AGL RESULTS FOR THE
YEAR ENDED 30 JUNE 2004
HIGHLIGHTS

Strong performance from core businesses including energy retailing and energy networks

- Reported Revenue of $4.2 billion
- Reported Profit up 18.5% to $349.5 million
- Operating cash flow up 17.5% to $637.2 million
- Underlying net profit up 12.8% to $361.8 million
- Underlying earnings per share increased by 8.6% to 79.5cps
- Final dividend of 31c up 6.9%, franked to 74%
- Full year dividend of 60c up 9.1%, franked to 75%
- "A" credit rating confirmed

Major Items of Note

- Successful implementation of power generation strategy through acquisition of 32.5% interest in Loy Yang Power
- Capital return and bond issue in New Zealand
- Positive influence of weather and regulatory outcomes
- Victorian gas and electricity retail price paths provide revenue certainty

Post Year End

- Decision to sell investment in NGC

The Australian Gas Light Company
ABN 95 052 167 405 FORMED IN NSW IN 1837, WITH LIMITED LIABILITY
AGL Centre Cnr Pacific Highway & Walker Street North Sydney NSW 2060
Telephone : 02 9922 8349 Facsimile 02 9922 8751 Email: jmcaloon@agl.com.au
www.aglinvestor.com

media release

August 26, 2004

AGL delivers value for Shareholders

The Australian Gas Light Company (AGL) today reported profit attributable to Shareholders of $349.5 million for the 12 months to June 30 2004, up 18.5 per cent.

AGL Chairman Mark Johnson said, “AGL has produced strong profit growth for Shareholders in an increasingly competitive energy market. The improved profit is attributable to the existing portfolio of businesses.”

“The Company’s financial position is sound. Earnings per share grew by 9.5 cents, up from 67.3 cents in the previous year. The underlying profit after income tax of $361.8 million, excluding significant items and outside equity interests, increased by 12.8% on the prior year,” Mr Johnson said.

“These results have been achieved from the strong market positions the Company has established and reflects the benefits of continued improvements in operating efficiencies and service levels for our 3 million customers”, Mr Johnson added.

The AGL Board has declared a final dividend of 31 cents per share (franked to 74 per cent) payable on 24 September 2004. This takes the total dividend for the year to 60 cents per share (franked to 75 per cent) compared with 55 cents per share (franked to 62 per cent). There is 8 cents per share of Foreign Dividend Account amount applying to the full year dividend. The Dividend Reinvestment Plan remains suspended.

Operating cash flow rose by 17.5 per cent to $637.2 million. AGL’s “A” credit rating was confirmed during the year.

“AGL’s financial position remains strong and will enable the Company to continue to pursue opportunities to further enhance its position across the energy sector”, Mr Johnson said.

"Market conditions in New Zealand now provide an opportunity to unlock value for AGL Shareholders through the sale of the Company’s interest in NGC. AGL has appointed an adviser and commenced a process to facilitate the sale over the coming months”, Mr Johnson concluded.

The Australian Gas Light Company
ABN 95 052 167 405 FORMED IN NSW IN 1837, WITH LIMITED LIABILITY
AGL Centre Cnr Pacific Highway & Walker Street North Sydney NSW 2060
Telephone : 02 9922 8349 Facsimile 02 9922 8751 Email: jmcaloon@agl.com.au
www.aglinvestor.com

AGL Managing Director Greg Martin said, “The strong performance from AGL’s energy businesses has underpinned this financial result, particularly the contribution from energy retailing and networks. The positive influence of weather, satisfactory regulatory outcomes in Victoria and NSW and a full year contribution from the Pulse business all played a part in delivering this strong result.”

“Most pleasingly, the continued organic growth of AGL’s existing businesses, has enabled the Company to deliver increased returns to Shareholders“, Mr Martin added.

Looking ahead, Mr Martin said, “AGL remains focussed on increasing Shareholder value through organic growth, pursuing complementary acquisition activities and optimising the Company's capital structure. Expected proceeds from the disposal of NGC are being incorporated into consideration of these areas of focus, including capital management initiatives, about which we expect to make an announcement in the near future."

BUSINESS SEGMENTS[1]

Energy Sales & Marketing
EBIT of $218.8 million was 11.3 per cent higher than the previous year. This was a good result in light of increased levels of competition in NSW, Victoria and SA, with growth delivered through positive first-half weather outcomes and a full year contribution from the Pulse business.

AGL maintains a strong competitive position in retail markets and remains focussed on winning and retaining high value customers. Dual fuel customer accounts increased by 67,700 during the year. Overall there was a net loss of 76,000 customer accounts across South Australia and NSW.

Energy Networks
EBIT of $234.2 million was 8.5 per cent higher than the previous year. The improved financial performance for gas and electricity networks was driven by increased throughput due to positive weather outcomes in the first half, an increase in customer connections and an increase in regulated tariffs. Further regulatory outcomes are expected in the current financial year on NSW gas access arrangements.

Agility
EBIT of $55.5 million was 9.9 per cent higher than the previous year. The Agility business is continuing to grow its contribution to AGL’s results through existing major contracts with AGL-related parties as well as the pursuit of new work in other related infrastructure areas. Contract work with Powerco in Tasmania has cemented Agility as a provider of national infrastructure management services.

[1] Business segments are shown excluding significant items

The Australian Gas Light Company
ABN 95 052 167 405 FORMED IN NSW IN 1837, WITH LIMITED LIABILITY
AGL Centre Cnr Pacific Highway & Walker Street North Sydney NSW 2060
Telephone : 02 9922 8349 Facsimile 02 9922 8751 Email: jmcaloon@agl.com.au
www.aglinvestor.com

Power Generation
EBIT of $21.7 million was 8 per cent higher than the previous year. AGL's acquisition of a 32.5 per cent interest in Loy Yang Power in April 2004 resulted in an EBIT contribution of $2.7 million, in line with expectations. Loy Yang Power will continue to provide an important contribution to earnings in addition to the Somerton and Hallet peaking plants.

Investments

New Zealand business including NGC Holdings (66 per cent) - EBIT of $129.4 million was down 7.0% on the previous period. This included the contribution from NGC Holdings following its business restructure in 2003 and a successful capital return and bond issue. EBIT to Funds Employed increased by 7.4 per cent to 18.4 per cent.

ActewAGL (50%) - EBIT of $50.9 million increased 14.6 per cent from $44.4 million due to focussed management on core operations in the Capital Region. ActewAGL successfully grew and retained customers and won the 2004 Australian Business Excellence Award for Customer Service and Market Focus.

LPG Investments – Total EBIT of $15.3 million was down 23.9 percent on the previous period. This was principally due to a planned maintenance shutdown of plant that impacted HC Extractions while Elgas improved its trading margin and increased its EBIT by 8.6 per cent to $13.9 million.

APT (30%) – EBIT of $14.3 million was down 12.8 per cent on the previous period principally due to expenses from an unsuccessful pipeline bid.

OUTLOOK

Based on current trading conditions, and barring unforeseen circumstances, the Directors expect the underlying profit and earnings per share performance in the current financial year to exceed that of 2003/04. When there is more clarity on the timing and impact of the sale of NGC and capital management initiatives the Company will be in a position to make a further statement to the market.

For more detailed information visit www.aglinvestor.com

Further Enquiries:

Jane McAloon
Group Manager
Direct: 02 9922 8349
Mobile 0419 447384

Jane Counsel
Media Relations Manager
Direct: 02 9921 2352
Mobile:0416 275 273