



2014 Interim Results Presentation

21 February 2014

Disclaimer



Important Information

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Distribution Guidance

The DUET Group's distribution guidance and related statements in this presentation are subject to DUET's forecast assumptions being met.

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Agenda

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Recent Highlights



Growth

- Continued focus on growing United Energy's and Multinet's regulated asset bases
- Two accretive gas pipeline projects underway in W.A.
 - Wheatstone Ashburton West Pipeline
 - Fortescue River Gas Pipeline

Capital Management

- \$200m of equity recently raised for the accretive gas pipeline projects
- Security Purchase Plan launched today
- \$1.1bn of term debt raised and refinanced

Distributions

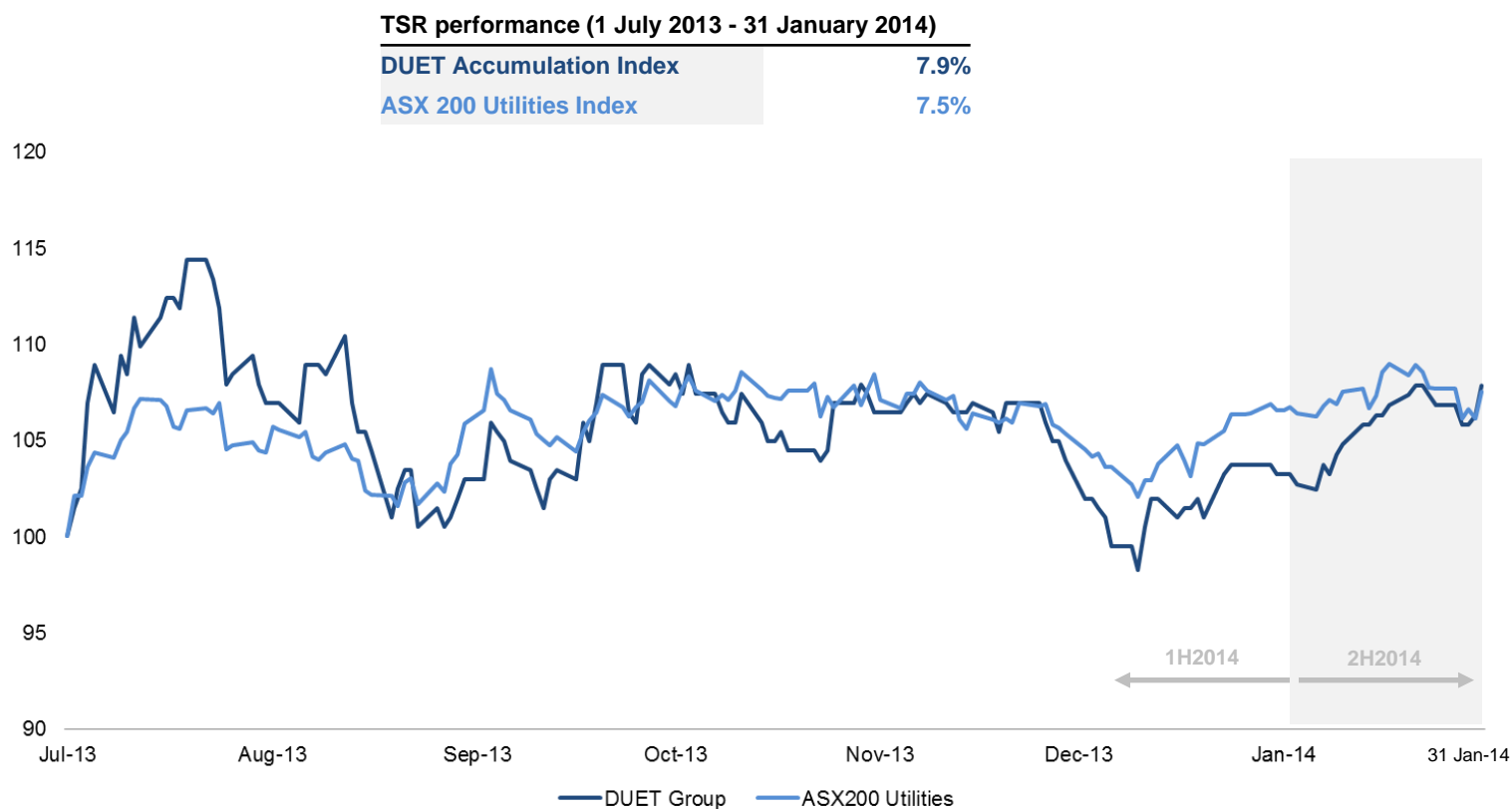
- Continued growth in distributions
 - 17.0 cpss guidance for FY14 (3% increase from FY13)
 - 8.5 cpss interim distribution paid 20 February 2014

Stapled Security Price Performance



Return to Stapled Securityholders (1 July 2013 – 31 January 2014)

(Total stapled securityholder return indexed to 100)



Note: Past performance is not a reliable indication of future performance.

1. DUET Group and S&P Utilities Accumulation Index total shareholder returns calculated over 1 July 2013 – 31 January 2014 period.



Group Results

Consolidated Results



Consolidated Results (\$m) Extract from Appendix 4D	1H14	1H13	Change	Commentary
Revenues from ordinary activities	620.8	642.9	(3.4)%	Lower customer contributions (\$9.0m) and transmission and distribution revenue (\$9.1m)
EBITDA	395.1	307.2	28.6%	(2.5)% normalised for \$98.1m group simplification and internalisation costs in 1H13
NPAT excluding significant items	38.9	48.1	(19.1)%	Mostly due to the lower revenues described above

Proportionate Results



Proportionate Results (\$m) Refer to Management Information Report (MIR)	1H14	1H13	Change	Commentary
Transmission and Distribution Revenue	372.2	383.1	(2.8)%	5% increase for United Energy offset by lower revenue at DBP and Multinet Gas
Total Revenue	431.3	448.7	(3.9)%	Lower DBP customer contributions and T&D Revenue
Opex	121.1	129.1	6.2%	\$4.5m lower Head Office costs; no transition or UAFG costs at Multinet Gas
EBITDA	310.2	319.6	(2.9)%	Mostly due to lower customer contributions at DBP
EBITDA margin	71.9%	71.2%	0.7%	End of transition costs at each of United Energy and Multinet Gas; no UAFG costs
Adjusted EBITDA ¹	302.3	306.4	(1.3)%	Lower DBP and Multinet Gas results largely offset by United Energy and Head Office
Net External Interest Expense ("Interest")	163.7	172.9	5.3%	35% lower interest costs at Multinet Gas on the resetting of its hedge book in late 2012
Adjusted EBITDA less Interest	138.6	133.5	3.8%	Driven by significant interest savings at Multinet Gas

1. Adjusted EBITDA is EBITDA less customer contributions (net of margin).

Equity Capital Management

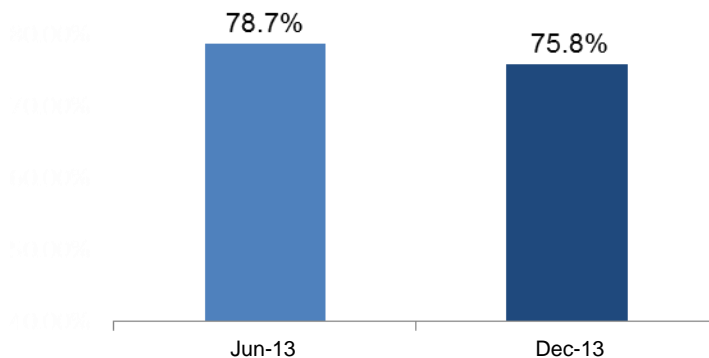


Interim Distribution Coverage

Pro forma \$m, per MIR	1H14
DBP	48.3
United Energy	37.6
Multinet Gas	27.8
DBP Development Group	1.8
Head Office	(7.8)
Cash available for distribution	107.7
Weighted average securities on issue (m)	1,214
Cash available for distribution (pss)	8.87¢
Interim distribution declared (pss)	8.50¢
Interim Distribution Coverage (%)	104%

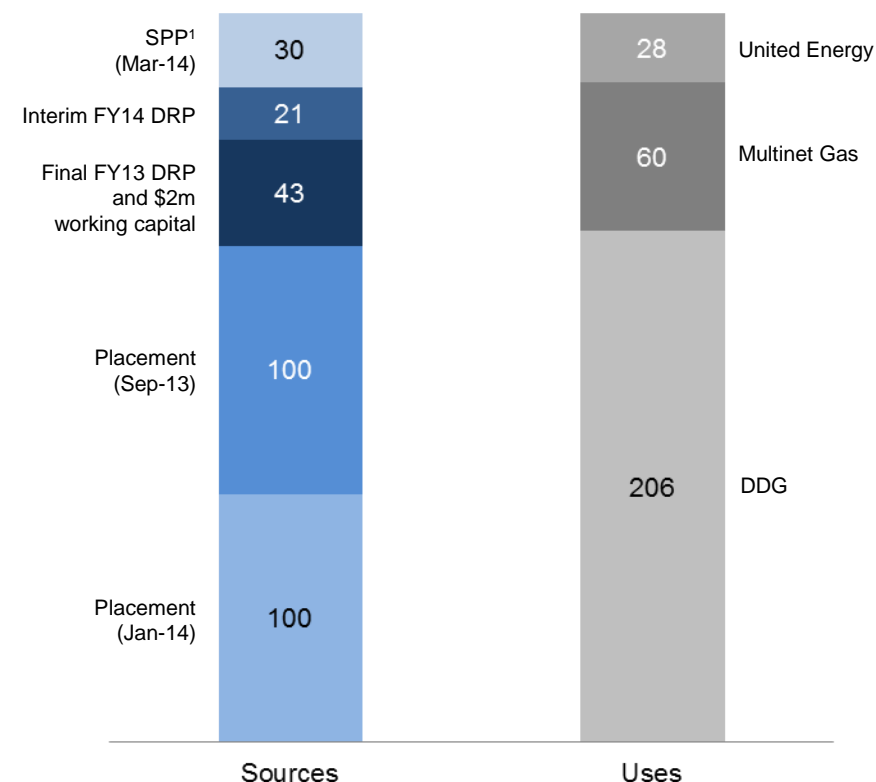
Group Gearing

(Proportionate Net Debt / RAB, 75-80% target range)



Equity Capital Sources and Uses

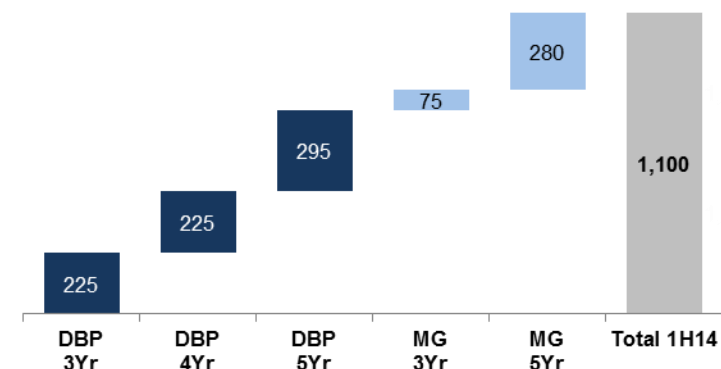
(Pro forma \$ millions, actuals to date and forecast to 30 June 2014)



Debt Capital Management

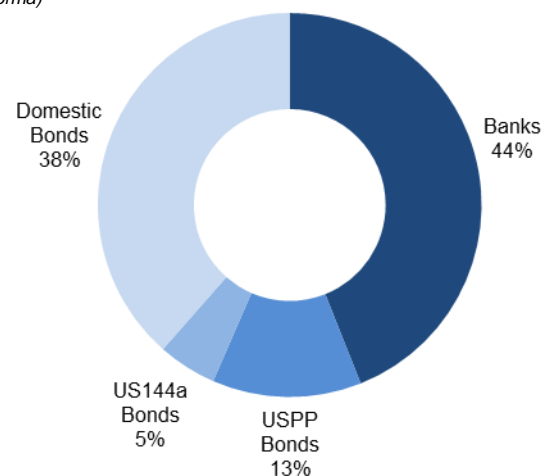
Term Debt Transactions in 1H14

(\$ millions)



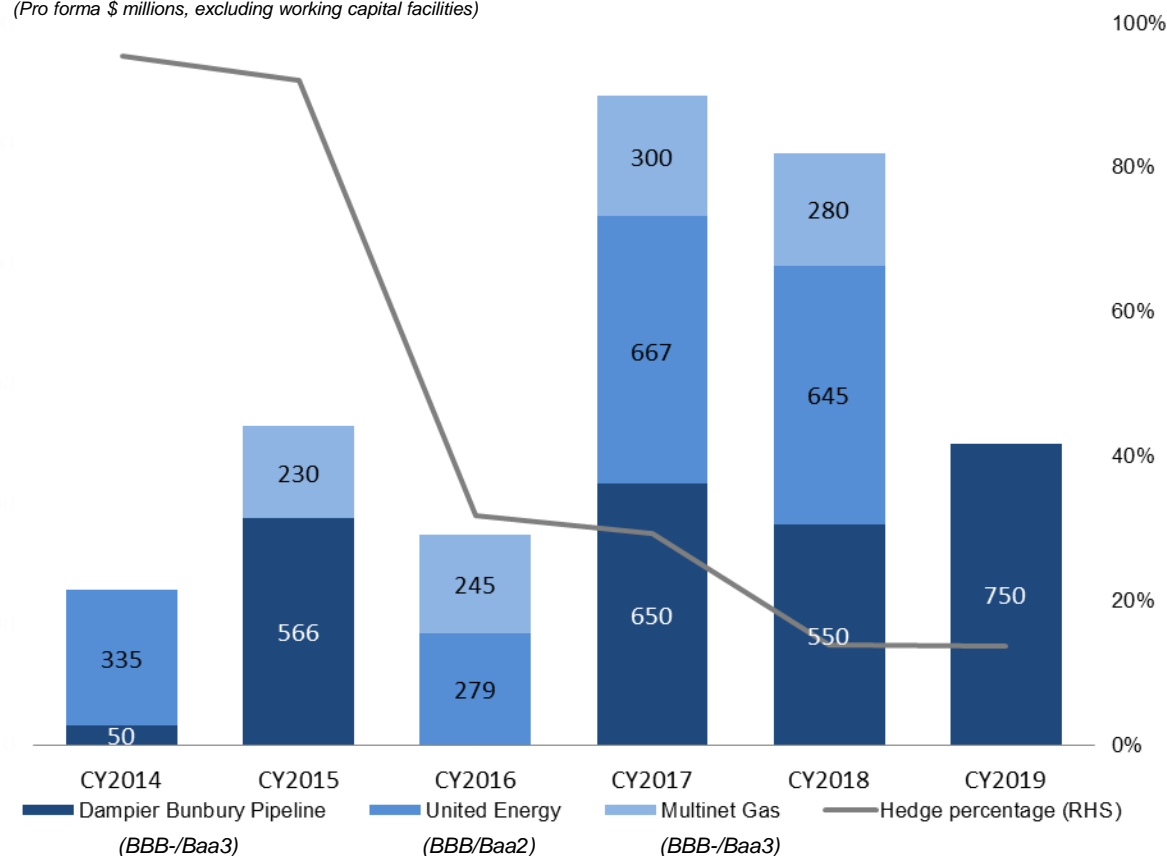
Term Debt Facility Mix

(Pro forma)



Term Debt Maturities and Base Interest Rate Hedging

(Pro forma \$ millions, excluding working capital facilities)





Operating Results

Dampier Bunbury Pipeline



Commentary

- Throughput up 9.2%: Full-haul deliveries up 6.4%
 - Increased gas-fired generation during a number of coal-fired plant outages
 - Deliveries to Mondarra under existing full-haul contracts
- Transport Revenue down 1.4%
 - Revenue from increased throughput mitigated by 80% take-or-pay tariff
 - Reduced capacity-based revenue from last year's shipper dispute settlement and suspension of capacity contracted to Griffin
- Total Revenue down 5%
 - Driven by an \$11.2m reduction in customer contributions
- Strong operating performance and cost management
- Initial re-contracting discussions and preparation of 2016-2020 regulatory submission commenced

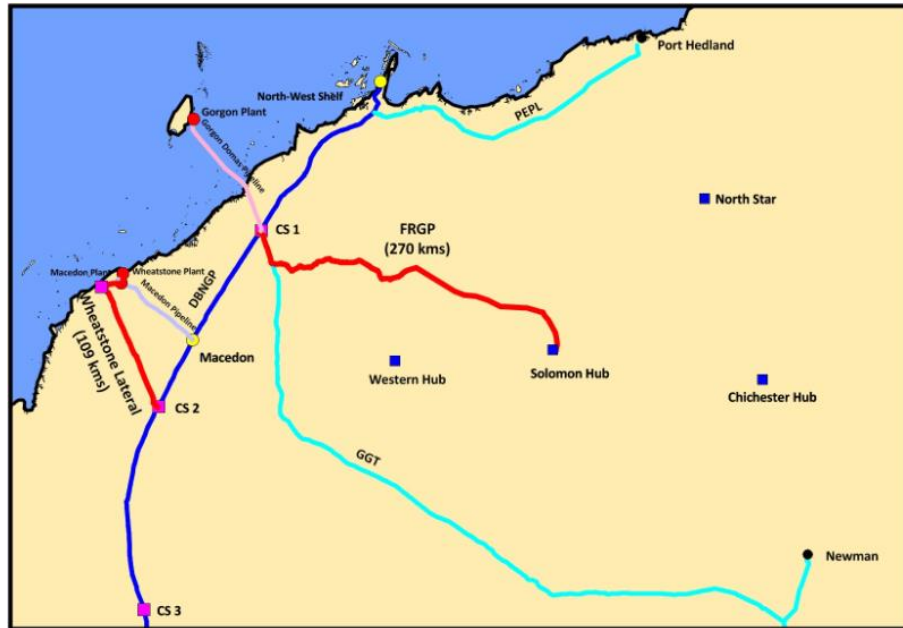
Financial Summary

\$m, 100% per MIR	1H14	1H13	Change
Throughput (TJ)	170,990	156,533	9.2%
Transport Revenue	210.2	213.1	(1.4)%
Total Revenue	223.3	235.0	(5.0)%
Opex	46.0	45.0	(2.1)%
EBITDA	177.4	190.0	(6.6)%
EBITDA margin	79.4%	80.9%	(1.5)%
RAB	3,605.4	3,590.6	0.4%
Gearing	69.4%	69.7%	(0.3)%

DBP Development Group



Pipeline Project Locations



- Fortescue controlled projects
- DDG pipeline projects

Project Details

	<u>Ownership</u>	<u>Length</u>	<u>Cost</u>	<u>Completion</u>
Wheatstone Ashburton West Pipeline	100%	109km	\$95m	Dec 2014

- On schedule and within budget/scope
- Awarded Major Project status by WA Dept of State Development
- All long lead items ordered, pipeline production ahead of schedule

	<u>Ownership</u>	<u>Length</u>	<u>Cost</u>	<u>Completion</u>
Fortescue River Gas Pipeline	57%	270km	\$178m	Dec 2014

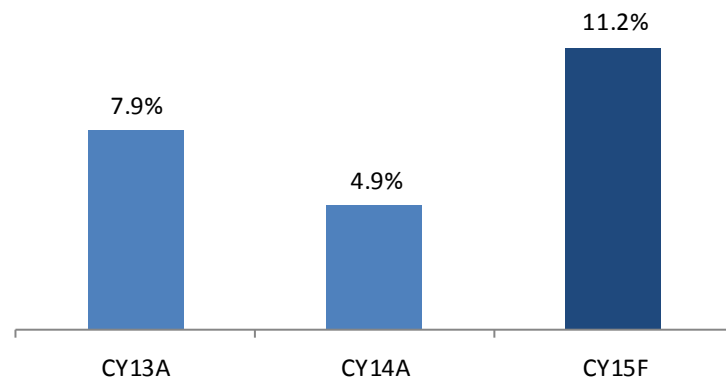
- On schedule and within budget/scope
- Ordering of long lead items on schedule; pipeline production commenced
- Detailed geotechnical work and route alignment being finalised

Commentary

- Distribution revenue up 5%
 - 7.9% nominal annual tariff increase in CY13 included a positive network performance (STPIS) adjustment
 - Reduced by lower volumes (down 2.6% due to mild winter)
- 7.4% growth in RAB
- Focus on cost control post internalisation
- Smart Meter Roll out 86% complete at 31 Jan 14
 - On track for practical completion by 30 Jun 2014

Network Tariff Increases¹

(Nominal)



Financial Summary

\$m, 100% per MIR	1H14	1H13	Change
Load (GWh)	3,943	4,047	(2.6)%
Distribution Revenue	164.7	157.0	5.0%
Total Revenue	227.2	220.5	3.1%
Opex	133.2	138.3	3.7%
EBITDA	153.0	147.5	3.7%
EBITDA margin	67.3%	66.9%	0.4%
RAB	2,096	1,952	7.4%
Gearing	92.2%	92.8%	(0.6)%

1. Includes STPIS adjustments for CY12 and CY13 (which are included in the CY14A and CY15F tariff increases respectively). Assumed CPI of 2.57% pa for CY15F in line with final AER decision for 2011-2015 regulatory period. The CY13 STPIS adjustment included in the CY15F tariff increase is a management estimate subject to AER review and final approval.

Multinet Gas



Commentary

- Resilient post-interest operating cash flows:

\$m, per MIR (Appendix 1)	1H14	1H13	Change
Distribution Revenue	93.1	107.0	(12.9)%
Net Interest Expense ("Interest")	(27.2)	(41.9)	35.1%
Adjusted EBITDA less Interest	40.4	40.4 ¹	-

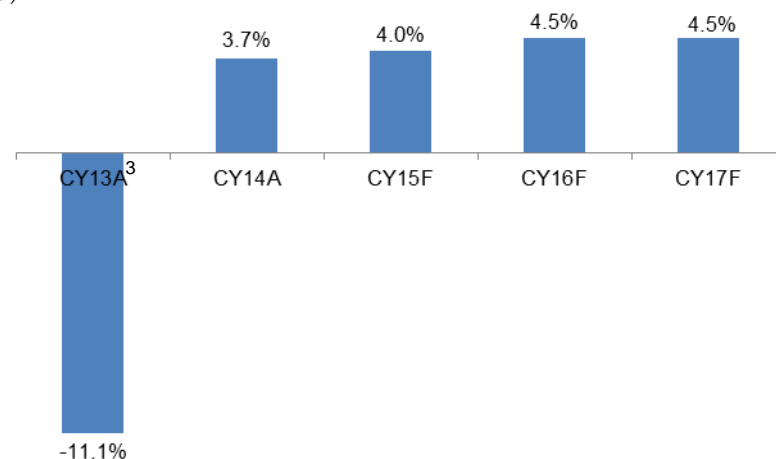
- Initial 11.1% reduction in nominal regulated tariffs from 1 July 13
 - Largely driven by low risk free rate observed by AER and set in WACC
- Volumes down 11.6% due to milder winter
 - Tariff banding structure mitigated revenue impact
- Reduction in operating costs
 - No further transition costs
 - UAFG covered by approved regulatory allowance
- EBITDA margin up 1.8% to 71.5%

Financial Summary

\$m, 100% per MIR	1H14	1H13	Change
Throughput (TJ)	28,911	32,721	(11.6)%
Distribution Revenue	93.1	107.0	(12.9)%
Total Revenue	103.3	115.4	(10.5)%
Opex	32.6	37.9	14.0%
EBITDA	70.7	77.5	(8.8)%
EBITDA margin	71.5%	69.7%	1.8%
RAB	1,111.6	1,066.1	4.3%
Gearing	85.1%	88.2%	(3.1)%

Network Tariff Increases²

(Nominal)



1. In 1H13, transition costs of \$3.6m and UAFG charges of \$1.4m were added back to normalise the comparative result.
 2. Assumes CPI of 2.5% pa for CY15 – CY17 in line with AER final decision for Multinet Gas 2013 – 2017 regulatory reset.
 3. Due to a delay in the AER's final regulatory decision, Multinet Gas' regulated tariff was only adjusted from 1 July 2013.



Outlook

Management Priorities



- Delivering FY2014 distribution guidance
- Completing the Smart Meter program rollout
- Investment in United Energy's and Multinet Gas' RAB growth programs
- Preparation for United Energy's and DBP's regulatory submissions for 2016 - 2020
- Recontracting discussions with DBP's shippers
- Refinancing the remaining CY2014 term debt maturities
- Completing DDG's projects on time and within budget



Questions



Appendix

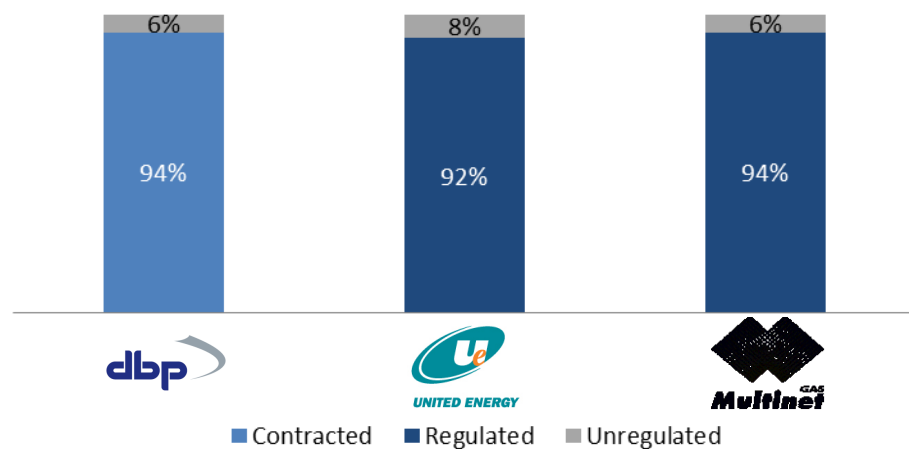
DUET Group



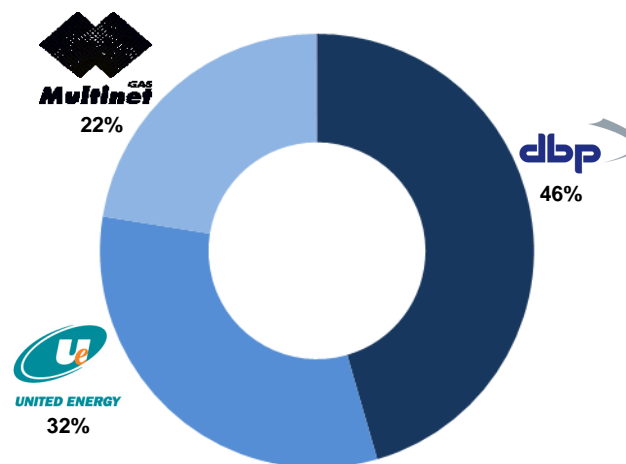
Simplified Group Snapshot



1H14 Revenue Mix



1H14 Proportionate EBITDA Contribution



Consolidated Balance Sheet



\$m	As at 31 Dec 13	As at 30 Jun 13
Cash Assets	498	402
Other Current Assets	168	211
PP & E	5,664	5,614
Intangible Assets	2,079	2,087
Other Non-Current Assets	348	191
Total Assets	8,757	8,505
Interest Bearing Liabilities	5,758	5,672
Other Current Liabilities	483	502
Other Non-Current Liabilities	800	809
Total Liabilities	7,041	6,983
Net Assets	1,716	1,522
Total Equity	1,716	1,522

Consolidated Cash Flow Statement



\$m	1H14	1H13
Net cash flows from operations	421	302
Payments for purchase of PP&E	(172)	(199)
Payments for purchase of software	(24)	(29)
Proceeds from asset sales	1	-
Net cash flows from investing	(195)	(228)
Cash flows from capital raising	144	33
Borrowing (net of repayments)	60	153
Borrowing costs paid	(219)	(228)
Dividends & distributions paid	(115)	(105)
Net cash flow from financing	(130)	(147)
Net increase / (decrease) in cash	96	(73)

Proportionate EBITDA to Consolidated NPBT



Reconciliation \$m	DBP	United Energy	Multinet	DDG	Head Office	Total
Proportionate EBITDA	143.5	101.0	70.7	0.1	(5.1)	310.2
Additional EBITDA from controlled assets ¹	36.0	52.3	-	-	-	88.3
Net gain/(loss) on disposal of assets	0.1	(2.9)	(0.6)	-	-	(3.4)
Consolidated EBITDA						395.1
Controlled Assets						
Interest income	0.2	3.9	0.2	-	-	4.3
Depreciation and amortisation	(39.2)	(74.6)	(23.3)	(0.2)	-	(137.3)
Finance costs	(119.4)	(79.0)	(27.4)	(0.1)	-	(225.9)
Foreign exchange (losses)/gains	0.1	(1.0)	-	-	-	(0.9)
Changes in fair value of derivatives	6.1	(8.6)	1.2	-	-	(1.3)
Head Office						
Interest income	-	-	-	-	1.2	1.2
Depreciation and amortisation	-	-	-	-	-	-
Profit before income tax expense	-	-	-	-	-	35.2

1. To consolidate 100% of controlled energy utility EBITDA.

Net Debt



Reconciliation \$m	DBP	United Energy	Multinet	DDG	Head Office	DUET Group
Interest bearing liabilities	2,525.3	2,623.7 ²	1,067.4	49.6	(508.5)	5,757.5
Add:						
US\$ Debt / Fair Value Adjustments ³	-	28.9	16.6	-	-	45.5
Capitalised Borrowing Costs	24.8	10.2	5.4	-	-	40.4
Distribution Payable	-	-	-	-	105.2	105.2
(Less):						
Cash on Hand ¹	(28.8)	(205.7)	(31.2)	(82.9)	(149.8)	(498.4)
Finance Lease Liability	(19.5)	-	-	-	-	(19.5)
Minority share of RPS not eliminated on consolidation	-	(178.6)	-	-	-	(178.6)
DUET Group - Net debt	2,501.7	1,931.9	945.9	(82.9)	(44.6)	5,252.1
Less minority net debt	(481.8)	(656.7)	-	-	-	(1,138.5)
DUET Adjusted Proportionate Net External Debt⁴	2,020.0	1,275.2	945.9	(82.9)	(44.6)	4,113.7

1 Cash on Hand for United Energy includes UE & Multinet Pty Limited cash of \$0.9m

2 Includes \$178.6m of Redeemable Preference Shares owned by SPIAA, which are not eliminated on consolidation

3 This adjustment eliminates the fair value mark-to-market on the US\$ denominated debt in United Energy and Multinet

4 Per the MIR

Net External Interest Expense



Reconciliation \$m	DBP	United Energy	Multinet	DDG	Head Office	Total
Net Borrowing Costs per MIR (at 100%)	113.1	106.3	31.7	0.2	-	251.3
Add/(Less): RPS / Funding Arm Interest	-	(34.2)	(5.8)	(0.1)	-	(40.2)
Add/(Less): Interest Rate Hedge – Fair Value Movement	6.1	(8.6)	1.2	-	-	(1.3)
Add/(Less): Interest on Decommissioning Charge	(0.7)	-	-	(0.1)	-	(0.7)
Add/(Less): Head Office interest expense / (Income)	-	-	-	-	(1.2)	(1.2)
100% Net External Interest Expense	118.5	63.5	27.2	(0.0)	(1.2)	208.0
Proportionate Net External Interest Expense per MIR (Appendix 1)	95.8	41.9	27.2	(0.0)	(1.2)	163.7

DDG Funding Structure

Funding Structure for DDG's two gas transmission pipeline projects

(Summarised Structure as at 21 February 2014)

