

27 October 2010

2010 AGM Highlights

- 2010-11 First Quarter gas volumes up 12%
- Country Energy Gas acquisition to be settled 29th October
- Dividends of 5.5 cents for 2010-11



Envestra's Chairman, Mr John Allpass, reported at today's AGM that gas volumes for the first three months of 2010-11 are 12% above last year and this gives some confidence in the Company's full-year profit forecast. However, the full-year result will be influenced by the weather in the second-half of the year, together with acquisition costs and associated accounting treatment arising from the Country Energy Gas transaction.

The Company announced yesterday that it has acquired Country Energy Gas, a New South Wales State-owned corporation based in Wagga Wagga and surrounding areas for \$107 million. Mr Allpass noted that though this was a relatively small acquisition, it was the first completed by Envestra since 1999, reflecting the prudent investment evaluation approach that has been adopted by the Group for many years.

Mr Allpass reported that the Company was maintaining its previous guidance of a Profit after Tax ('PAT') of around \$40 million for 2010-11, an 8% increase over the PAT recorded in the previous year.

Mr Allpass also confirmed previous guidance that dividends for 2010-11 will be 5.5 cents per share, delivering an 11% yield at the current share price.

The Company expects to invest \$125 million during the year laying new mains and connecting about 24,000 consumers, as well as continuing its program of replacing old cast iron and steel mains.

The Company raised \$387 million of new bank debt to refinance existing facilities during 2009-10, and put in place a further US\$150 million of 17-year bonds to free up existing bank lines to refinance future maturing debt through to the 2011-12 year. Envestra's average debt maturity is currently 10 years with term-debt maturities extending through to 2034.

The Company recently announced that it had raised \$23 million in the first half of 2010-11 via its Dividend Reinvestment Plan, with shareholders representing 60% of the issued capital participating. The first dividend payment (2.75 cents per share) and associated equity raising (DRP) is to occur this Friday 29th October, the same day as the Country Energy Gas transaction is due to be settled.

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