

ASX Announcement

15 July 2021

AusNet 2021 Annual General Meeting

The 2021 Annual General Meeting (AGM) of AusNet Services Ltd (**AusNet**) will be held today at 2.00pm (AEST).

Please find attached:

- Chairman's address
- Managing Director's address;
- AGM presentation slides; and
- Proxies received on each resolution

Shareholders, proxy holders and guests will be able to attend the 2021 AGM virtually via the Lumi platform at <https://web.lumiagm.com/?fromUrl=308466636>.

Instructions on how to join the AGM are also available on AusNet's website at www.ausnetservices.com.au/annual-meetings.

The results of the AGM will be announced to the ASX after the conclusion of the meeting.

Naomi Kelly
Company Secretary

This announcement was authorised for release by the Company Secretary.

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2021 CHAIRMAN'S ADDRESS**Mr Peter Mason AM, Chairman**

Good afternoon and welcome to the AusNet Annual General Meeting.

I would like to take this opportunity to thank you, as shareholders, for your continued support of our company during the past year.

I would also like to take the opportunity to recognise all those who work for and with AusNet for their outstanding contributions in the face of so many extraordinary challenges over the last couple of years. The COVID-19 pandemic has affected work practices for all. Extreme weather events, involving extensive bushfires in 2020, the destruction and the rebuilding of a major section of transmission in Western Victoria, the major storm in late August 2020 that impacted around 140,000 customers, and the even more extensive storm in June 2021 that impacted more than 230,000 customers have all been met with sustained commitment from teams on the spot and support functions throughout the whole of AusNet. On behalf of the Board, and of the shareholders, we sincerely thank you.

As Tony and I said in our joint message in the Annual Report, the energy industry is transforming at an accelerating pace. At the heart of this transformation is growing demand from people and communities right across Australia for an accelerated pathway to access renewable energy. Governments, regulators, companies and investors alike are increasingly aligning on the need to achieve carbon neutrality in response to climate change. The role of energy policy and regulation to support this transformation has never been more crucial and a number of critical reviews are in progress that will shape the future of the energy industry. As we look to navigate these changes and grow, we will maintain our focus on providing safe and reliable energy through our networks, while improving customer experience and closely managing our cost base. This is being driven through the organisation-wide transformation program that we introduced during the year.

The rapidly emerging nature of events has required close and considered oversight from our Board and Board Committees, as well as supporting the ongoing building of management capability to support a refreshed strategy. The Board continues to support and guide progress on an environmental, social and governance (ESG) framework and our first Task Force for Climate-related Financial Disclosures (TCFD) report. In addition, the Board has overseen the publication of our inaugural Modern Slavery Statement, outlining our company's framework and actions to manage the risk of modern slavery in our operations and supply chain.

AusNet has been working closely with the Victorian Government and the Australian Energy Market Operator (AEMO) to help Victoria connect communities with energy and accelerate a sustainable future. This is our purpose as articulated in the Annual Report. By connecting new, decentralised energy sources and by maintaining and adapting existing networks, we can bring renewable energy to communities and enable flexible grids for transmission and storage. A great example of this is underway in the current planning for the new Western Victoria

Transmission project. The Victorian Government, AEMO and AusNet are working together to get a great outcome for Victoria. It is a complex project, and a vital one for ensuring that significant sustainable generation facilities in Western Victoria can provide energy to the rest of Victoria as the older coal generation facilities in the Latrobe Valley are phasing out. We understand that the project will inevitably create disruption to some communities along its corridor. Together with the Government and AEMO we are working with those communities to understand their perspectives and deliver practicable outcomes.

On 21 June, we made a statement to the ASX regarding employee underpayments. We identified an issue regarding the coverage and application of one of our Enterprise Agreements to certain categories of employees not previously considered to have been covered, which has resulted in underpayments. A review is being progressed as a priority to determine, among other things, the extent of employee (both current and former) underpayments. This review involves complex matters of interpretation and large volumes of data.

Of course AusNet takes its obligations to employees very seriously and is conducting a detailed review so that all necessary compensation can be made as soon as possible, fairly and reasonably. AusNet's determination is to do the right thing by its employees, and it will continue that focus throughout this review.

Based on the progress of the review to date and the information presently known, employee remediation costs are not anticipated to have a material impact on FY22 financial performance. However, the final outcome of the review remains unknown at this time. AusNet has made a voluntary disclosure to the Fair Work Ombudsman (FWO) regarding the review. AusNet will engage with our employees, unions and the FWO as the review continues, and will keep the market updated of any material developments.

We remain determined to deliver value for shareholders as we play our role in supporting the energy transition. We have a strong mix of diverse, regulated core networks with staggered resets, complemented by a growing contracted infrastructure portfolio which is leveraged to the energy transition. Facilitating and advocating for a low carbon future, by working closely with government, regulators, communities, and customers, forms a key part of our strategy to deliver growth. Our growth aspirations are supported by a disciplined approach to capital allocation underpinned by prudent financial metrics.

As recorded in the Explanatory Notes to the Notice of Meeting in relation to item 4, Board succession planning is underway. I have advised the Board that I will not seek re-election when my term completes at the 2022 AGM. In order to facilitate board renewal and ensure a smooth transition between non-executive directors, and thus to allow for temporary fluctuations in the size of the board, we are recommending an increase in the fee pool for non-executive directors. We have no present intention of increasing fees paid to individual directors. I would also like to advise that both Singapore Power and State Grid have advised that they would like AusNet to retain an independent Chair.

I would like to thank our shareholders, customers, employees, management and my fellow directors for their contribution to AusNet's ongoing transformation.

Our Managing Director, Tony Narvaez, will now provide a more detailed insight into AusNet's operations and financial performance.

2021 MANAGING DIRECTOR'S ADDRESS

Mr Tony Narvaez, Managing Director

As the Chair noted, external factors including the COVID-19 pandemic, extreme weather events, along with developments in energy regulation and policy continue to shape our operating environment. These have presented significant challenges and opportunities for our company throughout the year.

It has been really pleasing to see the demonstrated commitment and resilience of our employees in providing an essential service to the customers and community we serve. It has also sharpened our focus on our role in the energy transition.

We were able to deliver solid results in amongst these extraordinary events.

We remained focussed on the health and safety of our people, customers and communities. We swiftly adapted our programs to these external risks and maintained our firm commitment to safety, our number one priority. This year we continued the declining trend in our Recordable Injury Frequency Rate, which has now dropped by 23 per cent over the last three years. And, I am very pleased to say we achieved our lowest ever result this year.

We have also made strong improvements in our customer satisfaction scores. We are listening to our electricity and gas customers. Customers want us to reduce the frequency and impact of planned outages, keep them informed and communicate with them in the right way.

Both cash flow from operations and net profit after tax improved on the prior year. We strengthened our financial settings through prudent and proactive capital management, enhancing our ability to pursue growth opportunities.

Returns to shareholders were at the top of the guidance range, with a final dividend of 9.5 cents per share (franked to 40% for the year).

The transition to renewables continues to gather pace. Customers and the community expect us to assist with this energy transition, by enabling their choices, while keeping the power flowing and strengthening our networks. The message from our employees and customers is clear - we have to continue to simplify our systems, processes, tools and the way we innovate as a business. This will help create a nimble organisation that thrives in the rapidly evolving energy landscape, whilst maintaining our resilient foundations. Our key strategic priorities are captured in our refreshed strategy.

Growth remains a major focus for us as we look to facilitate the energy transition to renewables.

During the year, we progressed Stage 1 of the Western Victoria transmission project and we have recently announced the single transmission corridor. Further, as part of the Victorian Renewable Energy Zones Development plan we are also exploring the uprating of the line from Ballarat to Bulgana from 220kv to 500kv.

While no one disputes the critical need for this project, we absolutely understand that it may create uncertainty for some people within the regional communities that the proposed network will traverse. Our role includes listening to these concerns and providing further clarity as the Environment Effect Statement progresses. We will continue to engage with landowners and local communities.

We are extremely supportive of the Victorian government initiatives in the Renewable Energy Zones Development Plan and look forward to many of these being delivered in coming years. The 2020-2021 state budget included \$540m to support the development of renewable energy in Victoria, along with the establishment of a new body to be known as VicGrid. We support these developments and are engaging with Victorian Government to understand how VicGrid will have a clear role and responsibilities that fit seamlessly within the energy sector.

All of these developments and continued expansion of our growth pipeline are positive for AusNet's longer-term growth aspirations and have enabled us to upgrade our contracted infrastructure asset base target from \$1.5bn by FY24 to \$2.5bn by FY26.

We continue to expand and evolve our disclosures on Environmental, Social and Governance (ESG) risks and opportunities to support our long-term growth and performance. We are very pleased with the progress we've made in this area and look forward to developing our approach further.

As a business, we responded quickly and proactively to the many challenges during the year. We introduced a range of wellbeing and mental health support programs for our employees and we released a Network Relief Package for our residential and small business customers.

We launched additional Employee Network Groups, driving an inclusive and diverse culture and continued with our Graduate Program which included an intake of over 60% of female candidates.

Operationally, our core networks continue to deliver.

In Transmission, we saw strong growth in connections of renewables with over 700MW reaching practical completion during the financial year.

We continue to strengthen the network through our terminal station rebuilds and we completed the replacement of the seven 500KV transmission towers near Cressy, which were damaged by a significant wind event in January last year.

In gas, we experienced an uptick in the number of new connections for the year. We are also exploring our options for a potential to transition to Hydrogen. As a founding member of the Australian Hydrogen Centre we are working on a feasibility project which will assess our ability to produce and distribute blended hydrogen in a regional Victorian town.

As I mentioned earlier, extreme weather events had a big impact in full year 2021 with the network experiencing a severe storm which impacted around 20% of customers in August 2020.

More recently in early June, we experienced an unprecedented weather event, the largest storm in terms of customer impact ever on our electricity distribution network. At the peak, over 230,000 customers were impacted, almost a third of our customers. We appreciate the added hardship these outages place on our customers and the community. Our response included setting up dedicated support lines, volunteers, community hubs, waiving connection fees, along with providing a number of customer support initiatives and a claims process for immediate financial assistance to those most impacted. Our estimated restoration costs are expected to be in the range of \$26m to \$31m, comprising approximately \$7m-\$8m operating costs and \$19m-\$23m of capital expenditure. Given the impact of this large storm and as per natural disaster pass through regulatory mechanisms, we expect to be able to recover prudent and reasonable costs, subject to AER approval. Individual price impacts to customers are not expected to be material.

I want to thank our employees, countless volunteers and partners, including those who generously made the trek across from NSW, that were all involved in this emergency response, getting our customers back on as quickly and safely as possible.

We are pleased with the final EDPR outcome which delivers for both shareholders and customers. We see this decision as a broad endorsement of agreements reached with the independent Customer Forum, established as a trial of the 'New Reg' engagement process developed by the AER, Energy Networks Australia and Energy Consumers Australia.

The 'New Reg' engagement approach has delivered for our customers, with expenditure to improve customer experience, maintain the safety and reliability of the network and support the customer-led investment in solar and batteries. It's great to see the AER acknowledge the importance of the energy transition by incentivising networks to become platforms for energy services.

Extensive joint industry engagement has just commenced on the Gas Access Arrangement review. We are undertaking this engagement jointly with AGIG who own the other 2 gas distribution businesses in Victoria. A number of Government policy and regulatory processes are currently underway, and we will seek to both inform and influence these processes as we engage with our customers and develop our proposal over the coming year.

We intend to continue to reward our shareholders by maintaining a strong dividend, underpinned by growth in the asset base driven by a disciplined approach to capital allocation. We remain focused on driving improvement across our key strategic priorities of customer passion, energised people, operational excellence and accelerating growth. This will position us well for future opportunities, deliver long-term shareholder value, and ultimately, play our role in contributing to a sustainable energy future.

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AusNet
services

Annual General Meeting

15 July 2021



Connecting
Communities

Disclaimer

The AusNet Services Group (**AusNet**) comprises AusNet Services 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.

FY21 Highlights



\$845M
Cash flow
↑ 17%



2.71
Recordable Injury
Frequency Rate
(RIFR)
↓ 32%



\$302M
NPAT
↑ 4%



\$1,155M
EBITDA
↓ 4%

7.2/10 (avg)
Electricity Distribution
Customer Satisfaction
↑ 3%



9.50cps
(40% franked)
FY21 Dividend



8.3/10 (avg)
Gas Distribution
Customer Satisfaction
↑ 5%

Our strategy

Own and operate the best energy networks, growing through connecting people with new energy

AusNet's key strategic priorities



**customer
passion**

Guides us in everything



**energised
people**

Thriving and supported
to achieve



**operational
excellence**

Always finding the best
and safest way

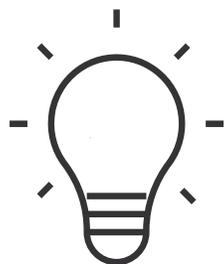


**accelerate
growth**

Through the energy
transition

Growth

Investing in a new energy future



FY21 Asset Base \$11.2bn

\$10.3bn Regulated Asset Base (RAB) ↑ 3%

\$0.9bn Contracted Asset Base (CAB)¹ ↑ 3%

Renewable Energy Zone Development Plan (RDP)

Victorian Government's RDP could enable 10GW of renewable energy generation capacity in Victoria across 6 Renewable Energy Zones

Opportunity Pipeline

8,000MW of renewable projects (wind 4,500MW, solar 1,300MW, storage 2,000MW, other 200MW)

Targeting FY26 Asset Base \$13.5bn

\$11bn Regulated Asset Base

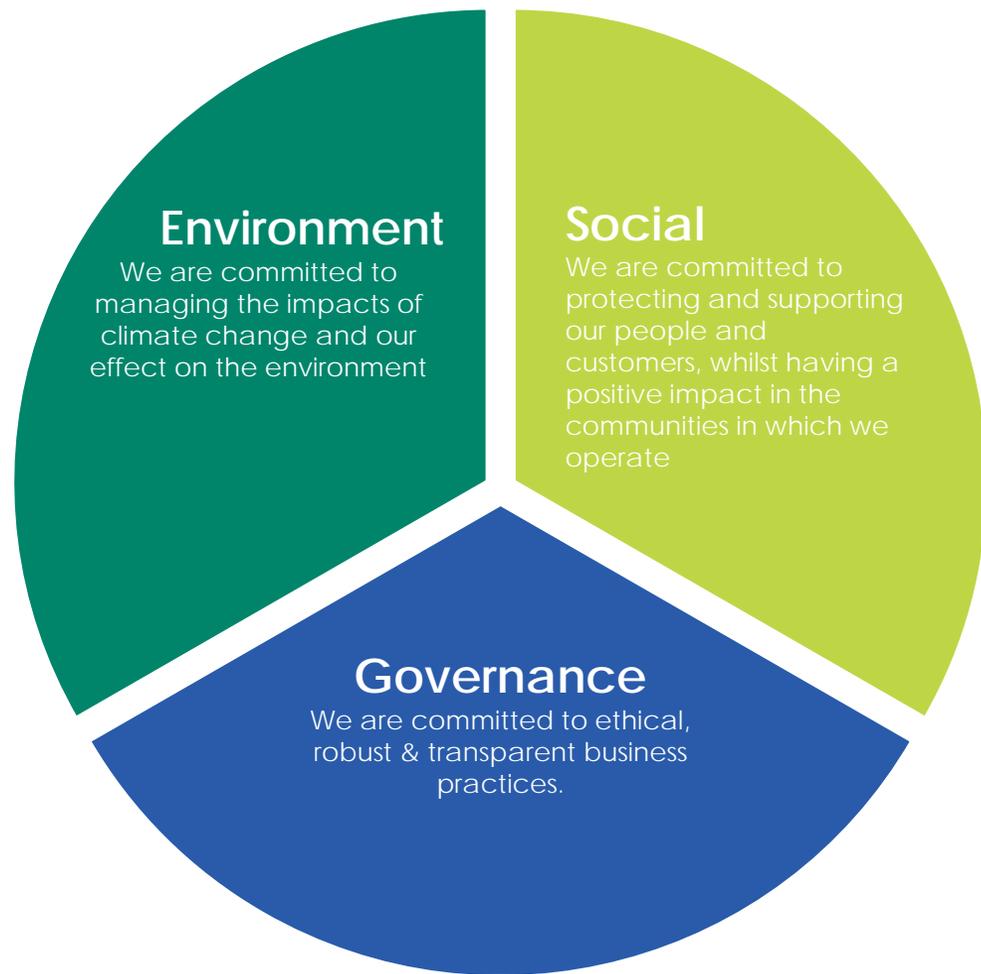
\$2.5bn² Contracted Infrastructure Assets

¹ Contracted assets in service or currently under construction

² Total value under contract (unconditional) regardless of construction phase, currently \$1,021m

Responsible and Sustainable Business

Our ESG commitments



FY21 Highlights

Extended COVID-19 customer bill relief to Dec 2020 (gas distribution) and Jan 2021 (electricity distribution). Deferred non-essential maintenance to minimise disruption and outages

Bushfire mitigation. Continued investment including REFCL* and other safety measures of \$108m (FY20: \$147m)

Launched Employee Network Groups in addition to Young Professionals Network - Women, Disability, Working Parents and Cultural and Ethnic Diversity

Modern Slavery. Developed risk framework and tools to identify and manage risks of modern slavery in our operations and supply chain

Task Force on Climate Related Financial Disclosures. Updated climate risk assessment & scenario analysis

* Rapid Earth Fault Current Limiter

Network Highlights

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- Practical completion achieved for 730MW of wind and solar connections
- West Melbourne Terminal Station Rebuild - energisation of new 66kV gas insulated switchgear and 220/66kV transformers
- Progressed major terminal station rebuilds at Springvale and Fishermans Bend
- Replacement and cutover of seven, 500kV Transmission Towers due to a major wind event in January 2020



- Practical completion achieved for 250MW of wind and solar connections
- New connection growth of 2%
- Customer Satisfaction 7.2 (avg), up 3%
- Connected additional 21,000 residential customers' solar PV systems, adding more than 120MW of generation capacity
- August storms saw 140,000 customers impacted. Concerted emergency response effort from AusNet and delivery partners to restore supply
- REFCL project progressing to plan with compliance achieved at 13 zone substations in Tranche 1 & 2



- Continued network expansion, with 310km of new gas pipelines and 3% customer growth
- Customer Satisfaction of 8.3 (avg), up 5%
- As a founding member of the Australian Hydrogen Centre, AusNet is working on a feasibility project in its network area

Regulation

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EDPR 2021-26

- Final Decision is an endorsement of the agreements reached with the Customer Forum – a customer representative body established in an Australia first trial of directly negotiated price/service agreements
- Increase in allowed real returns from Draft Decision, due to application of the AER's Inflation Review and an increase in the 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, including in assets that will help reduce bushfire risk, such as the REFCL program
- Continued investment that will allow more customers to connect their solar panels and batteries to the network and export power
- A new incentive scheme that rewards improvements in customer experience

1 July 2021



EDPR 2021-26

TRR 2022-27

- Draft Decision received 30 June 2021
- Final Decision due January 2022. New period commences 1 April 2022

Victorian Renewable Energy Zones (REZ) Development Plan

- Victorian Government has released a Directions Paper outlining a plan to unlock 10GW of renewable energy capacity enabled by \$540m REZ Fund

GAAR 2023-28

- Proposal to be submitted to the AER by 1 July 2022. Draft Decision expected by December 2022
- Final decision due by April 2023. New period commences 1 July 2023
- Joint engagement with Australian Gas Infrastructure Group

1 April 2022



TRR 2022-27

1 July 2023



GAAR 2023-28

Outlook

Guidance

1. FY22 dividend guidance of 9.5 cps
2. FY22 franking outcome to be determined when FY22 tax profile is confirmed
3. Targeting \$13.5bn asset base by FY26, (\$11bn RAB, \$2.5bn¹ contracted infrastructure assets)
4. Forecast net debt to regulated and contracted asset base of <70% to FY26

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

Further Information and Contacts

Headquartered in Melbourne, Australia, AusNet engages over 1,500 employees to service over 1.5 million customers. AusNet Services is the largest diversified energy network business in Victoria, owning and operating over \$11 billion of regulated and contracted assets. The company owns and operates three core regulated networks - electricity distribution, gas distribution and the state-wide electricity transmission network as well as contracted energy infrastructure and energy and technical services businesses.

For more information visit www.ausnetservices.com.au

For further information contact:

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Proxies received

RESOLUTION	VOTES FOR	VOTES AGAINST	VOTES OPEN	ABSTAIN
Resolution 2a) - Re-election of Alan Chan Heng Loon	3,070,568,547 92.25%	255,872,596 7.69%	2,046,338 0.06%	13,531,735
Resolution 2b) – Re-election of Robert Milliner	3,209,061,854 96.42%	117,238,573 3.52%	2,011,434 0.06%	13,707,355
Resolution 3 – Remuneration Report	3,220,394,315 96.87%	102,451,672 3.08%	1,690,724 0.05%	16,671,995
Resolution 4 – Increase in fee pool of Non-executive Directors	3,303,043,800 99.28%	22,506,139 0.67%	1,968,547 0.05%	14,500,730
Resolution 5 – Grant of equity awards to the Managing Director	3,316,959,880 99.69%	8,732,036 0.26%	1,973,104 0.05%	14,354,196
Resolution 6 – Issue of Shares – 10% Pro Rata	3,324,355,987 99.89%	2,022,424 0.06%	1,944,890 0.05%	13,695,915
Resolution 7 – Issue of Shares pursuant to Dividend Reinvestment Plan	3,325,748,474 99.92%	851,450 0.03%	1,963,638 0.05%	13,455,654
Resolution 8 – Issue of Shares pursuant to an Employee Incentive Scheme	3,323,915,133 99.87%	2,642,633 0.08%	1,939,824 0.05%	13,521,626