



ASX & Media Release

Strategic partnership and equity investment in Kaluza as part of Retail Transformation Program

11 June 2024

AGL Energy Limited (AGL) announces today that it has entered into an agreement with Kaluza to transform its customer operations, in the next significant step of its Retail Transformation Program. The Program will focus on enhancing the customer and agent experience, significantly reducing operating costs, improving speed to market, and is a key step to accelerating AGL's ambition to connect its customers to a sustainable future through electrification.

Kaluza is a scalable, flexible and proven technology platform that digitises and simplifies energy billing, reduces cost to serve and enables faster product innovation to facilitate the energy transition. Kaluza currently services more than 6 million meters at OVO Energy in the UK.

Retail Transformation Program

AGL will deploy Kaluza into AGL's Consumer customer base over the next three years, transferring its 4 million consumer electricity and gas customer services onto the Kaluza platform. The Retail Transformation Program aims to deliver a reduction in operating costs and capital expenditure, with net benefits expected to commence in FY28 and expected pre-tax cash savings of approximately \$70-90 million annually from FY29.

This Program builds on AGL's existing relationship with Kaluza through its investment in OVO Energy Australia, in which AGL has had a 51% investment in since 2021 and now fully owns. Kaluza successfully migrated OVO Energy Australia's customer base onto the Kaluza platform in 2023 and now supports over 80,000 customer services.

The estimated implementation costs for the residential and small business customer solution component of the Retail Transformation Program will be approximately \$300 million over four financial years, beginning in FY24. This includes costs associated with program and change management, customer migration, systems integration, and change within supporting platforms.

In addition, AGL will transform its operating model with the purpose of delivering effortless experiences for customers, supported by nimble, flexible and empowered teams, underpinned by the Kaluza platform.

This phase of the Program excludes AGL's Large Business customers, and AGL will continue to consider transformation options for these customers.

Investment in Kaluza

In addition to deploying Kaluza in its Consumer customer business, AGL will make an approximately AUD\$150m investment in Kaluza to fund the next phase of its growth. The investment will be in the form of preference shares and result in AGL holding a 20 per cent interest directly in Kaluza. Under this structure AGL will have input into the strategic direction of Kaluza through representation on the Kaluza Board and access to value for AGL shareholders as Kaluza builds on its success. The investment will be funded from cash on AGL's balance sheet with the capital provided by AGL to be used to fund the growth and operations of Kaluza, including the ambition to accelerate Kaluza's international expansion. Completion is expected later in 2024 following the satisfaction of customary conditions precedent.



CEO Commentary

AGL CEO Damien Nicks said, "This represents a significant milestone in our transformation journey to connect more customers to a sustainable future. Our world-class technology, enabled by Kaluza and alongside other industry partnerships, will allow us to develop a future suite of simplified products that will seamlessly integrate into the lives of our customers and improve their experience. This will be complemented by a streamlined operating model to help us deliver superior speed to market and a reduction in costs."

"The technology market is changing materially with the emergence of new core utility platforms offering greater flexibility and speed, which makes it imperative to partner with industry leaders, and is why we have chosen Kaluza."

"OVO Energy Australia has experienced strong customer growth, with all customers migrated to Kaluza in 2023 while achieving a Net Promoter Score (NPS) of 40+. As a result of the OVO Energy Australia investment and our proposed 20% equity interest in Kaluza, AGL has strengthened its relationship with the OVO Group which will enable us to accelerate our strategic ambition to support customers as they decarbonise and electrify."

"This is an exciting opportunity for AGL and its customers. The Kaluza platform will enable new product innovation at speed, whilst at the same time materially reducing operating costs for AGL's customer business in the future." Mr Nicks said.

Authorised for release by AGL's Market Disclosure Committee.

Investor enquiries

James Thompson
Head of Investor Relations
M: +61 403 183 563
E: jthompson5@agl.com.au

Media enquiries

Paul Hitchins
Head of Media
M: +61 419 315 001
E: media@agl.com.au

About AGL Energy

At AGL, we believe energy makes life better and are passionate about powering the way Australians live, work and move. Proudly Australian for more than 185 years, AGL supplies around 4.3 million^[1] energy and telecommunications customer services. 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 one of Australia's leading private investors 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'll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

For more information visit [agl.com.au](https://www.agl.com.au).

^[1] Services to customers number is as at 31 December 2023.