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## ASX RELEASE

### INTERIM FY2014 FINANCIAL RESULTS

DUET Group is pleased to announce its results for the six months to 31 December 2013.

#### Consolidated Results

\$m	1H14	1H13	Change
Extract from Appendix 4D			
Revenues from ordinary activities	620.8	642.9	(3.4)%
EBITDA	395.1	307.2	28.6%
EBITDA excluding internalisation and group simplification expenses	395.1	405.3	(2.5)%
NPAT	142.2	(45.9)	409.8%
NPAT excluding significant items	38.9	48.1	(19.1)%

#### Proportionate Results

\$m	1H14	1H13 Pro forma	Change
Refer to Management Information Report			
Transmission and Distribution Revenue	372.2	383.1	(2.8)%
Total Revenue	431.3	448.7	(3.9)%
Opex	121.1	129.1	6.2%
EBITDA	310.2	319.6	(2.9)%
EBITDA margin	71.9%	71.2%	0.7%
EBITDA less customer contributions (net of margin) ("Adjusted EBITDA")	302.3	306.4	(1.3)%
Adjusted EBITDA less net external interest expense	138.6	133.5	3.8%
Group Gearing	75.8%	78.7% <sup>1</sup>	(2.9)%
Interim Distribution Coverage, pro forma <sup>2</sup>	104%	104%	-

#### Management Comments

Commenting on the operating performance and focus for the remainder of the year, DUET's Chief Executive Officer, Mr David Bartholomew, said:

"This was another very active period for DUET. We implemented our group simplification project on 1 August, raised and refinanced \$1.1 billion of term debt on competitive terms, completed the in-sourcing of our Victorian operations, secured two new accretive gas transmission pipeline projects for the Group and raised \$200 million of equity to fund those projects at very tight issue discounts to DUET's prevailing stapled security price.

We actively managed our operating expenses during the period, including significant reductions in Head Office costs achieved by our management internalisation in December 2012. We also

1. As at 30 June 2013.

2. Based on unconsolidated cash flows.

**Note:** As DUETCo is the parent entity of the DUET Group, it and DIHL (as the Corporate Arm) are responsible for all information contained in this announcement. DFL and DFT (as the Funding Arm) are only responsible for the general stapled securityholder information and financial information of DFL and DFT incorporated into the consolidated financial information referred to in this announcement.

benefited from significant interest savings at Multinet Gas. Importantly, these savings contributed to a 3.8% increase in the Group's post-interest operating cash flow.

We paid an interim distribution of 8.5 cents per stapled security on 20 February 2014 which was 104% covered by our unconsolidated operating cash flows, consistent with the prior period. We are also on track to deliver our full-year distribution guidance of 17 cents per stapled security.

For the remainder of the year, we are focused on delivering our two pipeline construction projects, whilst advancing re-contracting discussions with DBP's shippers in parallel with our 2016-20 regulatory submission, continuing to grow our regulated asset base and meeting the full-year distribution guidance."

## **Operating Performance**

### ***DBP***

Throughput volumes were 9.2% higher than the prior period. Full haul volumes were up 6.4%. This was due to a higher level of gas-fired generation dispatched into the grid, compensating for temporary outages of coal-fired generation capacity and shippers commencing deliveries into the Mondarra gas storage facility.

Despite the higher volumes, revenue from gas transportation was down 1.4% on the prior period as Mondarra's volumes were shipped under existing full haul contracts and most of DBP's transport revenue is fixed on a take-or-pay basis. There was also a change in capacity utilisation due to the previously announced settled shipper dispute and suspension of contracted volume to another shipper.

Total Revenue was mostly affected by lower customer contributions from shipper-funded projects during the period. As revenue recognised from such projects is mostly a 'pass-through', it did not materially impact DBP's operating cash flow in the period.

The pipeline maintained its strong operating record with system and compressor reliability approaching 100%, completion of all scheduled maintenance, operating costs managed in line with the prior period and improved fuel gas consumption ratios.

### ***DBP Development Group***

DUET's 100%-owned DBP Development Group of companies (DDG) recently secured the rights to build, own and operate two gas transmission pipelines in Western Australia.

The \$95 million Wheatstone Ashburton West Pipeline (DDG 100%) and the \$178 million Fortescue River Gas Pipeline (DDG 57%) are each expected to be built by the end of this year.

These projects are forecast to generate a total of \$28 million of cash available for distribution to DUET in the 2015 calendar year.

### ***United Energy***

Distribution revenue was up 5% on the prior period reflecting higher regulated tariffs partly offset by lower volumes due to the mild winter weather in Victoria last year.

United Energy continued to invest in its network with its regulated asset base increasing by 7.4% on the prior period. This investment is aimed at replacing network assets to improve network performance and build capacity to meet growing peak demand.

The smart meter roll-out is nearing completion, with 86% of customers with a smart meter installed as of the end of January. The project is on track to achieve practical completion by 30 June 2014, in line with the Victorian Government's revised roll-out timetable.

### ***Multinet Gas***

Multinet Gas' post-interest operating cash flow was in line with the prior period's normalised result as it benefited from significant interest savings after resetting its hedge book in late 2012.

Distribution revenue was down 12.9% on the prior period reflecting an initial 11.1% reduction in tariffs from the AER's final 2013-2017 regulatory tariff decision. This reduction in tariffs was driven largely by lower prevailing base interest rates compared with Multinet Gas' previous regulatory reset in 2008.

Multinet Gas continues to make good progress on its accelerated pipeworks capex program and remains on track to seek regulatory approval in 2015 for additional network investment over the last two years of the current regulatory period.

### **Management Presentation**

A presentation of DUET's interim results will be made by the management team today at 11.00am. Investors and analysts can access the presentation via DUET's website ([www.duet.net.au](http://www.duet.net.au)) or by calling 1800 801 825 or +61 2 8524 5042 (outside Australia) and quoting the passcode "1620160".

### **Interim Results Documents**

Further information regarding DUET's interim results is contained in the following documents released today and which are available on each of the ASX and DUET websites:

- Appendix 4D;
- Interim Financial Report;
- Management Information Report; and
- Interim Results Presentation.

For further enquiries, please contact:

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