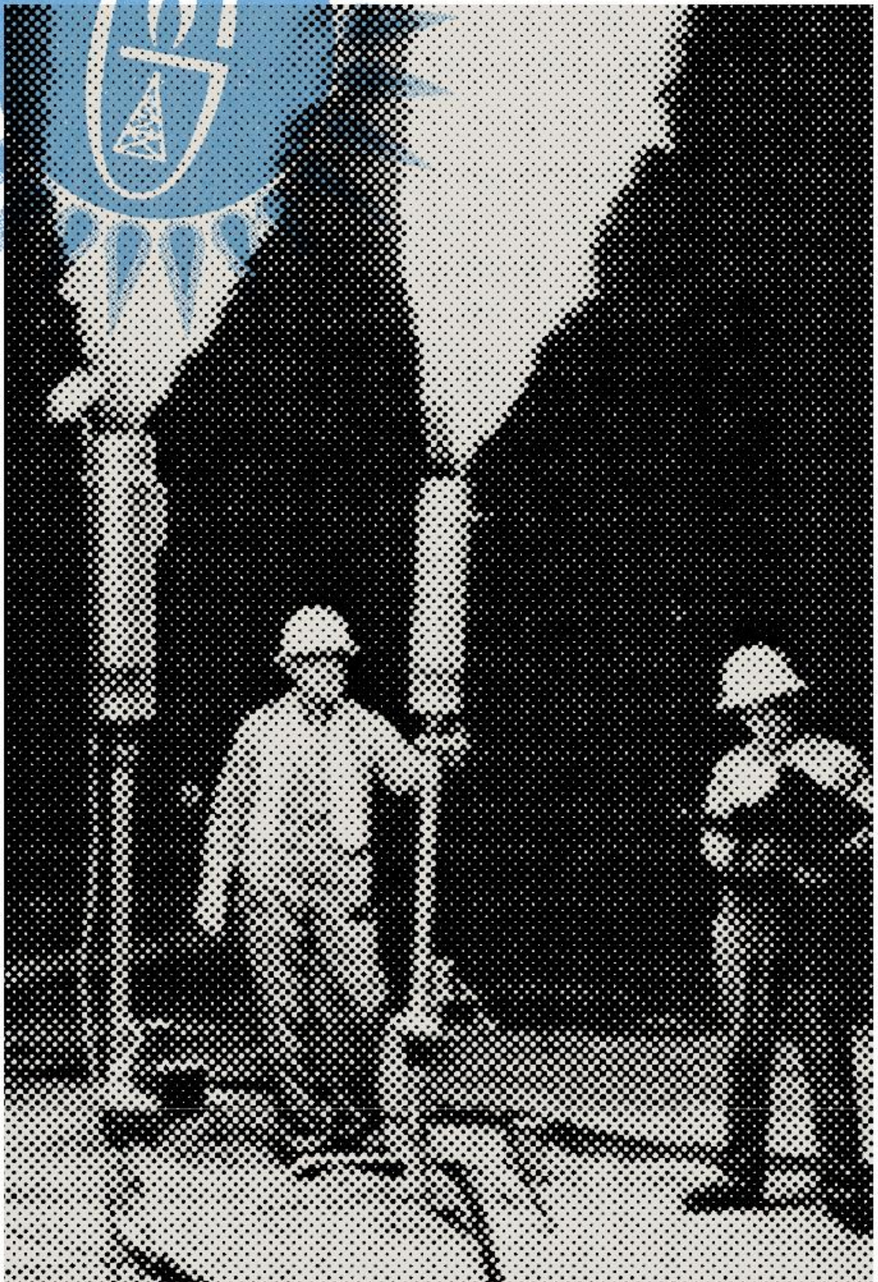

Envestra Limited

Full-Year Results 30 June 2011

Ian Little
Managing Director

Paul May
Group Manager – Finance & Risk

Envestra

25 August 2011

Envestra Limited

Full -Year Results - 30 June 2011

Ian Little
Managing Director

Envestra

2010-11 Highlights

		Change on 2009-10	
Underlying Net Profit after Tax	$47.6M	⬆	31%
Cash Flow from Operations	$136.2M	⬆	16%
<10TJ Volumes	53 PJ	⬆	12%
Total Revenue (excluding interest)	$424.2M	⬆	11%
Net Borrowing Costs	$174.6M	⬆	12%
Net Profit after Tax	$45.0M	⬆	21%
Customer Connections (< 10 TJs)	26,700	⬆	11%

- Record gas volumes from cool weather and continued growth in connections
- Borrowing costs up but in line with expectations

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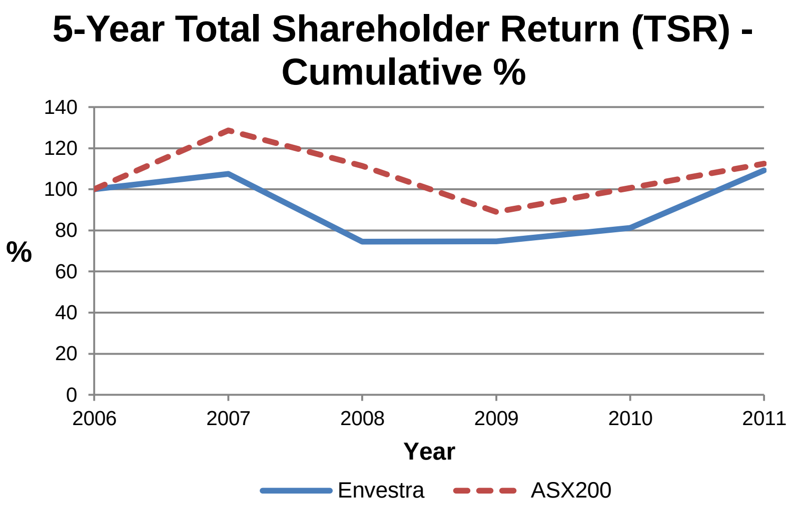
Shareholder Returns

- Envestra the leading sector performer in 2010-11 for shareholder returns (52% TSR)



- 42% increase in share price during 2011
- Regulatory improvement, prudent capital management and acquisition activity have boosted market sentiment

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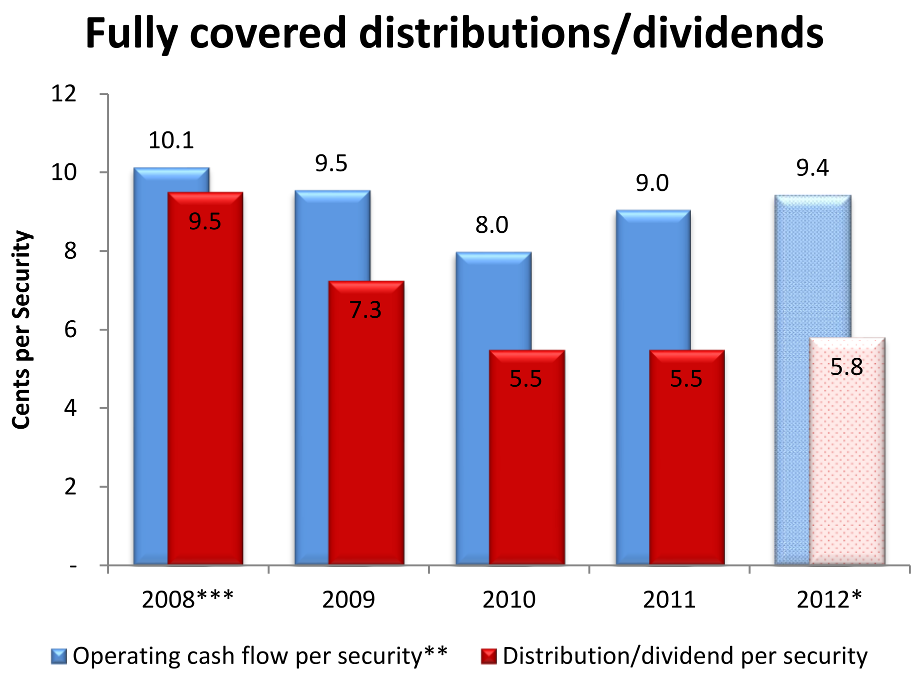
Shareholder Returns – Dividend Increase

- Dividend Increase to 5.8 cps for 2011-12



- 2010-11 dividend payout ratio of 60% of operating cashflow after replacement capex
- 2011-12 ratio expected to improve despite higher dividend
- Other key metrics improvement also sustained
- 9% dividend yield (based on 65c share price)

* Forecast
** After replacement capex
*** Underlying cashflow

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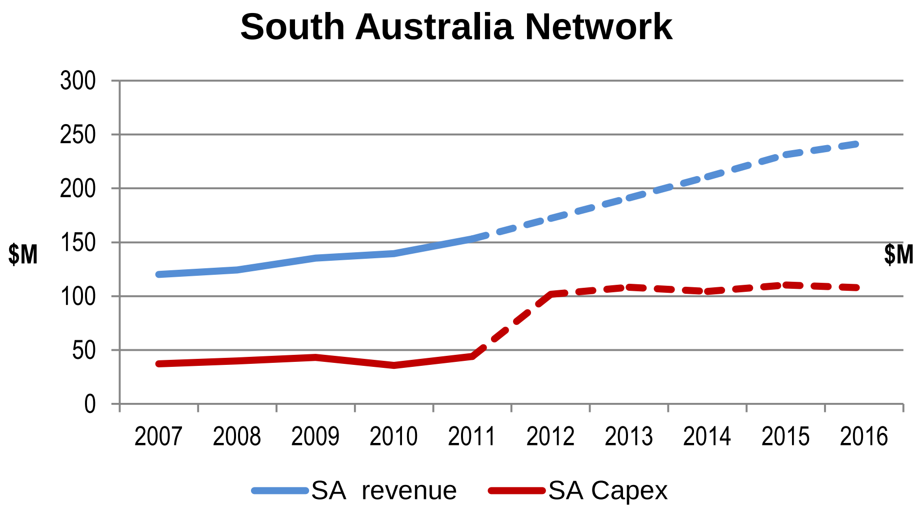
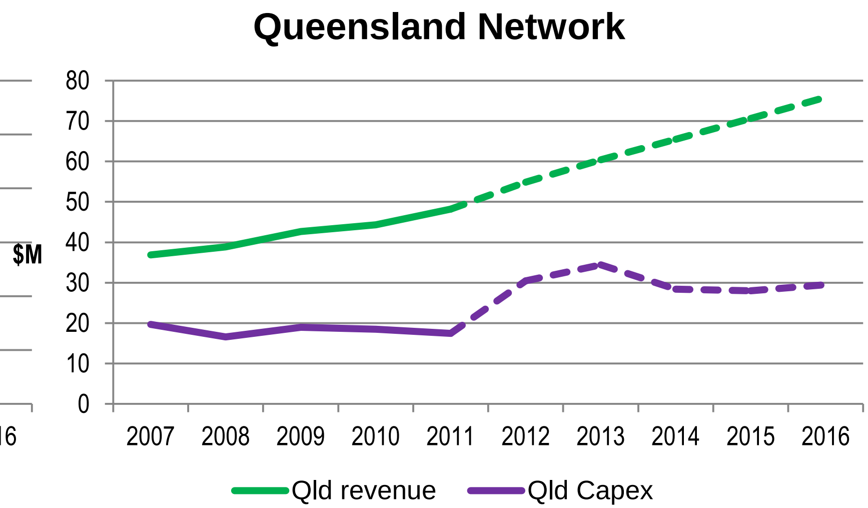
Regulatory Decisions and Appeals

SA/Qld Final Decisions

- Significant increases allowed for revenue and capital expenditure: 2011-2016
  - ➢ 55% increase in revenue over the next 5 years (nominal) compared with 2006-11





- $90 million increase from Draft Decision to Final Decision
- Operating costs and gas demand assumptions improved in Final Decision
- Provides cashflow certainty for 55% of our business

However – AER has mis-handled some key issues

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Regulatory Decisions and Appeals

SA/Qld Appeals process

- Appeals lodged on 8 July in relation to key aspects of the Final Decision
- AER has dis-allowed operator management fee as a prudent cost in SA
- AER's approach to deriving debt margin and market risk premium in WACC is being challenged
- Revenues under appeal would add up to $100 million over the 5 year period
- Result anticipated towards end of 2011

Victorian regulatory re-set

- Commenced work on Victorian submission for next Access Arrangement (2013 – 2017)
- Draft Decision expected mid-2012
- Final Decision expected late 2012

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Envestra Limited

Full -Year Results - 30 June 2011

Paul May
Group Manager – Finance & Risk

Financial Performance: Profit & Loss

	2011 $M	2010 $M	Change %
Revenue (excluding interest)	424.2	382.7	11
Operating costs	(131.3)	(121.8)	(8)
EBITDA	**292.9**	**260.9**	**12**
Depreciation and impairment	(53.4)	(53.0)	(1)
EBIT	**239.5**	**207.9**	**15**
Net borrowing costs	(174.6)	(156.3)	(12)
Profit before Tax	**64.9**	**51.6**	**26**
Tax	(19.9)	(14.4)	
Profit after Tax	**45.0**	**37.2**	**21**

Overview of results:

- Revenue reflects strong volumes (<10TJ volumes up 12%), tariff increases, and Country Energy.
- Costs higher by $9 million. Non-underlying & Country Energy costs comprise $6 million of the increase.
- Financing costs higher due to margins on recently refinanced debt, higher inflation (CPI 2.9% vs 2.1% LY), Country Energy loan, and new debt.

Note: Tariffs increases for 2010-11: Queensland 4.0% (July '10), South Australia 4.4% (July '10), Victoria 2.5% (January '11)

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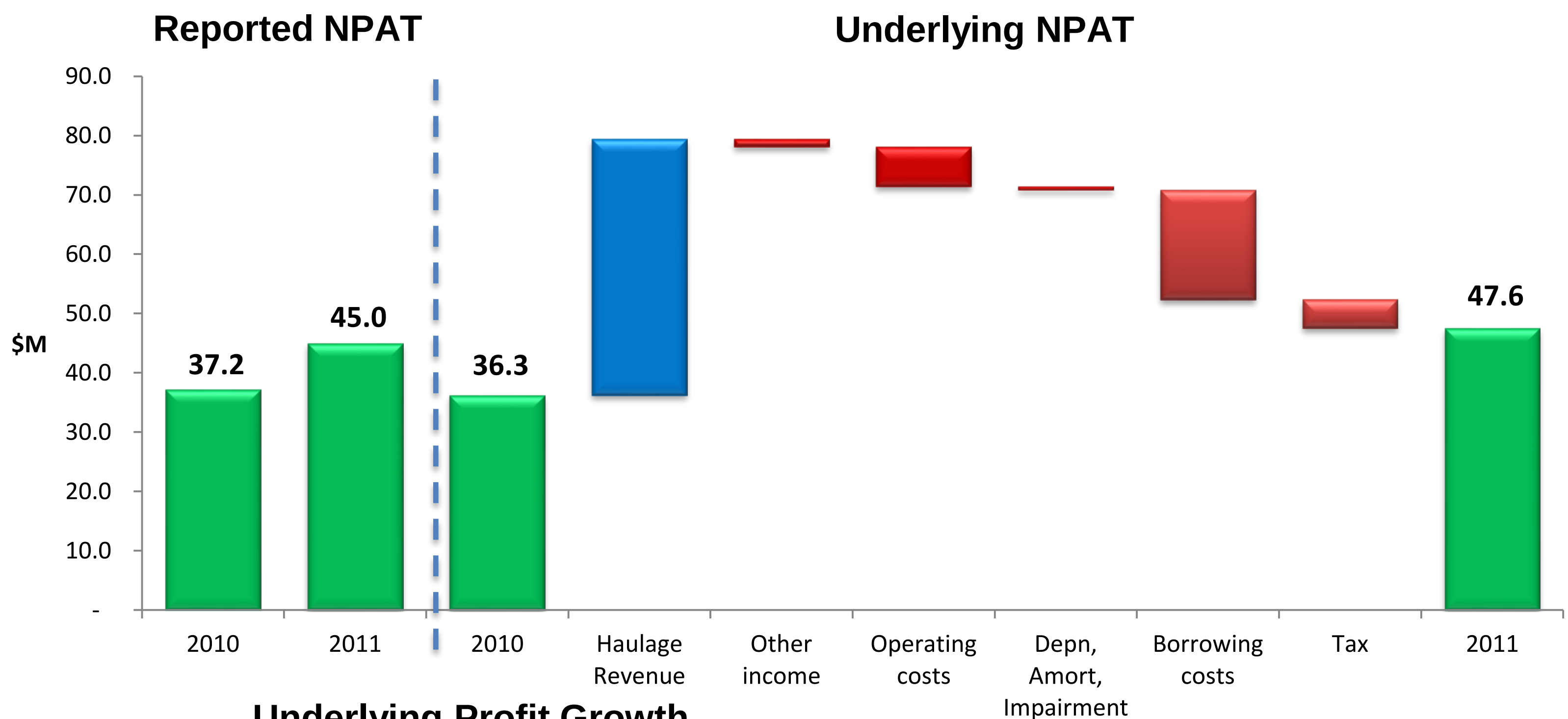
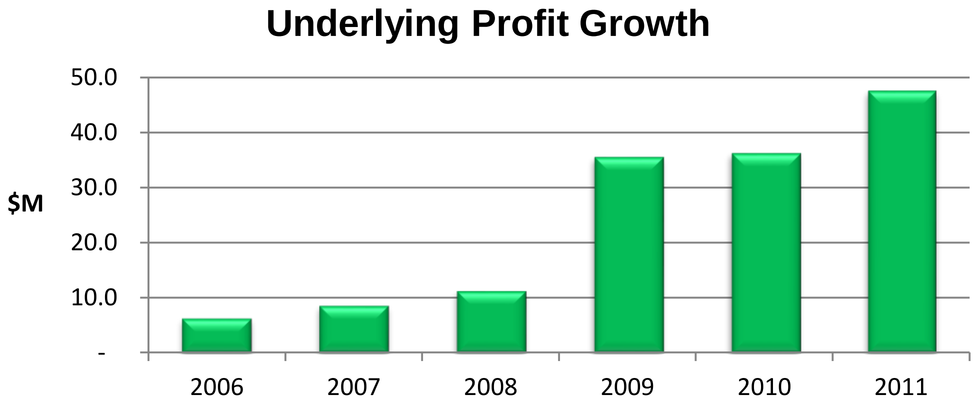
Reported and Underlying Profits





- Steady growth in profitability driven by revenue increases and tight operating and funding cost control

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Segment Performance

	2011		2010		Change
	$M	%	$M	%	%
Revenue					
• Victoria	181.1	43	163.1	43	11
• South Australia/Northern Territory	167.0	39	152.7	40	9
• Queensland	60.3	14	59.4	15	2
• New South Wales	15.8	4	7.5	2	111
TOTAL	**424.2**		**382.7**		**11**
EBIT (excluding amortisation)					
• Victoria	99.9	43	89.0	44	12
• South Australia/Northern Territory	91.2	39	75.7	37	20
• Queensland	36.9	16	34.1	17	8
• New South Wales	5.1	2	4.3	2	19
TOTAL	**233.1**		**203.1**		**15**

- Strong improvement across key segments
- NSW includes Country Energy Gas since Nov 2010

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Financial Highlights: Cash Flow

	2011 $M	2010 $M	Change %
Operating cash flow	**297.2**	260.5	**14**
Net borrowing costs	(161.0)	(143.4)	(12)
Cash flow from operations	**136.2**	**117.1**	**16**
Net proceeds from sale of assets	7.8	1.0	
Replacement capex	(14.9)	(10.7)	
Available for distribution	**129.1**	**107.4**	**20**
Dividends	(77.5)	(73.0)	
Contribution to growth capex	**51.6**	**34.4**	**50**
Growth capex	(114.3)	(87.1)	(31)
Cash flow pre-debt and equity financing	**(62.7)**	**(52.7)**	
Debt proceeds/(repayments)	130.5	21.0	
Acquisition of subsidiary	(108.7)	-	
Equity	44.3	42.3	
Capital raising costs	(2.5)	(10.4)	
Increase / (decrease) in cash	**0.9**	**0.2**	
Closing cash	7.3	6.4	

Overview of results:

- Higher operating cash flow from strong revenue result
- Cash borrowing costs higher with increased margins on new loans / Country Energy debt
- Growth capex funded 45% from internal cash generation
- Strong shareholder response to DRP (60%) – used to partly fund Country Energy
- $65m debt drawdown for Country Energy acquisition

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Capital Expenditure (Cash Flow)

Growth capital expenditure	2011 $M	2010 $M	Details
Mains replacement capex			
• South Australia	11.6	8.2	Increased focus in 2010-11 to replace ageing pipelines
• Queensland	3.4	3.7	
• Victoria	15.2	1.1	Increased focus in 2010-11 to replace ageing pipelines
Total mains replacement	30.2	13.0	
Other growth capex	84.1	74.1	Customer connections remain strong
Total growth capex	**114.3**	**87.1**	
Stay-in-business capex	14.9	10.7	Consists mainly of meter replacements
Country Energy acquisition	108.7	-	Acquisition on 29 October 2010
Total capex	**237.9**	**97.8**	
Funding of capex (excl Country Energy acquisition)			
• Cashflow contribution	66.5	45.1	
• % internal cashflow contribution to fund total capex	51%	46%	Around half of capex program funded internally

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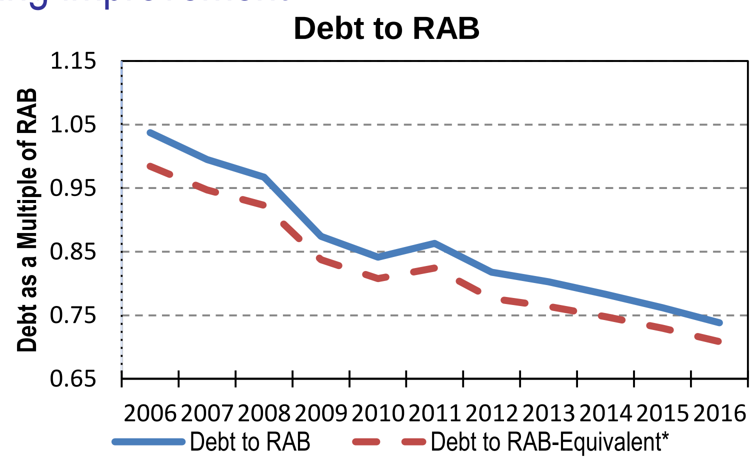
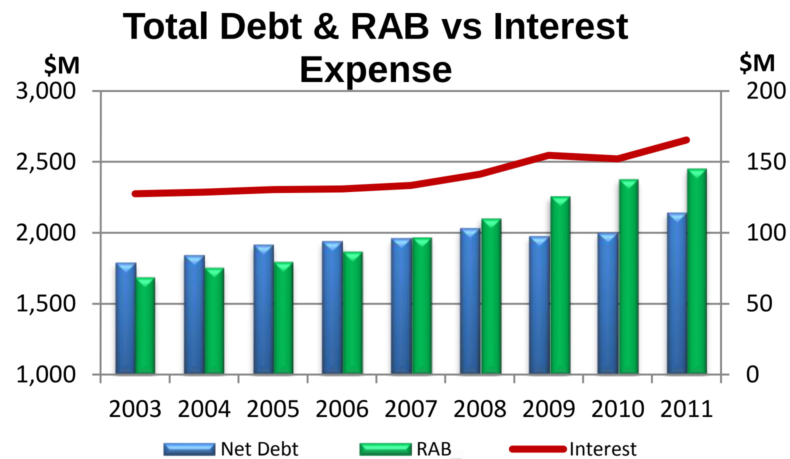
Balance Sheet

- Positioning Balance Sheet on the path for Credit Rating improvement
  - Currently S&P BBB-; Moody's Baa2



Metric	2011	2012 target
Debt to RAB*	0.82	0.80
Gearing	74%	73%
ICR	1.8	1.9-2.0
FFO/debt	6.4%	7.0-7.5%



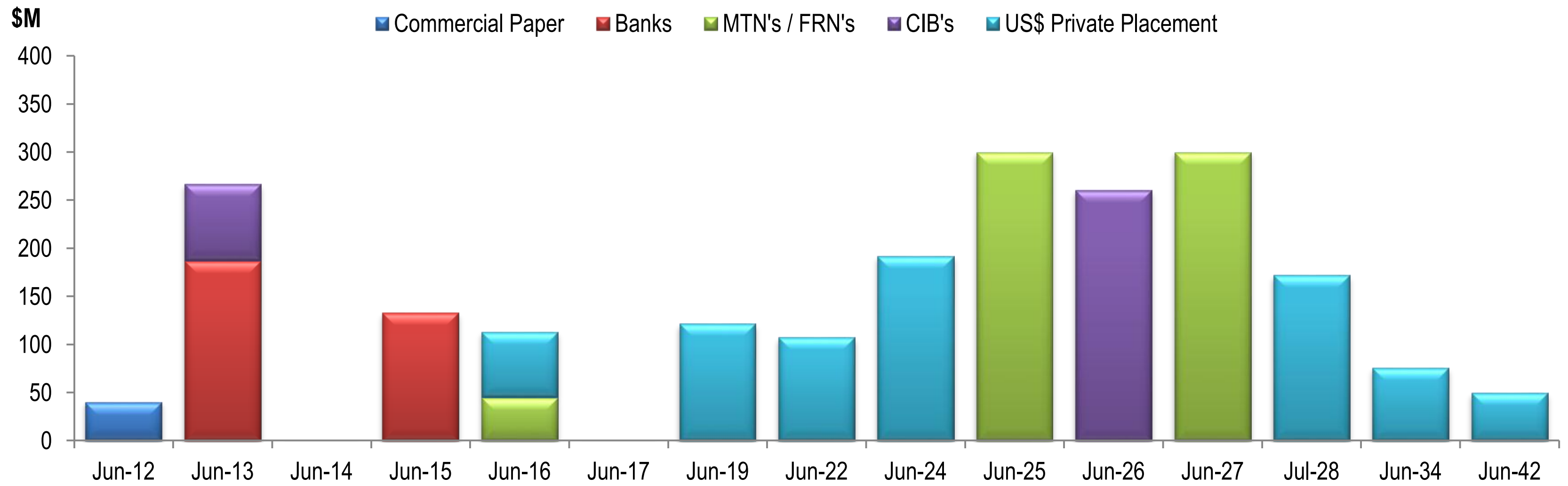
- Metric improvement directly linked to financial performance

* Includes $145m unregulated assets

Capital Management

- Envestra's debt portfolio has the longest average term to maturity in the sector (circa 11 years)
- Proactive approach to management of the portfolio – $350m USPP recently announced
- 85% of interest exposure hedged at 30 June – Lower interest rates over new hedges through each regulatory re-set
- No maturities until July 2012 except minor CP ($40 million) - $267 million unused credit lines at 31 July 2011.

Maturity profile at 31 July 2011



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Envestra Limited

Full -Year Results - 30 June 2011

Ian Little
Managing Director

Country Energy Update

- Business acquired on 29 October 2010
- Existing workforce transferred to our Operator – APA Asset Management
- Transitional Services Agreement assisted transition
- EBITDA of $4.9 million generated for the 8 months of ownership - $10 million expected in 2011-12
- Revenues and operating cost synergies in line with acquisition assumptions in first 8 months - expect to exceed in 2011-12
- Existing Access Arrangement through till June 2015
- Acquisition debt facility refinanced through Group funding

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Summary and Outlook

- Significant increases in profitability and cashflow – record financial results
- Country Energy acquisition was a positive, strategic step – expect $15m revenue in 2011-12
- Increased capex programme – significant network replacement and enhancements
- Customer connection growth maintained – targeted marketing campaign proving successful
- $675 million of debt raised during the year - debt portfolio attractive feature of Envestra
- Final Decisions for SA/Qld Access Arrangements received – increases to revenue & capex

Outlook for 2011-12

- Profit after tax around $60 million (subject to weather conditions, excluding appeal impacts)
- Dividend cash coverage ratio around 165%
- Dividend increase to apply for October 2011 dividend (2.9 cps)
- Appeal process for SA/QLD to conclude late 2011
- Vic regulatory submission for 2013-2017 period due to be submitted in March 2012

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Supporting Information

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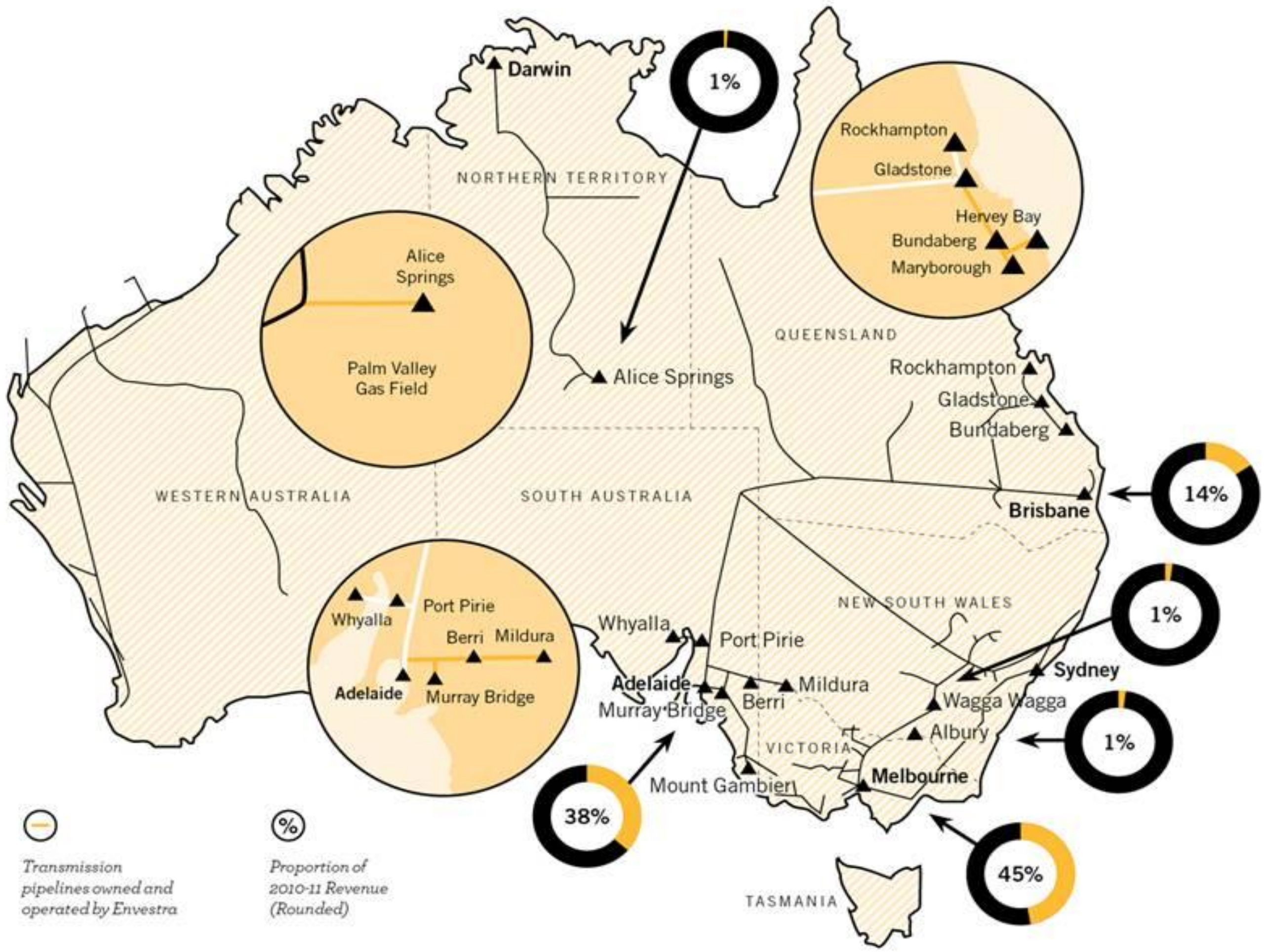
Who we are

Envestra Limited owns strategic gas distribution and transmission pipelines that operate as regulated monopolies in key population growth centres in Victoria, South Australia, Queensland and New South Wales. Cash flows are highly predictable and grow in line with customer connections and regulated tariff increases, supporting sustainable dividend payments to shareholders over the long-term…

Where do we do business



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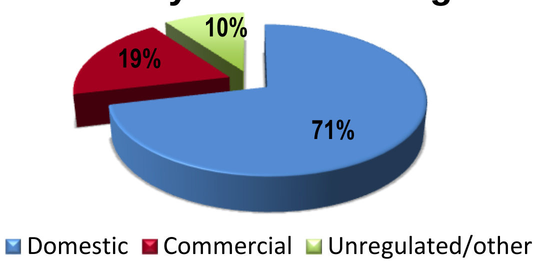
Business Overview

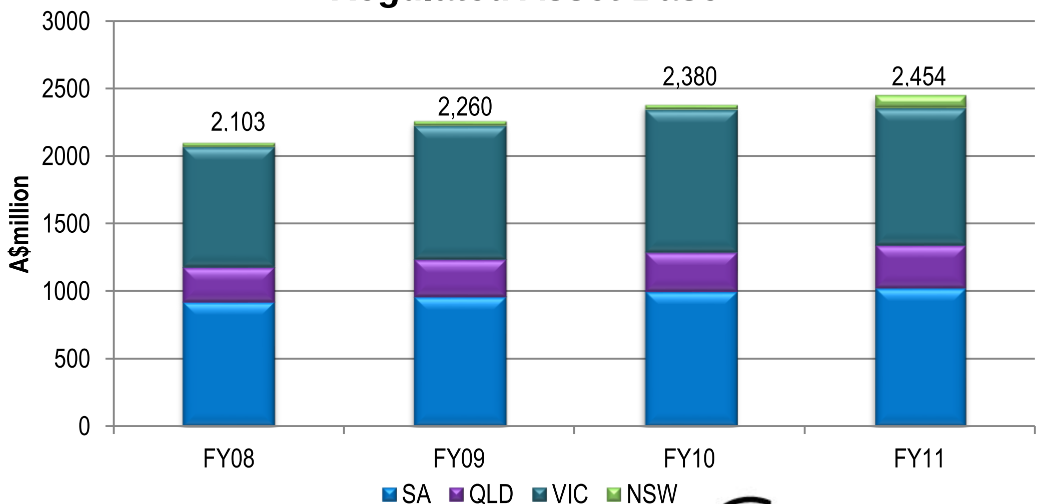
ENVESTRA LIMITED	
ASX code	ENV
Customer numbers	1.1M
Net debt	$2,142M
Total shareholders' equity	$543M
Enterprise value	$3,155M
Shares on Issue	1,469M
Market Capitalisation	$1,013M
Credit Rating	Baa2/BBB-

Location	Distribution Pipelines	Transmission Pipelines	Gas Delivered	Customer Numbers
Victoria	9,804 km	225 km	57.8 PJ	565,256
South Australia	7,964 km	372 km	35.9 PJ	409,923
Queensland	2,609 km	284 km	16.7 PJ	87,074
New South Wales	1,790 km	84 km	5.3 PJ	51,119
Northern Territory	38 km	153 km	3.3 PJ	1,084
TOTAL	**22,205 km**	**1,118 km**	**119.0 PJ**	**1,114,456**

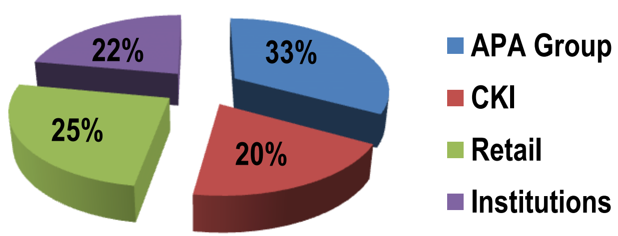
Revenue by Customer Segment



Regulated Asset Base



Shareholder Profile



*Retail investor defined as <100,000 shareholding.

Underlying Profit – 30 June 2011

30 June	2011 $M	2010 $M	2009 $M	2008 $M
Profit after Tax per Financial Statements	45.0	37.2	40.3	163.6
One off items:				
Tax step-up	-	-	-	(153.2)
Asset sales	0.1	(0.3)	(4.1)	-
Remediation/impairment	1.2	0.5	3.9	0.9
Investment allowance	-	(1.1)	(4.5)	-
Acquisition costs	1.3	-	-	-
Underlying Profit after Tax	**47.6**	**36.3**	**35.6**	**11.3**

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Risk Analysis: Weather & Natural Gas Demand

- High correlation between weather and consumption

Year ended 30 June

Volumes - PJ	2011	2010	2009	2008	2007	2006	2005	2004
Victoria and NSW	63.1	57.2	59.2	59.1	57.1	58.8	57.8	60.3
South Australia/other	39.3	38.4	39.3	39.2	39.8	40.7	39.9	41.4
Queensland	16.6	15.8	16.5	16.5	16.0	14.8	14.7	14.8
Total	**119.0**	**111.4**	**115.0**	**114.8**	**112.9**	**114.3**	**112.4**	**116.5**
<10TJ (weather effected)	**52.9**	**47.2**	**49.2**	**46.8**	**44.8**	**47.3**	**45.1**	**47.2**
Effective Degree Days								
Melbourne	1,465	1,265	1,368	1,280	1,206	1,340	1,294	1,580
Adelaide	1,126	921	1,032	906	936	1,063	966	1,063

- But consumer habits are changing. Gradual household base load reductions are evident; however, tariff settings each 5 years make allowance for declining household gas usage
- Commercial revenue not significantly impacted by weather fluctuations

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Gearing Ratios

	30 June 2007	30 June 2008	30 June 2009	30 June 2010	30 June 2011
1. Book Gearing-Total Assets					
Net Debt / Total Assets (less cash)	**75%**	**78%**	**75%**	**74%**	**74%**
2. Economic Value Gearing					
Net Debt / (Market cap plus Net Debt)	**66%**	**78%**	**76%**	**75%**	**68%**
Share price	$1.15	64c	49c	49c	69c
3. Debt to RAB *					
Debt / Regulated Asset Base *	**0.95**	**0.92**	**0.84**	**0.81**	**0.82**

* Includes $145m unregulated assets

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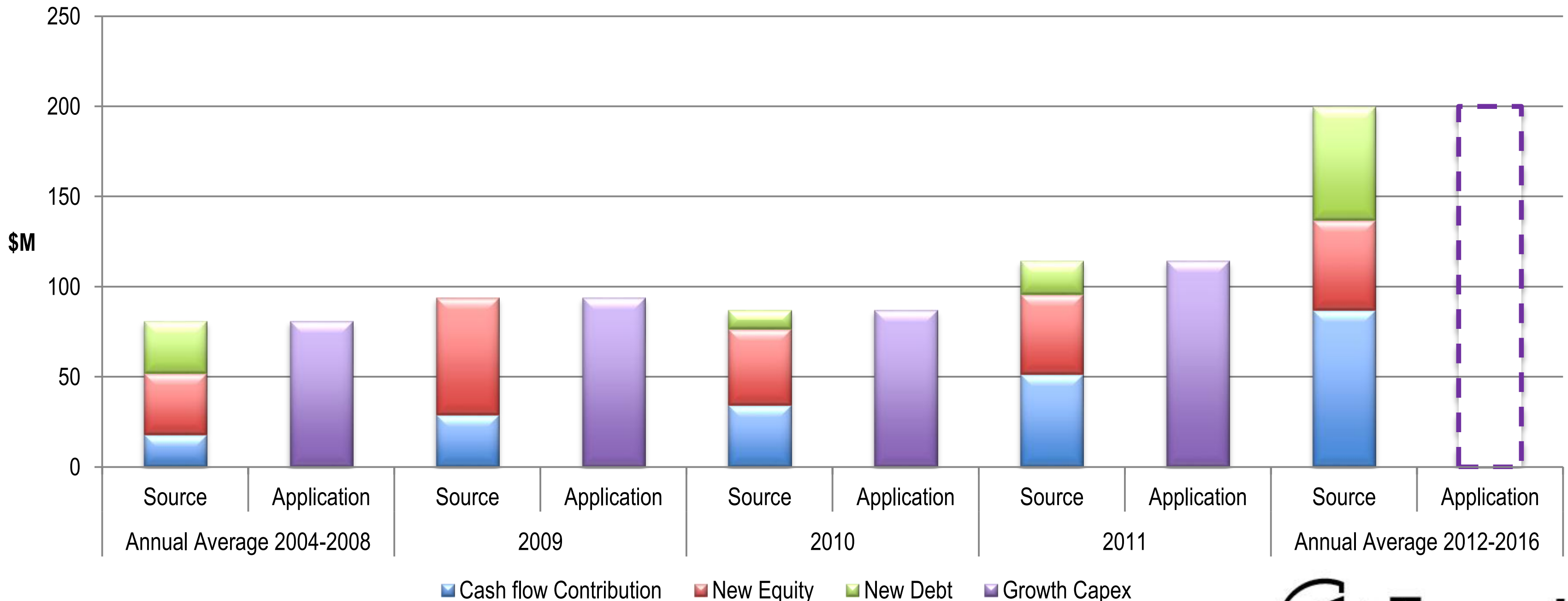
Funding of Capital Expenditure

- Higher dividend coverage allows greater contribution to growth capex - 167% in FY11
- Pre-2009 growth capex was largely funded by new debt and equity
- In the future, capex to be funded more by surplus cash flow and equity
- Expected capex over next 5 years to increase significantly
- Extra revenue generated will maintain profile of higher cash funding of capex



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