ASX Announcement

12 May 2020

AusNet Services Full Year 2020 Results Release and Presentation

The following documents are attached:

1. AusNet Services Full Year 2020 Results Release
2. Investor Presentation

Paul Lynch
Company Secretary

This announcement was authorised for release by the Board of AusNet Services Ltd.

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ASX Announcement

12 May 2020

AusNet Services Full Year 2020 Results

AusNet Services reported its full year results for the period ended 31 March 2020 (FY2020), delivering improved financial performance against a challenging operating environment. The Board declared a dividend of 5.1cps, taking the full year dividend to 10.20cps (FY2019 dividend of 9.72cps), franked to 50% (FY2019 42.5%).

Financial performance was driven by increased underlying revenues in line with regulatory determinations as well as transmission excluded project revenues and customer contributions. Despite an overall increase in expenses, underlying operating expenditures declined through the ongoing delivery of efficiency initiatives.

Cash flow from operations was impacted by higher income tax paid due to higher immediately deductible capital expenditure in the previous period. Cash flow from operations continues to underpin our ability to fund capital investment and provide dividends to shareholders.

Tony Narvaez, Managing Director of AusNet Services said, "Recently, we have seen the unprecedented events of the global COVID-19 pandemic unfold in Australia. AusNet Services' number one priority remains the safety and wellbeing of our people, customers, and the community. We understand this is a challenging time for our customers and maintain a strong commitment to delivering energy reliably and safely, which is of critical importance during this period."

A$M	FY 2020	FY 2019	Variance
Revenues	**1,977.6**	1,861.5	**↑6.2%**
EBITDA	**1,196.6**	1,134.2	**↑5.5%**
Earnings before interest and tax	**732.1**	677.8	**↑8.0%**
Profit before income tax	**415.4**	371.9	**↑11.7%**
Net profit after tax	**290.7**	253.9	**↑14.5%**
Cash flow from operations	**720.6**	813.7	**↓11.4%**
Dividend (cps)	**10.20**	**9.72**	**↑ 4.9%**
Franking	**50%**	**42.5%**	**↑ 7.5%**

Operating & Financial Review

Our overall financial performance improved in FY2020, with increases in all key measures except cash flow from operations, which was impacted by several non-recurring items. The improvement was particularly pleasing as it was achieved despite a range of challenges in the external operating environment, including extreme bushfire and weather events and ongoing uncertainties and changes in the energy landscape. While the improved results were primarily driven by higher regulated revenues and customer contributions, there were also business driven initiatives that will enhance financial performance on an enduring basis:

- Operational changes made to further increase our operating efficiency and deliver better outcomes for our customers. These changes included entering into new contractual arrangements with key suppliers, as well as using technology to improve efficiencies of both operational and support processes.
- Completion of several growth initiatives including the construction of three connection projects for renewable generators, which have supported revenue growth.

A range of unusual or non-recurring events also affected the financial result for FY2020. These include:

- On the revenue side, the recognition of gifted assets received in prior periods but not previously recognised increased our customer contributions revenue by $19.1 million.
- On the cost side, bushfire events in December and January added $15.4 million to our response and recovery operational costs, and the implementation of our efficiency and transformation programs resulted in an additional $6.4 million in one-off costs compared to the previous year.

Other unusual events affected both revenue and expenses equally (or broadly equally):

- We received approval from the AER to pass through a $34.2 million increase in transmission easement tax in our regulated prices.
- We sold $12.8 million of inventory items to Downer at their book value, as part of the transfer of our electricity distribution infrastructure maintenance functions.
- We incurred $14.8 million higher Transmission Use of System (TUOS) costs which we will recover through future regulated prices.
- We adopted a new accounting standard for leases, which reduced our revenues by $6.8 million and our operating expenses by $8.3 million, with no material impact on net profit.

After adjusting for these items, our regulated businesses delivered a $17.5 million reduction in operating expenses, primarily due to the continued cost efficiency focus. This reduction, together with higher incentive revenues, regulated price increases, higher gifted assets, and growth in our unregulated infrastructure business enabled us to improve our net profit after tax by 14.5 per cent.

Cash flow from operations fell by 11.4 per cent to $720.6 million. This was primarily due to non-recurring cash payments, including $35.8 million for tax paid related to prior years, and $11.4 million to Downer as part of the transfer of electricity distribution works program. In addition, the bushfire response and higher TUOS expenditure impacted cash flows.

Despite the decline in cash flow from operations, our performance on this measure was still strong enough to support the payment of dividends that were within our targeted dividend parameters and 5 per cent higher than last year.

Strategic Focus & Outlook

Looking forward, our immediate focus through the COVID-19 pandemic is to support our customers and ensure we can continue to provide essential electricity and gas network services.

The pandemic will have an impact on our financial performance in FY2021. The extent of this impact will depend on a range of factors, including macroeconomic and financial market conditions, impacts on our customers and the extent of their participation in our support program, the duration and severity of the pandemic, and the impact of current and any future government or regulatory interventions.

AusNet Services is well placed to navigate this period of uncertainty. Our revenues are predominantly set on a revenue cap basis or under long term fixed price contracts. We have a strong liquidity position of $1.5bn before payment of the FY2020 dividend, no financial covenant restrictions, access to a diverse range of funding sources and stable `A' range credit ratings from Standard & Poor's and Moody's.

In response to the general uncertainty caused by COVID-19 and other factors more specific to AusNet Services (including the development timeframes for various projects and the potential impact of regulatory resets in future years), we are implementing a range of proactive measures, including the advancement of cost management initiatives and reprioritising capital expenditure plans as necessary.

Also, AusNet Services is actively considering additional capital management initiatives to further support our significant growth pipeline and credit profile, which may include a pro-rata entitlement offer of ordinary shares (within existing shareholder approved parameters), the issuance of hybrid capital securities, additional debt and/or other funding initiatives in the near to medium term.

Taking into account the above factors:

- Subject to business conditions, FY2021 dividends are expected to be in the range of 9.0 to 9.5 cps, franked at 40%. This guidance is based on our current best estimate of financial impacts from customer support measures and having regard to the current environment, our investment pipeline and expected lower regulated revenues from our upcoming regulatory resets;
- Dividends will continue to be determined subject to prevailing market conditions and financial performance and having regard to operating cashflows after servicing interest, tax, maintenance capex and a portion of growth capex;
- Continued growth is expected in our regulated asset base of around 2.5% per annum to FY2024;
- Mondo business anticipated to reach $1.5bn of contracted energy infrastructure assets by FY2024 (at appropriate risk-adjusted rates of return); and
- Net debt to regulated and contracted asset base is expected to remain below 70% to FY2024.

AusNet Services is monitoring the changing economic and operating landscape and will keep the market updated in the event of any material changes.

Dividend Key Dates

The FY2020 final dividend of 5.1 Australian cps is 50% franked. The Dividend Reinvestment Plan (DRP) will be in operation for the FY2020 final dividend at 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 25 May 2020 and 5 June 2020 (inclusive).

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

Relevant dates:

20 May 2020	Ex-date for final dividend
21 May 2020	Record date to identify shareholders entitled to the final dividend
22 May 2020	Last election date for participation in the DRP
25 June 2020	Payment of final dividend

About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating over $10.8 billion of regulated and contracted assets. The company owns and operates three regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network. The company also has an unregulated business called Mondo, focusing on contracted infrastructure and energy services. Headquartered in Melbourne, Australia, AusNet Services employs around 1,700 people to service around 1.5 million consumers.

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

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Company Secretary

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Full Year 2020 Results

For the period ended 31 March 2020

Disclaimer

The AusNet Services Group (AusNet Services) comprises AusNet Services Ltd and its subsidiaries.

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This presentation contains certain “forward-looking statements” and prospective financial information. These forward looking statements and information are based on the reasonably held beliefs of AusNet Services management as well as reasonable assumptions made by and information currently available to AusNet Services management, and are current only as of the date of this presentation. All statements other than statements of historical facts included in this presentation, including without limitation, statements regarding AusNet Services forecasts, business strategy, synergies, plans and objectives, are forward-looking statements. Past performance is also not an indicator of future performance. In addition, when used in this presentation, the words “guidance”, “forecast”, “estimate”, “expect”, “anticipated” and similar expressions are intended to identify forward looking statements. Such statements are subject to significant assumptions, risks and uncertainties, many of which are outside the control of AusNet Services and are not reliably predictable, which could cause actual results to differ materially, in terms of quantum and timing, from those described in this presentation. In receiving this presentation, you agree to the above restrictions and limitations. You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

Non-IFRS information

- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the annual financial report. Throughout this document some non-IFRS financial information is stated (operating expenses excluding certain items and regulated and contracted asset bases). We believe these non-statutory measures provide useful information to understand the financial performance of the Group, but should not be considered as an indication of, or substitution for reported information.
- The non-IFRS financial information has not been audited by the Group’s auditors.

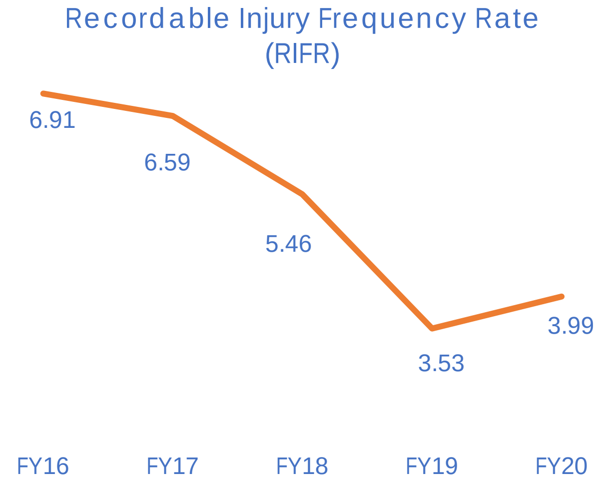
FULL YEAR 2020 RESULTS

- Introduction
- Financial Performance
- Regulated Energy Services
- Mondo
- Strategic Focus & Outlook

Energising Safety

IT'S IN OUR HANDS

FY20 RIFR ↑ 13%.
Working with delivery partners, refreshing critical risk and audit program to maintain safety focus and address performance



missionzero

Resilience in the Face of Challenging Operating Environment

Our experience in dealing with rapid change and significant challenges in the external environment, positions us well

Operating Environment Context

- *Health and economic impacts of the COVID-19 pandemic*
- *An energy market in transition, overlaid with policy and political uncertainty*
- *Changed climate, extreme weather events and environmental conditions, including devastating bushfires*
- *Continued risk of inadequate Victorian energy supply in peak demand periods*
- *Increased distributed generation sources and changing customer preferences*

AusNet Services Response

- *Working with key policy stakeholders, fostering greater alignment of goals*
- *Adapted the way we design and operate our networks, to support energy transition*
- *Sharpened focus on business transformation, leading to decisive delivery model changes to deliver long-term operating and financial benefits*
- *Maintain financial discipline and prudent capital management, allowing for approx. $1bn of capital investment in both FY19 and FY20, improving network reliability and safety*
- *Crisis management and emergency response protocols deployed in response to COVID-19 pandemic. Customer centricity focused on providing bill relief for households and small businesses enduring hardship and deferring non-essential maintenance to minimise disruption and outages*
- *Deploying operational levers to reduce cost base and preserve cash flows*
- *Appointed and seamlessly integrated new Executive Management Team members in FY2020*
- *Pioneering community mini-grids and regional energy hubs, leading to Clean Energy Council awards for Innovation and Community Engagement*
- *Installing leading-edge technology across our electricity network to reduce the risk of powerline-related bushfires*
- *Our field employees worked tirelessly alongside emergency services in bushfire recovery efforts, clearing debris from easements, removing and replacing damaged electricity assets, and restoring supply as quickly and safely as possible*

Strong Capital Position

Resilient revenues	Stable credit ratings	Interest cover[1]	Gearing
Resilient revenues and long-term fixed price contracts	A-/Stable (S&P) A3/Stable (Moody's)	3.3x	67% Net Debt/RCAB [2]
$1.5bn of Liquidity[3]	**Debt covenants**	**Diversified funding mix & access to capital markets**	**Weighted average debt maturity**
$768m undrawn bank debt facilities $650m cash & $100m short term deposits	No financial covenant restrictions[4]	9 funding markets 7 currencies (currency risk hedged)	6.8 years

Actively exploring capital management initiatives to fund significant growth pipeline and further support credit profile. This may include a pro-rata entitlement offer of ordinary shares (within existing shareholder approved parameters), the issuance of hybrid capital securities and/or other funding initiatives in the near to medium term

Notes:
1. Calculated as EBITDA (including lease income) less customer contributions and tax paid, divided by net interest expense. 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 full amount of $A706m in Hybrids, despite receiving 50% equity credit
2. 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. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit
3. As at 11 May 2020
4. As at 11 May 2020. No financial covenant restrictions relating to interest cover or gearing

FY20 Achievements

Community

- Supported bushfire restoration with positive feedback from all stakeholders
- Fast tracked guaranteed service level payments and waived network charges to customers impacted for more than seven consecutive days due to bushfires
- AusNet Services wins 2019 Clean Energy Council Awards for community engagement & innovation

Growth

- FY20 dividend up 5% (50% franked)
- Around $1bn of capital investment (Regulated Asset Base ↑4%. Contracted Asset Base ↑19%)
- Mondo awarded Western Victoria Transmission Network Project
- Connected Dundonnell and Stockyard Hill wind farms, on time and on budget

Innovation

- Innovative engagement with customer forum to submit EDPR 2022-26 proposal
- Using LiDAR imagery to build a 3D network map for asset inspection and vegetation management in bushfire risk areas

Efficiency

- Implemented fully outsourced field services delivery model to reduce costs and optimise resource allocation
- Lowest opex cost rural distributor in Australia as measured by opex per customer (2018)

Financial Performance

Financial Performance

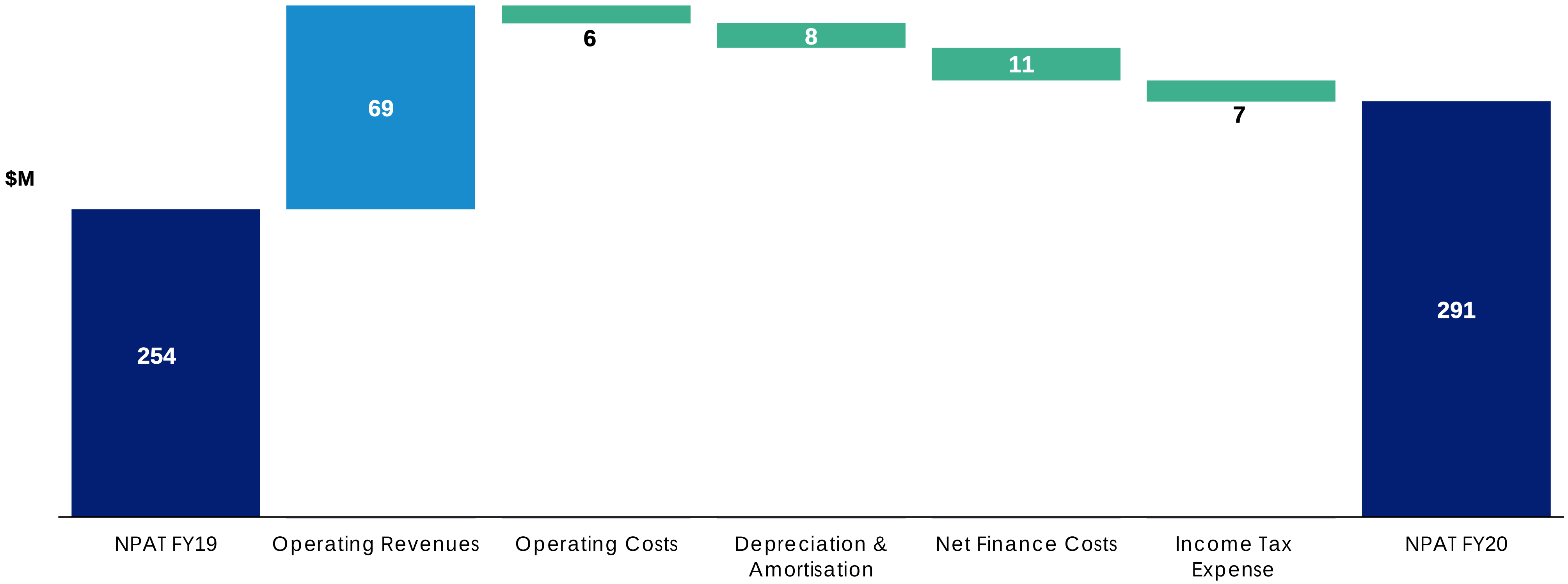
- Delivered underlying cost savings of $17m
- Increases in pass-through items, easement tax (↑$34m) and TUOS (↑$15m)
- Sale of inventory at book value ($13m), due to expansion of electricity distribution operational and maintenance services contract with Downer EDI (Downer)
- Higher customer contributions (↑$22m)
- Total 2020 dividend up 5%, 50% franked (FY19 42.5% franked)

A$M	FY 2020	FY 2019	Variance
Statutory Result			
Revenues	**1,977.6**	1,861.5	↑**6.2%**
EBITDA	**1,196.6**	1,134.2	↑**5.5%**
EBIT	**732.1**	677.8	↑**8.0%**
PBT	**415.4**	371.9	↑**11.7%**
NPAT	**290.7**	253.9	↑**14.5%**
Cash flow from operations	**720.6**	813.7	↓**11.4%**
Dividends (cps)	**10.20**	9.72	↑**4.9%**

NPAT Performance

Revenue increase reflects net effect of

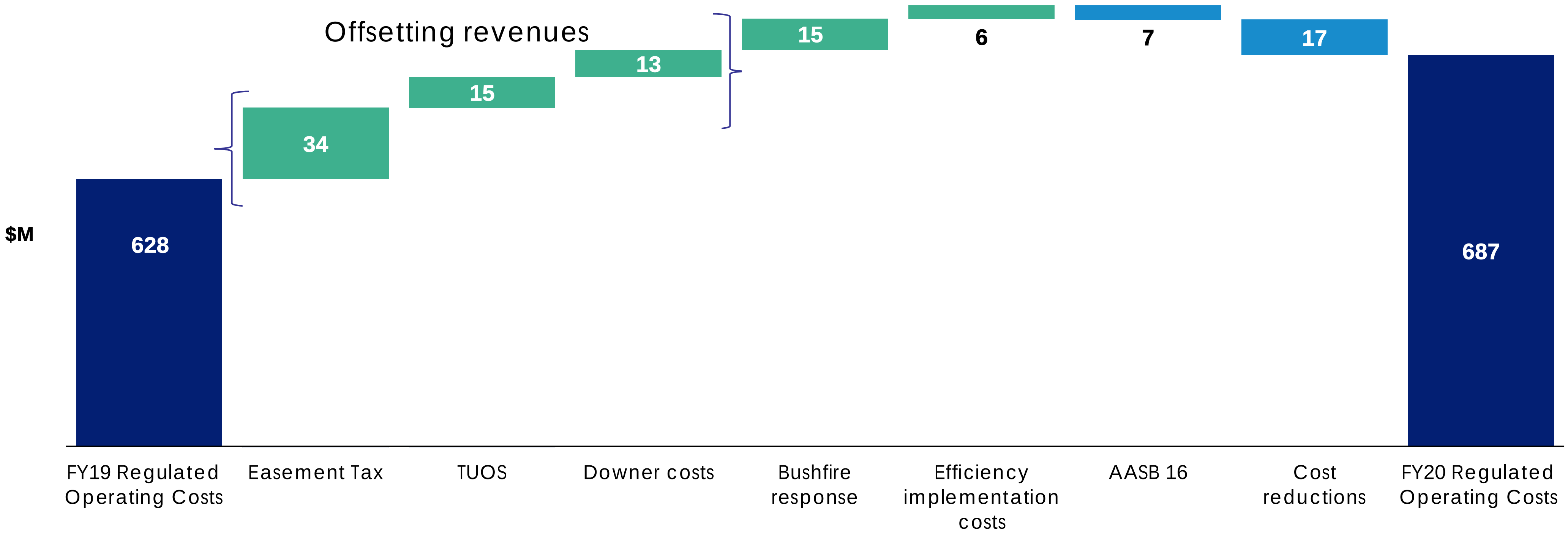
- regulated revenues ↑$59m
- customer contributions ↑$22m
- transmission excluded services ↑$11m
- offset by ↓$16m in Mondo (↑$13m lease interest income*)



Note: Chart excludes easement tax (FY19: $136m, FY20: $171m) which is a pass-through. Also excludes $13m sale of inventory to Downer at book value.
* Included as 'return on other financial assets' in net finance costs

Regulated Operating Cost Performance

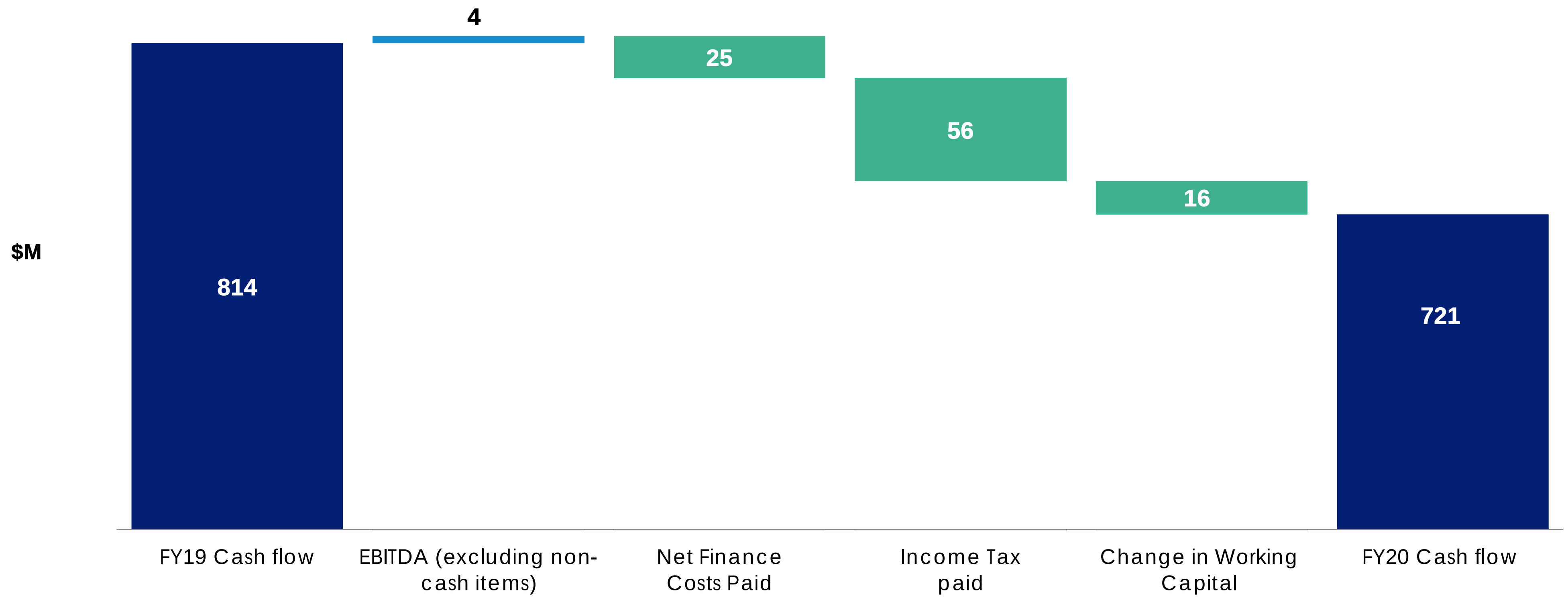
- $17m decrease in underlying regulated operating costs
- Bushfire response expenditures expected to form part of AER natural disaster pass through application



Note: Easement tax and TUOS (transmission use of system charges) are pass through items. Downer costs offset by sale of inventory at book value.

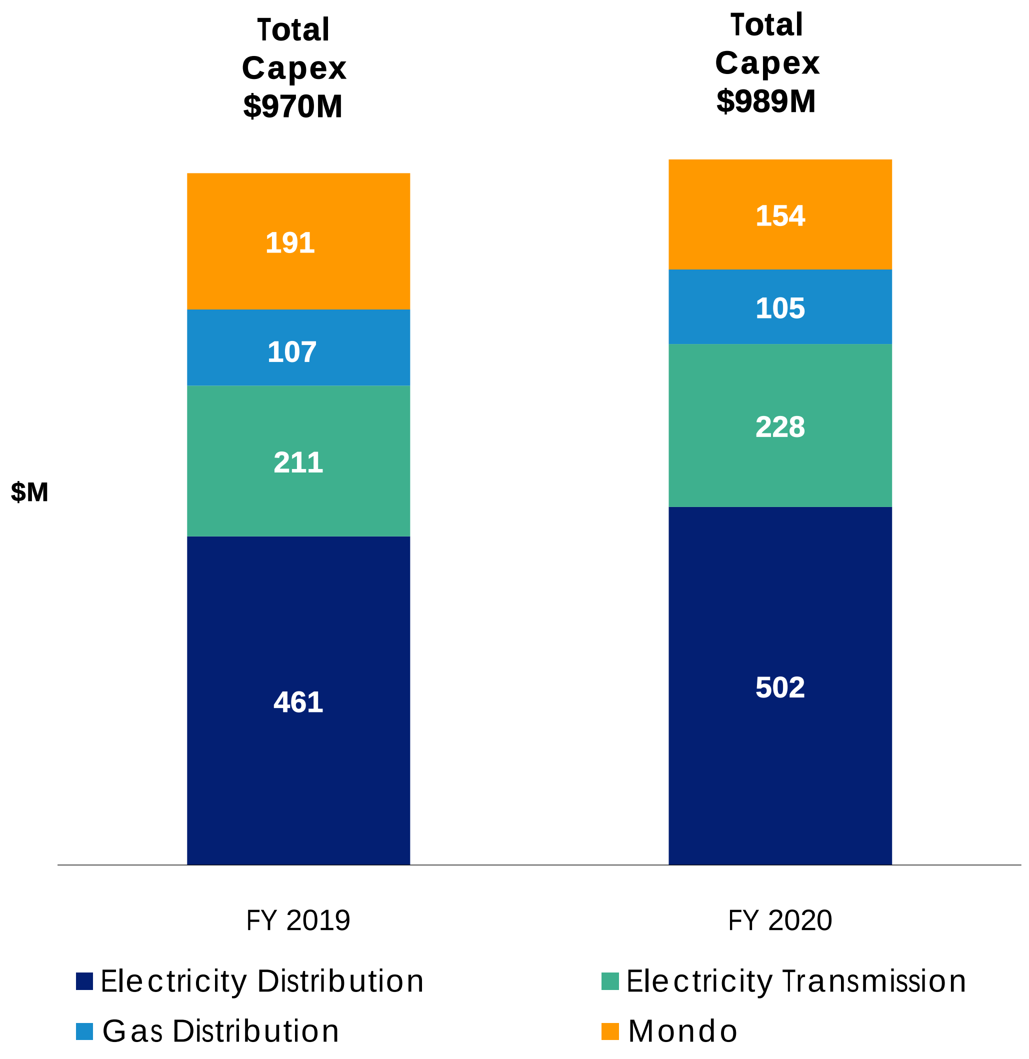
Cash Flow from Operations

- Higher income tax paid due to higher immediately deductible capital expenditure in the previous period, including $28m payment for finalisation of FY19 tax return
- Higher net finance costs due to increased debt levels
- Includes $11m of employee leave payments due to transfer of employees to Downer, as part of electricity distribution operational and maintenance services contract



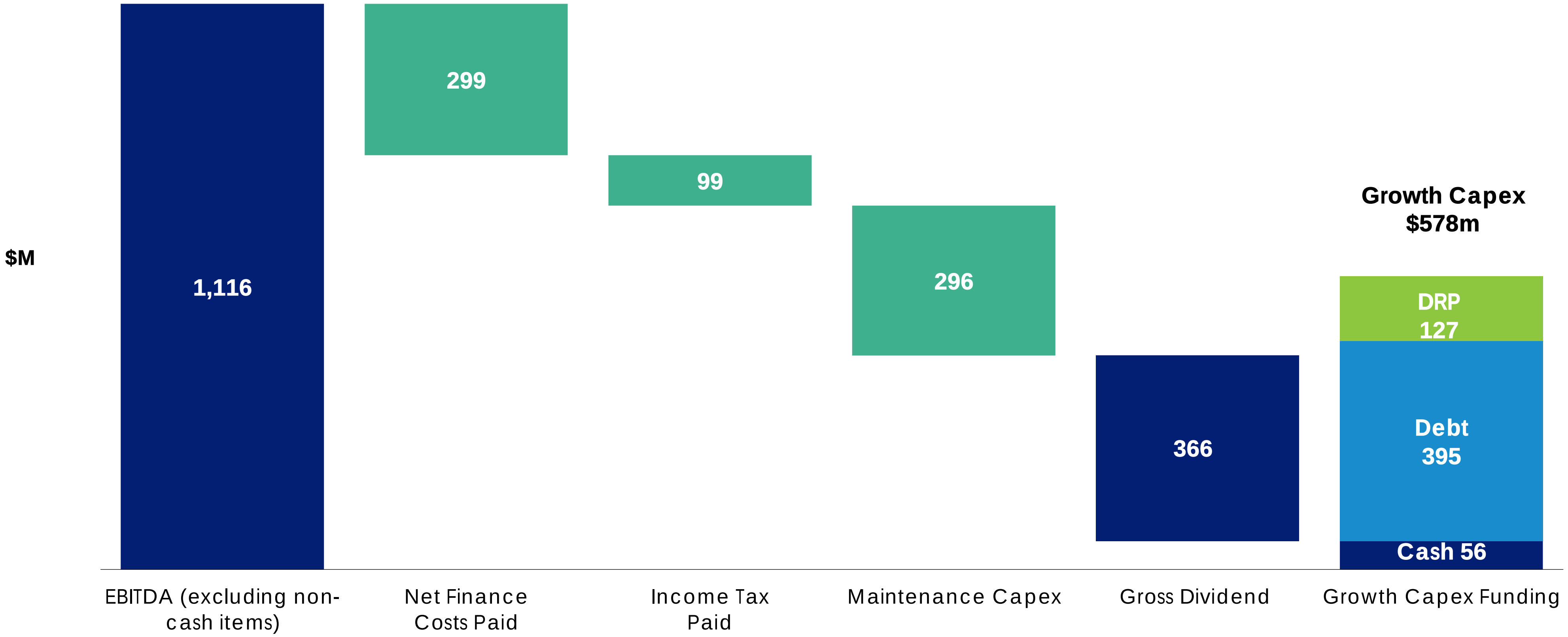
Capital Investment

- Continued significant investment in bushfire mitigation of $147m (FY19: $125m) and other safety measures
- Higher electricity transmission spend due to customer-initiated works and completion of North-West communications loop
- Lower Mondo spend due to completion of major wind farm connections
- Growth / maintenance capex split approximately 65/35
- FY20 capital investment includes customer contributions of $124m (FY19: $132m)



Dividend and Capital Investment Funding

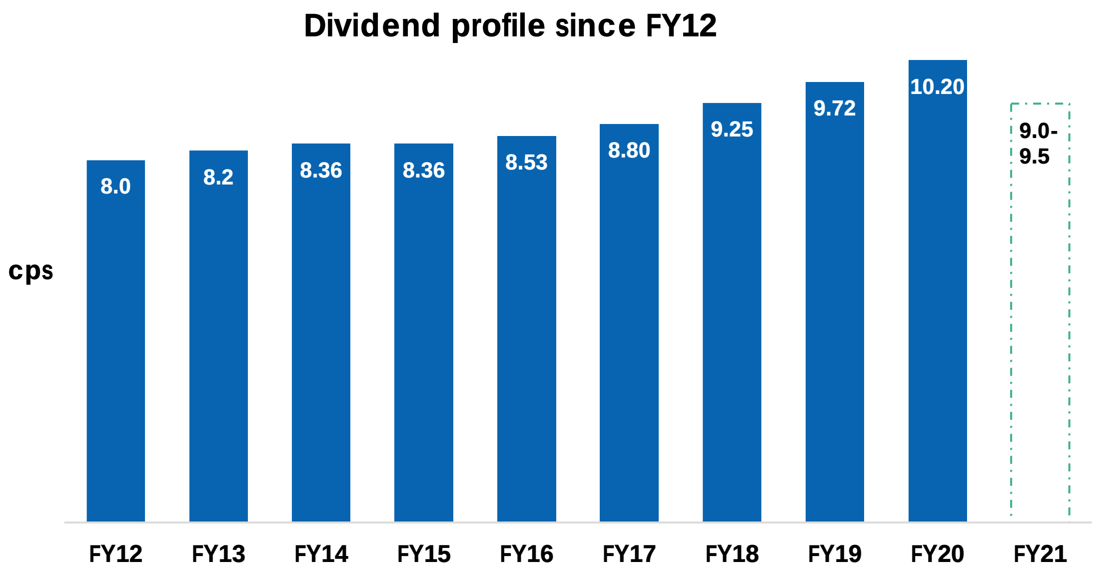
- Dividends remain fully covered by strong operating cash flows by 1.15x (EBITDA is used as a proxy when considering dividends)



Note: Capital investment as per cash flow statement = $874m. Estimated net regulatory and contracted asset base depreciation = $294m (Indexation $225m)

Dividends

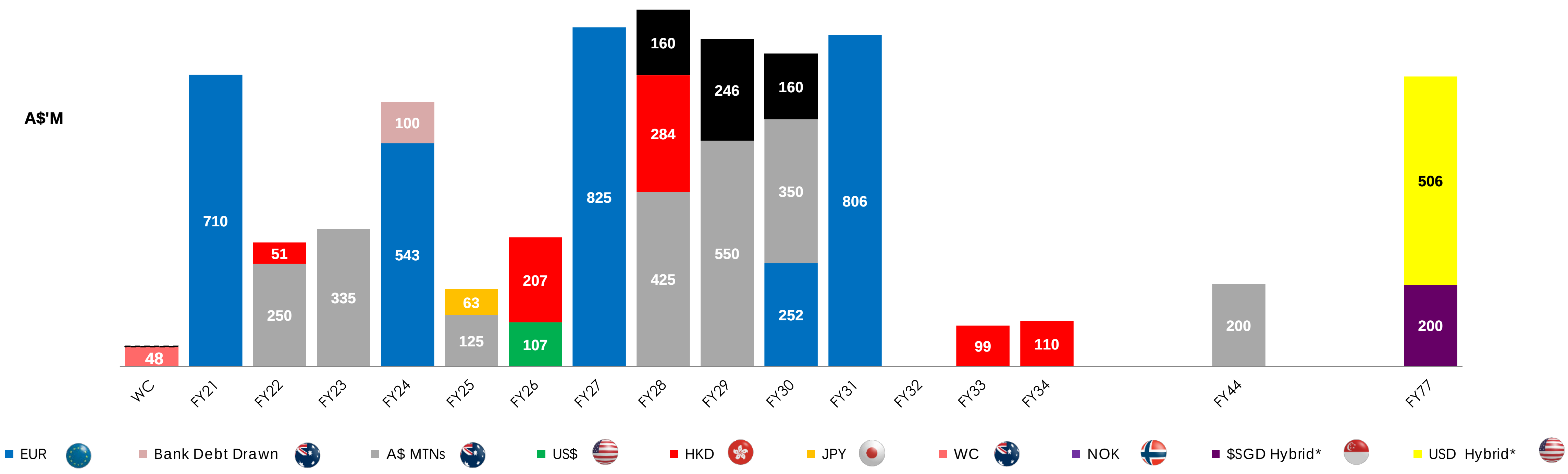
- FY21 dividend guidance of 9.0 - 9.5 cps (40% franked)
  - FY21 guidance is based on current best estimate of customer support measures and prudently reflects the uncertain macroeconomic conditions resulting from COVID-19
  - FY21 guidance also reflects our significant investment pipeline and expected lower regulated revenues from upcoming regulatory resets
- Escalated measures to manage cost base and deploy other operational levers to offset potential impacts of COVID-19
- Dividends will continue to be determined subject to prevailing market conditions and financial performance and having regard to operating cashflows after servicing interest, tax, maintenance capex and a portion of growth capex
- Maintenance of ‘A’ range credit rating and strong financial position remain key priorities



Note: Chart excludes FY17 special dividend of 1cps

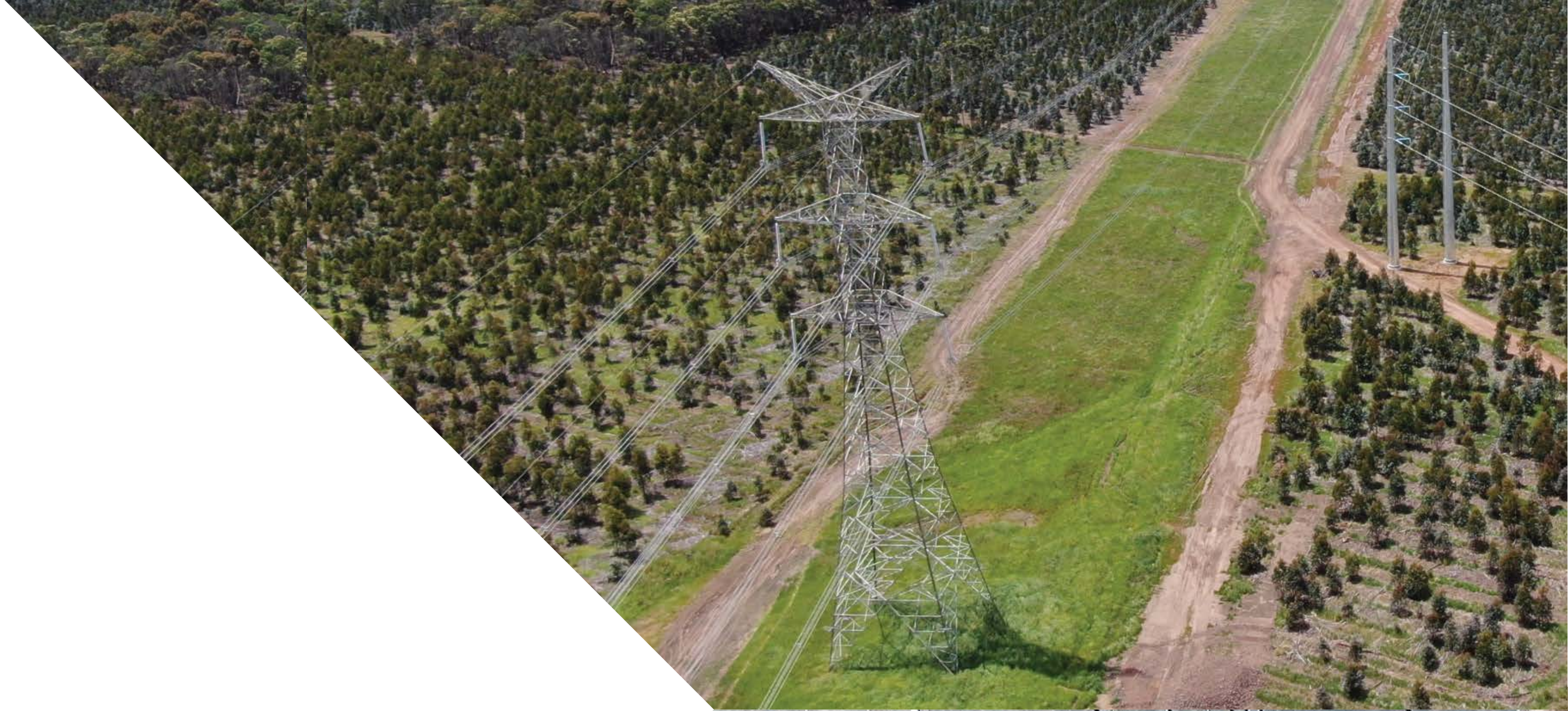
Low Risk Debt Maturity Profile

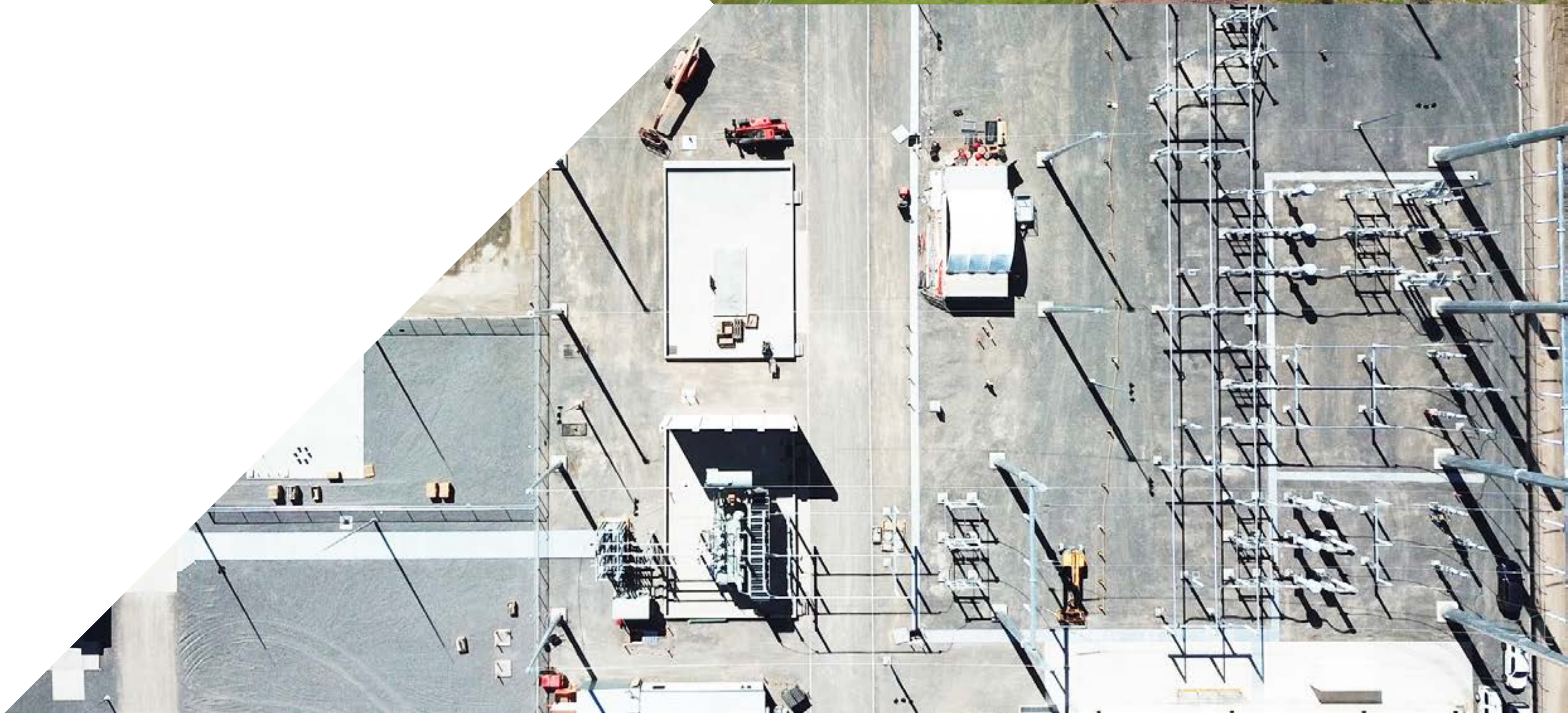
- As at 31 March 2020, net debt at face value $7,306m. (Net of $155m of cash & $250m short-term deposits)
- $1.5bn of liquidity as at 11 May 2020. ($768m undrawn bank debt facilities, $650m cash & $100m short-term deposits)
- Raised EUR 500m (A$806m) in February 2020
- Weighted average maturity of 6.8 years (FY19: 6.5 years)



* First call dates for SGD and USD hybrids is September 2021

Regulated Energy Services





Victorian Bushfires (January 2020)

AST Response & Impacts:

- Around 1.4m hectares impacted by bushfires
- 98% of customers restored within 2 weeks of access
- Advanced generator deployment
- AST representatives embedded in Govt command structure
- Financial support for customers, including fast tracking GSL payments, waiving network and connection charges for affected customers
- Most damage is to poles and wires
- 9-12 months of vegetation management, clearing activities will be extensive
- FY20 costs of $15m (seeking AER approval for Natural Disaster pass through)
- Frequent and timely customer communications (both digital and paper)
- Positive feedback received from customers and government on AST response efforts

Operational Highlights

Electricity Transmission

- West Melbourne terminal station rebuild 70% complete as part of strengthening the network
- Practical completion achieved for 1,360MW wind and solar farm connections
- North West Communications Loop project completed with 478km of fibre installed from Horsham to Red Cliffs to Kerang
- Secured the Western Victoria Renewables Integration interface works
- Finalised operational and maintenance services contract with Zinfra
- Established Customer Advisory Panel to work on 2023-2027 Transmission Revenue Reset

Electricity Distribution

- REFCL* Tranche 1- all 8 zone substations in service for this summer. 6 out of 8 zone substations are compliant. Time extensions granted for the two remaining zone substations to achieve full compliance
- REFCL Tranches 2 and 3 on track to meet compliance dates with time extensions likely to be requested to allow HV customers at 2 zone substations to achieve REFCL capability
- Awarded operational and maintenance services contract to Downer, expanding footprint from 70% to 100% of network

Gas Distribution

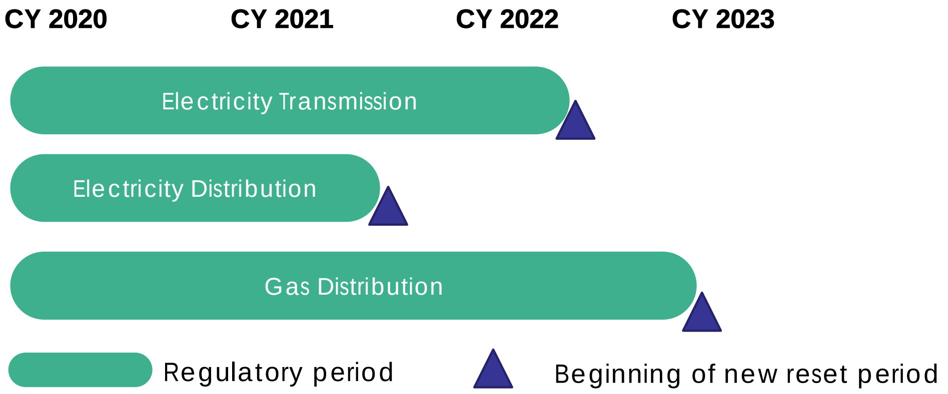
- Continued network expansion, with 199km of new gas pipelines and 3% customer growth
- Awarded Downer a five-year extension on Gas Services Contract commencing April 2021
- Improved overall customer satisfaction by 11% and new customer connection satisfaction by 28%
- Improved Unaccounted for Gas revenues by net $1.3m
- Founding member of the Australian Hydrogen Centre

* Rapid Earth Fault Current Limiter

Regulatory Reset Summary

- New electricity distribution pricing period commences 1 July 2021
  - Draft decision expected by September 2020
  - Final decision expected by April 2021

- New electricity transmission revenue review period commences 1 April 2022
  - Proposal to be submitted by October 2020
  - Draft decision expected by June 2021
  - Final decision expected by January 2022



Regulatory period [1]	Electricity distribution 2016-20	Electricity distribution 2022-26 Proposal
Beta	0.7	0.6
Risk Free Rate	2.93%	1.26%
Cost of Debt	5.52%	4.79%
Gamma	0.4	0.585
Market Risk Premium	6.50%	6.10%
WACC	6.31%	4.84%
Return on Equity	7.50%	4.92%
Net Capex	$1,788m	$1,468m
Opex	$1,355m	$1,328m
Revenue	$3,524m	$3,421m

1 Current EDPR period concludes 31 December 2020, interim 6-month period from 1 Jan 2021 to 30 June 2021 to apply with an updated WACC etc

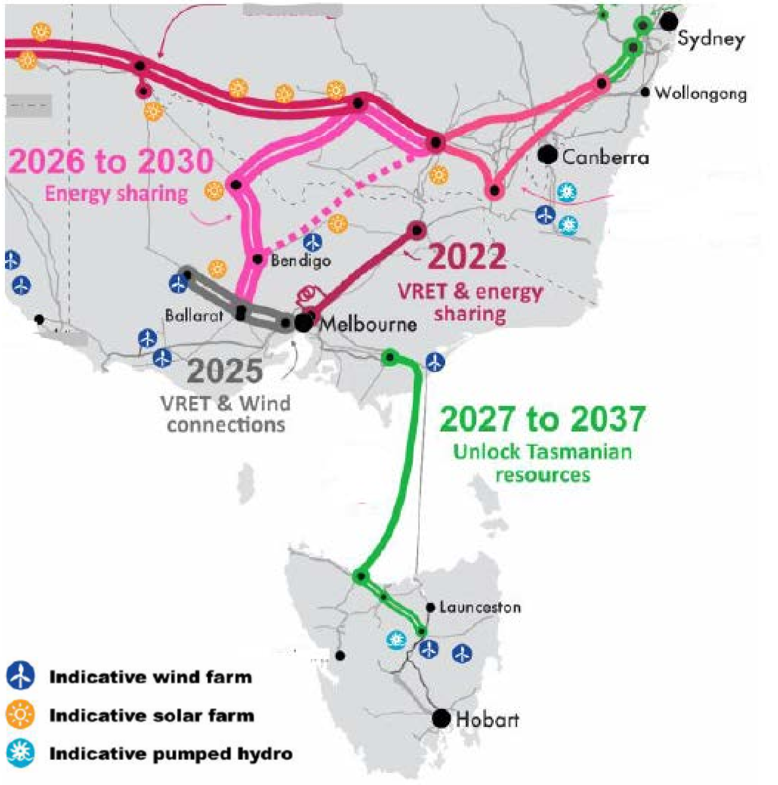
AEMO ISP Network Opportunities

The Integrated System Plan presents a significant opportunity for AusNet Services, with ~$4.0bn – $6.8bn of long term, large scale transmission opportunities available

- A number of 'Priority Projects' are located within Victoria
- Western Victoria Transmission Network Project ("**WVTNP**") is a committed project that is required to unlock renewable energy resources in the western and north-western Victoria renewable energy zones
- The WVTNP is expected to reduce congestion and improve the productivity of existing assets

Project	ISP Group	Target delivery	Indicative cost[2]
WVTNP	Group 1	FY24-25	Subject to final approval
VNI West (Keranglink)	Group 1	FY26-27	A$1.86bn[3]
Marinuslink	Group 3	FY27-28[1] / FY37-38	A$2.76bn[4]
Total transmission opportunities			**A$4.62bn[4]**

✓ Committed project
✓ AusNet Services preferred partner



1. Under 'Step Change' scenario
2. Midpoint of the indicative cost range provided by AEMO in the 2020 Draft ISP Transmission Outlook Summary
3. Assuming 'Option 7' development
4. Assuming 'Option 4' development

Mondo

Contracted Infrastructure

Mondo's success in connecting grid-scale generation projects and the recent tender award of the Western Victoria Transmission Network Project ensures Mondo remains well placed to grow its Contracted Asset Base to $1.5B by 2024

Mondo's long-term investments in contracted infrastructure reduce Mondo's exposure to financial volatility

TODAY

Wind farm connections in FY20

226MW
Murra Warra Wind Farm

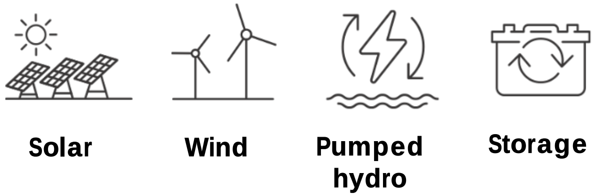
336MW
Dundonnell Wind Farm

530MW
Stockyard Hill Wind Farm

2021 AND BEYOND

In challenging times, Mondo has a strong pipeline of projects.

- 8,400MW of projects are in Preliminary Works
- >20% of the pipeline is interstate



MEGA PROJECTS

Large-scale infrastructure projects

Western Victoria
transmission network project

- Awarded largest transmission line project in Victoria since 1980s
- Delivering urgent infrastructure to support future growth in renewable energy

MARINUS LINK

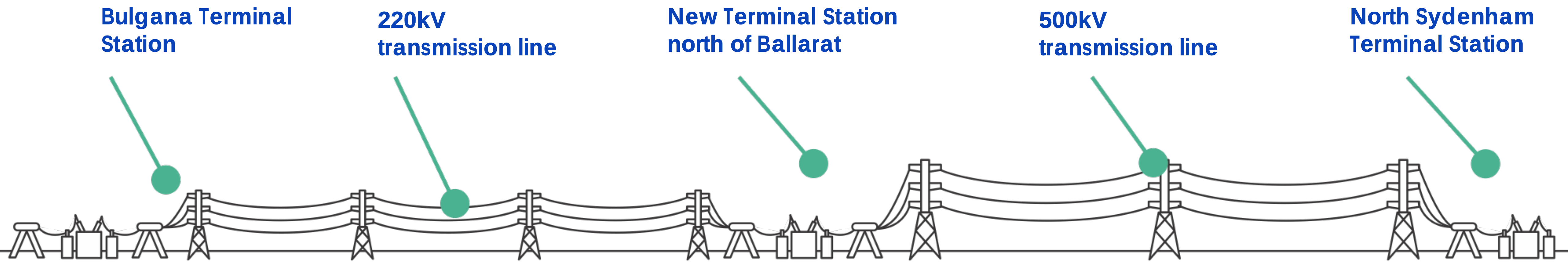
- MoU signed with TasNetworks
- Supporting development and planning activities in Victoria for this significant project

Western Victoria Transmission Network Project

Western Victoria transmission network project

The Western Victoria Transmission Network Project is a critical, state-significant project to expand the diversity and availability of energy supply

Capacity	Renewable energy	Existing generation
Delivering urgent transmission capacity to western and north-western Victoria	**Unlocking renewable energy resources in the region**	**Maximising the productivity of existing generation assets**



Investing in New Energy Solutions for the Future

mondo

Up to 45% of all electricity will be generated by customers in 2050[1]

Mondo is in a market-leading position to leverage its existing unregulated operations to enter new markets by developing reliable and cost-effective solutions for its customers

Our focus is on creating a future for energy services that leverages our expertise and technology to support customers as they transition to this new energy future

Strong commercial partnerships

DEAKIN UNIVERSITY

TOYOTA

RACV

Yarra Valley Water

Gippsland Solar
Your Energy

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

A proven track record

CLEAN ENERGY COUNCIL

Mondo wins prestigious 2019 award for community engagement

Totally Renewable
Yackandandah

Supporting communities and businesses

EUROA ENERGY

HOBSONS BAY CITY COUNCIL

Indigo Power

ARENA
Australian Government
Australian Renewable Energy Agency

VICTORIA State Government
Environment, Land, Water and Planning

[1] Electricity Network Transformation Roadmap: Final Report

Strategic Focus & Outlook

Financial resilience and asset base growth

- Continue to invest and grow the asset base
- FY21 dividend guidance of 9.0 - 9.5 cps, (40% franked). FY21 guidance prudently reflects unprecedented economic and operating uncertainty as a result of COVID-19 pandemic, significant investment pipeline and impacts of upcoming regulatory resets
- Regulated Asset Base growth forecast at around 2.5% p.a. to FY24
- Targeting $1.5bn of contracted energy infrastructure assets by FY24 (at appropriate risk adjusted rates of return)
- Forecast Net Debt to Regulated and Contracted Asset Base of <70% to FY24
- Actively exploring capital management initiatives to fund significant growth pipeline and further support credit profile. This may include a pro-rata entitlement offer of ordinary shares (within existing shareholder approved parameters), the issuance of hybrid capital securities and/or other funding initiatives in the near to medium term

COVID-19 Pandemic

- Continue to deliver safe, reliable network services and energy supply to all customers
- Support our employees, customers (particularly the vulnerable), communities and industry partners during this difficult time
- Deliver on customer relief measures

Appendices

COVID – 19 Customer Relief Package (Applies from 1 April to 30 June 2020)

In collaboration with Energy Networks Australia, AusNet Services is implementing the following customer relief measures[1]

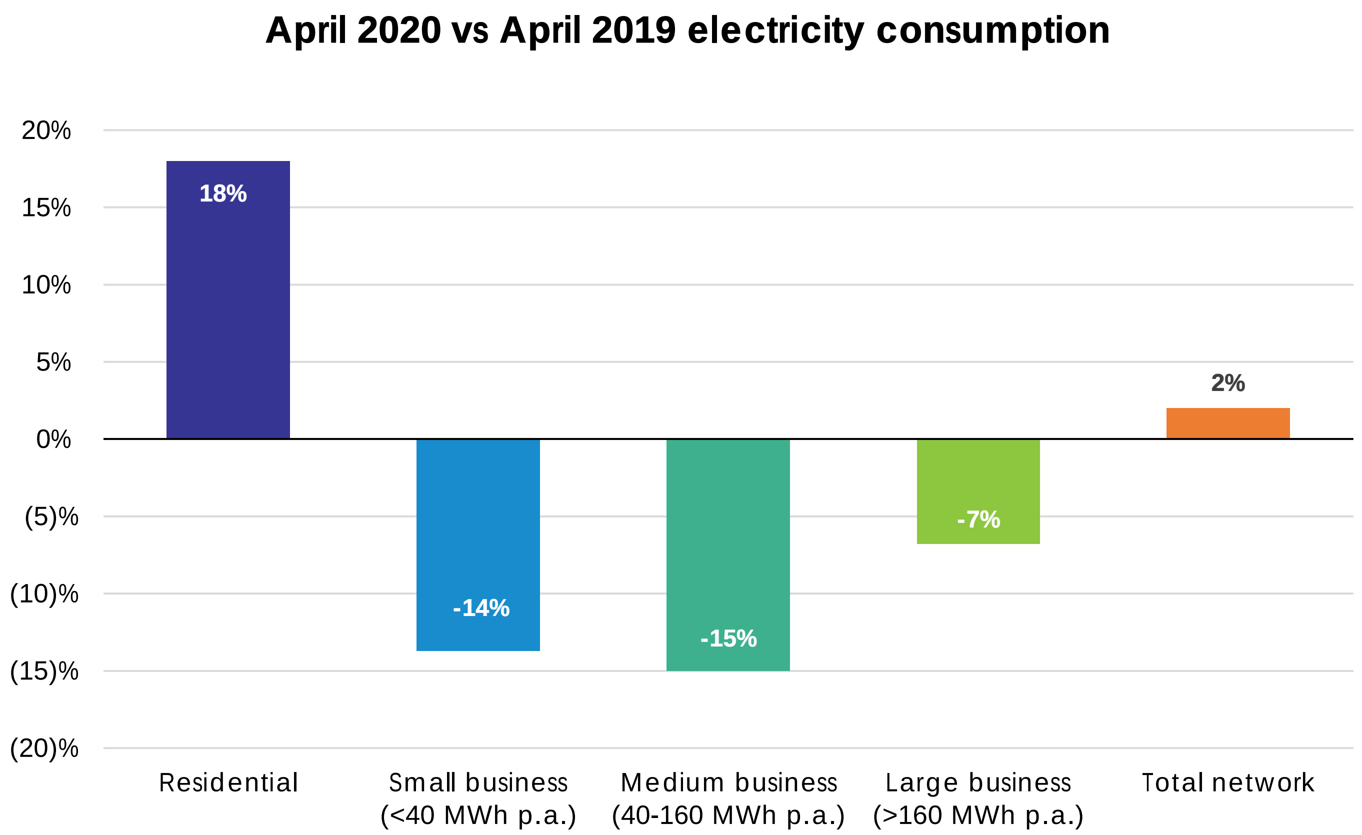
1. Network charges will not apply to residential customers of small retailers that go into default as a result of COVID-19 (excludes customers of large retailers[2])
2. Network charges will not apply to small business customers experiencing financial stress and who have temporarily ceased trading as a result of COVID-19. Small business customers are those that consume less than 40MWh or 400GJ per annum (based on 2019 consumption) and use less than 25% of historical average consumption for the period (1 April to 30 June 2020)
3. Network charges will be deferred for residential customers of large retailers who go on payment plans or hardship arrangements put in place as a result of COVID-19
4. We will support retailers in not disconnecting any residential or small business customers, without their agreement, before 31 July 2020 and potentially beyond
5. We will support retailers in not disconnecting any large business customer, without their agreement, before 31 July 2020, and potentially beyond, if that customer is on-selling energy to residential or small business customers (for example, in residential parks or retirement villages)
6. We will waive disconnection and/or reconnection fees for small businesses that have temporarily ceased operation
7. During this period of disconnection, small businesses will not pay the daily supply charges during the period of disconnection

The Australian Energy Regulator has proposed an urgent rule change to the AEMC to extend retailer's payment terms (e.g. deferral of network charges) from 1 July to 31 December 2020, for customers who are in financial stress as a result of COVID-19 pandemic

[1] *Applies to AusNet Services electricity distribution and gas distribution networks*

[2] *Large retailers are AGL Energy, EnergyAustralia, ERM Power, Lumo Energy, Momentum Energy, Origin Energy, Red Energy, Simply Energy, Stanwell Corporation and all of their affiliates*

Electricity Distribution Volume & Customer Data



Customer Numbers by segment

Residential	680,819
Small business (<40 MWh)	59,057
Medium business (40-160 MWh)	9,751
Large business (>160MWh)	3,974
Total	**753,601**

% Revenue by segment

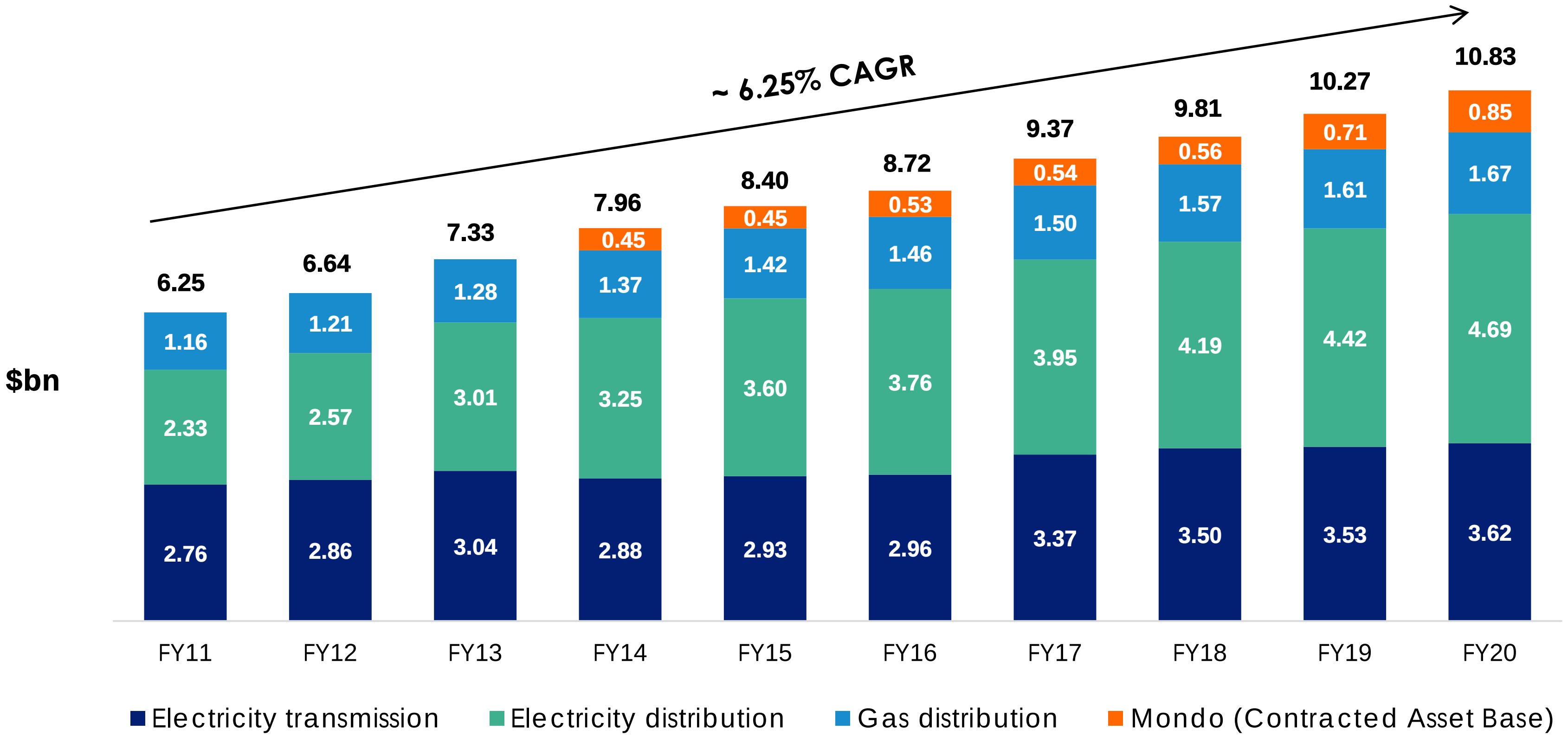
Residential	52.5%
Small business (<40 MWh)	12.0%
Medium business (40-160 MWh)	10.2%
Large business (>160MWh)	25.3%
	100%

% Volume by segment

Residential	44.3%
Small business (<40 MWh)	8.3%
Medium business (40-160 MWh)	8.4%
Large business (>160MWh)	39.0%
	100%

Asset Base Growth – Track Record

- FY11-FY20 asset base growth of ~6.25% p.a. CAGR



Energising Futures Strategy

Energising Futures responds to industry transformation, which is characterised by a shift towards renewables, new technologies, changing customer expectations, policy uncertainty and pressure on energy affordability

	Objectives	Targeted Outcomes
Growth	Accretive asset base growth	• Support transition to clean energy future via strong partnerships
Cost Efficiency	Improve efficiency and reduce costs	• Supporting affordable energy for customers
Customer Centricity	Enable customer choice and control	• Deliver safe and reliable energy to customers • Enhanced customer experience across the portfolio
Digital Utility	Invest in digital tools and processes to improve performance	• Improved efficiency, safety and customer outcomes • Capabilities to strengthen cyber resilience
Future-ready Capabilities & Culture	Ensure we have the right culture and capabilities for sustainable high performance and adapt to the future	• Engaged employees and adaptive ways of working • Invest in capabilities to ensure delivery of the strategy

Electricity Transmission Network

- Regulated revenues increased to $581m from $531m due to higher easement tax pass-through ($34m)
- Excluded revenues $85m (FY19: $74m), increased due to West Gate tunnel works
- FY21 revenue cap $570m

A$M	FY 2020	FY 2019	Variance
Revenue	**670.9**	618.2	↑8.5%
EBITDA	**421.2**	390.4	↑7.9%
EBITDA Margin	**62.8%**	63.2%	↓0.4%
EBIT	**309.2**	292.9	↑5.6%
EBIT Margin	**46.1%**	47.4%	↓1.3%
Regulated Asset Base	**3,620**	3,533	↑2.4%

Electricity Distribution Network

- CY19 revenue cap $728m (includes TUOS pass through of around $80m and $9m STPIS revenue)
- CY20 revenue cap $782m (includes TUOS pass through of around $113m and $5m STPIS revenue)
- FY20 metering revenue $48m (FY19: $51m)
- Expect CY20 metering revenues of $46m
- Customer contributions $91m (FY19: $70m), increased due to higher housing development activity
- Excluded revenues $27m (FY19: $25m)

A$M	FY 2020	FY 2019	Variance
Revenue	**937.1**	866.2	↑8.2%
EBITDA	**564.1**	528.5	↑6.7%
EBITDA Margin	**60.2%**	61.0%	↓0.8%
EBIT	**302.7**	244.1	↑24.0%
EBIT Margin	**32.3%**	28.2%	↑4.1%
Volumes (GWh)	**7,531**	7,608	↓1.0%
Connections	**753,601**	736,841	↑2.3%
Regulated Asset Base	**4,694**	4,427	↑6.0%

Gas Distribution Network

- Higher revenues due to $6m of additional unaccounted for gas revenues ($1.3m net of unaccounted for gas expense)
- Customer contributions $9m (FY19: $7m)
- Other revenues $2m (FY19: $5m)
- Volumes increased by 8% due to favourable weather and lower industrial usage in the prior period

A$M	FY 2020	FY 2019	Variance
Revenue	**223.8**	215.1	↑4.0%
EBITDA	**159.0**	152.5	↑4.3%
EBITDA Margin	**71.0%**	70.9%	↑0.1%
EBIT	**96.9**	100.7	↓3.8%
EBIT Margin	**43.3%**	46.8%	↓3.5%
Volume (PJ)	**68.3**	63.3	↑7.9%
Connections	**732,479**	711,310	↑3.0%
Regulated Asset Base	**1,676**	1,617	↑3.7%

- Higher revenues from infrastructure assets completed and early works contracts are netted by reduced low-margin field services contracts exited and non-recurring FY2019 asset intelligence projects
- Shift in focus results in 1.5% decrease in combined revenue/lease interest income but 2% increase in EBITDAal margin
- Adoption of new lease accounting standards impacting infrastructure assets. Changes include:
  - Dedicated customer connection assets now treated as a finance lease, with previous revenue streams now split between interest income, principal repayment and operating revenue
  - Mondo's key performance metrics after lease income are a better reflection of business performance

A$M	FY 2020	FY 2019	Variance
Revenue	**156.3**	172.1	↓9.2%
EBITDA	**52.3**	62.8	↓16.7%
Lease Interest Income	**24.7**	11.7	↑111.1%
EBITDA after lease income (EBITDAal)	**77.0**	74.5	↑3.4%
EBITDAal margin	**42.5%**	40.5%	↑2.0%
EBIT	**23.3**	40.1	↓41.9%
EBIT after lease income (EBITal)	**48.0**	51.8	↓7.3%
EBITal Margin	**26.5%**	28.2%	↓1.7%
Contracted Infrastructure Asset Base	**848**	712	↑19.1%

Sound Fundamentals

Financial Metrics	FY 2020	FY 2019
Market Capitalisation	**$6.4bn**	$6.5bn
Total Assets	**$14.3bn**	$12.8bn
Regulated / Contracted Asset Base	**$10.8bn**	$10.3bn
Total Borrowings (Face Value)	**$7.7bn**	$7.2bn
Net Debt [1]	**$8.9bn**	$7.6bn
Net Gearing (Carrying Value) [2]	**75%**	70%
Net Debt (Face Value) to Regulated / Contracted Asset Base [3]	**67%**	67%
Interest Cover [4]	**3.3x**	3.3x
Credit Ratings (S&P / Moody's)	**A- / A3**	A- / A3

Note

1. Net debt is debt at carrying value. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit.

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. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit.

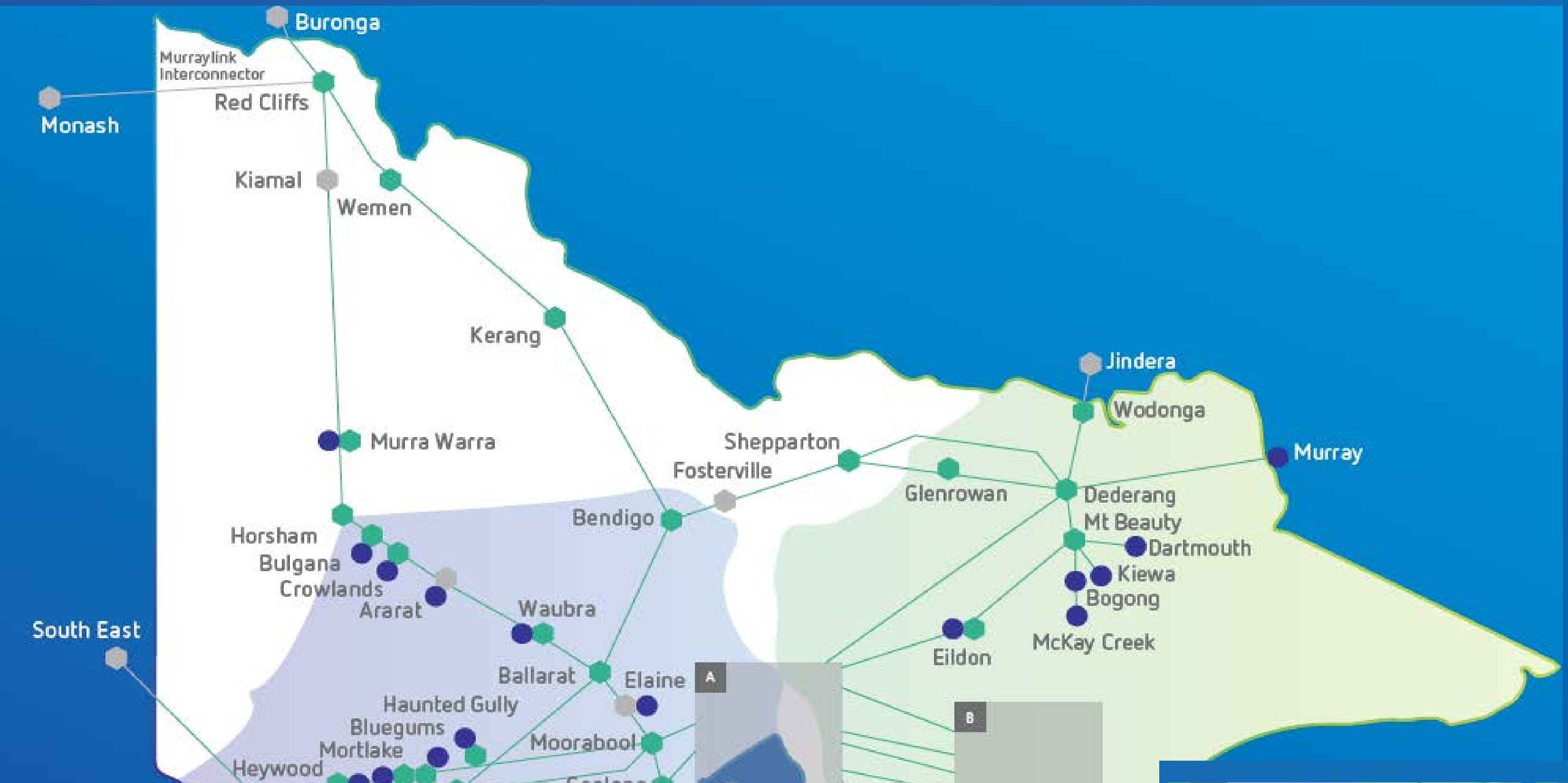
4. Calculated as EBITDA (including lease income) less customer contributions and tax paid, divided by net interest expense. This is how interest cover is measured for internal management purposes, as it provides an accurate reflection of how after-tax operating cash flows are used to meet interest payments. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit.

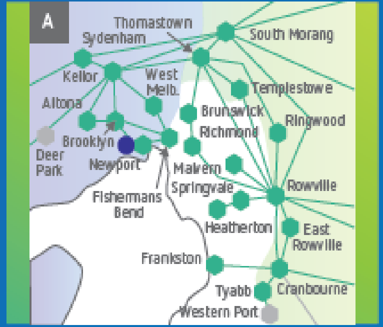
Current Regulatory Determinations

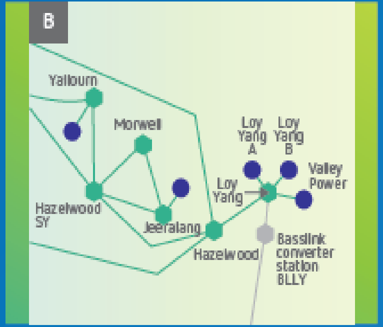
Regulatory period	Gas distribution 2018-22	Electricity distribution 2016-20	Electricity transmission 2017-22
Beta	0.70	0.70	0.70
Risk Free Rate	2.73%	2.93%	2.52%
Cost of Debt	5.04%	5.52%	4.94%
Gamma	0.40	0.40	0.40
Market Risk Premium	6.50%	6.50%	6.50%
Nominal Vanilla WACC	5.94%	6.31%	5.80%
Return on Equity	7.30%	7.50%	7.10%
Net Capex (Nominal)	$522m	$1,788m	$780m
Opex (Nominal)	$293m	$1,355m	$1,225m
Revenue (Nominal)	$1,040m	$3,524m	$2,742m

Note: Data in table is based on original regulatory determinations

Our electricity and gas footprints







Electricity Transmission

Our transmission network transports electricity from where it is generated, through terminal stations and high-voltage transmission powerlines across the state, to Victoria's five lower voltage distribution networks.

Electricity Distribution

Our electricity distribution network feeds lower voltage electricity to customers across all of eastern and northeastern Victoria and in Melbourne's north and east.

Gas Distribution

Our gas distribution network supplies natural gas to residential and business customers in western Melbourne, central and western Victoria, through our network of underground gas pipelines.

Mondo

Mondo provides services and technology for essential infrastructure in the energy, water and transport sectors, including transmission connections, grid-scale storage, smart energy management systems, mini grids, and community energy hubs.

LEGEND

- AusNet Services' electricity distribution network
- AusNet Services' gas distribution network
- AusNet Services' terminal/switching stations
- Non-AusNet Services terminal/switching stations
- Power stations (non-AusNet Services)
- AusNet Services' regulated transmission lines
- Non-AusNet Services transmission lines

Further Information and Contacts

AusNet Services is the largest diversified energy network business in Victoria, owning and operating around $10.8 billion of regulated and contracted assets.

The company owns and operates three regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network. The company also has an unregulated business called Mondo, focusing on contracted infrastructure and energy services.

Headquartered in Melbourne, Australia, AusNet Services employs around 1,700 people to service around 1.5 million customers.

For more information visit www.ausnetservices.com.au

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