|
| **Operating Companies** | United Energy (66%) | Multinet Gas (100%) | DBP (80%) | DDG (100%) |
| **Predictable/Long Term Contracted/Regulated Revenues** | • Stable regulation | • Stable regulation | • Long term contracts strong counterparties<br>• Regulated tariffs in 2021 (unless re-contracted) | • 20-30 year contracts, strong counterparties |
| **Limited Volume Risk** | • Revenue cap to limit volume risk | • Banded tariffs reduce volume risk<br>• Tariffs set on 5 year forecast volumes | • 80% take-or-pay | • 100% Take-or-pay |
| **High EBITDA Margins[1]** | • 66% | • 68% | • 79% | • nm |
| **Limited Energy Risk** | • No electricity exposure | • Gas exposure limited to UAFG[1] | • Gas exposure limited to fuel gas | • No gas exposure |
| **Incremental Growth** | • ~6%pa RAB growth | • Stable RAB | • Stable RAB<br>• Potential development opportunities | • Actively pursuing development/acquisition opportunities[4] |

1. Based on FY15 Interim results
2. Unaccounted-for-gas
3. Forward looking statements by their very nature are subject to uncertainties and contingencies, many of which are outside the control of DUET.
4. Any significant successful opportunities are likely to require further capital contributions from DUET, possibly involving the raising of additional capital

# Highlights

**Growth**

- DDG commissioned its two pipeline projects (WAWP and FRGP)
  - First full year earnings contribution in FY16
- DDG is preparing a proposal to build, own and operate the North Eastern Gas Interconnector (NEGI) pipeline; submission due 30 September 2015
- Announced proposed acquisition of 100% of Energy Developments Limited (EDL)

**Regulatory**

- United Energy lodged 2016-2020 EDPR submission
- DBP lodged 2016-2020 Revised Access Arrangement
- Multinet Gas submitted accelerated pipeworks pass-through application to the AER

**Capital**

- $1.67b underwritten placement and entitlement offer completed in August 2015
  - Strongly supported by both institutional and retail investors
  - Substantial shareholder notice (10.7%) lodged by UniSuper on 7 August 2015
- Over $2.1b of debt raised and refinanced on competitive terms

**Distributions**

- Delivered 17.5 cpss FY15 guidance
  - 8.75 cpss final FY15 distribution paid on 20 August 2015
- 18.0 cpss FY16 guidance, targeting growth to 19.0cpss in FY18
  - Subject to completion of proposed EDL acquisition and forecast assumptions being met

# FY15 Group Results

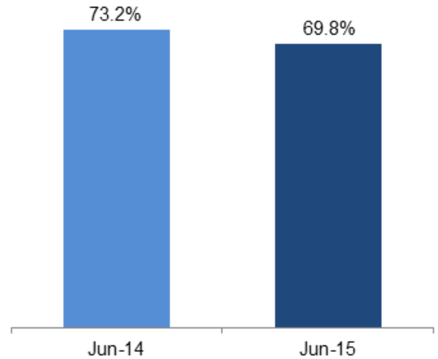
DUET GROUP

## Distribution Coverage

| Pro forma $m, per MIR | FY15 |
|---|---|
| DBP | 92.5 |
| United Energy | 79.2 |
| Multinet Gas | 70.2 |
| DBP Development Group | 16.9 |
| Head Office costs, tax and interest income | (3.7) |
| **Cash available for distribution** | **255.1** |
| Weighted average securities on issue (m) | 1,417.4 |
| **Cash available for distribution (pss)** | **18.0¢** |
| Distributions declared (pss) | 17.5¢ |
| **Distribution Coverage (%)** | **103%** |

## Group Gearing[1]

(Proportionate Net Debt / RAB)




| **Proportionate Results ($m)**<br>Refer to Management Information Report (MIR) | FY15 | FY14[2] | *Change* | Commentary |
|---|---|---|---|---|
| Transmission and Distribution Revenue | **748.6** | 743.6 | *0.7%* | $27.7m lower recontracted revenue at DBP offset by other operating companies |
| Total Revenue | **854.7** | 850.8 | *0.5%* | |
| Opex | **244.1** | 233.5 | *(4.6)%* | Opex increases: DBP $1.5m; UE $2.3m; MGH $3.1m; DDG $0.7m; Corporate $3m |
| EBITDA | **610.6** | 617.3 | *(1.1)%* | |
| Adjusted EBITDA[3] | **590.3** | 599.7 | *(1.6)%* | |
| Net External Interest Expense (“Interest”) | **276.4** | 316.4 | *12.6%* | $38.1m lower interest costs at DBP post recontracting |
| Adjusted EBITDA less Interest | **313.9** | 283.3 | *10.8%* | Driven by lower interest costs at DBP |
| NRD/SIB capex | **101.2** | 90.7 | *(11.6)%* | $5.6m increase in NRD at Multinet Gas |
| Income tax paid | **1.8** | - | *n/a* | Head office tax payment |
| Proportionate Earnings | **210.9** | 192.6 | *9.5%* | DUET will replace NRD with SIB capex in the calculation of proportionate earnings in FY16 after completion of the proposed acquisition of EDL |
| Gearing | **69.8** | 73.2 | *3.4%* | Continued reduction mainly due to DBP degearing |

1. On completion of DUET’s proposed acquisition of EDL, Group gearing will be reported on a statutory consolidated net debt to net debt plus equity basis.
2. The prior period did not include certain items. As these items are material during the current period, corresponding comparative figures have also been disclosed. The inclusion of these items increased the 2014 reported Consolidated EBITDA from $796.0 million to $800.6 million and the NPAT excluding significant items from $81.2 million to $86.6 million. Refer to the 2015 Financial Report for full details
3. Adjusted EBITDA is EBITDA less customer contributions (net of margin)

# Economic Regulation of Utilities in Australia

| Regulatory Institution | | Key Activities |
|---|---|---|
| **Australian Energy Market Commission** (AEMC) | | Sets the National Gas & Electricity Rules |
| **Energy Regulators**<br>• Australian Energy Regulator (AER)<br>• Economic Regulation Authority (WA) (ERA) | | Undertakes 5 yearly price reviews<br>- Gas & Electricity<br>- Distribution & Transmission |
| **Australian Competition Tribunal** (part of ACCC) | | Hears and determines appeal applications |

## Key Attributes of Australian Economic Regulation

- Open access
- Based on the 'Model Firm' approach
- Incentive based regulation
- Use of benchmarking for opex and capex allowances
- Transparent Cost of Capital guidelines published
- Institutional independence from Government
- Separation of rule making and rule implementation
- Merits Review framework

# Proposed Acquisition of EDL

- On 20 July, DUET announced proposal to acquire 100% of ASX-listed Energy Developments Limited (EDL) via a Scheme of Arrangement for $8.00 per EDL share[1] payable in cash
  - Implied EV multiple of 8.8 times EDL's FY15 EBITDA[2]
- EDL is a strong strategic fit with DUET:
  - Long term, contracted energy infrastructure cash flows
  - Further diversifies DUET's cash flows
  - EDL's remote energy business is complementary to DDG
  - Attractive growth platform
  - Experienced management team with proven track record
- Proposed Acquisition expected to deliver significant value to DUET securityholders
  - Immediately cashflow accretive[3]
  - DUET's FY16 distribution guidance upgraded to 18.0cpss
  - DPS growth target established of 0.5 cpss p.a. to FY18

| EVENT | DATE* |
|---|---|
| DUET announcement of proposal to acquire EDL | 20 Jul 2015 |
| Completion of DUET's $1.67b equity capital raising | 17 Aug 2015 |
| Dispatch of EDL scheme booklet and Independent Expert Report | Early Sep 2015 |
| EDL shareholder scheme meeting | Early Oct 2015 |
| Implementation date | Late Oct 2015 |

*Final dates subject to ASIC and court approval

- Financial close of the Proposed Acquisition remains subject to EDL shareholder approval, court approval and other necessary approvals and conditions precedent
- Transaction unanimously recommended by EDL's board and a number of the company's largest shareholders (representing >85% of EDL's shares on issue)

1. Refer Scheme Implementation Deed lodged with ASX on 20 July 2015
2. Excluding DUET's transaction costs. Based on EDL's FY15 EBITDA of $218m, acquisition equity value of $1,407 million including EDL management options and performance rights, and forecast (as at 20 July 2015) unaudited net drawn debt of $512 million as at 30 June 2015 as adjusted for EDL's expected transaction costs
3. From financial close, expected in October 2015, subject to EDL shareholder approval, court approval and other necessary approvals and conditions precedent

# EDL: market leader in distributed generation

Energy Developments

- **900MW of generation:** #1 market position in core markets (focussed on sub 100MW market segment)
- **Predictable cash flows:** tolling services agreements, long term offtake and gas supply agreements deliver predictable cash flows
- **Blue chip customer base:** strong relationships with large scale customers
- **Recontracting track record:** the value of incumbency and competitive advantage
- **Attractive growth prospects:** experienced management team with proven ability to deliver growth

## EDL Business Units

### Remote Energy

- 381MW[1] installed (43%)
- Power for mines and remote towns
- Mostly tolling arrangements or Fixed Price Contracts with limited fuel or price risk at key sites
- #1 market position in <100 MW sector in Australia

### Waste Coal Mine Gas

- 257MW[1] installed (28%)
- Utilises waste gas from low-cost, long-life coking coal mines
- Mostly Fixed Price Contracts (offtake) at key sites
- #1 market position in Australia with 100% market share[2]

### Landfill Gas

- 262MW[1] installed (29%)
- Operations in Australia, US, UK/Europe
- Utilises waste gas from landfill sites
- Mostly Fixed Price Contracts (offtake) at key sites
- #1 Australian LFG generator with > 40% market share

1. As at 30 June 2015. Remote Energy includes 22MW which are operated and maintained only. WCMG includes 5MW which are operated and maintained only. LFG includes 24MW that is 50% owned via a Greece based joint venture
2. Excludes miners with self managed WCMG operations

# Strong strategic fit with DUET

| Proposed Acquisition features/benefits[1] | DUET investment mandate |
|---|---|
| **Long term, contracted energy sector cash flows** | ✓ |
| ▪ Mostly Take-or-Pay or Fixed Price Contracts[1] at key sites<br>▪ Limited fuel cost exposure<br>▪ High operating margins, low technology risk<br>▪ Track record of successfully recontracting with blue chip counterparties | |
| **Established historical or contracted volume levels** | ✓ |
| **Enhances DUET's cash flow diversification** | ✓ |
| **Complementary operations to DDG** | ✓ |
| **Control of operations and cash flows** | ✓ |



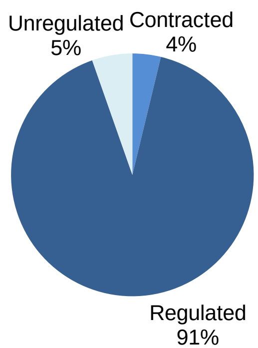
1. Refer to Appendix A (Key Risks) and Appendix H (Definition of Key Terms) for a definition of contract attributes

# Enhanced cash flow diversity

## Group Proportionate Revenue

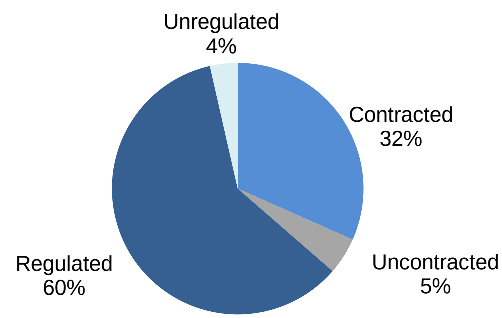
By type, %

### DUET Current[1]




**FY15 Total: $855m[2]**

### Pro Forma with EDL[1]

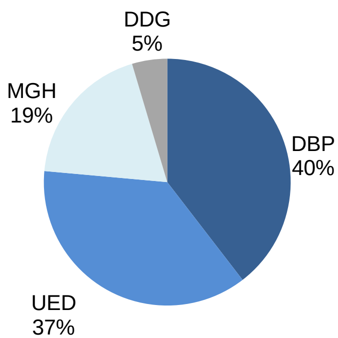



**FY15 Pro-forma: $1,303m[2]**

## Group Proportionate EBITDA

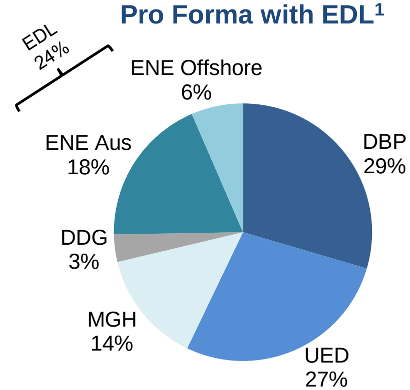
By business, %

### DUET Current[1]




**FY15 Total: $611m[2]**

### Pro Forma with EDL[1]




**FY15 Pro-forma: $829m[2]**

1. Percentage splits based on DUET Group FY15 results with pro forma run rate contribution from DDG. DBP is not treated as contracted for purposes of this analysis
2. Proportionate revenue and EBITDA as per DUET and EDL FY15 reported results

# EDL Financial Performance

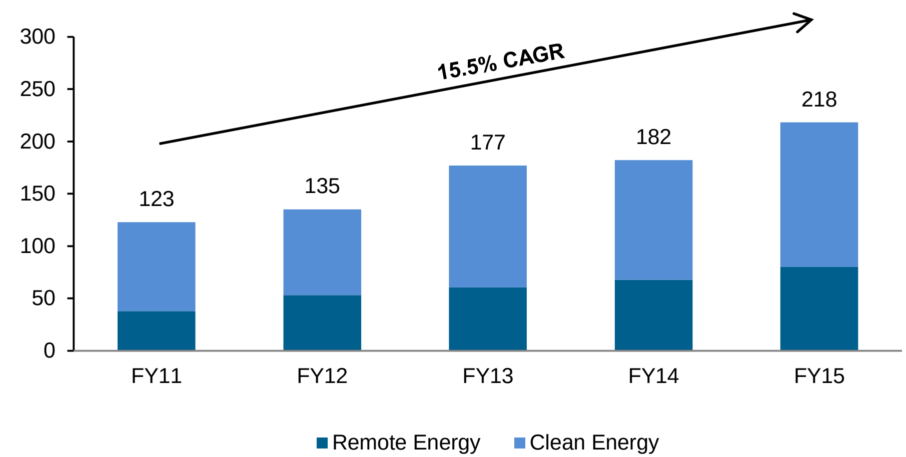
- EDL management continues to deliver strong financial performance
- EDL has announced a number of additional projects since DUET's proposed acquisition was announced on 20 July:
  - Build, own and maintain high pressure gas skids at Tropicana and Sunrise Dam for AGA
  - New 23 year Gas Supply Agreement (GSA) with Anglo American for the Grosvenor site and potential for construction of new 21MW WCMG project
  - 12 year extension to US-based Tessman Road LFG project to 2035
  - 25 year GSA with US-based Rumpke's Brown County, Ohio LFG facility – potential for 5MW future project
  - 11 year GSA extension to Glencore's Oaky Creek site and potential for future 15MW project expansion

## Financial Summary

| $m, 100% per EDL | FY15 | FY14 | *Change* |
|---|---|---|---|
| Revenue | **448.7** | 422.8 | *6.1%* |
| Opex | **230.5** | 240.6 | *4.2%* |
| EBITDA | **218.2** | 182.2 | *19.8%* |
| Installed capacity[1] (MW) | **900** | 883 | *1.9%* |

## EBITDA

By business unit[2], $m

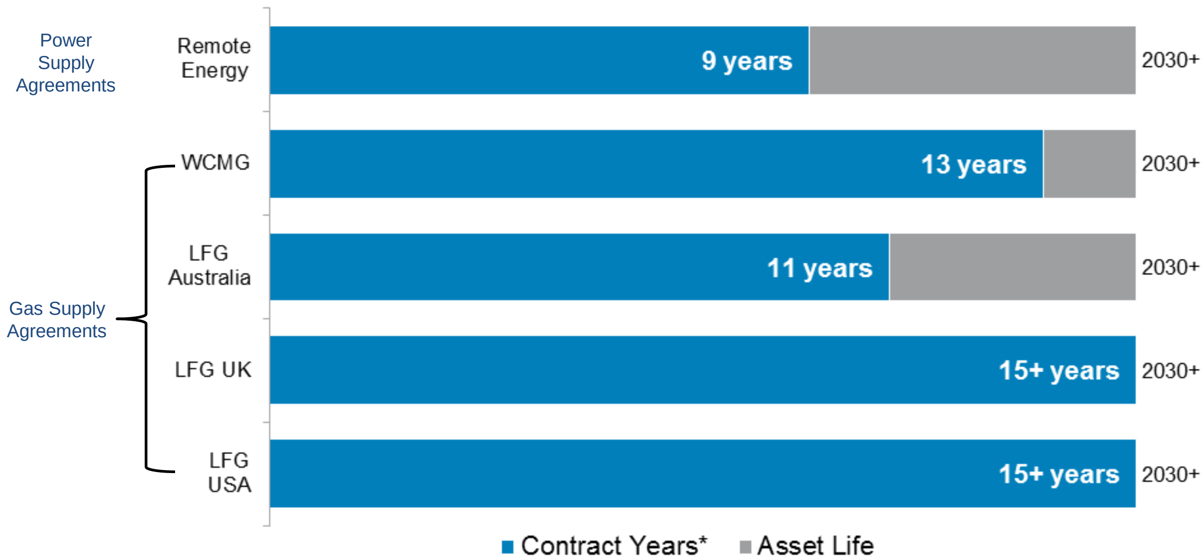



1. As at 30 June
2. Corporate, development and operations support costs apportioned by business unit Operating EBITDA

# EDL: Long dated contracts

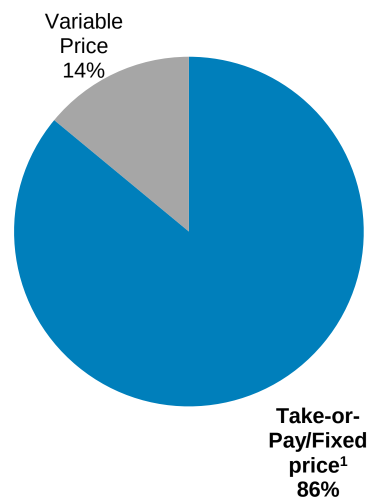
## Expected to deliver highly predictable cashflow

### EDL Weighted Average Contractual Years and Asset Life




### EDL FY15 revenue (%)

**86% of revenues Take-or-Pay/Fixed Price based**



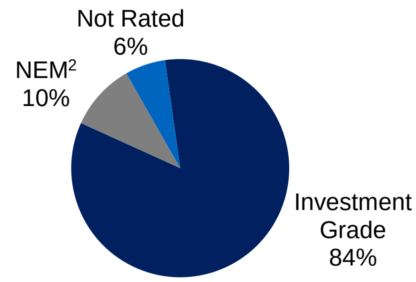

1. Refer to Appendix A (Key Risks) and Appendix H (Definition of Key Terms) for a definition of contract attributes

* As at 30 June 2015. Based on PPA maturity date for Remote Energy, GSA/LFGA maturity for WCMG and LFG

# EDL: Strong record of recontracting with bluechip customers

- Reflects the benefit of incumbency – assets and people on the ground
- Strong relationships with large scale customers (26 in total)
- 147MW recontracted over the last 12 months[1] with weighted average contract extension of 11 years
  - More than >550MW of contracts extended over the last 4 years
- Recontracting actively pursued in advance of contract expiry
  - EDL well advanced with negotiations regarding upcoming contract maturities

**Counterparty credit ratings by MW installed**




**Remote Energy**

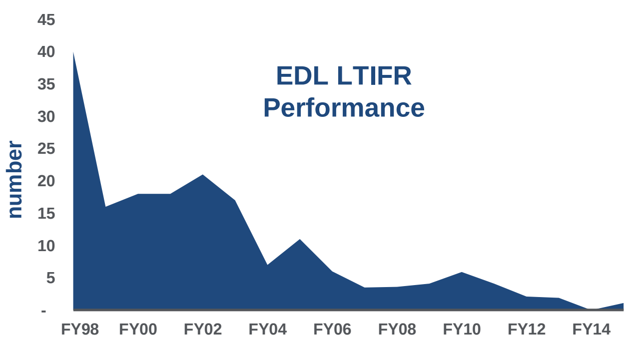
**Waste Coal Mine Gas**

**Landfill Gas**

1. 12 month period ended 31 December 2014
2. National Electricity Market

# Proven operational expertise

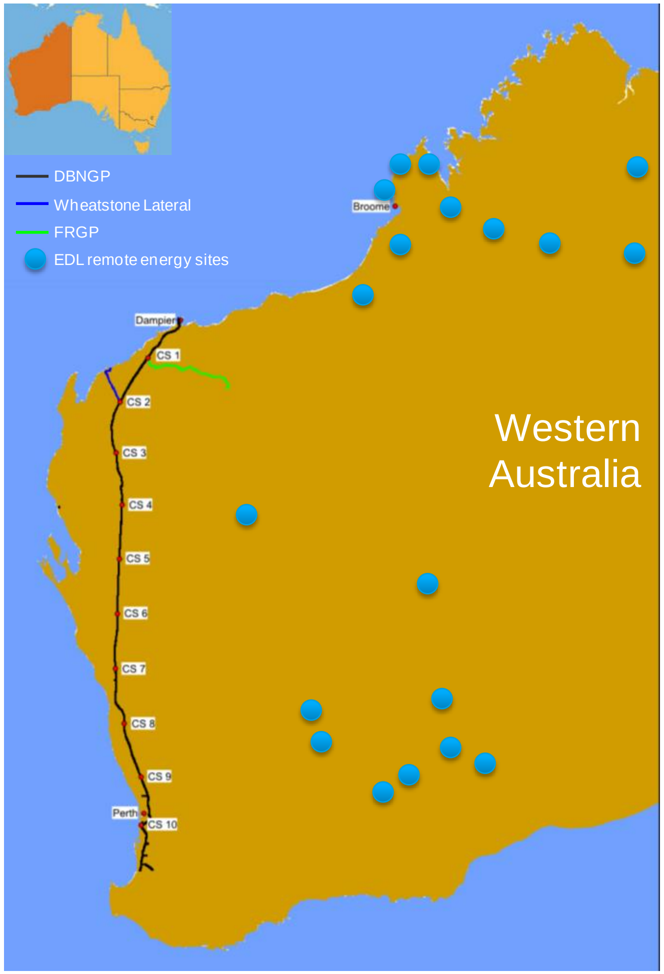
- Strong operating culture with established systems and processes
- Pioneered modular engine approach: matching generation capacity with gas load
- Limited number of engine types deployed
  - Workforce mostly broadly skilled, providing maintenance of standardised equipment
  - Centralised control, asset management and maintenance increases efficiency and reduces risk
  - Optimised approach to engine maintenance frequency based on Condition Based Monitoring
- Significant improvement in health and safety performance




ZERO HARM

# Growth Prospects

## EDL-DDG Synergy




### Waste Coal Mine Gas

- Add capacity at existing sites to fully utilise gas flows and match mine plan
- Potential to develop power hubs (e.g. Bowen Basin region)

### Land Fill Gas

- Add capacity to match increasing gas flows from large open sites
- Potential for bolt-on acquisitions

### Remote Energy

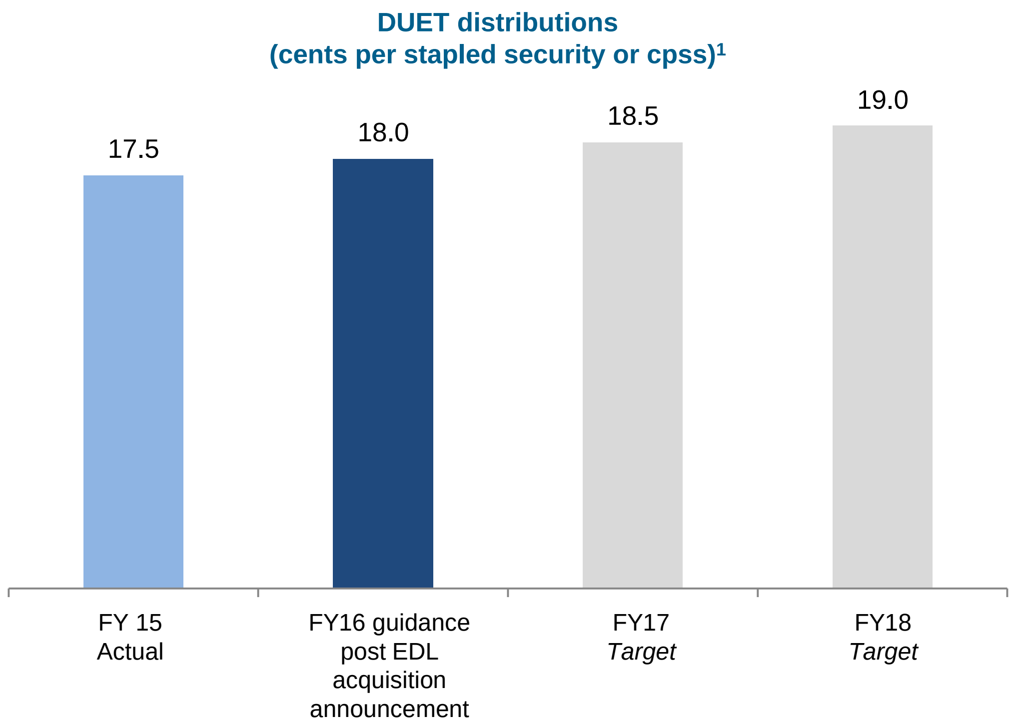
- Distributed generation
- Power islands



Forward looking statements by their very nature are subject to uncertainties and contingencies, many of which are outside the control of DUET

# Distributions to Stapled Securityholders

- DUET's FY16 DPS guidance of 18.0cpss[1]
- Guidance expected to be fully covered by forecast operating cash flows
- DPS growth target re-established




Forward looking statements by their very nature are subject to uncertainties and contingencies, many of which are outside the control of DUET

1. Subject to completion of DUET's proposed acquisition of EDL and DUET's forecast assumptions being met

# Priorities in FY2016

- Complete proposed EDL acquisition (expected in October 2015)
- Deliver full-year FY2016 distribution guidance of 18.0 cpss
- Complete United Energy’s and DBP’s regulatory resets for 2016 – 2020 period
- Obtain AER approval for Multinet Gas’ regulatory reopener for the accelerated pipeworks program
- Submit NEGI proposal to NT government
- Continue to focus on driving operating efficiencies across the Group
- Refinance CY2016 and CY2017 debt maturities
- Investigate additional DDG and EDL growth opportunities

# Appendix

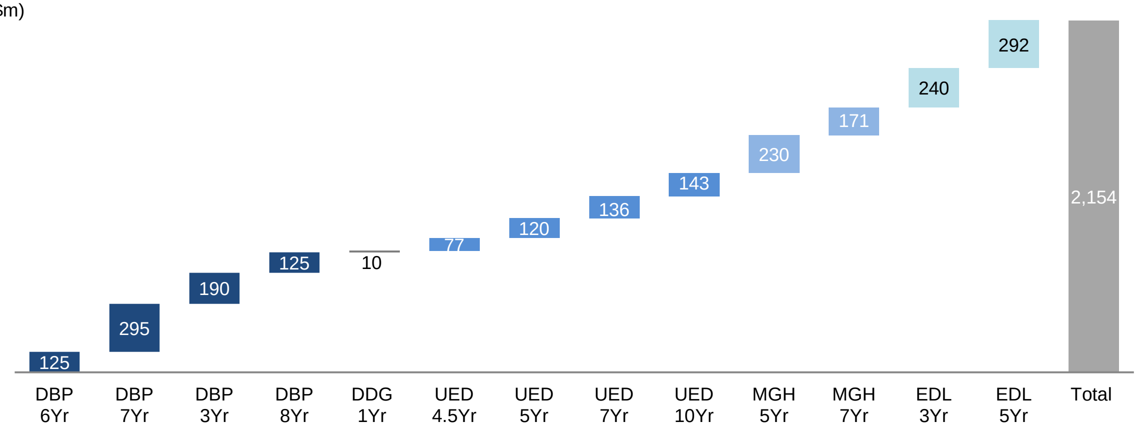
# DUET Operating Company Statistics

| Operating Company | United Energy | Multinet Gas | DBP | DDG |
|---|---|---|---|---|
| DUET's Ownership Interest | 66% | 100% | 80% | 100% |
| Business Description | Victorian electricity distribution | Victorian gas distribution | Western Australia's principal gas transmission pipeline | Developer, owner and operator of gas transmission pipelines |
| Location | Victoria | Victoria | Western Australia | Western Australia |
| Length / Area of Network[1] | 1,472 sq km | 1,860 sq km | 1,539 km (mainline)<br>1,228 km (looping)<br>300 km (laterals) | 109km Wheatstone Ashburton West Pipeline<br>270km Fortescue River Gas Pipeline |
| Load[1] | 7,752 GWh[4] | 51.9 PJ[4] | 845 TJ/day[2] | n/a |
| Connections[1] | 659,696 | 684,752 | n/a | 2 |
| Next Regulatory Reset Date | January 2016 | January 2018 | January 2016[3] | n/a |

(1) As at 30 June 2014
(2) Full-haul firm capacity per day
(3) The reference tariffs from 1 January 2016 will only apply to approximately 15% of existing firm full haul gas transportation contracts. On 1 January 2020 the tariffs will revert to the regulated tariff for all shippers other than Alcoa
(4) For the 12 months to 30 June 2014

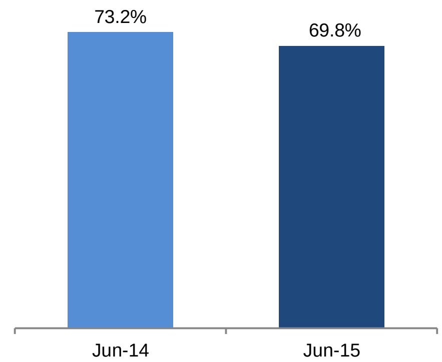
# Debt Capital Management

## Debt Transactions (1 July 2014 to 20 August 2015, including EDL)



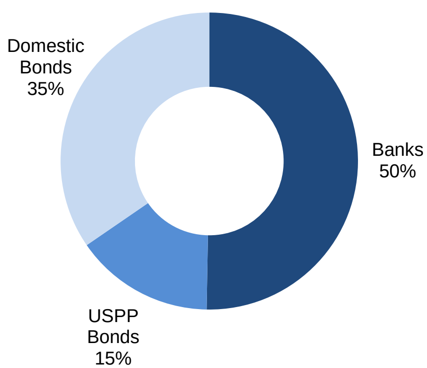

## Group Gearing[1]

(Proportionate Net Debt / RAB)



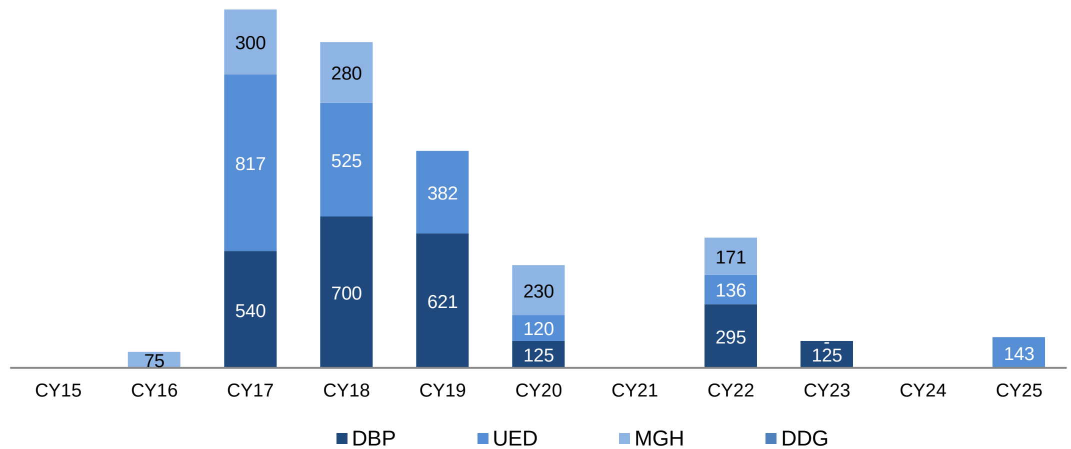

## Debt Facility Mix

(Pro forma as at 20 Aug 2015, by facility limits, excluding working capital facilities and EDL)




## Debt Maturities

(Pro forma as at 20 August 2015, $m, by facility limits, excluding working capital facilities and EDL)






1. On completion of DUET's proposed acquisition of EDL, Group gearing will be reported on a statutory consolidated net debt to net debt plus equity basis.

# EDL: Operating Locations


KEY: Landfill Gas | Waste Coal Mine Gas | Remote Energy | Liquefied Natural Gas / Compressed Natural Gas | Office

**904MW[1] of distributed generation**

| | |
|---|---|
| • Remote Energy | 389MW |
| • Waste Coal Mine Gas | 253MW |
| • Landfill Gas | 262MW |

1. Installed capacity as at 31 March 2015, includes 27MW which are operated and maintained only. Includes 24MW that is 50% owned via a Greek Joint Venture
2. Source: Energy Developments Limited website

# EDL: Green Schemes

## Australia

| ACCUs | 2.4% of EDL 1H15 revenue |
|---|---|

- Australian Carbon Credit Units (**ACCUs**) for abatement of greenhouse gases, including methane emissions are auctioned by the Emissions Reduction Fund (**ERF**)
- EDL has 10 eligible LFG projects grandfathered from the Carbon Farming Initiative
- Majority of forecast ACCUs were recently contracted at a fixed price to the ERF for 7 years
- New WCMG expansions/greenfield projects eligible for ERF under new methodology released in Feb 2015

| LGCs | 7.6% of EDL 1H15 revenue |
|---|---|

- Large-scale Generation Certificates (**LGCs**) are issued under the Large-scale Renewable Energy Target (**LRET**) scheme based on the amount of renewable electricity a generator produces above its historical baseline
- EDL has 21 LFG projects eligible for LGCs of which 17 projects are currently generating above the historical baseline
- Bi-partisan agreement recently reached for a 33 TWh LRET

## UK

| NFFO | 2.1% of EDL 1H15 revenue |
|---|---|
| ROCs | 3.8% of EDL 1H15 revenue |

- The Non-Fossil Purchasing Agency (**NFPA**) contracts for generation with EDL at an inflation-linked price under the Non-Fossil Fuel Obligation (**NFFO**) scheme
- Excess generation attracts the Additional Metered Output (**AMO**) revenue under the Renewables Obligation (**RO**) scheme
- The last of EDL's NFFO contracts expire in 2018, but have been grandfathered into the RO scheme (generating higher revenue for EDL)
- All of EDL's UK projects are eligible for Renewable Obligation Certificates (**ROCs**)
- The UK supports a renewable energy target of 15% by 2020 with the RO scheme

## USA

| RECs | 1.5% of EDL 1H15 revenue |
|---|---|

- EDL generates Renewable Energy Certificates (RECs) which can be traded in various state and multi-state markets
- RECs from EDL's 3 Ohio sites can be traded in Ohio, Pennsylvania and Maryland (which form part of the PJM multi-state accreditation market)
- RECs from EDL's Illinois site can be traded in Illinios and Pennsylvania
- EDL is seeking certification for the above sites so their RECs can also be traded in other PJM states