

The Australian Gas Light Company

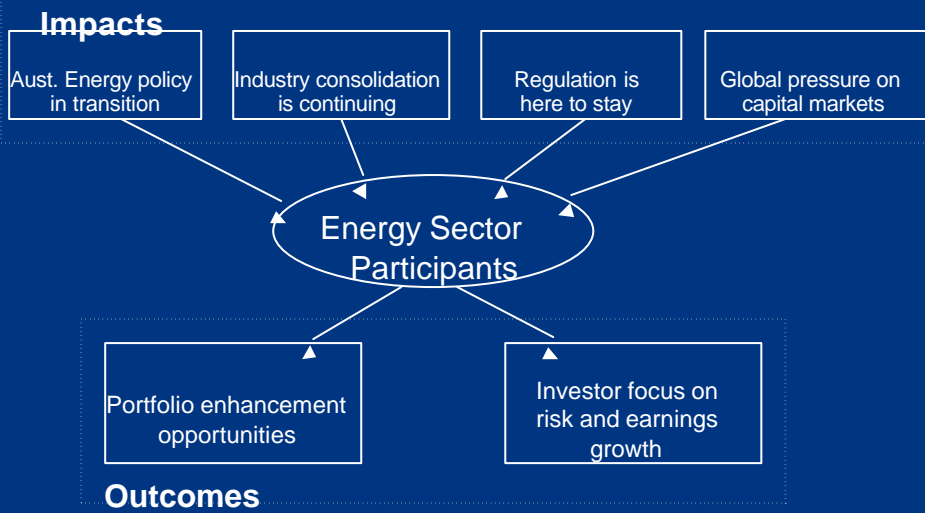
Presentation to Macquarie Infrastructure & Utilities
Conference

Greg Martin, Managing Director

6 May 2003



SECTOR BUSINESS ENVIRONMENT



Exciting times in the energy sector ...



AGL STRATEGY

- Profits: capture full value
- Portfolio: rationalise & reconfigure
- Platform: complete & integrate core platform
- People: build capabilities



Focus & delivery on strategy ...



 AGL

THE AGL PROPOSITION

- Positions of Market Leadership
- Strong Financial Position
- Strong Financial Performance



 AGL

AUSTRALIAN MARKET LEADERSHIP POSITIONS

	Gas	Electricity
Retail Customers	1.4 m	1.7 m
Energy sales (annual indicative)	>150 PJ	>22 000 GWh
Network Connections	879 000	270 000
Total Network	22 900 km	7 200 km
Assets owned/managed		
•Transmission	9 500 km	
•Distribution	26 100 km	7 200 km
•Generation		330 MW

- National portfolio of downstream businesses focussed on:
 - NSW
 - ACT
 - Victoria
 - SA



Exploiting positions of market leadership ...

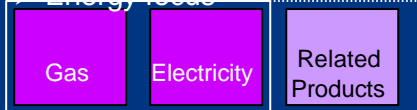


AUSTRALIA - VALUE CHAIN POSITIONING

➤ Across competitive and regulated segments



➤ Energy focus



➤ Across mainland Aust with Eastern/SE Seaboard focus



National operations focussing on SE Australia ...



NZ - NGC POSITIONING



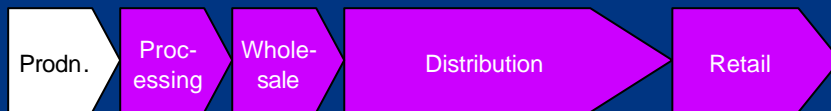
➤ Electricity



➤ Gas



➤ LPG



**Infrastructure -
focussed energy services company ...**

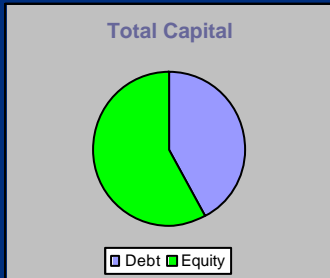


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STRONG FINANCIAL POSITION



- Gearing at 42%
- Following sale of TrustPower share holding, gearing will be below 40%

•“A” credit rating affirmed



Financial capacity for acquisitions ...



MANAGING 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

PART SOLD

EXIT BY JUNE 03

NEW ZEALAND & OTHER

- NGC Transmission
- NGC Networks
- NGC Metering

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

- NGC Generation
- NGC Retail

SOLD

SOLD

•Reinvesting funds from asset sales into core businesses



Focus is on core businesses ...



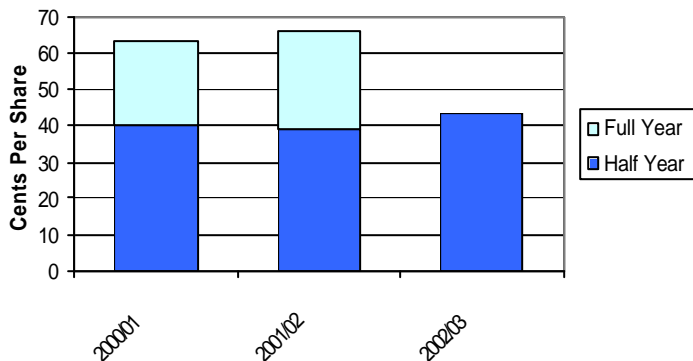
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EARNINGS PERFORMANCE

EPS excluding Significant Items



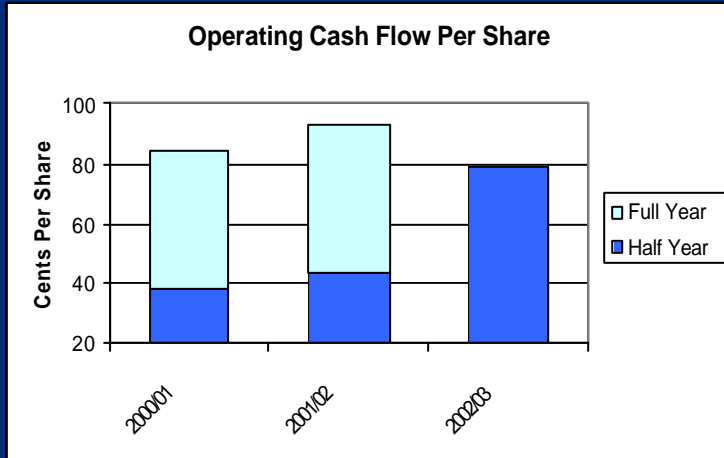
- Steady EPS growth from portfolio of assets
- Seasonality across each financial year



Portfolio contributes to steady EPS growth ...



CASHFLOW



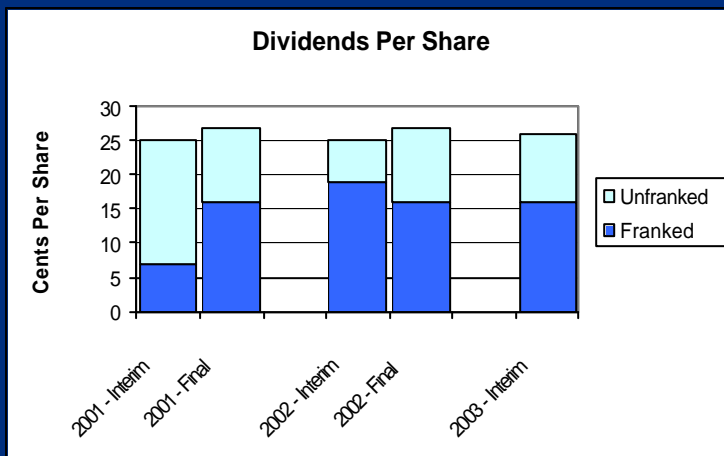
- Steady cash flow growth from portfolio of assets
- Focus on cash management



Portfolio contributes to operating cash flow ...



DIVIDEND AND FRANKING



- Consistent dividend from portfolio of assets
- High pay out ratio
- Franking at 61.5% for interim dividend in current Financial Year
- Franking trending towards 100%



Consistent dividend ...



UPDATE ON CURRENT YEAR

- Business is tracking to our expectations
- Integrated energy proposition consolidated in SE Australia
- Mass market competition - AGL experience continues to be in line with first half



Capturing full value ...

• Financial & Operating performance in line with our expectations



UPDATE ON CURRENT YEAR

- Full year result is dependent upon weather:
 - ◆ Average summer, but hot days tended to occur in times of low demand
 - ◆ Winter - too early to tell
- Consistent with advice at half year, full year result is expected to reflect more seasonality in first half than prior year
- Subject to weather outcomes, underlying profit after tax for first half is expected to represent 58% to 60% of full year outcome



Portfolio delivering results ...

• Seasonality impacts first half / second half



OUR FOCUS

- Current Business Operations
 - ◆ Business efficiencies and processes
 - ◆ Optimising Retail outcomes
- Portfolio enhancement opportunities
 - ◆ Optimise business portfolio
 - ◆ Power Generation



Growing Shareholder Value ...



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- Current Business Operations
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Growing Shareholder Value ...



WHY POWER GENERATION?

Wholesale Electricity Market Dynamics

	<ul style="list-style-type: none"> ➤ Substantial liquidity compared to requirements ➤ Potential development of peaking plant
	<ul style="list-style-type: none"> ➤ Low liquidity but well hedged in short/medium term ➤ Hallett peaking plant ➤ Interconnections improving
	<ul style="list-style-type: none"> ➤ Relatively liquid ➤ Continued demand growth ➤ Somerton Peaking Plant ➤ Retail position enhanced by Pulse acquisition



Opportunities for expansion and/or acquisition ... 

POWER GENERATION

Portfolio approach through spreading exposure across a variety of assets, instruments/structures and energy supply types dependent upon market conditions

Integrated business model for achievement of less volatile, higher quality revenues and returns

Primary criteria is earning an appropriate return on investment

Investment in power generation that:

- provides an appropriate return on investment for the AGL group
- enhances AGL's retailing activities, and
- mitigates retailing risk



Another plank in AGL's business platform ...



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