

17 August 2009



## ASX STATEMENT

### **TSI FUND DELIVERS ON EARNINGS AND DISTRIBUTION GUIDANCE FY09 UNDERLYING EBITDA GROWS 25 PER CENT TO \$116.7 MILLION**

Transfield Services Infrastructure Fund (TSI Fund) has achieved its 2009 financial year (FY09) earnings guidance, delivering underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$116.7 million, up 25.5 per cent on the prior comparable period.

Reported FY09 EBITDA was \$115.2 million, including a once-off adjustment resulting from the application of International Financial Reporting Interpretations Committee, section 12, which related to the water filtration plants.

FY09 distributions will total 12.0 cents per stapled security, following the final distribution for FY09 of seven cents per stapled security, which is consistent with guidance. The final distribution for FY09 will be paid on 30 September 2009 to securityholders on record as at 30 June 2009.

TSI Fund's final distribution for FY09 will be funded from operating cash flow, after funding interest, maintenance capital expenditure and after making a \$23 million debt repayment in June 2009. TSI Fund has committed debt facilities secured until September 2011.

Net profit after tax, excluding impairment, was \$22.1 million this financial year. Including impairment, net profit after tax was reduced by \$60 million to a loss of \$38.0 million.

In July 2009, TSI Fund announced the results of impairment testing, which resulted in the \$60 million post-tax write-down of the value of Collinsville Power Station. The impairment write-down was a non-cash balance sheet adjustment that did not impact TSI Fund's underlying earnings, and represented less than six per cent of the value of TSI Fund's total assets.

The net tangible asset backing as at 30 June 2009 was \$1.35 per stapled security.

TSI Fund Chief Executive Officer, Mr Steve MacDonald said today: "These results and our 2010 financial year outlook are underpinned by a high quality portfolio of essential infrastructure assets, which continue to generate stable earnings and cash flows."

More than 90 per cent of the FY10 revenue from the assets of TSI Fund are already contracted, generally with government owned corporations or highly creditworthy counterparties. TSI Fund's contracted order book is equivalent to more than ten times FY09 revenue.

"Distributions for the 2010 financial year are expected to be at similar levels to the distributions that will be paid for FY09 due to the stability and reliability of TSI Fund's earnings. This assumes that TSI Fund's assets continue to perform in line with FY09 and does not rely on a cash contribution to TSI Fund from Loy Yang A," Mr MacDonald said.

Other highlights for the year include:

- completion of the ramp up of Mt Miller Wind Farm from 16 megawatts to its full 70 megawatt capacity
- negotiation of a 35 per cent increase in the 12-month contract price for Starfish Hill Wind Farm to \$100 per megawatt hour
- continued improvement in the availability of the wind farm portfolio, which has increased from 89.9 per cent at acquisition in 2007 to 97.5 per cent as at 30 June 2008
- wind and gas energy production contributed 76 per cent of earnings, with the wind farm portfolio's contribution increasing three-fold to 18 per cent

- a world-first blade upgrade at Townsville Power Station increased capacity by 12.7 megawatts, exceeding expectations
- improved efficiency and availability of Collinsville Power Station following recovery from the impact of the 2008 floods in Queensland
- a significant improvement in Loy Yang A Power Station's performance due to the increase in average electricity pool prices over the 2008 calendar year, enabling a \$2.4 million distribution to TSI Fund in August 2009

In June 2009, TSI Fund announced it had commenced a review of capital structure alternatives to position the Fund for future growth through Transfield Services' wind farm development portfolio and other opportunities.

"We continue to examine a broad range of options aimed at maximising value for securityholders. The capital structure review is progressing well, although it is too early to make any definitive statements. We are committed to keeping securityholders and the market informed of all material developments."

"We are committed to growing our renewable energy portfolio of assets through our exclusive access to Transfield Services' wind farm development portfolio. This portfolio has recently been enhanced with the addition of the 130 megawatt Arriga wind farm development site in northern Queensland nearby our Windy Hill Wind Farm. We expect a wind farm project in northern Queensland to be offered to us for investment in late 2010."

"Our renewable energy portfolio positions us well to take advantage of the Government's proposed renewable energy legislation," Mr MacDonald said.

While there remains uncertainty regarding the Government's proposed Carbon Pollution Reduction Scheme (CPRS), TSI Fund's wholly-owned assets are substantially protected from the financial impact of the Government's proposed CPRS legislation through their contractual arrangements.

TSI Fund's Distribution Reinvestment Plan (DRP) will apply for the FY09 Final Distribution. A five per cent discount will apply to stapled securities issued under the DRP. Eligible securityholders on the record as at 30 June 2009 are invited to lodge an application no later than 31 August 2009 in order to participate in the DRP.

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**Transfield Services Infrastructure Fund (TSI Fund)** is a public listed entity owning a portfolio of interests in essential infrastructure assets including five power stations, two water filtration plants and four wind farms. TSI Fund's key differentiator is its highly beneficial relationship with global asset management company, Transfield Services which provides expertise in asset development, project management, operations and maintenance.