

- **AGL Overview**
- **December 2003 Half Year Results**
- **Australia's Energy Supply Environment**
- **2004 Priorities**
  - **Power Generation and Loy Yang Power**
- **June 2004 Full Year Outlook**

# AGL OVERVIEW



# AUSTRALIAN MARKET LEADERSHIP POSITIONS (A\$4.7B Funds Employed)



- Gas & Electricity Distribution Networks
- Infrastructure Operations & Management
- Energy Retailing

Australia's largest energy supply company ...

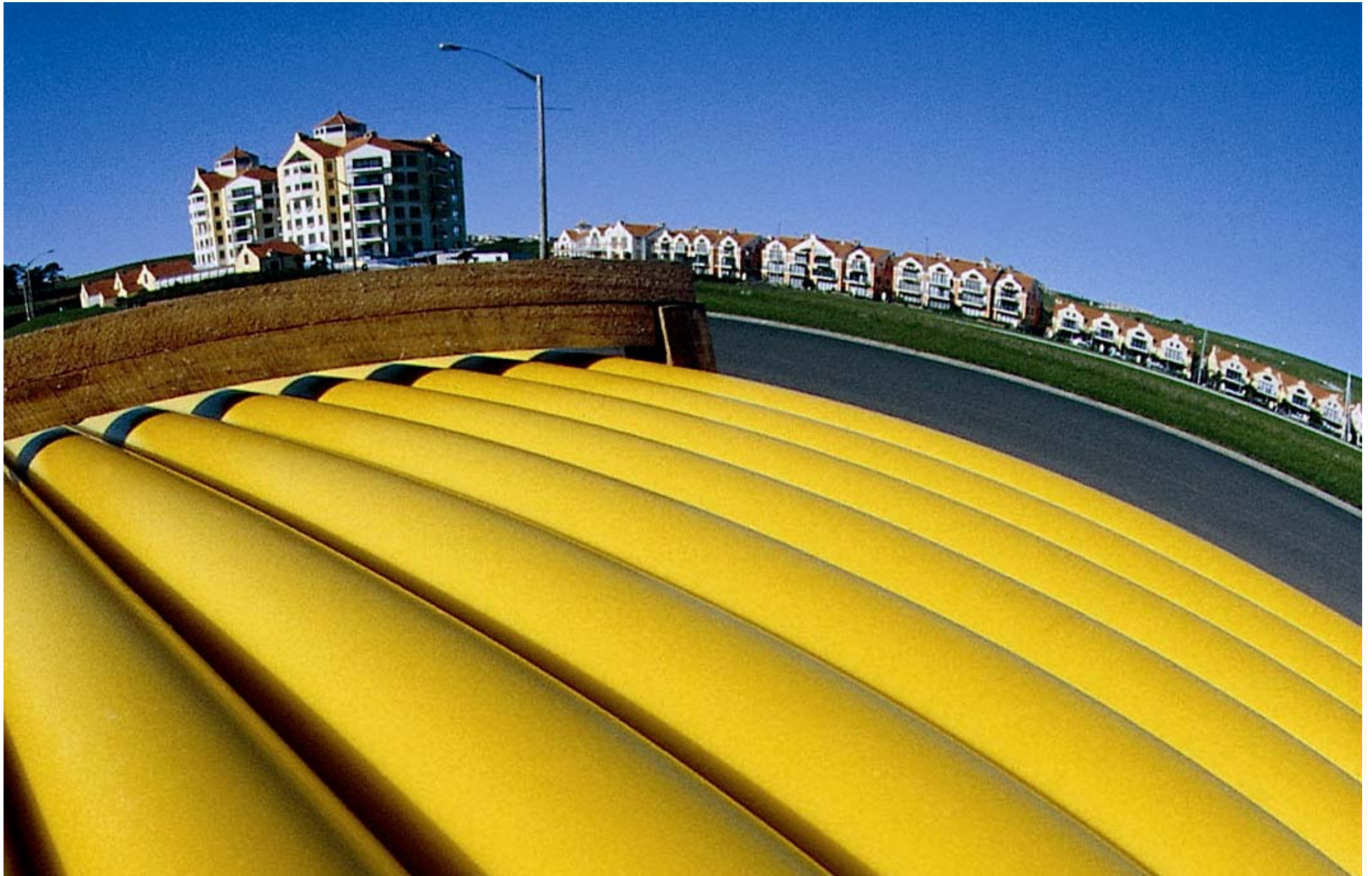
# NEW ZEALAND - NGC HOLDINGS LIMITED

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



AGL's principal New Zealand investment ...

# DECEMBER 2003 HALF YEAR RESULTS



# FINANCIAL RESULTS SUMMARY



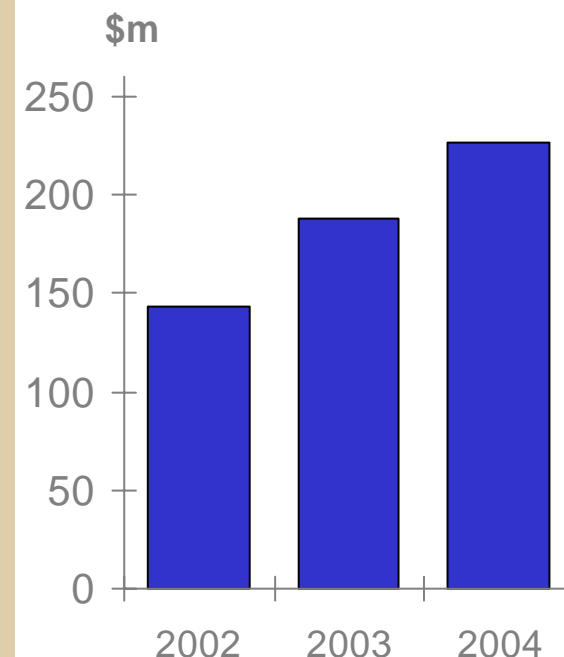
## Reported Performance

Profit Attributable to Shareholders	\$205.7m	Up 7.9%
Operating Cash Flow	\$375.7m	Up 10.9%
EPS	45.4cps	Up 2.9%
Dividend	29.0cps	Up 11.5%
	(76% franked)	

## Underlying\* Performance on core assets

Underlying Profit	\$226.1m	Up 20.7%
EPS	49.9cps	Up 15.0%

## 1H Underlying\* Profit Performance



\* Excludes Significant Items and COMindico equity-accounted impact of (\$7.9m)

Strong performance from core energy businesses...

## MAJOR ITEMS OF NOTE



- Cooler weather in NSW and Victoria compared to prior year
- Trade Practices clearance on Loy Yang A
- “A” credit ratings reconfirmed
- Retail tariff certainty - 4 year price path in Victoria
- Successful capital return and bond raising by NGC (NZ)

- 
- Moomba Incident Jan 2004



# FINANCIAL PERFORMANCE



	1H 2003 \$m	1H 2004 \$m	Change %
External Sales Revenue	1 933.7	2 135.4	+ 10.4
EBITDA	534.5	514.9	- 3.7
EBIT	397.7	406.0	+ 2.1
NPAT	201.9	222.0	+ 10.0
Outside Equity Interests	(11.3)	(16.3)	
<b>Profit attributable to Shareholders</b>	<b>190.6</b>	<b>205.7</b>	<b>+ 7.9</b>
<b>Underlying* Profit</b>	<b>187.4</b>	<b>226.1</b>	<b>+ 20.7</b>

\* Excludes Significant Items and COMindico equity-accounted impact of (\$7.9m)

Strong underlying profit performance ...

## SIGNIFICANT ITEMS



	1H 2004 \$m
<b>Telecommunications</b>	
Dingo Blue	16.2
TransACT	(25.0)
<b>Other Non-core</b>	
Windimurra Power Gen	(3.7)
<b>Net Significant Items (After Tax)</b>	<b>(12.5)</b>

<b>Non – Core Assets Funds Employed:</b>	<b>\$m</b>
COMindico	15.6
WA Power Generation	22.6
Property	47.5
<b>Total</b>	<b>85.7</b>

Non-core assets represent 1.6% of AGL's total funds employed ...

# CASHFLOW



	1H 2003 \$m	1H 2004 \$m	Change %
<b>EBITDA</b>	<b>534.5</b>	<b>514.9</b>	<b>- 3.7</b>
Working capital	(45.1)	(12.9)	+ 71.4
Equity accounting associates & JVs	(9.5)	(6.1)	+ 35.8
Borrowing costs	(92.6)	(63.9)	+ 31.0
Tax payments	(45.8)	(71.3)	- 55.7
Non current asset disposals/writeoff	(2.7)	15.0	NA
<b>Operating Cashflow</b>	<b>338.8</b>	<b>375.7</b>	<b>+ 10.9</b>
Less:			
Stay-in-Business	36.4	53.3	+ 46.4
Capex			
<b>Free Cashflow</b>	<b>302.4</b>	<b>322.4</b>	<b>+ 6.6</b>
Op. Cashflow per Share	78.5c	82.8c	+ 5.5%

Strong Free Cash Flow ...

## STRONG FINANCIAL POSITION



	1H 2003	1H 2004	Change
<b>Funds Employed</b>			
Australia (\$m)	4 452.9	4 628.9	+ 4.0%
New Zealand (\$m)	1 378.1	660.8	- 52.0%
EBIT*/FE (%) (Half Yr)	7.4	8.0	+ 0.6
<b>Debt Information</b>			
Net Borrowings (\$m)	2 751.2	1 951.4	- 29.1%
Interest Coverage (times)	4.3	6.5	+ 2.2
Gearing (D/D+E) (%)	47.3	38.3	- 9.0
Average Interest Rate (%)	6.4	6.0	- 0.4
Debt duration (Years)	4.4	5.9	+ 1.5

\* Excludes Significant Items and COMindico equity-accounted impact of (\$7.9m)

Well placed to fund growth opportunities ...

## SEGMENT RESULTS



EBIT *	1H 2003 \$m	1H 2004 \$m	Change %
Energy Sales & Marketing	124.8	156.3	+ 25.2
Energy Networks			
- Gas	80.1	89.4	+ 11.6
- Electricity	28.7	33.9	+ 18.1
New Zealand	83.7	71.7	- 14.3
Australian Energy Investments	49.1	46.4	- 5.5
Agility	25.6	27.0	+ 5.5
Telecommunications	0.0	(0.9)	NA
Other	2.2	3.1	+ 40.9
<b>TOTAL</b>	<b>394.2</b>	<b>426.9</b>	<b>+ 8.3</b>

\* Excludes Significant Items and COMindico equity-accounted impact of (\$7.9m)

Strong performance across the energy asset portfolio ...

# ENERGY SALES & MARKETING



	1H 2003	1H 2004	Change
Sales Revenue	1 499.6	1 785.0	+ 19.0%
EBIT (\$m)	124.8	156.3	+ 25.2%
EBIT/Sales (%)	8.3	8.8	+ 0.5
<b>Energy Volume sold</b>			
Gas (PJ)	80.4	89.1	+ 10.9%
Electricity (GWh)	10 504	11 208	+ 6.6%
<hr/>			
Customer accounts*	Jun 2003	Dec 2003	
Gas	1.42m	1.40m	
Electricity	1.70m	1.70m	
Total	3.12m	3.10m	
* Including ActewAGL			

- Demonstrated ability to sustain margins
- 826 000 dual fuel accounts, up 24 000

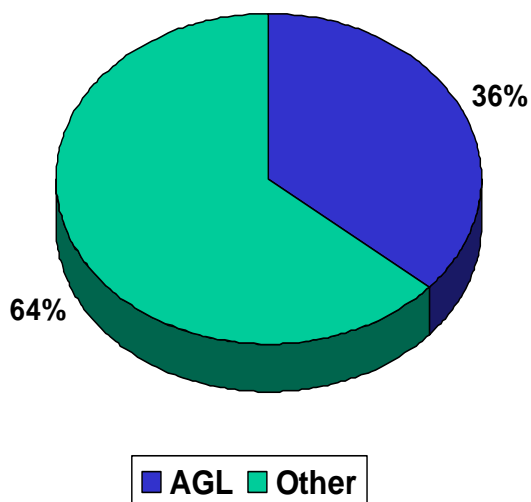
Strong result driven by increased sales volumes & improved margins ...

# ENERGY SALES & MARKETING

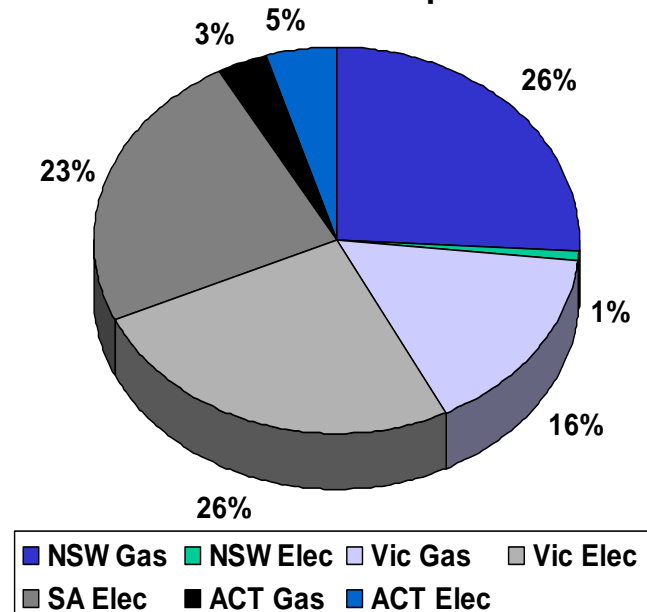
## Retail Business Focus



**AGL Market Share\* by Customer Numbers - Vic, NSW, ACT, SA**



**AGL Customer Spread\***



### Key Business Drivers

- Leveraging scale
- Retail effectiveness
- Optimising wholesale energy portfolio
- Sensible regulatory outcomes

\* Including ActewAGL

Winning & keeping high value customers ...

# ENERGY SALES & MARKETING

## Retail Tariff Regulatory Outcomes



### Regulatory Outcomes – from July 2003

	Gas	Electricity
NSW	<ul style="list-style-type: none"> <li>8.7% increase from 1 July 2003</li> </ul>	
South Australia		<ul style="list-style-type: none"> <li>1.7% increase from 1 Jul 2003</li> </ul>

### Regulatory Outcomes – from Jan 2004

South Australia		<ul style="list-style-type: none"> <li>No change</li> </ul>
Victoria	<ul style="list-style-type: none"> <li>5% increase for 2004</li> <li>CPI + 0.5% increase for 2005-2007</li> </ul>	<ul style="list-style-type: none"> <li>0.5% and 1.3% increases for 2004</li> <li>CPI-1.5% / CPI – 0.9% and CPI – 0.5% increases for 2005-2007</li> </ul>



Retail price paths providing revenue certainty ...

# ENERGY NETWORKS



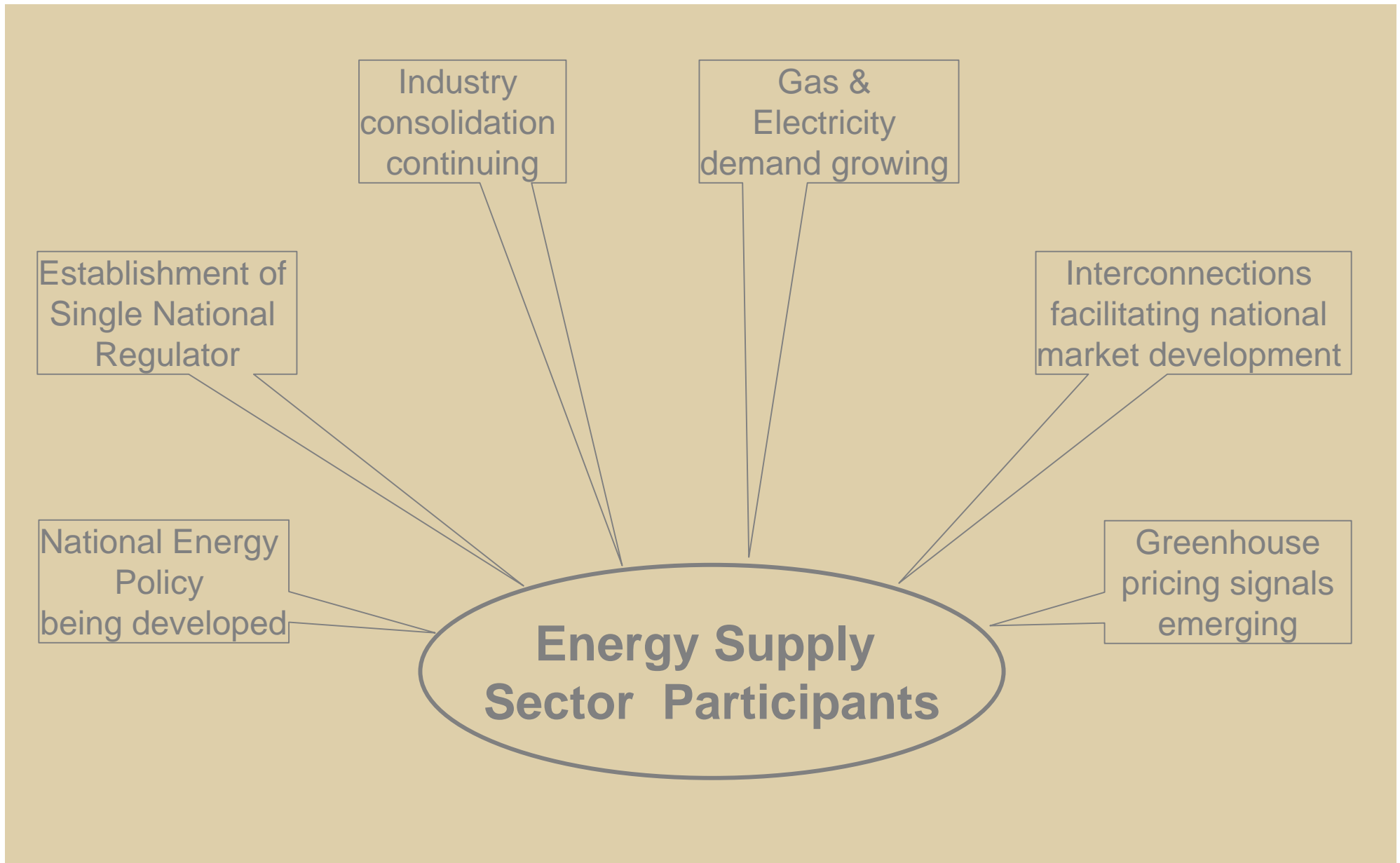
	1H 2003	1H 2004	Change
EBIT (\$m)	108.8	123.3	+ 13.3%
<b>Volume Transported</b>			
Gas (PJ)	50.5	52.2	+ 3.4%
Electricity (GWh)	2 037	2 096	+ 2.9%
<b>Customer Connections</b>			
Gas	879 000	910 000	+ 3.5%
Electricity	269 000	276 000	+ 2.6%
<b>Network Length</b>			
Gas (km)	22 859	23 099	+ 1.0%
Electricity (km)	7 153	7 205	+ 0.7%



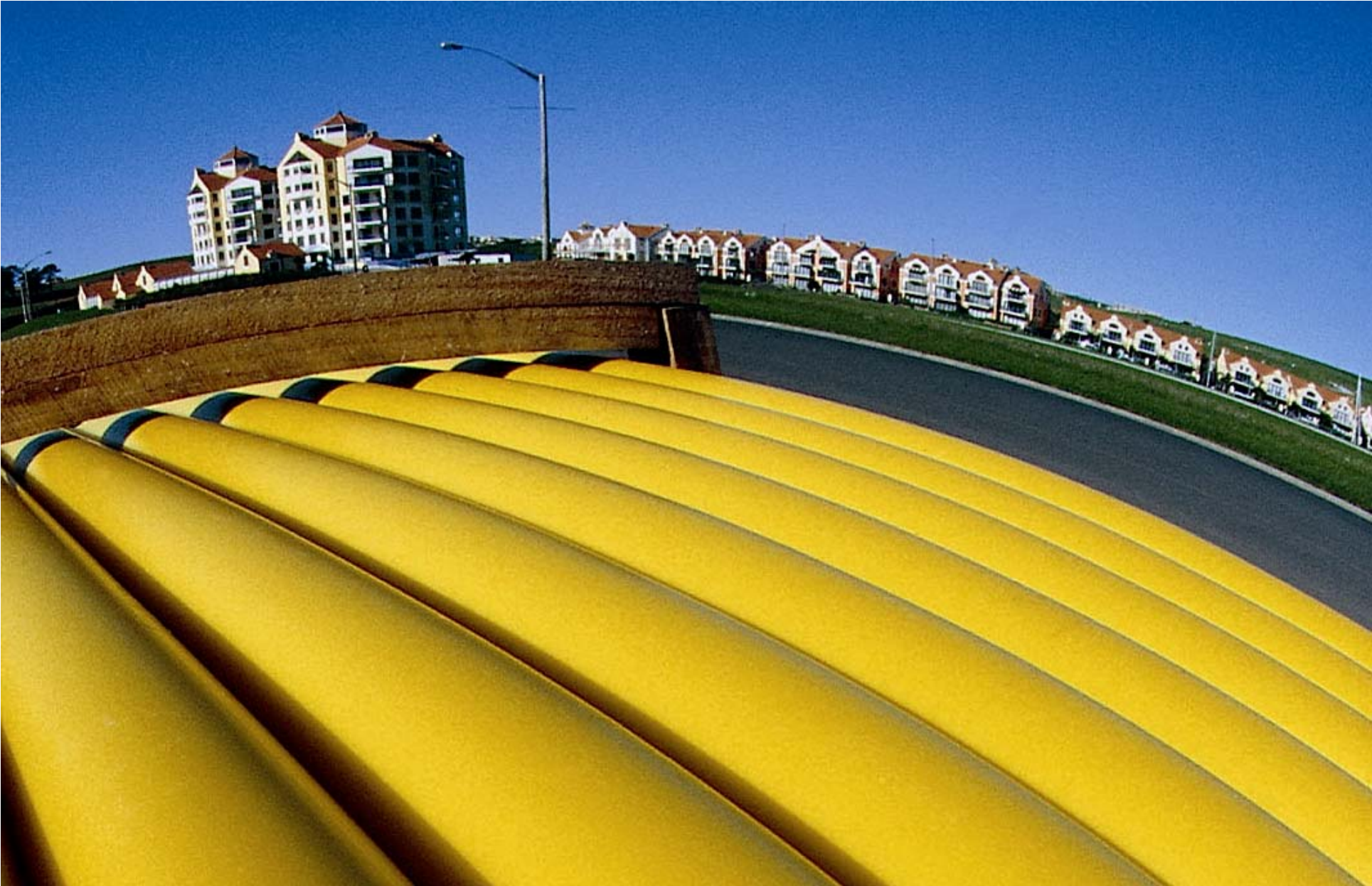
Results reflect increased volumes & customer connections ...

# AUSTRALIA'S ENERGY SUPPLY ENVIRONMENT





# 2004 PRIORITIES



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- Organic growth initiatives in existing operations
- Mid-stream pipeline opportunities
- Power Generation & Renewables opportunities
- NZ value enhancing opportunities

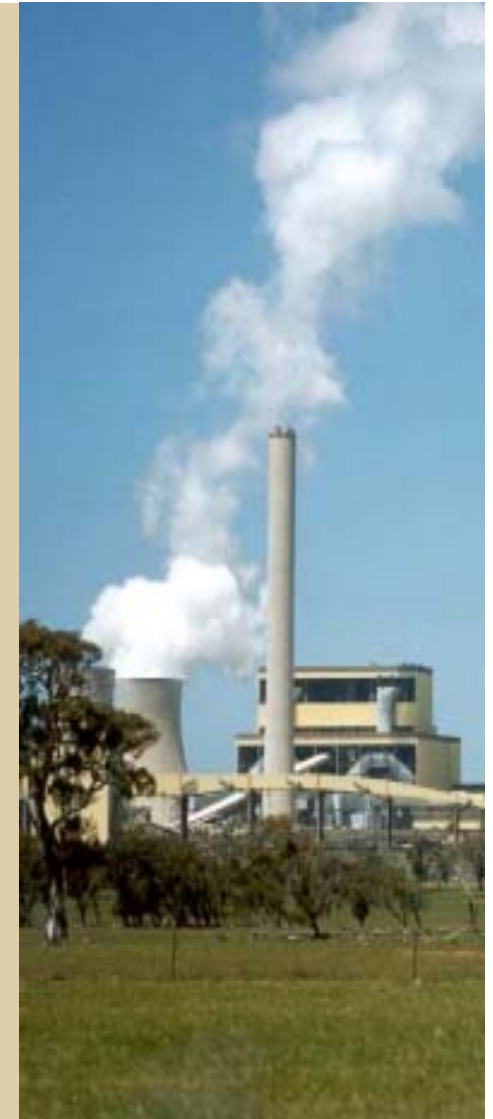
Pursuing profitable growth ...

## Power Generation Strategy

- **Positions of vertical integration where appropriate:**
  - Peaking Generation integrated with retail business - Somerton, Hallett
  - Acquisition /Expansion/ Greenfields
- **Power Generation Investments:**
  - Earnings & portfolio diversification
  - Loy Yang A Investment

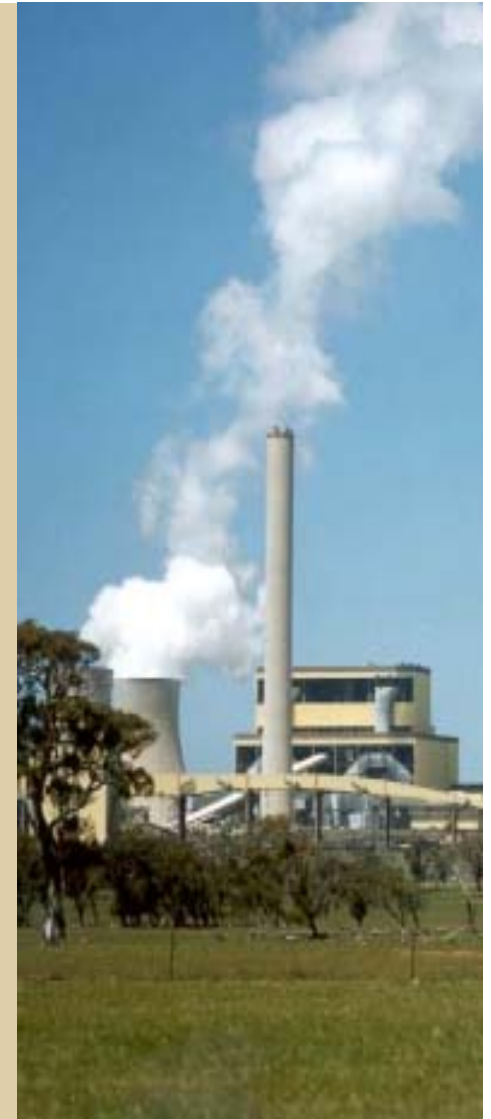
## Renewable Generation

- **AGL interests:**
  - Investments in landfill gas extraction, biogas
  - PPA for windfarms in SA & Vic
- **Further opportunities:**
  - Windfarm developments in NSW, SA and Vic

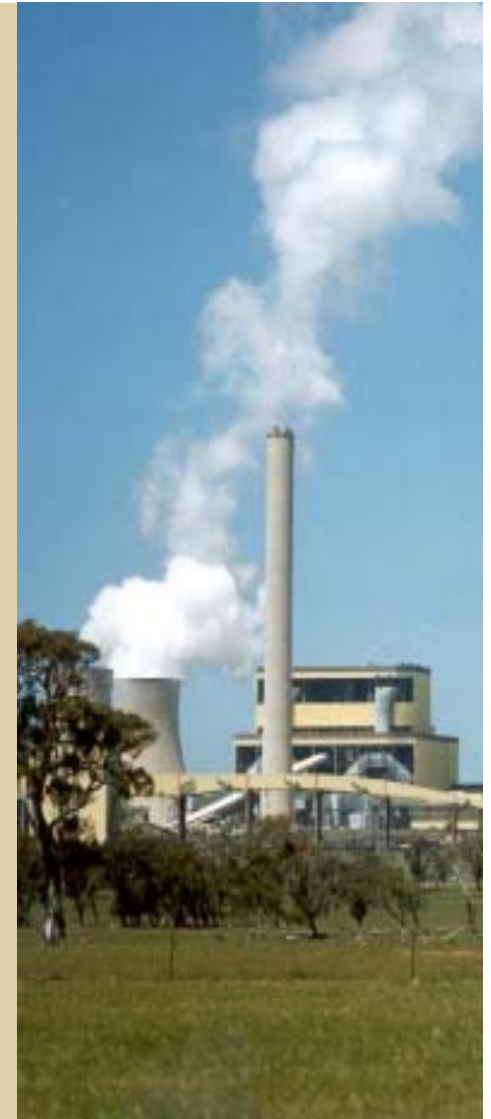


Provides opportunities to enhance business portfolio...

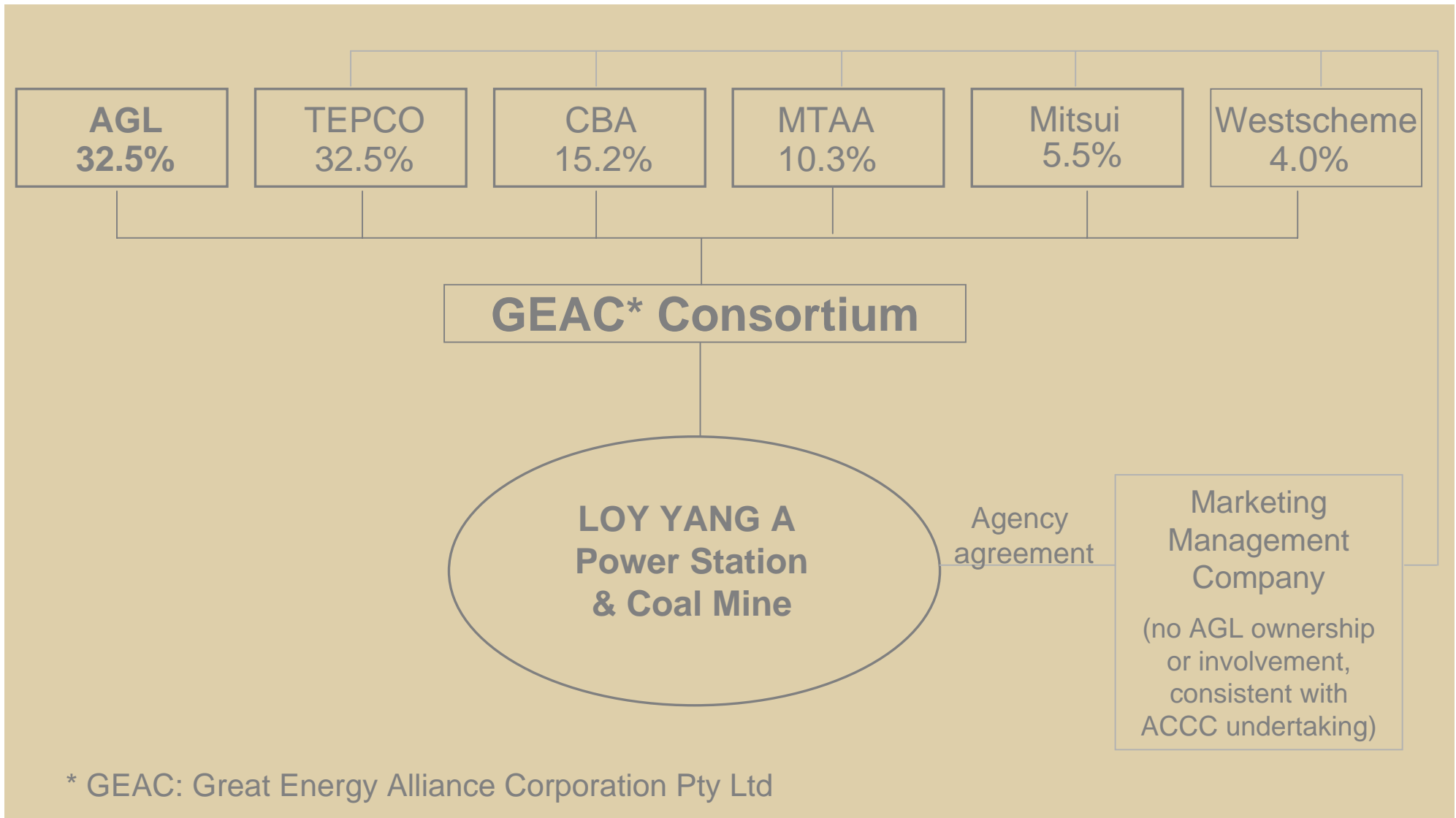
- **Acquisition of a 32.5% interest in Loy Yang A**
  - Largest base-load electricity power generator in Victoria and adjacent coal mine with more than 40 years of resource.
  - Lowest cost generator in the National Energy Market (NEM)
  - Output of 2,200 MW represents
    - 24% of Victoria's installed capacity and
    - 5% of installed capacity in the NEM
  - Targeted date of financial close around 31 March '04



- **Loy Yang A investment**
  - Attractive financial returns
  - Earnings and portfolio diversification
  - Opportunity to enter base load generation market with experienced partner
  - Provides natural income hedge to existing business
  - Reduction in counterparty contracting risk
- **AGL will have ownership interests in more than 1,000 MW (equity basis) of power generation in the NEM**



# OWNERSHIP STRUCTURE



# 2004 FULL YEAR OUTLOOK



## Building on a strong first Half Underlying Profit Performance

### Overall result impacted by:

- Moomba supply incident - anticipated impact about \$5m (pre-tax)
- Summer electricity demand & wholesale electricity prices
- Non-core assets - COMindico equity accounting impact to continue

Subject to unforeseen circumstances and the above factors:

- 1H 2004 Underlying Profit of \$226.1m likely to represent between 62% - 64% of FY 2004 Underlying\* Profit
- Underlying\* EPS growth for FY 2004 anticipated to be between 6% - 9%

\* Excludes Significant Items and COMindico equity-accounted impact

