



## ASX/MEDIA RELEASE

### Australian Power & Gas September quarter cash receipts up 46% Guidance for 2012-13 shows continued strong growth in earnings

**Sydney, 31 October 2012**

Australian Power & Gas Company Limited (ASX: APK), Australia's leading independent energy retailer, today announced record quarterly cash receipts from customers in the three months to 30 September 2012 (1Q13). Cash receipts increased by 46% to \$133.6 million, compared with \$90.9 million in the previous corresponding period and \$88.5 million in the June 2012 quarter.

Underlying operating cash inflow (before customer acquisition, credit support and related finance costs), which reflects the company's underlying performance, was up to \$5.2 million. This is a substantial increase compared with \$0.9 million in 1Q12. Customer numbers also continued to increase, up 3,000 to 344,000 over the past three months.

Commenting on the company's Appendix 4C cash flow statement, released today, Australian Power & Gas CEO James Myatt said: "We are pleased to report a record quarter in terms of cash receipts. This result reflects the scalability of our platform with an increasing number of customers, a more mature customer base, and higher energy usage as a result of a relatively colder winter this year.

"Australian Power & Gas is well placed to continue its growth trajectory, assisted by a number of business strategies we are currently pursuing. These include expansion into regional markets and into unregulated markets such as the commercial and small business sectors, and the introduction of new products and technology," added Mr Myatt.

Following the completion of new finance facilities on 19 September, the company's available operating cash balance increased to \$11.3 million from \$4.6 million at 30 June 2012. This is in addition to the \$18.5 million held on deposit as security for wholesale hedging and bank guarantees. A summary of comparative information for the three months to 30 September is shown below. The Appendix 4C report is attached.

	3 months to 30 September		Movement	
	2012	2011		
	\$000s	\$000s	\$000s	%
Receipts from customers	133,573	90,964	42,609	46.8%
Payments to suppliers and employees	(128,341)	(89,974)	(38,367)	42.6%
<b>Underlying operating cash flow</b>	<b>5,232</b>	<b>990</b>	<b>4,242</b>	
Customer acquisition costs	(3,450)	(4,402)	952	(21.6%)
Net finance costs	(7,011)	(1,370)	(5,641)	311.7%
Equipment and systems development	(645)	(53)	(592)	-
Credit support (deposits and prepayments)	(3,369)	69	(3,438)	-
<b>Operating and investing cash flow (per Appendix 4C)</b>	<b>(9,243)</b>	<b>(4,766)</b>	<b>(4,477)</b>	<b>(55.3%)</b>

### **Guidance range for 2012-13**

Australian Power & Gas continues to build its retail customer base and profitability during the 2012-13 financial year. Guidance for the 2012-13 financial year is based on normal trading conditions and long-term average weather patterns. The company bases its guidance on an assessment of customer usage trends which are influenced by a number of factors, including weather and changes to customer behaviour caused by regulatory changes, such as the Federal Government's carbon reduction scheme (carbon tax).

The company is expecting a significant increase in revenue in financial year 2012-13 compared to the prior year due to passing through the carbon tax and increases in distribution costs. Customer growth has consciously been slowed due to regulatory price settings in Queensland and parts of New South Wales. These regulatory settings prevent the company obtaining an effective margin on new customers signed within the affected regions. Underlying NPAT is expected to show strong growth due to the ongoing maturity of the existing customer base.

	<b>2012-13 guidance</b>	<b>2011-12 actual</b>
Customer accounts	350,000-360,000	341,000
Revenue	\$460-\$480 million	\$365 million
Underlying EBITDA	\$35-\$40 million	\$33.4 million
Underlying NPAT	\$8-\$11 million	\$6.1 million

The company's year-to-date performance is in line with these guidance ranges.

### **Update to Annual Report**

The company's annual report released recently included a table on page 22, which was printed incorrectly. The correct comparative figure for underlying net debt to net debt plus adjusted equity ratio is shown in the following table, which has been reproduced in full.

	<b>Year ended 30 June 2012 \$000s</b>	<b>Year ended 30 June 2011 \$000s</b>
Cash	18,319	19,900
Less held to secure amounts owed to counter parties	(13,761)	(8,484)
Net cash	<b>4,558</b>	<b>11,416</b>
Debt	54,000	53,691
Adjust convertible notes to face value	-	209
Adjusted debt	<b>54,000</b>	<b>53,900</b>
Underlying net debt	<b>49,442</b>	<b>42,484</b>
Equity	49,373	51,273
Add back after tax effect of hedge valuations (current movement)	9,964	13,272
Adjusted equity	<b>59,337</b>	<b>64,545</b>
<b>Underlying net debt to net debt plus Adjusted equity ratio</b>	<b>45%</b>	<b>40%</b>

[ENDS]

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**About Australian Power & Gas:**

Australian Power & Gas Company Limited (ASX: APK) is Australia's leading independent 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 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 first on the *Business Review Weekly* Fast100 list for 2010.

Further information can be found at [www.australianpowerandgas.com.au](http://www.australianpowerandgas.com.au)

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

AUSTRALIAN POWER AND GAS COMPANY LIMITED

ABN

96 077 206 583

Quarter ended ("current quarter")

30 September 2012

### Consolidated statement of cash flows

		Current quarter (3 months) \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from customers	133,573	133,573
1.2	Payments for		
	(a) staff costs	(3,625)	(3,625)
	(b) advertising and marketing	(326)	(326)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(124,390)	(124,390)
	(f) customer acquisition costs	(3,450)	(3,450)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	133	133
1.5	Interest and other costs of finance paid	(3,905)	(3,905)
1.6	Income taxes paid	-	-
1.7	Other (fees on replacement of debt facility)	(3,239)	(3,239)
	Movements in prepayments (credit support)	1,370	1,370
	<b>Net operating cash flows</b>	<b>(3,859)</b>	<b>(3,859)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter (3 months) \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(3,859)</b>	<b>(3,859)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(412)	(412)
(e) other non-current assets	(233)	(233)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other - restricted cash released	13,761	13,761
- restricted cash deposited	(18,500)	(18,500)
<b>Net investing cash flows</b>	<b>(5,384)</b>	<b>(5,384)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(9,243)</b>	<b>(9,243)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings – working capital facility	55,000	55,000
Proceeds from borrowings – restricted cash facility	15,000	15,000
1.18 Repayment of borrowings – working capital facility	(50,000)	(50,000)
Repayment of borrowings – convertible note	(4,000)	(4,000)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>16,000</b>	<b>16,000</b>
<b>Net (decrease)/increase in cash held</b>	<b>6,757</b>	<b>6,757</b>
1.21 Cash at beginning of quarter/year to date	4,558	4,558
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>11,315</b>	<b>11,315</b>
<b>Cash at end of quarter excludes cash on deposit of \$18,500,000 held as security for wholesale hedging and bank guarantees issued.</b>		

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	1,360
1.25 Aggregate amount of loans to the parties included in item 1.11	-
1.26 Aggregate amount of loans from the parties included in item 1.17	-
1.26 Explanation necessary for an understanding of the transactions	
Item 1.2 includes: - \$1,360,000 (plus GST) paid to Arthur Phillip Pty Limited, a related entity of Mr Richard Poole a director and substantial shareholder of the company, for the provision of financial advisory services in accordance with their contract of service. The fees were paid for general advisory services (\$60,000) and for advisory services provided in respect of the new debt facilities put in place during September 2012 (\$1,300,000).	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows  
Not applicable
- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest  
n/a

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
- revolving debt facility	55,000	52,271
- restricted cash loan	15,000	15,000
Total	70,000	67,271

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	11,315	4,558
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		11,315	4,558
Cash at end of quarter excludes cash held on deposit of \$18,500,000 held as security for wholesale hedging and bank guarantees issued.			

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement gives a true and fair view of the matters disclosed.

31/10/2012

David Franks  
Company Secretary

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