



Wednesday, 1 May 2019

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Spark Infrastructure - Macquarie Conference Presentation

Please find attached a presentation to be delivered by Spark Infrastructure at the Macquarie Conference being held on Thursday, 2 May 2019.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Alex Finley".

Alexandra Finley
Company Secretary

*spark*infrastructure

Delivering

FUTURE ENERGY

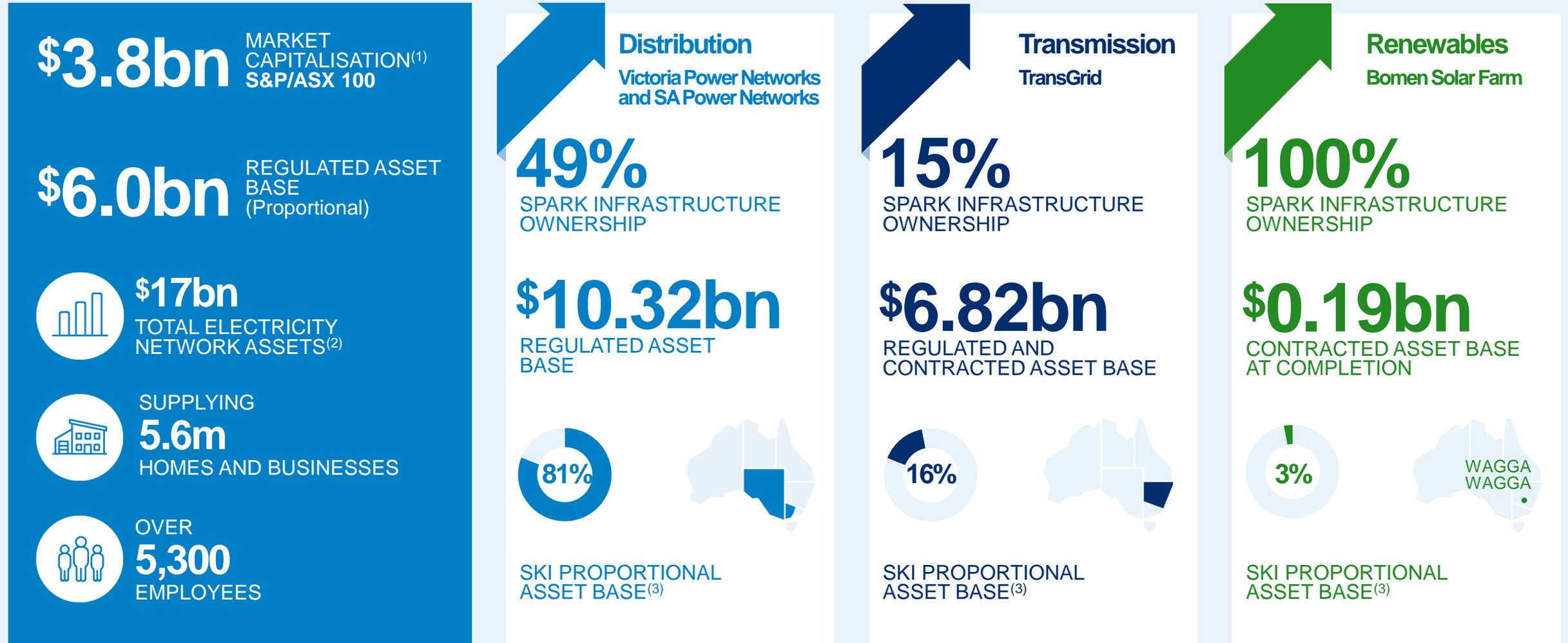
MACQUARIE CONFERENCE PRESENTATION

NICHOLAS SCHIFFER, CFO

THURSDAY, 2 MAY 2019

SPARK INFRASTRUCTURE – AT A GLANCE

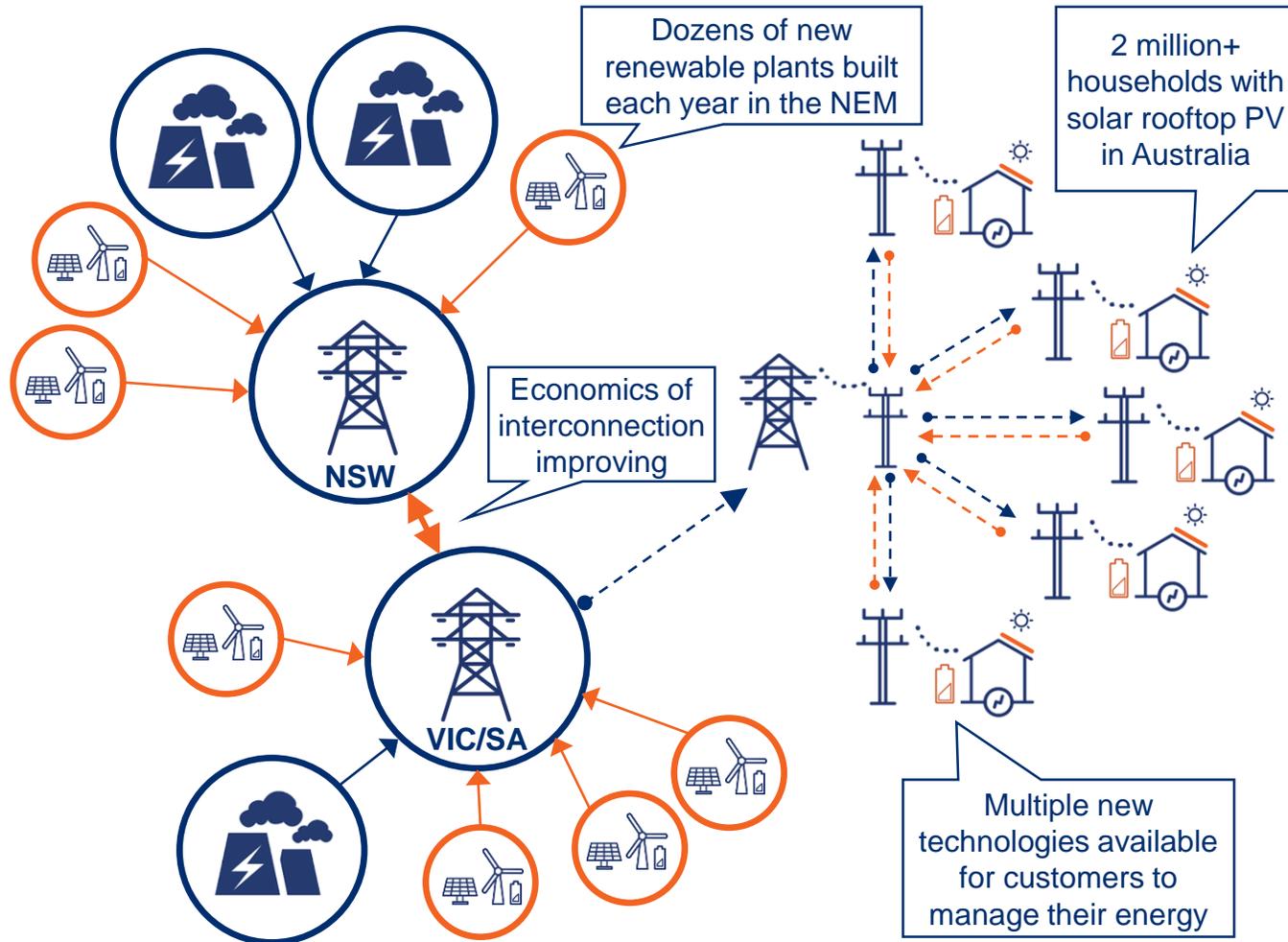
ASX-listed owner of leading essential service infrastructure



(1) As at 30 April 2019. Balance sheet and other information as at 31 December 2018 (2) Spark Infrastructure has interests in \$17bn of total electricity network assets (3) Pro forma

THE ROLE OF NETWORKS IS EXPANDING

Our networks are increasingly delivering more value-add services to the grid as technology and customer preferences evolve



A critical role for transmission...

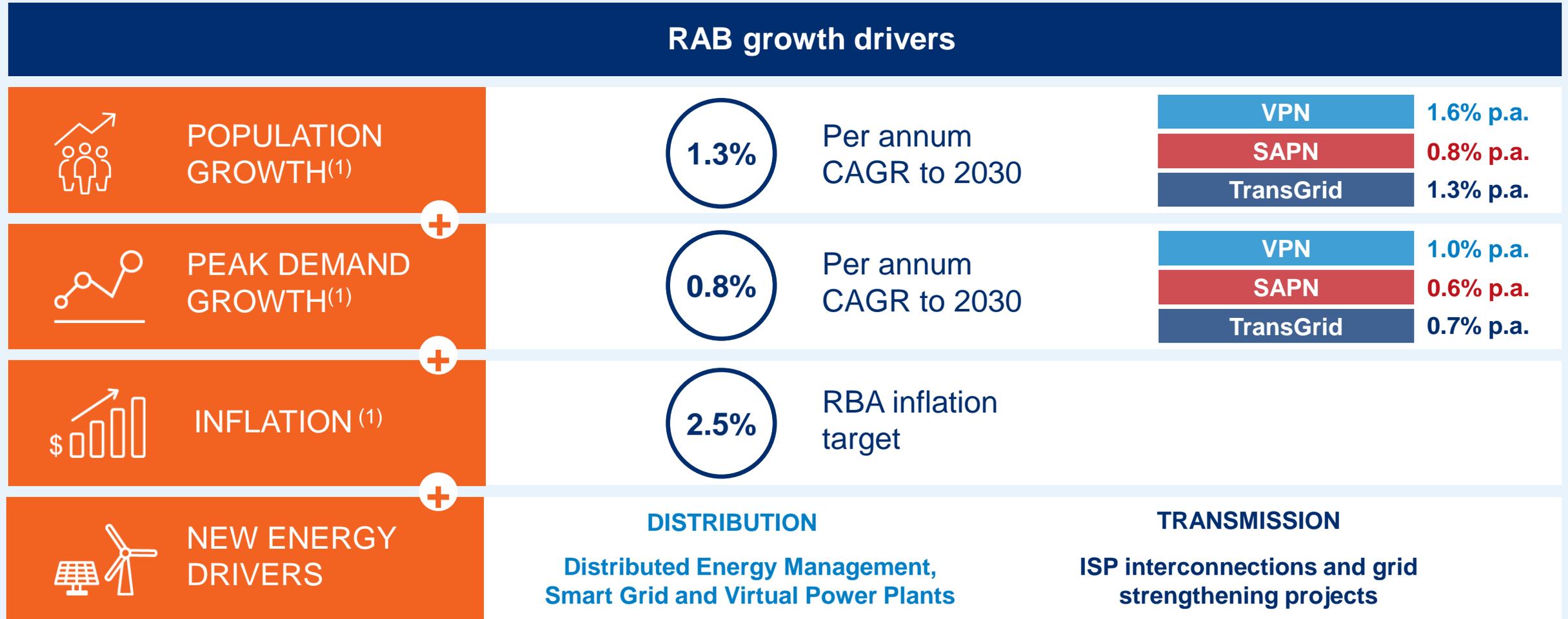
- Connecting large-scale generation, storage and firming services
- Interconnections to reduce system costs and ensure network security
- Grid strengthening projects to integrate more load and renewables

... And an increased role for distribution

- Managing thousands of distributed energy resources
- Investing in smart grid technology to manage reverse energy flows
- Providing more contestable services for renewables

GROWTH DRIVERS FOR REGULATED ASSETS

Positive fundamentals for traditional RAB growth drivers of population and peak demand, and new energy drivers provide additional opportunities

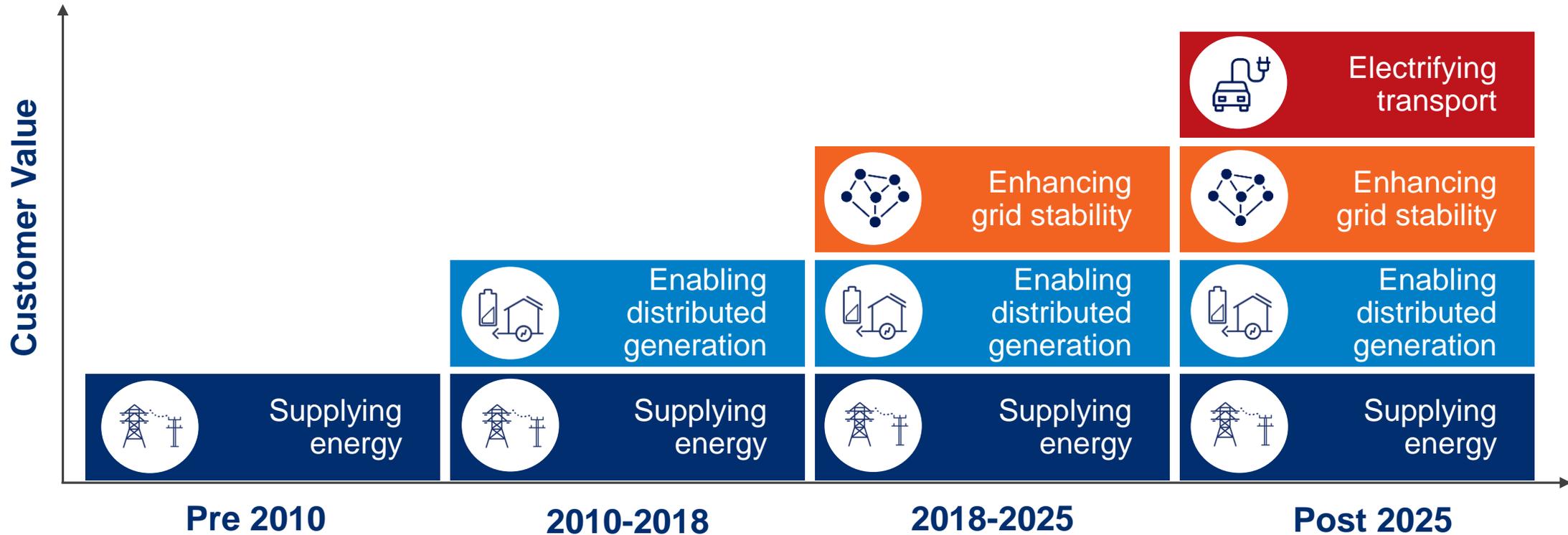


(1) Source: Victoria State Government land use and population research; South Australia State Planning Commission population projects and demographics; AEMO National Electricity and Gas Forecasting portal maximum demand data; mid-point of Reserve Bank of Australia inflation target on average over time

CHANGING ROLE OF DISTRIBUTION NETWORK

Our electricity distribution businesses are providing greater customer value, a trend that will continue with market developments

The changing role of the distribution network⁽¹⁾



We will continue to advocate for strong incentives for efficiency and innovation to support new ways of providing valued services to customers at the lowest cost

(1) Source: Adapted from SA Power Networks 2020-25 Regulatory Proposal – An overview for South Australian electricity customers, sourced from SA Power Networks' Talking Power website

OPPORTUNITIES FOR TRANSMISSION

The outlook for the ISP and the NSW Transmission Strategy is positive and is additional to TransGrid's 2018-2023 capex allowance in its revenue determination

Capex source	Estimated cost	AEMO ISP Neutral ⁽¹⁾ Delivery target	NSW Transmission Strategy ⁽¹⁾ Delivery target
TransGrid 2018-2023 capex allowance	\$1,249m	N/A	N/A
VIC-NSW interconnector upgrade	\$80m ⁽²⁾	2020	2022
Minor QLD-NSW interconnector upgrade	\$142m ⁽²⁾	2020	2022
New SA-NSW interconnector (Project EnergyConnect)	\$1,500m ⁽²⁾	2022 to 2025	2023
Snowylink North	\$1,150m ⁽²⁾	2022 to 2025	2024
Medium QLD-NSW interconnector upgrade	\$560m ⁽²⁾	2023	N/A
Total possible ISP spend by mid-2020s	\$3,432m	N/A	N/A
TransGrid 2018-2023 other contingent projects⁽³⁾	\$857m to \$2,484m	N/A	N/A

The ISP and the NSW transmission strategy represent significant investment opportunities to deliver cost savings for consumers

(1) Source: AEMO 2018 Integrated System Plan (AEMO 2018 ISP); NSW Transmission Infrastructure Strategy, November 2018 (2) Estimated cost of ISP projects sourced from AEMO 2018 ISP and represents total cost for each project, some of which may be funded by other TNSPs (3) Source: AER's final decision for TransGrid 2018-2023 Determination, Attachment 6 – Capital Expenditure; Projects include Reinforcement of Southern Network, Support South Western NSW for Renewables, Supply to Broken Hill, Support Central Western NSW for Renewables, Support North Western NSW for Renewables, and Renewables development in Mt Piper to Wellington area

MAINTAINING LEADERSHIP IN SECTOR EFFICIENCY

Our investment businesses score highly across the AER's productivity dimensions and continue to focus on improving efficiency. This leads to better outcomes for both consumers and our Securityholders

Asset Company	CitiPower (Distribution)	Powercor (Distribution)	SA Power Networks (Distribution)	TransGrid (Transmission)
AER Total Productivity ⁽¹⁾		No. 4		No. 3
AER OPEX Productivity ⁽¹⁾			No. 3	
AER State-Based Productivity ⁽¹⁾	N/A	N/A		N/A
AER 2017 Productivity Change ⁽¹⁾	+3%	+3%	-6%⁽²⁾	+12%

TransGrid achieved the highest productivity improvement of the five transmission companies, increasing performance by 12% relative to the prior year

(1) Source: AER Annual Benchmarking Report 2018

(2) SA Power Networks experienced rare and extreme weather conditions in 2016/2017 which led to increased cost required to respond to faults and to rectify supply. This had a significant downward impact on its productivity score, which is expected to rebound in the next productivity benchmarking report

RORG AND TAX WILL IMPACT REVENUE POST 2020

The energy network sector has greater certainty following the completion of several regulatory and industry reviews during 2018; changes made by the AER are likely to have a downward impact on VPN's and SA Power Network's revenues post 2020⁽¹⁾

Review	Parameter	Moving from	Moving to	Indicative 2021-2023 p.a. revenue impact - Spark proportional ^{(1),(2)}
Final RORG	<ul style="list-style-type: none"> Equity risk premium Debt risk premium 	<ul style="list-style-type: none"> 4.55% Broad BBB curve 	<ul style="list-style-type: none"> 3.66% 2/3 Broad BBB, 1/3 Broad A 	\$(22-27)m
	Gamma	0.4	0.585	\$(15-20)m
Approach to regulatory tax	Refurbishment capex and capitalised direct overheads	Depreciation of refurbishment capex and capitalised direct overheads aligned to accounting treatment	Immediate deduction of refurbishment capex and capitalised direct overheads to align to tax treatment	\$(20-25)m
	Tax depreciation treatment of new capex	Common use of straight line depreciation	Diminishing value depreciation for all new capex	\$(2-4)m
Total				~\$(60-75)m

Spark Infrastructure and our businesses continue to investigate the extent to which these factors can be mitigated

(1) 2021-23 impacts only include VPN and SA Power Networks as TransGrid's rate of return and tax allowance have been determined to 30 June 2023 and have not been estimated for 1 July 2023 to 31 December 2023

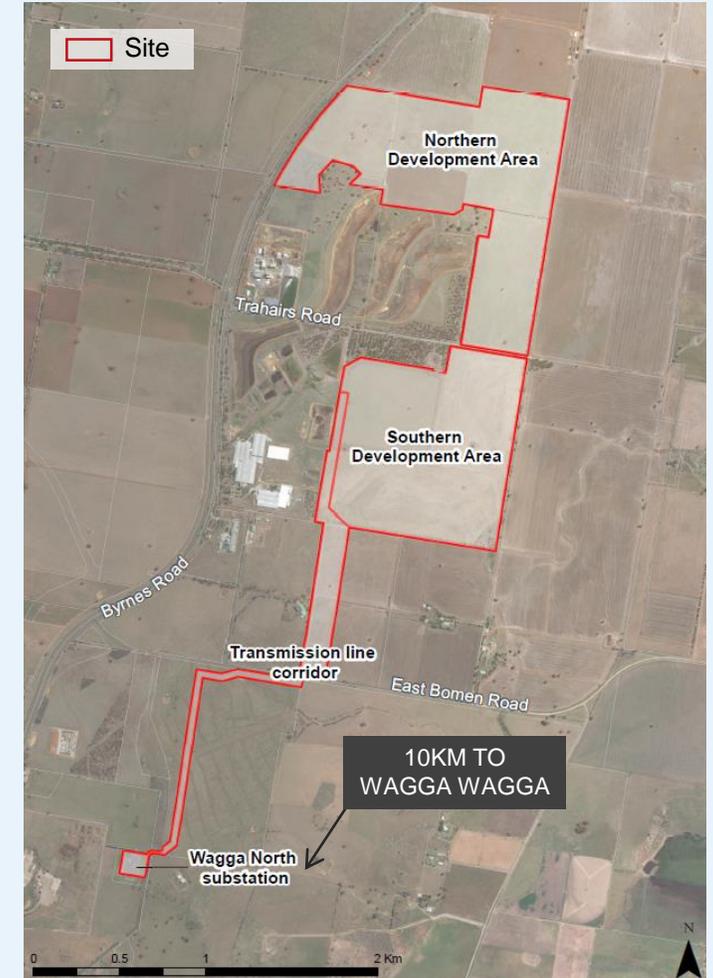
(2) Source: Spark Infrastructure investment businesses; Revenue impacts are indicative only and are not intended to represent likely regulatory outcomes still to be determined by the AER

(3) Note: Other key items that could impact revenue include macroeconomic factors like inflation and interest rates

A FIRST STEP INTO RENEWABLE ENERGY

Acquisition of 100% interest in the 120MW_{DC}/100MW_{AC} Bomen Solar Farm, with total cost at completion of ~\$188m⁽¹⁾; a high-quality asset in a strong grid location close to TransGrid's substation; construction scheduled to commence in Q2 2019

Site area	<ul style="list-style-type: none"> • ~250 ha
Asset life	<ul style="list-style-type: none"> • ~30 years
Capacity factor	<ul style="list-style-type: none"> • High capacity factor ~28%
EPC Contractor	<ul style="list-style-type: none"> • Beon Energy Solutions
Connection agreement	<ul style="list-style-type: none"> • TransGrid
Peak workforce	<ul style="list-style-type: none"> • Up to ~250 workers in construction phase
No. of customers	<ul style="list-style-type: none"> • Equivalent to powering ~36,000 homes
PV Panels	<ul style="list-style-type: none"> • Tier 1 supplier, Jinko
Inverters	<ul style="list-style-type: none"> • SMA
Trackers	<ul style="list-style-type: none"> • NEXTracker



HIGHLY CONTRACTED REVENUE STREAM

Highly contracted revenue profile with high-quality counterparties providing stable and predictable cash flows for 10 years; commercial operations expected in Q2 2020

**5-year contracted volume
(2020-24)**

95%

**10-year contracted volume
(2020-29)**

82%

PPA offtaker	Contract tenor	Energy ⁽¹⁾	LGCs
	5 years	21%	8%
	7 years	8%	8%
	10 years	40%	40%
	10 years	26%	26%

(1) Estimated at commencement of commercial operations

LOGICAL AND PRUDENT INVESTMENT

Strong investment rationale; value and yield accretive⁽¹⁾ with attractive risk-adjusted returns to enhance value creation

Logical and prudent first step into renewable energy

- Complementary and adjacent asset class
- Diversifying exposure across the energy supply chain
- Access to growth sector
- Modest investment with experienced counterparties
- Initially funded by cash and corporate debt facilities
- Platform for further growth

Strongly aligned to stated investment strategy

OUR STRATEGIC VISION AND PRIORITIES

Delivering essential service infrastructure

OBJECTIVE

Delivering long-term value through capital growth and distributions to Securityholders from our portfolio of high-quality, long-life essential service infrastructure businesses

By building sustainable businesses and harnessing their evolving growth potential we will continue to create long-term value for Securityholders



BUSINESS MODEL

Value Enhance

Managing our portfolio for performance and organic growth through efficient investment

Value Acquire

Growing through disciplined acquisitions

Value Build

Developing adjacent business platforms

Bomen Solar Farm is the first step in the development of a platform for further renewable energy growth

(1) Based on target debt funding for project on completion/commencement of commercial operations

DELIVERING FUTURE ENERGY

We remain focused on maintaining our sector leading efficiency and benefiting from the transition to renewable and distributed energy

1	Our networks are leaders in efficiency, reliability and safety	<ul style="list-style-type: none">• Most efficient network assets with high levels of utilisation• Well placed to benefit from industry structural change to new energy future
2	Strong performance metrics and balance sheet	<ul style="list-style-type: none">• Delivered 8.5% standalone operating cash flow growth in FY2018• Investment grade credit ratings
3	Cash yield of 6.6%⁽¹⁾	<ul style="list-style-type: none">• DPS guidance of at least 15.0cps in FY2019
4	Supportive characteristics	<ul style="list-style-type: none">• Regulatory stability to 2020 (SA Power Networks, Victoria Power Networks) and 2023 (TransGrid)• Inflation-linked regulatory regime; increases in interest rates reflected in higher regulated revenues
5	Growth opportunities in the new energy future	<ul style="list-style-type: none">• Distributed renewable generation, reliability requirements and efficient wholesale energy market operation reinforce role of the grid• Large-scale transmission interconnection options rapidly progressing; substantial government support

Our continued focus on efficiency delivers reliable and affordable electricity to consumers

(1) Based on 30 April 2019 closing price of \$2.26 and FY2019 distribution guidance of at least 15.0cps

QUESTIONS

APPENDIX: DISTRIBUTIONS, OUTLOOK AND TAX

As presented at FY2018 results on 26 February 2019

2019 DPS Guidance	<ul style="list-style-type: none"> The Directors confirm distribution guidance for FY2019 of at least 15.0cps, subject to business conditions
Outlook	<ul style="list-style-type: none"> Spark Infrastructure expects future cash flows to align more closely with the five-year regulatory periods of our businesses Our intention is to continue paying out a high proportion of standalone operating cash flows, over five-year regulatory periods AER decisions in December 2018 are likely to put pressure on regulated revenues and operating cash flows of our investment businesses post 2020 Continued focus on maintaining investment grade credit ratings for our businesses
Tax	<ul style="list-style-type: none"> With Spark Infrastructure becoming a taxpayer, distributions to Securityholders will be funded from standalone operating cash flows after tax payments We expect an increasing tax profile with an effective tax rate (cash tax paid in the year divided by pre-tax standalone operating cash flow) estimated to be 6% for FY2019 and 12-20% in the following one to two years The timing and amount of tax payable will depend on the underlying financial performance of the investment businesses, tax timing differences and the outcome of tax disputes with the ATO (if appealed) We expect to be able to distribute franking credits to Securityholders, to the extent possible

If no successful appeal of the Federal Court decision on tax treatment of cash contributions and gifted assets, Spark Infrastructure will pay tax from 2019 onwards and future distributions to Securityholders are expected to be franked

DISCLAIMER AND SECURITIES WARNING

Investment company financial reporting - Adjustments are made to distribution and transmission revenues to defer/accrue for amounts in excess of/under the regulated revenue cap to reflect that these amounts will be returned to/recovered from electricity consumers in future periods via adjustments to tariffs.

The financial reporting is based on TransGrid's special purpose financial statements for the year ended 30 June 2018 and half year ended 31 December 2018. Results have been adjusted by Spark Infrastructure to reflect the 12 month period to 31 December 2018.

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Rounding. Amounts have been rounded to one decimal place. As a result, totals as correctly stated in tables may differ from individual calculations.