



ASX RELEASE

Monday, 22 August 2016

DELIVERING RELIABLE GROWTH IN DISTRIBUTIONS

Highlights (6 months ended 30 June 2016)

- Standalone Operating Cashflow¹ up 28.6% to \$130.0 million
- Interim distribution declared of 7.25cps, up 20.8% on 2015 in line with FY 2016 guidance of 14.5cps
- Distributions fully covered on both a standalone and look-through basis
- Underlying Profit before Loan Note Interest and Tax down 9.4% to \$127.2 million
- Statutory Net Profit after Tax up 31.6% to \$51.6 million
- Underlying Net Profit after Tax down 27.2% to \$51.6 million
- Orderly divestment of the economic interest in DUET Group during the period
- VPN's World CLASS efficiency program achieving \$163.0 million p.a. in savings
- SAPN, VPN and TransGrid raised a combined total of A\$2.4 billion via USPP
- TransGrid is delivering against its acquisition business plan

Spark Infrastructure has today released its results for the 6 months ended 30 June 2016. The Underlying Profit before Loan Note Interest and Tax for the period decreased by 9.4% to \$127.2 million compared to the previous corresponding period. The decrease in underlying profit resulted mainly from lower equity accounted share of profits from SA Power Networks (SAPN) and Victoria Power Networks (VPN) who have been operating under the revenue allowances provided in their Preliminary Determinations for the first year of their new regulatory periods. Partially offsetting the reduction in underlying profit in the period is the first full half-year contribution from Spark Infrastructure's new investment in TransGrid which was acquired on 16 December 2015.

The Final Determinations for SAPN and VPN now received from the Australian Energy Regulator (AER) provide for significantly higher revenues than their respective Preliminary Determinations with the additional revenues (plus interest) to be recovered over years 2-5 of the respective regulatory periods (i.e. from 1 July 2016 for SAPN and from 1 January 2017 for VPN) under a 'no disadvantage true up' mechanism. SAPN will recover an additional \$626 million of revenue and VPN an additional \$180 million of revenue, relative to their Preliminary Determinations, over the remaining years of their current regulatory periods.

The Directors have declared an interim distribution of 7.25 cents per security (cps) to be paid on 15 September 2016. This is in line with the previous guidance of 14.5cps for full year 2016, which represents an increase of 20.8% on 2015. Distributions are fully covered by both stand-alone and look-through cashflows.

"The strong growth in distributions to securityholders is the result of the diligent and methodical execution of our strategy over a long period of time. It is supported by an investment portfolio that contains a strong combination of proven excellence and future potential and which is delivering in line with expectations. Our outlook for the business continues to be very positive", said Dr. Doug McTaggart, Chair of Spark Infrastructure.

"Spark Infrastructure is well placed to drive value from our concentrated portfolio of quality regulated infrastructure investments. We are influencing outcomes and driving performance in these businesses in conjunction with our investment partners", he added.

"The performance of our newest investment, TransGrid, is delivering against the acquisition business plan with its focus on efficiency and growing non-regulated business revenues. The recently announced A\$1 billion and Baa2 rated placement into the US Private Placement market confirms the strong support from investors for this asset", said Mr. Rick Francis, Managing Director of Spark Infrastructure.

"Our newly appointed CEO of TransGrid, Paul Italiano, has brought a strong commercial drive to the business. Paul is firmly focussed on a performance based culture, increasing efficiency and customer focus across all parts of the organisation and building commercial capabilities in the non-regulated part of the business," Mr. Francis added.

Performance summary

Spark Infrastructure financial performance	HY 2016 (\$m)	HY 2015 (\$m)	Variance (%)
Total Underlying income ²	138.7	146.9	(5.6)
Underlying Profit before Loan Note Interest and Tax	127.2	140.3	(9.4)
Underlying Net Profit after Tax	51.6	70.8	(27.2)
Net Profit after Tax (statutory)	51.6	39.2	31.6
Standalone operating cashflows ¹	130.0	101.2	28.6

2016 Interim Distribution

The Board has declared an interim cash distribution for 2016 of 7.25cps, payable on 15 September 2016, which consists of 3.50cps interest on Loan Notes and a return of capital amount of 3.75cps.

The Distribution Reinvestment Plan will remain suspended.

Ex-date	Monday, 5 September 2016
Record date	Tuesday, 6 September 2016
Payment date	Thursday, 15 September 2016

Outlook for Distributions

The Directors have reconfirmed distribution guidance of 14.5cps for 2016, 15.25cps for 2017 and 16.0cps for 2018, subject to business conditions.

In accordance with usual practice, coverage of distributions will be assessed on both a standalone and look-through basis.

Further information:

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1. Includes \$28.8 million of distributions from Victoria Power Networks received by way of repayments of shareholder loans and classified in investing activities for statutory reporting purposes.
2. Includes interest income from associates, Spark Infrastructure's share of equity accounted profits, gains from derivative contracts and other income.