Energy Developments (ASX: ENE)

ASX Investor Series Presentation

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Key Highlights

**Scale**
- 904 MW of generation assets; #1 market positions

**Diversification**
- 84 projects across 3 continents; > 80% contracted; 50% take or pay

**Incumbency**
- Long life assets; long dated contracts; track record of recontracting

**Blue chip customers**
- BHPB; Anglo American; AngloGold Ashanti; Glencore; MMG
- Horizon Power; Territory Generation

**Capability**
- Commitment to Zero Harm; Centralised O&M and asset management

**Growth**
- 154 MW added in FY14

**Well capitalised**
- Corporate refinancing in October 2014
- Reduced borrowing cost; extension of tenor; over-subscribed bank group

**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

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

Source: General Electric 2014
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

EDL 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 EDL offering

Source: BHP Oct 2014
Long Dated Contracts with Blue Chip Counterparties

<table>
<thead>
<tr>
<th>Asset capacity (MW)</th>
<th>Weighted average contractual years and asset life</th>
<th>Blue Chip Counterparties</th>
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<tbody>
<tr>
<td>Clean Energy (515 MW)</td>
<td>2030+</td>
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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

- 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

EDL Installed MW by Engine OEM

- CAT, 347 MW, 39%
- JEN, 225 MW, 25%
- DEUTZ, 128 MW, 15%
- OTHER, 184 MW, 21%

Overhaul Cost Profile

1 EDL estimate only, subject to various assumptions

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Our Capability - Refinancing

Refinancing of Corporate Banking Facilities completed in October

- Lender feedback was positive with facilities oversubscribed
- New syndicate: NAB, ANZ, Westpac, UOB, Mizuho, SMBC, ICBC, BTMU, GE and funds managed by Hastings

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: savings > $8m per annum
- Extension of AUD interest rate swaps to 8 years
EDL continues to deliver accretive growth projects in a challenging market

**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
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
**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 EDL 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

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*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 20 year PPA
- Target to achieve 70% diesel displacement of 20 year PPA
- Significant opportunities for diesel displacement in remote locations

Source: Hydro Tasmania
Regulatory Update – Direct Action & RET

• EDL has long history of working with Governments
• Bi-partisan support for a 5% reduction in Australia’s emissions by 2020
• Private sector certainty: managed through grandfathering in the event of policy change

Direct Action – Emissions Reduction Fund (ERF)

Parliamentary support to legislate Direct Action achieved; has now passed the Senate

ERF a $2.5 billion fund – EDL will be able to monetise ACCUs through reverse auction process

EDL expected to generate ACCUs from:
• Grandfathering of existing CFI projects into ERF
• New WCMG expansions/greenfield projects
• Ongoing consultation with Government/Regulator on detailed design

• Commencement expected early 2HFY15

Renewable Energy Target (RET)

• Currently legislated until 2030 – 45,000GWh to be supplied from renewable sources by 2020
• Report of Expert Panel released in August 2014 recommendations, either:
  • No new large scale renewables into RET, but existing participants continue; or
  • RET target is frozen and grows only with demand
• Current eligible EDL projects would remain under either recommendation.

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1. **Market leaders** in distributed generation
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 **growing dividends** and **well capitalised**