



Friday, 11 March 2016

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

Dear Sir / Madam

UK and Europe Investor Presentation

I enclose the presentation to be delivered to investors in the United Kingdom and Europe on 14-16 March 2016.

Yours faithfully,

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

Alexandra Finley
Company Secretary

UK AND EUROPE INVESTOR PRESENTATION 14-16 MARCH 2016



THE AUSTRALIAN INFRASTRUCTURE NETWORK SPECIALISTS



OVERVIEW

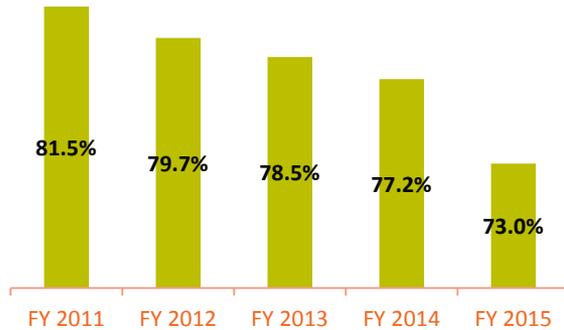
CURRENT INVESTMENT PORTFOLIO

AUSTRALIAN BASED SPECIALIST INFRASTRUCTURE FUND WITH A PORTFOLIO OF HIGH QUALITY REGULATED BUSINESSES

	<p>49.0% Interest</p>	<p>SA Power Networks is the sole operator of South Australia's electricity distribution network, supplying around 852,000 residential and commercial customers in all regions and the major population centres.</p>
	<p>49.0% Interest</p>	<p>CitiPower owns and operates the distribution network that supplies electricity to around 326,000 customers in Melbourne's CBD and inner suburbs.</p>
	<p>49.0% Interest</p>	<p>Powercor is the largest distributor of electricity in Victoria, owning and operating a network that serves around 768,000 customers in central and western Victoria and the western suburbs of Melbourne.</p>
	<p>15.01% Interest</p>	<p>TransGrid is the largest high-voltage electricity transmission network in the National Electricity Market (NEM) by electricity transmitted, connecting generators, distributors and major end users in NSW and the ACT and forms the backbone of the NEM connecting QLD, NSW, VIC and the ACT.</p>
	<p>11.0% Economic Interest</p>	<p>ASX listed company. DUET's investment portfolio includes interests in electricity distribution, gas distribution and transmission and gas powered electricity generation assets.</p>

SPARK INFRASTRUCTURE TRACK RECORD

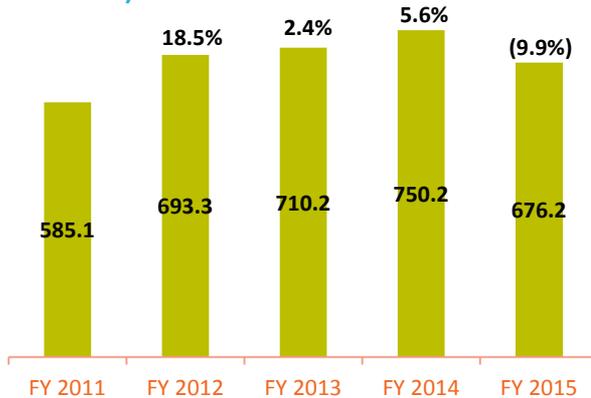
Net Debt to RAB (%) – aggregate SAPN + VPN



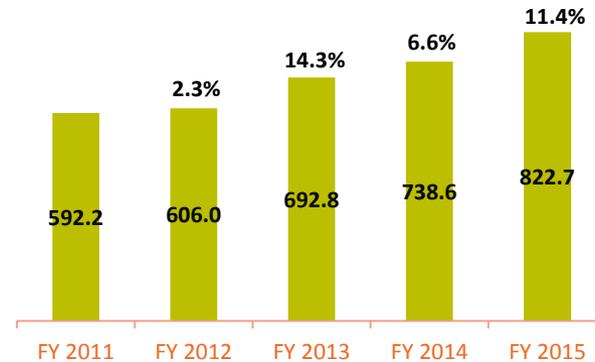
Growth in RAB – aggregate SAPN + VPN
Rolling CAGR¹ (\$bn and %)



SAPN EBITDA (\$M) (ex customer contributions)
(100% basis)

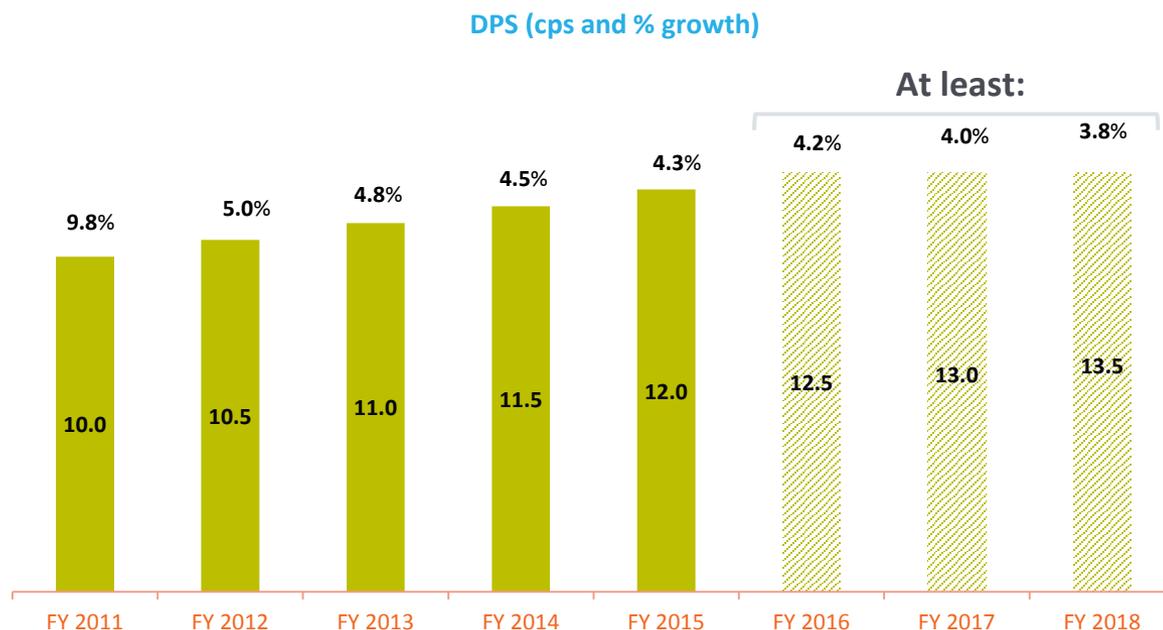


VPN EBITDA (\$M) (ex customer contributions)
(100% basis)



1. Compound Annual Growth Rate

DISTRIBUTION TRACK RECORD + GUIDANCE



- ▶ 3-5% dps growth p.a. to 2015 delivered
- ▶ The Directors have provided medium term distribution guidance; fully covered by both standalone and look-through OCF:
 - FY 2016 – at least 12.5 cps
 - FY 2017 – at least 13.0 cps
 - FY 2018 – at least 13.5 cps
- ▶ Distribution guidance will be reviewed in 1st half of 2016 taking into account the VPN Final Determinations, regulatory appeal outcomes and finalisation of business planning processes

FY 2015 INVESTMENT PORTFOLIO HIGHLIGHTS

Safety and Efficiency

- ▶ SAPN and VPN rank amongst the safest and most efficient businesses of their kind in Australia
- ▶ AER benchmarking ranks CitiPower No.1, Powercor No.2 and SAPN No.3 in opex productivity

Reliability

- ▶ SAPN 2014/15 STPIS outcome \$29m (5-year cumulative \$47m)
- ▶ VPN 2015 provisional STPIS outcome \$15m (5-year cumulative \$51m)

Innovation

- ▶ SAPN and VPN responding to changes in consumer choice, operating environment and innovation through technology

Financial Performance

- ▶ Standalone and Look through OCF up year on year
- ▶ De-gearing at SAPN and VPN achieved
- ▶ Strong coverage of dps on both Standalone and Look through basis
- ▶ VPN World CLASS program progressing strongly, delivering efficiencies year on year
- ▶ SAPN delivering on cost reduction strategies

Regulatory

- ▶ SAPN under revenue cap from 1 July 2015, VPN from 1 January 2016
- ▶ SAPN Final Determination issued in October 2015; various matters appealed
- ▶ VPN Final Determinations due by 30 April 2016
- ▶ SAPN and VPN participated in various rate of return related NSW regulatory appeal matters. Tribunal handed down decisions in late February 2016

TransGrid Acquisition

- ▶ Increased diversity of cashflow sources to Spark Infrastructure
- ▶ Efficient gearing and funding structure maximising cash to owners
- ▶ Long term opportunity for RAB growth
- ▶ Opportunities for non-prescribed earnings growth
- ▶ Long term partner group with balanced and fair governance

STRATEGIC UPDATE

STRATEGIC UPDATE

Distributions

- ▶ **Guidance to be reviewed in 1st half of 2016** – Potential for a significant increase in Standalone OCF per security from FY 2016 – taking into account certain regulatory outcomes recently published by the Australian Competition Tribunal, VPN Final Determinations expected by end of April 2016 and finalisation of associated business planning processes
- ▶ Strong balance sheet at SAPN and VPN provides flexibility to review distributions

TransGrid

- ▶ **Focus on execution of business plan** – Application of skills and experience in an active manner to the management of TransGrid to deliver the business plan and meet stakeholder expectations

DUET Group

- ▶ **Investment under review** – with focus on continued strategic relevance to Spark Infrastructure

NSW Privatisations

- ▶ **Ausgrid ruled out** – Spark Infrastructure and the Consortium have decided not to participate in the sales process for NSW electricity distribution business Ausgrid

TRANSGRID EQUITY INVESTMENT – COMPLETED 16 DEC 2015

Spark Infrastructure acquired an equity investment of 15.01% in TransGrid equal to \$735.3m¹. The investment:

- ▶ Is expected to be value accretive and provides long term cash generation growth opportunities
- ▶ Is forecast to be Standalone OCF per security accretive relative to Spark Infrastructure's 2015 Standalone OCF of 14.0 cps
- ▶ Will be actively managed to increase efficiency through better asset utilisation and process improvements with the objective of moving it to the efficient frontier of performance
- ▶ Solid investment grade credit rating expected to be secured in the near term
- ▶ Provides further diversification to Spark Infrastructure's existing investment portfolio by sources of cashflow, asset type, geography, regulatory timing and partnering
- ▶ Distributions to Spark Infrastructure expected to be ~\$45m for FY 2016

Spark Infrastructure is able to apply its core capabilities to out-performing regulatory benchmarks and growing non-prescribed business activity

Results of TransGrid from 16 December 2015 – 31 December 2015 reduced Spark Infrastructure's FY 2015 profit after tax by \$0.2m. No cash distributions were received during this period

1. Includes Spark Infrastructure's share of NSWEN Consortium acquisition costs. Increase of \$1.0m in Spark Infrastructure's share of costs vs November 2014

TRANSGRID: PROGRESS TO DATE

- 1 Transition to private ownership** – Comprehensive Transition Program underway including successful completion of Financial Close on 16 December 2015
- 2 Governance** – New Boards appointed – 2 Spark Infrastructure Directors (including current Chair); 1 Hastings; 1 CDPQ; 2 Independent Non-Executive Directors
- 3 New Leadership** – Appointed new CEO to lead into next phase of development and new CFO to strengthen finance discipline in new operating environment
- 4 Strategic plan** – The Consortium’s business plan is being integrated into the business and communicated to the workforce
- 5 Business transformation** – “Accelerate” business improvement program initiated; designed to execute the new business plan; entrench a performance based culture in the workforce; grow new business areas and improve operational efficiency and capital allocation
- 6 Engagement** – The Chair and Consortium Directors have travelled extensively across New South Wales to meet with TransGrid employees and community representatives
- 7 Unregulated revenue** – Mapping of opportunities and finalisation of growth strategies underway Accelerate program already set up – looking to build momentum for further efficiencies quickly

Proven track record and strong experience of the Consortium members in owning comparable assets provides confidence in the ability to deliver business plan

THE GRID HAS A SECURE FUTURE IN AUSTRALIA

1. Regulatory policy in Australia continues to protect efficient sunk investments

- ▶ Private ownership of grid assets delivers efficient investment
- ▶ AEMC (rule maker) has consistently rejected proposed optimisation of RAB

2. Revenue cap provides revenue certainty

- ▶ All electricity transmission and distribution networks under AER jurisdiction now under Revenue cap – sales volume risk removed

3. Key drivers underpin long term growth

- ▶ Growth in large scale renewable generation connecting to the Grid
- ▶ Long term growth in electrification of both public and private transport in Australia
- ▶ Key role for transmission and distribution networks in removing imbalances in the NEM

4. Spark Infrastructure's existing investments are actively integrating new technologies into their current network businesses

INNOVATION AND RESPONSE TO CHANGE

- ▶ **Leadership and workforce capabilities** – further enhance culture of agile, empowered business leadership
- ▶ **Customer focus** – improved understanding of customer insights by segment, customer service channels and service capabilities
- ▶ **Network planning** – flexible and modular asset build out
- ▶ **Shaping regulated and unregulated business** – changing customer behaviours and availability of non-network solutions creates opportunities to carefully leverage existing business footprint into new activities
- ▶ **Cost reflective tariff reform** – ensure customers receive economically efficient price signals to encourage appropriate choices; supported by more advanced metering; and facilitated by enhanced customer engagement

Case study: VPN

- **Energy Solutions Business Unit created in 2015**
- **Commercial scale solar product rolled out**
 - 320kW now installed, strong pipeline developing
 - Partnership with NextGen - proven commercial solar track record capabilities
- **Residential battery storage trial underway – Panasonic, Sunverge and LG batteries installed**
- **Grid scale storage project underway – Buninyong site preparation complete, interconnection work complete, commissioning targeted April FY 2016**

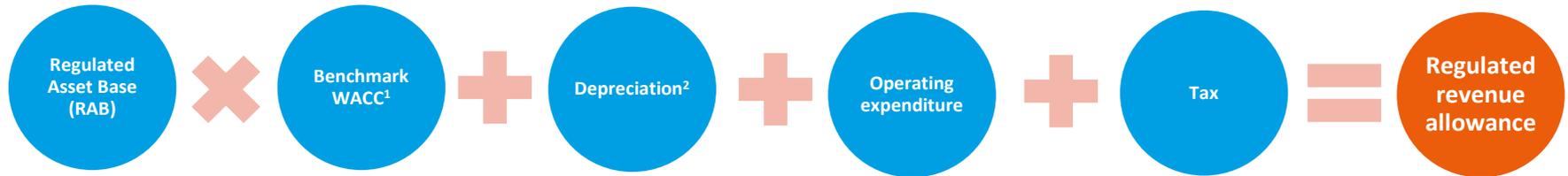
Case study: SAPN

- **Residential battery storage trials - enabling deferral of network upgrades**
- **Trial of mid scale network storage to improve reliability, enable increased renewables penetration and defer network upgrades**
- **Implementation of Advanced Distribution Management System, enabling advanced power applications and network automation**
- **Discussions with customers on feasibility of high penetration renewable micro-grids to reduce cost to customers**
- **Network Innovation Centre continues to be a hub for research and community education**

REGULATORY UPDATE

REGULATORY FRAMEWORK

In-built protections and opportunities to out-perform



- ▶ **Revenue Cap methodology** - For the new regulatory periods, annual 'true up' adjustment to tariffs (either upwards or downwards) in subsequent years removes effect of variances in electricity sales volumes, ensuring regulated revenue is not under or over recovered
- ▶ Revenues and RAB are adjusted annually to protect against inflation
- ▶ Regulatory framework allows for the pass-through of efficient operating costs and capital costs
- ▶ WACC parameters and OPEX and CAPEX allowances are set by reference to a 'benchmark entity'. Efficient businesses continue to have incentive and opportunity to outperform

- **Revenue certainty**
- **Inflation protection**
- **Cost pass-throughs for operating and capital costs**



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

REGULATORY APPEAL DECISIONS

- ▶ **Australian Competition Tribunal handed down decisions in late February 2016 in respect of NSW and ACT distributors and certain other entities**
- ▶ **South Australian and Victorian interveners (including SAPN and VPN) had previously made submissions with respect to allowed return on equity, cost of debt and gamma (value of imputation credits to investors)**
- ▶ **Decisions:**
 - ▶ **Gamma** – AER position that gamma should be 0.4 was rejected and gamma was restored to 0.25
 - ▶ **Cost of debt** – Tribunal determined that error was established in terms of the transition to a trailing average approach to cost of debt. AER must now remake decisions in terms of the immediate transition approach or a hybrid transition
 - ▶ **Cost of equity** – AER methodology and parameters supported. AER use of its foundation model did not involve an error of discretion
 - ▶ **Benchmarking** – Tribunal determined that error has been established in terms of AER application of benchmarking. AER must remake Networks NSW and ActewAGL opex decisions including using broader range of modelling and benchmarking, and “Bottom up” review of forecast opex

SPARK INFRASTRUCTURE FINANCIAL RESULTS

FY 2015 FINANCIAL RESULTS

	FY 2015	FY 2014	% Change
Spark Infrastructure dps ¹	12.0cps	11.5cps	4.3
Payout ratio - standalone ^{1,2}	85.6%	81.5%	+4.1%
Payout ratio - lookthrough (post Spark Infrastructure net costs) ^{1,3}	41.6%	47.7%	-6.1%
SAPN distributions to Spark	\$114.2m	\$125.1m	(8.6)
VPN distributions to Spark	\$82.2m	\$81.2m	1.2
Standalone OCF	\$207.4m	\$206.9m	0.2
Standalone OCF per security ⁴	14.0cps	14.7cps	(4.8)
Lookthrough OCF per security (post Spark Infrastructure costs) ⁴	28.9cps	25.1cps	14.7
Net debt to RAB (SAPN and VPN aggregate level) ⁵	73.0%	77.2%	-4.2%
Net profit after tax (underlying) ⁶	\$119.7m	\$128.1m	(6.6)
Net profit after tax (statutory) ⁷	\$88.0m	\$128.1m	(31.3)

1. Accrued basis

2. Distribution divided by Standalone OCF per security (FY 2014 calculated using securities at 31 December 2014 of 1.466bn)

3. Distribution of 12.00cps divided by Look through OCF per security (FY 2014 calculated using securities at 31 December 2014 of 1.466bn)

4. Reflects weighted average securities outstanding during the period (1.479bn securities) (2014: 1.408bn securities)

5. Includes both DUOS and AMI RAB. From 2015 VPN also includes public lighting RAB \$37m (100% basis)

6. Underlying results exclude the impact of certain non-cash and non-operating items

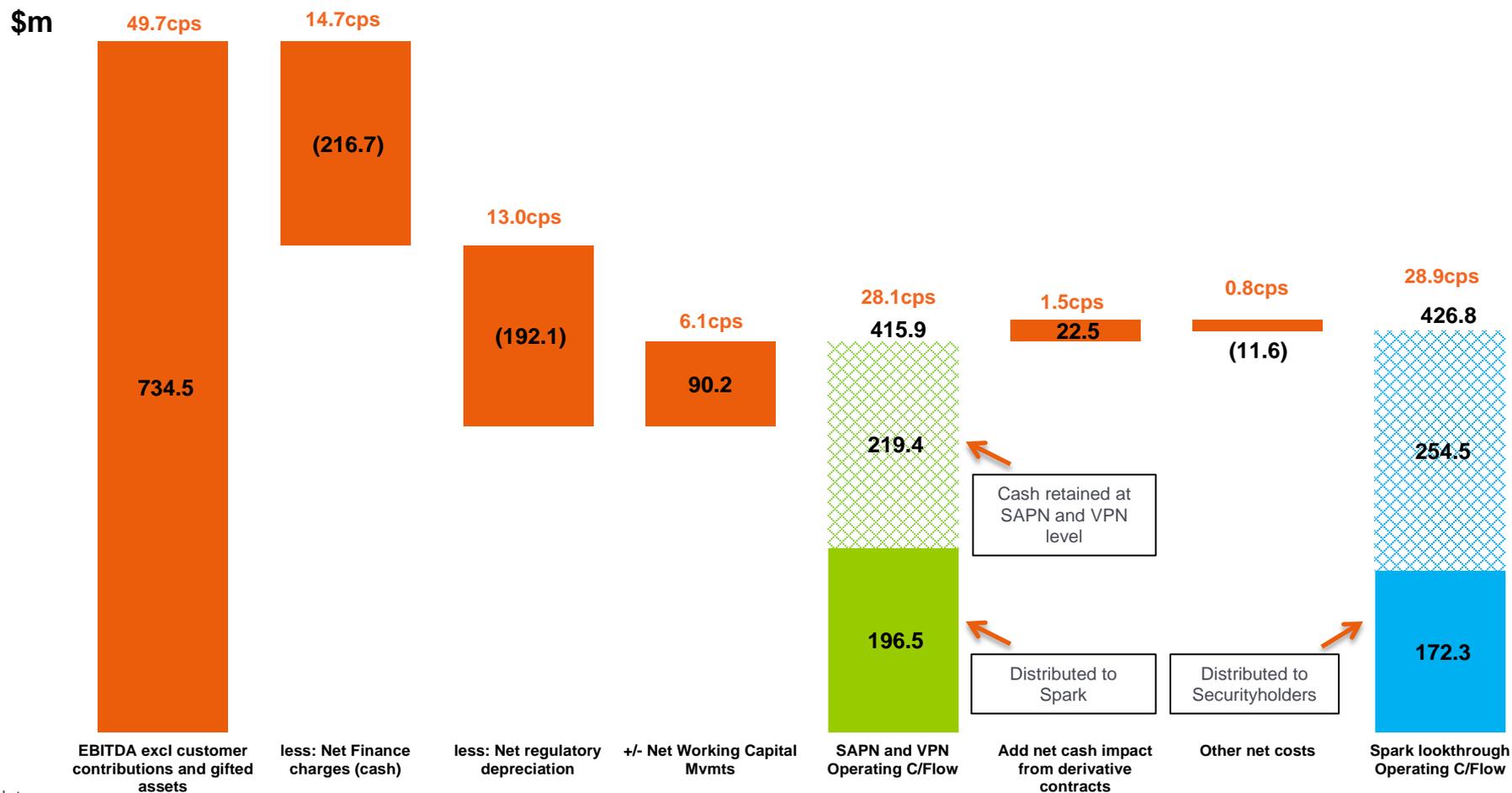
7. FY 2015 result includes a post tax expense item of \$31.7m reflecting ATO settlement regarding deductibility of interest

FY 2015 OPERATING CASH FLOW

	FY 2015	FY 2014	% Change
	\$m	\$m	%
SAPN – PPC distributions	69.6	69.6	-
SAPN – other distributions	44.6	55.4	(19.5)
VPN – sub debt interest	82.2	81.2	1.2
Asset Company distributions	196.5	206.3	(4.7)
Distributions from derivative contracts	32.5	15.8	105.8
Total distributions	229.0	222.1	3.1
Interest received	3.8	1.7	124.5
Interest paid	(2.7)	(1.5)	76.3
Finance costs paid on derivative contracts	(10.1)	(6.1)	64.9
Corporate expenses - including project related costs	(12.7)	(9.2)	37.5
Standalone OCF	207.4	206.9	0.2

LOOK THROUGH OPERATING CASHFLOW AGGREGATE SAPN + VPN (49% SHARE)

Continued strong coverage of Distributions



- Notes:
1. All cps figures reflect weighted average securities
 2. Above calculation for FY 2015 excludes TransGrid due to short period of ownership and items including finance charges and working capital movements not being meaningful for the period.

INVESTMENT PORTFOLIO

SAPN (100% RESULTS)

Financial	FY 2015	FY 2014	Change
	\$m	\$m	%
Regulated revenue – DUOS	831.5	920.0	(9.6)
Semi-regulated – other	54.5	39.5	38.0
Unregulated revenue	174.1	147.5	18.0
Total revenue (ex customer contributions)	1,060.1	1,107.0	(4.2)
<i>Customer contributions incl gifted assets</i>	80.6	80.4	0.2
Total revenue	1,140.7	1,187.4	(3.9)
Operating costs	(383.9)	(356.8)	(7.6)
EBITDA (ex customer contributions)	676.2	750.2	(9.9)
EBITDA	756.8	830.6	(8.9)
EBITDA margin (ex customer contributions)	63.8%	67.8%	-4.0%
Net Capex	315.5	363.8	(13.3)
Operational	FY 2015	FY 2014	Change %
Customer numbers	852,439	846,846	0.7
FTE numbers	2,096	2,199	(4.7)
Volume sold (GWh)	10,347	10,586	(2.3)

- ▶ DUOS revenue down 9.6% largely due to AER draft determination. Factors include:
 - 3% nominal tariff increases 1 July 2014;
 - 26% nominal tariff decrease 1 July 2015 reflecting temporary Preliminary Determination outcomes;
 - \$6.5m STPIS recovered in H1 2015, nil in H2 2015 (2013/14 STPIS penalty deferred);
 - No change year on year for one-off vegetation management cost pass-through (\$20m each in 2014 and 2015);
 - Semi-regulated revenues up 38% mainly due to increased asset relocation activity (including the Torrens to Torrens project)
 - Unregulated Revenues up 18% largely due to higher 2015 NBN activity (\$32m)
- ▶ Opex up 7.6%
- ▶ EBITDA (ex CC) down 9.9%
- ▶ Net Capex down 13.3%
- ▶ Revenue Cap now in place from 1 July 2015

SAPN BUSINESS UPDATE



- ▶ Final Regulatory Determination provides significantly higher revenues than the Preliminary Determination that has applied since 1 July 2015. Additional revenue to be recovered in years 2-5 of the regulatory period

Safety and Engagement

- Highest standards of workplace safety achieved – zero Lost Time Injuries in 2015
- Awarded “Best Graduate Employer in Australia” by the Australian Association of Graduate Employers for the second year in a row
- Awarded “Employer of the Year for Training” by the South Australian Training Skills Commissioner

Reliability

- \$29m STPIS benefit for 2014/15
- Cumulative across complete 5 Year Regulatory Period of \$47m

STPIS Result	\$m
2010/11	(1)
2011/12	20
2012/13	13
2013/14	(13)
2014/15	29
Total	47

Efficiency

- SAPN ranked most efficient distributor on State by State basis
- 2015/16 tariffs approved - SAPN contributing 28% to average total residential electricity bill

VPN (100% RESULTS)



Financial	FY 2015	FY 2014	Change
	\$m	\$m	%
Regulated revenue - DUOS	944.7	843.5	12.0
Prescribed metering (AMI)	109.3	115.4	(5.3)
Semi-regulated other	44.5	45.9	(3.1)
Unregulated revenue	92.4	103.0	(10.3)
Total revenue (ex customer contributions)	1,190.8	1,107.8	7.5
Customer contributions incl gifted assets	117.2	67.0	75.0
Total revenue	1,308.0	1,174.8	11.3
Operating costs	(368.2)	(369.1)	0.3
EBITDA (ex customer contributions)	822.6	738.7	11.4
EBITDA	939.9	805.7	16.7
EBITDA margin (ex customer contributions)	69.1%	66.7%	2.4%
Net Capex (Inc. AMI)	466.3	506.0	(7.8)
Operational	FY 2015	FY 2014	Change %
Customer numbers	1,093,745	1,080,569	1.2
Employee numbers	1,939	1,971	(1.6)
Volume sold GWh - CitiPower	5,944	5,919	0.4
- Powercor	10,713	10,333	3.7
Volume sold GWh (total)	16,657	16,252	2.5

- ▶ DUOS revenue up 12.0% including:
 - tariff increases of ~10% for CitiPower and Powercor;
 - STPIS benefit of \$12m (FY 2014: \$19m);
 - Powercor VBRC¹ pass through \$15m (FY 2014: \$10m);
 - Prudent provision against revenue relating to Powerline replacement program (\$9m); and
 - Total volumes increased by 2.5%
- ▶ Price cap (volume exposure) ended 31 December 2015
- ▶ Lower unregulated revenue reflecting reduced third party activity
- ▶ Opex down 0.3%
- ▶ EBITDA (ex CC) up 11.4%
- ▶ Net Capex down 7.8%

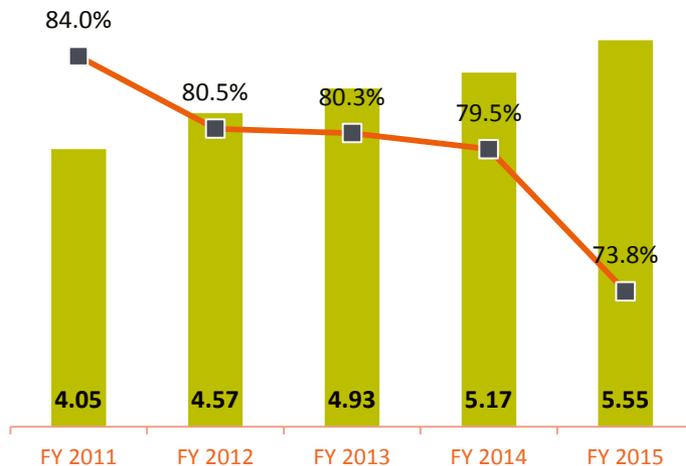
1. Victoria Bushfire Royal Commission

VPN RECAP: 5 YEAR REGULATORY PERIOD TO DECEMBER 2015

STPIS Result	\$m
2011 regulatory year	15
2012 regulatory year	19
2013 regulatory year	12
2014 regulatory year	(10)
2015 regulatory year	15
Total	51

- ▶ **Reliability performance was strong: \$51m cumulative benefit**
- ▶ Over the 5 years to December 2015:
 - **RAB increased by ~\$2bn** between December 2010 and December 2015 to \$5.55bn - CAGR of 8.6%
 - Net Debt increased by \$1,057m - i.e. **54% of RAB growth was debt funded**, 46% funded via retained cash
 - **Net Debt/RAB reduced** from ~84% to ~74%
- ▶ **Spark Infrastructure's equity share of RAB increased** by \$402m or 129% to \$713m over the 5 year period
- ▶ In total across the 5 years, **actual volumes were 2.4% below the AER's forecast**
- ▶ **Revenue cap now in place** for 2016 onwards, removing volume risk over the regulatory period

RAB growth and Net Debt to RAB (\$bn and %)



VPN BUSINESS UPDATE



- ▶ CitiPower and Powercor ranked 1st and 5th respectively in Total Productivity per latest AER report
- ▶ 2016 tariffs approved – CitiPower and Powercor contributing 20% and 25% respectively to average total residential electricity bill
- ▶ GM Energy Solutions and new Chief Information Officer commenced early 2016

Safety and Engagement

- 2 LTIs in 2015
- Strong, visible Executive and Management safety, leadership and commitment

Reliability

- Estimated STPIS benefit for FY 2015 of \$15m
- Cumulative across complete 5 Year Regulatory Period of \$51m

Efficiency

World CLASS continues to deliver strong benefits:

- Reduction in some activities, use internal resources more efficiently and reduce external spend
- 2015 savings split ~60/40 between Opex and Capex
- Savings 'run rate' by FY 2015 approx. two thirds towards final opportunity identified
- Savings to date include:
 - halving spend on external design contractors
 - commercial sourcing benefits
 - streamlined management structures
 - 2/3rds reduction in resource partner numbers for field delivery
 - streamlined customer contact processes
 - significant 'red tape' reduction

TRANSGRID BUSINESS UPDATE

- ▶ Regulatory certainty to June 2018. Planning for reset already commenced, initial proposal due to AER January 2017
- ▶ Unregulated business on track for growth with certainty of ownership post transition a positive for current and potential customers; arrangement agreed with Ausnet Services; Network rollout to Canberra completed in 2015; and Melbourne connection scheduled for April 2016

Safety and Engagement	Reliability	Efficiency	Innovation
<ul style="list-style-type: none"> • Safety the highest priority for management and new owners • Highest standards of workplace safety achieved – zero LTIs in 2015 • Employee engagement scores impacted during 2015 due to privatisation uncertainties. Opportunity for strong improvement 2016+ • New owners have already travelled widely across NSW to meet staff at range of locations • Current Enterprise Bargaining Agreement expires December 2016 – preparations already underway 	<ul style="list-style-type: none"> • FY 2015 availability of 99.999% (0.31 minutes off supply) • Customer satisfaction of 74% in 2015 continues to trend upwards over recent years (72% in 2014 and 68% in 2013) 	<ul style="list-style-type: none"> • The 2014 AER Benchmarking Report was released in November 2015. It ranks TransGrid No.2 (from 5) in Operating Partial Factor Productivity and No.5 in Multilateral Total Factor Productivity, partly reflecting the large and dispersed nature of the TransGrid network • ‘Not materially inefficient’ but opportunity to enhance performance over time 	<ul style="list-style-type: none"> • iDemand pilot project - partnered with 9 academic and research institutions looking at managing peak demand • Feasibility study underway (with funding from ARENA and NSW Government) into renewable energy hubs • Grid scale storage: 2 x 1MWh battery arrays in place • Substation technology enhancements – real time monitoring and diagnostics • Use of drones for inspections • Asset Monitoring Centre and Asset Information Management System

SUMMARY AND OUTLOOK

MANAGEMENT PRIORITIES

PORTFOLIO PERFORMANCE

- ▶ **SAPN and VPN** – businesses performing strongly; ongoing focus on efficiency and reliability
 - Finalisation of VPN regulatory reset and management of appeals for SAPN and potentially VPN
 - Conclusion of 5-year business planning reflecting final regulatory outcomes
 - Growth and development of Energy Solutions business unit in VPN and other innovations in both businesses
- ▶ **TransGrid** – focus on completing transition to private ownership and executing the Consortium business plan based on operational efficiency, improved asset utilisation and growth in non-prescribed business activity

PORTFOLIO COMPOSITION

- ▶ **DUET Group** – Investment under review
- ▶ **NSW privatisations** – Spark Infrastructure will not be participating in the Ausgrid sales process

OUTLOOK AND GUIDANCE

DISTRIBUTIONS

- ▶ The Directors have provided medium term distribution guidance; fully covered by both standalone and look through OCF:
 - FY 2016 – at least 12.5 cps (4.2% up on 2015)
 - FY 2017 – at least 13.0cps
 - FY 2018 – at least 13.5cps
- ▶ Distribution guidance will be reviewed during the first half of 2016. There is the potential for a significant increase in Standalone OCF per security from FY 2016 – taking into account certain regulatory outcomes recently published by the Australian Competition Tribunal, VPN Final Determinations expected by end of April 2016 and finalisation of associated business planning processes

INVESTMENT PORTFOLIO

- ▶ A 'true-up' of results to SAPNs Final Determination will commence from 1 July 2016, showing improvement on the first year of the new regulatory period
- ▶ Expecting real growth in RAB over next 5 Year Regulatory Period
- ▶ De-gearing to 75% net debt to RAB achieved – gearing levels expected to remain around the 75% level for SAPN and VPN, with future RAB growth funded by closer to 25% retained cash
- ▶ No equity injections expected for SAPN and VPN in current regulatory periods
- ▶ TransGrid gearing levels are expected to remain in current range over the medium term

FOR FURTHER INFORMATION

Please contact

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APPENDICES

KEY METRICS

SECURITY METRICS

Market price at 10 March 2016 (\$) 2.060

Market capitalisation (\$) 3.5 billion

DISTRIBUTIONS

FY 2015 Actual 12.00cps

Comprising

- Loan Note interest 7.05cps

- Tax deferred amount 4.95cps

FY 2016 Guidance At least 12.50cps

FY 2017 Guidance At least 13.00cps

FY 2018 Guidance At least 13.50cps

CREDIT RATINGS

Asset level credit ratings SAPN: A-/A3
VPN: BBB+/N/A
TransGrid: Investment Grade TBD

Spark level credit rating Baa1

SPARK INFRASTRUCTURE

Total RAB (Spark share) 5,596

Gross Debt at Spark Level 205

SAPN

RAB¹

Net Debt

Net Debt/RAB

Percentage Hedged (gross)

Rolling 12 Month ICR² (x net interest)

VPN

RAB¹ (Including AMI)

Net Debt

Net Debt/RAB

Percentage Hedged (gross)

Rolling 12 Month ICR² (x net interest)

Net Debt/RAB - SAPN and VPN

TransGrid

RAB

Net Debt

Net Debt/RAB

Percentage Hedged (gross)

\$m

3,929

2,824

71.9%

98.3%

4.5 x

\$m

5,547

4,092

73.8%

97.7%

3.5 x

73.0%

\$m

6,347

5,492

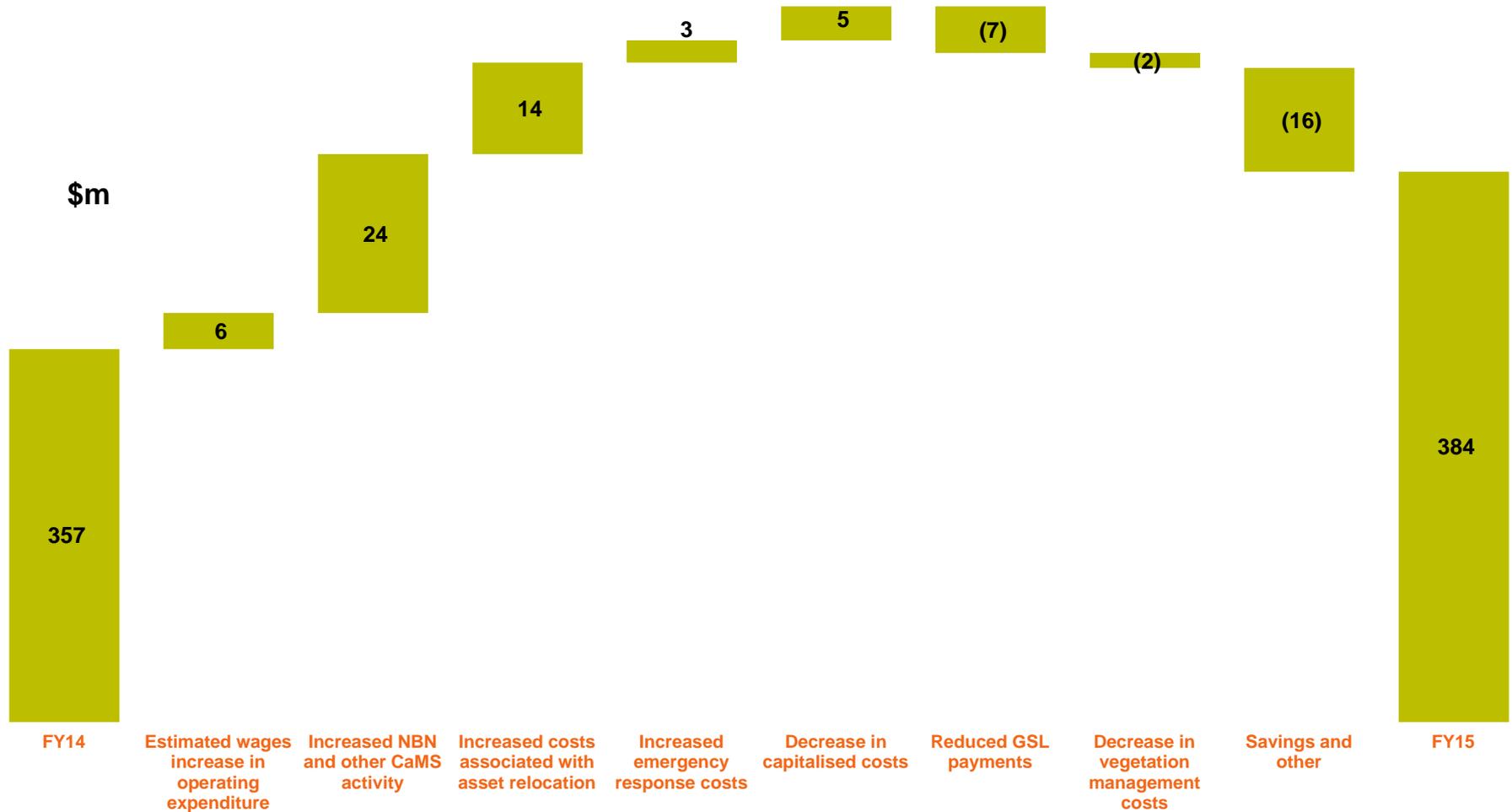
86.5%

75.0%

1 December 2015 estimate

2 Calculated as: EBITDA ex customer contributions and gifted assets / net interest expense

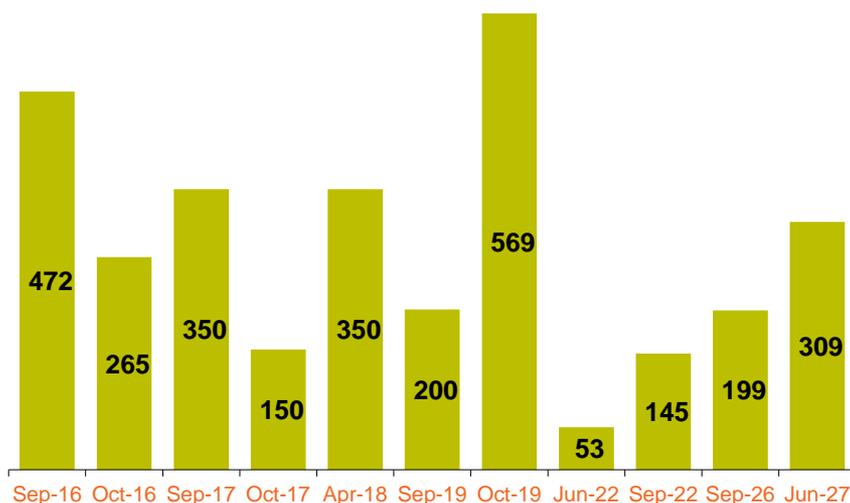
SAPN OPEX FY 2015 VS FY 2014



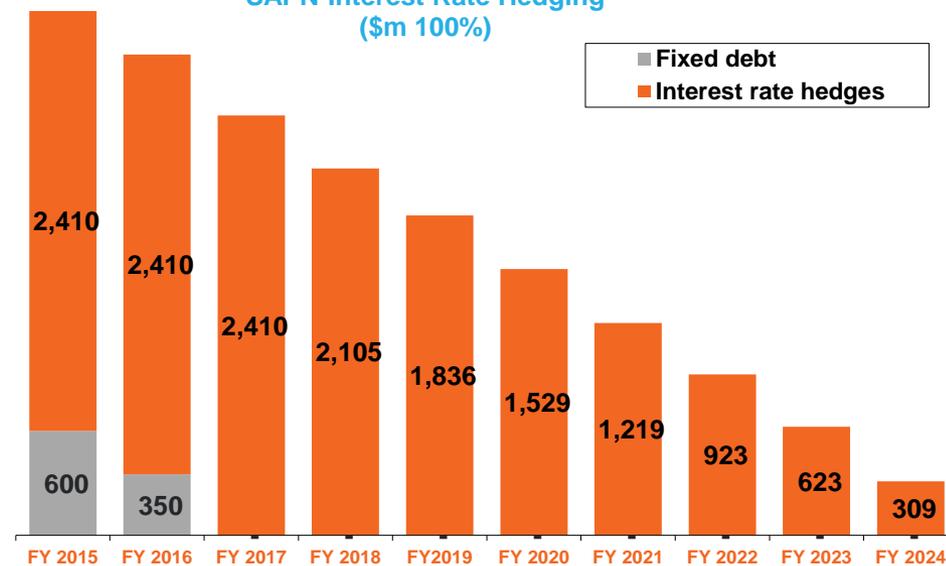
Note: Assumes 10% fully costed EBITDA margin on NBN, asset relocation and other CaMS revenue for illustrative purposes. Does not reflect actual margin, which varies by project. NBN includes year on year materials cost changes

SAPN DEBT AND HEDGING

SAPN - Capital Markets Debt
(\$m 100%)



SAPN Interest Rate Hedging
(\$m 100%)



▶ 2015 Refinancing

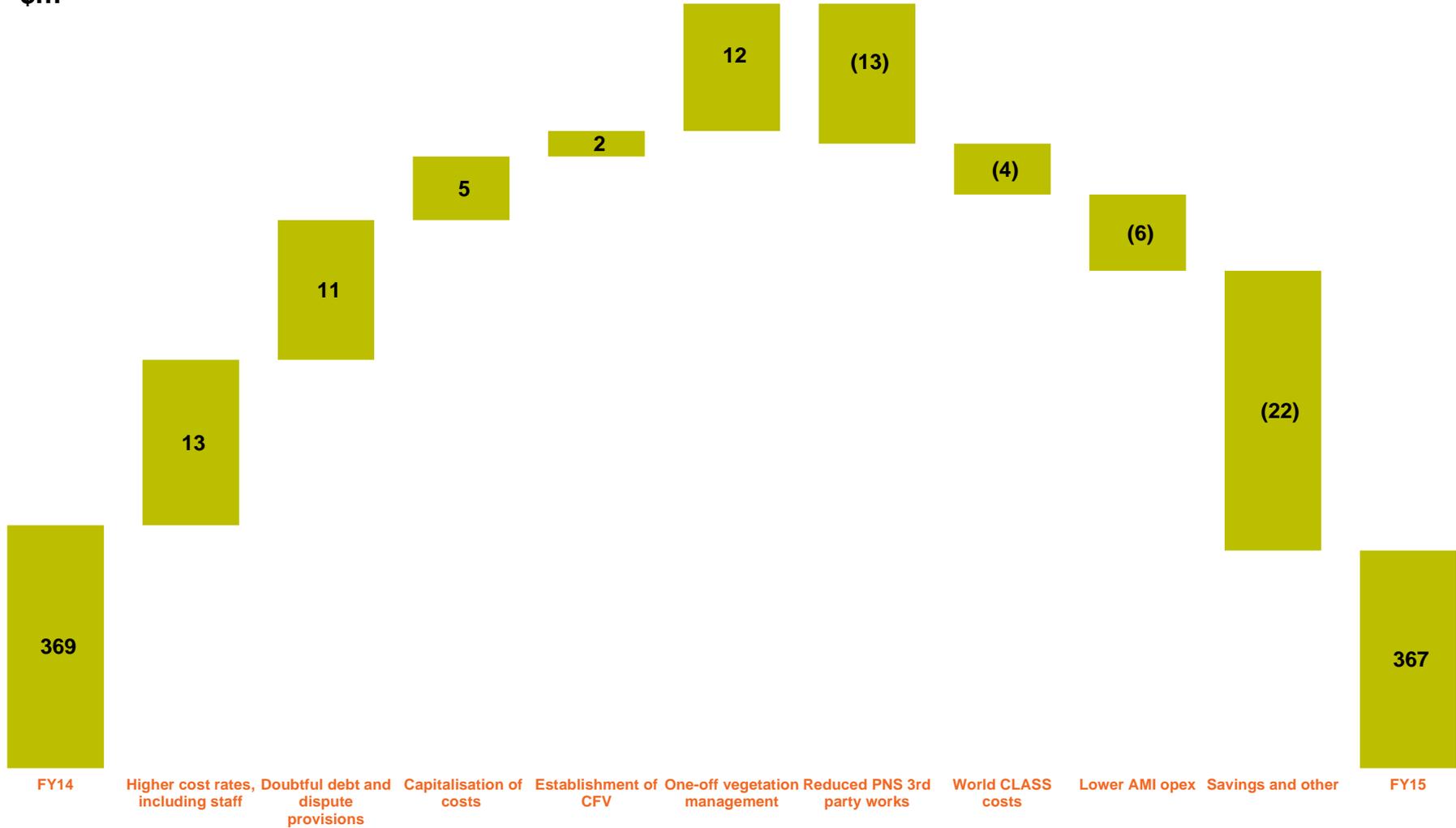
- ▶ In June 2015, SAPN placed a 12-year US\$235m USPP (\$309m)

▶ Interest Rate Hedging

- ▶ In July 2015, SAPN executed \$2.41bn of interest rate swaps with varying tenors to hedge interest rate risk for new regulatory period
- ▶ Pre-existing fixed rate notes provide hedges for years 1 (\$250m) and 2 (\$350m)
- ▶ Average contracted fixed interest rates of 2.43% for swaps expiring on or before 2020 and 3.07% for those expiring post 2020 (Previous 5-year period average swap rate was 5.97%)
- ▶ Net debt to RAB at 31 December 2015 was 71.9%, down 2.3%

VPN OPEX FY 2015 VS FY 2014

\$m

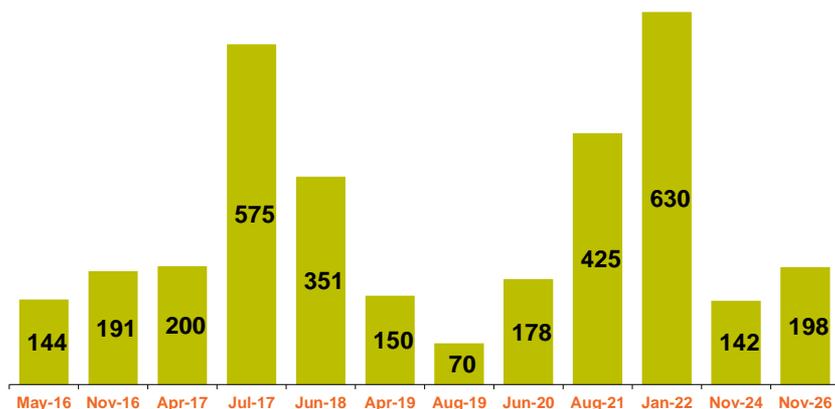


Note: Assumes 10% fully costed EBITDA margin on revenue for illustrative purposes.
Does not reflect actual margin, which varies by project

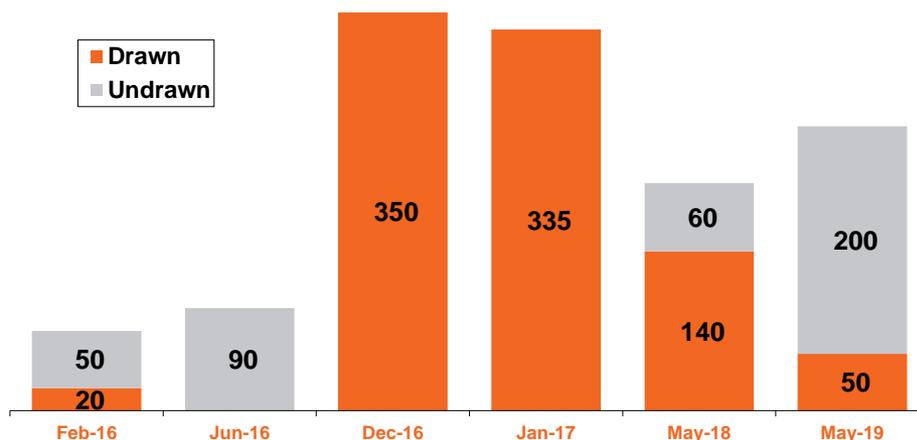
VPN DEBT AND HEDGING



Victoria Power Networks - Capital Markets Debt (\$m 100%)



VPN Bank Debt Facilities (\$m 100%)



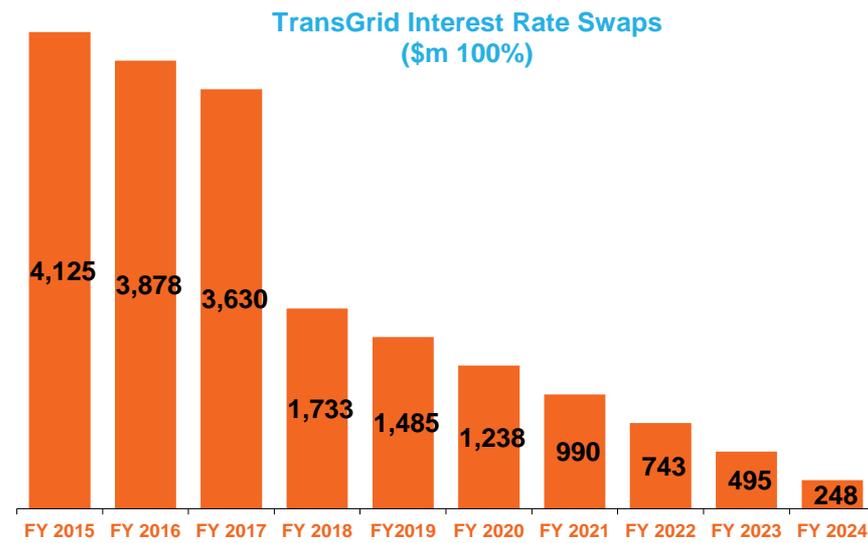
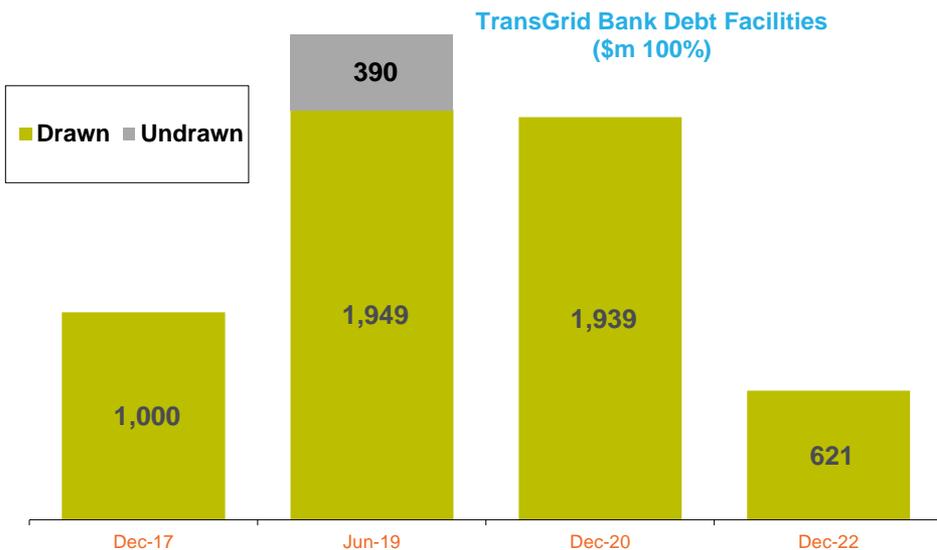
▶ Funding

- ▶ During 2015 VPN established Common Funding Vehicle (CFV) as the sole borrower/issuer of all CitiPower and Powercor existing debt and derivatives
- ▶ S&P have ascribed a rating of BBB+ (stable)
- ▶ In February 2016, VPN executed a \$700m syndicated bank debt facility, with tranches of \$250m (3 years), \$350m (4 years) and \$100m (5 years). The facility replaces existing bank debt bridging facilities totalling \$685m due to mature in Dec 2016 and January 2017

▶ Interest Rate Hedging

- ▶ VPN have \$3.83bn interest rate swaps relating to previous regulatory period expiring by Q1 2016. New swaps will be entered into, following a similar approach to SAPN

TRANSGRID DEBT AND HEDGING



▶ Initial Financing

- ▶ TransGrid has \$5.5bn of drawn debt at December 2015
- ▶ \$350m Capex facility and \$50m working capital facility
- ▶ Broad bank group including both Australian and global lenders
- ▶ Strong investment grade credit rating expected to be obtained in near term
- ▶ First maturity December 2017. Refinance planning already commenced

▶ Interest Rate Hedging

- ▶ Interest rate swaps totalling \$4.13bn (75% of drawn debt hedged at December 2015)
- ▶ Net debt to RAB at 31 December 2015 was 86.5%

REGULATORY FRAMEWORK

Regulatory bodies and responsibilities

Ministerial Council on Energy (MCE)

- Focuses solely on energy market reform and the national energy market
- Reports to the Council of Australian Governments (COAG) which includes all State and Territory Ministers

Australian Energy Markets Commission (AEMC)

- Rule maker
- Responsible for rule making and market development for electricity and gas transmission and distribution networks and retail markets

Australian Energy Regulator (AER)

- Implements the rules
- Economic regulator
- Issues 5-year regulatory decisions for Network Service Providers (NSPs)
- Enforces the Rules made by the AEMC

Australian Energy Markets Operator (AEMO)

- System and market operator for the National Electricity Market and the wholesale gas market
- Independent company with both government and industry membership

Australian Competition Tribunal (ACT)

- Independent appeal mechanism
- Operates Limited Merits Review (LMR)

Transparent separation of responsibilities between regulatory bodies

KEY DATES AND USEFUL LINKS

- ▶ VPN Final Determinations published by AER – 30 April 2016
- ▶ Spark Infrastructure Annual General Meeting – 20 May 2016
- ▶ Investor Day VPN – June 2016 (TBC)
- ▶ Spark Infrastructure HY 2016 results announcement – 22 August 2016
- ▶ Investor Day TransGrid – December 2016 (TBC)

SA Power Networks

sapowernetworks.com.au
talkingpower.com.au

CitiPower and Powercor Australia

powercor.com.au
talkingelectricity.com.au

TransGrid

transgrid.com.au

Australian Energy Regulator

aer.gov.au

Regulatory determinations and Access Arrangements

aer.gov.au/networks-pipelines/determinations-access-arrangements

Performance reports Victoria

aer.gov.au/networks-pipelines/network-performance

Australian Energy Market Commission

aemc.gov.au

Australian Competition Tribunal

competitiontribunal.gov.au

Energy Networks Association

ena.asn.au

Essential Services Commission of South Australia

escosa.sa.gov.au

Essential Services Commission (Victoria)

esc.vic.gov.au

Standing Council on Energy and Resources

scer.gov.au

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