



Even during COVID-19 we still need electricity

Company/ASX Code	Spark Infrastructure/SKI
AGM date	Thursday 27 May 2021
Time and location	11.30 AEST via online arrangements
Registry	Boardroom
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Richard McDonald assisted by Carol Limmer
Pre AGM Meeting?	Yes with Chair Dr D. McTaggart and Director Greg Martin

Please note any potential conflict as follows: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Summary of issues for meeting:

Spark Infrastructure is an infrastructure stock with steady returns in line with the regulated entity it is. Other parts of the business are unregulated which gives the opportunity to improve its performance, eg Transgrid and The Bomen Solar Farm.

Summary of ASA Position

Spark has had a good year in the COVID-19 year and has not been affected as much as many industries and as many people have worked from home domestic consumption has increased. The bushfires or 2019-20 had little impact. Spark is continuing to increase its investments in renewable aiming for \$1B of renewables by 2025.

Governance and culture:

Governance is good and under the present management is expected to stay good. During the year ASA met with the Chairman and was also invited to the CEO's results review.

Financial performance:

Underlying look through EBITDA of \$862m (up 2.3%) with distributions of 13.5cps was in line with guidance for 2021 12.5cps with 25% franking. Returns are down slightly due to a reduction in regulatory determinations. The ATO refunded SKI \$45m in tax and interest due to a win in the courts on tax treatment of gifted assets.

Key events:

Bomen Solar Farm was completed on schedule and under budget, and the company has a target of \$1B of investment in renewables by 2025. Transgrid (15% owned by SKI) is building a 900km interconnector between NSW SA and Vic.

SKI negotiated new five year regulatory agreements for SAPN (South Australia Power Network) and VPN (Victoria Power network) for 2021 providing regulatory revenue certainty.

The review of the two Victorian Power networks has now provided regulatory certainty for the next 5 years along with the South Australia network that was done recently. All determinations were favourable and will deliver Regulated Asset Base growth. The final revenue allowance is 7% above the draft determination and 3% below 2016-2020 allowance. This should enable Spark to continue with its expected distributions.

Key Board or senior management changes:

Ms Anne Brennan was appointed to the Board in June 2020 and Ms Lianne Buck was appointed on 16 April 2021.

Item 1	Remuneration Report
ASA Vote	For

The remuneration arrangements are considered quite good and ASA voted for the Remuneration Report last year. The change to the STI for 2020 was a change from issuing distribution guidance for the following year to performance gateway as look through EBITDA. Once the behavioural/values “modifier” is achieved then the Board will award the financial STI, half vesting in 12 months and the other half in 24 months.

The LTI is discussed below in item 4.

Summary

(As at FYE)		2020	2019	2018	2017
NPAT (\$m)		105.0	79.1	(96.7)	88.6
UPAT (\$m)		85.1	78.6	92.3	88.6
Share price (\$)		2.11	2.09	2.21	2.51
Dividend (cents)		13.5	15.0	16.0	15.25
TSR (%)		7.3	1.43	-5.73	11.7
EPS (cents)		6.10	4.69	-5.75	5.27
CEO total remuneration, actual (\$m)		1.844	1.993	2.258	1.997

For 2020, the CEO’s total actual remuneration was **20 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2020 data from the Australian Bureau of Statistics).

Note - For November 2020, the Full-time adult average weekly total earnings (annualised) was \$92,034.80 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, “Full-time adult average weekly total earnings”).

Item 2	Election of Ms Anne Brennan as a Director of Spark Infrastructure RE
ASA Vote	For

Summary of ASA Position

Ms Brennan is a Non Executive Director (NED) of Argo Investments Ltd, Charter Hall Group (retires on 31 May 2021) and Tabcorp Holdings Ltd as well as NSW Treasury Corporation and Rabobank New Zealand Ltd. She was formerly a NED of Metcash Ltd, Myer Holdings Ltd, Nufarm Ltd and Star Entertainment Ltd.

Ms Brennan is chair of the Audit, Risk and Compliance Committee and a member of the Nomination Committee.

Ms Brennan has extensive experience as a finance executive.

We think Ms Brennan is a very well qualified Director and ASA will vote our proxies for her.

Item 3	Election of Ms Lianne Buck as a Director of Spark Infrastructure RE
ASA Vote	For

Summary of ASA Position

Ms Buck has 20 years' experience in Australian and global infrastructure markets.

Ms Buck serves on the Boards of Australia Pacific Airports Corporation and ISPT property groups and is a specialist advisor to NSW Treasury Corporation's Management Investment Committee.

She is a member of the Audit, Risk and Compliance Committee and a member of the Nomination Committee.

With her strong background in infrastructure we feel Ms Buck will be a strong addition to the Board and we will be voting our proxies for her.

Item 4	Grant of Performance Rights to Mr Rick Francis
ASA Vote	For

Summary of ASA Position

It is proposed that the MD be granted 274,901 performance rights for his LTI for 2021. It is calculated by an amount equivalent to 65% of the MD's fixed remuneration \$582,790 divided by the face value (\$2.12) the VWAP in the 30 days up to and including 31 December 2020. It is a 4 year plan, 50% based on TSR over the 4 year period; 25% Standalone Operating Cash Flow before Tax and 25% Look-through Operating Cash Flow.

The MD was granted a 2% increase to Fixed Remuneration.

Remuneration framework detail

CEO Remuneration Framework

2021	Max. Opportunity \$m	% of Total
Fixed Remuneration	.915	38
*STI – Cash	.458	19
*STI – Equity	.458	19
LTI	.595	24
Total	2.426	100

Item 5 and 6	Election of Ms Jennifer Faulkner and Mr Anthony Marriner as Directors of Spark Holdings 6
ASA Vote	For

Ms Faulkner LLB (Hons), FGIA, FCG is head of Legal and Company Secretary has 20 years' experience in energy and infrastructure. She has been Head of Legal since 2019 and is a Fellow of the Governance Institute of Australia and a Fellow of the Chartered Governance Institute.

ASA will vote our proxies for Ms Faulkner.

Mr Anthony Marriner BCom, PGDA, CA (SA) has 20 years' experience in investment banking with the last 10 years focus on energy and utilities. He joined Spark in 2012.

ASA will vote our proxies for Mr Marriner.

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