ASX & SGX-ST Release

14 May 2018

TO: ASX Limited
Singapore Exchange Securities Trading Limited

AusNet Services Full Year 2018 Results Release and Investor Presentation

The following documents are attached:

1. AusNet Services Full Year 2018 Results Release; and
2. Investor Presentation.

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Company Secretary

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ASX & SGX-ST Release

14 May 2018

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AusNet Services Full Year 2018 Results

AusNet Services reported the following full year results for the period ending 31 March 2018. Key highlights include:

- Strong operating cash flow performance;
- Decrease in operating expenses; and
- Total dividend of 9.25 cps (unfranked), up 5 per cent on prior corresponding period.

During the period, AusNet Services recorded a 6.5 per cent increase in EBITDA due to higher customer contributions and lower operating costs arising from a combination of our ongoing efficiency program and one-offs in the prior year. Cash flow from operations increased 19.3 per cent as a result of a $60 million increase in cash earnings, lower tax paid due to a $25 million refund and positive working capital movements (timing of receipts and payments).

AusNet Services continues to focus on delivering safe, reliable and affordable supply to customers. Nino Ficca, Managing Director of AusNet Services said, “Our business performance and financial results are pleasing and are underpinned by our efficiency program which is delivering tangible results. The program has helped reshape our business, positioning us to grow while improving our benchmarking position and delivering better customer and shareholder outcomes. Energy markets are experiencing unprecedented change and we are transforming our business to adapt to the new market dynamics while ensuring the needs of all our stakeholders are met.”

A$M	FY 2018	FY 2017	Variance
Revenues	**1,909.8**	1,881.5	↑ 1.5%
EBITDA	**1,142.9**	1,073.3	↑ 6.5%
Earnings before interest and tax	**700.5**	647.4	↑ 8.2%
Profit before income tax	**416.6**	363.3	↑14.7%
Net profit after tax	**291.4**	255.1	↑ 14.2%
Cash flow from operations	**886.4**	742.8	↑ 19.3%
Ordinary dividend (cps)	**9.25**	**8.80**	**↑ 5.1%**

Operating and Financial Review

Electricity transmission

	FY2018	FY2017	Movement	%
Segment revenue ($M)	**601.9**	586.0	15.9	2.7
Segment result – EBITDA ($M)	**379.8**	381.4	(1.6)	(0.4)
Capital expenditure ($M)	**163.8**	192.2	(28.4)	(14.8)

Higher transmission revenues were due to the $25.1 million increase in easement tax pass-through, which increased both revenue and expenses, offset by lower revenues resulting from the first year under the Transmission Revenue Reset (TRR) Final Determination for 2017-2022.

Total transmission expenses decreased $7.6 million (excluding easement tax) relative to FY2017, which included an additional $5.2 million restructuring and redundancy costs, as well as lower labour costs in FY2018 as a result of a 14 per cent decrease in headcount across the AusNet Services Group. The decline in EBITDA reflects lower revenues excluding easement tax. Easement tax represents approximately 60 per cent of total operating expenses and is reflected as a pass-through revenue item.

The major CBD terminal station rebuilds account for $64.1 million of total capital expenditure, a reduction of $9.1 million from the prior year (reductions at Brunswick and Richmond partly offset by an increase at West Melbourne, which was in the design phase in FY2017).

Electricity distribution

	FY2018	FY2017	Movement	%
Segment revenue ($M)	**891.4**	868.2	23.2	2.7
Segment result – EBITDA ($M)	**540.2**	467.7	72.5	15.5
Volume (GWh)	**7,716**	7,682	34	0.4
Connections	**722,046**	705,186	16,860	2.4
Capital expenditure ($M)	**439.3**	427.0	12.3	2.9

Increased revenues of $23.2 million are primarily due to $19.3 million increase in customer contributions as a result of a change in the National Electricity Rules that allow a greater recovery of customer initiated works and an overall increase in the volume of customer initiated works relating to housing developments during FY2018.

Regulated revenues have increased by $16.7 million (excluding metering) due to favourable weather and increase in prices as a result of the price path in the 2016-2020 Electricity Distribution Price Review (EDPR). This was partially offset by lower metering revenues due to the Australian Energy Regulator (AER) decision on our 2016 Advanced Metering Infrastructure (AMI) Transition Charges Application which decreased revenue by $52.7 million ($2018) smoothed over calendar years 2018 to 2020. The FY2018 impact of this adjustment was approximately $6.8 million.

Operating expenses decreased $49.3 million or 12.3 per cent due to:

- $17.8 million in cost reduction initiatives, primarily lower labour costs as a result of a 14 per cent decrease in headcount across the AusNet Services Group;
- $13.6 million decrease in service level payments due to October 2016 storm events in the prior year;
- $8.5 million of redundancy, restructuring and program implementation costs associated with business efficiency initiatives included in the prior year; and
- $7.5 million write off for an IT project in the prior year.

Operating and Financial Review (continued)

Electricity distribution (continued)

Capital expenditure increased despite the completion of the metering remediation program in FY2017 ($73 million reduction) due to increases in expenditure for Rapid Earth Fault Current Limiter (REFCL) program ($44 million), Power of Choice ($11 million) and higher customer connections.

Gas distribution

	FY2018	FY2017	Movement	%
Segment revenue ($M)	**224.6**	224.3	0.3	0.1
Segment result – EBITDA ($M)	**162.3**	164.4	(2.1)	(1.3)
Volume (PJ)	**66.0**	66.3	(0.3)	(0.5)
Connections	**692,282**	676,035	16,247	2.4
Capital expenditure ($M)	**96.9**	87.7	9.2	10.5

Revenues were largely unchanged, with several impacts largely offsetting each other being:

- $5.0 million increase in customer contributions due to the completion of the Avoca rollout under the Victorian Government's Energy for the Regions program;
- a 5 per cent increase in tariffs from 1 January 2017; offset by
- a 9.4 per cent decrease in tariffs from 1 January 2018 as part of the AER Final Decision on 2018-2022 Gas Access Arrangements Review (GAAR); and
- $10.0 million of billing adjustments for gas adjoining tariffs recognised in FY2017.

Operating expenditure increased by $2.4 million primarily due to $1.8 million write-off relating to billing adjustments for gas adjoining tariffs recognised in FY2017.

Capital expenditure increased due to spending on the mains renewal program, which experienced delays in the prior year due to timing of council approvals.

Commercial energy services

	FY2018	FY2017	Movement	%
Segment revenue ($M)	**206.2**	221.4	(15.2)	(6.9)
Segment result – EBITDA ($M)	**60.6**	59.8	0.8	1.3
EBITDA Margin (%)	**29.4**	27.0	2.4	8.9
Capital expenditure ($M)	**50.2**	132.7	(82.5)	(62.2)

The commercial energy services business consists of contracted infrastructure asset services and specialised technology solutions to enable energy data and asset intelligence services. Contracted infrastructure asset services own and operate a portfolio of assets that fall outside the regulated asset base (the largest of which is the Wonthaggi desalination plant transmission connection). The investments are made through directly negotiated agreements, pursuant to which AusNet Services typically receives revenue over the contract period in exchange for the infrastructure and operational services provided. The customers of this business primarily operate in the utility, renewables and essential infrastructure sectors of electricity, water, gas and rail.

Operating and Financial Review (continued)

Commercial energy services (continued)

Revenues reduced by $15.2 million predominantly as a result of the strategic refocus away from providing certain maintenance services, causing the deliberate exit from a number of field services agreements. This reduction was partly offset by $4.2 million increase in revenues from Mortlake Terminal Station. The EBITDA margin improved as a result of the refocus.

Capital expenditure included $17.1 million for the Salt Creek wind farm transmission connection assets as well as $13.6 million on four other wind farm connection projects in the early stages of construction. FY2017 included $116.0 million for the acquisition of Mortlake Terminal Station.

Outlook

Our Focus 2021 strategy is to become a leading innovative 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. Key objectives are:

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

AusNet Services expects continued growth in its regulated asset base of around 3.5 per cent per annum to FY2021. In addition, net debt to regulated and contracted asset base is expected to remain below 70 per cent to FY2021.

Dividends

AusNet Services will continue to determine future dividends by reference to operating cash flows (using EBITDA as a proxy) after servicing all of its maintenance capital expenditure and a portion of its growth capital expenditure. For FY2019, AusNet Services expects, subject to business conditions, to increase dividends to 9.72cps, up 5 per cent, franked around 40 to 50 per cent.

Dividend key dates

The 2018 final dividend of 4.62 Australian cps is unfranked.

Important dates:

21 May 2018	SGX-ST ex-date for final dividend
22 May 2018	ASX ex-date for final dividend
23 May 2018	Record date to identify shareholders entitled to final dividend
28 June 2018	Payment of final dividend

The DRP will be suspended for the final FY2018 dividend as a result of the Singapore Stock Exchange delisting in progress.

About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating $12.5 billion of assets. The company owns and operates 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 and energy services.

Headquartered in Melbourne, Australia, AusNet Services employs around 1,900 people to service 1.4 million consumers. For more information visit AusNet Services' website, www.ausnetservices.com.au.

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Full Year 2018 Results

For the financial year ended 31 March 2018

Delivering today and preparing for the future

AusNet services

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Introduction

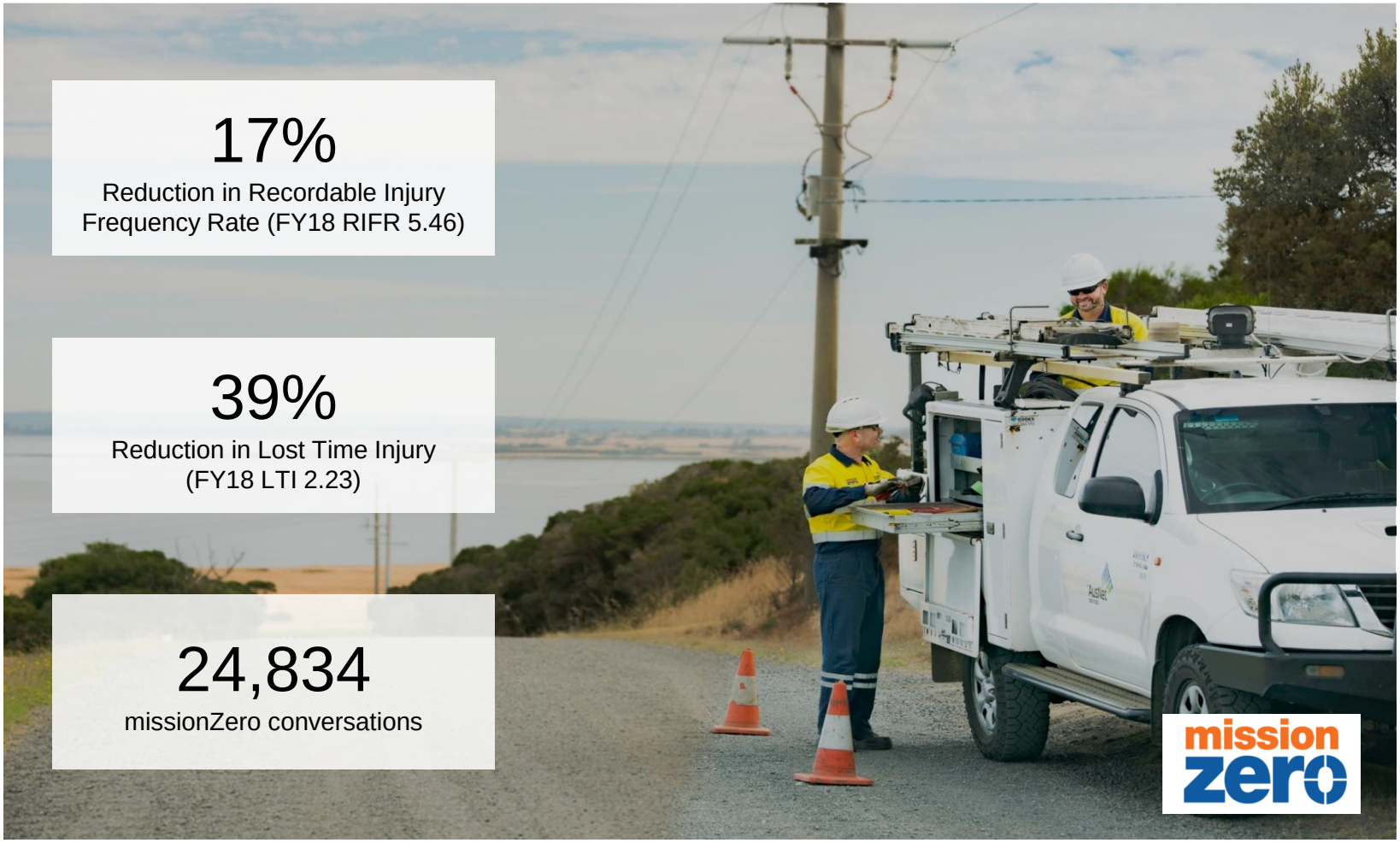
Financial Performance

Regulated Energy Services

Commercial Energy Services

Outlook

Safety Mission & Performance



High Quality Asset Base



Electricity Transmission

- **$3.5bn** regulated asset base
- Critical energy delivery role in National Electricity Market
- Interconnections with NSW, SA and Tasmania



Electricity Distribution

- **$4.2bn** regulated asset base
- 722,000 customers
- Improved reliability ~45% from 2007 to 2017



Gas Distribution

- **$1.6bn** regulated asset base
- 692,000 customers
- Improved reliability ~12% from 2007 to 2017



Commercial Energy Services

- **$710m*** contracted asset base and commitments
- Diversified portfolio of energy assets supported by asset intelligence and energy management platforms

Regulated Asset Base growth guidance of around 3.5% p.a. to FY21

Targeting $1bn Contracted Asset Base by FY21

** Includes around $170m of contracted infrastructure investments under construction.*

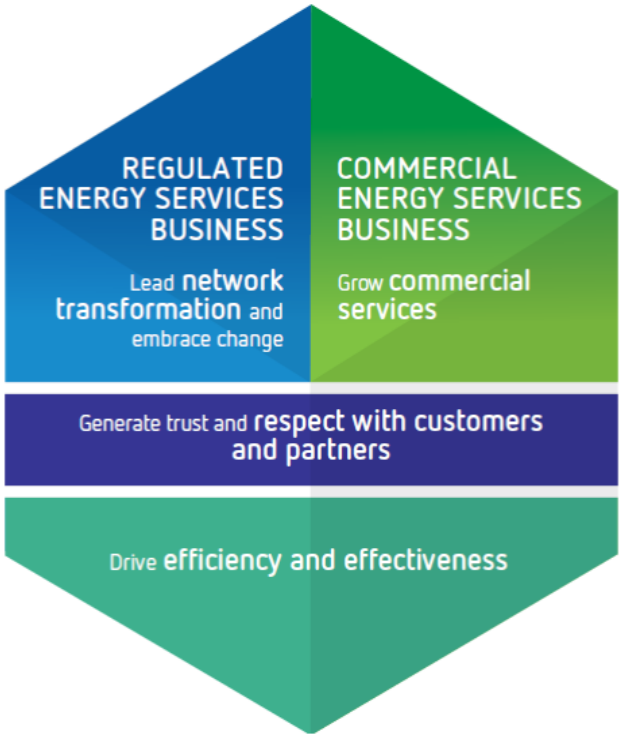
Focus 2021

FY18 marked year two of our five year strategy

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

- Commenced Mallacoota battery storage project
- Continued significant investment in bushfire mitigation

- Continued top quartile performance in Electricity Transmission and Gas Distribution
- Improved Electricity Distribution benchmarking performance

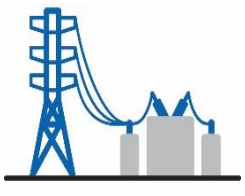


- Since July 2017, signed four new wind farm connections, Deakin University micro grid partnership and battery energy storage system at Ballarat Terminal Station, combined value of approx. $170m.

- Customer Forum established, first energy utility in Australia to trial new process for price review
- Industry awards & recognition for Mooroolbark and Yackandandah mini-grids

Strategic priorities

Transmission



1. **Strengthen our network in Western Victoria** to enable more generators to connect
2. Execute annual **summer preparedness** to manage the portfolio

Distribution



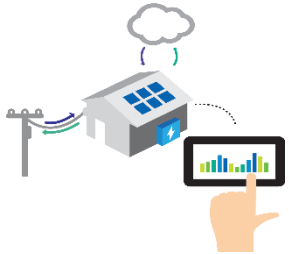
1. **Simplify and remove costs**
2. **Operationalise new distributed energy solutions**
3. Drive improvements in customer **satisfaction**
4. Continued focus on **reliability and safety**

Gas



1. **Increase network utilisation** and establish a path forward for **alternate fuel options**
2. **Focus on value and efficiency** to maintain top quartile position
3. **Influence uptake of gas** and **improve customer satisfaction**

CES



1. **Grow contracted asset** base via utility scale connections and renewable generation infrastructure
2. Develop and **grow commercial, industrial & community asset base and platform solutions**
3. Participate in **new market investments** and partnerships

Investment Proposition

Delivering shareholder value as we embrace the future

Stability

- Inflation protected revenues, no regulated revenue resets until 1 Jan 2021
- Long-term maintenance of A-range credit rating, through prudent and sustainable financial settings
- 100% control, own and operate asset base, through transparent corporate structure

Shareholder returns

- FY18 dividend of 9.25cps, up 5%
- Business transformation driving efficiencies and improved returns
- Strong organic asset base growth profile supporting returns

Focus 2021 strategy

- Lead network transformation and embrace change
- Signed approx. $170m of contracted infrastructure investments since July 2017
- Underpinned by culture, capability and partnerships

Operational excellence

- Maintained top-quartile efficiency in Electricity Transmission and Gas Distribution
- Improved Electricity Distribution benchmarking performance in CY17

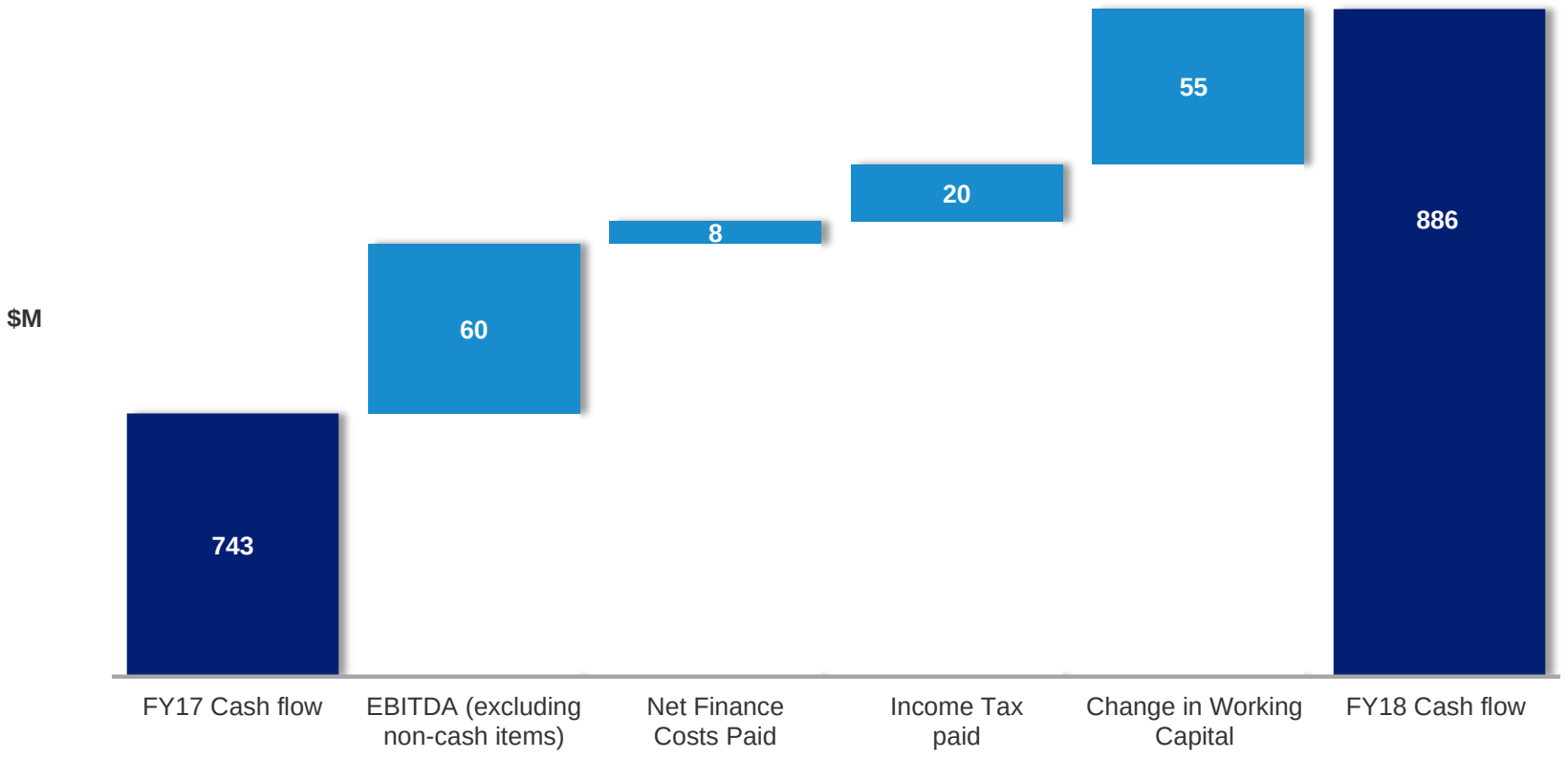
Financial Performance

Financial Performance

- Higher easement tax pass-through revenues in Electricity Transmission (↑$25m).
- Higher customer contributions (↑$24m).
- Decrease in operating expenses driven by efficiency program.
- Strong cash performance underpinning dividend growth.

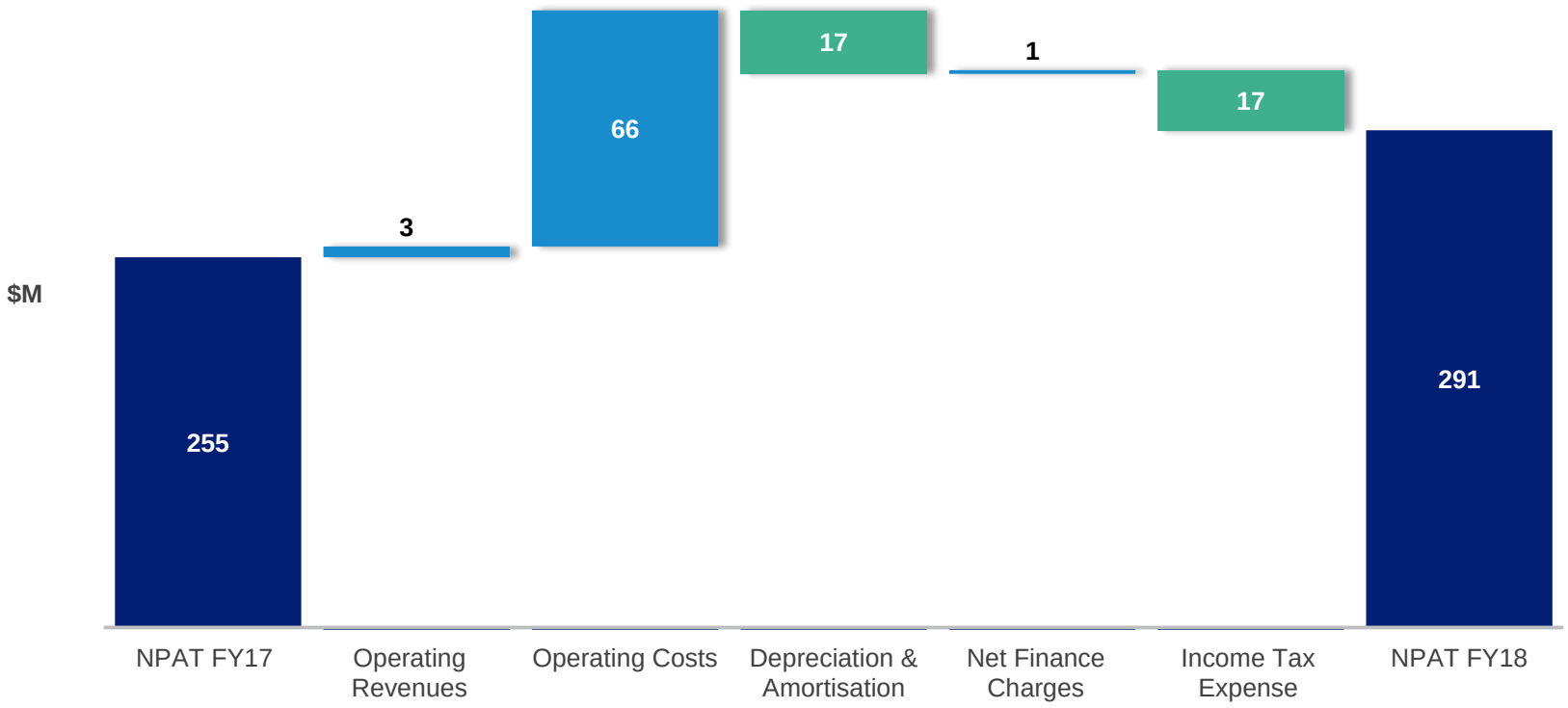
A$M	FY 2018	FY 2017	Variance
Statutory Result			
Revenues	**1,909.8**	1,881.5	↑ **1.5%**
EBITDA	**1,142.9**	1,073.3	↑ **6.5%**
EBIT	**700.5**	647.4	↑**8.2%**
PBT	**416.6**	363.3	↑**14.7%**
NPAT	**291.4**	255.1	↑**14.2%**
Cash flow from operations	**886.4**	742.8	↑**19.3%**
Ordinary Dividends (cps)	**9.25**	8.80	↑**5.1%**

Cash Flow from Operations



NPAT Performance

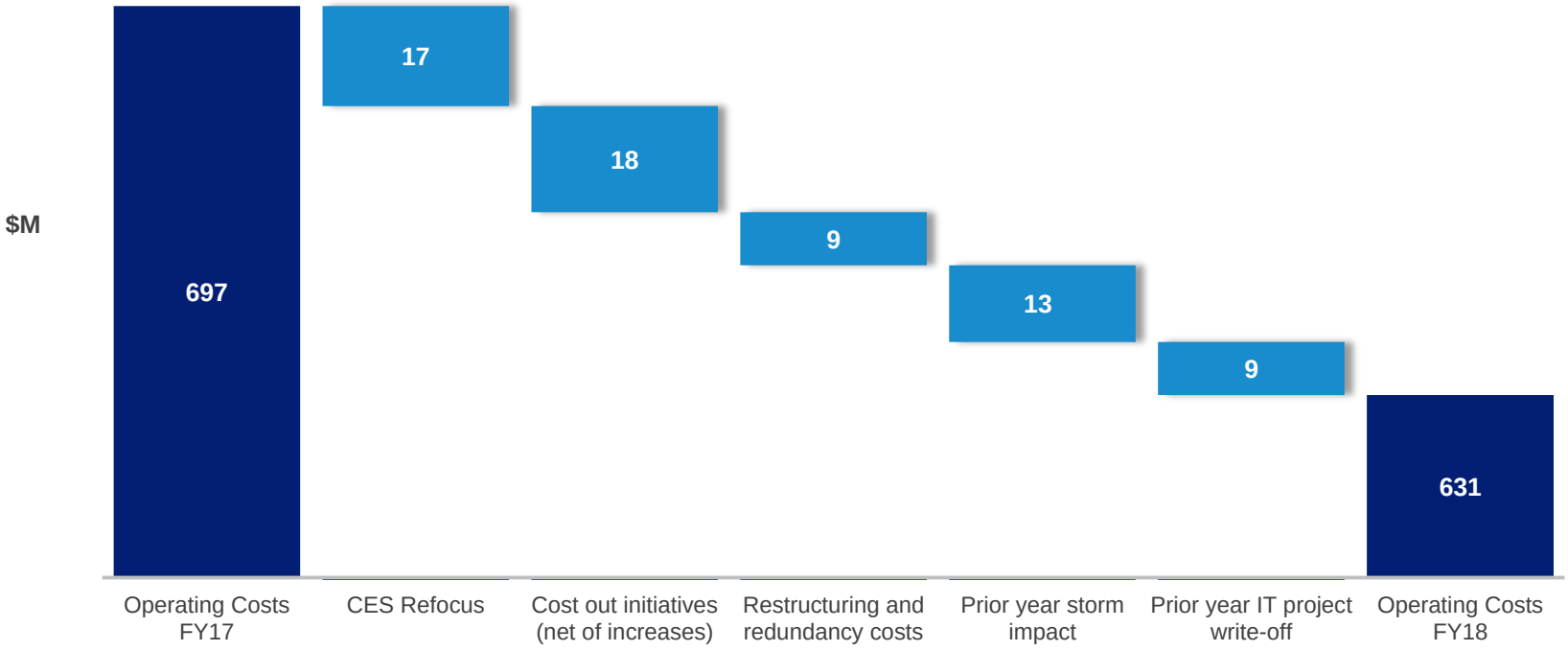
- Strong operating cost performance driven by disciplined cost management.



***Note**: Easement tax excluded from revenues and operating costs, **FY18:$136m** vs **FY17:$111m**. Easement tax is a straight pass-through in Electricity Transmission.*

Resetting the cost base

- Net operating cost efficiencies of $18m in FY18 (FY17:$9m), achieved through:
  - Headcount reduction of 14% (23% since April 2016)
  - Outsourcing program
  - Property rationalisation
  - Metering business efficiencies
  - Procurement and contract savings



***Note**: Easement tax excluded from chart, **FY18:$136m** vs **FY17:$111m**. Easement tax is a straight pass-through in Electricity Transmission.*

Capital Management Framework

FINANCIAL DISCIPLINE

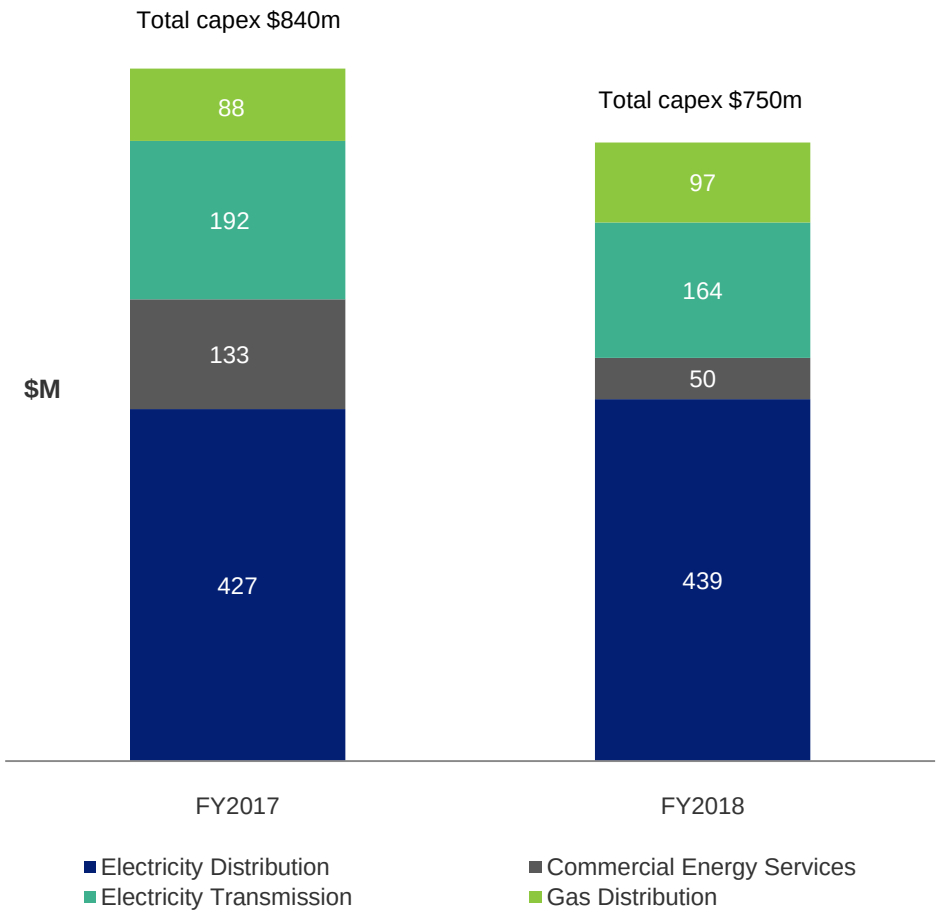
OBJECTIVE	**Maintain 'A-range' credit rating and financial flexibility**	**Manage financial risk**	**Fund capital expenditure efficiently**

TARGETS	• Target credit metrics over medium term:
	  • FFO/Debt
	  • FFO/Interest
	  • Debt / RAB
		• Hedge interest rate exposure (90%-100%)
		• Manage maturity risk (timing & quantum)
		• Hedge FX risk (100%)
		• Transition to 10yr trailing average hedge portfolio
		• Maintain appropriate counterparty credit limits
			• Cover 100% maintenance capex and a portion of growth capex from internal cash flows
			• Utilise funding options for growth to support credit metrics (e.g. DRP, Hybrid capital, etc.)

DELIVER SUSTAINABLE DIVIDEND GROWTH

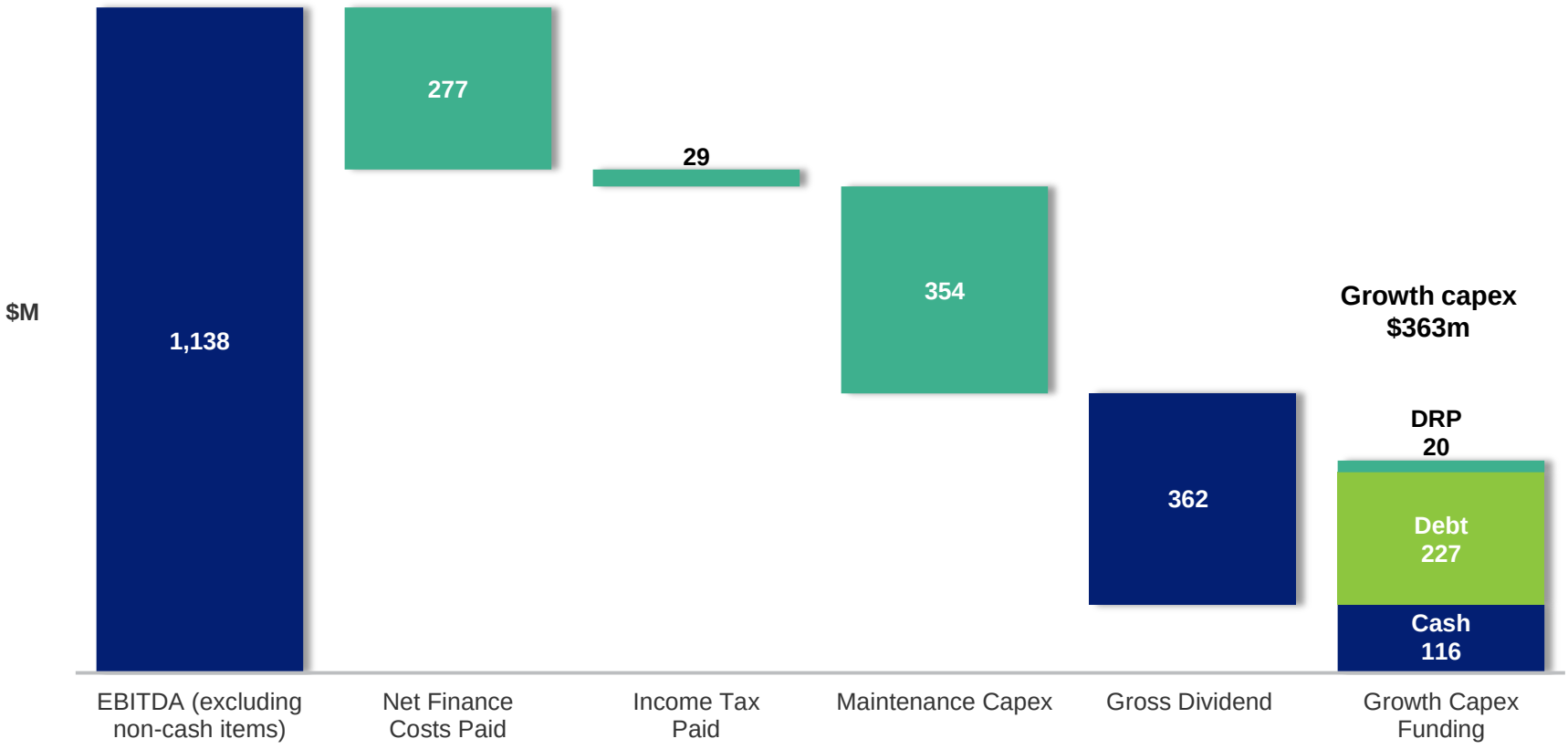
Capital Investment

- Decline in capital investment due to CES's Mortlake Terminal Station acquisition ($116m) in prior period.
- Growth / maintenance capex split approximately 50/50.
- Continued significant investment **($115m)** in bushfire mitigation and other safety measures (FY17:$104m).
- FY18 capital investment includes customer contributions of **$68m** (FY17:$47m).
- Targeting regulatory outperformance through capital efficiency.



Dividend and Capital Investment Funding

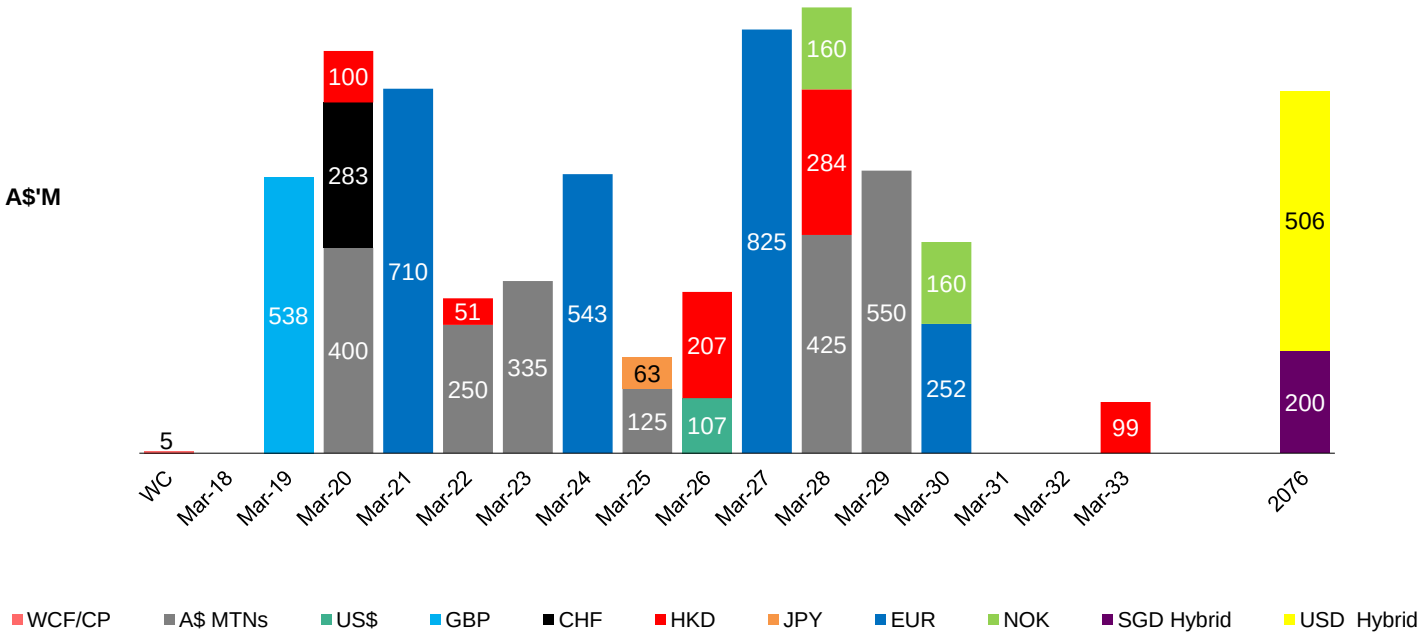
- Dividends remain fully covered by strong operating cash flows (EBITDA is used as a proxy when considering dividends).



***Note**: Capital investment as per cash flow statement $717m.*
Income tax paid includes FY18 tax instalments of $54m offset by FY17 income tax refund of $25m.
Estimated net regulatory depreciation $290m (Indexation $170m).

Diversified Debt Portfolio

- **$6,545m** net debt hedged against movements in interest rates **(99)%.**
- Raised **$900m** in funding via Australian (A$550m), Euro (A$251m) and Hong Kong (A$99m) bond offers.
- Undrawn committed bank facilities as at 31 March 2018 of **$546m.**



Note: *Net debt = Debt at face value ($7,203M) less cash of $658m. Offshore debt shown at hedged rates (face value).*
First call date for SGD and USD hybrid securities is September 2021.


Regulated
Energy
Services
1775
AusNet
services

Industry Developments

Industry Reviews

- Grattan report highlights privatised electricity businesses deliver lower prices for consumers, without compromising reliability or safety.

Regulatory Reforms

- AER rate of return review due in June 2018.
- COAG proposing to make the rate of return guideline binding on networks. Risk that a binding guideline may not be responsive to movements in market parameters.

Market Developments

- Snowy 2.0, Federal Government moves to 100% ownership of Snowy Hydro.
- National Energy Guarantee (NEG) intended to support investment in renewable generation.

EDPR 2021-25 Customer Forum

Ground-breaking trial that will see AusNet Services negotiate its proposed service offerings and expenditure directly with highly-skilled, qualified individuals appointed to formally represent the perspectives of customers.

1. **Lead a transformational shift in customer relations**
2. **Identify the perspectives and preferences of our customers**
3. **A more transparent regulatory process**
4. **Negotiate and agree elements of regulatory proposal**

Operational Highlights

Electricity Transmission



- CBD rebuilds on track. Richmond and West Melbourne terminal station rebuilds ~ 89% and ~ 30% complete.
- Initiated replacement of communications infrastructure in North West Victoria.
- Connected Ararat wind farm (250MW) and delivering 4 new wind farm connections (550MW).
- Summer peak period completed without any major outages.

Electricity Distribution



- Commenced Mallacoota battery storage project.
- Compliant with Ring-Fencing Guideline from 1 January 2018.
- Established EDPR 2021-25 Customer Forum.
- No material impact from outages on 28th January.
- Working on 9 REFCL sites.

Gas Distribution



- Highest peak consumption since July 2012.
- Accepted GAAR 2018-22 Final Decision
  - Gas tariff reduction of 15% over 5 years
- Gas meter reading transition to Downer delivering operating efficiencies.

Commercial Energy Services



AusNet services

CES Strategic Response

In response to changing industry dynamics, CES has refocused and is executing a disciplined national growth strategy.



Exit non-core services and build capabilities for growth

- Significant FTE reduction
- Ceased low margin and non-core field services work

Develop New Offerings

- Community Mini Grids – Indi Shire
- Deakin Smart Energy
- Free Electrons Start-Up Accelerator
- Asset Intelligence & Energy Management Platforms

Contracted Asset Base, signed approx. $170m since July 2017

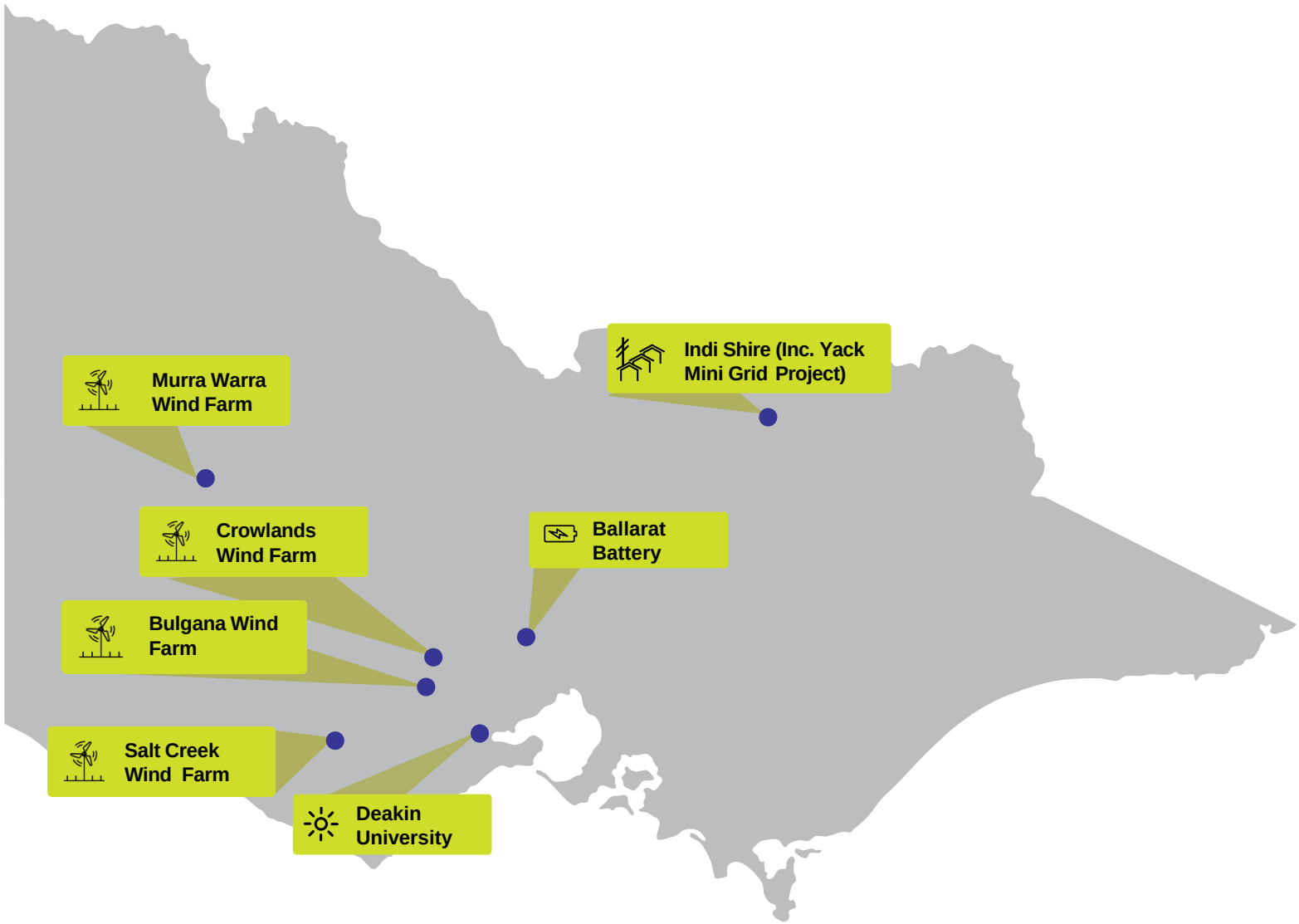
- Contracted asset base and commitments of $710m*
- Strong pipeline of transactions in various stages of negotiations

Invest in New Energy Business Models

- CES will own a diversified portfolio of energy assets supported by Asset Intelligence and Energy Management platforms
- Customer centric solutions that provide long term returns

** Includes around $170m of contracted infrastructure investments under construction*

CES Priority Opportunities in Victoria a strong base for National Growth



Outlook

Outlook

Stability



- Inflation protected revenues, no regulated revenue resets until 1 Jan 2021
- Forecast Net Debt to Regulated and Contracted Asset Base of <70% to FY21

Shareholder focus



- FY19 dividend guidance of 9.72cps, up 5%, expected to be franked around 40%-50% (subject to business conditions)
- Regulated Asset Base growth forecast at around 3.5% p.a. to FY21

Focus 2021 strategy

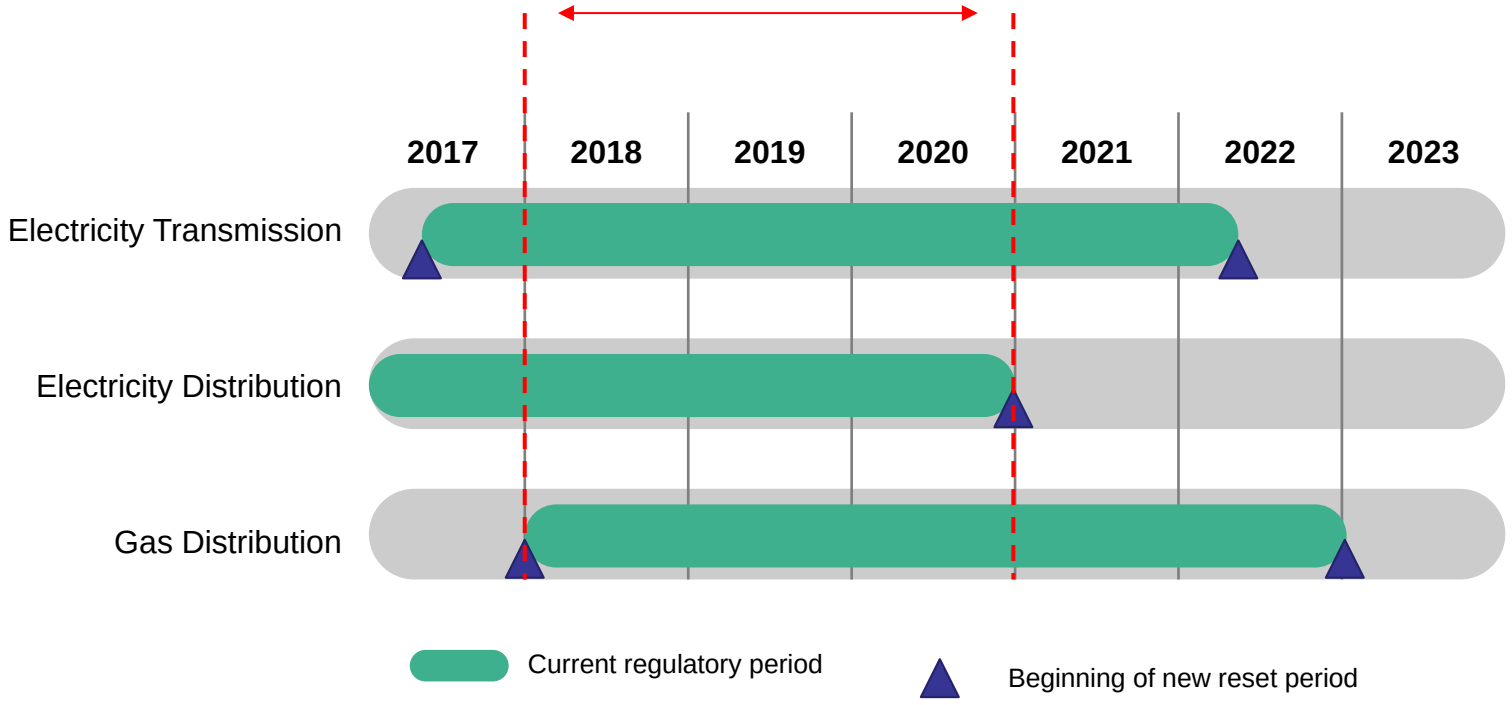


- Targeting $1bn of contracted energy infrastructure assets by FY21
- Operate all three core networks in the top quartile of efficiency benchmarks
- Underpinned by culture, capability and partnerships

Appendices

Regulatory Reset Summary

- **From 1 January 2018, around 85% of total revenues locked-in until 1 Jan 2021**



Electricity Transmission Network

- FY19 revenue cap **$541m.**
- Excluded revenues **$54m** (FY17:$48m), increase due to completion of Brunswick Terminal Station.
- FY18 easement tax (straight pass-through) of **$136m** (FY17:$111m).

	FY 2018	FY 2017	Variance
Revenue	**601.9**	586.0	↑2.7%
EBITDA	**379.8**	381.4	↓0.4%
EBITDA Margin	**63.1%**	65.1%	↓2.0%
EBIT	**280.4**	274.5	↑2.1%
EBIT Margin	**46.6%**	46.8%	↓0.2%
Regulated Asset Base	**3,498**	3,373	↑3.7%

Electricity Distribution Network

- CY17 revenue cap **$724m**, inclusive of **$39m** of reliability incentives STPIS and TUOS of **$82m.**
- CY18 revenue cap **$697m** (no STPIS based on CY16 performance and estimated TUOS $86m).
- FY18 metering revenue **$80m** (FY17:$93m).
- Expect CY18 metering revenue **$51m** (inclusive of negative revenue adjustment).
- CY18-CY20 metering revenues impacted by negative revenue adjustment arising from cost recovery process. Profile of adjustment is; CY18:$27m, CY19: $17m, and CY20:$11m.
- Higher customer contributions **$48m** (FY17:$29m) due to change in rules which allow for increased recovery.
- Excluded revenues **$25m** (FY17: $22m).

	FY 2018	FY 2017	Variance
Revenue	**891.4**	868.2	↑2.7%
EBITDA	**540.2**	467.7	↑15.5%
EBITDA Margin	**60.6%**	53.9%	↑6.7%
EBIT	**266.3**	215.8	↑23.4%
EBIT Margin	**29.9%**	24.9%	↑5.0%
Volumes (GWh)	**7,716**	7,682	↑0.4%
Connections	**722,046**	705,186	↑2.4%
Regulated Asset Base	**4,185**	3,949	↑6.0%

Gas Distribution Network

- New prices took effect on **1 Jan 2018**, average tariffs declined by **9.4%**.
- FY18 customer contributions **$11m** (FY17:$6m).
- Billing adjustments **($10m)** relating to prior year under-collection recognised in FY17.

	FY 2018	FY 2017	Variance
Revenue	**224.6**	224.3	↑0.1%
EBITDA	**162.3**	164.4	↓1.3%
EBITDA Margin	**72.3%**	73.3%	↓1.0%
EBIT	**113.7**	115.7	↓1.7%
EBIT Margin	**50.6%**	51.6%	↓1.0%
Volume (PJ)	**66.0**	66.3	↓0.5%
Connections	**692,282**	676,035	↑2.4%
Regulated Asset Base	**1,569**	1,504	↑4.3%

Commercial Energy Services

- Revenue decrease and EBITDA increase predominantly due to targeted exit of low margin field service contracts.
- Partly offsetting this were revenues associated with Mortlake Terminal Station increasing **$4m** due to a full 12-month contribution (acquired in June 2016).
- Approx. **$170m** signed contracted infrastructure assets since July 2017, including four wind farm connections, Deakin Smart Energy Micro Grid and Ballarat Energy Storage System. Expect FY19 capex for these projects of around **$120m**.

	FY 2018	FY 2017	Variance
Revenue	**206.2**	221.4	↓6.9%
EBITDA	**60.6**	59.8	↑1.3%
EBITDA Margin	**29.4%**	27.0%	↑2.4%
EBIT	**40.1**	41.4	↓3.1%
EBIT Margin	**19.4%**	18.7%	↑0.7%
Contracted Infrastructure Asset Base	**560**	540	↑3.7%

Megatrends are changing our industry

	Today	Future
Decarbonisation	▸ 86% thermal generation[1] ▸ PV rooftop penetration 21%[2]	▸ Renewables backed by dispatchable capacity and storage solutions ▸ PV saturation
New business models emerging	▸ Emerging technologies to allow consumer trading (P2P) ▸ Early stage adoption of AI to optimise networks	▸ Established platforms to integrate Behind the Meter generation with smart home appliances ▸ Active P2P trading by prosumers
New industry entrants	▸ Financial institutions with established utility holdings and Technology start-ups	▸ Global technology companies managing energy platforms, e.g. Amazon
Increasing customer choice	▸ Emerging solutions for distributed generation and storage ▸ Affordability	▸ Adoption of cheaper smart home and energy solutions and products
Market intervention	▸ Opex benchmarking ▸ Political debate on energy prices	▸ Policy-driven limitations on price growth ▸ Risk of asset interventions

(1) FY17 NEM generation (AER)

(2) Penetration of suitable rooftops, April 2017, reneweconomy.com.au

Sound Fundamentals

Financial Metrics	31-Mar-18	31-Mar-17
Market Capitalisation	**$6.1bn**	$6.1bn
Total Assets	**$12.5bn**	$11.8bn
Regulated / Contracted Asset Base	**$9.8bn**	$9.4bn
Total Borrowings (Face Value)	**$7.2bn**	$6.7bn
Net Debt [1]	**$6.9bn**	$6.3bn
Net Gearing (Carrying Value) [2]	**66%**	63%
Net Debt (Face Value) to Regulated / Contracted Asset Base [3]	**67%**	68%
Interest Cover [4]	**3.6x**	3.2x
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.

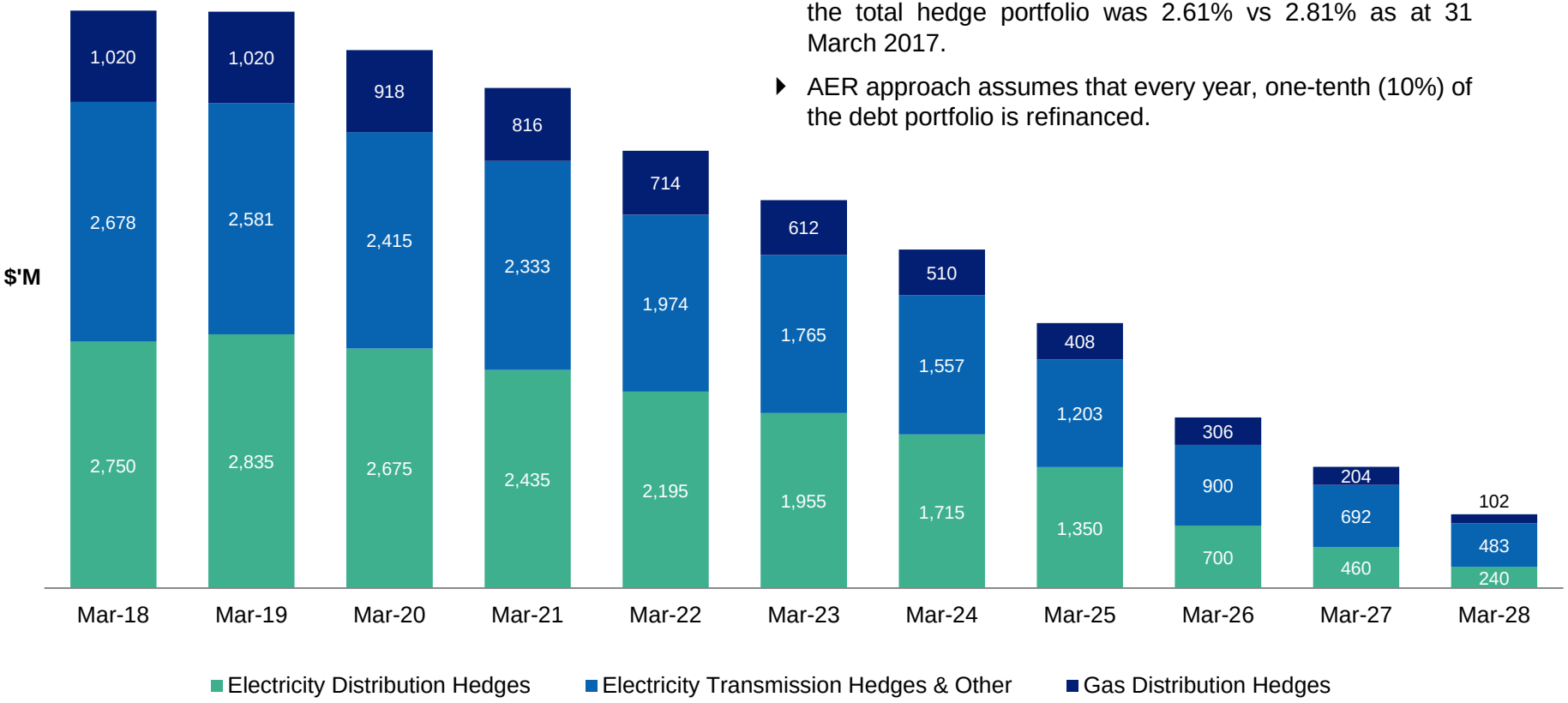
2. Calculated as net debt at carrying value divided by net debt at carrying value plus equity.

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.

Interest Rate Hedging Profile

- As at 31 March 2018, the weighted average interest rate of the total hedge portfolio was 2.61% vs 2.81% as at 31 March 2017.
- AER approach assumes that every year, one-tenth (10%) of the debt portfolio is refinanced.



Current Regulatory Determinations

Regulatory period	Gas distribution 2018-22	Electricity distribution 2016-20	Electricity Transmission 2017-22
Beta	0.70	0.70	0.70
Risk Free Rate	2.73%	2.93%	2.52%
Cost of Debt	5.04%	5.52%	4.94%
Gamma	0.40	0.40	0.40
Market Risk Premium	6.50%	6.50%	6.50%
Nominal Vanilla WACC	5.94%	6.31%	5.80%
Return on Equity	7.30%	7.50%	7.10%
Net Capex (Nominal)	$522m	$1,788m	$780m
Opex (Nominal)	$293m	$1,355m	$1,225m
Revenue (Nominal)	$1,040m	$3,524m	$2,742m

Note
All data in table is based on original regulatory determinations.

Regulated Network Statistics

Around 85% of total revenues

Electricity Transmission



- Over 6,600km of lines
- 53 terminal stations and switchyards
- Over 13,000 towers

Electricity Distribution



- 722,000 customers
- 60 zone substations
- Over 7,000 Gwh of throughput p.a.
- Around 383,000 power poles

Gas Distribution



- 692,000 customers
- 11,400km of gas mains
- 66 PJ of throughout p.a.

Bushfire Mitigation Investment

Rapid Earth Fault Current Limiter (REFCL)

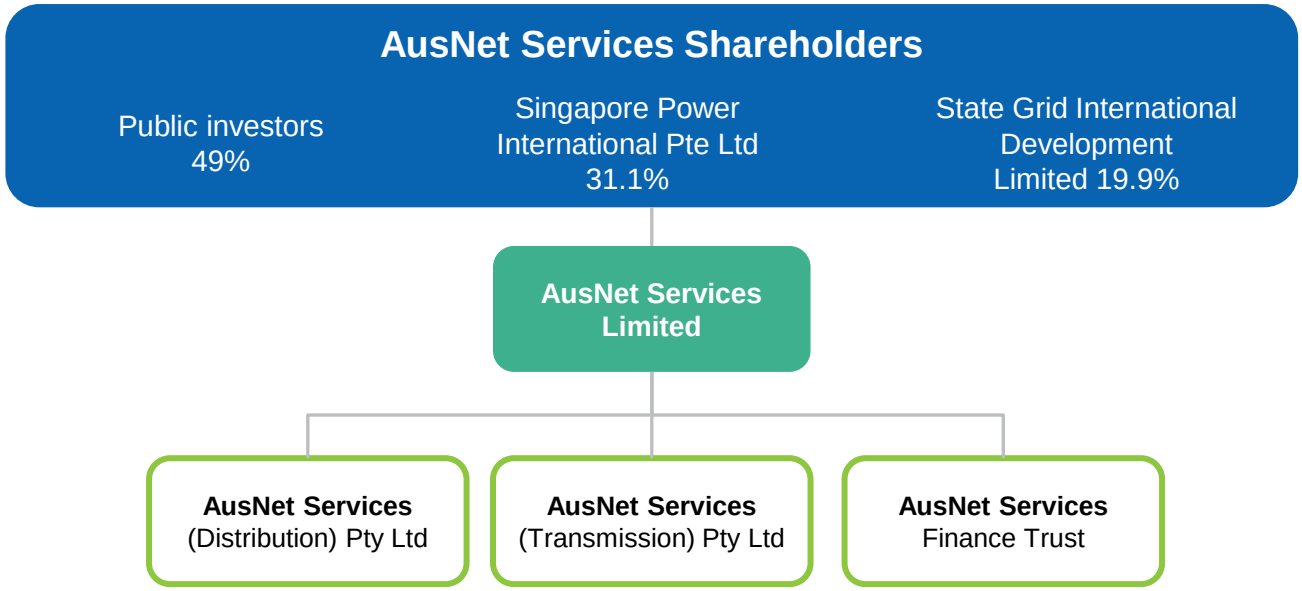


Cuts fault current within milliseconds in the event of a single phase to ground fault (e.g. a fallen line)

Estimated $310m capex between FY19-FY23 (FY18 $49m)

AER approval for Tranche 1 capex of $97m for CY17 & CY18, $29m in revenues to be recovered by CY20

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.

Further information and contacts

- AusNet Services is the largest diversified energy network business in Victoria, owning and operating $12.5 billion of assets.
- The company owns and operates 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 and energy services.
- Headquartered in Melbourne, Australia, AusNet Services employs 1,900 people to service 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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