

# BABCOCK & BROWN POWER

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## ASX Release

19 June 2008

### **BBP DECIDES TO NOT MAKE A 2H08 DISTRIBUTION AS PART OF A CAPITAL MANAGEMENT PLAN TO STRENGTHEN BALANCE SHEET**

Babcock & Brown Power (ASX:BBP) has decided that it would be prudent to not make a distribution for the six month period ending 30 June 2008 amongst a range of capital initiatives it is investigating to strengthen the balance sheet and enhance long term returns to securityholders.

#### **Capital Management**

BBP believes that it is prudent to strengthen and degear the balance sheet from current levels of approximately 68%<sup>1</sup> towards the lower end of the previously stated target range of 60-65%. Given the refinancing of the BBPH<sup>2</sup> corporate facility which is targeted for completion by the end of August as well as the previously announced capital expenditure commitments, the Board has decided the most appropriate course of action is to not make a 2H08 distribution.

#### **Distributions**

It is the Board's view that it is in the best interests of securityholders that future distributions per security ("DPS") be fully covered by operating cashflows. For 2009F, DPS is therefore expected to be in the range of 13 to 18 cents per security based on the current portfolio of assets.

#### **Earnings Outlook**

BBP continues to monitor the impact of gas supply disruption from the Varanus Island incident on the Alinta retail business. Whilst there is not absolute clarity regarding the timing of restoration to gas supplies, it is possible this could ultimately take longer than the two months advised by Apache Energy. Taking this into account and given current trading conditions BBP currently anticipates:

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<sup>1</sup> Net debt to net debt plus equity

<sup>2</sup> BBP Holdings Pty Ltd

- 2008F EBITDA to be in the range of \$330 million to \$340 million which is slightly below Alinta Scheme guidance taking into account pro-rata ownership of Alinta assets.
- 2009F EBITDA is likely to be at the lower end of the known analyst forecast range of \$439 million to \$528 million.

BBP continues to advance a range of capital management initiatives and continues to progress the asset sale programme and the refinancing of the BBPH<sup>3</sup> debt facility of up to \$360 million which will further strengthen the capital structure.

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### About Babcock & Brown Power

Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition of further generation assets and associated businesses via a combination of new construction and strategic acquisitions.

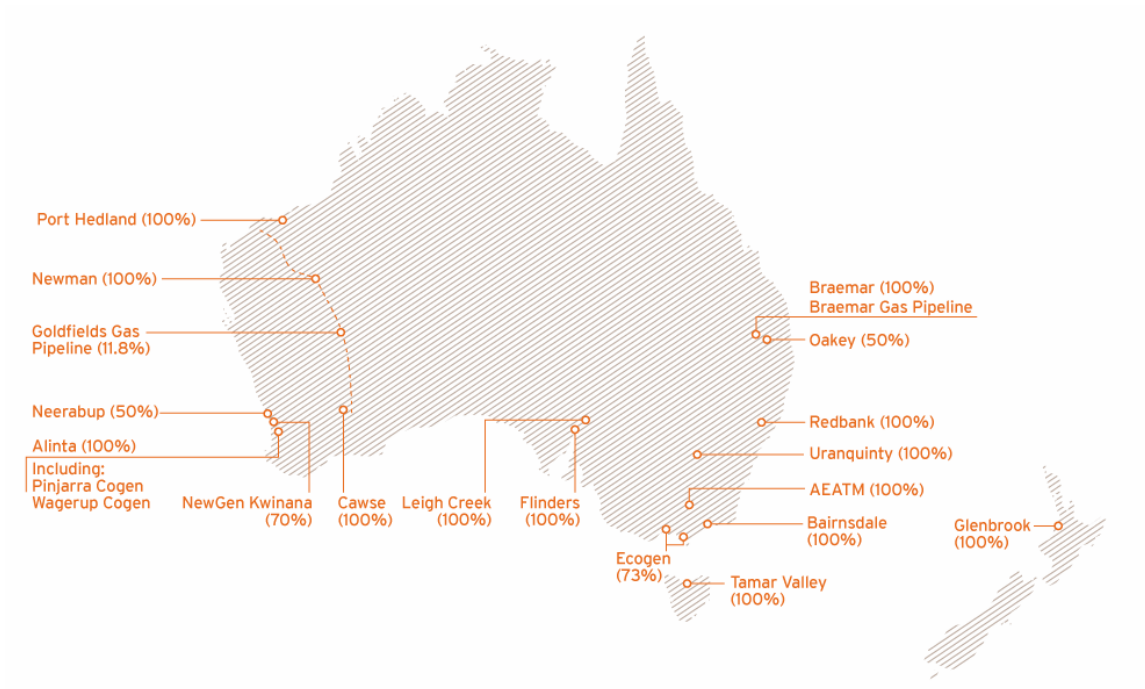
The portfolio has interests in 14 operating power stations representing over 4,000MW<sup>4</sup> of installed generation capacity and five power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets Alinta. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

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<sup>3</sup> BBP Holdings Pty Ltd

<sup>4</sup> Some assets have minority shareholders.

## Portfolio Summary



For further information please visit our website: [www.bbpower.com](http://www.bbpower.com)