

12 May 2010

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

## SP AusNet 2009/10 Full-Year Results Release and Investor Presentation

The following documents are attached:

1. SP AusNet's 2009/10 Full-Year Results Release;
2. Investor Presentation.

**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  
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12 May 2010

## SP AusNet 2009/10 Full Year Results Continued Revenue and NPAT Growth

2009/10 Earnings (A\$M, comparison to prior period)	Actual	Variance to Prior Year <sup>1</sup>	
Total Revenues	1,333.6	up	14.0%
EBITDA	778.3	up	9.7%
EBIT	543.8	up	8.7%
NPAT	209.0	up	17.9%

Distributions (Aust. cents)	2009/10	2008/09
Full Year Distribution	8.000¢	11.854¢
Percentage Fully Franked	36.0%	32.3%
Percentage Tax Deferred	12.1%	29.5%
Percentage Interest Income	51.9%	38.2%

### Key Points

- Revenues 14% higher due to increased revenues under regulated price path for all networks and higher revenues from Select Solutions
- EBITDA growth of 9.7% (reflecting lower margins from competitive revenues and lower Management Company Fees) and underlying NPAT growth of 17.9%
- Delivered on distribution guidance of 8.000 cents per security
- Successfully completed a \$408m equity raising in May / June 2009
- Successfully completed \$920m in debt raisings in early 2010
- Fully franked dividend component increased to 36% of total distribution
- Continuation of Distribution Reinvestment Plan for the 2009/10 final distribution

<sup>1</sup> FY09 adjusted for non-cash impairment of meters to be replaced under Advanced Metering Infrastructure (AMI) roll-out program of \$43.3m pre-tax & \$30.3m post-tax.

12 May 2010

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## SP AusNet 2009/10 Full Year Results

SP AusNet (ASX Code: SPN) today lodged its full year results with the ASX and SGX-ST and is pleased to report a 14% increase in Revenue, a 9.7% increase in Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) and a 17.9% increase in underlying Net Profit After Tax (NPAT) to A\$209m<sup>2</sup>. The strong result was due to higher revenues under regulated price path for all networks and higher revenues from Select Solutions, as well as lower Management Company Fees.

The Directors delivered on guidance by declaring a final distribution to securityholders of 4.000 Australian cents per security, bringing the total distribution to 8.000 Australian cents per security for the year.

Managing Director Nino Ficca said, "Coming out of the global financial crisis, we are pleased to deliver growth in revenues and a strong bottom line result. SP AusNet continues to remain in a strong financial position, underpinned by growing cash flows and prudent gearing levels".

As part of a range of capital management initiatives to provide a prudent capital structure, SP AusNet successfully completed a series of debt raisings totalling A\$920m in February / March 2010. The debt raisings have enabled SP AusNet to substantially meet its FY11 refinancing commitments of A\$960m.

### Distribution Key Dates

The 2009/10 final distribution of 4.000 Australian cents per security comprises 1.591 cents from a fully franked dividend (39.8%); 0.148 cents from a return of capital (3.7%); and 2.261 cents from interest income (56.5%). The increased interest income component of the distribution is reflective of higher interest income received by SP Australia Networks (Finance) Trust.

#### *Important dates:*

Wednesday 26 May 2010	ASX ex-distribution date
Thursday 27 May 2010	SGX-ST ex-distribution date
Tuesday 1 June 2010	Record date for distribution and deadline for receipt of Election Notices for participation in DRP
Tuesday 29 June 2010	Payment of distribution

The Distribution Reinvestment Plan (DRP) will be in operation for the 2009/10 final distribution at a 2.5% discount to the average trading price. The average trading price will be the average of the volume weighted average price of securities sold on the ASX over the 10 trading days immediately following the Record Date. The DRP will not be underwritten. The last day for elections to participate in the DRP for the final 2009/10 distribution is Tuesday 1 June 2010 (**Record Date**). For further information please refer to the DRP Rules at [www.sp-ausnet.com.au](http://www.sp-ausnet.com.au).

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<sup>2</sup> FY09 adjusted for non-cash impairment of meters to be replaced under Advanced Metering Infrastructure roll-out program of \$43.3m pre-tax & \$30.3m post-tax.

12 May 2010

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## Outlook

Looking forward, SP AusNet will determine future distribution amounts based on operating cash flows after servicing its maintenance capital expenditure and a portion of its growth capital expenditure. For FY11, SP AusNet expects to at least match the distributions per security for FY10. 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 revenues and NPAT in the second half of the year.

Organic growth in the regulated asset base continues to be strong, with high levels of demand for energy infrastructure from new housing developments within the distribution network areas. New wind farm and gas fired generation connections on the transmission network will also ensure growth in SP AusNet's asset base. SP AusNet expects capital expenditure in FY11 to be around 5% higher than FY10.

SP AusNet remains committed to growing and modernising its existing networks. SP AusNet will also focus on expanding and commercialising niche asset services, in particular metering and technical services. In addition, the adoption of smart networks via the Advanced Metering Infrastructure (AMI) program is a key platform for future growth.

In early February 2009, the state of Victoria was impacted by bushfires. The Victorian Government subsequently established a Royal Commission of Inquiry into the Victorian bushfire crisis and SP AusNet has and continues to extend its full support and assistance to the Inquiry.

In the months following these bushfires, SP AusNet was served with a writ that alleges that "faulty and/or defective power lines" caused loss and damage as a consequence of the fire known as the Kilmore East fire. More recently, SP AusNet has been advised of a number of additional writs alleging that SP AusNet is implicated in the fire known as the Beechworth fire, where a tree limb allegedly brought down powerlines, causing loss and damage. SP AusNet will vigorously defend these claims.

It is too early for SP AusNet to speculate on the outcome of any claims instituted by third parties. If these claims are pursued, SP AusNet has liability insurance that 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's bushfire mitigation and vegetation management programs fully comply with Electricity Safety (Bushfire Mitigation) Regulations and are audited annually by Energy Safe Victoria. SP AusNet had a 'zero' bushfire mitigation index throughout the 08/09 bushfire season.

The Australian Taxation Office (ATO) is undertaking large business audits of the SP AusNet group. The audits are focusing on deductions claimed in respect of fees imposed under Section 163AA of the Electricity Industry Act 1993 in the 1999 to 2001 tax years, intellectual property deductions referable to the 1998 tax year and each subsequent year and the entry allocable cost amount when the SPI Australia Group Pty Ltd consolidated group joined the SP AusNet Distribution consolidated group on 2 August 2004. Further details are contained in SP AusNet's 2009/10 financial statements.

12 May 2010

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In correspondence dated 31 March 2010, the ATO advised SP AusNet that it intends to disallow deductions claimed in respect of Section 163AA imposts, although it has not yet issued an amended assessment to confirm this position.

Despite the ATO audit activities, SP AusNet has not changed its view in regard to the availability of deductions. The ultimate timeframe or outcomes of the audits are not known.

## SP AusNet 2009/10 Operational Review

SP AusNet's assets include Victoria's high voltage electricity transmission network, an electricity distribution network located in eastern Victoria and a gas distribution network in western Victoria. As a diversified energy networks business, SP AusNet plays a vital role in underpinning the economic and social strength of Victorian communities, while also contributing to the wider Australian energy market.

### Electricity transmission business

SP AusNet's electricity transmission business contributed A\$531.3m in total revenues for the FY2009/10, up 7.9% on the prior period due to the increased revenues under the regulated price path. Total electricity transmitted through the network was 51,278 GWh, a decrease of 1% from the previous corresponding period, due to slower economic growth and milder weather conditions. Transmission regulated revenue is not subject to volume risk.

The program of capital expenditure on the transmission network has progressed well during the year, and total capex for FY2009/10 was A\$162.5m, of which A\$42.2m was customer-initiated and \$1.9m was due to AMI.

### Electricity distribution business

SP AusNet's electricity distribution business contributed A\$626.2m in total revenues for the FY2009/10. Revenues were 23% higher than the previous corresponding period, principally driven by growth in consumer numbers and higher competitive revenues from Select Solutions. These were partially offset by slower economic growth and milder weather, which has resulted in lower consumption. Total electricity distributed through the network was 7,780 GWh representing a decrease of 1.4% from the previous corresponding period.

In the FY2009/10, 11,417 additional consumers were connected to the network, representing an increase of 1.9% in total consumers. Total capital expenditure for the full year was A\$350.6m, of which A\$103.7m was customer initiated and A\$70.0m was due to AMI.

On 30 November 2009, SP AusNet submitted, to the Australian Energy Regulator (AER), its Regulatory Proposal for the new pricing regime that will apply for five years from 1 January 2011. SP AusNet's regulatory proposal, available on the AER's website, sought an initial real price rise from 2011 to 2015 and a real increase in net capital expenditure to \$1,372m (in 2010 dollars). The AER is expected to release its Draft Determination in June 2010, with its Final Determination required by 31 October 2010.

During the period, Select Solutions contributed \$106m in service revenue and \$3.2m in other revenue, an increase of \$75m over the previous year. Select Solutions contribution to EBITDA for the year was \$8.0m. The results for Select Solutions are predominantly included in the electricity distribution results. Select Solutions provides services to SP AusNet and also provides competitive niche asset services, in particular metering, vegetation management and technical services to external parties including Jemena Asset Management Pty Ltd ("Jemena"). The agreements with Jemena commenced in April 2009 and have seen SP AusNet extend its footprint for these niche services into New South Wales.

These services generally require minimal capital expenditure. Focusing on unregulated business growth, Select Solutions is dedicated to continuing to expand its current service portfolio to increase market share in its selected market.

## Gas distribution business

SP AusNet's gas distribution business contributed A\$190.8m in total revenues for the FY2009/10, up 6.5% on the previous corresponding period due to the new regulatory period taking effect from 1 July 2008 and the annual price adjustment at 1 January 2009. Total gas delivered through the network was 71.4 PJ, a decrease of 5.2% over the previous corresponding period, reflecting lower industrial usage due to slower economic growth.

Demand in Victoria's growth corridors is continuing to generate consumer connections to the network. In the FY2009/10, 17,181 additional consumers were connected to the network, representing growth in consumers connected of around 3.1%. Capital expenditure for the period was A\$67.6m of which A\$43.8m was customer initiated.

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# SP AusNet

## Full Year Results 2009/10



12 May 2010



## 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 or 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. Therefore, before acting on any information contained in this presentation, each person should consider the appropriateness of the information having regard to its individual objectives, financial situation and needs, and should seek its own independent professional advice. This presentation, and the information in this presentation, will not form the basis of any contract or commitment.

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This presentation contains certain “forward-looking statements” and prospective financial information. These forward looking statements and information are based on the beliefs of SP AusNet’s management as well as 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 identify 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.

## Overview of Results

Financial Performance

Operational Review

Strategy & Outlook

**Note:**

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





Delivering on  
Guidance



- Delivered solid revenue & NPAT growth
- Delivered on distribution guidance of 8cps



Maintained  
financial discipline



- Successfully raised A\$408m in equity capital
- Raised A\$920m of debt & maintained 'A' range credit rating in a challenging environment
- Aligned distributions to underlying cash flows
- Strong RAB growth

Maintained financial discipline throughout a difficult environment

# Delivering continued earnings growth



## 2009/10 Full Year Highlights (A\$M, comparison to prior year)

	Actual	Variance to Prior Year <sup>1</sup>
Revenues	1,333.6	↑ 14.0%
EBITDA	778.3	↑ 9.7%
EBIT	543.8	↑ 8.7%
NPAT	209.0	↑ 17.9%
Final Distribution per stapled security	4.0 cents	↓ 32.5%

1. FY09 adjusted for non-cash impairment of meters to be replaced under Advanced Metering Infrastructure roll-out program of \$43.3m pre-tax & \$30.3m post-tax.

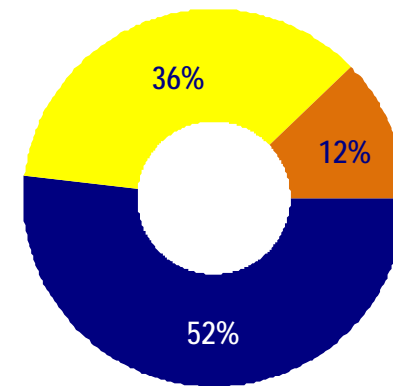
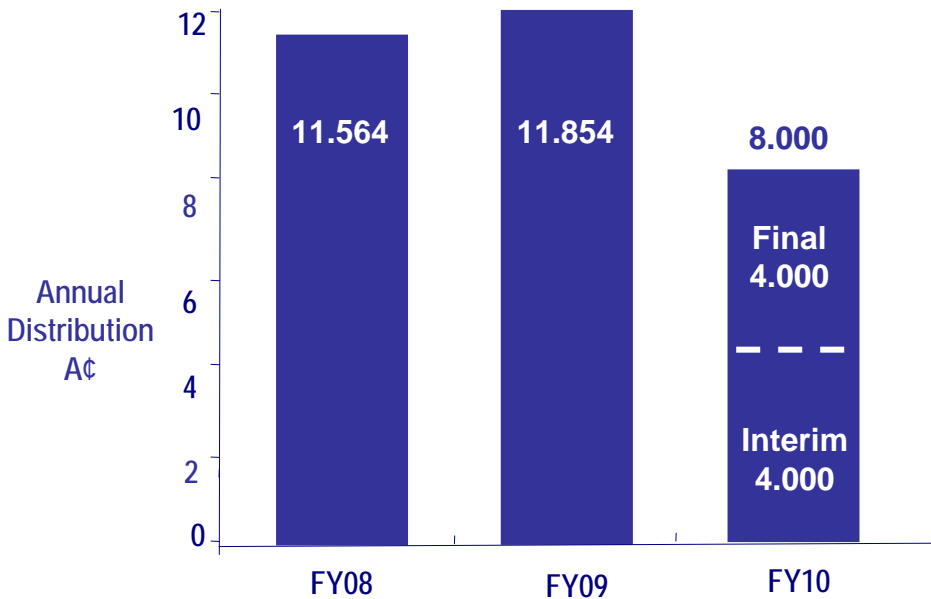
- Higher revenues across all networks under regulated price path
- Higher competitive revenues from Select Solutions (lower margins, lower capital requirements)
- Lower Management Company Fees due to improved position in Defined Benefit Plan

## NPAT growth driven by an increase in regulated revenues

# Tax effective distributions

- Distributions fully funded from operating cash flows
- 8.79% yield\*, higher fully franked dividend component

## FY10 Distribution Components



	FY10	FY09
Interest Income	51.9%	38.2%
Fully Franked Dividend	36.0%	32.3%
Return Of Capital	12.1%	29.5%

\* Based on security price as at 31 March 2010 of A\$0.91 & FY10 distribution of 8cps

Highest level of franking amongst peers

## STABILITY

- 87% of revenues are regulated
- Regulated revenues are inflation protected
- Prudent gearing, target 90% of debt hedged against movements in interest rates (FY10 hedging @ 99%)
- 'A' range credit rating enables access to competitive financing
- Distributions fully funded from operating cash flows

## GROWTH

- Strong housing demand
- Organic growth from energy infrastructure demand (e.g. renewable generation)
- Expansion of niche asset services
- Continuing to evaluate opportunities outside regulated asset base

Overview of Results

**Financial Performance**

Operational Review

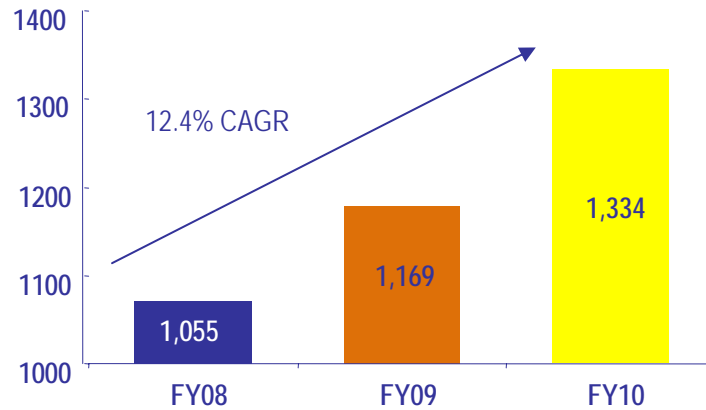
Strategy & Outlook



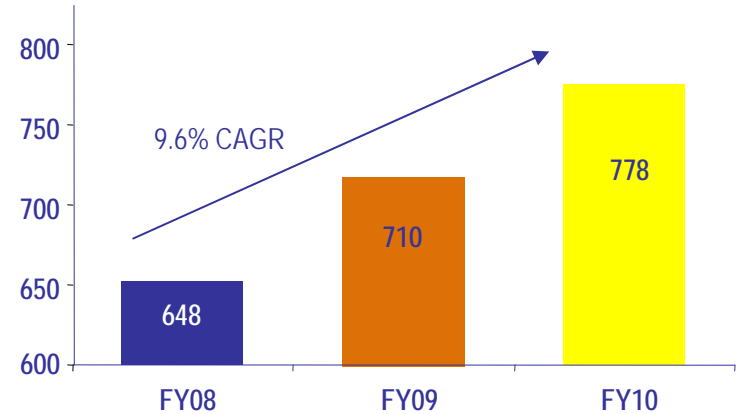
# Strong underlying performance



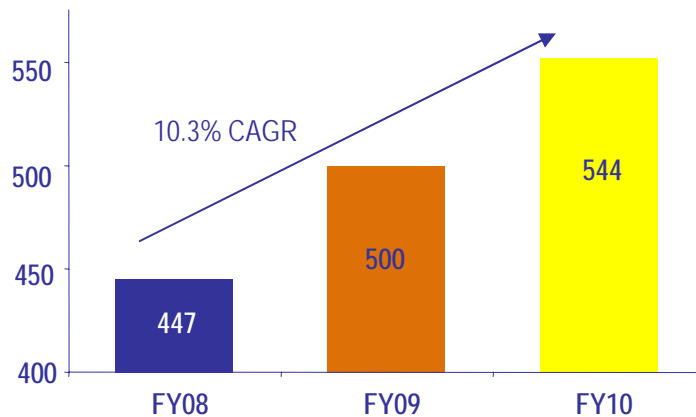
## Revenue Growth



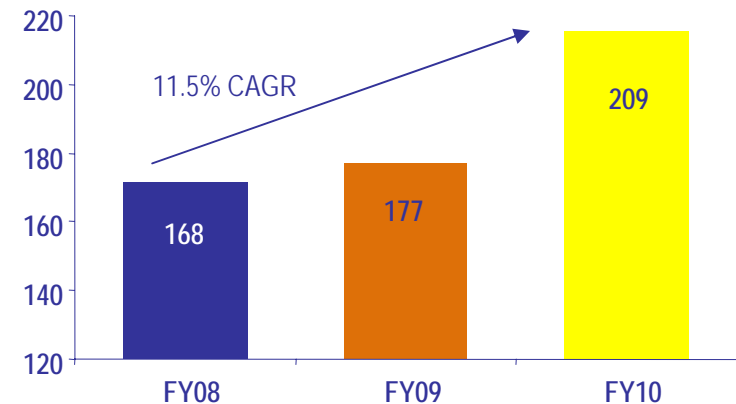
## EBITDA\* Growth



## EBIT\* Growth



## NPAT\* Growth



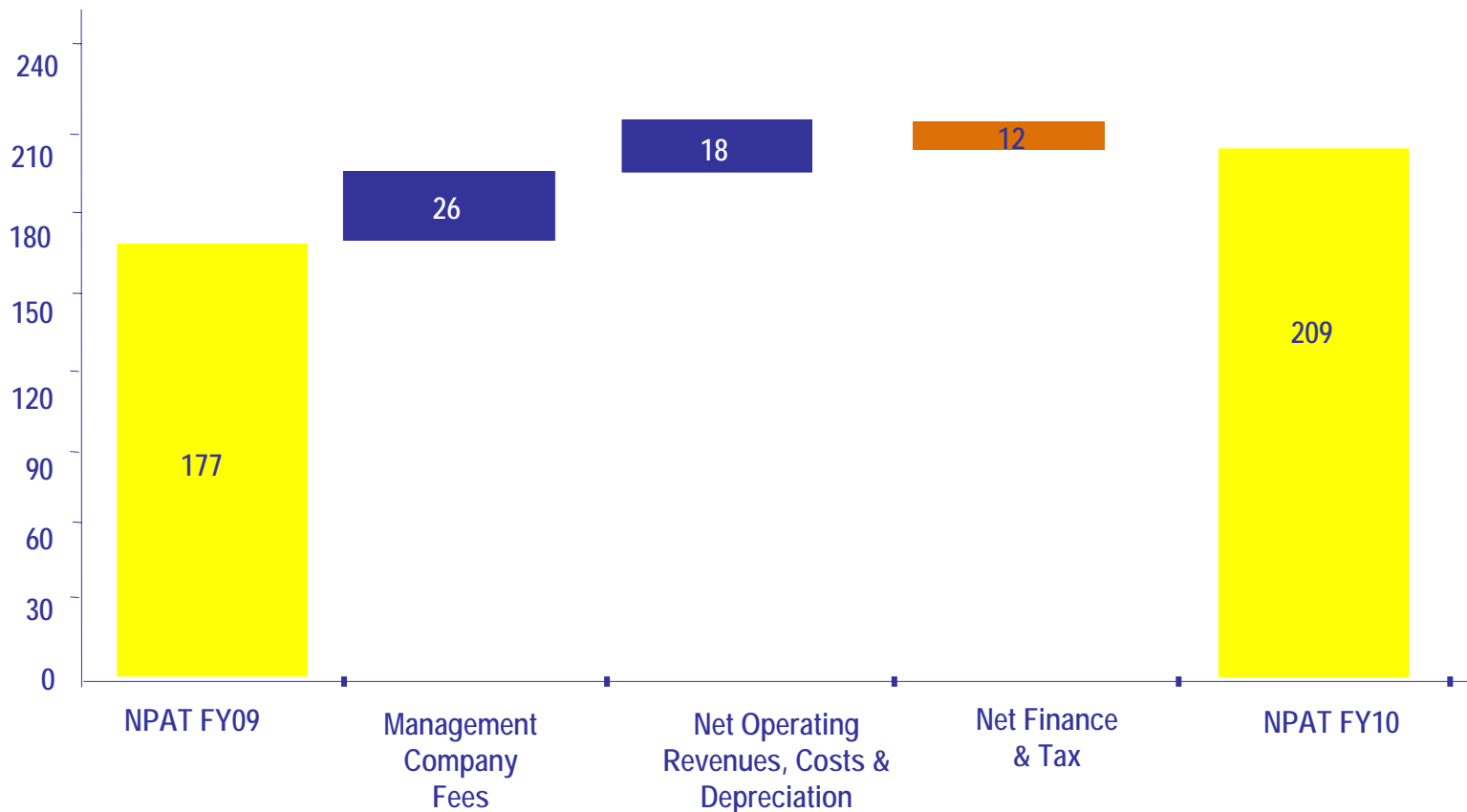
\* Underlying only. FY09 adjusted for non-cash impairment of meters under AMI of \$43.3m pre-tax and \$30.3m post-tax. FY08 adjusted for Alinta transaction costs of \$24.6m pre-tax and \$17.2m post-tax.

## Sustainable year on year growth



# Growth in NPAT\*

## Full Year to 31 March 2010 (A\$M)

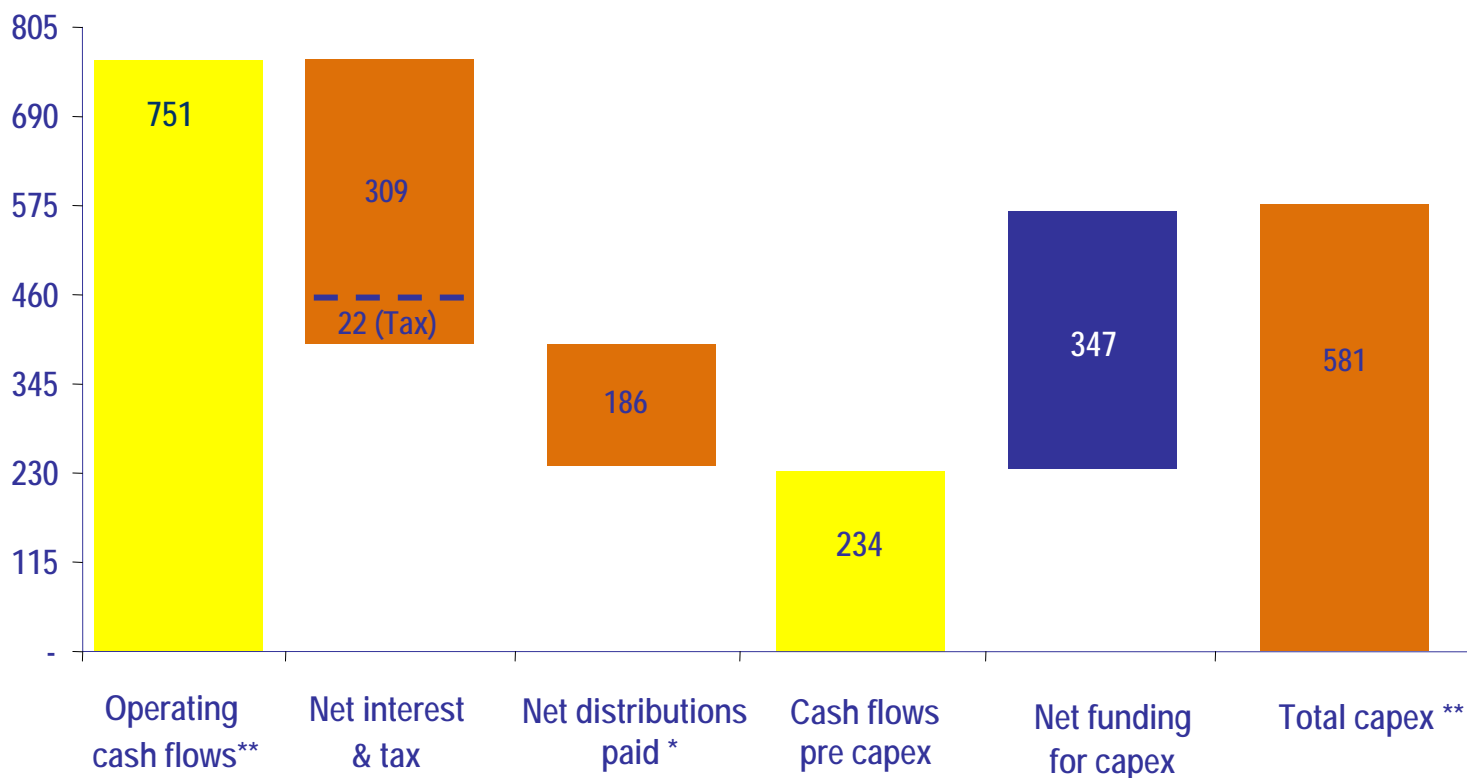


\*FY09 adjusted for non-cash impairment of meters to be replaced under AMI roll-out program of \$43.3m pre-tax & \$30.3m post-tax.

Lower management fees due to improved position of Defined Benefit Plan

# Operating cash flows

## Full Year to 31 March 2010 (A\$M)



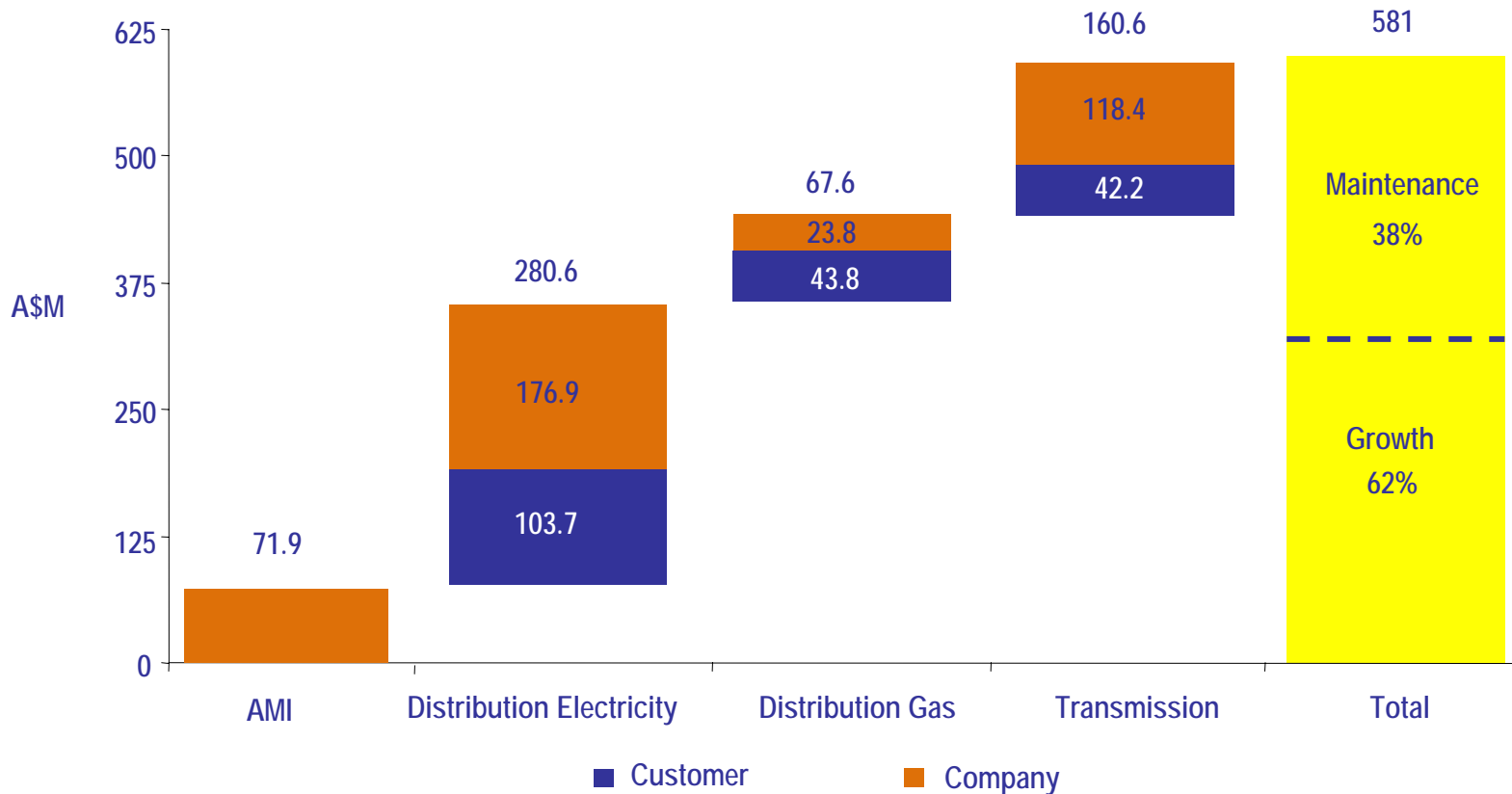
\* After deductions of \$46.9m retained via distribution reinvestment plan

\*\* Includes cash customer contributions of \$33.5m

## Distributions funded from operating cash flows

# Growth in gross capital expenditure

## Full Year to 31 March 2010 (A\$M)

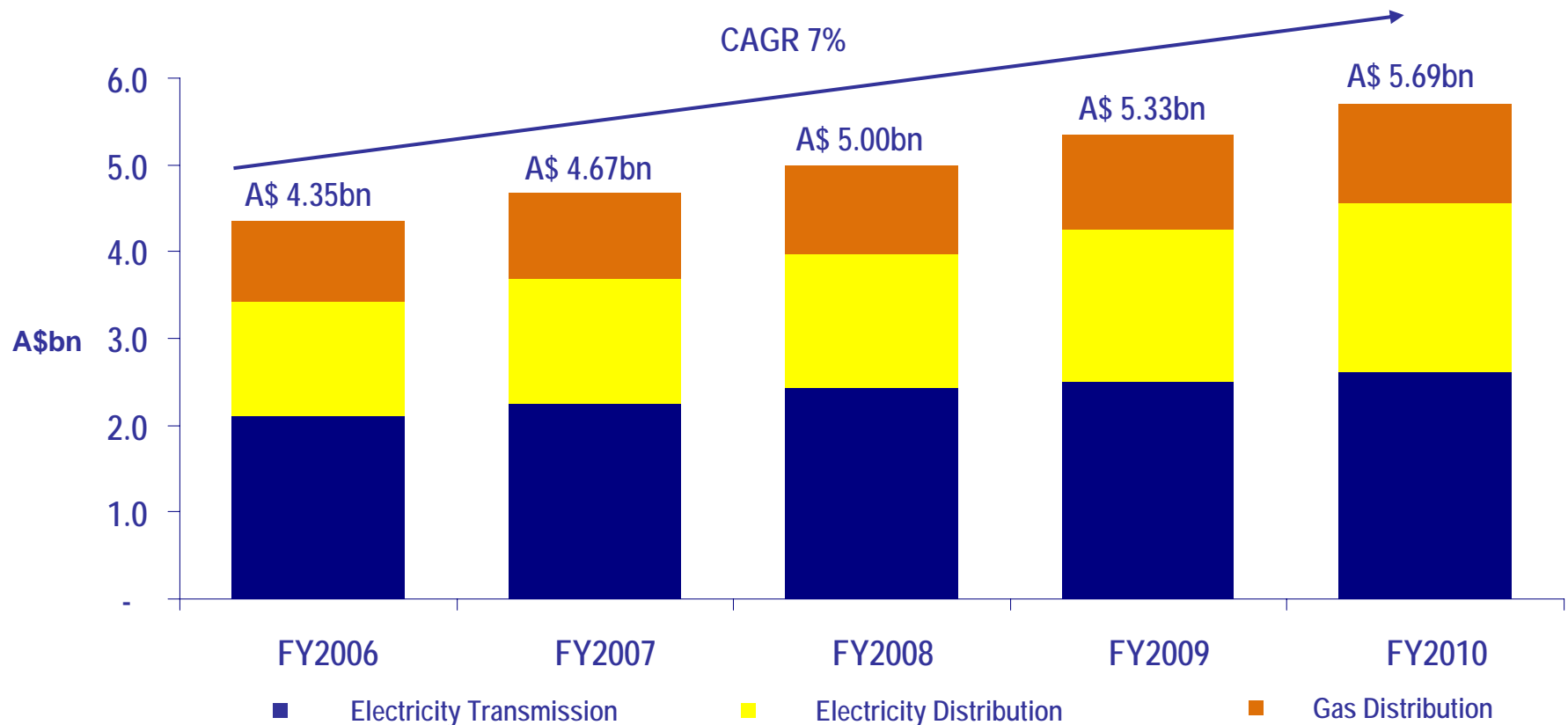


Note: Total capex on accruals basis and includes \$38.6m in customer contributions.

## Strong organic growth

# Continued RAB growth

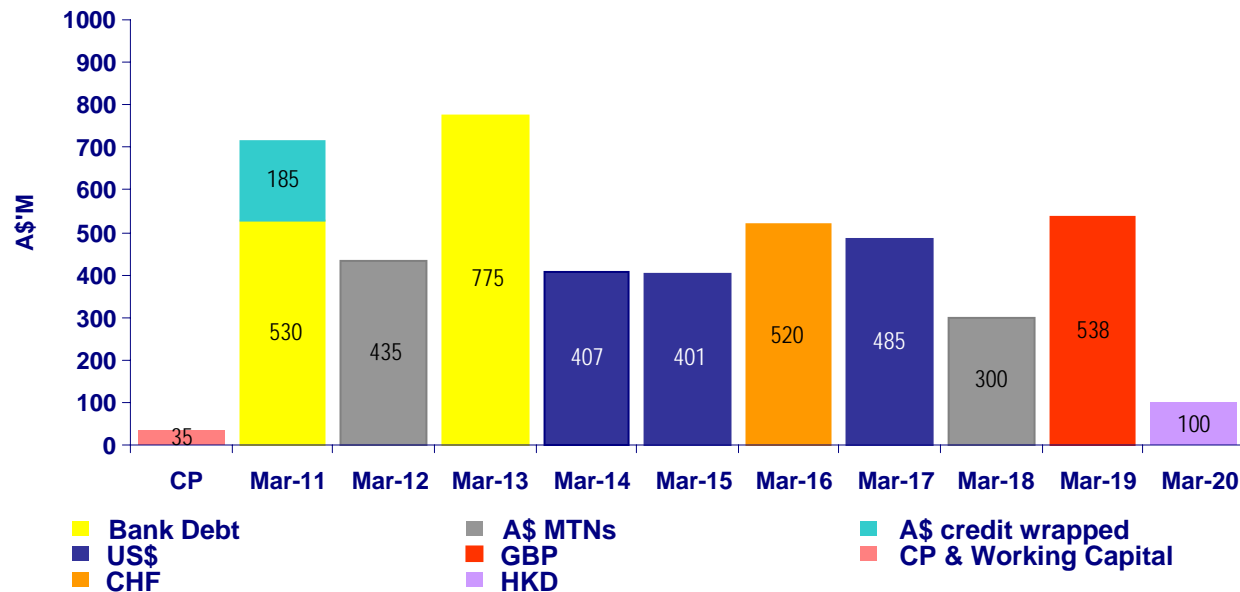
- Our RAB continues to be a key source of growth
- The RAB is indexed to inflation, thus providing an in-built hedge against inflation



Organic growth at no premium

## Debt maturity profile as at 31 Mar 2010

Debt as at 31 Mar 10: \$4,710M. Net debt as at 31 Mar 10: \$4,165m \*



- Raised A\$920m from domestic & foreign bond markets
- 100% of foreign debt is hedged
- Ready access to capital at competitive prices

\*Debt at face value. Offshore debt shown at hedged rates

## FY11 refinancing substantially complete

# Sound fundamentals



Market Metrics 31 Mar 10	ASX	SGX
Security Price	A\$0.91	S\$1.17
Market Capitalisation	A\$2.4bn	S\$3.1bn
Net Tangible Assets Per Security	A\$0.94	S\$1.21
Financial Metrics	31 Mar 10	31 Mar 09
Total Assets	A\$8.6bn	A\$7.8bn
Total Borrowings	A\$4.5bn	A\$4.5bn
Net Debt	A\$3.9bn	A\$4.5bn
Total Gearing (CV) <sup>1</sup>	62%	67%
Net Gearing (CV) <sup>2</sup>	59%	67%
Debt / RAB <sup>3</sup>	83%	79%
Net Debt / RAB <sup>4</sup>	73%	79%
Interest Cover (EBITDA)	2.6x	2.5x

1 See Appendix for more details. Calculated as debt at carrying value divided by debt at carrying value plus equity

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

3. Debt at face value divided by regulated asset base

4. Debt at face value less cash divided by regulated asset base

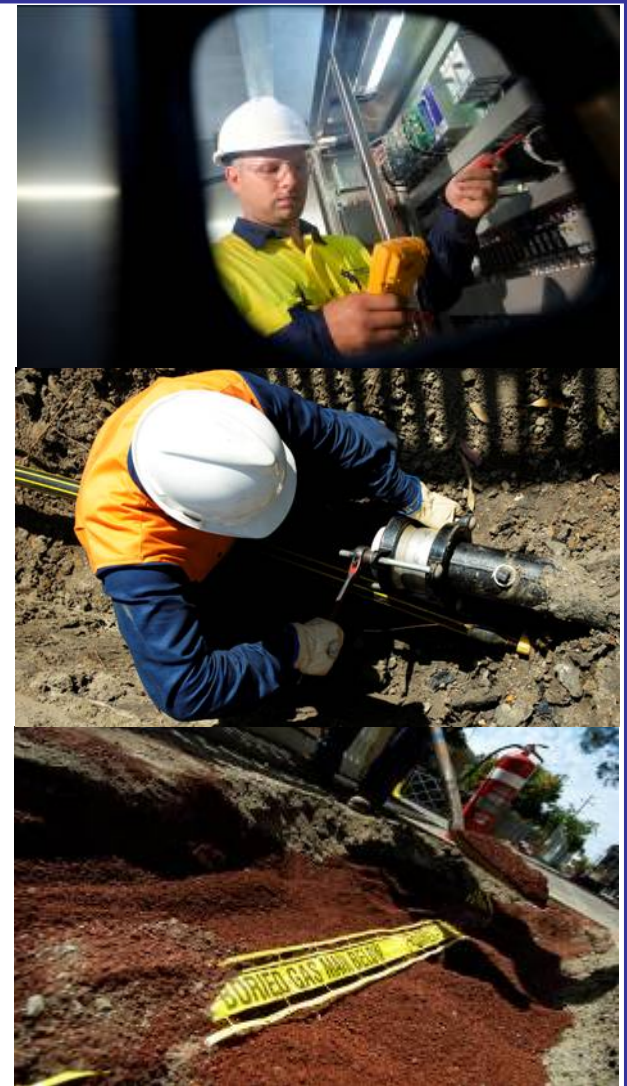
Sound financial position underpinned by secure cash flows

Overview of Results

Financial Performance

**Operational Review**

Strategy & Outlook

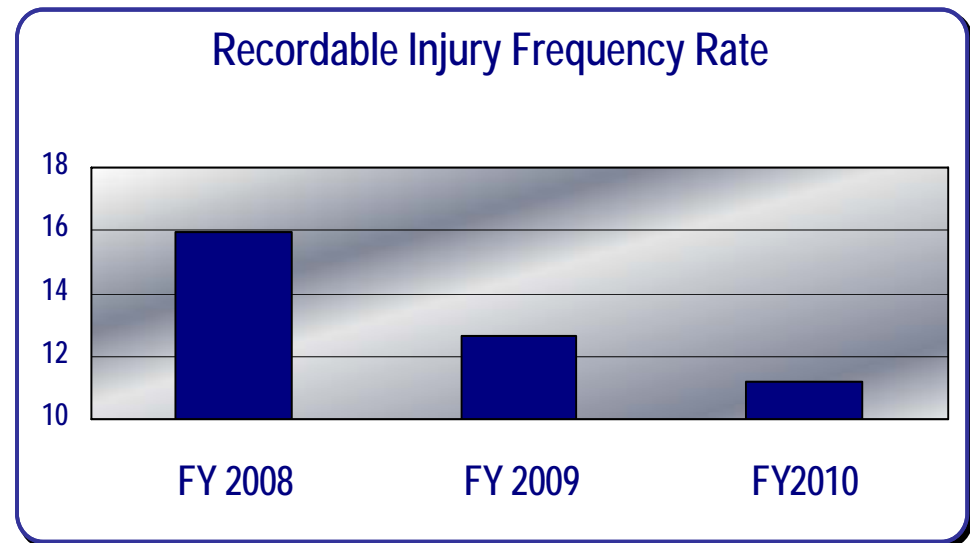


# Safety is our number one priority



## During FY10:

- We developed a new safety vision to drive a behavioural safety culture across SP AusNet .
- We introduced a Safety Index to track and report leading and lagging safety indicators and engage all employees and contractors in safety reporting and improvement.
- We achieved a FY10 Reportable Injury Frequency Rate of **11.12**, which is a 12 per cent reduction on last year
- We are targeting a further 20 per cent improvement in RIFR during FY11.

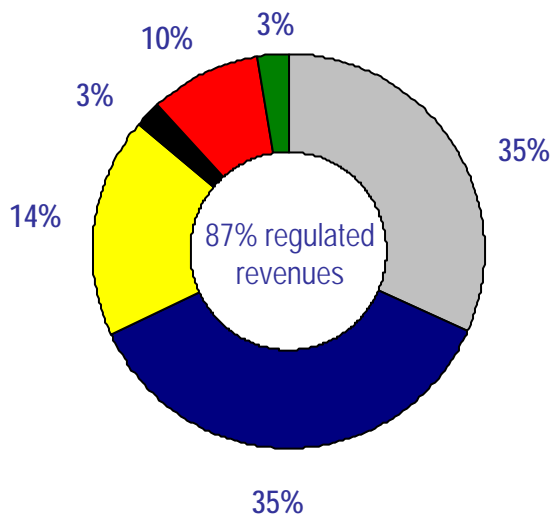


Safety is our way of life. Everyone is responsible for leading safety. Together we seek out to correct all unsafe behaviours and situations. Our aim is **ZERO INJURIES.**



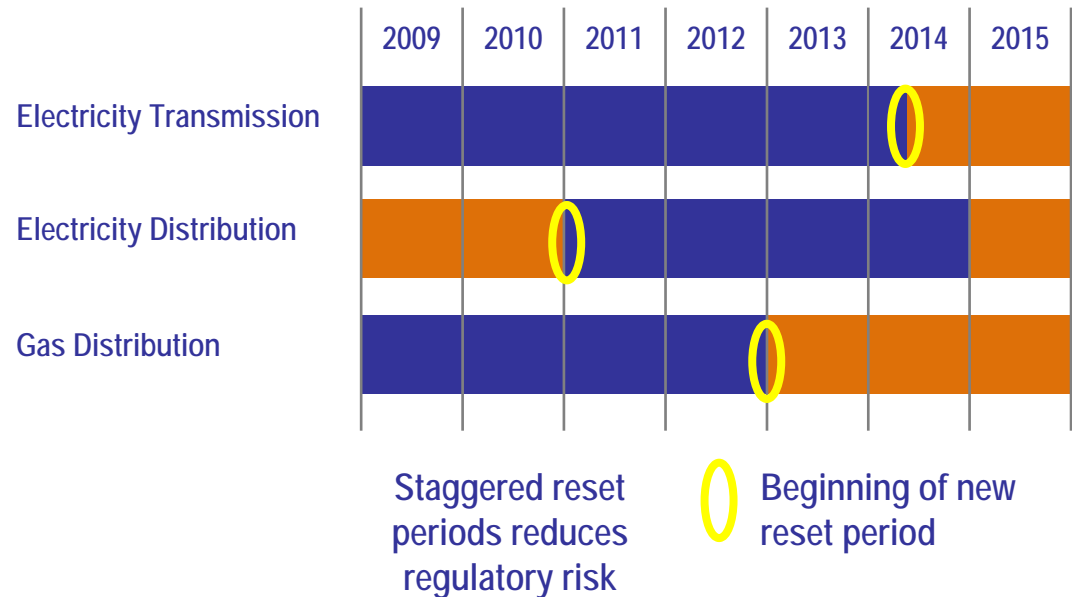
## ➤ 87% of revenues regulated & opportunities for growth

Total FY10 Revenue A\$1,334m



- Electricity Transmission
- Electricity Distribution
- Gas Distribution
- Excluded Services
- Customer Contributions
- Select Solutions & other

Diversified regulatory reset periods



## Secure revenue streams

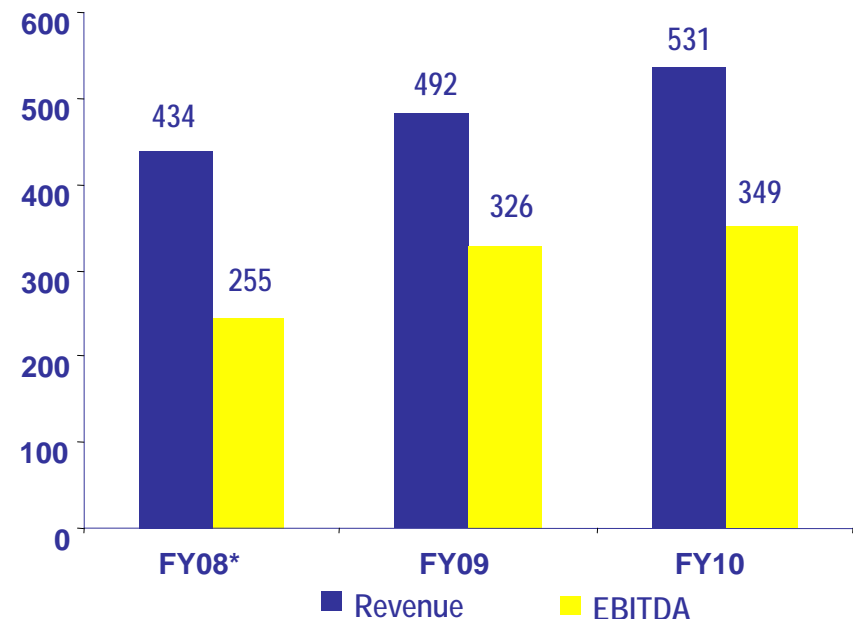
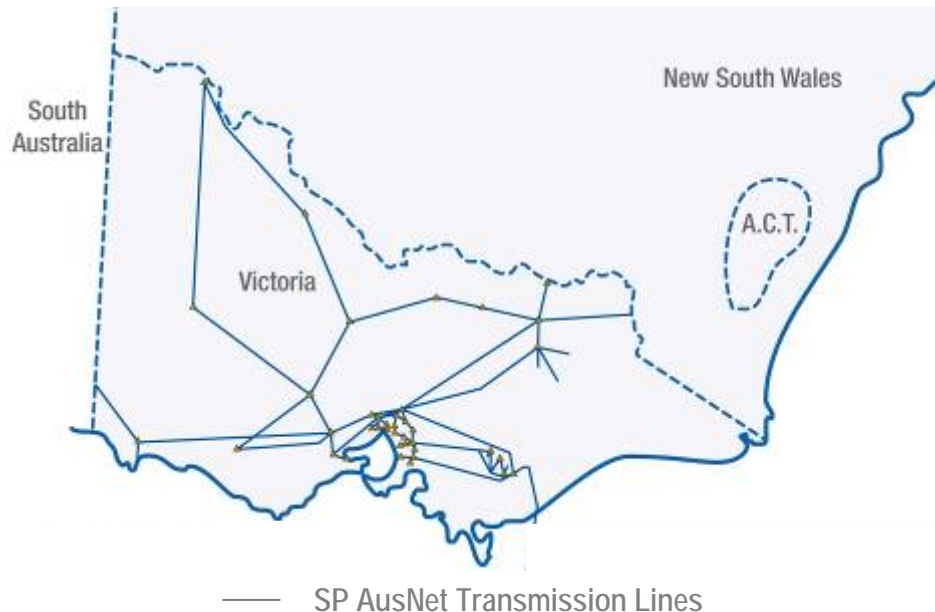
# Electricity transmission network

## Operational Review

- Increase in regulated revenues
- Capacity to grow the network
- ATO conducting Large Business Audits

## Full Year Financial Highlights (A\$M)

	31-Mar-10	31-Mar-09	Variance %
Revenue	531.3	492.2	7.9%
EBITDA	348.6	325.8	7.0%
EBITDA Margin	65.6%	66.2%	-
Volume (GWh)	51,278	51,777	-1.0%



\* FY08 adjusted for Alinta transaction costs of \$24.6m pre-tax and \$17.2m post-tax.

# ATO tax audits

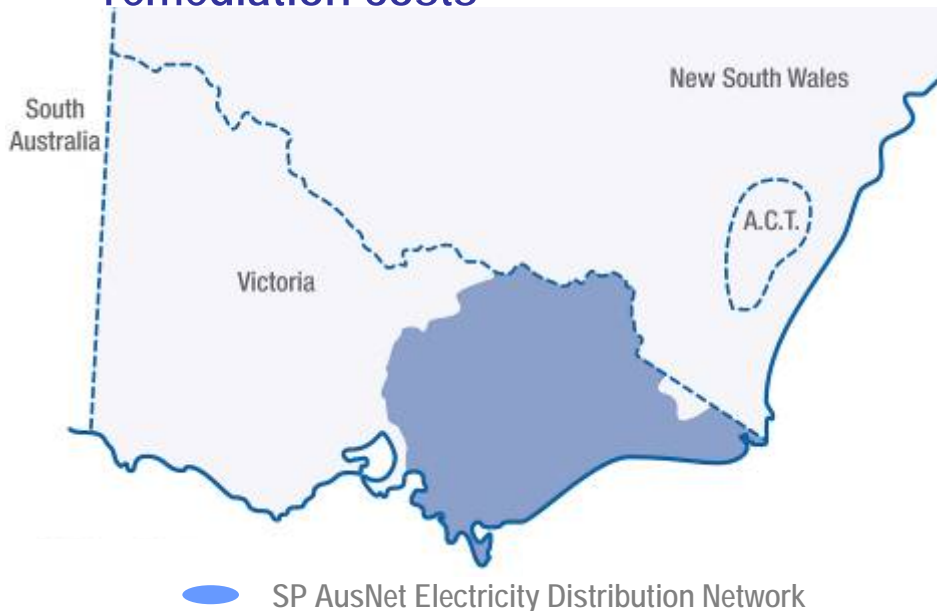
- SP AusNet Transmission notified of audits in Dec 2008
- Focus on Sec 163AA impost deductions & Intellectual Property (“IP”) deductions
- Primary Tax at risk = \$80m (\$53.3m for Sec 163AA & \$26.7m for IP)
- Deductions date back to 1998 tax year and subsequent years
- Compounding nature of any interest penalty levied increases tax at risk
- ATO has notified SP AusNet of intention to deny Sec 163AA imposts, no amended assessment issued as yet
- SP AusNet Distribution notified of tax consolidation audit in Dec 2009
- No cash tax at risk on consolidation audit due to significant carry forward tax losses
- All tax positions taken by SP AusNet are supported by independent tax advice

Despite ATO Audits, SP AusNet has not changed its view

# Electricity distribution network

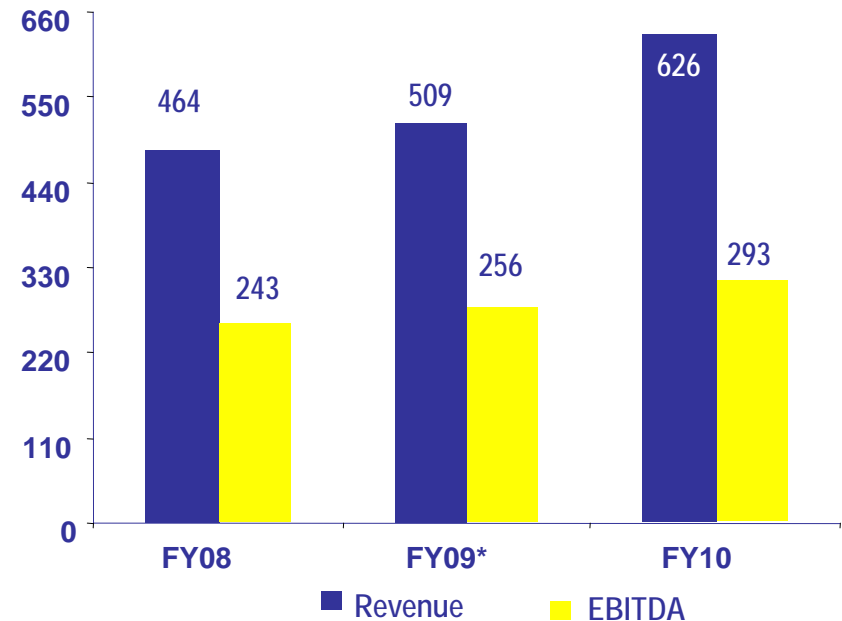
## Operational Review

- Select Solutions competitive revenues increased by \$75m
- Strong housing demand underpinned by population growth
- Margins reduced due to bushfire remediation costs



## Full Year Financial Highlights (A\$m)

	31-Mar-10	31-Mar-09	Variance %
Revenue	626.2	509.2	23.0%
EBITDA	293.0	256.0	14.4%
EBITDA Margin	46.8%	50.3%	-
Volume (GWh)	7,780	7,894	-1.4%
Connections	619,728	608,311	1.9%



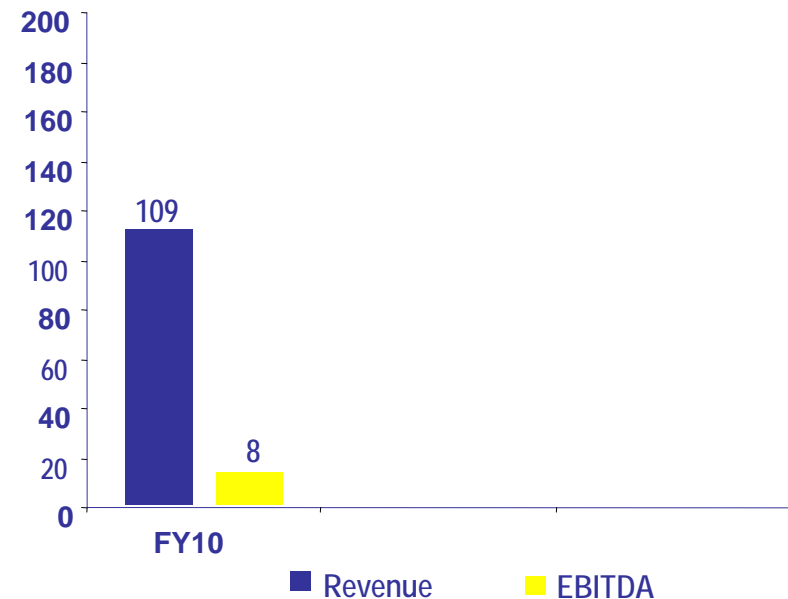
\* FY09 adjusted for non-cash impairment of meters under AML of \$43.3m pre-tax and \$30.3m post-tax.

## Operational Review

- Still in 'start up' mode, first year of operation
- Leverage off regulated asset base
- Margins to improve over time
- Target growth in vegetation management, metering services, asset inspection and technical services
- Major customers include Jemena & City West Water

## Full Year Financial Highlights (A\$M)

	31-Mar-10	31-Mar-09	Variance %
Revenue	109.2	-	-
EBITDA	8.0	-	-
EBITDA Margin	7.3%	-	-



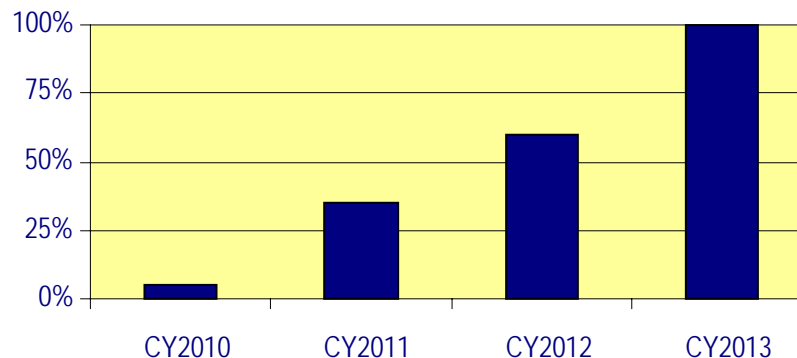
# AMI – Advanced Metering Infrastructure



## AMI Timetable

Dec 2009	Mar 2010	Dec 2013
First meters installed	19,000 meters installed	Complete

- As at March 31, approx 19,000 smart meters were installed in South Morang and surrounding areas
- In March 2010, the Victorian State Government announced a temporary 'moratorium' on the introduction of 'time of use tariffs', to further consider community issues
- No revenue or capex impact expected as a result of temporary 'moratorium'
- Capex spent to date is approx \$100m and will peak in FY12 before completion in FY14
- Estimated capex of \$450m - \$500m, 680,000 meters rolled into the RAB
- AMI smart meter rollout :



AMI remains on track with no delay to smart meter roll out

## ➔ EDPR timetable as per AER

Nov 2009 Made Submission	June 2010 Draft decision due	Oct 2010 Final Decision due
-----------------------------	---------------------------------	--------------------------------

➔ New pricing regime to apply from Jan 1, 2011 for 5 years

➔ Key changes proposed in EDPR submission;

- Capex increase of 38% to \$1,372m (real \$2010)
- Capex to focus on growth & transformational IT
- Debt risk premium from 143bps to 471bps

# Electricity distribution network - Victorian Bushfires February 2009



## Damage assessment



- Damage sustained to less than 1% of SP AusNet's electricity distribution network
- No material impact on SPN's FY 2009/10 results

## Royal Commission



- SP AusNet has extended its full support and assistance to the Royal Commission
- SP AusNet has made submissions to the Royal Commission relating to the Beechworth and Kilmore East fires and electricity industry systemic issues

## Class Action



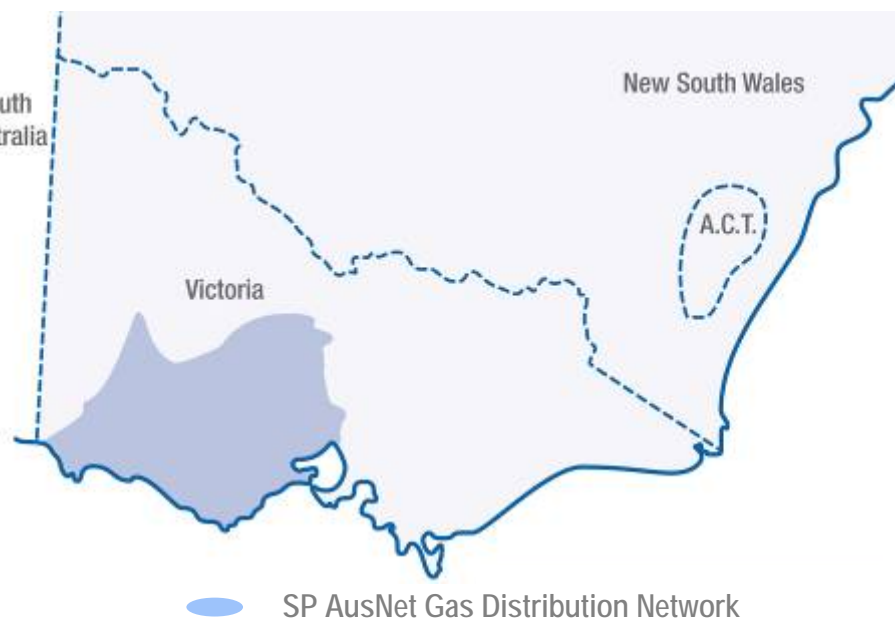
- SP AusNet has received writs relating to the Kilmore East fire and the Beechworth fire. It is likely that no substantive proceedings will commence until the conclusion of the Royal Commission
- SP AusNet reviews its insurance cover annually & ensures it is commensurate with the scale and size of its operations and with industry standards and practice
- All lead insurers participating in SP AusNet's liability insurance have a minimum rating agency classification of A- and most are rated A and above
- In September 2009, SP AusNet successfully renewed its liability insurance cover with its long standing 'A' range insurers

Royal Commission to release its findings in July 2010



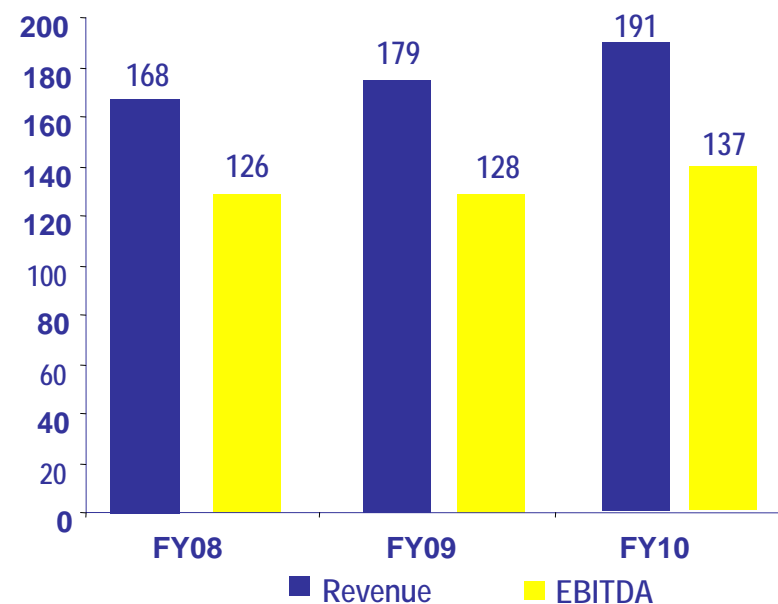
## Operational Review

- Increase in regulated revenues
- Continued growth in new housing connections



## Full Year Financial Highlights (A\$M)

	31-Mar-10	31-Mar-09	Variance %
Revenue	190.8	179.2	6.5%
EBITDA	136.7	127.8	7.0%
EBITDA Margin	71.6%	71.3%	-
Volume (PJ)	71.4	75.3	-5.2%
Connections	571,678	554,497	3.1%



Overview of Results

Financial Performance

Operational Review

**Strategy & Outlook**



## ➤ SP AusNet Strategy

- **To provide our customers with superior network and energy solutions.** The focus will be on adding value to customers and Securityholders with development in the following key business areas:
  - **Existing Networks** - our existing asset base must remain resilient and reliable to provide a foundation for Smart Network development. This will require investment in new technology and the exploration of emerging markets.
  - **Smart Networks** - strategy and capability will be developed over the next five years and become integrated within SP AusNet's standard asset management response function to provide energy solutions to third parties.
  - **Select Solutions Services** - SP AusNet's competitive niche services business, will grow revenues and increase market share by offering new products and services to existing and new customers.

**M&A will only be explored if it adds value to securityholders**

- For FY11, SP AusNet expects to at least match distributions per security in FY10
- Organic growth continues to be strong, FY11 capital expenditure is expected to be around 5% higher than FY10
- Expanding competitive niche asset services remains a key strategic focus
- Will continue to explore growth opportunities beyond traditional regulated businesses
- Target 130,000 smart meters installed by March 31, 2011
- EDPR final response from AER expected in Oct 2010

Overview of Results

Financial Performance

Operational Review

Strategy & Outlook

Questions



Overview of Results

Financial Performance

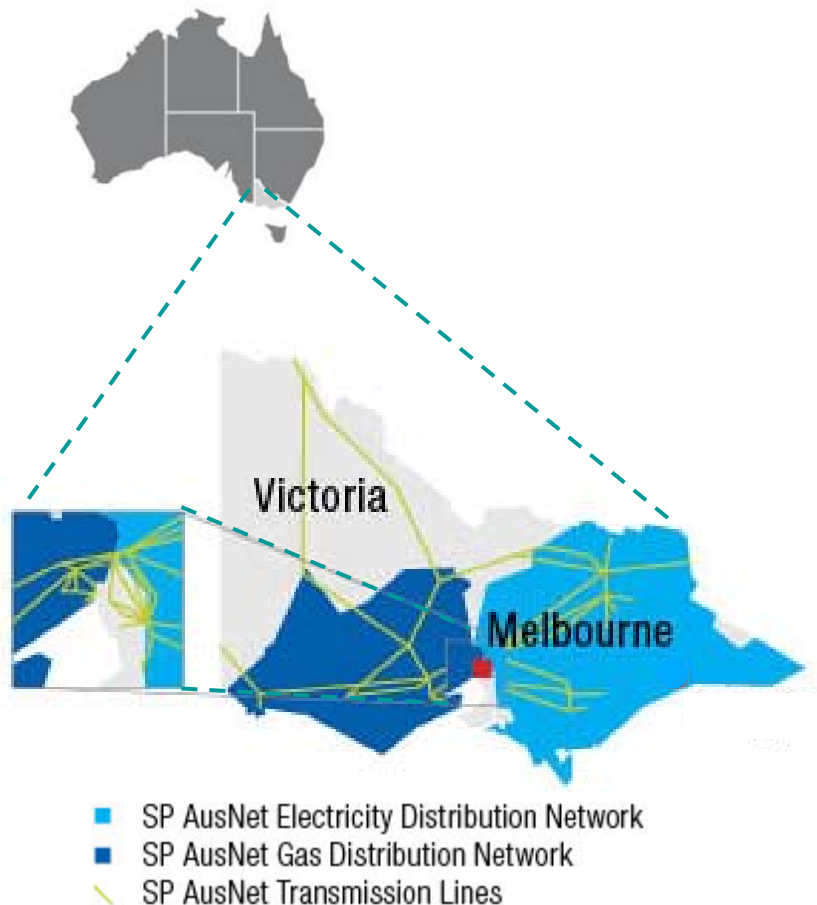
Operational Review

Strategy & Outlook

Appendices



# Suite of high quality assets



## Key Network Statistics\*

### Electricity Transmission

- 6,585km of transmission lines
- 12,900 towers

### Electricity Distribution

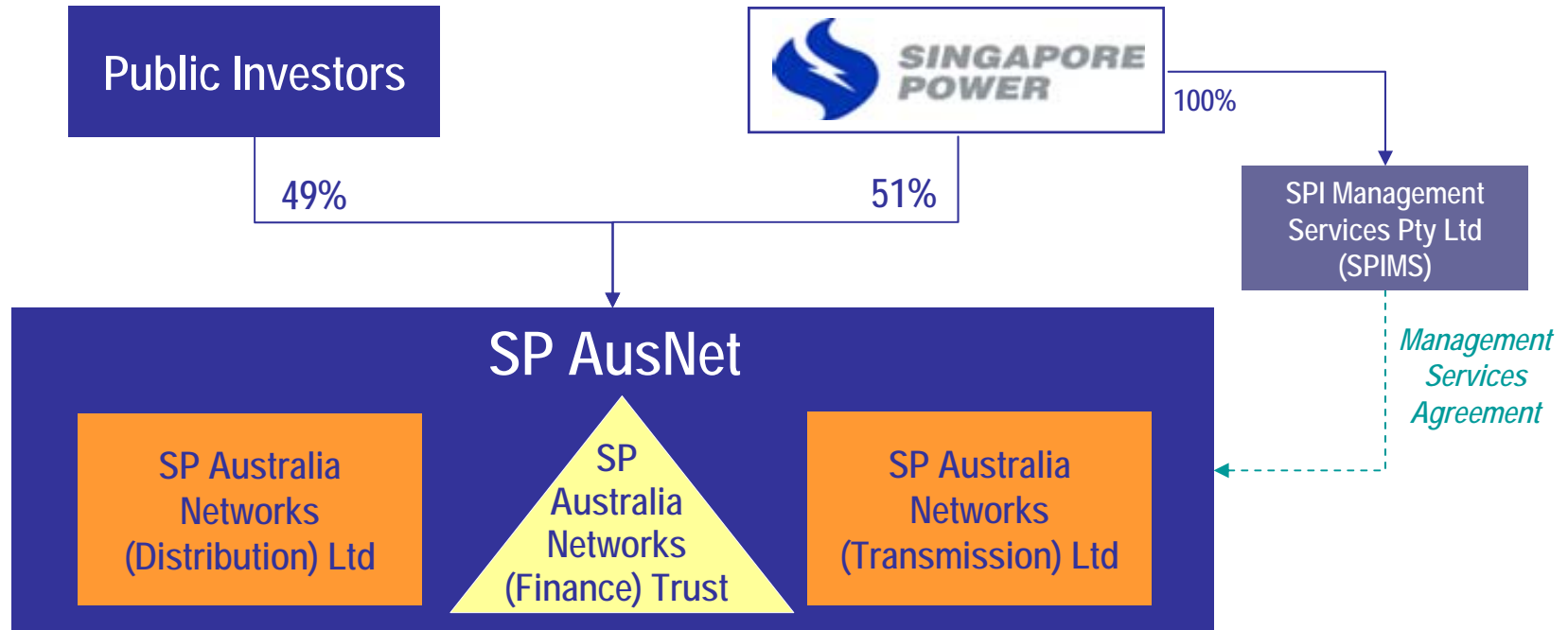
- 46,695km of electricity distribution network
- 619,728 electricity distribution consumers

### Gas Distribution

- 9,575km of gas distribution network
- 571,678 gas distribution consumers

\* All figures are approximate as at 31 Mar 2010

Diversified suite of high quality energy assets



- Investment in SP AusNet comprises a stapled security consisting of:
  - One share in SP Australia Networks (Distribution) Ltd;
  - One share in SP Australia Networks (Transmission) Ltd; and
  - One unit in SP Australia Networks (Finance) Trust



# Management fees

Full year to 31 Mar (A\$M)	2010	2009	Variance
Management Services Charge <sup>1</sup>	13.8	39.7	(25.9)
Performance Fees	12.2	12.3	(0.1)
<b>Total Management Fees</b>	<b>26.0</b>	<b>52.0</b>	<b>(26.0)</b>

- Management Services Charge (MSC) is a pass through of senior management costs
- Decrease in the MSC due to pass-through of \$27m (before tax) variance of actuarial gains/losses on defined benefit plan for SPIMS employees from FY09 to FY10
- Performance fees stable, in FY09 fee cap reduced from 0.75% to 0.5% of market capitalisation, capping fees at \$12.2m and comprise:
  - Financial performance fees of \$7.8m
  - Capital Works Management Fee of \$5.3m
  - Performance Fees reduced by \$(0.9)m

1. Management Service Charge for FY08/09 onwards will be calculated as direct reimbursement of actual cost of remuneration (incl. employment related expenses) of SPIMS employees. Previously calculated as a fixed charge adjusted by CPI - based on reimbursement of the remuneration of senior management at time of IPO.

**Performance fees capped at 0.50% of market capitalisation**

# Electricity Distribution Price Review (EDPR)



Parameter	SPN Proposal	Current Period
Beta	0.8	1.0
Risk Free Rate	5.47%	5.27%
Debt Risk Premium	4.71%	1.43%
Gamma	0.5	0.5
Market Risk Premium	8.0	6.0
Nominal Vanilla WACC	10.86%	8.53%
Nominal Post Tax Return on Equity	11.87%	11.27%
Net Capex (\$M Dec 2010)	1,372	996
Opex (\$M Dec 2010)	883	670
Revenue (Nominal)	2,746	1,738

EDPR process to focus on demand for energy infrastructure

# Debt reconciliation

FY10 Face Value Debt	\$4,709.7M
Adjusted for ;	
Fair Value Debt (Hedging)	\$212.6M (principally FX movements)
Discount/Premium	\$0.4M
Loan Fees	\$15.7M
FY10 Carrying Value Debt	\$4,480.9m
FY 10 Face Value Debt	
Domestic	\$ 2,260.0M
International	\$2,449.7M

*Fair Value Debt (Hedging) predominately relates to the restatement of foreign debt for FX movements, which is hedged via derivative instruments*

# Further Information and Contacts



SP AusNet is a major energy network business, which owns and operates key regulated electricity transmission and electricity and gas distribution assets located in Victoria, Australia.

Further information is on SP AusNet's website: [www.sp-ausnet.com.au](http://www.sp-ausnet.com.au)

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## SP AusNet

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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  
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