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Energy Developments Limited (ASX: ENE)

Friday, 16 August 2013
For Immediate Release

ASX Release

Significantly improved profit and re-introduction of final dividend

Highlights - Results

- ***Revenue*** *of $403.3 million, up 25%*
- ***EBITDA*** *of $177.0 million, up 31% and above guidance*
- ***NPAT*** *of $55.0 million, up $45.7 million, from $9.3 million in FY12*
- ***Return on Equity of 18.9%,*** *up from 10.7% for FY12*
- ***Corporate and development costs*** *reduced by 33%*
- ***Net operating cash flow*** *of $131.2 million, up 86%*
- ***Final dividend*** *of 11cents per share, 34% franked*
- ***FY14 EBITDA guidance*** *of between $175 million and $185 million*

Highlights – Operations

- ***Safety performance*** *improved: lost time injury frequency rate down 9% to 1.94 at June 2013*
- ***218MW*** *of existing contracts recontracted*
- ***742MW of installed capacity*** *having successfully commissioned a further 31 MW of growth projects*
- ***58MW*** *of growth projects in development, progressing on-time and on budget toward commissioning in FY14*
- ***Available cash and undrawn facilities of $268 million*** *to pursue further growth opportunities*

Energy Developments Limited (ASX: ENE or the "Company") today reported significantly improved net profit after tax performance of $55.0 million for the year ended 30 June 2013, up 491% from $9.3 million in the year ended 30 June 2012.

ENE's EBITDA increased by 31% to $177 million driven by:

- Full period contributions from new assets including the acquisition of enGen (98MW) in August 2011
- 28MW of brownfield expansions in the US LFG business
- Improved pricing in the Australian Clean Energy portfolio
- Operational efficiency and other cost initiatives, and
- One-off ACCUs generated in prior periods contributing $7.6 million

Managing Director Greg Pritchard said today: "This result is evidence of significant growth across the Company from 2010,"

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"Since July 2010, we have invested $280 million in growing our power infrastructure portfolio," Mr Pritchard said.

"We have further diversified and improved the quality of earnings from 80 power projects and have taken the business into market leading positions in its focus areas."

"Our market leading positions in waste methane abatement and remote energy, in combination with our long standing relationships with blue-chip counterparties will continue to underpin earnings sustainability and ongoing growth," he said.

Financial Performance

An overview of the divisional performance of the Company is detailed below:

EBITDA ($'m)	**FY13**	**FY12**	
Australia - Clean	85.7	58.9	*+46%*
Australia - Remote	67.3	63.0	*+7%*
Australia - Operating	153.0	121.9	*+25%*
Europe 29.8		31.9	*(7%)*
US 9.6		4.3	*+123%*
Corporate & Development	(15.4)	(22.9)	*+33%*
Total EBITDA	177.0	135.2	*+31%*

Cash and Financing

Net Operating Cash Flow was $131.2 million, up 86% and reflecting both the strong growth in earnings as well as working capital improvements. Capital expenditure was $93.1 million, including $69.1 million on growth projects. Net debt was reduced to $425.7 million lowering the group's gearing (net debt to net debt plus equity) to 57% from 62% at 30 June 2012.

In the last twelve months, the Company has established a further $130 million of committed debt facilities including a €22 million Export Credit Agency facility, US$30 million increase in its facilities from Caterpillar Finance Australia, and $75 million from the Clean Energy Finance Corporation.

Cash balances of $42.3 million remain unchanged year on year but total available cash and committed facilities now stand at $268 million.

Investment in Growth

In addition to the new growth projects commenced during the year, the Company completed projects delivering scale and capability in core markets with key customers.

During the year the Company successfully commissioned on budget and schedule:

- 17MW at the Hill 50 and 60 power project in Western Australia (July 2012). This expansion increases total installed capacity to 297MW for the Remote Energy business and confirms the Company's market leading position; and
- 13MW at the German Creek waste coal mine gas power project (December 2012). The German Creek expansion increases the Company's installed capacity in the strategically important Bowen Basin region to 90MW and demonstrates the Company's ability to leverage its expertise and existing strong relationships to partner its customers

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Energy Developments also has 58MW of new generation capacity currently in development comprising:

- a 53MW expansion of the McArthur River Mine power project for Glencore Xstrata, which is progressing on budget and due for completion in December 2013; and
- a 5MW greenfield US expansion, which is also on budget and schedule.

"The execution of these projects during the period demonstrates our capability to deliver tailored technical solutions on time and on budget," Mr Pritchard said.

"The Company has an active pipeline of opportunities. These are focussed on the estimated 1.5GW of remote energy that will be required in Western Australia over the next 5 years, as well as continued power and abatement requirements of our major customers operating in the high quality metallurgical coal sector in Eastern Australia," Mr Pritchard said.

Share Buy Back and FY13 Dividend

As part of its ongoing strategy of prudent capital management, the Company implemented an on-market buy-back program in August 2012. At 30 June 2013 the Company had bought 5,311,352 shares for approximately $18.7 million. The Board has recently increased the current upper limit on this program to $30 million.

The Board is pleased to announce a 34% franked final dividend of 11 cents per share, totalling $17.9m, which will be paid on Friday 20 September 2013 based on a record date of Wednesday 28 August 2013. The Company's Dividend Reinvestment Plan will not apply to this dividend, and the unfranked portion of the final dividend to be paid on 20 September 2013 is declared to be conduit foreign income.

"This is the first dividend since 2010 and reflects the sustainable earnings platform that we have delivered as well as the Board's ongoing confidence in the Company's future," Mr Pritchard said.

It is the Board's current intention to pay regular franked dividends increasing progressively in the future. The extent to which a 2014 dividend will be split into separate interim and final payments, or aggregated and paid as a final dividend, will largely depend on the availability of franking credits.

Regulatory Environment

<u>Australia</u>

The review of the RET by the Climate Change Authority concluded in December 2012, with no changes being recommended to the current scheme that would be material to the Company's clean energy business. Mr Pritchard welcomed this commitment to regulatory certainty: "It is pleasing to see that the outcome of the RET review has provided continued regulatory certainty for the investment in renewable energy projects in Australia, given the bi-partisan support the RET enjoys from both major political parties."

Bi-partisan support also continues for the Carbon Farming Initiative, under which 34MW of the Company's landfill gas power portfolio has been accredited and is now creating ACCUs.

The Federal Government has announced its intention to start an emissions trading scheme with a floating price on 1 July 2014. The Company will continue to monitor this development and the Opposition's alternative policy through its Direct Action policy. Both policy positions recognise and support the significant contribution to the abatement of greenhouse gases

being delivered by ENE's Clean Energy projects.

US and UK

The regulatory environment in the USA and UK is stable and supportive of the activities of the Company in those jurisdictions. The Company notes in particular recent comments from US President Obama regarding ongoing US commitments to developing cleaner energy sources.

Outlook

Mr Pritchard said that the Company is well positioned for continued growth, underpinned by successful completion of committed projects, ongoing efficiency initiatives and expected earnings from new projects coming on line in FY14.

"Given the strong FY13 result and momentum for next year, EBITDA for FY14 is now anticipated to be between $175 million and $185 million, compared to $169 million for FY13 excluding the one-off ACCUs generated in prior periods, reflecting continued growth of the Company", Mr Pritchard said.

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For additional information please contact:

Greg Pritchard	**Gerard Dover**
Managing Director	Chief Financial Officer
Energy Developments	Energy Developments
Phone: +61 7 3275 5650	Phone: +61 7 3275 5650

About Energy Developments

Energy Developments Limited ABN 84 053 410 263 (ENE) is an international provider of safe, clean, low greenhouse gas (GHG) emissions energy and remote energy solutions. ENE currently owns and operates a diversified international portfolio of power projects in Australia, the United States, the United Kingdom and Greece from a range of fuel sources including landfill gas, waste coal mine gas, natural gas and liquefied natural gas.

In the year ended 30 June 2013:

- ENE's worldwide operations produced approximately 3.5 million MWh of energy, enough to power over 550,000 homes; and
- ENE's landfill gas power stations around the world, and waste coal mine power stations in Australia abated and avoided approximately 11 million tonnes of carbon dioxide equivalent of GHG emissions, equivalent to removing 3 million cars from the road

Note: in this release, all amounts are Australian dollars unless otherwise specified, and all numbers are approximate unless otherwise specified.

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