



Delivering future energy and future profit?

Company/ASX Code	Spark Infrastructure (SKI)
AGM date	Friday 24 May 2019
Time and location	11.30am at Radisson Blu Plaza Hotel, 27 O'Connell St, Sydney
Registry	Boardroom Pty Ltd
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 Doug McTaggart and director Ann McDonald

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

With all the political noise about energy, Spark has shown a good return at the operating level with earnings before interest tax depreciation and amortisation (EBITDA) up 4.7%, however due to a recent tax decision, an impairment charge of \$189m tax effective for future impairments to SA Power Networks (SAPN) produced a net loss of \$96.7m for the 2018 year.

Governance and culture

Spark has a good culture and governance is very good.

Financial performance

2018 was a challenging year in an uncertain environment with net profit after tax (NPAT) \$92.3m and a dividend of 16c per share up 4.7% from 2017. However due to losing a tax case to the ATO there is a tax impairments at SAPN there was a loss for the year. The directors are satisfied that the carrying value of VPN and Transgrid were not impaired at 2018. The case is being appealed.

As discussed with the Chair, Spark is looking for value acquisitions and will purchase when the opportunity arises such as the recent move to acquire the 120MW Bomen Solar Farm in NSW.

Summary

(As at FYE)	2018	2017	2016	2015
NPAT (\$m)	(96.7)	88.6	81.1	88
UPAT (\$m)	270.5*	88.6	81.1	120
Share price (\$)	2.21	2.51	2.38	1.92
Dividend (cents)	16.0	15.25	14.5	12
TSR (%)	-5.73	11.7	30.9	-3.3
EPS (cents)	-5.75	5.27	4.82	5.95
CEO total remuneration, actual (\$m)	2.258	1.997	1.49	1.70

*Profit before loan interest and tax expenses

For 2018, the CEO's total actual remuneration was **26.1 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2018 data from the Australian Bureau of Statistics).

Item 1	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The MDs short term incentive (STI) can be up to 100% of fixed annual remuneration (FAR), with 50% paid in cash and 50% rights vesting over 2 years. Performance is assessed against 60% financial and 40 % non-financial measures with the STI being awarded if the distribution guidance is met. This year the STI was awarded at 66% of FAR, and with 67% financial and 65% non-financial measures being met.

Maximum long-term incentive (LTI) is 65% of FAR, vesting over 4 years with performance measures 50% total shareholder return (TSR) (risk adjusted) and 25% each standalone operating cash flow (OCF) and look through OCF. LTI rights are allocated using face value of the shares to calculate the number of rights to be issued.

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

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

Item 2	Re-election of Dr Doug McTaggart as a Director of Spark Infrastructure RE and each of Spark Holdings 1, Spark Holdings 2, Spark Holdings 3 and Spark Holdings 4
ASA Vote	For

Summary of ASA Position

Dr McTaggart is a director of Suncorp and has been Chair and a Director since 2015. He is a member of the remuneration committee. Previously Doug was CEO of Queensland Investment Corporation and has had an extensive career in Treasury and academia. The ASA will be voting for Dr McTaggart.

Item 3	Re-election of Mr Andrew Fay as a Director of Spark Infrastructure RE and each of Spark Holdings 1, Spark Holdings 2, Spark Holdings 3 and Spark Holdings 4
ASA Vote	For

Summary of ASA Position

Mr Fay has been a director since 2010 and has extensive experience in the financial services industry. He is a director of two other public companies, Cromwell Property Group and Pental. ASA will be voting for Mr Fay.

Item 4-6	Election of directors to Spark Holdings No 6 Pty Ltd
ASA Vote	For

Spark Holdings 6 was incorporated on 11 April 2019 as a subsidiary of Spark Holdings 1.

Item 4: Election of Mr Richard (Rick) Francis BCom MBA CA

Mr Francis is the CEO of Spark Infrastructure. ASA will vote for the resolution.

Item 5. Election of Mr Nicholas Schiffer BCom LLB CPA MTax GAICD

Mr Schiffer has been the CFO of Spark Infrastructure since 2017. Mr Schiffer is a director of Victoria Power Networks and SA Power Networks. He is also a member of the Audit Committees and Risk Management and Compliance Committees for each of the Victoria Power Networks, SA Power Networks and TransGrid. ASA will vote for the resolution.

Item 6. Election of Mr James Millar LLB (Hons) CA CTA.

Mr Millar has been senior Tax Counsel at Spark Infrastructure since 2017 and sits on the board of TransGrid Asset Holdings Trust. Mr Millar is a Chartered Accountant as well as a Chartered Tax Advisor. ASA will vote for the resolution.

Item 7	Grant of Performance rights to Mr Rick Francis
ASA Vote	For

Mr Francis will be granted 247,338 performance rights in 2019. This is calculated by dividing \$571,350 (65% of his fixed remuneration) by \$2.31 the volume weighted average price of the securities in the 30 trading days prior to 31 December 2018. The performance rights will vest after 4 years subject to the performance hurdles described above.

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

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