ASX Announcement

11 November 2020

AusNet Services Half Year 2021 Results Release and Presentation

The following documents are attached:

1. AusNet Services Half Year 2021 Results Release; and
2. Investor Presentation.

Naomi Kelly
Company Secretary

This announcement was authorised for release by the Board of AusNet Services Ltd.

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ASX Announcement

11 November 2020

AusNet Services Half Year 2021 Results

AusNet Services reported its half year results for the period ended 30 September 2020 (HY2021), announcing a dividend of 4.75cps at the upper end of the FY2021 dividend guidance range 9.0 - 9.5cps, franked to 40%.

The six months to 30 September continued to present a challenging operating environment, with Victoria enduring various COVID-19 restrictions throughout the period. This has had an impact on our people, our works practices, our customers, and how we provide our essential services. It has also elevated capital market volatility and resulted in a deteriorating economic climate. This challenging environment continues today.

We responded to the operating environment challenges by making several changes to the way we work. This included deferring a range of initiatives and reprioritising our capital expenditure programs to minimise customer disruption during lockdown. We also put in place a Network Relief Package to support our customers who were facing hardship during this time. AusNet Services received no Government benefits from COVID-19 stimulus measures during the period.

These actions have enabled us to reduce our operating cost base, while still maintaining safe and reliable networks as well as supporting our customers changing circumstances. Our rapid and prudent responses to these challenges, combined with the fact that COVID-19 has not had a material impact on our revenues to date, have contributed to our improved financial performance for the period. Combined with our proactive capital management actions during the period, they have also strengthened our resilience and capacity to successfully navigate the ongoing challenges and future growth opportunities, whilst continuing to meet the needs of our customers and our people.

Tony Narvaez, Managing Director of AusNet Services said, “The ongoing effects of COVID-19 has seen continued focus on safety and wellbeing of our people and communities, along with the ongoing support we provide to customers. In addition, we are reshaping our business by progressing an organisation wide transformation program to make holistic changes in the way we operate. This reshaping, along with our strong financial settings, positions us well to play a key role in supporting the energy industry transition and enabling customer benefits”.

A$M	HY 2021	HY 2020	Variance
Revenues	**1,039.4**	1,020.7	**↑1.8%**
EBITDA	**661.6**	625.8	**↑5.7%**
Earnings before interest and tax	**429.7**	397.5	**↑8.1%**
Profit before income tax	**303.6**	245.5	**↑23.6%**
Net profit after tax	**225.7**	171.8	**↑31.4%**
Cash flow from operations	**430.9**	356.2	**↑20.9%**
Dividend (cps)	**4.75**	**5.10**	**↓6.9%**
Franking	**40%**	**50%**	

Operating & Financial Review

Our businesses have delivered a strong half year result against the backdrop of the current operating environment. The COVID-19 restrictions have resulted in higher residential volumes across our distribution networks, resulting in an increase in revenues that has served to offset the reduction in commercial and industrial volumes. The mechanism of the electricity distribution revenue cap results in $20.9 million of this revenue being returned to customers, primarily in FY2022. In addition, while our network relief package has provided effective customer support during this period, the package has not had a material impact on our financial results.

The revenue increase compared to the prior period primarily reflects the following factors:

- $36.6 million increase in regulated electricity distribution due to revenue cap outperformance from the changing volume mix under COVID-19 restrictions, transmission use of system (TUOS) recovery and tariff increases;
- $5.7 million reduction in customer contributions as a result of fewer new connections for electricity business and residential customers;
- $4.6 million reduction in easement tax (pass through revenue) in the electricity transmission business; and
- The one-off sale of inventory for $11.1 million in the prior period to Downer as part of transferring of our electricity distribution field workforce and scheduling function. This inventory was sold at nil margin.

Our ongoing efficiency and cost management focus, combined with our proactive response to COVID-19, has enabled us to decrease operating expenses by $1.4 million (excluding easement tax and the materials cost of the inventory sale described above). This is despite recognising an additional $7.5 million of customer compensation payments compared to the prior period from a severe storm event in August 2020, $7.0 million of transformation implementation costs and $8.3 million from higher TUOS costs (recovered via higher TUOS revenues).

Net profit after tax increased by $53.9 million as a result of the EBITDA increase described above, as well as a reduction in net finance charges largely due to a reversal of previous hedge accounting losses and higher lease interest income from recently completed projects. Income tax expense, while increased from prior year due to higher profit before tax, included a $13.3 million credit as a result of amended tax returns for the 2016-2019 period that were lodged in the current period.

The completion of several large wind farm connection contracts at the end of FY2020 is the primary driver of the reduction in capital expenditure, with the Western Victoria Transmission Project planning phase and other early works engagements being less capital intensive. In addition, our planned outage management response during COVID-19 restrictions has resulted in a reduction in Electricity Distribution replacement expenditure.

FY21 Outlook

Looking forward, our focus remains on providing our customers with essential electricity and gas network services. This includes the completion of critical works that support these services through the upcoming summer period and beyond. In addition to this core focus, our FY2021 operating priorities and guidance aimed at delivering strong shareholder returns in the future are as follows:

Operating Priorities

1. Remain resilient, whilst also supporting our people & customers in the current challenging operating environment
2. Engage with key industry stakeholders to deliver an infrastructure led recovery
3. Reshape our business through an organisation wide transformation program
4. Maintain prudent financial settings to support asset base growth

Guidance

1. FY21 dividend guidance of 9.0 - 9.5 cps, 40% franked
2. Regulated Asset Base growth forecast at around 2 – 2.5% p.a. to FY24
3. On track to reach $1.5bn of contracted energy infrastructure assets by FY24 (at appropriate risk adjusted rates of return)
4. Forecast Net Debt to Regulated and Contracted Asset Base of <70% to FY24

Dividend Key Dates

The FY2021 interim dividend of 4.75 Australian cps is 40% franked. The Dividend Reinvestment Plan (**DRP**) will be in operation for the FY2021 interim dividend at 2% discount to the average trading price. The average trading price will be the average of the volume weighted average price of shares sold in ordinary market transactions on the ASX between 19 November 2020 and 4 December 2020 (inclusive). The operation of the DRP for the FY2021 interim dividend will be partially underwritten. The underwriting is subject to the terms of an underwriting agreement.

For further information please refer to the DRP rules at www.ausnetservices.com.au.

Relevant dates:

16 November 2020	Ex-date for interim dividend
17 November 2020	Record date to identify shareholders entitled to the interim dividend
18 November 2020	Last election date for participation in the DRP
17 December 2020	Payment of interim dividend

About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating $10.9 billion of regulated and contracted assets. The company owns and operates three core regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network. The company also has an unregulated business called Growth & Future Networks (includes Mondo business and customer-initiated excluded transmission services), focusing on contracted infrastructure and energy services. Headquartered in Melbourne, Australia, AusNet Services engages around 1,600 employees and contractors to service around 1.5 million customers.

For more information visit AusNet Services' website, www.ausnetservices.com.au.

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AusNet services

Half Year 2021 Results

For the period ended 30 September 2020

Disclaimer

The AusNet Services Group (AusNet Services) comprises AusNet Services Ltd and its subsidiaries.

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Non-IFRS information

- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the interim financial report. Throughout this document some non-IFRS financial information is stated (operating expenses excluding certain items and regulated and contracted asset bases). We believe these non-statutory measures provide useful information to understand the financial performance of the Group, but should not be considered as an indication of, or substitution for reported information.
- The non-IFRS financial information has not been audited by the Group’s auditors.

Half Year 2021 Results

- Introduction
- Financial Performance
- Regulated Networks
- Growth & Future Networks
- FY21 Outlook

Investment proposition

Essential infrastructure

- 100% own and operate $10.9bn regulated and contracted asset base
- Critical infrastructure assets based in Victoria (energy transmission and distribution) with around 1.5m customers
- Approximately 87% of total revenues from regulated assets

Growth

- Around 2 - 2.5% regulated asset base growth to FY24
- On track to hold $1.5bn of contracted energy infrastructure assets by FY24
- Continue to pursue large-scale *Integrated System Plan* transmission projects

Stability

- Predictable cash flows and revenues, predominantly set on a regulated revenue cap basis or under long term fixed price contracts
- Stand alone, stable credit ratings from Moody's (A3) and S&P (A-)
- Diversified debt portfolio, both in terms of maturity and source

Resilience

- AER 2020 electricity network performance report ranks AST transmission & distribution networks #1 & #3 most profitable (return on assets basis) networks, respectively
- Navigating regulatory, policy and operating landscape with extensive stakeholder engagement
- Adapting networks to enable the energy transition

Responsible & Sustainable Business

Safety

- Providing safe and reliable energy supply for customers and a safe workplace for our people
- HY21 Recordable Injury Frequency Rate of 3.26, a 5% improvement
- Significant investment in bushfire mitigation (including REFCL) and other safety measures of $68m (HY20:$68m)

Our People

- Embed key principles supporting human rights, diversity and inclusion. Continue to focus on increasing female participation across the business
- Implemented COVID safe work plans. Supported employees via a range of connection and wellbeing initiatives
- Continued focus on building future capabilities with investment in AusNet academy and graduate program

Customer & Community

- Core purpose is to improve customers' access to safe, reliable and affordable energy
- Extended COVID-19 customer bill relief to Dec 2020 (gas distribution) and Jan 2021 (electricity distribution). Deferred non–essential maintenance to minimise disruption and outages
- Released first Customer Interactions and Monitoring Report on progress against eight customer experience commitments

Environment

- Our response to climate change involves managing the transition to renewable energy, minimising emissions and enhancing network resilience
- Building a portfolio of contracted transmission infrastructure assets connecting grid-scale renewable generation, improving grid capacity & stability and distributed energy services
- Ongoing climate risk assessment, working toward aligning climate risk disclosures with TCFD framework

HY21 Operating Environment

August storm activity

140,000 customers impacted. Emergency response deployed to minimise disruption to customers

COVID-19

Maintained strong focus on employee well being and extended customer bill relief

EDPR 21-26

AER Draft Decision, an endorsement of our customer forum approach

Capital Management

Issued AUD $650m hybrid, supporting A-/A3 credit ratings

Transformation

Commenced new, multi year, company wide transformation program to reshape the organisation. Implemented fresh operating model

Growth

Progressed early works on several large connection projects

Strategic objectives

Transformation activities are focused on five key objectives to deliver our core purpose of improving customer access to safe, reliable and affordable energy

Growth	Pursue energy infrastructure and service growth and maintain presence in emerging energy markets	**Contracted asset base & Energy Services expansion**
Customer centricity	Deliver leading customer outcomes, with improvements in reliability and CSAT	**Reduce planned and unplanned energy supply interruption** **Redesign customer connections process**
Digital utility	Streamline operations and platforms, and build advanced analytics capabilities	**Implement smarter use of advanced analytics** **Simplify applications infrastructure & data**
Culture & capability	Boost engagement and alignment and invest in future focused capabilities	**New operating model, aligning with strategy** **Uplift organisational health & capability benefits**
Efficiency	Reduce OPEX and optimise CAPEX spend	**Improve reliability, customer & incentive outcomes** **Optimise inspection, maintenance, and vegetation management**

Financial Performance

Capital Management – prudent & proactive

Funding initiatives

Issued AUD $650m hybrid &
AUD $400m long term bonds

Partially underwriting dividend
reinvestment plan for FY 2021 interim dividend[1]

Financial metrics

FFO / Net Debt 11.4%[2]

68% Net Debt/RCAB [3]

Stable credit ratings

A-/Stable (S&P)

A3/Stable (Moody's)

$1.5bn of Liquidity[4]

$507m of cash & short-term deposits.
$1bn undrawn bank debt facilities

Prudent maturity profile

Less than 15% of debt portfolio
maturing in any given year

Average debt tenor 7yrs

Competitive funding & access to capital markets

HY21 avg cost of debt 4.25%
(HY20: 4.48%)

10 funding markets
7 currencies
(currency risk hedged)

Note:
1. Subject to terms of underwriting agreement
2. Based on 12 months to 30 September 2020. Calculated as EBITDA less customer contributions, tax paid, net interest paid (inclusive of interest income, lease interest income & capitalised finance charges) add 50% Hybrid Interest Expense, and Loss on sale of assets divided by face value of debt (including 50% equity credit adjustment for Hybrid Securities) less cash and cash equivalents and short-term deposits
3. Debt at face value less cash divided by Regulated / Contracted Asset Base. Includes full amount of $A1,356m in Hybrids, despite receiving 50% equity credit
4. As at 10 November 2020

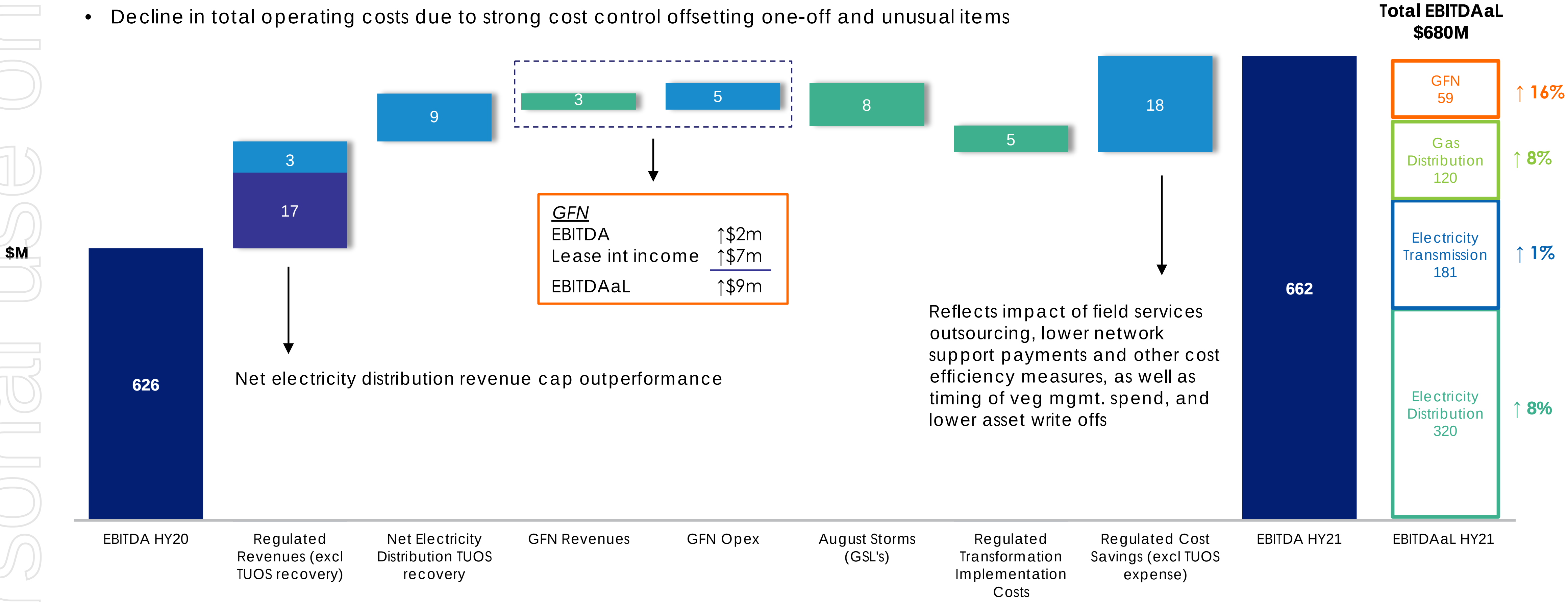
Financial Performance

- Electricity Distribution revenues increased primarily due to higher residential volumes ($17m) driven by COVID-19 restrictions
- Continued cost reductions offset transformation implementation costs ($7m)
- August storm restoration costs ($8m)
- Higher lease interest income ($7m) from completed wind farm connections in prior year
- Lower finance costs due to reversal of previous hedge accounting losses ($16m)
- Income tax expense includes $13m credit adjustment in relation to June 2015 corporate restructure
- Interim dividend at the upper end of guidance range, 40% franked (HY20 50% franked)

A$M	HY 2021	HY 2020	Variance
Statutory Result			
Revenues	**1,039.4**	1,020.7	↑**1.8%**
EBITDA	**661.6**	625.8	↑**5.7%**
EBIT	**429.7**	397.5	↑**8.1%**
PBT	**303.6**	245.5	↑**23.6%**
NPAT	**225.7**	171.8	↑**31.4%**
Cash flow from operations	**430.9**	356.2	↑**20.9%**
Dividends (cps)	**4.75**	5.10	↓**6.9%**

EBITDA Performance

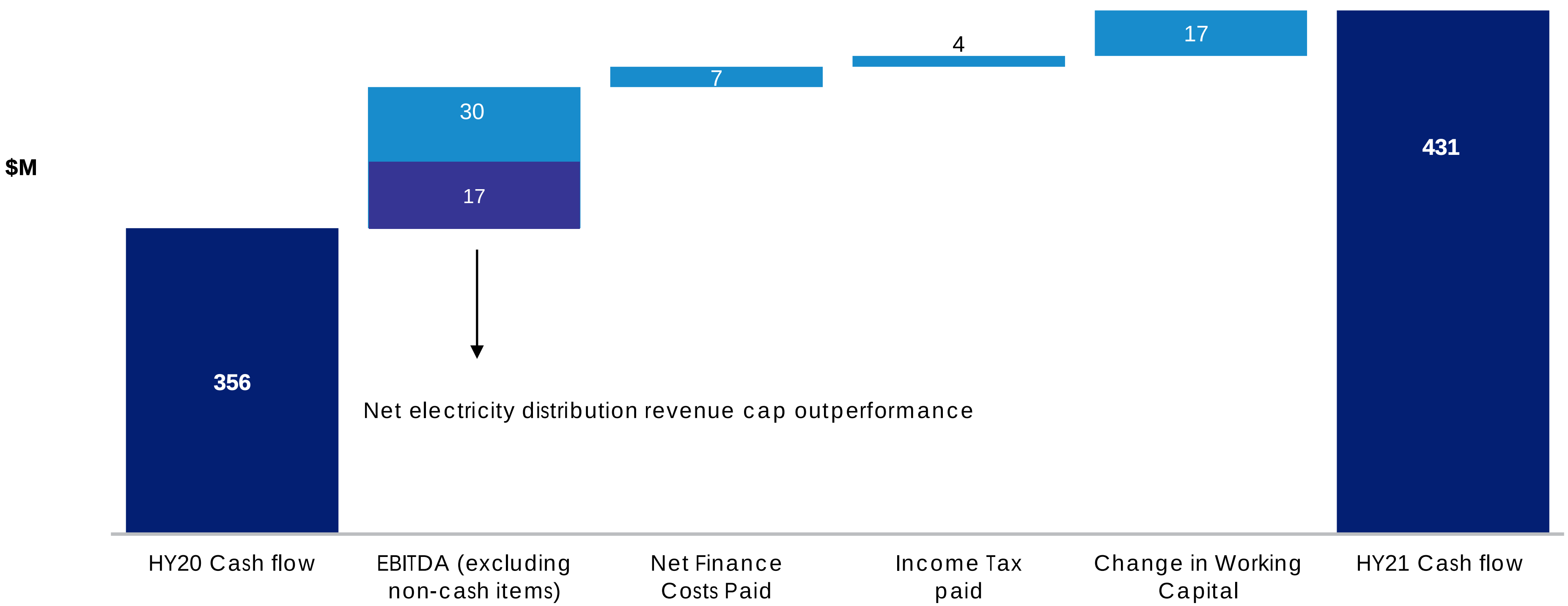
- Revenue cap outperformance in HY21of $21m (HY20:$4m) to be returned to customers via lower future tariffs from 1 July 2021
- Regulated price path ($7m) and higher gas volumes ($6m), offset by lower electricity distribution customer contributions ($6m) and lower metering and other revenues ($4m)
- Decline in total operating costs due to strong cost control offsetting one-off and unusual items



Note: GFN refers to new 'Growth & Future Networks' segment which incorporates the 'Mondo' business and customer-initiated excluded transmission services.
Chart excludes $5m movement in easement and land tax, a pass-through item and inventory sale due to Downer outsourcing in HY20 ($11m) at book value

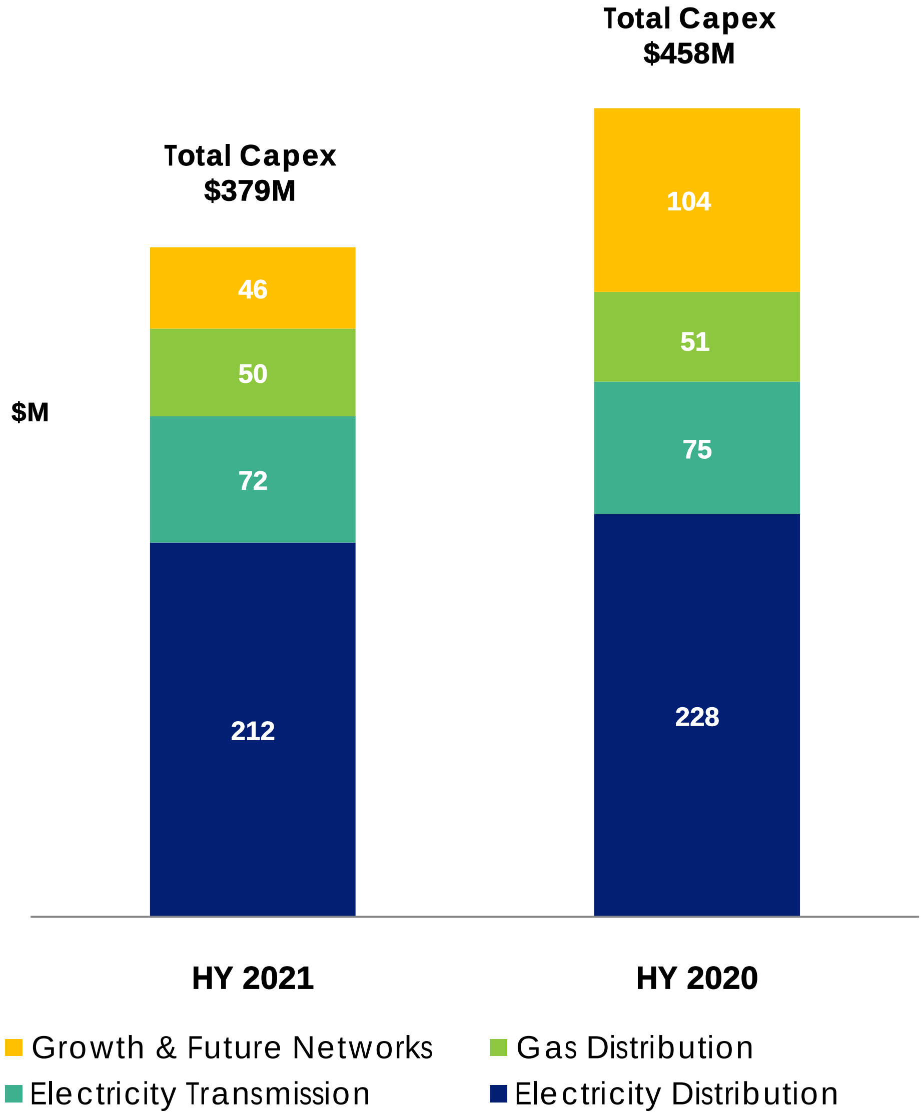
Cash Flow from Operations

- EBITDA increase due to higher revenues, driving 21% increase in cash flow from operations
- HY20 cash flow includes employee leave payments ($20m) arising from transfer of employees to Downer, as part of electricity distribution operational and maintenance services contract executed in prior year



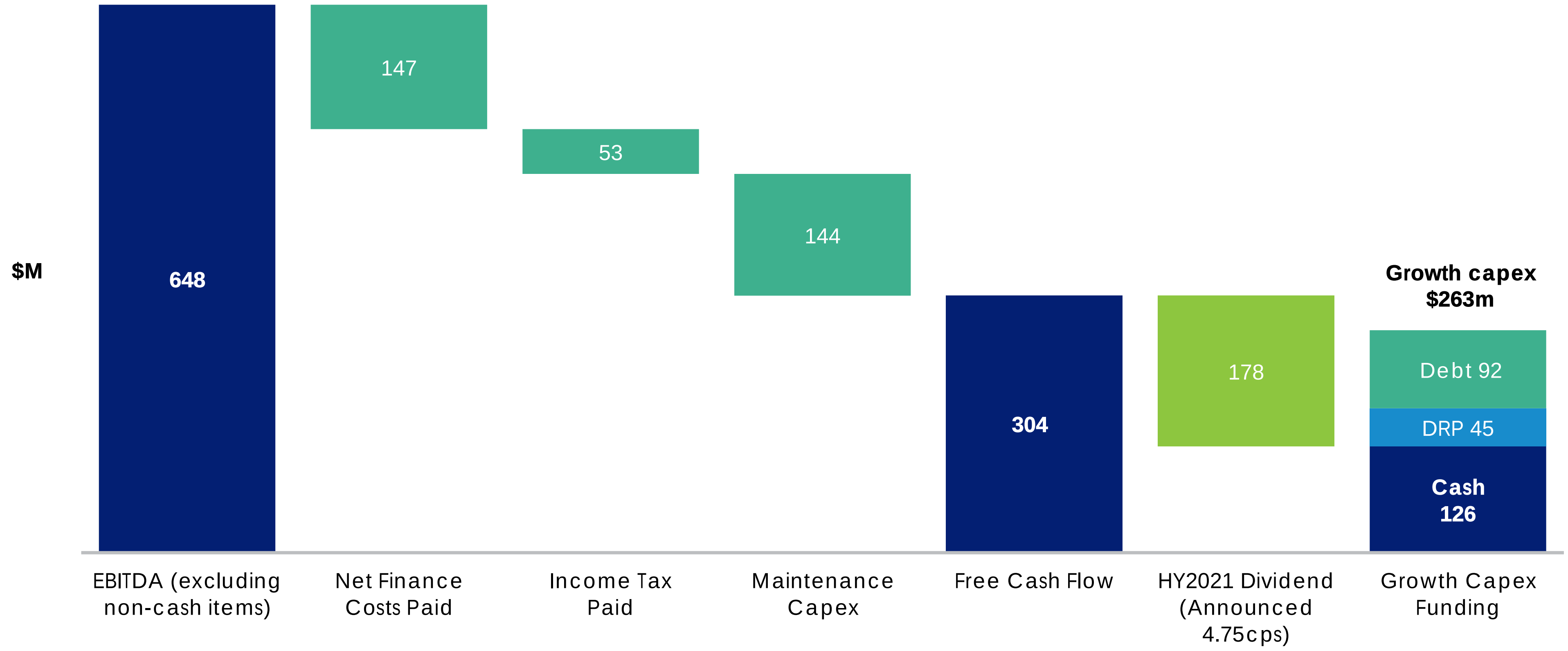
Capital Investment

- Growth and Future Networks spend declined due to completion of major wind farm connections in prior period
- Electricity distribution impacted by deferral of non–critical works, supporting customers during COVID-19 lock-down
- Growth / maintenance capex split approximately 65/35
- HY21 capital investment includes customer contributions of $34m (HY20: $48m)
- HY21 Regulated & Contracted Asset Base of $10.9bn (RAB: $10bn, CAB $875m) up 4% (HY20: $10.5bn)



Dividend and Capital Investment Funding

- Dividends remain fully covered by strong operating cash flows (EBITDA is used as a proxy when considering dividends)



Note: Capital investment as per cash flow statement $407m. Estimated regulatory and contracted asset base depreciation $271m (Indexation of -$36m).
Gross dividend amount based on 3,753m shares on issue as at 30 September 2020

Regulated Networks

Operational Highlights

Electricity Transmission

- West Melbourne terminal station rebuild 80% complete as part of strengthening the network
- On track to replace seven, 500kv Western Transmission Towers due to a major wind event in January 2020
- Progressed major terminal station rebuilds at Morwell and Springvale
- Awarded and transitioned the operational and maintenance services contract to Zinfra, including successful transition of the Internal Transmission work force to Zinfra

Electricity Distribution

- August storms saw 140,000 customers impacted. Concerted emergency response effort from AusNet Services and delivery partners to restore supply to most customers within days
- REFCL* Tranche 1 - all 8 zone substations will be in service for this summer. 6 out of 8 zone substations are compliant. One is pending ESV approval and the other remains subject to time extension until May 2021. REFCL Tranche 2 – at least 3 of the 9 zone substations will be available for service this summer
- Successfully transitioned the Downer operational and maintenance services contract

Gas Distribution

- Continued network expansion, with 186km of new gas pipelines and 3% customer growth
- On track to meet the FY21 aggregate Customer Satisfaction Score 8.2 vs current CSAT of 8.1
- As a member of the Australian Hydrogen Centre, AST was awarded one of three feasibility projects in its network area

* Rapid Earth Fault Current Limiter

Regulatory Resets

EDPR 2021-26

- AER Draft Decision is an endorsement of agreements made with the Customer Forum appointed as part of the 'New Reg' customer engagement process
- No efficiency adjustment to operating expenditure. AER applied an operating environment adjustment factor that accounts for higher bushfire mitigation expenditure
- Victorian legislation is being progressed to extend current EDPR period to June 2021, to align with other jurisdictions
- Revised proposal due 3 December 2020. Final Decision due 30 April 2021

EDPR 2021-26 Draft Decision	Proposal ($M)	Draft Decision ($M)	% Difference
Distribution Services			
Revenue	3,431	3,259	↓5%
Capital Expenditure (real 2021$)	1,432[1]	1,369[2]	↓4%
Operating Expenditure (real 2021$)	1,233	1,187[2]	↓4%
Metering Services			
Revenue	293	297[2]	↑1%

TRR 2023-27

- Proposal submitted to the AER in October
- Working with Customer Advisory Panel to balance affordability with network investment required to support AEMO Integrated System Plan
- Opex proposal reflects higher easement tax, council rates and cyber security spend. Capex proposal underpins continued delivery of network reliability and security
- Draft Decision expected July 2021. Final Decision due January 2022

TRR 2023-27 [3]	Current (2017-22)	Proposal (2023-27)
Beta	0.70	0.60
Risk Free Rate	2.52%	0.93%
Cost of Debt	4.94%	4.35%
Gamma	0.40	0.585
Market Risk Premium	6.50%	6.10%
WACC	5.80%	4.44%
Return on Equity	7.10%	4.59%
Net Capex	$780m	$855m
Opex	$1,225m	$1,466m
Revenue	$2,742m	$2,827m

1 As amended during the AER review process
2 Note, some capital and operating costs have been reallocated by AER from distribution to metering
3 Nominal dollars. TRR 2017-22 as per original determination

Industry Developments

Regulated Rate of Return

- AER has released a series of working papers leading into the 2022 Rate of Return instrument
- This review will set cost of equity and debt for regulatory determinations from Dec 2022 to Dec 2026

Treatment of Inflation Review

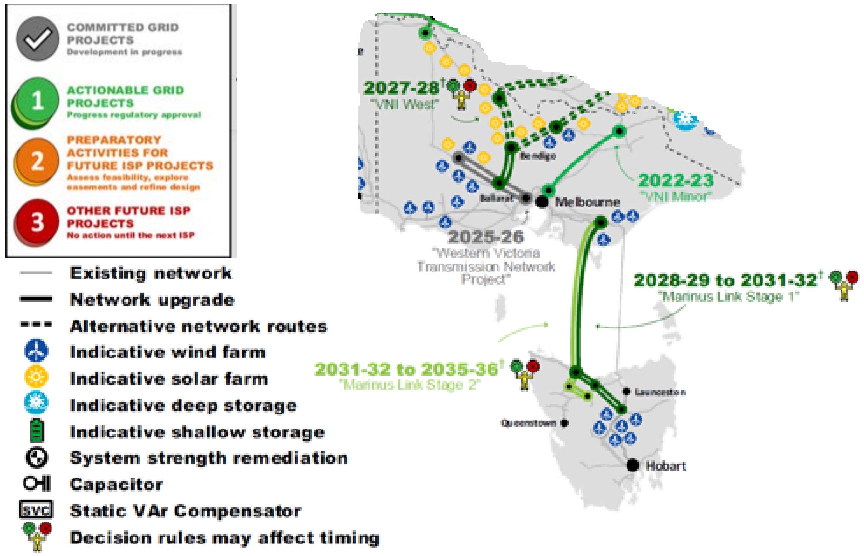
- AER has released a Draft Decision that proposes moving from 10 to 5-year forecasting method
- This will result in a material improvement in forecast accuracy that is positive for industry revenues if confirmed in the Final Decision

Renewable Energy Zone (REZ) Development

- Energy Security Board proposing first set of new rules to govern planning of REZs, in making ISP actionable
- A subsequent second set of rules will cover staged development of REZs

AEMO Integrated System Plan (ISP) Network Opportunities

- AEMO's Final 2020 ISP has confirmed two large-scale transmission projects[1] in Victoria, VNI-West and MarinusLink, should progress for completion, at earliest by 2027-8
- Early works budgets[2] have been approved, with approval for final build timings subject to subsequent AEMO assessments
- Preferred route option for VNI West, via Kerang or Shepparton, is expected in draft RIT-T report, due by March 2021



1 AEMO modelled transmission costs revised upwards since draft ISP VNI West (Option 7) $2.41B & MarinusLink (Dual cables) of $3.16B
2 Early works approved budget VNI West $150-200M & MarinusLink $140M

Growth & Future Networks

As part of the operating model transformation, Growth & Future Networks incorporates the Mondo business and customer-initiated excluded transmission services

Contracted infrastructure

Immediate

- Western Victoria Transmission Network Project development works, stage 1 stakeholder engagement & planning underway
- Preliminary works for around 1500MW of connection projects including Golden Plains Wind Farm and Ryan's Corner and Hawkesdale Wind Farms
- Investment in diversified technologies, including storage
- Playing our role as Network Partner to Neoen and Victoria on world leading 300MW battery project

Future

- Federal Government support for VNI West and Project Marinus announced
- Early works for VNI West in Integrated System Plan demonstrates commitment to expanding Victorian transmission network
- Opportunities to invest in Renewable Energy Zones

Stable investment

Long-term investments in contracted infrastructure leverages core capabilities

Once in generation opportunity to invest in a new energy future

Supporting **1600MW** of renewable energy projects connecting to Victorian network delivered on time and budget

Remains on track to achieve **$1.5B** Contracted Asset Base by 2024

8000MW of projects in Preliminary Works

Mega projects supporting the energy transition

Energy Services

- Leveraging existing unregulated operations in energy data and asset management
- Combined with deep expertise in the technical and regulatory requirements of the Network
- Enabling us to partner with customers generating, consuming and sharing electricity in a new energy future

Emerging technologies and markets

EDGE Project – DER Marketplace Trial
Building networks and markets of the future

Flexible PV Exports project
Enabling dynamic network access for customer solar generation exports

Deakin University Microgrid
Intelligent and adaptive power system solutions to meet emerging customer needs

FY21 Outlook

Core focus remains on providing essential energy services

Operating Priorities

1. Remain resilient, whilst also supporting our people & customers in the current challenging operating environment
2. Engage with key industry stakeholders to deliver an infrastructure led economic recovery
3. Reshape our business through an organisation wide transformation program
4. Maintain prudent financial settings to support asset base growth

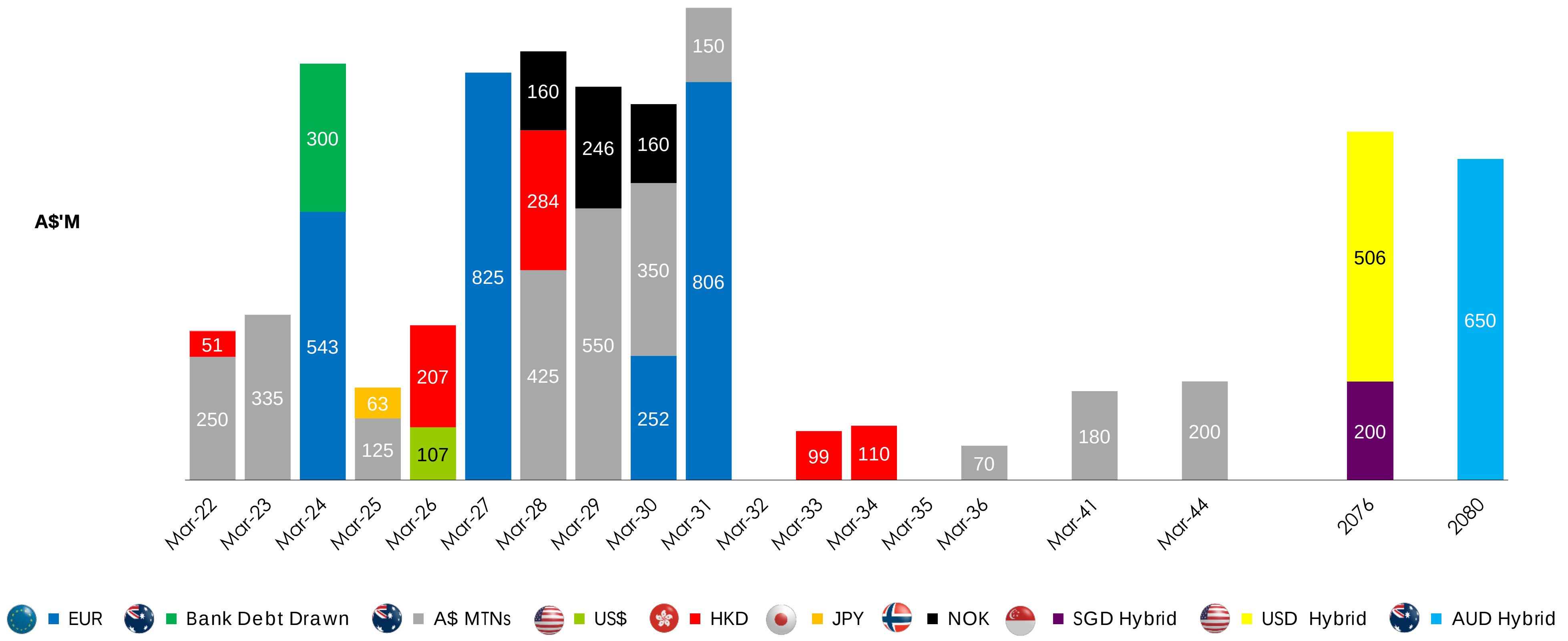
Guidance

1. FY21 dividend guidance of 9.0 - 9.5 cps, 40% franked
2. Regulated Asset Base growth forecast at around 2 - 2.5% p.a. to FY24
3. On track to hold $1.5bn of contracted energy infrastructure assets by FY24 (at appropriate risk adjusted rates of return)
4. Forecast Net Debt to Regulated and Contracted Asset Base of <70% to FY24

Appendices

Debt Maturity Profile

- As at 30 September 2020, net debt at face value $7,425m, net of $778m in cash, short-term investments and hybrid proceeds receivable (funds received 6 October 2020)
- $1bn undrawn bank debt facilities



Note: First call dates for SGD and USD hybrids is September 2021
First call date for AUD hybrid is October 2025

Electricity Transmission Network

- Regulated revenues decreased due to lower easement tax pass-through ($5m)
- FY21 revenue cap $570m (includes $161m of easement land tax pass-through and $6m of incentive revenues)
- Customer-initiated excluded prescribed and excluded negotiated transmission services are now captured in the 'Growth & Future Networks' segment $19m (HY20: $16m). $15m (HY20: $15m) of excluded prescribed transmission services remain in this segment

A$M	HY 2021	HY 2020	Variance
Revenue	**301.6**	305.8	↓1.4%
EBITDA	**180.7**	178.2	↑1.4%
EBITDA Margin	**59.9%**	58.3%	↑1.6%
EBIT	**130.4**	132.6	↓1.7%
EBIT Margin	**43.2%**	43.4%	↓0.2%
Regulated Asset Base	**3,622**	3,577	↑1.3%

Electricity Distribution Network

- Higher residential volumes due to COVID-19 restrictions ($17m)
- Revenue cap outperformance ($21m) to be returned to customers via lower tariffs from 1 July 2021
- CY20 revenue cap $782m (includes TUOS pass through of around $113m and $5m STPIS revenue)
- HY21 metering revenue $23m (HY20: $25m)
- Customer contributions $31m (HY20: $37m), lower due to reduced housing development activity
- Excluded revenues $12m (HY20: $13m)

A$M	HY 2021	HY 2020	Variance
Revenue	**502.0**	483.2	↑3.9%
EBITDA	**319.5**	297.2	↑7.5%
EBITDA Margin	**63.7%**	61.5%	↑2.2%
EBIT	**191.6**	168.8	↑13.6%
EBIT Margin	**38.2%**	34.9%	↑3.3%
Volumes (GWh)	**3,999**	3,950	↑1.2%
Connections	**761,388**	747,740	↑1.8%
Regulated Asset Base	**4,740**	4,544	↑4.3%

Gas Distribution Network

- Higher revenues due to a 1.9% increase in average tariffs and additional volumes due to COVID-19 restrictions and favourable weather
- Customer contributions $4m (HY20: $3m)
- Other revenues $1m (HY20: $1m)

A$M	HY 2021	HY 2020	Variance
Revenue	**149.3**	143.1	↑4.3%
EBITDA	**120.2**	111.0	↑8.3%
EBITDA Margin	**80.5%**	77.6%	↑2.9%
EBIT	**89.5**	78.1	↑14.6%
EBIT Margin	**59.9%**	54.6%	↑5.3%
Volume (PJ)	**46.9**	43.6	↑7.6%
Connections	**744,590**	722,458	↑3.0%
Regulated Asset Base	**1,678**	1,647	↑1.9%

Growth & Future Networks

- Segment includes Mondo business and customer-initiated excluded prescribed and excluded negotiated transmission services previously in the electricity transmission segment $19m (HY20: $16m)
- Margins improved due to ↑$7m in lease interest income recorded in net finance costs given completion of major wind farm connections in 2H FY20

A$M	HY 2021	HY 2020	Variance
Revenue	**91.3**	93.8	↓2.7%
Lease Interest Income	**17.9**	11.4	↑57.0%
EBITDA after lease income (EBITDAal)	**59.1**	50.8	↑16.3%
EBITDAal margin	**54.1%**	48.3%	↑5.8%
EBIT after lease income (EBITal)	**36.1**	29.4	↑22.8%
EBITal Margin	**33.1%**	27.9%	↑5.1%
Contracted Infrastructure Asset Base	**875**	799	↑9.5%

Sound Fundamentals

Financial Metrics	HY 2021	HY 2020
Market Capitalisation	**$7.1bn**	$6.7bn
Total Assets	**$14.0bn**	$13.2bn
Regulated / Contracted Asset Base	**$10.9bn**	$10.5bn
Total Borrowings (Face Value)	**$8.2bn**	$7.3bn
Net Debt [1]	**$8.2bn**	$8.1bn
Net Gearing (Carrying Value) [2]	**73%**	72%
Net Debt (Face Value) to Regulated / Contracted Asset Base [3]	**68%**	68%
FFO / Net Debt [4]	**11.4%**	10.5%
Credit Ratings (S&P / Moody's)	**A- / A3**	A- / A3

Note

1. Net debt is debt at carrying value. Includes full amount of $A1,356m in Hybrids, despite receiving 50% equity credit
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. Includes full amount of $A1,356m in Hybrids, despite receiving 50% equity credit
4. Based on 12 months to 30 September 2020. Calculated as EBITDA less customer contributions, tax paid, net interest paid (inclusive of interest income, lease interest income & capitalised finance charges) add 50% Hybrid Interest Expense, and Loss on sale of assets divided by face value of debt (including 50% equity credit adjustment for Hybrid Securities) less cash and cash equivalents including short term deposits

Current Regulatory Determinations

Regulatory period	Gas distribution 2018-22	Electricity distribution 2016-20	Electricity distribution 2021-26 (Draft Decision)	Electricity transmission 2017-22
Beta	0.70	0.70	0.60	0.70
Risk Free Rate	2.73%	2.93%	0.93%	2.52%
Cost of Debt	5.04%	5.52%	4.66%	4.94%
Gamma	0.40	0.40	0.585	0.40
Market Risk Premium	6.50%	6.50%	6.10%	6.50%
Nominal Vanilla WACC	5.94%	6.31%	4.63%	5.80%
Return on Equity	7.30%	7.50%	4.59%	7.10%
Net Capex (Nominal)	$522m	$1,788m	$1,452m	$780m
Opex (Nominal)	$293m	$1,355m	$1,359m	$1,225m
Revenue (Nominal)	$1,040m	$3,524m	$3,556m	$2,742m

***Note**: Data in table is based on original regulatory determinations. Electricity Distribution includes Metering*

Further Information and Contacts

AusNet Services is the largest diversified energy network business in Victoria, owning and operating around $10.9 billion of regulated and contracted assets.

The company owns and operates three core regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network. The company also has an unregulated business called Growth & Future Networks (includes Mondo business and customer-initiated excluded transmission services), focusing on contracted infrastructure and energy services.

Headquartered in Melbourne, Australia, AusNet Services engages around 1,600 employees and contractors to service around 1.5 million customers.

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