

22 May 2008

---

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

## SP AusNet 2007/08 Full-Year Results Media Release "Strong Underlying Business"

Please find attached the SP AusNet 2007/08 Full-Year Results Media Release.

**Geoff Nicholson**  
Company Secretary

---

**For further information contact:**

**Investor Relations**

Adrian Hill  
General Manager, Corporate Development & Investor Relations  
+61 3 9695 6701 or +61 438 533 193

Lucinda Kerr  
Manager, Investor Relations  
+61 3 9695 6633 or +61 421 387 687

**Media Relations**

Louisa Graham  
Manager, Corporate Communications  
+61 3 9695 6401 or + 61 418 358 327

*Page 1*

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

22 May 2008

## SP AusNet 2007/08 Full Year Results

### Strong Underlying Business

Normalised 2007/08 Comparison to Guidance	2007/08 Actual	2007/08 Normalised <sup>1</sup>	Guidance <sup>2</sup>	Variance
Total Revenues	1,055.1	1,055.1	1,053.2	up 0.2%
EBITDA	623.3	647.9	646.0	up 0.3%
EBIT	422.7	447.3	443.7	up 0.8%
NPAT from Continuing Operations	151.0	168.2	167.3	up 0.5%

Distributions	2007/08	Guidance	Variance
2007/08 Final Distribution	5.788 cents		
2007/08 Full Year Distribution	11.564 cents	11.56	in line
Percentage Fully Franked	13.9%		
Percentage Tax Deferred	57.8%		
Annualised Yield	9.3% <sup>3</sup>		

#### Highlights

- Strong underlying business delivering results in line with guidance
- Delivered 3.5% increase in revenues over previous corresponding period (A\$1,019.5m), due to price, volume and customer growth
- Connected approximately 23,500 new customers to the distribution networks
- Delivered distribution growth of 2.6%
- Finalised transmission and gas regulatory resets, locking in almost 100% of regulated revenues until 2011
- Refinanced \$1.55 billion of debt at competitive rates

<sup>1</sup> Normalised 2007/08 excludes transaction costs of A\$24.6m before tax due to the proposed acquisition of the Alinta assets which did not proceed.

<sup>2</sup> Guidance refers to the Explanatory Memorandum released in November 2007 and reaffirmed in March 2008.

<sup>3</sup> Based on a security price of A\$1.25 as at 19 May 2008.

22 May 2008

---

## SP AusNet 2007/08 Full Year Results

SP AusNet (ASX Code: SPN) today lodged its full year results with the ASX & SGX-ST, reporting Net Profit After Tax (NPAT) from continuing operations of A\$151.0m. Excluding one-off transaction costs of A\$24.6m<sup>4</sup>, underlying NPAT was A\$168.2m. Revenues were up A\$35.6m (3.5%) on the prior year driven by regulated price increases, volume and customer growth from continued strong housing development in the electricity and gas distribution networks.

The Directors declared a final distribution to securityholders of 5.788 Australian cents per security, taking the full year distribution to 11.564 cents. This represents an annualised yield of 9.3%<sup>5</sup> and growth of 2.6%, which was in line with guidance of 2.5%.

Managing Director Nino Ficca said, "We are very pleased with our result in what has been an eventful year for SP AusNet. The business was able to grow revenues, finalise two regulatory resets and refinance a significant amount of debt at competitive rates. We are particularly proud of the contributions of our employees over the previous twelve months."

On 10 December 2007, the SP AusNet Board announced its decision not to proceed with the proposed acquisition of the assets of the former Alinta group due to the ongoing deterioration in capital markets, in particular debt capital markets. "The decision not to proceed was a difficult one. However, this was undoubtedly the right decision for SP AusNet given the further deterioration in equity and debt markets", Mr Ficca said.

During the year SP AusNet received the Final Decisions for both the electricity transmission and gas distribution networks, locking in almost 100% of regulated revenues until 2011. To further strengthen its funding position, SP AusNet refinanced A\$1.55bn of debt at margins of between 40 and 50 basis points, representing favourable terms in the current market. "The operational and financial stability of SP AusNet has been reinforced this year, enabling us to further enhance our platform for future growth," Mr Ficca said.

### Distribution Key Dates

The Directors announced a 2007/08 final distribution of 5.788 Australian cents per security. The distribution will comprise 3.397 cents from a return of capital (58.7%); 0.736 cents from a fully franked dividend (12.7%); and 1.655 cents from interest income (28.6%).

#### *Important dates:*

Monday 2 June 2008	ASX ex-distribution date
Wednesday 4 June 2008	SGX-ST ex-distribution date
Friday 6 June 2008	Record date for distribution
Monday 23 June 2008	Payment of distribution

---

<sup>4</sup> Transaction costs of A\$24.6m before tax due to the proposed acquisition of the Alinta assets which did not proceed.

<sup>5</sup> Based on a security price of \$1.25 at 19 May 2008

22 May 2008

## Outlook

"SP AusNet remains committed to delivering value for securityholders and improving reliability of supply for customers. With the financial certainty afforded the business following our successful refinancing and finalisation of regulatory resets last year, SP AusNet is now well positioned to pursue growth opportunities," said Mr Ficca.

SP AusNet reaffirms the positive guidance released to the market earlier this year and expects to deliver revenue and EBITDA growth of around 8% in 2008/09. NPAT is expected to be in line with the current year, due to increased interest charges. Distribution growth of around 2.5% has been reaffirmed.

SP AusNet will continue to invest in its networks, with an estimated \$2.7 billion of capital expenditure over the next 5 years. This expenditure will enable the business to upgrade capacity, meet growing customer demand and continue to provide a safer operating environment. Expenditure will also be dedicated to improving the underlying performance of the networks, with particular emphasis on improving reliability on the electricity distribution network. A number of initiatives are underway to increase the network's resilience against major weather events such as the storms and higher winds experienced in Victoria over the last few years.

Expansion and commercialisation of niche services including metering, technical services and provision of telecommunication assets will also contribute to delivering future revenue growth for the business. SP AusNet will expand these services, in particular metering and technical services.

The opportunity to extract synergies within corporate services from the joint majority ownership by SPI of SP AusNet and the former Alinta assets and businesses continues to be assessed. Importantly for SP AusNet, any potential synergy or joint operational initiatives will be subject to rigorous governance oversight with review and approval to be undertaken by our Audit & Risk Management Committee, including 3 of SP AusNet's Independent Directors. SP AusNet does not expect these potential synergy opportunities to have a material impact on 2008/09 guidance.

Mr Ficca said, "We continue to look to the future at SP AusNet and we are excited about the growth opportunities within our business. We will continue our focus on network performance and growth with the objective of continuing to build a sustainable energy network, a sustainable business and a sustainable investment."

---

**For further information contact:**
**Investor Relations**

Adrian Hill  
 General Manager, Corporate Development & Investor Relations  
 +61 3 9695 6701 or +61 438 533 193

Lucinda Kerr  
 Manager, Investor Relations  
 +61 3 9695 6633 or +61 421 387 687

**Media Relations**

Louisa Graham  
 Manager, Communications and Media  
 +61 3 9695 6401 or + 61 418 358 327

**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 2007/08 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\$434.4m in total revenues for the full year ended 31 March 2008, an increase of 3.2% compared to last year due to regulated price increases. Total electricity transmitted through the network was 52,104 GWh, representing an increase of 0.6% on the prior year.

Capital investment in the transmission network remains a priority with the completion of nine transmission terminal station refurbishments during the year. The installation of additional 500/220kV transformers at Rowville is proceeding well with 80 per cent of the project completed. Total capital expenditure was A\$141.9 million for the year, of which A\$73.4 million was customer-initiated.

On 31 January 2008, SP AusNet received the Final Decision on the Transmission Regulatory Reset from the Australian Energy Regulator (AER) for the period 2008-2014. The final decision provides SP AusNet with average annual nominal revenue of A\$496.5m and allowable forecast capital expenditure of A\$771.1m (\$2007/08) across the coming 6 year period. Regulated revenue on the transmission network is linked to CPI and not subject to volume risk, providing the SP AusNet transmission business with stable and predictable cashflows over the 6 year period.

### Electricity Distribution Business

SP AusNet's electricity distribution business contributed A\$463.6m in total revenues for the full year ended 31 March 2008, an increase of 6.9% on last year driven by volume and customer growth from continued strong housing development in the existing network area in eastern Victoria. Total electricity distributed through the network was 7,543 GWh representing a 1.4% increase in volumes compared with the 2007/08 full year. In the year to 31 March 2008 almost 9,500 additional customers were connected to the network representing an increase of over 1.6% in total customers to 598,878.

Total capital expenditure for the year was A\$185.3 million, of which A\$69.7 million was customer-initiated. The A\$15.7 million Lang Lang zone sub-station and 66kV line from Pakenham South was commissioned in November 2007, ahead of schedule.

Network performance and customer service continues to be a focus for the business and a number of programs are underway to strengthen the network by reducing the number of faults and reducing the impact if they occur. This includes increased levels of preventative maintenance, automated feeder switching and enhanced outage response.

## Gas Distribution Business

SP AusNet's gas distribution business contributed A\$167.7m in total revenues for the full year ended 31 March 2008, a decrease of 4.2% on last year due predominantly to a reduction in customer contributions following completion of the Natural Gas Extension Program. Total gas delivered through the network was 70.3 PJ, a decrease of 1.4 PJ from the previous corresponding period due to an unusually warm autumn reducing demand for heating.

Strong demand in Victoria's growth corridors is continuing to generate high customer connections to the network with approximately 14,000 additional customers connected to the network during the year, representing 2.7% growth in customers connected to 537,396.

Capital expenditure for the year was A\$75.1 million of which A\$46.4 million was customer-initiated, including A\$9.2 million for the Natural Gas Extension Program to towns in regional Victoria. This program was completed during the year following the connection of Barwon Heads, Camperdown, Romsey, Lancefield and Maiden Gully.

On 7 March 2008, SP AusNet received the Final Decision on its Gas Access Arrangement Review (GAAR) from the Victorian Essential Services Commission (ESC) for the period 2008-2012. The Final Decision represents a significant improvement on the Draft Decision and secures approximately 15% of SP AusNet's total revenue for a period of 5 years commencing 1 January 2008. The Final Decision provides SP AusNet with average annual revenue of A\$165m (A\$2006) across the 5 year period to 31 December 2012 and total capital expenditure of A\$320m (A\$2006).

The ESC released its Further Final Decision for SP AusNet's Gas Access Arrangement on 19 May 2008. The decision provides for an increase in regulated revenues. However the increase is not expected to have a material impact on our 2008/09 earnings guidance. SP AusNet is currently reviewing the document in full and will consider any areas of appeal.