




22 August 2008
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Chief Executive Officer
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2008 Financial Year Full Year Results



Agenda

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

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Highlights – Financial



- Strong financial results for the full year, ahead of PDS guidance
 - EBITDA after investments of \$92.9 million is 17 per cent above PDS guidance (3 per cent above PDS excluding wind farms and once off contributions)
 - NPAT is ahead 25 per cent of PDS
 - FY 2008 distribution of 17.7 cents per stapled security is 0.6 cents above PDS
- Debt facilities secured to September 2011
- Net interest, operating capex and FY2008 distributions fully funded from operating cash flow
- Distribution growth target of 3 per cent maintained

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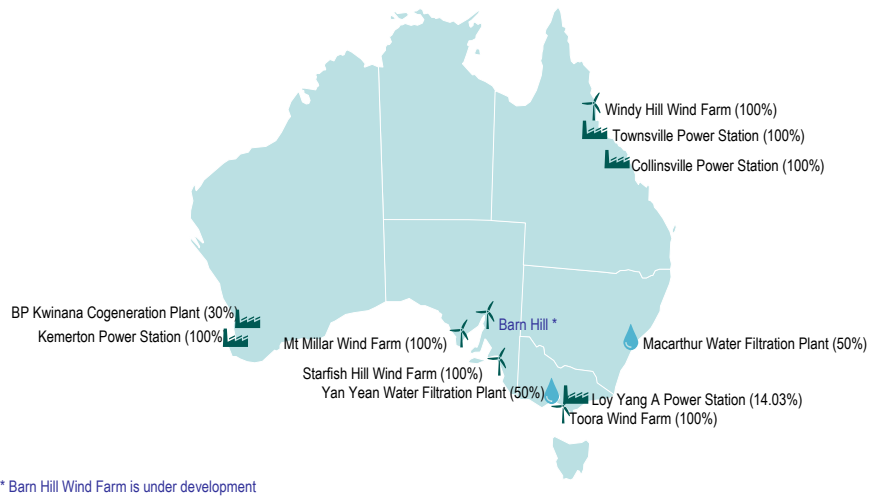
Highlights – Assets



- Portfolio of assets outperformed against expectations
- Value of TSI Fund's relationship with Transfield Services demonstrated by
 - Upgrade to Kemerton Power Station completed early and on budget
 - Commitment made to Townsville Power Station blade upgrade
- Acquisition of four wind farms
 - Provided leading position into a growing renewable energy sector
 - Growth asset via renewal of contracts
 - Further diversification and balance of portfolio
 - Access to a deal pipeline

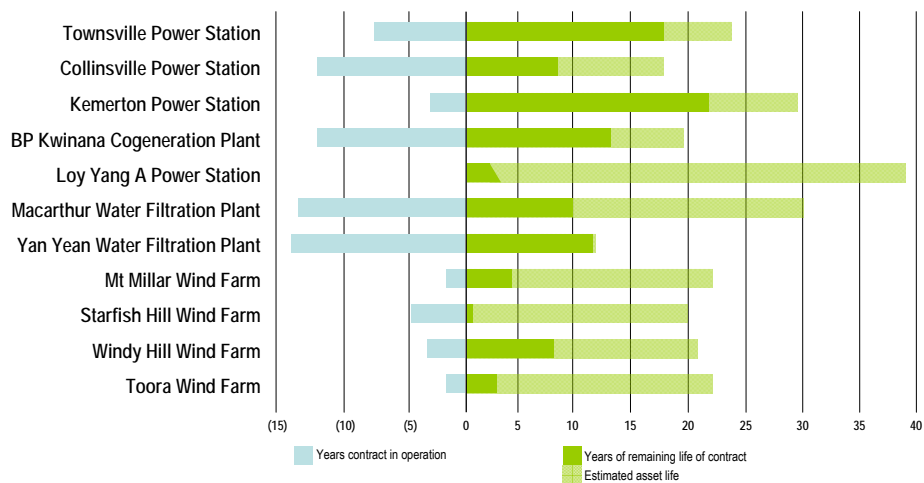
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A portfolio of essential infrastructure assets



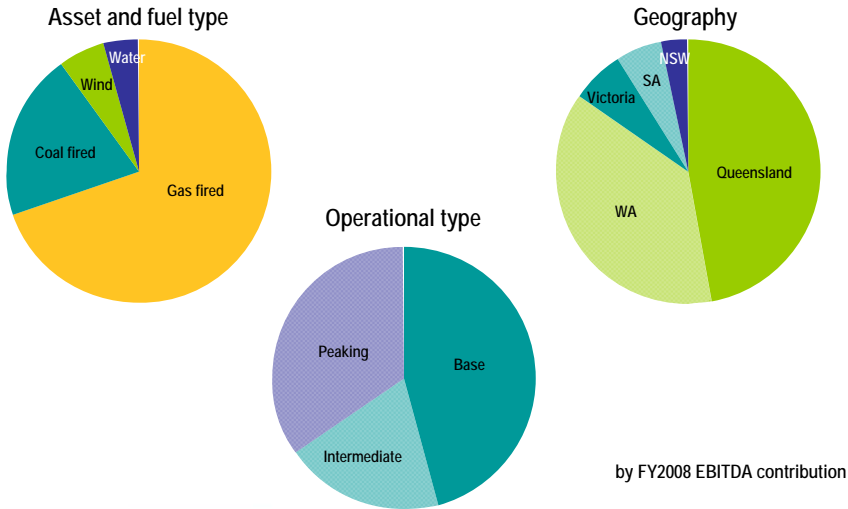
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Substantially contracted revenue



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TSI Fund is diversified by...

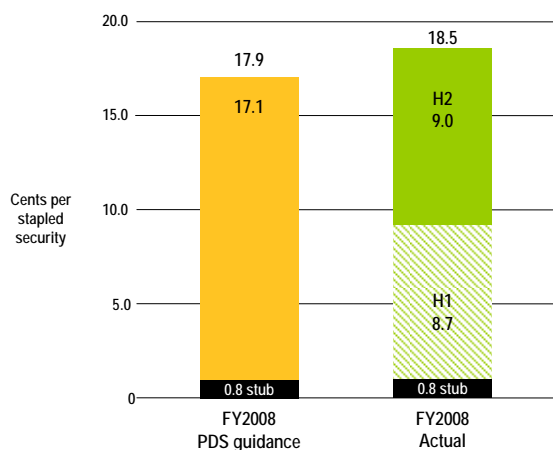


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Financial performance

Distributions ahead of PDS guidance



The tax deferred component for the full year distribution is approximately in line with PDS guidance of 57.6 per cent

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Financial performance



\$ 000	FY2008	PDS	Change on PDS	FY2008 (ex wind farms & once offs)	Change on PDS
Operating revenue	166,647	125,950	+32.3%	155,662	+23.6%
EBITDA (after investments)	92,978	79,189	+17.4%	81,612	+3.1%
Profit before income tax	32,481	24,463	+32.8%		
Net profit after tax	25,700	20,516	+25.3%		

- Operating revenue, EBITDA, PBT and NPAT all exceeded PDS guidance for FY2008

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Cash flow



\$ 000	FY2008	PDS	Change on PDS (000)
Operating cash flow before debt service and capex	82,806	77,368	5,438

- Operating cash flow before debt service and capex of \$83 million covered
 - Net operating interest of \$28.5 million
 - Operating capex of \$5.6 million
 - Declared distributions of \$47.2 million

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Investment capex



- Investment capex comprised
 - \$18.9 million for Kemerton and Townsville upgrades
 - \$7 million for Mt Millar capitalised interest
 - \$8.2 million for capitalised financing fees

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Balance sheet



\$ 000	FY2008	FY2007	Change on FY2007
Total current assets	90,652	67,754	22,898
Total non-current assets	1,374,287	984,556	389,731
Total assets	1,464,939	1,052,310	412,629
Total current liabilities	(102,454)	(48,579)	(53,875)
Total non-current liabilities	(852,579)	(505,390)	(347,189)
Total liabilities	(955,033)	(553,969)	(401,064)
Total shareholders equity	509,906	498,341	11,565

- Total assets increased principally as a result of the wind farm acquisition, and Kemerton and Townsville upgrades
- Total debt increased by \$348 million to fund the wind farm acquisitions

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Debt facilities



Facility	Limit (excl Emu Downs) \$ million	Drawn \$ million	Limit (incl Emu Downs) \$ million
Borrowing base facility	720	708	800
Junior borrowing base facility	50	50	83
TOTAL	770	758	883

- Facilities established to September 2011
- Current drawn debt is 87 per cent hedged at an all-in rate of 8.32 per cent
- Limits remain committed for the acquisition of 50 per cent of Emu Downs Wind Farm
- Balance sheet gearing stands at 60 per cent (63.0 per cent including Emu Downs)

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Debt facilities



- Borrowing Base Facility limit amortisation by September 2011
 - Including Emu Downs: from \$800 million to \$705 million
 - Excluding Emu Downs: from \$720 million to \$635 million
- Debt Service Coverage Ratio
 - Minimum of 1.3 times (2.01 times actual at last ratio date of 30 June 2008)
- No “market cap” debt covenant

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Asset performance

Asset performance – Kemerton Power Station



Kemerton Power Station \$ 000	Year ending 30 June 2008	PDS	Change
<i>TSI Fund 100 per cent</i>			
Operating revenue	62,166	38,258	23,908
EBITDA	35,267	28,796	6,471
Capex	14,485	460	14,025

- Good performance due to increased demand and better efficiency
- Operating margin improved by fuel oil contribution and efficiency bonuses (ie gas credits)
- Kemerton was called on to meet the increased demands of WA consumers during summer and following the June 2008 gas shortage
- Benefit of Kemerton Upgrade investment capex in FY2008 will flow through in FY2009
- Expanded PPA by 40 megawatts

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Asset performance – Collinsville Power Station



Collinsville Power Station \$ 000	Year ending 30 June 2008	PDS	Change
<i>TSI Fund 100 per cent</i>			
Operating revenue	56,170	52,108	4,062
EBITDA	15,534	23,067	(7,533)
Capex	2,582	2,935	(353)

- Performance affected by one in 30 year flooding in February 2008 – six to eight weeks of very wet coal
- Higher than forecast demand in a wet coal environment impacted returns
- Higher costs due to more fuel consumed to burn wet coal and higher coal heat rate (ie lower efficiency)
- Remedial measures were put in place – June availability at an annual high
- Agreed an extension to the PPA for Summer 2009 and 2010 (subject to contract finalisation)
- Expect to exceed PDS target performance in FY2009

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Asset performance – Townsville Power Station



Townsville Power Station \$ 000	Year ending 30 June 2008	PDS	Change
<i>TSI Fund 100 per cent</i>			
Operating revenue	42,020	35,584	6,436
EBITDA	34,283	27,628	6,655
Capex	7,190	7,769	(579)

- Strong performance (including \$5 million once off payment related to PPA transfer)
- The PPA with AGL/Arrow has been expanded for the additional capacity of 10 megawatts resulting from the blade upgrade

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Asset performance – Loy Yang A Power Station



Loy Yang A Power Station \$ 000	Year ending 30 June 2008	PDS	Change
<i>14.03 per cent</i>			
Operating revenue	83,593	85,530	(1,937)
EBITDA	49,628	57,629	(8,001)
<i>TSI Fund income (14.03 per cent)</i>			
Cash distributions	4,913	4,695	218

- Victorian energy demand lower than expected in second half hence lower electricity pool revenue
- Maintenance costs have increased by 20 per cent
- Cash distribution in line with PDS via return on shareholder loan
- FY2009 cash contribution assumed similar to FY2008 (paid 2H FY09)
- Loy Yang A fundamentals
 - Lowest marginal cost power producer in the country
 - Supplies 30 per cent of Victoria's power

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Asset performance – BP Kwinana



BP Kwinana Cogeneration Plant \$ 000	Year ending 30 June 2008	PDS	Change
<i>TSI Fund share (30 per cent)</i>			
Share of equity accounted profit	4,461	1,880	2,581

- Performed well during FY2008
- The result included a \$0.5 million one-off non-cash contribution from the release from provisions

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Asset performance – Water assets



Macarthur Water Filtration Plant \$ 000	Year ending 30 June 2008	PDS	Change
<i>TSI Fund share (50 per cent)</i>			
Share of equity accounted profit	3,480	3,376	104

Yan Yean Water Filtration Plant \$ 000	Year ending 30 June 2008	PDS	Change
<i>TSI Fund share (50 per cent)</i>			
Share of equity accounted profit	948	1,413	(465)
Investment income	249	235	14
Total income	1,197	1,648	(451)

- Performed to expectations
- Low risk investment providing reliable cash flows to TSI Fund
- Yan Yean offtake agreement written down (\$0.5 million) under AIFRS – no change to underlying cash flows

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Asset performance – Wind farms

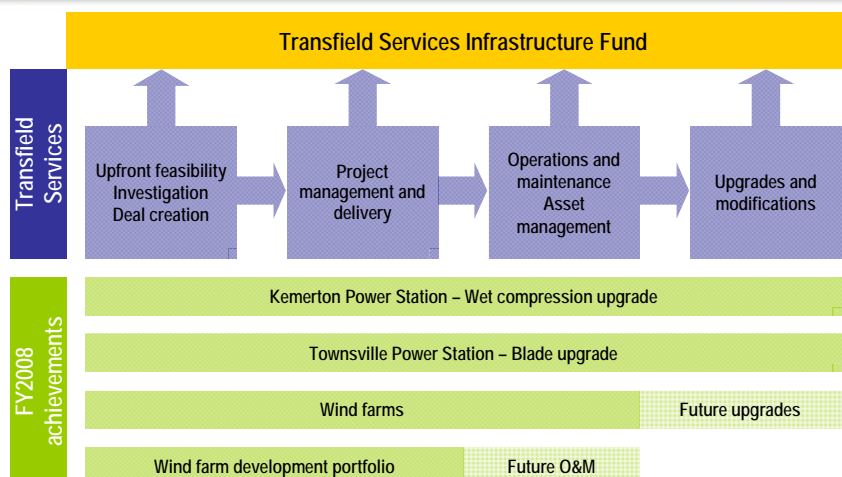


Wind farms \$ 000	Year ending 30 June 2008
<i>TSI Fund 100 per cent</i>	
Operating revenue	10,909
EBITDA	6,366

- Contribution since acquisition in late December 2007
- Starfish Hill, Toora and Windy Hill (total 68 megawatts) have performed to expectations
- Mt Millar's full capacity of 70 megawatts constrained to 16 megawatts
 - Ramp up slower than expected due to network constraints
 - Unconstrained generation expected by end of Q1 FY2009
- Medium term revenue forecasts have improved over acquisition assumptions as government moves to deliver on renewable energy targets

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Value of relationship with manager



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Value of relationship with manager



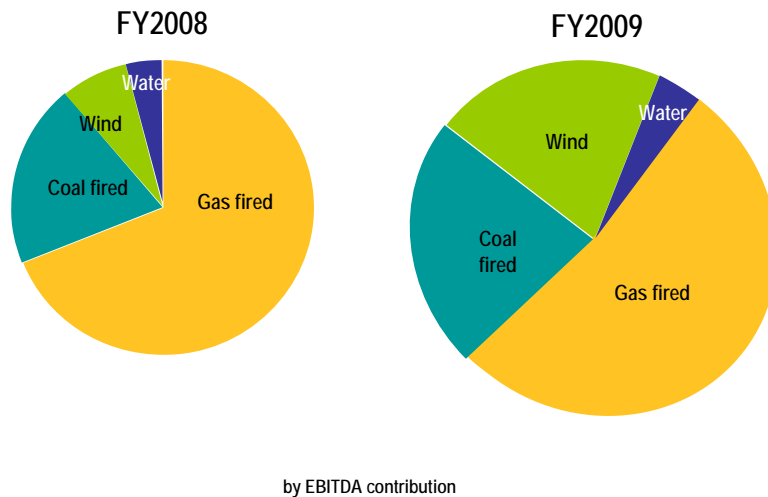
- Kemerton Power Station – Wet compression upgrade
 - Innovative upgrade improving plant efficiency
 - 3 weeks ahead of schedule (early June 2008)
 - Increased capacity by more than 40 megawatts without increasing greenhouse gas emissions
 - PPA expanded
 - Strongly IRR accretive
- Townsville Power Station – Blade upgrade
 - Site works to commence in September 2008 as part of a planned overhaul
 - 10 megawatt additional capacity
 - PPA expanded
 - Strongly IRR accretive

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Outlook

Wind's contribution will increase in FY2009



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Greater contribution from wind farms in FY2009



- Significant opportunity for revenue growth when contracts expire
 - Starfish Hill contract ends in December 2008 – continue to review contracting strategy
- Portfolio weighted average offtake price of \$85/MWhr in FY2008 is expected to increase by at least 5 per cent in FY2009, post-Starfish Hill contract renewal
- Increased returns with Mt Millar at full capacity
- Emu Downs Wind Farm
 - Will be resolved by December 2008
 - Forward guidance does not include Emu Downs

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Wind farms – Development opportunities



- Energy market conditions (encouraged by COAG's development of the NRET Scheme) increasingly supports investment in renewable energy, and in particular wind farms, the most commercial source of renewable energy
- Right of first refusal to Transfield Services' attractive deal pipeline with high quality sites
- TSI Fund's preferred growth strategy is to source projects from this portfolio
- TSI Fund has confirmed its required risk and return parameters to Transfield Services and is considering its funding options
- First financial close expected in calendar 2009

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Emission trading impacts



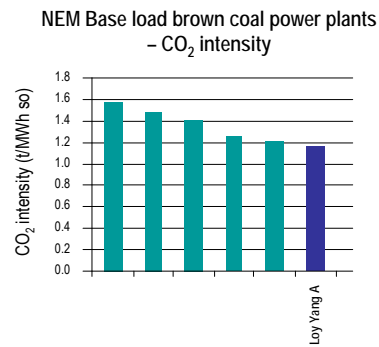
- Carbon Pollution Reduction Scheme (CPRS)
 - Green Paper proposes a framework that supports investment in abatement and reduction in CO₂ emissions in a responsible manner
- Our power assets, including Collinsville, are substantially protected from CPRS impact by their contractual arrangements, with the exception of Loy Yang A
- CPRS and NRETS will need to co-exist to support investments in renewable energy
- CPRS may provide some indirect benefit to wind farm investments

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Emission trading impacts (cont.)



- Loy Yang A is essential infrastructure
 - Supplies one third of Victoria's power needs
 - Lowest CO₂ footprint of brown coal generators
- Focus to negotiate transition arrangements to result in compensation
- Develop abatement opportunities to attract government support and reduce Loy Yang A carbon footprint



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Financial outlook



- In FY2009, TSI Fund is expected to provide growth in EBITDA to \$112 million to \$120 million, subject to normal operating conditions and excluding Emu Downs
- Confirm medium term growth targets for distributions of 3 per cent per annum
- Distributions will continue to be fully funded from operating cashflows

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Summary



- Strong financial and operating performance in first year of operation ahead of PDS guidance
- Distributions fully funded from operating cash flow
- Debt facilities secured to September 2011
- Value of the relationship with Transfield Services demonstrated with the upgrade to Kemerton, completed early and on budget
- Wind farm acquisition provided entry into a growth sector and access to a development pipeline
- TSI Fund's portfolio remains a low risk, high quality portfolio of essential infrastructure assets with substantially contracted revenue
- Well positioned to take advantage of energy market changes

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Thank you

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