



## Good performance in difficult times

<b>Company/ASX Code</b>	Spark Infrastructure (SKI)
<b>AGM date</b>	Wednesday 27 May 2020
<b>Time and location</b>	11.30am ON LINE, Sydney. <a href="https://web.lumiagm.com">https://web.lumiagm.com</a>
<b>Registry</b>	Boardroom Pty Ltd
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Richard McDonald assisted by Carol Limmer
<b>Pre AGM Meeting?</b>	Yes with Chair Dr Doug McTaggart and director Greg Martin

### Summary of ASA Position

Spark Infrastructure owns and operates the poles and wires for the Victorian Power networks (VPN) 50%, the South Australian Power Network (SAPN) 50% and 15% of Transgrid NSW, as well as owning the Bomen Solar Farm near Wagga.

It has been a reasonable year for Spark with look through operating cash flow up 15.7% to \$379m and a distribution of 15cps. The network business is changing as coal fired generation is being phased out. The Australian Energy Market Operator AEMO, has determined that interconnection between regions is necessary and the NSW government has declared it critical. Transgrid will provide a significant capital investment in the interconnector. The Bomen solar farm is expected to be on line in May. However the regulated part of Spark's business may well be adjusted down as the government (regulator) may put downward pressure on the regulated returns during 2020-21.

Whilst there were problems during the bushfires, the grid stood up well to it and repairs were made fairly quickly.

### Governance and culture

Spark has a good culture and governance. Karen Penrose retired this year and we are awaiting her replacement. Andrew Fay will stay on until the end of the year and then retire. SKI is well advanced on recruitment for replacements and the Chairman said he expects that the next two board members will be women.

### Financial performance

Distributions of 15c per security were down 1cps on the previous year due to tax provision for previous years. This has been appealed. EBITDA was \$856.6m up 3.4% on 2018. All networks continued to perform well.

The current corona virus situation has meant that electricity usage is up 14% domestically and only down 6.7% industrially which means the minimum 13.5cps distribution is on target. In the current market this is quite comforting to shareholders.

The CEO's fixed remuneration is up 2% on the previous year as well as all NED's have had a 2% increase to their board fees.

### Summary

(As at FYE)	2019	2018	2017	2016
NPAT (\$m)	79.14	(96.7)	88.6	81.1
UPAT (\$m)	255.6*	270.5	88.6	81.1
Share price (\$)	2.09	2.21	2.51	2.38
Dividend (cents)	15.0	16.0	15.25	14.5
TSR (%)	1.43	-5.73	11.7	30.9
EPS (cents)	4.69	-5.75	5.27	4.82
CEO total remuneration, actual (\$m)	2.329	2.258	1.997	1.49

\*Profit before loan interest and tax expenses

For 2019, the CEO's total actual remuneration was **26.9 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2019 data from the Australian Bureau of Statistics).

<b>Item 1</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>For</b>

### **Summary of ASA Position**

The remuneration is little changed from last year and ASA voted for the Remuneration report last year. The CEO has had a 2% increase to his FAR and earned his full STI (100% of FAR). He received 65% of his maximum LTI.

### **CEO Remuneration Framework**

2020	Max. Opportunity \$m	% of Total
Fixed Remuneration	.897	38
*STI – Cash	.448	19
*STI – Equity	.448	19
LTI	.58	24
Total	2.376	100

- \*STI dependent on outcome of ATO appeal as to if cash STI is paid

All the directors have adequate shareholdings and the non-executive directors (NEDs) will get a 2% increase in directors' fees this year.

The report is fairly easy to read and has a good table of 5 year performance.

<b>Item 2</b>	<b>Re-election of Mr Greg Martin B Ec, LLB, FAIM, MAICD as a Director of Spark Infrastructure RE and each of Spark Holdings 1, Spark Holdings 2, Spark Holdings 3 and Spark Holdings 4</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Mr Martin has been an independent director since January 2017 and is presently chair of Iluka Resources Ltd and deputy chair of Western Power. He has over 35 years experience in energy, utility and infrastructure sector in Australia and New Zealand, He previously was CEO of AGL, CEO of infrastructures at Challenger FSG and CEO of Murchison Metals Ltd.

Mr Martin chairs the REM committee and is in our opinion well qualified as a director of Spark Infrastructure, We will be voting for his re-election.

<b>Item 3</b>	<b>Election of Mr Miles George B Eng, MBA, GAICD as a Director of Spark Infrastructure RE and each of Spark Holdings 1, Spark Holdings 2, Spark Holdings 3 and Spark Holdings 4</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Mr George has been an independent director since 2019 and has extensive experience in the Australian renewable energy industry having served as a panel member of both AEMO and Australian Energy Market Commission AEMC and as CEO of CleanCo Queensland.

He is a director of the Australian Conservation Foundation and an advisory board member of CGN Capital Partners Infrastructure. Mr George was MD of Infigen Energy from 2009-2016 and chaired the Clean Energy Council from 2013-16.

He is a member of the REM committee, the Audit, Risk and Compliance committee and the Nomination Committee.

ASA will vote in favour of Mr George's election.

<b>Item 4</b>	<b>Grant of Performance rights to Mr Rick Francis</b>
<b>ASA Vote</b>	<b>For</b>

The MD will be granted 274,901 performance rights, which is 65% of the MD's fixed remuneration by the face value of the securities at \$2.12. The face value is the volume weighted average price in the 30 days up to 31 December 2019. These rights are for one stapled security, which do not receive a dividend and will vest, subject to performance hurdles being met, in 2, 3 and 4 years, provided the TSR over a 4 year period is achieved.

<b>Item 5</b>	<b>Change of Note Trustee</b>
<b>ASA Vote</b>	<b>For</b>

Australian Executor Trustees Ltd (AET) is the current Note Trustee and is retiring. It is proposed that Melbourne Securities Corporation Limited (MSC Trustees) be appointed as AET's successor. ASA will vote in favour of this resolution.

<b>Item 6 and 7</b>	<b>Election of Directors, Ms A. Finley and Mr G. Dover</b>
<b>ASA Vote</b>	<b>For</b>

Spark Holdings 6 is an internal company within the Group to facilitate the acquisition of Bomen Solar Farm. Ms Alexandra Finley and Mr Gerard Dover who were appointed to fill casual vacancies are standing for election.

**Ms Alexandra Finley Dip Law, MLM, MGIA, MAICD is the general Counsel and Company Secretary.**

Ms Finley has 20 years experience in infrastructure, banking and financial services, property and real estate. Her areas of speciality are corporate governance, legal, risk and compliance. She was appointed General Counsel and Company Secretary in September 2008.

**Mr Gerard Dover BSc (Hon) FCA (ICAEW). GAICD, FCT**

Chief Financial Officer appointed October 2019

Mr Dover is a chartered accountant with extensive experience with public companies especially in the power infrastructure and renewable energy area. He is a director of SAPN, VPN and alternate director of Transgrid.

ASA will vote for both these directors.

The individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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