MANAGING DIRECTOR & CEO'S ADDRESS

Thank you, Graeme, and good morning everyone.

It is a pleasure to be here, albeit in unusual circumstances, after what has been an extraordinary year. I want to take this opportunity to thank you for your ongoing support.

The Chairman has provided a summary of our FY20 results, and some highlights in terms of capital management and the execution of our strategy, as well as confirmed our guidance for FY21. I will provide more detail regarding our operational performance, strategy and outlook.

But first, let me start with safety. Any injury to any person on an AGL site is not acceptable and there is always more to do. Nonetheless, this year, our Total Injury Frequency Rate decreased to 3.1 per million hours worked. Injury severity also decreased, while our reporting of near misses – that is, incidents that in other circumstances may have led to an injury – continued to improve.

Another key focus area of mine is workforce engagement. This year we have received encouraging feedback from our people through an increased employee engagement score of 73 percent. Our aim is to return to and, ultimately, exceed best employer standing.

Turning now to our operating and financial performance.

We maintain a strong financial position, with more than 1 billion dollars in cash and undrawn facilities at 30 June 2020 providing ample headroom to fund investment in the core business and growth opportunities as they arise.

Our FY20 financial result was consistent with our guidance. As we had flagged throughout the year, we faced several headwinds, including a major outage of one of the four units at the AGL Loy Yang power station, lower wholesale energy prices, and COVID-19.

But, operationally, the business was resilient. Our electricity generation portfolio delivered broadly flat output compared with the prior year. The AGL Macquarie power station delivered higher generation, while we added the Silverton and Coopers Gap wind farms and Barker Inlet Power Station to the portfolio.

In addition to this strong operational performance, we achieved good progress against our strategic priorities of Growth, Transformation and Social Licence as we build a business that is not just resilient to the energy transition underway across Australia but also leading it across our two business units: Customer Markets and Integrated Energy.

In Customer Markets, four years ago, we began a substantial investment in our customer systems and platforms, upgrading the digital experience and building on our strong customer service culture.

Our FY20 results demonstrated we are gaining traction. We are winning customers despite high levels of competition, ombudsman complaints have reduced materially, and our Net Promoter Score – a measure of customer advocacy – became positive for the first time.

Customers have responded positively to our improved systems and service, our simplified product mix and our low-rate based pricing.

We have supported our growth agenda with several acquisitions, most recently Click Energy. The purchase builds on the acquisitions of Perth Energy and Southern Phone Company in the 2020 financial year. The Click acquisition, which closed on 30 September, brings 215,000 new energy services on to AGL's leading customer service platform.

In addition, our organic customer growth has continued in the first three months of the 2021 financial year, building on the strong growth we achieved in 2020.

Our total services provided to customers are now 4.2 million. It is a big step towards achieving our target of 4.5 million services by FY24.

Amid tough market and economic conditions, a large, diverse customer base provides the strongest possible base.

A similar philosophy guides our approach to growth and transformation in our Integrated Energy business.

There are many opportunities as we look to a future of meeting customer demand through flexible, low carbon energy supply.

This includes the gas-fired power station at Newcastle on which we expect to reach a final investment decision in the second half of this financial year.

I have talked before about the dawn of the battery age.

Last month, we announced plans for a multi-site integrated battery system across a number of AGL sites.

The Australian energy system needs batteries, gas and other dispatchable forms of energy supply to support renewables when the wind is not blowing or sun shining.

Backed by our large customer base and trading expertise, AGL has a big role to play as an enabler of this transformation.

We also hope to progress the Crib Point liquified natural gas import jetty in Victoria to support flexibility in the gas market and satisfy our customer demand.

Along with our ongoing role as a major contractor of gas supply, we see the Crib Point project as an opportunity for us to play our part.

The project is progressing well and currently undergoing the appropriate environmental approvals.

AGL has engaged extensively with both the community and local and state governments to ensure we understand concerns regarding the project's impact on local marine life, as well as the broader environment.

Our passion to lead Australia's energy market transition was reflected in the targets we set to support the commitments outlined in our recent Climate Statement.

As we work towards the closure of our coal-fired power plants over the years ahead, we are committed to reaching net zero emissions by 2050 and at the same time remaining accountable to our customers, the community and our shareholders.

We will continue to respond through our development of new sources of energy supply to the forces of customer demand, how communities act, and how technology evolves.

We do this against a backdrop of great uncertainty and depressed wholesale energy prices.

Given this uncertainty, the guidance range we have provided for the year is for Underlying Profit after tax of 560 million to 660 million dollars – including 80 million dollars to 100 million dollars of insurance proceeds that will not be repeated in FY22.

The guidance range represents a wider range than usual because of the uncertainty we face.

The expected year-on-year decline in earnings reflects the accelerating impact of the COVID-19 pandemic on a number of pre-existing market and operating headwinds. These include:

- In Wholesale Gas, the impact of higher supply costs as legacy supply contracts mature, as well as lower year-on-year gas prices, and
- In Wholesale Electricity, the impact of sharply declining wholesale prices for both electricity and large-scale renewable energy certificates.

We also guided that we expect higher year-on-year depreciation expense and higher credit losses from customer hardship related to COVID-19, as well as other COVID-19 cost impacts to maintain safe and uninterrupted site access.

In the early months of FY21, economic and operating conditions have remained extremely challenging.

We are seeing pressure from reduced customer volumes related to extended lockdowns and a warmer than usual winter.

Looking beyond FY21, wholesale electricity prices, the single biggest driver of AGL's profit, are substantially down.

Taking Victoria as an example, futures contracts are trading around 45 dollars per megawatt hour for FY22 and FY23.

That represents a fall from an average of about 75 dollars over FY20.

While we expect wholesale prices to recover over time to levels more conducive to stimulating new investment, current economic condition and the uncertainty created by the COVID pandemic mean this recovery may take some time.

This is a severe headwind for AGL’s earnings at a time when the maturing of legacy fuel supply contracts and falls in wholesale gas and renewable energy certificate prices are also creating pressure.

While our contracting and hedging strategies protect us from feeling the full impact of such falls in wholesale price immediately, they indicate further material earnings pressure into FY22 and beyond.

And, of course, the 80 to 100-million-dollar post tax insurance proceeds benefit we anticipate in FY21 will also not repeat in FY22.

While this presents a challenging outlook, we are confident in our ability to navigate this period because of our clear strategic priorities and strong financial position.

We continue to grow our customer base and to progress the projects that will transform our energy supply portfolio for the long term.

We are passionate about our role in keeping the lights on and gas flowing to millions of homes and businesses.

And never has the importance of the role we play as an essential services provider been more front of mind for us than now.

I am proud of what our people continue to achieve, and I am confident we will continue to rise to the challenges of delivering for our customers, communities and you, our shareholders.

Thank you.