ASX Announcement

11 November 2021

AusNet Services Half Year 2022 Results Release and Presentation

The following documents are attached:

1. AusNet Services Half Year 2022 Results Release; and
2. Investor Presentation.

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AusNet services

ASX Announcement

11 November 2021

AusNet Services Half Year 2022 Results

AusNet Services Limited (AusNet) reported its half year results for the period ended 30 September 2021 (HY2022), announcing a total dividend of 4.75cps (unfranked), in line with full year 2022 dividend guidance of 9.5cps, unfranked.

On 31 October 2021, AusNet agreed the terms of a binding proposal and entered into a Scheme Implementation Deed (SID) under which a consortium of investors, led by Brookfield is to acquire all the shares in AusNet for cash consideration by means of a scheme of arrangement (the Scheme) for $2.65 per share. Further details are contained on page 3 of this release.

The six months to 30 September 2021 have presented a challenging operating environment. Victoria has continued to endure various COVID-19 restrictions, including three separate lockdowns. Despite these challenges, our employees have been able to adapt, manage and respond quickly and safely, maintaining a strong focus on health and wellbeing while seeking to minimise disruptions to customers.

In addition, Victoria experienced severe weather events in June and October 2021, when strong winds and storms had a damaging impact on our distribution network. The June storm was the largest event we have ever responded to on our network. In both storm events, concerted emergency response effort from AusNet and delivery partners restored supply, with the safety of our employees and the community remaining a priority at all times. As part of this effort, we worked closely with the Victorian State Government to facilitate Government relief payments and provide other support measures to impacted customers.

We also announced the single corridor for the Western Victoria Transmission Network Project (WVTNP), an important step toward determining the final proposed route. This is a major infrastructure project for the State of Victoria which aims to reduce congestion on the existing transmission network and enable future growth in renewable generation for the National Electricity Market. We will continue to engage constructively with landowners and local communities as we progress through the Environmental Effects Statement process.

Tony Narvaez, Managing Director of AusNet said, "Our response to the significant challenges during the period continues to highlight the resilience of our people. We continue to adapt our organisation to capitalise on growth opportunities arising from the energy transition. Our portfolio of energy transmission and distribution assets puts AusNet at the epicentre of this energy transition which will require additional infrastructure to accommodate new sources of renewable energy. AusNet will play a pivotal role in the decarbonisation and development of the energy sector in Victoria."

A$M	HY 2022	HY 2021	Variance
Revenues	**1,031.8**	1,039.4	↓0.7%
EBITDA	**636.4**	661.6	↓3.8%
EBITDA after lease income (EBITDAaL)	**653.7**	679.5	↓3.8%
Earnings before interest and tax	**402.0**	429.7	↓6.4%
Profit before income tax	**244.1**	303.6	↓19.6%
Net profit after tax	**177.5**	225.7	↓21.4%
Cash flow from operations	**403.0**	430.9	↓6.5%
Capital Expenditure	**392.5**	379.1	↑3.5%
Dividend (cps)	**4.75**	**4.75**	**0.0%**
Franking	**0%**	**40%**	

Operating & Financial Review

The decline in financial performance compared to the prior period was expected. This primarily resulted from a combination of lower regulatory revenues under regulatory resets and declining price paths, additional costs arising from our employee underpayment remediation, and significant movements in non-cash hedge accounting outcomes. There were a number of other factors that impacted our results, and these are explained further below.

Regulatory revenues (excluding easement tax and Transmission Use of System (TUoS) revenues which are pass-through items) were $18.8 million lower than the prior period. This predominantly arose in our electricity distribution business from the AER approved Electricity Distribution Price Review (EDPR) price path under reset, as well as the "stub" period (1 January 2021 to 1 July 2021) to transition to a new regulatory year. Our gas distribution business also experienced declining revenues from a milder winter and lower approved tariffs.

Our operating expenditure (excluding easement tax, and TUoS expenses) increased by $7.1 million or 1.9%. Our efforts to address employee underpayment and related matters has resulted in an additional $7.4 million of costs being recognised in the current period, including remediation, on-cost and external advisory costs. Expenses were also impacted by a change in the accounting treatment of cloud software implementation costs, which are now expensed and resulted in $2.9 million of additional operating expenditure. In addition, there was a $2.8 million increase in non-discretionary items including insurance, council rates and levies, as well as a $4.1 million increase in other operating expenditure due to the prior year deferral of maintenance, higher IT costs associated with cybersecurity and project related works, and general wage increases.

Offsetting these operating expenditure increases is our continued focus on transformation. In addition, the Development & Future Networks business (previously Growth & Future Networks) was able to achieve a $3.7 million reduction in operating expenditure (before corporate overheads).

Net profit after tax decreased by $48.2 million because of the EBITDA decrease described above as well as an increase in net finance charges largely due to the impact of a $19.8 million movement in non-cash hedge accounting. Our effective tax rate has increased from 26% to 27% in the current period, reflecting a $13.3 million income tax credit in the prior period because of amended tax returns for the 2016-2019 period. Our current period effective tax rate of 27% remains less than the corporate tax rate of 30% as we have recognised a $6.9 million income tax credit relating to an amended assessment lodged with the Australian Taxation Office.

Capital expenditure had a marginal increase over the prior period of $13.4 million or 3.5%. We saw capital expenditure increase following the re-establishment of supply to 230,000 customers impacted by the June 2021 severe storm event, our investment in the planning and approval stages of WVTNP, and the system go live on 1 October 2021 of our transition to the new Five-Minute Settlement (5MS) rule across the National Electricity Market. The 5MS rule aligns operational dispatch and financial settlement in the electricity network, every five minutes. These increases were partially offset by a declining spend pattern in our REFCL programme following the installation of these devices at 59% of our 22 targeted zone substations and the completion of the replacement of transmission towers damaged by severe wind during January 2020.

AusNet enters into Scheme Implementation Deed with Brookfield

On 31October 2021 AusNet agreed the terms of a binding proposal and entered into a Scheme Implementation Deed (SID), with a consortium led by Brookfield under which the consortium is to acquire all the shares in AusNet for cash consideration of $2.65 cash per share by means of a scheme of arrangement. $2.65 cash per AusNet share represents a 34% premium to the undisturbed AusNet share price of $1.98 as at 17 September 2021.

The consortium includes co-investors Sunsuper Superannuation Fund, an Australian multi-industry superannuation fund (Sunsuper), Alberta Investment Management Corporation, an institutional investment manager for pension, endowment and government funds in the Province of Alberta Canada (AIMCo), the Investment Management Corporation of Ontario, an investment manager overseeing assets on behalf of public sector institutions in Ontario (IMCO) and Healthcare of Ontario Pension Plan, a defined benefit pension plan for Ontario healthcare workers (HOOPP).

The Brookfield binding proposal came following several earlier unsolicited, indicative, non-binding and conditional cash proposals from Brookfield and two unsolicited, indicative, non-binding and conditional cash and scrip proposals under a scheme from APA Group (APA).

The Scheme values AusNet at an equity value of $10.2 billion and an enterprise value of $17.8 billion.

If the Scheme is implemented, AusNet shareholders will receive total consideration of $2.65 cash per share, less the total cash amounts of any dividend paid in respect of the half-year ended 30 September 2021 (being $0.0475 per share) and in respect of the full year ending 31 March 2022 (up to a maximum of $0.0475 per share).

If the Scheme is implemented after 31 March 2022, AusNet shareholders will be entitled to additional consideration from Brookfield of $0.000260274 per share for each day after 31 March 2022 that has elapsed by the date of implementation.

The AusNet Board of directors unanimously recommends that shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding in its report (and continuing to conclude) that the Scheme is in the best interests of AusNet shareholders. Singapore Power (which currently owns 32.74% of the AusNet shares) has informed AusNet that it supports the Scheme and intends to vote in favour of it, subject to the SID not being terminated, there not being a superior proposal, an independent expert concluding that the Scheme is in the best interests of AusNet shareholders (and not changing that conclusion) and the Scheme being implemented by 30 June 2022.

A Scheme Booklet, which will contain important information relating to the Scheme and the Scheme Meeting, the reasons for AusNet's Board recommendation, and the Independent Expert's Report, is currently expected to be made available to shareholders in advance of the Scheme meeting, proposed to be held before the end of March 2022 at which shareholders will vote on whether to approve the Scheme. AusNet is exploring whether the timetable can be accelerated.

Outlook

Our core business is connecting communities with energy and accelerating a sustainable future and we play a pivotal role in the decarbonisation of the energy sector in Victoria. Our goal remains to deliver long-term shareholder value, while demonstrating strong Environmental, Social and Governance principles.

FY22 dividend guidance of 9.5 cps (unfranked) confirmed.

Current expectations are that the Brookfield Scheme will be implemented by February / March 2022.

Dividend Key Dates

The 2022 interim dividend of 4.75 Australian cps is unfranked. The Dividend Reinvestment Plan (**DRP**) will not be in operation for the 2022 interim or final dividends given the binding proposal from Brookfield.

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

Relevant dates:

11 November 2021	Announcement of Half Year 2022 Results and interim dividend
16 November 2021	Ex-dividend date for interim dividend
17 November 2021	Record date for interim dividend
16 December 2021	Payment of interim dividend

About AusNet

Headquartered in Melbourne, Australia, AusNet's purpose is to connect communities with energy and accelerate a sustainable future. AusNet is the largest diversified energy network business in Victoria and owns and operates over $11 billion of regulated and contracted assets. It owns and operates three core regulated networks: electricity distribution, gas distribution and the state-wide electricity transmission network, as well as a significant portfolio of contracted energy infrastructure. It also owns and operates energy and technical services businesses (which trade under the name "Mondo"). AusNet engages over 1,500 employees to service over 1.5 million customers across Victoria and is listed on the Australian Securities Exchange (ASX:AST)

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

Naomi Kelly
Company Secretary

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

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Half Year 2022 Results

For the period ended 30 September 2021

Disclaimer

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

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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 reasonably held beliefs of AusNet management as well as reasonable assumptions made by and information currently available to AusNet 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 AusNet forecasts, business strategy, synergies, plans and objectives, are forward-looking statements. Past performance is also not an indicator of future performance. 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 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. You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

Non-IFRS information

- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the annual 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.

Binding offer from Brookfield. AusNet enters into Scheme Implementation Deed

On 31 October 2021, AusNet received a binding offer from Brookfield and entered into a Scheme Implementation Deed which contemplates the acquisition by Brookfield of 100% of AusNet's shares for cash consideration via a scheme of arrangement (the Scheme).

The Scheme values AusNet at an equity value of $10.2 billion and an enterprise value of $17.8 billion.

- Brookfield is leading a consortium which includes co-investors Sunsuper Superannuation Fund (Sunsuper), Alberta Investment Management Corporation (AIMCo), the Investment Management Corporation of Ontario (IMCO) and Healthcare of Ontario Pension Plan (HOOPP).
- The total consideration to be paid to AusNet shareholders under the Scheme will be $2.65 [2] cash per share which represents a $0.30 per share increase to the $2.35 indicative price offered under the Brookfield Initial Proposal (representing a 13% increase);
  - a 34% premium to the undisturbed closing price of AusNet shares of $1.98 on 17 September 2021;
  - a 36% premium to the undisturbed 30-trading day VWAP of AusNet shares of $1.95 as at 17 September 2021;
  - a 43% premium to the undisturbed 90-trading day VWAP of AusNet shares of $1.85 as at 17 September 2021.
- Singapore Power (which currently owns 32.74% of the AusNet shares) has informed AusNet that it supports the Scheme and intends to vote in favour of it, subject to: the SID not being terminated, there not being a superior proposal, an independent expert concluding that the Scheme is in the best interests of AusNet shareholders (and not changing that conclusion) and the Scheme being implemented by 30 June 2022. All else being equal, Singapore Power has expressed a preference for all cash consideration.
- The AusNet Board of directors unanimously recommends that shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding in its report (and continuing to conclude) that the Scheme is in the best interests of AusNet shareholders.

Brookfield made a **binding proposal of $2.65**, representing a **12.8% increase on their initial bid of $2.35** and a **34% premium to the undisturbed closing price of AusNet shares of $1.98.[1]**

Implementation of the Scheme is subject to a number of conditions such as:

- Approval of Australia's Foreign Investment Review Board (FIRB)
- Approval by AusNet shareholders at a scheme meeting which is proposed to be held before the end of March 2022
- Court approval
- The independent expert report concluding the Scheme is in the best interest of AusNet shareholders
- Material adverse change
- Other customary conditions

[1] As at 17 September 2021

[2] Less the total cash amounts of any dividend in respect of the half-year ending 30 September 2021 (being $0.0475 per share) and in respect of the full year ending 31 March 2022 (up to a maximum of $0.0475 per share)

Sustainability

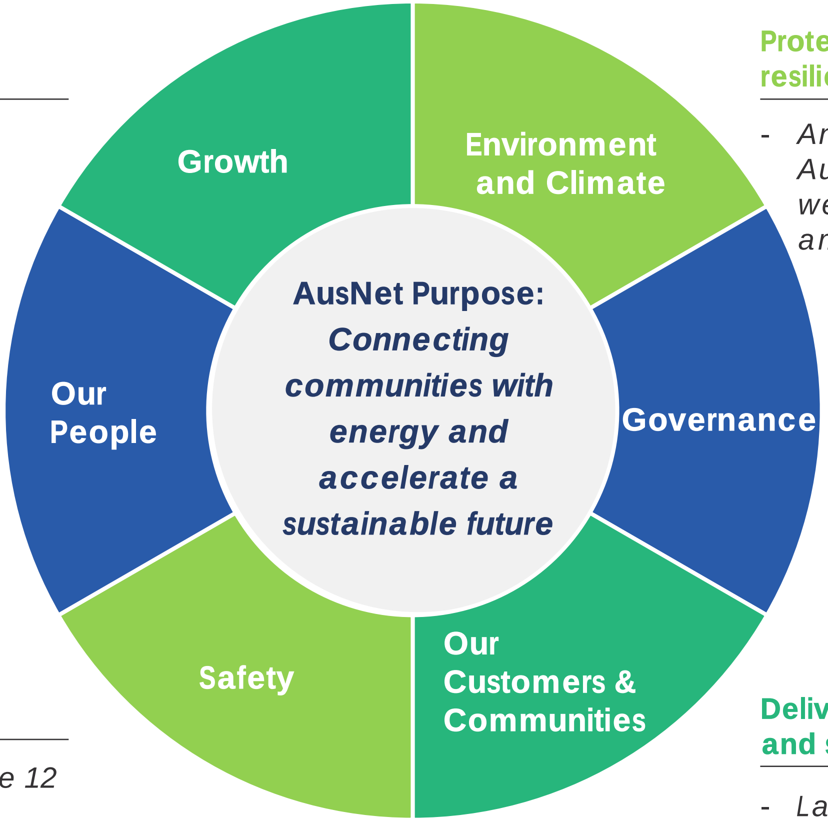
AusNet services

Delivering resilient and reliable networks and enabling the energy transition

- *Announced proposal for Phillip Island battery energy storage system*

Protecting our environment and building resilience to climate change

- *Analysis and planning is progressing to enable AusNet to set a 2030 emissions reduction target and we continue to work towards supporting a net zero ambition by 2050*



Creating a culture of high performance, with growing future- focused capability

- *3% increase in employee engagement for the 6 months to 30 September 2021*

Operating a responsible and sustainable business with a focus on our supply chain

- *Compiled sustainability framework and action plan supported by materiality assessment*

Keeping our people and assets safe

- *54% improvement in RIFR to 1.49 for the 12 months to 30 September 2021*

Delivering to our customer expectations and supporting communities

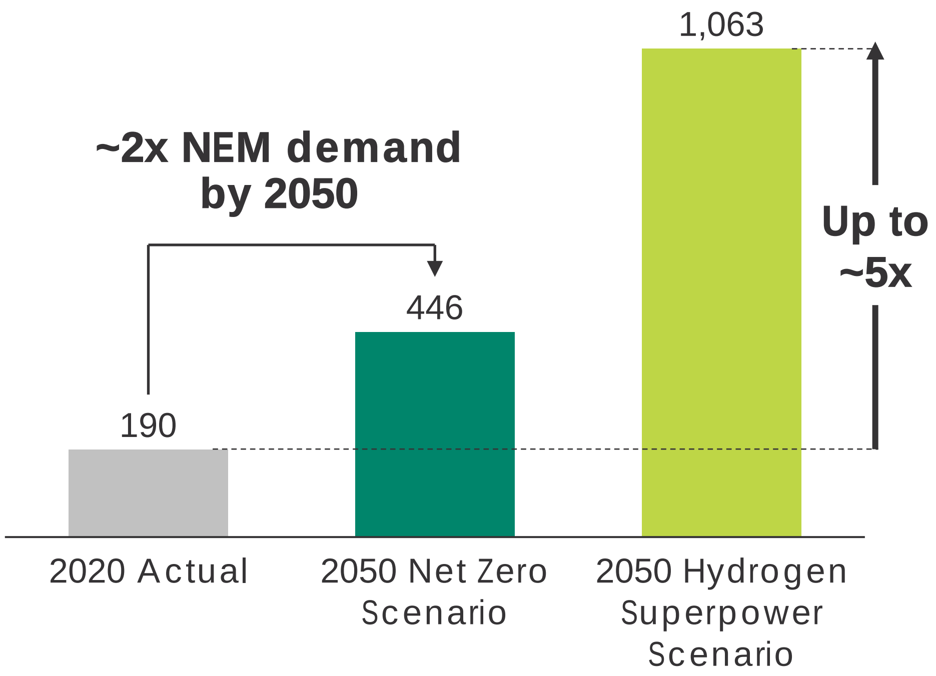
- *Launched AusNet Social Impact Program*

We work safety - We’re one team – We do what’s right – We deliver

The Energy Transition - once in a generation opportunity

AusNet services

Momentum is building around **net zero by 2050** – a clean energy future will require **~2-5x more electricity**



Powered by a new **energy sector**

25GW

New generation into NEM by 2030

2x growth in DER[1]

generation by 2030

90% renewables

in the NEM by 2040

Note: (1) DER: Distributed energy resources
Sources: AEMO – Draft 2022 Integrated System Plan (Aug 2021); AEMO 2020 Integrated System Plan

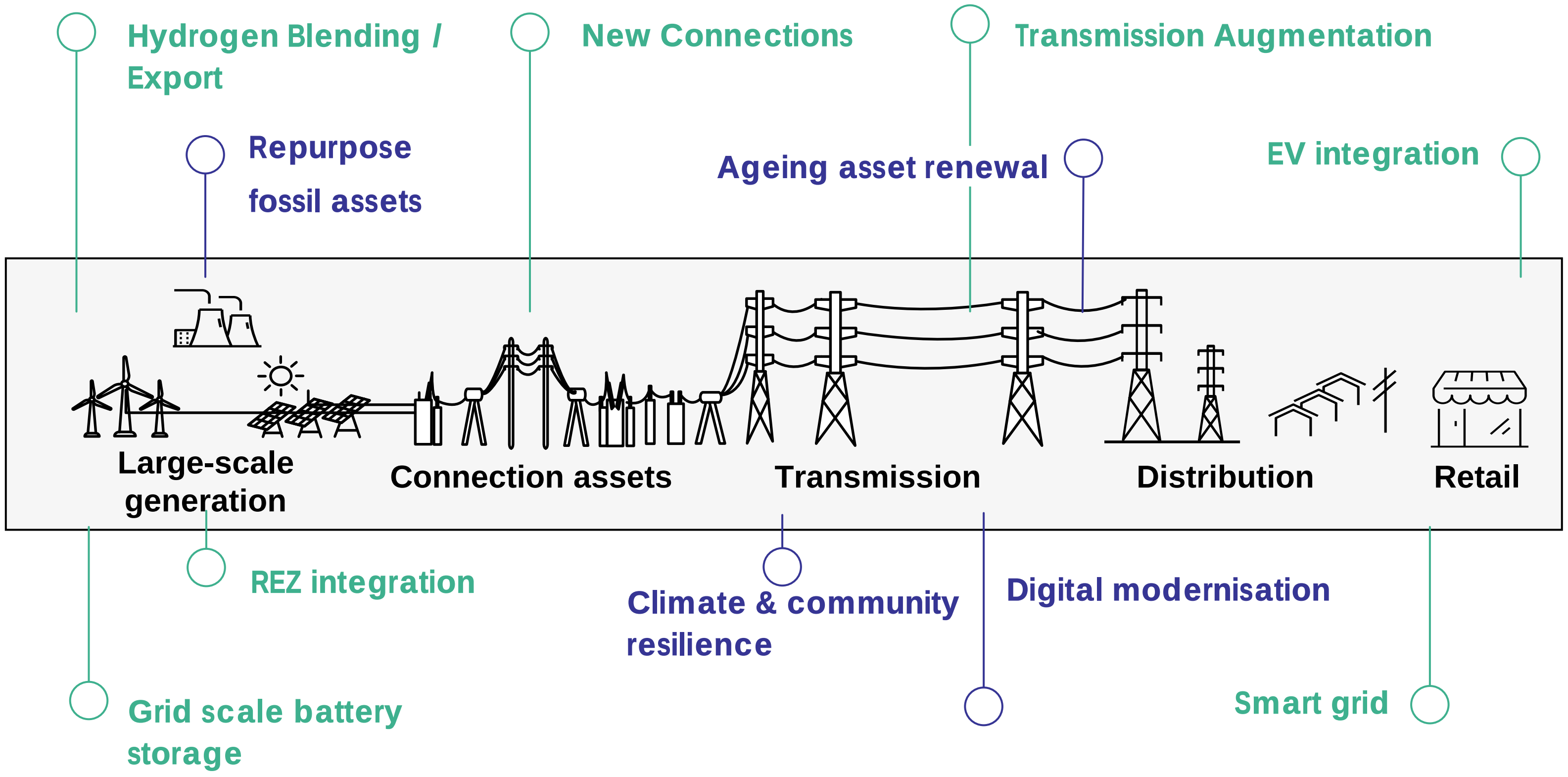
AusNet's networks are at the epicentre of the energy transition

Network modernisation & replacement

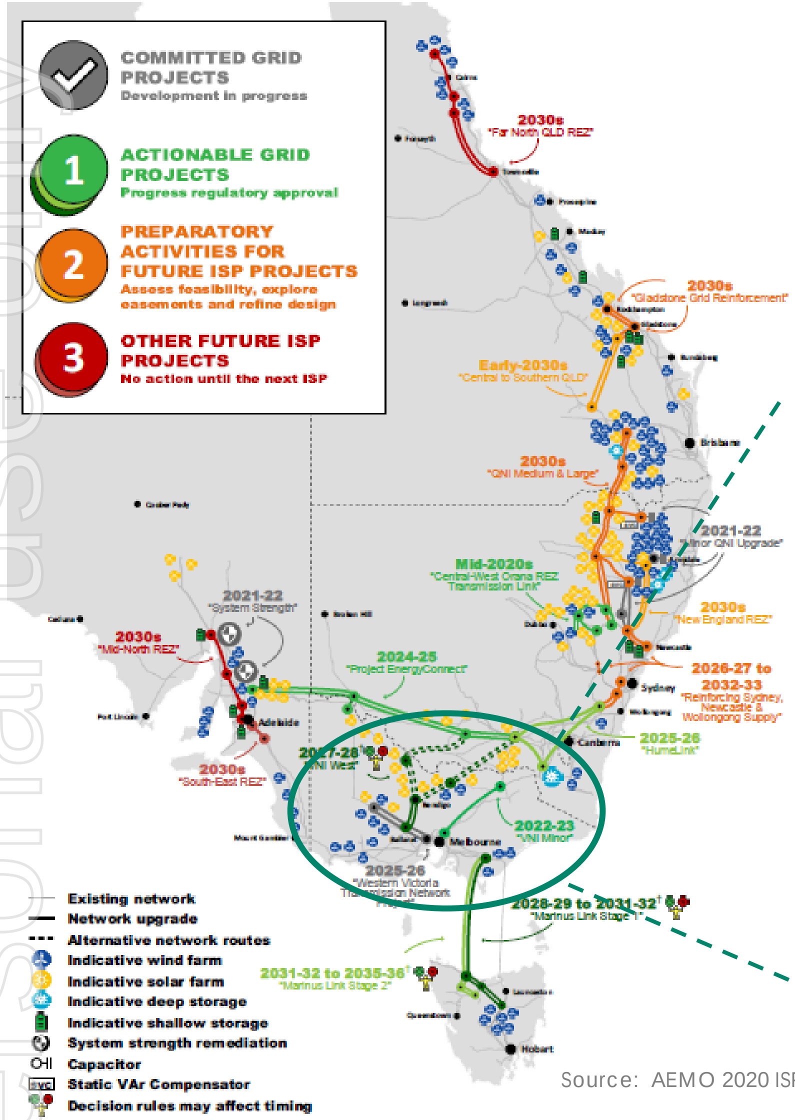
Ageing infrastructure in need of renewal, modernisation and strengthening for the impact of extreme weather events

Augmentation (new demand)

Networks will evolve to manage new generation, bi-directional flows and increasing network capacity from electrification



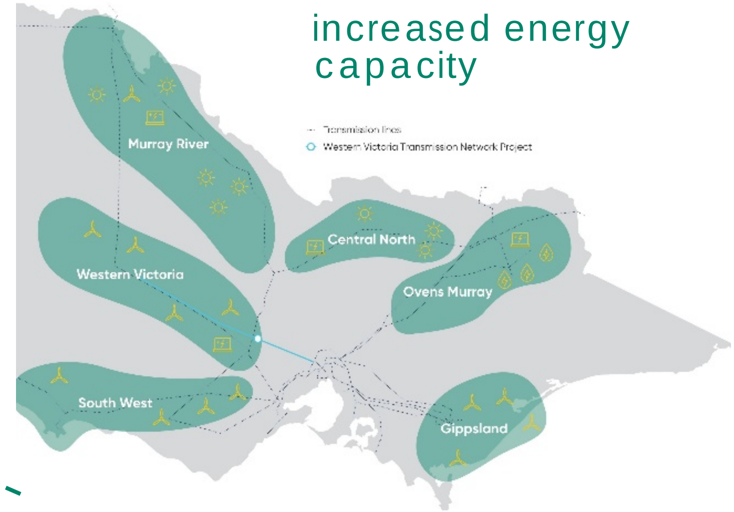
Increasing transmission network capacity from electrification



Victoria

10GW

increased energy capacity



Source: AEMO 2020 ISP, Vic Government Renewable Development Plan

Once in a generation energy transition

$8B

Strong growth pipeline of projects

$540M

Vic Government REZ funding commitment

*AEMC recently announced a review to identify **critical issues and explore options to improve** the timely and efficient delivery of major transmission projects (including the next generation of ISP Projects)*

AusNet services

Our strategy

Best energy networks, growing through connecting people with new energy

customer passion

guides us in everything

energised people

thriving and supported to achieve

operational excellence

always finding the best and safest way

accelerate growth

through the energy transition

Our purpose

Connecting communities with energy and accelerate a sustainable future

Our values

We work safely
We do what's right
We're one team
We deliver

Investment highlights

1. Scarce and diversified portfolio of essential energy assets with predictable & resilient cashflows
2. AusNet has deep experience operating and owning energy infrastructure, with a track record of growth and strong sustainability foundations
3. Once in a generation opportunity to build electricity infrastructure created by decarbonisation and electrification trends
4. AusNet is at the epicentre of this energy transition with T&D investment a fundamental requirement
5. Strong outlook for growth in the core regulated business, where we are the incumbent network
6. Attractive unregulated growth prospects in Development & Future Networks
7. Pursuing this growth with disciplined financial management will drive a step change in revenues
8. We have a clear strategy to deliver these results with a relentless focus on customer, people, operational excellence and accelerating growth

Financial Performance

Financial Performance

AusNet services

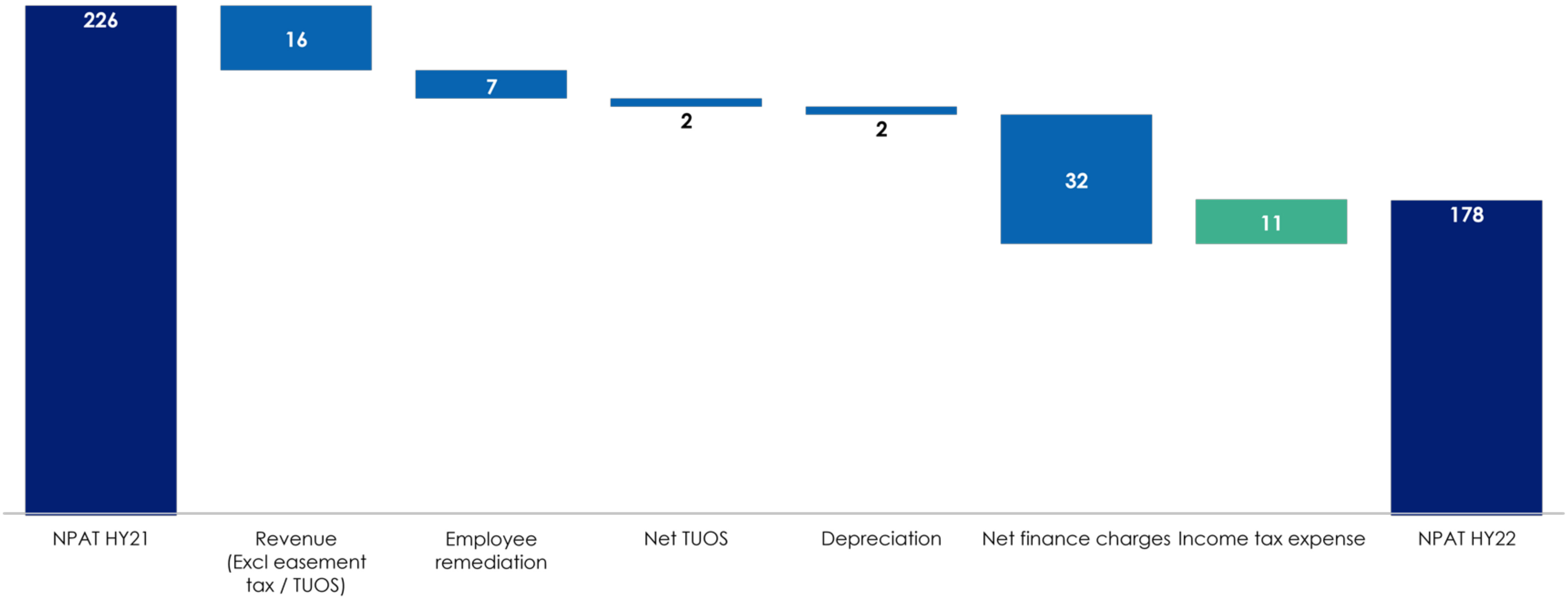
- EBITDA declined due to:
  - o lower revenues from EDPR which reset at a lower WACC ($19m)
  - o decrease in gas distribution revenue due to lower volumes from milder weather and lower tariffs ($5m)
  - o employee remediation costs $7m
- Higher net finance charges, given prior period non-cash hedge accounting movements ($20m)
- Strong cash flow supporting dividends

A$M	HY 2022	HY 2021	Variance
Statutory Result			
Revenue	**1,031.8**	1,039.4	↓0.7%
EBITDA	**636.4**	661.6	↓3.8%
EBITDA after lease income (EBITDAaL)	**653.7**	679.5	↓3.8%
EBIT	**402.0**	429.7	↓6.4%
PBT	**244.1**	303.6	↓19.6%
NPAT	**177.5**	225.7	↓21.4%
Cash flow from operations	**403.0**	430.9	↓6.4%
Capital Expenditure	**392.5**	379.1	↑3.5%
Dividends (cps)	**4.75**	4.75	0.0%

NPAT Performance

AusNet services

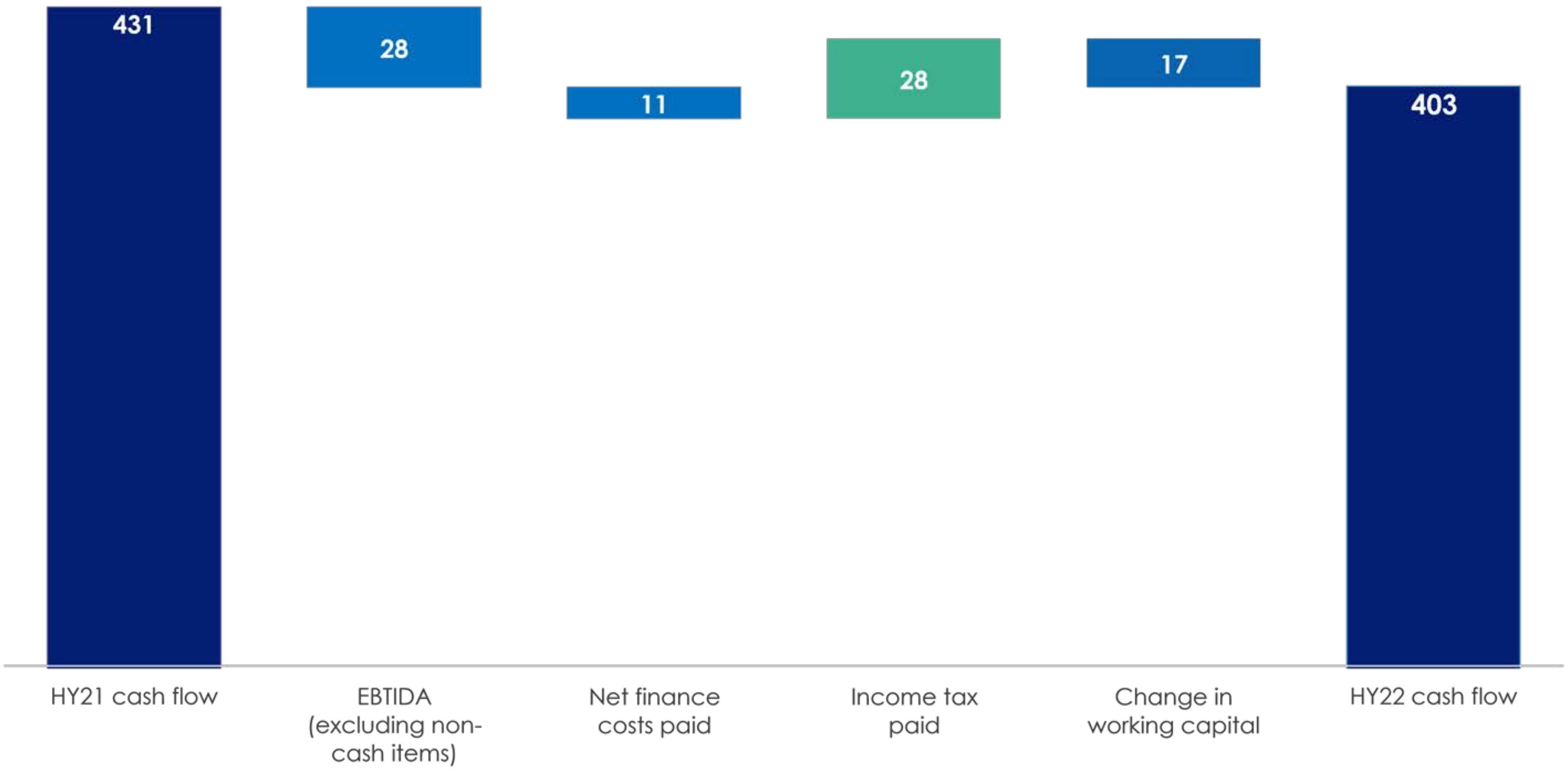
- Lower EDPR revenues due to WACC reset and lower gas revenues due weather/tariff mix
- Higher net finance charges, given prior period non-cash hedge accounting movements ($20m) and early hybrid refinancing
- Other operating expenses – higher non-discretionary costs and accounting changes to expense cloud software assets



Cash Flow from Operations

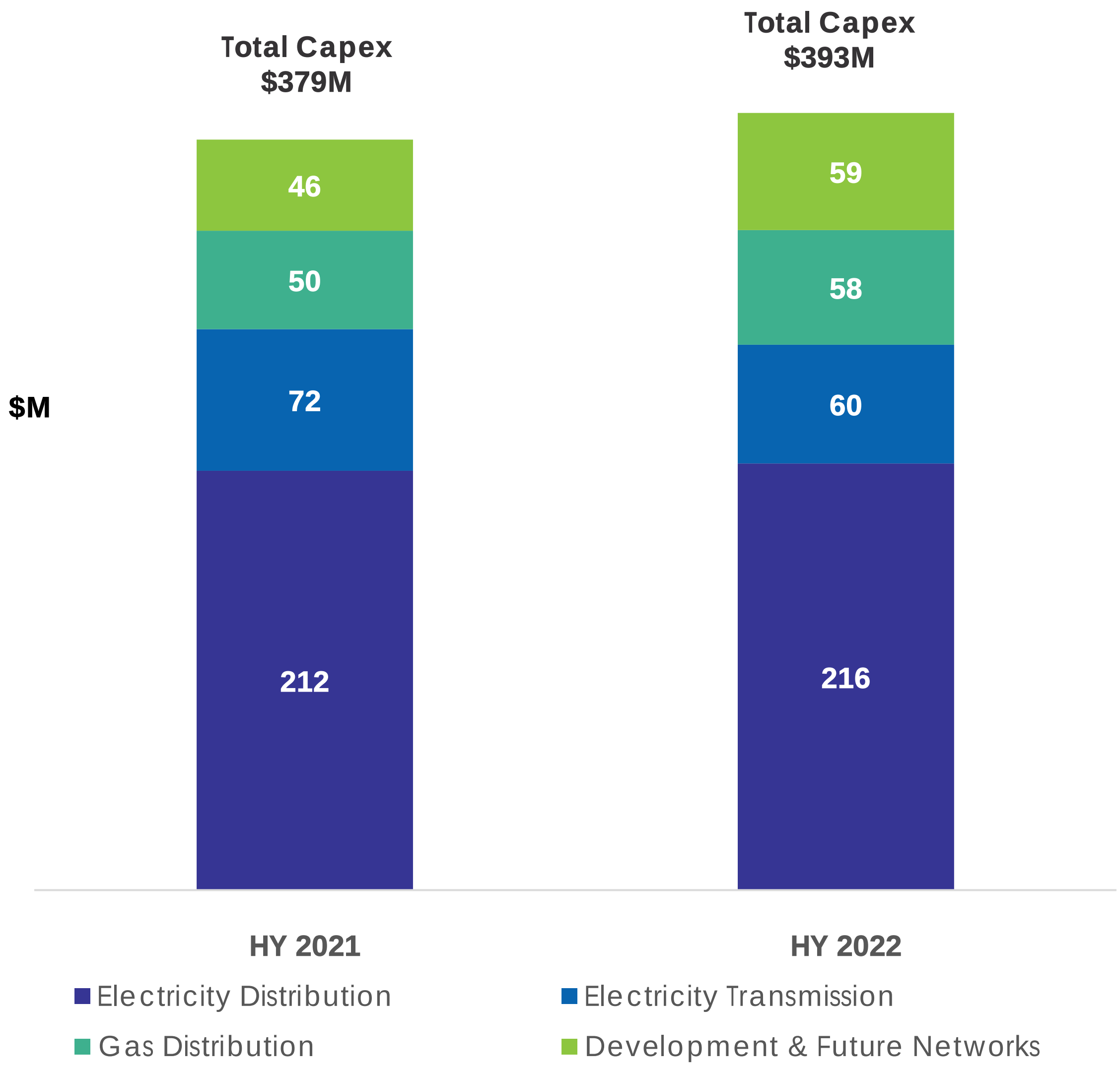
AusNet services

- Reduced cash flow from operations due to lower EBITDA
- Lower income tax paid due to lower instalment rate arising from gifted assets no longer being assessable and estimated impact of instant asset write off



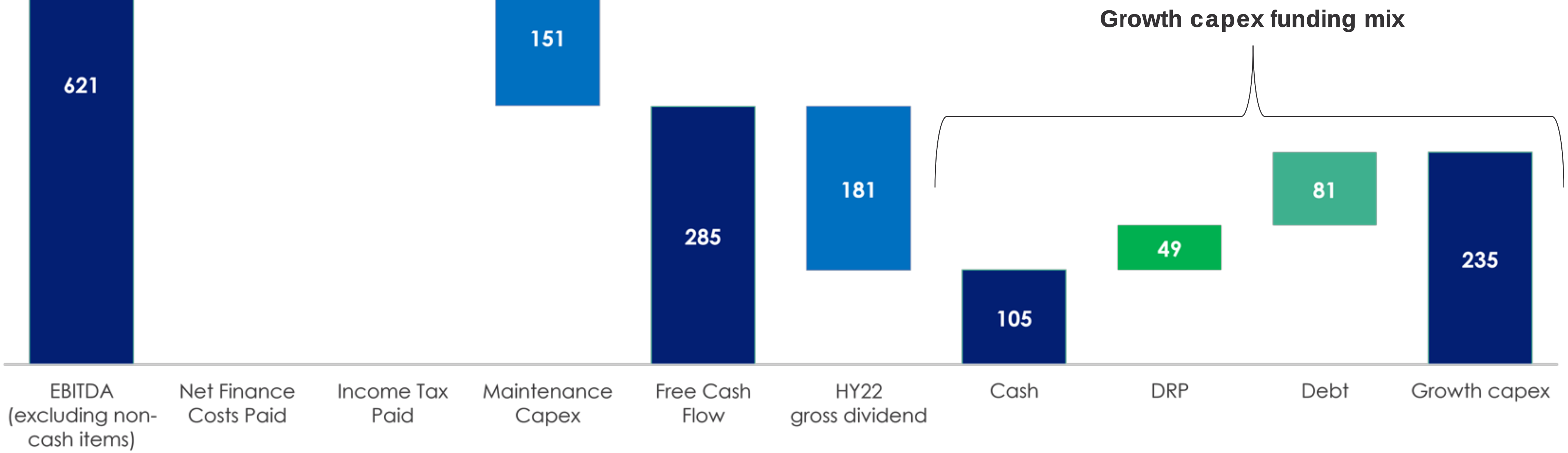
Capital Investment

- June storm restoration capex ($22m)
- Development and Future Networks higher due to progression of Western Victoria Transmission Network Project and Moorabool battery
- Growth / maintenance capex split approx. 60%/40%
- HY22 capital investment includes customer contributions $46m (HY21: $34m)
- HY22 Regulated & Contracted Asset Base of $11.3bn (RAB: $10.4bn, CAB $913m) up 4.6% (HY21: $10.9bn)



Dividend and Capital Investment Funding

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



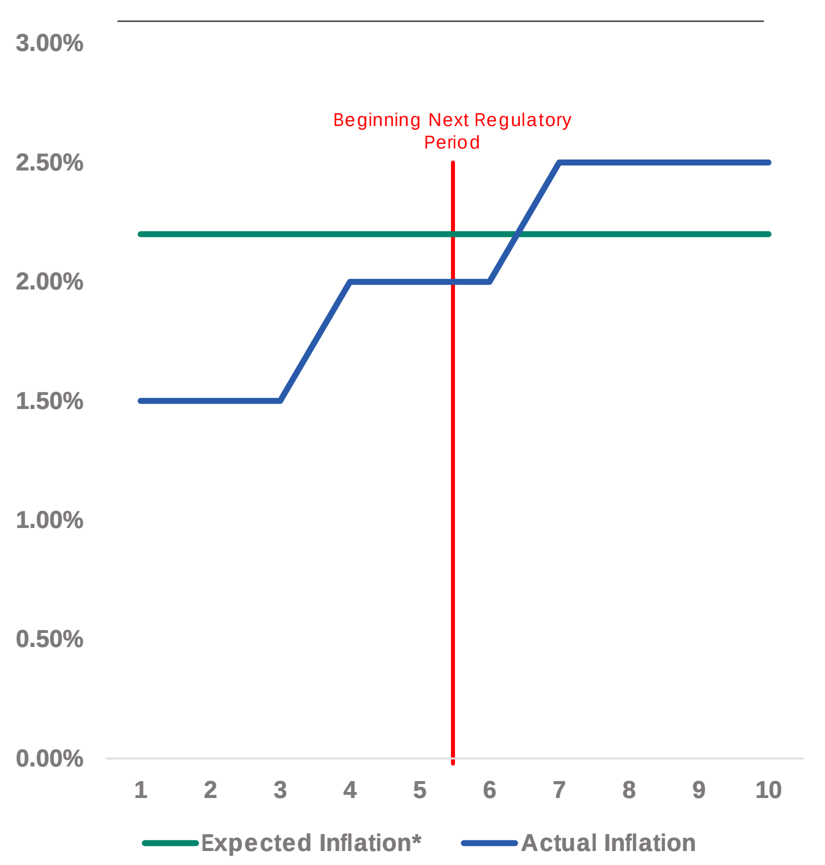
Note: Capital investment as per cash flow statement $385m. Estimated regulatory straight-line depreciation $212m (indexation $78m)

Inflation protection

Revenues and asset base growth linked to inflation

1 Annual Revenues	• Annual regulated revenues and tariffs are updated for actual CPI each year • Contracted Transmission infrastructure revenues adjusted each year for CPI
2 Forecast RAB and RAB roll forward	• RAB is indexed with AER ‘expected’ inflation, this sets the RAB at the beginning of a regulatory period and is used to derive revenue and preserves the value of the asset base • AER applies ‘actual’ inflation to the RAB each year and this informs the next regulatory period’s opening RAB
3 Regulatory Depreciation	• Regulatory Depreciation = Straight-line depreciation less RAB Indexation • At the beginning of a regulatory period, AER applies ‘Expected’ Inflation to the RAB and deducts this from the regulatory depreciation allowance as part of setting maximum allowed revenue
4 Expenditures	• AER expected Inflation assumption is applied to forecast expenditures under the ‘building block’ methodology • These expenditures are an input to its determination of revenue • Inflation impacts the company’s actual cost base in any given year.

Regulatory Inflation Methodology



*Expected inflation is estimated using 2 years of RBA forecast data followed by a 3 year linear path to 2.5% (RBA mid point of target band)

Regulated Core Networks

Operational Highlights

AusNet services

Electricity Transmission

- Regulatory Investment Tests (RIT-T) and business case approval achieved for three projects - Templestowe, East Rowville and Brooklyn ~$83m over the next 5 years
- Victorian-NSW Interconnector upgrade works progressing well, on track for practical completion in November 2022
- Major terminal station rebuilds at West Melbourne, Springvale and Fishermans Bend in delivery phase and nearing completion

Electricity Distribution

- June storms. 230,000 customers impacted. Concerted emergency response effort from AusNet and delivery partners to restore supply
- 5-minute settlement delivered, AEMO accreditation received
- Improving reliability, USAIDI performance on track for calendar year 2021
- REFCL programme now successfully installed devices in 60% of our 22 designated zone substations

Gas Distribution

- Completion of a major upgrade to improve reliability in the Surf Coast region
- Ongoing collaboration with Victorian Government on their Gas Substitution Roadmap
- Completion of final 10% hydrogen feasibility study for Ballarat with the Australian Hydrogen Centre

AusNet services

Regulatory Determinations

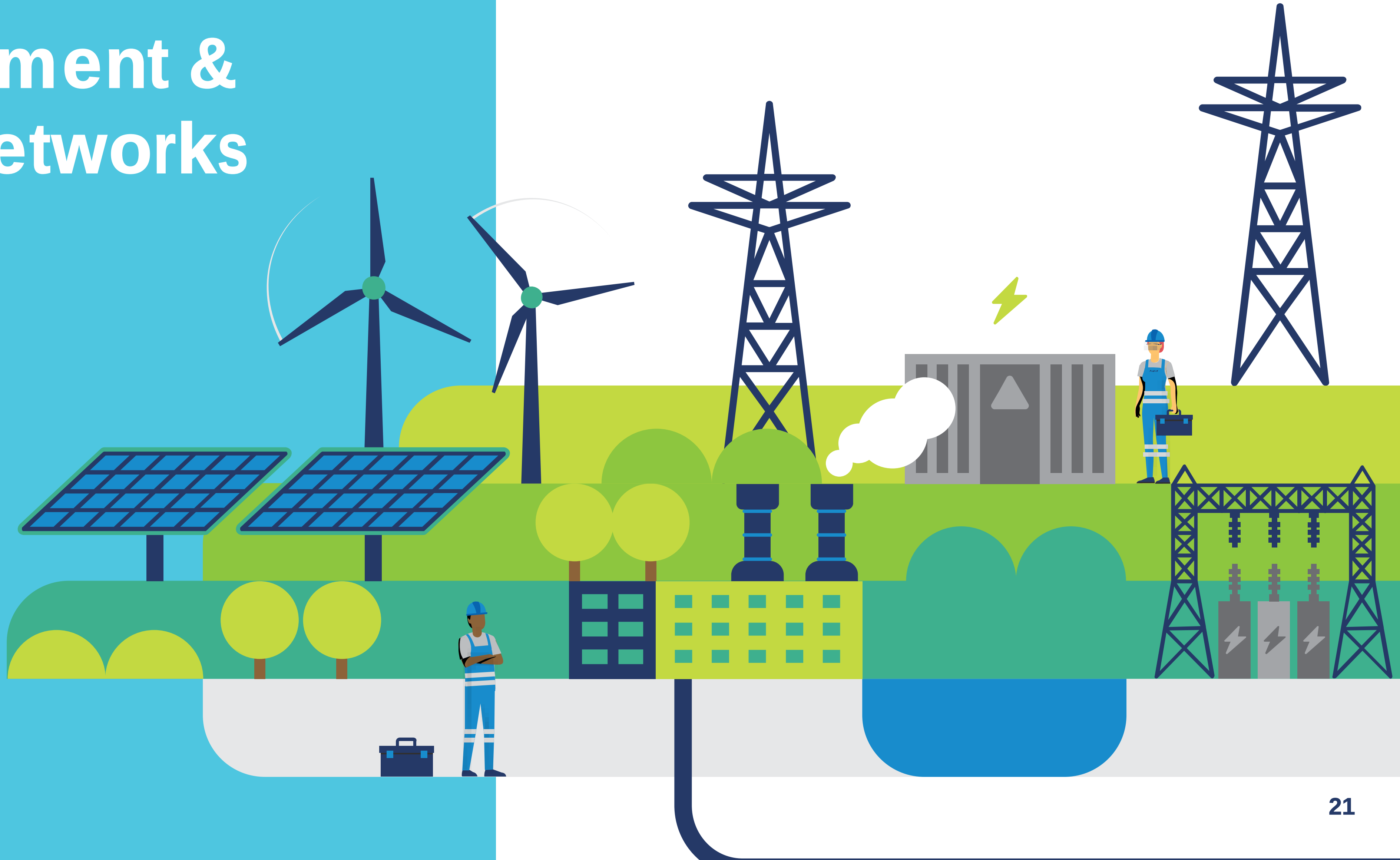
TRR 2022-27	GAAR 2023-28	EDPR 2021-26
• Positive draft outcome • Revised Proposal submitted to the AER • Final Decision due January 2022	• Proposal to be submitted to the AER by 1 July 2022 • Draft Decision expected by December 2022. Final decision due by April 2023 • Completed extensive customer workshops • Broader stakeholder engagement continues focussing on issues relating to Future of Gas	• Endorsement of the agreements reached with the Customer Forum • Incorporates AER's Inflation Review and an increase in 10-year government bond rate • Opex approved, incorporating an increase of $45m to reflect higher insurance premiums • Capex approved to enable investment in network safety, security and reliability

1 April 2022	1 July 2023	1 July 2026
TRR 2022-27	GAAR 2023-28	EPDR 2021-26

Gas is a critical fuel source in the energy transition

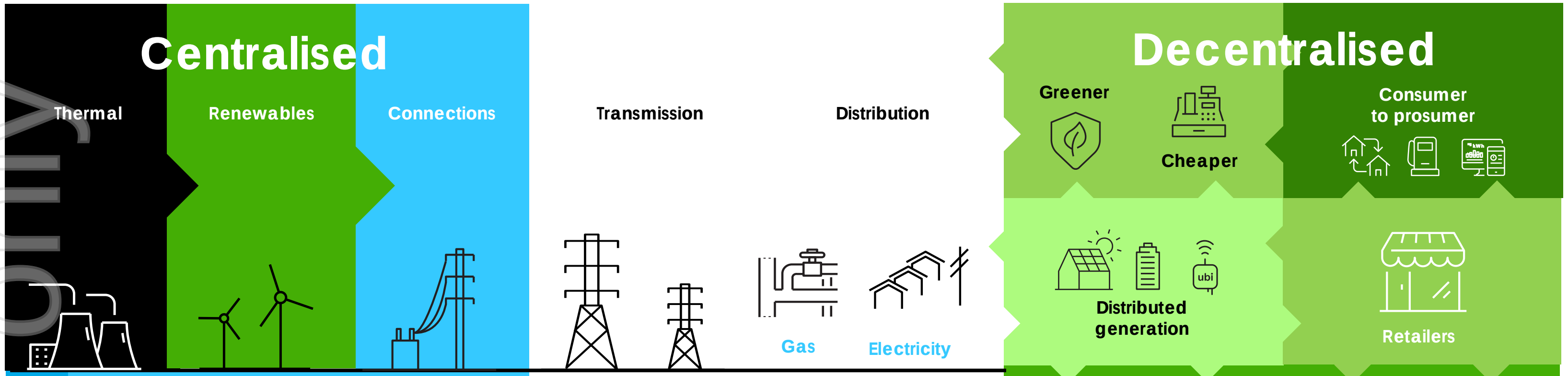
Strong customer growth in fastest growing areas of Victoria	• Customers continue to opt for gas as a fuel of choice • Strong customer growth drives economies of scale in cost base and lowers prices for customers • Customer growth offsetting decline in total energy consumption and revenue
Large Proportion of High pressure mains supporting Renewable Gas	• AusNet's ongoing mains replacement program will enable renewable gas to be introduced to the system, current penetration 90%
Continued growth in winter peak demand	• Highest winter peak demand recorded in August 2020, ~420TJ vs 380TJ in July 2017
Benchmarking indicates high level of efficiency and asset utilisation	• AusNet is the #1 network on an opex per customer basis and operating partial factor productivity • One of the lowest RAB per customer of any network and the second highest customer density [60 per km)

Development & Future Networks



Contracted Asset Base Growth

Delivered on CAB targets ahead of schedule and positioned well for emerging trends



Market opportunities

Build own operate infrastructure:

- Connections
- Transmission augmentations (West Vic, Mega Projects & Renewable Energy Zones)
- Balance of plant
- Grid scale battery

Modernise traditional networks:

- Electricity transmission
- Electricity distribution
- Gas distribution

Provide energy services:

- Behind-the-Meter DER Services & Assets
- Telecommunications
- Metering
- Mondo platform & Ubi
- DER Aggregation & Orchestration
- Clean Mobility
- Hydrogen
- Stand alone Power Systems

$1B
Contracted Asset Base[1]

1900MW
Renewable energy and storage connected

AusNet's core

Project EDGE
DER marketplace pilot

PICESS
Phillip Island Community Energy Storage System proposed

Deakin Microgrid
Industrial-scaled smart microgrid

(1) Total value under contract (unconditional) regardless of construction phase, currently $1,021m

Strategic Priorities

Grow within centralised energy markets

- Secure and deliver connections projects
- Progress WVTNP
- Scale up and enhance capabilities for mega projects
- Sign adjacent contracted assets

Position & Grow within decentralised energy markets

- Progress new market initiatives
- Scale behind the meter solutions
- Prove out demand side services value (in ancillary mkt.)
- Establish strategic partnerships (for energy services)

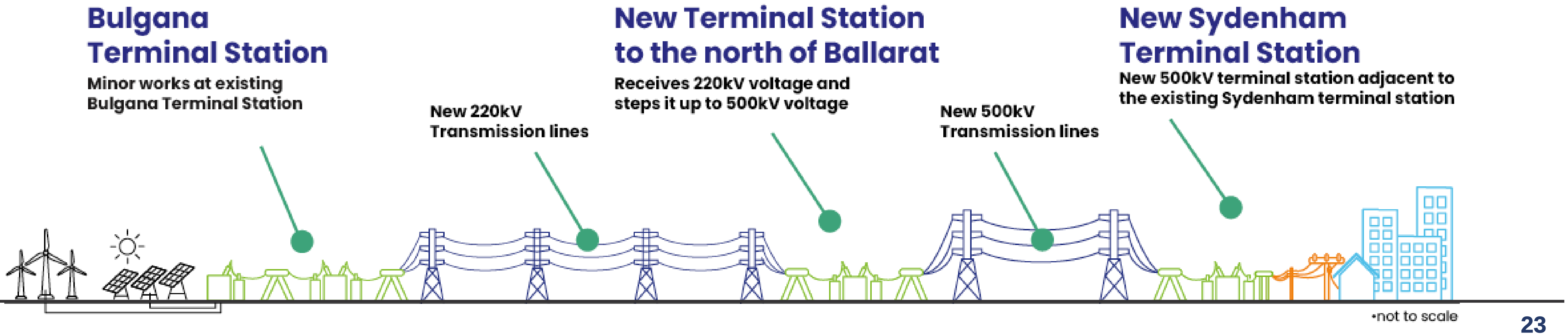
Western Victoria Transmission Network Project (WVTNP)

AusNet services

Project timeline

Highlights

- **December 2019:** AusNet selected by AEMO to build, own and operate the contestable assets for the Project, subject to planning and approval stage
- **June 2021:** Announced single corridor for the project, an important step toward determining the final proposed route
- Continue to engage constructively with landowners and local communities as we progress through the Environmental Effects Statement process



Outlook

Dividend Guidance and Scheme Implementation Timetable

AusNet services

1. FY22 dividend guidance of 9.5 cps (unfranked) confirmed.
2. Current expectations are that the Brookfield Scheme will be implemented by February / March 2022

Scheme Implementation Timetable (subject to change)

Event	Indicative Timing (as per SID)	Indicative Accelerated Timing *
FIRST COURT HEARING	February 2022	December 2021
SCHEME MEETING OF AUSNET SHAREHOLDERS	March 2022	January 2022
SECOND COURT HEARING	March 2022	February 2022
SCHEME EFFECTIVE DATE	March 2022	February 2022
SCHEME IMPLEMENTATION DATE	March 2022	February 2022
AUSNET DELISTED FROM ASX	March 2022	February 2022

* Note: Subsequent to signing the Scheme Implementation Deed (SID) that contained an indicative timetable, AusNet is pursuing an accelerated timetable to bring the Scheme implementation forward

Appendices

Employee Underpayment Review

AusNet services

- On 21 June 2021, AusNet self-disclosed to the Fair Work Ombudsman (FWO), ASX, relevant Unions and employees, a review into employee underpayments. We deeply regret the situation and any adverse impact this has had on our people.

- We are committed to doing the right thing by our employees and making any back payments to current and former employees who are identified as being underpaid as quickly as reasonably possible. In some instances, back payments to affected employees have commenced.

- This review was initiated on our discovery of an interpretation of the AusNet Services - ASU/APESMA Enterprise Agreement 2020 (Enterprise Agreement) which could mean some employees not previously considered to have been, or treated as having been, covered by the scope of the Enterprise Agreement, are covered. Some of those employees have not been paid by specific reference to the terms of the Enterprise Agreement, and that may have resulted in underpayments.

- AusNet is regularly engaged with relevant Unions, the FWO, AusNet Audit & Risk Committee, AusNet Board and employees over this matter.

- As of 30 September 2021, AST is carrying a provision of $13m, which represents an estimate of the current liability based on the review status at period end.

Tax and franking profile

Lower net tax payable expected in FY22, due to refunds from accelerated capital allowance deductions and non-assessable gifted assets

FY22 dividends to be unfranked

AusNet services

Items contributing to lower expected net tax payable in FY22

Temporary Full Expensing ("instant asset write-off") entitlement
- Announced as part of the 2020-21 Federal Budget. Immediate deduction allowed for the full value of certain eligible capital expenditure, subject to project commitment timing, in-service date and other eligibility criteria.

Higher prior year capital allowance entitlement
- Higher prior year deductions from capital allowances identified as part of resetting tax registers, as required from the June 2015 restructure
- ATO processing amended assessments, giving rise to $29m refund in respect of prior periods

Non-assessable gifted asset revenues (VPN decision)
- AusNet is pursuing (by way of objection) a $37.5m refund of tax paid on FY16-FY20 gifted asset revenue. Currently being considered by ATO.
- Gifted asset revenue received from FY21 onward, treated as non-assessable for tax purposes, in accordance with the VPN decision.

Item contributing to potentially lower future tax profile

Tax Base Step-up arising from June 2015 restructure
- AusNet filed an objection in October 2021 concerning tax consolidation outcomes arising from the June 2015 corporate restructure.
- Specifically, the objection contends that the interaction of capital gains tax and tax consolidation provisions results in a higher uplift in tax basis, from June 2015.
- Based on several assumptions, AusNet estimates this potential uplift to be up to $485m, which if, and to the extent successful, would be realised over the life of the assets and noting that some of this benefit relates to prior periods and therefore any refund of tax may trigger franking deficit tax.
- The ATO has not made an objection decision. If the objection is rejected, AusNet will consider options available to clarify the operation of the law. The ultimate outcome of the objection is inherently uncertain.
- If appeal options are not sought, or AusNet is ultimately unsuccessful, there is no change to the current tax payment profile as AusNet has adopted the ATO's position throughout this period of uncertainty and has paid tax accordingly.

June 2021 Storms

AusNet services

Storm Summary:

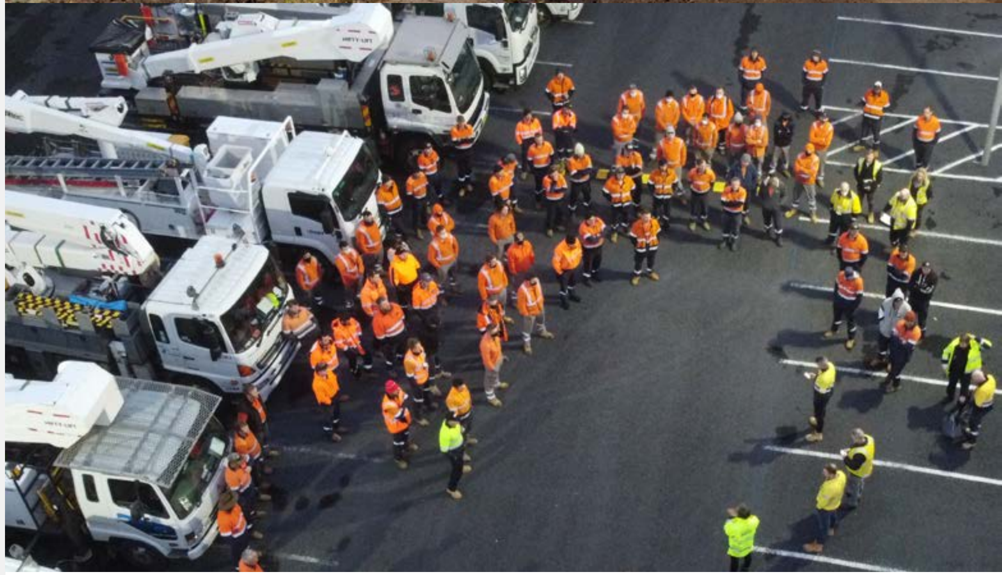
- Largest event we have ever responded to on the network
- 230,000 customers impacted. Concerted emergency response effort from AusNet and delivery partners to restore supply
- 16 of our 66Kv feeders impacted, 10 substations black

AusNet response:

- 500+ people in field, 200+ in support, 16 community hubs set up
- Strong support and collaboration from NSW utilities
- Frequent and timely customer communications (digital and paper)
- 4,000+ faults restored and 600+ construction jobs, ZERO injuries
- Financial support for customers, including fast tracking payments

Impacts:

- Positive feedback received from customers and government. Some customers were without power for extended periods of time during very cold weather. AusNet acknowledges these difficult circumstances and appreciates their support
- FY22 costs (capex & opex) of approximately $29m (seeking AER approval for natural disaster pass through)
- Storm event triggered a Guaranteed Service Level (GSL) payment, estimated at $25m
- The version of the Electricity Distribution Code (Code) applicable in June 2021 provides a provision for an electricity distributor to seek an exemption from paying a GSL in the event there was an unplanned electricity interruption that exceeds a specified threshold
- On 14 July 2021, we sought approval from the AER for this exemption. The application for exemption was passed on to the Essential Services Commission with the agreement of the AER. We have disclosed a Contingent Liability in note E of our financial statements as there is uncertainty on whether the exemption may be invalidated by an order from the Minister for Energy, Environment and Climate Change to amend our electricity distribution licence
- If this order is received and the GSL payment is required to be made, we will seek approval from the AER for pass through recovery under the regulatory framework. This may result in tariff adjustments in the remaining regulatory period of our current EDPR from 2021-2026



Electricity Transmission Network

AusNet services

- $6.1m increase in easement tax (pass through revenue and no impact on EBITDA) marginally offset by the TRR approved price path which has resulted in lower prices during the current period
- Operating expenses increased by $2.3m, excluding the easement tax increase, primarily due to an increase in council rates, land tax and employee remediation costs
- FY22 revenue cap $579m (includes $174 m of easement land tax pass-through and $14m incentive revenues)

A$M	HY 2022	HY 2021	Variance
Revenue	**305.1**	301.6	↑1.2%
EBITDA	**175.8**	180.7	↓2.7%
EBITDA Margin	**57.6%**	59.9%	↓3.9%
EBIT	**123.0**	130.4	↓5.7%
EBIT Margin	**40.3%**	43.2%	↓6.7%
Capital Expenditure	**60.0**	71.5	↓16.1%
Regulated Asset Base	**3,731.0**	3,622.0	↑3.0%

Electricity Distribution Network

- Expected revenue cap from 1 July 2021 to 30 June 2022, $773m, includes TUOS pass through of $115m, $6m STPIS penalty and net -$3m return of jurisdictional scheme pass through (solar PFIT & ESV levy)
- HY22 TUOS revenue $64m (HY21:$62m). HY22 TUOS costs $60m (HY21: $56m)
- $11m increase in operating expenses from higher TUOS, employee remediation and the expensing of cloud software assets
- HY22 metering revenue $28m (HY21: $23m)
- Customer contributions $35m (HY21: $31m)
- Excluded revenues $16m (HY21: $12m)

A$M	HY 2022	HY 2021	Variance
Revenue	**495.7**	502.0	↓1.3%
EBITDA	**302.6**	319.5	↓5.3%
EBITDA Margin	**61.0%**	63.70%	↓4.2%
EBIT	**171.3**	191.6	↓10.6%
EBIT Margin	**34.6%**	38.2%	↓9.5%
Volumes (GWh)	**4,110**	3,999	↑2.8%
Connections	**777,826**	761,388	↑2.2%
Capital Expenditure	**215.5**	211.9	↑1.7%
Regulated Asset Base	**4,933**	4,740	↑4.1%

Gas Distribution Network

- Gas revenues decreased by $4.5m due to lower volumes from a milder winter and lower industrial demand
- Revenue was also impacted by lower tariffs (down 2%) as a result of the regulatory price path
- Operating expenditure increased by $2.5m due to minor inventory retirements
- Customer contributions $5m (HY21: $4m)

A$M	HY 2022	HY 2021	Variance
Revenue	**144.8**	149.3	↓3.0%
EBITDA	**113.2**	120.2	↓5.8%
EBITDA Margin	**78.2%**	80.5%	↓2.9%
EBIT	**83.2**	89.5	↓7.0%
EBIT Margin	**57.5%**	59.9%	↓4.1%
Volume (PJ)	**45.3**	46.9	↓3.4%
Connections	**764,104**	744,590	↑2.6%
Capital Expenditure	**57.8**	49.6	↑16.5%
Regulated Asset Base	**1,746**	1,678	↑4.0%

Development & Future Networks

AusNet services

- In September 2021, the Growth & Future Networks business was renamed to Development & Future Networks but without any significant change to its underlying services and operations
- EBITDAal increased by $3.0m predominately due to lower labour costs reflecting the benefit of a work force restructuring implemented in the prior period

A$M	HY 2022	HY 2021	Variance
Revenue	**91.0**	91.3	↓0.3%
Lease Interest Income	**17.3**	17.9	↓3.4%
EBITDA after lease income (EBITDAal)	**62.1**	59.1	↑5.1%
EBITDAal margin	**57.3%**	**54.1%**	↑6.0%
EBIT after lease income (EBITal)	**41.8**	36.1	↑15.8%
EBITal Margin	**38.6%**	**33.1%**	↑16.6%
Capital Expenditure	**59.2**	46.1	↑28.4%
Contracted Asset Base [1]	**913**	875	↑4.3%

[1] Contracted assets in service or currently under construction

Current Regulatory Determinations

AusNet services

Regulatory period	Electricity distribution 2021-26	Electricity transmission 2017-22	Electricity transmission 2022-27 (Draft)	Gas distribution 2018-22
Beta	0.60	0.70	0.60	0.70
Risk Free Rate	1.46%	2.52%	1.68%	2.73%
Cost of Debt	4.64%	4.94%	4.36%	5.04%
Gamma	0.585	0.40	0.585	0.40
Market Risk Premium	6.10%	6.50%	6.10%	6.50%
Nominal Vanilla WACC	4.83%	5.80%	4.76%	5.94%
Return on Equity	5.12%	7.10%	5.34%	7.30%
Net Capex (Nominal)	$1,570m	$780m	$752m	$522m
Opex (Nominal)	$1,400m	$1,225m	$1,319m	$293m
Revenue (Nominal)	$3,771m	$2,742m	$2,838m	$1,040m

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

Sound Fundamentals

AusNet services

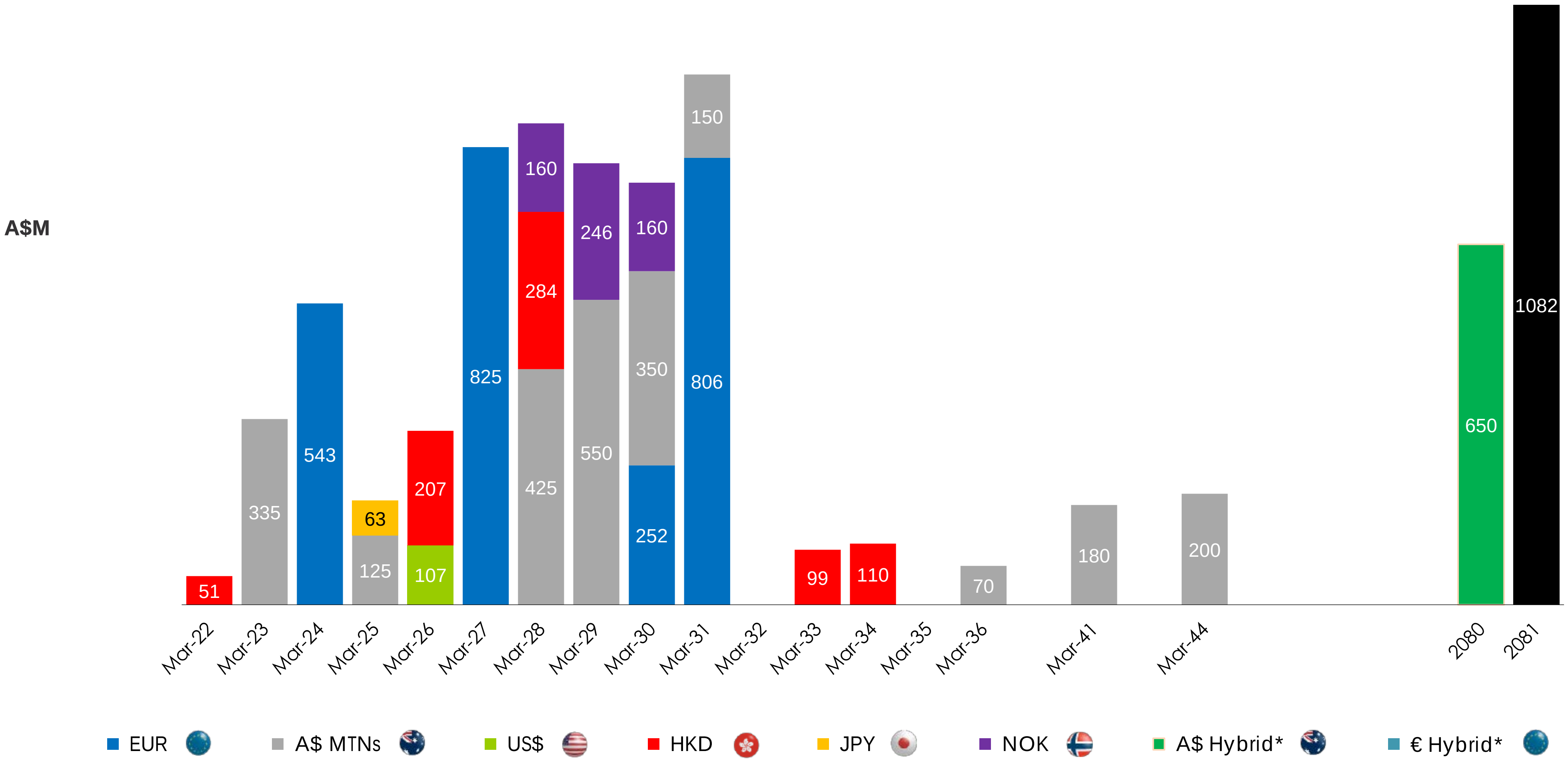
Financial Metrics	HY 2022	HY 2021
Total Assets	**$13.9bn**	$14.0bn
Regulated / Contracted Asset Base	**$11.3bn**	$10.9bn
Total Borrowings (Face Value)	**$8.0bn**	$8.2bn
Net Debt [1] (Face Value)	**$7.5bn**	$7.4bn
Net Gearing (Carrying Value) [2]	**70%**	73%
Net Debt (Face Value) to Regulated / Contracted Asset Base [3]	**67%**	68%
FFO / Net Debt [4]	**10.8%**	11.1%

Note
1. Net debt is debt at face value. Includes full amount of 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 Hybrids, despite receiving 50% equity credit
4. Based on 12 months to 30 September 2021. 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

Debt Maturity Profile

AusNet services

- Net Debt $7,550 bn (as at 30 Sep 2021) - offshore debt shown at hedged rates



Note: First call date for hybrid securities: A$ in Oct 2025 & € in Sep 2026

Further Information and Contacts

AusNet services

Headquartered in Melbourne, Australia, AusNet's purpose is to connect communities with energy and accelerate a sustainable future. AusNet is the largest diversified energy network business in Victoria and owns and operates over $11 billion of regulated and contracted assets. It owns and operates three core regulated networks: electricity distribution, gas distribution and the state-wide electricity transmission network, as well as a significant portfolio of contracted energy infrastructure. It also owns and operates energy and technical services businesses (which trade under the name "Mondo"). AusNet engages over 1,500 employees to service over 1.5 million customers across Victoria and is listed on the Australian Securities Exchange (ASX:AST). **www.ausnetservices.com.au**

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