



2010 Financial Half Year Results

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Chief Executive Officer

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22 February 2010

Agenda

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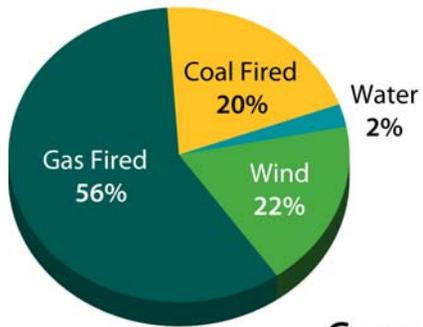
- Highlights
- Financial Performance
- Asset Performance
- Outlook
- Summary



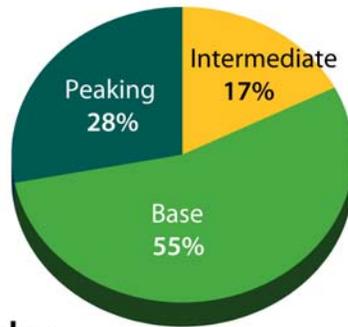
- **Underlying EBITDA increased by 6.7% to \$59.9 million**
 - Solid performance in line with our expectations and reflective of our high quality, low risk assets
- **6.0 cent interim distribution confirmed**
 - Cashflow was strong sustained by long term contracted revenue equivalent to greater than 10 times FY09 revenue
 - Distribution to be paid on 31 March 2010
- **Asset improvements**
 - Assets benefited from a number of availability and efficiency improvements
- **Strong performance from Loy Yang A Power Station**
 - Loy Yang A Power Station performed well and paid a \$2.4 million distribution to TSI Fund in September 2009 and a further \$2.4 million distribution in February 2010
- **Cost savings**
 - \$2 million reduction in corporate and operation and maintenance costs in H1

Diversified Portfolio of Essential Infrastructure Assets

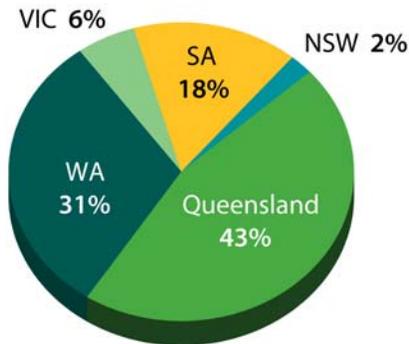
Asset by Fuel Type



Operational Type



Geography



Based on HY10 EBITDA contribution



Financial Performance

Financial Performance

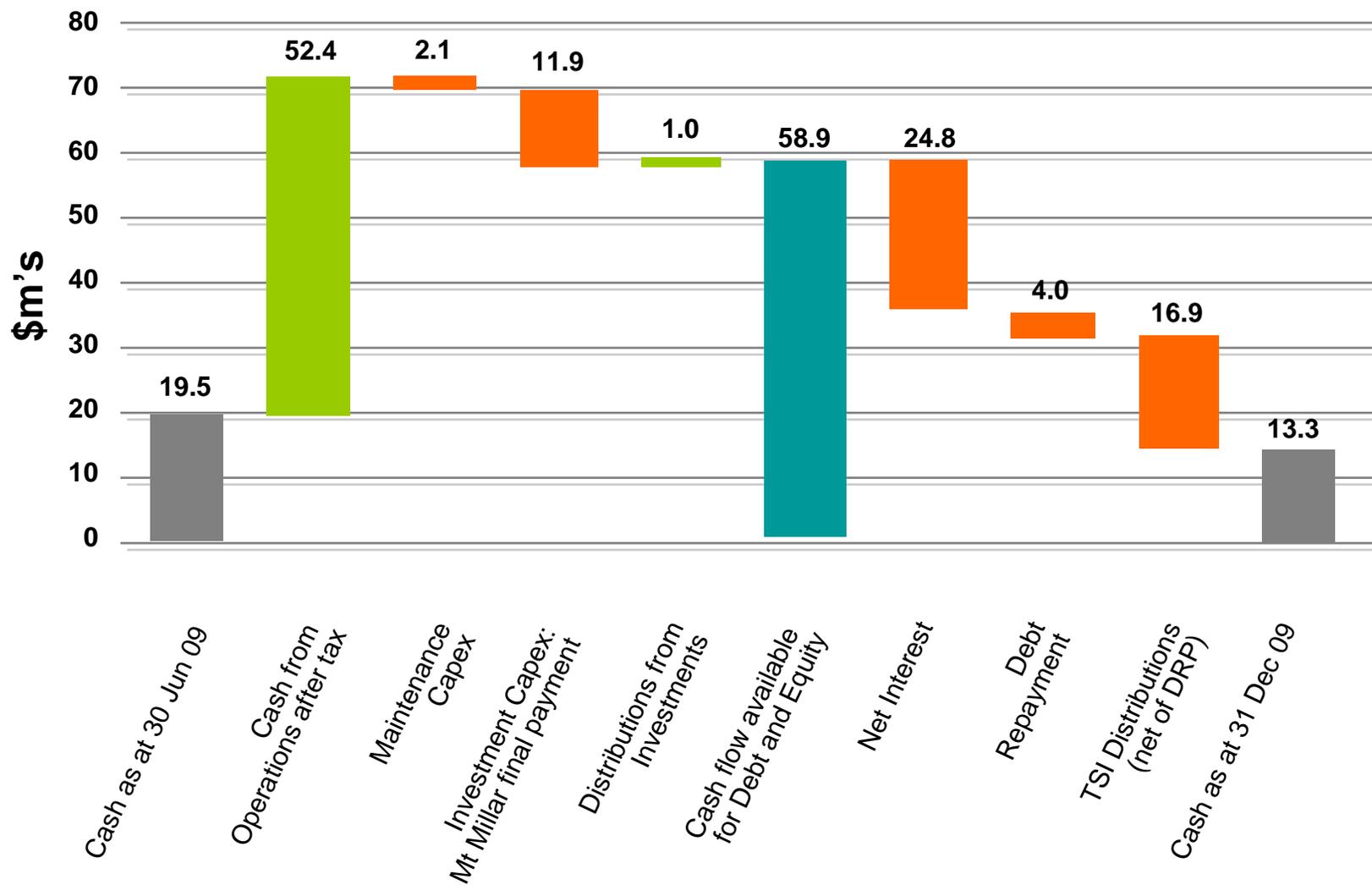
\$ 000	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08 (restated)	Change
Operating revenue	86,294	90,376	(4.5%)
Underlying EBITDA ⁽¹⁾⁽²⁾	59,900	56,118	6.7%
Underlying net profit after tax ⁽¹⁾	8,319	7,970	4.4%
Net profit after tax	6,049	7,970	(24.1%)

1. Excluding Capital Structure Review costs of \$3.08m, adjusted for tax where appropriate

2. Includes interest on shareholder loans of \$2.11m

A solid performance in line with our expectations

Operating Cashflow



Key Financial Metrics

	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08 (restated)	Change
cents			
Underlying EBITDA/security ⁽¹⁾ ⁽²⁾	22.1	21.0	5.1%
Underlying EPS as reported	3.1	3.0	2.4%
FCF / security ⁽³⁾	7.9	7.9	-
DPS	6.0	5.0	20.0%
Distribution yield ⁽⁴⁾	13.3%		

1. *Includes interest on shareholder loans of \$2.1 million (\$1.8 million)*
2. *Excluding Capital Structure Review costs of \$3.1 million*
3. *Free cash flow (FCF) calculated as operating cash flow after maintenance capex, net interest and debt amortisation*
4. *Based on distribution guidance and security price of \$0.905 as at 19 February 2010*

Balance Sheet

\$ million	HY10 ending 31 Dec 09	FY09 ending 30 Jun 09
Total current assets	52.4	57.9
Total non-current assets	1,252.8	1,274.2
Total Assets	1,305.2	1,332.1
Total current liabilities	84.4	104.3
Total non-current liabilities	839.4	846.8
Total Liabilities	923.8	951.2
Total Equity	381.4	380.9
Interest bearing liabilities ⁽¹⁾	741.0	745.0
Cash and cash equivalents	13.3	19.5
Net debt	727.7	725.5
Net debt/LTM underlying EBITDA ⁽²⁾	6.1x	6.2x
Balance sheet gearing	66%	66%

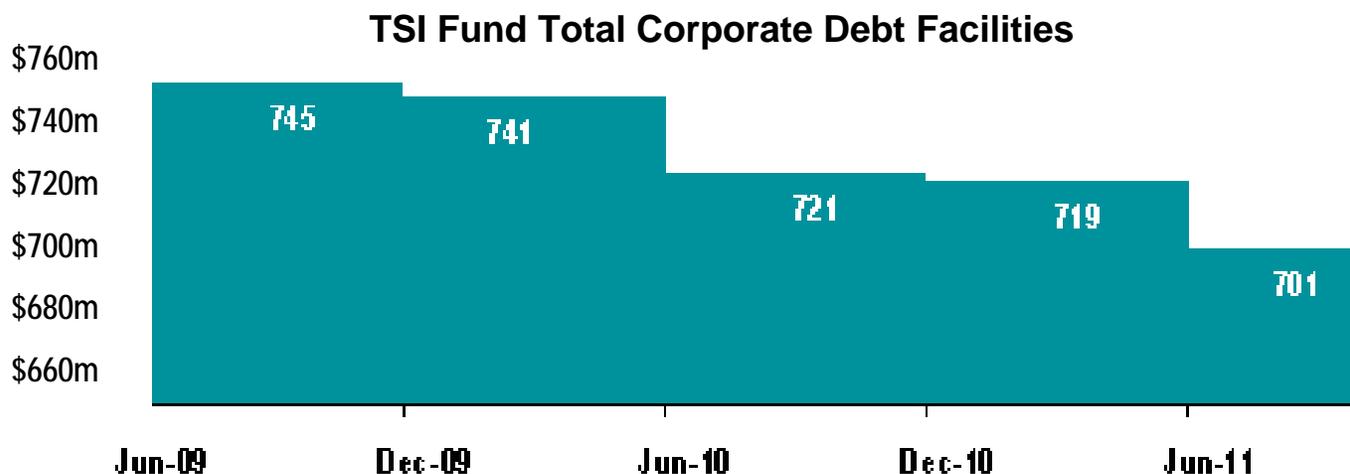
1. Excludes \$25.1 million loan from Macarthur Water Filtration Plant

2. LTM = last 12 months

Debt Facilities

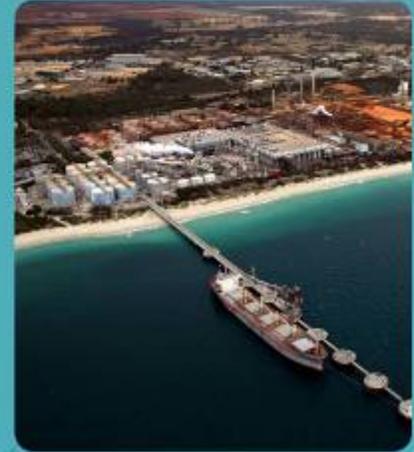
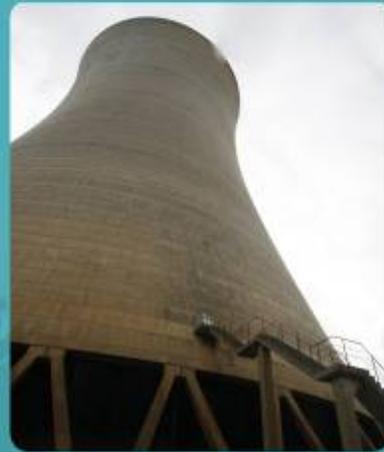
Drawn Facility (\$m)	HY10 ending 31 Dec 09	FY09 ending 30 Jun 09
Base Facility	675	679
Junior Base Facility	66	66
Total	741	745

- Debt is 90 per cent hedged at an all-in-rate of 7.6%
- Debt Service Cover Ratio at 31 December 2009 of 1.85x
- Committed debt facilities in place until September 2011
- In full compliance with debt covenants





- Solid operating performance for HY10, with underlying EBITDA up 6.7 per cent to \$59.9 million
- Strong cash flow sustained by long term contracts and modest maintenance capex
- HY10 interim distribution of 6 cps confirmed, in line with guidance
 - fully funded from operating cash flow after funding interest, maintenance capex and debt repayments
- Continued balance sheet strength
 - Net Debt at 31 Dec 09 reducing slightly to 6.1x underlying LTM EBITDA
 - DSCR at 1.85x
- TSI Fund's financial metrics remain strong



Asset Performance

Asset Performance – Kemerton Power Station



- Revenue solid and in line with previous period after adjusting for extraordinary item
- Reliable operations and start-ups with availability over 99%
- Preparing Black Start capability proposal for Verve

Kemerton Power Station

TSI Fund Ownership 100%

(\$m)	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08	Change
Total Operating revenue ⁽¹⁾	19.5	26.1	(33.8%)
EBITDA	17.8	18.4	(3.3%)

1. HY2009 includes \$6.8m from extraordinary liquid fuel usage

Asset Performance – Townsville Power Station



Townsville Power Station

TSI Fund Ownership 100%

(\$m)	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08	Change
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Operating revenue	20.1	18.9	6.3%
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EBITDA	15.8	15.4	2.6%
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- Plant performed well in the first full year after the blade upgrade
- Annual performance test confirmed capacity at over 237 MW up 2.6 MW on post upgrade expectations
- Availability over 99%
- Scheduled \$10 million per year step-down in capacity charge starting from February 2010 (FY10 impact of \$4 million)

Asset Performance – Collinsville Power Station

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Collinsville Power Station

TSI Fund Ownership 100%

(\$m)	HY10 ending 31 Dec 09	HY10 ending 31 Dec 08	Change
Operating revenue	26.8	27.5	(2.6%)
EBITDA	11.0	9.8	12.2%

- Improved availability in period to 92.8%
- Efficiency improvements driven by operations and maintenance costs reduction
- Continuous operation agreement under negotiation for FY11 summer
- Reviewing options for the future, including coal seam methane gas firing and solar thermal augmentation

Asset Performance – Loy Yang A Power Station



Loy Yang A Power Station

TSI Fund Ownership 14.03%

(\$m)	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08	Change
Operating revenue (100%)	377.4	307.7	22.6%
Cash Distributions (14.03%)	2.4	0	n/a
Contribution to TSI EBITDA (interest on shareholder loan)	2.1	1.8	16.7%

- First half strong revenue performance due to improved electricity revenues
- \$2.4 million distribution paid to TSI Fund in September 2009
- Loy Yang A Power Station is the lowest marginal cost thermal generator in Australia and produces approximately 30% of Victoria's electricity requirements
- Positive outlook for refinancing by November 2010

Asset Performance – BP Kwinana Cogeneration Plant



BP Kwinana Power Station

TSI Fund Ownership 30%

(\$m)	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08	Change
Contribution to TSI EBITDA ⁽¹⁾	2.0	1.5	33%
Cash distribution (30%)	1.0	1.0	0%

1. 30% of NPAT

- Met performance expectations after taking into account outage in the corresponding previous period
- Reliable cash contribution in HY10
- Scheduled to repay all project debt by July 2011
- Contracted to 2021

Asset Performance – Wind Assets



- EBITDA contribution increased from 18% in FY09 to 22% in HY10
- Continued high wind fleet availability at 97.7%
- Overall EBITDA up 9.5% on prior period

Wind Farm	Equity Capacity (MW)	Contracting Party	HY10 EBITDA \$m	HY09 EBITDA \$m	Change
Mt Millar	70.0	EnergyAustralia	6.6	7.3	(10%)
Starfish Hill	34.5	Hydro Tasmania	4.6	3.4	35%
Toora	21.0	EnergyAustralia	1.9	1.3	46%
Windy Hill	12.0	Ergon Energy	0.8	0.7	14%
TOTAL	137.5		13.9	12.7	9.5%

EBITDA up 9.5%

- Mt Millar Wind Farm
 - Availability 97.8% throughout the period
 - Performance impacted by one-off network and weather events
- Starfish Hill Wind Farm
 - Significantly improved availability due to gearbox/generator overhaul program
- Toora Wind Farm
 - Significantly improved availability due to gearbox/generator overhaul program
- Windy Hill Wind Farm
 - Availability greater than 99% throughout the period



Asset Performance – Water Assets



- Operational performance met expectation
- Plants continue to perform well
- Long term contracted assets

Water Filtration Plants		Macarthur			Yan Yean		
TSI Fund Ownership		50%			50%		
(\$m)	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08 (restated)	Change	HY10 ending 31 Dec 09	HY09 ending 31 Dec 08 (restated)	Change	
Share of equity accounted profit	1.4	1.2	12%	(0.1)	0.4	n/a	
Cash distribution	0.9	0.9	0%	0.2	0.6	(66%)	



Outlook



Emissions Trading

- Recent shift in public sentiment and the opposition's policy on emissions trading
- Our 100% owned power stations are substantially protected from the effects of potential emissions trading legislation through their contract arrangements
- We continue to focus on improving our asset's environmental performance

Renewable Energy Target

- REC Pricing depressed
- Expect Government amendments to deal with oversupply of REC's caused by solar hot water heaters
- Short-term issue
- Only Starfish Hill Wind Farm revenue affected from January 2010 – not material to the Fund's performance

- Expect portfolio of assets to continue to perform well in the second half of the financial year:
 - Ongoing strong performance expected from our wholly-owned power assets including full-year contribution from blade upgrade at Townsville Power Station
 - Loy Yang A Power Station to progress its debt refinancing
- Distribution guidance for full year unchanged:
 - FY10 distributions are expected to be at similar levels to those paid in FY09, assuming assets continue to perform in line with FY09
 - Distributions are expected to be fully funded from operating cash flow, after funding maintenance capital expenditure, interest and debt repayments
- Capital Structure Review progressing well as we work towards an outcome which best positions the fund for future growth

- **Solid performance** in line with our expectations and reflective of our high quality, low risk assets
 - underlying EBITDA increased by 6.7% to \$59.9 million
- 100% owned power assets **operating at high availability** and benefiting from efficiency improvements and upgrades
- **Loy Yang A Power Station performing well** with a return to payment of distributions
- **Cashflow was strong** sustained by long term contracted revenue equivalent to greater than 10 times FY09 revenue
 - 6.0 cent interim distribution to be paid on 31 March 2010
 - Full year guidance unchanged



Thank you

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