Retail competitive environment

Mark Brownfield

Energy in action.®

Since 1837

AGL

Retail energy markets across the NEM

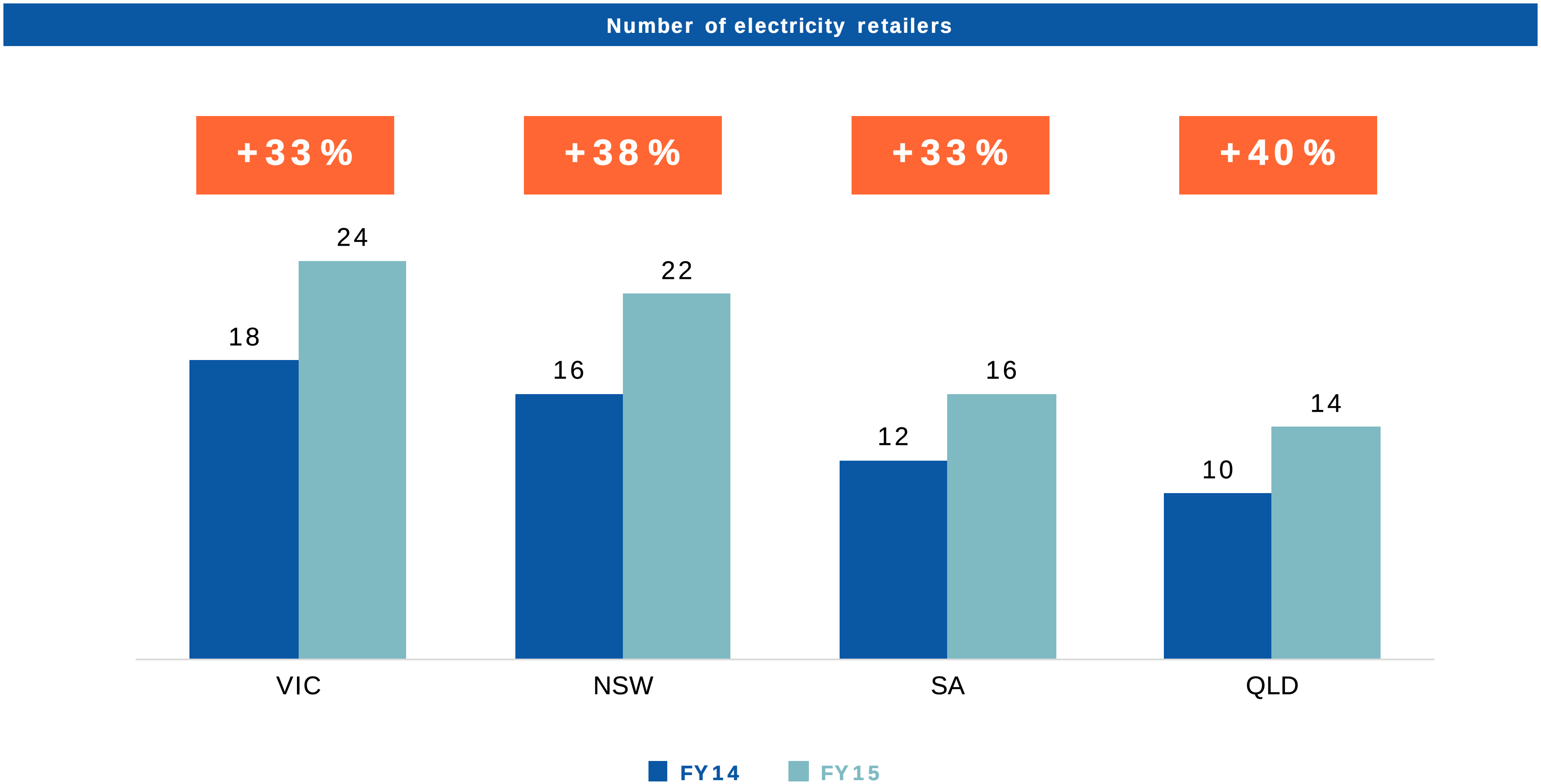
An increasingly competitive market.

- **More than 13 million energy customer connections[1]**
  - Over 8.6 million electricity customers
  - Over 3.6 million gas customers
  - Around 1.2 million solar customers
- **There are over 26 active retailers[1]**
  - T1 – large, economies of scale, incumbent position, brand legacy
  - T2 – strong existing business, leveraged into energy retail
  - T3 – niche players, expanded into energy retailing, particularly electricity, often directly from solar or other like business
- **AGL competes to win in all of these markets.**

1. NEM = VIC, NSW, ACT, SA and SE QLD

Retail competition remains elevated

The number of players has increased, channels to market have reduced.



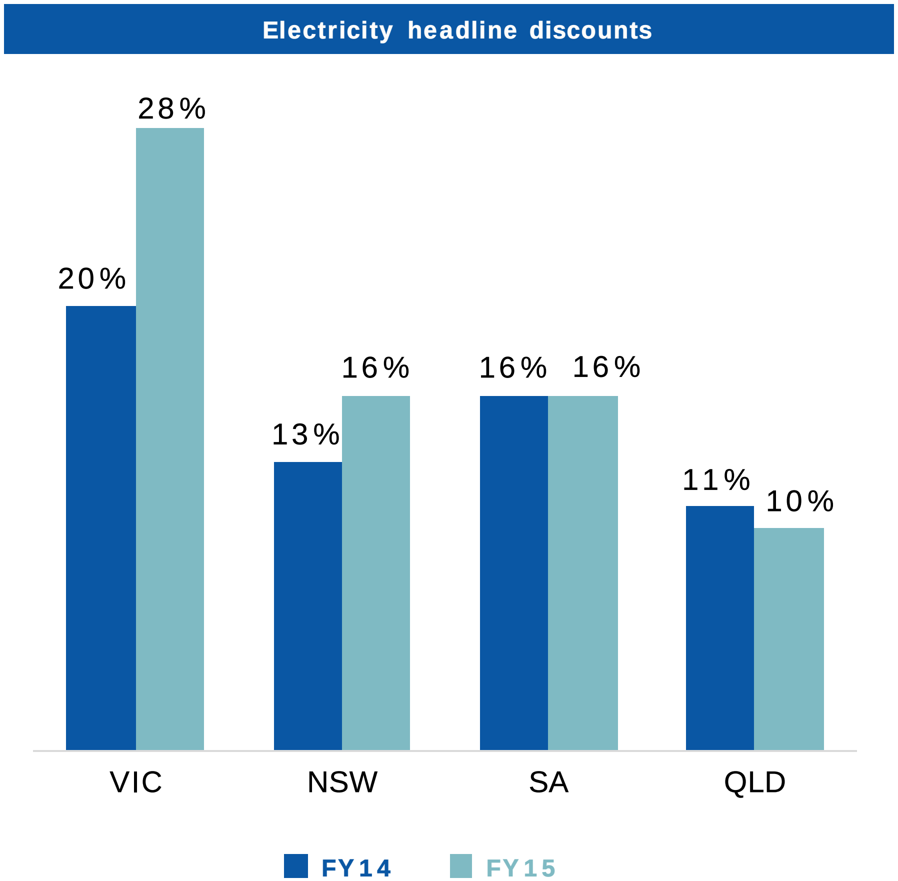
Energy in action.® Since 1837 AGL

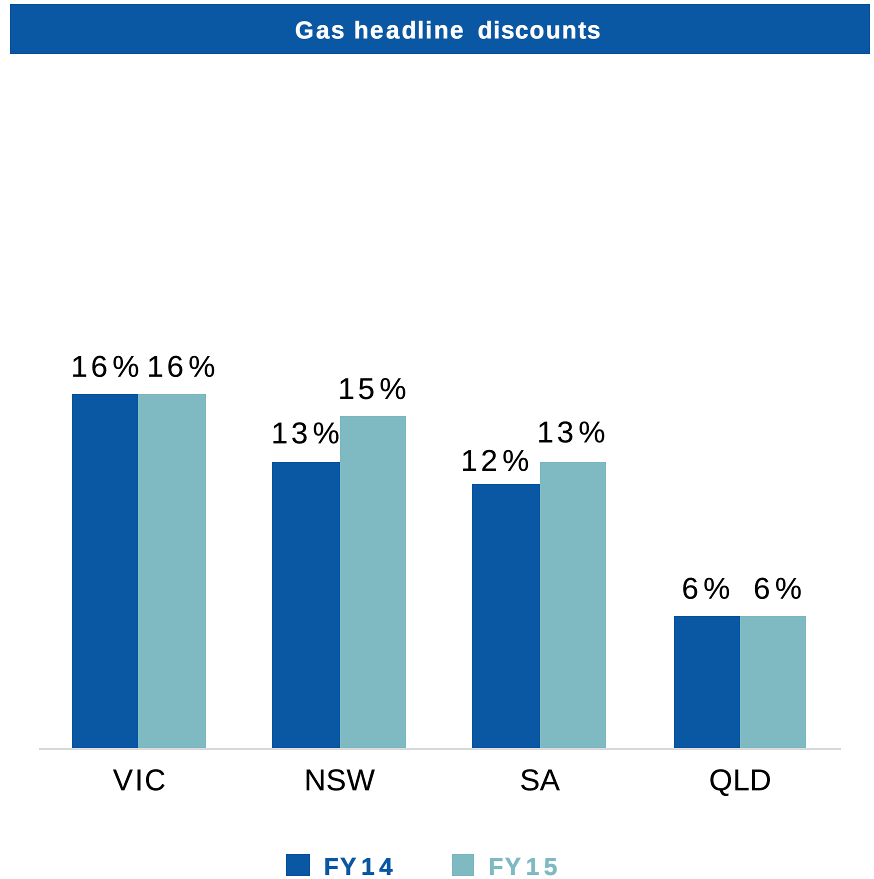
Traditional advertising channels emerge

Replacing door to door sales and telemarketing.

Discounting remains prominent

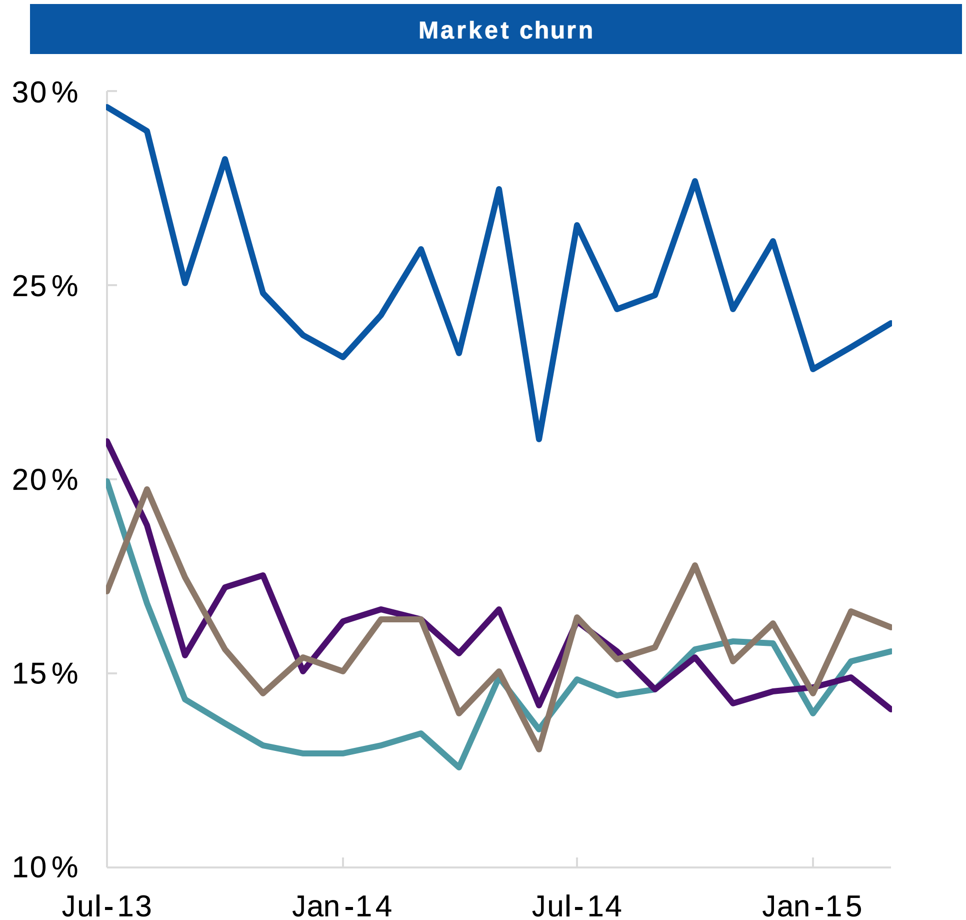
Headline discounts remain high, and so are opportunities for growth.





Different dynamics across markets

Customer churn has decreased, and stabilised over the past year.



VIC
- Mature, saturated
- High discounting
- Customers seeking innovation

NSW
- Opportunities with deregulation
- Innovation with digital metering
- Expect more competition

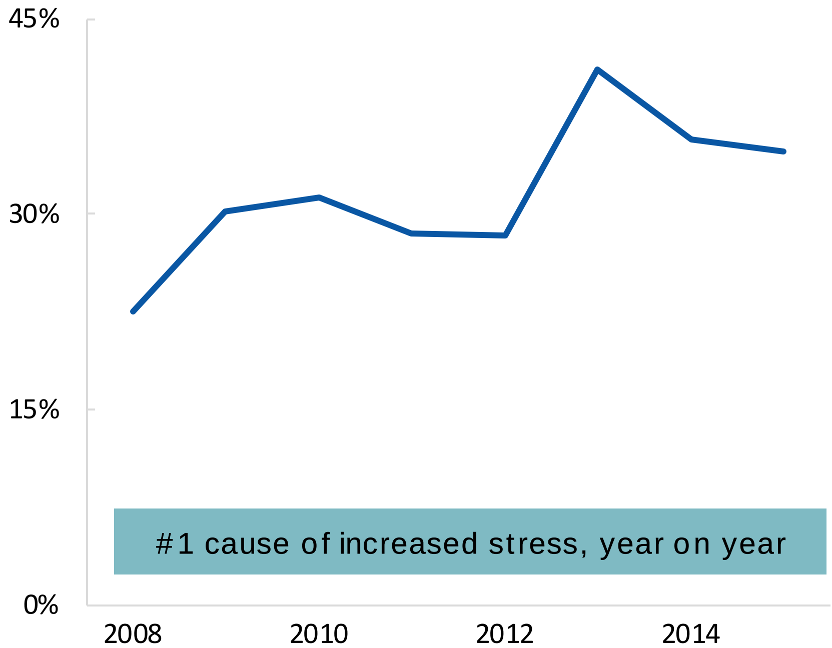
SA
- High rooftop solar
- High & stable AGL share
- Digital metering opportunity

QLD
- Deregulation delayed
- Low headroom for competition
- Discount stable and low

Household budgets are under pressure

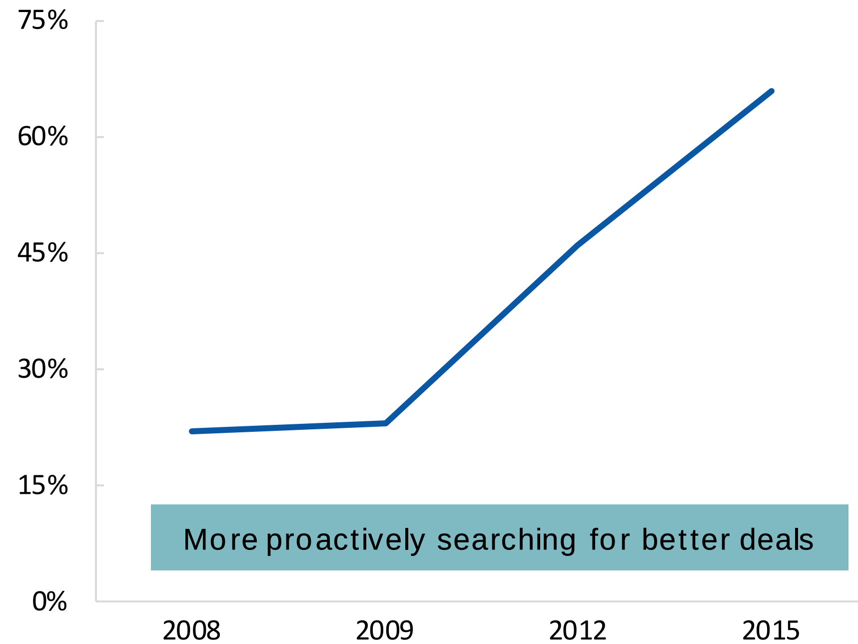
Driving customers to look for value from energy retailers.

Money concerns causing stress



Households

Proactive churn



AGL customers requesting to switch

Sources: AustraliaSCAN 2015, AGL churn research

AGL is well placed

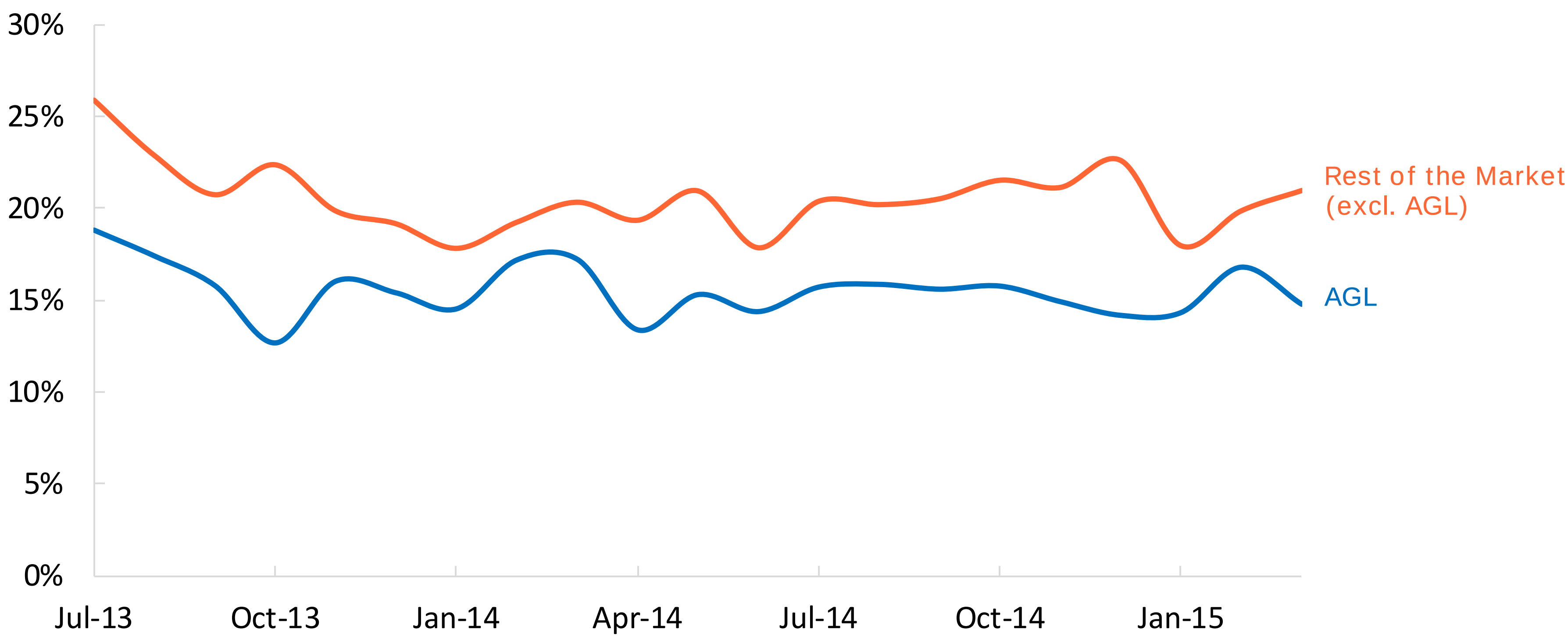
Our legacy and developed advantages will enable us to succeed.

1. › Position of incumbency
2. › Strong brand
3. › Low reliance on external channels
4. › Digital and system innovations
5. › Increasingly integrated offerings

AGL churn lower than market

Our customers churn at a 25% lower rate vs. the rest of the market.

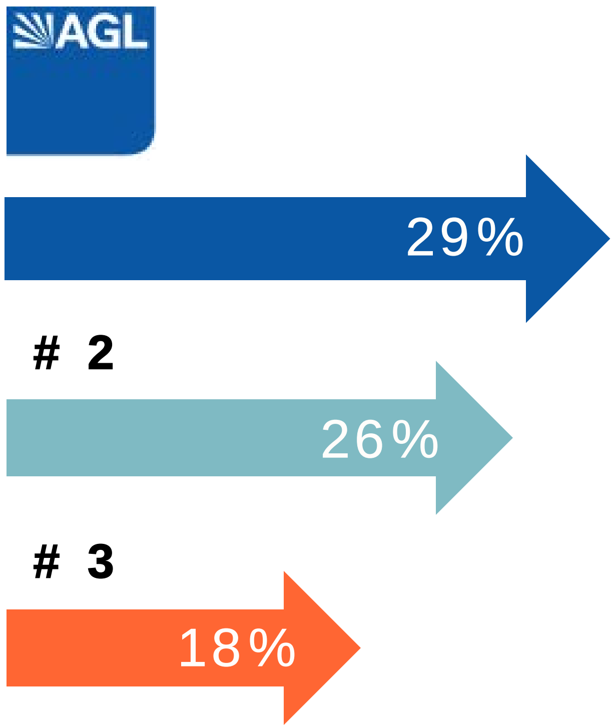
Consumer market churn rates



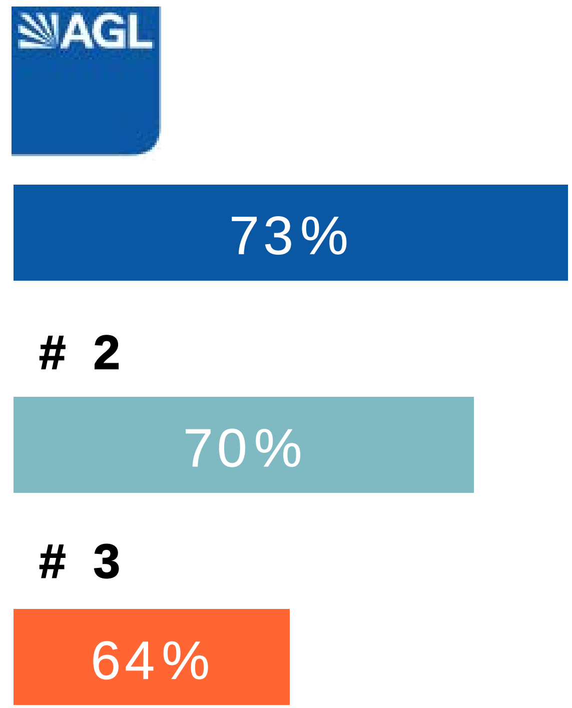
Strong brand

Customer perception helps drive acquisition and retention.

Brand preference



Customer Satisfaction



Source: AMR

AGL continue ‘first to market’ innovations

New ways to use technology to improve customer comfort and cost.

AGL Energy Online & My AGL IQ

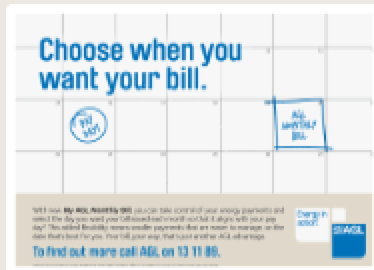
Apr ‘11 – Feb ‘13

Control

Information and tools to better manage energy.

True Monthly Billing

Oct ‘13



Choice

Accurate monthly bills, issue date a customer choice.

Interactive e-bill

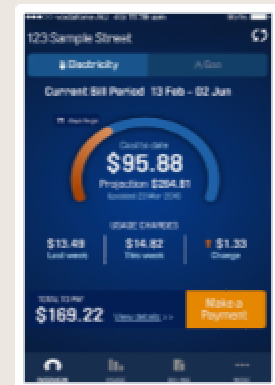
May ‘14

Convenience

interactive paperless bill, straight on mobile device.

My AGL App

Apr ‘15



Control

iPhone App with energy consumption, alerts and budgets

24 / 7 Customer Service

Dec ‘14

Call AGL Anytime™
24/7 on 131 245.