

DUET Group – 2006 Full Year Results

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29 August 2006



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Agenda



- ❖ Performance
- ❖ About DUET
- ❖ Operation and Financial Results
- ❖ Outlook

2006 Full Year Results – Performance



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Strong performance

- ❖ Solid profit outcomes across the businesses
- ❖ Total Return for FY2006 of 21.8%
- ❖ 2006 Distribution 6.8% higher at 23.5¢ per stapled security

Key factors

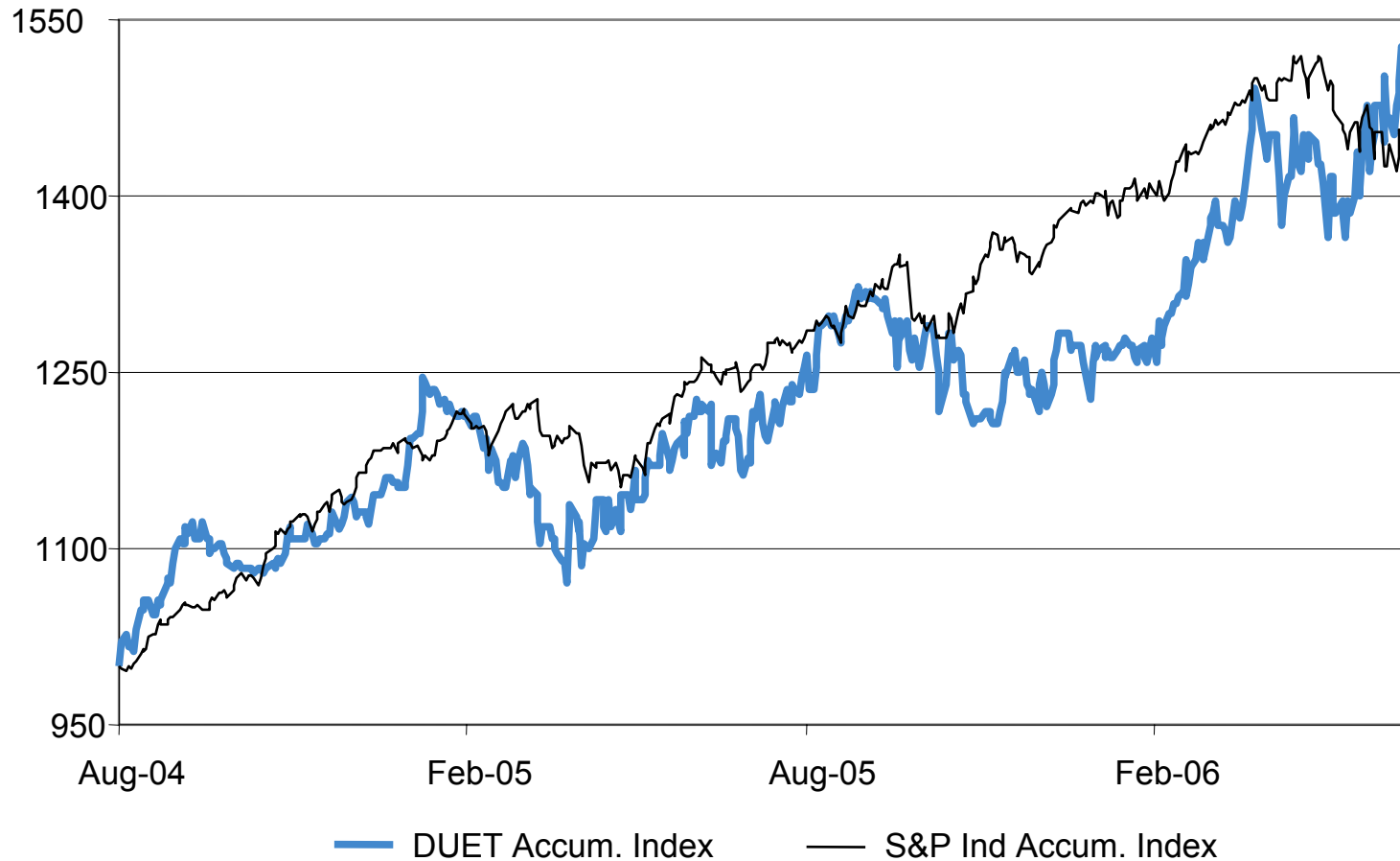
- ❖ DBP Stage 4 – on time and budget
- ❖ Duquesne acquisition
- ❖ UED regulatory reset outcome



Performance – Unit Price – to June 2006



DUET Accum. Index v S&P/ASX 200 Ind's Accm Index



Performance – Results

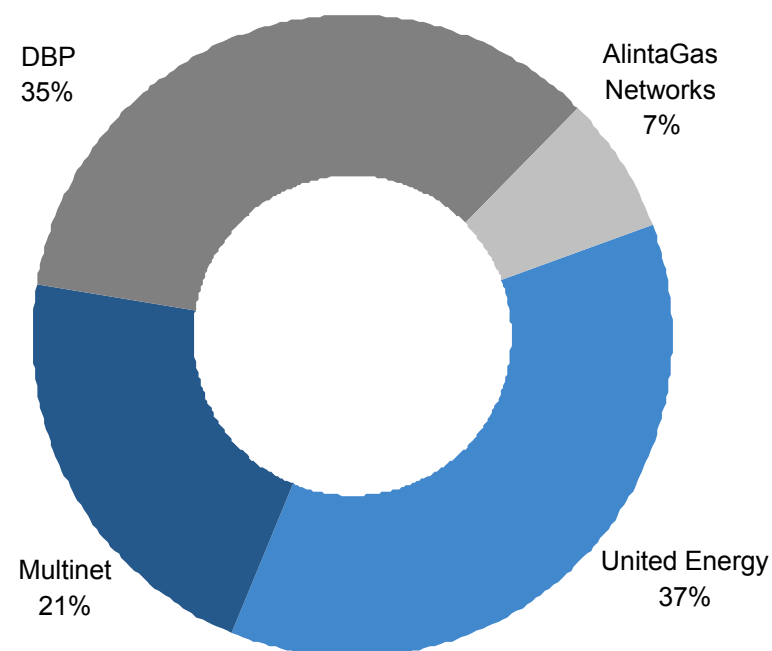


DUET - GROUP \$m	FY2005	FY2006	% Var
Group Revenue	772.0	819.8	6.2
Group EBITDA before non-operating items	493.9	514.4	4.2
Group net results before non operating items ¹	76.7	83.2	8.5
Group Net Results after non operating items ¹	76.7	56.4	-26.5
Group Net Operating Cash Flow	555.0	550.7	-0.8
Group Gearing (% , ND/Adj TA)	69.2	66.7	-3.6

DUET - PARENT	FY2005	FY2006	% Var
Parent net result after performance fee ¹	11.8	94.5	700.6
Earnings available for distribution	84.9	97.0	14.3
Parent earnings available for distribution before performance fee PSU (¢) ¹	25.4	25.0	-1.8
Parent earnings available for distribution after performance fee PSU (¢) ¹	25.4	22.8	-10.1
Annual Distribution PSU (¢)	22.0	23.5	6.8
Second half distribution PSU (¢)	8.5	11.75	38.2

¹Excluding finance charges as required by AASB 132

Contribution to DUET Parent Revenue by Asset Company



2006 Full Year Results – About DUET



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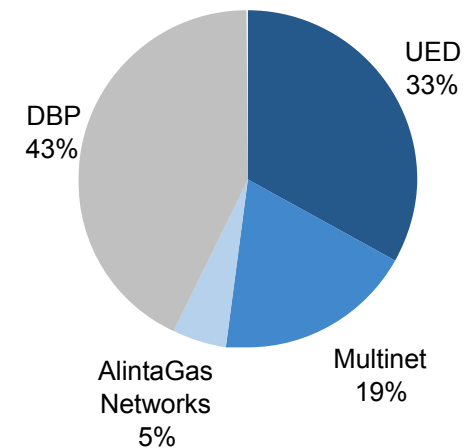
Assets



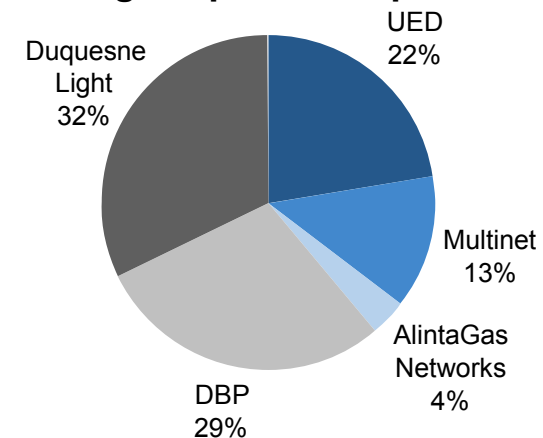
DUET owns:

- ❖ 69.8% of Dampier Bunbury Pipeline (DBP, 71.8% as at 30 June 2006), Western Australia's key gas transmission pipeline
- ❖ 66% of United Energy Distribution (UED), one of Victoria's 5 electricity distributors
- ❖ 79.9% of Multinet, one of Victoria's 3 gas distributors
- ❖ 25.9% of AlintaGas Networks,
- ❖ 7.7% of Duquesne Light Holdings now and some 29% after transaction completion

As at 30 June 2006



Following Duquesne acquisition*



* Completion subject to regulatory approval



Assets

Dampier Bunbury Pipeline



United Energy



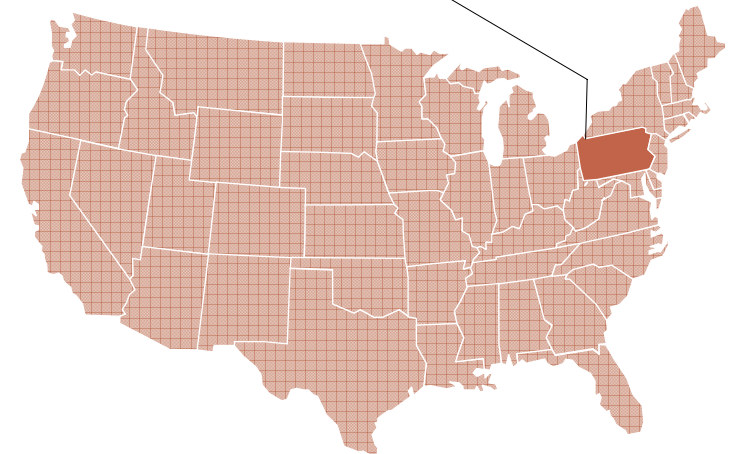
Multinet



Duquesne Light



AlintaGas Networks



2006 Full Year Results – Operational Review

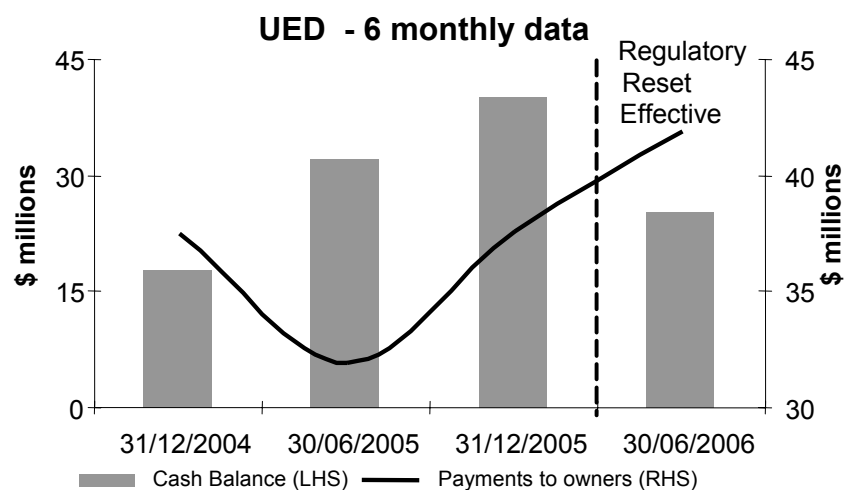
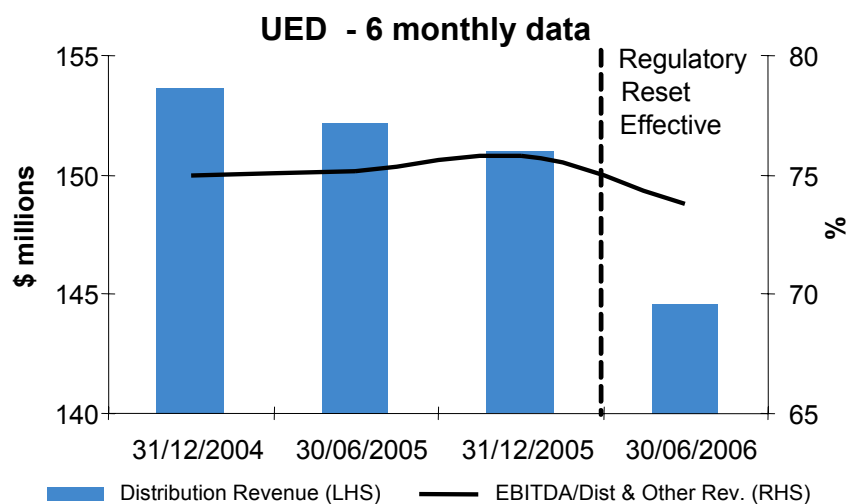
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United Energy Distribution – Results

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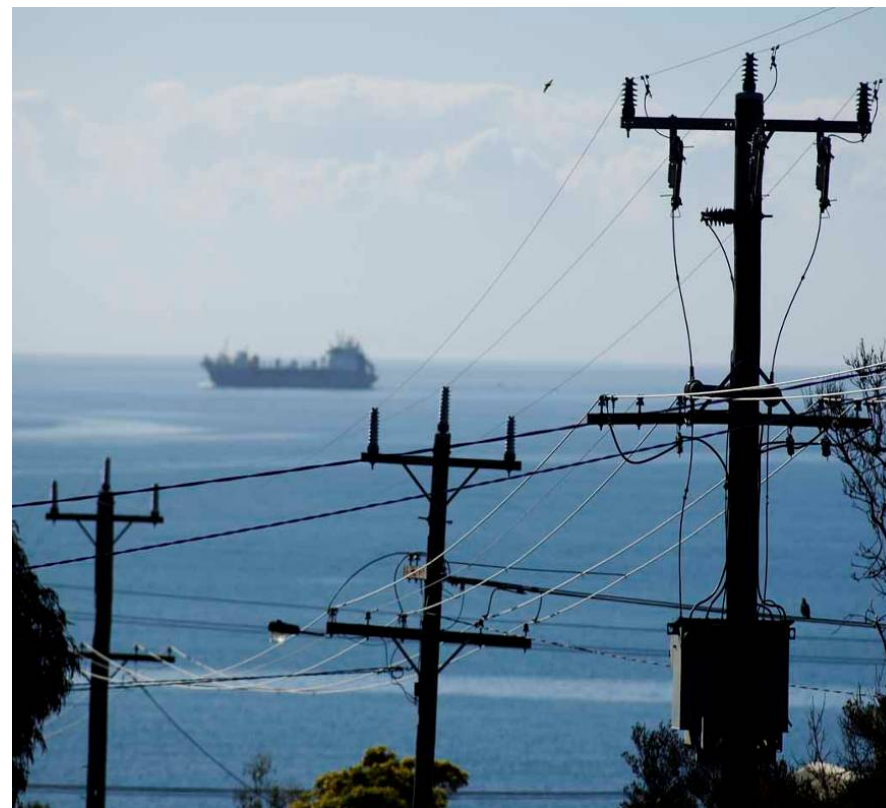
United Energy Distribution Financial Summary (\$ millions)	AGAAP 12 mths 30/06/2005	AIFRS 12 mths 30/06/2006	% chg
Distribution	306	296	-3.3
TuOS	75	72	-4.9
Other	42	45	8.1
Total Revenue	423	412	-2.5
EBITDA	260	255	-1.9
EBIT	185	183	-1.1
Total Assets	1,989	2,066	3.9
Total Capex	93	101	8.6
RAB (projected)	1,181	1,230	4.1
Cash from Operations	266	262	-1
Investing cashflows	-93	-100	8
Financing - net equity/debt moves	-10	0	nm
Financing - Snr debt payments	-81	-89	11
Financing - payments to owners	-69	-80	15
Net cash movement	13	-7	nm
Active Connections	605,277	609,574	0.7
Energy distrib. (GWh, 12 mth load)	7,567	7,823	3.4

United Energy Distribution – Outlook

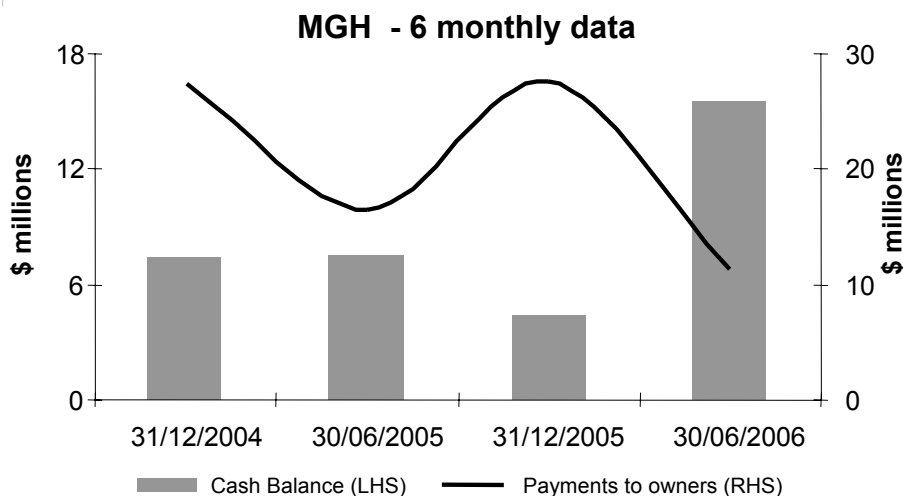
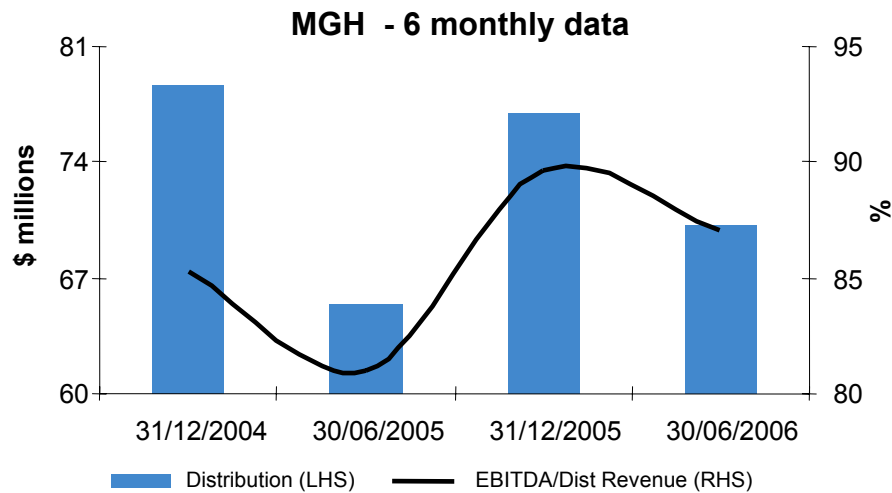
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- ❖ Operating Services Agreement
 - Price negotiations underway
- ❖ Interval Meter Roll-out
 - Victorian government still to determine functionality and rollout programme
- ❖ Post reset outlook is positive
 - Robust trading conditions in the first 6 months
 - Reset provides secure revenue outlook to 2011



Multinet – Results



Multinet Group Holdings Financial Summary (\$ millions)	AIFRS 12 mths 30/06/2005	AIFRS 12 mths 30/06/2006	% chg
Distribution	144	147	2.2
Other	15	25	60.1
Total Revenue	159	172	7.7
EBITDA	120	130	8.3
EBIT	77	85	9.9
Total Assets	1,191	1282	7.6
Net Capex	35	52	48.6
RAB (projected)	846	884	4.5
Cash from Operations	123	129	5
Investing cashflows	-35	-52	48
Financing - net equity/debt moves	5	22	315
Financing - Snr debt payments	-50	-53	6
Financing - payments to owners	-44	-39	-11
Net cash movement	0	8	nm
Active Connections	637,156	643,431	1.0
Energy distrib. (TJ, 12 mth dist.)	58,637	59,887	2.1



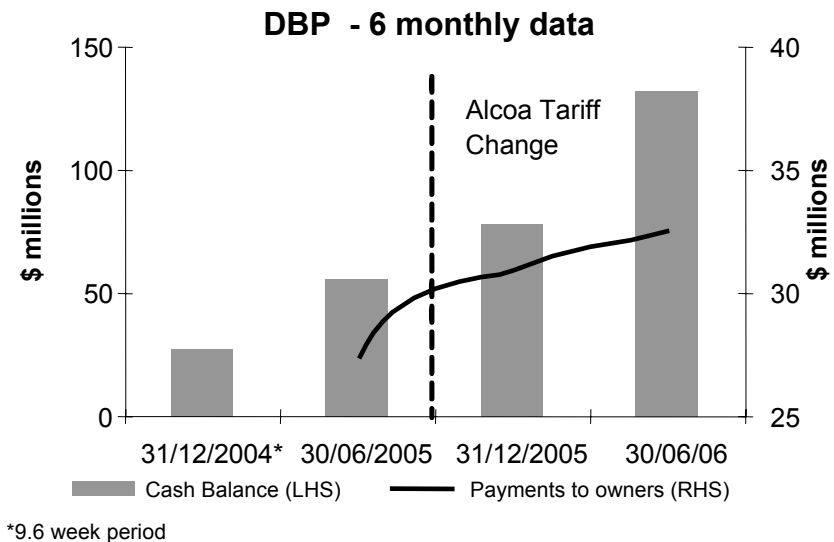
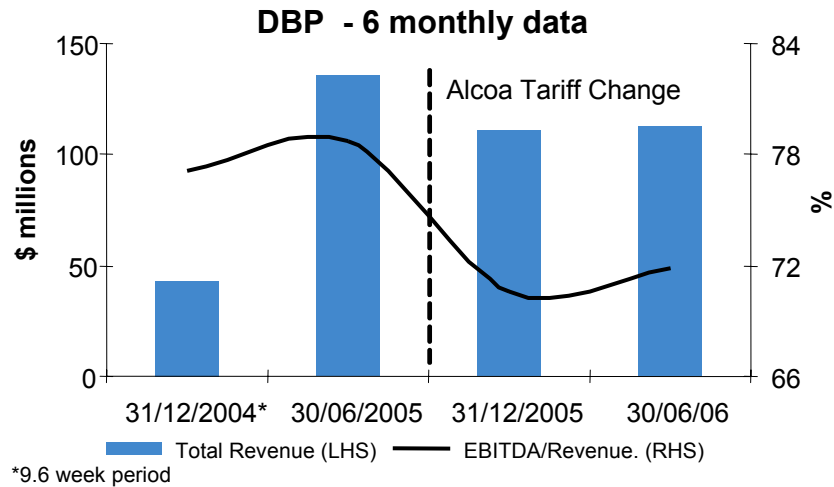
Multinet – Outlook

- ❖ Pipeworks replacement programme ongoing
- ❖ Complete Yarra Ranges and commence South Gippsland natural gas extension projects
- ❖ Initial preparation for 2008 reset underway
- ❖ Commencing to prudently build modest cash balance ahead of reset to enable steady returns to owners



Dampier Bunbury Pipeline – Results

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Dampier Bunbury Pipeline Financial Summary (\$ millions)	AGAAP	AIFRS	% chg
	27/10/04 to 30/06/2005	12 mths 30/06/2006	
Transmission Revenue	177	207	16.5
Other Revenue	1	17	
Total Revenue	179	223	24.8
EBITDA	140	159	13.6
EBIT	94	122	29.8
Total Assets	2,313	2697	16.6
Net Capex	37	286	673
RAB (projected)	1,643	2001	21.8
Cash from Operations	164	158	-4
Investing cashflows	-1,910	-285	-85
Financing - net equity/debt moves	1,965	372	-81
Financing - Snr debt payments	-136	-106	-22
Financing - payments to owners	-27	-63	132
Net cash movement	56	75	35
Throughput (full haul, PJ's)	159	172	8.4
Asset utilisation %	89	93	4.7

Dampier Bunbury Pipeline – Expansion

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- ❖ All expansion being undertaken has same targeted returns as original acquisition
- ❖ Stage 4 – on time and on budget (\$433m)
 - now more than 80% complete will add 20% to capacity
 - completion planned for early 2007
- ❖ Met expansion commitment made at acquisition



Dampier Bunbury Pipeline – Outlook

- ❖ Stage 5 – now split into 3 components 5A, 5B & 5C
- ❖ The scale of the proposed 5A expansion has been determined.
- ❖ While broadly similar to the capacity uplift arising from Stage 4 (+20%), it will involve more looping and of necessity is more capital intensive
- ❖ First delivery planned for first half of 2008
- ❖ Continue to firm up Stage 5B proposal

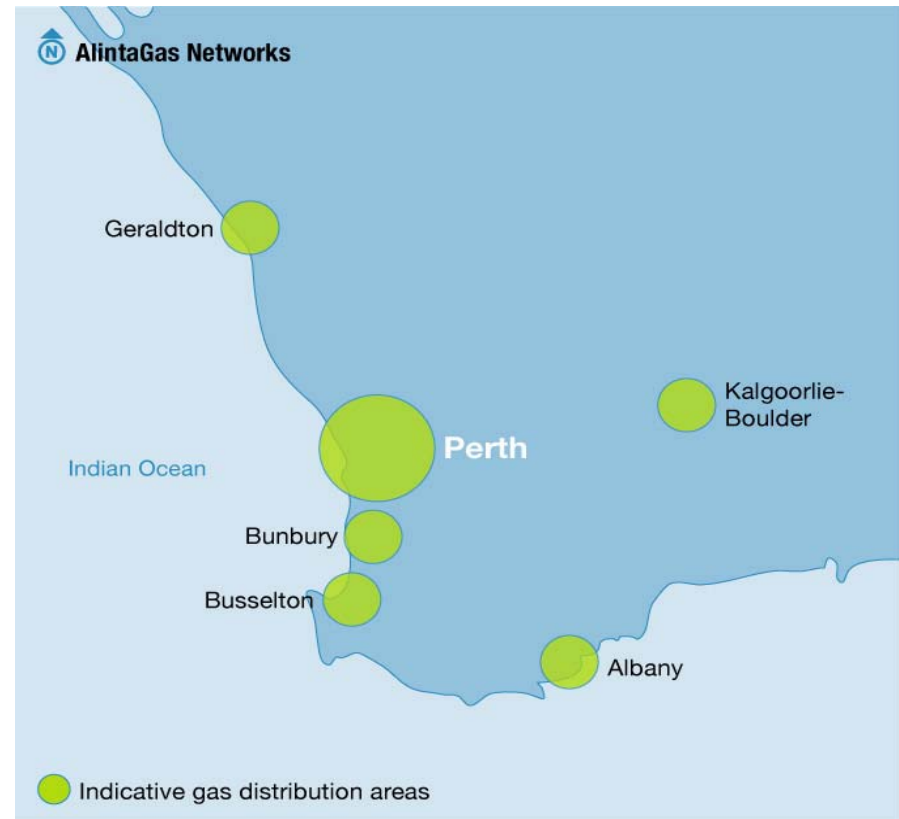




AlintaGas Networks



- ❖ AlintaGas Networks impressive growth profile continues
- ❖ Year to 30 June 2006 connections were 4.2% higher
- ❖ Usage grew by 3.9% to 32.3PJ
- ❖ Even stronger WA housing and construction industry activity than in 2005





Duquesne Light



Completed

- ❖ Lodged regulatory acquisition approvals
- ❖ Settled acquisition of 7.7% stake

Outstanding

- ❖ DQE shareholders meeting Oct/Nov
- ❖ Distribution and Transmission rate case decision by end C2006
- ❖ Merger approval – first half C2007



2006 Full Year Results – Financial Statements

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Financial Results

– Financial Performance



- ❖ Revenue growth +6% – impact of DBP for a full period
- ❖ Modest growth in EBITDA and EBIT as UED reset and Alcoa tariff impacts felt
- ❖ Performance fee(\$9m) and asset value writedown (\$3.5m) impacted at EBITDA line
- ❖ Interest expense higher and includes a \$11.8m DBP refinancing charge and the hedge timing mismatch cost of \$2.5m
- ❖ Net results (before AIFRS impacts) 26.5% lower than last year
- ❖ AIFRS reclassification of equity means accounting profit shown as a finance charge

DUET Group Income Statement For the year ended 30 June (\$m)

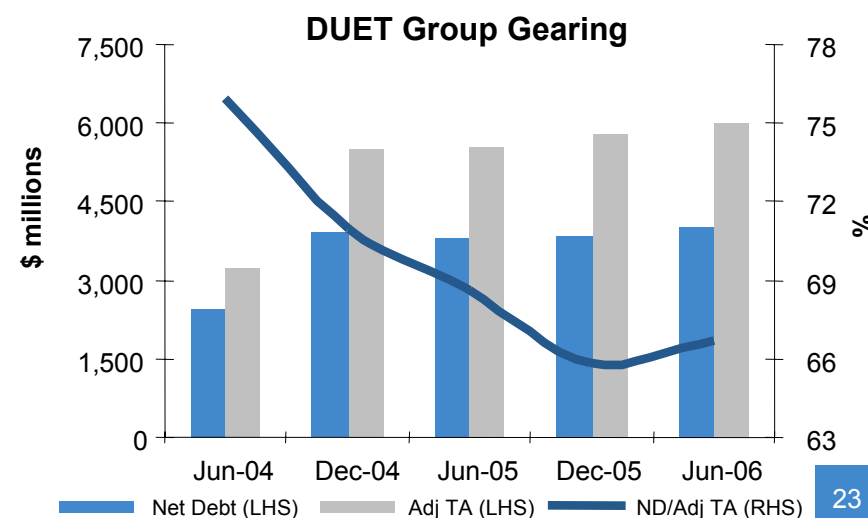
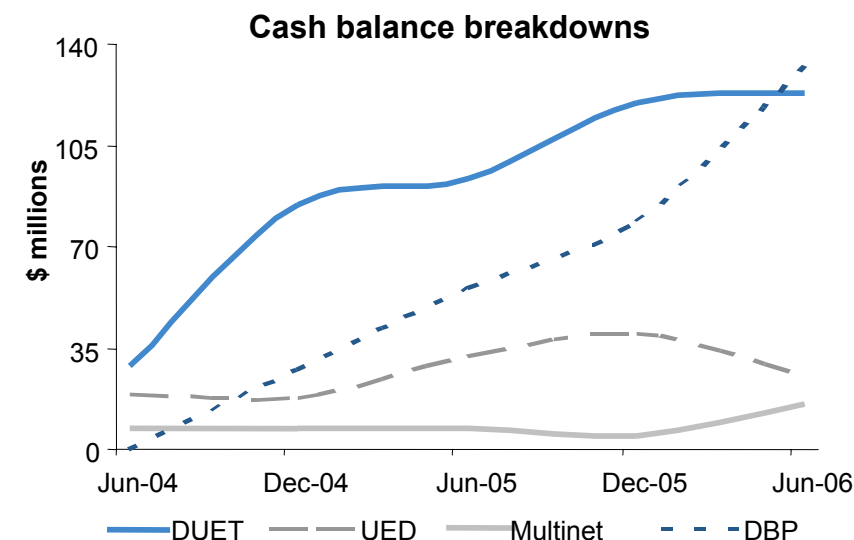
	2005	2006	% Var
Total revenue excl interest income	758.2	802.1	5.8
Operating Expenses	264.3	287.7	8.8
EBITDA before non operating items	493.9	514.4	4.2
Non operating items	0.0	-12.5	100.0
EBITDA after non operating items	493.9	501.9	1.6
Depn, amort & abandonments	129.2	135.6	5.0
EBIT	364.7	366.3	0.4
Equity accounted income	5.0	5.7	13.1
Net borrowing costs	255.0	284.2	11.5
Net result before tax	114.8	87.7	-23.6
Income tax expense	25.0	19.6	-21.6
Minority interests	13.0	11.7	-10.2
Net result after tax	76.7	56.4	-26.5
Finance cost attrib. to unitholders*	0.0	56.4	
Net Profit attrib. to unitholders	76.7	0.0	

* Due to the finite life and present entitlement clauses contained within the DUET1 and DUET 2 Trust Constitutions, upon adoption of AASB132 on 1 July 2005, the units in DUET1 and DUET2 were classified as debt for accounting purposes. As a result, the interim distribution declared, as well as the income which accrued to the units in the Trust, have been accounted for as an expense and presented in the income statement for the period as a finance cost to security holders, in accordance with AASB132.

Financial Results – Financial Position



DUET Group Balance Sheet As at	30/06/2005	30/06/2006	% Var
\$m			
Cash Assets	188	296	57.2
Other Current Assets	151	128	-15.4
PP & E	3,336	3,707	11.1
Intangible Assets	2,015	1,998	-0.9
Other Non-Current Assets	168	171	2.1
Total Assets	5,859	6,300	7.5
Interest Bearing Liabilities	4,114	4,302	4.6
Current Liabilities	215	299	38.7
Other Non-Current Liabilities	553	629	13.8
Total Liabilities	4,883	5,231	7.1
Net Assets	976	1,070	9.6
Equity & Retained Earnings	865	850	-1.7
Reserves	0	26	nm
Minority Interest	111	193	73.4
Total Equity	976	1,070	9.6



Financial Results – Cash Flow



DUET Group Cash Flow Statement For the year ended 30 June			
\$M	2005	2006	% Var
Net cash flows from operating	555.0	550.7	- 0.8
Acquisition cash flows	-1,865.4	-	- 100.0
Payments for purchase of PP&E	- 166.1	- 437.8	163.6
Proceeds from asset sales	1.7	1.5	- 10.9
Net cash flows from investing	-2,029.7	- 436.3	- 78.5
Acq'n & capital raising cash flows	611.2	91.2	- 85.1
Borrowing (net of repayments)	1,390.8	302.5	- 78.3
Borrowing costs paid	- 329.1	- 309.3	- 6.0
Dividends & Distributions paid	- 65.0	- 92.9	42.9
Net cash flow from financing	1,607.9	- 8.6	- 100.5
Net increase in cash	133.2	105.9	- 20.5

- ❖ The variations in operating cash flows from prior periods in acquisition and financing cash flows mostly relate to DBP and the expansion programme
- ❖ PP&E payments reflect the impact of Stage 4 expansion at DBP.
- ❖ Distributions paid were the June 2005 distribution of 8.5 cents PSU paid in September and the December 2005 distribution of 11.75 cents PSU paid in February.

DUET Parent Entity Performance



For the year ended 30 June 2006 \$ millions	Dividends	RPS/Loan Interest	SOLA	2006 Performance	2005 Performance
United Energy	9.9	31.6	16.7	58.2	51.7
Multinet	20.8		12.9	33.6	37.6
DBP		42.6	12.9	55.5	38.0
AlintaGas Networks	3.8		7.3	11.0	11.9
Total Revenue from AssetCos	34.4	74.2	49.8	158.4	139.2
Other Revenue				5.1	5.9
Total Revenue	34.4	74.2	49.8	163.5	145.1
AIFRS adjustments					3.3
Operating expenses				(21.8)	(12.3)
Borrowing Costs				(46.4)	(47.9)
Dividends Equity Accounted/ Reversal of revaluations				(30.7)	(81.2)
Net Result (before equity accounted profits)				64.6	7.0
Equity Accounted Profit				29.9	4.8
Net Result				94.5	11.8
Earnings PSU				22.2	3.5
Distribution PSU				23.5	22.0
Weighted Average Stapled Securities (millions)				424.6	334.1

Interest and Inflation Sensitivities



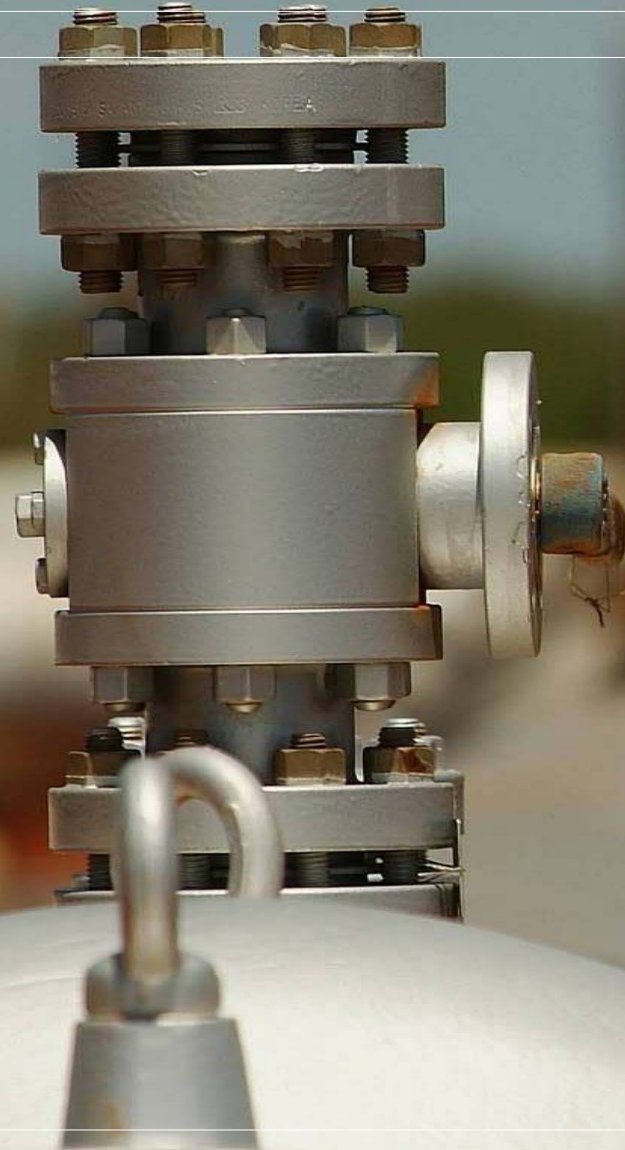
- ❖ Impact of a 1% increase (100bps) in real interest rates, holding all other assumptions constant
 - ❖ A 1% increase (100bps) leads to a decrease of approximately 0.8 cents in cash available for DUET distributions, or 3.4% of the 2006 distribution.
- ❖ Impact of a 1% increase (100bps) in inflation, holding all other assumptions constant
 - ❖ A 1% increase (100bps) leads to an increase of approximately 0.6 cents in cash available for DUET distributions.

	UED	MGH	DBP ¹	ANH	Total
	A\$ - millions	A\$ - millions	A\$ - millions	A\$ - millions	
Current net debt	1,452.2	959.1	1,646.1	628.4	
Current unhedged exposure	8.5	57.8	335.1	160.0	
DUET's Share of Impact of 1% Increase in Interest Rates	-0.1	-0.5	-2.4	-0.4	-3.3
Impact upon distribution per stapled security					-0.8 cents
DUET's Share of Impact of 1% Increase in Inflation	0.6	0.6	1.2	0.1	2.4
Impact upon distribution per stapled security					0.6 cents

Note 1 :This assumes the 71.8% interest held in DBP as at 30 June 06 – however this interest will decrease over time to 60% as the calls upon the partly paid securities occur. Capex for the DBP expansions are subject to limited inflationary impact and any inflation impact will not have an immediate earnings impact. DBP capex has not been included in the inflation analysis. Also assumes no other changes in operations or further resets and excludes Duquesne acquisition impact. Based on 426m units on issue as at 30 June 2006.

2006 Full Year Results – Summary and Outlook

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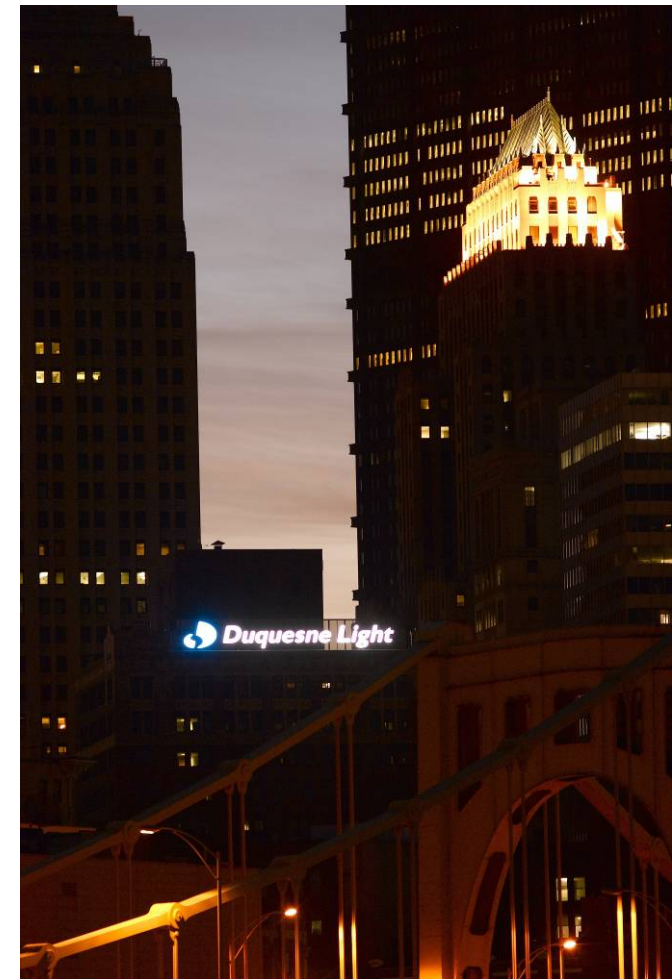


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Summary – The Last 12 Months



- ❖ Solid full year results
- ❖ Regulatory resets and issues negotiated
- ❖ Delivered 6.8% increase in distributions to 23.5¢ PSU
- ❖ Good progress on Stage 4
- ❖ Firming up DBP organic growth opportunity
- ❖ Entry into US utilities market with Duquesne investment





Outlook – what's ahead in 2007



❖ DBP	Stage 4 completion; Commencement of Stage 5A; Firm-up Stage 5B intentions
❖ UED	Clarify interval meter programme
❖ Multinet	Preparation ahead of 2008 reset
❖ AlintaGas Networks	Optimising a very strong market
❖ Duquesne	Shareholder approval Rate case decision Regulatory Approval Transaction completion
❖ Distributions	Minimum 24¢, guidance update later this calendar year



DUET Objectives



Target energy utility assets

Leveraging AMP Capital and Macquarie networks

Continuing to actively manage asset portfolio

Well positioned to grow our asset base and distribution profile

2006 Full Year Results – Questions

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