

ASX & SGX-ST Release



21 July 2016

TO: ASX Limited
Singapore Exchange Securities Trading Limited

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Annual General Meeting Presentation

Enclosed is an announcement made by AusNet Services which is provided for the information of AusNet Services Holdings Pty Ltd noteholders.

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ARSN 116 783 914

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

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Annual General Meeting Presentation

The presentation for today's Annual General Meeting is attached.

Susan Taylor
Company Secretary

AusNet Services Ltd

Annual General Meeting

21 July 2016



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- ▶ The AusNet Services Group (AusNet Services) comprises AusNet Services (Transmission) Ltd (AusNet Services Transmission), AusNet Services (Distribution) Ltd (AusNet Services Distribution) (together, the Companies) and their subsidiaries, AusNet Services Finance Trust and the responsible entity for the AusNet Services Finance Trust, AusNet Services (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 AusNet Services Finance Trust.
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Chairman's address

Peter Mason AM

Managing Director address

Nino Ficca



Safety performance

► About missionZero

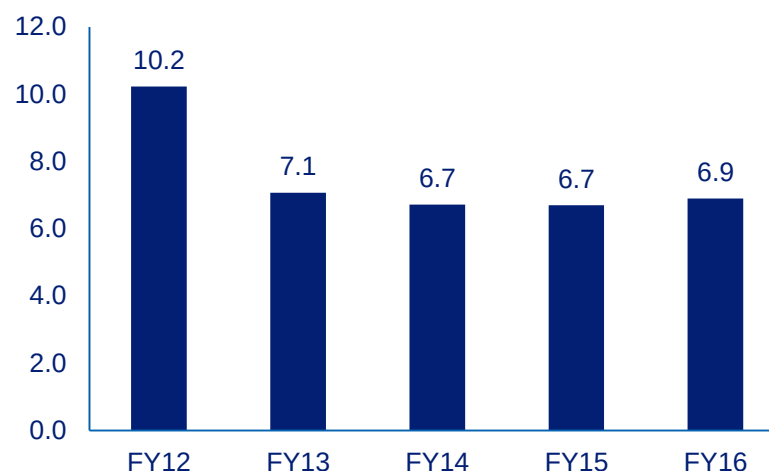
- › missionZero is our safety program to achieve ZERO injuries

► missionZero progress

- › 450 employees received safety training
- › 32,650 employee safety conversations
- › Focus on critical risk control

► Recordable Injury Frequency Rate (RIFR) = 6.9

- › 3.2% deterioration on FY15, largely due to injuries to meter readers who work alone in uncontrolled environments
- › Other areas of the business, including our field operations, reduced RIFR by 23%



Our People



Embed our new values



Build leadership capability

- › 450 People Leaders completed our 'Switched On' Leadership program
- › Phase two will commence this year

Support efficiency change

- › Supporting the business to operate more efficiently, including leveraging our Enterprise Resource Planning platform implementation

A focus on gender diversity

- › Female participation up 1% to 20%
- › Entered into a partnership with Deakin University to offer eight "Women in Power Engineering" scholarships over three years

2015 Employee Share Plan

- › 41.2% eligible employee participation



Managing Director, Nino Ficca welcomes the first Women in Power Engineering scholarship recipients.

Our Customers

Our purpose: *to empower communities and their energy future*

Achievements

1. Improved our customer communications
2. Enhanced our customers' experience when undertaking maintenance
3. Increased customer engagement

Results



Supply reliability
15% gas
13% electricity



Electricity complaints
32%

Smart meter innovations

- › Continue to reduce potential electric shocks
- › New service to alert customers if their solar systems aren't exporting to the grid



Investment proposition



- Regulated & Contracted Asset Base of \$8.9bn, comprising critical energy delivery infrastructure
- 100% control, ownership & management of assets, a secure path to cash flows

Scale

- Sustainable financial settings supporting 'A' range credit rating
- Diversified debt portfolio, extended tenors, accessing a variety of markets

Prudent

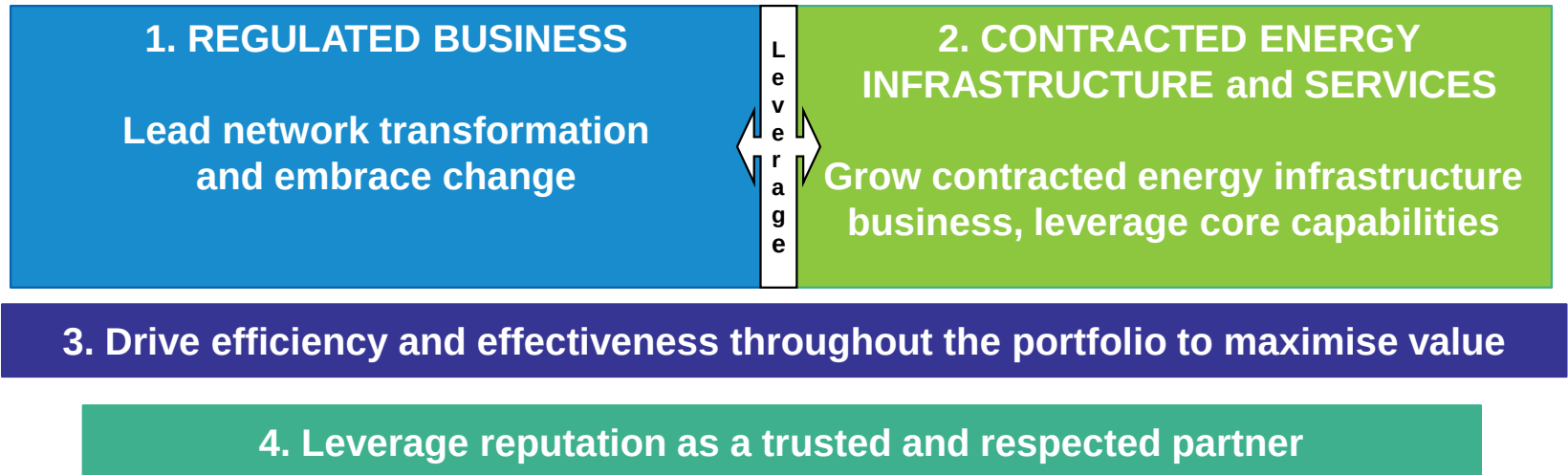
- Around 90% of revenues are regulated, inflation adjusted, underpinning a sustainable dividend profile
- Disciplined growth strategy, focusing on 1x RAB and accretive contracted opportunities

Stability

- Extract further value from asset base through business-wide efficiency program
- Develop and integrate innovative technologies in response to changing energy environment

Focus

Leverage core capabilities to build a portfolio of high performing and sustainable *regulated* and *contracted energy infrastructure businesses*



Focus 2021 targets:

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

Future energy networks

- *adapting to emerging technology and customer needs*



- ▶ Energy networks must adapt to embrace new renewable generation sources, energy market innovations and changing customer expectations.
- ▶ Energy networks will continue to play a key role in meeting large industrial and commercial load demand.
- ▶ AusNet Services is integrating new technologies into its regulated networks e.g. Mooroolbark Mini Grid Project.
- ▶ Regulatory policy in Australia will also adapt.
 - Objective to incentivise efficient investment, whilst ring-fencing must be workable and focused on customer outcomes.



FY 2016 Investment highlights



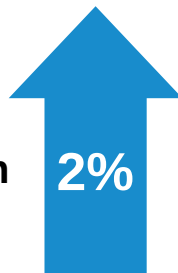
4% growth in
Regulated & Contracted
Asset Base to
\$8.9bn



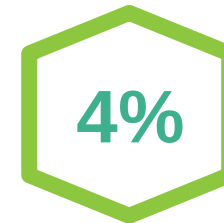
Franked
FY16
Dividends

- Restructured and simplified corporate structure
- Went 'live' with Enterprise Resource Planning (ERP) platform
- AMI program on track

Dividend growth



Revenue ↑ 5%,
Adjusted EBITDA ↑ 6%
Adjusted NPAT ↑ 20%

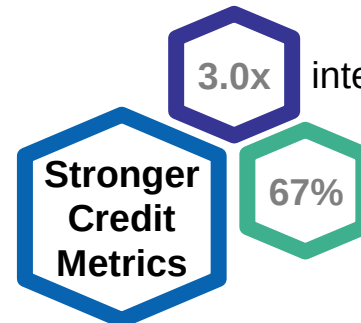


Growth in net
operating
cash flows
(adjusted)



12 month total
Shareholder
returns to 31
March 2016

Maintained
'A'
range credit rating



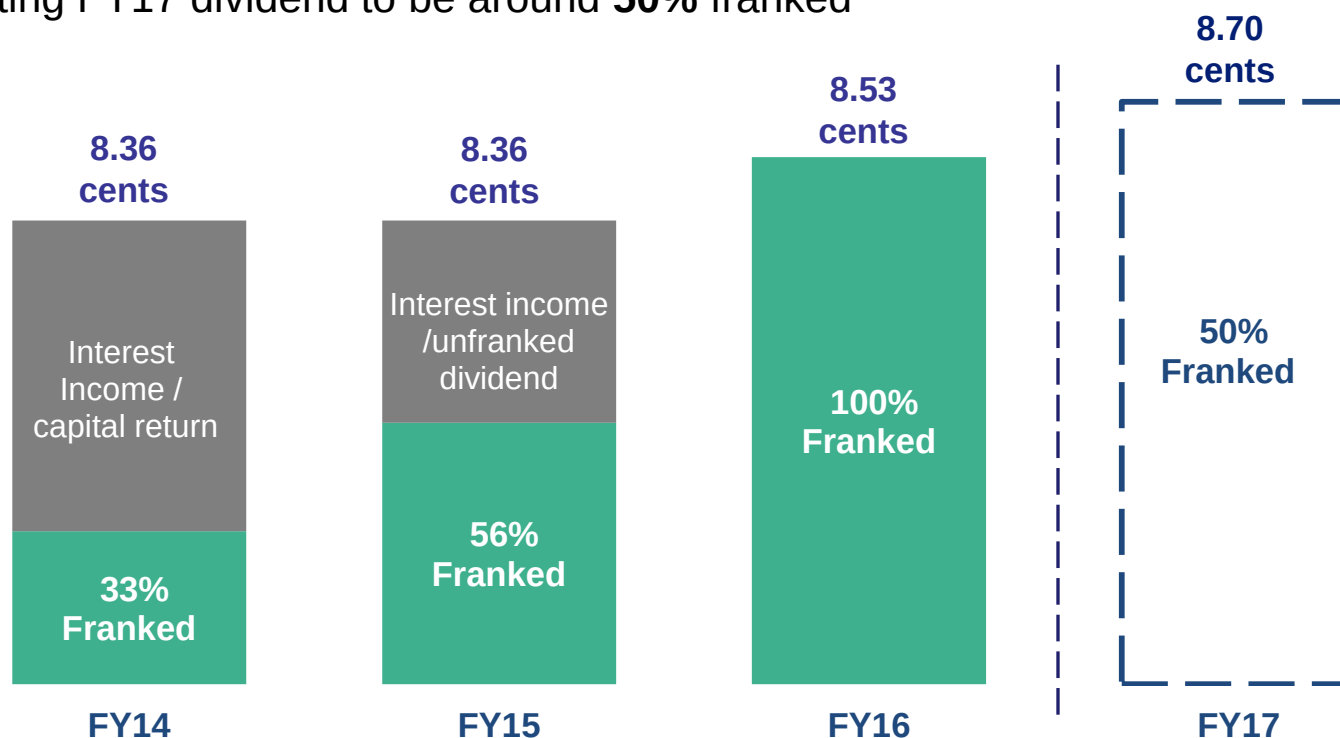
interest cover

Net debt to Regulated &
Contracted Asset Base

Dividend growth and franking

Full Year Dividend and Franking

- ▶ FY16 dividend **100%** franked
- ▶ FY17 dividend guidance of 8.70cps, up **2%** on prior year
- ▶ Expecting FY17 dividend to be around **50%** franked



Financial performance

Full Year to 31 March 2016 (A\$M)

A\$M	FY 2016	FY 2015	Variance
Statutory Result			
Revenues	1,919.0	1,833.9	4.6%
EBITDA	1,142.5	1,047.2	9.1%
EBIT	750.2	668.0	12.3%
PBT	457.9	354.4	29.2%
NPAT	489.3	22.6	>100%
Cash flow from operations	710.0	767.6	-7.5%
Adjusted EBITDA	1,142.5	1,079.7	5.8%
Adjusted NPAT	326.2	272.0	19.9%
Adjusted Cash flow	836.5	806.9	3.7%
Total dividend (cps)	8.53	8.36	2.0%

- ▶ Higher revenues driven by higher tariffs and strong volumes due to the coldest winter weather in 26 years
- ▶ Increase in EBITDA impacted by prior period AMI rebate and asset write-off **(\$61m)**
- ▶ Significant NPAT growth driven by favourable income tax movements:
 - Corporate Restructure **(\$135m)**
 - Intellectual Property dispute settlement **(\$28m)**

Note

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

Electricity transmission network

Operational Highlights

► Major asset upgrades

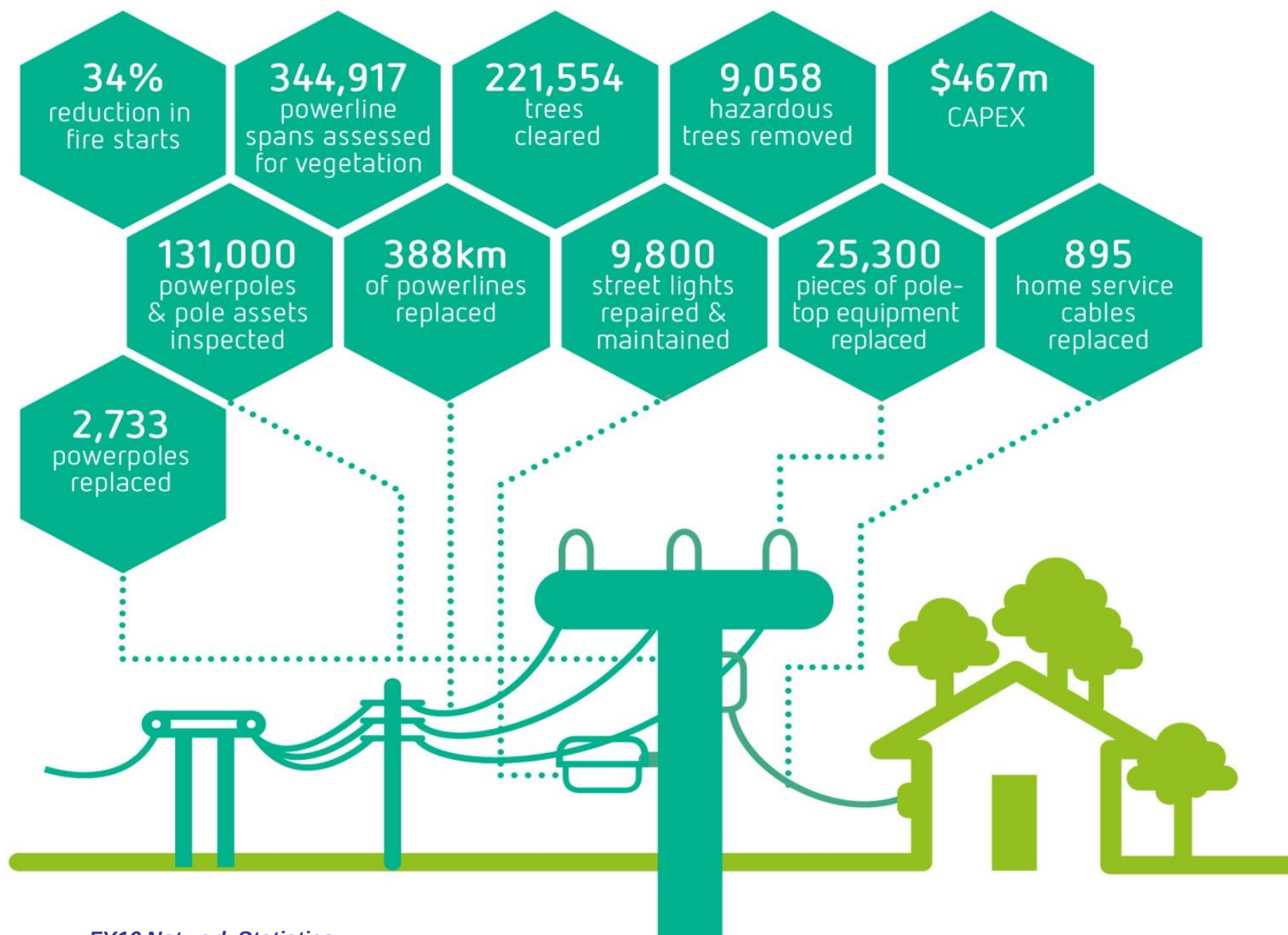
- › Richmond Terminal Station rebuild reached major project milestone with the replacement of 66kV outdoor air insulated switchgear with indoor 66kV gas insulated switchgear.
- › Targeting completion of Brunswick Terminal Station redevelopment in Q2 of CY 2017.

► Contracted energy infrastructure

- › Acquired Mortlake Terminal Station (pictured right) for a total of **\$117m** from Origin Energy, with transaction completion reached in late June 2016.



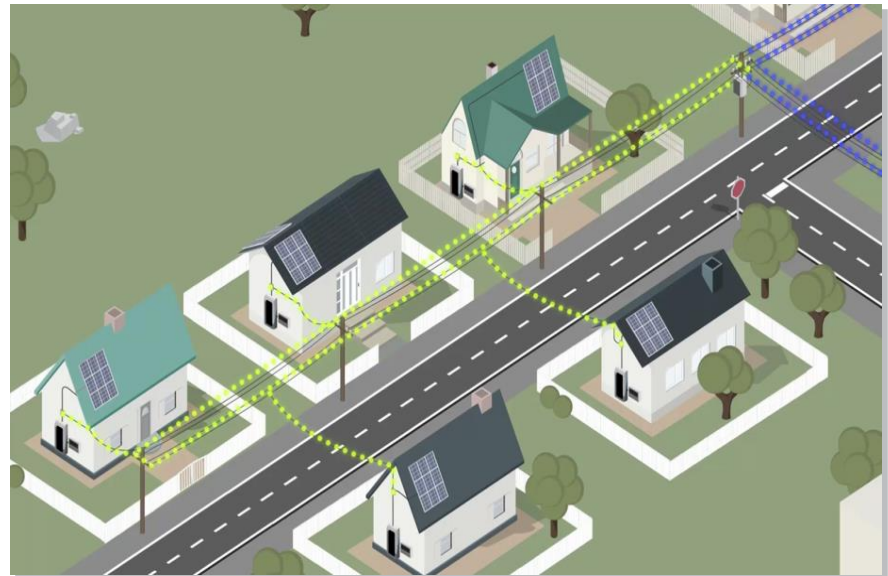
Electricity distribution network



Electricity distribution network

Network modernisation

- › **Residential Energy Storage trial** – 3 year trial of 10 homes in outer Melbourne found substantial customer and network benefits.
- › **Grid Energy Storage System (GESS)** – 1MW battery system and smart inverter located at Thomastown Terminal Station providing network support.
- › **Mooroolbark Mini Grid Project** (pictured right) – first trial of its kind in Australia, involving 14 homes enabled with solar panels and battery storage, with a common connection to the grid.



EDPR 2016-20 Final Decision & Appeals



- Australian Competition Tribunal handed down decisions in late February 2016 in respect of NSW and ACT distributors and other entities. The AER appealed the decisions.
- In May, the AER final EDPR 2016-20 decision was released and adopted the Guideline WACC, including the unfavourable gamma. AusNet Services has appealed certain aspects of the decision, in particular the gamma.
- The following table summarises the AER's Decision by the two main services, distribution and metering, relative to the Preliminary Decision made in October 2015.

	Preliminary Decision (\$M)	Final Decision (\$M)	% Increase
Distribution Services			
Total Revenue	2,887	3,132	8.5%
Total Capital Expenditure(real 2015\$)	1,745	1,797	3%
Total OperatingExpenditure(real 2015\$)	1,104	1,170*	6%
Metering Services			
Total Revenue	443	392*	-11%
Total Distribution and Metering Revenue	3,330	3,524	5.8%

*Note operating costs have been reallocated to distribution from metering by the AER

Gas distribution network

Operational Highlights

► Asset upgrade

- › Critical gas pressure reduction station, Ballarat City Gate, was upgraded during February, supplying approximately 40,000 residential customers and large industrial customers.
- › Increased capacity investment, with two key construction projects including a new gas city gate at Mt Cottrell near Werribee and a second gas pipeline from Geelong to Torquay.

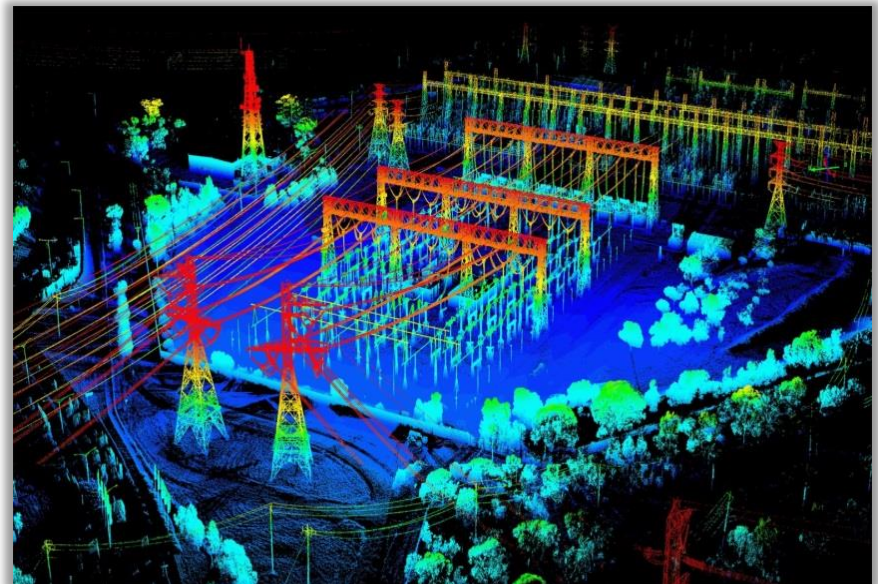
► Network performance

Measure	FY16	FY15	Target
Response Times			Reg Benchmark
Metro – Business Hours	99.1%	97.9%	>95%
Metro - After Hours	99.8%	97.9%	>90%
Country – All Hours	98.9%	98.1%	>90%
USAIDI	0.72 min	0.85 min	Internal benchmark <1min

Select Solutions

Operational Highlights

- ▶ Select Solutions strategic focus continues to be growth with blue chip customers (utilities, rail, government etc.) through the commercialisation of innovative solutions
- ▶ Select Solutions through its Geomatic Technologies business (GT) won the Innovation and Commercialisation award at the 2015 Asia Pacific and the Victorian Spatial Excellence Awards for the Bushfire Safety Clearance program.
- ▶ The program employed a combination of positioning technology, LiDAR scanning, (pictured right), a surveying technology using pulsed laser to measure distances, also known as 3D laser scanning.



Outlook



Dividend guidance of **8.70 cps** for FY17, up
2% on FY16

Regulated and
Contracted Asset
Base growth forecast
to average around
4% p.a. to 2018*

*Leverage core capabilities to build a portfolio of high
performing and sustainable **regulated** and **contracted**
energy infrastructure businesses*

Forecast net
debt to Regulated and
Contracted Asset Base
of <70% to 2018
(currently 67%)

Continue to focus on
business-wide efficiency
program targeting opex and
capex initiatives

Expecting FY17 dividend to be around **50% franked**

* Based on TRR 2017-22 proposal.

Formal Business

HOW TO USE YOUR HANDSET

- Insert the plastic smartcard into the top of the handset
- The chip should be facing you and at the bottom of the card



HOW TO USE YOUR HANDSET



- When inserted you will briefly see a welcome message on screen
- You will then be returned to the holding screen where your name will now appear at the top of the display



HOW TO USE YOUR HANDSET



- Press 1 to vote FOR
- Press 2 to vote AGAINST
- Press 3 if you wish to ABSTAIN



HOW TO USE YOUR HANDSET



- Your selection and the word Received will appear on your handset to indicate your vote has counted
- If you wish to change your mind, simply enter your new choice



HOW TO USE YOUR HANDSET

- If you wish to ask a question press the microphone button to the left of the screen
- Then press the Green square to confirm
- This will place you in a queue of names that can be viewed by the chairman



HOW TO USE YOUR HANDSET

- When called by the Chairman your microphone will activate automatically.
- Hold the handset 10cm from your face and speak clearly



Item 1

Financial Statements and Reports

Item 2

Election of Directors

Item 2 (a)

Mr Peter Mason AM

Item 2 (b)

Mr Tan Chee Meng

Remuneration report

Tina McMeckan

Item 3

Remuneration Report

Item 4

Grant of Performance Rights to Managing Director

Item 5

Increase in Total Fee Pool of Non-Executive Directors

Item 6

Issue of Shares – Up to 10% Pro Rata

Item 7

Issue of Shares pursuant to Dividend Reinvestment Plan

Item 8

Issue of Shares pursuant to an Employee Incentive Scheme



Meeting closed.

Thank you for your attendance.