Spark Infrastructure

Half Year 2012
Yield, Growth and Quality

Monday, 27 August 2012

sparkinfrastructure

Presentation Agenda

1. STRATEGY AND HY2012 HIGHLIGHTS
2. PERFORMANCE - SPARK INFRASTRUCTURE
3. PERFORMANCE - ASSET COMPANIES
4. GROWTH AND REGULATION
5. STRATEGY AND GUIDANCE

1. STRATEGY AND HY2012 HIGHLIGHTS

INVESTMENT PROPOSITION

Yield plus Growth based on Quality

Yield	- FY12 DPS Guidance of 10.5 cps reaffirmed. Yield of 6.6%[1] - HY12 distribution of 5.25cps - Standalone HY12 operating cashflow per security of 6.0 cps - Distributions fully covered by operating cashflows - Target payout ratio of approx. 80% of standalone operating cashflows across the current regulatory periods to 2015 - DRP remains suspended
Growth	- Strong organic investment opportunity at 1x RAB: 8% CAGR expected 2010-2015 - 9.3% RAB growth over rolling 12 months to June 2012, 4% for the June Half - 14% CAGR in equity investment in Asset Companies' net RABs across 2010-15 - DPS guidance of 3-5% p.a. growth across 2013-15 - EBITDA growth - Well positioned to diversify the portfolio of assets
Quality	- Internally managed - Refinancing of 2013 debt maturities is well progressed - No regulatory resets until 2015 - Spark's share of Regulated Asset Bases now \$3.8bn - Robust Building Block Revenue regime - Prudent gearing, moving towards 75% Net Debt / RAB by 2015

1 Based on Spark security price of \$1.58 at 24 August 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 operating cash flows (targeting payout ratio of approx. 80% of standalone operating cashflows across the current regulatory periods to 2015) ▶ Maintain investment metrics and distributions growth over the current regulatory periods ▶ Distributions in accordance with Asset Company five year business plans
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 ▶ Refinancing of 2013 long term debt maturities is well progressed
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) to 2015 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 ▶ Disciplined management as displayed in unsuccessful SDP bid process

PERFORMANCE HIGHLIGHTS – HY 2012

Delivering according to plan

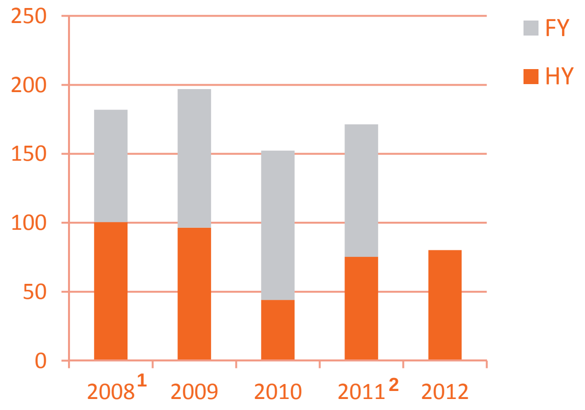
Asset Companies generate reliable operating cash flows	► The Asset Companies performed solidly in accordance with the regulatory decisions ► Volumes flat due to economic climate and consumer led demand initiatives, but offset by tariff increases and additional performance incentive scheme revenues ► Look-through free cash flows of $72.4 million – equivalent to 5.5 cents per security, impacted by working capital items which are expected to reverse over the next 12 months
Successful appeal outcomes leading to higher future revenues	► Favourable determinations for CitiPower and Powercor appeal matters by the Australian Competition Tribunal will add approximately $145 million ($119m + $26m) of revenue (100% basis) in the current regulatory periods from 1 January 2013
Substantial RAB growth	► Total HY growth in RAB of 4.0% reflecting net capital expenditure of $368.9 million (100% basis) ► Net debt to RAB at 30 June is 81.8% - no equity injections required to fund growth capex
Strong funding position	► Cash distributions of $90.4 million received from the Asset Companies in accordance with agreed business plans. Spark net gearing 2.1%
Increased distributions to Securityholders	► FY12 Guidance of 10.50 cps has been re-affirmed. The Directors have declared an interim distribution of 5.25cps, payable 14 September 2012.
Medium term distribution guidance	► Distribution growth guidance to 2015 unchanged at 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 was below the previously disclosed target of $5 million in the first year.

2. PERFORMANCE

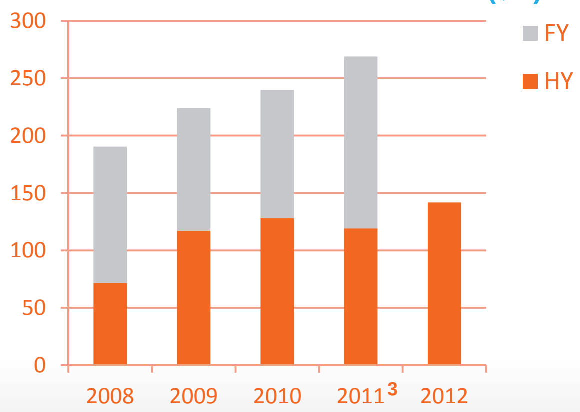
SPARK INFRASTRUCTURE

FINANCIAL HIGHLIGHTS – HY 2012
Spark Infrastructure

STANDALONE OPERATING CASHFLOWS ($M)



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



- Operating cashflow
  - Spark standalone – 6.0 cps
  - Asset level – 5.5 cps
  - Look through – 4.7 cps
- HY12 Distribution payout ratio (HY12: 5.25 cps)
  - 87.0% stand alone
  - 112.2% look through (reflecting cash timing differences)
- Total RAB growth[4]:
  - for 6 months to 30 June 2012 – 4.0%
  - for 12 months to 30 June 2012 – 9.3%
- Gearing
  - Net debt to RAB (Asset level) – 81.8%
  - Net book gearing (Spark) – 2.1%
- No capital injections into Asset Companies
- No DRP or other equity raisings

1 FY08 excludes $16.5 million performance fee
2. HY 2011 cashflows exclude $17.6 million of deferred interest from 2010 received in full in May 2011. FY2010 has been adjusted to include this amount.
3. FY11 excludes Internalisation payment and related transaction costs of $51.5 million
4. Asset Companies' estimates

FINANCIAL PERFORMANCE - HY 2012

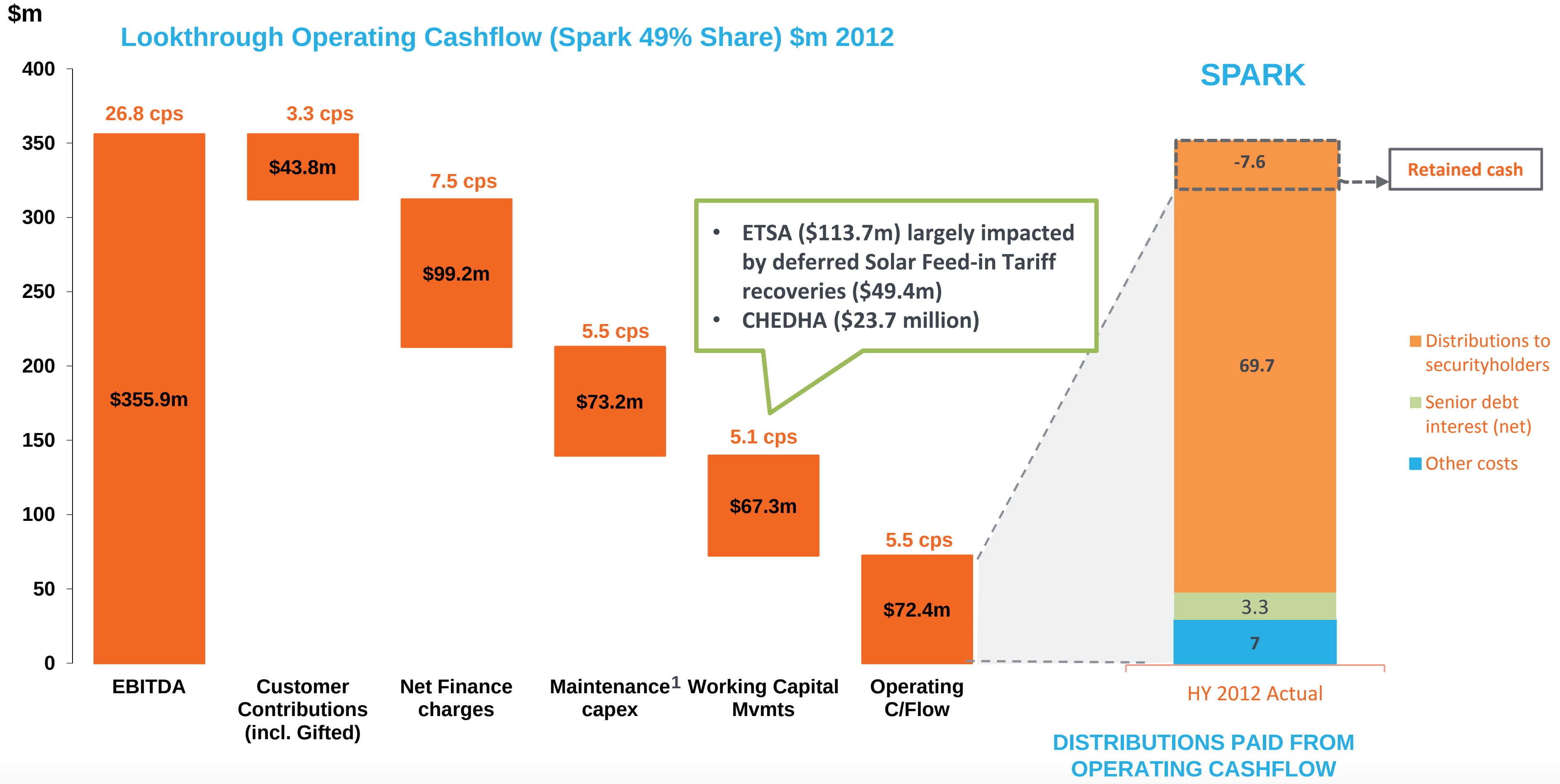
Spark Infrastructure

UNDERLYING RESULTS – HALF YEAR ENDED 30 JUNE 2012	HY 2012 ($m)	HY 2011 ($m)	Variance %
Total income	**153.7**	**131.0**	↑ **17.3**
Management fees	-	(3.5)	↓ n.m
General, administrative and employee expenses[1]	(2.6)	(2.8)	↓ 7.7
SDP bid costs	(4.6)	-	↑ n.m
Interest expense (gross) – senior debt	(4.7)	(5.6)	↓ 15.7
Profit before loan note interest and tax	**141.8**	**119.2**	↑ **19.0**
Loan Note Interest (Distributions to Securityholders)	(46.7)	(46.4)	⇧ 0.6
Income tax benefit/(expense)	1.1	(3.9)	↓ 127.2
Profit attributable to Stapled Securityholders – underlying	**96.2**	**68.9**	↑ **39.6**
Profit attributable to Stapled Securityholders – statutory	**88.7**	**8.9**	↑ **n.m**
Operating cashflow[2]	**80.1**	**75.3**	↑ **6.4**

1. Includes $1.3 million of provision write back
2. HY 2011 excludes $17.6 million deferred sub debt interest from 2010 received in May 2011

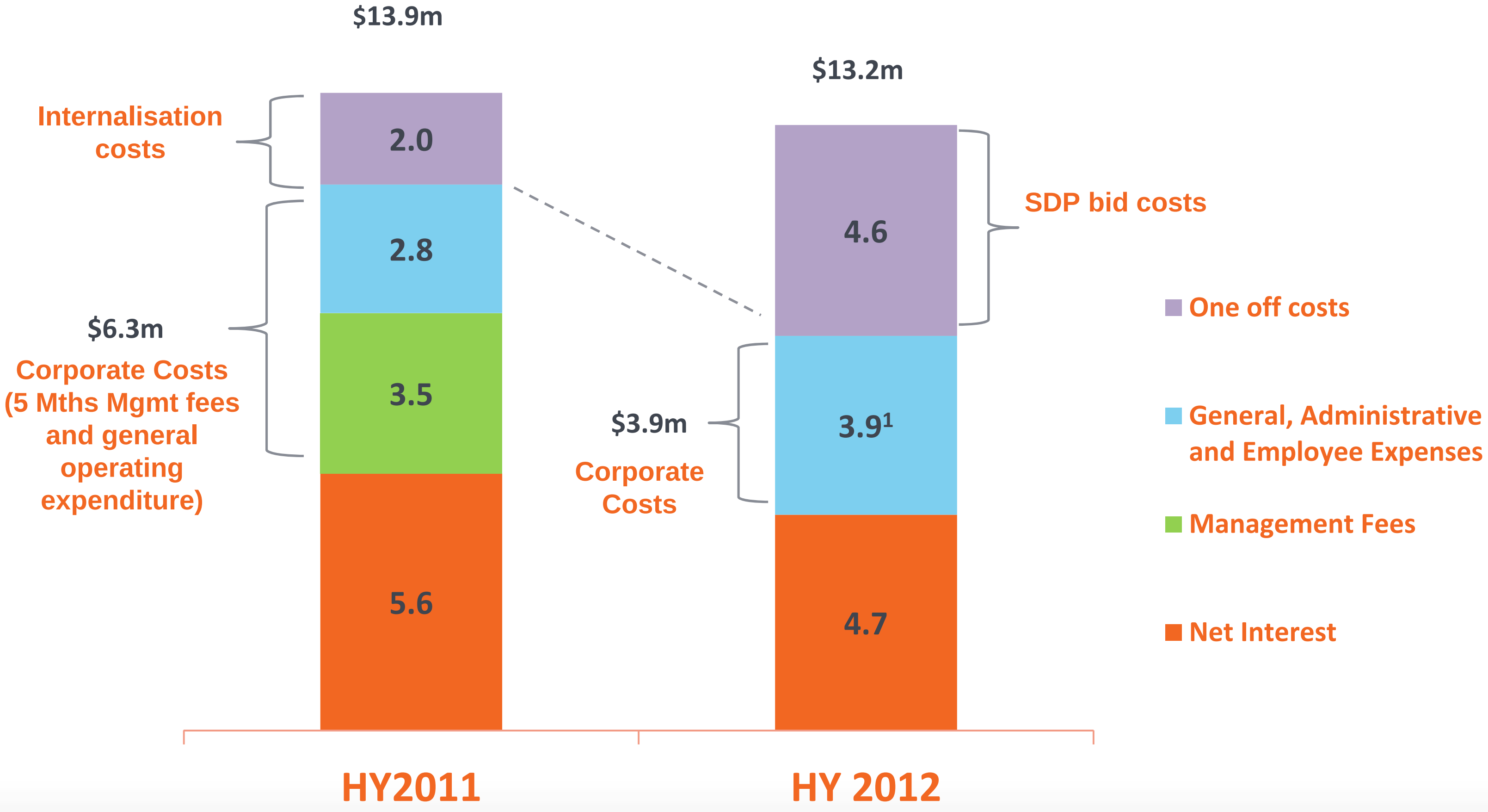
OPERATING CASH FLOW MODEL – HY 2012

Asset Companies producing 5.5 cents free cashflow per Spark security



1 Maintenance capex allowance is calculated as regulatory depreciation net of CPI uplift in RAB. Net regulatory depreciation for ETSA of $72.5 million ($35.5 million Spark 49% share) included impact from lower than average CPI (1.58% for March 2012 quarter). Refer Slide 36 for breakdown. Average CPI of 2.5% would have decreased Net Regulatory Depreciation for ETSA by $15 million (Spark share: $7.3 million)

SPARK OPERATING COSTS – HY 2012 vs HY 2011



1. Excludes $1.3 million reversal of cost provision

DEBT POSITION SUMMARY (AT 30 JUNE 2012)

Conservative and carefully managed

ETSA UTILITIES (100%)	$m
RAB (estimate)	3,354
Net Debt/RAB	81.3%
Percentage Hedged (gross)	99.8
Interest Cover – rolling 12 mths[1] (x)	3.4x

CITIPOWER AND POWERCOR (CHEDHA) (100%)	$m
RAB (estimate, including AMI)	4,311
Net Debt/RAB	82.2%
Percentage Hedged (gross)	92.1[2]
Interest cover – rolling 12 mths[1] (x)	2.8x

SPARK INFRASTRUCTURE	$m
Asset Companies' total RAB	7,665
Spark 49% share of total RAB	3,756
Net debt at Spark Infrastructure level	47
Spark Net Gearing (Standalone)	2.1%[3]
Hedged at Spark level	100%
Spark look through proportion of hedging (gross)	95.6%[2]

- Asset Companies' Net debt to RAB in accordance with agreed business plans and forecast to reduce to 75% by 2015
- Re-financings of long term debt maturing in 2013 is well progressed
- ETSA Utilities issued A$200 million of 5.5 year Medium Term Notes in March 2012
- Powercor issued A$200 million of 5 year Medium Term Notes in April 2012
- CitiPower placed A$194 million in USPP in July 2012

1. Calculated as (EBITDA exc. Customer contributions and gifted assets) / (Net P&L Senior Interest Expense) over rolling 12 months July 2011 to June 2012. No adjustments made for net working capital changes.
2. Note a further $145 million of CHEDHA forward start interest rate swaps commenced from July 2012
3. Excluding reserves

3. PERFORMANCE
ASSET COMPANIES

AGGREGATED FINANCIAL PERFORMANCE (100% RESULTS)

ETSA, CitiPower and Powercor **Half Year ended 30 June 2012 (100% Basis)**	**HY 2012** **$m**	**HY 2011** **$m**	**Variance** **%**
Regulated Revenue – DUOS	743.2	617.0	20.5
Regulated Revenue – Prescribed metering	62.6	59.6	5.0
Semi-regulated Revenue – other	42.2	45.2	(6.6)
Unregulated revenue	103.2	125.2	(17.6)
Total revenue (exc. customer contributions)	**951.3**	**847.0**	**12.3**
Semi-regulated Revenue – customer contributions	91.1	108.1	(15.7)
Total Revenue	**1,042.4**	**955.1**	**9.1**
Total operating costs	316.0	301.0	5.0
EBITDA (excl. customer contributions)	**635.2**	**546.0**	**16.3**
EBITDA	**726.3**	**654.1**	**11.0**
Capital expenditure (net)	368.9	352.7	4.6

ETSA UTILITIES – HY 2012
(100% results)

Financial	HY 2012 ($m)	HY 2011 ($m)	Variance %
Regulated revenue	408.5	310.4	31.6
Semi-regulated other	21.4	26.5	(19.2)
Unregulated revenue	61.9	77.0	(19.6)
Total revenue (excl. customer contributions)	491.8	413.9	18.8
Customer contributions	60.7	65.5	(7.2)
Total revenue	552.5	479.4	15.2
Cash operating costs	(141.0)	(145.8)	(3.3)
EBITDA (Excluding Customer Contributions)	350.8	268.1	30.8
EBITDA	411.5	333.6	23.4
Total capital expenditure (net)	153.2	123.2	24.4

Operational	HY 2012	HY 2011	Variance
Customer numbers	832,072	825,218	6,854
Employee numbers	2,003	1,891	112
Network availability (%)	99.98	99.96	0.02
Volume sold (GWh)	5,523	5,556	(33)
Sales volume growth (%)			
Underlying[1]	-1.6	-0.6	-1.0
(Regulatory allowance)[2]	*-1.7*	0.6	-
Weather[1]	1.0	-2.1	3.1
Total[1]	-0.6	-2.7	2.1

- Regulated tariff increases more than offset the impact of lower sales volumes. HY 2012 revenue includes $15.0m of Service Performance Incentive Scheme benefit estimate accrued (subject to regulatory audit)
- EBITDA (excluding customer contributions) up 30.8% based on strong growth in regulated revenues and effective cost management
- Net capital expenditure up 24.4% in accordance with plans

1. Asset Companies' estimates
2. The sales volume growth regulatory allowance average for 2010/11 to 2014/15 is -0.9% p.a.

BUSINESS UPDATE
ETSA Utilities

- **Electricity sales volumes** - Volume growth in all customer segments has been flat due to a combination of factors:
  - Customer response to higher than expected retail prices
  - Higher than expected Solar Photo Voltaic panel penetration
  - Underlying volumes for ETSA decreased by -1.6% versus the regulatory allowance of -1.7% (2011-12)
  - Favourable weather is estimated to have had a positive impact on volumes of 1.0%

- **Working capital** – higher than expected take-up of solar panels has negatively impacted working capital, with a further $49.4 million adverse impact in HY2012. This is expected to fully reverse over the balance of the regulatory period.
  - 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 for the 2012/13 year (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)

- **Examples of major projects**
  - **Adelaide Oval -** The installation of new cable connections require extensive civil works through the Adelaide CBD. The final customer connection is planned for March 2013. The estimated cost is $5.0m.
  - **South Australian Health Medical Research Institute (SAHMRI) -** works at Hindley Street substation and the associated protection upgrade and the two new feeders to SAHMRI. The customer was connected in May 2012 with a project value of $2.4m.
  - **North Adelaide Substation -** upgrade to boost reliability of supply to about 5,000 residential and commercial customers in the area and to improve security of the Network. The $16.9m project is due for completion in September 2012.
  - **Kilburn To Cavan 66kv Sub-transmission Line -** the construction of a new 66kv overhead sub-transmission line from Kilburn substation to Cavan substation. The cost of the project is $10.5m and it is planned to be completed in November 2012

CITIPOWER AND POWERCOR – HY 2012
(100% results)

Financial	HY 2012 ($m)	HY 2011 ($m)	Variance %
Regulated revenue	334.7	306.5	9.2
Prescribed metering (AMI)	62.6	59.6	5.0
Semi-regulated other	20.8	18.7	11.2
Unregulated revenue	41.3	48.1	(14.1)
Total revenue (excl. customer contributions)	459.4	432.9	6.1
Customer contributions	30.4	42.7	(28.8)
Total revenue	489.8	475.6	3.0
Cash operating costs	175.0	155.1	12.8
EBITDA (Exc. Customer Contributions)	284.4	277.8	2.4
EBITDA	314.8	320.5	(1.8)
Total capital expenditure (Inc. AMI)	215.7	229.5	(6.0)

Operational		HY 2012	HY 2011	Variance
Customer numbers		1,050,951	1,034,393	16,558
Employee numbers		1,965	1,956	9
Network availability (%)	- CitiPower	99.99	99.99	-
	- Powercor	99.97	99.95	0.02
Volume sold GWh	- CitiPower	2,976	3,058	(82)
	- Powercor	5,372	5,188	184
Sales volume growth (%)				
Underlying[1]	- CitiPower	-2.3	-0.1	-2.2
	(Regulatory allowance)	0.4	0.5	-
	- Powercor	3.7	-0.9	4.6
	(Regulatory allowance)	0.3	0.7	-
Weather[1]	- CitiPower	-0.4	-1.2	0.8
	- Powercor	-0.2	-2.0	1.8
Total[1]	- CitiPower	-2.7	-1.3	-1.4
	- Powercor	3.5	-2.9	6.4

- Regulated tariff increases more than offset the impact of lower than expected volume growth – Powercor volumes have recovered from 2011 which included the impact of floods and storms
- Operating cost increases include additional vegetation management costs ($9.0m – draft AER decision allows recovery) and metering costs ($5.1m)

1. Asset Companies' estimates
2. The sales volume growth regulatory allowance average for 2011 to 2015 is 0.4% p.a. for CitiPower and 0.5% p.a. for Powercor

BUSINESS UPDATE
CitiPower and Powercor

- **Electricity sales volumes -** growth in all customer segments has been slower than expected due to a combination of factors:
  - Customer response to higher than expected retail prices
  - Subdued conditions in the Victorian economy leading to softer demand from the commercial and industrial sectors
  - Solar Photo Voltaic panel penetration
  - Underlying volumes for CitiPower decreased by 2.3% versus the regulatory allowance of 0.4% growth

    growth; while volumes for Powercor increased by 3.7% versus the regulatory allowance of 0.3% growth
  - Weather is estimated to have had a negative impact on volumes on CitiPower (-0.4%) and Powercor (-0.2%), representing an improvement of 0.8% for CitiPower and 1.8% for Powercor compared with HY11 which was negatively impacted by floods and storms

- **Regulatory appeals -** the Australian Competition Tribunal's final decision issued in April 2012 provides for an additional $118.5 million of revenue in the current regulatory period. One matter remains outstanding:
  - Vegetation management – Draft AER decision published 30 July 2012 provides for $26 million (nominal) of additional revenue. A final decision is expected in November 2012. Expanded vegetation management programme already underway which has increased operating costs in the current half year

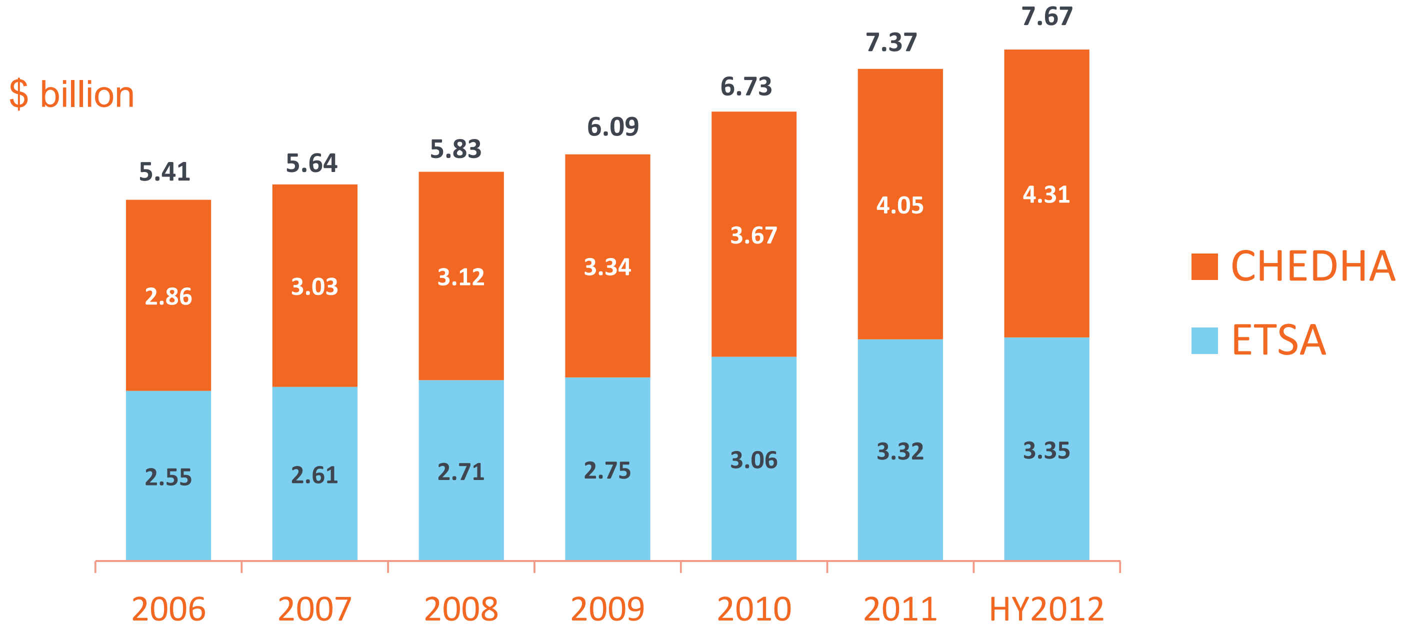
- **Advanced Metering Infrastructure –** A the end of June 2012 approximately 669,000 smart meters had been installed in CitiPower and Powercor operating areas, representing 61% of the total planned roll-out

- **Examples of major projects**
  - **Advanced Metering Infrastructure roll-out** - $61.3 million in HY 2012, and $472 million in capital expenditure to 30 June 2012
  - **Metro Cable Project** – 5km of new 66kv underground cables installed through inner Melbourne to increase capacity in the Melbourne CBD and inner regions. Project cost $8.2 million
  - **Bouverie Queensbury Zone Station** - upgrade of zone substation and enhanced network linkage to increase capacity in the inner metro region worth $3.1m
  - **Gisborne Zone Substation** – works to build a new electricity distribution hub servicing the growing southern Macedon Ranges region north of Melbourne. Estimated project cost $12m

4. GROWTH AND REGULATION

RAB GROWTH

Total RAB now $7.67 billion (100% basis)



- RAB grew by 4.0% in first half of 2012 and by 9.3% for the rolling 12 months - Growth of 8.0% CAGR over the five years of the current regulatory period allowed under regulatory decisions
- Capital expenditure earns the regulatory return from day one
- Net debt to RAB at Asset Company level 81.8% - still expected 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 based on AER funding principles

1. CHEDHA figures include Advanced Metering Infrastructure RAB

REGULATED PRICE PATH

CPI minus X and forecast volumes

- 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)*

AER energy delivery forecast - GWh Actual change % *(Forecast change %)*	Year 1	Year 2	Year 3	Year 4	Year 5
ETSA Utilities	11,618 -0.6 *(0.55)*	11,422 -1.6 *(-1.69)*	11,264 *(-1.38)*	11,194 *(-0.61)*	11,194 *(-0.01)*
CitiPower	6,180 -0.1 *(0.91)*	6,227 *(0.75)*	6,218 *(-0.14)*	6,201 *(-0.28)*	6,237 *(0.59)*
Powercor Australia	10,726 -0.9 *(1.33)*	10,795 *(0.65)*	10,781 *(-0.13)*	10,761 *(-0.18)*	10,797 *(0.33)*

1. The X Factors for ETSA Utilities in years 2-5 incorporate the Australian Competition Tribunal (ACT) appeal outcomes announced in mid-2011. The X Factors for CitiPower and Powercor in years 3-5 are still to be adjusted to reflect the recent favourable ACT decision and AER draft decision on vegetation management that will add $145 million of revenue in the current regulatory period
2. Adjusted to exclude previously included estimated impact of photo-voltaic feed-in-tariff scheme. Tariffs at 1 July 2012 were separately adjusted for this scheme, which will add approximately $122 (7.3%) to the annual retail bill for the average residential customer

REGULATORY ENVIRONMENT

REAL DISTRIBUTION CHARGE INCREASES ARE MODEST

Electricity distribution charges comprise only a modest amount of the total cost to the consumer

- **ETSA Utilities** – charges account for only 2.7% of the 18% total price rise in 2012 to the average South Australian consumer
- ETSA average charge increase 7.9% from 1 July 2012
- ETSA charge equates to approximately 31% of an average annual retail bill

- **Powercor** – charges account for only 1.8% of the 16.5% total price rise in 2012 to the average Victorian consumer located in Powercor's area
- Powercor average charge increase 6.1% from 1 January 2012
- Powercor's charge equates to approximately 28% of an average annual retail bill

Electricity supply chain examples

(Asset Companies' estimates, price rises nominal excluding GST)

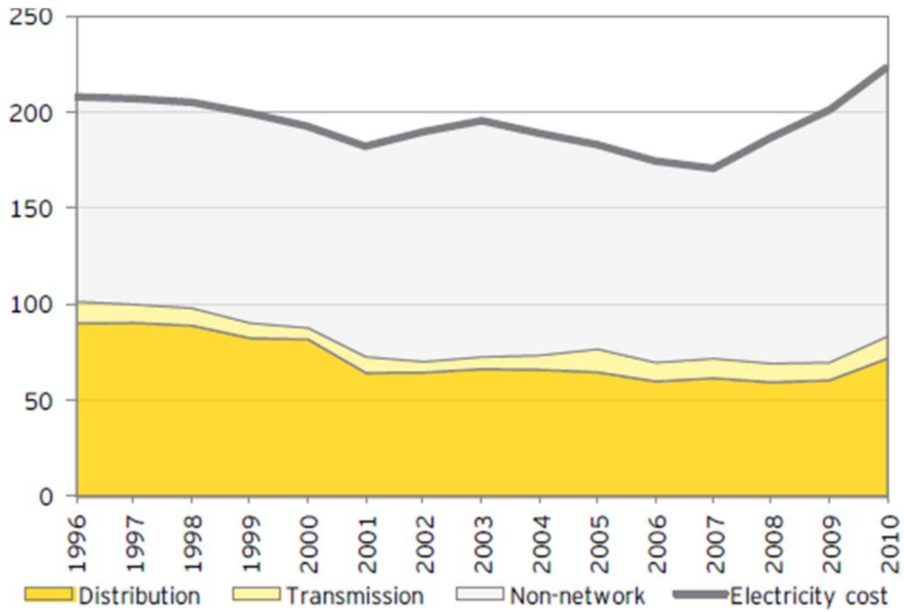
ETSA Utilities Component of price	2011/12 $/annum	2012/13 $/annum	Increase $/annum	Impact on retail bill
1. Distribution charge	538	580	42	2.5%
2. Metering charge	28	31	3	0.2%
ETSA Utilities charges	566	611	45	2.7%
3. Transmission charge	144	158	14	0.8%
4. Photo-voltaic Jurisdictional Scheme	0	122	122	7.3%
5. Energy, Retail & Carbon tax	969	1,090	121	7.2%
Total Retail Bill	1,679	1,981	302	18.0%

Powercor Australia Component of price	2011 $/annum	2012 $/annum	Increase $/annum	Impact on retail bill
1. Distribution charge	267	281	14	1.2%
2. Metering charge	95	103	8	0.7%
Powercor charges	362	384	22	1.8%
3. Transmission charge	48	70	21	1.8%
4. Photo-voltaic Jurisdictional Scheme	6	23	17	1.5%
5. Energy, Retail & Carbon tax	763	896	134	11.4%
Total Retail Bill	1,179	1,373	194	16.5%

THE COST OF ELECTRICITY

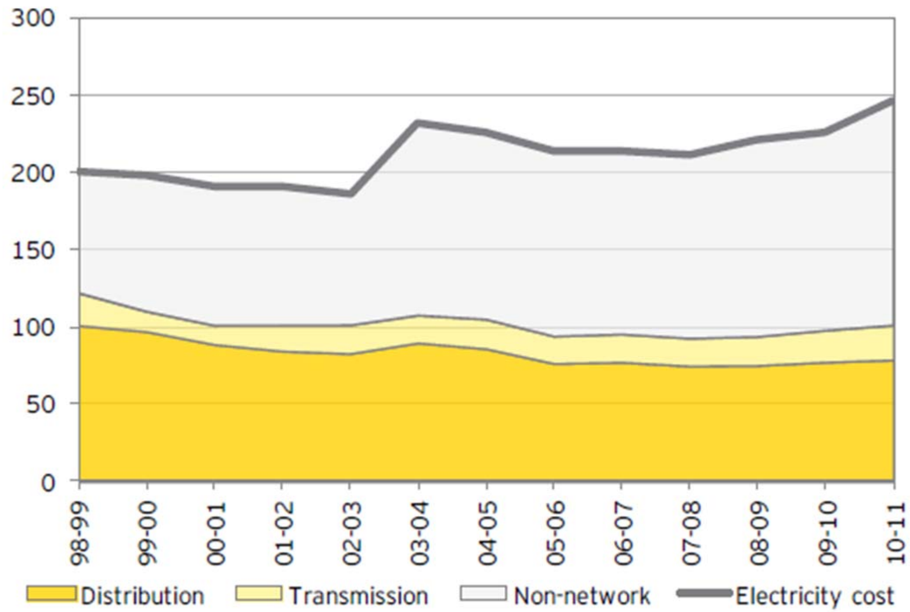
Electricity costs by component

Victoria – 1996 to 2010 ($/MWh, real 2010)



- Network costs per MWh decreased in real terms between 1996 to 2010 by 35%in absence of government mandated roll out of AMI and 18% after including the costs of roll out of AMI.
- Wholesale energy and retailers' costs (non network costs) have increased by 31% in real terms.
- Electricity prices and typical bills for domestic customer have increased by 7% in real terms over 2006-10.

South Australia – 1998/99 to 2010/11 ($/MWh, real 2010)



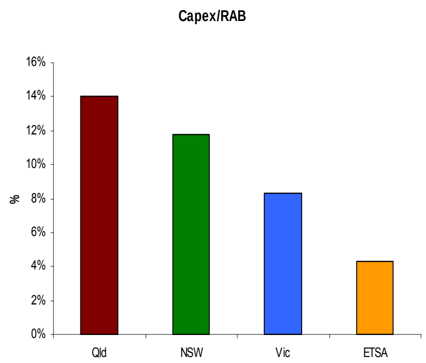
- Network costs per MWh decreased in real terms between 1998 to 2010 by 17%.
- Wholesale energy and retailers' costs have increased by 86% in real terms.
- Electricity prices and typical bills for domestic customer have increased by 6% in real terms over 2003-10.

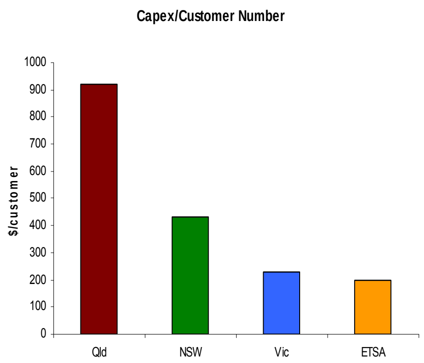
Source: Financial Investor Group. AEMC Consultation Papers: rule change proposals relating to the economic regulation of electricity (ERC0134 and ERC0135) and gas (GRC0011) networks. 8 December 2011

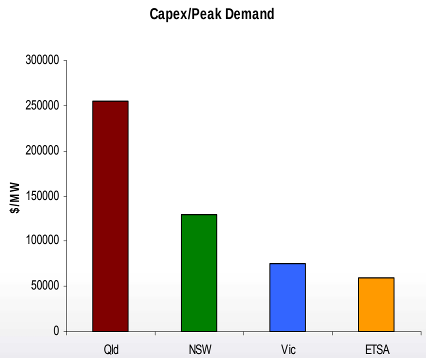
REGULATORY ENVIRONMENT

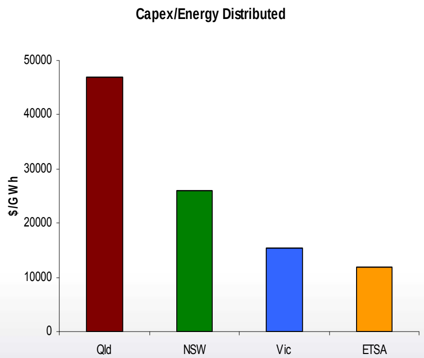
PRIVATELY OWNED BUSINESSES DO NOT OVERSPEND

Capital expenditure









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)

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 average of 13.4% pa
- **Net capital expenditure out-performance** – CitiPower average 20.7% pa, Powercor average of 8.5% pa (excluding customer contributions)

REGULATORY ENVIRONMENT

AEMC DRAFT RULE CHANGES

Proposed rule changes - consultative process and determinations

The Australian Energy Markets Commission commenced its consultative process in October 2011. This included a series of public forums and the receipt of written submissions, primarily in response to the AEMCs Directions Paper issued in March 2012.

Spark participated in this process through its membership of the Financial Investors Group. ETSA Utilities, CitiPower and Powercor have all made written submissions to the AEMC, individually and collectively through the Energy Networks Association (ENA).

Timeline:

- Draft Rule determinations released – 23 August 2012
- Submissions on Draft Rule determinations close – 4 October 2012
- Final Rule determinations released – November 2012

Limited Merits Review

In addition, the Standing Committee of Energy and Resources (SCER) Expert Panel is considering changes to the Limited Merits Review regime. The Panel's Stage 1 Report released in early July 2012 has recommended some limited modifications to the existing regime. Its Stage 2 Report, due to the SCER on 30 September, will consider the necessary modifications which will ultimately be considered by SCER.

Full details available at:

http://www.aemc.gov.au/Electricity/Rule-changes/Open.html

REGULATORY ENVIRONMENT
PRODUCTIVITY COMMISSION INQUIRY

Electricity Network Regulation Public Inquiry

The Productivity Commission commenced this inquiry in January 2012, and intends to provide a Final Report to Government in April 2013.

The purpose of the inquiry is to inform the Australian Government about whether there are any practical or empirical constraints on the use of benchmarking of network businesses and then provide advice on how benchmarking could deliver efficient outcomes, consistent with the National Electricity Objective (NEO).

ETSA and CHEDHA lodged a joint submission on 16 April 2012.

Timeline:

- Draft report release - October 2012
- Public hearings - November/December 2012
- Final report to Government - 9 April 2013

Full details available at:

pc.gov.au/projects/inquiry/electricity

5. STRATEGY AND GUIDANCE

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 assets, or water 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 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

STRATEGY AND GUIDANCE

Yield	- HY12 interim distribution of 5.25cps declared - Yield of 6.6%[1] - 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 - Guidance of 3-5% p.a. growth in Distributions for 2013-15 - 8% CAGR in RAB expected 2010-15 per AER allowances - Strong organic investment opportunity at 1x RAB
Quality	- Internally managed - No refinancing required in 2012. Refinancing of 2013 long term debt maturities well progressed - No regulatory resets until 2015 - Prudent gearing, moving towards 75% Net Debt / RAB by 2015

1. Based on Spark security price of $1.58 at 24 August 2012

FOR FURTHER INFORMATION

Please contact

Mario Falchoni
General Manager, Investor Relations and Corporate Affairs
Spark Infrastructure

P: + 61 2 9086 3607
F: + 61 2 9086 3666
mario.falchoni@sparkinfrastructure.com

APPENDICES

KEY METRICS

SECURITY METRICS

Market Price at 24 August 2012	$1.58
Market capitalisation	$2.1 billion

DISTRIBUTIONS

HY 2012 Actual	5.25cps
Comprising - Loan Note interest - Tax deferred amount	 3.52cps 1.73cps
FY 2012 Guidance	10.50cps

FINANCIALS

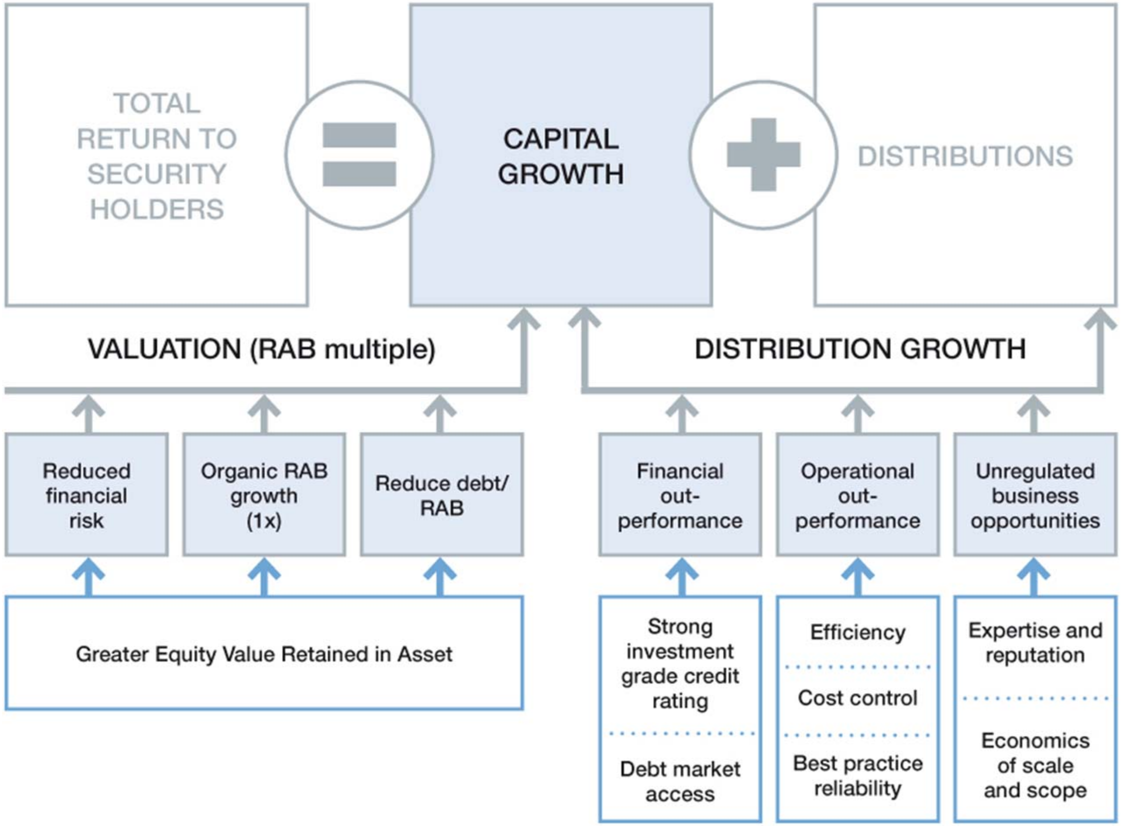
Net gearing (Spark standalone)	2.1%
Net gearing (Look through)	58.5%
Asset level credit rating	A- (S&P) stable
Fund level credit rating	Baa1 (Moody's) stable

REGULATED ASSET BASE – (Estimates at 30 June 2012)

ETSA Utilities ($m)	**3,354**
CitiPower (DUOS) ($m)	1,425
Powercor Australia (DUOS) ($m)	2,484
CitiPower (Advanced Metering Infrastructure) ($m)	116
Powercor (Advanced Metering Infrastructure) ($m)	286
CHEDHA total ($m)	**4,311**
Regulated asset base total ($m)	**7,665**
Net debt/RAB – Asset Co combined	81.8%
Net debt/RAB - ETSA Utilities	81.3%
Net debt/RAB - CHEDHA (CitiPower and Powercor)	82.2%

VALUE DRIVERS

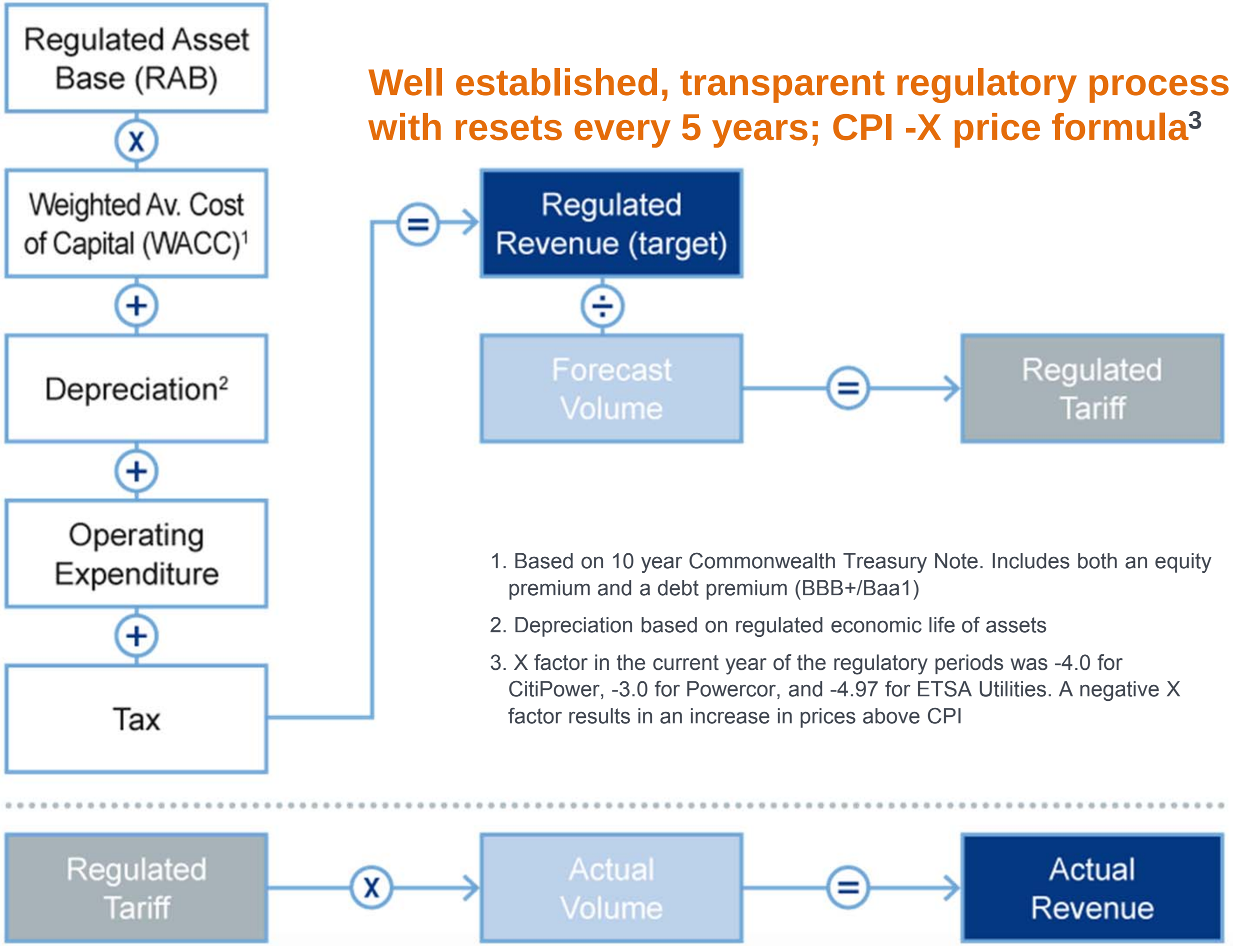
Yield plus capital growth based on quality assets



- Total Shareholder Return of 27.4% from 1 July 2011 to 30 June 2012 (33.5% for 12 months to 31 December 2011)
- Distribution guidance for 2012 of 10.50 cps – 5% growth on 2011
- Distributions per security 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 -4.97 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)

CURRENT REGULATORY SETTINGS TO 2015

ETSA Utilities, CitiPower and Powercor (100% figures)

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%[1]
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]	$3,813m[1]

(1) Includes successful appeal outcomes. Citipower and Powercor DRP 3.89% following appeal outcomes (3.74% per final 2010 determination). Excludes AER draft decision on vegetation management released in August 2012.

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	
	HY 2012	HY 2011	HY 2012	HY 2011	HY 2012	HY 2011
Growth Capex	84.8	72.8	113.7	119.8	**198.5**	**192.6**
Growth Capex AMI	-	-	61.3	68.8	**61.3**	**68.8**
Maintenance capex	68.4	50.4	40.7	40.9	**109.1**	**91.3**
Total	**153.2**	**123.2**	**215.7**	**229.5**	**368.9**	**352.7**
Increase (%)	24.4		(6.0)		4.6	

$ million	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB		Net regulatory depreciation	
	HY 2012	HY 2011	HY 2012	HY 2011	HY 2012	HY 2011	HY 2012	HY 2011
ETSA Utilities	68.4	50.4	97.6	87.8	25.1	49.2	72.5	38.6
CitiPower	8.9	10.3	45.3	40.1	19.9	17.7	25.4	22.4
Powercor Australia	31.8	30.6	86.8	74.0	35.4	31.2	51.4	42.8
Totals	**109.1**	**91.3**	**229.7**	**201.9**	**80.4**	**98.1**	**149.3**	**103.8**
Spark 49% share	53.5	44.7	112.6	98.9	39.4	48.1	73.2	50.9

SEMI REGULATED REVENUES

6 months to 30 June 2012 (100% figures)

ETSA Utilities	HY 2012 ($m)	HY 2011 ($m)	Variance ($m)
Public Lighting	7.9	7.4	0.5
Asset Relocation	5.6	11.6	(6.0)
Metering Services	4.9	4.4	0.5
Feeder Standby / Excess kVAR	1.1	1.2	(0.1)
Pole/Duct Rental	1.5	1.5	-
Other Excluded Services	0.4	0.4	-
TOTAL	**21.4**	**26.5**	**(5.1)**

CitiPower Powercor Australia	HY 2012 ($m)	HY 2011 ($m)	Variance ($m)
Public Lighting	6.5	6.0	0.5
New Connections	4.2	3.9	0.3
Special Reader Activities	4.1	3.4	0.7
Other	6.0	5.4	0.6
TOTAL	**20.8**	**18.7**	**2.1**

UNREGULATED REVENUES

6 months to 30 June 2012 (100% figures)

ETSA Utilities	HY 2012 ($m)	HY 2011 ($m)	Variance ($m)
Construction and Maintenance Services (CaMS)	35.2	37.3	(2.1)
Telecommunications	1.8	5.4	(3.6)
Asset rentals	1.8	1.6	0.2
Material Sales	7.6	9.9	(2.3)
Interstate work	3.2	2.8	0.4
Facilities Access / Dark Fibre	1.4	1.3	0.1
Sale of Salvage	1.1	1.1	-
Other	9.8	17.6	(7.8)
TOTAL	**61.9**	**77.0**	**(15.1)**

CitiPower / Powercor Australia	HY 2012 ($m)	HY 2011 ($m)	Variance ($m)
Powercor Network Services (PNS)	20.0	25.7	(5.7)
Telecommunications	3.4	3.2	0.2
Material Sales	3.3	3.0	0.3
Management Services	8.7	8.0	0.7
Joint Use of Poles rental	1.4	1.4	-
Property Rental	0.5	0.7	(0.2)
Docklands Revenue	-	1.0	(1.0)
Other	4.0	5.1	(1.1)
TOTAL	**41.3**	**48.1**	**(6.8)**

OPERATING CASHFLOW – HY 2012

Spark Infrastructure Standalone

	HY 2012	HY 2011
	$m	$m
ETSA - PPC distributions	34.6	34.3
ETSA - other distributions	15.4	13.8
CHEDHA – sub debt interest	40.4	41.1
CHEDHA – 2010 deferred sub-debt interest	-	17.6
Asset Company distributions	**90.4**	**106.8**
Interest received on cash balances	0.9	2.1
Interest paid on senior debt	(4.2)	(5.1)
Management fees (pre Internalisation)	-	(4.0)
Other (includes self management costs)	(7.0)	(6.9)
Stand Alone Net Operating Cashflow	**80.1**	**92.9**
Stand Alone Net Operating Cashflow - adjusted[1]	**80.1**	**75.3**
Stand Alone Net Operating Cashflow per security - adjusted[1]	**6.0cps**	**5.7cps**

Distributions	**69.7**	**63.0**
Distribution pay-out ratio (stand alone – adjusted[1])	**87.0%**	**83.7%**

1. HY 2011 excludes $17.6 million of deferred 2010 CHEDHA sub debt interest received in full in May 2011

EQUITY ACCOUNTING PROFITS – HY 2012

100% Basis	ETSA	CHEDHA	Combined	Spark 49% Share
Regulated revenue - distribution and metering	408.5	397.3	805.8	394.9
Semi regulated and unregulated revenue	83.3	62.1	145.4	71.2
Customer contributions and gifted assets	60.7	30.4	91.1	44.6
Total Income	**552.5**	**489.8**	**1,042.4**	**510.7**
Operating Costs	(141.0)	(175.0)	(316.0)	(154.9)
EBITDA	**411.5**	**314.8**	**726.3**	**355.9**
Depreciation & Amortisation	(79.1)	(118.1)	(197.2)	(96.6)
EBIT	**332.4**	**196.7**	**529.1**	**259.3**
Net interest expense (excl Sub Debt)	(98.7)	(109.0)	(207.6)	(101.7)
Sub Debt interest expense	(36.1)	(82.3)	(118.5)	(58.0)
NPBT	**197.6**	**5.4**	**203.0**	**99.5**
Tax Expense	1.1	(4.8)	(3.7)	(1.8)
NPAT	**198.7**	**0.6**	**199.3**	**97.7**
less: additional share of profit from preferred partnership capital (PPC)	(34.7)	-	(34.7)	(17.0)
Asset Company Net Profits for Equity Accounting	**163.9**	**0.6**	**164.6**	**80.6**
49% Basis - Spark Share	**80.3**	**0.3**	**80.6**	**80.6**
Add back: additional share of profit from preferred partnership capital (PPC)	34.7	-		34.7
Less: Depreciation/amortisation of fair value on uplift of assets on acquisition	(0.4)	(2.4)		(2.8)
Share of equity accounted profits	**114.6**	**(2.1)**		**112.5**
Add: Interest Income from Associates (CHEDHA 49% sub debt)	-	40.3		40.3
	-			
Total Income from Asset Companies included in Spark Profit and Loss				**152.9**

Note: Numbers may contain minor rounding errors.

sparkinfrastructure

DEBT POSITION (AT 30 JUNE 2012)

Conservative and carefully managed

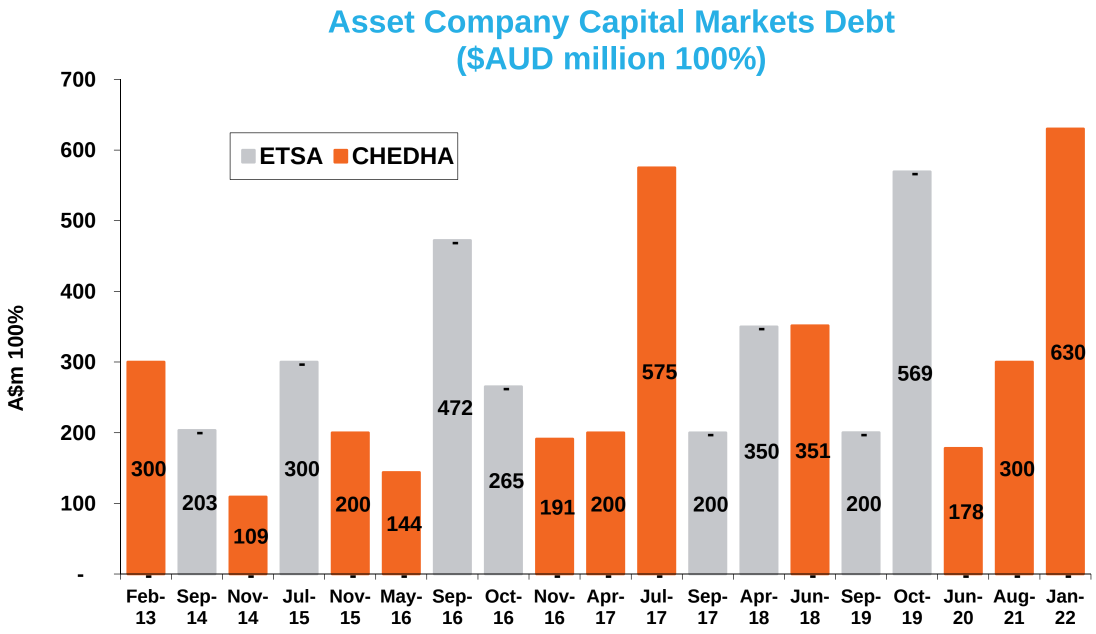
ETSA UTILITIES	$m
RAB	3,354
Net Debt	2,728
Net Debt/RAB	81.3%
Spark Share of net debt	1,336
Percentage Hedged (gross)	99.8
Rolling 12 month ICR (x net interest)	3.4x

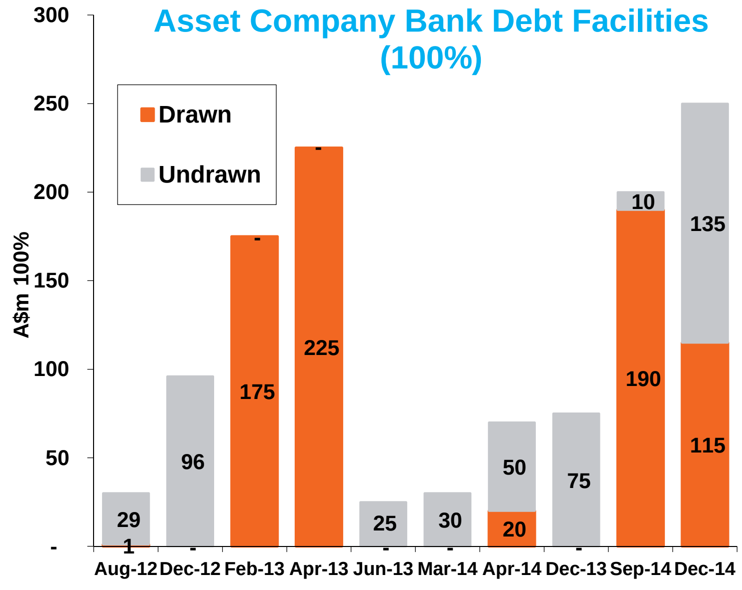
CITIPOWER AND POWERCOR (CHEDHA)	$m
RAB (Including AMI)	4,311
Net Debt	3,544
Net Debt/RAB	82.2%
Spark Share of net debt	1,736
Percentage Hedged (gross)[1]	92.1
Rolling 12 month ICR (x net interest)	2.8x

SPARK INFRASTRUCTURE	$m
Total RAB (49% share)	3,756
Net debt at Spark Infrastructure level	47
Net debt at asset level (49% Share)	3,073
Total proportionate net debt	3,120
Net Debt/RAB (incl. Spark)	83.1%
Total equity and Loan Notes (book)	2,286[2]
Gearing net (Look through)	2.0%[2]
Hedged at Spark level	100%
Spark look through proportion of hedging (gross)	95.6%

1. In CHEDHA, $145 million of forward start interest rate swaps commenced from July 2012
2. Excluding reserves

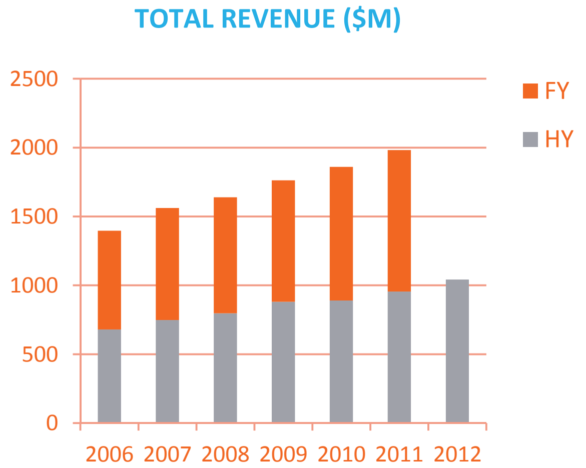
ASSET COMPANIES' DEBT POSITION AT 30 JUNE 2012

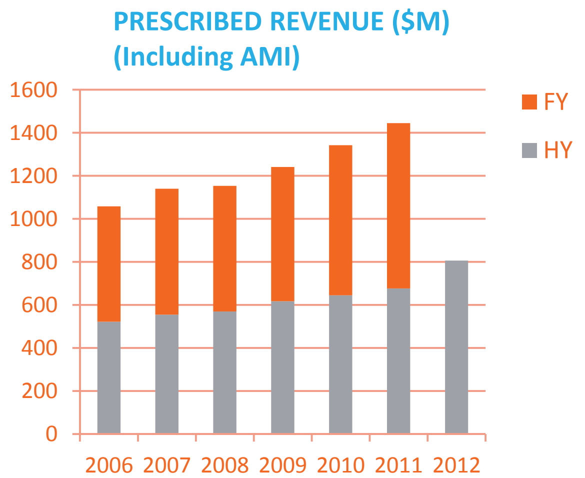


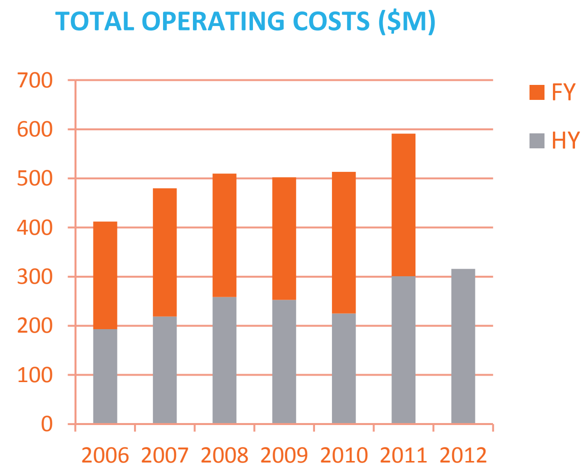


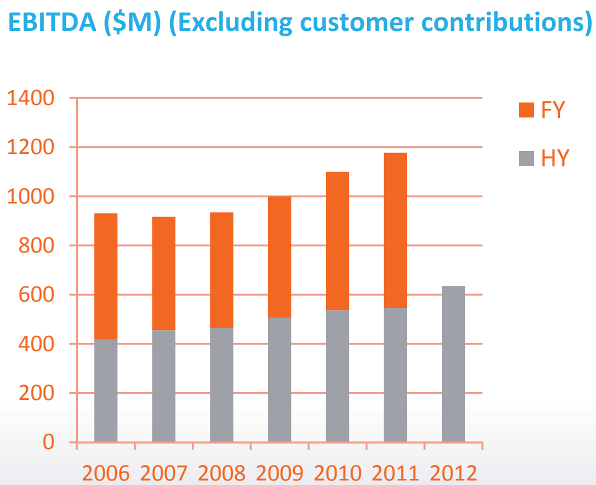
- Asset Companies cash balances $199.6 million at 30 June 2012
- ETSA Utilities issued $A200 million of 5.5 year Medium Term Notes in March 2012
- Powercor issued $A200 million of 5 year Medium Term Notes in April 2012
- CitiPower placed $A194 million in USPP in July 2012
- Refinancing of 2013 maturities is well progressed

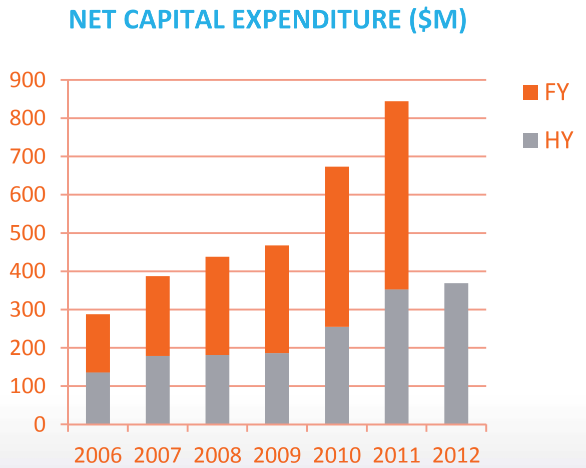
PERFORMANCE HISTORY
Aggregated Asset Companies (100% results)











Regulatory resets

- Regulatory periods apply for five years and commenced for each business as follows:
- **ETSA Utilities – from 1 July 2010**
- **CHEDHA – from 1 January 2011**

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

DISCLAIMER & SECURITIES WARNING

No offer or invitation. This presentation is not an offer or invitation for subscription or purchase of or a recommendation to purchase securities or financial product.

No financial product advice. This presentation contains general information only and does not take into account the investment objectives, financial situation and particular needs of individual investors. It is not financial product advice. Investors should obtain their own independent advice from a qualified financial advisor having regard to their objectives, financial situation and needs. Entities within the Spark Infrastructure group are not licensed to provide financial product advice.

Summary information. The information in this presentation does not purport to be complete. It should be read in conjunction with Spark Infrastructure's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

U.S. ownership restrictions. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "U.S. person". The Stapled Securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States. In addition, none of the Spark Infrastructure entities have been registered under the U.S. Investment Company Act of 1940, as amended, in reliance on the exemption provided by Section 3(c)(7) thereof. Accordingly, the Stapled Securities cannot be held at any time by, or for the account or benefit of, any U.S. person who is not both a QIB and a QP. Any U.S. person who is not both a QIB and a QP (or any investor who holds Stapled Securities for the account or benefit of any US person who is not both a QIB and a QP) is an "Excluded US Person" (A "U.S. person", a QIB or "Qualified Institutional Buyer" and a QP or "Qualified Purchaser" have the meanings given under US law). Spark Infrastructure may require an investor to complete a statutory declaration as to whether they (or any person on whose account or benefit it holds Stapled Securities) are an Excluded US Person. Spark Infrastructure may treat any investor who does not comply with such a request as an Excluded US Person. Spark Infrastructure has the right to: (i) refuse to register a transfer of Stapled Securities to any Excluded U.S. Person; or (ii) require any Excluded US Person to dispose of their Stapled Securities; or (iii) if the Excluded US Person does not do so within 30 business days, require the Stapled Securities be sold by a nominee appointed by Spark. To monitor compliance with these foreign ownership restrictions, the ASX's settlement facility operator (ASTC) has classified the Stapled Securities as Foreign Ownership Restricted financial products and put in place certain additional monitoring procedures.

Foreign jurisdictions. No action has been taken to register or qualify the Stapled Securities in any jurisdiction outside Australia. It is the responsibility of any investor to ensure compliance with the laws of any country (outside Australia) relevant to their securityholding in Spark Infrastructure.

No liability. No representation or warranty, express or implied, is made in relation to the fairness, accuracy or completeness of the information, opinions and conclusions expressed in the course of this presentation. To the maximum extent permitted by law, each of Spark Infrastructure, all of its related bodies corporate and their representatives, officers, employees, agents and advisors do not accept any responsibility or liability (including without limitation any liability arising from negligence on the part of any person) for any direct, indirect or consequential loss or damage suffered by any person, as a result of or in connection with this presentation or any action taken by you on the basis of the information, opinions or conclusions expressed in the course of this presentation. You must make your own independent assessment of the information and in respect of any action taken on the basis of the information and seek your own independent professional advice where appropriate.

Forward looking statements. No representation or warranty is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections, prospects, returns, forward-looking statements or statements in relation to future matters contained in the information provided in this presentation. Such forecasts, projections, prospects, returns and statements are by their nature subject to significant unknown risks, uncertainties and contingencies, many of which are outside the control of Spark Infrastructure, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Spark infrastructure RE Limited (ACN 114 940 984; AFSL 290436) is the responsible entity for Spark Trust (ARSN 116 870 725)