



Investor day

30 October 2019



Agenda



9:00 Business and strategy update

Brett Redman, Managing Director & CEO
João Segorbe, EGM, Strategy & Corporate Development

9:45 Finance update

Damien Nicks, Chief Financial Officer

10:30 Morning tea

11:00 Customer update: driving connection and orchestration

Christine Corbett, Chief Customer Officer
Dominique Van Den Berg, GM, Distributed Energy
Simon Moorfield, EGM, Future Business & Technology

12:00 Portfolio update: optionality in generation, trading and supply

Melinda Buchanan, GM, Gas & Renewables Operations
David Moretto, Interim GM, Portfolio Growth
Phaedra Deckart, GM, Energy Supply & Origination
Simon Sarafian, GM, Trading

1:00 Closing remarks

Brett Redman, Managing Director & CEO

1:15 Lunch



Business and strategy update

Brett Redman, Managing Director & CEO

João Segorbe, EGM, Strategy & Corporate Development

Eildon Hydroelectric
Power Station, Victoria



Australia's leading integrated energy company delivering on our strategy



Strong financial base

- \$2 billion+ annual cash flow
- Strong recurring dividend stream



Positioned for transition

- Diverse and flexible portfolio
- \$200 billion investment opportunity



Clear strategic priorities

- Refreshed purpose and values
- Growth, Transformation, Social Licence



Four customer-centric growth pathways

- Connection
- Trading and Supply
- Orchestration
- Generation



Safety

- Positive improvement on combined employee / contractor TIFR to 3.5 since FY19 results



People

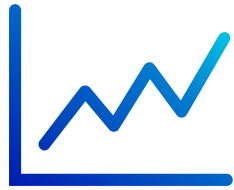
- Improved employee engagement score of 68%
- Executive Team appointed



Customers

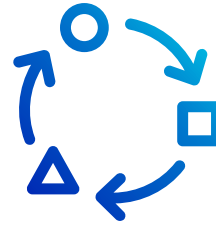
- 80,000 increase in customers
- NPS ranking improved to (5.5)
- Brand repositioning

AGL's strategic priorities remain unchanged



Growth

Accelerate growth to meet evolving customer needs



Transformation

Reposition, refresh and reinvigorate AGL



Social Licence

Meet and exceed rising community expectations



Market disruption continues to present both risks and opportunities



**Customer-centricity
in a digital world**

**Policy uncertainty
and intervention**

**Climate change risk
and mitigation**

**Technology driving
major shifts in energy**



We will deliver for our customers through pursuing four growth pathways



Connection



Orchestration



Trading and Supply



Generation

Growth investment targeted
to four key pathways

Continued investment
in core assets



Energy, data and
mobility for customers

Distributed energy
and storage

Large-scale storage
and flexible capacity

Baseload capacity
and renewables

Dawn of the battery age: grid-scale batteries now have a real market role

AGL has signed a deal with Maoneng to buy capacity from four 50 MW batteries

Innovative swap structure enables AGL to call on energy capacity at a fixed price as required

Locations to include Sunraysia Solar Farm, from which AGL already has a 100 MW offtake agreement

Complementing growing residential battery capability and other grid-scale projects under development

Dalrymple ESCRI battery,
South Australia



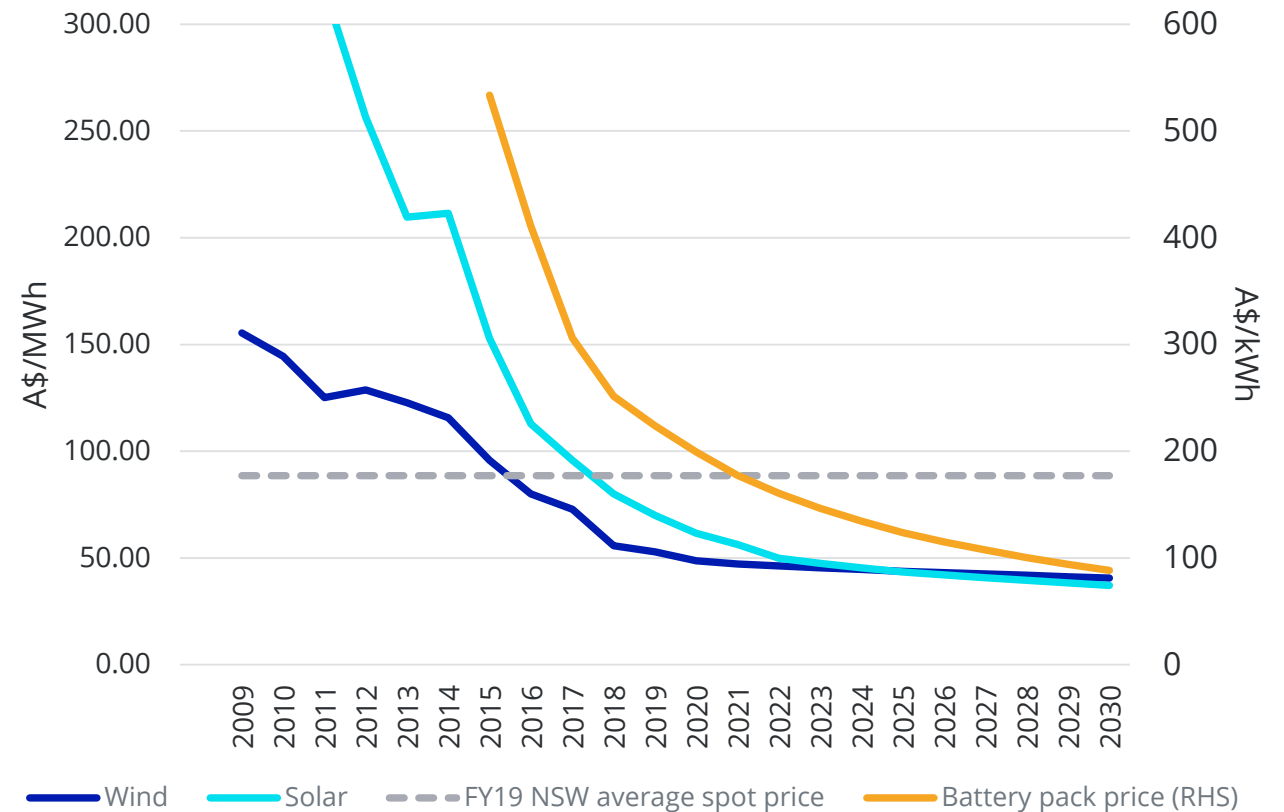
AGL will be a leader in all forms of storage from home to grid



Grid-scale storage investment is set to take off

- It is projected grid-scale batteries will have a cumulative installed capacity of 3 GW in Australia by 2030*
- AGL is actively working with developers who can offer battery capacity at competitive market prices
- Progressing grid-scale storage development:
 - Kanmantoo pumped hydro
 - Bells Mountain pumped hydro

Cost to develop batteries will continue to fall as it did for wind and solar*



\$1.9b of new energy supply projects completed or in construction; a further \$2b in the pipeline



Legend

- Completed or in construction
- Development pipeline
- Offtake agreements

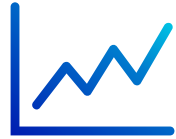
	Gas firming
	Coal upgrade
	Wind
	Solar
	Pumped hydro
	Battery
	Gas import



CEO scorecard reflects our priority areas, which are unchanged in FY20

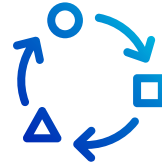


STRATEGIC PRIORITIES



Growth

Accelerate growth to meet evolving customer needs



Transformation

Reposition, refresh and reinvigorate AGL



Social Licence

Meet and exceed rising community expectations

OPERATIONAL GOALS



Safety

Combined employee/contractor TIFR reduction



Customers

NPS ranking vs. other tier-1 retailers



People

Improve employee engagement score towards FY16 levels



Financial

Per guidance and LTIP targets



In-depth look at AGL's growth pathways

João Segorbe, EGM, Strategy &
Corporate Development



Our growth strategy is designed for AGL to lead during a time of disruption



Connection

Own the Connected Customer relationship by providing multiple essential services

Provide simple solutions for essential products and services with the needs of the customer at the centre



Orchestration

Market leader in orchestration of customer-owned energy assets

Meet customer needs and offer value as home energy and transport options converge



Trading and Supply

Physically backed energy trader

Build a portfolio of assets that, together with customers, enable risk management and trading as a core source of competitive advantage



Generation

Leading provider of flexible generation capacity and storage across Australia

Provide reliable, dispatchable capacity to complement variable renewable sources and support Australia's energy transition

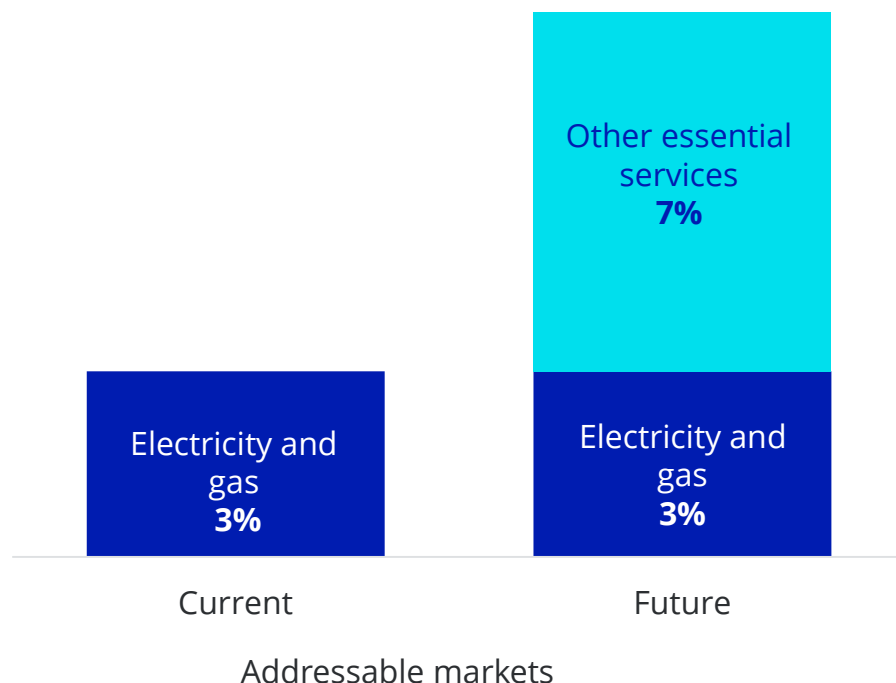




Connection: Own the Connected Customer relationship by providing multiple essential services



Proportion of average household expenditure



Customers will drive change in the energy sector and across many other areas in society

The way customers buy energy and data packages and other essential services is converging in the digital world

Our research shows that more than 60% of customers believe in the convenience and value offered by energy and data packages

Customers compare their interactions with other digital experiences: 73% say one extraordinary experience raises their expectations on others

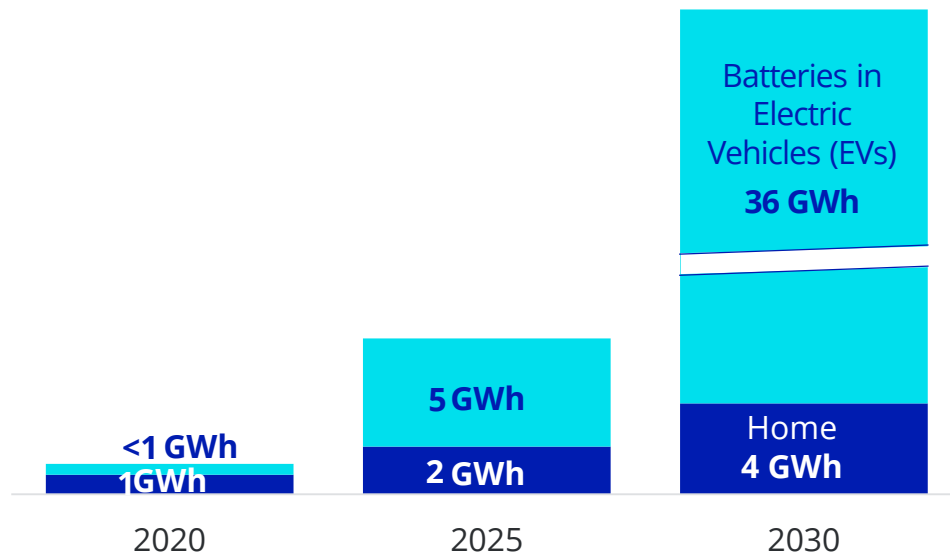
AGL can capture a portion of adjacent opportunities through multi-product offerings



Orchestration: Be the market leader in orchestration of customer-owned energy assets



Battery capacity owned by households and businesses



Generation and storage capacity is coming into the Australian market through households and businesses

Businesses and homes can derive greater value from their assets if they can operate as part of the wider system

AGL's virtual power plant orchestrates these assets to support the stability of the grid - and share benefits with customers

EVs will be the next major customer owned asset. AGL wants to be the provider of choice

Storage capacity to grow 20x by 2030 driven by EV growth



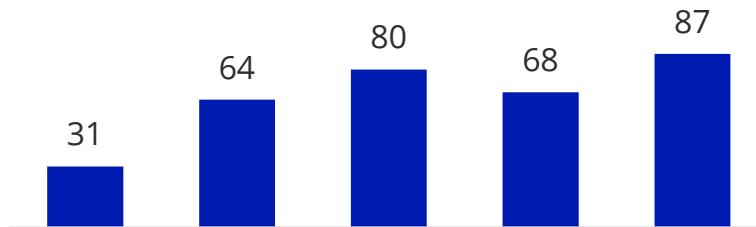
Trading and Supply: Grow our capabilities as a physically backed energy trader



Difference between highest and lowest average prices 1000 hours of the year in Victoria

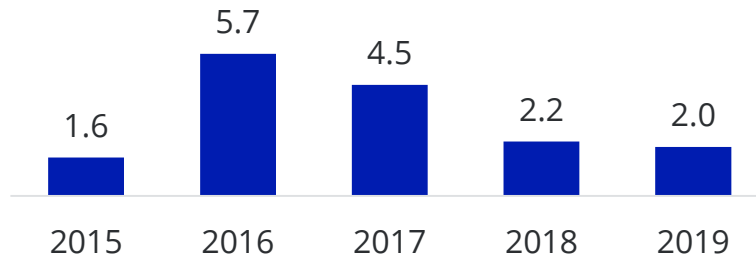
Electricity

\$/MWh



Natural gas

\$/GJ



AGL is a major provider of commodity price risk management services for homes and businesses

The importance of these services is growing as commodity prices are increasingly interlinked - locally and globally

A strong position in physical markets across multiple commodities and locations creates opportunities to optimise risk management

Accessing domestic and international gas in key locations will strengthen our ability to serve customers in New South Wales and Victoria

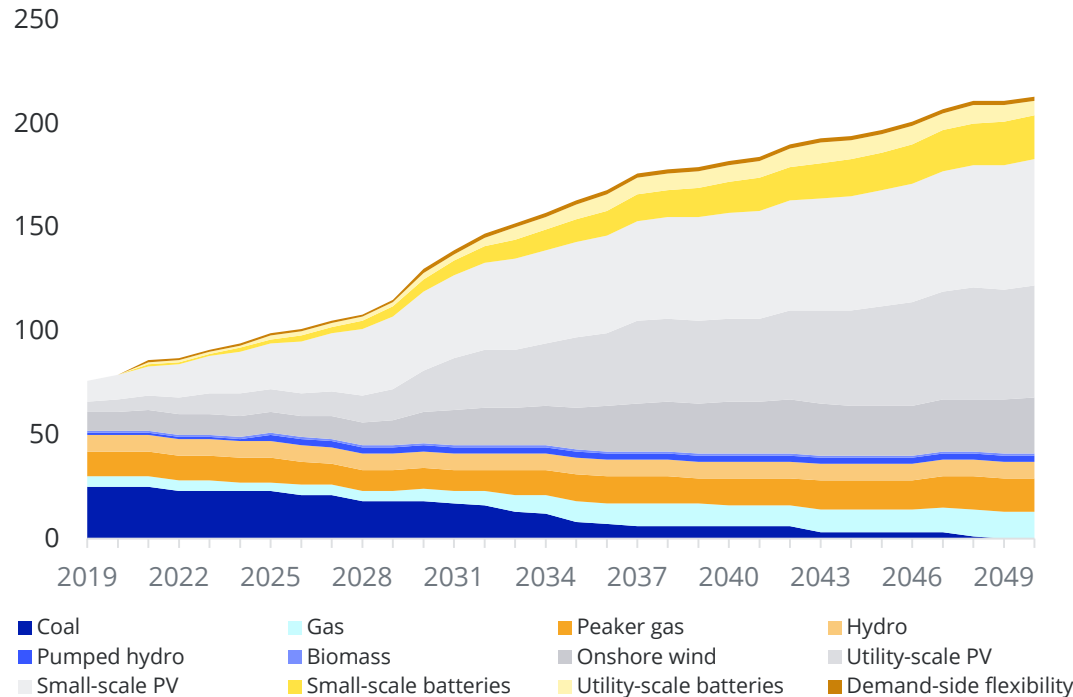
AGL will strengthen its position in physical markets to create opportunities to maximise the value in trading in the financial markets



Generation: Be the leading provider of flexible generation capacity and storage across Australia



Forecast installed generation capacity in Australia¹



The energy industry transition presents \$130b grid-scale and \$70b behind-the-meter investment opportunity²

Renewables will make up 82% of energy capacity by 2050³

Flexibility will be critical with 14 GW of baseload generation expected to retire by 2040⁴

AGL will build a portfolio of flexible capacity by building or contracting across multiple technologies

AGL will continue to be a supplier of electricity but also be a leader in providing storage and flexible capacity needed for a successful energy transition

Q&A





Finance update

Damien Nicks, Chief Financial Officer



Bayswater Power Station,
New South Wales

AGL on track to meet FY20 guidance but market challenges remain



Underlying Profit after tax expected to be \$780 million to \$860 million

Key drivers of year-on-year reduction

- Impact of the Loy Yang Unit 2 unplanned outage: \$80 million to \$100 million
- Higher depreciation expense from recent investment in plant, systems and growth: approximately \$70 million
- Operating and market headwinds including:
 - LREC prices have reduced materially and are expected to fall further during FY20
 - Wholesale prices for electricity forecast to be lower on average than FY19
 - Higher fuel costs as coal costs escalate and legacy gas contracts mature
 - Impact on retail electricity prices via DMO and VDO

Share buy-back impacts interest costs but expected to be accretive to earnings per share

All guidance is subject to normal trading conditions

Key messages



1.

Operating cost trends in recent years have been linked to strong profit growth, market activity and plant investment

2.

After delivering a small decrease in operating costs in FY19 we are focused on driving sustainable year-on-year reductions

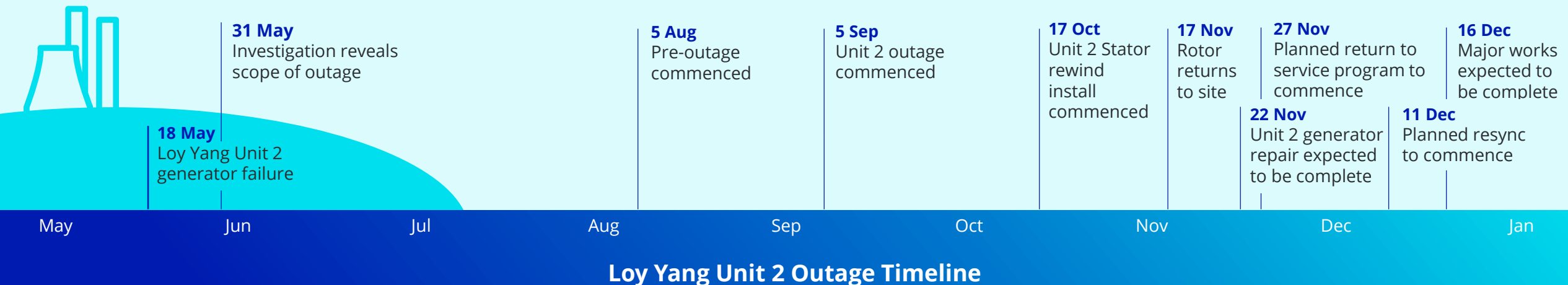
3.

The strength of our cash flow and balance sheet remains a key strength for AGL

Loy Yang Unit 2 on track to return to service in December as planned



- Loy Yang Unit 2 experienced an electrical short, internal to the generator, forcing it out of service
- General Electric has been contracted to complete a full generator stator rewind and rotor rewind
- Repairs provided opportunity to bring forward capital work
- Unit 2 expected to be operational by mid-December 2019 as initially anticipated
- Insurance proceeds are subject to finalisation with insurers, and any proceeds will likely be received in FY21

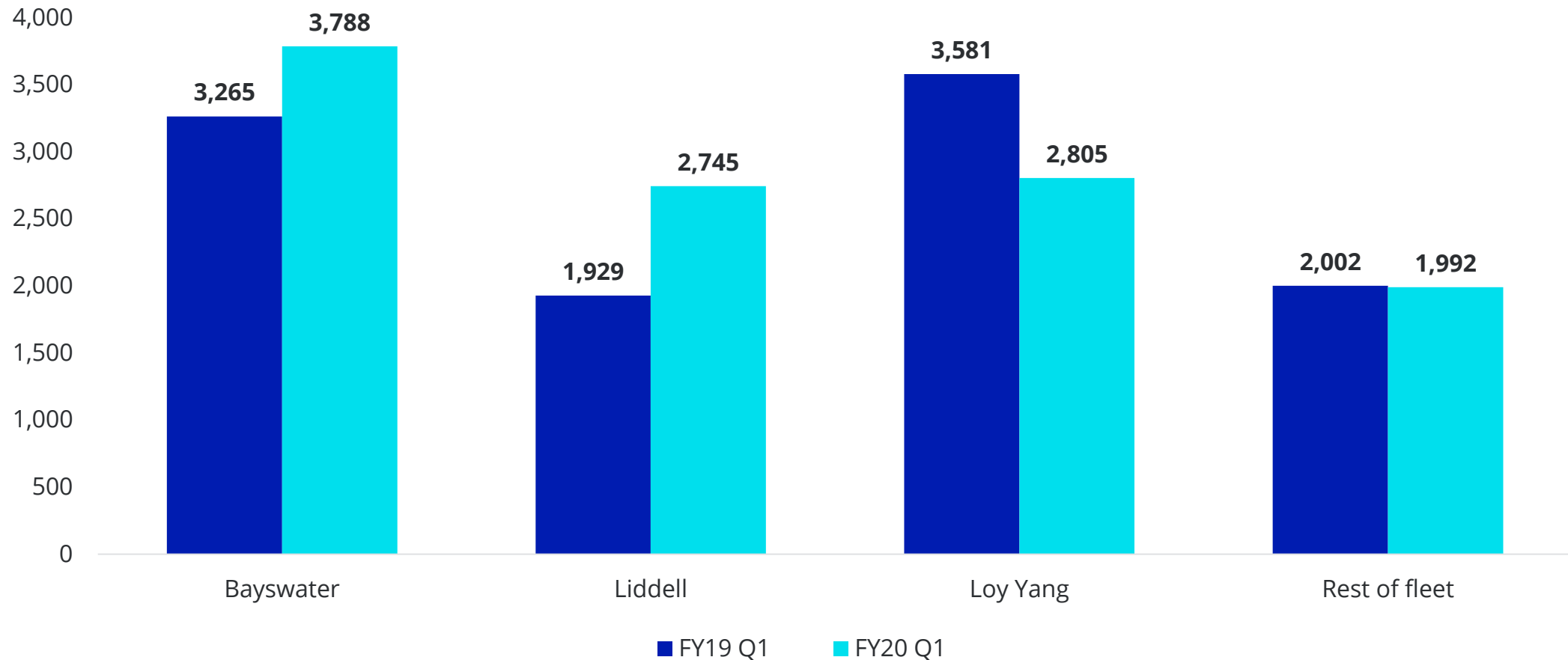


Loy Yang Unit 2 Outage Timeline

Solid operational start to FY20 reflects benefits of recent opex and capex investment



Coal generation volumes at node (GWh)



Fixed cost control has been critical to success as strong revenue growth has driven variable costs



\$ million	FY18	FY19	Comments
Revenue and other income	12,865	13,273	
Cost of sales	(9,070)	(9,440)	Volume-driven costs have risen with revenue Higher coal and gas costs reflect market trends
Gross margin	3,795	3,833	
Operating costs	(1,559)	(1,548)	Modest reduction following period of rising costs Included significant investment in plant availability
Underlying EBITDA	2,236	2,285	
Depreciation and amortisation	(568)	(625)	Increase reflected record investment in plant and systems
Underlying EBIT	1,668	1,660	
Net finance costs	(224)	(193)	
Income tax expense	(426)	(427)	
Underlying Profit after tax	1,018	1,040	

Variable costs have been largely market driven; focus on sustainable fixed cost efficiencies

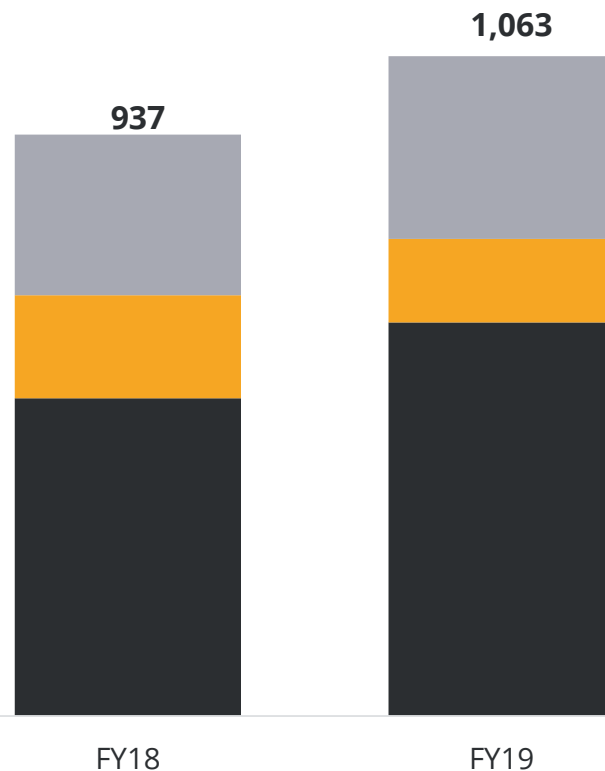


Key cost drivers of the business* (\$m)	FY18	FY19	FY20 and beyond
Network costs	(2,842)	(2,772)	
Other distribution costs	(340)	(373)	Largely volume-driven costs over which we have limited control
Pool purchase costs	(3,582)	(4,060)	
Renewable schemes compliance costs	(593)	(497)	
Gas portfolio purchases	(959)	(1,045)	Gas supply rates increasing as legacy contracts roll off
Gas haulage and storage	(333)	(287)	Correlates with gas volumes
Generation fuel costs	(937)	(1,063)	Loy Yang mine efficiency to partly offset increasing coal and gas costs
Generation running costs and PPAs	(575)	(660)	Additional PPAs on PARF projects the main driver
Customer Markets opex	(556)	(532)	Market activity stabilising and more savings to come from CXT investment
Natural gas opex	(25)	(30)	Will head towards zero as assets are retired
Other operations opex	(130)	(144)	Driven by Moranbah joint venture costs
Corporate opex	(277)	(264)	Efficiencies to offset rising insurance and regulatory costs

Impacts (and opportunities) from higher fuel costs will continue to evolve over time



Generation fuel costs (\$ million)



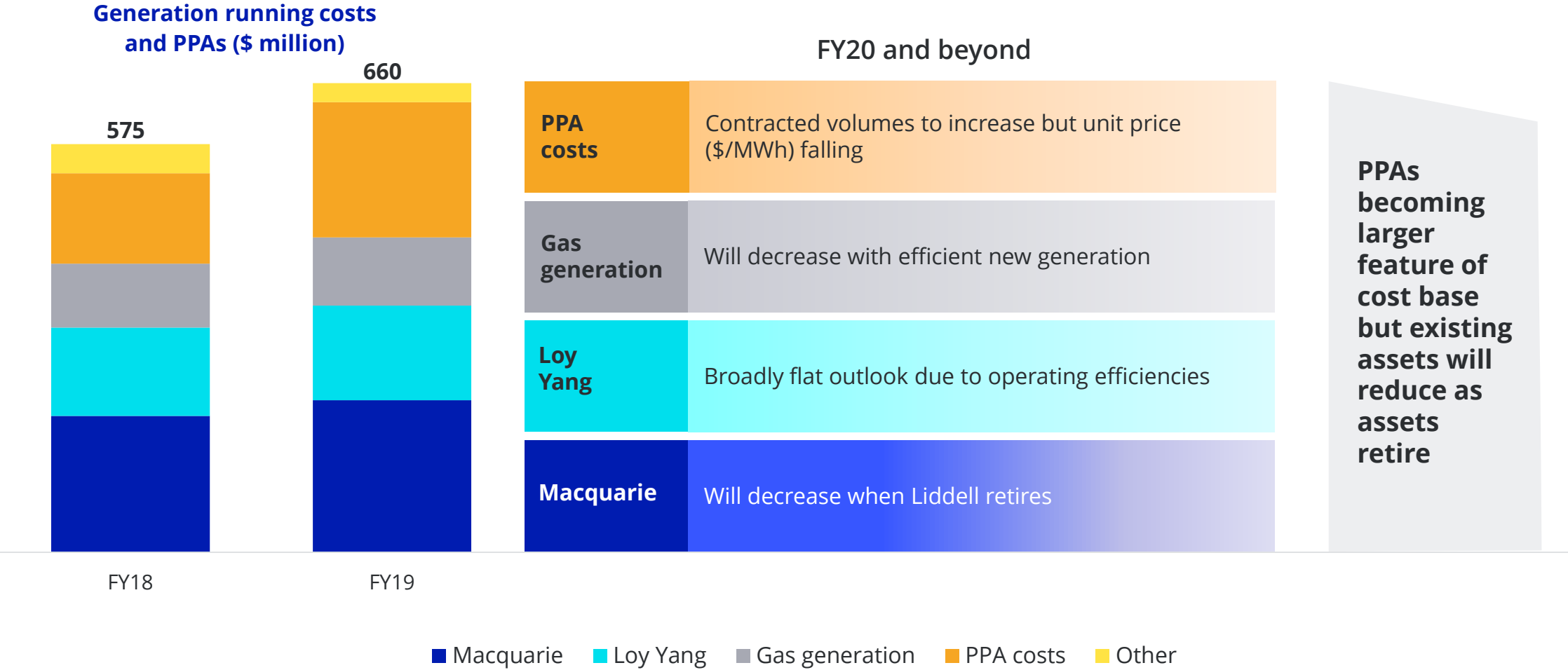
FY20 and beyond

Gas	Gas import strategy and new efficient plant to mitigate impact of higher market prices
Brown coal	Extraction costs largely stable due to recent efficiency gains
Black coal	Exposure to variable costs will lessen after Liddell retires

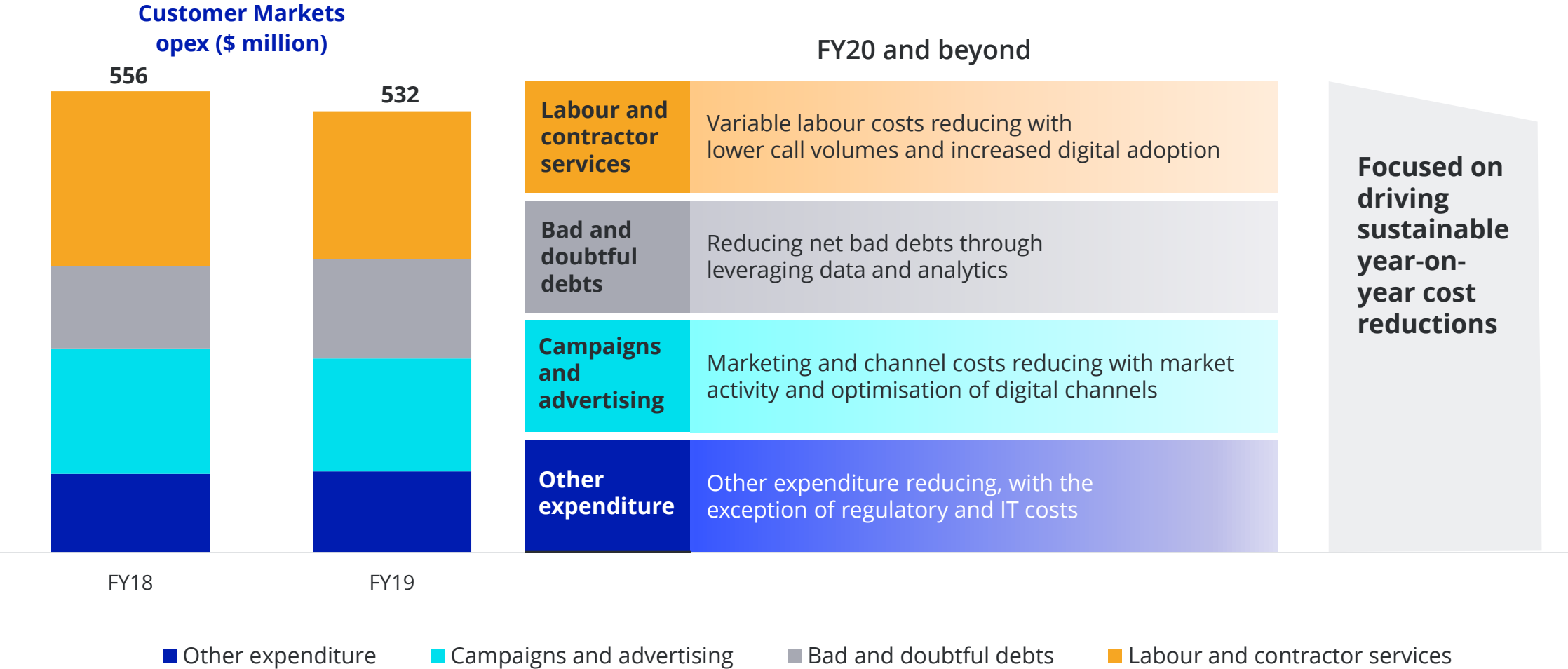
AGL's trading and supply focus will help mitigate the impact of higher fuel costs

■ Black coal ■ Brown coal ■ Gas

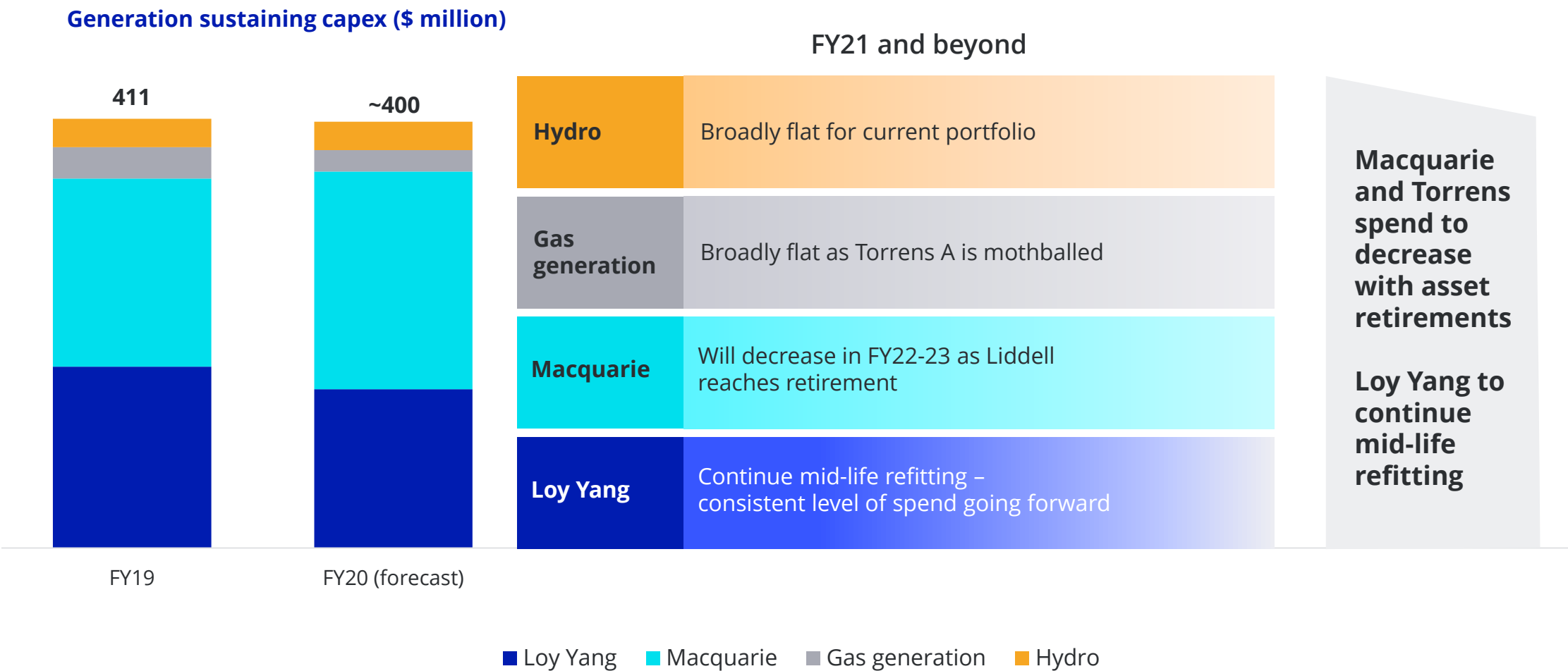
Generation running costs will reduce as ageing assets retire



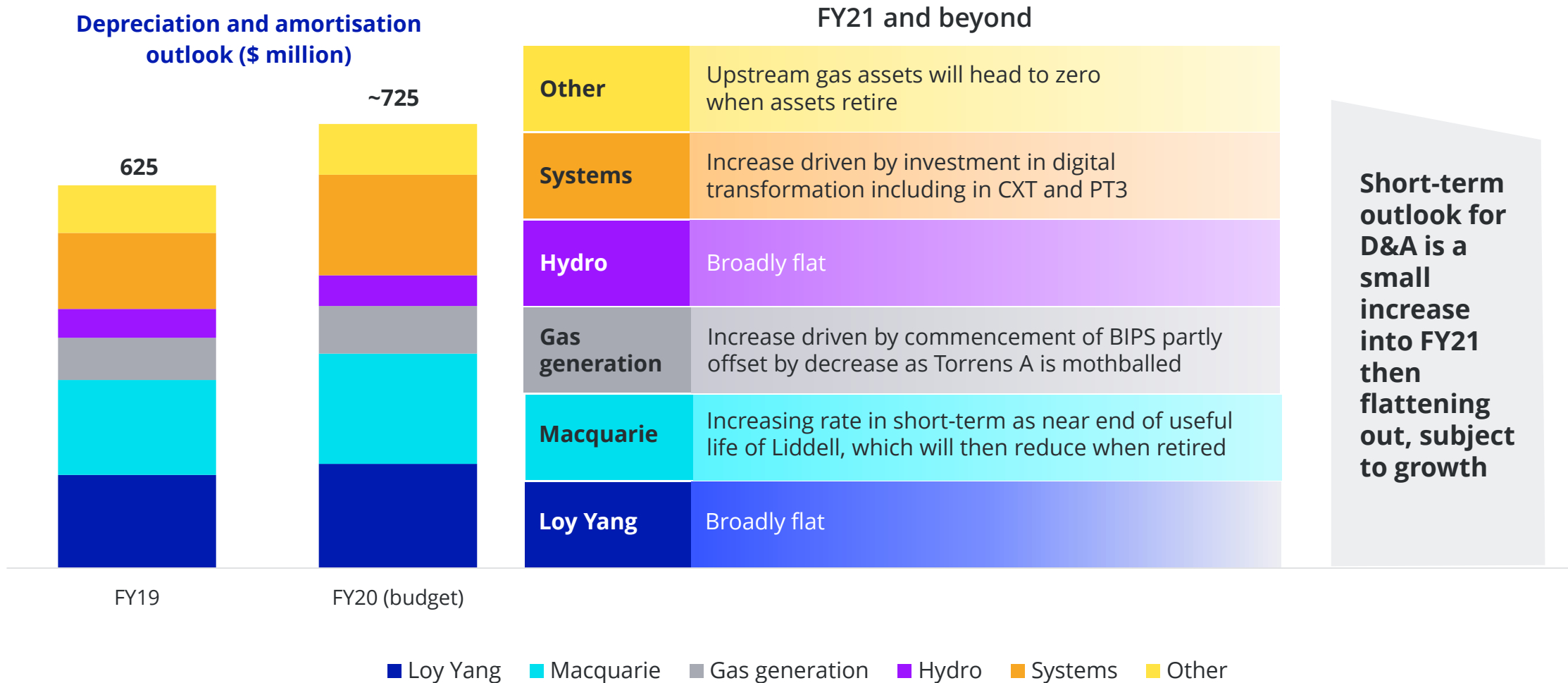
Moderating market activity and leveraging digital transformation investment will drive lower costs



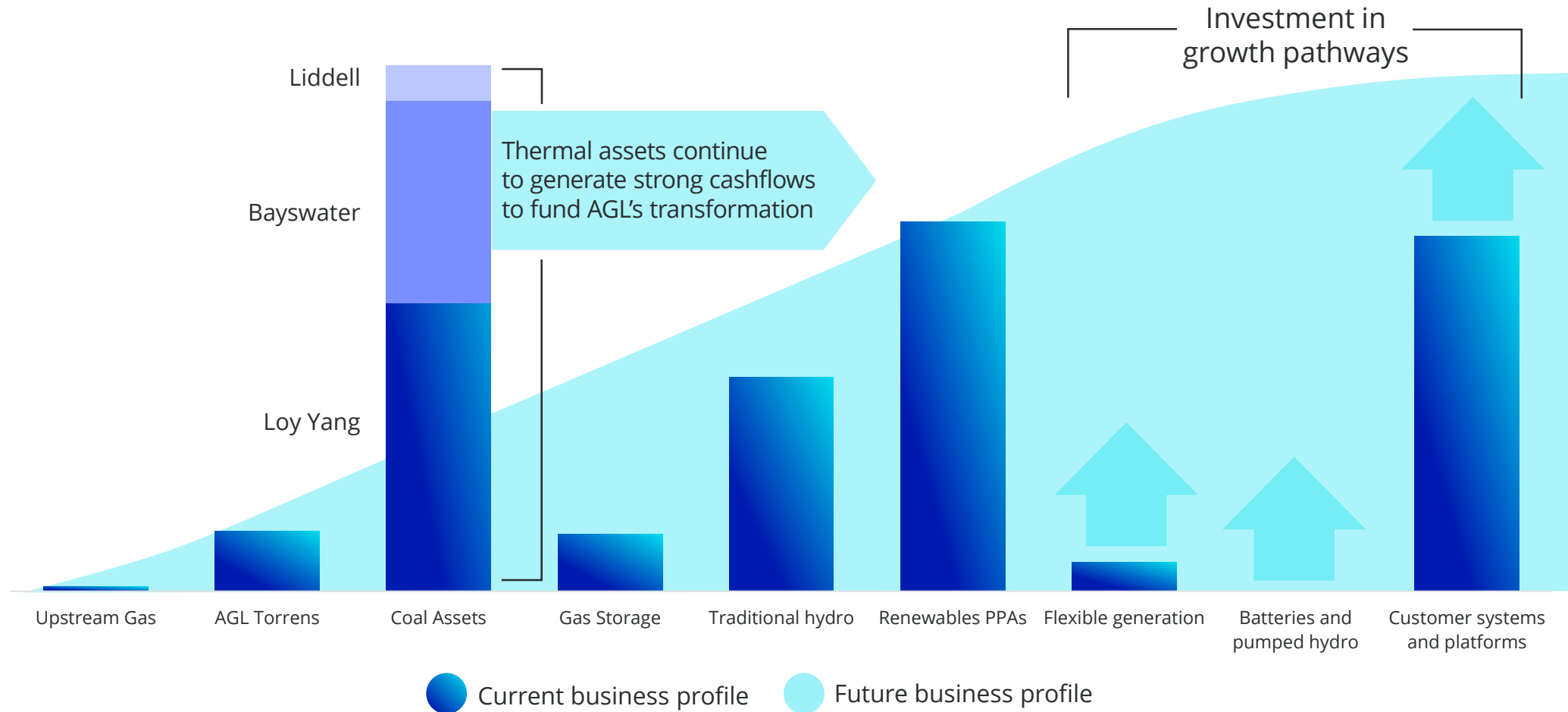
Generation fleet to become less capital intensive as ageing assets retire



Step-up in FY20 depreciation expense reflects plant and systems investment



The strong asset base of today remains a great foundation for the business of the future

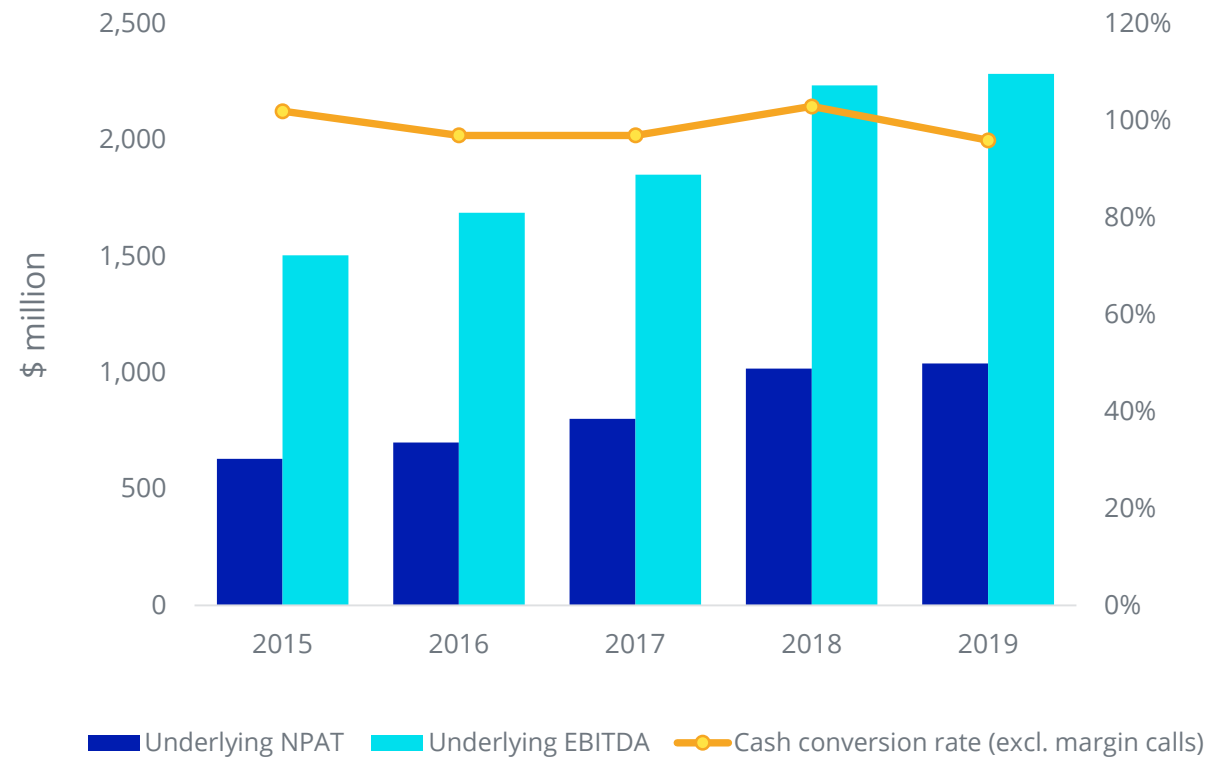


Note: Chart includes both on and off balance sheet assets such as PPAs

Strong cash flow outlook for FY20 despite lower earnings versus FY19



Cash conversion



Cash flow outlook

Historical cash conversion ~100% of Underlying EBITDA (excluding margin calls)

Forecast decrease in FY20 Underlying NPAT includes \$70m non-cash impact of D&A

FY20 cash flow expected in line with historic cash conversion rates of Underlying EBITDA

Disciplined approach to capital allocation

Capital allocation principles	Application
Run existing business for optimal performance and value	<ul style="list-style-type: none">• Continue to invest in core asset performance• Focus on sustainable cost efficiencies
Maintain strong balance sheet and dividend policy	<ul style="list-style-type: none">• Baa2 credit rating• Dividend payout ratio of 75% of Underlying Profit after tax, franked to 80%
Invest in growth pathways to deliver future value and prosperity	<ul style="list-style-type: none">• Continual application of hurdle rate
Return excess liquidity to shareholders	<ul style="list-style-type: none">• On-market share buy-back announced August 2019

Improving our reporting to provide a deeper understanding of the business



Improvements to OFR enabling greater transparency

Integrated Reporting inclusive of value drivers
Providing financial granularity through Portfolio Margin Reporting improvements



Increase TCFD disclosure of AGL's assessment of climate-related risks

Including the consideration of how a 1.5-degree future has been addressed in AGL's strategy development process as well as for carbon risk analysis



Adopting Business Value Drivers into everyday business activities

Including aspects of internal modelling, budgeting and forecasting to allow management to review performance of all value drivers on a regular basis



Customers



Communities and Relationships



People



Environment



Infrastructure



Systems and Processes



Finance

Q&A





Supplementary information



Macarthur Wind
Farm, Victoria

Reconciliation of Portfolio Margin Reporting to Underlying NPAT



AGL Portfolio Reporting Summary (\$m)					
Electricity Portfolio	FY18	FY19	Gas Portfolio	FY18	FY19
Consumer revenue	4,145	4,068	Consumer revenue	1,538	1,530
Large Business revenue	1,615	1,734	Large business revenue	339	168
Wholesale and Eco Markets revenue	1,055	1,104	Wholesale Gas and Eco Markets revenue	755	928
Group Operations revenue	97	104			
			Network costs	(568)	(526)
Network costs	(2,274)	(2,246)	Other distribution costs	(44)	(49)
Green compliance costs	(593)	(497)			
Other distribution costs	(296)	(324)	Gas purchases	(959)	(1,045)
			Haulage, storage, other	(333)	(287)
Fuel costs	(937)	(1,063)			
			Gas Margin (b)	728	719
Generation running costs	(575)	(660)			
D&A	(371)	(422)	Other AGL	FY18	FY19
			Other margin	219	125
Net portfolio management			Opex:		
Pool generation revenue	3,881	4,508	Customer Operations	(556)	(532)
Pool purchase costs	(3,582)	(4,060)	Natural Gas	(25)	(30)
Net derivatives	(259)	(257)	Other Operations	(130)	(144)
			Corporate	(277)	(264)
Electricity Margin (a)	1,906	1,989	D&A	(197)	(203)
			Interest	(224)	(193)
			Tax	(426)	(427)
			Other AGL (c)	(1,616)	(1,668)
			Underlying NPAT (a+b+c)	1,018	1,040

BREAK





Customer update: driving connection and orchestration

Christine Corbett, Chief Customer Officer

Dominique Van Den Berg, GM, Distributed Energy

Simon Moorfield, EGM, Future Business & Technology





Customer update: driving connection and orchestration



Christine Corbett
Chief Customer Officer



Dominique Van Den Berg
GM, Distributed Energy



Simon Moorfield
EGM, Future Business & Technology



Christine Corbett

Chief Customer Officer

Key messages



1.

AGL is responding to heightening expectations and regulatory changes whilst continuing to deliver for our customers

2.

AGL is focusing on winning the consumer and Commercial and Industrial (C&I) Connected Customer relationship by evolving into a multi-product retailer

3.

AGL's investment in digital transformation makes us best placed to provide the Connected Customer experience

Customer update: driving connection and orchestration



Connection

Own the Connected Customer relationship by providing multiple essential services

Provide simple solutions for essential products and services with the needs of the customer at the centre



Orchestration

Market leader in orchestration of customer-owned energy assets

Meet customer needs and offer value as home energy and transport options converge



Trading and Supply

Physically backed energy trader

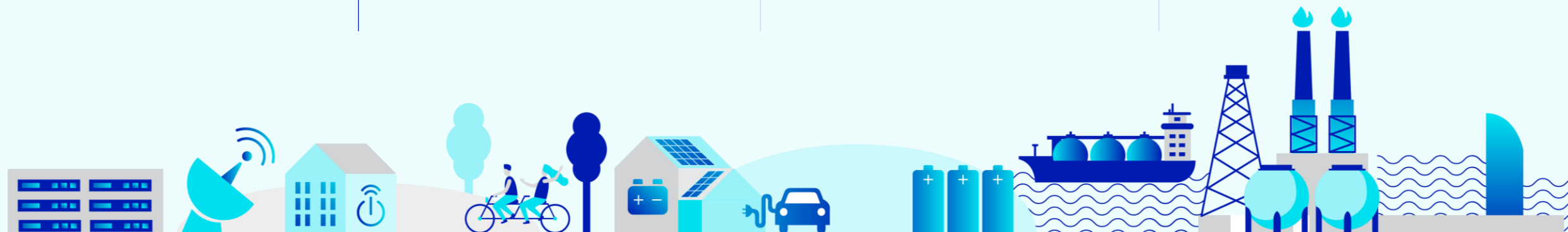
Build a portfolio of assets that, together with customers, enable risk management and trading as a core source of competitive advantage



Generation

Leading provider of flexible storage and generation across Australia

Provide reliable, dispatchable capacity to complement variable renewable sources and support Australia's energy transition



Customer expectations are changing but delivering on the fundamentals is still important



Residential trends

- Increasingly connected
- Elevated service expectations
- Trust

- ~28 billion devices globally forecast by 2022¹
- 63% of respondents express that a residential energy and data package is relevant to them²
- Falling battery costs are shortening the payback periods for residential solar to 6.5 years supporting uptake and demand for orchestration
- 73% of customers say one extraordinary experience raises their expectations of other companies (no matter which industry)²
- Trust is the most important non-price driver for choosing a brand³

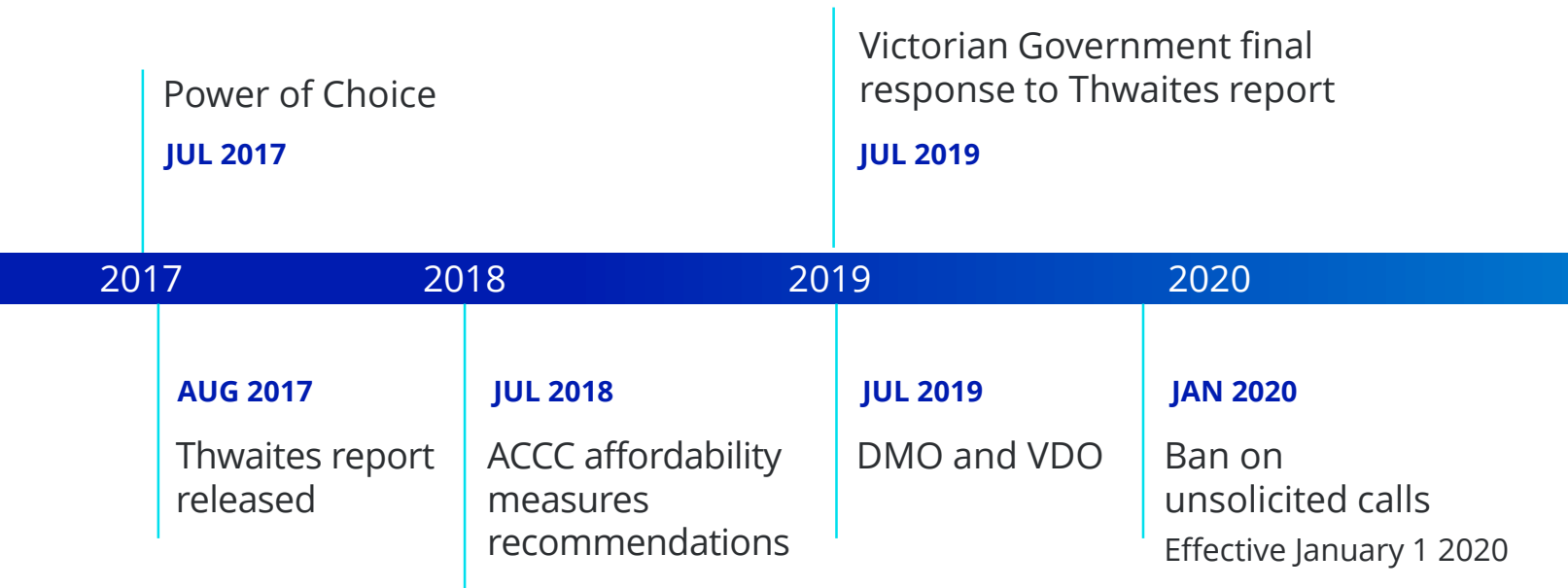


Commercial trends

- Integrated energy solutions and tailored advice
- Declining prices increasing C&I focus
- Sustainability focus

- Value pools are expanding as customers evolve to more complex and integrated solutions
- Commercial solar and battery systems projected to grow by 1.7 GW from 2017 to 2022⁴, an increase of 190%
- ~900 MWh of clean energy PPAs contracted by C&I customers directly with developers in Australia in 2018⁵
- Forward prices are expected to moderate over the short to medium term and it is expected C&I will underpin more generation

AGL will continue to respond proactively to an intense regulatory environment



Policy uncertainty and intervention

- Affordability remains a key focus
- Implications for gas market unclear
- Potential national market convergence (VDO, DMO)
- 5 minute settlements to be introduced
- Demand response trialed and could become more prevalent
- Consumer Data Right (CDR) expected to progress
- Treasury Laws Amendment (Prohibiting Energy Market Misconduct) bill ("Big Stick" legislation)

AGL is utilising this opportunity to deliver for our customers



Advocate for industry change

- Collaboration with Government to design the reference rate
- Signatory to The Energy Charter



Protect most vulnerable customers

- A Fairer Way, Affordability Package and Safety Net Guarantees
- \$50 million affordability package delivered



Simplify our offering and rewarding loyalty

- Almost 500,000 customers on Essentials
- Shift away from conditional discounts
- Over 1 million customers proactively contacted
- ~290,000 customers received loyalty safety net



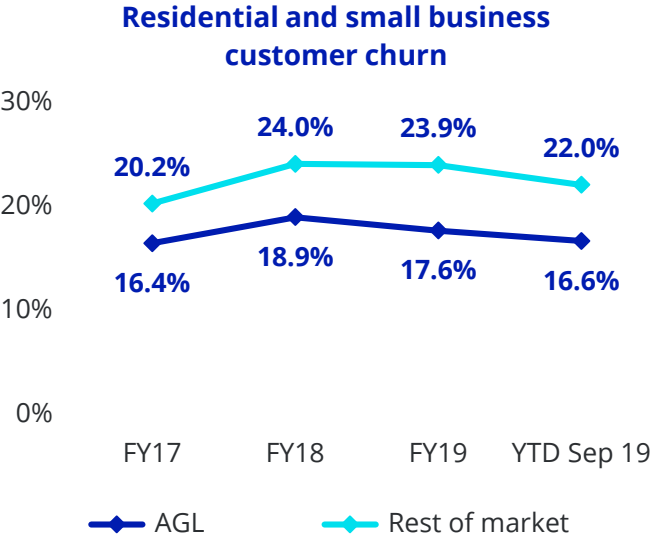
Transform for the future

- Foundational capabilities delivered through CXT ~\$300 million investment
- Entry into multi-products through announcement of proposed Southern Phone Company acquisition

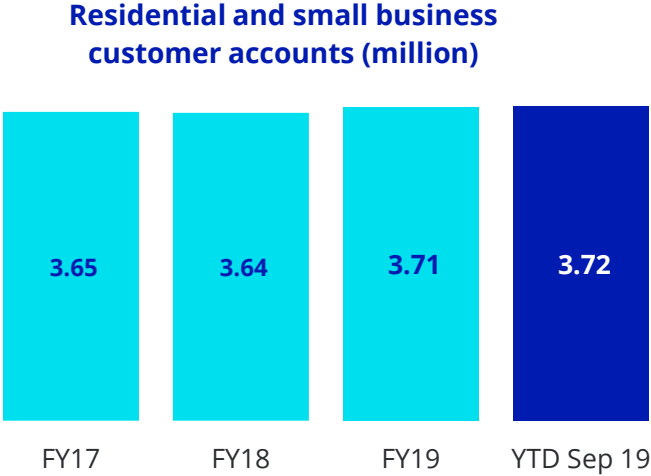
FY20 metrics are positive to date but headwinds remain



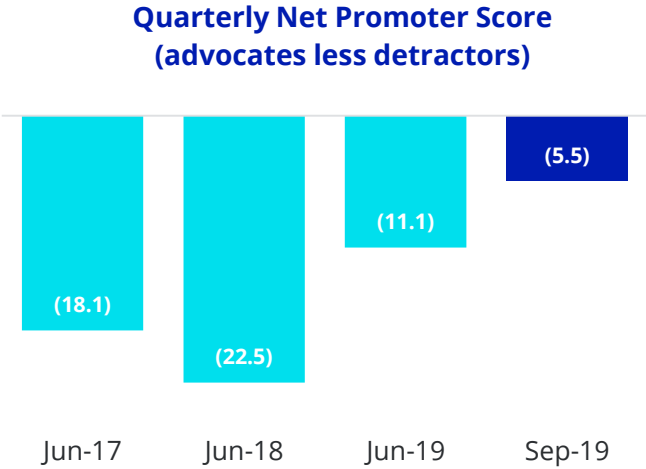
Churn spread to rest of market decreased to 5.4 ppts



Customer accounts have grown by 80,000 from FY18



Net Promoter Score increased by 5.6 points

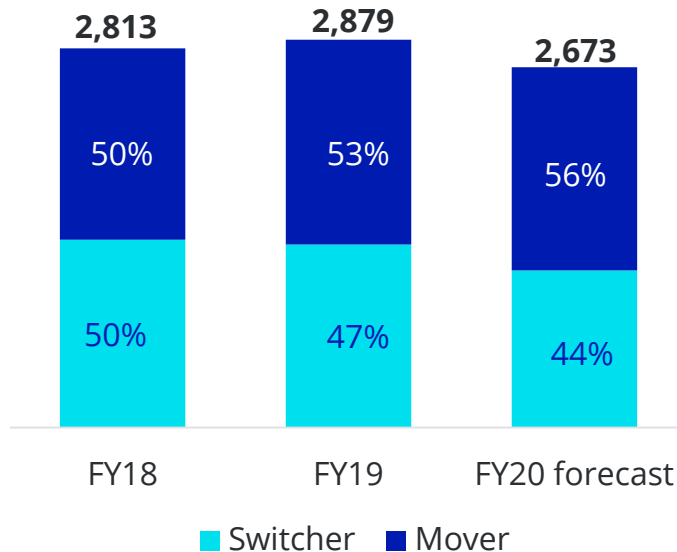


Movers are an increasingly important segment – they value ease and simplicity



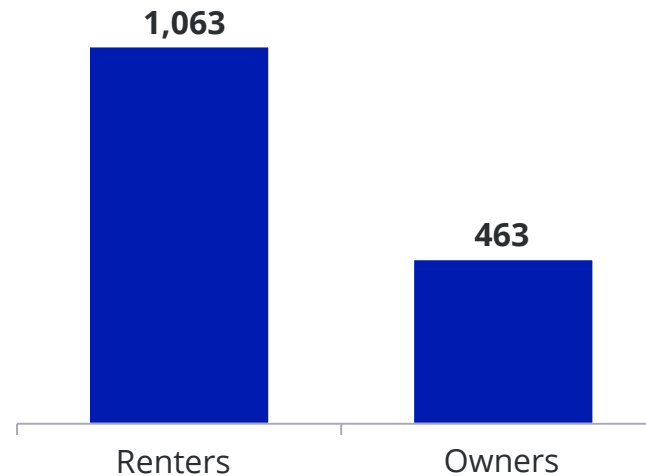
Movers are an increasingly important segment

Switchers vs Movers market transfers ('000s)¹



Renters make up the majority of Movers

FY19 Movers by segment ('000s)²



Movers value ease and simplicity³

“

- Ensure the power is connected when I want it
- Keep the process simple for me, I don't want to be inconvenienced
- Keep me informed
- Give back to me as a loyal customer
- I don't expect an incentive, but they are welcome

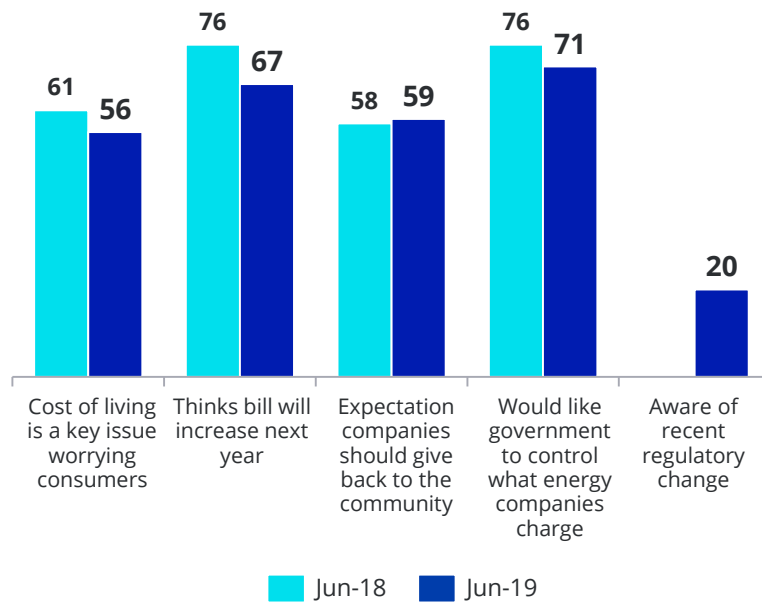
”

Trust needs to be rebuilt, the basics are still important and customers are attracted to multi-products



Energy companies need to rebuild trust with customers

Customer perceptions (%)



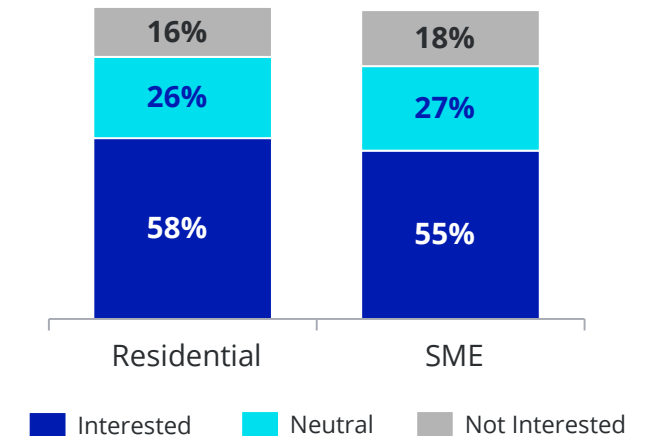
Energy companies need to get the basics right

What's important to customers



Customers find a multi-product proposition appealing

Appeal of multi-product offering



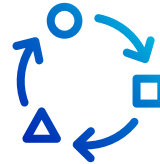
We will play where 'BIG' matters, win the Connected Customer, be famous for service and regain trust



Growth

Win the Connected Customer relationship in both consumer and C&I

- Deliver multi-product offerings
- Lead in orchestration
- Expand C&I



Transformation

Become famous for great service

- Deliver our Service Promise
- Leverage CXT
- Achieve a sustainable cost position



Social Licence

Regain the trust of our customers and the community

- Embed customer advocacy
- Drive customer loyalty
- Enhance brand positioning

Southern Phone Company enables AGL to pursue growth in the convergence of data and energy

- The offer, if accepted, would see the acquisition of all issued capital of Southern Phone Company (SPC), from its current 35 local council shareholders for \$27.5 million
- The purchase of SPC will allow AGL to acquire telco capabilities including:
 - Data network assets
 - Relationships with mobile virtual network operator, NBN Co and backhaul providers
 - Technical support resources
 - Telco specific billing and fulfilment capabilities
- AGL will leverage these capabilities to launch bundled energy and broadband / mobile products that meet the needs of increasingly connected customers
- AGL has committed to maintaining SPC's business operations in Moruya for at least three years



100,000+

SPC customers across Australia,
primarily in regional areas

200,000

AGL customers in SPC
local government areas

1 in 5

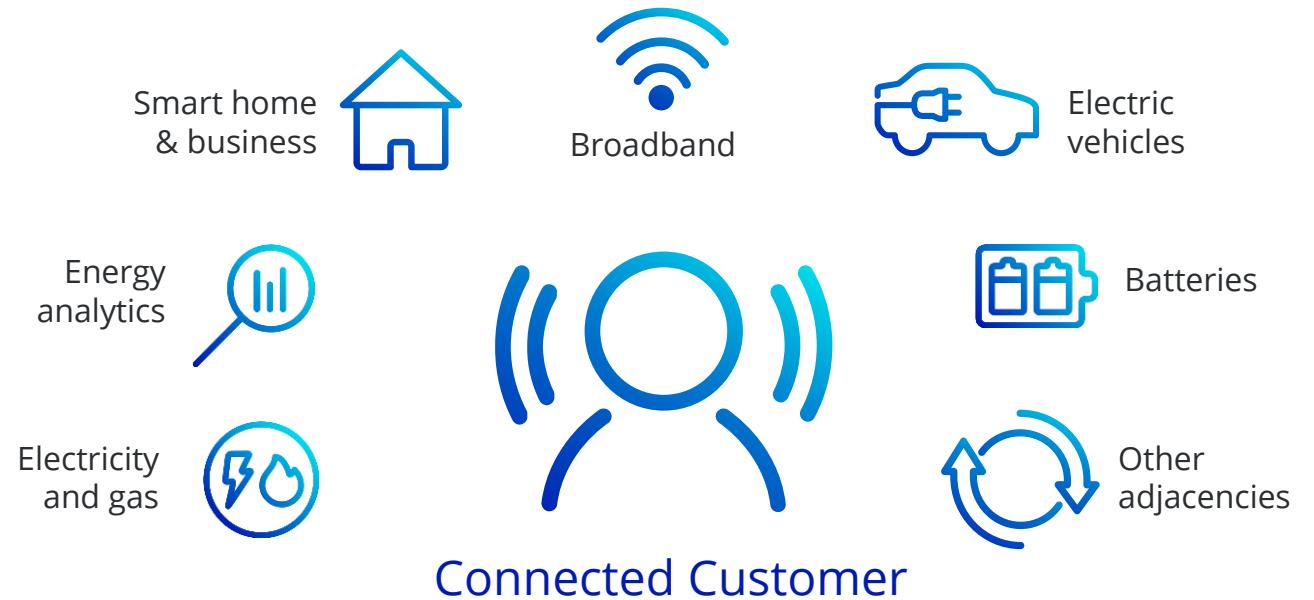
Australian households in
regional areas are AGL customers

AGL can win the Connected Customer relationship by evolving into a multi-product retailer



Data is a logical entry point into the Connected Customer relationship

- Data provision in Australia is a \$56 billion market
- Data is a good strategic fit due to synergies with the core AGL offering, competitive position and alignment of capabilities
- A multi-product proposition is attractive to customers with 63% interested in a data and energy solution¹



Now is the time to enter the market due to NBN Co commoditisation and activating a switching event

There will be
2.9 million
activations between
FY20 and FY22²



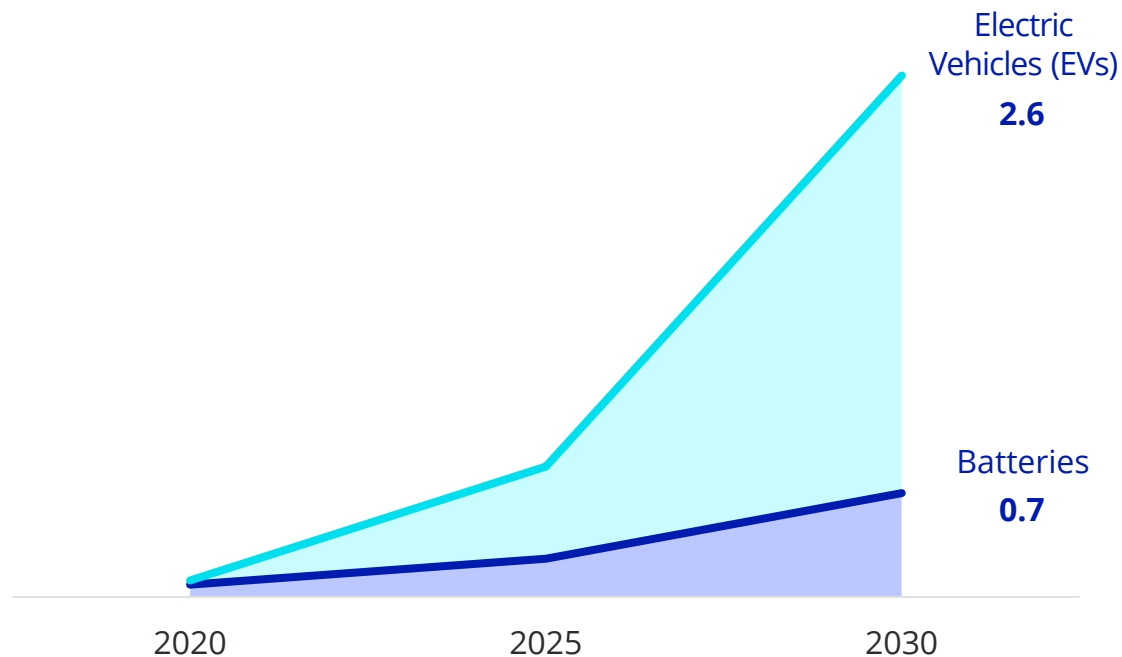
Dominique Van Den Berg

GM, Distributed Energy

A Virtual Power Plant creates value from latent capacity in Behind The Meter assets with EVs the next wave



Behind The Meter assets (millions)



VPPs generate value through orchestration:

Wholesale trading: Discharge during high-price events

Ancillary Services (FCAS): Short-interval discharge for frequency

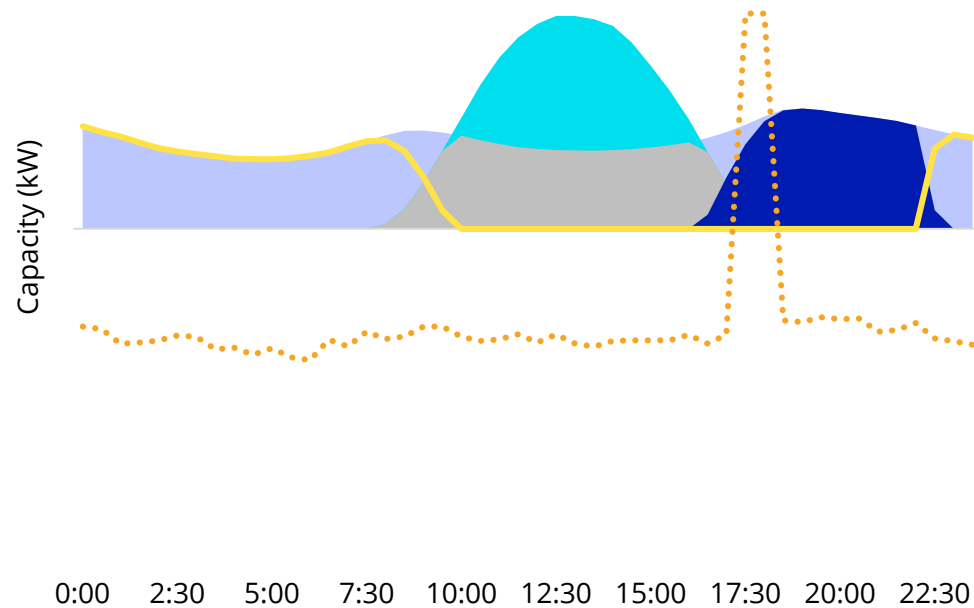
Network services: Locating assets in network-constrained areas, to offset peaks

And new value pools as the energy market transitions

VPP opens sharing economy - allows AGL to create value from customer assets, share this value with the customer



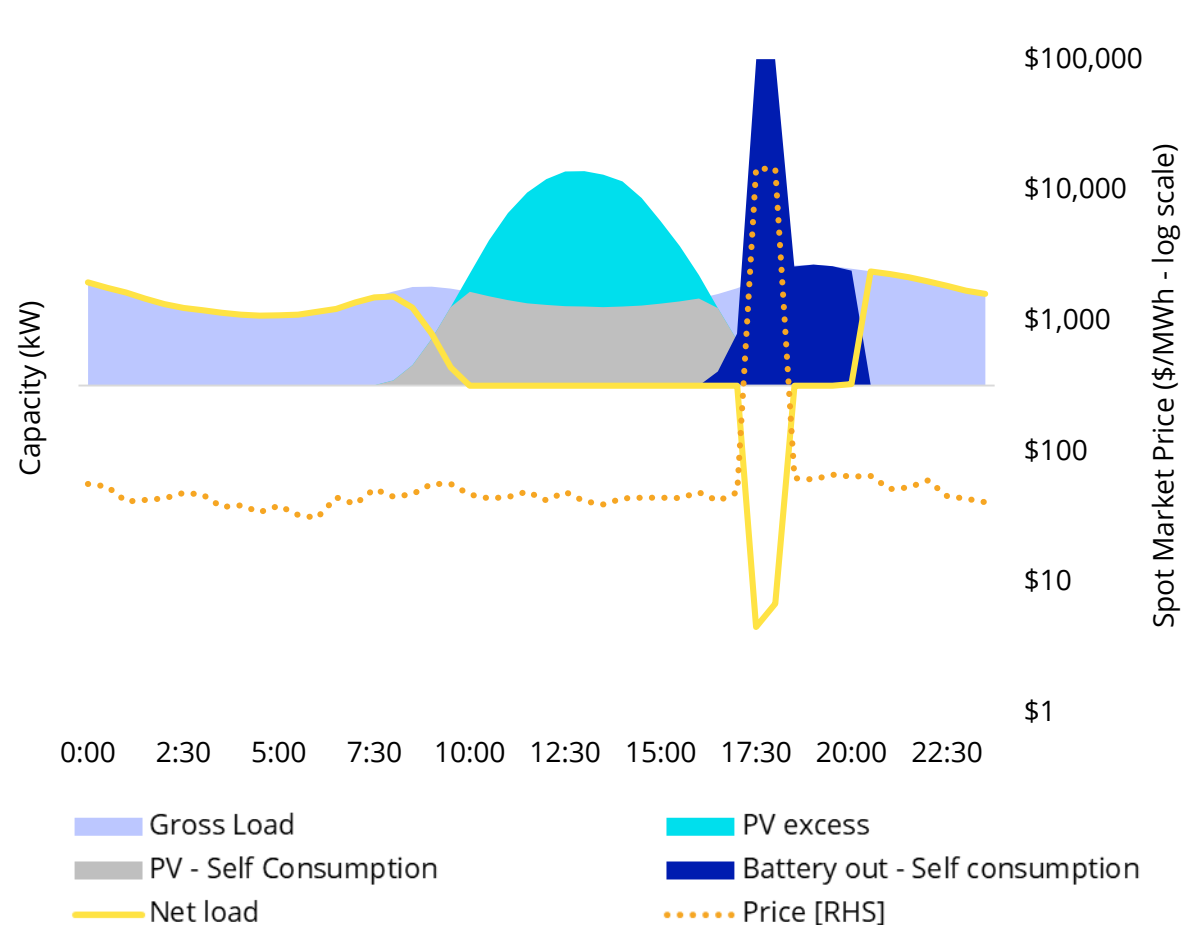
Customer load with solar + battery, without orchestration



VPP opens sharing economy - allows AGL to create value from customer assets, share this value with the customer



Solar + Battery: Orchestrated



Benefits for customer

- **Lower energy costs** (including bill credits)
 - Potentially 30% further savings on top of solar self consumption benefit
- **Helping stabilise the grid** in their neighbourhood
- **Helping increase energy system holding capacity** for renewables



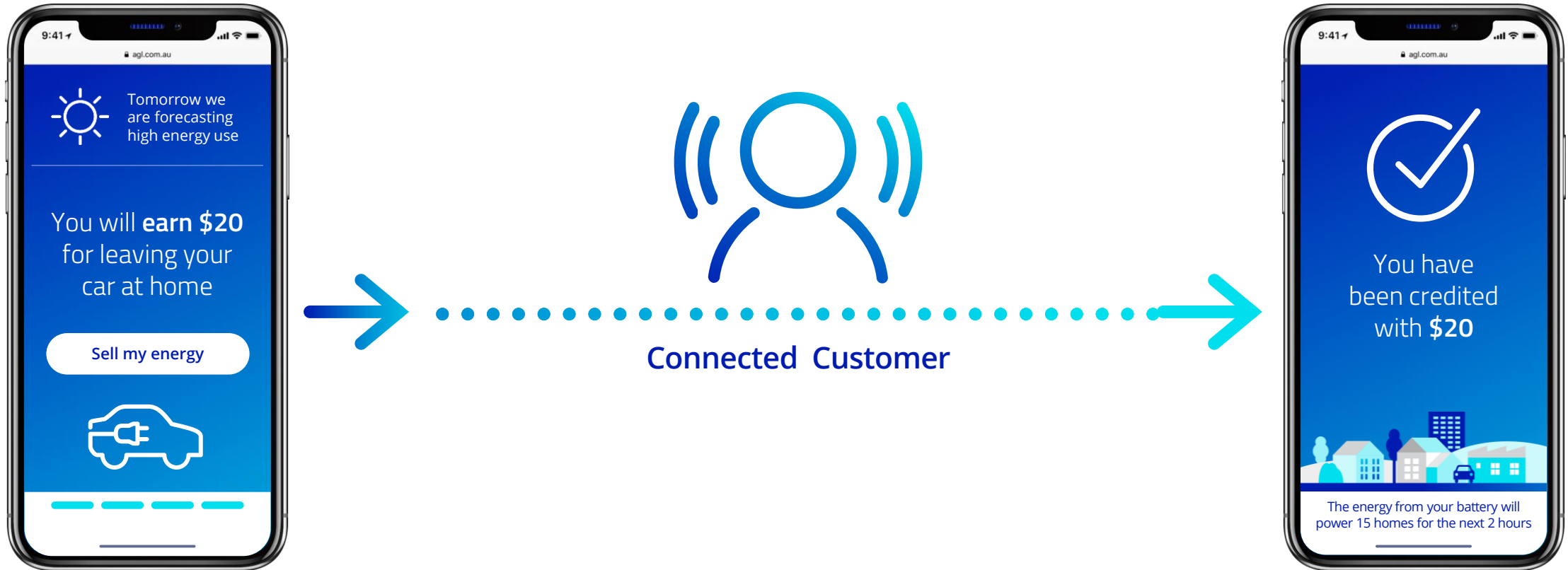
Simon Moorfield

EGM, Future Business & Technology

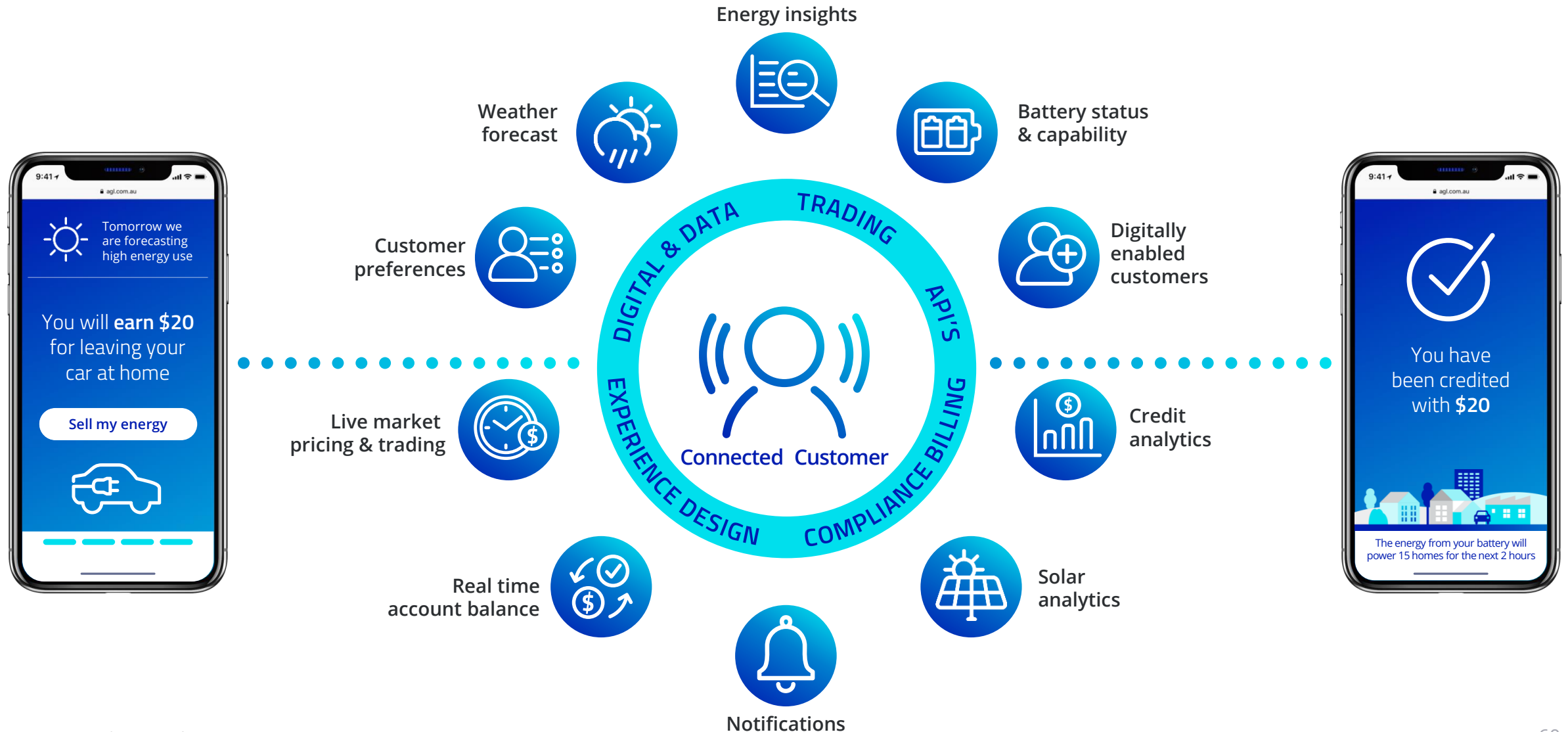
Connected Customer experiences



Connected Customer experiences enabled by AGL's digital capabilities developed through CXT



Connected Customer experiences enabled by AGL's digital capabilities developed through CXT



Connected Customer experiences enabled by AGL's digital capabilities developed through CXT



Traditional AGL

CXT Transformation

AGL Future Business

CHANNELS



Agent



IVR



Web



Mobile



Voice



Smart home and business



Car

Core Pricing,
Product & Billing

Application Program Interface (APIs)

2x▲	customers on e-bills	20x▲	improvements / month
3x▲	digital sales share	15x▲	app users
4x▲	My Account users	10x▼	test effort

Machine Learning &
Artificial Intelligence Platform

APIs

- Shared Economy CX
- Multi-product
- Uplift in Wholesale Systems
- Data and Artificial Intelligence Driven

Grid and Customer scale



SERVICES



Gas



Electricity



Solar



Battery



Broadband



Mobile



EV

Q&A





Portfolio update: optionality in generation, trading and supply

Melinda Buchanan, GM, Gas & Renewables Operations

David Moretto, Interim GM, Portfolio Growth

Phaedra Deckart, GM, Energy Supply & Origination

Simon Sarafian, GM, Trading

Barker Inlet Power Station,
South Australia





Portfolio update: optionality in generation, trading and supply



Melinda Buchanan
GM, Gas & Renewables Operations



David Moretto
Interim GM, Portfolio Growth



Phaedra Deckart
GM, Energy Supply & Origination



Simon Sarafian
GM, Trading



Melinda Buchanan

GM, Gas & Renewables Operations

Key messages



1.

AGL's strategy is about building optionality and flexibility throughout our portfolio

2.

Our investments in supply and storage will enhance and underpin our core competitive advantage in trading

3.

The flexible portfolio we are developing will be well placed to respond to and thrive in the energy market of the future

Portfolio update: optionality in generation, trading and supply



Connection

Own the Connected Customer relationship by providing multiple essential services

Provide simple solutions for essential products and services with the needs of the customer at the centre



Orchestration

Market leader in orchestration of customer-owned energy assets

Meet customer needs and offer value as home energy and transport options converge



Trading and Supply

Physically backed energy trader

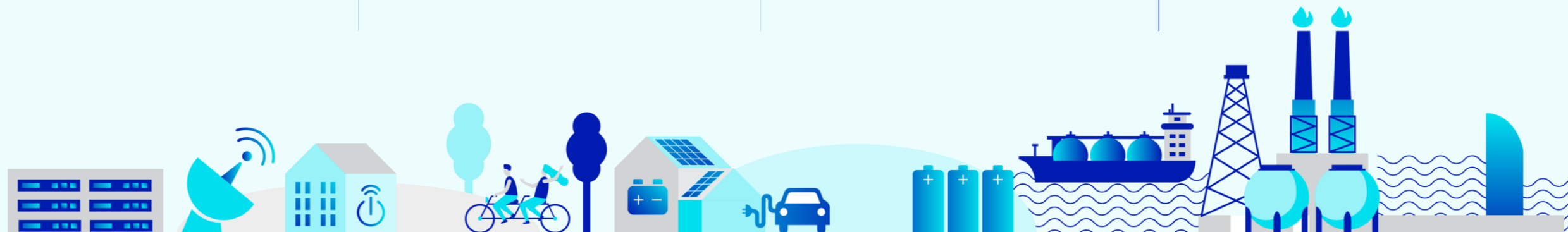
Build a portfolio of assets that, together with customers, enable risk management and trading as a core source of competitive advantage



Generation

Leading provider of flexible storage and generation across Australia

Provide reliable, dispatchable capacity to complement variable renewable sources and support Australia's energy transition





David Moretto

Interim GM, Portfolio Growth

AGL's strategy is designed to respond to and benefit from market changes



Trading and Supply trends

- From national to international market
- Interchangeability of units of energy
- Constrained fuel supply chains
- Climate change risk and mitigation



Generation trends

- Technology driving major shifts in energy
- Need for different services
- Policy uncertainty and intervention
- Baseload generation retirement

- International markets increasingly setting commodity prices domestically
- By 2030 the east coast domestic gas supply gap is expected to be over 300PJ¹
- Market appetite for different benchmarks for coal, gas and oil
- AGL uses carbon price analysis to assess strategic, planning and maintenance decisions

- Renewable generation is now the cheapest form of new-build supply
- Increasing role of distributed energy
- Large-scale 2020 Renewable Energy Target (RET) met
- Clear market signals to improve market investment
- 14 GW of baseload generation expected to retire by 2040² – 32% of today's NEM dispatchable generating capacity

AGL's portfolio is successful in today's energy market and we are setting it up for future success



Current portfolio
meets requirements
through diversity



Geography



Fuel
source



Technology



Channels
to value

Market conditions
changing

- Increasing requirement for flexibility
- Continuing penetration of renewables
- Expected baseload retirements
- \$130b grid-scale and \$70b behind-the-meter investment required¹

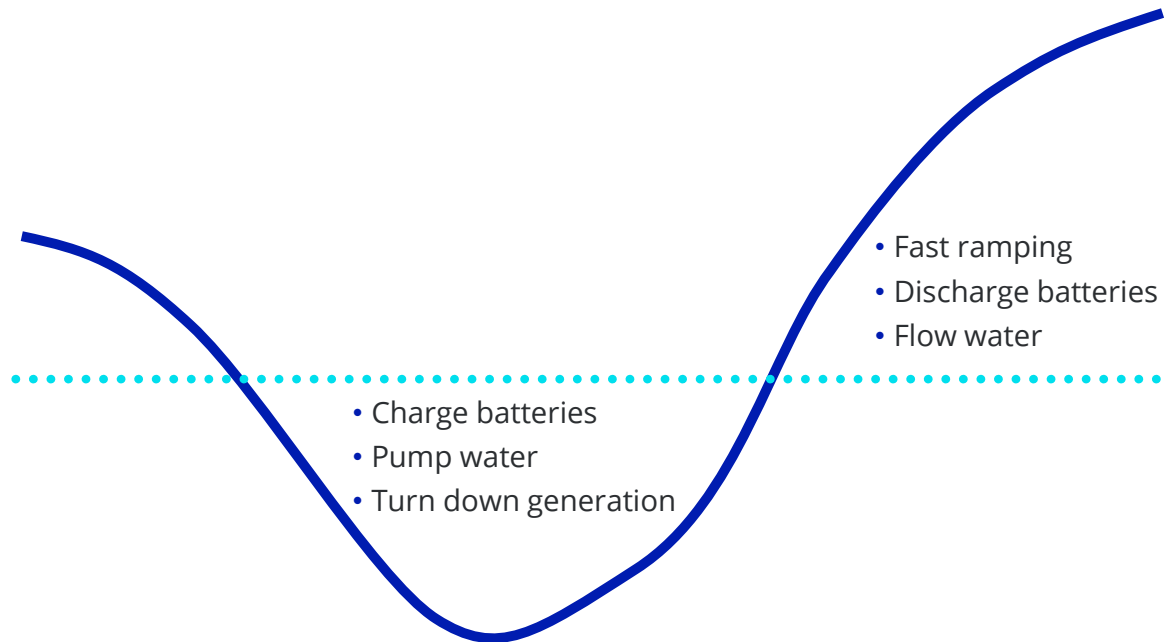
Ready to
meet challenge

- Investing in flexibility
- Developing new generation and storage options
- Dispatchable plant under construction

Our pipeline of pumped hydro and battery opportunities will further support our success



Future price profile

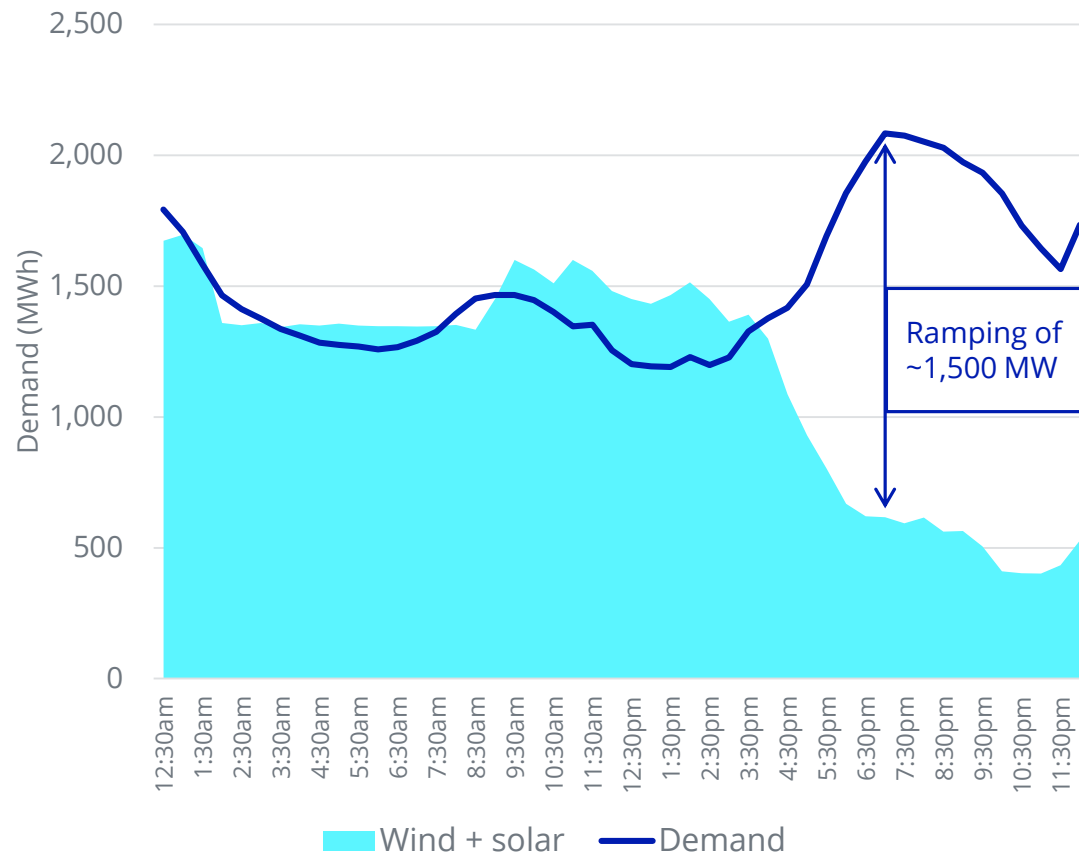


Storage – VPP, grid-scale batteries and pumped hydro

- Historical NEM profile - lowest over night, peaking as the sun sets
- Low marginal cost generation introduced with large scale wind and solar penetration
- Solar is shifting lowest prices to middle of day
- NEM will see larger differences between lowest and highest prices

New firming assets will react flexibly in volatile markets

Typical day in South Australia*

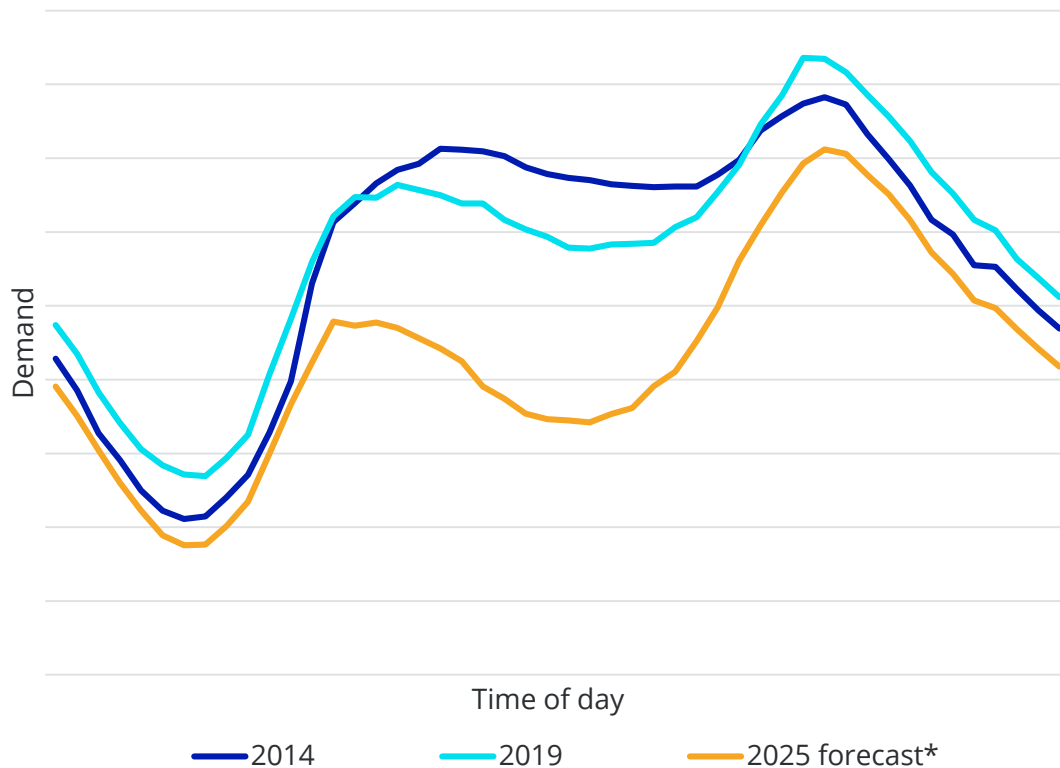


Barker Inlet Power Station (BIPS)

- Flexible 210 MW dual-fuel gas peaking power station
- Fast-start generator to suit increasingly dynamic market
- Assists in balancing steep movements of wind and solar
- Flexibility frees up gas for other parts of AGL's portfolio
- Construction of additional interconnection represents opportunity
- Extended low-demand periods expected in the market
- Avoids uneconomic running of Torrens Island Power Station (TIPS)

Responding to market dynamics by making our coal assets more flexible

New South Wales median day load profile



Bayswater upgrade

- Demand profiles of NEM changing with increasing penetration of renewables and rooftop solar
- Bayswater upgrade progressively adds additional 25 MW/unit - totalling 100 MW
- Flexibility of Bayswater to respond to changing price and demand signals
- Reducing minimum generation level of Bayswater ensures best use of fuel and reduces emissions



Phaedra Deckart

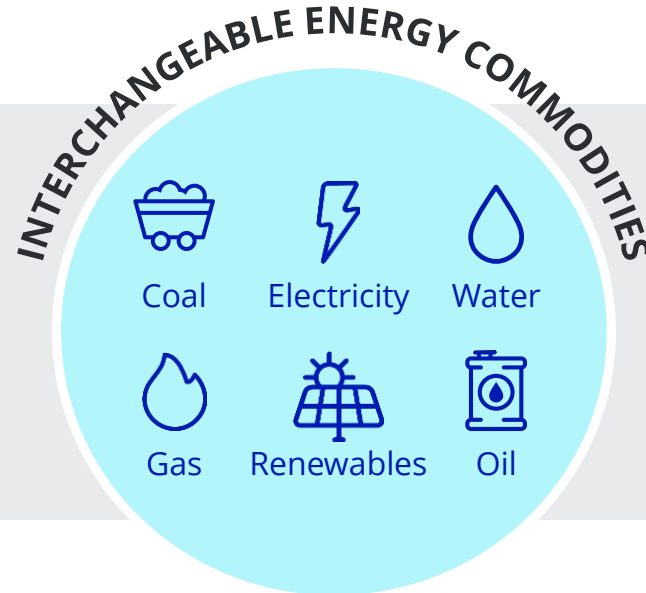
GM, Energy Supply & Origination

In a changing energy market, AGL's flexible portfolio will effectively manage risk



Physical asset optionality

- ➔ Multiple supply
- ➔ Geographic diversity
- ➔ Competitive pricing
- ➔ Global markets



- ➔ Transport
- ➔ Storage
- ➔ Sourcing
- ➔ Diverse technologies

Physical and financial
trading across markets

Commodity sourcing
and storage



**Satisfying
customer demand**

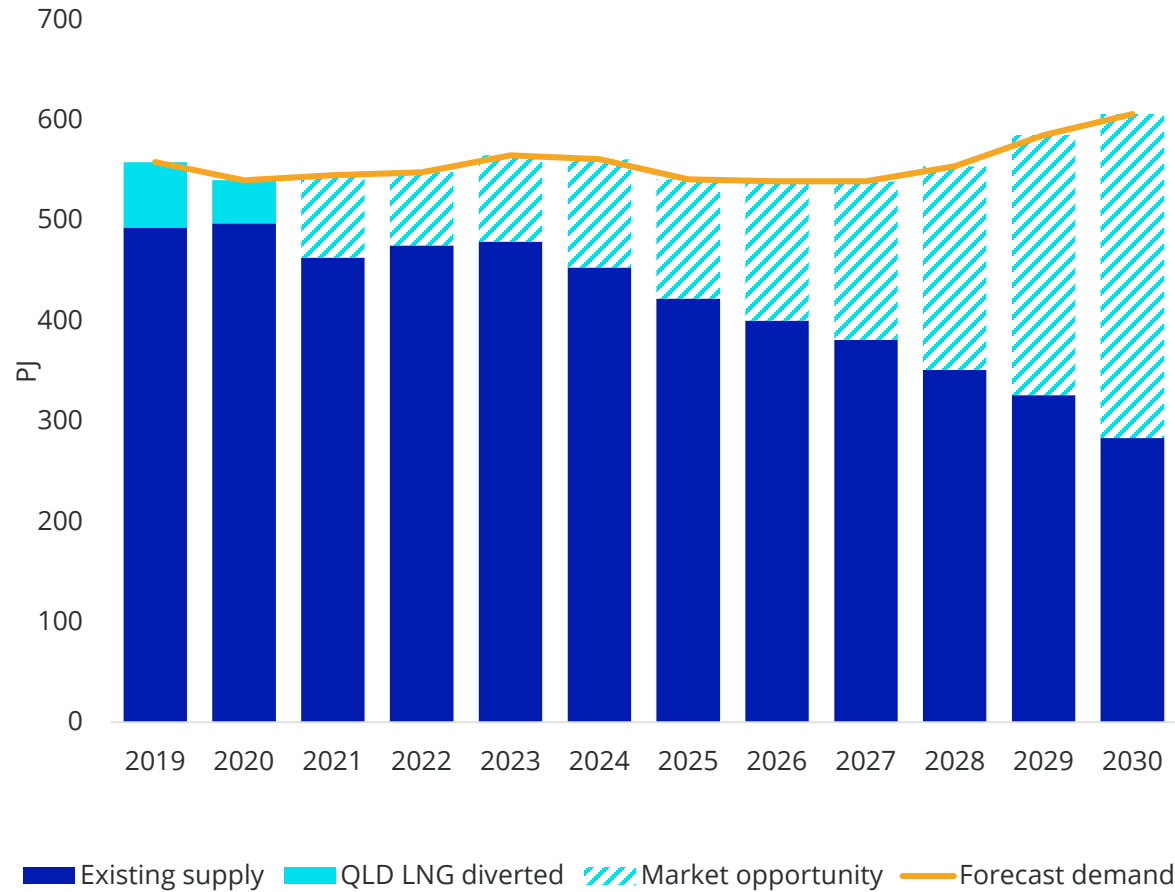


**Domestic and
international trading**

AGL is leading the market in responding to gas shortages through LNG import



LNG imports will provide new and flexible supply options in east coast gas market



Supply

- New supply agreements in place: Cooper, BHP, Exxon

Flexibility and storage

- Storage position to deliver flexibility: Iona Gas Storage, Newcastle Gas Storage Facility, Silver Springs Gas Storage

LNG imports

- Crib Point can address up to 50% of gas market opportunity by 2030
- Will deliver lowest cost solution and creates greater competition

AGL's coal sourcing advantage at Macquarie presents opportunities for investment



Newcastle coal index (NEWC) (A\$/tonne)



Supply

- Long-term low-cost coal contracts out to 2025
- Multiple short-term suppliers used

Flexibility

- Competitive advantage through central Hunter Valley location and delivery infrastructure
- 15% increase in train discharge rate and continual improvement to Stacker and Reclaimer and Antiene rail and conveyor network

Storage

- Improving coal stockpile management and handling
- Deliveries for CY19 are up 10% on CY18
- Highest coal deliveries ever in Q2 2019



Simon Sarafian

GM, Trading

Trading creates value by
accessing the interchangeability
of commodities and markets
inherent within AGL's
future portfolio



Case study: Value creation through trading AGL's portfolio of the future

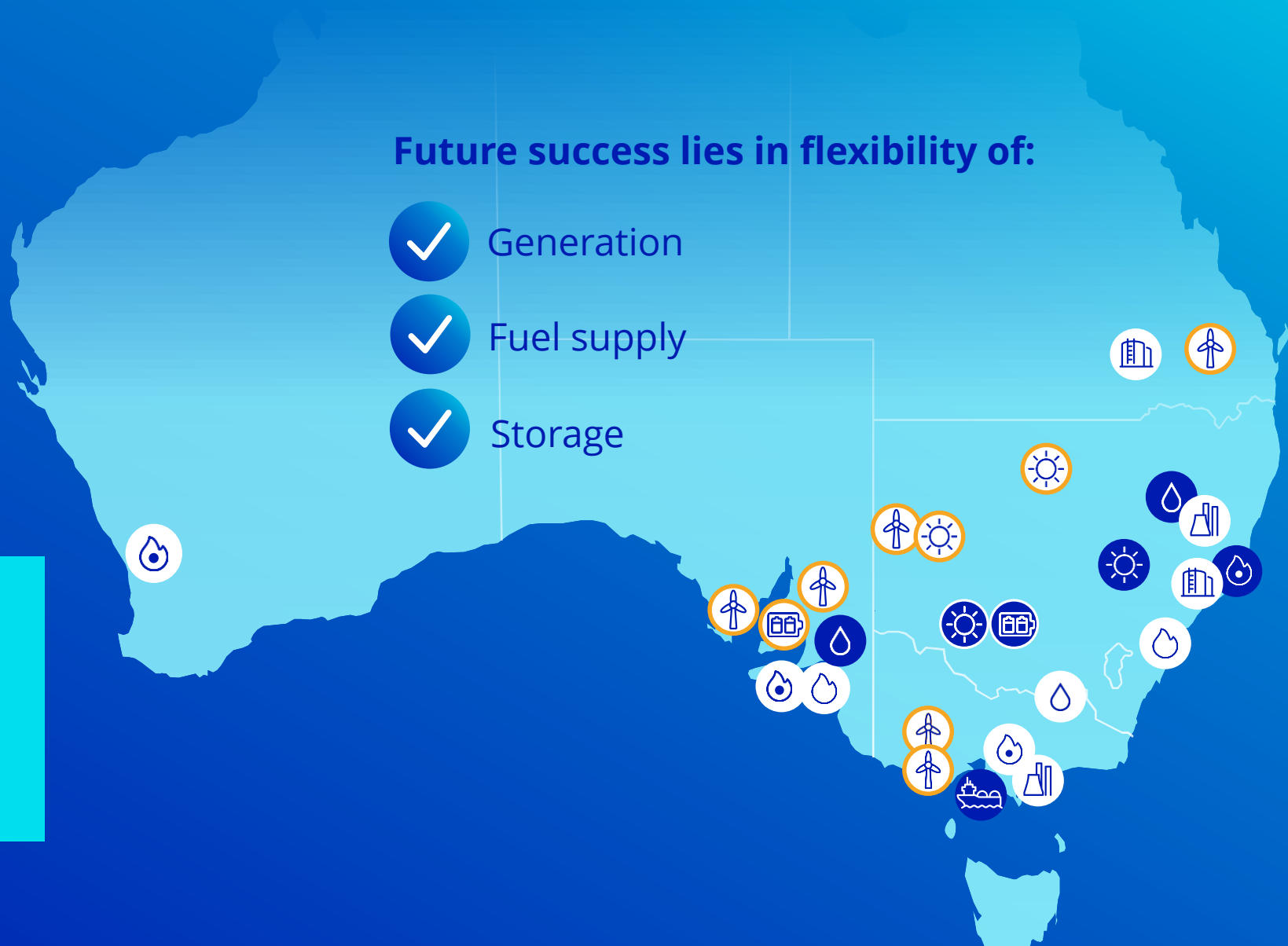
Developing the strength of the future portfolio

Future success lies in flexibility of:

- ✓ Generation
- ✓ Fuel supply
- ✓ Storage

Legend

- Currently operating or in construction
- Development pipeline
- Current offtake agreements
- Future offtake agreements



Q&A



Closing remarks

Brett Redman, Managing Director & CEO

Closing remarks

Our strong heritage, people and values, assets and capabilities, are the **foundation of our success today**

We are **positioned** to deliver against our growth pathways of Connection, Orchestration, Trading and Supply and Generation as a foundation for AGL's future action

Our refreshed growth pathways, capital allocation principles, investment discipline and strong cash generation **set us up to succeed**



Disclaimer and important information

- The material in this presentation is general information about AGL's activities as at the date of this presentation. It is provided in summary form and does not purport to be complete. It should be read in conjunction with AGL's periodic reporting and other announcements lodged with the Australian Securities Exchange.
- This presentation is not an offer or recommendation to purchase or subscribe for securities in AGL Energy Limited or to retain any securities currently held. It does not take into account the potential and current individual investment objectives or the financial situation of investors.
- Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.
- This presentation includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results may materially vary from any forecasts in this presentation. Future 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 and Underlying Profit are those amounts attributable to owners of AGL Energy Limited.

Contact



James Hall

General Manager, Corporate Finance

Phone: +61 2 9921 2789

Mobile: +61 401 524 645

Email: jbhall@agl.com.au

Chris Kotsaris

Head of Investor Relations (Interim)

Phone: +61 2 9921 2256

Mobile: +61 402 060 508

Email: ckotsaris@agl.com.au

Sophia Li

Group Treasurer (Acting)

Phone: +61 2 9921 2092

Mobile: +61 476 809 190

Email: sli4@agl.com.au