sparkinfrastructure

Delivering
NOW

FY 2012 results – February 2013
Yield, Growth and Quality

Presentation Agenda

1. OVERVIEW

INVESTMENT PROPOSITION

Yield plus Growth based on Quality

- Yield of 6.4%[1]
- Distributions fully covered by operating cashflows
- Distributions forecast to continue to grow by 3-5% per annum over the current regulatory periods to 2015
- No DRP planned until 2015 at the earliest

Solid yield and growing distribution profile

Regulatory environment supports investment

- Regulatory regime remains incentive based with opportunities for outperformance
- Revenue and Regulatory Asset Base (RAB) are inflation protected with pass through provisions for operating and debt costs
- The Australian Energy Market Commission (AEMC) has set a sensible framework through its rule changes which supports investment
- The Australian Energy Regulator (AER) will develop detailed methodologies in consultation with industry, including Spark

Strong cash flows from Asset Companies

- 7-8% CAGR in RAB over 2010-15 based on AER capex allowances and expected outperformance against regulatory allowances
- Asset Companies de-leveraging to 75% net debt to RAB by 2015 (now below 80%)
- Reliable cashflows to Spark based on Asset Companies' business plans to 2015 plus long term projections
- No capital raisings to fund Asset Company capex until 2015 at the earliest
- Deleveraging at the Spark level to further strengthen balance sheet

Organic growth the key priority

- RAB growth to 2015 at zero premium is assured and remains the best investment
- Current investments are generating reliable cashflows, possess strong balance sheets and consistently outperform regulatory benchmarks
- Spark and Asset Companies are focussed on continuous improvement in capital and cost management, network planning, safety and customer service
- Opportunities for external growth and diversification will be considered in a disciplined manner with yield accretion a key criterion

1. Based on FY 2012 distribution of 10.5cps and a closing market price of $1.64 on Friday, 22 February 2013

KEY HIGHLIGHTS

Delivering now and into the future

Invested in regulated assets with stable cash flows	▶ Regulated returns underpinned by in-built protections within regulatory framework ▶ Current Regulatory Asset Base (RAB) of $8.08 billion (est.) (Spark share $3.96 billion) ▶ Total RAB growth of 9.7% in 2012 reflecting net capital expenditure of $864.7 million (100% basis) ▶ 2010 regulatory decisions and 2011/12 appeal outcomes provide for strong organic growth
Growing distributions alongside strong and growing look-through cash flows	▶ 10.5cps in 2012; guidance of 11.0cps for 2013; 3-5% growth per annum to 2015 ▶ Strong and growing look-through operating cash flows. Continue to fund distributions from operating cash flows – 80% target payout ratio to 2015 ▶ Maintain investment metrics and distributions growth over the current regulatory periods ▶ Distributions to Spark in accordance with Asset Company five year business plans – $199.3 million received in 2012
Ensure prudent approach to gearing and hedging of debt	▶ Net debt to RAB at 31 December 2012 is 79.7%; reducing to around 75% by end 2015 ▶ Stable credit ratings of A- (S&P) at Asset Companies (Spark Baa1 Moody's) ▶ Ready access to capital markets and bank debt at asset and fund levels ▶ No refinancing of long term debt maturities in Asset Companies until 2014
Prioritise ongoing investment in existing asset portfolio	▶ Strong source of organic growth at zero premium (1.0 x RAB) ▶ RAB expected to grow by 7-8% p.a. (CAGR) to 2015 based on AER determinations of 2010 and expected outperformance
Well placed to assess opportunities for diversification and growth	▶ 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 the Sydney Desalination Plant (SDP) bid process

2. PERFORMANCE

SPARK INFRASTRUCTURE

FINANCIAL HIGHLIGHTS – FY 2012
Spark Infrastructure

	FY 2012	*1H 2012*	*2H 2012*	FY 2011	% Change
Spark dps	**10.50cps**	*5.25cps*	*5.25cps*	10.00cps	⬆ 5.0
Total Asset Co distributions to Spark	**$199.3m**	*$90.4m*	*$108.9m*	$193.6m[1]	⬆ 2.9
Standalone OCF	**13.4cps**	*6.0cps*	*7.4cps*	12.9cps[1]	⬆ 3.9
Lookthrough OCF	**20.6cps**	*4.7cps*	*15.9cps*	16.2cps	⬆ 27.2

- Operating cashflow (OCF)
  - Spark standalone – 13.4cps
  - Look through – 20.6cps (post Spark costs)
- FY12 Distribution payout ratio (FY12: 10.5cps)
  - 78.1% stand alone
  - 50.9% look through (post Spark costs)
- Total RAB[2] growth:
  - for 6 months to 31 December 2012 – 5.4%
  - for 12 months to 31 December 2012 – 9.7%
- Gearing
  - Net debt to RAB (Asset level) – 79.7%
  - Spark level debt paid down by $30m to $55m
- Distributions
  - 10.5 cps distribution for FY 2012 – 5% growth

1. Figures ex $17.6m of 2010 deferred interest received in 2011
2. Asset company estimates

FINANCIAL PERFORMANCE - FY 2012
Spark Infrastructure

UNDERLYING RESULTS – YEAR ENDED 31 DECEMBER 2012	FY 2012 ($m)	FY 2011 ($m)	Variance %
Total income	**299.8**	**290.4**	↑ **3.2**
Management fees	-	3.5	↓ n/m
General, administrative and employee expenses	6.2	6.8	↓ 8.8
SDP bid costs	4.6	-	↑ n/m
Interest expense (gross) – senior debt	11.9	10.8	↑ 9.4
Profit before loan note interest and tax	**277.1**	**269.3**	↑ **2.9**
Loan Note Interest (Distributions to Securityholders)	93.8	93.4	⇧ 0.5
Income tax expense	9.4	8.8	↑ 6.9
Profit attributable to Stapled Securityholders – underlying	**173.9**	**167.1**	↑ **4.1**
Profit attributable to Stapled Securityholders – statutory	**173.9**	**82.6**	↑ **110.5**
Operating cashflow	**178.4**	**189.0[1]**	↓ **5.6**

1. Includes $17.6 million of 2010 deferred interest received in 2011

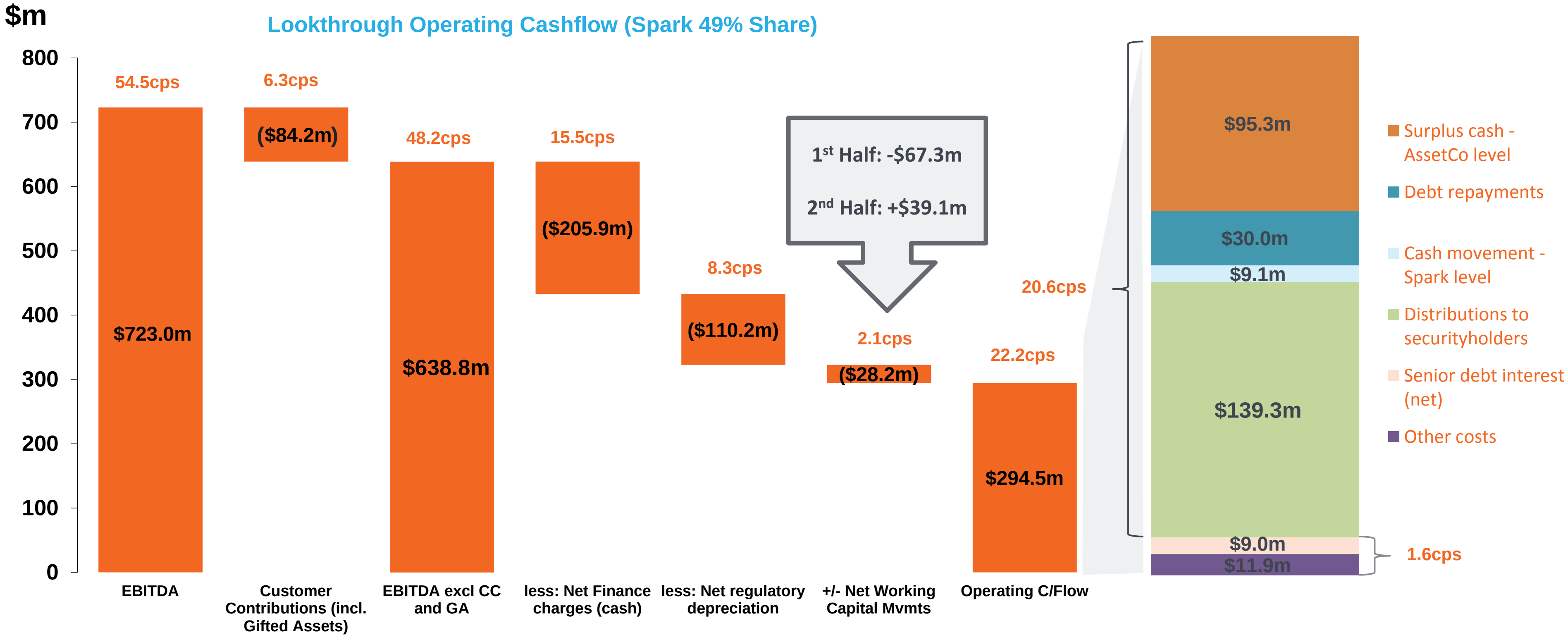
OPERATING CASHFLOW – FY 2012
Spark Infrastructure

	FY 2012	FY 2011	YOY
	$m	$m	
SA Power Networks - PPC distributions	69.8	69.6	↑ 0.3%
SA Power Networks - other distributions	48.5	42.1	↑ 15.1%
Victoria Power Networks – sub debt interest	80.9	81.8	↓ 1.1%
Victoria Power Networks – 2010 deferred sub-debt interest	-	17.6	n/m
Asset Company distributions	**199.3**	**211.2**	↓ **5.7%**
Interest received on cash balances	1.8	2.8	↓ 37.6%
Interest paid on senior debt	(10.8)[2]	(9.9)	↑ 9.1%
Management fees (pre Internalisation)	-	(4.0)	n/m
Other (includes self management costs)	(11.9)[3]	(11.2)	↑ 6.0%
Stand Alone Net Operating Cashflow	**178.4**	**189.0**	↓ **5.6%**
Stand Alone Net Operating Cashflow - adjusted[1]	**178.4**	**171.4**	↑ **4.1%**
Stand Alone Net Operating Cashflow per security - adjusted[1]	**13.4cps**	**12.9cps**	↑ **0.5cps**
Distributions	**10.50cps**	**10.00cps**	↑ **5.0%**
Distribution pay-out ratio (stand alone – adjusted[1])	**78.1%**	**77.4%**	

1. FY 2011 ex $17.6 million deferred sub debt interest received in full in May 2011
2. Includes swap cancellation costs of $2.4m
3. Includes $4.6m SDP bid costs

OPERATING CASH FLOW MODEL – FY 2012

Asset Companies producing 22.2 cps Operating Cash



DEBT POSITION (AT 31 DECEMBER 2012)

SA Power Networks	$m
RAB	3,509
Net Debt	2,757
Net Debt/RAB	78.6%
Spark Share of Net Debt	1,351
Percentage Hedged (gross)	102.4%
Rolling 12 Month ICR[1] (x net interest)	3.5x

Victoria Power Networks	$m
RAB (Including AMI[2])	4,573
Net Debt	3,681
Net Debt/RAB	80.5%
Spark Share of Net Debt	1,804
Percentage Hedged (gross)	94.6%
Rolling 12 Month ICR (x net interest)	2.7x

SPARK INFRASTRUCTURE	$m
Total RAB (49% share)	3,960
Net Debt at Spark Level	13
Net Debt at Asset Level (49% Share)	3,155
Total Proportionate Net Debt	3,167
Net Debt/RAB – Asset Level[3]	79.7%
Book Gearing Net (Look through)[4]	57.0%
Hedged at Spark Level	100.0%
Spark Look Through Proportion of Hedging (gross)	98.0%

1 Calculated as *(EBITDA less customer contributions incl gifted assets)/P&L net senior interest expense*
2 Advanced Metering Infrastructure (AMI)
3 Including Spark level debt, 80.1% look through
4 Excludes reserves

3. PERFORMANCE
ASSET COMPANIES

AGGREGATED FINANCIAL PERFORMANCE (100% RESULTS)

SA Power Networks and Victoria Power Networks Year ended 31 December 2012 (100% Basis)	FY 2012 $m	FY 2011 $m	Change %
Regulated Revenue – DUOS	1,508.0	1,323.5	13.9
Regulated Revenue – AMI	122.7	121.5	1.0
Semi-regulated Revenue – other	85.2	88.0	(3.7)
Unregulated revenue	222.0	235.4	(5.7)
Total revenue (ex customer contributions)	**1,937.9**	**1,768.4**	**9.6**
Semi-regulated Revenue – customer contributions	176.3	214.0	(17.6)
Total Revenue	**2,114.2**	**1,982.4**	**6.6**
Total operating costs	638.6	591.1	8.0
EBITDA (excl customer contributions)	**1,299.3**	**1,177.3**	**10.4**
EBITDA (incl customer contributions)	**1,475.6**	**1,391.3**	**6.1**
EBITDA margin (excl. customer contributions)	**67.0%**	**66.6%**	0.4
Capital Expenditure (Net)	864.7	844.6	2.4

SA POWER NETWORKS – FY 2012
(100% results)

Financial	FY 2012 ($m)	FY 2011 ($m)	Variance %
Regulated revenue – DUOS	826.2	696.0	18.7
Semi-regulated – other	40.3	47.8	(15.6)
Unregulated revenue	128.3	139.9	(8.3)
Total revenue (ex customer contributions)	**994.8**	**883.7**	**12.6**
Customer contributions incl gifted assets	114.4	132.2	(13.5)
Total revenue	1,109.2	1,015.9	9.2
Cash operating costs	301.5	298.7	0.9
EBITDA (ex customer contributions)	**693.3**	**585.0**	**18.5**
EBITDA	807.7	717.2	12.6
EBITDA ex customer contributions margin	69.7%	66.2%	3.5
Total Capex (net)	331.6	313.2	5.9

Operational	FY 2012	FY 2011	Variance	Variance (%)
Customer numbers	834,554	829,674	4,880	0.6
Employee numbers[1]	2,039	1,914	125	6.5
Network availability (%)	99.96	99.97	(0.01)	n/m
Volume sold (GWh)	11,016	11,093	(77)	(0.7)

- **Regulated distribution revenue:**
  - Tariff increase – July 2011 (15.38%) and July 2012 (22.08%)[2]
  - Overall volumes down 0.7% year on year
  - $15m STPIS incentive accrual for 2011/12 regulatory year
  - Relatively favourable weather conditions (residential)
  - WACC recovery on deferred feed in tariff $6m
- **Operating costs up 0.9%:**
  - Additional vegetation management costs of $14m (FY12: $40m)
  - Lower semi and unregulated related costs in line with lower revenues
  - One off benefit resulting from change of discount rate on employee provisions $7m

1. Incl. term contract employees
2. Excluding adjustments for recovery of STPIS, PV and Q-factor

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SA POWER NETWORKS
Business update

▶ **Electricity sales volumes**

SA Power Networks	Quantity (GWh)		
	FY 2012	FY 2011	Variance
Residential/Domestic	3,456	3,534	-2.3%
Hot Water	614	682	-11.2%
Small Business	5,487	5,472	0.3%
Large Business	1,349	1,285	4.7%
Unmetered	111	119	-7.6%
Total	**11,016**	**11,093**	**-0.7%**

▶ **Residential solar penetration**

- December 2012: 17.6% domestic penetration of solar panels, the highest of any state in Australia
- December 2011: 11.5%

▶ **Photovoltaic (PV) feed-in tariff payments are being recovered**

- Recovery of PV amounts is progressing as expected
- ~$77m out of pocket at June 2012 (of which ~$50m occurred in 1H)
- $31m cash recovered via tariffs in 2H 2012, $46m expected to be recovered via tariffs 1H 2013

▶ **Service Target Performance Incentive Scheme (STPIS) -** $15m accrual in FY12 revenues (booked in 1H 2012). Expect ~$20m to be confirmed in pricing from 1 July 2013

VICTORIA POWER NETWORKS – FY 2012
(100% results)

Financial	FY 2012 ($m)	FY 2011 ($m)	Variance %
Regulated revenue - DUOS	681.8	627.5	8.6
Prescribed metering (AMI)	122.7	121.5	1.0
Semi-regulated other	44.9	40.2	11.6
Unregulated revenue	93.7	95.5	(2.0)
Total revenue (ex customer contributions)	**943.1**	**884.7**	**6.6**
Customer contributions	61.9	81.8	(24.4)
Total revenue	1,005.0	966.5	4.0
Cash operating costs	337.1	292.4	15.3
EBITDA (Ex Customer Contributions)	**606.0**	**592.3**	**2.3**
EBITDA	667.9	674.1	(0.9)
EBITDA ex customer contributions margin	64.3%	66.9%	(2.6)
Total Capex (Inc. AMI)	533.1	531.4	0.3

Operational		FY 2012	FY 2011	Variance	Variance (%)
Customer numbers		1,058,301	1,043,682	14,619	1.4
Employee numbers		1,990	1,957	33	1.7
Network availability(%)	- CitiPower	99.99	99.99	-	-
	- Powercor	99.98	99.96	0.02	n/m
Volume sold GWh	- CitiPower	6,085	6,105	(20)	(0.3)
	- Powercor	10,744	10,471	275	2.6
	Total	16,829	16,575	254	1.5

- **Distribution revenue growth:**
  - Tariff increases from 1 January 2012 – 7.66% for CitiPower and 6.63% for Powercor[1]
  - Electricity sales volume growth of 1.5% overall
  - Customers connecting to lower tariffs, and shifting consumption to lower cost periods
  - No regulatory appeal revenues ($149m) accrued or cash received in FY12 – included in tariffs from 1 January 2013
- **Operating costs up 15.3% reflecting:**
  - Approved increases in regulated business
  - $20m of additional vegetation management costs - $35m (FY11) to $55m (FY12)

1. Excludes adjustments for recovery of STPIS and any other adjustments

VICTORIA POWER NETWORKS
Business update

Powercor	Quantity (GWh)		
	FY 2012	FY 2011	Variance
Residential/Domestic	3,466	3,443	0.7%
Small Business	2,010	1,945	3.3%
Large Business	5,163	4,980	3.7%
Unmetered	103	102	1.0%
Total	**10,744**	**10,471**	**2.6%**

CitiPower	Quantity (GWh)		
	FY 2012	FY 2011	Variance
Residential/Domestic	1,287	1,264	1.8%
Small Business	2,018	2,059	-2.0%
Large Business	2,740	2,742	-0.1%
Unmetered	40	40	0.0%
Total	**6,085**	**6,105**	**-0.3%**

- **Appeal revenues recovered from 1 January 2013 -** CitiPower and Powercor have commenced recovery of an additional $149 million[1] ($nominal) of appeal revenue due over the remainder of the current regulatory period (reflected in the updated X Factors applied from 1 January 2013 until 31 December 2015)

- **Service Target Performance Incentive Scheme (STPIS) -** No revenue accrued or cash received in FY12, however outperformance in 2011 year will result in benefit of ~$15m being recovered in 2013

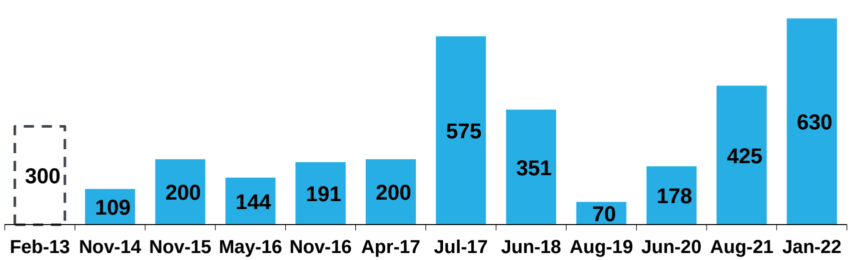
- **Advanced Metering Infrastructure -** At December 2012, approx. 77% of the total planned smart meter roll-out was complete across the CitiPower and Powercor service areas. This equates to 875,000 meters

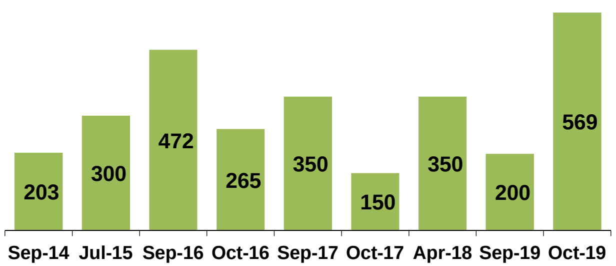
- **Domestic penetration of solar panels -** December 2012, residential solar panel penetration for CitiPower and Powercor are 1.8% and 8.0% respectively (1.4% and 4.9% respectively at December 2011)

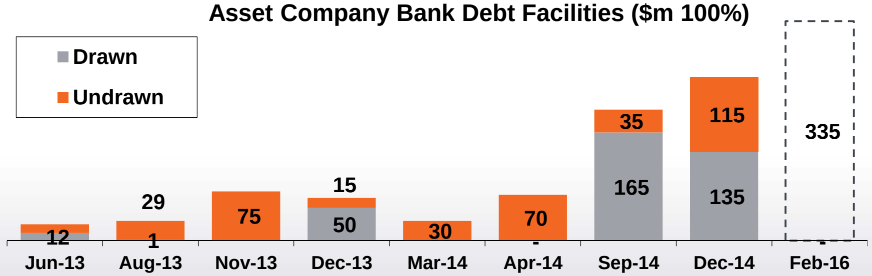
1. Based on revised X factors released by the Australian Energy Regulator in October 2012.

ASSET COMPANIES' DEBT POSITION At 31 Dec 2012

No refinancing of long term senior debt until September 2014







- Powercor issued A$200m 5 year MTNs April 2012
- CitiPower placed A$194m USPP in July 2012 across 7 and 9 year tenors
- CitiPower executed A$335m syndicated bank facility in September 2012 (maturity February 2016), drawn in February 2013, refinancing A$300m February 2013 FRNs

- SA Power Networks issued A$200m 5.5 year MTNs in March 2012
- A$300m of SA Power Networks February 2013 maturities refinanced in November 2012: A$150 million FRN issue, maturing October 2017, and A$150 million increase to existing September 2017 maturity FRN issue

TAXATION UPDATE

SA Power Networks – ATO Matters

- Details of current ATO audits of SA Power Networks Partnership described in Note 4 of Spark Infrastructure's FY12 financial statements
- Previously disclosed at HY that amended assessments had been issued to all partners for the 2007 to 2010 tax years. Matters in dispute include:
  - Rent instalments under land lease;
  - Internal labour and motor vehicle costs on self constructed assets;
  - Denial of deductions for a part of the interest cost incurred by SA Power Networks on its subordinated debt under Part IVA, not Division 974
- Objections to all amended assessments have been lodged with the ATO by Spark Infrastructure
- SA Power Networks and the partners are of the opinion that no adjustments are required in relation to these items, and will vigorously defend their positions
- No adjustments in relation to these matters have been recognised in the Spark Infrastructure financial statements
- Notwithstanding the amended assessments, no amount of tax is payable by Spark Infrastructure for the 2007 to 2010 years due to the availability of carried forward tax losses
- On the basis of all information currently available, Spark Infrastructure's reasonable estimation is that the overall impact of any adjustments that may arise would not be material

TAXATION UPDATE

Victoria Power Networks (VPN) – ATO Matters

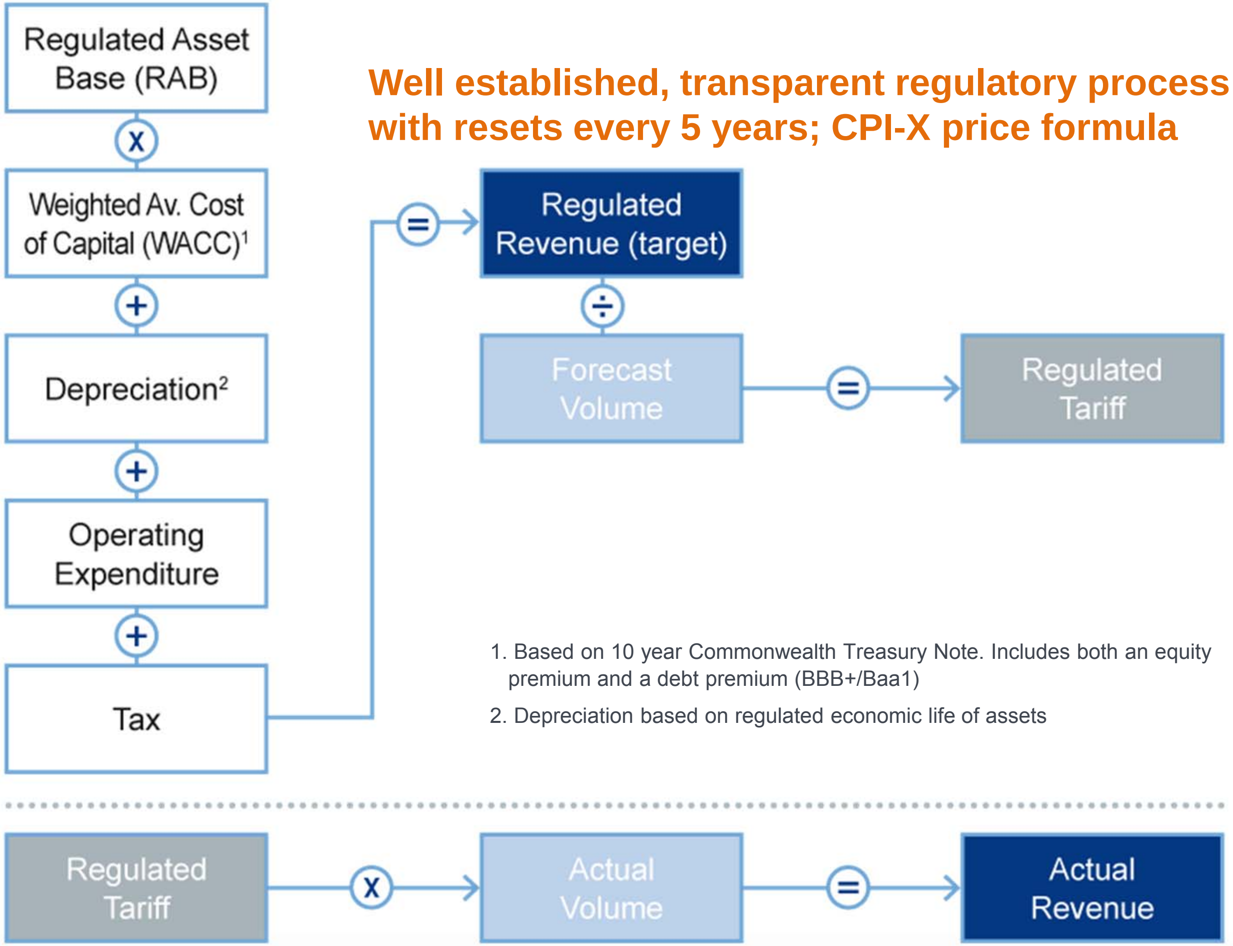
- Details of current ATO audits of VPN described in Note 4 of Spark Infrastructure's FY12 financial statements
- Spark Infrastructure is a 49% shareholder in VPN. Management of ATO tax audit activity and response lies with VPN
- Position papers received (no assessments yet) for tax years ending 31 December 2006 and 2007. Matters in dispute include:
  - Denial of interest on certain shareholder loans - on basis Division 974 or (in the alternative) Part IVA applied;
  - Denial of deductions for certain labour and motor vehicle costs capitalised; and
  - Gifted assets income assessable and customer rebate deductions denied
- If all matters above resulted in adjustments adverse to VPN (worst case), it could give rise to adjustments of up to $296m (ATO estimate) in 2007 and give rise to tax payable for the 2007 tax year, subject to the decision by VPN regarding allocation of carried forward tax losses
- Spark Infrastructure understands VPN has elected to utilise some carried forward losses to offset most of the ATO's proposed adjustments for the 2007 year. VPN estimates primary tax payable for the 2007 year, in a worst case scenario, could be up to $18m payable by VPN
- The ATO has not yet formalised its view on any shortfall interest charges and penalties
- VPN has obtained legal advice and disagrees with the ATO's positions on these matters and will vigorously defend its position
- No adjustments in relation to these matters have been recognised in the VPN financial statements or Spark Infrastructure's equity accounted results
- ATO audit activity is continuing in relation to years ended 31 December 2008 to 2011. Adjustments for these years have not been finalised but are likely to be material, assuming the ATO adopts a consistent view
- VPN has indicated that it has further tax losses that may be used in the event further adjustments are made
- At this time it is premature to quantify the potential financial impact on VPN for 2007 and subsequent years
- Spark Infrastructure will keep the market informed (as it becomes aware) of further material developments, including those which allow an estimate of any material financial impact to be made

4. REGULATION

REGULATORY FRAMEWORK

In-Built protections – No regulatory resets until 2015

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



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

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

REGULATORY ENVIRONMENT

Regulation under review

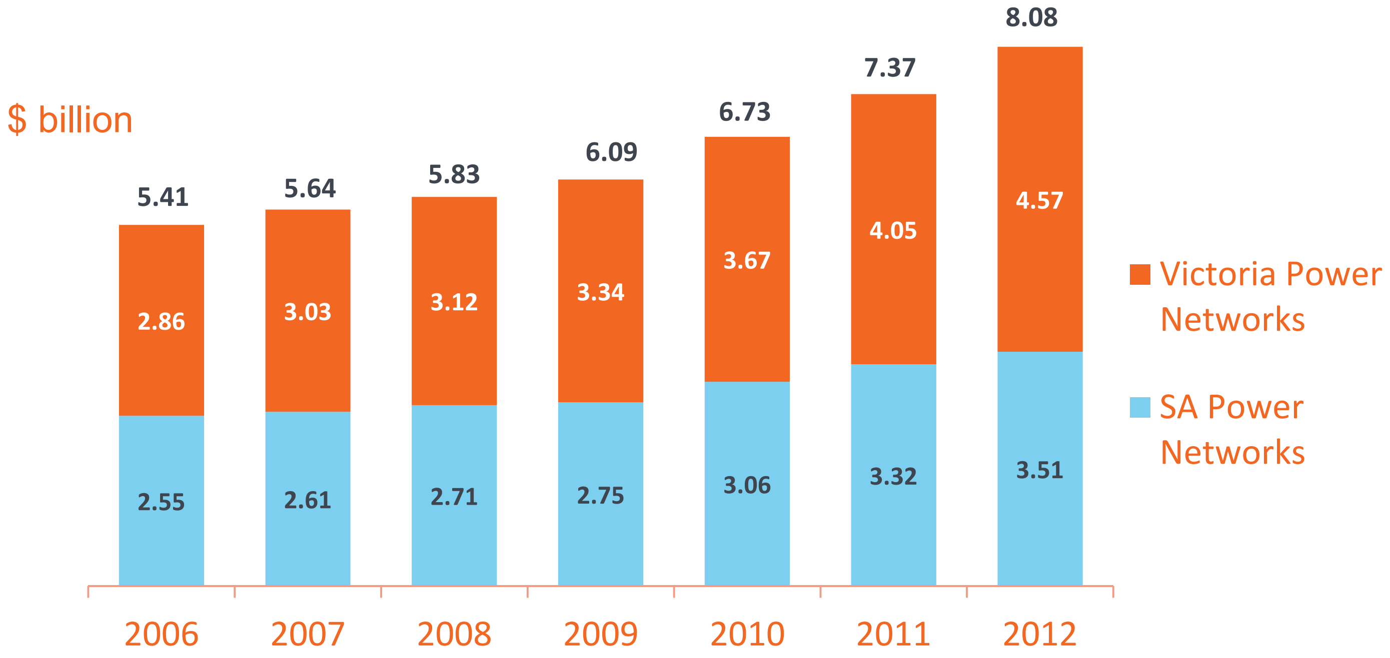
AER Rate of Return Guidelines	SCER[1] Limited Merits Review (LMR)
Rate of Return Guidelines released 19 December 2012	Regulation Impact Statement (RIS) released 14 December 2012
▪ In October the Australian Energy Market Commission (AEMC) amended the National Electricity Rules (NER) and the National Gas Rules (NGR) regarding the economic regulation of network services. ▪ It charged the Australian Energy Regulator (AER) with determining the rate of return that service providers can earn on their assets ▪ The AER has released a consultation paper in the form of the Rate of Return Guidelines for stakeholder comment **Industry position** ▪ The Energy Networks Association (ENA) which represents SA Power Networks and Victoria Power Networks has made a submission to the AER: - Benchmarking of 'an efficient entity' should exclude benefits of government ownership or other strong parents - Calculation of specific inputs to returns should adopt an approach that considers and synthesises all available information (not a single preferred model) - Regulatory judgement should be accompanied by accountability. The regulator should specify where discretion is being used, how and why	▪ The SCER has released a RIS seeking submissions from stakeholders on three options for LMR: 1. Retain the status quo (i.e. Australian Competition Tribunal); 2. Amend the merits review framework while retaining the Australian Competition Tribunal as the appeal body; or 3. Amend the merits review framework and create a new appeal body - the AEAA[2] **Industry position** ▪ The Financial Investors Group (FIG) has made a submission to the SCER: ▪ FIG supports Option 2 of the RIS issued in December 2012, with amendment: - There should be two separate grounds of appeal – 'correct and materially preferable' plus 'materially preferable' - The scope of a review should be limited to those matters raised by appellants and matters connected to them - The appeal body should be retained within the ACCC
Submissions on the Rate of Return Guidelines closed 15 February 2013	**Submissions on the Regulation Impact Statement closed 8 February 2013**

1. Standing Council on Energy and Resources
2. Australian Energy Appeals Authority

5. GROWTH

RAB GROWTH

Total RAB now $8.08 billion[1] (100% basis)



- 9.7% growth in total RAB (incl. AMI) in FY 2012 (9.5% in FY 2011)
- Actual growth in RAB (DUOS) is tracking below regulatory projections due to capital expenditure outperformance
- 7-8% p.a. CAGR growth in total RAB (incl. AMI) expected over the 5 year regulatory periods to 2015 based on AER decisions and expected capital expenditure outperformance
- Capital expenditure earns the regulatory return from day one
- Net debt to RAB at Asset Company level 79.7% - reducing to around 75% level by end 2015
- Equity investment projected to grow over time as RAB grows and gearing moderates

1. Asset Companies' estimates. Victoria Power Networks figures include AMI RAB

REGULATED PRICE PATH

CPI minus X[1]

- Regulated electricity sales revenues are determined by a price path set according to the CPI-X[1] formula. A negative X-Factor means a real increase in distribution tariffs
- The regulatory pricing period commences on 1 July each year for SA Power Networks and 1 January each year for Victoria Power Networks (CitiPower and Powercor)
- The X-Factors below include all regulatory appeal outcomes
- Whilst CPI-X is the key underlying driver for tariff increases, the tariff increases implied by reported results includes adjustments for other factors

SA Power Networks	CPI (%) Actual *(Forecast)*	X-Factor[2]	Tariff increase (%) Actual/*forecast*[3]
Year 1 (1 Jul 10)	2.89 *(2.52)*	-12.14	15.38
Year 2 (1 Jul 11)	3.33 *(2.52)*	-18.10	22.03
Year 3 (1 Jul 12)	1.58 *(2.52)*	-4.97	6.63
Year 4 (1 Jul 13)	- *(2.52)*	-7.00	*9.70*
Year 5 (1 Jul 14)	- *(2.52)*	-0.89	*3.43*

CitiPower	CPI (%) Actual *(Forecast)*	X-Factor[2]	Tariff increase (%) Actual/*forecast*[3]
Year 1 (1 Jan 11)	2.79 *(2.57)*	6.41	-3.80
Year 2 (1 Jan 12)	3.52 *(2.57)*	-4.00	7.66
Year 3 (1 Jan 13)	2.00 *(2.57)*	-6.78	8.92
Year 4 (1 Jan 14)	- *(2.57)*	-7.80	*10.57*
Year 5 (1 Jan 15)	- *(2.57)*	-7.80	*10.57*

Powercor Australia	CPI (%) Actual *(Forecast)*	X-Factor[2]	Tariff increase (%) Actual/*forecast*[3]
Year 1 (1 Jan 11)	2.79 *(2.57)*	-0.11	2.90
Year 2 (1 Jan 12)	3.52 *(2.57)*	-3.00	6.63
Year 3 (1 Jan 13)	2.00 *(2.57)*	-6.30	8.43
Year 4 (1 Jan 14)	- *(2.57)*	-6.90	*9.65*
Year 5 (1 Jan 15)	- *(2.57)*	-7.40	*10.16*

1. Whilst referred to as "CPI-X", the actual tariff increase formula used by regulator is: (1+CPI)x(1-x)-1. Source: AER
2. Figures updated for 2012 regulatory appeals announced as appropriate.
3. Figures for SA Power Networks exclude adjustments for STPIS, PV and Q-factor actual and forecast adjustments. Figures for VPN exclude STPIS and any other adjustments.

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;
- Value accretive over the long term using risk-adjusted return metrics appropriate for the relevant investment opportunity;
- Yield accretive, either immediately or within a relatively short timeframe;
- 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

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6. SUMMARY AND OUTLOOK

SUMMARY AND OUTLOOK

Yield plus Growth based on Quality

Yield

- FY12 final distribution of 5.25cps payable 15 March
- Yield of 6.4%[1]
- Distributions covered by operating cashflows
- Target payout ratio to 2015 around 80% of standalone operating cashflow

Growth

- FY13 Distribution guidance of 11.0 cps, 4.8% growth on FY12
- Distribution growth guidance 3-5% p.a. for 2014-15
- 7-8% p.a. RAB CAGR expected 2010-15 based on AER allowances and factoring in outperformance
- Strong organic investment opportunity at 1x RAB
- Complementary diversification opportunities in Australian regulated space

Quality

- No regulatory resets until 2015
- Strong investment grade ratings (Asset Co's A-, Spark Baa1)
- No Asset level long term debt maturities until September 2014
- Prudent asset level gearing, moving towards 75% Net Debt/RAB by 2015
- Minimal gearing at Spark level

1. Based on FY 2012 distribution of 10.5cps and a closing market price of $1.64 on Friday, 22 February 2013

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 22 February 2013	$1.64
Market capitalisation	2.2 billion

DISTRIBUTIONS

FY 2012 Actual	10.50cps
Comprising - Loan Note interest - Tax deferred amount	 7.07cps 3.43cps
FY 2013 Guidance	11.00cps

GEARING AND CREDIT RATINGS

Net book gearing (Spark standalone)	0.7%
Net book gearing (Look through)	57.0%[1]
Asset level credit rating	A- (S&P) stable
Fund level credit rating	Baa1 (Moody's) stable

1. Excludes reserves

REGULATED ASSET BASE – (Estimates at December 2012)

SA Power Networks (DUOS) ($bn)	**3.51**
CitiPower (DUOS) ($bn)	1.50
Powercor Australia (DUOS) ($bn)	2.63
CitiPower (Advanced Metering Infrastructure) ($bn)	0.13
Powercor (Advanced Metering Infrastructure) ($bn)	0.31
Victoria Power Networks total ($bn)	**4.57**
Regulated asset base total ($bn)	**8.08**
Net debt/RAB – Asset Co combined	79.7%
Net debt/RAB - SA Power Networks	78.6%
Net debt/RAB – Victoria Power Networks	80.5%

EQUITY ACCOUNTING PROFITS – 2012

100% Basis	SA Power Networks	Victoria Power Networks	Combined	Spark 49% Share
Regulated revenue - distribution and metering	826.2	804.5	1,630.6	799.0
Semi regulated and unregulated revenue	168.6	138.6	307.3	150.6
Customer contributions and gifted assets	114.4	61.9	176.3	86.4
Total Income	**1,109.2**	**1,005.0**	**2,114.2**	**1,036.0**
Operating Costs	(301.5)	(337.1)	(638.6)	(312.9)
EBITDA	**807.7**	**667.9**	**1,475.6**	**723.0**
Depreciation & Amortisation	(167.1)	(246.7)	(413.8)	(202.8)
EBIT	**640.6**	**421.2**	**1,061.8**	**520.3**
Net interest expense (excl Sub Debt)	(200.2)	(226.0)	(426.2)	(208.8)
Sub Debt interest expense	(72.7)	(165.5)	(238.2)	(116.7)
NPBT	**367.7**	**29.7**	**397.4**	**194.7**
Tax Expense	2.2	(18.1)	(15.9)	(7.8)
NPAT	**369.9**	**11.6**	**381.5**	**186.9**
less: additional share of profit from preferred partnership capital (PPC)[1]	(69.8)	-	(69.8)	(34.2)
Asset Company Net Profits for Equity Accounting	**300.1**	**11.6**	**311.7**	**152.7**
49% Basis - Spark Share	**147.0**	**5.7**	**152.7**	**152.7**
Add back: additional share of profit from preferred partnership capital (PPC)[1]	69.8	-	69.8	69.8
Less: Depreciation/amortisation of fair value on uplift of assets on acquisition	(0.8)	(4.9)	(5.7)	(5.7)
Share of equity accounted profits	**216.1**	**0.8**	**216.8**	**216.8**
Add: Interest Income from Associates (CHEDHA 49% sub debt)		81.2	81.2	81.2
Total Income from Asset Companies included in Spark Profit and Loss				**298.0**
Interest income				1.8
Interest expense - Other				(11.9)
Interest expense – Loan Notes				(93.8)
General and administrative expenses (incl SDP bid costs)				(10.8)
Profit before Loan Notes interest and tax attributable to Spark Securityholders				**183.3**
Income tax expense				(9.4)
Net profit attributable to Spark Securityholders				**173.9**

1. Under the partnership agreement, Spark is entitled to an additional share of profit in SA Power Networks.

Note: Numbers may contain rounding errors.

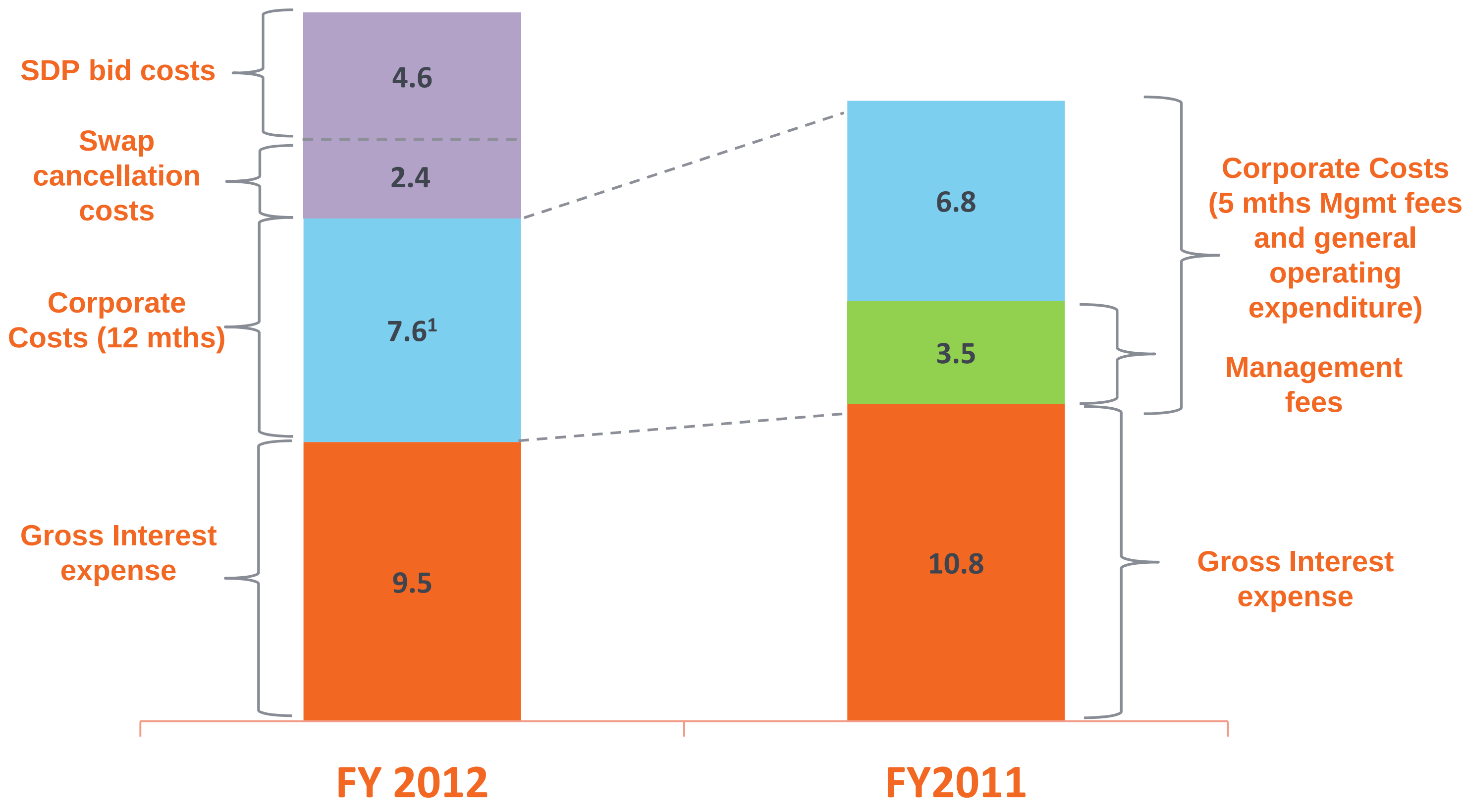
UNDERLYING ADJUSTMENTS – FY 2012

No underlying adjustments for FY12 – prior year only

UNDERLYING ADJUSTMENTS	Underlying result ($m)		Spark Infrastructure tax expense[1] ($m)		Internalisation costs ($m)		Reported result ($m)	
	FY 2012	FY 2011[2]	**FY 2012**	FY 2011	**FY 2012**	FY 2011	**FY 2012**	FY 2011
Total income – Inc. associates and interest	**299.8**	**290.4**	**-**	**-**	**-**	**-**	**299.8**	**290.4**
Profit before Loan Notes interest and Income Tax	**277.1**	**269.2**	**-**	**-**	**-**	**(51.5)**	**277.1**	**217.7**
Profit attributable to Securityholders	**173.9**	**167.1**	**-**	**(33.0)**	**-**	**(51.5)**	**173.9**	**82.6**
Operating cashflow	**178.4**	**189.0**	**-**	**-**	**-**	**-**	**178.4**	**189.0**

1. Income tax expense due to items recognised directly in equity relate to Spark Infrastructure Holdings No.2
2. Underlying result in FY 2011 also subject to adjustment for MTM interest swaps, which impacts all lines with the exception of operating cashflow

SPARK OPERATING COSTS – FY 2012 vs. FY 2011
P&L

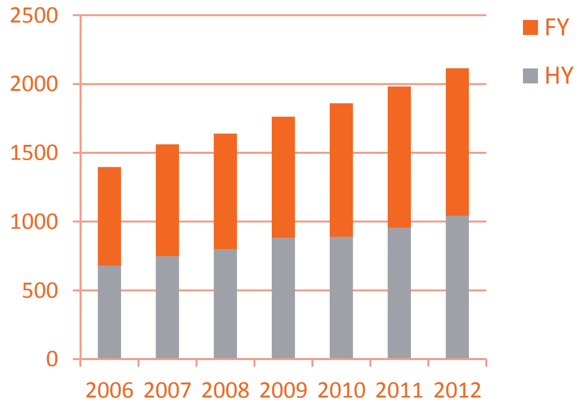


1. Includes add back of $1.3 million reversal of cost provision.

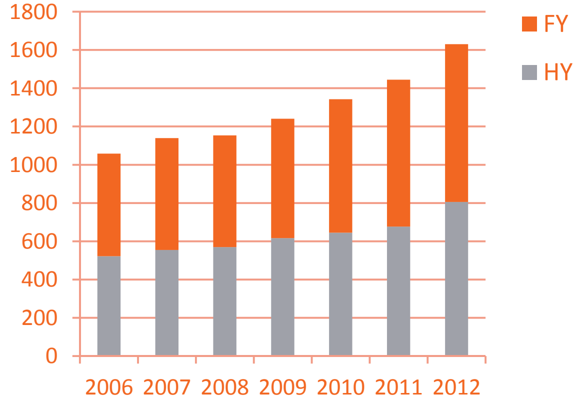
PERFORMANCE HISTORY

Aggregated Asset Companies (100% results)

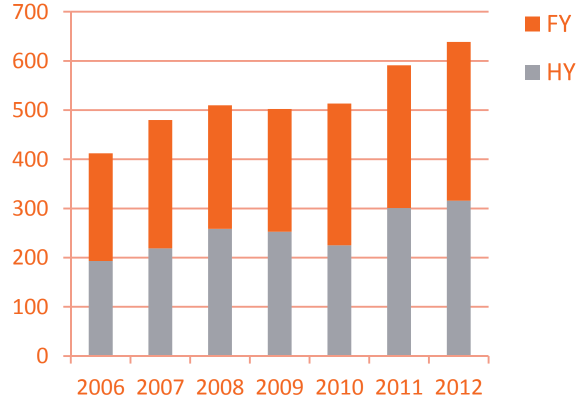
TOTAL REVENUE ($M)



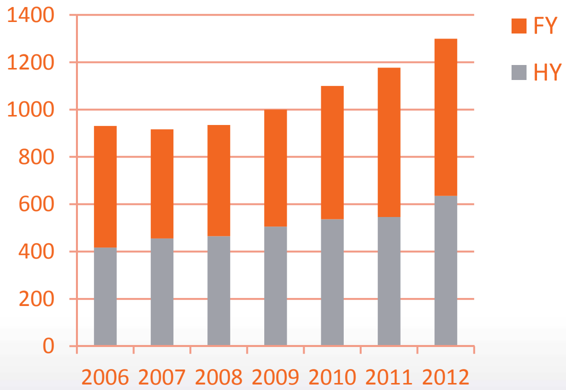
PRESCRIBED REVENUE ($M) (Including AMI)



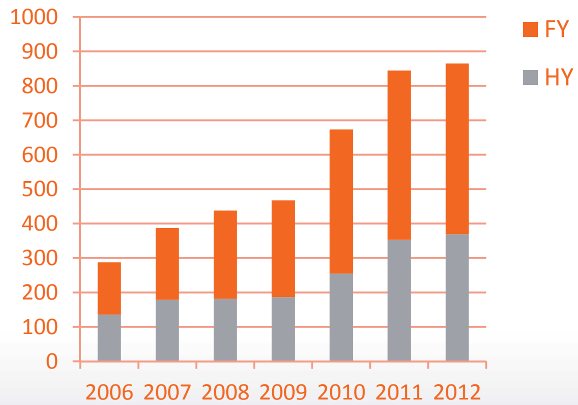
TOTAL OPERATING COSTS ($M)



EBITDA ($M) (Excluding customer contributions)



NET CAPITAL EXPENDITURE ($M)



Regulatory decisions

- Regulatory periods apply for five years and commenced for each business as follows:
- **SA Power Networks –** current from 1 July 2010 (next reset from 1 July 2015)
- **Victoria Power Networks –** current from 1 January 2011 (next reset from 1 January 2016)

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

CURRENT REGULATORY SETTINGS TO 2015

SA Power Networks and Victoria Power Networks (100% figures)

REGULATORY PERIOD	**SA Power Networks**[1] 1 Jul 2010 – 30 Jun 2015	**Victoria Power Networks**[2] 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%[3]
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 ($ 2010)[4]	$1,645m	$2,115m
Opex over 5 years ($ 2010)[4,5]	$1,025m	$997m
Revenue (Nominal)[4,6]	$3,902m	$3,845m

1. Figures relate to DUOS incl. ACS
2. Figures relate to DUOS only
3. Victoria Power networks DRP 3.89% following appeal outcomes (3.74% per final 2010 determination)
4. Figures revised for all successful appeal outcomes for both assets
5. Opex numbers adjusted for efficiency carryover amounts and S-factor amounts per determinations
6. Revenue numbers not updated for actual CPI

Source:
Regulatory determinations South Australia 2010 – 2015
http://www.aer.gov.au/node/4
Regulatory determinations Victoria 2010 – 2015
http://www.aer.gov.au/node/7208
http://www.aer.gov.au/node/7210

ELECTRICITY SALES VOLUMES

Regulatory allowances v Actual sales (GWh)

Actual volume (AER forecast volume) *Growth in actual %* *(Growth in AER forecast %)*	Regulatory year[1]						*Cumulative average actual to date* *(Cumulative average annual forecast change)*
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
SA Power Networks	11,504 (11,555)	11,249 (11,618) *-2.2%* *(+0.5%)*	11,019 (11,422) *-2.0%* *(-1.7%)*	(11,264) - *(-1.4%)*	(11,194) - *(-0.6%)*	(11,194) - *(0.0%)*	*-2.1%* *(-0.9%)*
CitiPower	6,210 (6,125)	6,105 (6,180) *-1.7%* *(+0.9%)*	6,085 (6,227) *+0.3%* *(+0.8%)*	(6,218) - *(-0.1%)*	(6,201) - *(-0.3%)*	(6,237) - *(+0.6%)*	*-1.0%* *(+0.2%)*
Powercor Australia	10,678 (10,585)	10,470 (10,726) *-1.9%* *(+1.3%)*	10,744 (10,795) *+2.6%* *(+0.6%)*	(10,781) - *(-0.1%)*	(10,761) - *(-0.2%)*	(10,797) - *(+0.3%)*	*+0.3%* *(+0.2%)*

1. June year end for SA Power Networks, December year end for CitiPower and Powercor

REGULATED ALLOWANCES - EBITDA

X factor impacts per regulatory decisions

$m nominal[1]	Average reg. allowance EBITDA p.a. years 1 and 2[2]	Average reg. allowance EBITDA p.a. years 3 to 5[2]	Average increase p.a.
SA Power Networks	$500m	$605m	**$105m**
Victoria Power Networks ***(DUOS only)***	$493m	$607m	**$115m**

- Per the regulatory determinations, including additional outcomes from regulatory appeals, the regulatory EBITDA (i.e. allowance revenues less opex) increases significantly towards the later stages of the 5 year regulatory periods
- Regulatory allowance numbers presented assume no opex outperformance

1. Figures adjusted for actual CPI
2. June year end regulatory year for SA Power Networks, December year end regulatory year for VPN

Source:
Regulatory determinations South Australia 2010 – 2015
http://www.aer.gov.au/node/4
Regulatory determinations Victoria 2010 – 2015
http://www.aer.gov.au/node/7208
http://www.aer.gov.au/node/7210

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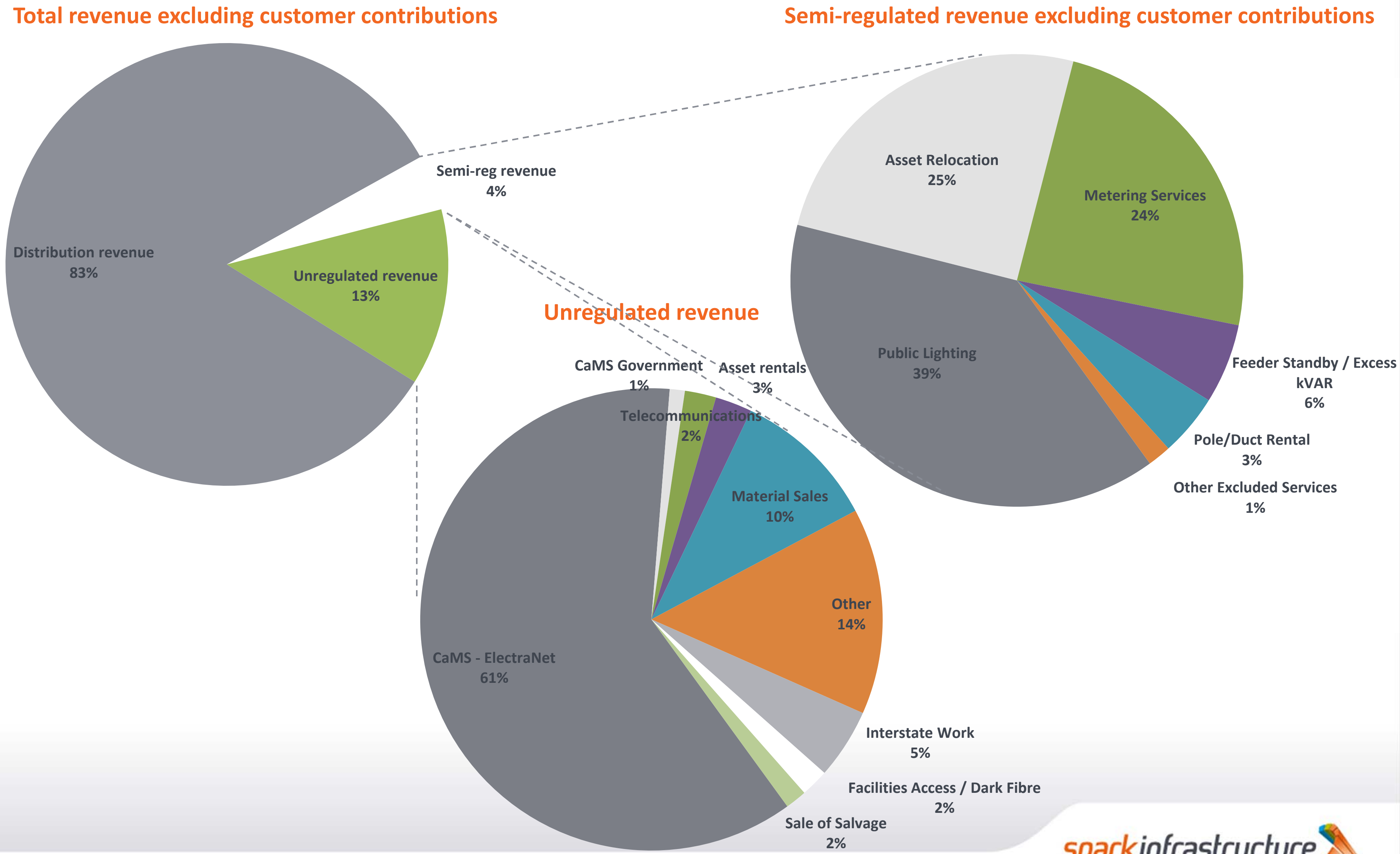
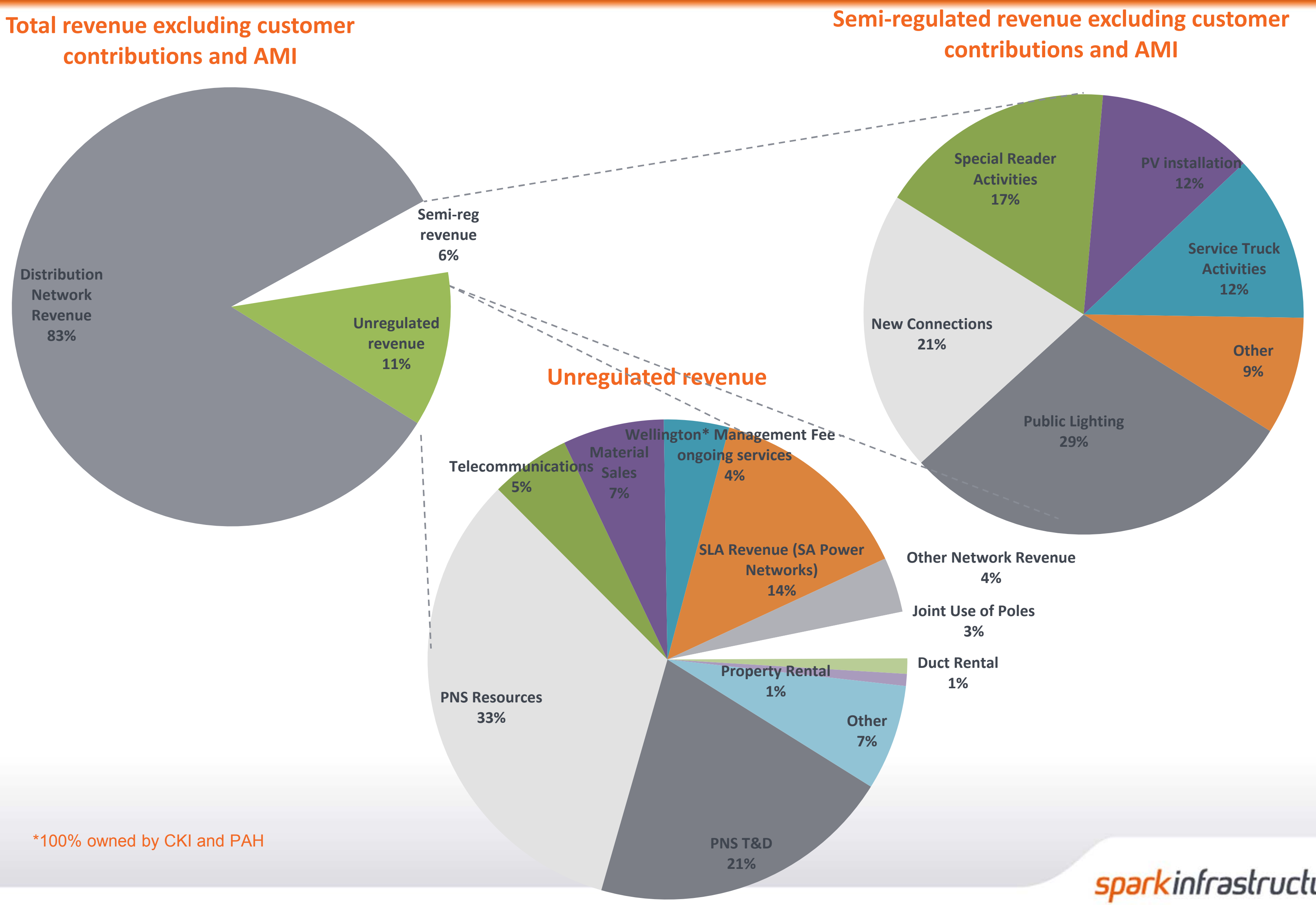
SA Power Networks revenue breakdown – FY12



Victoria Power Networks revenue breakdown – FY12



*100% owned by CKI and PAH

SEMI REGULATED REVENUES

FY12 vs FY11(100% figures)

SA Power Networks	FY 2012 ($m)	FY 2011 ($m)	Variance ($m)
Public Lighting	15.7	15.2	0.5
Asset Relocation[1]	10.1	18.4	(8.3)
Metering Services	9.7	9.1	0.6
Feeder Standby / Excess kVAR	2.3	2.6	(0.3)
Pole/Duct Rental	1.8	1.7	0.1
Other Excluded Services	0.7	0.6	0.1
TOTAL[2]	**40.3**	**47.8**	**(7.5)**

CitiPower Powercor Australia	FY 2012 ($m)	FY 2011 ($m)	Variance ($m)
Public Lighting	13.2	12.1	1.1
New Connections	9.3	8.7	0.6
Special Reader Activities	7.8	6.8	1.0
PV installation	5.2	4.8	0.4
Service Truck Activities	5.5	5.4	0.1
Other	3.9	2.3	1.5
TOTAL	**44.9**	**40.1**	**4.7**

1. Includes profit/loss on asset disposals
2. Does not include Alternative Control Services (ACS) revenue, which is reported in DUOS revenue

UNREGULATED REVENUES

FY12 vs FY11(100% figures)

SA Power Networks	FY 2012 ($m)	FY 2011 ($m)	Variance ($m)
Construction and Maintenance Services (CaMS[1]) T&D - ElectraNet	78.6	75.9	2.7
Material Sales	13.0	16.4	(3.4)
Interstate work	6.3	5.6	0.7
Asset rentals	3.3	3.4	(0.1)
Telecommunications	2.8	7.5	(4.7)
Facilities Access / Dark Fibre	2.5	2.7	(0.2)
Sale of Salvage	1.9	2.2	(0.3)
Construction and Maintenance Services (CaMS) - Government	1.4	1.9	(0.5)
Other[2]	18.5	24.3	(5.8)
TOTAL	**128.3**	**139.9**	**(11.6)**

1. Construction and Maintenance Services (CaMS)
2. Decline in other revenue relates to Bluff Wind farm project in FY11 not repeated in FY12.

UNREGULATED REVENUES (cont.)

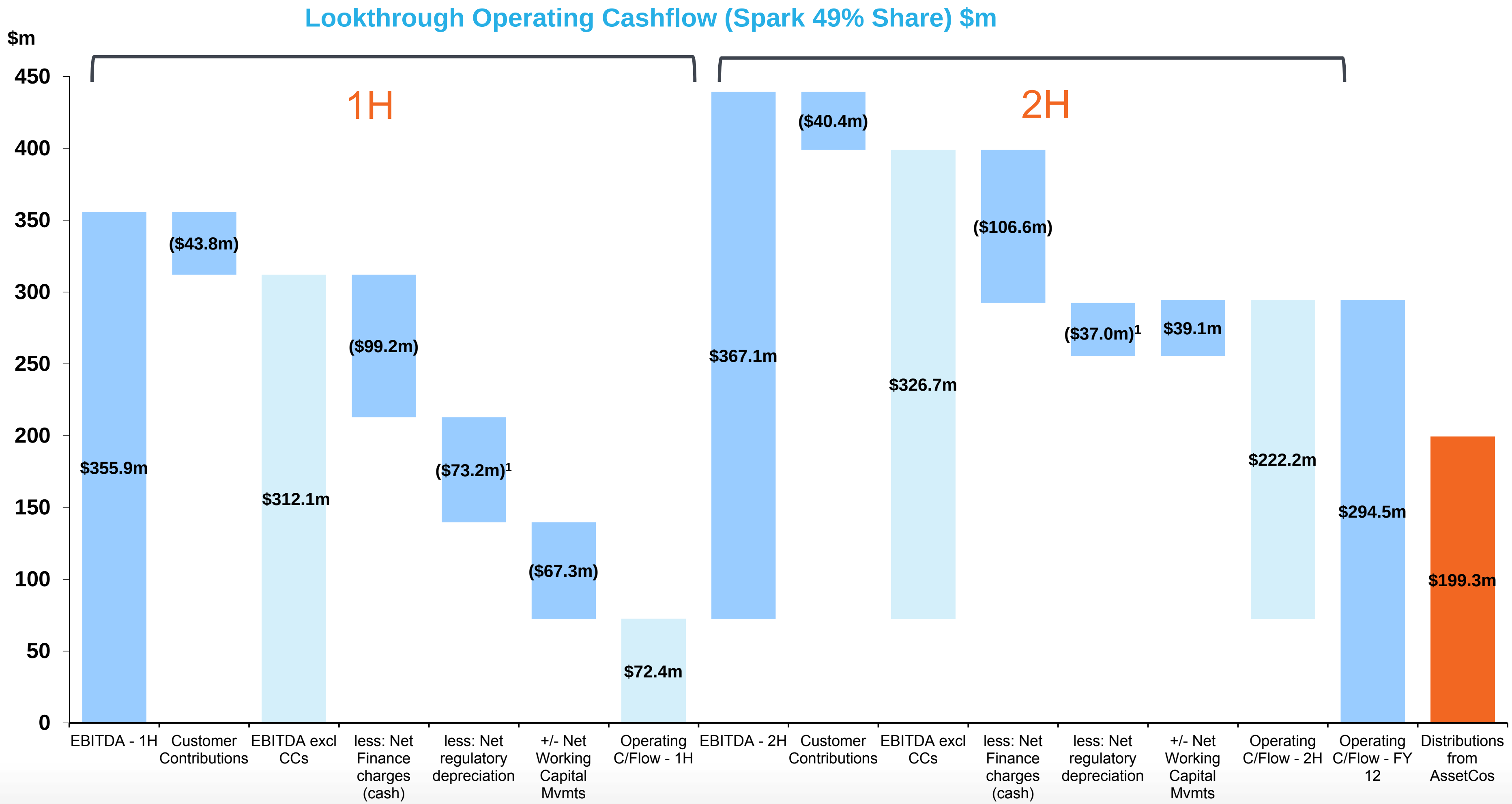
FY12 vs FY11(100% figures)

CitiPower / Powercor	FY 2012 ($m)	FY 2011 ($m)	Variance ($m)
PNS Resources	31.0	27.8	3.3
PNS Transmission and Distribution - SP AusNet	19.3	19.3	0.0
SLA Revenue (SA Power Networks)	13.1	12.2	0.9
Material Sales	6.4	5.9	0.5
Telecommunications	5.1	6.1	(1.1)
Wellington Management Fee - ongoing services	4.1	4.2	(0.1)
Other Network Revenue	3.5	1.8	1.7
Joint Use of Poles	2.9	3.0	(0.1)
Duct Rental	1.0	0.9	0.1
Property Rental	0.8	1.1	(0.3)
Other[1]	6.5	13.3	(6.8)
TOTAL	**93.7**	**95.5**	**(1.9)**

1. Includes profit/loss on asset disposals. Decline in other unregulated revenue primarily driven by Dockland lease finishing 31 Dec 2011 ($2.1m) and completion of SA Power Networks IT capital works project in FY 2011 ($5.2m).

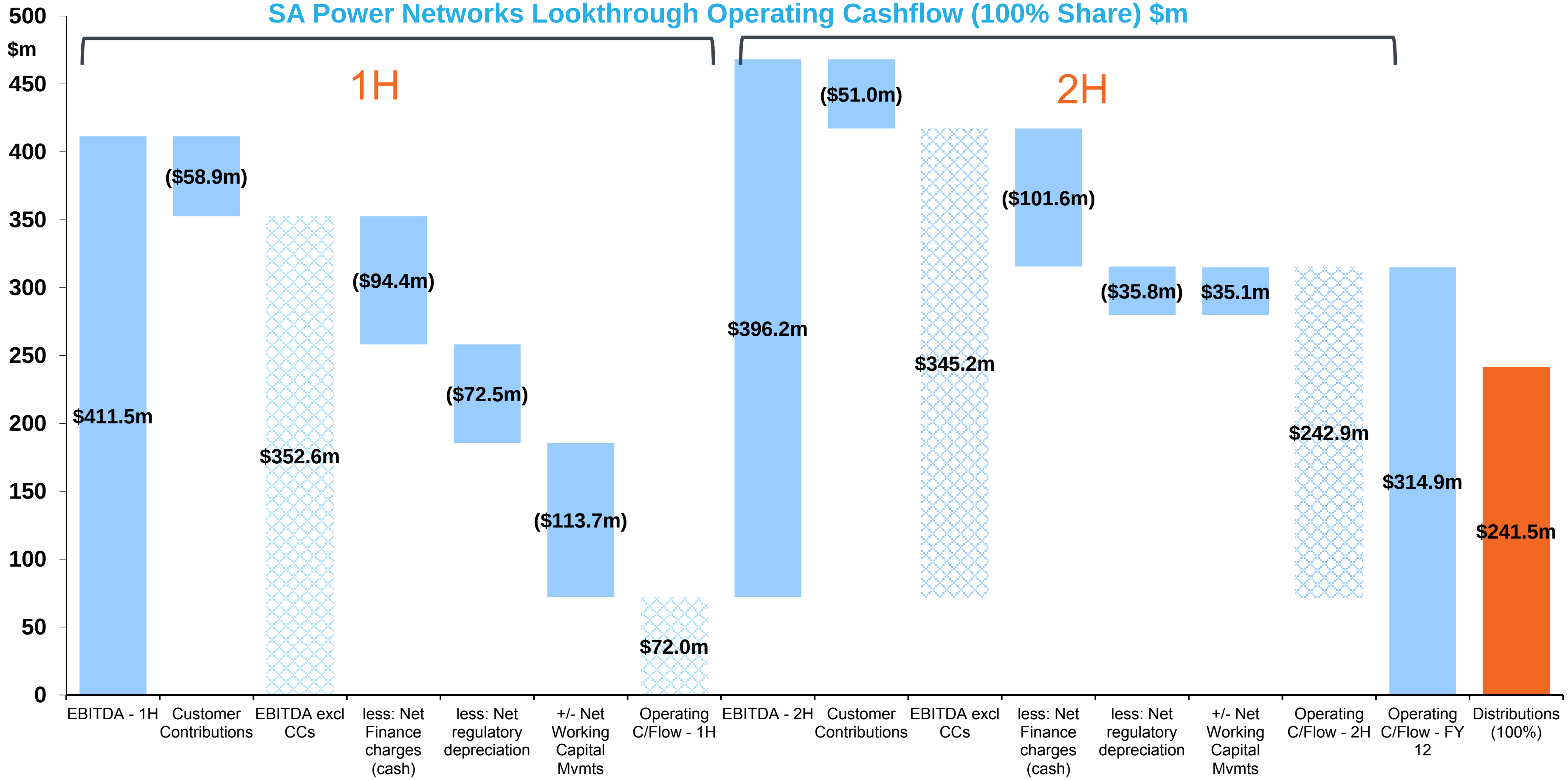
OPERATING CASH FLOW MODEL – 1H v 2H 2012

Aggregated Asset Companies



OPERATING CASH FLOW MODEL – 1H v 2H 2012

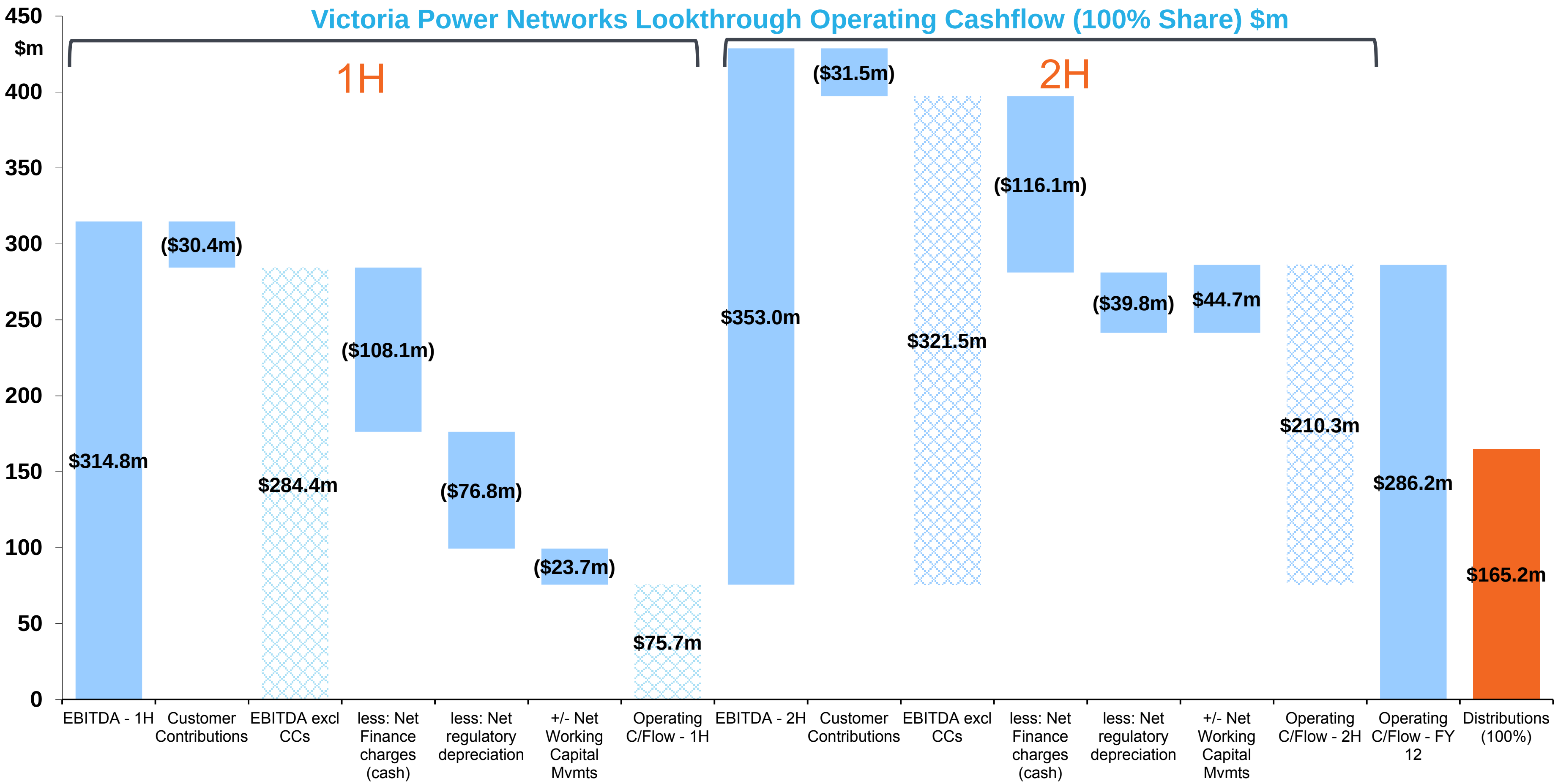
SA Power Networks



Note re maintenance capex:

Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of CPI uplift on RAB.
CPI uplift on RAB is estimated by:
In 1H, CPI based on actual March 2012 CPI of 1.58%. In 2H, CPI is based on actual CPI for the half year to September 2012 (1.90%).
CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). March on March (released April)

OPERATING CASH FLOW MODEL – 1H v 2H 2012
Victoria Power Networks (VPN)



Note re maintenance capex:

Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of CPI uplift on RAB.
CPI uplift on RAB for DUOS is estimated by:
In 1H, estimation based on regulatory allowance CPI of 2.57%. In 2H, actual September 2011 CPI of 3.52% with 'true up' for allowance vs actual CPI used in 1H.CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). September on September (released October)

CAPITAL EXPENDITURE (100%)

$ million	SA Power Networks		CitiPower / Powercor Australia		TOTALS	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Growth Capex	188.6	176.8	260.5	265.8	**449.1**	**442.6**
Growth Capex AMI	-	-	177.9	180.6	**177.9**	**180.6**
Maintenance capex	143.0	136.4	94.7	85.0	**237.7**	**221.4**
Total	**331.6**	**313.2**	**533.1**	**531.4**	**864.7**	**844.6**
Increase (%)	5.9		0.3		2.3	

$ million	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB		Net regulatory depreciation	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
SA Power Networks	143.0	136.4	198.2	185.0	(89.9)	(90.0)	108.3	95.0
CitiPower	19.3	20.4	90.5	80.2	(52.8)	(35.2)	37.7	45.0
Powercor Australia	75.4	64.6	171.8	148.1	(93.0)	(62.0)	78.8	86.1
Totals	**237.7**	**221.4**	**460.5**	**413.3**	**(235.7)**	**(187.2)**	**224.8**	**226.1**
Spark 49% share	116.4	108.5	225.6	202.5	(115.5)	(91.7)	110.2	110.8

USEFUL LINKS

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

SA Power Networks www.sapowernetworks.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/10216

Regulatory determinations South Australia 2010 – 2015
http://www.aer.gov.au/node/4
Regulatory determinations Victoria 2010 – 2015
http://www.aer.gov.au/node/7208
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

Standing Council on Energy and Resources www.scer.gov.au

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