

Transfield Services Infrastructure Fund



2007-08 Half year results

20 February 2008

Steve MacDonald
Chief Executive Officer

Charles Mott
Chief Financial Officer

Important notice



The information contained in this presentation has been compiled by Transfield Services Infrastructure Fund from sources believed to be reliable, but no representation or warranty, express or implied, is made by Transfield Services Infrastructure Fund, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this presentation constitute Transfield Services Infrastructure Fund's judgment as of the date of this presentation, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this presentation constitutes legal, accounting or tax advice or individually tailored investment advice. This presentation is not and does not constitute an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance and future returns are not guaranteed. Australia and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this presentation may not be eligible for sale in some jurisdictions. This presentation is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither Transfield Services Infrastructure Fund nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this presentation or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of Transfield Services Infrastructure Fund.

Additional information is available on request.

This material has been distributed in Australia by Transfield Services Infrastructure Fund (ABN 31 106 617 332, AFSL 310497). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs.

Copyright © Transfield Services Infrastructure Fund, 2008, all rights reserved.

Agenda



- Highlights
- Financial performance
- Asset performance
- Outlook
- Summary

3

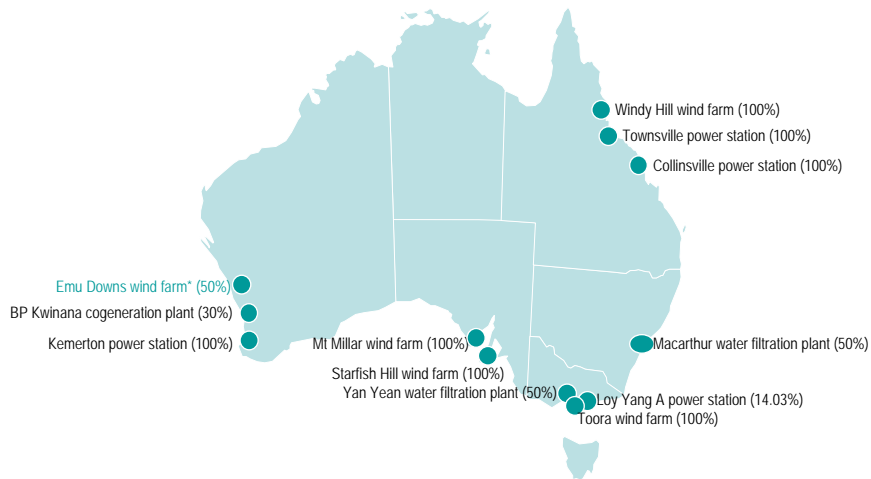
Highlights



- Interim distribution of 9.5 cents per unit, includes stub of 0.8 cents – upgrade on PDS
- EBITDA of \$45.7 million for the half year, up \$6.1 million (or 15 per cent) on half of PDS
- EBITDA includes a one-off payment of \$5 million
- Acquired four wind farms
- Participation in an attractive and secure development pipeline of up to 1,200 megawatts of new wind energy projects
- Most assets outperformed against expectations
- Upgrade to Kemerton power station is progressing on time and on budget
- Expect to exceed PDS for the full year for distributions – guidance is up 0.6 cents to 18.5 cents per unit

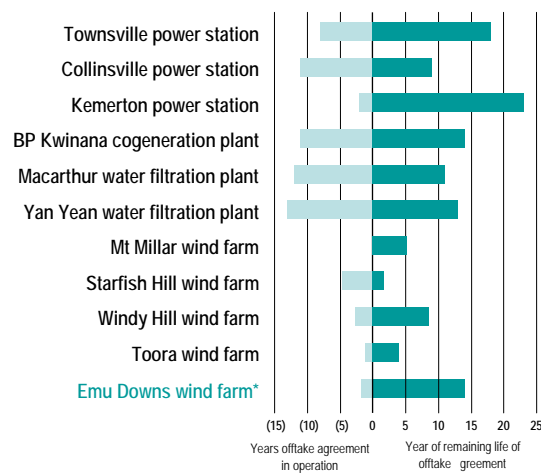
4

Highlights – Quality assets



* The 50 per cent acquisition of Emu Downs wind farm is subject to receipt by the vendor of necessary approvals.

Highlights – Portfolio contracts



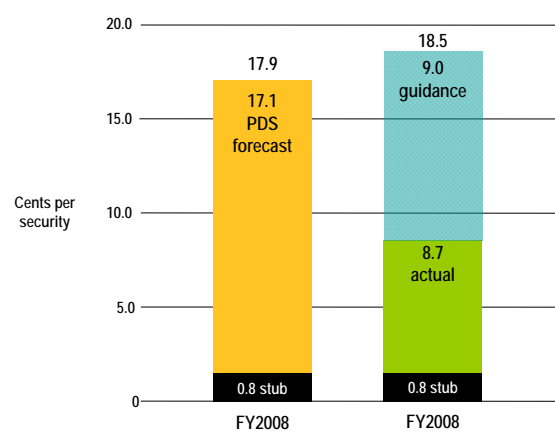
* The 50 per cent acquisition of Emu Downs wind farm is subject to receipt by the vendor of necessary approvals.



Financial performance

7

Distributions



The tax deferred component of the 9.5 cent interim distribution is approximately in line with full year guidance of 57.6 per cent and will be confirmed upon declaration of the distribution for the full year.

8

Financial performance – overview



\$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS	Variance note
Operating revenue	73,917	62,975	125,950	Higher generation at CPS and KPS
Other income	5,000	–	–	One-off receipt related to transfer of TPS PPA
Fuel costs	(20,329)	(10,308)	(20,615)	Higher generation at CPS and KPS
Operating costs	(14,503)	(12,922)	(25,844)	Higher costs incurred at CPS
Manager fees and costs	(5,237)	(5,351)	(10,701)	
Corporate expenses	(869)	(600)	(1,200)	
EBITDA (before investments)	37,979	33,794	67,590	
Equity accounted investments	5,112	3,335	6,669	Positive BPK performance incl release of provision
Investment income	2,577	2,465	4,930	
EBITDA (after investments)	45,668	39,594	79,189	Slightly ahead of PDS after \$5M one-off receipt
Depreciation	(11,306)	(13,720)	(27,440)	Reduced on consolidation of CPS/TPS into KPS
Amortisation	(621)	(3,047)	(6,093)	Reduced on consolidation of CPS/TPS into KPS
EBIT (including investments)	33,741	22,827	45,656	
Net finance costs	(10,397)	(10,597)	(21,193)	
Profit before income tax	23,344	12,230	24,463	Ahead of PDS after \$5M TPS and \$5M D&A
Income tax expense	(7,124)	(1,974)	(3,947)	Tax expense on TPS \$5M and adj to CPS deferred tax
Profit for the year	16,220	10,256	20,516	

9

Cash flow



\$ 000	Six months to 31 Dec 2007	100% PDS	Variance note
EBITDA (before investments)	37,979	67,590	
Net non-cash expenses	205	–	
Movements in working capital	(2,158)	357	
Distributions received	2,100	2,869	Part of BPK distribution related to prior period
Income tax paid	(6,039)	(2,669)	Tax payment on exit from TSE tax group per PDS
Net cash flow – operating	32,087	68,147	
Acquisition of controlled entities	(340,788)	–	
Capital expenditure	(12,461)	(11,164)	Expenditure on KPS upgrade
Interest and principal – Loy Yang A	2,174	5,353	
Interest received net of finance costs	3,025	(20,687)	Interest for the half paid after 31 December
Net cash flow – investing	(348,050)	(26,498)	
Bank borrowings	344,543	–	
Borrowings from investments	2,403	3,398	
Distributions to security holders	–	(24,884)	Declared half year distribution of \$25.3 million
Net cash flow – financing	346,946	(21,486)	
Net cash flow for the year	30,983	20,163	
Opening cash balances	22,004	3,819	
Closing cash balances	52,987	23,982	

10

Debt facility



- Borrowing Base Facility (BBF)
 - Limit of \$800 million
 - Margin of 1.2 per cent per annum
 - Term to September 2011
 - Amortisation of drawn debt to \$700 million by end of term
 - Nine participants
- Junior BBF
 - Limit of \$100 million, subordinated to BBF
 - Margin of 2.5 per cent
 - Term to September 2011
 - Interest only
- Gearing is approximately 60 per cent post wind farms acquisition

11

Debt facility – Cost of debt



- Prior to the acquisition of the wind farms, debt of \$404 million was 75% hedged at an all-in rate of 7.19 per cent
- Post acquisition of the five wind farms, debt of \$875 million has been 75% hedged at an all-in rate of 8.32 per cent
- The base rate hedges have been established for a term of more than 20 years

12

Debt facility – Benefits



- Secures debt funding for a growth asset
- Terms and margins fixed for the medium term
- Hedged base rate fixed for the long term
- Expanded number of bank providers
- Opportunity to optimise as future offtake contracts are secured for existing assets
- TSI Fund maintains ability to meet distribution guidance

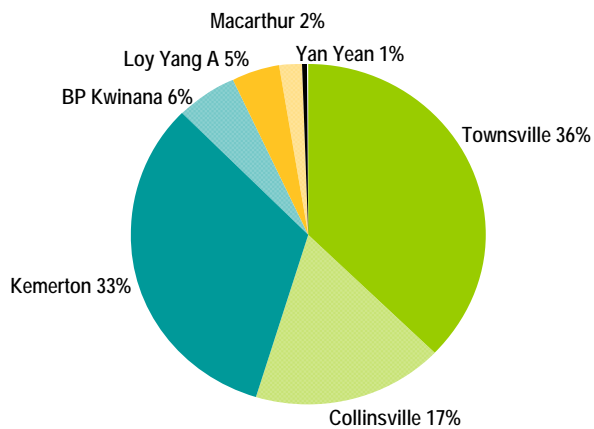
13



Asset performance

14

Cash flow contribution by asset



15

Asset performance



Kemerton Power Station \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>TSI Fund 100 per cent</i>			
Operating revenue	26,331	19,129	38,258
EBITDA	16,583	14,398	28,796

- Good performance due to higher load factor and better efficiency
- Operating margin improved by fuel oil contribution and efficiency bonuses (ie gas credits)
- Wet compression upgrade
 - On-time and on-budget
 - Potential for up to \$600,000 cost saving from unutilised contingency

16

Asset performance



Collinsville Power Station \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>TSI Fund 100 per cent</i>			
Operating revenue	28,736	26,054	52,108
EBITDA	8,824	11,534	23,067

- Wet weather affected performance during half
- Higher than forecast load factor
- Higher costs due to more fuel consumed and higher coal heat rate ie lower efficiency
- Remedial measures
 - Improve coal handling, grinding mill and burner performance
 - Optimise balance between availability and efficiency
 - Review of operating arrangements

17

Asset performance



Loy Yang A Power \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>100 per cent</i>			
Operating revenue	334,100	305,463	610,925
EBITDA	222,300	205,817	411,634
<i>TSI Fund income (14.03 per cent)</i>			
Cash distributions	2,255	2,677	5,353

- Higher than forecast spot price had a positive effect
- Generation down due to a higher than forecast forced outage rate
- Operating expenditure up
- Net overall cash benefit expected to flow through from FY2009

18

Asset performance



Townsville Power Station \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>TSI Fund 100 per cent</i>			
Operating revenue	18,333	17,792	35,584
EBITDA	18,850	13,814	27,628
BP Kwinana Cogeneration Plant \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>100 per cent</i>			
Operating revenue	35,096	31,917	63,834
EBITDA	14,135	11,687	23,373
<i>TSI Fund share (30 per cent)</i>			
Equity accounted share of net profit	2,918	940	1,880

19

Asset performance



Macarthur Water Filtration Plant \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>100 per cent</i>			
Operating revenue	11,437	11,384	22,768
EBITDA	7,841	7,916	15,832
<i>TSI Fund share (50 per cent)</i>			
Equity accounted share of net profit	1,678	1,688	3,376
Yan Yean Water Filtration Plant \$ 000	Six months to 31 Dec 2007	50% PDS	100% PDS
<i>100 per cent</i>			
Operating revenue	2,671	3,013	6,026
EBITDA	1,945	1,867	3,735
<i>TSI Fund share (50 per cent)</i>			
Equity accounted share of net profit	516	707	1,413
Investment income	132	118	235

20

Wind farms – Acquisition highlights



- Diversified, high quality portfolio
- Capacity of 177 megawatts – 20 per cent of market
- Initially 100 per cent contracted
- Demonstrated wind resource with historical availability > 97 per cent
- Significant exposure to revenue growth when contracts expire due to supply constraints
- Rights to up to 1,200 megawatts of new wind farm development
- Full portfolio is 5 per cent DPS accretive

21

Wind farms – Growth opportunity



- First contract expires in 2008 – Starfish Hill
- Weighted average offtake price \$85 per MWhr in FY2009
- Future price growth guide offered by
 - Estimated new entrant pricing \$90 – \$110 per MWhr
 - Market (tax adjusted) implied ceiling of approx \$100 per MWhr
- Government has signalled a 600 per cent increase in mandatory renewable energy targets

22

Wind farms – Development opportunities



- 14 prospective development sites acquired by Transfield Services
- Varying stages of progression from concept to feasibility
- Up to 1,200 megawatts
- Potential commissioning from 2010
- TSI Fund has the right to develop the sites in conjunction with Transfield Services providing upside to base case IRR

23



Outlook

24

Outlook – Development opportunities



- In current market, we will focus on
 - Wind farm development portfolio
 - TSI Fund has control
 - Participate in the development opportunities with Transfield Services providing exposure to development uplift
 - Continued brownfield upgrades of existing assets
 - Completion of Kemerton upgrade
 - Townsville blades upgrade
- Continue to look at other growth opportunities, but in the current market, they would need to provide exceptional returns

25

Summary



- Low risk, high quality infrastructure assets delivering attractive yields
- Expanded the asset base into a growth sector
- Secured debt facilities removes exposure to current volatile debt market
- Upside in portfolio
- Interim and full year distribution will exceed PDS
- Operating cash flow continues to service debt, capex and distributions
- Most assets performing above expectations
- Confirm medium term growth targets for distributions of at least three per cent per year

26



Transfield Services Infrastructure Fund