Wednesday, 25 October 2017

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

North America Investor Presentation

I enclose the presentation to be delivered to investors in Canada and the USA between 27 October and 2 November 2017.

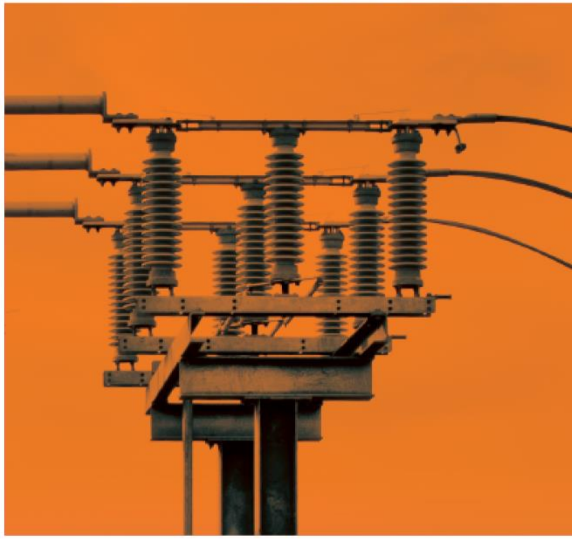
Yours faithfully,

Alexandra Finley
Company Secretary

INVESTOR PRESENTATION

NORTH AMERICA

25 OCTOBER 2017



CURRENT INVESTMENT PORTFOLIO

AUSTRALIAN BASED SPECIALIST INFRASTRUCTURE INVESTOR WITH A PORTFOLIO OF HIGH QUALITY REGULATED BUSINESSES

BUSINESS	OWNERSHIP INTEREST (%)	PROPORTIONAL HY 2017 RAB and CAB ($m)	DESCRIPTION
Victoria Power Networks (CitiPower)	49%	$941m (16% of total)	CitiPower operates the distribution network that supplies electricity to around 330,000 customers in Melbourne's CBD and inner suburbs.
Victoria Power Networks (Powercor)	49%	$1,873m (33% of total)	Powercor is the largest distributor of electricity in Victoria, operating a network that serves around 790,000 customers in central and western Victoria and the western suburbs of Melbourne.
SA Power Networks	49%	$1,948m (34% of total)	SA Power Networks is the sole operator of South Australia's electricity distribution network, supplying around 860,000 residential and commercial customers in all regions and the major population centres.
TransGrid	15%	$976m[1] (17% of total)	TransGrid is the largest high-voltage electricity transmission network in the National Electricity Market (NEM) by electricity transmitted. It connects generators, distributors and major end users in NSW and the ACT and forms the backbone of the NEM connecting QLD, NSW, VIC and the ACT.

1. Includes RAB and contracted asset base (CAB)

SPARK INFRASTRUCTURE'S STRATEGIC VISION

GROWTH IN ASSETS DELIVERING SUSTAINABLE GROWTH IN DISTRIBUTIONS

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

LEADING OPERATIONAL PERFORMANCE DRIVING GROWTH IN DISTRIBUTIONS

HY 2017 – CORPORATE STRATEGY AND FOCUS

SPARK INFRASTRUCTURE

HIGHLIGHTS

- Distributions from portfolio of $132.3 million, up 5.3% on HY 2016
- 2017 distribution guidance of 15.25 cps confirmed, up 5.2% on 2016
- Aggregated proportional EBITDA growth of 3.0% to $390.7m. After adjusting for net external finance costs, EBTDA growth of 7.0% to $305.7m
- Funding value accretive growth in portfolio
- Submitted fully funded bid for Endeavour Energy at a disciplined price and was to be significantly involved in the transition and transformation work streams and compensated through a Technical Service Agreement
- Portfolio distributions weighted towards 2H - standalone payout ratio for FY 2017 expected to be below 100%

AREAS OF FOCUS

- Ensure our networks maintain their focus on efficiency
- Continued TransGrid execution against the acquisition business plan
- Promoting grid interconnectivity e.g. new NSW/SA interconnector; increased connection to renewable energy zones
- Ensuring networks are not restricted from providing valuable system strength and inertia services
- Supporting proactive evolution of network businesses with expansion into niche areas associated with ‘behind the meter’ customer solutions, battery storage and consulting services
- Influencing policy and regulation through proactive participation

AGGREGATED PROPORTIONAL FINANCIAL PERFORMANCE

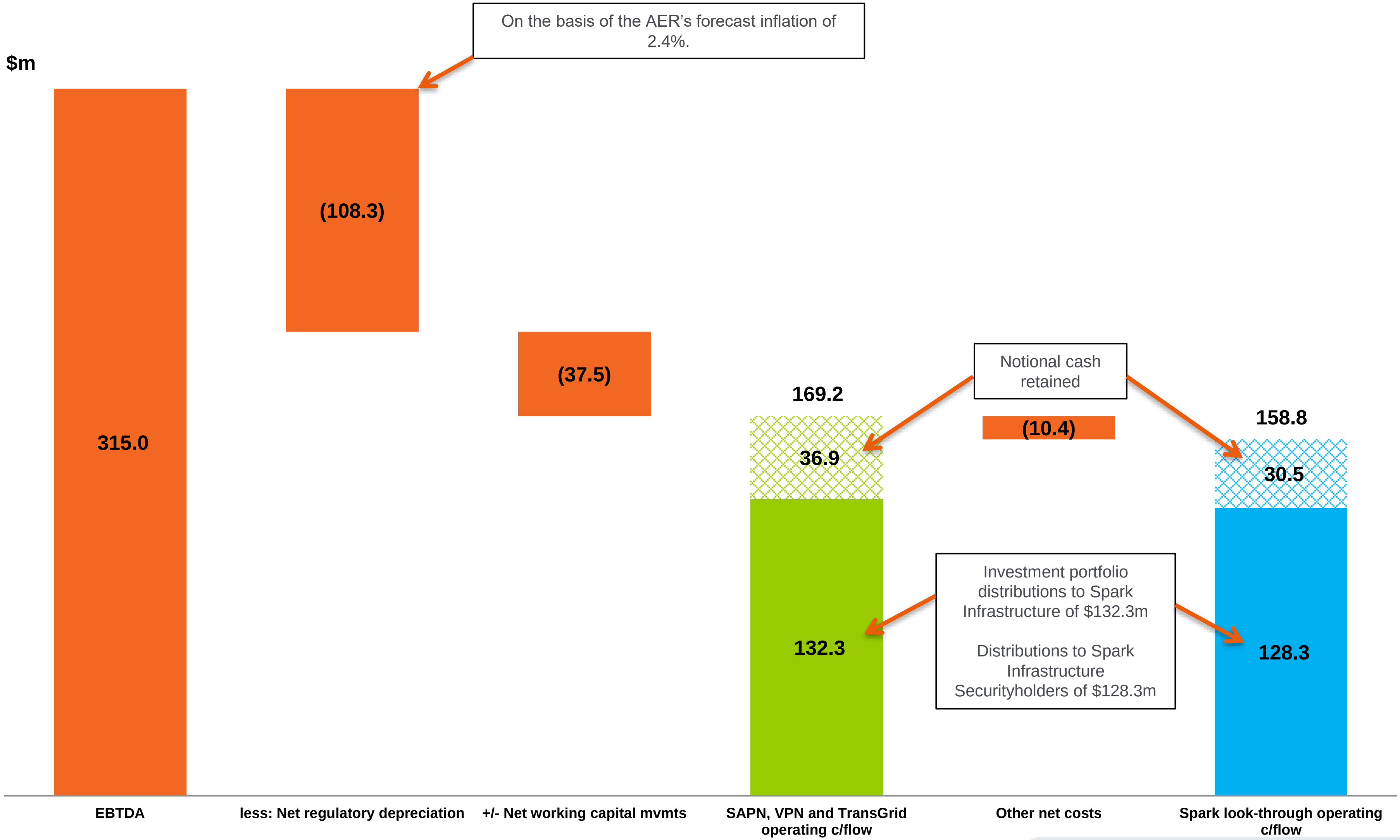
Proportional Results (Spark share)	Adjusted			Normalisation Adjustments		Non-Adjusted (statutory)	
	HY 2017	HY 2016	Change	HY 2017[1]	HY 2016[2]	HY 2017	HY 2016
	$m	$m	%	$m	$m	$m	$m
Distribution & Transmission Revenue	460.9	445.0	3.6		(12.7)	460.9	457.7
Other Revenue	127.1	135.2	(6.0)		(10.0)	127.1	145.2
Total Revenue	**588.0**	**580.2**	**1.3**			**588.0**	**602.9**
Operating Costs	(197.3)	(200.9)	(1.8)	(6.9)	(3.9)	(190.4)	(197.0)
EBITDA	**390.7**	**379.3**	**3.0**			**397.6**	**405.9**
Net External Finance Costs	(85.0)	(93.5)	(9.1)			(85.0)	(93.5)
EBTDA	**305.7**	**285.8**	**7.0**			**312.6**	**312.4**

1. HY 2017 adjustments:
   - SA Power Networks release of excess December 2016 storm provisions, ultimately not required $6.9m
2. HY 2016 adjustments :
   - Victoria Power Networks power line replacement fund provision benefit $4.4m
   - TransGrid recovery of pre-acquisition regulated revenue $8.3m
   - Victoria Power Networks one-off recovery of costs incurred in tax matters $10.0m
   - Victoria Power Networks release of 2015 provisions $3.9m

SPARK INFRASTRUCTURE AGGREGATED PROPORTIONAL EBTDA GROWTH OF 7.0%

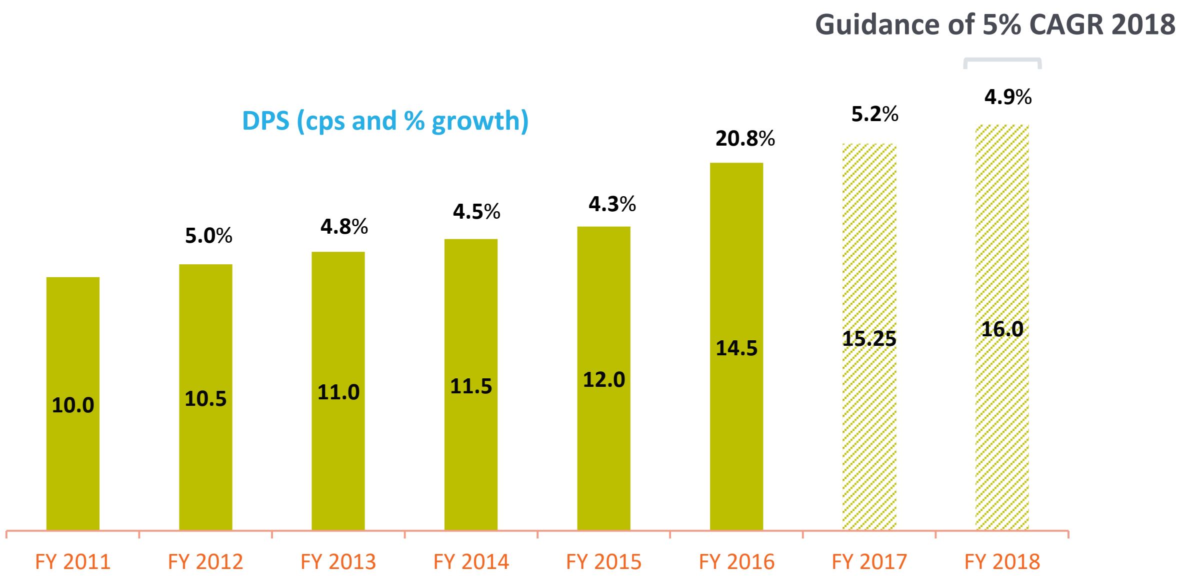
LOOK-THROUGH OPERATING CASH FLOW

PROPORTIONAL OWNERSHIP BASIS



EBTDA includes net finance charges, excludes customer contributions and gifted assets and includes 'true-up' of DUOS/TUOS to revenue cap

2017 – 2018 DISTRIBUTION GUIDANCE REAFFIRMED



- Interim distribution of 7.625 cps paid on 15 September 2017, total distributions forecast for 2017 of 15.25 cps
- The Directors have reaffirmed distribution guidance for 2018 of 16.0cps (~5% higher than 2017)
- Guidance based on expected distributions from asset portfolio and subject to business conditions

SPARK INFRASTRUCTURE'S OBJECTIVE IS TO DELIVER RETURNS IN EXCESS OF CPI IN THE CURRENT ENVIRONMENT

ASSET PERFORMANCE INITIATIVES

VICTORIA POWER NETWORKS OPERATIONAL EXCELLENCE

2014 – 2016 WORLD CLASS OPERATIONS	2017 + STRATEGY, PROGRAMS AND CHANGE

HIGHLIGHTS

World CLASS Operations Objective:

A more commercial, lean and structured organisation
Program delivered sustained totex savings of ~ $151m p.a.

Strategy, Programs and Change Objective:

Continuous improvement aligned with five strategic pillars
Current run rate $30m p.a. of benefits (2/3 opex) being delivered

Key Initiatives:

- Savings in field delivery through successful negotiation of lower rates/contractor hours
- Brought management of vegetation in-house
- Deployed iPads for field use, reducing administration and paperwork
- Streamlined procurement processes and savings through renegotiating contracts
- Simplified maintenance processes and updated maintenance policies to avoid unnecessary work
- Rightsizing corporate functions (first wave)

Key Initiatives:

- Rightsizing IT function and outsourcing
- Corporate functions optimisation (based on BCG benchmarking)
- Automated workforce scheduling
- Asset management
- Network property optimisation
- Customer initiated augmentation works

MANAGEMENT TEAM DELIVERING MATERIAL AND SUSTAINED COST AND EFFICIENCY SAVING INITIATIVES ACROSS THE BUSINESS

SA POWER NETWORKS
"POWERING AHEAD" EFFICIENCY PROGRAM

IMPROVEMENTS TO DATE	"POWERING AHEAD"

HIGHLIGHTS

Productivity and efficiency improvements to date have delivered ongoing annual benefits of ~ $110m p.a.

Key Initiatives:

- Innovative procurement outcomes leading to material and services cost savings across the organisation
- Improved debt refinancing, more efficient fleet operation
- Innovative asset management practices facilitating improved asset management strategy, use of innovative line hardware
- Depot realignment and implementation of standard operating model
- Reduced external labour spend, successful improvement ideas and corporate lean campaigns
- Lean/agile IT function

Powering Ahead is the next stage of SA Power Network's business wide improvement program, launched in August 2017 and focused on the highest-value opportunities

Powering Ahead aims to deliver ~$40m p.a. of benefits

Key initiatives:

- Strengthen capital management and planning
- Ensure optimal work selection and work flow
- Implement field productivity metrics to improve performance
- Reviews of highest value processes to improve efficiency via automation, standardisation and centralisation
- Improve customer outcomes, especially faster restoration for network operations
- Enhanced customer processes and systems
- Identifying cross-functional and corporate function opportunities for automation and efficiency
- Continue driving procurement improvements

MANAGEMENT TEAM DELIVERING MATERIAL AND SUSTAINED COST AND EFFICIENCY SAVING INITIATIVES ACROSS THE BUSINESS

TRANSGRID - ACHIEVEMENT THROUGH EMPOWERMENT

“PROGRAM ACE” – ACCOUNTABLE, ENERGISED, EFFICIENT

- TransGrid performed well in several independent benchmarking studies
- TransGrid achieved 9% gross savings in 12 months to 30 June 2017 and is focused on delivering a further 3% reduction in next 12 months
- Higher internal labour utilisation
- Process streamlining and reduced duplication of roles
- Improved contract management and improved procurement practices
- Improved scoping of works and management of internal and external service providers
- Optimising routine maintenance frequency, vegetation management and patrolling of overhead lines
- Application of life cycle management approaches to manage capital replacement requirements over the long term

NEW EXECUTIVE TEAM IN PLACE, DELIVERING ON CULTURAL CHANGE AND OPERATIONAL EFFICIENCIES

TRANSGRID NON-PRESCRIBED INFRASTRUCTURE

TRANSGRID IS WELL PLACED TO SIGN ADDITIONAL CONNECTION AGREEMENTS

White Rock Wind Farm (newly completed)

Maules Creek Coal Mine

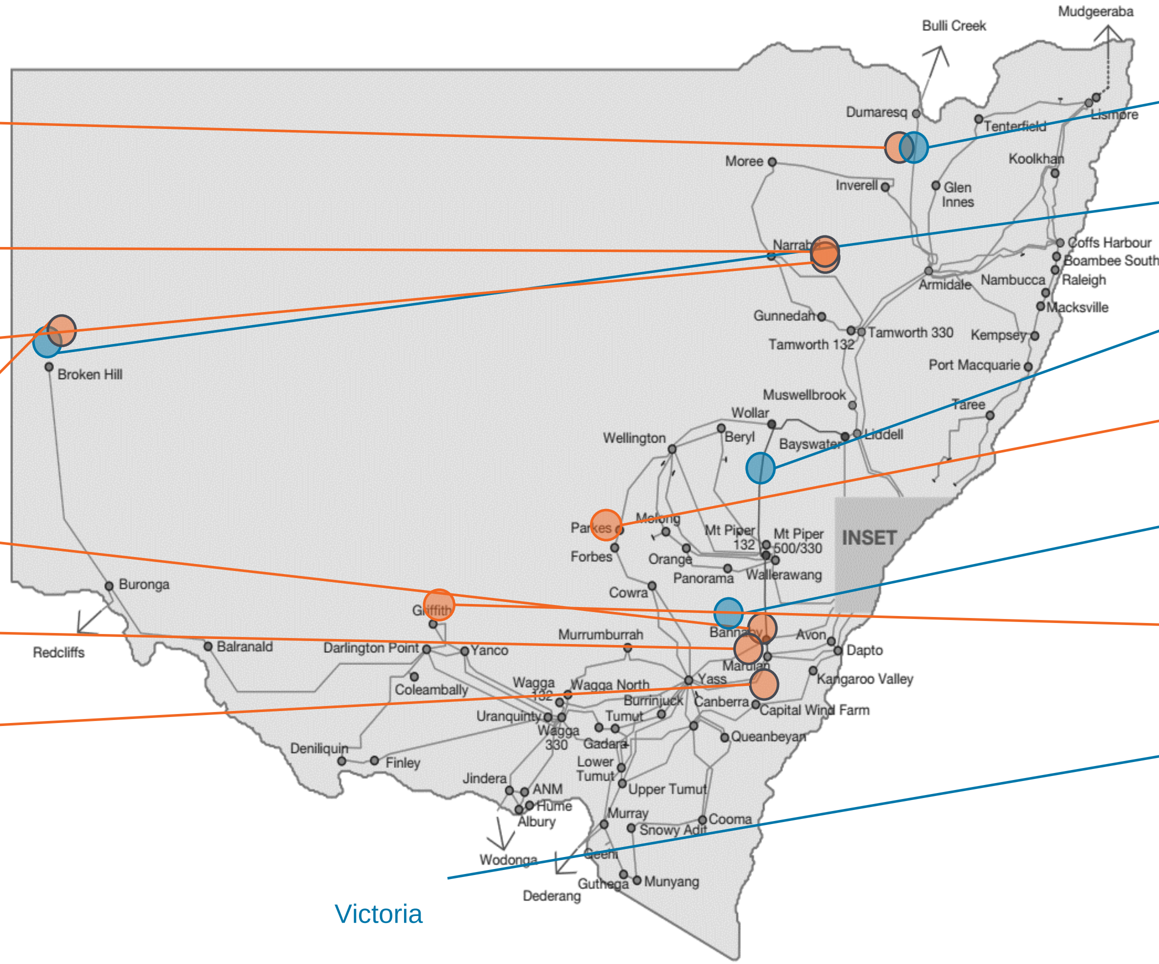
Boggabri Coal Mine

Broken Hill Solar Farm

Taralga Wind Farm

Gullen Range Wind Farm

Capital Wind Farm



Sapphire Wind Farm

Silverton Wind Farm

Bodangora Wind Farm

Griffith Solar Farm[1]

Crookwell 2 Wind Farm

Parkes Solar Farm[1]

Deer Park Terminal Station

Key

Under Development

Completed Connections

1. Newly completed

CHANGING MACRO ENVIRONMENT

INDUSTRY REGULATORY ISSUES

KEY DRIVERS OF GROWTH

- Return on RAB
- Financial Incentives
- Unregulated Opportunity

CHALLENGES

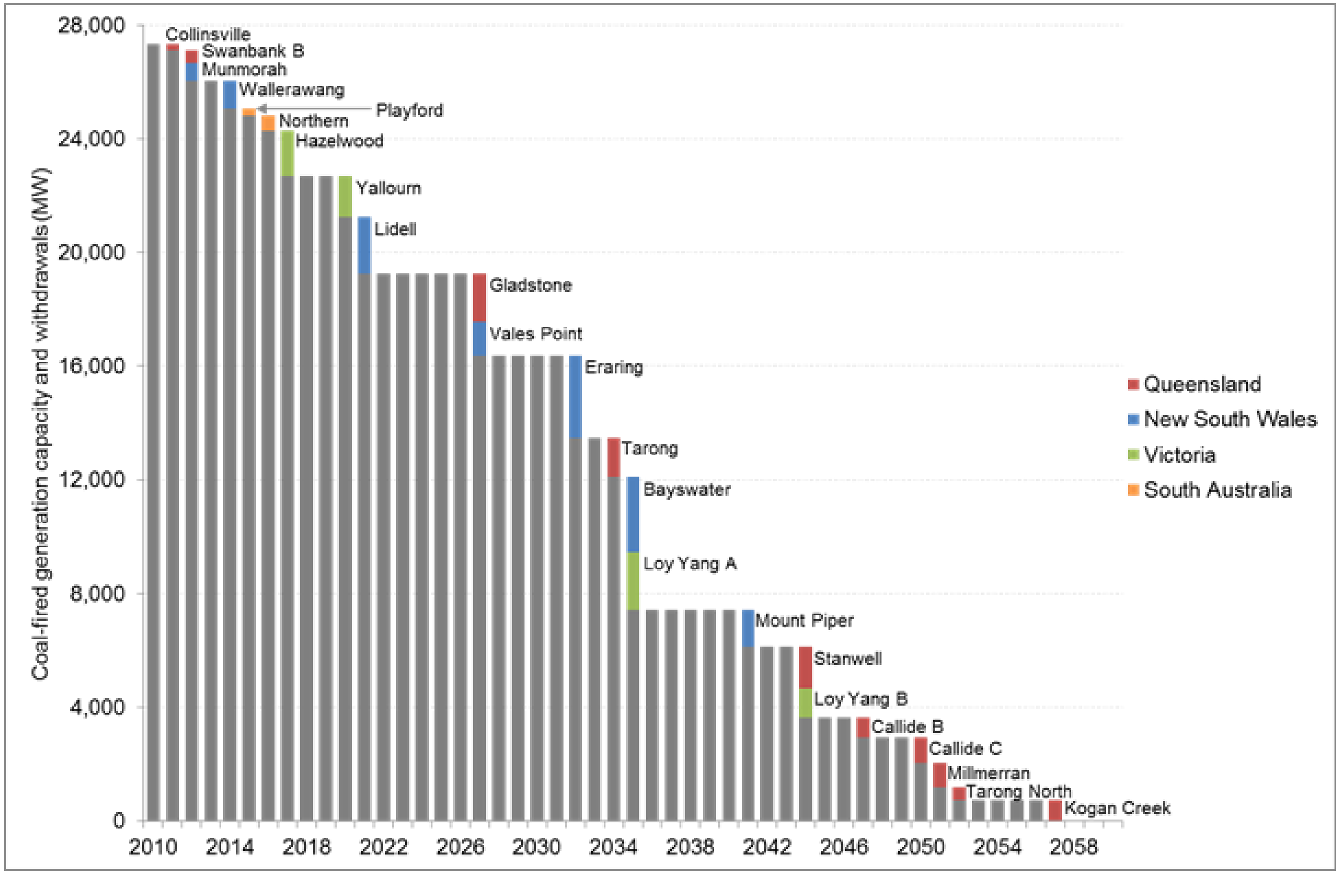
- Regulatory treatment of inflation undercompensates businesses when inflation is low
- Rate of Return to be reviewed and updated for current market conditions
- Regulatory investment test remains unnecessarily onerous and protracted and undervalues network solutions
- Demonstrating efficiency and maintaining relative efficiency important to access financial benefits
- Ring fencing arrangements constrain activities of the regulated business
- Merits review no longer available

OPPORTUNITIES

- Acknowledgement of under compensation
- Rate of return guideline expected to reflect current positions and improve transparency and predictability
- Recent energy policy announcements expected to provide certainty and level playing field for investment
- Recent regulator decisions confirm access to financial incentives where the business is efficient
- Ring fencing arrangements provide clarity and remove regulatory jurisdiction over new and innovative services
- Judicial review remains

AUSTRALIA'S CHALLENGE IS SPARK INFRASTRUCTURE'S OPPORTUNITY

45 TWH OF COAL FIRED GENERATION IS SET TO RETIRE BY 2030



NEW GENERATION REQUIRES NETWORK CONNECTION, AUGMENTATION AND INTERCONNECTION

Source: AEC

THE FINKEL REPORT RECOGNISES THE CENTRAL ROLE FOR NETWORK BUSINESSES

FINKEL RECOMMENDATIONS SUPPORT EXISTING AEMC RULE CHANGE PROPOSALS

System Strength

NSPs to be responsible for cost-effectively ensuring there is sufficient system strength throughout the grid

+

System Inertia

TNSPs to be responsible for cost-effectively ensuring there is sufficient system inertia in each sub-region (initially, each state)

Recommendation 2.1

+

Integrated Plan for Renewable Generation

AEMO and the TNSPs to develop an integrated grid plan to facilitate the development and connection of renewable energy zones

Recommendation 5.1

=

Investment Opportunity

Cost effective solutions could be provided through either regulated and/or unregulated investment by network businesses

A new Energy Security Board (ESB) to be chaired by Dr Kerry Schott (ex-Chair of TransGrid) has been established. The new board gives effect to recommendation 7.2 of the Finkel Report

THE FINKEL REPORT PROVIDES A PATHWAY FOR NETWORKS TO PARTICIPATE IN EMERGING BUSINESS OPPORTUNITIES

THE PROPOSED NATIONAL ENERGY GUARANTEE

ON 17 OCTOBER 2017, THE AUSTRALIAN GOVERNMENT RELEASED ITS PLANS FOR ENERGY POLICY IN AUSTRALIA – THE NATIONAL ENERGY GUARANTEE

Reliability Guarantee

A proportion of energy procured from dispatchable sources – including coal, gas, pumped hydro, battery and demand response

+

Emissions Guarantee

Mix of energy supplied to meet load requirements falls below a specified emissions intensity – to be adjusted overtime to meet international emissions commitments

=

Lower Prices From Market Led Energy Mix

Reliability and emissions objectives to be met without incentives or subsidies for renewables

PROVIDES CERTAINTY TO THE ENERGY SECTOR SUPPORTING EFFICIENT INVESTMENT IN CONNECTIONS, INTERCONNECTIONS AND STORAGE

INTERCONNECTORS ARE A KEY TO ENERGY RELIABILITY AND LOWER PRICES

Regulators consider better electricity links – extract from The Australian, October 2017

The chair of the Government's Energy Security Board (ESB), Kerry Schott, said the market operator was investigating the potential for interconnectors as part of a brief from state and federal ministers to improve the security and reliability of the national electricity market.

New links between the states in the National Electricity Market are seen as crucial to moving energy from different sources around the system under the NEG, which will force retailers to buy specified amounts of different generation types to meet reliability and emissions targets.

Ms Schott told The Australian the ESB would report on interconnectors to COAG in December as part of its work on National Energy Guarantee.

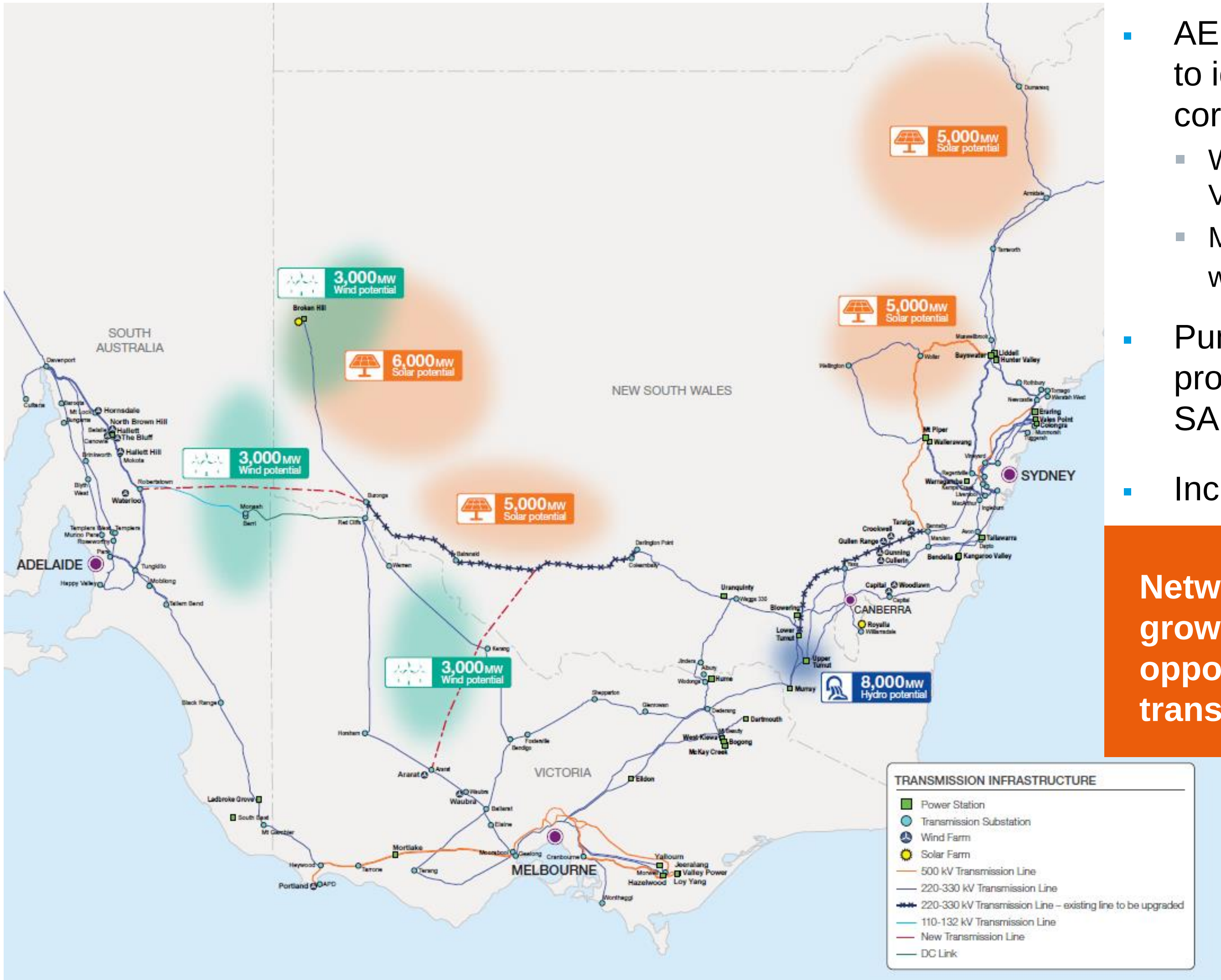
*"**AEMO, the operator, has started work on various scenarios around transmission and the grid and what they are looking at through studying different scenarios is when is it best to put an interconnector in as distinct from more generation**," Dr Schott told The Australian.*

*"**If you got it right, it would make it easier for the retailers to move different types of power from one place to another**."*

*"**If you are in South Australia and you want more reliability and one of the places you can get it is clearly from Victoria, you would probably — if there was another interconnector into NSW or into Victoria that would carry more power — feel more comfortable**."*

TRANSGRID IS WELL PLACED TO CAPITALISE ON GRID INTERCONNECTION OPPORTUNITIES

GROWTH IN RENEWABLE GENERATION IS FACILITATED BY NETWORKS AND ENERGY STORAGE



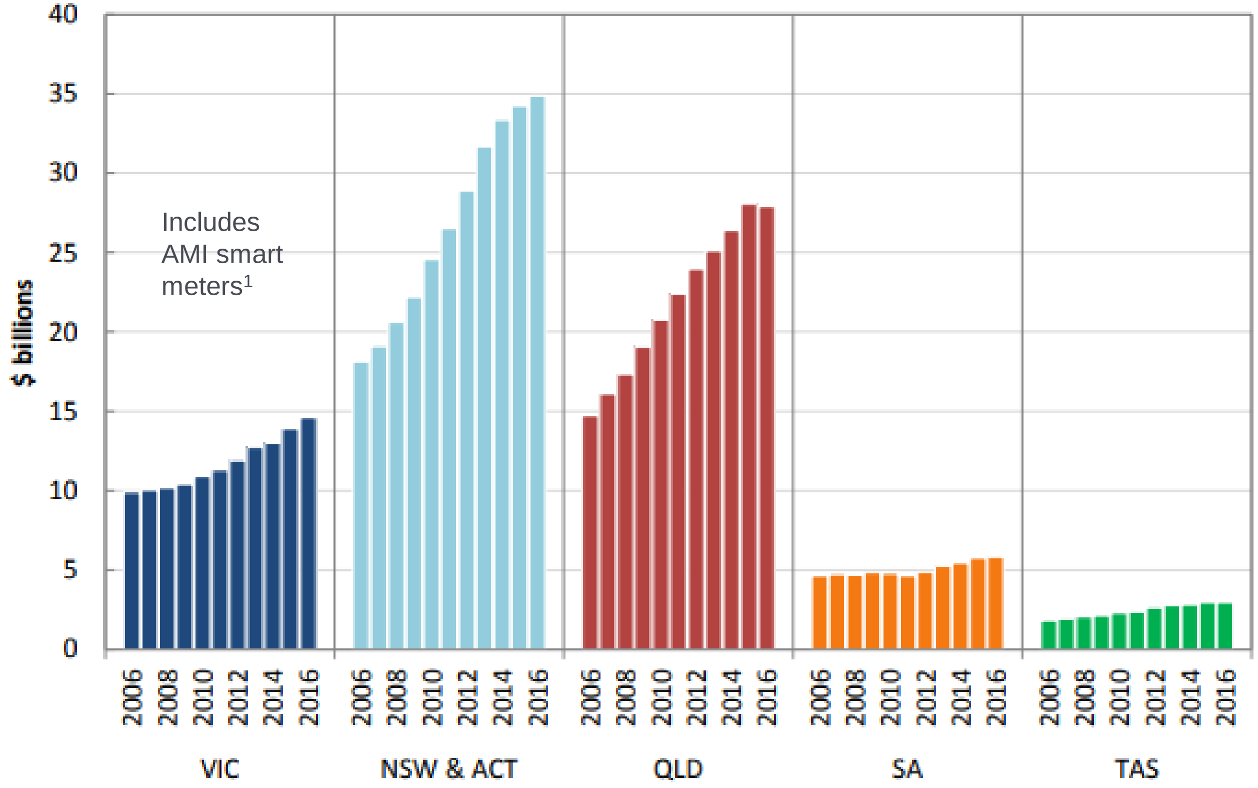
Source: TransGrid Annual Planning Report, June 2017

- AEMO and TNSPs are working to identify the priority renewable corridors
  - Will include areas in Western Victoria and NSW
  - More than 27,000 MW of solar and wind in NSW renewable zones
- Pumped-hydro energy storage proposals being assessed in SA, TAS, NSW and QLD
- Increasing battery installations

Networks can expect strong growth in connections business opportunities straddling transmission lines of the NEM

GOVERNMENT REQUIREMENTS HAVE DRIVEN NETWORK SPENDING

REGULATORY ASSET BASE FROM 2006-2016 BY NEM REGION



The ACCC says…

"Reliability standards across the NEM have historically been set at a high level to seek to protect customers from the cost and inconvenience that results from supply interruptions"

"High standards of reliability come at a price to all customers in the form of higher network costs"

"NSW and Queensland networks, fully or partly owned by their respective state governments, saw the largest increases in network costs across the NEM"

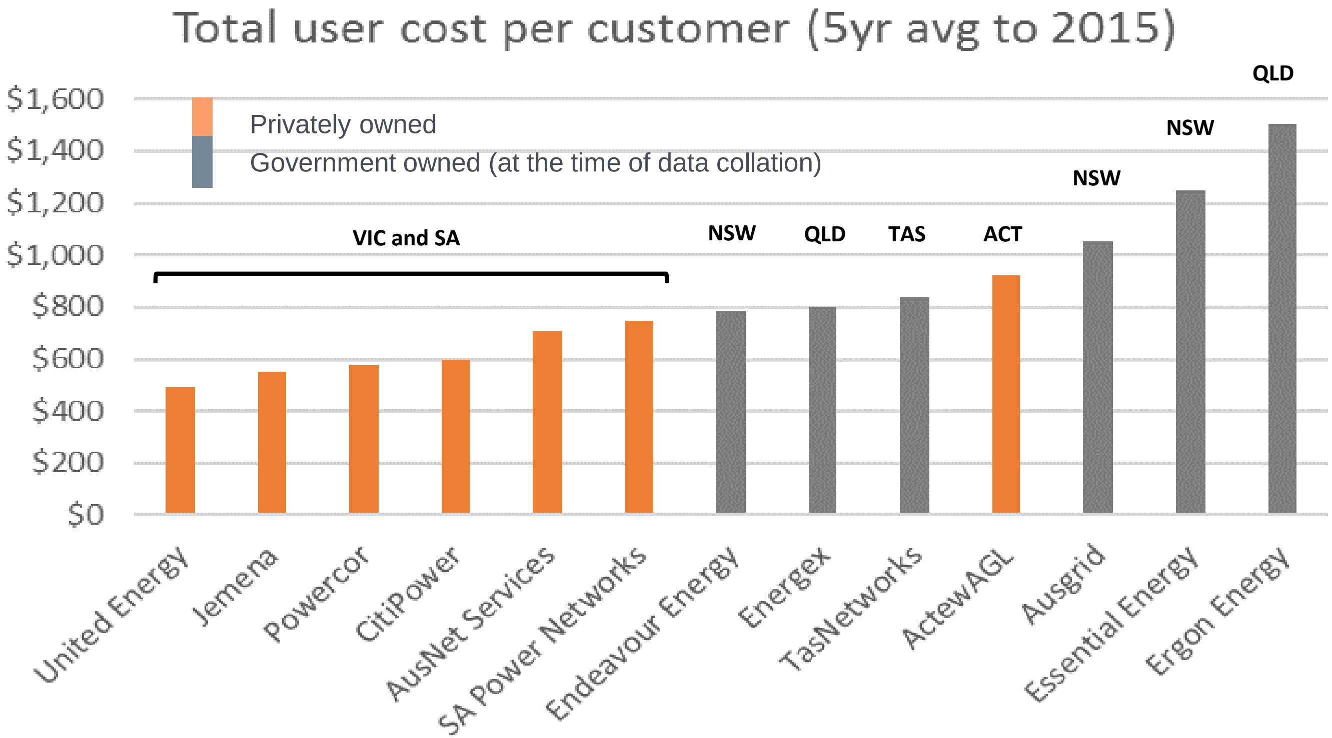
"Retail Electricity Inquiry – Preliminary Report" - ACCC, Sept 2017

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

Source: AER economic benchmarking. Regulatory Information Notice responses. Real values in $2015/16

1. Over the AMI roll–out period of 2009–2015, the AER's regulatory determinations allowed Victorian distribution businesses to recover $2.35bn ($ nominal) from consumers

EX 'GOVERNMENT OWNED' NETWORKS COST CONSUMERS TWICE AS MUCH AS PRIVATISED NETWORKS



The ACCC says…

"There is a divide in capacity utilisation between the privately owned distribution networks in Victoria and South Australia (65%) and the remaining networks which are state owned or partially state owned (43%)"

"Retail Electricity Inquiry – Preliminary Report" - ACCC, Sept 2017

ON A 2016 STATE BY STATE COMPARISON, ELECTRICITY DISTRIBUTION IN THE PRIVATISED STATES WERE RANKED THE MOST EFFICIENT – SOUTH AUSTRALIA NO.1 AND VICTORIA NO.2

Source: AER distribution partial performance indicator trends.xls, 2015

IN VICTORIA, DISTRIBUTION CHARGES ARE ~25% OF A TYPICAL HOUSEHOLD BILL

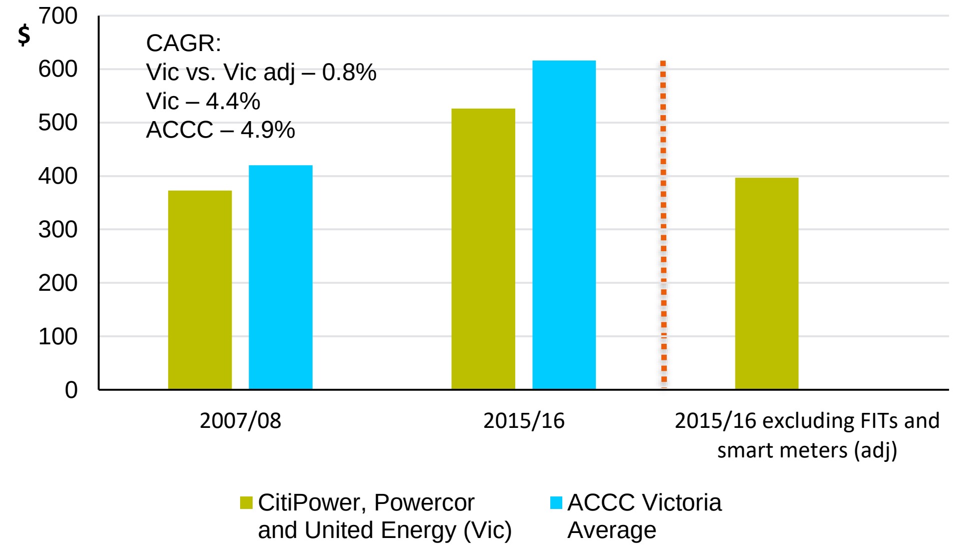
Residential bill contribution:

- Per the ACCC report[1], on average in the NEM, network costs[2] contributed 48% of a residential retail bill in 2015/16 (excl. GST)
- **In Victoria, distribution network costs account for less than 25% of a residential retail bill**

Residential bill increase:

- ACCC report[1] states average Victorian residential network bill increased 47% across the period 2007/08 – 2015/16
- However, no adjustment has been made by the ACCC for government mandated schemes e.g. smart meters and premium/transitional feed-in-tariffs (FITs) which were not introduced until post 2007/08
- **CitiPower, Powercor and United Energy real increase in average residential network bills across the period 2007/08 – 2015/16 (excluding government mandated schemes) was only 6%**

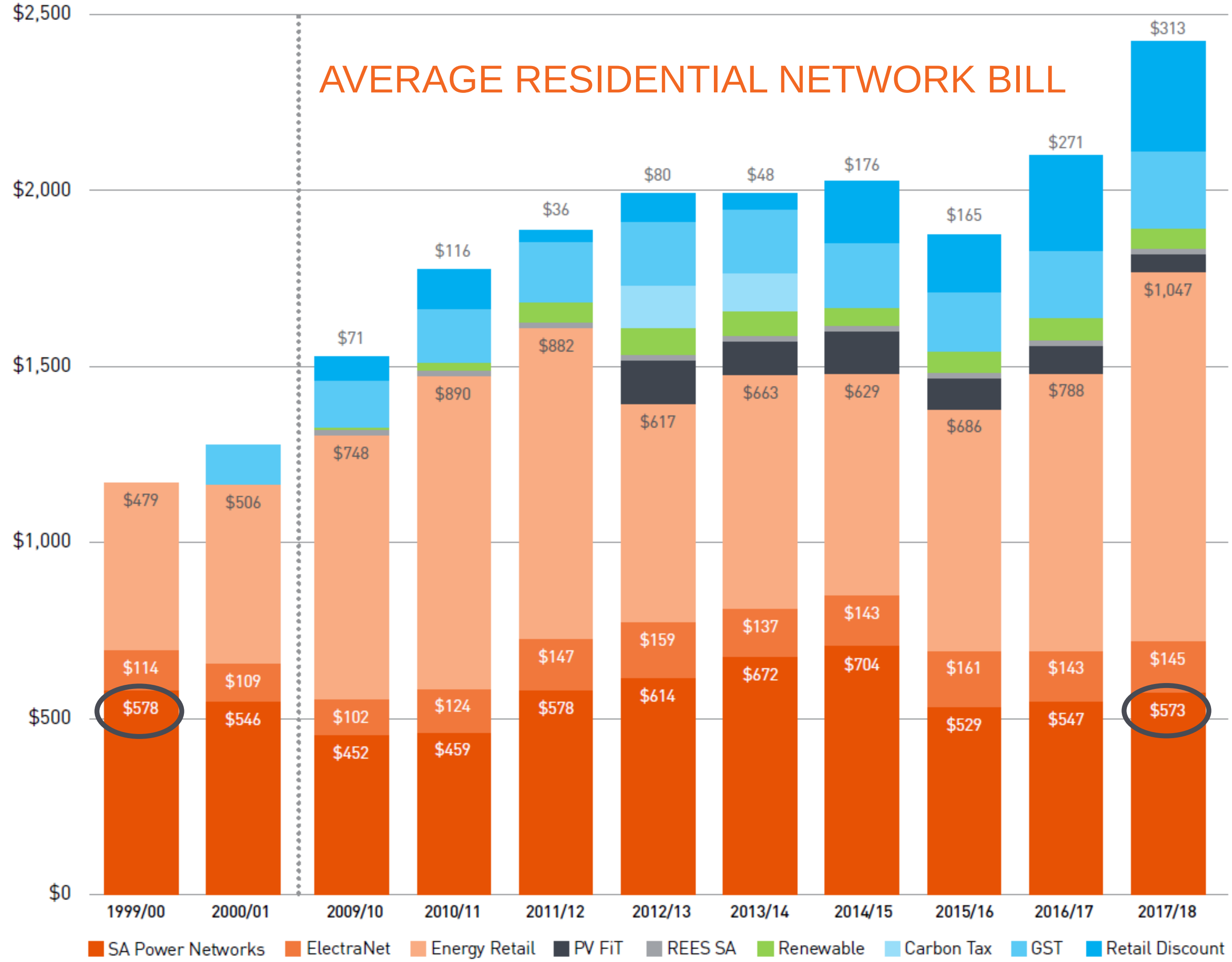
AVERAGE RESIDENTIAL NETWORK BILL



PRIVATISED NETWORK BUSINESSES ARE NOT THE CAUSE OF RECENT PRICE INCREASES

1. "Retail Electricity Inquiry – Preliminary Report" - ACCC, Sept 2017
2. Comprising distribution, transmission, premium/transitional feed-in-tariff and metering costs

IN SOUTH AUSTRALIA, DISTRIBUTION CHARGES ARE ~24% OF A TYPICAL HOUSEHOLD BILL



In both Victoria and South Australia, distribution network costs have risen by less than CPI since they were privatised in 1995 and 1999 respectively

All amounts in 1999/00 dollars

REGULATION

BUSINESS SPECIFIC REGULATORY ISSUES

VICTORIA POWER NETWORKS

- The Victorian Government deferred the introduction of metering contestability until 2021 and signalled that it will conduct a review in 2020 on whether or not to introduce metering contestability at all
- Victoria Power Networks proposal for the regulatory period commencing on 1 January 2021 is due on 31 July 2019
- The framework and approach process will commence next year
- The ACT decision on Victoria Power Networks appeal matters has affirmed the AER's decision

SA POWER NETWORKS

- SA Power Network's proposal for the 1 July 2020 to 30 June 2025 regulatory period is due on 31 January 2019
- The framework and approach process will commence by Q4 of this year
- A decision from the Federal Court on SA Power Network's review of the ACT decision may occur prior to the end of this year

TRANSGRID

- The AER's Draft Decision was received at the end of September 2017. Draft vs TransGrid's submission:
  - Real price reductions
  - Strategic investment to protect Sydney CBD – to be treated as a contingent project in the absence of further supporting information
  - Contingent investment for greater interconnectivity – five contingent projects approved
  - Approved efficiency of past capex and CESS payments
  - Delivery of opex savings from current period – accepted but differences in how new EBSS should be applied
- Revised proposal from TransGrid due in early December 2017 and Final Decision in April 2018
- New RIT-T rule for replacement capex greater than $6 million will increase public consultation on the investment program

TRANSGRID REGULATORY UPDATE

Framework and Approach Paper	Initial Proposal	AER Draft Determination	Revised Proposal	AER Final Determination
July 2016	**January 2017**	**September 2017**	**December 2017**	**April 2018**

TransGrid's regulatory proposal reflected the current state of infrastructure, the more complex operating environment and the challenges of evolving services to increase renewables in the national energy mix and adapt to technological innovation

Regulatory Period 2018-2023	TransGrid Proposal	Draft Determination
Rate of return (WACC)	6.6%	6.49%
Beta	0.7	0.7
Risk free rate	2.24%	2.68%
Market risk premium (MRP)	7.5%	6.5%
Return on equity	7.49%	7.2%
Cost of debt	10 year trailing avg. with transition period	10 year trailing avg. with transition period
Gamma (Imputation)	0.25	0.4
Capex over 5 years ($2018)	$1,612m	$992m
Opex over 5 years ($2018)	$908m	$857m
Revenue (Nominal)	$3,973m	$3,627m

The AER Draft Determination approves the majority of TransGrid's proposal while classifying key security of supply projects such as 'Powering Sydney's Future' as contingent. Further submissions on this matter and others will be provided in December 2017 prior to Final Determination in April 2018

AUSTRALIA'S APPROACH TO CRITICAL INFRASTRUCTURE IS EVOLVING

NATIONAL SECURITY CONCERNS WILL INFLUENCE OPERATIONAL AND OWNERSHIP OUTCOMES

- Exposure draft of the Security of Critical Infrastructure Bill released in October 2017
- Critical infrastructure assets include water, electricity and port assets
- Electricity assets includes all networks and systems used for transmission and distribution of electricity
- Critical Infrastructure Centre (CIC) focus on access and control of information and systems used in the relevant asset
- CIC seeking to ensure access to sufficient information and operational insight of an asset to undertake security risk assessments
- CIC not yet prescriptive and indications are that assets will be assessed on a case by case basis
- Assessments of critical infrastructure assets by the CIC informs the FIRB approval process

AS AN AUSTRALIAN INVESTOR IN THE SECTOR, SPARK INFRASTRUCTURE IS WELL PLACED TO BENEFIT FROM A TIGHTENING OF FOREIGN INVESTMENT AND CRITICAL INFRASTRUCTURE ASSESSMENT

OUTLOOK AND GUIDANCE

OUTLOOK AND GUIDANCE

Distribution Growth	▪ DPS guidance for 2017 of 15.25 cps and 2018 of 16.0 cps reaffirmed based on expected distributions from investment portfolio and subject to business conditions
Regulated T&D Revenues	▪ Regulated electricity distribution revenues are expected to increase further in years 3-5 of the current regulatory periods – the AER's CPI-X revenue sculpting method provides for increases in revenues for CitiPower and Powercor (from 1 January 2018) and SA Power Networks (from 1 July 2016) through the remainder of the current regulatory periods ▪ TransGrid's regulated transmission revenue is expected to be flat for the remainder of its regulatory period which ends 30 June 2018
Business Growth	▪ The transition to a higher proportion of renewable energy generation is creating investment opportunities in both the regulated and unregulated areas in all businesses
Cost Out	▪ Demonstrated success of portfolio business cost-out programs – Continuous improvement (Victoria Power Networks), Powering Ahead (SA Power Networks) and ACE (TransGrid) ▪ Portfolio businesses management teams incentivised to continue to deliver efficiencies
Cashflows	▪ Strong pipeline of value accretive business opportunities may require TransGrid to retain additional cash to fund strong growth in unregulated capex (infrastructure connections)

FOR FURTHER INFORMATION

Please contact

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APPENDICES

KEY METRICS – HY 2017

SECURITY METRICS	
Market price at 23 October 2017 ($)	2.57
Market capitalisation ($)	4.32 billion
DISTRIBUTIONS	
HY 2017 interim (actual)	7.625cps
Comprising	
- Loan Note interest	3.50cps
- Tax deferred amount	4.125cps
FY 2017 Guidance	15.25cps
FY 2018 Guidance	16.00cps
CREDIT RATINGS	
Investment portfolio credit ratings	SAPN: A-/A3 VPN: A- TransGrid: Baa2
Spark Infrastructure level credit rating	Baa1

SPARK INFRASTRUCTURE	$m
Total RAB (Spark Infrastructure share)	5,706
Gross debt at Spark Infrastructure level	Nil

SA POWER NETWORKS	$m
RAB[1]	3,975
Net Debt	2,884
Net Debt/RAB	72.5%

VICTORIA POWER NETWORKS	$m
RAB[1] (Including AMI)	5,744
Net Debt	4,161
Net Debt/RAB	72.4%

TRANSGRID	$m
RAB[1]	6,287
CAB[1,2]	215
Investment Property[1]	77
Total Asset Base[1]	6,579
Net Debt	5,474
Net Debt/RAB	87.1%
Net Debt/Total Asset Base	83.2%

1 June 2017 estimate
2 Includes WIP/partially completed assets

OPERATING CASH FLOW

	HY 2017	HY 2016	% Change
	$m	$m	%
Investment Portfolio Distributions			
Victoria Power Networks	73.5	68.8	6.8
SA Power Networks	54.2	56.8	(4.6)
TransGrid	4.6	-	n/m
Total Investment Portfolio Distributions	**132.3**	**125.6**	**5.3**
Net interest received/(paid)	0.2	(3.4)	(105.9)
Corporate expenses	(7.2)	(6.2)	16.1
Project expenses	(3.4)	(1.2)	183.3
Standalone OCF	**121.9**	**114.8**	**6.2**
Standalone OCF Per Security	**7.2cps**	**6.8cps**	**6.2**

- 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
- HY 2016 figures exclude distributions from and finance costs paid on derivative contracts associated with the DUET interest of $15.2m (net) (exited in HY 2016)
- On a profit and loss basis, corporate expenses have reduced 4.7% in HY 2017

SPARK INFRASTRUCTURE OPERATING CASH FLOWS HAVE GROWN BY 6.2%

VICTORIA POWER NETWORKS

Financial[1]	HY 2017	HY 2016	Change
	$m	$m	%
Regulated revenue - DUOS	441.2	458.0	(3.7)
Prescribed metering (AMI)	50.4	53.6	(6.0)
Semi-regulated revenue	21.9	21.0	4.3
Unregulated revenue	55.4	83.7	(33.8)
Total revenue	**568.9**	**616.3**	**(7.7)**
Operating costs	(195.3)	(189.4)	3.1
EBITDA	**373.6**	**426.9**	**(12.5)**
EBITDA margin	**65.7%**	**69.3%**	**(3.6%)**
Depreciation and amortisation	(145.0)	(155.0)	(6.5)
Net finance costs	(76.7)	(82.6)	(7.1)
Interest on subordinate debt	(73.1)	(81.0)	(9.8)
Tax expense	(26.3)	(28.8)	(8.7)
Net profit after tax	**52.5**	**79.5**	**(34.0)**
Net capex (Inc. AMI)	174.5	176.6	(1.2)

Operational	HY 2017	HY 2016	Change %
Customer numbers	1,120,718	1,104,245	1.5
FTE numbers	1,890	2,052	(7.9)

1. 100% basis
2. HY 2017 includes six months under the Final Determination (Year 2)
   HY 2016 includes six months under the Preliminary Determination (Year 1)
3. Whilst referred to as “CPI-X”, the actual tariff increase formula used by the regulator is: (1+CPI)*(1-x)-1. Source: AER

- **HY 2017 DUOS revenue:**
  - CPI-X[3] at 1 January 2017: CitiPower 0.62% (increase), Powercor -3.71% (decrease)
  - STPIS benefit $10.3m (HY2016 - $4.8m penalty)
  - Prior Period $9m powerline replacement fund provision benefit
- **Semi-regulated revenue up 4.3%,** primarily due to increased design work for new customer connections
- **Unregulated revenue – Beon Energy Solutions (Beon) down 20% to $37.7m**
  - HY 2016 included $24m earned on the Ararat Wind Farm project (completed 2016)
  - No equivalent sized project in HY 2017
- **Other unregulated revenue (underlying) up 14.2% to $17.7m**
  - Income earned on property sales and insurance recoveries
  - Excludes a Prior Period one-off recovery of costs incurred in tax matters $20.5m
- **Underlying opex down 1.0%**
  - Reduced external consultancy and FTE numbers
  - Excludes release of 2015 provisions (~$8m) in HY 2016
  - Reduced BEON opex, in line with revenue volumes
- **Net capex efficiencies delivered through continued operational improvements**

SA POWER NETWORKS

Financial[1]	HY 2017	HY 2016	Change
	$m	$m	%
Regulated revenue – DUOS	387.3	346.2	11.9
Semi-regulated revenue	40.9	55.8	(26.7)
Unregulated revenue	79.7	74.6	6.8
Total revenue[2]	**507.9**	**476.6**	**6.6**
Operating costs	(162.8)	(184.5)	(11.8)
EBITDA	**345.1**	**292.1**	**18.1**
EBITDA margin	**67.9%**	**61.3%**	**6.7%**
Depreciation and amortisation	(110.8)	(108.6)	2.0
Net finance costs	(63.7)	(75.4)	(15.5)
Interest on subordinate debt	(35.9)	(36.1)	(0.6)
Net Profit	**134.7**	**72.0**	**87.1**
Net capex	164.0	121.3	35.2

Operational	HY 2017	HY 2016	Change %
Customer numbers	859,913	854,742	0.6
FTE numbers	2,100	2,117	(0.8)

- **HY 2017 DUOS revenue:**
  - CPI-X[3] at 1 July 2016: 8.9% (increase)
  - STPIS recovery of $8.3m (nil in Prior Period)
- **2015/16 STPIS benefit of $27.5m to be recovered from July 2017**
- **Semi regulated revenue decrease of 26.7% reflects decreased asset relocation works activity on major roads upgrade projects**
- **Unregulated revenues up by 6.8% reflecting higher projects activity, largely Electranet**
- **Total opex down 11.8%,** due to
  - Reduced asset relocation activity
  - Release of excess December 2016 storm provisions, ultimately not required ($14m)
- **Underlying opex (excl storm provision release) down 4.0%**
- **Net capex up 35.2% in line with the Final Determination**

1. 100% basis
2. HY 2017 includes six months under the Final Determination (Year 2)
   HY 2016 includes six months under the Preliminary Determination (Year 1)
3. Whilst referred to as “CPI-X”, the actual tariff increase formula used by the regulator is: (1+CPI)*(1-x)-1. Source: AER

TRANSGRID

Financial[1,2]	HY 2017	HY 2016	Change
	$m	Sm	%
Regulated revenue - TUOS	366.0	423.7	(13.6)
Unregulated revenue	29.3	23.9	22.6
Investment property revaluation	6.8	0.9	655.6
Total revenue	**402.1**	**448.5**	**(10.3)**
Operating costs	(99.4)	(91.8)	8.3
EBITDA	**302.7**	**356.7**	**(15.1)**
EBITDA margin	**75.3%**	**79.5%**	**-4.2%**
Depreciation and amortisation	(163.0)	(158.5)	2.8
Net finance costs	(108.0)	(107.3)	0.7
Interest on subordinate debt	(42.0)	(46.8)	(10.3)
Net Profit	**(10.3)**	**44.1**	**(123.4)**
Capex[3]	138.3	100.6	37.5

Operational	HY 2017	HY 2016	Change %
FTE numbers[4]	1,046	1,026	1.9

1. 100% basis
2. HY 2017 results are based on TransGrid's financial statements for the year ended 30 June 2017. HY 2016 results are based on TransGrid's financial statements covering the period from acquisition (16 December 2015) to 30 June 2016. Results have been adjusted by Spark Infrastructure to reflect the 6 month periods to 30 June 2016 and 30 June 2017
3. HY 2016 capex covers the period from acquisition of TransGrid (16 December 2015) to 30 June 2016
4. In accordance with IPART reporting
5. Whilst referred to as "CPI-X", the actual tariff increase formula used by the regulator is: (1+CPI)*(1-x)-1. Source: AER
6. Network Capability Incentive Parameter Action Plan (component of transmission related STPIS for current 4 year regulatory period)

- **HY 2017 TUOS revenue:**
  - CPI-X[5] at 1 July 2016: -2.06% (decrease)
  - STPIS recovery of $6.1m (HY 2016 $6.5m benefit)
- **STPIS result for 2016 (calendar yr) of $15.5m to be recovered from 1 July 2017**
- **Unregulated revenue 22.6% higher reflecting increased connection applications and line modifications activities**
  - Infrastructure services $22.9m
  - Property $2.4m
  - Telco services $4.0m
- **Opex up 8.3%,** due to
  - Increased unregulated activity - $3.4m
  - Timing differences between periods and increased compliance obligations
  - Opex for the 30 June 2017 regulatory year in line with the base year
- **Capex up 37.5%,** comprising
  - Regulated capex $101.4m (repex $80.5m, augex $3.5m, NCIPAP[6] $2.5m, non network $14.9m)
  - Unregulated capex $36.9m (infra $33.1m, telco $3.8m)

CAPITAL EXPENDITURE (100%)

$m	Victoria Power Networks		SA Power Networks		TransGrid		TOTALS	
	HY 2017	HY 2016	HY 2017	HY 2016	HY 2017	HY 2016	HY 2017	HY 2016
Growth capex	121.7	134.9	65.9	51.4	3.5	3.6	**191.1**	**189.9**
Growth capex - non prescribed	-	-	-	-	36.9	10.0	**36.9**	**10.0**
Non-network capex	-	-	-	-	17.4	14.8	**17.4**	**14.8**
Maintenance capex	52.7	41.7	98.1	69.9	80.6	72.2	**231.4**	**183.8**
Total	**174.5**	**176.6**	**164.0**	**121.3**	**138.3**	**100.6**	**476.8**	**398.5**
Spark share	85.5	86.5	80.4	59.4	20.8	15.1	186.6	161.1
Change vs pcp (%)	-1.2%		35.2%		37.5%		19.6%	

$m	Maintenance capex spend		Regulatory depreciation		Less inflation uplift on RAB		Net regulatory depreciation	
	HY 2017	HY 2016	HY 2017	HY 2016	HY 2017	HY 2016	HY 2017	HY 2016
Victoria Power Networks	52.7	41.7	170.0	119.8	(66.5)	(64.2)	103.5	55.6
SA Power Networks	98.1	69.9	147.5	109.0	(49.9)	(32.6)	97.6	76.4
TransGrid	80.6	72.2	139.9	130.9	(74.8)	(52.3)	65.1	78.7
Totals	**231.4**	**183.8**	**457.4**	**359.7**	**(191.2)**	**(149.1)**	**266.2**	**210.6**
Spark share	86.0	65.5	176.6	131.8	(68.3)	(55.3)	108.3	76.5

1. TransGrid capex includes NCIPAP capex

INVESTMENT GRADE FUNDING

ISSUER	VICTORIA POWER NETWORKS	SA POWER NETWORKS	TRANSGRID
Weighted Average Maturity (Yrs)[1]	5.0 yrs	5.4 yrs	4.7 yrs
Net Debt at 30 June 2017 *(31 December 2016)*	$4.161bn *($4.152bn)*	$2.884bn *($2.822bn)*	$5.474bn *($5.554bn)*
Net Debt/RAB at 30 June 2017 *(31 December 2016)*	72.4% *(72.4%)*	72.5% *(71.4%)*	87.1% *(88.4%)*
Credit Rating (S&P / Moody's)	A- / -	A-/A3	-/Baa2 (on USPP notes)

VICTORIA POWER NETWORKS

- February 2017 – HKD$1.75bn (~A$296m) and HKD$600m (~A$102m) of 10-year bonds maturing in 2027
- March 2017 – US$80m (~A$106m) of 10-year bonds maturing in 2027
- August 2017 – A$150m of Australian Medium Term Notes maturing in August 2027

SA POWER NETWORKS

- June 2017 – A$250m 4-year syndicated debt facility
- August 2017 - $550m Australian Medium Term Notes ($375m 7-year fixed rate and $175m 5-year floating rate)

TRANSGRID

- July 2017 – US$727m and A$25m senior secured notes into USPP market
  - US$390m maturing in October 2027 (10-year)
  - US$134m maturing in October 2029 (12-year)
  - US$203m maturing in October 2032 (15-year)
  - A$25m maturing in October 2034 (17-year)

1. Weighted average maturity calculation is based on drawn debt at 30 June 2017

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Investment company financial reporting – TransGrid. The financial reporting is based on TransGrid's special purpose financial statements for the year ended 30 June 2017. Results have been adjusted by Spark Infrastructure to reflect the 6 month period to 30 June 2017.

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