

FINANCIAL REVIEW

SE Companies and Markets
HD **Envestra goes out on high after profit jump**
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Envestra managing director Ian Little intends staying on at the helm of the gas distributor after its \$2.37 **billion** takeover by **Hong Kong's** Cheung Kong Group.

Mr Little was speaking to investors after reporting a record normalised profit in what is set to be Envestra's last results as a publicly traded **company**. Net profit for the year to June 30 jumped 42 per cent to \$153 **million**, despite a 5 per cent drop in distributed gas volumes due to warmer weather.

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The figure modestly beat Envestra's own guidance of "about \$150 **million**" in June and was well ahead of its forecast 12 months ago of about \$140 **million**.

Envestra put the improvement down to tariff increases across its South Australian and Queensland networks, as endorsed by the **energy** regulator.

That was only partly offset by the drop in gas volumes, a trend which has been dramatically reversed in the first six weeks of this financial year because of the cold snap across southern Australia, with revenues almost \$3 **million** ahead of expectations in July alone.

Paul Johnston of RBC Capital Markets said the result would see the **company** go out "on a high".

The July performance suggested other utilities would also have benefited from the low temperatures, he said.

As of Wednesday, Cheung Kong had raised its interest in Envestra to 87.75 per cent, just shy of the 90 per cent required for compulsory **acquisition**.

Acceptances have accelerated since APA Group dropped out of the running, instead selling its 33 per cent **stake** into the \$1.32-a-share offer.

Aside from upcoming changes to the board, it would be "business as usual" under Cheung Kong's ownership, Mr Little said. Envestra already declared its final dividend back in July, of 3.5¢ a security, up from 3.2¢ a year earlier.

Full year 2014 2013 Sales (\$**m**) 554.4 507.5 Pretax (\$**m**) 218.7 153.8 Net (\$**m**) 153.0 107.8 EPS 8.5¢ 6.6¢ Final div* 3.5¢ 3.2¢ -Payable July 25 Close Change Shares (last) \$1.32 +0.5¢

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