



ASX/MEDIA RELEASE

Nippon Gas agrees to buy a strategic stake in Australian Power & Gas

- *Nippon Gas becomes third-largest shareholder with an 11.4% stake*
- *Buys 20 million shares at 50c each*
- *Nippon Gas CEO Mr Shinji Wada will join the Board*
- *The companies will cooperate on new opportunities*

Sydney, 1 June 2011 – Australian Power & Gas Company Limited (ASX: APK), Australia's fastest growing independent energy retailer, today announced that Tokyo-based Nippon Gas Co., Ltd (TSE: 8174) agreed to acquire a significant strategic stake in recognition of the company's exceptional growth track record.

Nippon Gas, which manufactures and sells liquefied petroleum gas, utility gas and gas-related equipment in Japan, agreed to buy an 11.4% interest in Australian Power & Gas, making it the third-largest shareholder. The stake will be acquired through a direct placement of 10 million shares and an off-market purchase of a further 10 million shares. Both transactions will be completed at 50 cents a share by Tuesday 7 June.

The \$5 million raised through the placement will bolster Australian Power & Gas' balance sheet and enable it to accelerate its growth strategy. The company last month achieved 250,000 net customer accounts, and is targeting 400,000 accounts by end of June 2012 as it replicates its successful Victorian business model in New South Wales and Queensland.

Nippon Gas President and CEO Mr Shinji Wada will join Australian Power & Gas' Board as the companies work closely to identify opportunities for cooperation. Nippon Gas has considerable expertise in delivering utility services to a large customer base. The company employs a similar business model to Australia Power & Gas in that it relies on a superior service offering and a direct sales channel to households to acquire new customers.

Nippon Gas, which in 2011 reported full-year revenue of ¥104.1 billion (A\$1.2 billion), has about 936,000 customers and is targeting 1 million customers by end of March 2012.

"I welcome Nippon Gas as a major cornerstone investor," said James Myatt, CEO of Australian Power & Gas. "They have a deep understanding of our business model and an appreciation of the long-term value that Australian Power & Gas represents as a fast-growing acquirer of gas and electricity customers."



“We are particularly delighted to welcome an executive of Mr Wada’s calibre to our Board. Given his experience in managing Nippon Gas’ significant customer base, Mr Wada will make a tremendous contribution to our company,” Mr Myatt said.

Mr Wada of Nippon Gas said: “We are delighted that Australian Power & Gas has agreed to Nippon Gas becoming a strategic partner to assist with its ongoing development. We are very impressed with the manner in which Australia Power & Gas is managed and the growth it has been able to achieve over the last few years. We see good opportunities for synergies between our companies, which will hopefully accelerate Australia Power & Gas’ growth and profitability.”

Australian Power & Gas, which last month placed number 1 on the *BRW Fast Starter* list for a second year in a row, is continuing to acquire customers at a rate of more than 10,000 net accounts a month – the fastest growth rates in the retail energy industry. The company reaffirmed its forecast of 260,000 billable accounts in fiscal 2011, and recently released guidance for fiscal 2012 as follows:

- Customer Accounts: 400,000 – 415,000
- Revenues: \$380 – 410 million
- Underlying EBITDA: \$36 – 40 million
- Underlying NPAT: \$10 – 12 million

ENDS

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About Australian Power & Gas

Australian Power & Gas Company Ltd (ASX: APK) is an independent ASX listed energy retailer. Australian Power & Gas holds a full suite of gas and electricity retail licences in Victoria, New South Wales, ACT, South Australia and Queensland and has been approved to operate by AEMO, the Australian Energy Market Operator. Australian Power & Gas was announced as the fastest starting company in the 2011 Business Review Weekly Annual Fast Starters List for a second year in a row, and was placed number 1 on the Business Review Weekly Fast100 list for 2010.

About Nippon Gas

Nippon Gas Co., Ltd (TSE:8174) is a Japan-based company principally engaged in the supply of gas, the sale of gas equipment and home equipment, as well as the sale and replenishing of aerosol products. Nippon Gas operates in two business segments, namely liquefied petroleum (LP) gas and utility gas. These two segments focus on the sale of gas, gas equipment and home equipment for gas use, and the construction of gas supply facilities. The LP gas segment is also engaged in the transportation of gas, the provision of maintenance services for heat pump air conditioners and the provision of accounting services, the sale of land and houses, insurance agency business, and the replenishing and sale of aerosol products and gas canisters for lighters and cassette stoves.