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## ASX RELEASE

### FY2014 FINANCIAL RESULTS

DUET Group (DUET or the Group) is pleased to announce its results for the financial year ended 30 June 2014.

#### Consolidated Results

\$m	FY14	FY13	Change
Extract from Appendix 4E			
Revenues from ordinary activities	1,251.4	1,313.4	(4.7)%
EBITDA	796.0	688.3	15.6%
EBITDA excluding internalisation and group simplification expenses	797.6	799.5	(0.2)%
NPAT	193.1	19.6	nm
NPAT excluding significant items	81.2	81.7	(0.6)%

#### Proportionate Results<sup>1</sup>

\$m	FY14	FY13	Change
Refer to Management Information Report (MIR)		Pro forma	
Transmission and Distribution Revenue	742.3	747.7	(0.7)%
Total Revenue	849.5	871.6	(2.5)%
Opex	233.2	255.1	8.6%
EBITDA	616.3	616.5	-%
EBITDA margin	72.5%	70.7%	1.8%
EBITDA less customer contributions (net of margin) ("Adjusted EBITDA")	598.7	592.2	1.1%
Net External Interest Expense ("Interest")	315.7	327.8	3.7%
Adjusted EBITDA less Interest	282.9	264.3	7.0%
Group Gearing	73.2%	78.7%	(5.5)%
Distribution Coverage, pro forma <sup>2</sup>	102%	105%	(3.0)%

#### Management Comments

Commenting on DUET's performance for the year and period immediately thereafter, DUET's Chief Executive Officer, Mr David Bartholomew, said:

"In addition to a solid set of results, we recently successfully recontracted the majority of the firm full haul standard shipper contracts at DBP. This important achievement provides greater revenue certainty for the Group through to 2021.

1. The policies adopted in preparing the proportionately consolidated results, along with reconciliations to the statutory results, are contained in DUET's Management Information Report (MIR) for the year ended 30 June 2014.
2. Based on unconsolidated cash flows contained in the MIR.

**Note:** As DUECo 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.

We continued to actively manage our cost base, including a major reduction in our head office costs. We are seeing the benefits of internalising our management structure in December 2012 and restructuring of our operating arrangements.

In addition, the resetting of Multinet Gas' interest rate hedge book in November 2012 and lower than expected debt refinancing margins achieved during the year resulted in a reduction in the Group's interest expense. This was evidenced by a 7% increase in the Group's post-interest operating cash flow.

DUET's final FY14 distribution of 8.5 cents per stapled security will be paid today. This brings total distributions paid for FY2014 to 17.0 cents per stapled security, in line with our previous distribution guidance. Our guidance for FY2015 is 17.5 cents per stapled security."

## **Operating Performance**

### ***DBP***

Throughput volumes were 8.3% higher and full haul volumes were up 5%. The business benefited from higher levels of gas-fired generation due to temporary outages of coal-fired generation capacity and elevated levels of deliveries into the Mondarra gas storage facility during the first half of the financial year.

Despite higher throughput, transport revenue was down 0.5%. Mondarra volumes are shipped under existing full haul capacity contracts and DBP's fixed take-or-pay tariff structure limited any upside from higher throughput. In addition, fixed charges were also lower as a result of an earlier announced relinquishment of contracted capacity and the suspension of billing to a shipper that is in liquidation.

Total revenue was affected by \$17.5 million lower customer contributions from shipper-funded projects. Revenue from these types of projects is mostly a 'pass-through', and therefore did not materially impact DBP's operating cash flow during the year.

DBP also continues to focus on cost control. Overall operating expenditure was in line with the prior year, despite a 34% increase in fuel gas purchases, largely as a result of increased throughput on the pipeline.

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

DBP Development Group (DDG) continues to make good progress with each of the two gas transmission pipelines it is building in Western Australia.

Both the Wheatstone Ashburton West Pipeline (DDG 100% owned) and the Fortescue River Gas Pipeline (DDG 57% owned) are expected to be completed around the end of the year and within budget.

DDG also continues to strengthen its relationship with Chevron. Recently it signed a 9 year contract to maintain the Gorgon Project's onshore pipeline and metering station.

### ***United Energy***

Distribution revenue was up 6.8% reflecting higher regulated tariffs that were partly offset by lower volumes due to the mild Victorian winter.

United Energy's regulated asset base increased 8.6% as the business continued to invest in its network to improve overall performance, replace end of life infrastructure and increase overall capacity to satisfy growing peak demand.

As at 30 June 2014, 96.2% of United Energy's customers had a smart meter installed at their premises, substantially in line with the Victorian Government's revised best endeavours roll-out timetable.

### ***Multinet Gas***

Distribution revenue was down 9.9% reflecting a reduction in tariffs effective 1 July 2013 and an 8% reduction in throughput as a result of mild Victorian weather.

The reduction in tariffs, as part of the AER's final 2013-2017 regulatory decision, was driven largely by lower prevailing base interest rates at the time of the regulatory reset. Multinet Gas was able to capture the benefit of these lower interest rates when it reset its base interest rate hedge book. This resulted in a 23.4% reduction in net external interest expense. As a result, Multinet Gas delivered a strong post-interest operating cash flow result.

Multinet Gas' accelerated pipeworks capex program remains on schedule. In March 2015, the business expects to seek regulatory approval for additional network investment over the last two years of the current regulatory period which, if approved, should result in further tariff increases over that period.

### **Management Presentation**

A presentation of DUET's results will be made by the management team today at 11.00am at the Museum of Sydney, Level 2, Corner Phillip and Bridge Streets, Sydney. Investors and analysts can also 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 "2863295".

### **Results Documents**

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

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

For further enquiries, please contact:

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