ASX & SGX-ST Release

15 May 2014

TO: ASX Limited
Singapore Exchange Securities Trading Limited

SP AusNet 2013/14 Full Year Results Release and Investor Presentation

The following documents are attached:

1. SP AusNet's 2013/14 Full-Year Results Release; and
2. Investor Presentation.

Susan Taylor
Company Secretary

For further information contact:

Investor Relations
John Nicolopoulos
Manager, Investor Relations
+61 3 9695 6301 or +61 409 672 912

Media Relations
Jonathon Geddes
Media Advisor
+61 3 9695 6401 or + 61 410 573 278

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

Locked Bag 14051
Melbourne City Mail Centre
Victoria 8001 Australia

Tel: +61 3 9695 6000
Fax: +61 3 9695 6666

www.sp-ausnet.com.au

ASX & SGX-ST Release

15 May 2014

SP AusNet Full Year 2014 Results

SP AusNet today announced its full year results for the period ending 31 March 2014 and reported a 9.8% increase in revenues to $1,799.4 million, a 4.5% increase in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to $1,017.4 million and a Net Profit After Tax (NPAT) of $178.3 million. NPAT was significantly impacted by:

- recognition of the amount potentially payable in respect of the Section 163AA impost dispute against the Australian Taxation Office (ATO), net impact of $86.7 million; and
- recognition of the amount payable to SPI Management Services Pty Ltd (a wholly owned subsidiary of Singapore Power) to terminate the Management Services Agreement (MSA) and recognition of IT restructure and other associated management internalisation costs, net impact of $40.4 million.

Excluding the impact of the Section 163AA impost, MSA termination fee, IT restructure and other associated management internalisation costs, adjusted NPAT increased by 11.7% to $305.4 million.

The Directors declared a final 2014 distribution of 4.18 Australian cents per security, delivering on full year distribution guidance of 8.36 cents per security, up 2%.

A$M	31 Mar 2014	31 Mar 2013		Variance
Statutory Result				
Revenues	1,799.4	1,639.5	up	9.8%
EBITDA	1,017.4	974.0	up	4.5%
EBIT	647.7	651.2	down	-0.5%
PBT	305.5	315.3	down	-3.1%
NPAT	178.3	273.5	down	-34.8%
Adjusted EBITDA [1, 3]	1,075.1	974.0	up	10.4%
Adjusted NPAT [2, 3]	305.4	273.5	up	11.7%
Annual distribution	**8.36**	**8.20**	**up**	**2%**

Notes:

1. 'Adjusted' EBITDA excludes recognition of $50.0 million payable for the termination of the MSA and $7.7 million of IT restructure and other associated management internalisation costs.
2. 'Adjusted' NPAT excludes a net impact of $86.7 million for the amount potentially payable at 31 March 2014 in respect of the Section 163AA dispute and also excludes the management internalisation and associated costs highlighted in Note 1 above, giving rise to a $40.4 million NPAT impact.
3. Adjusted EBITDA and Adjusted NPAT are non-IFRS measures that have not been subject to audit or review.

Operational Review

Electricity distribution business

	31 March 2014	31 March 2013	Movement	%
Segment revenue ($M)	815.1	694.4	120.7	17.4%
Segment result – EBITDA ($M)	451.6	365.0	86.6	23.7%
Volume (GWh)*	7,483	7,629	(146)	(1.9%)
Connections	668,603	658,461	10,142	1.5%
Capital expenditure ($M)	568.6	542.7	25.9	4.8%

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

Total revenue for electricity distribution has experienced strong growth for the year, despite the slight decline in volumes distributed. This growth has been primarily driven by regulated price increases for both electricity distribution and AMI revenues. In addition, 2013 calendar year price increases (+12.2%) have also included increased revenues under incentive schemes, the pass-through of increased transmission charges, and increases for the additional recovery of solar rebates paid that were not recovered in calendar year 2012.

A warmer winter, combined with changing consumer behaviours and the continued take-up of solar energy have contributed to the 1.9% decline in volume.

SP AusNet continued its investment in maintaining and augmenting the electricity distribution network during the year. Construction is nearing completion on building a new zone substation at Chirnside Park and works are continuing for the Enhanced Network Safety and Powerline Bushfire Safety Programs that are being delivered throughout the current Electricity Distribution Price Review (EDPR) 2011-15 period.

Of the total capital expenditure for electricity distribution, $135.4 million was in relation to the AMI program. The Victorian Government mandated the rollout of smart electricity meters in Victoria. It also established a range of functional and service level specifications for the program, as well as a framework for the regulated recovery of costs associated with the program pursuant to the AMI Cost Recovery Order in Council (CROIC) which allows for the recovery of prudent costs of implementing the AMI program.

As of the date of this report, SP AusNet has installed approximately 686,000 meters, out of a total fleet of 713,000. The remaining meters to be installed largely relate to inaccessible sites or customer refusals and SP AusNet continues to proactively manage these installations to ensure the full rollout of smart meters.

Whilst SP AusNet has successfully converted 390,000 meters to remotely provide meter data to market, SP AusNet has encountered periods of significant instability in its AMI systems performance as the number of smart meters connected to its AMI systems have increased. In light of these issues,

SP AusNet is undertaking a technical review of its AMI systems to address that instability.

SP AusNet will now undertake further work to determine options and risks to its program to convert its remaining smart meters and to ensure that its AMI systems will be able to deliver the mandated performance consistently at this scale. It is expected to take approximately two to three months to complete the determination of preferred options and risks.

Any solution to address the issues is likely to entail additional investment. The extent of the additional investment required is presently under review. While there are regulatory avenues under the CROIC for the recovery of prudent additional expenditure, which SP AusNet will pursue as the expenditure is incurred, this recovery is subject to approval by the AER.

For the calendar year ended 31 December 2013, SP AusNet spent $70 million above the current regulatory allowance. SP AusNet considers this additional expenditure to be prudent and incurred in accordance with the CROIC and as such is currently preparing an application to have this expenditure approved. The application is required to be submitted by 31 August 2014. As the additional costs are incurred in calendar years 2014 and 2015, SP AusNet will lodge further applications.

There is a risk that some or all of the additional expenditure may not be approved by the AER under the CROIC. SP AusNet would consider other avenues for recovery, such as legal appeal, if this were to occur.

Separate to the cost recovery application process noted above, SP AusNet has appealed to the Federal Court to include $43.5 million of additional costs in the AER approved budgetary allowance for the 2012 to 2015 calendar years. This appeal is expected to be heard during the fourth quarter of 2014, and if successful, would reduce the amount that SP AusNet sought to recover through additional expenditure applications under the CROIC, both now and in the future.

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. The rebate payment will not apply to customers that refuse a meter or that have defects that do not allow for a smart meter to be installed. The Victorian Government is currently undertaking a consultation process to finalise the mechanism for the rebate and its quantum. The amount of any customer rebates that SP AusNet will be required to pay is uncertain.

The Essential Services Commission (ESC) is currently conducting an audit of distribution businesses compliance with the best endeavours obligations under the CROIC. The ESC's findings are expected to be presented in June 2014.

Gas distribution business

	31 March 2014	31 March 2013	Movement	%
Segment revenue ($M)	219.5	216.1	3.4	1.6%
Segment result – EBITDA ($M)	168.1	167.3	0.8	0.5%
Volume (PJ)	67.0	72.4	(5.4)	(7.5%)
Connections	633,184	620,113	13,071	2.1%
Capital expenditure ($M)	112.2	89.2	23.0	25.8%

Total revenue for the gas distribution business has increased largely due to the recognition of $20.9 million of gifted gas distribution network assets as part of the Regional Rail Link project. Excluding the impact of this, gas distribution revenue declined due to a combination of regulated price decreases from 1 July 2013 (-15.3%) and lower volumes. Warmer temperatures, particularly during the winter period, contributed to declining volumes.

Expenses for the gas distribution business for the year ending 31 March 2014 contain an increase in the environmental provision for the remediation of contaminated former gas sites.

SP AusNet remains committed to allocating its resources to ensure a safe and reliable supply of natural gas to existing customers and bringing more gas to Victorians through efficient investment. In addition to ongoing expansion of the network, SP AusNet has agreed to extend its gas network to several towns identified in the Victorian Government's Energy for the Regions program. To date, SP AusNet has an agreement with Regional Development Victoria for the supply and reticulation of natural gas to Huntly, Avoca, Bannockburn and Winchelsea. Construction of the Huntly connection began in October 2013 and is expected to be completed by winter 2014.

Electricity transmission business

	31 March 2014	31 March 2013	Movement	%
Segment revenue ($M)	628.3	604.0	24.3	4.0%
Segment result – EBITDA ($M)	436.9	423.0	13.9	3.3%
Capital expenditure ($M)	232.7	245.1	(12.4)	(5.1%)

The 4.0% increase in electricity transmission revenues is largely driven by the annual regulated revenue reset. Transmission regulated revenue is not subject to volume risk. In addition, revenues were favourably impacted by the growth in transmission revenues from contestable and prescribed projects. The construction of a new terminal station at AGL's wind farm near Macarthur and the commencement of the desalination agreements to operate and maintain the underground transmission line supplying electricity to the Victorian Desalination Plant in Wonthaggi in December 2012 have both contributed to the unregulated revenue growth.

The investment in SP AusNet's state-wide transmission network continued during the year, including Brunswick, Richmond and West Melbourne. With work on the Brunswick and Richmond terminal station upgrades, SP AusNet continued to strengthen the electricity supply into Melbourne's central business district and inner-city suburbs. The demolition work at the Brunswick terminal station concluded at the end of 2013 with construction due to commence in October 2014 following receipt of all of the necessary approvals.

In January 2014, the Australian Energy Regulator (AER) released its Transmission Revenue Reset (TRR) for the 2014-17 period commencing on 1 April 2014. The Final Determination allows (in nominal dollars) total revenue of $1,600 million, total capital expenditure of $552 million and total operating expenditure of $591 million to maintain, operate and extend the network over the three-year regulatory period. The Final Decision provides funding for key transmission projects, particularly the replacement and refurbishment of several major terminal stations, including Richmond and West Melbourne, which underpin electricity supply to the Melbourne CBD.

Select Solutions business

	31 March 2014	31 March 2013	Movement	%
Segment revenue ($M)	150.7	138.8	11.9	8.6%
Segment result – EBITDA ($M)	18.5	18.7	(0.2)	(1.1%)

Select Solutions provides metering, data and asset management solutions, including integrated mobile and spatial technologies, to external parties and SP AusNet. Select Solutions' customers are primarily businesses operating in the essential infrastructure sector such as electricity, water and gas utility owners, (including Jemena, which was a related party until the completion of the State Grid transaction on 3 January 2014), transportation authorities and telecommunications companies.

Select Solutions revenues increased by 8.6 per cent largely due to growth in new contract wins and additional activity under existing contracts. The increased revenue has been partially offset by the loss of a service contract with United Energy. Select Solutions contributed $18.5 million to EBITDA for the year, a reduction of $0.2 million on the prior period due to a change in the contract profile and a $1.2 million prior period adjustment.

In February 2014 SP AusNet acquired Geomatic Technologies (GT) a provider of IT integrated solutions and services that leverage advanced mobile and spatial technologies, for a total consideration of $27.2 million. GT's portfolio includes solutions and services for field mobile computing, asset capture and inspection, web mapping as well as ICT managed services. The integration of GT will expand the service offering of the Select Solutions business and contribute to the growth of the unregulated business.

Outlook

SP AusNet will continue to determine future distribution amounts from operating cash flows after servicing all of its maintenance capital expenditure and a portion of its growth capital expenditure. For the 2015 financial year, SP AusNet expects to maintain distributions of 8.36 cents per security.

As with prior years, the seasonality of revenues, particularly due to higher demand on the gas distribution network for heating during the winter months, results in a larger proportion of revenues being earned in the first half of the year. Operating costs are more evenly spread over the full year, resulting in lower net profit after tax in the second half of the year.

Growth in the Regulated & Contracted Asset Base continues to be strong; underpinned by asset replacement, peak demand requirements and bushfire mitigation requirements. New wind farm and gas fired generation connections on the transmission network also promote growth in SP AusNet's asset base. SP AusNet remains committed to growing and modernising its existing networks. SP AusNet will also focus on expanding and commercialising specialist utility related solutions, in particular metering and technical services.

SP AusNet expects capital expenditure in FY 2015 to be around $865 million (excluding AMI remediation capex).

Distribution key dates

The 2014 final distribution of 4.18 Australian cents per security comprises 1.393 cents from a fully franked dividend (33.3%); 0.408 cents from a return of capital (9.8%); and 2.379 cents from interest income (56.9%).

Important dates:

26 May 2014	ASX & SGX-ST ex-date for final distribution
28 May 2014	Record date to identify securityholders entitled to final distribution
29 May 2014	Last election date for participation in DRP for final distribution
27 June 2014	Payment of final distribution

The Distribution Reinvestment Plan (DRP) will be in operation for the 2014 final distribution at a 2% discount to the average trading price. The average trading price will be the average of the volume weighted average price of securities sold in ordinary market transactions on the ASX between 30 May 2014 and 13 June 2014 (inclusive). For further information please refer to the DRP Rules at www.sp-ausnet.com.au.

15 May 2014

About SP AusNet

SP AusNet is the largest diversified energy network business in Victoria, owning and operating around $11 billion of electricity and gas distribution assets, including the state-wide electricity transmission network. The company also has a non-regulated division, Select Solutions, providing utility services.

Headquartered in Melbourne, Australia, SP AusNet employs more than 2000 people to service 1.3 million consumers and is listed on the Australian Securities Exchange (ASX: SPN) and the Singapore Stock Exchange (SGX-ST: X04).

For more information visit SP AusNet's website, www.sp-ausnet.com.au

For further information contact:

Investor Relations
John Nicolopoulos
Manager, Investor Relations
+61 3 9695 6301 or +61 409 672 912

Media Relations
Jonathan Geddes
Corporate Relations
+61 3 9695 6401 or +61 410 573 278

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

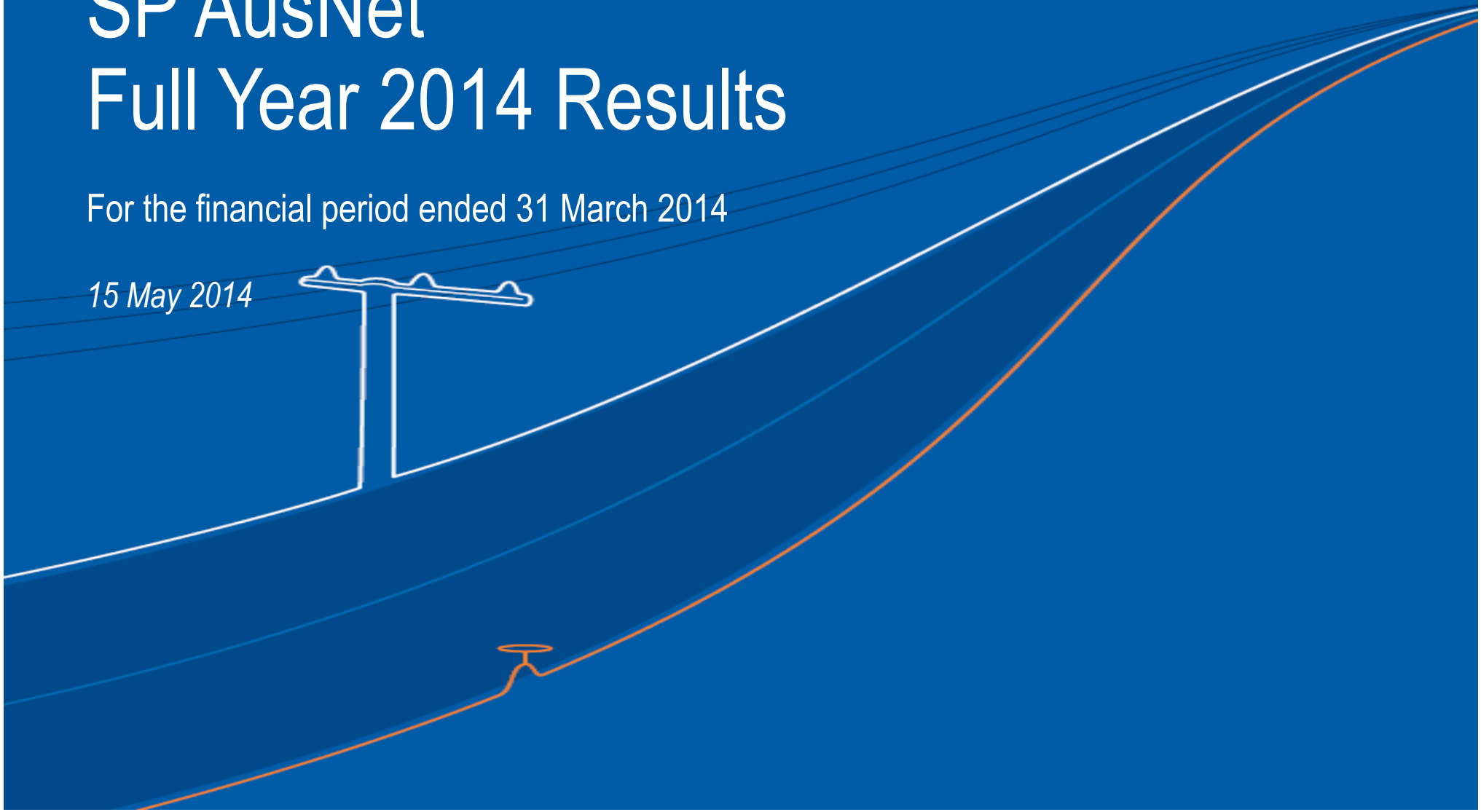
Locked Bag 14051
Melbourne City Mail Centre
Victoria 8001 Australia

Tel: +61 3 9695 6000
Fax: +61 3 9695 6666

SP AusNet
Full Year 2014 Results

For the financial period ended 31 March 2014

15 May 2014



Disclaimer

The SP AusNet Group (**SP AusNet**) comprises SP Australia Networks (Transmission) Ltd (**SP AusNet Transmission**), SP Australia Networks (Distribution) Ltd (**SP AusNet Distribution**) (together, **the Companies**) and their subsidiaries, SP Australia Networks (Finance) Trust (**SP AusNet Finance Trust**) and the responsible entity for the SP AusNet Finance Trust, SP Australia Networks (RE) Ltd (**Responsible Entity**), which is the holder of the Australian Financial Services Licence No. 294117. Shares in each of the Companies are stapled to units in the SP AusNet Finance Trust.

The information in this presentation is not a prospectus, product disclosure statement or other offering document and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in SP AusNet. The information is an overview (in summary form) and does not purport to be complete or contain all the information necessary to make an investment decision. This presentation is not financial product advice and does not take into consideration the investment objectives, financial situation or particular needs of any particular person. You should consider the appropriateness of the information having regard to your individual objectives, financial situation (including taxation position) and needs, and seek independent professional advice. This presentation, and the information in this presentation, will not form the basis of any contract or commitment.

This presentation has been prepared by SP AusNet on the information available. To the maximum extent permitted by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions in this presentation and SP AusNet, its directors, officers, employees, agents and advisers disclaim all liability and responsibility (including for negligence) for any direct or indirect loss or damage which may be suffered by any recipient through use or reliance on anything contained in or omitted from this presentation.

This presentation contains certain “forward-looking statements” and prospective financial information. These forward looking statements and information are based on the reasonably held beliefs of SP AusNet’s management as well as reasonable assumptions made by and information currently available to SP AusNet’s management, and are current only as of the date of this presentation. All statements other than statements of historical facts included in this presentation, including without limitation, statements regarding SP AusNet’s forecasts, business strategy, synergies, plans and objectives, are forward-looking statements. In addition, when used in this presentation, the words “guidance”, “forecast”, “estimate”, “expect”, “anticipated” and similar expressions are intended to identi forward looking statements. Such statements are subject to significant assumptions, risks and uncertainties, many of which are outside the control of SP AusNet and are not reliably predictable, which could cause actual results to differ materially, in terms of quantum and timing, from those described in this presentation.

In receiving this presentation, you agree to the above restrictions and limitations.

Introduction & Summary

Financial Performance

Operational Review

Strategy & Outlook

Note:

All references to '$' are Australian dollars unless otherwise stated.

Safety mission & performance

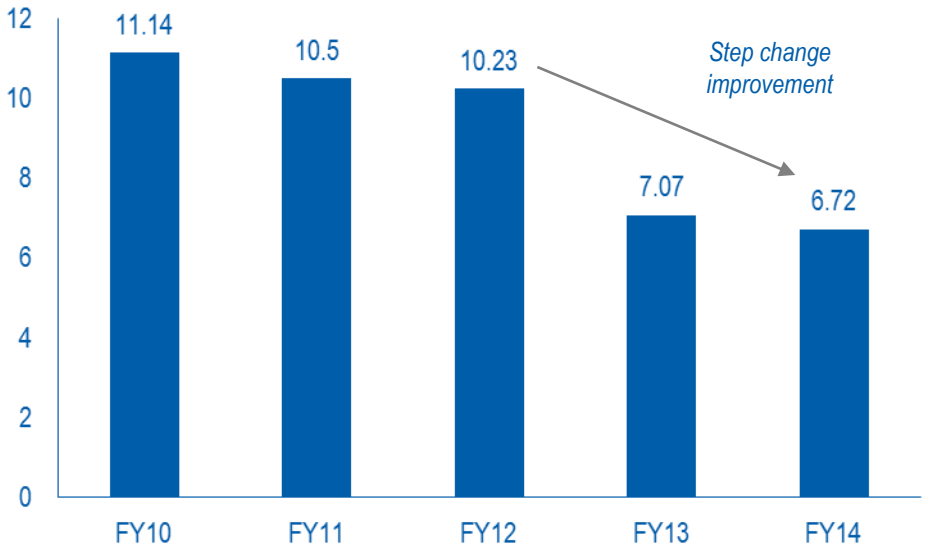
Our missionZERO journey continues ….

- About **missionZero**
  - symbolises our safety vision and values. When it comes to the safety of our people our target is **ZERO injuries**
  - Underpinned by a strategy focused on strong safety leadership, safe behaviour, the creation of safe work environments and improved systems and measurement

- **missionZero** progress
  - Stronger line management accountability
  - Focus on elimination and/or minimisation of risk

Historical Performance

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



Investment proposition - overview

A$8.2bn Regulated & Contracted Asset Base

- A$8.2bn Regulated & Contracted Asset Base, representing critical energy delivery infrastructure, providing stable long-term regulated cash flows
- 100% ownership of 3 Victorian energy networks: electricity transmission, electricity and gas distribution, regulated natural monopolies with high barriers to entry
- Diversified portfolio of networks with pipeline of unregulated transmission opportunities closely aligned to our existing regulated businesses
- 87% of revenues are regulated and inflation protected

Financial Stability & Flexibility

- Conservative gearing, forecasting net debt to Regulated & Contracted Asset Base of <70% to FY 2017 (currently 69%)
- Investment grade credit rating, currently rated A- by S&P and A3 by Moody's
- Increasing resilience to external shocks by diversifying sources of debt funding and extending maturity profile
- Net Debt effectively hedged against movements in interest rates (FY 2014 net debt hedging @ 94%)

Organic Growth & Yield

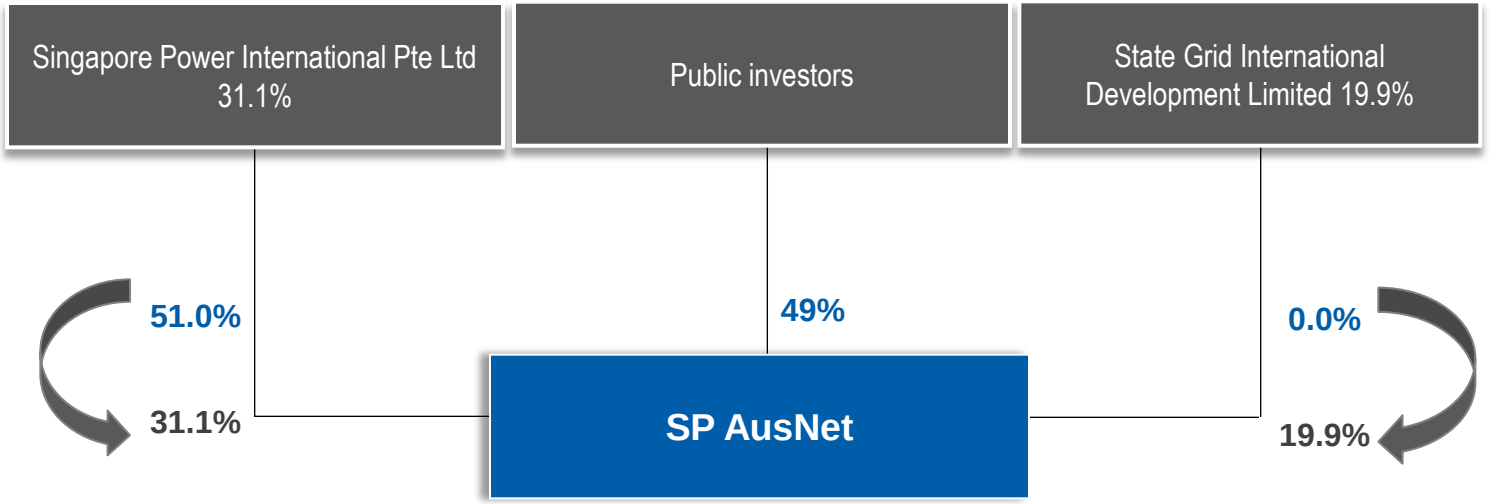
- Organic growth in the Regulated & Contracted Asset Base forecast at 6% p.a. to FY 2017
- Distributions fully covered by strong operating cash flows
- FY 2015 distribution guidance of 8.36 cents per security
- 1/3 of distributions comprised of fully franked dividends, the highest fully franked component in the regulated utility sector
- 12 month total securityholder return to 31 March 2014 of 17%

Focused Strategy

- 100% control, ownership and internalised management of asset base, providing securityholders with a secure path to cash flows
- Developing energy solutions for customers to position the business well into the future
- Continue to explore low risk unregulated opportunities, which are closely aligned to our existing asset base
- Provide safe, resilient and reliable networks

Clear, stable and predictable investment proposition

Ownership & Board changes



The sale of 19.9% of SP AusNet securities by Singapore Power to State Grid was completed on 3 January 2014.

On 24 January 2014, two State Grid nominees, Mr Sun Jianxing and Dr Ralph Craven were appointed as Non-Executive Directors to the SP AusNet Board. Sally Farrier was appointed as an Independent Non-Executive Director to the SP AusNet Board to replace retired Independent Non-Executive Director George Lefroy.

Internalisation of Management Services

- SP AusNet's half-year 2014 results noted the intention of the Directors, on or before 30 September 2015, to terminate the Management Services Agreement (MSA) with SPI Management Services Pty Ltd (SPIMS), under which management services were provided by SPIMS (a wholly owned subsidiary of Singapore Power) to SP AusNet.

- SP AusNet, Singapore Power and SPIMS entered into a Termination Deed, pursuant to which they agreed to terminate the MSA with effect from 31 March 2014.

- A termination payment of $50 million is payable by SP AusNet to SPIMS. This payment is made up of two parts:
  - an early termination fee representing the present value of the estimated termination payment that would have been payable to SPIMS if the MSA had terminated on 30 September 2015; and
  - the present value of estimated performance fees that would have been payable to SPIMS from 1 April 2014 to 30 September 2015, had the MSA continued until that time.

- Agreement was also reached between SPIMS and SP AusNet to unwind shared information technology (IT) services provided to SP AusNet by Enterprise Business Services (EBS), a subsidiary of SPIMS. This arrangement was put in place in September 2008. The cost of the IT restructure and other associated internalisation costs is $7.7 million.

- As a result of the management internalisation, SP AusNet is no longer required to pay annual performance fees after FY 2014 (FY14: $22m, FY13: $20m). Annual SPIMS labour costs (previously on-charged through the management services charge component) will be directly incurred by SP AusNet and are expected to continue at around $25m per annum.

AMI – Advanced Metering Infrastructure

- On 2 May 2014, SP AusNet announced to the market that it would not have its fleet of smart meters fully operational by 30 June 2014.
- As the number of smart meters connected to the AMI systems has increased, SP AusNet has encountered periods of significant instability in AMI system performance. SP AusNet is undertaking a review to address this instability.
- Given the ongoing review, the remediation strategy, timing and associated investment have not yet been finalised.
- 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. The Victorian Government is currently undertaking a consultation process to finalise the mechanism for the rebate and its quantum.

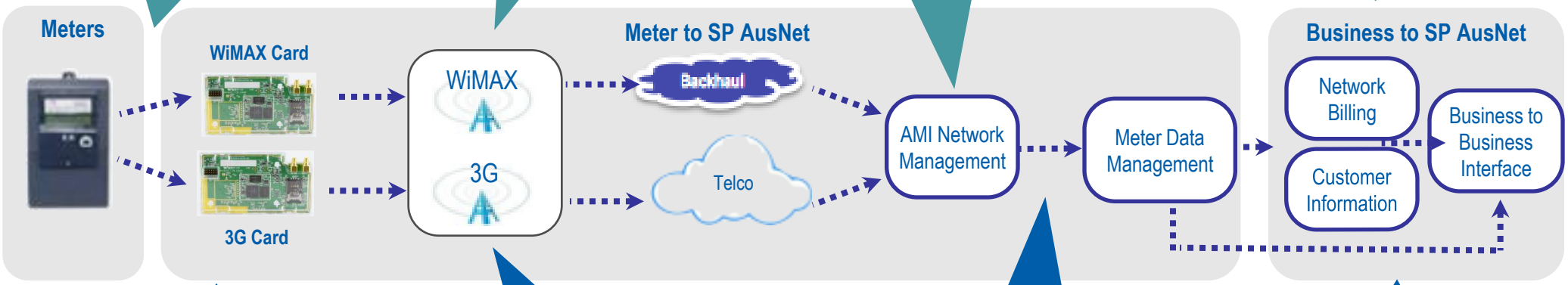
AMI – Advanced Metering Infrastructure

686,000 meters installed out of a total fleet of 713,000. 390,000 meters converted and remotely providing data to market.

86 of a planned 88 communications towers commissioned

Data management, processing & warehousing functions. Approx. 97% of 390,000 converted meters are reliably communicating data on a timely basis

All data provided to market via AMI or existing manual processes



Software upgrades to address communication card reliability

Meter signal strength & coverage issues to be resolved via WiMax signal amplification & 3G infill coverage

Working with vendors to assess software & hardware upgrades to allow reliable data processing at scale

Not currently meeting mandated target of 95% of real meter data to market by 6am (following day)

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%

- Revenue growth driven by regulated price increases and higher AMI program revenues
- Growth in unregulated / contestable transmission revenues
- Recognised $87m potentially payable in respect of Section 163AA impost dispute against the Australian Tax Office (ATO)
- Recognised $50m for termination of the MSA and $8m in IT restructure and other associated internalisation costs

Notes

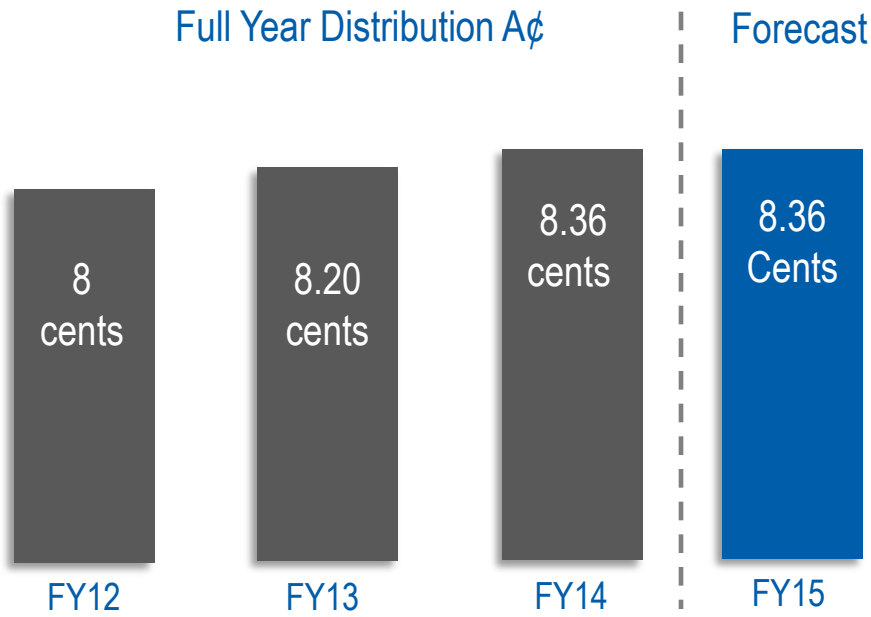
'Adjusted' EBITDA excludes recognition of $50m payable for the termination of the MSA and $7.7m of IT restructuring and associated internalisation costs.

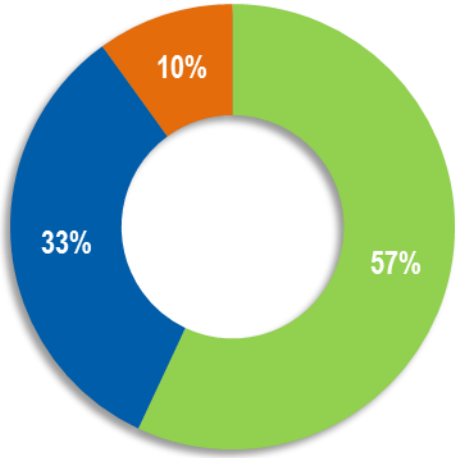
'Adjusted' NPAT excludes the after-tax MSA termination and associated costs ($40.4m NPAT impact) and the net charge of $86.7m for the amount potentially payable at 31 March 2014 in respect of the Section 163AA dispute.

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)

Stable & tax-effective distributions





- FY 2015 distribution guidance of 8.36 cents per security
- Distributions continue to provide a fully franked dividend component

	FY12	FY13	FY14
Interest Income	54.7%	62.4%	57.1%
Fully Franked Dividend	33.3%	33.3%	33.3%
Return of Capital	12.0%	4.3%	9.6%

Highest level of franking in the regulated utility sector

Introduction & Summary

Financial Performance

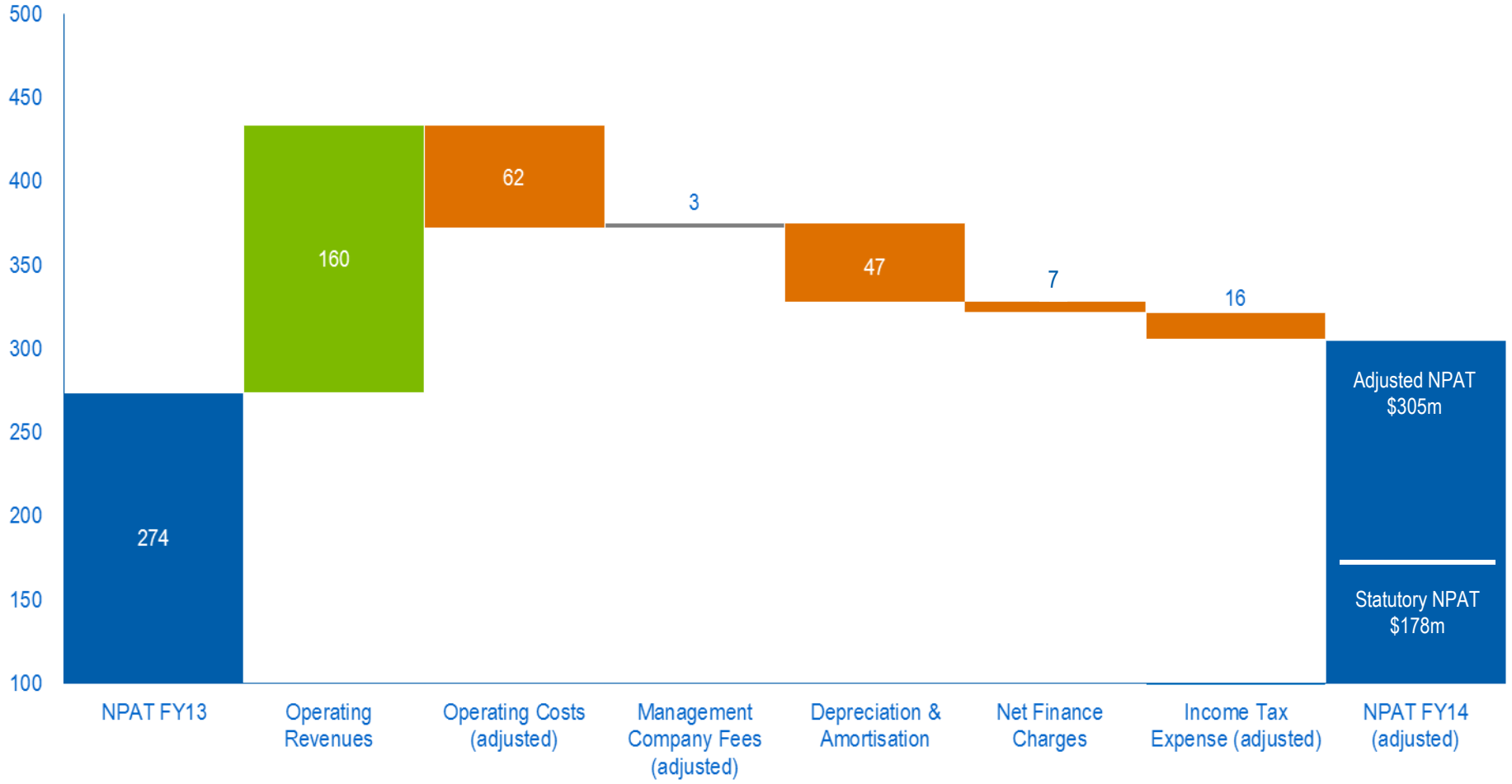
Operational Review

Strategy & Outlook

Note:

All references to '$' are Australian dollars unless otherwise stated.

Net Profit After Tax (adjusted)



Notes

'Adjusted' Operating Costs and Management Company Fees 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.

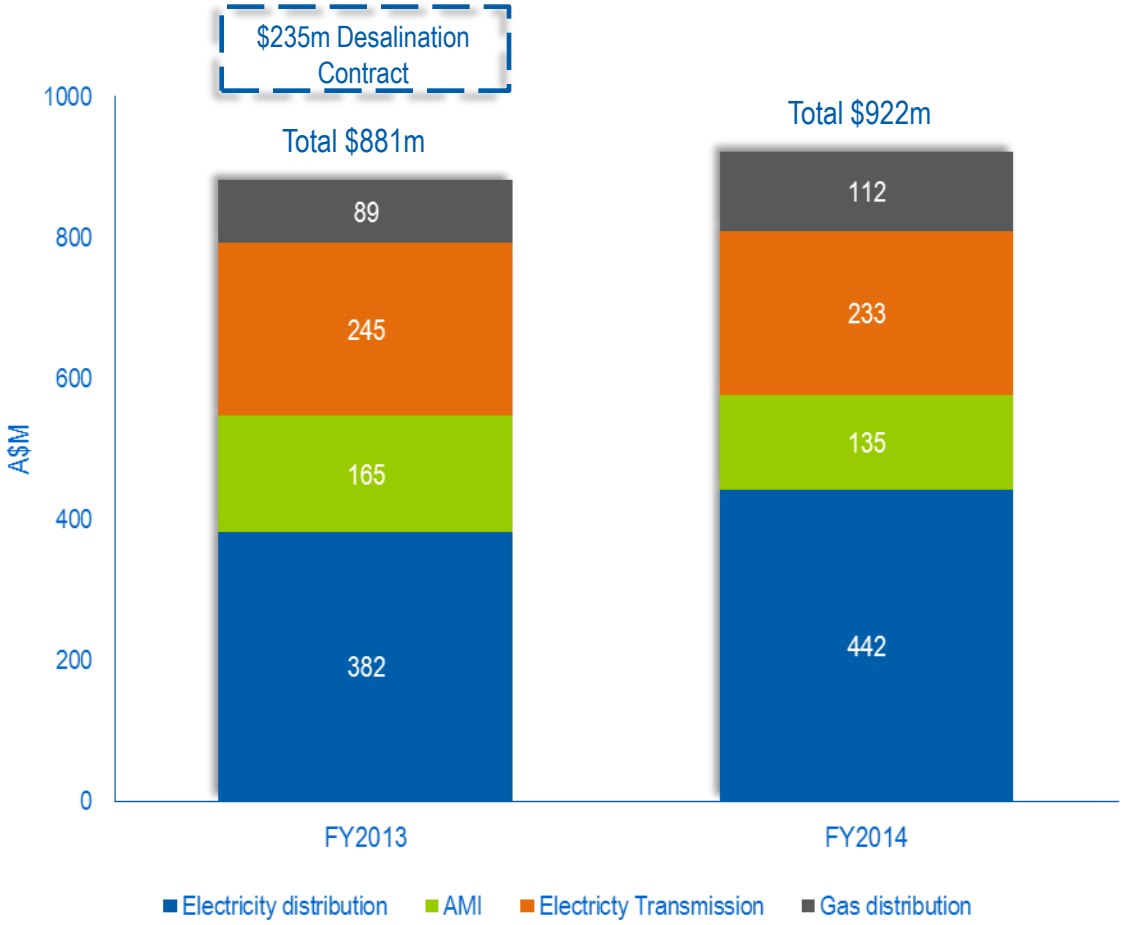
Adjusted NPAT is a non-IFRS measure that has not been subject to audit or review.

Strong revenue growth

Gross capital expenditure

Full Year to 31 March 2014 (A$M)

- FY 2014 capex up 5% as a result of:
  - higher electricity distribution network safety and bushfire mitigation (e.g. accelerated pole, cross-arm & conductor inspection / replacement)
  - higher customer contributions on the gas distribution network as a result of gifted assets from the Regional Rail Link Project
  - state-wide transmission investment to improve reliability and peak demand capacity, including terminal station rebuilds/upgrades
- FY 2015 capex expected to be around $865m (excluding AMI remediation capex)



Notes: Total capex includes Select Solutions capex (FY14: $9m & FY13: $4m), but excludes acquisition of Geomatic Technologies ($27m)

Capex funding

Full Year to 31 March 2014 (A$M)

- Capex underpinned by strong operating cash flows and a prudent mix of debt and equity financing
- After satisfying net distributions (net of $22m re-invested under the DRP), $473m of operating cash flows were available to fund capex
- Conservative approach to capex funding is supportive of a lower risk profile and preserves 'A' range credit rating
- Growth/maintenance capex split expected to remain around 60/40



Notes : Net cash flow from operations are inclusive of net finance costs paid ($337m) and income tax paid ($35m).
Capex as per cash flow statement, excluding Geomatic Technologies (GT) acquisition

Distributions fully covered by operating cash flows

Regulated & Contracted Asset Base Growth

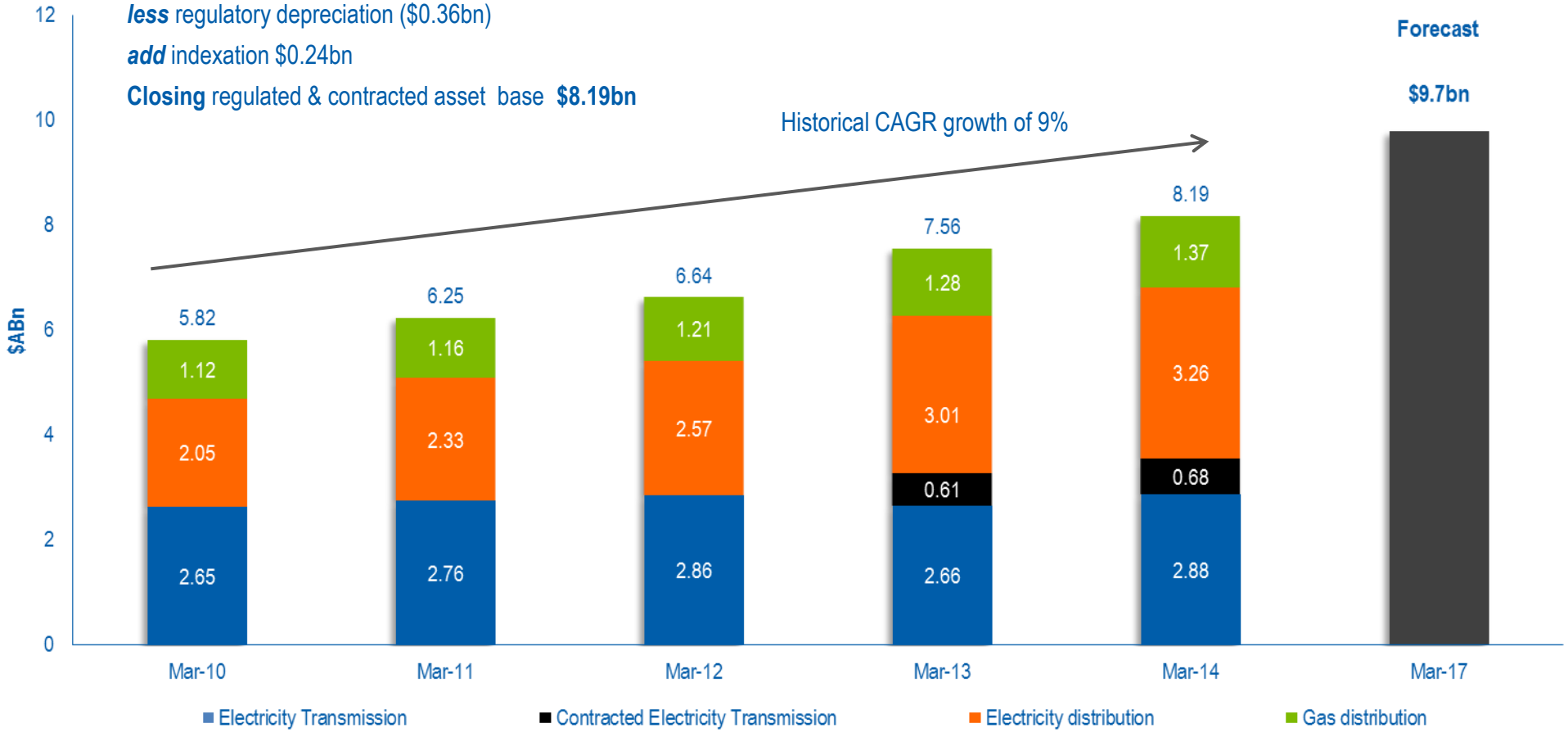
2014 Opening regulated & contracted asset base **$7.56bn**

add capex $0.75bn

less regulatory depreciation ($0.36bn)

add indexation $0.24bn

Closing regulated & contracted asset base **$8.19bn**

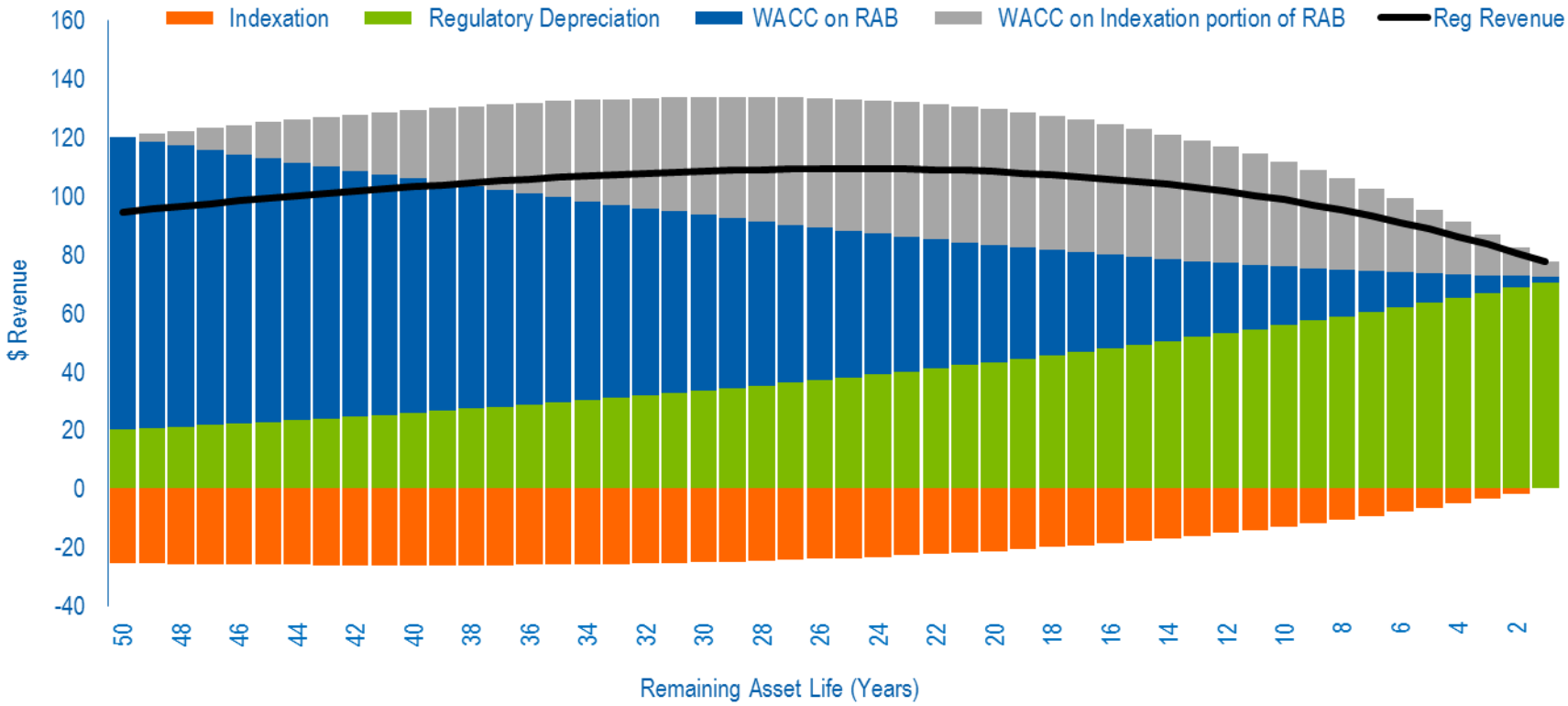


Notes: Contracted electricity transmission highlighted from FY13 onwards. Chart excludes shortfall recovery for AMI 2012-15 budget and charges application, customer contributions and capitalised interest

Regulated & Contracted Asset Base Growth of 6% to 2017

Revenue profile - regulated investments

- Regulated assets are long-life in nature and generate revenues over a long period. Indexation results in a 'smoothing' of revenues over the regulatory life of an asset.
- Average RAB life impacts economic depreciation (i.e. regulatory depreciation less indexation), which also impacts revenue profile (see appendices)



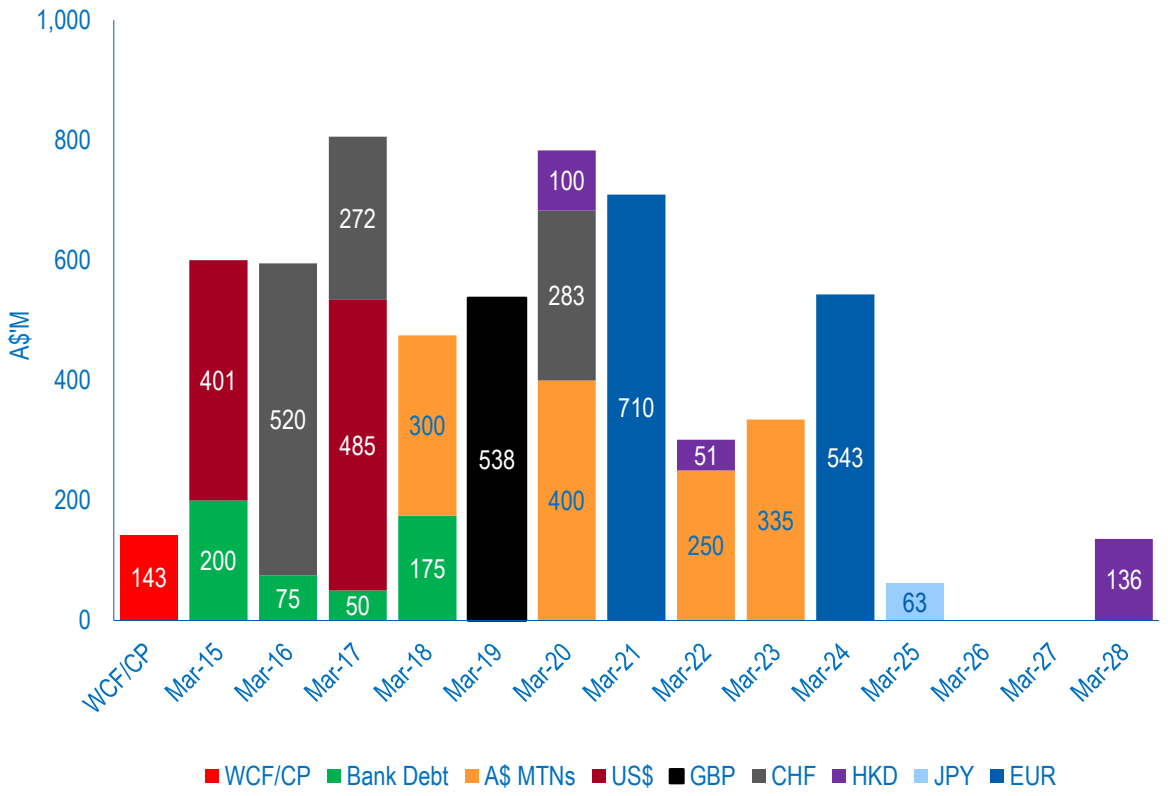
Notes: Regulatory depreciation is not comparable to accounting depreciation as the two are prepared on a different basis.

Sustained RAB investment has seen SP AusNet double its RAB between FY 2004 and FY 2014

Diversified debt portfolio by maturity and source

Debt maturity profile as at 31 March 2014 – Net debt approx. $5,620 (A$M)

- Continued funding diversification by issuing inaugural:
  - €500m, 7-year Euro bond issue to raise A$707m in Jul 2013
  - €350m, 10-year Euro bond issue to raise A$543m in Jan 2014
- As at 31 March 2014, $550m of non-current undrawn committed bank debt facilities and $197m of current undrawn committed bank debt facilities
- S&P upgraded the Group's credit rating from BBB+ to A- in December 2013
- Moody's revised SP AusNet's rating from A1 to A3 in December 2013, following conditional approval of State Grid International Development Ltd purchase of a 19.9% stake in SP AusNet



Notes: Net debt = Debt at face value ($6,029M) less cash / cash equivalents of $409M. Offshore debt shown at hedged rates.

Diversifying funding sources & extending debt maturities remain a key priority

Solid fundamentals

Financial Metrics	31 March 14	31 March 13
Total Assets	A$10.6bn	A$10.1bn
Total Borrowings	A$6.1bn	A$5.3bn
Net Debt [1]	A$5.7bn	A$4.7bn
Net Gearing (CV) [2]	62%	58%
Net Debt (FV) to Regulated & Contracted Asset Base [3]	69%	68%
Interest Cover [4]	2.5x	2.5x

Market Metrics @ 31 March 14	ASX	SGX
Security Price	A$1.31	S$1.54
Market Capitalisation	A$4.4bn	S$5.2bn
Net Asset Value Per Security	A$1.02	S$1.21

Notes

1. Net debt is equal to debt at carrying value less cash.
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 SP AusNet funds its capex in terms of debt vs. income generating assets.
4. Calculated as EBITDA less customer contributions and tax paid, divided by net interest expense. 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.

Strong financial position

Introduction & Summary

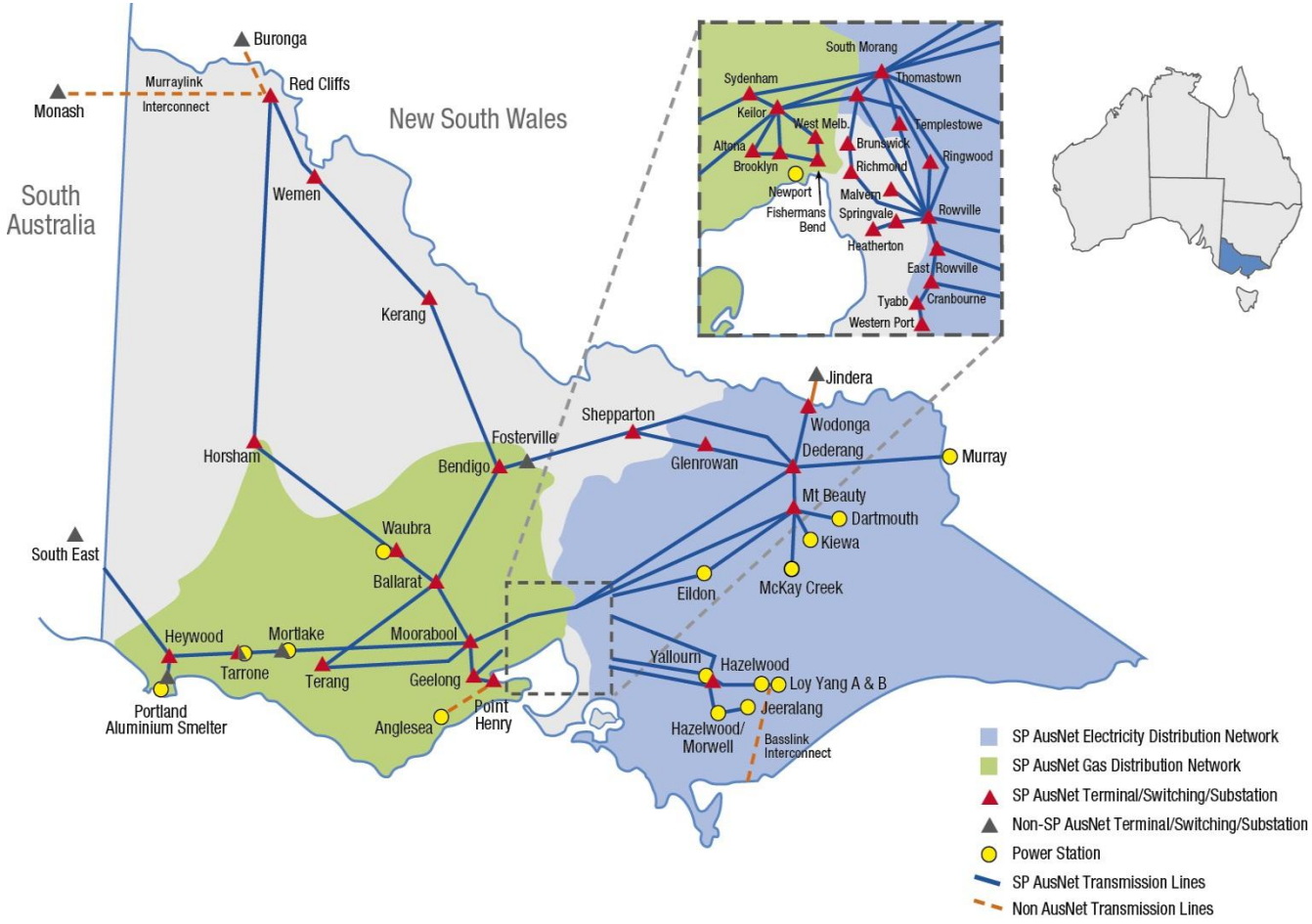
Financial Performance

Operational Review

Strategy & Outlook

Suite of high quality assets

Key Network Statistics*



Electricity Transmission

- 6,573km of transmission lines
- 13,000 towers

Electricity Distribution

- 49,816km of electricity distribution network
- 668,603 customers

Gas Distribution

- 10,478km of gas distribution network
- 633,184 customers

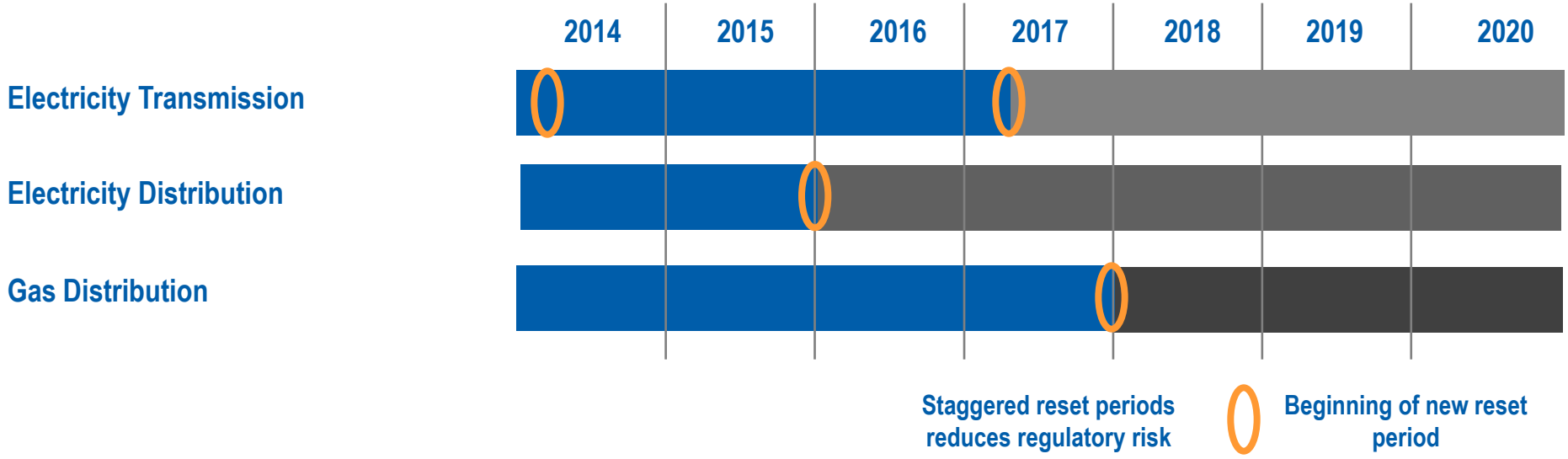
* All figures are approximate as at 31 Mar 2014

Own, operate & control assets, a secure pathway to cash flows

Networks summary

Diversified reset periods reduce regulatory risk

- 3-year Transmission Regulatory Reset period commenced on 1 April 2014, with 5-year periods to apply thereafter
- New AER rate of return guidelines first apply to Electricity Distribution Price Review, from 1 Jan 2016
- Electricity Distribution Price Review 2016-2020 application to be submitted to the AER in early 2015



87% of revenues regulated, underpinning stable cash flows

Electricity transmission network

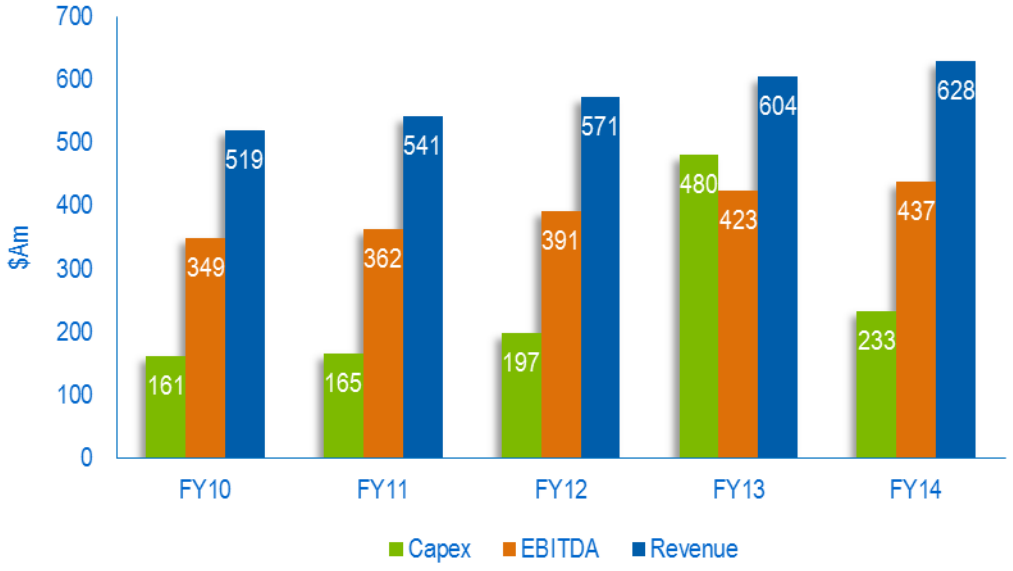


Electricity transmission network

Full Year Highlights (A$M)

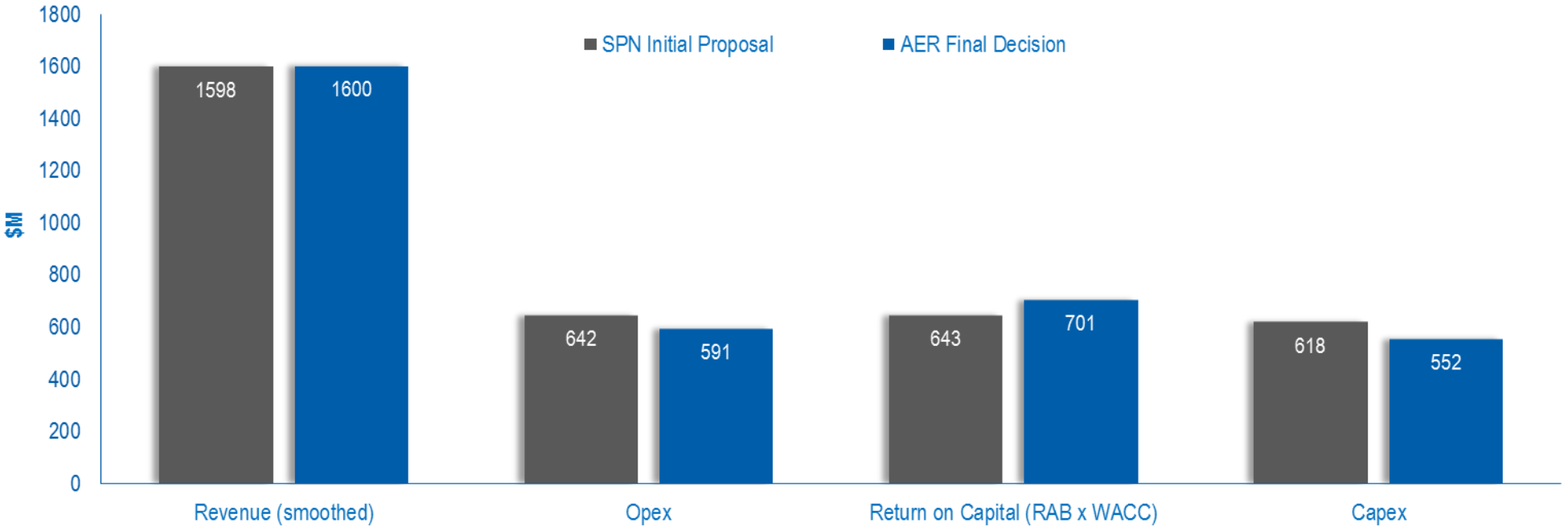
- Regulated price increases and growth in unregulated and contestable transmission projects driving revenue growth.
- Recovered $8.44m in FY 2014 via Transmission service target performance incentive schemes and expect to recover $10.76m in FY 2015.
- Signed contract with the Australian Energy Market Operator (AEMO) for the installation and operation of a third 500/275kV transformer at Heywood Terminal Station. The contestable project will involve around $20m of capex between FY14 and FY16.
- Major CBD terminal station upgrade at Richmond entering into heavy construction phase, whilst Brunswick Terminal Station rebuild recently completed site demolition works.

	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%



Transmission Revenue Reset (TRR) 2014/15 -2016/17

- On 31 January 2014, the AER released its final decision on SP AusNet's TRR for 2014/15 to 2016/17
- The final decision locks in around a third of SP AusNet's revenues for the next three years to 31 March 2017
- Last AER decision under the regulatory framework that applied prior to the major reforms implemented by the Australian Energy Market Commission (AEMC) in 2012. The AEMC decided that the current decision cover a shorter three year period in order to accelerate the application of the new National Electricity Rules to SP AusNet's transmission business from April 2017.
- Introduced a new performance incentive scheme called the 'Network Capability Improvement Parameter' (NCIPAP)(see appendices)



Electricity distribution network

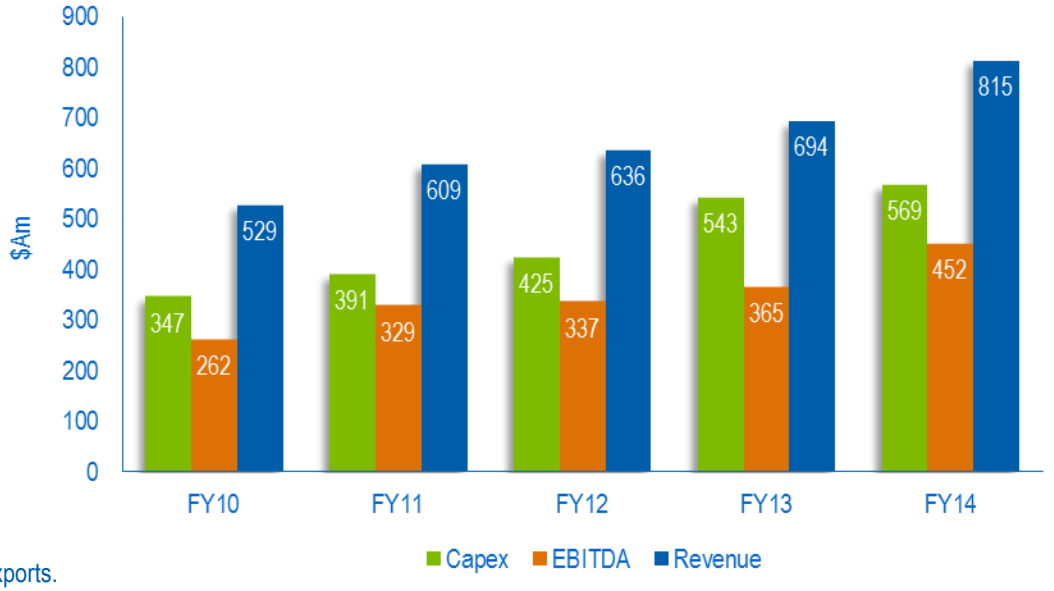


Electricity distribution network

Full Year Highlights (A$M)

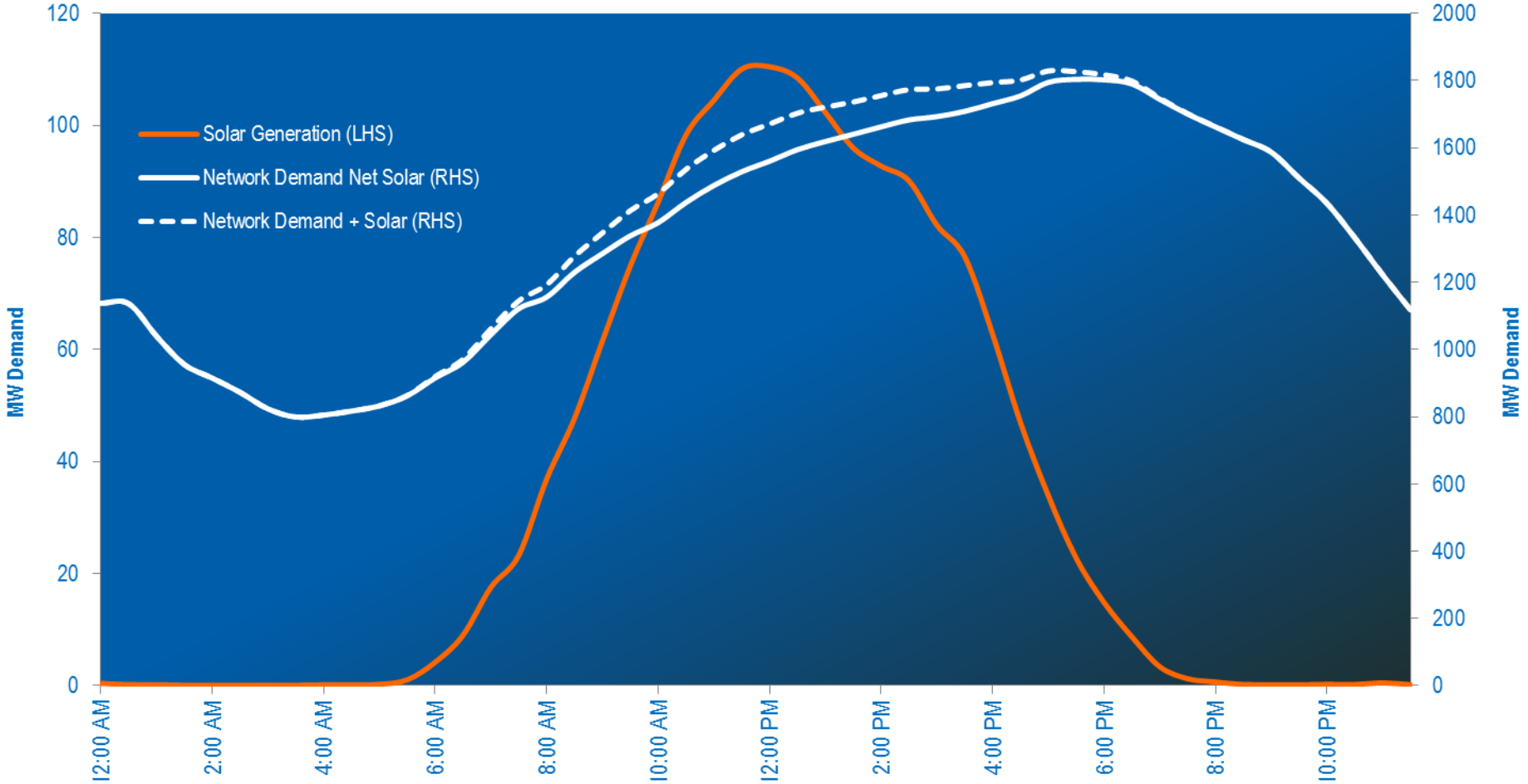
- Continued connection growth and higher revenues from regulated price increases
- CY13 tariffs up around 12%, and CY14 tariffs increased by around 14% from 1 Jan-14
- FY 2014 AMI revenue $110m, up from $88m in FY 2013
- Lower volumes due to warmer winter, changing consumer behaviour and continued solar take-up
- February heat wave saw peak demand of around 1,803MW, the highest reading since January 2010 (1,773MW)
- Kilmore East hearing in progress – court timetable indicates that the hearing will conclude by the end of June 2014

	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%



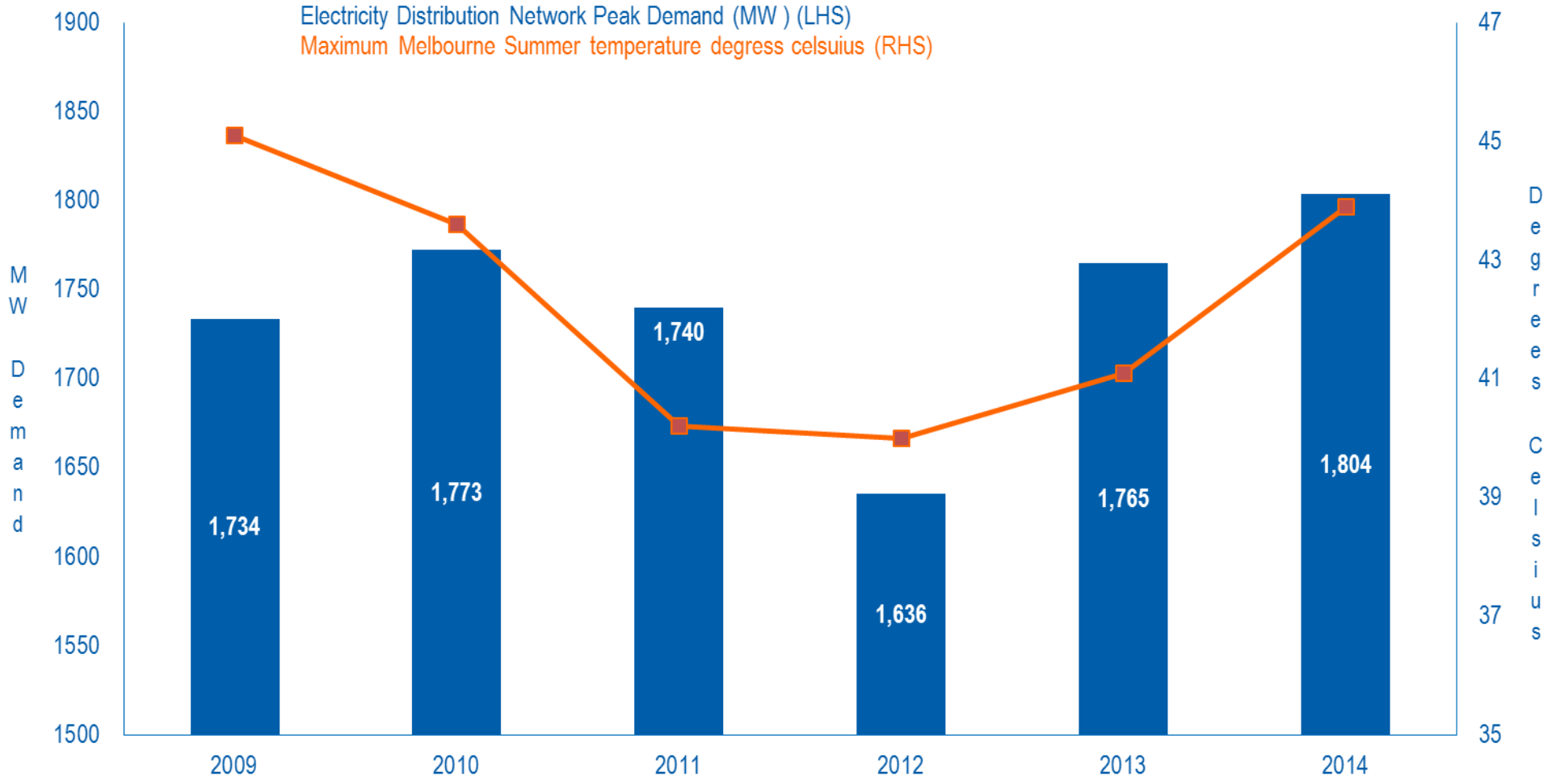
* Historically volumes have been reported net of solar exports. New methodology ignores solar exports.

Solar & Network peak – 16 January 2014



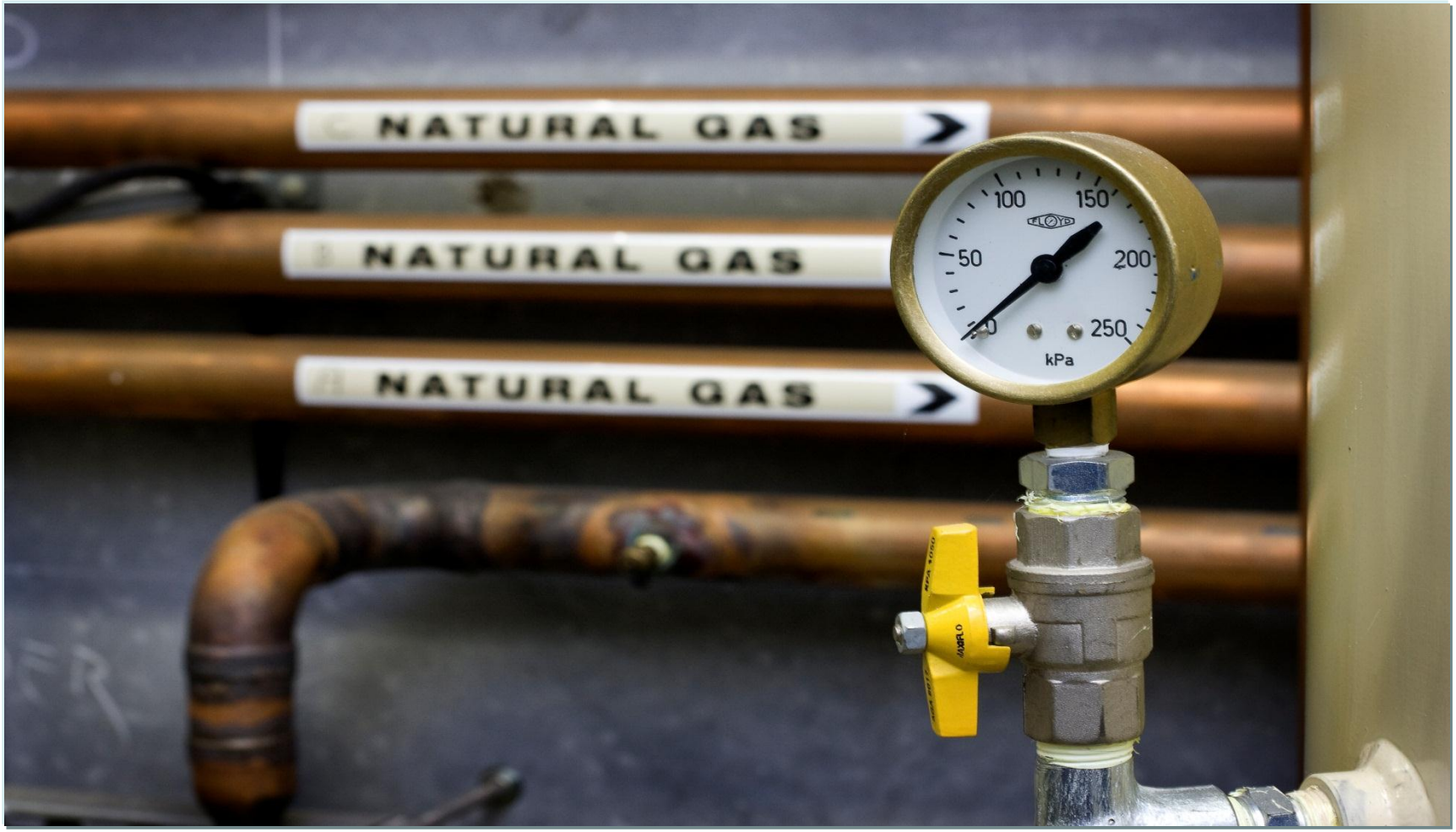
Solar does not address peak demand

Electricity distribution network peak demand (MW)



Despite lower energy consumption, peak demand continues to rise

Gas distribution network

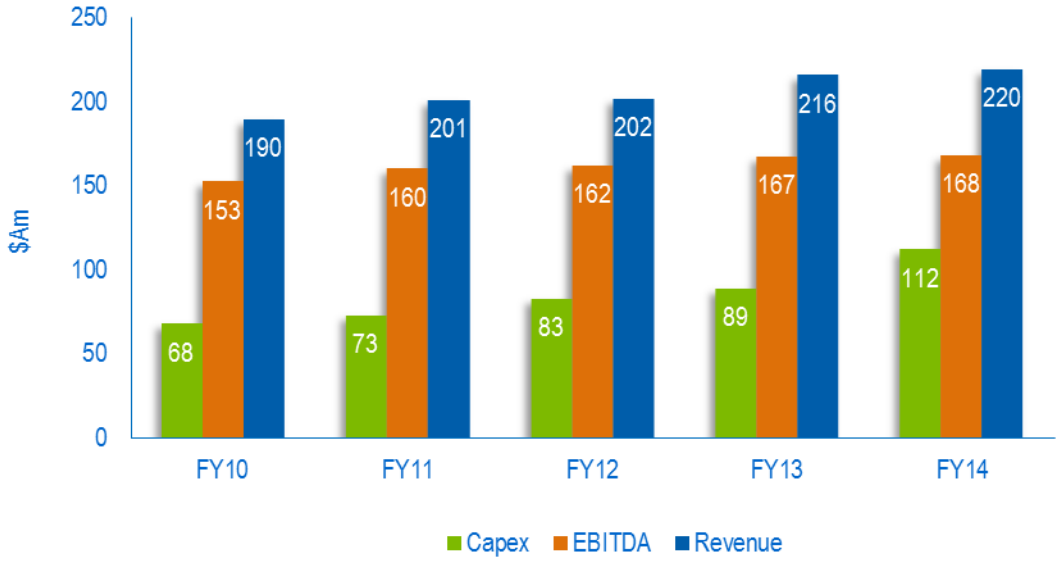


Gas distribution network

Full Year Highlights (A$M)

- Higher revenues due to $21m customer contribution
- Lower regulated revenues due to tariff adjustment of -15.3% from 1 Jul-13 and a further -3.95% reduction in CY14 tariffs from 1 Jan-14
- 7.5% decline in volumes evenly split between industrial and residential
- Industrial customers fell from 281 to 254, due to slowing economic activity, though little impact on revenue
- Decline in residential consumption due to the warmer winter weather in the first half of 2014
- As part of the State Government's Energy for the Regions program, SP AusNet is extending the provision of natural gas to regional and rural Victorian towns: Avoca, Bannockburn, Huntly and Winchelsea.

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



Select Solutions

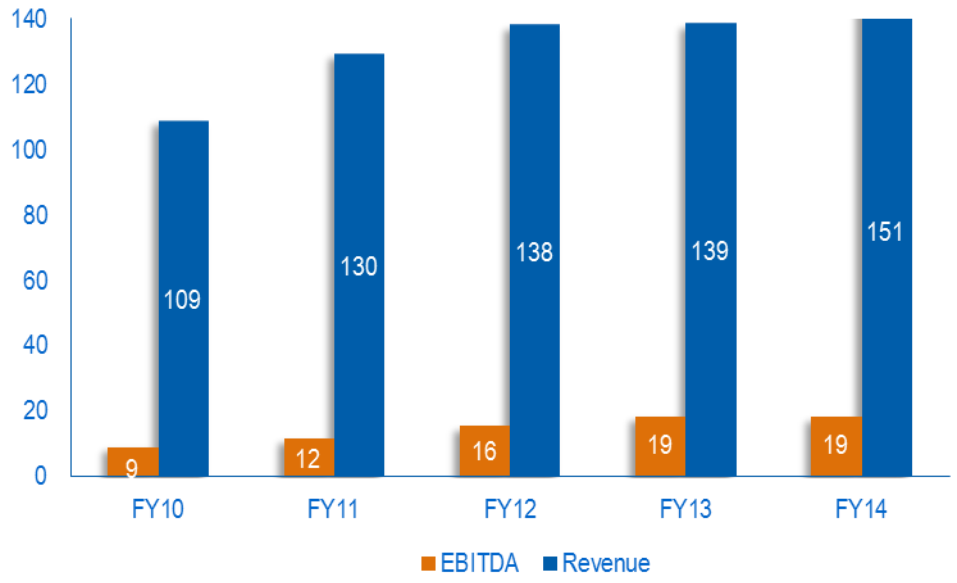


Select Solutions

Full Year Highlights (A$M)

- Select Solutions has continued to expand its specialist range of metering, monitoring and asset management services throughout Australia, with new contracts signed during 2014
- EBITDA decrease due to a $1.2m prior period accounting adjustment and changed contract profile
- Awarded new contracts with Tasmanian Water and contestable metering contracts with Westfield, KFC and PowerDirect
- SP AusNet purchased Geomatic Technologies, a leading provider of field mobile computing, asset capture and inspection, web mapping as well as ICT managed services
- Select Solutions is focused on expanding service offerings in both New South Wales and Queensland

	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%



Introduction & Summary

Financial Performance

Operational Review

Strategy & Outlook

Strategy

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



Outlook

- SP AusNet expects to maintain distributions of 8.36 cents per security in FY 2015
- AMI – additional investment required to deliver project
- FY 2015 capex expected to be around $865m (excluding AMI remediation capex)
- Regulated & Contracted Asset Base growth forecast of 6% p.a. to FY 2017
- Forecasting Net Debt to Regulated & Contracted Asset Base of less than 70% to FY 2017 (currently 69%)
- Will retain prudent and disciplined financial settings, whilst delivering sustainable growth in securityholder value
- SP AusNet will continue to explore low-risk unregulated infrastructure and services growth opportunities that are closely aligned to our existing regulated businesses

Focus on delivering sustainable growth in securityholder value

Introduction & Summary

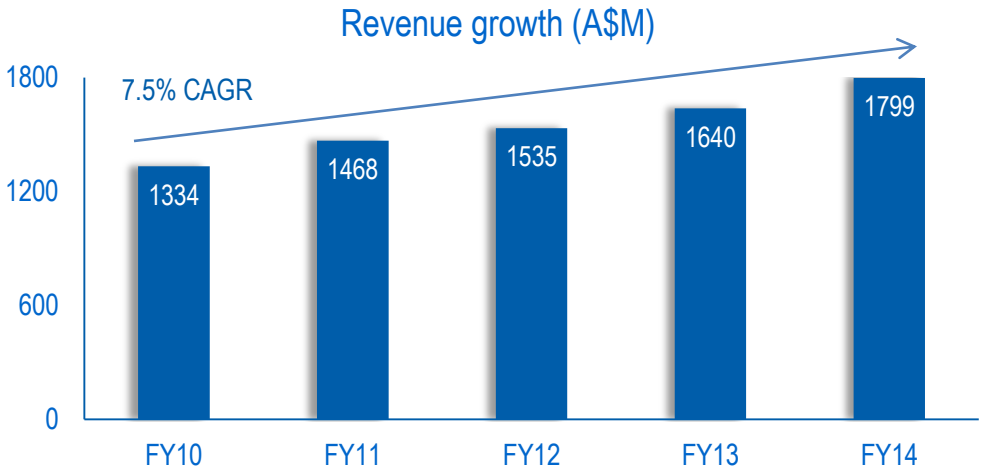
Financial Performance

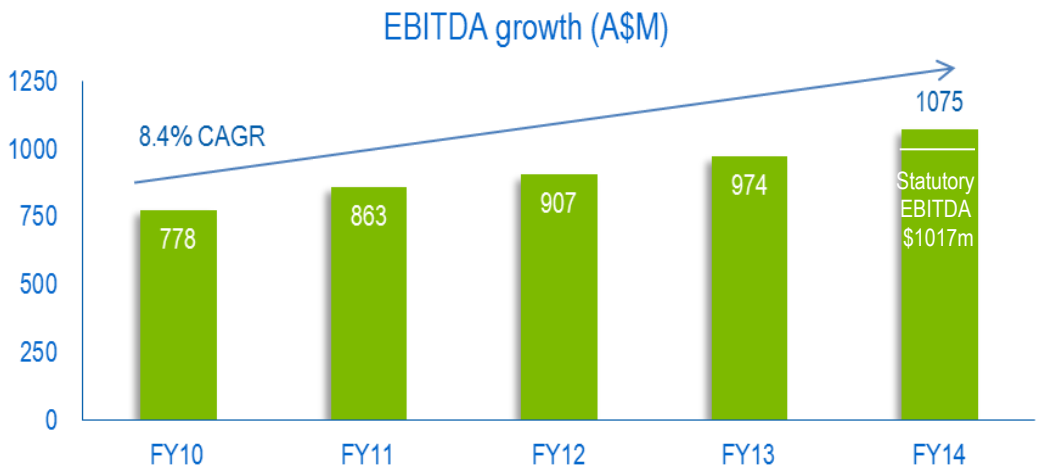
Operational Review

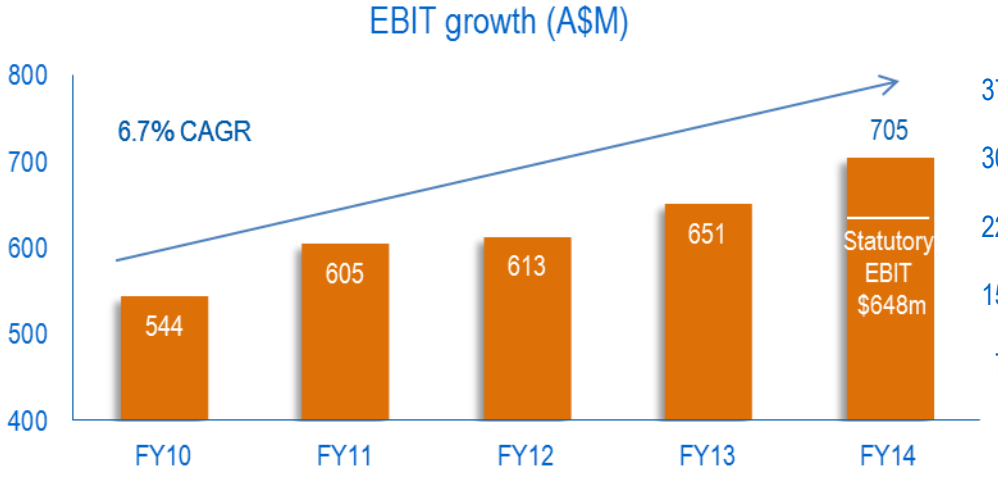
Strategy & Outlook

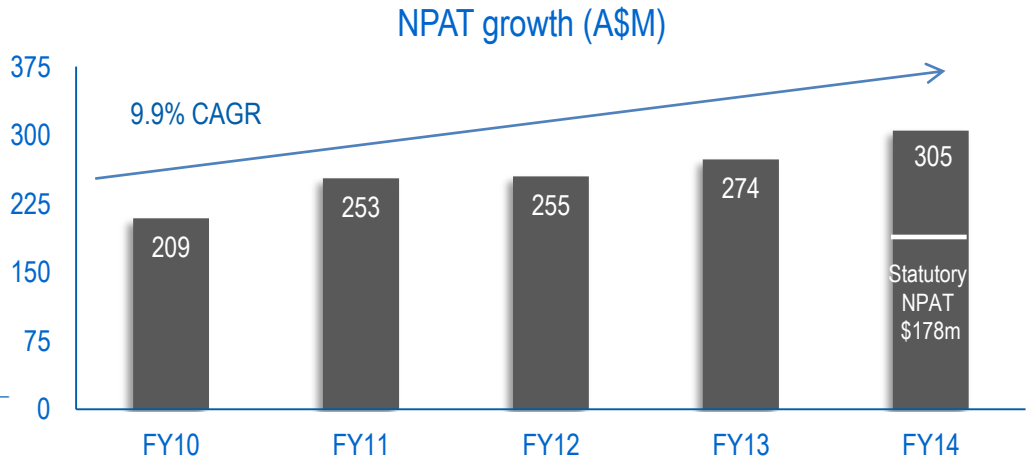
Appendices

Key metrics – long term performance







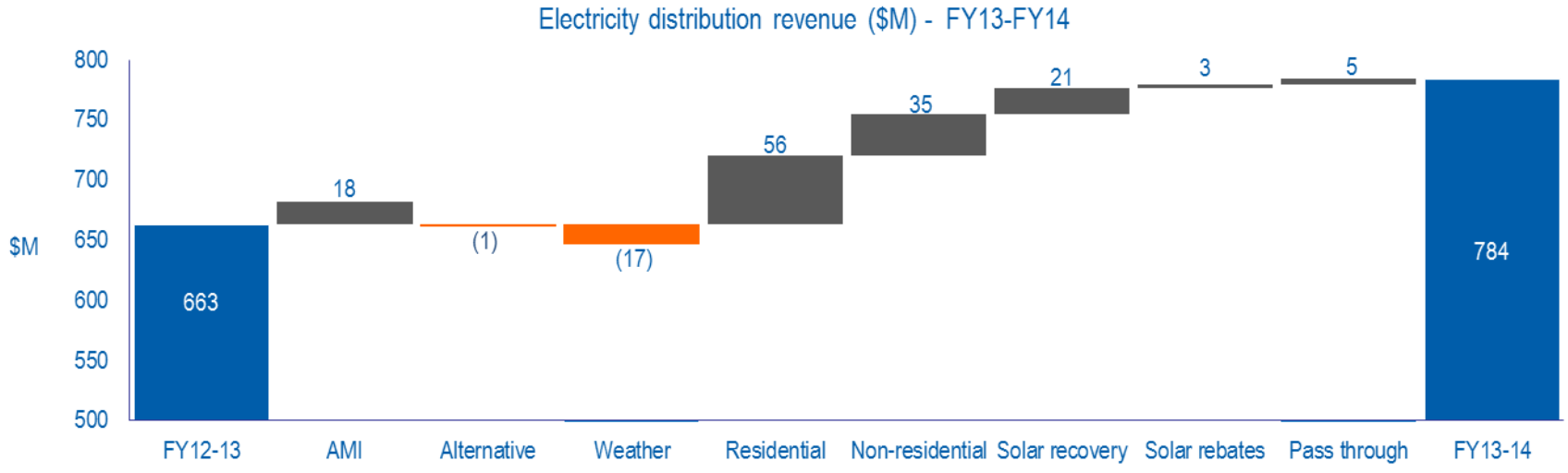


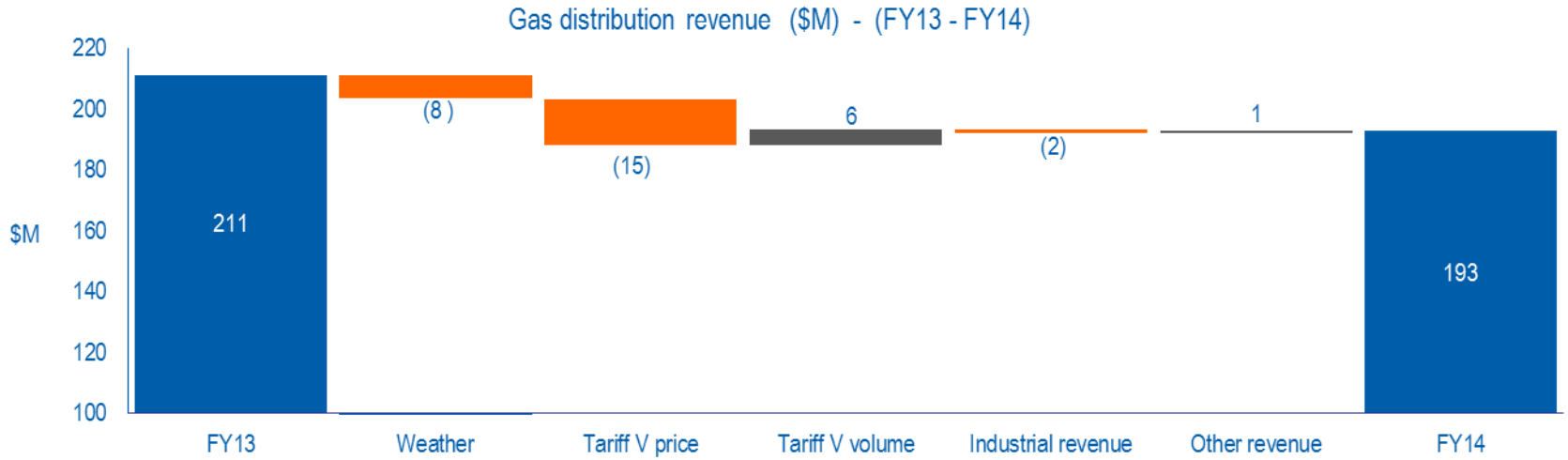
Notes: CAGR metrics derived using statutory reported results for FY10-13 (inclusive) and adjusted result for FY14.

Statutory NPAT reconciliation to net operating cash flow

	FY2014 $M	FY2013 $M
Profit for the year	**178.3**	273.5
Depreciation and amortisation of non-current assets	**369.7**	322.8
Net loss on sale of non-current assets	**8.1**	4.1
Contributed assets	**(30.1)**	(6.5)
(Gain)/loss on accounting for hedge relationships	**3.7**	(7.1)
Other non-cash items	**14.0**	17.6
Net cash from operations before changes in operating assets and liabilities	**543.7**	604.4
(Increase)/decrease in receivables	**15.0**	(14.0)
(Increase)/decrease in inventories	**5.0**	(8.1)
(Increase)/decrease in other assets	**(4.9)**	(3.7)
Increase/(decrease) in payables and other liabilities	**64.2**	(4.1)
Increase/(decrease) in net other financial assets and liabilities	**(8.8)**	(8.7)
Increase/(decrease) in provisions	**21.3**	4.3
Movement in tax balances	**94.7**	(1.5)
Net cash inflow from operating activities	**730.2**	568.6

Electricity and gas distribution revenues





Charts exclude customer contributions and other revenues

Victorian Bushfires February 2009

Litigation

- Kilmore East hearing in progress – court timetable indicates that the hearing will conclude by the end of June 2014
- SP AusNet is a defendant, along with the State of Victoria (Department of Sustainability and Environment, Country Fire Authority and others) and a contracted electricity asset inspector
- The Murrindindi class action is presently expected to commence in early 2015. Like the Kilmore East proceeding, SP AusNet intends to vigorously defend the claim
- Both proceedings involve complex matters and it is impossible to predict how they will ultimately be resolved
- SP AusNet has liability insurance which specifically provides cover for bushfire liability. SP AusNet reviews its insurance cover annually and ensures it is commensurate with the scale and size of its operations, the risks assessed to be associated with its operations and with industry standards and practice
- SP AusNet considers it reasonable to conclude that its insurance and, if required, a claim to the regulator for pass-through of any residual costs, would be sufficient to cover SP AusNet's liability, if any, associated with the February 2009 bushfires. However, the ultimate resolution of these matters cannot be known with certainty

SP AusNet is vigorously defending claims made against it

Tax Update – Litigation & ATO Audit

Section 163AA impost

- Relates to deductions for licence fees imposed under Section 163AA of the *Electricity Industry Act 1993*, claimed in the 1999 to 2001 tax years
- Federal Court proceedings initiated by SP AusNet in Oct 12, appealing ATO assessments of $86.7m (being $54m of primary tax, plus interest of $32.7m).
- Accumulated exposure ($100.7m) less deduction for interest charges ($14.0m) less part-payment made to ATO ($30.6m) equals net additional cash exposure of $56.1m
- Federal Court trial in Jul 13, with judgment against SP AusNet handed down in Sep 13. Appeal against judgment lodged in Oct 13
- In Apr 14, the Full Court of the Federal Court of Australia found against SP AusNet by a split decision of 2:1
- SP AusNet has filed a special leave application to appeal to the High Court of Australia

Intellectual Property

- Relates to deductions for intellectual property (copyright), claimed in the 1998 tax year and each subsequent year
- Federal Court proceedings initiated by SP AusNet in Apr 12, appealing ATO assessments of $44.0m (being $27.4m primary tax, plus interest and penalties of $16.6m). A further $6.7m of interest charges have accrued to 31 Mar 14.
- Accumulated exposure ($50.7m) less deduction for interest charges ($6.3m) less part-payment made to ATO ($17.1m) equals net additional cash exposure of $27.3m
- Unclaimed future IP deductions (i.e. remainder of 25 year straight line entitlement) recognised as deferred tax asset ($40m tax effected). Recoverability of tax asset is bound by outcome of litigation and represents additional risk to accumulated exposure above
- In Mar 14, the Federal Court found in favour of SP AusNet. The ATO has filed an appeal against the judgment.

Tax Update – Litigation & ATO Audit

Tax Audit - Intra-group Financing Arrangements

- In Sep 13, ATO formally notified SP AusNet of its intention to review the Group's intra-group financing arrangements
- Audit to consider application of debt and equity rules, under Division 974 of the Tax Act 1997, focussing on classification of loans between SP AusNet Finance Trust ("Finance Trust") and group companies
- Audit Management Plan issued by ATO in Oct 13 indicates finalisation of Audit by Nov 14
- Audit relates to 2010 – 2014 income years, inclusive. ATO has confirmed that 2009 and earlier income years are outside the 4-year statutory time limit
- Finance Trust loan Interest claimed by SP AusNet Distribution (2010–14) = $429m. In the event that prior year interest deductions are unavailable, no cash tax liability arises, due to carry forward tax losses ($1,053m @ Mar 14). A liability of $17m may arise in respect of incremental dividend withholding tax and interest thereon.
- Finance Trust loan interest claimed by SP AusNet Transmission (2010–14) = $266m. In the event that prior year interest deductions are unavailable, a primary tax liability of $80m arises. A liability of $21m may arise in respect of interest charges on the primary tax and incremental dividend withholding tax and interest thereon.

Regulatory Environment

The AER has finalised the Better Regulation guidelines with the principal impacts being :

Guideline	Impact
Rate of Return	— Use of Sharpe-Lintner CAPM as primary model maintained, excludes other models and materials — Equity beta point estimate of 0.7 at the higher end of AER range supported by current evidence — Market risk premium set at each determination, applying relevant theoretical and empirical evidence — The 10 year BBB+ corporate bond debt benchmark unchanged but moving to a rolling year cost of debt average methodology which will decrease volatility in the debt risk premium — Gamma of 0.5 higher than current evidence would support and likely to be challenged
Expenditure Forecast Assessment	— Procedural assurance that assessment task is to deliver at least the firm's efficient costs to meet its obligations. Benchmarking introduced to provide another view for the assessment process
Expenditure Incentives	— Introduces a capital expenditure (capex) benefits sharing incentive and ex-post capex review where inefficient capex may be excluded if overall allowance is exceeded — Provides enhanced financial reward opportunities by matching the opex benefit sharing scheme with the new capex scheme, and higher penalties for expenditure over the AER approved allowance.

Transmission service target performance incentive scheme (STPIS)

Service Component (existing)

- Incentivises SP AusNet to reduce the number and duration of unplanned outages, particularly those that result in a loss of supply.
- Performance is compared against the performance target for each parameter during the regulatory control period.
- Financial bonus or a financial penalty for service performance of up to 1% of maximum allowable revenue (MAR) for each calendar year.

Market Impact Component (existing)

- 2% of MAR for each calendar year by reducing the number of generation dispatch intervals with a market impact of more than $10/MWhr that are caused by outages
- No financial penalty is associated with the market impact component.
- Target is a rolling average of the previous three years' performance. Performance measure for each year is an average of current and the previous years' performance.

Network Capability Component (new)

- Incentivises SP AusNet to improve the capability of existing network assets.
- If SP AusNet achieves its priority project improvement target for each designated project, then it will receive an incentive payment of 1.5% of MAR for each year.
- The AER can reduce the final payment to –3.5% of MAR if SP AusNet does not achieve all of its proposed priority project improvement targets.

Recovered $8.44m in FY 2014 & $10.76m to be recovered in FY 2015

Regulated Price Path

- Regulated electricity and gas sales revenues are determined by a price path set according to the CPI-X formula (whilst referred to as "CPI-X", the actual tariff increase formula used by the Australian Energy Regulator is: (1+CPI)x(1-x)-1.
- A negative factor implies a real increase in tariffs. X factors are set at each regulatory determination. Actual tariffs are adjusted annually based on movements in actual CPI, pass through applications and service performance incentive schemes.

Electricity Distribution (2011-15)

Calendar Year	X factor (%)	CPI (%)	S Factor (%)	VBRC / F Factor (%)	L Factor (%)	Actual / forecast tariff change (%)
2011	-9.99%	2.79%	0.0%	0.0%	0.03%	**12.44%**
2012	-4.0%	3.52%	0.0%	0.0%	0.02%	**7.64%**
2013	-5.22%	2.00%	3.16%	1.42%	0.03%	**12.17%**
2014	-7.09%	2.16%	3.65%	43.8%	0.00%	**13.75%**
2015	-7.09%	2.57%				**9.84%**

Gas Distribution (2013-17)

Calendar Year	X factor	CPI	L (licence fee) factor	Actual/forecast tariff change (%)
2013	17.36%	2.50%		**-15.30%**
2014	6.00%	2.16%	0.01%	**-3.95%**
2015	-1.00%	2.50%		**3.53%**
2016	-2.00%	2.50%		**4.55%**
2017	-3.00%	2.50%		**5.58%**

Notes:
S Factor: performance incentive scheme targeting improvements in reliability (e.g. reducing frequency and duration of outages) and customer service.
VBRC: amounts allowed by the AER under SPN's pass through application relating to works undertaken in response to the Victorian Bushfires Royal Commission recommendations.
F factor: provides distribution companies with an incentive to reduce the risk of fire starts and the damage associated with fire starts
L factor: pass through of the annual licence fee payable to the Essential Services Commission

Volumes – actual vs. regulatory benchmark

Electricity Distribution volumes (CY2011-15)

	CY2011	CY2012	CY2013	CY2011-13	CY2014	CY2015
Actual volumes (GWh)						
Residential	3,259	3,247	3,129	9,636		
Non-residential	4,370	4,347	4,372	13,089		
Total	**7,630**	**7,595**	**7,501**	**22,725**		
Regulatory benchmark volumes						
Residential	3,363	3,313	3,257	9,933	3,219	3,208
Non-residential	4,613	4,666	4,705	13,984	4,756	4,835
Total	**7,976**	**7,979**	**7,962**	**23,917**	**7,975**	**8,043**
Variance - GWh						
Residential	(104)	(65)	(128)	(297)		
Non-residential	(243)	(319)	(333)	(895)		
Total	**(346)**	**(385)**	**(460)**	**(1,191)**		
Variance - %						
Residential	(3.1%)	(2.0%)	(3.9%)	(3.0%)		
Non-residential	(5.3%)	(6.8%)	(7.1%)	(6.4%)		
Total	**(4.3%)**	**(4.8%)**	**(5.8%)**	**(5.0%)**		

Notes: Volumes ignore solar exports

Volumes – actual vs. regulatory benchmark

Gas distribution volumes (CY2010-17)

	CY2010	CY2011	CY2012	CY2013	CY2010-13	CY2014	CY2015	CY2016	CY2017
Actual volumes (PJ)									
Tariff V residential	30.1	28.9	30.7	28.9	119				
Tariff V non-residential	5.9	5.8	6.0	5.8	24				
Total	**36.0**	**34.7**	**36.7**	**34.7**	**142**				
Regulatory benchmark volumes (PJ)									
Tariff V residential	28.4	28.9	29.3	30.1	117	30.3	30.5	30.7	30.9
Tariff V non-residential	6.1	6.2	6.0	5.8	24	5.8	5.8	5.8	5.8
Total	**34.4**	**35.1**	**35.3**	**35.9**	**141**	**36.1**	**36.3**	**36.5**	**36.7**
Variance - PJ									
Tariff V residential	1.7	(0.0)	1.4	(1.2)	1.9				
Tariff V non-residential	(0.1)	(0.4)	0.0	0.0	(0.5)				
Total	**1.6**	**(0.4)**	**1.4**	**(1.2)**	**1.4**				
Variance - %									
Tariff V residential	6.0%	(0.1%)	4.7%	(4.0%)	1.6%				
Tariff V non-residential	(2.4%)	(5.7%)	0.0%	0.5%	(2.0%)				
Total	**4.6%**	**(1.1%)**	**3.9%**	**(3.2%)**	**1.0%**				

- Tariff V accounts for around 95% of gas distribution revenues.
- Industrial customers are charged based on their MHQ (e.g. peak demand) not average consumption.

Current regulatory determinations [1]

Regulatory period	Gas Distribution 2013-17	Electricity Distribution 2011-15	Electricity Transmission 2014-17
Beta	0.8	0.8	0.8
Risk Free Rate	3.14%	5.14%	4.31%
Debt Risk Premium	3.35%	4.22%	2.48%
Gamma	0.25	0.25	0.65
Market Risk Premium	6.00%	6.50%	6.50%
Nominal Vanilla WACC	7.07%	9.75%	7.87%
Return on Equity	7.94%	10.34%	9.51%
Net Capex (Nominal)	$512m	$1579m	$552m
Opex (Nominal)	$277m	$928m	$591m
Revenue (Nominal)	$952m	$2533m	$1600m

1 All figures updated for relevant appeals

TRR 2014-17 is a 3 year regulatory period allowing for a transition period to the new AER rules

Transmission Revenue Reset (TRR 2014 -17)

Parameter	Previous period 2008-14	SP AusNet proposal 2014-17	AER draft decision 2014-17	AER final decision 2014-17
Beta	1.0	0.8	0.8	0.8
Risk Free Rate	6.09%	3.14%	3.54%	4.31%
Debt Risk Premium	2.11%	3.28%	3.00%	2.48%
Gamma	0.50	0.65	0.65	0.65
Market Risk Premium	6.00%	6.50%	6.50%	6.50%
Nominal Vanilla WACC	9.76%	7.19%	7.43%	7.87%
Return on Equity	12.09%	8.34%	8.74%	9.51%
Net Capex (Nominal)	$874m	$618m	$426m	$552m
Opex (Nominal)	$1074m	$641m	$574m	$591m
Revenue (Nominal)	$2979m	$1598m	$1528m	$1600m

TRR 2014-17 is a 3 year regulatory period allowing for a transition period to the new AER rules

Revenue profile - regulated investments

- Regulated assets are long-life in nature and generate revenues over a long period
- Indexation results in a 'smoothing' of revenues over the regulatory life of an asset
- Average RAB life impacts economic depreciation (i.e. regulatory depreciation less indexation), which also impacts 'cash' revenue profile
- A younger network (i.e. longer remaining regulatory lives) sees a shift towards indexation returns and therefore, reduced cash revenues (most pronounced in the first 11 years – see theoretical model below)

	Year 1	Year 2	Year 3	Year 12	Year 23	Year 50
Opening RAB	$1,000	$1,006	$1,012	$1,041	$1,000	$79
Depreciation	($20)	($21)	($21)	($27)	($36)	($79)
Indexation	$26	$26	$26	$27	$26	$2
Economic Depreciation	$6	$6	$5	$0	($10)	($77)
Closing RAB	$1,006	$1,012	$1,017	$1,041	$990	$0
Regulated Revenue Building Block	**Year 1**	**Year 2**	**Year 3**	**Year 12**	**Year 23**	**Year 50**
Opening RAB	$1,000	$1,006	$1,012	$1,041	$1,000	$79
RAB x WACC (10%)	$100	$101	$101	$104	$100	$8
Economic Depreciation	($6)	($6)	($5)	($0)	$10	$77
Regulated Revenue	**$94**	**$95**	**$96**	**$104**	**$110**	**$85**

Regulatory depreciation is not comparable to accounting depreciation as the two are prepared on a different basis.

Regulated & Contracted Asset Base

The Regulated & Contracted Asset Base consists of the following items:

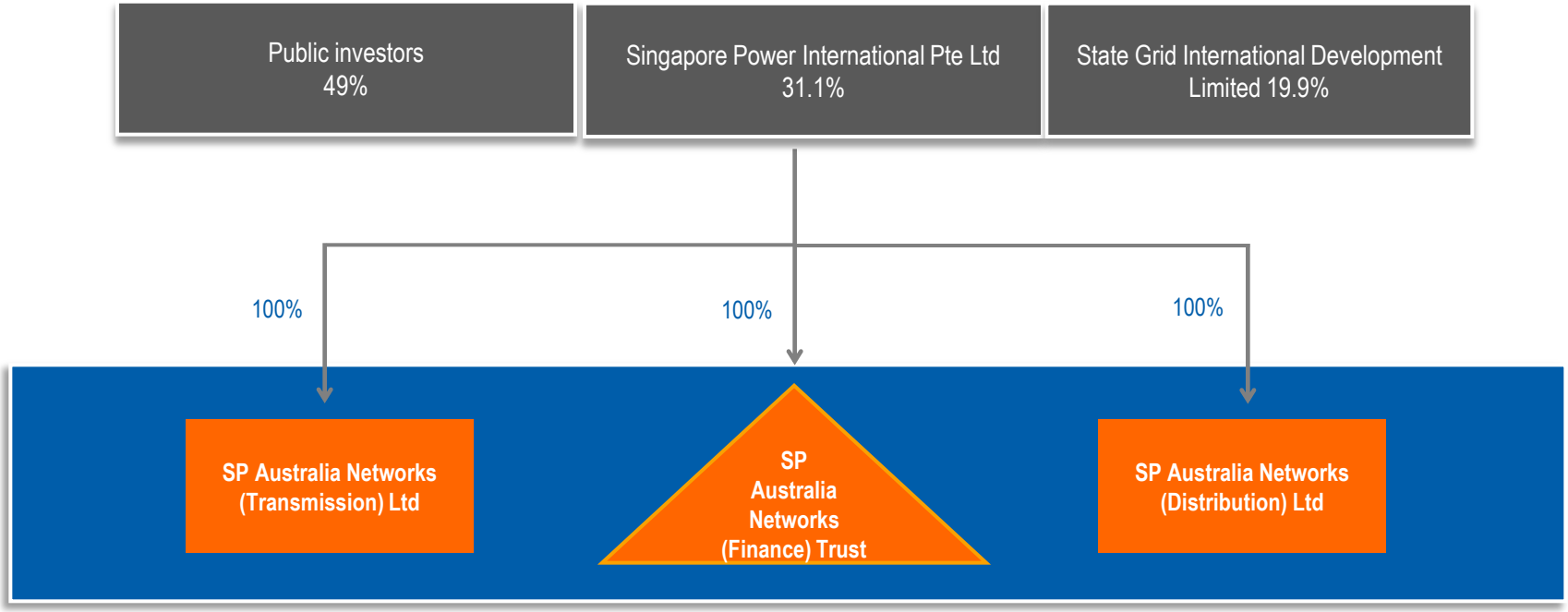
- Regulated Asset Base (RAB), which is subject to some estimation as the Australian Energy Regulator (AER) ultimately determines the RAB of each network. RAB includes the value of regulated network assets as well as network assets which are currently unregulated but will become regulated at the next regulatory period.

- The value of unregulated network assets whose revenues and return are set through a negotiated or competitive process rather than through regulation, including the carrying value of the desalination licence receivable.

- RAB is an estimate, that is subject to review by the regulator and is only formally confirmed with the regulator at the end of each determination period. RAB represents the value on which the network owner can expect to earn a return (return on capital), and the value that is returned to the network owner over the economic life of the assets (as regulatory depreciation). RAB is the starting point in the regulated revenue building block approach adopted by the regulator in order to determine SP AusNet's regulated revenues

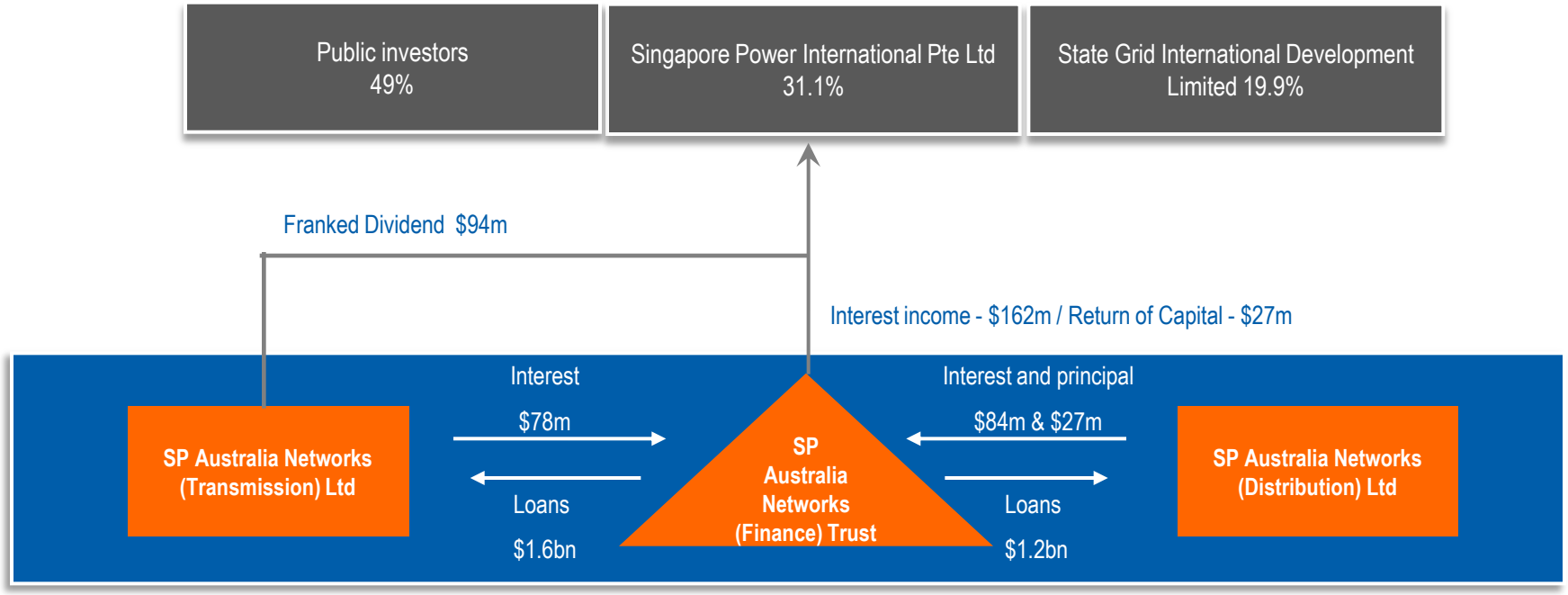
- Given its purpose, the RAB is not a substitute for, and is not reconciled to, the accounting carrying value of PPE. Key differences between RAB and accounting values include, but are not limited to:
  - Historical fair value adjustments under accounting and initial adoption of IFRS
  - Regulatory depreciation and accounting depreciation differences
  - Indexation for RAB
  - Regulatory treatment of customer contributions differs to accounting
  - Accounting treatment for certain costs (capital or expense) differs to regulatory
  - RAB valuation undertaken for the first regulatory reset

Ownership structure



- Securityholders have a 100% ownership interest in the assets of the group.
- SP AusNet 100% owns, operates and controls its assets, providing securityholders with a secure pathway to cash flows. SP AusNet is not an infrastructure fund model.
- Singapore Power is a long term investor, purchasing the original Transmission assets over 14 years ago and the Distribution assets 10 years ago, prior to the listing of SP AusNet in December 2005.
- State Grid Corporation of China is the largest utility in the world and became a substantial securityholder in SP AusNet on 3 January 2014.

How the stapled security structure works



- Finance Trust lends funds received from SPN securityholders to Transmission and Distribution. Finance Trust loans are made on both interest bearing and interest free terms as determined by Australian taxation requirements.
- From operating earnings, Transmission & Distribution make interest and principal payments in respect of the Finance Trust loans, which represents interest income and return of capital for the Finance Trust. The Finance Trust then distributes funds back to securityholders as interest income and return of capital.
- Transmission is able to pay a franked dividend directly to securityholders, given its tax paying status. Distribution maintains significant tax losses and makes no dividend distribution to securityholders.

Select Solutions - acquisition of Geomatic Technologies (GT)

- In February 2014, SP AusNet purchased Geomatic Technologies (GT) for $27m.
- GT was established in 1994 and is a leading provider of IT integrated solutions and services that leverage advanced mobile and spatial technologies. GT's portfolio includes solutions and services for field mobile computing, asset capture and inspection, web mapping as well as ICT managed services.
- The business has over 100 employees located mainly in Southbank, Melbourne with a small office in Brisbane and a presence in Perth, Sydney and Adelaide. GT has provided services to SP AusNet for the past 15 years.
- GT will enhance Select Solutions competitive strengths by offering customers integrated specialist services such as smart metering and smart asset inspection. GT will also add increased depth and quantity of access points to existing key strategic customers and enable Select Solutions to enter adjacent market segments such as rail, telecommunications and Government sectors.

Debt reconciliation

FY14 Face Value Debt	$6,028.8M
Adjusted for:	
Fair Value Debt (Hedging)	($61.8M)
Discount/premium	$2.8M
Loan Fees	$18.5M
FY14 Carrying Value Debt	$6,069.3M
FY14 Face Value Debt	
Domestic	$1,928.0M
International	$4,100.8M

Fair Value Debt (Hedging) predominantly relates to the restatement of foreign debt for FX and interest rate movements, which is hedged via derivative instruments.
Face value of international debt at hedged rates.

Further Information and Contacts

SP AusNet is the largest diversified energy network business in Victoria, owning and operating around $11 billion of electricity and gas distribution assets, including the state-wide electricity transmission network. The company also has a non-regulated division, Select Solutions, providing utility services.

Headquartered in Melbourne, Australia, SP AusNet employs more than 2000 people to service 1.3 million consumers and is listed on the Australian Securities Exchange (ASX: SPN) and the Singapore Stock Exchange (SGX-ST: X04).

For more information visit SP AusNet's website, www.sp-ausnet.com.au

For further information contact:

Investor Relations
John Nicolopoulos
Manager, Investor Relations
+61 3 9695 6301 or +61 409 672 912

Media Relations
Jonathon Geddes
Corporate Relations
+61 3 9695 6401 or +61 410 573 278

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
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

Locked Bag 14051
Melbourne City Mail Centre
Victoria 8001 Australia

Tel: +61 3 9695 6000
Fax: +61 3 9695 6666