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ASX & Media Release

Outcomes of Review of Strategic Direction and FY23 earnings guidance

29 September 2022

AGL targets to complete its exit from coal-fired generation by the end of FY35 and accelerates its transition to an integrated low carbon energy leader

- AGL targets an accelerated exit from all coal fired generation, announcing today a targeted earlier closure date of Loy Yang A Power Station – up to 10 years earlier than previously announced
- AGL's annual greenhouse gas emissions[1] are expected to reduce from 40 million tonnes to Net Zero on achieving targeted closure, supporting the transition to a lower carbon world aligned with the Paris Agreement goals[2] and achieving net zero for operated Scope 1 and 2 emissions after coal closures
- AGL aims to progressively decarbonise its asset portfolio with new renewable and firming capacity, with an ambition to supply its customer demand with up to 12 GW of new generation and firming capacity, requiring a total investment of up to $20 billion,[3] in place before 2036, funded from a combination of assets on AGL's balance sheet, offtakes and via partnerships.
    - This includes an interim target to have up to 5 GW of new renewables and firming in place by 2030
- Unwavering focus on its customers as a continued major retailer of essential services, supplying affordable energy, supporting electrification and their transition to a low carbon future
- Unchanged commitment to rejuvenate its operating sites into low-carbon Energy Hubs
- Continuing consultation with its employees to understand their needs as AGL explores opportunities for career transition and re-skilling
- Inaugural Climate Transition Action Plan published today

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[1] Operated Scope 1 and Scope 2 greenhouse gas emissions as reported under the National Greenhouse and Energy Reporting Act 2007.

[2] Based on scenario modelling of the National Electricity Market (NEM) undertaken by ACIL utilising a carbon budget for the NEM which is consistent with limiting global temperature increases to well below two degrees Celsius above pre-industrial levels. The ability for AGL to execute on this target will be subject to uncertainties and risks further described on pages 25 and 26 of AGL's Investor Presentation, including ongoing market and structural developments within Australia's energy markets. AGL will continue to work with key stakeholders, including State and Federal governments, with a view to ensuring a balanced and responsible transition. For the reasons set out on pages 10 and 11 of AGL's 2022 Climate Transition Action Plan, this is not aligned with the Paris Agreement's higher ambition of limiting global warming to 1.5 degrees above pre-industrial levels.

[3] Based on capital cost estimates from AEMO Inputs, Assumptions and Scenarios Workbook, June 2022, adjusted for AGL views where considered appropriate.

Chair and incoming Interim CEO Commentary

AGL Chair, Patricia McKenzie, said: "Today we have set a new direction for AGL. Our decarbonisation and energy investment strategy sets a clear pathway for the company's future and its leading role in Australia's energy transition.

"We have listened to our stakeholders – in particular, our shareholders, as well as government and energy regulatory authorities. Their views were an important consideration as we reviewed the company's strategic direction after withdrawing the demerger proposal."

"Our purpose in undertaking the review was to consider options for AGL's future as a strong integrated entity in a way that enhances long-term shareholder value, and to achieve this in a complex energy environment, with increasing pressure to accelerate the pace of decarbonisation while maintaining energy affordability."

"AGL is committing to an ambitious but achievable strategy to deliver a responsible and accelerated low carbon future. We are aiming to reshape our energy portfolio into a cleaner and more flexible one, transitioning away from coal and focusing on new renewable and firming capacity."

"This represents one of the most significant decarbonisation initiatives in Australia. It supports the transition to a lower carbon world aligned with the Paris Agreement goals. AGL will be Net Zero for operated Scope 1 and Scope 2 emissions following the closure of all AGL's coal-fired power stations."

"We are excited by what is before us and believe our shareholders will benefit from a stronger and more sustainable business that will be uniquely positioned in the transitioning energy market. Today's announcement recognises the increasing ESG pressure from investors and consumers that has been affecting our business and we expect to be able access a wider pool of capital and attract new investors, which will ultimately result in a lower cost of capital and a more sustainable business."

"AGL will work with its broad stakeholder group to deliver these ambitious outcomes. It is particularly important that we support our people who maintain and operate our coal-fired power stations. We will work with our people, their representatives, and government to help develop the skills and capabilities required for new and existing industries as we progress to ensure the transitioning energy sector is supported by a skilled workforce."

AGL's incoming Interim CEO, Damien Nicks said: "AGL's targeted accelerated closure of Loy Yang A power station by the end of FY35 represents a major step forward in Australia's decarbonisation journey, supporting the transition to a lower carbon world aligned with the Paris Agreement goals. The targeted earlier closure of Loy Yang A Power Station will avoid up to 200 million tonnes of greenhouse gases being emitted compared to the previous Loy Yang A Power Station closure date[4]."

"With the closures of Bayswater and Loy Yang A, we have also announced an ambition to meet projected customer energy demand with up to 12 GW of new firming and renewable assets before 2036. AGL's future portfolio will be 'demand driven', meaning we will focus on capacity that responds to what our customers need - with the majority of new supply anticipated to be from wind and storage, including batteries."

"As part of this ambition, we've set an interim target of 5 GW of new renewables and firming in place by 2030, expanding upon our 3.2 GW[5] pipeline of high-quality projects to meet our growth ambitions. We will also continue our plans to leverage our existing sites to create low emissions integrated industrial Energy Hubs."

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[4] Maximum emissions avoidance estimated based on maximum annual output from Loy Yang A Power Station over the FY36 - FY46 period.

[5] Existing 2.9 GW pipeline as well as 300 MW under construction.

"AGL's growth ambition will require significant capital investment, estimated to be up to $20 billion[6] which will be delivered in the 12 year lead up to our targeted exit from coal-fired generation. This represents a clear long-term investment opportunity for AGL and its shareholders to deliver on its growth ambition. AGL will evaluate various sources of funding, which includes a mix of AGL's own balance sheet, entering into offtakes, or through partnerships utilising third party capital."

"We believe that our ambitions to decarbonise and build a low-carbon portfolio represent an attractive opportunity to participate in Australia's energy transition, and will ultimately provide access to a wider pool of capital sources."

"Importantly, AGL will continue its relentless focus on delivering for its customers as a leading multi-service energy retailer, and our goal of making the energy transition simple, accessible and affordable for our customers. We will sharpen our focus on digitisation and advanced analytics to further simplify and automate how we operate and serve our customers."

"This is an ambitious strategy that we will aim to deliver through the 12-year period to the targeted closure of our coal-fired generators. We will work with our stakeholders to make sure this change is responsible, that our customers' energy needs are met and that our workforce and communities are supported through this change."

Further details of the strategic review, including risks and uncertainties of achieving AGL's targets, are included in the attached presentation.

Climate Action Transition Plan

AGL today also published its inaugural Climate Transition Action Plan Link, demonstrating its commitment to transparent communication with its stakeholders about its approach to decarbonisation.

Shareholders will have the opportunity to vote on this through the 'Say on Climate' resolution at the 2022 Annual General Meeting on 15 November 2022.

Torrens Island Power Station

As part of normal practice, AGL continually reviews its portfolio against the pace of transition in the energy industry. The current economic environment remains challenging for AGL's Torrens Island Power Station. The South Australian and New South Wales interconnector is planned to be fully operational in mid-2026 which will further impact gas-fired generation in South Australia, as outlined in the business and regulatory test advocating Project EnergyConnect. AGL is continuing to engage with the South Australian Government and other stakeholders and anticipates providing a further update in relation to the Torrens Island Power Station prior to the end of the year.

Financial implications of targeted FY35 coal closure

Following AGL's decision to bring forward the targeted closure date of Loy Yang A (by the end of FY35), it intends to recognise a non-cash impairment charge of approximately $700m million (after tax).

The impairment charge will be recognised against the carrying value of the property, plant and equipment of AGL's thermal generation assets and reflects the impact of the shortened operating life of Loy Yang A power station and additional ESG costs identified in the review of strategic direction.

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[6] Based on capital cost estimates from AEMO Inputs, Assumptions and Scenarios Workbook, June 2022, adjusted for AGL views where considered appropriate.

The estimated impairment charge is subject to finalisation and audit of AGL's financial statements and will be recognised as a Significant Item against Statutory Profit.

AGL anticipates the new targeted closure date will not have a material impact on Underlying Profit after tax (which excludes Significant Items) in the financial year ending 30 June 2023 (FY23).

FY23 financial guidance and outlook

AGL Energy has today provided guidance for its FY23 underlying earnings, as follows:

- Underlying EBITDA of between $1,250 million and $1,450 million; and
- Underlying Profit after Tax of between $200 million and $320 million.

These ranges, with an anticipated increase in Underlying EBITDA of approximately $100 million compared to FY22, reflect the resilience of AGL's earnings on the back of its largely hedged position for FY23. Other key impacts include the Loy Yang A Unit 2 outage, market volatility and unplanned outages impacting operational performance in July 2022, and the closure of the remaining three Liddell units in April 2023. Additionally, Underlying Earnings in FY23 will be impacted by the onerous contract provision adjustments in FY22. These impacts will be partly offset by AGL's strong portfolio performance in August and September as other units have returned to service.

Overall, AGL believes FY23 earnings will remain resilient amidst the current challenging energy industry and market conditions and is well positioned from FY24 to benefit from sustained higher wholesale electricity pricing as historical hedge positions progressively roll-off.

Director Nominations for 2022 Annual General Meeting

Further to recent media reports, AGL confirms that entities associated with Grok Ventures have nominated four candidates for election as Directors at the 2022 Annual General Meeting. AGL respects the right of shareholders to nominate candidates for election as directors. AGL's Notice of 2022 Annual General Meeting will be published in early October, which will include the Board's recommendation on each resolution to be considered at the meeting, including relevant candidates.

Conference call

AGL will host a conference call to discuss today's announcement at 11:00 am Australian Eastern Standard Time. Access to the conference call is via pre-registration through the following website link: agl.com.au/marketupdatewebcast. Upon registration, participants will be provided with a dial-in code to access the conference call facilities. A transcript and archive of the conference call will be made available on AGL's website in due course.

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

[Patricia McKenzie]

Welcome to everyone on the call.

I'm Patricia McKenzie, Chair of AGL's Board. With me today is Damien Nicks, who will be Interim CEO of AGL from 1 October. I am also joined by our Executive team.

We are all joining this meeting from different locations, I would like to acknowledge the Traditional Owners of the land - in Melbourne, where I am today - the Wurundjeri Woi-wurrung People of the Kulin Nation - and pay my respects to Elders past and present. I also extend the same acknowledgment and respect to the Traditional Owners of the lands you are joining this meeting from and any Aboriginal and Torres Strait Islander people who are with us today.

This is the first update I am making to you all as the Chair of AGL Energy.

I am very proud to do so at this milestone moment in our company's 185-year history - as we present the outcomes of AGL's review of strategic direction and we set out the way forward for the company.

Earlier this morning we released a comprehensive pack to the market, which I hope you have had the opportunity to review. This included a detailed investor presentation, and an ASX release with an overview of the review, as well as FY23 financial guidance and details of our inaugural Climate Action Transition Plan. The focus of this call will be to answer your questions, but before we do so I would like to highlight a few of the key outcomes of the Review and I will also ask Damien to make some introductory comments.

Today - we announce a new direction for AGL as we reshape its future energy portfolio.

It represents one of the most significant decarbonisation initiatives in Australia.

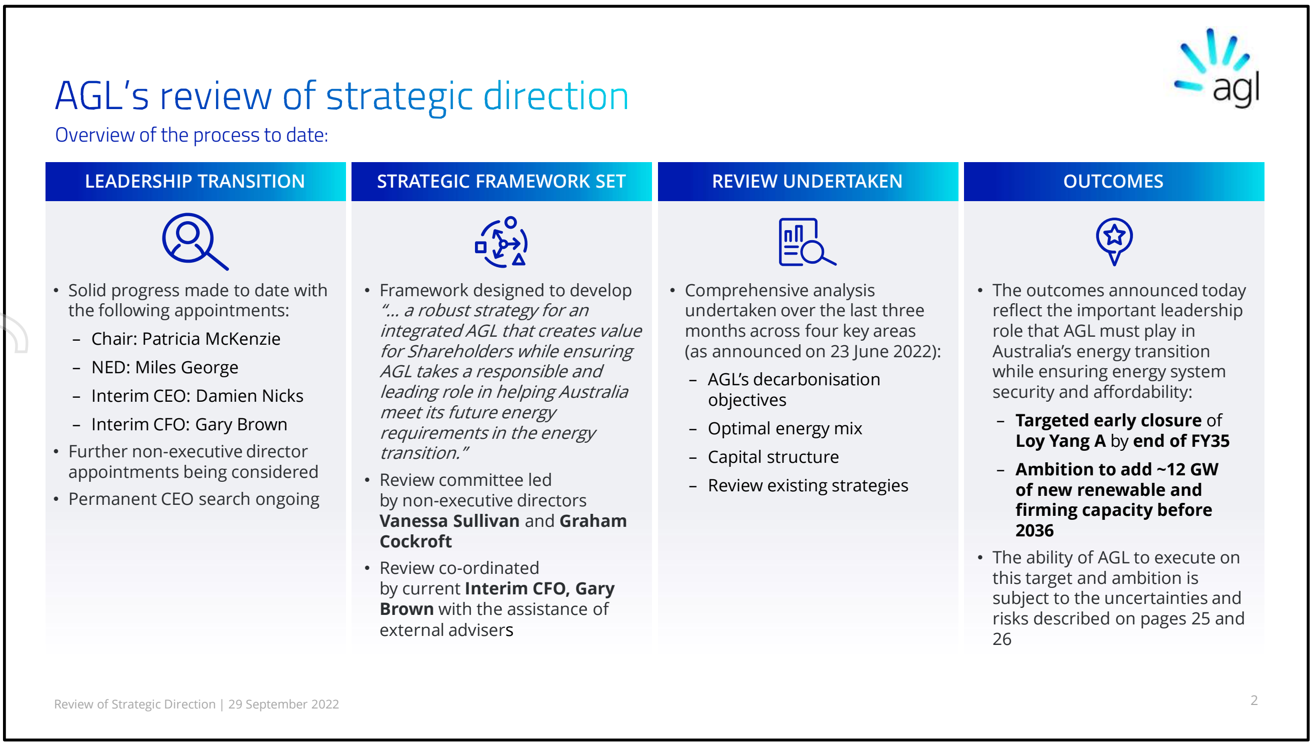
It accelerates the pace of AGL's transition to a low carbon energy leader and demonstrates our commitment to decarbonisation in line with shareholder and community expectations.

A lot has changed in the past 12 months, for AGL and, for Australia.

The war in Ukraine, global supply chain issues and the rising cost of living, including rising electricity prices, have put pressure on households and businesses.

Around the world, there has been sustained political and social momentum and in Australia, we have seen various state and federal government initiatives focused on climate change action, which for the first time in many years, has provided a clear market signal for investors.

In the energy sector itself - the pace of decarbonisation is also rapidly accelerating and AGL, as Australia's largest emitter and largest private investor in renewables has a significant role to play in materially reducing the nation's carbon footprint.



[Patricia McKenzie]

It is within this context that the Board of AGL undertook to renew its Board and management.

During the past 12 months, Graham Cockroft, Vanessa Sullivan and Miles George joined the Board which means the AGL Board is now comprised of Directors with significant experience in energy transition, renewables, sustainability and international energy markets.

It is our intention to appoint further Non-Executive Directors to the Board with skills and experiences that are aligned with our strategy, having regard to our skills matrix.

In particular, we will prioritise Directors with skills in digital and customer areas, and those with broad ASX and M&A experience.

Vanessa Sullivan and Graham Cockroft were co-chairs of the board subcommittee that oversaw the review. Gary Brown, AGL's interim CFO from 1 October, led the review internally for AGL.

The committee undertook a comprehensive analysis and review to define a path forward for AGL that considered:

- AGL's decarbonisation objectives;
- AGL's existing strategies;
- the optimal energy mix for AGL; and
- Options in relation to its capital structure.

The Board adopted the recommendations of the Committee and the key priorities for AGL as we move forward, which I will outline shortly.

The Committee has now completed this review and management, with the oversight of Board, will be responsible for delivering this strategy going forward.

We are confident that the management team can deliver on the findings of the review in a way which delivers long term value for all shareholders.

[Patricia McKenzie]

Turning now to key outcomes of the review:

AGL is fast tracking its exit from coal - targeting by the end of FY 2035 for the closure of Loy Yang A power station – up to a decade earlier than previously announced.

This earlier closure will reduce AGL’s overall annual greenhouse gas emissions from around 40 million tonnes to Net Zero for operated Scope 1 and 2 emissions - supporting the transition to a lower carbon world aligned with the Paris Agreement goals.

We remain on track to close the Liddell power station in April 2023 and the Bayswater power station is on track for closure between 2030 and 2033.

To do this – and ensure a reliable energy supply – AGL will aim to significantly grow its investment in renewable and firming capacity from the $4.8 billion already invested.

Two decades ago, AGL began building what is now the largest renewables and firming portfolio of any ASX listed company.

We have an ambition to supply up to 12 gigawatts of renewable and firming capacity by 2036 to meet our customer demand, estimated to require up to a 20 billion dollar investment and Damien will talk more about this shortly.

Our interim target is to have up to 5 gigawatts of new renewables and firming in place by 2030, funded from a combination of assets on AGL’s balance sheet, offtakes and via partnerships – with battery, wind and solar priority investments at this stage.

We will continue to invest in these projects, as well as continuing to invest in innovation and research and development that has the potential to ‘change-the-game’ in energy generation and storage.

AGL currently has 3.2 gigawatts in the pipeline and under-construction. This includes the 250 megawatt, Torrens Island grid-scale battery, due for completion in mid-2023, the 50 megawatt Broken Hill battery and the 500 megawatt Liddell battery, the 200 megawatt Loy Yang battery and the 250 megawatt Muswellbrook Pumped Hydro project.

The pipeline also includes windfarms – the largest planned in Victoria.

We are also committed to redeveloping our thermal sites in the Hunter, Torrens Island and the

Latrobe Valley into industrial Energy Hubs.

Importantly – this new strategic direction will enable AGL to achieve Net Zero for operated Scope 1 and Scope 2 emissions following the closure of all AGL's coal-fired power stations, with the ambition to be net zero for scope 3 by 2050.

This strategic direction we're sharing today, for the faster decarbonisation of our business, is what we consider to be in the best interests of the company having listened to our stakeholders – in particular, our shareholders, and it is what our community expects of us and it is - above all – the right thing to do.

We are excited by what is before us and believe our shareholders will benefit from a stronger and more sustainable business that will be uniquely positioned in the transitioning energy market.

Today's announcement recognises the increasing ESG pressure from investors and consumers that has been affecting our business and we expect to be able access a wider pool of capital and attract new investors, which will ultimately result in a lower cost of capital and a more sustainable business.

AGL is uniquely positioned, as the largest emitter and the largest private investor in renewables in Australia – to impact the pace of Australia's decarbonization.

I want to emphasise:

- That AGL takes our responsibility in powering Australia seriously and we have continued to supply more than 4.2 million customer services each and every day; and we will continue to do so; and
- That we will work with communities and all stakeholders to explore opportunities for career transition and support customers and communities through this transition. This includes working with states and federal government on development of a National Energy Workforce Strategy to identify current and future skills gaps in the energy sector, and working to support a plan to ensure Australia has the skilled workforce it needs.

AGL has long acknowledged the size of our decarbonisation challenge, and what we have laid out here today is a clear pathway.

As Australia's largest electricity generator, and the largest carbon emitter, we have the opportunity to make a very significant impact to reduce Australia's carbon emissions.

Together with my fellow directors, and management, we know we have a big task ahead, but we are committed to getting the right outcome for the company, for our shareholders, customers and the community.

There is further detail of our decarbonisation pathway in our Climate Transition Action Plan published today on our website. Shareholders will also be given the opportunity to vote on this at our AGM in November.

Thank you for your attention and I'll now hand over to Damien.

AGL will target the early closure of Loy Yang A and accelerate its transition to an integrated low carbon energy leader

Targeted earlier closure of Loy Yang A to support the transition to a lower carbon world aligned with the Paris Agreement goals[1]

- **Loy Yang A Power Station targeted for closure by end of FY35 – up to 10 years earlier than previously announced**
  - Major step forward in Australia's decarbonisation journey - AGL's targeted earlier exit from coal-fired generation to support the transition to a lower carbon world **aligned with the Paris Agreement goals,**[1] and will reduce its annual greenhouse gas emissions[2] from around 40 million tCO_2e annually to **Net Zero** for operated **Scope 1 and 2 emissions** after **coal closures**
- With the closures of Bayswater and Loy Yang A power stations, AGL has an ambition to supply its customer demand with an incremental **12 GW of renewable and firming assets** before 2036, requiring a total investment of up to **$20 billion**[3]
  - AGL's interim target is to have up to **5 GW of new renewables and firming in place by 2030** funded from a combination of **assets on AGL's balance sheet, offtakes and via partnerships**
  - AGL currently has a 3.2 GW pipeline of energy projects (existing 2.9 GW pipeline as well as 300 MW under construction), and intends to expand upon this to support its growth ambitions
- **Unwavering focus** on our **customers** - a continued **leading retailer of essential services,** supplying **affordable energy, supporting electrification** and **customers' transition** to a **low carbon future**
- AGL's inaugural **Climate Transition Action Plan** has been published today
- Shareholders will have the opportunity to vote on the Climate Transition Action Plan through the **'Say on Climate'** resolution at the 2022 Annual General Meeting on 15 November 2022

1) Based on scenario modelling of the National Electricity Market (NEM) undertaken by ACIL utilising a carbon budget for the NEM which is consistent with limiting global temperature increases to well below two degrees Celsius above pre-industrial levels. The ability for AGL to execute on this target is subject to the risks and uncertainties described on pages 25 and 26, including ongoing market and structural developments within Australia's energy markets. AGL will continue to work with key stakeholders, including State and Federal governments, with a view to ensuring a balanced and responsible transition. For the reasons set out on pages 10 and 11 of AGL's Climate Transition Action Plan, this is not aligned with the Paris Agreement's higher ambition of limiting global warming to 1.5 degrees above pre-industrial levels.
2) Operated Scope 1 and Scope 2 greenhouse gas emissions as reported under the National Greenhouse and Energy Reporting Act 2007.
3) Based on capital cost estimates from AEMO Inputs, Assumptions and Scenarios Workbook, June 2022, adjusted for AGL views where considered appropriate.

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[Damien Nicks]
Thank you, Patricia and good morning everyone,

It is a pleasure to join you this morning.

I am proud to start my appointment as the interim Chief Executive Officer of AGL on 1 October, - an organisation I have worked at over the past nine years, most recently as its CFO.

I am excited to lead this organisation as we reset as a company and refocus our strategy in line with shareholder and community expectations.

The management team have the full support of the Board to get on with the job of delivering this strategy.

As Patricia said - this is one of the most significant decarbonisation initiatives in Australia.

It represents a major step forward in Australia's decarbonisation journey - and supports the transition to a lower carbon world aligned with the Paris Agreement goals.

The accelerated closure of Loy Yang A - together with our ambition to supply up to 12 gigawatts of new generation and firming capacity before 2036 - reshapes AGL's generation portfolio - and the Australian energy market.

As we drive forward with this change - our unwavering focus on our customers and 4.2 million energy and telecommunications services we supply to them - remains.

AGL will continue to supply affordable energy, as well as supporting electrification and the transition to a low carbon future.

Shaping a stronger and sustainable future for AGL

CARBON COMMITMENTS AND PARIS ALIGNMENT

Targeted earlier closure of Loy Yang A Power Station by end of FY35 supports the transition to a lower carbon world aligned with the Paris Agreement goals[1]

Net Zero for operated Scope 1 and 2 emissions following the closure of all AGL's coal-fired power stations[2]

Committed to a responsible and accelerated exit from coal-fired generation that takes account of all stakeholders

RESHAPING AGL'S FUTURE PORTFOLIO

AGL will continue to progressively decarbonise its generation portfolio, focusing on new renewable and firming capacity

AGL has an ambition to supply its customer demand with an incremental ~12 GW of new renewable and firming assets, requiring a total investment of up to $20 billion[3]

AGL will continue to expand its existing pipeline with the aim to deliver on its 5 GW 2030 target and its ~12 GW ambition before 2036

FINANCING THE FUTURE AGL

Reshape of AGL's energy portfolio provides a clear opportunity for investors and lenders to participate in the energy transition

Targeted future portfolio to be funded from a combination of assets on AGL's balance sheet, offtakes and via partnerships

Committed to maintaining Baa2 investment grade rating

AREAS OF STRATEGIC EMPHASIS

Continuing to be a leading multi-service energy retailer; aiming to make the energy transition simple, accessible and affordable for our customers

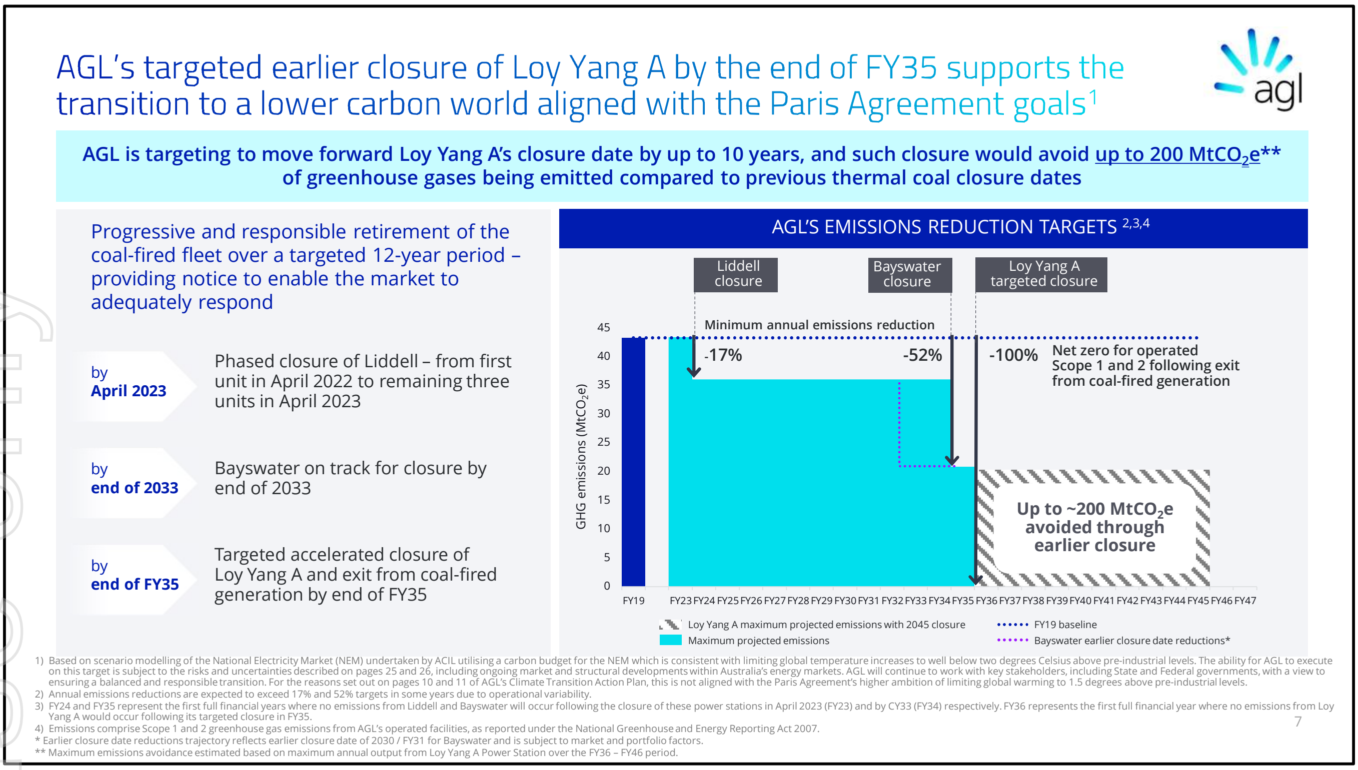
Progressing the transformation of our energy supply and operations

Maintaining an acute focus on operational excellence, including generation performance, safety, trading and robust risk management capabilities

1) Based on scenario modelling of the National Electricity Market (NEM) undertaken by ACIL utilising a carbon budget for the NEM which is consistent with limiting global temperature increases to well below two degrees Celsius above pre-industrial levels. The ability for AGL to execute on this target is subject to the risks and uncertainties described on pages 25 and 26, including ongoing market and structural developments within Australia's energy markets. AGL will continue to work with key stakeholders, including State and Federal governments, with a view to ensuring a balanced and responsible transition. For the reasons set out on pages 10 and 11 of AGL's Climate Transition Action Plan, this is not aligned with the Paris Agreement's higher ambition of limiting global warming to 1.5 degrees above pre-industrial levels.
2) Operated Scope 1 and Scope 2 greenhouse gas emissions as reported under the National Greenhouse and Energy Reporting Act 2007.
3) Based on capital cost estimates from AEMO Inputs, Assumptions and Scenarios Workbook, June 2022, adjusted for AGL views where considered appropriate.

[Damien Nicks]
I'll now talk through the key components of today's announcement with you on Slide 5.

Carbon commitments and Paris alignment



[Damien Nicks]

Slide 7 demonstrates the significance of targeting closure of Loy Yang A by up to a decade earlier than we previously announced – and avoiding up to 200 million tonnes of greenhouse gases being emitted.

AGL is also committing to be Net Zero for operated Scope 1 and 2 emissions after all our coal fired closures, with a continued ambition to be net zero by 2050 for Scope 1, 2 and 3 emissions.

As Patricia mentioned - Liddell remains on track for closure in April 2023 and Bayswater remains on track for closure by the end of 2033.

Committed to a responsible and accelerated exit from coal-fired generation that takes account of all stakeholders

AGL's contribution to Australia's decarbonisation journey will be significant, bringing change not just to AGL but to many of its partners and stakeholders

Our plans recognise growing demand for an accelerated transition from coal from many parts of the community as it:

- Supports the delivery of the **Federal, NSW, Victorian, Queensland** and **SA Government's** emissions reduction ambitions
- Provides >10 years to support the **economic transition in our regions**
- Continues the progress already underway across our thermal sites to **transition to low-carbon Energy Hubs**
- Supports our **customers' transition** to **low and no carbon energy supply** in a responsible and planned way

We will continue working with all stakeholders to ensure the way we transition delivers a balanced and responsible outcome

...with all GOVERNMENTS,
we will continue to work collaboratively on climate targets supporting affordability, jobs, regional development and customers

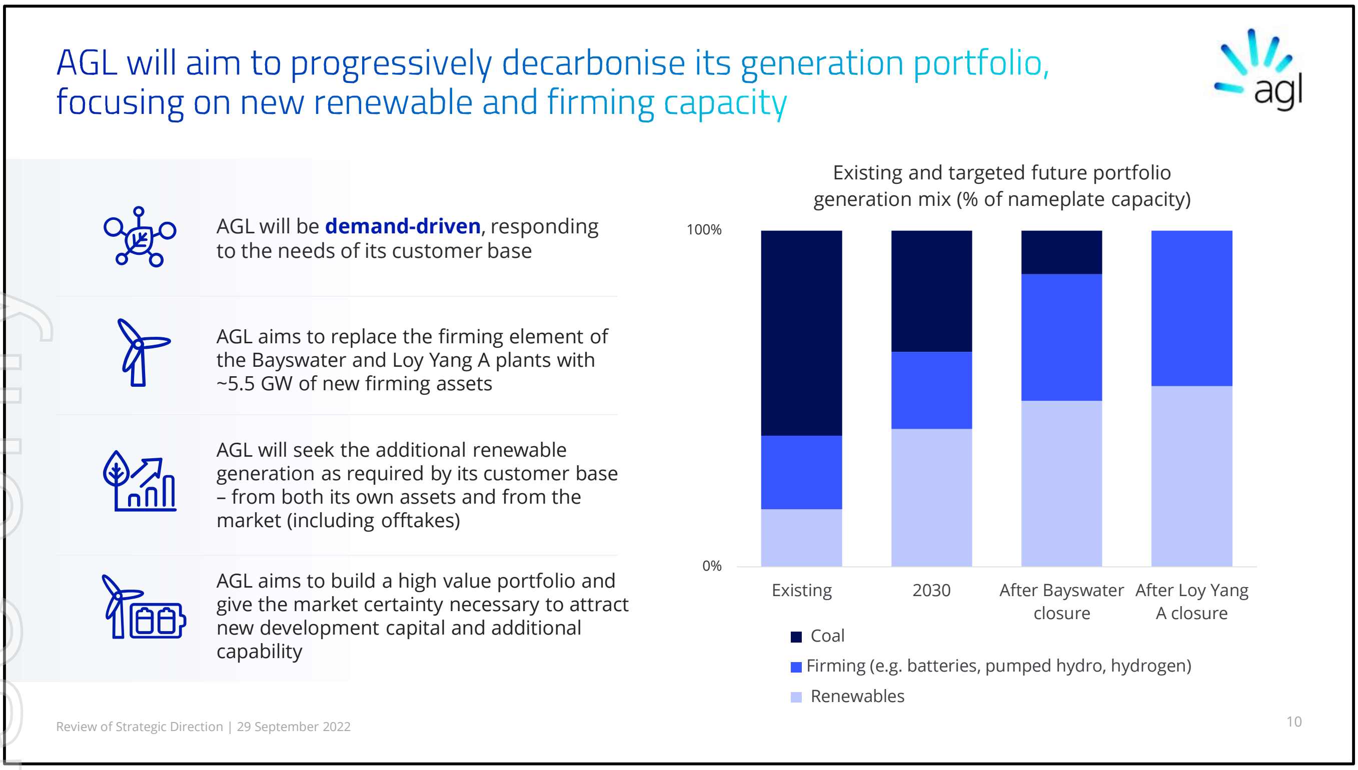
...with our PEOPLE,
we will consult with our employees and will work closely with them to understand their needs as we explore opportunities for career transition (including retraining, transition to retirement, reskilling and alternative career pathways)

...with our COMMUNITIES,
in which we live, work and operate, we will work in a transparent and constructive manner, managing best practice operation and rehabilitation of our sites. We will cultivate respectful, trusted and meaningful connections with Traditional Owners of the lands on which we operate. We will continue to work with local business, industry, community and educational institutions to identify new investment prospects, encourage economic diversification and create new employment opportunities.

...with our CUSTOMERS,
we will work side by side to provide simple and affordable ways to decarbonise at home, at work and on the road, as part of a shared transition to Net Zero

[Damien Nicks]
With 12 years through to the targeted retirement of our coal fleet - we will continue to work with our people, federal and state governments and our stakeholders to make sure this change is responsible, and our customers are not left without power and workers and communities are supported.

Reshaping AGL's future portfolio



[Damien Nicks]

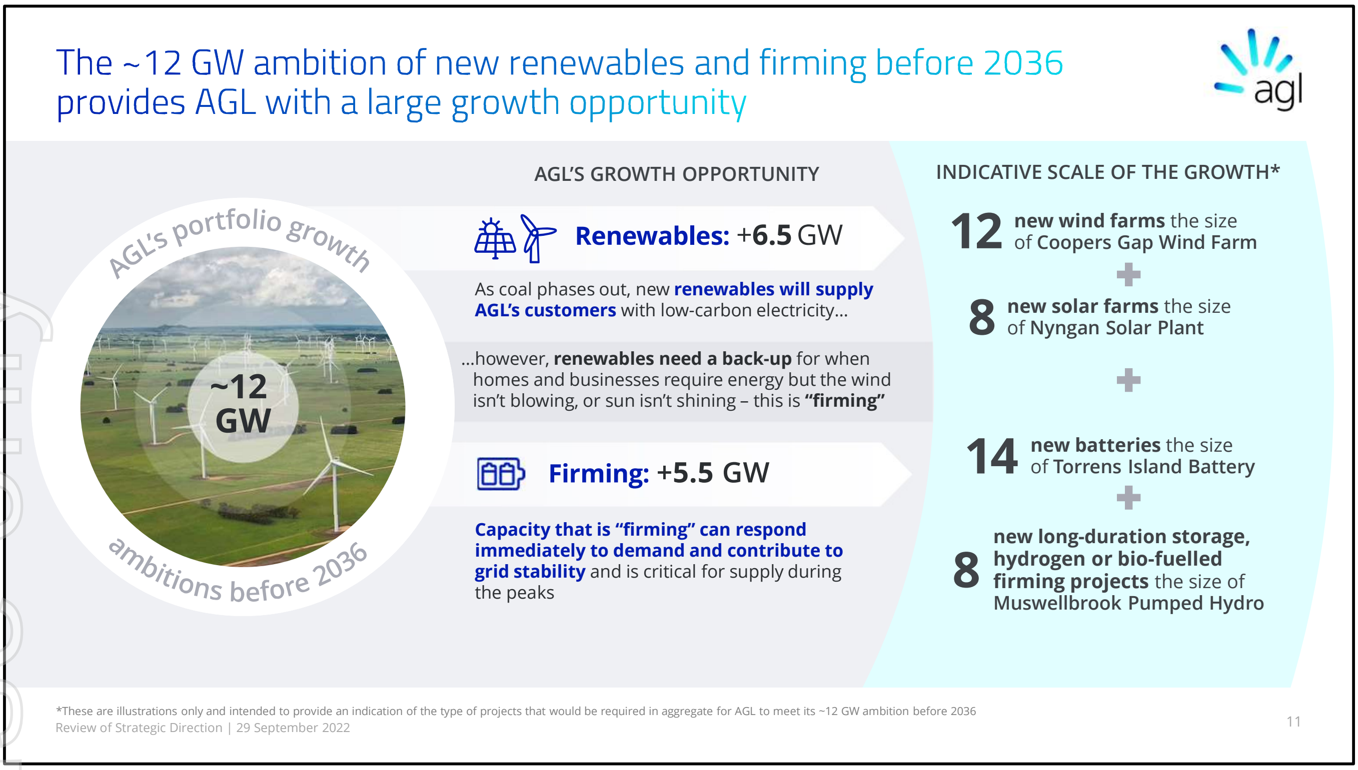
But - closure timelines are just part of the story.

On Slide 10 of the investor pack we've outlined the second key component of today's announcement - our ambition for the AGL portfolio of the future.

With our targeted exit from coal-fired generation by the end of FY35, our ambition is to supply future customer demand with approximately 12 gigawatts of new renewable and firming assets – with the majority of new supply anticipated to be from wind and batteries.

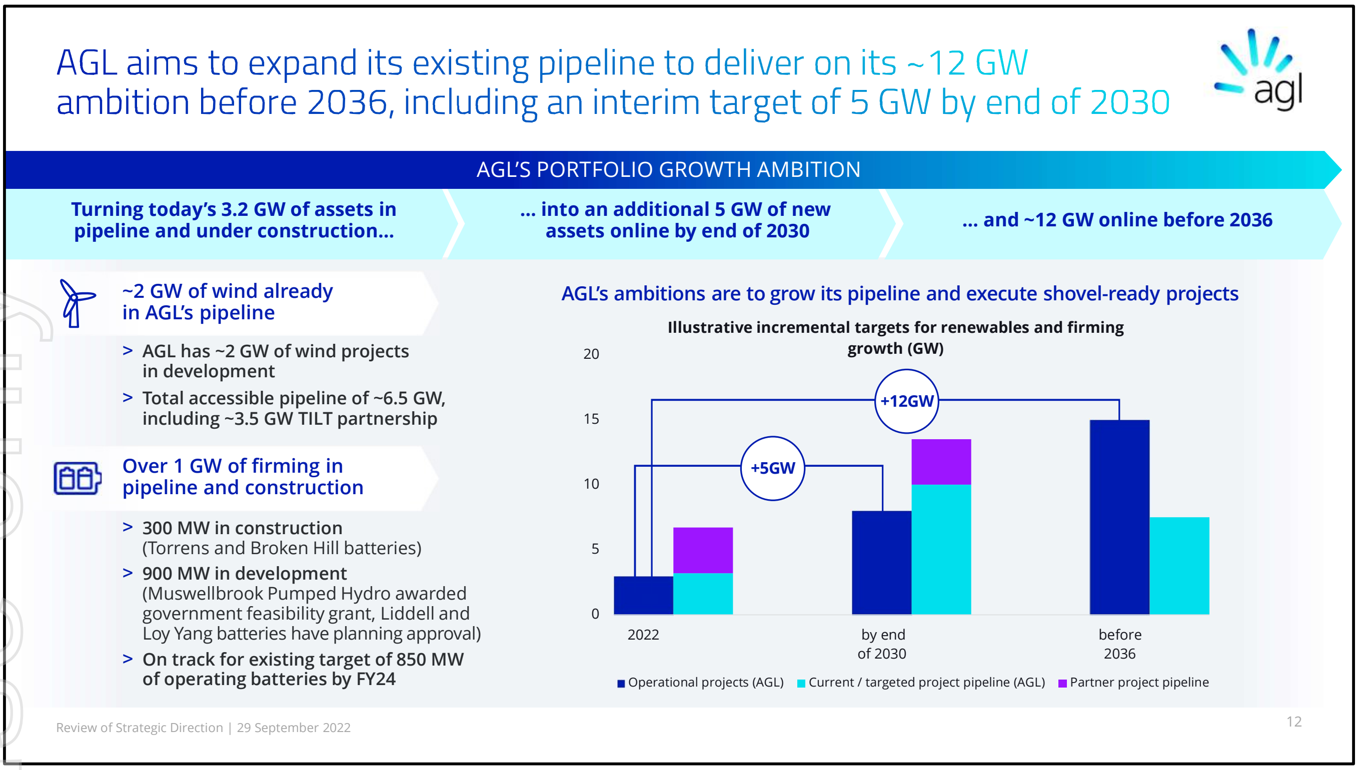
And as part of this ambition, we've set an interim target of 5 gigawatts of new renewables and firming capacity by 2030.

And pleasingly, with our existing 3.2-gigawatt pipeline of high-quality projects already in place, we are well placed to meet these growth ambitions.



[Damien Nicks]
Slide 11 provides good context of the sheer magnitude of this new build:

- Up to 6.5 gigawatts of new renewables build requires the equivalent of 12 wind farms the size of Coopers Gap and 8 solar farms the size of the Nyngan Solar Plant.
- Additionally, up to 5.5 gigawatts of new firming requires the equivalent of 8 long-duration storage and hydrogen or bio-fuelled firming projects the size of our Muswellbrook Pumped Hydro project.



[Damien Nicks]

Slide 12 outlines the timeframe to deliver on our 12-gigawatt ambition – building on our existing 3.2 gigawatts of assets in the pipeline and under construction.

Financing the future of AGL

AGL's target energy portfolio would be delivered and funded via five primary channels

DELIVERING ON AGL'S PORTFOLIO GROWTH AMBITION

- AGL currently has a long energy generation position that will become shorter as coal fired generation assets are closed
- In replacing these assets, AGL will respond to the energy needs of its customers, which will see firming and renewables developed
- AGL has **up to 12 years** to deliver on its ~12 GW ambition, providing significant time to develop and finance its energy supply
- AGL proposes to generate or source its energy supply via five primary channels:
  1. **AGL's existing and future project pipeline:** AGL has been delivering on renewable energy projects since 2006 and has a significant pipeline of projects that it will continue to grow
  2. **Partnerships:** Where AGL can write offtakes and potentially also invest in partner projects (including TILT Renewable's >3.5 GW project pipeline)
  3. **Off-taking:** AGL can write offtake agreements with project developers
  4. **Decentralised energy:** AGL can source and orchestrate energy from its large retail and C&I customer base (rooftop solar, batteries and energy management solutions)
  5. **Traded Energy markets:** Including both ASX and 'over the counter' (OTC)
- When sourcing energy, AGL would utilise the channel that delivers the best economic outcome for AGL shareholders and debt providers. For example:
  - Firming assets are often funded on balance sheet given developers require revenue risks (price, volume, trading) to remain with the off-taker
  - Solar energy and decentralised energy are usually sourced and orchestrated via AGL's large retail and C&I customer base, which may have surplus energy and demand response capacity

[Damien Nicks]
The third component of our go-forward strategic direction is - Financing the future AGL.

Delivering on AGL's growth ambition will require significant capital investment which we estimate at approximately 20 billion dollars over a 12-year period through to Loy Yang A's targeted closure.

We have a number of channels to source this volume of energy, be it through our existing or future project pipeline, via partnerships (like Tilt Renewables or others), through offtaking, from decentralised energy sources or even in traded energy markets.

When making decisions around sourcing, we'll look to the channel that drives the best economic outcome for AGL shareholders.

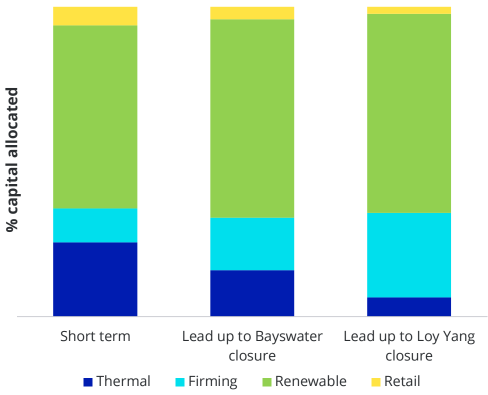
For example, firming assets deliver attractive returns and are often best developed directly and on balance sheet utilising the value of our sites and infrastructure.

AGL's target energy portfolio provides a clear opportunity for investors to participate in the energy transition

DELIVERING ON AGL'S PORTFOLIO GROWTH AMBITION

- AGL's growth ambition will require significant investment required in the lead up to its targeted exit from coal-fired generation in 2035, giving AGL **up to 12 years to deliver** on its growth ambition
- Decarbonisation represents a **potential long term investment opportunity**, with AGL aiming to deliver attractive returns over the years to come
- AGL will look to various options in sourcing this funding, which may include a mix of:
  - Operating cash flows from existing operations
  - Debt and equity financing at the corporate level
  - Debt financing at the project level
  - Entering into offtake / contracting for output or services
  - Through partnerships utilising 3rd party and AGL capital (including via TILT Renewables)[1]
  - Capital recycling via the sell-down (in partial or full) of developed assets
- AGL has a strong track record of sourcing capital for clean energy projects, having raised total financing in excess of $3.5 bn[2] into renewable assets since 2008

Indicative capital allocation over time*



1) Please note that the Energy Transition Investment Partnership (ETIP) established between AGL and Global Investment Partners (as announced on 3 May 2022) will be terminated on 30 September 2022. AGL will discuss future funding opportunities with potential partners, including Global Infrastructure Partners to facilitate its growth ambitions.
2) Comprised of equity and debt financing.
* Allocation of forecast capital spend and / or offtake commitments for the discrete time periods, independent of sources of capital.

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[Damien Nicks]

This is clearly an attractive long term investment opportunity for AGL and its shareholders and one that will require a mix of funding sources to deliver over time including:

- Operating cash flows from existing generation
- Debt and equity financing at the corporate level, including bank and capital market and potential transition lending
- Debt financing at the project levels
- Entering into offtake or contracting agreements
- Through partnerships utilising 3rd party and AGL capital (including through our interest in TILT)
- Through capital recycling

We are confident of our ability to access a wide variety of funding sources – which is evidenced by AGL's very long experience in sourcing capital for clean energy projects, having raised over 3.5 billion of capital into renewable assets over the last two decades.

A key point I would like to address is the commercial rationale for closing Loy Yang up to 10 years earlier than previously announced.

Firstly - participation in the energy transition will be a key source of value for our shareholders.

Our strategic asset base, renewable development capability and our large customer base uniquely position AGL to generate strong shareholder returns from the transition of our generation portfolio.

Secondly - the cost of capital impost on carbon intensive industries is well understood.

We see some of our international peers who are successfully transitioning to a lower cost of capital and a valuation premium, in part because of their green credentials.

By accelerating our exit from coal and investing in the transition of our energy portfolio - this strengthens AGL's ESG credentials and in doing so, addresses mounting pressure from banking institutions and equity investors for AGL to decarbonise - which we expect will open access to a wider pool of capital who want to participate in the energy transition.

We believe investors will value and recognise the significant opportunity ahead of us and participate in AGL's transition to renewables and storage.

We have heard it from our customers, communities, governments, capital providers and shareholders - the time is now for AGL to show leadership in the energy transition.

Areas of strategic emphasis

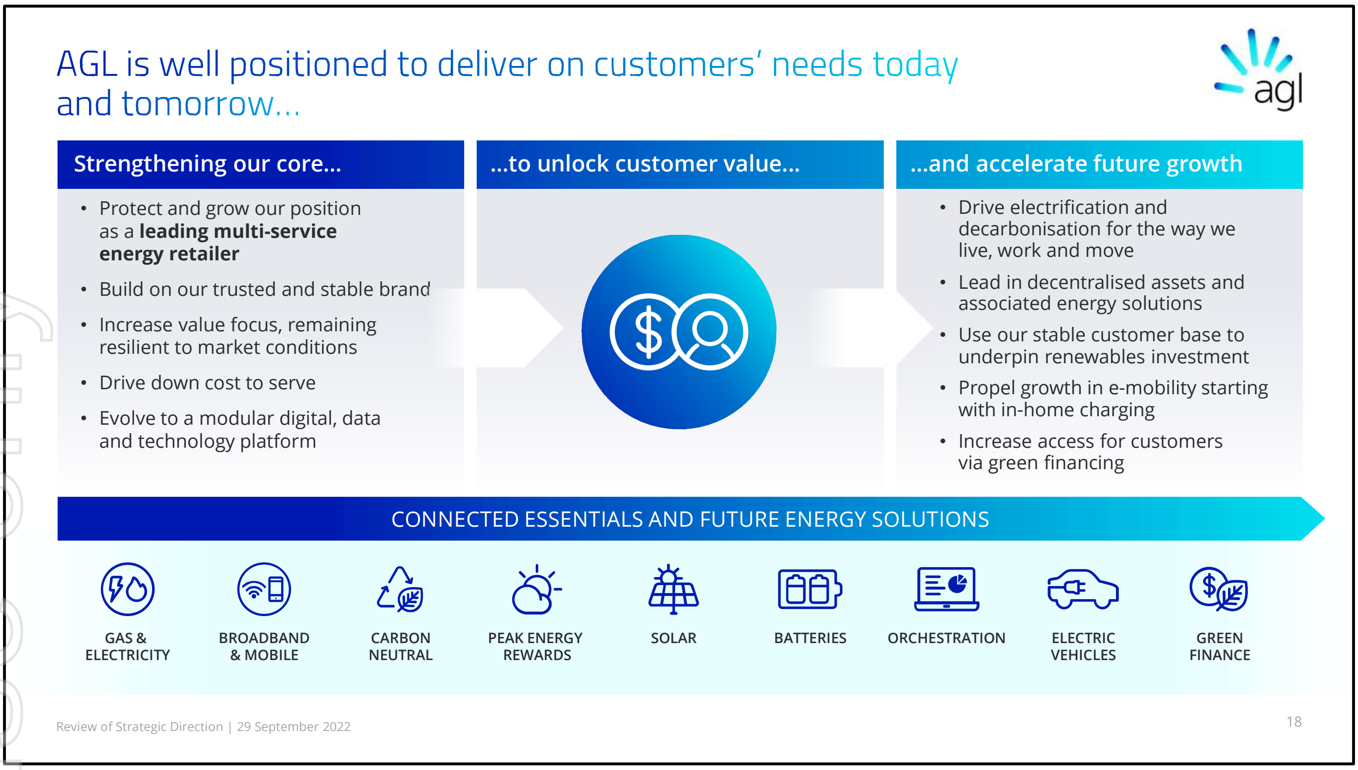
[Damien Nicks]

On Slide 17 we highlight additional areas of strategic emphasis and the ongoing commitment we make to deliver for our customers

These capture the many exciting initiatives that we have spoken to you about in the past and that we will continue to discuss with the market, which are centred around:

- Delivering on customers' needs today and in the future
- Shaping a diverse, flexible and low carbon energy portfolio
- Creating new value through data, digital and advanced analytics
- And strengthening our business performance to maximise value

Our Customer Markets and Integrated Energy businesses are well positioned to execute on these areas of strategic emphasis.



[Damien Nicks]
On Slide 18 you will see that being a leading multi-service energy retailer is at the core of our strategy.

... whilst continuing to progress the transformation of its energy trading, supply and operations

PORTFOLIO EXCELLENCE
will be critical to shape a diverse, flexible and low carbon future for AGL

Critical activities and drivers of value
> Accelerate existing pipeline including current target of 850 MW batteries by FY24
> Grow pipeline of high-quality options, focusing on wind, firming, pumped hydro
> Deliver Energy Hubs growth with high-quality partners
> Explore opportunities to maximise value from daytime energy (e.g. electrifying boilers)

Key near-term progress items
- 250 MW Torrens and 50 MW Broken Hill batteries to come online in 2023
- Hydrogen feasibility studies underway at Torrens and Hunter with key partners as announced in February
- Assess feasibility of thermal storage and boiler electrification

TRADING EXCELLENCE
will manage risk and optimise value for AGL's current and future portfolio

Critical activities and drivers of value
> Manage risk and value in moving from long portfolio toward demand-driven portfolio
> Manage volatility in increasingly renewables-dominated market through deploying storage capacity with sophisticated analytics and algorithms
> Originate high-quality customers to underwrite new renewable asset development and orchestrate large load to provide flexibility
> Grow position in carbon as key emerging commodity, aligned to customer demand

Key near-term progress items
- 100 MW Wandoan battery live and auto-bidding using advanced algorithms
- 215 MW of distributed energy under orchestration in AGL's traded portfolio

OPERATIONAL EXCELLENCE
will drive business performance of AGL's portfolio through the energy transition

Critical activities and drivers of value
> Deliver critical role of safe, reliable and flexible thermal operations during energy transition
> Transform operational capabilities to reflect future energy mix
> Safely retire, decommission, rehabilitate and repurpose thermal sites

Key near-term progress items
- Digital twins live at Loy Yang and Bayswater and used to optimise capital decision-making and fleet performance
- Drive uplift in Bayswater milling performance and fleetwide boiler tube leak management

[Damien Nicks]
And on Slide 19, for Integrated Energy, we continue to transform the three key pillars of portfolio excellence, trading excellence and operational excellence.

Inaugural Climate Transition Action Plan published today

- Today, AGL has published its inaugural **Climate Transition Action Plan,** demonstrating its commitment to transparent communication with its stakeholders, including our shareholders, about its approach to decarbonisation.
- Shareholders will have the opportunity to vote on the Climate Transition Action Plan through the '**Say on Climate**' resolution at our 2022 Annual General Meeting on 15 November 2022.

KEY ELEMENTS OF THE CLIMATE TRANSITION ACTION PLAN

- We are targeting the closure of Loy Yang A Power Station by the end of FY35, up to a decade earlier than previously announced
- We will reduce our annual greenhouse gas emissions by at least 17% by FY24 following the closure of Liddell Power Station in April 2023, and by 52% by FY35 following the closure of Bayswater Power Station in 2033, against a FY19 baseline[1]
- Net Zero for operated Scope 1 and 2 emissions following the closure of all AGL's coal-fired power stations
- Plans to develop Scope 3 decarbonisation pathway to Net Zero by 2050

- Together with our ambition to invest in new renewable and firming capacity, we have brought forward the targeted closure dates for AGL's coal-fired power stations to support the transition to a lower carbon world aligned with the Paris Agreement[2] goals.
- AGL's Climate Transition Action Plan also documents its commitments to continue to advocate for a responsible transition that balances energy reliability and affordability with the need to decarbonise, and to working with and supporting its people and communities through a responsible and orderly transition.

1) Emissions comprise Scope 1 and 2 greenhouse gas emissions from AGL's operated facilities, as reported under the National Greenhouse and Energy Reporting Act 2007.
2) Based on scenario modelling of the National Electricity Market (NEM) undertaken by ACIL utilising a carbon budget for the NEM which is consistent with limiting global temperature increases to well below two degrees Celsius above pre-industrial levels. The ability for AGL to execute on this target is subject to the risks and uncertainties described on pages 25 and 26, including ongoing market and structural developments within Australia's energy markets. AGL will continue to work with key stakeholders, including State and Federal governments, with a view to ensuring a balanced and responsible transition. For the reasons set out on pages 10 and 11 of AGL's Climate Transition Action Plan, this is not aligned with the Paris Agreement's higher ambition of limiting global warming to 1.5 degrees above pre-industrial levels.
3) Annual emissions reductions are expected to exceed 17% and 52% targets in some years due to operational variability.

[Damien Nicks]

It is certainly an important time in the company's 185-year history.

Today - we also announced our inaugural Climate Transition Action Plan - further demonstrating our track record of market-leading climate disclosures, and our commitment to communicating transparently with our stakeholders.


Summary

[Damien Nicks]

Today AGL has announced a clear path forward that we consider to be in the best interests of the company having listened to our stakeholders – in particular, our shareholders, and will ensure AGL remains a strong and sustainable company.

On that note – I thank you again for your time and I'll now open the line to questions.

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Appendix

Highlights of our transition journey

Over $4.8 billion invested in renewable and firming generation in the last two decades – the largest by any ASX listed company

2005-2014

2005 - Acquires **Southern Hydro**.

2008 - Develops **Hallett Wind Farms** (SA).

2009 - Opens **Bogong Hydroelectric** Power Station (Vic).

2012 - Opens **Macarthur Wind Farm** (Vic) - the largest wind farm in the Southern Hemisphere.

2012 – Acquires **Loy Yang A power station** and adjacent coal mine.

2014 – Acquires **Macquarie Generation** including Bayswater and Liddell power stations.

2015

Launches its **first residential battery storage device** into the Australian market.

Releases **Greenhouse Gas Policy**, providing a pathway for decarbonisation.

Nyngan and Broken Hill solar plants achieve full generation of 155 MW.

2016

Offers customers **EV charging**; and launches world's largest **solar Virtual Power Plant**.

Releases **Carbon Constrained Future** Report.

Launches the Powering Australian Renewables Fund.

2017

Virtual Solar pilot gives renters access to solar savings.

Releases Rehabilitation Report.

Launches **Liddell Innovation Project**.

200 MW **Silverton Wind Farm** construction begins

Financial close on **Coopers Gap Wind Farm**.

2018

Releases **Powering a Climate Resilient Economy** report aligned to TCFD recommendations.

Completes major **energy efficiency projects** with an annual total emissions reduction of 68,000 tCO_2e.

2019

Expands **Virtual Power Plant** to allow more customers to enter program.

Closes first **Sustainability Linked Loan** (SLL), becoming first energy company to issue an SLL in the Asia Pacific region.

Generation commences at **Barker Inlet Power Station** (SA), the first major dispatchable power station since 2012.

Completes **large-scale battery deal** with Maoneng in NSW and **Dalrymple 30 MW ESCRI battery** in SA with Electranet.

2020

Launches new **Carbon Neutral product**.

Announces and commences planning for **850 MW grid-scale battery network**; signs **a grid-scale battery** with Vena in Qld.

Releases **Climate Statement.**

Incorporates **emissions reduction metrics into remuneration framework**.

Expands TCFD **scenario analysis**.

Launches **solar battery sales** and installations for customers in Queensland, NSW and Victoria.

2021

Carbon neutral options available across all AGL products

Becomes **Australia's leading commercial solar provider** through acquisition of Epho and Solgen.

Contributes $357.6 million to fund the acquisition of **Tilt Renewables**' Australian business by PowAR.

Commences construction of **250 MW Torrens Battery**.

Signs first **carbon neutral commercial customer.**

Receives development approval for **200 MW Loy Yang battery.**

2022

Commences construction of **50 MW Broken Hill battery.**

Receives development approval for **500 MW Liddell battery.**

Becomes a leading provider of biogas plants with **acquisition of Energy360.**

Closes the first unit of Liddell Power Station in preparation for full closure by April 2023.

Partners with industry to explore **feasibility of developing green hydrogen hubs** at Torrens Island and in the Hunter.

Launches **inaugural Climate Transition Action Plan.**

Decarbonisation Objectives – Risks and Uncertainties

AGL's decarbonisation objectives are subject to significant uncertainties and external risks.

To ensure the continued delivery of reliable and affordable energy, the decarbonisation of AGL's generation portfolio requires the delivery of significant amounts of supporting infrastructure to support a low-emissions electricity system. This will require an unprecedented level of coordination between all levels of government, regulated networks, private businesses, and the broader community, as well as a favourable external operating environment for energy businesses and global advances in the cost of low-emissions technologies. The ability for AGL to execute on its objectives will also be subject to ongoing structural developments within Australia's energy markets in the future, as well as external political and macroeconomic risks. The material risks to achieving the targets and ambitions in line with our decarbonisation objectives include (in no particular order):

Lack of supportive market structures: The structure of the NEM and other adjacent markets (e.g., gas markets, carbon markets) may not provide sufficient incentives to deliver new infrastructure to support the energy transition at the pace required. This may relate to a lack of incentives for new low-emissions generation and storage, transmission and distribution augmentation, integration of distributed energy and other demand-side resources, and resources that provide essential system services.

Increase in actual or perceived reliability risks: An increased risk of actual or forecast load-shedding events, where there is insufficient capacity available to meet customer needs, may heighten the demand for existing dispatchable capacity to remain connected to the NEM to contribute to system reliability.

Increase in actual or perceived system security risks: Efforts to manage a grid that comprises a much higher penetration of variable renewable generation and inverter-based resources may take longer than expected. There may be material constraints that prevent the exit of existing synchronous generation on more aggressive timelines.

Discoordination between federal and State governments: Governments may resist implementing policy in the electricity sector that aligns with economy-wide climate targets. Governments may implement policies that present conflicting incentives and obligations for plant operators with respect to closure of thermal generation.

Implementation of policies to allow government to extend the life of power stations: Governments may enact further policies that mandate continued operation of plant to meet system security and reliability requirements.

Energy demand, electrification and fuel switching: Electricity demand may materially increase, especially as a result of fuel-switching or new demand sources such as electrified passenger vehicles, requiring substantially more dispatchable capacity to meet annual energy requirements. This would result in higher output and emissions.

Technology development and costs: Technology costs for new generation may not decline as forecast, resulting in greater demand for lower-cost generation or the continued operation of existing power stations.

Shortage of critical skills, materials, and resources: A global push for similar skills, materials, and resources, alongside supply chain and delivery pressures, may create substantial delays and/or increases in cost for new generation and transmission projects, necessitating the ongoing operation of existing plant.

Inability to achieve adequate social licence: Local communities may not support the development of new generation and transmission projects that are required in order to meet faster decarbonisation pathways most efficiently. As a result, existing infrastructure may be relied upon for longer than expected.

Decarbonisation Objectives – Risks and Uncertainties (Continued)

Changes in weather and climate: Physical hazards associated with climate change can directly impact on assets such as power stations and transmission infrastructure and have secondary impacts on energy markets and supply chains, which may result in greater requirements for electricity generation from thermal baseload plant.

Other asset closures: The timing of other asset closures, which may be brought forward voluntarily or as a result of plant failures, may impact on the expected order of power station closures, requiring older or more emissions-intensive power stations to continue to operate beyond forecast closure dates to meet system requirements.

Geopolitical risks: A range of possible geopolitical risks, such as international conflicts and trade disputes may directly impact on government policy in the domestic energy sector, limiting the ability to meet more ambitious targets in the electricity sector or restrict the ability for market participants to make operational decisions regarding their plant.

Climate change targets and methodologies: Data and methodologies relating to carbon budgets and accounting, which are in turn used to derive emissions trajectories and closure dates, may change over time and impact on the modelling of pathways to meet climate targets.

Access to capital and other markets: Owners of thermal plant may experience reduced access to debt, equity, insurance, and other markets that support capital requirements for executing a planned transitional pathway. In addition, competition for capital to fund new growth assets may impact project financial viability and delivery timeframes.

Environmental regulation: Changing environmental regulation could materially affect the timing of asset closures across the NEM. Asset closures may be impacted by regulatory reforms relating to the emission of greenhouse gases, other pollutants, and/or particulates, changes in site and mine rehabilitation obligations, restrictions in land use and water rights, or other conditions in environmental licences.

Infrastructure delivery: Decarbonisation of the NEM requires large volumes of new generation to be commissioned, much of which represents greenfield projects that requires new transmission infrastructure to be built in order to connect to the NEM. The scale of this infrastructure replacement presents challenges to the security and reliability of the grid, and the affordability of electricity supply.

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