2022 Macquarie Australia Conference

Graeme Hunt, Managing Director and CEO

5 May 2022

Thank you, Ian, and good morning, everyone.

Before I start, I would like to acknowledge the Traditional Owners of the land I am presenting on today, the Gadigal People of the Eora Nation, and pay my respects to their Elders past, present and emerging.

And I must say that it is great to up here presenting to you in person once again, after over two years of dealing with this pandemic.

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- **This presentation contains general information about AGL's business and activities. It must not be relied upon in connection with voting on the proposed demerger of AGL Energy or making investment decisions relating to AGL Australia or Accel Energy following the demerger. If the proposed demerger proceeds, shareholders will be provided with a scheme booklet containing information about the demerger, AGL Australia and Accel Energy. Shareholders should read the scheme booklet, and consult their financial adviser, before deciding how to vote on the demerger.**
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- The material in this presentation provides indicative information about AGL's plans to undertake a demerger. These plans are subject to a number of conditions and requirements and therefore are subject to change. The numerical estimates set out in this presentation are estimates, unaudited and may not add due to rounding. In addition, they are not represented as being indicative of any future financial conditions or performance.

I would appreciate if you could please take a moment to take note of our standard disclaimer, as well the additional section in bold relating to the proposed demerger.

AGL's responses to Grok Venture's claims

AGL shares Grok's ambition to accelerate the energy market's decarbonisation, however we have a plan that is orderly and responsible

Grok Venture's claims[1]	The reality		
"AGL has directly invested $0 in renewable generation over the last 5 years"	✓ Largest ASX listed renewable and storage portfolio	✓ $4.8 billion invested in renewable and firming generation in the last two decades	✓ >2,350 MW of new generation capacity added to the grid since 2003
"It appears coal volumes will fall further and be even less competitive."	✓ Lowest-cost firm generation[5]	✓ Earlier closure windows = 90 $MtCO_2e$ reduction in expected emissions[4]	✓ Demerger enables continued focus on decarbonisation, system stability, affordability and reliability
"We believe the major banks are unlikely to finance AGL."	✓ Debt financing and capital structures completed	✓ Moody's assigns Baa2 (AGL Australia).[2] Baa3 expected (Accel Energy)	✓ ETIP $2bn partnership with GIP to deliver Accel's 2.7 GW renewables pipeline
"About 55% of AGL Australia's energy supply will come from fossil fuels."	✓ Offtake arrangement to roll off to zero over five years	✓ AGL Australia; Net zero by 2040[3]	✓ AGL Australia; Commitment to underwrite 3 GW of renewable generation and flexible capacity by 2030
"AGL remains out of step with the market's largest participants."	✓ Liddell closure underway – Hunter energy hub development in progress	✓ Bayswater and Loy Yang A – orderly early closure in place	✓ Ambition to outperform on early closure commitments if the system allows

(1) As per "keepittogetheraustralia.com.au"
(2) Rating provisional – subject to demerger proceeding
(3) Net zero on Scope 1, 2 and 3 emissions
(4) From Accel Energy's electricity generation assets between FY23 and FY50, compared to modelled outcomes referenced in AGL Energy's 30 June 2021 announcement
(5) On a short-run marginal basis

Now, as you can imagine, we have prepared a slide pack that will provide you with an update on the business and an overview and progress update on the demerger.

But I do think it would be rather odd for me to stand up here today and not address the recent commentary following the initial substantial holder notice from entities associated with Grok Ventures, and some of the false claims being made about AGL, as part of the justification for the position it has taken on the proposed demerger.

Over the course of the next six or so weeks, our shareholders will be reviewing the Scheme Booklet and making their own informed decision about how they will want to vote on the demerger.

In doing so, I hope they focus on the facts.

Fact…AGL's renewable and battery portfolio of more than 2,350 megawatts is the largest of any ASX listed company, and we developed this over the last two decades by investing over 4.8 billion dollars - with much of this as the foundational elements of what is now the Australian renewable sector, and more recently through our investment in PowAR and now Tilt Renewables over the last five years.

Fact…As we have invested in these new technologies, we have also continued to supply some of the lowest cost generation in the grid so that system stability, affordability and reliability are not unnecessarily jeopardised, and our proposed demerger will allow us to continue to focus on both the continued transition and the reliable and affordable supply of energy to transition.

Fact…We have done all this while still challenging ourselves to go faster when it comes to transition, recently announcing new coal closure dates that will see an additional emissions reduction of 90 million tonnes against our previously announced closure dates.

Fact…Our demerger is progressing well including strong support from our banking group with debt financing arrangements and capital structures for both proposed entities defined, and Moody's have assigned a provisional investment grade credit ratings of Baa2 for AGL Australia, with Baa3 expected for Accel Energy.

And beyond debt financing, we are establishing a two-billion-dollar Energy Transition Investment Partnership (ETIP) with Global Investment Partners – a move that only underscores the confidence and optimism in Accel Energy's low-carbon growth ambitions.

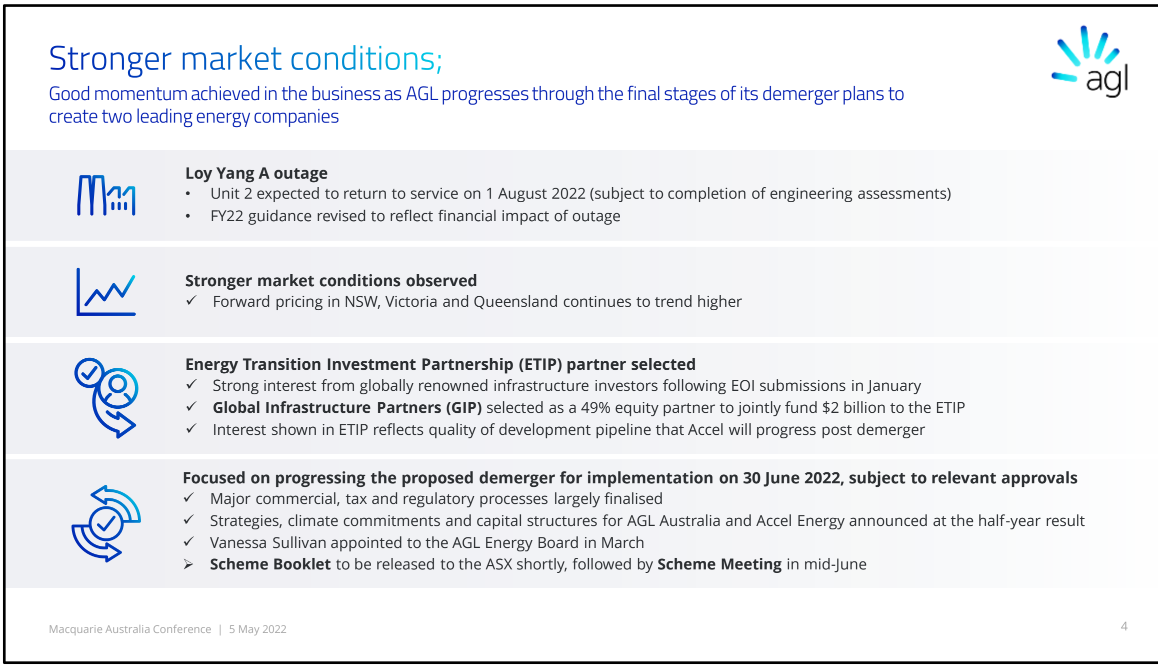
Fact…AGL Australia will be a leader in sustainability with a clear commitment to achieve net zero by 2040 for all emissions, coupled with a commitment to underwrite 3 gigawatts of renewable and flexible capacity by 2030. This new capacity will be part of what enables the energy offtake arrangement that will be in place between AGL Australia and Accel Energy to roll off to zero over five years.

And finally, fact…AGL is, and the two new companies post demerger, will continue to be a leader in decarbonising Australia's energy market. We have started the closure process of the Liddell Power Station, and with this we are making great progress on the low emission Hunter Energy Hub.

As I said, we have announced earlier closure dates for Bayswater and Loy Yang A – however, these revised closure dates are not the end of the story - Accel Energy will continue to challenge these closure dates and look to see how they can improve on this, should the system be able to accommodate this in an orderly and responsible way.

We are firmly committed to our plans to demerge – a path we believe is in the best interest of AGL Energy shareholders, as well the advancement of Australia's energy transition.

So, with those few items now clarified, I'll move into the presentation and start by providing a business update.



I'll also briefly talk to the recent generator fault at Unit 2 of the Loy Yang A Power Station, in Victoria.

We are certainty disappointed with this technical fault and the resulting outage. As announced on Monday, engineering assessments are still ongoing, however we expect this unit will return to service on the first of August. And I'll discuss the anticipated financial impact of this outage before I conclude.

Aside from this, I'm pleased to say that we've achieved good momentum within the business as we press through the final stages our demerger plans to create two leading energy companies.

Firstly, we've seen a strong improvement in market conditions, with forward electricity pricing in New South Wales, Victoria and Queensland continuing to trend higher in recent months.

And I'll speak to shortly how both AGL Australia and Accel Energy will be well positioned to manage and generate value from these market conditions.

As mentioned, we are also thrilled to have announced Global Investment Partners (GIP) as a 49 percent equity partner in the Energy Transition Investment Partnership (ETIP).

GIP is one of the largest renewable energy investors globally, as well as a leading independent infrastructure fund manager, and we strongly welcome this partnership.

Importantly, our preparations for the demerger are progressing well.

The major commercial, tax and regulatory processes are largely finalised.

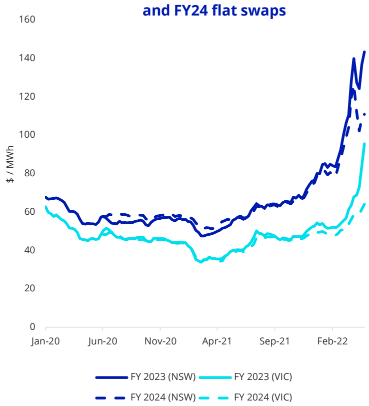
And, at our half year result in February, we announced the proposed climate commitments for both AGL Australia and Accel Energy, as well as their respective strategies, capital structures and dividend policies.

Importantly, the demerger Scheme Booklet will be released to the ASX shortly – this will include additional detail on the strategies, growth pathways and the capital and governance structures of both entities, as well as an Independent Expert’s report – giving our valued shareholders the opportunity to consider and then vote on the demerger at the proposed Scheme Meeting in mid-June.

Forward pricing continues to strengthen, volatility remains elevated

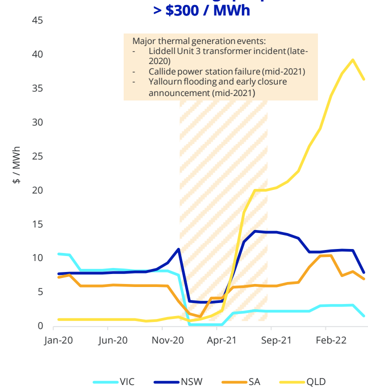
Both proposed entities well positioned to manage and capture upside of stronger wholesale pricing and higher volatility

Forward curve movements for FY23 and FY24 flat swaps



Source: ASX

12-month rolling spot prices > $300 / MWh



Source: AEMO

Accel Energy
- Lowest-cost firm generation assets in NSW and Victoria*
- Strong fuel supply position, with minimal exposure to global commodity pricing:
  - Bayswater - long-dated coal supply agreement (production cost-based pricing mechanism)
  - Loy Yang A – wholly owned adjoining brown coal mine

AGL Australia
- Well positioned to manage higher wholesale pricing environment with:
  - > 1 GW flexible generation portfolio also providing coverage for market volatility
  - Suite of PPA's benefitting from higher energy and LGC prices, and
  - Ability to manage price changes through significant customer base
- Extensive trading expertise to manage risk and create value from short position
- 250 MW Torrens Island battery approved

*On a short-run marginal basis

Let's now take a quick look at market conditions.

We've seen a strong increase in forward pricing since January, particularly in New South Wales, where forward pricing is well above 100 dollars per megawatt hour for FY23 and FY24.

This has been driven by higher international commodity prices, recent news of major coal-fired withdrawal, as well as energy markets continuing to price in the risks associated with an ageing thermal generation fleet. Volatility also remains elevated in Queensland and South Australia.

Importantly, both Accel Energy and AGL Australia are well positioned to manage and generate value from these market conditions.

For Accel Energy - Bayswater and Loy Yang A are the lowest cost thermal generation assets in New South Wales and Victoria, underpinned by strong fuel supply positions with minimal exposure to global commodity pricing.

Bayswater is supported by a long-dated, production cost-linked coal supply agreement.

And Loy Yang A – the NEM's lowest cost thermal generation asset, is well supported by its wholly owned, adjoining brown coal mine.

AGL Australia will also be well placed to manage a higher wholesale pricing environment, with its flexible generation portfolio of over one gigawatt in operation providing coverage for market volatility, suite of power purchase agreements benefitting from higher energy and LGC prices, and ability to manage price changes through its significant retail and commercial industrial base.

This will be complemented by a deep trading expertise in managing and creating value from a short energy position, coupled with its growing portfolio of assets under orchestration.

Once operational, the 250-megawatt Torrens Island battery will also be key in firming and providing ancillary services in South Australia, which has one of the highest penetrations of renewable generation in the world.

AGL is focused on progressing the proposed demerger

The demerger is the next step in AGL Energy's history of leading change in the energy industry. It will create two industry leading companies that will advance Australia's new energy future; enabling the responsible transition of Australia's energy system towards decarbonisation

We believe the proposed demerger will:

UNLOCK VALUE	✓ Distinct dividend policies, capital structures and financial policies appropriate for each company to support both future growth and appropriate returns for shareholders ✓ Separate listings on the ASX, increasing potential for a change of control for the assets of either or both businesses with the potential for each company to separately maximise future market valuation
CREATE TWO INDUSTRY LEADING COMPANIES	✓ Investors will have a better understanding of the fundamental value of each company, can invest in line with their preferences and may benefit from the potential for a market re-rating: • **AGL Australia:** will be a leading multi-service energy retailer in Australia, supported by a sophisticated market trading function with access to firming, storage and renewable assets to help manage its energy portfolio risk • **Accel Energy:** will be Australia's largest electricity generator, providing low-cost energy and driving the energy transition by repurposing its sites into low emissions industrial energy hubs. It is progressing a large pipeline of renewable energy projects and can leverage its existing assets and expertise to create a clear pathway to achieving its energy transition commitments
PROVIDE TAILORED PURPOSE AND STRATEGY	✓ The two companies will be empowered to pursue individual strategies, operational initiatives and opportunities based on their unique assets and capabilities, that will better enable the companies to realise shareholder value
ENABLE THE FUTURE OF ENERGY	✓ The proposed demerger will enable AGL Australia and Accel Energy to work to advance Australia's new energy future, responsibly accelerating decarbonisation beyond what could be achieved under AGL Energy's existing integrated structure

We have spoken before in great detail of the forces that are shaping our market and accelerating Australia's energy transition.

However today I want to emphasise the challenges of remaining integrated.

The current integrated baseload model with a retail customer book has certainly become less desirable in recent years, driven by increased levels of retail price regulation together with the acceleration of rooftop solar generation, which has resulted in baseload generation becoming a poor hedge of AGL Energy's retail customer load.

The current structure therefore limits our ability to effectively address evolving market dynamics and more difficult to execute on strategic plans for our two key business units, especially when both parts are competing for the same resources and capital for investment.

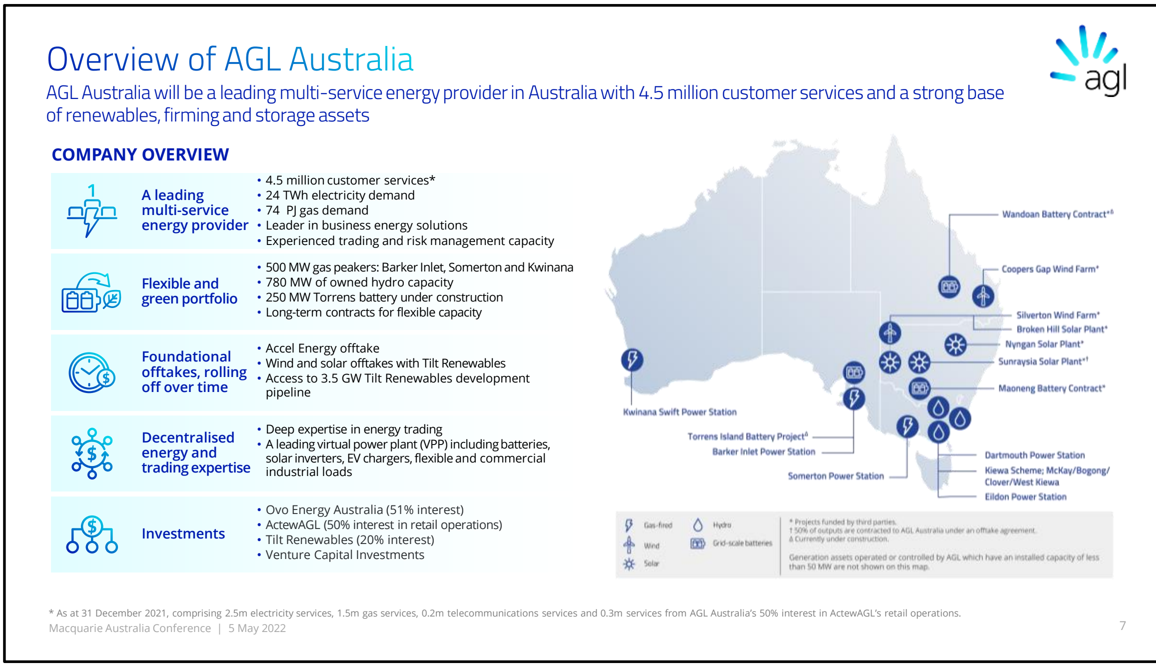
The current structure also does not enable investors to determine their level of investment in each business, in line with their risk appetite or ESG preferences.

Our proposed demerger will create two industry leading companies – Australia's leading multi-service energy retailer and Australia's largest electricity generator – and each organisation will have the ability to unlock value as they each pursue strategies tailored to their individual purpose.

Each business will also be better placed to act on their distinct value drivers, ESG weightings and investment propositions, enabling them to better attract relevant investors and capital and drive future value.

Importantly, our aim, by transforming this business, is to empower each entity to take unique and key leadership roles in enabling Australia's energy transition, creating long-term value and sustainable opportunities as they do it.

Let's now take a closer look at both proposed entities, starting with AGL Australia.



Post demerger, AGL Australia will be a leading multi-service energy provider, with more than four million customers nationally, backed by a strong brand legacy.

AGL Australia will also be a leader in net zero business energy solutions.

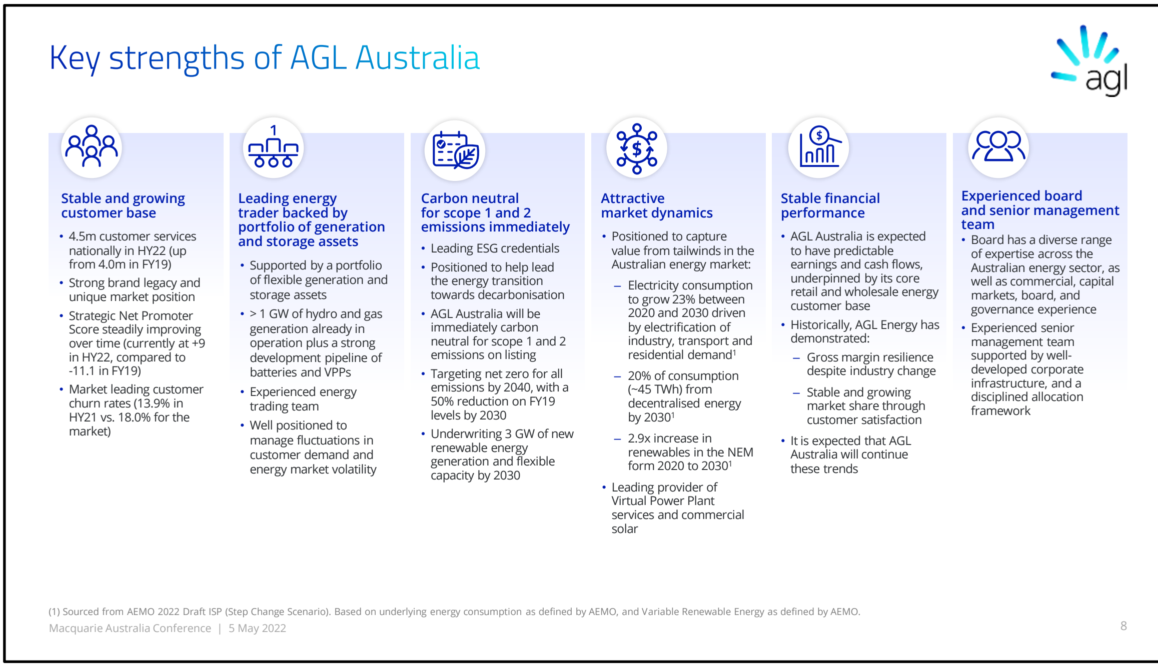
It will own and operate Australia's largest private hydro generation fleet, as well as fast-start gas-fired power stations, coupled with a growing battery development portfolio, and capabilities across wholesale and decentralised electricity and gas trading, storage and supply.

It will be further supported by a suite of wind and solar offtakes with Tilt Renewables, together with an offtake with Accel Energy, which will taper off over time. It will also have access to a significant renewable development pipeline via its investment in Tilt Renewables.

Running one of Australia's leading multi-asset Virtual Power Plants with over 200 megawatts already under orchestration, AGL Australia will be also well positioned to leverage the predicted growth of energy demand from decentralised sources this decade, and drive customer decarbonisation at scale.

This will all be complemented by a deep expertise in energy trading – pivotal as AGL Australia adjusts and expands its green portfolio in the coming years to meet the energy and decarbonisation needs of its customers.

Importantly, AGL Australia will be immediately carbon neutral for Scope 1 and 2 emissions upon listing, with a target of being net zero for all emissions by 2040, with a 50 percent reduction on FY19 levels by 2030.



I've already touched on the strength of AGL Australia's stable and growing customer base and brand reputation, and this has been reflected in a steadily improving strategic net promoter score and sustained growth in overall customers services, whilst maintaining churn levels below the market.

Strong growth has also been achieved in telecommunication services since its launch in late-2020, with over 90 percent of telecommunications customers holding a bundled energy account.

Importantly, AGL Australia will be underpinned by an extensive customer base and proven ability to compete. It is expected AGL Australia will build on AGL Energy's strong legacy brand and achievements to grow and maintain strong financial performance.

A key point to highlight is that AGL Australia's low carbon profile will be a desirable factor in the commercial business area, especially as businesses seek to improve their ESG credentials.

And AGL Australia will be well placed to grow in this area as a leading provider of business energy solutions, working alongside customers to meet their ESG and energy transition needs.

Importantly, it will be Australia's largest supplier of commercial solar - with the systems and technologies in place to deliver more than 70 megawatts of commercial solar annually.

I'll now focus on some key attractive energy market dynamics which AGL is well positioned to benefit from.

Firstly, AEMO forecasts electricity consumption in the NEM to grow by 23 percent between now and 2030 – this compares to less than five percent over the last two decades.

This will be driven by the electrification of industry, transportation and home, with the shift to electric vehicles expected to contribute over 4 gigawatt hours of consumption by 2030, supported by approximately 1.5 billion dollars of new domestic charging infrastructure.

This transformation will be a key driver in AGL Australia's multiservice energy and mobility product offers, particularly by capturing growth through accelerating electric vehicle adoption.

AEMO also forecasts 20 percent of energy consumption, or approximately 45 terawatt hours, to come from decentralised sources by 2030.

Again, AGL Australia is well placed as both a leading Virtual Power Plant provider and a leading commercial solar provider, with over 250 megawatts of installed capacity in the last five years.

And finally, investment in renewable generation is forecast to grow by almost three times in the NEM by 2030, with approximately 40 billion dollars to be invested in renewables and storage.

AGL Australia will certainly play a pivotal role in this transformation, supported by growing energy demand and the strength of its customer base to expand its green and flexible portfolio, underscored by its commitment to underwrite three gigawatts of renewable and flexible capacity by 2030.

AGL Australia's purpose sits at the core of its strategy – "Connecting every Australian to a sustainable future."

And both this purpose and AGL Australia's growth ambitions are underscored by four strategic pillars:

Customer focus involves an unwavering commitment to its customer's needs.

AGL Australia's strong history of retailing, innovation and customer centricity provides and incredible platform for growth.

And as a leading energy retailer, it is uniquely placed to retain and deepen customer relationships through specialist energy advice and services, as well as improving customer experience through technology, digitisation and simplification of product offerings.

Accelerating decarbonisation – With electrification and decarbonisation being two significant forces impacting the energy transition, AGL Australia will guide its customers through this journey through innovating offerings in e-mobility, decentralised energy resources and green financing.

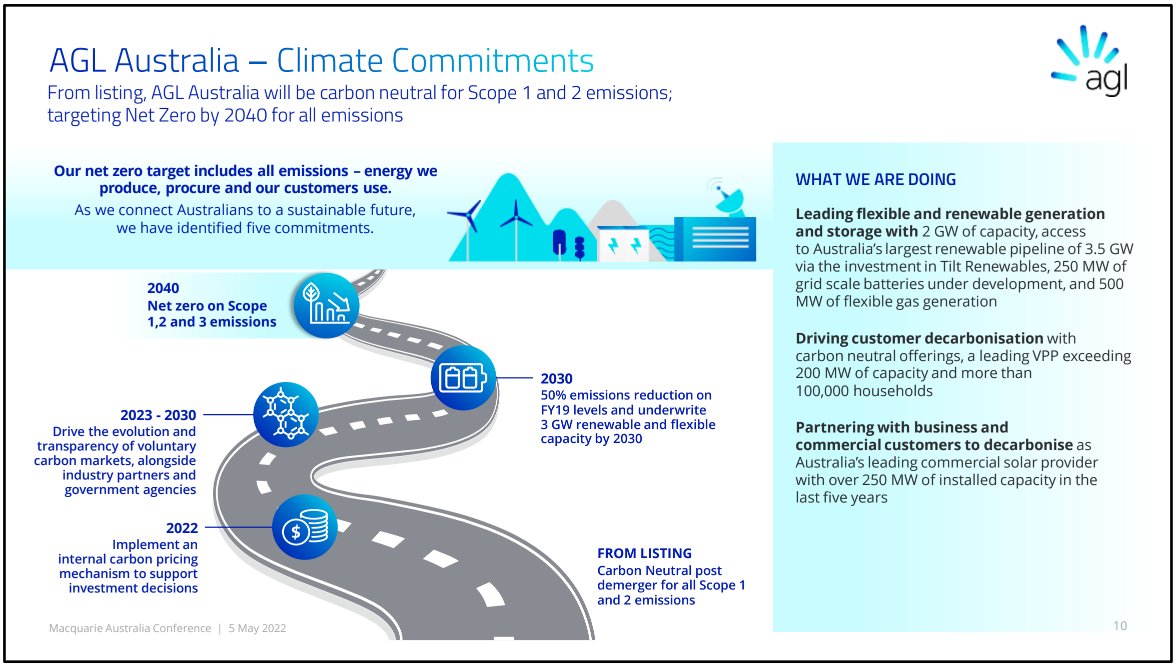
Its partnership model with business customers will also drive electrification and support net zero targets through its market leading commercial energy solutions.

Expanding the Flexible and Green portfolio involves carefully curating an optimal portfolio to meet the growing energy needs of customers, as well as achieving its 2030 goal of underwriting three gigawatts of renewable generation and flexible capacity.

To deliver this, AGL Australia will utilise partners to build new capabilities in a capital light manner, as well as underwrite new renewable and flexible energy assets.

And finally, **Simplifying, Digitising and Engaging** is about transforming AGL Australia’s business and operating model, delivered through digitisation, simplification, and partnerships.

This includes the partnership with Kaluza which will help reduce AGL Australia’s cost to serve and improve speed to market, whilst the Retail Next program will also enable it grow beyond core energy and expand into new markets such as electric vehicles, batteries, orchestration and other adjacencies.



As you can see, AGL Australia will be a leader in sustainability and impact at scale as a net zero energy business by 2040.

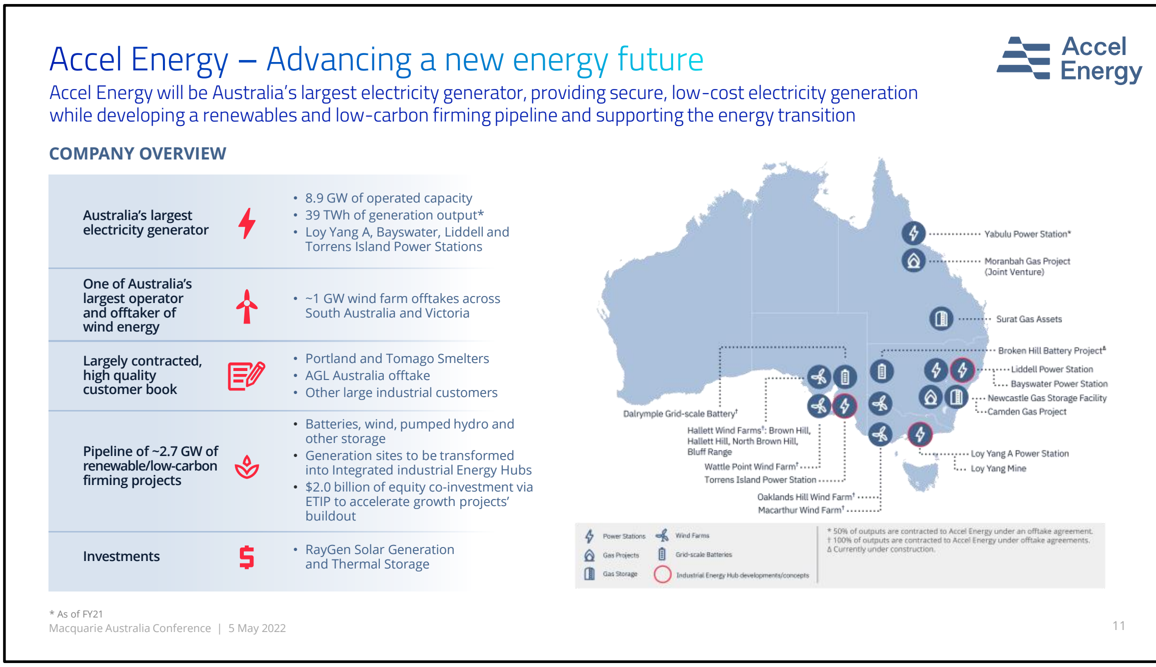
Upon listing, AGL Australia will be carbon neutral for all Scope 1 and 2 emissions and will implement a carbon pricing mechanism to underpin its investment decisions.

Importantly by 2030, it will aim to reduce emissions by 50 percent based on FY19 levels and underwrite 3 gigawatts of renewable and flexible capacity.

Strong foundations have already been laid – with carbon neutral offerings on all products, being a leader in renewable and flexible assets, partnering with business and commercial customers on their decarbonisation journeys, as well as via trading positions in within existing carbon markets.

This business is certainly well poised for growth, and uniquely placed to transition as the provider of choice in a generation shift towards electrification.

Let's now take a closer look at Accel Energy.



Post demerger, Accel Energy will retain AGL's position as Australia's largest electricity generator, through over eight gigawatts of operated capacity, including some of the lowest cost thermal generation assets.

Accel's generation fleet will be integral to providing grid stability and strength, and in FY21, accounted for approximately 20 percent of total NEM generation.

Accel Energy will also be one of Australia's largest operators and offtakers of wind energy, through its position of almost one gigawatt of wind offtakes across South Australia and Victoria.

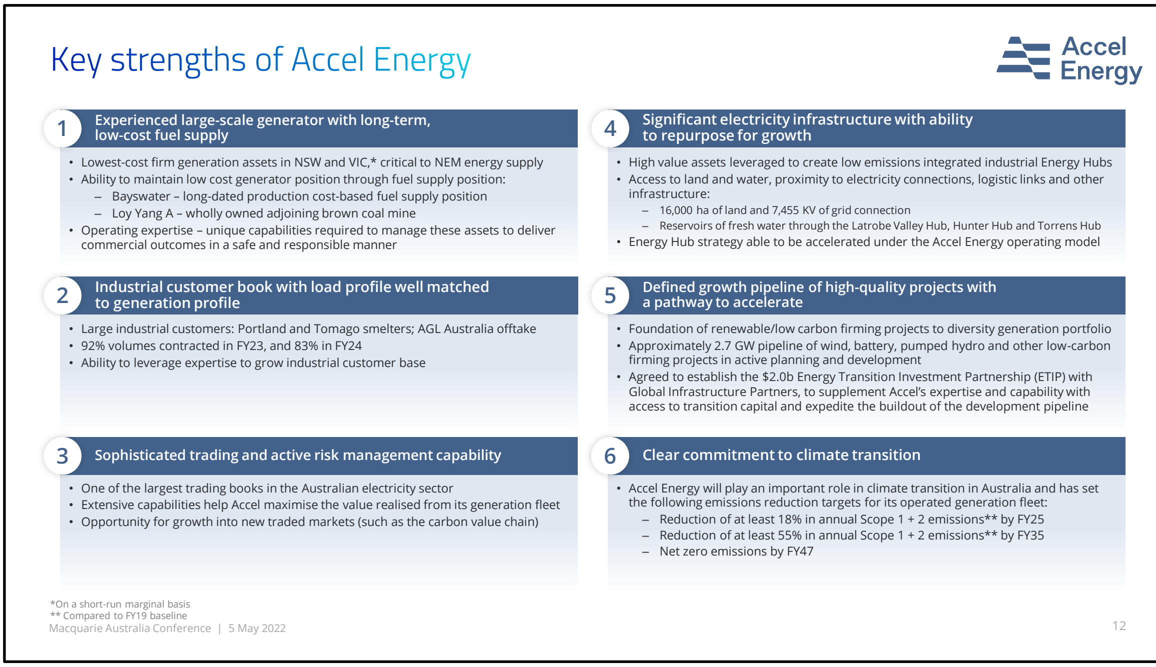
And this position will be advanced through a defined development pipeline of over 2.7 gigawatts of renewable and low-carbon firming projects including grid-scale batteries, wind, pumped hydro and other storage.

A key strategic focus will also involve the transformation of its existing generation sites with highly privileged assets into Integrated Industrial Energy Hubs, as well as leveraging third party capital to de-risk and expedite the buildout of its significant growth pipeline.

Importantly, Accel will be supported by a highly contracted, quality customer book, well matched to its generation profile, with the opportunity to leverage its low-cost generation position to expand its customer base.

At the heart of Accel's strategy will be the delivery of three core promises – to supply competitive energy, to protect and enhance value and to deliver new opportunities.

These promises reflect that Accel will prioritise safe and efficient delivery of energy at the core of its operations, whilst transitioning to lower carbon sources and growing into new business areas that reflect the changing energy landscape in Australia.



Turning now to key business strengths.

I've already spoken in detail about the strong fuel positioning of Bayswater and Loy Yang A.

A key point to highlight, however, is Accel's long-term expertise in operating large-scale, complex electricity generation assets, and its ongoing focus on maximising efficiency and commercial availability, all whilst prioritising safety.

Accel will also benefit from a high percentage of contracted output, via offtake arrangements with AGL Australia, the Portland and Tomago smelters and other large commercial customers.

Together, these existing offtake agreements provide Accel with 92% of volumes contracted in FY23, and 83% already contracted in FY24.

Complementary to the strength of Accel's generation and customer base will be its depth and experience in trading and active risk management – running of the largest trading books in the Australian Energy sector.

This will be essential to ensure Accel continues to maximise the value of its generation fleet. Strong opportunities also exist for growth through expansion in the carbon reduction value chain, including carbon offset origination and trading.

Core to Accel's growth strategy will be the redevelopment of its three major thermal generation sites into integrated industrial Energy Hubs, supporting projects across clean energy and other emissions reduction initiatives.

Leveraging significant in-house development expertise, as well as 16,000 hectares of land in prime locations with port, rail and road access and major grid connection infrastructure - Accel will be well positioned to execute on this strategy.

Accel will aim to bring together industries seeking lower-cost inputs, such as heat and electricity, connecting them to behind-the-meter low carbon renewable projects, and orchestrating flows of energy and heat, amongst others, to provide synergies.

As a very simple example – waste in the form of heat or carbon dioxide from one industry can be used as an input for another co-located industry. This mechanism provides lower operating costs for all participants, additional diversified revenues for Accel, and minimises waste and emissions through the circular hub economy.

Importantly, Accel will capitalise on strong demand from capital provides to partner in green energy and transition funding, and upon demerger, the establishment of the ETIP with Global Infrastructure Partners will be key in helping Accel to de-risk and expedite the buildout of its high-quality development pipeline.

And finally, Accel will have a clear decarbonisation pathway, including a commitment to close coal generation by 2045 at the latest.

Earlier this week, we were very pleased to announce Global Infrastructure Partners (GIP) as a 49 percent equity partner in the ETIP, representing a strong step forward for Accel.

Accel and GIP intend to jointly fund a minimum of two billion dollars in equity to the ETIP, with the remaining funding requirements for the development pipeline to be financed by debt on a project-by-project basis.

We are thrilled to have such a high-quality investment partner in GIP – one of the largest investors in renewables worldwide, owning approximately 12 gigawatts of renewable assets in operation, together with a significant renewable development pipeline.

Importantly, securing GIP as a co-investor underscores the quality of Accel's transition project pipeline, development expertise, as well as confidence in its growth strategy.

The establishment of the ETIP is subject to the completion of the proposed demerger, as well as Foreign Investment Review Board approval of GIP's investment in the ETIP.

Defined growth pipeline accelerated through ETIP

Accel Energy

Accel Energy will have a pipeline of approximately 2.7 GW of high-quality wind, battery, pumped hydro and other low-carbon firming projects, for which Global Infrastructure Partners intends to fund jointly with Accel $2.0 billion of equity funding

Project	Capacity	Est. capex	Target investment decision by*
Broken Hill Battery (NSW)[1]	50 MW / 1 hr	~$40 million	FID taken
Liddell Battery (NSW)	250 MW / up to 2 hrs	~$180 million	2H-2022
Loy Yang Battery (VIC)	200 MW / 1 hr	~$150 million	2H-2022
Bells Mountain Pumped Hydro (NSW)	250 MW / 8 hrs	~$800 million	2023 - 2024
Bowmans Creek Wind Farm (NSW)	350 - 400 MW	~$600 – 800 million	Late 2022
Barn Hill Wind Farm (SA)	250 MW	~$450 million	Mid 2023
Wind Project 1 (VIC)	Up to 600 MW	~$1,100 million	Mid 2023
Wind Project 2 (NSW)	450 – 650 MW	~$800 – 1,200 million	Late 2023
Total	**2.4 - 2.7 GW**	**$4.1 - 4.7 billion**	

Global Infrastructure Partners intends to fund jointly with Accel $2.0 billion of equity funding to ETIP. Global Infrastructure Partners will also be funding Accel Energy's share of expected development costs to progress the existing ~2.7 GW development pipeline through to the 'final investment decision' stage

* All investment dates are subject to identifying potential power purchase agreements or partial offtakes, and other project variables. Excludes projects for which investment decision has already been taken

(1) Broken Hill battery not part of the ETIP and currently under construction.

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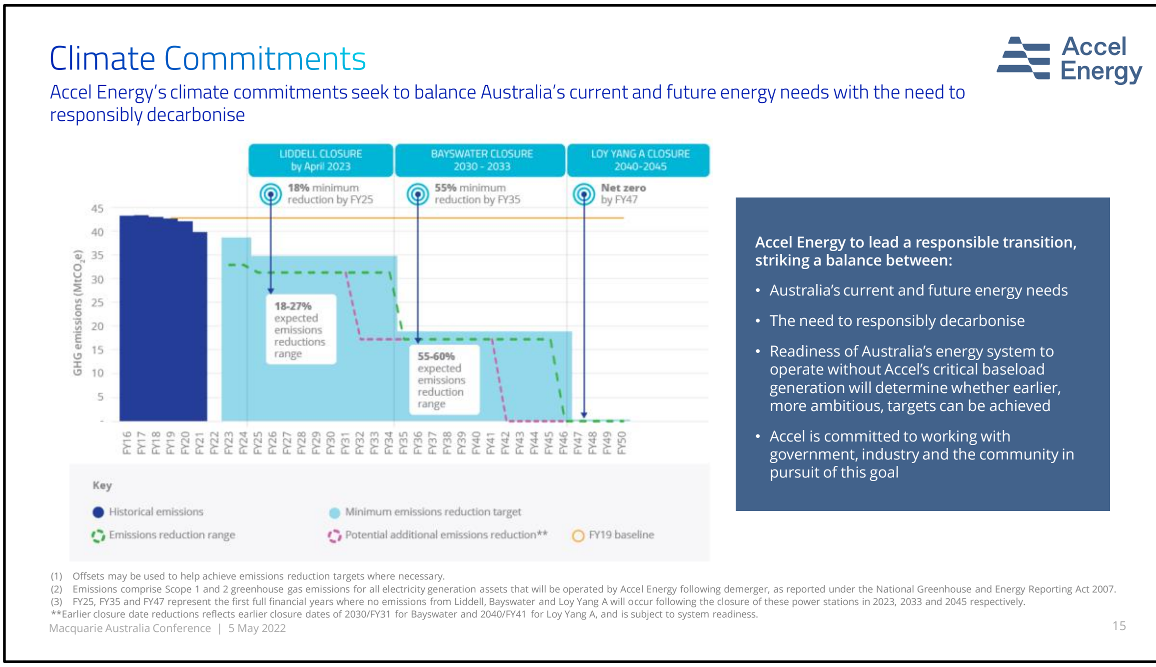
This slide provides an overview of Accel's defined growth pipeline of wind battery, pumped hydro and other low-carbon firming projects.

All projects in the pipeline are in active planning and development, with many having received planning approvals.

An investment decision has been reached for the 50-megawatt battery at Broken Hill, with investment decisions for the remaining projects targeted between the second half of 2022 and 2024, providing a clear roadmap for Accel's renewable development ambitions.



Before I move on, I would like to touch on Accel's climate commitments.

As you can see, the new closure windows for Bayswater and Loy Yang A announced in February, result in emissions targets that will enable a solid reduction in the total greenhouse gas emissions for our thermal fleet.

These new closure windows will deliver a reduction in Scope 1 and 2 emissions of at least 18 percent by 2025, 55 percent by FY35 and net zero by FY47, against an FY19 base, with the main impact of the emissions reductions occurring upon the closure of these assets.

FY22 guidance updated following Loy Yang Unit 2 outage

FY22 guidance range:
- Underlying EBITDA between $1,230 and $1,300 million
- Underlying NPAT between $220 and $270 million

FY22 guidance reflects a lower second half, with the following drivers:
- Negative $60 million pre-tax ($41 million after tax) due to Loy Yang Unit 2 outage, comprising direct trading impacts to date and estimated portfolio trading impacts through to 30 June 2022
- Increased capacity costs to cover peak electricity demand, driven by higher wholesale electricity prices
- Lower wholesale gas consumption with seasonally warmer months in the second half, combined with flat haulage and storage costs
- Customer margin to improve due to a reduction in consumer solar feed-in tariffs, disciplined margin management, and ramp up of commercial solar projects commissioned that were delayed by COVID
- Operating costs (including depreciation and amortisation) to remain broadly flat half-on-half and on track to achieve $150 million savings target by the end of FY22

All guidance is subject to ongoing uncertainty in relation to the economic impacts of the COVID-19 pandemic as well as normal variability in trading conditions and plant availability.

As disclosed earlier this week, FY22 guidance has been updated to account for the expected financial impact of the Loy Yang Unit 2 outage.

Underlying NPAT for FY22 is now expected between 220 and 270 million dollars, incorporating a post-tax reduction of 41 million dollars due to the outage, based on an expected return to service on 1 August.

Aside from the impact of the outage - we still expect a reduction in second half earnings relative to the first half, driven by factors disclosed at our half year result in February.

Importantly, we are well on track to deliver on our targeted operating cost and sustaining capital reductions in FY22 and FY23, respectively.

In closing, I just want to highlight again that the demerger Scheme Booklet will be released to the ASX shortly, and we look forward to writing this exciting new chapter in AGL’s history, alongside our valued shareholders.

Thank you and I’ll now hand back to Ian.

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agl

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