ASX & SGX-ST Release

16 May 2017

TO: ASX Limited
Singapore Exchange Securities Trading Limited

AusNet Services Full Year 2017 Results Release and Investor Presentation

The following documents are attached:

1. AusNet Services Full Year 2017 Results Release; and
2. Investor Presentation.

Claire Hamilton
Company Secretary

ASX & SGX-ST Release

16 May 2017

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Singapore Exchange Securities Trading Limited

AusNet Services Full Year 2017 Results

AusNet Services reported the following full year results for the year ended 31 March 2017. Key details include:

- Cash flow from operations up 4.6% to $742.8 million;
- Final ordinary dividend of 4.4 cps (unfranked), up 3.2% on prior corresponding period;
- Special dividend of 1.0 cps (unfranked) as a result of lower than expected income tax payable;
- Net profit after tax (NPAT) of $255.1 million, down principally as a result of $163.1 million of one-off income tax benefits in the prior year.

NPAT was also impacted by lower revenues associated with the new Electricity Distribution Price Review period (2016-20). The movement in NPAT also reflects the impact of the following:

- In the current year:
  - Redundancy and restructuring costs ($17.3m);
  - Guaranteed service level (GSL) payments relating to the October 2016 storms ($10.5m); and
  - IT asset write-off ($9.3m).
- In FY2016:
  - Costs relating to the 2014 bushfires at Yarram and Mickleham ($10m); and
  - Administration costs in relation to implementation of the corporate restructure and the Section 163AA dispute ($3.7m).

Mr Peter Mason, Chairman of AusNet Services said, "*AusNet Services' results reflect strong cash performance underpinning dividend growth of 3.2% in FY17 and FY18 dividend guidance of 9.25cps, up 5% on FY17. Our drive for greater efficiency is starting to deliver results. The decrease in operating expenses (excluding one-off items) of $9m in FY17 in our regulated energy services business is the initial stage of our journey towards top quartile benchmark performance.*"

A$M	FY 2017	FY 2016	Variance
Revenues	**1,881.5**	1,919.0	(2.0%)
EBITDA	**1,073.3**	1,142.5	(6.1%)
EBIT	**647.4**	750.2	(13.7%)
PBT	**363.3**	457.9	(20.7%)
NPAT	**255.1**	489.3	(47.9%)
Cash flow from operations	**742.8**	710.0	4.6%
Adjusted NPAT[1,2]	**255.1**	326.2	(21.8%)
Total ordinary dividend (cps)	**8.80**	**8.53**	**3.2%**
Special dividend (cps)	**1.00**	**0.00**	**100%**

1. Adjusted NPAT for FY2016 excludes the $135.0 million tax benefit associated with impact of entry into a new tax consolidated group arising from the restructure and the tax benefit associated with the IP dispute settlement with the ATO of $28.1 million.
2. Adjusted NPAT is a non-IFRS measure that has not been subject to audit or review.

Operational Review

Electricity transmission

	FY2017	FY2016	Movement	%
Segment revenue ($M)	**586.0**	590.1	(4.1)	(0.7)
Segment result – EBITDA ($M)	**381.4**	381.3	0.1	-
Capital expenditure ($M)	**192.2**	241.6	(49.4)	(20.4)

EBITDA was flat despite a decrease in revenue arising from the negative price path in the Transmission Revenue Reset (TRR) Determination for the 2014-2017 period. The reduction in operating expenditure reflects $3.7 million of non-recurring costs in relation to legal and other administrative costs associated with the implementation of the corporate restructure and the Section 163AA dispute with the ATO incurred in the prior year. Cost savings achieved were largely offset by $5.2 million of expenditure relating to redundancy, restructuring and program implementation costs associated with business efficiency initiatives.

Easement tax represents approximately 54 per cent of total operating expenses and is reflected as a pass-through item in our revenues.

Capital expenditure decreased $49.4 million, of which $45.9 million relates to the completion of upgrade works at Brunswick Terminal Station. The other major project is the Richmond Terminal Station (RTS) rebuild, which spent $38.6 million of capital expenditure (in line with prior year). RTS remains on track for completion in CY2018 and is approximately 70 per cent complete.

An additional $7.0 million depreciation charge was recognised in relation to the early decommissioning of three synchronous condensers. The synchronous condensers were identified as assets no longer required and while regulatory revenue for this early decommissioning will be received over the coming five year period, accounting standards require that assets are fully depreciated when retired. Early decommissioning of transmission assets is also expected to increase depreciation by approximately $10 million in FY2018 following revision of useful lives.

Electricity distribution

	FY2017	FY2016	Movement	%
Segment revenue ($M)	**868.2**	963.6	(95.4)	(9.9)
Segment result – EBITDA ($M)	**467.7**	575.9	(108.2)	(18.8)
Volume (GWh)	**7,682**	7,662	20	0.3
Connections	**705,186**	691,378	13,808	2.0
Capital expenditure ($M)	**427.0**	467.3	(40.3)	(8.6)

The largest contributor to the fall in revenue is the 5.7 per cent decline in CY2016 electricity distribution tariffs and the 36.8 per cent ($54.2 million) decline in metering revenue arising from the 2016-2020 Electricity Distribution Price Review (EDPR) determination. Electricity distribution is subject to a revenue cap with true-up mechanisms that impact future period revenues.

The decline in metering revenues is due to the lower business as usual capex and opex allowance in the 2016-2020 EDPR period as compared to the establishment costs in the metering roll-out period. In addition, there was a downward adjustment due to higher excess expenditures in prior year tariffs as part of the EDPR determination. This was reflected in CY2016 tariffs.

While our cost focus and transformational activities helped achieve a $6.4 million reduction in operating expenses, our reported operating expenses increased $12.8 million (3.2 per cent) due to a number of significant events:

- $8.5 million (regulated energy services total of $17.3 million) of redundancy, restructuring and program implementation costs, associated with business efficiency initiatives;
- $10.5 million of costs related to the impact of the October 2016 storm events that resulted in loss of electricity for over 80,000 customers, predominately due to additional Guaranteed Service Level (GSL) payments to electricity distribution customers. GSL payments are recovered through the regulatory price regime, with a time lag such that these particular GSL payments will not be recovered until the next EDPR period;
- a further $2.7 million increase in GSL payments during the period, in addition to the October 2016 storm events, due to an increase in both number of events and the rate paid under the current EDPR;
- $7.5 million (primarily non-cash) write-off for an IT project recognised during the period (total write-off $9.3 million); offset by;
- $10.0 million of insurance deductible in the prior year representing settlement costs and legal fees relating to the 2014 bushfires at Yarram and Mickleham.

Capital expenditure has decreased primarily due to $30.7 million lower spend on the metering program. The IT stabilisation and rollout of the wireless mesh communications network under the metering program is now complete, meeting all regulatory obligations at 31 March 2017.

Gas distribution

	FY2017	FY2016	Movement	%
Segment revenue ($M)	**224.3**	188.8	35.5	18.8
Segment result – EBITDA ($M)	**164.4**	136.7	27.7	20.3
Volume (PJ)	**66.3**	66.9	(0.6)	(0.9)
Connections	**676,035**	660,924	15,111	2.3
Capital expenditure ($M)	**87.7**	92.7	(5.0)	(5.4)

The EBITDA increase is principally the result of a $25.3 million increase in regulated revenues to $205.5 million. This was driven by tariff increases as well as phasing of tariffs in CY2016 and CY2017 which resulted in higher revenues being recognised in FY2017. In addition, $10.0 million of billing adjustments relating to prior years under-collection from retailers for new regional area customers was recognised in FY2017.

Volumes were consistent year-on-year, with strong customer growth offset by a reduction in per-household consumption due to milder weather in FY2017 and continued energy efficiency. Customer growth of 2.3 per cent is the strongest growth for a number of years due to the continued expansion of Melbourne's western suburbs such as Melton and Wyndham.

Segment expenses increased $7.8 million compared to prior year due to $3.6 million of redundancy, restructuring and program implementation costs associated with business efficiency initiatives and higher labour and Gas Access Arrangement Review (GAAR) preparation costs.

The reduction in capital expenditure has arisen from our mains renewal program (replacement of old cast iron and steel pipelines) primarily due to delays experienced in program delivery.

Commercial energy services

	FY2017	FY2016	Movement	%
Segment revenue ($M)	**221.4**	192.8	28.6	14.8
Segment result – EBITDA ($M)	**59.8**	48.6	11.2	23.0
EBITDA Margin (%)	**27.0**	25.2	1.8	7.1
Capital expenditure ($M)	**132.7**	21.1	111.6	528.9

The commercial energy services business consists of contracted infrastructure services, emerging energy markets, metering services and asset intelligence services. The contracted infrastructure services component owns and operates a portfolio of infrastructure assets that fall outside the regulated asset base (the largest of which is the Wonthaggi desalination plant connection). The investments are made through directly negotiated agreements, priced either based on an approved negotiating framework or competitively, pursuant to which AusNet Services typically receives revenue over the contract period in exchange for the network service and infrastructure provided.

The customers of this business are primarily operating in the utility and essential infrastructure sectors such as electricity, water, gas and rail companies.

During FY2017, commercial energy services completed the acquisition of Mortlake Terminal Station for $116 million, which was the primary driver for increased capital expenditure. This acquisition in June 2016, along with other unregulated connection agreements, drove higher revenues and EBITDA. New contracts and growth in existing contracts, resulted in a 1.8 per cent improvement in EBITDA margin despite incurring $1.6 million of redundancy and consulting costs relating to the refocus of the commercial energy services business.

Outlook

Our Focus 2021 strategy demonstrates a strong focus to reach our goal of becoming a leading modern energy company with a diverse business portfolio. We aim to lead network transformation in our regulated energy services business, grow our commercial energy services, drive efficiency and effectiveness, and generate trust and respect with customers and partners. Together with a new organisational structure, AusNet Services will accelerate its efforts to build high performing businesses. Key objectives are:

- Operate all three core networks in the top quartile of efficiency benchmarks;
- Target $1 billion in contracted energy infrastructure assets by 2021; and
- Grow specialist services to essential infrastructure operators.

AusNet Services will continue to determine future dividends by reference to operating cash flows after servicing all of its maintenance capital expenditure and a portion of its growth capital expenditure. For the 2018 financial year, AusNet Services expects, subject to business conditions, to increase dividends to 9.25cps from 8.80cps (up around 5%) and also expects the dividend to be unfranked (based on estimated net income tax payable).

ASX & SGX-ST Release

Dividend key dates

The 2017 final dividend of 5.40 Australian cps, comprising 4.40cps final dividend and a 1.00cps special dividend is unfranked.

Important dates:

23 May 2017	SGX-ST ex-date for final dividend
24 May 2017	ASX ex-date for final dividend
25 May 2017	Record date to identify shareholders entitled to final dividend
26 May 2017	Last election date for participation in DRP for final dividend
27 June 2017	Payment of final dividend

The Dividend Reinvestment Program (DRP) will be in operation for the 2017 final dividend at a 0% discount to the average trading price. The average trading price will be the average of the volume weighted average price of shares sold in ordinary market transactions on the ASX between 29 May 2017 and 9 June 2017 (inclusive).

For further information please refer to the DRP Rules at www.ausnetservices.com.au.

About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating around $12 billion of assets. The company owns and operations three regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network. The company also has a Commercial Energy Services division, focusing on unregulated opportunities, including contracted infrastructure, asset intelligence, metering services and emerging energy markets.

Headquartered in Melbourne, Australia, AusNet Services employs around 2,200 people to service around 1.4m customers and is listed on the Australian Securities Exchange (ASX: AST) and the Singapore Stock Exchange (SGX-ST: AZI.SI).

For more information visit AusNet Services' website, www.ausnetservices.com.au.

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Full Year 2017 Results

For the financial year ended 31 March 2017

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Introduction

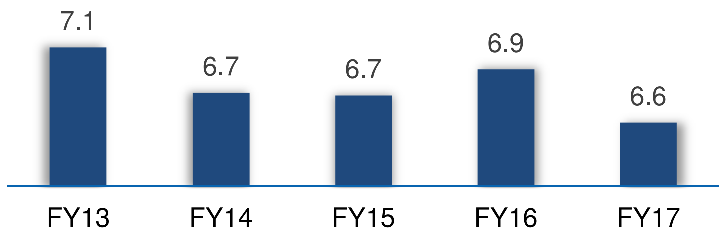
Financial Performance

Operational Review

Outlook

Safety Mission & Performance

- **About missionZero**
  - Symbolises our safety vision and values. When it comes to the safety of our people our target is ZERO injuries.
  - Strategy focused on strong safety leadership and safe behaviour, creation of safe work environments and improved systems and measurement.
- **FY17 Recordable Injury Frequency Rate (RIFR) = 6.59, lowest on record.**
- **Prevention activities define performance:**
  - Critical Risk Statement development
  - >33,000 missionZero conversations
  - >500 people complete missionZero training programs
  - 33% reduction in >10 day injuries from 12 to 8



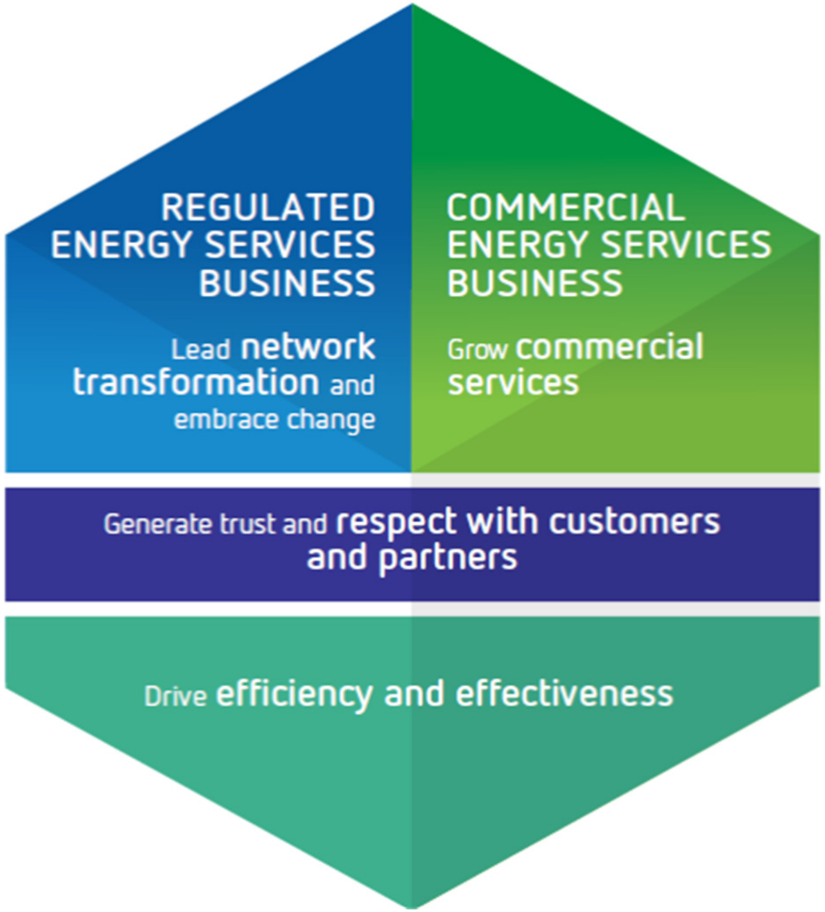
Focus 2021

FY17 was year one of our five year plan

Build a portfolio of high performing and sustainable Regulated and Commercial Energy Services businesses

Focus 2021 targets:

- Operate all three core networks in the top quartile of efficiency benchmarks
- Grow our:
  - contracted energy infrastructure asset base to $1bn
  - specialist services to essential infrastructure operators



Investment Proposition & FY17 Highlights

Stable and predictable

- Australia's largest ASX-listed regulated energy infrastructure company.
- ~85% of total revenues are regulated and inflation-protected.
- 100% control, own and operate asset base, through simple and transparent structure.
- Long-term maintenance of A-range credit rating, underpinned by prudent and sustainable financial settings.
- Lower risk profile through diversified funding sources and extended debt tenors.
- ~70% of total revenues locked-in until FY20 under current regulatory determinations.

Shareholder returns

- 12-month total shareholder returns of 21% to 31 March 2017 (8% to 31 March 2016).
- Cash flows from operations up 4.6% in FY17 to $743m (FY16:$710m), fully funding dividends.
- Approved 1cps special final FY17 dividend, as a result of lower than expected income tax payable.
- FY17 dividend growth of 3%, excluding special dividend.
- FY18 dividend growth guidance of 5% (based on FY17 dividend of 8.80cps), subject to business conditions.

Asset base growth

- $8.8bn Regulated Asset Base, forecast growth of 3% p.a. to FY20.
- $0.54bn Contracted Asset Base, targeting $1bn by FY21.
- Asset Base represents critical energy delivery infrastructure in the National Electricity Market (NEM).
- Growth supported by strong operating cash flows and access to competitive financing.
- Network assets positioned in major population growth corridors driving substantial network investment and new customer connections.

Operational outperformance

- Electricity Transmission and Gas Distribution networks currently efficient.
- Targeting top-quartile performance for Electricity Distribution by FY20.
- Realised $47m in efficiency benefits in FY17 (capex/opex).
- Outperforming network safety and reliability targets.

Productivity & Efficiency

Realised $47m of efficiency benefits (capex / opex) in FY17

AusNet services

Cost reduction levers	Description
Automation	Leveraging ERP platform to eliminate or reduce burden of manual processes. › Asset management data maintenance contract outsourced. Field data sent offshore for processing and stored for future decision making. › Scoping of ~100,000 sites that require vibration control now conducted offshore.
Procurement	Centralised buying to support efficient project delivery through supplier consolidation and contractor panel arrangements. › Greater spend visibility, lower unit pricing and process efficiency. › Contractor arrangements that incentivise volume discounts and innovation. › Leveraging supplier relationships to drive savings.
Productivity & Utilisation	Improved management of resources. › Better integration/bundling of work orders to optimise project delivery. › Centralisation of planning and scheduling, enabling better coordination over work flows.
Organisational Alignment	Optimising the organisational structure, removing managerial layers and duplicated functions. › 10% FTE headcount reduction in FY17. › Implemented operating model change. › Performance Management Unit providing governance structure for sustained cost-reduction effort.
Delivery Model	Adjustments to the balance of internal vs. external sourced work. › IT and Business Process Outsourcing (BPO) on track for completion in FY18. › Customer service centre consolidation.
Volume Reduction	Decreasing the volume of work undertaken through better analytics. › Decreasing field force wastage (e.g. cancelled jobs) through more effective planning and scheduling.

Energy Policy Requires Urgent, National Reform

Develop and implement a bi-partisan national reform blueprint to deliver the NEM of the future

- We see the Finkel Review as a once-in-a-generation reform opportunity. It can deliver an instructive template with a long-term focus.
- Governments at all levels have to work together to implement the Finkel Review's plans. Continued partisan politics will only exacerbate the very real issues the sector and community are facing.
- A cohesive national system is far stronger than state by state solutions.
- Transmission networks are evolving to be adaptable and flexible to various generation technologies and the changing needs of customers.
- A critical reform must be changing the way we price energy to deliver fair and affordable outcomes.
- AusNet Services is focussed on managing its networks through this transition to deliver long-term value to both investors and consumers.

Financial Performance

Financial Performance

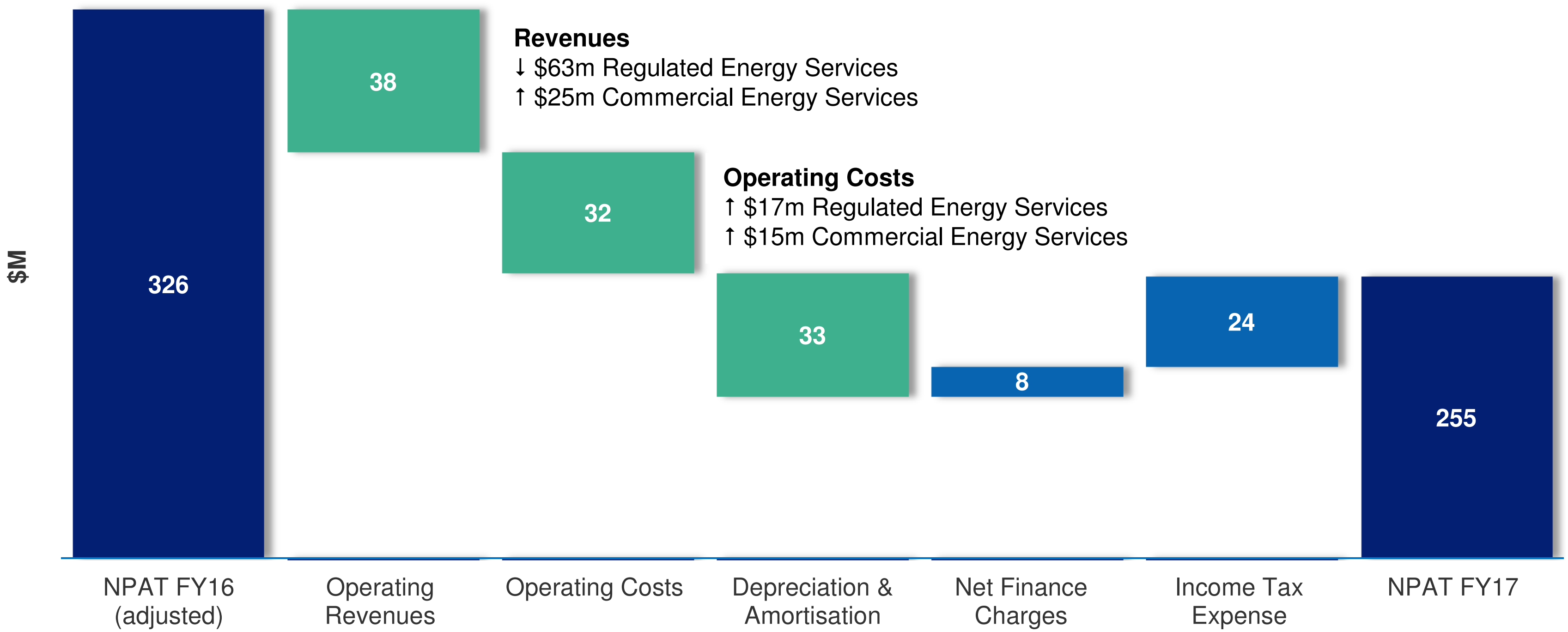
- Revenues impacted by EDPR 2016-20 WACC reset.
- Lower statutory NPAT driven by one-off benefits in prior year (Restructure and ATO Settlement).
- A number of items impacted costs during the year:
  - October storm ($11m)
  - IT asset write-off ($9m)
  - IT and BPO outsourcing costs ($17m)
- Cash flow from operations up due to lower cash tax (↓$92m) and lower net finance costs (↓$12m).

A$M	FY 2017	FY 2016	Variance
Statutory Result			
Revenues	**1,881.5**	1,919.0	-2.0%
EBITDA	**1,073.3**	1,142.5	-6.1%
EBIT	**647.4**	750.2	-13.7%
PBT	**363.3**	457.9	-20.7%
NPAT	**255.1**	489.3	-47.9%
Cash flow from operations	**742.8**	710.0	4.6%
Adjusted NPAT	**255.1**	326.2	-21.8%
Ordinary dividends (cps)	**8.80**	8.53	3.2%
Special dividend (cps)	**1.00**	0.00	100%

Note - *Refer to appendices for FY16 adjusted NPAT .*

NPAT Performance

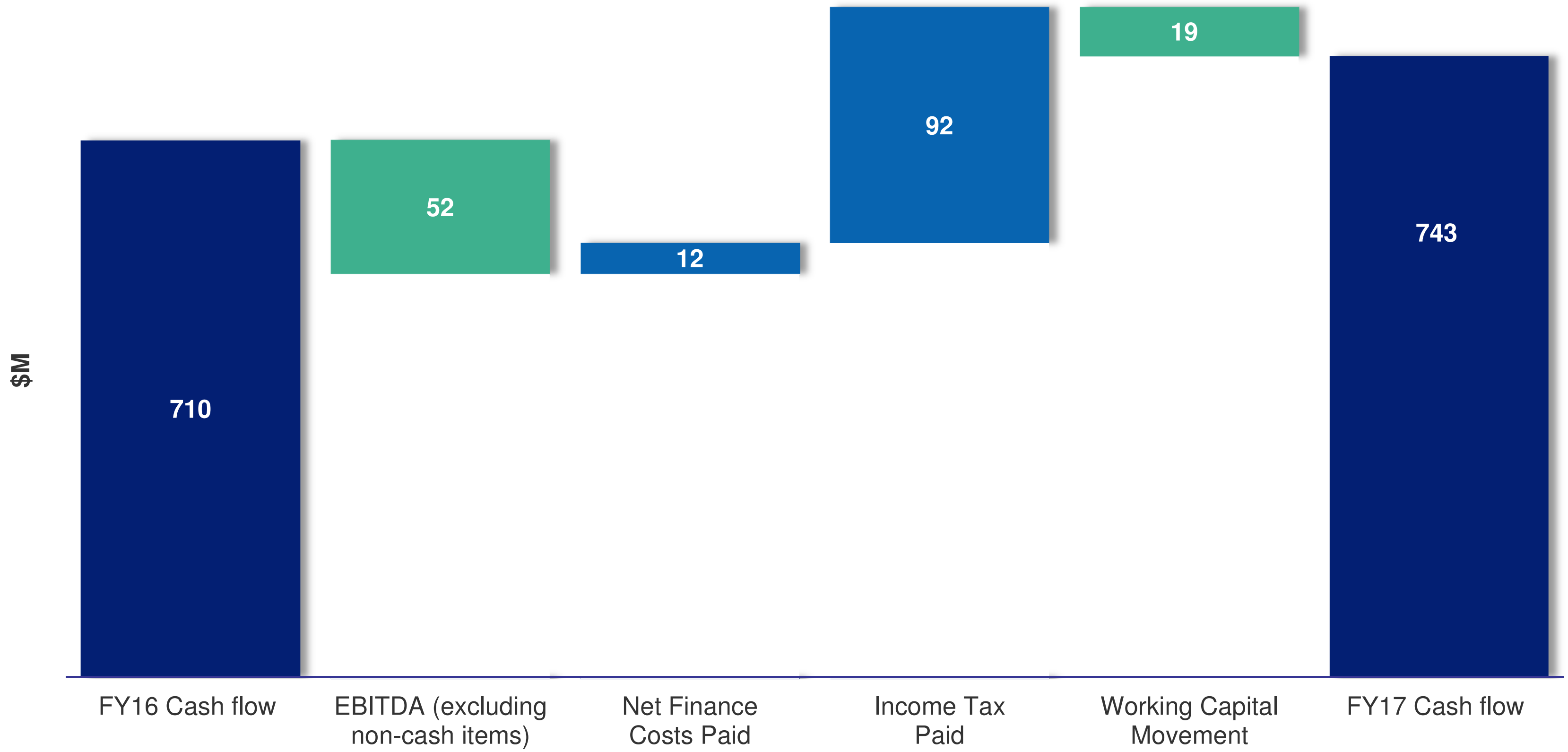
- NPAT impacted by EDPR 2016-20 WACC reset.
- Regulated Energy Services (RES) operating cost performance impacted by a $24m increase in one-off type costs.
- Commercial Energy Services (CES) operating cost performance driven by strategic refocus and new contract wins.
- Depreciation and Amortisation higher due to short life metering assets and decommissioning of synchronous condensers.



***Note** - Refer to appendices for reconciliation of FY16 adjusted result to statutory result.*
RES and CES allocation of revenue/expense change excludes inter-segment revenue/expense.

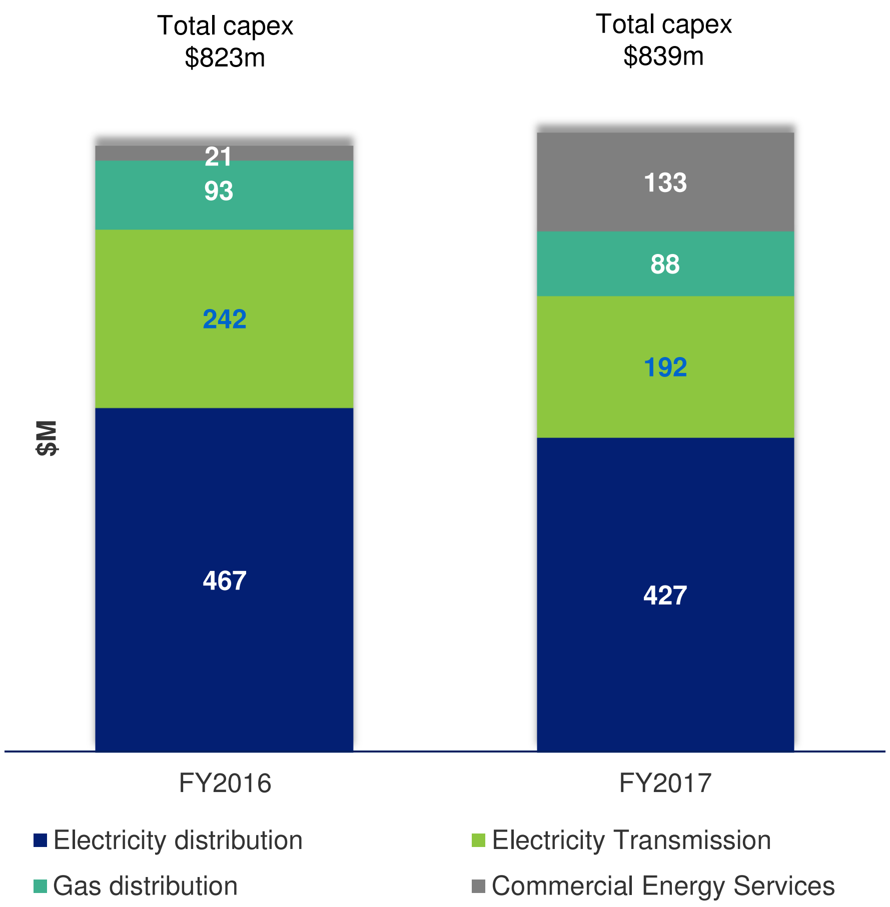
Cash Flow from Operations

- Conclusion of all ATO disputes in prior year, driving lower FY17 tax paid and higher operating cash flows.
- Working capital movement includes $29m AMI rebate paid in FY16.



Capital Expenditure

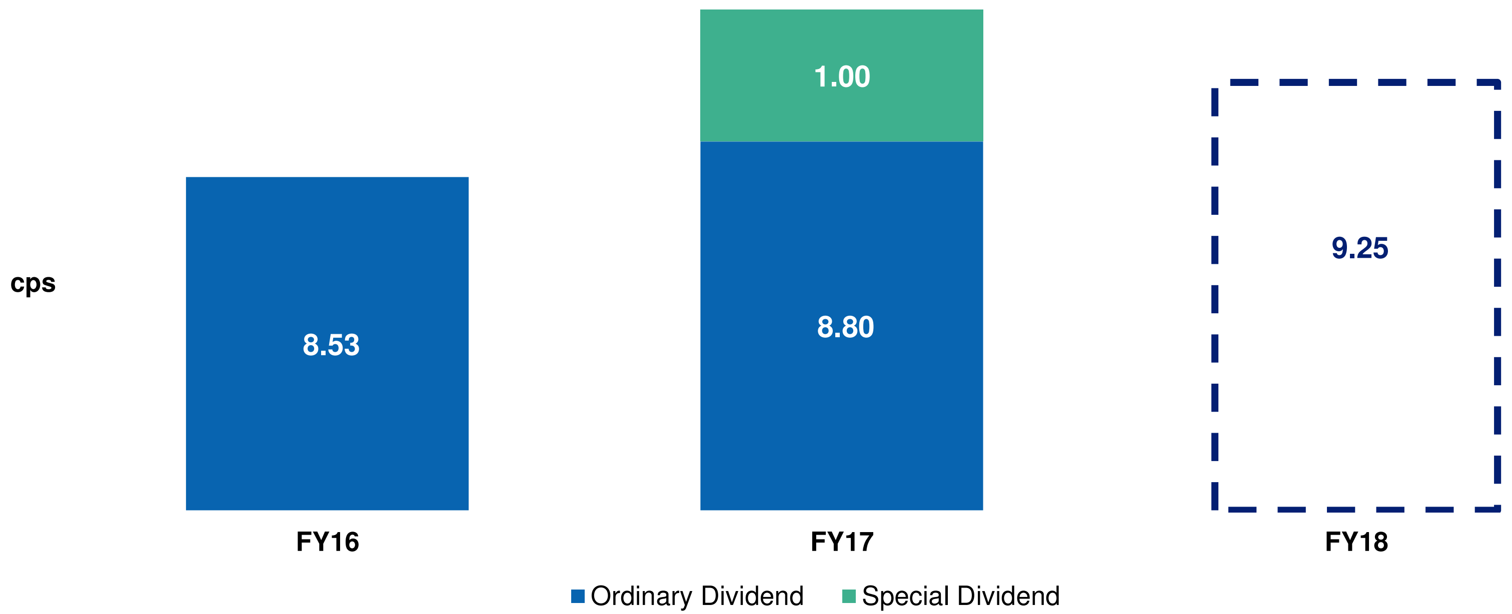
- Total FY17 capex comprising **$507m** growth capex and **$332m** maintenance capex.
- Net regulatory depreciation of **$294m** (regulatory depreciation $461m *less* indexation $167m).
- Commercial Energy Services investment higher due to **$116m** Mortlake Terminal Station acquisition.
- Lower Electricity Transmission capex due to completion of Brunswick Terminal Station rebuild (↓$46m).
- Lower Electricity Distribution spend due to completion of Metering program (↓$31m).
- Gas distribution focus on low pressure mains replacement and residential connections.



Note - *FY17 capital expenditure includes customer contributions of $53m (FY16:$63m)*

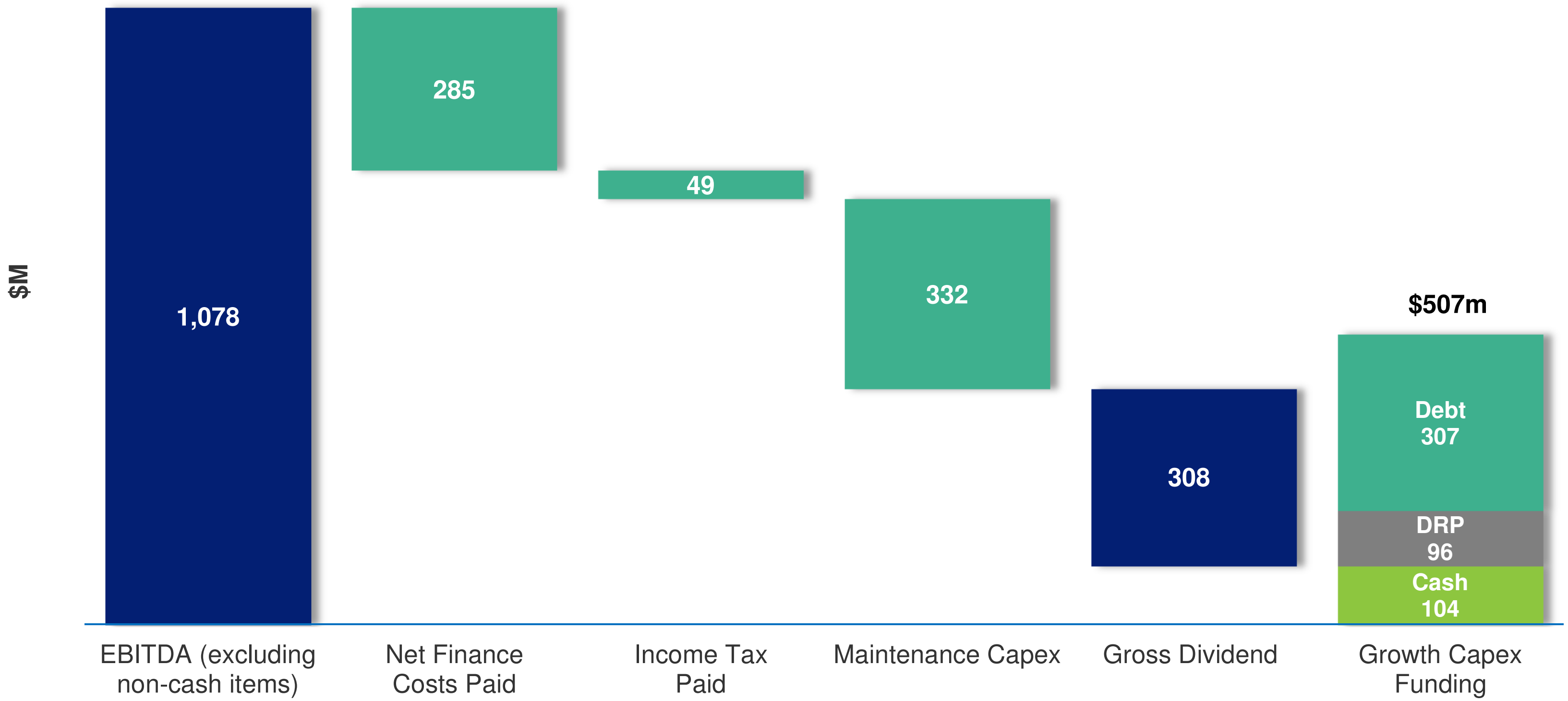
Dividends

- FY17 ordinary dividends of **8.80cps,** comprising:
  - 4.4 cps interim dividend (50% franked)
  - 4.4 cps final dividend (unfranked)
- FY17 special dividend of **1.0cps** (unfranked), as a result of lower than expected income tax payable.
- DRP in operation for final FY17 dividend (ordinary and special), at **0%** discount.
- FY18 dividend guidance of **9.25cps up 5% on 8.80cps,** subject to business conditions.
- FY18 dividend expected to be unfranked, based on estimated net income tax payable.



Dividend & Growth Capex Funding

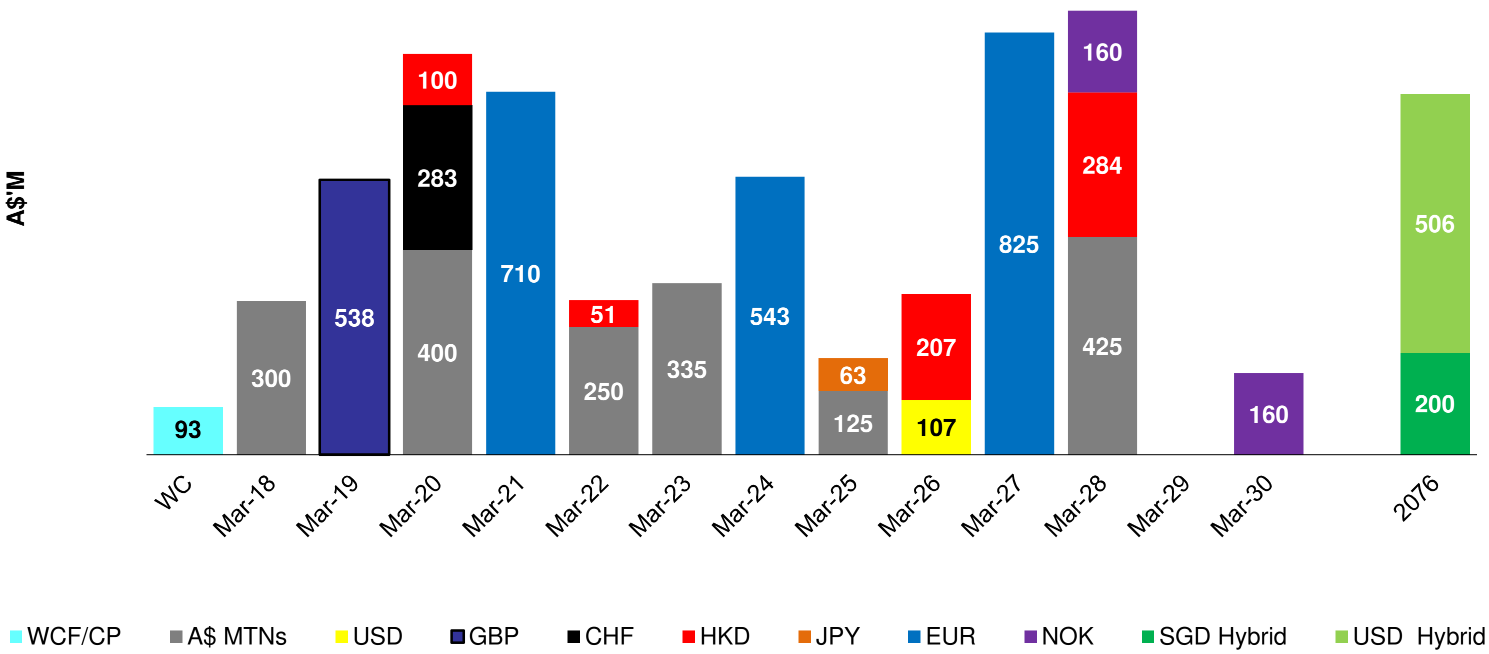
- Dividends remain fully covered by strong net operating cash flows (for which EBITDA is used as a proxy when considering dividends).
- Growth capex funded from a mix of operating cash flows debt and DRP.



***Note**: FY17 working capital movement immaterial*

Diversified Debt Portfolio

- **$6,354m** net debt hedged against movements in interest rates **(98%).**
- As at 31 March 2017, AusNet Services had **A$525m** of undrawn, committed bank debt facilities.
- Raised ~**$900m** in offshore and local markets at competitive rates.



Note
Net debt = Debt at face value ($6,683M) less cash / cash equivalents of $329M. Offshore debt shown at hedged rates (face value).
First call date for SGD and USD hybrid securities is in September 2021

Sound Fundamentals

Financial Metrics	31-Mar-17	31-Mar-16
Market Capitalisation	**$6.1bn**	$5.3bn
Total Assets	**$11.8bn**	$11.7bn
Regulated / Contracted Asset Base	**$9.4bn**	$8.9bn
Total Borrowings	**$6.7bn**	$6.9bn
Net Debt [1]	**$6.3bn**	$6.5bn
Net Gearing (CV) [2]	**63%**	64%
Net Debt (FV) to Regulated / Contracted Asset Base [3]	**68%**	67%
Interest Cover [4]	**3.2x**	3.0x
Credit Ratings (S&P / Moody's)	**A- / A3**	A- / A3

Note

1. Net debt is debt at carrying value. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit.

2. Calculated as net debt at carrying value divided by net debt at carrying value plus equity.

3. Debt at face value less cash divided by Regulated / Contracted Asset Base. Demonstrates how AusNet Services funds its capex in terms of debt vs. income generating assets. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit.

4. Calculated as EBITDA less customer contributions and tax paid, divided by net interest expense (including return on desalination licence receivable). This is how interest cover is measured for internal management purposes, as it provides an accurate reflection of how after-tax operating cash flows are used to meet interest payments. Includes full amount of $A706m in Hybrids, despite receiving 50% equity credit.

Operational Review

Regulated Energy Services

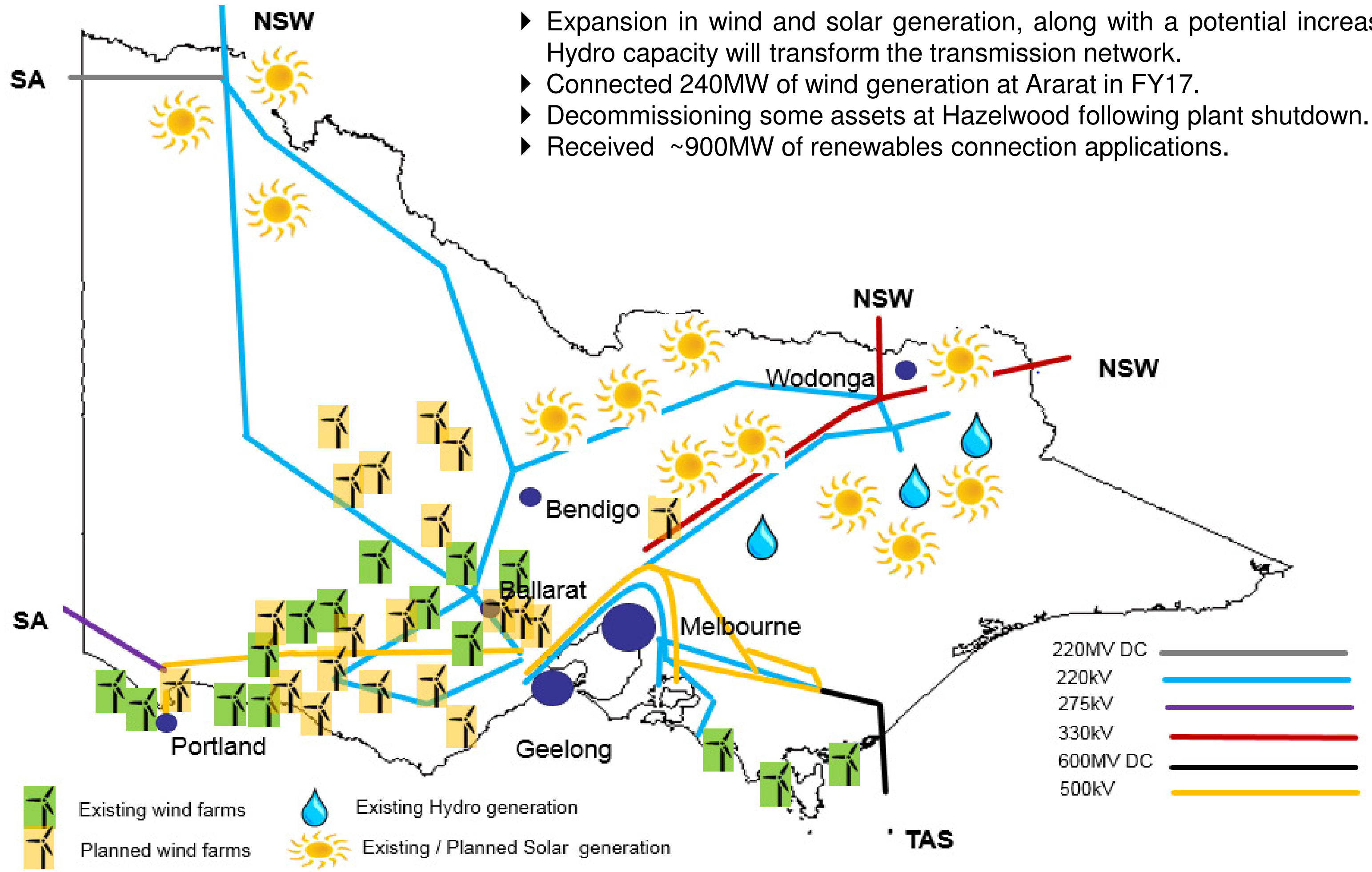
Electricity Transmission Network

- CBD terminal station rebuilds:
  - Completion of ~**$180M** Brunswick Terminal Station rebuild with zero safety incidents.
  - Richmond Terminal Station rebuild 70% complete, due to conclude mid-2018.
  - Work commenced at West Melbourne Terminal Station.
- Additional **$7m** in depreciation charges recognised in relation to early decommissioning of three synchronous condensers no longer required.
- Early retirement of Hazelwood and other assets to impact depreciation and amortisation by **$10m** in FY18.
- Working closely with AEMO to minimise disruption to the Heywood interconnector while achieving essential maintenance.

	31-Mar-17	31-Mar-16	Variance
Revenue	**586.0**	590.1	-0.7%
EBITDA	**381.4**	381.3	0.0%
EBITDA Margin	**65.1%**	64.6%	0.5%
EBIT	**274.5**	286.7	-4.3%
EBIT Margin	**46.8%**	48.6%	-1.8%
Regulated Asset Base	**3,373**	3,264	3.3%

Transmission Network of the Future

- Expansion in wind and solar generation, along with a potential increase in Hydro capacity will transform the transmission network.
- Connected 240MW of wind generation at Ararat in FY17.
- Decommissioning some assets at Hazelwood following plant shutdown.
- Received ~900MW of renewables connection applications.



Electricity Transmission Network

Transmission Revenue Reset (TRR) Final Decision 2017-22

- AER final decision received on 28 April 2017.
- The Final Decision approved a ~25% increase in capital expenditure for AusNet Services compared to the Draft Decision.
- The AER approved sufficient funding to maintain existing safety standards on our network.
- The Final Decision funds key transmission projects, particularly the replacement and refurbishment of several major terminal stations, which are critical to providing a safe and reliable electricity supply to the Melbourne CBD.
- An increase in the easement land tax forecast for the 2017-22 period contributed to the higher revenue and operating expenditure. This is a pass through item.
- The AER has not accepted AusNet Services' proposed value of imputation credits (known as gamma), preferring a value which is consistent with the AER's position in appeals, which are currently before the Federal Court of Australia.
- AusNet Services is appealing gamma to ensure the Federal Court decision can be applied to this period.

Electricity Distribution Network

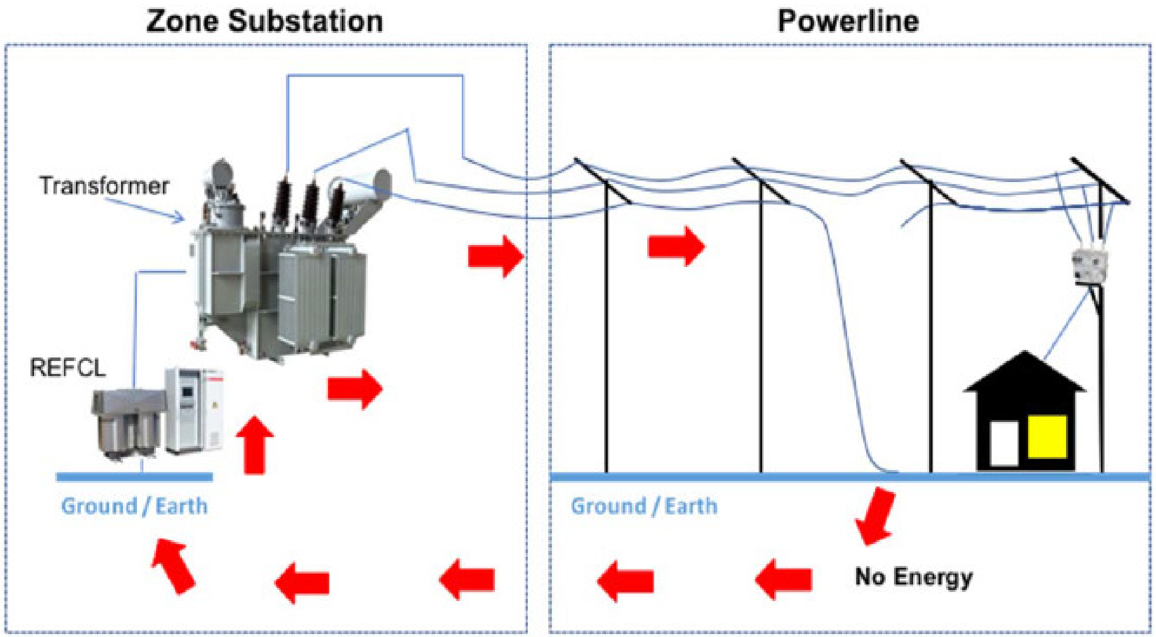
- Revenue impacted by lower WACC with regulated price movement down **5.7%** in CY16.
- FY17 Metering revenue **$93m** (FY16:$147m).
- CY17 revenue cap **$642m**, inclusive of **$39m** of reliability incentives STPIS (CY16 revenue cap : $606m).
- October 2016 storm impact:
  - ~**$11m** Guaranteed Service Level payments recognised in second half FY17.
  - Without Distribution feeder Automation system, outage would have affected ~**150,000** customers vs ~**80,000.**
- EDPR 2016-20 appeals remain outstanding **(~$70m** upside).
- Ring-fencing guidelines released in December 2016, full compliance required by 1 Jan 2018.

	31-Mar-17	31-Mar-16	Variance
Revenue	**868.2**	963.6	-9.9%
EBITDA	**467.7**	575.9	-18.8%
EBITDA Margin	**53.9%**	59.8%	-5.9%
EBIT	**215.8**	341.1	-36.7%
EBIT Margin	**24.9%**	35.4%	-10.5%
Connections	**705,186**	691,378	2.0%
Regulated Asset Base	**3,949**	3,764	4.9%

Bushfire Mitigation Investment

Rapid Earth Fault Current Limiter (REFCL)

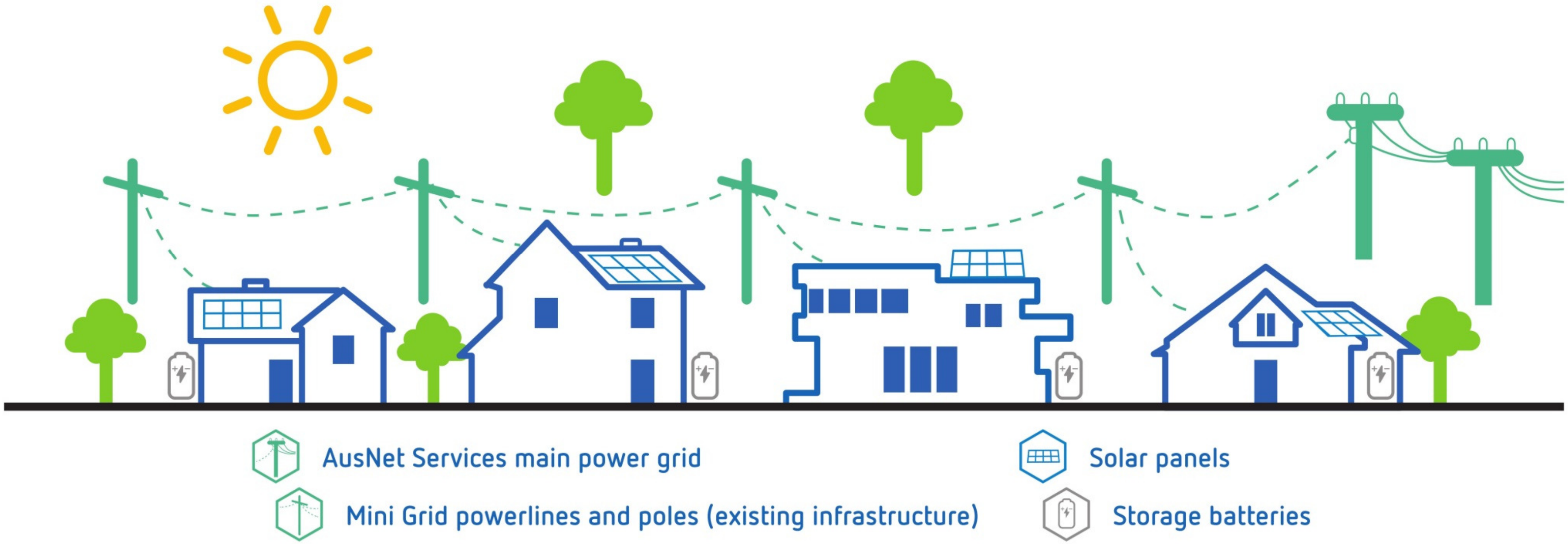
- Cuts fault current within milliseconds in the event of a single phase to ground fault (e.g. a fallen line) delivering increased level of protection from possibility of fire starts.
- Working closely with Energy Safe Victoria and Powercor to mitigate compliance risks.
- The first full REFCL unit was commissioned in February 2017 at AusNet Services' Woori Yallock zone substation.
- Estimated $275m-$350m investment between CY2017-CY2023, incremental to EDPR 2016-20 capex allowance.
- Seeking AER approval of Tranche 1 capex of $108m for CY17 & CY18.
- If approved, expenditure will earn a similar WACC return to EDPR 2016-2020. A final decision is expected in August 2017.



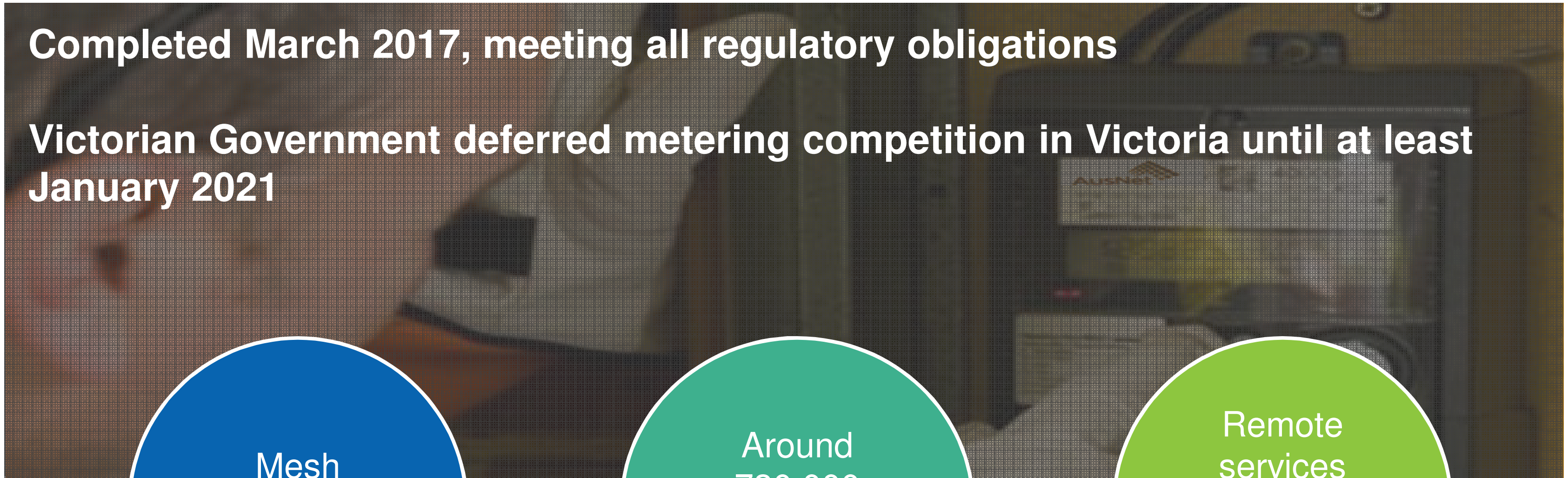
Window to the Future - Network Modernisation

Mooroolbark Mini Grid Project

- 14 co-located grid connected homes equipped with solar panels, battery storage, energy portfolio management systems and a customer web-portal.
- Individual participants capture, store and optimise the use of both solar and grid energy and have the ability to operate with other participants or being either grid connected or temporarily islanded during network outages.
- In March 2017, we successfully separated and re-integrated the Mooroolbark mini grid to and from the main grid.



Metering Program



Completed March 2017, meeting all regulatory obligations

Victorian Government deferred metering competition in Victoria until at least January 2021

Mesh deployment completed

Around 730,000 meters converted

Remote services enabled across entire meter fleet

Excess expenditure summary

- Cumulative (CY13-CY15) disallowed expenditure $135m under Cost Recovery Order in Council (CROIC).
- Capital expenditure of $110m for the 12 months to 31 December 2016.
- Metering revenue of $53m to be returned through lower CY18-CY20 tariffs.

Gas Distribution Network

- Higher revenues due to a **4.5%** tariff increase for CY16 and phasing of tariffs in CY16 and CY17.
- Additional **$10m** revenues recognised due to billing adjustments from prior periods.
- Increase in new connections, due to strong residential housing activity in Melbourne's western suburbs, Melton and Wyndham.
- Low pressure mains renewal program reducing risk of leaks, improving system capacity, reliability and reducing costs.
- Corio City Gate rebuild:
  - Sole supply to Geelong, 150,000 customers including several major industrial users;
  - Upgrade undertaken without interruption to downstream supply and successfully completed within a 48 hour window.

	31-Mar-17	31-Mar-16	Variance
Revenue	**224.3**	188.8	18.8%
EBITDA	**164.4**	136.7	20.3%
EBITDA Margin	**73.3%**	72.4%	0.9%
EBIT	**115.7**	88.6	30.6%
EBIT Margin	**51.6%**	46.9%	4.7%
Volume (PJ)	**66.3**	66.9	-0.9%
Connections	**676,035**	660,924	2.3%
Regulated Asset Base	**1,504**	1,461	2.9%

Gas Access Arrangement Review 2018-22

Safe. Affordable. Efficient.

- Submitted GAAR 2018-22 proposal to the AER in December 2016:
  - Continue improving the safety of the 11,000 kilometre pipeline network by removing and replacing old and deteriorating assets. All low pressure mains are expected to be replaced by 2025;
  - Connect more than 83,000 new customers, with growth forecast at two per cent a year from 2018 to 2022;
  - Encourage greater use of gas in regional areas and promote the cost and amenity benefits of gas consumption; and
  - Improve customer and stakeholder engagement to ensure we are delivering what the community needs and expects.
  - Draft decision expected June 2017, final decision expected November 2017.

Commercial Energy Services

Commercial Energy Services

Business Overview

Select Solutions

Infrastructure Services

Building, owning and operating Contracted Energy Infrastructure

$1bn

$540m

Asset Intelligence

IP-centric technology business specialising in location, condition and visualisation solutions for asset intensive industries

Geomatic Technologies

Utility & Metering Solutions

Energy intelligence, data analytics & energy management

select solutions

Emerging Energy Markets

Innovation for new energy models. with a view to commercialisation of products

FREE ELECTRONS

mondo™ Empowering your energy future

Totally Renewable Yackandandah

Commercial Energy Services

- EBITDA increase driven by acquisition of Mortlake Terminal Station **($116m)** in June 2016 and growth in new and existing service contracts.
- Some one-off costs were incurred throughout FY17 in support of the ongoing Select Solutions refocus to higher margin and IP related services.
- Select Solutions named in Australia's 50 Most Innovative Companies for 2016 by the Australian Financial Review.
- Launched a community grid brand 'Mondo Power'.
- Launched the 'Free Electrons' program with 7 other global utilities.
- Strong pipeline of growth opportunities within core focus areas.

	31-Mar-17	31-Mar-16	Variance
Revenue	**221.4**	192.8	14.8%
EBITDA	**59.8**	48.6	23.0%
EBITDA Margin	**27.0%**	25.2%	1.8%
EBIT	**41.4**	33.8	22.4%
EBIT Margin	**18.7%**	17.5%	1.2%
Contracted Infrastructure Asset Base	**540**	443	21.9%

Contracted Infrastructure

Opportunity Pipeline >2,300 MW

Investment Criteria

Term	A useful life of 10+ years.
Counterparty	Credible and Long Term.
Investment Priorities	Capitalise on AusNet Services' expertise and competitive advantages. Secure attractive returns with stable, long-term cash flows. Seek strategic partnerships with aligned values. Focus on renewable generation connections and large HV assets. Geographical spread of assets across the NEM.

Waubra Wind Farm

Example of a greenfield connection project
- ~200MW of generation
- ACCIONA developed wind farm

Mortlake Terminal Station

Example of a brownfield acquisition project
- ~550 MW of gas-fired generation
- Origin Energy counterparty
- Asset value ~$116m

Outlook

Outlook

- During this time of unprecedented change in the energy sector, we will continue to work with policy makers to ensure our critical infrastructure assets can continue to deliver secure, sustainable and affordable energy to our customers.
- FY18 dividend guidance of 9.25cps up 5% on 8.80cps, subject to business conditions. FY18 dividend expected to be unfranked, based on estimated net income tax payable.
- Forecast net debt to Regulated and Contracted Asset Base of <70% to FY20.
- Regulated Asset Base growth forecast at around 3% p.a. to FY20.
- Build a portfolio of high performing and sustainable regulated and contracted energy infrastructure businesses.
- Targeting $1bn of contracted energy infrastructure assets by FY21.
- Targeting top quartile of efficiency benchmarks for all three core networks.

Appendices

Financial Performance

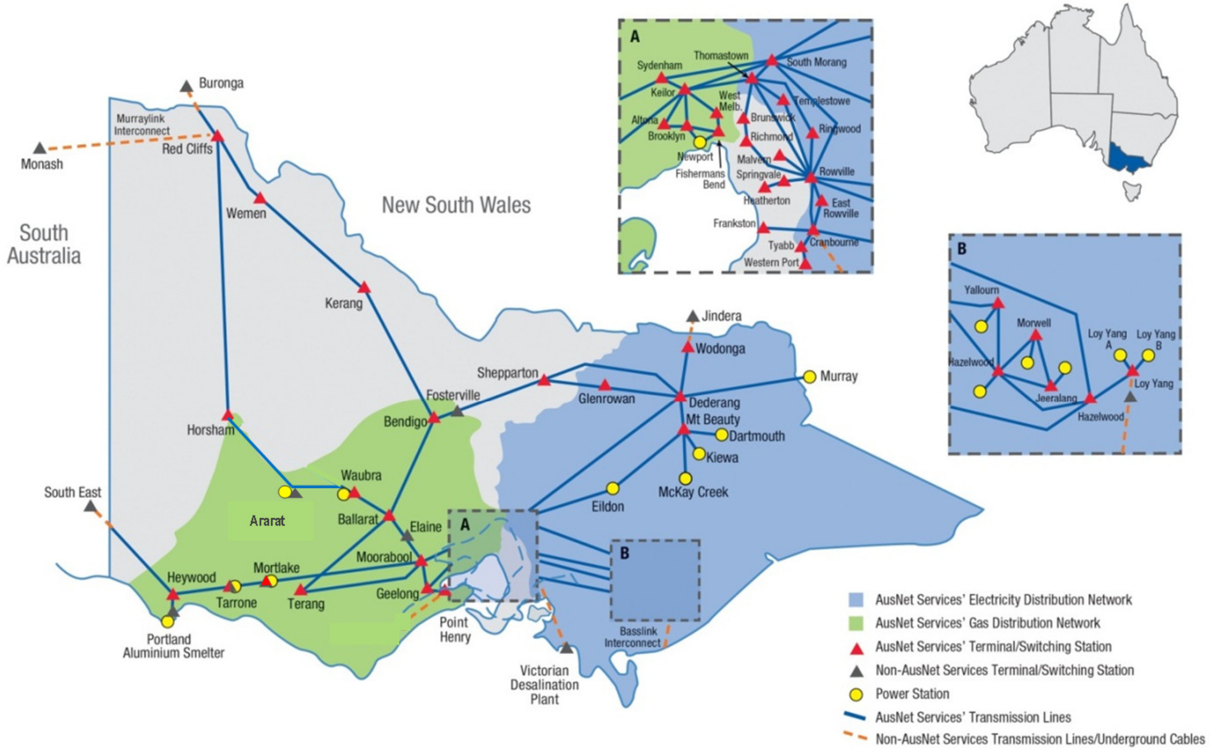
Reconciliation of FY16 statutory result to FY16 adjusted result

	NPAT ($m)		
	FY 2017	FY 2016	Change
Statutory Result	**255.1**	**489.3**	**(234.2)**
Intellectual Property settlement	-	(28.1)	(28.1)
Restructure Implementation	-	(135.0)	(135.0)
Adjusted Result	**255.1**	**326.2**	**(71.1)**

Notes

Adjusted NPAT is useful for investors as it excludes the impact of one-off transactions not incurred in the ordinary course of business. As such, it better reflects the performance of business operations.

High Quality Asset Base

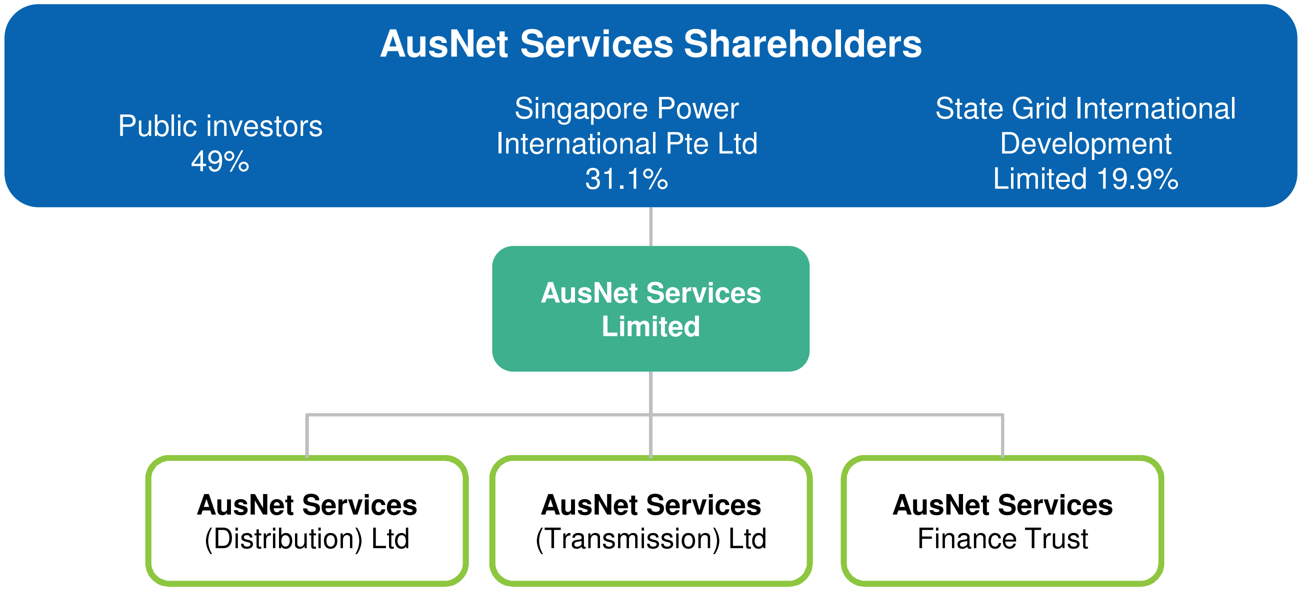


Electricity Transmission
- 6,571km of transmission lines
- 13,000 towers

Electricity distribution
- 51,933km of electricity distribution network
- 705,186 customers

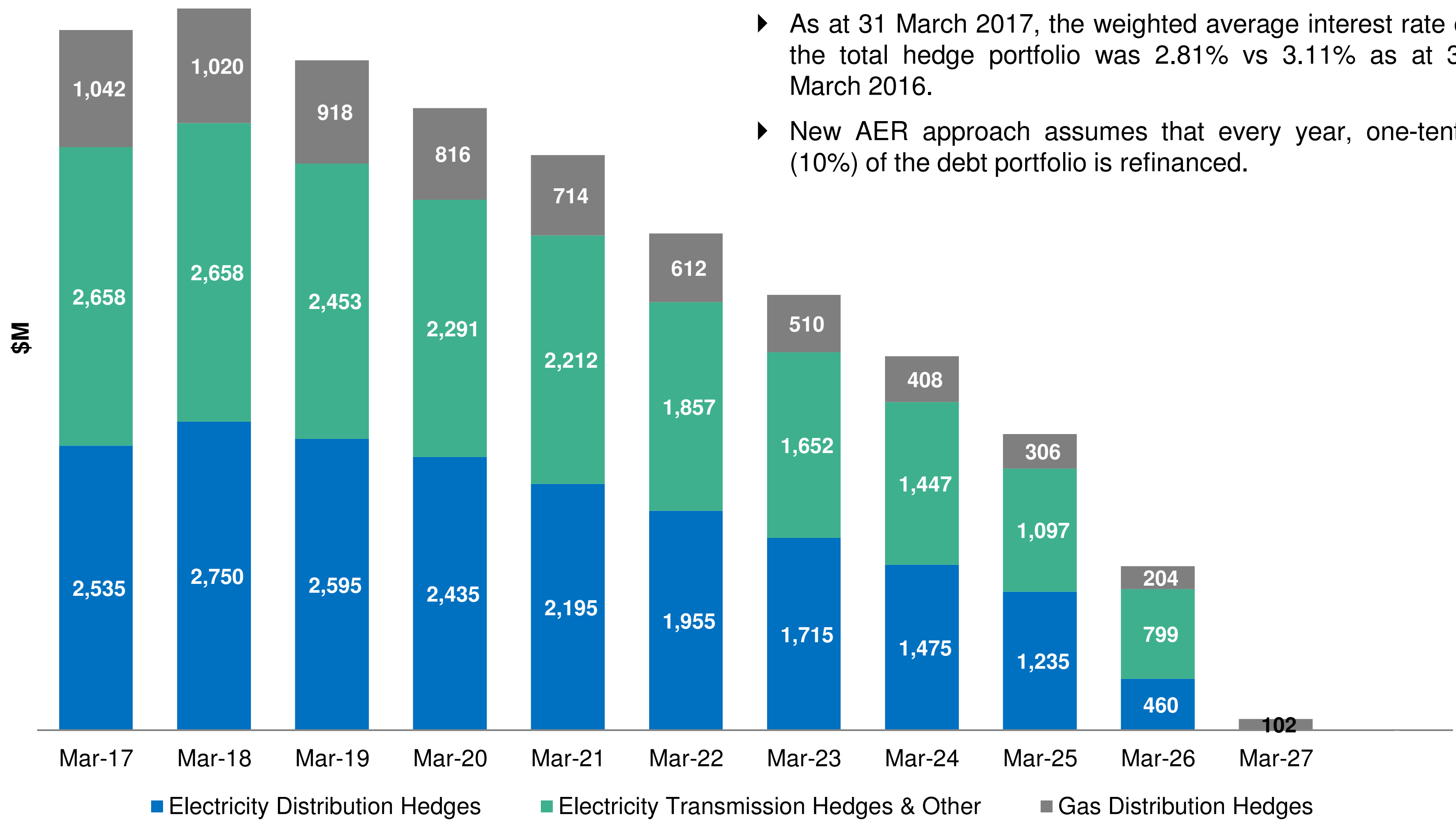
Gas distribution
- 11,109km of gas distribution network
- 676,035 customers

Current Ownership Structure



- AusNet Services 100% owns, operates and controls its assets, providing shareholders with a secure pathway to cash flows. AusNet Services is not an infrastructure fund model.
- Singapore Power is a long term investor, purchasing the original Transmission assets in 2000 and the Distribution assets in 2004, prior to the listing of AusNet Services in December 2005.
- State Grid Corporation of China is the largest utility in the world and became a substantial shareholder in AusNet Services on 3 January 2014.

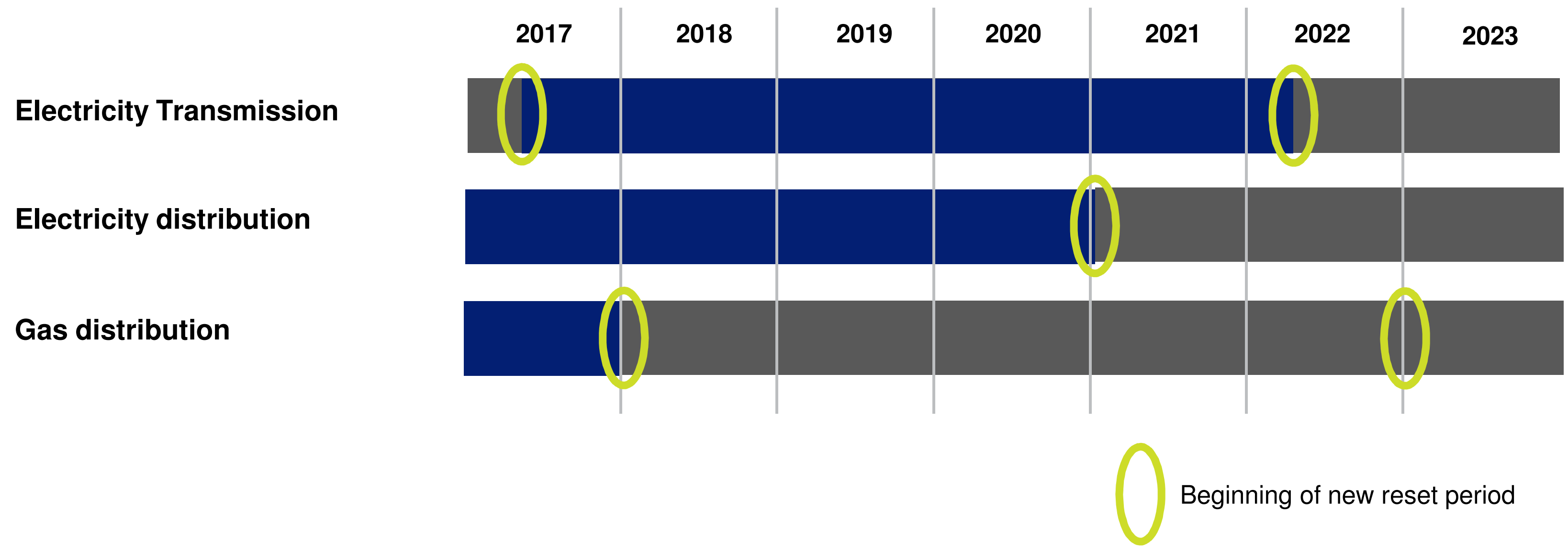
Interest Rate Hedging Profile



- As at 31 March 2017, the weighted average interest rate of the total hedge portfolio was 2.81% vs 3.11% as at 31 March 2016.
- New AER approach assumes that every year, one-tenth (10%) of the debt portfolio is refinanced.

Regulatory Reset Summary

- Diversified networks and staggered reset periods reduce regulatory risk.
- GAAR 2018-22 proposal lodged in December 2016. Draft decision expected June 2017, final decision expected November 2017.
- Around 70% of total revenues are locked-in until FY20 under current regulatory determinations.



Current Regulatory Determinations

Regulatory period	Gas distribution 2013-17	Electricity distribution 2016-20	Electricity Transmission 2017-22
Beta	0.8	0.70	0.7
Risk Free Rate	3.14%	2.93%	2.52%
Debt Risk Premium	3.35%	2.59%	2.42%
Gamma	0.25	0.40	0.40
Market Risk Premium	6.00%	6.50%	6.50%
Nominal Vanilla WACC	7.07%	6.31%	5.80%
Return on Equity	7.94%	7.50%	7.10%
Net Capex (Nominal)	$512m	$1,788m	$780m
Opex (Nominal)	$277m	$1,355m	$1,225m
Revenue (Nominal)	$952m	$3,524m	$2,742m

Note
EDPR 2016-20 is inclusive of Metering

TRR 2017 - 2022

Regulatory period	2014-17 Previous Period	2017-2022 Proposal	2017-2022 Draft decision	2017-2022 Final decision
Beta	0.8	0.89	0.7	0.7
Risk Free Rate	4.31%	3.02%	2.57%	2.52%
Debt Risk Premium	2.48%	2.35%	2.97%	2.42%
Gamma	0.65	0.25	0.40	0.40
Market Risk Premium	6.50%	8.17%	6.50%	6.50%
Nominal Vanilla WACC	7.87%	7.22%	6.16%	5.80%
Return on Equity	9.51%	10.00%	7.10%	7.10%
Net Capex (Nominal)	$552m	$815m	$622m	$780m
Opex (Nominal)	$591m	$1,182m	$1,110m	$1,225m
Revenue (Nominal)	$1,600m	$3,161m	$2,695m	$2,742m

Note – *Previous TRR 2014-17 period was a three year reset, TRR 2017-22 is a five year reset*

GAAR 2018 - 2022

Regulatory period	2013-17 Current Period	2018-2022 Proposal
Beta	0.8	0.7
Risk Free Rate	3.14%	2.04%
Debt Risk Premium	3.35%	2.48%
Gamma	0.25	0.25
Market Risk Premium	6.00%	7.50%
Nominal Vanilla WACC	7.07%	5.63%
Return on Equity	7.94%	7.30%
Net Capex (Nominal)	$512m	$521m
Opex (Nominal)	$277m	$320m
Revenue (Nominal)	$952m	$1,145m

Further information and contacts

- AusNet Services is the largest diversified energy network business in Victoria, owning and operating around $12 billion of assets.
- The company owns and operations three regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network. The company also has a Commercial Energy Services division, focusing on unregulated opportunities, including contracted infrastructure, asset intelligence, metering services and emerging energy markets.
- Headquartered in Melbourne, Australia, AusNet Services employs around 2,200 people to service around 1.4 million customers and is listed on the Australian Securities Exchange (ASX: AST) and the Singapore Stock Exchange (SGX-ST: AZI.SI).
- For more information visit www.ausnetservices.com.au

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