



# media release

8<sup>th</sup> March, 2001

## **AGL HALF YEAR PROFIT ANNOUNCEMENT**

Releasing the results for the half year 1 July 2000 to 31 December 2000, the Chairman of AGL, John Phillips today announced a profit attributable to Proprietors of \$208.1 million (up 14.5% compared to the previous corresponding period). This included an abnormal profit of \$68 million. Profit after tax and borrowing costs, but before abnormals, was \$150 million, (up 2.3%).

Earnings before borrowing costs, tax and abnormals items were \$306.1 million (up 15.7%).

The Board of Directors declared a dividend of 25 cents per share, franked to 7 cents (28%). This compares with 24 cents per share for the previous corresponding period.

In commenting on the results Mr Phillips said, "To some extent this is a year of transition for AGL as we continue to implement the strategy announced in December 1999.

"The past half year has seen significant levels of investment. We completed the Australian Pipeline Trust transaction, added a number of completely new businesses in the technology commerce sector and, via the 66% AGL owned Natural Gas Corporation, we extended our involvement in New Zealand with the acquisition of TransAlta New Zealand. We also created the new joint venture ActewAGL in the Australian Capital Territory and that business is now established as Australia's first multi utility with involvement in natural gas, electricity, water and sewerage services.

"The results for this period reflect only the early returns from these investments and from the contractual activities of Agility with ActewAGL and the Australian Pipeline Trust and other businesses.

"In the circumstances, the profit outcome is very pleasing and is consistent with our expectations."

Managing Director Greg Martin, commenting on the detailed results said, "In our traditional business areas, regulatory outcomes for the NSW Gas Networks and the Victorian Electricity Networks were finalised and we now have some certainty over the regulatory base and price direction in those businesses for the coming years.

'Both businesses produced satisfactory results for the period delivering total earnings before borrowing costs and taxation of \$137.6 million, a result essentially in line with the previous year.

## **The Australian Gas Light Company**

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"In the technology commerce sector it has been a very busy six months, with investments including the acquisition of 100% of on-line retailer of telephony and internet services provider Dingo Blue, the 20% investments in internet protocol wholesale network COMindico and broadband data carrier TransACT.

"Together these three businesses will present AGL with new growth opportunities, particularly by complementing the existing combination of infrastructure asset ownership and product and services marketing to our extensive customer bases in Australia and New Zealand.

"The new management and services business Agility contributed \$17.9 million to earnings before borrowing costs for its first six months. Agility has a number of opportunities under development at present both through its AGL associations and with non AGL aligned businesses.

"The period is also the first full half year for the former ETSA Power retail business in South Australia, which is now fully integrated into AGL and is trading under the AGL brand.

"We are operating in a highly competitive energy market and the electricity market in Australia is proving to be quite volatile. To maximise future earnings from this sector our already announced strategy to develop power generation capability is an important step. The announcement of plans to build a 150 MW power station at Somerton is progressing and we hope to have that facility operating for next summer.

"The AGL Group customer base continues to grow strongly. As at December 2000, AGL and its partly owned energy retailing organisations, that is AGL Sales and Marketing, ActewAGL and Natural Gas Corporation of New Zealand had a total of over 2,600,000 natural gas and electricity customers plus the additional 145,000 internet and telephony services to customers of Dingo Blue.

"NGC's earnings contribution to AGL before borrowing costs, tax and outside equity interests was \$74.7 million compared to \$38.8 million the previous year demonstrating the potential of this business."

Chairman John Phillips, said "AGL is now building an integrated business concentrating on investment, management, marketing and development. Many of the new areas of investment will not achieve their full potential in the current year.

"As announced at the 2000 Annual General Meeting considerable work has been done to restructure AGL's gas and electricity assets. This work is continuing to ensure that we maximise benefits to Proprietors. Although at this point in time no final conclusion has been reached, the company hopes to advise Proprietors of details shortly.

"We also foreshadowed, at the 2000 Annual General Meeting, that we would be discussing, with the New South Wales Government, the removal of the 5% shareholding limitation and related measures. These discussions are well in train."

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