

ASX and Media release

AGL reports strong growth in customer numbers and FY2012 Underlying Profit

22 August 2012

AGL Energy Limited (AGL) today reported a statutory net profit after tax of \$114.9 million for the year ended 30 June 2012. This was down 79.4% on the prior year, reflecting significant items primarily associated with the acquisition of the Loy Yang A power station, and changes in the fair value of certain electricity derivatives.

AGL's Underlying Profit of \$482.0 million was up 11.8% on the prior corresponding period, in line with guidance. Underlying Profit is the statutory net profit after tax adjusted for significant items and changes in the fair value of certain electricity derivatives.

AGL's customer accounts grew by 180,000 with increases in all States in which the company operates. The organic growth strategy saw a net increase of 32.5% in New South Wales electricity customers for the year.

AGL has declared a final dividend of 32.0 cents per share, bringing the dividend for the year to 61.0 cents per share. The final dividend will be paid on all issued shares, including the new shares issued at a discount in June 2012. The final dividend will be fully franked.

RESULT OVERVIEW:

- **Revenue \$7,455.6 million, up 5.4 %**
- **Statutory NPAT \$114.9 million, down 79.4 %**
- **Underlying Profit¹ \$482.0 million, up 11.8 %**
- **Statutory EPS 23.8 cents per share, down 79.9 %**
- **Underlying EPS 100.0 cents per share, up 9.4 %**
- **Underlying Operating cash flow before interest & tax \$750.7 million, up 4.9 %**
- **2012 dividend of 61.0 cents per share (100 % franked), up 1.7 %**

Commenting on the full year results, AGL Managing Director, Michael Fraser, said: "This has been a very successful year for AGL. We completed the acquisition and funding of the Loy Yang A power station and adjacent coal mine, achieved good growth in underlying earnings and customer numbers while also making very good progress in improving the quality of our customer service.

"Over the past twelve months, we increased our electricity customer base in New South Wales by 32%. In total, we have now gained approximately 200,000 new electricity customers in New South Wales since January 2011.

"We were also the successful bidder for the Federal Government's Solar Flagship program, and won the right to supply long-term gas and power to Xstrata at Mt Isa. To cap off the year, we recently gained planning approval to develop a gas storage facility at Newcastle."

1. Underlying Profit has been presented with reference to the Australian Securities and Investment Commission Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance and the Directors have had the consistency of the application of the policy reviewed by the external auditors of AGL.

Dividends: AGL has declared a fully franked final dividend of 32.0 cents per share bringing the total dividend for 2012 to 61.0 cents per share, an increase of 1.7% on the prior corresponding period. Shares issued in the recent entitlement offer are eligible for this dividend.

The record date for the final dividend is 5 September 2012 with payment to be made on 27 September 2012. Shares will commence trading ex-dividend on 30 August 2012.

The AGL Dividend Reinvestment Plan (DRP) will be in operation. Shares will be allotted at a 1.5% discount to the simple average of the daily weighted average market price at which AGL's ordinary shares are traded on the ASX during each of the 10 trading days commencing on 7 September 2012.

Outlook: Good growth is expected from AGL's Merchant Energy business with a full-year contribution from Loy Yang and an initial contribution from the Victorian and South Australian desalination contracts. These factors will be partially offset by the absence of wind farm development fees, and continued soft electricity demand.

Solid growth is expected from the Retail Energy business despite soft demand and the recent Queensland regulatory price decision.

AGL expects continued growth in Underlying EPS in 2013. Formal earnings guidance will be provided at the Annual General Meeting to be held on 23 October 2012.

Conference call: A webcast and conference call will be held today to discuss AGL's 2012 full year profit result.

Webcast via: www.aglinvestor.com

10.30am

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About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.

Appendix 1: Reconciliation of Statutory Profit to Underlying Profit

Statutory Profit is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards. Underlying Profit is the Statutory Profit adjusted for significant items and changes in fair value of financial instruments.

AGL believes Underlying Profit provides a better understanding of its financial performance because it:

- removes significant items that are material items of revenue or expense that are unrelated to the underlying performance of the business thereby facilitating a more representative comparison of financial performance between financial periods; and
- removes changes in the fair value of financial instruments recognised in the income statement to remove the volatility caused by mismatches in valuing derivatives and the underlying asset.

Reconciliation of Statutory Profit to Underlying Profit	Year ended 30 June 2012 \$m	Year ended 30 June 2011 \$m
Statutory Profit	114.9	558.7
Adjust for the following after tax items:		
Significant items	155.1	27.3
Changes in fair value of financial instruments	212.0	(154.9)
Underlying Profit	482.0	431.1