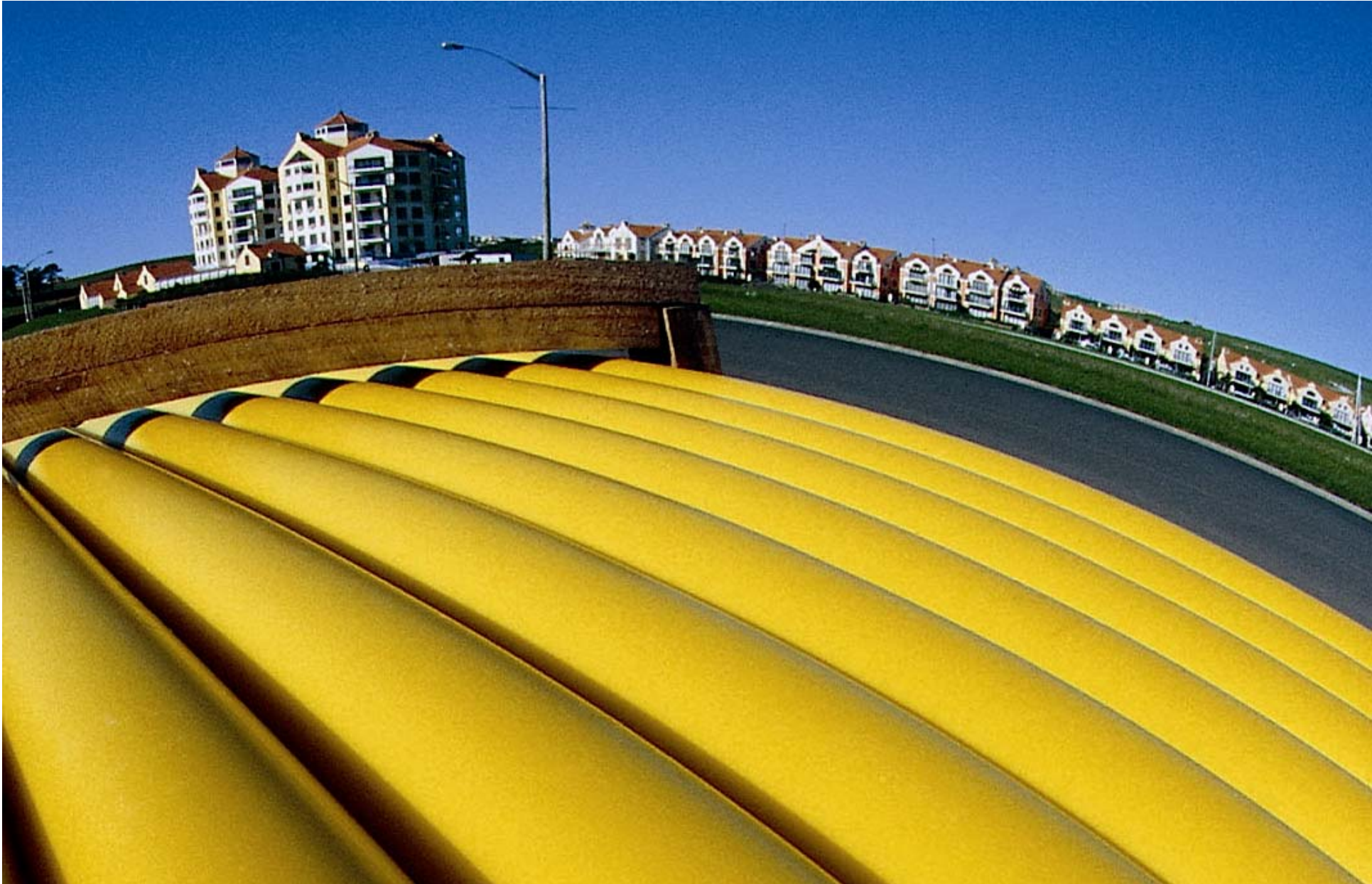


# INVESTOR PRESENTATION - MARCH 2004

ADDITIONAL INFORMATION



- **Half Year Results - Supplementary Information**
- **Business Unit Overview**
- **Australian Energy Industry Regulation**

# HALF YEAR RESULTS - 1H 2004

## Supplementary Information



# KEY FINANCIAL RESULTS



\$m	1H 2003			1H 2004		
	Before Significant Items	Significant Items	Total	Before Significant Items	Significant Items	Total
EBITDA	531.0	3.5	534.5	527.9	(13.0)	514.9
DA	(136.8)	-	(136.8)	(108.9)	-	(108.9)
<b>EBIT</b>	<b>394.2</b>	<b>3.5</b>	<b>397.7</b>	<b>419.0</b>	<b>(13.0)</b>	<b>406.0</b>
Borrowing Costs	(91.9)	-	(91.9)	(64.6)	-	(64.6)
<b>NP Before Tax</b>	<b>302.3</b>	<b>3.5</b>	<b>305.8</b>	<b>354.4</b>	<b>(13.0)</b>	<b>341.4</b>
Tax	(103.6)	(0.3)	(103.9)	(119.9)	0.5	(119.4)
<b>NPAT</b>	<b>198.7</b>	<b>3.2</b>	<b>201.9</b>	<b>234.5</b>	<b>(12.5)</b>	<b>222.0</b>
Minorities	(11.3)	-	(11.3)	(16.3)	-	(16.3)
<b>Net Profit</b>	<b>187.4</b>	<b>3.2</b>	<b>190.6</b>	<b>218.2</b>	<b>(12.5)</b>	<b>205.7</b>

# SEGMENT EBIT ANALYSIS



\$m	1H 2003			1H 2004		
	Operating Profit	Significant Items	Total	Operating Profit	Significant Items	Total
ES&M	124.8	-	124.8	156.3	-	156.3
Energy Networks:						
- Gas	80.1	-	80.1	89.4	-	89.4
- Electricity	28.7	-	28.7	33.9	-	33.9
New Zealand	83.7	-	83.7	71.7	-	71.7
Energy Interests	49.1	-	49.1	46.4	-	46.4
Agility	25.6	-	25.6	27.0	-	27.0
Telecommunications	0.0	(10.0)	(10.0)	(8.8)	(8.8)	(17.6)
Other	2.2	13.5	15.7	3.1	(4.2)	(1.1)
<b>Total</b>	<b>394.2</b>	<b>3.5</b>	<b>397.7</b>	<b>419.0</b>	<b>(13.0)</b>	<b>406.0</b>

# FUNDS EMPLOYED



\$m	1H 2003	1H 2004
Energy Sales & Marketing	1 297.4	1 372.2
Energy Networks	2 032.7	2 039.6
Energy Interests	450.5	457.1
Agility	(2.8)	6.1
Telecommunications	101.3	13.3
Other	573.8	740.6
<b>Sub-total</b>	<b>4452.9</b>	<b>4 628.9</b>
New Zealand	1 378.1	660.8
<b>Total</b>	<b>5 831.0</b>	<b>5 289.7</b>
<b>TransACT Contingent Liability</b>	<b>-</b>	<b>14.7</b>

## 1H 2003

Energy Volume sold

89.1 PJ

Sales Revenue  
(\$m)

704.1

Gross Margin (\$m)

135.3

Gross Margin /  
Sales (%)

19.2

## Electricity

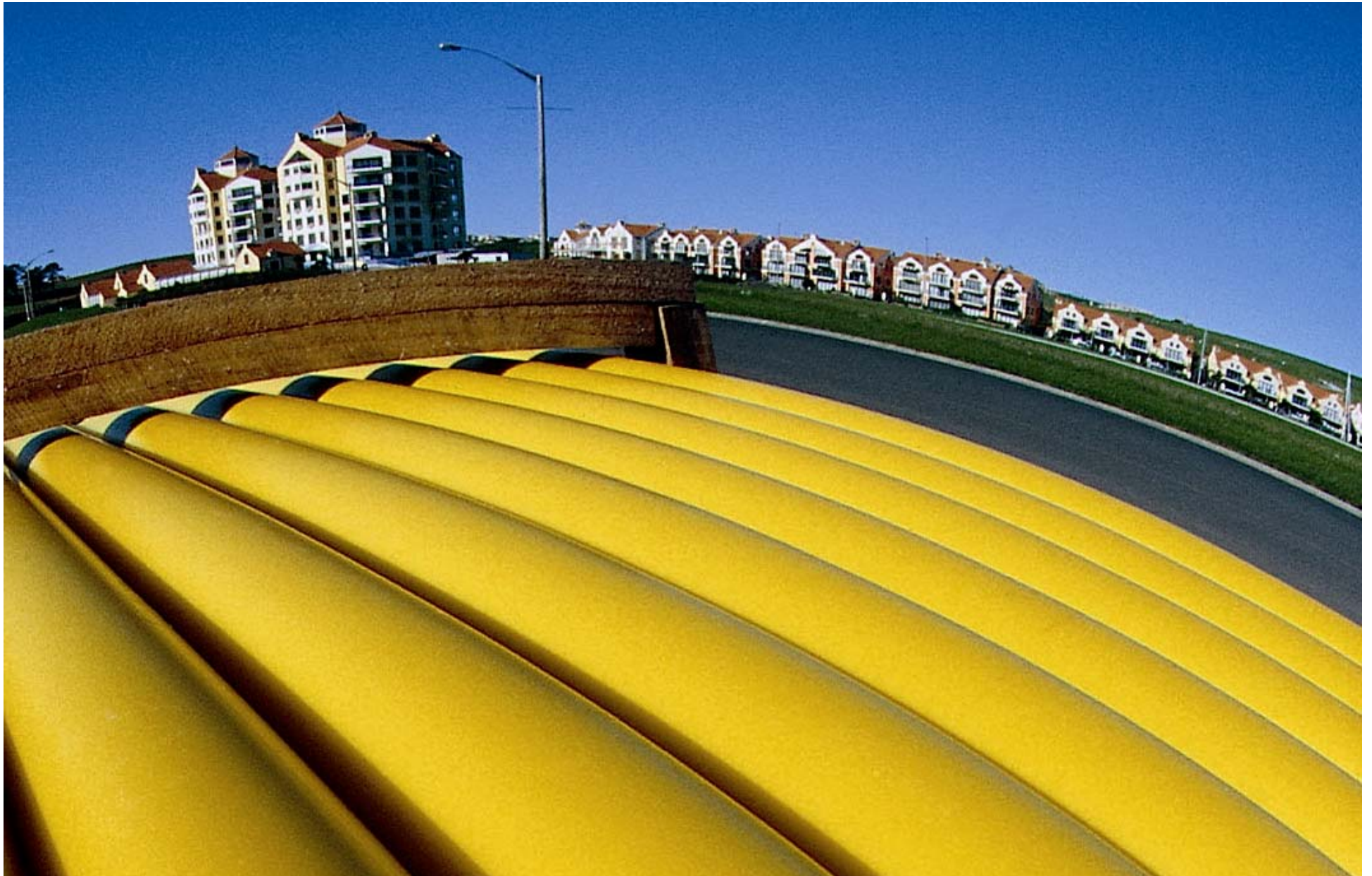
11 208  
GWh

1 041.6

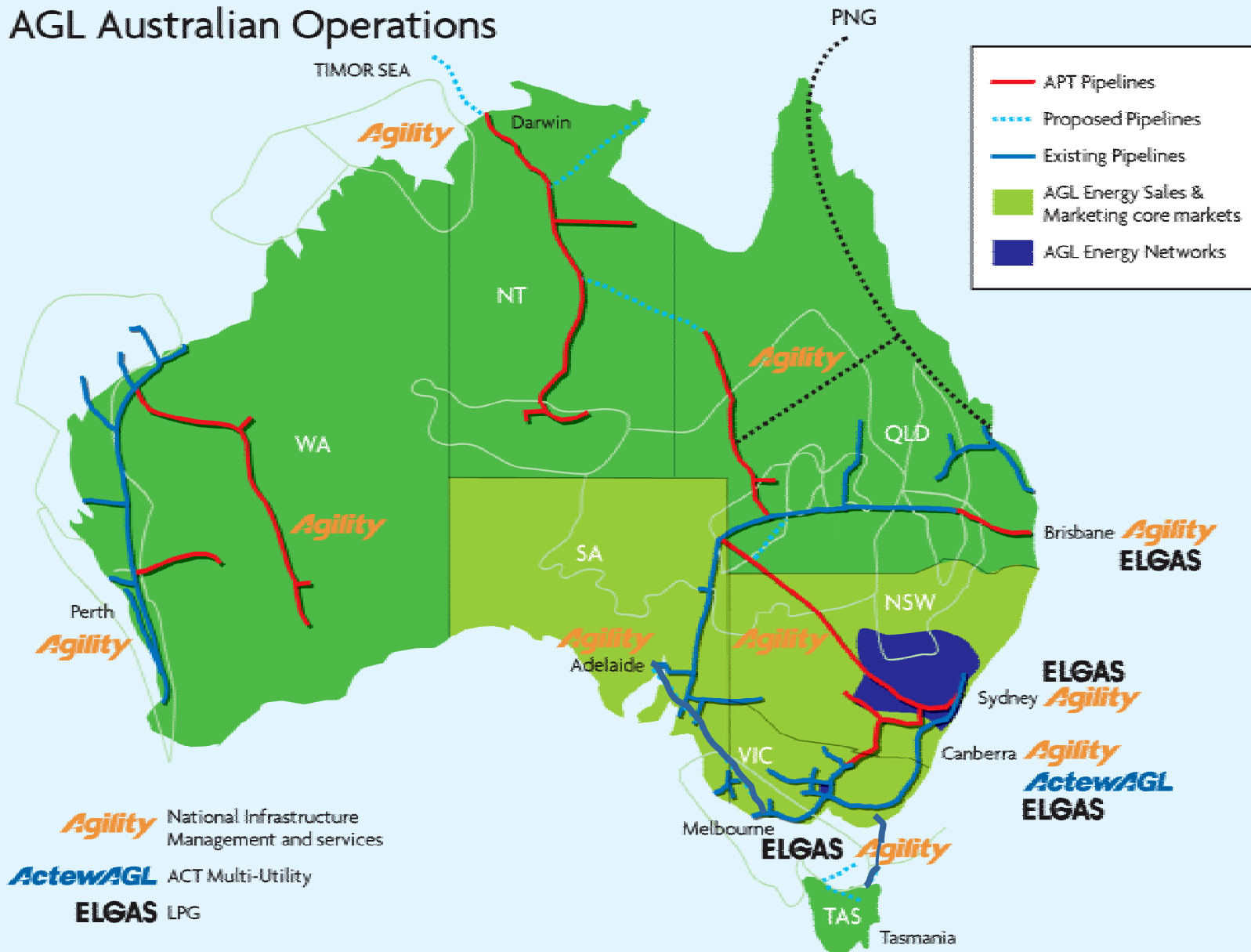
159.6

15.3

# BUSINESS UNIT OVERVIEW



# AGL Australian Operations



**Agility** National Infrastructure Management and services  
**ActewAGL** ACT Multi-Utility  
**ELGAS** LPG

# NEM Electrical Interconnection Capacities

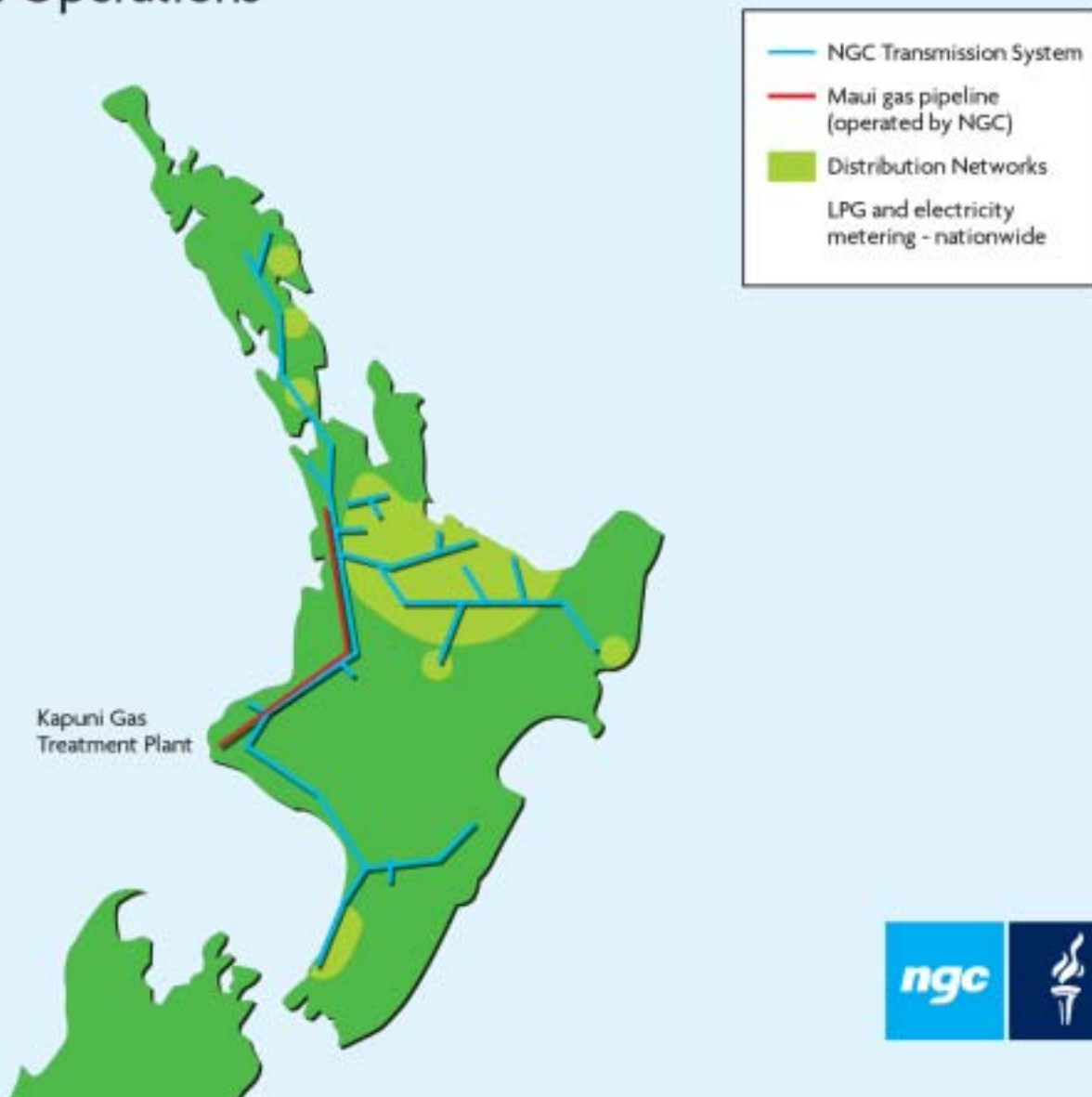
Unit = MW



### Notes:

- Capacities are based on NEMMCO 2003 Statement of Opportunities
- Vic/SA Interconnection consists of Murraylink & Heywood links
- QLD/NSW Interconnection includes QNI & Directlink
- Basslink due 2005
- Seasonal and/or operational constraints affect capacity

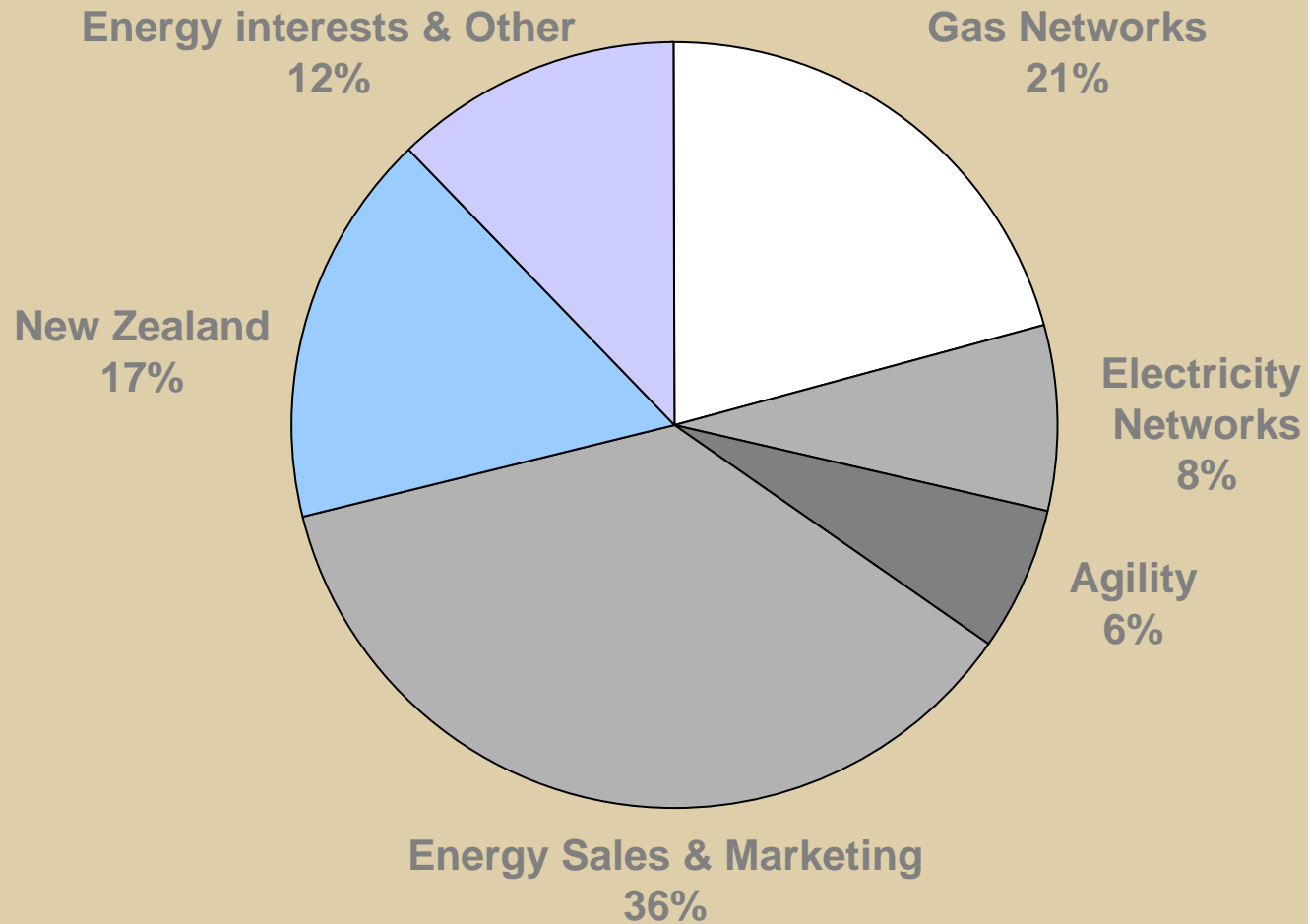
# NGC New Zealand Operations



# AGL Chilean Operations

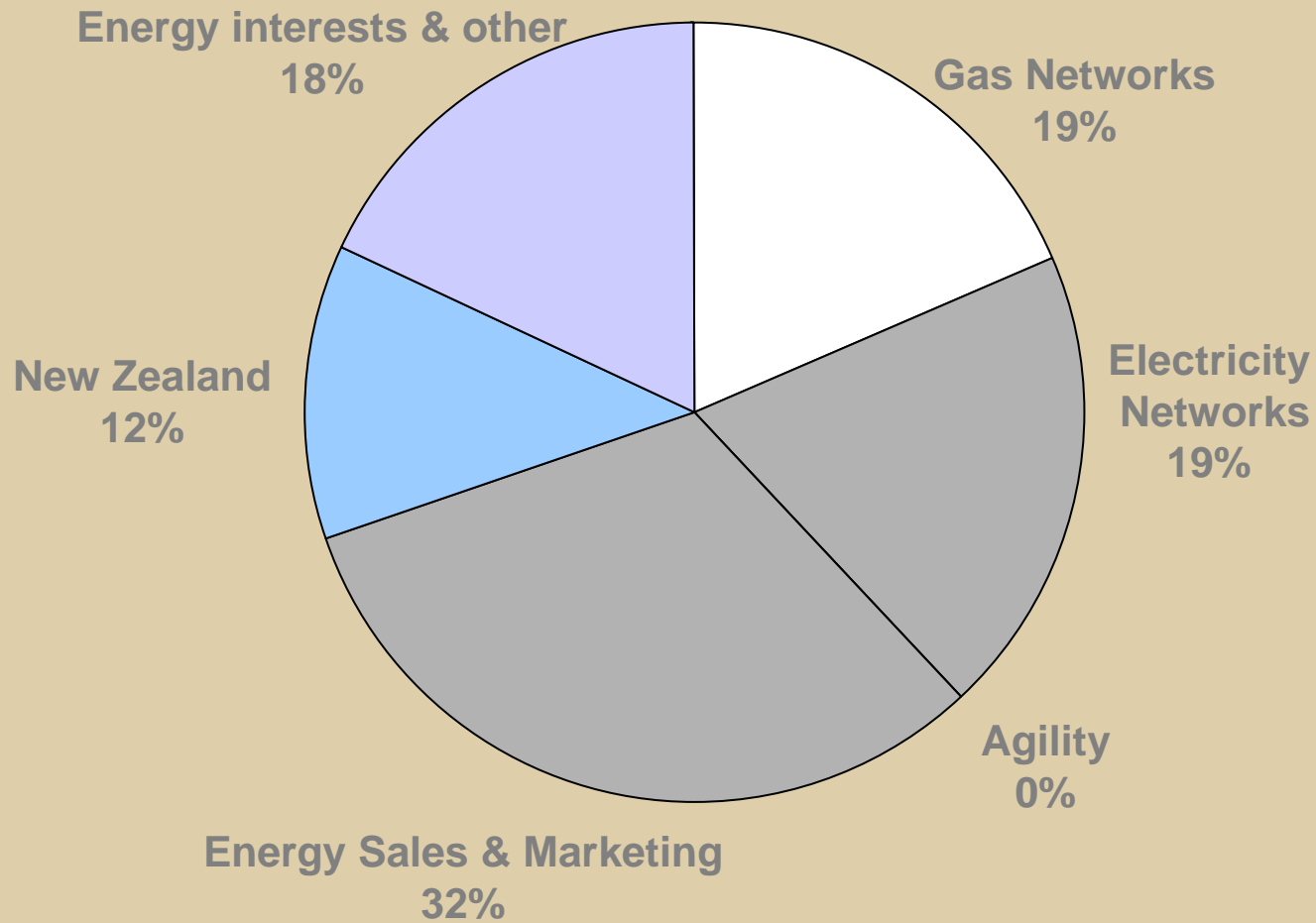


# EBIT 6 months to December 2003



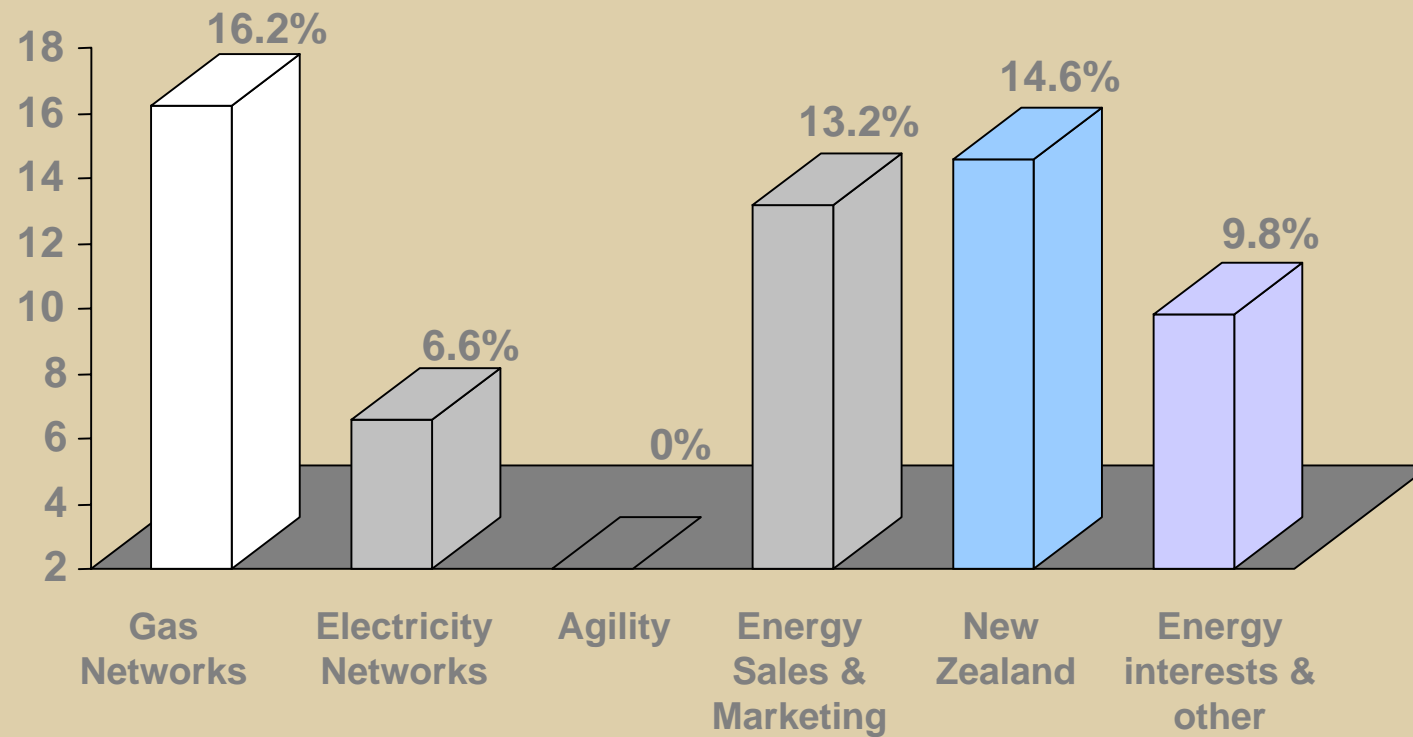
**Total = A\$419.0 million**

# Funds Employed as at 31 December 2003



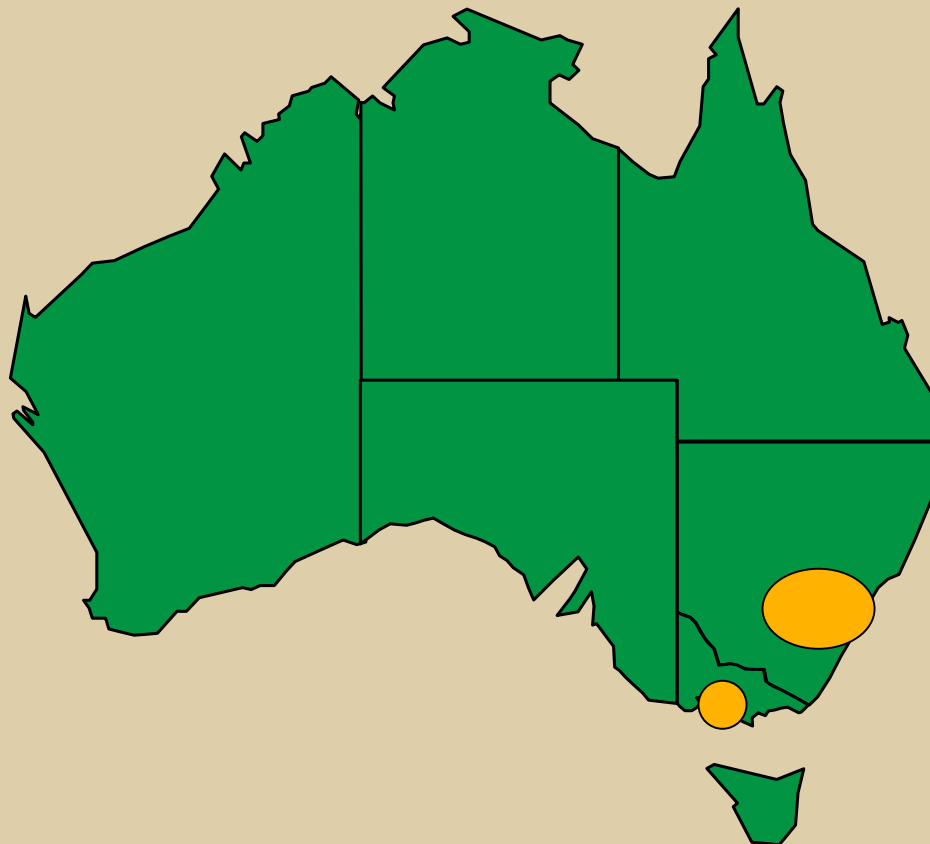
**Total = A\$5,289.7 million**

# EBIT/Funds Employed 12 months to December 2003



# ENERGY NETWORKS

Steady growth going forward



## Gas Network (NSW)

- Largest in NSW
- 910 000 connections
- 98.8 PJ transported  
(YE December 2003)

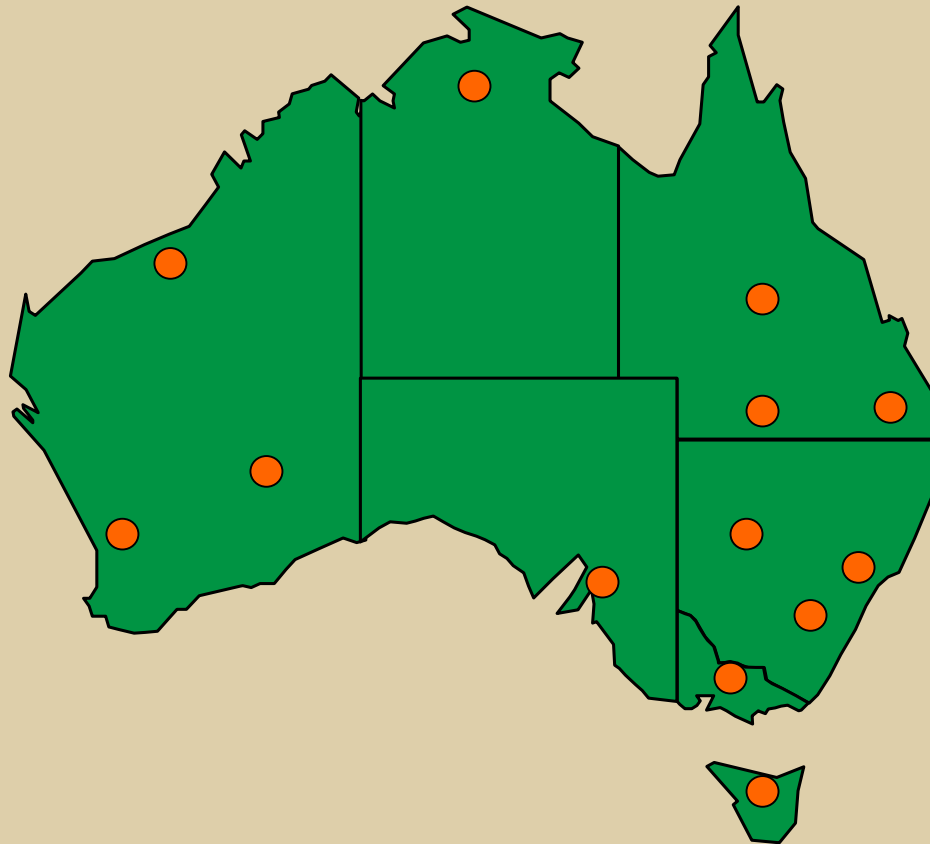
## Electricity Network (Vic)

- Servicing NW Melbourne
- 276 000 connections
- 4 093 GWh transported  
(YE December 2003)

**Stable  
cashflow  
&  
earnings**

**Steady  
growth**

**5 year  
regulatory  
review cycle**

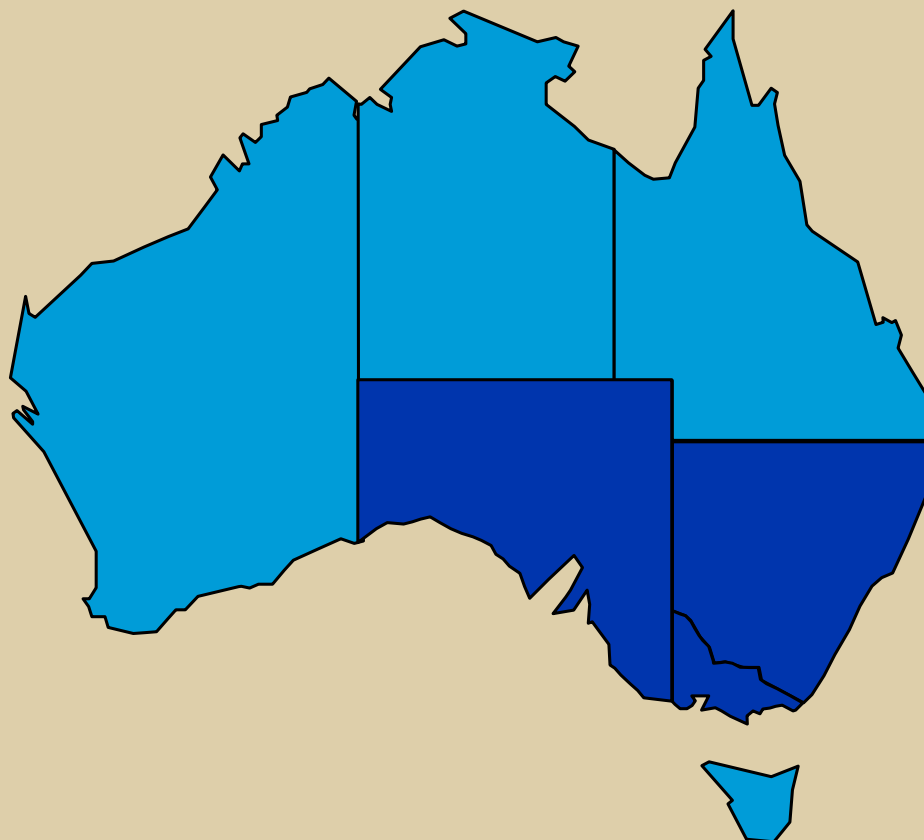


Assets Managed	Gas	Electricity
Transmission	9 700km	-
Distribution	26 500km	7 200km
Peaking Generation	-	330MW



# ENERGY SALES & MARKETING

National energy retailer focussing in SE Australia



**3.1 million  
customer  
base**

**Wholesale  
energy  
position**

**Brand &  
energy  
know-how**

400 000 plus dual fuel customers\*

**Energy Sales**

**Gas**

**Electricity**

YE Dec 2003

163.9PJ

21 912GWh

\* Includes ActewAGL customers

# AUSTRALIAN ENERGY INVESTMENTS



- Gas Transmission Pipelines transporting 25% of Australia's natural gas
- AGL interest - 30%



- Australian Capital Territory natural gas & electricity distributor/retailer and water/sewage operator
- AGL interest - 50%



- Elgas - Leading distributor & retailer of LPG
- HC Extractions - Producer of LPG & Naptha
- AGL interest - 50%(Elgas) and 100% (HCE)



# NEW ZEALAND - NGC HOLDINGS LIMITED

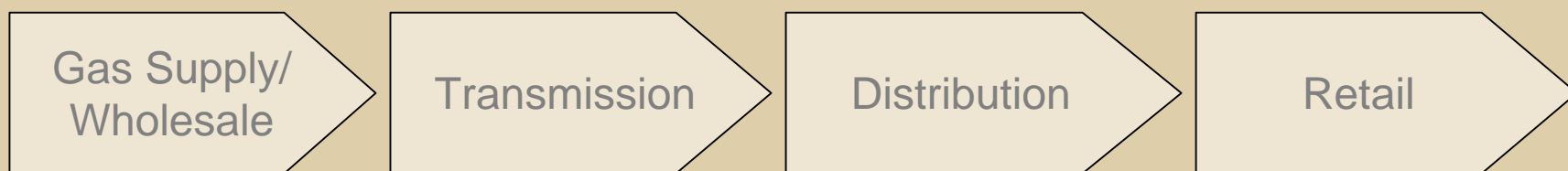
AGL ownership - 66% (A\$0.66B Funds Employed)



AGL's principal New Zealand investment ...

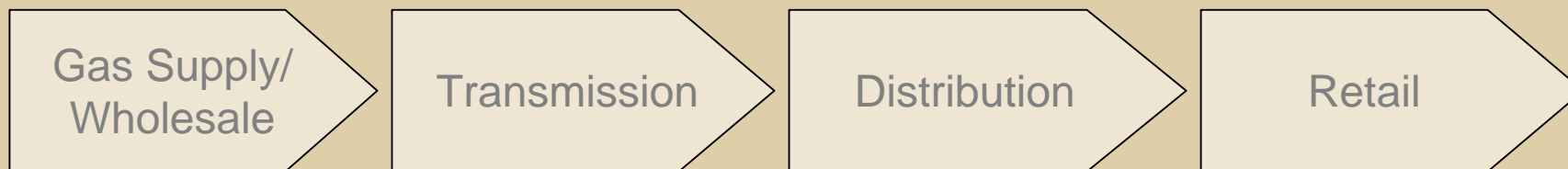


# Gas Sector Regulatory Structures



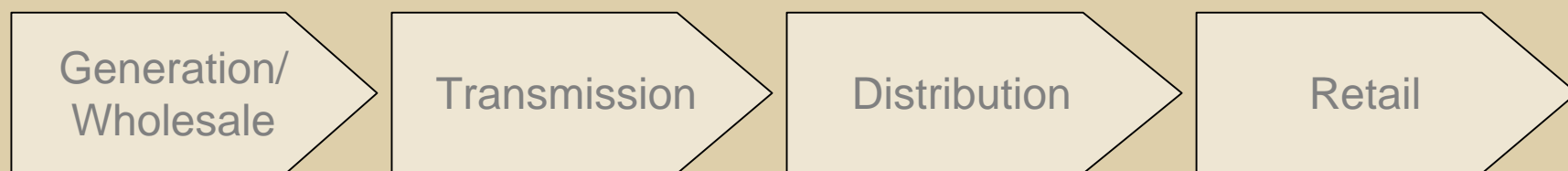
<p>AGL Interest:</p>	<p>Wholesale Gas Contract Portfolio – 15 year contracts for 1408 PJ:</p> <ul style="list-style-type: none"> <li>• Cooper Basin (SA)</li> <li>• Gippsland (Vic)</li> <li>• Surat/Bowen (Qld)</li> </ul>	<p>Australian Pipeline Trust (30%):</p> <ul style="list-style-type: none"> <li>• 7 000km of pipelines</li> <li>• Moomba-Sydney (100%)</li> <li>• Central West (100%)</li> <li>• Carpentaria (70%)</li> <li>• Roma-Brisbane (100%)</li> <li>• Amadeus (NT) (96%)</li> <li>• Goldfields Gas (WA) (48.5%)</li> </ul> <p>Agility (100%):</p> <ul style="list-style-type: none"> <li>• Asset operator</li> </ul>	<p>AGL Gas Networks (100%):</p> <ul style="list-style-type: none"> <li>• 23 000km network in Sydney and regional NSW</li> </ul> <p>Agility (100%):</p> <ul style="list-style-type: none"> <li>• Asset operator</li> </ul>	<p>AGL Energy Sales &amp; Marketing (100%):</p> <ul style="list-style-type: none"> <li>• 1.4m customers primarily in NSW and Vic.</li> <li>• 163.9 PJ sold in CY 2003</li> </ul>
<p>Main Regulator:</p>	<p>Australian Competition &amp; Consumer Commission (ACCC)</p>	<p>ACCC</p>	<p>Independent Pricing and Regulatory Tribunal (IPART)</p>	<ul style="list-style-type: none"> <li>• NSW – Minister</li> <li>• Vic – Minister and Essential Services Commission (ESC)</li> </ul>

# Gas Sector Regulatory Structures (cont.)



Key Regulation:	Trade Practices Act	National Third Party Access Code for Natural Gas Pipeline Systems (Gas Code)	<ul style="list-style-type: none"> <li>Gas Code</li> <li>Reticulator Authorisation (NSW)</li> </ul>	<ul style="list-style-type: none"> <li>Various</li> <li>Retail Licences</li> </ul>
Regulatory Principles:	<ul style="list-style-type: none"> <li>General Anti-trust principles regarding lessening of competition</li> </ul>	<ul style="list-style-type: none"> <li>Covered pipelines subject to open access principles</li> <li>5 year access arrangements</li> <li>Approved tariffs must allow recovery of efficient costs and WACC on Asset Base</li> </ul>	<ul style="list-style-type: none"> <li>Open access principles</li> <li>5 year access arrangements</li> <li>Approved tariffs must allow recovery of efficient costs and WACC on Asset Base</li> </ul>	<ul style="list-style-type: none"> <li>Large customers (&gt;1 to 10 TJ per yr) unregulated</li> <li>NSW: Voluntary Pricing Principles apply for small customers. Expires June 2004</li> <li>Vic: Minister has approved price path to 2007</li> </ul>

# Electricity Sector Regulatory Structures



	Generation/ Wholesale	Transmission	Distribution	Retail
AGL Interest:	<p>Peaking Power Generation (100%):</p> <ul style="list-style-type: none"> <li>• Somerton (Vic) 150 MW</li> <li>• Hallett (SA) 180 MW</li> </ul> <p>Investments:</p> <ul style="list-style-type: none"> <li>• Loy Yang (Vic) 2,200MW – 32.5% interest (pending)</li> </ul> <p>Wholesale electricity contract portfolio (financial instruments)</p>		<p>AGL Electricity Networks (100%):</p> <ul style="list-style-type: none"> <li>• 7 200 km network in NW Melbourne (Vic)</li> </ul> <p>Agility (100%):</p> <ul style="list-style-type: none"> <li>• Asset operator</li> </ul>	<p>AGL Energy Sales &amp; Marketing (100%):</p> <ul style="list-style-type: none"> <li>• 1.7m customers primarily in Vic, SA and NSW.</li> <li>• 21 912 GWh sold in CY 2003</li> </ul>
Main Regulator:	<p>ACCC National Electricity Code Administrator (NECA)</p>	<p>ACCC NECA</p>	<p>Vic – ESC</p>	<p>Vic – Minister and ESC SA – Essential Services Commission of SA (ESCOSA) NSW – Minister and IPART</p>

# Electricity Sector Regulatory Structures (cont.)



	Generation/ Wholesale	Transmission	Distribution	Retail
Key Regulation:	National Electricity Code Generation Licences Trade Practices Act	National Electricity Code	National Electricity Code Distribution Licence (Vic)	Various Retail Licences
Regulatory Principles:	<ul style="list-style-type: none"> <li>• Output can only be scheduled through the pool</li> <li>• Actual output and pricing determined by NEMMCO (market operator) scheduling</li> <li>• Must Comply with NEMMCO directions</li> <li>• General Anti-trust principles regarding lessening of competition</li> </ul>	<ul style="list-style-type: none"> <li>• Open access principles</li> <li>• 5 year access arrangements</li> <li>• Approved tariffs must allow recovery of efficient costs and WACC on Asset Base</li> </ul>	<ul style="list-style-type: none"> <li>• Open access principles</li> <li>• 5 year access arrangements</li> <li>• Approved tariffs must allow recovery of efficient costs and WACC on Asset Base</li> </ul>	<ul style="list-style-type: none"> <li>• Large customers (&gt;160 MWh per yr) unregulated</li> <li>• Vic: Minister has approved price path to 2007</li> <li>• SA: electricity prices approved by ESCOSA until 1 July 2005. Thereafter, ESCOSA retains reserve powers</li> <li>• NSW: Regulator recommendation to Minister. Due to expire June 2004</li> </ul>

### National Energy Policy Reform - Key Issues

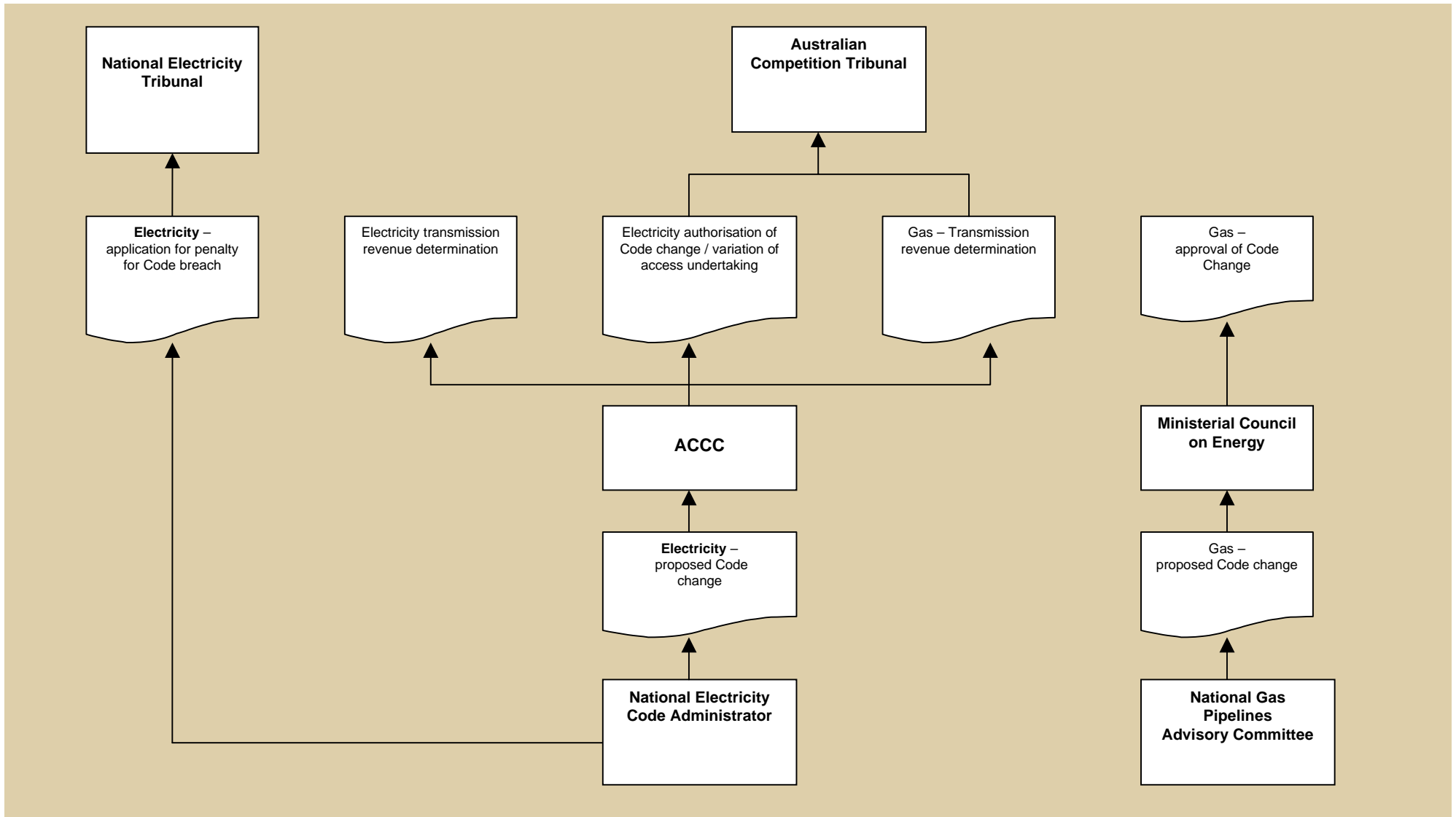
- **Uniform national regulation & single national energy regulator**
  - Currently National & State regulators.
  - Governments agreed in December 2003 to create the Australian Energy Regulator and Australian Energy Market Commission
  - Industry consultation planned for March/April 2004
  - Proposed staged implementation from:
    - July 2004 (electricity transmission & wholesale)
    - 2005 (gas transmission)
    - 2006 (distribution & retail)
- **Electricity transmission**
  - Regulation & planning
  - Proposed for 2004

### Gas Access Regime Review

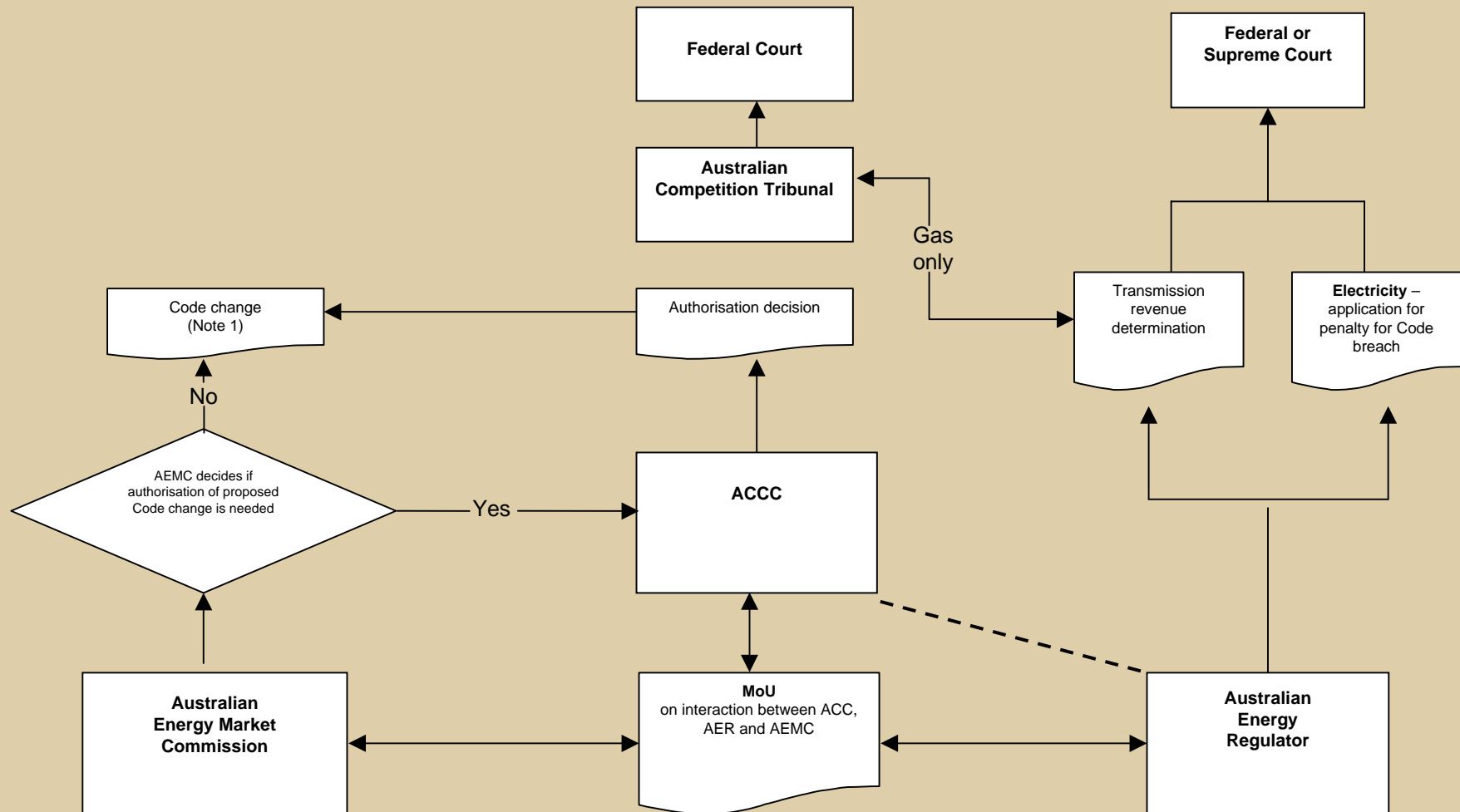
- Productivity Commission review announced June 2003. Due to report June 2004, anticipated implementation in 2004/05
- Covers gas transmission and distribution
- Key issues for industry:
  - regulation only where appropriate - improving the test for deciding when to regulate pipelines and distribution systems
  - clear objectives - balance between short term pricing outcomes and long term investment in infrastructure
  - pricing principles - provide incentives for efficient operators
  - maintaining and strengthening appeal rights

# REGULATION OF THE ENERGY MARKETS

## CURRENT MODEL



# REGULATION OF THE ENERGY MARKETS PROPOSED MODEL



**Notes:** (1) The Ministerial Council on Energy will have power to issue binding policy directions on, and commission inquiries by, the AEMC

# INVESTOR PRESENTATION - MARCH 2004

ADDITIONAL INFORMATION

