

# SGSPAA INVESTOR UPDATE

July 2019



**SGSP** AUSTRALIA  
ASSETS



**Frank Tudor**  
*Managing Director*



**David Gillespie**  
*Chief Financial Officer*



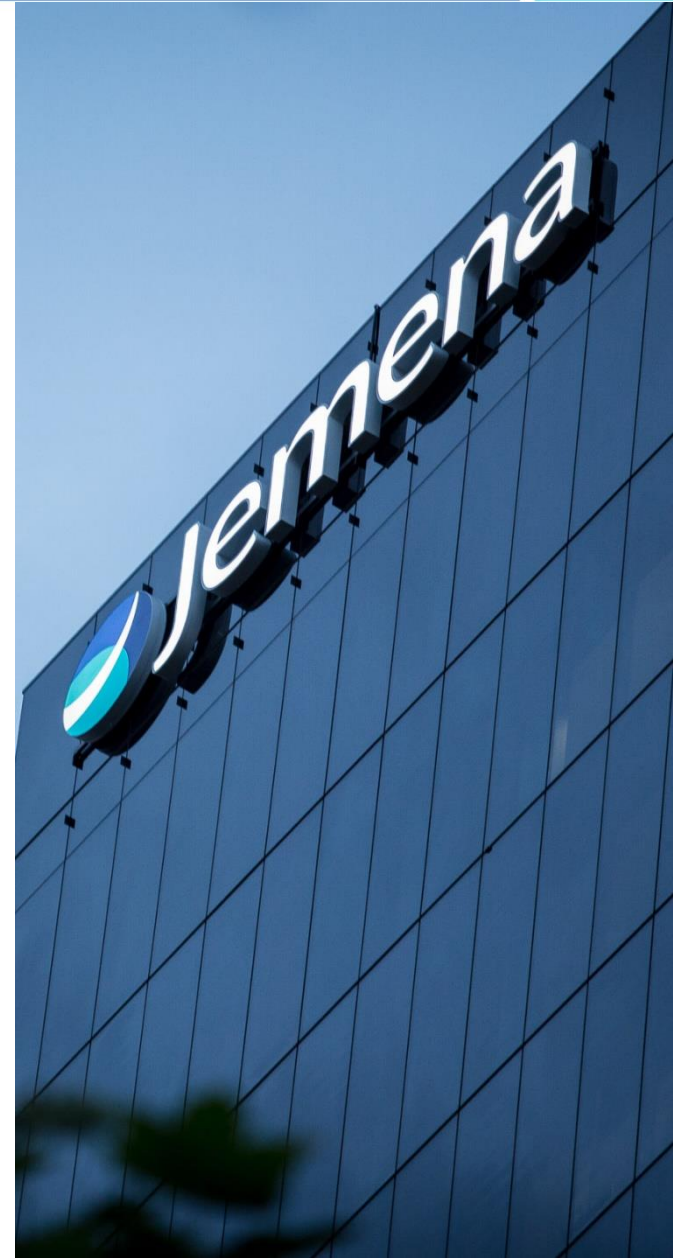
**Luis Castillo-Melendez**  
*GM Corporate Finance*

## SGSPAA Business Overview

Investment Strengths

Financial Overview

Programme Details



# A long Australian History

1837

The company now known as Jemena Limited is incorporated by an Act of the Parliament of New South Wales. Back then it was known as The Australian Gas Light Company. It was formed as a business venture by private citizens, to produce "town gas" from coal gasification. The main use for the gas at that time was in the gas street lamps that were installed on the main streets in the (very small) Sydney CBD.

1918

Establishment of the Victorian Electricity Commissioners by the Victorian State Government. The Commissioners were the forerunner of the State Electricity Commission of Victoria (SECV) and, much later, Jemena Electricity Networks (JEN) and the other four Victorian electricity distribution businesses. The Electricity Commissioners were responsible for generation and distribution of electricity throughout the State of Victoria.

1993-4

Disaggregation of the SECV into generation, transmission and distribution companies, which are then further split and then privatised. SECV's electricity distribution business was privatised in 1994, with the network divided into five network areas, operated by five separate companies. One of these, is now known as Jemena Electricity Networks (Vic) Limited



	2003	2004	2006	2007	2008	2009	2014	2019
Ownership	Alinta ASX Listed		Singapore Power (SP) 100% Ownership			SGCC 60% / SP 40% Ownership		

Transactions	Aquila-AMP Capital acquisition	Duke Energy acquisition	Alinta-AGL merger	SP acquires 100% of the business	Aquanet	Colongra	State Grid of China Corporation (SGCC) acquires 60% of the business	Northern Gas Pipeline (NGP), Darling Downs Pipeline System (DDP), Atlas and Roma Projects with Senex
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Build up of Jemena asset portfolio	34% UED Zinfra	EGP QGP VicHub	Jemena Gas Network (NSW) Jemena Electricity Network (VIC) ActewAGL JV (ACT)	Acquired Alinta-AGL demerged Portfolio	Rosehill Recycled Water Scheme	Gas Transmission & Storage Facility	Alignment of long term ownership in support of a growing portfolio	Linking Tennant Creek in the NT to Mt Isa in QLD. Acquired Darling Downs Pipeline System Additional Investments in Pipeline and processing facilities in Queensland
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**Well Diversified Business**  
Business is well diversified in geography, fuel and markets.

**Strong Management & Shareholders**  
State Grid of China Corporation (SGCC) is the largest utility in the world. Singapore Power (SP) is a leading energy utility company in the Asia pacific region.

**Long Life Assets with Strong Track Record**  
Well maintained long life assets with a strong performance and continuous reliability track record.



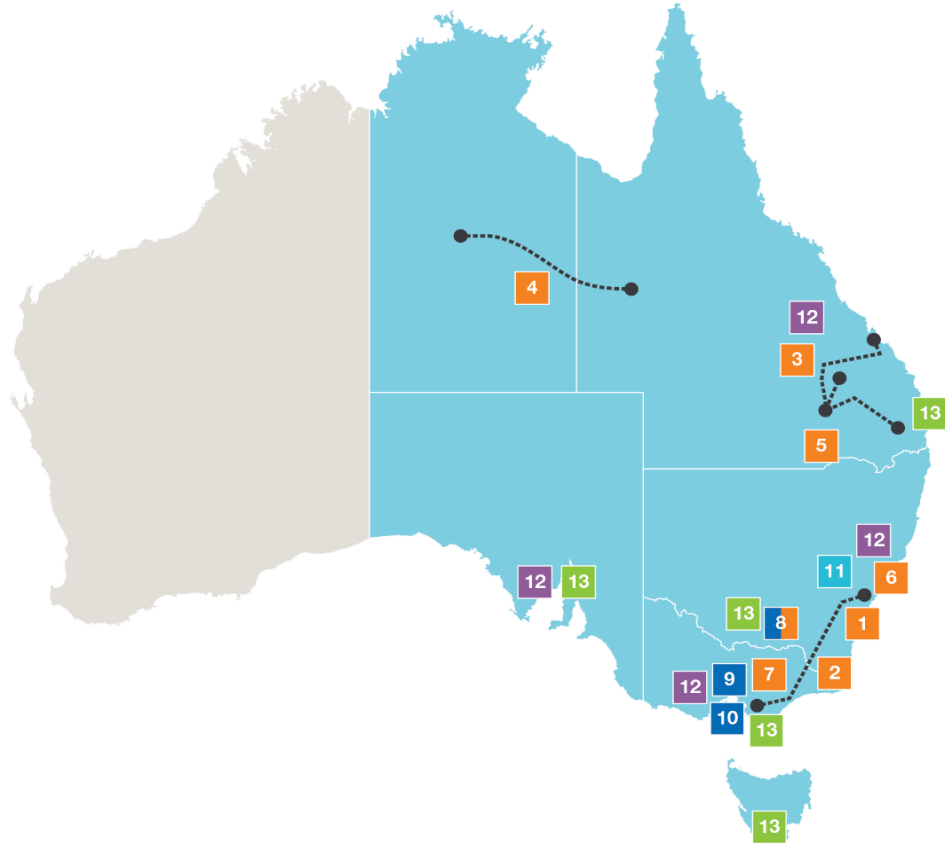
**Established Regulatory Regime**  
Transparent and well established economic regulatory regime.

**Predictable & Stable Cashflows**  
100% of CY18 EBITDA from regulated networks and contracted pipeline revenues.

**Investment Grade Credit Ratings**  
SGSPAA credit ratings of A3 (stable) / A- (stable) is supported by a strong internal policy frame work.

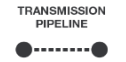
# SGSPAA Broad Geographic Footprint

With more than \$11 billion worth of major utility infrastructure, we supply millions of households and businesses with essential services every day.



### Gas

- 1 Jemena Gas Network
- 2 Eastern Gas Pipeline
- 3 Queensland Gas Pipeline
- 4 Northern Gas Pipeline
- 5 Darling Downs Pipelines
- 6 Colongra Gas Transmission and Storage Pipeline
- 7 VicHub
- 8 ActewAGL Distribution Partnership (50%)



### Electricity

- 8 ActewAGL Distribution Partnership (50%)
- 9 Jemena Electricity Network
- 10 United Energy Distribution (34%)

### Other businesses

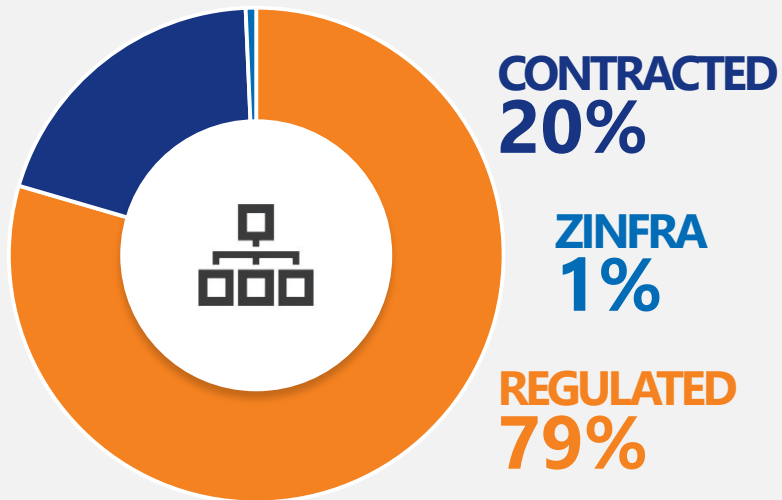
- 11 Rosehill Recycled Water
- 12 Ovida

### Service business

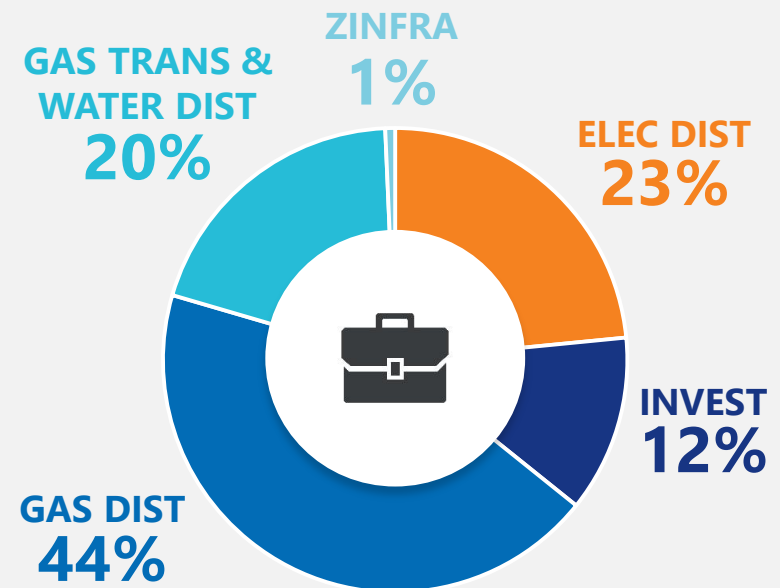
- 13 Zinfra

Regulated, Contracted & Network Services Business in Victoria, New South Wales, Queensland, Northern Territory, South Australia, Tasmania & Australian Capital Territory

### EBITDA Contribution by Type

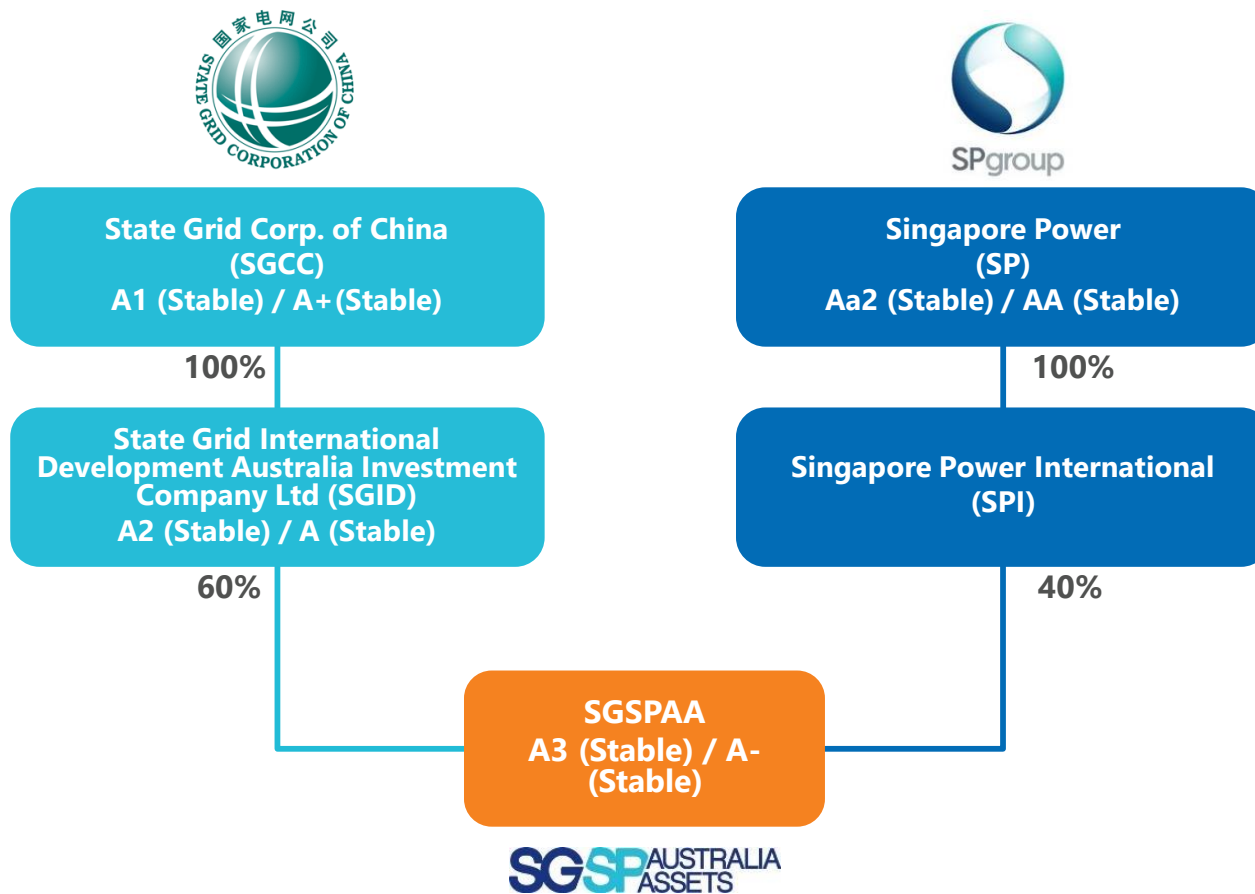


### EBITDA Contribution by Segment



Predictable cashflows from predominately regulated and contracted business

# Ownership

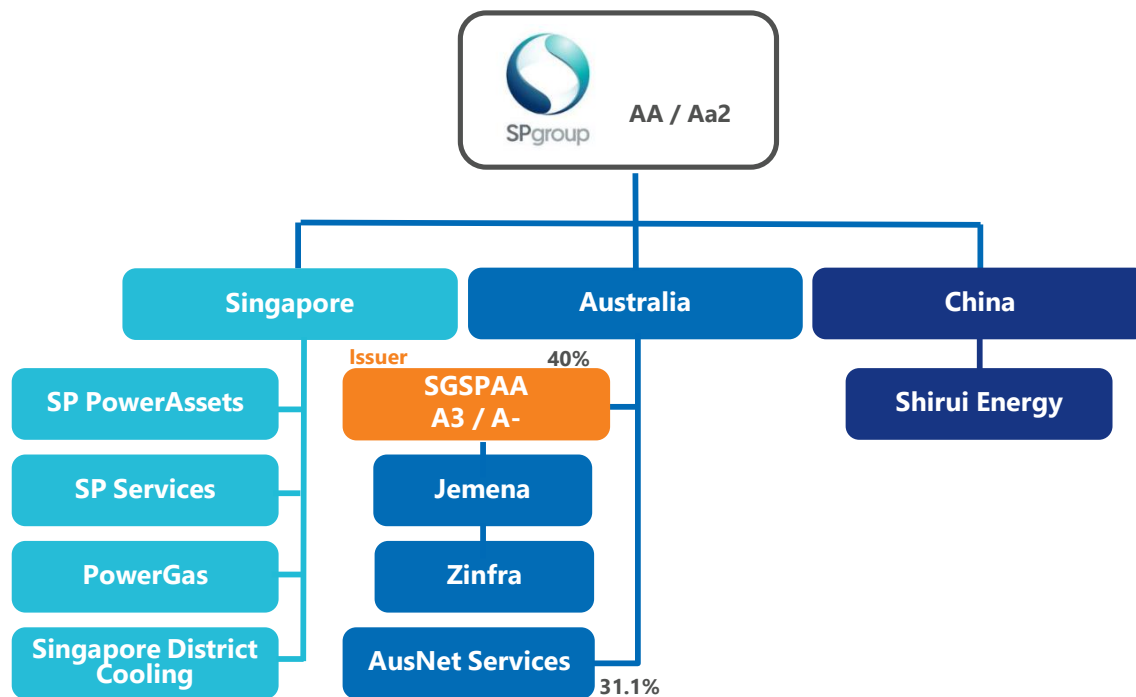


SGCC is the largest utility in the World and the SP Group is a leading energy utilities company in Asia Pacific and one of Singapore's largest corporations.

# SGCC International Presence



# Singapore Power Group





### Grow our portfolio:

- Diversified portfolio across five markets
- Develop and execute a portfolio of opportunity / initiatives



### Be a world-class energy asset owner, operator and service provider:

- Optimise and continually improve operations
- Continue to be a trusted partner



### Adapt and influence the evolving energy industry:

- Adapt to play a key role in a lower carbon future
- Bring best practice to Australia



### Electricity Markets

- Progress in selected B2B, renewables, storage and microgrids



### Gas Markets

- Enhance transmission network coverage to support key customers and unlock serviceable markets



### Services & Projects

- Win in services with
  - innovation
  - efficiency
  - digital and
  - safety



### Electricity Distribution

- Drive competitiveness through continuous improvements
- Prepare for the grid of the future



### Gas Distribution

- Drive competitiveness through ongoing continuous improvements
- Innovate to prepare for a low carbon future



### Digital



### Corporate Affairs



### Finance



### People, Safety & Legal



### Health & Safety



### Customer Focus



### Teamwork



### Accountability



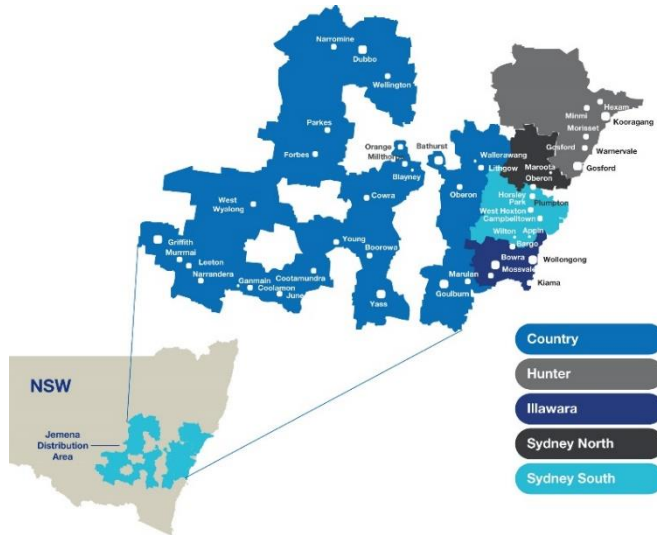
### Excellence

# Regulated Assets

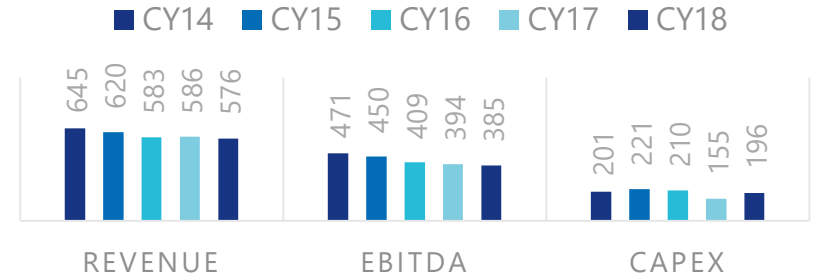


## Operational Review

- Asset type: Regulated
- Approx. RAB: A\$3.3B as at 31 Dec 18
- Length of mains: approx. 25,000kms
- Stable customer growth
- Over 1.4 million customer connections as at 31 Dec 18
- Access arrangement from Jul 15 to Jun 20
  - Forecast RAB growth of 3.7% p.a.



## Financial Highlights (A\$M)



## EBITDA Contribution

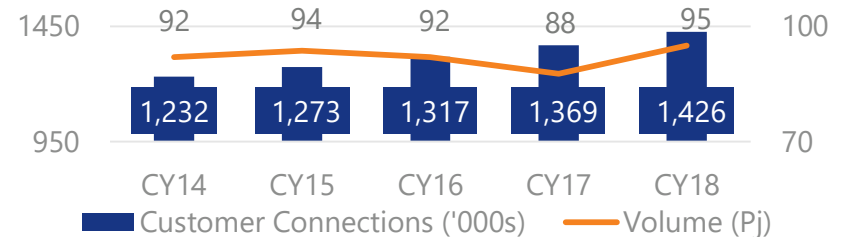
EBITDA MARGIN  
**67%**

REST OF GROUP  
**56%**



JGN  
**44%**

## Volumes & Customer Connections





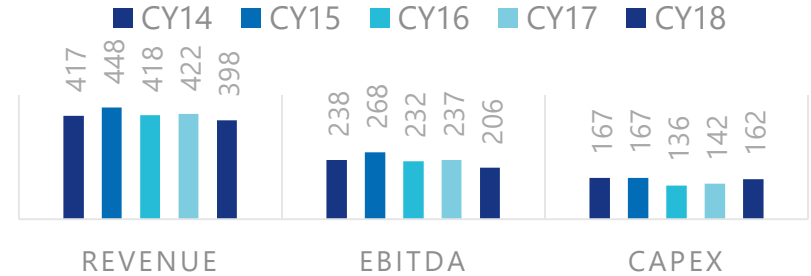
# Jemena Electricity Network (JEN)

## Operational Review

- Asset type: Regulated
- Approx. RAB: A\$1.5B<sup>1</sup> as at 31 Dec 18
- Circuit length: approx. 6,300kms
- 1 of 5 licensed electricity distribution networks in VIC
- Over 344,000 customers as at 31 Dec 18
- Regulatory period from Jan 16 to Dec 20
  - Forecast RAB growth of 6.6% p.a.



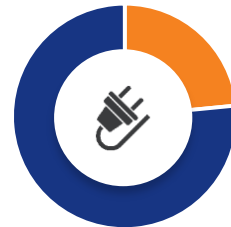
## Financial Highlights (A\$M)



## EBITDA Contribution

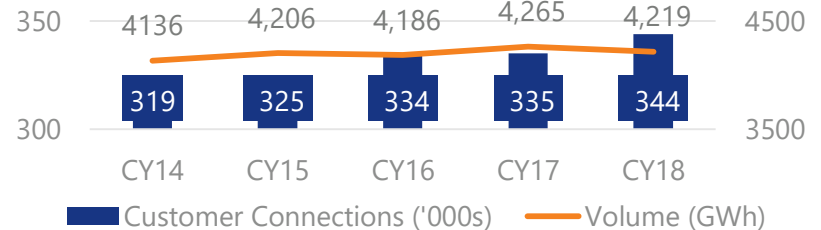
EBITDA MARGIN  
**52%**

REST OF GROUP  
**77%**



JEN  
**23%**

## Volumes & Customer Connections



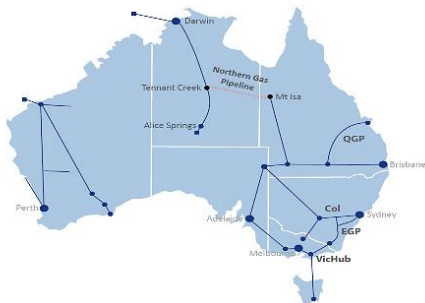
Notes:  
1. RAB includes AMI RAB of circa A\$0.1B as at 31 Dec 18.

# Jemena Gas Pipelines

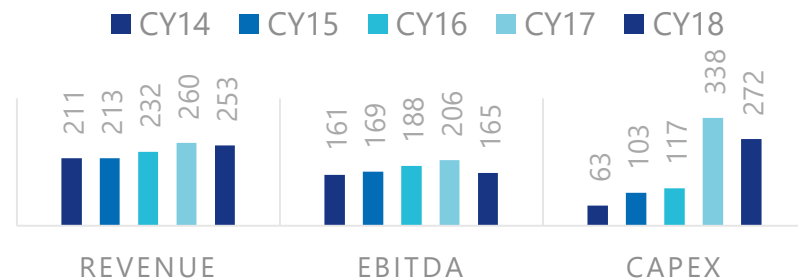


## Operational Review

- Asset type: Contracted
- **Eastern Gas Pipeline (EGP)** – 797 kilometres, 130 PJ pipeline into Sydney
- **Queensland Gas Pipeline (QGP)** – 627 kilometres, 55 PJ pipeline into growing industrial hub in Queensland
- **VicHub** connects pipelines that feed into Sydney, Melbourne and Tasmania
- **Colongra (Col) Pipeline** – 9 kilometres, delivers gas to Snowy Hydro’s gas turbine facility on the Central Coast of NSW
- **Northern Gas Pipeline (NGP)** – 623 kilometres. The pipeline links Northern Australia’s gas fields to the east coast gas market.
- **Darling Downs Pipeline Network (DDPN)** – Acquired by the Group in Jun 17. 292 kilometres gas transmission pipelines in South East Queensland



## Financial Highlights (A\$M)



## EBITDA Contribution

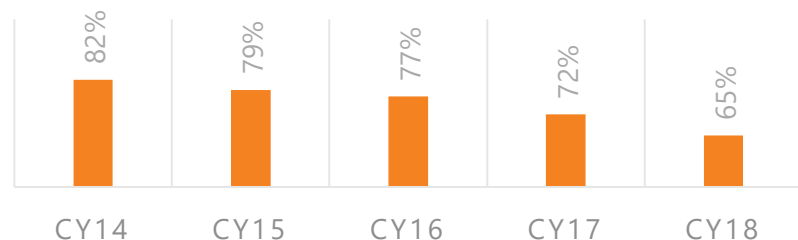
EBITDA MARGIN  
**65%**

REST OF GROUP  
**81%**



GAS PIPELINES  
**19%**

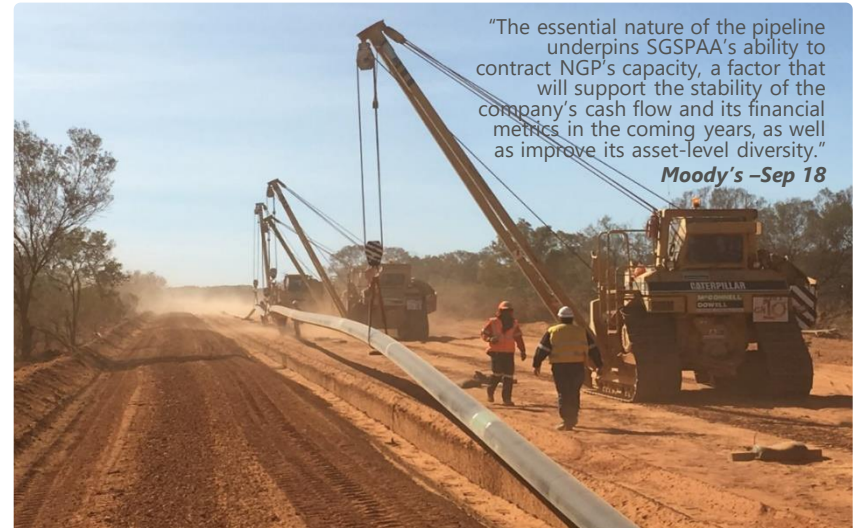
## EBITDA Margin



# Northern Gas Pipeline (NGP)

## Overview

- The 623km pipeline links the Northern Territory's Amadeus pipeline to Queensland's Carpentaria pipeline between Tennant Creek and Mount Isa.
- Commercial operation of the pipeline was successfully achieved on the 3<sup>rd</sup> of January 2019.
- The total contracted volume on the NGP as at commencement of operations was above 80% of its total available capacity in year one of its operations.



"The essential nature of the pipeline underpins SGSPAA's ability to contract NGP's capacity, a factor that will support the stability of the company's cash flow and its financial metrics in the coming years, as well as improve its asset-level diversity."

*Moody's - Sep 18*



# Asset Investments



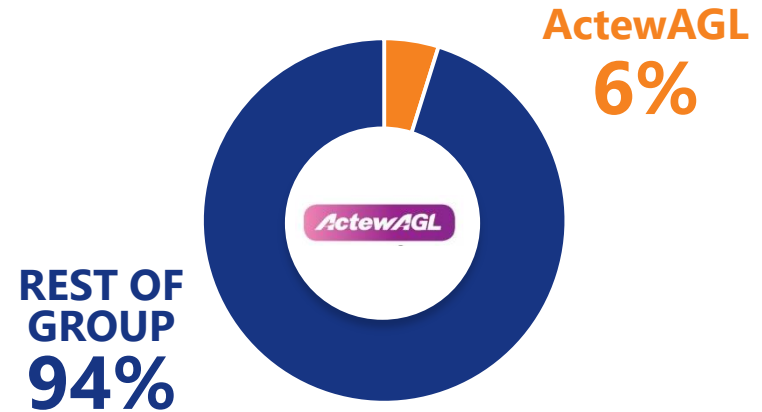
# ActewAGL Distribution Partnership (AAD) (50%)

## Operational Review

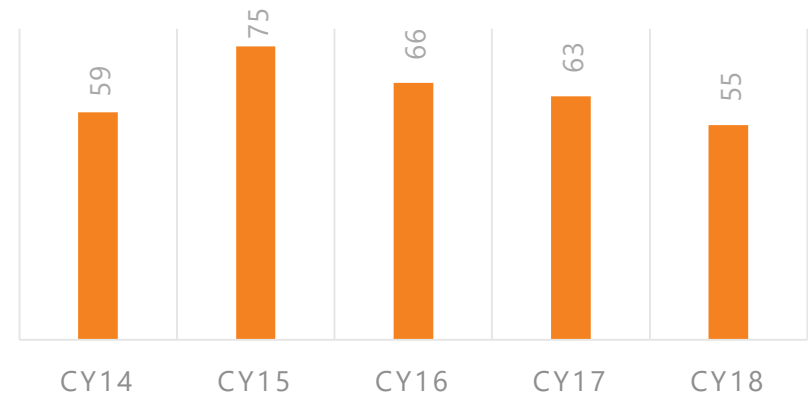
- Asset type: Regulated
- AAD regulated business now operates under the brand Evoenergy due to recent ring-fencing guidelines that came into effect in 2018
- Electricity and gas distributor: Delivers electricity and gas to a total of approx. 346,000 customers in ACT & NSW
- Partnership with Icon Water Limited, an ACT government owned company with assets and investments in water, wastewater, electricity, gas and telecommunications
- Regulatory reset periods from Jul 19 to Jun 24 (electricity) and Jul 16 to Jun 21 (gas)



## EBITDA Contribution



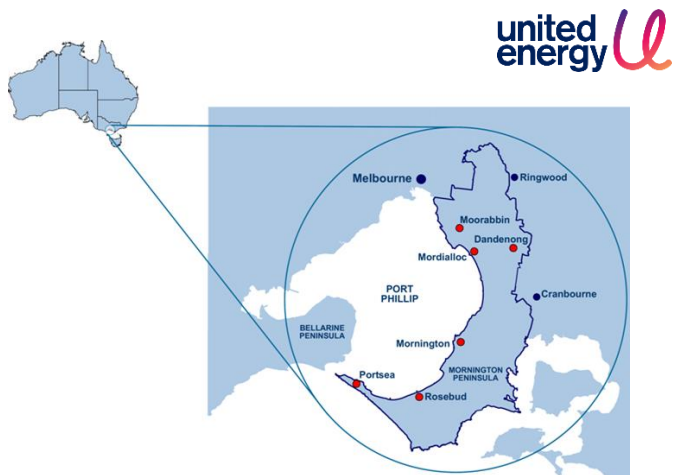
## Historical EBITDA (A\$M)



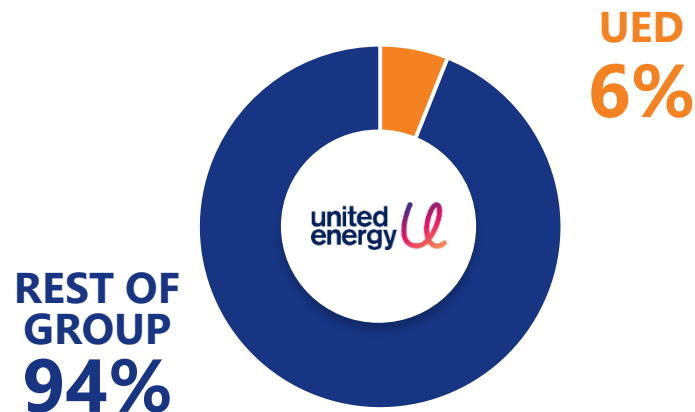
# United Energy Distribution (UED) (34%)

## Operational Review

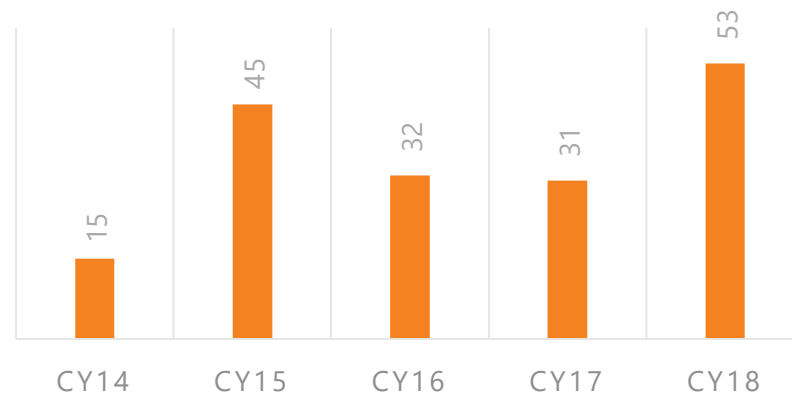
- Asset type: Regulated
- Approx. RAB: A\$2.47B as at 31 Dec 18
- Electricity distributor: Delivers electricity to over 680,000 customers in VIC
- Line length: approx. 13,000kms
- Regulatory reset period from Jan 16 to Dec 20
- Partnership with CK Infrastructure-led consortium which holds 66% of United Energy



## EBITDA Contribution



## Historical EBITDA (A\$M)



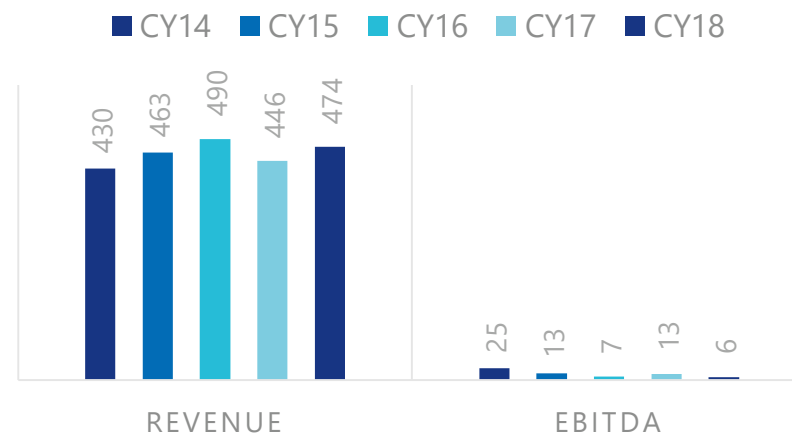
# Zinfra Group



## Operational Review

- Asset type: Contracted / Competitive services business
- Zinfra has developed a substantial operational presence across Australia targeting the outsourcing of construction and maintenance activities by utilities and adjacent markets
- Generating value through optimising the contracting portfolio in alignment with existing capabilities
- Services provided include engineering, design, maintenance, testing and commissioning, network operational services, construction and service integration
- Targeting to be a centre of excellence in field delivery innovation, particularly through digital excellence, to expand and maintain service contracts

## Financial Highlights

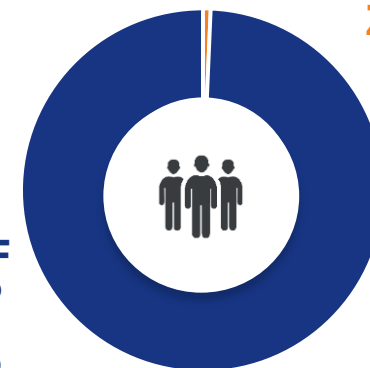


## EBITDA Contribution

**EBITDA MARGIN**  
**1%**

**ZINFRA**  
**1%**

**REST OF GROUP**  
**99%**



SGSPAA Business Overview

**Investment Strengths**

Financial Overview

Programme Details



State  
Grid  
Corp. of  
China  
(60%)

**A+ (Stable) /  
A1 (Stable)**

- Largest power grid constructor and operator in the world
- Transmission and distribution network covers 88% of the geographical area of China and servicing over 1.1B population
- Ranked 2<sup>nd</sup> in the Fortune Global 500 in 2018
- Global footprints in overseas utility investment as long-term strategic investor

**AA (Stable) /  
Aa2 (Stable)**

Singapore  
Power  
(40%)

- A leading energy utility company in the Asia Pacific region
- Owns and operates electricity and gas transmission and distribution businesses in Singapore and Australia
- Strong financial profile

**Shareholders are leading owners and operators of utility infrastructure globally**

## MOODY'S

“

SGSPAA's fundamental credit profile benefits from its stable cashflow that is predominantly generated from its diversified portfolio of low risk gas and electricity infrastructure assets.

- *Moody's Credit Opinion, 7 August 2018*

**A3**

(Stable)

## STANDARD & POOR'S

“

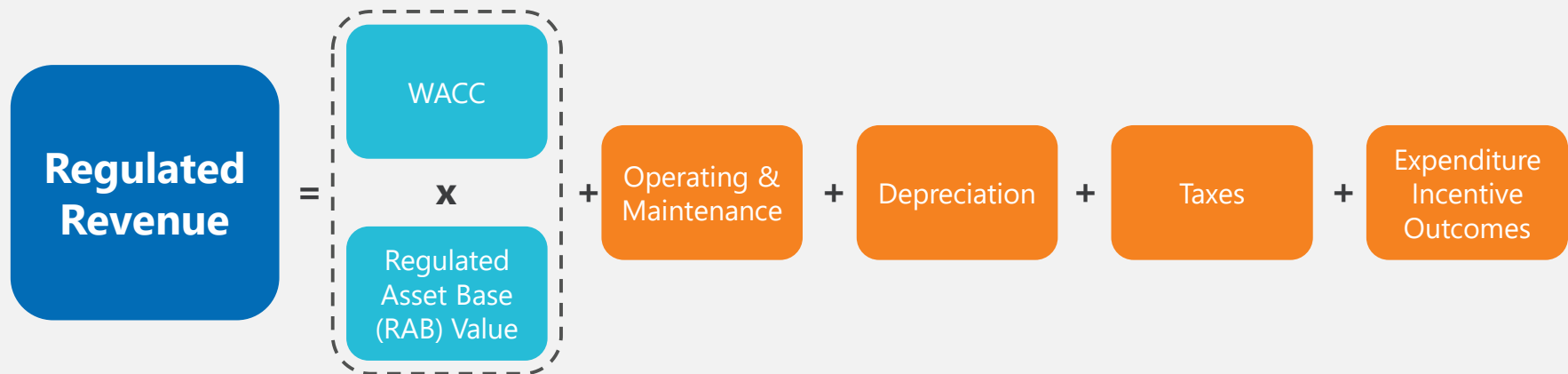
Diverse portfolio of regulated and contracted utility assets that forms majority of the cash flows. Monopoly in electricity and gas distribution businesses in its service area.

- *S&P Ratings Direct, 11 January 2018*

**A-**

(Stable)

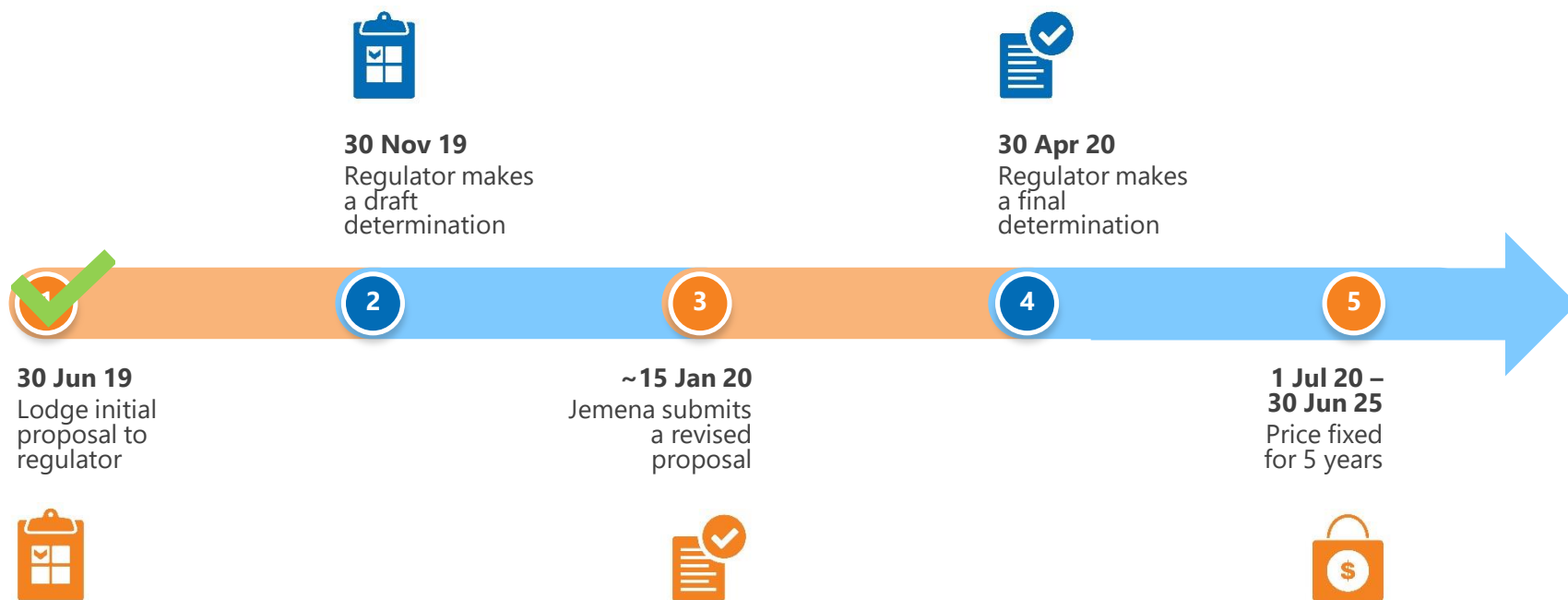
Management targets investment credit rating



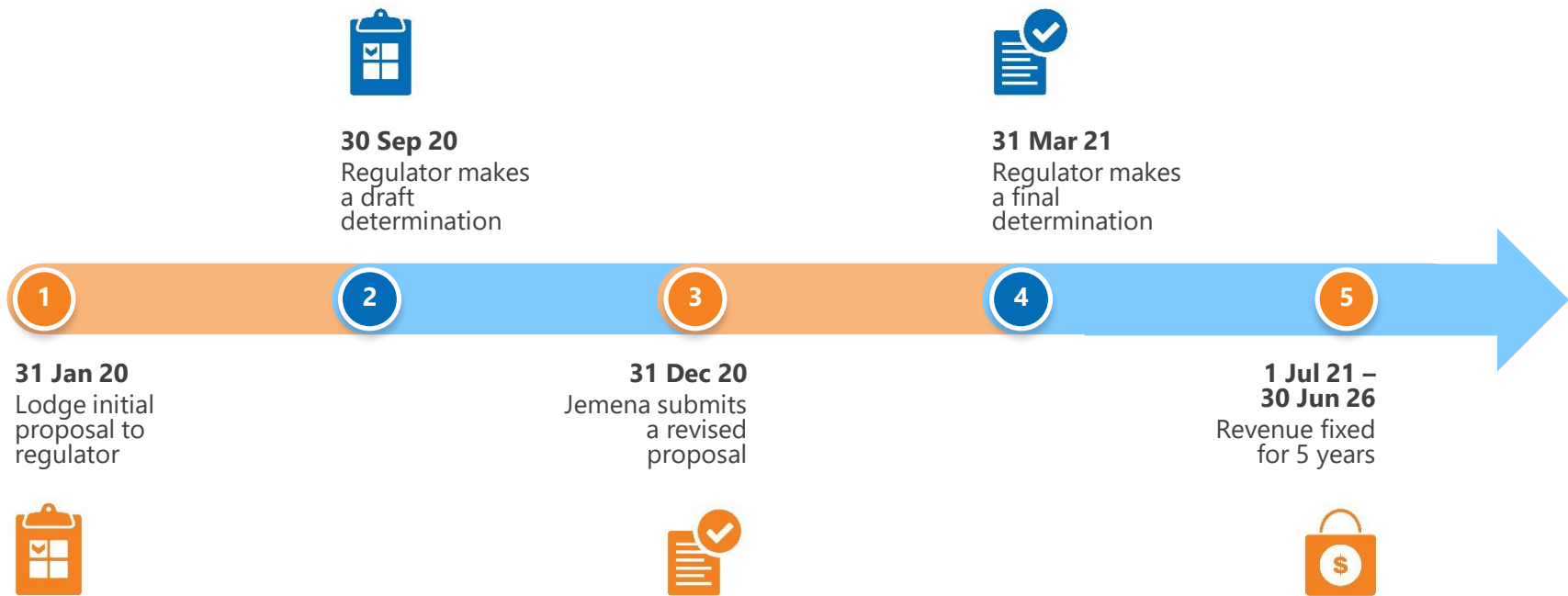
- Opportunity to earn higher returns through capital and operating efficiencies
- Provides high degree of certainty – Tariff largely “locked-in” for 5 years
- RAB is indexed to inflation – natural hedge against CPI
- Volume risk/opportunity borne by Jemena for gas distribution. No volume risk for electricity distribution
- Cost of debt transitioning to 10 year trailing average

**Established and transparent regulatory regime**

# Gas Distribution – Access Arrangement



Jemena must seek approval from the Australian Energy Regulator for the prices it can charge over an access arrangement period



**Jemena must seek approval from the Australian Energy Regulator for the revenue it can collect over a price reset period**

SGSPAA Business Overview

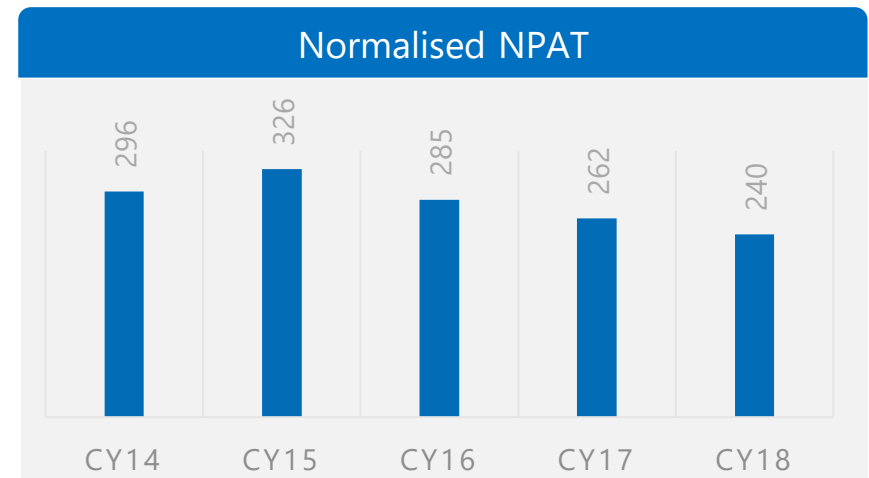
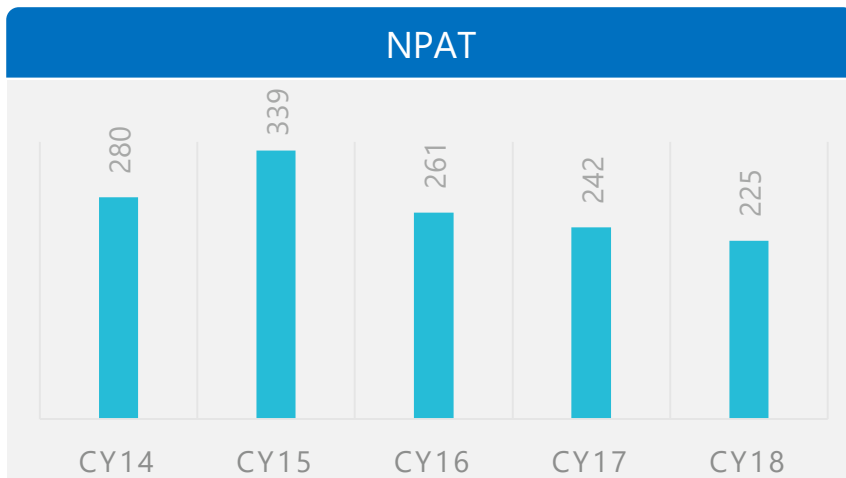
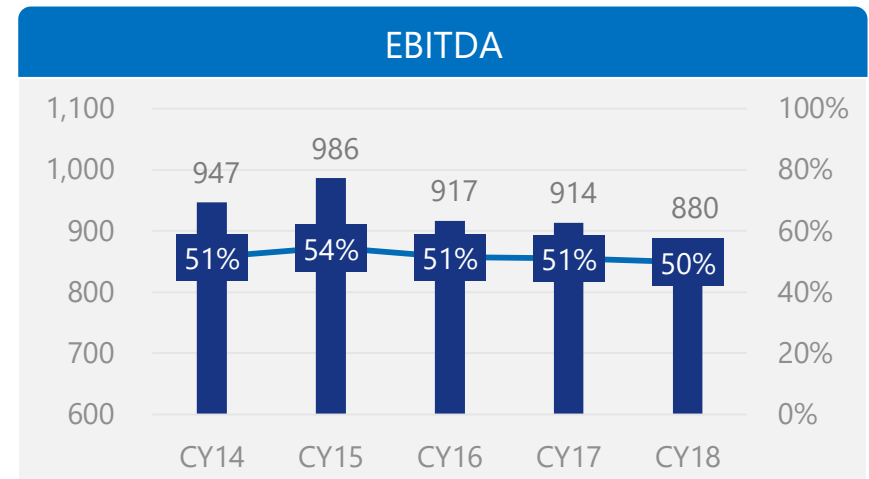
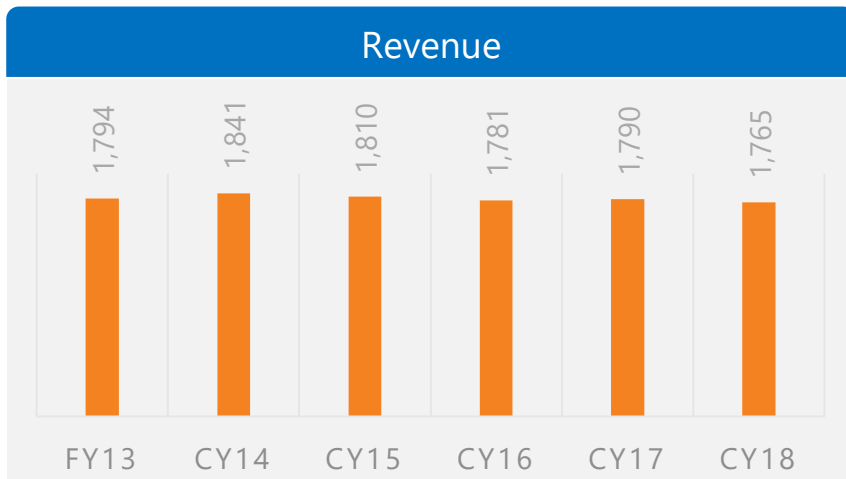
Investment Strengths

**Financial Overview**

Programme Details

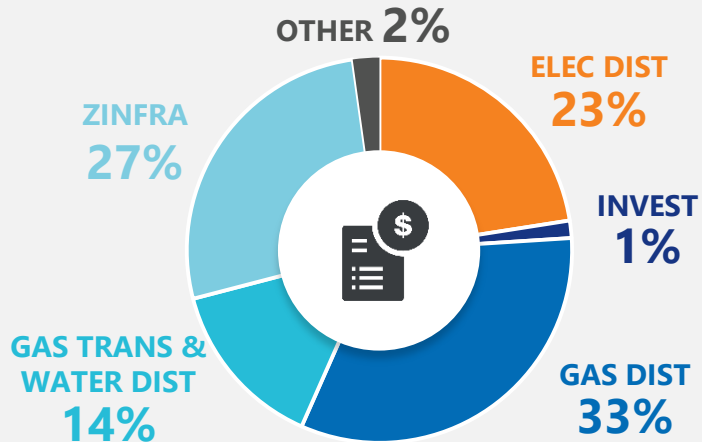


# Performance Summary (A\$M)

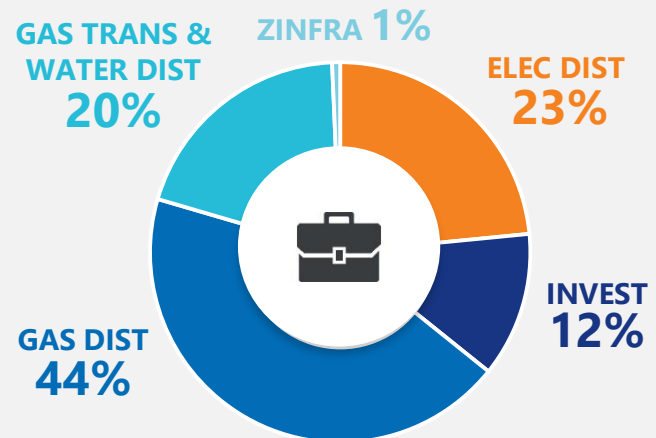


# CY18 Consolidated Performance

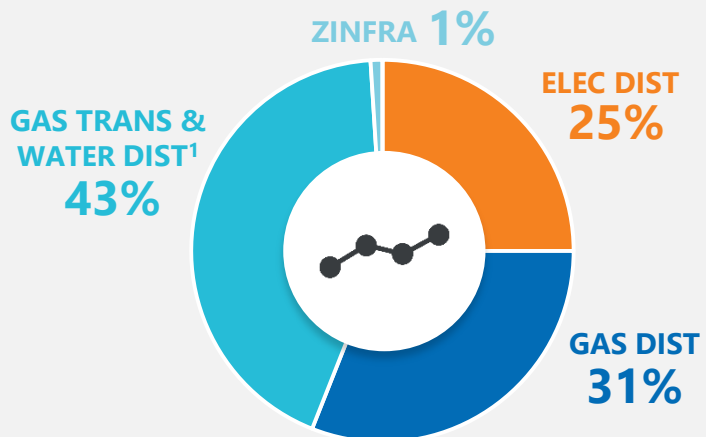
Revenue A\$1,765M



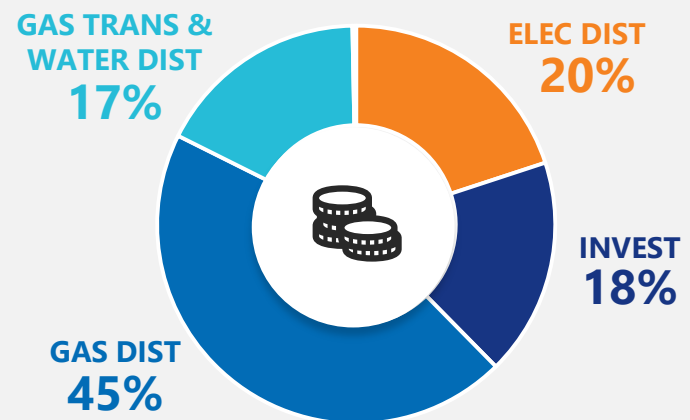
EBITDA A\$880M



CAPEX A\$637M

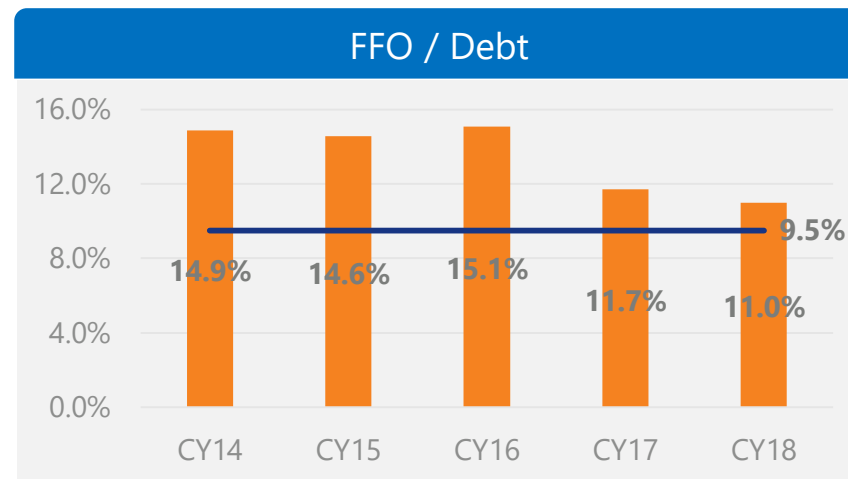
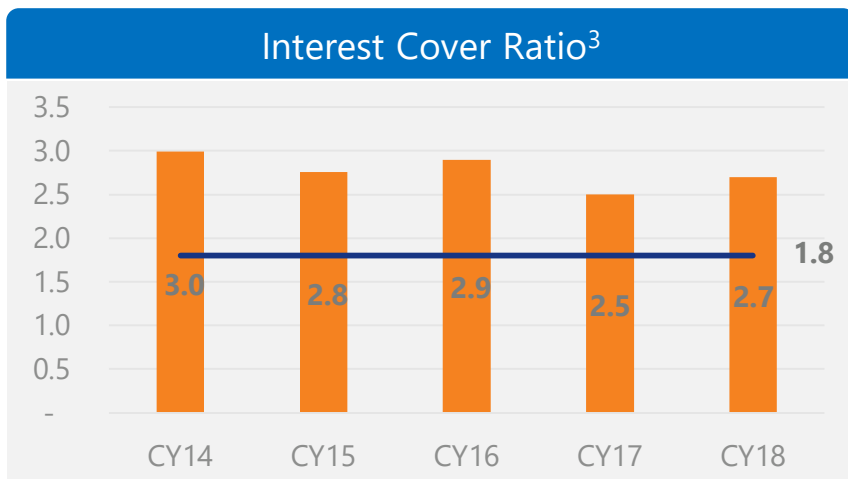
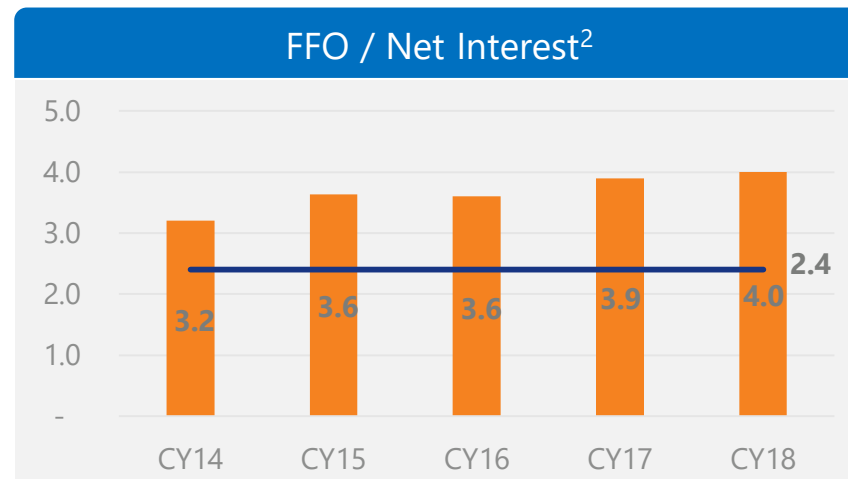
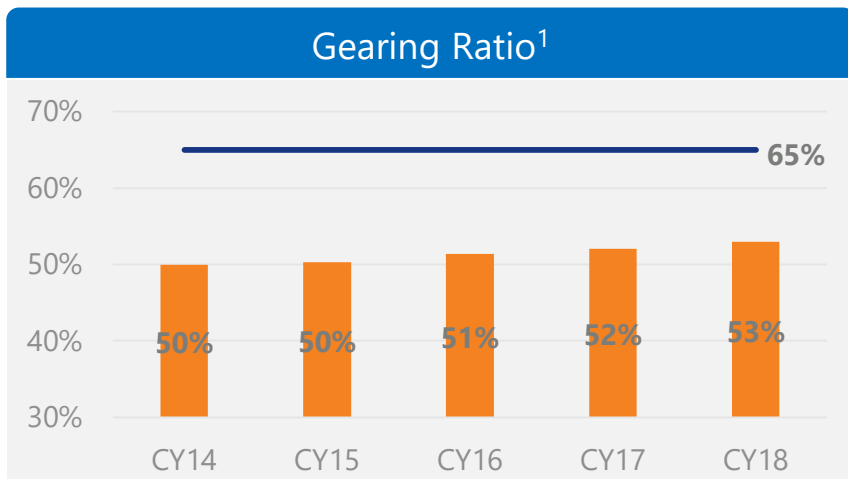


EBIT A\$610M



Notes:  
1. This includes CAPEX for NGP build.

# Historical Credit Metrics against Internal Threshold

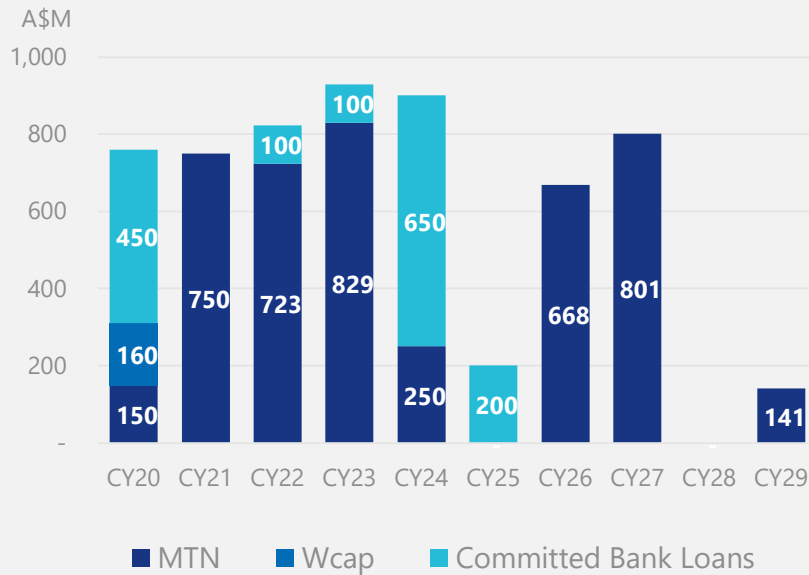


**Board approved Distribution Policy set to maintain stand alone BBB+ credit metrics**

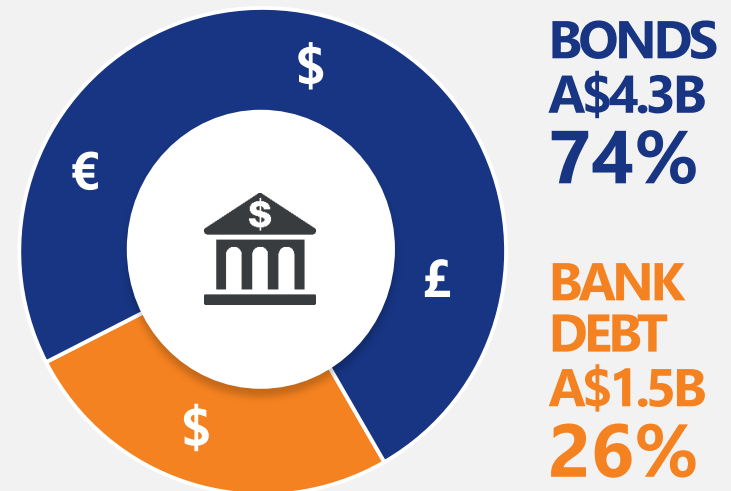
Notes:

1. Convertible instruments treated as equity for gearing purpose.
2. FFO adds back the interest payments (excluding interest for convertible instruments).
3. ICR doesn't add back the interest payments.

## Facility Maturity by Calendar Year<sup>1</sup>



## Capital vs Debt Facility



**Well diversified funding sources and maturity profile**

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# Medium Term Note Programme

## Issuer

SGSP (Australia) Assets Pty Limited  
(Formerly known as SPI (Australia) Assets Pty Limited)

## Issuer Rating

**Moody's:** A3 (Stable)  
**Standard & Poor's:** A- (Stable)

## Programme Size

USD 5,000,000,000

## Trustee

Citicorp Investment Bank (Singapore) Limited

## Listing

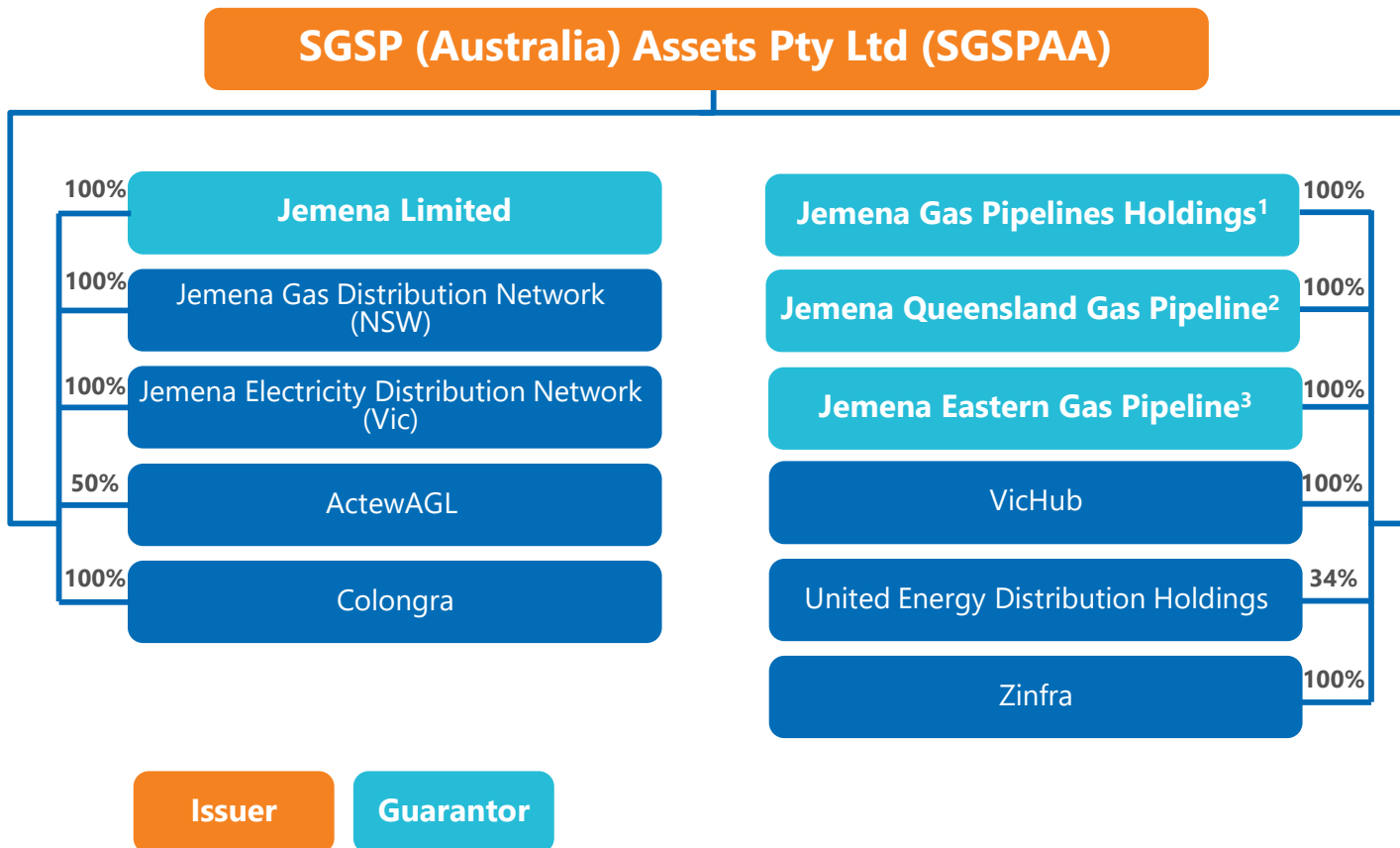
Singapore (SGX)

## Governing Law

English Law (Australian Law for AMTNs)

## Guarantors

- Jemena Limited
- Jemena Gas Pipelines Holding Pty Limited
- Jemena Eastern Gas Pipeline (1) Pty Limited
- Jemena Eastern Gas Pipeline (2) Pty Limited
- Jemena Queensland Gas Pipeline (1) Pty Limited
- Jemena Queensland Gas Pipeline (2) Pty Limited

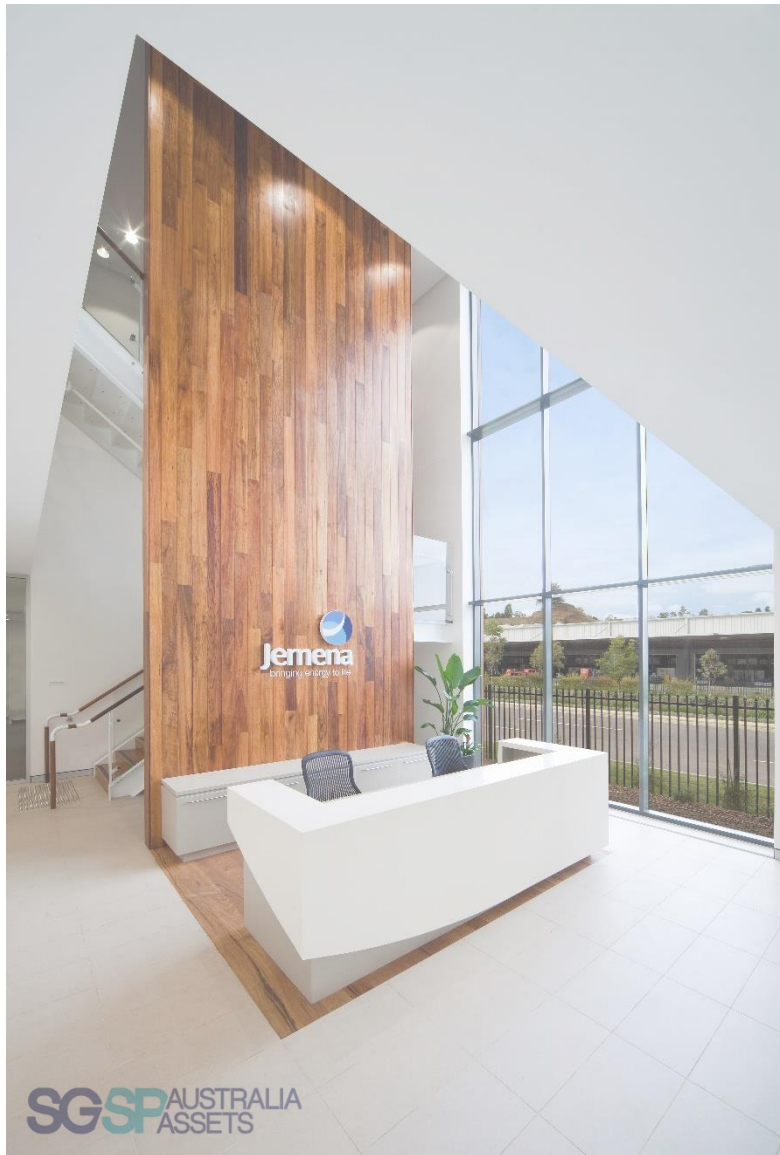


**Total assets of the Guarantors are no less than 90% of the total SGSPAA group assets**

Notes:

1. Jemena Darling Downs Pipelines (1) Pty Ltd, Jemena Darling Downs Pipelines (2) Pty Ltd, Jemena Darling Downs Pipelines (3) Pty Ltd, Jemena Northern Gas Pipeline Pty Ltd.
2. Jemena Queensland Gas Pipeline (1) Pty Ltd and Jemena Queensland Gas Pipeline (2) Pty Ltd.
3. Jemena Eastern Gas Pipeline (1) Pty Ltd and Jemena Eastern Gas Pipeline (2) Pty Ltd.





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