Thursday, 14 June 2012

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

INVESTOR ROAD SHOW PRESENTATION

I enclose a presentation to be delivered to investors in the United Kingdom and Europe from 18 to 21 June 2012.

Yours faithfully,

Alexandra Finley
Company Secretary

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Spark Infrastructure

Yield, Growth, Quality

June 2012

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INVESTMENT PROPOSITION

Yield plus Growth based on Quality

Yield	- Increased FY11 Distribution to 10.0 cps - FY12 Distribution Guidance of 10.5 cps, 5% growth on FY11. Yield of 6.8% - based on Spark price of $1.535 at 31 May 2012 - Standalone FY11 operating cashflow per security of 14.2 cps - Distributions fully covered by standalone and look through operating cashflows - Target payout ratio to 2015 approximately 80% of standalone operating cashflow - DRP remains suspended
Growth	- 9.5% RAB Growth in 2011. 8% CAGR expected 2010 – 2015 - Strong organic investment opportunity at 1x RAB - 14% CAGR in equity investment in Asset Companies' net RABs over 2010-15 - Distribution guidance of 3-5% p.a. growth across 2013-15 - EBITDA (excluding customer contributions) growth - Well positioned to diversify the portfolio of assets
Quality	- Internally managed - No long term debt maturities in 2012 - No regulatory resets until 2015 - Spark's share of Regulated Asset Base now $3.6bn + - Robust Building Block Revenue regime - Prudent gearing, moving towards 75% Net Debt / RAB by 2015

Presentation Agenda

1. STRATEGY
2. GROWTH
3. PERFORMANCE - SPARK INFRASTRUCTURE
4. PERFORMANCE - ASSET COMPANIES
5. OUTLOOK AND GUIDANCE

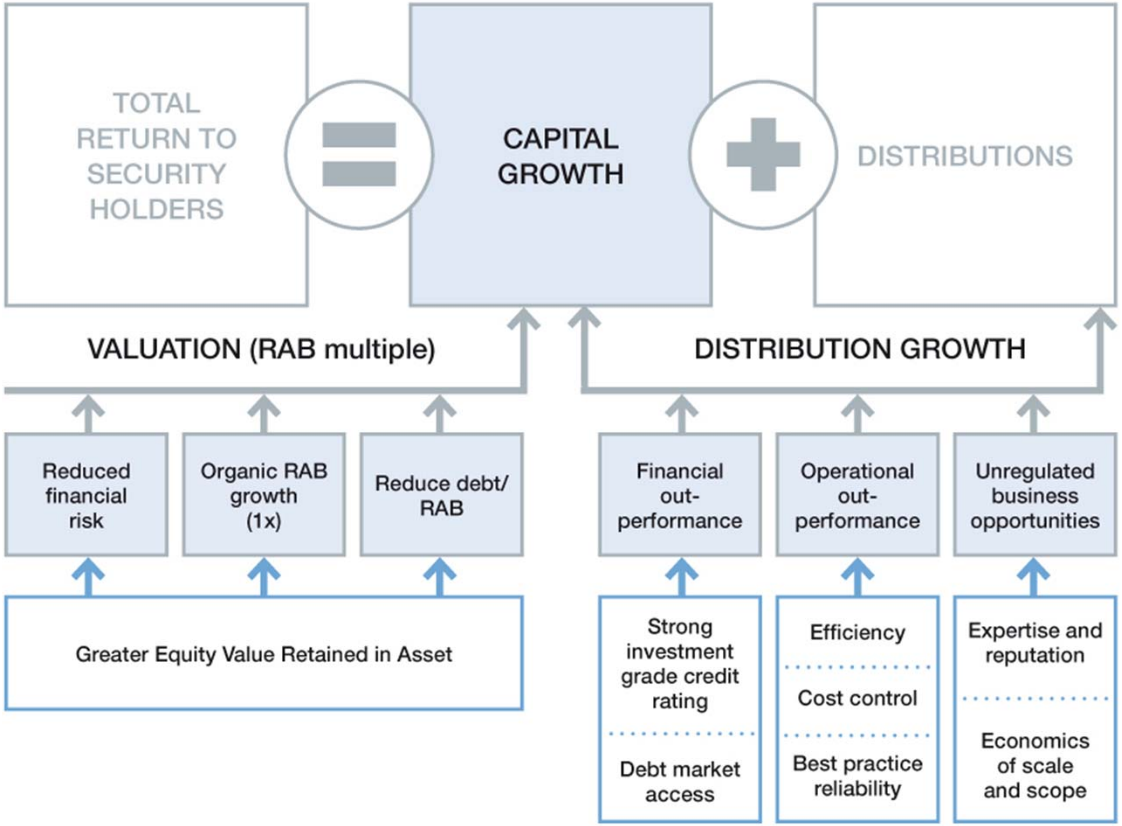
1. STRATEGY

STRATEGIC OVERVIEW
Well positioned for growth

Invested in regulated assets with stable cash flows	▶ Regulated returns underpinned by built-in protections within regulatory framework ▶ ETSA Utilities, CitiPower and Powercor final regulatory decisions and appeal outcomes provide for strong organic growth over current five year regulatory periods
Growing distributions alongside strong and growing look-through cash flows	▶ Strong and growing look-through operating cash flows ▶ Continue to fund distributions from operational cash flows (80% target payout ratio) from the Asset Companies ▶ Maintain attractive investment metrics and distributions growth over the current regulatory periods
Ensure prudent approach to gearing and hedging of debt	▶ Stable credit ratings of A- (S&P) at Asset Companies ▶ Ready access to capital markets and bank debt at asset and fund levels ▶ No long term debt refinancing at Asset Companies until February 2013; none at Spark until September 2013
Prioritise ongoing investment in existing asset portfolio	▶ Strong source of organic growth at zero premium (1.0 x RAB) ▶ RAB expected to grow by 8% p.a. (CAGR) in current regulatory periods based on AER determinations
Well placed to assess opportunities for diversification that will add value	▶ Maintain demonstrated discipline in assessing expansion and diversification opportunities ▶ Must demonstrate increased Securityholder value with yield accretion a key criterion in assessing potential investments ▶ Investment universe is restricted to regulated assets or comparable investments in electricity distribution and transmission, gas distribution and transmission and water and sewerage utilities

VALUE DRIVERS

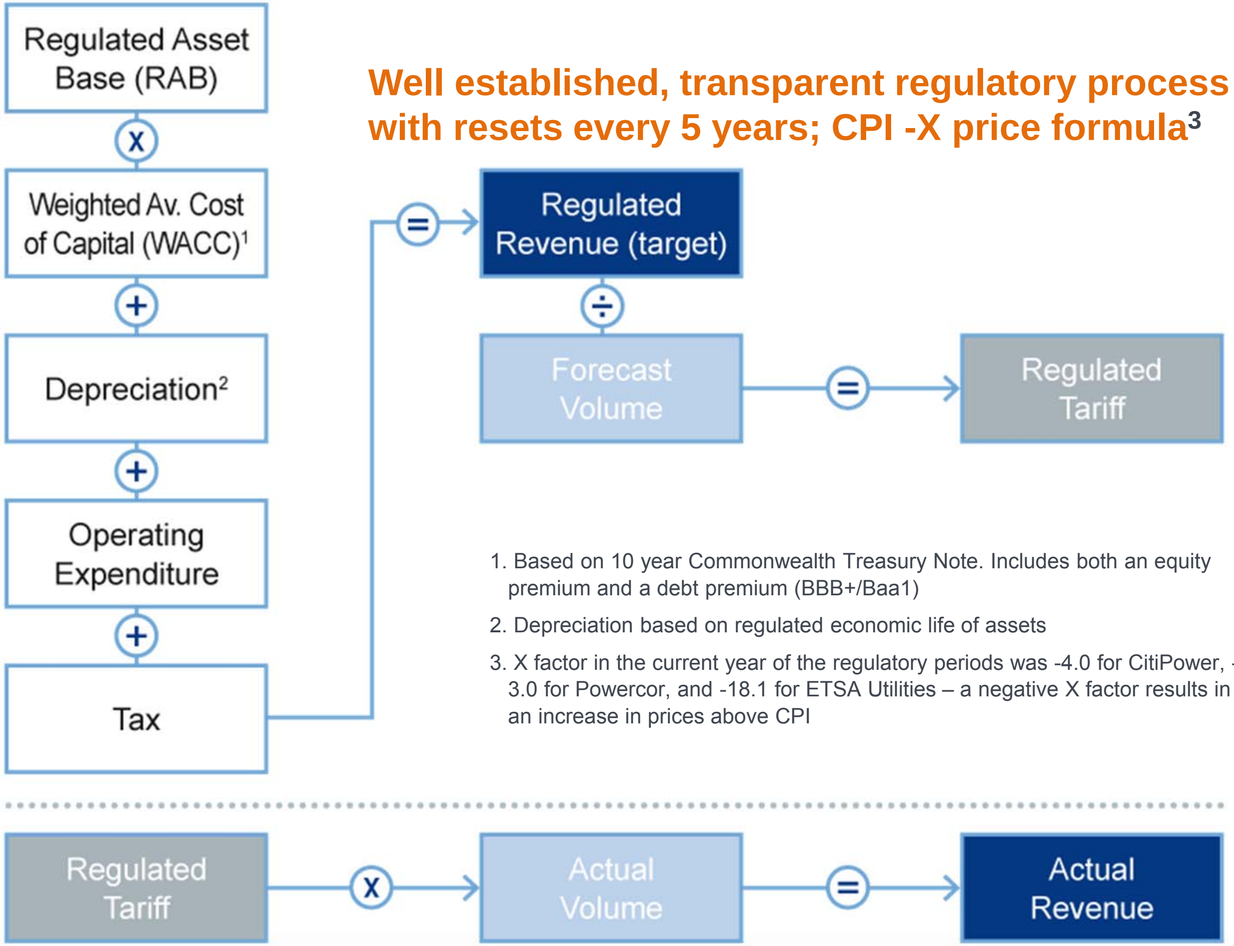
Yield plus capital growth based on quality assets



- Total Shareholder Return of 54.7% from 1 January 2011 to 31 May 2012 (33.5% for 2011)
- Distribution guidance for 2012 of 10.50 cps – 5% growth on 2011
- Distributions expected to grow by 3-5% per annum from 2013-15

REGULATORY FRAMEWORK
In-Built protections

Well established, transparent regulatory process with resets every 5 years; CPI -X price formula[3]



1. Based on 10 year Commonwealth Treasury Note. Includes both an equity premium and a debt premium (BBB+/Baa1)
2. Depreciation based on regulated economic life of assets
3. X factor in the current year of the regulatory periods was -4.0 for CitiPower, -3.0 for Powercor, and -18.1 for ETSA Utilities – a negative X factor results in an increase in prices above CPI

RAB AND REVENUES ARE ADJUSTED FOR INFLATION ANNUALLY (inflation protected)

REGULATORY COMPARISON

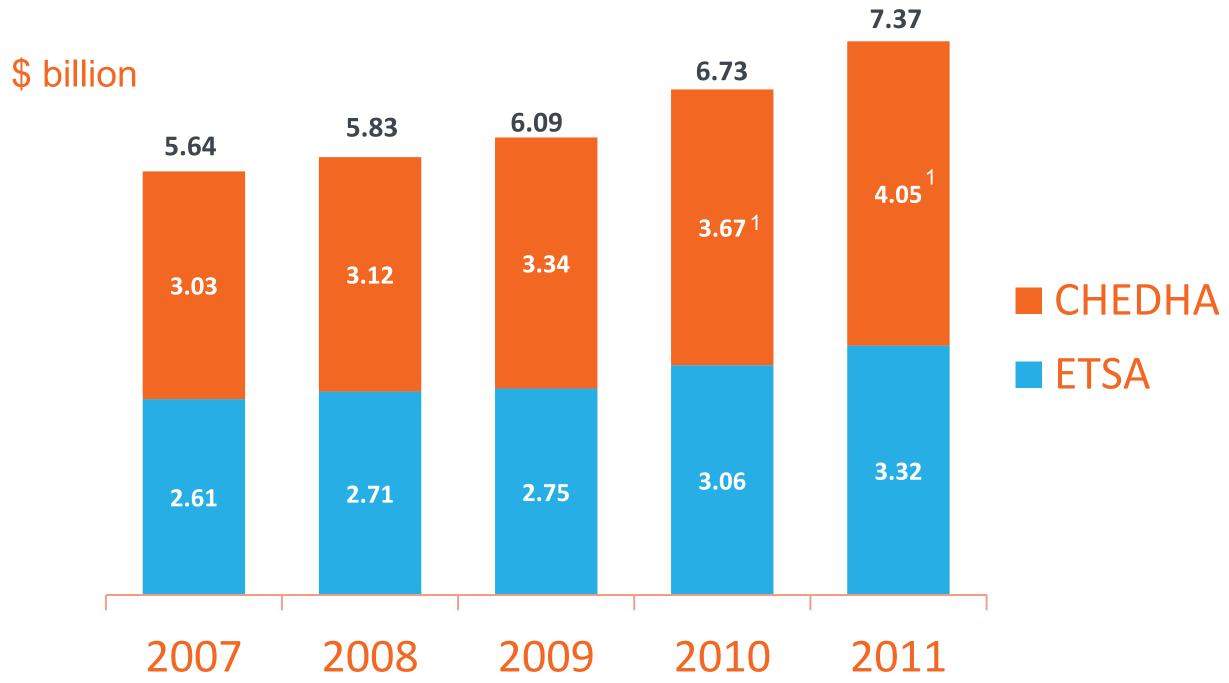
Australia v United Kingdom

Category	Australian regulatory environment	UK regulatory environment
Regulatory body	Australian Electricity Regulator (AER)	Office of Gas and Electricity Markets (Ofgem)
Regulatory review period	5 years (regular)	5 years (regular)
Regulatory revenue building blocks components	▪ Opex ▪ Depreciation ▪ Taxation ▪ Return on capital	▪ Totex / pension deficit repair / business support costs ▪ Depreciation ▪ Taxation ▪ Return on capital
Return on capital	Post tax nominal WACC	WACC based on a post-tax cost of equity and pre-tax cost of debt
Regulator credit profile	BBB+/Baa1	A- /A3
Escalation factors	CPI – x	RPI – x
Volume consideration	Price cap (CHEDHA) / Price cap (ETSA from 01-Jul-11)	Revenue cap
Depreciation	Asset class dependent	20 year straight line
Incentives / potential for out-performance	▪ Service target performance incentive ▪ Efficiency benefit sharing scheme ▪ Demand management incentive	▪ Totex ▪ Losses ▪ Information Quality Incentive ▪ Interruption Incentive Scheme
Operating capital expenditure outperformance potential	Adjusted via Efficiency Benefit Sharing Scheme for 5 years	Adjusted via the Information Quality Incentive
Claw-back approach / penalties	▪ RAB roll forward mechanism ▪ Penalties if performance does not meet requirements	▪ Tax benefit claw-back if notional gearing level exceeded ▪ Penalties apply if performance levels poor relative to target ▪ Re-opener mechanisms for allowances where uncertainty exists ▪ Output performance penalty rates applied to RAV rolling retention mechanism ▪ Customer satisfaction measure could result in DUoS penalties of 1%

2. GROWTH

RAB GROWTH

Total RAB now $7.37 billion (100% basis)



- RAB grew by 9.5% in 2011 - Growth of 8.0% CAGR over the five years of the current regulatory period expected
- Capital expenditure earns the regulatory return from day one
- Net debt to RAB at Asset Company level 81.5% - still on track to achieve 75% level by end 2015
- Equity investment projected to grow over time as RAB grows and gearing falls – 14% CAGR expected over current regulatory periods

1. CHEDHA figures include Advanced Metering Infrastructure RAB

CAPITAL EXPENDITURE

Growing the asset base (100% figures)

Capital expenditure earns a full regulatory return from day one

$ million	ETSA Utilities		CitiPower / Powercor Australia		TOTALS	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Growth Capex	176.8	126.6	265.8	209.9	**442.6**	**336.5**
Growth Capex AMI	-	-	180.6	139.0	**180.6**	**139.0**
Maintenance capex	136.4	113.7	85.0	84.4	**221.4**	**198.1**
Total	**313.2**	**240.3**	**531.4**	**433.3**	**844.6**	**673.6**
Increase (%)	30.3		22.6		25.4	

Net regulatory depreciation = Maintenance capital expenditure

$ million	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB		Net regulatory depreciation	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
ETSA Utilities	136.4	113.7	185.0	171.3	(90.0)	(74.4)	95.0	96.9
CitiPower	20.4	33.8	80.2	79.9	(35.2)	(15.9)	45.0	64.0
Powercor Australia	64.6	50.6	148.1	143.5	(62.0)	(28.1)	86.1	115.4
Totals	**221.4**	**198.1**	**413.3**	**394.9**	**(187.2)**	**(118.5)**	**226.1**	**276.3**
Spark 49% share	108.5	97.1	202.5	193.4	(61.5)	(58.0)	110.8	135.4

REGULATED PRICE PATH
CPI minus X

- Regulated electricity sales revenues are determined by a price path set according to the CPI – X formula
- A negative X-Factor means a real increase in distribution tariffs

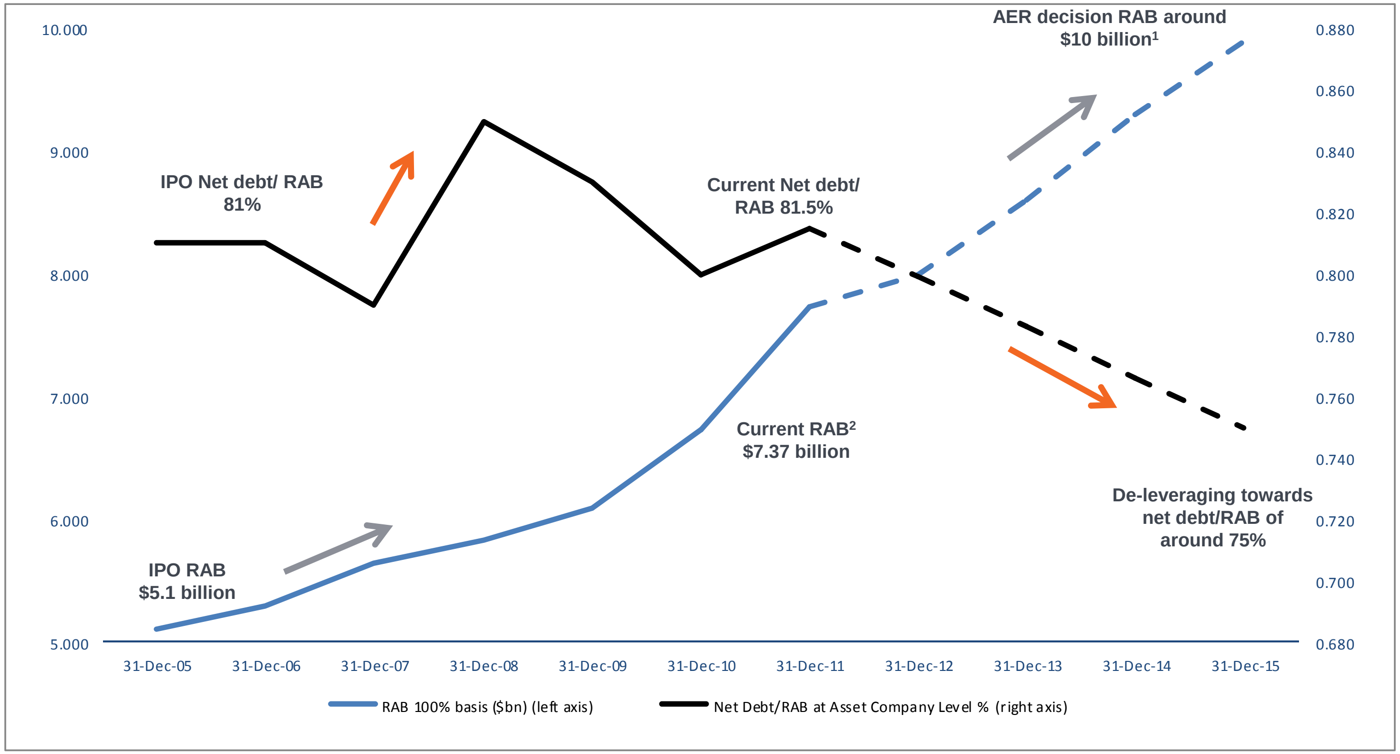
X FACTORS[1]	Year 1	Year 2	Year 3	Year 4	Year 5
ETSA Utilities	**-12.14** (1 Jul 2010)	**-18.1** (1 Jul 2011)	**-4.97**[2] (1 Jul 2012)	**-7.0**	**-0.89**
CitiPower	**6.41** (1 Jan 2011)	**-4.0** (1 Jan 2012)	**-4.0**	**-5.0**	**-5.0**
Powercor Australia	**-0.11** (1 Jan 2011)	**-3.0** (1 Jan 2012)	**-3.0**	**-3.5**	**-4.0**

Actual CPI % *(Forecast CPI %)*	Year 1	Year 2	Year 3	Year 4	Year 5
ETSA Utilities	**2.89** *(2.52)*	**3.33** *(2.52)*	***1.58*** *(2.52)*	*(2.52)*	*(2.52)*
CitiPower	**3.10** *(2.57)*	**2.79** *(2.57)*	*(2.57)*	*(2.57)*	*(2.57)*
Powercor Australia	**3.10** *(2.57)*	**2.79** *(2.57)*	*(2.57)*	*(2.57)*	*(2.57)*

1. The X Factors for ETSA Utilities in years 2-5 incorporate the Australian Competition Tribunal appeal outcomes announced in mid-2011. The X Factors for CitiPower and Powercor in years 3-5 are still to be adjusted for the ACT decision in relation to their appeal matters which is expected later this year
2. Adjusted to exclude previously included estimated impact of photo-voltaic feed-in-tariff scheme. Tariffs at 1 July 2012 will be separately adjusted for this scheme, which will add approximately $122 (7.3%) to the retail bill for the average residential customer

GREATER EQUITY OWNERSHIP – 14% CAGR

Based on growing RAB and lower gearing



LEVERAGE PROJECTED TO FALL WHILE EQUITY INVESTMENT GROWS

1.Based on final AER decisions for current five year regulatory periods and funding of capital expenditure in accordance with 60:40 debt: equity assumption. Actual capital expenditure and funding mix may vary.
2. Asset Companies' Estimate at 31 December 2011

FUTURE DIVERSIFICATION

A disciplined approach

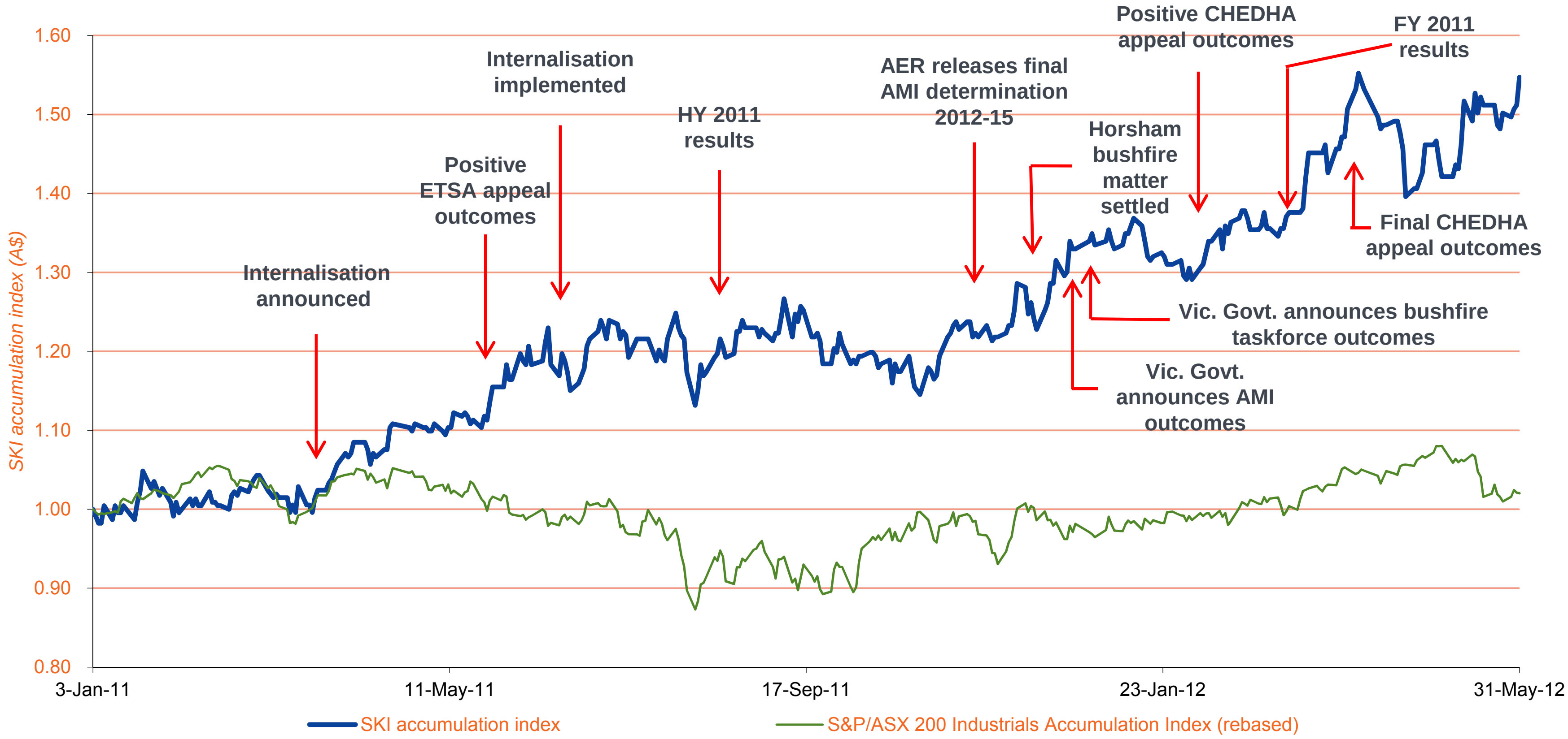
Spark will continue to adhere to its long held investment criteria which includes consideration of assets which have the following characteristics:

- Electricity and gas distribution or transmission, or water assets and sewerage assets in established jurisdictions (with Australia being a focus in the short term), that offer predictable earnings and reliable cashflows
- Subject to independent and transparent regulation by appropriate bodies (e.g. the Australian Energy Regulator or IPART), or supported by long term contractual arrangements with reliable counterparties;
- Yield accretive, either immediately or within a relatively short timeframe;
- Value accretive over the long term - offering the opportunity for double digit returns on equity investment, using risk-adjusted return metrics appropriate for the relevant investment opportunity;
- Display a similar risk profile to the assets in its current portfolio; and
- Offer the opportunity for strategic diversification, by asset class, geography, regulatory regime and/or timing

3. SPARK INFRASTRUCTURE

PERFORMANCE HIGHLIGHTS – 1 Jan 2011 to 31 May 2012

Total Shareholder Return (TSR) of 54.7% since 1 January 2011[1]



- Total Shareholder Return of 54.7% from 1 January 2011 to 31 May 2012 (33.5% for 2011)[1]
- Compares well to TSR of 9.7% for S&P/ASX Utilities Index and -3.5% for S&P/ASX 200 Industrials Index
- Investment proposition based on a reliable yield and organic regulated asset growth

1. Source: Bloomberg

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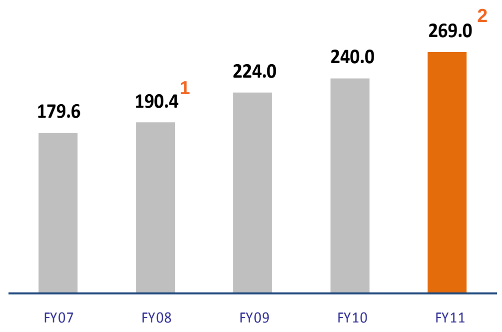
PERFORMANCE HIGHLIGHTS – FY 2011

Delivering according to plan

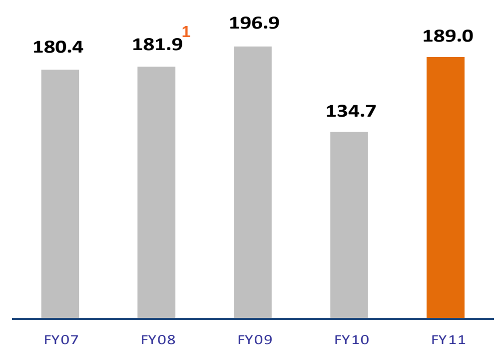
Asset Companies generate reliable operating cash flows	► The Asset Companies performed solidly in accordance with the regulatory decisions ► Volumes down due to weather, storm events and economic climate, but offset by tariff increases ► Look-through free cash flows of $236.6 million – equivalent to 17.8 cents per security
Successful appeal outcomes leading to higher future revenues	► Favourable determination of Asset Companies' appeal matters by the Australian Competition Tribunal will add approximately $213 million of revenue (49% Spark share) in the current regulatory period. The additional revenue will be recovered from 1 July 2011 to 30 June 2015 for ETSA, and from 1 January 2013 (expected) to 31 December 2015 for CHEDHA.
Substantial RAB growth	► Total growth in RAB of 9.5% reflecting net capital expenditure of $844.6 million (100% basis)
Strong funding position	► Cash distributions of $211.2 million received from the Asset Companies in accordance with agreed business plans. Spark net gearing 2.5%
Increased distributions to Securityholders	► The Directors paid a final distribution of 5.25cps which delivered a full year distribution of 10.00cps (previous guidance 9.50cps). FY12 Guidance of 10.50 cps
Medium term distribution guidance	► The Directors have provided distribution growth guidance for the remainder of the current regulatory period of 3-5% per annum, subject to business conditions. ► Target payout ratio to 2015 approximately 80% of standalone operating cashflow
Internalisation delivers reduced cost base	► Base management fees and potential performance fees avoided ► Cost of self management tracking below the previously disclosed target of $5 million in the first year.

FINANCIAL HIGHLIGHTS – FY 2011
Spark Infrastructure

UNDERLYING PROFIT BEFORE INCOME TAX AND LOAN NOTES INTEREST ($M)



STANDALONE OPERATING CASHFLOWS ($M)



- Operating cashflow (Asset level) – 17.8 cps
- Operating cashflow (Look through) – 16.2 cps
- Operating cashflow (Spark) – 14.2 cps
- Total RAB growth in 2011 – 9.5%
- Gearing
  - Net debt to RAB (Asset level) – 81.5%
  - Net gearing (Spark) – 2.5%
- FY11 Distribution payout ratio (FY11: 10.0cps)
  - 70% stand alone (77% excluding CHEDHA deferred interest)
  - 62% look through
- No DRP/equity raisings in 2011. No capital injections into Asset Companies.

1 Excludes a performance fee of $16.5 million incurred in FY08

2 Excludes Internalisation payment and related transaction costs of $51.5 million incurred in FY11

FINANCIAL PERFORMANCE
Spark Infrastructure

UNDERLYING RESULTS – YEAR ENDED 31 DEC 2011	FY 2011 ($m)	FY 2010 ($m)	Variance %
Total income	**290.2**	**290.6**	**↓ 0.1%**
Management fees	(3.5)	(8.3)	↓ 57.8%
Interest expense (gross) – senior debt	(10.8)	(27.1)	↓ 60.1%
General, administrative and employee expenses	(6.8)	(5.3)	↑ 28.3%
Repositioning costs	-	(9.9)	-
Profit before loan note interest and tax	**269.0**	**240.0**	**↑ 12.1%**
Loan Note Interest (Distributions to Securityholders)	(93.4)	(160.1)	↓ 41.7%
Income tax expense	(8.7)	(1.5)	↑ 480.0%
Profit attributable to Stapled Securityholders – underlying	**166.9**	**78.5**	**↑ 112.6%**
Profit attributable to Stapled Securityholders – statutory	**82.6**	**80.9**	**↑ 2.1%**
Operating cashflow [1]	**189.0**	**134.7**	**↑ 40.3%**

1 2010 includes $0.3 million CHEDHA loan repayments

OPERATING CASHFLOW – FY 2011

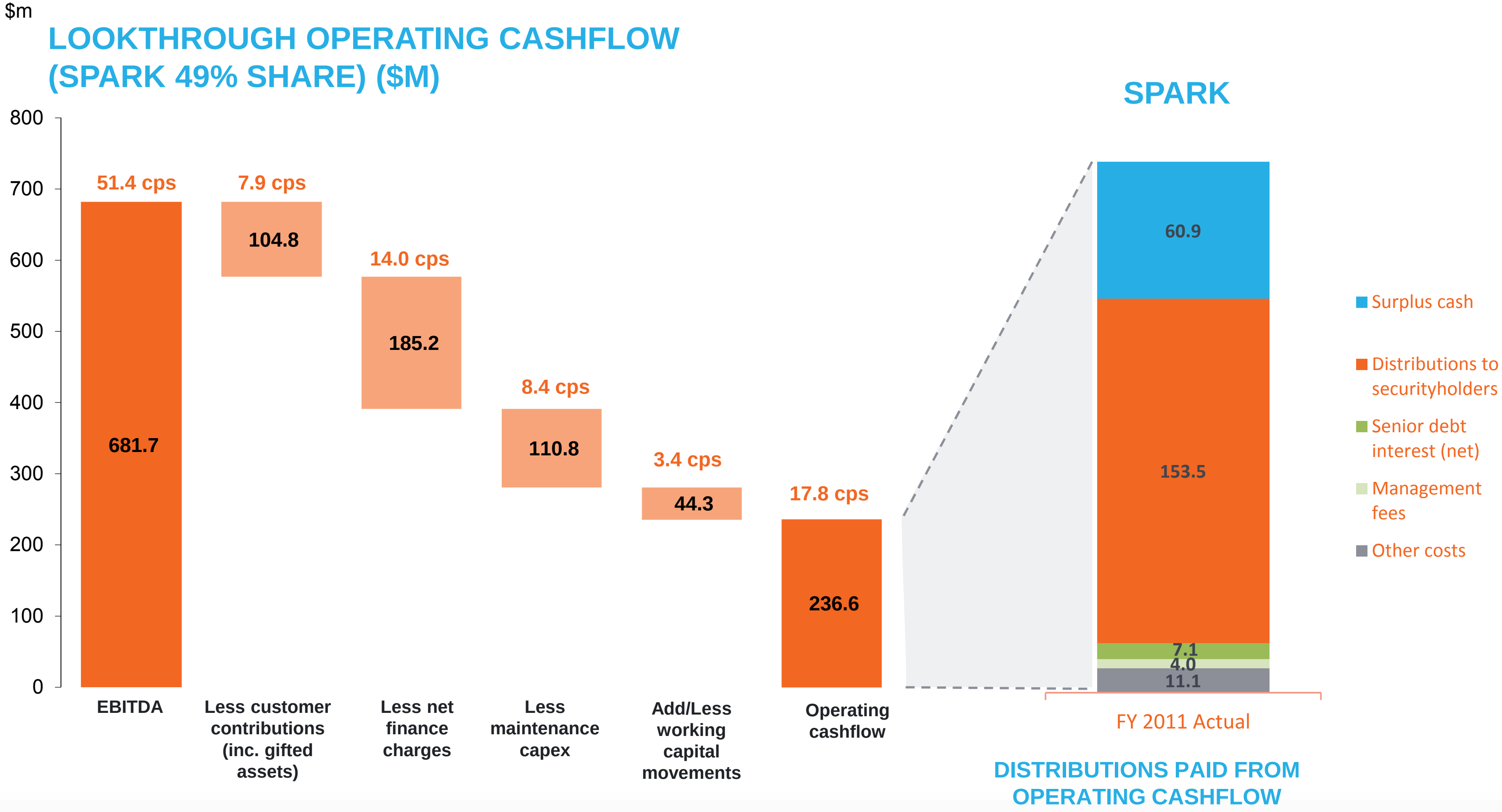
Spark Infrastructure

	FY 2011	FY 2010
	$m	$m
ETSA - PPC distributions	69.6	69.6
ETSA - other distributions	42.1	41.2
CHEDHA – sub debt interest	81.8	64.7
CHEDHA – 2010 sub debt interest	17.6	-
CHEDHA – sub debt principal repayment	-	0.3
Asset Company distributions	**211.2**	**175.8**
Interest received on cash balances	2.8	4.8
Interest paid on senior debt	(9.9)	(26.7)
Management fees (pre Internalisation)	(4.0)	(8.3)
Other (includes self management costs from 1 June 2011)	(11.1)	(10.9)
Stand Alone Net Operating Cashflow[1]	**189.0**	**134.7**
Stand Alone Net Operating Cashflow per security[2]	**14.2cps**	**12.3cps**
Distributions	**10.0cps**	**13.6cps**
Distribution pay-out ratio (stand alone)	**70%**	**119%**

1. Includes $0.3 million distribution received from CHEDHA in prior corresponding period which was classified as investing cashflow
2. 2010 operating cashflow per security calculated with reference to 1.327 billion weighted average securities
3. The adjusted distribution pay-out ratio is 78% after excluding the CHEDHA 2010 sub-debt interest received in 2011

OPERATING CASH FLOW MODEL – FY 2011

Asset Companies producing 17.8 cents free cashflow per Spark security
Distributions fully covered



1 Maintenance capex allowance is calculated as regulatory depreciation net of CPI uplift in RAB (refer to page 37)

ASSET COMPANY OPERATING CASHFLOW
Sources and uses

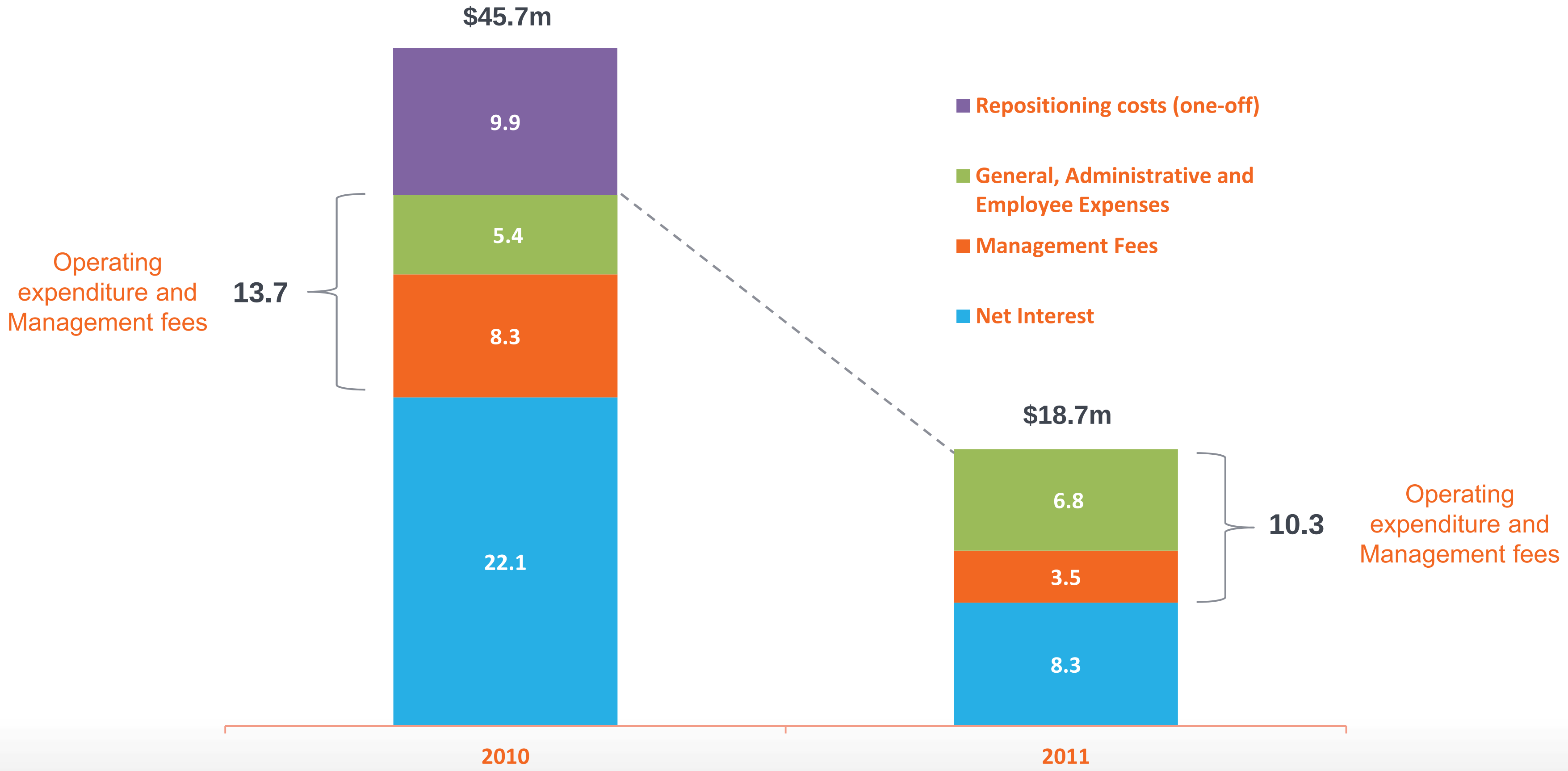
- Growth in RAB to 31 December 2011 has been funded without an equity contribution from Spark
- Increased distributions from Asset Companies in FY 2011 consistent with agreed business plans
- Net debt to RAB at Asset Company level is in accordance with agreed business plans and is forecast to reduce to 75% by 2015

OPERATING CASHFLOWS *(Spark 49% share)*	**FY 2011**	**FY 2010**
	$m	$m
EBITDA (excluding customer contributions and gifted assets)	577.2	538.8
Senior debt interest paid (net)	(185.2)	(166.4)
Regulatory depreciation less CPI uplift (maintenance capital expenditure)	(110.8)	(135.4)
Net working capital changes	(44.6)	(16.6)
Operating cashflow from Asset Companies	**236.6**	**220.4**
less: Amounts distributed by Asset Companies[1]	(211.2)	(175.5)
Cash retained by Asset Companies to fund growth or reduce gearing	**25.4**	**44.9**
Growth capital expenditure (net capex less net regulatory depreciation) *(100% results)*	**618.5**	**397.3**
Net debt/RAB (Average Asset Companies)	**81.5%**	**80.7%[2]**

1. Interest deferral of $17.6 million in 2010, received in full in May 2011
2. CHEDHA 31 December 2010 RAB adjusted post finalisation of regulatory period

SPARK OPERATING COSTS – FY 2011

Benefits of Repositioning and Internalisation



DEBT POSITION (AT 31 DECEMBER 2011)

Conservative and carefully managed

- No re-financings of long term debt at Asset Company level until February 2013
- No re-financings at Spark level until September 2013
- ETSA Utilities issued $AUD200 million of 5.5 year Medium Term Notes in March 2012
- Powercor issued $AUD200 million of 5 year Medium Term Notes in April 2012

ETSA UTILITIES	$m
RAB	3,317
Net Debt	2,601
Net Debt/RAB	78.4%
Spark Share of net debt	1,274
Percentage Hedged (gross)	98.4%

CITIPOWER AND POWERCOR (CHEDHA)	$m
RAB (Including AMI)	4,052
Net Debt	3,404
Net Debt/RAB	84.0%
Spark Share of net debt	1,668
Percentage Hedged (gross)	96.8%

SPARK INFRASTRUCTURE	$m
Total RAB (49% share)	3,611
Net debt at Spark Infrastructure level	57
Net debt at asset level (49% Share)	2,943
Total proportionate net debt	2,995
Net Debt/RAB (incl. Spark)	82.9%
Total equity and Loan Notes (book)	2,171
Gearing net (Look through)	57.5%
Hedged at Spark level	100%
Spark look through proportion of hedging (gross)	97.5%

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4. ASSET COMPANIES

FY 2011 Performance

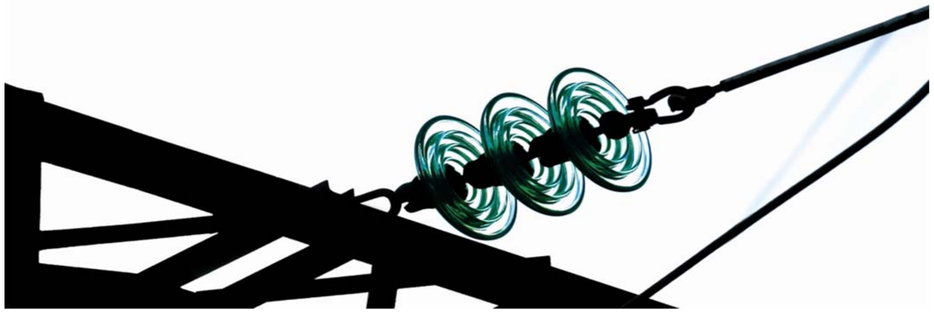
CURRENT ASSET PORTFOLIO

ETSA Utilities | Powercor AUSTRALIA | CITIPOWER

- ETSA Utilities network coverage
- ETSA Utilities Office & Depot Locations
- ETSA Utilities Depot Locations
- ETSA Utilities Aboriginal Lands coverage

- Powercor Australia Distribution Area
- Powercor Locations
- Powercor Local Service Agents

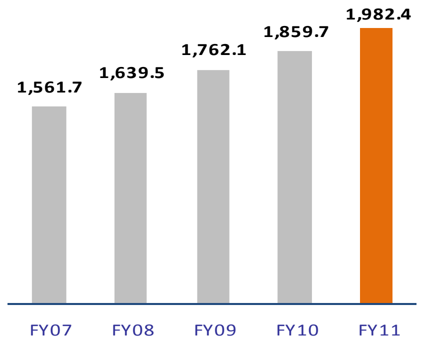
	ETSA Utilities	Powercor	CitiPower
Credit rating	A –	A -	A -
Customers	829,674	730,273	313,409
Network availability	99.97%	99.96%	99.99%
Regulatory certainty	Until Jul 2015	Until Jan 2016	Until Jan 2016



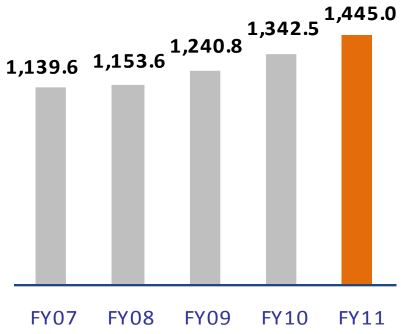
FINANCIAL HIGHLIGHTS - FY 2011

Aggregated Asset Companies (100% results)

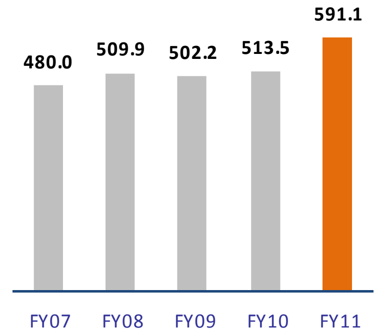
TOTAL REVENUE ($M)



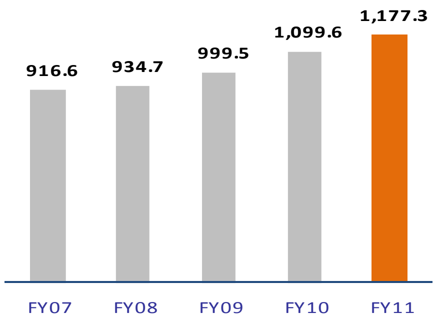
PRESCRIBED REVENUE ($M)
(Including AMI)



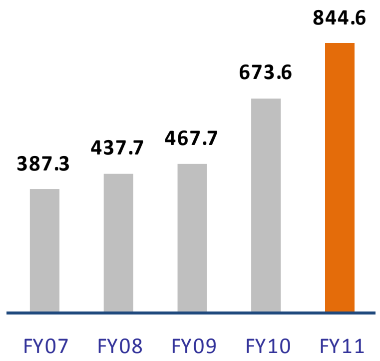
TOTAL OPERATING COSTS ($M)



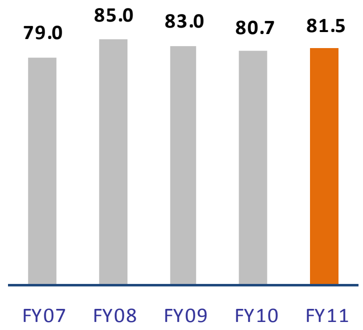
EBITDA ($M)
(Excluding customer contributions)



NET CAPITAL EXPENDITURE ($M)



ASSET COMPANY
NET DEBT TO RAB (%) [1]



Note: The 2007-2009 comparatives have been adjusted to reflect all metering revenue for CHEDHA as Prescribed Revenue

1. CHEDHA December 2010 RAB adjusted after finalisation of the new regulatory period reset

AGGREGATED FINANCIAL PERFORMANCE (100% RESULTS)

ETSA, CitiPower and Powercor Full Year ended 31 December 2011	FY 2011 $m	FY 2010 $m	Variance %
Regulated Revenue – DUOS	1,323.5	1,236.0	7.1
Regulated Revenue – Prescribed metering	121.5	106.5	14.1
Semi-regulated Revenue – other	82.6	63.4	30.3
Unregulated revenue	240.8	207.2	16.2
Total revenue (excl. customer contributions)	1,768.4	1,613.1	9.6
Semi-regulated Revenue – customer contributions	214.0	246.6	(13.2)
Total Revenue	**1,982.4**	**1,859.7**	**6.6**
Total operating costs	591.1	513.6	15.1
EBITDA (excl. customer contributions)	**1,177.3**	**1,099.6**	**7.1**
EBITDA	**1,391.3**	**1,346.1**	**3.4**
Capital expenditure (net)	844.6	673.6	25.4

ETSA UTILITIES – FY 2011
(100% results)

Financial	FY 2011 ($m)	FY 2010 ($m)	Variance %
Regulated revenue	696.0	595.0	17.0
Customer contributions	132.2	159.8	(17.3)
Semi-regulated other	47.8	36.3	31.7
Unregulated revenue	139.9	110.0	27.2
Total revenue	1,015.9	901.1	12.7
Cash operating costs	298.7	240.5	24.2
EBITDA (Excluding Customer Contributions)	585.0	500.8	16.8
EBITDA	717.2	660.6	8.6
Total capital expenditure	313.2	240.3	30.3

Operational	FY 2011	FY 2010	Variance
Customer numbers	829,674	820,387	9,287
Employee numbers	1,914	1,833	81
Network availability (%)	99.97	99.94	0.03
Volume sold (GWh)	11,093	11,320	(227)
Sales volume growth			
Underlying[1] (%)	-0.3	-0.3	-
Weather[1] (%)	-1.7	-0.8	(0.9)
Total[1] (%)	-2.0	-1.1	(0.9)

- DUoS revenue increased by 17.0%, including the half year benefit of July 2011 tariff increases
- The total volume delivered decreased by 2.0% from 11,320 GWh to 11,093 GWh in the Current Year due largely to mild weather
- Increases in semi-regulated and unregulated business activity will drive a corresponding increase in operating costs

1. Asset Companies' estimates

BUSINESS AND REGULATORY UPDATE

ETSA Utilities

- **Regulatory appeals** – positive outcomes from the Australian Competition Tribunal (ACT) will result in additional revenue of approximately $315 million (Spark share $154 million) over the remainder of the current regulatory period to 2015 – increased revenue from 1 July 2011 (half year benefit in 2011)

- **Photovoltaic panels installation** (and associated cashflow impact)
  - Feed-in tariff payments commenced in 2008, but amendments to the scheme (announced by the South Australian Government in August 2010) caused actual installations of solar panels to be much higher than expected
  - Payments are recoverable within current regulatory period to 2015 – pass-through applications for recovery of feed-in tariff payments of $159.8 million have been approved (comprising $8.8 million for 2010/11, $64.9 million for 2011/12, $79.8 million for 2012/13 and interest of $6.3 million)
  - Pass-through arrangements for 2011/12 onwards are currently being considered by the AER

- **ESCOSA Annual performance report 2009/10** – shows significant efficient outperformance by ETSA Utilities over the 2005-2010 regulatory period (actual v AER allowance)
  - **Operating Expenditure out-performance** – average of 7.0% pa
  - **Net capital expenditure out-performance** – average of 15.0% pa (excluding customer contributions)

- **Key Projects**
  - Major upgrade of electricity supply to Adelaide's Central Business District (CBD)
  - Construction of new major distribution substations at North Adelaide, Happy Valley and Mount Barker
  - Completion of works on the new Mount Barker South, Wudinna and Kadina East connection point substations with ElectraNet
  - Infrastructure works supporting the construction of Adelaide's first desalination plant

CITIPOWER AND POWERCOR – FY 2011
(100% results)

Financial	FY 2011 ($m)	FY 2010 ($m)	Variance %
Regulated revenue	627.5	641.0	(2.1)
Prescribed metering (AMI)	121.5	106.5	14.1
Customer contributions	81.8	86.8	(5.8)
Semi-regulated other	34.8	27.1	28.4
Unregulated revenue	100.9	97.2	3.8
Total revenue	966.5	958.6	0.8
Cash operating costs	292.4	273.1	7.1
EBITDA (Excluding Customer Contributions)	592.3	598.7	(1.1)
EBITDA	674.1	685.5	(1.7)
Total capital expenditure	531.4	433.3	22.6

Operational		FY 2011	FY 2010	Variance
Customer numbers		1,043,682	1,025,685	17,997
Employee numbers		1,957	1,988	(31)
Network availability	- CitiPower	99.99	99.99	-
	- Powercor	99.96	99.96	-
Volume sold GWh	- CitiPower	6,105	6,210	(105)
	- Powercor	10,470	10,678	(208)
Sales volume growth				
Underlying[1]	- CitiPower	0.4	0.7	(0.3)
	- Powercor	0.5	2.9	(2.4)
Weather[1]	- CitiPower	-2.1	0.2	(2.3)
	- Powercor	-2.5	-1.0	(1.5)
Total[1]	- CitiPower	-1.7	0.9	(2.6)
	- Powercor	-2.0	1.9	(3.9)

- Electricity distribution revenue was down by 2.1% due to lower demand caused by subdued economic conditions and mild weather in the operating areas, partially offset by higher tariffs
- Operating expenditure increased by 7.1%, largely reflecting known cost increases related to the operations of the regulated businesses as allowed for in the current 5-year regulatory period

1. Asset Companies' estimates

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BUSINESS AND REGULATORY UPDATE

CitiPower and Powercor

- **Regulatory appeals** – positive outcomes from the Australian Competition Tribunal (ACT) will result in additional revenue of $120 million (Spark share $58.8 million) over the remainder of the current regulatory period to 2015 – increased revenue expected from 1 January 2013

- **Advanced Metering infrastructure (AMI)** - In November the AER released its final decision on AMI for CitiPower and Powercor - total capital expenditure allowance of $308.2 million and a total operating expenditure allowance of $127.4 million for 2012-15 (real 2011 figures)
  - Only minor changes between final submission and final decision

- **Bushfire Taskforce –** Total of $750 million over 10 years, including $500 million to be invested by Powercor and SP AusNet and to be recovered through the normal regulatory processes

- **Bushfire litigation –** Powercor's insurers have settled Horsham and Coleraine litigation on a no admission of liability basis
  - Powercor is required to meet the first $5 million of any award of damages or settlement and this was provided for in the 2009 financial accounts
  - The fires at Horsham, Coleraine and Pomborneit/Weerite in February 2009 are treated as one event

- **AER Comparative performance report 2010** – shows significant efficient outperformance by CitiPower and Powercor over the 2005-2010 regulatory period (actual v AER allowance)
  - **Operating Expenditure out-performance** – CitiPower average of 13.2% pa, Powercor's average of 13.4% pa
  - **Net capital expenditure out-performance** – CitiPower average 20.7% pa, Powercor average of 8.5% pa

- **Key Projects**
  - The Metro Project aims to provide increased electrical infrastructure capacity in Melbourne's north east CBD
  - The CBD Security of Supply Project - expansion of the Victoria Market zone substation
  - Major expansion works at the Boovery Queensbury zone substation, adjacent to the CBD and significant underground cabling works undertaken.

MACRO ISSUES

Carbon Tax

- The Federal Parliament passed the Clean Energy Legislative Package on 8 November 2011 including the imposition of a Carbon Tax of $AUD23 per tonne, and will take effect from 1 July 2012
- The businesses produce emissions mainly through ‘line losses’ however these will not exceed the threshold under the legislation and they will not be considered ‘liable entities’
- Some limited impact on electricity sales volumes, input costs and potential augmentation costs resulting from connection of renewable energy sources is expected – this is likely to be immaterial but will be addressed through building blocks regulatory regime from commencement of the next regulatory periods in 2015-16

PROPOSED REGULATORY RULE CHANGES

The Australian Energy Regulator's change proposals

Rate of return

- **AER proposal** - Move to a single converged cost of capital review arrangement locked-in between periodic reviews, most aligned to the current electricity transmission arrangements
- **AEMC position** – Preference for a single framework to apply across electricity distribution, transmission and gas transmission

Cost of debt

- **EURCC[1] proposal** – New rules based methodology for calculating cost of debt based on a 5 year trailing average benchmark
- **AEMC position** – Attracted to the proposal but concerned that it may be too rigid for inclusion in the rules, discretionary approach preferred where AER could apply depending on the circumstances

Capital expenditure incentives

- **AER proposal** - Remove the requirement that all capital expenditure be rolled into the future RAB of the network – only 60% of expenditure in excess of the allowance to be added
- **AEMC position** – believes there is some incentive to overspend capex allowances, and to defer capex until the end of the regulatory period – further work to be undertaken on this issue

Capital and operating expenditure setting framework

- **AER proposal** - Concerned that the rules restrict its ability to interrogate and amend businesses' forecasts, leading to higher costs
- **AEMC position** – initial view is that the policy intent remains appropriate and applicable

Changes to the regulatory process

- **AER proposal** - Prevent businesses from making supporting submissions on their own regulatory proposals and make adjustments to the standard decision timeframes
- **AEMC position** – believes it is necessary to consider the process as a whole to ensure stakeholders have sufficient opportunity to provide input and the AER has sufficient time for its decisions

Merits review

- **AER proposal** – Removal of merits review in determination of the allowed rate of return
- **AEMC position** – The AEMC has recognised the importance of merits review in this process however it is not the determining body. The Standing Council on Energy and Resources (SCER) is considering the issue.

1. Energy Users Rule Change Committee

5. OUTLOOK AND GUIDANCE

OUTLOOK AND GUIDANCE

Yield	- Yield of 6.8% - based on FY12 Distribution Guidance of 10.5 cps and Spark price of $1.535 at 31 May 2012 - Distributions covered by operating cashflows - Target payout ratio to 2015 approximately 80% of standalone operating cashflow
Growth	- FY12 Distribution Guidance of 10.50 cps, 5% growth on FY11 - 3-5% p.a. growth in Distribution per Security guidance for 2013-15 - 8% CAGR in RAB expected 2010-15 - Strong organic investment opportunity at 1x RAB
Quality	- Internally managed - No long term debt maturities in 2012 - No regulatory resets until 2015 - Prudent gearing, moving towards 75% Net Debt / RAB by 2015

APPENDICES

KEY METRICS

SECURITY METRICS

Market Price at 31 May 2012	$1.535
Market capitalisation	$2.0 billion

DISTRIBUTIONS

FY 2011 Actual	10.00cps
Comprising - Loan Note interest - Tax deferred amount	 7.05cps 2.95cps
FY 2012 Guidance	10.50cps

FINANCIALS

Net gearing (Spark standalone)	2.5%
Net gearing (Look through)	57.5%
Asset level credit rating	A- (S&P) stable
Fund level credit rating	Baa1 (Moody's) stable

REGULATED ASSET BASE – (All figures 31 DECEMBER 2011)

ETSA Utilities ($m)	3,317
CitiPower (DUOS) ($m)	1,351
Powercor Australia (DUOS) ($m)	2,353
CitiPower (Advanced Metering Infrastructure) ($m)	101
Powercor (Advanced Metering Infrastructure) ($m)	246
Regulated asset base total ($m)	7,368
Enterprise Value/RAB (un-adjusted)	1.34
Enterprise Value/RAB (adjusted for total revenue exc. customer contributions)	1.10
Net debt/RAB – Asset Co Level	81.5%
Net debt/RAB - ETSA Utilities	78.4%
Net debt/RAB - CHEDHA (CitiPower and Powercor)	84.0%

Appendix 1

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REGULATORY SETTINGS

ETSA Utilities, CitiPower and Powercor (100% figures)

- Successful appeal outcomes will result in additional revenue of approximately $315 million for ETSA Utilities and approximately $120 million for CitiPower and Powercor, in the current regulatory period to 2015

REGULATORY PERIOD	**ETSA Utilities** 1 Jul 2010 – 30 Jun 2015	**CitiPower and Powercor** 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%
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 ($June 2010)	$1,637m	$2,092m
Opex over 5 years ($June 2010)	$1,066m	$1,027m
Revenue (Nominal)	$3,949m[1]	$3,815m[1]

(1) Includes successful appeal outcomes.

Appendix 2

SEMI REGULATED REVENUES

12 months to 31 December 2011 (100% figures)

ETSA Utilities	FY 2011 ($m)	FY 2010 ($m)	Variance ($m)
Public Lighting	15.2	15.0	0.2
Asset Relocation	18.4	8.5	9.9
Metering Services	9.1	8.0	1.1
Feeder Standby / Excess kVAR	2.6	2.4	0.2
Pole/Duct Rental	1.7	1.7	-
Other Excluded Services	0.8	0.7	0.1
TOTAL	**47.8**	**36.3**	**11.5**

CitiPower Powercor Australia	FY 2011 ($m)	FY 2010 ($m)	Variance ($m)
Public Lighting	12.1	9.7	2.4
New Connections	8.7	5.0	3.7
Special Reader Activities	6.8	9.9	(3.1)
Other	7.2	2.5	4.7
TOTAL	**34.8**	**27.1**	**7.7**

Appendix 3

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UNREGULATED REVENUES

12 months to 31 December 2011 (100% figures)

ETSA Utilities	FY 2011 ($m)	FY 2010 ($m)	Variance ($m)
Construction and Maintenance Services (CaMS)	85.8	66.0	11.8
Telecommunications	7.5	5.5	2.0
Asset rentals	3.4	2.5	0.9
Material Sales	16.4	14.8	1.6
Interstate work	5.6	6.2	(0.6)
Facilities Access / Dark Fibre	2.7	2.6	0.1
Sale of Salvage	2.2	2.3	(0.1)
Other	16.3	10.1	14.2
TOTAL	**139.9**	**110.0**	**29.9**

CitiPower Powercor Australia	FY 2011 ($m)	FY 2010 ($m)	Variance ($m)
Powercor Network Services (PNS)	47.1	43.6	3.5
Telecommunications	6.1	7.0	(0.9)
Material Sales	5.9	6.6	(0.7)
Management Services	18.2	17.9	0.3
Joint Use of Poles rental	3.0	2.7	0.3
Property Rental	1.1	1.3	(0.2)
Docklands Revenue	2.1	2.1	-
Other	17.4	16.0	1.4
TOTAL	**100.9**	**97.2**	**3.7**

Appendix 4

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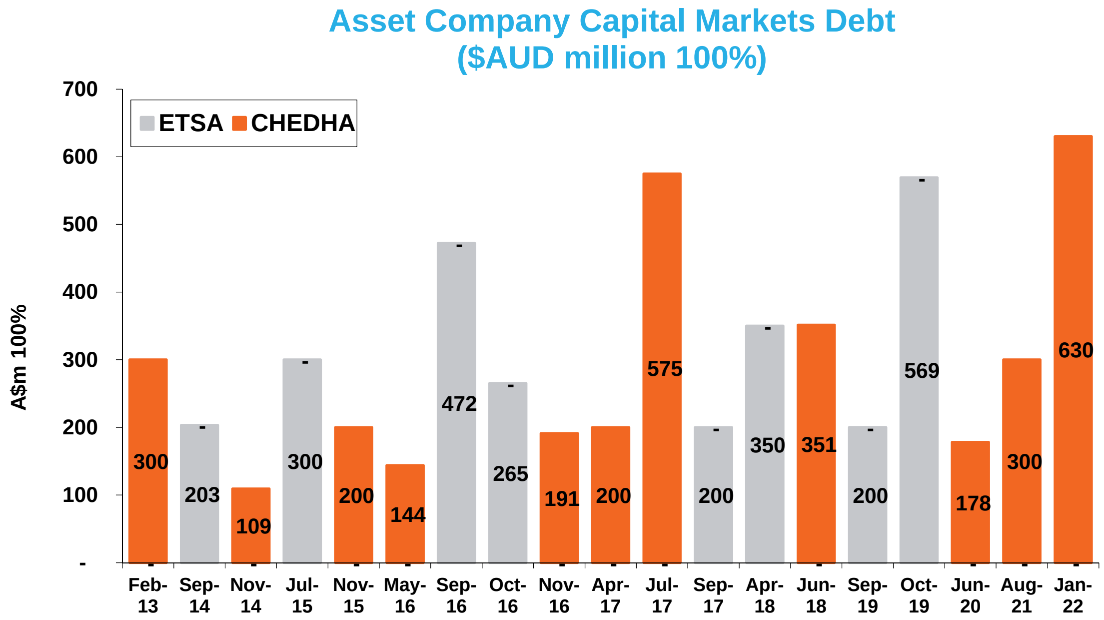
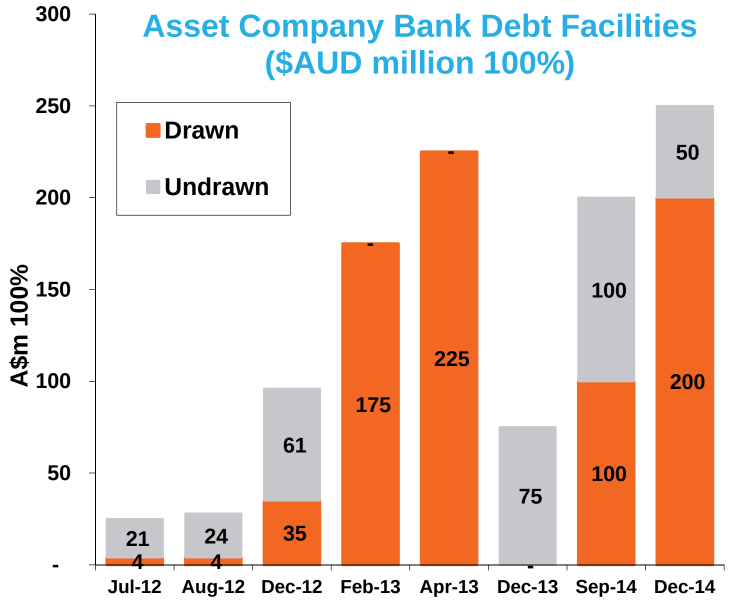
DEBT POSITION AT 31 MAY 2012

No Asset Company refinancing in 2012 and maturities well spread





- No re-financings at Spark Infrastructure level until September 2013 ($165 million) and September 2014 ($85 million)
- Undrawn bank facilities at Spark of $165.0 million
- Cash balances total $106.3 million – Spark $27.9 million, Asset Companies $78.4 million at 31 December 2011
- The Asset Companies have no re-financings of long term debt until February 2013

Appendix 5

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NON-AUSTRALIAN SECURITYHOLDERS

- **Distributions** - Interest paid on Loan Notes to non-resident holders should be exempt from withholding tax
- **Disposal** – non-Australian holders should not be subject to Capital Gains Tax on disposal of Spark securities provided they:
  - Have not held an interest of 10% or more in the Stapled Securities for at least 12 months in the 24 months before the disposal, and
  - Do not hold the Securities at any time in connection with carrying on a business at or through a permanent establishment in Australia
- **Eligible Securityholders** - No action has been taken to register or qualify the Stapled Securities in any jurisdiction outside Australia or New Zealand. Eligibility for institutional investors within the United Kingdom and Europe is as follows:
  - **France** – qualified investors acting for their own account as defined in Articles L.411-2-II-2 and D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code
  - **Germany** – Institutions within the meaning of sec.1 (1b) of the German Banking Act. Private and public insurance companies, German Investment Companies and Investment Stock Corporations, non-German investment companies and asset management companies as commissioned by them as well as pension funds and their asset management companies
  - **Ireland** – qualified investors under the Prospectus (Directive 2003/71/EC) Regulations 2005 (SI No. 324 of 2005)
  - **Netherlands** – (a) legal entities authorised or regulated to operate in the financial markets or whose corporate purpose is solely to invest in securities, (b) any legal entity that has (i) more than 250 employees (ii) a balance sheet greater than 43 million euros (iii) annual net turnover exceeding 50 million euros, (c) Up to 100 natural or legal persons as approved by Spark Infrastructure, (d) any other circumstances falling within Article 3(2) of the Prospectus Directive
  - **Norway** – professional investors as defined in Norwegian Securities Regulation of 29 June 2007
  - **Switzerland** – (a) institutional investors subject to Swiss or foreign prudential supervision such as a bank, securities dealer, insurance institution, or fund management company (b) institutional investors with professional treasury operations
  - **United Kingdom** – Securityholders (a) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO); (b) who fall within the categories of persons referred to in Article 49(2)(a) to (d) of the FPO or (c) to whom it ay otherwise be lawfully communicated

Appendix 6

USEFUL LINKS

Spark Infrastructure www.sparkinfrastructure.com
Fact Book http://sparkinfrastructure.com/investor/reports/fact-books

ETSA Utilities www.etsautilities.com.au

CitiPower and Powercor Australia www.powercor.com.au

Australian Energy Regulator www.aer.gov.au
Advanced Metering Infrastructure cost recovery and charges for 2012-15
http://www.aer.gov.au/node/493
Regulatory determinations South Australia 2010 – 2015
http://www.aer.gov.au/node/4
Regulatory determinations Victoria 2010 – 2015
http://www.aer.gov.au/node/7210
Comparative performance report Victoria
http://www.aer.gov.au/node/14950
Australian Energy Regulator News
http://www.aer.gov.au/node/450
Australian Energy Market Commission www.aemc.gov.au

Energy Networks Association www.ena.asn.au

Essential Services Commission of South Australia www.escosa.sa.gov.au
Performance reports South Australia
http://www.escosa.sa.gov.au/electricity-overview/market-information/energy-performance-monitoring.aspx

Essential Services Commission (Victoria) www.esc.vic.gov.au

Ministerial Council on Energy www.ret.gov.au/documents/mce/default.html

Appendix 7

FOR FURTHER INFORMATION

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