ASX & SGX-ST Release

18 November 2016

TO: ASX Limited
Singapore Exchange Securities Trading Limited

AusNet Services Half Year 2017 Results Release and Presentation

The following documents are attached:

1. ASX and SGX-ST Release – AusNet Services half Year 2017 Results; and
2. AusNet Services Half Year 2017 Results Presentation.

About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating $12bn of electricity and gas distribution assets, including the state-wide electricity transmission network. The company also has a non-regulated division, Select Solutions, providing specialist utility services.

Headquartered in Melbourne, Australia, AusNet Services employs around 2,400 people to service over 1.3m consumers and is listed on the Australian Securities Exchange (ASX: AST) and the Singapore Stock Exchange (SGX-ST: AZI.SI).

For more information visit AusNet Services' website, www.ausnetservices.com.au.

Claire Hamilton
Company Secretary

ASX & SGX-ST Release

AusNet services

18 November 2016

TO: ASX Limited
Singapore Exchange Securities Trading Limited

AusNet Services Half Year 2017 Results

AusNet Services reported its half year results for the period ending 30 September 2016. Key details include:

- Interim 2017 dividend of 4.40 cps, up 3% on prior corresponding period, 50% franked;
- Upgraded Full Year 2017 dividend growth guidance of 3% growth (previously 2%);
- Cash flow from operations up 15% to $325.5 million; and
- NPAT of $178.6 million, down principally as a result of income tax benefits in the prior period ($131.5 million from corporate restructure and $28.1 million from settlement of ATO dispute).

NPAT was also adversely impacted by lower revenues associated with the new Electricity Distribution Price Review period (2016-20), which is based on a substantially lower weighted average cost of capital than the 2011-15 regulatory period. The lower revenues have been partially offset by lower financing costs.

The movement in NPAT also reflects the net impact of certain costs recognised in the current and prior period:

- $10.0 million asset write-off of an IT project and increases in redundancy and restructuring costs of $8.4 million and guaranteed service level (GSL) payments of $4.1 million in the period; and
- $10.0 million of costs relating to the 2014 bushfires at Yarram and Mickleham in the prior period.

Excluding these items, operating expenses decreased $5.9 million, driven by cost savings.

A$M	HY 2017	HY 2016	Variance
Statutory Result			
Revenue	1,020.4	1,068.9	-4.5%
EBITDA	595.3	650.4	-8.5%
EBIT	388.9	455.1	-14.5%
PBT	254.2	300.4	-15.4%
NPAT	178.6	374.5	-52.3%
Cash Flow from Operations	325.5	283.5	+14.8%
Adjusted NPAT [1,2]	178.6	214.9	-16.9%
Interim dividend (cps)	4.40	4.265	+3.2%
Franking	50%	100%	-50%

1. Adjusted NPAT excludes the $131.5 million impact of entry into a new tax consolidated group arising from the restructure and the tax benefit associated with the IP dispute settlement with the ATO of $28.1 million as at 30 September 2015.
2. Adjusted NPAT is a non-IFRS measure that has not been subject to audit or review.

Operational Review

Electricity distribution

	30 September 2016	30 September 2015	Movement	%
Segment revenue ($M)	**457.3**	530.6	(73.3)	(13.8)
Segment result - EBITDA ($M)	**252.9**	332.6	(79.7)	(24.0)
Volume (GWh)	**4,007**	4,067	(60)	(1.5)
Connections	**698,648**	685,435	13,213	1.9
Capital expenditure ($M)	**220.8**	195.9	24.9	12.7

The largest contributor to the 13.8 per cent decline in revenue is the 5.7 per cent decline in electricity distribution tariffs and the 42.9 per cent decline in metering revenue compared to the prior period arising from the 2016-2020 EDPR decision. In addition, a milder winter during the current period has resulted in further revenue reductions.

The decline in metering revenues is due to the lower business as usual capex and opex allowance in the 2016-2020 EDPR period as compared to the establishment costs in the AMI roll-out period. In addition, there was a downward adjustment due to higher excess expenditures in prior year tariffs as part of the EDPR decision. This has been reflected in CY2016 tariffs.

Operating expenses for electricity distribution have increased $6.4 million or 3.2 per cent compared to the prior period due to:

- Inclusion of $5.4 million of redundancy, restructuring and program implementation costs, associated with business efficiency initiatives;
- A $4.1 million increase in GSL payments during the period due to an increased number of events and an increase in the rate paid under the current EDPR period;
- A $10.0 million (primarily non-cash) write-off for an IT project recognised during the period, of which $8.1 million was attributable to the electricity distribution business, offset by;
- $10.0 million of legal costs relating to the 2014 bushfires at Yarram and Mickleham in the prior period.

Capital expenditure has increased due to higher spend on the metering program as the mesh rollout completed. In addition, works on key safety programs accelerated, including the Powerline Replacement Program funded by the Victorian Government.

The above results do not include the impact of the storm events that occurred on 9 October 2016 which resulted in the loss of electricity for approximately 86,000 customers due to trees and branches falling across powerlines. This was the worst storm event in eight years. Field crews and delivery partners worked to restore power as quickly as possible, while ensuring the safety of employees and the community. Nonetheless, it is estimated that this event resulted in an additional $8 million expense (post-tax), predominately due to additional GSL payments to electricity distribution customers. GSL payments are recovered through the regulatory price regime, however with a time lag such that these particular GSL payments will not be recovered until the next EDPR period.

Gas distribution

	30 September 2016	30 September 2015	Movement	%
Segment revenue ($M)	**149.1**	130.9	18.2	13.9
Segment result - EBITDA ($M)	**118.1**	104.8	13.3	12.7
Volume (PJ)	**41.5**	46.0	(4.5)	(9.8)
Connections	**668,899**	654,587	14,312	2.2
Capital expenditure ($M)	**39.1**	46.8	(7.7)	(16.5)

The significant increase in gas distribution revenues is due to a re-profiling of tariffs for CY2016 which saw a shift in revenues from the summer off-peak period into the winter peak period. Partially offsetting this has been the warmer weather in FY2017 which has seen a reduction in volumes.

Operating expenses increased by $4.9 million or 18.8 per cent. Included within this increase is $1.8 million of provision and program implementation costs associated with the business efficiency initiatives, as well as $0.8 million attributed to the IT project write-off.

The reduction in capital expenditure has arisen from longer than expected lead times in sourcing materials for works under the Victorian Government's Regional Gas Infrastructure Program. In addition, there has been lower spend on the mains renewal program (replacement of old cast iron and steel pipelines) during the current period primarily due to delays in obtaining council approvals.

Electricity transmission

	30 September 2016	30 September 2015	Movement	%
Segment revenue ($M)	**333.5**	335.1	(1.6)	(0.5)
Segment result - EBITDA ($M)	**211.0**	207.6	3.4	1.6
Capital expenditure ($M)	**201.7**	96.4	105.3	109.2

Lower transmission revenues were primarily due to the negative price path in the Transmission Revenue Reset (TRR) Final Determination for 2014-2017. This has been mostly offset by a $1.3 million increase in excluded services revenue from three new projects completed during the period as well as a $3.9 million increase in contestable revenue arising from the acquisition of the Mortlake Terminal Station (June 2016) and new revenue for the Heywood Terminal Station.

Total transmission business expenses decreased by $5.0 million compared to the previous corresponding period. This was largely due to the prior period including additional consulting costs associated with the corporate restructure and TRR submission, as well as a $0.8 million reduction due to the completion of the Availability Incentive Scheme (AIS) offset by $3.0 million of redundancy and restructuring costs and program implementation costs associated with business efficiency initiatives. The reduction in operating expenses has led to the improvement in EBITDA period-on-period, despite the decline in revenues.

Of the total capital expenditure for the period, $116.5 million relates to the acquisition of the Mortlake Terminal Station. Works continue on major terminal station rebuilds at Richmond and Brunswick, with a total of $38.8 million spent on these projects during the six months to 30 September 2016. This is lower than the $50.1 million spent in the prior period as Brunswick nears completion (by mid-CY2017).

Select Solutions

	30 September 2016	30 September 2015	Movement	%
Segment revenue ($M)	**86.0**	78.2	7.8	10.0
Segment result - EBITDA ($M)	**13.3**	5.4	7.9	146.3

The Select Solutions business experienced a significant increase in revenue, largely on the back of organic growth in water and gas services with the signing of a number of key new contracts, as well as a significant increase in contestable metering revenues.

The segment result was negatively impacted in the prior period from higher mobilisation costs on new contracts and a number of cost overruns for particular projects which were completed last year. In addition, contestable metering services attract higher margins and so the growth in revenue has also positively impacted EBITDA margins for the business.

Outlook

AusNet Services remains committed to growing, investing and extracting value from its core networks and delivering value to shareholders and customers by focusing on various business efficiency initiatives. With a refreshed corporate strategy and five year plan, together with a new organisational structure, AusNet Services will accelerate its efforts to build high performing businesses. Key objectives are:

- Operate all three core networks in the top quartile of efficiency benchmarks;
- Target $1bn in contracted energy infrastructure assets by 2021; and
- Grow specialist services to essential infrastructure operators.

AusNet Services will continue to determine future dividends by reference to operating cash flows after servicing all of its maintenance capital expenditure and a portion of its growth capital expenditure. For the 2017 financial year, AusNet Services expects to increase dividends to 8.80 cps and expects the dividend to be 50% franked.

Dividend key dates

The 2017 interim dividend of 4.40 Australian cps is 50% franked.

Important dates:

23 November 2016	SGX-ST ex-date for interim dividend
24 November 2016	ASX ex-date for interim dividend
25 November 2016	Record date to identify shareholders entitled to interim dividend
28 November 2016	Last election date for participation in DRP for interim dividend
22 December 2016	Payment of interim dividend

The Dividend Reinvestment Program (DRP) will be in operation for the 2017 interim dividend at a 2% discount to the average trading price. The average trading price will be the average of the volume weighted average price of shares sold in ordinary market transactions on the ASX between 29 November 2016 and 12 December 2016 (inclusive).

For further information please refer to the DRP Rules at www.ausnetservices.com.au.

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Half Year 2017 Results

For the financial period ended 30 September 2016

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Introduction

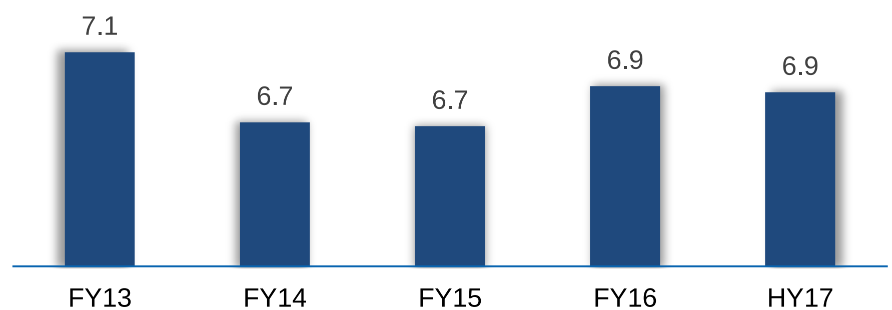
Financial performance

Operational review

Outlook

Safety Mission & Performance

- **About missionZero**
  - Symbolises our safety vision and values. When it comes to the safety of our people our target is ZERO injuries.
  - Strategy focused on strong safety leadership and safe behaviour, creation of safe work environments and improved systems and measurement.
- **missionZero FY17 plan emphasis**
  - Critical risk controls
  - Engaging our people to develop improved risk solutions
  - Continuous improvement in the systems designed to reduce workplace risk
- **Recordable Injury Frequency Rate (RIFR) = 6.87**
  - 40% reduction in RIFR since launch of the missionZero program in April 2011
  - 34% of year to date recordable injuries associated with meter reading activity.



Investment Proposition

Australia's largest ASX-listed regulated energy infrastructure company

- $8.7bn Regulated Asset Base
- $0.55bn Contracted Asset Base
- Highly predictable and inflation protected cash flows from asset base
- Critical energy delivery role in the National Electricity Market (NEM)

Focused on growing shareholder returns

- FY17 dividend growth guidance upgraded to 3% growth (previously 2%)
- Long-term maintenance of A-range credit rating
- Lower risk profile through diversified funding sources and extended tenors

Continued Asset Base growth

- Regulated Asset Base to grow by ~3% p.a. to 2020
- Strong organic Regulated Asset Base growth since listing
- Pipeline of Contracted Asset Base opportunities targeting $1bn by 2021

Targeting outperformance

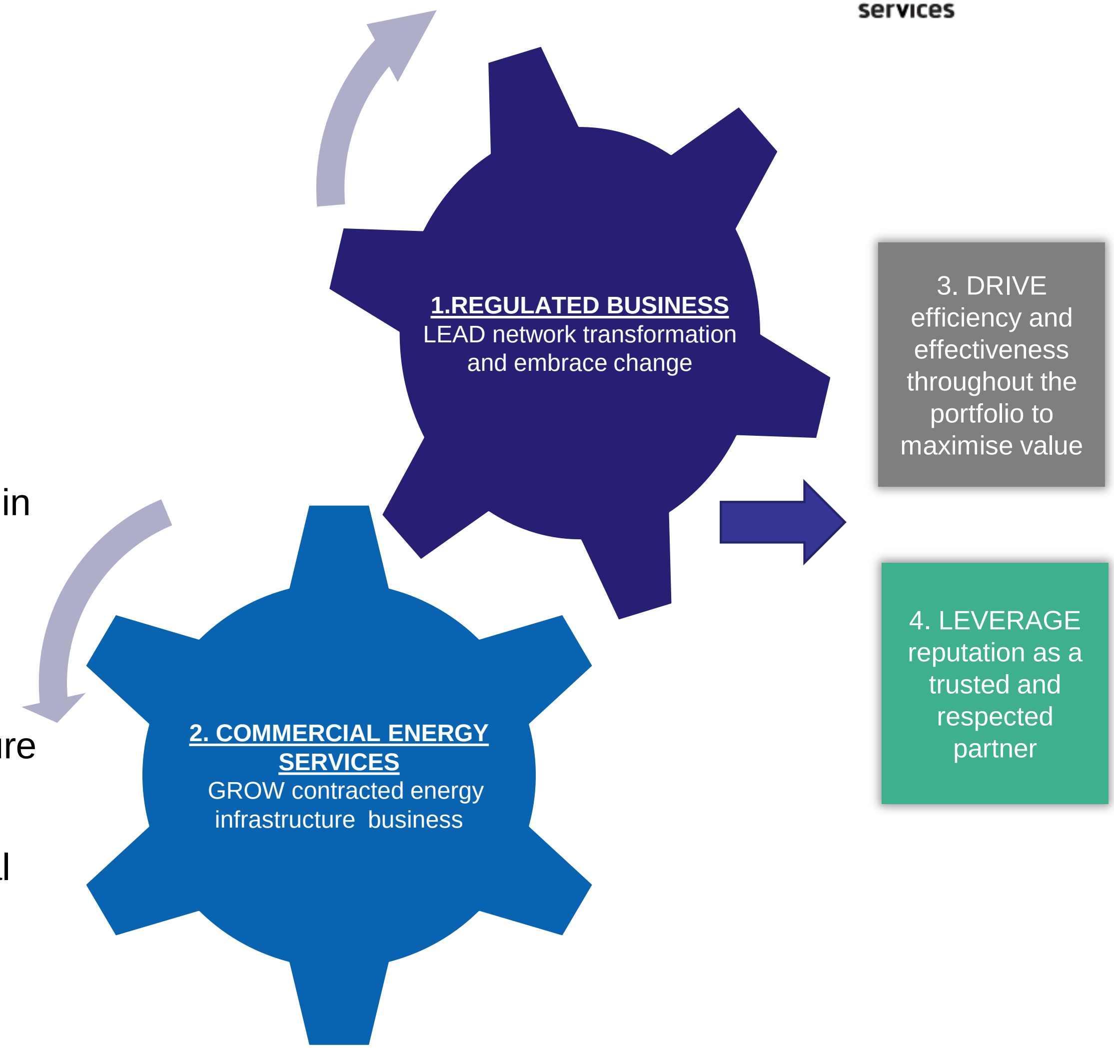
- Driving operating and capital efficiency, targeting $40m efficiency gains p.a. by FY19
- Transparent legal and capital structure
- 100% own, operate and control asset base and cash flows

Focus 2021
Our five year plan

Build a portfolio of high performing and sustainable Regulated and Commercial Energy Services businesses

Focus 2021 targets:

- Operate all three core networks in the top quartile of efficiency benchmarks
- Grow our:
  - contracted energy infrastructure asset base to $1bn
  - specialist services to essential infrastructure operators



Productivity & Efficiency

$20m of ERP benefits in HY17, $16m capex and $4m opex

Enterprise Resource Planning benefit target ($20m capex / $20m opex by FY19)

- Improved visibility across the business
- Better integration/bundling of work orders
- Centralisation of Spot Buying team
- Renegotiation of the data maintenance contract
- Proposed centralisation of planning and scheduling

FY2017 FY2018 FY2019

Continued efficiency and performance improvement programs

Operating model changes
Organisational restructure resulting in headcount reductions

Other efficiency programs - Consolidated a number of customer service centres. Continue to review other business support functions, further leveraging ERP platform.

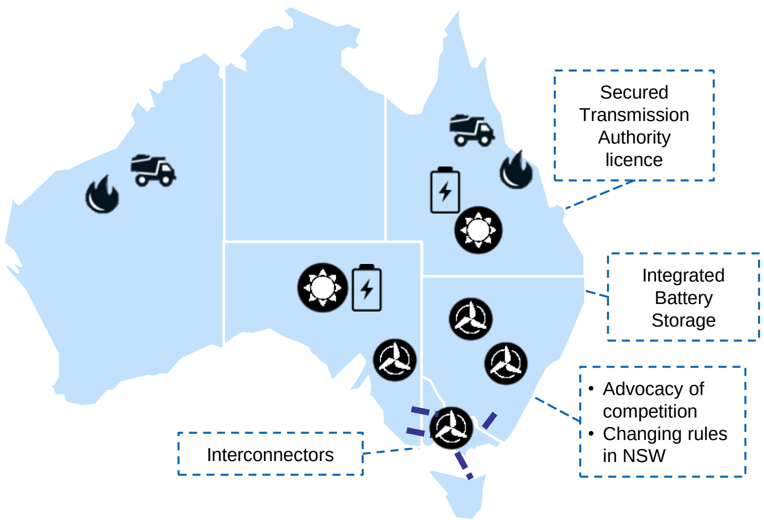
IT outsourcing - Entered into IT Outsourcing contract with a specialist IT Service provider. Transition to the new arrangements will occur on a progressive basis between October 2016 and February 2017.

Contracted Energy Infrastructure Growth

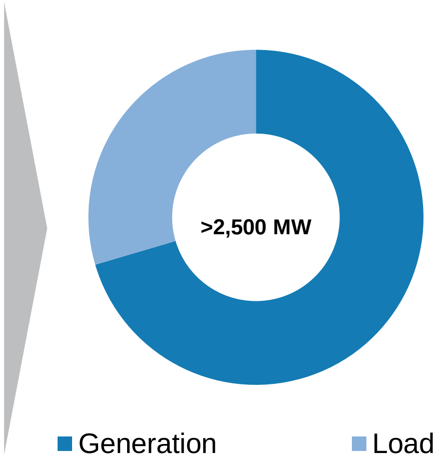
Supporting transition to renewable energy future

- Federal Government Renewable Energy Target
- Victorian Government announcement for renewable auctions
  - 25% by 2020
  - 40% by 2025
- Transition to renewable energy future will be underpinned by innovative infrastructure investment

External Factors



Strong Pipeline



Financial Performance

Financial Performance

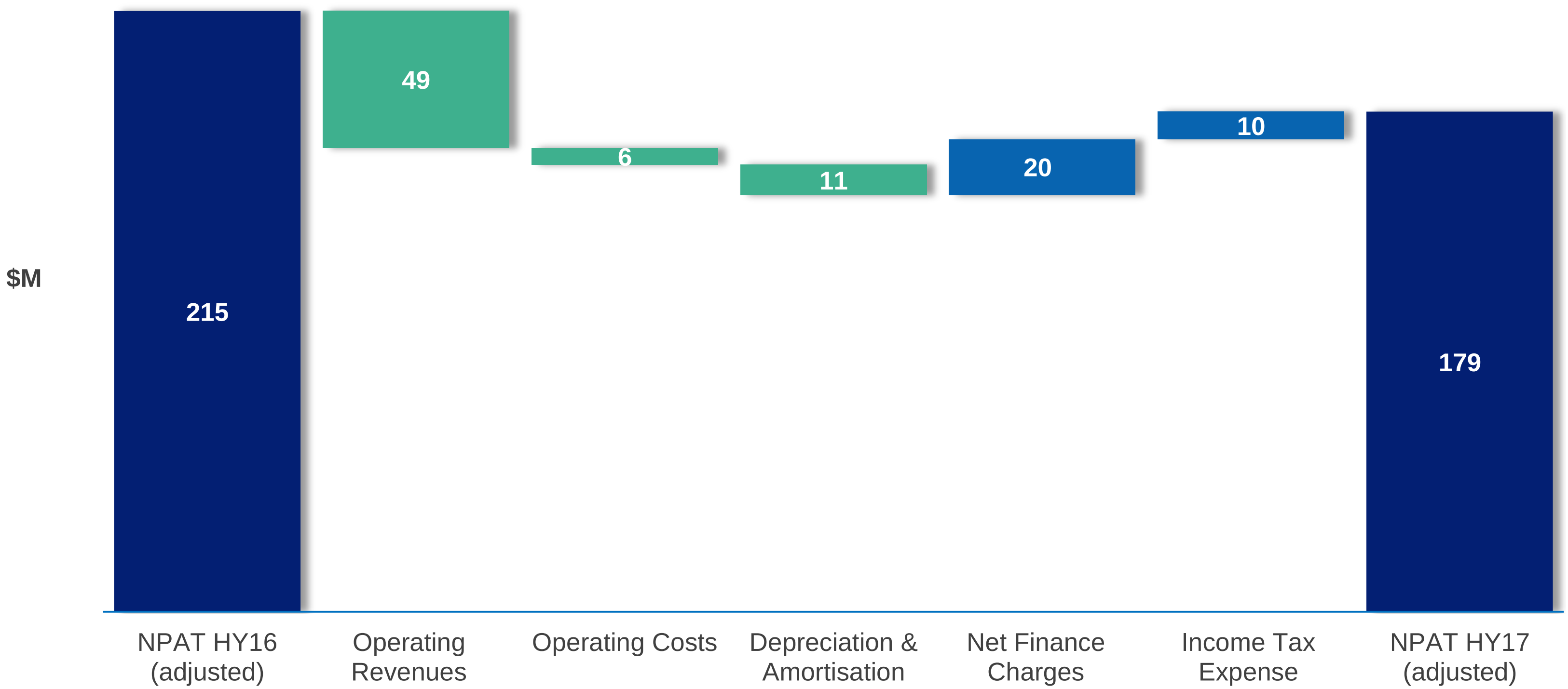
- Revenues impacted by EDPR 2016-20 WACC reset
- Lower statutory NPAT driven by one-off impacts in prior year (Restructure and ATO)
- Post balance date event, October storm impact (~**$8m post-tax)**
- Interim dividend up **3%**. Upgraded FY17 dividend growth guidance to **3%** (previously 2%)

A$M	HY 2017	HY 2016	Variance
Statutory Result			
Revenues	**1,020.4**	1,068.9	-4.5%
EBITDA	**595.3**	650.4	-8.5%
EBIT	**388.9**	455.1	-14.5%
PBT	**254.2**	300.4	-15.4%
NPAT	**178.6**	374.5	-52.3%
Cash flow from operations	**325.5**	283.5	14.8%
Adjusted NPAT	**178.6**	214.9	-16.9%
Adjusted Cash flow	**325.5**	406.0	-19.8%
Interim dividend (cps)	**4.40**	4.265	3.2%

***Note -** Adjusted NPAT (refer to appendices) and Adjusted cash flow (refer slide 12) are non-IFRS measures that have not been subject to audit or review.*

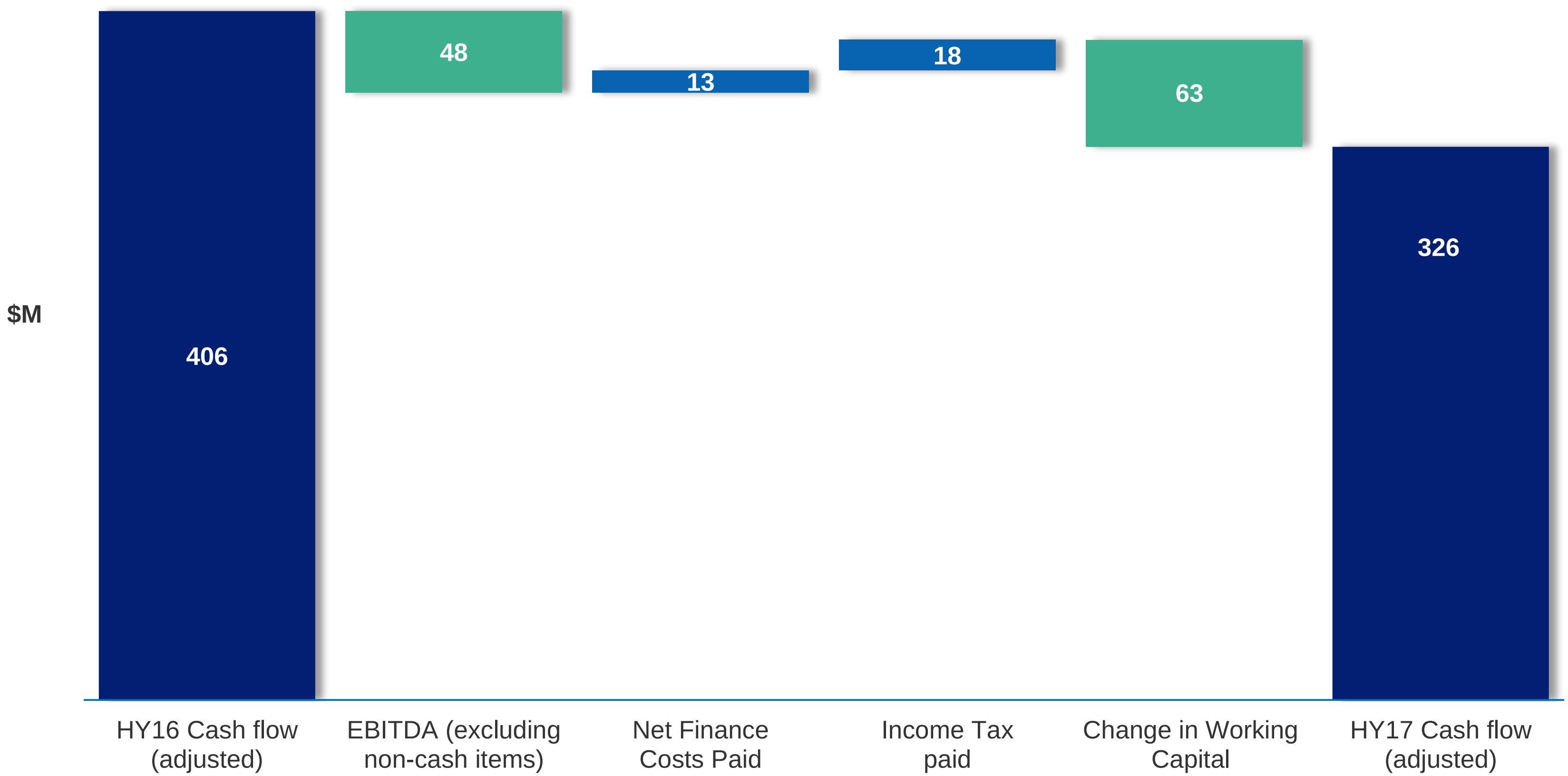
NPAT Performance
Adjusted result

- Adjusted NPAT impacted by EDPR 2016-20 WACC reset
- Operating cost performance underpinned by business-wide efficiency initiatives
- Lower financing costs due to EDPR 2016-20 WACC reset



***Note -** Refer to appendices for reconciliation of adjusted result to statutory result*

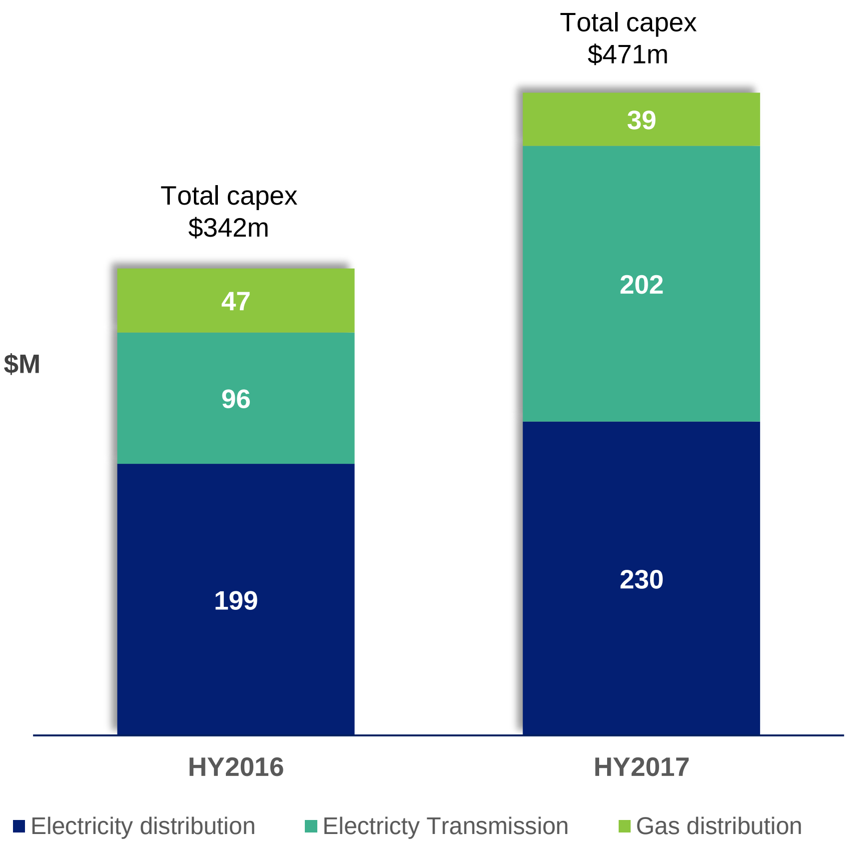
Cash flow from operations
Adjusted result



***Note -** HY16 adjusted cash flow excludes: S163AA dispute ATO ($69m); Settlement of intra group financing audit with ATO ($25m); AMI customer rebate ($28m). Change in working capital adjusted for AMI customer rebate ($28m).*

Capital expenditure

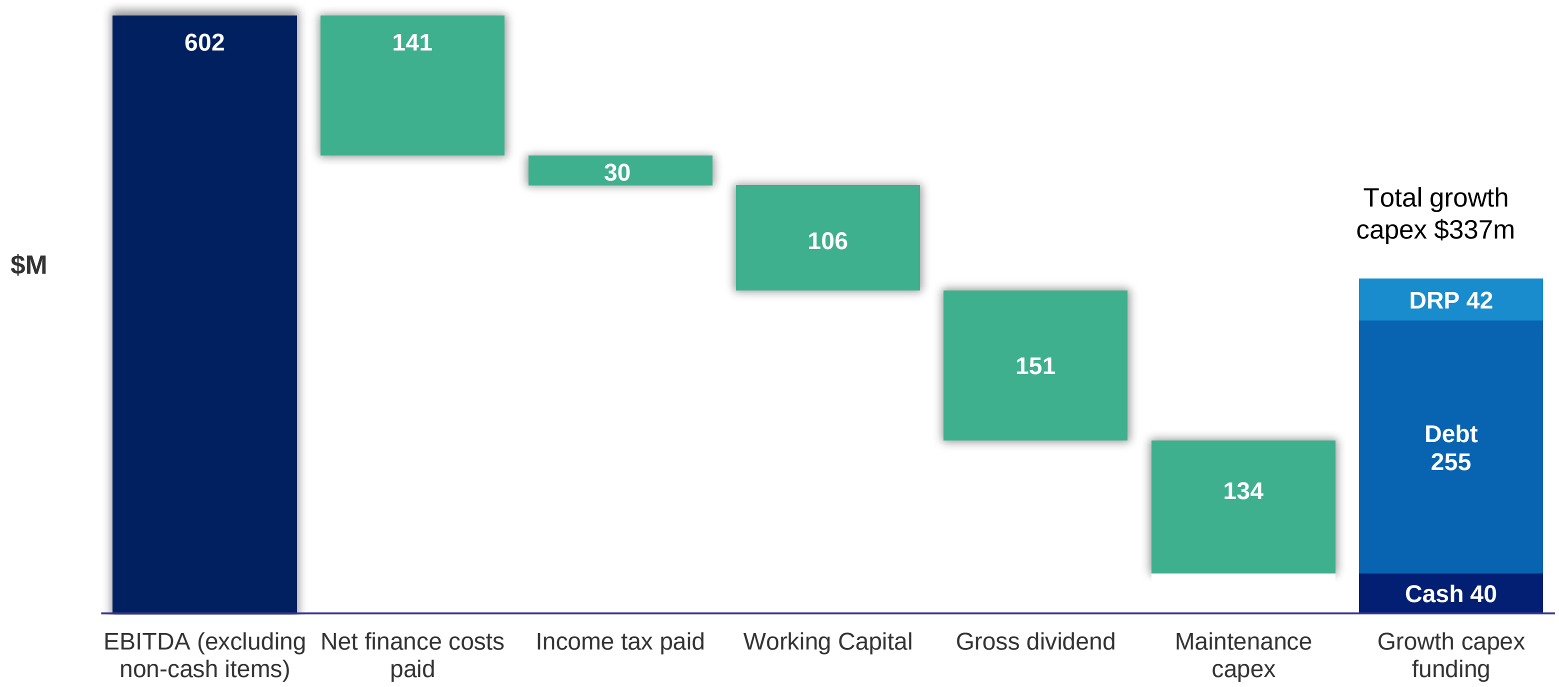
- Higher Electricity Transmission capex due to **$117m** Mortlake Terminal Station acquisition
- Increased Electricity Distribution spend due to;
  - Powerline replacement fund
  - Safety programs
  - Customer connections
  - Metering capex $62m, up $8m as program nears completion



Note *- HY17 capital expenditure includes customer contributions of $18m (HY16:$8m)*

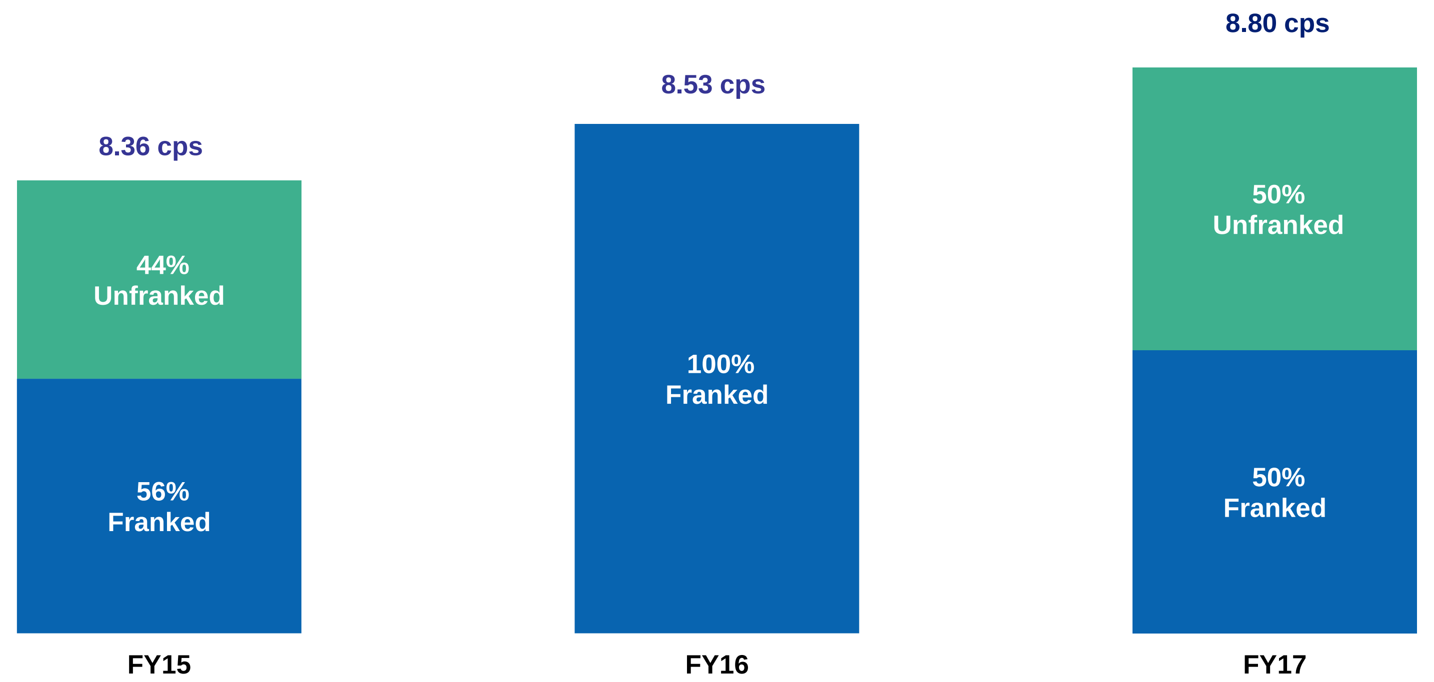
Capital expenditure funding

- Growth capex funded via an appropriate blend of cash, debt and DRP
- Growth capex inclusive of $117m acquisition of Mortlake Terminal Station



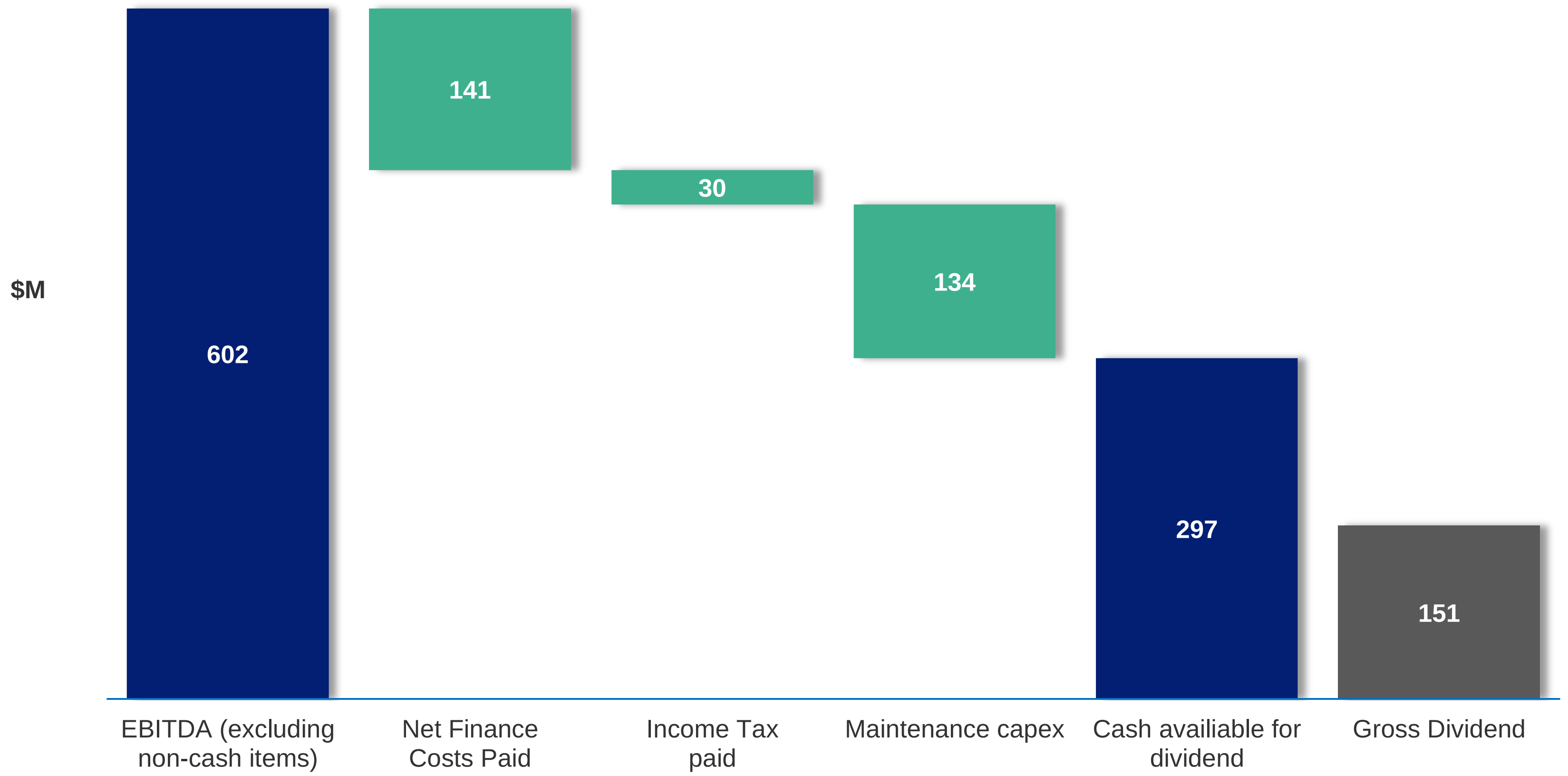
Dividend growth and franking

- Upgraded FY17 dividend growth guidance from 2% to 3%
- HY17 dividend of 4.40cps, **up 3%** on HY16
- FY17 dividend guidance of 8.80cps, **up 3%** on prior year
- FY17 dividend to be around 50% franked



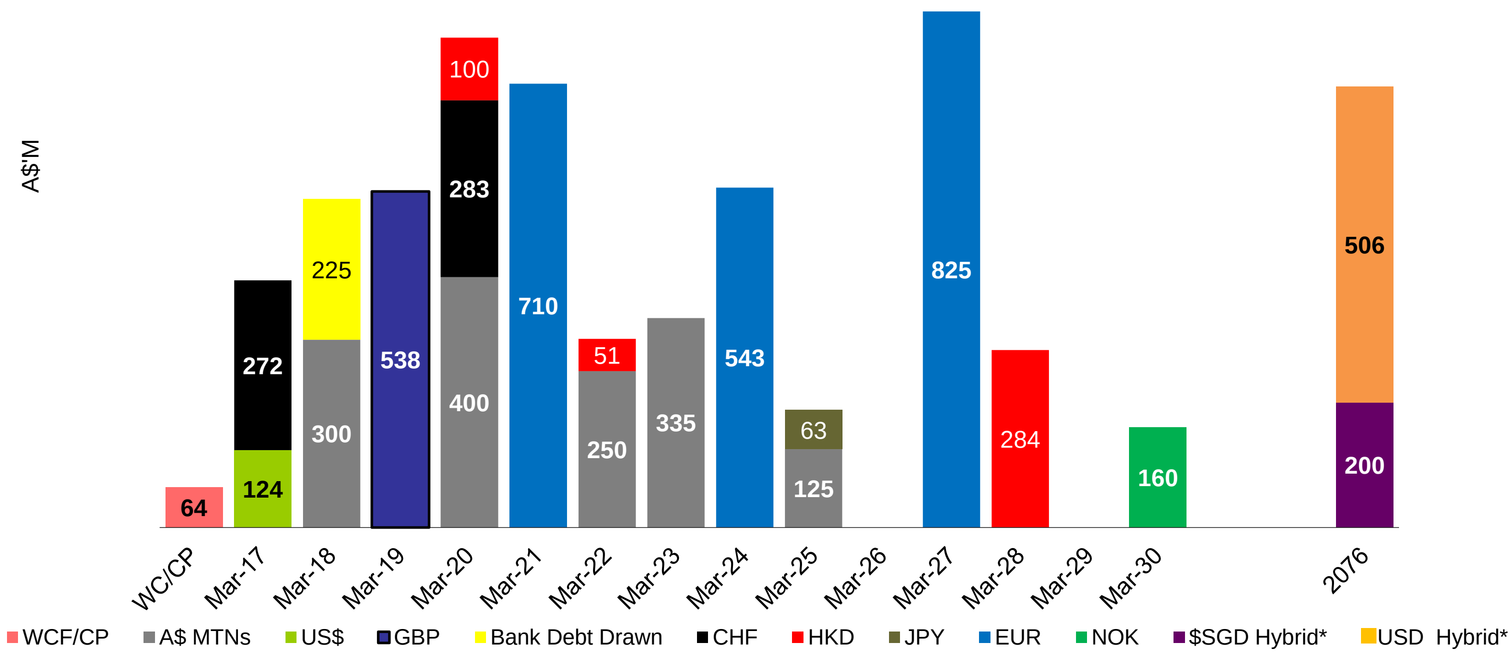
Dividend funding

- Dividends remain fully covered by strong operating cash flows



Diversified debt portfolio

- **$6,321m** net debt hedged against movements in interest rates **(97%)**
- As at 30 September 2016, AusNet Services had **A$586m** of undrawn, committed bank debt facilities
- Bank debt less than 5% of total drawn debt portfolio
- Average tenor of portfolio is 5.2yrs



* First call date for hybrid securities is September 2021

Note
Net debt = Debt at face value ($6,356M) less cash / cash equivalents of $35M. Offshore debt shown at hedged rates (face value).

Sound fundamentals

Financial Metrics	30-Sep-16	30-Sep-15
Market Capitalisation	**$5.8bn**	$4.8bn
Total Assets	**$11.6bn**	$11.4bn
Regulated / Contracted Asset Base	**$9.2bn**	$8.8bn
Total Borrowings	**$6.8bn**	$6.8bn
Net Debt [1]	**$6.8bn**	$6.8bn
Net Gearing (CV) [2]	**66%**	66%
Net Debt (FV) to Regulated / Contracted Asset Base [3]	**68%**	68%
Interest Cover [4]	**3.6x**	2.9x

Note

1. Net debt is debt at carrying value. Includes $A705m in Hybrids.
2. Calculated as net debt at carrying value divided by net debt at carrying value plus equity.
3. Debt at face value less cash divided by Regulated / Contracted Asset Base. Demonstrates how AusNet Services funds its capex in terms of debt vs. income generating assets and includes $A705m in Hybrids.
4. Calculated as EBITDA less customer contributions and tax paid, divided by net interest expense (including return on desalination licence receivable). This is how interest cover is measured for internal management purposes, as it provides an accurate reflection of how after-tax operating cash flows are used to meet interest payments. Includes cost of Hybrids, however under credit rating agency methodology, hybrids obtain a 50% equity credit.

Operational Review

Industry and regulatory reforms

Finkel Review

- Primary focus is on energy security in response to South Australia blackout
- Must recognise wider policy settings including carbon
- Requires considerable goodwill between Governments to succeed
- Preliminary Report before Christmas, final report due around April 2017

Limited Merits Review

- COAG Terms of reference "to explore all feasible options, including the removal of limited merits review"
- Industry putting forward serious reform alternatives

Ring - Fencing

- Regulators do not want to interfere in competitive infrastructure services
- Recognition that rural networks may need to source non-network solutions
- Do not want to prevent critical innovation trials (Community mini grid)

Regulatory Investment Test Review

- COAG reviewing regulatory test for new transmission to meet growth in renewables
- Continue to push for a competitive process for any new interconnectors built

Electricity Transmission Network

Electricity transmission network

- Revenues consistent with Electricity Transmission revenue proposal (TRR) 2014-17 price path
- Higher EBITDA due to corporate restructure costs in prior period
- TRR 2017-2022 draft decision received, timing of final decision to be confirmed by AER
- Acquired Mortlake Terminal Station **($117m)**
- Completed $30m Heywood interconnector upgrade, of which **$23m** was contestable

	30-Sep-16	30-Sep-15	Variance %
Revenue	**333.5**	335.1	-0.5%
EBITDA	**211.0**	207.6	1.6%
EBITDA Margin	**63.3%**	62.0%	1.3%
EBIT	**157.1**	157.2	-0.1%
EBIT Margin	**47.1%**	46.9%	0.2%
Regulated Asset Base	**3,321**	3,218	3.2%
Contracted Asset Base	**545**	416	31.0%

Note
Contracted asset base includes assets which are not expected to be regulated e.g. Mortlake Terminal Station Acquisition $117m.

Electricity transmission network

Moorabool to Ballarat upgrade	CBD terminal station upgrades
▸ Moorabool to Ballarat transmission line (63km) upgrade - installing a third 220kV circuit onto the existing towers, installed in 1985. ▸ Upgrading the existing high voltage 220kV powerline. ▸ Powerline located within existing easements, providing an ability to manage approximately 138 private landowners. ▸ Planning works began in June and completion is expected early 2017, expected cost of ~$24m.	▸ Richmond Terminal Station target completion end of 2018. ▸ Brunswick Terminal Station redevelopment, energised the 220kV and 66kV indoor Gas Insulated Switchgear (GIS) and 225MVA transformers and capacitor banks. ▸ Replacement of 220kV Air Insulated Switch-gear (AIS) with state-of-the-art GIS equipment, reduction in footprint, hidden inside architecturally-designed buildings. ▸ West Melbourne Terminal Station upgrade recently received council planning permit approval.

Electricity Distribution Network

Electricity distribution network

- Revenue impacted by lower WACC with regulated price movement down **5.7%** in CY16
- HY17 AMI revenue **$48m** (HY16:$82m)
- CY17 tariffs up **7.2%**, revenue cap **$642m**, inclusive of **$39m** of STPIS (CY16 revenue cap : $606m)
- October storm impact:
  - **~$8m** (post–tax) Guaranteed Service Level payments to be recognised in second half FY17.
  - 86,000 customers off supply, 1,300 faults
  - replaced 20kms of powerlines and 40 powerpoles.

	30-Sep-16	30-Sep-15	Variance %
Revenue	**457.3**	530.6	-13.8%
EBITDA	**252.9**	332.6	-24.0%
EBITDA Margin	**55.3%**	62.7%	-7.4%
EBIT	**130.7**	220.2	-40.6%
EBIT Margin	**28.6%**	41.5%	-12.9%
Connections	**698,648**	685,435	1.9%
Regulated Asset Base	**3,883**	3,683	5.4%

Bushfire Mitigation Investment

Rapid Earth Fault Current Limiter (REFCL)

Cuts fault current within milliseconds in the event of a single phase to ground fault (e.g. a fallen line) - delivering increased level of protection from possibility of fire starts. Ensuring continuity of supply for customers.

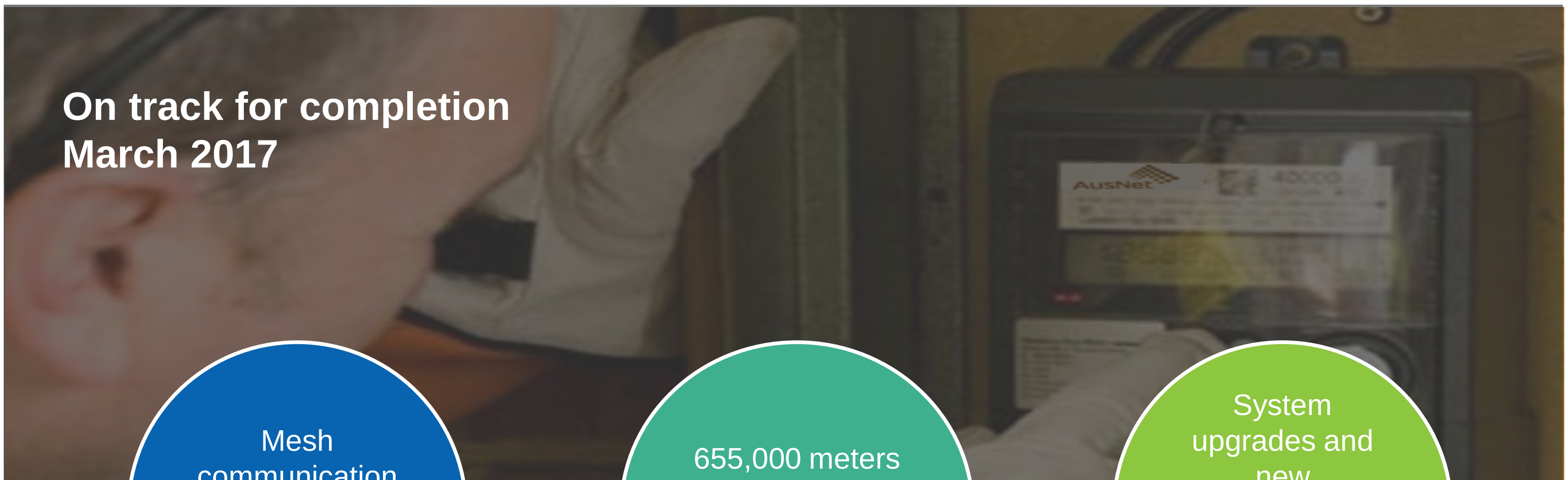
Installing at 22 zone substations by 2023.

Working closely with Energy Safe Victoria and Powercor on technical specifications.

The first full REFCL unit was installed in 2016 at AusNet Services' Woori Yallock zone substation.

Estimated **$150m-$300m** Investment incremental to EDPR 2016-20 capex allowance.

Metering Program



On track for completion March 2017

Mesh communication modules deployed to all sites

655,000 meters converted out of entire 720,000 fleet

System upgrades and new infrastructure have delivered improved data performance

Excess expenditure summary

- Cumulative (CY13-CY15) disallowed expenditure $143m under Cost Recovery Order in Council (CROIC).
- Capital expenditure of $99m for the 9 months to 30 September 2016, subject to EDPR 2016-20 determination.
- Metering revenue of $62m returned through CY18-CY20 tariffs (reducing to $23m if revised submission is approved).
- Final outcome under CROIC expected mid-December 2016.

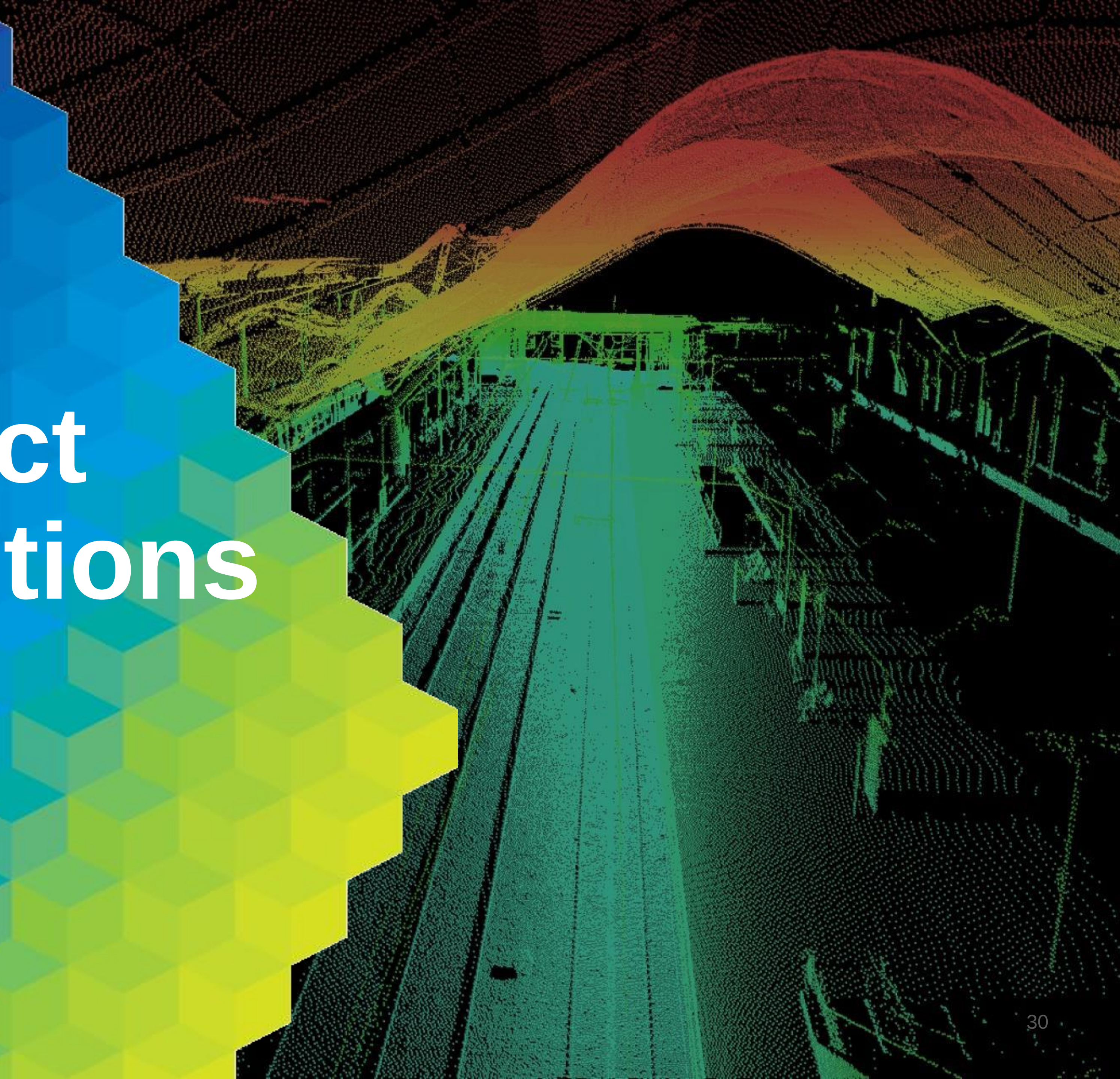
Gas Distribution Network

Gas distribution network

- Higher revenues due to a **4.5%** tariff increase for CY16
- Volumes down due to a milder winter relative to the prior period
- Increase in new connections, due to strong residential housing activity in network growth corridors
- Gas Access Arrangement Review (GAAR) 2018-22
  - Proposal to be lodged December 2016
  - Draft decision expected June 2017
  - Final decision expected in October 2017

	30-Sep-16	30-Sep-15	Variance %
Revenue	**149.1**	130.9	13.9%
EBITDA	**118.1**	104.8	12.7%
EBITDA Margin	**79.2%**	80.1%	-0.9%
EBIT	**91.3**	76.4	19.5%
EBIT Margin	**61.2%**	58.4%	2.8%
Volume (PJ)	**41.5**	46.0	-9.8%
Connections	**668,899**	654,587	2.2%
Regulated Asset Base	**1,484**	1,443	2.8%

Select Solutions



Select Solutions

- Revenue increase due to organic business growth in water and gas services and contestable metering
- EBITDA increase due to cessation of underperforming contracts in prior period
- Geomatic Technologies received Export Achievement Award from the Australasian Rail Association
- Re-prioritising service offering, focus on high margin, niche IP within core portfolio areas of asset intelligence, metering and telecommunications

	30-Sep-16	30-Sep-15	Variance %
Revenue	**86.0**	78.2	10.0%
EBITDA	**13.3**	5.4	>100%
EBITDA Margin	**15.5%**	6.9%	8.6%
EBIT	**9.8**	1.3	>100%
EBIT Margin	**11.4%**	1.7%	9.7%

Outlook

Outlook

- FY17 dividend guidance of 8.80cps, up 3% (around 50% franked)
- Forecast net debt to Regulated and Contracted Asset Base of <70% to 2020
- Regulated Asset Base growth forecast at around 3% p.a. to 2020*
- Build a portfolio of high performing and sustainable regulated and contracted energy infrastructure businesses
- Targeting $1bn of contracted energy infrastructure assets by 2021
- Targeting top quartile of efficiency benchmarks for all three core networks

* Based on TRR 2014-17 draft determination

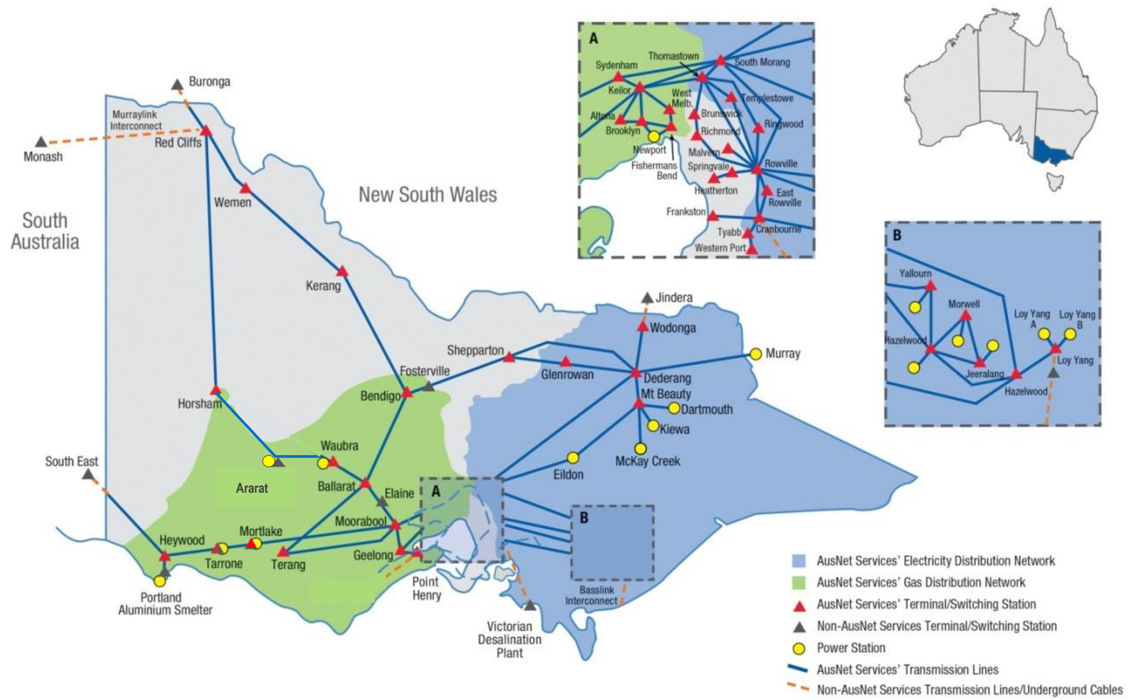
Appendices

Financial performance
Reconciliation of statutory result to adjusted result

	NPAT ($m)		
	HY 2017	HY 2016	Change
Statutory Result	**178.6**	**374.5**	**(195.9)**
Intellectual Property settlement	-	(28.1)	(28.1)
Restructure Implementation	-	(131.5)	(131.5)
Adjusted Result	**178.6**	**214.9**	**(36.3)**

Notes
Adjusted NPAT is useful for investors as it excludes the impact of one-off transactions not incurred in the ordinary course of business. As such, it better reflect s the performance of business operations.

High quality asset base

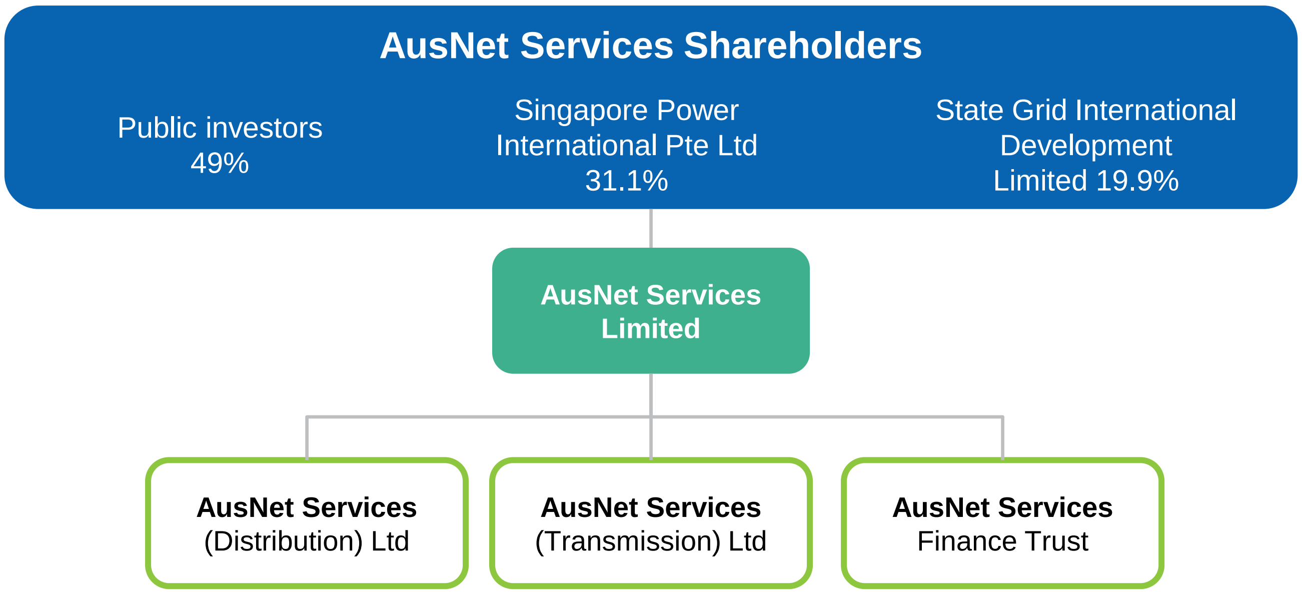


Electricity Transmission
- 6,571km of transmission lines
- 13,000 towers

Electricity distribution
- 51,746km of electricity distribution network
- 698,648 customers

Gas distribution
- 10,993km of gas distribution network
- 668,899 customers

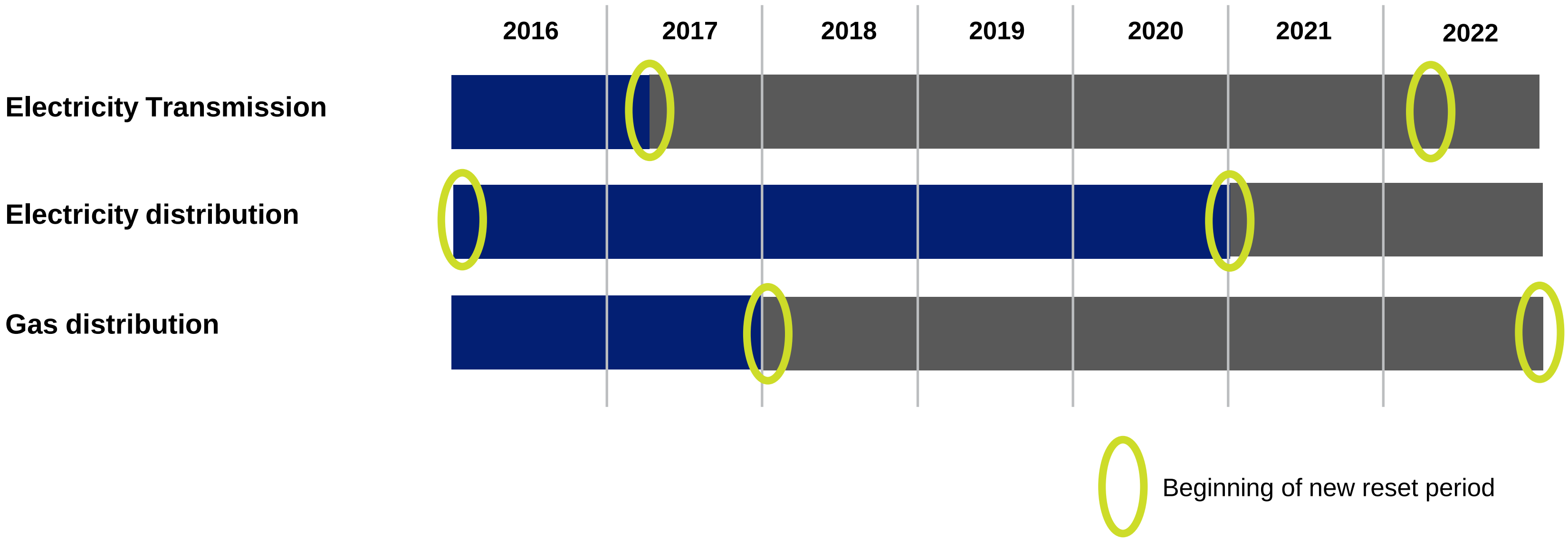
Current ownership structure



- AusNet Services 100% owns, operates and controls its assets, providing shareholders with a secure pathway to cash flows. AusNet Services is not an infrastructure fund model.
- Singapore Power is a long term investor, purchasing the original Transmission assets over 15 years ago and the Distribution assets over 11 years ago, prior to the listing of AusNet Services in December 2005.
- State Grid Corporation of China is the largest utility in the world and became a substantial shareholder in AusNet Services on 3 January 2014.

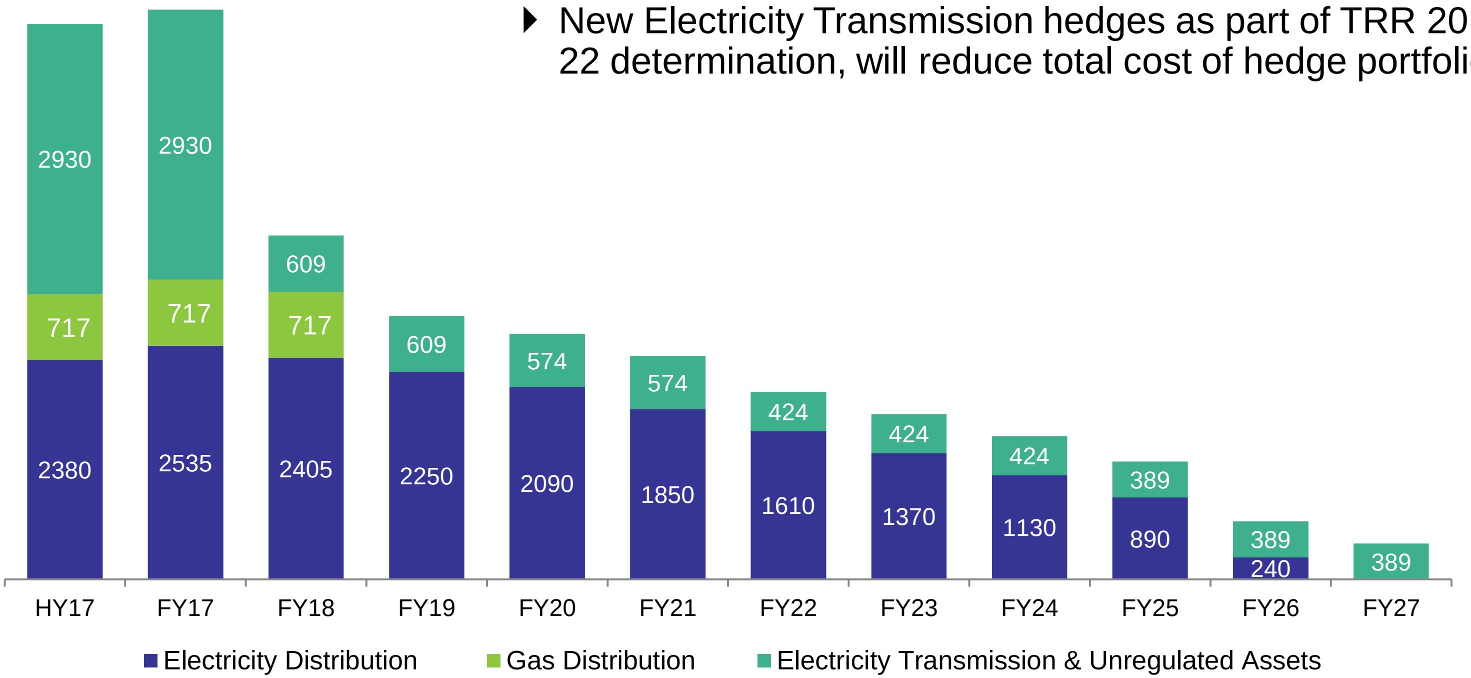
Regulatory reset summary

- Diversified networks and staggered reset periods reduce regulatory risk
- TRR 2017-2022 final decision to be confirmed by the AER
- GAAR 2018-22 proposal to be lodged in December 2016. Draft decision expected June 2017, final decision expected October 2017



Interest rate hedging profile

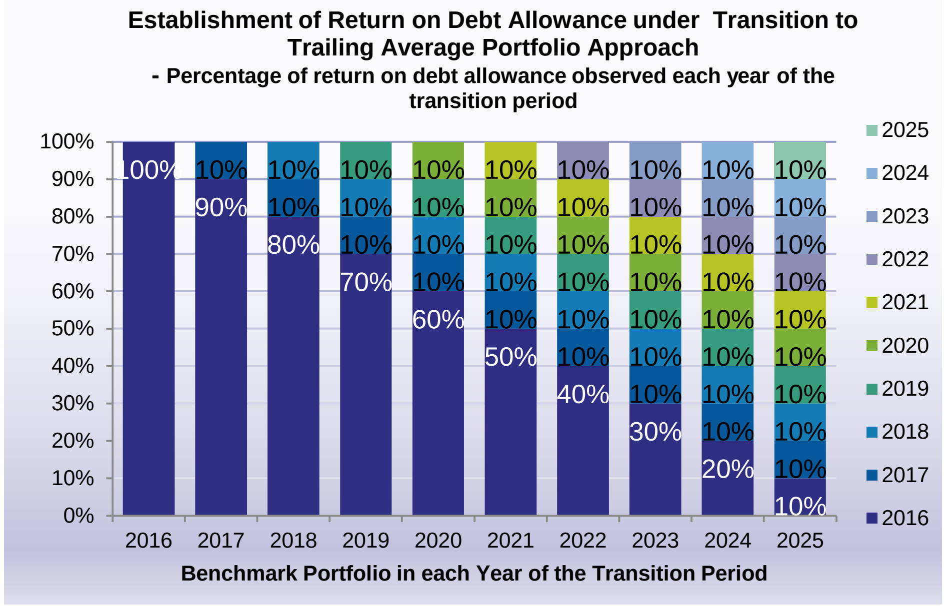
- As at 30 September 2016, the weighted average interest rate of the total hedge portfolio was 3.10%.
- New approach assumes that every year, one-tenth (10%) of the debt portfolio is refinanced.
- New Electricity Transmission hedges as part of TRR 2017-22 determination, will reduce total cost of hedge portfolio.



Note
Chart represents notional value of interest rate swaps. Hedging extends beyond 2027.

Trailing average cost of debt

- New approach assumes that every year, one-tenth (10%) of the debt portfolio is refinanced.
- New regime closer to how networks actually manage debt and may reduce the use of interest rate swaps.
- AER to update regulatory allowance until it is reflective of the new regime.
- Where physical debt is refinanced with fixed rate debt, no further interest rate risk management is required.
- Where this is not the case, interest swaps will be transacted to replicate the AER assumptions.
- Each year the AER will update its WACC based on changes in market movements and revenues will be adjusted accordingly



TRR 2017 - 2022

Regulatory period	Current Period 2014-17	2017-2022 Proposal	2017-2022 Draft decision
Beta	0.8	0.89	0.7
Risk Free Rate	4.31%	3.02%	2.57%
Debt Risk Premium	2.48%	2.35%	2.97%
Gamma	0.65	0.25	0.40
Market Risk Premium	6.50%	6.50%	6.50%
Nominal Vanilla WACC	7.87%	7.22%	6.16%
Return on Equity	9.51%	10.00%	7.1%
Net Capex (Nominal)	$552m	$815m	$622m
Opex (Nominal)	$591m	$1,182m	$1,110m
Revenue (Nominal)	$1,600m	$3,161m	$2,695m

Note - *Current TRR 2014-17 period is a three year reset, proposed TRR 2017-22 is a five year reset*

Current regulatory determinations

Regulatory period	Gas distribution 2013-17	Electricity distribution 2016-20	Electricity Transmission 2014-17
Beta	0.8	0.70	0.8
Risk Free Rate	3.14%	2.93%	4.31%
Debt Risk Premium	3.35%	2.59%	2.48%
Gamma	0.25	0.40	0.65
Market Risk Premium	6.00%	6.50%	6.50%
Nominal Vanilla WACC	7.07%	6.31%	7.87%
Return on Equity	7.94%	7.50%	9.51%
Net Capex (Nominal)	$512m	$1,788m	$552m
Opex (Nominal)	$277m	$1,356m	$591m
Revenue (Nominal)	$952m	$3,524m	$1,600m

Note
EDPR 2016-20 is inclusive of Metering

Further information and contacts

- AusNet Services is the largest diversified energy network business in Victoria, owning and operating around $12 billion of electricity and gas distribution assets, including the state-wide electricity transmission network. The company also has a non-regulated division, Select Solutions, providing specialist utility services.
- Headquartered in Melbourne, Australia, AusNet Services employs around 2,400 people to service over 1.3 million consumers and is listed on the Australian Securities Exchange (ASX: AST) and the Singapore Stock Exchange (SGX-ST: AZI.SI).
- For more information visit www.ausnetservices.com.au

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