



AGL Gas Strategy Update

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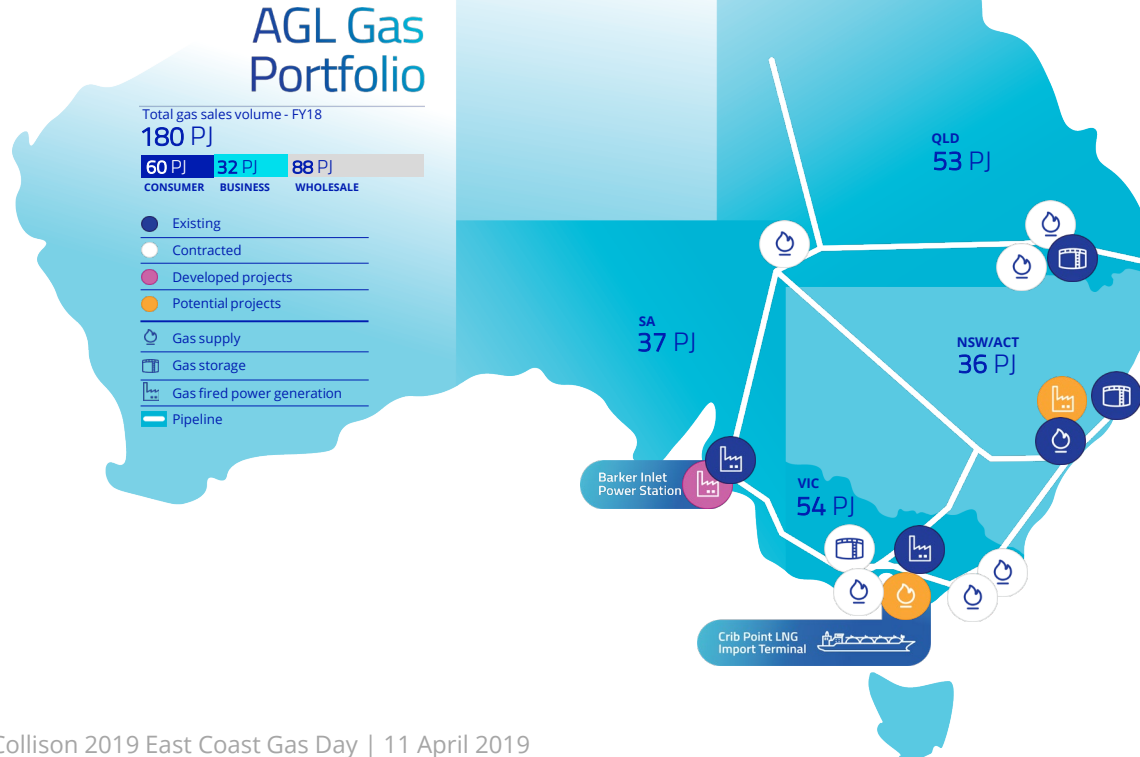
Taylor Collison 2019 East Coast Gas Day

11 April 2019



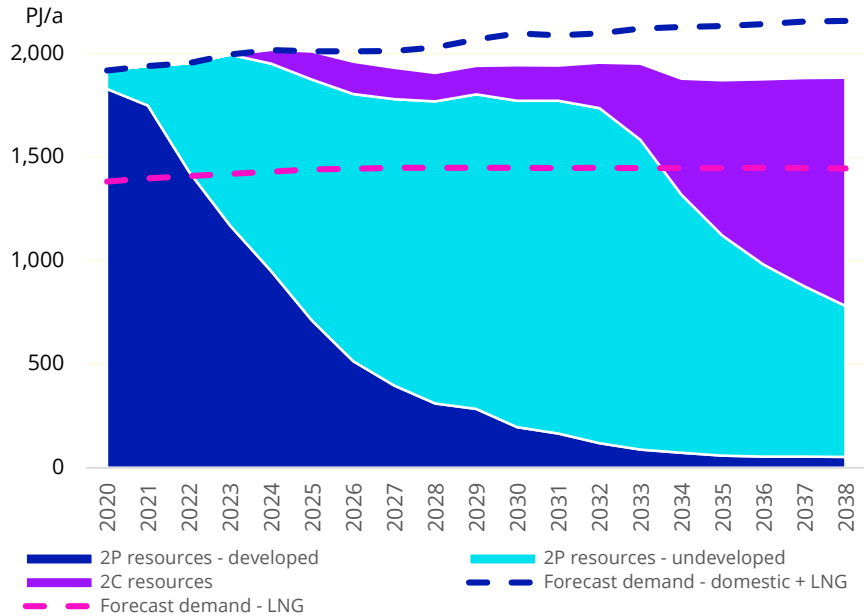
Overview: AGL's gas position

Major retailer of gas in the East Coast gas Market



East Coast gas market supply gap continues to grow

Market reliant on the development of 2C contingent & prospective resources



AEMO 2019 Gas Statement of Opportunities

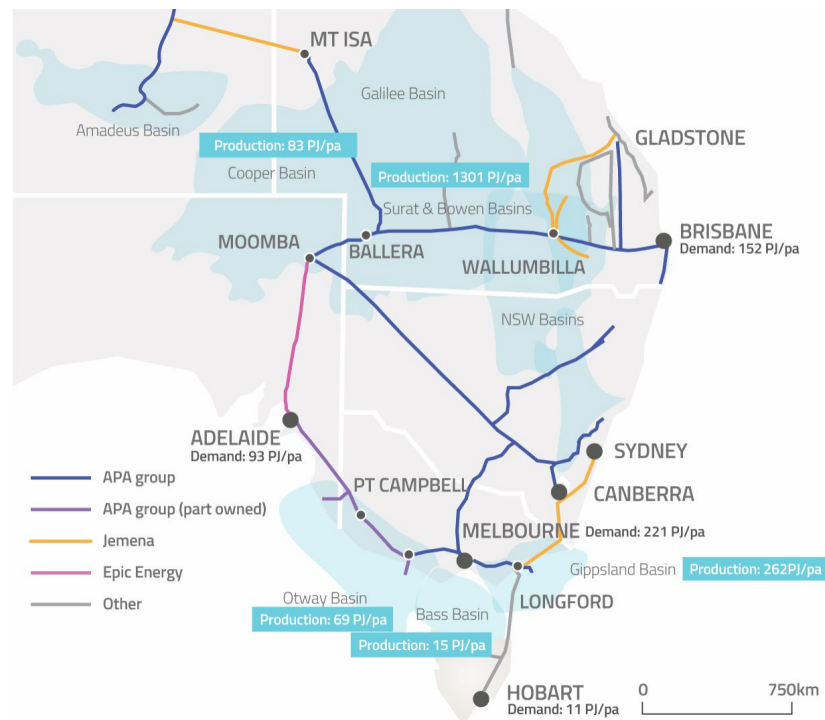
- Tight gas market remains with limited development of 2P reserves
- Forecasting gas shortfalls by 2024 in Victoria and maybe earlier depending on gas generation
- An LNG facility in Victoria is the only option to relieve this shortfall without major pipeline upgrades
- An LNG facility is unlikely to impact price while international spot prices are low

Source: AEMO GSOO 2019

Pipeline constraints may limit supply

Queensland Gas may not meet the needs of the South-East Australian market

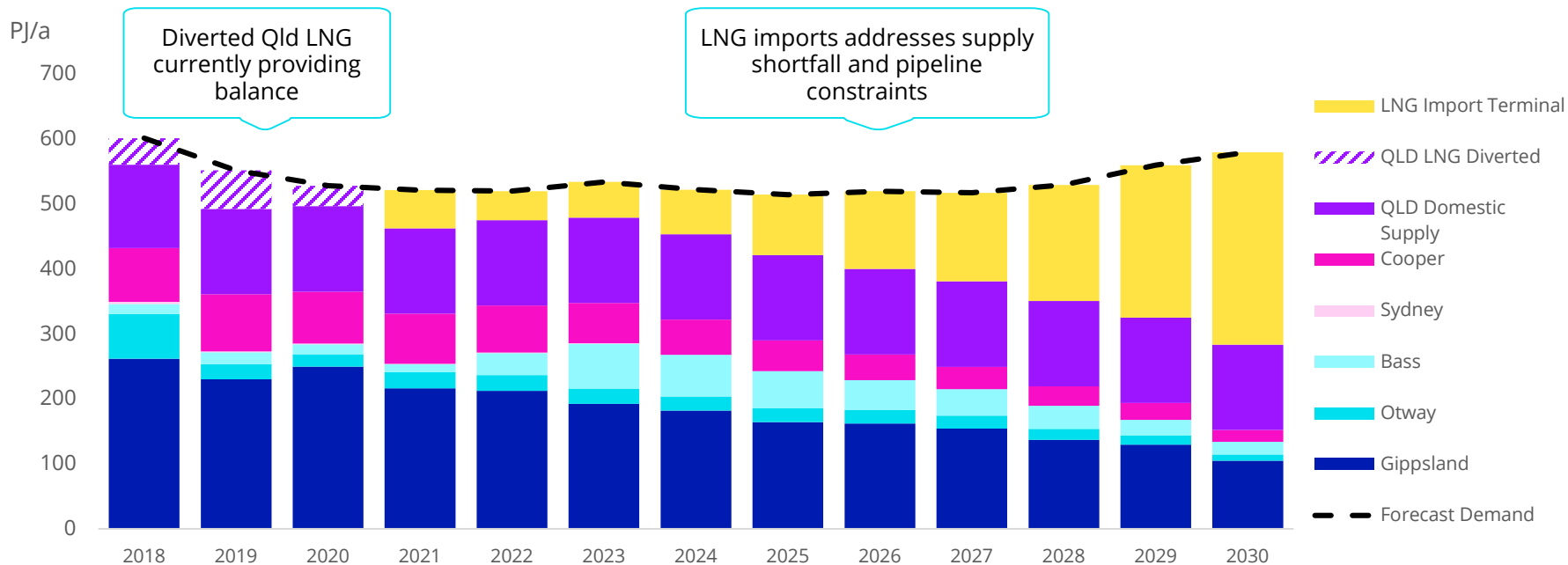
- The South West Queensland Pipeline (SWQP) connects Queensland to the southern states.
- With decline in Gippsland/Otway supply, additional supply from Queensland will likely hit pipeline capacity constraints of 384 TJ/day during winter time in the future.



Source: AGL Analysis , Wood Mackenzie & AEMO GSOO 2018

LNG imports providing new and flexible supply

LNG imports to southern markets is a new competitive gas source to largest domestic demand centre

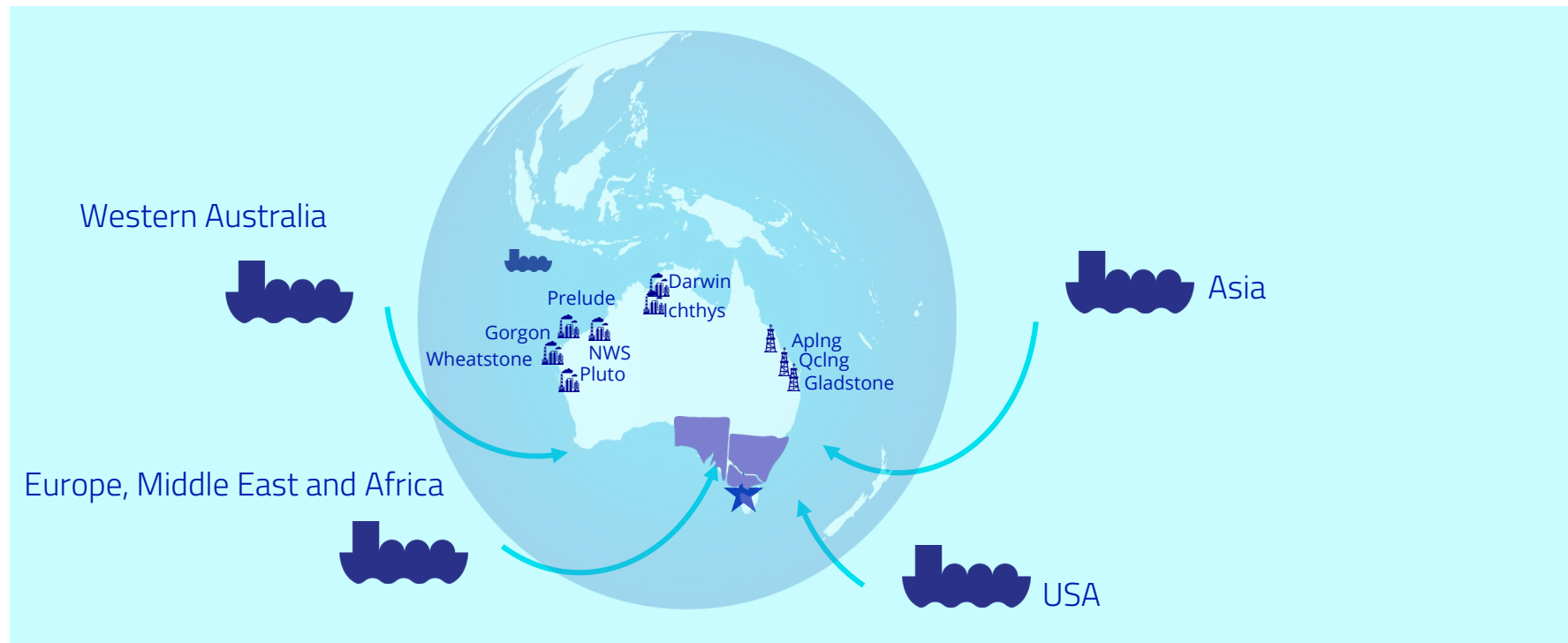


Source: AGL Analysis , Wood Mackenzie & AEMO GSOO 2019

LNG imports provides access to global gas sources



Crib Point becomes a new demand centre for Asian spot cargos



Victorian LNG imports puts downward pressure on price

Provides lower Southern commodity price compared to Queensland alternative

LNG import to Crib Point

LNG price in Asia
USD8/MMBtu*

AUD/USD
0.75

MMBtu>Gj
1.055

LNG: DES
Crib Point
AUD10.11/Gj



Diversification of QLD gas to Melbourne

Price Gap
AUD1.78

AUD2.98
pipeline

Netback price
at Wallumbilla
AUD8.91/Gj**

Gas diverted
to Melbourne
from QLD
AUD11.89/Gj

*Asian LNG Price used as a benchmark

**Asian LNG Price less avoided liquefaction, shipping & haulage

LNG imports providing new and flexible supply



AGL's LNG import to southern markets is a new competitive gas source to largest domestic demand centre

New supply source:

- Victorian gas market reliant on production from declining Gippsland basin
- New East Coast gas market restricted to four main producers, not all of which are actively selling to other wholesale participants

Not limited by pipeline constraints:

- Delivered directly to AGL's largest gas market – limited pipeline capacity for Queensland gas to satisfy southern market demands

Wholesale competition pricing benefits:

- International gas pricing – domestic gas being priced at premium to international LNG



Meeting key milestones on Crib Point

Environmental Effects Statement process underway



LNG import at Crib Point;



Pipeline transportation agreement in place



A Floating Storage & Regasification Unit (FSRU) contracted



Supply re-gasified LNG to the market from FY21 – LNG supply discussion ongoing



Environmental, HSE and regulatory risks are being identified, minimised and managed

Pipeline to connect Crib Point jetty to Pakenham and Victoria gas distribution network in development



Long-term Port agreements in place. From 12 to 40 LNG cargo ships per year



Project life ~20 years

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- Major expenditure remains subject to standard Board approval processes.

Statutory Profit and Underlying Profit:

- Statutory Profit is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.
- Underlying Profit is Statutory Profit adjusted for significant items and changes in fair value of financial instruments.
- Underlying Profit is presented with reference to the Australian Securities & Investments Commission's Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of AGL Energy Limited.
- Amounts presented as Statutory Profit/(Loss) and Underlying Profit are those amounts attributable to owners of AGL Energy Limited.

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