Energy Developments (ASX: ENE)

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Energy Developments

Leaders in Remote and Clean Energy

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Key Highlights

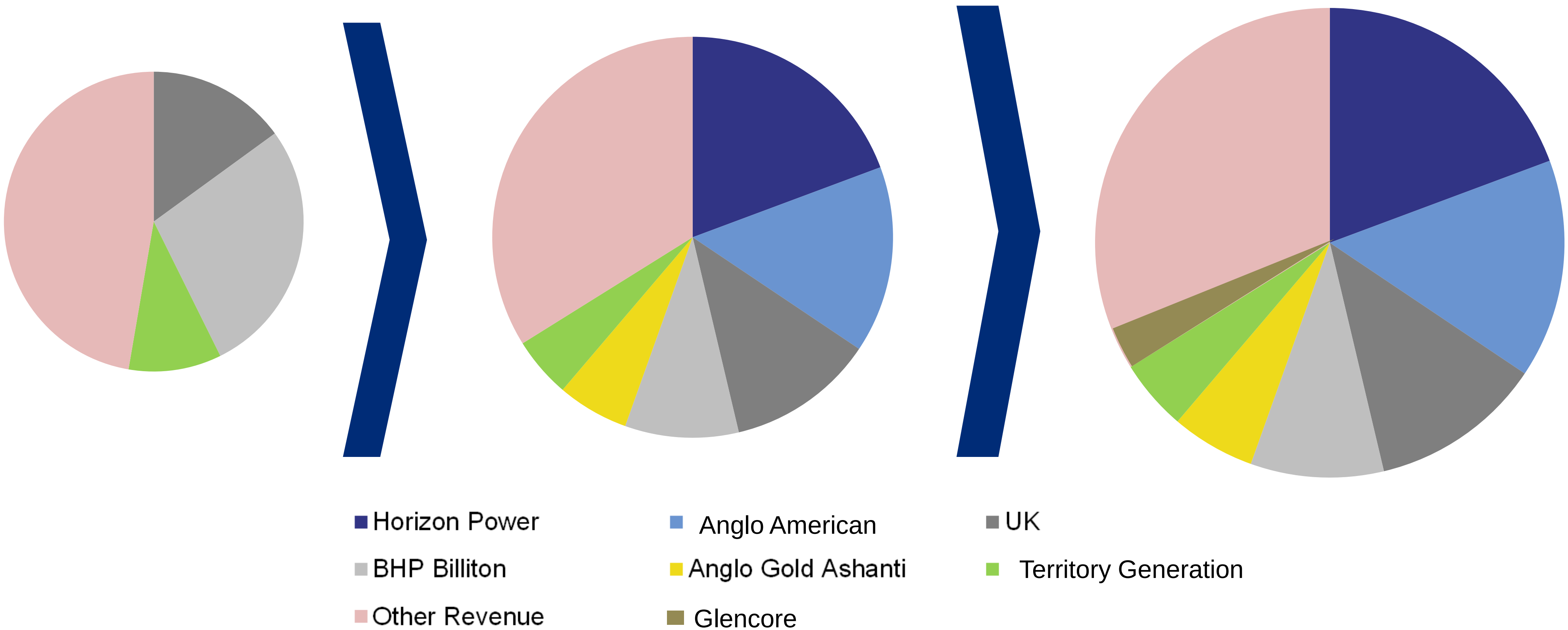
1	Scale	– 904 MW of generation assets; #1 market positions
2	Diversification	– 84 projects across 3 continents; > 80% contracted; 50% take or pay
3	Incumbency	– Long life assets; long dated contracts; track record of recontracting
4	Blue chip customers	– BHPB; Anglo American; AngloGold Ashanti; Glencore; MMG – Horizon Power; Territory Generation
5	Capability	– Commitment to Zero Harm; Centralised O&M and asset management
6	Growth	– 154 MW added in FY14
7	Well capitalised	– Corporate refinancing in October 2014 – Reduced borrowing cost; extension of tenor; over-subscribed bank group
8	Strong profitability	– FY14: EBITDA $182m; NOCF $136m; Fully franked div. 28cps – FY15: EBITDA guidance of $192m to $202m

Significant Growth and Diversification Continues

FY03 Revenue: $117m
Projects: 54
Scale: 389 MW
Dividend: Nil

FY13 Revenue: $403m
Projects: 80
Scale: 800 MW
Dividend: 11cps

FY14 Revenue: $423m
Projects: 84
Scale: 900 MW
Dividend: 28cps

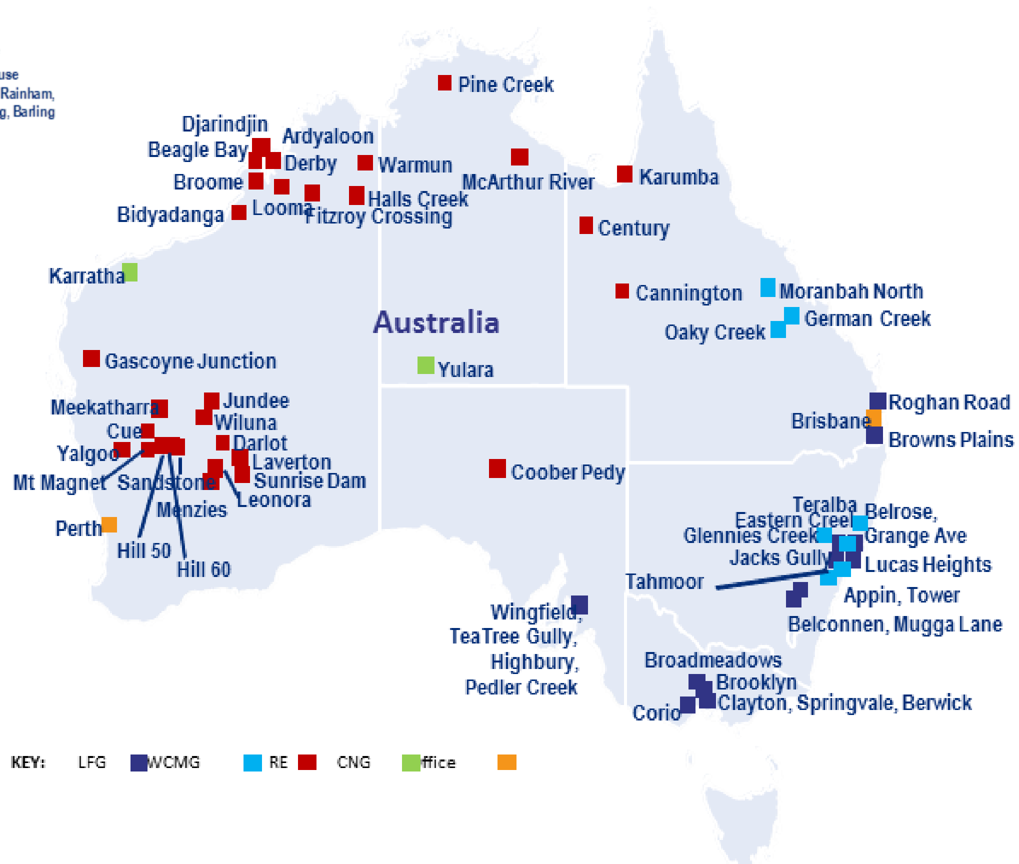


Continued trend of earnings and capacity growth

EDL – Market Leaders in Distributed Power

>900MW distributed power generation

- **Remote Energy** ~390MW
- **Waste Coal Mine Gas** ~250MW
- **Landfill Gas** ~260MW



- ✓ **Scale**
- ✓ **Diversified**
- ✓ **Long life assets**
- ✓ **Long dated contracts**
- ✓ **Blue chip counterparties**
- ✓ **Capability**
- ✓ **Growth**
- ✓ **Well capitalised**
- ✓ **Strong profitability**

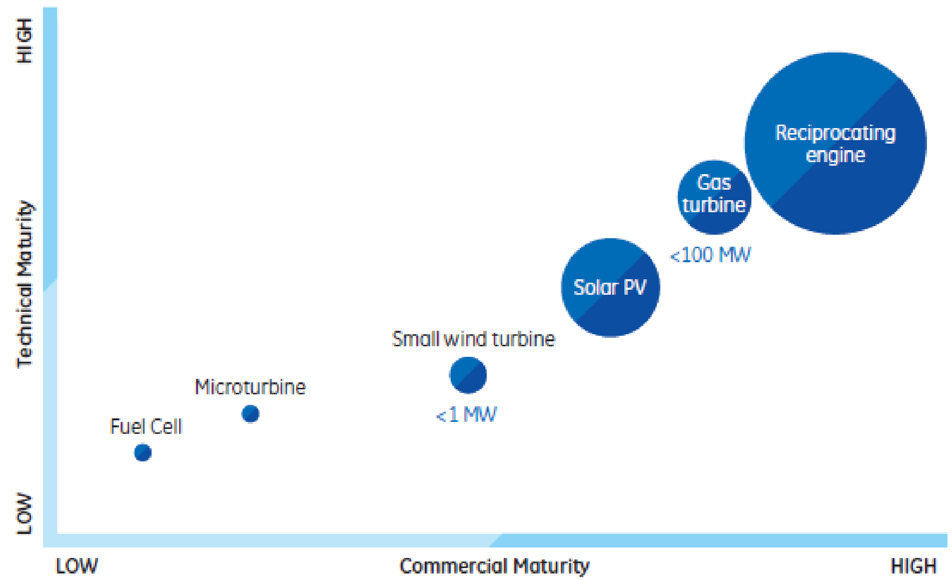
Distributed Power Summary

Distributed power driven by same forces that are propelling the broader decentralization movement

Advantages of distributed power

- Widely available, smaller, more efficient and less costly
- Overcomes capital constraints of larger projects and transmission/distribution lines
- Built and become operational faster and with less risk than large power plants
- Increased reliability generating power close to customer
- Digital control systems - can be controlled from a smartphone
- Incrementally added to meet growing energy needs
- Greater gas abundance creates opportunities for gas-fired distributed power systems

Distributed Power Technology Continuum



Source: General Electric 2014

Opportunities for ENE

- Diesel displacement
  - Hybrid renewables
  - Virtual pipelines (e.g. West Kimberley; Yulara) using LNG and CNG
- Network support
- Intermediate Electrification e.g. upstream LNG

WCMG Macro Environment

Macro – Metallurgical Coal

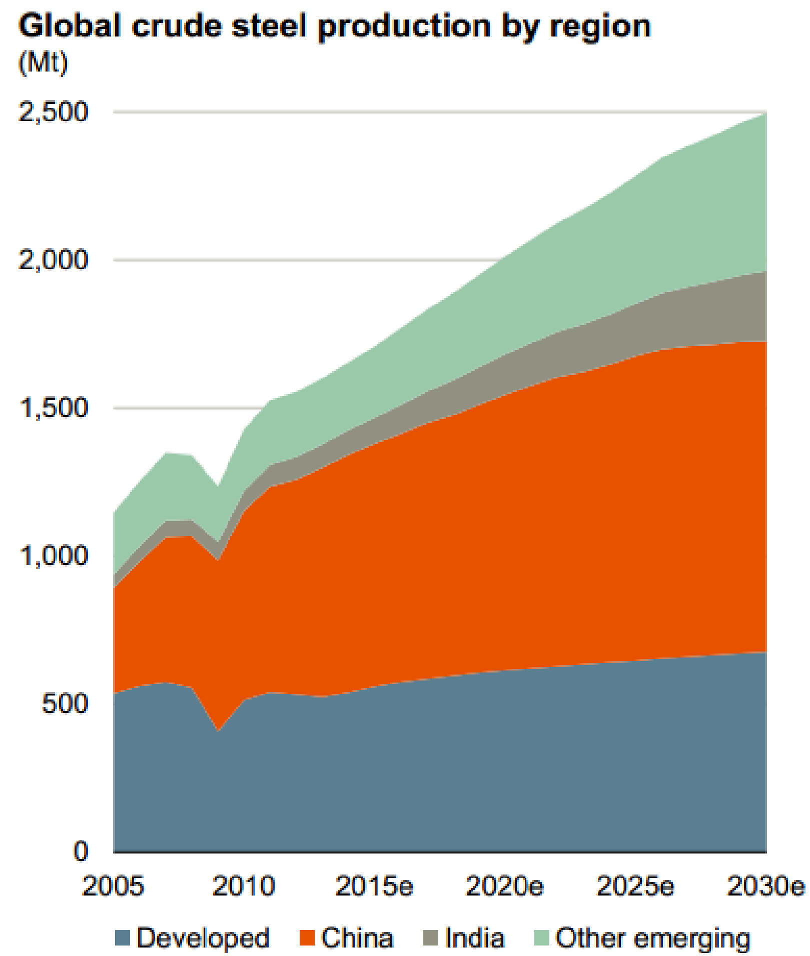
- **Demand:** Underpinned by steel production – with global production expected to grow at CAGR of 2.5% - 3.0% p.a.
- **Supply**: Australia provides >50% global supply and expected to remain dominant supplier of seaborne met coal globally

ENE Current WCMG portfolio

- Market Leader with 254MW across 9 projects
- WCMG generation/ abatement is core business
- 4 Global miners as core long term customers
- Exclusive feasibility study with fifth

Further Opportunities for Growth

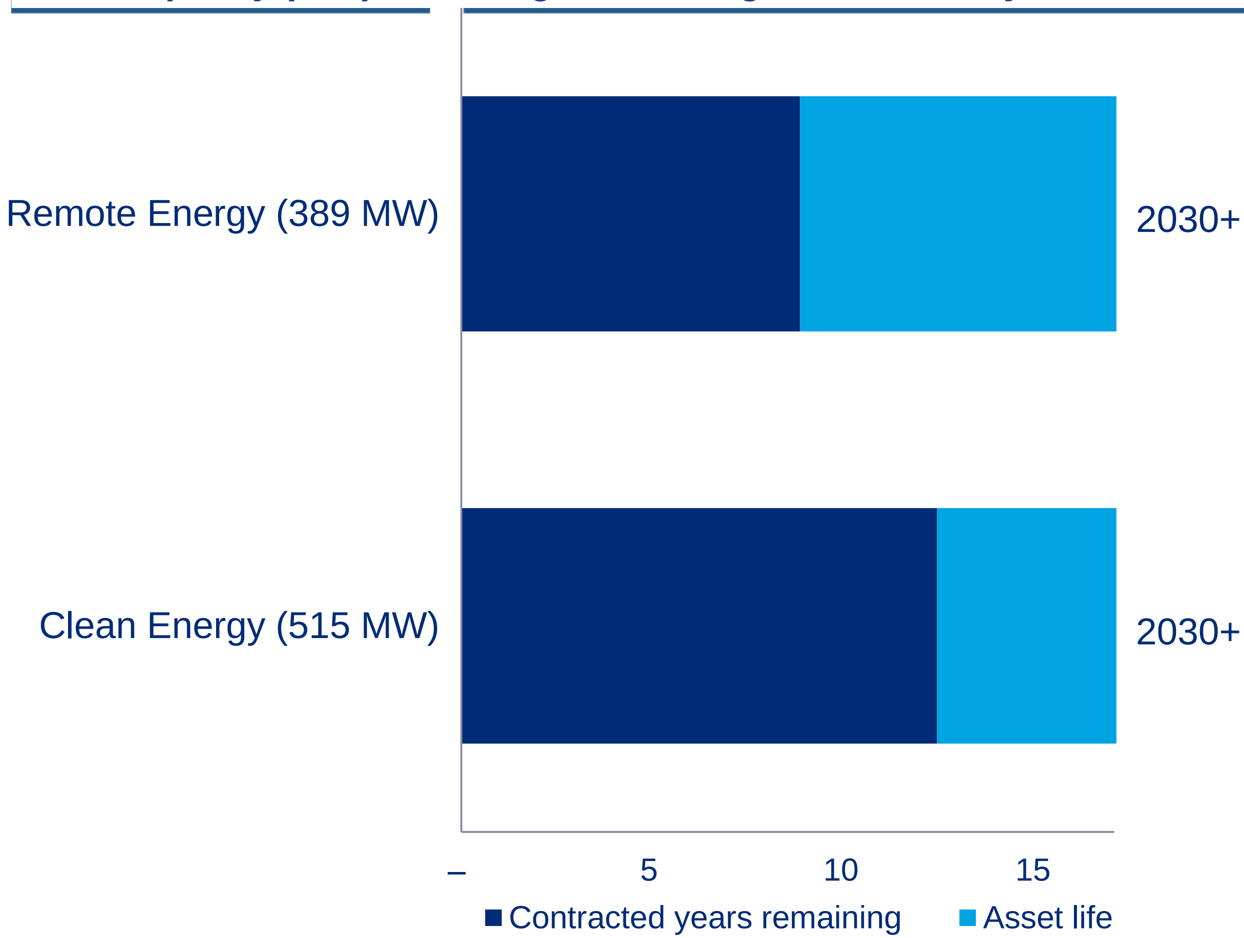
- Methane abatement services to miners
- Value proposition attractive to miners
- Value add-ons: network support, islanding, direct sales, upstream services all enhance ENE offering



Source: BHP Oct 2014

Long Dated Contracts with Blue Chip Counterparties

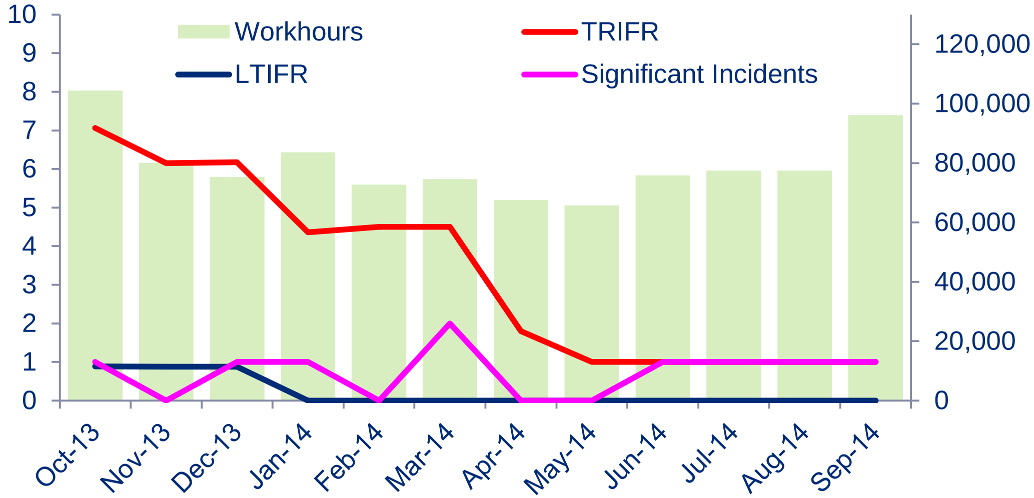
Asset capacity (MW) | **Weighted average contractual years and asset life** | **Blue Chip Counterparties**



Our Capability – Safety and People

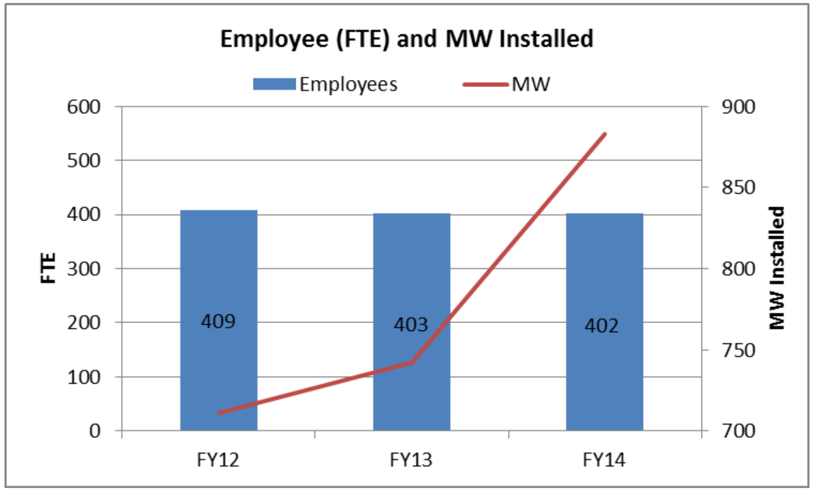
Highly experienced team with a strong track record of safely managing and growing the business

Safety



- ✓Target Zero Harm
- ✓Industry-leading safety performance
- ✓LTIFR at 30 September is nil
- ✓Zero LTIs in past 20 months (in excess of 1.6 million hours worked)
- ✓TRIFR (total reportable injury frequency rate: LTIs + MTIs) at 31 July is 1.0. 1 MTI in Nov 2013

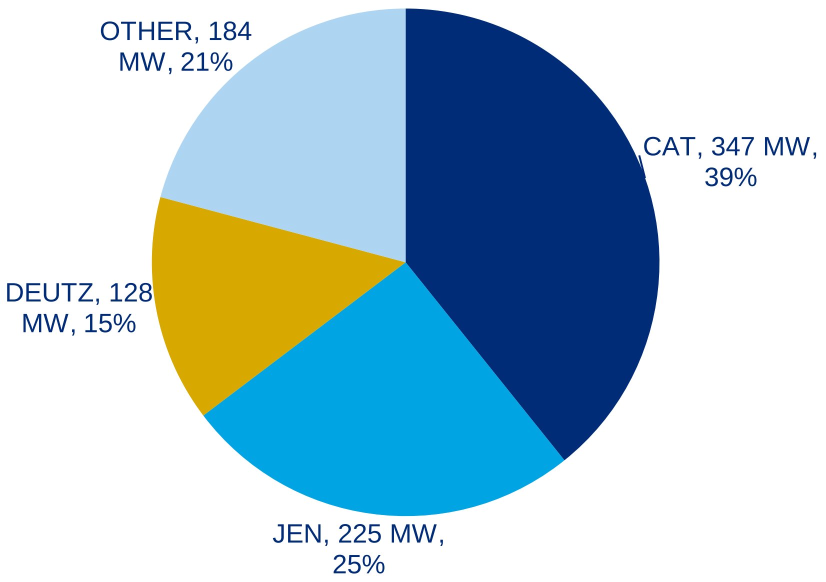
People

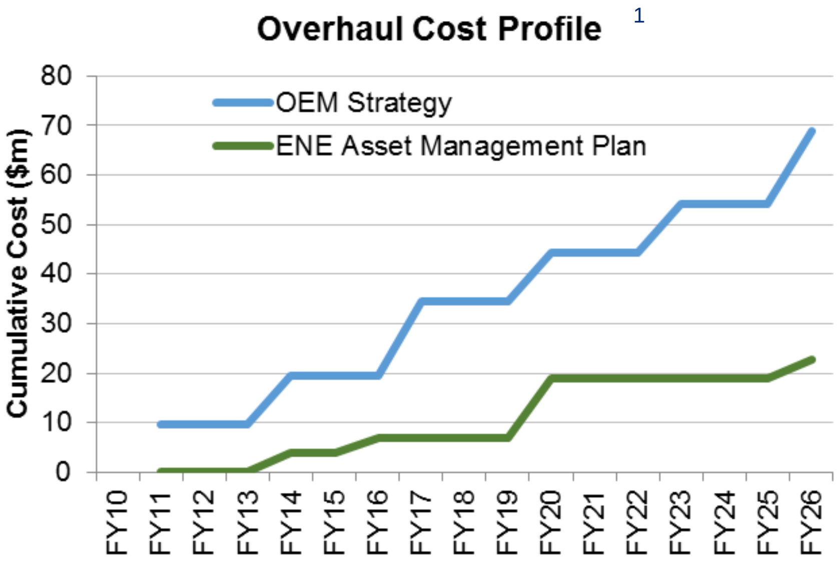


- ✓Strategies in place to attract and retain key talent
- ✓Improved MW / FTE from 1.7 in FY12 to 2.2 in FY14

Our Capability – Asset Management

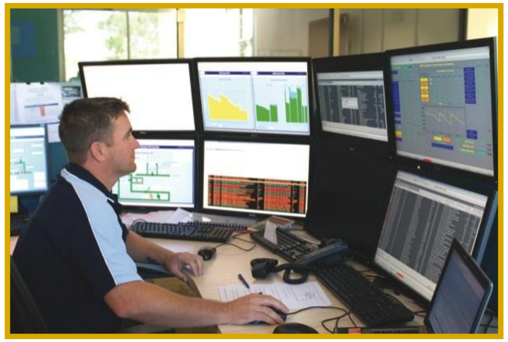
EDL Installed MW by Engine OEM





[1] EDL estimate only, subject to various assumptions

- ✓Asset management planning and condition based monitoring reducing maintenance costs
- ✓In-house O&M, central control and adjacent operations reduces operational labour cost
- ✓Strong track record of consistent KPI improvements, including
  - ✓Increased capacity factors
  - ✓Cost savings programs
- ✓Potential for efficiency improvements in older units



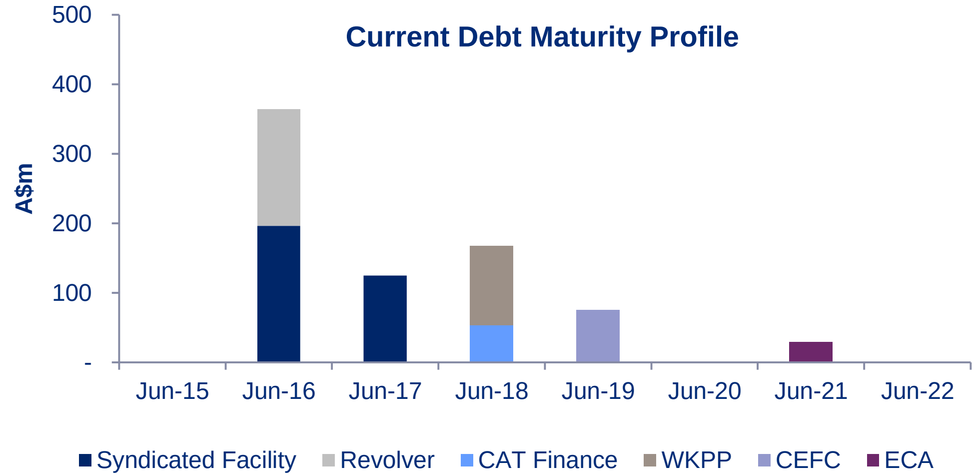
Refinancing Update

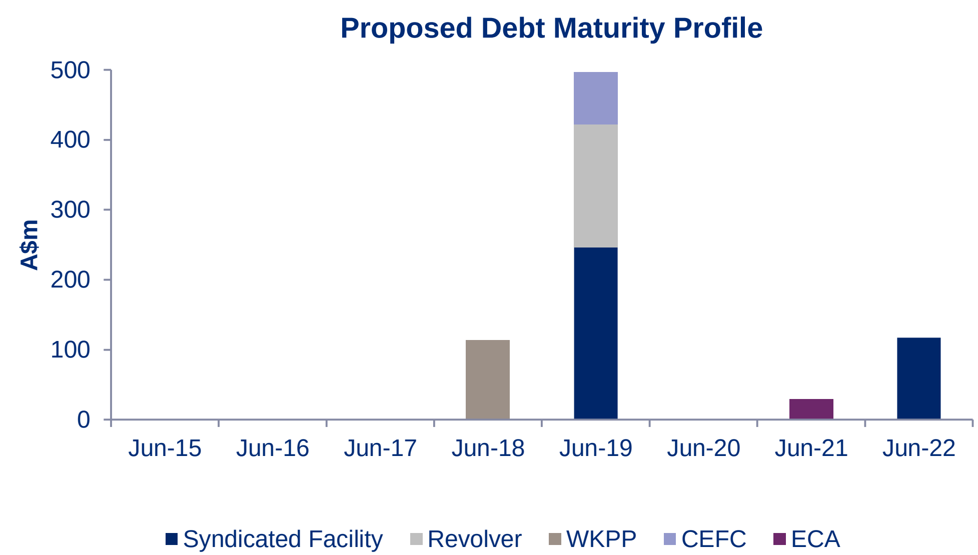
Refinancing of Corporate Banking Facilities expected to complete in October

- Lender feedback has been positive with facilities oversubscribed
- Financial Close expected mid October
- New lenders to be added to syndicate including Australian majors and overseas lenders

Expected outcomes

- Extension of term, revolver and working capital tranches over 5 and 8 year maturities to 2019 and 2022
- Reduction in average interest margin and commitment fees
- Extension of AUD interest rate swaps to 8 years





Executed Growth – $500m successfully invested since FY10

McArthur River – in partnership with Glencore

- Supporting Glencore’s McArthur River mine expansion
  - Doubling capacity and increasing mine life to 2038
- EDL gas power station since 1995
- 20 year Power Purchase Agreement for 68MW
  - 53MW Wärtsilä expansion
- COD in January 2014

Moranbah North – in partnership with Anglo American

- Supporting Anglo’s commitment to reducing carbon emissions and gas extraction costs
- 45MW WCMG power project since 2008
- 18MW expansion underpinned by:
  - 25 year WCMG supply extension with Anglo
  - Network support agreement with Powerlink
- COD July 2014

ENE continues to deliver accretive growth projects in a challenging market

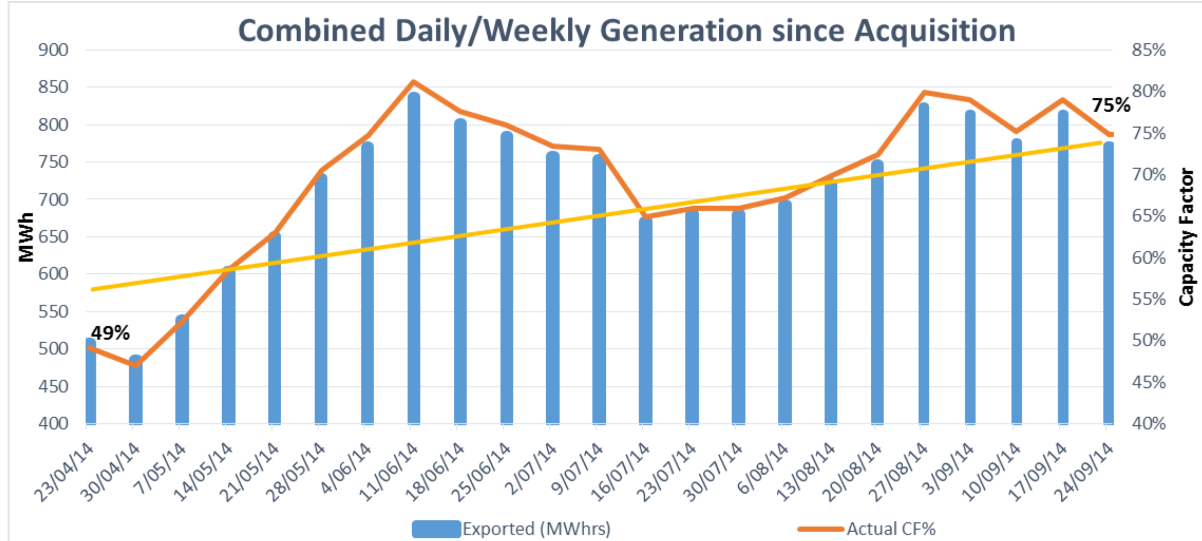
FY14 Growth – Envirogen Acquisition

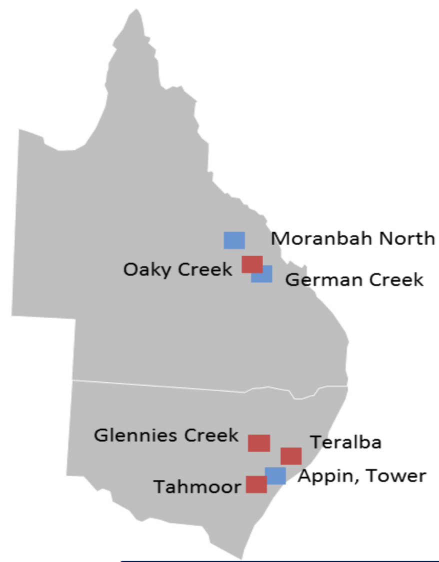
Rationale

- 43MW WCMG bolt on ($25m)
- New customers: Glencore and Vale
- Long dated mine lives
- Significant synergies

Integration & Synergies

- Alignment of OHSE and SPIRIT values
- Operating performance increased >50%
- Removed O&M and corporate overhead
- Results to date materially higher than investment case
- Consolidation benefits - German Creek and Oaky are 7km apart
- Potential for expansion at acquired sites





Oaky Creek

- **Glencore Xstrata** managed mine
- Expected mine life to 2046
- **21MW**

Integra (Glennies Creek)

- **Vale** operated mine
- **11.7MW**

Teralba

- **Glencore Xstrata**; mine closed 2001
- **3.1MW**

Tahmoor

- **Glencore Xstrata**
- Expected mine life to 2028
- **7.3MW**

FY14 Growth – Upstream LNG

Key Terms

1. **Purchase of 21MW for ~$21m in April 2014**
   - Initial 12-18 month rental agreement with Clarke Energy Australia for upstream LNG electrification
   - COD Dec 2014

2. **Purchase of 30MW for ~$22m in June 2014**
   - Initial 12-18 month rental agreement with Clarke Energy Australia for upstream LNG electrification
   - Commenced 1 July 2014

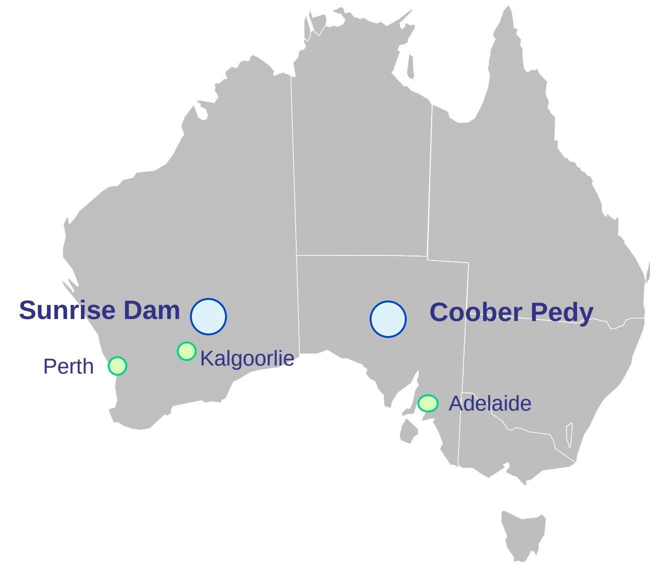
3. **Potential for**
   - Extension of initial lease agreements
   - Subsequent utilisation in EDL WCMG or other growth projects

Rationale

- Attractive economics with accelerated EBITDA expected from initial sale/ leaseback
- Asset redeployment into ENE business post lease
  - Reduces capital costs for future projects
  - EPC relocation terms locked in at acquisition
- Extends clean energy footprint closely adjacent to WCMG assets

Reedy Creek, QLD

FY15 Growth Projects underway – Sunrise Dam & Coober Pedy

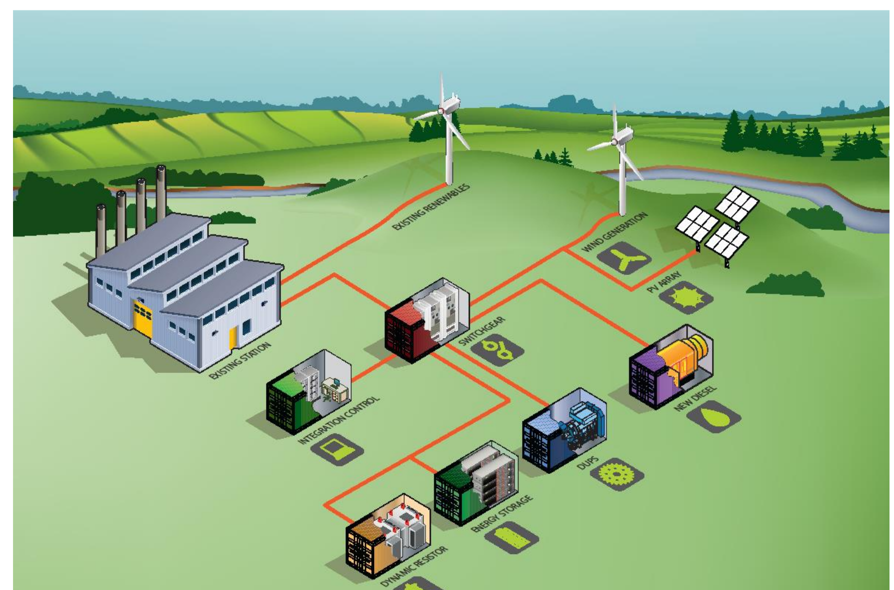


Sunrise Dam extension and expansion

- Supporting Anglo Gold Ashanti's Sunrise Dam mine
- 28MW gas and diesel power station since 1997
- Extension of current agreement by 10 years to 2025
- Expansion of 6MW replacing 2MW of diesel with 8MW of high efficiency gas generators

Coober Pedy Hybrid Renewable Project

- $18.5m funding agreement with ARENA signed in July 2014
- Support to upgrade and expand existing 3.9MW diesel power station
  - 2MW solar
  - 3MW of wind generation
- Project to be underpinned by 20year PPA
- Target to achieve 70% diesel displacement of 20 year PPA
- Significant opportunities for diesel displacement in remote locations



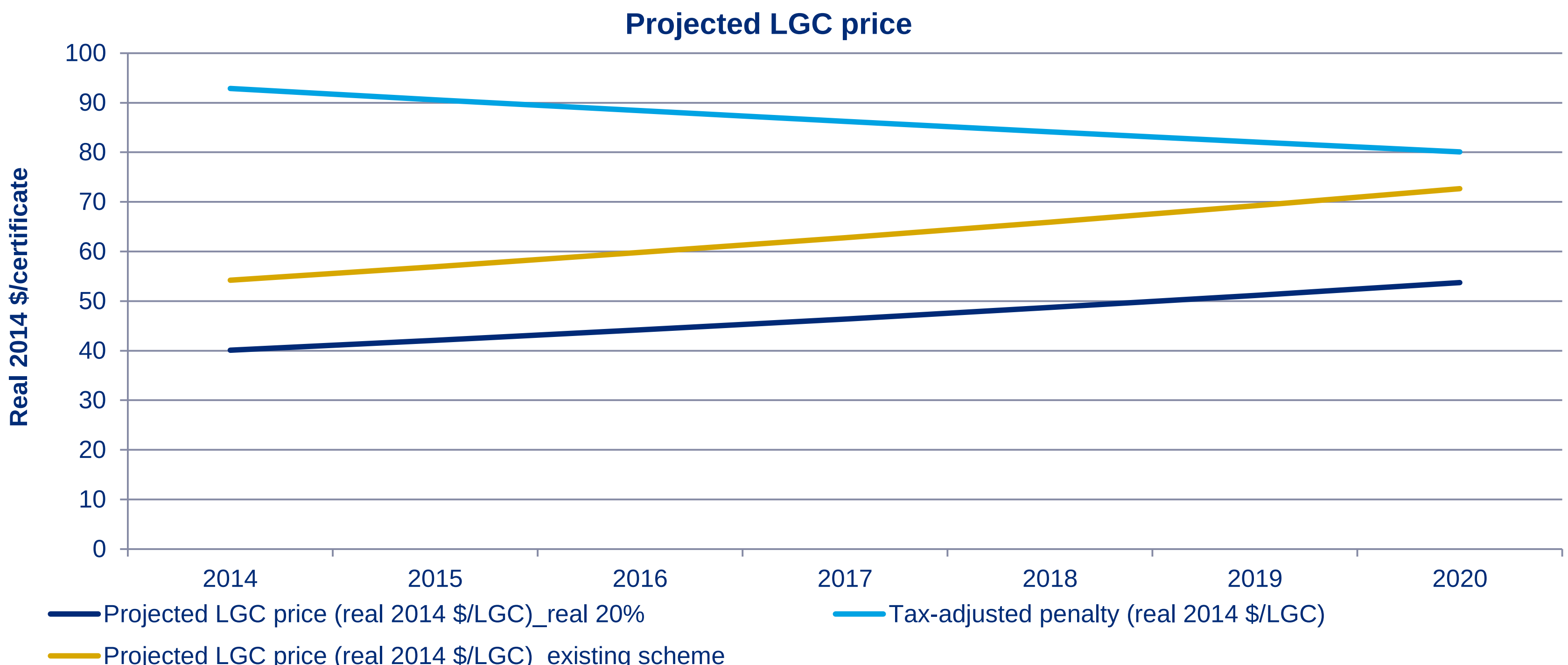
Source: Hydro Tasmania

Regulatory Update – RET Review

- EDL has long history of working with Governments
- Private sector certainty: managed through grandfathering in the event of policy change
- EDL FY15 guidance assumes $30/certificate

"This is a Government which is determined to keep faith with businesses which have made investment decisions honestly and fairly on the basis of government policy."

Prime Minister Hon Tony Abbott MP   27 Feb 2014



Source: ACIL Allen Sep 2014

Summary

1. **Market leaders** in <100MW power
2. **Differentiated and diversified** business in a dynamic energy market
3. **Proven capability** to deliver and operate bespoke distributed power solutions for our customers, safely and on time/ budget
4. **Long life assets** and **contracts** with **blue chip counterparties**
5. **Deep pool of growth options**
6. **Strong profitability** with **dividends** and **well capitalised**