

# QUALITY AUSTRALIAN INFRASTRUCTURE ASSETS



A time for quality

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# Key Metrics

## SECURITY METRICS

Market price at 22 August 2014	\$1.955
Market capitalisation	\$2.9 billion

## DISTRIBUTIONS

HY 2014	5.75cps
Comprising – Loan Note interest	3.50cps
– Tax deferred amount	2.25cps
FY 2014 Guidance	11.50cps

## GEARING AND CREDIT RATINGS

Net book gearing (Look through) <sup>1</sup>	54.0%
Asset level credit ratings	SA Power Networks: A-/A3 Powercor: BBB+/Baa1 CitiPower: BBB+
Spark level credit rating	Baa1

## REGULATED ASSET BASE – (ESTIMATES AT JUNE 2014)

<b>SA Power Networks (DUOS) (\$m)</b>	<b>3,775</b>
CitiPower (DUOS) (\$bn)	1,639
Powercor (DUOS) (\$bn)	2,957
CitiPower (AMI) (\$bn)	142
Powercor (AMI) (\$bn)	351
<b>Victoria Power Networks total (\$m)</b>	<b>5,089</b>
<b>RAB total (\$m)</b>	<b>8,864</b>
Net debt/RAB – Asset Companies combined	77.8%
Net debt/RAB – SA Power Networks	75.5%
Net debt/RAB – Victoria Power Networks	79.6%

<sup>1</sup> Excludes reserves.

## REGULATED PRICE PATH – CPI MINUS X<sup>1</sup>

X-FACTOR <sup>2</sup>	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SA Power Networks	-12.14 (1 Jul 2010)	-18.10 (1 Jul 2011)	-4.97 (1 Jul 2012)	-7.00 (1 Jul 2013)	-0.89 (1 Jul 2014)
CitiPower	6.41 (1 Jan 2011)	-4.00 (1 Jan 2012)	-6.78 (1 Jan 2013)	-7.80 (1 Jan 2014)	-7.80 (1 Jan 2015)
Powercor	-0.11 (1 Jan 2011)	-3.00 (1 Jan 2012)	-6.36 (1 Jan 2013)	-6.70 (1 Jan 2014)	-7.20 (1 Jan 2015)

ACTUAL CPI % (FORECAST CPI %)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SA Power Networks	2.89 (2.52)	3.33 (2.52)	1.58 (2.52)	2.50 (2.52)	2.92 (2.52)
CitiPower	2.79 (2.57)	3.52 (2.57)	2.00 (2.57)	2.16 (2.57)	– (2.57)
Powercor	2.79 (2.57)	3.52 (2.57)	2.00 (2.57)	2.16 (2.57)	– (2.57)

TARIFF INCREASE (%) ACTUAL FORECAST <sup>3</sup>	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SA Power Networks	15.38	22.03	6.63	9.67	3.43
CitiPower	-3.80	7.66	8.92	10.13	10.57
Powercor	2.90	6.63	8.49	9.00	9.96

1. Whilst referred to as "CPI-X", the actual tariff increase formula used by the regulator is:  $(1+CPI) \times (1-x) - 1$ . Source: AER.
2. Figures updated for regulatory appeals announced, excluding \$39.8 million (nominal dollars) vegetation management costs for SAPN awarded in July 2013 (this is a pass through and does not impact X-factors).
3. Figures for SAPN exclude adjustments for STPIS, PV and Q-factor actual and forecast adjustments. Figures for VPN exclude STPIS and any other adjustments.

## REGULATORY SETTINGS

REGULATORY PERIOD	SA POWER NETWORKS <sup>1</sup> 1 JUL 2010 – 30 JUN 2015	VICTORIA POWER NETWORKS <sup>2</sup> 1 JAN 2011 – 31 DEC 2015
Beta	0.8	0.8
Risk Free Rate	5.89%	5.08%
Debt risk premium (DRP)	2.98%	3.89% <sup>3</sup>
Market risk premium (MRP)	6.5%	6.5%
Nominal vanilla WACC	9.76%	9.49%
Nominal post tax return on equity (2010 decision)	11.09%	10.28%
Gamma (Imputation)	0.25 (following successful appeal)	0.25 (following successful appeal)
Net capex over 5 years (\$ 2010)	\$1,636m	\$2,115m
Opex over 5 years (\$ 2010) <sup>4,5</sup>	\$1,080m	\$997m
Revenue (Nominal) <sup>4,6</sup>	\$3,930m	\$3,845m

1. Figures relate to DUOS incl. Alternative Control Services (ACS) revenue.
2. Figures relate to DUOS only.
3. VPN DRP 3.89% following appeal outcomes (3.74% per final 2010 determination).
4. Figures revised for all successful outcomes, including \$39.8 million (nominal dollars) vegetation management costs for SAPN awarded in July 2013.
5. Operating expenditure numbers adjusted for efficiency carryover amounts per determinations.
6. Revenue numbers not updated for actual CPI.

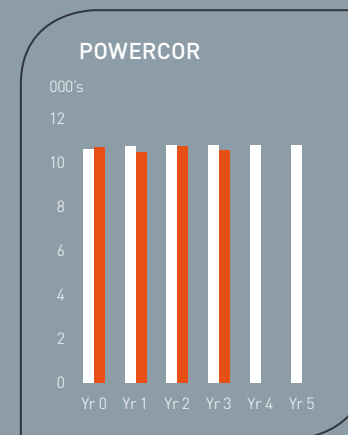
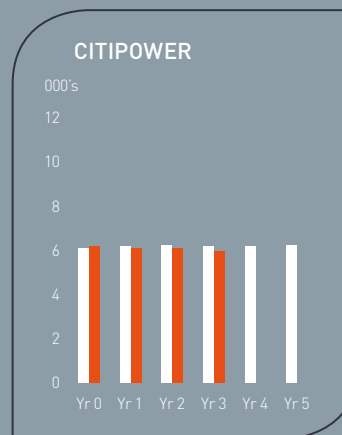
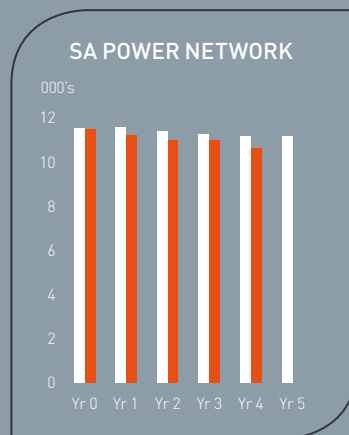
# ELECTRICITY DISTRIBUTION VOLUMES

SA POWER NETWORKS			
ELECTRICITY SALES VOLUMES	QUANTITY (GWH) HY 2014	QUANTITY (GWH) HY 2013	VARIANCE (%)
Residential/Domestic	1,565	1,647	(5.0%)
Hot Water	274	267	2.6%
Small Business	2,795	2,865	(2.4%)
Large Business	681	688	(1.0%)
Unmetered	65	64	1.6%
<b>Total</b>	<b>5,380</b>	<b>5,531</b>	<b>(2.7%)</b>

CITIPOWER			
ELECTRICITY SALES VOLUMES	QUANTITY (GWH) HY 2014	QUANTITY (GWH) HY 2013	VARIANCE (%)
Residential/Domestic	550	613	(10.3%)
Small Business	892	958	(6.9%)
Large Business	1,411	1,430	(1.3%)
Unmetered	20	20	0.0%
<b>Total</b>	<b>2,873</b>	<b>3,021</b>	<b>(4.9%)</b>

POWERCOR AUSTRALIA			
ELECTRICITY SALES VOLUMES	QUANTITY (GWH) HY 2014	QUANTITY (GWH) HY 2013	VARIANCE (%)
Residential/Domestic	1,580	1,655	(4.5%)
Small Business	998	989	0.9%
Large Business	2,459	2,622	(6.2%)
Unmetered	53	53	0.0%
<b>Total</b>	<b>5,090</b>	<b>5,319</b>	<b>(4.3%)</b>

# ELECTRICITY DISTRIBUTION VOLUMES



AER Forecast
  Actual

ACTUAL VOLUME <i>[AER FORECAST VOLUME]</i>	REGULATORY YEAR <sup>1</sup>						CUMULATIVE AVERAGE ACTUAL TO DATE <i>(CUMULATIVE AVERAGE ANNUAL FORECAST CHANGE)</i>
	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
<b>SA POWER NETWORKS</b>	<b>11,504</b> <i>(11,555)</i>	<b>11,249</b> <i>(11,618)</i>	<b>11,019</b> <i>(11,422)</i>	<b>11,025</b> <i>(11,264)</i>	<b>10,652</b> <i>(11,194)</i>	<b>11,194</b>	
<b>GROWTH IN ACTUAL %</b> <i>(GROWTH IN AER FORECAST %)</i>		<b>-2.2%</b> <i>(+0.5%)</i>	<b>-2.0%</b> <i>(-1.7%)</i>	<b>+0.1%</b> <i>(-1.4%)</i>	<b>-3.4%</b> <i>(-0.6%)</i>	<b>0.0%</b>	<b>-1.9%</b> <i>(-0.6%)</i>
<b>CITIPOWER</b>	<b>6,210</b> <i>(6,125)</i>	<b>6,105</b> <i>(6,180)</i>	<b>6,085</b> <i>(6,227)</i>	<b>5,981</b> <i>(6,218)</i>	<b>6,201</b> <i>(6,201)</i>	<b>6,237</b>	
<b>GROWTH IN ACTUAL %</b> <i>(GROWTH IN AER FORECAST %)</i>		<b>-1.7%</b> <i>(+0.9%)</i>	<b>-0.3%</b> <i>(+0.8%)</i>	<b>-1.7%</b> <i>(-0.1%)</i>	<b>-0.3%</b> <i>(-0.3%)</i>	<b>+0.6%</b>	<b>-1.2%</b> <i>(+0.4%)</i>
<b>POWERCOR</b>	<b>10,678</b> <i>(10,585)</i>	<b>10,470</b> <i>(10,726)</i>	<b>10,744</b> <i>(10,795)</i>	<b>10,556</b> <i>(10,781)</i>	<b>10,761</b> <i>(10,761)</i>	<b>10,797</b>	
<b>GROWTH IN ACTUAL %</b> <i>(GROWTH IN AER FORECAST %)</i>		<b>-1.9%</b> <i>(+1.3%)</i>	<b>+2.6%</b> <i>(+0.6%)</i>	<b>-1.8%</b> <i>(-0.1%)</i>	<b>-0.2%</b> <i>(-0.2%)</i>	<b>+0.3%</b>	<b>-0.4%</b> <i>(+0.4%)</i>

<sup>1</sup> June year end for SAPN, December year end for CitiPower and Powercor.

Victoria  
Power  
Networks  
Pty Ltd

Financial  
Summary  
(100% results)

(A'\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE	CHANGE (%)
Electricity distribution revenue	415.6	383.9	31.7 ↑	8.3%
Total revenue	578.1	575.2	2.9 ↑	0.5%
EBITDA	388.3	379.2	9.1 ↑	2.4%
EBITDA (exc. customer contributions and gifted assets)	357.6	345.4	12.2 ↑	3.5%
EBIT	249.4	249.0	0.4 ↑	0.2%
Net profit after tax	24.1	29.6	(5.5) ↓	(18.6%)
Net capital expenditure	231.6	239.1	(7.5) ↓	(3.1%)
Total assets <sup>1</sup>	7,264.8	7,214.9	49.9 ↑	0.7%
Net assets <sup>1</sup>	912.0	900.6	11.4 ↑	1.3%
<b>Key Performance Indicators</b>				
Gearing (net)	62.5%	64.4%	(1.9%) ↓	-
RAB <sup>1,2</sup>	5,089	4,751	338 ↑	7.1%
Net debt to RAB	79.6%	80.5%	(0.9%) ↓	-
Hedge – net (% to senior debt)	92.8%	99.9%	(7.1%) ↓	-
Volume delivered (GWH)	7,963	8,340	(377) ↓	(4.5%)
No. of customers ('000's)	1,077	1,065	12 ↑	1.1%
Non prescribed revenue % to total revenue	17.7%	21.2%	(3.5%) ↓	-

1 Prior period figures based on 31 December 2013.

2 RAB values are estimates.

**NOTES**

- Victoria Power Networks includes both Powercor and CitiPower distribution networks in Victoria.

Victoria  
Power  
Networks  
Pty Ltd

Income  
Statement  
(100% results)

(A:\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE	CHANGE (%)
<b>Distribution Revenue</b>				
Distribution revenue	415.6	383.9	31.7 ↑	8.3%
Transmission revenue	128.9	138.7	(9.8) ↓	(7.1%)
Transmission charges	(128.9)	(138.7)	9.8 ↓	7.1%
<b>Distribution Revenue</b>	415.6	383.9	31.7 ↑	8.3%
<b>Metering Revenue</b>	59.9	69.3	(9.4) ↓	(13.6%)
<b>Non Prescribed Revenue</b>	102.6	122.0	(19.4) ↓	(15.9%)
<b>Total Revenue</b>	578.1	575.2	2.9 ↑	0.5%
<b>Operating Expenses</b>				
Cash operating expenses	(189.8)	(196.0)	6.2 ↓	3.2%
<b>EBITDA</b>	388.3	379.2	9.1 ↑	2.4%
<b>Depreciation and Amortisation</b>				
Depreciation	(133.6)	(127.4)	(6.2) ↑	(4.9%)
Amortisation	(5.3)	(2.8)	(2.5) ↑	89.2%
<b>EBIT</b>	249.4	249.0	0.4 ↑	0.2%
<b>Finance Charges</b>				
Senior debt	(125.7)	(119.6)	(6.1) ↑	(5.1%)
Subordinated debt	(81.9)	(81.9)	– ●	0.0%
Interest income	1.0	1.3	(0.3) ↓	(23.1%)
<b>Profit Before Tax</b>	42.8	48.8	(6.0) ↓	(12.3%)
Tax expense	(18.7)	(19.2)	0.5 ↓	(2.6%)
<b>Profit After Tax</b>	24.1	29.6	(5.5) ↓	(18.6%)

**NOTES**

- Transmission revenue is collected from electricity retailers and passed on to the transmission companies.



Victoria  
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Pty Ltd

Analysis  
of non-  
prescribed  
revenue  
(100% results)

(A\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE	CHANGE (%)
<b>Customer Contributions</b>				
Cash	19.0	21.5	(2.5) ↓	(11.6%)
Gifted assets	11.7	12.3	(0.6) ↓	(4.9%)
	30.7	33.8	(3.1) ↓	(9.2%)
<b>Other Non Prescribed Revenue</b>				
Public lighting	7.1	7.1	- ●	0.0%
Customer transfers and connections	15.0	14.7	0.3 ↑	2.0%
Unregulated	49.8	66.4	(16.6) ↓	(25.0%)
	71.9	88.2	(16.3) ↓	(18.5%)
<b>Total Non Prescribed Revenue</b>	<b>102.6</b>	<b>122.0</b>	<b>(19.4) ↓</b>	<b>(15.9%)</b>

NOTES

- Gifted asset revenue is non-cash.

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Pty Ltd

Balance  
Sheet  
(100% results)

(A\$MILLION)	JUN 2014	DEC 2013
Cash & deposits	114.6	91.6
Trade and other receivables	164.2	194.5
Inventories	26.0	25.1
Other	32.8	21.8
<b>Current Assets</b>	<b>337.6</b>	<b>333.0</b>
Property, plant and equipment	5,886.3	5,756.7
Intangible assets	855.2	862.7
Other	185.7	262.5
<b>Total Non-Current Assets</b>	<b>6,927.2</b>	<b>6,881.9</b>
<b>Total Assets</b>	<b>7,264.8</b>	<b>7,214.9</b>
Trade and other payables	198.0	224.4
Borrowings	496.5	604.8
Provisions	71.5	68.6
Other	34.0	30.8
<b>Current Liabilities</b>	<b>800.0</b>	<b>928.6</b>
Borrowings	5,267.0	5,095.8
Provisions	3.3	3.3
Deferred tax liabilities	131.4	118.2
Other	151.1	168.4
<b>Non Current Liabilities</b>	<b>5,552.8</b>	<b>5,385.7</b>
<b>Total Liabilities</b>	<b>6,352.8</b>	<b>6,314.3</b>
<b>Net Assets</b>	<b>912.0</b>	<b>900.6</b>
<b>Equity</b>		
Share capital	279.5	279.5
Reserves	(533.9)	(537.8)
Retained profit	1,166.4	1,158.9
	<b>912.0</b>	<b>900.6</b>

NOTES

- Non current borrowings includes \$1.522 billion subordinated long term debt which is contributed by the owners.

Victoria  
Power  
Networks  
Pty Ltd

Cash Flow  
Statement  
(100% results)

(A'\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	700.6	657.8
Receipts from customers for capital works	22.6	25.0
Cash payments to suppliers and employees	(350.5)	(364.4)
Interest received	1.0	1.3
Net (repayment)/payment of trust monies	(0.3)	0.2
Interest and other costs of senior debt	(125.2)	(115.2)
	248.2	204.7
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(256.2)	(266.7)
Proceeds from sale of property, plant and equipment	1.0	0.8
	(255.2)	(265.9)
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings – external	115.0	210.0
Repayment of borrowings – external	(2.7)	(10.8)
Interest payments on subordinated debt	(82.3)	(82.3)
	30.0	116.9
<b>Net Cash Movement</b>	23.0	55.7
Opening cash	91.6	53.3
<b>Closing Cash</b>	114.6	109.0

# SA Power Networks

## Performance Summary (100% results)

(A:\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE	CHANGE (%)
Electricity distribution revenue	439.5	418.6	20.9 ↑	5.0%
Total revenue	561.3	551.2	10.1 ↑	1.8%
EBITDA	401.3	401.0	0.3 ↑	0.1%
EBITDA (exc. customer contributions and gifted assets)	360.1	357.5	2.6 ↑	0.7%
EBIT	311.2	313.1	(1.9) ↓	(0.6%)
Net profit after tax	174.1	176.6	(2.5) ↓	(1.4%)
Total assets <sup>1</sup>	5,957.5	5,860.9	96.6 ↑	1.6%
Net assets <sup>1</sup>	2,038.1	1,967.6	70.5 ↑	3.6%
Net capital expenditure	151.9	183.2	(31.3) ↓	(17.1%)
<b>Performance Indicators</b>				
Gearing (net)	51.5%	52.9%	(1.4%) ↓	-
RAB <sup>1,2</sup> (\$ million)	3,775	3,686	89 ↑	2.4%
Net debt to RAB	75.5%	78.1%	(2.6%) ↓	-
Hedge - (% to term senior debt)	100.6%	100.0%	0.6% ↑	-
No. of customers ('000's)	843	836	7 ↑	0.8%
Non prescribed revenue % to total revenue	21.7%	24.1%	(2.4%) ↓	-

1 Prior period figures based on 31 December 2013.

2 RAB values are estimates.

# SA Power Networks

## Income Statement (100% results)

(A' \$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE	CHANGE (%)
<b>Distribution Revenue</b>				
Distribution revenue	439.5	418.6	20.9 ↑	5.0%
Transmission revenue	121.5	141.2	(19.7) ↓	(14.0%)
Transmission charges	(121.5)	(141.2)	19.7 ↓	14.0%
<b>Distribution Revenue</b>	<b>439.5</b>	<b>418.6</b>	<b>20.9 ↑</b>	<b>5.0%</b>
<b>Non Prescribed Revenue</b>	<b>121.8</b>	<b>132.6</b>	<b>(10.8) ↓</b>	<b>(8.1%)</b>
<b>Total Revenue</b>	<b>561.3</b>	<b>551.2</b>	<b>10.1 ↑</b>	<b>1.8%</b>
<b>Operating Expenses</b>				
Cash operating expenses	(160.0)	(150.2)	(9.8) ↑	(6.5%)
<b>EBITDA</b>	<b>401.3</b>	<b>401.0</b>	<b>0.3 ↑</b>	<b>0.1%</b>
<b>Depreciation and Amortisation</b>				
Depreciation	(86.5)	(84.3)	(2.2) ↑	(2.6%)
Amortisation	(3.6)	(3.6)	- ●	-
<b>EBIT</b>	<b>311.2</b>	<b>313.1</b>	<b>(1.9) ↓</b>	<b>(0.6%)</b>
<b>Finance Charges</b>				
Senior debt	(101.4)	(102.2)	0.8 ↓	(0.8%)
Subordinated debt	(35.9)	(35.9)	- ●	0.0%
Interest income	0.2	0.5	(0.3) ↓	(60.0%)
<b>Profit Before Tax</b>	<b>174.1</b>	<b>175.5</b>	<b>(1.4) ↓</b>	<b>(0.8%)</b>
Tax benefit	-	1.1	(1.1) ↓	nm
<b>Profit After Tax</b>	<b>174.1</b>	<b>176.6</b>	<b>(2.5) ↓</b>	<b>(1.4%)</b>

### NOTES

- Transmission revenue is collected from the electricity retailers and passed on to the transmission company (ElectraNet).
- The partnership is not itself a taxpayer, as the partnership fully distributes any taxable income or tax losses to the partners. The prior period tax benefit relates to now dormant corporate subsidiaries of the partnership that are taxable entities.

## SA Power Networks

### Analysis of non-prescribed revenue (100% results)

(A' \$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE	CHANGE (%)
<b>Customer Contributions</b>				
Cash	28.4	29.8	(1.4) ↓	(4.7%)
Gifted assets	12.8	13.7	(0.9) ↓	(6.6%)
	41.2	43.5	(2.3) ↓	(5.3%)
<b>Other Non Prescribed Revenue</b>				
Public lighting	8.3	8.1	0.2 ↑	2.5%
Construction and Maintenance Services ("CaMS")	57.6	63.4	(5.8) ↓	(9.1%)
Other	14.7	17.6	(2.9) ↓	(16.5%)
	80.6	89.1	(8.5) ↓	(9.5%)
<b>Total Non Prescribed Revenue</b>	121.8	132.6	(10.8) ↓	(8.1%)

# SA Power Networks

## Balance Sheet (100% results)

(A\$MILLION)	JUN 2014	DEC 2013
Cash & deposits	68.1	55.8
Trade and other receivables	256.4	233.2
Inventories	12.6	11.9
Other	2.1	7.4
<b>Current Assets</b>	<b>339.2</b>	<b>308.3</b>
Property, plant and equipment	4,278.5	4,175.1
Intangible assets	939.0	941.5
Inventories	9.2	9.2
Other	391.6	426.8
<b>Total Non-Current Assets</b>	<b>5,618.3</b>	<b>5,552.6</b>
<b>Total Assets</b>	<b>5,957.5</b>	<b>5,860.9</b>
Trade and other payables	224.7	239.2
Borrowings	175.3	185.1
Provisions	80.3	80.8
<b>Current Liabilities</b>	<b>480.3</b>	<b>505.1</b>
Borrowings	3,220.8	3,197.4
Other financial liabilities	205.0	165.8
Deferred tax liabilities	2.1	2.1
Provisions	11.2	22.9
<b>Non Current Liabilities</b>	<b>3,439.1</b>	<b>3,388.2</b>
<b>Total Liabilities</b>	<b>3,919.4</b>	<b>3,893.3</b>
<b>Net Assets</b>	<b>2,038.1</b>	<b>1,967.6</b>
<b>Equity</b>		
Partners capital accounts	623.3	623.3
Partners current accounts	1,469.3	1,397.7
Reserves	(54.5)	(53.4)
	<b>2,038.1</b>	<b>1,967.6</b>

### NOTES

- The non-current borrowings of \$3.221 billion includes \$647.7 million in subordinated debt provided by the CKI and PAH partners.
- Partners capital accounts in equity of \$623.3 million includes Spark's Preferred Partnership Capital of \$622.3 million and aggregate ordinary capital of \$1.0 million held by all partners.
- Other non current financial liabilities represent the mark to market valuation of interest rate and currency swaps.

# SA Power Networks

## Cash Flow Statement (100% results)

(A' \$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	617.0	740.1
Cash payments to suppliers and employees	(298.4)	(362.1)
Interest and other costs of senior debt	(101.6)	(102.0)
Interest received	0.2	0.8
	217.2	276.8
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(150.0)	(211.3)
Proceeds from sale of property, plant and equipment	0.9	1.0
	(149.1)	(210.3)
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings – external	53.4	–
Repayment of borrowings – external	(1.2)	(1.1)
Payment for debt issue costs	(1.5)	(1.2)
Interest and other payments on subordinated debt <i>(CKI/PAH)</i>	(35.7)	(35.7)
Preferred partnership distribution <i>(Spark)</i>	(34.3)	(34.3)
Ordinary distributions <i>(All partners)</i>	(36.5)	(34.0)
	(55.8)	(106.3)
<b>Net Cash Movement</b>	12.3	(39.8)
Opening cash	55.8	109.7
<b>Closing Cash</b>	68.1	69.9

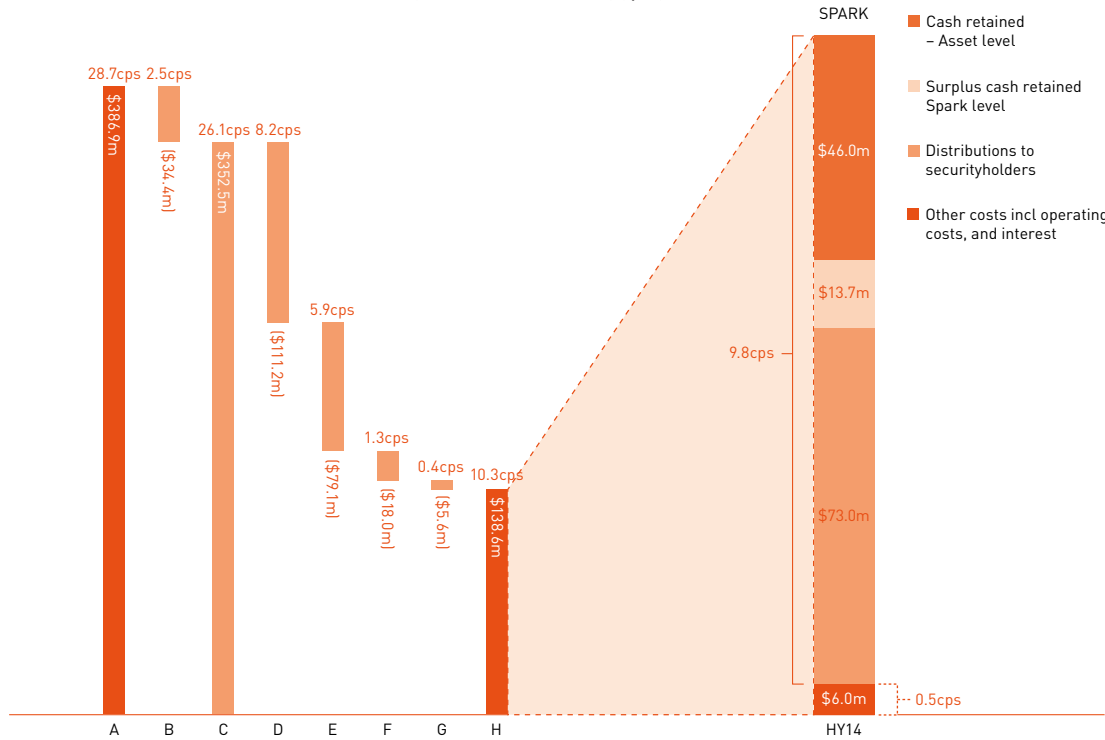
### NOTES

- An amount of \$106.5 million was paid to shareholders in distributions (Spark 49% share \$52.2 million).
- Spark receives all Preferred Partnership distributions. Spark's partners (CKI and PAH) receive all amounts in respect of subordinated debt. Ordinary distributions are shared in line with partnership interests (Spark share 49%).
- Receipts from customers include receipts in relation to customer contributions (net of rebates). Gifted asset revenue is non cash.



# Operating Cash Flows

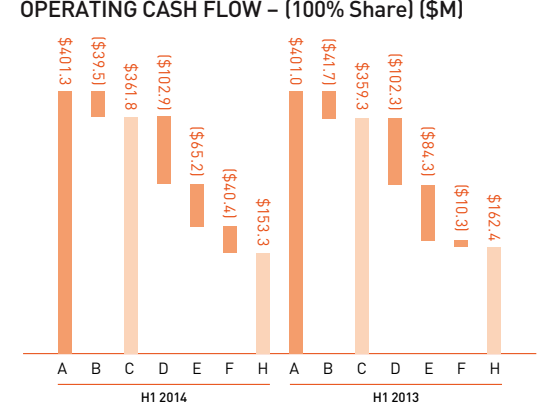
LOOKTHROUGH OPERATING CASH FLOW (SPARK 49% SHARE) (\$M) HY 2014



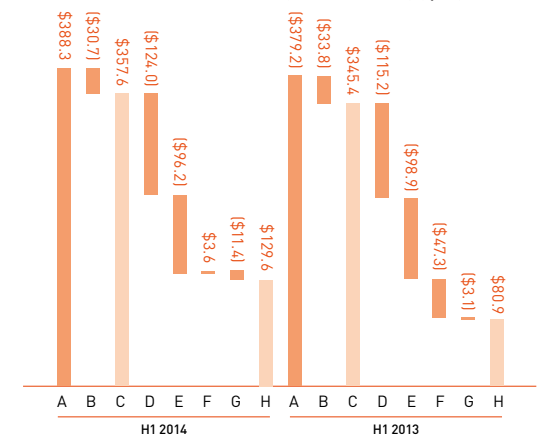
A EBITDA B Customer Contributions (incl. Gifted Assets) C EBITDA excl CC and GA D less: Net Finance Charges (cash)  
 E less: Net regulatory depreciation F +/- Net Working Capital Mvmts G less: VPN disputed tax payments  
 H Operating Cashflow

1 All cents per security figures calculated using weighted average securities during the period (1.349 billion).  
 2 Customer contributions figure shown is net of \$1.8m of rebates paid on gifted assets in SAPN.

SA POWER NETWORKS LOOKTHROUGH OPERATING CASH FLOW - (100% Share) (\$M)



VICTORIA POWER NETWORKS LOOKTHROUGH OPERATING CASH FLOW - (100% Share) (\$M)

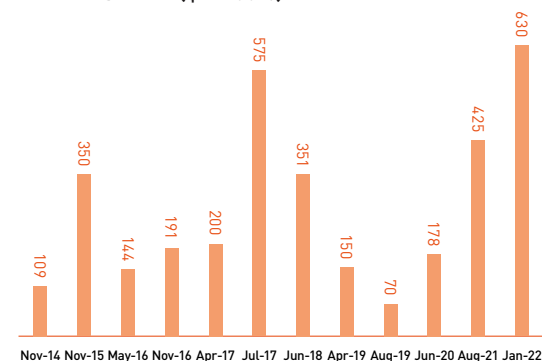


# Asset Company Debt

## VICTORIA POWER NETWORKS PTY LTD – AS AT 30 JUNE 2014

INSTRUMENT	\$M 100% LIMIT	\$M 100% DRAWN	\$M DRAWN SPARK 49% SHARE	START DATE	MATURITY DATE
Powercor Credit Wrapped Floating Rate Notes	630	630	309	Jan-08	Jan-22
Powercor Credit Wrapped Floating Rate Notes	300	300	147	Aug-07	Aug-21
Citipower Credit Wrapped Floating Rate Notes	575	575	282	Jan-07	Jul-17
Powercor Floating Rate Notes	200	200	98	Apr-12	Apr-17
Powercor US Private Placement	191	191	94	Nov-09	Nov-16
Powercor Floating Rate Notes	200	200	98	Nov-05	Nov-15
Powercor Domestic Floating Rate Notes	150	150	74	Mar-05	Nov-15
Powercor Domestic Floating Rate Notes	150	150	74	Apr-14	Apr-19
Powercor US Private Placement	109	109	54	Nov-09	Nov-14
Citipower US Private Placement	70	70	34	Sep-12	Aug-19
Citipower US Private Placement	100	100	49	Sep-12	Aug-21
Citipower US Private Placement	25	25	12	Sep-12	Aug-21
Powercor US Private Placement	144	144	70	Apr-11	May-16
Powercor US Private Placement	351	351	172	Apr-11	Jun-18
Powercor US Private Placement	178	178	87	Apr-11	Jun-20
<b>Sub-Total Capital Markets</b>	<b>3,373</b>	<b>3,373</b>	<b>1,653</b>		
Powercor Syndicated Revolving facility	250	235	115	Dec-10	Dec-14
Powercor Syndicated Revolving facility	250	-	-	May-14	May-19
Powercor Syndicated Revolving facility	70	-	-	Mar-12	Feb-16
Powercor Syndicated Revolving facility	300	65	32	May-14	Nov-15
Citipower Syndicated Revolving facility	30	-	-	Mar-12	Feb-16
Citipower Revolving Facility	200	-	-	May-14	May-18
Citipower Revolving Facility	200	155	76	Sep-11	Sep-14
Citipower Syndicated Term Debt Facility	335	335	164	Feb-13	Feb-16
Working Capital and Overdraft Facilities	76	-	-		
<b>Sub-Total Bank Facilities</b>	<b>1,711</b>	<b>790</b>	<b>387</b>		
<b>Total</b>	<b>5,084</b>	<b>4,163</b>	<b>2,040</b>		

VICTORIA POWER NETWORKS – CAPITAL MARKETS DEBT (\$M 100%)



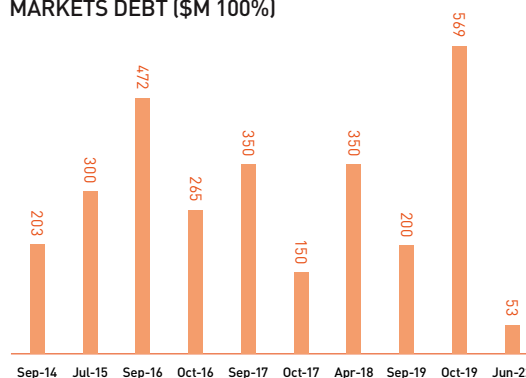
# Asset Company Debt

## SA POWER NETWORKS – AS AT 30 JUNE 2014

INSTRUMENT	\$M 100% LIMIT	\$M 100% DRAWN	\$M DRAWN SPARK 49% SHARE	START DATE	MATURITY DATE
Domestic Credit Wrapped 10 Year Medium Term Notes	300	300	147	Jul-05	Jul-15
Domestic Credit Wrapped 11 Year Medium Term Notes	350	350	172	Apr-07	Apr-18
Domestic Credit Wrapped 12.5 Year Medium Term Notes	300	300	147	Apr-07	Oct-19
Domestic 5.5 Year Fixed Rate Notes	250	250	123	Mar-11	Sep-16
Domestic 5.5 Year Fixed Rate Notes	200	200	98	Mar-12	Sep-17
5 Year – Fixed Rate Notes	150	150	74	Sep-12	Sep-17
6 Year – Floating Rate Notes	150	150	74	Oct-12	Oct-17
2004 US Private Placement (USD192.0M)	265	265	130	Nov-04	Oct-16
2004 US Private Placement (USD195.0M)	269	269	132	Nov-04	Oct-19
2009 US Private Placement (USD162.5M)	203	203	100	Sep-09	Sep-14
2009 US Private Placement (USD177.5M)	222	222	109	Sep-09	Sep-16
2009 US Private Placement (USD160.0M)	200	200	98	Sep-09	Sep-19
2014 US Private Placement (USD50.0M)	53	53	26	Jun-14	Jul-22
<b>Sub-Total Capital Markets</b>	<b>2,913</b>	<b>2,913</b>	<b>1,428</b>		
Cash Advance Facility	75	-	-	Dec-13	Dec-15
Cash Advance Facility	75	-	-	Apr-13	Apr-15
<b>Sub-Total Bank Facilities</b>	<b>150</b>	<b>-</b>	<b>-</b>		
<b>Total</b>	<b>3,063</b>	<b>2,913</b>	<b>1,428</b>		

Excludes \$5m lease facilities.

SA POWER NETWORKS – CAPITAL  
MARKETS DEBT (\$M 100%)



## Interest Rate Hedging

VICTORIA POWER NETWORKS – AS AT 31 DECEMBER 2013						
	AVERAGE CONTRACTED FIXED INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
	2013	2012	2013	2012	2013	2012
	%	%	\$m	\$m	\$m	\$m
Less than 1 year	-	4.74	-	265.0	-	(3.9)
2 to 5 years	4.96	5.21	4,115.3	3,610.3	(165.2)	(230.0)
			4,115.3	3,875.3	(165.2)	(233.9)

As at June 2014, there were forward start swaps with a notional principal value of \$348 million in place (December 2013: \$280 million). \$158 million of forward start swaps commenced in July 2014.

SA POWER NETWORKS – AS AT 31 DECEMBER 2013						
	AVERAGE CONTRACTED FIXED INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
	2013	2012	2013	2012	2013	2012
	%	%	\$m	\$m	\$m	\$m
1 to 5 years	5.97	5.97	2,335.1	2,335.1	(111.6)	(172.7)

As at June 2014, there were no forward start swaps in place (December 2013: \$nil).

# Spark Infrastructure

## Income Statement

(A\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013	CHANGE COMPARED TO 2015	CHANGE %
Interest income from Associates	40.1	40.1	– ●	0.0%
Share of equity accounted profits	111.9	115.8	(3.9) ↓	(3.4%)
	152.0	155.9	(3.9) ↓	(2.5%)
Gain on derivative contracts (net of financing)	22.8	–	22.8 ↑	nm
Other income	0.6	0.7	(0.1) ↓	(14.3%)
<b>Total Income</b>	<b>175.4</b>	<b>156.6</b>	<b>18.8</b> ↑	<b>12.0%</b>
Senior debt interest	(0.9)	(5.6)	4.7 ↓	83.9%
<b>General and administrative expenses</b>	<b>(5.1)</b>	<b>(4.3)</b>	<b>(0.8)</b> ↑	<b>(18.6%)</b>
Transaction fees – derivative contracts	(3.3)	–	(3.3) ↑	nm
<b>Profit before Loan Note Interest</b>	<b>166.1</b>	<b>146.7</b>	<b>19.4</b> ↑	<b>13.2%</b>
Loan Note interest ("LNI")	(51.3)	(46.4)	(4.9) ↑	(10.6%)
<b>Profit after LNI</b>	<b>114.8</b>	<b>100.3</b>	<b>14.5</b> ↑	<b>14.5%</b>
<b>Income tax expense</b>	<b>(25.8)</b>	<b>(24.3)</b>	<b>(1.5)</b> ↑	<b>(6.2%)</b>
<b>Profit after Tax Attributable to Stapled Securityholders</b>	<b>89.0</b>	<b>76.0</b>	<b>13.0</b> ↑	<b>17.1%</b>

### NOTES

- Interest income from Associates represents interest on subordinated debt borrowed by Victoria Power Networks Pty Ltd.
- The unrealised gain on derivative contracts relates to Spark's 14.1% interest in DUET Group. The Current Period includes \$3.3 million of costs relating to the DUET transaction.
- Interest expense and borrowing costs decreased in the Current Period from \$5.6 million to \$0.9 million. The Prior Period included \$2.2 million in relation to cancelling certain interest rate swaps and the expensing of unamortised borrowing costs attached to the old syndicated facilities of \$1.0 million. Although no debt has been drawn from available facilities in the Current Period the increase in total facilities to \$275 million has resulted in an increase in undrawn commitment fees.
- Loan Note interest payable to Securityholders increased by \$4.9 million to \$51.3 million for the Current Period, due to the additional Loan Notes issued during the Current Period via the Institutional Placement and Security Purchase Plan. New Loan Notes rank pari passu with the pre-existing Loan Notes.

# Spark Infrastructure

## Balance Sheet

(A\$ MILLION)	JUN 2014	JUN 2013
Cash and cash equivalents	89.5	33.0
Receivables from associates	11.3	11.6
Other financial assets	0.7	-
Other current assets	0.4	0.9
<b>Current Assets</b>	<b>101.9</b>	<b>45.5</b>
Property, plant & equipment	0.2	0.2
Investments in associates:		
- Investments accounted for using the equity method	1,892.9	1,855.5
- Loans to associates	745.6	745.6
Other financial assets	218.6	-
Other non-current assets	0.9	-
<b>Non-Current Assets</b>	<b>2,858.2</b>	<b>2,601.3</b>
<b>Total Assets</b>	<b>2,960.1</b>	<b>2,646.8</b>
Payables	3.6	2.4
Loan Note interest payable to Securityholders	51.3	47.1
<b>Current Liabilities</b>	<b>54.9</b>	<b>49.5</b>
Payables	0.8	0.5
Loan Notes attributable to Securityholders	925.8	836.8
Deferred tax liabilities	146.2	127.1
<b>Non Current Liabilities</b>	<b>1,072.8</b>	<b>964.4</b>
<b>Total Liabilities</b>	<b>1,127.7</b>	<b>1,013.9</b>
<b>Net Assets</b>	<b>1,832.4</b>	<b>1,632.9</b>
<b>Equity</b>		
Issued capital attributable to Securityholders		
- Issued capital	1,148.2	1,022.2
- Reserves	(45.9)	(46.9)
- Retained earnings	730.1	657.6
<b>Total Equity</b>	<b>1,832.4</b>	<b>1,632.9</b>

### NOTES

- Investment in Associates increased during HY2014 due to equity accounted share of profits and movements in reserves. No injection of shareholder funds into the Asset Companies was made during the period.
- Loans to associates represents Spark's shareholder loans to Victoria Power Networks Pty Ltd.
- During the Current Period Spark completed equity raisings for a total of 139.6 million stapled securities at \$1.76 per stapled security, comprising an Institutional Placement completed on 21 May 2014 and a Security Purchase Plan completed on 30 June 2014. Each stapled security comprises one Loan Note at \$0.65 and one unit in Spark Trust at \$1.11.

# Spark Infrastructure

## Cash Flow Statement

(A'\$MILLION)	6 MTHS TO JUN 2014	6 MTHS TO JUN 2013
<b>Cash Flows from Operating Activities</b>		
Preferred Partnership Capital (PPC) distributions from SA Power Networks	34.3	34.3
Ordinary partnership distributions from SA Power Networks	17.9	16.7
Interest received from Victoria Power Networks Pty Ltd	40.4	40.3
Interest received – other	0.5	0.7
Interest paid – senior debt	(0.6)	(4.7)
Finance costs paid – derivative contracts	(0.7)	–
Other operating costs	(5.1)	(4.0)
	<b>86.7</b>	<b>83.3</b>
<b>Cash Flows from Investing Activities</b>		
Prepayment of forward contract	(195.8)	–
Transaction costs – derivative contracts	(2.7)	–
	<b>(198.5)</b>	<b>–</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of stapled securities	245.7	–
Payment of issue costs	(3.7)	–
Drawdown of new external borrowings	–	55.0
Repayment of external borrowing	–	(85.0)
Payments of external borrowing costs	(0.7)	(0.5)
Distributions to Securityholders:		
– Loan Notes interest	(47.1)	(47.1)
– Capital distributions	(25.9)	(22.6)
	<b>168.3</b>	<b>(100.2)</b>
<b>Net Cash Movement</b>	<b>56.5</b>	<b>(16.9)</b>
Opening cash	33.0	42.0
<b>Closing Cash</b>	<b>89.5</b>	<b>25.1</b>

### NOTES

- During the Current Period Spark completed equity raisings for a total of 139.6 million stapled securities at \$1.76 per stapled security, comprising an Institutional Placement completed on 21 May 2014 and a Security Purchase Plan completed on 30 June 2014. Proceeds from the raisings totalled \$245.7 million (before issue costs) and were used to prepay \$195.8 million of the embedded funding in the forward contracts, and further strengthen Spark's balance sheet. Issue costs of \$4.774 million were incurred of which \$3.8 million was paid in the Current Period.

# FLOW OF DISTRIBUTIONS

## DISTRIBUTIONS TO SECURITYHOLDERS

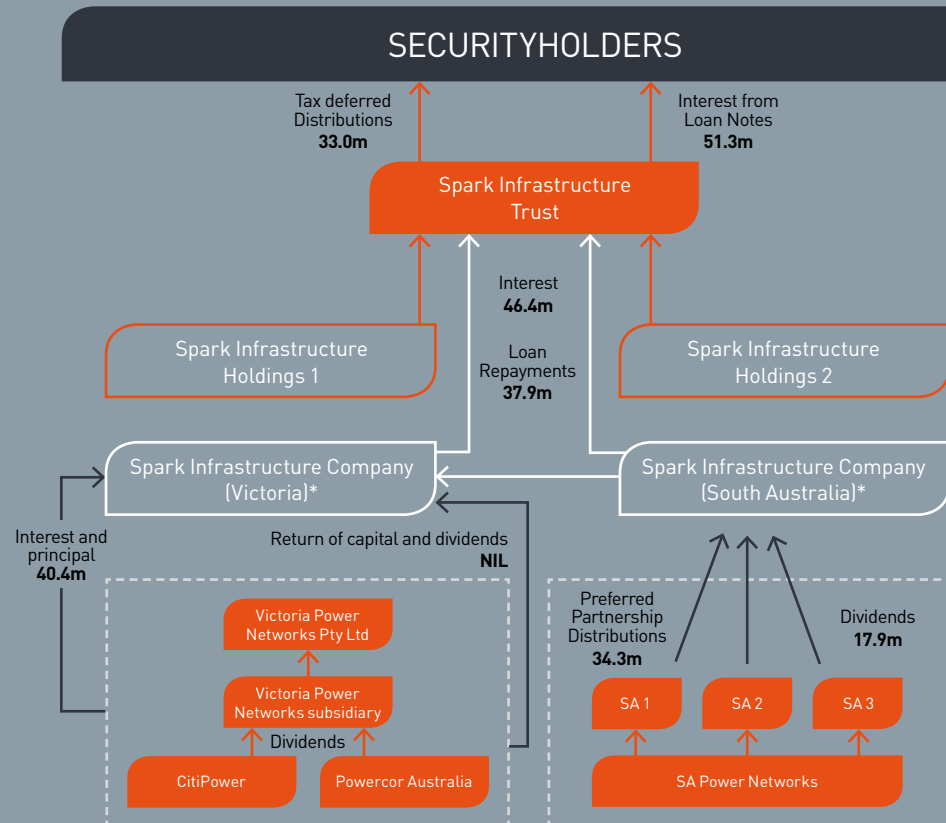
- HY distributions of 5.75 cps has been declared for the period to 30 June 2014, representing interest on Loan Notes payable by the Trust of 3.50 cps and return of capital of 2.25 cps.
- Distributions in excess of the amount of Loan Note interest payable can be tax deferred:
  - Repayment of loan principal;
  - Tax is deferred until investment is sold; and
  - Concessional CGT arrangements may apply.

## SURPLUS OPERATING CASH FROM ASSET COMPANIES

- Surplus operating cash in line with agreed business plans is available for distribution to Spark.
- Cash primarily flows to Spark from:
  - South Australia Power Networks through Preferred Partnership distributions and ordinary distributions; and
  - Victoria Power Networks Pty Ltd through interest on subordinated shareholder loans.

## WORKED EXAMPLE WITH ACTUAL CASH FLOWS

For the half year ended 30 June 2014



\* Inflows to Spark Victoria of \$92.6m, less net interest of \$0.1m and other fund costs of \$5.8m = Spark operating Cash Flows of \$86.7m

\* Interest payable on Loan Notes exceeded interest earned by Spark Infrastructure Trust in the Current Period due to the issuance of 139.6m new stapled securities (incl Loan Notes) during the period. New stapled securities rank pari passu with existing stapled securities and therefore earned Loan Note interest from 1 January 2014.



## USEFUL LINKS

### **SA Power Networks**

[sapowernetworks.com.au](http://sapowernetworks.com.au)  
[talkingpower.com.au](http://talkingpower.com.au)

### **CitiPower and Powercor**

[powercor.com.au](http://powercor.com.au)  
[talkingelectricity.com.au](http://talkingelectricity.com.au)

### **Australian Energy Regulator**

[aer.gov.au](http://aer.gov.au)

### **Advanced Metering Infrastructure budget and charges for 2012 – 15**

CitiPower – [aer.gov.au/node/10216](http://aer.gov.au/node/10216)  
Powercor – [aer.gov.au/node/10218](http://aer.gov.au/node/10218)

### **Regulatory determinations South Australia 2010 – 2015**

[aer.gov.au/node/4](http://aer.gov.au/node/4)

### **Regulatory determinations Victoria 2010 – 2015**

[aer.gov.au/node/2039](http://aer.gov.au/node/2039)

### **Performance reports Victoria**

[aer.gov.au/node/14950](http://aer.gov.au/node/14950)

### **News**

[aer.gov.au/media-centre](http://aer.gov.au/media-centre)

### **Australian Energy Market Commission**

[aemc.gov.au](http://aemc.gov.au)

### **Australian Competition and Consumer Commission**

[accc.gov.au](http://accc.gov.au)

### **Energy Networks Association**

[ena.asn.au](http://ena.asn.au)

### **Essential Services Commission of South Australia**

[escosa.sa.gov.au](http://escosa.sa.gov.au)

### **Essential Services Commission (Victoria)**

[esc.vic.gov.au](http://esc.vic.gov.au)

### **Standing Council on Energy and Resources**

[scer.gov.au](http://scer.gov.au)

# Corporate Contact Details

## **Registered Office**

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Managing Director

RICK FRANCIS

Chief Financial Officer

GREG BOTHAM

Company Secretary

ALEXANDRA FINLEY

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MARIO FALCHONI

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