

Energy in  
action.®



## ASX & Media Release

### 2016 Annual General Meeting

28 September 2016

AGL Energy Limited (AGL) is today holding its 2016 Annual General Meeting.

Attached are:

- > The Chairman's opening address; and
- > The Managing Director's presentation slides.

A handwritten signature in black ink, appearing to read 'John Fitzgerald'.

John Fitzgerald  
**Company Secretary**

#### Further inquiries:

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#### About AGL

AGL is one of Australia's leading integrated energy companies. It is taking action to responsibly reduce its greenhouse gas emissions while providing secure and affordable energy to its customers. Drawing on over 175 years of experience, AGL serves its customers throughout eastern Australia with meeting their energy requirements, including gas, electricity, solar PV and related products and services. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, solar, landfill gas and biomass.



# 2016 Annual General Meeting

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**Andy Vesey, Managing Director and  
CEO**




**Date**  
28 September 2016

Energy in  
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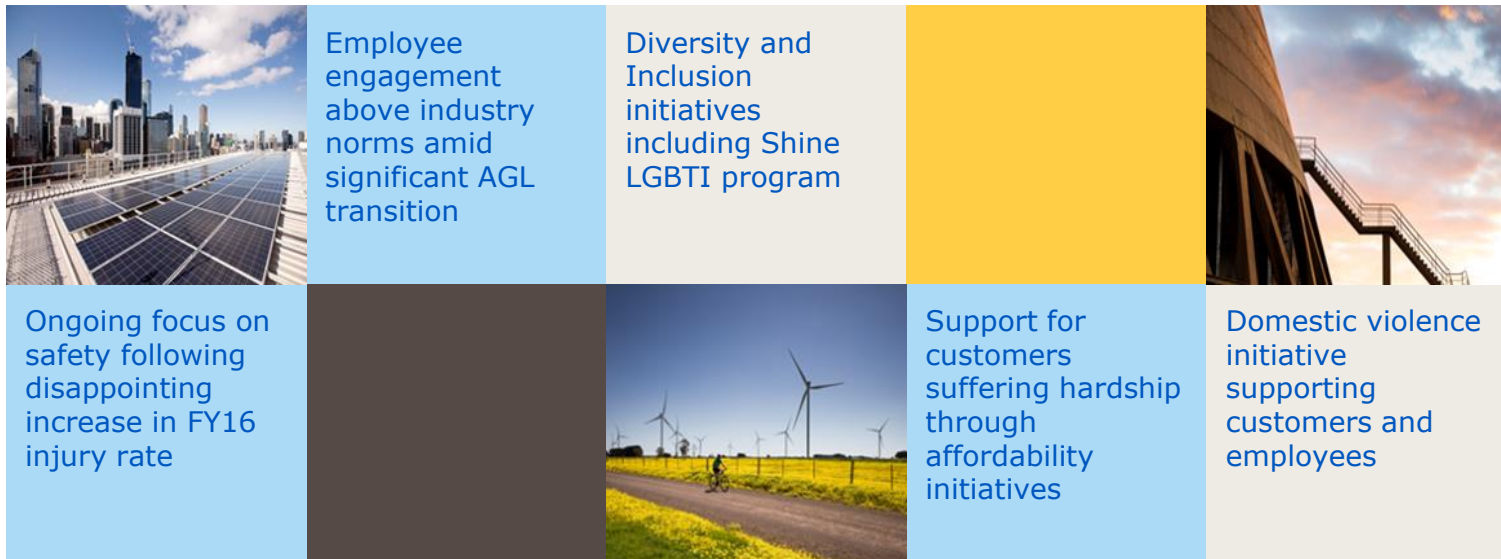
Since 1837



# Core generation and retail operations driving results

Total generation		<b>up 14% to 45 TWh</b>	<ul style="list-style-type: none"> <li>&gt; Two additional months of AGL Macquarie</li> <li>&gt; Commissioning of solar sites</li> </ul>
Operating costs		<b>down \$122m</b>	<ul style="list-style-type: none"> <li>&gt; Re-organisation driving results</li> <li>&gt; Consumer opex/gross margin improved 6.6 ppts to 49.9%</li> </ul>
EBIT per customer		<b>up 25% to \$108</b>	<ul style="list-style-type: none"> <li>&gt; Customer value strategy driving disciplined pricing</li> <li>&gt; Reduced cost to serve</li> </ul>
Customer satisfaction		<b>up 0.3 to 7.3/10</b>	<ul style="list-style-type: none"> <li>&gt; Increased customer communication options and service delivery enhancements</li> <li>&gt; Reduction in complaints</li> </ul>

# Emphasising the importance of AGL's people and our customers



# Strategic Framework delivering for shareholders

## Embrace Transformation

### FY16 achievements

- > Scenario planning rollout
- > Confirmed exit of Upstream Gas

### FY17 priorities

- > Embed scenario planning
- > Embed Lean and Agile processes
- > Modernise EBAs
- > Digital Transformation Program

## Drive Productivity

### FY16 achievements

- > Asset sales inc. Macarthur Wind Farm, Diamantina Power Station
- > Opex savings ahead of plan
- > Working capital reduction on track

### FY17 priorities

- > Deliver \$100m capex reduction
- > Complete asset divestments
- > Remainder of working capital and opex reduction targets
- > Digital Transformation Program

## Unlock Growth

### FY16 achievements

- > PARF launched
- > Sunverge investment
- > Electric vehicle charging initiative
- > Customer value strategy

### FY17 priorities

- > Enable PARF new build projects
- > Virtual Power Plant
- > Facilitate market/regulatory reform
- > Digital Transformation Program

# Powering Australian Renewables Fund: stimulating investment in clean energy

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# Virtual Power Plant: trialling innovative business models for distributed energy

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# Digital Transformation Program: igniting customer engagement and advocacy

Three key components to drive customer value and efficiency

## 1 Uplifting our Foundational Capability

Investing in SAP, other core technology, the operating model and processes to allow AGL to support digital interactions

## 2 Digital Adoption

Driving customer adoption of digital experiences across all interactions such as via a web-page or an app on their smart device

## 3 Signature Moments

Unique customer experiences designed to build trust and advocacy while differentiating AGL from our competitors.



# Positive FY17 earnings outlook despite challenging start to the year

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- › Primary drivers of FY17 growth expected to be:
  - › Wholesale electricity margin (phasing of benefit to reflect competitive environment, timing of retail price changes and AGL hedging profile)
  - › Customer value strategy
  - › Delivery of operational transformation targets
- › Underlying Profit (after tax) expected to be between \$720 million and \$800 million<sup>1</sup>
- › Year-on-year improvement expected to be weighted towards second half
- › Outlook reflects strength of AGL business despite previously disclosed challenges:
  - › Unseasonably mild July/August weather
  - › Anticipated reduction in gas portfolio EBIT of at least \$100 million vs FY16
- › Continue to negotiate Macquarie and Loy Yang EBAs

<sup>1</sup> Subject to normal trading conditions for the remainder of FY17