



Thursday, 19 January 2012

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

Dear Sir / Madam

INVESTOR PRESENTATION

I enclose an investor presentation to be delivered this afternoon to Macquarie retail advisors in Sydney.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Alex Finley". The signature is stylized and cursive.

Alexandra Finley
Company Secretary

SPARK INFRASTRUCTURE

Yield, Growth, Quality

Thursday, 19 January 2012

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 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

- ▶ Strong credit ratings of A- (S&P) at Asset Companies
- ▶ Ready access to capital markets and bank debt at asset and fund levels
- ▶ No debt refinancing at Spark until September 2013 and at Asset Companies until February 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 diversification opportunities
- ▶ 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 transmission and water utilities

BUSINESS AND REGULATORY UPDATE

Successful appeals, bushfire matters resolved

- ▶ **Regulatory appeals** – positive outcomes from the Australian Competition Tribunal (ACT) will result in additional revenue over the remainder of the current regulatory period to 2015
 - ETSA Utilities - approximately \$315 million (Spark share \$154.4 million)
 - CitiPower and Powercor - approximately \$120 million to date (Spark share \$58.8 million) – additional outstanding appeal matters to be finalised by 5 April 2012

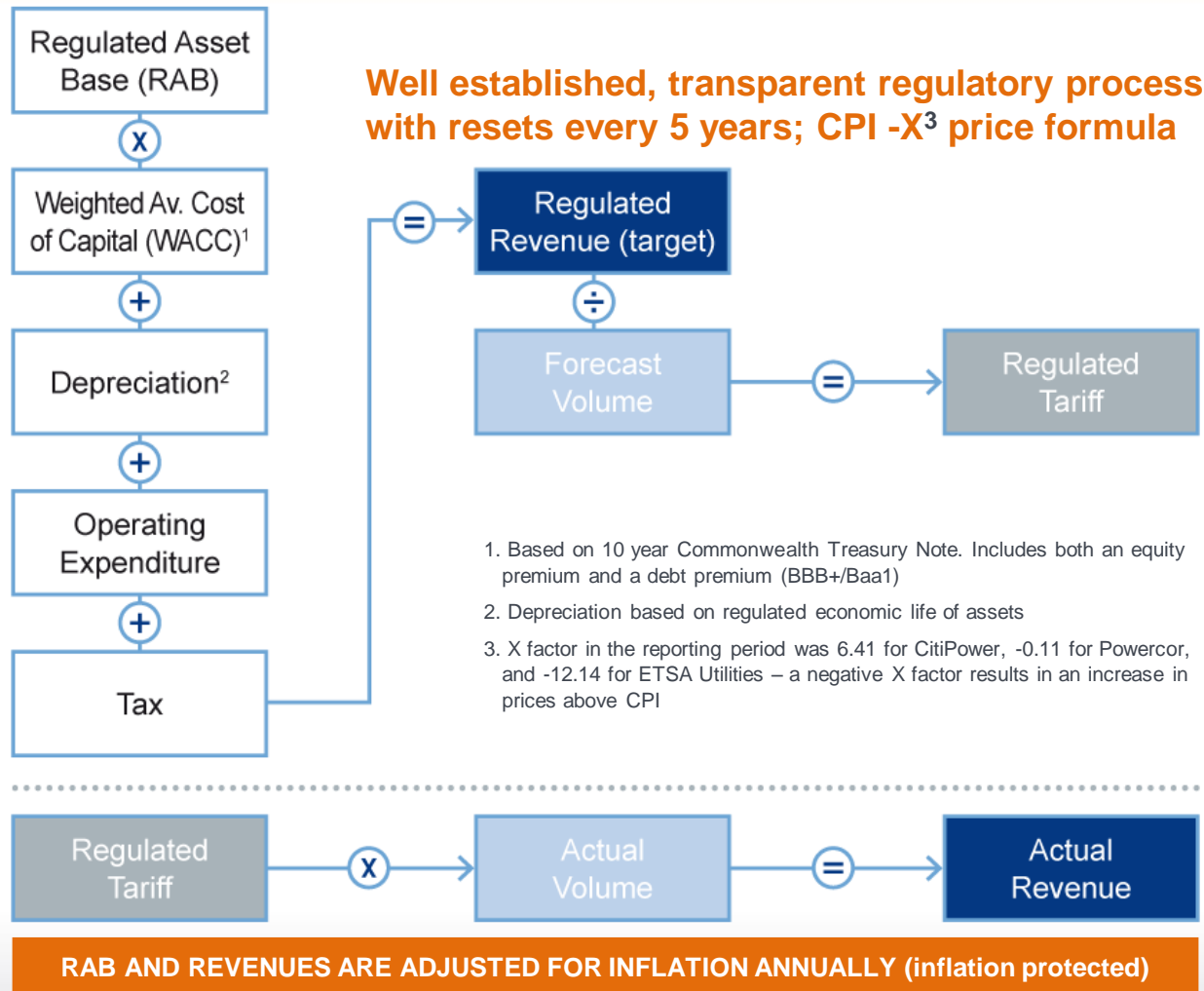
- ▶ **Advanced Metering infrastructure (AMI)** - In November the AER released its final decision on AMI for CitiPower and Powercor - total capital expenditure allowance of \$308.2 million and a total operating expenditure allowance of \$127.4 million for 2012-15 (real 2011 figures).

- ▶ **Bushfire Taskforce** – Total of \$750 million over 10 years, including \$500 million to be invested by Powercor and SP AusNet - recovery of this revenue will occur over three years from 1 January 2013 in line with the commencement of the next pricing period:
 - Installation of automatic power cutting devices (\$500m)
 - Replacement, insulation and undergrounding of cables (\$200m);
 - Payments to customers affected by related outages (\$40m) and research into fire safety (\$10m)

- ▶ **Bushfire litigation** – Powercor’s insurers have settled litigation:
 - 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
 - The settlement is on a no admission of liability basis

REGULATORY FRAMEWORK

In-Built protections



The X Factors for ETSA Utilities in years 2-5 of its 5 year regulatory period incorporate the Australian Competition Tribunal appeal outcomes announced last year. Revised X Factors for CHEDHA for 2013-15 will be released after finalisation of outstanding regulatory appeal matters.

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

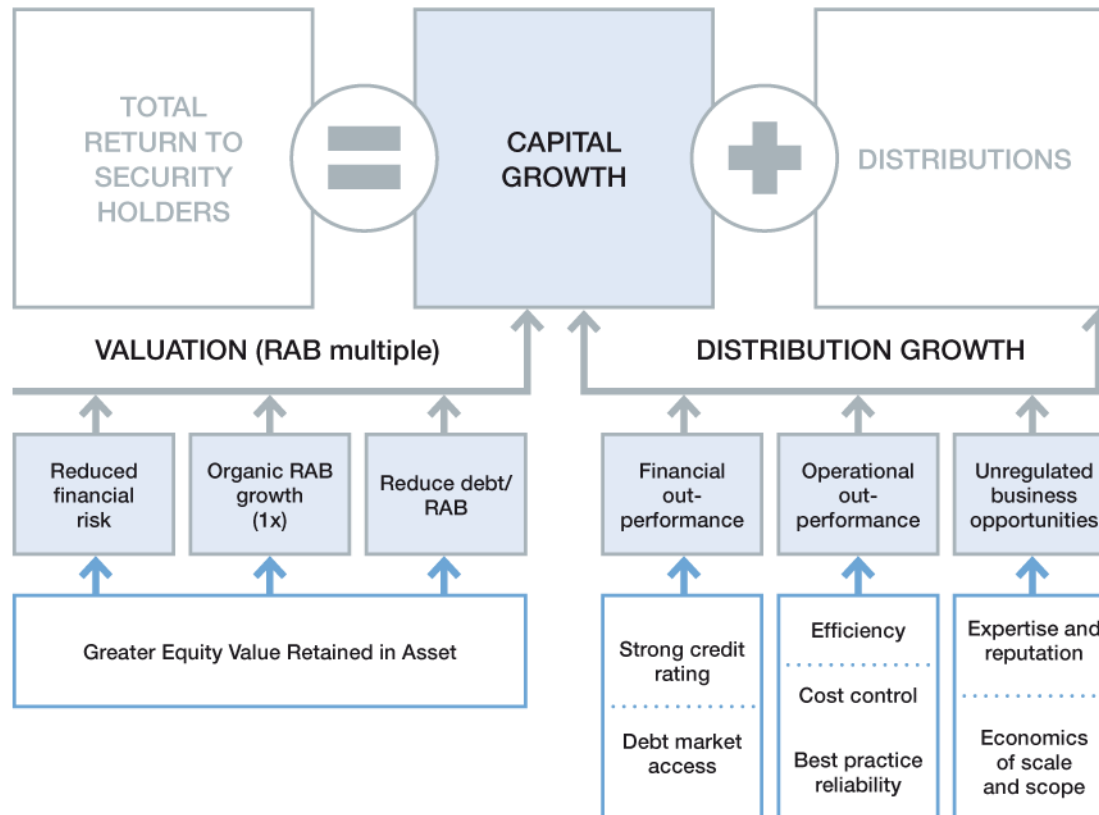
X FACTORS ¹	Year 1	Year 2	Year 3	Year 4	Year 5
 ETSA Utilities	-12.14	-18.1	-7.0	-7.0	-0.89
 CITIPOWER	6.41	-4.0	-4.0	-5.0	-5.0
 Powercor AUSTRALIA	-0.11	-3.0	-3.0	-3.5	-4.0

Actual CPI % (Forecast CPI %)	Year 1	Year 2	Year 3	Year 4	Year 5
 ETSA Utilities	2.9 (2.52)	3.3 (2.52)	(2.52)	(2.52)	(2.52)
 CITIPOWER	3.1 (2.57)	3.52 (2.57)	(2.57)	(2.57)	(2.57)
 Powercor AUSTRALIA	3.1 (2.57)	3.52 (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 2011. The X Factors for CitiPower and Powercor in years 3-5 are subject to the ACT's final decision in relation to appeal matters which is expected by 5 April 2012.

VALUE DRIVERS

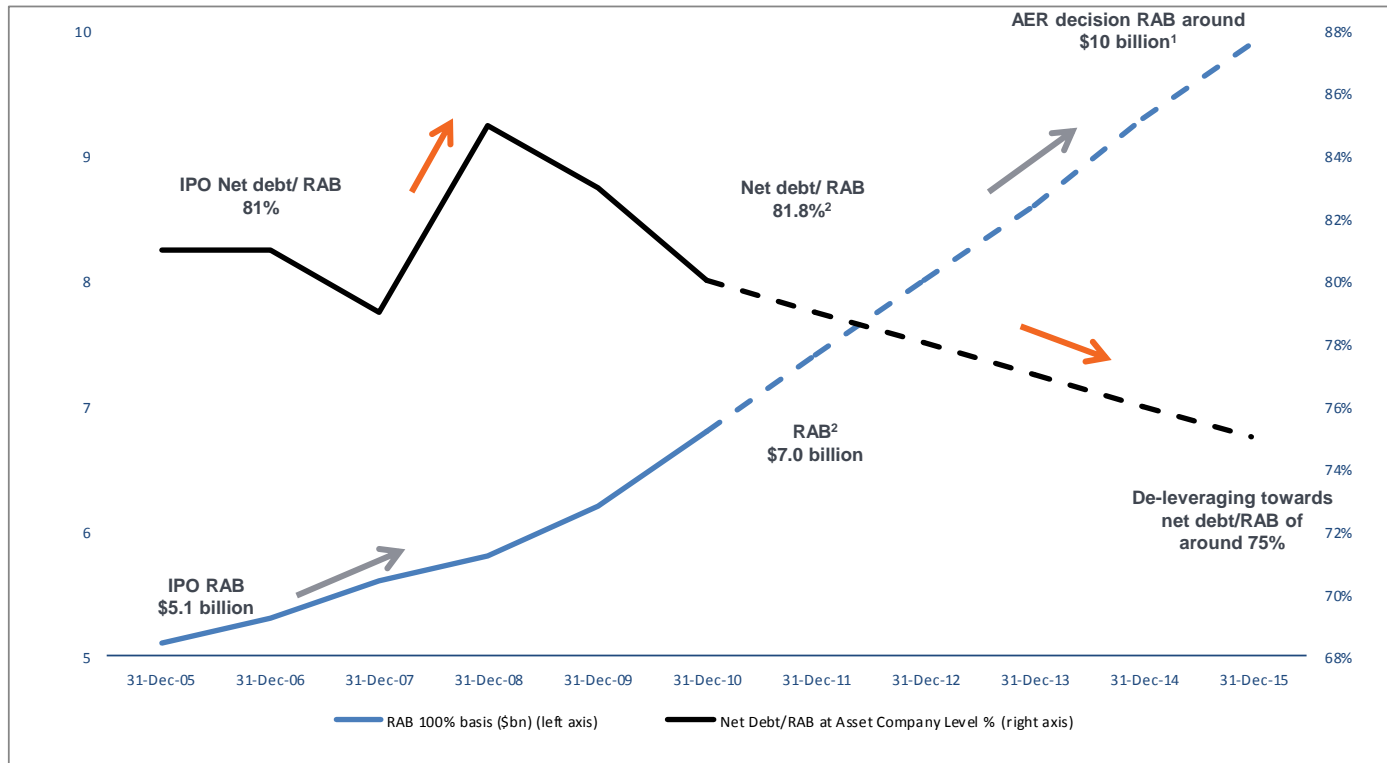
Yield plus capital growth with quality cashflows



SPARK IS AN INVESTMENT OFFERING SOLID DISTRIBUTION YIELD PLUS CAPITAL GROWTH

GREATER EQUITY OWNERSHIP

Based on growing RAB and lower gearing



LEVERAGE PROJECTED TO FALL WHILE EQUITY LEVEL 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. At 30 June 2011



DIVERSIFICATION

Acquisition framework

- ▶ The primary focus will remain on organic growth opportunities within the current portfolio – 8% CAGR at zero premium
- ▶ Disciplined approach to acquisitions will be maintained. There is no pressure to acquire given the strength of organic growth opportunities
- ▶ Spark will only consider potential investments which we believe will enhance long term Securityholder value – yield accretion will remain a key criterion
- ▶ Spark's investment universe is restricted to electricity and gas distribution and transmission, and regulated water and sewerage assets which offer relatively low risk and stable cashflows

FOR FURTHER INFORMATION

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