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- **Net profit of $153 million – up 42% (from $107.8 million)**

Envestra Limited, Australia's leading natural gas distribution company, today announced a Profit after Tax of $153.0 million, an increase of 42% over the prior year ($107.8 million in 2013).

The Cheung Kong Consortium obtained control of Envestra as a result of an off-market takeover offer by CK ENV Investments Pty Ltd, which was declared unconditional on 7 August, 2014. As advised to date, CK ENV's current interest in Envestra shares is 87.75%.

The increase in profitability resulted from higher revenue due to annual tariff adjustments across the Company's gas networks (as determined by the Australian Energy Regulator), partly offset by lower gas volumes due to warm weather in 2014 compared with 2013. Tight operating cost control and reductions in finance costs also contributed to the profit result.

Key results for the year include:

• Revenue[1]	Up 9%	to	$554.4 million
• Earnings before Interest, Tax and Depreciation	Up 12%	to	$402.0 million
• Cashflow from operating activities	Up 5%	to	$245.6 million
• Capital expenditure	Up 17%	to	$253.3 million
• Net finance costs	Down 18%	to	$121.1 million

Operations

Operating costs of $152.4 million were up $5.2 million on the prior year. However, this included $4.2 million of costs associated with the proposed Envestra merger/takeover processes, and higher carbon permit costs of $2 million. Actual operating costs were $1 million lower than the prior year. This included leak maintenance and system use gas savings of $4.7 million, to some degree reflecting the benefits of the expanded mains replacement projects being implemented across all networks.

Some 21,000 consumers were connected to the distribution networks in 2013-14, adding around $8 million to future annual revenue.

The Group increased its capital expenditure program by 17% in 2013-14 to $253.3 million, largely on network extensions and the mains replacement program.

1 Excluding interest income ($0.3 million in 2013-14, $0.9 million in 2012-13).

A total of 205 kilometres of mains were laid primarily in new subdivisions and 512 kilometres of old mains were replaced. The Company now has over 24,000 kilometres of gas mains and pipelines around the country and delivers gas to almost 1.2 million consumers.

Finance

Net finance costs were down 18% to $121.1 million ($147.9 million in 2012-13) due mainly to lower floating interest rates on un-hedged debt, and the full-year impact of lower rates on fixed interest rate swaps.

The Company's gearing[2] at 30 June, 2014, was 47%, down from 54% in 2013.

On 11 August, 2014, the Company announced it had received a credit rating upgrade from Standard & Poor's to BBB+ (previously BBB).

Dividends

Total dividends paid in 2013-14 were $115 million ($93.7 million in 2012-13). Dividends per share paid in 2013-14 were 6.4 cents (5.9 cents in 2012-13). Cash flow available to support the dividend was $216.2 million representing a cashflow to dividend coverage ratio[3] of 1.9 times (2.2 in 2012-13).

In addition, an unfranked final 2013-14 dividend of 3.5 cents was paid on 25 July, 2014.

Outlook for 2014-15

On a "business as usual" basis the Company expects profitability in 2014-15 to be broadly in line with the result in 2013-14, but this guidance is subject to the impact of any abnormal items (including weather impacts) that may occur and excludes financial advisory transaction and related fees associated with the Cheung Kong Consoritum takeover offer. It is also subject to determinations made under the ownership of the Cheung Kong Group.

For further information contact:

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2 Gearing is defined as net debt divided by net debt plus market value of equity.
Gearing on a book value basis (defined as net debt / book value of total non-cash assets) was 64% at 30 June 2014 (63% at 30 June 2013).

3 Dividend coverage ratio is calculated as operating cashflow after replacement capex, divided by total dividends.