

ASX RELEASE

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INVESTMENT PORTFOLIO PERFORMING WELL MOVING INTO NEW REGULATORY PERIODS

Highlights (12 months ended 31 December 2015)

- Standalone operating cashflow steady at \$207.4 million
- Final distribution declared of 6.0cps, in line with FY 2015 guidance of 12.0cps up 4.3% on 2014
- Standalone payout ratio of 85.6% for FY 2015. Distributions strongly covered on a look-through basis
- Underlying Profit before Loan Note Interest and Tax down 3.4% to \$262.8 million
- Underlying Net Profit after Tax down 6.6% to \$119.7 million
- Net Profit after Tax down 31.3% to \$88.0 million
- Aggregated SAPN and VPN Net Debt to RAB of 73.0% down 4.2% in the last 12 months
- SAPN and VPN have achieved the gearing target applicable to end 2015 of 75% net debt to RAB
- Equity investment of 15.01% of electricity transmission business TransGrid completed on 16 December 2015 and transition underway

Spark Infrastructure has today released its results for the 12 months ended 31 December 2015. The Underlying Profit before Loan Note Interest and Tax for the year decreased by 3.4% to \$262.8 million compared to prior year.

The decrease in profit resulted mainly from lower equity accounted share of profits from SA Power Networks (SAPN) which, in accordance with the Australian Energy Regulator's (AER) reset schedule, has been operating since 1 July 2015 under the revenue allowance provided in its Preliminary Determination. The Preliminary Determination is significantly lower than SAPN's Final Determination received in October 2015 and the deficit will be recovered over years 2-5 of the regulatory period (i.e. from 1 July 2016) under a 'no disadvantage true up' mechanism.

Victoria Power Networks (VPN) performed solidly in the final year of its 5-year regulatory period which ended 31 December 2015, delivering year on year growth in EBITDA (excluding customer contributions and gifted assets) of 11.4% based on higher regulated revenue and effective cost management through its 'World CLASS Program'.

The Directors have declared a final distribution of 6.0 cents per security (cps) to be paid on 15 March 2016. This is in line with the previous guidance of 12.0cps for 2015, which represents an increase of 4.3% on 2014. The Directors have also re-confirmed the medium term distribution guidance provided at the time of the equity raise in November 2015 associated with the acquisition of the investment in TransGrid, subject to business conditions. Distributions will continue to be fully covered by both stand-alone and look-through cashflows.

In addition, the Directors have foreshadowed a review of distribution guidance during the first half of 2016 following the expected receipt of certain regulatory appeal outcomes currently being reviewed by the Australian Competition Tribunal, receipt of VPN's Final Determination at the end of April 2016 and the finalisation of associated business planning processes.

"We have made clear our intention to undertake a review of distributions in the first half of 2016 following the resolution of various regulatory matters which may result in increased operating cashflows", said Mr. Brian Scullin, Chairman of Spark Infrastructure.

"The investment in NSW electricity transmission business TransGrid has diversified the sources of cashflow for Spark Infrastructure and has strengthened our ability to continue to grow distributions over the long term", he added.

"TransGrid offers significant opportunities to achieve operational efficiencies and to grow unregulated business revenues", said Mr. Rick Francis, Managing Director of Spark Infrastructure.

"The bedding down of the acquisition of TransGrid is progressing well with a number of key milestones reached. The structural transition to private ownership has been completed; an efficient capital structure has been established; the finance team has been strengthened with the appointment of a new CFO; a State-wide program of engagement with employees has been completed; and the "Accelerate Program" has been initiated, which will see the new owner's business plan, targeting a range of operational efficiencies, begin to be rolled out across the business," Mr. Francis added.

Performance summary

Spark Infrastructure financial performance	FY 2015 (\$m)	FY 2014 (\$m)	Variance (%)
Total Underlying income	280.6	288.8	(2.8)
Underlying Profit before Loan Note Interest and Tax	262.8	272.1	(3.4)
Underlying Net Profit after Tax	119.7	128.1	(6.6)
Net Profit after Tax (statutory)	88.0	128.1	(31.3)
Operating cashflows (standalone)	207.4	206.9	0.2

2015 Final Distribution

The Board has declared a final cash distribution of 6.0cps for the 6 months ended 31 December 2015, payable on 15 March 2016, which consists of 3.55cps interest on Loan Notes and a return of capital amount of 2.45cps.

The Distribution Reinvestment Plan will remain suspended.

Ex-date	Wednesday, 2 March 2016
Record date	Friday, 4 March 2016
Payment date	Tuesday, 15 March 2016

Outlook

The Directors have reconfirmed their previous distribution guidance of at least 12.5cps for 2016, at least 13.0cps for 2017 and at least 13.5cps for 2018, subject to business conditions.

SAPN and VPN have both recently commenced the first year of their respective new 5 year regulatory periods. Both businesses are currently operating according to the parameters provided in their Preliminary Determinations and will undergo a no disadvantage 'true-up' for years 2-5 of their regulatory periods based on the outcomes in their respective Final Determinations.

SAPN received its Final Determination in October 2015, with some matters subject to appeal, and VPN (CitiPower and Powercor) expect their Final Determinations in April 2016. Note that TransGrid is currently subject to a 4-year regulatory period, for this regulatory cycle only, which expires in June 2018.

Further information:

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