

31 August 2012

MEDIA RELEASE

Australian Power & Gas reports strong growth for FY2012

Key highlights:

- **Revenue up 59% to \$365 million**
- **Customer accounts up 25% to 341,000**
- **Underlying NPAT within guidance**
- **Dividend up 60% to 0.8 cps unfranked**

Australian Power & Gas Company Limited (ASX:APK), Australia's leading independent energy retailer, today announced strong revenue, earnings, cash flow and customer growth for the 12 months ended 30 June 2012 (FY12).

Revenue was up 59% to \$365 million driven by strong growth in customer numbers. The number of customer accounts increased by 25% to 341,000, with growth experienced in all eastern seaboard states.

The company's statutory loss reduced to \$3.9 million, compared with the loss of \$9.5 million in FY11 as the benefits of scale started to flow through. Underlying after-tax profit* was up 63% to \$6.1 million, within the range anticipated in February 2012.

Underlying cash flow* was up \$20.5 million to \$22.2 million

Reflecting the company's strong balance sheet, growing cash flows and attractive growth opportunities, the directors have declared an unfranked dividend of 0.8 cents per share, up 60% from FY11 (0.5 cents), payable on 12 October to shareholders on the register at 21 September.

Results summary for the year <i>(\$ million unless otherwise stated)</i>	FY12	FY11	% increase
Statutory profit/(loss) after tax	(3.9)	(9.5)	
Statutory earnings per share (cents)	(2.1)	(6.7)	
Sales revenue	364.8	230.1	59
Underlying earnings before interest, tax, depreciation and amortisation*	33.4	21.2	58
Underlying earnings before interest and tax*	14.0	9.6	46
Underlying profit after tax*	6.1	3.7	63
Underlying earnings per share (cents)*	3.3	2.6	26
Full year dividend (cents) - unfranked	0.8	0.5	60

**Underlying result excludes impact of hedge valuations that relate to future periods*

"We are very pleased with this strong result, as it clearly demonstrates the growth potential of our business model," said Australian Power & Gas CEO James Myatt.

The number of customer accounts grew strongly, especially in New South Wales.

Electricity usage per customer increased to 5.9 MWh, helped by expansion into high usage areas of New South Wales and Queensland, but was lower than expected due to the mild summer. Average gas usage per customer, however, was down 9.4% as mild weather reduced demand in Victoria and as more customers were acquired in New South Wales and Queensland where gas usage is lower than in Victoria.

The customer base has continued to diversify over the past 12 months, and at 30 June 2012 34% of our customers were in New South Wales and Queensland compared with 22% a year earlier. Most pleasingly, the number of dual fuel customers, that is those buying both electricity and gas from us, was constant at around 60%, notwithstanding lower gas penetration in the New South Wales and Queensland markets.

Customer acquisition costs of \$158 per account added were in line with expectations, but the total acquisitions spend was lower at \$16.9 million.

Underlying operating cash flow increased to \$22.2 million from \$1.8 million, reflecting the increased percentage of customers billed for an entire year. New bank facilities totalling \$85 million were recently put in place that will provide headroom for further growth, as well as bank guarantees and hedging instruments to manage electricity risk exposures.

Outlook

"Assuming current normal weather patterns continue, we expect further strong revenue growth over the next 12 months as we continue to bill more customers for a full year," said James Myatt.

The Australian residential market accounts for only 30% of electricity consumption, presenting opportunities for growth in other sectors that are unregulated and complement our existing load profile. In July a General Manager of Commercial Markets was appointed to lead a drive into the small commercial and manufacturing sectors. There are also opportunities to expand the range of services offered to our existing 341,000-strong customer base.

For further information please contact:

Investors:

James Myatt
Australian Power & Gas
02 8908 2700

Media:

Ashley Rambukwella
FCR - Financial & Corporate Relations
0407 231 282

About Australian Power and Gas:

Australian Power and Gas Company Limited (ASX: APK) is an independent ASX-listed energy retailer, and one of Australia's fastest growing companies. It 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 and 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 first on the *Business Review Weekly* Fast100 list for 2010.