

## BABCOCK & BROWN WIND PARTNERS

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Babcock & Brown Wind Partners Trust · ARSN 116 244 118  
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### ASX Release

28 June 2006

#### **BBW – CEO presentation to UBS Utilities conference**

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Attached is a presentation to be made today by Peter O'Connell, CEO of Babcock & Brown Wind Partners, at the UBS Utilities Conference in Sydney.

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## BABCOCK & BROWN WIND PARTNERS

### **About Babcock & Brown Wind Partners**

Babcock & Brown Wind Partners (ASX: BBW) is a specialist investment fund focused on the wind generation sector. BBW listed on the Australian Stock Exchange on 28 October 2005 and has a market capitalisation of approximately A\$800 million.

It 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).

BBW's portfolio comprises an interest in or agreement to buy 23 wind farms on three continents that have a total installed capacity of approximately 1,150 MW and are diversified by geography, currency, equipment supplier, customer and regulatory regime.

BBW is managed by Babcock & Brown Infrastructure Management Pty Limited, a wholly owned subsidiary of Babcock & Brown Limited (ASX: BNB), a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown has a long history of experience in the renewable energy field and extensive experience in the wind energy sector, having arranged financing for over 3000MW of wind energy projects and companies over the past 16 years, with an estimated value over US\$3 billion. Babcock & Brown's roles have included acting as an adviser/arranger of limited recourse project financing, arranging equity placements, lease adviser, project developer, principal equity investor and fund manager for wind energy projects situated in Europe, North America and Australia. Babcock & Brown has developed specialist local expertise and experience in the wind energy sector in each of these regions which it brings to its management and financial advisory roles of BBW.

BBW's investment strategy is to grow security holder wealth through management of the initial portfolio and the acquisition of additional wind energy generation assets.

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

# Defining opportunity and growth in the wind energy generation sector

Presentation by Peter O'Connell

Chief Executive Officer, Babcock & Brown  
Wind Partners, 28<sup>th</sup> June 2006

# AGENDA

1. Executive Summary
2. Industry Landscape
3. Wind Market Dynamics
4. BBW Competitive Strengths
5. Key Financial Outcomes
6. Conclusion

## Executive Summary

- Babcock & Brown Wind Partners (ASX:BBW) is a specialist investment fund focused on the growing global wind energy generation sector
- BBW's listing coincides with the enormous opportunity and growth within this sector
- Demonstrated by BBW's growth from a single asset private investment vehicle in June 2003, to a listed fund with market capitalisation of A\$857 million<sup>1</sup>, comprising of 23 windfarms with a combined capacity of 1,152MW
- BBW is well positioned to benefit from growth in the wind energy industry as demonstrated by:-
  - National regulatory emissions targets and reducing dependence on fossil fuels
  - Improving wind energy economics and technology gains that continue to reduce costs
- Previous guidance of stated financial outcomes post the recent capital raising remain intact
- Priority is to improve the portfolio via selective acquisitions and optimise the geographic diversity of the business within a clearly defined and disciplined investment policy

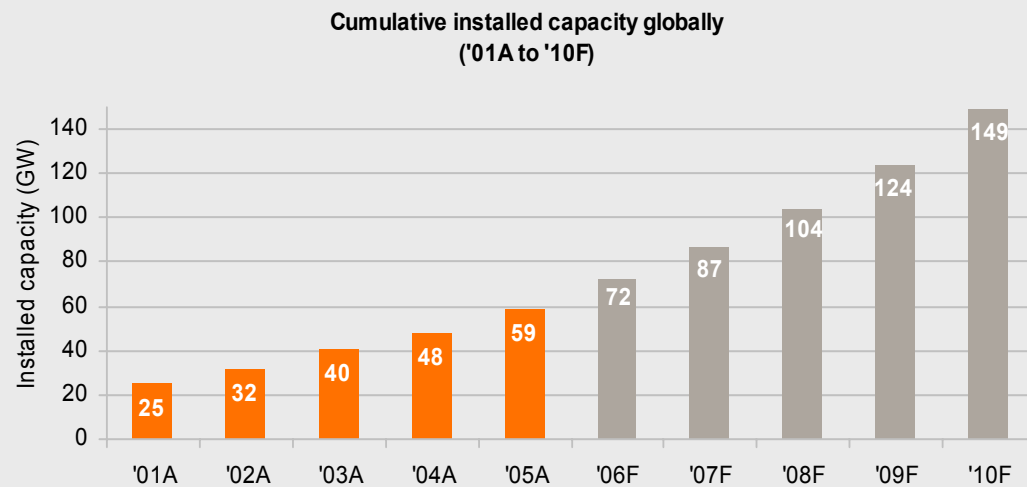
Note: 1 Based on closing share price as at 23/6/2006 of \$1.49.

## Industry Landscape: Key Drivers

- From an emerging fuel source 20 years ago, wind energy has developed into a significant energy source in many countries
- The rapid growth has been driven by:-
  - the desire by many countries to reduce greenhouse gas emissions
  - the need to reduce dependence on, and depletion of, non-renewable resources
  - the desire by many countries to diversify the sources of their energy supply
- Wind generation costs have fallen by 50% over the last 15 years, moving towards the cost of conventional energy sources in many markets
- Wind energy continues to become more price competitive as traditional fuel prices escalate and further technical efficiencies are achieved

## Industry Landscape: Growth dynamics remain robust

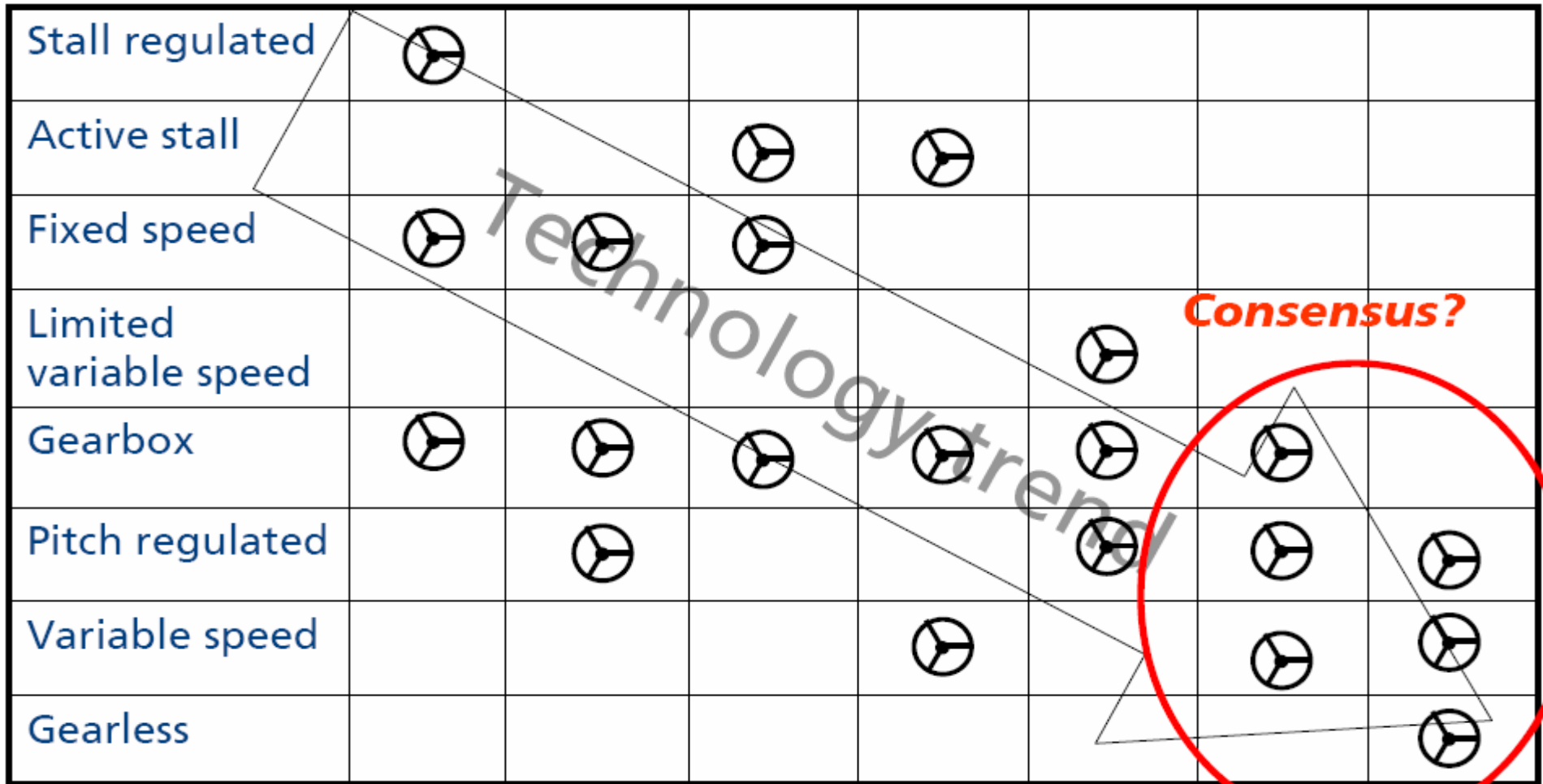
Wind energy installed capacity is forecast to grow at 21% p.a. from 2001 to 2010F



- Continuing emphasis on wind energy with cumulative global installed capacity forecast to grow at over 21% per annum<sup>(1)</sup>
- Value of the wind energy investment over the next five years will be over US\$132bn

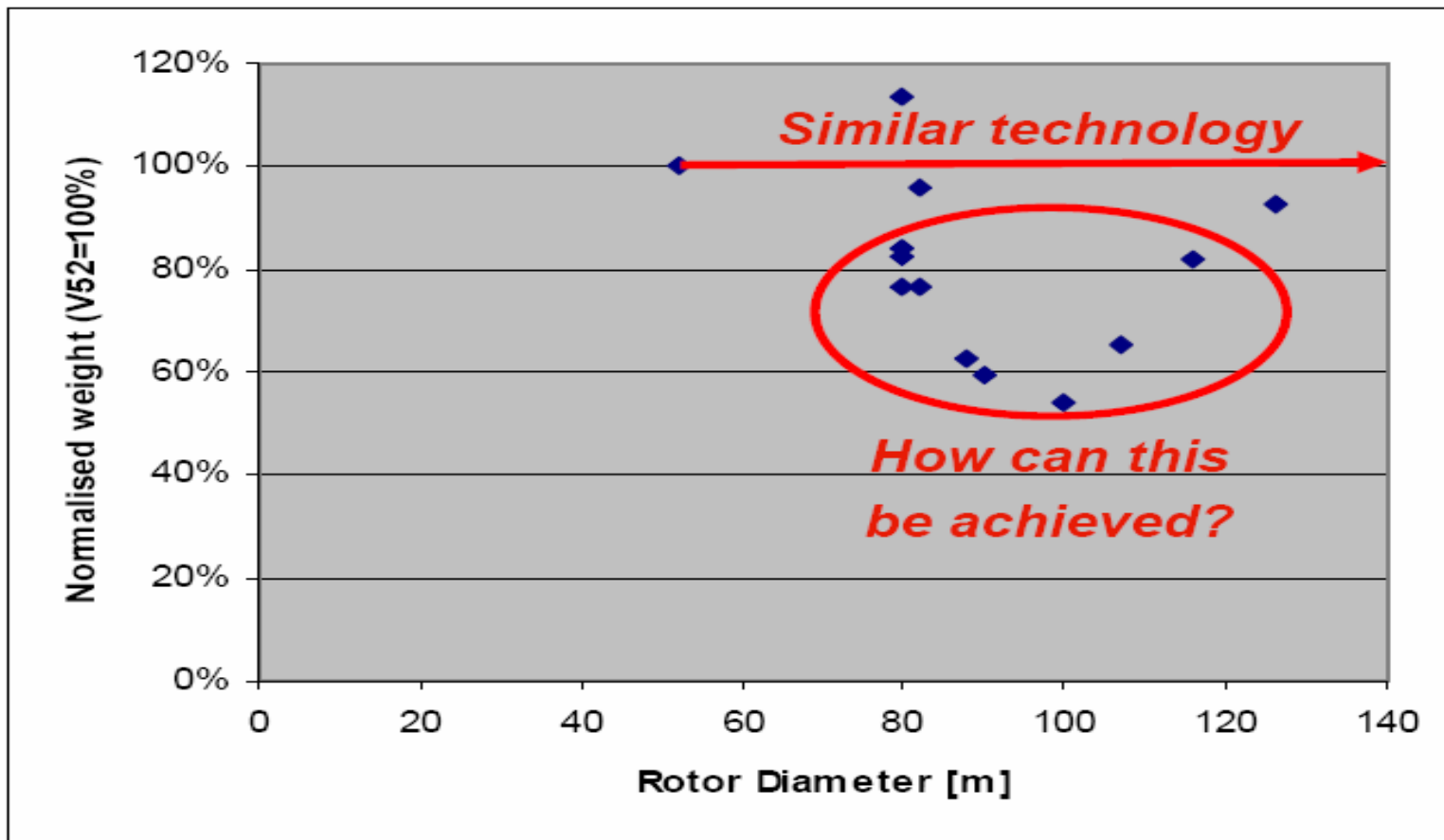
<sup>1</sup> Industry information as per BTM 2005 Consult report

# Wind Market Dynamics: Technology Gains Continue



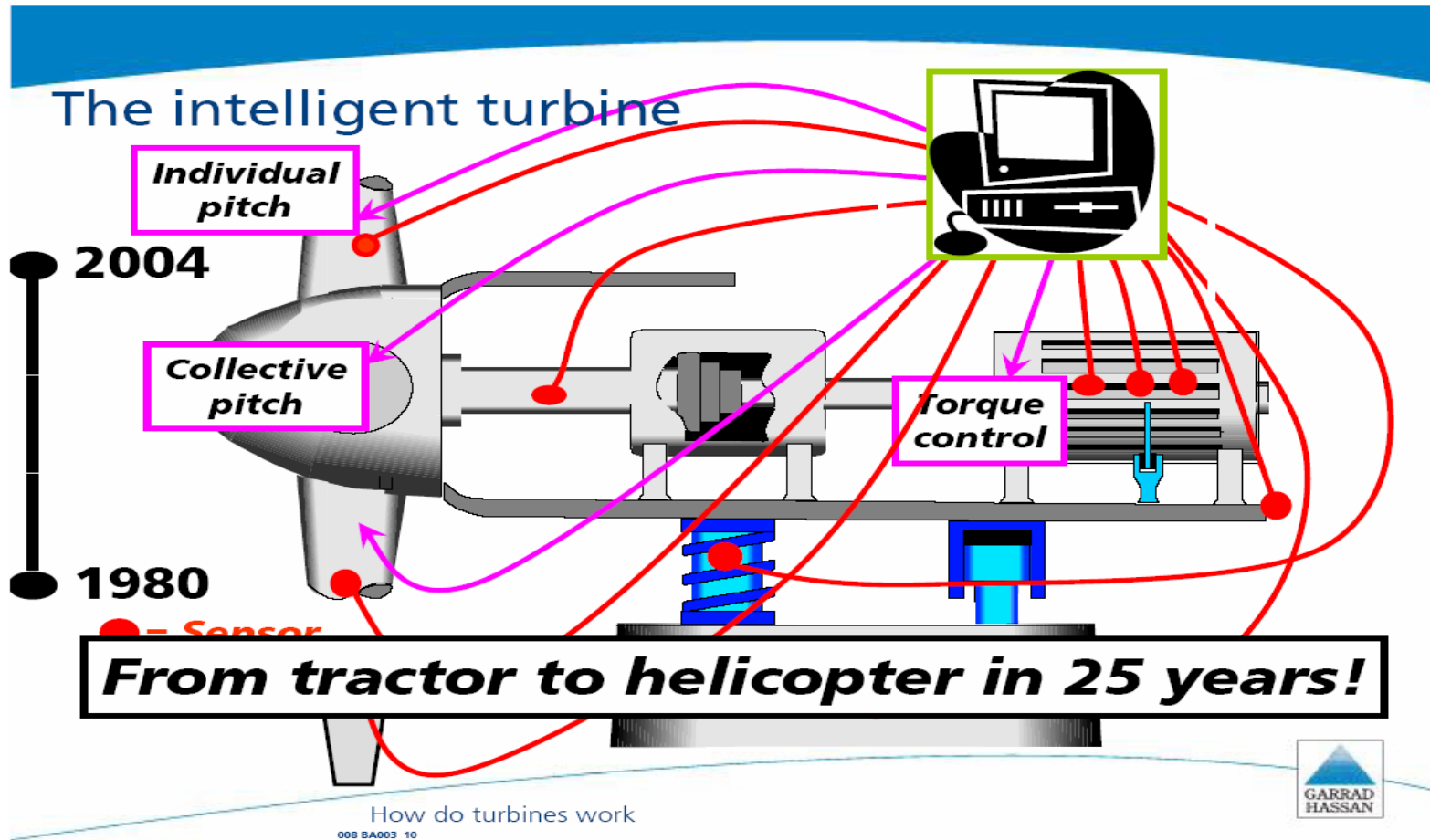


# Wind Market Dynamics: Technology Gains – example 1



Source: Industry information as per Garrad Hassan

# Wind Market Dynamics: Technology Gains – example 2



Source: Industry information as per Garrad Hassan

## Wind Market Dynamics: The word is spreading

Portugal

France

Ireland

UK

Norway

Sweden

Australia

Canada

China

India

Korea

Tunisia

Morocco

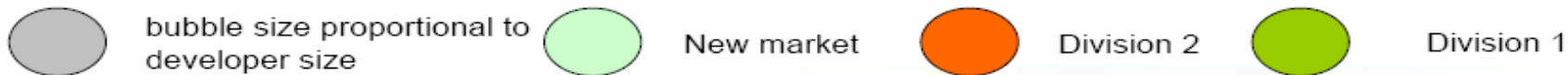
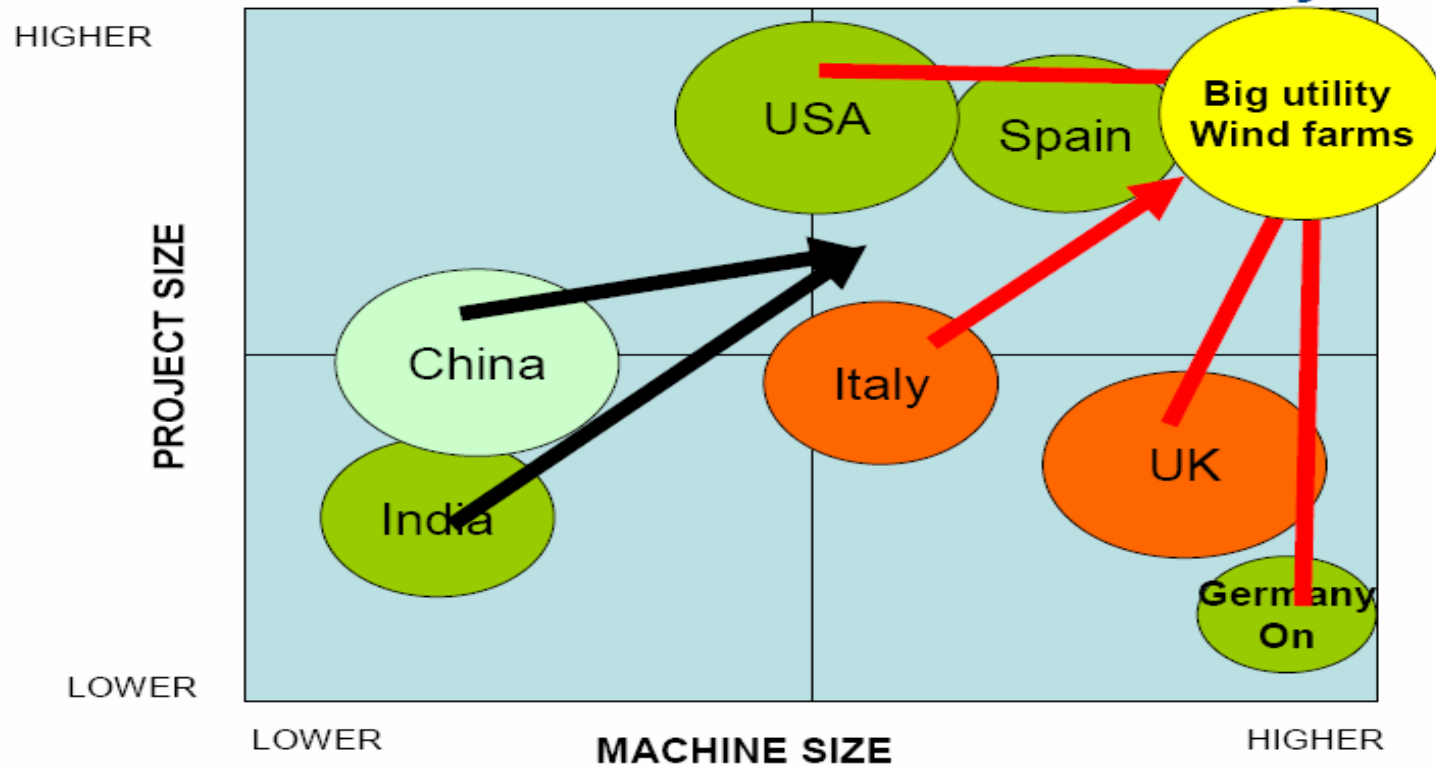
Egypt

Source: Industry information as per Garrad Hassan

# Wind Market Dynamics: This is a utility business

## National characteristics

...will become closer as the industry develops



Source: Industry information as per Garrad Hassan

# Wind Market Dynamics: Size is more critical

This is a utility business

- Retraction from smaller projects
- New opportunities for new players
- New owners arrive
- New contract structures
- New suppliers will arrive – much action in Japan & Korea
  
- Change in funding trends
  - Less “simple” project finance
  - More balance sheet building
  - More portfolio funding
  - Lots of assets changing hands
  - Lots of banks chasing deals (not vice versa)

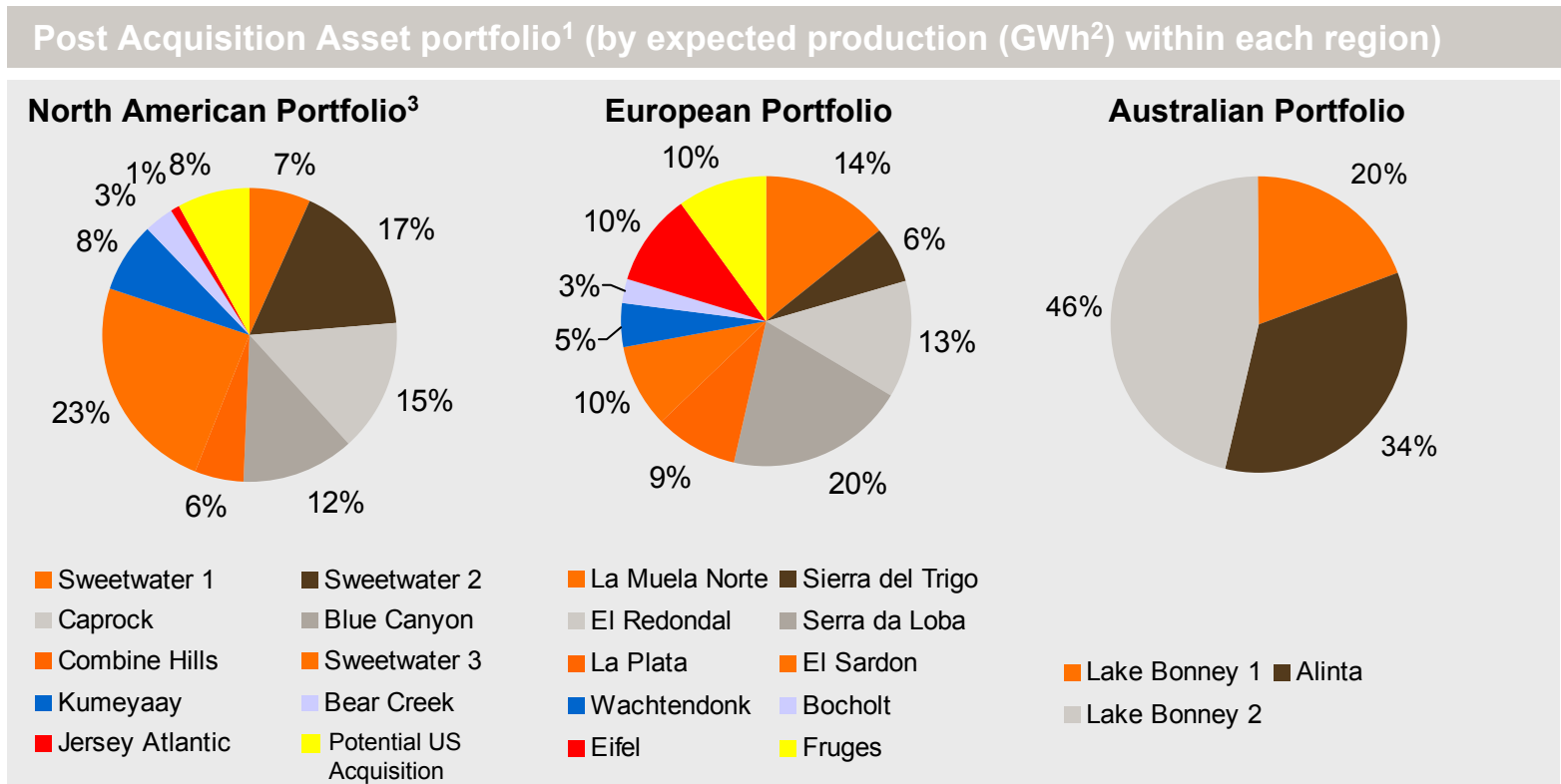
Source: Industry information as per Garrad Hassan

## BBW Competitive strengths: B&B Association has many benefits

- Babcock and Brown as manager
  - Experienced investment manager with various managed funds currently listed on ASX<sup>(1)</sup>
  - 16 years of experience in the wind energy sector: announced deal pipeline of approx 3,000MW
- Industry & Financing expertise
  - Industry knowledge with development and financing experience in Europe, US & Australia
  - Understanding of complex regulatory regimes in those markets
  - Expertise to source and negotiate future acquisitions
- Strategic relationships
  - Existing relationships with key turbine manufacturers including Vestas and Gamesa, as well as developers and major wind financing banks
  - Opportunities may arise through strategic alliances between industry participants and BBW or Babcock & Brown (eg Gamesa (Spain), Renerco & Plambeck (Germany))
- Operations
  - Active “hands on” management

Note (1) : funds include BBW, BBI, BEI, BJT, BCM.

## BBW Competitive strengths: Quality portfolio of globally diversified assets



- It is expected that post completion of the acquisitions, the FY07 EBITDA (cash distribution for US) contribution of each region will be relatively equal
- Post Acquisition portfolio of wind farms increases from 16 to 23 with a combined capacity of approximately 1,152MW

<sup>1</sup> Includes identified acquisitions as announced to date.

<sup>2</sup> Based on long term mean energy production estimates by expert advisers

<sup>3</sup> Not taking into account proportionate equity interest of BBW

## Key Financial Outcomes: Post equity capital raising

- Nominated acquisitions will be immediately accretive to net operating cashflow per stapled security<sup>1</sup>.
  - Acquisitions to contribute approximately A\$22m in FY07 <sup>2,3</sup>
  - When fully operational acquisitions are expected to contribute approx A\$43m p.a <sup>3</sup>
- FY07 IPO revenue and EBITDA forecasts to be exceeded as a result of the acquisitions
- Gearing is currently 45%
- Distribution guidance confirmed
  - 10.2cps for FY06
  - At least 11.2cps FY07
  - Expected distribution growth of least 3.5% over the medium term
  - By FY07, gross cash flow will cover distributions

Note:

1. Pre interest, principal repayments and expansion capex

2. Excluding Lake Bonney 2 and Fruges which are not expected to commence production until early 2008

14 3. Post interest, tax and corporate costs and prior to capital expenditure, acquisitions, and principal debt repayments



## Conclusion: Wrap up

- Wind energy is not a fringe market and the economics for the industry are improving and better than initial expectations
- BBW provides an immediate exposure to a diverse portfolio of wind farms with potential for operational upside. BBW is clearly a utility business. Ideally placed to take advantage of positive wind industry dynamics
- Focus is to expand the wind farm portfolio via acquisition and optimise the geographic diversity of the business within a clearly defined and disciplined investment policy. In addition, value will be created via improved operational performance
- BBW is well positioned to benefit from growth in the wind energy industry driven by the desire to reduce greenhouse gas emissions; reduce dependence on, and the depletion of non-renewable resources; coupled with the need to diversify the sources of energy
- Expect to deliver on stated financial outcomes. FY07 IPO revenue and EBITDA forecasts to be exceeded and gross cash flow will cover distributions

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