



media release

22 August 2002

AGL delivers strong profit growth

Chairman of AGL, John Phillips, today announced a net profit of \$192.1 million for the year ended 30 June 2002, up from \$115.4 million in the previous year.

AGL recorded an underlying profit for the year (before significant items) of \$247.1 million, up a healthy 10.2 per cent on the previous year's total of \$224.2 million.

The net profit result of \$192.1 million is after the net residual loss of \$18.8 million incurred in New Zealand at the beginning of the year, and the \$42.4 million write-off associated with the previously announced exit from the retail telecommunications investment Dingo Blue.

Commenting on the results, Mr Phillips said, "The past year has been one of significant progress for the Company resulting in the delivery of a most satisfactory result for Proprietors."

The AGL Board has recommended a final dividend of 27 cents per share (16 cents franked). This will bring the total dividend for the year to 52 cents (35 cents franked), compared to the previous year's dividend of 52 cents (23 cents franked). There is a Foreign Dividend Account (FDA) credit of 5 cents attached to this year's final dividend.

Mr Phillips added, "Moving forward we are committed to building on our position of market leadership by capitalising on the benefits of our balanced portfolio of downstream energy businesses. This position has recently been enhanced by the acquisition of the Pulse Energy operations in Victoria"

Managing Director, Mr Greg Martin said, "The core businesses of AGL performed well during the year reflecting that AGL has recovered strongly from the disappointments of last year. We have a clear strategy and are delivering improved results for our proprietors and our customers."

"Other than for the impacts of mild weather, our core energy businesses all delivered results in line with expectations. The results are encouraging and bode well for the future", Mr Martin added.

The Australian Gas Light Company

ARBN 052 167 405 FORMED IN NSW IN 1837, WITH LIMITED LIABILITY

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Highlights during the 2001 – 2002 financial year include:

Energy Sales & Marketing

- Energy Sales and Marketing Group contributed an EBIT before significant items of \$102.2 million.
- Significant growth in industrial and commercial electricity sales in NSW (up 112%) and Victoria (up 17%). The mild summer contributed to residential electricity sales in South Australia being down 4% (214GWh) and in Victoria down by 2% (24 GWh).
- Total natural gas sales were 110.5 petajoules (PJ), 0.5 PJ higher than the previous year. This is despite the first full year of competition from the Eastern Gas Pipeline which now supplies gas into NSW.
- Full competition was introduced last January in the residential gas and electricity sectors in NSW and in the electricity sector in Victoria. To date there has been relatively little customer churn however AGL has attracted more customers than it has lost. AGL has made excellent progress in securing its existing customer base.

Energy Networks

- Energy Networks (NSW gas and Victoria electricity) connected another 38,200 sites during the year and contributed an EBIT of \$212.1 million.
- Total energy delivered to the residential and small business customer segments was up 1.2 PJ on the corresponding year.

Agility

- Agility, AGL's Infrastructure management and services business, posted an EBIT before significant items of \$46.5 million, up \$18.1 million on the previous year which includes revenue from non-AGL related companies.

NGC (New Zealand)

- NGC (AGL 66%) returned to strong profitability contributing an EBIT before significant items of \$132.8 million.
- During the year NGC exited the retail electricity sector and acquired an expanded metering business.
- NGC has a clear strategy centred on being an infrastructure focused energy services company.

ActewAGL

- ActewAGL continued to perform very well contributing an EBIT of \$43.1 million up 39%.

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Post Balance Date

AGL was successful in acquiring the Victorian energy retail business Pulse Energy for \$880 million in July this year.

Mr Martin continued, “Adding the Pulse Energy, Utilimode and Edgecap businesses to our already significant energy sales and marketing group, positions AGL to be a very effective competitor in the important South Eastern Australian markets.”

“We are now in an excellent position to capitalise on the economies of scale that come from a business of this size. The combination of our geographic market spread, demonstrated superior customer service and the most recognised energy brand in the market provides AGL with a significant competitive advantage,” Mr Martin added.

The Pulse Energy business is expected to lift revenues by more than \$1 billion annually and add a premium customer base of 1.1 million customers to AGL’s existing 250,000 Victorian electricity customers.

Mr Martin said “The integration of the Pulse Energy, Utilimode and Edgecap businesses is now well underway and proceeding smoothly.”

On the corporate conversion of AGL, Chairman Phillips said, “Another important step for AGL is the process being undertaken to modernise the Company's constitution and remove the shareholding limitations. This is nearing finalisation with the last of the four conditions precedent expected to be satisfied shortly. The conversion of AGL is expected to take effect in coming weeks.”

In conclusion, Mr Phillips said “All in all, 2001/2002 was a solid year for AGL and one which the Board believes provides a springboard for continued growth in earnings and returns to Proprietors.”

For more detailed information visit www.aglinvestor.com

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