MEDIA RELEASE

Monday, 27 August 2012

SOLID PERFORMANCE AND RELIABLE GROWTH IN CHALLENGING ENVIRONMENT

Spark Infrastructure has today reported its results for the six months ended 30 June 2012. Spark Infrastructure is pleased to report that ETSA Utilities, CitiPower and Powercor (CHEDHA)[1] have again demonstrated their resilience with a solid performance in a challenging economic environment.

Regulated revenue was up 19.1% to $805.8 million with aggregated Earnings Before Interest, Depreciation and Amortisation (EBITDA), excluding customer contributions[2], up 16.3% to $635.2 million. Flat electricity sales volumes and working capital timing issues have been more than offset by higher distribution tariffs, in accordance with the applicable regulatory decisions.

"The Asset Companies will benefit from growing cashflows over the remainder of their current regulatory periods to 2015 as they continue to recover revenues related to regulatory approved growth capital expenditure for network augmentation, security of supply, the smart meter roll-out and other important projects designed to improve services and reliability to customers", said Rick Francis, Managing Director of Spark Infrastructure.

"Despite a challenging business environment with flat electricity sales volumes, the Asset Companies have again demonstrated the quality of their operations and the robustness of the regulatory environment in which they operate. They continue to rank amongst the most efficient, reliable and safest businesses in their class" he added.

Performance highlights – Spark Infrastructure (six months to 30 June 2012)

- Cash distributions to Spark Infrastructure up 1.3%[3] to $90.4 million in accordance with Asset Company business plans
- Standalone operating cashflow up 6.4% to $80.1 million[3]
- Underlying profit before Loan Note Interest and tax up 19.0% to $141.8 million
- Statutory net profit after tax of $88.7 million, up from $8.9 million in previous corresponding period
- Full Year distribution guidance of 10.5 cents per security (cps) reaffirmed, up 5% on 2011
- Fully cash covered Interim distribution of 5.25cps payable on 14 September 2012 (payout ratio 87.0%)

Performance highlights - Asset Companies (100% results for the six months to 30 June 2012)

- EBITDA (excluding customer contributions)[2] up 16.3% to $635.2 million
- Regulated revenue (including Advanced Metering Infrastructure) up 19.1% to $805.8 million
- Net capital expenditure up 4.6% to $368.9 million and no equity injections required from Spark Infrastructure to fund the substantial growth capital expenditure until 2015 at the earliest
- Regulatory Asset Base currently at $7.67 billion, growth of 4.0% for HY 2012 and 9.3% for 12 months to 30 June 2012
- Positive appeal outcomes for CHEDHA are expected to add approximately $145 million of revenue to 2015, expected to flow from 1 January 2013
- Successful debt refinancings in the domestic corporate bond market and the US Private Placement market raising a total of approximately $A600 million year to date
- Net debt to RAB of 81.8% was impacted by working capital movements which are expected to reverse over the coming 12 months
- Spark Infrastructure's share of free cashflow (after an allowance for maintenance capital expenditure) of $72.4 million set to grow along with revenues and as the working capital impact reverses

---

[1] Spark Infrastructure holds a 49% interest in electricity distribution businesses ETSA Utilities, CitiPower and Powercor Australia, ("The Asset Companies")

[2] Customer contributions (including gifted assets) revenue are a pass-through which do not contribute to operating cashflow

[3] Half Year 2011 cashflows adjusted to exclude $17.6 million of deferred interest from 2010 which was subsequently paid in May 2011

Performance summaries

Spark Infrastructure's financial performance	HY 2012 ($m)	HY 2011 ($m)	Variance (%)
Total income (underlying)[4][5]	153.7	131.0	17.3
Profit before Loan Note interest and tax (underlying) [4]	141.8	119.2	19.0
Net Profit after tax (underlying)[4]	96.2	68.9	39.6
Net Profit after tax (statutory)	88.7	8.9	n.m
Operating cashflows (standalone)[3]	80.1	75.3	6.4
Cash received from Asset Companies (Spark's 49%)			
ETSA Utilities	50.0	48.0	4.2
CitiPower and Powercor (CHEDHA)[3]	40.4	41.2	(1.9)
Total	90.4	89.2	1.3

Aggregated Asset Company performance (100%)	HY2012 ($m)	HY2011 ($m)	Variance (%)
Prescribed revenue, including			
- Distribution revenue	743.2	617.0	20.5
- Prescribed metering revenue (AMI)	62.6	59.6	5.0
Non-prescribed revenue[6] (excluding customer contributions)	145.4	170.4	(14.7)
Total revenue (excluding customer contributions)	951.3	847.0	12.3
Customer contributions	91.1	108.1	(15.7)
Total revenue[7]	1,042.4	955.1	9.1
EBITDA (excluding customer contributions)	635.2	546.0	16.3
Net capital expenditure	368.9	352.7	4.6

Outlook

The Asset Companies are in the midst of a significant period of growth. The Australian Energy Regulator (AER) has approved capital expenditure over the current five year regulatory periods which will drive growth in the Regulatory Asset Bases (RABs) of the Asset Companies at 8% p.a. (CAGR). Funding of this capital expenditure in line with the AER's assumptions will lead to growth in Spark Infrastructure's equity investment in the Asset Companies' net RABs of around 14% p.a. (CAGR). De-leveraging will also reduce the ratio of Net Debt to RAB towards 75% at the Asset Company level by the end 2015.

The Directors have reaffirmed their distribution guidance for FY2012 of 10.5cps, and their medium term distribution growth target range of 3-5% per annum to 2015, subject to business conditions. Spark Infrastructure will continue to target a payout ratio of approximately 80% of standalone operating cashflow for distributions across the current regulatory periods to 2015.

HY 2012 Distribution

The Board has declared a cash distribution of 5.25cps for the six months ended 30 June 2012, payable on 14 September 2012, which consists of 3.52cps interest on Loan Notes for the period and a tax deferred amount of 1.73 cps. The Distribution Reinvestment Plan will remain suspended.

Ex-date	Thursday, 30 August 2012
Record date	Wednesday, 5 September 2012
Payment date	Friday, 14 September 2012

Further information:

Mario Falchoni Phone: 02 9086 3607
General Manager, Investor Relations and Corporate Affairs Mobile: 0418 401 415

[4] Underlying figures exclude certain non-cash and non-operating items which do not relate to the underlying performance for the period
[5] Consists of interest income from associates, Spark Infrastructure's share of equity accounted profits and other income less movements in financial instruments taken to the Profit & Loss account by the associates.
[6] Non-prescribed business activities includes semi-regulated activities such as meter reading (ETSA), and public lighting; and unregulated activities such as the provision of construction, maintenance and back office services to third parties
[7] Aggregated revenue excludes transmission revenue, which is collected on behalf of others and does not contribute to profit