

# J.P. Morgan Renewable Energy Corporate Access Day

22 March 2010



# Agenda

The logo for infigen, featuring the word "infigen" in a lowercase, sans-serif font inside a white square border. The background of the slide is a gradient of purple and pink.

- **IFN – Australian Business Overview**
- Australian Regulatory Update
- Wind Energy in Australia
- Wrap Up
- Questions
- Appendix

## **Presenter:**

Miles George      Managing Director

## **For further information please contact:**

Rosalie Duff

Head of Investor Relations & Media

+61 2 8031 9901

[rosalie.duff@infigenenergy.com](mailto:rosalie.duff@infigenenergy.com)

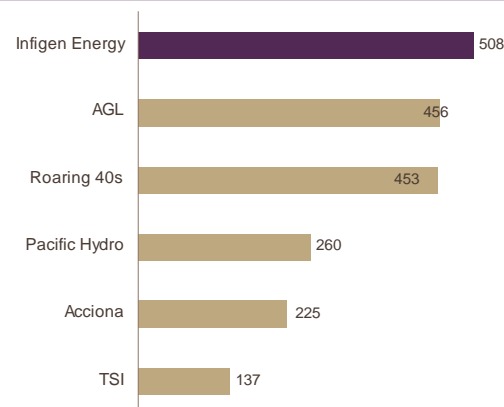


# Overview of Infigen Energy (IFN)

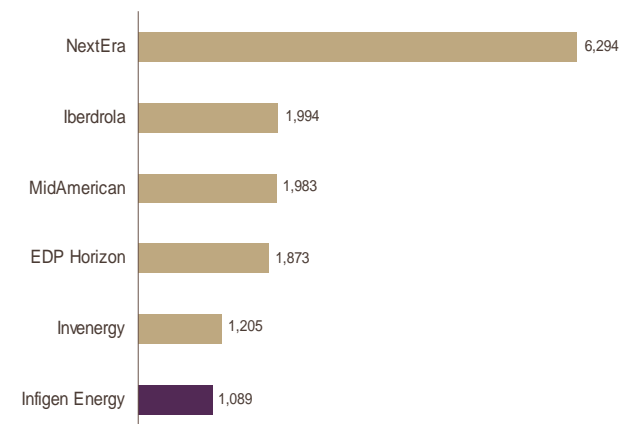
- Australia's leading Australian wind energy business by scale, diversity, quality of operating assets and pipeline
- Listed on ASX since 28 October 2005; market capitalisation approximately A\$1.2 billion
- Business comprises interests in 41 wind farms & operates across Australia, US, France & Germany with a total capacity of 2246MW
- Undertaking a sales process for US, France & Germany and, if appropriate, will utilise proceeds to accelerate development pipeline in Australia
- All three sales processes in the final binding bid phase

1. Source: Clean Energy Council, Infigen, Company Reports. Includes wind farms in operation and under construction.  
2. Source: Emerging Energy Research and Infigen.

Australia – Top six wind farm owners by total capacity (MW)<sup>1</sup>



US – Top six wind farm owners by installed capacity (MW)<sup>2</sup>

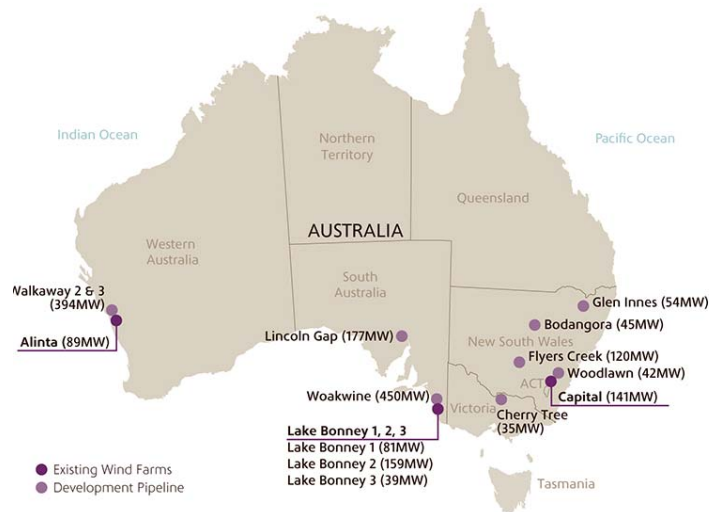




# Australian Business

## Infigen Energy is Australia's Largest Owner of Wind Farms

### Infigen's Australian Business



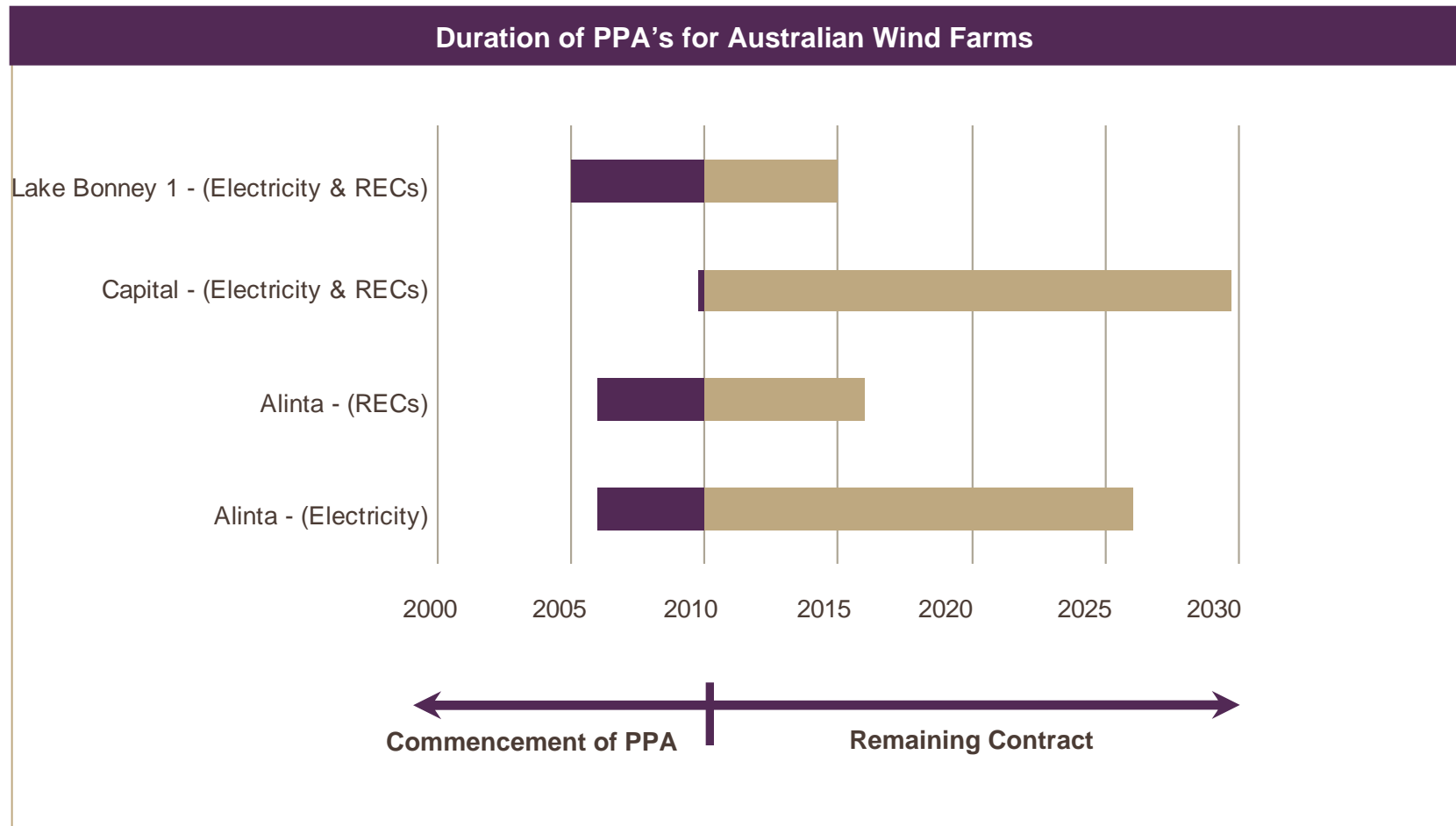
### Key Statistics

Operational Capacity	469.3 MW
Under Construction	39.0 MW
<b>Total Capacity</b>	<b>508.3 MW</b>
Average Capacity Factor	36%
Production	1,619 GWh pa
Number of Turbines	233

Key Development Projects	Capacity (MW)	Location
Woodlawn	42	NSW
Flyers Creek	120	NSW
Glen Innes	54	NSW
Bodangora	45	NSW
Walkaway 2	94	WA
Walkaway 3	300	WA
Woakwine	450	SA
Lincoln Gap	177	SA
Cherry Tree	35	VIC
<b>Sub-total</b>	<b>1,317</b>	
Other prospects NSW, WA, TAS, QLD	Circa 400	
<b>Total</b>	<b>1,717</b>	

# Australian Revenue

Duration of PPA's range from 10 to 20 years, with the first PPA expiring in 2015





# Functional Business Units

**Infigen continues to implement its strategy of securing direct control of its operations and capturing attractive growth opportunities**

<b>GENERATION</b>	<ul style="list-style-type: none"><li>• Continue to implement a direct operational control strategy</li><li>• Align asset performance with ownership and improve site availability</li><li>• Lake Bonney 1 transitioned to Infigen control effective 1 March 2010</li></ul>
<b>ENERGY MARKETS</b>	<ul style="list-style-type: none"><li>• Supply electricity &amp; RECs directly to customers</li><li>• Manage and control risks in the portfolio</li></ul>
<b>BUSINESS DEVELOPMENT</b>	<ul style="list-style-type: none"><li>• Origination, development and turbine procurement</li><li>• Additional opportunity added to the pipeline</li></ul>

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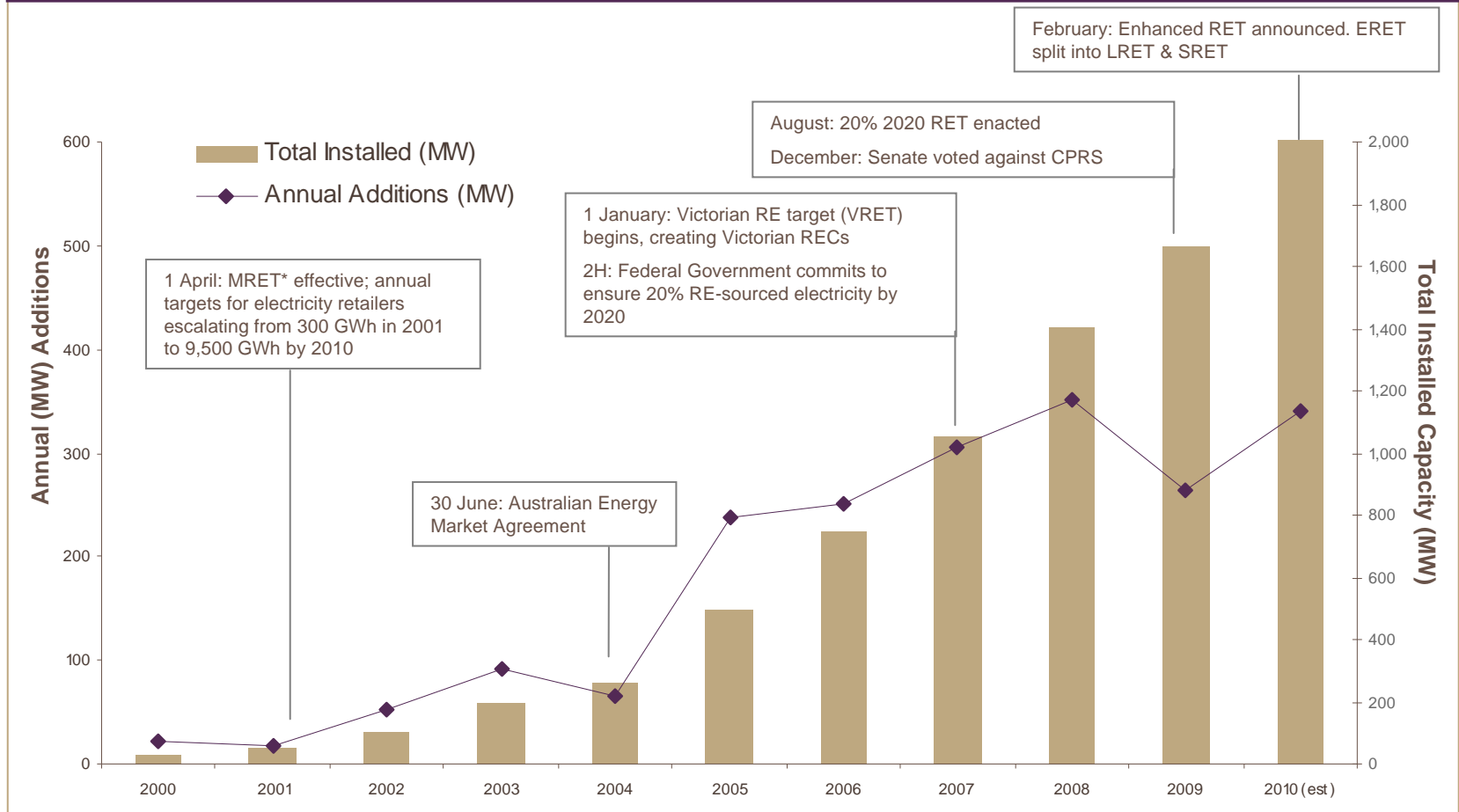
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# Evolution of Wind Energy and Policy Frameworks

Government commitments have contributed to a steady increase in wind energy since 2005

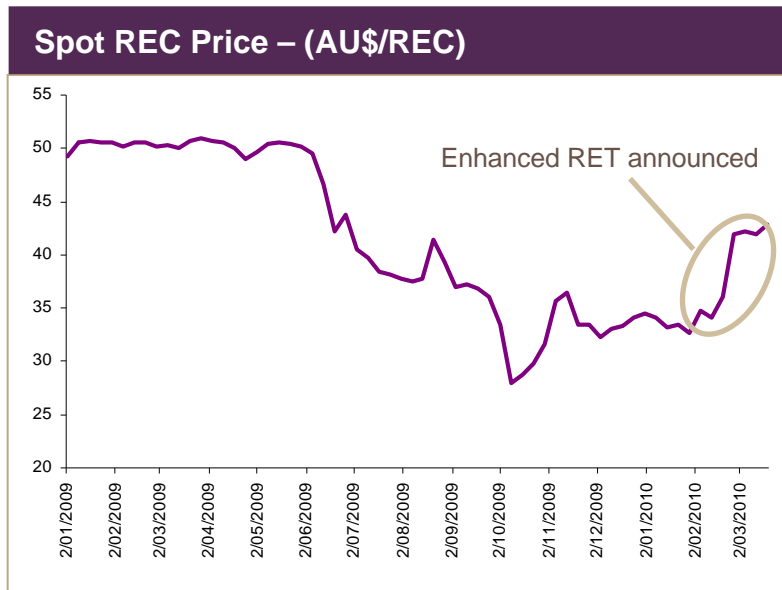
## Australia Wind Market Development: 2000-2010 (est.)



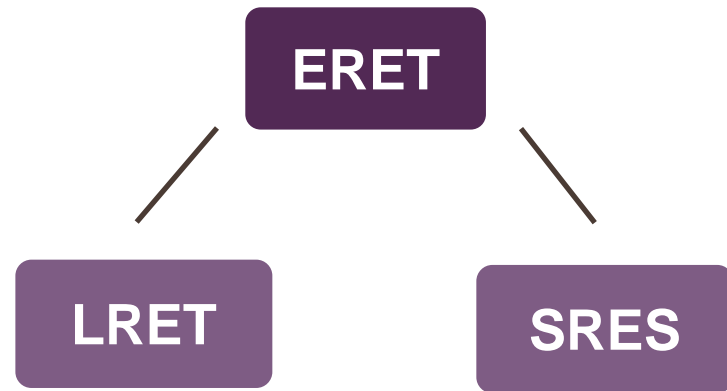
Note: \*MRET = Mandatory Renewable Energy Target. \*\*National Energy Markets include Queensland, Victoria, New South Wales, South Australia, Tasmania and the Australian Capital Territory  
 Source: Emerging Energy Research, Australian Wind rebounds October 2009 and Clean Energy Council November 2009.

# February 26<sup>th</sup> – RET Split into LRET & SRES

RET Scheme clearly not working as intended with domestic applications displacing utility scale generation and placing downward pressure on REC prices



Source: Next Generation Energy Solutions 2010

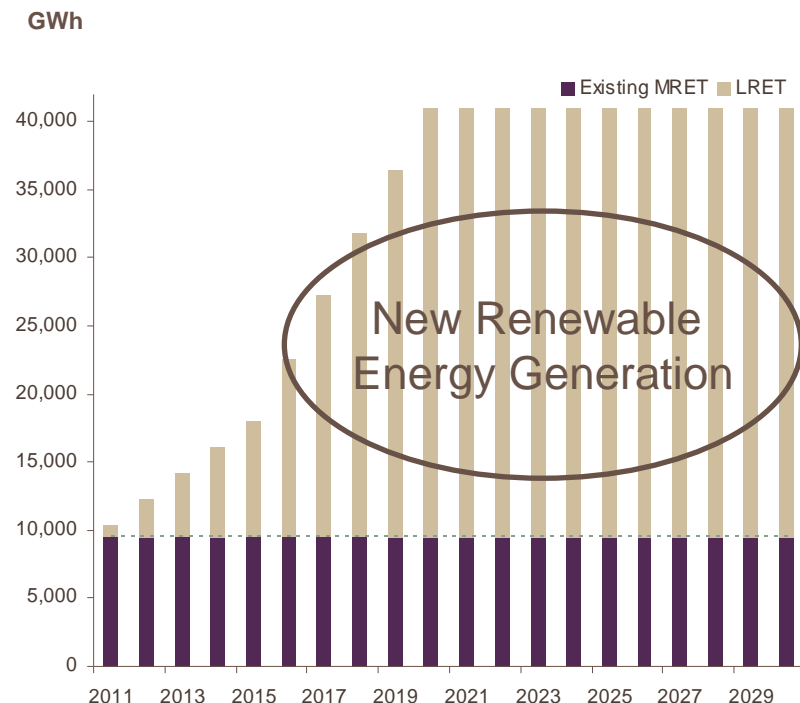


Combined LRET and SRES are expected to deliver more renewable energy than the existing 45,000 gigawatt-hour target in 2020

# Key Observations of the Proposed RET Changes

If legislated as proposed, the LRET can restore the original objective of the RET scheme

## Australia – Forecast demand for Renewable Energy



- LRET captures just over 90% of original RET target
- In line with RET, LRET target profile maintained from 2020 to 2030
- Wind energy expected to dominate new build generation – in line with offshore experience
- The LRET target remains technology neutral to ensure least cost outcomes
- Transition arrangements for SRES will be important

Source: Department of Climate Change Fact Sheet

# Estimated LRET REC Surplus

The removal of small scale SWH & PVs will reduce the REC surplus from 13m in 2010 to 3 million in 2012

## Historical & Forecast REC Year End Cumulative Surplus (LRET 2010 – 2012)



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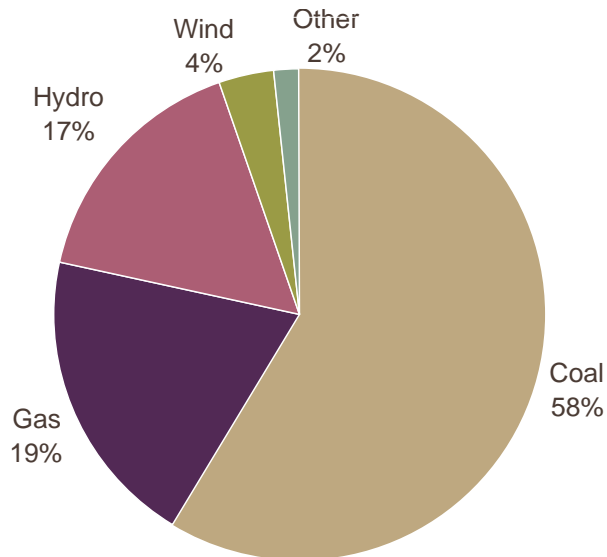
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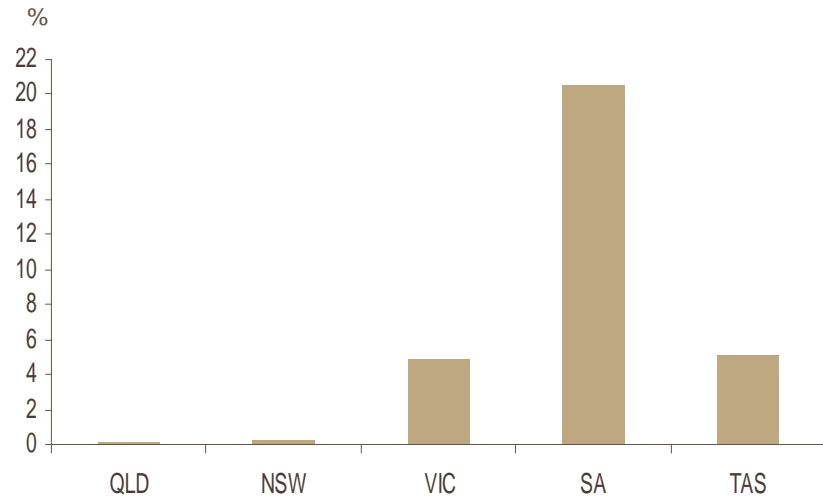
# National Electricity Market

Wind energy generation is only 3.5% of installed capacity in the NEM

Installed Energy Capacity in the NEM<sup>1</sup>



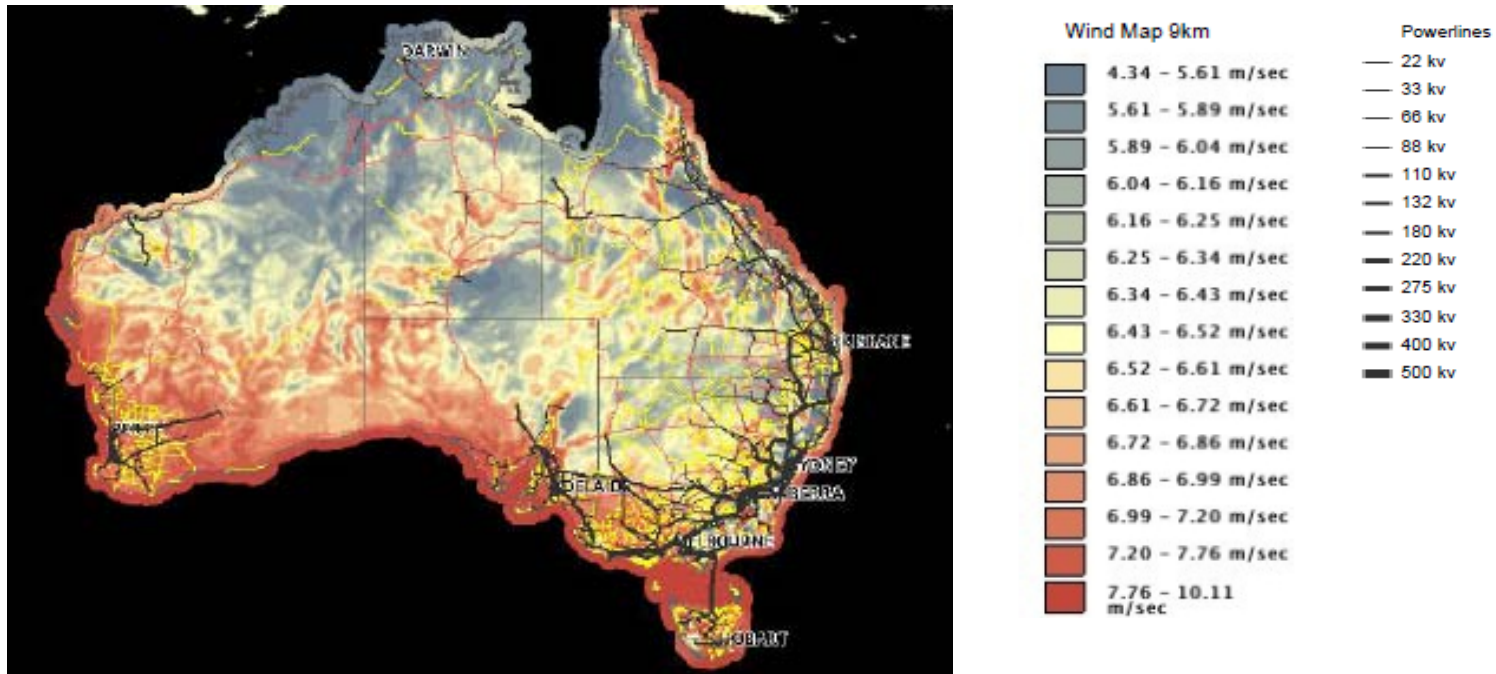
Wind Capacity in the NEM (% registered capacity)<sup>1</sup>



1. State of Electricity Market 2009. AER

# Australian Wind Energy Resource

Australia has vast untapped resources of wind energy located close to transmission networks



Source: Department of the Environment, Water, Heritage and the Arts

# Comparative Energy Costs

Wind Energy is the most cost effective utility scale renewable technology

## Comparative Cost of Wind with Conventional & Renewable Energy Generation

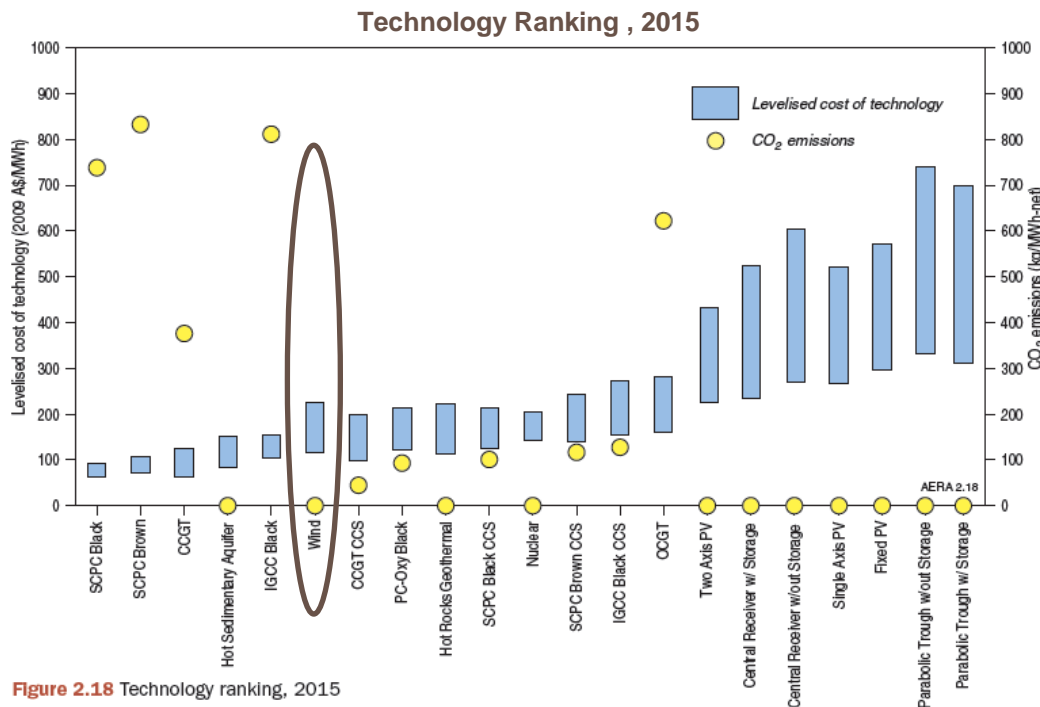


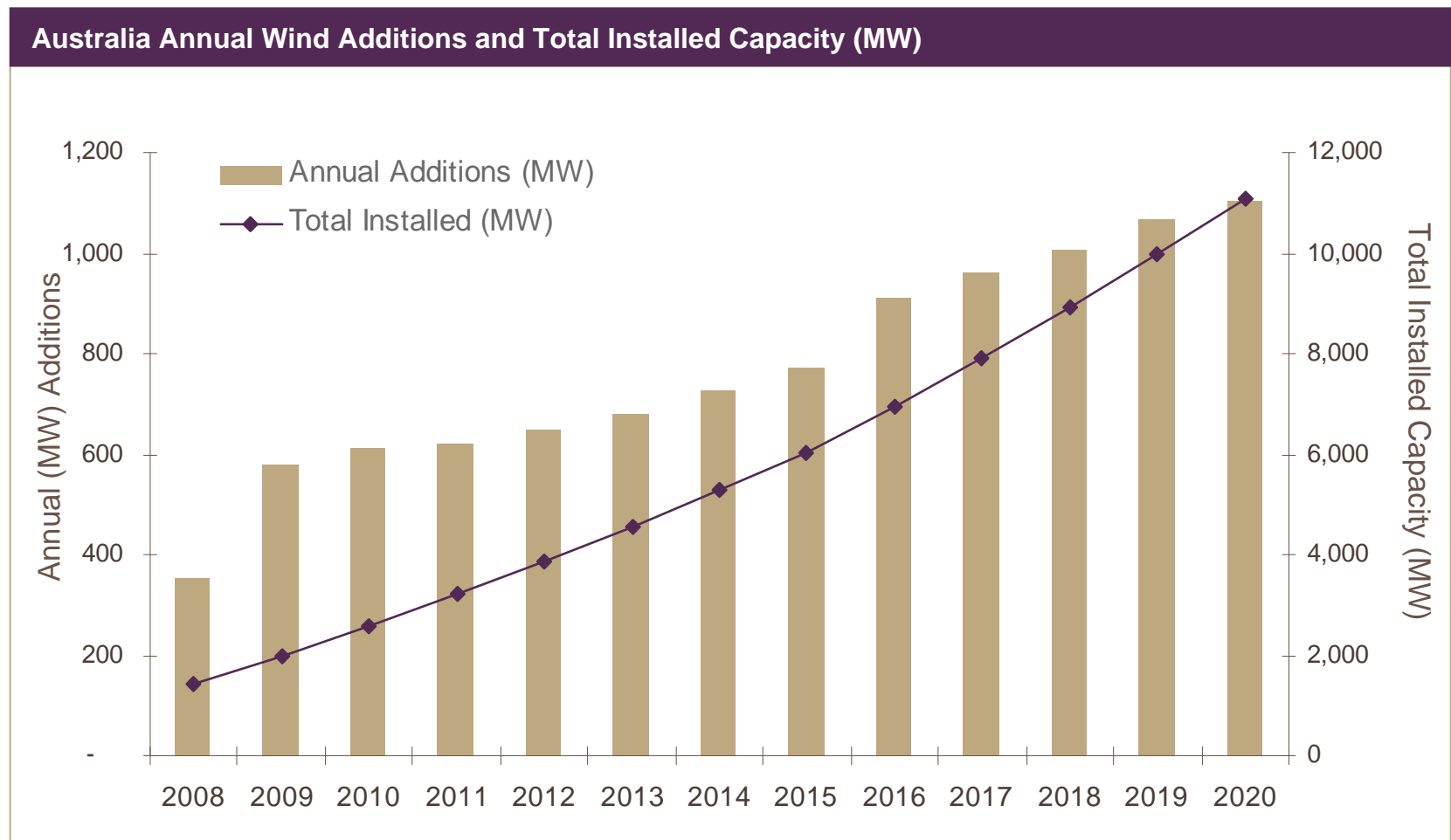
Figure 2.18 Technology ranking, 2015

Source: EPRI technology status data, 2010

- Around 40% of all new electricity generation capacity being built each year in Europe and the US has been based on renewable sources – mainly wind
- Wind energy is the most cost effective utility scale technology under least cost, technology neutral incentives schemes
- Hot rocks geothermal technologies are not proven in utility scale and are likely to suffer remote location disadvantages
- Small scale (domestic rooftop) solar technologies cost approximately 4-5 times as much as utility scale wind energy

# Australia Wind Energy Forecast

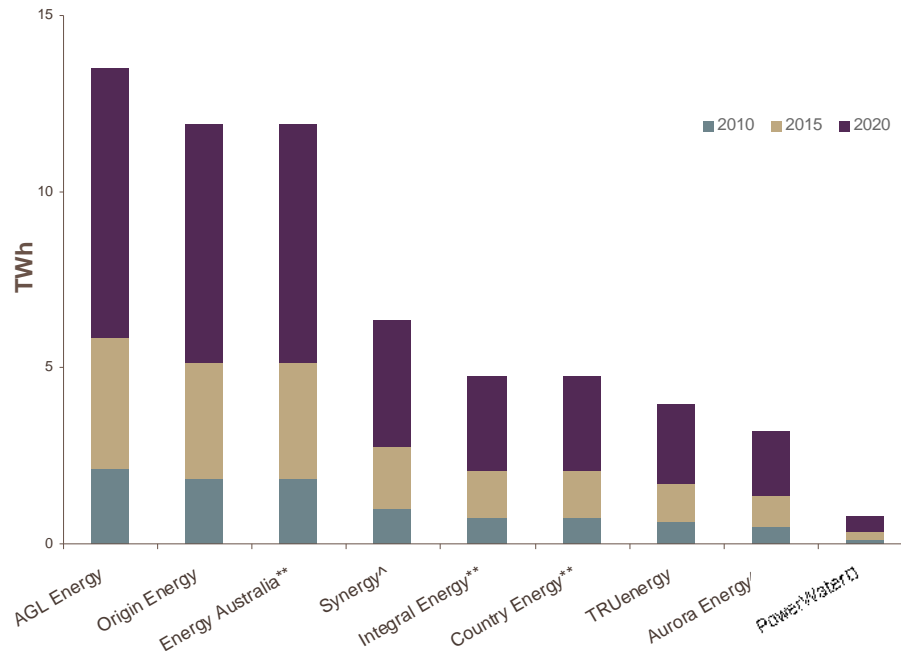
Wind energy expected to increase to >11 GW following implementation of the expanded RET



# Electricity Retailers face incremental RET obligations

Annual RET obligations scaling from 9.5 TWh in 2010 to 45 TWh in 2020

## Annual RET Obligations per Liable Retailer: 2010-2020<sup>1</sup>



## Expected Wind Additions through 2020

Obligated Retailer	Wind-Derived GWh Obligation per Retailer	Projected GW Wind Demand per Retailer
AGL Energy	5,355	1.91
Origin Energy	4,725	1.69
Energy Australia	4,725	1.69
Synergy	2,520	0.90
Integral Energy	1,890	0.67
Country Energy	1,890	0.67
TRUenergy	1,575	0.56
Aurora Energy	1,260	0.45
PowerWater	315	0.11
Other	7,245	2.58
<b>Total</b>	<b>31,500</b>	<b>11.24</b>

1. Represents 77% of retail electricity market, assuming constant share of retail supply, 70% contribution of wind to 2020 RET, with each wind farm operating at 32% capacity factor on average; \*\*Indicates NSW state retailer; ^Indicates WA state retailer; ^Indicates TAS state retailer; +Indicates Northern Territory state retailer  
Source: Emerging Energy Research, Australian Wind Rebounds October 2009

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# Wrap Up

## INFIGEN

- Well positioned as Australia's leading specialist renewable energy business
- Long position in renewable energy sustains IFN's competitive advantage
- Proven track record in Australia and proven development team

## REGULATORY UPDATE

- RET price demonstrated first signs of recovery
- Legislation under development; likely to be passed in May / June
- The LRET can restore the original objective of the RET scheme
- Removal of small scale SWH & PVs will reduce the REC surplus

## WIND ENERGY IN AUSTRALIA

- Australia has vast untapped resources of wind energy
- Wind energy is the most cost effective utility scale technology
- Wind likely to dominate new build in response to increasing demand for renewable energy

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# Questions



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# Asset Summary

Country	Wind Region	No. of Wind Farms	Capacity (MW)		No. of Turbines	Long Term Mean Energy Production (GWh pa)		Capacity Factor	Energy Sale <sup>2</sup>
			Total	Ownership <sup>1</sup>		Total	Ownership <sup>1</sup>		
Australia	Western Australia		89.1	89.1	54	367	367	47%	
	South Australia		278.5	278.5	112	809	809	33%	
	New South Wales		140.7	140.7	67	443	443	36%	
<b>Sub Total<sup>3</sup></b>		<b>5</b>	<b>508.3</b>	<b>508.3</b>	<b>233</b>	<b>1,619</b>	<b>1,619</b>	<b>36%</b>	<b>PPA &amp; Market</b>
<b>Australia - Under Construction</b>		<b>1</b>	<b>39.0</b>	<b>39.0</b>	<b>13</b>	<b>118</b>	<b>118</b>	<b>34%</b>	
<b>Germany</b>	Germany	12	128.7	128.7	78	276	276	24%	Fixed
<b>France</b>	France	6	52.0	52.0	26	119	119	26%	Fixed
<b>United States<sup>1</sup></b>	US – South		829.6	509.4	607	2,908	1,779	40%	
	US – North West		41.0	20.5	41	120	60	33%	
	US – South West		88.0	88.0	63	273	273	35%	
	US – North East		111.5	98.7	57	331	293	34%	
	US – Central		300.5	200.3	274	959	640	36%	
	US – Mid West		186.2	172.5	136	513	470	31%	
<b>Sub Total</b>		<b>18</b>	<b>1,556.7</b>	<b>1,089.4</b>	<b>1,178</b>	<b>5,104</b>	<b>3,515</b>	<b>37%</b>	<b>PPA &amp; Market</b>
<b>Sub Total - Operational</b>		<b>40</b>	<b>2,206.7</b>	<b>1,739.4</b>	<b>1,502</b>	<b>7,000</b>	<b>5,411</b>	<b>36%</b>	
<b>Sub Total – Under Construction</b>		<b>1</b>	<b>39.0</b>	<b>39.0</b>	<b>13</b>	<b>118</b>	<b>118</b>	<b>34%</b>	
<b>TOTAL</b>		<b>41</b>	<b>2,245.7</b>	<b>1,778.4</b>	<b>1,515</b>	<b>7,118</b>	<b>5,529</b>	<b>35%</b>	

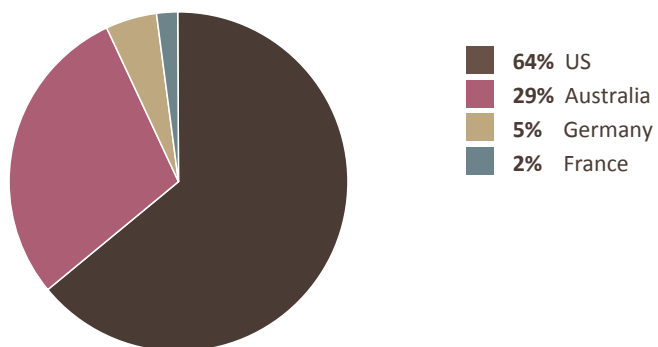
<sup>1</sup>. Ownership is shown on the basis of active Infigen ownership as represented by the percentage of B Class Member interest.

<sup>2</sup>. "PPA": Power Purchase Agreement.

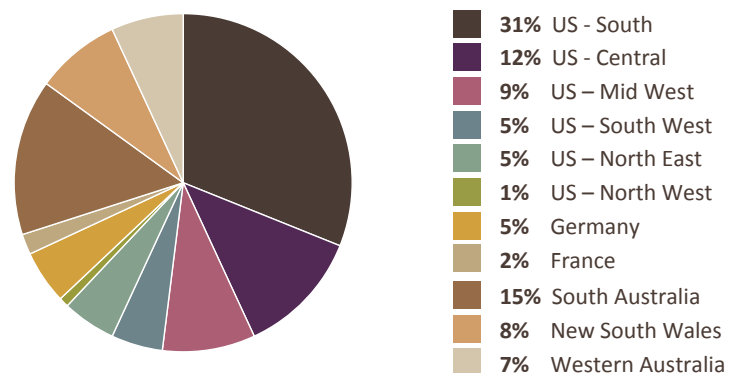
<sup>3</sup>. Includes assets under construction

# High Quality Assets

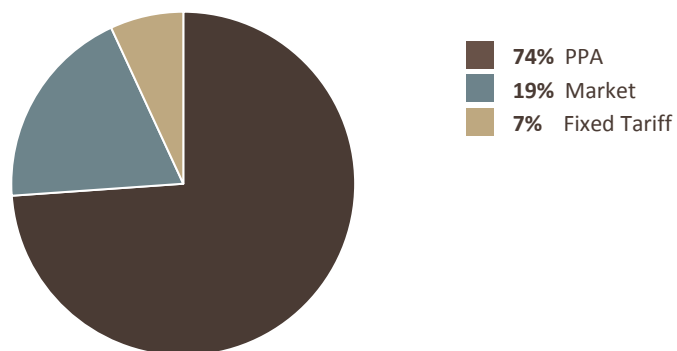
## Regulatory Regime



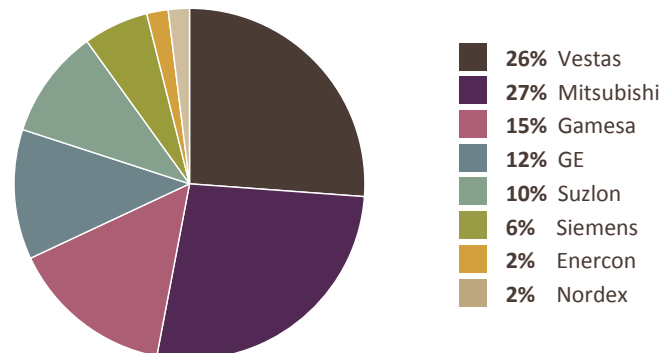
## Wind Resource



## Revenue Assurance



## Equipment & Service

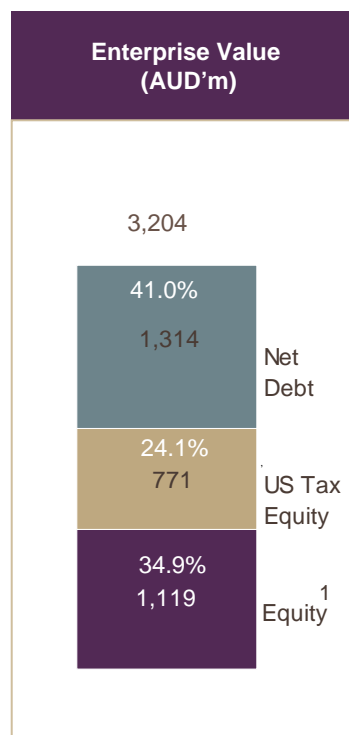




# Balance Sheet

(AUD'm)	31 December 2009	Less US Minority Interest	IFN Economic interest
Cash	216	(2)	214
Receivables	76	(2)	74
Inventory RECs	8	-	8
Prepayments	16	-	16
FX Derivatives	17	-	17
PPE	3,189	(174)	3,015
Goodwill & Intangibles	410	(36)	374
Deferred Tax assets	92	-	92
Other Assets	10	-	10
<b>Total Assets</b>	<b>4,034</b>	<b>(214)</b>	<b>3,820</b>
Payables	94	(2)	92
Provisions	2	-	2
Borrowings	1,528	-	1,528
Tax Equity (US)	864	(93)	771
Class B Minority (US)	83	(83)	-
Deferred Revenue (US)	459	(36)	423
Deferred Tax Liabilities	55	-	55
Interest Rate Derivatives	100	-	100
<b>Total Liabilities</b>	<b>3,185</b>	<b>(214)</b>	<b>2,972</b>
<b>Net Assets</b>	<b>848</b>	<b>-</b>	<b>848</b>

Debt Ratios	31 Dec 09 <sup>2</sup>	30 June 09 <sup>2</sup>
DSCR <sup>3</sup>	1.21	1.33
Net Debt/EBITDA <sup>3</sup>	7.0	6.2
EBITDA/Interest	2.2x	2.3x
Net Debt/(Net Debt + Book Equity)	60.7%	57.9%



- No impairments
- Financial flexibility maintained
- Commitments fully funded
- No off-balance sheet liabilities
- 92% interest rate hedged
- Global Facility:
  - 92 bps margin in H1'10
  - no refinancing deadline
  - fully amortising; net cash flow from assets that remain in facility applied to repay amount outstanding from FY11
  - Maturity 2022

1. \$1,119m Equity calculated as 802m securities at \$1.395 security price on 31 December 2009

2. AUD:EUR 31 December 2009 = 0.6235, 30 June 2009 = 0.5756; AUD:USD 31 December 2009 = 0.8943, 30 June 2009 = 0.8128

3. Global Facility covenants are Leverage <11.5, Cashflow cover>1.0x. Debt service and leverage metrics in table are not directly comparable to Global Facilities covenant metrics due to treatment of construction debt and interest, and cashflow adjustments (non-EBITDA); 12 months to Dec 09, 12 months to 30 June 09



# Balance Sheet by Currency

(AUD'm)	31 December 2009	Less US Minority Interest	IFN Economic interest	AUD	EUR	USD
Cash	216	(2)	214	161	13	40
Receivables	76	(2)	74	40	10	24
Inventory RECs	8	-	8	8	-	-
Prepayments	16	-	16	9	1	6
FX Derivatives	17	-	17	17	-	-
PPE	3,189	(174)	3,015	961	331	1,723
Goodwill & Intangibles	410	(36)	374	130	49	195
Deferred Tax assets	92	-	92	83	9	-
Other Assets	10	-	10	5	2	3
<b>Total Assets</b>	<b>4,034</b>	<b>(214)</b>	<b>3,820</b>	<b>1,414</b>	<b>415</b>	<b>1,991</b>
Payables	94	(2)	92	61	2	29
Provisions	2	-	2	2	-	-
Borrowings	1,528	-	1,528	624	358	546
Tax Equity (US)	864	(93)	771	-	-	771
Class B Minority (US)	83	(83)	-	-	-	-
Deferred Revenue (US)	459	(36)	423	-	-	423
Deferred Tax Liabilities	55	-	55	44	11	-
Interest Rate Derivatives	100	-	100	30	26	44
<b>Total Liabilities</b>	<b>3,185</b>	<b>(214)</b>	<b>2,972</b>	<b>761</b>	<b>397</b>	<b>1,813</b>
<b>Net Assets</b>	<b>848</b>	<b>-</b>	<b>848</b>	<b>652</b>	<b>18</b>	<b>178</b>

Exchange Rates: AUD:EUR 31 December 2009 = 0.6235, AUD:USD 31 December 2009 = 0.8943



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