

Grow retail energy's share of market value

Stephen Mikkelsen

Energy in
action.®

Since 1837



Retail strategy

AGL's retail strategy is to grow its market share of customer value.

1

> Target higher value market segments

2

> Build loyalty with existing customers

3

> Pursue digital solutions

4

> Provide innovative products and services

5

> Understand the unique needs of vulnerable customers

6

> Maintain the lowest cost tier 1 retailer position

> Grow retail energy's share of market value

> Stephen Mikkelsen

> 26 May 2015

Segmentation

The foundation for identifying high value customers.



Researched:

- > 10,000 Residential
- > 4,000 Small businesses

Insights:

- > Needs and preferences
- > Attitudes
- > Products & services appeal

Implementation:

- > AGL customers tagged in SAP
- > Prospects tagged for targeting

Targeting value:

- > Segments combined with life-stage
- > Retain and attract high value customers

- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Segmentation

Six meaningful needs and preferences segments have been identified.

I rarely think about energy, I'm too busy living my life. I am tech savvy and prefer smaller brands.

I like my home comfortable, but I need help to be smarter with energy, so I can manage my budget.

I'm busy with work, friends and family. I prefer reputable brands, and I'm prepared to pay more for better quality.

I can afford to pay for things I value, but I don't like being wasteful. I like reputable brands and being valued.

I'm not intending to switch energy retailers anytime soon, but I would consider it for better value and service.

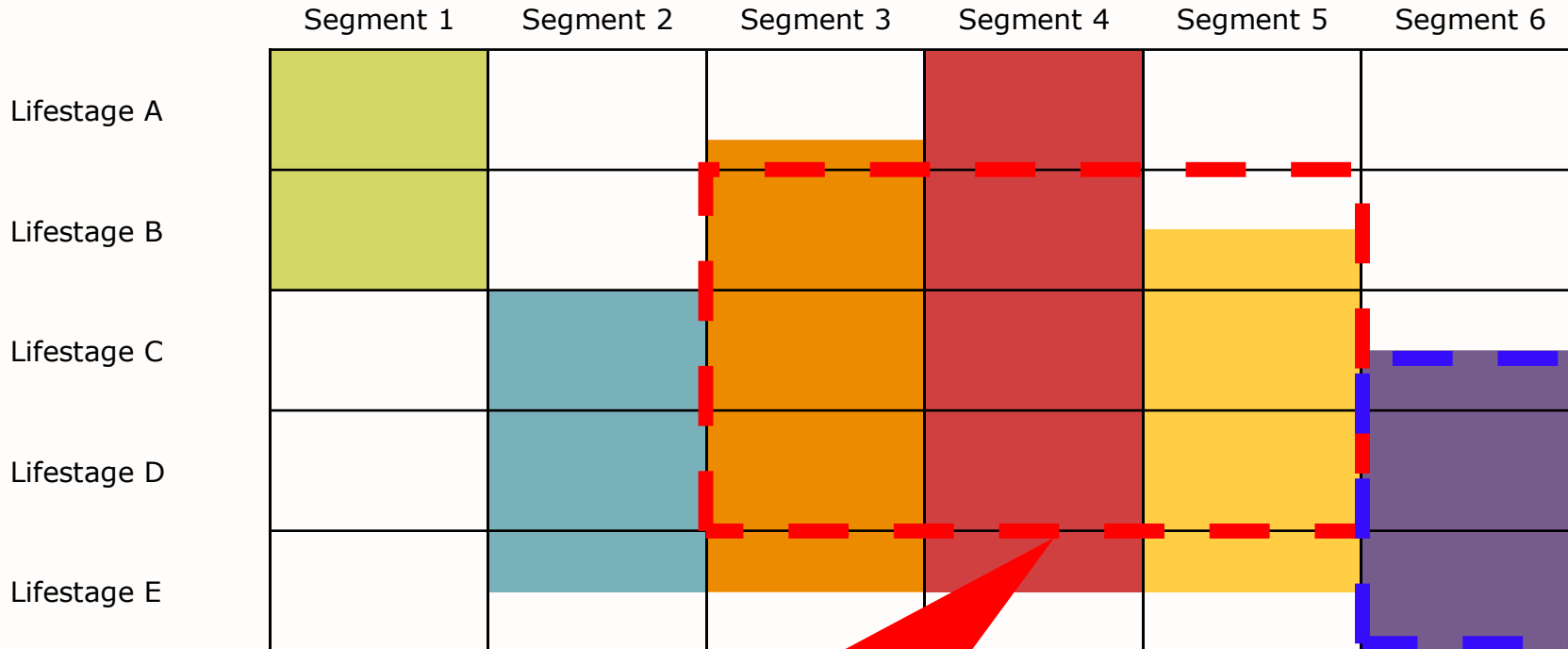
I like energy retailers with a good reputation, but I'm not looking to switch anytime soon

- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Segmentation

Nine high value segments identified.

Customer needs and lifestage matrix



Target for High-Value customer Retentions and Acquisitions

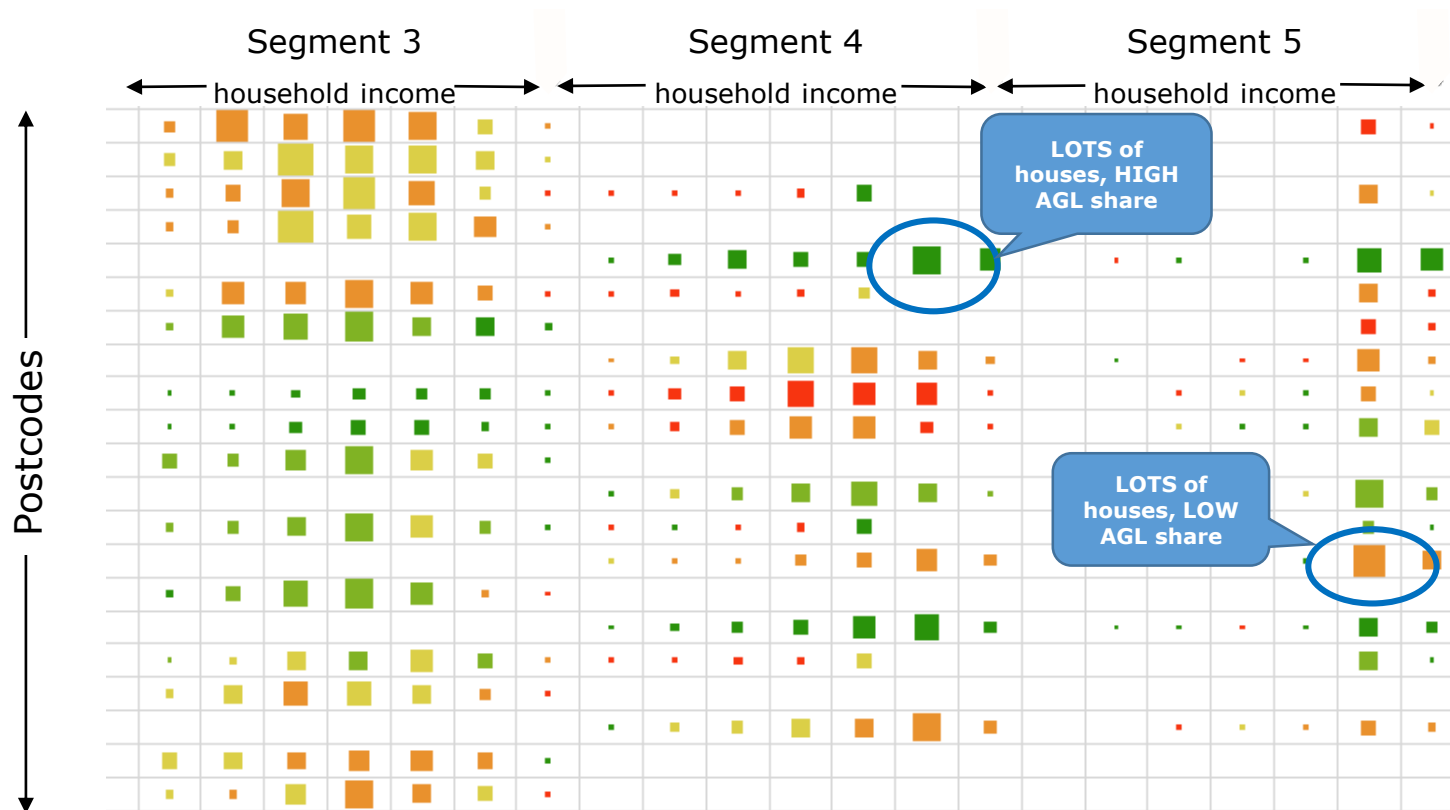
Target for Retentions

- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Customer value

Able to target value at a granular level.

Sample of value opportunity by postcode



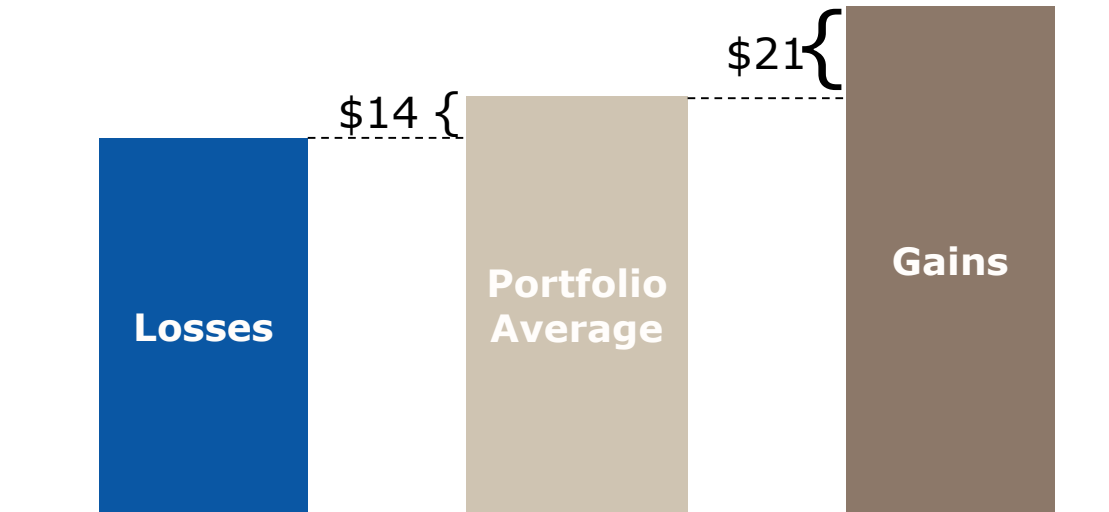
Notes: (1) Size of square = Relative number of households in the suburb
(2) AGL Market Share in suburb (■ = low, ■ = high)

- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Customer value

While only at the beginning of our journey, the results are promising.

Average value per customer: gains and losses (October 2014 to March 2015)

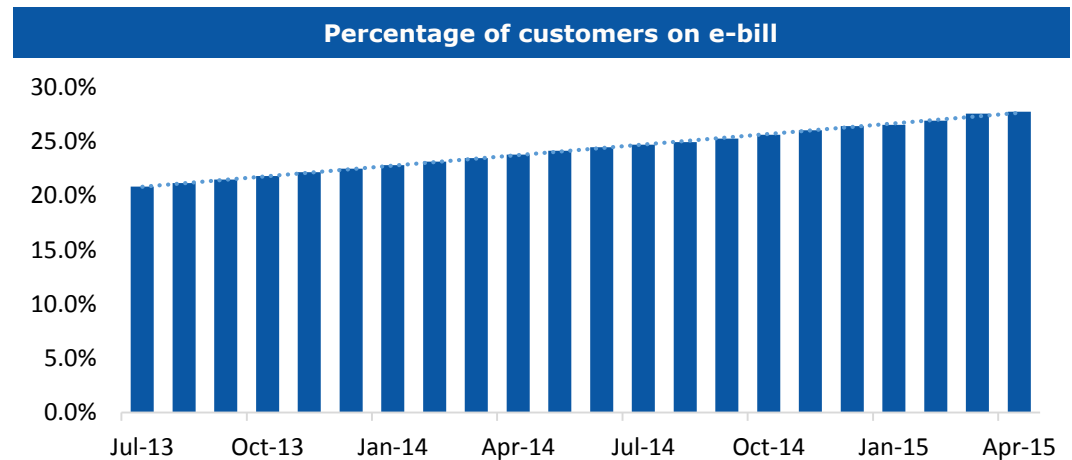
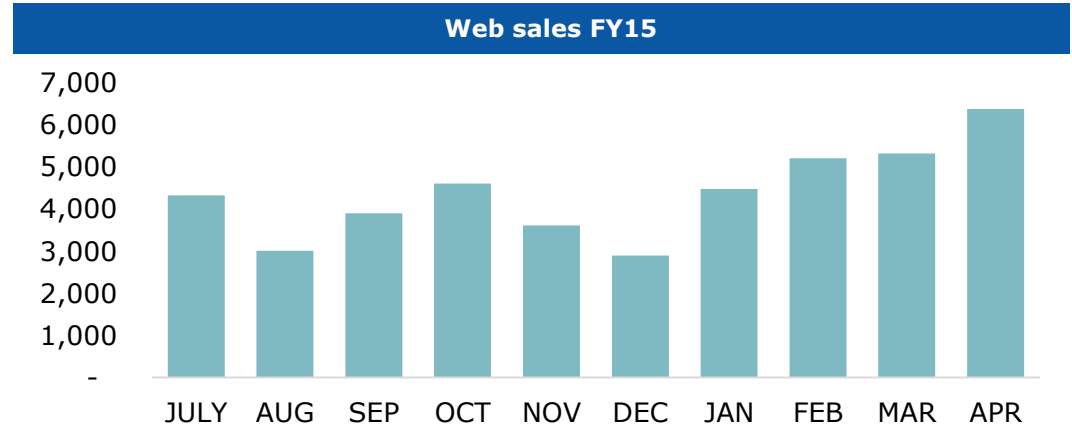


- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Digital

Relentlessly pursue digital innovation.

- > Online is a primary channel for high quality and low cost acquisitions
- > AGL's market leading E-bill is the ongoing communication platform interface with the customer
- > AGL's newly launched App will be primary digital loyalty tool



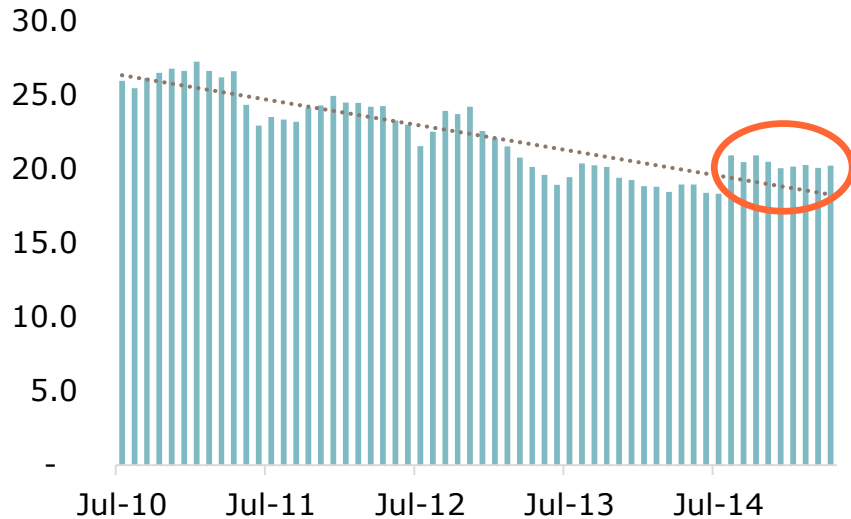
- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Credit improvement program

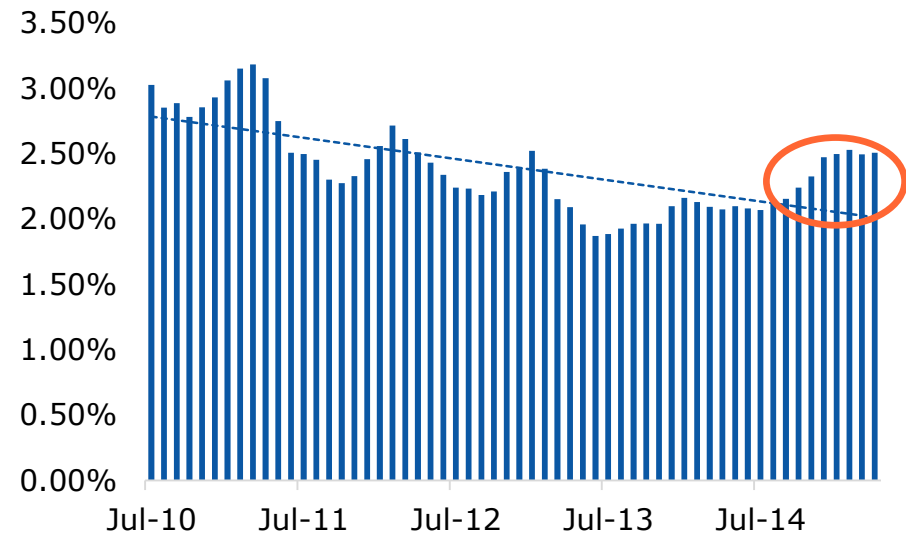
We are not forgetting the basics that also drive value.

- > AGL's debtor performance is the best in the industry
- > Plateaued following the completion of specific initiatives and APG purchase

Days sales outstanding



90+ Day debt to billed revenue ratio



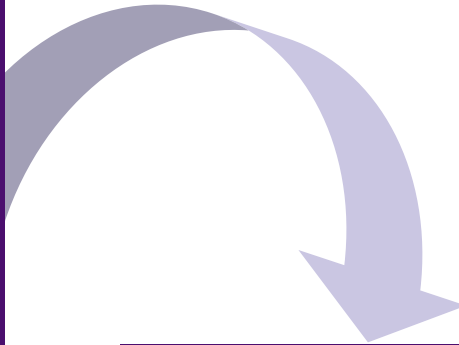
- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015

Innovation

At the forefront of providing innovation and service to our customers.

FY15 Achievements:

- > 24/7 service
- > Free power Saturdays
- > Launch of the AGL App
- > Webchat
- > Leading loyalty programs



FY16 Developments:

- > Digital metering products
- > AGL App development
- > Insight led value propositions
- > Home movers expansion

- > Grow retail energy's share of market value
- > Stephen Mikkelsen
- > 26 May 2015