

AGL

# shareholder information meeting



6 October 2006

mark johnson – chairman



# board of directors



Graham Reaney



Sir Ron Brierley



Carolyn Hewson



Charles Allen



Max Ould



David Craig



Paul Anthony



external auditor

Deloitte Touche Tohmatsu

**Deloitte.**

# board succession

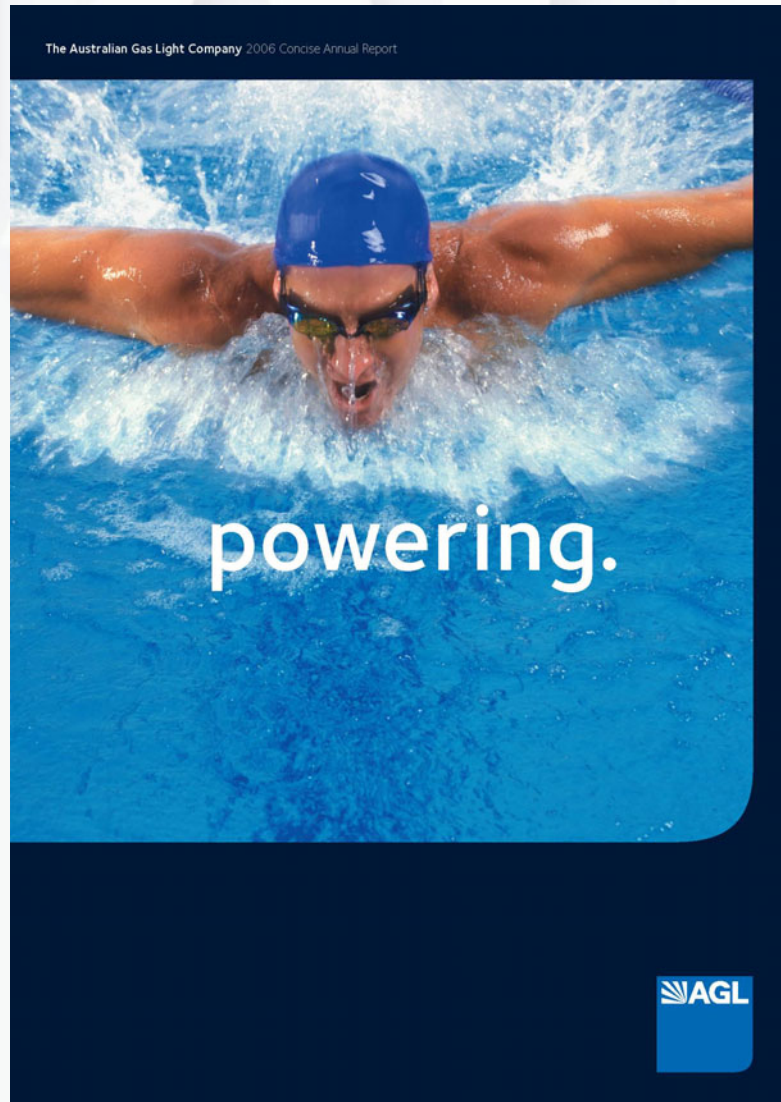


Jerry Maycock

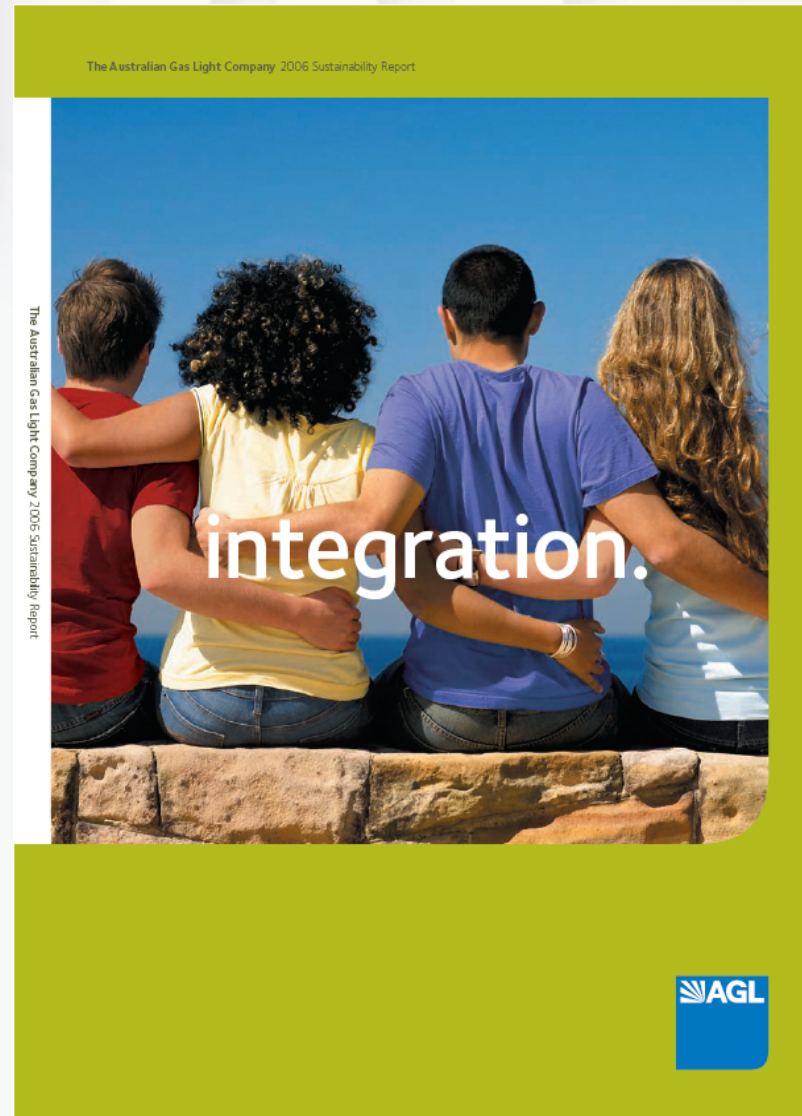


Sandra McPhee

# annual report 2006



# sustainability report 2006



paul anthony – managing director



# 2006 full year results

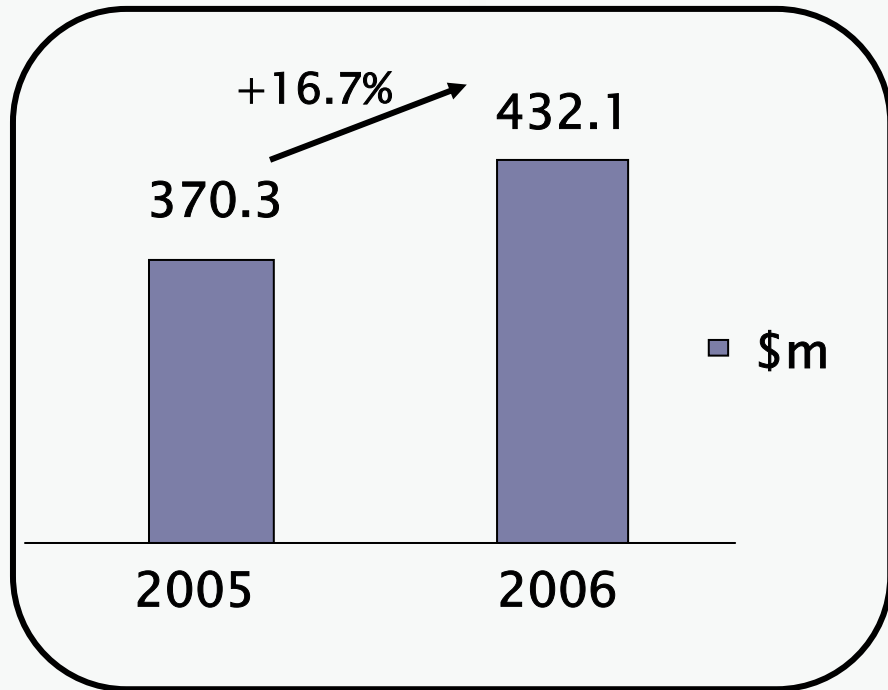
## a year in review

- Solid performance from retail business
  - Intensely competitive market
  - Effectively maintained leading Australian market share: ~30%
  - EBIT to sales margin 7.7% up from 6.6%
  - Additional ~60,000 higher value dual fuel accounts
- Enhanced, integrated merchant portfolio exceeding expectations
  - Existing businesses improve operating and financial performance
  - New businesses integrated to plan and delivering portfolio benefits
- PNG Australian Pipeline: scaling back FEED following delays in firming final load – subsequent FEED write-off
  - Currently working on revised, incremental pipeline route

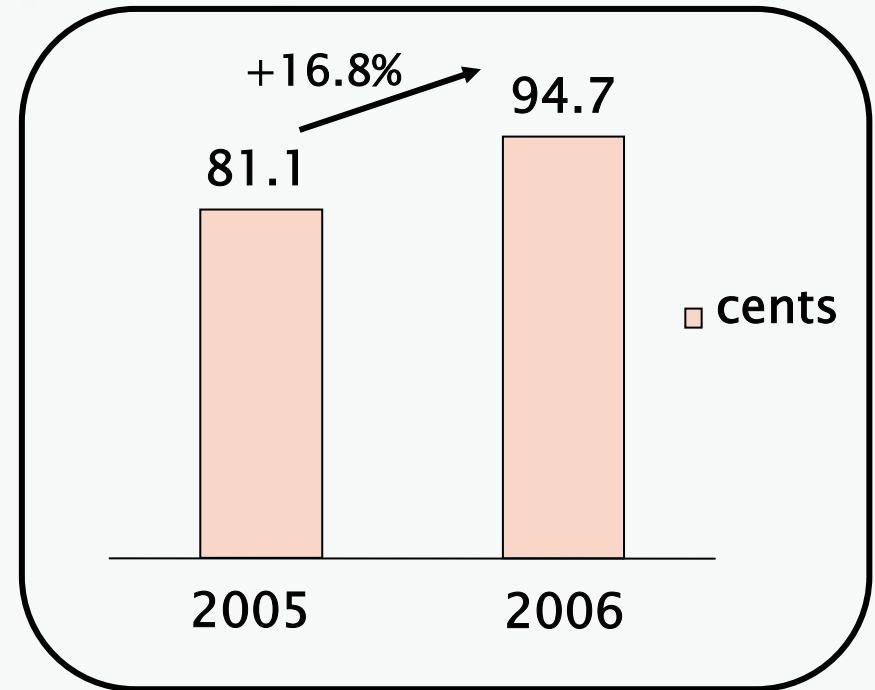


# 2006 financial highlights

underlying profit\*

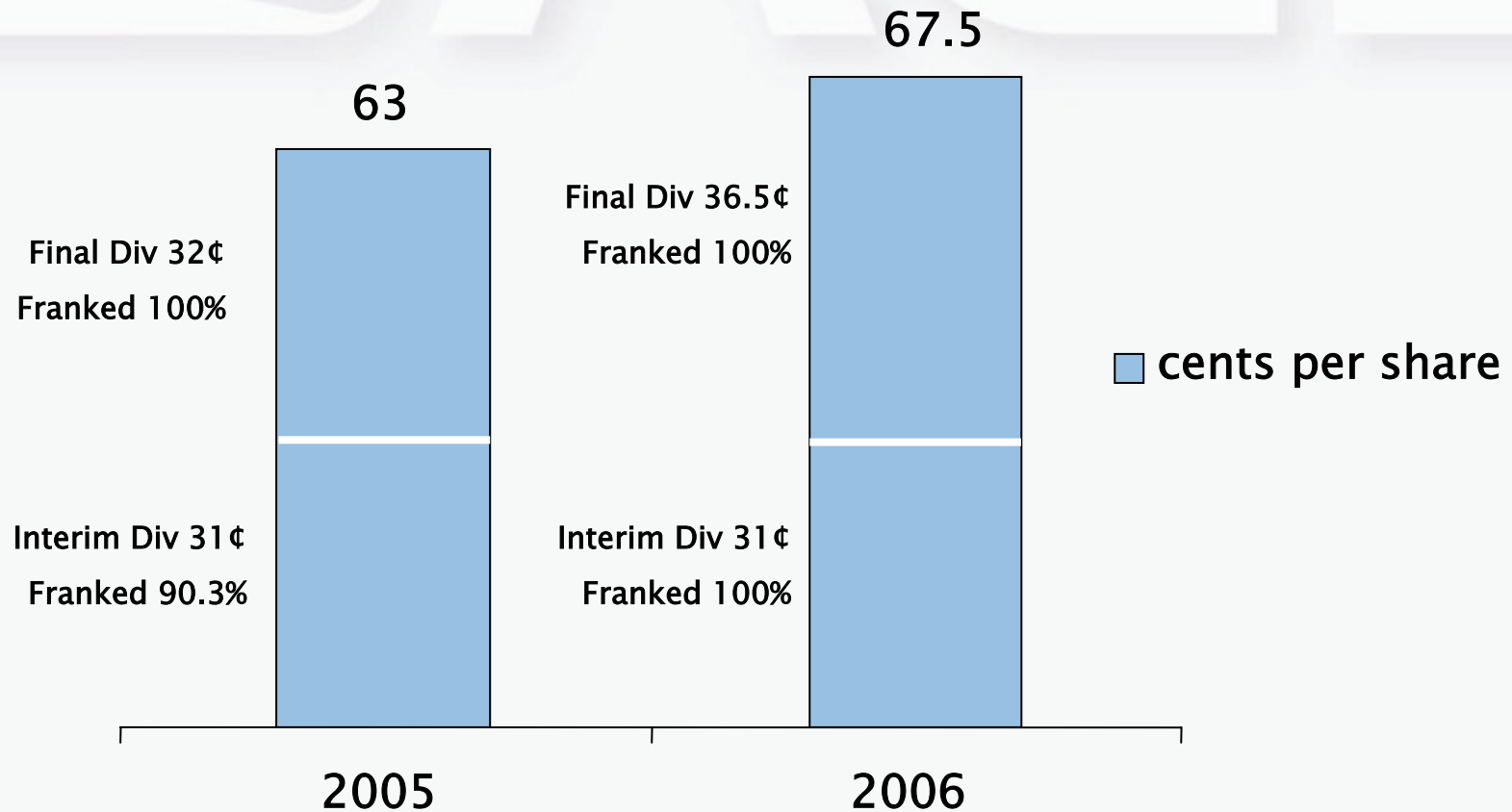


earnings per share\*



\* From continuing operations and excluding significant items

# dividends



# 2006 financial overview

(excluding significant items)

| 12 months to (\$m)                              | June 2006 | June 2005 | Change % |
|---|-----------|-----------|----------|
| 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    |
| Net profit (from continuing operations)         | 432.1     | 370.3     | +16.7    |
| Underlying basic EPS<br>(continuing operations) | 94.7c     | 81.1c     | +16.8    |
| Final dividend per share                        | 36.5c     | 32.0c     | +14.1    |
| Franking %                                      | 100       | 100       |          |

# share price performance



# brief overview of new AGL

## strategy

- establish cornerstone positions in both upstream supply and downstream retail for electricity and gas
- extract value from opportunities along dual supply chains as hunters and gatherers
- achieve robustness and diversification through multiple profit pools
- cover base risk and price exposure by an integrated approach

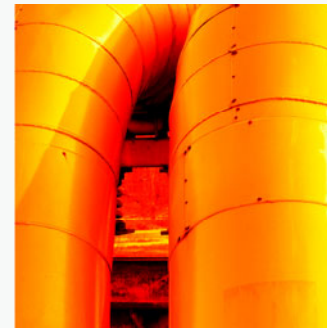
upstream supply

downstream retail

electricity



gas



# strengths

# new AGL

- highly experienced at operating in deregulated markets
- Australia's largest retailer of gas, electricity and related services
  - ~ 2.8m customer accounts (~1.1m dual fuel) across NSW, Victoria, South Australia and Queensland
  - ~ 0.8m customer accounts through JVs
- no regulatory assets in asset base
- significant scale, brand strength and heritage
- strong entry balance sheet offering growth potential and increasing shareholder returns
- robust asset portfolio and opportunity to grow in new carbon-constrained environment
- strong natural hedge to our customer base with opportunity to grow through further integration upstream



# new AGL income statement

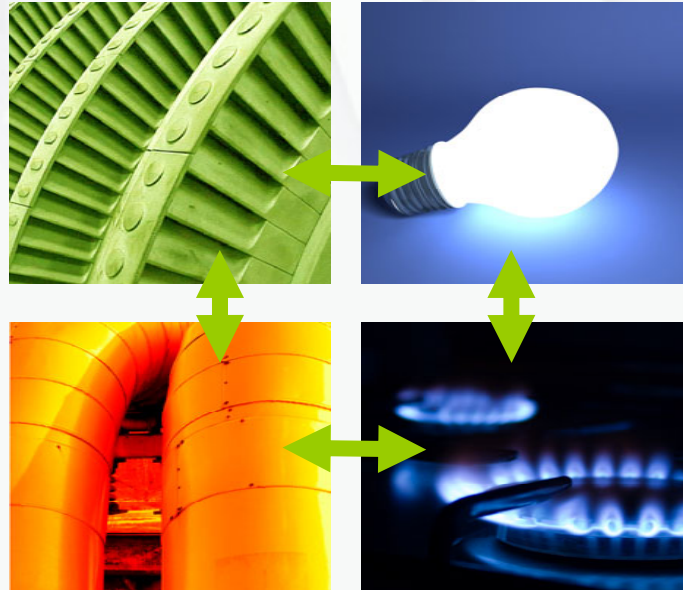
| new AGL                    | Year ended 30 June 2006 | Year ended 30 June 2007 |
|----------------------------|-------------------------|-------------------------|
|                            | Pro forma<br>\$m        | Pro forma<br>\$m        |
| EBITDA                     | 535                     | 746                     |
| EBIT                       | 437                     | 573                     |
| Finance Costs <sup>1</sup> | 31                      | -61                     |
| Profit before tax          | 468                     | 512                     |
| Tax                        | -151                    | -191                    |
| Profit after tax           | 317                     | 321                     |
| EPS (cents) <sup>2</sup>   | 69.5                    | 79.8                    |

1. The 2006 pro forma finance costs are based on new AGL net debt calculated as the difference between total AGL net debt, less the AGL Infrastructure assets agreed net debt under the Recommended Proposal of \$3,104 million.
2. EPS for the year ended 30 June 2006 is based on weighted average shares outstanding of approximately 456.1 million. The EPS forecast for the year ending 30 June 2007 is based on weighted average shares outstanding of approximately 402.3 million following completion of the Recommended Proposal

N.B.: A\$m

# powering growth

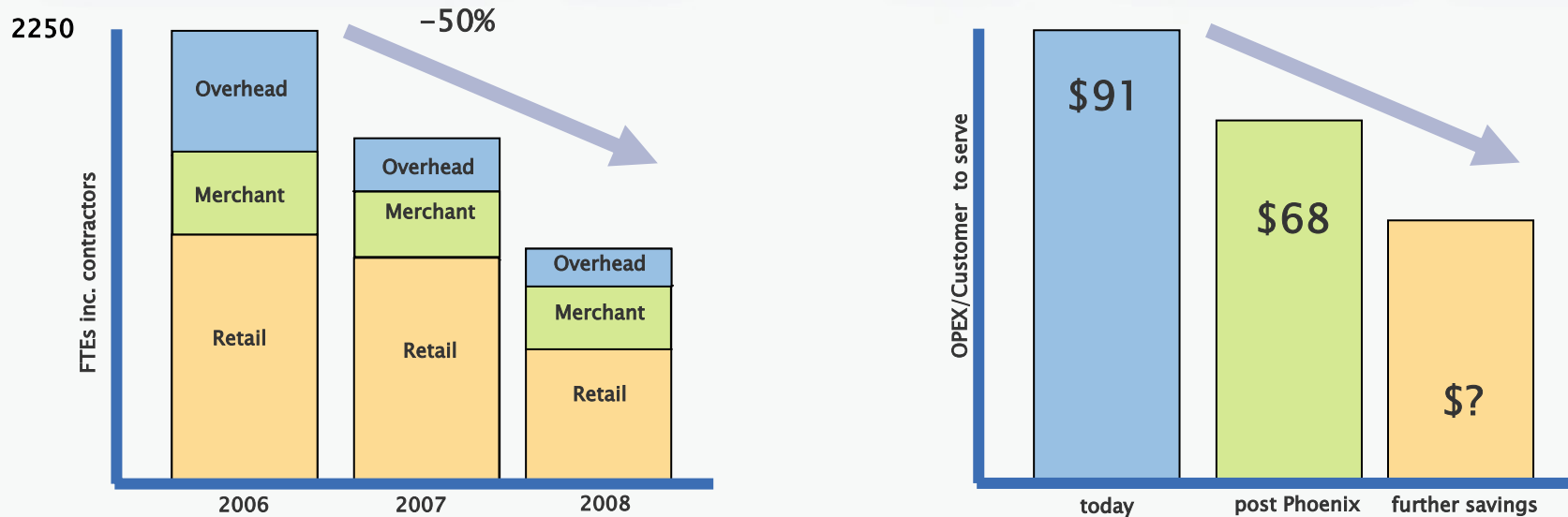
- 2,700mw of new clean burn generation project under review
- Further potential for acquisitive growth
- Rapidly increasing position as equity player upstream
  - PNG
  - Moranbah
  - Sydney Gas
- Further potential for acquisitive growth



- Bidding on 800,000 retail customers in Queensland
- Opportunity to convert 550,000 WA gas customers to electrical customers
- Significant gains in converting gas customers to gas & electric
- New growth in recent acquisition of WA Retail

growth platform skills to succeed across gas and electric chain

# powering efficiency and effectiveness



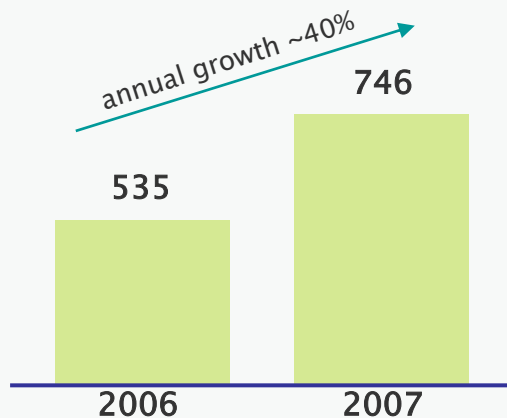
Carefully targeted cost savings of \$60 – \$70M identified in Scheme Booklet and new initiatives already instigated to achieve further savings over the above.

# earnings outlook

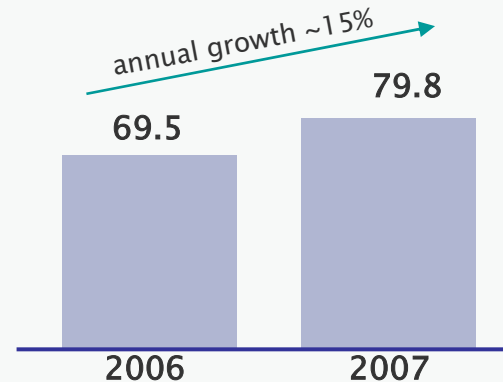
## strong earnings<sup>1</sup> growth to drive TSR

- strategy to target high growth energy sectors
- operating scale advantages
- value-adding inorganic growth opportunities
- cost saving initiatives
- medium term forecast 15% compound growth in EPS with target 60% dividend payout ratio, fully franked

EBITDA<sup>2</sup> (\$m)



earnings per share (cents)



1. forecast earnings are on a business as usual basis for new AGL's 30 June year end and do not incorporate projected earnings from potential acquisitions  
2. profit from ordinary activities before finance costs, income tax expense, depreciation and amortisation and after pro forma adjustments

# mark johnson – chairman



# questions & answers



AGL

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