



ASX & Media Release

Board rejects revised unsolicited non-binding indicative proposal

7 March 2022

AGL Energy Limited (AGL Energy) advises that it has rejected a revised unsolicited, preliminary, non-binding indication of interest from a consortium led by Brookfield Asset Management Inc and including Grok Ventures (collectively, the Brookfield Consortium) to acquire 100% of the shares in AGL Energy for \$8.25 per share by way of a scheme of arrangement (Revised Unsolicited Proposal).

The AGL Energy Board considers that the Revised Unsolicited Proposal is still well below both the fair value of the company on a change of control basis and relative to the expected value of the proposed demerger, and therefore is not in the best interests of AGL Energy shareholders.

AGL Energy shareholders do not need to take any action in response to the Revised Unsolicited Proposal.

The Revised Unsolicited Proposal represents a:

- 15.2% premium to the closing price of AGL Energy of \$7.16 on 18 February 2022;
- 14.6% premium to the volume weighted average price (VWAP) since AGL Energy's 1H22 Results announced on 10 February 2022 of \$7.20¹;
- 14.7% premium to the one-month VWAP prior to 18 February 2022 of \$7.19².

AGL Energy Chairman Peter Botten said, "The Revised Unsolicited Proposal continues to ignore the opportunity that AGL Energy shareholders have through our proposed demerger to realise potential future value.

"It also ignores the momentum we have recently seen in the business through our solid half year result, strong progress on the demerger, strong interest in our Energy Transition Investment Partnership and the improvements we are seeing in forward wholesale prices.

"The proposed demerger will be a catalyst for the potential realisation of shareholder value. It will create two industry leading companies with distinct value propositions. It will allow each business to be valued separately and more positively by the market on the basis of their own specific business fundamentals.

"We have defined distinct dividend policies and capital structures for each company that will support both future growth and appropriate returns to shareholders, as both organisations pursue their commitment to responsibly decarbonise without impacting energy reliability and affordability."

The Revised Unsolicited Proposal is otherwise materially the same as the Unsolicited Proposal rejected by the Board of AGL Energy on 21 February 2022, except that it also included a requirement that AGL Energy effectively commit now to recommend the Revised Unsolicited Proposal. The Brookfield Consortium also provided a draft confidentiality / information access deed which included exclusivity (no talk and notification) and cost reimbursement obligations on AGL Energy.

The Revised Unsolicited Proposal is also subject to a number of other conditions and assumptions, including due diligence, approvals from the Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB).

¹ VWAP since AGL Energy's 1H22 Results calculated for the inclusive period of 10 February 2022 – 18 February 2022

² One-month VWAP calculated for the inclusive period of 19 January 2022 – 18 February 2022



In the absence of a proposal which reflects an appropriate fair value of the company on a change of control basis, the Board continues to pursue and intends to recommend shareholders approve the previously announced demerger and believe this to be the value maximising strategy for AGL Energy shareholders.

Macquarie Capital, Goldman Sachs and Herbert Smith Freehills are advising AGL Energy.

Authorised for release by AGL Energy's Board of Directors.

Further enquiries

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About AGL Energy

Proudly Australian for more than 180 years, AGL Energy supplies around 4.5 million energy and telecommunications customer services³. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL Energy 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.

³ Services to customers number is as at 31 December 2021 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.