

## BABCOCK & BROWN WIND PARTNERS

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### ASX Release

1 April 2009

#### **PRESENTATION TO UBS EMERGING COMPANIES CONFERENCE**

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The following presentation by BBW Managing Director, Miles George, is being presented at the UBS Emerging Companies Conference in Sydney today.

The presentation can be viewed on the BBW website at [www.bbwindpartners.com](http://www.bbwindpartners.com).

#### **ENDS**

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## About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners is a pure renewable energy business which owns and operates wind farms spanning four countries and three continents. BBW listed on the Australian Securities Exchange on 28 October 2005 and has a market capitalisation of approximately A\$0.8 billion.

BBW's business comprises interests in 41 wind farms that have a total installed capacity of approximately 2,246MW and are diversified by wind resource, currency, equipment supplier, off-take arrangements and regulatory regime.

BBW is a stapled entity comprising Babcock & Brown Wind Partners Limited (ABN 39 105 051 616), Babcock & Brown Wind Partners Trust (ARSN 116 244 118) and Babcock & Brown Wind Partners (Bermuda) Limited (ARBN 116 360 715).

For further information please visit our website: [www.bbwindpartners.com](http://www.bbwindpartners.com)

# UBS Emerging Companies Conference

**Presenter: Miles George, Managing Director**

1 April 2009

# Agenda

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# 1 Introduction to BBW

## Key Information

Listing Date	28 October 2005
Securities on issue <sup>1</sup>	844,160,759
Market Capitalisation <sup>1,2</sup>	A\$789 million US\$537 million
Listing exchange	ASX (Australia) S&P/ASX200
Security price	At 31 Mar 09 A\$0.935 12 mth low A\$0.525 12 mth high A\$1.78
FY09 Distribution	At least 9.0cps <sup>3</sup> Prospective Yield 9.6% <sup>4</sup> Expected to be fully tax deferred

## Recent News

- BBW successfully terminated the management agreements and exclusive financial advisory agreement with B&B in Dec 2008
- The voluntary administration of B&B should have no material impact on BBW's business, interests or assets
- BBW is holding an EGM on 29 April 2009 to consider changing BBW's name to Infigen Energy and an equity incentive scheme for staff
- Transition is well progressed – IT systems currently being transferred; physical relocation by June 2009
- Continuing on-market security buy-back. Circa 51.4 million securities (5.9% of issued capital) bought back to date
- BBW has submitted an offer to buy B&B's Aust/NZ wind energy project development assets, US wind asset management business, and minority interests in three of BBW's existing wind farms

1. Securities on issue as at 13 March 2009. 32,837,947 securities cancelled under current buyback program.

2. Assuming AUD/USD FX rate of 0.68

3. FY09 distribution guidance based on current portfolio; assumes no further reinvestment or divestment

4. Based on BBW price of \$0.935 at 31 March 2009

## Significant presence in growth markets

*Australia's leading wind energy generator is also fourth largest in the US....*

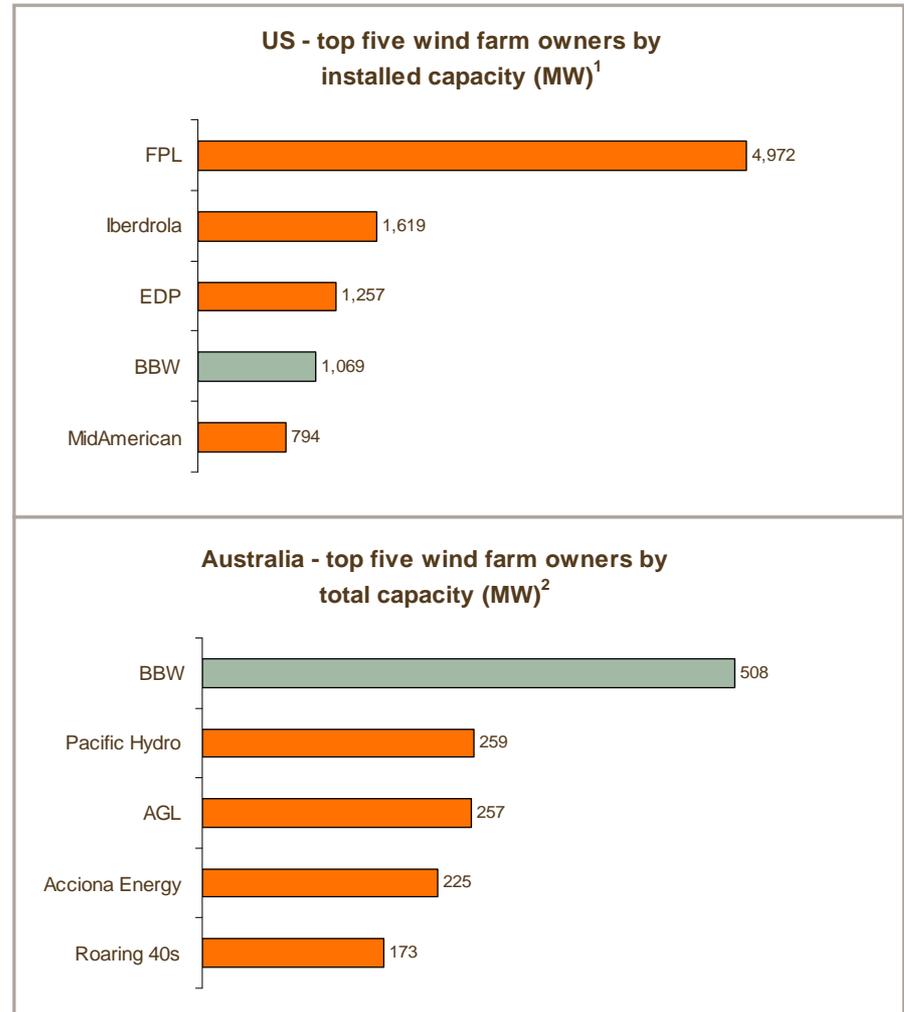
### United States<sup>1</sup>

- 2008 was a record breaking year with 8,358MW of capacity installed - a 50% increase over 2007
- Has surpassed Germany as world's largest wind market by installed capacity
- Average growth of 32% p.a. over past 5 years
- Feb 2009 economic stimulus bill approved 3 year extension to PTC; option to elect ITC in place of PTC; and a \$6b renewable energy loan guarantee program

### Australia<sup>1</sup>

- 482MW of new installations in 2008 - a 58% increase in Australia's total installed capacity
- An additional 555MW under construction and expected to be commissioned in 2009
- Mandatory Renewable Energy Target will increase from 9,500GWh to 45,000GWh, to support Australia's renewable energy target of 20% by 2020

<sup>1</sup> Source: Global Wind Energy Council



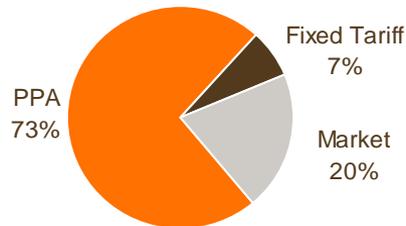
<sup>1</sup> Source: AWEA

<sup>2</sup> Source: Clean Energy Council and BBW. Includes wind farms in operation and under construction

## 3

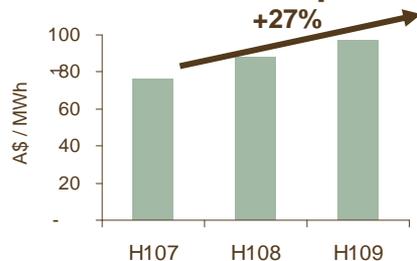
## Strong financial position – stable cash flows

- Predictable Revenues**



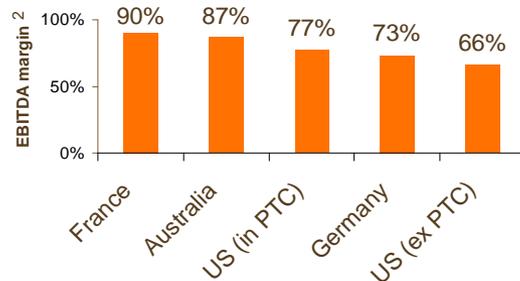
- PPAs with quality counterparties
- Predominantly inflation-linked prices
- Merchant exposure in attractive markets

- Revenues retain upside to improving electricity prices**



- Achieved price growth per MWh of 13% pa since H107

- Costs – relatively stable, high EBITDA margins**



- Wind is a zero cost fuel
- High and stable EBITDA margins (66%-90%)
- Maintenance CAPEX is low & included in operating expenses
- More than 75% of interest costs hedged with average duration approx 9 years

1. Prior periods restated using H109 exchange rates
2. EBITDA margins as per 1H09 actual result. PTC's equate to USD21MWh.

## 3

## Strong financial position – balance sheet flexibility

Balance Sheet (AUD'm)	31 Dec 08	Sale of Spain	Committed capex	Pro Forma Post Spain	Global debt facilities
Continuing debt	(1,901) <sup>1</sup>	-	-	(1,901)	<ul style="list-style-type: none"> <li>• &gt; 75% interest costs hedged</li> <li>• Covenants comfortably met</li> <li>• Long term amortising facility</li> <li>• Maturing in 2022</li> <li>• No security price acceleration triggers</li> <li>• No off-balance sheet financial liabilities<sup>5</sup></li> <li>• Liquidity Policy: \$50m cash buffer</li> </ul>
Spanish debt	(1,241)	1,241		-	
Cash	363 <sup>3</sup>	266	(338) <sup>2</sup>	292	
<b>Net Debt</b>	<b>(2,779)</b>	<b>1,507</b>	<b>(338)<sup>2</sup></b>	<b>(1,610)</b>	
Debt Ratios	31 Dec 08			Pro Forma Post Spain	
<b>Covenants</b>					
<b>DSCR</b>	1.5	<b>&gt;1.0x</b>		1.6	
<b>Net Debt/EBITDA</b>	7.6	<b>&lt;11.5x</b>		4.9 <sup>3</sup>	
<b>Policy</b>					
<b>ICR (EBITDA/Interest)</b>	3.1x	<b>&gt;2.5x</b>		3.0x	
Average Interest Rate <sup>4</sup>	6.27%			6.18%	
Average margin on facilities	87bps			98bps	
Average Swap Rate	5.07%			N/A	
Average Maturity of swaps	9 years			N/A	

<sup>1</sup> AUD: A\$676.0m ; USD: A\$756.0m ; EUR: A\$470.0m

<sup>2</sup> Committed CAPEX for Australia \$267m, Germany \$28m, France \$18m. Separation & transition expenses total \$25m

Separation & transition expenses comprise: B&B \$5m, Legal & Advisory \$6.5m, IT \$6.0m, Employment entitlements \$4.0m, Other \$3.5m

<sup>3</sup> Assumes all assets are fully operational; assumes no repayment of global facility

<sup>4</sup> Calculated from average debt values and includes capitalised interest and margins

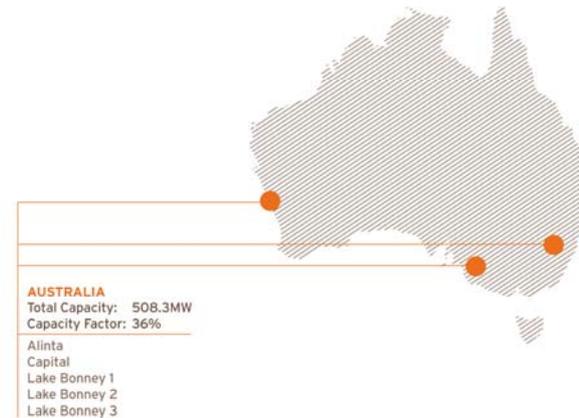
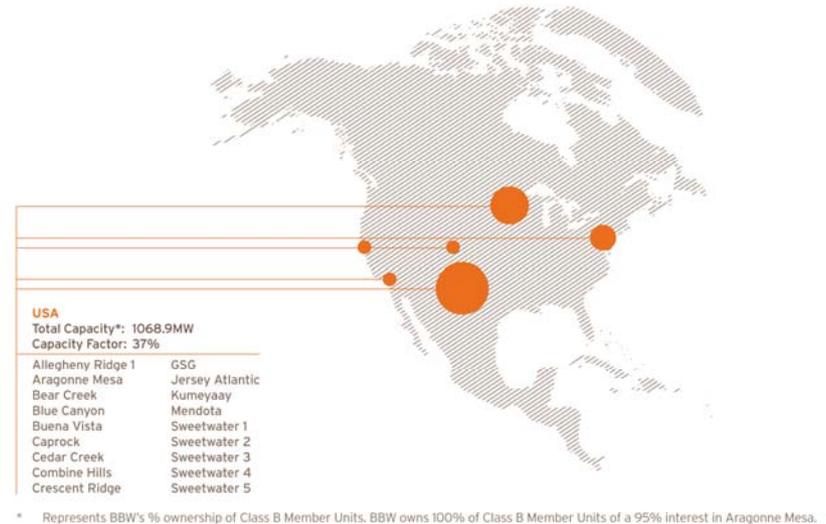
<sup>5</sup> Excludes guarantees

## Clear strategy for the future

To be a leading cost competitive provider of utility scale renewable energy - a developer, owner and operator

### Strategic Priorities

- Participate in growth markets where we have a competitive advantage ~ US and Australia
- Continue to invest in asset management capabilities
- Establish and grow an internal development pipeline and capabilities
- Diversify sources of capital, including recycling of capital from existing lower yield assets



## 5

## Longer term growth options

Australian development business	<ul style="list-style-type: none"><li>• Offer to acquire B&amp;B's Australia and New Zealand wind energy development assets</li></ul>
US asset management	<ul style="list-style-type: none"><li>• Offer to acquire B&amp;B's US wind farm operations and management business</li></ul>
Minority Interests	<p>Offer to acquire:</p> <ul style="list-style-type: none"><li>• 20% interest in Caprock (US)</li><li>• 5% interest in Aragonne (US)</li><li>• 1% interest in Niederrhein (Germany)</li></ul>

- Creates option for organic growth in Australia and New Zealand from 2011
- Brings US asset management capability in-house for further operational performance improvements and cost savings
- Removes B&B minority interests and consolidates portfolio
- Establishes US development capability over medium term

## Investment / divestment

<b>Investments</b>	<ul style="list-style-type: none"><li>• All remaining construction CAPEX funded with cash - no unfunded commitments</li><li>• Buyback continuing; highly accretive at current prices</li><li>• As at 31 March 2009, approx 51.4m stapled securities bought back</li><li>• 39MW expansion to Lake Bonney 3</li><li>• Allegheny Ridge Phase 2 not acquired</li></ul>
<b>Assessment of carrying values</b>	<ul style="list-style-type: none"><li>• Consider near, medium and long term macro factors</li><li>• Disposal considerations take into account expectations for proceeds, mandatory debt repayments, IRS &amp; FX break costs, taxes, portfolio considerations</li><li>• Recycling of capital from existing lower yield assets – Germany and France</li></ul>
<b>Framework Agreements</b>	<ul style="list-style-type: none"><li>• Gamesa framework agreement now expired</li><li>• Plambeck framework agreement expires 30 June 2009 – no further acquisitions expected</li></ul>

## 7

## Exposure to regulatory upside

*BBW positioned to benefit from regulatory upside in markets where it has a significant presence*

Market Trends	Status	BBW Response / Position
<p>Mainstream Generation Technology</p>	<ul style="list-style-type: none"> <li>• Long term drivers favour wind – emissions reduction / security of supply / increasing energy demand / fossil fuel prices</li> <li>• Wind energy still competitive with new entrant CCGT and coal in EU &amp; US</li> <li>• 42% of US new build generation in 2008 (AWEA) – surpassed Germany as largest market by installed capacity</li> </ul>	<ul style="list-style-type: none"> <li>• BBW well positioned in key growth markets</li> <li>• # 1 in Australia</li> <li>• # 4 in US</li> </ul>
<p>Regulatory Frameworks</p>	<ul style="list-style-type: none"> <li>• Renewable energy policies continue to strengthen</li> <li>• Australian expanded RET legislation provides more certainty for growth</li> <li>• Proposed US new energy bill contemplates a national renewable energy target</li> </ul>	<ul style="list-style-type: none"> <li>• Cash flows underpinned by long term off-take agreements and regulated tariffs</li> <li>• Retained upside exposure to increased renewable premiums and rising electricity prices with appropriate merchant exposure</li> </ul>

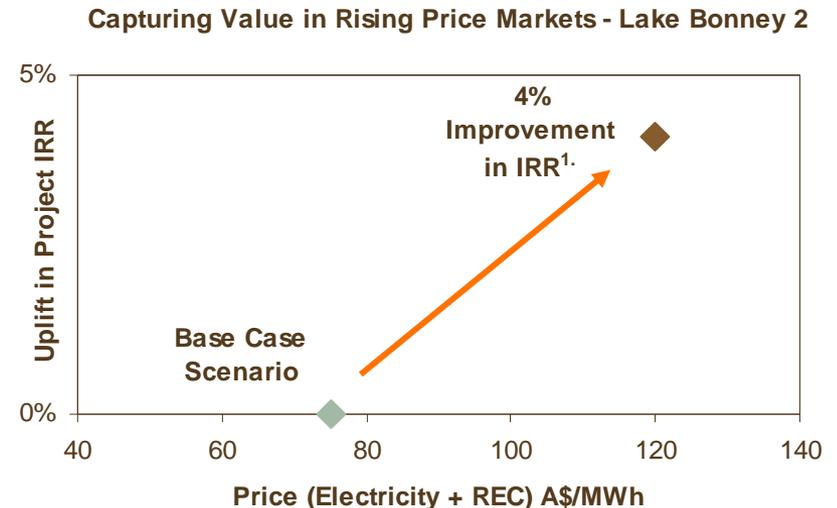
## Asset management framework – operational focus

### Achieving a higher average price

- Demonstrated ability to capture value from upside in electricity prices
- Selective exposure to attractive wholesale markets: LB2
- Timely negotiation of new PPA's: Capital and Crescent Ridge

### Improved Production Performance

- Direct control of operations - post initial O&M term of turbine manufacturer
- Improved availability through focus on downtime analysis - depends on skills & experience of team



**In first month after taking operational control Sweetwater 1 availability improved by 6%**

**Adding value to existing assets**

## 9 Financial guidance

### FY09 Second Half

- Expect FY09 Net Operating Cash Flow<sup>1</sup> after debt repayment to meet FY09 distribution guidance
- Production in line with H1 despite sale of Spain & Portugal
- Seasonal impact of US; new operations in Germany & France
- No base fees going forward
- Reduced interests cost and debt repayment

### Distribution Policy & Guidance

Pay distributions from net operating cash flow:

- EBITDA
- Less corporate costs, interest & tax paid
- Adjusted for changes in working capital

After taking account of:

- Principal debt repayments
- Future funding requirements
- Investment opportunities

Guidance

- FY09 Guidance of not less than 9.0cps<sup>2</sup>
- FY09 distribution expected to be fully tax deferred

### Coverage of distributions



<sup>1</sup> Excludes one-off costs of transition from B&B

<sup>2</sup> Based on current portfolio; assumes no further reinvestment or divestment

<b>RENEWABLE ENERGY BUSINESS</b>	<ul style="list-style-type: none"> <li>• Strong presence in growth markets; 41 wind farms totalling 1758MW<sup>1</sup></li> <li>• High quality assets: 35% average capacity factor</li> </ul>
<b>CLEAR STRATEGY</b>	<ul style="list-style-type: none"> <li>• Developer, owner and leading cost competitive provider of utility scale renewable energy generation</li> <li>• Longer term growth options with the proposed acquisition of Australian &amp; NZ development assets, US asset management and other minority interests</li> </ul>
<b>STRONG FINANCIAL POSITION</b>	<ul style="list-style-type: none"> <li>• No refinancing; long term amortising debt facility (15 years)</li> <li>• Significant cash balances enable further flexibility</li> <li>• Highly contracted revenues and costs</li> <li>• All remaining construction CAPEX funded with cash; no unfunded commitments</li> </ul>
<b>REGULATORY EXPOSURE</b>	<ul style="list-style-type: none"> <li>• Positioned to benefit from regulatory upside in key markets</li> <li>• No material exposure to current economic conditions</li> </ul>
<b>INVESTMENT / DIVESTMENTS</b>	<ul style="list-style-type: none"> <li>• Buyback continuing; highly accretive at current prices</li> <li>• Consider near, medium and long term macro factors for consideration of asset values / disposals</li> </ul>
<b>ASSET MANAGEMENT FRAMEWORK</b>	<ul style="list-style-type: none"> <li>• Capture value from upside in electricity prices</li> <li>• Improve production performance through improvements in availability</li> </ul>
<b>GUIDANCE</b>	<ul style="list-style-type: none"> <li>• Guidance retained: distributions covered by net operating cash flow after debt repayments</li> </ul>

1. Ownership represents equity interests. For the US wind farms this is based on active ownership as represented by the ownership of Class B member interests. Statistics reflect BBW's equity ownership of current Portfolio (Operating + Construction) on a GWh pa basis.

# Questions



# Asset Summary – March 2009

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>		
<b>AUSTRALIA</b>	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%	
Sub Total <sup>3</sup>		5	508.3	508.3	233	1,619	1,619	36%	PPA & Market
<i>Australia - under construction</i>		2	179.7	179.7	80	561	561	36%	
<b>GERMANY</b>	Germany	12	128.7	128.5	78	276	276	25%	Fixed
<b>FRANCE<sup>3</sup></b>	France	6	52.0	52.0	26	119	119	26%	Fixed
<i>France - under construction</i>		1	10.0	10.0	5	23	23	27%	
<b>US</b>	US - South		829.6	488.9	607	2,908	1,703	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%	
Sub Total		18	1,556.7	1,068.9	1,178	5,104	3,438	37%	PPA & Market
Sub Total - Operational		38	2,056.0	1,568.0	1,430	6,534	4,867	35%	
<i>Sub Total - Under Construction</i>		3	189.7	189.7	85	584	584	35%	
<b>TOTAL</b>		41	2,245.7	1,757.7	1,515	7,118	5,451	35%	

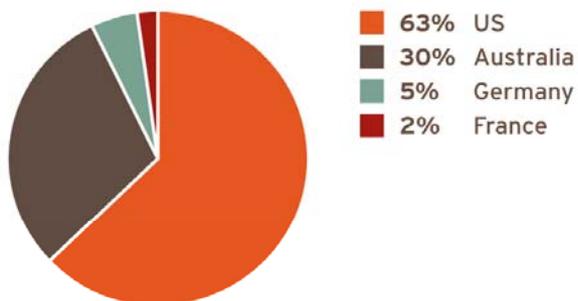
<sup>1</sup> Ownership represents equity interest. For the USA wind farms this is on the basis of active ownership as represented by the percentage ownership of Class B Member interest.

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

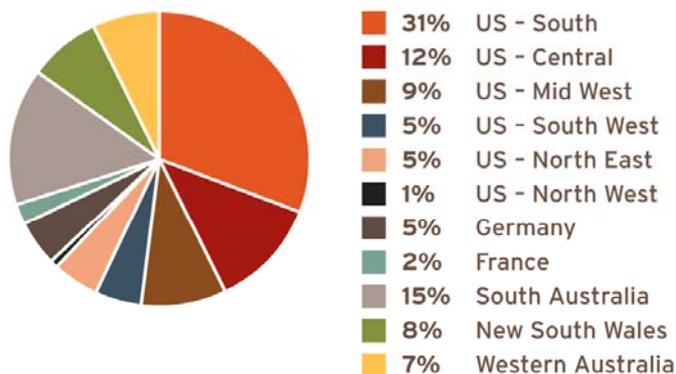
<sup>3</sup> Includes assets under construction.

# High quality assets

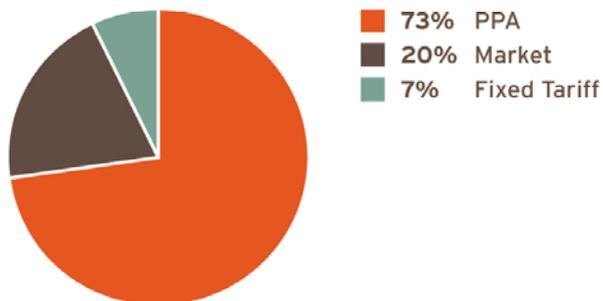
## REGULATORY REGIME



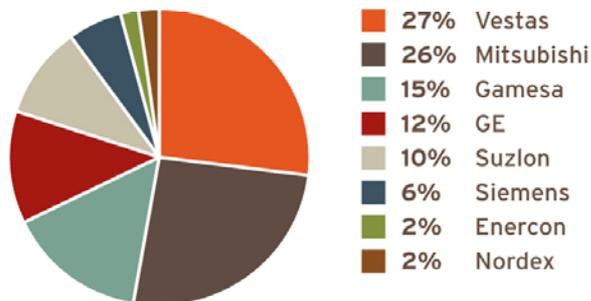
## WIND RESOURCE



## REVENUE ASSURANCE



## EQUIPMENT AND SERVICE



BBW diversification (by GWh pa) – includes assets both in operation and under construction

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