

The Australian Gas Light Company

Half Year Results

1 July 2002 - 31 December 2002

6 March 2003



NEW APPOINTMENTS



Greg Hayes
Chief Financial Officer



Sam Pearce
Manager Investor Relations



OVERVIEW

July - Dec 2002

➤ **Financial results:**

EBIT	\$394.2m	up 26.1%
Underlying Net Profit	\$187.4m	up 30.4%
EPS	43.4c	up 10.7%
Operating Cash Flow/Share	78.5c	up 79.6%

➤ **Clear strategy:**

- ◆ **Delivering** Maximum Returns
- ◆ **Completing** Business Platforms
- ◆ **Redefining** the Portfolio
- ◆ **Building** Capabilities



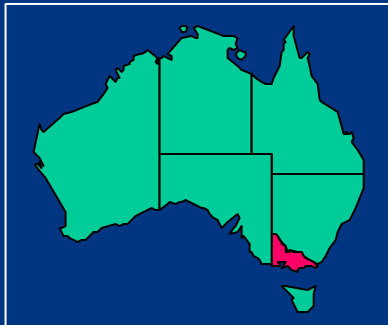
***Focussed gas & electricity
business, delivering strong results ...***



HIGHLIGHTS

July - Dec 2002

- Pulse Energy Acquisition and successful fund raising - August

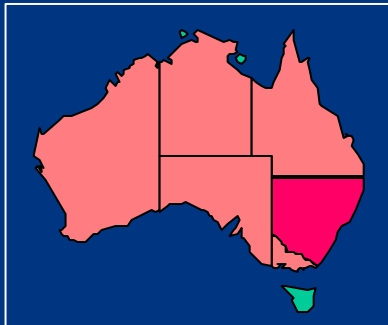


Key initiatives successfully completed ...



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- 5% shareholding limitation removed - October

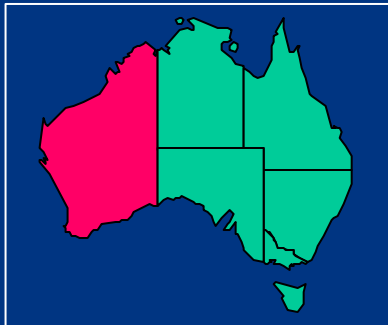


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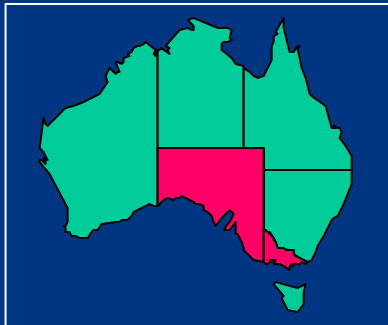


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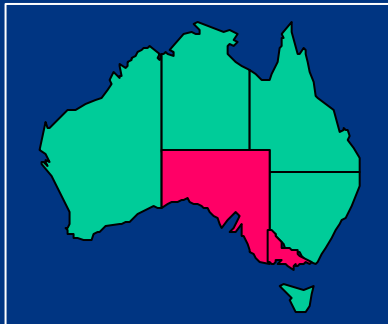


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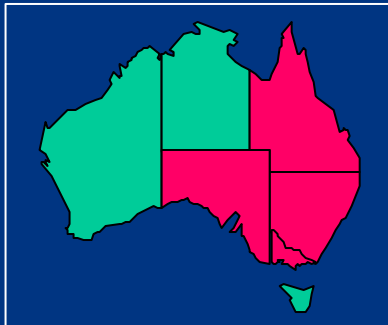


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- \$4.5B Wholesale Gas Portfolio - December

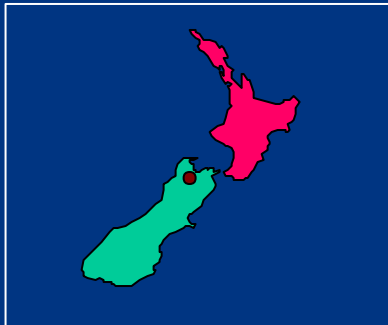


Key initiatives successfully completed ...



HIGHLIGHTS - NGC

July - Dec 2002



- Sale of retail gas customers - September
- Sale of Southdown power generation and Rotokawa Power Purchase Agreement - November
- Sale of Taranaki Combined Cycle and Cobb Hydro power generation - December



Key initiatives successfully completed ...





DELIVERING
MAXIMUM
RETURNS



RESULTS

July - Dec 2002

	2001 \$m	2002 \$m	Change %
Revenue	1733.2	2102.7	+ 21.3
EBITDA	426.9	531.0	+ 24.4
EBIT	312.5	394.2	+ 26.1
Underlying net profit	143.7	187.4	+ 30.4
Profit attributable to Shareholders	82.9	190.6	+ 129.9
Return on Equity (½ yr)	4.3%	7.8%	



- Strategy is delivering results
- Underlying profit up 8.8% (ex. Pulse)
- Pulse 5 month NPAT contribution \$31.0m



A strong financial result ...



RESULTS

July - Dec 2002

Segment EBIT analysis	December 2001 \$m	December 2002 \$m
Energy Networks		
➤ Gas	85.7	80.1
➤ Electricity	28.1	28.7
Agility	19.0	25.6
Energy Sales & Marketing	64.9	124.8
Investments	33.8	38.1
LPG	11.4	11.0
New Zealand	86.1	83.7
Telecommunications	(12.2)	0.0
Other	(4.3)	2.2
Total	<u>312.5</u>	<u>394.2</u>



Benefits of energy business portfolio ...



SIGNIFICANT ITEMS

July - Dec 2002

	2001 \$m	2002 \$m
Property sale	-	13.5
New Zealand	(35.9)	-
Telecommunications	(45.0)	(10.0)
Tax benefit (expense)	11.9	(0.3)
Total	(69.0)	3.2



- Breakfast Point sale
- Conservative management of non-core Telecommunications investments



CASH FLOW

July - Dec 2002

	2001 \$m	2002 \$m	Change %
Operating Cash Flow	159.4	338.8	+ 113
Less:			
- Net capital expenditure	(25.1)	(27.7)	
- Investments	(31.2)	7.8	
- Net dividends	(0.3)	(76.5)	
Net available	102.8	242.4	+ 136



- Strong focus on cash management
- Improvement in NGC performance



Continuing improvement in cash flow ...



FINANCIAL PERFORMANCE INDICATORS

	2001	2002	Change %
EPS (excl. sig. items)(c)	39.2	43.4	10.7
EPS (incl. sig. items)(c)	22.6	44.1	95.1
DPS (c)	25.0	26.0	4.0
OCF/S (c)	43.7	78.5	79.6
Interest coverage (x)	3.5	4.3	22.9
Gearing (%)	52.8	47.3	
NTA/S (\$)	2.99	2.58	(13.7)



- Maintained “A” credit rating
- Gearing approaching target
- Significant improvement in operating cash flow per share

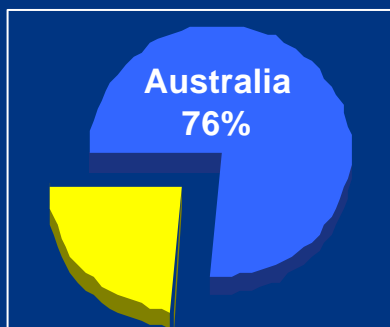


Delivering to plan ...



AUSTRALIAN BUSINESS SEGMENTS

Funds Employed



- Energy Networks
- Agility
- Energy Sales & Marketing
- Power Generation
- JV & other part owned Investments
 - ◆ APT (30%)
 - ◆ ActewAGL (50%)
 - ◆ Elgas (50%), HCE (100%)
 - ◆ Telecommunications Investments
- Property and other



Total Australian funds employed \$4453.1m ...



ENERGY NETWORKS



EBIT	2001	2002
	\$m	\$m
Gas	85.7	80.1
Electricity	28.1	28.7
Total	113.8	108.8

Volume Transported	2001	2002
Gas(PJ)	51.1	50.5
Electricity(GWh)	2032	2037



- Period on period underlying performance (exc. GCRA) is up \$7.6m
- Gas - Ave. 2% network tariff increase
- 21,800 additional sites

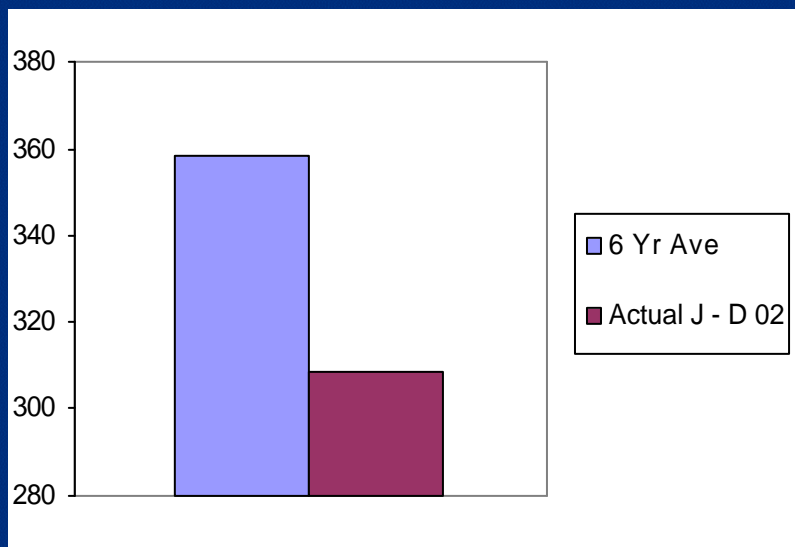


Credible underlying performance ...



ENERGY NETWORKS

Total Sydney Heating Degree Days for July - December 2002



- Mild winter, warm spring reduced gas demand in NSW
- Warmer December offset mild winter in Victoria



Mild weather impacted throughput ...





	2001	2002
	\$m	\$m
EBIT	19.0	25.6



- Business model delivering improved performance
- Sustainable underlying growth



Continued growth & diversification ...





Assets under management

Pipelines	➤	9 508 km
Gas Networks	➤	26 109 km
Elec. Networks	➤	7 155 km
Generation	➤	330 MW

- Major projects completed:
 - ◆ 6th stage looping on Roma-Brisbane Pipeline
 - ◆ Carpentaria Pipeline Compressor Station
 - ◆ Sydney Water - water main renewal
 - ◆ Hallett & Somerton Peaking Power Generation plants commissioned
- Customer base diversifying



***“Whole of asset life”
capability provides competitive advantage ...***



ENERGY SALES & MARKETING



	2001 \$m	2002 \$m	Change %
Sales Revenue	1025.4	1499.6	46.2
EBIT-exc. Pulse	64.9	71.2	9.7
EBIT-Pulse	-	53.6	-
Total EBIT	64.9	124.8	92.3
EBIT/Sales	6.3%	8.3 %	



- Underlying business up 9.7% (exc. Pulse)
- Pulse performance tracking to plan - integration is a continuing focus



*Improvement in underlying business,
plus Pulse ...*



ENERGY SALES & MARKETING

	Gas	Electricity
Energy Volume	80.4 PJ (up 38%)	10,504 GWh (up 32%)
Sales	\$543.7m (up 39%)	\$916.5m (up 52%)
Customer Numbers	1.4m	1.7m

*National operations
focussing on SE Australia ...*



- Underlying electricity sales volume (exc. Pulse) up 7.2%
- Pulse is major contributor to increased volumes



ENERGY SALES & MARKETING

Mass Market competition

- Most SE Australian markets now open to competition
 - ◆ FRC now largely complete - only SA gas, ACT electricity to go
- Mass market churn
 - ◆ Vic gross churn 6% since market open
 - ◆ NSW gross churn 3% since market open
 - ◆ SA - electricity open 1 January 2003
- AGL experience
 - ◆ total customer growth compensates for customer number losses
 - ◆ good progress in SME markets



- Retail churn has been within expectations and less than international experience



Competing effectively and sensibly ...



JOINT VENTURE & OTHER PART-OWNED INTERESTS



AGL Owns 30%

50%

50% 100%

EBIT \$10.8m up 22.7%

\$27.3m up 7.9%

\$11 m down 3.5%

- Increased contribution
- Growth opportunities emerging
- Awaiting regulatory decisions

- Increased contribution
- Bushfires impact not yet known - anticipated to be small

- LPG prices stable over period
- HCE down for part due to planned maintenance

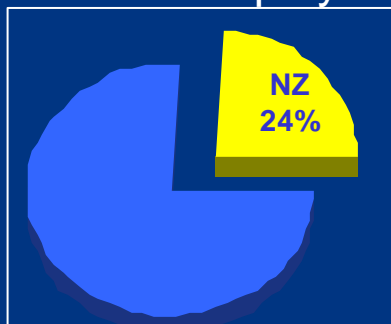


Energy Investments performing well ...



NEW ZEALAND SEGMENT

Funds Employed



➤ NGC

- ◆ Gas transportation
- ◆ Energy Trading
- ◆ Wholesale gas
- ◆ Gas processing
- ◆ Infrastructure management
- ◆ Electricity metering
- ◆ LPG businesses

➤ TrustPower investment - 20.5%



Total NZ funds employed \$1378.1 million ... 

NEW ZEALAND



	2001	2002
EBIT	\$84.1m	\$76.7m

- All core business streams performing solidly
- Infrastructure business refocus
- Maui Redetermination finalised
- Capital management review



	2001	2002
EBIT	\$0.2m	\$7.0m

- Higher dividends received following rebound from 2001 drought
- Investment under review



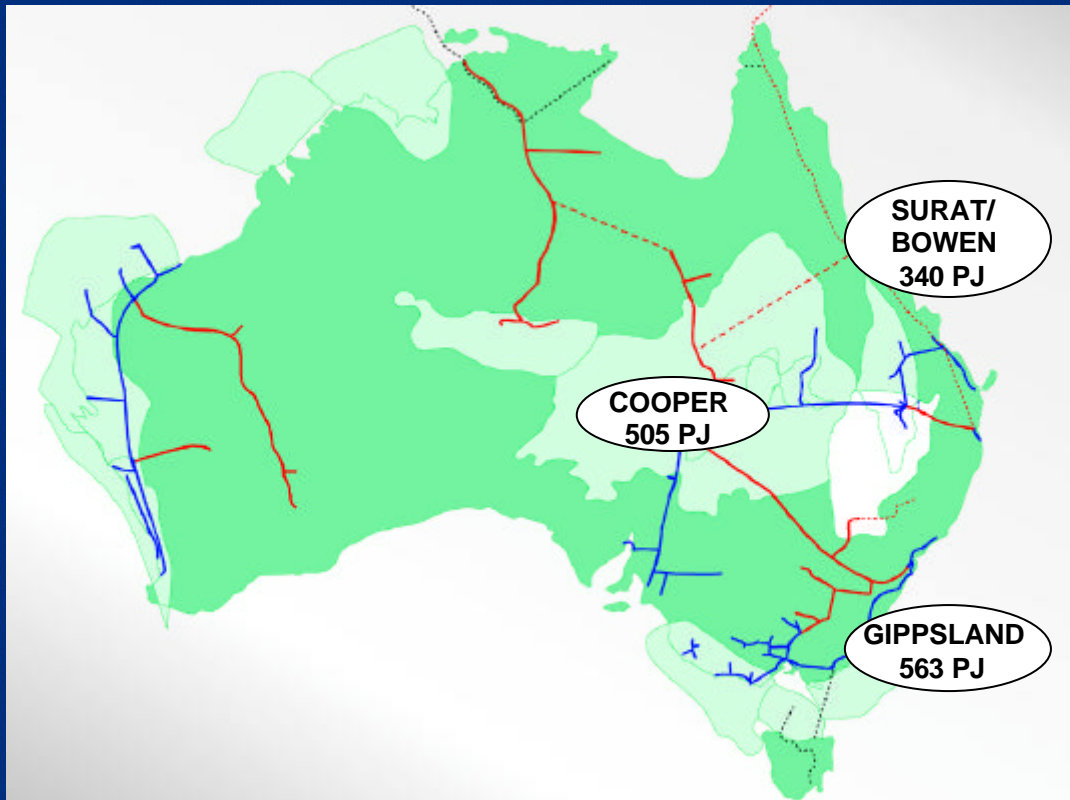


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COMPLETING
BUSINESS
PLATFORMS

AGL

DIVERSIFIED FLEXIBLE GAS PORTFOLIO



Meeting customer requirements a priority ...



- \$4.5 billion supply and transportation portfolio
- Supply flexibility to key markets





REDEFINING
THE
PORTFOLIO



REDEFINING THE PORTFOLIO

Core

Related

Non Core

AUSTRALIA

- AGL Networks
- AGL Retail
- AGL Wholesale
- ActewAGL
- Agility
- APT

- TransACT
- Elgas
- HCE

- WA Power Generation
- COMindico
- Property

PART SOLD

SOLD

NEW ZEALAND & OTHER

- NGC Transmission
- NGC Networks
- NGC Metering

- TrustPower (N.Z.)
- GasValpo (Chile)
- NGC Wholesale Gas

- NGC Generation
- NGC Retail

SOLD

SOLD



- Focus on growing, developing and reconfiguring core businesses
- Continue rationalisation or disposal of non core businesses
- Reinvesting funds released in core businesses



Reconfiguring for future growth ...





BUILDING
CAPABILITY



CAPABILITY DEVELOPMENT



- Clear alignment between business performance and individual rewards
- Developing the necessary skills and processes to:
 - ◆ manage risks
 - ◆ compete effectively
 - ◆ ensure good execution of strategy
- Focus on leadership development and key talent
- Effective integration of acquired businesses



- Developing a high performance culture
- Focus on growing skills and capabilities



THE WAY
FORWARD



THE WAY FORWARD

- **Delivering Maximum Returns**
 - Seasonal influences on current half year performance
 - Continuing focus on risk management
- **Complete Business Platforms**
 - Power Generation
 - Agility
 - New Zealand
- **Redefining the Portfolio**
 - Positioning for future growth
- **Building Capabilities**
 - Growing skills and capabilities



Continuing to build on the momentum ...



 **AGL**

The Australian Gas Light Company

Half Year Results

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Question & Answer Session

