

# FY2011 Results Presentation

19 August 2011



**David Bartholomew**  
Chief Executive Officer

**Jason Conroy**  
Chief Financial Officer



# Disclaimer

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# Disclaimer

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This presentation contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions, including statements regarding the effects of the AET&D/ATCO transaction, are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Key assumptions in respect of forward-looking financial information are included as footnotes on the pages where that information is included. Due care and attention have been used in the preparation of the forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of DUET, that may cause the assumptions to be incorrect and actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Past performance is not a reliable indication of future performance.

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## **Financial data**

All dollar values are in Australian dollars (A\$) unless otherwise stated. Investors should note that this presentation contains pro forma financial information. In preparing the pro forma financial information, certain adjustments were made to the historical financial information of DUET that it considered appropriate to reflect the AET&D/ATCO transaction. Due to rounding, certain totals presented in this presentation may not be the exact sum of the individual line items they comprise.

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## Agenda

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Performance Summary	5
Capital Management	8
Operations	15
Outlook	22
Questions	26
<i>Appendix A – Financials</i>	<i>27</i>
<i>Appendix B – Reconciliations</i>	<i>35</i>
<i>Appendix C – About DUET</i>	<i>41</i>

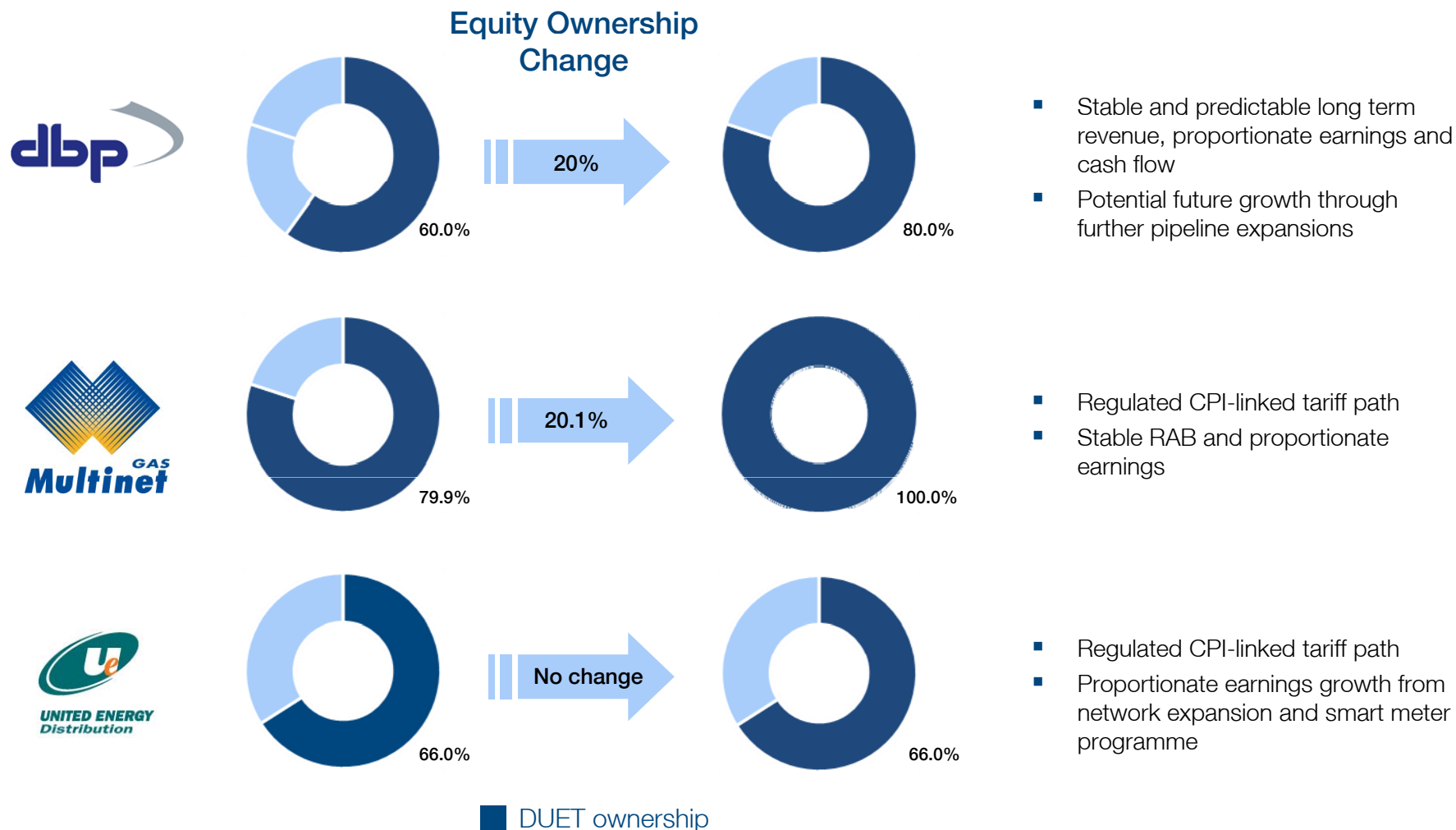


## Stronger and simpler investment proposition

<p><b>\$700m</b></p> <p>transactions completed to enhance security holder value</p> <ul style="list-style-type: none"> <li>Acquired further interests in DBP and Multinet</li> <li>Sold Duquesne and WAGN minority interests</li> </ul>	<p><b>\$277m</b></p> <p>equity capital raising</p> <ul style="list-style-type: none"> <li>Fully underwritten and institutional component over-subscribed</li> <li>Further strengthens and simplifies the Group</li> <li>Brings DUET's gearing in line with listed peers</li> </ul>	<p><b>\$2.3bn</b></p> <p>debt refinanced or repaid</p> <ul style="list-style-type: none"> <li>\$1.5bn core portfolio debt raised and refinanced</li> <li>\$545m corporate facility refinanced</li> <li>\$260m SOLA repaid by UED and DBP</li> </ul>
<p><b>Three</b></p> <p>majority-owned<sup>1</sup> Australian regulated utility businesses</p> <ul style="list-style-type: none"> <li>DBP: 80%</li> <li>United Energy: 66%</li> <li>Multinet: 100%</li> </ul>	<p><b>Growth</b></p> <p>in DUET's businesses</p> <ul style="list-style-type: none"> <li>DBP revenue and EBITDA growth</li> <li>UED regulatory growth mandate</li> <li>CPI-linked growth in revenues</li> </ul>	<p><b>Operational control</b></p> <ul style="list-style-type: none"> <li>Key functions at UED and Multinet brought in-house</li> <li>DBP in-sourcing delivering results</li> <li>Optimisation of DBP pipeline configuration post-stage 5B</li> </ul>

<sup>1</sup> DUET entities in aggregate hold the majority interests in DBP, United Energy (UED) and Multinet

# Portfolio of three Australian energy utility assets



## Key results

Proportionate Consolidation <sup>1</sup> (\$m)	FY2011	FY2010	% Variance
Revenue <sup>2</sup>	1,059	992	7
EBITDA <sup>2</sup>	641	599	7
Earnings <sup>2</sup>	195	213	(8)
EPS <sup>2</sup>	21.9¢	24.7¢	(11)
Cash available for Distributions pss <sup>3</sup>	17.5¢	19.9¢	(12)
Distributions paid pss	20.0¢	20.0¢	-
Earnings coverage of Distributions	109%	124%	(12)
Cash coverage of Distributions <sup>3</sup>	87%	100%	(13)
Statutory Consolidation (\$m)	FY2011	FY2010	% Variance
Net Result after Tax	188	174	8

1 As per DUET MIR

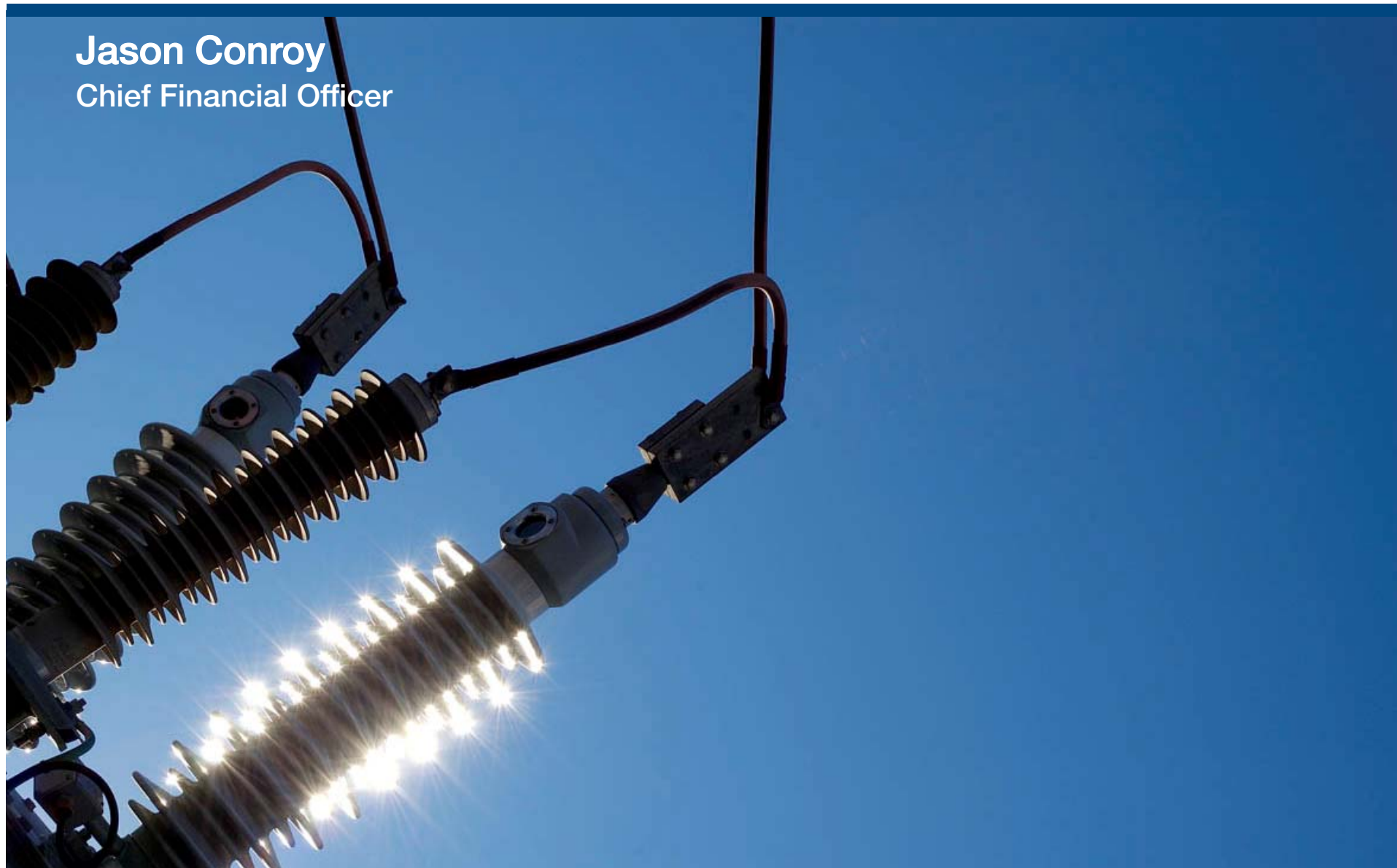
2 Like-for-like results, adjusting for changes in FX rates

3 Based on normalised cash available for distributions – refer to page 9 for details

# Capital management

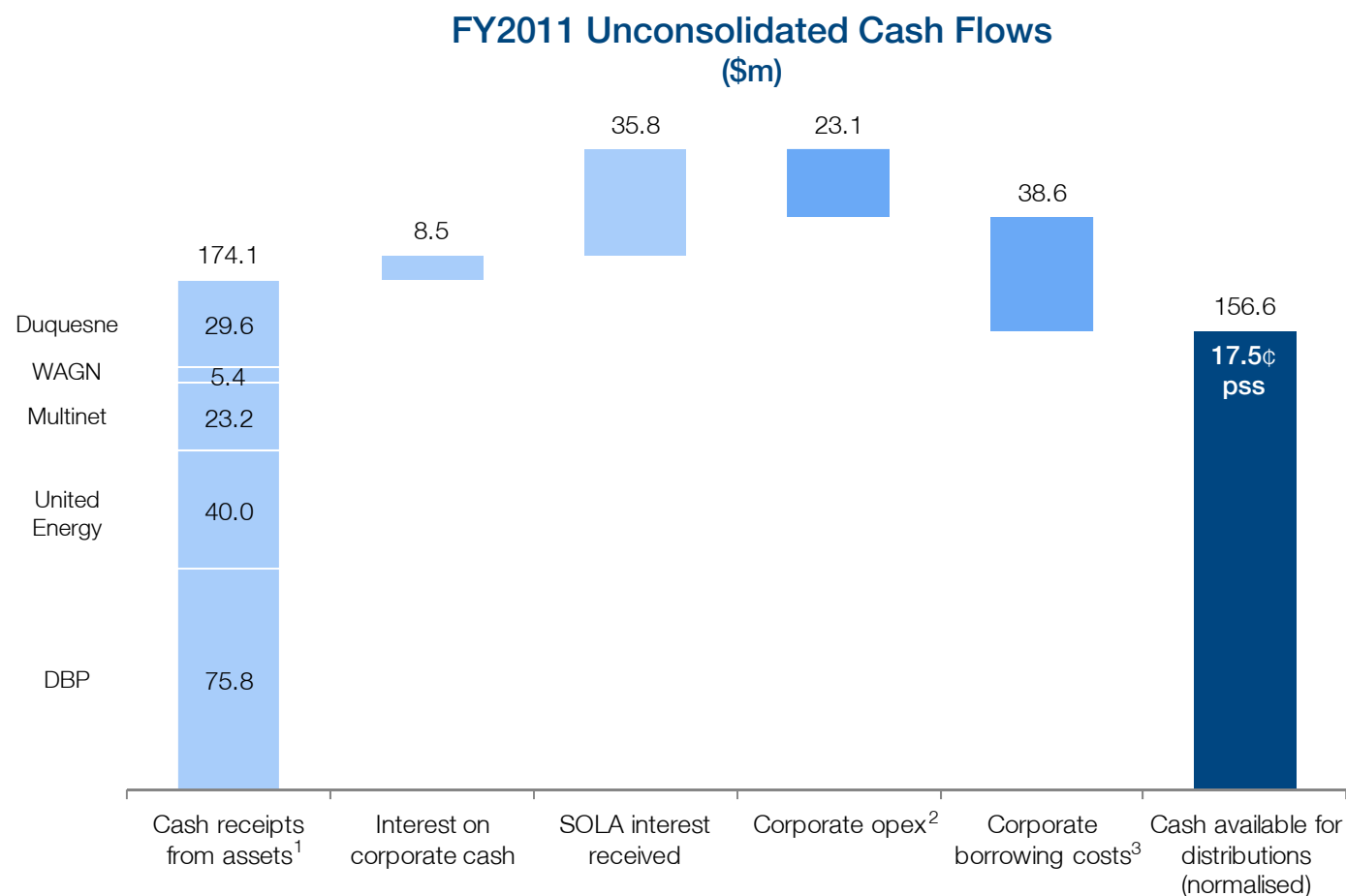


**Jason Conroy**  
Chief Financial Officer





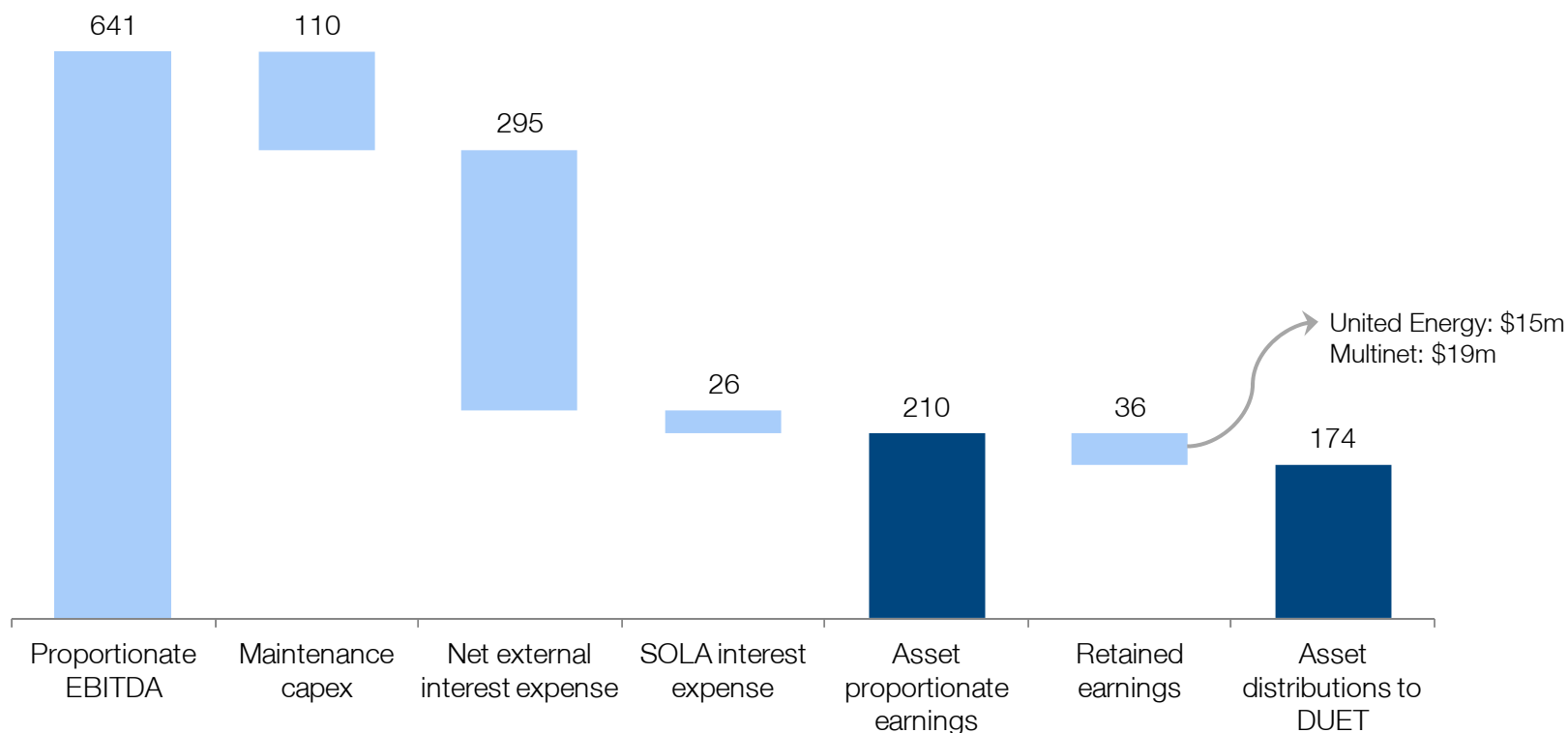
# Cash available for distributions



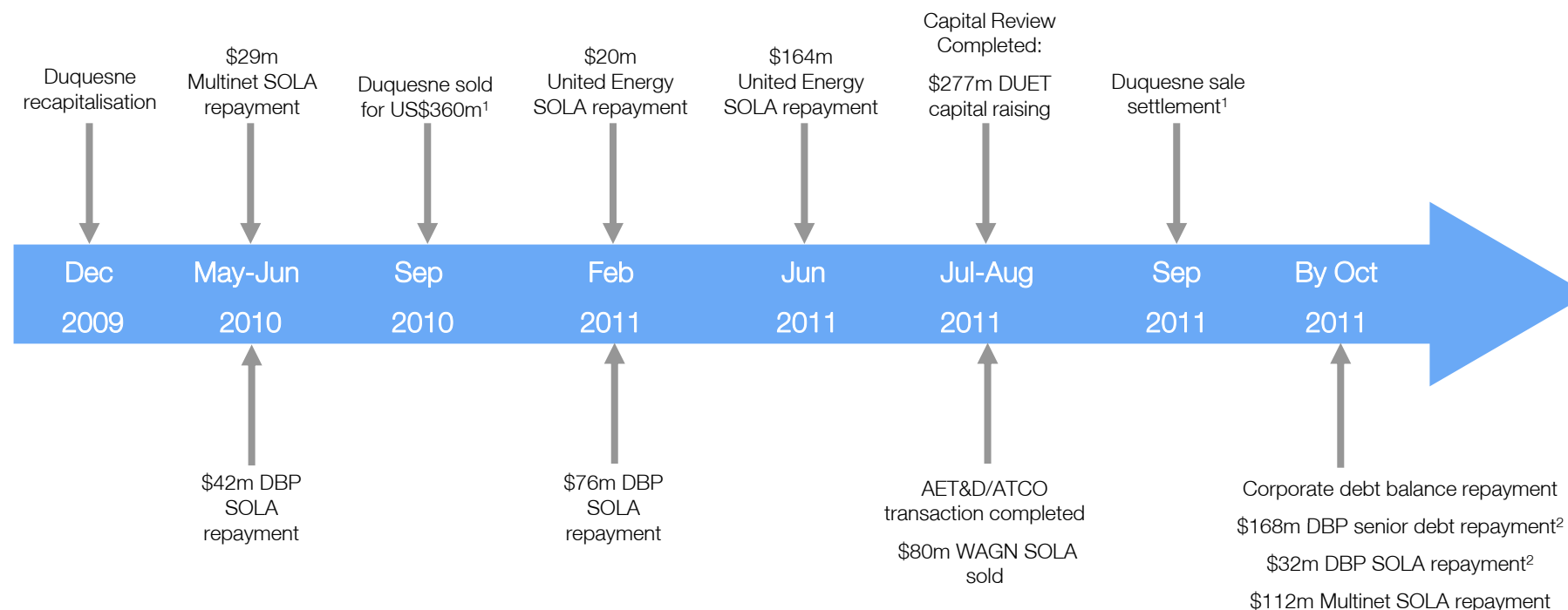
1. Includes directors' fees paid from the AssetCos to the DUET entities
2. Excludes Duquesne sale transaction costs of \$1.5m incurred during FY2011 (non-recurring item). Settlement of the sale of Duquesne is anticipated in September 2011. Also excludes \$0.4m of legal and bank fees relating the refinancing of the DUET corporate facility incurred in FY2011 (non-recurring item)
3. Excludes \$8.8m relating to the additional three months of interest being brought forward into FY2011. DUET ordinarily pays interest under its corporate debt facility bi-annually on 1 March and 1 September each year. Upon the successful refinancing of the DUET Corporate facility on 10 June 2011, interest accruing since 1 March 2011 that would otherwise be paid on 1 September 2011 was paid on refinancing

# Earnings retained for growth and de-gearing

FY2011 Proportionate Earnings and Asset Distributions  
(\$m)

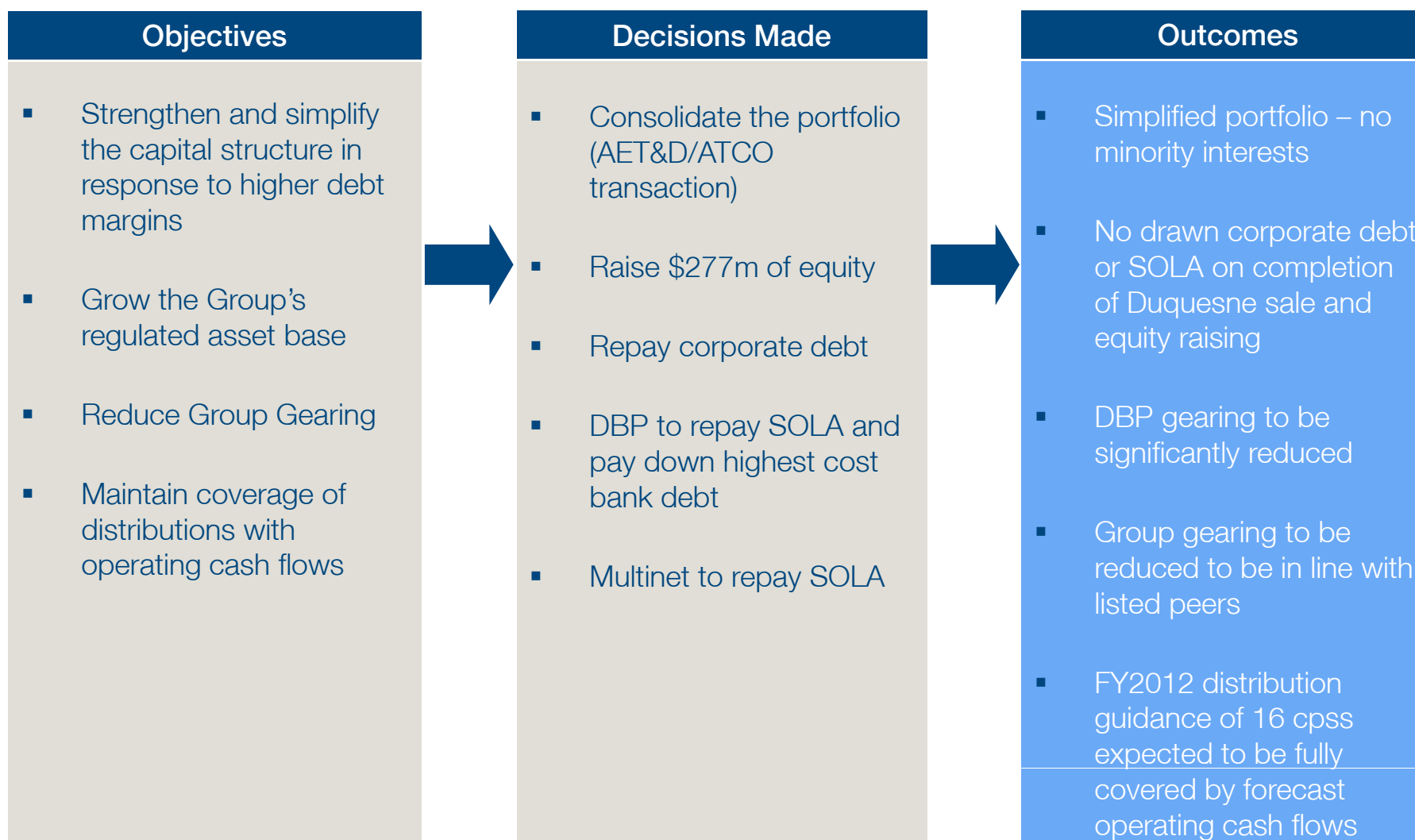


# Active capital management track record



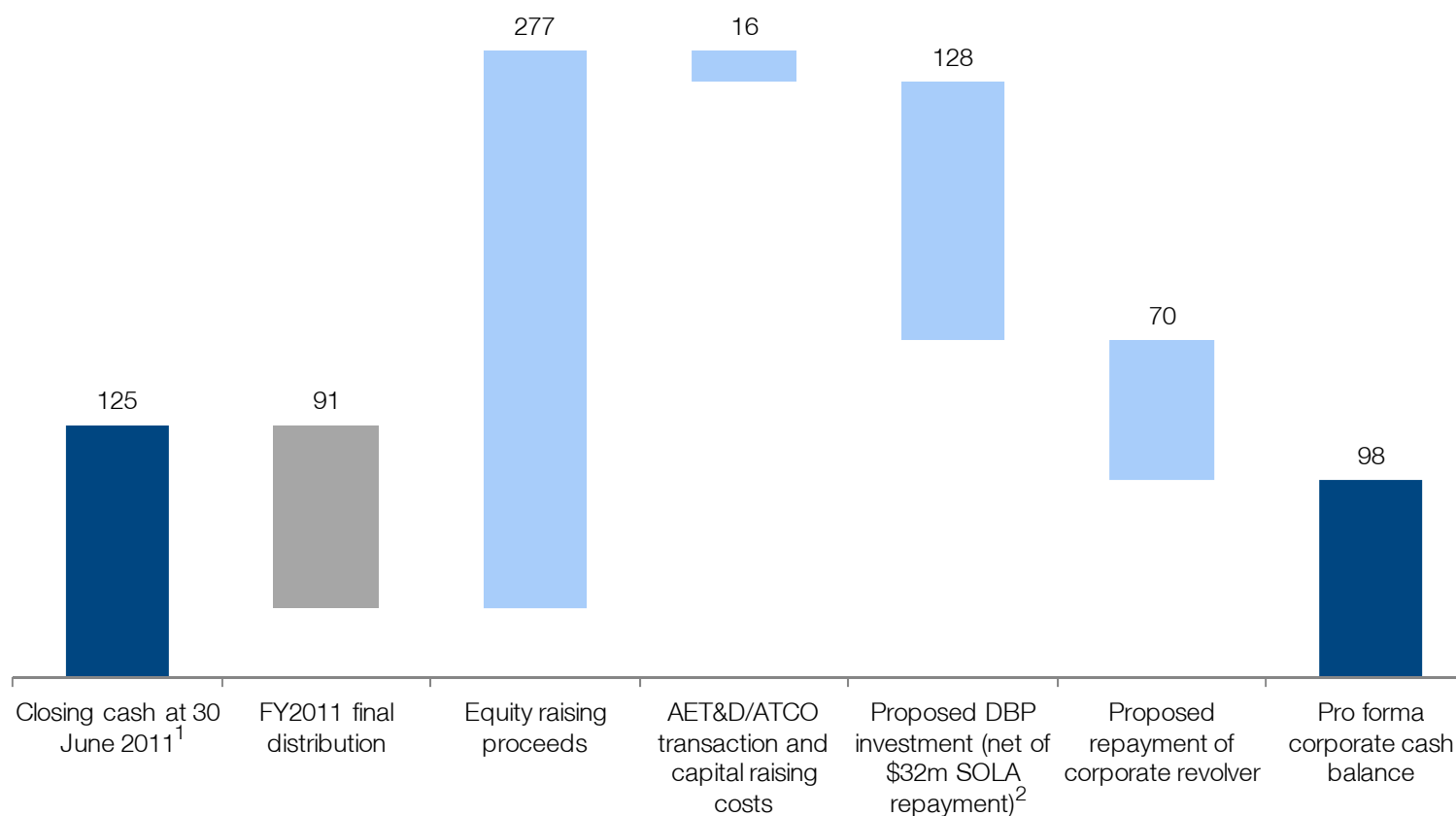
1. US\$355m net hedged sale proceeds using deal-contingent forward FX contract rate of AUD/USD 1.02945. Sale settlement expected in September 2011. Duquesne sale proceeds to be applied to repay DUET's \$345m corporate bridge debt facility
2. Proposed to be funded from an investment of \$160m from DUET upfront and \$40m from Alcoa over three years. The total \$200m investment is subject to receiving all necessary Alcoa approvals

# Capital review completed and being implemented



# Strong corporate cash position

Forecast Corporate Cash Position\*  
(\$m, pro forma)



1. Includes \$12.3m in Duquesne interest income for the half year to 30 June 2011 which was held in escrow pending finalisation of US withholding tax calculations

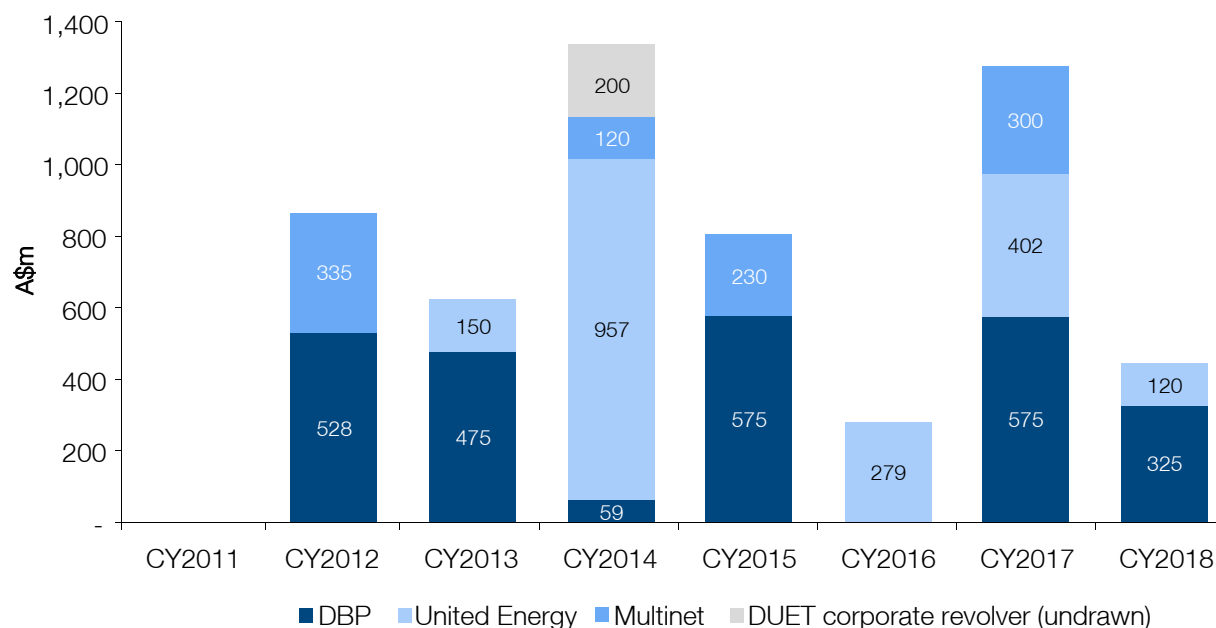
2. DUET's upfront contribution of \$160m and Alcoa's \$40m contribution over 3 years are subject to receiving all necessary Alcoa approvals

\* **Important Note:** Forward-looking statements by their very nature are subject to uncertainty and contingencies, many of which are outside the control of DUET



# 2012 debt maturities to be refinanced this year

Pro Forma Term Debt Maturities – Total Facility Limits<sup>1,2</sup>



- Refinancing of CY2012 maturities well underway
  - Strong bank and global bond market demand to date in 2011 for regulated energy utility debt
  - Expected to be supported by proposed \$200m<sup>2</sup> equity investment into DBP and repayment of Multinet's \$112m SOLA
- Track record of successfully refinancing term debt well ahead of maturity dates

1. Excludes working capital facilities

2. DBP's bank debt maturing in CY2014 assumed to be reduced by \$168m using the proceeds from the proposed equity investment by Alcoa and DUET. DUET's upfront contribution of \$160m and Alcoa's \$40m contribution over 3 years are subject to receiving all necessary Alcoa approvals

# Operations



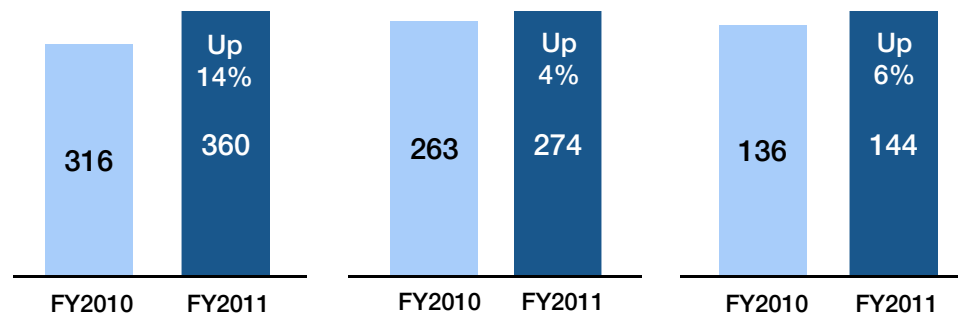
**David Bartholomew**  
Chief Executive Officer



# EBITDA growth across the core portfolio

## Asset EBITDA (\$m, 100% interests)

### Australian Asset Portfolio



- Higher EBITDA driven by stage 5B revenues

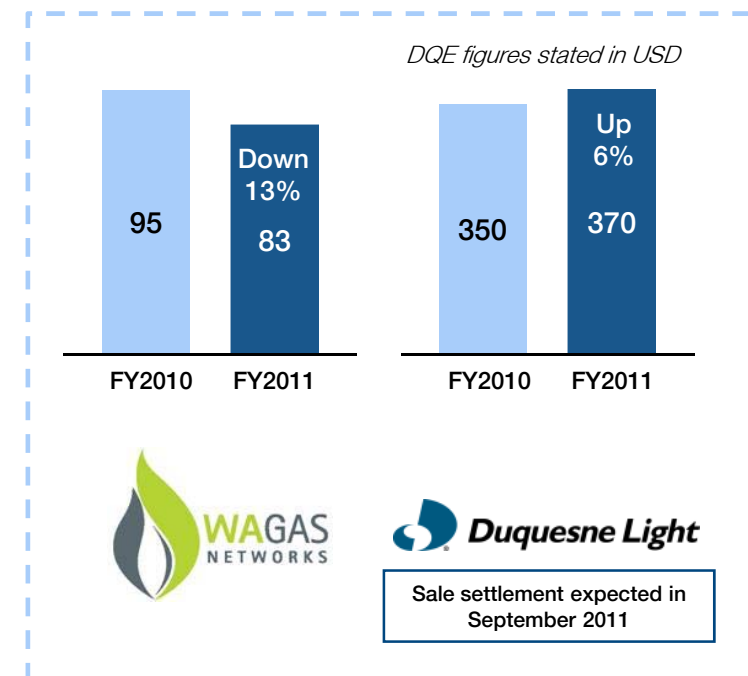


- Higher EBITDA driven by smart meter revenues, partially offset by transition costs



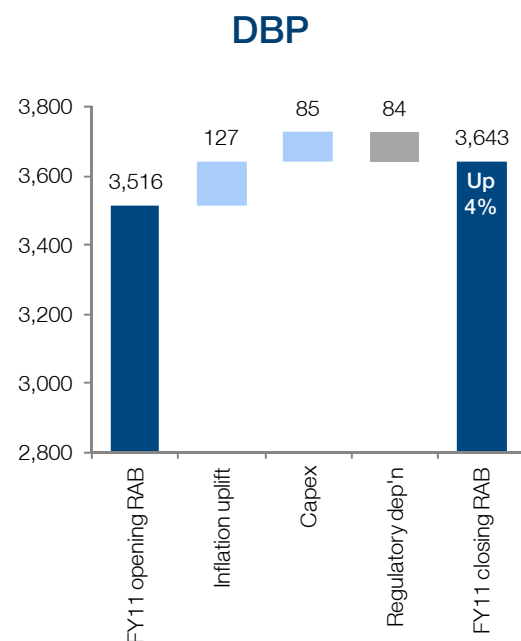
- Higher EBITDA driven by higher tariffs and volumes, partially offset by 3 years of UAFG charges booked in FY2011

### Divested Assets

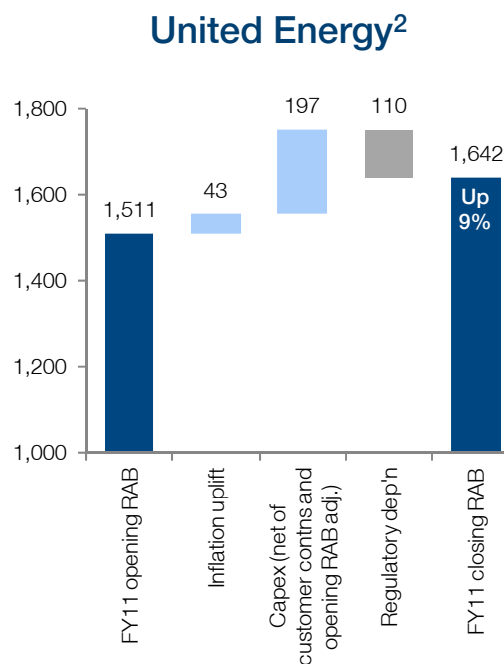


# RAB growth across the core portfolio

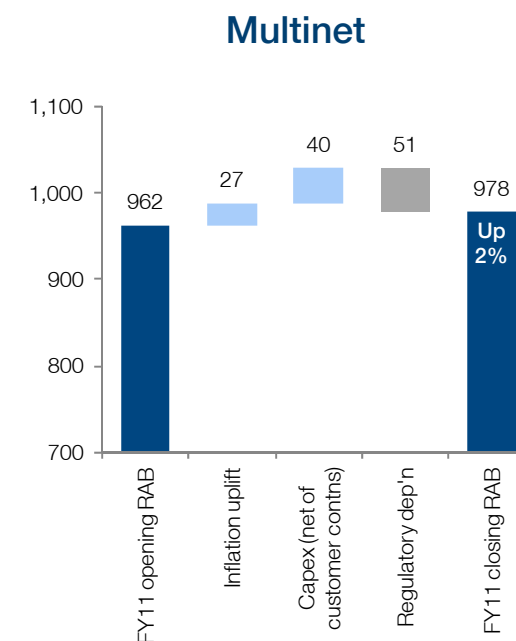
## RAB<sup>1</sup> Movement (\$m, 100% interests)



- Capex spend driven by close-out of stage 5B expansion



- Capex spend driven by continued smart meter roll out and network growth mandate



- Steady RAB underpinned by long term pipeworks renewal programme, IT system enhancements and growth in connections

<sup>1</sup> RAB is based on management's calculations as defined in each AssetCo's financing documents

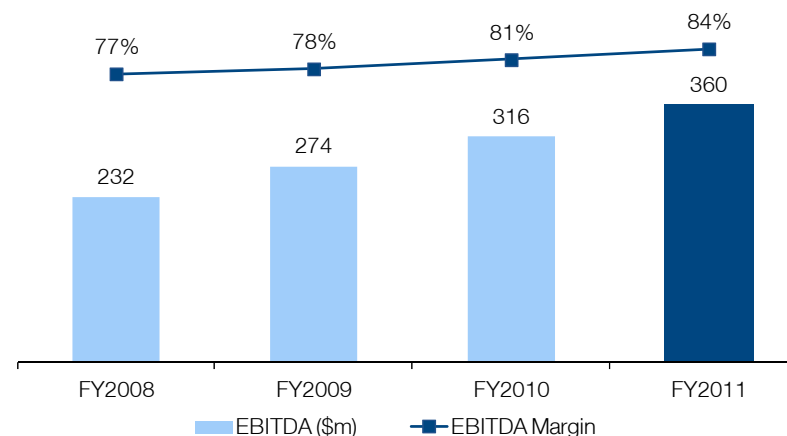
<sup>2</sup> United Energy's RAB includes smart meter RAB. FY11 opening RAB has been restated to reflect the RAB per the 2011-15 EDPR and the metering RAB per the AMI Pricing Application 2012-15

# DBP

- Revenue up 10%
- EBITDA up 14%
- EBITDA margin up 3%
  - Lower consulting, easement access and employee costs
  - Reduced per unit fuel gas cost post-stage 5B efficiency gains
- RAB up 4%
- DBP's in-sourcing of operating functions is delivering results
- Optimisation of pipeline configuration post-stage 5B completion to improve reliability and efficiency

Full Year Financial Highlights <sup>1</sup>			
\$m	FY2011	FY2010	% Variance
Revenue	431	392	10
EBITDA	360	316	14
EBITDA Margin	84%	81%	3
RAB <sup>2</sup>	3,643	3,516	4
Throughput (PJ)	310	318	(3)

## EBITDA (\$m) and EBITDA margin



<sup>1</sup> 100% of DBP results per DUET MIR

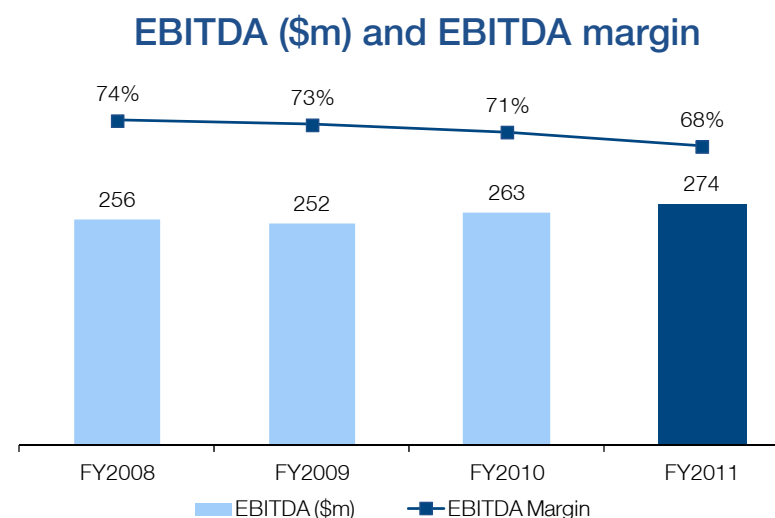
<sup>2</sup> RAB is based on management's calculations as defined in DBP's financing documents



# United Energy

- Revenue up 9%
  - Driven by new tariff path and additional smart meter revenue
- EBITDA up 4%
- EBITDA margin down 3%
  - Driven by transition costs and increased scope in new regulatory period
  - Partially offset by tariff increase from 1 January 2011
- RAB up 9%
- New operations delivery contracts signed
  - Increased in-house capabilities – asset management and corporate functions in-sourced
  - Split of distribution area into two regions with one contractor in each from January 2012

Full Year Financial Highlights <sup>1</sup>			
\$m	FY2011	FY2010	% Variance
Revenue	403	370	9
EBITDA	274	263	4
EBITDA Margin	68%	71%	(3)
RAB <sup>2</sup>	1,642	1,511	9
Load (GWh)	8,071	8,114	(1)



<sup>1</sup> 100% of United Energy results per DUET MIR

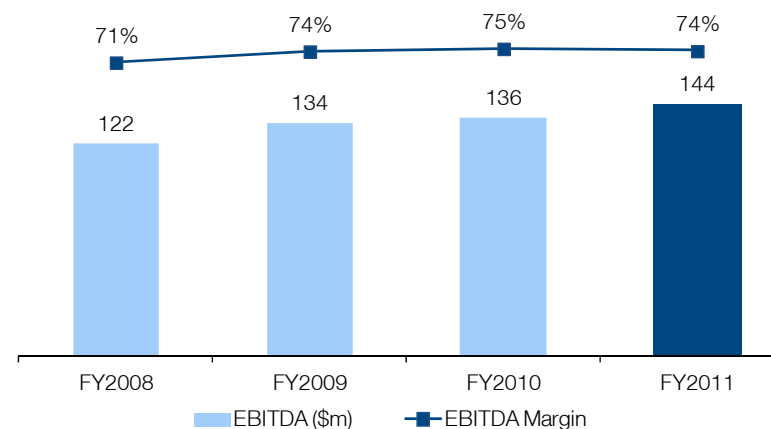
<sup>2</sup> RAB is based on management's calculations as defined in United Energy's financing documents

# Multinet

- Revenue up 7%
- EBITDA up 6%
- EBITDA margin down 1%
  - UAFG<sup>3</sup> costs for 2007-2009 of \$2.5m booked in FY2011
- RAB up 2%
  - Steady progress on long term pipeworks programme
  - IT upgrade programme commenced, supported by new \$50m IT growth capex bank debt facility
- Planning for 2013 regulatory reset commenced
- Corporate functions brought in-house

Full Year Financial Highlights <sup>1</sup>			
\$m	FY2011	FY2010	% Variance
Revenue	194	182	7
EBITDA	144	136	6
EBITDA Margin	74%	75%	(1)
RAB <sup>2</sup>	978	962	2
Throughput (TJ)	60,630	55,122	10

## EBITDA (\$m) and EBITDA margin



<sup>1</sup> 100% of Multinet results as per DUET MIR

<sup>2</sup> RAB is based on management's calculations as defined in Multinet's financing documents

<sup>3</sup> "UAFG" is unaccounted-for-gas

# Divested assets: WAGN and Duquesne

## WAGN

Full Year Financial Highlights <sup>1</sup>			
\$m	FY2011	FY2010	% Variance
Revenue	141	143	(2)
EBITDA	83	95	(13)
EBITDA Margin	59%	67%	(8)

## Duquesne

Full Year Financial Highlights <sup>1</sup>			
US\$m	FY2011	FY2010	% Variance
Revenue	1,174	1,130	4
EBITDA	370	350	6
EBITDA Margin	32%	31%	1

- Sold 25.9% equity interest for \$75.5m
    - EV / RAB: 1.20x<sup>2,3</sup>
    - EV / EBITDA: 12.3x<sup>2,4</sup>
  - Sold 100% SOLA subordinated debt
  - Sale completed on 29 July 2011
- Sold to GIC for US\$360m
  - Settlement expected in September 2011

<sup>1</sup> 100% of WAGN and Duquesne results as per DUET MIR

<sup>2</sup> EV based on implied 100% equity value plus 100% of net debt (including SOLA) as at 30 June 2011 as per DUET MIR

<sup>3</sup> RAB as at 30 June 2011 as per DUET MIR. RAB is based on management's calculations as defined in WAGN's financing documents

<sup>4</sup> EBITDA for the 12 months to 30 June 2011 as per DUET MIR

# Outlook

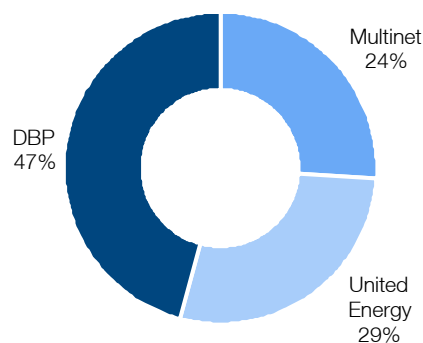


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Chief Executive Officer



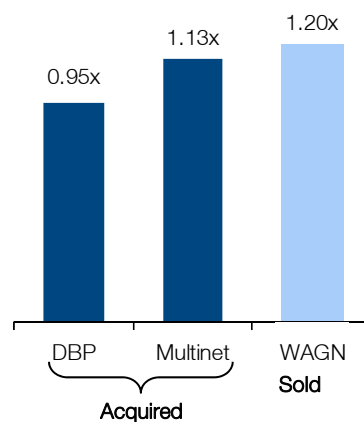
# DUET strengthened and simplified

**Portfolio Consolidated**  
(% FY2011 Prop. EBITDA)



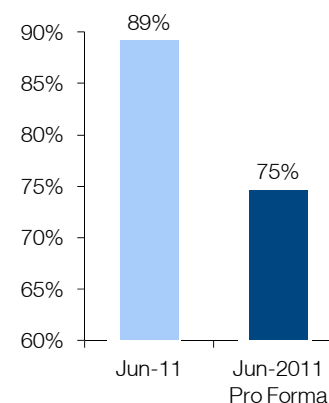
- No minority interests
- Higher Group EBITDA margin

**Disciplined Transaction**  
(EV / RAB multiples)



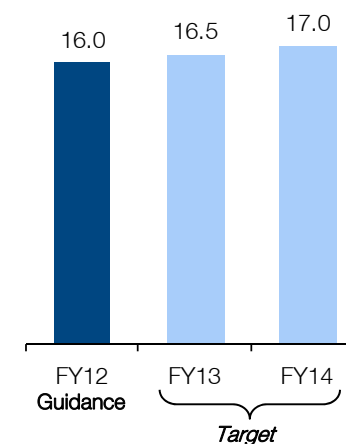
- DBP acquired at a discount to RAB
- WAGN sold at a premium to RAB

**Lower Gearing**  
(Prop. Net Debt / RAB)



- Corporate debt to be repaid
- SOLA to be eliminated
- DBP gearing to be reduced
- Group Gearing to be reduced

**Growing Distributions**  
(cpss)

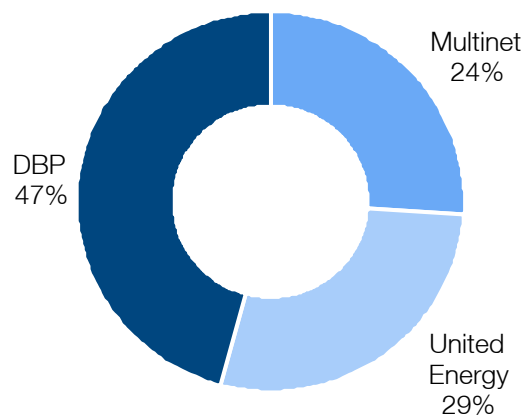


- FY2012 guidance expected to be fully covered by forecast operating cash flows
- 3% p.a. medium term growth target

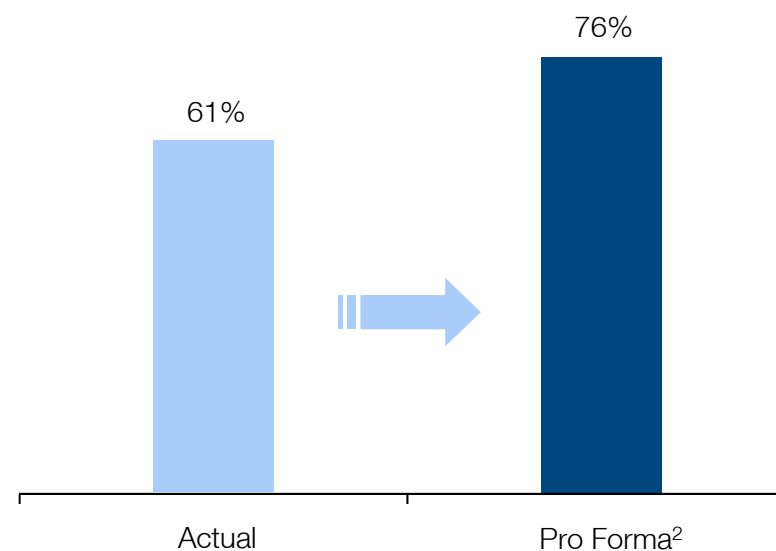


# Higher EBITDA margin from the new portfolio mix

FY2011 Proportionate EBITDA<sup>1,2</sup>

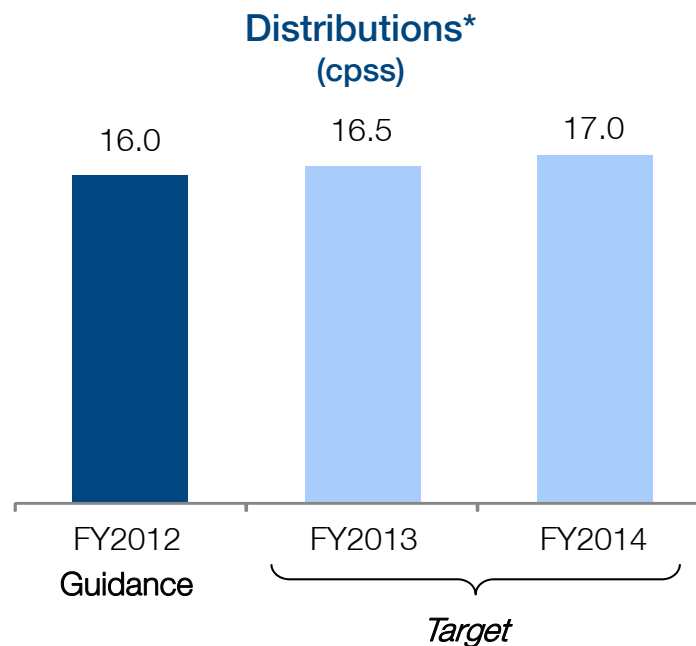


Proportionate Group FY2011 EBITDA<sup>1</sup> Margin



1. Based on FY2011 Proportionate EBITDA
2. Pro forma post-settlement of the Duquesne sale and the recently completed AET&D/ATCO transaction

## Distribution guidance and growth target



- FY2012 guidance expected to be fully covered by forecast operating cash flows
- 3% p.a. medium term growth target

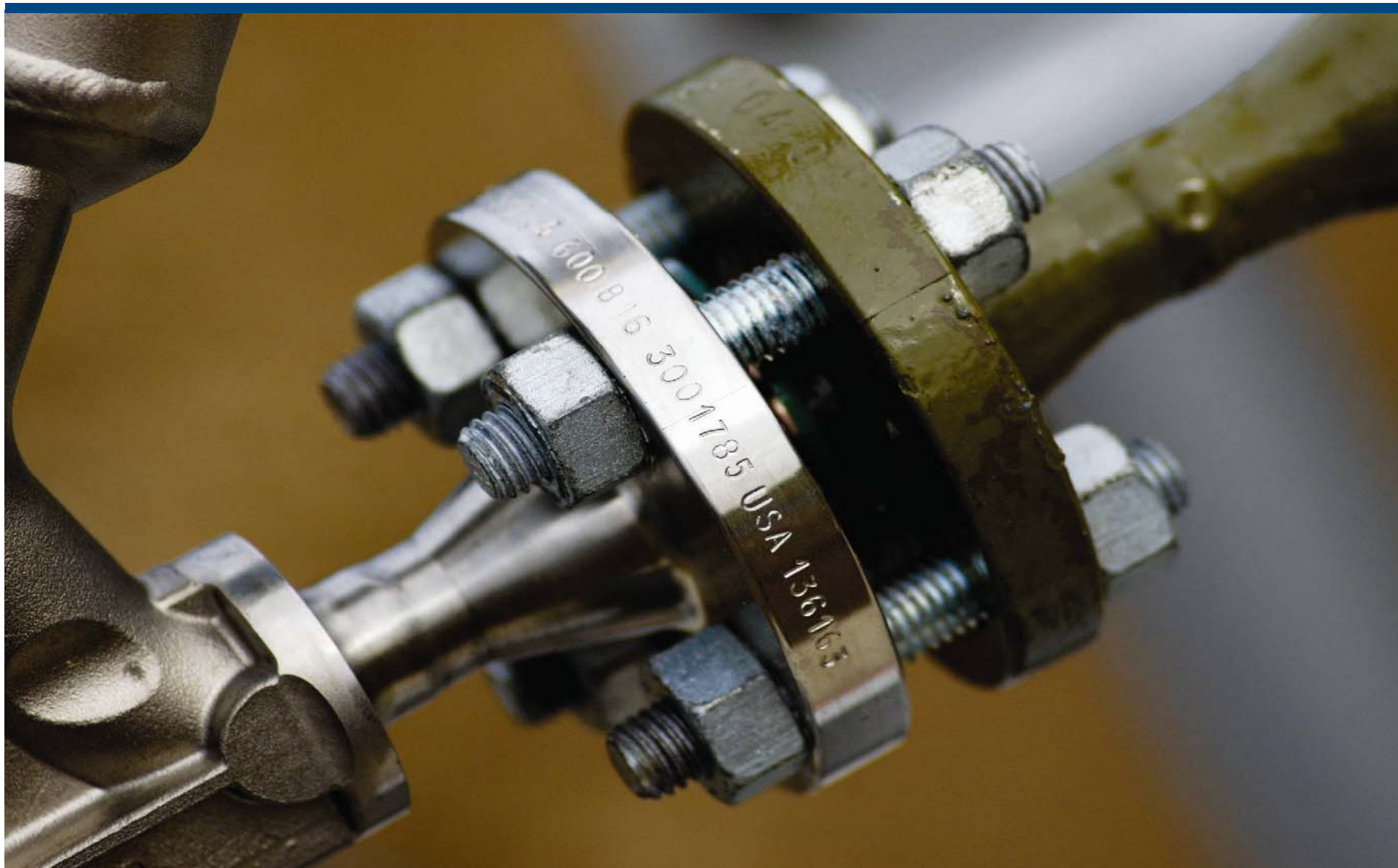
**\* Important Note:** Forward-looking statements by their very nature are subject to uncertainty and contingencies, many of which are outside the control of DUET. For further information, refer to the "Risks" section and Appendix A (Distribution Guidance and Growth Target Key Assumptions) of the 2011 Offer Investor Presentation, dated 4 August 2011 and available at [www.duet.net.au](http://www.duet.net.au)

# Questions





## Appendix A – Financials



## Statutory net result

Statutory Net Result			
\$m	FY2011	FY2010	% Variance
EBITDA (excluding FX)	755.0	751.0	1
FX loss included within EBITDA	(50.0)	(8.7)	Nm
Depreciation	(180.3)	(165.0)	9
Amortisation	(34.0)	(10.6)	Nm
<b>EBIT</b>	<b>490.7</b>	<b>566.7</b>	<b>(13)</b>
Profit from associates – Duquesne & WAGN	20.8	(4.7)	Nm
Net interest expense	(438.1)	(383.4)	14
Tax expense	115.0	(4.9)	Nm
<b>Net Result after Tax</b>	<b>188.4</b>	<b>173.7</b>	<b>8</b>
<i>Add back: significant non cash items</i>			
Consolidated MTM derivatives and fx loss/(profit)	45.4	(53.9)	Nm
Duquesne Light MTM derivatives profit	(21.1)	(7.7)	Nm
Duquesne Light pension (gain)/deficit	(22.1)	22.5	Nm
<b>Net Result after tax excluding significant non cash items</b>	<b>190.6</b>	<b>134.6</b>	<b>42</b>
<b>Net Result before tax excluding significant non cash items</b>	<b>75.6</b>	<b>139.5</b>	<b>(46)</b>



# Statutory balance sheet

DUET Group Balance Sheet \$m	As at 30-Jun-11	As at 30-Jun-10	% Variance
Cash Assets	543	465	17
Other Current Assets	446	141	216
PP & E	5,320	5,209	2
Intangible Assets	2,060	2,033	1
Other Non-Current Assets	272	547	(50)
<b>Total Assets</b>	<b>8,641</b>	<b>8,395</b>	<b>3</b>
Interest Bearing Liabilities	5,746	5,653	2
Current Liabilities	369	412	(10)
Other Non-Current Liabilities	849	815	4
<b>Total Liabilities</b>	<b>6,964</b>	<b>6,880</b>	<b>1</b>
<b>Net Assets</b>	<b>1,677</b>	<b>1,515</b>	<b>11</b>
<b>Total Equity</b>	<b>1,677</b>	<b>1,515</b>	<b>11</b>

# Statutory cash flow statement

DUET Group Cash Flow Statement \$m	FY2011	FY2010	% Variance
<b>Net cash flows from operations</b>	<b>830</b>	<b>742</b>	<b>12</b>
Acquisition cash flows	(70)	(98)	(29)
Payments for purchase of PP&E	(318)	(581)	(45)
Proceeds from asset sales	-	1	Nm
<b>Net cash flows from investing</b>	<b>(388)</b>	<b>(678)</b>	<b>(43)</b>
Cash flows from capital raising	118	54	119
Borrowing (net of repayments)	183	331	(45)
Borrowing costs paid	(501)	(391)	28
Dividends & distributions paid	(167)	(181)	(8)
<b>Net cash flow from financing</b>	<b>(367)</b>	<b>(187)</b>	<b>96</b>
<b>Net increase / (decrease) in cash</b>	<b>75</b>	<b>(123)</b>	<b>161</b>

## Earnings retained for growth and de-gearing

FY2011 Proportionate Earnings and Asset Distributions (\$m)	DBP	United Energy	Multinet	WAGN	Duquesne	DUET Group
EBITDA	216.1	180.6	115.2	21.5	108.2	641.5
Maintenance capex	(11.9)	(46.3)	(8.1)	(2.8)	(41.5)	(110.5)
Net external interest expense	(122.8)	(70.4)	(55.8)	(11.4)	(34.8)	(295.2)
SOLA interest expense	(5.3)	(9.3)	(9.3)	(1.6)	-	(25.5)
Net tax expense	-	-	-	(0.3)	-	(0.3)
Asset proportionate earnings	76.1	54.7	42.0	5.3	31.9	210.0
Asset distributions	75.8	40.0	23.2	5.4	29.6	174.1
Retained earnings	0.3	14.7	18.7	(0.1)	2.3	35.9

## Fund unconsolidated cash flows

DUET Fund Unconsolidated Cash Flows			
\$m	FY2011	FY2010	% Variance
DBP	75.8	62.0	22
United Energy	40.0	43.2	(7)
Multinet	23.2	23.2	(0)
WAGN	5.4	5.2	4
Duquesne	29.6	47.0	(37)
<b>Cash flows from assets</b>	<b>174.1</b>	<b>180.6</b>	<b>(4)</b>
Other income	-	0.3	Nm
Operating expenses and fees paid (inclusive of GST)	(25.0)	(22.2)	13
Tax paid	-	-	(0)
<b>Net cash flows from assets and operations</b>	<b>149.1</b>	<b>158.7</b>	<b>(6)</b>
Investment in energy utility assets	(315.6)	(215.5)	46
<b>Net cash flows from investing activities</b>	<b>(315.6)</b>	<b>(215.5)</b>	<b>46</b>
Proceeds received from issue of stapled securities (net of fees)	-	-	Nm
Capital raising costs paid	-	2.9	Nm
Borrowing from DUET corporate debt facility	584.9	-	Nm
Repayment of DUET corporate debt facility	(755.4)	-	Nm
Repayment of SOLA debt from assets	259.6	71.0	Nm
Corporate borrowing costs paid	(47.4)	(33.3)	42
SOLA interest income from assets	35.8	35.9	(0)
Interest received on corporate cash at bank	8.5	10.7	(21)
Distributions paid to DUET security holders (net of DRP)	(112.2)	(130.8)	(14)
<b>Net cash flows from financing activities</b>	<b>(26.3)</b>	<b>(43.6)</b>	<b>(40)</b>
<b>Net (decrease) / increase in cash assets held</b>	<b>(192.7)</b>	<b>(100.4)</b>	<b>92</b>
Cash assets at the beginning of the year	317.4	421.1	(25)
Exchange rate movements	0.8	(3.2)	Nm
<b>Cash assets at the end of the year</b>	<b>125.5</b>	<b>317.4</b>	<b>(60)</b>

# Cash available for distributions

Full Year to 30 June 2011 \$m	Dividends	RPS Interest	United Energy Capex Shareholder Loan Interest	Duquesne Promissory Note Interest	Other <sup>1</sup>	FY2011	FY2010
DBP	75.7	-	-	-	0.1	75.8	62.0
United Energy	-	34.9	5.0	-	0.1	40.0	43.2
Multinet	23.1	-	-	-	0.1	23.2	23.2
WAGN	5.4	-	-	-	0.0	5.4	5.2
Duquesne	-	-	-	29.5	0.1	29.6	47.0
<b>Cash receipts from assets</b>	<b>104.3</b>	<b>34.9</b>	<b>5.0</b>	<b>29.5</b>	<b>0.4</b>	<b>174.1</b>	<b>180.6</b>
Interest on corporate cash						8.5	10.7
SOLA interest income from assets						35.8	35.9
Other revenue						-	0.3
<b>Total receipts</b>						<b>218.4</b>	<b>227.5</b>
Operating expenses and fees paid (incl. GST) <sup>2</sup>						(25.0)	(22.2)
Corporate borrowing costs paid <sup>3</sup>						(47.4)	(33.3)
<b>Cash available for distributions</b>						<b>146.0</b>	<b>172.0</b>
Weighted average securities on issue						893.7	861.9
Cash available for distributions (cpss)						16.3¢	19.9¢
Cash available for distributions – normalised (cpss) <sup>2,3</sup>						17.5¢	n/a
Distributions (cpss)						20.0¢	20.0¢
<b>Distribution coverage</b>						<b>81.7%</b>	<b>99.7%</b>
<b>Distribution coverage – normalised <sup>2,3</sup></b>						<b>87.3%</b>	<b>n/a</b>

1. Directors' fees paid from the AssetCos to the DUET entities

2. During the year DUET incurred Duquesne sale transaction costs of \$1.5m (non-recurring). Settlement of the sale of Duquesne is anticipated in September 2011. Also incurred in the current financial year was \$0.4m of legal and bank fees on the refinancing of the DUET corporate facility (non-recurring)

3. DUET ordinarily pays interest under its corporate debt facility bi-annually on 1 March and 1 September each year. Upon the successful refinancing of the DUET Corporate facility on 10 June 2011, interest accruing since 1 March 2011 that would otherwise be paid on 1 September 2011 was paid on refinancing. The net impact to the FY2011 cash flow is an additional three months of interest (\$8.8m) being brought forward into the current financial year.

## Group Gearing<sup>1,2</sup>

Group Gearing		As at	As at	As at	As at	As at	As at	As at
\$m		30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-08	30-Jun-07	30-Jun-06	30-Jun-05
DUET's Ownership Interest	DBP <sup>3</sup>	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
	United Energy	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
	Multinet	79.9%	79.9%	79.9%	79.9%	79.9%	79.9%	79.9%
	WAGN	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%	25.9%
AssetCo Senior Net Debt <sup>4</sup>	DBP	1,553	1,515	1,381	1,245	1,051	898	775
	United Energy <sup>5</sup>	1,032	986	906	882	852	836	832
	Multinet <sup>5</sup>	676	694	683	678	684	651	639
	WAGN	168	162	154	148	142	142	140
AssetCo Senior Debt		3,429	3,357	3,125	2,952	2,728	2,528	2,387
Proportionate RAB <sup>6</sup>	DBP	2,186	2,109	1,883	1,693	1,457	1,201	986
	United Energy	1,083	997	924	854	848	812	779
	Multinet	781	769	778	749	712	706	676
	WAGN	220	205	202	193	190	182	176
Proportionate RAB		4,270	4,080	3,787	3,489	3,207	2,901	2,617
Corporate Debt	Corporate Debt	415	585	585	536	544	550	546
	Corporate Cash	(125)	(317)	(421)	(180)	(150)	(123)	(93)
	DUET Distribution Payable	91	87	85	82	62	50	36
Net Corporate Debt		380	355	249	438	457	477	488
Group Proportionate Net Debt		3,809	3,712	3,374	3,391	3,184	3,005	2,875
Proportionate RAB		4,270	4,080	3,787	3,489	3,207	2,901	2,617
Group Gearing		89.2%	91.0%	89.1%	97.2%	99.3%	103.6%	109.9%

1. Excludes Duquesne

2. Group Gearing is defined as: (Proportionate Australian AssetCo senior net debt plus corporate net debt (adjusted for DUET distribution payable)) / proportionate Australian RAB

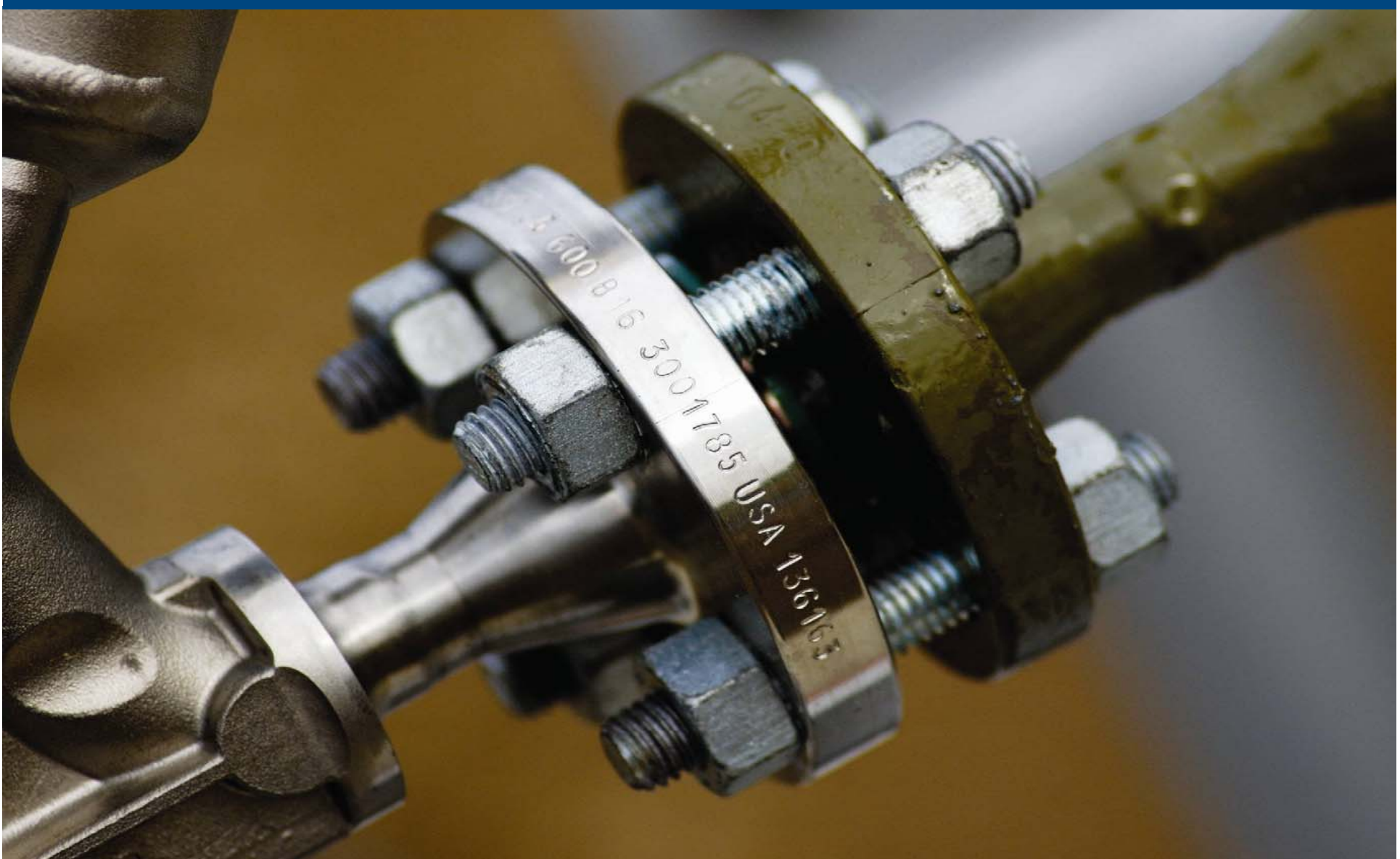
3. DUET ownership interest in DBP taken pro forma at 60.0% for all periods

4. Senior debt excludes shareholder debt

5. United Energy and Multinet US\$ denominated debt have been shown for all periods at the hedged AUD/USD exchange rate for the debt

6. RAB is based on management's calculations as defined in each AssetCo's financing documents

## Appendix B – Reconciliations





# Reconciliation of statutory accounts

## Reconciliation of DUET EBITDA to profit before income tax expense

Reconciliation of Earnings \$m	DBP	United Energy	Multinet	WAGN	Duquesne	Corporate	Total
<b>Proportionate EBITDA</b>	<b>216.1</b>	<b>180.6</b>	<b>115.2</b>	<b>21.5</b>	<b>108.2</b>	<b>-</b>	<b>641.5</b>
Additional EBITDA from controlled assets <sup>1</sup>	144.1	93.0	28.9	-	-	-	266.0
Exclude non-controlled assets <sup>2</sup>	-	-	-	(21.5)	(108.2)	-	(129.6)
Corporate income	-	-	-	-	-	-	-
Corporate expenses (excludes FX)	-	-	-	-	-	(22.1)	(22.1)
Other	-	-	-	-	-	(0.8)	(0.8)
<b>EBITDA (excl. equity accounted profits)</b>	<b>360.2</b>	<b>273.6</b>	<b>144.1</b>	<b>-</b>	<b>-</b>	<b>(22.9)</b>	<b>755.0</b>
Equity accounted profits <sup>2</sup>	-	-	-	0.9	(23.3)	-	(22.4)
<b>Consolidated EBITDA</b>	<b>360.2</b>	<b>273.6</b>	<b>144.1</b>	<b>0.9</b>	<b>(23.3)</b>	<b>(22.9)</b>	<b>732.6</b>
<b>Controlled Assets</b>							
Interest income	5.4	10.3	8.9	-	-	-	24.6
Depreciation and amortisation	(78.1)	(105.4)	(30.8)	-	-	-	(214.3)
Finance costs	(231.5)	(144.0)	(86.5)	-	-	-	(462.0)
Changes in fair value of derivatives	(10.1)	6.9	7.4	-	-	-	4.2
<b>Non-controlled Assets</b>							
Change in fair value of derivatives	-	-	-	-	21.1	-	21.1
Change in defined benefit pension plan	-	-	-	-	22.1	-	22.1
<b>Corporate</b>							
Interest income (bank and associates) <sup>3</sup>	-	-	-	-	-	42.3	42.3
Finance costs <sup>4</sup>	-	-	-	-	-	(43.0)	(43.0)
Changes in fair value of derivatives	-	-	-	-	-	0.3	0.3
Net foreign exchange gains/(losses)	-	-	-	-	-	(50.0)	(50.0)
Other eliminations	-	-	-	-	-	-	(4.5)
<b>Profit before income tax expense</b>							<b>73.4</b>

1. To consolidate 100% of controlled asset EBITDA

2. Excludes proportionate EBITDA of associates and includes the equity accounted result

3. Includes interest on corporate cash and from associates (DQE Promissory Note interest and WAGN SOLA interest)

4. Includes amortisation of borrowing costs

# Asset EBITDA and net interest expense

## Reconciliation from MIR to income statement (per DAIP)

Reconciliation of EBITDA and Net Interest Expense \$m	DBP (A\$m)	United Energy (A\$m)	Multinet (A\$m)	WAGN (A\$m)	Duquesne (US\$m)	Total (A\$m)
<b>EBITDA per DAIP</b>	<b>360.2</b>	<b>273.6</b>	<b>144.1</b>	<b>82.7</b>	<b>370.0</b>	
Add/(Less): Unrealised Revenue Hedge MTM	-	-	-	-	-	
Add/(Less): Unrealised Power Hedged MTM	-	-	-	-	-	
Add/(Less): Investment & Other Income	-	-	-	-	-	
<b>EBITDAF per MIR</b>	<b>360.2</b>	<b>273.6</b>	<b>144.1</b>	<b>82.7</b>	<b>370.0</b>	
<b>Proportionate EBITDAF per MIR (A\$)</b>	<b>216.1</b>	<b>180.6</b>	<b>115.2</b>	<b>21.5</b>	<b>108.2<sup>1</sup></b>	<b>641.5</b>
<b>Net Borrowing Costs per DAIP</b>	<b>242.4</b>	<b>178.3</b>	<b>80.2</b>	<b>50.3</b>	<b>220.0</b>	
Add/(Less): SOLA Interest	(6.3)	(12.2)	(8.4)	(6.2)	-	
Add/(Less): Interest Rate Hedge on SOLA	(2.6)	(1.8)	(3.2)	-	-	
Add/(Less): Hedge Break Costs	-	-	-	-	(73.5)	
Add/(Less): RPS Interest	-	(53.0)	-	-	-	
Add/(Less): Capex Shareholder Loan Interest	-	(6.5)	-	-	(91.6)	
Add/(Less): Interest Rate Hedge – Fair Value Movement	(10.0)	6.9	7.4	-	77.4	
Add/(Less): Amortisation of Capitalised Borrowing Costs	(12.1)	(5.1)	(3.0)	-	(13.2)	
Add/(Less): Less: Debt Raising Costs	-	-	(3.2)	-	-	
Add/(Less): Loss on re-measurement of loans	(6.7)	-	-	-	-	
<b>Net Interest Expense per MIR</b>	<b>204.7</b>	<b>106.6</b>	<b>69.8</b>	<b>44.1</b>	<b>119.0</b>	
<b>Proportionate Net Interest Expense per MIR (A\$)</b>	<b>122.8</b>	<b>70.4</b>	<b>55.8</b>	<b>11.4</b>	<b>34.8<sup>1</sup></b>	<b>295.2</b>

1. Duquesne EBITDA and Net Interest Expense have been converted to A\$ at the average FY2011 AUD/USD FX rate of 0.9906.

# Unconsolidated cash flows

## MIR to DAIP reconciliation

Reconciliation of Cash Flows from Utility Assets \$m	DBP (A\$)	United Energy (A\$)	Multinet (A\$)	WAGN (A\$)	Duquesne (US\$/A\$)	Unconsolidated Total (A\$)
Distributions paid	126.2	-	29.0	20.8	-	
RPS Interest paid	-	52.9	-	-	-	
United Energy capex shareholder loan interest paid	-	7.6	-	-	-	
Duquesne promissory note interest paid <sup>1</sup>	-	-	-	-	-	
<b>Total distributions paid per DAIP (100%)</b>	<b>126.2</b>	<b>60.5</b>	<b>29.0</b>	<b>20.8</b>	<b>-</b>	
<b>DUET proportionate distributions received per DAIP</b>	<b>75.7</b>	<b>40.0</b>	<b>23.2</b>	<b>5.4</b>	<b>-</b>	
Add: DQE promissory note interest received <sup>1</sup>	-	-	-	-	26.5	
<b>Cash flows from utility assets before withholding taxes (local currency)</b>	<b>75.7</b>	<b>40.0</b>	<b>23.2</b>	<b>5.4</b>	<b>26.5</b>	
<b>Cash flows from utility assets before withholding taxes (A\$)</b>	<b>75.7</b>	<b>40.0</b>	<b>23.2</b>	<b>5.4</b>	<b>31.5</b>	<b>175.3</b>
Add/(less): director fees, withholding tax and other	0.1	0.1	0.1	0.0	(1.4)	(1.2)
<b>Cash flows from utility assets per MIR</b>	<b>75.8</b>	<b>40.0</b>	<b>23.2</b>	<b>5.4</b>	<b>29.6</b>	<b>174.1</b>

1. Duquesne shows no net interest paid as gross interest is netted off against promissory note interest reinvestments. \$26.5m is calculated as the annual interest on DUET's DQE promissory note with principal of US\$201.2m and coupon of 13%, calculated on the US calendar year
2. DUET DQE promissory note Interest is converted to A\$ at the weighted average AUD/USD rate of 0.8552

# SOLA interest receipts

## MIR to DAIP reconciliation

Reconciliation of SOLA Interest Paid \$m	DBP (A\$)	United Energy (A\$)	Multinet (A\$)	WAGN (A\$)	Duquesne (US\$)	Unconsolidated Total (A\$)
SOLA interest paid by AssetCos per DAIP	8.9	16.4	11.8	6.2	-	43.2
Less: hedged component paid to swap providers	(1.8)	(2.3)	(3.3)	-	-	(7.5)
SOLA interest income received by DUET per MIR	7.1	14.1	8.5	6.2	-	35.8

# Reconciliation of statutory accounts

## Statutory Net Debt to Proportionate Net Debt (excl. Duquesne)

Reconciliation of Net Debt \$m	DBP	United Energy	Multinet	WAGN	Corporate	DUET Group
Interest bearing liabilities	2,670.8	1,611.9	1,045.7	-	417.6	5,745.9
Add: Capitalised borrowing costs	33.0	13.7	5.6	-	(3.3)	48.9
Statutory cash on hand	(94.4)	(61.1)	(262.5)	-	(125.5)	(543.5)
<b>DUET Group - Statutory Net Debt</b>	<b>2,609.3</b>	<b>1,564.5</b>	<b>788.7</b>	<b>-</b>	<b>288.8</b>	<b>5,251.4</b>
<b>Add / (Less):</b>						
Associate's cash on hand	-	-	-	(10.1)	-	(10.1)
Minority interest's share of debt not eliminated on consolidation	-	(164.4)	-	-	-	(164.4)
Fair value / (Amortised cost) adjustment	(0.1)		0.1	-	0.2	0.2
Finance lease liability	(21.6)					(21.6)
US\$ denominated debt adjustment <sup>1</sup>	-	163.9	58.1	-	-	222.0
Associate's external debt <sup>2</sup>	-	-	-	657.0	-	657.0
Distribution payable	-	-	-	-	91.0	91.0
<b>DUET Group - Net debt</b>	<b>2,587.6</b>	<b>1,564.0</b>	<b>846.9</b>	<b>646.9</b>	<b>380.0</b>	<b>6,025.4</b>
<b>DUET Proportionate Net Debt</b>	<b>1,552.6</b>	<b>1,032.2</b>	<b>676.6</b>	<b>167.8</b>	<b>380.0</b>	<b>3,809.3</b>

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

2. Per the MIR

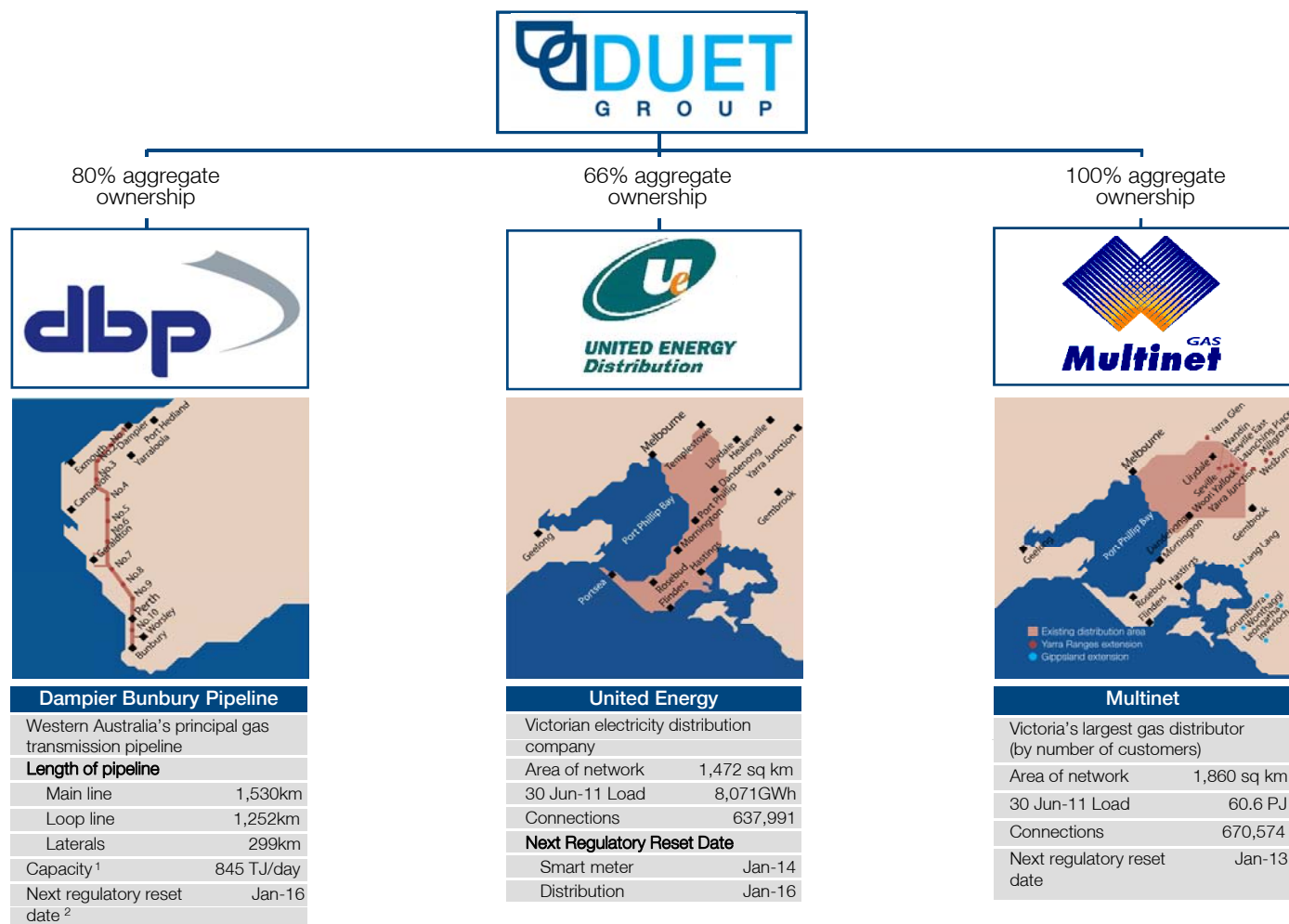


## Appendix C – About DUET





# Portfolio of three Australian energy utility assets

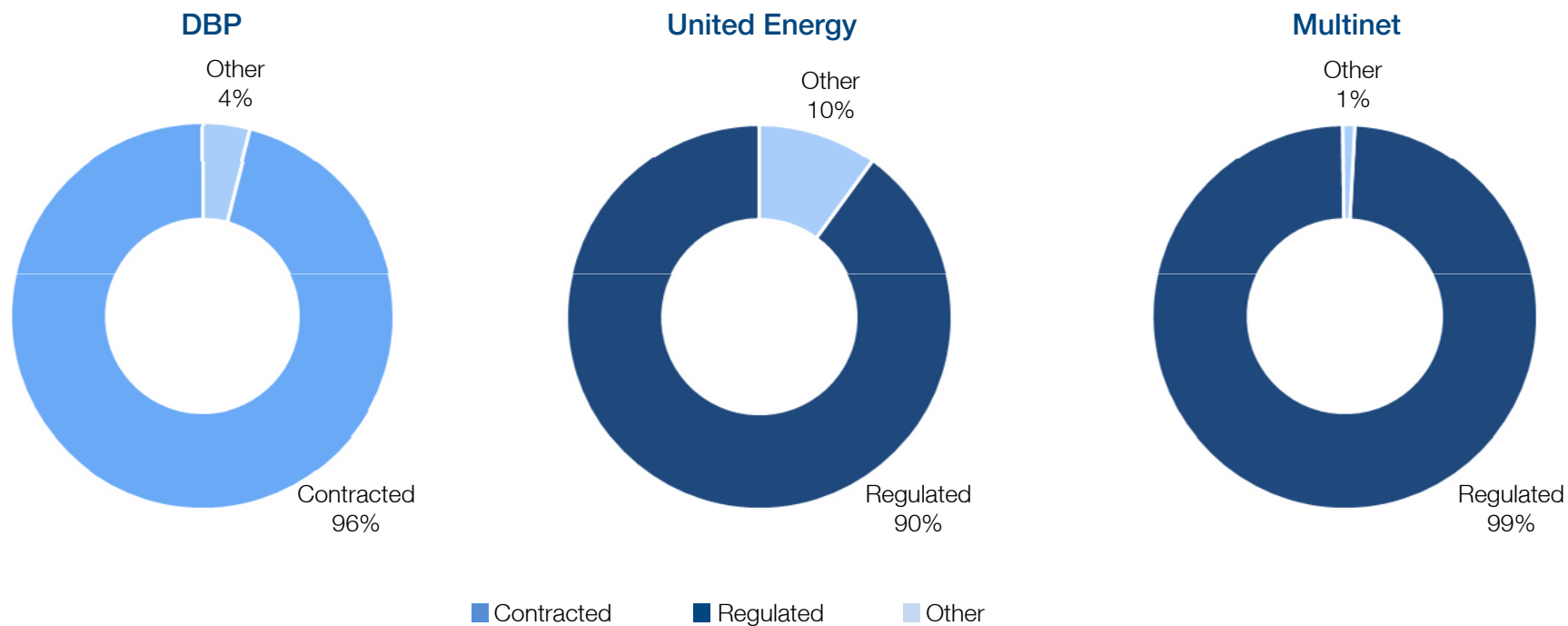


1. Average contracted full-haul capacity per day
2. DBP's regulatory tariff (reference tariffs) adjustment was scheduled to be effective on 1 January 2011. Due to delays in the Economic Regulation Authority's final decision for DBP, the final decision is expected to be published in the October 2011 quarter. Note that the reference tariffs do not presently apply to the existing gas transportation contracts. On 1 January 2016 the tariffs will revert to the regulated tariff for the shippers other than Alcoa

## Predictable revenues

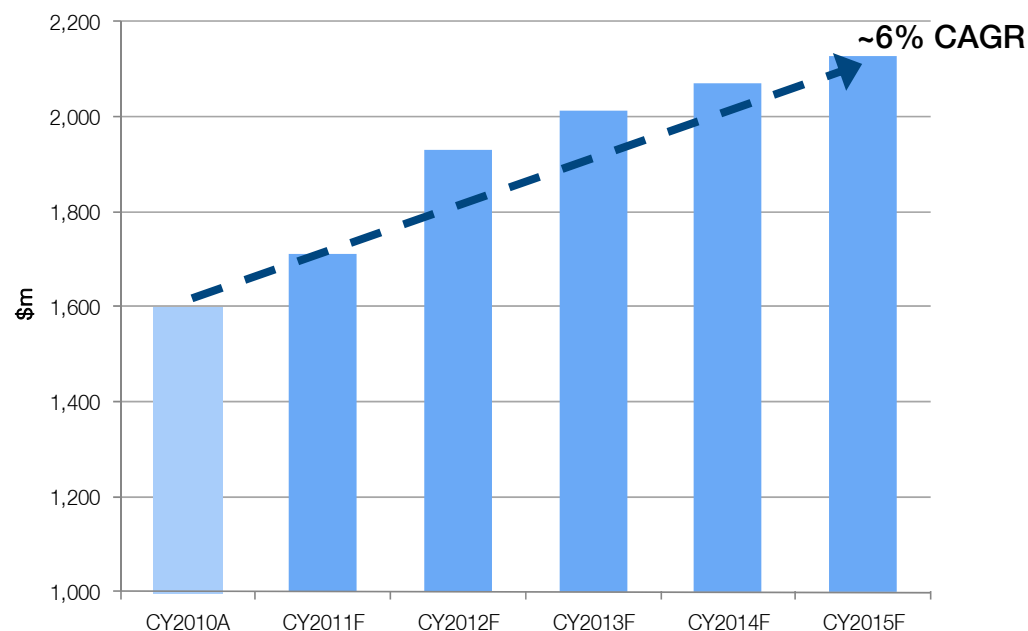
DUET derives its revenue from regulated and highly contracted businesses which produce predictable revenue streams

FY2011 Revenue



# United Energy's regulatory growth mandate

United Energy Total RAB<sup>1</sup> \*  
(Calendar Year End 2010 – 2015, Nominal \$m)



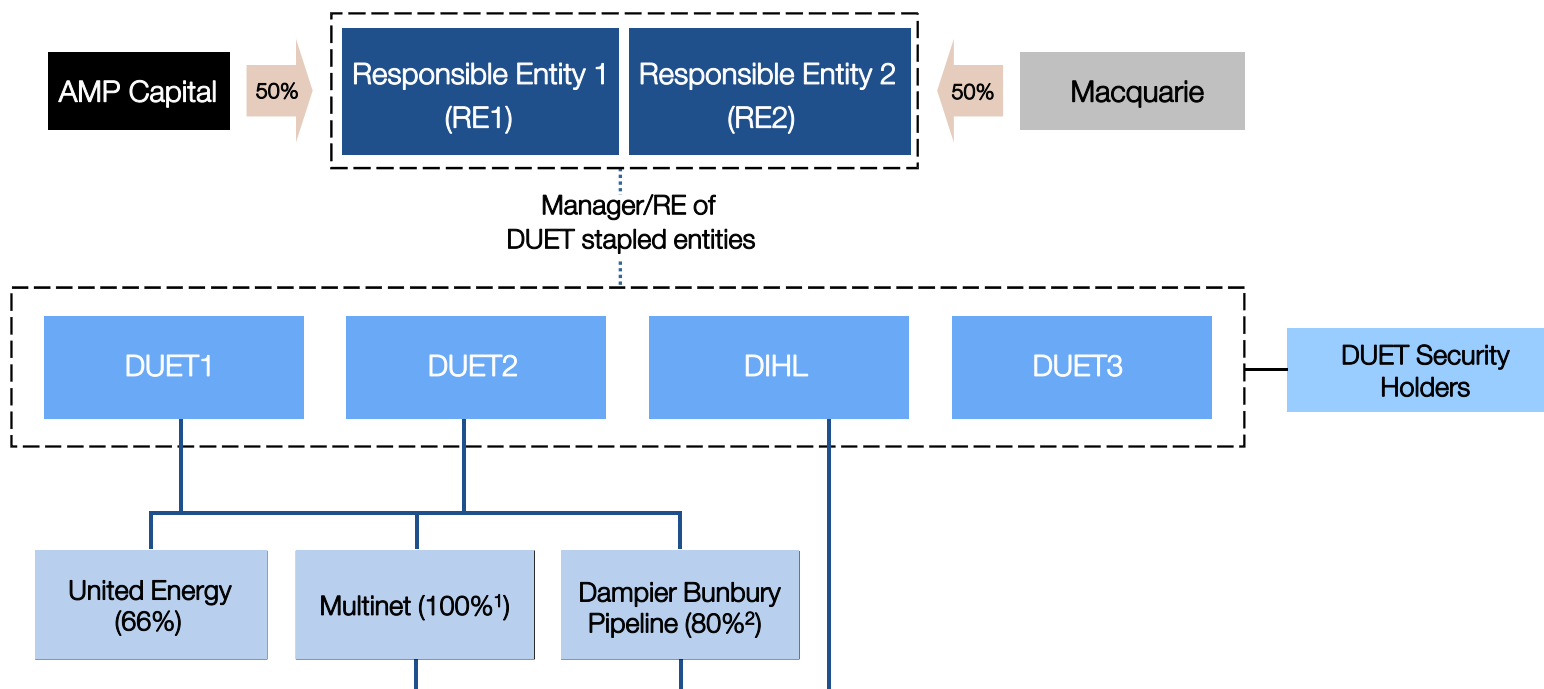
- DUET's annual DRP receipts and United Energy's retained earnings are currently expected to be applied to fund this growth
- Funding of this growth and the actual capital expenditure may differ from the regulatory assumptions

Notes: (1) Total RAB comprises the closing balance of network RAB and smart meter RAB for each period. Forecast network RAB balances are per the United Energy 2011-2015 EDPR Final Decision (October 2010) which assumes 2.57% annual CPI. Forecast smart meter RAB balances are per the United Energy Advanced Metering Infrastructure (AMI) Pricing Application 2012-15 which assumes 2.56% annual CPI

\* **Important Note:** Forward-looking statements by their very nature are subject to uncertainties and contingencies, many of which are outside the control of DUET

## Ownership and management structure

- DUET is managed jointly by Macquarie and AMP Capital Investors
- Each Stapled Security comprises 1 unit in each of DUET1, DUET2 and DUET3, and 1 share in DIHL
- Simplified ownership structure shown below excludes Duquesne investment



1. Multinet is owned 38.95% by each of DUET1 and DUET2 and 20.1% by DIHL  
 2. DBP is indirectly owned 30% by each of DUET1 and DUET2 and 20% by DIHL

# Management and performance fees

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## Base Fee<sup>1</sup>

- 1% pa of market capitalisation adjusted for commitments, borrowings and cash, paid quarterly in arrears

## Performance Fee<sup>1</sup>

- 20% of return above benchmark in each half financial year, paid in arrears
  - Deficits carried forward
- DUET accumulation index versus S&P 200 Industrials Accumulation Index (XJIAI.ASX)

<sup>1</sup> Refer to DUET website at [www.duet.net.au](http://www.duet.net.au) and 2010 Annual Report (remuneration report) for further explanation of fees