

*spark*infrastructure






FUTURE. ENERGY.

30 June 2018 Half Year Results
Monday, 27 August 2018



A FOCUS ON EFFICIENCY IN AN EVOLVING LANDSCAPE

Performance fundamentals and outlook for a new energy future remain solid despite continued energy policy uncertainty

	1 Our networks are leaders in efficiency, reliability and safety	<ul style="list-style-type: none">Most efficient network assets with high levels of utilisationStrong track record of outperformance post-privatisationWell 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 6.9% operating cash flow growth in HY 2018Investment grade credit ratings
	3 Strong cash yield of 6.6%⁽¹⁾	<ul style="list-style-type: none">Forecast DPS growth of 4.9% to 16.0 cps in FY 20188.0 cps interim distribution declared
	4 Supportive characteristics	<ul style="list-style-type: none">High cash flow visibility to 2020Inflation-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 networksDistributed renewable generation, reliability requirements and efficient wholesale energy market operation reinforces role of the grid

OUR NETWORKS ARE GROWING EFFICIENTLY AND DELIVERING RELIABLE AND AFFORDABLE ELECTRICITY TO CONSUMERS

(1) Based on 24 August 2018 closing price of \$2.41 and FY 2018 distribution guidance of 16.0 cps

FIRST HALF 2018 FINANCIAL HIGHLIGHTS



**Stand-alone
operating
cash flow⁽¹⁾**

\$130m

Up 6.9%



HY 2018 Distribution⁽²⁾

8.0 cps

Up 4.9%



**Reaffirmed FY 2018
Distribution guidance**

16.0 cps

Up 4.9%



**Efficiency
benchmarking⁽³⁾**

No. 1



**Regulated
asset base⁽⁴⁾**

\$5.9bn

Up 1.5%



**Contracted
asset base⁽⁵⁾**

\$400m

Up 12.7%



**Net debt/Regulated &
Contracted asset
base⁽⁴⁾⁽⁶⁾**

74.1%

(1) Includes repayment of shareholder loans

(2) Record date 5 September 2018; payable 14 September 2018

(3) Powercor No.1 distribution network service provider in 2016; SA Power Networks No.1 on a state by state comparison in 2016

(4) On an aggregated proportional basis to Spark Infrastructure

(5) On 100% TransGrid basis

(6) Excluding revenue over/under collections

SPARK INFRASTRUCTURE'S FINANCIAL RESULTS



ADJUSTED PROPORTIONAL PERFORMANCE

Revenue growth and strong cost control has delivered solid EBITDA growth

Adjusted Proportional Results (Spark Infrastructure share) (\$m)	HY 2018	HY 2017	Change	Proportional HY 2017 EBITDA	\$390.5m
Distribution and transmission revenue	481.2	460.9			
Other revenue	82.3	72.4		Change in VPN EBITDA	\$26.8m
Total Revenue	563.5	533.3	5.7%	Change in SAPN EBITDA ⁽¹⁾	(\$0.9m)
Operating costs ⁽¹⁾	(150.0)	(150.6)		Change in TransGrid EBITDA	\$3.8m
Beon margin	2.3	1.7			
Enerven margin	4.4	6.2			
EBITDA	420.2	390.5	7.6%	Proportional HY 2018 EBITDA	\$420.2m
Net external finance costs	(82.9)	(85.0)			
EBTDA	337.4	305.6	10.4%		

SPARK INFRASTRUCTURE AGGREGATED PROPORTIONAL EBTDA HAS INCREASED BY 10.4%

(1) Adjustments:

- HY 2018: Excludes SA Power Networks release of excess December 2016 storm provision in HY 2018, ultimately not required \$3.0m
- HY 2017: Excludes SA Power Networks release of excess December 2016 storm provisions in HY 2017, ultimately not required \$6.9m

OPERATING CASH FLOW

Improved distributions across Spark Infrastructure's investment businesses

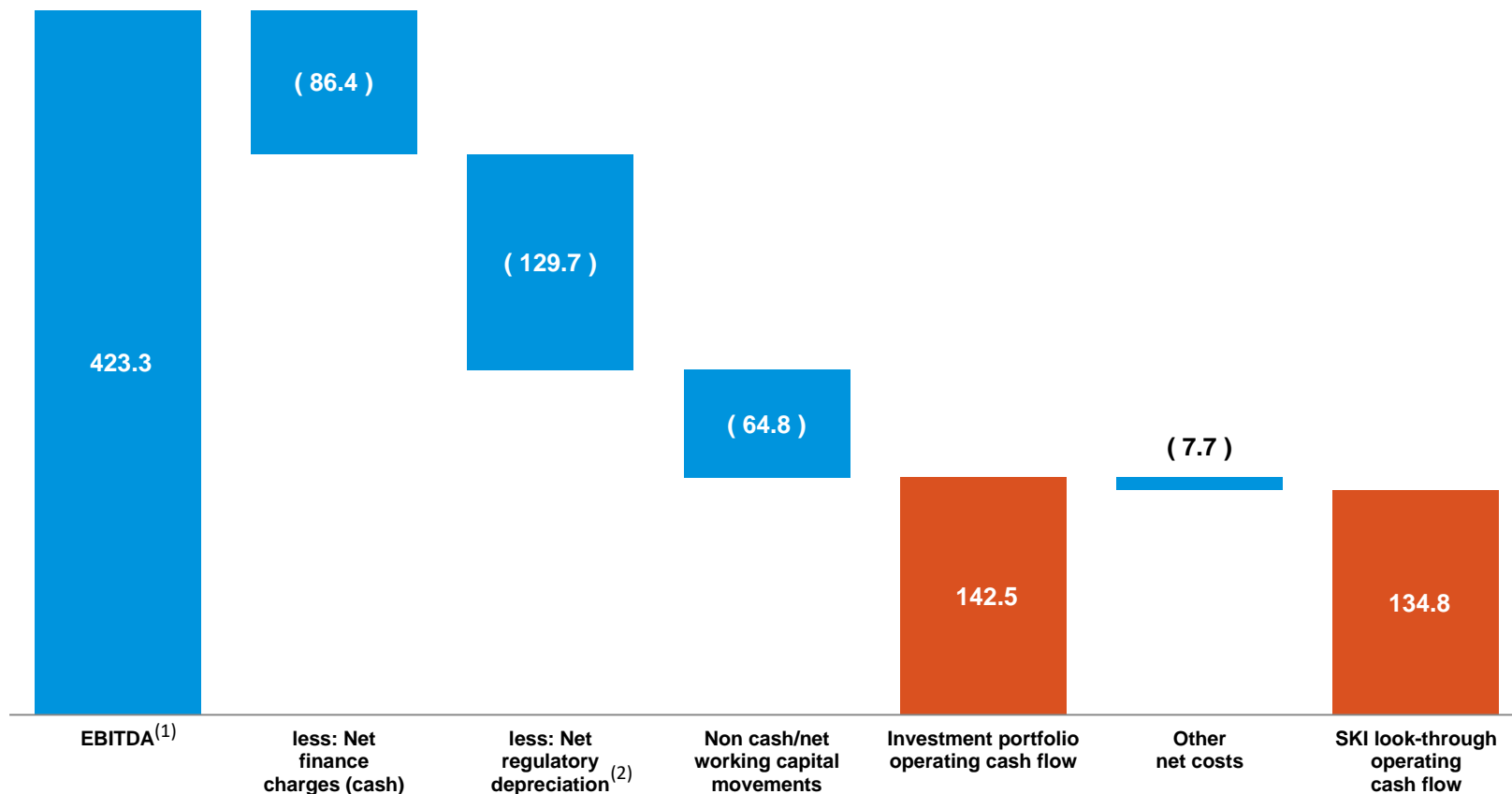
Operating Cash Flow (\$m)	HY 2018	HY 2017	Change
Investment Portfolio Distributions			
Victoria Power Networks ⁽¹⁾	74.7	73.5	1.6%
SA Power Networks	54.7	54.2	0.9%
TransGrid	8.6	4.6	87.0%
Total Investment Portfolio Distributions	138.0	132.3	4.3%
Net interest received/(paid)	0.4	0.2	
Corporate expenses	(7.5)	(7.2)	
Project expenses	(0.6)	(3.4)	
Standalone OCF	130.3	121.9	6.9%
Standalone OCF per Security	7.7 cps	7.2 cps	
Spark Infrastructure Distribution per Security	8.0 cps	7.625 cps	4.9%

SPARK INFRASTRUCTURE OPERATING CASH FLOWS HAVE GROWN BY 6.9%

(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

LOOK-THROUGH OPERATING CASH FLOW

Look-through operating cash flow on a proportional ownership basis



SPARK INFRASTRUCTURE LOOK-THROUGH OPERATING CASH FLOWS HAVE INCREASED BY \$8.9M

(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 \$115.3m

OUR INVESTMENTS' FINANCIAL RESULTS



VICTORIA POWER NETWORKS

Reduction in operating costs drives EBITDA increase of 14.6%

Financial (\$m) ⁽¹⁾	HY 2018	HY 2017	Change
Regulated revenue	473.0	441.2	
Prescribed metering ("AMI")	40.2	50.4	
Semi-regulated revenue	27.1	21.9	
Unregulated revenue	26.4	18.1	
Total Revenue	566.7	531.6	6.6%
Operating costs	(143.0)	(161.4)	
Beon margin	4.6	3.4	
EBITDA	428.3	373.6	14.6%
Other			
Net finance costs ⁽²⁾	(72.0)	(76.7)	
Net capital expenditure	211.1	174.5	
Distributions received by SKI	74.7	73.5	1.6%

CPI-X	\$22.8m
STPIS ⁽³⁾	\$9.0m (down \$1.3m on HY 2017)
Customer Growth ⁽⁴⁾	1.3%
Consumption Growth ⁽⁴⁾	0.03%
FTE Change ⁽⁵⁾	1.5%
Net Debt / RAB	71.0%

SUPPORTED BY LONG TERM CUSTOMER GROWTH, VICTORIA POWER NETWORKS HAS CONTINUED TO INVEST IN THE NETWORK

(1) 100% basis (2) Includes non-cash credit valuation hedge gain of \$8.1m (HY 2017: nil)

(3) 2016 STPIS result recovered from 1 January 2018 i.e. 50% recovered in HY2018

(4) Compared with HY 2017 (5) Compared with December 2017

VICTORIA POWER NETWORKS

Key financial drivers

Regulated Revenue Up by 7.2%	<ul style="list-style-type: none">▪ From 1 January 2018 CPI of 1.93%▪ X-factors for Powercor: -0.81% and CitiPower: -0.05% representing a real increase in revenue before CPI▪ \$9.0m STPIS recovery included within distribution revenue, down \$1.3m
Regulated Asset Base Up by 1.8%	<ul style="list-style-type: none">▪ RAB increased to \$6,001m▪ Increase driven by net capex of \$211m, less regulatory depreciation of \$185m, and includes a CPI uplift of \$57m
Other Revenue Up by 3.7%	<ul style="list-style-type: none">▪ Semi-regulated revenue: up 23.7% - increased connection design services▪ Unregulated revenue: up 45.9% - RERT⁽¹⁾ scheme, additional service level agreement projects and sale of properties▪ AMI revenue: down 20.2% - depreciating RAB
Operating Costs (ex Beon) Down by 11.4%	<ul style="list-style-type: none">▪ Continued productivity and efficiency improvements▪ Lower vegetation costs▪ Higher capitalisation of labour costs due to increased number of capital projects
Net Capital Expenditure Up by 21.0%	<ul style="list-style-type: none">▪ Growth capex of \$142.0m up 16.7% (network connections and augmentation) – continuation of REFCL⁽²⁾ program▪ Maintenance capex of \$69.1m up 31.1% - zone substation replacement projects

VICTORIA POWER NETWORKS RAB HAS INCREASED 1.8% OVER THE LAST 6 MONTHS

(1) Reliability and Emergency Reserve Trader

(2) Rapid Earth Fault Current Limiter

SA POWER NETWORKS

Revenue growth offset by unregulated operating costs

Financial (\$m) ⁽¹⁾	HY 2018	HY 2017	Change
Regulated revenue	398.1	387.3	
Semi-regulated revenue	41.4	40.9	
Unregulated revenue	5.4	5.5	
Total Revenue	444.9	433.7	2.6%
Operating costs ⁽²⁾	(118.6)	(101.3)	
Enerven margin	8.9	12.7	
EBITDA	335.2	345.1	-2.9%
Other			
Net finance costs ⁽³⁾	(54.5)	(63.7)	
Net capital expenditure	207.8	164.0	
Distributions received by SKI	54.7	54.2	0.9%

CPI-X	\$8.9m
STPIS ⁽⁴⁾	\$13.8m (up \$5.5m on HY 2017)
Customer Growth ⁽⁵⁾	0.6%
Consumption Growth ⁽⁵⁾	(1.0%)
FTE Change ⁽⁶⁾	3.1%
Net Debt / RAB	74.7%

SA POWER NETWORKS HAS SIGNIFICANTLY INCREASED CAPITAL EXPENDITURE IN HY 2018

- (1) 100% basis (2) Includes \$6.2m release of GSL provisions in HY2018 relating to storms in December 2016 (HY2017 includes \$14.2m release), ultimately not required
 (3) Includes non-cash credit valuation hedge gain of \$9.3m (HY 2017: \$0.3m loss) (4) 2015/16 STPIS result recovered from 1 July 2017
 (5) Compared with HY 2017 (6) Compared with December 2017

SA POWER NETWORKS

Key financial drivers

Regulated Revenue Up by 2.8%	<ul style="list-style-type: none">▪ CPI of 1.48% from 1 July 2017▪ X-factor applicable from 1 July 2017 was -0.94% representing a real increase in revenue before CPI▪ From 1 July 2018 CPI was 1.91% and X-factor was -0.74% (increase)▪ \$13.8m STPIS recovery, up \$5.5m
Regulated Asset Base Up by 1.7%	<ul style="list-style-type: none">▪ RAB increased to \$4,119m▪ Increase driven by net capex of \$176m, less regulatory depreciation of \$151m, and includes a CPI uplift of \$38m
Other Revenue Up by 0.9%	<ul style="list-style-type: none">▪ Semi-regulated revenue: up 1.2% - higher metering services and pole/duct rental
Underlying Operating Costs (ex Enerven) Up by 8.1%⁽¹⁾	<ul style="list-style-type: none">▪ Increased vegetation costs, emergency response and network maintenance costs▪ Offset by reduced asset relocation activity and continued workforce productivity and efficiency
Net Capital Expenditure Up by 26.7%	<ul style="list-style-type: none">▪ Growth capex of \$76.2m up 15.6% - network connections and augmentation▪ Maintenance capex of \$131.6m up 34.1% - undersea cable connecting Kangaroo Island to the South Australia mainland

SA POWER NETWORKS HAS SEEN RAB GROWTH OF 1.7% OVER THE 6 MONTHS

(1) Excluding \$6.2m release of GSL provisions in HY2018 relating to storms in December 2016 (HY2017 excluding \$14.2m release), ultimately not required

Investing in RAB and CAB while reducing regulated operating costs

Financial (\$m) ⁽¹⁾	HY 2018	HY 2017	Change		
Regulated revenue	362.4	366.0		CPI-X	(\$9.0m)
Unregulated revenue	81.7	29.3		STPIS ⁽³⁾	\$7.8m (up \$1.7m on HY 2017)
Other revenue	8.2	6.8			
Total Revenue	452.3	402.1	12.5%	RAB ⁽⁴⁾ Growth	0.5%
Regulated operating costs	(75.9)	(88.7)			
Unregulated operating costs	(48.9)	(10.7)		CAB ⁽⁴⁾⁽⁵⁾ Growth	12.7%
EBITDA	327.5	302.7	8.2%		
Other				FTE Change ⁽⁴⁾	(2.4%)
Net finance costs ⁽²⁾	(139.6)	(108.0)			
Regulated capital expenditure	(101.4)	(101.4)		Net Debt ⁽⁶⁾ / RCAB ⁽⁵⁾	82.1%
Unregulated capital expenditure	(44.4)	(36.9)			
Distributions received by SKI	8.6	4.6	87.0%		

CAPITAL INVESTMENT IN NEW UNREGULATED CONNECTIONS CONTINUES TO BUILD TRANSGRID CONTRACTED ASSET BASE

1) 100% basis 2) HY 2018 includes accelerated amortisation of \$27m capitalised debt transaction costs resulting from the debt refinancing transaction in June 2018

3) 2016 STPIS result recovered from 1 July 2017 4) Compared with December 2017

5) CAB comprises of unregulated infrastructure and telecommunication assets and investment property 6) Excluding revenue over/under collections

Key financial regulated business drivers

Regulated Revenue Down by 1.0%	<ul style="list-style-type: none"> ▪ CPI of 1.48% from 1 July 2017 ▪ X-factor from 1 July 2017 was 3.94% representing a real decrease in revenue before CPI ▪ The AER's determination set the MAR for 2018/19 so no CPI-X calculation is applied. The MAR for 2018/19 is 3% higher in nominal terms and 0.5% in real terms than the MAR for 2017/18. ▪ \$7.8m STPIS recovery, up \$1.7m
Regulated Asset Base Up by 0.5%	<ul style="list-style-type: none"> ▪ RAB increased to \$6,371m ▪ Increase driven by capital expenditure of \$101m, less regulatory depreciation of \$133m, and includes a CPI uplift of \$60m
Operating Costs Down by 14.4%	<ul style="list-style-type: none"> ▪ Assessed by the AER to be an efficient operator ▪ Maintenance efficiencies achieved and procurement savings delivered in the areas of IT, telecommunications operations and insurance placement
Capital Expenditure In line with H1 2017	<ul style="list-style-type: none"> ▪ Growth capex of \$3.6m (up 2.9%) ▪ Maintenance capex of \$76.5m (down 5.1%) – consistent with regulatory allowance ▪ Non-network capex of \$21.3m (up 22.4%)

COST CONTROL REMAINS TRANSGRID'S KEY FOCUS AS IT CONTINUES ITS TRANSFORMATION INTO A LEADING PRIVATE SECTOR OPERATOR

Key financial unregulated business drivers

Unregulated Capital Expenditure Up \$7.5m	<ul style="list-style-type: none"> Infrastructure capex (mainly renewable connections) up \$8.2m to \$41.2m, partially offset by Telecommunications capex down \$0.7m to \$3.1m
Unregulated Revenue Up \$52.4m	<ul style="list-style-type: none"> Major line relocation work under service-style contract for the Western Sydney Airport, Peabody and Mandalong coal mines Connections contracts entered into with customers which are now complete and operational, are generating revenue following completion of construction Expected to continue to increase across the remainder of 2018 and 2019 as construction of connection assets is completed
Operating Costs Up \$38.2m	<ul style="list-style-type: none"> Line modifications delivery driving a corresponding increase in project costs Growth in the completed connection portfolio resulting in increased maintenance costs
New Connections Funding Structure - TransGrid Services	<ul style="list-style-type: none"> New structure known as TransGrid Services established to facilitate the efficient funding of unregulated new connections investment TransGrid Services established in June 2018

NEW CONNECTIONS INVESTMENT AND LINE MODIFICATION PROJECTS DRIVING UNREGULATED BUSINESS PERFORMANCE IN HY 2018

INVESTMENT GRADE FUNDING

Our businesses retain strong investment grade debt structures

Issuer	Victoria Power Networks	SA Power Networks	TransGrid
Credit Rating (S&P / Moody's)	A- / n/a	A- / n/a	n/a / Baa2 (on USPP notes)
Weighted Average Maturity ⁽¹⁾ (31 December 2017)	5.7 yrs (5.2 yrs)	5.9 yrs (6.0 yrs)	6.6 yrs (5.9 yrs)
Net Debt at 30 June 2018 (31 December 2017)	\$4.259bn (\$4.189bn)	\$3.076bn (\$2.962bn)	\$5.562bn ⁽²⁾ (\$5.524bn)
Net Debt / RAB at 30 June 2018 (31 December 2017)	71.0% (71.0%)	74.7% (73.1%)	87.3% ⁽²⁾ (87.1%)
Net Debt / RAB + CAB at 30 June 2018 (31 December 2017)	N/A	N/A	82.1% ⁽²⁾ (82.5%)

ON A COMBINED BASIS THE BUSINESSES HAVE SUCCESSFUL REFINANCED \$4.7BN DURING HY 2018

(1) Weighted average maturity calculation is based on drawn debt at 30 June 2018

(2) Excluding revenue over/under collections

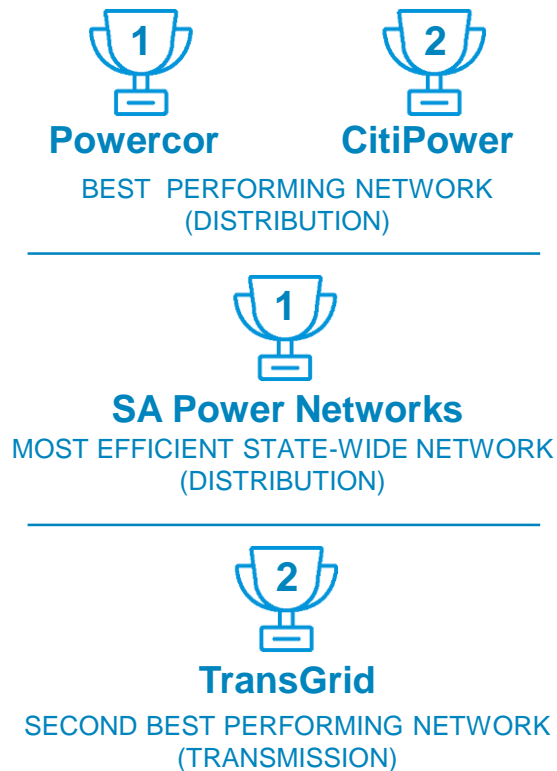
VALUE, EFFICIENCY AND GROWTH



STRONG FOCUS ON VALUE TO THE CUSTOMER

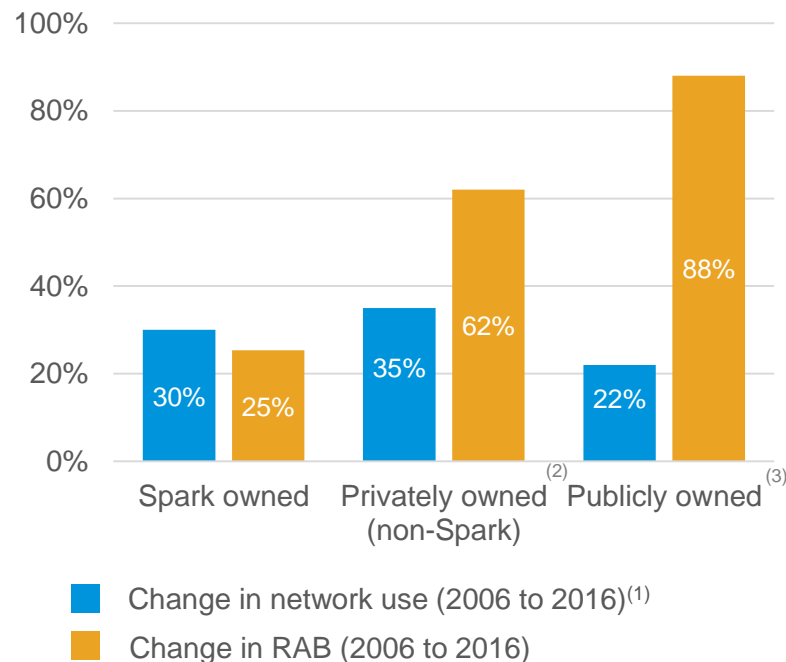
Our investment businesses continue to drive strong efficiency outcomes together with prudent investment, low user costs and strong reliability outcomes

Our assets have high efficiency...



... and have not overinvested

DNSP RAB growth vs network use (2006 to 2016)⁽¹⁾



THE EFFICIENCY OF OUR BUSINESSES HAS BEEN ACKNOWLEDGED BY THE ACCC - "RABS AND TARIFFS INCREASED SIGNIFICANTLY MORE IN PUBLICLY-OWNED NETWORKS THAN IN PRIVATE NETWORKS"

(1) Source: Spark analysis using AER 2017 distribution partial performance indicators 2012-2016. Network use calculated using Grattan Institute's 'Down to the Wire' 2018 report methodology: Network use = % change in customers + % change in peak demand (MW), where peak demand is maximum of the most recent 5 years; Excludes AMI RAB in VIC DNSPs

(2) Includes networks that were privately owned by entities other than Spark Infrastructure at the start of 2016, including United Energy, Jemena, AusNet Services, and ActewAGL.

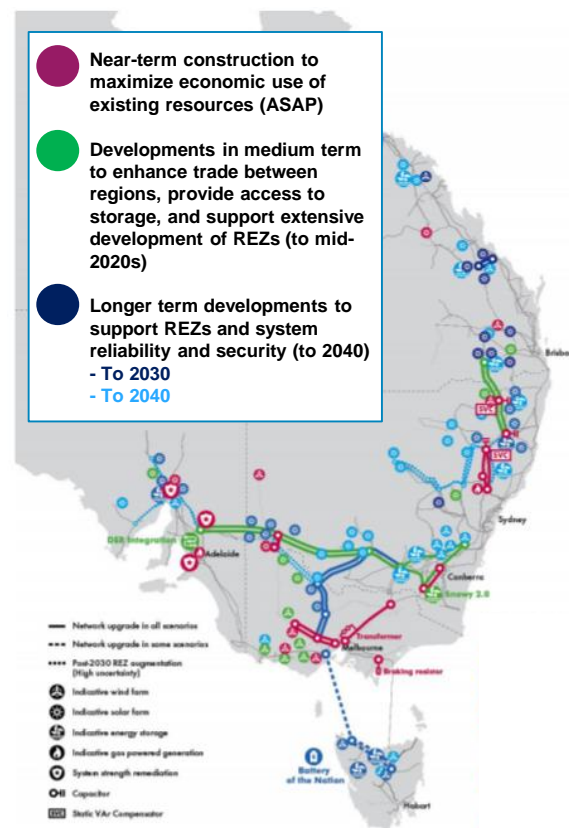
(3) Includes networks that were publicly owned at the start of 2016, including Ausgrid, Endeavour Energy, Essential Energy, Energex, Ergon and TasNetworks

ISP HIGHLIGHTS TRANSGRID'S CRITICAL ROLE

AEMO's ISP indicates that total system savings of \$1.2b-\$2.0b are achievable with its integrated approach and new transmission investments outlined in the ISP

- **AEMO notes that increased investment in transmission and interconnection** will deliver the lowest-cost, most reliable power system that supports emissions abatement
- **Net present cost to replace retiring generation and meet customer demand of \$8bn to \$27bn to 2040** – Spending 8-15% of this on transmission rather than generation yields \$1.2b-\$2.0b in reduced total system costs, providing important customer benefits
- **Significant opportunities for TransGrid based on these ISP recommendations:**

- **Immediate NEM-wide investment** of \$450m - \$650m¹, including transfer capacity increases from Victoria to New South Wales and Queensland to New South Wales, totalling between 170 MW to 460 MW
- **Action to be taken now** to initiate projects for implementation by mid-2020s of transfer capacity increases from NSW to SA (750 MW), QLD to NSW (378 MW) and network access to Snowy 2.0 pumped storage project
- **Longer-term developments** to increase interconnection between NSW and Victoria (SnowyLink) and develop additional Renewable Energy Zones (REZs) in NSW and Queensland



INCREASING ROLE OF THE GRID IS THE LEAST COST SOLUTION FOR DELIVERING RELIABLE ENERGY THAT SUPPORTS EMISSIONS REDUCTIONS. TRANSGRID IS CENTRAL TO THE DEVELOPMENT OF THE NEM

(1) Includes all recommended immediate updates, including recommendations not directly related to TransGrid
Source: AEMO, Integrated System Plan, July 2018

TRANSGRID IS INVESTING IN A RENEWABLE FUTURE

TransGrid's unregulated business continues to construct and operate new connection assets, a business platform reinforced by AEMO's ISP

TransGrid's connections pipeline growing...

Project status	Number of projects	Stage 1 Capacity ¹	Revenue start date
Complete	8	1,095 MW	Jul 2017 – Aug 2018
Under construction	4	415 MW	FY19 Q4 – FY20 Q1
Total (complete + under construction)	12	1,510 MW	
Contracts executed ²	3	799 MW	
Complete + under construction + contracts executed	15	2,309 MW	

... to continue with Renewable Energy Zones

- **Large scale renewables required** – AEMO's ISP neutral scenario forecasts 35 GW of new wind and large-scale PV to be built in the NEM by 2040
- **Developing Renewable Energy Zones (REZs) can reduce costs** by integrating generation, storage and transmission to optimise new generation build and transmission network spend, reduce losses, achieve more consistent generation output, and realise economies of scale
- **Developing REZs first in areas where renewable resources are good and the transmission network is strong** is recommended in AEMO's ISP to reduce overall costs for the NEM. The ISP identifies 8 optimal REZ development areas for the short to medium term, with three in NSW, two in QLD, two in SA and one in Victoria

IN THE PAST YEAR THE ENQUIRY PIPELINE³ HAS TRIPLED DEMONSTRATING THE CONTINUED GROWTH POTENTIAL OF THE CONNECTIONS BUSINESS

(1) Excludes Stage 2 additional capacity

(2) Notice to proceed to construction is subject to financial close

(3) Enquiry pipeline includes projects for which enquiries have been received but fees are not yet contracted

REGULATORY LANDSCAPE



ENERGY AND REGULATORY POLICY ISSUES

Continuing change.....

ACCC Electricity Retail Market Review	<ul style="list-style-type: none">▪ Provided 56 recommendations across the energy supply chain to reduce the prices to customers – no impact on SAPN and VPN▪ Recognised the role of government in driving overinvestment in energy networks and absence of overinvestment in SA and Victoria – impact, if any, on TransGrid to be funded by the NSW Government
Incentive framework reviews	<ul style="list-style-type: none">▪ Reviews underway to improve the incentives for innovation and distributed energy sources▪ Potential to accelerate technological development and two way energy flows to improve efficiency and utilisation of existing assets
Integrated System Plan	<ul style="list-style-type: none">▪ Identified the critical role of transmission in the energy system and the need to connect renewable energy zones - supporting increased investment by TransGrid▪ Proposed new interconnection investment which could provide \$1.2b to \$2.0b in savings to customers
National Energy Guarantee	<ul style="list-style-type: none">▪ Improved signals for new investment that can deliver low cost, low emission, secure and reliable system▪ Outcome and timing uncertain

ACCC FINAL REPORT HIGHLIGHTS THE VAST CHASM BETWEEN PRIVATE SECTOR NETWORK BUSINESSES AND THOSE OWNED BY STATE GOVERNMENTS

POLITICS DRIVING POLICY

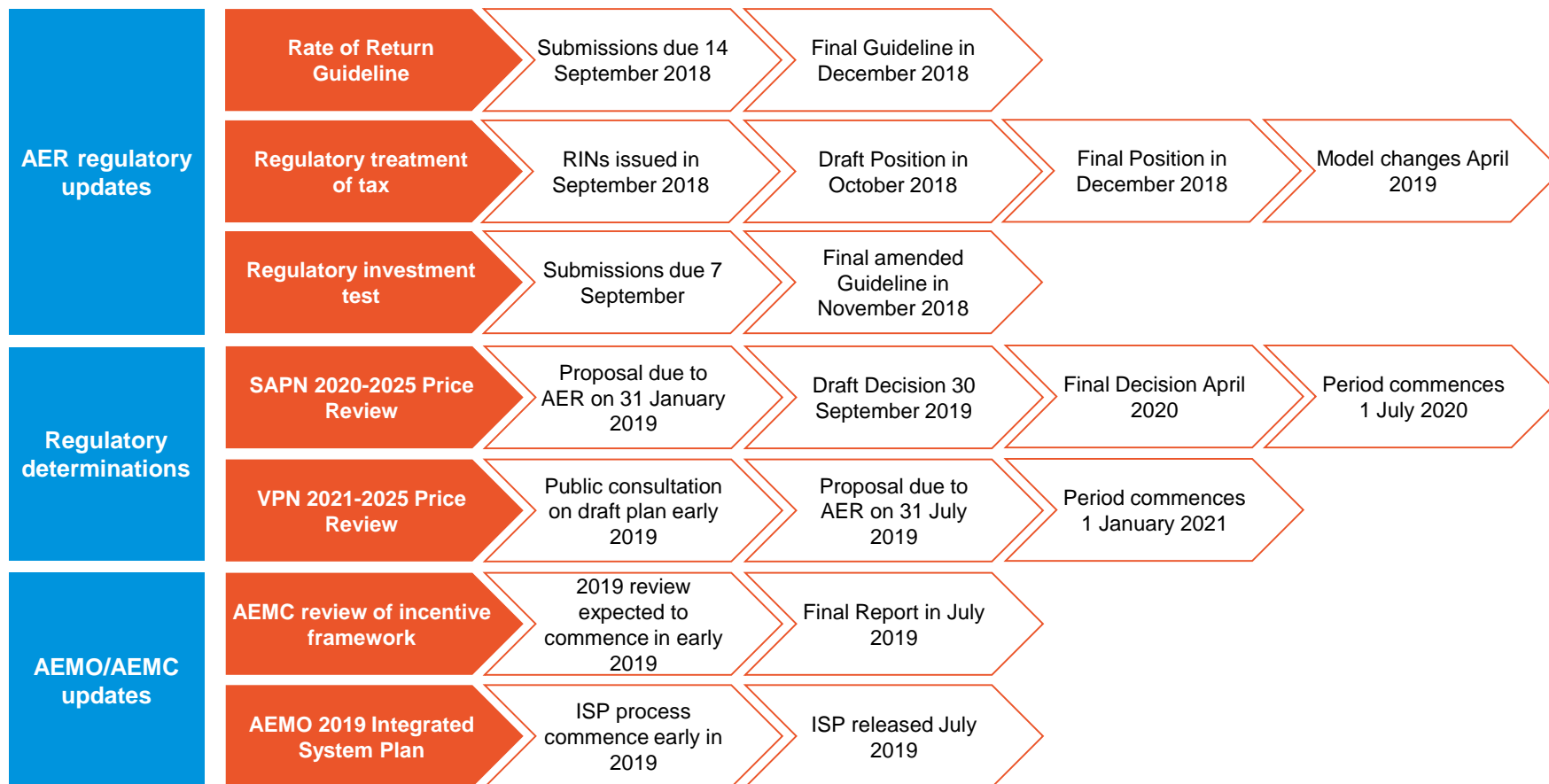
.....a de-stabilising effect

Binding Rate of Return Guideline legislation	<ul style="list-style-type: none">▪ Legislation introduced into SA Parliament in August to make the RORG binding▪ Increases powers of the AER and removes the power of the AEMC on ROR issues▪ A significant increase in AER discretion with reduced accountability▪ Unlikely to be able to access judicial review on rate of return issues
Rate of Return Guideline Review	<ul style="list-style-type: none">▪ The AER released its draft Rate of Return Guideline in July 2018▪ Significant drop in the rate of return and the value of imputation credits – contrary to updated parameter estimates and market evidence▪ Position is based on a view that the current rate of return is too high. This was not debated during the process and no evidence was provided to support assertion▪ Review to continue in 2H 2018 with the Final Guideline expected in December 2018
Regulatory approach to tax	<ul style="list-style-type: none">▪ A response to a perception that NSPs pay less tax than the regulatory allowance▪ Retention of incentive based approach referencing the benchmark efficient entity is likely, but other changes possible▪ Actual tax structures and tax policy should be governed by Treasury and administered by the ATO and not by economic regulatory framework▪ Review to report back in December 2018

UNCERTAINTY IN ENERGY REGULATION WILL DRIVE UP COSTS TO CONSUMERS DESPITE EVIDENCE THAT PRIVATELY-OWNED NETWORKS HAVE OPERATED IN LINE WITH ECONOMIC REGULATORY PRINCIPLES

KEY DATES IN POLICY LANDSCAPE

Key regulatory and policy positions are to be finalised during the second half of 2018



LOOKING FORWARD TO INCREASED CERTAINTY OVER REGULATORY AND POLICY POSITIONS

OUTLOOK AND GUIDANCE



OUR STRATEGIC VISION

Focusing on long term, low risk, value creation

INVESTMENT PROPOSITION

Delivering long term value to Securityholders by building a quality portfolio of utility style assets

BUSINESS MODEL

Managing for Performance

Growing Organically

Disciplined External Growth

GROWTH IN ASSETS DELIVERING GROWTH IN DISTRIBUTIONS AND LONG TERM VALUE TO SECURITYHOLDERS

KEY FOCUS AREAS

We will continue to focus on key areas across our investments in 2018

Regulated revenues	<ul style="list-style-type: none">▪ Spark Infrastructure's aggregated proportional regulated electricity revenues are expected to increase in accordance with current regulatory determinations⁽¹⁾:<ul style="list-style-type: none">▪ CitiPower: 1.99%; Powercor: 3.08% both until 31 December 2018 and expected 3.55% and 4.16% respectively from 1 January 2019▪ SA Power Networks: 2.66% from 1 July 2018▪ TransGrid: The AER's determination set the MAR for 2018/19 so no CPI-X calculation is applied. The MAR for 2018/19 is 3% higher in nominal terms and 0.5% in real terms than the MAR for 2017/18.
Regulation	<ul style="list-style-type: none">▪ Efforts to continue to protect integrity of regulatory framework▪ Continued involvement in rate of return guideline review
Cost outs	<ul style="list-style-type: none">▪ Demonstrated success of portfolio business cost-out programs▪ Portfolio business management teams incentivised to continue to deliver efficiencies
Cash flows	<ul style="list-style-type: none">▪ Strong pipeline of value accretive business opportunities will require TransGrid owners to reinvest equity to fund continued strong growth in unregulated CAB (infrastructure connections) in 2H 2018 – work to be done to optimise external debt financing
Business growth	<ul style="list-style-type: none">▪ The transition to a new energy future is creating investment opportunities in both the regulated and unregulated areas in all businesses

SPARK INFRASTRUCTURE IS FOCUSED ON DRIVING GROWTH ACROSS OUR INVESTMENTS

(1) Including CPI

DISTRIBUTIONS AND TAX UPDATE

Spark Infrastructure reaffirms FY 2018 distribution guidance

2018 DPS Guidance	<ul style="list-style-type: none">▪ The Directors reaffirm distribution guidance for FY 2018, subject to business conditions, of 16.0 cps
Distributions	<ul style="list-style-type: none">▪ Spark Infrastructure anticipates that growth in distributions per security, through to the end of the regulatory determinations in 2020, will be at least CPI, subject to business conditions▪ The current low inflation environment affects CPI-X adjusted revenue allowances that Spark Infrastructure's portfolio businesses are permitted to recover
Tax Update	<ul style="list-style-type: none">▪ Spark Infrastructure expects to become a taxpayer in the short term▪ The timing and amount of tax payable will be dependent on a number of factors including:<ul style="list-style-type: none">▪ underlying financial performance of Spark Infrastructure's investment portfolio businesses;▪ tax timing differences; and, in the longer term▪ outcome of existing disputes with the Australian Taxation Office▪ When we do pay tax, we would expect to be able to pass those tax credits up through the structure and on to Securityholders as franking credits, where applicable

NO CHANGE IN DISTRIBUTION GUIDANCE FOR FY 2018 OR TAX OUTLOOK

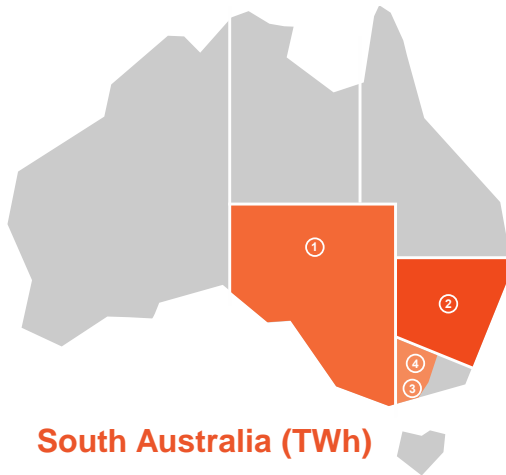
APPENDIX



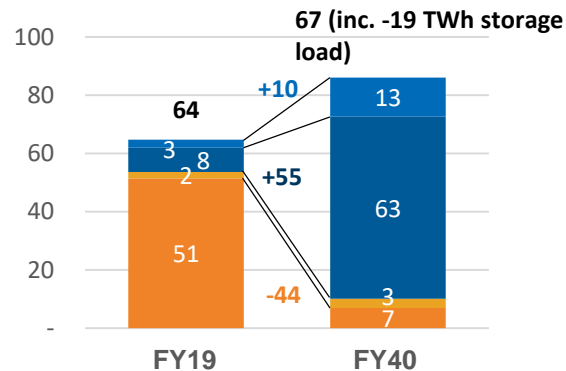
FURTHER INDUSTRY PERSPECTIVES

GENERATION MIX TO CHANGE SIGNIFICANTLY

The AEMO ISP neutral scenario predicts significant changes in the generation mix in New South Wales, Victoria and South Australia between FY19 and FY40

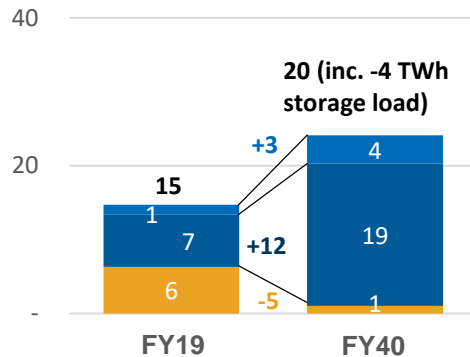


New South Wales (TWh)

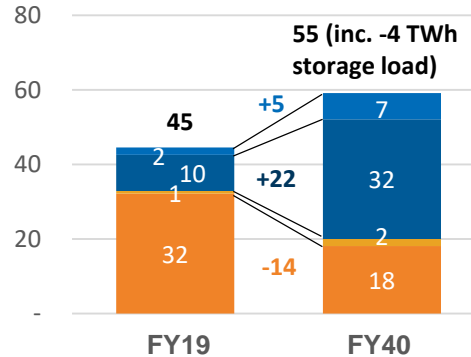


- Coal generation in NSW, VIC and SA reducing by 70% from 83 TWh in FY19 to 25 TWh in FY40
- Solar, wind and storage in NSW, VIC and SA increasing by 425% from 25 TWh in FY19 to 131 TWh in FY40
- Significant new investment in network connections, network augmentation and interconnection required to facilitate transition from coal to renewables

South Australia (TWh)



Victoria (TWh)



Total consumption net of storage load¹

- Rooftop solar and distributed storage
- Utility solar, wind, hydro and storage
- Gas/Liquids/Biomass
- Coal

OUR NETWORKS ARE WELL PLACED TO BENEFIT FROM INCREASED REQUIREMENT FOR NETWORK CONNECTION, AUGMENTATION AND INTERCONNECTION

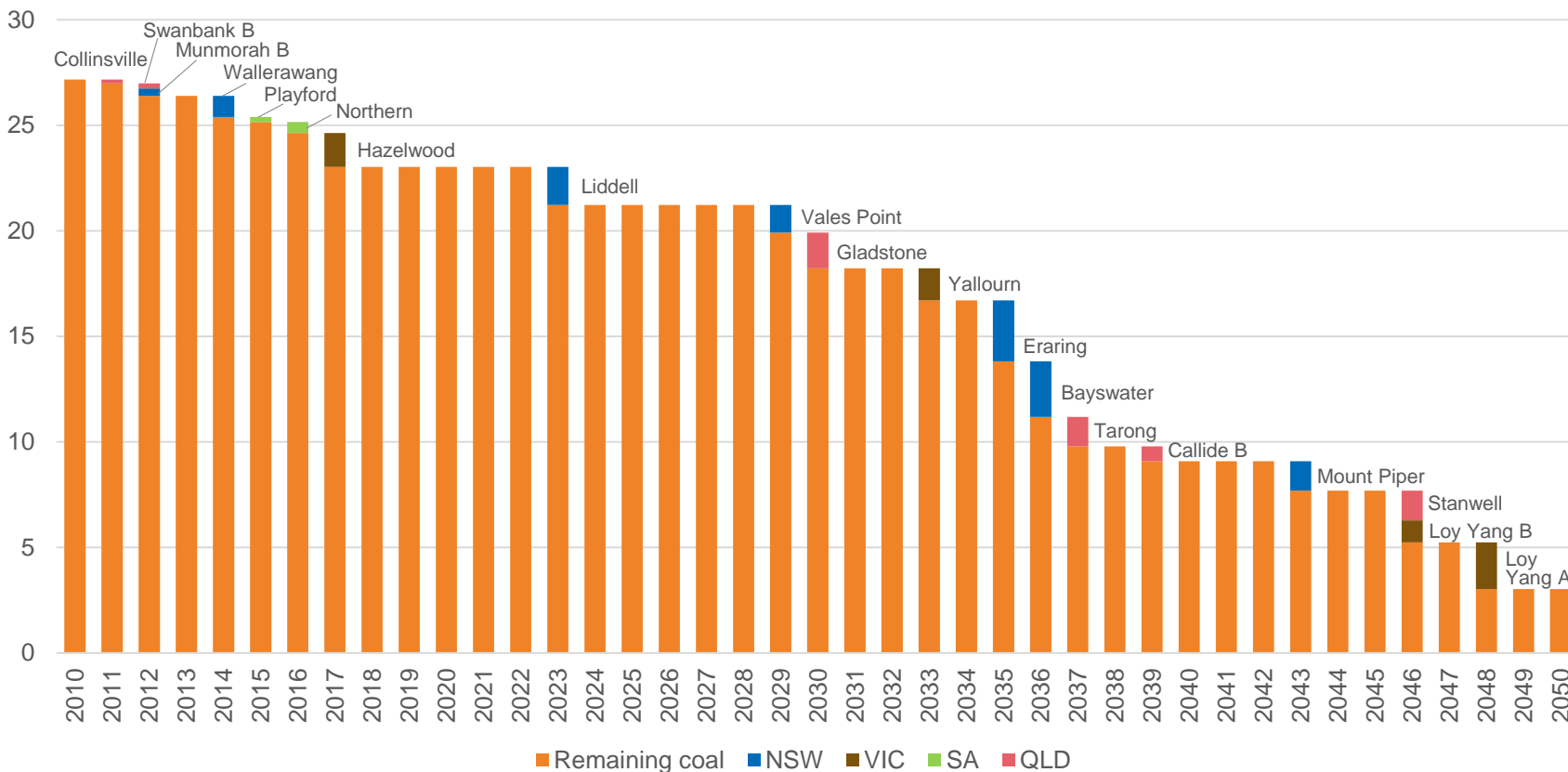
(1) Storage load represents consumption of electricity by distributed and utility storage

(2) Source: AEMO 2018 Integrated System Plan Neutral Scenario, July 2018

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

Generation capacity (GW)

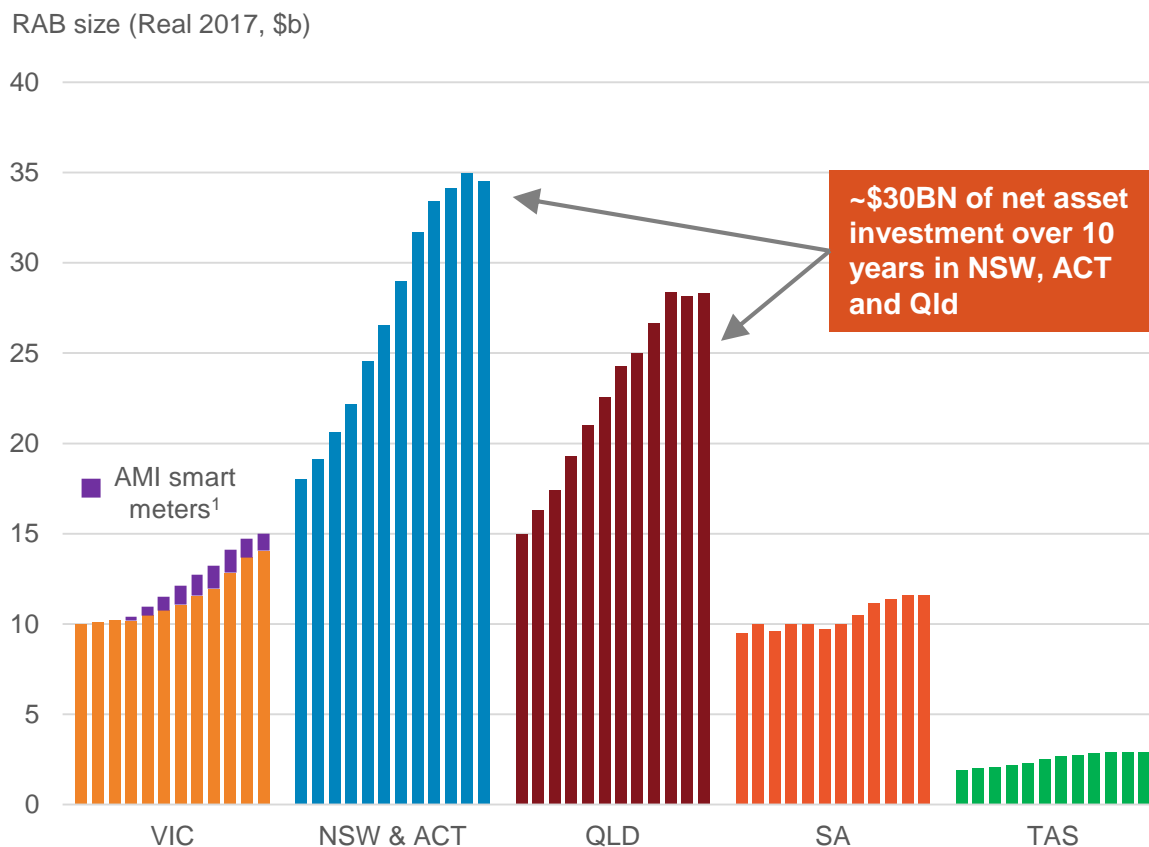


NEW GENERATION REQUIRES NETWORK CONNECTION, AUGMENTATION AND INTERCONNECTION

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

GOVERNMENTS HAVE DRIVEN NETWORK SPENDING

Regulatory Asset Base From 2006 – 2017 FY NEM Region



The ACCC says...

"In NSW, Queensland and Tasmania there has been significant over-investment in state-owned networks, driven primarily by excessive reliability standards"

"The RABs in Queensland, NSW and to a lesser extent Tasmania grew at a much greater rate than in South Australia and Victoria"

"In Victoria ... 17 per cent of the network costs are due to the government-mandated distributor rollout of smart meters."

"Retail Electricity Inquiry – Final Report"
- ACCC, June 2018

NSW AND QLD GOVERNMENT RELIABILITY REQUIREMENTS HAVE DRIVEN DISTRIBUTION NETWORK RAB GROWTH AND OPERATING INEFFICIENCIES

(1) Source: AMI RAB tab from 2016-20 AER final decision opening metering regulatory asset base files for Citipower, Powercor, Jemena, United Energy and SP Ausnet. Note: Over the AMI roll-out period of 2009–2015, the AER's regulatory determinations allowed Victorian distributors to recover \$2.35bn (\$ nominal) from consumers.

(2) Source: AER economic benchmarking, Regulatory Information Notice responses

STABLE DISTRIBUTION CHARGES IN RESIDENTIAL BILLS

In Victoria and South Australia, our businesses' distribution charges are ~25% of a typical household bill

SAPN

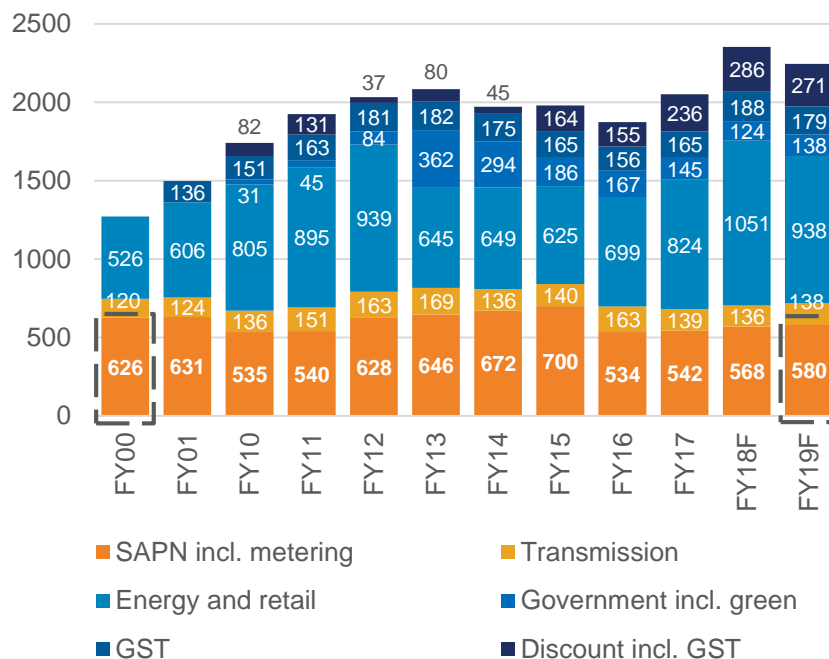
- Distribution prices reduced by 9% in real terms between 2000 and 2018 and now represent 26% of a typical household bill
- SAPN's 2020-25 draft plan forecasts further reductions of \$37 in FY21 for residential customers and \$148 in FY21 for small and medium businesses¹

VPN

- Between 2007/08 and 2017/2018 Citipower's real distribution prices declined by 1% and Powercor's real distribution prices declined by 6%²

In South Australia, distribution network costs have reduced in real terms since privatisation in 1999

Annual SA bill, Real 1999/00 dollars



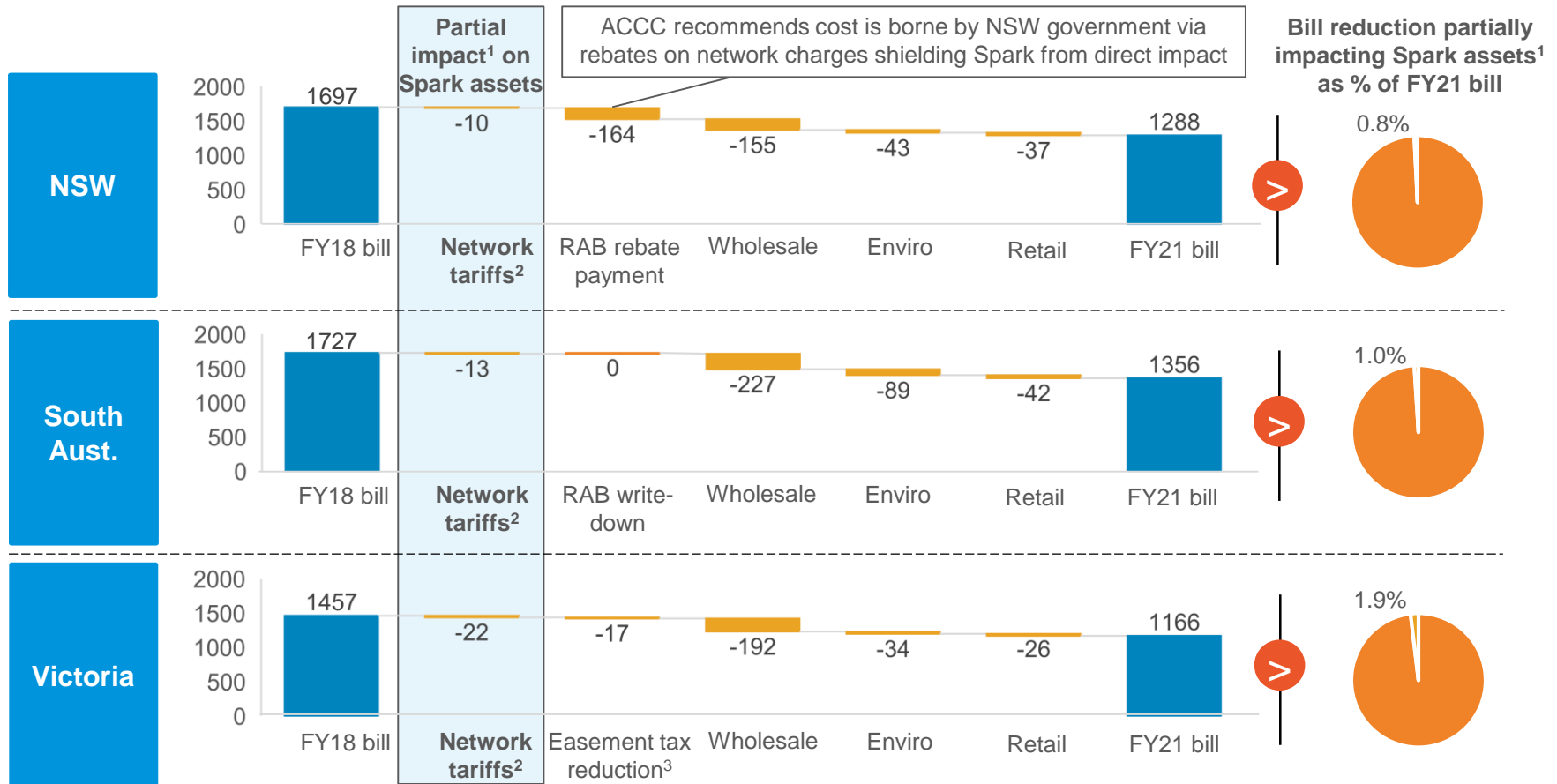
PRIVATISED NETWORK BUSINESSES ARE NOT THE CAUSE OF RECENT PRICE INCREASES

(1) SAPN draft 2020-25 plan, August 2018

(2) After removing Advanced Metering Infrastructure (AMI) which was a Victorian Government mandated roll-out

ACCC NOTES EFFICIENCY OF PRIVATE NETWORKS

The recommendations from the ACCC's Retail Electricity Pricing Inquiry have impacts across the value chain, although these impacts are smaller for private networks



NSW RAB REBATE PAYMENT TO BE BORNE BY NSW GOVERNMENT IF IT PROCEEDS AND NETWORK TARIFF REDUCTIONS ALREADY EMBEDDED IN PUBLICLY AVAILABLE AER INFORMATION

- (1) Network tariff reductions only partially impact Spark assets as they include tariff reductions for all transmission and distribution companies in each state
- (2) Network tariff reductions comprise determinations the AER has made or is consulting on for the period to 2023 (i.e. reductions are not additional to existing AER process)
- (3) Recommended reduction in easement tax incurred by AusNet Services transmission network

TRANSGRID IS INVESTING IN A RENEWABLE FUTURE

TransGrid's unregulated business continues to construct and operate new connection assets, servicing renewable energy and new large power users

Project	Status	Stage 1 Capacity ¹	Revenue start date
White Rock Wind Farm	Complete	175 MW	July 2017
Parkes and Griffiths Solar Farms	Complete	96 MW	August 2017
Deer Park Terminal Station	Complete	N/A (Load growth project)	November 2017
Sapphire Wind Farm	Complete	270 MW	December 2017
Silverton Wind Farm	Complete	200 MW	March 2018
Bodangora Wind Farm	Complete	113 MW	July 2018
Crookwell II Wind Farm	Complete	91 MW	August 2018
Coleambally Solar Farm	Complete	150 MW	August 2018
Beryl Solar Farm	Under construction	120 MW	Q4 2019
Crudine Ridge Wind Farm	Under construction	138 MW	Q4 2019
Goonumbla Solar Farm	Under construction	87 MW	Q1 2020
Metz Solar Farm	Under construction	70 MW	Q1 2020
Various Projects	Contracts executed ²	799 MW	2020
Total: 15 Projects	Complete/ Under construction/ Contracts executed	2,309 MW	

IN THE PAST YEAR THE ENQUIRY PIPELINE³ HAS TRIPLED DEMONSTRATING THE CONTINUED GROWTH POTENTIAL OF THE CONNECTIONS BUSINESS

(1) Excludes Stage 2 additional capacity

(2) Notice to proceed to construction is subject to financial close

(3) Enquiry pipeline includes projects for which enquiries have been received but fees are not yet contracted

APPENDIX



FINANCIAL INFORMATION

KEY METRICS

SECURITY METRICS

Market price at 23 February 2018	\$2.41
Market capitalisation	\$4.05 billion

DISTRIBUTIONS

HY 2018 actual	8.00cps
Comprising:	
- Loan Note interest	3.50cps
- Tax deferred amount	4.50cps
 FY 2018 Guidance	 16.00cps

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 5,975
Gross debt at Spark Infrastructure level	Nil

SA POWER NETWORKS

	\$m
RAB ⁽¹⁾	4,119
Net debt	3,076
Net debt/RAB	74.7%

VICTORIA POWER NETWORKS

	\$m
RAB ⁽¹⁾ (including AMI)	6,001
Net debt	4,259
Net debt/RAB	71.0%

TRANSGRID

	\$m
RAB ⁽¹⁾	6,371
CAB ⁽¹⁾⁽²⁾	400
RCAB ⁽¹⁾⁽²⁾	6,771
Net debt ⁽³⁾	5,562
Net debt/RAB ⁽³⁾	87.3%
Net debt/RCAB ⁽³⁾	82.1%

(1) June 2018 estimate

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

(3) Excluding revenue over/under collections

REGULATED PRICE PATH

CPI minus X⁽¹⁾

- 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 revenue movements, the revenue movements in reported results include adjustments for other factors

CitiPower	CPI (%) Actual (Forecast)	X-Factor	Expected movement in revenue ⁽³⁾ %
Year 1⁽²⁾ (1 Jan 16)	2.50 (2.50)	-	-
Year 2 (1 Jan 17)	1.02 (2.32)	0.40	0.62
Year 3 (1 Jan 18)	1.93 (2.32)	-0.05	1.99
Year 4 (1 Jan 19)	(2.32)	-1.20	3.55
Year 5 (1 Jan 20)	(2.32)	-2.40	4.78

Powercor	CPI (%) Actual (Forecast)	X-Factor	Expected movement in revenue ⁽³⁾ %
Year 1⁽²⁾ (1 Jan 16)	2.50 (2.50)	-	-
Year 2 (1 Jan 17)	1.02 (2.32)	4.68	-3.71
Year 3 (1 Jan 18)	1.93 (2.32)	-0.81	3.08
Year 4 (1 Jan 19)	(2.32)	-1.80	4.16
Year 5 (1 Jan 20)	(2.32)	-2.60	4.98

(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) 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 (%) Actual (Forecast)	X-Factor	Expected movement in revenue ⁽²⁾ %
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)	(2.25)	-1.10	3.40

TransGrid	CPI (%) Actual (Forecast)	X-Factor	Expected movement in revenue ⁽²⁾ %
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 (1 Jul 17)	1.48 (2.38)	3.94	-2.50

TransGrid	CPI (%) Actual (Forecast)	X-Factor	Expected movement in revenue ⁽²⁾ %
Year 1⁽³⁾ (1 Jul 18)	n/a	-	3.00
Year 2 (1 Jul 19)	(2.45)	-1.98	4.48
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) The AER's determination set the MAR for 2018/19 so no CPI-X calculation is applied. The MAR for 2018/19 is 3% higher in nominal terms and 0.5% in real terms than the MAR for 2017/18.

TRANSGRID FINAL REGULATORY DETERMINATION

(\$m)	2018–19	2019–20	2020–21	2021–22	2022–23	Total
Return on capital	416.8	424.8	435.2	445.4	458.2	2,180.4
Regulatory depreciation ⁽¹⁾	101.2	118.9	131.7	134.1	144.6	630.5
Operating expenditure ⁽²⁾	179.9	187.6	196.5	208.3	204.6	976.7
Revenue adjustments ⁽³⁾	4.7	18.5	5.4	12.7	5.1	46.5
Net tax allowance	31.7	33.7	35.3	37.3	39.1	177.1
Annual building block revenue	734.3	783.5	804.1	837.8	851.6	4,011.3
Annual expected MAR (smoothed)	734.3	767.1	801.5	837.4	874.8	4,015.1⁽⁴⁾
X factor (%) ⁽⁵⁾	n/a ⁽⁶⁾	-1.98%	-1.98%	-1.98%	-1.98%	n/a
Capital expenditure	217.2	261.7	265.3	296.2	208.9	1,249.2

(1) Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening RAB

(2) Operating expenditure includes debt raising costs

(3) Includes revenue adjustments from the efficiency benefit sharing scheme (EBSS) and capital efficiency sharing scheme (CESS)

(4) The estimated total revenue cap is equal to the total annual expected MAR

(5) The X factors will be revised to reflect the annual return on debt update. Under the CPI–X framework, the X factor measures the real rate of change in annual expected revenue from one year to the next. A negative X factor represents a real increase in revenue. Conversely, a positive X factor represents a real decrease in revenue

(6) TransGrid is not required to apply an X factor for 2018–19 because the AER's sets the 2018–19 MAR in its decision. The MAR for 2018–19 is around 0.5 per cent higher than the approved MAR for 2017–18 in real terms, or 3.0 per cent higher in nominal terms

Source: AER - TransGrid 2018–23 - Transmission determination - Attachment 1 - Maximum allowed revenue - May 2018

AER - TransGrid 2018–23 - Transmission determination - Attachment 6 - Capital expenditure

STPIS RESULTS (100% BASIS)

Victoria Power Networks		\$m
2015 regulatory year	21	Recovered in 2017 regulatory year
2016 regulatory year	18	Being recovered in 2018 regulatory year
2017 regulatory year	36	To be recovered in 2019 regulatory year
SA Power Networks		\$m
2014/15 regulatory year	29	Recovered in 2016/17 regulatory year
2015/16 regulatory year	28	Recovered in 2017/18 regulatory year
2016/17 regulatory year	20	To be recovered in 2018/19 regulatory year
2017/18 regulatory year ¹	31	To be recovered in 2019/20 regulatory year
TransGrid		\$m
2014 calendar year	12	Recovered in 2015/16 regulatory year
2015 calendar year	12	Recovered in 2016/17 regulatory year
2016 calendar year	15	Recovered in 2017/18 regulatory year
2017 calendar year	16	To be recovered in 2018/19 regulatory year

(1) Preliminary estimate

SEMI REGULATED REVENUES (100% BASIS)

Victoria Power Networks (\$m)	HY 2018	HY 2017	Variance
Public Lighting	6.2	6.1	0.1
New Connections	6.8	5.9	1.0
Special Reader Activities	2.3	2.3	-
Service Truck Activities	2.6	2.1	0.5
Recoverable Works	0.9	0.6	0.3
Specification and Design	4.7	2.7	2.0
Other	3.6	2.1	1.5
TOTAL	27.1	21.9	5.3

SA Power Networks (\$m)	HY 2018	HY 2017	Variance
Public Lighting	7.7	7.5	0.2
Metering Services	7.9	6.6	1.3
Feeder Standby / Excess kVAR	1.8	1.9	(0.1)
Pole/Duct Rental	2.1	0.9	1.2
Other Negotiated Services ⁽¹⁾	21.9	24.0	(2.1)
TOTAL⁽²⁾	41.4	40.9	0.5

(1) Includes Asset Relocation and Embedded Generation

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

UNREGULATED REVENUES (100% BASIS)

Victoria Power Networks (\$m)	HY 2018	HY 2017	Variance
Beon Energy Solutions	71.0	37.3	33.7
Service Level Agreement Revenue	11.7	9.0	2.7
Telecommunications	0.6	0.6	-
Joint Use of Poles	1.6	1.7	(0.1)
Other	12.4	6.8	5.6
TOTAL	97.4	55.4	42.0

SA Power Networks (\$m)	HY 2018	HY 2017	Variance
Energy Infrastructure	89.0	66.5	22.5
Energy Solutions	11.5	7.7	3.8
Facilities Access / Dark Fibre	1.2	1.2	-
Asset Rentals	1.9	1.8	0.1
Sale of Salvage	0.9	1.0	(0.1)
Other	1.4	1.5	(0.1)
TOTAL	105.9	79.7	26.2

TransGrid (\$m)	HY 2018	HY 2017	Variance
Infrastructure Services	75.4	22.9	52.5
Property Services	2.5	2.4	0.1
Telecommunication Services	3.8	4.0	(0.2)
TOTAL	81.7	29.3	52.4

CAPITAL EXPENDITURE (100% BASIS)⁽¹⁾

\$m	Victoria Power Networks		SA Power Networks		TransGrid		Totals	
	HY18	HY17	HY18	HY17	HY18	HY17	HY18	HY17
Growth capex	142.0	121.7	76.2	65.9	3.6	3.5	221.8	191.1
Growth capex - non prescribed	-	-	-	-	44.4	36.9	44.4	36.9
Non-network capex ⁽²⁾	-	-	-	-	21.3	17.4	21.3	17.4
Maintenance capex	69.1	52.7	131.6	98.1	76.5	80.6	277.2	231.4
Total	211.1	174.5	207.8	164.0	145.8	138.3	564.7	476.8
Spark share	103.4	85.5	101.8	80.4	21.9	20.8	227.1	186.6
Change vs pcg (%)	21.0%		26.7%		5.4%		21.7%	

\$m	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB ⁽³⁾		Net regulatory depreciation	
	HY18	HY17	HY18	HY17	HY18	HY17	HY18	HY17
Victoria Power Networks	69.1	52.7	185.3	170.0	(56.6)	(29.0)	128.7	141.1
SA Power Networks	131.6	98.1	151.5	147.5	(37.9)	(29.0)	113.6	118.4
TransGrid	76.5	80.6	133.0	139.9	(60.0)	(46.4)	73.0	93.5
Totals	277.2	231.4	469.8	457.4	(154.5)	(104.4)	315.3	353.0
Spark share	109.8	86.0	185.0	176.6	(55.3)	(35.4)	129.7	141.2

(1) Reflecting statutory capital expenditure which may not equal regulatory capital expenditure

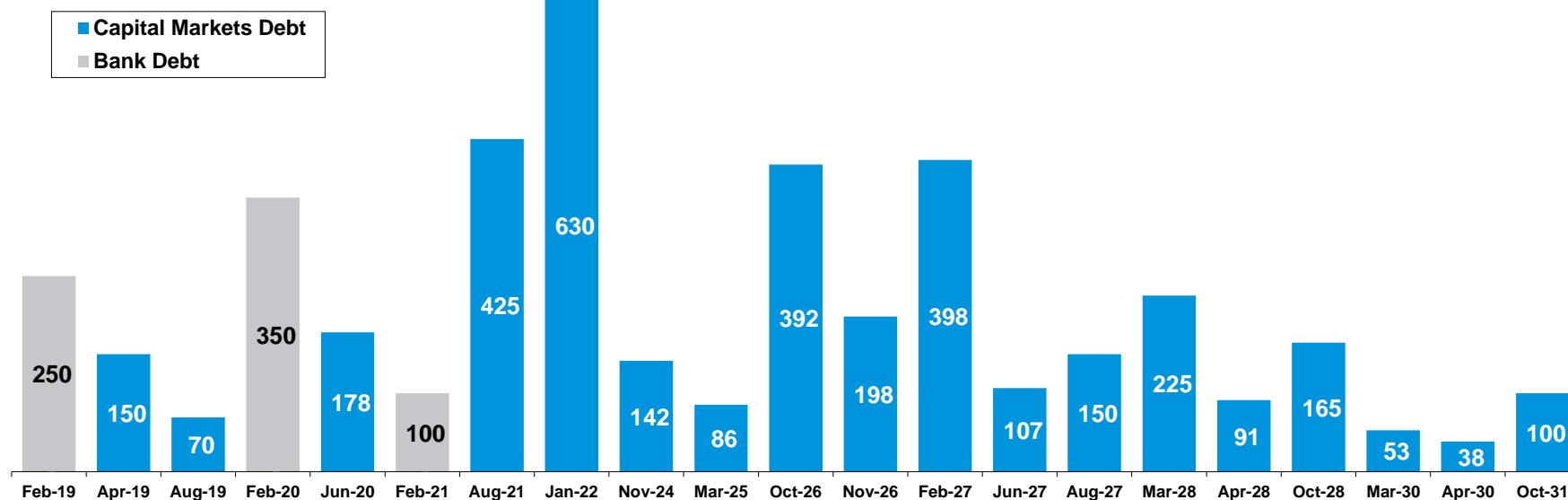
(2) TransGrid capex includes NCIPAP capex (3) Based on actual inflation rates: VPN: 1.93% (HY 2017:1.02%) SAPN: 1.91% (HY 2017:1.48%) TransGrid: 1.91% (HY 2017: 1.48%)

VICTORIA POWER NETWORKS DEBT AND HEDGING

- March 2018 - placed HK\$517m of 7-year notes and HK\$320m of 12-year notes (~A\$139m)
- March 2018 – placed A\$225m of 10-year notes
- April 2018 - placed Nkr550m (~A\$91m) of 10-year notes
- April 2018 – placed €24m (~A\$38m) of 12-year notes
- Next debt maturity is \$250m in February 2019

Interest Rate Swaps	Notional Principal Amount	Average Contracted Fixed Interest Rate
< 1 year	\$400m	2.1%
1-2 years	\$400m	2.2%
2-5 years	\$1,200m	2.4%
5+ years	\$1,775m	2.5%
Total	\$3,775m	2.4%

Drawn Debt Maturity Profile at 30 June 2018 (\$m 100%)

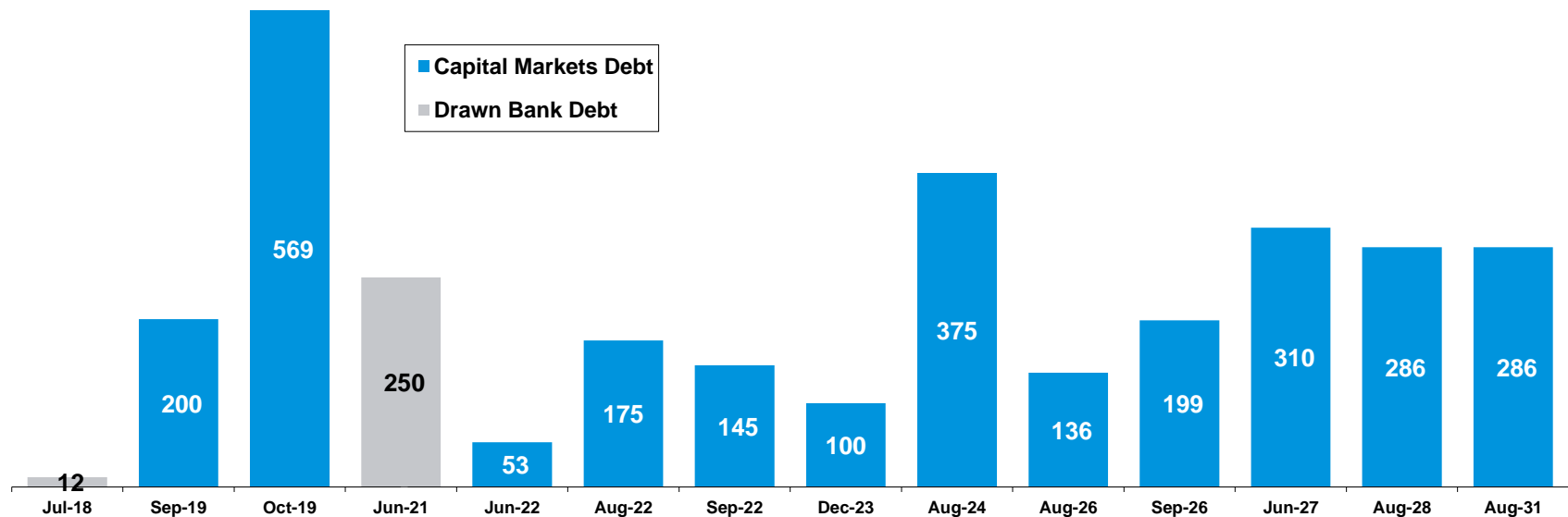


SA POWER NETWORKS DEBT AND HEDGING

- July 2018 debt maturity refinanced post 30 June 2018

Interest Rate Swaps	Notional Principal Amount	Average Contracted Fixed Interest Rate
< 1 year	\$311m	2.4%
1-2 years	\$307m	2.7%
2-5 years	\$921m	2.9%
5+ years	\$1,546m	3.1%
Total	\$3,085m	2.9%

Drawn Debt Maturity Profile at 30 June 2018 (\$m 100%)

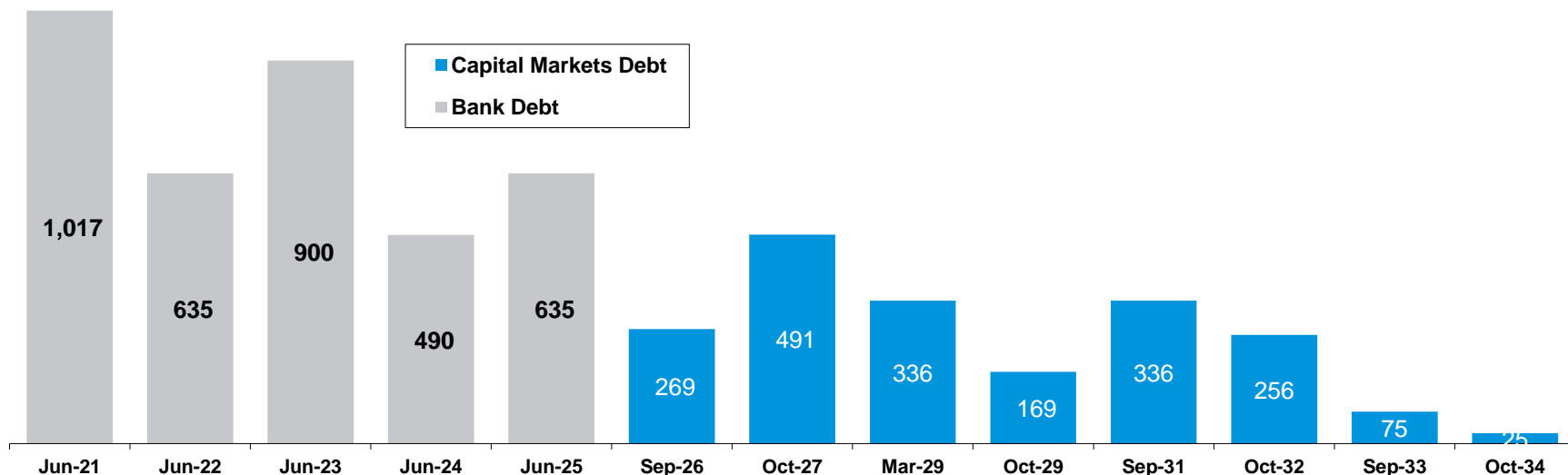


TRANSGRID DEBT AND HEDGING (100% BASIS)

- A\$4,210 million bank debt refinance in June 2018 achieved:
 - increased weighted average tenor by 1.4 years to 6.6 years
 - upsized capex facility of A\$600 million to fund projected capex program
 - reduced concentration risk and liquidity risk in maturity profile to facilitate future refinancing task
 - lower margins than comparable utility transactions
- Next debt maturity is \$1,550m in June 2021 (\$1,017m drawn at 30 June 2018)

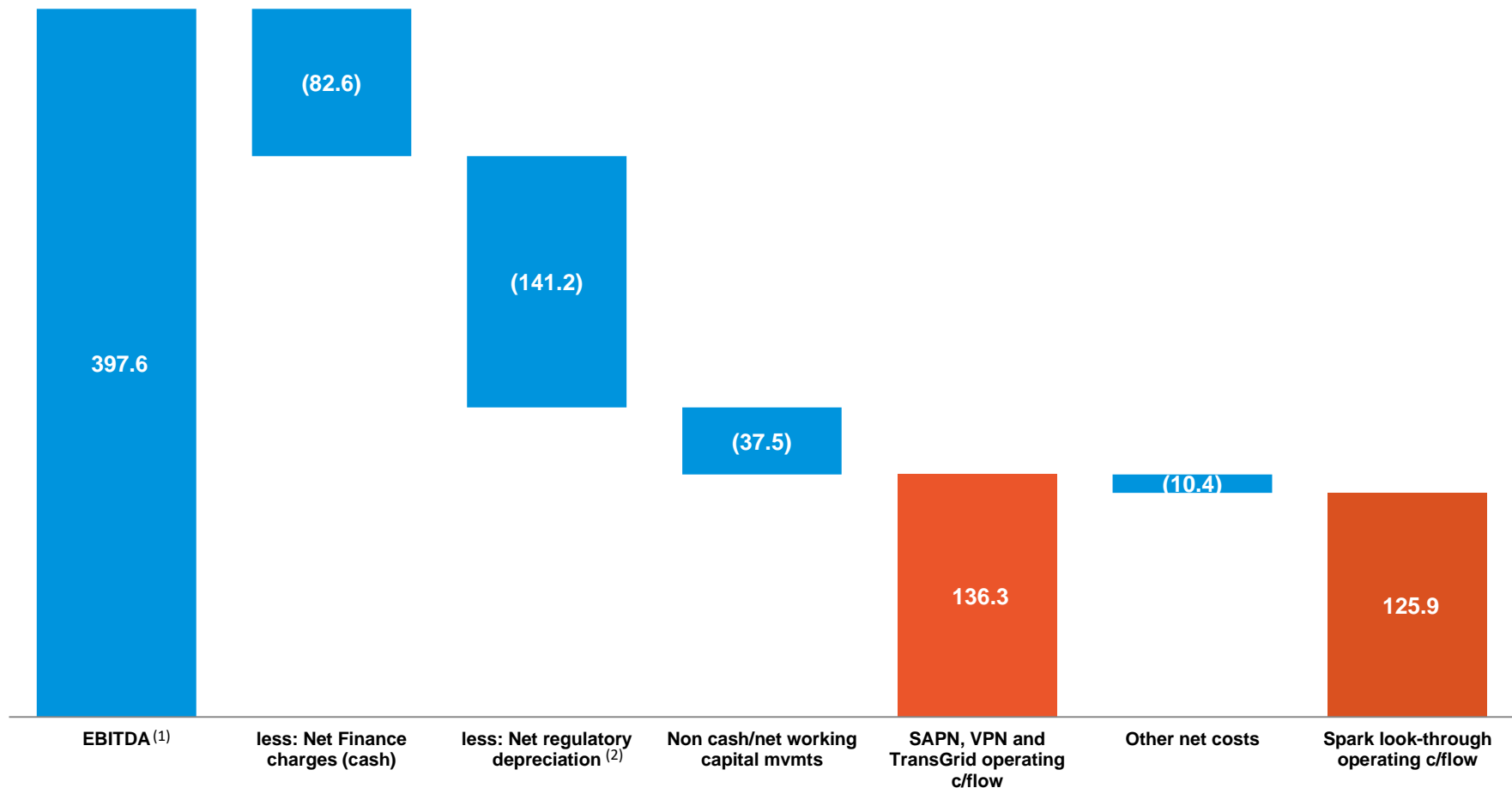
Interest Rate Swaps	Notional Principal Amount	Average Contracted Fixed Interest Rate
< 1 year	\$303m	2.3%
1-2 years	\$303m	2.5%
2-5 years	\$2,558m	2.6%
5+ years	\$1,513m	2.9%
Total	\$4,675m	2.7%

Drawn Debt Maturity Profile at 30 June 2018 (\$m)



HY 2017 LOOK-THROUGH OPERATING CASH FLOW

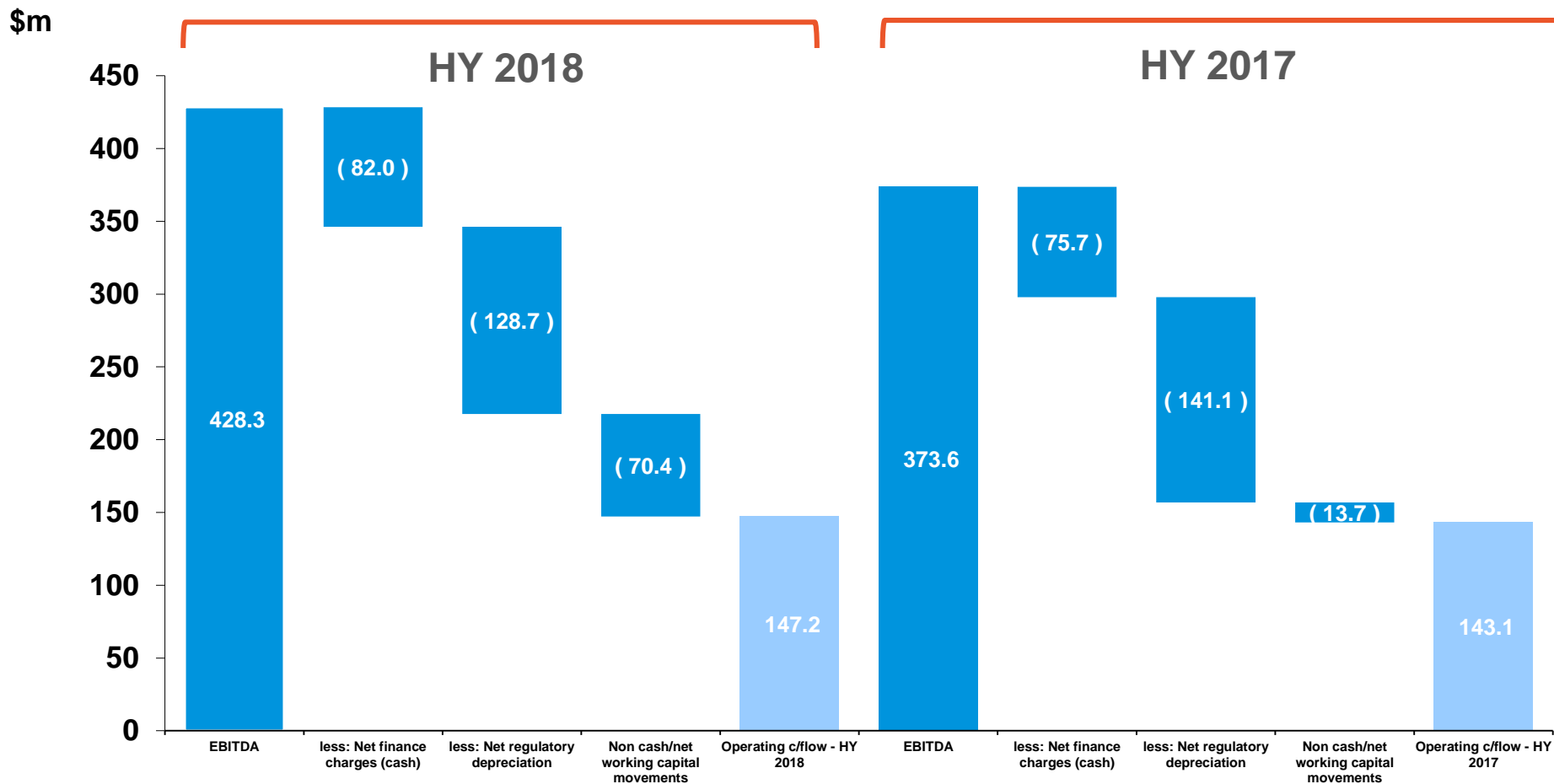
Look-through operating cash flow on a proportional ownership basis



(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 \$108.3m

VPN LOOK THROUGH OCF (100%)



Note re maintenance capex:

Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of actual CPI uplift on RAB

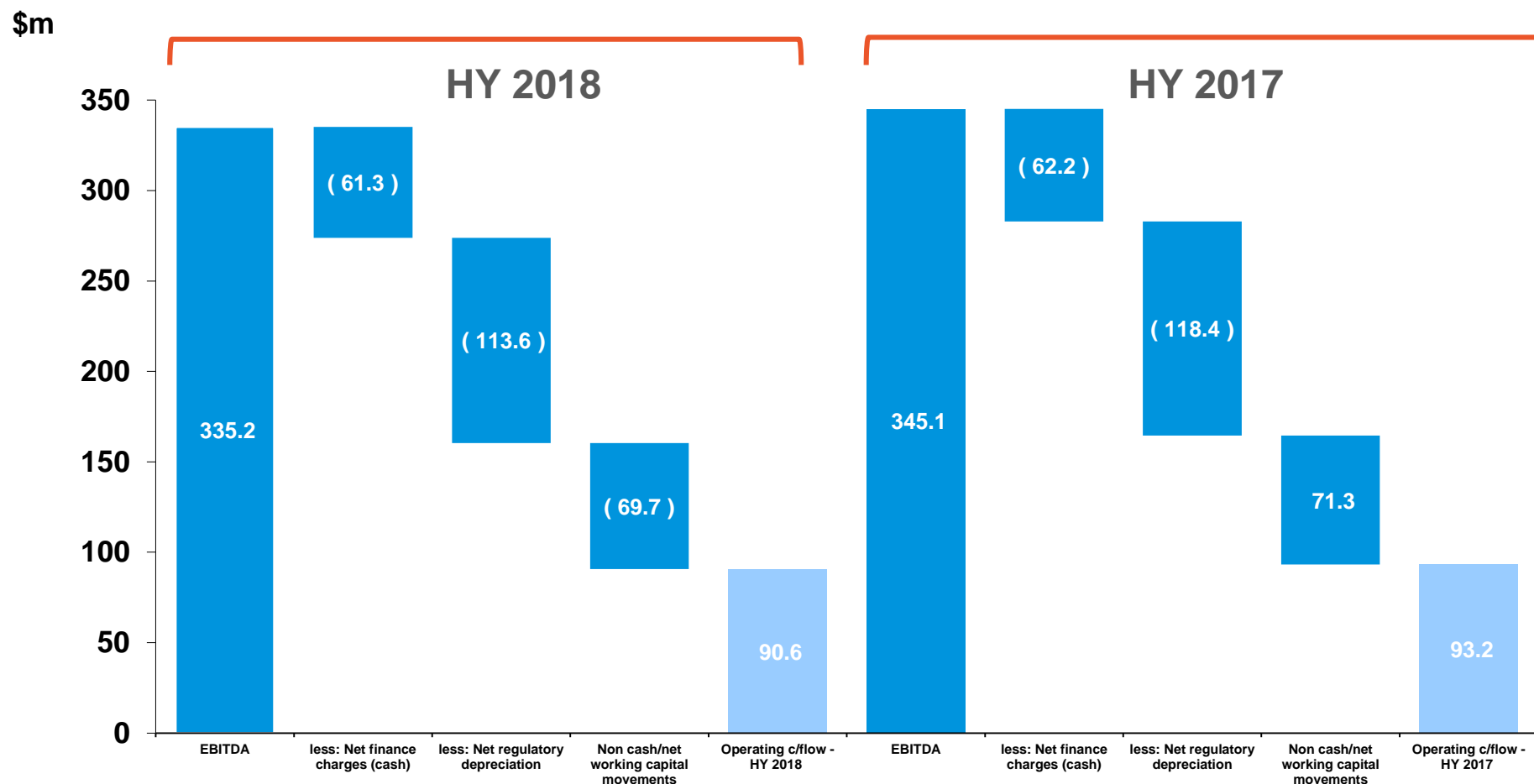
CPI uplift on RAB was estimated by:

CPI uplift on RAB for H1 2018 is 1.93%

CPI uplift on RAB for the H1 2017 is 1.02% as per updates to the Final Determination on opening RAB, with 50% assumed to apply to H1 2017

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

SAPN LOOK THROUGH OCF (100%)



Note re maintenance capex:

Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of actual CPI uplift on RAB

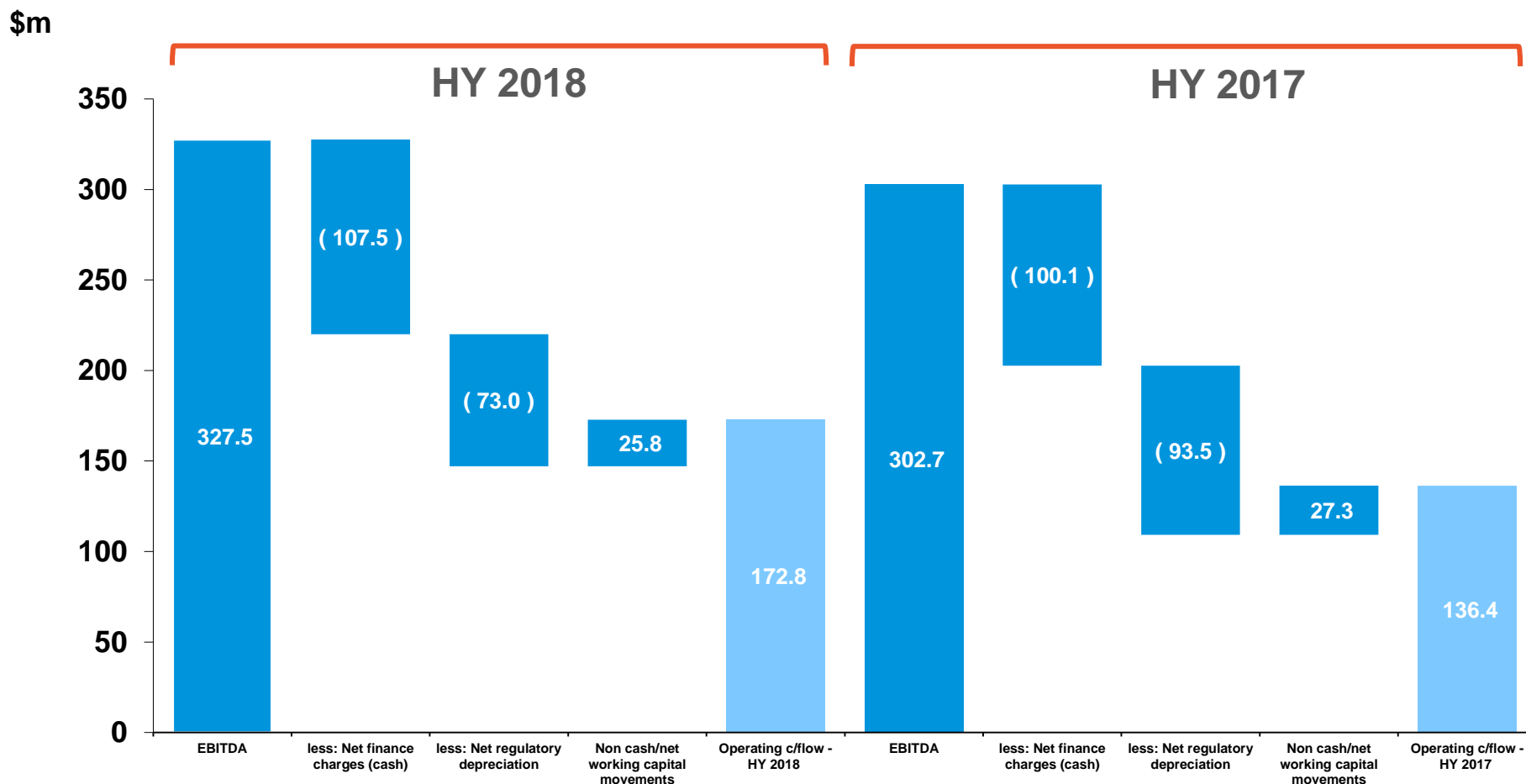
CPI uplift on RAB was estimated by:

In H1 2018: actual December 2017 CPI of 1.91% was applied, with 50% assumed to apply to H1 2018

In H1 2017: actual December 2016 CPI of 1.48% on opening RAB, with 50% assumed to apply to H1 2017

CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). December on December (released January) for the regulatory period commencing 1 July

TRANSGRID LOOK THROUGH OCF (100%)



Notes:

Maintenance capex – Net regulatory depreciation is a proxy for maintenance capex. It is calculated as regulatory depreciation net of actual CPI uplift on RAB

CPI uplift on RAB was estimated by:

In H1 2018: Actual December 2017 CPI of 1.91% on opening RAB (1 July 2017), with 50% assumed to apply to H1 2018

In H1 2017: Actual December 2016 CPI of 1.48% on opening RAB (1 July 2016), with 50% assumed to apply to H1 2017

CPI is based on 'All groups CPI' for weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). December on December (released January) for the regulatory period commencing 1 July

SHARE OF EQUITY PROFITS TO NPAT

100% Basis \$m	Victoria Power Networks	SA Power Networks	TransGrid	Spark Infrastructure Share
Regulated revenue	473.0	407.0	397.8	490.9
Other revenue	164.7	147.3	89.9	166.4
Total Income	637.7	554.3	487.7	657.3
Operating costs	(209.4)	(210.2)	(124.8)	(224.3)
EBITDA	428.3	344.1	362.9	433.0
Depreciation and amortisation	(147.9)	(119.4)	(159.3)	(154.9)
Net finance expense (excl subordinated debt)	(72.0)	(54.5)	(139.7)	(83.0)
Subordinated debt interest expense	(63.5)	(35.9)	(42.9)	(55.2)
Net Profit before Tax	144.9	134.3	21.1	140.0
Tax expense	(45.1)	-	-	(22.1)
Net Profit after Tax	99.8	134.3	21.1	117.9
Less: additional share of profit from preferred partnership capital (PPC) ⁽¹⁾	-	(34.5)	-	(16.9)
Net Profits for Equity Accounting	99.8	99.8	21.1	101.0
Spark Infrastructure Share	48.9	48.9	3.2	101.0
Add: additional share of profit from PPC ⁽¹⁾	-	34.5	-	34.5
Less: additional adjustments made to share of equity accounted profits ⁽²⁾	(2.4)	(4.8)	(5.3)	(12.5)
Share of Equity Accounted Profits	46.5	78.6	(2.2)	123.0
Add: interest income from associates	31.2	-	6.4	37.7
Total Income from Associates	77.7	78.6	4.3	160.6
Interest income - other				1.1
Interest expense (including borrowing costs)				(0.9)
Interest expense – Loan Notes				(58.9)
General and administrative expenses				(7.6)
Profit before Income Tax				94.4
Income tax expense				(36.3)
Net profit after Income Tax Attributable to Securityholders				58.1

(1) Under the partnership agreement, Spark Infrastructure is entitled to an additional share of profit in SA Power Networks

(2) Includes adjustments made to distribution/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

DISCLAIMER & 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 2018. Results have been adjusted by Spark Infrastructure to reflect the 6 month period to 30 June 2018.

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