



**2005
Annual General Meeting**

Greg Martin, Managing Director

2004 - 2005 Priorities



- Increasing Shareholder Value
 - ◆ organic growth
 - ◆ greenfield opportunities
 - ◆ optimal capital structure

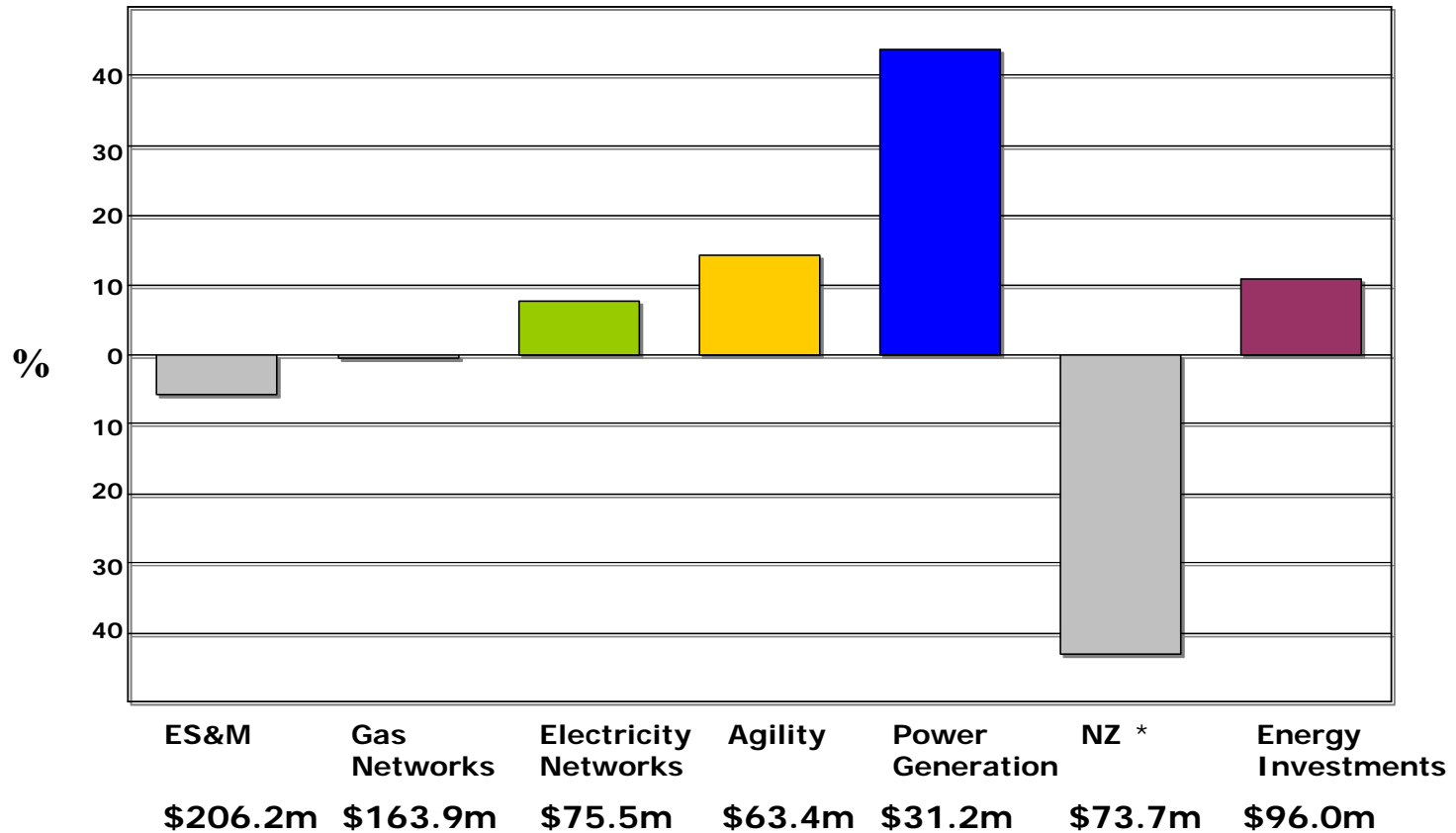
- Strengthening the business platform
 - ◆ improve efficiency to compete effectively
 - ◆ acquisition opportunities

- Building people and organisational capabilities

Business Unit Performance



% change in Earnings Before Interest & Tax (EBIT) 2005 vs 2004



*NGC divested December 04

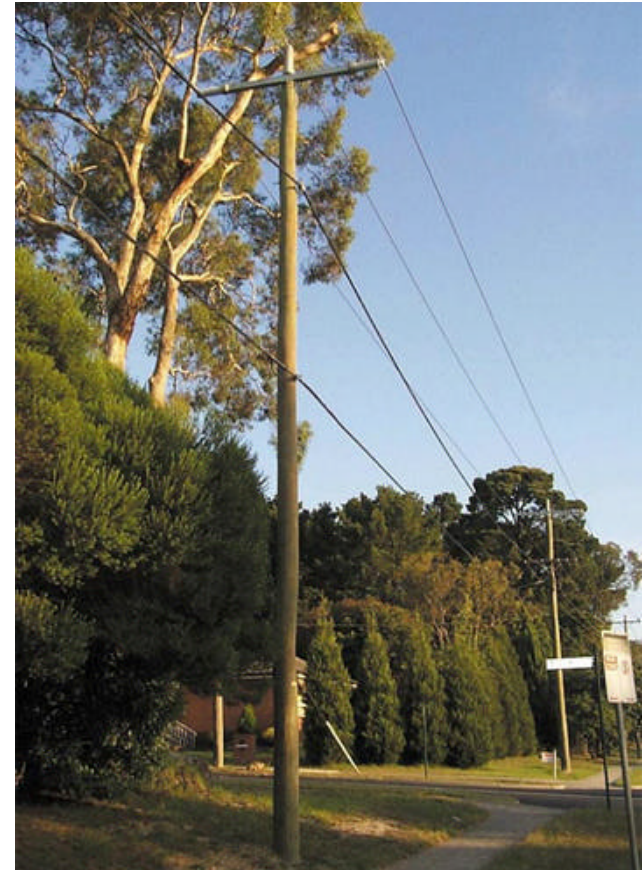
Gas Networks

- Steady customer connection growth
 - ◆ 951,591 sites +2.9%
 - ◆ network length 23,541km +206km
- Mild weather impacts load
 - ◆ 95,750 TJ distributed -0.7%
 - ◆ Sydney experienced unseasonably mild temperatures in April & October
- Network reliability performance solid & within regulatory targets
- NSW gas access arrangement approved
 - ◆ 5 year regulatory certainty 'locked in' until 2010



Electricity Networks

- Steady customer connection and load growth
 - ◆ 285,693 sites +2.4%
 - ◆ 4,174GWh load distributed +1.2%
 - ◆ network length 10,285km +105km
- Network reliability performance solid & within regulatory targets
- Electricity Distribution Price Review (EDPR) disappointing
 - ◆ identified errors of fact in draft with Regulator
 - ◆ working toward improved outcome
 - ◆ final decision due tomorrow



Agility Servicing a National Client Base



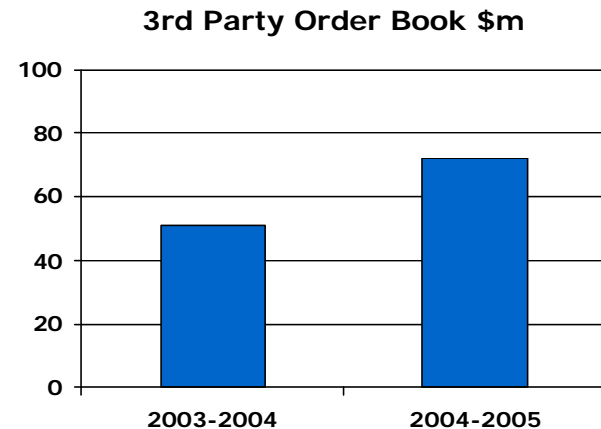
- One of the few companies with the capabilities to construct, service and manage assets for the gas, electricity and water utility sectors across all states and territories of Australia



Agility Growing 3rd Party Client Base



- Won in excess of \$70m additional third party contracts
- Ongoing expansion of client and project portfolio
 - ◆ Sydney Water
 - ◆ Powerco
 - ◆ Energex
 - ◆ Aurora
 - ◆ Integral Energy
 - ◆ Ergon
 - ◆ APT/Arrow Energy
 - ◆ Western Power



- Acquisition of Queensland based Oakland and Yambah electricity contracting groups
 - targeting ~\$100m revenue over the next five years

Retail Sales and Marketing

- Defended and grew retail market share
 - ◆ intensely competitive market with ongoing high churn levels
 - ◆ milder winter and summer than 2004
 - ◆ increase in energy accounts
 - ◆ increase in accounts under contract
 - ◆ increase in dual-fuel accounts
- Ongoing development of customer management, billing & service delivery systems
- Extended reach of "Staying Connected" program
 - ◆ assisted some 11,300 vulnerable customers

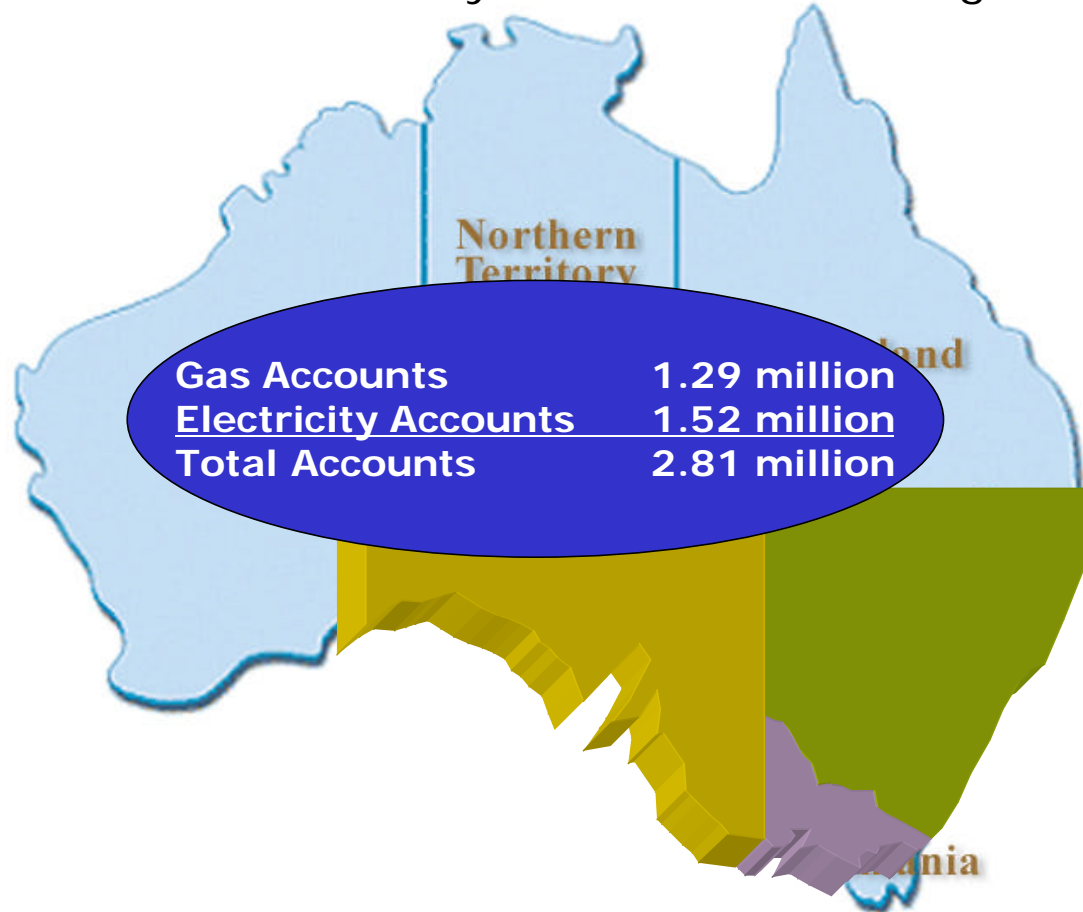


Switched on Living.

Retail Sales & Marketing



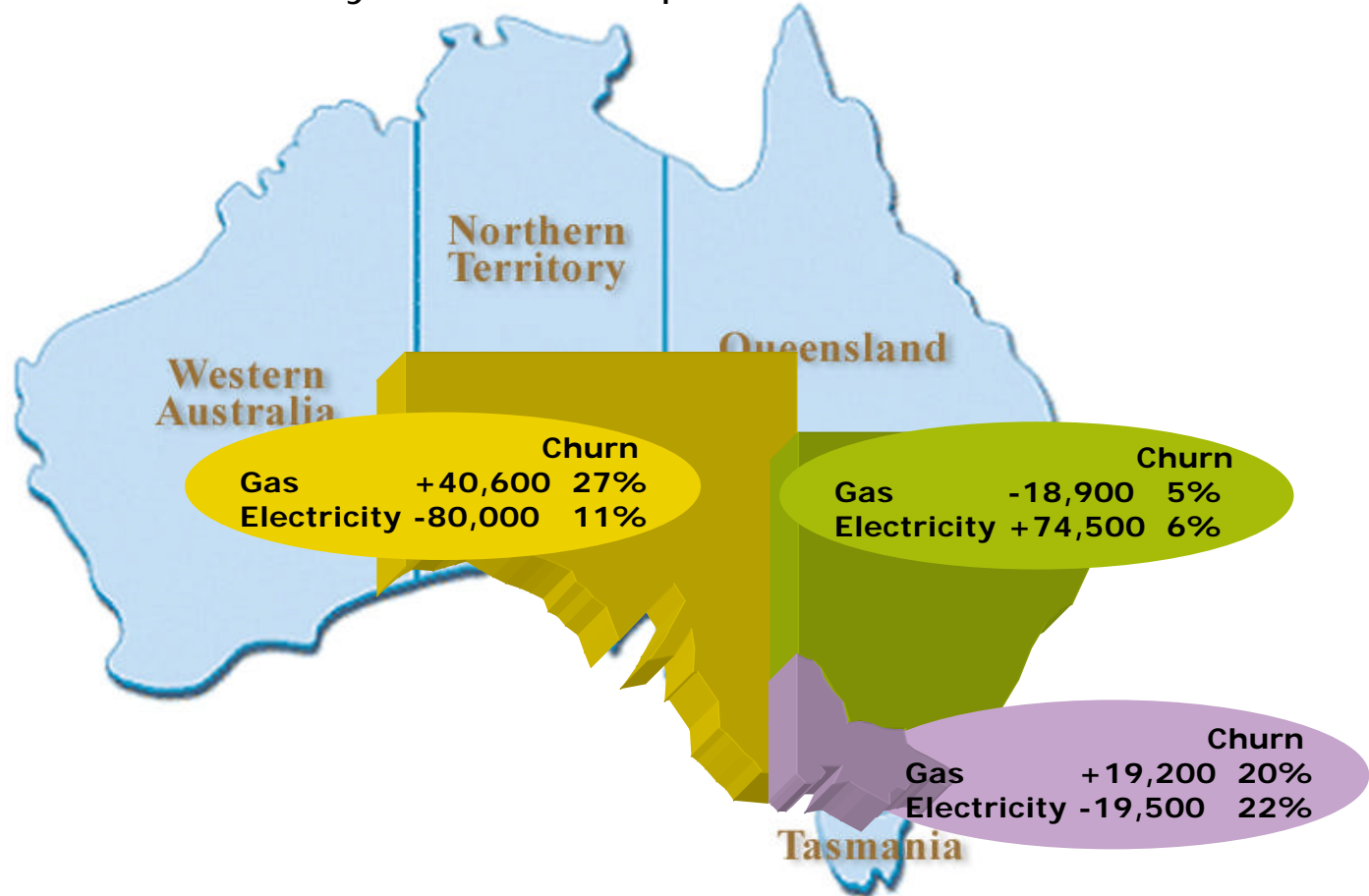
- Commenced 2005 financial year as Australia's largest energy retailer



Retail Sales & Marketing



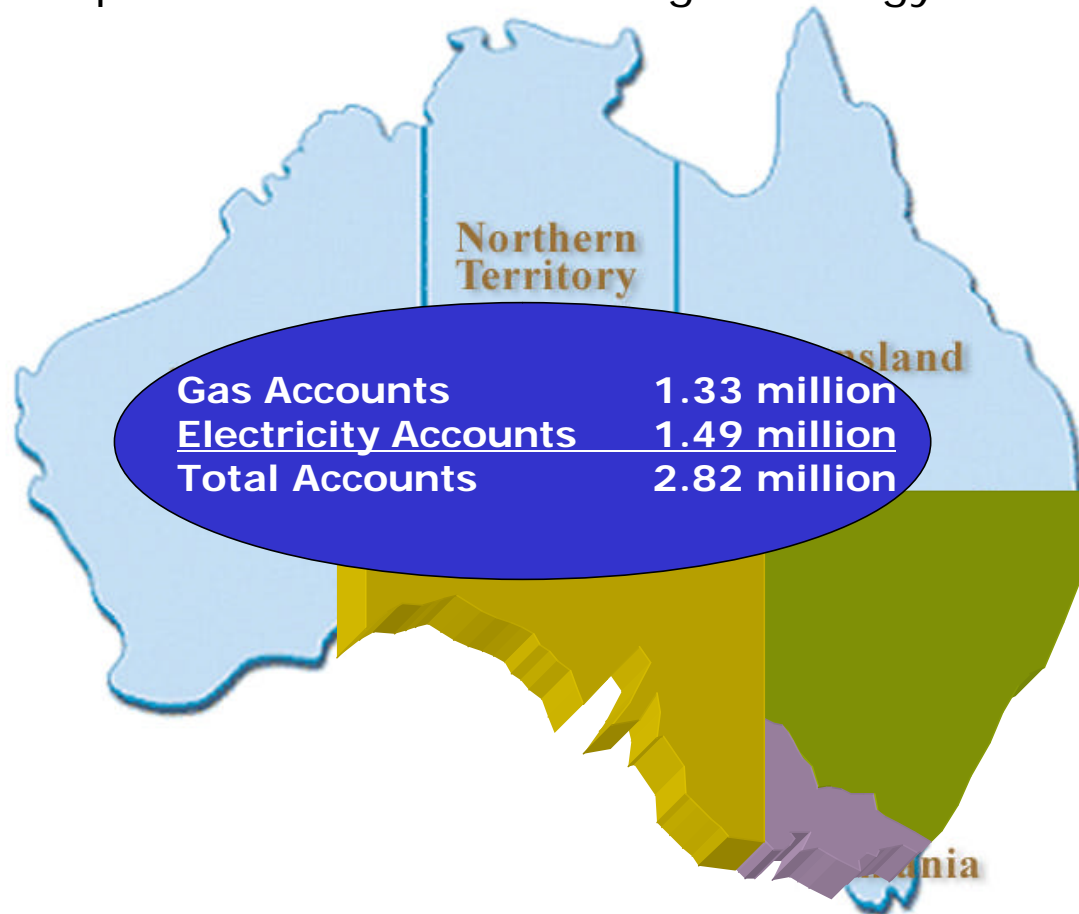
- Market characterised by intense competition



Retail Sales & Marketing



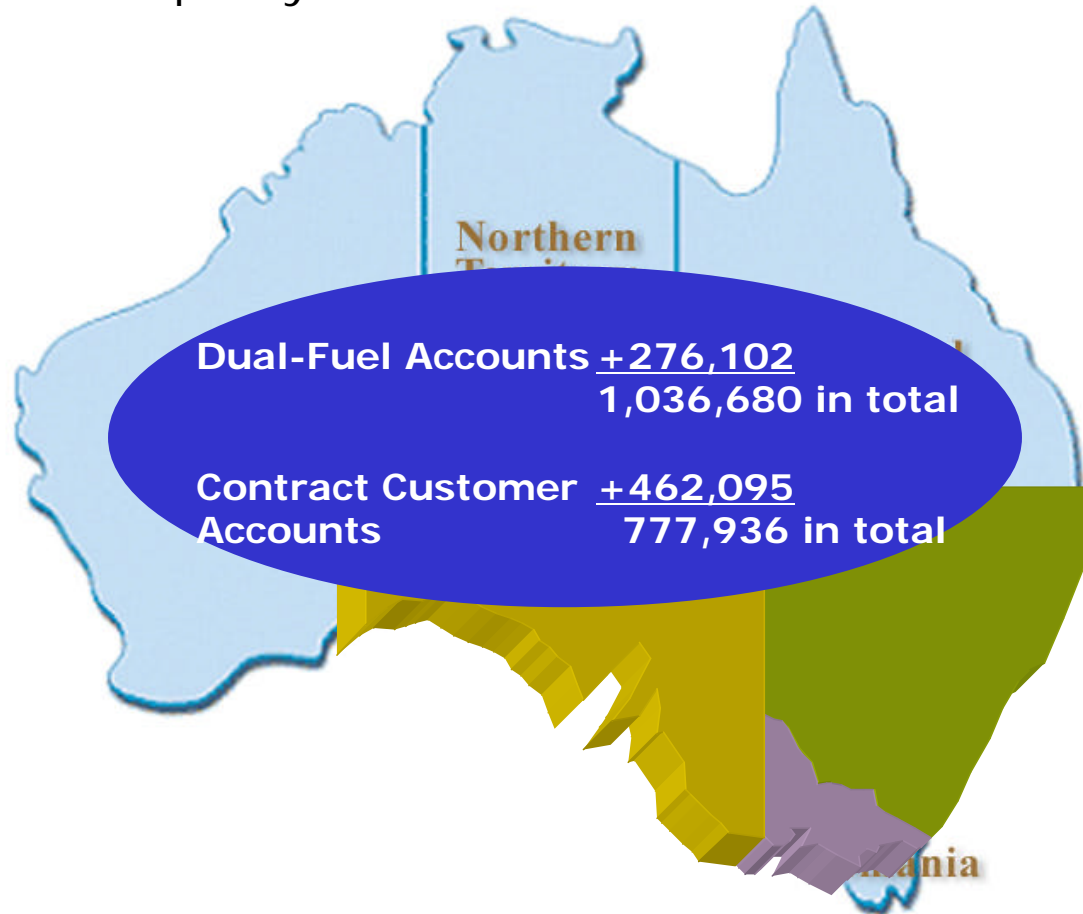
- Maintained position as Australia's largest energy retailer at year's end



Retail Sales & Marketing



- Improved the quality and value of the customer franchise

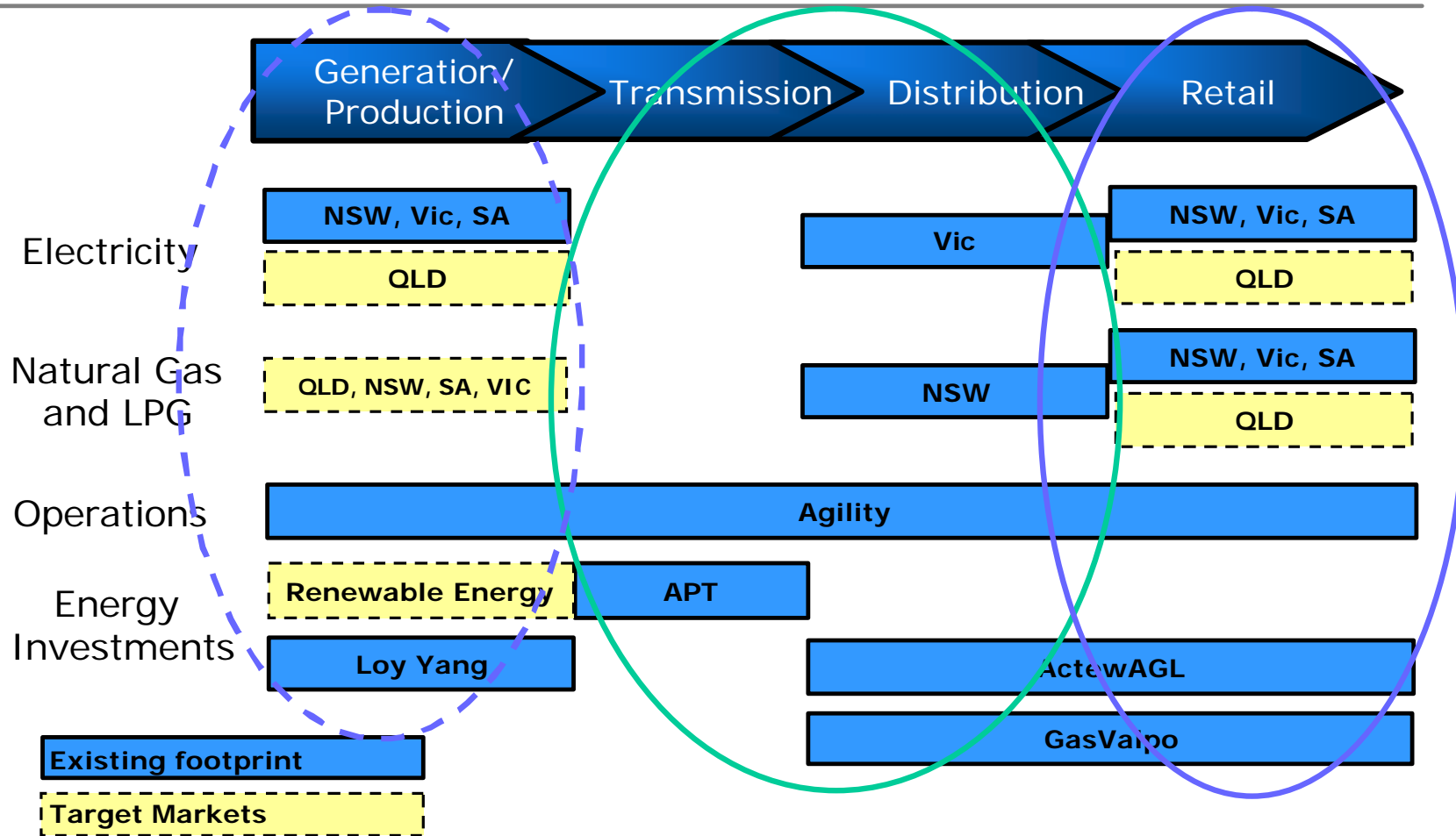


Retail Sales & Marketing

- Improving the quality and value of the customer franchise
- Attracting new customers, maintaining existing customers



Integrating Across the Value Chain



Upstream Gas



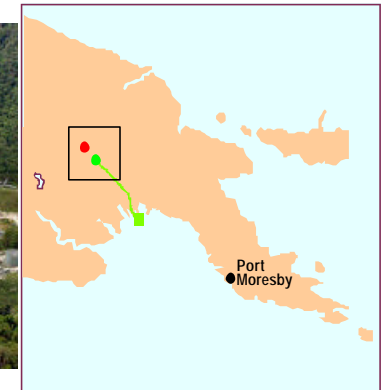
➤ Sydney Gas JV

- ◆ \$42.25m, 50% interest in coal seam production leases and exploration licences
- ◆ 10 year 14.5PJ gas sale agreement
- ◆ competitively priced gas into NSW
- ◆ further supports gas-fired power generation opportunities

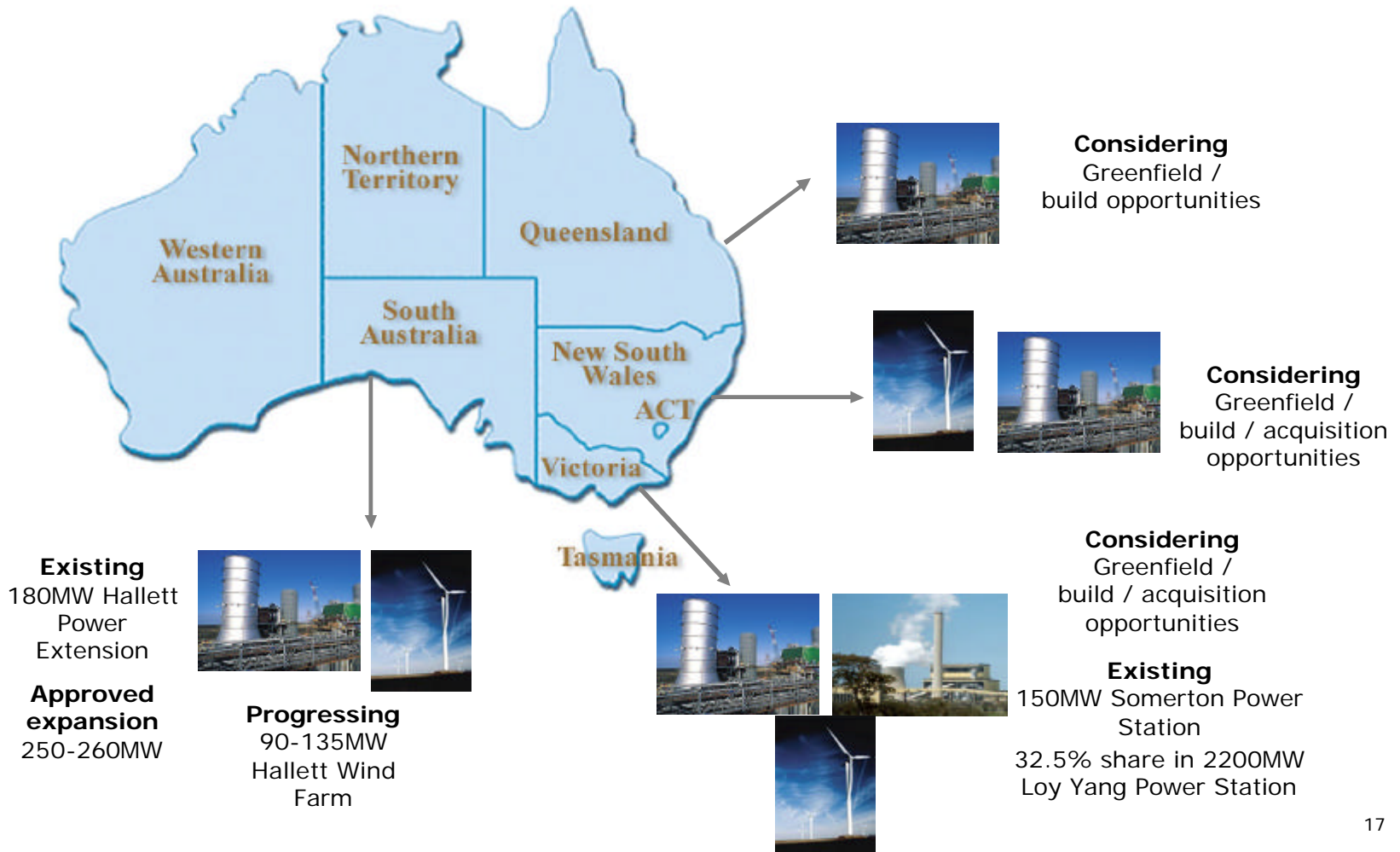


➤ PNG gas agreements

- ◆ \$400m, 10% equity interest in PNG gas project with Oil Search
- ◆ \$4.5bn, 1500 PJ gas supply agreement over 20 years
- ◆ long term, competitive and flexible wholesale gas supplies
- ◆ equity investment in upstream PNG project at attractive entry price

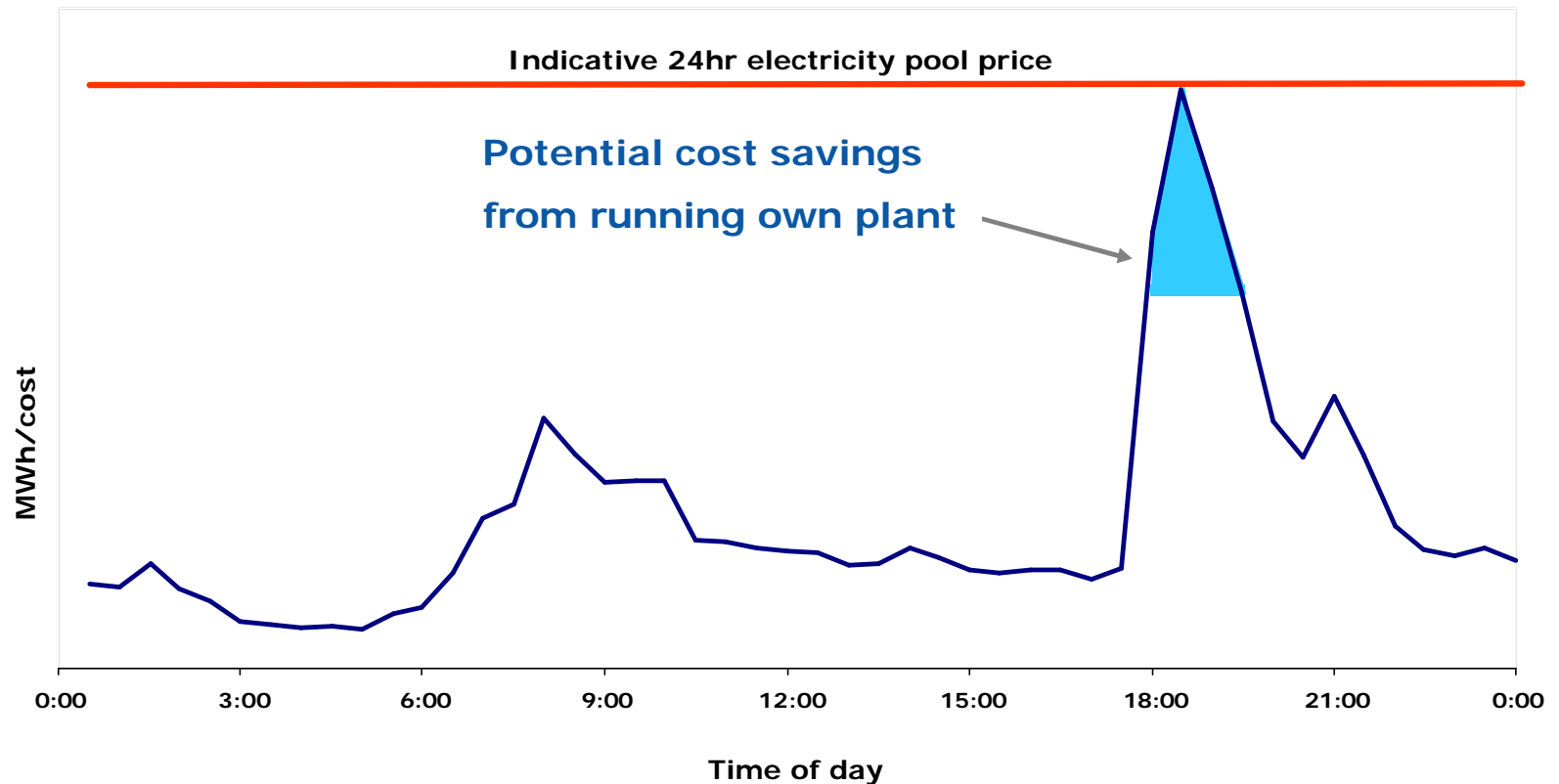


Wholesale Electricity



Managing Wholesale Electricity Cost

- Reducing exposure to high demand electricity pricing periods lowers AGL's cost of energy and increases margins



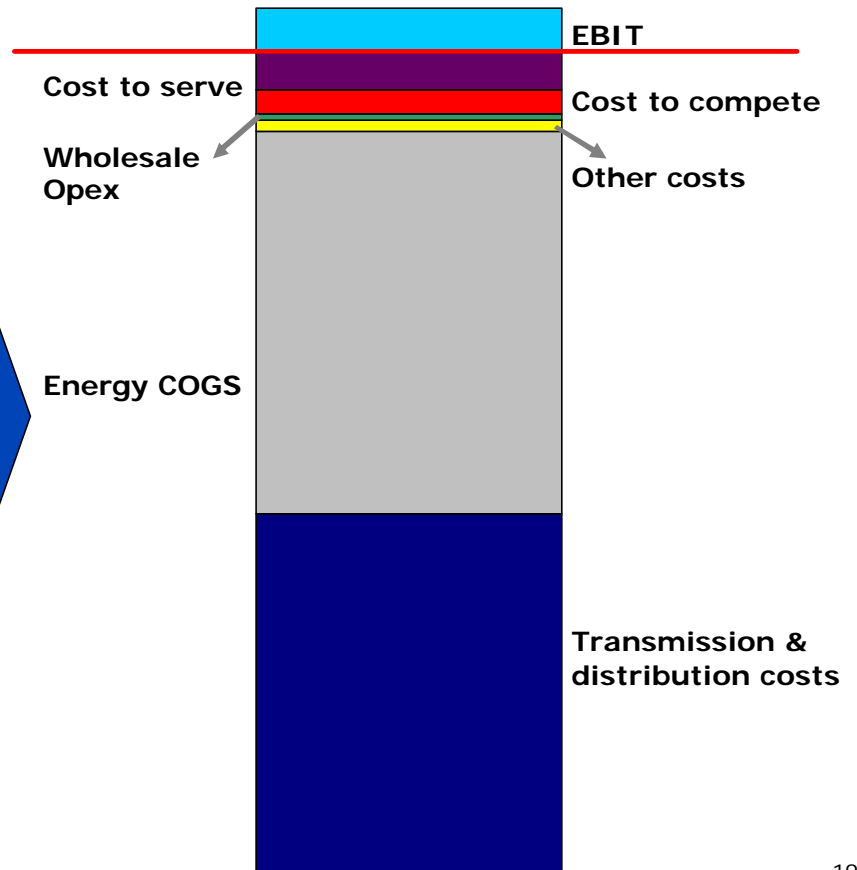
Improved cost efficiency drives EBIT



Gas & Electricity Sales



Indicative Costs & EBIT



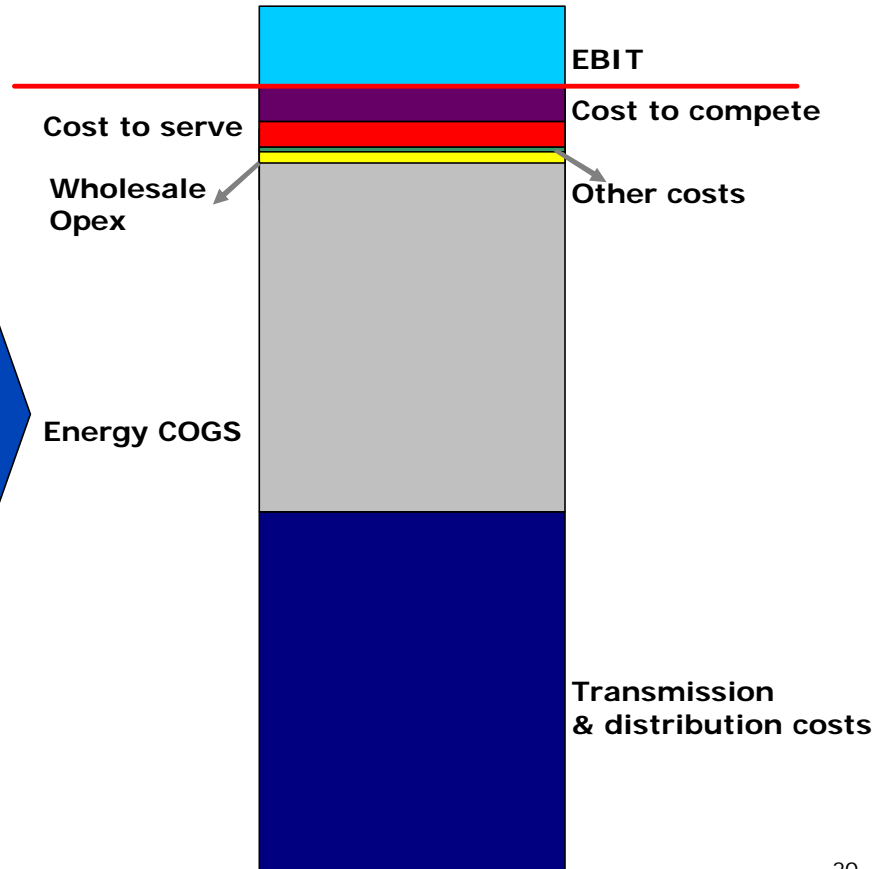
Improved cost efficiency drives EBIT



Gas & Electricity Sales



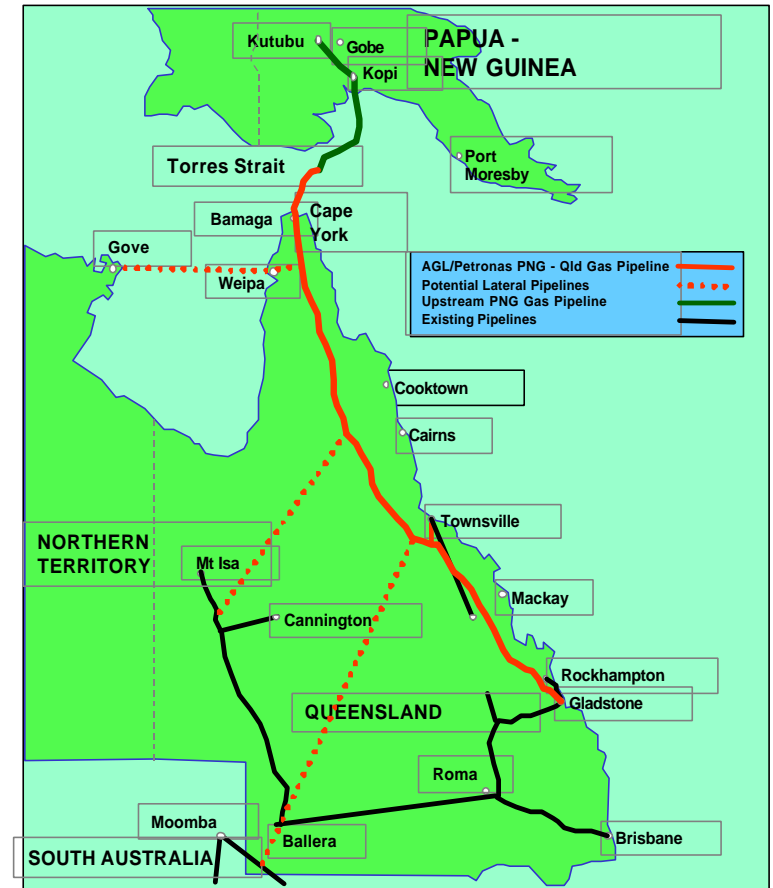
Indicative Costs & EBIT



PNG Pipeline



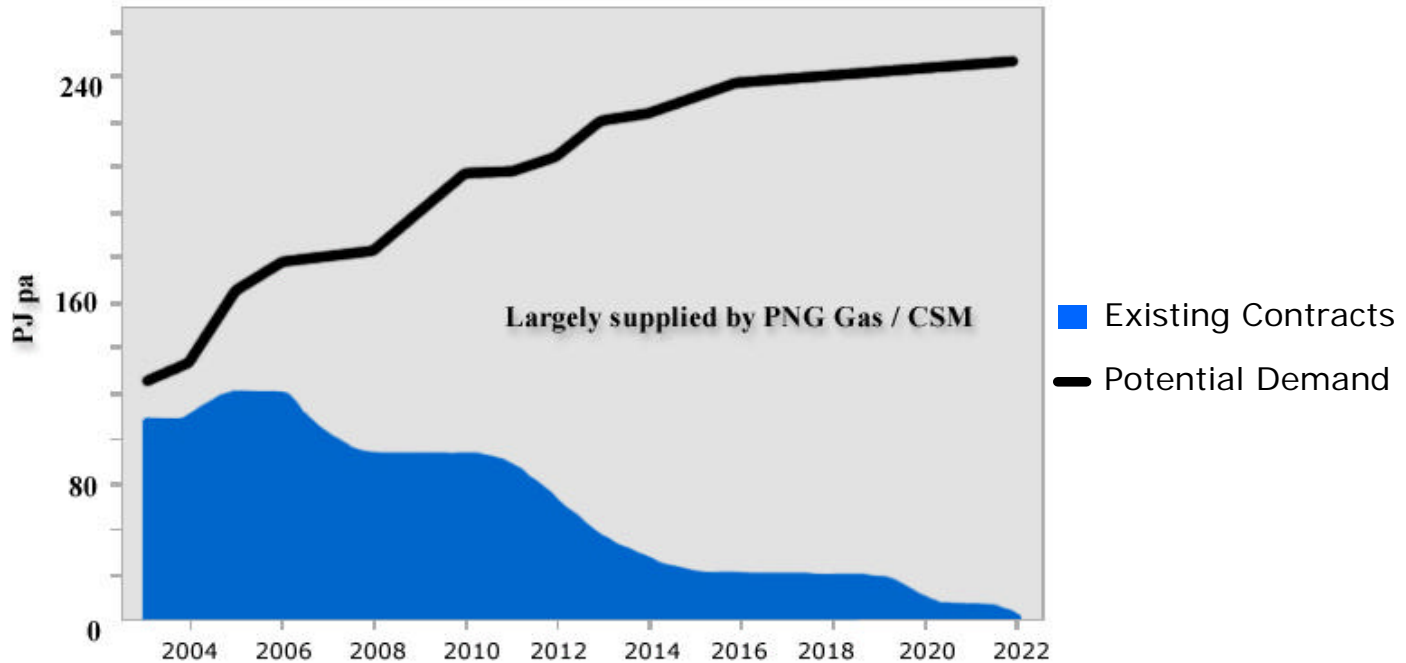
- 50:50 JV between AGL & Petronas
- Estimated development cost of \$2.5-3.0bn
- FEED underway
 - ◆ Gove extension will bring AGL share of FEED to ~\$33m
 - ◆ engineering
 - ◆ environmental
 - ◆ land access & licensing
 - ◆ regulatory process continuing
- Pipeline statistics
 - ◆ total length >3,800 km
 - ◆ diameters 350-700mm
 - ◆ >450,000 tonnes steel pipe
 - ◆ >200,000 welded joints



Queensland Gas Demand Forecast



- Queensland a key market for PNG Gas / AGL
- ACIL Tasman forecast Queensland demand will continue climbing on the back of existing rapid growth
- Estimated growth of approximately 5% p.a. over next 20 years



Source: ACIL Tasman 2004

Outlook - Business Units

- Retail Energy focus:
 - ◆ continue to maintain market leadership
 - ◆ ongoing improvement of internal systems, processes and capabilities
 - ◆ positioning for future growth opportunities as they arise

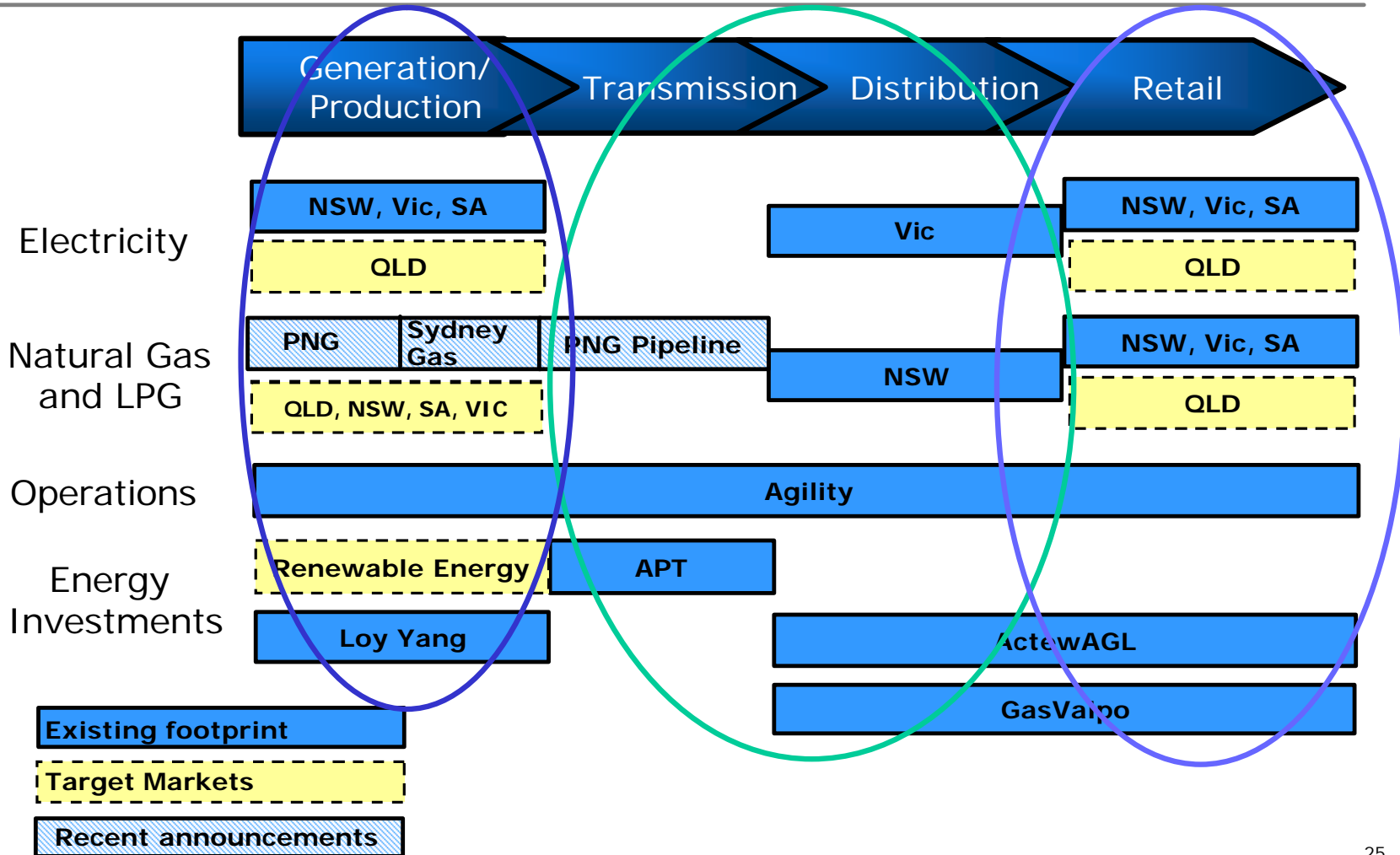
- Wholesale Energy focus:
 - ◆ execute PNG upstream Gas Supply Agreement & Upstream Investment Agreement
 - ◆ execute announced projects and seek out additional power generation and renewable opportunities - build and/or acquire
 - ◆ pursue further wholesale energy opportunities in NSW and Australia's fastest growing energy market, Queensland

Outlook - Business Units

- Networks focus:
 - ◆ effectively manage networks to meet customer growth/connections, load demand and supply reliability
 - ◆ pro actively manage VIC electricity price determination
 - seek a more reasonable outcome (final decision due tomorrow)
 - appeal decision if necessary

- Agility focus:
 - ◆ continue to effectively manage AGL owned infrastructure assets
 - ◆ continue to grow third party revenue and higher margin business
 - ◆ consolidate acquisitions and seek out further acquisition opportunities

Integrating Across the Energy Value Chain





**2005
Annual General Meeting**

Greg Martin, Managing Director