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ASX & Media Release

2023 Half-Year Results Presentation

9 February 2023

Attached is AGL Energy Limited's Half-Year Results Presentation for the six months ended 31 December 2022.

Authorised for release by AGL's Board of Directors.

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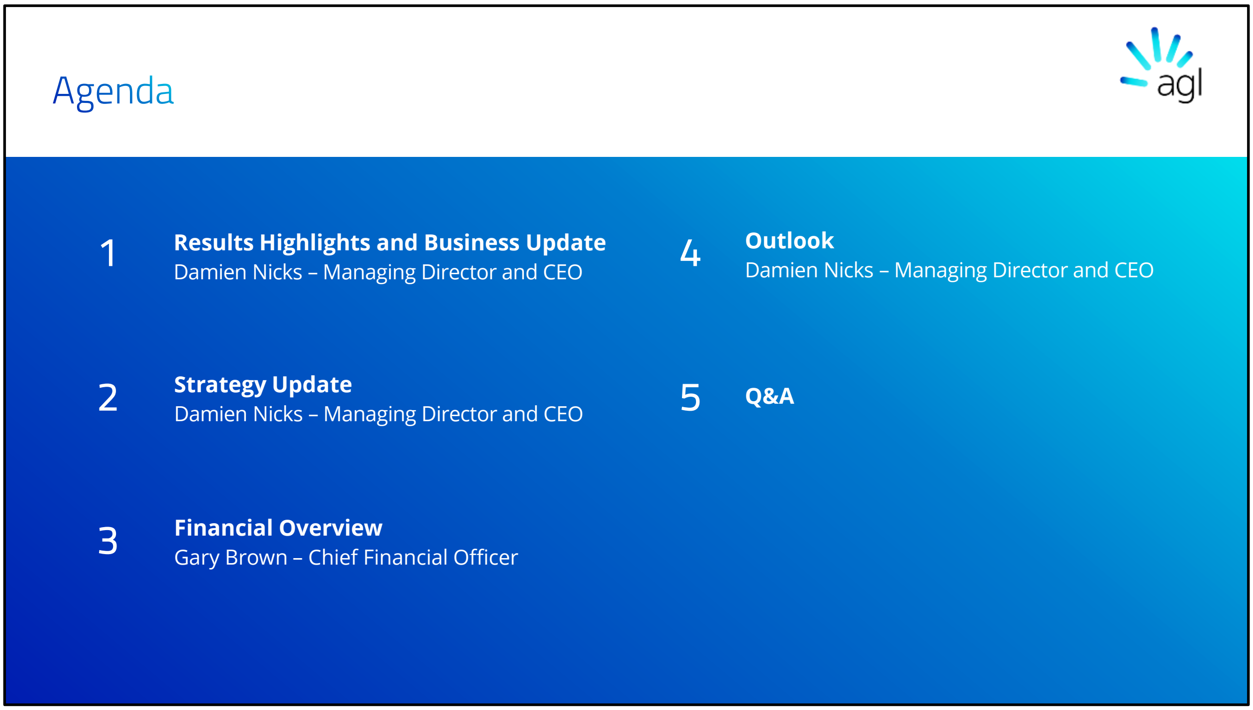
About AGL

Proudly Australian for 185 years, AGL supplies around 4.2 million energy and telecommunications customer services. We're committed to becoming a leading multi-service energy retailer, making energy and other essential services simple, fair and transparent. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia's leading private investor in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

For more information visit agl.com.au

FY23 Half-Year Result

9 February 2023



[DAMIEN NICKS]

Good morning, everyone.

Damien Nicks speaking.

Thank you for joining us for the webcast of AGL's first half result for financial year 2023.

I would like to begin by acknowledging the traditional custodians of this land of where I am presenting from today and pay my respects to their Elders past, present and emerging.

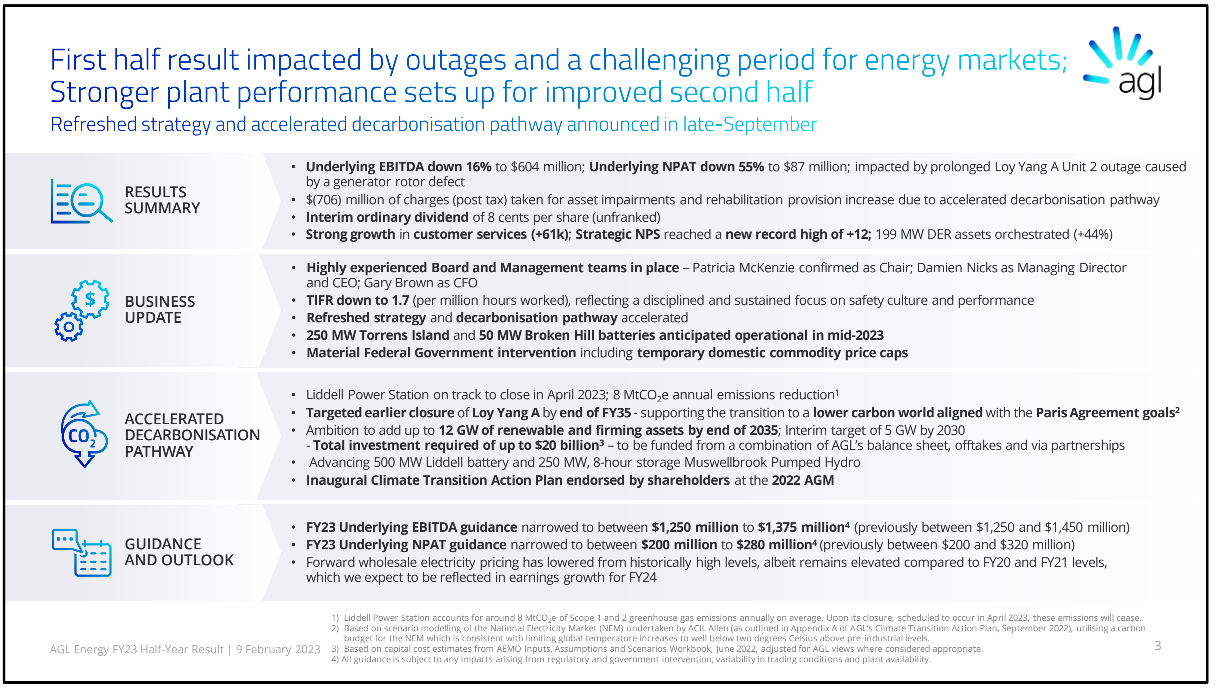
I would also like to acknowledge the Traditional Owners of the various lands from which you are all joining from, and any people of Aboriginal and Torres Strait Islander origin on the webcast.

Today I'm joined by Gary Brown, Chief Financial Officer.

Before we commence, I would like to say that I am truly honoured to have been appointed as the Managing Director and CEO of this incredible organisation, which has a vast history spanning over 185 years.

This is certainly an exciting time to lead AGL as we strive to deliver upon our refreshed strategy and accelerate the decarbonisation of our customer and generation portfolios, supported by a highly experienced Board and Management team now in place.

I would also like to congratulate Gary on his confirmation as CFO.



[DAMIEN NICKS]

Today's result reflects a challenged first half performance, driven by the impact of plant outages during unprecedented energy market conditions in July, when our resulting short position was exposed to high pool prices, together with the prolonged outage of Loy Yang Unit 2, which was caused by a generator rotor defect.

Earnings were also impacted by the closure of Liddell Unit 3 in April 2022, reducing generation volumes, as we indicated in our FY23 financial guidance update in late-September.

The first half also saw another disruptive period for energy markets through the implementation of domestic commodity price caps and a Mandatory Code of Conduct for gas producers – and I'll speak to the impact for energy markets and our business later in the presentation.

Overall, our half year Underlying Profit after tax was 87 million dollars, down 55 percent on the prior year.

An interim ordinary dividend of eight cents per share has been declared – unfranked, with the DRP reinstated.

Despite a challenged start to the half in terms of fleet performance, I'm pleased to say we've had much stronger performance across the portfolio for the remainder of the period, and I'll speak to measures that have been undertaken to improve our thermal-fleet reliability – setting us up for a stronger second half and beyond.

We've also seen positive updates and momentum across the business.

Customer Markets recorded strong organic growth across both energy and telecommunications amidst a period of heightened market volatility, up by 61 thousand customers, with our strategic NPS reaching a new record high of +12. Additionally, decentralised assets under orchestration grew to 199 megawatts.

In late September, we also announced a refreshed strategy and one of the most significant decarbonisation initiatives in Australia.

The accelerated closure of Loy Yang A, together with our ambition to supply up to 12 gigawatts of new generation and firming capacity by the end of 2035, will reshape AGL's generation portfolio and represents a major step forward in Australia's decarbonisation journey, ultimately connecting our customers to a sustainable future.

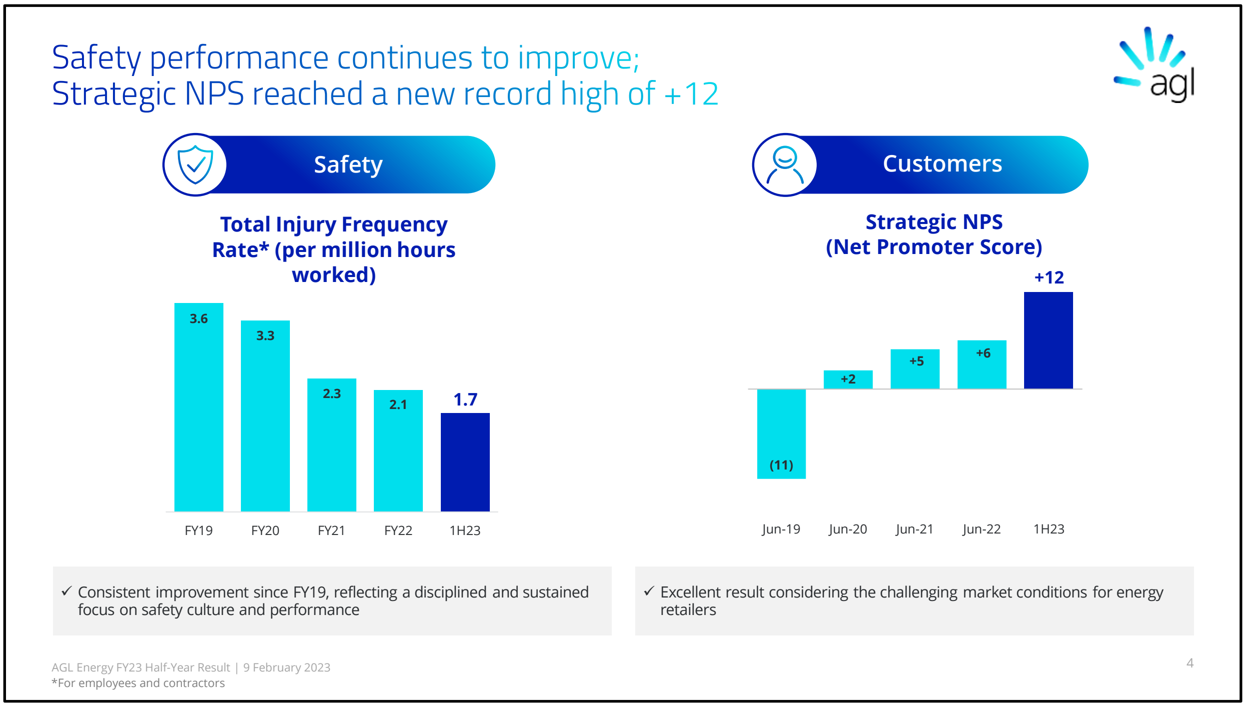
Pleasingly, our Inaugural Climate Transition Action Plan was endorsed by shareholders at the 2022 Annual General Meeting in November.

Good progress was also made in advancing our 3.2-gigawatt development pipeline and the transformation of our thermal sites to low-carbon industrial Energy Hubs.

Both the Torrens Island and Broken Hill batteries are on track to commence operations mid-2023, and I am pleased to say that the Liddell battery will be backed by ARENA, with funding negotiations underway for the first 250-megawatt phase. A feasibility study is also well underway with Idemitsu for the Muswellbrook Pumped Hydro Project.

In terms of guidance and outlook – we have narrowed FY23 financial guidance, and I'll discuss this further at the end of the presentation.

Although forward wholesale electricity pricing has lowered from historically high levels over the past six months, these prices remain elevated compared to FY20 and FY21 levels, which we expect to see reflected in strong earnings growth for FY24.



[DAMIEN NICKS]

Moving now to safety and customer metrics which both remain very strong.

Our Total Injury Frequency Rate continues to trend lower reflecting a disciplined and sustained focus on safety culture and performance over three years in a row.

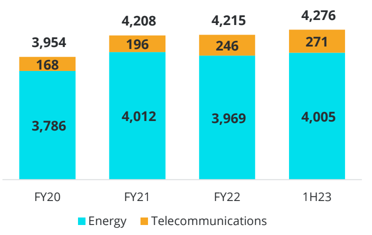
And as mentioned before, we achieved a record Strategic NPS score of +12, an excellent result given the sheer volatility in Australian energy retailing of recent months.

Strong Customer Markets performance through challenging market conditions for energy retailers

Customer growth, reduced churn and lower operating costs achieved in the period

Continued growth and value focus

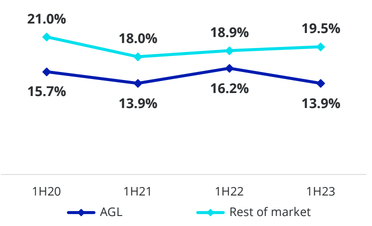
Customer services ('000)



- Customer services up **61k** vs FY22
- **36k energy** and **25k telecommunications** services growth
- Gross margin up $11m vs 1H22 driven by customer value management and growth businesses

Improved retention and service quality

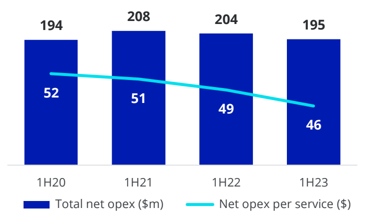
Churn (%)



- AGL churn vs rest of market increased to **5.6 ppts in a higher churn environment**
- Strategic NPS increased to **record high of +12**, 6 points above FY22
- AGL has the **least consumer electricity customer complaints** of any Tier 1 retailer[1]. Ombudsman complaints reduced 15% vs 1H22[2]

Increased operational efficiency

Consumer net operating costs[3]



- Net opex per service **down 12%** since 1H20 driven by lower underlying net bad debt expense (NBDE) and labour savings
- Increased total opex expected in 2H23 due to NBDE seasonality, technology investments and growth
- **Over 1.1m** active mobile app and my account users - AGL mobile app rated **#1 amongst its Australian peers**, with a 4.7 out of 5 star rating[4]

[1] Per FY22 Q4 reporting cycle (AER) and FY22 Q4 reporting cycle (ESC)
[2] Ombudsman complaints per 10,000 customers
[3] Incudes fees, charges and recoveries. Excludes depreciation, amortisation and SaaS
[4] 4.7 star rating on App Store

AGL Energy FY23 Half-Year Result | 9 February 2023 5

[DAMIEN NICKS]

Turning now to a more detailed discussion on Customer Markets performance which was underscored by strong growth and improved customer experience.

Total services to customers increased 61 thousand to 4.3 million, delivered through both energy and telecommunication services growth.

Pleasingly, disciplined margin management and scaling of growth business areas delivered an 11-million-dollar improvement to gross margin.

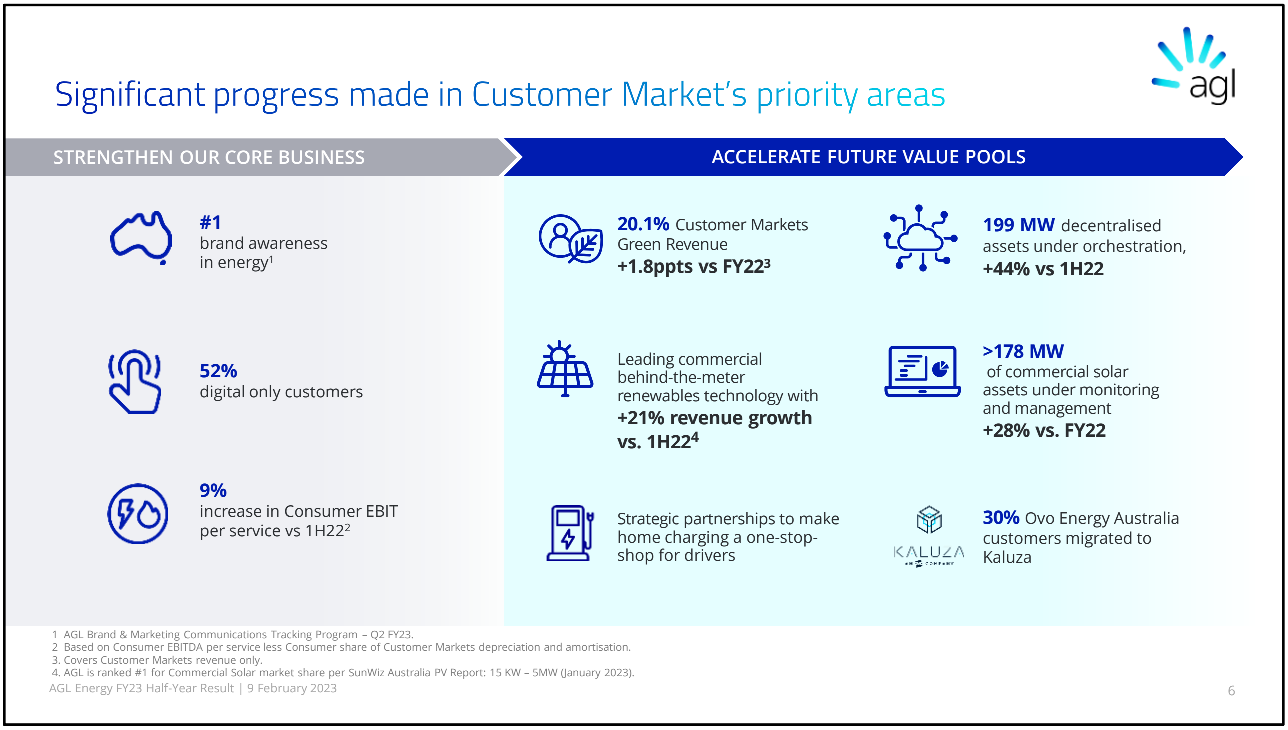
Looking forward, we will continue to responsibly grow our customer base whilst prudently managing margin.

We also delivered improved retention with our churn spread improving to almost 6 percentage points – an excellent result, reflecting both our improved service quality as well as heightened market activity as selected retailers withdrew or lowered discounting to regulated pricing.

AGL continues to have the least consumer electricity complaints of any Tier 1 retailer, and Ombudsman complaints also reduced by 15 percent.

Encouragingly, net operating costs per service have continued to trend lower, driven by digitisation, reduction in net bad debt expense and labour savings.

However, we do expect an increase in the second half driven by net bad debt seasonality, as well as higher technology spend and growth investment as we scale our energy solutions businesses to drive distributed energy under orchestration.



[DAMIEN NICKS]

Significant progress has also been made in Customer Markets key priority areas.

We continue to have the highest brand awareness in energy and now have over 50 percent of customers interacting solely through digital channels. Pleasingly, Consumer EBIT per service also continues to grow, increasing 9 percent compared to the first half of FY22.

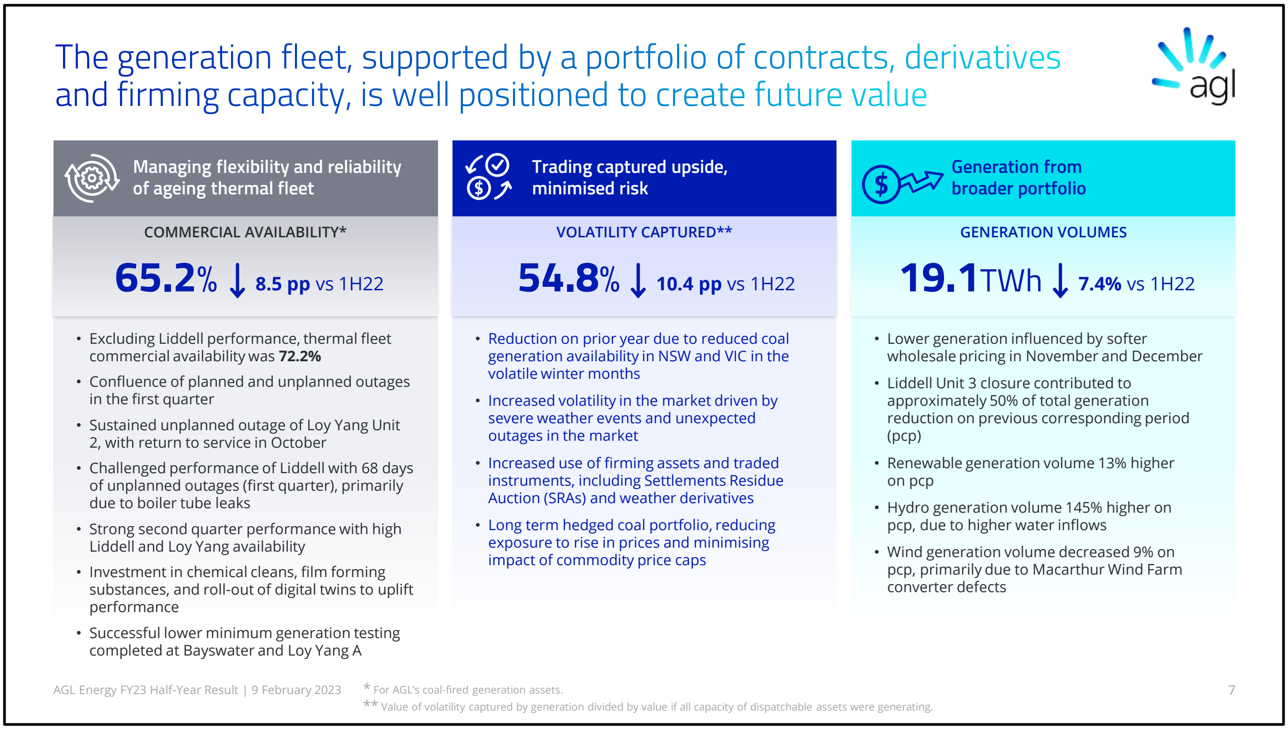
Good momentum is also being achieved in accessing future value pools.

Customer Markets Green Revenue now accounts for over 20 percent of total revenue, and our virtual power plant has grown 44 percent to 199 megawatts of decentralised assets under orchestration, underpinned by the NEO platform.

Strong commercial behind-the-meter revenue growth has been recorded, as well as a significant increase in commercial solar assets under monitoring and management.

We are also excited to have secured new strategic partnerships, which will make the transition to electric vehicles simpler and easier for our customers.

And finally, our partnership with Ovo Energy Australia and Kaluza continues to grow, with over 40 percent of customers now migrated to the Kaluza platform, a strong increase on the 30 percent migrated at the end of the period.



[DAMIEN NICKS]

Moving now to fleet performance and operations.

Commercial availability of the coal fleet was weighed down by a particularly challenging period in July, with high levels of forced outages at Liddell and Loy Yang A Unit 2, coinciding with the planned outage at Bayswater.

On a positive note, we have completed testing to lower minimum generation levels at both Loy Yang A and Bayswater.

We are now able to ramp down Bayswater Unit 4 to 200 megawatts, and are awaiting AEMO's approval for the remaining units. Additional work is underway to further lower these to between 130 and 150 megawatts. The ability to flex our coal-fired plant is increasingly important as new renewable generation enters the system.

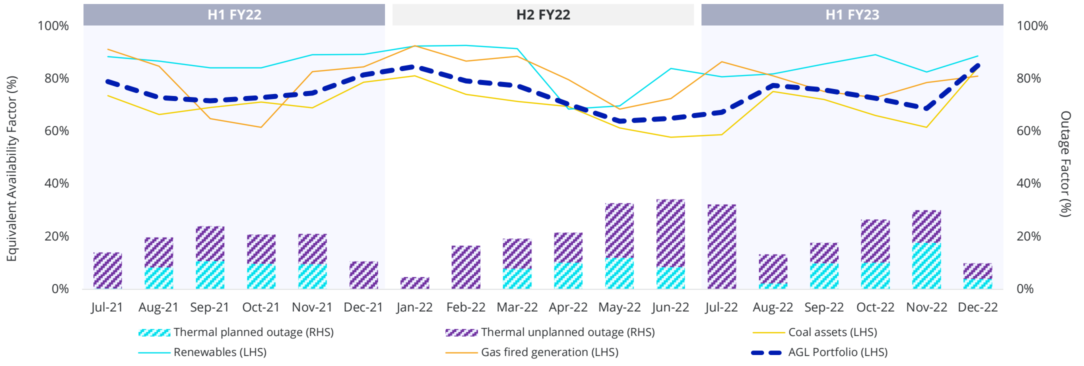
Volatility captured through trading was also lower. Whilst we saw significant market disruption with severe weather events driving forced outages in the NEM, the trading team was able to manage this using a combination of financial and firming assets, particularly the Kiewa Hydroelectric Scheme in Victoria, which provided greater flexibility during this period.

Lower generation volumes overall were primarily driven by the closure of Liddell Unit 3 and the unplanned outages, marginally offset by stronger renewable generation volumes which were 13 percent higher than the prior corresponding period.

After a challenging start to the half, fleet availability has improved, with a continued focus on reducing unplanned outages

Reduced fleet availability driven by extended Loy Yang unit 2 outage and additional unplanned outages from Liddell as it approaches end of life

Equivalent Availability and Outage Factors (%)



*Thermal includes Bayswater, Liddell, Loy Yang, and Torrens Island generation sites

AGL Energy FY23 Half-Year Result | 9 February 2023 8

[DAMIEN NICKS]

Despite a challenged start to the half, we've seen a strong uptick in availability from November, illustrated by the dark blue line.

Overall, whilst we had lower unplanned outages compared to the second half of FY22, the confluence of the Liddell and prolonged Loy Yang Unit 2 outages, combined with the planned outage of Bayswater Unit 4 as well as summer readiness activities, resulted in an overall outage factor higher than we were targeting.

Looking forward – we have less days of planned unit outages in the second half, giving us a higher availability base to work from and reduce the overall impact of any unplanned outages that may arise.

We will also continue to run Liddell at its sweet spot to manage operations and reduce derates and outages through to its end of life in April.

Key focus areas to improve future availability and enable safe and responsible transition of our thermal fleet

- Reduction in derates through increased maintenance on mills and precipitators
- Reduction in forced outages through minimising known failure modes
- Improving preventative maintenance to reduce return to service times
- Enhanced efficiency and flex through turbine and generator upgrades


Loy Yang mill maintenance


Bayswater boiler chemical clean


Bayswater generator upgrade


Loy Yang Unit 2 rotor refurbishment

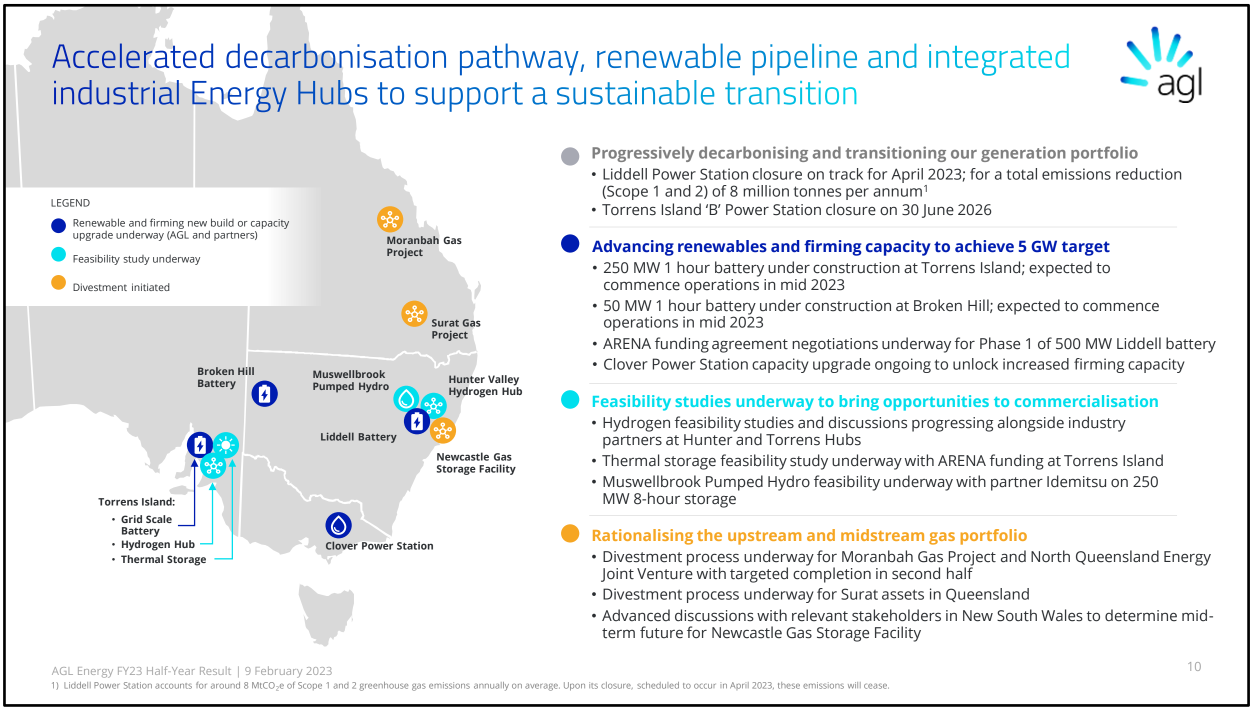
[DAMIEN NICKS]

This slide shows the key areas we have been focusing on to improve thermal fleet availability and reliability as we responsibly transition to a low carbon portfolio.

Our main priority is minimising equipment failures that may result in future unplanned outages and derates. This includes additional preventative maintenance on mills, precipitators and chemical cleans of boilers to reduce known failure modes such as tube leaks.

We are also bolstering preventative maintenance through stronger inventory management to ensure that, where appropriate, critical spares are held on site or accessed within a reasonable timeframe. Repairing Loy Yang A Unit 2's spare rotor and stator is an example that would provide a shorter return to service time if such an incident were to reoccur.

As mentioned, sizable capex investments have also been made to increase the reliability and efficiency of our fleet, with upgrades to the turbine and generators of the Bayswater units, as well as further investment in Digital Control Systems, which enables us to flex each Bayswater unit by nearly 500 megawatts.



[DAMIEN NICKS]

A quick update on our decarbonisation pathway, growth pipeline and Energy Hubs.

The planned closure of Liddell Power Station is on track for April 2023 and will be the first key milestone of our accelerated decarbonisation pathway, reducing AGL's annual greenhouse gas emissions by approximately 8 million tonnes per annum.

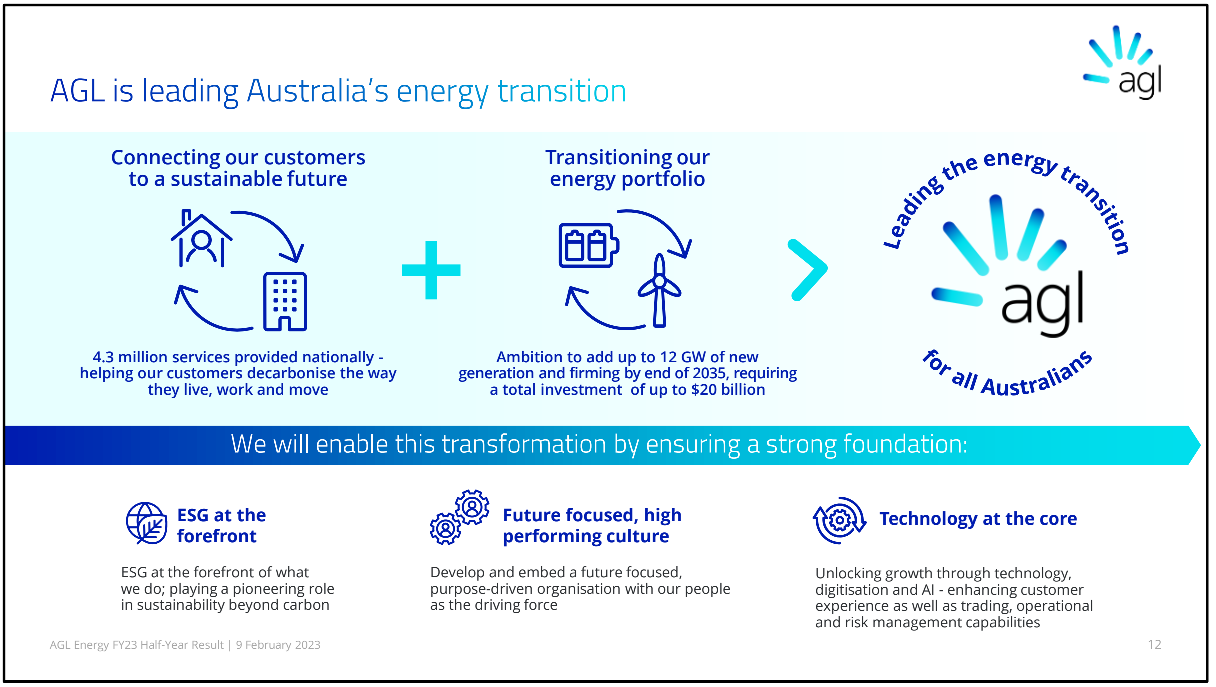
Importantly, by closing and transitioning the Liddell Power Station and site to a clean Energy Hub, we are undertaking one of the largest decarbonisation initiatives in Australia in 2023.

We look forward to both the expected commencement of operations of both the Torrens Island and Broken Hill batteries in mid-2023.

Numerous feasibility studies are also underway to bring strong opportunities to commercialisation, and we are progressing initiatives to rationalise our upstream and midstream gas portfolios.

[DAMIEN NICKS]

Now – a quick recap and update on our Strategy before I hand over to Gary.



[DAMIEN NICKS]

I am very proud to say that AGL is leading Australia's energy transition – backed by a bold and accelerated plan to connect our customers to a sustainable future and transition our energy portfolio.

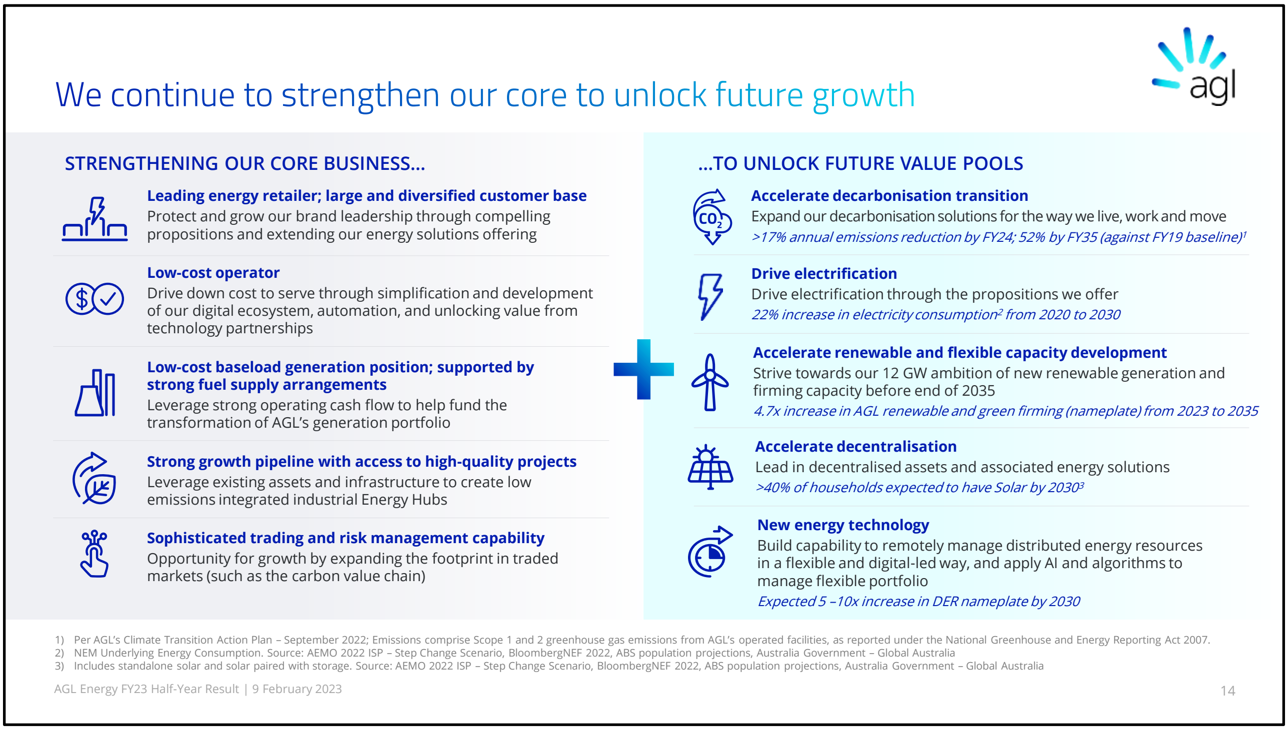
We will drive this transformation by ensuring a strong foundation across our business – placing ESG at the forefront of everything we do, continuing to inspire and empower our dedicated workforce, and importantly - leveraging technology, digitisation and artificial intelligence to enhance customer experience, as well as strengthen our trading, operation and risk management capabilities.

Our focus on both leading and emerging technology will underpin the future energy relationship with customers, unlocking the value of electrification and decentralised energy.

[DAMIEN NICKS]

We have a defined strategy to deliver an accelerated low carbon future – and this slide, which you may be familiar with from our announcement in late-September, provides a good summary of the key targets along our 12-year decarbonisation roadmap.

We will deliver this strategy whilst maintaining our relentless focus on our valued customer base, and importantly, work closely with our people to explore opportunities for career transition as we progress towards a low carbon energy portfolio.



[DAMIEN NICKS]

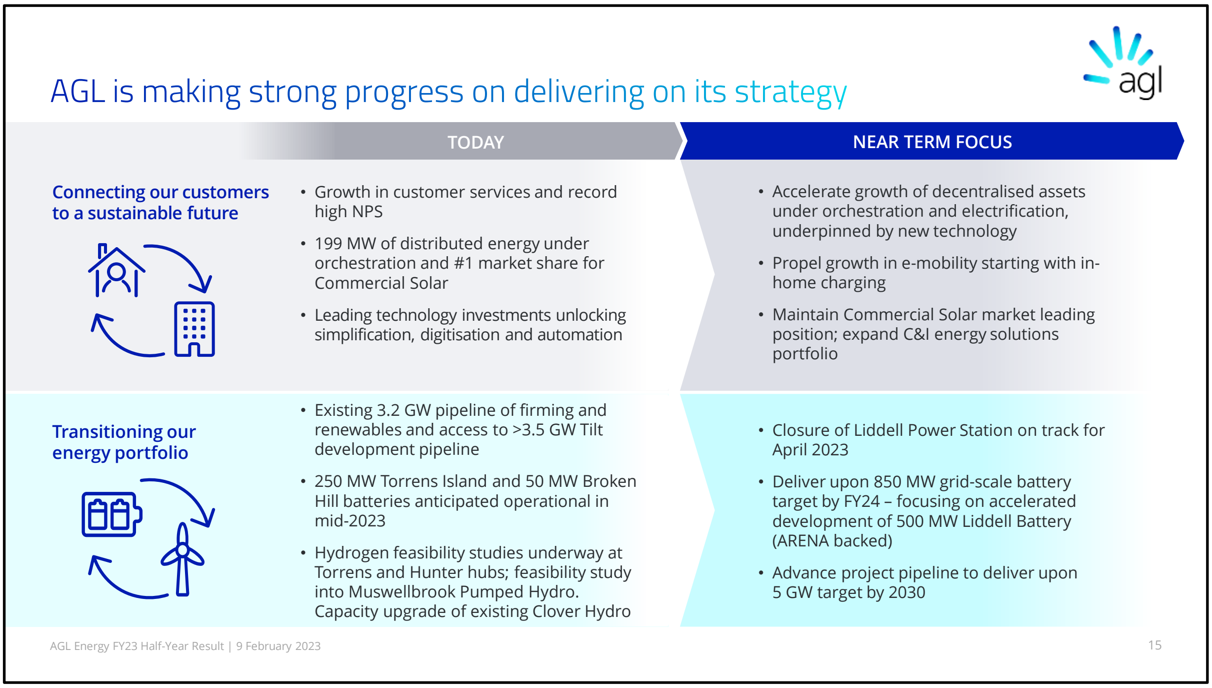
Our ongoing priority is to strengthen and drive value from our core business, providing a strong platform for growth in the medium to longer term to realise opportunities through the energy transition, which you can see on the right-hand side.

As mentioned, one of our core priorities will focus on how we help customers decarbonise the way they live, work and move.

We will drive electrification through the propositions we offer and propel growth in e-mobility, starting with in-home charging.

We will continue to accelerate growth in decentralised assets, helping our customers electrify and decarbonise, and positioning AGL as leading in energy solutions. Our market leading position in Commercial Solar is evidence of the strong progress achieved in this area.

Additionally, our retail transformation program which Jo spoke to at our full year result in August not only simplifies our core, but extends to new energy technology, which will enhance capability to remotely manage distributed energy resources in a flexible and digital-led way.



[DAMIEN NICKS]

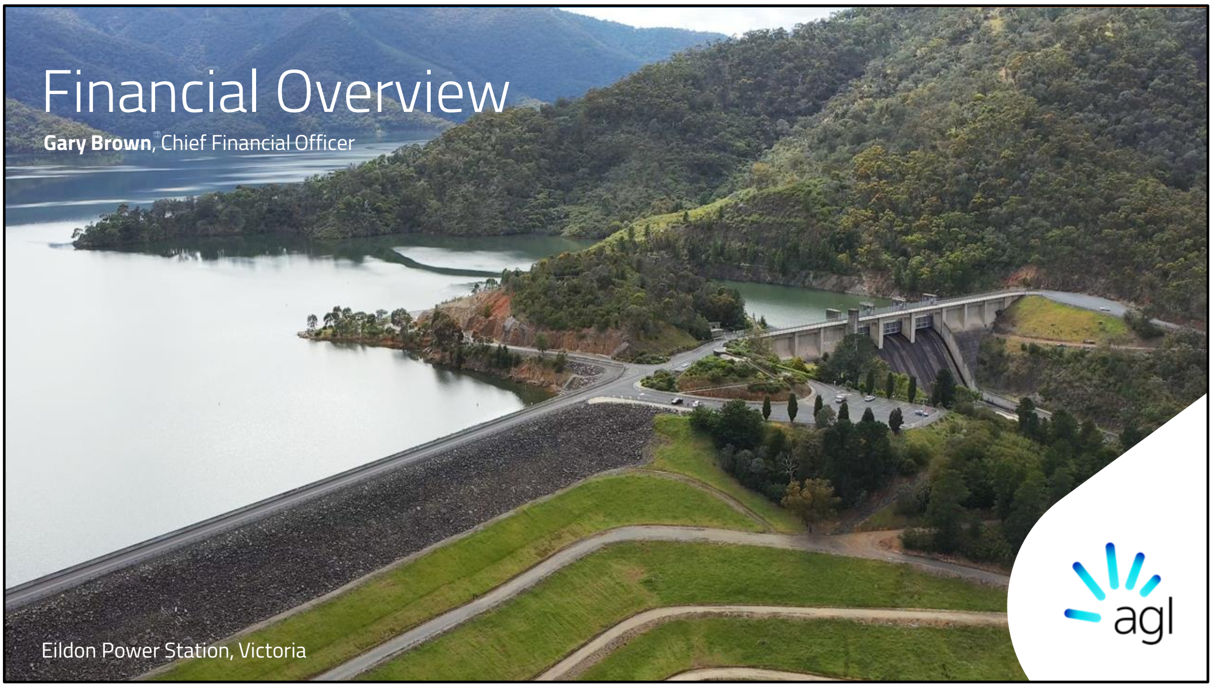
This slide provides a good summary on how we are tracking today in terms of delivering our strategy as well as near-term focus areas.

I've already spoken to many of these points for our customer portfolio - including our desire to accelerate decentralised assets under orchestration, drive growth in e-mobility and expand our Commercial and Industrial energy solutions portfolio.

Our energy portfolio will focus on progressing the feasibility studies mentioned on the bottom-left hand side, accelerating the development of the Liddell battery and importantly, advancing and accelerating our project pipeline to meet our 5-gigawatt target of new renewable generation and firming in place by the end of 2030.

Importantly, we look forward to sharing further details on our business strategies at an Investor Day, targeted for mid-2023.

I'll now hand you over to Gary to take you through the financial result in more detail.



[GARY BROWN]

Thank you, Damien and good morning, everyone.

It is my pleasure to address you in my first result as Chief Financial Officer.

Earnings and cashflow impacted by unplanned outages amidst unprecedented energy market conditions

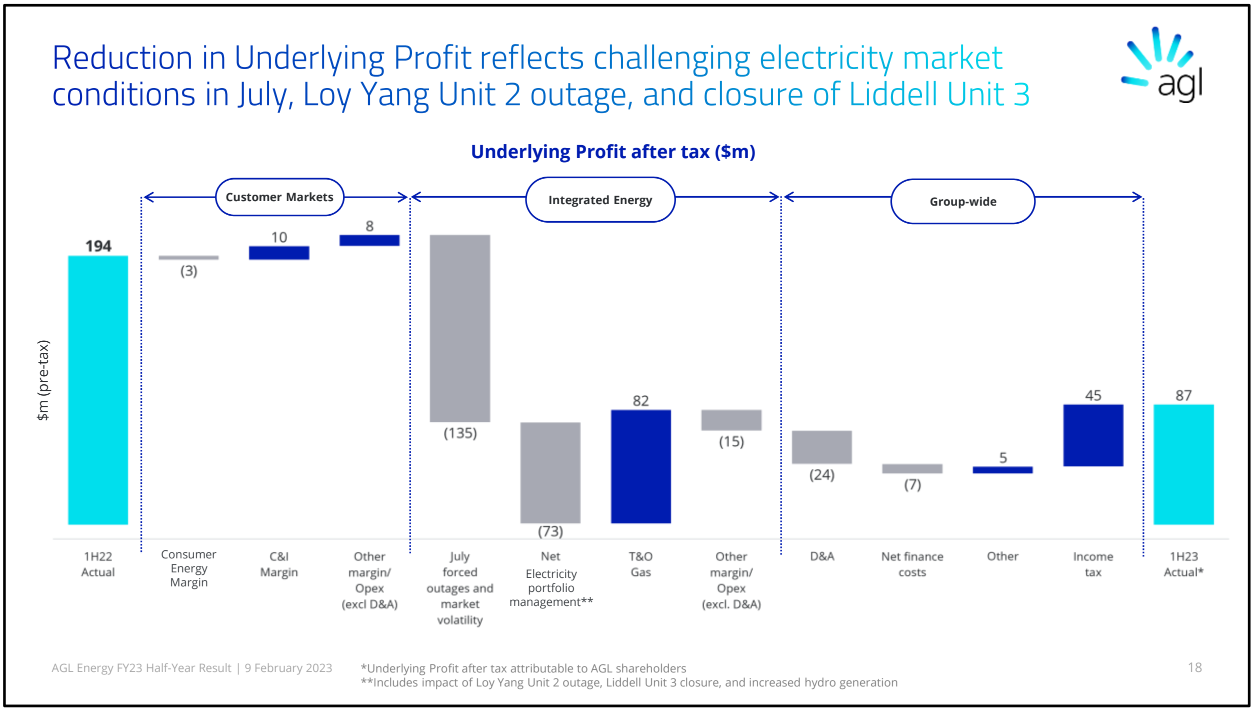
Statutory NPAT includes $(706) million of charges (post tax) taken for asset impairments and rehab provision increase due to AGL's accelerated decarbonisation plan

	1H23	Change from 1H22
Statutory NPAT	**$(1,075)m**	
Underlying EBITDA	**$604m**	**(16)%** ↓
Underlying NPAT	**$87m**	**(55)%** ↓
Net cash provided by operating activities	**$37m**	**(94%)** ↓
Dividends	**8 cps**	**(50%)** ↓
Return on Equity	**1.9%**	**(5.4)pp** ↓

AGL Energy FY23 Half-Year Result | 9 February 2023 17

[GARY BROWN]

This slide shows an overall summary of our financial result, which I'll cover in more detail on the following slides.



[GARY BROWN]

Let me first take you through group Underlying Profit in more detail.

The stronger Customer Markets performance was largely driven by growth in our Commercial and Industrial business, a reduction in net bad debt expense, as well as labour savings and efficiencies being realised through ongoing digitisation.

Turning now to Integrated Energy where there were some material movements.

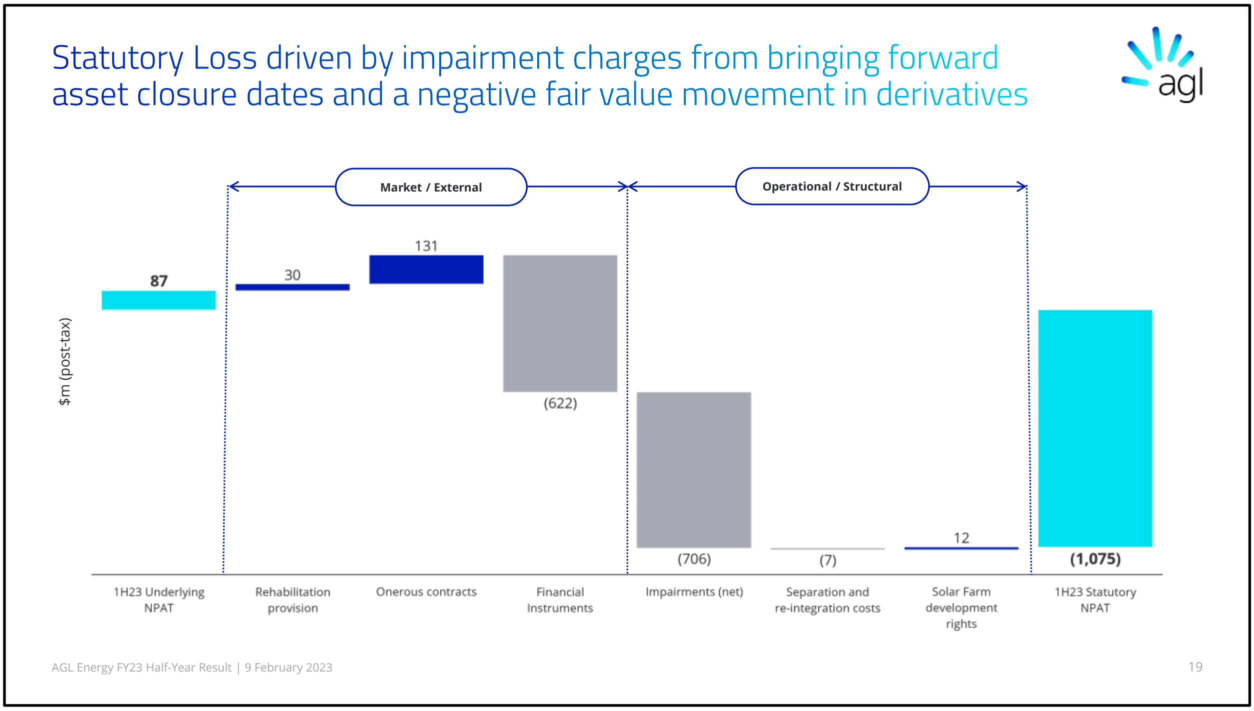
As indicated previously, July was a particularly challenging month for AGL, with the confluence of planned and forced outages across our coal-fired fleet resulting in a short generation position. Compounding this short position, AGL experienced significantly higher pool prices which were driven by heightened winter energy demand, as well as elevated fuel input costs due to the spike in global commodity prices.

The 73-million-dollar movement primarily related to lost generation earnings caused by the prolonged Loy Yang Unit 2 outage, as well as the closure of Liddell Unit 3 in April 2022. This was partially offset by the positive impact as higher forward electricity prices started to reset through our customer book, hedging and trading gains, as well as stronger hydro generation.

Higher global commodity pricing has also increased both the revenue and costs for our gas portfolio. Pleasingly however, AGL's competitively priced gas portfolio coupled with prudent trading performance drove the strong margin contribution you can see in the Trading and Operations gas bar.

Please note that AGL's gas portfolio is well positioned to meet customer demand, having taken appropriate measures to support future supply, including a short extension of our Camden gas field and the filling of Newcastle Gas Storage Facility (NGSF) to cover upcoming winter demand.

Finally, the higher depreciation and amortisation charges primarily related to the accelerated closure of the Bayswater and Loy Yang A power stations, whilst lower income tax paid reflected the reduction in earnings.



[GARY BROWN]

Let's take a quick look at the reconciliation between Underlying Profit and Statutory Profit, which we've included due to three materials movements.

Items on the left were largely driven by external and market factors, whereas those on the right represent structural or operational decisions made by AGL.

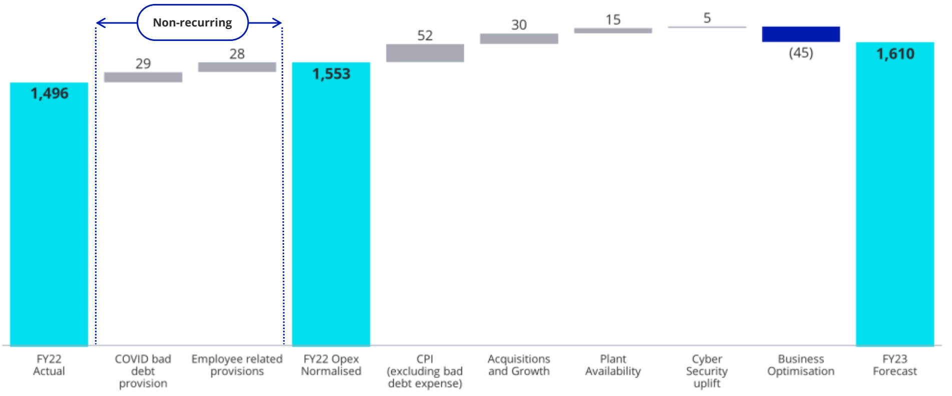
Starting from the left – the onerous contracts gain was driven by an increase in the price of large-scale generation certificates, partly offset by lower forward electricity pricing in relation to AGL's long-term renewable power purchase agreements, as well as updated discount rates used to value the liability.

The negative movement in the fair value of financial instruments primarily reflects the impact of a drop in forward prices for electricity on a net bought position, noting that we had an increase in this number in the prior period when forward prices were much higher.

And finally, the impairment charges related to the carrying value of our Generation Fleet cash-generating unit. This as a result of our accelerated decarbonisation plan and decision to bring forward the targeted closure date of AGL's thermal generation assets by the end of FY35, as we announced in September 2022.

Costs continue to be well managed in a period of significant inflationary pressures

Operating costs excluding depreciation and amortisation ($m)



[GARY BROWN]

In August, we did indicate a step up in forecasted operating costs for FY23 to be roughly in line with CPI.

Pleasingly, during a period of significant inflationary pressure, operating costs continue to be well managed across the business, consistent with CPI increases once adjusted for the non-recurring items identified at the full year result.

A portion of this increase is a small yet prudent uplift in cyber security spend to further bolster protection for our operations and customers.

Operating cash flow and EBITDA conversion rate impacted by working capital outflows

Cash conversion expected to revert to historical levels by the end of FY23

$m	1H23	1H22
Underlying EBITDA	**604**	**723**
Equity accounted income	(9)	(3)
Accounting for onerous contracts	(43)	(67)
Other assets/liabilities and non-cash items	(61)	17
Working capital – margin receipts/(calls)	(119)	122
Working capital – net (payables) / receivables	(98)	(179)
Working capital – inventory / green assets	(64)	195
Working capital – other	(105)	(1)
Underlying operating cash flow before significant items, interest and tax	**105**	**807**
Net finance costs paid	(49)	(42)
Income taxes paid	(27)	(53)
Significant items	8	(51)
Net cash provided by operating activities	**37**	**661**
Sustaining capital expenditure (accruals basis)	(195)	(216)
Growth capital expenditure (accruals basis)	(72)	(62)
Other investing activities	(55)	(274)
Net cash used in investing activities	**(322)**	**(552)**
Net cash used in financing activities	**492**	**(93)**
Net increase/(decrease) in cash and cash equivalents	**207**	**16**
Cash conversion rate	17%	112%
Cash conversion rate (excl. margin calls)	37%	95%

Working Capital

- Large working capital outflows in the half impacted operating cash flow, in particular payables and margin calls
- Sharp increases in wholesale electricity prices in June 2022 resulted in significant working capital inflows in FY22, with AGL being a net purchaser on high wholesale prices during plant outages. As stated at the time, the majority of these inflows have reversed in 1H23
- Forward energy prices decreased in 1H23 partly in response to Government commodity price intervention, resulting in further working capital outflows in future margin receipts / calls
- Cash conversion is expected to revert back to AGL's historical rates by the end of FY23

Rating and headroom

- Baa2 (stable outlook) rating confirmed by Moody's
  - 25.5% FFO to net debt; expected to increase in H2 in line with guidance
  - Process to refinance maturing debt well underway
- Significant headroom to debt covenants:
  - Gearing covenant, less than 50% → currently 35.4%
  - Funds from operations (FFO) / interest cover covenant, more than 2.5x → currently 9.6x
- $485 million of cash and undrawn committed debt facilities available

[GARY BROWN]

Turning now to cash and debt.

Net cash from operating activities of 37 million dollars was 94 percent lower compared to the first half of FY22, due to lower underlying EBITDA and large working capital outflows, particularly payables and margin calls, driven by significant market price movements during the period.

The payables cash outflow of 429 million dollars was largely due to the high payable position at the full year driven by high prices, and then the significant reduction in electricity pool prices across the period and the resultant cash outflows.

Notably, the impact of government intervention contributed to a sharp decline in forward electricity prices, resulting in 119 million dollars of variation margin outflows at the end of the half.

As you can see, whilst these working capital outflows did result in a reduction in AGL's credit metrics, we forecast this reduction will be temporary as cash conversion rates recover to historical levels in line with a stabilising wholesale pricing environment and improved generation performance.

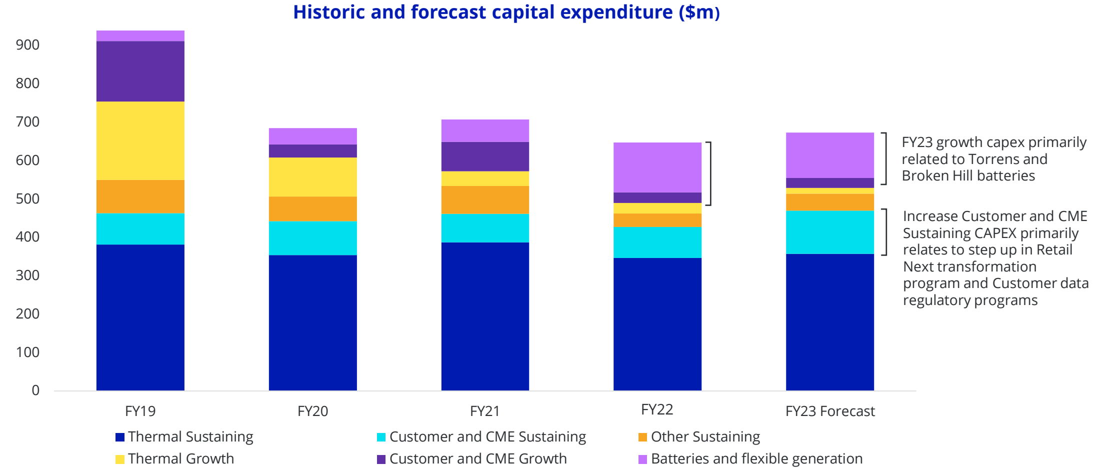
Encouragingly, Moody's have retained their Baa2 rating and upgraded their outlook to "stable."

The process to finance maturing debt is also well underway.

Over $120 million of growth capex in FY23 focused on investment in batteries

Approximately $670 million total capital expenditure forecasted for FY23;
Delivering over $90 million sustaining capex reduction objective in FY23 (against FY21 baseline)

Historic and forecast capital expenditure ($m)



AGL Energy FY23 Half-Year Result | 9 February 2023

22

[GARY BROWN]

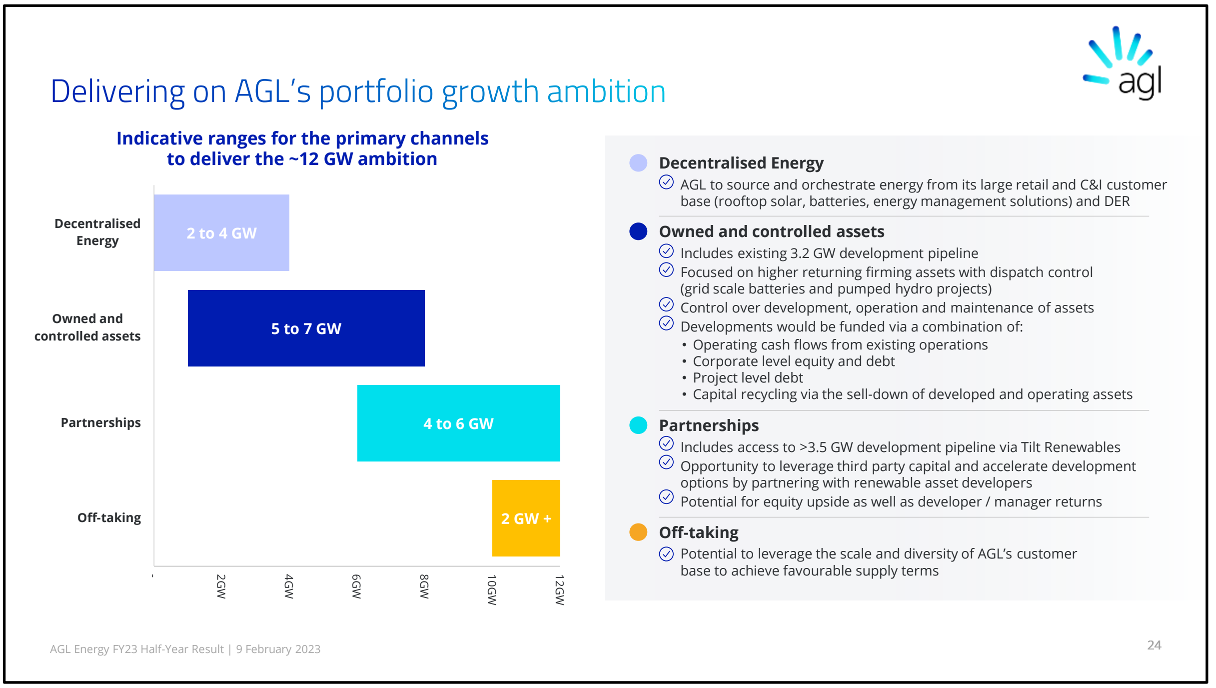
Now briefly touching on capex.

As noted last August, growth capex for this year will focus on the completion of the Torrens and Broken Hill batteries.

You will also notice a marginal uptick in thermal sustaining capex compared to the forecast we provided last August – this is primarily due to additional spend to strengthen the reliability of our thermal fleet as they transition to closure, which Damien discussed earlier.

[GARY BROWN]

Before I hand back to Damien, I'd like to take a few moments to discuss how we intend to fund and deliver our future target portfolio.



[GARY BROWN]

This slide shows the indicative ranges for the primary channels AGL will leverage to deliver its 12-gigawatt ambition as announced in late-September.

Damien has already spoken to decentralised assets under orchestration - which is a growth area for AGL and key component of our targeted energy portfolio.

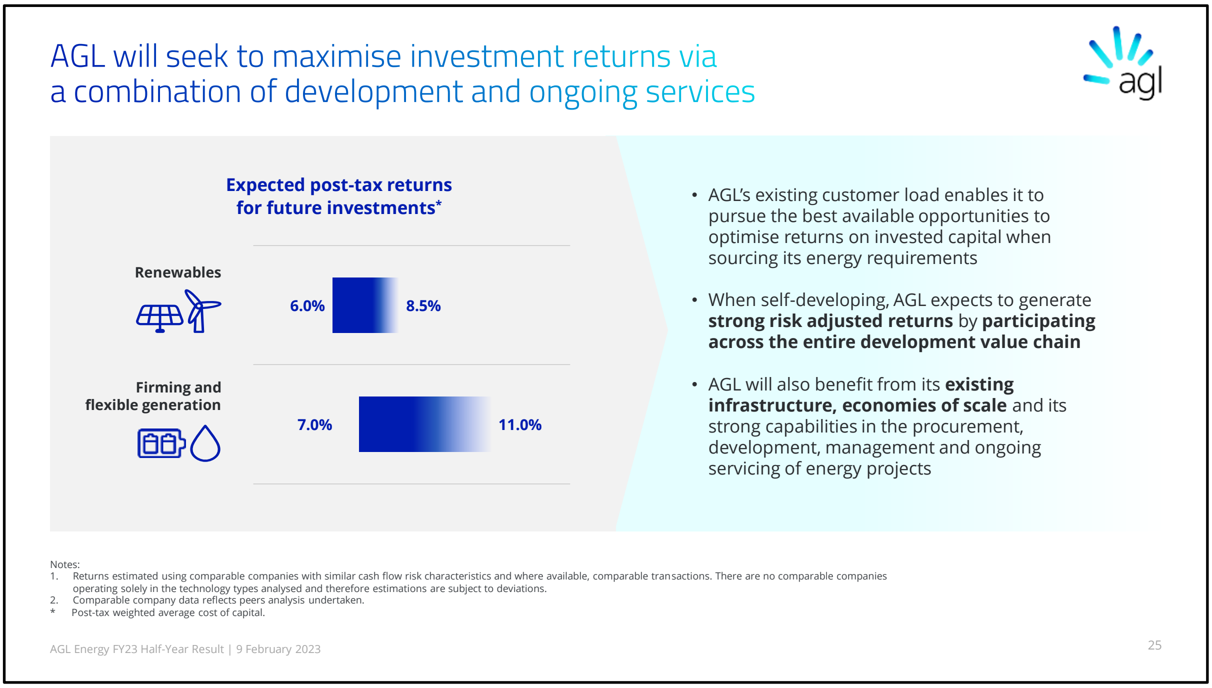
Assets developed on AGL's balance sheet will comprise the largest component and will focus on firming assets, building upon AGL's existing development pipeline of grid-scale batteries and pumped hydro projects.

These assets will be funded through a mix of operating cash flow, capital recycling via the potential sell-down of developed and operating assets, as well as project and corporate level funding.

Importantly, we have an excellent track record of raising capital for clean energy projects – having raised over 3.5 billion dollars of equity and debt funding into renewable assets since 2008 and are confident in our ability to access a growing pool of global capital dedicated to fund the energy transition.

Partnerships will be the second largest component and includes the 3.5-gigawatt development pipeline via Tilt Renewables. We will partner with renowned renewable asset developers which will deliver additional capital and expertise and help accelerate our development options. The main focus of partnerships will be in renewables such as wind.

The balance is expected to be delivered via offtakes, and we intend to leverage the scale and diversity of AGL's customer base to achieve the most favourable supply mix and terms.



[GARY BROWN]

Importantly, our strategic asset base and extensive renewable development capabilities position us well to generate excess returns from the transition of our generation portfolio.

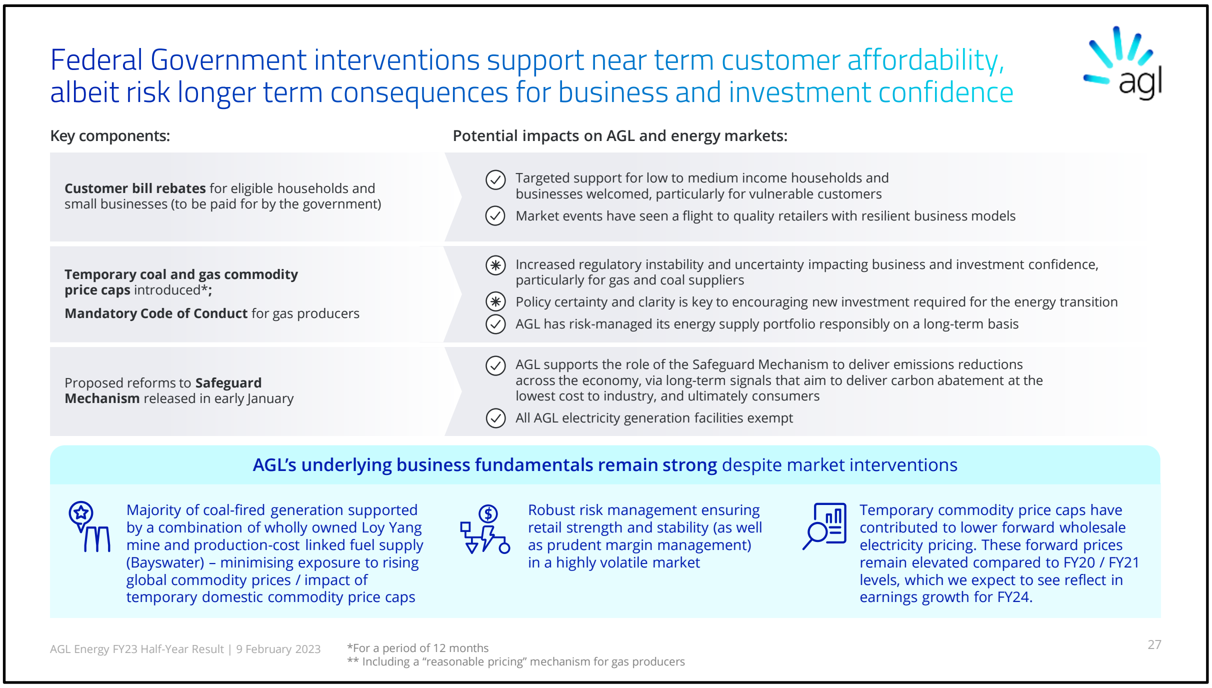
As an integrated player, AGL will seek to maximise investment returns through additional development, management, trading, and ongoing services that typically would not all be available to a pure-play energy company.

The returns and ranges shown are for observable comparative companies and projects and are provided as an indication of the types of returns that we would expect to see.

Now handing back to Damien.

[DAMIEN NICKS]

Thanks Gary.



[DAMIEN NICKS]

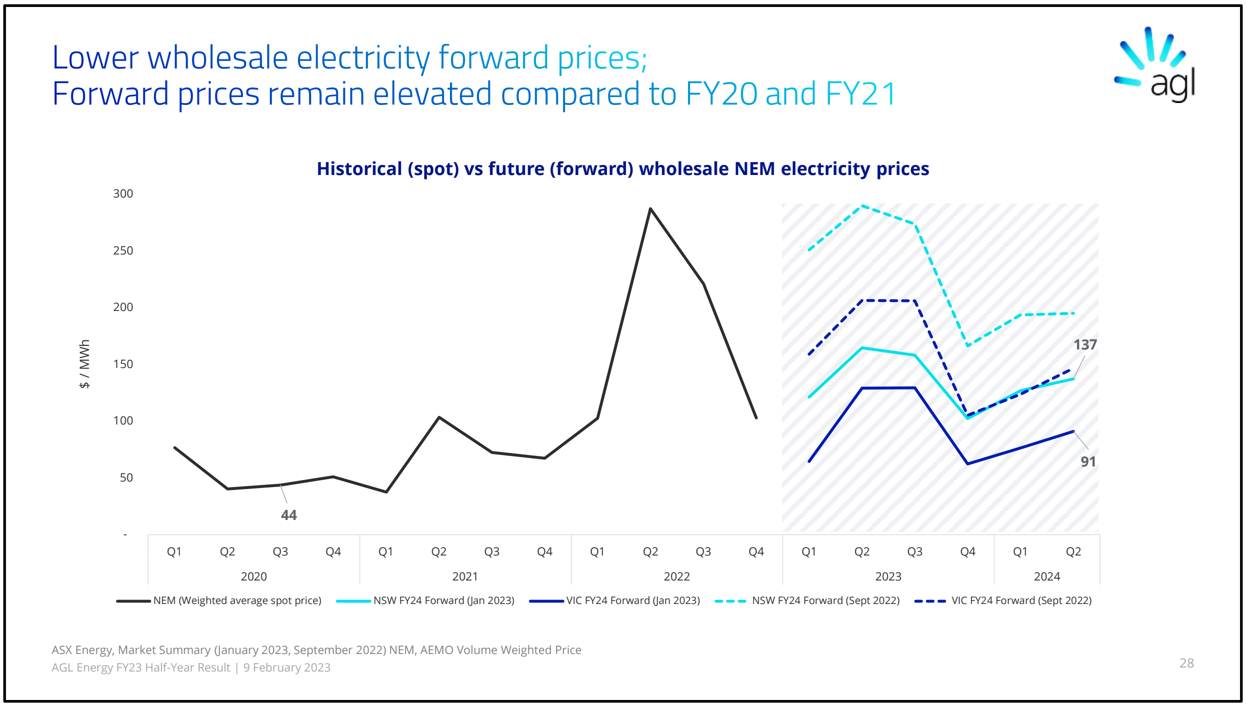
As mentioned, I'd like to take a moment discuss the impacts of recent Federal Government interventions in energy markets.

Whilst we do support certain measures, namely the customer bill rebates as well as the role of the Safeguard Mechanism, we are concerned that the commodity price intervention has created regulatory uncertainty for coal and gas suppliers, undermining their business and investment confidence.

I must emphasise that policy certainty and clarity is key to encourage new investment in clean energy generation and supply to ensure the pace of Australia's energy transition.

Importantly, our core business fundamentals remain strong despite market interventions – our robust risk management has ensured retail strength and stability amid significant volatility in Australian energy markets.

Additionally, our coal-fired generation portfolio is well supported via a combination of wholly owned and production-cost linked fuel supply, minimising exposure to rising global commodity prices and the impacts of the commodity price caps.



[DAMIEN NICKS]

Taking a closer look at market conditions – you can clearly see the reduction in spot and forward pricing from historically high levels, partly driven by the introduction of the commodity price caps, milder weather and additional plant availability.

The shaded area on the right-hand side shows the downward pressure on FY24 forward pricing, illustrated by the difference between the dotted and solid lines – which represent FY24 forward pricing snapshots taken in September 2022 and January 2023, respectively.

Encouragingly, as we've indicated via the data point callouts on the graph, FY24 forward pricing still remains elevated compared to FY20 and FY21 levels, which we expect to see reflected in strong earnings growth for FY24.

FY23 guidance and Outlook

FY23 guidance range narrowed:
- Underlying EBITDA between $1,250 and $1,375 million (previously between $1,250 and $1,450 million)
- Underlying NPAT between $200 and $280 million (previously between $200 and $320 million)

FY23 guidance reflects an expected improved second half, in line with expectations, with the following drivers:
- Increased generation expected due to improved plant availability and a reduction in planned and forced outages, partly offset by lower forward electricity prices
- Customer margin expected to improve due to an increase in customer services
- Operating costs (excluding depreciation and amortisation) forecast to increase half-on-half, largely due to seasonal net bad debt expense and inflationary impacts we continue to manage closely
- Operating cash conversion of Underlying EBITDA expected to return to historic average rates

Outlook beyond FY23 remains positive:
- Wholesale electricity pricing remains elevated compared to prior periods with AGL expected to benefit as historical contract positions are reset in FY24 and FY25
- Sustained periods of higher wholesale electricity prices expected to flow through to retail pricing outcomes
- Torrens Island and Broken Hill batteries commencing operations in mid-2023
- Lower earnings from the closure of the remaining three units of Liddell Power Station expected to be more than offset by the above

All guidance is subject to any impacts arising from regulatory and government intervention, variability in trading conditions and plant availability.

[DAMIEN NICKS]

I'll now conclude by talking to FY23 guidance and our outlook.

As I mentioned earlier, we have narrowed our underlying earnings guidance ranges for FY23.

Our full year guidance reflects an improved second half as expected, largely driven by an anticipated increase in generation, with improved plant availability and a reduction in outages, partly offset by lower forward electricity prices.

Customer margin is expected to improve due to growth in customer services.

Operating costs are forecast to increase half-on-half due to seasonal net bad debt expense and inflation.

Encouragingly, the outlook beyond FY23 remains positive.

Wholesale electricity pricing remains elevated compared to prior periods, with AGL expected to benefit as historical contract positions reset in FY24 and FY25.

Additionally, sustained periods of higher wholesale electricity prices are expected to flow through to retail pricing outcomes, and the Torrens Island and Broken Hill batteries are also anticipated to commence operations in mid-2023. This will be partly offset by lower earnings due to the closure of the remaining three units of the Liddell Power Station.

Thank you for your time and we'll now open to any questions.

Supplementary Information

Reconciliation of Statutory Profit to Underlying Profit

$m	1H23	1H22	Change
Statutory NPAT	**(1,075)**	**555**	**(1,630)**
Adjust for following post-tax items:			
Movement in onerous contracts	(131)	(316)	185
Impairments	706	4	702
Separation and re-integration costs	7	24	(17)
Restructuring and integration costs	-	12	(12)
Wellington North Solar Farm	(12)	-	(12)
Movement in rehabilitation provision	(30)	-	(30)
(Profit) / Loss on fair value of financial instruments after tax	622	(85)	707
Underlying NPAT	**87**	**194**	**(107)**

Pool Generation volume

GWh	1H23	1H22	Change
Asset			
AGL Macquarie – Bayswater	6,411	6,781	(5)%
AGL Macquarie – Liddell	2,897	4,087	(29)%
AGL Loy Yang	6,095	6,498	(6)%
AGL Torrens	458	523	(12)%
Barker Inlet	181	124	46%
Kwinana Swift	70	0	100%
SA wind	608	621	(2)%
VIC hydro	736	287	156%
VIC wind	355	551	(36)%
NSW solar	212	141	50%
Other gas	91	55	65%
NSW wind	272	278	(2)%
NSW hydro	15	20	(25)%
QLD wind	687	653	5%
Total	**19,088**	**20,619**	**(7)%**
Generation type			
Coal	15,403	17,366	(11)%
Gas	800	702	14%
Wind	1,922	2.103	(9)%
Hydro	751	307	145%
Solar	212	141	50%
Total	**19,088**	**20,619**	**(7)%**

Customer services

	31 December 2022 ('000)	30 June 2022 ('000)	Change
Consumer Electricity	**2,462**	**2,443**	**1%**
New South Wales	904	908	0%
Victoria	760	737	3%
South Australia	357	361	(1)%
Queensland	441	437	1%
Consumer Gas	**1,528**	**1,510**	**1%**
New South Wales	615	618	(0)%
Victoria	593	582	2%
South Australia	137	136	1%
Queensland	89	88	1%
Western Australia	94	86	9%
Total Consumer energy services	**3,990**	**3,953**	**1%**
Dual fuel services	2,343	2,304	2%
Average consumer energy services	**3,985**	**3,963**	**1%**
Total Large Business energy services	**15**	**16**	**(6)%**
Total energy services	**4,005**	**3,969**	**1%**
Total Telecommunication services	**271**	**246**	**10%**
Total AGL customer services	**4,276**	**4,215**	**1%**

Electricity sales volumes

GWh	1H23	1H22	Change
Consumer			
New South Wales	2,932	2,982	(2)%
Victoria	2,206	2,061	7%
South Australia	927	1,012	(8)%
Queensland	1,317	1,341	(2)%
Consumer total	**7,382**	**7,396**	**0%**
Large Business			
New South Wales	2,293	1,992	15%
Victoria	973	849	15%
South Australia	617	610	1%
Queensland	681	827	(18)%
Western Australia	772	778	(1)%
Large Business total	**5,336**	**5,056**	**6%**
Wholesale total*	**6,683**	**7,289**	**(8)%**
Electricity sales volume total	**19,401**	**19,741**	**(2)%**

*Includes purchased volumes sold to ActewAGL during 1H23 of 1,265 GWh (1H22 1,200 GWh)

Gas sales volumes

PJ	1H23	1H22	Change
Consumer			
New South Wales	8.7	8.7	-
Victoria	18.6	19.1	(3)%
South Australia	1.6	1.6	-
Queensland	1.3	1.1	18%
Western Australia	0.8	0.7	14%
Consumer total	**31.0**	**31.2**	**(1)%**
Large Business			
New South Wales	1.0	0.4	150%
Victoria	2.4	2.6	(8)%
South Australia	0.2	0.2	-
Queensland	1.9	2.2	(14)%
Western Australia	3.2	3.3	(3)%
Large Business total	**8.7**	**8.7**	**-**
Wholesale customers and Generation*	**38.5**	**41.6**	**(7)%**
Gas sales volume total	**78.2**	**81.5**	**(4)%**

*Includes volumes sold to AGL owned generation assets during 1H23 of 8.0 PJ (1H22 8.0 PJ)

Generation portfolio performance

Asset	State	Type	Status	Capacity* (MW)	Carbon intensity (tCO_2e/MWh)	1H23 sent out generation (GWh)
AGL Macquarie - Bayswater	NSW	Black coal	Owned	2,690	0.95	6,581
AGL Macquarie - Liddell	NSW	Black coal	Owned	1,500	0.99	3,040
AGL Loy Yang	VIC	Brown coal	Owned	2,210	1.27	6,257
Total coal				**6,400**		**15,878**
AGL Torrens	SA	Gas steam turbine	Owned	600	0.63	464
Barker Inlet	SA	Gas reciprocating engine	Owned	211	0.61	186
Yabulu	QLD	CCGT	Control dispatch	121	0.60	39
Somerton	VIC	OCGT	Owned	170	0.77	57
Kwinana Swift	WA	OCGT	Owned	109	0.72	68
Total oil and gas				**1,211**		**814**
Macarthur	VIC	Wind	Control dispatch	420	0.01	285
Hallett	SA	Wind	Control dispatch	351	0.00	542
Wattle Point	SA	Wind	Control dispatch	91	0.00	113
Oaklands Hill	VIC	Wind	Control dispatch	67	0.00	81
Silverton	NSW	Wind	Control dispatch (Tilt Renewables)	199	0.00	345
Coopers Gap	QLD	Wind	Control dispatch (Tilt Renewables)	452	0.00	722
VIC hydro	VIC	Hydro	Owned	731	0.01	840
NSW hydro	NSW	Hydro	Owned	54	0.01	27
NSW solar	NSW	Solar	Control dispatch (Tilt Renewables)	156	0.00	146
Total renewables				**2,520**		**3,101**
Generation portfolio at 31 December 2022				**10,131**	**0.90**	**19,793**
NEM industry average					**0.63**	

Note: The difference between sent out generation and pool generation volume is due to marginal loss factors, non-scheduled generation and auxiliary usage.
*Capacity listed differs from AEMO Registered capacity. Bayswater Power Station capacity includes the 2 x 25 MW capacity upgrades for units 4 and 2 and AGL Torrens excludes all A station units which have been closed, and unit B1 which has been mothballed.
Carbon intensity includes Scope 1 and 2 emissions. Scope 1 emissions associated with material fuels at material sites are actuals; other emissions data is estimated based on FY22 intensity and FY23 generation output.
Capacity and performance reflects AGL's 50% interest in the output of Yabulu Power Station.

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