



# **2006 Full Year Financial Results**

**12 months ended 30 June 2006**

16 August 2006

The information in this presentation:

- is not an offer or recommendation to purchase or subscribe for securities in The Australian Gas Light Company or to retain any securities currently held
- does not take into account the potential and current individual investment objectives or the financial situation of investors
- was prepared with due care and attention and is current at the date of the presentation

Actual results may materially vary positively or negatively from any forecasts (where applicable) in this presentation. Before making or varying any investment in securities in The Australian Gas Light Company, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

- Year in Review Paul Anthony, MD & CEO
- Result Overview
- Group Financial Performance Greg Hayes, CFO
- Business Unit Performance Paul Anthony, MD & CEO
- Outlook and Way Forward
- Demerger – Next Steps
- Supplementary Information

- Underlying profit from continuing operations up 16.7% to \$432.1 million
  - ◆ Final dividend 36.5cps, fully franked
- Solid performance from retail business
  - ◆ Intensely competitive market
  - ◆ EBIT to sales margin up to 7.7% from 6.6%
  - ◆ Additional approx. 60,000 higher value dual fuel accounts
  - ◆ Effectively maintained leading Australian market share: ~30%
- Enhanced, integrated merchant portfolio exceeding expectations
  - ◆ Existing businesses improve operating and financial performance
  - ◆ New businesses integrated to plan and delivering portfolio benefits



# Year In Review (cont.)



- Energy networks deliver good result on back of favourable weather and recent regulatory outcomes
- Agility continues to expand market scope and skill base, delivering double-digit growth
- PNG Australian Pipeline: scaling back FEED following delays in firming final load – subsequent FEED write-off
  - ◆ APC consortium retain development rights to PNG Australian Pipeline
- PNG Upstream Project: GSA remains in place, no impact on carrying value of investment following FEED write-off
- AGL / Alinta transaction on track and anticipated to deliver superior outcomes for shareholders compared to original AGL demerger plan



# Result Overview - Financial



	Jun 2006	Jun 2005	Change %
EBITDA	\$940.9m	\$547.6m	+71.8
EBIT	\$735.3m	\$387.9m	+89.6
Profit after tax	\$457.0m	\$244.3m	+87.1
Less: Significant Items	\$24.9m	(\$126.0m)	+119.8
Underlying reported Profit	\$432.1m	\$370.3m	+16.7
Underlying basic EPS (continuing operations)	94.7c	81.1c	+16.8
Operating cash flow (continuing operations)	\$436.0m	\$502.5m	-13.2
Final dividend per share	36.5c	32.0c	+14.1
Franking %	100	100	

# Group Financial Performance

**Greg Hayes**

**Chief Financial Officer**

# Profit & Loss (excluding significant items)



12 months to (\$m)	Jun 2006	Jun 2005	Change %
Revenue <sup>1</sup>	4,340.1	3,959.6	+9.6
Expenses	(3,357.3)	(3,178.5)	+5.6
EBITDA	982.8	781.1	+25.8
EBIT	777.2	621.4	+25.1
Finance costs	(143.8)	(89.2)	+61.2
Profit before tax	633.4	532.2	+19.0
Income tax expense	(201.3)	(161.9)	+24.3
Profit from continuing operations	432.1	370.3	+16.7
Profit from discontinued operations	-	35.9	
Net profit after tax	432.1	406.2	+6.4

<sup>1</sup> Includes equity accounted profit

## Significant Items (net of tax)



12 months to (\$m)	Jun 2006
Equity accounted profits relating to APT entering tax consolidation	5.5
Tax consolidation benefit	46.3
Demerger/Merger costs	(31.9)
Sale of Breakfast Point property	23.3
PNG Pipeline FEED costs	(18.3)
<b>Net significant items (net of tax)</b>	<b>24.9</b>

# EBIT Contribution by Segment (excluding significant items)



12 months to (\$m)	Jun 2006	Jun 2005	Change %
Networks: Gas	119.2	132.4	-10.0
Electricity	89.0	78.8	+12.9
Agility	70.3	63.0	+11.6
Retail Energy	262.8	221.2	+18.8
Merchant Energy	147.2	52.6	+179.8
Energy Investments	109.5	94.0	+16.5
Unallocated & Other	(20.8)	(20.6)	+1.0
<b>Sub-total excluding New Zealand</b>	<b>777.2</b>	<b>621.4</b>	<b>+25.1</b>
New Zealand	-	74.4	N/A
<b>Total</b>	<b>777.2</b>	<b>695.8</b>	<b>+11.7</b>

# Cash Flow Summary (continuing operations)



12 months to (\$m)	Jun 2006	Jun 2005	Change %
EBITDA (includes significant items)	940.9	547.6	+71.8
Equity accounted associates and joint ventures	(17.2)	9.3	N/A
Net Finance costs	(144.7)	(80.8)	+79.1
Tax paid	(169.5)	(130.9)	+29.5
Write down NCA	25.1	231.1	-89.1
Working capital	(198.6)	(73.8)	+169.1
<b>Operating cash flow</b>	<b>436.0</b>	<b>502.5</b>	<b>-13.2</b>
Stay In Business capital expenditure	(117.8)	(84.3)	+39.7
<b>Cash flow after SIB capital expenditure</b>	<b>318.2</b>	<b>418.2</b>	<b>-23.9</b>
Less: Dividends paid	(287.6)	(282.9)	+1.7
<b>Free cash flow</b>	<b>30.6</b>	<b>135.3</b>	<b>-77.4</b>

**2007 forecast operating cash flow for AGL continuing operations ~\$560m-580m**

- Capital structure anticipated to provide capacity to fund identified development and growth opportunities:
  - ◆ Flexibility around debt and/or equity funding
  - ◆ Potential re-introduction of DRP or use of hybrids
- Anticipate at Transaction Implementation Date (TID) to have borrowing (debt) facilities totalling ~\$2.0 billion
  - ◆ Following TID to be drawn to ~\$1.3 billion\*
- Confident of 'BBB' flat (S&P) long term credit rating
- To adopt capital structure consistent with maintaining BBB flat rating
  - ◆ Debt levels to be managed to ensure ratio of funds from operations to interest at least 5 times

\* Change to prior guidance of ~\$1.6 billion as less debt (~\$230m) assumed from Alinta

# **Business Unit Performance**

**Paul Anthony**

**Managing Director & CEO**

12 months to (\$m)	Jun 2006	Jun 2005	Change %
Total revenue	3,413.5	3,358.7	+1.6
Expenses	(3,140.2)	(3,123.6)	+0.5
EBITDA	273.3	235.1	+16.2
D & A	(10.5)	(13.9)	-24.5
EBIT	262.8	221.2	+18.8
EBIT / revenue %	7.7	6.6	

## Key drivers

- Favourable energy purchase costs via enhanced merchant portfolio including positive A-IFRS transition on electricity derivatives
- Favourable weather and acceptable regulatory outcomes
- Further improvement of ~20% forecast in FY2007 EBIT from reduced wholesale purchase costs and operating cost savings

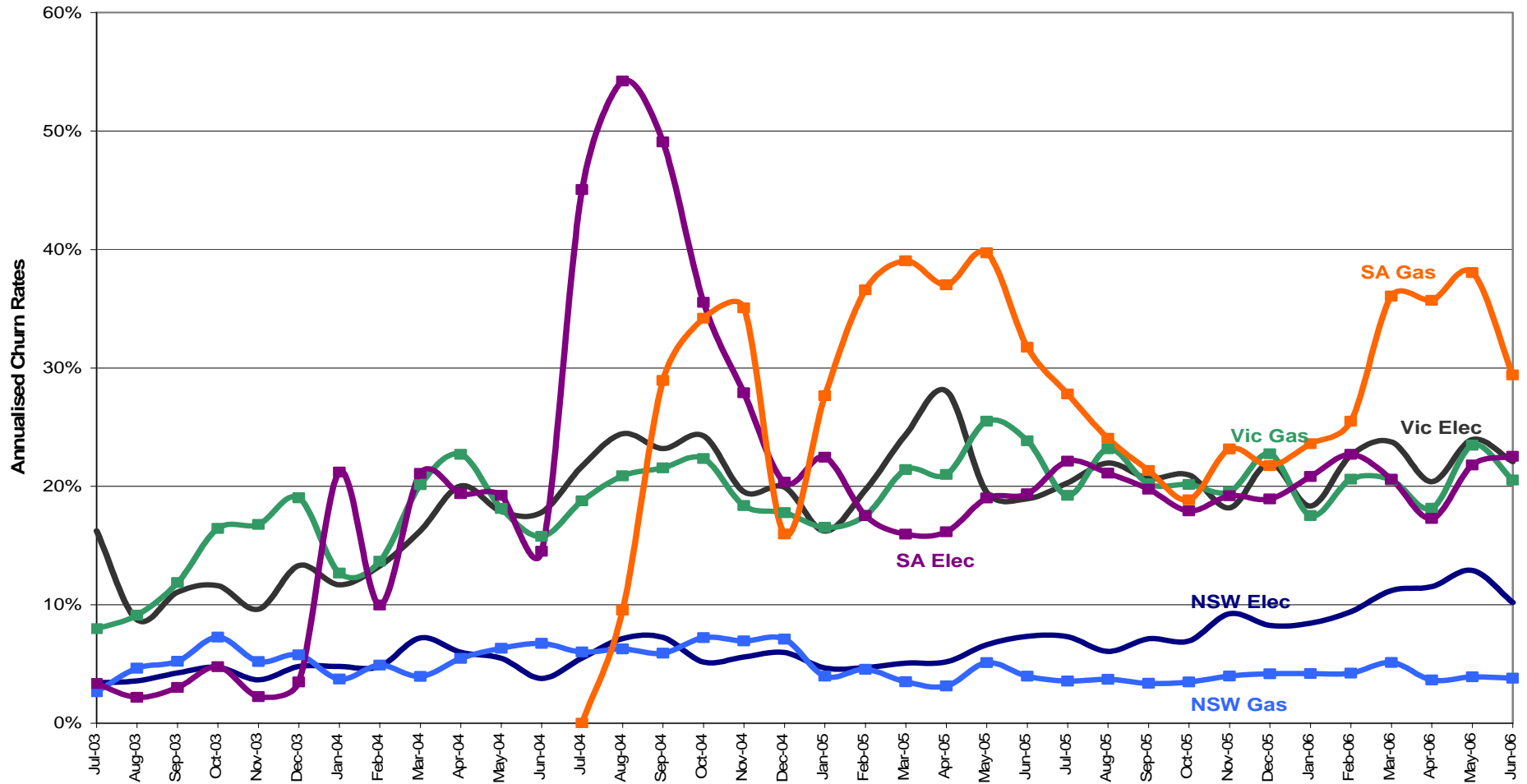
# Retail Energy - Key Performance Measures



	12 months to	June 2006	June 2005	Change
<b>Electricity</b>				%
Volume (GWh)		22,147	22,279	-0.6
Mass Market Accounts ('000)		1,428	1,481	-3.5
Revenue (\$m) mass market and C&I		2,174	2,141	+1.6
<b>Gross Margin</b>				
Mass Market		263.4	226.0	+16.5
Commercial & Industrial		22.5	20.6	+9.2
Total Gross Margin (\$m)		285.9	246.5	+16.0
Gross Margin %		13.2%	11.5%	+14.8
	12 months to	June 2006	June 2005	Change
<b>Gas</b>				%
Volume (PJ)		138.9	131.2	+5.9
Mass Market Accounts ('000)		1,338	1,336	+0.2
Revenue (\$m) mass market and C&I		1,201	1,191	+0.8
<b>Gross Margin (\$m)</b>				
Mass Market		208.6	185.3	+12.6
Commercial & Industrial		29.9	30.7	-2.6
Total Gross Margin (\$m)		238.5	216.0	+10.4
Gross Margin %		19.9%	18.1%	+9.9

\* Excludes ActewAGL customers; mass market customers only




# Retail Energy - Intensely Competitive Market



Source: NEMMCO, VENCORP and ESCOSA estimates. SA Gas and Electricity churns include customer retentions. All other state churns for electricity and gas exclude retentions.

# Market Share (12 months to 30 June 2006)



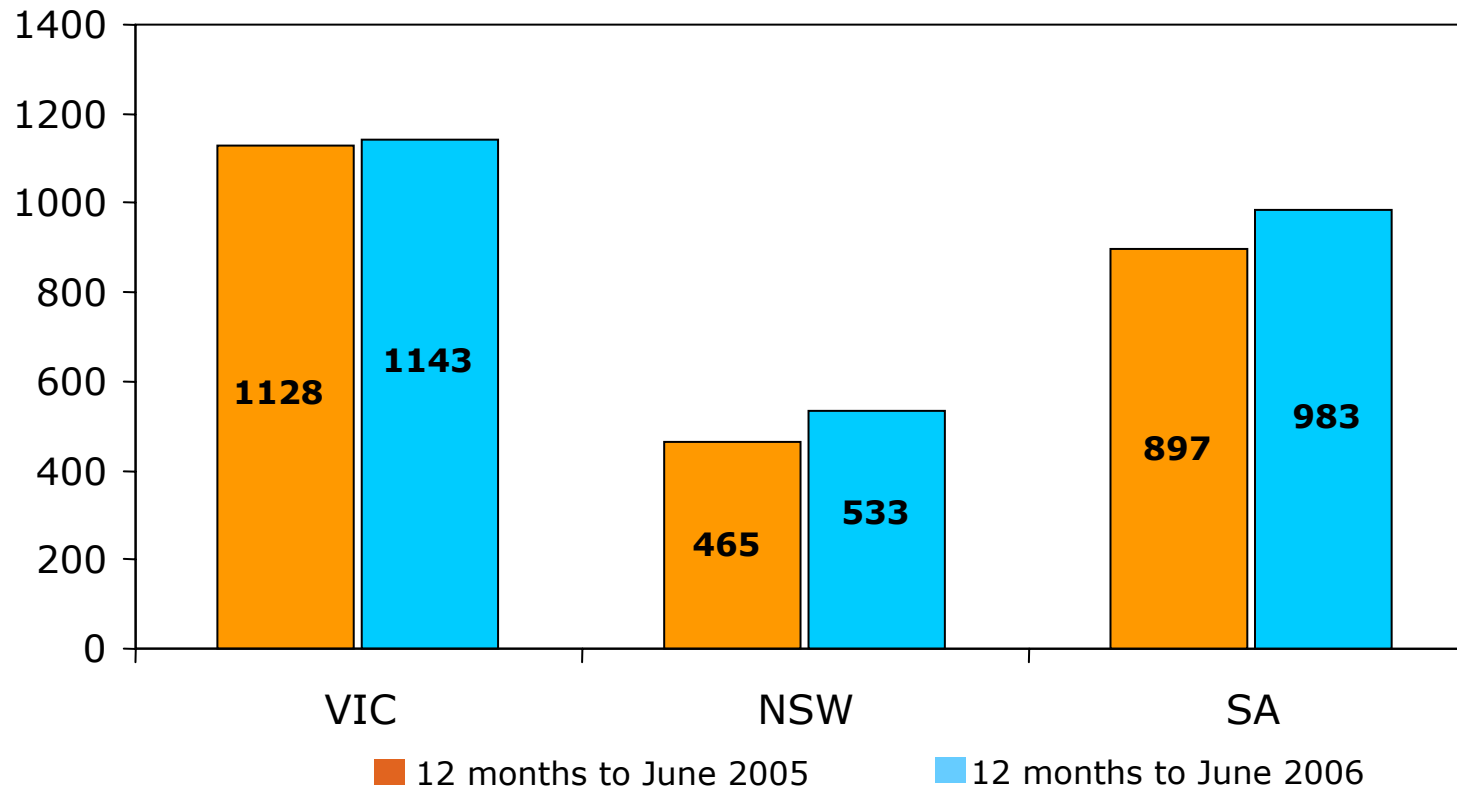
		Gas	Electricity	Dual Fuel	Market Share	Product/customer
 Victoria	Customer accounts	<b>-4,573</b> to 510,742	<b>-49,559</b> to 705,412	<b>-17,252</b> to 742,886	<b>30%</b> (2005: 31%)	<b>1.44</b> (2005: 1.43)
	Market churn rate	<b>20%</b> (2005: 20%)	<b>21%</b> (2005: 22%)			
 South Australia	Customer accounts	<b>+12,171</b> to 52,775	<b>-65,185</b> to 534,184	<b>+18,330</b> to 93,820	<b>52%</b> (2005: 57%)	<b>1.09</b> (2005: 1.06)
	Market churn rate*	<b>27%</b> (2005: 27%)	<b>20%</b> (2005: 11%)			
 New South Wales	Customer accounts	<b>-5,019</b> to 774,761	<b>+62,548</b> to 188,765	<b>+58,878</b> to 259,930	<b>24%</b> (2005: 23%)	<b>1.16</b> (2005: 1.12)
	Market churn rate	<b>4%</b> (2005: 5%)	<b>9%</b> (2005: 6%)			
<b>Total accounts (Net)</b>		<b>+2,579</b> to 1,338,278	<b>-52,196</b> to 1,428,361	<b>+59,956</b> to 1,096,636	<b>30%</b> (2005: 31%)	<b>1.25</b> (2005: 1.23)

\* SA Gas and Electricity churn include customer retentions, all other state churn for electricity and gas exclude retentions.

# Retail Energy – Weather Improves Sales



Heating Degree Days



# Merchant Energy – Financial



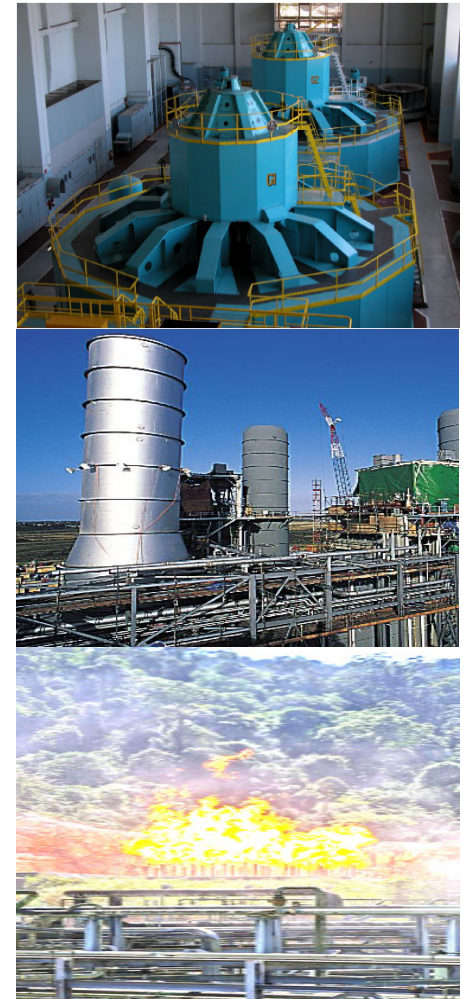
12 months to (\$m)	Jun 06	Jun 05	Change %
Segment result - EBITDA			
Power Generation - Wholly owned	81.2	37.0	+119.5%
- GEAC	22.8	10.8	+111.1%
PNG Upstream & CSM	84.0	-	N/A
Wholesale Gas and Energy Services	25.0	23.6	+5.9%
EBITDA	213.0	71.4	+198.3
D & A	(65.8)	(18.8)	+250.0
EBIT	147.2	52.6	+179.8

## Key drivers

- Existing business contributions: Improved peaker performance, improved GEAC performance
- New business contributions: Southern Hydro, PNG & Coal Seam Methane
- IFRS impact: change in fair value of derivatives, net \$0.3 million
  - ◆ \$8.5m electricity & (\$8.2m) oil

## Power Generation

- Southern Hydro operations integrated and delivering portfolio benefits
- Hallett (SA) & Somerton (VIC) peaking plants delivering excellent reliability and start capability
  - ◆ Complements 'fast start' hydro plant
- Loy Yang A (GEAC) improved underlying performance, re-financing successfully completed
- Hallett wind farm construction anticipated to commence 1<sup>st</sup> half FY 2007
- Bogong well progressed, anticipate investment decision 1<sup>st</sup> half FY 2007
  - ◆ Victorian Govt renewable scheme will support economics



## PNG Upstream Gas Project

- Cash flow benefiting from high oil price
- Oil production not impacted by provincial politics

## Coal Seam Methane (CSM)

- Sydney Basin
  - ◆ AGL is now operator of Camden project
  - ◆ Production anticipated to ramp up in 2007 financial year
  - ◆ Hunter Valley permits provide value opportunities
- Moranbah
  - ◆ Delivers added portfolio flexibility
  - ◆ Settlement anticipated August 2006

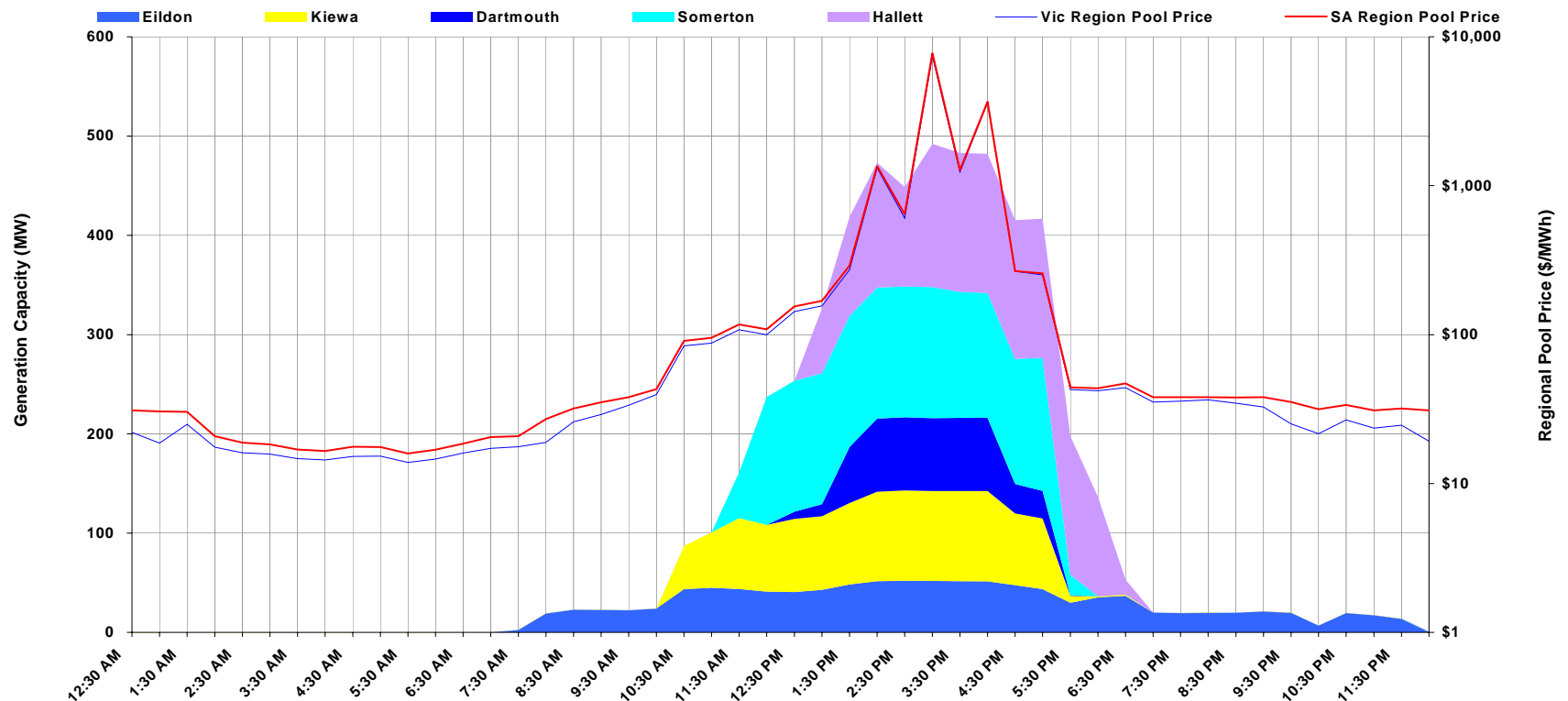


# Merchant Energy – Generation Portfolio Effectiveness



- Generation portfolio well structured to mitigate peak price spikes
  - ◆ ~30% of load during peak times accounts for 45% of total electricity COGS
  - ◆ Equity generation coverage (Vic & SA): average demand - post Southern Hydro ~80%, pre Southern Hydro ~55%, maximum demand – post ~44%, pre ~30%

**AGL Generation in Victoria and South Australia for Thursday, 26 January, 2006**



12 months to (\$m)	Jun 2006	Jun 2005	Change %
Total revenue	327.9	339.4	-3.4
Expenses	(135.3)	(135.0)	+0.2
EBITDA	192.6	204.4	-5.8
D & A	(73.4)	(72.0)	+1.9
EBIT	119.2	132.4	-10.0

## Key drivers

- Full-year impact of reduced network tariffs following IPART approved 2006-10 Access Arrangement
- Residential and small business demand driven by cooler weather (May and June) offset by a decline in C&I volumes

12 months to (\$m)	Jun 2006	Jun 2005	Change %
Total revenue	209.0	199.1	+5.0
Expenses	(102.3)	(96.1) <sup>1</sup>	+6.5
EBITDA	106.7	103.0	+3.6
D & A	(17.7)	(24.2)	-26.9
EBIT	89.0	78.8 <sup>1</sup>	+12.9

<sup>1</sup> These amounts exclude Electricity Network Asset impairment of \$231.1m

## Key drivers

- Weather related volume increases from residential and small business customers
- Minor, negative impact of ESC price reset effective from 1 January 2006

12 months to (\$m)	Jun 2006	Jun 2005	Change %
Inter-segment revenue	309.0	280.5	+10.2
Other external revenue (includes APT, ActewAGL etc)	207.9	148.1	+40.4
Total revenue	516.9	428.6	+20.6
Expenses	(440.7)	(361.8)	+21.8
EBITDA	76.2	66.8	+14.1
D & A	(5.9)	(3.8)	+55.3
EBIT	70.3	63.0	+11.6

## Key drivers

- Double digit EBIT growth rate continues
- Organic growth strong – additional \$175 million (~63% increase) in new contracts
- Ongoing cost efficiency focus to facilitate future growth and operating efficiencies
- Queensland and WA underground electricity business acquisitions deliver positive financial contributions

## PNG Australian Pipeline

- Lack of immediate, committed foundation load & current project metrics results in scaling back of FEED and write-off of FEED incurred to date
- Unable to optimise project route and cost build up without final, committed load
- Continue to work with upstream producers to evaluate viable structure
- APC consortium retain project development rights



## PNG Upstream Project

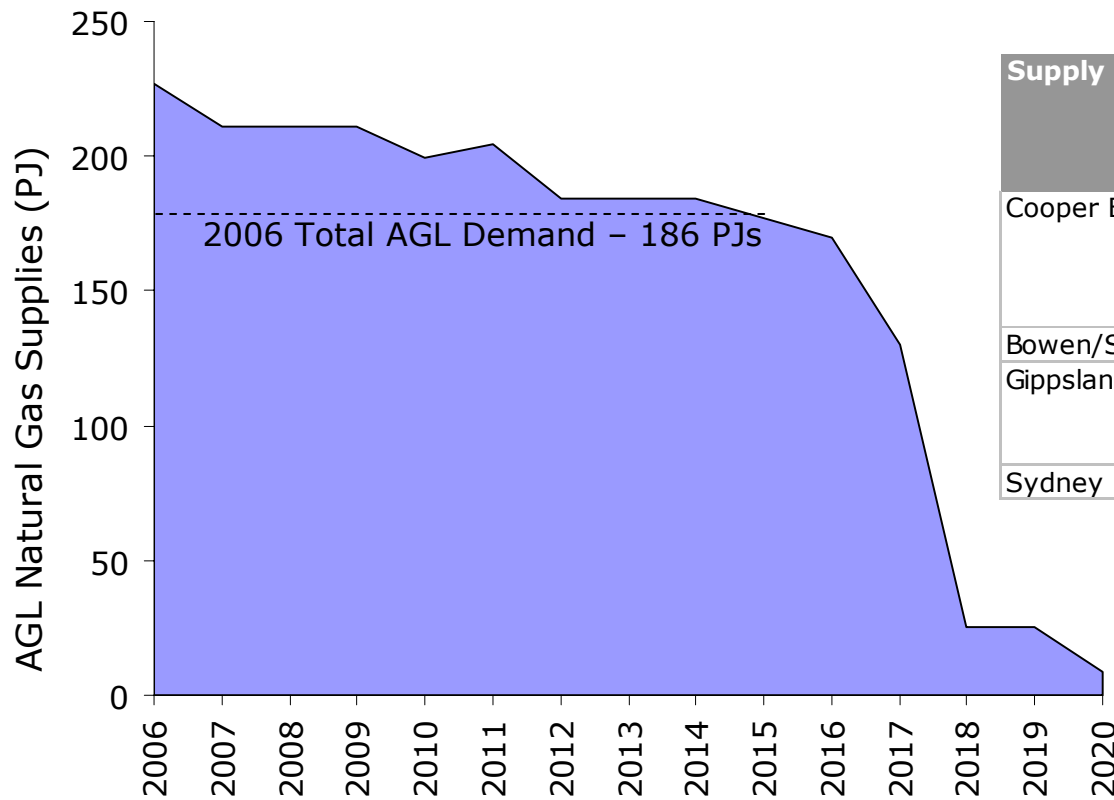
- No impact on carrying value of PNG Upstream investment following downstream/FEED write-off
- FY2007 PNG Upstream EBITDA anticipated to be ~\$250.0m
- Of \$560m upstream investment only approximately \$39m attributable to PNG Gas Project
- 1500PJ Gas Sale and Purchase Agreement remains in place



# AGL – Sustainable Long Term Gas Portfolio (excluding PNG)



- Substantial portfolio of contracts through until 2016 / 2017
- Substantial portfolio flexibility to meet AGL’s market requirements
- Moranbah provides opportunity for additional supply source for Queensland market



Supply Source	Volume remaining under contract (PJ)	Term remaining
Cooper Basin	605	Various agreements terminating 2006, 2011 and 2016
Bowen/Surat Basin	335	2020
Gippsland Basin	1200	Two agreements terminating 2009 and 2017
Sydney CSM	145	2015

■ Total AGL Portfolio supplies  
(Excluding PNG and Moranbah)



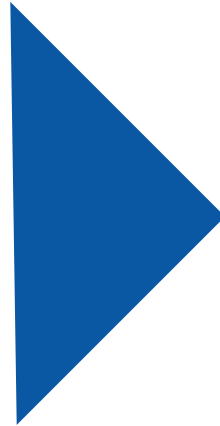
## Way Forward and Outlook

# Demerger – Next Steps



Date	Event
End August*	Release of Scheme Booklet
Early September*	Dispatch to shareholders
4-8 September*	Scheme Booklet (domestic) roadshow
6 October*	Scheme Meeting
12 October*	Listing date – New AGL and New Alinta shares
25 October*	Transaction Implementation Date

\* Anticipated dates, subject to final confirmation – full details to be contained in Scheme Book



New AGL - cost savings programs

\$60 - \$70 million per annum  
commencing from 2008 onwards

## Retail (Project Phoenix)

- \$20 million per annum from the retail process improvement
- IT systems development savings of \$30 to \$40 million per annum<sup>1</sup>

## Corporate

- \$10 million per annum resulting from corporate wide IT efficiencies following separation of energy and infrastructure businesses
- Further, yet to be quantified, cost savings from streamlining the businesses
  - ◆ Working on a sustainable, long term organisational improvement program
  - ◆ Draw on best of 169 year heritage while injecting new skills & a focus on operational agility
  - ◆ Delayering organisation, anticipate ~40-50% head-count reduction<sup>2</sup>

<sup>1</sup> IT savings require an initial capital outlay of ~\$80-100 million.

<sup>2</sup> Approximately 600 retail positions already accounted for in 40-50% head count reduction and in \$60-70m cost savings

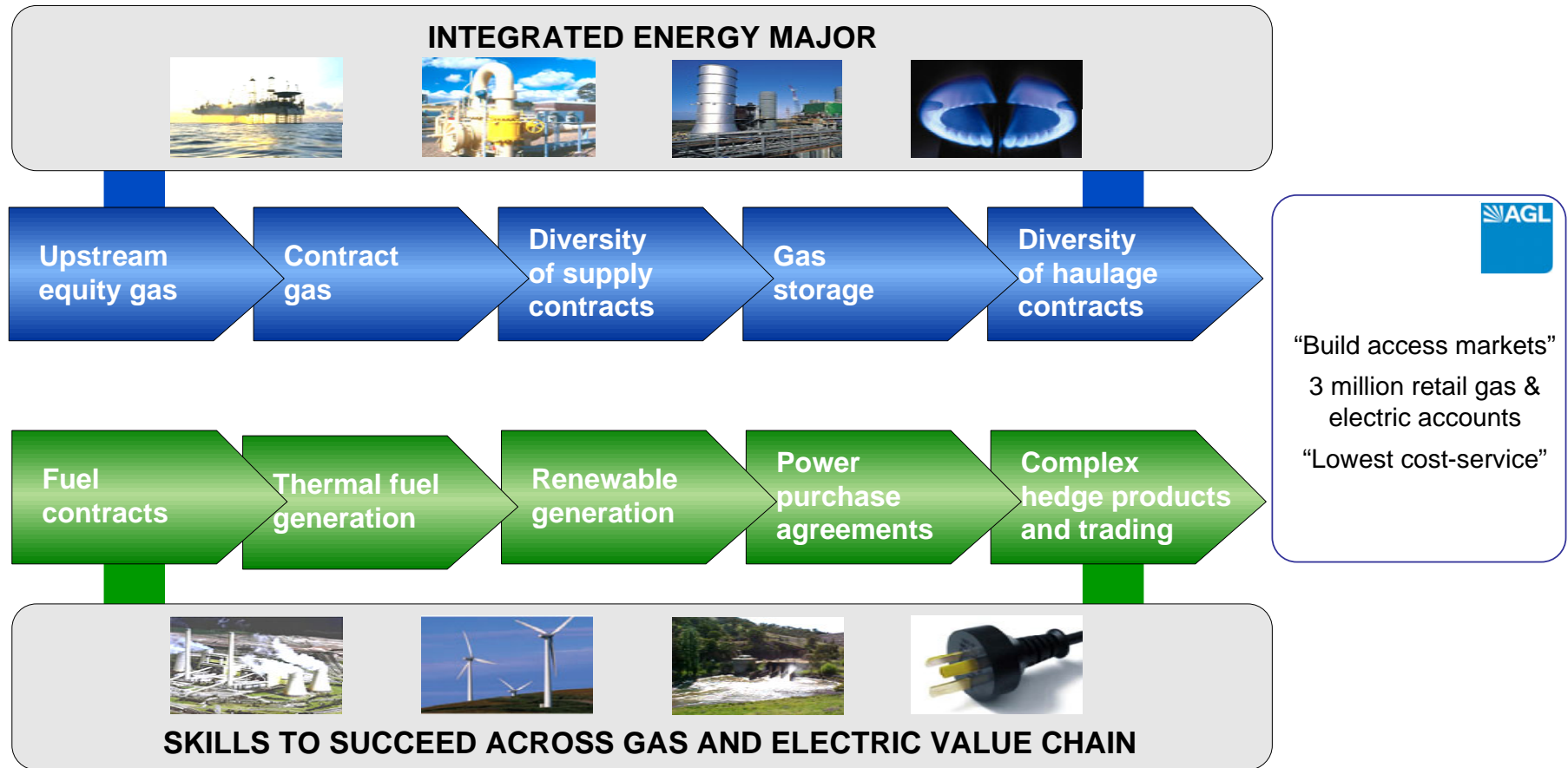
Subject to unforeseen circumstances including variations to normal weather patterns it is expected that:

## **New AGL (pro forma 2007 financial year)**

- Earnings per share: 77.6 cents\*
- Underlying Operating cash flow: ~\$380 – 400 million
  
- Earnings per share growth for 2007 in excess of 15%
- Targeting dividend payout ratio of ~60% of (underlying) EPS
  - ◆ 100% fully franked

\* Pro forma forecast earnings are on business as usual basis for New AGL's 30 June 2007 financial year and do not incorporate projected earnings from potential acquisitions. Calculated based upon anticipated weighted average shares on issue of 402.3 million.

# New AGL - Strategy



“Hunters and gatherers of value”



# **2006 Full Year Financial Results**

**12 months ended 30 June 2006**

**Questions and Answers**

**A full range of information on AGL including annual reports, presentations, prior financial results & Scheme Booklets is available from our website: [www.agl.com.au](http://www.agl.com.au)**

**alternatively, contact**

Graeme Thompson  
Head of Investor Relations  
The Australian Gas Light Company  
phone: +61 2 9921 2789  
mobile: +61 (0) 412 020 711  
e-mail: [gthompson@agl.com.au](mailto:gthompson@agl.com.au)



## Supplementary Information

# Energy Investments (excluding significant items)



12 months to (\$m)	Jun 2006	Jun 2005	Change %	Comment
<b>Continuing</b>				
ActewAGL (50%)	49.3	49.2	+0.2	➤ Colder weather in final quarter increased volumes, offset by regulatory reset in Jan 2005
APT (30%)	21.8	19.2	+13.5	➤ Full year contributions from prior year asset acquisitions
LPG (100%)	23.8	20.4	+16.7	➤ Elgas & HC Extractions combined ➤ Driven by record high \$US denominated world LPG prices
Gas Valpo (100%)	14.6	5.2	+180.8	➤ First full year gas sales to Govt owned oil & gas company, Enap
<b>Total</b>	<b>109.5</b>	<b>94.0</b>	<b>+16.5</b>	

# Balance Sheet



	As at 30 Jun 2006 \$m	As at 30 Jun 2005 \$m
Current Assets	1,294.4	1,286.7
PPE and Oil and gas Assets	5,152.4	3,782.4
Other Non Current Assets	4,041.0	2,811.8
<b>Total Assets</b>	<b>10,487.8</b>	<b>7,880.9</b>
Current Liabilities	827.6	588.6
Total Debt	3,430.1	1,643.2
Other Non Current Liabilities	1,465.8	997.1
<b>Total Liabilities</b>	<b>5,723.5</b>	<b>3,228.9</b>
<b>Net Assets</b>	<b>4,764.3</b>	<b>4,652.0</b>
Contributed Equity	1,997.3	2,010.1
Reserves	(36.1)	(8.6)
Retained Earnings	2,803.1	2,650.5
<b>Total Equity</b>	<b>4,764.3</b>	<b>4,652.0</b>

## Key Ratio Analysis (continuing operations)



12 months to	2006	2005	Change
Basic EPS (excl significant items)	94.7c	81.1c	+16.8%
Operating cash flow per share	95.6c	110.1c	-13.2%
EBITDA margin (excluding significant items)	23.2%	20.2%	+3.0
EBIT margin (excluding significant items)	18.3%	16.0%	+2.3
NPAT margin (excluding significant items)	10.2%	9.6%	+0.6
ROE (excluding significant items)	9.0%	8.0%	+1.0
ROA (excluding significant items)	4.1%	4.7%	-0.6
Franking	100%	95.2%	+4.8
Dividend payout ratio	71.3%	77.7%	-6.4
Dividend cover (times)	1.40x	1.29x	

# Profit Reconciliation - Reported v Underlying – Continuing Ops



	Jun 2006 reported \$m	Significant \$m	Jun 2006 excl. sig. \$m	Jun 2005 reported \$m	Significant \$m	Jun 2005 excl. sig. \$m
Energy Networks						
Gas	119.2		119.2	132.4		132.4
Electricity	89.0		89.0	(152.3)	231.1	78.8
Agility	70.3		70.3	63.0		63.0
Retail Energy	262.8		262.8	221.2		221.2
Merchant Energy	147.2		147.2	52.6		52.6
Energy Investments						
ActewAGL	49.3		49.3	49.2		49.2
APT	27.3	(5.5)	21.8	19.2		19.2
LPG	23.8		23.8	20.4		20.4
Chile	14.6		14.6	5.2		5.2
PNG FEED Project	(25.1)	25.1				
Telecoms	0.1		0.1	2.2		2.2
Property	22.0	(23.3)	(1.3)	2.6	(2.6)	-
Unallocated	(65.2)	45.6	(19.6)	(27.8)	5.0	(22.8)
<b>EBIT</b>	<b>735.3</b>	<b>41.9</b>	<b>777.2</b>	<b>387.9</b>	<b>233.5</b>	<b>621.4</b>
Net interest cost	(143.8)		(143.8)	(89.2)		(89.2)
Tax	(134.5)	(66.8)	(201.3)	(54.4)	(107.5)	(161.9)
Discontinued operations	-		-	680.2	(680.2)	-
Outside equity interests	-		-	(20.1)	20.1	-
<b>Net profit attributable to AGL shareholders - continuing</b>	<b>457.0</b>	<b>(24.9)</b>	<b>432.1</b>	<b>904.4</b>	<b>(534.1)</b>	<b>370.3</b>

12 months ended 30 Jun 2006 (\$m)	SIB	Discretionary	Total
Agility	19.9	1.8	21.7
Energy Networks - Gas	40.4	45.9	86.3
Electricity	21.1	28.8	49.9
Merchant Energy <sup>1</sup>	4.2	57.3	61.5
Retail Energy	0.5	-	0.5
Investment	1.6	24.8	26.4
Corporate other	30.1	23.8	53.9
<b>Total</b>	<b>117.8</b>	<b>182.4</b>	<b>300.2</b>

<sup>1</sup> This category excludes the investment in PNG Upstream Gas Project of \$531.9m

# AGL (existing) Debt Profile – 30 June 2006



Facility Type	Limit	Usage	Available	Maturity
Syndicated Term Facilities*	\$2000m	\$2000m	-	Nov 06
Revolving Credit Facility	\$400m	\$60m	\$340m	Feb 09
Cash Advance & G'tee Facilities**	\$360m	\$283m	\$77m	Dec 09
Promissory Note Facility***		-	\$750m	<364 days
Med. Term Note Facility***		\$600m	\$650m	>1 year

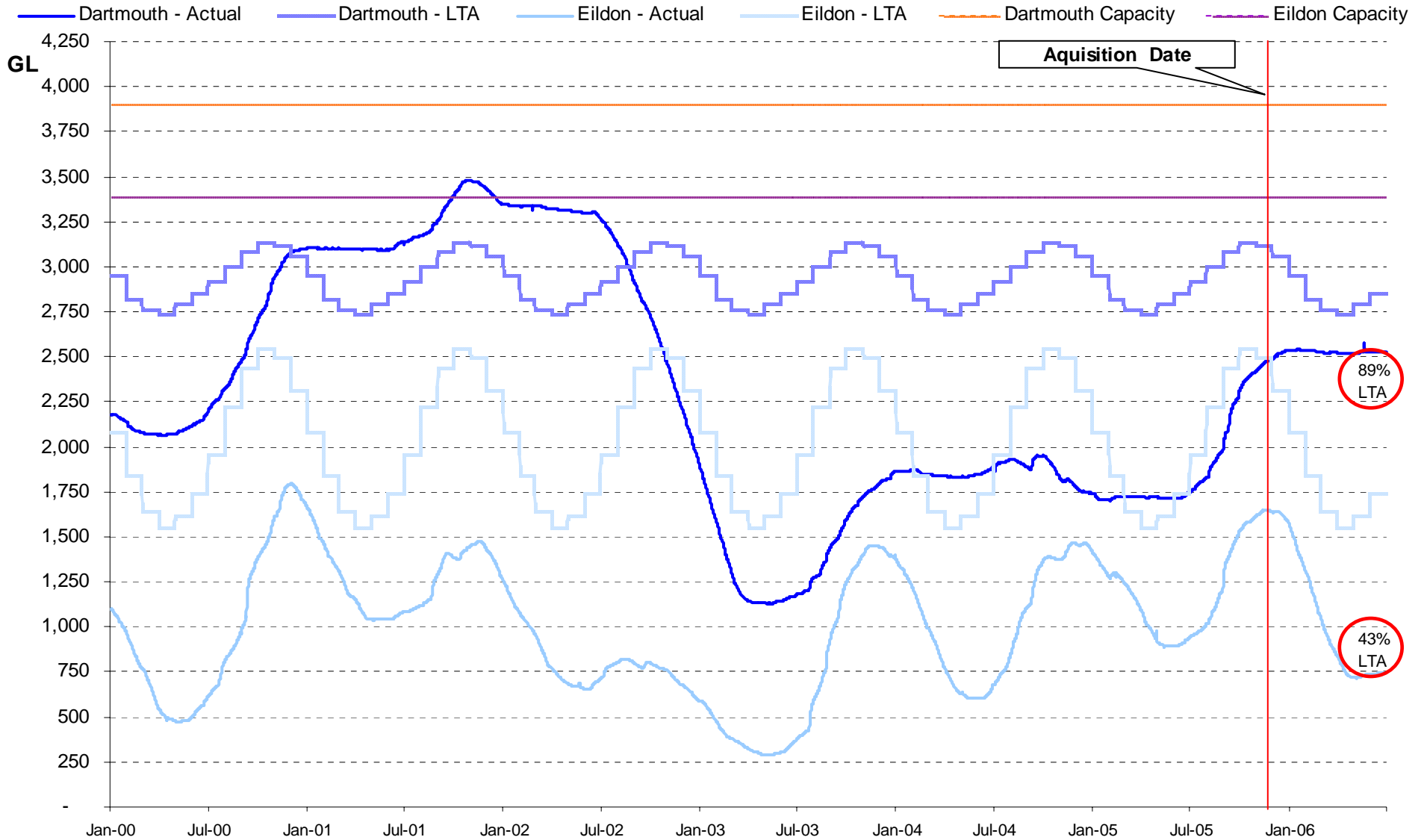
- \* Original maturity 2007-2011: mandatory prepayment requirement due to cancellation of original demerger scheme  
 \*\* Committed facility. \$283m in guarantees drawn (\$195m to NEMMCO)  
 \*\*\* Uncommitted facilities.

US Bonds FV USD	A\$ Eqv	Maturity
\$250m	\$378m	Apr-08
\$150m	\$221m	Sep-15
\$130m	\$197m	Apr-18

All USD debt fully hedged into A\$

- Weighted average effective borrowing rate 6.30% pa (FY '05: 6.31% pa)
- Weighted average debt duration 1.9 years (FY '05: 5.5 years)

# Dam Storage Levels



# A-IFRS Balance Sheet Impact



	Transitional \$m	2004/05 \$m	Total \$m
Total equity under AGAAP 30 June 2005			3,267.6
<b>AIFRS adjustments</b>			
AASB2 Share based payment	(14.2)	5.2	(9.0)
AASB3 Reversal of goodwill amortisation	-	39.5	39.5
AASB112 Income tax	(625.9)	8.3	(617.6)
AASB119 Employment benefits	5.7	5.9	11.6
Adjustments relating to NGC	(5.4)	54.5	49.1
AASB1 Election to use fair value as deemed cost	1,948.7	(36.2)	1,912.5
AASB1 Changes in equity accounted investments	(0.5)	(1.2)	(1.7)
<b>Total AIFRS adjustments</b>	<b>1,308.4</b>	<b>76.0</b>	<b>1,384.4</b>
<b>Revised 30 June 2005 closing equity</b>			<b>4,652.0</b>

## EPS Growth AGAAP vs AIFRS (excluding significant items)

	Jun 2006 \$m	Jun 2005 \$m
<b>AGAAP</b>		
PAT (excluding significant items)	389.3	386.8
Weighted average number of shares	456.1	456.5
EPS (cps)	85.4	84.7
EPS (Growth)	+0.8%	
<b>AIFRS</b>		
PAT (excluding significant items)	432.1	406.2
Weighted average number of shares	456.1	456.5
EPS (cps)	94.7	89.0
EPS (Growth)	+6.4%	

# A-IFRS Profit Effect



	Jun 2006 \$m	Jun 2005 <sup>1</sup> \$m
AASB2 Share based payment	(9.1)	(4.1)
AASB3 Reversal of goodwill amortisation	39.5	39.5
AASB119 Employee benefits	5.8	8.5
AASB112 Income tax	8.4	8.3
AASB3 Equity accounted investments	(1.2)	(1.8)
NGC amortisation adjustment		0.6
Additional depreciation on fair value uplift	(31.6)	(31.6)
AASB139 Financial instruments – after tax		
- Cap write off reversal (after tax)*	18.2	-
- Fair value adjustment of swaps and caps through P&L*	16.9	-
- Fair value adjustment of oil hedges through P&L*	(4.1)	
<b>Total AIFRS adjustments after tax</b>	<b>42.8</b>	<b>19.4</b>

<sup>1</sup> These figures exclude NGC significant item adjustments

\*AASB139 applies to the period after 30 Jun 2005 only

## Retail – Electricity Sales Volume (GWh)



	2006	2005	Change
<b>Mass Market</b>			<b>%</b>
VIC	4,675	4,784	-2.3
SA	3,937	4,299	-8.4
NSW	1,237	683	+81.1
	<b>9,849</b>	<b>9,766</b>	<b>+0.8</b>
<b>C&amp;I</b>			
VIC	4,808	4,693	+2.5
SA	2,992	2,937	+1.9
NSW	3,809	4,253	-10.4
QLD	689	630	+9.4
	<b>12,298</b>	<b>12,513</b>	<b>-1.7</b>
<b>Total</b>	<b>22,147</b>	<b>22,279</b>	<b>-0.6</b>

## Retail – Gas Sales Volume (PJ)



	2006	2005	Change
<b>Mass Market</b>			<b>%</b>
VIC	34.9	34.4	+1.5
SA	1.2	0.4	+200.0
NSW	26.3	27.3	-3.7
	<b>62.4</b>	<b>62.2</b>	<b>+0.3</b>
<b>C&amp;I</b>			
VIC	27.2	25.8	+5.4
SA	6.3	5.4	+16.7
NSW	43.0	37.8	+13.8
	<b>76.5</b>	<b>69.0</b>	<b>+10.9</b>
<b>Total</b>	<b>138.9</b>	<b>131.2</b>	<b>+5.9</b>

# Merchant Energy – Power Generation

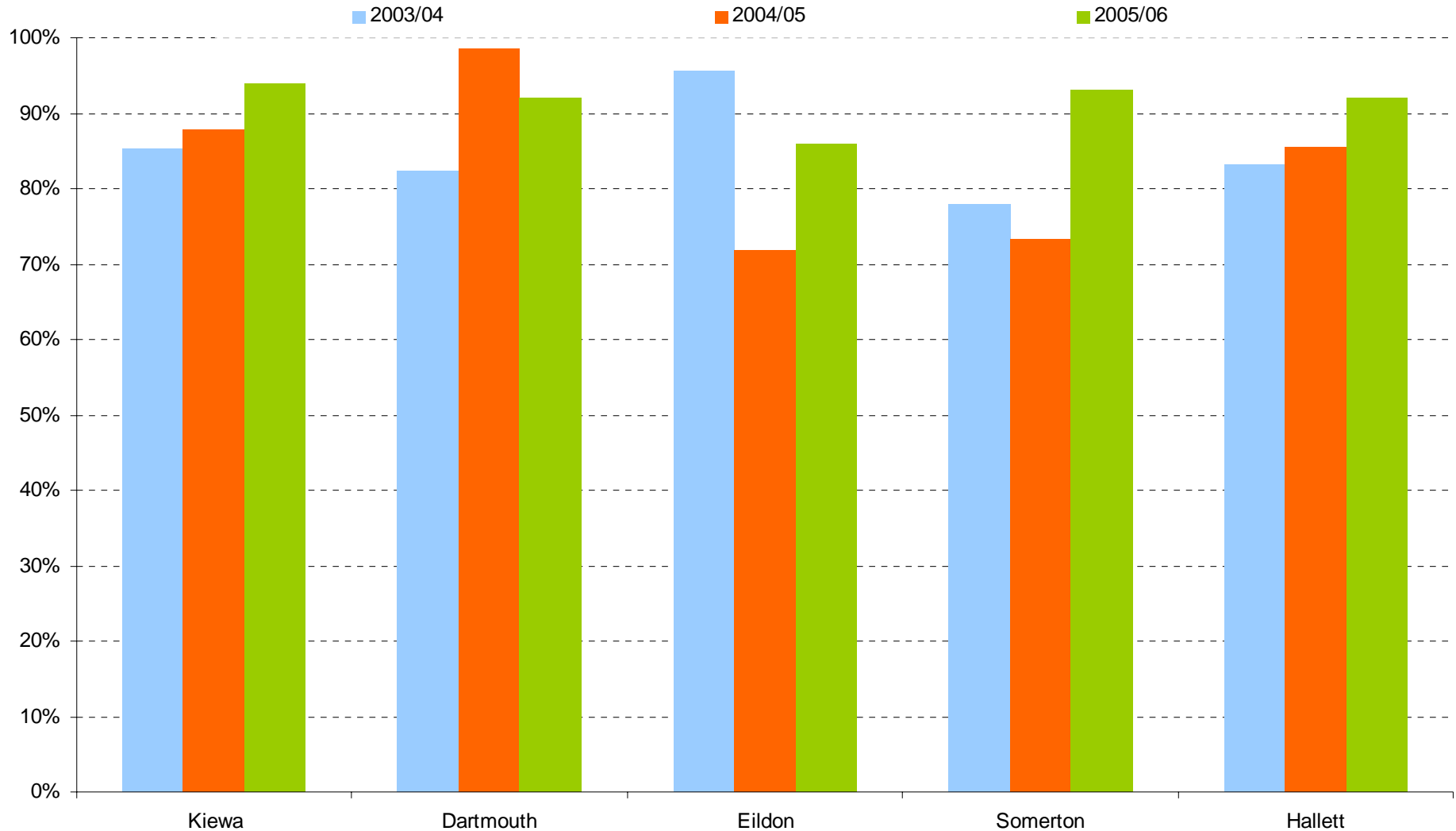


Plant	Equity Interest (%)	Capacity (MW)	Type	Operation
<b>Internally Contracted</b>				
Kiewa	100	241	Hydro	Peak
Dartmouth	100	180	Hydro	Peak / Intermediate
Eildon	100	135	Hydro	Peak / Intermediate
Rubicon / Cairn Curran	100	15.5	Hydro	Run of River
Hallett	100	180	Gas	Peak
Somerton	100	150	Gas	Peak
<b>Externally Contracted</b>				
Banimboola	100	12.2	Hydro	Run of River
Yarrawonga	100	9.5	Hydro	Run of River
Burrendong	100	19	Hydro	Summer Irrigation
Copeton	100	22.5	Hydro	Summer Irrigation
Pindari	100	5.7	Hydro	Summer Irrigation
Glenbawn	100	5.5	Hydro	Summer Irrigation
Wattle Point	100	90.5	Wind	Variable
<b>Investments</b>				
Loy Yang	32.5	2120	Coal	Base

# Merchant Energy – Power Generation



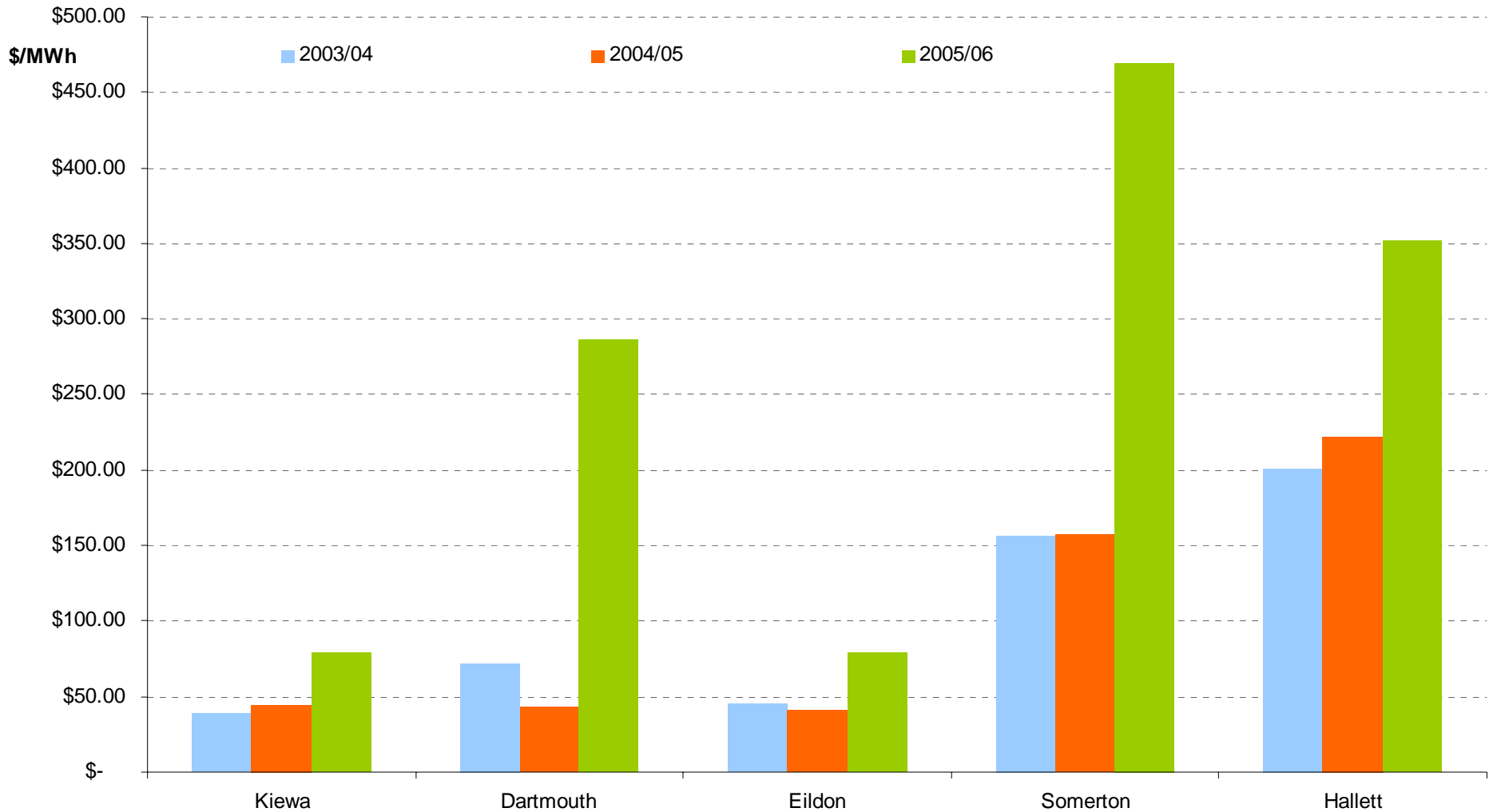
Power Station Availability



# Merchant Energy – Power Generation



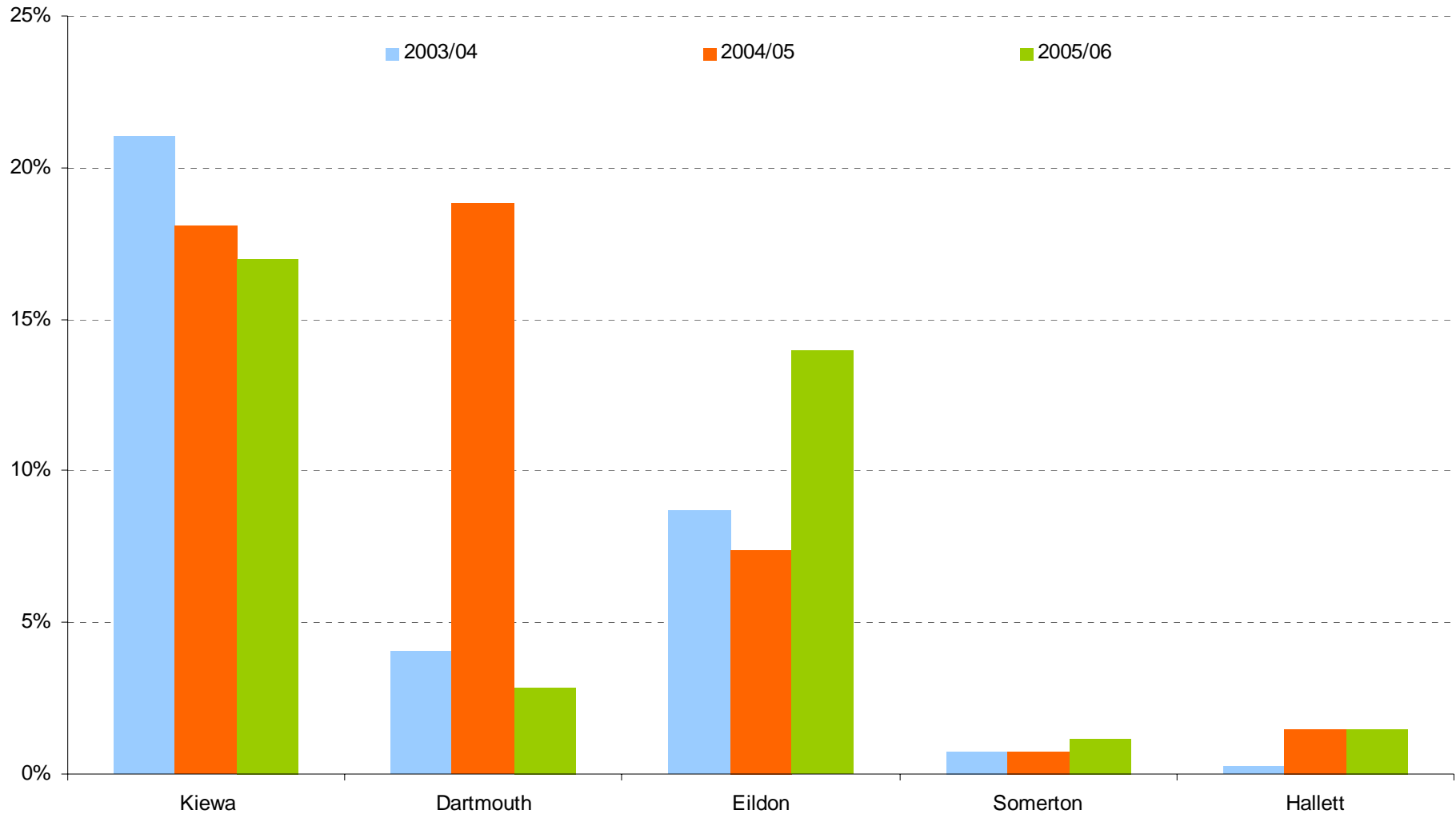
Dispatch Weighted Price



# Merchant Energy – Power Generation



Capacity Factor



# Merchant – GEAC (Loy Yang A) Financial Performance



12 months to (\$m)	June 2006	June 2005
Sales Revenue	538.8	511.0
Other Revenue	40.6	18.5
Expenses	(188.9)	(179.5)
Depreciation	(93.9)	(92.2)
Borrowing Costs	(266.3)	(260.2)
Fair Value Movements	(21.8)	46.5
PAT as reported by GEAC	8.5	44.1
Eliminations & prior period Adj	26.5	(43.5)
PAT after eliminations	35.0	0.6
AGL Equity Share of profit (32.54%)	11.4	0.2

# Merchant – GEAC (Loy Yang A) Financial Performance



12 months to (\$m)	June 2006	June 2005	Change
AGL Equity Share of Profit	11.4	0.2	11.2
AGL Loan note interest	11.4	10.6	0.8
Total GEAC Result	22.8	10.8	12.0

- Improvement in spot market & ongoing improvement in contract market
- Total EBIT contribution up \$12.0m
- Successful refinancing concluded during FY2006
  - ◆ Effective maturity profile aligned with long term nature of asset
  - ◆ Reduced funding costs going forward
- Recent non-AGL 15% shareholding change reflects underlying value of asset

# Merchant - GEAC (Loy Yang A) Cash Flow



	Jun 2006 (\$m)	Jun 2005 (\$m)
<b>Cash held at start</b>	190	185
<b>Cash flow from operations</b>		
Total receipts from customers	624	604
Payments to suppliers	(260)	(197)
Hedging receipts and payments associated with Borrowings	(58)	-
Hedging Payments associated with Borrowings	58	-
Tax paid	(22)	(35)
<b>Net cash flows from operations</b>	<b>342</b>	<b>385</b>
<b>Cash flow from Investing &amp; Finance</b>		
Capital expenditure	(56)	(47)
Interest (net)	(239)	(213)
Proceeds from borrowings	2,140	-
Repayment of borrowings	(2,189)	(105)
<b>Net cash flows from investing &amp; finance</b>	<b>(344)</b>	<b>(376)</b>
<b>Net cash flow</b>	<b>(2)</b>	<b>9</b>
Expertise Fees Paid	(1)	(3)
Partner Distributions	-	(1)
Loan Notes	(26)	-
<b>Cash held at end</b>	<b>161</b>	<b>190</b>

# Energy Networks - Operational Statistics



GAS		June '06	June '05	Change
Volume transported	- Residential & small business	32.3 PJ	31.7 PJ	+1.9%
	- Large business	63.0 PJ	64.1 PJ	-1.7%
	<b>- Total</b>	<b>95.3 PJ</b>	<b>95.8 PJ</b>	<b>-0.5%</b>
Customer Connections	<b>- Total</b>	<b>975,033</b>	<b>951,591</b>	<b>+2.5%</b>
	- Incremental	23,442	27,024	-13.3%
Network Length		23,721 km	23,541 km	+0.8%
ELECTRICITY		June '06	June '05	Change
Volume transported	- Residential & small business	1,994 GWh	1,924 GWh	+3.6%
	- Large business	2,214 GWh	2,250 GWh	-1.6%
	<b>- Total</b>	<b>4,209 GWh</b>	<b>4,174 GWh</b>	<b>+0.8%</b>
Customer Connections	<b>- Total</b>	<b>293,263</b>	<b>285,693</b>	<b>+2.6%</b>
	- Incremental	7,570	6,632	+14.1%
Network Length		10,418 km	10,285 km	+1.3%