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ASX RELEASE

MOODY'S UPDATE ON DBP'S CREDIT RATING

DUET Group is pleased to note the attached announcement by Moody's Investors Service ("Moody's") regarding DBP's Baa3 investment grade credit rating and stable outlook.

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Announcement: Moody's says proposed equity recapitalization of DBNGP is credit positive; rating unaffected

Global Credit Research - 19 Nov 2014

Sydney, November 19, 2014 -- Moody's Investors Service ("Moody's") says the proposed equity recapitalization of DBNGP Finance Co Pty Ltd's (DBNGP FinCo) is credit positive but its Baa3 senior secured rating and stable outlook is unaffected.

DBNGP FinCo is a wholly-owned financing vehicle of DBNGP Trust ("DBNGP") and its debt obligations are guaranteed by DBNGP and its operating subsidiaries, which collectively own and operate the Dampier to Bunbury Natural Gas Pipeline.

"The equity recapitalization is credit positive for DBNGP FinCo's financial profile, providing financial flexibility and headroom within its current Baa3 rating tolerance levels," says Mary Anne Low, a Moody's Analyst.

DBNGP's 80% majority unitholder, DUET Group (unrated), announced that it will raise AUD160 million of equity through an underwritten rights issue. Proceeds from the equity recapitalization will be used to pay down debt.

The remaining 20% aggregate ownership interest in DBNGP is held by Alcoa of Australia Limited ("AoA", Baa2 stable), whose pro-rata investment of AUD40 million will be invested into DBNGP FinCo over the next three to five years, according to Duet Group's announcement.

"The debt pay down, if it is part of a permanent deleveraging strategy, will better position DBNGP FinCo in managing its business and any potential adverse development in the regulatory environment," says Low. Following the equity recapitalization and debt paydown, we expect DBNGP FinCo's FFO to debt to be in the 5.0% -5.4% range over the next three years.

Moody's has incorporated into the Baa3 rating and stable outlook the expectation that DBNGP and its shareholders will take the necessary steps to maintain DBNGP FinCo's financial metrics above tolerance levels, including Funds From Operations (FFO) to interest staying above 1.5x and FFO to debt above 5.0%.

DBNGP FinCo's rating could experience upward trend if there is a consistent improvement in its financial position, leading to FFO to interest increasing to around 1.9 times, and FFO to debt rising above 9-10%.

On the other hand, the rating could be downgraded if the financial profile deteriorates, as reflected in FFO to interest dropping below 1.5 times, and FFO to debt declining below 5% on a consistent basis. A material deterioration in the credit quality of key customers could also pressure the rating.

The principal methodology used in this rating was Natural Gas Pipelines published in November 2012. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

DBNGP FinCo -- based in Perth, Western Australia -- is the financing vehicle for DBNGP Trust, which owns the Dampier to Bunbury Natural Gas Pipeline. The project is the main pipeline connecting demand centers in the south-west of Western Australia with gas fields in the Carnarvon Basin. It has a track record of transmitting steady volumes, reflecting the established demand profiles of its industrial, commercial and residential customers.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody.com for the most updated credit rating action information and rating history.

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