

AGL Energy Limited half-year results webcast

Thursday 11 February 2021

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Facilitator: Thank you for standing by, and welcome to the AGL Energy half-year results 2021, investor briefing conference call. All participants are in listen only mode. There will be a presentation followed by a question and answer session. I would now like to hand the conference over to CEO, Mr Brett Redman.

Mr Redman: Good morning everyone. This is Brett Redman speaking. Thanks for joining us for the webcast of AGL's half-year results for financial year 2021. I'm joined today by our CFO Damien Nicks, Chief Customer Officer Christine Corbett and Chief Operating Officer Markus Brokhof. We will have time for all your questions at the end of the presentation.

The results that we're announcing today reflect the sharp decline in wholesale prices for electricity and renewable energy certificates, lower gross margins in wholesale gas, and costs to support our operational and customer response to the COVID-19 pandemic.

Underlying EBITDA of \$926 million was down 13%, while Underlying NPAT of \$317 million was down 27%, reflecting the additional impact of higher depreciation expense.

Our Statutory result has been impacted by the charges associated with onerous wind offtake contracts, rehab provision increase, and other impairments that we announced last week.

Dividends reflect the Special Dividend Program to temporarily lift the pay-out ratio to 100% of Underlying NPAT, unfranked, comprising an ordinary dividend of 31 cents and a special dividend of 10 cents.

The outlook remains challenging.

We expect Underlying NPAT for FY21 of between \$500 million to \$580 million, consistent with the update that we provided in December. That includes \$80 million to \$100 million of insurance proceeds from the Loy Yang 2 outage of FY20, which won't repeat in future years.

This range reflects pre-existing headwinds, as well as the continued deterioration in wholesale electricity market conditions, and the financial impact of the current outage of Liddell Unit 2. We have also provided today a guidance range for Underlying EBITDA of \$1.585 billion to \$1.845 billion.

As we noted in December, the outlook into FY22 and beyond is impacted by continued market and operating headwinds, with a further material step-down in wholesale electricity margin expected.

Amid these challenging conditions, over the half we continued to deliver on our strategy. We grew our total number of services to customers by 246,000 to 4.2 million, making us Australia's largest energy retailer, thanks both to the Click Energy acquisition and organic growth.

Take-up of our broadband offering and carbon neutral products has exceeded our expectations, while the launch of AGL mobile has just gone live.

We are on track to deliver our plans for at least 850MW of grid scale batteries, while our orchestration and demand response activities are expanding strongly.

And now, we are taking further definitive action to stay ahead of the challenging conditions. We are benchmarking cash running costs to FY15, the last time wholesale electricity prices were around today's level. To that end, we have already identified \$150 million of operational expenditure savings to deliver in FY22. We are also targeting a \$100 million reduction in sustaining capital expenditure across the group by FY23.

Finally, we are assessing our business model and capital structure to maximise shareholder value. We will have more to say on all these initiatives at an investor day that we expect to hold around the end of March.

Let me now turn to our three core operational metrics: safety, customer experience and employee engagement. The total Injury Frequency Rate per million hours worked decreased markedly to 2.4 for employees and contractors combined in the first half. That's a 27% improvement on FY20, reflecting a sustained focus on safety. That said, any injury to any person on an AGL site is unacceptable. We will continue to do more, improving our safety culture and practices.

On the customer front, in addition to growing our customer base to a number one position, we have delivered further improvement in Net Promoter Score. We have come a long way from June 2018, improving more than 25 points.

For employees, engagement figures improved to FY20, and we are due to take our next survey in a couple of months. Given the difficult operational conditions of the last year, these are pleasing results.

This slide shows a further summary of our financial result, which Damien will cover more in detail later on in the presentation.

I'd now like to look in more detail at market conditions. Spot and forward electricity prices have decreased rapidly to levels unseen since 2015. On the one hand, supply has increased as a result of new grid-scale and rooftop renewable generation combined with the deferral of major planned outages at thermal plant as a result of COVID-19.

On the other hand, demand has fallen due to mild weather and COVID-19.

La Nina has created an unusually cool summer, particularly in December.

Business and industrial demand were down approximately 6% across the half (excluding Perth Energy), partly mitigated by an increase in residential demand.

Looking ahead, we expect demand will re-stabilise, but price will need to lift from the current very low spot conditions or risk a market supply side response.

That said, we expect a sustained impact to long-term wholesale energy prices reflecting policy measures to underwrite new build of electricity generation and lower technology costs, leading to expectations of increased supply.

This lower price environment will put pressure on existing generation in the market, while new generation build will increasingly rely on government contracts. Amid these conditions, in the near term we expect to see further margin compression as our historic hedge positions roll off. Longer term, our low-cost generation position gives us a relative strength among existing market operators.

I now want to focus on the actions we are taking to support our market-leading position and customer offerings amid this accelerating external environment.

The foundations of our business are strong. We are still Australia's largest energy retailer, largest electricity generator and largest private backer of renewables development – and we intend for all of these things to remain. The external forces of customer needs, community expectations and technological change have always shaped our market. As we've said for some time, it is the speed with which these forces change our market that will dictate the velocity of our strategy.

What we have seen in recent months is an acceleration of all of these forces beyond what we anticipated.

In customer, uptake of our multi-product offerings is both vindicating and exciting. And demand for decentralised offerings, whether that's home batteries and electric vehicles or remote generation and storage on industrial sites, is really starting to take off.

In community, there is clearly accelerating desire for action on climate change and, with this, a shift in government policy focus. For several years, major policy initiatives have focused on retail pricing. More recently, we have seen an increase in policy aimed at accelerating the energy industry transition. This includes policies that underwrite new generation to deliver faster renewables build and put downward pressure on wholesale prices. This is coinciding with what's happening in technology: rapidly falling costs for renewables and batteries, and strong support from low-cost funding sources for renewables and clean storage.

What are the impacts and implications for AGL of these accelerating forces?

Our retail business has a clearer path towards a future state in which it provides customers' access to essential energy, data, electric vehicle, battery and other services on a carbon neutral basis.

And we are seeing the value of that retail service become more independent from the value we derive from our large-scale centralised energy supply portfolio. So much of what a household, small business or industrial customer now wants is about the value they perceive from decentralisation. This requires a different approach to trading and portfolio management from the way a traditional gen-tailer like AGL would manage risk in the past.

At the same time, how we promote the two parts of our business is evolving. In our retail business, we must seek out greater decarbonisation, lower prices and more individual control in response to customer demand.

In large scale energy supply, we will remain an essential supplier of existing reliable generation through transition, even as policy settings create much lower risk-return expectations for new supply.

Six months ago, we set targets for where we think the business needs to get to in the next few years in delivering growth and transformation.

Today, we are communicating further focus on cost and structure. We have identified \$150 million dollars of operating cost efficiencies to deliver in FY22, on top of offsetting inflation. In addition, we are targeting a \$100 million reduction in sustaining capital expenditure by FY23.

And finally, we are actively assessing our business model and capital structure to maximise shareholder return. At the investor day around late March, we will provide more detail.

Let me summarise then, by providing a progress report against the strategic targets that we set six months ago.

We're delivering strong growth in absolute customer numbers and our strategy of expanding into broadband and mobile will support our objective of increasing services per customer.

We've made good progress with each of the five commitments from last year's Climate Statement.

We're on track to deliver our battery objectives, including at our own legacy generation sites, and have chosen a preferred supplier partner in Wartsila.

We've accelerated strongly our efforts in orchestration of residential and business customer batteries and demand response to more than 100 megawatts and 50,000 customers.

But AGL and the energy industry have seen a material shift in profitability and outlook in the short time since we last set these targets. The market continues to change, and the pace of that change is accelerating. It is incumbent on us, in turn, to accelerate our response.

I will now hand over to Christine.

Ms Corbett: Thank you, Brett, and good morning everyone. Today, I will provide an update on the financial performance of customer markets and the progress we have made on our multi-product retailer strategy.

In a challenging operating environment, I'm pleased to say that as a result of our focus on customers, our positive customer advocacy story has continued, and we have reported significant growth in our customer base.

At the same time, we have continued to focus on lowering costs, improving the customer experience and building the foundations to become Australia's leading multi-product retailer of essential services.

Our half-year performance was driven by strong customer growth, execution on our multi-product strategy and underlying cost efficiencies against a challenging backdrop. Our Underlying EBITDA of \$177 million was down 12%, reflective of COVID-19 impacts and the integration of our new acquisitions (Southern Phone, Perth Energy and Click Energy).

This was partially offset by lower operating costs due to a decrease in call-centre volumes and marketing efficiencies together with an increase in the number of digital interactions with our customers.

Regulatory intervention, customer behaviour and high levels of competition have resulted in electricity margin compression in recent years, most prominently in Victoria due to the extent of regulatory changes. While this will impact in-year results, we expect to see retail energy margins settle to more sustainable levels in the near-medium term.

Meanwhile, our continued focus on growth in customer numbers will continue to result in volume driven margin growth and our multi-product retail strategy will drive an increased share of wallet. Our overall capex has increased 5% aligned to growth initiatives. The growth in customer numbers includes the acquisitions of Click and Perth Energy, both of which are tracking ahead of business case.

In the second half, we will continue to focus on energy growth and scaling our AGL internet and mobile service offerings. We will make further improvements to our customer experience while at the same time continue to improve our cost base as we further digitalise our business.

As we continue to build the size and strength of our retail customer base, Net Promoter Score is now at a record level. We are seeing the impact of this both in the growth in customer numbers and reduction in customer churn. Churn is at 13.9% – the lowest since 2014 – and we have maintained a healthy spread to the rest of market.

Our strong growth in customer numbers is reflected in our gross margin result, which has remained resilient despite customers switching to lower-priced products over time. Offsetting this, we've seen gross margin growth from acquired businesses as well as organic customer volume growth and consumer gas. We feel confident about growing our customer base further, consistent with the target of 4.5 million services by FY24.

Our underlying net operating costs per customer service continue to fall, driven by our recent investment in systems and our ongoing focus on simplification and digitisation. We are delivering these cost benefits at the same time as we pursue a growth strategy, enabling us to reach more households and businesses with increased efficiency.

Our focus on customers provides the foundation for our ambition for AGL to be the leading multi-product retailer for the connected customer. New products and services will help deliver customers better value and an effortless experience with the launch of AGL internet and mobile in the last few months.

By 30th of June, every product we sell will have a carbon neutral option. By delivering value and catering for the demand for sustainable products for our customers, we in turn deliver greater long-term value for AGL shareholders. We will increase customer

lifetime value through improved average tenure and overall services and margin per customer. At the same time, our cost base will be further improved through the economies of scale we deliver across both fixed and operating costs.

We have bold ambitions to make a significant impact in the lives of our customers with positive progress already realised, centred on customer growth, digitisation and building trust and simplicity.

I'll now hand to Markus to talk about Integrated Energy.

Mr Brokhof: Thanks, Christine, and good morning everyone.

To start, this page includes an update on AGL's operational performance and impact on financials. Underlying EBITDA for the half year was down 11% to \$911 million. This includes some of the effects of COVID-19 on demand for gas and the large business and wholesale customer segments of electricity, but also the longer-term impact of the electricity transition on prices.

You will see on the right of this slide a reduction in our capital expenditure year to date by 36%. This reduction is split equally between sustaining capex and growth capex. In the case of sustaining capex, the reduction is driven by major planned outage deferrals and rescoping due to COVID-19 restrictions that have changed how we are able to safely deliver work and access interstate and international expertise.

For growth capex, the reduction is due to the completion of Barker Inlet Power Station in FY20 compared with this year. Smaller growth investments have been made in the orchestration platform of our decentralised energy business and the uplift of our trading systems.

In the remainder of the financial year, we will be focusing on bringing our announced battery investments to fruition and advancing our Crib Point LNG import terminal to the final investment stage.

In addition, we are focusing on operating costs. Integrated Energy will deliver a substantive portion of the total company target of \$150 million in FY22. The primary savings have been identified from asset maintenance optimisation, reduction of contractors, decrease in professional services and consulting services and reduction in overtime.

Finally, we will look to complete a review of sustaining capital expenditure that we have been undertaking with international expert advisors. We can't assume that the way we have operated our assets in the past will be the way we will operate in the future, and we are working to understand how we can operate more flexibly and efficiently in response to market conditions.

Let's now turn to how our assets performed in the period.

Given the challenging conditions I just outlined, I have been happy with the ability of AGL to react and to rebalance our resilient asset portfolio. On the right, you can see that AGL's overall generation is down less than 5%, despite some material unplanned outages mainly at our coal power station at Liddell, including the severe Liddell Unit 3 incident on 17th of December. After an in-depth analysis, return to service is scheduled for 26 March.

Loy Yang is running more reliably than in the same period last year.

Renewables generation has increased more than 10% compared with the first half of last year, reflecting the increasing role in the AGL portfolio played by Coopers Gap and Silverton Wind Farm. Barker Inlet Power Station is performing ahead of business case to meet market demand for flexibility and firming up renewable generation.

On this page, as we did at the August results, we are showing the AGL gas supply portfolio by the year in which contracts were signed. The gas book historically has been underpinned by a substantial volume from supply agreements signed when gas prices were much lower. The margin pressure we are seeing this year has a lot to do with increased procurement costs as these contracts roll off.

Looking ahead, as domestic gas supply availability in the South diminishes and pipelines to key consumption areas look increasingly likely to face capacity constraints, we are planning to shift our sourcing strategy to include gas imports notably via Crib Point. We believe Crib Point provides the best mechanism to meet Victorian customer requirements and provides the flexibility to ramp up and down to match demand. The panel assessing Crib Point is expected to provide their report to the planning minister by the end of February.

In the meantime, we are contracting on a short-to midterm basis additional supplies to meet our demand forecast, the most recent of which is shown in black on this chart. Recent portfolio contracts could be secured in the range of A\$6 to A\$7/GJ which has a positive effect on our overall portfolio price and can compensate partially the roll-off of some legacy contracts.

Let me now turn to electricity. AGL has a rolling two-to-three-year hedging strategy that is influenced by the liquidity of the market and our customer portfolio. Having this hedging strategy in place has mitigated the downside in FY20 and FY21 as prices have fallen.

In this chart you can see for each of the past three financial years, the hedged generation portfolio and the vintage of the hedged volume including market pricing. It is this active risk management that has mitigated the downside of declining prices.

However, as you can observe in the price labels, the earlier vintages were hedged at a higher price. So, as FY17 and FY18 roll off, there will be a continued margin impact going into FY22 and FY23. We will continue to focus on actively managing our hedge position to manage price and risk exposure, combining this with the evolving nature of our portfolio into the future.

I will close by talking about our strong coal supply position in New South Wales and how this translates to our competitive position.

The chart on the left shows our contracted position at AGL Macquarie, which will continue to provide us access to lower priced coal than the market average into the mid-2020s.

The chart on the right shows the evolving dark spread in New South Wales from July 2019 to January of this year. A dark spread is the difference between the price received by a generator for electricity produced and the cost of coal needed to produce that electricity. All of the plant's other expenses must come out of this spread. Hence, it is the main benchmark used to gauge the financial health of coal-powered electricity plants.

With a declining dark spread moving below \$20 per megawatt hour, as show in black on the chart, the profitability of much of New South Wales' coal generation will come under pressure. You can see this trend in the NSW dark spread line converging with the average fixed operating costs in the chart on the right-hand side.

While AGL has a big advantage because of the dark spread premium we enjoy, as shown in blue, we are not immune to this trend. Hence our focus needs to be on costs and efficiency to keep the plants running economically.

I will now hand to Damien.

Mr Nicks: Thanks, Markus, and good morning everyone.

I'll start by taking you through group Underlying Profit in more detail. The \$115 million reduction in Underlying NPAT in the half was consistent with the material headwinds we flagged last August.

Looking at the chart from left to right, as you have heard from Christine, Customer Markets margin was down slightly as a result of COVID-19 costs and lower pricing, partially offset by a solid performance from Click Energy, Perth Energy and our new telco business, which combined contributed \$32 million to margin.

In Integrated Energy, margins were impacted heavily as forecast, offset by the receipt of the majority of the Loy Yang Unit 2 insurance proceeds. Keep in mind that the \$105

million shown is pre-tax. Post tax, it's \$73 million in the half. For the full year, we remain confident in the \$80 million to \$100 million post-tax range we forecast for the full year.

Depreciation was up \$15 million before tax in the half, again consistent with our guidance for an increase in this expense. The reduction in tax expense largely reflected the fall in profit while net finance costs remain tightly managed.

Now let me remind you of the four principles that underpin our approach to capital allocation. Consistent with the first, running the existing business for optimal performance and value, we have announced plans to reduce both opex and sustaining capex today.

Since 2015 AGL has grown both our customer book and fleet materially – not to mention the inflation between now and then – so bringing our costs back to this level will be a significant achievement.

Our second principle is to maintain a strong balance sheet and dividend policy. Underlying cash conversion remains strong, and we remain well within the bounds of our Baa2 credit rating.

We are augmenting our dividend policy with a Special Dividend Program as announced in August.

Our third principle is to invest in growth, which we continue to do with a hurdle rate 300 basis points above our weighted average cost of capital.

Our fourth principle is to return excess liquidity to shareholders. The buyback was completed in August.

I'll now look at our cost reduction program in more detail.

We have identified \$150 million in sustainable operating cost reductions for delivery in FY22, in addition to continuing to offset annual inflation. That follows our objective to keep FY21 opex flat, excluding COVID-19 impacts and acquisitions, against which we are tracking slightly ahead at the half. The remainder of those COVID-19 costs include increased allowance for expected customer credit loss, costs to ensure employees and contractors were able to continue to work safely and securely at AGL generation sites during lockdown, and increased leave balances.

The decrease in other costs is being driven by ongoing savings from recent digital transformation initiatives and other efficiency programs, partially offset by a small amount of restructuring and redundancy costs in response to more challenging operating conditions.

You'll note on the slide that the waterfall starts on the left at FY15, which we are using as a benchmark year. The FY22 cost program is well underway. We're anticipating savings year on year from lower net bad debt expense as well as savings across labour, asset optimisation, digitisation and reductions in corporate functions in addition to a material reduction in professional and consulting services. We have identified these savings across our business units, they have been budgeted and leaders understand their KPIs.

I want to touch on credit loss in more detail. I'm pleased to report that our experience is tracking better than we expected year to date. As a result, we have reduced the provision by \$5 million – but of course there is still significant uncertainty around COVID-19 itself and the impact of government support programs rolling off.

Lastly, a comment on the Click Energy acquisition. We did increase credit loss provisioning as part of our business case assumptions, reflecting the different risk profile but, to date, its collections have performed better than our business case.

Now let's turn to capex.

Following lower capex in the half, we are now forecasting capex for FY21 of about \$750 million – the biggest difference to FY20 being the investment in growing the multi-product retailer offering in Customer.

You can see the level of sustaining capex each year marked on this chart with a black line, again benchmarked to FY15. This has largely been driven by mid-life and major outage schedules of our coal-fired generators.

We have detailed programs under way to deliver reductions in sustaining capex as part of our \$100 million target for the group by FY23. This will appropriately balance our maintenance program, prioritising commercial availability and efficient operations with our need for the cost base to reflect market conditions.

I'll finish by talking about cash and debt. In the half, there were increased cash tax payments and negative working capital movements associated with our Wholesale Electricity market positions. Most significantly, there was a small outflow from margin calls compared with a large inflow in the first half of FY20. Excluding margin calls, which move with wholesale prices, underlying cash conversion was strong at 90%. Investing cash flow was about \$50 million higher as lower capex was partially offset by increased spending on acquisitions.

Financing cash outflows were about half of last year reflecting debt retirement and the cessation of the buyback. Despite the impairment, we retain plenty of headroom under our Baa2 credit rating and all our debt covenants.

We have no major refinancing due until November 2021 and approximately \$600 million in cash and undrawn debt available. We did not replace an undrawn facility that matured in September given the high levels of cash in the business.

I'll hand you back to Brett.

Mr Redman: Thanks, Damien. I want to conclude by looking at the historic relationship between EBITDA and Wholesale Electricity prices, to help put more context about our outlook beyond this year.

Wholesale Electricity prices are the biggest driver of AGL's profitability – and you can see from the chart to the right that there is a strong correlation between the price trend (both up and down) and AGL earnings. The steady rise that occurred from FY15 to FY18 translated into record profits in FY19, and the decline we've seen since is now translating to much lower earnings this year and into the next couple of years.

Markus has taken you through our hedge book in more detail, from which you can see that our progressive hedging approach smooths our earnings outcomes, both downside and upside.

The chart here shows that wholesale prices are at levels last seen in 2015, hence it is likely earnings will follow.

I'll finish by recapping our formal guidance statement, with our outlook continuing to reflect the challenging market and operating conditions.

Today, we have provided guidance for Underlying EBITDA of between \$1,585 million and \$1,845 million and affirmed the guidance range that we provided in December for Underlying NPAT of \$500 million to \$580 million. This includes the expected \$80 million to \$100 million after-tax benefit from our insurance claims over last year's extended outage at Unit 2 of AGL Loy Yang, which won't repeat next year.

We continue to expect FY21 operating costs (excluding depreciation and amortisation) to be broadly flat on FY20 excluding COVID-19 and acquisition related costs.

Our FY21 guidance reflects the pressure to margin of lower cost supply contracts maturing in Wholesale Gas, lower market prices in Wholesale Electricity, higher depreciation and the costs associated with our COVID-19 response, as well as the \$25 million financial impact of the Liddell incident and further market deterioration and trading performance announced in December.

In FY22, the insurance benefits will not recur. In addition, we continue to expect a further material step down in Wholesale Electricity margin in FY22 – despite the benefit we will see from having impaired onerous wind farm supply contracts – as older hedging

positions progressively roll off and are contracted at lower levels reflecting the deterioration in wholesale prices.

The cost-out program that we announced today will not be sufficient to offset this negative earnings trajectory. As always, all our 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.

Thank you. And we'll now take questions.

Facilitator: We will now open for questions. To ask a question, press the star key followed by the number one. Can I please ask you to mute any other devices before asking questions over the conference line? We will take one question at a time. If time permits, we will circle back for any further questions. Our first question comes from the line of Tom Allen. Go ahead, Tom.

Question: *Good morning, Brett, Damien and the team. You've obviously made a number of references during the presentation to assessing the business model and capital structure to maximise shareholder value. Now, I recognise that you're going to share more detail on that at your 29 March investor day, but given that you've announced it this morning, can you please provide some colour on the types of changes that you might consider to your business model?*

Mr Redman: Thanks Tom. Look, I'm expecting that in varying forms we'll get that question a bit today. And what we're trying to do is show that we both recognise and are responsive to the market conditions around us. So clearly a difficult day or difficult presentation day today, where we have to acknowledge the thematics of the last six and 12 months are both continuing and accelerating. And at the same time, we've had the significant impairment last week, and at a difficult operating profit that we're presenting today, even in the context of I'm really pleased that we've been hitting our strategic goals along the way.

But it's in that context that we think it's important for us to show or to acknowledge to the market that we see what's happening around us, we see what's happening ahead of us and that we are thinking about what's the appropriate response to it. And in that sense, we need to spend the time to make sure that we're thoughtful in a very complex situation which will require a complex discussion in response. And we're going to come back with that thoughtful and complex response at the end of March when we're going to hold an investor day.

Question: *Okay, thanks for that, Brett. I'll look forward to engaging on it more at the investor day. I'll jump back in the queue. Thanks.*

Mr Redman: Thanks, Tom.

Facilitator: The next question comes from the line of Rob Koh. Go ahead, Rob.

Question: *Good morning. Thank you very much everyone. I guess my question is about the outlook for your opex, and you've highlighted some of the initiatives that you'll be doing. I'm just wondering, should we not be expecting even more reduction in opex going forward from things like COVID bad debts not recurring, from the reclassification of COGS under the onerous contracts and things like more self-insurance? Or, I guess if the cost initiatives you've identified are in addition to those. Is that the right way to think about it?*

Mr Nicks: Hi, Rob. Damien here, mate. Look, the way to think about this is that 150 million does include the reduction in net bad debt expense. What you need to remember, we had some last year. We've got some more this year. That will then return back to normalised levels. Then, the way to think about that then is across the business, what we've done, we've been working on this program over the last 12 months when COVID first hit us. We then accelerated that program six months ago under our Operational Edge piece to work through the business to identify and then start delivering cost savings.

And what you're seeing, excluding bad debt, excluding some of the COVID expenses, underlying costs for the half are actually down 20 million, so what we're endeavouring to do is hit those run rates by the time we hit 30 June to be able to deliver the 150 million. And again, it's broadly across the business. Markus talked about some of his. Within Christine's area, it's around further digitisation. It's about some restructuring, some reorganisation we've done over the last six months. And then further across the corporate centre as well. So it is broadly across the organisation.

Question: *Sounds good. All the best with that. Thank you very much.*

Facilitator: Thanks, Rob. The next question comes from the line of Ian Miles. Go ahead, Ian.

Question: *Hi guys. If we go to your FY22 outlook, and I'm just looking back at your numbers for FY15, you had Wholesale Electricity (38:37 indistinct) reporting an EBIT of 676. Since then, depreciation virtually doubled. When you think about that sustainability, are we thinking at a gross margin, going back to sort of '15 levels or are we thinking actually EBIT going back towards those types of levels? Because you've actually got a lot more depreciation happening there.*

Mr Redman: I think, Ian, the context of that comment, I'd first read through the lens of EBITDA, because let me acknowledge that depreciation has stepped up, as we've seen the full impact of normalising for owning a lot more plant during that period, so I think EBITDA is probably a better guide to start with. And the other comment I'd make is, it's sort of a broad statement to say we're looking at FY15 as a reference year. I'd sort of counsel

people not necessarily to pull apart every line of detail and try and match every line within it because I think the business has evolved quite a bit in the last five or six years. So at a very detailed level, the analogy breaks down a little bit, but at a macro level, I think it's a fair analogy, particularly at the EBITDA level.

Question: Okay. Look, that answered the question.

Facilitator: Thanks Ian. The next question comes from the line of Mark Samter. Go ahead, Mark.

Question: Morning guys. Just a question, I know remuneration is a sensitive subject. I just think it's a good way to (40:07 indistinct) about how the company thinks about it. Your LTI incentives are described at 5-8% ROE for your average target as a stretch target. I guess both the denominator and the numerator of the ROE calculation benefited from impairments and provisions announced last week. Should we still think the 5% ROE is a stretch target? Because I guess that just mathematically gets you down to about 275 million of impact as defined as a stretch target. Or should we rethink the ROE guidelines in light of the impairments and provisions last week?

Mr Redman: Look, thanks, Mark, for asking what is an awkward question but is an elephant in the room, so it gives me a chance to answer it. First and foremost, the board always takes the approach that where we have something like an impairment or, in recent years, the share buybacks were another good example, that might give a benefit, if you like, to management in the LTI calculations that was unforeseen when the target was set, they're stripped out. So while obviously the board won't decide on bonus outcomes until the end of the financial year and beyond, let me say with confidence that my expectation on behalf of management is that they'll apply a consistent approach and remove any benefit of the impairments from those calculations.

In that sense, I would also say that in a difficult financial year, I'm not expecting – what's the way to say it – strong outcomes in a bonus sense. I think we're seeing the LTI metrics heavily impacted both at an ROE sense, the TSR sense. I think in the long haul, we're heading in the right direction on the carbon metric, but that's three or four years away in terms of hitting a reward point.

I come back to, I think the key message here is the board will remove from calculations any benefit from things like impairments and, as the shareholders are suffering significant pain, I want to acknowledge that, suffering significant pain, that will reflect, I am certain, through the incentives. And I'd also say at a personal level, is reflected in my personal shareholding and others within the management group. So if you like, that pain is shared appropriately.

Question: (42:38 indistinct) Thank you.

Facilitator: Thanks, Mark. The next question comes from the line of Peter Wilson. Go ahead, Peter.

Question: *Thank you. Just a question on operating costs and the targets you've put out there. On slide 11, it looks like there's a large second half step-up to consumer operating costs. Could you just give us some colour on what that is? And then, on your capex target, explain how you've factored Liddell into that?*

Mr Nicks: Sure. The step-up in the second half is largely the provisioning net bad debt expense, half to half, so that's based on our modelling of where we actually see the actual expense roll through. On the second part of the question around capex it was, so does it include Liddell? Well basically we're spending very little on Liddell today as it is, so it excludes Liddell. That \$100 million will be across the sustaining – not just thermal, it will be across the business, but a large part will be coming from integrated energy.

Question: *Okay. If I can just follow that one up. The message I thought had been that you're spending quite a lot on Liddell and that's why D&A had stepped up. Is there something----*

Mr Nicks: That's correct. In this year, and as we now wind down to the closure of that plant, it will be only the spend that we need to, and it's rather – I mean I don't know, Markus, whether you want to comment, but it's not large dollars at all.

Mr Brokhof: No, it's around 12 million.

Mr Redman: Yes. So for clarity, it's (44:23 indistinct) is the Liddell capex spend this year. You see it pushed more into opex, which is appropriate for a plant in its last year or so of life. You're not launching significant capex programs, so technically Liddell is in there. Practically, its impact on saying we're pulling 100 out is de minimis.

Question: *Okay, perfect. Thank you.*

Facilitator: Next question comes from the line of Max Vickerson. Go ahead, Max.

Question: *Thanks, Chantal. Question for Markus on the gas market. There were those comments you made about the portfolio contracts being able to be secured in the \$6-\$7/GJ range. I'm just wondering, are there meaningful volumes available at those prices or are you more talking about smaller quarter to quarter contracts that you might find in the short-term markets like the Wallumbilla hub or the STTM? Could you give us a bit more colour on that please?*

Mr Brokhof: Thanks for the question. Yeah, you are fully right. The depth of the market is not there so volumes are limited, so the tenor of the contracts which we entered are one to two

years and that's the range in which we are. And we still try to secure additional volumes in order to optimise the overall portfolio price and that's, at the moment, the case.

Question: Okay, thanks.

Facilitator: Next question comes from the line of James Nevin. Go ahead, James.

Question: Thanks, Chantal. I appreciate you're going to give more detail on how you're looking at the future business model at an investor day. But just some of the comments that you made in the presentation this morning around the retail service becoming more independent from the valuation – from the value of the generation portfolio and you're kind of saying that you get less synergy from being an integrated retailer. Like it looks like you're kind of trying to steer us maybe into one of the options that you're looking at, essentially splitting up that retail side of the business from the generation portfolio (46:37 indistinct) moving in very different directions now.

Mr Redman: Thanks, James. I think – and this will be the difficult discussion with lots of people in the coming, whatever it is, six weeks or more, or less, to the end of March when we hold the investor day. We'll get into sort of having to try and answer black and white, yes/no type questions in an incredibly complex environment that will require complex responses. In the slide there, what we're trying to do is call out some of the thematic that we're seeing happening in our market that have evolved from, when I reflect on the market of five years ago and 10 years ago, it is different today.

And when you think about where customers are heading and what they're demanding in a product set today, it's starting to become very different to 10 years ago. When you're thinking about the role of government policy in our markets today, it's very different to what it was 10 years ago. So all of these things are taking what was a very clear cut set of assumptions and responses 10 years ago to an evolving and more complex set of conditions and responses that we're seeing in front of us today. Rather than rush it, we wanted to signal today that we're not sitting on our hands with our eyes shut and our ears closed to conditions around us. But at the same time, we want to be thoughtful and come back with a complex answer to a complex situation at the end of March.

Question: Thank you.

Facilitator: Next question comes from the line of Mark Bussutil. Go ahead, Mark.

Question: Good morning everybody. I was interested in some of the comments that were made that were around dark spread. So Markus was talking about the NSW dark spreads. In the context that you need to give three years' notice to shut any capacity, what sort of production response or response from generators could you have to lower prices for assets that may be operating at negative cash margins? What can you do?

Mr Brokhof: There are various angles to this. One angle is for sure, lowering our minimum load. That's what we are doing already partially. And we have to look at this furthermore. Then also, how we run it. Is the availability of all the units the right measurements? And then also, looking at the overall cost structure. I think that's number one. Cost structure is something where we have to (49:26 indistinct). I think Damien has elaborated already on this, that we have to lower our operating costs furthermore. But at the end of the day, we have also to rethink how we run all the units, in particular over the day the prices are negative. That's something which we have to look at carefully and not to anymore lose money then during the day.

Question: Can I just ask just a quick follow up on this? Would generators be looking at changing [bidding] patterns? Clearly generators offering capacity at negative pricing aren't intending on setting the price at those negative prices. They're just purely doing it to be dispatched. And given the increase in frequency of negative pricing days, are you and your peers looking at changing the way you're bidding or offering capacity into the market?

Mr Brokhof: I do not comment on our peers, I don't know what they are intending to do. But I think for sure, we will optimise our margin. That's clear in going forward. Most probably there could be a consequence there.

Mr Redman: Yeah. I think, Mark, maybe just to expand a little, the point that we're trying to make, I guess is in two parts. In one part, we're seeing a market overall get to a point where the market overall, particularly in black coal generation will be struggling to cover its cash costs at today's spot prices. So that will point to stress within the market.

The second point that we would make is that AGL has been very deliberate in the generation that it has bought and built over the years. And I know you'll remember many presentations we made over the last number of years about sites like Macquarie and Loy Yang, where we talk about them being at the bottom of the cost stack. So in a market under stress, we continue to work at the bottom of the cost stack and are in a better position, but it is a market where something will be under pressure or something will have to start to shift in the coming months and years if it continues to operate at or beneath, in an overall sense, cash running cost.

Question: Okay. Fabulous. I've got another question, but I'll re-register. Thanks.

Mr Redman: Thanks, Mark.

Facilitator: Next question comes from the line of Baden Moore. Go ahead, Baden.

Question: Good morning, Brett. Just a question on crib point. I mean it seems to continue to have some political headwinds to your progress there. Should we take it that we'd see

forward negative – further negative earnings risk if you're unsuccessful to crib, or is there a plan B, or even C that you'd be following up with there?

Mr Redman: In a corporate sense, we're always thinking about what are the alternate places that we would go to source gas for our customers. The comment I've made in the past is we're comfortable with our ability to source for our residential and small business customers. It's large C&I that will be particularly exposed if the market overall struggles to get gas into that southern state. And again, the forecast that we see produced externally line up with our own views that, without some pressure relief mechanism, that is a market that is going into potential short in the coming years as the Bass Strait reserves wind down. In that context, we think crib point is a good project.

We selected it because it was where the customers – where our customers – where the market will need the gas down there in Victoria. And while it is clearly a long and complex approvals process that we've had to go through, what I'd like to think is it's meant that we've been given the chance to really demonstrate to the local community that we're being thoughtful and respectful of both the local environment and the local community need even as we're seeking to serve the bigger community need there in Victoria to supply for gas. So I think it's a good project, as I've always done, because I believe there's a genuine market need there that will go on for a long time. And I believe that we've done the right thing in terms of how we've designed that project and how we continue to engage in the approvals process. But we are waiting respectfully for the outturn of the panel report and ultimately, the local minister's conclusions at the end of that process.

Question: Thank you.

Facilitator: Next question comes from the line of Tom Allen. Go ahead, Tom.

Question: Thanks, Chantal. Just following the question from Mark. So just after Markus perhaps, and some further comment on Bayswater Power Station's long-term earning sustainability. Because if your low-cost coal supply from the MacGen acquisition expires in FY25, won't the step change increase in Bayswater's generation cost occur right at the same time – obviously the NSW government is underwriting gigawatts as New Generation in the state, so my question is how confident are you that cuts to sustaining capex, lower opex and reducing your minimum generation levels of Bayswater actually offset this? Because it would appear that FY22 would otherwise be shaping as a key decision time on when you'll need to consider the viability of continued operations at Bayswater.

Mr Brokhof: If you look at the overall demand supply structure and with the NSW governmental roadmap, most probably when you look at what is happening in the market, even it could happen particularly in NSW with some stalling of investments or postponing some

investments, that Bayswater could even come more profitable. That's not excluded. So we have to look at the effects on this. But our overall aim is we have long-term very competitive coal supplies until 2027 secured. And Bayswater will be the lowest cost generation in NSW.

Mr Redman: I think, Tom, too, my build on that is we always talked about, when we bought Macquarie, that in a structural sense, where it sources its coal from is structurally lower cost than where our competitors more on the coast are looking to source their coal from. So we've always said that eventually the legacy coal contracts will roll. But in the market of that day, we expect structurally they roll to a price that's lower than, where our competitors' coal contracts are rolling.

So it does mean a little bit like where we look at Loy Yang sitting at the bottom of the cost stack in its space. We'll see Bayswater sitting at the bottom of the cost stack in its space. And so there's, again I come back to there's two levels to the commentary. One is saying the overall coal generation or generation market there is starting to see some stress in cash costs versus realised price. But AGL will continue to exist further for longer compared to our competitors because we have a structurally better cost position.

Question: Okay. Thanks, Brett and Markus. That's great. Thanks.

Facilitator: The next question comes from the line of Rob Koh. Go ahead, Rob.

Question: Thank you for letting me come back. I wanted to ask a question about batteries because you're continuing on the dawn of the battery initiative. And I just wonder if (a) you could provide us a bit more colour on the use cases for those batteries. And then (b) without wanting to sound negative – I'm sure Mr Nicks is all across this – but unfortunately you just had to reclassify a whole lot of onerous contracts on wind farm dealers which were innovative at the time. I just want to ensure you've got some lessons learned in the new battery dealers to ensure that in 10 years' time there's not a similar kind of onerous contract, if that makes sense.

Mr Redman: Maybe, Rob, let me cover the second half first and ask Markus to cover the first half. We did learn a lot from our renewables contracting over a long period of time. We were an early mover as a corporate. More than a decade ago, you'll recall that we used to build sites and then put in place very long-term contractual offtakes and do things with development product – profits and the like. We changed our contracting strategy nearly a decade ago now, certainly more than five or six years ago now, and that's meant that the more recent contracts and the recent ways that we've been developing renewables through vehicles like PARF on our power.

And the other arrangements we've gone into, with batteries included, like the Wandoan site and the Maoneng contracts that we've entered into are all more reflective of being responsive to a market where technology costs will keep falling and we have to be ready to work our way through it. I think we've learned the lessons of more than a decade ago, and you've actually seen that play out in our book in the last five or more years. But maybe let me throw to Markus just to give a little bit of flavour about where we see the dawn of the battery age evolving.

Markus: We were very clear that with the decrease in battery costs, we would like to start a battery investment program. We wanted to build – or we will build to 850 megawatts by 2024. We have chosen, and we were very clear that we have chosen it first, the location with the best grid connections at our existing thermal power sites. So it's mainly Liddell, Loy Yang and Torrens. And these battery sites we will develop. We are in various stages of development, and you will see for the announcement coming up when it comes to the further steps. I would also comment just briefly, the battery is a bit different to a wind park or solar. Our revenues coming from FCAS / arbitrage opportunities. And at the end of the day, the penetration of renewables will continue and is continuing, and we will firm up these renewables and we believe flexibility in the future will become a major revenue stream in AGL.

Mr Redman: Thanks Markus. And let me just, for one last reflection too, on the impairments that we took around the wind contracts. An acid test is always, if you could go back in a time machine, would you have entered into those transactions. And the answer is yes. If you look at the whole of life economic outcomes that we achieve through that wind development, the results and the profits that we made in the earlier parts, the last few years where green prices and black prices have been a lot higher, in some respects what we're seeing is a little bit of disconnect to the phasing of when costs and profits are booked versus the actual economic outcomes of projects. So do I, on behalf of the company, regret those wind projects from a decade ago? No. I think they did what they set out to do. They established a renewables and wind industry in Australia. They did provide good returns over the years to our shareholders. And I think for the whole of life, they're not absolute knock it out of the park returns by any means, but they are respectable on the way through, so the impairment is not good, but the whole of life economic decisions there are not bad.

Question: Yeah, okay. Thank you very much. Appreciate it.

Facilitator: The next question comes from the line of Ian Myles. Go ahead, Ian.

Question: Yeah, thanks guys (1:02:08 indistinct). Can we (1:02:10 indistinct) a bit more colour on the (1:02:14 indistinct) debt capabilities? Given we're seeing, as you describe it, a structural change in the early earning power of the group, how'd that influence your

thinking about the appropriate levels of leverage for the group on a sort of a go-forward basis?

Mr Redman: In my mind, and Damien can add to it, but in my mind, we've always talked about the – well, we're now on the Baa2, the Moody's credit rating – as a good kind of guide to how we think about the right level of leverage, you sort of work your way backwards from that as to what the right level of debt and what's the right position for your balance sheet to be in. We still have plenty of balance sheet strength and solid cash flows underneath, perhaps not as strong as what they were looking like two years ago, but by no means are we under desperate pressure to maintain balance sheet and gearing to keep operating the business.

Looking ahead, we've always dealt with comfort, the idea that there will be times when there's a surplus, if you like, that we can look to return to shareholders. And if you look over the last few years, we've done two share buybacks and significantly higher dividend payout ratios and dividend paid out compared to years before that. And there'll be times when you have really good growth opportunities and you might want to go to the market and say, "Look, I've got this acquisition, I've got this investment that we can make, and will you support it in a capital sense?" And there again, personally led to capital raisings to drive major growth and investment in the business.

So I'm not concerned in the sense that, if the question is, am I worried or are we worried that, you know, can we pursue our growth plans and the good quality projects that we can see that we're assessing? No, not at all. Do I think that we have a little bit less head room than what we did two years ago? Clearly. But we're not up against the wall and I'm not worried that if we have good quality growth projects, I'd love to be here saying I've got billions of dollars that we're about to invest or buy that is recognised as a good place to invest and we may need some help. So there's no change in that sense in the projects set that we're pursuing. If they're good growth and they're good return investments, I presume that we'll either be able to fund them, or our shareholders will back it in.

Question: Can I just – is that more likely then, if it's a (1:04:4 indistinct) large acquisition or large transaction, that you need to more likely come to market (1:04:52 indistinct) when you had a look at that. I don't think you're actually required to come to market at the time because you had enough capacity within your organisation.

Mr Redman: I think, Ian, the mathematical reality is two years ago, when you did the head room calcs, and with the earnings and cash outlook of the business then, you came up with a higher head room number than if you do the same calculations today. I mean it's explicit in the write off that we had to do last week.

I'm not sitting here trying to – again, just to make sure that no one misunderstands – I'm not sitting here trying to hint that we're about to do a \$4 billion transaction and coming to market for capital. I just want to be clear on that.

But if you look at the pipeline slides of growth projects we've presented over the last couple of years, they show the possibility of billions of dollars' worth of good quality investments on strategy. We've actually pulled back on some of those pipeline slides because I said to the team, I want to start to present more active decisions and actual projects that have gone through FID and getting on with it rather than the more pipeline presentations. But if we need it, I think we can get it. The head room's not as strong as it was before, but by no means are we at death's door and needing to do anything in a desperate sense either.

Question: No, okay, that's great. Thanks.

Mr Redman: Thanks, Ian.

Facilitator: The next question comes from the line of Mark Samter. Go ahead, Mark.

Question: Yeah, hi guys. Thanks for taking the second questions. I'm not sure if this is just me being a simpleton – probably the answer is yes – but the EBITDA guidance range for this year has a \$250 million range which (1:06:38) \$175 million flow through at the NPAT level, but the NPAT guidance range is \$80 million. Is there a logical reason for the difference in the ranges?

Mr Nicks: Mark, we're using – for the first time we're putting this out, we're using a spread of about 15%. That's similar to what we're using for the NPAT range. And the reason we're doing that is, what we've found over time is big differences in NPAT versus EBITDA. And EBITDA clearly is the key measure of the cash performance of this (1:07:10) Sorry, background noise there. And we think it's going to provide, I suppose less noise in some of the forecasts that are out there as well because we can provide a better overview of where this business is going.

Question: Alright. Perfect. Thanks.

Mr Redman: And, Mark, my add on is, I wouldn't overthink it. It's the first time that we've put the metric out and we're probably being a little cautious as well while we're establishing a new metric out in the market.

Question: Perfect. Thanks.

Facilitator: The next question comes from the line of Dan Butcher. Go ahead, Dan.

Question: Hi everyone. Just a quick one for Brett really on the (1:07:47) capex cut target of \$100 million. First of all, looking at your figures. I just wondered maybe if you could reconcile

that versus reliability. I notice a year or two ago you sort of almost admitted that in your (1:08:00) you'd underspent on (1:08:01) capex, and that was affecting reliability. But now it seems like it's going in the opposite direction. Can you maybe just give us some comfort about how long it's going to be going on for and how it sort of marries up with reliability going in the future?

Mr Redman: I'll hand to Markus to talk to it, Dan. But it is – let me acknowledge a couple of years ago, we deliberately increased our spend because we were seeing that we had cut, I think arguably too much, prior to that and it was impacting reliability. Now, that was in a market too with very strong margins and strong prices, and so there was a high return as well for high reliability.

As we look forward, we're having to be a little bit more market responsive and so there's a finer edge to it. But, Markus, do you just want to talk to how you're thinking?

Mr Brokhof: In general, we are also switching to different methods, digitalisation has [an affect] as well, so to have much more (1:09:00) and health checks, so the overall risk-based management strategy is now also paying off. We have reviewed and benchmarked us against international thermal power plants because we need to be very competitive in the market. And that has led to a reduction in – or we are confident that we can lower our sustaining capex spend. But always, I think we said this in the beginning, safety is our utmost – it's of utmost importance, so the plans – we will invest further in order to run the safe operation, there's no doubt about this. But now, with digitalisation and a more risk-based approach and better planning capabilities, we can take out further sustaining capex and also reflecting on the overall wholesale market environment, our generation will not run at full load anymore, which will have also an impact on opex but also on capex.

Mr Redman: And look, this – I'll blow Markus's trumpet a little bit – this is something Markus has brought with his experience out of Europe. Where clearly – the market conditions we're seeing now have existed for longer over there, so he's brought with him both experience and the connections to bring out some expert advice that are helping us understand how can we tune a little more in response to the market conditions we're seeing.

Question: *Alright, thanks. Can I be cheeky and ask one quick one about your telco growth? Can you maybe give me an idea of, in two or three years' time, how many customers you'd like to see in broadband and now mobile?*

Mr Redman: I think this is a chance for Christine to speak.

Question: *Yeah, sure.*

Ms Corbett: Actually we have said that overall, in terms of customer services, that we will be at 4.5 million customer services in FY24. If you look at where we are now, we are at 4.2 million customer services, so you would say there certainly a few hundred services will get us to reach our target.

Question: *Alright. Thank you, guys.*

Facilitator: The next question comes from the line of James Nevin. Go ahead, James.

Question: *Thank you. I just was hoping to pick up on the comments around the high levels of competition, like for the electricity margin compressed over the last few years, and do you expect that to settle at more sustainable levels in the near to medium-term? And just asking if there's anything that you can point to that would give you confidence in that settling at more sustainable levels? Because just from the outside, it seems like there are a lot of big competitors coming into the market as well with the likes of Shell recently acquiring a business and Iberdrola entering the market, potentially Telstra pushing into electricity as well, and just is there anything you can point to there that – kind of why you're confident that it will return to kind of more sustainable levels?*

Mr Corbett: Yes, James. It's Christine. Thank you for the question. Look, I think when we do a deep dive into sort of gross margin, in particular in the electricity side, we see the impacts on the degradation of margin predominantly in Victoria, and that really is due to the extent of the regulatory changes that have flown through in that market. So what has happened over the last 12 months is as those changes roll through our book, we will expect sort of for the remainder of this financial year for that to happen, but that gives us some confidence that that is why margin compression will level out because we have then seen the impact of the changes with both VDO and DMO roll through.

The other thing that I would say is we have had favourable margin with respect to the customer account growth that we have had. So we would expect, again aligned to our ambitions with customer growth, that we will continue to see some advantages in margin, with volume growth as well as advantages in margin as we scale our multi-product strategy.

Question: *Alright. Thank you.*

Facilitator: We've got time for one more question. The next question comes from the line of Mark Busuttill. Go ahead, Mark.

Question: *Hi everyone, and thanks for indulging me in just a last question. I just wanted to investigate the P&L impacts of the impairments and the other charges that you announced last week in your (1:14:03) in the interim, particularly the write down of the onerous contracts. So if I look at your financial statements which you just released, you paid about 154 million in PPAs through the half, which I'm estimating at costing*

you more than \$100 a megawatt hour. If you sort of marked to market to today, it would be almost half that charge. So I understand these are all sort of non-cash adjustments, but sort of going forward, could we make the assumption that that PPA charge would basically come down by about half? So it would save you almost \$150 million pre-tax a year.

Mr Nicks: I think what we've said in our release, Mark, was we expect the benefit next year, the net benefit. So there's three things at play throughout of all of this. There's the onerous contract that unwinds, if you like. You then get the impact of depreciation, which steps up as a result of the rehabilitation provision we took. And then you also get the interest – and not the bank interest per se, but the finance interest also rolling through. So that's why we've guided to a 50 million increase in profit for next year, so there's more than just one thing rolling through those numbers.

Question: Okay. Just specifically on my question then, could I make the assumption that your P&L, PPA costs would halve, just isolating that just one? Or would you rather not sort of comment to that level of granularity?

Mr Nicks: No, I won't comment to that level of granularity. But at a macro level, what we're doing is effectively taking those PPA costs where they are today to where we think the market price is.

Question: Okay. Alright.

Mr Redman: I would expect, Mark, that there'll be a complex answer to a complex question where not all PPAs are written down either. And there's also some sales offsets that we've written long-term contracts, but offline we might be able to guide it a little better based upon what we've published. The team can probably help out a bit.

Question: Excellent. Thank you very much.

Mr Redman: Alright. Well, look, thanks very much everybody for taking the time. Let me again reiterate, difficult results, which we're very cognisant of that. On behalf of shareholders, we're very focused on running the business with discipline. We're pleased that the operating things that we can control are going well. The market around us is a challenging environment and we are thinking about what to do about it. I think we might wrap up there and look forward to catching up with different people over the next coming days. And as always, Chantal and James are here to help with any questions that you might have in the meantime. Thanks very much for your time.

END OF RECORDING (77:02)