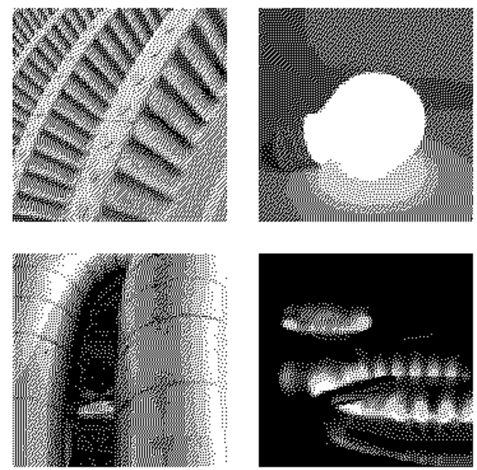
agl energy

delivering against strategy

paul anthony, managing director & ceo



citigroup 4th australia & new zealand investment conference

london, march 2007

disclaimer

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- 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

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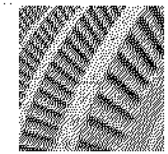
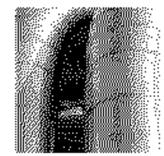
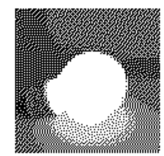
introducing agl energy

growing from a position of strength

- Australia's largest retailer of gas & electricity
  - ? ~4.1m customer accounts across NSW, Victoria, South Australia, Queensland & Western Australia including ~1.3m dual-fuel accounts (includes 100% of JV's)
- depth & breadth of operating experience in deregulated markets
- significant scale, brand strength & heritage
- strong financial structure offering growth funding flexibility & supporting increasing, sustainable shareholder returns
- extensive, existing asset portfolio with solid, identified growth opportunities highly suited to a new carbon-constrained environment
- 3,200MW of own generation provides strong natural hedge to retail customer base with opportunity to grow through further integration upstream (generation & upstream gas reserves)
- S&P/ASX 50 company with market capitalisation of ~AUS$7 billion
- investment grade 'BBB' credit rating (Standard & Poor's)


a focused energy company

Operational Snapshot

Retail Customers Accounts

2.1M gas

2.0M electricity

1.3M dual-fuel

(includes 100% of JVs)

Generation

3,200 MW capacity

5,300 MW (inc. 100% JV & development projects)

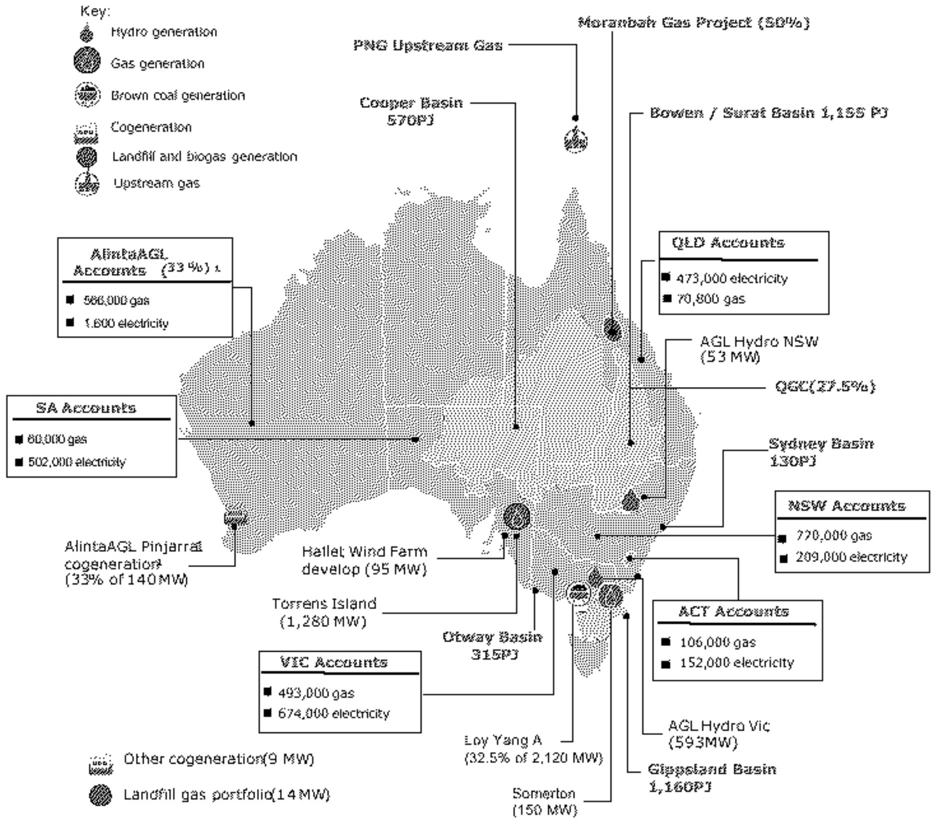
Gas Reserves

~3,330 PJs contracted gas

~850 PJs equity gas

New Generation Developments

~2,100MW renewables & clean burn gas



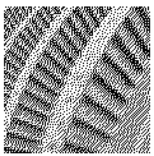
1. AGL Energy has a 33% interest in AlintaAGL with the option to go to 100% over 5 years.

the integrated strategy

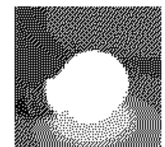
the 'four corners' approach

hunters & gatherers of value across gas & electricity energy chains

electricity



fuel contracts | thermal fuel generation | renewable generation | power purchase agreements | complex hedge products and trading



electricity

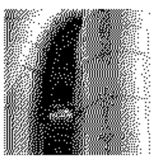
upstream supply

influencing regulatory & industry outcomes

4.1 million accounts

downstream supply

gas



upstream equity gas | contract gas | diversity of supply contracts | gas storage | diversity of haulage products

gas

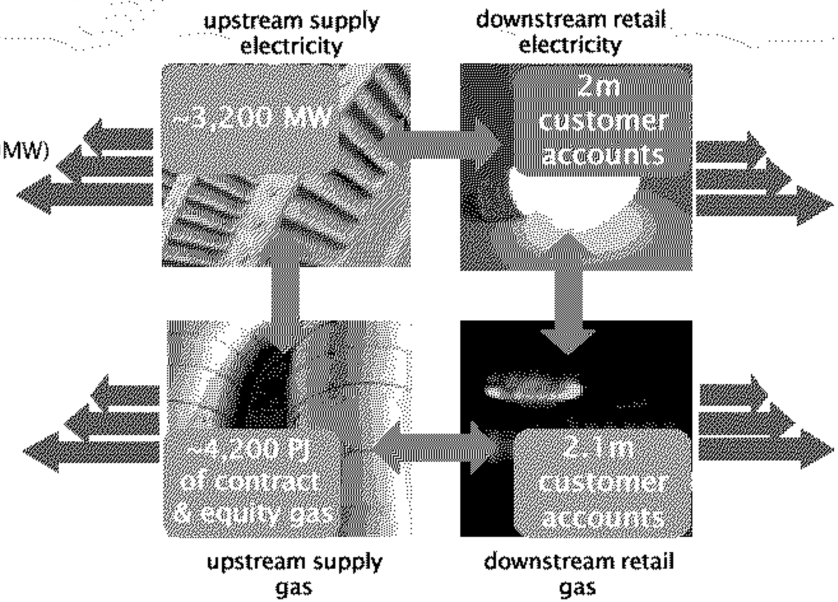
growth platform & skills to succeed across gas & electricity energy chains

the integrated strategy

12 months of deploying the 'four corners' approach…

- Southern Hydro (645MW)
- Bogong (Hydro, 140MW)
- Hallet (Wind, 95MW)
- Torrens Island (Gas, 1,280MW)
- Gas & renewable generation projects under review ~2100MW

- Moranbah (QLD)
- QGC Investment
- Sun Gas GSA
- Torrens Island GSA
- WUGS Storage Facility



- acquired 560,000 customers via AlintaAGL Western Australia JV
- acquired 473,000 retail customers in QLD
- ongoing organic growth
- continued dual-fuel opportunities

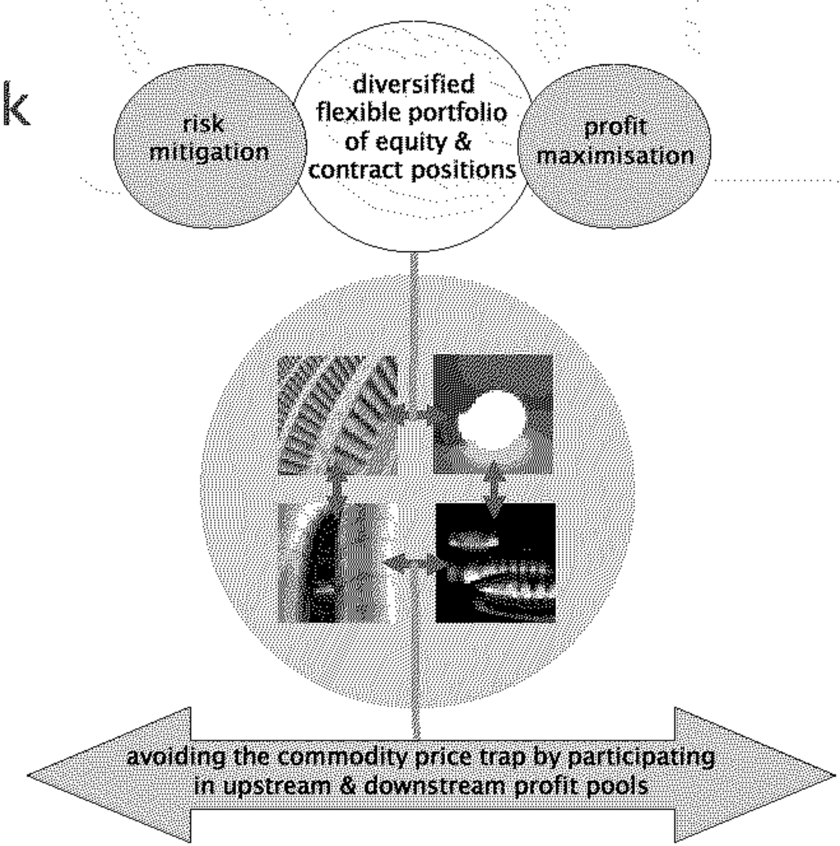
- acquired 70,800 customers in QLD
- ongoing organic growth
- continued dual-fuel opportunities

driving strategic development across the gas & electricity energy chains

integration – the end game

managing & mitigating risk

- leverage position as one of the largest purchasers of wholesale gas and electricity in Australia reducing cost of supply
- achieve appropriate balance between contract and equity positions in upstream gas and generation
  - ? targeting 30% total gas portfolio by way of equity gas (currently ~24% equity gas)
  - ? targeting 80% equity generation coverage of maximum demand (currently ~45%)
- exploit scale and ingenuity to capture least cost-to-serve advantage
- use superior market insight to develop new innovative retail & wholesale products
- influence regulatory & industry outcomes



developments to date

focussed strategic execution…

- Dec 05 – Acquired 100% Southern Hydro (645MW hydro generation)
- April 06 - $14 billion demerger of infrastructure – subsequent creation of AGL Energy Limited
- May 06 – initiated retail re-engineering 'Project Phoenix', ~$60m ongoing cost savings announced
- May 06 – JV with CS Energy -100MW upgrade of existing 325MW Mica Creek Power Station
- June 06 – Acquired 50% interest in Moranbah CSM project (219.2 2P AGL equity reserves)
- Nov 06 – 140MW Bogong hydro plant build announced
- Nov 06 – instigated corporate restructuring, ongoing $55m savings announced
- Nov 06 – proposed $15bn merger of equals between AGL & Origin
- Nov 06 – Acquired Queensland Govt's Sun Gas retail business – 75,000 customers
- Dec 06 – Announced QGC transaction – 27.5% (242 2P AGL equity reserves) stake & attractive 540PJ GSA with additional 200PJ option
- Dec 06 – Announced 95MW Hallett Wind Farm transaction
- Feb 07 – Acquired Powerdirect: 473,000 customers in Queensland (19.1TW hrs)
- Feb 07 – completed one of Australia's largest placements - $900m at 4% discount

growth opportunities

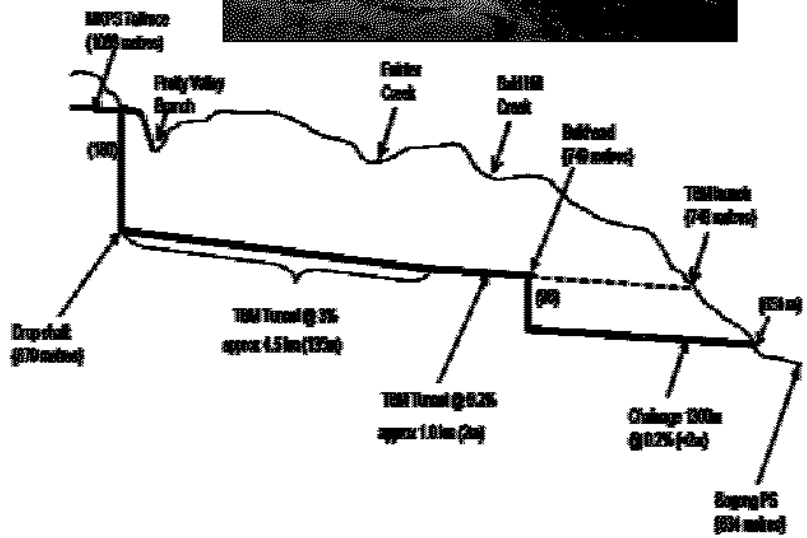
Generation	**Current**: 95MW Hallett wind farm, 140MW Bogong hydro, 10MW McKay Creek hydro, 370MW Townsville gas fired, 100MW Mica Creek gas fired, 330MW Macarthur wind farm, 70MW Dollar wind farm, 600MW Leafs Gully gas fired, 491 AlintaAGL cogen
	Potential: NSW government privatisation: 3 GOCs totalling ~11,500MW
Upstream gas	**Current**: Sydney Basin JV, QGC (Qld) equity gas, PNG equity gas LNG opportunities
	Potential: other equity gas acquisition opportunities, JVs with experienced operators
Electricity & gas retailing	**Current**: 33% AlintaAGL WA retail ~ 540,000 customers, dual-fuel opportunities, call option on remaining 16%, Powerdirect Qld SME growth engine, existing customer base, organic growth and dual-fuel opportunities
	Potential: NSW government privatisation: 3 GOC retailers ~ 4 million customers
Transforming opportunities	**Potential**: Ongoing Australasian industry rationalisation

1. Includes 100% of JV's where applicable

development update:

bogong hydro expansion

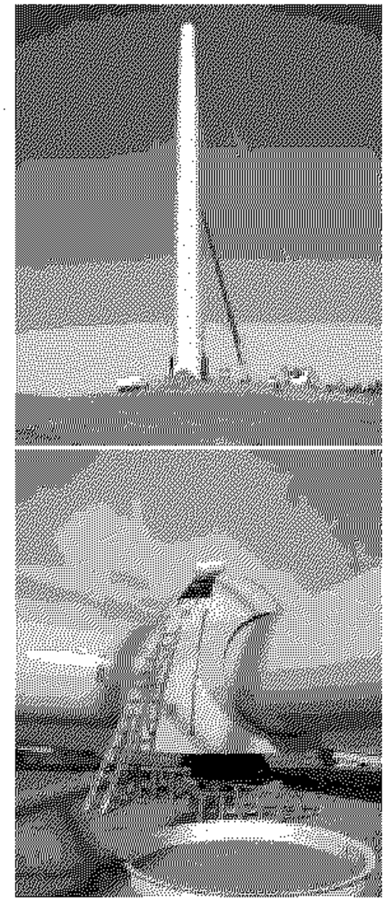
- Australia's last, large scale hydro opportunity
- $230m, 140MW peaking plant in the Kiewa Valley, Victorian Alpine region
- Fast start, peaking capability
- Zero emissions
- Designed to minimize environmental impacts, 6.5 kilometer underground tunnel
- Construction commenced
- Planned completion Q4 2009
- Benefits AGL portfolio under carbon constrained environment



development update:

hallett wind farm

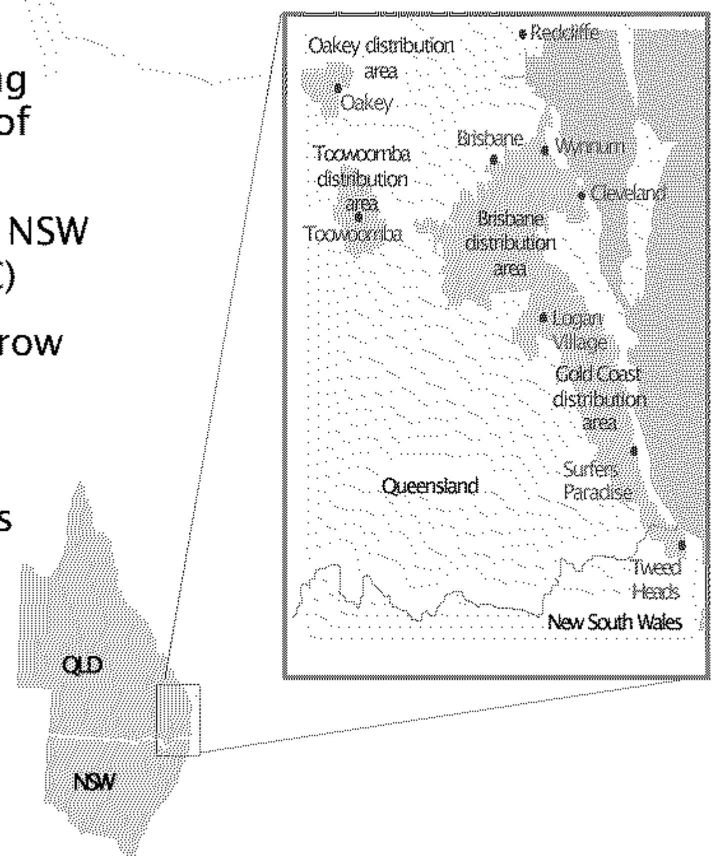
- Started construction of 95MW, 45 turbine wind farm
- Innovative $258m funding
    - avoids funding requirements and cash flow impacts
    - delivers 'double digit' IRR
- AGL retains all renewable, electricity output and asset naming rights through until 2033
- AGL also continue to operate and maintain wind farm under O&M contract
- Scheduled for commissioning in Q4 2007
- Will provide ~24% of AGL's future Renewable Energy Certificates (RECs)
- In calendar year 2008 AGL forecasts meeting ~ 69%of its REC target from internal, environmentally friendly generation sources



development update:

acquiring 100% of sun gas

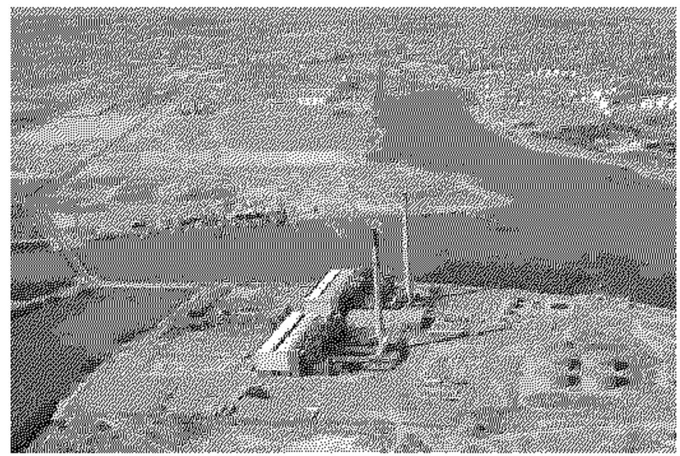
- secured entry into Australia's fastest growing energy market with $75 million acquisition of Queensland Govt's Sun Gas retail business
- 70,800 customers in Queensland, Northern NSW & Victoria (annual load of ~34PJs ~90% I & C)
- delivers strategic position to aggressively grow electricity business
- close proximity to existing CSM assets
- diversified and flexible range of existing gas supply & transportation agreements
- Attractive transaction metrics:
  - ? NVP ~ $51m and IRR 16.3%



development update:

acquired 100% of torrens island power station

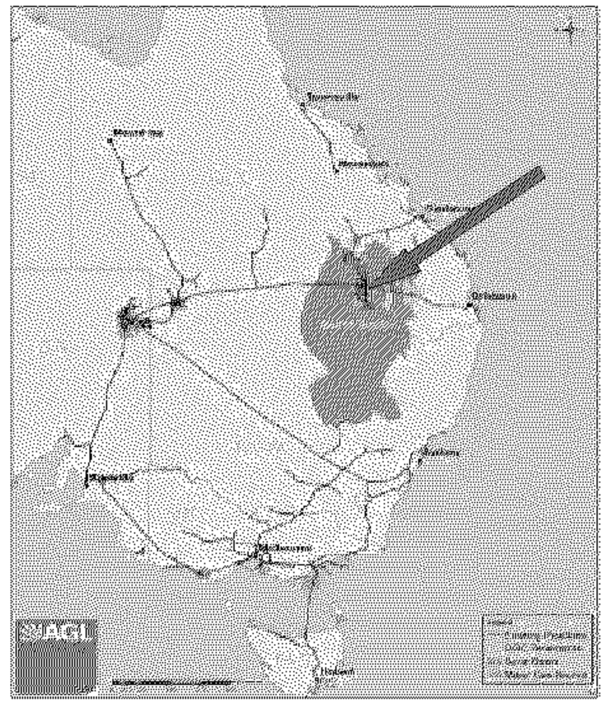
- Acquired 1,280MW torrens island (Sth Aust) gas fired peaking & intermediate power station for $417m
  - ? sold existing Hallett gas fired peaker for $117m
  - ? Net transaction funding requirement of $300m
- Delivers immediate natural hedge between upstream generation and downstream (customer) load
- Provides gas storage capabilities via WUGS (Port Campbell, Vic) together with 10 year, ~300PJ GSA with flexible contract terms
  - ? gsa, haulage contract & storage facility deliver added optionality to agl across both gas & electricity portfolio's
- Attractive transaction metrics:
  - ? NPV ~$100m and IRR in excess of 10%



development update:

acquired 27% cornerstone stake in queensland gas company

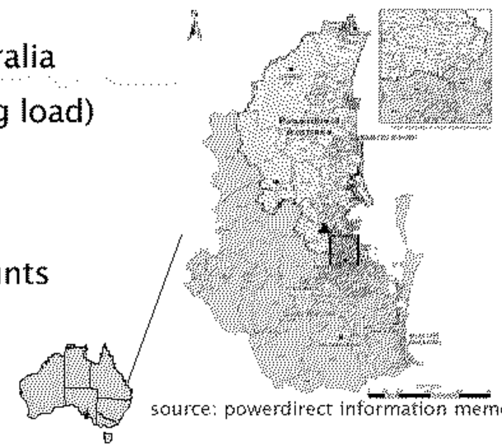
- initial 27.5% stake for cash outlay of up to $327 million
- AGL secures 540 PJ, 20 year GSA with additional 200 PJ option
  - ? pricing below current average AGL portfolio
  - ? delivers further diversity, flexibility and price stability to existing AGL portfolio
- delivers AGL a $22.5 million gas market development services fee over initial 3 years
- AGL to appoint 3 out of 9 directors to QGC board
- QGC total 2P reserves 880PJ



development update:

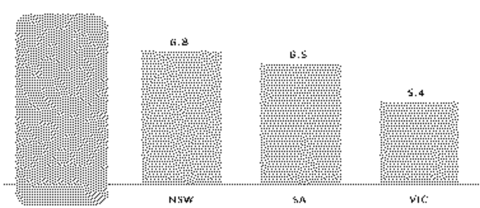
acquired 100% of powerdirect

- 473,000 electricity customers in fastest growing market in Australia
- Material supply of electricity 19TWh (88% of AGL's entire existing load)
- Four businesses:
  - ? Retail 431,000 customers (3.4 TWh load)
  - ? Small to medium enterprise customers (SME) 37,800 accounts (1.3 TWh load)
  - ? Large contestable customers 3,600 accounts (14.7 TWh)
  - ? Power generation 4 plants (43MW in total)
- Significant scale benefits to AGL in cost to serve
- SME business: a national growth engine
- high energy use customers



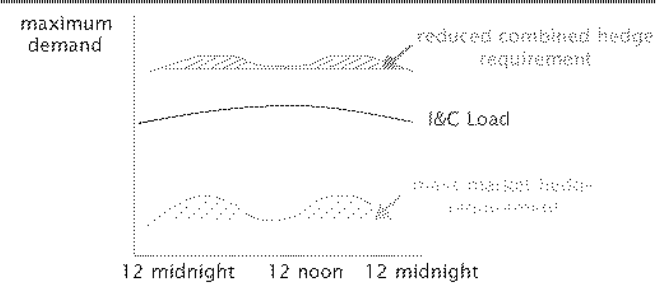
source: powerdirect information memorandum

Average residential consumption (MWh)[1]



• Significant diversity benefits

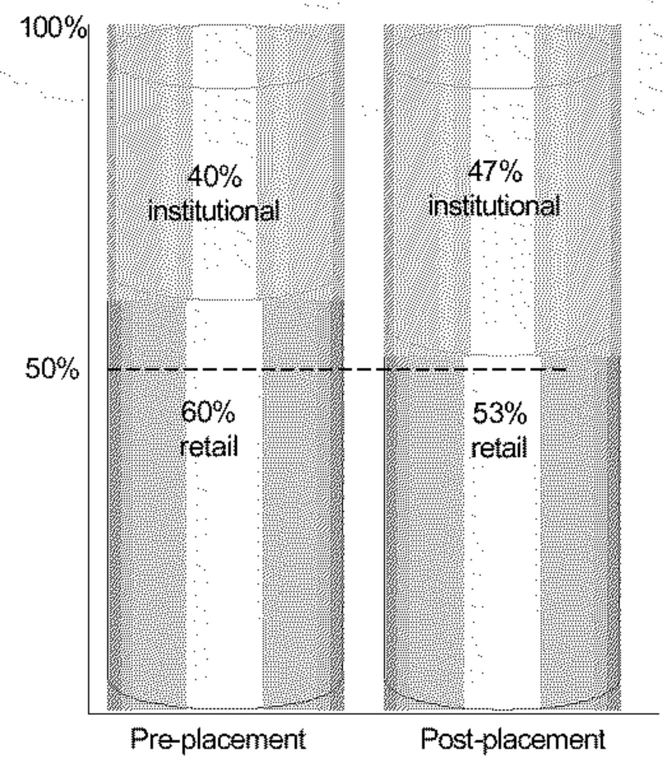
QLD intrastate diversity benefit



development update:

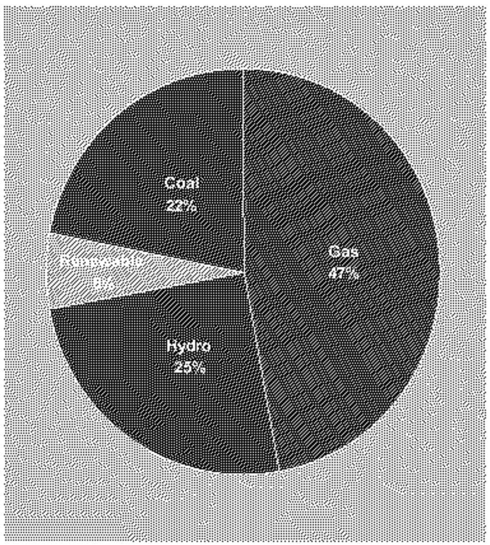
completed aus$900m placement

- Completed AUS$900m placement, one of largest in Australian corporate history
- $16.50 placement price represented:
  - ? ~5.8% premium to book-build floor price
  - ? ~4.9% discount to pre book-build closing price
- Material increase in institutional holding
- Subsequent improvement in stock liquidity

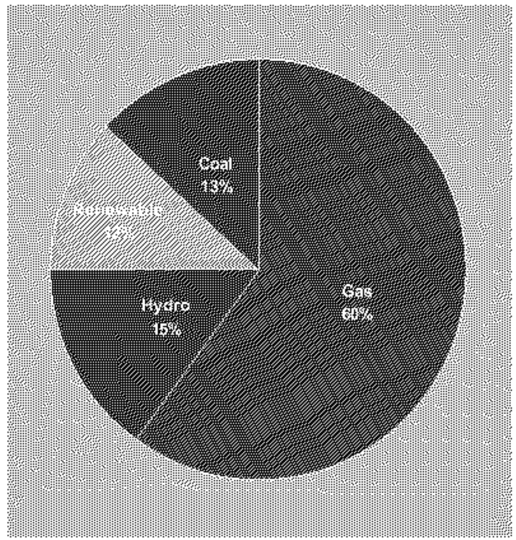


building carbon effective generation

Current generation ~ 3,200MW[1]



Potential generation post development projects ~ 5,300[2]



Development Projects

Gas Fired Generation
additional ~1700 MW

Renewable Generation
additional ~400 MW

both the current & potential agl generation portfolios are well structured to deliver ongoing benefits in a carbon constrained environment

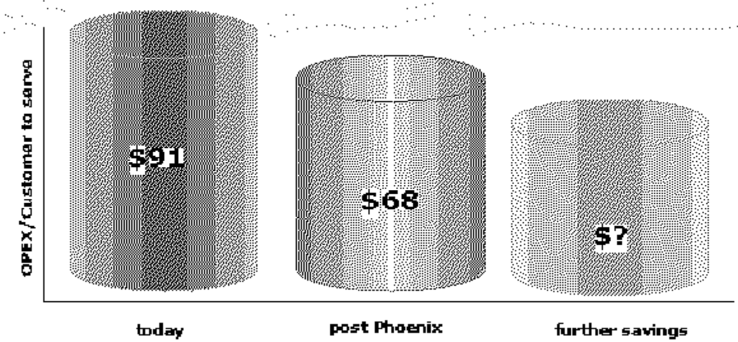
[1] Includes off-take agreements & JV's

2 Includes off-take agreements,100% of JV's & development projects

driving efficiency & effectiveness:
transforming retail

project phoenix...

- **Realise full synergy benefits**: consolidate disparate operations, functions and management layers
- **Drive out operating costs**: reengineer and increase process automation across sales and customer contact, billing, collections and market processes (e.g. transfers)
- **Reduce IT complexity and cost**: systematic replacement of seven (7) legacy systems with one (1) enterprise-wide platform
- **Create the basis for differentiation**: target high-value customers and improve service delivery through greater customer insight and single view of the customer



Cost to Serve

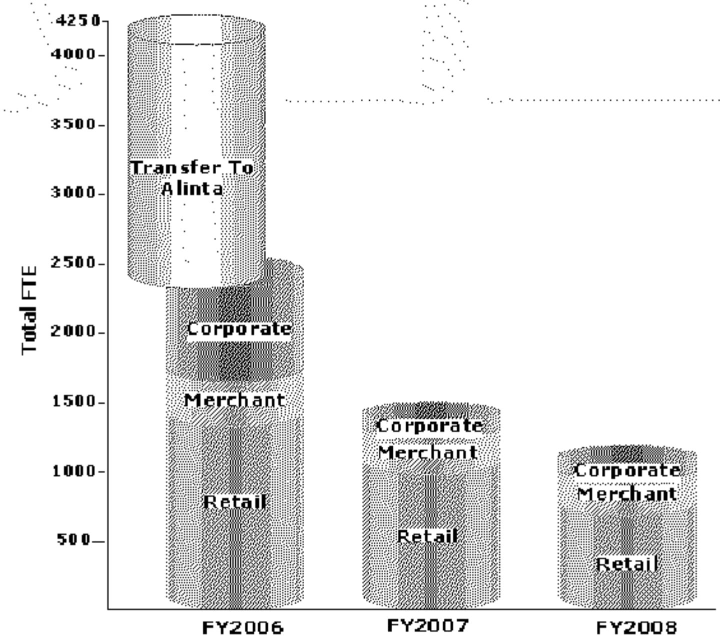
- AGL's market leading share provides real opportunities to exploit sizeable economies of scale

phoenix delivers AGL a single, scaleable world class customer billing & management platform and unassailable market leading cost to serve

corporate restructuring:

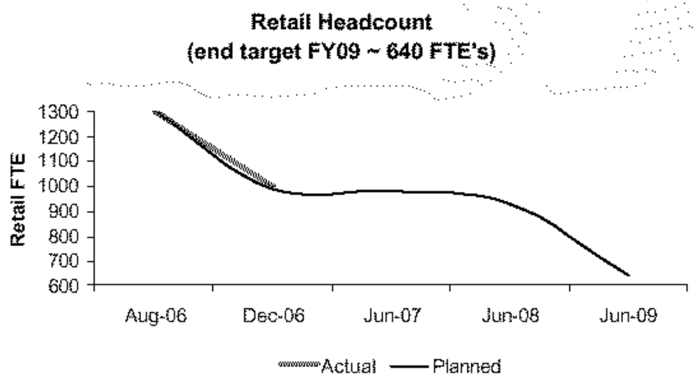
building capabilities & leaning organisation

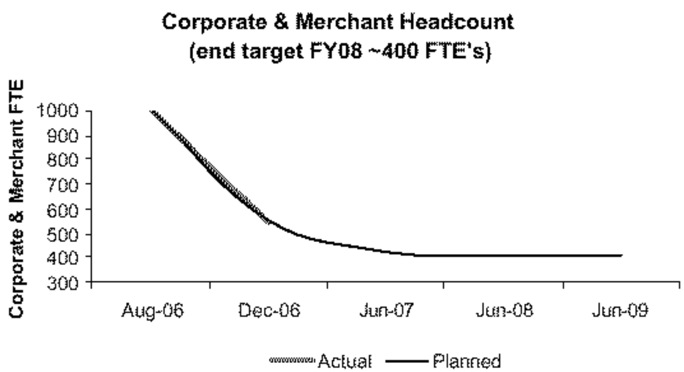
- 50% reduction in FTE via corporate restructure, 80% complete
- Improved decision making (5 layer of management removal)
- Significant cost savings ($55m per annum)
- Enhanced flexibility in organisation structure
- New structure orientation to new strategy
- New culture program to build high performance and innovation
- New remuneration structures to reward based on meritocracy



head count reduction and cost-outs ongoing
business delivering improved efficiency & effectiveness with reduced FTE's

update on efficiency drive





Business re-engineering exercise nearing completion & delivering planned improvements in operational efficiency and effectiveness across the entire business:

- 5.4% reduction in LTIFR (long term injury frequency rate)
- 70% reduction in billing backlogs (Feb 06 v Dec 06)
- 54% reduction in electricity account transfers
- 42% improvement in handling time of customer requests on back of 53% increase in volumes
- Generation portfolio start reliability & availability continue to perform well

business re-engineering delivers reduced head count and improved performance metrics

agl & origin: proposed merger

A merger would have provided AGL and Origin with a number of unique benefits versus their respective standalone strategies

- Availability of AGL's gas customers provides commanding channel to market - limited opportunity to acquire other gas customers in Australia

- Creates leading Australian energy major (top 20 ASX company, $15bn Mkt-cap)

- Delivers material benefits to both, >~$3bn synergies plus one-off benefits
  Access to AGL's low cost to serve retail base (i.e. AGL has already invested the capital required to upgrade systems)

- Availability of AGL's gas customers provides commanding channel to market - limited opportunity to acquire other gas customers in Australia

- Ability to monetise reserves without spending significant capital (i.e. acquiring retail customers and/or building power stations)

- Immediate step change. Alternative bolt-on strategy requires significant capital and time. There is significant execution risk with the alternative bolt-on strategy, including risks to eps growth and risks from competitors, regulators, governments and other vendors

7. Origin need not pay a premium to reach market leading scale, relative to competitive privatisations and other acquisition opportunities. Premium for Origin shareholders still available in a subsequent change of control transaction

8. Corporate synergies in this combination are unique in their size and, when coupled with vertical integration benefits, are not available from any other transaction or series of transactions, recognised by the market

the opportunity would have existed to create a clear leader in the Australian energy sector, with exposure to an array of global opportunities otherwise unavailable to either company on a standalone basis

2007 interim result overview

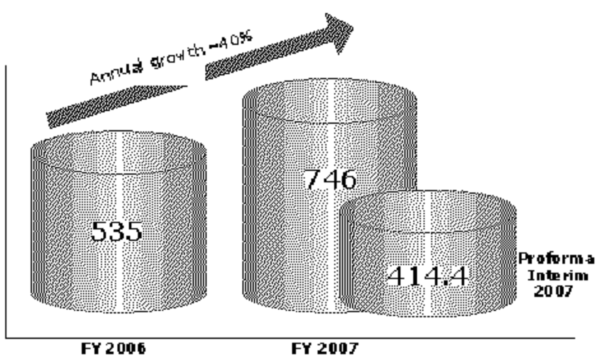
- pro forma profit after tax $197.4 million
  - ? inaugural interim dividend 9.5cps, fully franked
- continuing improvement in retail as business re-engineering exercise continues
  - ? EBIT of $136.6m, up 18.3% on pcp
  - ? net operating cost of $96.6m, down 2.9% on pcp
  - ? project phoenix rollout on track and under budget
- ongoing deployment of integrated merchant portfolio delivers added flexibility and optionality
  - ? EBIT of $200.1m, up 108% on pcp
  - ? excellent reliability and availability of gas peaking plants
  - ? PNG upstream investment continues to generate strong surplus cash flows
- $55 million corporate cost initiative announced and underway
  - ? 60% complete
- business performance improvement across range of KPI's with reduced FTE's
- focused "four corners" strategic execution continues
  - ? Moranbah CSM, Bogong Hydro expansion, Sun Gas, Hallett Wind Farm & proposed QGC transactions
- post balance date
  - ? proposed MOE with Origin Energy, 1280MW Torrens Island Power Station including 310PJ GSA and Gas Storage facility, Powerdirect retail acquisition

earnings outlook

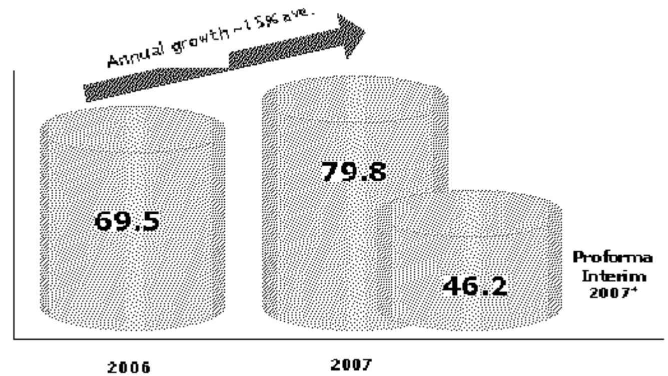
strong earnings[1] growth to drive TSR

- targeting high growth energy sectors
- delivering operating scale advantages
- value - adding growth opportunities
- identified, ongoing cost savings being delivered
- solid interim 07 results - on track to meet FY07 targets

EBITDA[2] ($m)



earnings per share (cents)[3]



1. forecast earnings are on a business as usual basis for the new AGL's 30 June year end and do not incorporate projected earnings from potential acquisitions
2. profit from ordinary activities before finance cost, income tax expense, depreciation and amortisation and after pro forma adjustments
3. EPS forecast for the year ending 30 June 2007 based on weighted average shares outstanding of approximately 402.3 million
4. Underlying basic EPS pre significant items

in summary

key benefits...

diversified portfolio of assets across Australia with strong growth opportunities

- solid, identified growth opportunities in agl energy's leading retail, power generation and upstream equity gas portfolios

a focused business with expert & energetic management

- a focus on maximising & sustaining shareholder returns (measured on a TSR basis)
- appropriate capital structure to support ongoing growth profile

combined, ongoing cost savings of ~$115m p.a.

- ~$60m p.a. through billing systems and process rationalisation (project phoenix)
- ~$55m p.a. through corporate cost savings / organisational restructuring

disappointed origin rejected the opportunity to create an integrated energy company of world scale

- lost opportunity to unlock ~$3 - 4billion of value for combined shareholder groups

agl energy - an attractive investment forecasting ~15% average EPS growth over the medium term (3 - 5 years) with a targeted 60% dividend payout ratio, fully franked

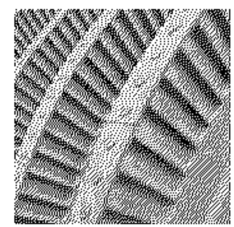
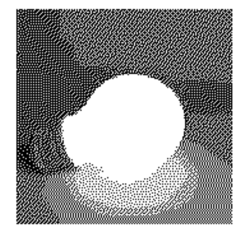
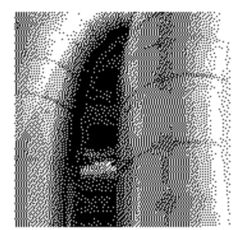
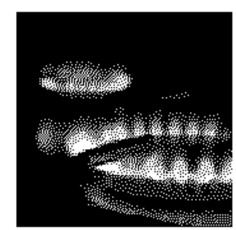
further information/contacts

a range of information on AGL Energy including asx & media releases, presentations, the inaugural 2007 interim result as well as historical 'The Australian Gas Light Company' scheme booklets, annual reports, sustainability reports, presentations and financial results are all available from our website: www.agl.com.au

alternatively, contact

graeme thompson
head of investor relations
agl energy limited
phone: +61 2 9921 2789
mobile: +61 (0) 412 020 711
e-mail: gthompson@agl.com.au

appendices

2007 interim result – key financials

retail

6 months to	pro forma december 06 $m	december 05 $m	change %
Revenue	1,697.4	1,714.3	(1.0)
Expenses	(1,556.0)	(1,593.3)	(2.3)
EBITDA	141.4	121.0	16.9
D & A	(4.8)	(5.6)	-
EBIT	136.6	115.4	18.4
EBIT / Sales %	8.0	6.7	

key drivers

- Strong margin outcomes in both electricity and gas are the key driver of EBIT to Sales improvement

merchant

6 months to	pro forma december 06 $m	december 05 $m	change %
EBITDA			
Wholesale Energy & Power Gen.	138.3	88.8	55.7
GEAC	16.5	6.8	142.6
Upstream	109.9	4.8	n/a
EBITDA	264.7	100.4	163.6
D & A	(65.9)	(10.6)	-
Fair Value	1.3	6.5	-
EBIT	200.1	96.3	107.8

key drivers

- Full six month contribution from hydro
- Somerton & Hallett peakers contribution consistent with prior year
- Precipitation & weather hedges mitigating drought
- Strong GEAC contribution as market capacity tightens
- Full six month contribution from PNG oil

1. Includes $20.5m Hallett Wind Farm development fee

key financials

2007 full year forecast income statement

	pro forma 30 June 2007 AUS$ m
EBITDA	746
EBIT	573
Finance costs	-61
Profit before tax	512
Tax	-191
Profit after tax	**321**
EPS (cents)[1]	**79.8**

[1] 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 Rec ommended Proposal. Total shares on issue at Transaction Implementation Date, 377 million.

agl & origin: complementary profile

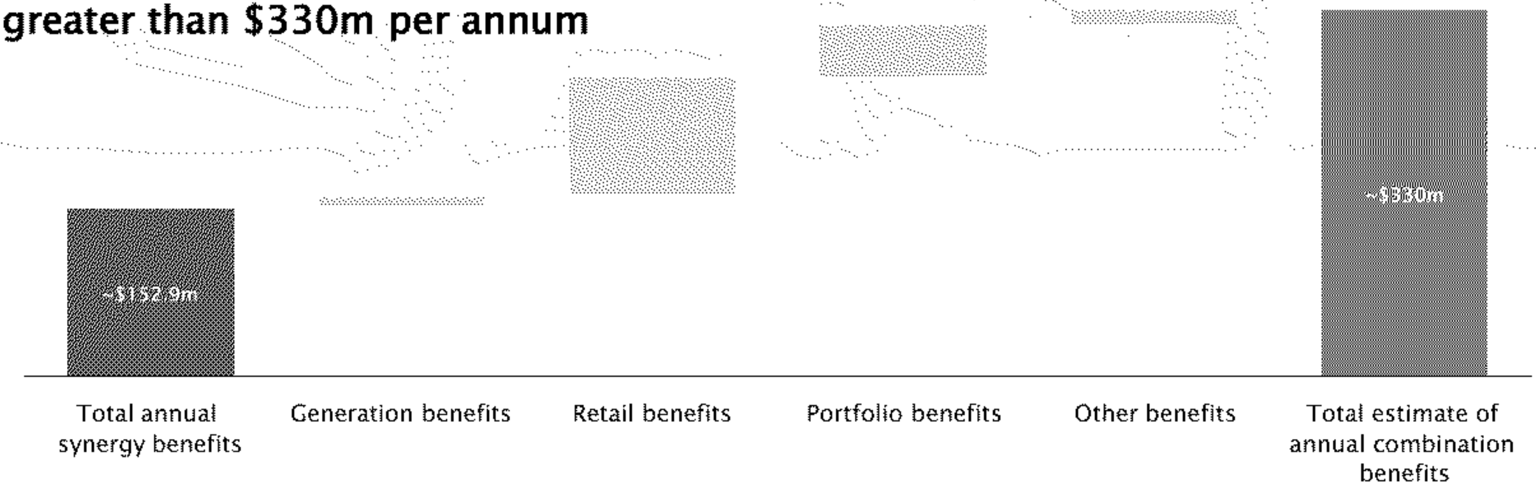
Origin and AGL were uniquely positioned to pursue an MoE due to the highly complementary nature of the two businesses

	Origin	Origin share	AGL share	AGL
Aust Electricity Customers ('000s)	1,787	48%	52%	2,000
Aust Generation (MW)	704	18%	82%	3,212
Aust Generation Development Opps. (MW)	2,450	54%	46%	2,097
Aust Renewable / Green Generation (MW)[1]	0		100%	1,311
Aust Gas Customers ('000s)	879	31%	69%	2,100
Aust LPG Customers ('000s)	357	70%	30%	150
Aust Dual Fuel Customers ('000s)	703	35%	65%	1,300
Gas Demand (PJ per annum)	127	37%	63%	220
Gas Reserves (PJ)	2,199	73%	27%	801
Liquid Reserves (mmboe)	41	69%	31%	18

1 Including renewable development opportunities.

agl & origin: potential benefits

An additional ~$180m of gross annual benefits, resulting in total gross benefits of greater than $330m per annum



- Removal of duplicated effort and resources
  - Non-Retail overhead costs
  - Retail duplication
  - Admin and public company costs
  - Occupancy
  - Advertising

- Potential for minor reductions in maintenance expenditure

- Economies of scale and improved efficiencies by taking advantage of AGL's Project Phoenix initiatives
- Gross retail benefits will be reduced by difference in marginal cost to serve on ACCC divested customers & duplicated corporate costs

- Hedging diversification
- Wholesale market economies of scale

- Additional corporate cost savings

Other benefits:
-$1bn offsetting capex for generation and early monetisation of gas reserves
-WACC benefits: diversification, re-rating and debt costs (0.1% reduction in WACC of mergeCo equals ~$200m increasing combined value
-Unquantifiable benefits and enhanced in opportunities
-Improved mix and quality of earnings

agl & origin: would have secured enhanced opportunities

The merged entity would have become a world scale integrated energy company, with future expansion likely to be focused on a broader range of larger opportunities

- Step change in growth opportunities
  - ? Comparison with what Origin or AGL could achieve on a standalone basis is of little relevance given expanded opportunity set
- Industry leadership across the energy sector
  - ? Address new market opportunities and play a major role in leading market reform
- Able to access and take leadership of large scale projects
  - ? Able to fund capital expenditure above what either could justify alone and mitigate risks through scale and diversity, enabling a portfolio of projects to be developed at the same time
- Consider international expansion
- Attract and retain high calibre employees for growth initiatives (e.g. offshore E&P)