



*spark*infrastructure

Delivering

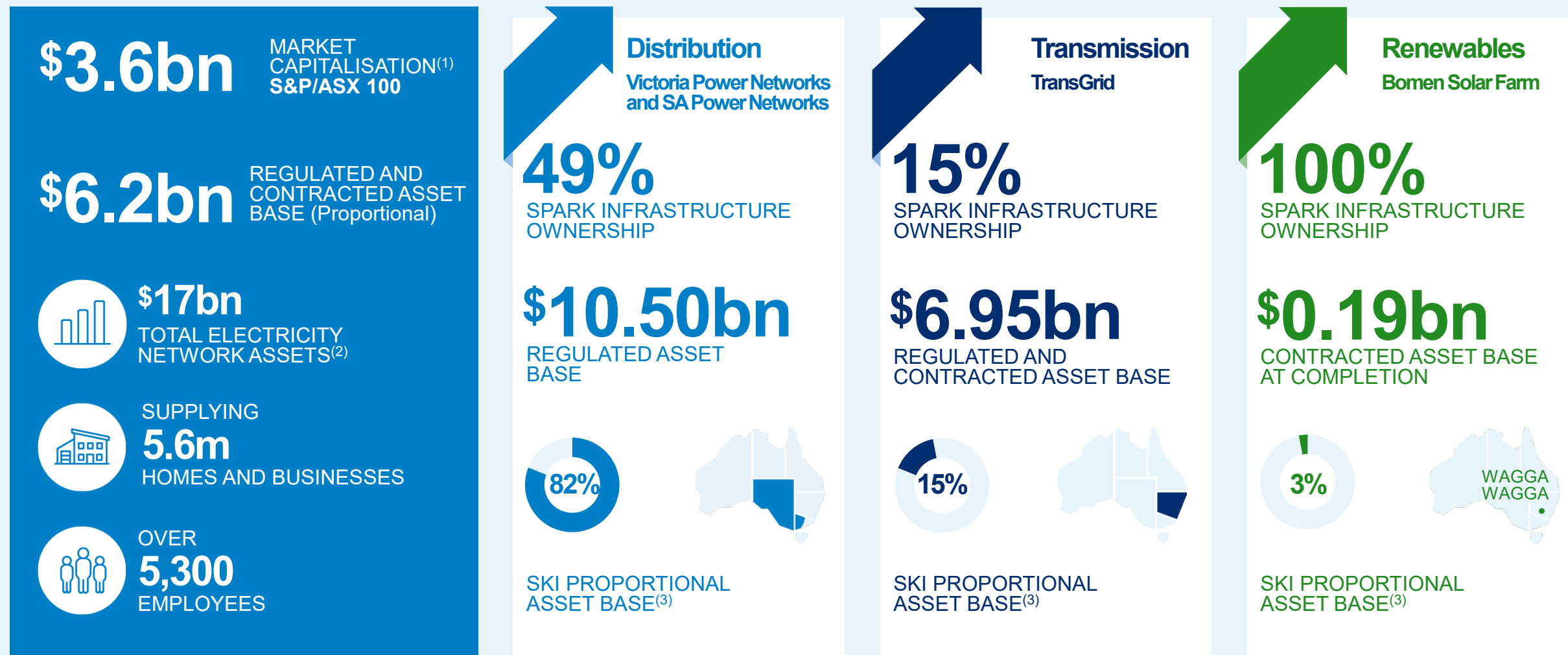
FUTURE ENERGY

Investor Roadshow Presentation

North America & Asia – October / November 2019

SPARK INFRASTRUCTURE – AT A GLANCE

ASX-listed owner of leading essential service infrastructure



(1) As at 9 October 2019. Balance sheet and other information as at 30 June 2019 (2) Spark Infrastructure has interests in \$17bn of total electricity network assets (3) Pro forma

HY2019 – FINANCIAL HIGHLIGHTS



(1) Includes repayment of shareholder loans and adjusted to exclude one-off acquisition costs and prior year tax paid in HY2019

(2) AER Annual Benchmarking Report 2018; CitiPower No.1 on total productivity; Powercor No.1 on opex productivity; and SA Power Networks No.1 on a state-by-state comparison

(3) On an aggregated proportional basis to Spark Infrastructure

(4) On 100% TransGrid basis

Distribution Reinvestment Plan (DRP) reactivated for HY2019 – at 2% discount, 28.4% take-up raising \$35.8m

OUR STRATEGIC VISION AND PRIORITIES

Delivering essential services infrastructure

OBJECTIVE

Delivering long-term value through capital growth and distributions to Securityholders from our portfolio of high-quality, long-life essential services infrastructure businesses

By building sustainable businesses and harnessing their evolving growth potential we will continue to create long-term value for Securityholders



ELECTRICITY
NETWORKS



RENEWABLE
ENERGY



ELECTRICITY
STORAGE



GAS NETWORKS /
GAS STORAGE



WATER NETWORKS /
WATER STORAGE



DATA
NETWORKS

BUSINESS MODEL

Value Enhance

Managing our portfolio for performance and organic growth through efficient investment

Value Build

Developing adjacent business platforms

Value Acquire

Growing through disciplined acquisitions

DELIVERING FUTURE ENERGY

Spark Infrastructure remains focused on maintaining our sector leading efficiency delivering reliable and affordable electricity to consumers and on leading the transition to renewable and distributed energy

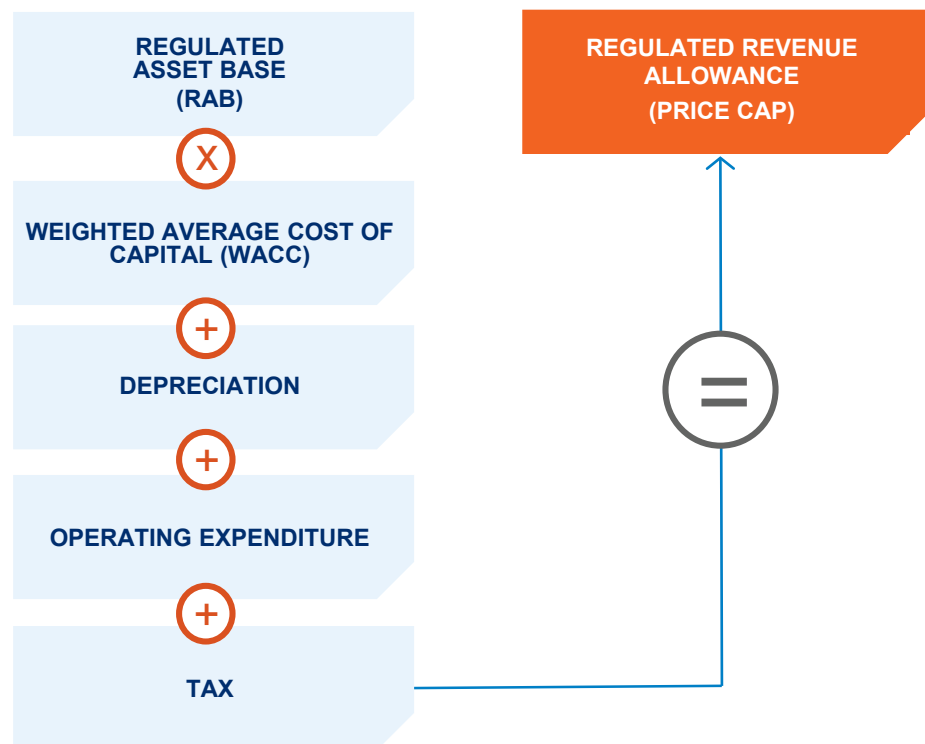
1	Our networks are leaders in efficiency, reliability and safety	<ul style="list-style-type: none"> • Most efficient network assets with high levels of utilisation • Strong track record of outperformance post privatisation • Well placed to benefit from industry structural change to new energy future
2	Strong performance metrics and balance sheet	<ul style="list-style-type: none"> • Delivered 12.8% underlying standalone operating cash flow growth in HY2019 • Adjusted earnings (EBTDA) growth of 2.7% to balance standalone operating cash flow growth • Investment grade credit ratings
3	Cash yield of 7.1%⁽¹⁾	<ul style="list-style-type: none"> • 7.5cps interim distribution paid for FY2019 • Forecast DPS of at least 15.0cps in FY2019 • Franking credits are expected to be distributed to Securityholders in the future, to the extent possible
4	Supportive characteristics	<ul style="list-style-type: none"> • High cash flow visibility to 2020 • Regulatory stability to 2020 (SA Power Networks, Victoria Power Networks) and 2023 (TransGrid) • Inflation-linked regulatory regime; increases in interest rates reflected in higher regulated revenues
5	Growth opportunities in the new energy future	<ul style="list-style-type: none"> • Technology, customer preferences and generation mix are transforming the role of networks • Distributed renewable generation, reliability requirements and efficient wholesale energy market operation reinforce role of the grid • Large-scale transmission interconnection options rapidly progressing; substantial government support
6	First step into renewable energy – Bomen Solar Farm	<ul style="list-style-type: none"> • Logical and prudent investment aligned with Spark Infrastructure's investment strategy • High-quality project located in Wagga Wagga NSW in strong grid location • Highly contracted revenue stream with long-term agreements with high-quality counterparties

(1) Based on 9 October 2019 closing price of \$2.12 and FY2019 distribution guidance of at least 15.0cps

INCENTIVE-BASE REGULATORY FRAMEWORK

Well established regulatory process with resets every 5 years, based on CPI-X price formula

Revenue building blocks



Regulator

- Australian Energy Regulatory (AER) enforcing National Electricity Rules (NER)

Regulated revenue

- Determined using building block approach to recover efficient costs
- WACC based on 60:40 debt equity
- Debt – 10-year trailing average for 'benchmark entity'
- Parameters based on 'benchmark entity' – BBB+ rating
- Rate of return guidelines – binding legislation

RAB

- Opening RAB locked in under the NER
- Increased by CPI and efficient capital invested less regulatory depreciation







Outperformance opportunities

- Service level incentives
- Opex and capex efficiency benefits
- Tax
- Capital structure and debt
- Demand management and innovation

Regulatory framework provides revenue certainty, inflation-linked revenue and gives efficient businesses incentive and opportunity to outperform

MAINTAINING LEADERSHIP IN SECTOR EFFICIENCY

Our investment businesses lead their peers in efficiency

Asset Company	CitiPower (Distribution)	Powercor (Distribution)	SA Power Networks (Distribution)	TransGrid (Transmission)
AER Total Productivity ⁽¹⁾		No. 4		No. 3
AER OPEX Productivity ⁽¹⁾			No. 3	
AER State-Based Productivity ⁽¹⁾	N/A	N/A		N/A
AER 2017 Productivity Change ⁽¹⁾	+3%	+3%	-6% ⁽²⁾	+12%

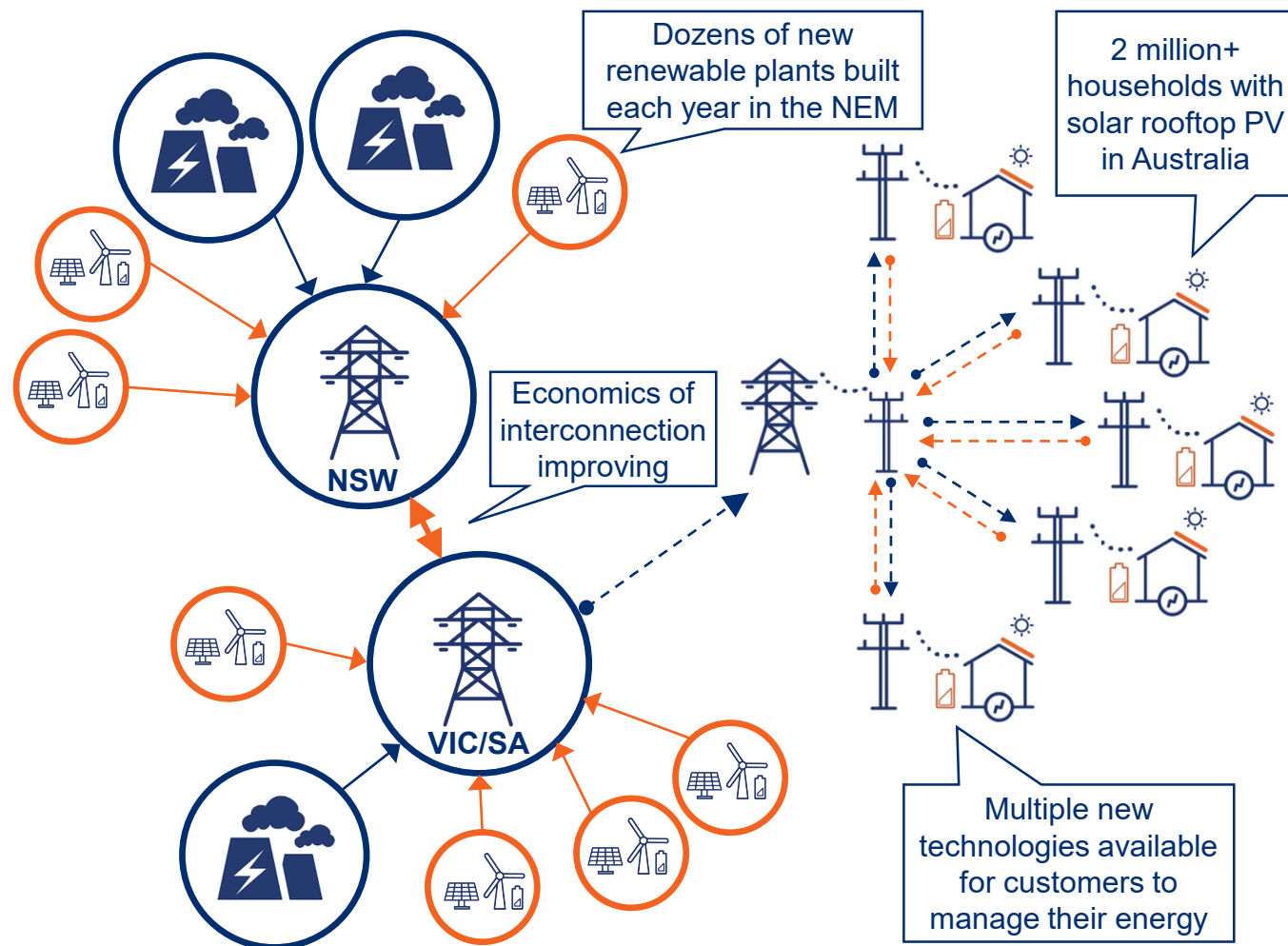
TransGrid achieved the highest productivity improvement of the five transmission companies, increasing performance by 12% relative to the prior year

(1) Source: AER Annual Benchmarking Report 2018

(2) SA Power Networks experienced rare and extreme weather conditions in 2016/2017 which led to increased cost required to respond to faults and to rectify supply. This had a significant downward impact on its productivity score, which is expected to rebound in the next productivity benchmarking report

ENERGY NETWORKS ARE INSTRUMENTAL

Our networks are increasingly delivering more value-add services to the grid as energy generation, technology and customer preferences evolve



A critical role for transmission networks...

- TransGrid connecting large-scale generation, storage and firming services more frequently
- TransGrid investigating increased investment in interconnections to reduce system costs and ensure network security
- TransGrid investing in grid strengthening projects to integrate more load and renewables

... And an increased role for distribution networks

- SA Power Networks and VPN investing to manage hundreds of thousands of distributed energy resources
- SA Power Networks and VPN investing in smart grid technology to manage reverse energy flows
- Beon and Enerven providing more contestable services for renewables

OUR ASSETS ARE AT THE FOREFRONT OF CHANGE

Our investment businesses are performing well in contestable markets

TransGrid new generation connections



1.8GW of solar and wind connections under construction

Connecting significant volume of large-scale renewables to the grid each year

SA Power Networks VPP with Tesla



**1,000 homes – current plan
50,000 homes – future plan**

Learning from the largest Virtual Power Plant in the world upon completion

Enerven solar and storage for SA Water



Significant solar PV and battery storage project

~\$300m framework agreement to deliver solar and storage across many sites

Beon renewable construction



112MW Karadoc solar farm completed in 2018

Growing expertise in solar farm and renewable energy connection construction

BOMEN SOLAR FARM

ON TIME AND ON BUDGET

Construction Update

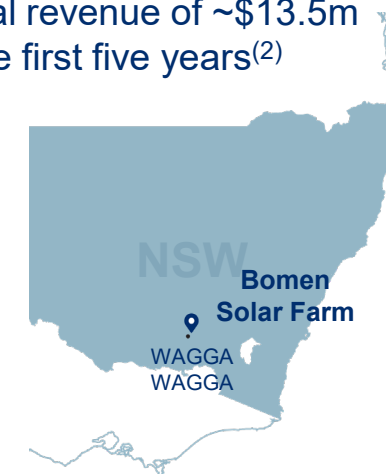
- Construction activities progressing as per schedule. Piling, mechanical, trenching and panel installation are all now well underway
- Most materials now delivered to site (including piers, cables and tracking system)
- Significant ramp up in work force for mechanical installation
- Commercial operations forecast for Q2 2020

Financing Update

- Funding requirements at financial close and construction costs to date have been met from existing cash
- First drawdown of debt occurred in September 2019
- DRP raised \$35.8m in September 2019



- Announced 17 April 2019
- High quality asset in a strong grid location
- Highly contracted revenue including Power Purchase Agreements with Westpac and Flow Power
- Total cost at completion ~\$188m⁽¹⁾
- When operating, Bomen is expected to generate average annual revenue of ~\$13.5m for the first five years⁽²⁾

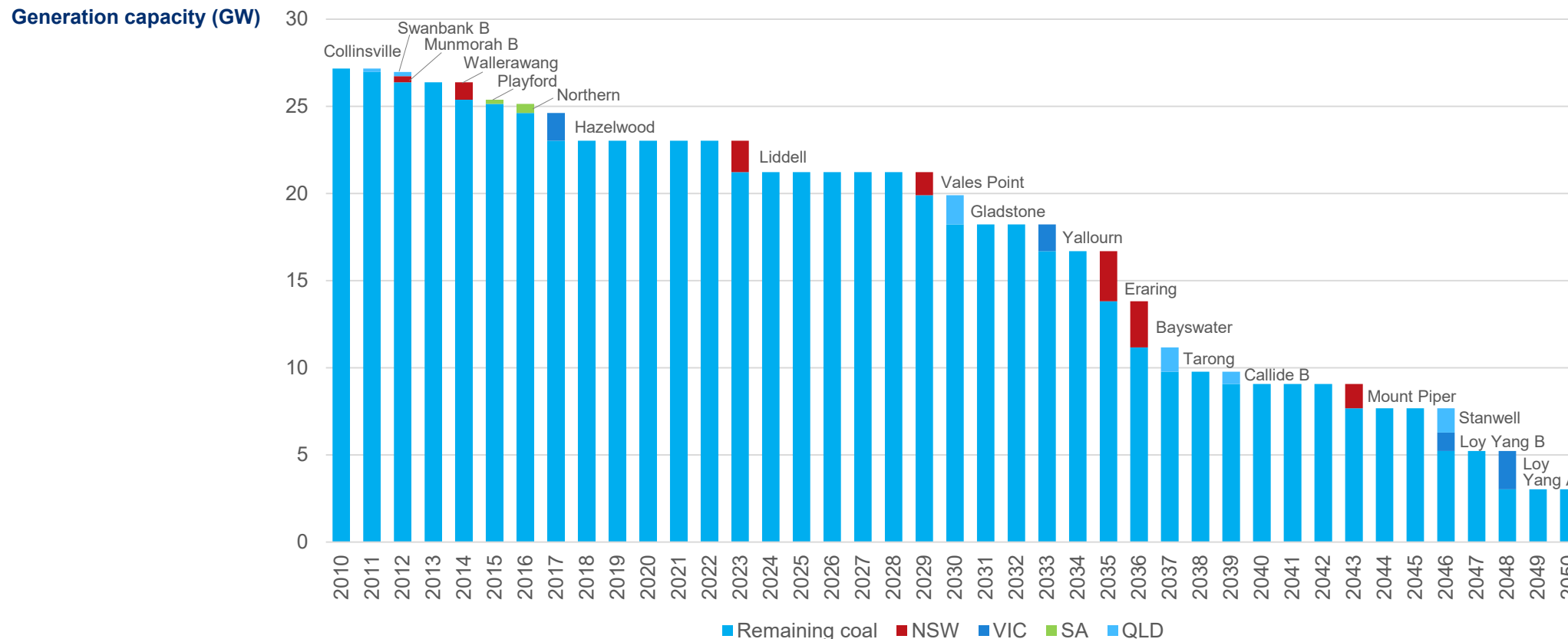


(1) Includes purchase of land, construction costs, construction of dedicated transmission line and capitalised interest during construction

(2) Average annual revenue considering PPA agreements, loss factors and plant output on P50 forecast

COAL CLOSURES REQUIRE NEW INVESTMENT

NEM coal capacity forecast to decrease by 20% from FY19 to FY30 and by 60% from FY19 to FY40 as Australia's coal-fired generating fleet ages and capacity is removed



NEW GENERATION REQUIRES NETWORK CONNECTION, AUGMENTATION AND INTERCONNECTION

(1) Source: Australian Energy Council, 2017. AEMO 2018 Integrated System Plan, July 2018. TransGrid 2017 Transmission Annual Planning Report, June 2017

GROWTH OPPORTUNITIES FROM THE ISP

The outlook for the ISP and the NSW Transmission Strategy is positive and is additional to TransGrid's 2018-2023 capex allowance in its revenue determination

Capex source	Estimated cost	AEMO ISP Neutral ⁽¹⁾ Delivery target	NSW Transmission Strategy ⁽¹⁾ Delivery target
TransGrid 2018-2023 capex allowance	\$1,249m	N/A	N/A
New SA-NSW interconnector (Project EnergyConnect)	\$1,530m ⁽²⁾	2022 to 2025	2023
VIC-NSW interconnector upgrade	\$87m ⁽²⁾	2020	2022
Minor QLD-NSW interconnector upgrade	\$142m ⁽²⁾	2020	2022
Snowylink North (Humelink)	\$1,350m ⁽²⁾	2025	2024
Medium QLD-NSW interconnector upgrade	\$560m ⁽²⁾	2023	N/A
Total possible ISP spend by mid-2020s	\$3,669m	N/A	N/A
TransGrid 2018-2023 other contingent projects⁽³⁾	\$797m to \$2,091m	N/A	N/A

The ISP and the NSW transmission strategy represent significant investment opportunities to deliver cost savings for consumers

(1) Source: AEMO 2018 Integrated System Plan (AEMO 2018 ISP); NSW Transmission Infrastructure Strategy, November 2018 (2) Estimated cost sourced from AEMO 2018 ISP, ElectraNet SAET Project Assessment Conclusions Report (PACR) February 2019, AEMO/TransGrid VNI Specification Consultation Report (PSCR) November 2018, TransGrid/Powerlink QNI PSCR November 2018, TransGrid Southern Shared Network PSCR June 2019 and represents total cost for each project, some of which may be funded by other TNSPs (3) Source: AER's final decision for TransGrid 2018-2023 Determination, Attachment 6 – Capital Expenditure; Projects include Support South Western NSW for Renewables, Supply to Broken Hill, Support Central Western NSW for Renewables, Support North Western NSW for Renewables, and Renewables development in Mt Piper to Wellington area

PROJECT ENERGYCONNECT

Enabling the transition of Australia's energy network to a greater mix of renewables

Project EnergyConnect is a proposed new electricity interconnector between Robertstown in South Australia and Wagga Wagga in New South Wales, with a connection into Red Cliffs in Victoria

- Completed a Regulatory Investment Test for Transmission (RIT-T)
- The test is a cost benefit analysis overseen by the AER
- Decision expected in H2 2019 as to whether the project satisfies this test

The interconnectors route passes through renewable energy zones in South Australia and NSW, meaning future renewable projects in these areas will be able to connect to the grid and supply new energy into the network

If approved, Project EnergyConnect would deliver a range of direct benefits for consumers:

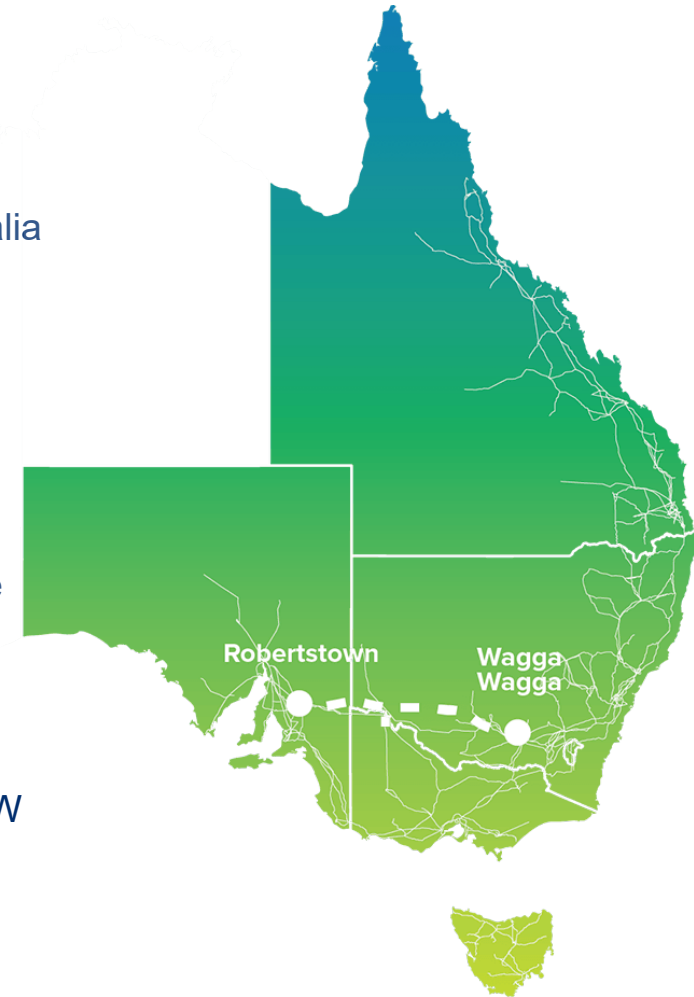
Lower Prices

- Typical residential electricity bills estimated to reduce by \$66 p.a. in South Australia and \$30 p.a. in NSW annually
- Typical small business electricity bills to reduce by \$132 p.a. in South Australia and \$71 p.a. in NSW annually

Energy Security

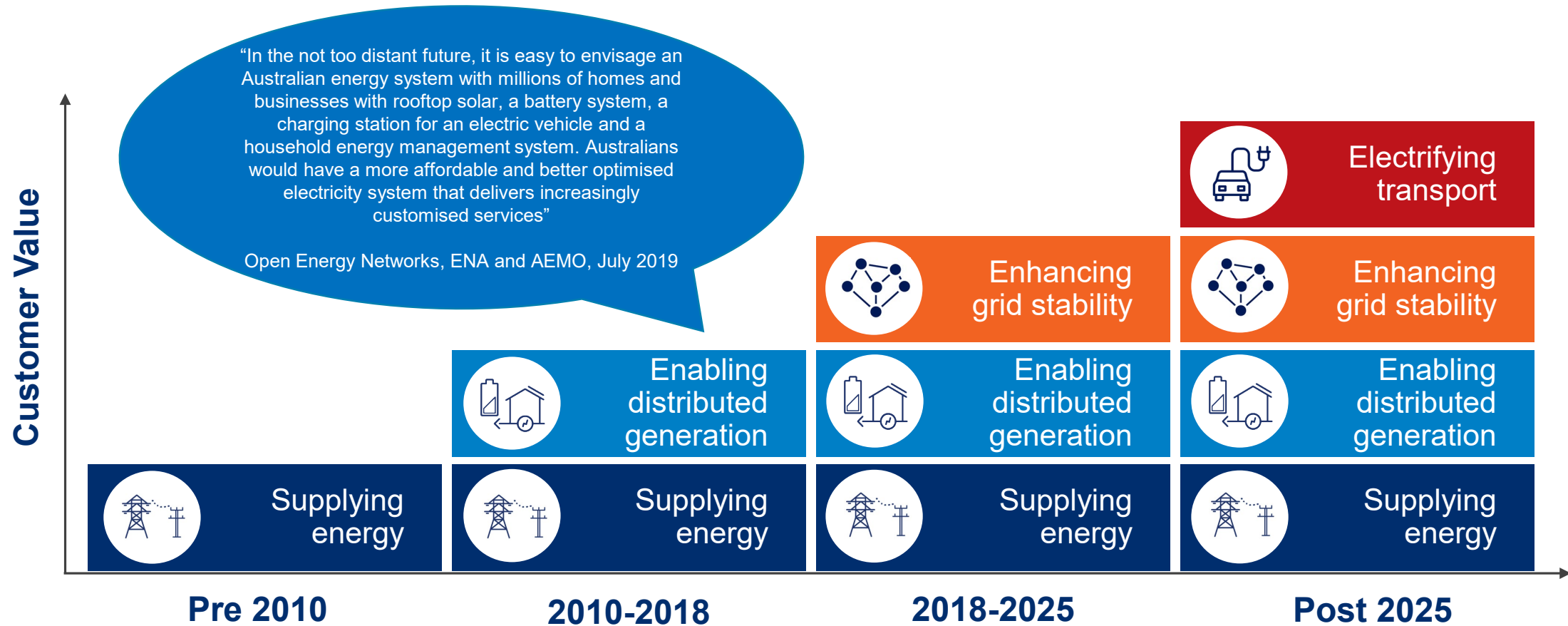
- Enabling a greater mix of renewable energy generators to connect into the network
- Increasing reliability and confidence in electricity supply

Source: <https://www.projectenergyconnect.com.au/>



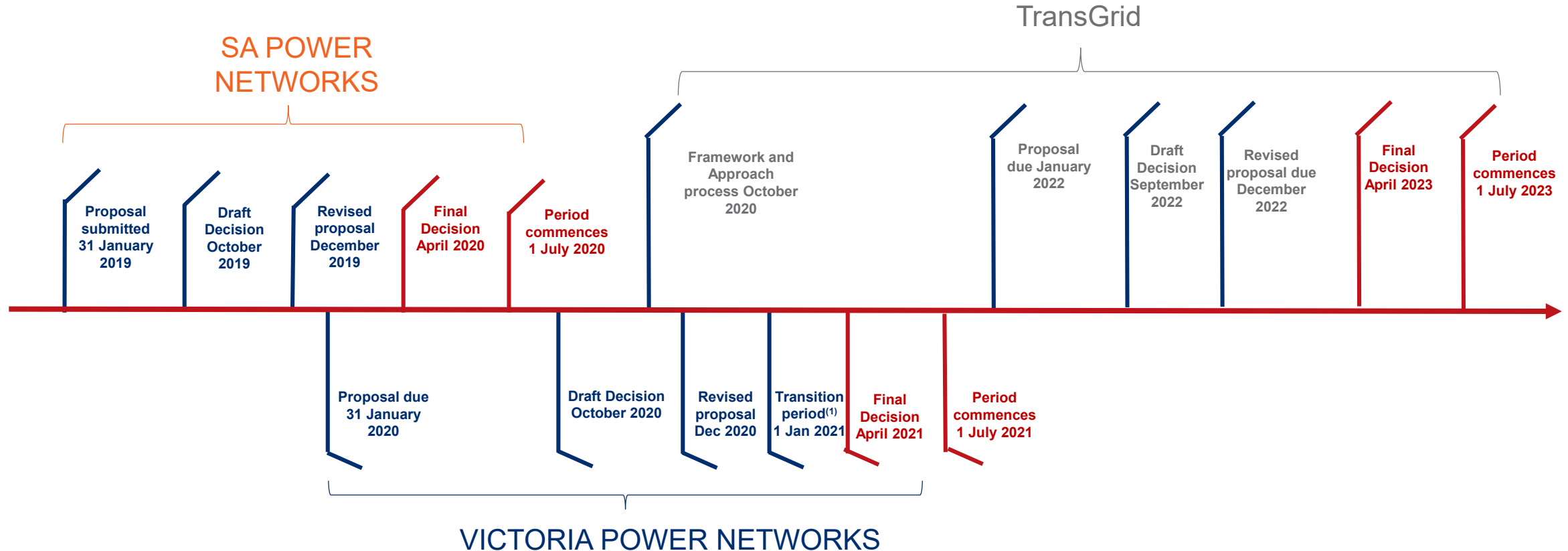
DISTRIBUTION NETWORKS

Current focus is on transmission, but important re-engineering and re-design will also be required in the distribution networks



Source: Adapted from SA Power Networks 2020-25 Regulatory Proposal – An overview for South Australian electricity customers, sourced from SA Power Networks' Talking Power website

PRICE REVIEW TIMELINES



(1) The mechanics in relation to the transition period are currently being debated

TRANSGRID IS NOT SUBJECT TO THE 2018 RATE OF RETURN GUIDELINE

OUTLOOK AND DISTRIBUTIONS

2019 DPS Guidance

- The Directors reconfirm distribution guidance for FY2019 of at least 15.0cps, subject to business conditions

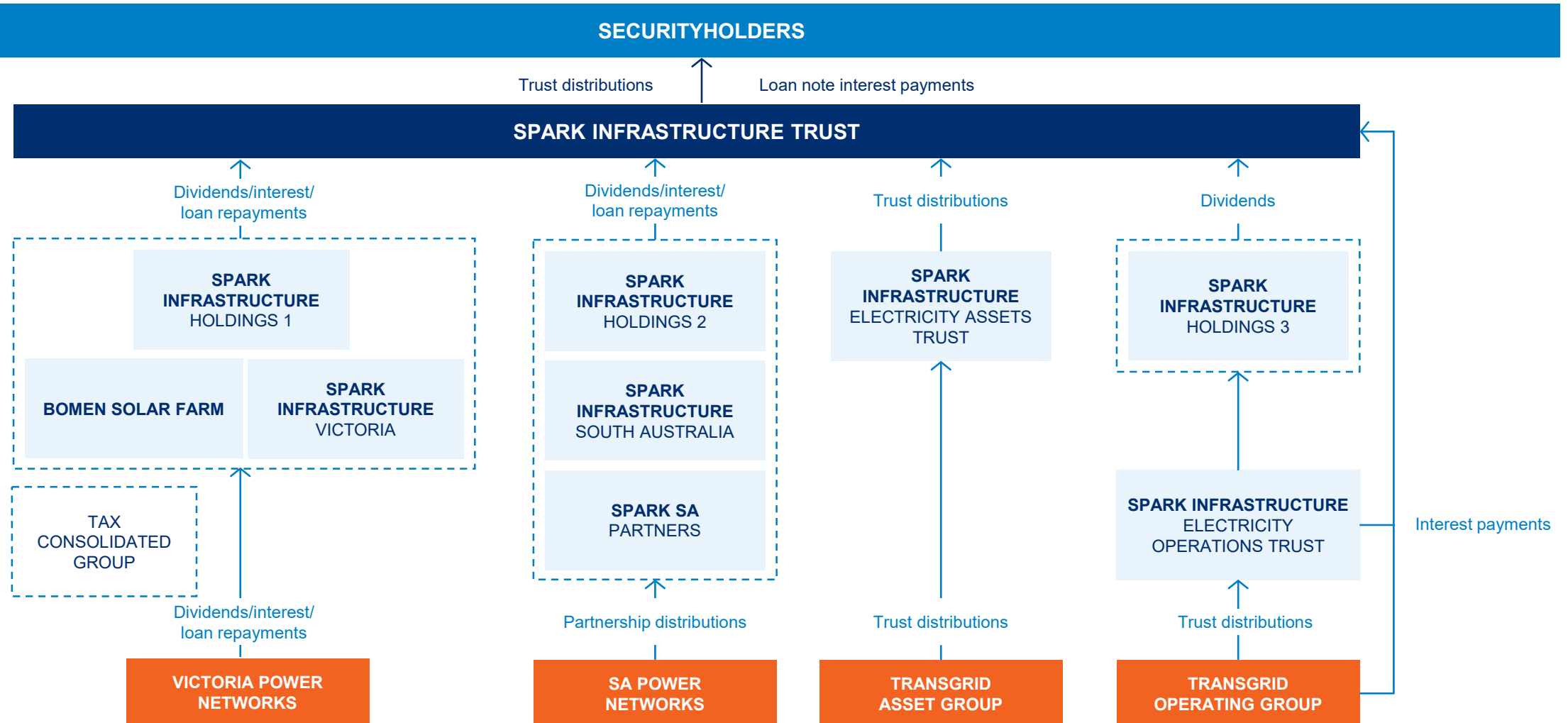
Outlook

- Spark Infrastructure expects future cash flows will align more closely with the five-year regulatory periods of its major investments, primarily SA Power Networks and Victoria Power Networks
- Distributions to Securityholders will be funded from standalone operating cash flows after tax payments
- We expect to be able to distribute franking credits to Securityholders, to the extent possible
- During FY2019 Spark Infrastructure commenced the payment of tax, with \$16.9m being paid in relation to FY2018
- Ultimately the timing and amount of tax payable will depend on the outcome of tax disputes with the ATO (currently under appeal), underlying financial performance of the investment businesses and tax timing differences
- Impact of the new RORG and lower inflation will negatively impact regulatory returns for the upcoming five-year regulatory periods for SA Power Networks and Victoria Power Networks
- Taking into account these regulatory and macro-economic headwinds and notwithstanding the best efforts of our Investment Businesses to mitigate these impacts, the Directors expect distributions to Securityholders will need to reset to a lower base for the next five-year regulatory periods

APPENDIX

SPARK INFRASTRUCTURE GROUP DIAGRAM

Simplified corporate structure



STANDALONE OPERATING CASH FLOW

Operating Cash Flow (\$m)	Adjusted HY 2019	HY 2019	HY 2018
Investment Portfolio Distributions			
Victoria Power Networks ⁽¹⁾	75.9	75.9	74.7
SA Power Networks	55.2	55.2	54.7
TransGrid	21.5	21.5	8.6
Total Investment Portfolio Distributions	152.6	152.6	138.0
Net interest received	0.9	0.9	0.4
Corporate expenses	(8.3)	(8.3)	(8.1)
Operating costs – Bomen related	(0.8)	(0.8)	-
Transaction bid costs – Bomen related	-	(2.6)	-
Tax paid ⁽²⁾	-	(13.8)	-
Standalone OCF	144.4	128.0	130.3
Standalone OCF per Security	8.6 cps	7.6 cps	7.7 cps
Spark Infrastructure Distribution per Security	7.5 cps	7.5 cps	8.0 cps
Pay-out ratio	87.4%	98.5%	103.3%

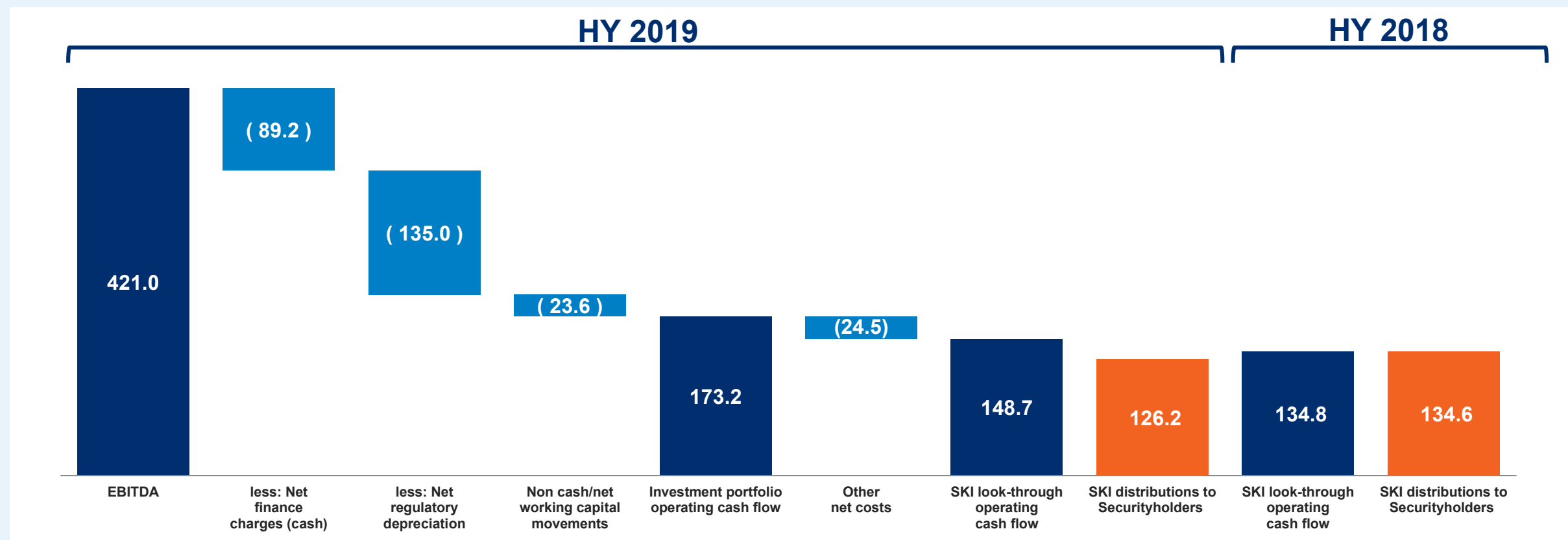
Cumulative pay-out ratio for the first three and a half years of the current regulatory period (2016 – HY2019) is 90%

(1) Victoria Power Networks distributions include both interest on and repayment of shareholder loans. Repayments of loan principal are classified as investing activities for statutory reporting purposes

(2) Tax paid in relation to 2018 income tax year. The total tax payable in relation to 2018 is \$16.9m, with the remaining balance of \$3.1m being paid in July 2019

LOOK-THROUGH OPERATING CASH FLOW

Look-through operating cash flow on a proportional ownership basis



Distributions are fully covered by look-through operating cash flow by 1.2X

(1) EBITDA excludes customer contributions and gifted assets and includes 'true-up' of DUOS/TUOS to revenue cap

(2) Net regulatory depreciation is calculated based on actual inflation. Applying the regulatory assumed inflation rates reduces net regulatory depreciation to \$118.7m

(3) HY2019 pay-out ratio: 85% (HY2018 pay-out: 100%); 3.5 year pay-out ratio (2016 - HY2019): 74%

ADJUSTED PROPORTIONAL PERFORMANCE

Adjusted Proportional Results (Spark Infrastructure share) (\$m) ⁽¹⁾	HY 2019	HY 2018	Change	Proportional HY2018 EBITDA	\$418.3m
Distribution and transmission revenue	491.7	481.2	2.2%		
Other revenue	85.4	82.3	3.8%	Change in VPN EBITDA ⁽¹⁾	(\$1.8m)
Total Revenue	577.1	563.5	2.4%	Change in SAPN EBITDA ⁽¹⁾	\$6.2m
Operating costs	(158.2)	(151.9)	4.1%	Change in TransGrid EBITDA	\$3.7m
Beon margin	2.9	2.3	26.1%		
Enerven margin	4.6	4.4	4.5%		
EBITDA	426.4	418.3	1.9%	Proportional HY2019 EBITDA	\$426.4m
Net external finance costs	(90.9)	(91.5)	-0.7%		
EBTDA	335.5	326.8	2.7%		

(1) Normalising non-cash adjustments:

VPN: HY 2019: excludes \$4.6m negative revaluation adjustment to employee entitlements provisions and \$0.3m loss in a credit valuation hedge accounting adjustment

- HY 2018: excludes \$0.9m positive revaluation adjustment to employee entitlements provisions and \$4.0m gain in a credit valuation hedge accounting adjustment

SAPN: HY 2019: excludes \$0.9m negative revaluation adjustment to employee entitlements provisions and \$1.0m loss in a credit valuation hedge accounting adjustment

- HY 2018: excludes \$1.1m positive revaluation adjustment to employee entitlements provisions and \$4.6m gain in a credit valuation hedge accounting adjustment. HY 2018 also excludes release of excess December 2016 storm provisions ultimately not required \$3.0m

Spark Infrastructure adjusted aggregated proportional EBITDA has increased by 1.9%

VICTORIA POWER NETWORKS

Financial (\$m) ⁽¹⁾	HY 2019	HY 2018	Change	CPI-X ⁽⁶⁾	\$5.2m	
Regulated revenue - DUOS	474.8	473.0				
Prescribed metering ("AMI")	42.5	40.2		STPIS ⁽²⁾	\$7.5m	DOWN \$1.5M ON HY2018
Semi-regulated revenue	29.1	27.1				
Unregulated revenue	27.3	26.4		Customer Growth ⁽³⁾	1.5%	
Total Revenue	573.7	566.7	1.2%	Consumption ⁽³⁾	1.2%	
Operating costs ⁽⁴⁾	(166.1)	(143.0)				
Beon margin	6.0	4.6		FTE Change ⁽³⁾	0.4%	
EBITDA	413.6	428.3	-3.4%	Net Debt / RAB	71.5%	
Other						
Net finance costs ⁽⁵⁾	(84.4)	(72.0)		FFO / Net Debt	15.0%	
Net capital expenditure	221.0	211.1				
Distributions received by SKI	75.9	74.7	1.6%			

On an Adjusted EBITDA basis the HY2019 result reduced by \$3.6m or 0.8%

(1) 100% basis (2) 2017 STPIS result recovered in HY2019, further 2017 related STPIS delayed until FY2020 (3) Compared with FY2018 (4) HY2019 includes \$9.3m negative (non-cash) revaluation adjustments to employee entitlements provisions (HY2018: includes \$1.8m gain) (5) HY2019 includes a \$0.6m (loss) in non-cash credit valuation hedge adjustments (HY2018: includes \$8.1m gain) (6) The CPI-X adjustment for 2019 is expected to be a \$38.2m increase on 2018, suggesting a \$19.1m increase HY on HY. However due to seasonality in the prescribed Maximum Allowed Revenue (MAR), the impact is less pronounced in the H1 2019. An increase of \$5.2m (reflecting the CPI-X increase adjusted for seasonality) is reflected in HY2019 DUoS revenue

VICTORIA POWER NETWORKS

KEY FINANCIAL DRIVERS

Regulated Revenue Up by 0.4%	<ul style="list-style-type: none"> From 1 January 2019 CPI of 2.08% X-factors for Powercor: -3.02% and CitiPower: -0.12% representing a real increase in revenue before CPI \$7.5m STPIS recovery included within distribution revenue, down \$1.5m
Regulated Asset Base Up by 3.1%	<ul style="list-style-type: none"> RAB increased to \$6,188m Increase driven by net capex of \$465m⁽¹⁾, less regulatory depreciation of \$386m, and CPI uplift of \$117m
Other Revenue Up by 5.5%	<ul style="list-style-type: none"> Semi-regulated revenue: up 7.4% – increased connection design services Unregulated revenue: up 3.4% – additional service level agreement projects and proceeds from sale of properties AMI revenue: up 5.7%
Operating Costs (ex Beon) Up by 16.2%	<ul style="list-style-type: none"> Non-cash revaluation adjustments to employee entitlements of \$9.3m due to bond rate movements Higher vegetation management costs of \$19.0m. A greater number of spans are being cut and HY2019 cutting program is significantly ahead of HY2018
Net Capital Expenditure Up by 4.7%	<ul style="list-style-type: none"> Growth capex of \$147.8m up 4.1% (network connections and augmentation) – continuation of Rapid Earth Fault Current Limiter program Maintenance capex of \$73.1m up 5.8% – zone substation replacement projects

Victoria Power networks RAB has increased 3.1% over the last 12 months

(1) Excludes corporate overheads

SA POWER NETWORKS

Financial (\$m) ⁽¹⁾	HY 2019	HY 2018	Change	CPI-X	\$10.1m	
Regulated revenue – DUOS	412.6	398.1		STPIS ⁽⁴⁾	\$11.4m	DOWN \$2.4M ON HY2018
Semi-regulated revenue	46.7	41.4				
Unregulated revenue	5.5	5.4		Customer Growth ⁽⁵⁾	2.0%	
Total Revenue	464.8	444.9	4.5%	Consumption ⁽⁵⁾	-1.0%	
Operating costs ⁽²⁾	(136.3)	(118.6)		FTE Change ⁽⁵⁾	-0.7%	
Enerven margin	9.3	8.9		Net Debt / RAB	75.2%	
EBITDA	337.8	335.2	0.8%	FFO / Net Debt	16.7%	
Other						
Net finance costs ⁽³⁾	(69.6)	(54.5)				
Net capital expenditure	222.9	207.8				
Distributions received by SKI	55.2	54.7	0.9%			

On an Adjusted EBITDA basis the HY2019 result increased by \$12.9m or 3.9%

(1) 100% basis (2) HY2019 includes \$1.8m negative revaluation adjustments to employee entitlements provisions (HY2018: includes \$2.3m gain and release of excess December 2016 storm provisions of \$6.1m ultimately not required.) (3) HY2019 includes a \$2.1m (loss) credit valuation hedge adjustment (HY2018: includes \$9.3m gain) (4) 2016/17 STPIS result recovered from 1 July 2018 (5) Compared with FY2018

SA POWER NETWORKS

KEY FINANCIAL DRIVERS

Regulated Revenue Up by 3.6%	<ul style="list-style-type: none"> CPI of 1.91% from 1 July 2018 (1 July 2017: CPI 1.48%) X-factor applicable from 1 July 2018 was -0.74% representing a real increase in revenue before CPI \$11.4m STPIS recovery, down \$2.4m
Regulated Asset Base⁽³⁾ Up by 3.8%	<ul style="list-style-type: none"> RAB increased to \$4,315m Increase driven by net capex of \$385m⁽¹⁾, less regulatory depreciation of \$314m, and includes CPI uplift of \$78m
Other Revenue Up by 11.5%	<ul style="list-style-type: none"> Semi-regulated revenue: up 12.8% - higher public lighting works and increased asset relocation activity, partially offset by a decrease in council funded LED upgrades
Underlying Operating Costs (Ex Enerven) Up by 9.2% ⁽²⁾	<ul style="list-style-type: none"> Increased actuarial adjustments to employee entitlements due to bond rate movements Higher vegetation management costs, emergency response and negotiated services; partially offset by higher capitalisation of labour costs due to increased number of capital projects
Net Capital Expenditure Up by 7.3%	<ul style="list-style-type: none"> Growth capex of \$77.6m up 1.8% - network connections and augmentation Maintenance capex of \$145.3m up 10.4%

SA Power Networks has seen RAB growth of 3.8% over the 12 months

(1) Excludes corporate overheads (2) Excluding \$6.2m release of GSL provisions in HY2018 relating to storms in December 2016, ultimately not required. (3) Includes public lighting RAB

TRANSGRID

Financial (\$m) ⁽¹⁾	HY 2019	HY 2018	Change	MAR	\$16.3m	
Regulated revenue	379.0	362.4				
Unregulated revenue	74.4	81.7		STPIS ⁽³⁾	\$7.8m	UP \$0.1M ON HY2018
Other Revenue	1.2	8.2				
Total Revenue	454.6	452.3	0.5%	RAB⁽⁴⁾ Growth	1.1%	
Regulated operating costs	(78.4)	(75.9)				
Unregulated operating and other costs	(24.2)	(48.9)		CAB ⁽⁴⁾⁽⁵⁾ Growth	27.3%	
EBITDA	352.0	327.5	7.5%	FTE Change⁽⁶⁾	3.8%	
Other						
Net finance costs ⁽²⁾	(111.3)	(139.6)		Net Debt / RCAB⁽⁵⁾⁽⁷⁾	80.6%	
Regulated capital expenditure	124.3	101.4				
Unregulated capital expenditure	106.1	44.4		FFO / Net Debt⁽⁸⁾	8.3%	
Distributions received by SKI	21.5	8.6	150.0%			

HY2019 increase in EBITDA of \$24.5m or 7.5%

(1) 100% basis (2) HY2018 includes accelerated amortisation of \$27m capitalised debt transaction costs resulting from the debt refinancing transaction in June 2018 (3) 2017 STPIS result recovered from 1 July 2018

(4) Compared with June 2018 (5) CAB comprises of unregulated infrastructure and telecommunication assets and investment property (6) Compared with December 2018 (7) Net Debt is calculated using gross debt less cash and adjusted for prescribed revenue over/(under) collection (8) Relates to Obligor Group

TRANSGRID

KEY FINANCIAL DRIVERS – REGULATED BUSINESS

Regulated Revenue Up by 4.6%	<ul style="list-style-type: none"> • The AER's determination set the MAR for 2018/19 so no CPI-X calculation is applied. The MAR for 2018/19 was \$734.3m or 5% higher in nominal terms than the actual MAR for 2017/18⁽¹⁾ • \$7.8m STPIS recovery, up \$0.1m
Regulated Asset Base Up by 1.1%	<ul style="list-style-type: none"> • RAB increased to \$6,440m • Increase driven by capital expenditure of \$209m, less regulatory depreciation of \$256m, and includes CPI uplift of \$114m
Operating Costs Up 3.3%	<ul style="list-style-type: none"> • Assessed by the AER to be an efficient operator • Savings in procurement and maintenance initiatives were offset by restructuring costs and annual wage increment
Capital Expenditure Up by 22.6%	<ul style="list-style-type: none"> • Growth capex of \$17.6m (up 488.9%) • Maintenance capex of \$80.7m (up 5.5%) • Non-network⁽²⁾ capex of \$22.4m (up 5.2%) • Increase was mainly due to augmentation capex including Powering Sydney's Future and Stockdill Switching Station projects, and maintenance capex

TransGrid has seen RAB growth of 1.1% over the 12 months

(1) Based on the AER's advice on the X-factor applicable to the MAR calculation for 2017/18 transmission pricing (2) Includes Network Capability Incentive Project Action Plan (NCIPAP) capex

TRANSGRID

KEY FINANCIAL DRIVERS – UNREGULATED BUSINESS

Unregulated Capital Expenditure Up by \$61.7m	<ul style="list-style-type: none"> Infrastructure capex up significantly due to an increase in the number of renewable connections projects delivered in HY2019 (Limondale, Sunraysia, Kiamal and Finley)
Unregulated Revenue Down by \$7.3m	<ul style="list-style-type: none"> Reduction in major line relocation work due to completion of service-style contracts for Peabody and Centennial coal mines Revenue from completed connections projects, partially offset the reduction in line modifications
Operating Costs Down by \$24.7m	<ul style="list-style-type: none"> Decreased project costs are mainly due to lower line modifications activity
Contracted Asset Base Up by \$108.2m	<ul style="list-style-type: none"> Increased to \$509m Increase driven by net capex of \$140m and gain on investment property of \$6m, less depreciation of \$37m
TransGrid Services – new structure	<ul style="list-style-type: none"> TransGrid Services established in June 2018 to facilitate the efficient funding of unregulated new connections investment \$18m (Spark share: \$2.7m) of equity invested in TransGrid Services in HY2019 to fund unregulated growth

TransGrid has seen CAB growth of 27.3% over the 12 months

INVESTMENT GRADE FUNDING

Issuer	Victoria Power Networks	SA Power Networks	TransGrid
Credit Rating (S&P / Moody's)	A- / n/a	A- / n/a	n/a / Baa2 ⁽²⁾ (on USPP notes)
Weighted Average Maturity ⁽¹⁾ (31 December 2018)	5.0 yrs (5.5 yrs)	5.1 yrs (5.6 yrs)	5.6 yrs (6.1 yrs)
Net Debt at 30 June 2019 (31 December 2018)	\$4.427bn (\$4.369bn)	\$3.245bn (\$3.155bn)	\$5.601bn ⁽³⁾ (\$5.509bn)
Net Debt / RAB at 30 June 2019 (31 December 2018)	71.5% (71.5%)	75.2% (74.3%)	87.0% ⁽³⁾ (86.2%)
Net Debt / RAB + CAB at 30 June 2019 (31 December 2018)	N/A	N/A	80.6% ⁽³⁾ (80.7%)
FFO / Net Debt at 30 June 2019 (31 December 2018)	15.0% (15.3%)	16.7% (16.6%)	8.3% ⁽²⁾ (8.2%)
Gross Debt at 30 June 2019 (31 December 2018)	\$4.506bn (\$4.426bn)	\$3.252bn (\$3.185bn)	\$5.695bn (\$5.634bn)

Spark Infrastructure is rated Baa1 with a stable outlook by Moody's

(1) Weighted average maturity calculation is based on drawn debt at 30 June 2019

(2) Relates to the Obligor Group

(3) Net Debt is calculated using gross debt less cash and adjusted for prescribed revenue over/(under) collection

DISTRIBUTIONS, RAB, CREDIT METRICS AND GEARING

SECURITY METRICS

Market price at 23 August 2019	\$2.36
Market capitalisation	\$3.97 billion

DISTRIBUTIONS

HY 2019 actual	7.50cps
Comprising:	
- Loan Note interest	3.50cps
- Tax deferred amount	4.00cps
2019 Guidance	15.00cps

CREDIT RATINGS

Investment portfolio credit ratings	SA Power Networks: A- Victoria Power Networks: A- TransGrid: Baa2
Spark Infrastructure level credit rating	Baa1

SPARK INFRASTRUCTURE

Total RAB and CAB (Spark Infrastructure share)	\$m 6,190
Gross debt at Spark Infrastructure level	Nil

SA POWER NETWORKS

	\$m
RAB ⁽¹⁾	4,315
Net debt	3,245
Net debt/RAB	75.2%

VICTORIA POWER NETWORKS

	\$m
RAB ⁽¹⁾ (including AMI)	6,188
Net debt	4,427
Net debt/RAB	71.5%

TRANSGRID

	\$m
RAB ⁽¹⁾	6,440
CAB ⁽¹⁾⁽²⁾	509
RCAB ⁽¹⁾⁽²⁾	6,948
Net debt ⁽³⁾	5,601
Net debt/RAB ⁽³⁾	87.0%
Net debt/RCAB ⁽³⁾	80.6%

(1) June 2019 estimate

(2) Includes WIP/partially completed assets and investment property

(3) Net Debt is calculated using gross debt less cash and adjusted for prescribed revenue over/(under) collection

REGULATED PRICE PATH

CPI minus X⁽¹⁾

CitiPower	CPI (%)	X-Factor	Expected movement in revenue ⁽³⁾ %
	Actual (Forecast)		
Year 1⁽²⁾ (1 Jan 16)	2.50 (2.50)	-	-
Year 2 (1 Jan 17)	1.02 (2.35)	0.40	0.62
Year 3 (1 Jan 18)	1.93 (2.35)	-0.05	1.99
Year 4 (1 Jan 19)	2.08 (2.35)	-0.12	2.20
Year 5 (1 Jan 20)	(2.35)	-2.95	5.37

Powercor	CPI (%)	X-Factor	Expected movement in revenue ⁽³⁾ %
	Actual (Forecast)		
Year 1⁽²⁾ (1 Jan 16)	2.50 (2.50)	-	-
Year 2 (1 Jan 17)	1.02 (2.35)	4.68	-3.71
Year 3 (1 Jan 18)	1.93 (2.35)	-0.81	3.08
Year 4 (1 Jan 19)	2.08 (2.35)	-3.02	5.16
Year 5 (1 Jan 20)	(2.35)	-3.39	5.82

- Regulated electricity network revenues are determined by a price path set according to the CPI-X⁽¹⁾ formula. A negative X-factor means a real increase in distribution tariffs
- The regulatory pricing period commences on 1 January each year for Victoria Power Networks (CitiPower and Powercor) and 1 July each year for SA Power Networks and TransGrid
- Whilst CPI-X is the key underlying driver for year on year revenue movements, the revenue movements in reported results include adjustments for other factors

(1) Whilst referred to as “CPI-X”, the actual tariff increase formula used by the regulator is: $(1 + \text{CPI}) \times (1 - x) - 1$. Source: AER

(2) No CPI-X was applied in 2016. The AER calculated the revenue cap as a dollar amount

(3) Excludes over or under recovery and S factor revenue

REGULATED PRICE PATH

CPI minus X⁽¹⁾

SA Power Networks	CPI (%)		Expected movement in revenue ⁽²⁾ %
	Actual (Forecast)	X-Factor	
Year 1 (1 Jul 15)	1.72 (2.50)	28.00	-26.80
Year 2 (1 Jul 16)	1.69 (2.50)	-7.13	8.90
Year 3 (1 Jul 17)	1.48 (2.50)	-0.94	2.40
Year 4 (1 Jul 18)	1.91 (2.50)	-0.74	2.66
Year 5 (1 Jul 19)	1.78 (2.50)	-0.85	2.65

TransGrid	CPI (%)		Expected movement in revenue ⁽²⁾ %
	Actual (Forecast)	X-Factor	
Year 1 (1 Jul 14)	1.72 (2.38)	11.61	-9.51
Year 2 (1 Jul 15)	1.70 (2.38)	15.03	-13.59
Year 3 (1 Jul 16)	1.70 (2.38)	3.70	-2.06
Year 4⁽³⁾ (1 Jul 17)	1.48 (2.38)	3.94	-2.50

TransGrid	CPI (%)		Expected movement in revenue ⁽²⁾ %
	Actual (Forecast)	X-Factor	
Year 1⁽⁴⁾ (1 Jul 18)	n/a (2.45)	n/a (-1.98)	n/a
Year 2 (1 Jul 19)	1.80 (2.45)	-0.97 (-1.98)	2.79
Year 3 (1 Jul 20)	(2.45)	-1.98	4.48
Year 4 (1 Jul 21)	(2.45)	-1.98	4.48
Year 4 (1 Jul 22)	(2.45)	-1.98	4.48

(1) Whilst referred to as CPI-X, the actual tariff increase formula used by the regulator is: $(1+CPI)*(1-x)-1$. Source: AER

(2) Excludes over or under recovery and S factor revenue

(3) Based on the AER's advice on the X-factor applicable to the MAR calculation for 2017/18 transmission pricing.

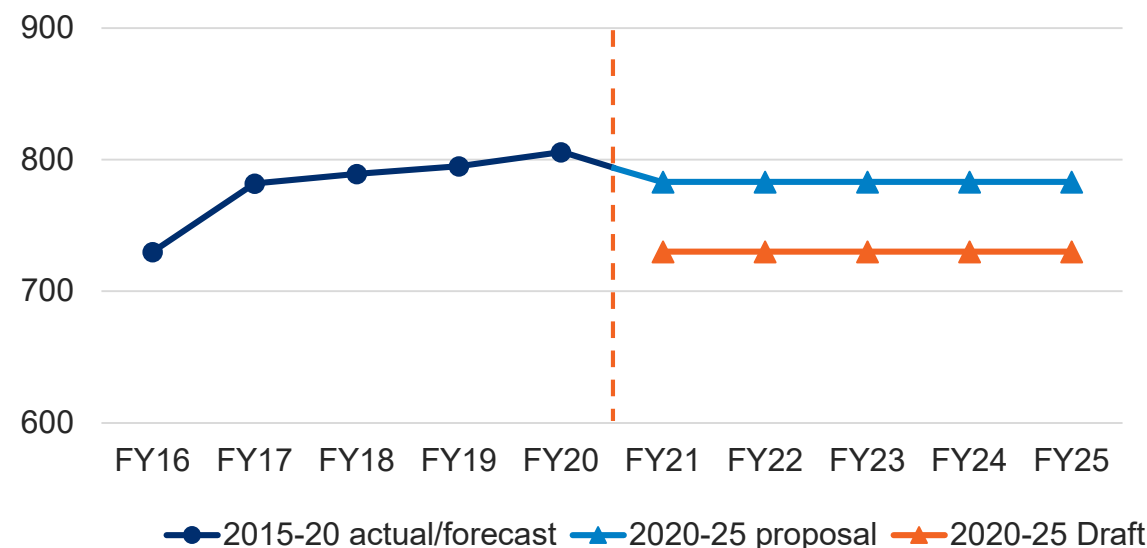
(4) The AER's determination set the MAR for 2018/19 so no CPI-X calculation is applied. The MAR for 2018/19 is \$734.3m or 5% higher in nominal terms than the actual MAR for 2017/18

SA POWER NETWORKS 2020-25 DRAFT DETERMINATION

Regulatory proposal metric	2015-20 Actual/Forecast ⁽¹⁾	2020-25 Regulatory Proposal ⁽²⁾	2020-25 Draft Determination ⁽²⁾
Capex ⁽¹⁾⁽²⁾	\$1,728m (\$ June 2020)	\$1,720m (\$2019-20)	\$1,247m (\$2019-20)
Opex ⁽¹⁾⁽²⁾	\$1,324m (\$ June 2020)	\$1,551m (\$2019-20)	\$1,473m (\$2019-20)
WACC	6.15% ⁽³⁾	5.43% ⁽¹⁾	4.95% ⁽²⁾
Gamma ⁽¹⁾⁽²⁾	0.4	0.585	0.585
Revenue ⁽¹⁾⁽²⁾	\$3,909m (\$ June 2020)	\$4,215m (\$nominal)	\$3,905m (\$nominal)

Proposal has revenue stable in Real \$June 2020 terms

Standard Control Services Revenue (\$m, Real June 2020)⁽¹⁾⁽²⁾



Revised Proposal to be submitted December 2019. Final Determination expected April 2020

(1) Source: SA Power Networks 2020-25 Regulatory Proposal – An overview for South Australian electricity customers, sourced from SA Power Network’s Talking Power website

(2) Source: SA Power Networks 2020-25 Determination – Draft Decision

(3) Average 2015-20 WACC based on SA Power Networks 2015-20 determination PTRM and asset company information

STPIS RESULTS (100% BASIS)

Victoria Power Networks		\$m
2016 regulatory year	18	Recovered in 2018 regulatory year
2017 regulatory year	36	To be recovered in 2019 and 2020 regulatory years
2018 regulatory year	20	To be recovered in 2020 and 2021 regulatory years
H1 2019 regulatory year ⁽¹⁾	11	To be recovered in 2021 and 2022 regulatory years
SA Power Networks		\$m
2015/16 regulatory year	28	Recovered in 2017/18 regulatory year
2016/17 regulatory year	20	Recovered in 2018/19 regulatory year
2017/18 regulatory year	32	To be recovered in 2019/20 regulatory year
2018/19 regulatory year ⁽¹⁾	30	To be recovered in 2020/21 regulatory year
TransGrid		\$m
2015 calendar year	12	Recovered in 2016/17 regulatory year
2016 calendar year	15	Recovered in 2017/18 regulatory year
2017 calendar year	16	Recovered in 2018/19 regulatory year
2018 calendar year	17	To be recovered in 2019/20 regulatory year

(1) Preliminary estimate

DISCLAIMER AND SECURITIES WARNING

Investment company financial reporting - Adjustments are made to distribution and transmission revenues to defer/accrue for amounts in excess of/under the regulated revenue cap to reflect that these amounts will be returned to/recovered from electricity consumers in future periods via adjustments to tariffs.

The financial reporting is based on TransGrid's special purpose financial statements for the year ended 30 June 2019 and half year ended 31 December 2018. Results have been adjusted by Spark Infrastructure to reflect the 6 month period to 30 June 2019.

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