

Monday, 25 February 2013

## DELIVERING SOLID PERFORMANCE AND RELIABLE GROWTH

Spark Infrastructure has today released its results for the 12 months ended 31 December 2012 and is pleased to report an increase in net profit to \$173.9 million based on solid financial and operational results from SA Power Networks and CitiPower and Powercor (Victoria Power Networks)<sup>1</sup>. The Directors have declared a final distribution for the year of 5.25 cents per security (cps) to be paid on 15 March 2013, bringing the total distribution for 2012 to 10.5cps, up 5% on 2011 and in line with previous guidance. The Directors have also provided distribution guidance for 2013 of 11.0cps, an increase of 4.8% on 2012.

Total regulated revenue was up 12.8% to \$1,630.6 million with aggregated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), excluding customer contributions, up 10.4% to \$1,299.3 million. Whilst electricity volume performance has varied between businesses during the year, volumes have again demonstrated resilience in a challenging environment featuring difficult economic conditions, price rises and changing consumer patterns. Notwithstanding the volume performance, core regulated revenue has grown as a result of good reliability and service performance and higher distribution tariffs in accordance with the applicable regulatory decisions.

"The growth in revenues is important for the Asset Companies to support their capital expenditure plans which will ensure the safety, reliability, and security of the supply of electricity, an essential service, for the long term interests of customers", said Rick Francis, Managing Director of Spark Infrastructure.

"Despite a challenging business environment with soft electricity sales volumes, the Asset Companies have again demonstrated the strength and quality of their operations. The cashflows being generated by the Asset Companies are sufficient to simultaneously fund the substantial equity portion of their capital expenditure plans, to de-gear their balance sheets and to make distributions to their shareholders, without the need for any new equity before 2015," he added.

"Spark Infrastructure's balance sheet is also strongly positioned to support growth in the Asset Companies when it is required and to deal with any changes in business conditions", said Mr Francis.

### Performance highlights – Spark Infrastructure (12 months to 31 December 2012)

- Cash distributions to Spark Infrastructure up 2.9%<sup>2</sup> to \$199.2 million
- Standalone operating cashflow up 4.1%<sup>2</sup> to \$178.4 million
- Underlying profit before Loan Note Interest and tax up 2.9% to \$277.1 million
- Statutory net profit after tax of \$173.9 million, up from \$82.6 million
- Full Year distribution declared of 10.5cps, up 5% on 2011 (standalone payout ratio 78.1%)
- Fully cash covered final distribution of 5.25cps payable on 15 March 2013
- Pay-down of \$30.0 million of Spark Infrastructure fund level fixed term debt

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<sup>1</sup> Spark Infrastructure holds 49% interests in electricity distribution businesses SA Power Networks (formerly ETSA Utilities), CitiPower and Powercor Australia (Victoria Power Networks, formerly known as CHEDHA), ("The Asset Companies")

<sup>2</sup> 2011 cashflows adjusted to exclude \$17.6 million of deferred interest from 2010 from Victoria Power Networks which was subsequently received in May 2011

## Performance highlights - Asset Companies (100% results for the 12 months to 31 December 2012)

- EBITDA (excluding customer contributions<sup>3</sup>) up 10.4% to \$1,299.3 million
- Electricity distribution revenue up 13.9% to \$1,507.9 million
- Total revenue (excluding customer contributions) up 9.6% to \$1,938.0 million
- Net capital expenditure up 2.4% to \$864.7 million
- Regulatory Asset Base (RAB) currently at \$8.08 billion, growth of 9.7% in 2012
- Net debt to RAB of 79.7%, down 1.8%
- Successful debt raisings (including refinancings) in the domestic corporate bond market and the US Private Placement market of more than \$1.2 billion in 2012 – no long term senior debt refinancing until September 2014

## Performance summaries

Spark Infrastructure's financial performance	FY 2012 (\$m)	FY 2011 (\$m)	Variance (%)
Total income (underlying <sup>4</sup> ) <sup>5</sup>	299.8	290.4	3.2
Profit before Loan Note interest and tax (underlying)	277.1	269.3	2.9
Net Profit after tax (underlying)	173.9	167.1	4.1
Net Profit after tax (statutory)	173.9	82.6	110.5
Operating cashflows (standalone) <sup>2</sup>	178.4	171.4	4.1
<b>Cash received from Asset Companies (Spark's 49%)</b>			
SA Power Networks	118.3	111.8	5.8
CitiPower and Powercor (Victoria Power Networks) <sup>2</sup>	80.9	81.8	(1.1)
<b>Total</b>	<b>199.2</b>	<b>193.6</b>	<b>2.9</b>

Aggregated Asset Company performance (100%)	FY 2012 (\$m)	FY 2011 (\$m)	Variance (%)
Prescribed revenue, including			
- Distribution revenue	1,507.9	1,323.5	13.9
- Prescribed metering revenue (AMI)	122.7	121.5	1.0
Non-prescribed revenue <sup>6</sup> (excluding customer contributions)	307.4	323.6	(5.0)
<b>Total revenue (excluding customer contributions)</b>	<b>1,938.0</b>	<b>1,768.6</b>	<b>9.6</b>
Customer contributions	176.2	213.9	(17.6)
<b>Total revenue<sup>7</sup></b>	<b>2,114.2</b>	<b>1,982.5</b>	<b>6.6</b>
<b>EBITDA (excluding customer contributions)</b>	<b>1,299.3</b>	<b>1,177.3</b>	<b>10.4</b>
Net capital expenditure	864.7	844.6	2.4
Net Debt to RAB (Asset Company level)	79.7%	81.5%	(1.8)

## Outlook

The Asset Companies are in the middle of their respective 5-year regulatory periods, with the businesses growing strongly through the delivery of the Australian Energy Regulator (AER) approved capital expenditure programs through to 2015. In addition to the growth in RAB, funding of this capital expenditure in line with the AER's assumptions will lead to long term growth in Spark Infrastructure's net equity investment in the Asset Companies' RABs.

Subject to business conditions, the Directors have reaffirmed their previous guidance that Spark Infrastructure will have the ability to grow distributions per security at between 3-5% per annum to 2015. Such future distributions will be fully covered by operating cashflows, and are not dependent on the operation of the Distribution Reinvestment

<sup>3</sup> Customer contributions (including gifted assets) revenue do not contribute to free cash flow

<sup>4</sup> Underlying figures exclude certain non-cash and non-operating items which do not relate to the underlying performance for the period. Underlying adjustments are prior year only. There are no underlying adjustments for 2012.

<sup>5</sup> Consists of interest income from associates, Spark Infrastructure's share of equity accounted profits and other income

<sup>6</sup> Non-prescribed business activities includes semi-regulated activities such as meter reading (SA Power Networks), and public lighting; and unregulated activities such as the provision of construction, maintenance and back office services to third parties

<sup>7</sup> Aggregated revenue excludes transmission revenue, which is collected on behalf of others and does not contribute to profit

Plan. Spark Infrastructure will continue to target a payout ratio of approximately 80% of standalone operating cashflows for distributions across the remainder of the current regulatory periods to 2015.

### **FY 2012 Distribution**

The Board has declared a final cash distribution of 5.25cps for the year ended 31 December 2012, payable on 15 March 2013, which consists of 3.55cps interest on Loan Notes and a tax deferred amount of 1.70cps. The Distribution Reinvestment Plan will remain suspended.

Ex-date	Thursday, 28 February 2013
Record date	Wednesday, 6 March 2013
Payment date	Friday, 15 March 2013

Further information:

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