

A TIME FOR
QUALITY



HY 2014 Results - August 2014

PRESENTATION AGENDA

1. OVERVIEW
2. SPARK INFRASTRUCTURE PERFORMANCE
3. INVESTMENT PORTFOLIO PERFORMANCE
4. REGULATORY ENVIRONMENT
5. GROWTH
6. SUMMARY AND OUTLOOK

1. OVERVIEW

FINANCIAL HIGHLIGHTS

DELIVERING NOW AND INTO THE FUTURE

Invested in regulated assets with stable cash flows

- ▶ Current Regulatory Asset Base (RAB) of \$8.86 billion (est.) (Spark share \$4.34 billion)
- ▶ RAB growth of 2.8% for HY2014. RAB CAGR of 8.2% since 2010
- ▶ Net capital expenditure for HY2014 of \$383.5 million¹

Asset Companies¹ delivering solid improvements half on half

- ▶ Total revenue² of \$1,067.5 million – up 1.7%
- ▶ Distribution revenue³ of \$915.0 million – up 5.0%
- ▶ Operating costs of \$349.8 million – up 1.0%
- ▶ Aggregate EBITDA² of \$717.6 million – up 2.1%

Growing distributions on back of growing standalone and lookthrough OCF

- ▶ 5.75cps in HY2014; guiding 4.5% growth to 11.5cps for FY2014, and 3-5% growth for FY2015
- ▶ Standalone OCF per security up 2.3% to 6.4cps⁴
- ▶ Lookthrough OCF per security up 17.4% to 9.8cps⁴
- ▶ Distributions more than covered by both standalone and lookthrough cashflows
- ▶ Distributions to Spark from AssetCos of \$92.7 million received in HY2014

Strong balance sheets with enhanced flexibility

- ▶ Net debt to RAB at HY2014 is 77.8% (78.5% at FY2013)
- ▶ Strong investment grade credit ratings of A- (S&P) at SA Power Networks, BBB+ (S&P) at CitiPower and Powercor, Spark Baa1 (Moody's)

1. Spark Infrastructure holds 49% interests in SA Power Networks (SAPN) and Victoria Power Networks (VPN), results shown on a 100% basis

2. Excludes customer contributions and gifted assets

3. Includes AMI revenue

4. Per security figures calculated using weighted average number of securities for the period.

OPERATIONAL AND STRATEGIC UPDATE

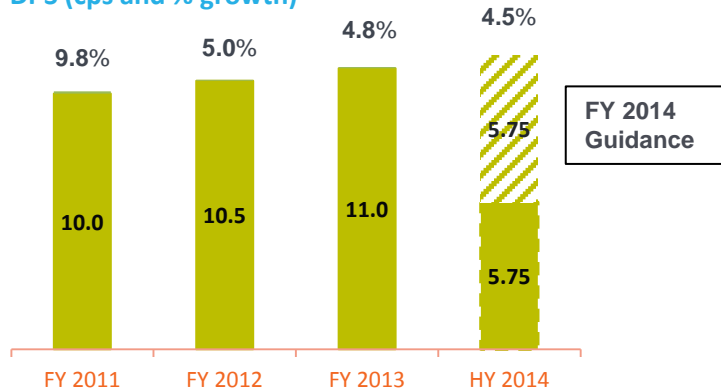
DELIVERING NOW AND INTO THE FUTURE

- ▶ Businesses performed strongly during heatwave conditions early in the period
- ▶ Preparations for regulatory resets well advanced
- ▶ Significant progress made on ATO matters
- ▶ World Class Operations Program underway at VPN, expected to deliver ongoing benefits to Consumers and Shareholders
- ▶ Volumes have fallen vs prior period, and continue to fall short of regulatory forecasts. However, move to revenue cap will remove volume risk in the next regulatory period from July 2015 (SAPN) and January 2016 (CitiPower and Powercor)
- ▶ 14.1%* interest in DUET Group acquired during HY2014

* Subsequent to 30 June 2014 DUET Group issued a further 9.9 million securities under its Dividend Reinvestment Plan, reducing the economic interest held by Spark to 14.0%

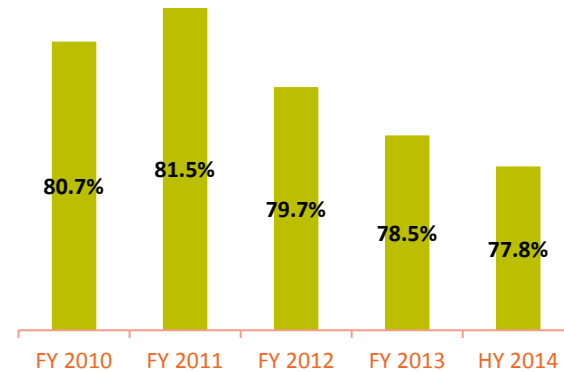
A PROVEN TRACK RECORD OF DELIVERING

DPS (cps and % growth)



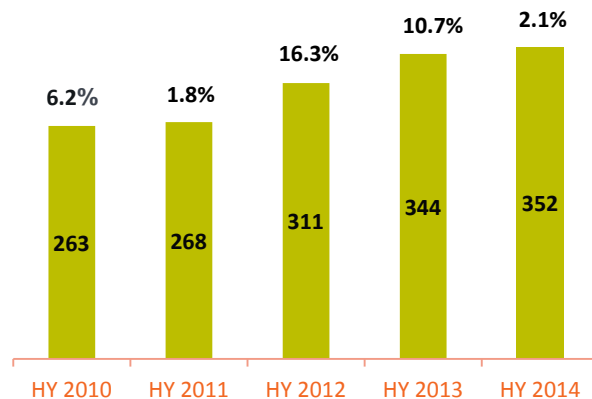
"3-5% growth p.a. to 2015"

Net Debt to RAB (%)

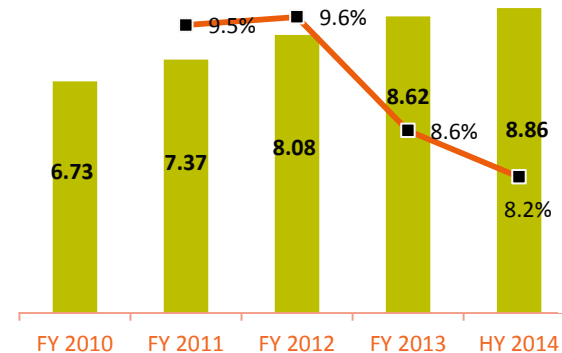


"Targeting 75% by 2015 in the Asset Companies"

EBITDA (\$M) (Excl customer contributions) (49% basis)



RAB and RAB rolling CAGR¹ (\$bn and %)



"7-8% CAGR¹ to 2015"

Notes:

1. Compound Annual Growth Rate

2. SPARK INFRASTRUCTURE PERFORMANCE

FINANCIAL HIGHLIGHTS – HY 2014

SPARK INFRASTRUCTURE

	HY 2014	HY 2013	% Change
Spark dps ¹	5.75cps	5.50cps	4.5
Distribution payout ratio - standalone ^{1,2}	97.3%	87.6%	+9.7%
Distribution payout ratio - lookthrough (post Spark costs) ^{1,2}	63.6%	66.0%	-2.4%
Total Asset Company distributions to Spark	\$92.7m	\$91.3m	1.4
Standalone OCF	\$86.7m	\$83.3m	4.0
Standalone OCF per security ³	6.4cps	6.3cps	2.3
Lookthrough OCF per security (post Spark costs) ³	9.8cps	8.3cps	17.4
Net debt to RAB (Asset Company level) ⁴	77.8%	79.5%	-1.7%

1. On an accrued basis

2. For HY 2014 calculated using securities outstanding at 30 June 2014 (1.466bn securities)

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

4. Based on Asset Company estimates - including DUOS and AMI RAB

OPERATING CASHFLOW – HY 2014

SPARK INFRASTRUCTURE

	HY 2014	HY 2013	% Change
	\$m	\$m	%
SA Power Networks - PPC distributions	34.3	34.3	0.0
SA Power Networks - other distributions	17.9	16.7	7.4
Victoria Power Networks – sub debt interest	40.4	40.3	0.2
Asset Company distributions	92.7	91.3	1.4
Interest received	0.5	0.7	(30.1)
Interest paid	(0.6)	(2.5)	(77.2)
Swap cancellation costs	-	(2.2)	n/m
Finance costs paid - derivative contracts	(0.7)	-	n/m
General administrative expenses	(5.2)	(4.0)	(29.3)
Standalone OCF	86.7	83.3	4.0
Standalone OCF per security¹	6.4cps	6.3cps	2.3

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

STANDALONE CASHFLOW – HY 2014

SPARK INFRASTRUCTURE

	HY 2014	HY 2013	% Change
	\$m	\$m	%
Standalone OCF	86.7	83.3	4.0
Investing cashflows			
Prepayment of forward contract	(195.8)	-	n/m
Transaction costs - derivative contracts (net)	(2.7)	-	n/m
Cash outflow from investing activities	(198.5)	-	n/m
Financing cashflows			
Proceeds from issue of stapled securities	245.7	-	n/m
Payment of issue costs	(3.8)	-	n/m
Net repayment of external borrowings	-	(30.0)	(100.0)
Payment of external borrowing costs	(0.7)	(0.6)	21.0
Distributions to Securityholders:			n/m
- Loan Note interest	(47.1)	(47.1)	0.0
- Capital distributions	(25.9)	(22.6)	14.7
Cash inflow from financing activities	168.3	(100.2)	(268.0)
Net increase/(decrease) in cash	56.5	(16.9)	(434.5)
Cash at the beginning of the period	33.0	42.0	(21.3)
Cash at the end of the period	89.5	25.1	256.9

► Forward contract prepaid

- Equity raise proceeds of \$195.8 million used to prepay part of the DUET Group interest

► Stapled securities issued

- \$245.7 million raised via Institutional Placement (\$200 million) and Security Purchase Plan (\$45.7 million);
- 139.6 million stapled securities at \$1.76 per security

PROFIT AND LOSS - HY 2014

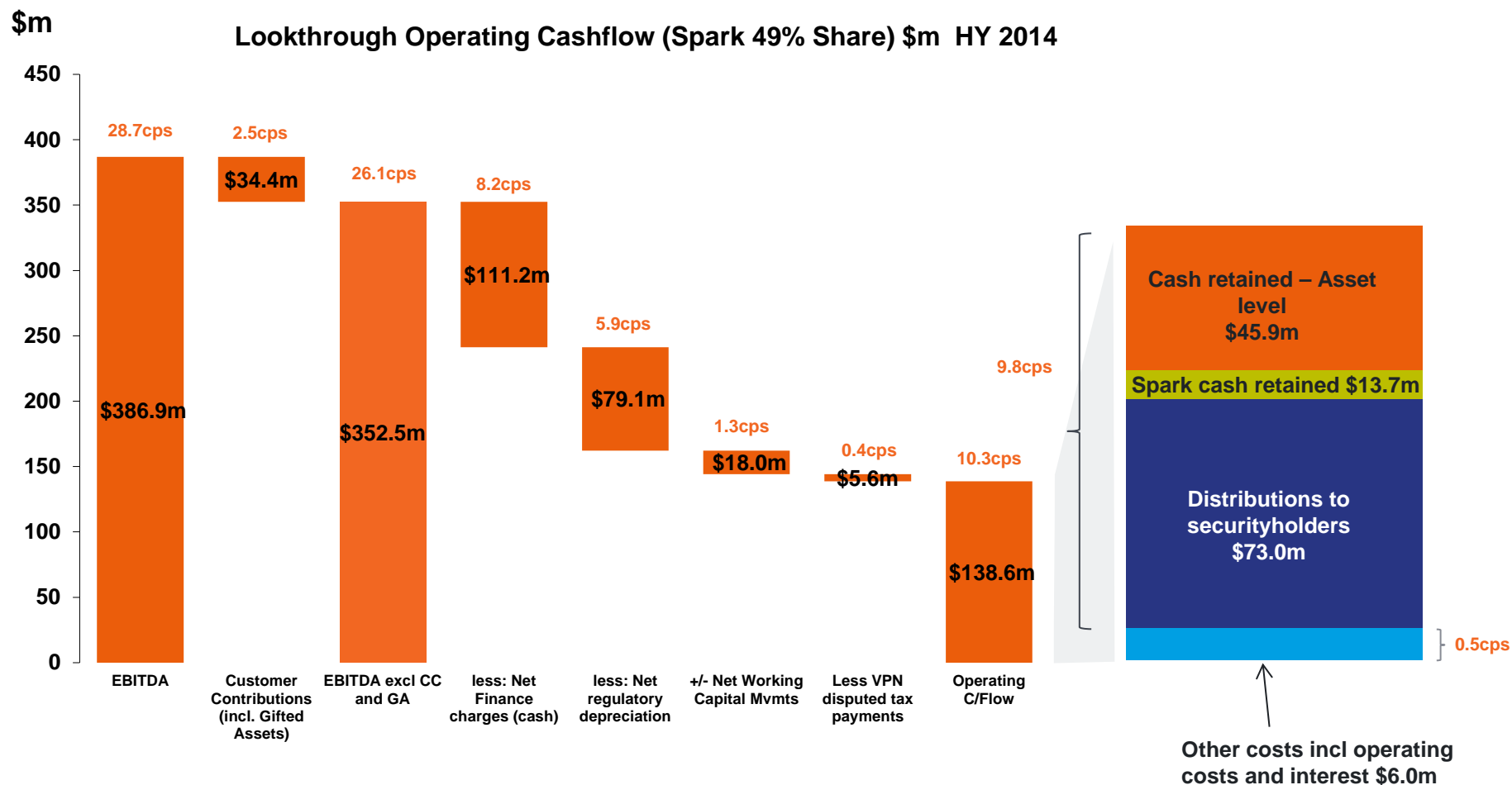
SPARK INFRASTRUCTURE

\$m	HY 2014	HY 2013	% Change
Income from associates and interest income	152.6	156.6	(2.6)
Gain on derivative contracts (net of financing)	22.8	-	n/m
Total income	175.3	156.6	12.0
General, administrative and employee expenses	(5.0)	(4.3)	(17.3)
Transaction costs on derivative contracts	(3.3)	-	n/m
Swap cancellation costs	-	(2.2)	n/m
Previously capitalised borrowing costs ¹	-	(1.0)	n/m
Interest expense (gross) – senior debt	(0.9)	(2.4)	60.8
Profit before Loan Note interest and tax	166.1	146.7	13.2
Loan Note Interest (Distributions to Securityholders)	(51.3)	(46.4)	(10.5)
Income tax expense	(25.8)	(24.3)	(6.0)
Profit attributable to Securityholders	89.0	76.0	17.1

1. Unamortised borrowing costs attached to the old syndicated facilities, refinanced in March 2013

OPERATING CASH FLOW MODEL – HY 2014

Asset Companies producing 10.3 cps Operating Cash



Notes:

1. All cents per security figures calculated using weighted average securities during the period (1.349bn securities)
2. Customer contributions figure shown is net of \$1.8m rebates paid on gifted assets at SAPN

3. INVESTMENT PORTFOLIO PERFORMANCE

AGGREGATED FINANCIAL PERFORMANCE – HY 2014

(100% results – SA Power Networks & Victoria Power Networks)

SA Power Networks and Victoria Power Networks	HY 2014	HY 2013	Change
(100% basis)	\$m	\$m	%
Regulated Revenue – DUOS	855.0	802.5	6.5
Regulated Revenue – AMI	59.9	69.3	(13.5)
Semi-regulated Revenue – Other	40.4	43.1	(6.2)
Unregulated Revenue	112.1	134.3	(16.5)
Total Revenue (ex customer contributions)	1,067.5	1,049.2	1.7
Semi-regulated Revenue – customer contributions incl gifted assets	71.9	77.3	(6.9)
Total Revenue	1,139.4	1,126.5	1.1
Total Operating Costs	(349.8)	(346.3)	(1.0)
EBITDA (ex customer contributions)	717.6	702.9	2.1
EBITDA (incl customer contributions)	789.5	780.2	1.2
EBITDA Margin (ex customer contributions)	67.2%	67.0%	+0.2%
Capital Expenditure (Net)	383.5	422.3	(9.2)

SA POWER NETWORKS – HY 2014

(100% results)



Financial

	HY 2014	HY 2013	Change
	\$m	\$m	%
Regulated revenue – DUOS	439.5	418.6	5.0
Semi-regulated – other	18.3	21.3	(14.1)
Unregulated revenue	62.3	67.8	(8.1)
Total revenue (ex customer contributions)	520.1	507.7	2.4
Customer contributions incl gifted assets	41.3	43.5	(5.2)
Total revenue	561.3	551.2	1.8
Cash operating costs	(160.0)	(150.2)	6.5
EBITDA (ex customer contributions)	360.0	357.5	0.7
EBITDA	401.3	401.0	0.1
EBITDA ex customer contributions margin	69.2%	70.4%	-1.2%
Total Capex (net)	151.9	183.2	(17.1)

1. Excluding adjustments for recovery of STPIS, PV and Q-factor and other immaterial adjustments
2. Approximately 50% of the growth in employee numbers relates to unregulated activities (largely NBN) and ~15% is the new intake of apprentices

Operational

	HY 2014	HY 2013	Change	Change %
Customer numbers	843,121	836,365	6,756	0.8
Employee numbers ²	2,228	2,117	111	5.2
Network availability (%)	99.94%	99.97%	-0.03%	-
Volume sold (GWh)	5,380	5,531	(151)	(2.7)

► Revenue growth of 2.4%:

- CPI-X increase from July 2013 of 9.67%¹, however no STPIS benefit/penalty was booked in the period;
- Semi-regulated revenue reflects lower asset relocation activities;
- Reduced unregulated revenues reflect lower Electranet spending, partly offset by higher NBN revenues

► Operating costs up 6.5%:

- Underlying operating costs were lower in HY, however results impacted by abnormal events;
- Vegetation management up \$7.3m to \$17.3m. Spend in line with regulatory allowance including additional pass-through;
- GSL costs up \$6.9m primarily due to January and February severe weather events; offset by
- Lower CaMS related costs

SA POWER NETWORKS

Delivering for investors – business update



Electricity sales volumes	Quantity (GWh)		
	HY 2014	HY 2013	Variance
Residential/Domestic	1,565	1,647	(5.0%)
Hot Water	274	267	2.6%
Small Business	2,795	2,865	(2.4%)
Large Business	681	688	(1.0%)
Unmetered	65	64	1.6%
Total	5,380	5,531	(2.7%)
(Residential solar penetration)	22.6%	19.2%	+3.4%

- ▶ **Sales Volumes** – Decline in volumes continues to be driven primarily by residential customers. Actual volumes down 4.8% on regulatory allowances for the 2013/14 year
- ▶ **Revenue recovery** – AER has confirmed the move from a price cap to a revenue cap. Revenue cap will remove volume risk in the next regulatory period
- ▶ **Service Target Performance Incentive Scheme (STPIS)** –
 - 12/13 regulatory year: ~\$13m recovered from 1 July 2014 (revenue not yet recognised)
 - 13/14 regulatory year: ~ \$9m *penalty* likely from 1 July 2015 (provision not yet raised)
- ▶ **Vegetation management costs** – \$39.8 million resulting from approval of pass through application for additional costs for 2012/13 – 2014/15. Pass through recoveries only from 1 July 2014 (revenue not yet recognised)
- ▶ **National Broadband Network (NBN)** – Contract works continue, albeit at slower than expected pace. \$10.2 million of revenue in HY2014 (HY 2013: \$3.9 million)

SA POWER NETWORKS

KEY BUSINESS ISSUES



- ▶ **Regulatory reset** – Finalising reset preparations. Submission due to the AER 31 October 2014
- ▶ **Robust Network and ability to respond to major events**
 - January heatwave: 5 days of 42C+, 2 thunderstorms, 2 MEDs¹, 300 personnel available during the day
 - Feb 3 windstorm: 700 outages (incl 370 wires down). More than half of affected customers restored by early afternoon
- ▶ **STPIS**
 - Performance for latest regulatory year (2013/14) impacted by adverse weather events. Expected to be negative (~\$9m)
 - Cumulatively during the regulatory reset from 1 July 2010 to 30 June 2014 the performance is significantly positive (~\$23m)
- ▶ **Health, Safety and Environment** – No LTIs. Safety certifications maintained. Superior Rating received under the Workcover Self Insurance Standards
- ▶ **Solar PV** – ~168k installations at the half year (~141k 30 June 13). PV is shifting peak, but also helping reduce stress on the network during heatwave
- ▶ **Unregulated revenues** – CaMS revenues benefiting (slowly) from NBN contract, but have and will continue to be impacted by lower levels of Electranet activity, particularly major projects



VICTORIA POWER NETWORKS – HY 2014

(100% results)



Financial

	HY 2014	HY 2013	Change
	\$m	\$m	%
Regulated revenue - DUOS	415.6	383.9	8.2
Prescribed metering (AMI)	59.9	69.3	(13.5)
Semi-regulated other	22.1	21.8	1.6
Unregulated revenue	49.7	66.4	(25.1)
Total revenue (ex customer contributions)	547.4	541.4	1.1
Customer contributions incl gifted assets	30.7	33.8	(9.1)
Total revenue	578.0	575.2	0.5
Cash operating costs	(189.8)	(196.1)	(3.2)
EBITDA (ex customer contributions)	357.6	345.4	3.5
EBITDA	388.3	379.1	2.4
EBITDA ex customer contributions margin	65.3%	63.8%	+1.5%
Total Capex (Inc. AMI)	231.6	239.1	(3.1)

Operational

	HY 2014	HY 2013	Change	Change %
Customer numbers	1,076,975	1,065,211	11,764	1.1
Employee numbers	2,064	2,145	(81)	(3.8)
Network availability(%) - CP	99.99%	99.99%	-	-
- PC	99.95%	99.97%	-0.02%	-
Volume sold GWh - CP	2,873	3,021	(149)	(4.9)
- PC	5,090	5,319	(229)	(4.3)
Volume sold GWh (total)	7,963	8,340	(377)	(4.5)

► Revenue growth of 1.1%:

- CPI-X from 1 January 2014 – 10.13% for CitiPower and 9.00% for Powercor¹.
- Volumes down 4.5% vs prior half
- Powercor VBRC pass through \$4.4m (HY2013: \$5.2m)
- STPIS benefit of ~\$10m recovered in period (HY2013: \$7.5m)
- AMI revenues decreased as RAB depreciates post roll out
- Unregulated revenue reflects lower PNS third party work (\$18.3m decrease), primarily a result of the Elaine Terminal Station project completion in 2013

► Operating costs down 3.2% reflecting primarily:


- Reduction in PNS related costs, partly offset by
- Restructuring costs associated with transformation program ~\$7m


1. Excluding adjustments for recovery of STPIS, VBRC and any other immaterial adjustments

VICTORIA POWER NETWORKS

Delivering for investors – business update



 Electricity sales volumes	Quantity (GWh)		
	HY 2014	HY 2013	Variance
Residential/Domestic	550	613	(10.2%)
Small Business	892	958	(6.9%)
Large Business	1,411	1,430	(1.3%)
Unmetered	20	20	(1.5%)
Total	2,873	3,021	(4.9%)
(Residential solar penetration)	2.5%	2.3%	+0.2%

 Electricity sales volumes	Quantity (GWh)		
	HY 2014	HY 2013	Variance
Residential/Domestic	1,580	1,655	(4.6%)
Small Business	998	989	0.9%
Large Business	2,461	2,622	(6.2%)
Unmetered	53	53	(0.7%)
Total	5,090	5,319	(4.3%)
(Residential solar penetration)	11.8%	10.4%	+1.4%

- ▶ **Revenue recovery – Revenue cap expected** – AER will finalise its position on a revenue cap in October 2014
- ▶ **STPIS**
 - 2012 regulatory year: ~\$10m recovered in HY2014, up ~\$2.5m vs \$7.5m in prior period. Further ~\$10m to be recovered in H2 2014;
 - 2013 regulatory year: ~\$12m expected to be recovered in 2015
- ▶ **AMI metering**
 - Rollout completed ahead of deadline
 - 97% of installed meters are being remotely read

VICTORIA POWER NETWORKS

KEY BUSINESS ISSUES



- ▶ **Regulatory reset effective 1 Jan 2016** – Submission due to the AER in April 2015
- ▶ **Robust Network** – January 2014 only relatively minor heat related outages experienced. Fires across western Victoria resulted in some network damage and impacts to customers. Repairs, including approximately 100 pole replacements, were completed in a safe and timely manner
- ▶ **Health, Safety and Environment** – continued strong performance in year to date across leading and lagging indicators. Remains the number one focus for the business
- ▶ **Powercor Network Services (PNS) third party work** –
 - Ausnet Services revenues have grown vs HY2013;
 - One off large project in prior period: Elaine Terminal Station project for Meridian Energy (~\$14 million of revenue in HY 2013);
 - QLD and NSW markets are experiencing lower project activity as a result of government direction, reduced demand and capital expenditure constraints



VICTORIA POWER NETWORKS

COST MANAGEMENT: “WORLD CLASS OPERATIONS PROGRAM”

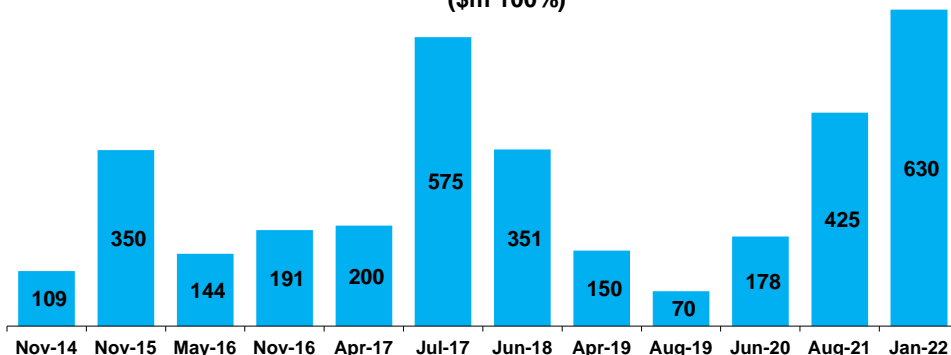


- ▶ Reduced corporate function headcount (approx. 100 staff) in People & Culture, IT, Finance and Company Secretary & Legal due to:
 - Eliminating non-value adding activities (e.g. excessive reporting, duplication/overlap of roles)
 - Reducing management layers/overhead
 - Simplifying work processes
- ▶ Improved contractor management, more rigorous and competitive tendering and policy reviews
 - Negotiated lower rates for contractor resources and materials
 - More rigorous tender processes ensuring more favourable terms and conditions
 - Reduction of (external) resource partner numbers (reflecting internal resourcing, policy reviews and better planning)
- ▶ Streamlined maintenance processes and avoidance of unnecessary maintenance:
 - Improving inspection quality and changes to maintenance policies (e.g. cross arm replacement)
 - Changing maintenance timelines to improve flexibility and reduce field workforce costs
 - Reduced asset inspection crews from two to one person for mid-cycle inspections
- ▶ Multiple field workforce productivity initiatives (including roll-out of iPads to the field to improve communication, knowledge management, work scheduling and administration/automation of forms)
- ▶ Longer term system replacements initiated:
 - Workforce management
 - End to end connections
 - Design processes

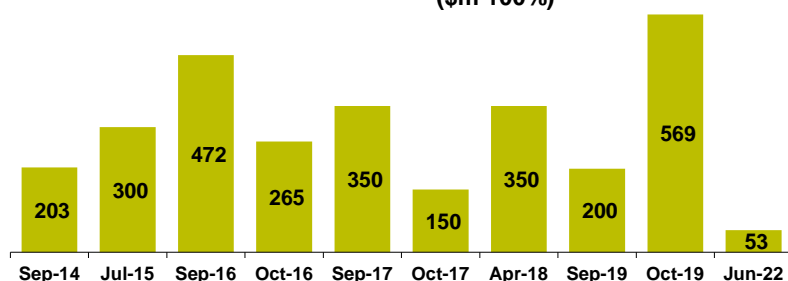
ASSET COMPANIES' DEBT POSITION AT 30 JUNE 2014

100% basis – SA Power Networks & Victoria Power Networks

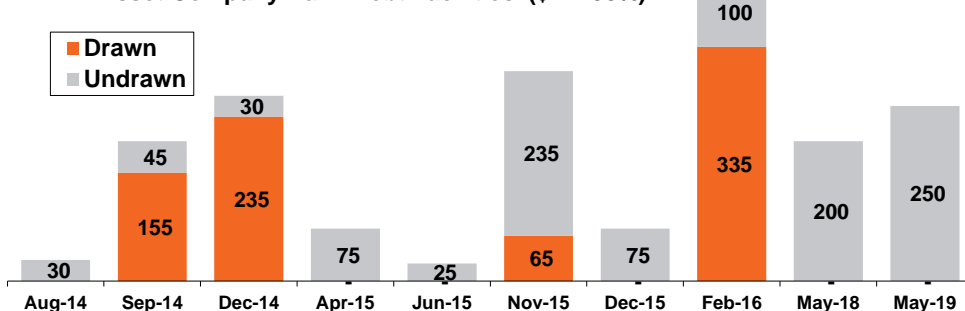
Victoria Power Networks - Capital Markets Debt
(\$m 100%)



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



Asset Company Bank Debt Facilities (\$m 100%)



► CitiPower

- placed \$150 million of domestic floating rate notes in February 2014 (maturing April 2019)
- executed a \$200 million 4 year revolving bank facility in June 2014 (maturing May 2018)

► Powercor

- executed a \$250 million 5 year syndicated bank facility in June 2014 (maturing May 2019)
- executed a \$300 million 18 month bank facility also in June 2014 (maturing November 2015)

► SAPN

- placed a US\$370 million USPP in May 2014, with two tranches of US\$185 million – 8 and 12 year maturities. Only US\$50 million of this has been received to date
- All 2014 Asset Company capital markets maturities have been refinanced

ASSET COMPANY TAXATION UPDATE

Significant Progress during HY2014

Developments during HY 2014

- ▶ ATO advised VPN in May 2014 that it will not pursue its position re Division 974 (debt/equity), which concluded that matter for all years in question
- ▶ No subsequent updates as yet to previously disclosed amended assessments from the ATO
- ▶ All other matters with the ATO remain ongoing, including Part IVA
- ▶ VPN remains engaged in discussions with the ATO
- ▶ No further developments in respect of SAPN matters since settlement of CRISP matter (announced in January)

Outlook

- ▶ The developments during the period, in particular the withdrawal of the Division 974 matter, are evidence of progress
- ▶ Spark and the Asset Companies remain engaged with the ATO on the various matters and look forward to further progress

Full details of ongoing ATO matters disclosed in the Spark Financial Statements

4. REGULATION

REGULATORY ENVIRONMENT

Focus on upcoming regulatory resets

- AER has confirmed that SAPN will operate under a revenue cap from 1 July 2015, and has proposed the same for all Victorian distributors (consultation paper issued in May 2014)
- Capital expenditure requirements will be driven by replacement and maintenance needs rather than by growth expectations – there is still much to do
- Consumer engagement programs a key consideration for the AER when assessing proposals from network businesses – SAPN and VPN well placed
- AER Benchmarking report due by end September 2014 - benchmarking data in Regulatory Information Notices (RINs) requires standardisation and interpretation - SAPN and VPN continue to compare favourably to peers

REGULATORY ENVIRONMENT

Timeline

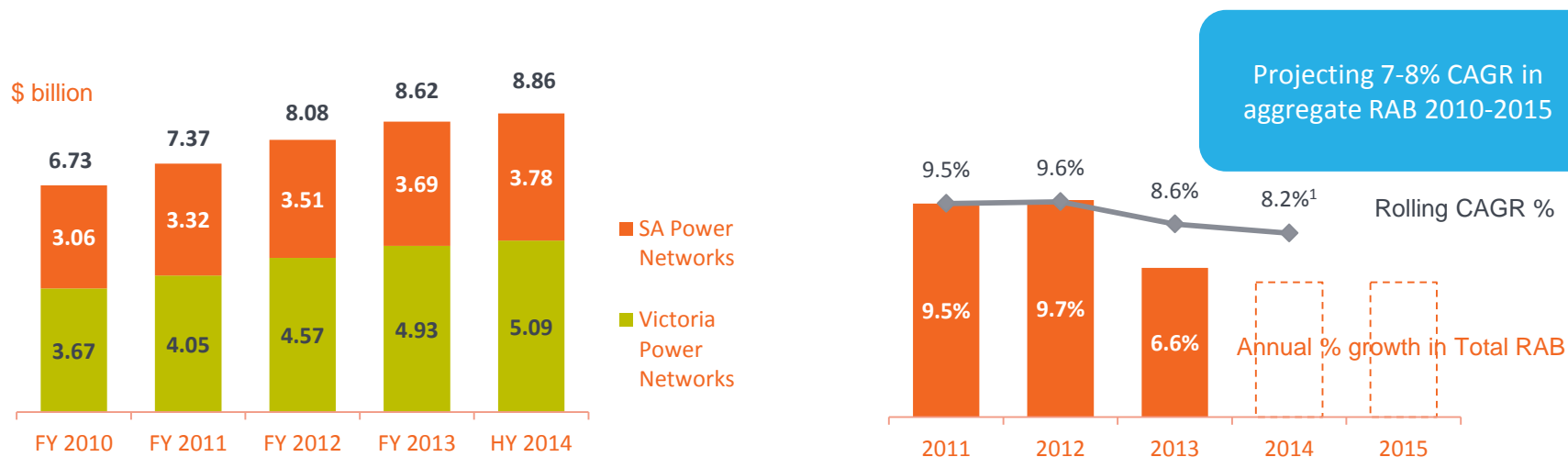
31 October 2014	<ul style="list-style-type: none"> ▪ SAPN submits its regulatory submission to the AER ▪ CitiPower and Powercor new Framework and Approach papers published by AER
30 April 2015	<ul style="list-style-type: none"> ▪ SAPN Preliminary Determination expected from the AER ▪ CitiPower and Powercor submit their regulatory submissions to the AER
1 July 2015	<ul style="list-style-type: none"> ▪ SAPN new 5-year regulatory period commences (transitional arrangement)
2 July 2015	<ul style="list-style-type: none"> ▪ SAPN submits revised regulatory submission to the AER
31 October 2015	<ul style="list-style-type: none"> ▪ CitiPower and Powercor Preliminary Determination expected from the AER ▪ SAPN Final Determination expected from the AER
1 January 2016	<ul style="list-style-type: none"> ▪ CitiPower and Powercor new 5-year regulatory period commences (transitional arrangement)
6 January 2016	<ul style="list-style-type: none"> ▪ CitiPower and Powercor submit revised regulatory submission to the AER
30 April 2016	<ul style="list-style-type: none"> ▪ CitiPower and Powercor Final Determination expected from the AER

- Under the transitional arrangements the businesses will operate under the AER's Preliminary Determinations for year 1 of their regulatory periods
- When the Final Determinations are published the AER will make adjustments to revenue recovery arrangements to years 2-5 of the regulatory periods to reflect any changes under a 'no disadvantage' basis

5. GROWTH

SA POWER NETWORKS AND VICTORIA POWER NETWORKS

- REGULATED ORGANIC GROWTH



Source: Asset Companies' estimates, Spark internal projection. VPN figures include AMI RAB

- ▶ 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 a regulatory return from day one
- ▶ Asset Companies well advanced in preparations for regulatory resets for 2015-2020

Acquisition of interest in DUET Group

- ▶ Spark entered into derivative contracts to acquire a minimum 14.1%* interest (equivalent to 185.9 million securities) in DUET Group at an average entry price of ~\$2.16 per security
- ▶ Consistent with Spark's strategy of investing in quality regulated and long-lived infrastructure assets in Australia
- ▶ Prudently funded via a mix of new equity and embedded funding in the derivatives
- ▶ Net unrealised gain of \$22.8 million on derivative contracts (before transaction costs) recognised in 1H 2014 – includes fair value of notional distribution receivable
- ▶ First payment under the derivative contracts of \$15.8 million (reflecting the DUET Group June final distribution) was received on 22 August 2014
- ▶ Refer Appendix for detailed reconciliation of accounting impact in 1H 2014.

* Subsequent to 30 June 2014 DUET Group issued a further 9.9 million securities under its Dividend Reinvestment Plan, which reduces the economic interest held by Spark to 14.0%

Privately owned network assets set the standard

“...the rationale for government ownership of electricity network businesses no longer holds... the evidence appears to suggest that state owned enterprises are less efficient than their private sector peers. The best remedy is privatisation.”

***‘Electricity Network Regulatory Frameworks Inquiry Report’
Productivity Commission - 26 June 2013***

- ▶ Spark supports the NSW Government’s proposal for partial privatisation of electricity distribution and transmission network assets in New South Wales
- ▶ Spark’s Asset Companies are among the most reliable, efficient and safe businesses of their kind in Australia, and rank above their government owned peers
- **Reliability** – Network availability: SAPN - 99.94%; CitiPower – 99.99%; Powercor – 99.95%
- **Safety** - In HY 2014, SAPN recorded zero Lost Time Injuries (LTIs) and VPN recorded 1 LTI
- **Efficiency** – Consistent outperformance of regulatory benchmarks and allowances - neither SAPN or VPN have overspent their regulatory allowances since being privatised
- **Consumer engagement** – Delivering industry leading programs which have been praised by consumer groups and held up by the Australian Energy Regulator as best practice examples for others to follow

6. SUMMARY & OUTLOOK

A TIME FOR QUALITY

Focus on generating opportunities to create and capture value



- ▶ SAPN and VPN – 49% interests
 - Strong RAB growth of 7-8% CAGR across 2010-2015
 - Prudent asset level gearing of 77.8%, moving towards 75% Net debt to RAB by end 2015
- ▶ Interest in DUET Group to contribute to cashflows from 2H 2014
- ▶ Cashflows on a standalone and lookthrough basis covering distributions
- ▶ Well positioned to participate in further industry consolidation and privatisation of NSW assets
- ▶ FY 2014 Distribution guidance of 11.5cps (4.5% growth on FY 2013)
- ▶ Distribution growth guidance of 3-5% for 2015

FOR FURTHER INFORMATION

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APPENDICES

KEY METRICS

SECURITY METRICS

Market price at 22 August 2014 (\$)	1.955
Market capitalisation (\$)	2.9 billion

DISTRIBUTIONS

HY 2014	5.75cps
Comprising	
- Loan Note interest	3.50cps
- Tax deferred amount	2.25cps
FY 2014 Guidance	11.50cps

GEARING AND CREDIT RATINGS

Net book gearing (Look through) ¹	54.0%
Asset level credit ratings	SA Power Networks: A-/A3 Powercor: BBB+/Baa1 CitiPower: BBB+
Spark level credit rating	Baa1

REGULATED ASSET BASE – (Estimates at June 2014)

SA Power Networks (DUOS) (\$m)	3,775
CitiPower (DUOS) (\$m)	1,639
Powercor (DUOS) (\$m)	2,957
CitiPower (AMI) (\$m)	142
Powercor (AMI) (\$m)	351
Victoria Power Networks total (\$m)	5,089
RAB total (\$m)	8,864
Net debt/RAB – Asset Companies combined	77.8%
Net debt/RAB - SA Power Networks	75.5%
Net debt/RAB – Victoria Power Networks	79.6%

1. Excludes reserves

DEBT POSITION (AT 30 JUNE 2014)

SA Power Networks	\$m
RAB	3,775
Net Debt	2,849
Net Debt/RAB	75.5%
Percentage Hedged (gross)	100.6%
Rolling 12 Month ICR ¹ (x net interest)	3.5 x
Victoria Power Networks	\$m
RAB (Including AMI ²)	5,089
Net Debt	4,048
Net Debt/RAB	79.6%
Percentage Hedged (gross)	95.9%
Rolling 12 Month ICR (x net interest)	2.9 x

SPARK INFRASTRUCTURE	\$m
Total RAB (49% share)	4,343
Gross Debt at Spark Level	-
Net Debt at Asset Level (49% Share)	3,380
Total Proportionate Net Debt ³	3,295
Net Debt/RAB – Asset Level	77.8%
Book Gearing Net (Look through) ⁴	54.0%
Spark Look Through Proportion of Hedging (gross)	97.8%

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




² Advanced Metering Infrastructure (AMI)

³ For Spark level net debt, excludes \$5.0 million cash, held for Australian Financial Services Licence purposes. Note that from 1 July 2014 this requirement is now \$10.0 million.

⁴ Excludes reserves




ELECTRICITY SALES VOLUMES




Regulatory allowances v Actual sales (GWh)

Actual volume (AER forecast volume) <i>Growth in actual %</i> (Growth in AER forecast %)	Regulatory year ¹						<i>Cumulative average actual to date</i> (Cumulative average annual forecast change)
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
	11,504 (11,555)	11,249 (11,618) -2.2% (+0.5%)	11,019 (11,422) -2.0% (-1.7%)	11,025 (11,264) +0.1% (-1.4%)	10,652 (11,194) -3.4% (-0.6%)	(11,194) (0.0%)	 (-1.9%) (-0.6%)
	6,210 (6,125)	6,105 (6,180) -1.7% (+0.9%)	6,085 (6,227) -0.3% (+0.8%)	5,981 (6,218) -1.7% (-0.1%)	(6,201) (-0.3%)	(6,237) (+0.6%)	 (-1.2%) (+0.4%)
	10,678 (10,585)	10,470 (10,726) -1.9% (+1.3%)	10,744 (10,795) +2.6% (+0.6%)	10,556 (10,781) -1.8% (-0.1%)	(10,761) (-0.2%)	(10,797) (+0.3%)	 (-0.4%) (+0.4%)

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

CAPITAL EXPENDITURE (100%)

			 		TOTALS	
\$m	HY 2014	HY 2013	HY 2014	HY 2013 ¹	HY 2014	HY 2013 ¹
Growth Capex	71.1	104.2	117.6	104.0	188.7	208.2
Growth Capex AML	-	-	17.0	67.1	17.0	67.1
Maintenance capex	80.8	79.0	97.0	68.0	177.8	147.0
Total	151.9	183.2	231.6	239.1	383.5	422.2
Change vs pcg (%)	-17.1%		-3.1%		-9.2%	

	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB ²		Net regulatory depreciation	
\$m	HY 2014	HY 2013	HY 2014	HY 2013	HY 2014	HY 2013	HY 2014	HY 2013
	80.8	79.0	114.3	104.9	(49.1)	(20.6)	65.2	84.3
	19.4	13.6	51.0	48.8	(18.9)	(16.1)	32.1	32.7
	77.6	54.4	98.9	95.5	(34.9)	(29.4)	64.1	66.1
Totals	177.8	147.0	264.2	249.2	(102.8)	(66.1)	161.4	183.1
Spark 49% share	87.1	72.0	129.5	122.1	(50.4)	(32.4)	79.1	89.7

1. VPN HY 2013 figures have been restated to account for a change in allocation approach – growth vs maintenance capex
2. For SAPN, adjusted for CPI 'true up' in HY 2013 (1.25% actual vs 1.92% estimate) and in HY 2014 (1.46% actual vs 1.56% estimate)

EQUITY ACCOUNTING PROFITS – HY 2014

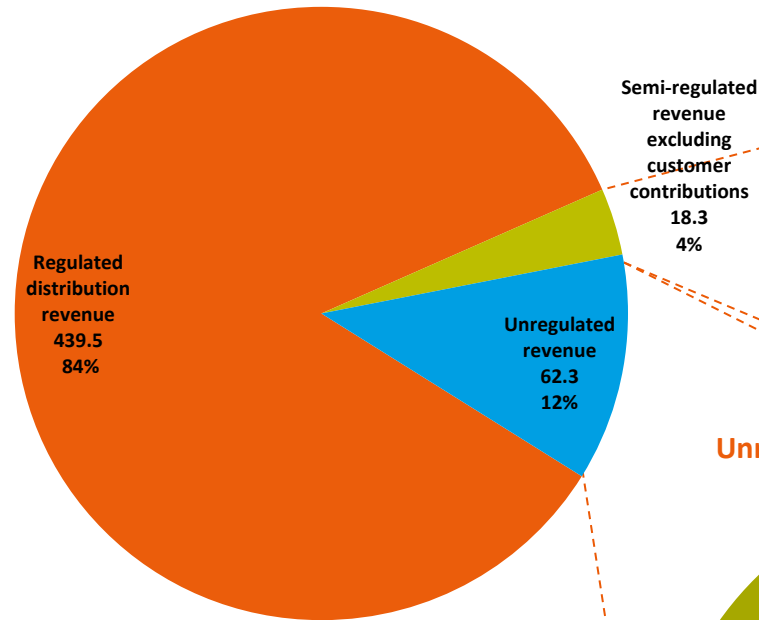
100% Basis \$m	SA Power Networks	Victoria Power Networks	Combined	Spark 49% Share
Regulated revenue - distribution and metering	439.5	475.5	915.0	448.3
Semi regulated and unregulated revenue	80.6	71.9	152.5	74.7
Customer contributions and gifted assets	41.3	30.7	71.9	35.2
Total Income	561.3	578.0	1,139.4	558.3
Total Income excl CCs and GAs	520.1	547.4	1,067.4	523.0
Operating Costs	(160.0)	(189.8)	(349.8)	(171.4)
EBITDA (excl CCs and GAs)	360.1	357.6	717.6	351.6
Depreciation and amortisation	(90.0)	(138.9)	(228.9)	(112.2)
EBIT	311.3	249.4	560.6	274.7
Net interest expense (excl Sub Debt)	(101.2)	(124.8)	(226.0)	(110.7)
Subordinated debt interest expense	(35.9)	(81.9)	(117.8)	(57.7)
Net profit before tax	174.1	42.7	216.9	106.3
Tax expense	-	(18.7)	(18.7)	(9.1)
Net profit after tax	174.1	24.1	198.2	97.1
less: additional share of profit from preferred partnership capital (PPC) ¹	(34.3)	-	(34.3)	(16.8)
Asset Company Net Profits for Equity Accounting	139.8	24.1	163.9	80.3
49% Basis - Spark Share	68.5	11.8	80.3	80.3
Add back: additional share of profit from preferred partnership capital (PPC) ¹	34.3	-	34.3	34.3
Less: depreciation/amortisation of fair value on uplift of assets on acquisition	(0.4)	(2.4)	(2.8)	(2.8)
Share of equity accounted profits	102.4	9.4	111.9	111.9
Add: interest income from Associates (Victoria Power Networks 49% sub debt)		40.1	40.1	40.1
Total Income from Asset Companies included in Spark Profit and Loss				152.0
Gain on derivative contracts				22.8
Interest income				0.6
Interest expense				(0.9)
Interest expense – Loan Notes				(51.3)
General and administrative expenses				(5.0)
Transaction fees - derivative contracts				(3.3)
Profit for the period before tax				114.7
Income tax expense				(25.8)
Net profit for the period attributable to Securityholders				89.0

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

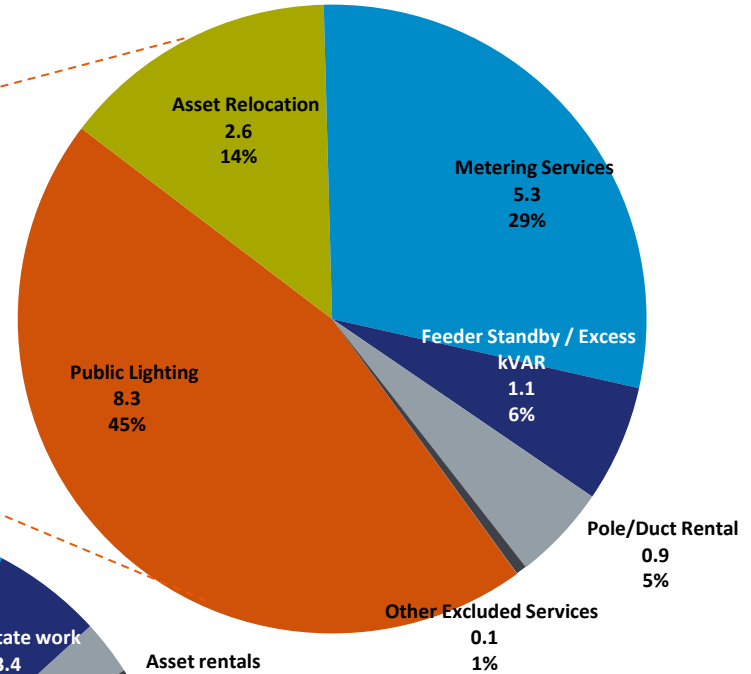
Note: Numbers may contain rounding errors.

SA POWER NETWORKS REVENUE BREAKDOWN – HY 2014

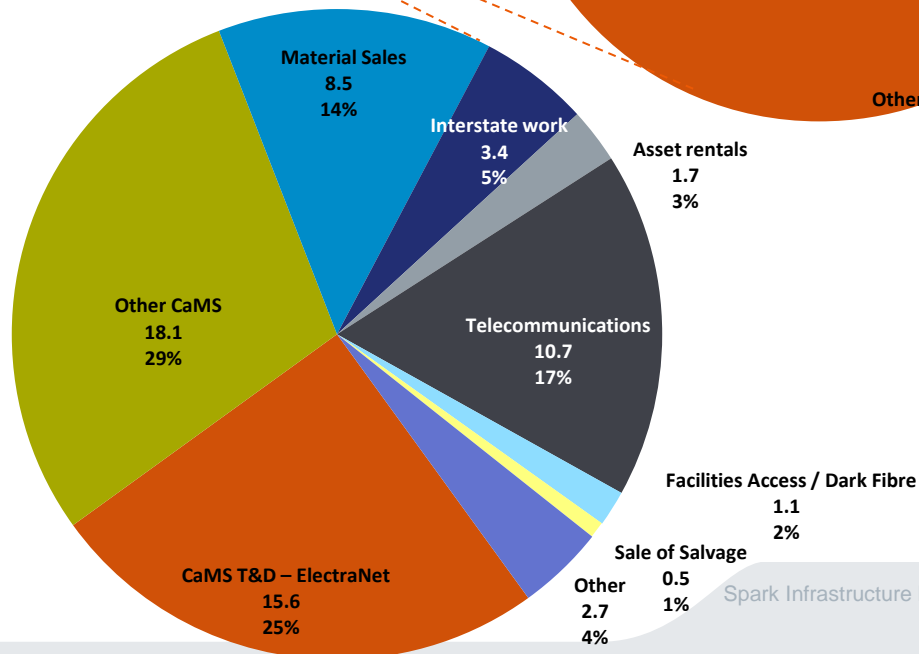
Total revenue



Semi-regulated revenue excl customer contributions

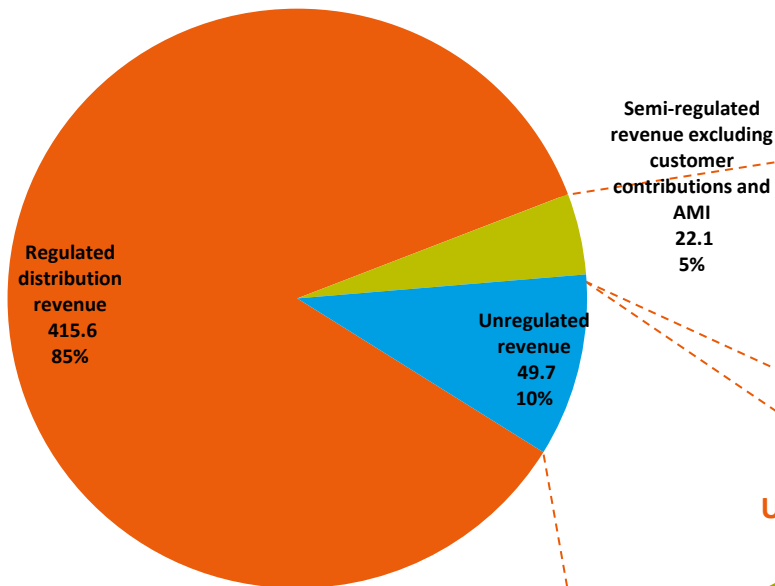


Unregulated revenue

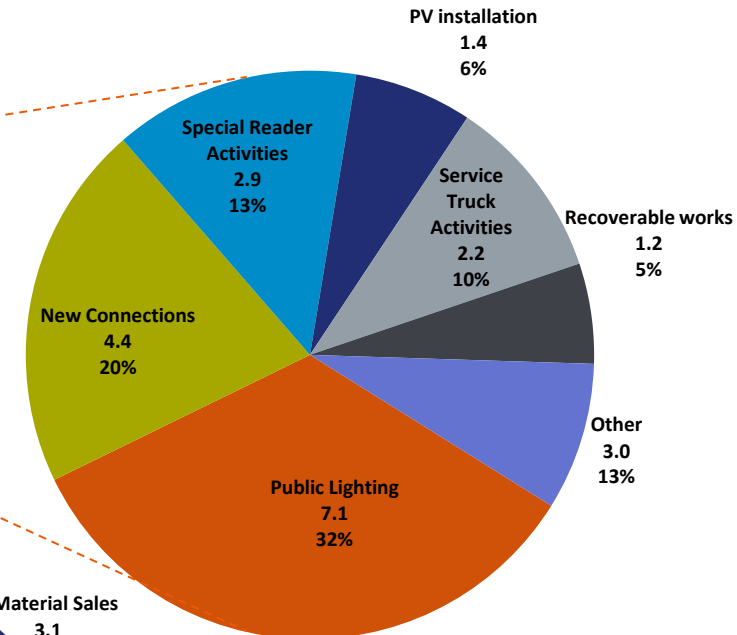


VICTORIA POWER NETWORKS REVENUE BREAKDOWN – HY 2014

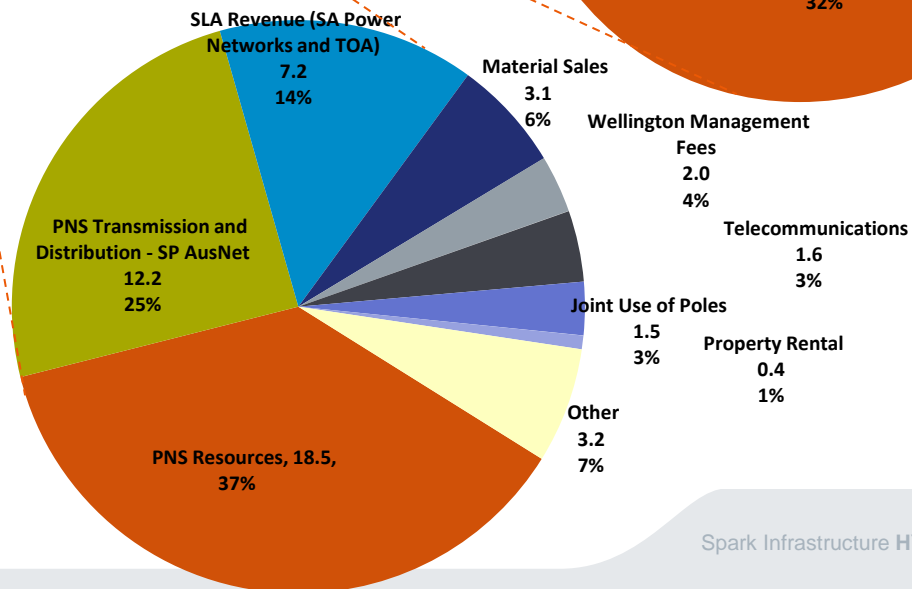
Total revenue excl customer contributions



Semi-regulated revenue excl customer contributions and AMI




Unregulated revenue





*100% owned by CKI and PAH

SEMI REGULATED REVENUES

HY 2014 vs HY 2013 (100% figures)

	HY 2014	HY 2013	Variance
	(\$m)	(\$m)	(\$m)
Public Lighting	8.3	8.1	0.2
Asset Relocation	2.6	4.6	(2.0)
Metering Services	5.3	5.2	0.1
Feeder Standby / Excess kVAR	1.1	1.2	(0.1)
Pole/Duct Rental	0.9	1.5	(0.6)
Other Excluded Services ¹	0.1	0.7	(0.6)
TOTAL²	18.3	21.3	(3.0)


 	HY 2014	HY 2013	Variance
	(\$m)	(\$m)	(\$m)
Public Lighting	7.1	7.1	(0.0)
New Connections	4.4	4.0	0.4
Special Reader Activities	2.9	3.8	(0.9)
PV installation	1.4	1.7	(0.3)
Service Truck Activities	2.2	2.0	0.2
Recoverable works	1.2	1.1	0.1
Other	3.0	2.1	0.9
TOTAL	22.1	21.8	0.3

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



HY 2014 vs HY 2013 (100% figures)

 SA Power Networks	HY 2014 (\$m)	HY 2013 (\$m)	Variance (\$m)
Construction and Maintenance Services (CaMS) T&D - ElectraNet ¹	15.6	27.0	(11.4)
Other CaMS	18.1	21.9	(3.8)
Material Sales	8.5	7.1	1.4
Interstate work	3.4	3.7	(0.3)
Asset rentals	1.7	1.7	0.0
Telecommunications ²	10.7	2.8	7.9
Facilities Access / Dark Fibre	1.1	1.2	(0.1)
Sale of Salvage	0.5	0.6	(0.1)
Other	2.7	1.8	0.9
TOTAL	62.3	67.8	(5.5)

1. Decline driven by reduced ElectraNet spending following on from their regulatory reset
2. Includes NBN related revenue (\$10.2m)

UNREGULATED REVENUES (CONT.)

HY 2014 vs HY 2013 (100% figures)

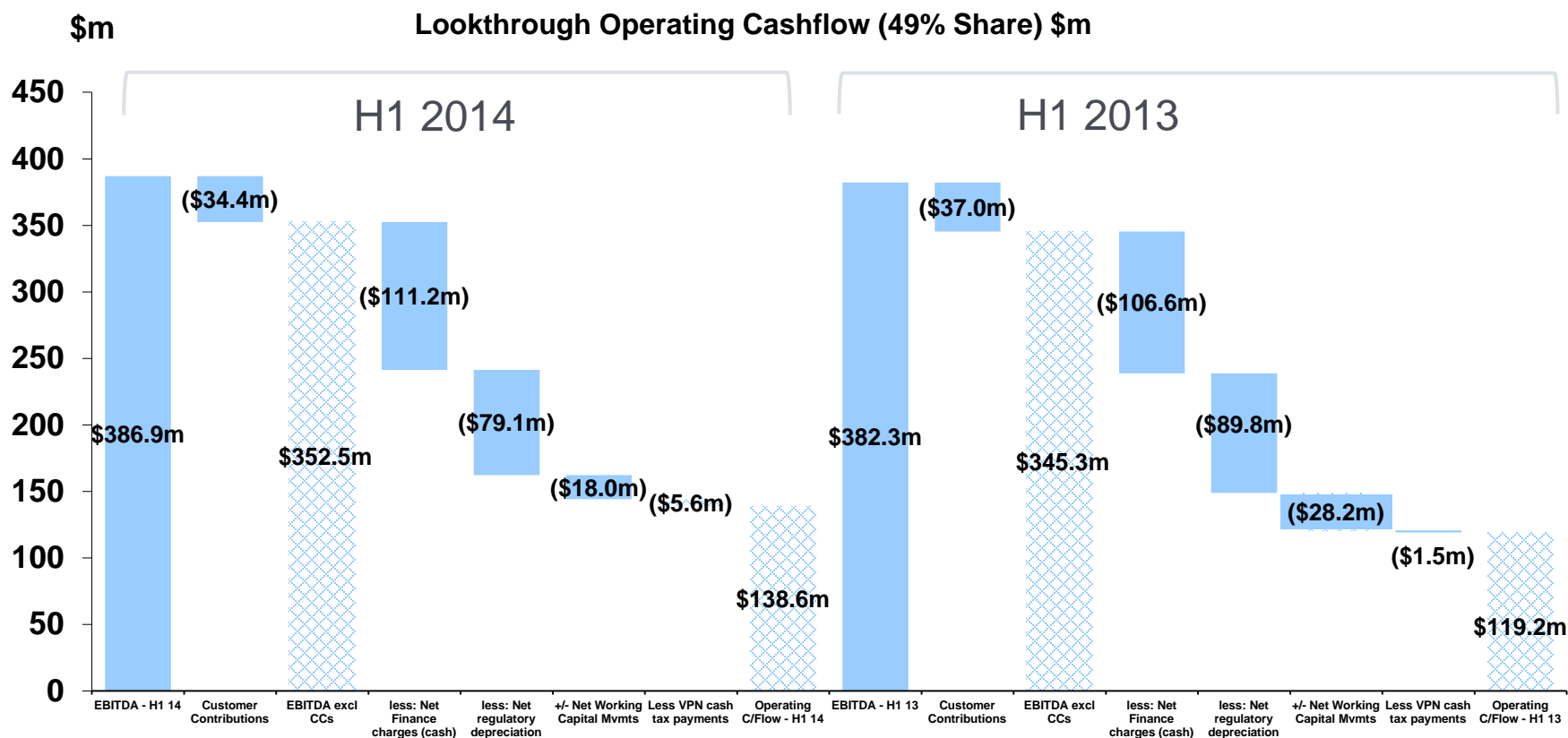
 	HY 2014	HY 2013	Variance
	(\$m)	(\$m)	(\$m)
PNS Resources ¹	18.5	36.8	(18.3)
PNS Transmission and Distribution - SP AusNet	12.2	9.1	3.1
SLA Revenue (SA Power Networks and TOA*) ²	7.2	7.1	0.1
Material Sales	3.1	3.2	(0.1)
Telecommunications	1.6	2.4	(0.8)
Wellington* Management Fees	2.0	2.0	0.0
Joint Use of Poles	1.5	1.5	(0.0)
Property Rental	0.4	0.3	0.1
Other ³	3.2	4.0	(0.8)
TOTAL	49.7	66.4	(16.7)

*100% owned by CKI and PAH

1. Significant decrease in PNS Resources revenue driven by non-recurring the Elaine Terminal Station project from HY 2013 (\$13.9m), and due to the QLD and NSW markets experiencing lower project activity as a result of government direction, reduced demand and capital expenditure constraints.
2. \$7.1m SA Power Networks, \$0.1m TOA
3. Includes profit/loss on asset disposals and duct rental

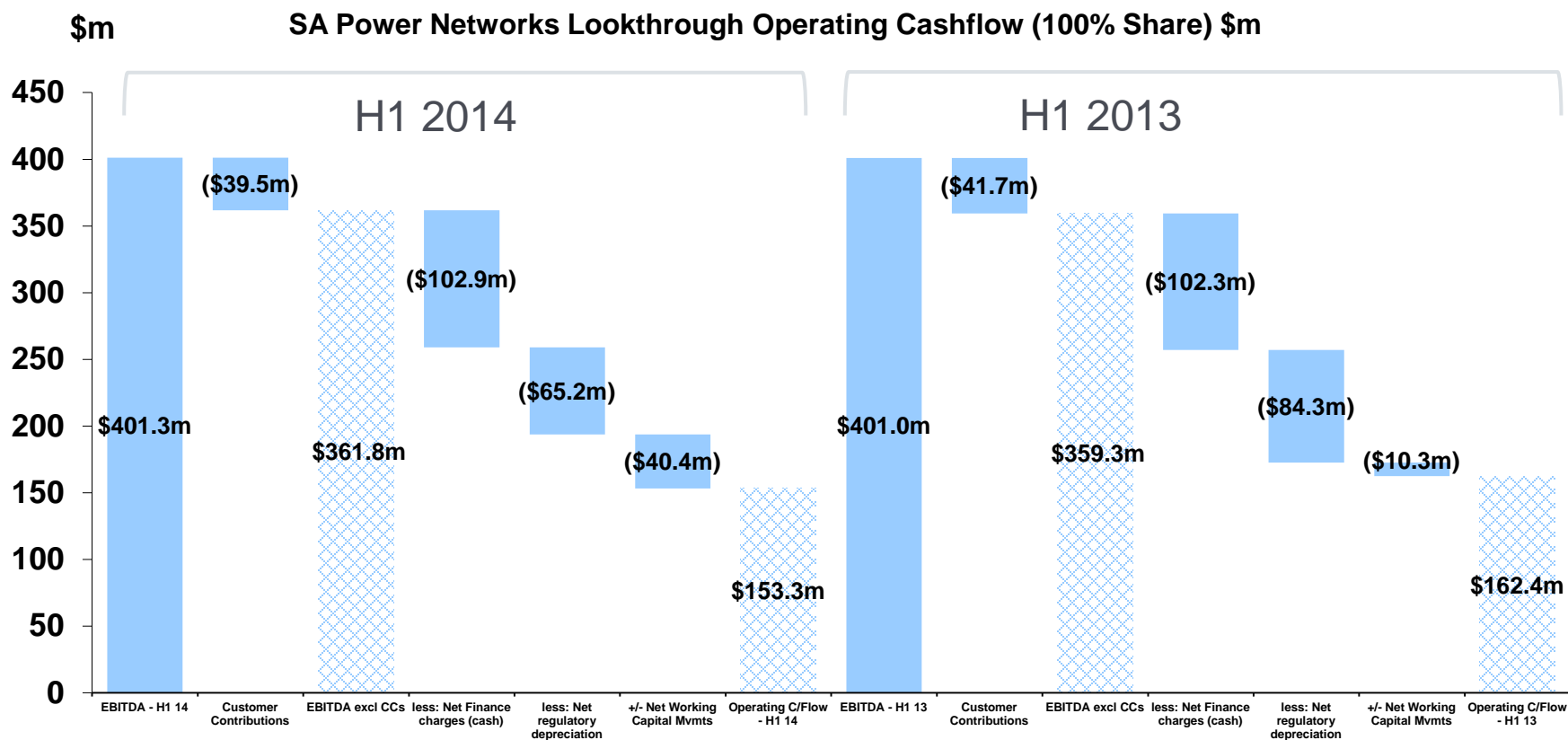
OPERATING CASH FLOW MODEL – HY 2014

Aggregated Asset Companies



OPERATING CASH FLOW MODEL – HY 2014

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:

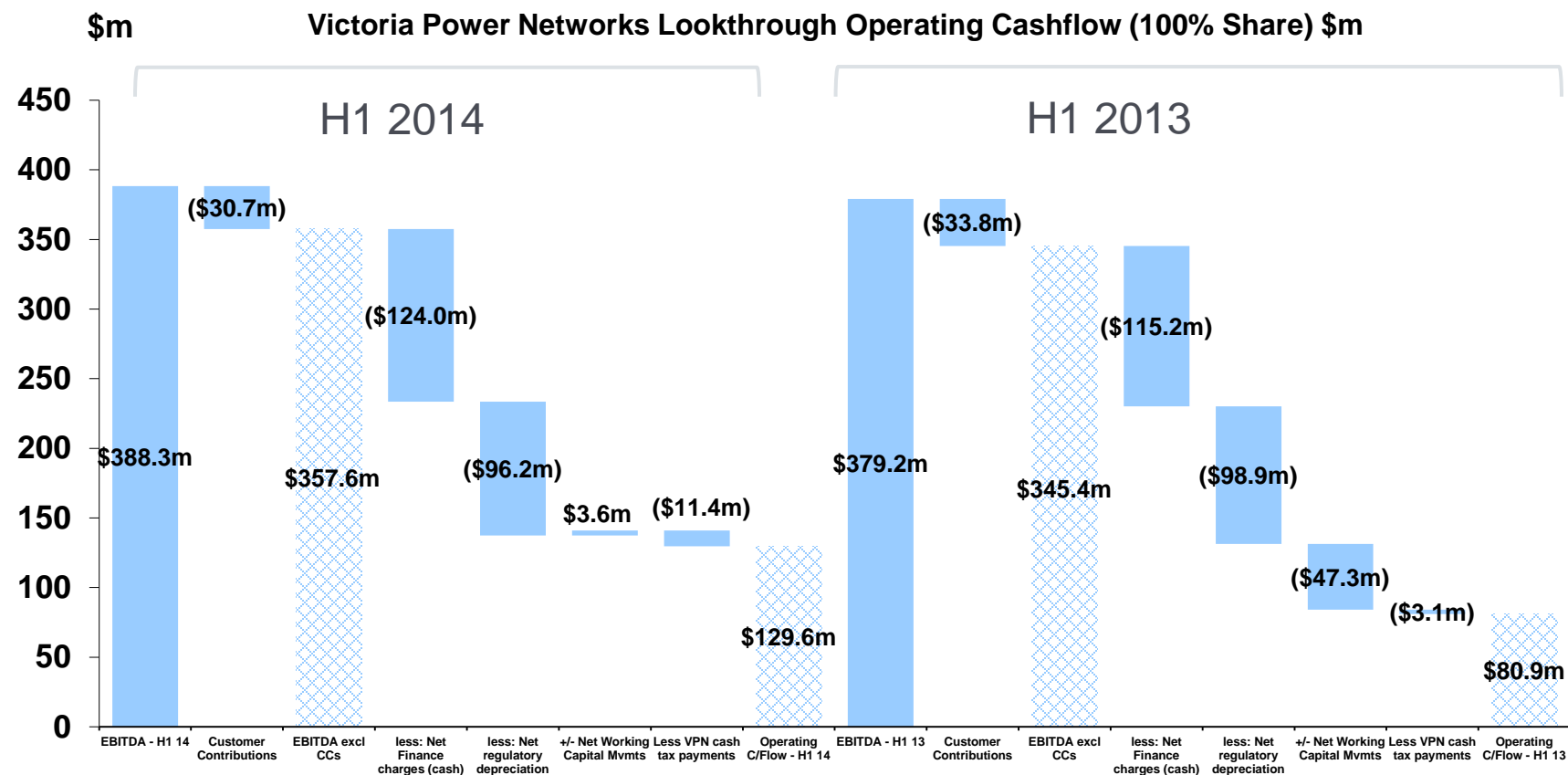
In H1 2014, CPI is based on actual March 2014 CPI of 2.92% with 'true up' for CPI actual vs estimate for FY 2013 RAB estimate (1.46% being 2.92% over 6 months, vs 1.56%).

In H1 2013, CPI is based on actual March 2013 CPI of 2.50% with 'true up' for CPI actual vs estimate for FY 2012 RAB estimate (1.25% being 2.50% over 6 months, vs 1.92%).

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 – HY 2014

Victoria 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 for DUOS is estimated by:

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

In H1 2013, based on actual September 2012 CPI of 2.00%.

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

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)	6.50%	6.50%
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)	\$1,636m	\$2,115m
Opex over 5 years (\$ 2010) ^{4,5}	\$1,080m	\$997m
Revenue (Nominal) ^{4,6}	\$3,930m	\$3,845m

1. Figures relate to DUOS incl. Alternative Control Services (ACS) revenue.

2. Figures relate to DUOS only

3. VPN DRP 3.89% following appeal outcomes (3.74% per final 2010 determination)

4. Figures revised for all successful outcomes, including \$39.8 million (nominal dollars) vegetation management costs for SAPN awarded in July 2013




5. Operating expenditure numbers adjusted for efficiency carryover amounts per determinations

6. Revenue numbers not updated for actual CPI

REGULATED PRICE PATH

CPI minus X¹

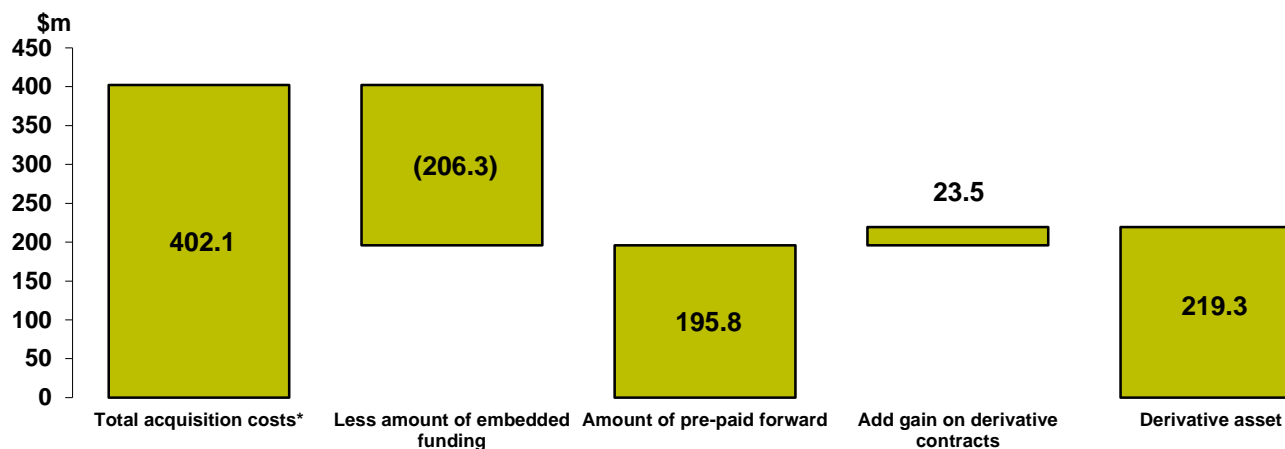
- ▶ Regulated electricity sales revenues are determined by a price path set according to the CPI-X¹ formula. A negative X-Factor means a real increase in distribution tariffs
- ▶ Regulatory pricing period commences on 1 July each year for SAPN and 1 January each year for VPN (CitiPower and Powercor)
- ▶ 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

	CPI (%) Actual (Forecast)	X-Factor ²	Tariff increase (%) Actual/forecast ³		CPI (%) Actual (Forecast)	X-Factor ²	Tariff increase (%) Actual/forecast ³		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 1 (1 Jan 11)	2.79 -2.57	6.41	-3.80	Year 1 (1 Jan 11)	2.79 -2.57	-0.11	2.90
Year 2 (1 Jul 11)	3.33 -2.52	-18.10	22.03	Year 2 (1 Jan 12)	3.52 -2.57	-4.00	7.66	Year 2 (1 Jan 12)	3.52 -2.57	-3.00	6.63
Year 3 (1 Jul 12)	1.58 -2.52	-4.97	6.63	Year 3 (1 Jan 13)	2.00 -2.57	-6.78	8.92	Year 3 (1 Jan 13)	2.00 -2.57	-6.36	8.49
Year 4 (1 Jul 13)	2.50 -2.52	-7.00	9.67	Year 4 (1 Jan 14)	2.16 -2.57	-7.80	10.13	Year 4 (1 Jan 14)	2.16 -2.57	-6.70	9.00
Year 5 (1 Jul 14)	2.92 -2.52	-0.89	3.43	Year 5 (1 Jan 15)	- -2.57	-7.80	10.57	Year 5 (1 Jan 15)	- -2.57	-7.20	9.96

1. Whilst referred to as "CPI-X", the actual tariff increase formula used by the regulator is: $(1+CPI) \times (1-x) - 1$. Source: AER
2. Figures updated for regulatory appeals announced, excluding \$39.8 million (nominal dollars) vegetation management costs for SAPN awarded in July 2013 (this is a passthrough and does not impact X-factors)
3. Figures for SAPN exclude adjustments for STPIS, PV and Q-factor actual and forecast adjustments. Figures for VPN exclude STPIS and any other adjustments.

Acquisition of interest in DUET Group

- ▶ The cost of entry under the combined derivative contracts was ~\$402 million:



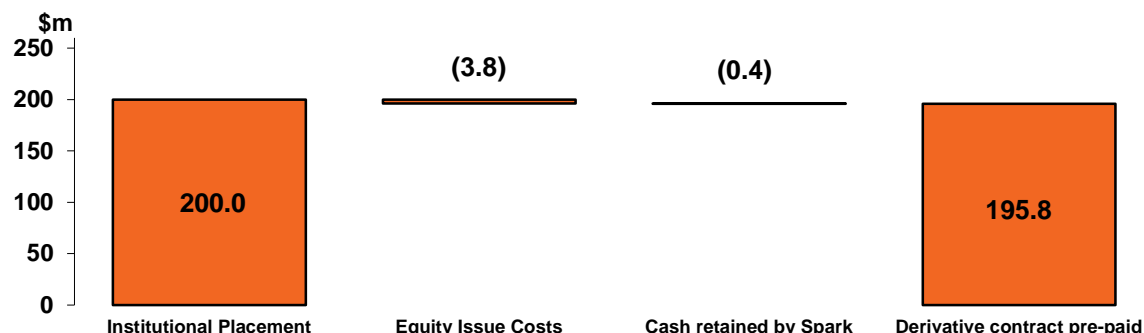
- ▶ At 30 June 2014, the interest in DUET Group impacts Spark results (P&L and cashflow) as follows:

	P&L (\$m)	Cashflow (\$m)
Unrealised fair value gain	23.5	-
Transaction costs	(3.3)	(2.7)
Finance costs paid	(0.7)	(0.7)
TOTAL	19.5	(3.4)

* Based on ~185.9 million securities at an average entry price of \$2.16 per security

Acquisition of interest in DUET Group (cont.)

- ▶ Interest prudently funded via a mix of new equity and embedded funding in the derivatives
- Institutional Placement for \$200 million completed, with proceeds of \$195.8 million used to prepay a portion of embedded funding;



- Separate corporate debt facilities totaling \$275 million are available if and when required. Increased and extended at improved margins during HY2014;
- ▶ A further ~\$45.7 million raised through a Security Purchase Plan, ensuring fairness amongst Securityholders
- ▶ DUET Group went ex-dividend with a FY 2014 final distribution of 8.5cps on 24 June 2014 – Spark received \$15.8 million on 22 August 2014 (2H 2014)

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