



ASX & Media Release

AGL reports 12.1% increase in FY15 Underlying Profit After Tax

12 August 2015

AGL Energy Limited (AGL) today reported a statutory net profit after tax of \$218 million for the year ended 30 June 2015.

AGL's Underlying Profit¹ of \$630 million was up 12.1% on FY14. Underlying Profit is the statutory net profit after tax adjusted for Significant Items and changes in the fair value of certain energy derivatives.

AGL has declared a final dividend of 34.0 cents per share, which brings the total dividend for the year to 64.0 cents. The final dividend will be fully franked.

Commenting on the full year results, AGL Managing Director, Andy Vesey, said:

"In recent months, AGL has made significant strides implementing a strategic transformation which has revitalised the leadership team and is creating an anticipatory culture.

"AGL has an important role to play in transitioning Australia's electricity generation industry to a lower carbon future. We are already at the forefront of this change having built approximately \$2 billion of renewable generation and committed not to extend the operating life of our coal-fired power stations.

"The Macquarie Generation acquisition, which completed in early September 2014, has been a major driver of the significant improvement in profit and operational cash flow, and more than offset the effect of removal of the carbon tax," said Mr Vesey.

RESULT OVERVIEW:

- **Revenue \$10,678 million, up 2.2%**
- **Statutory NPAT \$218 million, down 61.8%**
- **Underlying Profit After Tax \$630 million, up 12.1%**
- **Statutory EPS 33.3 cents per share, down 66.1%**
- **Underlying EPS 96.4 cents per share, down 0.5%**
- **Underlying Operating cash flow before interest & tax \$1,527 million, up \$378 million**
- **2015 final dividend of 34.0 cents per share (100% franked), up 1 cent per share**

The statutory net profit after tax for FY15 was down 61.8% on FY14 largely due to higher Significant Items in the current financial year. Significant Items of \$578 million included costs associated with the Macquarie Generation acquisition of \$117 million and a \$435 million impairment of Upstream Gas assets.

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. The Directors have had the consistency of the application of the policy reviewed by AGL's external auditors.



Dividends: AGL has declared a fully franked final dividend of 34.0 cents per share.

Shares will commence trading ex-dividend on 25 August 2015. The record date to determine shareholders' entitlements to the final dividend is 27 August 2015 with the dividend being paid to shareholders on 24 September 2015.

The AGL Dividend Reinvestment Plan will operate in respect of the dividend. Shares will be allotted at no 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 31 August 2015.

No new shares will be issued to satisfy the DRP but will be acquired on market. This is a change in approach compared with previous years.

Outlook: AGL has previously advised the market that it will improve operational efficiency and is targeting around \$200 million real reduction in its normalised operating cost base, and around \$100 million real reduction in sustaining capital expenditure by FY17. A significant portion of this cost improvements is expected to be achieved by 30 June 2016.

In addition, AGL is targeting around \$1 billion in non-strategic and under-performing asset divestments by the end of FY17. The sale of AGL's 50 percent interest in the Macarthur Wind Farm is expected to be completed in the first half of FY16. Working capital reductions of around \$200 million by the end of FY17 are also targeted.

Restructuring costs associated with the organisation restructure of approximately \$20 million pre-tax are expected to be booked as Significant Items in FY16.

AGL will provide formal guidance of its FY16 earnings outlook at its Annual General Meeting on 30 September 2015.

Conference call: A webcast and conference call will be held today to discuss AGL's 2015 interim profit result.

A copy of the investor presentation is attached.

eWebcast via: www.aglinvestor.com

10.30am

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About AGL

AGL is one of Australia's leading integrated energy companies. It is taking action to responsibly reduce its greenhouse gas emissions while providing secure and affordable energy to its customers. Drawing on over 175 years of experience, AGL serves its customers throughout eastern Australia with meeting their energy requirements, including gas, electricity, solar PV and related products and services. 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, solar, landfill gas and biomass.

FY15 Full Year Results

30 June 2015

Andy Vesey
Managing Director and CEO

Brett Redman
Chief Financial Officer

12 August 2015

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Disclaimer and important information

The information in 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.
- > Does not take into account the potential and current individual investment objectives or the financial situation of investors.
- > Was prepared with due care and attention and is current at the date of the presentation.

Actual results may materially vary from any forecasts (where applicable) in this presentation.

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.

All references to prior period movements are to the corresponding period ended 30 June 2014 (as restated for the segment reporting update on 29 July 2015).

Statutory Profit and Underlying Profit

Statutory Profit is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with the International Financial Reporting Standards.

Underlying Profit is the Statutory Profit adjusted for significant items and changes in the fair value of financial instruments.

Underlying Profit has been presented with reference to the Australian Securities and Investments 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. The Directors have had the consistency of the application of the policy reviewed by the external auditor of AGL.

Agenda

3

- | | | |
|---|----------------------------|--------------|
| 1 | Results Highlights | Andy Vesey |
| 2 | Group Financials | Brett Redman |
| 3 | Operational Review/Outlook | Andy Vesey |
| 4 | Supplementary Information | |

IMPORTANT NOTE:

This presentation should be read in conjunction with the
AGL Energy Limited Financial Results ASX Release for the year ended 30 June 2015.

- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

FY15 highlights

Strong result driven by acquisition of Macquarie and underlying business.

- > Statutory Profit of \$218 million, down 61.8%
- > Underlying Profit of \$630 million, up 12.1%
 - » Excluding carbon repeal impact of \$118 million NPAT, EPS up by 18 cps
 - » Macquarie delivered \$112 million NPAT compared with investment case of \$75 million
 - » Queensland wholesale gas sales added \$90 million NPAT
- > Underlying Operating Cash Flow before interest and tax of \$1,527 million
 - » Up \$378 million driven by Macquarie and disciplined working capital management
- > Consumer electricity volumes down 4.4% with residential decline flattening
- > Consumer gas volumes up 9.4% following return to more normal weather conditions
- > Generation of 38.2 TWh compared with total supplied 38.0 TWh
- > Revitalised strategy positions AGL for the future
 - » Targeting \$200 million recurring cash savings and \$1.2 billion one off cash by end FY17
 - » Upstream Gas review resulting in focus on fewer projects
 - » New Energy targeting 1 million smart connections by FY20

FY15 result

Underlying operating cash flow up 33%.

FINANCIAL

> Revenue:	\$10,678m	↑ 2.2%
> Statutory Profit:	\$218m	↓ (61.8%)
> Underlying Profit:	\$630m	↑ 12.1%
> Statutory EPS:	33.3 cps	↓ (66.1%) ¹
> Underlying EPS:	96.4 cps	↓ (0.5%) ¹
> DPS: (final dividend 34.0 cents - 100% franked)	64.0 cps (FY14: 63.0 cps)	↑ 1.0 cps
> Gearing (Net Debt/Net Debt + Equity)	28.6% (FY14: 29.8%)	↓ (1.2 ppts)
> Statutory operating cash flow after tax:	\$1,044m	↑ \$345m
> Underlying operating cash flow before interest and tax:	\$1,527m	↑ \$378m

OPERATIONAL

- > Strong operating cash flow reflects lower working capital and Macquarie acquisition
- > Macquarie integration completed in June, three months ahead of schedule
 - » Generation volumes and wholesale prices exceeded acquisition model
- > Competitive customer segmentation implemented enabling greater focus on customer value

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> 12 August 2015

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1. Statutory and Underlying EPS for the prior corresponding period have been restated to reflect the bonus element of the rights issue completed in September 2014.

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Strategic transformation

Rapid implementation.

Alignment of structure with strategy

- > Leadership team revitalised
 - » EGM, Group Operations expected to be finalised by the end of the year
- > Organisation restructure close to final
 - » Majority of key positions now filled
 - » Restructure process expected to be finalised during 1H FY16
- > Upstream Gas integration completed

Anticipatory culture

- > Initial scenario planning workshop held
- > Creating the anticipatory culture, which includes:
 1. Market and Technology Intimacy
 2. Scenario Planning
 3. Responsive Portfolio Management
 4. Lean Processes
 5. Rapid Learning Organisation
 6. Adaptive Business Partnerships and Supply chains

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> 12 August 2015

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Greenhouse gas / decarbonisation

Committed to action consistent with a 2°C world.

- > AGL released a new Greenhouse Gas policy in April 2015:
 - » Will not extend operating life of existing coal-fired power stations
 - » Will not build, finance or acquire new conventional coal-fired power stations in Australia (without carbon capture and storage)
 - » Will incorporate future carbon pricing forecast into generation capex decisions
 - » By 2050, AGL will close all existing coal-fired power stations
- > Government policy is critical to achieving 2°C goal
 - » AGL continues to engage with all levels of government
- > Implemented internal greenhouse strategy to manage carbon focused activities across policy, strategy, commercial opportunities and capital expenditure
 - » Successfully participated in the Emission Reduction Fund for ~1mt CO₂e abatement

New Energy

Building a base to move forward.

Exiting under-performing areas

- > Closed AGL Smarter Living Stores to focus on connected products

Unlocking growth

- > Increased Solar PV revenue by 23% between FY14 and FY15
- > Increased commercial energy efficiency project revenue by 41% between FY14 and FY15

Investing in new products and propositions

- > Launched Activestream, AGL's digital metering business
- > Established strategic partnerships with Greenbox and Solar Analytics to fill capability gap
- > First major Australian energy retailer to launch key products:
 - » Solar power purchase agreement (PPA), 'Solar Smart Plan'
 - » Energy Storage proposition 'Power Advantage'

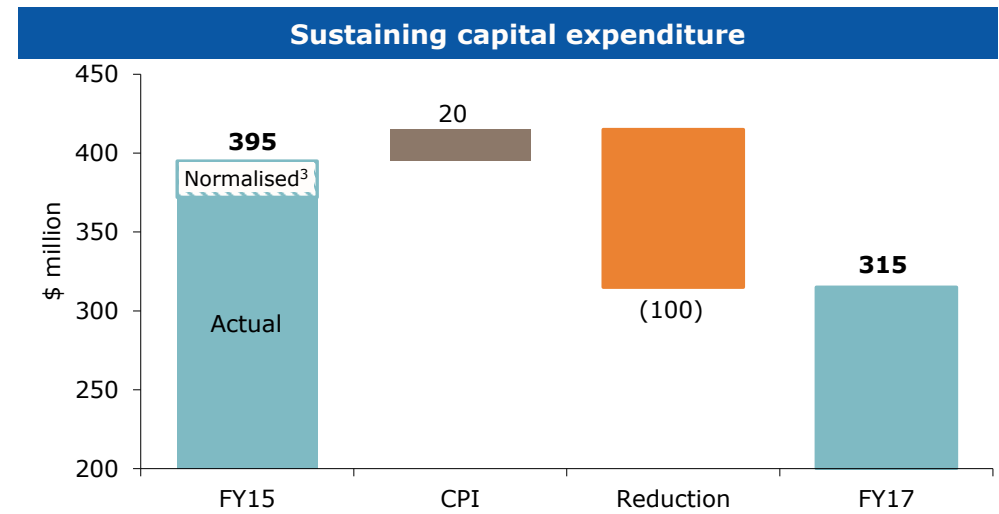
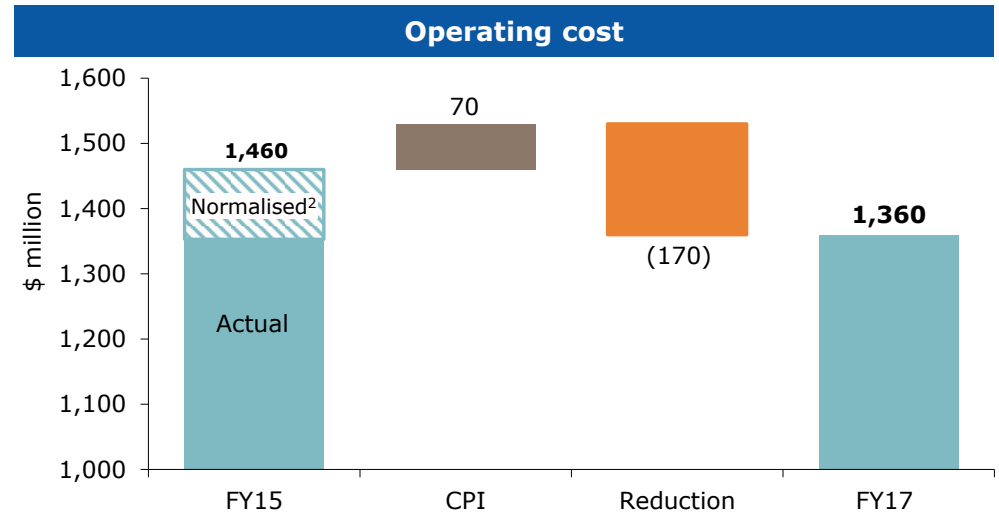


Operating costs and sustaining capex

Targeting \$200 million¹ of cash flow savings by FY17.

- > Targeting \$170 million (real) operating cost reduction over FY16-FY17:
 - » \$100 million – Identified opportunities in major maintenance, IT and other supply contracts
 - » \$15 million – Upstream Gas restructure
 - » \$55 million – Work underway across the business to identify further savings

- > Targeting \$100 million (real) sustaining capital expenditure reductions over FY16-FY17:
 - » Continued focus on capital investments with risk based assessment and prioritisation of projects



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- > 12 August 2015
- > AGL External

1. Recurring cash flow benefit:

Operating costs
Sustaining capital expenditure
Real operating cost benefit
Less: Pre-tax PPA costs from divestments
Total recurring benefit by FY17

\$170 million
\$100 million
\$270 million
~(\$70 million)
\$200 million

2. FY15 operating expenses adjusted for growth (primarily a full year of AGL Macquarie, New Energy, Solar and NGSF), and reclassification of Loy Yang overburden.

3. FY15 sustaining capex adjusted for full year of Macquarie and reclassification of Loy Yang overburden.



Improve capital efficiency

One-off benefit to free cash flow of ~\$1.2 billion targeted for FY16 and FY17.

Asset Sales

- > First major asset sale expected 1H FY16
 - » Macarthur (50%) wind farm ~\$500 million
- > Ongoing assessment of Upstream Gas assets
 - » Announced sale of Cooper Oil interest

One-off Benefits	\$m
Asset Sales	1,000
Working Capital Reduction	200
Total one-off benefit by FY17	1,200

Working Capital

- > Reduce inventory:
 - » Green assets predominantly wind down of surplus LRECs
 - » Optimisation of Macquarie coal stockpile (4.2 Mt at acquisition)
 - » Excess gas bank to be naturally consumed
- > Improvement in credit management
 - » Enhanced credit systems and technology
 - » Monthly payment products

Group Financials

Brett Redman
Chief Financial Officer

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The logo for AGL, featuring a stylized sunburst icon to the left of the letters "AGL".

Statutory Profit to Underlying Profit reconciliation

Volatility of non-cash items highlights value of focus on Underlying Profit.

\$m	FY15	FY14	Change
Statutory Profit	218	570	↓ (352)
Adjust for the following after tax items:			
Significant items	578	20	
Changes in fair value of financial instruments	(166)	(28)	
Underlying Profit	630	562	↑ 68

- > Significant items in the current year include costs associated with the Macquarie acquisition, restructuring and the review of the Upstream Gas business
- > Changes in the fair value of financial instruments arise from an accounting standard requirement to value certain components of AGL's derivative portfolio differently from the value of the underlying asset to AGL's business. This is a non-cash accounting entry
- > Underlying Profit and Operating EBIT are useful as they:
 - » remove 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
 - » remove changes in the fair value of financial instruments recognised in the statement of profit or loss to remove the volatility caused by mismatches in valuing derivatives and the underlying asset differently

Significant items

All consistent with previous announcements.

13

\$m	Pre-tax	Tax	Post-tax
Upstream Gas			
Gloucester	(275)	82	(193)
Moranbah	(321)	84	(237)
Cooper Oil	(7)	2	(5)
Sub-total	(603)	168	(435)
Macquarie acquisition stamp duty	(93)	28	(65)
Macquarie elimination of derivative contracts	(37)	-	(37)
Macquarie acquisition and integration costs	(22)	7	(15)
Restructuring costs	(25)	7	(18)
Carbon repeal costs	(12)	4	(8)
Total Significant items	(792)	214	(578)

- > Upstream Gas impairments arising from the strategic review announced on 6 July 2015
- > Macquarie acquisition was completed on 2 September 2014 with no significant changes since the half-year review
- > Restructuring costs include the closure of Smarter Living stores, HCE and organisation restructure
- > Carbon repeal costs relate to the removing of carbon tax from customer statements and the write-off of carbon implementation costs

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> 12 August 2015

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Underlying Profit

Underlying Profit up 12.1% on prior period.

14

\$m	FY15	FY14	Change
Revenue	10,678	10,445	2.2%
Operating EBITDA	1,505	1,330	13.2%
Operating EBIT			
Energy Markets	2,063	1,619	27.4%
Group Operations	(729)	(473)	54.1%
New Energy	2	21	(90.5%)
Investments	26	23	13.0%
Centrally Managed Expenses	(236)	(186)	26.9%
Total Operating EBIT	1,126	1,004	12.2%
Less: Net finance costs	(234)	(223)	4.9%
Underlying Profit before tax	892	781	14.2%
Less: Income tax expense	(262)	(219)	19.6%
Underlying Profit	630	562	12.1%
Underlying EPS (cents per share)	96.4	96.9	(0.5%)

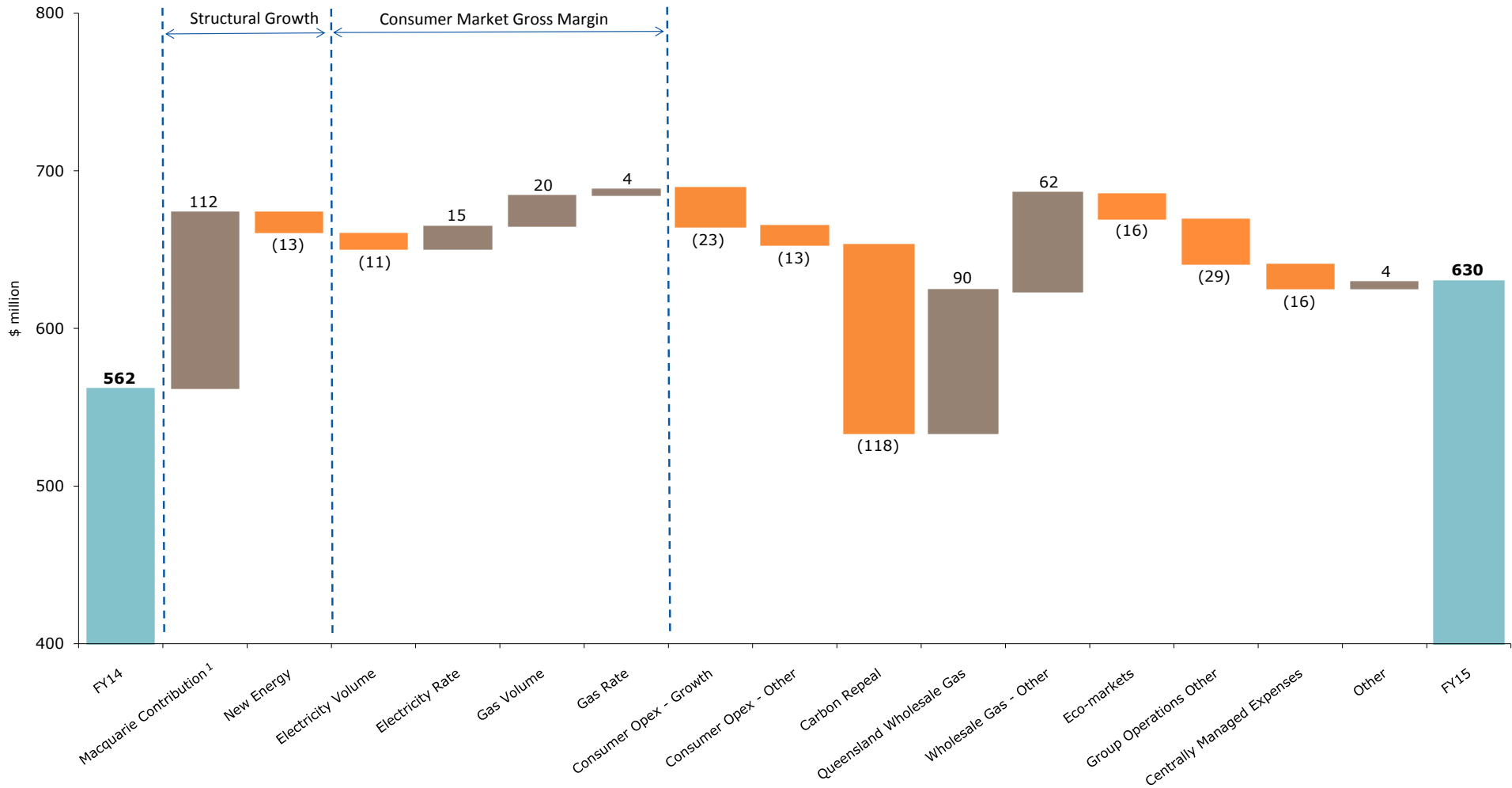
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> 12 August 2015

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Group Underlying Profit drivers

Represents after tax amounts.



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> 12 August 2015

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1. Macquarie contribution consists of the following:

- Energy Markets \$407 million
- Group Operations (\$215 million)
- Centrally Managed Expenses (\$27 million)
- Finance Costs (\$5 million)
- Tax Expense (\$48 million)
- **Macquarie NPAT \$112 million**



Energy Markets – key financial metrics

Higher generation and Queensland gas sales.

16

\$m	FY15	FY14	Change
Operating EBITDA	2,152	1,727	24.6%
Depreciation and amortisation	(89)	(108)	(17.6%)
Consumer Market EBIT	321	332	(3.3%)
Electricity gross margin	426	420	1.4%
Gas gross margin	311	277	12.3%
Net operating costs	(416)	(365)	14.0%
Business Customers EBIT	67	64	4.7%
Electricity gross margin	42	39	7.7%
Gas gross margin	60	62	(3.2%)
Net operating costs	(35)	(37)	(5.4%)
Wholesale Markets EBIT	1,675	1,223	37.0%
Electricity gross margin	1,300	1,038	25.2%
Gas gross margin	380	164	131.7%
Eco-markets gross margin	31	54	(42.6%)
Net operating costs	(36)	(33)	9.1%
Operating EBIT	2,063	1,619	27.4%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

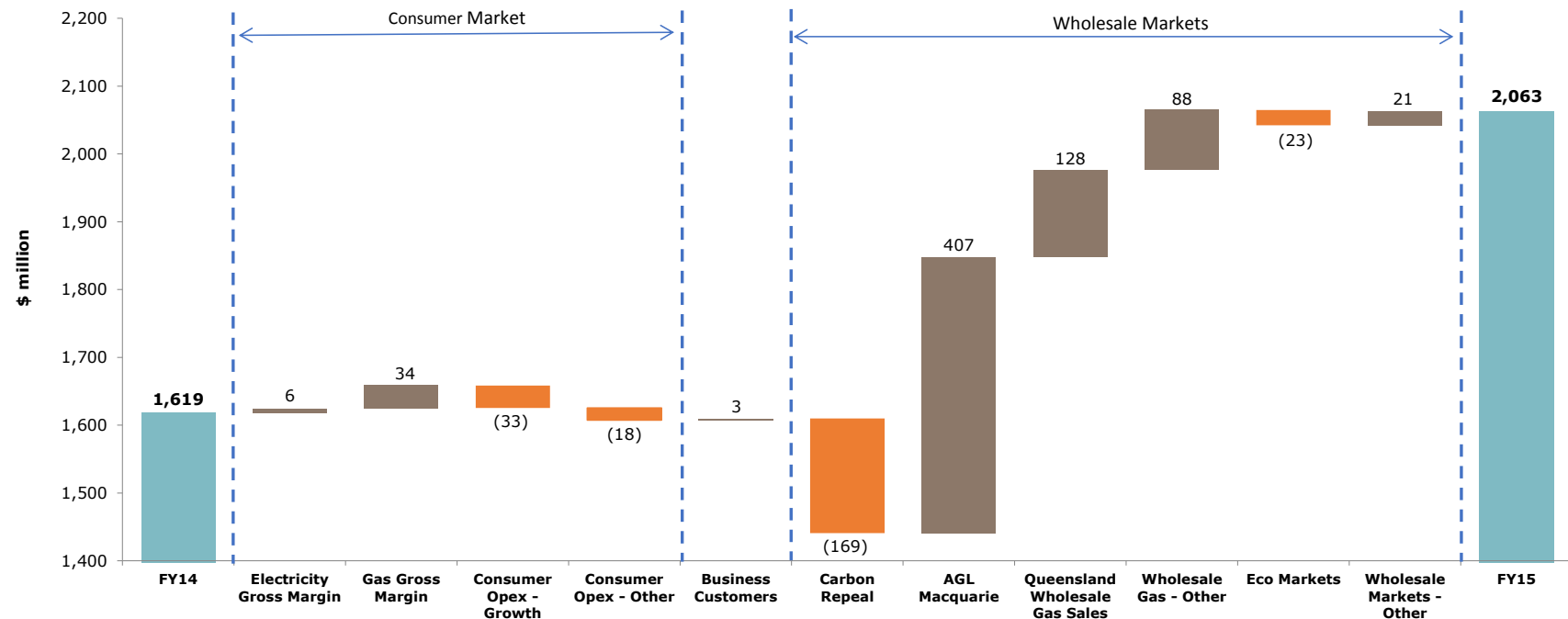
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Energy Markets – Operating EBIT drivers

Higher generation and Queensland gas sales.



Key drivers:

- > Consumer Electricity gross margin increase through disciplined price management partially offset by lower volumes.
- > Gas gross margin benefited from higher volume under normalised weather conditions.
- > Consumer operating costs increased \$33 million with the full year impact of the APG and Energy Connections NSW acquisitions, and the resulting maintenance of a larger customer base. Excluding this, costs increased 4.9% driven by investment in digital and customer value capability and an increase in bad debt expenses.
- > Carbon repeal impact includes the loss of Loy Yang A transitional assistance and a reduction in generation revenues partially offset by lower pool purchase rates and carbon related costs.
- > Macquarie purchased on 2 September 2014 has added 19 TWh of generation.
- > Additional 36 PJ in Queensland Wholesale Gas sales delivered average margin of \$3.40/GJ. Wholesale Gas benefited from the generally rising gas market price.

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

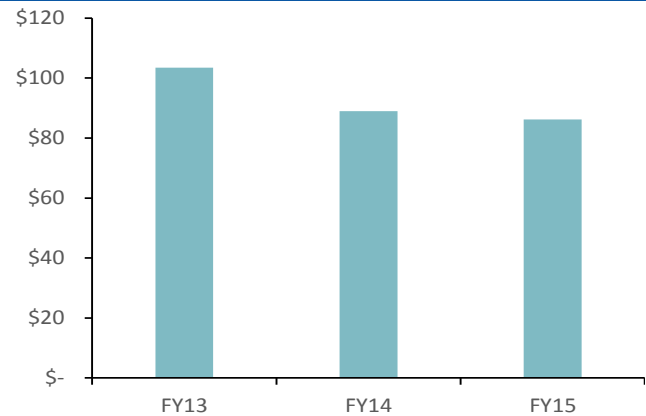
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Consumer Market - key metrics

Competitive market and investment in digital and customer value capability impacting metrics.

\$m	FY15	FY14	Change
Gross margin (\$m)	737	697	5.7%
Net operating costs (\$m)	(416)	(365)	14.0%
EBIT (\$m)	321	332	(3.3%)
Average customer numbers ('000)	3,726.9	3,733.0	(0.2%)
Cost to Serve per customer account	\$72	\$63	14.3%
Cost to acquire/retain per account required/retained	\$87	\$86	1.2%
Gross margin per customer account	\$198	\$187	5.9%
EBIT per customer account	\$86	\$89	(3.4%)
Net operating costs to gross margin ratio	56.5%	52.4%	4.1ppts
Net operating costs per customer account	\$112	\$98	14.3%

EBIT per customer account



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> 12 August 2015

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Group Operations – key financial metrics

19

Higher cost base from the acquisition of Macquarie.

\$m	FY15	FY14	Change
Operating EBITDA	(475)	(286)	66.1%
Depreciation and amortisation	(254)	(187)	35.8%
Thermal	(574)	(340)	68.8%
Renewables	(77)	(78)	(1.3%)
Natural Gas	(23)	(13)	76.9%
Other	(55)	(42)	31.0%
Operating EBIT	(729)	(473)	54.1%

Key drivers:

- > Lower Thermal Operating EBIT largely attributable to the addition of Macquarie totaling (\$215 million). Underlying costs up 5.6% driven by higher depreciation primarily at Loy Yang and above CPI wage increases at sites
- > Lower Natural Gas Operating EBIT due to reduced oil revenue in Silver Springs, reduced gas sales revenue in the North Queensland JV, and higher Moranbah operating costs

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> 12 August 2015

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Underlying Operating cash flow

Strong operating cash flow reflecting quality earnings and the addition of Macquarie.

\$m	FY15	FY14	Change
Operating EBITDA	1,505	1,330	175
Equity accounted income	4	1	3
Onerous contracts	(14)	(117)	103
Receivables	77	109	(32)
Inventories	(62)	(54)	(8)
Creditors	74	(189)	263
Net movement in green assets and liabilities	53	43	10
Carbon liability	(139)	(12)	(127)
Other	29	38	(9)
Total working capital movements	32	(65)	97
Underlying Operating cash flow before interest and tax	1,527	1,149	378

- > AGL Macquarie contributed \$287 million in underlying operating cash flow before interest and tax in FY15
- > The impact of the repeal of carbon on working capital is not significant. Decrease in receivables of approximately \$134 million (FY14 \$24 million decrease), broadly offsetting the estimated decrease in trade creditors of \$17 million (FY14 \$3 million increase) and decrease in carbon liability of \$139 million (FY14 \$12 million decrease)
- > Adjusted for carbon, receivables and creditors movements driven by higher electricity and gas volumes associated with colder weather in Q4 FY15

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> 12 August 2015

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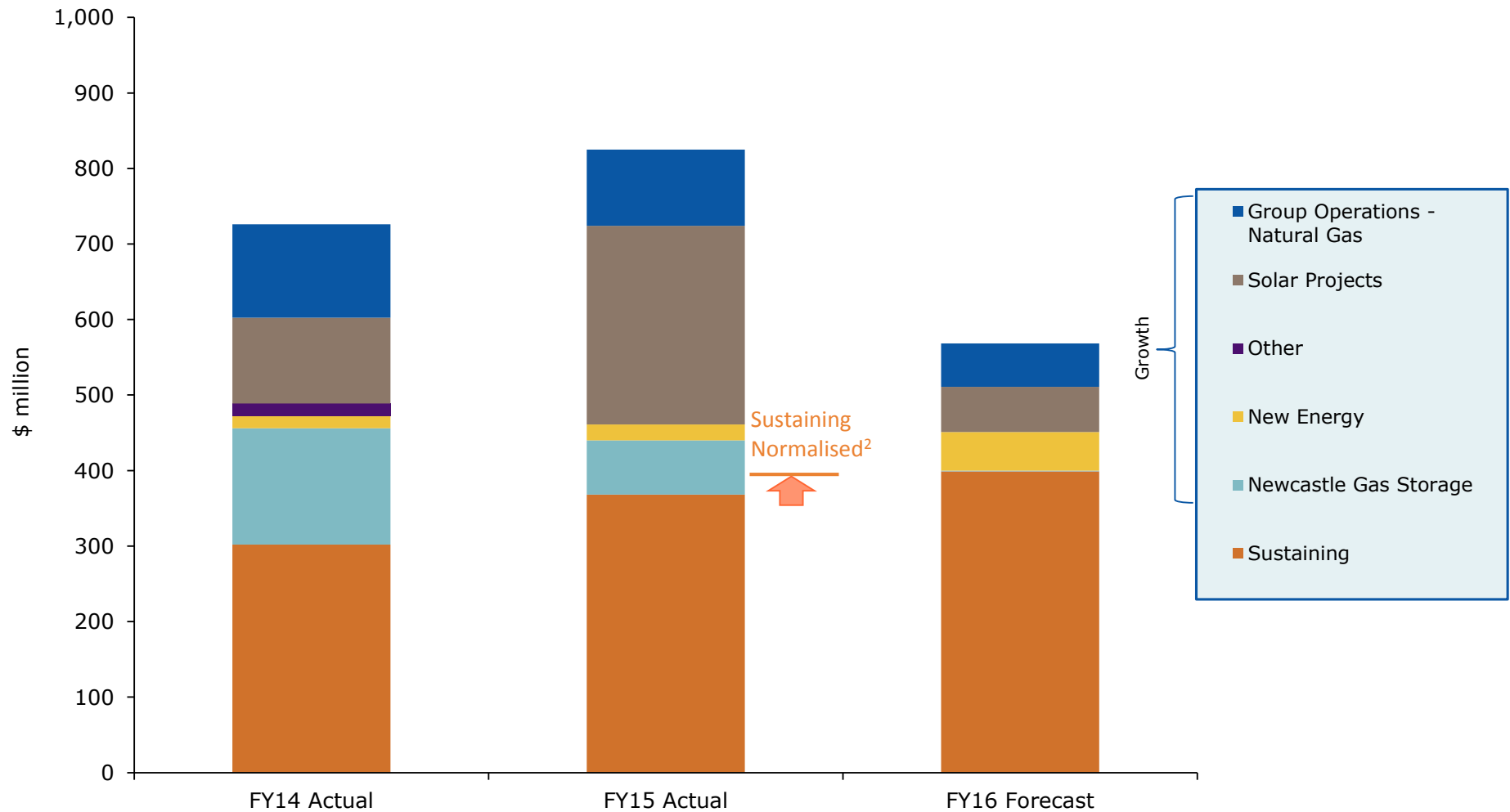
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Capital expenditure

Large-scale solar farm spend of \$232 million¹ in FY15.



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1. Net of government funding.

2. FY15 sustaining capex adjusted for full year of Macquarie and reclassification of Loy Yang overburden.

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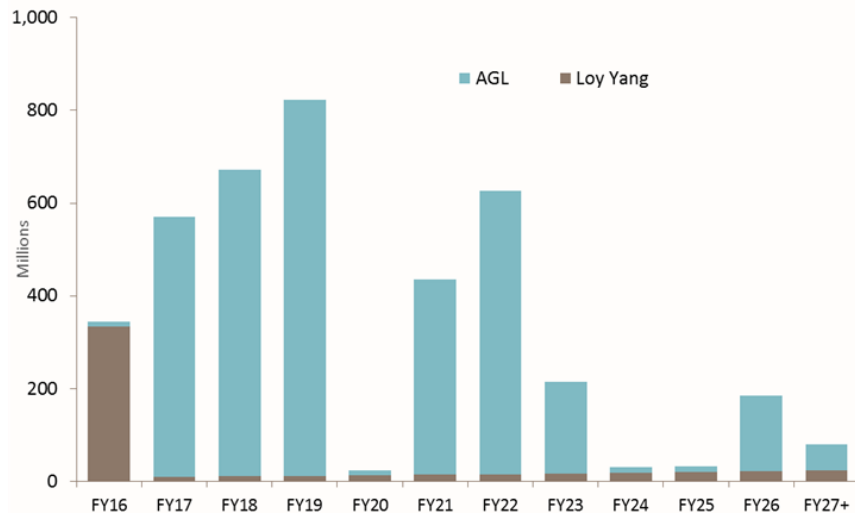
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Debt structure

Long term funding locked in at attractive margins.

- > \$600 million 7-year A\$MTN program in October 2014 provided long term funding for Macquarie acquisition
- > \$410 million 6.5-year bank debt facility completed in February 2015
- > AGL's 50% share of the Macarthur wind farm is expected to be sold in 1H FY16
 - » Proceeds expected to repay \$324 million of Loy Yang senior debt

AGL Debt Maturity Profile



Facilities at 30 June 2015

Current

	Limit \$m	Usage \$m
Loy Yang A Senior Debt	324	324
Loy Yang CPI Indexed Bond	7	7
Bridge Facility	100	100
Export Credit Agency Facility	11	11

Non Current

Bank Term Debt	1,060	1,060
Bank Revolver Debt	600	380
Medium Term Notes	597	597
US Senior Notes	338	338
Export Credit Agency Facility	167	167
Subordinated Notes	650	650
Loy Yang CPI Indexed Bond	167	167

Total Debt	4,021	3,801
Less: Cash		259
Net Debt		3,542

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> 12 August 2015

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Financial ratios

AGL financial metrics improve with strong cash flow generation at Macquarie.

- > The key ratios Standard & Poor's (S&P) apply to AGL are:
 - » Gross Debt to Adjusted EBITDA
 - » FFO / Cash interest
- > Improved metrics reflect:
 - » Macquarie's strong cash flows and acquisition funding mix
 - » S&P's carbon tax methodology excluded the benefit of the Federal Government's carbon assistance payments

	FY15	FY14
FFO / Cash interest (times) ¹	6.4	4.0
Gross Debt / Adjusted EBITDA (times) ¹	3.3	4.3
Net Debt (\$ million)	3,542	3,250
Net Debt / (Net Debt + Equity)	28.6%	29.8%

- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

1. Similar methodology as applied by S&P (methodology published November 2013).

Operational Review

Andy Vesey
Managing Director and CEO

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People and safety

Consistent results in key safety and engagement measures.

Key safety statistics for FY15:

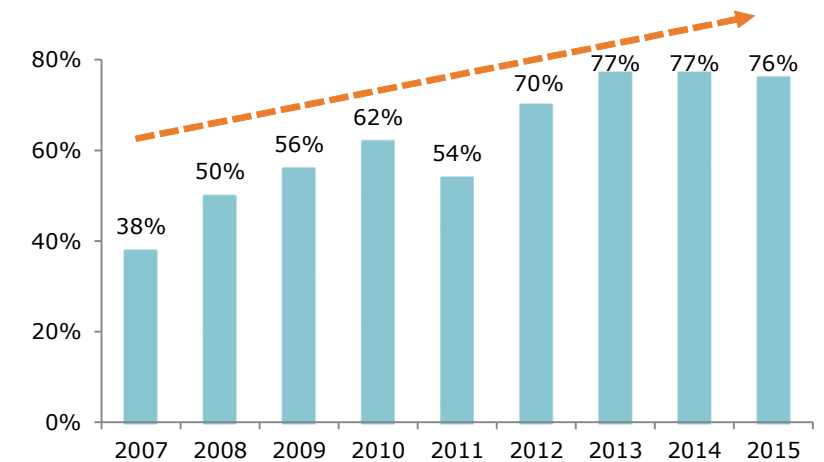
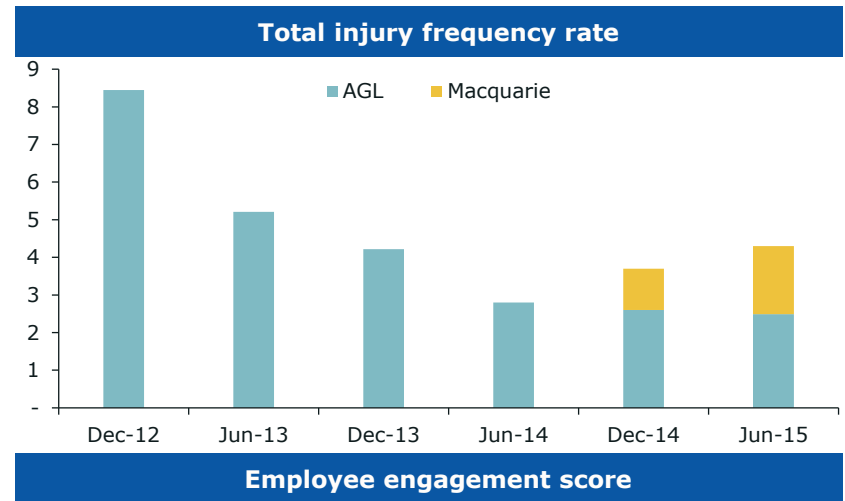
- > TIFR was 4.3, a 54% increase from last year. Excluding Macquarie, AGL performed 11% favourable to last year
- > Including Macquarie, OIFR was 1.7, a 54% improvement from last year

Employee engagement:

- > AGL maintained a high level of employee engagement during a period of organisational change positioned in the ORC International "Best Performing Zone"

Enterprise Bargain Agreements:

- > Signed during the year:
 - » AGL Torrens (to June 2018)
 - » AGL Hydro (to December 2017)
 - » South Australian Retail contact centre (to December 2018)
- > Loy Yang EBA expires on 31 December 2015, negotiations to commence in 1H FY16



> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

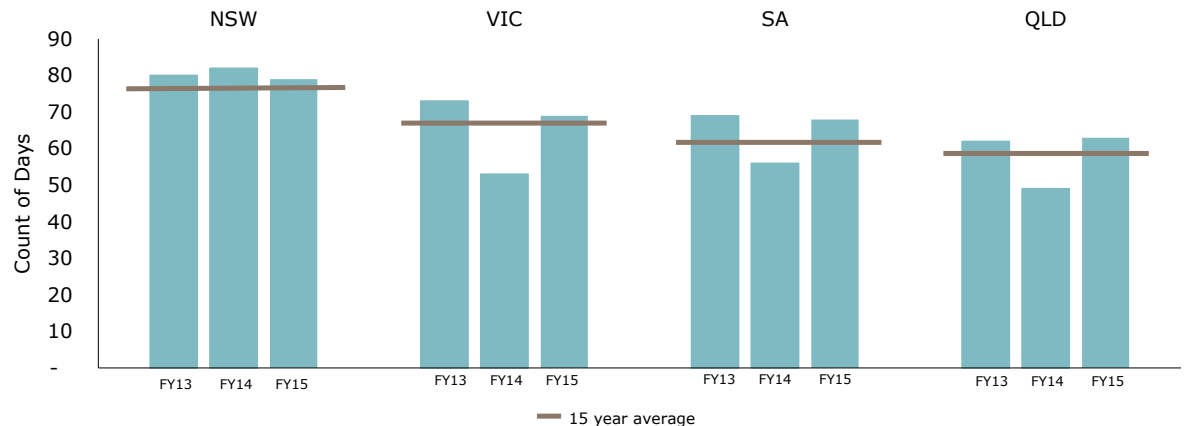
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Consumer Market – weather and consumption

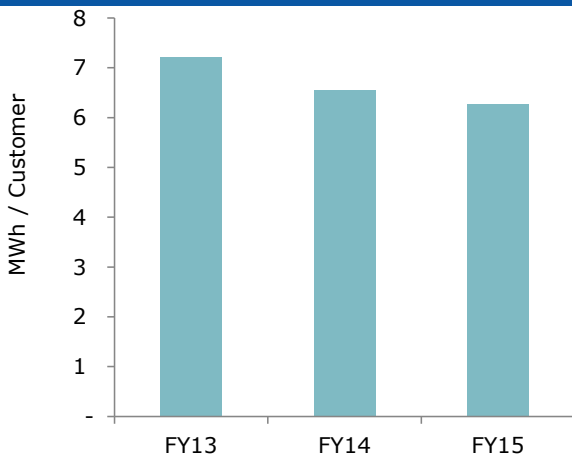
Demand decline and customer portfolio mix changes offset by more normalised weather.

- > Return to more normal weather in FY15
- > Consumer Market electricity volume declined 4.4% due to customer mix and demand decline
 - » Average residential electricity consumption per customer increased 0.5% due to normalised weather. Weather adjusted decline 1.9%
 - » Average small business electricity consumption per customer declined 13.1% from portfolio changes and loss of high consuming multi site customers
- > Consumer Market gas volume increased 9.4% driven by weather

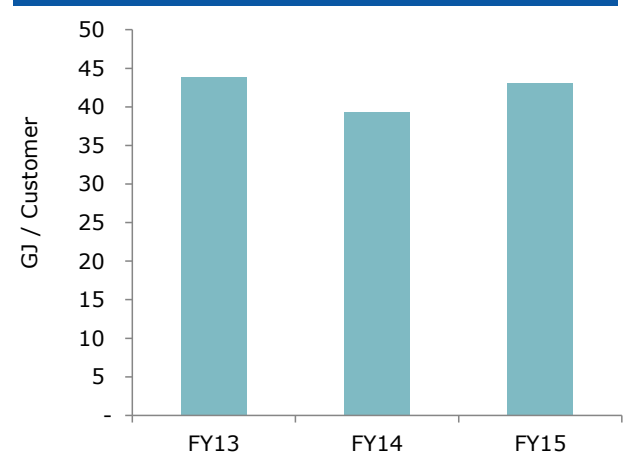
Days with minimum temperatures < 10 degrees¹



Electricity average consumption



Gas average consumption



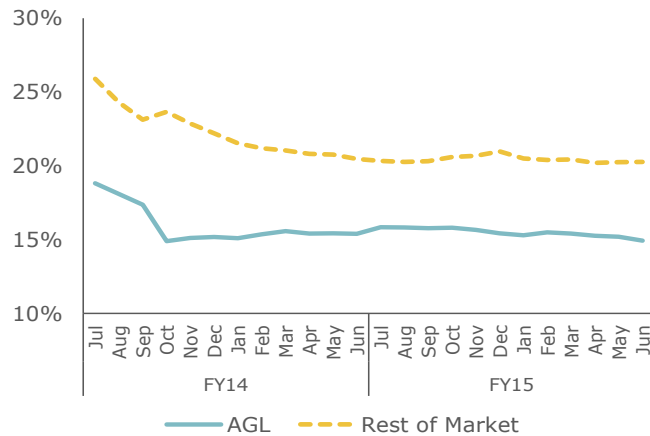
1. Temperature data includes July-August and June

Consumer – market and customer dynamics

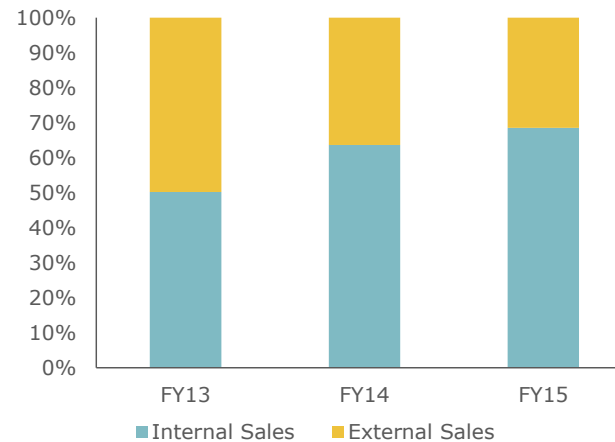
Core business stabilised with continued focus on key customer value drivers.

- > Underlying AGL customer growth offset by APG customer churn in line with investment case
- > AGL churn reduced to 14.9% increasing the gap to Rest of Market to 5.4%
- > Growth and focus in internal sales channels with the acquisition of Energy Connections NSW and Connect Now
- > flybuys and AGL Rewards continue to increase customer loyalty and reduce churn

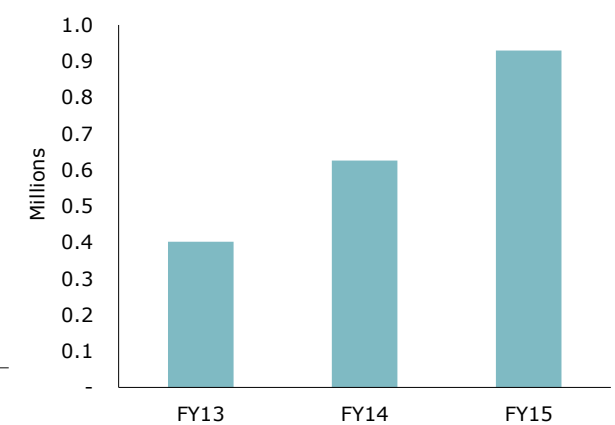
AGL vs Market Churn



Sales Channel



Loyalty and Reward Programs

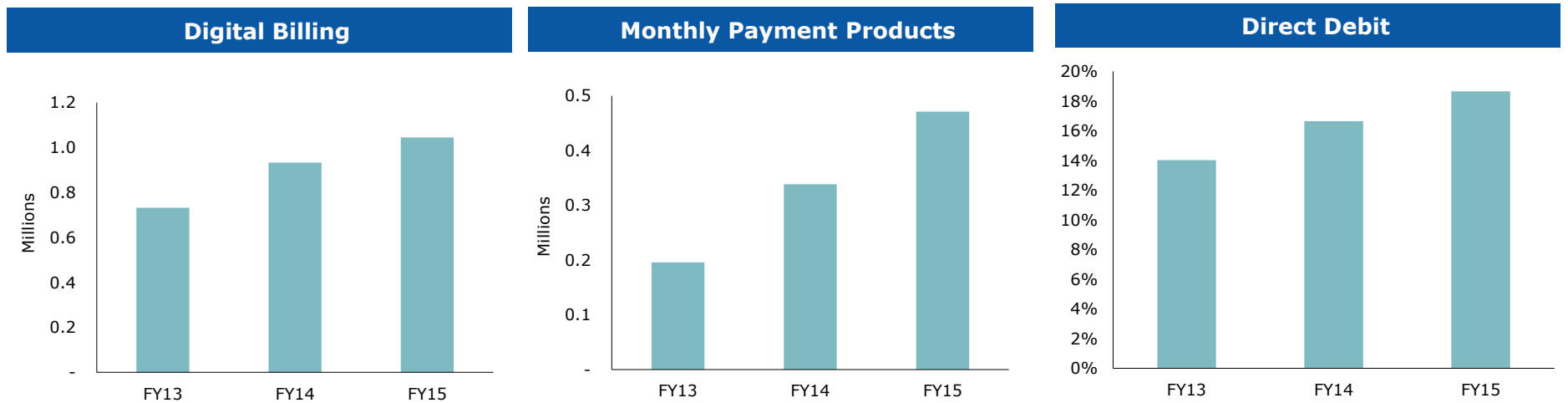


- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

Consumer – digital and customer service

Continued investment in digital and customer engagement strategies driving growth.

- > More than 1 million digital billing customer accounts
- > Direct debit increasing to 18.7% penetration
- > Mobile App launched with over 2,000 downloads per week
- > Growth in monthly payment products to drive working capital improvements
- > Successful implementation of 24/7 customer service and customer web chat
- > Following a plateau of key credit metrics post APG integration, Credit Improvement Program has been launched to drive recovery and enhanced performance:
 - » Net Bad Debt Expense deteriorated by 0.23 ppts to 1.02%
 - » Days Sales Outstanding remains stable at 14 days



- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

Gas portfolio

Queensland Wholesale gas sales ramp up in FY15.

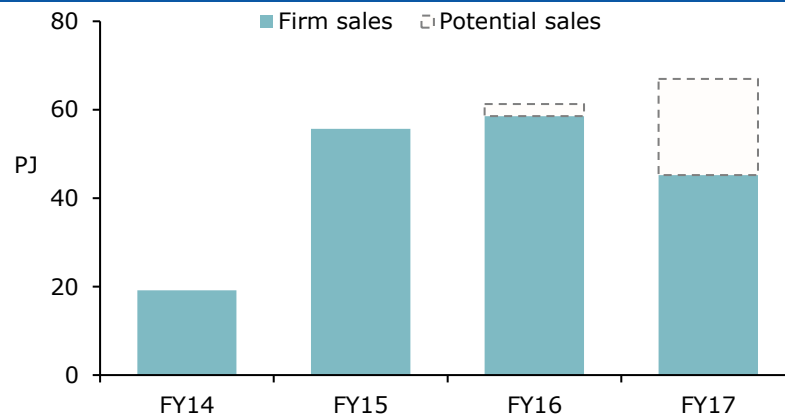
Wholesale sales

- > Queensland sales of 55 PJ in FY15, up from 19 PJ in FY14
- > Sales in FY15 delivered an average margin of \$3.40/GJ
- > Delays in LNG project start-ups and lower than expected LNG ramp may limit sale opportunities in FY16

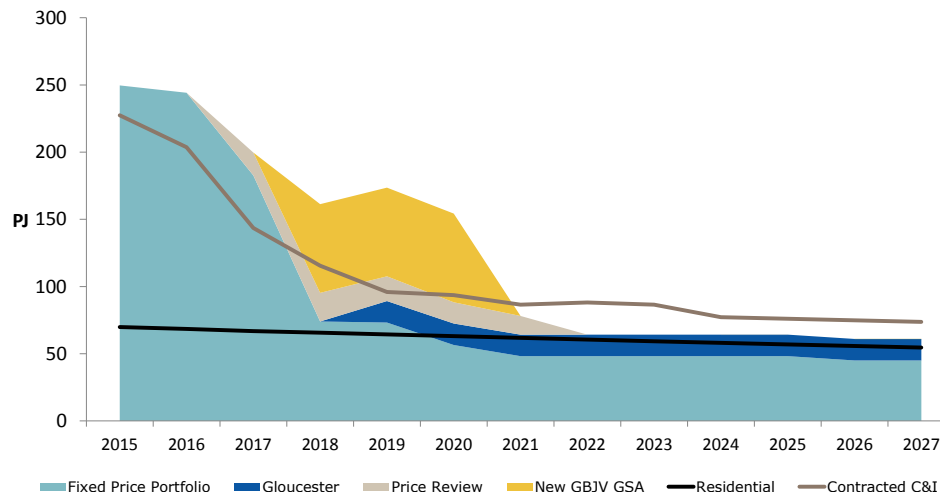
Long term portfolio supply

- > Contract to purchase up to 198 PJ of gas from Bass Strait between 2018 to 2020 concluded in FY15
- > Contract for additional 69 PJ of Otway Basin gas across 2018 to 2021 concluded in FY15
- > Continue to optimize portfolio and take appropriate positions for flexibility and portfolio supply to position for the changing Eastern Australian gas market

Queensland Wholesale Gas Sales FY14 to FY17



AGL Contracted Supply – Maximum Annual Quantity



> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

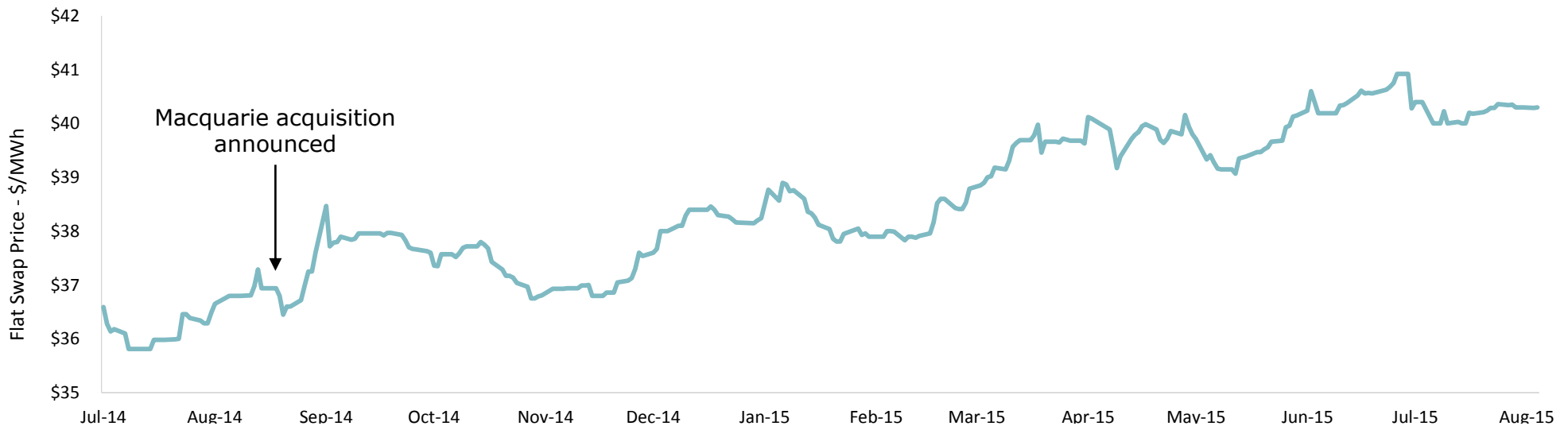
> AGL External

Wholesale electricity prices

Forward curve strengthening.

- > Return to more normal weather conditions has strengthened demand and spot prices
- > Overall reduction in NSW black coal generation supporting lift in forward curve
 - » AGL Macquarie generation 10% higher in FY15
- > Recent closure announcements i.e. Northern Power Station (Alinta), Anglesea (Alcoa) and Wallerawang (EA) have provided further strength to the market
- > No discernible impact on wholesale market after agreement on REC target

NSW Calendar 16 Flat Swap¹



- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

1. ASX Energy NSW Base Cal 2016 Futures Contract

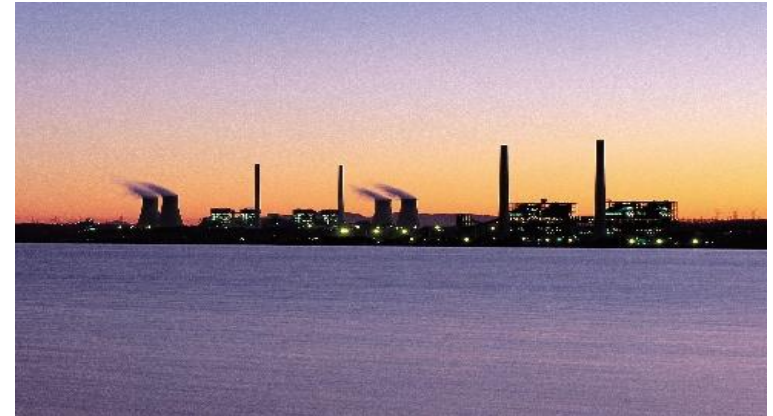
Energy in
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Macquarie

Acquisition has outperformed investment case.

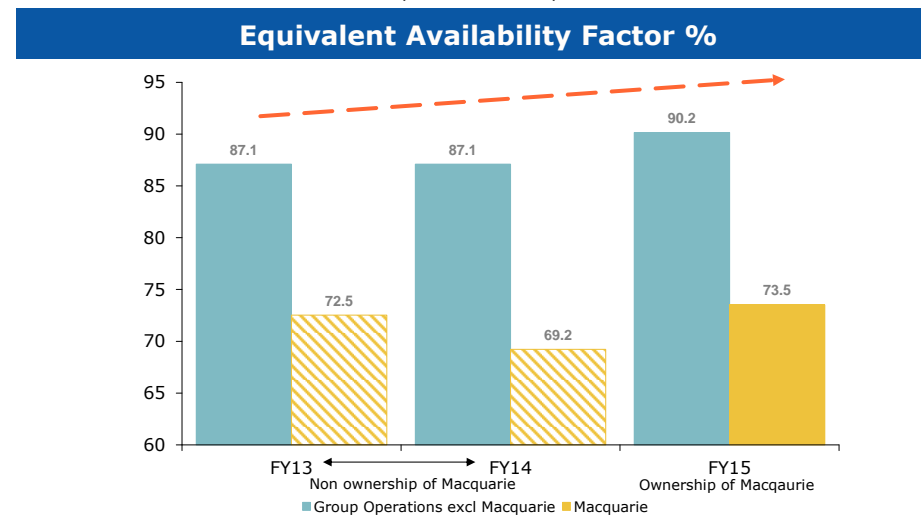
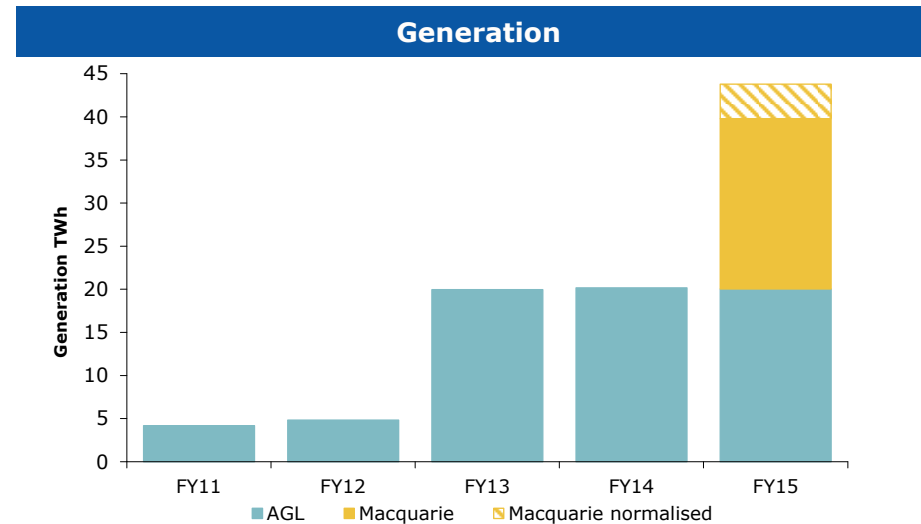
- > Generation volumes and wholesale electricity prices exceeded acquisition model
- > Outperformed investment case contributing \$112 million NPAT in FY15
- > Integration completed under budget and three months ahead of schedule
- > Generation of 19 TWh for 10 months to June 2015
- > Maintenance/productivity improvements
 - » Improved outage processes resulting in shorter duration outages without compromising unit reliability



Group Operations

Improved availability across the generation portfolio.

- > Following the acquisition of Macquarie, AGL generation totaled 38.2 TWh, compared to supply of 38.0 TWh in FY15
- > Maintenance strategy of increasing condition monitoring and preventive maintenance has resulted in a reduction in unplanned outages
- > Summer reliability readiness program improved peak season availability 3% in FY15 vs FY14
- > Ongoing initiative to increase availability at Liddell and Bayswater
 - » Reduce milling losses at Bayswater and improve availability by 1-2% by 2H FY16
 - » Lean process optimisation to improve forced outage return to service duration; 25% reduced outage time



> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Gloucester

Newcastle Gas Storage Facility

Solar

Waukivory Pilot

- » Flow testing to be carried out over the next six months
- » No evidence of harm to the environment
- » Removal of flowback water to an approved treatment facility
- > Investment decision expected in 2016 and first gas targeted for 2019
 - » Dependent on results of Waukivory Pilot and refresh of development costs
- > Production target of 20 PJ per annum

- > Storage facility completed and opened June 2015
- > On time on budget
- > 1,500 TJ storage and 120 TJ per day peaking capacity
- > LNG production commenced in June 2015
- > First gas send out occurred in July 2015

Nyngan Solar Plant – NSW (~102 MW)

- > Construction of the solar plant was complete, on time on budget
- > Full generation from the plant was achieved in early June 2015.

Broken Hill Solar Plant – NSW (~53 MW)

- > Connection works completed and energised.
- > Structural works complete
- > Half of the solar PV modules have been installed.
- > Generation to commence in August 2015 with full operation in December 2015.



> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

AGL well placed to respond to and manage industry challenges.

- > Organisational restructure and transformation to deliver operating cost and cash benefits in FY16
- > Macarthur wind farm sale (~\$500 million) expected to be completed 1H FY16
- > Macquarie continuing to perform ahead of investment case
- > Electricity, gas and REC wholesale prices expected to rise modestly
- > Consumer competition to remain intense but AGL remains focused on managing portfolio margins
 - » Decline in average residential electricity consumption appears to have slowed
 - » Lower network charges in SA and NSW see retail electricity prices decline from July 2015
- > Loy Yang EBA negotiations commence in 1H FY16
- > FY16 restructure costs ~\$20 million pre tax expected to be booked as significant item
- > FY15 final dividend 34 cents per share fully franked, up 1 cent per share on prior period
- > FY16 guidance to be provided at Annual General Meeting on 30 September 2015

Contact information

35

Sales - Electricity and gas

Customer Service

AGL Energy Online/My AGL IQ™

Corporate Information

www.agl.com.au

131 245

<https://aglenegyonline.agl.com.au>

www.agl.com.au/about/Pages/Default.aspx

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> 12 August 2015

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Supplementary Information

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 **AGL**

Electricity sales volume

GWh	FY15	FY14	Change
Consumer			
New South Wales	5,593	5,579	0.3%
Victoria	3,839	4,234	(9.3%)
South Australia	2,416	2,522	(4.2%)
Queensland	2,332	2,504	(6.9%)
Consumer Total	14,180	14,839	(4.4%)
Business			
New South Wales	3,773	3,252	16.0%
Victoria	4,179	4,190	(0.3%)
South Australia	2,856	3,748	(23.8%)
Queensland	1,990	1,773	12.2%
Business Total	12,798	12,963	(1.3%)
Total (excl. ActewAGL)	26,978	27,802	(3.0%)
Purchased volume ActewAGL	2,466	2,441	1.0%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External



PJ	FY15	FY14	Change
Consumer			
New South Wales	23.5	22.4	4.9%
Victoria	33.7	29.7	13.5%
South Australia	3.2	2.9	10.3%
Queensland	2.6	2.6	-
Consumer Total	63.0	57.6	9.4%
Business			
New South Wales	29.3	31.5	(7.0%)
Victoria	26.4	27.6	(4.3%)
South Australia	6.5	8.0	(18.8%)
Queensland	16.9	13.5	25.2%
Business Total	79.1	80.6	(1.9%)
Wholesale Customers & Generation¹	92.0	66.0	39.4%
Total	234.1	204.2	14.6%

1. Includes volumes sold to Torrens Island, Diamantina, and Oakey power stations during FY15 of 30.9 PJ (FY14 of 37.2 PJ).

- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

Customer numbers

Customer Numbers ('000)	30 Jun 2015	30 Jun 2014	Change
Consumer Electricity			
New South Wales	806	815	(9)
Victoria	646	665	(19)
South Australia	422	431	(9)
Queensland	387	386	1
Total Consumer Electricity	2,261	2,297	(36)
Consumer Gas			
New South Wales	700	707	(7)
Victoria	544	567	(23)
South Australia	132	130	2
Queensland	79	79	-
Total Consumer Gas	1,455	1,483	(28)
Total Consumer Accounts	3,716	3,780	(64)
Total Business Customer Accounts	19	20	(1)
Total Customer Accounts	3,735	3,800	(65)
Dual fuel accounts	1,917	1,942	(25)

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Consumer Market – key indicators

40

Electricity	FY15	FY14	Change
Volume (GWh)	14,180	14,839	(4.4%)
Avg. Consumer Accounts ('000)	2,264	2,267	(0.1%)
Revenue (\$m)	4,023	4,344	(7.4%)
Gross Margin (\$m)	426	420	1.4%
Gross Margin	10.6%	9.7%	0.9 pts
Gross Margin per customer	\$188	\$185	1.6%
Gas			
Volume (PJ)	63.0	57.6	9.4%
Avg. Consumer Accounts ('000)	1,462	1,466	(0.3%)
Revenue (\$m)	1,495	1,362	9.8%
Gross Margin (\$m)	311	277	12.3%
Gross Margin	20.8%	20.4%	0.4 pts
Gross Margin per customer	\$213	\$189	12.7%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External



Business Customers – key indicators

41

Electricity	FY15	FY14	Change
Volume (GWh)	12,798	12,963	(1.3%)
Revenue (\$m)	1,818	2,080	(12.6%)
Gross Margin (\$m)	42	39	7.7%
Gross margin per MWh	\$3.28	\$2.98	10.1%
Gas			
Volume (PJ)	79.1	80.6	(1.9%)
Revenue (\$m)	583	653	(10.7%)
Gross Margin (\$m)	60	62	(3.2%)
Gross margin per GJ	\$0.76	\$0.77	(1.3%)

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

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Electricity portfolio margin

42

\$m	FY15	FY14	Change
Consumer Market	426	420	1.4%
Business Customers	42	39	7.7%
Wholesale Electricity	1,300	1,038	25.2%
Eco Markets	27	52	(48.1%)
Group Operations (Thermal & Renewables)	(651)	(418)	55.7%
Portfolio margin	1,144	1,131	1.1%
Consumer Market	4,023	4,344	(7.4%)
Business Customers, Wholesale Electricity & Eco Markets	2,208	2,314	(4.6%)
Group Operations (Thermal & Renewables)	90	85	5.9%
Total revenue	6,321	6,743	(6.3%)
Consumer Market network costs	(2,091)	(2,040)	2.5%
Consumer Market other cost of sales	(439)	(427)	2.8%
Business Customers network costs	(937)	(912)	2.7%
Business Customers other cost of sales	(201)	(233)	(13.7%)
Fuel	(560)	(230)	143.5%
Generation costs	(536)	(372)	44.1%
Carbon	-	(237)	(100.0%)
Depreciation & Amortisation (Group Operations)	(238)	(162)	46.9%
Costs of generation	(1,334)	(1,001)	33.3%
Pool generation revenue	1,301	1,104	17.8%
Pool purchase costs	(1,549)	(1,902)	(18.6%)
Net derivative (cost)/revenue	73	(201)	(136.3%)
Wholesale Markets cost of sale	(1,509)	(2,000)	(24.6%)
Total cost of sales	(5,177)	(5,612)	(7.8%)
Portfolio margin	1,144	1,131	1.1%

> FY15 Full Year Results 12 Months to 30 June 2015

> 12 August 2015

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Electricity portfolio metrics (\$/MWh)

43

	FY15	FY14	Change
Generation volumes (GWh)	38,249	19,577	95.4%
Consumer Market	14,180	14,839	(4.4%)
Business Customers & Wholesale Markets	22,017	15,306	43.8%
Sold volumes (GWh)	36,197	30,145	20.1%
Consumer Market ¹	283.7	292.7	(3.1%)
Business Customers & Wholesale Markets ¹	100.3	151.2	(33.7%)
Revenue (\$/MWh)¹	174.6	223.7	(21.9%)
Consumer Market network costs ¹	(147.4)	(137.4)	7.3%
Consumer Market other cost of sales ¹	(31.0)	(28.8)	7.6%
Business Customers network costs ¹	(73.3)	(70.4)	4.1%
Business Customers other cost of sales ¹	(15.7)	(18.0)	(12.8%)
Fuel ²	(14.6)	(11.7)	24.8%
Generation costs ²	(14.0)	(19.0)	(26.3%)
Carbon ²	-	(12.1)	(100.0%)
Depreciation & Amortisation (Group Operations) ²	(6.2)	(8.3)	(25.3%)
Cost of generation²	(34.8)	(51.1)	(31.9%)
Pool generation revenue ²	34.0	56.4	(39.7%)
Pool purchase costs ³	(40.7)	(59.5)	(31.6%)
Net derivative (cost)/revenue ³	1.9	(6.3)	(130.2%)
Average Wholesale cost of sales (\$/MWh)³	(39.6)	(62.5)	(36.6%)
Total cost of sales (\$/MWh)¹	(143.0)	(186.1)	(23.2%)
Gross margin (\$/MWh)¹	31.6	37.5	(15.7%)

Note: \$/MWh calculated on the basis of: 1) Sold volumes; 2) Generation volumes; or 3) Demand volumes

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Electricity volumes

Purchased volumes (GWh)	FY15	FY14	Change
Consumer Market	15,220	15,900	(4.3%)
Business Customers & Wholesale Markets	22,819	16,073	42.0%
Total demand	38,039	31,973	19.0%
AGL generated	38,249	19,577	95.4%
Pool sales	(38,249)	(19,577)	95.4%
Pool purchases	38,039	31,973	19.0%
Total supply	38,039	31,973	19.0%
Energy losses	(1,842)	(1,828)	0.8%
Total sold	36,197	30,145	20.1%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Gas portfolio margin

45

\$m	FY15	FY14	Change
Consumer Market	311	277	12.3%
Business Customers	60	62	(3.2%)
Wholesale Markets	380	164	131.7%
Eco Markets	4	3	33.3%
Portfolio margin	755	506	49.2%
Consumer Market	1,495	1,362	9.8%
Business Customers, Wholesale Gas & Eco Markets	1,359	966	40.7%
Total revenue	2,854	2,328	22.6%
Consumer Market network costs	(646)	(577)	12.0%
Consumer Market other cost of sales	(28)	(91)	(69.2%)
Business Customers network costs	(75)	(76)	(1.3%)
Business Customers other cost of sales	(14)	(57)	(75.4%)
Gas purchases	(1,041)	(871)	19.5%
Haulage & storage	(295)	(150)	96.7%
Average Wholesale cost of sales	(1,336)	(1,021)	30.9%
Total cost of sales	(2,099)	(1,822)	15.2%
Portfolio margin	755	506	49.2%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Gas volumes and metrics (\$/GJ)

46

	FY15	FY14	Change
Consumer Market	63.0	57.6	9.4%
Business Customers & Wholesale Markets	171.1	146.6	16.7%
Sold volumes (TJ)	234.1	204.2	14.6%
Consumer Market	23.7	23.7	-
Business Customers & Wholesale Markets	7.9	6.6	19.7%
Revenue (\$/GJ)	12.2	11.4	7.0%
Consumer Market network costs	(10.3)	(10.0)	3.0%
Consumer Market other cost of sales	(0.4)	(1.6)	(75.0%)
Business Customers network costs	(0.9)	(0.9)	-
Business Customers other cost of sales	(0.2)	(0.7)	(71.4%)
Gas purchases	(4.4)	(4.3)	2.3%
Haulage & storage	(1.3)	(0.7)	85.7%
Average Wholesale cost of sales (\$/GJ)	(5.7)	(5.0)	14.0%
Total cost of sales (\$/GJ)	(9.0)	(8.9)	0.5%
Gross margin (\$/GJ)	3.2	2.5	28.0%

Gas volumes (PJ)	FY15	FY14	Change
Consumer Market	63.0	57.6	9.4%
Business Customers & Wholesale Markets	171.1	146.6	16.7%
Total demand	234.1	204.2	14.6%
Gas purchases	(237.1)	(206.3)	14.9%
Less Energy losses	3.0	2.1	42.9%
Total supply	(234.1)	(204.2)	14.6%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

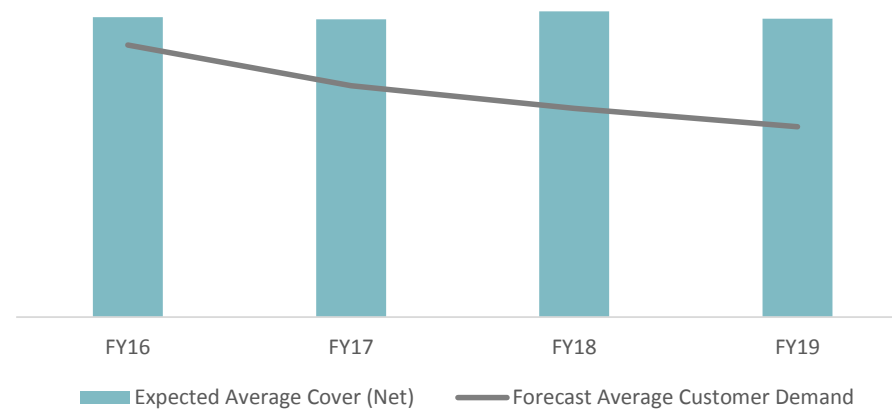
Asset Characteristics						FY15 Performance	
Asset	State	Type	Status	Capacity	Carbon Intensity	Sent Out Generation (GWh)	Capacity Factor (%)
				(MW)	(tCO ₂ e/MWh)		
Bayswater	NSW	Coal	Owned	2,640	0.9	13,125	69%
Liddell	NSW	Coal	Owned	2,000	1.0	6,639	46%
Loy Yang	VIC	Coal	Owned	2,210	1.3	14,827	77%
Total Coal				6,850		34,591	
Torrens Island	SA	Gas Steam Turbine	Owned	1,280	0.6	1,570	14%
Diamantina	QLD	CCGT	Owned (50%)	151	0.7	729	55%
Yabulu	QLD	CCGT	Control dispatch	121	0.5	40	4%
Somerton	VIC	OCGT	Owned	150	0.8	10	1%
Other	Various	Gas/Diesel	Various	88	0.5	257 ¹	13% ¹
Total Oil & Gas				1,790		2,606	
Macarthur	VIC	Wind	Control dispatch	420	0.0	978	27%
Hallett Wind Farms	SA	Wind	Control dispatch	351	0.0	1,092	36%
Wattle Point	SA	Wind	Control dispatch	91	0.0	254	32%
Oaklands Hill	VIC	Wind	Control dispatch	63	0.0	142	26%
VIC Hydro	VIC	Hydro	Owned	743	0.0	1,097	17%
NSW Hydro	NSW	Hydro	Owned	53	0.0	58	13%
Nyngan Solar Plant	NSW	Solar	Owned	102	0.0	31	NR ²
Other	Various	Landfill & Biogas	Various	45	0.1	136	34%
Total Renewable				1,868		3,788	
Generation Portfolio as at 30 June 2015				10,508	0.9	40,985	
NEM Industry Average					0.9		

- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

1. Includes 35 GWh relating to Oakey PPA which was terminated on 31 December 2014.
2. Capacity factor not reported due to commissioning activities undertaken during FY15.

- > AGL Wholesale Risk Management Policy is approved by the Board and establishes the requirements for the management of wholesale risk
- > Clearly defined permitted hedging activities, transaction limits, counterparty credit management requirements
- > Limits for exposure (net of retail load/generation/financial contracts) to market price risk to ensure stability of profit, cash flow and dividends. Exposure is monitored by:
 - > Physical: retail load, generation, hedge contracts
 - > Financial: Earnings at Risk simulation analyses of retail load, generation, hedge contracts and variable spot prices

AGL Energy Expected Electricity Hedge Position – All Regions



- > Forecast average customer demand is contracted C&I + expected consumer market
- > Expected average cover: estimate based on current market assumptions
- > Sold swaps are netted off expected cover
- > Other financial contracts (caps etc.) and reserve generation not shown

Gas – reserves

Gloucester reserves reassessed.

AGL share of gas reserves ¹	As at 30 Jun 2015		As at 30 Jun 2014		Change	
PJ	2P	3P	2P	3P	2P	3P
Gloucester (100%) ²	462	632	527	649	(12.3%)	(2.6%)
Moranbah (50%) - Bowen Basin	279	475	285	481	(2.1%)	(1.2%)
Camden (100%)	41	41	45	45	(8.9%)	(8.9%)
Silver Springs (various)	57	148	57	149	-	(0.7%)
Spring Gully (various, small)	10	11	9	11	11.1%	-
Sub-Total	849	1,307	923	1,335	(8.0%)	(2.1%)
ATP 1103 back-in rights (50%) - Bowen Basin ³	968	2,191	968	2,191	-	-
Total	1,817	3,498	1,891	3,526	(3.9%)	(0.8%)

1. Refer to AGL's Annual Reserves Assessment as at 30 June 2015, released to the ASX on 12 August 2015, for more details relating to AGL's gas reserves and resources.
2. An independent reserves assessment of the Gloucester Gas Project was undertaken by SRK as at 30 June 2015. Gloucester 2P reserves decreased by 65PJ (12.3%), due to revision of accessible seams in the shallow section, lateral extent of various reservoirs and changes in costs and prices.
3. Under a 50-year project agreement that commenced in 2000, AGL has no effective exploration rights (or ongoing cost obligations) within exploration tenement ATP 1103 as these were assigned to Arrow Energy Limited. However, AGL is entitled to participate up to a 50% interest in any commercial development by contributing its share of past costs.

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Gas – permits

Basin	Project	Permits		Working Interest
		Exploration (Area km ²)	Production (Area km ²)	
Sydney	Camden Gas Project	-	PPL 1 (48)	100%
		-	PPL 2 (1)	100%
		-	PPL 4 (56)	100%
		-	PPL 5 (103)	100%
		-	PPL 6 (7)	100%
Gloucester	Gloucester Gas Project	PEL 285 (761)	-	100%
Cooper/Eromanga	Conventional gas	ATP 934P (1,462)	-	28.5714%
	Conventional oil	ATP 1056P (2,687)	-	40% ^c
Galilee	Galilee JV	ATP 529P (3,962)	-	50% ^d

^a Under application.

^c On 10 August 2015 AGL entered into a sale and purchase agreement with Beach Energy to divest its 40% interest in ATP 1056P, subject to satisfaction of conditions.

^d On 1 July 2015 AGL entered into a sale and purchase agreement with Galilee Energy to divest its 50% interest in ATP 529P, subject to Government approvals.

^r Under renewal.

^p Under a 50-year project agreement that commenced in 2000, AGL has no effective exploration rights (or ongoing cost obligations) within exploration tenement ATP 1103 as these were assigned to Arrow Energy. However, AGL is entitled to participate up to a 50% interest in any commercial development by contributing its share of past costs.

Camden Gas Project PELs 5 and 2 were surrendered in March 2015 and July 2015 respectively; Hunter Gas Project PELs 4 and 267 were surrendered in July 2015

Basin	Project	Permits		Working Interest
		Exploration (Area km ²)	Production (Area km ²)	
Surat	Silver Springs Project	ATP 1190 (372)	-	28.71%-100%
		-	PL 1 (55)	15%
		-	PL 15 (259)	75%
		-	PL 30 (37)	10%
		-	PL 48 (6)	100%
		-	PL 49 (21)	100%
		-	PL 66 (125)	100%
		-	PL 512 (18)	16%
		-	PL 192 (92)	100%
		-	PL 202 (91)	100%
		-	PL 213 (46)	100%
-	PL 446 (259)	100%		
Bowen	Moranbah Gas Project	ATP 1103 (3,832)	-	99% ^p
		-	PL 191 (220)	50%
		-	PL 196 (38)	50%
		-	PL 222 (108) ^a	50%
		-	PL 223 (166)	50%
	-	PL 224 (70)	50%	
	Spring Gully Project	ATP 592P (1,074)	-	0.75%
		-	PL 195 (257)	0.75%
		-	PL 203 (259) ^r	0.75%
		-	PL 204 (219)	0.0375%
		-	PL 414 (49)	0.75%
-		PL 415 (6)	0.75%	
-	PL 416 (6)	0.75%		
-	PL 417 (232)	0.75%		
-	PL 418 (139) ^a	0.75%		
-	PL 419 (215) ^a	0.75%		

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

New Energy

Investing in emerging distributed technologies.

\$m	FY15	FY14	Change
Total revenue	119	135	(11.9%)
Cost of goods sold	(61)	(73)	(16.4%)
Gross margin	58	62	(6.5%)
Operating costs (excluding D&A)	(45)	(32)	40.6%
Operating EBITDA	13	30	(56.7%)
Depreciation & amortisation	(11)	(9)	22.2%
Operating EBIT	2	21	(90.5%)

Key drivers:

- > Gross Margin decreased \$4 million predominantly due to the closure of the Kurnell refinery and associated lost revenue. This was partially offset by an increase in solar sales revenue
- > Operating costs (excluding D&A) increased \$13 million, predominantly relating to the creation of the New Energy division and increased investment to unlock growth in this area, including new resources (capabilities in new technology areas), increased solar marketing and costs relating to Digital Metering business establishment. This investment is forecast to increase into FY16 and beyond as new revenue streams in this area are explored and developed
- > New Energy breakeven target in FY18 is revised to \$20 million EBIT taking into account the transfer of Energy Services in New Energy as part of the Organisation restructure

Reconciling Statutory to Underlying Cash Flow

52

\$m	FY15	FY14	Change
Statutory net cash provided by operating activities	1,044	699	
Cash flow relating to significant items	142	61	
Underlying Operating cash flow	1,186	760	56.1%
Net finance costs paid	194	198	(2.0%)
Income tax paid	147	191	(23.0%)
Underlying Operating cash flow before interest and tax	1,527	1,149	32.9%

- > **FY15 Full Year Results** 12 Months to 30 June 2015
- > 12 August 2015
- > AGL External

Return on Funds Employed

\$m	FY15	FY14
Operating EBIT	1,126	1,004
Average Funds Employed	11,859	10,018
Operating EBIT / Funds Employed	9.5%	10.0%
Operating EBIT	1,126	1,004
Less: Upstream Gas EBIT	23	13
Less: Equity Accounted Diamantina EBIT	3	2
Adjusted Operating EBIT	1,152	1,019
Average Funds Employed	11,859	10,018
Less: Assets under construction	(346)	(307)
Less: Upstream Gas Funds Employed	(1,040)	(953)
Less: Investment in Diamantina Funds Employed	(32)	(16)
Adjusted Average Funds Employed	10,441	8,742
Adjusted EBIT / Funds Employed	11.0%	11.7%

Average Funds Employed is the average of monthly Funds Employed, and removes the impact of:

- > Derivatives balances (these balances are fair value adjustments and do not represent Funds Employed in the production of EBIT); and
- > Tax balances (Funds Employed is pre-tax balances to make the calculation consistent with EBIT)

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

\$m	FY15	FY14	Change
ActewAGL	31	25	24.0%
Diamantina Power Station	(5)	(2)	150.0%
Operating EBIT	26	23	13.0%

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External

Energy in
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AGL

Comparative information

- > AGL has changed the basis for segment reporting to align with its updated organisational structure. The table below summarises the changes to FY14. Refer to ASX announcement on 29 July 2015 for more information.

AGL Group \$ million	FY14
Revised Structure:	
Energy Markets	1,619
Group Operations	(473)
New Energy	21
Investments	23
Centrally Managed Expenses	(186)
Operating EBIT	1,004
Previous Structure:	
Retail Energy	318
Merchant Energy	899
Upstream Gas	(13)
Investments	23
Centrally Managed Expenses	(223)
Operating EBIT	1,004

> **FY15 Full Year Results** 12 Months to 30 June 2015

> 12 August 2015

> AGL External