

DELIVERING
ENVIRONMENT-FRIENDLY
FUEL

Envestra

SERVICING OVER
1.1 MILLION
HOMES AND BUSINESSES

**FULL YEAR RESULTS
30 JUNE 2014**

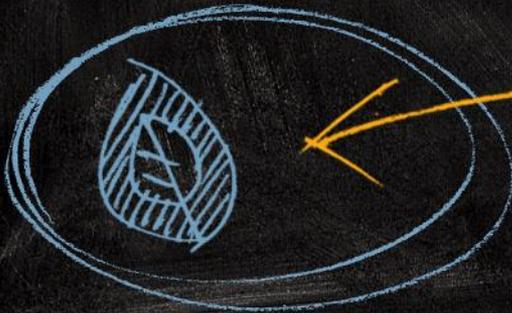
14 August 2014



**IAN LITTLE
MANAGING DIRECTOR**



Full Year Results 30 June 2014
14 August 2014



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AUSTRALIA'S LEADING
DISTRIBUTOR OF
NATURAL GAS

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SERVICE

2013-14 Highlights

		Change on 2012-13	
Net Profit after Tax	\$153.0M	↑	42%
Total Revenue and Income	\$554.4M	↑	9%
Cashflow from Operations	\$245.6M	↑	5%
Capex	\$253.3M	↑	17%
Net Finance Costs	\$121.1M	↓	18%
<10TJ Volumes	48.2PJ	↓	5%
Earnings per share (cents)	8.5	↑	29%
Dividends per share (cents)	6.4	↑	8%

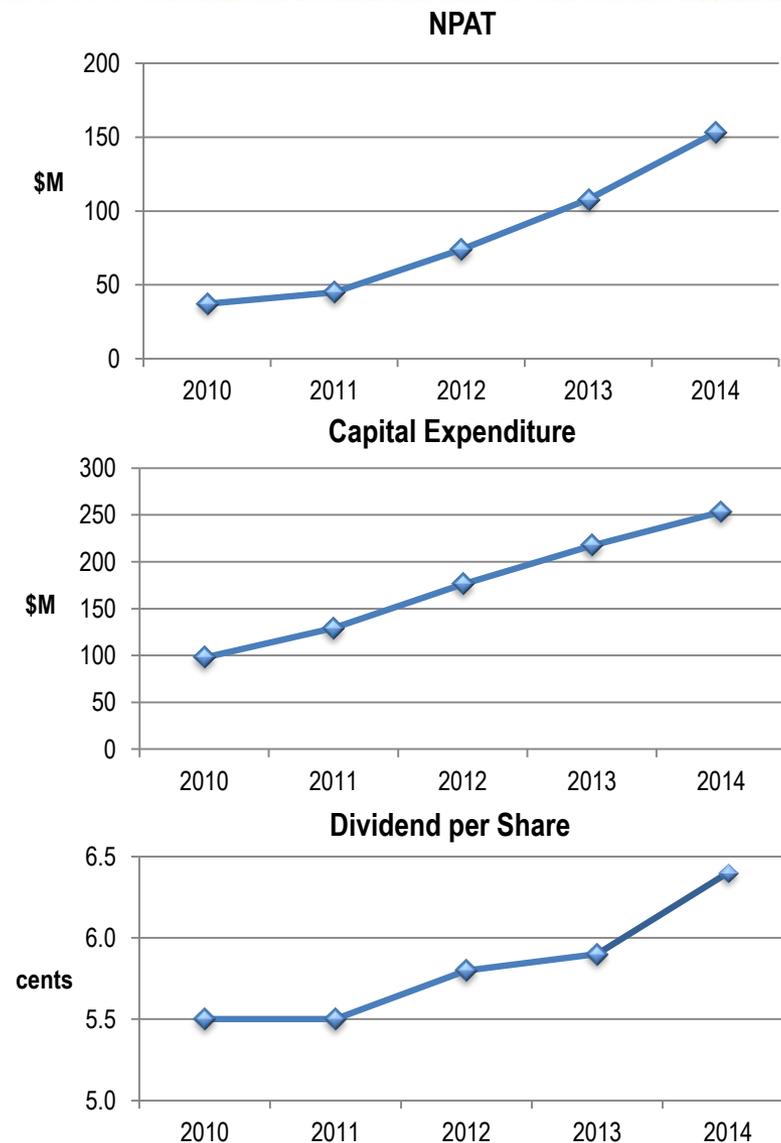
- Revenue and profit growth from tariff increases

Tariff increases: 1 July 2013: SA 19%; Qld 12%; Vic 2% (delayed from 1 January 2013)

- Cash flow impacted by “one-off” working capital (SA prepaid haulage) adjustment

Full-year Highlights

- Financial performance exceeded expectations
 - Initial guidance was profit of “around \$140 million”
 - Result included “merger/takeover” costs during the year
 - Gas volumes lower than expectations
- Capital expenditure increase – growth in the asset base
 - \$253 million spent on network expansion and renewal
 - Mains replacement of 512 km (up 95 km)
- Dividend increased by 8% in FY14
- 2013-14 consumed by merger/takeover activity
 - APA Scheme of Arrangement announced 15 July 2013
 - CKI takeover offer: 7 May 2014
 - Offer declared unconditional on 7 August 2014

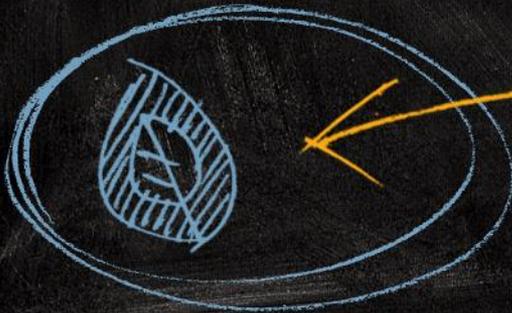




**PAUL MAY
GROUP MANAGER -
FINANCE**



Full Year Results 30 June 2014
14 August 2014





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Financial Performance: Profit & Loss

	2014 \$M	2013 \$M	Change %
Revenue	554.4	507.5	9
Operating costs	(152.4)	(147.2)	(4)
EBITDA	402.0	360.3	12
Depreciation and impairment	(62.2)	(58.6)	(6)
EBIT	339.8	301.7	13
Net finance costs	(121.1)	(147.9)	18
Profit before Tax	218.7	153.8	42
Tax	(65.7)	(46.0)	
Profit after Tax	153.0	107.8	42
Earnings per share (cents)	8.5	6.6	29
Return on equity	18%	16%	

Overview of results:

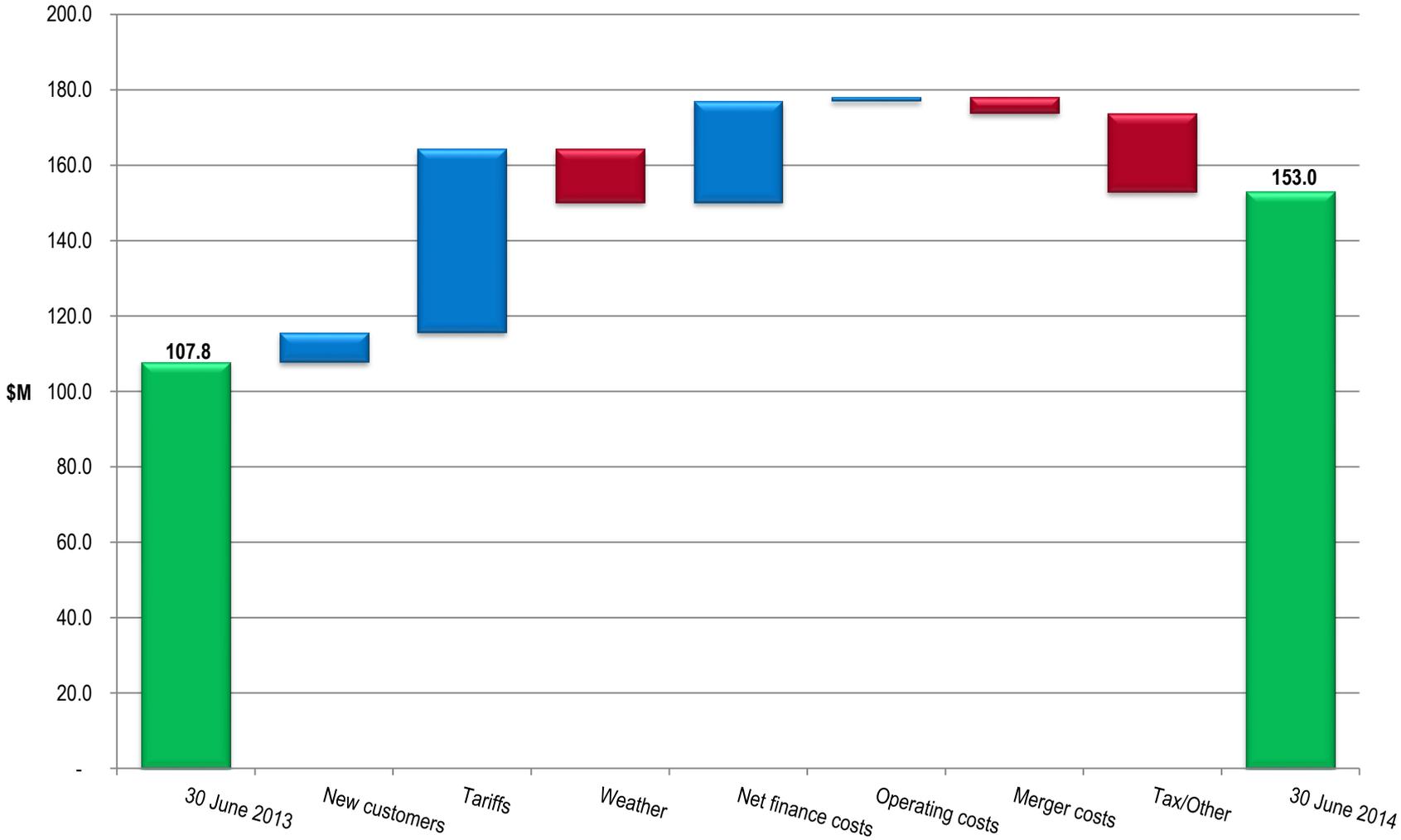
- Revenue reflects tariff increases offset by lower volumes to domestic customers (<10 TJ) (down 5%)
- Excluding APA merger/CKI takeover costs (\$4.2m) and higher carbon tax, operating costs reduced by \$1.0m
- Financing costs reduced: Lower rates on fixed interest swaps and unhedged debt

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Net Profit after Tax



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Segment Performance

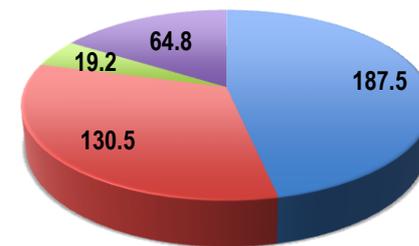
	Revenue					EBITDA				
	2014		2013		Change	2014		2013		Change
	\$M	%	\$M	%	%	\$M	%	\$M	%	%
Victoria	195.6	35	189.8	37	3	130.5	32	126.0	35	4
South Australia/other	250.3	45	216.9	43	15	187.5	47	157.6	44	19
Queensland	83.0	15	75.2	15	10	64.8	16	56.5	16	15
New South Wales	25.5	5	25.6	5	-	19.2	5	20.2	5	(5)
TOTAL	554.4		507.5		9	402.0		360.3		12

- SA and QLD performance reflects further tariff increases in current year

Regulated tariff increases (nominal)%

	2011	2012	2013	2014	2015
1 July:					
South Australia	15	18	19	3	3
Queensland	12	11	12	3	3
1 January:					
Victoria	3	4	2*	4	5

EBITDA



SA/Other VIC NSW QLD

* January Victorian increase delayed to 1 July

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Financial Highlights: Cash Flow

	2014 \$M	2013 \$M	Change %
Operating cash flow	364.7	377.6	(3)
Net finance costs	(119.1)	(143.8)	17
Cash flow from operations	245.6	233.8	5
Net proceeds from sale of assets	-	0.9	
Remediation payments	(2.1)	(8.9)	
Replacement capex	(27.3)	(20.8)	
Available for dividends	216.2	205.0	5
Dividends	(115.0) <i>(1.9x)</i>	(93.7) <i>(2.2x)</i>	
Contribution to growth capex	101.2	111.3	(9)
Growth capex	(226.0)	(196.6)	15
Cash flow pre-debt and equity financing	(124.8)	(85.3)	
Debt proceeds/(repayments)	128.0	(129.3)	
Equity proceeds	-	219.0	
Capital raising costs	(0.7)	(4.4)	
Increase/(decrease) in cash from 1 July	2.5	-	
Closing cash 30 June	3.5	1.0	
Cash flow from operations per share (cents)	13.7	14.3	(4)

Overview of results:

- Lower operating cash flow due to cessation of prepayment arrangement for SA retailers (\$44.7 million). “Underlying” operating cash up 8%
- Expanded capex program continued - funded from internal cash generation and debt funding – only marginal increase in debt gearing to 64%
- Dividend up 8% to 6.4 cents
- Dividend cover 1.9 times

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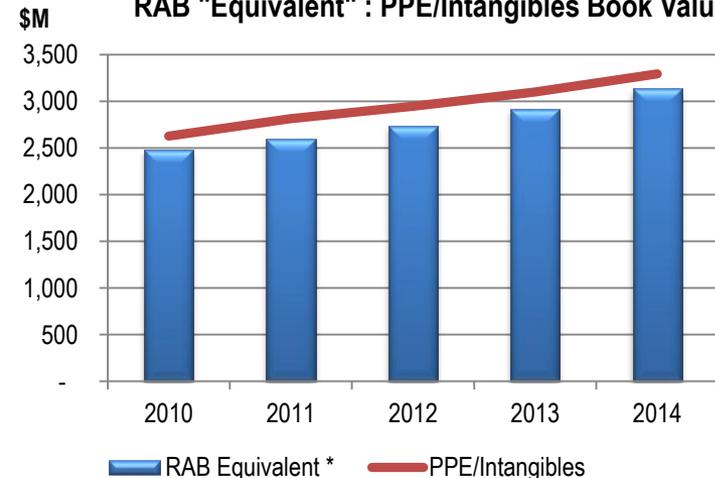
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Strong Balance Sheet – Assets at Historic Cost

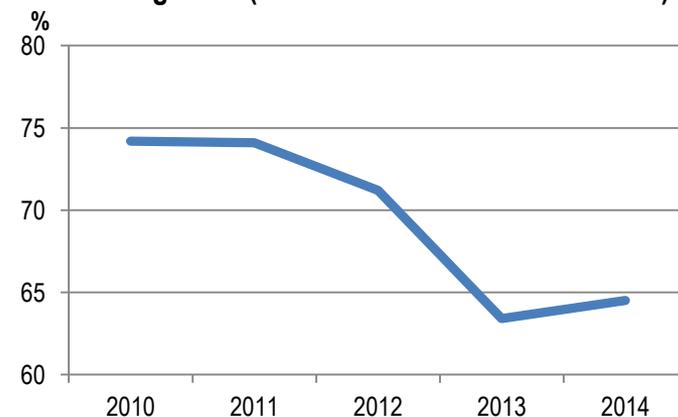
	2014 \$M	2013 \$M
Current assets	82.3	86.2
Property, plant and equipment	2,689.4	2,497.0
Other non-current assets	617.3	653.7
TOTAL ASSETS	3,389.0	3,236.9
Current debt	-	3.0
Other current liabilities	73.3	123.7
Total current liabilities	73.3	126.7
Long-term debt	2,143.4	2,019.5
Other non-current liabilities	311.3*	248.9
Total non-current liabilities	2,454.7	2,268.4
TOTAL LIABILITIES	2,528.0	2,395.1
NET ASSETS	861.0	841.8

*Adjusted for \$146m of tax losses

RAB "Equivalent" : PPE/Intangibles Book Value



Gearing Ratio (Net debt / Total non-cash assets)



*RAB equivalent includes \$210m of unregulated assets 10

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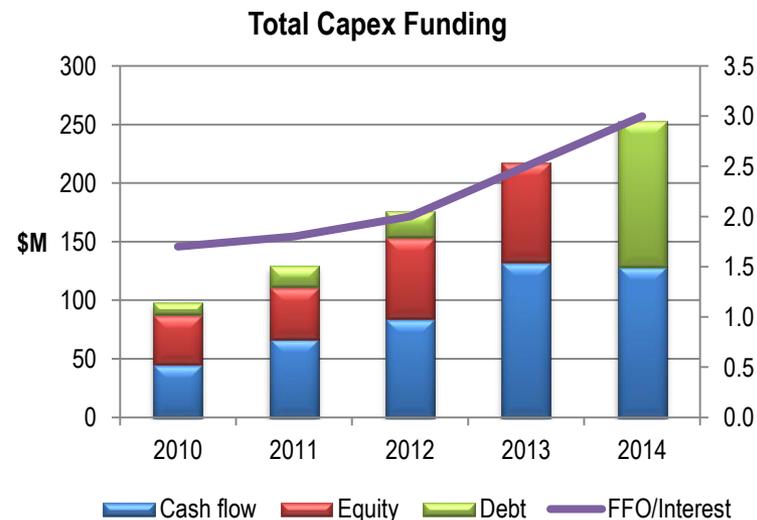
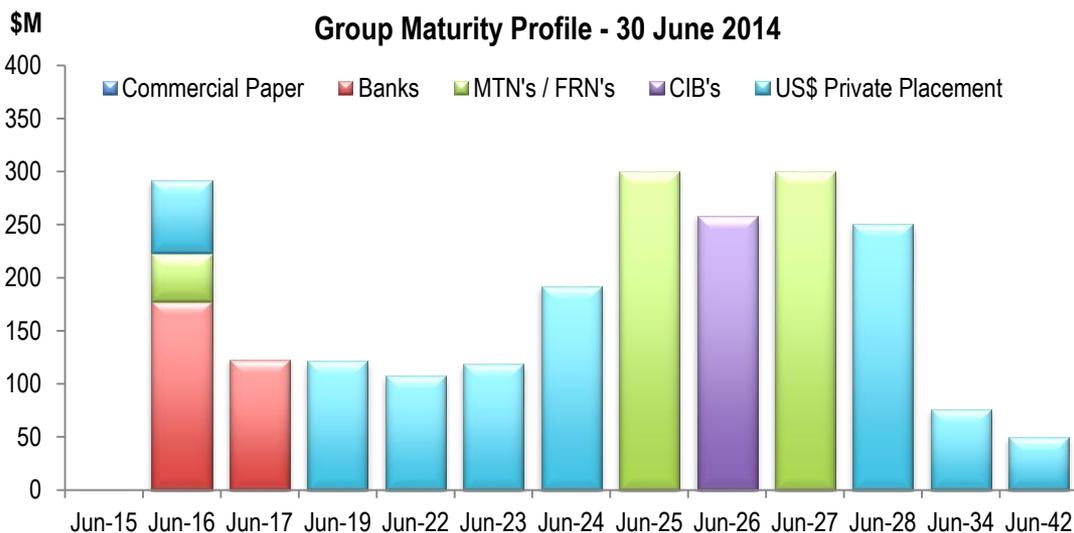
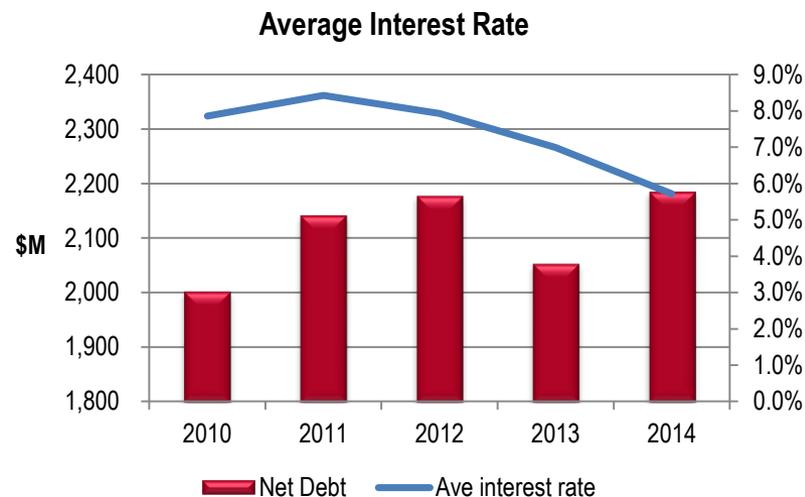
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Capital Management

Metric	FY 13 Actual	FY 14 Actual
FFO/Interest	2.5	3.0
FFO/Debt	11%	11%
Gearing*	63%	64%
Average interest rate	6.7%	5.7%
Average debt maturity	11 years	9 years

*Net Debt : Total non-cash assets





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Summary

- FY14 profit of \$153.0 million – 42% increase
- 2013-14 dividend increased to 6.4 cents (5.9 cents in 2012-13) – final dividend increased to 3.5 cents paid (early) in July 2014
- \$253.3 million capital expenditure in 2013-14 (512 kms mains replacement)
- Shareholder return of 43% (share price impacted by merger/takeover)
- S&P Credit rating upgrade to BBB+ on 11 August 2014
- CK Consortium offer declared unconditional on 7 August



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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 and unregulated monopolies in key population growth centres in Victoria, South Australia, Queensland, New South Wales and the Northern Territory. Cash flows are highly predictable and grow in line with customer connections and regulated tariff increases.

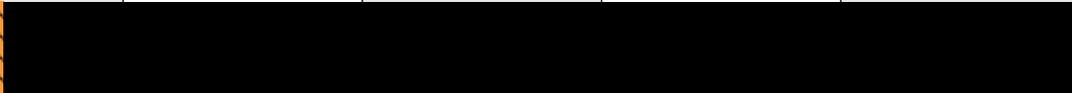
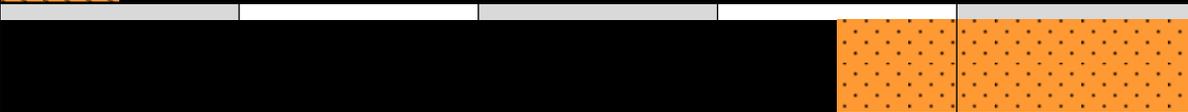
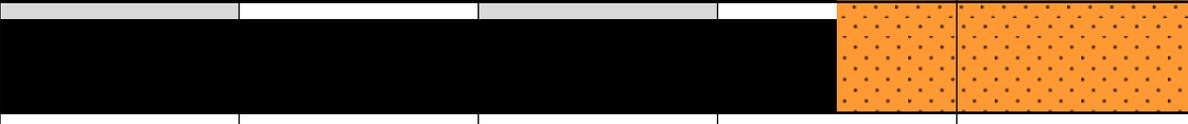
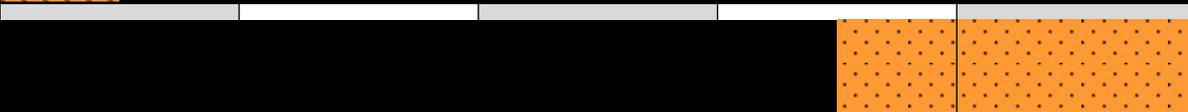
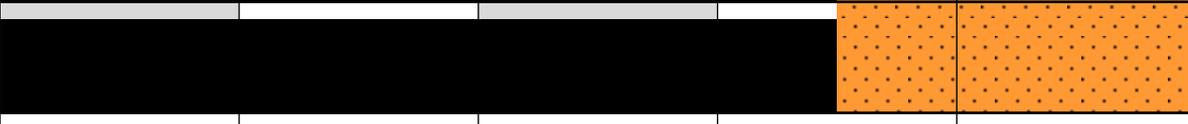
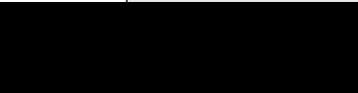
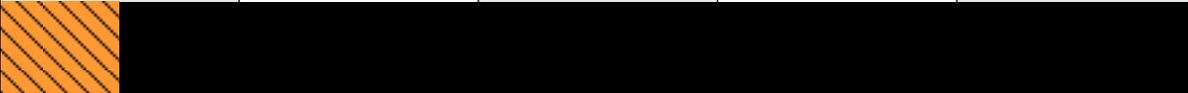
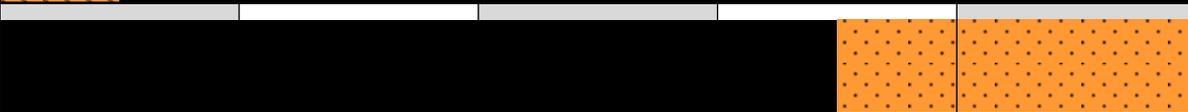
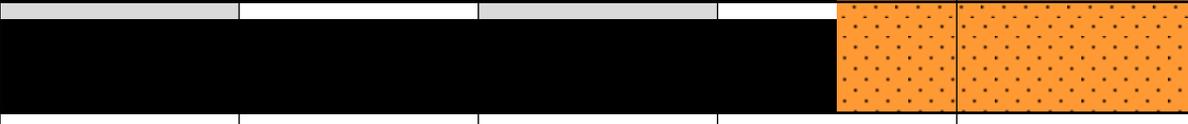
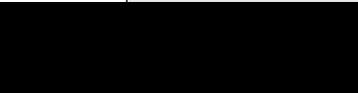
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Regulatory Update

- Access Arrangements in place for key networks until 2016
- Regulatory coverage of the Wagga Wagga gas distribution network removed April 2014

Regulated Network	Proportion of Regulated Revenue	2013	2014	2015	2016	2017
Victoria/Albury	38%					
South Australia	47%					
Queensland	15%					

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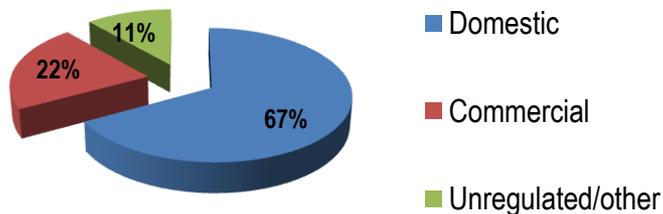
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Business Overview – as at 30 June 2014

ENVESTRA LIMITED	
ASX code	ENV
Customer numbers	1.2M
Net debt	\$2,185M
Total shareholders' equity	\$861M
Enterprise value	\$4,629M
Shares on issue	1,797M
Market capitalisation (\$1.36)	\$2,444M
Credit rating*	Baa2/BBB+

* Upgraded on 11 August 2014

Revenue by Customer Segment



Location	Distribution Pipelines	Transmission Pipelines	Gas Delivered	Customer Numbers
Victoria	10,447 km	373 km	51.0 PJ	613,454
South Australia	7,950 km	224 km	32.1 PJ	423,462
Queensland	2,703 km	284 km	15.4 PJ	92,852
New South Wales	1,842 km	84 km	6.3 PJ	53,876
Northern Territory	39 km	159 km	3.4 PJ	1,135
TOTAL	22,981 km	1,124 km	108.2 PJ	1,184,779

Historic Financial Performance	2014 \$M	2013 \$M	2012 \$M	2011 \$M	2010 \$M
Revenue	554.4	507.5	468.6	424.2	382.7
EBIT	402.0	301.7	276.6	239.5	207.9
Net finance costs	121.1	147.9	171.2	174.6	156.3
Profit after Tax	153.0	107.8	73.9	45.0	37.2
Volumes (PJ) < 10TJ	48.2	51.0	49.8	52.9	47.2

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Risk Analysis: Weather & Natural Gas Demand

Volumes - PJ	Year ended 30 June				
	2014	2013	2012	2011	2010
Victoria/NSW	57.3	60.4	61.4	63.1	57.2
South Australia/other	35.5	36.2	36.7	39.3	38.4
Queensland	15.4	16.4	16.5	16.6	15.8
Total	108.2	113.0	114.6	119.0	111.4
<10TJ (weather affected)	48.2 (-5.5%)	51.0 (+2.4%)	49.8	52.9	47.2
Effective Degree Days					
Melbourne	1,154 (-13.7%)	1,337 (+3.4%)	1,293	1,465	1,265
Adelaide	679	857	970	1,126	921