



ASX & Media Release

AGL FY17 results and FY18 earnings guidance

10 August 2017

AGL Energy Limited (AGL) today reported Statutory Profit after tax of \$539 million for the financial year ended 30 June 2017, compared with a Statutory Loss after tax of \$(408) million in the prior financial year. The increase reflected strong underlying earnings growth, the non-recurrence of significant items that impacted the FY16 statutory result and a decrease in the movement in the fair value of financial instruments.

Underlying Profit after tax, which excludes significant items and movements in the fair value of financial instruments, was \$802 million, up 14 percent and above AGL's guidance range of \$720 million to \$800 million. The increase was driven by the optimisation of AGL's portfolio to realise the benefit of recent conditions in the wholesale electricity market and by AGL's transformation efforts, more than offsetting higher commodity costs and a reduction in wholesale gas margins.

AGL has declared a final dividend of 50 cents per share, 80 percent franked, an increase of 14 cents per share on the prior final dividend. The increase reflects AGL's adoption in September 2016 of a dividend policy targeting a payout ratio of 75 percent of annual Underlying Profit after tax and a minimum franking ratio of 80 percent. Total dividends declared for FY17 are 91 cents per share, 80 percent franked, an increase of 23 cents per share on FY16.

Profit and dividend summary

- Statutory Profit after tax: \$539 million, up from a Statutory Loss after tax of \$(408) million in FY16
- Underlying Profit after tax: \$802 million, up 14 percent
- Statutory earnings per share: 80.5 cents per share, up 141.0 cents per share
- Underlying earnings per share: 119.8 cents per share, up 15.9 cents per share
- Final dividend: 50 cents per share (80 percent franked)

AGL Managing Director & CEO, Andy Vesey, said: "Our FY17 results reflect the continued delivery of AGL's strategy as the energy sector undergoes significant change. In this environment, we continue to support customers and to invest in a sustainable energy future. During the year, 80 percent of residential and small business customers accessed discount products, up from 70 percent two years prior, and the aggregate value of discounts to these customers increased 28 per cent year on year.

"Despite the considerable uncertainty our industry faces, AGL committed investment of approximately \$1 billion to growth and transformation programs during FY17. At the same time, our capital management initiatives during the year will result in more than \$1.1 billion being returned to shareholders as a result of our dividend policy and on-market share buy-back.

"In FY18, we are focused on supporting affordable, sustainable and secure energy markets for all our customers. AGL and its partners are progressing projects with a value of more than \$2 billion to bring new, low emissions electricity generation and more competitive gas supply to the Australian market. We will also be investing in product and service innovation to empower customers and improve their energy experience. At the same time, we continue to assess opportunities to leverage our energy retailing platform into new geographies."



Dividends

The FY17 final dividend of 50.0 cents per share will be payable on 22 September 2017 with a record date of 24 August 2017. Shares will trade ex-dividend on 23 August 2017. The dividend will be 80 percent franked. The unfranked component of the dividend will be paid from conduit foreign income, meaning it will not be subject to dividend withholding tax for non-Australian shareholders.

AGL's dividend reinvestment plan (DRP) will operate with respect to this dividend. AGL will buy shares on market to satisfy the DRP and will allot these shares at no discount to the arithmetic average of the daily volume-weighted average price at which AGL's shares trade during each of the 10 days commencing 28 August 2017. The last date at which shareholders can elect to participate in the DRP with respect to the FY17 final dividend is 25 August 2017.

FY18 Outlook

Subject to normal trading conditions and to any adverse impacts arising from policy and regulatory uncertainty, AGL currently expects Underlying Profit after tax to be within the range of \$940 million to \$1.04 billion in the financial year ended 30 June 2018. This guidance reflects expected continued earnings growth in our electricity business, a return to margin growth in our gas business and an anticipated reduction in Eco Markets earnings.

Rehabilitation

AGL has completed an independent expert review of its rehabilitation obligations across its entire portfolio. The result of this review is an increase in the rehabilitation provisions held on AGL's balance sheet of \$69 million to a total of \$307 million. This provision represents the present value of an anticipated nominal cash investment of \$1,754 million (\$957 million real) over 60 years. The impact on AGL's FY18 Underlying Profit after tax will be \$11 million as a result of increased depreciation and interest expense. The detailed Rehabilitation Report published today is available on AGL's website.

Webcast and conference call

AGL will hold a webcast and conference call to discuss the FY17 result and FY18 outlook at 10.30am, Sydney time, today. A copy of the webcast presentation will be lodged with the ASX and made available on AGL's website. The webcast will be accessible via www.agl.com.au/fy17results or using the following dial-in details:

Dial-in details: Toll-free (Australia) 1800 102 461
Click [here](#) for international dial-in list

Teleconference code: 459 192 8058

A transcript and archive of the webcast will be available on AGL's website in due course.

Investor enquiries

James Hall
General Manager, Capital Markets
T: +61 2 9921 2789
M: +61 401 524 645
E: jbhall@agl.com.au

Chris Kotsaris
Senior Manager, Investor Relations
T: +61 2 9921 2256
M: +61 402 060 508
E: ckotsaris@agl.com.au

Media enquiries

Kathryn Lamond
Senior Manager, Media
T: +61 2 9921 2170
M: +61 424 465 464
E: klamond@agl.com.au

About AGL

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.6 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.