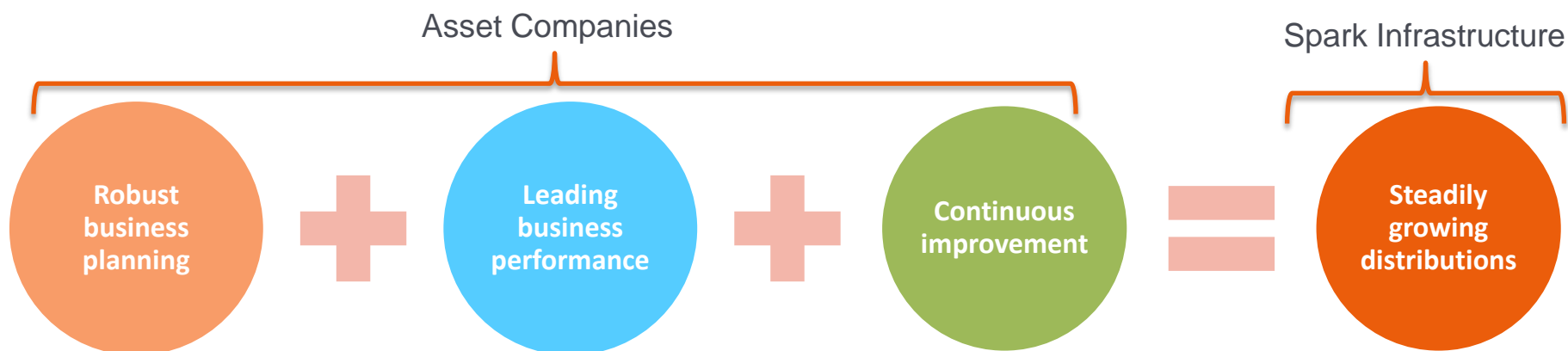


# **HY 2015 RESULTS**

Monday, 24 August 2015

**THE AUSTRALIAN  
INFRASTRUCTURE  
NETWORK SPECIALISTS**

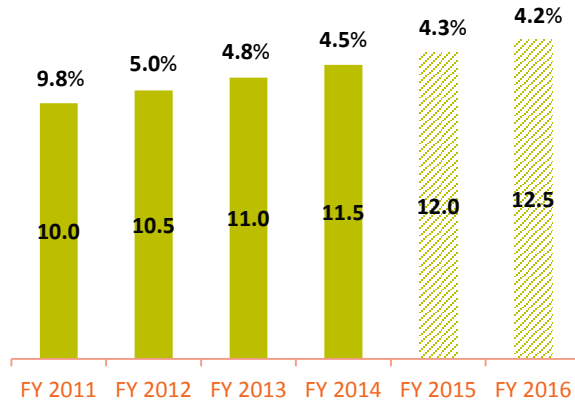
# GROWING DISTRIBUTIONS OVER TIME



1. Spark Infrastructure's core proposition is to deliver steadily growing distributions to its securityholders over time
2. Consistent performance and returns from our investments are founded on business plans which are sufficiently robust and flexible to deliver growing cash flows under a variety of different business circumstances and regulatory outcomes, based on:
  - Disciplined financial and capital management
  - Scalable operations and cutting edge efficiency programs
  - Consistent out-performance of regulatory benchmarks and allowances
  - Business innovation and evolution
  - Appropriately incentivised management teams
3. The Directors have provided distribution guidance for FY2016 (being the first full year under the new regulatory periods) of 12.5 cps, subject to business conditions

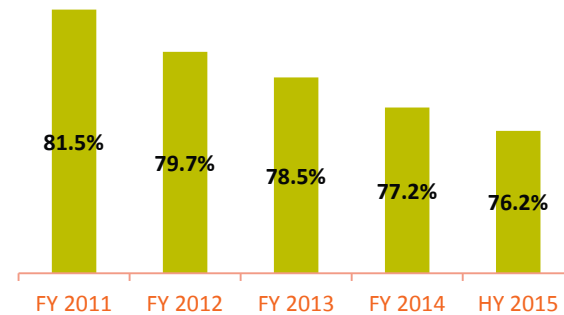
# SPARK INFRASTRUCTURE TRACK RECORD

DPS (cps and % growth)



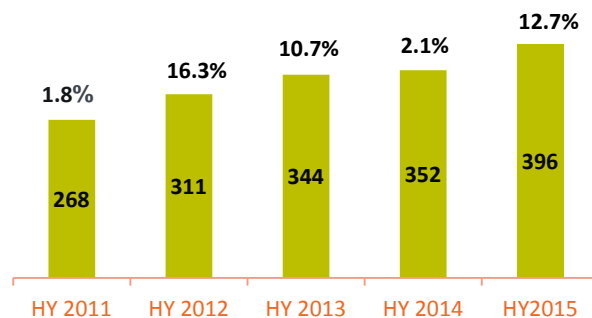
*“3-5% growth p.a. to 2015”*

Net Debt to RAB (%)

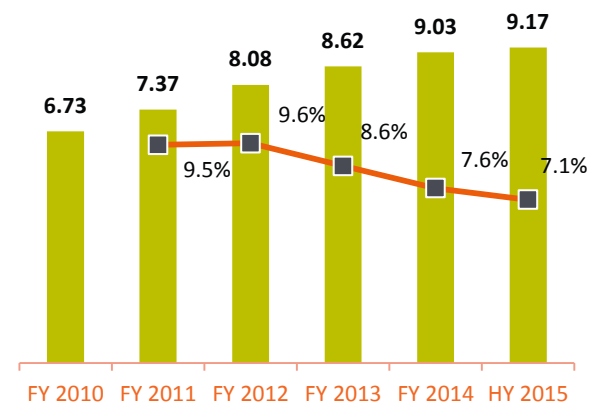


*“Targeting 75% by 2015 in the Asset Companies”*

Asset Company EBITDA (\$M) (excl customer contributions)  
(49% basis)



Growth in RAB - rolling CAGR<sup>1</sup> (\$bn and %)



*“7-8% CAGR<sup>1</sup> to 2015”*

1. Compound Annual Growth Rate

# OPERATIONAL UPDATE

## DELIVERING NOW AND INTO THE FUTURE

### Safety and Efficiency

- ▶ SAPN and VPN are among the most efficient and safe businesses of their kind in Australia
- ▶ AER benchmarking report ranks CitiPower No.1, Powercor No.2 and SAPN No.3 in opex productivity

### Reliability

- ▶ SAPN cumulative STPIS outcome for 5 year regulatory period ended June 2015 \$49m
- ▶ VPN cumulative STPIS outcome to date for the 4 regulatory years 2011-2014 \$36m

### Innovation

- ▶ SAPN and VPN focused on innovation and “future proofing” their network assets in response to changes in consumer choice, operating environment and technology e.g. Powercor installing Australia’s largest battery at Ballarat South

### Financial Performance

- ▶ SAPN increased unregulated revenues, reflecting step up of NBN contracted revenue \$31m
- ▶ VPN World CLASS program progressing well, producing cost savings HY 2015 vs HY 2014
- ▶ Accretive cash flow returns from economic interest in DUET Group

### Regulatory

- ▶ AER has confirmed move from price to revenue cap, removing volume risk
- ▶ SAPN revised regulatory submission lodged 2 July 2015, final determination due by 31 October 2015
- ▶ VPN initial submissions lodged 30 April 2015, preliminary determinations due by 31 October 2015, final determinations by 30 April 2016
- ▶ SAPN, CitiPower and Powercor are participating in the NSW appeal processes in relation to various rate of return matters

# SPARK INFRASTRUCTURE PERFORMANCE

# HY 2015 FINANCIAL RESULTS

	HY 2015	HY 2014	% Change
Spark Infrastructure dps <sup>1</sup>	6.00cps	5.75cps	4.3
Payout ratio - standalone <sup>1,2</sup>	87.0%	97.3%	-10.3%
Payout ratio - lookthrough (post Spark Infrastructure net costs) <sup>1,2</sup>	52.9%	63.6%	-10.7%
Total Asset Company distributions to Spark	\$94.5m	\$92.7m	2.0
Standalone OCF	\$101.2m	\$86.7m	16.7
Standalone OCF per security <sup>3</sup>	6.9cps	6.4cps	7.3
Lookthrough OCF per security (post Spark Infrastructure costs) <sup>3</sup>	11.3cps	9.8cps	15.4
Net debt to RAB (Asset Company level) <sup>4</sup>	76.2%	77.8%	-1.6%
Net profit after tax (underlying) <sup>5</sup>	\$70.8m	\$67.5m	5.0
Net profit after tax (statutory) <sup>6</sup>	\$39.2m	\$89.0m	(56.0)

1. On an accrued basis

2. For HY 2015 calculated using weighted average securities outstanding at 30 June 2015 (1.466bn securities)

3. For HY 2014 calculated using weighted average securities outstanding during the period (1.349bn securities)

4. Includes both DUOS and AMI RAB

5. Underlying results exclude the impact of certain non-cash and non-operating items. Further detail is provided in the Appendix

6. HY 2015 statutory result includes a net \$6.5m loss on derivatives and a post tax expense item of \$31.7m reflecting ATO settlement regarding deductibility of interest on subordinated loans to the Asset Companies

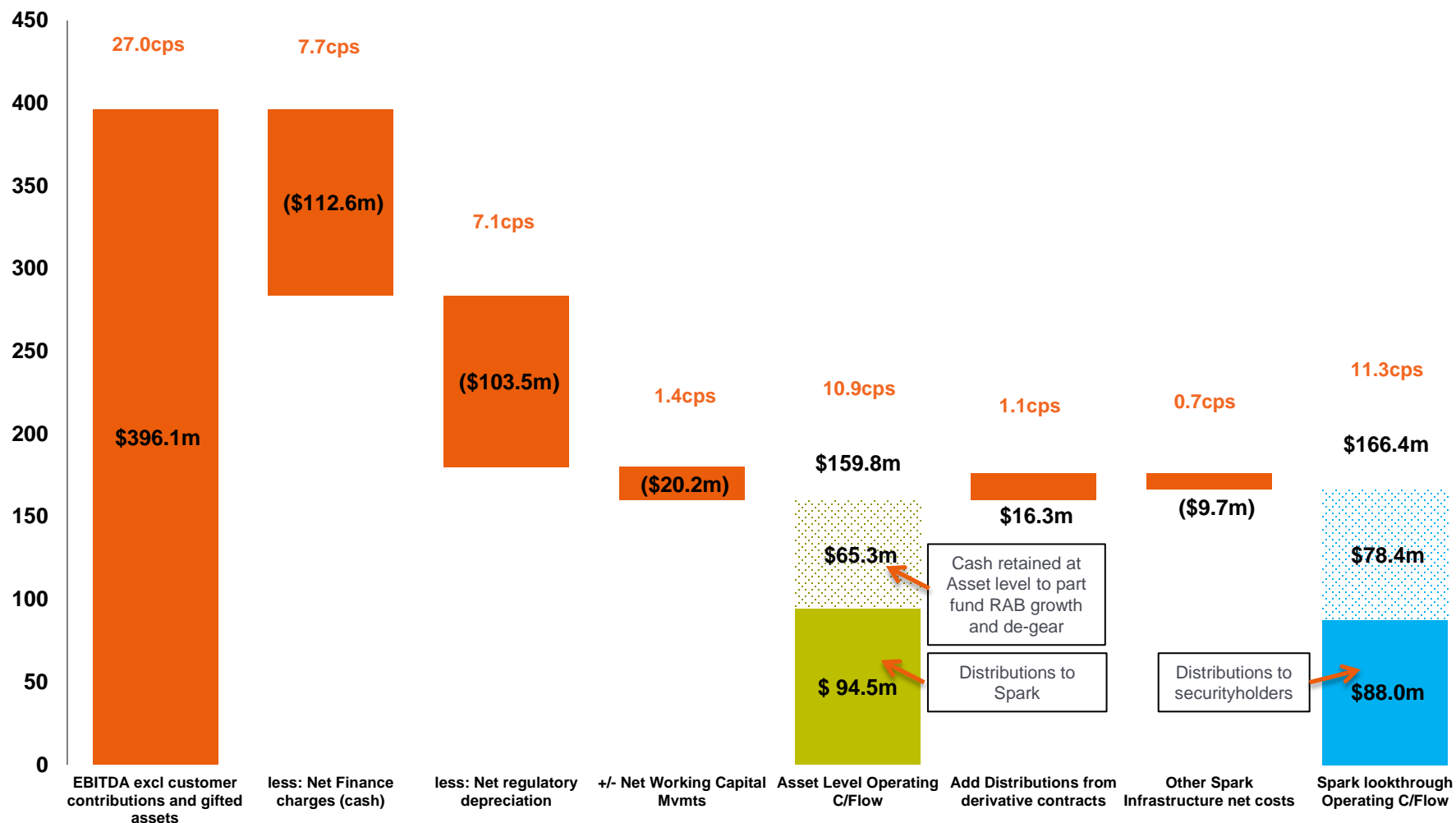
# HY 2015 OPERATING CASH FLOW

	HY 2015	HY 2014	% Change
	\$m	\$m	%
SAPN - PPC distributions	34.3	34.3	-
SAPN - other distributions	19.1	17.9	6.8
VPN – sub debt interest	41.0	40.4	1.5
<b>Asset Company distributions</b>	<b>94.5</b>	<b>92.7</b>	<b>2.0</b>
Distributions from derivative contracts	16.3	-	n/m
<b>Total distributions</b>	<b>110.8</b>	<b>92.7</b>	<b>19.5</b>
Interest received	1.9	0.5	n/m
Interest paid	(0.9)	(0.6)	n/m
Finance costs paid on derivative contracts	(4.5)	(0.7)	n/m
General administrative expenses	(6.1)	(5.2)	(17.9)
<b>Standalone OCF</b>	<b>101.2</b>	<b>86.7</b>	<b>16.7</b>

# LOOK THROUGH OPERATING CASH FLOW

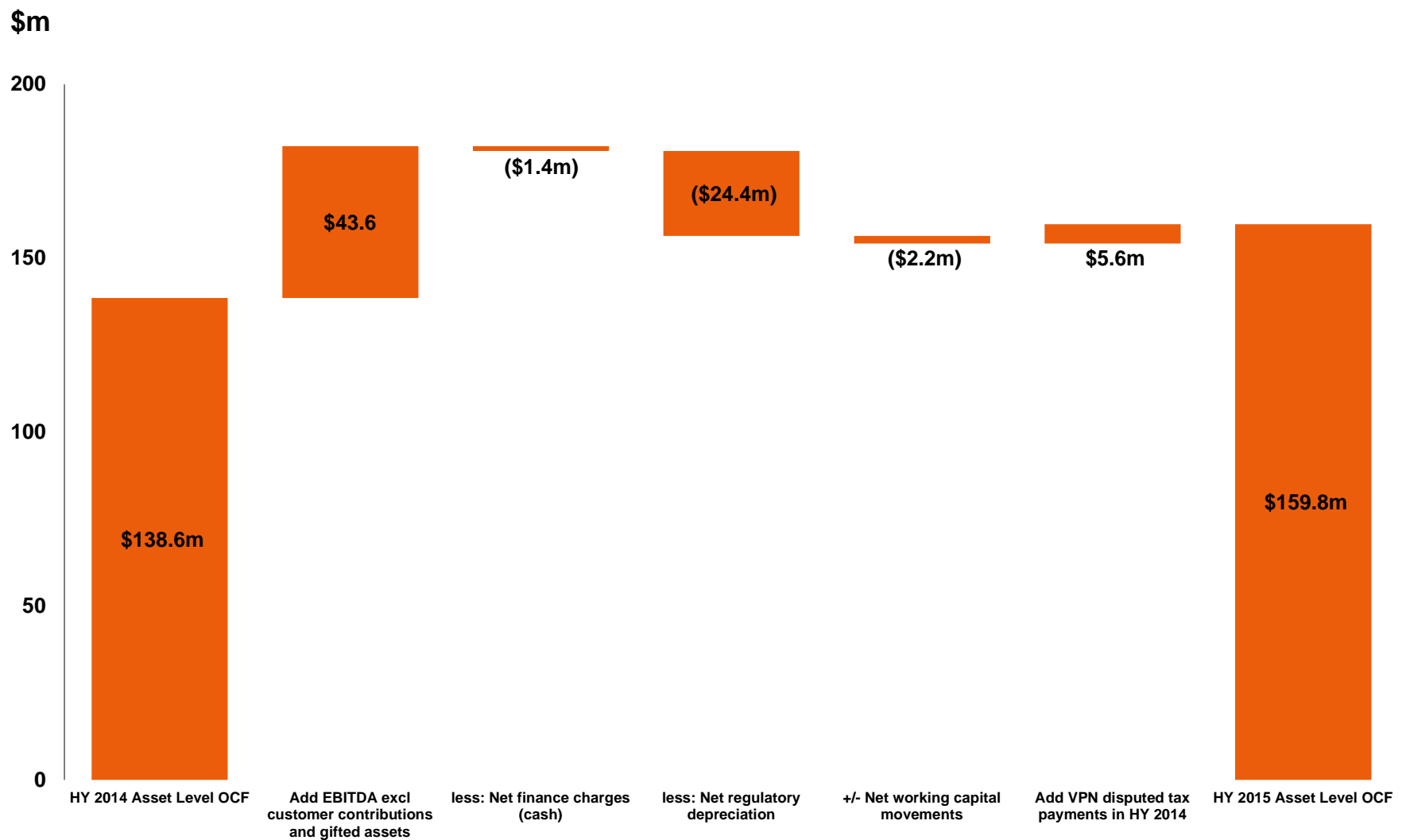
HY 2015 Distribution 1.9x covered by Look through OCF

\$m





# ASSET LEVEL OCF HY 2015 VS HY 2014



# ASSET COMPANY PERFORMANCE

# AGGREGATED FINANCIAL PERFORMANCE (100%)

SAPN and VPN	HY 2015	HY 2014	Change
(100% basis)	\$m	\$m	%
Regulated Revenue – DUOS	942.3	855.0	10.2
Regulated Revenue – AMI	56.5	59.9	(5.7)
Semi-regulated Revenue – Other	43.5	40.4	7.6
Unregulated Revenue	139.1	112.1	24.1
<b>Total Revenue (ex customer contributions)</b>	<b>1,181.3</b>	<b>1,067.5</b>	<b>10.7</b>
Semi-regulated Revenue – customer contributions incl gifted assets	91.3	71.9	27.0
<b>Total Revenue</b>	<b>1,272.6</b>	<b>1,139.4</b>	<b>11.7</b>
Total Operating Costs	(372.9)	(349.8)	(6.6)
<b>EBITDA (ex customer contributions)</b>	<b>808.4</b>	<b>717.6</b>	<b>12.7</b>
<b>EBITDA (incl customer contributions)</b>	<b>899.7</b>	<b>789.5</b>	<b>14.0</b>
<b>EBITDA Margin (ex customer contributions)</b>	<b>68.4%</b>	<b>67.2%</b>	<b>1.2%</b>
Capital Expenditure (Net)	356.2	383.5	(7.1)

# SAPN (100% RESULTS)



## Financial

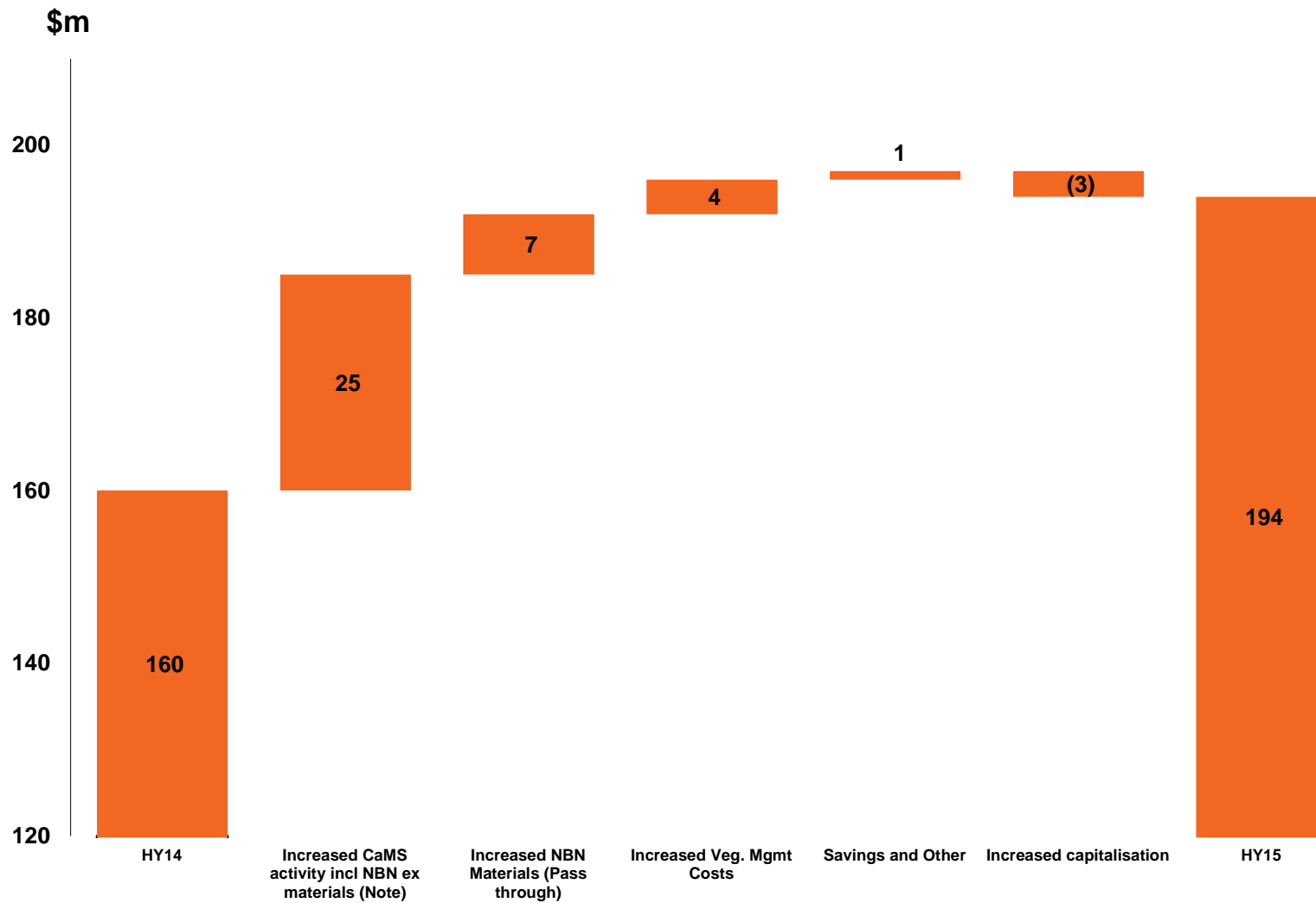
	HY 2015	HY 2014	Change
	\$m	\$m	%
Regulated revenue – DUOS	475.0	439.5	8.1
Semi-regulated – other	20.7	18.3	13.1
Unregulated revenue	96.2	62.3	54.4
<b>Total revenue (ex customer contributions)</b>	<b>591.9</b>	<b>520.1</b>	<b>13.8</b>
<i>Customer contributions incl gifted assets</i>	41.4	41.3	0.2
Total revenue	633.3	561.3	12.8
Cash operating costs	(194.3)	(160.0)	(21.4)
<b>EBITDA (ex customer contributions)</b>	<b>397.6</b>	<b>360.0</b>	<b>10.4</b>
EBITDA	439.0	401.3	9.4
<b>EBITDA margin (ex customer contributions)</b>	<b>67.2%</b>	<b>69.2%</b>	<b>-2.0%</b>
Total Capex (net)	158.3	151.9	4.2

## Operational

	HY 2015	HY 2014	Change %
Customer numbers	850,216	843,121	0.8
FTE numbers	2,195	2,228	(1.5)
Network availability (%)	99.97%	99.94%	-
Volume sold (GWh)	5,136	5,380	(4.5)

- ▶ DUOS revenue up 8.1% including:
  - 3% nominal tariff increases;
  - \$6.5m STPIS recovered in HY 2015, relating to performance in 2012/13 regulatory year;
  - \$20m vegetation management cost pass-through
  - Estimated \$26m STPIS benefit for 2014/15 regulatory year and \$9m penalty for 2013/14 not yet booked
- ▶ Unregulated Revenues up 54%
  - Largely due to \$31m increase in NBN revenue:
    - Ramp up to full construction capacity;
    - Increased materials recovery \$7m; and
    - Increased work on FTTP rollout.
- ▶ Opex up 21.4%
- ▶ EBITDA (ex CC) up 10.4%
- ▶ Total volumes decreased by 4.5%
- ▶ Revenue Cap now in place from 1 July 2015

# SAPN OPEX HY 2015 VS HY 2014 \$M



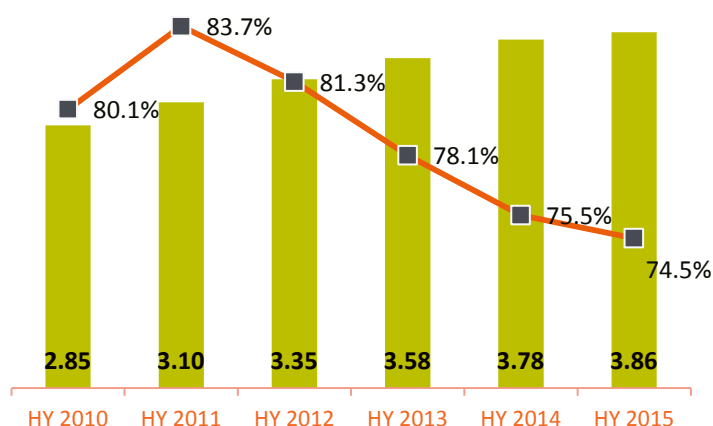
Note: Assumes 10% fully costed EBITDA margin on revenue for illustrative purposes. Does not reflect actual margin, which varies by project

# SAPN RECAP: 5 YR REGULATORY PERIOD TO JUNE 2015

## STPIS Result

	\$m
2010/11 regulatory year - actual	(1.2)
2011/12 regulatory year - actual	20.4
2012/13 regulatory year - actual	12.7
2013/14 regulatory year - actual	(9.0)
2014/15 regulatory year - estimate	26.0
<b>Total - estimate</b>	<b>48.9</b>

## Growth in RAB and Net Debt to RAB (\$bn and %)



- ▶ **Reliability performance was strong**, resulting in \$49m cumulative STPIS benefit<sup>1</sup>
- ▶ Over the 5 Years to June 2015:
  - **RAB increased by \$1bn** between June 2010 and June 2015 to \$3.86bn - CAGR of 6.2%
  - Net Debt increased by \$590m - i.e. **59% of RAB growth was debt funded**, 41% funded via retained cash
  - **Net Debt/RAB** from ~80% to just below 75%
- ▶ **Spark's equity share of RAB increased** by \$204m or 73% to \$482m over the 5 year period
- ▶ In total across the 5 years, **actual volumes were 4.2% below the AER's forecast**
- ▶ **Revenue cap now in place** for 2015/16 onwards, removing volume risk

1. Note: 2014/15 STPIS estimate only at this stage. Has not yet been recorded in P&L

# VPN (100% RESULTS)



## Financial

	HY 2015	HY 2014	Change
	\$m	\$m	%
Regulated revenue - DUOS	467.3	415.6	12.4
Prescribed metering (AMI)	56.5	59.9	(5.7)
Semi-regulated other	22.8	22.1	3.0
Unregulated revenue	42.9	49.7	(13.7)
<b>Total revenue (ex customer contributions)</b>	<b>589.4</b>	<b>547.4</b>	<b>7.7</b>
Customer contributions incl gifted assets	49.9	30.7	62.5
Total revenue	639.3	578.0	10.6
Cash operating costs	(178.6)	(189.8)	5.9
<b>EBITDA (ex customer contributions)</b>	<b>410.8</b>	<b>357.6</b>	<b>14.9</b>
EBITDA	460.7	388.3	18.6
<b>EBITDA margin (ex customer contributions)</b>	<b>69.7%</b>	<b>65.3%</b>	<b>4.4%</b>
Total Capex (Inc. AMI)	197.9	231.6	(14.5)

## Operational

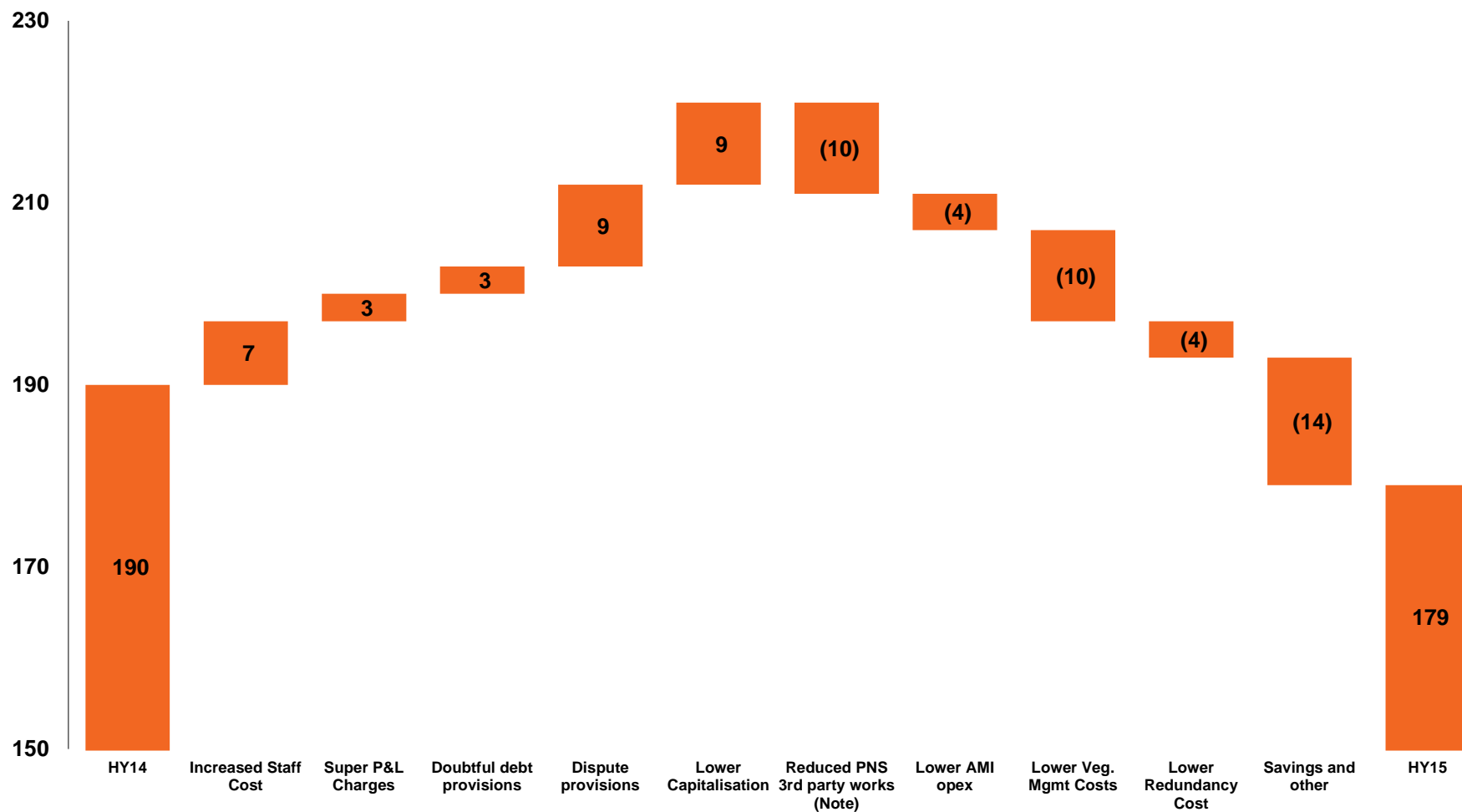
	HY 2015	HY 2014	Change %
Customer numbers	1,090,168	1,076,975	1.2
FTE numbers	2,049	2,064	(0.7)
Network availability(%) - CitiPower	100.00%	99.99%	-
- Powercor	99.96%	99.95%	-
Volume sold GWh - CitiPower	2,926	2,873	1.8
- Powercor	5,254	5,090	3.2
Volume sold GWh (total)	8,180	7,963	2.7

- ▶ DUOS revenue up 12.4% including:
  - tariff increases of 10% for both CitiPower and Powercor;
  - STPIS benefit of \$6m recovered (HY 2014: \$10m),
  - Powercor VBRC<sup>1</sup> pass through ~\$8m (HY 2014: \$4m);
- ▶ Lower unregulated revenue reflecting reduced third party activity
- ▶ Opex down 5.9%
- ▶ EBITDA (ex CC) up 14.9%
- ▶ Total volumes increased by 2.7%
  - Increase in number of temperature critical hours driving CitiPower volumes up 1.8% and Powercor volumes up 3.2%

1. Victoria Bushfire Royal Commission

# VPN OPEX HY 2015 VS HY 2014 \$M

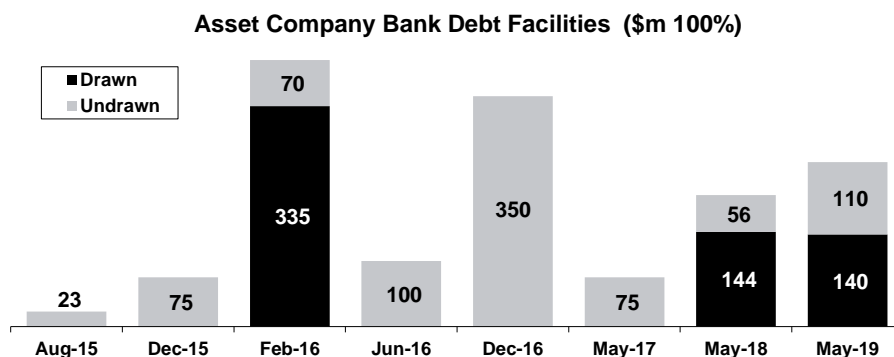
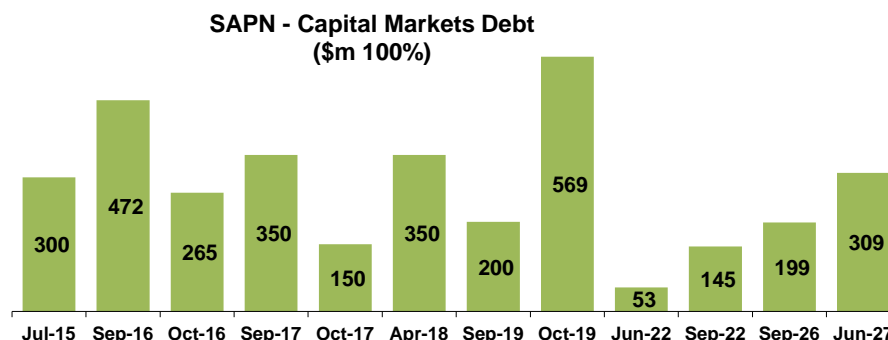
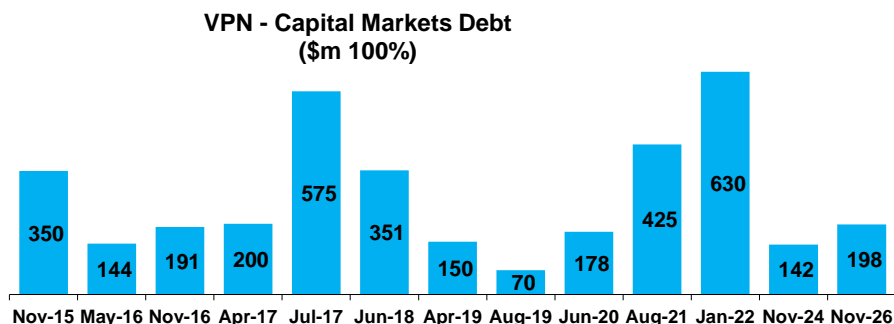
\$m



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



# ASSET LEVEL DEBT AND HEDGING



## ► Funding

- CitiPower executed a \$335m bank debt bridging facility in July 2015 (maturing December 2016), replacing existing facility due to mature in February 2016
- Powercor executed a \$350m bank debt bridging facility in July 2015 (maturing December 2016), refinancing medium term notes maturing in November 2015
- SAPN placed a US\$235m USPP (\$309m) in June 2015 (maturing June 2027), replacing existing credit wrapped notes due to mature in July 2015

## ► Interest Rate Hedging

- Post 30 June 2015, SAPN executed \$2.41bn new interest rate swaps to hedge interest rate risk for the new 5 year regulatory period
- Some pre-existing Fixed Rate Notes provide the hedges for years 1 (\$250m) and 2 (\$350m)
- Average 2016 swap/fixed rate interest cost (pre margins) a significant reduction on previous fixed/swapped base rate set in 2010

# ASSET COMPANY BUSINESS AND REGULATORY UPDATE

# SAPN BUSINESS UPDATE



## Safety and engagement

- Highest standards of workplace safety achieved – only 1 Lost Time Injury (LTI) in 2014 and zero LTIs in 2015 year to date
- Awarded “Best Graduate Employer in Australia” by the Australian Association of Graduate Employers – ranked ahead of 74 other leading companies for the second year in a row

## Reliability

- HY 2015 availability (excluding planned events) of 99.97%
- Underlying reliability constantly meets service standards and positive performance against reliability incentive schemes

## Efficiency

- AER Benchmarking Report ranks SAPN No.3 in Multi Total Factor Productivity and South Australia as No.1 comparison
- South Australian electricity distribution declared the most efficient jurisdiction by the AER in State by State comparison
- 2015/16 tariffs approved – contribution of distribution charges to average total residential customers' electricity bills are only 33%

## Innovation

- Network Innovation Centre continues to be a hub for research and community education
- Feeder automation project underway
- Continual upgrades to network data communications systems enabling real time operation of the grid

# SAPN PRELIMINARY REGULATORY DECISION



REGULATORY PERIOD	Current regulatory period 1 Jul 2010 – 30 Jun 2015	Preliminary determination Received 30 Apr 2015 1 Jul 2015 – 30 Jun 2020	SAPN revised submission Lodged 2 July 2015 1 Jul 2015 – 30 Jun 2020
Beta	0.8	0.7	0.91
Risk Free Rate	5.89%	2.55%	2.55%
Debt risk premium (DRP)	2.98%	1.80%	2.74%
Market risk premium (MRP)	6.50%	6.50%	8.00%
Nominal vanilla WACC	9.76%	5.45%	7.09%
Nominal post tax return on equity	11.09%	7.10%	9.83%
Gamma (Imputation)	0.25 (after successful appeal)	0.4	0.25
Net capex over 5 years	(\$2010) \$1.6b	(\$2015) \$1.7b	(\$2015) \$2.1b
Opex over 5 years	(\$2010) \$1.1b	(\$2015) \$1.2b	(\$2015) \$1.4b
Revenue (\$Nominal)	\$3.9b	\$3.3b	\$4.5b

- **Final Decision** – due by 30 October 2015
- **Limited Merits Appeal** - Appeals must be lodged within 15 business days of Final Decision
- **Transitional arrangement** - Network Service Providers will operate under the Preliminary Determinations for the first year of their 5-year regulatory periods. When Final Decisions are published the AER will make adjustments to revenue recovery arrangements to years 2-5 to reflect any changes under a 'no disadvantage' basis

# VPN BUSINESS UPDATE



## Safety and engagement

- Highest standards of workplace safety achieved – only 1 LTI in 2014 and zero LTIs in 2015 year to date
- CitiPower and Powercor's Mental Health program received Victorian Minister's award for Mental Health Excellence in 2014
- "Never Compromise" Safety Rules and App enables employees to report hazards and near miss incidents; and provides latest safety news and advice direct to staff

## Reliability

- HY 2015 availability (excluding planned events) of 100% for CitiPower and 99.96% for Powercor
- Customer Service Institute of Australia rates CitiPower and Powercor in the top 5% of customer service organisations and best of class for a utility company
- High customer satisfaction ratings of 80% for CitiPower and 85% for Powercor; Retailer satisfaction rating of 92%

- Outperformance of STPIS targets

STPIS Result	\$m
2011 regulatory year - actual	15.1
2012 regulatory year - actual	18.5
2013 regulatory year - actual	12.3
2014 regulatory year - actual	(9.5)
<b>Total - estimate</b>	<b>36.4</b>

## Efficiency

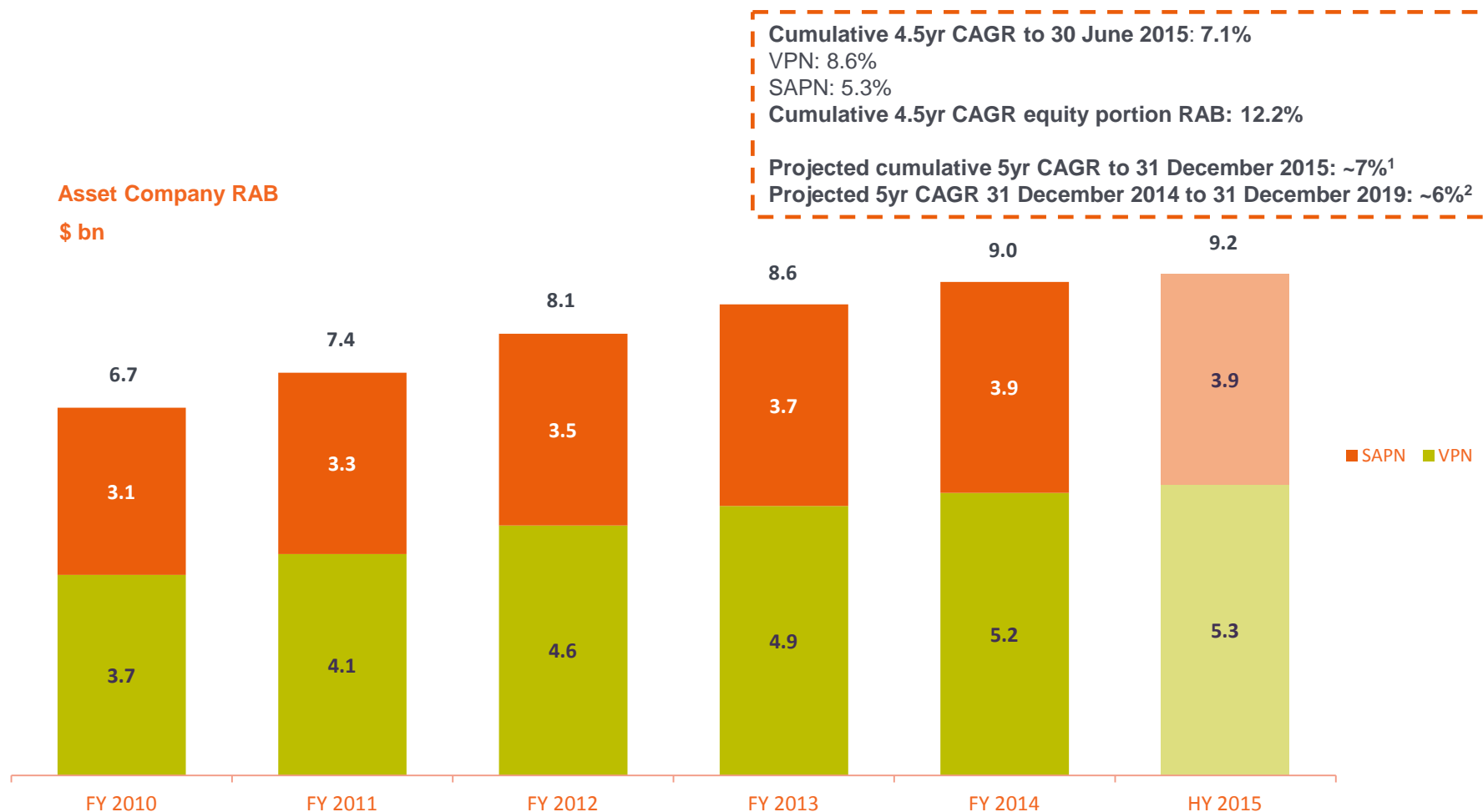
- AER benchmarking Report ranks CitiPower No.1 and Powercor No.5 in Multi Total Factor Productivity
- World CLASS Operations Program - continuous improvements in efficiency and cost savings, is progressing as planned. The program includes; striking more commercial terms with materials suppliers and reducing/restructuring the corporate team around high value activities
- 2015 tariffs approved – contribution of distribution charges to average total residential customers' electricity bills are only 21% for CitiPower and 27% for Powercor

## Innovation

- New role of General Manager Energy Solutions created to develop new unregulated markets as well as emerging business lines of commercial solar, wind, storage, and other energy network services. The role reports to the CEO as part of the executive team
- Powercor installs Australia's largest battery at Ballarat South – trial underway
- Trialling off-grid solutions for isolated and remote communities
- Best performing and cheapest smart meter program in Victoria

- ▶ Regulatory reset effective 1 January 2016 – submissions lodged in April 2015, preliminary determination to be published by the AER October 2015

# GROWING EQUITY INVESTMENT IN RAB



**Growth in RAB combined with reduction in gearing means increasing equity share of asset base**

Source: Asset Companies' estimates. VPN figures include AMI RAB

Notes:

1. Based on actual + Spark forecasts

2. Based on SAPN Revised Proposal RAB and VPN Draft Submission RAB

# SUMMARY AND OUTLOOK

# QUALITY RETURNS AND RELIABLE GROWTH



- ▶ SAPN and VPN businesses performing strongly
  - Solid EBITDA , Opex and OCF outcomes for HY 2015
  - RAB CAGR 7.1% over 4.5 years from January 2011
  - Expecting real growth in RAB over next 5 Year Regulatory Period
  - Asset level gearing of 76.2%, moving towards 75% Net Debt to RAB by end 2015
- ▶ Distributions comfortably covered by both standalone and lookthrough cashflows
- ▶ FY 2015 Distribution guidance of 12.0cps (subject to business conditions) (4.3% growth on FY 2014) – delivering reliable yield.
- ▶ The Directors have provided distribution guidance for FY2016 of 12.5 cps, representing growth of 4.2% on 2015 (subject to business conditions)



# 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](mailto:mario.falchoni@sparkinfrastructure.com)

# APPENDICES

# KEY METRICS

## SECURITY METRICS

Market price at 21 August 2015 (\$)	1.81
Market capitalisation (\$)	2.7 billion

## DISTRIBUTIONS

HY 2015	6.00cps
Comprising	
- Loan Note interest	3.50cps
- Tax deferred amount	2.50cps
FY 2015 Guidance	12.00cps

## CREDIT RATINGS

Asset level credit ratings	SA Power Networks: A-/A3 Powercor: BBB+/Baa1 CitiPower: BBB+
Spark level credit rating	Baa1

## SAPN

	\$m
RAB	3,856
Net Debt	2,872
Net Debt/RAB	74.5%
Percentage Hedged (gross)	87.2%
Rolling 12 Month ICR <sup>1</sup> (x net interest)	3.5 x

## VPN

	\$m
RAB (Including AML)	5,315
Net Debt	4,117
Net Debt/RAB	77.5%
Percentage Hedged (gross)	98.3%
Rolling 12 Month ICR (x net interest)	3.1 x

## SPARK INFRASTRUCTURE


	\$m
Total RAB (49% share)	4,494
Gross Debt at Spark Level	-
Net Debt/RAB – Asset Level	76.2%
Book Gearing Net (Look through) <sup>2</sup>	53.6%
Spark Look Through Proportion of Hedging (gross)	93.4%


<sup>1</sup> Calculated as: EBITDA ex customer contributions and gifted assets / net interest expense


<sup>2</sup> Excludes reserves

# ELECTRICITY SALES VOLUMES

## HY 2015 vs HY 2014




 <b>Electricity sales volumes</b>	Quantity (GWh)		
	HY 2015	HY 2014	Variance
<b>Residential/Domestic</b>	1,542	1,565	(1.5%)
<b>Hot Water</b>	280	274	2.2%
<b>Small Business</b>	2,782	2,795	(0.5%)
<b>Large Business</b>	467	681	(31.4%)
<b>Unmetered</b>	65	65	-
<b>Total</b>	<b>5,136</b>	<b>5,380</b>	<b>(4.5%)</b>
(Residential solar penetration)	23.9%	22.6%	1.3%

 <b>Electricity sales volumes</b>	Quantity (GWh)		
	HY 2015	HY 2014	Variance
<b>Residential/Domestic</b>	595	550	8.3%
<b>Small Business</b>	892	892	0.1%
<b>Large Business</b>	1,421	1,411	0.7%
<b>Unmetered</b>	18	20	(11.3%)
<b>Total</b>	<b>2,926</b>	<b>2,873</b>	<b>1.8%</b>
(Residential solar penetration)	3.0%	2.5%	0.5%

 <b>Electricity sales volumes</b>	Quantity (GWh)		
	HY 2015	HY 2014	Variance
<b>Residential/Domestic</b>	1,650	1,580	4.4%
<b>Small Business</b>	1,001	998	0.3%
<b>Large Business</b>	2,556	2,461	3.9%
<b>Unmetered</b>	47	53	(11.6%)
<b>Total</b>	<b>5,254</b>	<b>5,090</b>	<b>3.2%</b>
(Residential solar penetration)	13.4%	11.8%	1.6%

# ELECTRICITY SALES VOLUMES




## Regulatory allowances v Actual sales (GWh)




Actual volume (AER forecast volume) <i>Gap to regulatory forecasts %</i>	Regulatory year <sup>1</sup>						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	<i>Gap to regulatory forecasts - cumulative to date %</i>
	11,504 (11,555)	11,249 (11,618) -3.2%	11,019 (11,422) -3.5%	11,025 (11,264) -2.1%	10,652 (11,194) -4.8%	10,342 (11,194) -7.6%	54,287 (56,692) -4.2%
	6,210 (6,125)	6,105 (6,180) -1.2%	6,085 (6,227) -2.3%	5,981 (6,218) -3.8%	5,919 (6,201) -4.5%	(6,237)	-3.0%
	10,678 (10,585)	10,470 (10,726) -2.4%	10,744 (10,795) -0.5%	10,556 (10,781) -2.1%	10,333 (10,761) -4.0%	(10,797)	-2.2%

1. June year end for SAPN, December year end for CitiPower and Powercor

- ▶ AER has confirmed the move from a price cap to a revenue cap, removing volume risk in the next regulatory period

# CAPITAL EXPENDITURE (100%)


	\$m			 		TOTALS	
		HY 2015	HY 2014	HY 2015	HY 2014 <sup>1</sup>	HY 2015	HY 2014 <sup>1</sup>
Growth Capex		82.1	71.1	142.5	139.3	224.6	210.4
Growth Capex AMI		-	-	6.8	17.0	6.8	17.0
Maintenance capex		76.2	80.8	48.6	69.3	124.8	150.1
<b>Total</b>		<b>158.3</b>	<b>151.9</b>	<b>197.9</b>	<b>225.6</b>	<b>356.2</b>	<b>377.5</b>
Change vs pcg (%)		4.2%		-12.3%		-5.6%	



	\$m	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB		Net regulatory depreciation	
		HY 2015	HY 2014	HY 2015	HY 2014	HY 2015 <sup>2</sup>	HY 2014	HY 2015	HY 2014
		76.2	80.8	124.7	114.3	(14.3)	(49.1)	110.4	65.2
		9.4	14.3	55.5	51.0	(21.1)	(18.9)	34.4	32.1
		39.2	55.0	108.5	98.9	(42.1)	(34.9)	66.4	64.1
<b>Totals</b>		<b>124.8</b>	<b>150.1</b>	<b>288.7</b>	<b>264.2</b>	<b>(77.5)</b>	<b>(102.8)</b>	<b>211.2</b>	<b>161.4</b>
Spark 49% share		61.2	73.5	141.5	129.5	(38.0)	(50.4)	103.5	79.1

1. VPN HY 2014 figures have been restated to account for a change in allocation approach, and a re-estimation of accrued capex

2. For SAPN, CPI uplift on RAB is estimated by: actual March 2015 CPI of 1.33% with 'true up' for CPI actual vs estimate built into FY 2014 RAB estimate.

# SEMI REGULATED REVENUES (100%)


	HY 2015	HY 2014	Variance
	(\$m)	(\$m)	(\$m)
Public Lighting	8.4	8.3	0.1
Asset Relocation	5.6	2.6	3.0
Metering Services	5.3	5.3	0.0
Feeder Standby / Excess kVAR	1.1	1.1	0.0
Pole/Duct Rental	0.8	0.9	(0.1)
Other Excluded Services <sup>1</sup>	(0.5)	0.1	(0.6)
<b>TOTAL<sup>2</sup></b>	<b>20.7</b>	<b>18.3</b>	<b>2.4</b>



 	HY 2015	HY 2014	Variance
	(\$m)	(\$m)	(\$m)
Public Lighting	6.8	7.1	(0.3)
New Connections	4.5	4.4	0.1
Special Reader Activities	2.5	2.9	(0.4)
PV installation	1.7	1.4	0.3
Service Truck Activities	1.9	2.2	(0.3)
Recoverable works	1.5	1.2	0.3
Other	3.9	3.0	0.9
<b>TOTAL</b>	<b>22.8</b>	<b>22.1</b>	<b>0.7</b>

1. Includes profit/loss on asset disposals

2. Does not include Alternative Control Services (ACS) revenue, which is reported as part of DUOS revenue

# UNREGULATED REVENUES (100%)

 SA Power Networks	HY 2015 (\$m)	HY 2014 (\$m)	Variance (\$m)
Construction and Maintenance Services (CaMS) T&D - ElectraNet	15.5	15.6	(0.1)
Other CaMS	23.1	18.1	5.0
Material Sales	8.2	8.5	(0.3)
Interstate work	2.2	3.4	(1.2)
Asset rentals	1.8	1.7	0.1
NBN	41.0	10.2	30.8
Other Telecommunications	0.5	0.5	0.0
Facilities Access / Dark Fibre	1.1	1.1	0.0
Sale of Salvage	0.6	0.5	0.1
Other	2.2	2.7	(0.5)
<b>TOTAL</b>	<b>96.2</b>	<b>62.3</b>	<b>33.9</b>

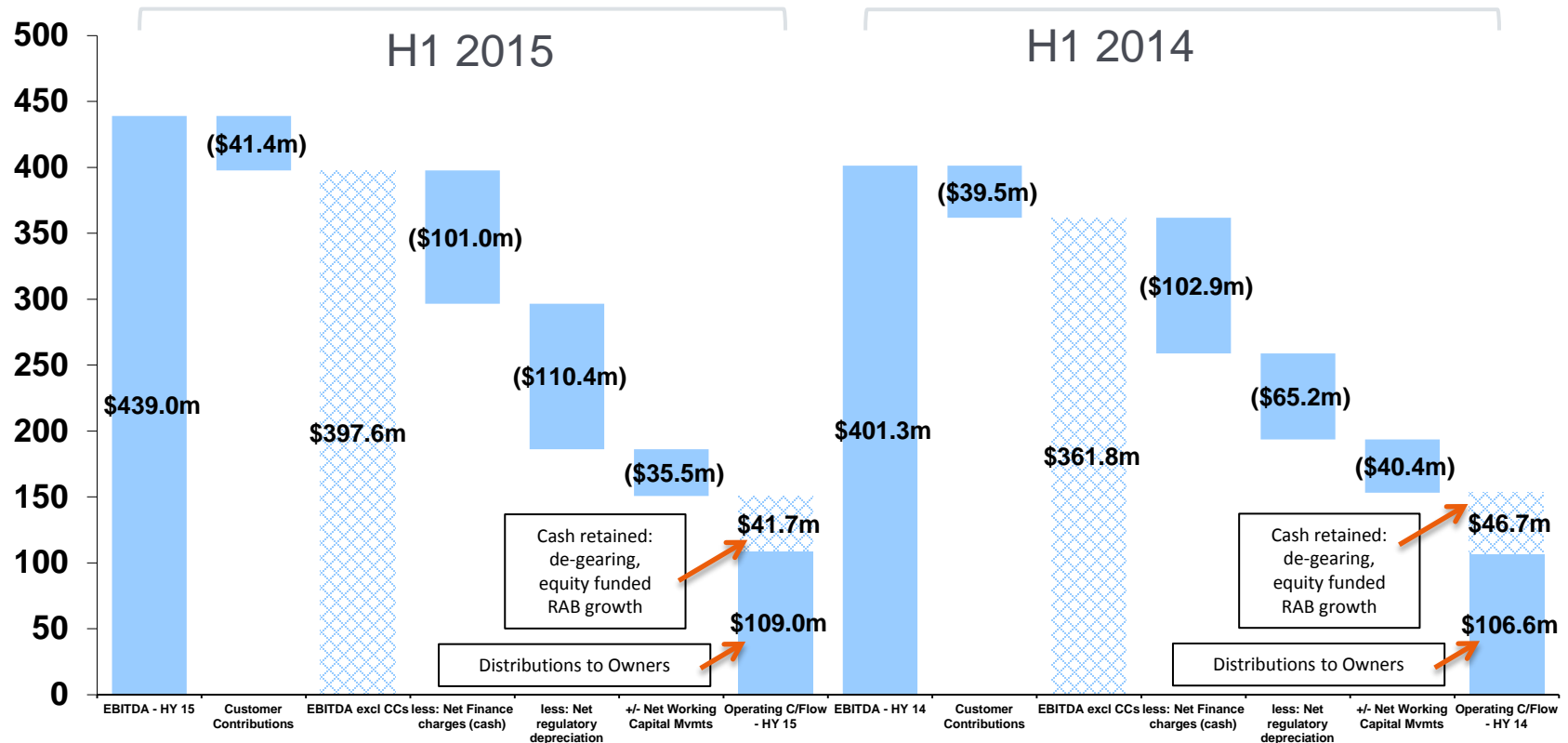
  CitiPower Powercor AUSTRALIA	HY 2015 (\$m)	HY 2014 (\$m)	Variance (\$m)
PNS Resources	13.2	18.5	(5.3)
PNS Transmission and Distribution - AusNet Services	5.9	12.2	(6.3)
SLA Revenue - SAPN	7.4	7.2	0.2
Material Sales	3.8	3.1	0.7
Telecommunications	1.5	1.6	(0.1)
Wellington* Management Fees	1.4	2.0	(0.6)
Joint Use of Poles	1.6	1.5	0.1
Property Rental	0.3	0.4	(0.1)
Other <sup>1</sup>	7.9	3.2	4.7
<b>TOTAL</b>	<b>42.9</b>	<b>49.7</b>	<b>(6.8)</b>

1. Includes profit/loss on asset disposals and duct rental. Also HY15 includes \$4m recognised for STPIS damage claims



# SAPN LOOK THROUGH OPERATING CASH FLOW (100%)

\$m



## 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:

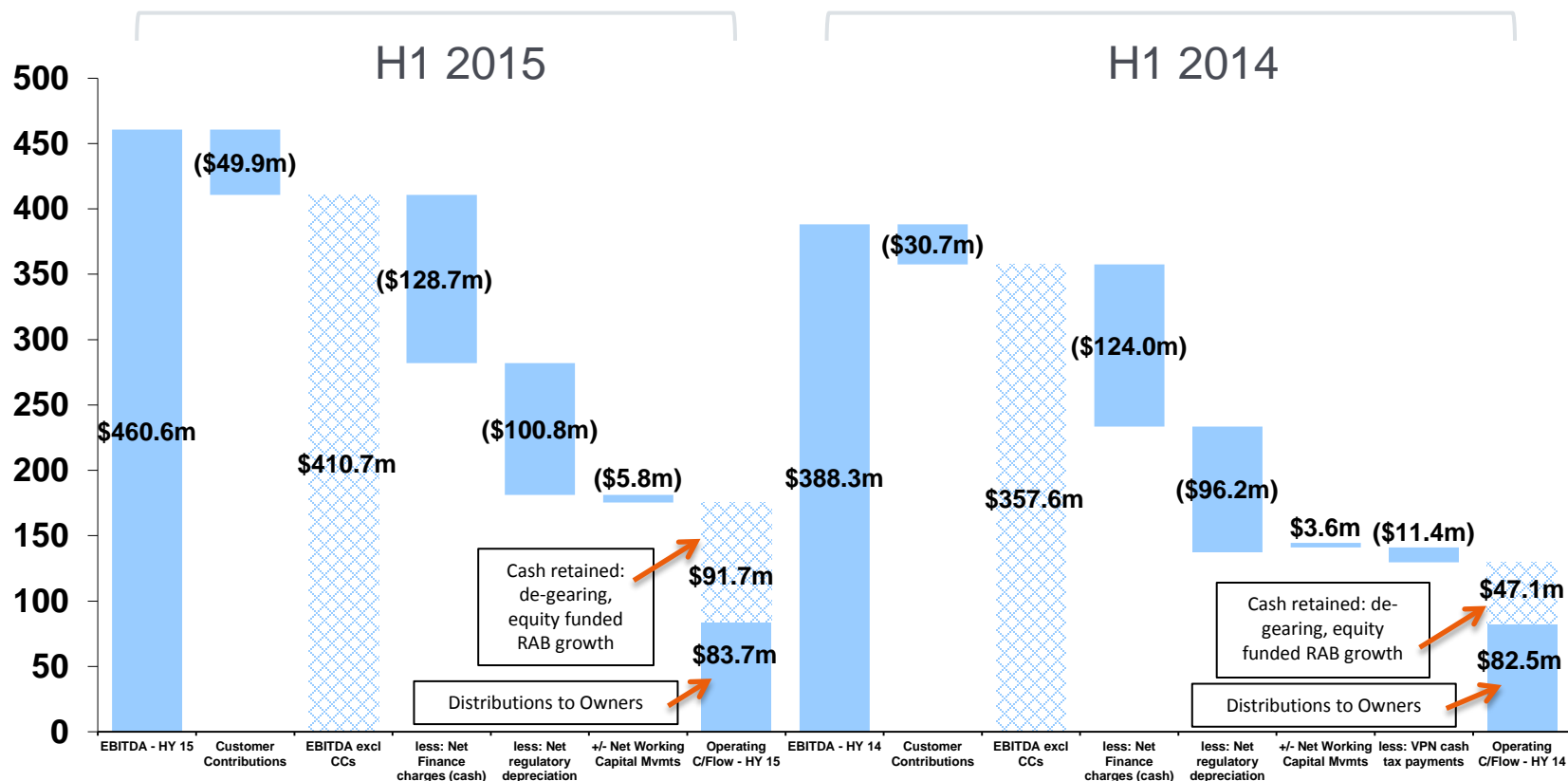
In H1 2015: Actual March 2015 CPI of 1.33% with 'true up' for CPI actual vs estimate for FY 2014 RAB estimate (0.67% being 1.33% over 6 months, vs 0.95%)

In H1 2014: Actual March 2014 CPI of 2.92% with 'true up' for CPI actual vs estimate for FY 2013 RAB estimate (1.46% being 2.92% over 6 months, vs 1.56%)

CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). March on March (released April).

# VPN LOOK THROUGH OPERATING CASH FLOW (100%)

\$m



## 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 H1 2015, based on actual September 2014 CPI of 2.31%.

In H1 2014, based on actual September 2013 CPI of 2.16%.

CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). September on September (released October)

# HY 2015 PROFIT AND LOSS AND UNDERLYING ADJUSTMENTS

\$m	HY 2015 Underlying	HY 2014 Underlying	% Change Underlying
Income from associates and interest income <sup>1,2</sup>	153.4	121.8	25.9
(Loss)/gain on derivative contracts (net of financing) <sup>3</sup>	(6.5)	22.8	(128.5)
<b>Total income</b>	<b>146.9</b>	<b>144.6</b>	<b>1.6</b>
General, administrative and employee expenses	(5.5)	(5.0)	(8.9)
Transaction costs on derivative contracts	-	(3.3)	n/m
Interest expense (gross) – senior debt	(1.1)	(0.9)	(16.4)
<b>Profit before Loan Note interest and tax</b>	<b>140.3</b>	<b>135.3</b>	<b>3.7</b>
Loan Note Interest (Distributions to Securityholders)	(51.3)	(51.3)	-
Income tax expense	(18.2)	(16.5)	(9.9)
<b>Profit attributable to Securityholders</b>	<b>70.8</b>	<b>67.5</b>	<b>5.0</b>

Includes:

1. Change in fair value estimate of customer contributions and gifted assets.
2. ATO settlement regarding deductibility of interest on subordinated loans.
3. HY 2015 result includes a net \$6.5m loss on derivatives, reflecting a distribution equivalent, offset by underlying fair value movements and embedded funding costs.

\$m	Impact on Share of Equity Accounted Profit		Impact on Net Profit after Tax Attributable to Securityholders	
	HY 2015	HY 2014	HY 2015	HY 2014
<b>Underlying Result</b>	<b>111.4</b>	<b>81.2</b>	<b>70.8</b>	<b>67.5</b>
ATO settlement regarding deductibility of interest on subordinated loans:				
- Reflected in Asset Company results	(10.0)	-	(7.0)	-
- Net losses cancelled with respect to SAPN	-	-	(24.7)	-
HY 2014 impact due to the FY 2014 changes made to the basis of estimating fair value of customer contributions and gifted assets	-	30.7	-	21.5
<b>Total Adjustments</b>	<b>(10.0)</b>	<b>30.7</b>	<b>(31.7)</b>	<b>21.5</b>
<b>Statutory Result</b>	<b>101.4</b>	<b>111.9</b>	<b>39.2</b>	<b>89.0</b>

# RECONCILIATION: SHARE OF EQUITY PROFITS TO NPAT

100% Basis \$m	SAPN	VPN	Combined	Spark 49% Share
Regulated revenue - distribution and metering	475.0	523.8	998.8	489.4
Semi regulated and unregulated revenue	116.9	65.7	182.6	89.5
Customer contributions and gifted assets	41.4	49.9	91.2	44.7
<b>Total Income</b>	<b>633.3</b>	<b>639.3</b>	<b>1,272.6</b>	<b>623.6</b>
<b>Total Income excl CCs and GAs</b>	<b>592.0</b>	<b>589.5</b>	<b>1,181.4</b>	<b>578.9</b>
Operating Costs	(194.3)	(178.6)	(373.0)	(182.8)
<b>EBITDA (excl CCs and GAs)</b>	<b>397.6</b>	<b>410.8</b>	<b>808.4</b>	<b>396.1</b>
Depreciation and amortisation	(102.5)	(143.9)	(246.4)	(120.7)
<b>EBIT</b>	<b>336.5</b>	<b>316.8</b>	<b>653.3</b>	<b>320.1</b>
Net interest expense (excl Sub Debt)	(102.9)	(128.0)	(230.9)	(113.1)
Subordinated debt interest expense	(35.9)	(81.9)	(117.8)	(57.7)
<b>Net profit before tax</b>	<b>197.7</b>	<b>107.0</b>	<b>304.6</b>	<b>149.3</b>
Tax expense	-	(75.5)	(75.5)	(37.0)
<b>Net profit after tax</b>	<b>197.7</b>	<b>31.5</b>	<b>229.1</b>	<b>112.3</b>
less: additional share of profit from preferred partnership capital (PPC) <sup>1</sup>	(34.5)	-	(34.5)	(16.9)
Less: adjustment in respect of customer contributions and gifted assets <sup>2</sup>	(41.4)	(34.9)	(76.3)	(37.4)
<b>Asset Company Net Profits for Equity Accounting</b>	<b>121.8</b>	<b>(3.5)</b>	<b>118.3</b>	<b>58.0</b>
<b>49% Basis - Spark Share</b>	<b>59.7</b>	<b>(1.7)</b>	<b>58.0</b>	<b>58.0</b>
Add back: additional share of profit from preferred partnership capital (PPC) <sup>1</sup>	34.5	-	34.5	34.5
Additional adjustments made to share of equity profits	5.5	3.4	8.9	8.9
<b>Share of equity accounted profits</b>	<b>99.7</b>	<b>1.7</b>	<b>101.4</b>	<b>101.4</b>
Add: interest income from Associates (Victoria Power Networks 49% sub debt)		40.1	40.1	40.1
<b>Total Income from Asset Companies included in Spark Profit and Loss</b>				<b>141.6</b>
Loss on derivative contracts				(6.5)
Interest income				1.9
Interest expense				(1.1)
Interest expense – Loan Notes				(51.3)
General and administrative expenses				(5.5)
<b>Profit for the period before tax</b>				<b>79.0</b>
Income tax expense				(39.8)
<b>Net profit for the period attributable to Securityholders</b>				<b>39.2</b>

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

2. With effect from 1 January 2014 Spark Infrastructure changed its basis of estimating the fair value of customer contributions and gifted assets from 'depreciated replacement cost' to estimating the net present value of future cashflows expected to be derived from the RAB.

Note: Numbers may contain rounding errors.

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