ASX RELEASE

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SPARK INFRASTRUCTURE RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Highlights for the 6 months ended 30 June 2019 (HY2019)

- **Consistent financial performance:** adjusted EBITDA[1,5] of $426.4m, up 1.9% on previous half year
- **Adjusted Standalone net operating cash flow**[2] up 10.8% to $144.4m
- **Distributions from investment businesses**[3] up 10.6% to $152.6m
- **Prudent investment:** regulated and contracted asset base (RCAB[1,6]) of $6,190m; up 3.3% since 30 June 2018
- **Bomen Solar Farm:** 120MW$_{DC}$/100MW$_{AC}$ solar farm project near Wagga Wagga acquired in April 2019. Construction commenced in August and is on-time and on-budget
- **TransGrid:** transmission contingent projects looking more positive to move forward for approval
- **Interim FY2019 distribution:** 7.5 cents per security (cps)
- **Distribution Reinvestment Plan (DRP) reactivated** at a discount of 2.0%, non-underwritten
- **FY2019 distribution guidance of at least 15.0cps** reconfirmed

Spark Infrastructure today released its financial results for the 6 months ended 30 June 2019 (HY2019), delivering again a solid financial performance from its high-performing investment portfolio businesses.

Energy transformation and the importance of transmission and distribution networks.

Announcing the results, Spark Infrastructure Managing Director and Chief Executive Officer, Rick Francis said:

“This is another consistent result delivered by our investment businesses who continue to lead their peers in efficiency and performance. Looking forward, while the reduction in the rate of return under the new RORG is disappointing, we have confidence in the robustness of our essential services businesses which are the core strength of Spark Infrastructure.

“The transformation of the energy industry is necessitating vital change across the energy supply chain of generation, transmission and distribution. We are strongly supportive of the need to reduce carbon emissions and the drive towards more renewable energy. As owners of essential services businesses, which include generation and networks, we are well placed to continue participating in, and contributing to, this necessary and important evolution.” he added.

“The Australian Energy Market Operator’s (AEMO) Integrated System Plan (ISP) recognises the imperative of connecting renewable energy to the electricity system efficiently. Enhancing the stability and performance of the grid via greater interconnectivity is critical. It is comforting to now see the support behind the need to build new projects such as Project EnergyConnect (the potential new interconnector between NSW and SA) and Snowy 2.0. These new projects will greatly enhance our grid for the benefit of consumers for decades to come.

“Unfortunately, there is a pressing need to revisit the new RORG which has already become out-dated in a very short space of time due to the current uncertainty and volatility in the markets, and with the historically low levels of inflation and interest rates. What we can’t afford to have happen is for inflexible regulatory processes to stymie building of these investments which are urgently needed in the grid.” Mr Francis said.

HY2019 Performance Summary

Spark Infrastructure Financial Performance *(including Spark proportional share where applicable)*	**HY2019 ($m)**	**HY2018 ($m)**	**Variance (%)**
Adjusted EBITDA[1,5]	426.4	418.3	1.9
Profit before Loan Note Interest and Tax	140.7	153.3	(8.2)
Adjusted Profit before Loan Note Interest and Tax[4]	138.2	153.3	(9.8)
Distributions from Investment Businesses[3]	152.6	138.0	10.6
Standalone Net Operating Cash Flow[3]	128.0	130.3	(1.8)
Adjusted Standalone Net Operating Cash Flow[2]	144.4	130.3	10.8
Capital expenditure[1]	252.1	227.1	11.0
Regulated and Contracted Asset Base (RCAB)[1,6] ($m)	6,190	5,994	3.3
Net Debt/RCAB[1,6] (%)	74.3%	73.9%	+0.4%

Victoria Power Networks (CitiPower and Powercor) – 100% numbers

In HY2019, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) reduced by 3.4% to $413.6 million and on an adjusted EBITDA basis reduced by 0.8%. On relatively flat revenues, operating costs in HY2019 increased as a result of higher vegetation management and clearance costs. Victoria Power Networks has increased the numbers of spans cut in 2019 and as at 30 June 2019, the cutting program is well ahead of the equivalent 2018 schedule.

Capital expenditure grew by 4.7% to $221.0 million, largely due to the continuation of the Rapid Earth Fault Current Limiters (REFCL) program. As a result, the Regulated Asset Base (RAB) grew 3.1% to $6,188 million from 30 June 2018.

SA Power Networks – 100% numbers

In HY2019, EBITDA increased by 0.8% to $337.8 million and on an adjusted EBITDA basis increased by 3.9%. Distribution revenue growth was 3.6%, while operating costs increased as a result of higher vegetation management costs. SA Power Networks' semi-regulated revenues were up by 12.8% to $46.7 million. This increase was the result of higher public lighting works and increased asset relocation activity, partially offset by a decrease in council funded LED upgrades.

Continued investment in the augmentation and maintenance of the South Australian network resulted in net capital expenditure of $222.9 million in HY2019, an increase of 7.3% on the previous half. As a result, RAB grew 3.8% to $4,315 million from 30 June 2018.

TransGrid – 100% numbers

In HY2019, EBITDA increased by 7.5% to $352.0 million, being a combination of increased transmission revenues and reduced operating costs. Unregulated revenue reduced by 8.9% to $74.4 million, which also saw a corresponding significant decrease in associated operating costs. In unregulated revenues, line modifications revenues reduced as a number of projects were completed, while revenues from completed contestable transmission connections grew.

Regulated capital expenditure increased by 22.6% to $124.3 million mainly due to the commencement of the Powering Sydney's Future Project and a major switching station project. Unregulated capital expenditure increased by 139.0% in the first half to $106.1 million due to a number of solar farm connections. As a result, Regulated and Contracted Asset Base (RCAB) grew 2.6% to $6,948 million from 30 June 2018.

HY2019 Interim Distribution and Distribution Reinvestment Plan (DRP)

In line with previous distribution guidance, the Directors have declared an interim distribution for 2019 of 7.5 cps. The interim distribution is payable on 13 September 2019 and consists of 3.5 cps interest on Loan Notes for the period and 4.0 cps capital distribution.

The Directors have also determined that the DRP will be reactivated for the interim 2019 distribution. The DRP will be used to partially fund the equity component of the acquisition and construction of the Bomen Solar Farm. The DRP will not be underwritten. Participating Securityholders will be issued Spark Infrastructure stapled securities at a discount of 2.0% to the price specified under the DRP rules.

The key dates for the distribution and DRP are as follows:

Distribution Ex-date	Tuesday, 3 September 2019
DRP pricing period commences (5 trading days)	Tuesday, 3 September 2019
Distribution Record Date	Wednesday, 4 September 2019
DRP Record Date	Thursday, 5 September 2019
Distribution Payment date	Friday, 13 September 2019
DRP Allotment date	Friday, 13 September 2019

Distribution Guidance and Outlook

The Directors have reaffirmed distribution guidance for 2019 of at least 15.0 cps, subject to business conditions.

Looking forward, as previously stated, the Directors expect that distributions to Securityholders will align more closely with the five-year regulatory periods of its major investments, primarily being SA Power Networks and Victoria Power Networks.

Distributions to Securityholders are funded from standalone operating cashflows after tax payments. The impact of the new Rate of Return Guideline (the RORG) and lower inflation will negatively impact regulatory returns for the upcoming five-year regulatory periods for SA Power Networks and Victoria Power Networks. Taking into account these regulatory and macro-economic headwinds and notwithstanding the best efforts of the Investment Businesses to mitigate these impacts, the Directors expect distributions to Securityholders will need to reset to a lower base for the next five-year regulatory periods.

It is not possible to determine the impact on future distributions at this point, given that the regulatory processes for SA Power Networks and Victoria Power Networks are not final, and the capital investment requirements for the potential contingent projects in the TransGrid business cannot yet be determined.

For further information:

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Footnotes:

1. On an aggregated proportional basis to Spark Infrastructure
2. Includes $42.8 million (HY2018: $43.1 million) repayment of shareholder loans from Victoria Power Networks (classified as investing activities for statutory reporting purposes) and excludes $2.6 million one-off acquisition costs paid and $13.8 million tax paid in HY2019
3. Includes $42.8 million (HY2018: $43.1 million) repayment of shareholder loans from Victoria Power Networks (classified as investing activities for statutory reporting purposes)
4. Excludes $2.7 million one -off acquisition costs and $5.3 million unrealised gains from derivative instruments in HY2019
5. Normalising adjustments to aggregated proportional EBITDA:
   Victoria Power Networks:
   - HY2019: excludes $4.6 million negative revaluation adjustment to employee entitlements provisions and $0.3 million loss in a credit valuation hedge accounting adjustment
   - HY2018: excludes $0.9 million positive revaluation adjustment to employee entitlements provisions and $4.0 million gain in a credit valuation hedge accounting adjustment

   SA Power Networks:
   - HY2019: excludes $0.9 million negative revaluation adjustment to employee entitlements provisions and $1.0 million loss in a credit valuation hedge accounting adjustment
   - HY2018: excludes $1.1 million positive revaluation adjustment to employee entitlements provisions and $4.6 million gain in a credit valuation hedge accounting adjustment. HY2018 also excludes release of excess December 2016 storm provisions ultimately not required of $3.0 million
6. Includes public lighting RAB