

# Investor Discussion Pack

June 2009



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# Agenda



- **Introduction**
- Financial Overview
- Asset Management
- Industry Trends
- Outlook
- Appendix

**Presenters:**

Miles George

Managing Director

Gerard Dover

Chief Financial Officer

Rosalie Duff

Head of Investor Relations



# Introduction to Infigen Energy

## Key Information

Listing Date	28 October 2005
Securities on issue <sup>1</sup>	819,072,351
Market Capitalisation <sup>1,2</sup>	A\$1,028 million US\$802 million
Listing exchange	ASX (Australia) S&P/ASX200
Security price	At 28 May 09 A\$1.255 12 mth low A\$0.525 12 mth high A\$1.78
FY09 Distribution	At least 9.0cps <sup>3,4</sup> Expected to be fully tax deferred

## Recent News

- Management agreements and the exclusive financial advisory agreement with B&B terminated in Dec 2008
- BBW changed its name to Infigen Energy in April 2009 after a special resolution was approved by Securityholders
- New ASX code: IFN
- Board changes announced
- Continuing on-market security buy-back program. Approximately 58.5 million securities bought back to date<sup>4</sup>
- In principle agreement with B&B to acquire its Aust/NZ wind energy project development assets, US wind asset management business, and minority interests in three of IFN's existing wind farms

1. Up to and including 25<sup>th</sup> May 2009, the total number of securities bought back and subsequently cancelled under the buy-back program is 57,926,355 securities.

2. Assuming AUD/USD FX rate of 0.78

3. FY09 distribution guidance based on current portfolio; assumes no further reinvestment or divestment. Interim distribution of 4.5 cents paid on 18 March 2009

4. As at 28<sup>th</sup> May 2009

# Value Proposition

<b>RENEWABLE ENERGY BUSINESS</b>	<ul style="list-style-type: none"> <li>• Diversified portfolio of 41 wind farms totalling 1758MW</li> <li>• High quality assets: 35% average capacity factor</li> </ul>
<b>CLEAR STRATEGY</b>	<ul style="list-style-type: none"> <li>• Leading cost competitive provider of utility scale renewable energy generation</li> <li>• Longer term growth and value added with the proposed acquisitions</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>STRONG FINANCIAL POSITION</b>	<ul style="list-style-type: none"> <li>• No refinancing deadline; long term amortising debt facility (15 years); Pro-forma Net Debt/EBITDA: 4.9x, ICR: 3.0x</li> <li>• Significant cash balances</li> <li>• Long term revenue contracts and predictable costs</li> <li>• All remaining construction CAPEX funded with cash; no unfunded commitments</li> </ul>
<b>ASSET MANAGEMENT FRAMEWORK</b>	<ul style="list-style-type: none"> <li>• Performance improvements through direct control of operations</li> <li>• Capture value from upside in electricity prices</li> </ul>
<b>INVESTMENTS / DIVESMENTS</b>	<ul style="list-style-type: none"> <li>• Initiated and executing buyback; accretive at current prices</li> <li>• Consider near, medium and long term macro factors for consideration of asset values / disposals</li> <li>• German &amp; French assets non-core</li> </ul>
<b>FINANCIAL GUIDANCE</b>	<ul style="list-style-type: none"> <li>• FY09 distribution guidance reconfirmed: distributions covered by cash flow after debt repayments</li> <li>• Cost reduction initiatives announced</li> </ul>

# Key Milestones – 2009



Internalisation

- ✓ Financial and contractual close achieved 31 December 2008
- ✓ Appointment of CEO as Managing Director
- ✓ Direct employment of management
- ✓ EGM
  - Name change
  - Equity incentive scheme
  - Board changes announced
- ✓ Transition project continuing
- Acquisition of B&B's Australian / NZ development pipeline, US asset management business and minority interests
- Relocate to new premises
- Transition of IT systems
- Final consideration of \$5m payable to B&B on 30 June 2009
- Completion of construction of Capital wind farm (140.7MW) mid 2009
- Completion of construction of Lake Bonney 3 wind farm (39MW) late 2009

# Significant Presence in Growth Markets



Australia's leading wind energy generator is also sixth largest in the US

## Australia<sup>1</sup>

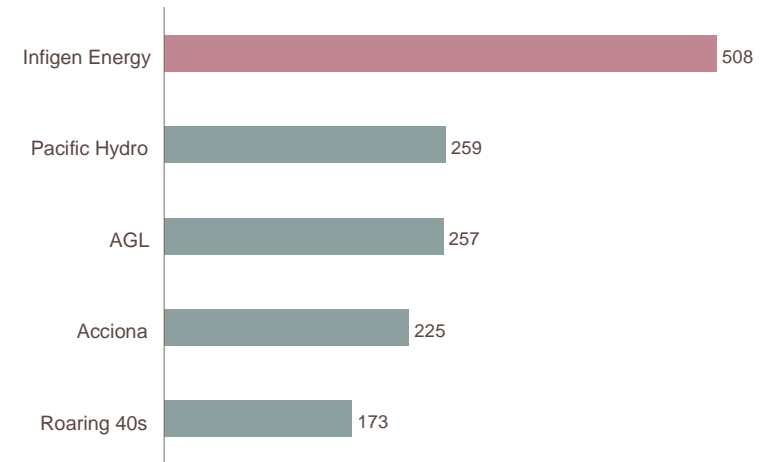
- 482MW of new installations in 2008 - a 58% increase in Australia's total installed capacity
- An additional 555MW under construction and expected to be commissioned in 2009
- Mandatory Renewable Energy Target will increase from 9,500GWh to 45,000GWh, to support Australia's renewable energy target of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

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

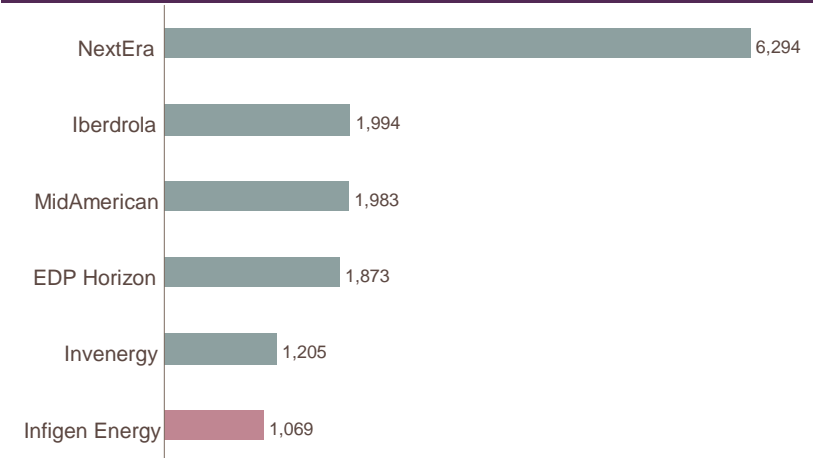
- 8,385MW of new installations in 2008 – a 50% increase over 2007
- Largest wind energy market by installed capacity with 25,170MW
- Wind energy accounted for approx 42% of new build generation in 2008
- Feb 2009 economic stimulus bill approved 3 year extension to PTC; option to elect ITC in place of PTC; and a \$6b renewable energy loan guarantee program

1 Source: Global Wind Energy Council

### Australia - top five wind farm owners by total capacity (MW)<sup>1</sup>



### US - top six wind farm owners by installed capacity (MW)<sup>2</sup>



1 Source: Clean Energy Council and Infigen. Includes wind farms in operation and under construction.

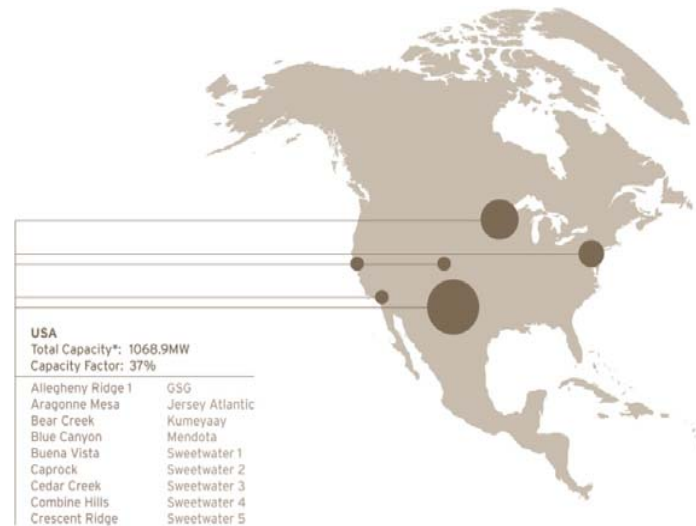
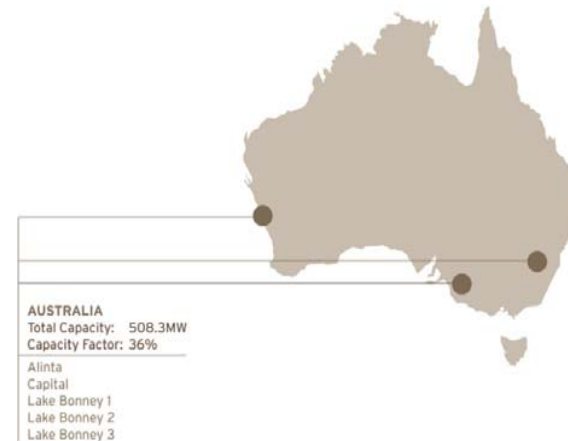
2 Source: Emerging Energy Research and Infigen.

# 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 competitive advantage
- Continue to invest in asset management capabilities
- Establish and grow an internal development pipeline
- Deployment of capital to maximise returns



\* Represents Infigen's % ownership of Class B Member Units. Infigen owns 100% of Class B Member Units of a 95% interest in Aragonne Mesa.





# Investment in Growth

<b>Australian development business</b>	<ul style="list-style-type: none"><li>• In principle agreement to acquire B&amp;B's Australia and New Zealand wind energy development assets</li><li>• Creates option for organic growth from 2011</li><li>• Includes over 1000MW of projects</li></ul>
<b>US asset management</b>	<ul style="list-style-type: none"><li>• In principle agreement to acquire up to 100% of B&amp;B's wind farm US asset management business</li><li>• Brings US asset management capability in-house</li><li>• Capture further performance improvements and cost savings</li><li>• Potential source of third party revenue</li></ul>
<b>Minority Interests</b>	<ul style="list-style-type: none"><li>• In principle agreement to acquire minority interests in US &amp; Germany</li><li>• Removes B&amp;B minority interests and consolidates portfolio</li></ul>

- Total consideration approximately \$19.5m
- Costs associated with acquiring these assets approximately \$8.0m

# Cost Reduction Initiatives



## Corporate Cost Guidance

AUD m	FY08	FY09E	FY10E	FY11E
Total Corporate Costs	\$42.6	\$28.0	\$24.0	\$21.0

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## Cost Efficiency Targets

Benchmark	Medium Term Targets
Corp Costs % of Revenue	3.0%
Corp Costs % of Assets	0.4%

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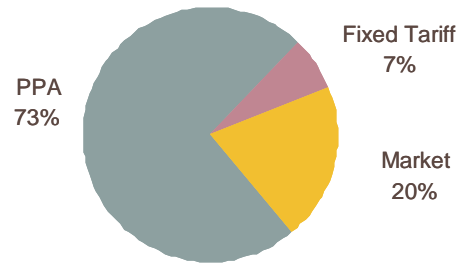
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- **Financial Overview**
- Asset Management
- Industry Trends
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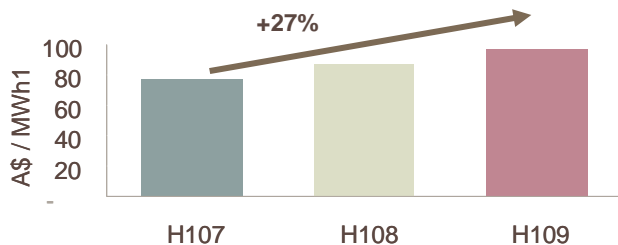
# Strong Financial Position – Stable Cash Flows

## Predictable Revenues



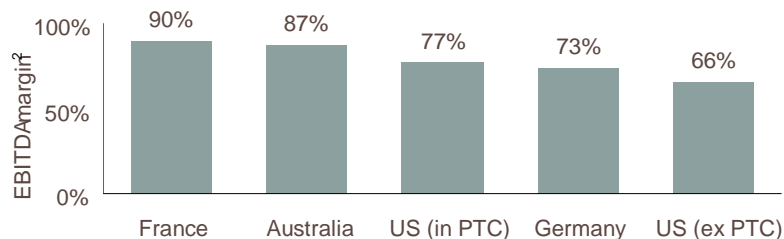
- PPAs with quality counterparties
- Predominantly inflation-linked prices
- Merchant exposure in attractive markets

## Revenues retain upside to improving electricity prices



- Achieved price per MWh CAGR of 13% since H107

## Costs – relatively stable, high EBITDA margins



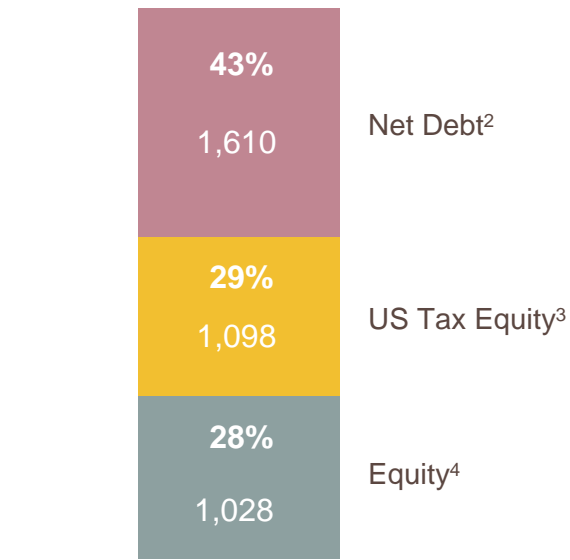
- Wind is a zero cost fuel
- High and stable EBITDA margins (66%-90%)
- Maintenance CAPEX is low & included in operating expenses
- More than 75% of interest costs hedged with average duration approx 9 years

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

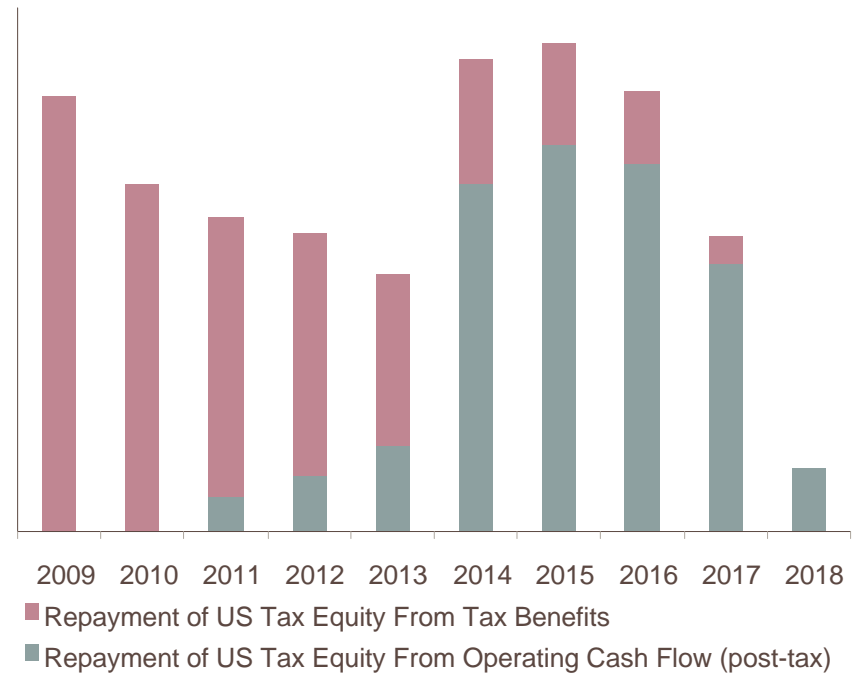
# Tax Equity



## Enterprise Value (AUD'm) <sup>1</sup>



## Repayment of Tax Equity



- Efficient funding source: Average cost 7.0% to 7.5%
- Non-recourse
- Fully repaid from US tax benefits & US project cash flows
- Debt facility repayments from cash flow after repayment of tax equity

Source: IFN Investor Pack (May 2009)

<sup>1</sup> AUD/EUR 0.49; AUD/USD 0.69

<sup>2</sup> Proforma balance sheet as at 31 Dec 2008

<sup>3</sup> Based on IFN's B Class ownership as at 31 Dec 2008

<sup>4</sup> Market Cap as at 28 May 2009

# 31 December 2008 Balance Sheet



Balance Sheet (AUD'm)	31 <sup>st</sup> Dec 08	Less US Minority	Infigen economic Interest	Sale Spain Jan 09	Committed Capex <sup>1</sup>	Separation & Transition <sup>2</sup>	Pro Forma	AUST	EU	US
Property Plant & Equipment	3,653	(287)	3,366	-	313	-	3,679	1,073	340	2,267
Other Tangible Net assets	153	1	154	-	-	-	154	38	116	(1)
Goodwill & Intangibles	472	(32)	440	-	-	-	440	87	48	306
Value of Derivatives	(320)	-	(320)	-	-	-	(320)	(108)	(33)	(179)
Net assets discontinued Spain	1,242	-	1,242	(1,242)	-	-	-	-	-	-
<b>Subtotal</b>	<b>5,201</b>	<b>(318)</b>	<b>4,883</b>	<b>(1,242)</b>	<b>313</b>	<b>-</b>	<b>3,954</b>	<b>1,090</b>	<b>470</b>	<b>2,394</b>
Current & Non Current Borrowing	(1,901)	-	(1,901)	-	-	-	(1,901)	(676)	(470)	(756)
Net Debt discontinued Spain	(1,241)	-	(1,241)	1,241	-	-	-	-	-	-
Cash	368	(5)	363	266	(313)	(25)	292	121	12	158
<b>Net Debt</b>	<b>(2,774)</b>	<b>(5)</b>	<b>(2,779)</b>	<b>1,507</b>	<b>(313)</b>	<b>(25)</b>	<b>(1,610)</b>	<b>(554)</b>	<b>(458)</b>	<b>(597)</b>
US Institutional Equity Partnerships classified as liabilities	(1,369)	271	(1,098)	-	-	-	(1,098)	-	-	(1,098)
Deferred Revenue US IEP	(477)	44	(433)	-	-	-	(433)	-	-	(433)
<b>Net Asset</b>	<b>581</b>	<b>(8)</b>	<b>573</b>	<b>265</b>	<b>-</b>	<b>(25)</b>	<b>813</b>	<b>536</b>	<b>12</b>	<b>265</b>
Minority Interest	(8)	(8)	-	-	-	-	-	-	-	-
<b>Infigen Net Assets</b>	<b>573</b>	<b>-</b>	<b>573</b>	<b>265</b>	<b>-</b>	<b>(25)</b>	<b>813</b>	<b>536</b>	<b>12</b>	<b>265</b>
Rates:			3.1x	EBITDA/INTEREST		Policy:	>2.5x	3.0x		
AUD/EUR 0.49			7.6x	NET DEBT/EBITDA		Covenant:	<11.5x	4.9x		
AUD/USD 0.69			1.5x	DSCR		Covenant:	>1.0x	1.6x		

1 Australia: \$267m; Germany: \$28m; France \$18m

2 B&B: \$5m; Legal & Advisory: \$6.5m; IT: \$6.0m; Employment Entitlements: \$4.0m; Other \$3.5m

# Risk Management Policies

- Infigen continues to uphold prudent financial risk management policies
- Gearing Policy: Interest Cover >2.5 times
- Funding Policy: Long-dated facilities matching asset life
- Interest Rate Policy:
  - > 75% fixed interest rate
  - Average maturity of swaps being approximately 9 years
  - Average interest rate in H109 was 6.27%
- Currency Policy:
  - Assets matched with borrowings in the same currency as a “natural hedge”
  - Net cash flow from foreign operations hedged on at least a 3 year rolling basis
- Liquidity Policy: \$50m cash buffer
  - Year end cash balances \$368m

# Continued Coverage of Distributions from Cash Flow



## 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
- Reduced interest 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

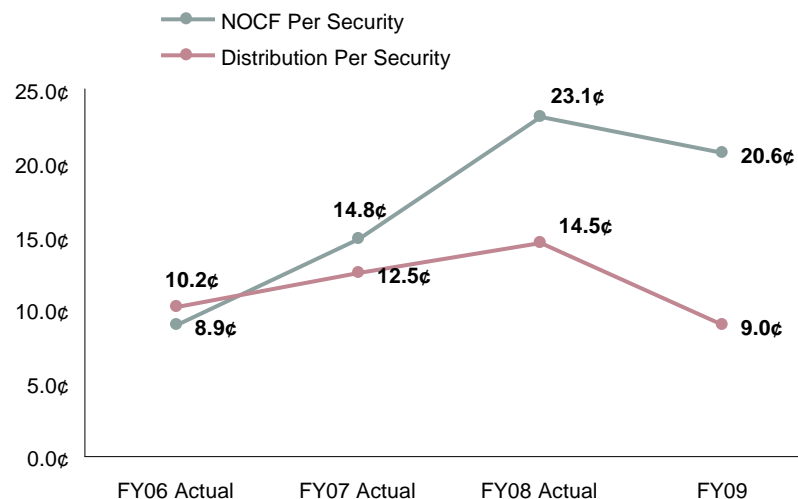
### After taking account of:

- 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



1. Excludes one-off costs of transition from B&B

2. Based on current portfolio; assumes no further reinvestment or divestment; Interim distribution of 4.5 cents paid on 18 March 2009

NOTE: Guidance shows what our results would be if certain assumptions including the assumptions set out above were realised. It is not a forecast and there can be no guarantee that our actual results will be as shown.



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# Construction Update



## France

### Les Trentes (10MW)

- The final Fruges project is expected to be operational in first week of June 2009



## Australia

### Capital (140.7MW)

- Commenced construction in February 2008 with expected completion mid 2009

### Lake Bonney 3 (39MW)

- Construction commenced early 2009 with completion expected late 2009



# Asset Management – Operational Focus



## 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
- After taking control of Sweetwater 1 availability continues to improve

## Capturing Value from Rising Electricity Prices

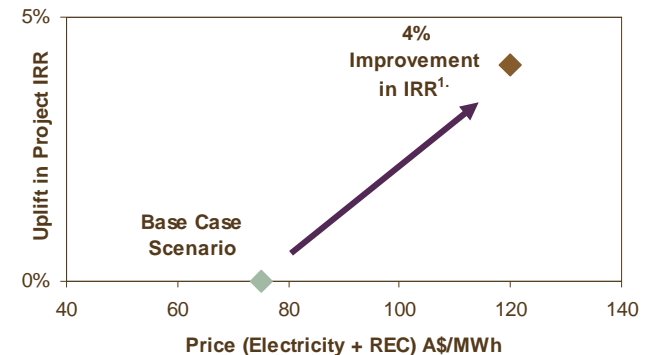
- Demonstrated ability to capture value from upside in electricity prices
- Selective exposure to attractive wholesale markets: LB2, GSG and Mendota

<sup>2</sup> Prior periods restated to A\$ at H109 exchange rates

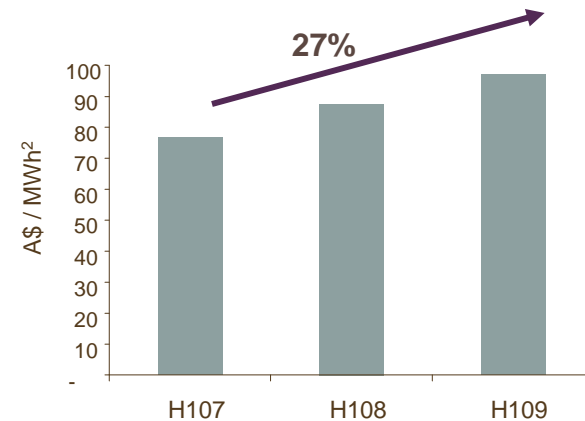
<sup>1</sup> IRR incorporates a 5 year uplift in \$/MWh only

<sup>2</sup> Prior periods restated to A\$ at H109 exchange rates

Capturing Value in Rising Price Markets - Lake Bonney 2



IFN Total Average Tariffs



Extracting value from direct operational control

# Agenda

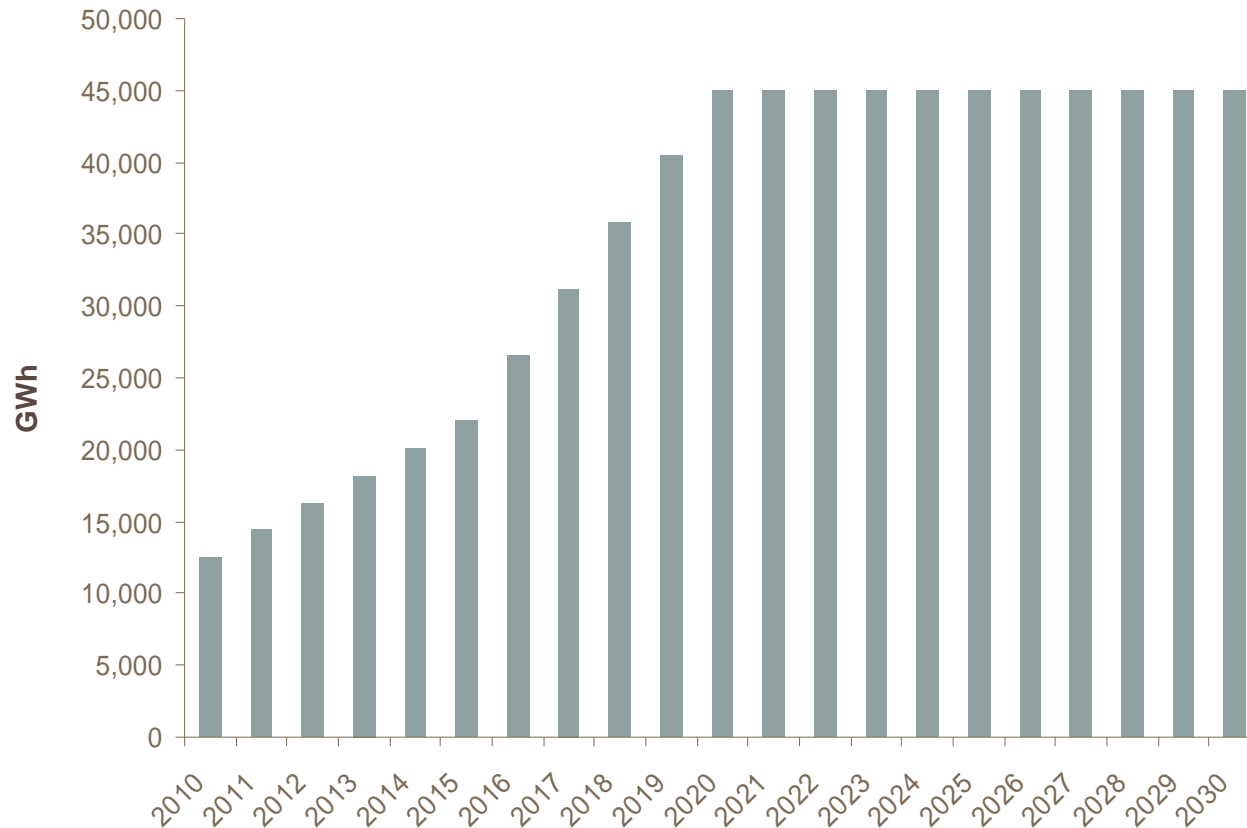


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# Overview of Renewable Energy Target



## National Renewable Energy Target Profile (RET)



1 Source: Council of Australian Governments (COAG)

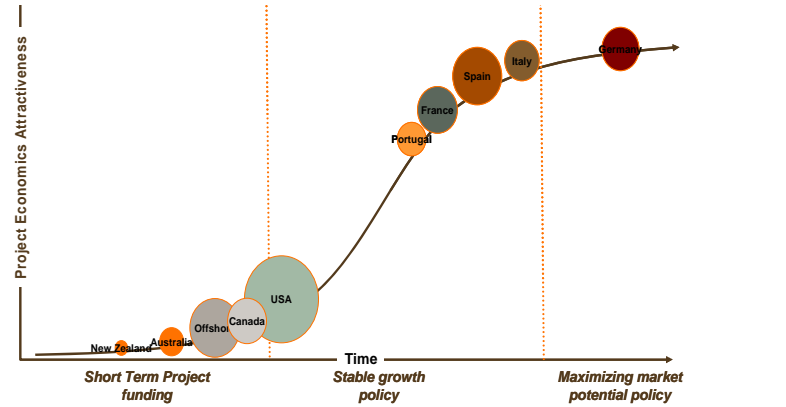
- Expansion of RET to 45,000 GWh by 2020 (previously 9,500 GWh)
- Increase in shortfall penalty for non-surrender of Renewable Energy Certificates (RECs) from \$40/MWh to \$65/MWh (\$93/MWh pre-tax)
- Commencement date 1 January 2010; concludes 2030
- Provides immediate stimulus to the industry in the short to medium term



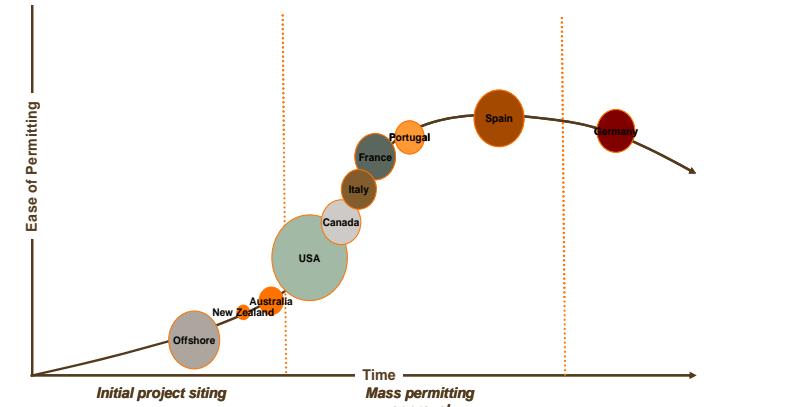
# Wind Energy Market Maturity



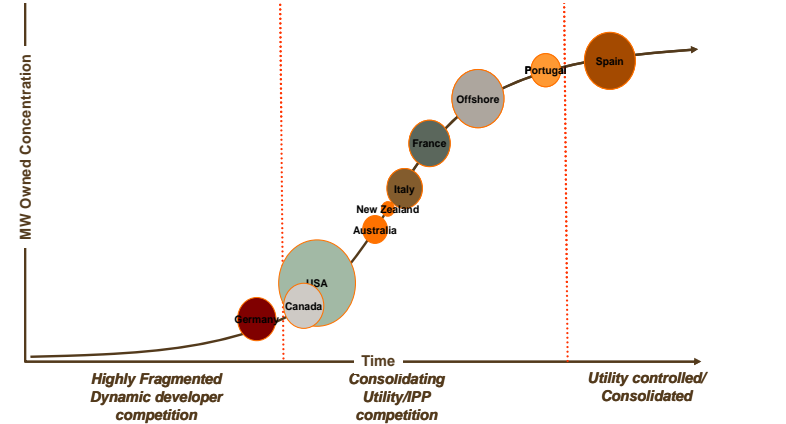
## Regulatory Mechanisms



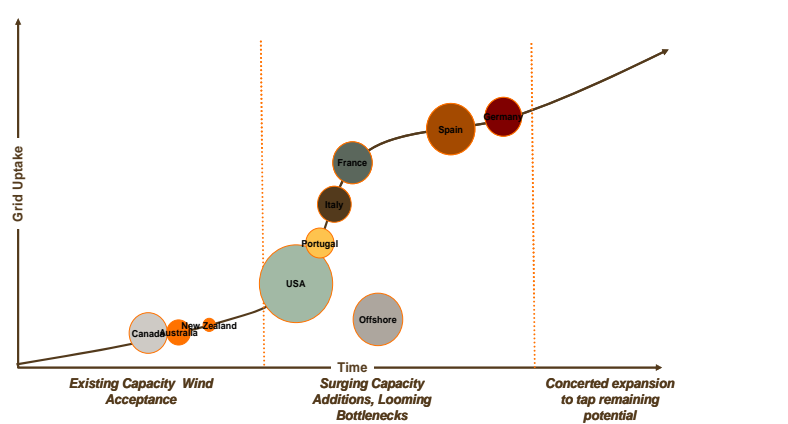
## Site Approval



## Competition



## Utility/Grid Issues



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# Wrap Up

## Initiatives to Maximise value

- Securing independence from B&B
- Improved governance framework
- Focus on key growth markets with regulatory upside
- Initiated and executing buyback
- Revised corporate cost guidance & medium term cost efficiency targets

## Financial Outlook

- FY09 distribution guidance reconfirmed
- Limited exposure to current economic conditions

## Strategic Priorities

- In principle agreement to acquire Australian / NZ pipeline, US asset management business & minority interests
- German & French assets non core
- Ongoing assessment of value

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# Portfolio 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>		
<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%	
Sub Total - Under Construction		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.

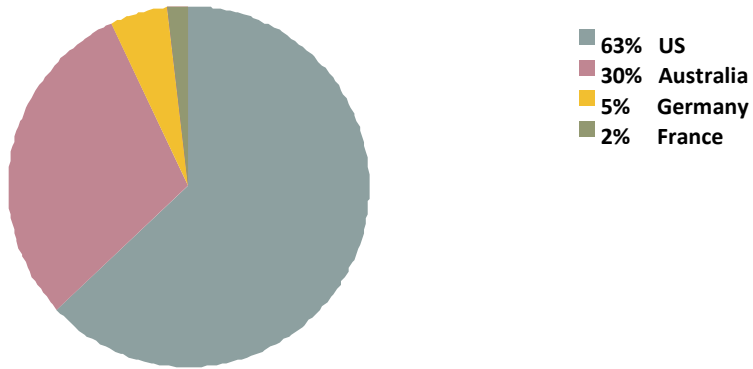
<sup>2</sup> "PPA": Power Purchase Agreement.

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

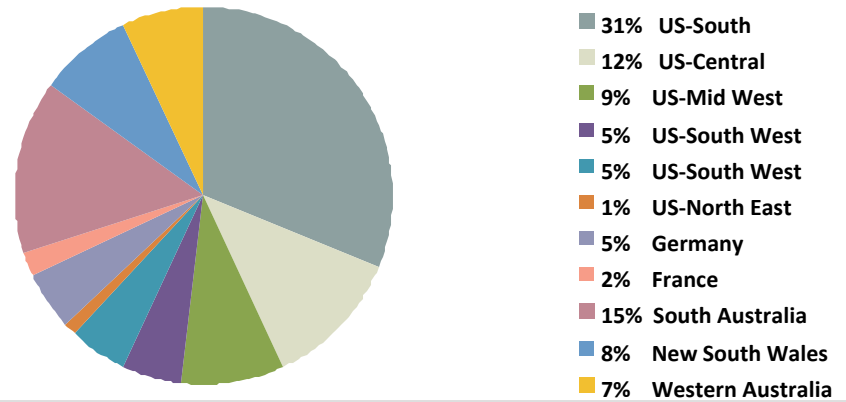
# High Quality Assets



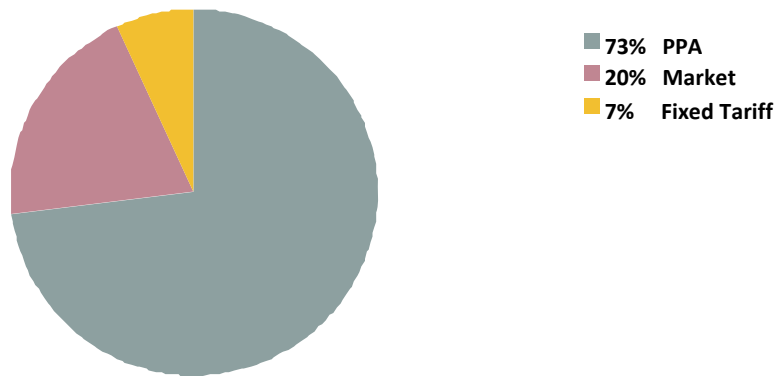
## Regulatory Regime



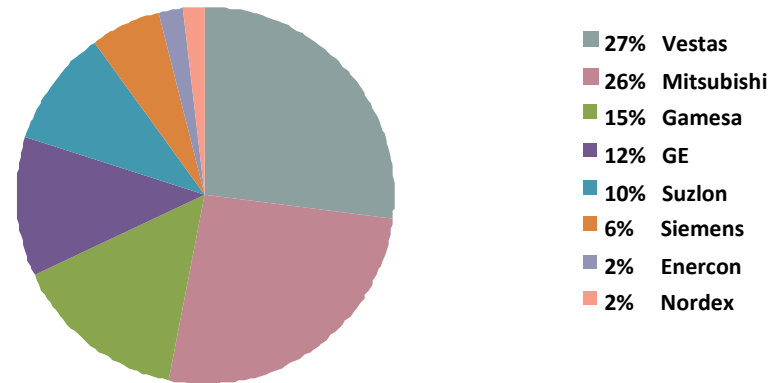
## Wind Resource



## Revenue Assurance



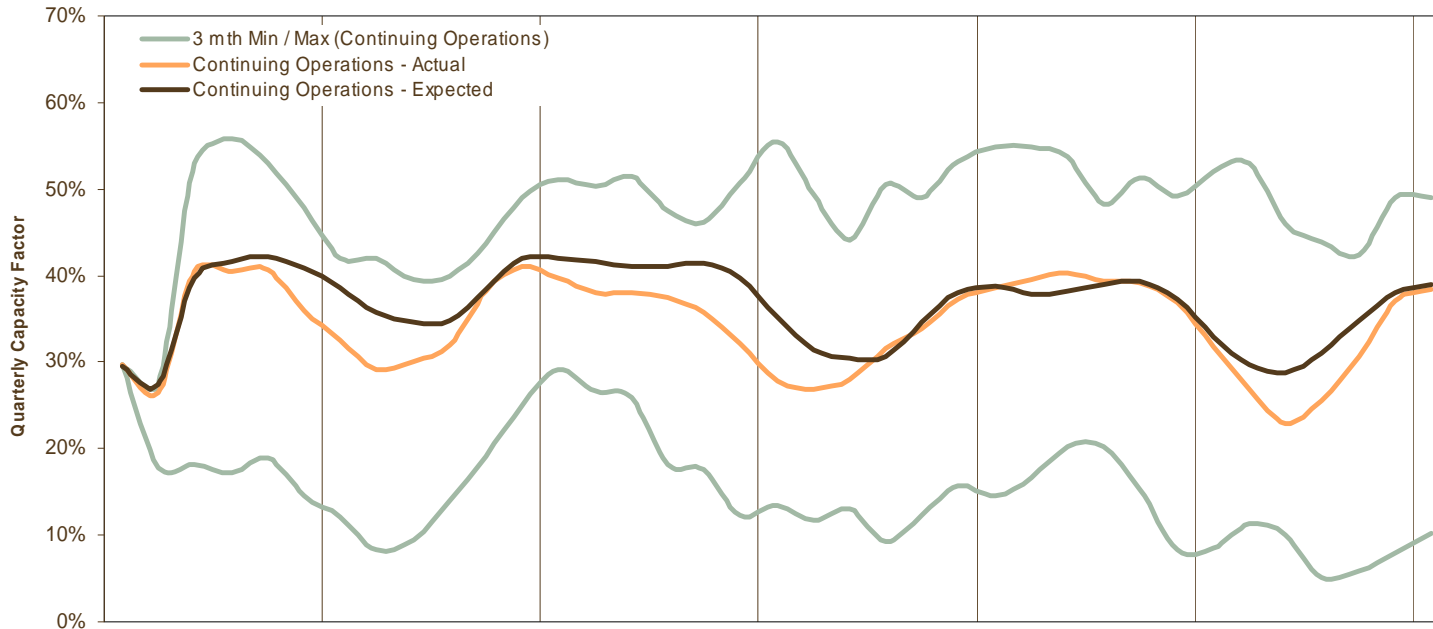
## Equipment and Service



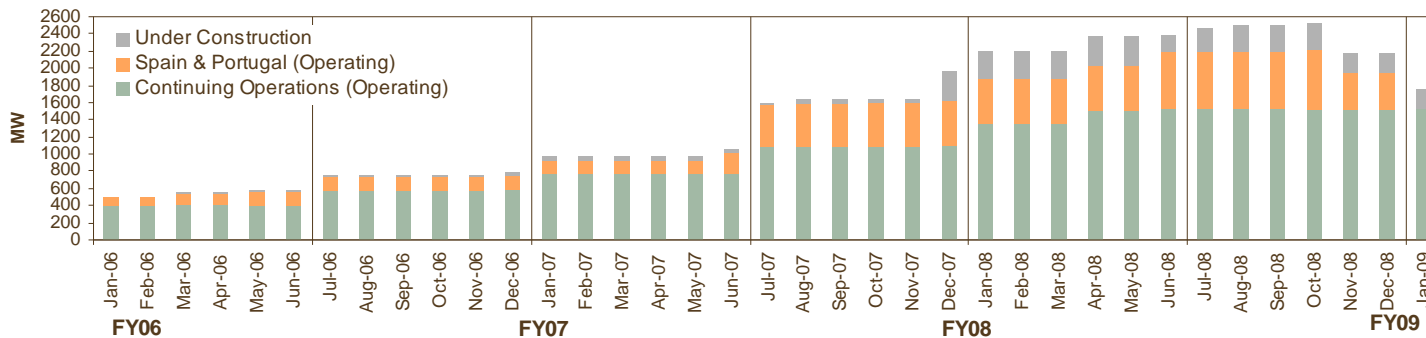
# Operational Performance – High Quality assets



## Range of Individual Wind Farms Performance



- Large scale portfolio continues to achieve industry leading capacity factors
- Weighted average Capacity Factor of wind farms is relatively high at 35%
- Diversification benefit of reduced variability remains post Spain & Portugal sale

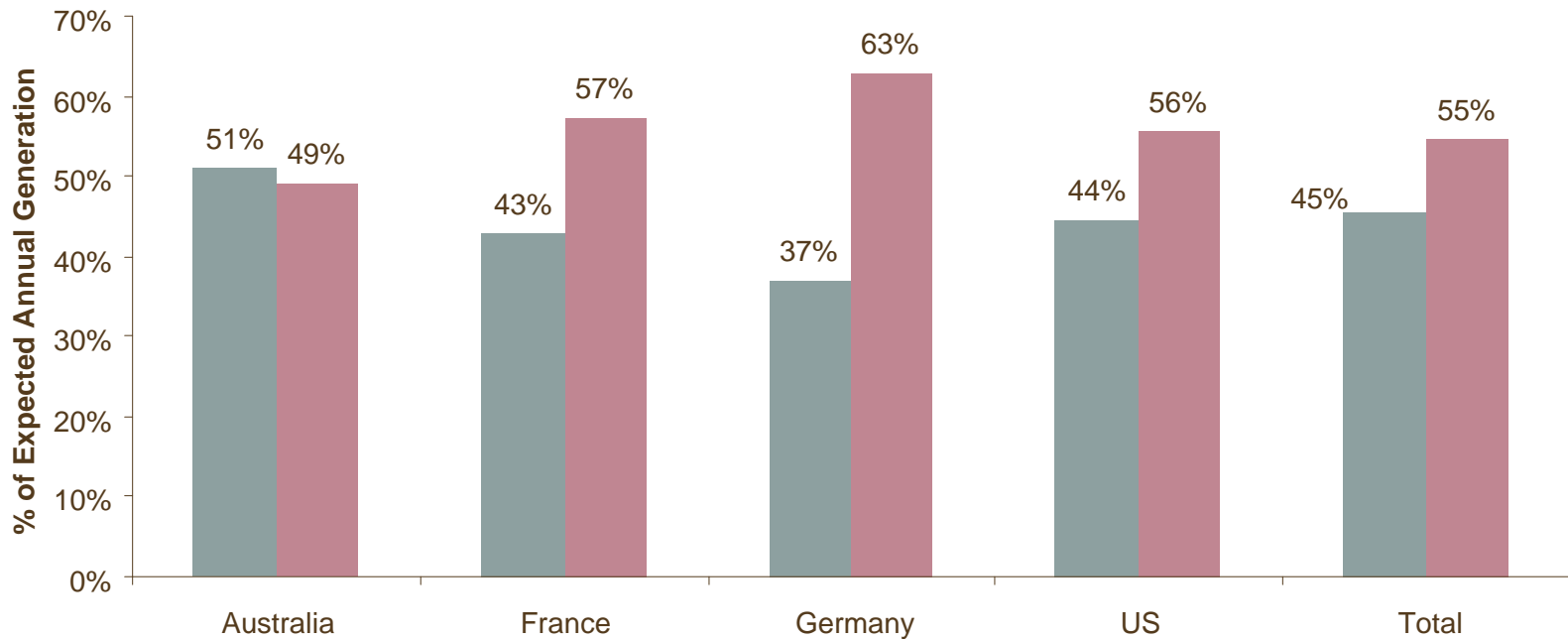


# Seasonality Analysis



## Continuing Operations - Seasonality

■ First Half ■ Second Half



### Seasonality

- Generation is shared towards second half