

17 July 2014



**TO:** ASX Limited  
Singapore Exchange Securities Trading Limited

## SP AusNet Annual General Meetings and Meeting of Unitholders Presentation

Enclosed is an announcement made by SP AusNet which is provided for the information of SPI Electricity & Gas Australia Holdings Pty Ltd noteholders.

**Susan Taylor**  
Company Secretary

17 July 2014

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TO: ASX Limited  
Singapore Exchange Securities Trading Limited

## Annual General Meetings and Meeting of Unitholders Presentation

The presentation for today's Annual General Meetings and Meeting of Unitholders is attached.

Susan Taylor  
Company Secretary

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**SP AusNet**

SP Australia Networks (Distribution) Ltd  
ABN 37 108 788 245

SP Australia Networks (Transmission) Ltd  
ABN 48 116 124 362

SP Australia Networks (Finance) Trust  
ARSN 116 783 914

SP Australia Networks (RE) Ltd  
ABN 46 109 977 371  
AFS Licence No. 294117 as responsible entity  
for SP Australia Networks (Finance) Trust

Level 31  
2 Southbank Boulevard  
Southbank Victoria 3006  
Australia

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Melbourne City Mail Centre  
Victoria 8001 Australia

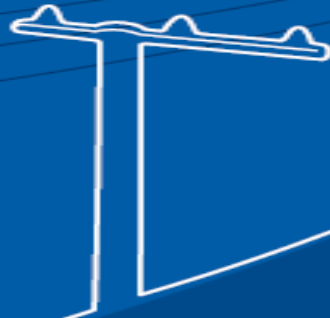
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[www.sp-ausnet.com.au](http://www.sp-ausnet.com.au)

# SP AusNet

## Annual General Meetings & Meeting of Unitholders

### 17 July 2014



SP Australia Networks  
(Distribution) Ltd  
ABN 37 108 788 245

SP Australia Networks  
(Transmission) Ltd  
ABN 48 116 124 362

SP Australia Networks  
(Finance) Trust  
ARSN 116 783 914

# Chairman's Address - Mr Ng Kee Choe

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# Managing Director's Address - Mr Nino Ficca

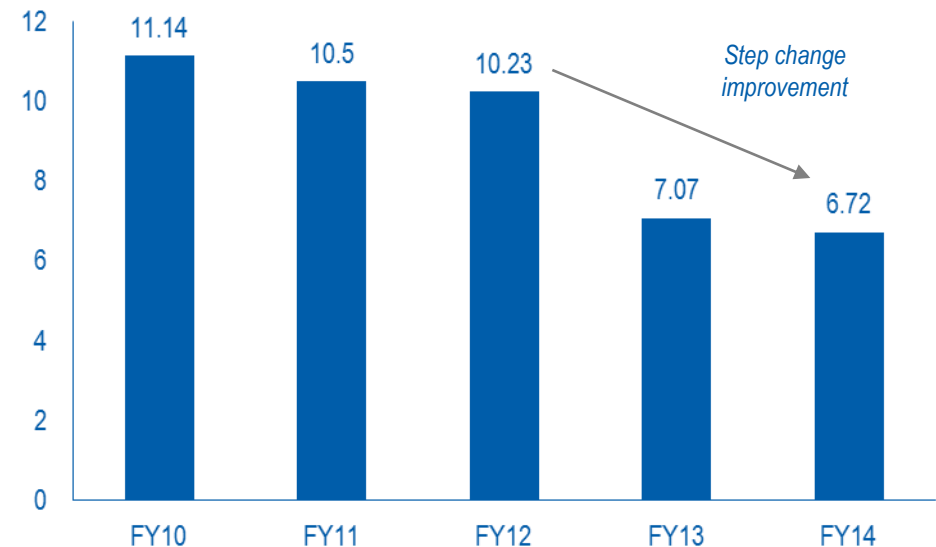


## Our missionZERO journey continues ....

- About **missionZero**
  - symbolises our safety vision and values. When it comes to the safety of our people our target is **ZERO injuries**
- **missionZero** progress
  - Stronger line management accountability
  - Focus on elimination and/or minimisation of risk

## Historical Performance

- Performance is improved through Planning, Induction, Training, Risk mitigation activity
- FY 2014 Recordable Injury Frequency Rate (RIFR) = 6.72



# Strong operating performance



## Full Year to 31 March 2014 (A\$M)

| A\$M                                     | FY 2014 |   | FY 2013 | Variance |
|------------------------------------------|---------|---|---------|----------|
| Statutory Result                         |         |   |         |          |
| Revenues                                 | 1,799.4 | ↑ | 1,639.5 | 9.8%     |
| EBITDA                                   | 1,017.4 | ↑ | 974.0   | 4.5%     |
| EBIT                                     | 647.7   | ↓ | 651.2   | -0.5%    |
| PBT                                      | 305.4   | ↓ | 315.3   | -3.1%    |
| NPAT                                     | 178.3   | ↓ | 273.5   | -34.8%   |
| Adjusted EBITDA                          | 1,075.1 | ↑ | 974.0   | 10.4%    |
| Adjusted NPAT                            | 305.4   | ↑ | 273.5   | 11.7%    |
| Annual distribution per stapled security | 8.36    | ↑ | 8.20    | 2.0%     |

### Notes

'Adjusted' EBITDA excludes recognition of \$50m payable for the termination of the MSA and \$7.7m of IT restructuring and associated internalisation costs.

'Adjusted' NPAT excludes the after-tax MSA termination and associated costs (\$40.4m NPAT impact) and the net charge of \$86.7m for the amount potentially payable at 31 March 2014 in respect of the Section 163AA dispute.

Adjusted EBITDA and Adjusted NPAT are non-IFRS measures that have not been subject to audit or review.

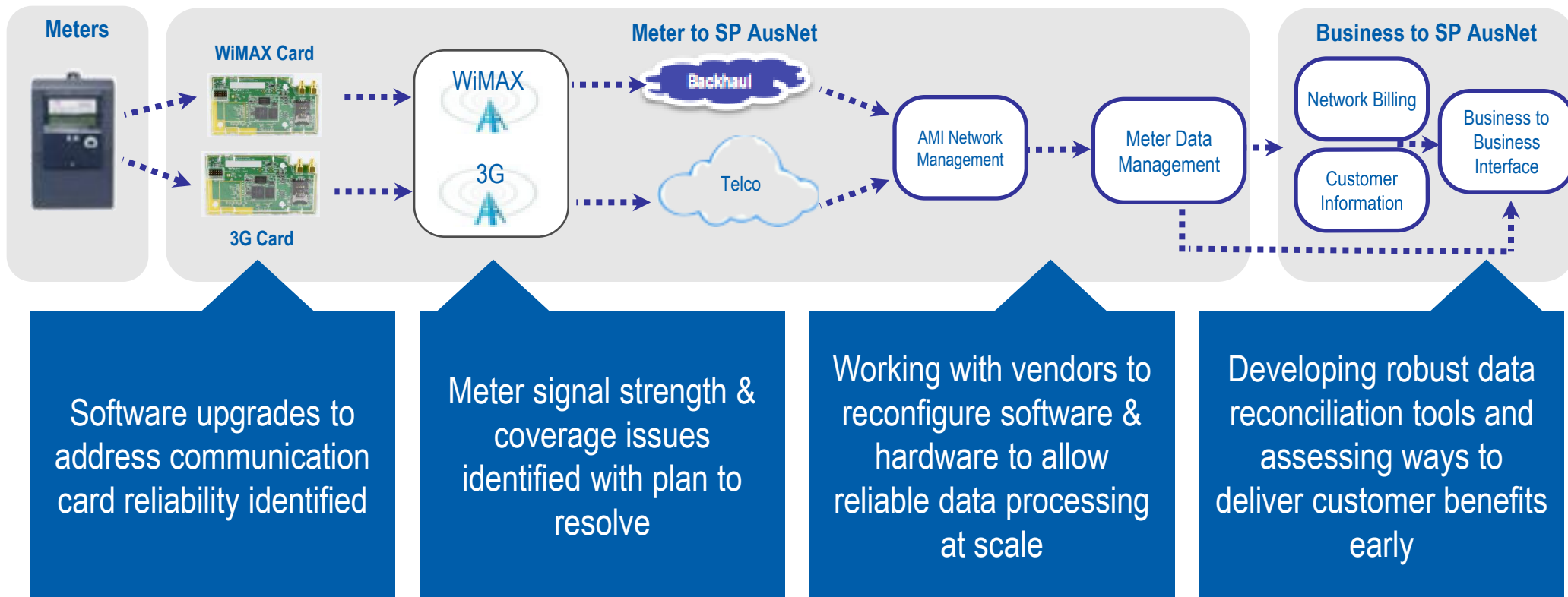
Revenues include customer contributions of \$51m in FY14 (\$32m for FY13)

- 12 month total security holder return to 31 March 2014 of 17%
- 2015 forecast distribution of 8.36cps
- 6.5% RAB growth until 2017
- Successfully raised over \$1.7 billion of debt at competitive prices

# AMI – Advanced Metering Infrastructure

- On 2 May 2014, SP AusNet announced to the market that its fleet of smart meters would be fully operational by 30 June 2014.
- As the number of smart meters connected to the AMI systems increased, earlier this year SP AusNet encountered periods of significant instability in AMI system performance. SP AusNet is undertaking a review to address this instability.
- The review is ongoing – we anticipate that the remediation strategy, timing and associated investment will be finalised by September.
- At this stage of the technical review we believe that the end-to-end AMI system is sound and a replacement of the core AMI system is not required.
- SP AusNet will seek to recover additional expenditure via the regulatory framework. The AER will only review the additional expenditure after it has been incurred. There is a risk that some or all of the expenditure may not be approved.
- Any additional investment will be incremental to the current \$89m shortfall relating to the 2012-15 budget and charges application (\$43.5m subject to Federal Court appeal, \$45.6m disallowed costs not appealed).
- The Victorian Government announced in late November 2013 a new policy under which distribution businesses would pay a rebate to customers who do not have a smart meter by 30 June 2014.

# AMI – Advanced Metering Infrastructure



On track to provide further update in September 2014.

- As noted by the Chairman, SP AusNet is litigating two tax disputes against the ATO and is assisting the ATO with an Audit review
- ATO engagement remains a key focus for SP AusNet. In relation to the:
  - **Section 163AA impost** dispute, the High Court will hear SP AusNet's special leave application in September 2014 and advise whether a High Court appeal hearing is granted
  - **Intellectual Property** dispute, in November 2014 the Full Federal Court will hear the ATO's appeal against the judgment in favour of SP AusNet, with a decision likely in early 2015
  - **ATO Audit of intra-group loans arrangements**, the Audit review is expected to conclude (and ATO position known) before November 2014.

# Regulatory reform – longer term

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- **The way in which electricity is supplied and used is changing:**
  - Technology, information availability and the high price of delivered energy is driving increased distributed generation and consumer participation in energy decisions
- **Some key reforms already in progress but the reviews do not consider how industry is structured for a different energy future**
- **A longer term vision for the electricity sector is highly desirable:**
  - Providing clarity on the likely long-term policy developments to facilitate good future outcomes
  - Structural tariff reform likely

**We are developing future framework options to engage policymakers and other stakeholders**

# Our People

- Successful employee securities plan – 39.9% uptake
- Strong employee engagement score of 62%, nearly achieving the “Best Employer” band (65%)
- Inclusive Leadership training for 350 people leaders
- SP AusNet’s third Women’s Career Development program
- Talent pipeline
  - *8 engineering graduates*
  - *24 apprentices and trainees*



# Customers and Community

## Customers

- Developed a customer strategy and action plan
- Stakeholder engagement relating to our EDPR 2016-20 submission

## Community

- Community sponsorships, grant programs and donations
- Employee grant program for community volunteering
- Community engagement on major projects

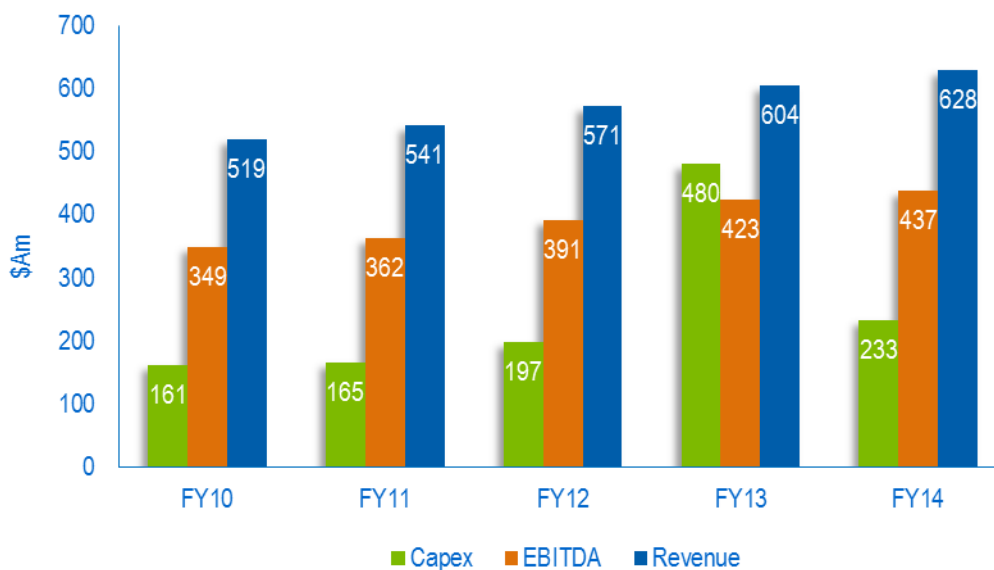


# Electricity transmission network

## Full Year Highlights (A\$M)



|               | 31-Mar-14 | 31-Mar-13 | Variance % |
|---------------|-----------|-----------|------------|
| Revenue       | 628.3     | 604.0     | 4.0%       |
| EBITDA        | 436.9     | 423.0     | 3.3%       |
| EBITDA Margin | 69.5%     | 70.0%     | -0.5%      |

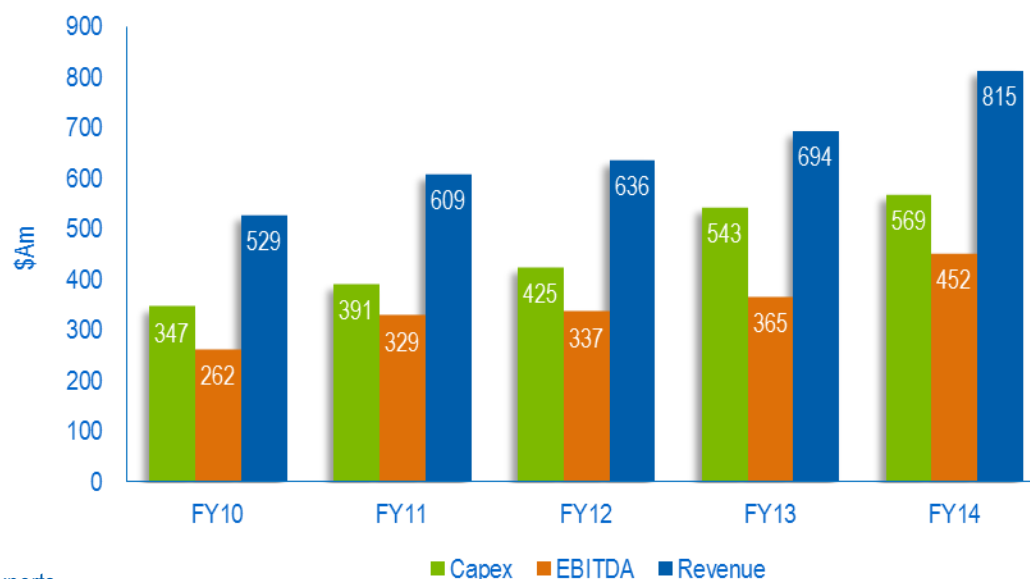


# Electricity distribution network

## Full Year Highlights (A\$M)



|               | 31-Mar-14 | 31-Mar-13 | Variance % |
|---------------|-----------|-----------|------------|
| Revenue       | 815.1     | 694.4     | 17.4%      |
| EBITDA        | 451.6     | 365.0     | 23.7%      |
| EBITDA Margin | 55.4%     | 52.6%     | 2.8%       |
| Volume (GWh)* | 7,483     | 7,629     | -1.9%      |
| Connections   | 668,603   | 658,461   | 1.5%       |



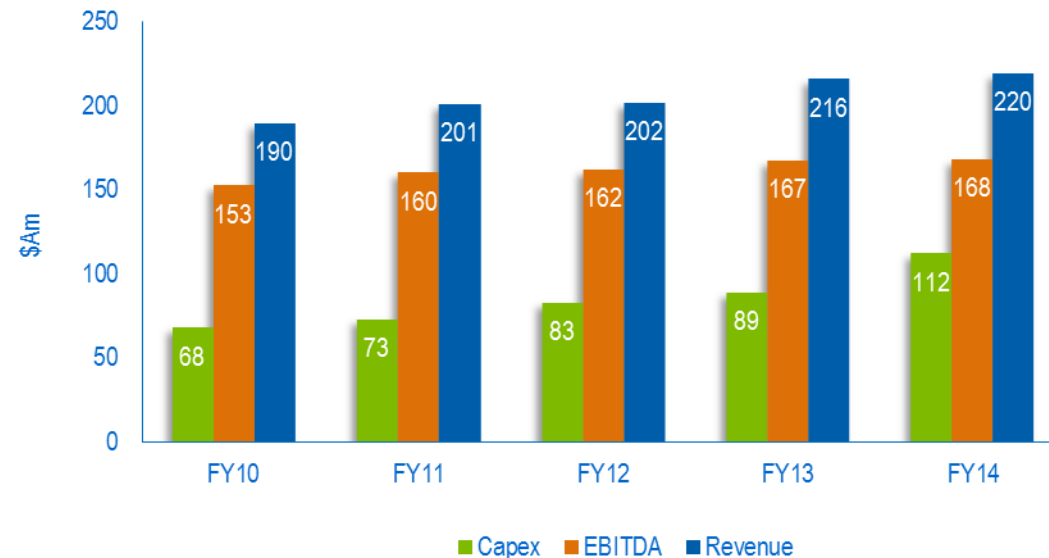
\* Historically volumes have been reported net of solar exports. New methodology ignores solar exports.

# Gas distribution network

## Full Year Highlights (A\$M)

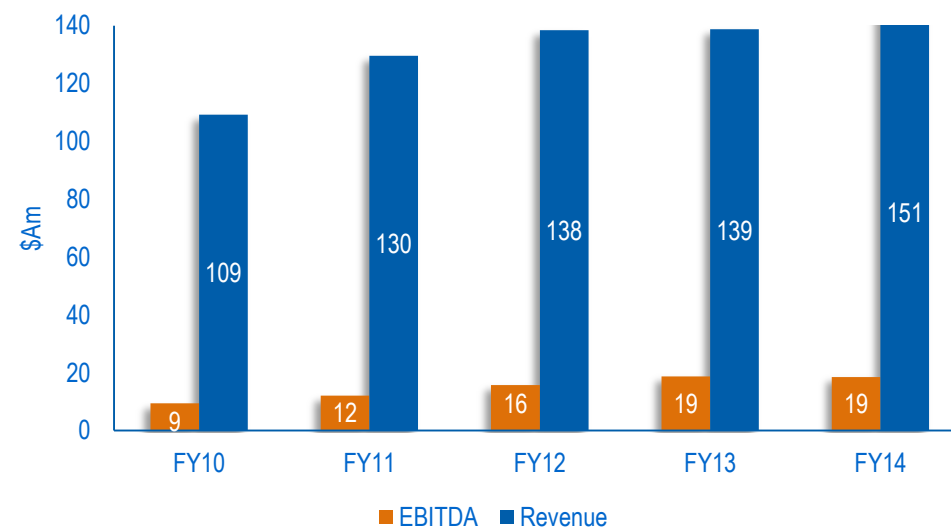


|               | 31-Mar-14      | 31-Mar-13 | Variance % |
|---------------|----------------|-----------|------------|
| Revenue       | <b>219.5</b>   | 216.1     | 1.6%       |
| EBITDA        | <b>168.1</b>   | 167.3     | 0.5%       |
| EBITDA Margin | <b>76.6%</b>   | 77.4%     | -0.8%      |
| Volume (PJ)   | <b>67.0</b>    | 72.4      | -7.5%      |
| Connections   | <b>633,184</b> | 620,113   | 2.1%       |



## Full Year Highlights (A\$M)

|               | 31-Mar-14 | 31-Mar-13 | Variance % |
|---------------|-----------|-----------|------------|
| Revenue       | 150.7     | 138.8     | 8.6%       |
| EBITDA        | 18.5      | 18.7      | -1.1%      |
| EBITDA Margin | 12.3%     | 13.5%     | -1.2%      |



SP AusNet's purpose is: *To provide our customers with superior network and energy solutions*



# Formal Business

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Mr Ng Kee Choe

# Item 1

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Financial Statements and Reports

*Companies and Trust*

# Item 2

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Re-election and Election of Directors

*Companies Only*

## Item 2 (a)

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Re-election of Directors – *Companies Only*

*Ms Tina McMeckan*

## Item 2 (b)

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Re-election of Directors – *Companies Only*

*Mr Ian Renard*

## Item 2 (c)

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Election of Directors – *Companies Only*

*Dr Ralph Craven*

## Item 2 (d)

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Election of Directors – *Companies Only*

*Ms Sally Farrier*

## Item 2 (e)

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Election of Directors – *Companies Only*

*Mr Sun Jianxing*

# Remuneration Report - Mr Ian Renard

## Chairman Remuneration Committee

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# Item 3

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Remuneration Report

*Companies Only*

# Item 4

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Change of names

*Companies only*

# Item 5

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Amendments to Trust Constitution

*Trust only*

# Item 6

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Issue of Stapled Securities for Singapore law purposes

*Companies and Trust*

The meeting is now closed

The Directors of SP AusNet thank you for  
your attendance