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ASX & Media Release

FY21 Results Presentation

12 August 2021

Attached is AGL Energy Limited's Full Year Results Presentation for the year ended 30 June 2021.

John Fitzgerald

Company Secretary

Authorised for release by AGL's Board of Directors

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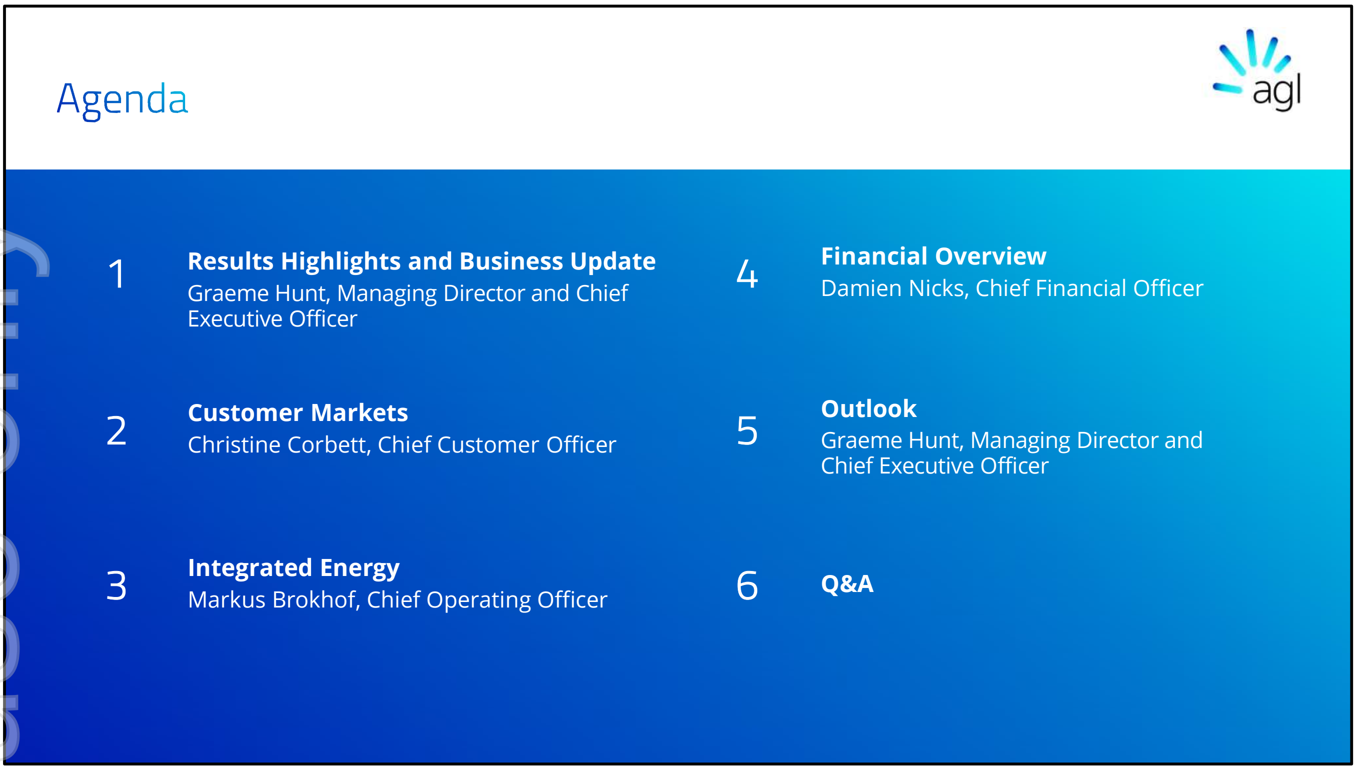
About AGL

Proudly Australian for more than 180 years, AGL supplies around 4.5 million energy and telecommunications customer services[1]. We're committed to becoming a leading multi-product 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 Statement. 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.

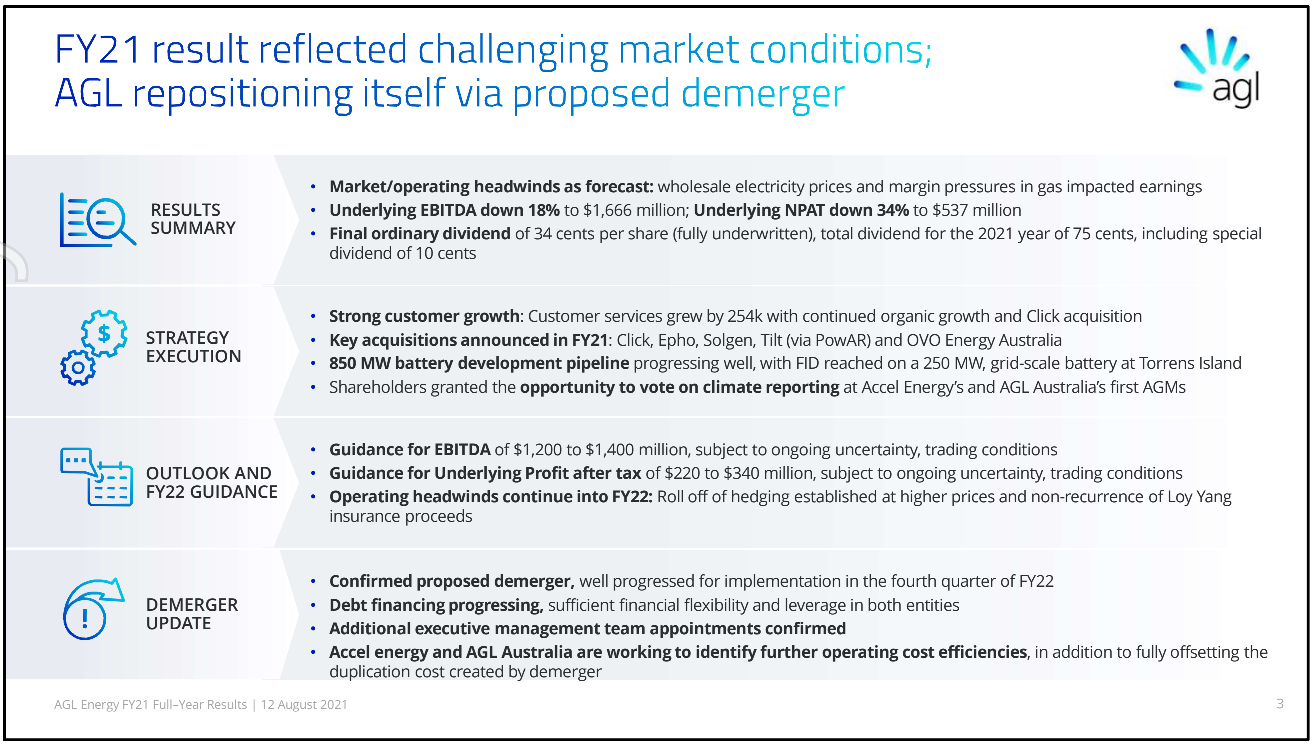
[1] Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

FY21
Full-Year Results

12 August 2021



[GRAEME HUNT]
Good morning everyone.
Graeme Hunt speaking.
Thank you for joining us for the webcast of AGL's full-year results for financial year 2021.
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 future.
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.
So today I'm joined by Damien Nicks our CFO, Christine Corbett, Chief Customer Officer and Markus Brokhof our Chief Operating Officer.
I'll get us started before handing over to the team and we will have time for questions at the end.



[GRAEME HUNT]
Financial year 2021 was one of the toughest energy markets have seen, wholesale electricity prices were at levels not seen since 2012, while demand was impacted by lockdowns, mild weather and increasing penetration from rooftop solar. In gas, we had older legacy gas supply contracts rolling off and new contracting at more contemporary pricing – these dynamics have all impacted our FY21 financial results.

Underlying EBITDA of 1.66 billion dollars was down 18 percent, while Underlying NPAT of 537 million dollars was down 34 percent, reflecting the additional impact of higher depreciation expense as forecast.

Our statutory result was impacted, largely as already announced, by the charges associated with onerous contracts, rehabilitation provision increase, Crib Point cessation, impairments and integration and separation costs.

The total dividend for the 2021 year was 75 cents. This comprised 65 cents of ordinary dividend and 10 cents of special dividend in the first half. The Special Dividend Program has now been terminated. However, AGL Energy expects to continue to pay dividends equal to 75% of Underlying net profit after tax, unfranked and 100% underwritten for the final 2021 and interim 2022 dividends.

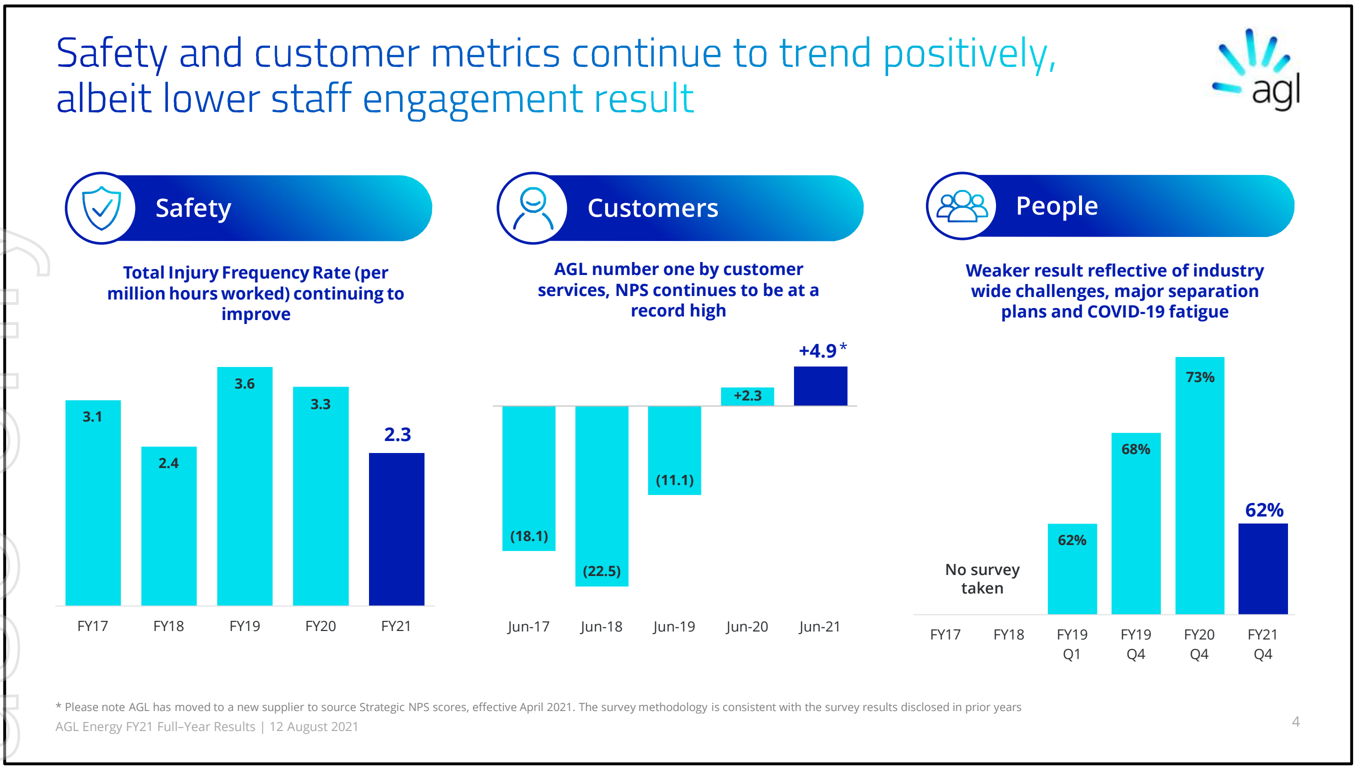
While conditions have been challenging, AGL Energy has continued to deliver on its strategy. Customer service growth remained strong. We added 254 thousand new services over the year though the Click acquisition and solid organic growth - maintaining our status as Australia's largest energy-led multi product retailer. It is still very early days for the AGL Energy telecommunications products, but we are seeing steady growth and the anticipated benefits to customer loyalty, multi product growth and tenure are coming to fruition.

During the year we completed a number of important acquisitions. Christine will cover the Click acquisition in more detail. Solgen and Epho have both boosted our presence in the commercial solar market and have continued to perform well, winning new material installation contracts. The Tilt acquisition, via PowAR, completed last week, will further support our orderly transition away from coal-fired power. Lastly, our OVO transaction is a strategic JV, providing a future option to leverage the expected demand for EVs, residential batteries and demand management, while allowing customers to be active participants in the energy transition and reducing their own emissions.

We remain on track to deliver on our plans for at least 850 MW of grid scale batteries, with FID reached on the Torrens Island battery and further progress on the Liddell and Loy Yang batteries. In recognition of the important role AGL will play in the energy transition, we have proactively supported the "Say on Climate" movement by committing to provide shareholders with an opportunity to vote on our climate reporting at the AGM's relating to the 2022 financial year.

Our guidance for the financial year 2022 for underlying EBITDA is 1.2 to 1.4 billion dollars and for underlying Net Profit After tax, 220 to 340 million dollars.
These ranges reflect a further material step down in Wholesale Electricity earnings as hedging positions, established when wholesale prices were materially higher progressively roll off and the non-recurrence of Loy Yang insurance proceeds. That said, the outlook for FY22 and beyond will be impacted by wholesale electricity markets and I'll talk more about what we are seeing there shortly.

On June 30 we announced our proposal for AGL Energy to become Accel Energy and the demerger of AGL Australia. This is a complex transaction towards which we have made good progress and subject to shareholder and relevant approvals, we remain committed to implementation in the fourth quarter of FY22.
The related debt financing process is well progressed and today we have announced further management team appointments, with more to come in due course.
We are confident that this proposed demerger will create two new entities, with clarity of purpose and strong foundations, positioning them well to lead the energy transition, while protecting and delivering value to shareholders.



[GRAEME HUNT]

Moving now to our three core operational areas, safety, customer experience and employee engagement.

The Total Injury Frequency Rate per million hours worked decreased markedly to 2.3 for employees and contractors combined for the year.

That's a material improvement on FY19 and 20, reflecting our strong focus on safety culture from the top down.

We will continue to do more to keep improving our safety culture and practices, while running our plants responsibly.

We added 254 thousand customer services over the year, which includes 198 thousand Click customers.

In addition, we have delivered a further improvement in the Net Promoter Score, demonstrating customer loyalty and the improvement in our customer experience.

Our employee engagement measure unfortunately has fallen 11 percentage points from FY20.

This result was understandable given the challenges in energy markets currently and the uncertainty arising from the planned demerger.

We are working to address employee engagement through strong internal communication and the establishment of the new organisational structures as soon as possible.

Financial result reflects the significance of market and operating headwinds

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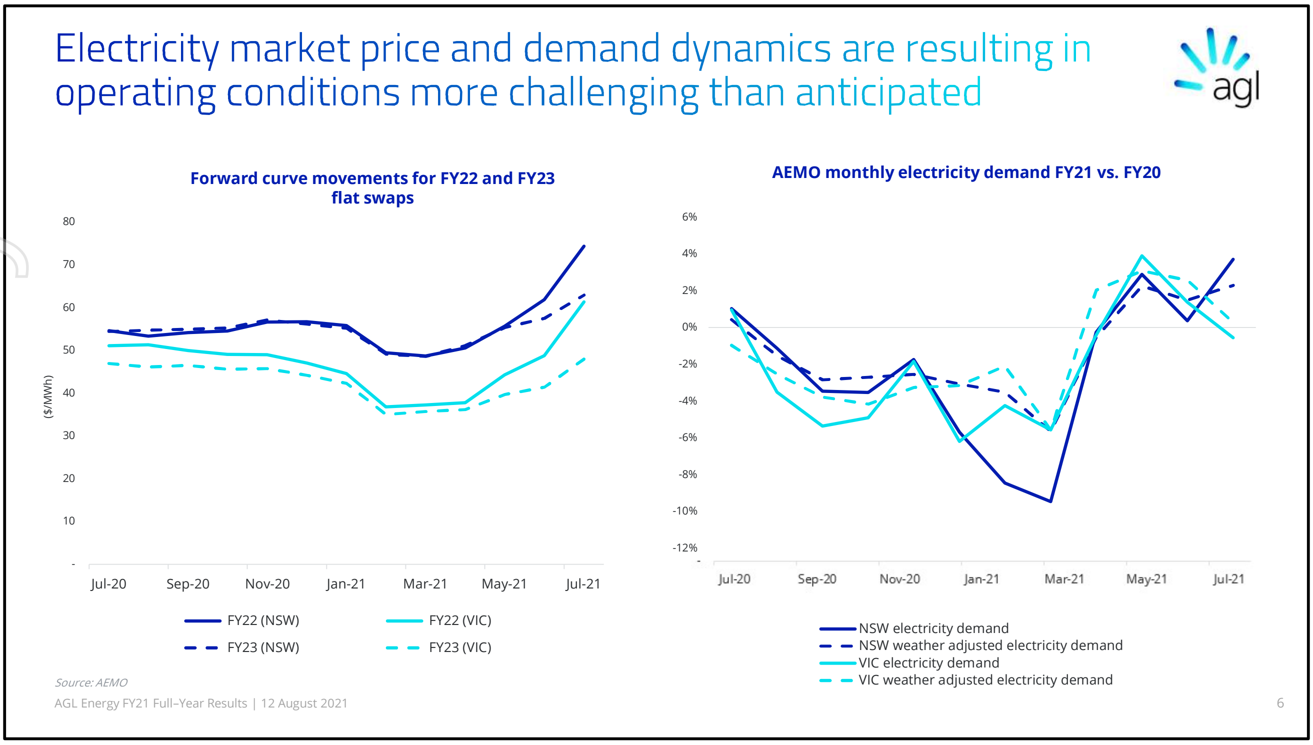
Statutory NPAT	$(2,058)m		↓
Underlying EBITDA	$1,666m	(18)%	↓
Underlying NPAT	$537m	(34)%	↓
Net cash provided by operating activities	$1,250m	(41)%	↓
Dividends	65 cps ordinary 10 cps special	(23)%	↓
Return on Equity	8.1%	(1.9)pp	↓

[GRAEME HUNT]
This slide shows a further summary of our financial result, which Damien will cover later in more detail.
Whilst these results are very disappointing, they are not inconsistent with the circumstances and challenges the business has been facing.
That said we have an accountability to focus on positioning the business to be more robust in the face of such challenges going forward.



[GRAEME HUNT]

Now let's take a more detailed look at electricity market conditions.

On the left you can see the challenging forward prices seen at the beginning of the year due to a lack of summer volatility reducing forward price expectations. In April wholesale electricity prices improved and this became more pronounced in late May and June, due to the Callide and Yallourn incidents.

This price improvement has been driven not only by the unplanned outages, but also through increased demand, higher international commodity prices and an increase in the number of planned outages, which were previously deferred due to COVID-19.

Pleasingly, the dotted line indicates that markets expect the recovery to be sustained into FY23.

On the demand side, we have seen a small recovery through May and June due to an early cold winter and a brief period of limited COVID-19 restrictions across Australia, bringing with it a return in business and industrial demand. Looking ahead, we expect demand to bounce around with intermittent lockdowns and the milder spring months.

Over the short term, as Markus will cover in more detail, our hedged position will limit potential upside from a recovery in wholesale prices. Longer term however, our low-cost generation position gives us a relative strength among existing market generators, making AGL well positioned to benefit from any sustained recovery in wholesale electricity prices.

Demerger update – progressing towards implementation in the fourth quarter of FY22

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Demerger process

- Demerger on track for implementation in the fourth quarter FY22, subject to relevant approvals
- Following key management personnel identified:
  - Chief Operating Officer and Deputy Chief Executive Officer, Accel Energy
    Markus Brokhof
  - Chief Financial Officer, AGL Australia
    Damien Nicks
- Internal IT, corporate and operational separation to effect the demerger have commenced, including the formulation of transitional services agreements
- Accel Energy and AGL Australia are working to identify further operating cost efficiencies, in addition to fully offsetting the duplication cost created by demerger

Capital structures of new entities

- Continuing to progress finalisation of funding requirements and structure of borrowings for both entities
- Accel Energy holding of 15-20% in AGL Australia important for balance sheet and financial flexibility
- Confident of investment grade credit rating for both entities, targeting a higher rating for AGL Australia than Accel Energy
- New entities will be subject to market standard financial covenants including Leverage for Accel Energy and Gearing for AGL Australia

- Appointments to take effect upon demerger
- Further management and Board appointments for Accel Energy and AGL Australia will be confirmed in due course

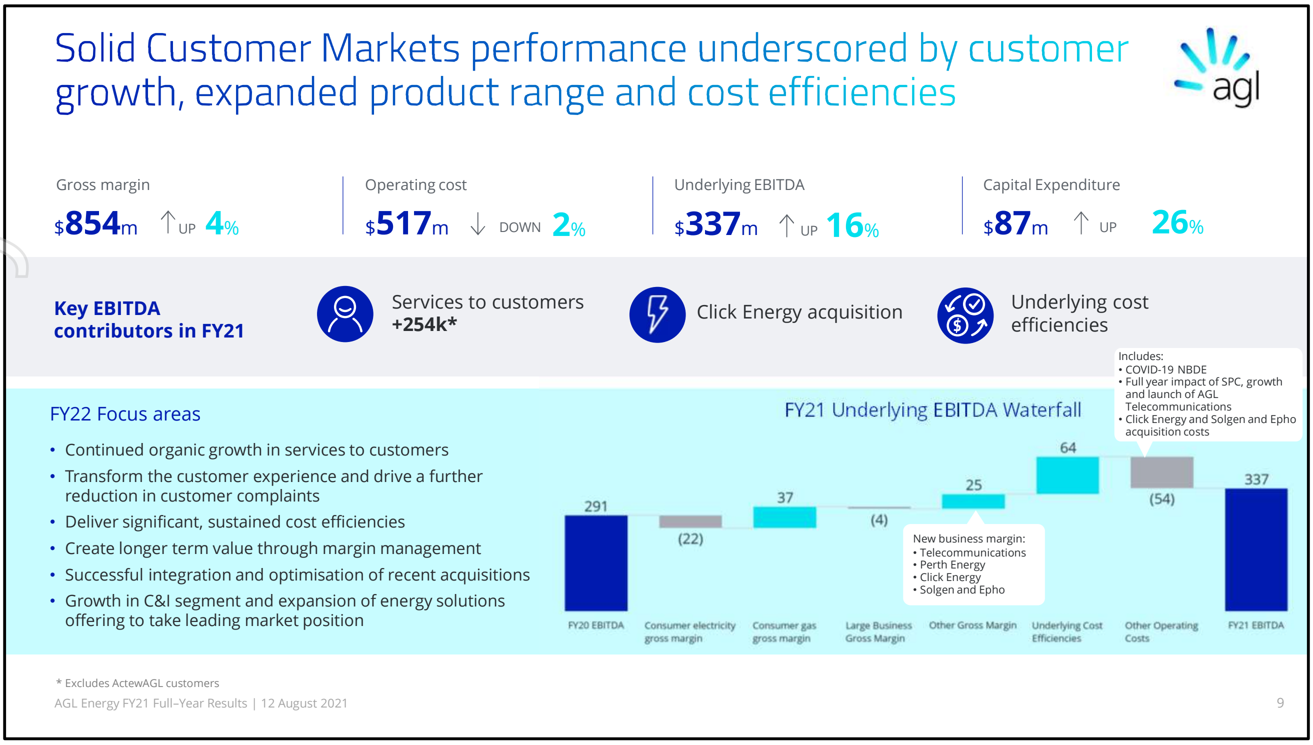
Accel Energy agl

[GRAEME HUNT]
Today I am pleased to announce two further executives identified for the new entities - Markus Brokhof for Accel Energy as Deputy Chief Executive Officer and Chief Operating Officer, and Damien Nicks for AGL Australia as Chief Financial Officer. Markus and Damien both have extensive industry experience and proven leadership and strategic execution skills which will be invaluable within both organisations. While the new demerger entities will be smaller organisations, these executives will have broader remits and responsibilities.
These appointments will take effect upon the proposed demerger.
Since our June 30 demerger proposal announcement, we have made good progress. We have commenced with the internal separation of our IT systems and some corporate and operational divisions. The transitional services agreement is coming together, which will provide a governance framework for work conducted between the entities. As we make progress on the corporate structures for the new entities, we have greater clarity on the expected cost bases and I can confirm that on top of fully offsetting the cost duplication created by demerger, both Accel and AGL Australia are working to identify further cost efficiencies.
We continue to progress the finalisation of the capital structures and funding for both new entities and we expect to provide the next update on our demerger progress at our AGM next month.
I'll now hand to Christine to take you through our Customer Markets result in more detail.

Customer Markets

Christine Corbett
Chief Customer Officer

[CHRISTINE CORBETT]
Thank you, Graeme, and good morning everyone.
As Graeme has discussed, market conditions in FY21 have continued to be challenging, however our strong customer focus has been unwavering, and this is reflected in our continued positive customer advocacy and good customer growth.
At the same time, we have improved the fundamentals of our business, significantly lowered operating costs, improved the customer experience and extended our product offering.



[CHRISTINE CORBETT]

Our performance in FY21 has been underscored by continued customer growth, the execution of our energy-led multi product retailing strategy and a focus on underlying cost efficiencies.

I'm pleased to report that underlying EBITDA was 337 million dollars, up 16 percent, reflective of higher gross margin and lower operating costs. Our investment in digital transformation in prior years, together with a continued focus on efficiencies, helped absorb the increased operating costs associated with acquisitions and new products.

The increase in gross margin was driven primarily by higher consumer gas gross margin and solid gross margin contribution from Click Energy. This was partially offset by a decrease in consumer electricity gross margin due to customers switching to lower-priced products.

Capital expenditure increased as a result of investments to support the launch of AGL Telecommunications, offset by a decrease in software-as-a-service development costs.

As I mentioned at our half year results, regulatory intervention, customer behaviour and high levels of competition have resulted in electricity margin compression in recent years, most prominently in Victoria. However, we expect to see retail energy margins settle to more sustainable levels in the short to medium term.

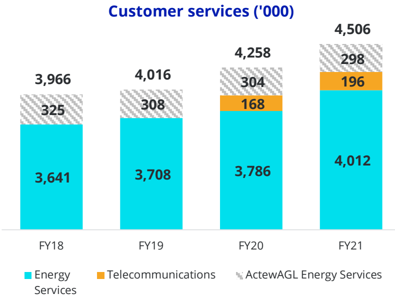
In FY22, we will continue to focus on organic growth and scaling our AGL telecommunications offerings to our energy customers.

We will further improve the customer experience, while at the same time drive greater reductions in our cost base as the business is further digitalised. And, in the commercial and industrial segment, we will continue to expand our position as a leading provider of commercial energy solutions.

Continued momentum as Australia's largest multi-product energy retailer with 254k* customer services added in FY21

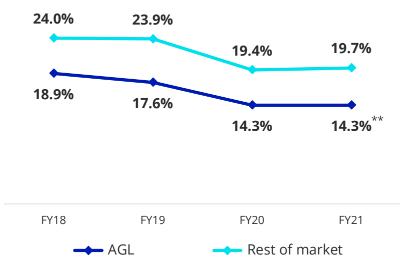
Total services provided to customers now 4.2 million*

Customer services ('000)



- 226k new gas and electricity services, plus 28k telecommunications services added in FY21
- 1.5 services per customer (1.4 FY20)
- Over 260k services now carbon neutral

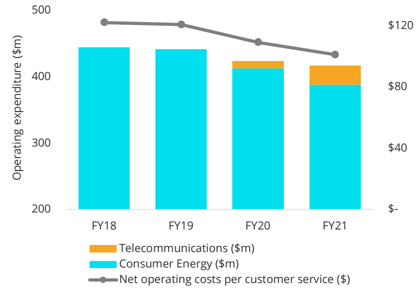
AGL churn remains at its lowest level since 2014



- Improvement in churn spread relative to FY20
- Click Energy's customer retention rate has improved post integration

Operating costs per customer service driven lower in consecutive years

Consumer net operating costs * ^



- 35% reduction in campaigns and advertising costs since FY18
- 50% of customers digitally active, driving the reduction in manual back office operations and call centre volumes (36% lower since FY18)
- 48% reduction in ombudsman complaints since FY18

* Excludes ActewAGL customers
** Churn refers to energy services only, includes Click Energy customers and excludes ActewAGL customers
^ Excludes depreciation and amortisation, SaaS and one-off credit loss programs

[CHRISTINE CORBETT]
Our customer book continues to grow in size and strength. Our strategic Net Promoter Score (NPS) again reached new highs in FY21.

AGL now provides over 4.2 million services to customers and 4.5 million if you include the ActewAGL services. This number has increased by half a million services over the past three years, driven by a combination of strong organic growth and key strategic acquisitions.

Offering our customers more targeted services has been a key priority in our multi-product strategy. As customers become increasingly connected, we want to be at the forefront of that transition and as such have expanded our services into telecommunications, which has seen robust uptake in the first few months.

During the period we also launched our carbon neutral offering across all AGL products. We have seen solid take up of carbon neutral energy, with good growth occurring in the second half of FY21. And, we are now providing carbon neutral to all new and existing telecommunications services at no extra cost.

Pleasingly, against the backdrop of a highly competitive market, we have maintained low levels of churn, with a slight improvement in our spread to the rest of market.

Finally, our underlying net operating costs per customer service continue to fall, driven by our investment in systems and our ongoing focus on simplification and digitisation. This is a result of a significant reduction in manual back office operations and call centre volumes, which are 36 percent lower than in FY18. At the same time, we have driven a 48 percent reduction in ombudsman complaints and realised significant cost efficiencies in our campaigns and advertising costs.

Major investments driving our growth ambitions

Consumer

Southern Phone

- Successful launch of AGL branded mobile and broadband
- 98% of telecommunications customers (both new and existing) have bundled their energy and telecommunications services
- Won Canstar Blue's 2021 Most Satisfied Customer Award on the 'Phone on a Plan' Category

click energy / on the move

- Successful migration of more than 200k Click Energy and Amaysim customers to AGL
- Systems and reporting functions fully integrated into AGL, with cost to serve savings in FY21 and beyond
- Integration of On The Move now makes ConnectNow a market leader in relocation services in Australia

- Investment in **Ovo Energy Australia** provides strong optionality on future deployment on an intelligent, low cost-to-serve core platform (Kaluza platform)
- Investment in **'Retail Next'** will deliver capability to scale multi-product retailing efficiently through focus on middle layer technology upgrades

Commercial and Industrial

perthenergy

- Delivering significant net volume growth during FY21 in both electricity (42% YoY) and gas (134% YoY)
- Significant customer pipeline to drive further growth
- Provides greater flexibility for AGL's wholesale gas and retail consumer gas portfolio

SOLGEN / epho

- Combined businesses continuing to 'win' key projects in the market, with more than 38 MW of new commercial solar sales and 2.1 MW of energy storage since acquisition
- Step change in technical capability to address customer decarbonisation strategies
- Combined business is a national market leader with >20% of the commercial solar market share

[CHRISTINE CORBETT]

Our four key acquisitions have built strength and capability as we drive our multi-product retailer ambitions.

The acquisition of Southern Phone Company in December 2019 has provided a launchpad for our AGL telecommunications offerings, which we launched earlier this year. Initial take up of the offerings has been strong, and pleasingly, more than 98 percent of AGL telecommunications sales to date have been part of an energy-telco bundle.

We also acquired Click Energy, building on our strong energy customer services growth in FY20, and have successfully migrated more than 200,000 customers to AGL systems in the last six months. Our retention rate of these customers was greater than expected, and we are now realising cost to serve savings as a result of systems and operational synergies. We have integrated On The Move with our existing moving services business, ConnectNow, giving us an even stronger competitive position in the movers market.

The acquisitions of Epho and Solgen complement and bolster our existing solar capabilities, enabling AGL Energy to deliver more tailored and innovative energy solutions for businesses. Since acquisition, both businesses have continued to win key projects, with the addition of more than 38 megawatts of new commercial solar sales. We are now Australia's largest supplier of commercial solar with the systems and technologies in place to deliver more than 70 megawatts of commercial solar each year.

As we integrate these new acquisitions, we continue to focus on maintaining our leading technology position.

Our phased investment approach will keep driving value today while providing real options for tomorrow. The short-term horizon will use proven technology to help scale our multi-product proposition while delivering further cost efficiencies over coming years. It will focus on updating the middle layer of our technology stack, such as our customer relationship management systems, making it easier for our agents to find solutions for our customers.

The next horizon is centred on bringing world-class technology and innovation to Australia through our partnership with Ovo Energy, one of the UK's leading independent energy retailers. Ovo's customer platform, Kaluza, provides strong optionality on future deployment on an intelligent, low cost-to-serve core platform, and presents an exciting opportunity to engage with customers more effectively in a multi-product environment.

And now over to Markus.

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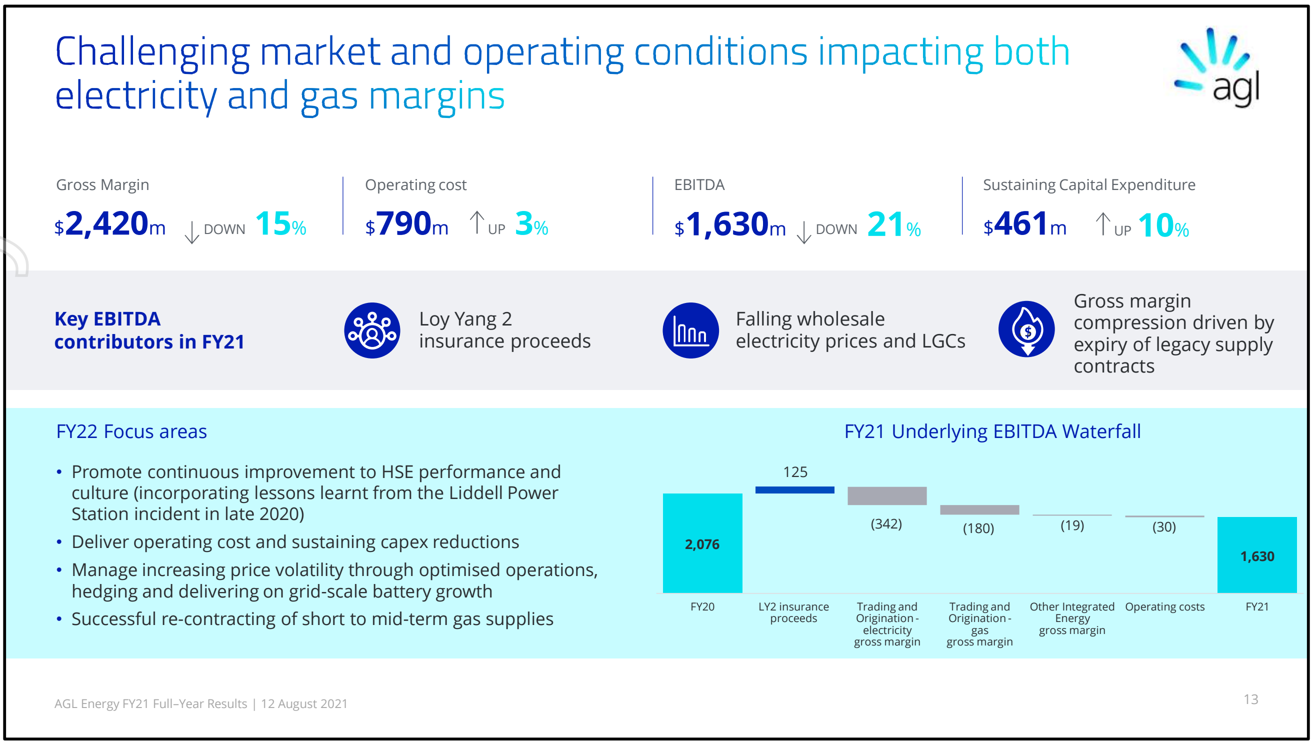
Integrated Energy

Markus Brokhof
Chief Operating Officer

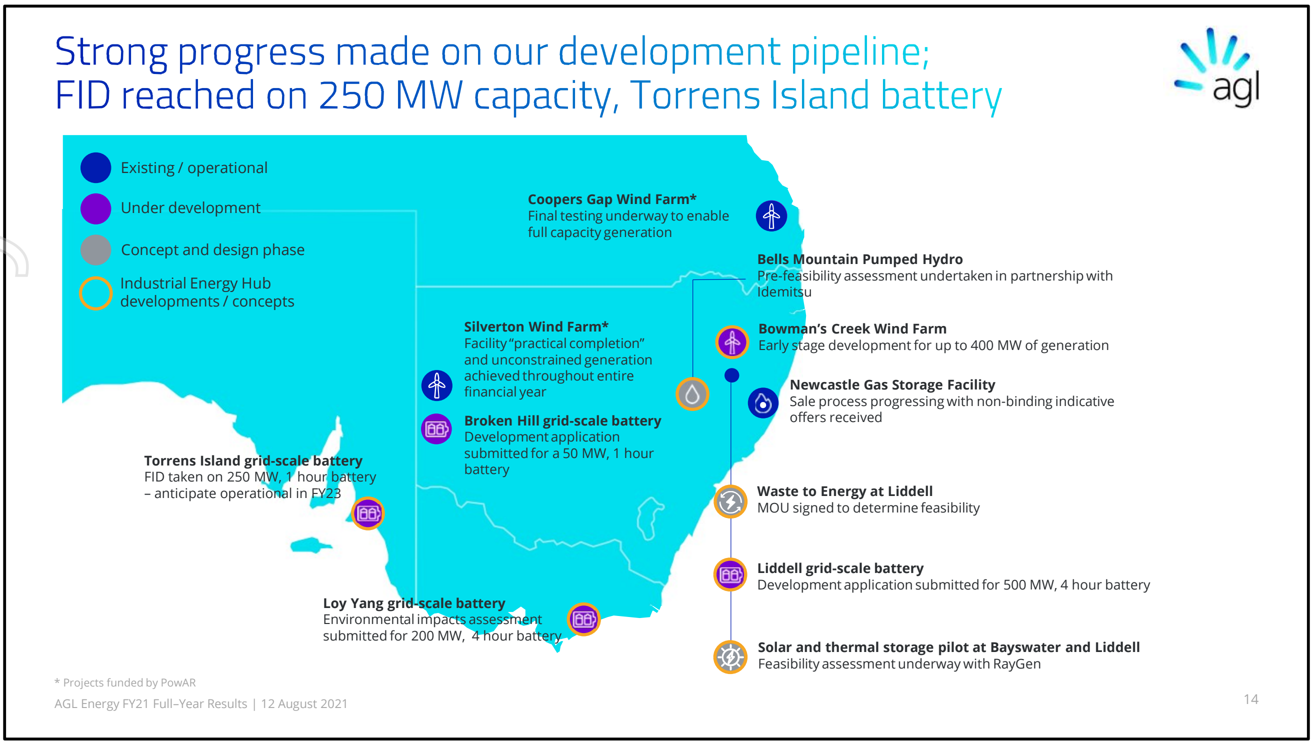
Bayswater Power Station, New South Wales

[MARKUS BROKHOF]
Thanks Christine, and good morning everyone.
I will provide an overview of our Integrated Energy results, which covers our trading, origination, and operations business areas.

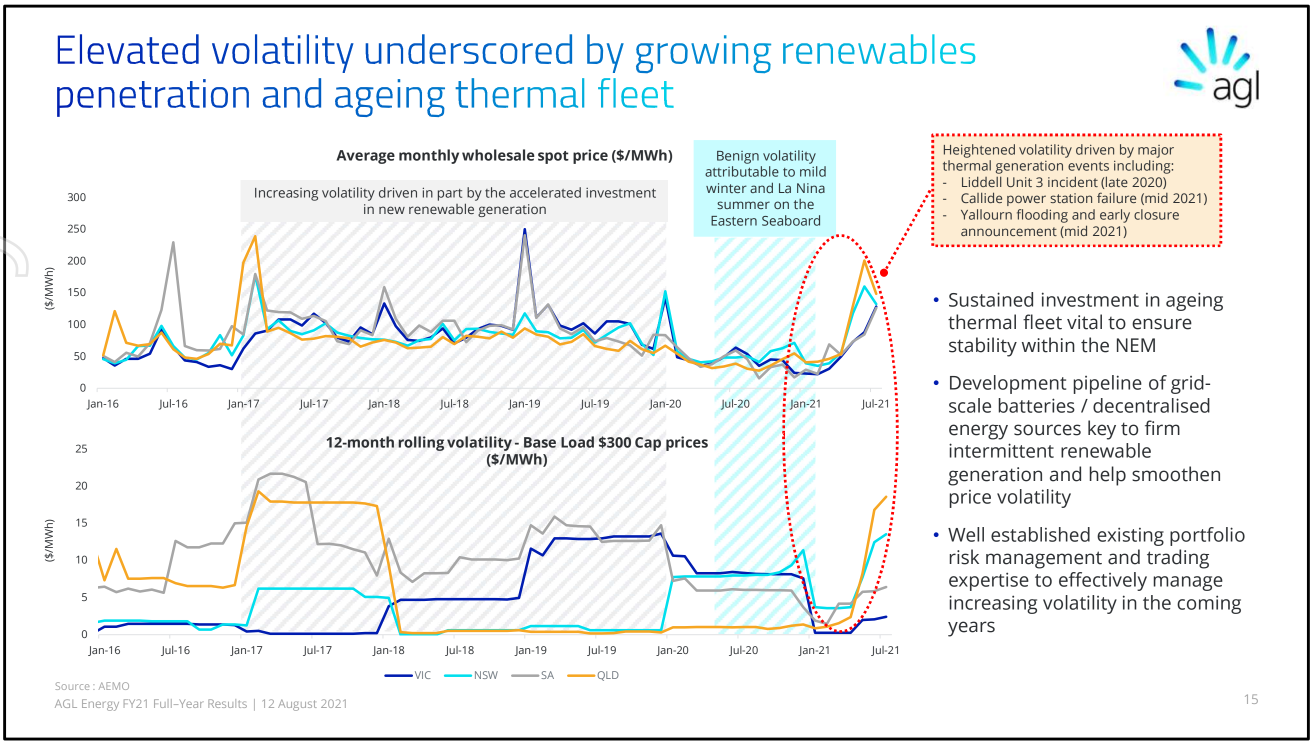


[MARKUS BROKHOF]
As you can see, this year has been an exceptionally challenging year. Gross Margin and EBITDA have both fallen, and capital and operating expenditure have both risen.
There are a few reasons for this.
Overall, the market has been challenged as wholesale electricity prices have fallen. As prices rose in the final quarter, a confluence of outages in the AGL portfolio left us in a challenging position. This price rise may not be sustained.
We have seen some margin compression with legacy gas supply contracts rolling off. While we have been successful in recontracting in the short-to mid-term, recent contract prices are higher than AGL's legacy contracts.
COVID-19 has continued to have an impact, both indirectly through suppressed industrial demand, and directly through costs associated with ensuring that COVID-19 is appropriately managed on site. Year-on-year, the impact of COVID-19 on opex has slightly reduced (18 million dollars in FY20, 15 million dollars in FY21).
In addition, a change relative to last year is that due to the remaining term of Liddell, you will see 17 million dollars of costs associated with Liddell flowing through opex rather than capex.
As I look to the year ahead, it is clear that capital and operational expenditure must be a focus for us. The environment requires disciplined and prudent spend. We have initiatives identified and are already underway in delivering against the FY22 reduction of 60 million dollars of opex and 100 million dollars of capex in Integrated Energy.
Our opex reduction initiatives are targeting procurement and service contracts, insourcing, maintenance savings, reprioritising work to reduce overtime and gaining operational efficiency.
Growth capital has been reviewed and minimised on the back of lower wholesale electricity prices, with the mid-life refit of Bayswater and Torrens Battery comprising the major items remaining in the FY22 budget. In addition, within our outages, we have challenged scope of work, timing, and contractor cost in order to reduce sustaining capital.
This spend reduction will not be at the cost of a focus on health, safety and environment. We will be promoting continuous improvement in this space and taking on the learnings from our

December incident at Liddell.
I am proud of our reduction in the Total Injury Frequency Rate, and we need to progress this even further, with a focus on making a difference in the reduction of incidents that could result in serious injuries.
Another key pillar for the trading team is managing price volatility. We must match our hedging ratio to an appropriate level given our fleet availability and reliability. I will talk more on this in a minute.



[MARKUS BROKHOF]
AGL has made good progress this year in developing and advancing its asset development pipeline.
This page illustrates how we are adding more flexible capacity into our portfolio and exploring opportunities to add new low-carbon developments to transition our thermal sites, such as transforming Liddell to an Integrated Industrial Energy Hub.
As we have previously disclosed, the hub at Liddell is expected to include projects such as a waste to energy site, a grid-scale battery, electrothermal solar storage with PV, pumped hydro and a wind farm as a first set of developments.
The Integrated Industrial Energy Hub is a key element in the transition for AGL, with or without the proposed demerger. The hubs will use our existing land, connection, and skilled labour advantages to create a sustainable future for the regions in which we operate. A broad partnering scheme will mean that this is not a capital-intensive strategy for AGL.
Two more mature projects – the Silverton and Coopers Gap Wind Farms, have made substantial progress, with Silverton achieving Practical Completion, while Coopers Gap is in the final stage of testing to enable full capacity generation by end of the calendar year. As some of Australia's largest wind farms, we are proud to have these in our portfolio via our share-holding in PowAR. Coopers Gap also played an important role in the portfolio during recent volatility in Queensland after the incident at Callide.
As we announced earlier in the year, we have taken an investment decision on a 250-megawatt grid-scale battery at Torrens Island. In addition, with our proposed battery developments at Loy Yang, Broken Hill and Liddell progressing through approvals stages, there has been good progress in moving to our goal and manage 850 megawatts of grid-scale batteries by FY24.



[MARKUS BROKHOF]

As you can see on this slide, the increasing penetration of new renewable generation in the NEM, as well as incidents associated with an ageing thermal generation fleet, are having a profound effect on the volatility in the market.

While providing generation near zero marginal costs, the intermittent nature of renewables can contribute to some of the spikes of price volatility you see highlighted in the chart.

This increasing penetration of renewables will no doubt change the nature and requirements of our grid.

On the one hand, renewables entering the grid enable decarbonisation and decentralisation.

On the other hand, until long duration storage capacity is available at an appropriate scale and cost, the market volatility affirms the need for sustained investment in an ageing thermal fleet to ensure stability of the networks.

The rapid removal of a thermal unit is one of the drivers in recent market volatility you can see in the chart, following the Callide incident in May and Liddell incident in December.

Complementary to the thermal fleet, investment and growth in new forms of storage can provide stability. Batteries are the most well-established example of this and one that AGL is committed to growing and introducing into its portfolio.

While this volatility remains in market, sophisticated risk management and trading excellence are key, and I will talk about our hedging approach in more detail shortly.

Optimising for commercial availability will ensure maximum availability during pricing peaks when generation is needed

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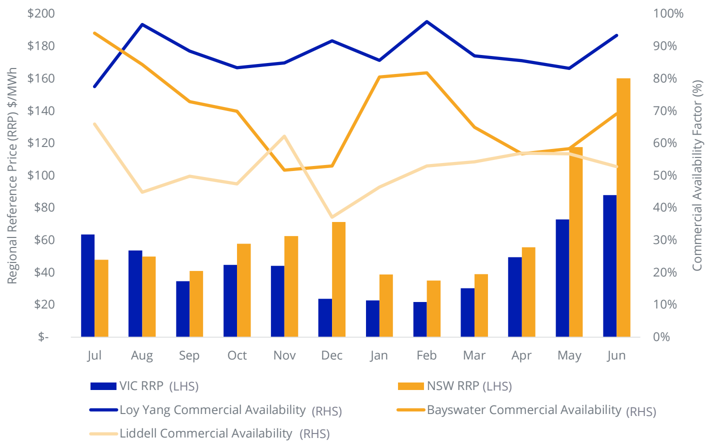
Optimising maintenance schedules and running profiles to commercial availability will drive stronger financial outcomes

FY21 Commercial Availability – Bayswater, Liddell and Loy Yang A



- Role of thermal assets is changing - from baseload to 'available as required'
- Focus is on maximising availability when prices are above the marginal cost to run - measured by commercial availability factor (CAF)
  - requires capability in flexible operations
- Minimum generation lowered to 220 MW on one Bayswater unit, aiming to extend to all units
- Digital twins are being installed at Bayswater and Loy Yang to optimise investment and running profiles
- Optimisation at Liddell has focused on shorter term activity, including the potential to substitute Unit 3 and 4 closure dates to optimise spend

Note: Data presented does not account for hedging or contracted generation

[MARKUS BROKHOF]

As I highlighted on the previous page, sustained investment in the ageing thermal fleet is important for the ongoing supply security of the NEM.

That said, the market has shifted, the role of thermal assets is changing and our spend must be focused and prudent. There is no longer the demand for these plants to operate as base load with high technical availability throughout the entire term. The market needs thermal plants to provide stability and flexible services to manage the intermittency of other forms of generation.

To meet this need, AGL is focusing its investment on ensuring safe, reliable operations that maximise commercial availability.

Commercial Availability Factor (CAF) measures whether the plants are available to run when pricing is higher than their short run marginal cost.

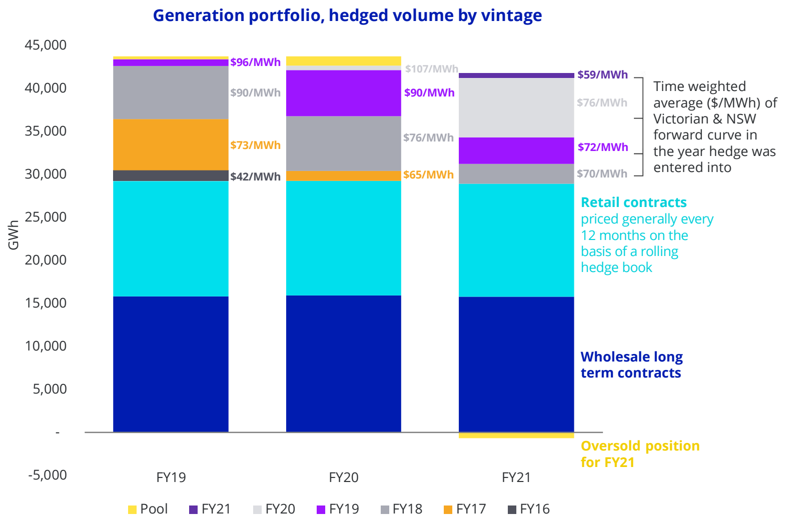
This means the plants don't need to be available all the time and we can optimise maintenance schedules and costs. The second half of the year in particular has demonstrated the aforesaid – third quarter prices of FY21 have been subdued due to lower temperatures and high availability of baseload generation – in contrast, in the fourth quarter, lower availability of baseload generation (including our units at Bayswater and Liddell) combined with some cold spells have caused higher prices in May and June.

Success in this strategy will see the Commercial Availability Factor (CAF) line and the corresponding Regional Reference Price (RRP) bar follow similar trajectories – put simply, higher availability and reliability when demand is elevated and more generation is required in the system – and conversely, the ability to lower output and conduct maintenance when the generation is not required.

There are a few ways to achieve this that we have already put into action. As some examples - We have lowered the minimum generation levels at Bayswater to reduce out of the money run periods. We are also developing digital twins at both Bayswater and Loy Yang to optimise operations.

We continue to assess options to further advance our commercial availability and will be implementing this throughout FY22.

Our approach to wholesale electricity price risk management has mitigated downside amid severe spot price reductions



- Progressive hedging approach has mitigated downside in FY20 and FY21
- Hedging takes a rolling 2 to 3 year approach
- Forward prices will inform hedged position, with the potential to leave a greater proportion unhedged going forward
- Recent curve reductions will be reflected in retail contracts and refreshed hedge positions
- Oversold position in FY21 (~0.6 TWh) represents a net purchase where sold contract or hedge sales are greater than AGL's physical generation

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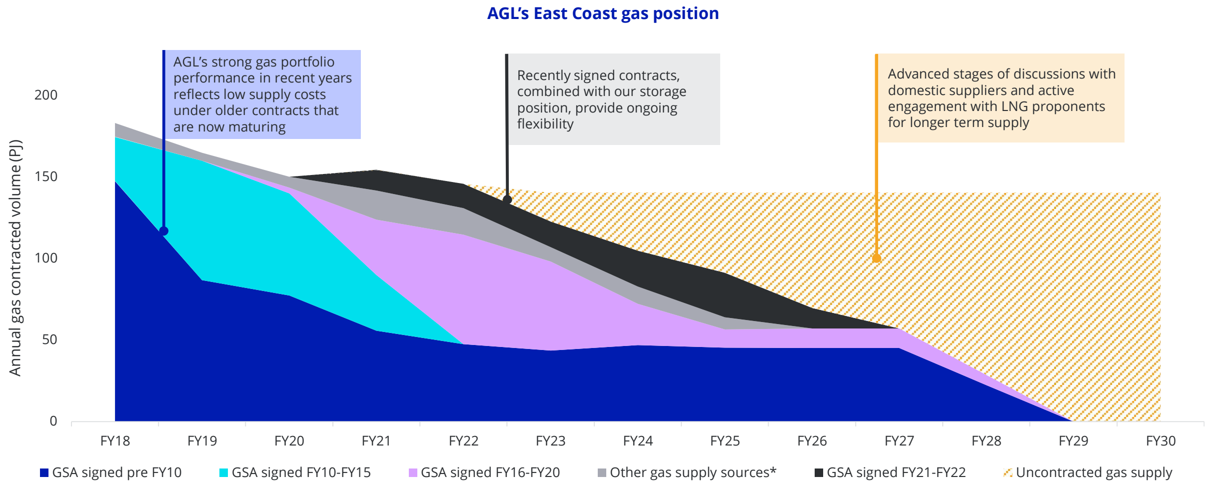
[MARKUS BROKHOF]
Noting the volatility in the market and pricing impacts of increasing renewables penetration, hedging and prudent risk management is vitally important.
AGL's hedging strategy has mitigated downside throughout the years, by capturing prices when the curve was higher than it is today. Nevertheless, hedging levels have come down in a falling market, which has been reflected in our results.
Hedging must adapt to the ageing fleet and manage the reliability and availability risk that comes with the older plant, particularly in periods of low wholesale market prices. AGL is adapting its hedging ratio to match this.
In FY21, AGL was slightly oversold in its position, due to a confluence of planned and unplanned outages, resulting in buying from the pool, particularly in the fourth quarter of the year.

We continue to explore a diverse set of supply opportunities to underpin our gas book



GSA – Gas Supply Agreement
* "Other gas supply sources" includes gas supply from AGL's storage and upstream assets

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[MARKUS BROKHOF]
The gas book is also an important source of value for AGL.
Our proposed Crib Point gas import project not receiving approval was disappointing, especially given recent events have demonstrated the value that projects like Crib Point would have had for the Victorian gas market.
Nevertheless, our gas strategy was never reliant only on Crib Point as a supply source. Our gas book is well positioned, and we are still able to contract at the right volume and tenor to secure supply for our customers, which you can see in the chart, with new supply contracted in FY21 and FY22.
Our strategy is to partner and take asset-like positions to derive value through our participation in the value chain.
The gas book is important for AGL into the future, and for AGL Australia in particular through our demerger plans. It enables the flexible gas-powered generation position to firm renewables, and also supports our dual fuel offering for commercial and industrial customers.
Our team will continue to source competitively priced supplies to support our ambition in the gas space.
I'll now hand over to Damien.

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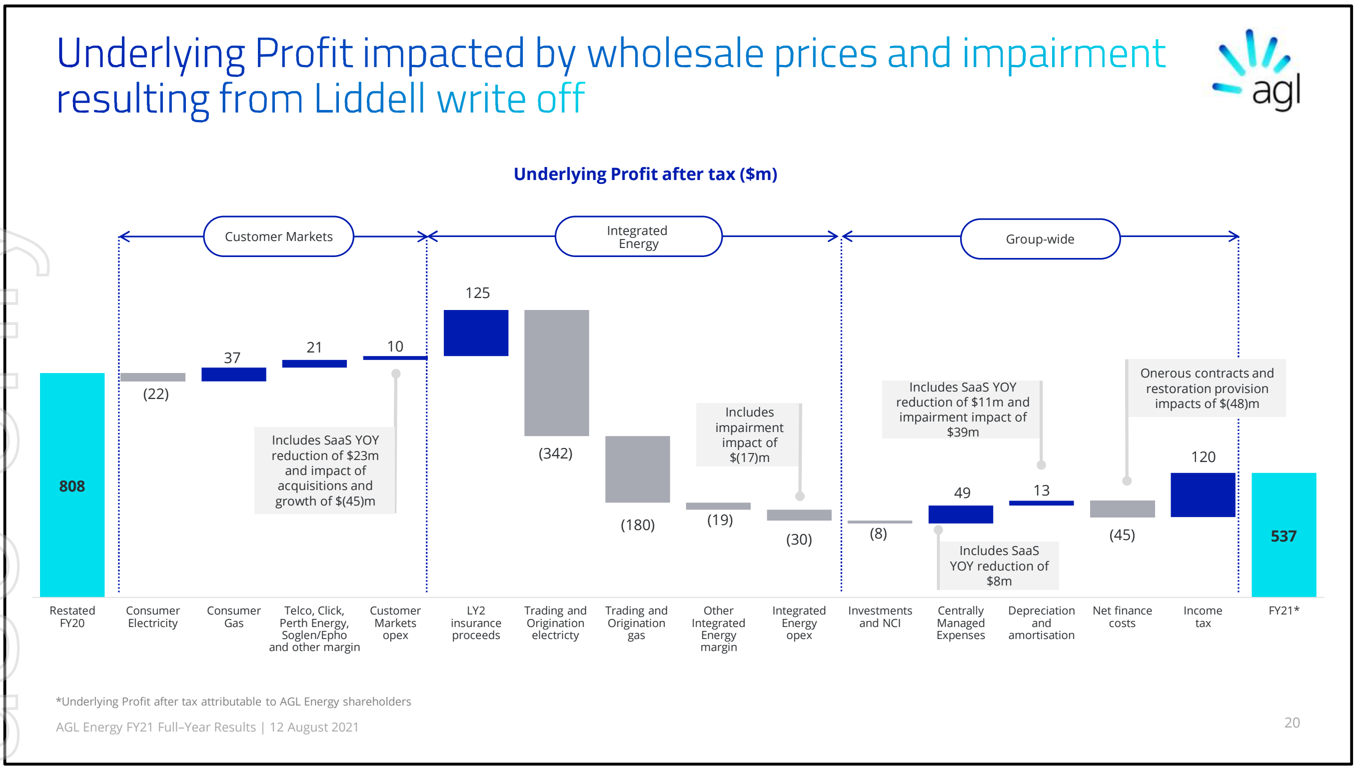
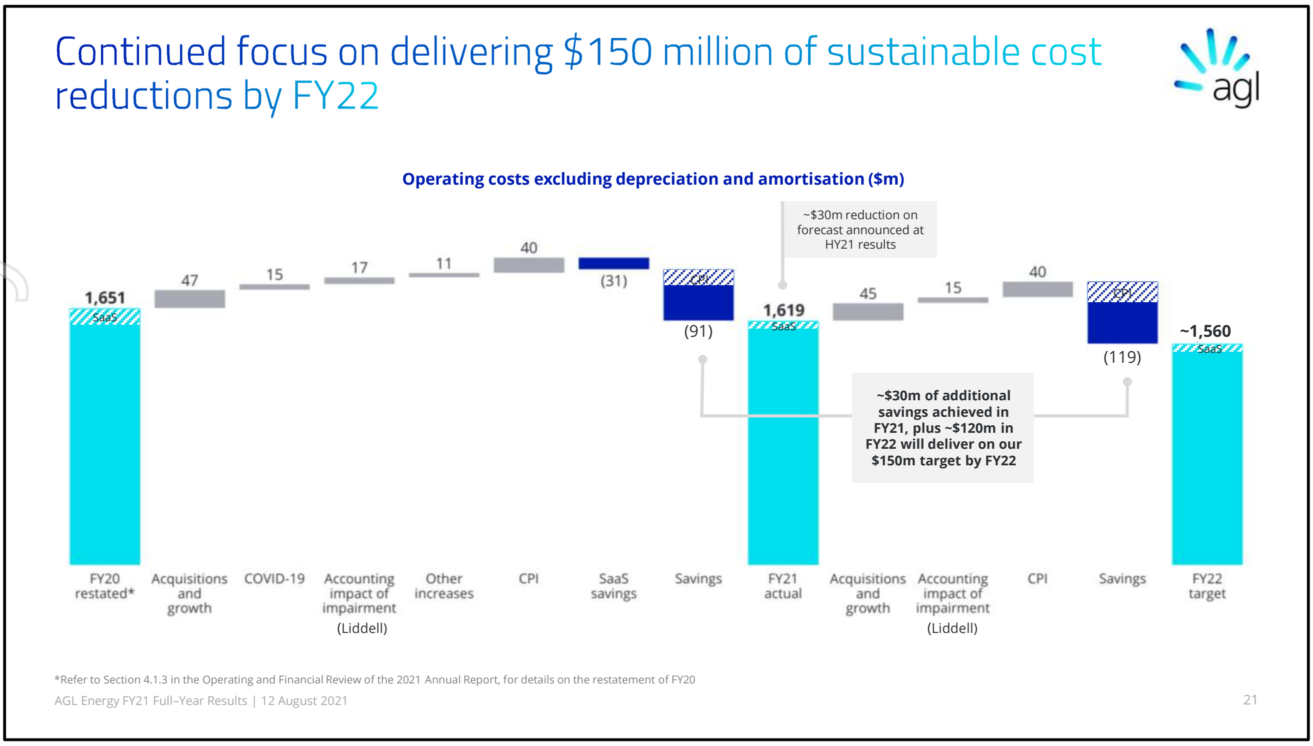
Financial Overview

Damien Nicks
Chief Financial Officer

[DAMIEN NICKS]
Thanks Markus, and good morning everyone.



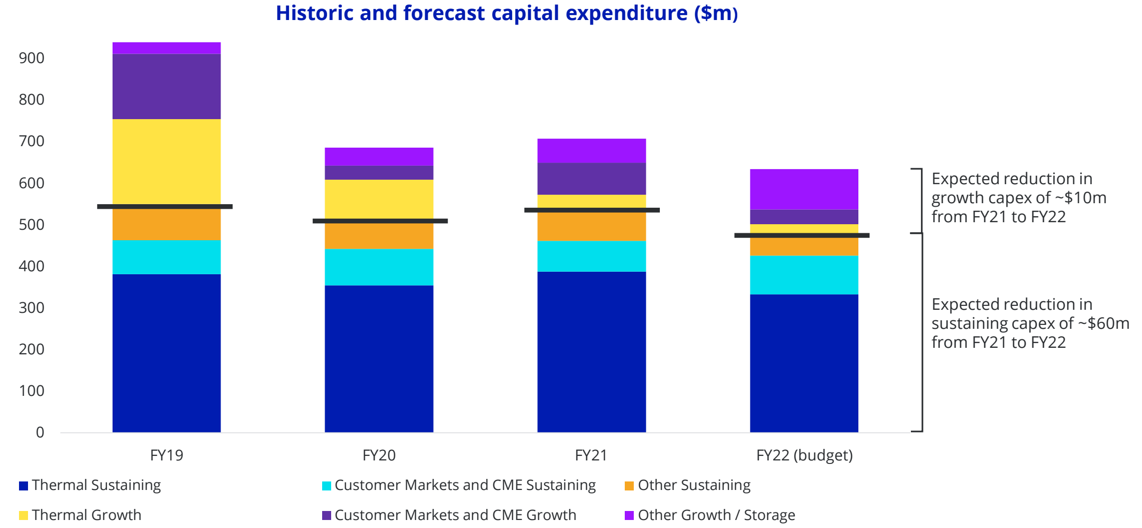
[DAMIEN NICKS]
I will start by taking you through group Underlying Profit in more detail.
The 271-million-dollar reduction in Underlying NPAT in FY21 was consistent with the material headwinds we have continually flagged over the past year.
Looking at the chart from left to right, Customer Markets margin was up, largely driven by higher revenue rates in the Consumer Gas segment, strong margin contribution from the recently acquired Click Energy, and cost efficiencies. This was partially offset by a decrease in Consumer Electricity margin due to customers switching to lower-priced products.
In Integrated Energy, as Markus discussed, both electricity and gas margins were very heavily impacted as forecast, partially offset by the Loy Yang Unit 2 insurance proceeds.
The positive movement in Centrally Managed Expenses was largely driven by decreased labour and recruitment costs following internal restructuring, reduced activity due to COVID-19, resulting in lower discretionary spend on travel and consultancy, and reduced spend in digital transformation initiatives relative to the prior year. In addition, the reduction includes 24 million dollars of insurance transferred to Integrated Energy.
The favourable movement in depreciation was driven by the asset impairments recorded during the year.
Higher net finance costs were largely attributable to the embedded interest cost unwinding from the onerous contracts and rehabilitation provisions recognised at 31 December 2020.
And finally, the reduction in tax expense largely reflected the fall in profit.



[DAMIEN NICKS]
As part of our FY20 result, we committed to keeping FY21 opex flat, excluding COVID-19 impacts and acquisitions.
And I am pleased to say that we've tracked better than expected, bringing forward a good portion of the 150 million dollars of cost reductions identified for FY22. These savings were driven by benefits from prior years investment in digitisation and cost out initiatives.
The cost out initiatives involved a significant reduction in discretionary spend, especially with regards to travel, consultancy and corporate functions, and labour reductions across the business.
These reductions were partially offset by Enterprise Agreement wage increases and COVID-19 costs.
Looking to FY22 – we are confident of achieving our targeted savings, through asset optimisation, labour reductions, digitisation, lower net bad debt expense, as well as lower professional and consultancy fees.
These savings have been budgeted across our business units, and leaders understand their KPI's.

On track to deliver $100 million of sustaining capital expenditure reduction by FY23

Approximately $600 million total capital expenditure forecast for FY23



[DAMIEN NICKS]
We are on track to deliver our 100-million-dollar target of sustaining capex reductions by FY23. The majority of these reductions will be achieved through the optimisation of our thermal fleet, which Markus touched on earlier, in addition to our decision to mothball one unit at Torrens B. Looking forward, growth capex spend in FY22 and FY23 will primarily focus on the construction of the Torrens Island battery.

Underlying net bad debt expense performance better than expected

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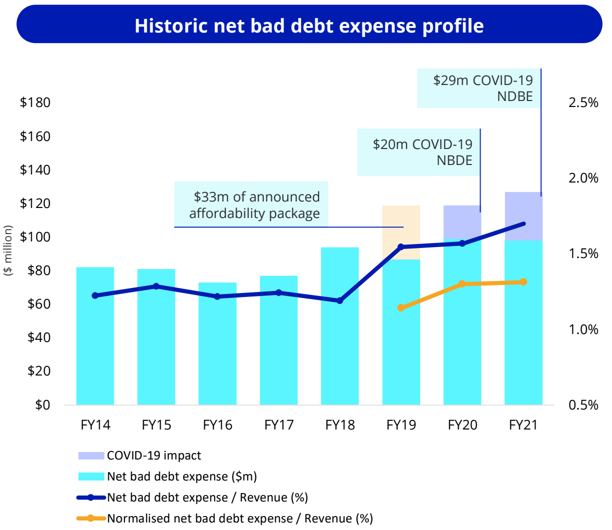
- FY21 COVID-19 net bad debt expense (NBDE) is ~$29 million (~$11m lower than forecasted for FY21)
- ~38,500 energy services to customers accessed AGL's COVID-19 Support Program in FY21
- Transitioned to our ongoing payment support frameworks, including our 'Staying Connected' hardship program
- Consumer Days Sales Outstanding (DSO) has reached its lowest level in two years after peaking in October 2020 (following the 112-day lockdown in Victoria), benefitting cash flow in the second half of FY21



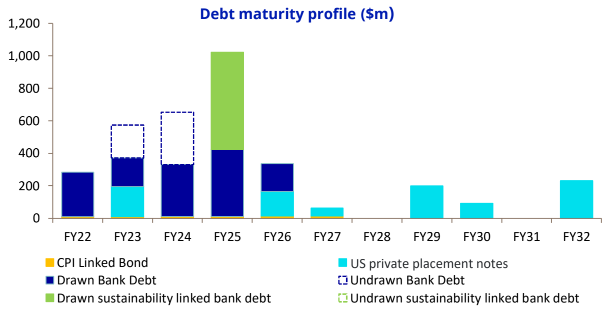
[DAMIEN NICKS]
I want to touch on net bad debts in more detail.
I'm pleased to report that our experience in FY21 was better that we expected. Our COVID-19 related net bad debt expense was 29 million dollars, 11 million dollars less than what we anticipated at the beginning of the year.
This has been driven by improved collection performance, ongoing government stimulus, and better than forecast economic conditions.
We recognise however, that there is still uncertainty around COVID-19, especially given the ongoing lockdowns, and we continue to manage this risk very closely.
That said, our days sales outstanding are at the lowest level we have seen in two years, after peaking in October last year.
Lastly, the Click Energy integration has been very successful, with collections performing better than expected.

Sufficient financial flexibility and headroom to covenants

$m	FY21	Restated FY20
Underlying EBITDA	**1,666**	**2,026**
Equity accounted income	14	(2)
Accounting for onerous contracts	(80)	(30)
Other assets/liabilities and non-cash items	(30)	44
Working capital – margin receipts/(calls)	(17)	471
Working capital – other	53	(33)
Underlying operating cash flow before significant items, interest and tax	**1,606**	**2,476**
Net finance costs paid	(120)	(124)
Income taxes paid	(114)	(233)
Significant items	(122)	(7)
Net cash provided by operating activities	**1,250**	**2,112**
Sustaining capital expenditure (accruals basis)	(534)	(507)
Growth capital expenditure (accruals basis)	(173)	(178)
Other investing activities	(230)	(150)
Net cash used in investing activities	**(937)**	**(835)**
Net cash used in financing activities	**(366)**	**(1,252)**
Net increase/(decrease) in cash and cash equivalents	**(53)**	**25**
Cash conversion rate	96%	122%
Cash conversion rate (excl. margin calls)	97%	99%

Rating and headroom

- Baa2 rating, negative outlook, maintaining sufficient headroom
  - 30.7% FFO to net debt
- Significant headroom to debt covenants:
  - Gearing covenant, less than 50% → currently 35.1%
  - Funds from operations (FFO) / interest cover covenant, more than 2.5x → currently 12.8x



[DAMIEN NICKS]
I'll now cover cash and debt in more detail.
Net cash from operating activities was down 41 percent in FY21, driven by the reduction in underlying EBITDA and a small outflow from margin calls compared with a large inflow in FY20.
Lower cash tax paid in FY21 was consistent with the reduction in earnings and utilisation of prior year tax losses.
Investing cash flow was about 100 million dollars higher, reflecting the acquisitions of Click Energy, Solgen and Epho.
Financing cash outflows were significantly lower than the previous year, as FY20 included higher dividend payments and the share buy-back program.
Pleasingly, our cash conversation rate remains very strong at 97 percent.
Turning to debt and funding - despite a very challenging year, we still retain sufficient headroom under our Baa2 credit rating and our debt covenants, and have approximately 600 million dollars of cash and undrawn debt facilities available as at 30 June.
In May, AGL redeemed 600 million dollars of medium-term notes, six months prior to maturity.
This early redemption will reduce the average cost of debt in FY22.

Indicative financial split for both proposed new entities

Based on FY21 result before pro forma adjustments or corporate allocations

FY21 ($m)	AGL Energy	Accel Energy	AGL Australia	Corporate/ unallocated
Gross Margin ($m)	**3,285**	**1,981**	**1,304**	**-**
Opex ($m)	(1,619)	(722)	(587)	(310)
EBITDA ($m)^	**1,666**	**1,259**	**717**	**(310)**
EBIT ($m)^	**959**	**818**	**513**	**(372)**
Operating cash flows ($m)	1,606	1,262	640	(296)
Capex ($m)	707	460	183	64
As at 30 June 2021				
Total assets ($m)^	15,450	6,170	6,547	2,733

Corporate/unallocated includes predominantly the corporate segment and other items not yet split between the two entities

^ Extracted from FY21 audited financial statements

- The financial information included in this presentation for Accel Energy and AGL Australia has been prepared with reference to the historic underlying financial information of the AGL Group as presented in the 2021 Annual Report.
- The allocation of income, expenses, assets and liabilities to Accel Energy and AGL Australia is based on the expected asset and operational separation at the date of this presentation, which is subject to change as AGL Energy moves closer towards implementing the Demerger.
- The financial information does not include any proforma adjustments including any standalone adjustments and may not be representative of the future performance of the separated businesses, or of the historic performance had the separation occurred at some time in the past. Estimates have been used in the preparation of this financial information which are subject to change. The split of information presented has not been audited unless otherwise noted.
- The financial metrics referenced for Accel Energy and AGL Australia do not include an allocation of any corporate costs or various corporate assets also which include cash & cash equivalents, current tax assets, other financial assets/derivatives and deferred tax assets.
- The financial information does not include any allowance for any one-off separation costs or ongoing additional standalone costs.
- The information presented should be treated as indicative only.

[DAMIEN NICKS]
On this slide, you can see the indicative financial split for both Accel Energy and AGL Australia based on the FY21 result, before pro-forma adjustments.
The unallocated segment on the right-hand side is predominantly comprised of corporate costs. Roughly speaking, you can expect this to be split between AGL Australia and Accel Energy in the ratio of sixty-to-forty, respectively, however this will ultimately be a function of the final organisational design.
As we've previously discussed, greater detail relating the financial profiles of both entities will be communicated in the demerger scheme documents.
I'll now hand back to Graeme.

Outlook

Graeme Hunt
Managing Director and Chief Executive Officer

Hallett Wind Farms, South Australia

[GRAEME HUNT]
Thanks Damien.

FY22 outlook continues to reflect challenging market and operating conditions

FY22 guidance range:

- Underlying EBITDA between $1,200 and $1,400 million
- Underlying NPAT between $220 and $340 million

FY22 guidance reflects:

- Step down in Wholesale Electricity earnings as hedging positions established when wholesale prices were higher progressively roll off and a small impact to Wholesale Gas gross margin from the roll off of legacy gas supply contracts
- Non recurrence of approximately $90 million (after tax) of insurance proceeds
- FY22 operational expenditure expected to be $150 million lower than FY20, excluding acquisitions and CPI
- FY22 depreciation and amortisation expected to be broadly flat compared to FY21
- Liddell EBITDA contribution in FY22 ~$50 million. Limited financial impact following closure of one unit in April, as this will be largely offset by opex savings

Market conditions:

- The forward wholesale prices of our key commodities have improved and AGL Energy produces some of the lowest cost generation in the NEM, as a result AGL Energy is well positioned to benefit from any sustained recovery in wholesale electricity prices

Demerger:

- If approved, AGL believes that the proposed demerger will create two new entities each with clarity of purpose and strong foundations, which will position them well to lead the energy transition, while protecting and delivering value to shareholders.

All 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

[GRAEME HUNT]
I'll finish our formal presentation with our guidance and outlook.
Our guidance for underlying EBITDA and underlying Net Profit after tax, continues to reflect significant operating headwinds in FY22.
We expect our underlying FY22 EBITDA and underlying Net Profit after tax to be impacted by a material step down in Wholesale Electricity earnings as hedging positions when wholesale prices were higher progressively roll off, and a small impact to Wholesale gas gross margin from the roll off of legacy low cost gas supply contracts. In addition, the Loy Yang unit 2 insurance proceeds received in FY21 will not recur. These impacts are expected to be partially offset by operating cost initiatives.
We anticipate depreciation and amortisation to be broadly flat in line with our investment profile, and interest expense to increase marginally.
Our COVID-19 expected credit losses have been lower than initially forecast, however this will be subject to ongoing lockdowns and potential economic slowdown.
There is no impact to guidance as a result of the closure of Liddell Unit 3 in April 2022, the loss of generation from that unit will be largely offset by opex savings. The remaining three units at Liddell will continue operations till April 2023, when the plant will close completely. Operations of Liddell after 2023 are uneconomic due to the large capital investment required, while also not in keeping with our transition commitments.
We have made good progress on our commitments to deliver 150 million dollars of opex savings in FY22 and 100 million dollars of sustaining capex savings in FY23. We will continue to work hard to deliver savings as we rebase our cost base to reflect the challenges in energy markets currently.
As we look forward we are cautiously optimistic on the improvement in the wholesale prices of our key commodities and note that AGL produces some of the lowest cost generation in the NEM. As a result, AGL Energy is well positioned to benefit from any sustained recovery in wholesale electricity prices. As we see the pace of change continue to accelerate, we are further assured and committed to our proposed demerger strategy. Subject to approval, the proposed demerger will create two new entities with clarity of purpose and strong foundations, which will position them well to lead the energy transition, while protecting and delivering value to shareholders.
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 for your time today and we will now open to any questions.

Supplementary Information

Reconciliation of Statutory Profit to Underlying Profit

$m	FY21	FY20 (Restated)*	Change
Statutory NPAT	**(2,058)**	**1,007**	**(3,065)**
Adjust for:			
Impairment losses	1,477	10	1,467
Onerous contracts recognised	1,348	–	1,348
Contract termination payments	55	–	55
Acquisitions and integration costs	35	7	28
Restructuring and separation costs	14	–	14
(Profit)/Loss on fair value of financial instruments after tax	(334)	(216)	(118)
Underlying NPAT	**537**	**808**	**(271)**

*Refer to Section 4.1.3 in the Operating and Financial Review of the 2021 Annual Report, for details on the restatement of FY20

Pool Generation volume

GWh	FY21	FY20	Change
Asset			
AGL Macquarie – Bayswater	13,056	14,330	(9)%
AGL Macquarie – Liddell	6,610	9,581	(31)%
AGL Loy Yang	14,626	13,037	12%
AGL Torrens	1,551	2,033	(24)%
Barker Inlet	371	240	55%
Kwinana Swift	35	103	(66)%
SA wind	1,210	1,248	(3)%
VIC hydro	445	710	(37)%
VIC wind	839	1,093	(23)%
NSW solar	302	292	3%
Other gas	202	206	(2)%
NSW wind	646	477	35%
NSW hydro	44	16	175%
QLD wind	1,200	462	160%
Total	**41,137**	**43,828**	**(6)%**
Generation type			
Coal	34,292	36,948	(7)%
Gas	2,159	2,582	(16)%
Wind	3,895	3,280	19%
Hydro	489	726	(33)%
Solar	302	292	3%
Total	**41,137**	**43,828**	**(6)%**

Customer services

	30 June 2021 ('000)	30 June 2020 ('000)	Change
Consumer Electricity	**2,465**	**2,303**	**7%**
New South Wales	916	861	6%
Victoria	759	704	8%
South Australia	369	363	2%
Queensland	421	375	12%
Consumer Gas	**1,530**	**1,466**	**4%**
New South Wales	634	622	2%
Victoria	601	559	8%
South Australia	136	132	3%
Queensland	86	86	0%
Western Australia	73	67	9%
Total Consumer energy services	**3,995**	**3,769**	**6%**
Dual fuel services	2,249	2,118	6%
Average consumer energy services	3,947	3,734	6%
Total Large Business energy services	**17**	**17**	**0%**
Total energy services	**4,012**	**3,786**	**6%**
Total Telecommunication services	**196**	**168**	**17%**
Total AGL customer services	**4,208**	**3,954**	**6%**

* Total ActewAGL customer services: FY21 298,000; FY20 304,000

Electricity sales volumes

GWh	FY21	FY20	Change
Consumer			
New South Wales	5,939	5,577	6%
Victoria	4,271	4,085	5%
South Australia	1,863	1,882	(1)%
Queensland	2,535	2,296	10%
Consumer total	**14,608**	**13,840**	**6%**
Large Business			
New South Wales	4,199	3,986	5%
Victoria	1,797	2,424	(26)%
South Australia	1,138	1,165	(2)%
Queensland	1,731	2,042	(15)%
Western Australia	1,342	947	42%
Large Business total	**10,207**	**10,564**	**(3)%**
Wholesale total*	**15,752**	**15,945**	**(1)%**
Electricity sales volume total	**40,567**	**40,349**	**1%**

*Includes purchased volumes sold to ActewAGL during FY21 of 2,382 GWh (FY20 2,636 GWh)

Gas sales volumes

PJ	FY21	FY20	Change
Consumer			
New South Wales	16.9	18.1	(7)%
Victoria	32.9	34.1	(4)%
South Australia	2.8	3.0	(7)%
Queensland	2.3	2.2	5%
Western Australia	1.0	0.8	25%
Consumer total	**55.9**	**58.2**	**(4)%**
Large Business			
New South Wales	0.7	0.9	(22)%
Victoria	7.5	8.4	(11)%
South Australia	0.3	0.3	0%
Queensland	4.2	4.3	(2)%
Western Australia	6.7	1.9	253%
Large Business total	**19.4**	**15.8**	**23%**
Wholesale customers & Generation*	**83.1**	**81.5**	**2%**
Gas sales volume total	**158.4**	**155.5**	**2%**

*Includes volumes sold to AGL owned generation assets during FY21 of 23.6 PJ (FY20 28.0 PJ)

Generation portfolio performance

Asset	State	Type	Status	Capacity* (MW)	Carbon intensity (tCO_2e/MWh)	FY21 sent out generation (GWh)
AGL Macquarie - Bayswater	NSW	Black coal	Owned	2,665	0.95	13,455
AGL Macquarie - Liddell	NSW	Black coal	Owned	2,000	1.01	6,961
AGL Loy Yang	VIC	Brown coal	Owned	2,210	1.29	15,011
Total coal				**6,875**		**35,428**
AGL Torrens	SA	Gas steam turbine	Owned	1,040	0.63	1,551
Barker Inlet	SA	Gas reciprocating engine	Owned	211	0.47	381
Yabulu	QLD	CCGT	Control dispatch	121	0.60	117
Somerton	VIC	OCGT	Owned	170	0.72	100
Kwinana Swift	WA	OCGT	Owned	116	0.58	34
AGL Macquarie – HVGT	NSW	Diesel	Owned	50	-	-
Total oil and gas				**1,708**		**2,182**
Macarthur	VIC	Wind	Control dispatch	420	0.02	720
Hallett	SA	Wind	Control dispatch	351	0.00	1,041
Wattle Point	SA	Wind	Control dispatch	91	0.00	254
Oaklands Hill	VIC	Wind	Control dispatch	67	0.00	153
Silverton	NSW	Wind	Control dispatch (PowAR)	199	0.00	768
Coopers Gap	QLD	Wind	Control dispatch (PowAR)	452	0.00	1,260
VIC hydro	VIC	Hydro	Owned	733	0.02	560
NSW hydro	NSW	Hydro	Owned	54	0.01	21
NSW solar	NSW	Solar	Control dispatch (PowAR)	156	0.00	329
Total renewables				**2,522**		**5,106**
Generation portfolio at 30 June 2021				**11,105**	**0.95**	**42,716**
NEM industry average					**0.70**	

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 is the AEMO Registered capacity. Bayswater capacity additionally includes the 25 MW capacity upgrade.
Carbon intensity includes scope 1 and 2 emissions. Scope 1 emissions associated with material fuels at material sites are FY21 actuals; other emissions data is estimated based on FY20 intensity and FY21 generation output.
Capacity and performance reflects AGL's 50% interest in the output of Yabulu Power Station.

Disclaimer and important information

- The material in this presentation is general information about AGL's activities as at the date of this presentation. It is provided in summary form and does not purport to be complete. It should be read in conjunction with AGL's periodic reporting and other announcements lodged with the Australian Securities Exchange.
- This presentation is not an offer or recommendation to purchase or subscribe for securities in AGL Energy Limited or to retain any securities currently held. It does not take into account the potential and current individual investment objectives or the financial situation of investors.
- Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.
- This presentation includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks, uncertainties and change. Actual results may materially vary from any forecasts in this presentation. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. Future major expenditure, projects and proposals remain subject to standard Board approval processes.
- The material in this presentation provides indicative information about AGL's plans to undertake a demerger. These plans are subject to a number of conditions and requirements and therefore are subject to change. The numerical estimates set out in this presentation are estimates, unaudited and may not add due to rounding. In addition, they are not represented as being indicative of any future financial conditions or performance.

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