



AGL reaches agreement with Macquarie to buy AlintaAGL retail business

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AGL Energy Limited (AGL) will buy the remaining 67 per cent of the AlintaAGL retail business from Macquarie Bank Limited (Macquarie) for a net consideration of \$345 million, should Macquarie successfully acquire Alinta, under an agreement signed today.

Under the agreement, AGL Sales, a wholly owned subsidiary company of AGL, will buy the remaining interest in AlintaAGL's retail business, and will procure that AGL will sell its 33 per cent interest in AlintaAGL's co-generation assets to Macquarie.

AGL is currently the beneficial owner of 33 per cent of AlintaAGL's retail business, which comprises 566,000 gas customers and 1,600 electricity customers.

The net consideration of \$345 million will be funded from debt facilities.

AlintaAGL owns the Western Australian retail business formerly owned by Alinta as well as cogeneration assets at Alcoa's Pinjarra and Wagerup alumina refining plants. AlintaAGL was set up following the Alinta AGL merger and subsequent demerger six months ago.

Under existing arrangements with Alinta, AGL has the option to move to 100% ownership of AlintaAGL in the event of a change in control of Alinta.

AGL Managing Director Paul Anthony said: "Should the transaction proceed, this will be an attractive acquisition for AGL.

"It will provide us with a strong platform for growth in Western Australia, with regional demand for both gas and electricity increasing at rates above the national average.

"The opportunity to compete for residential electricity customers at a future date will provide a further avenue for growth.

"By negotiating the transaction now, AGL stands to secure full ownership of the retail assets of AlintaAGL at an attractive price whilst providing Macquarie with greater certainty for any new offer it may make to acquire Alinta."

AlintaAGL has approximately 566,000 gas customers and 1,600 electricity customers located in the southern part of Western Australia. The AlintaAGL generation assets to be transferred to Macquarie comprise 280 megawatts of co-generation and a further 351 megawatts of open cycle generation under construction.

The acquisition would be immediately earnings accretive to AGL.

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