



ASX & Media Release

FY24 Results Announcement and FY25 Earnings Guidance

14 August 2024

AGL Energy Limited (AGL) today announced its results for the financial year ended 30 June 2024 (FY24).

FY24 Results Highlights and FY25 Guidance

- Statutory Profit after tax: \$711 million, including a pre-tax negative movement in the fair value of financial instruments of \$(53) million and significant items of \$(103) million
- Underlying EBITDA: \$2,216 million, up 63% on FY23
- Underlying Net Profit after tax: \$812 million, up 189% on FY23
- Final dividend of 35 cents per share (unfranked) declared; total dividend for FY24 of 61 cents per share (unfranked)
- FY25 earnings guidance range:
 - Guidance range for FY25 Underlying EBITDA between \$1,870 and \$2,170 million
 - Guidance range for FY25 Underlying Net Profit between \$530 and \$730 million

CEO Commentary - FY24 Results Highlights and FY25 Guidance

AGL Managing Director and CEO, Damien Nicks, said: “Our strong full year results were driven by significantly improved fleet availability and portfolio flexibility, including a solid earnings contribution from the Torrens Island Battery in its first nine months of operation. We saw more stable market conditions throughout the financial year, along with the impact of higher wholesale electricity pricing from prior periods being reflected in pricing outcomes, trading and contract positions.”

“Margin growth also contributed to this result as we continued to drive value within our Customer Markets business. This improved financial result, material increase in cash generation, and strength of our balance sheet compared with the challenges experienced in the prior year, supports the ongoing investment in our transition and improved returns to shareholders.”

FY24 Operational and Strategy Highlights

- Total AGL customer services: 4.5 million¹, up 211k on FY23; Strategic Net Promoter Score (NPS) remains positive at +4
- Total generation volumes: 34.1 TWh, down 8% on FY23, primarily due to the closure of the last three units at Liddell Power Station in April 2023
- Total fleet Equivalent Availability Factor (EAF) of 85.8% achieved, 9.0pp higher than FY23
- Total Injury Frequency Rate (TIFR) up to 3.5 (per million hours worked), primarily driven by an increase in low-impact injuries
- Two-year Customer Support Package increased by \$20 million to \$90 million; Accelerated delivery of program with \$63m provided to customers in FY24
- Strategic partnership and 20% equity investment in Kaluza as part of Retail Transformation Program

¹ Services to customers number is as at 30 June 2024 and excludes approximately 310,000 services to customers of ActewAGL



- Development pipeline almost doubled to 6.2 GW since the CTAP was released in September 2022²
- 800 MW of new grid scale batteries in operation or under construction, bringing AGL's total flexible capacity across the fleet to 7.4 GW
- Decentralised assets under orchestration of 1.25 GW, up 10% on FY23
- Annual operated Scope 1 and Scope 2 greenhouse gas emissions reduced by 23% against FY19 baseline, exceeding CTAP target of 17%

CEO Commentary – FY24 Operational Highlights

AGL Managing Director and CEO, Damien Nicks, said: "FY24 was a year of operational excellence for AGL, which contributed to the delivery of our strong financial performance."

"In a period of heightened market activity, our Customer Markets business had a great year – recording significant growth in overall customer services numbers across our energy, telecommunications and Netflix services. Strategic NPS ended the year in a good position with a score of +4, and we've maintained a healthy spread to overall market churn of over 5 percentage points."

"Importantly, we're continuing to support our customers through this ongoing period of cost-of-living pressures – we've increased our two-year Customer Support package by a further \$20 million to \$90 million, and accelerated the rollout of support, with \$63 million delivered to customers in the first year of the program."

"Integrated Energy had an excellent year in terms of fleet performance, recording an Equivalent Availability Factor of 85.8 percent, 9.0 percentage points higher than FY23 – a testament to the prudent investment made in our thermal generation fleet including 3.2 gigawatts of coal-fired unit flexibility which continues to deliver benefits to AGL and the transition."

"Pleasingly we've seen a five percentage-point improvement in our employee engagement score, to 72%, continuing the positive trend since FY22. As always, our people remain critical to the delivery of our strategy."

"However, an area of concern for myself and the Board is our Total Injury Frequency rate, which remains elevated at 3.5 per million hours worked, up from 2.8 in FY23, and is largely attributable to low-impact injuries. Safety is our utmost priority at AGL and we've maintained our acute focus on preventing injuries across the organisation. We continue to undertake measures including increased focus on health and safety leadership training as well as site specific safety awareness programs, to help reverse and improve the trend of this metric."

CEO Commentary – Business Transition and Strategic Execution

"AGL continues to drive Australia's decarbonisation journey by connecting our customers to a sustainable future and transitioning our energy portfolio. "

"In June we announced the next significant step of our Retail Transformation Program, entering into an agreement with Kaluza to transform our Consumer customer operations. In addition, AGL has agreed to make an approximately AUD\$150m investment in Kaluza to fund the next phase of its growth."

"Our world-class technology, enabled by Kaluza and alongside other industry partnerships, will allow us to develop a future suite of simplified products that will seamlessly integrate and improve customer experience. This will be complemented by a streamlined operating model to help us deliver superior speed to market and a reduction in costs."

"We continue to see growth as we help our residential and commercial customers electrify and decarbonise. Our portfolio of decentralised assets under orchestration increased by 10% to 1.25 GW, which

² AGL's development pipeline was disclosed as 3.2 GW in its inaugural Climate Transition Action Plan (CTAP), released in September 2022, and 6.2 GW as at 14 August 2024



included a 127% increase in customer hot water orchestration to 141 MW, and a 35% increase in commercial assets under management to 283 MW.”

“In transitioning our energy portfolio, we continue to grow our development pipeline, which has increased from 3.2 GW to 6.2 GW since our CTAP was released in September 2022. Our focus is to continue to build optionality, particularly around our flexible assets, to help us achieve our ambition to add 12 GW of capacity by the end of 2035.”

“We will seek to accelerate options and our decarbonisation pathway where possible, and have brought forward the targeted FID dates for a number of projects in our development pipeline. We continue to advocate for streamlining the approval and connection process for grid-scale assets, and for the policy certainty and regulatory stability necessary, to accelerate the transition.”

“Building on our existing flexible dispatchable capacity of 7.4 GW, we have made good progress on our ambition to build and operate a leading battery portfolio in the National Electricity Market. We now have 800 MW of new grid scale batteries in operation or under construction. The 250 MW Torrens Island battery and 50 MW Broken Hill battery became operational in August 2023 and August 2024 respectively, and construction is well underway for the 500 MW Liddell battery at our Hunter Energy Hub in New South Wales, following FID in December.”

Statutory and Underlying Profit

AGL’s Statutory profit after tax was \$711 million. This included a pre-tax negative movement in the fair value of financial instruments of \$(53) million, primarily reflecting the impact of expired positive cash flow trades for electricity derivatives. This movement is non-cash, albeit required under Australian Accounting Standards.

Underlying Net Profit after tax, which excludes the movements in the fair value of financial instruments and Significant Items, was \$812 million, up 189%.

Dividends and Capital Management

Excluding a \$381 million prepayment of bill relief that will be credited to AGL’s customers over the coming months, AGL delivered net cash from operating activities of \$1,859 million, \$947 million higher than FY23 due to an increase in Underlying EBITDA, and lower working capital outflows compared to the prior year. Excluding the prepayment mentioned above, the rate of conversion of EBITDA to operating cash flow was 92 percent, up from 74 percent in the prior year, driven by the factors mentioned above.

At 30 June 2024, AGL had \$1,701 million of cash and undrawn committed debt facilities available.

AGL has declared a final unfranked dividend for FY24 of 35 cents per share. The final dividend is consistent with AGL’s dividend policy to target a payout ratio of 50 to 75 percent of annual Underlying Profit After Tax. The FY24 final dividend has been determined using a target 50% payout ratio of Underlying NPAT for the total FY24 dividend. As announced at the HY24 results, the target 50% payout ratio for the full year recognises the upcoming capital requirements of the business including the construction of the Liddell battery and implementation of the Retail Transformation Program.

The FY24 final dividend is unfranked, however AGL intends to begin paying partially franked dividends from the FY25 interim dividend. Future franking levels and the dividend payout ratio remain subject to Board approval.

The final dividend will be paid on 24 September 2024.

Outlook

AGL has today provided guidance for its FY25 underlying earnings, as follows:

- Underlying EBITDA between \$1,870 and \$2,170 million
- Underlying Net Profit between \$530 and \$730 million



The expected decrease in AGL's earnings for FY25 compared to FY24 reflects the following drivers:

- o Lower wholesale electricity prices resetting through contract positions and the roll-off of heightened volatility from market interventions in June/July 2022
- o Consumer margin compression following a period of heightened market activity and lower wholesale prices
- o Broadly flat operating costs, with productivity and business optimisation benefits broadly offsetting the ongoing funding of strategic growth initiatives as well as inflationary impacts
- o Increased depreciation and amortisation due to continued investment in the availability and flexibility of AGL's assets

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

Presentation, Webcast and Conference Call

AGL will hold a webcast and conference call to discuss the FY24 result at 11.00am (AEST), today, Wednesday, 14 August 2024. Questions will be taken at the conclusion of the webcast.

A copy of the presentation will be lodged with the ASX and made available on AGL's website.

All FY24 documents, the pre-recorded presentation and webcast are accessible via <https://www.agl.com.au/about-agl/investors/results-centre>

Pre-registration is required to access the conference call and the live question and answer session.

A transcript and archive of the webcast will be available on AGL's website in due course.

Authorised for release by AGL's Board of Directors.

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About AGL Energy

At AGL, we believe energy makes life better and are passionate about powering the way Australians live, move and work. Proudly Australian for more than 185 years, AGL supplies around 4.5 million^[1] energy, telecommunications and Netflix customer services. AGL is committed to providing our customers simple, fair and accessible essential services as they decarbonise and electrify the way they live, work and move. 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 storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a lower emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

For more information visit agl.com.au.

^[1] Services to customers number is as at 30 June 2024.