



Disclaimer and important information

The information in this presentation:

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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 the fair value of financial instruments.

Underlying Profit has been 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.

Amounts presented as Statutory Profit/(Loss) and Underlying Profit are those amounts attributable to owners of AGL Energy Limited.

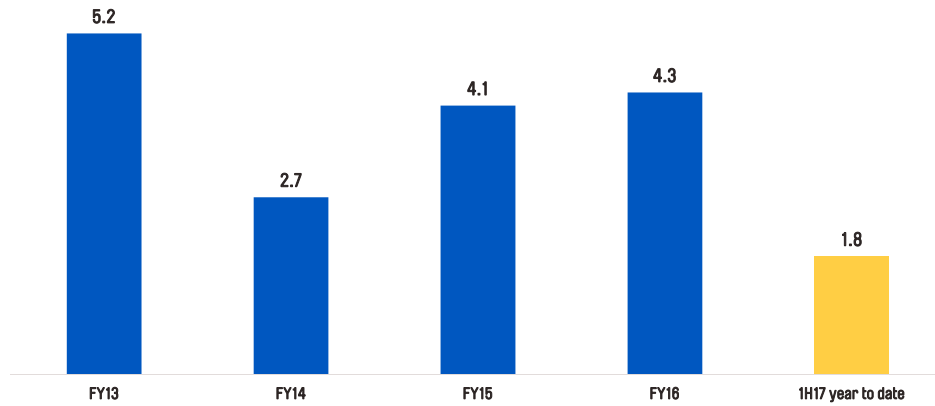
<p>Results Highlights and Strategy Update</p> <p>Andy Vesey Managing Director and CEO</p>	<p>Review of Operations and Financial Results</p> <p>Brett Redman CFO</p>	<p>Market Update and Outlook</p> <p>Andy Vesey Managing Director and CEO</p>
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3



Improving safety outcomes year to date

Total Injury Frequency Rate per million hours worked, employees



5



Interim results: delivering on our strategy

Five key areas of achievement

1. Strong result supports outlook

- > Statutory Profit after tax \$325m
- > Underlying Profit after tax \$389m, up 4%, driven primarily by wholesale electricity price and operating cost discipline
- > FY17 Underlying Profit after tax expected in upper half of \$720-800m guidance range
- > Interim dividend 41 cents per share, in line with new dividend policy, up 9 cents

2. Transformation and productivity objectives on track

3. Progress on key uncertainties: Portland contract, industrial relations

4. Addressing key strategic imperatives: carbon and customer


5. Key growth and capital management initiatives under way

6



Imperatives and objectives framing our activity

Strategic imperatives driving our agenda




Prosper in a carbon-constrained future




Build customer advocacy


Key objectives for strategy and decision-making



From: mass retailing
To: personalised retailing



From: operator of large assets
To: orchestrator of large and small assets



From: high emissions technology
To: lower emissions technology

Strategic framework to enable delivery

Embrace transformation

Drive productivity

Unlock growth

7



Strategic framework driving towards growth

Embrace transformation	Drive productivity	Unlock growth
First-half achievements		
<ul style="list-style-type: none"> > AGL Macquarie enterprise agreement resolved > Ongoing rollout of Lean, Agile and scenario planning 	<ul style="list-style-type: none"> > Nyngan, Broken Hill asset sales > Continued progress on opex, working capital and sustaining capex reductions 	<ul style="list-style-type: none"> > PARF new build projects progressing > Launch of Customer Experience Transformation program > New Energy "innovation accelerator"
Second-half priorities		
<ul style="list-style-type: none"> > Resolve Portland smelter contract* > Resolve AGL Loy Yang enterprise agreement > Ongoing policy reform advocacy > Clarify rehabilitation position 	<ul style="list-style-type: none"> > Complete Silvertown asset sale* > Continuation of asset sale program > Completion of FY17 opex, working capital and sustaining capex reductions > Establishment of post FY17 productivity performance goals 	<ul style="list-style-type: none"> > Deliver first Signature Moments > Additional New Energy initiatives > Launch WA gas retail > Continue LNG import facility FEED

* Executed in January 2017

8



Recapping our key growth initiatives

More advanced	PARF equity investments	<ul style="list-style-type: none"> > Solar Flagships and Silvertown now sold to PARF (total 355 MW) > 350 MW Coopers Gap wind farm targeted for early FY18 financial close
	Customer Experience Transformation*	<ul style="list-style-type: none"> > \$300m digitally enabled program underway > \$22m spent to date; anticipated total FY17 investment of \$75m
	Technology-led New Energy investments	<ul style="list-style-type: none"> > -US\$7m of Energy Impact Fund investment called to date > Virtual Power Plant ahead of key milestones
	Western Australia market entry	<ul style="list-style-type: none"> > Licence application lodged and gas supply agreements pending > Anticipated Underlying EBIT impact: FY18 \$(15)m; FY19 breakeven
	LNG import facility	<ul style="list-style-type: none"> > Potential ~\$200-300m development pending decision in 2018-19 > Currently assessing potential sites; selection expected mid CY17
	Large-scale peaking plant development	<ul style="list-style-type: none"> > Develop additional gas-fired and/or battery plant peaking capability > Highly contingent on market conditions and policy settings
	Expand data-driven retail offering	<ul style="list-style-type: none"> > Growing orchestration and technology/data capability provides opportunities to expand range of customer services
Less advanced	Developed markets offshore in retail transition	<ul style="list-style-type: none"> > Opportunity to expand core where risk profile and market type are consistent with existing business

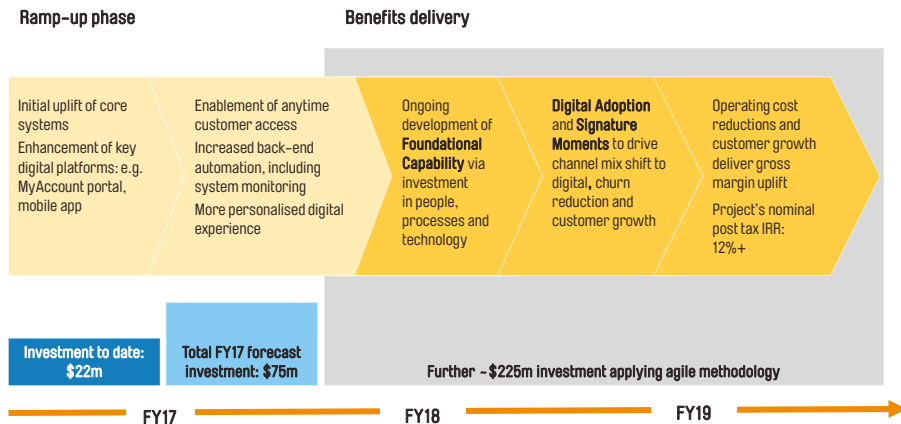
* Previously referred to as Digital Transformation Program

9



Transforming the customer experience

Progress report on milestone \$300m program



10

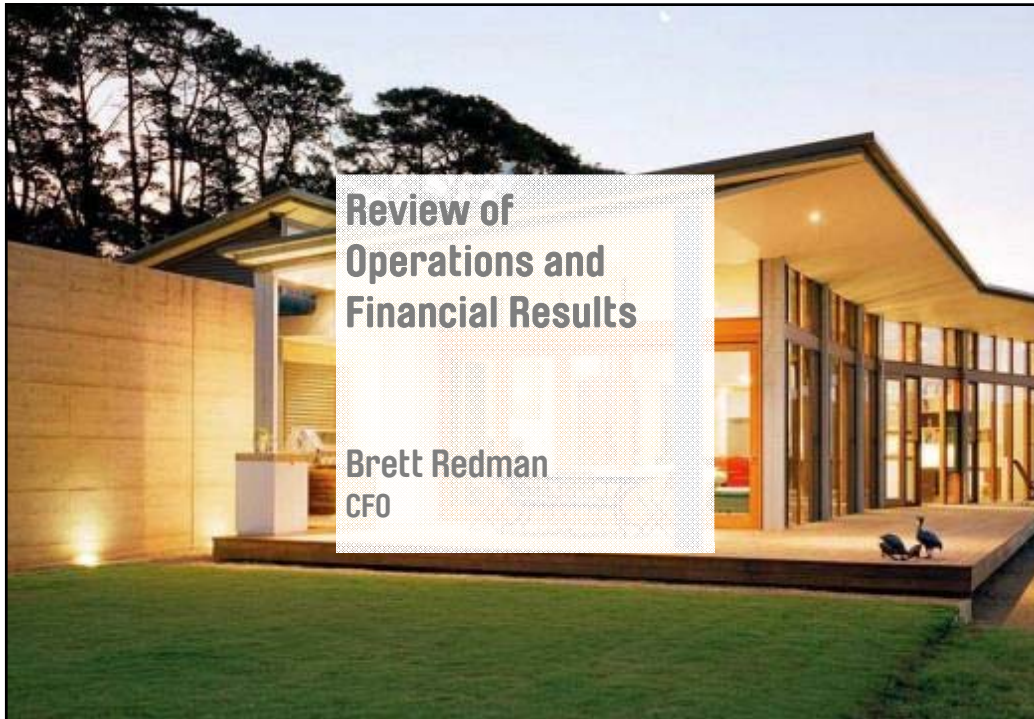


Accelerating innovation at AGL

New Energy progress scorecard

Key initiative	Details	1H17 output	Next steps
Connected home and digital apps	Solar Command 1.0 launched: real-time solar performance monitoring \$6m expense incurred including investment in Solar Analytics	4,250 Solar Command customers signed up to market testing pilot	Develop, scale and iterate subsequent products (e.g. Solar Command 2.0)
Residential storage and orchestration	5 MW Virtual Power Plant launched Leverages US\$20m Sunverge investment	175 packages sold and 31 installed to date (ahead of target) under pilot program	1,000 connected customers and 5 MW controllable load by end FY18 Learn and iterate proven concept
Energy Impact Partners	US\$50m AGL investment commitment Portfolio to date: AutoGrid, Sense Labs, OpusOne	- US\$7m of AGL US\$50m commitment called to date	Identification of further targets for EIF investment and/or AGL acquisition

11



Strong performance supports dividend uplift

Solid profit growth; cash flow impacted by working capital movements

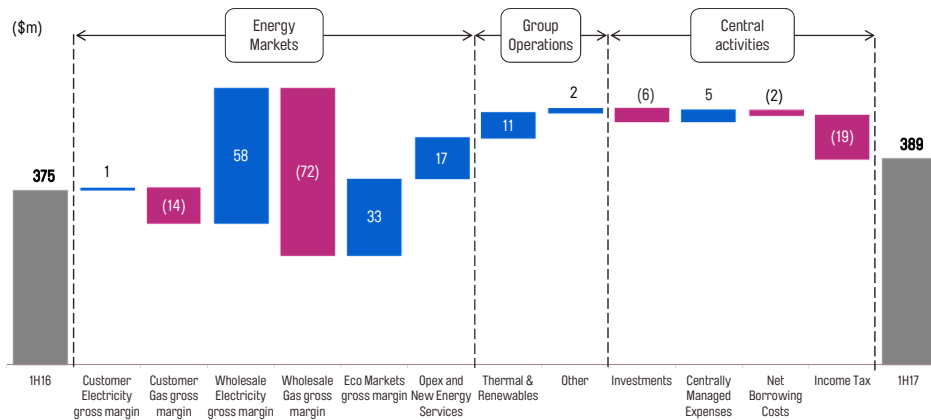
	1H17	1H16	Change
Statutory Profit/(Loss) after tax (\$m)	325	(449)	↑ 172%
Underlying Profit after tax (\$m)	389	375	↑ 4%
Statutory EPS (cents)	48.2	(66.5)	↑ 172%
Underlying EPS (cents)	57.7	55.6	↑ 4%
Statutory operating cash flow after tax (\$m)	471	658	↓ 28%
Underlying cash flow from operations (\$m)	699	866	↓ 19%
Dividend per share (cents)	41	32	↑ 28%
Return on equity (%; rolling 12 months)	8.9	7.9	↑ 1.0 pts

13



Underlying Profit after tax up 4% to \$389m

Wholesale Electricity and Eco Markets positively offset gas headwinds

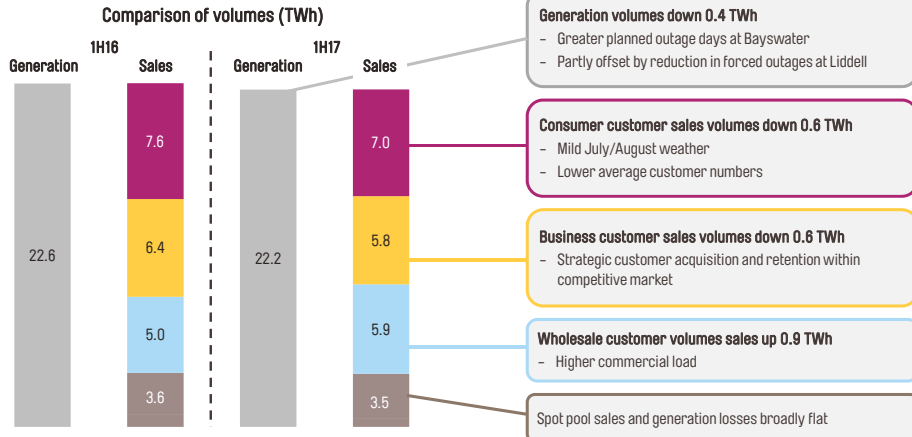


14



Electricity: lower generation and sales volumes

Lower sales volumes driven by mild winter weather

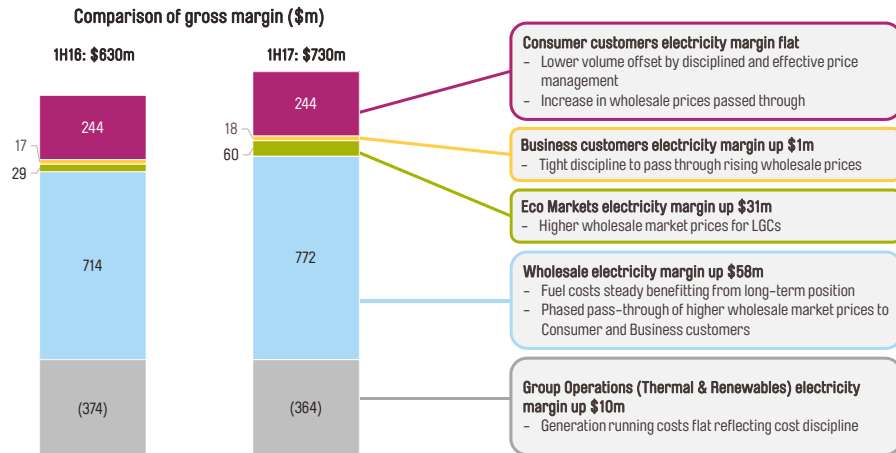


15



Electricity: margin driven by wholesale price

Strong physical portfolio delivering broadly flat generation costs



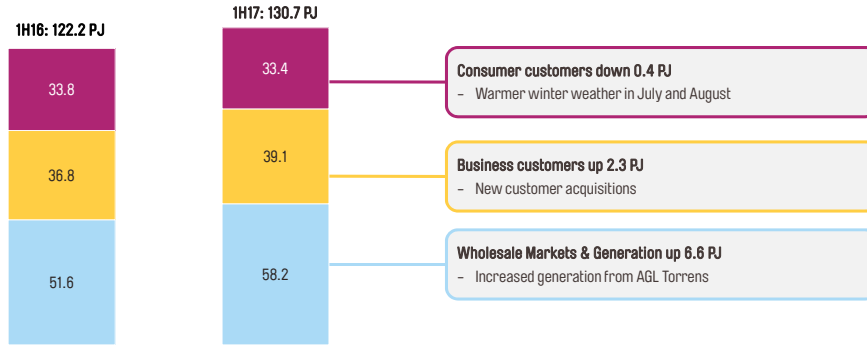
16



Gas: higher sales volumes

Higher AGL Torrens generation and business customer acquisitions

Comparison of gas volumes (PJ)



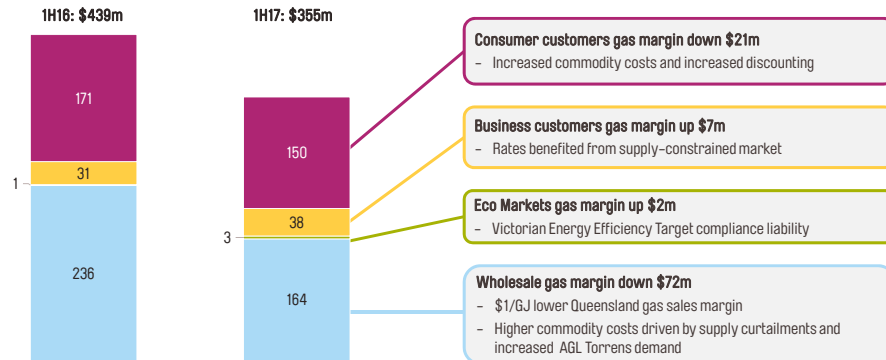
17



Gas: lower margin in line with guidance

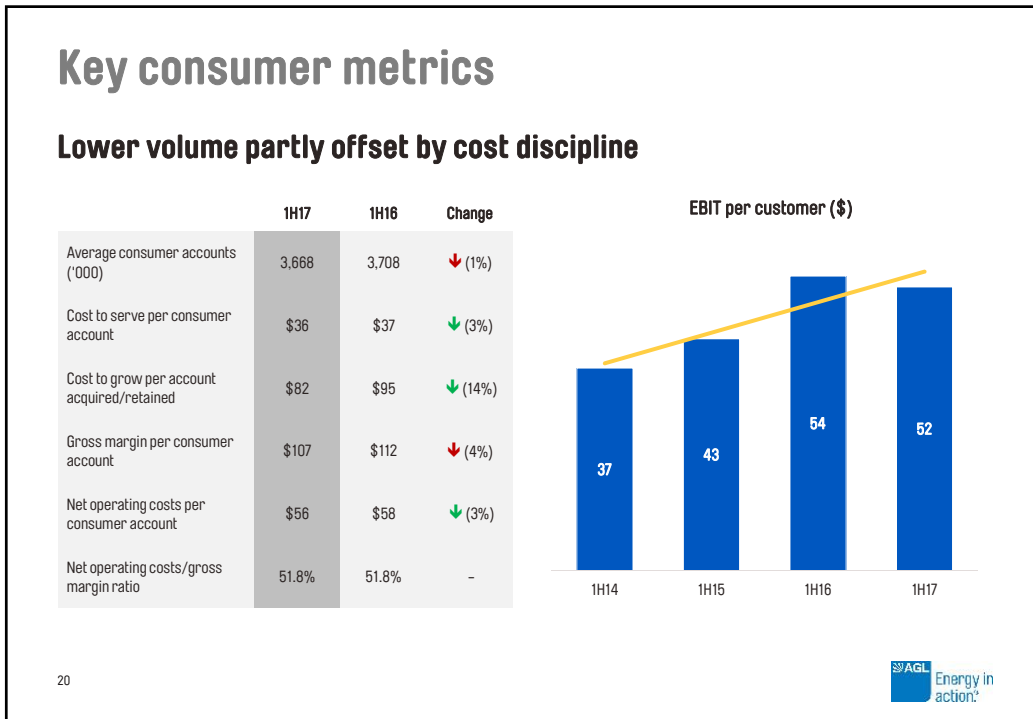
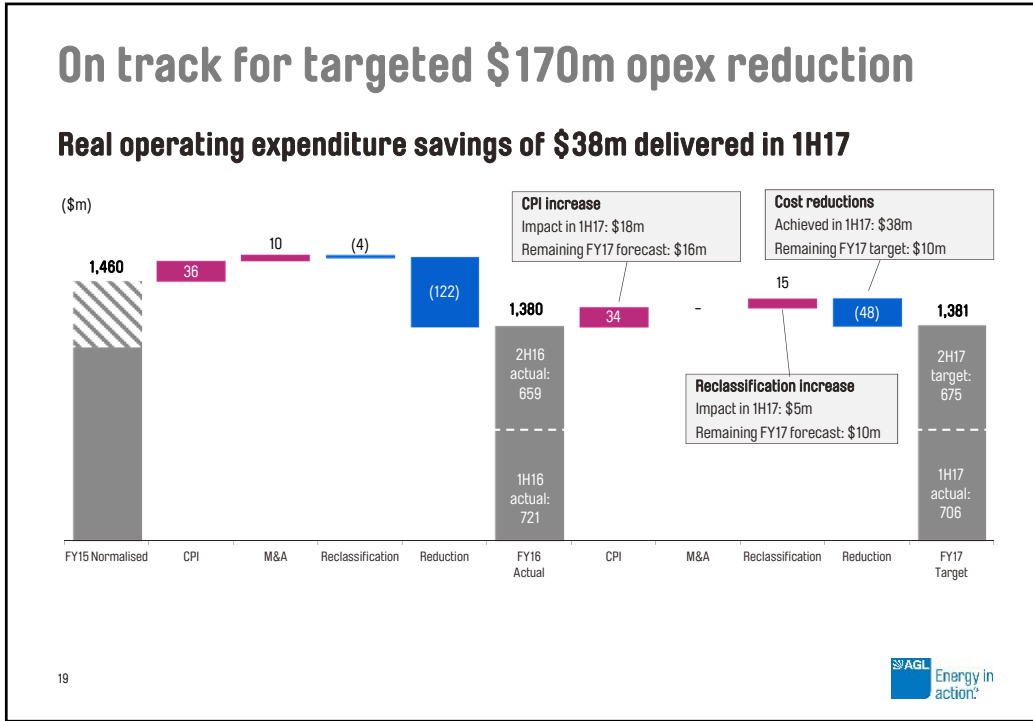
Driven by Queensland wholesale sales, supply curtailment impact

Comparison of gross margin (\$m)



18





Working capital impact on cash flow

- > Movement in futures margin calls to be offset by future benefit of rising wholesale prices
- > Receivables impacts largely timing related including early collections in 2H16 reducing 1H17
- > Objective for \$200m reduction in underlying working capital remains on track (see slide 45)

(\$m)	1H17	1H16
Receivables	105	226
Creditors	(205)	(196)
Inventories	87	31
Net derivative premiums	(25)	(35)
Futures margin calls	(112)	(24)
Net movement in green assets and liabilities	9	8
Other	(31)	8
Total working capital movements	(172)	18

21



Sustainable cash position remains strong

(\$m)	1H17	1H16	Commentary
Operating expenditure	(706)	(721)	Significant reduction in 1H17; on track to achieve \$170m real reduction target in FY17
Underlying EBITDA	924	885	Consistent with Underlying Profit growth
EBITDA/cash conversion	76%	98%	Short-term impacts from negative movements in working capital
Underlying cash flow from operations	699	866	Reduction driven by short-term working capital impact
Interest paid	(84)	(91)	Reduction due to lower average net debt
Tax paid	(144)	(96)	Higher tax payment due to asset sales
Sustaining capital expenditure*	(135)	(204)	Significant reduction in 1H17, on track to achieve \$315m target in FY17
Dividends paid	(243)	(230)	FY16 final dividend of 36 cents per share paid in September 2016
Cash available	93	245	Reduction driven by short-term working capital impact
Disposals*	260	532	Sale of Solar assets in November 2016
Acquisitions/investments	(18)	(1)	Investments in PARF and Energy Impact Fund
Growth capital expenditure*	(93)	(89)	FY17 forecast: \$240m driven by metering and Customer Experience Transformation
Share buy-back	(51)	-	On-market share buy-back of 0.4% of issued share capital to date

* Shown on accruals basis

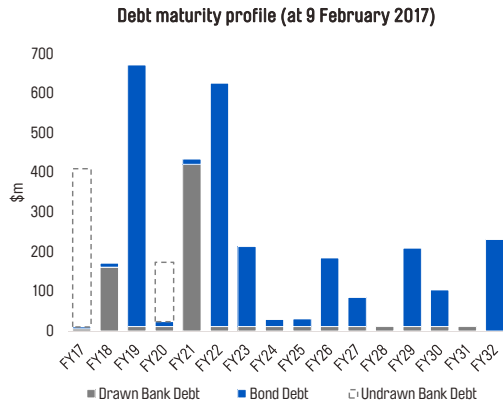
22



Balance sheet and liquidity position

Strong liquidity enabling capital management strategy

- > Cash balance of \$969m at 31 December 2016
- > Net debt \$2.6b, down \$154m during 1H17
- > Debt headroom - \$2b
- > Moody's Baa2 credit rating, stable outlook
- > \$500m of Syndicated Term facility repaid February 2017
- > Revolving facility maturing FY17 to be refinanced with September 2020 maturity
- > On-market share buy-back to continue
 - 0.4% of issued share capital acquired to date
 - Further 4.6% of issued capital can be acquired to October 2017

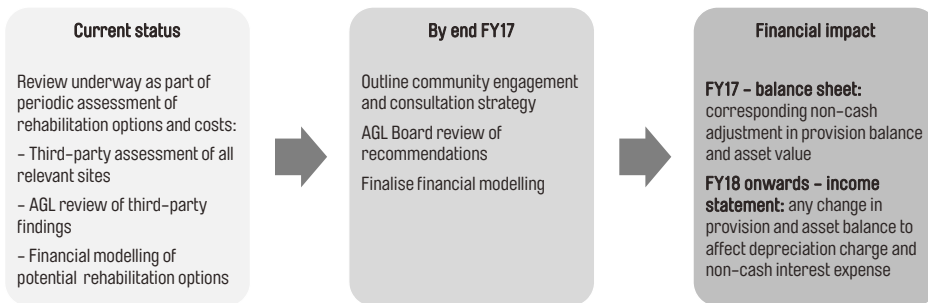


23



Update on rehabilitation review process

Anticipated completion in time for FY17 results



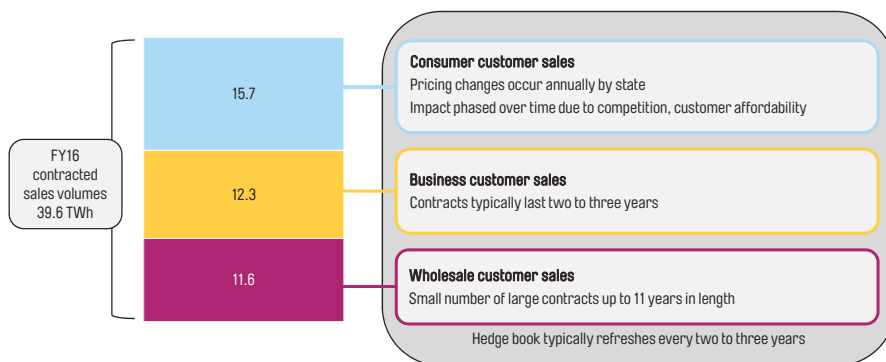
24





Electricity: well positioned for rising curve

Pass-through of market prices varies according to segment



Gas: multiple options to strengthen supply

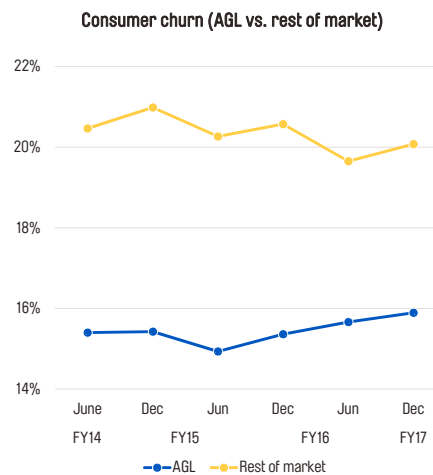
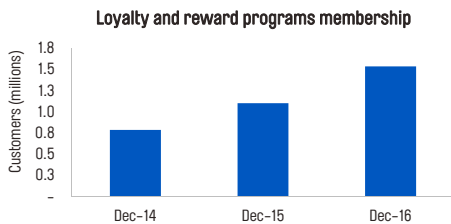
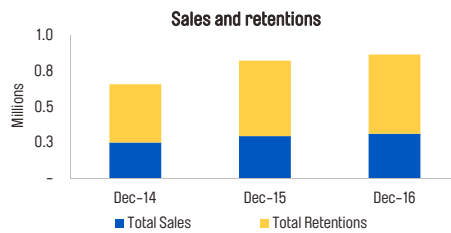
Portfolio development to respond to dynamic, volatile market

- > Expectation remains for at least \$100m Underlying EBIT impact on gas margin in FY17 from reduced Queensland gas margin, supply curtailment and other issues
- > Progress in FY17 to date to further strengthen AGL's supply portfolio:
 - Flexible transportation arrangements executed with Epic and APA during 1H17 enable bi-directional gas movement, supporting AGL to meet household and generation demand
 - Binding heads of agreement with Cooper Energy's Sole project signed January 2017 expands supply by 12 PJ from CY19, pending project final investment decision
 - Continued domestic engagement to source further competitive supply and leverage flexibility provided by strengthened storage position
 - Feasibility study for LNG import terminal progressing; expected selection of final site mid CY17

27



Customer retention despite competitive market



Source: Retail Transfer Statistical Data, Australian Energy Market Operator

28

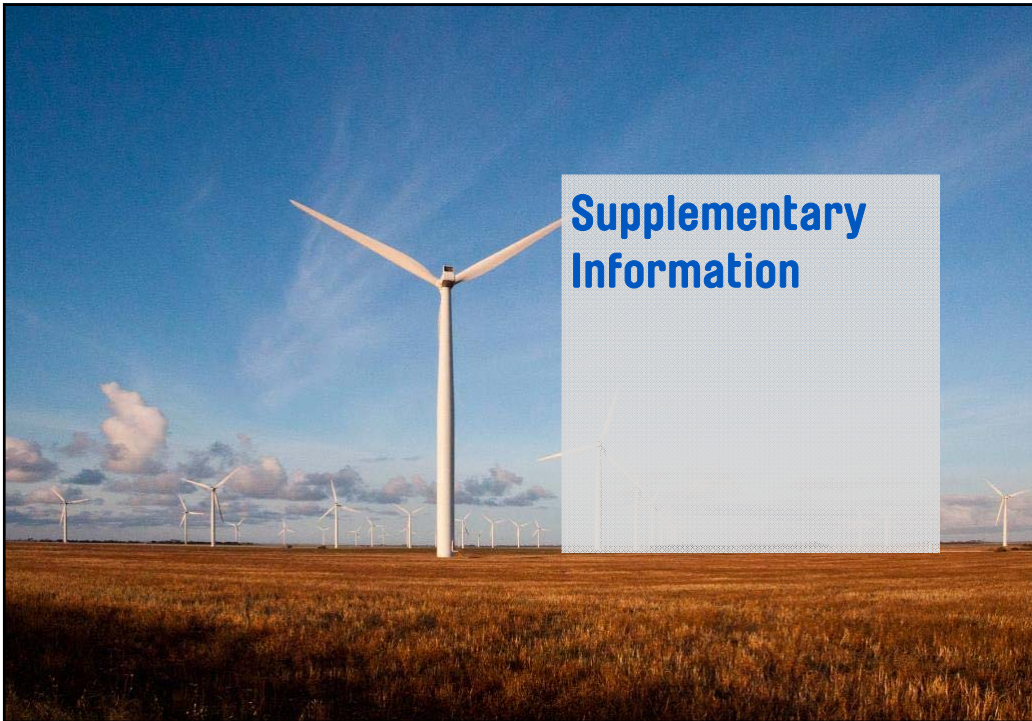


On track to deliver FY17 guidance

Underlying Profit after tax expected to be in the upper half of \$720–800m guidance range, subject to normal trading conditions

- > Electricity: impact of rising wholesale prices expected to continue
 - Forward curve points to sustained improvement
 - Impact phased over time due to competition, customer affordability and timing of contracted positions
- > Gas: headwinds as previously flagged
 - Lower margin on rollover of Queensland wholesale contracts, mild July/August weather and supply issues
 - Resulting in \$84m lower first-half gas margin; at least \$100m lower margin FY17 vs. FY16
- > Discipline around cost and price management to continue

29



Reconciliation of Statutory to Underlying Profit

(\$m)	1H17	1H16	Change
Statutory Profit/(Loss)	325	(449)	774
Adjust for the following after tax items:			
Significant items			
Restructuring costs	-	16	(16)
Natural Gas impairments	-	640	(640)
Changes in fair value of financial instruments	64	168	(104)
Underlying Profit	389	375	14

31



Underlying Profit summary

(\$m)	1H17	1H16	Change
Revenue	6,030	5,601	8%
Underlying EBITDA	924	885	4%
Underlying EBIT			
Energy Markets	1,214	1,191	2%
Group Operations	(416)	(429)	(3%)
Investments	11	17	(35%)
Centrally Managed Expenses	(124)	(129)	(4%)
Total Underlying EBIT	685	650	5%
Less: net finance costs	(116)	(114)	2%
Underlying Profit before tax	569	536	6%
Income tax expense	(180)	(161)	12%
Underlying Profit after tax	389	375	4%
Underlying EPS (cents)	57.7	55.6	4%

32



Energy Markets – Underlying EBIT

(\$m)	1H17	1H16	Change
Underlying EBITDA	1,281	1,240	2%
Depreciation and amortisation	(47)	(49)	(4%)
Customer EBIT	230	230	-
Consumer Electricity gross margin	244	244	-
Consumer Gas gross margin	150	171	(12%)
Business Electricity gross margin	18	17	6%
Business Gas gross margin	38	31	23%
Net operating costs	(220)	(233)	(6%)
Wholesale Markets EBIT	985	966	2%
Electricity gross margin	772	714	8%
Gas gross margin	164	236	(31%)
Eco-markets gross margin	63	30	110%
Net operating costs	(14)	(14)	-
New Energy Services EBIT	(1)	(5)	(80%)
Gross margin	5	6	(17%)
Net operating costs	(6)	(11)	(45%)
Underlying EBIT	1,214	1,191	2%

33



Group Operations – Underlying EBIT

(\$m)	1H17	1H16	Change
Underlying EBITDA	(236)	(269)	(9%)
Depreciation and amortisation	(180)	(170)	6%
Thermal	(346)	(338)	2%
Renewables	(18)	(37)	(51%)
Natural Gas	(26)	(27)	(4%)
Other Operations	(26)	(27)	(4%)
Underlying EBIT	(416)	(429)	(3%)

34



Reconciliation of EBITDA to cash flow

(\$m)	1H17	1H16
Underlying EBITDA	924	885
Equity accounted income	(12)	(15)
Onerous contracts	(20)	(22)
Gain on divestment	(21)	-
Working capital movements	(172)	18
Underlying operating cash flow before interest and tax	699	866
Net finance costs paid	(84)	(91)
Income tax paid	(144)	(96)
Underlying operating cash flow	471	679
Cash flow relating to significant items	-	(21)
Statutory net cash provided by operating activities	471	658
Investing cash flow	-	212
Financing cash flow	246	(1,023)
Movement in cash and cash equivalents	717	(153)
Cash conversion ratio	76%	98%

35



Debt facilities at 31 December 2016

Debt facility (\$m)	Limit	Usage	Maturity
Syndicated revolving facility	400	-	Jun-17
Syndicated term facility ¹	650	650	Feb-18
Revolving bilateral facility	150	-	Dec-19
Club facility term	410	410	Jun-21
A\$600m medium-term notes	600	600	Nov-21
USPP US\$165m	186	186	Sep-22
USPP US\$135m	152	152	Sep-25
USPP A\$50m	50	50	Dec-26
CPI bonds	164	164	May-27
USPP US\$150m	198	198	Dec-28
USPP US\$70m	93	93	Dec-29
ECA Macarthur amortising facility	161	161	Jun-31
USPP US\$175m	231	231	Dec-31
Subordinated notes ²	650	650	Jun-39
Total debt facilities	4,095	3,545	
Less: cash ¹		969	
Net debt		2,576	

1. On 8 February 2017, \$500m of cash was utilised to repay a portion of the Syndicated term facility, reducing the balance of the facility to \$150m.
2. The first call date on the Subordinated notes is 8 June 2019.

36



Electricity sales volumes

GWh	1H17	1H16	Change
Consumer			
New South Wales	2,792	3,002	(7%)
Victoria	1,812	1,928	(6%)
South Australia	1,157	1,406	(18%)
Queensland	1,262	1,284	(2%)
Consumer total	7,023	7,820	(8%)
Business			
New South Wales	2,346	2,020	16%
Victoria	1,649	2,050	(20%)
South Australia	1,100	1,326	(17%)
Queensland	710	1,043	(32%)
Business total	5,805	6,439	(10%)
Wholesale total¹	5,880	4,999	18%
Electricity sales volume total	18,708	19,058	(2%)

1. Includes purchased volumes sold to ActewAGL during 1H17 of 1,599 GWh (1H16 1,343 GWh)

37



Gas sales volumes

PJ	1H17	1H16	Change
Consumer			
New South Wales	10.8	11.7	(8%)
Victoria	19.1	18.9	1%
South Australia	2.1	1.8	17%
Queensland	1.4	1.4	-
Consumer total	33.4	33.8	(1%)
Business			
New South Wales	13.2	12.3	7%
Victoria	14.5	12.0	21%
South Australia	1.7	2.4	(29%)
Queensland	9.7	10.1	(4%)
Business total	39.1	36.8	6%
Wholesale Customers & Generation¹	58.2	51.6	13%
Gas sales volume total	130.7	122.2	7%

1. Includes volumes sold to Torrens Island and Diamantina power stations during 1H17 of 23.6 PJ (1H16 22.1 PJ)

38



Customer numbers

('000)	31 Dec 2016	30 Jun 2016	Change
Consumer Electricity			
New South Wales	811	808	3
Victoria	637	636	1
South Australia	398	408	(10)
Queensland	401	395	6
Total Consumer Electricity	2,247	2,247	-
Consumer Gas			
New South Wales	666	674	(8)
Victoria	536	533	3
South Australia	132	132	-
Queensland	80	79	1
Total Consumer Gas	1,414	1,418	(4)
Total Consumer accounts	3,661	3,665	(4)
Total Business Customer accounts	16	16	-
Total Customer accounts	3,677	3,681	(4)
Dual fuel accounts	1,971	1,962	9

39



Consumer Market key indicators

	1H17	1H16	Change
Electricity			
Volume (GWh)	7,023	7,620	(8%)
Average Consumer accounts ('000)	2,250	2,260	(0%)
Revenue (\$m)	1,897	1,980	(4%)
Gross margin (\$m)	244	244	-
Gross margin	12.9%	12.3%	0.6 pts
Gross margin per customer (\$)	108	108	-
Gross margin per MWh (\$)	34.7	32.0	8%
Gas			
Volume (PJ)	33.4	33.8	(1%)
Average Consumer accounts ('000)	1,418	1,447	(2%)
Revenue (\$m)	755	756	(0%)
Gross margin (\$m)	150	171	(12%)
Gross margin	19.9%	22.6%	(2.7 pts)
Gross margin per customer (\$)	106	118	(10%)
Gross margin per GJ (\$)	4.49	5.06	(11%)

40



Business Market key indicators

	1H17	1H16	Change
Electricity			
Volume (GWh)	5,805	6,439	(10%)
Revenue (\$m)	775	826	(6%)
Gross margin (\$m)	18	17	6%
Gross margin	2.3%	2.1%	0.2 pts
Gross margin per MWh (\$)	3.14	2.72	15%
Gas			
Volume (PJ)	39.1	36.8	6%
Revenue (\$m)	290	268	8%
Gross margin (\$m)	38	31	23%
Gross margin	12.8%	11.6%	1.2 pts
Gross margin per GJ (\$)	0.97	0.84	15%

41



Generation portfolio

Asset	State	Type	Status	Capacity (MW)	Carbon intensity (tCO ₂ e/MWh)	1H17 sent out generation (GWh)
Bayswater	NSW	Coal	Owned	2,640	0.94	7,715
Liddell	NSW	Coal	Owned	2,000	0.94	4,888
Loy Yang A	VIC	Coal	Owned	2,210	1.28	7,135
Total coal				6,850		19,738
Torrens Island	SA	Gas steam turbine	Owned	1,280	0.62	1,375
Yabulu	QLD	CCGT	Controlled dispatch	122	0.51	112
Somerton	VIC	OCGT	Owned	160	1.04	11
Other	Various	Gas/diesel	Various	88	0.71	161
Total oil and gas				1,650		1,658
Macarthur	VIC	Wind	Controlled dispatch	420	0.00	542
Hallett	SA	Wind	Controlled dispatch	350	0.00	582
Wattle Point	SA	Wind	Controlled dispatch	91	0.00	118
Daklands Hill	VIC	Wind	Controlled dispatch	63	0.00	102
VIC hydro	VIC	Hydro	Owned	734	0.01	489
NSW hydro	NSW	Hydro	Owned	54	0.00	32
NSW solar	NSW	Solar	PARF	156	0.01	174
Other	Various	Landfill and bio-gas	Various	47	0.09	80
Total renewables				1,915		2,119
Generation portfolio at 31 December 2016				10,415	0.94	23,515
NEM industry average					0.87	

Note: the difference between sent out generation of 23,515 GWh and pool generation volume of 22,205 GWh (as disclosed in the Operating and Financial Review) is due to marginal loss factor, nonscheduled generation and auxiliary usage.

42



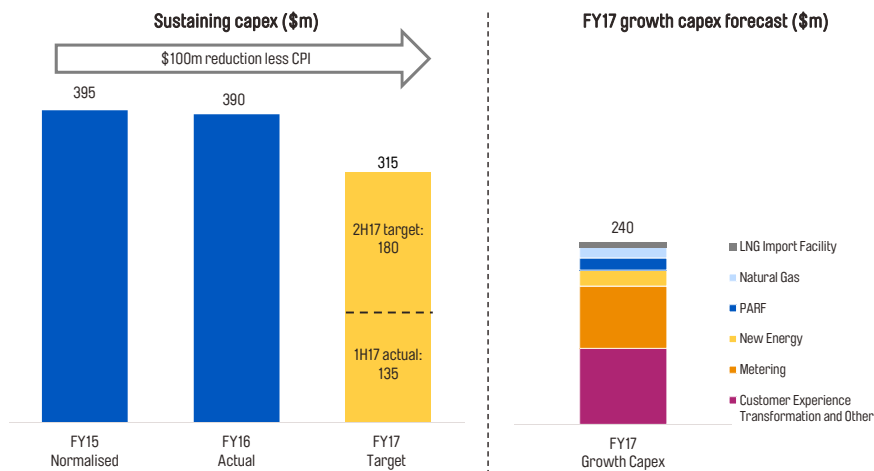
Breakdown of FY17 opex saving target: \$170m

(\$m)	1H17 actual	FY16 and 1H17 actual	FY17 target
Group Operations	7	55	77
Maintenance optimisation	3	23	29
Procurement	1	19	29
Labour and contractor	2	15	13
Other	1	4	6
Additional generation	-	(6)	-
Energy Markets	26	68	66
Labour and contractor	8	23	14
Campaign and channel costs	7	15	32
Other	11	30	20
Centrally Managed Expenses	5	37	27
Labour and contractor	1	13	10
IT contract costs	1	9	9
Insurance	3	7	4
Other	-	8	4
Total operating cost savings achieved/targeted	38	160	170

43



Capital expenditure targets update



44



Working capital targets update

(\$m)	1H17 actual	FY16 and 1H17 actual	FY16 and FY17 target
Optimise coal stockpile at AGL Macquarie	12	33	42
Excess gas bank to be naturally consumed	83	66	21
Reduce surplus large scale generation certificates and other green assets	12	40	64
Consumer credit and billing initiatives	(51)	(11)	81
Total working capital reduction	56	128	208

45



Queensland wholesale gas



46



Wholesale contracting

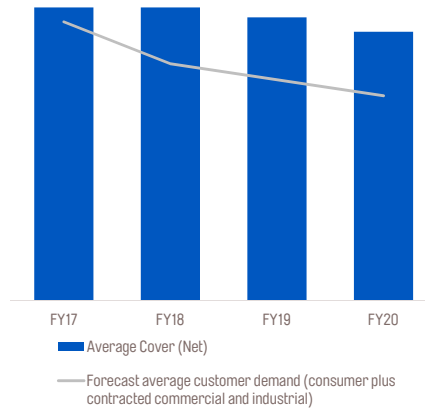
AGL's Wholesale Markets Risk Management Policy (Policy) is approved by the Board and establishes the requirements for managing risks arising from wholesale energy markets.

The Policy clearly defines permitted contracting activities, limits and counterparty credit management requirements.

Limits for exposure to market price risk are in place to manage profit, cash flow and dividends. Activities to monitor exposure include:

- > Electricity: retail load, generation, contracts monitoring; earnings-at-risk simulation analyses, limits and stress testing of the portfolio.
- > Gas and oil: position monitoring of contract exposures, production risks and customer demand. The aspects of the gas portfolio exposed to oil price risk is managed using sensitivity and stress test analyses in conjunction with limits.
- > Environmental: position monitoring of contract exposures, production risks and customer demand.

Electricity hedged positions (all regions)



47



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48



