



MACQUARIE  
ACN 002 574 923

# Macquarie Private Wealth



## DUET Group

### Business Description

DUET Group (DUE) is an owner of energy utility assets in Australia and the United States. DUE is managed jointly by AMP Capital Investors Limited and Macquarie Capital Group Limited. DUE consists of two stapled registered managed investment schemes and an Australian public company.

### Strategy Analysis

DUE focuses on regulated and contracted utilities with stable and predictable revenue streams. The company's portfolio is diversified across energy sources and utility sectors within Australia. Historically, DUE looked to expand its portfolio by investing in OECD countries but no acquisitions are expected in the near-future with relatively tight credit markets and a poor track record. Current focus is on delivering organic growth commitments including smart electricity meters in Victoria. An equity raising and asset transactions mid 2011 reduced risk and simplified the portfolio to three majority stakes. Management is cleaning DUE up, making it more transparent and ensuring gearing and distributions are sustainable. DUET Group reported NPAT down 11% to \$124.92m for the year ended 30 June 2011. Revenues from ordinary activities were \$1.21bn, up 5% from last year. Basic and Diluted EPS was 1.44 cents compared to 4.88 cents last year. Net operating cash flow was \$830.55m compared to \$742.32m last year. The final dividend declared was 10 cents, taking the full year dividend to 20 cents, in line with 20 cents last year.

27 January 2012

### Recommendation

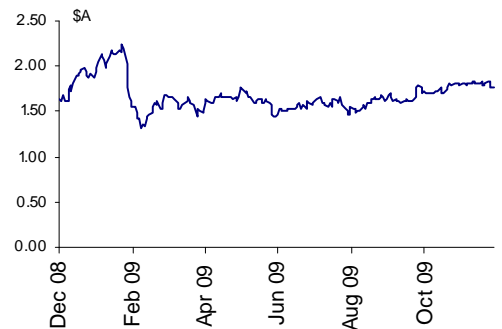
Recommendation: Neutral  
Relative to: All Ind (ex Fins)

### Investment Fundamentals

ASX code: DUE  
Stock price: \$1.81  
Market cap: \$1,970m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	132.2	129.7	166.0	176.7
Adjusted e	\$m	132.2	129.7	166.0	176.7
EPS adjusted	¢	12.5	11.6	14.5	15.2
EPS growth	%	-10.6	-7.3	25.0	5.0
PE	x	14.4	15.6	12.4	11.8
PE relative	x	1.2	1.5	1.3	1.3
DPS	¢	16.0	16.5	17.0	17.5
Yield	%	8.9	9.1	9.4	9.7
Franking	%	0.0	0.0	0.0	

### Share Price



Source: ASX and Company accounts

### Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	22.0%
Duquesne	32.4	9.2	31.5	3 year	7.0%
United Energy	25.1	10.7	68.0	5 year	0.6%
Dampier Bunbury Pipeline	24.4	9.3	83.5	10 year	0.0%
Multinet	14.6	9.1	74.3	Dividend Reinvestment Plan	Yes
WA Gas Networks	3.4	8.6	58.8	Shareholder Discounts	No
<b>Total</b>	<b>99.9</b>	<b>46.9</b>	<b>316.1</b>		
Results by Geography					
Australia	0.0	0.0	0.0		
United States	0.0	0.0	0.0		
<b>Total</b>	<b>0.0</b>				

### Company contact details:

DUET Group  
1 Martin Place  
Sydney NSW 2000  
Tel: +61 2 8232 6913  
[www.duet.net.au](http://www.duet.net.au)

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au)

**Disclosure:** In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as financial advisor to DUET Group in respect of the agreement to sell its 29% ownership interest in DQE Holdings LLC (Duquesne) to the Government of Singapore Investment Corporation Pte Ltd (GIC) for US \$360 million as announced 29 September 2010. The Macquarie Group acted for DUET Group as Joint bookrunner, Joint Lead Manager and Joint Underwriter in relation to an Entitlement Offer announced on 4 August 2011. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from DUET Group. The Macquarie Group acted as financial advisor to DUET Group in discussions relating to the WestNet portfolio as announced on 12 May 2011. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from DUET Group. Macquarie Capital Advisers Limited acted as Joint Lead Manager and Underwriter for DBNGP Finance Co Pty Limited (asset of DUET Group) in relation to the issuance of senior secured medium term notes as reported on 16 September 2010. Macquarie Bank Limited makes a market in the securities in respect of Diversified Utility and Energy Trust.

Macquarie and its affiliates collectively and beneficially own or control 1% or more of any class of Duet Group's equity securities. The responsible entities of the Diversified Utility and Energy Trusts (DUE:ASX), AMPCI Macquarie Infrastructure Management No 1 Limited and AMPCI Macquarie Infrastructure Management No 2 Limited, are 50% owned by the Macquarie Group and 50% by AMP Capital Holdings Limited. The DUE:ASX trusts hold all the ordinary units in POWERS Trust.

**Disclaimer:** This report is prepared for general circulation and does not have regard to the particular circumstances or needs of any specific person who may read it. The information contained herein is believed to be reliable, but its completeness and accuracy is not guaranteed. Opinions expressed may change without notice. No part of this report is to be construed as a solicitation to buy or sell any security. We do not accept any liability, whether direct or indirect arising from the use of information contained in this report. International investors are reminded of the risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Any transaction by US persons in any security discussed in this report must be carried out through Macquarie Equities (USA) Inc which has distributed this report in the US. This report is issued in the UK by Macquarie Equities Limited, which is a member of the Securities and Futures Authority. The investments and investment services the subject of this report are not available to private customers in the UK. The material in this publication is copyright and may not be reproduced without consent of the copyright owner.