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ASX & Media Release

1H21 Results Presentation

11 February 2021

Attached is AGL Energy Limited's Half-Year Results presentation for the six months ended 31 December 2020.

John Fitzgerald

Company Secretary

Authorised for release by AGL's Board of Directors.

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About AGL

Proudly Australian for more than 180 years, AGL supplies around 4.2 million 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 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 Statement. 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.

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2021 Half-Year Result

11 February 2021

Agenda

1 **Results Highlights and Strategy Update**
Brett Redman, Managing Director & CEO

2 **Customer Markets**
Christine Corbett, Chief Customer Officer

3 **Integrated Energy**
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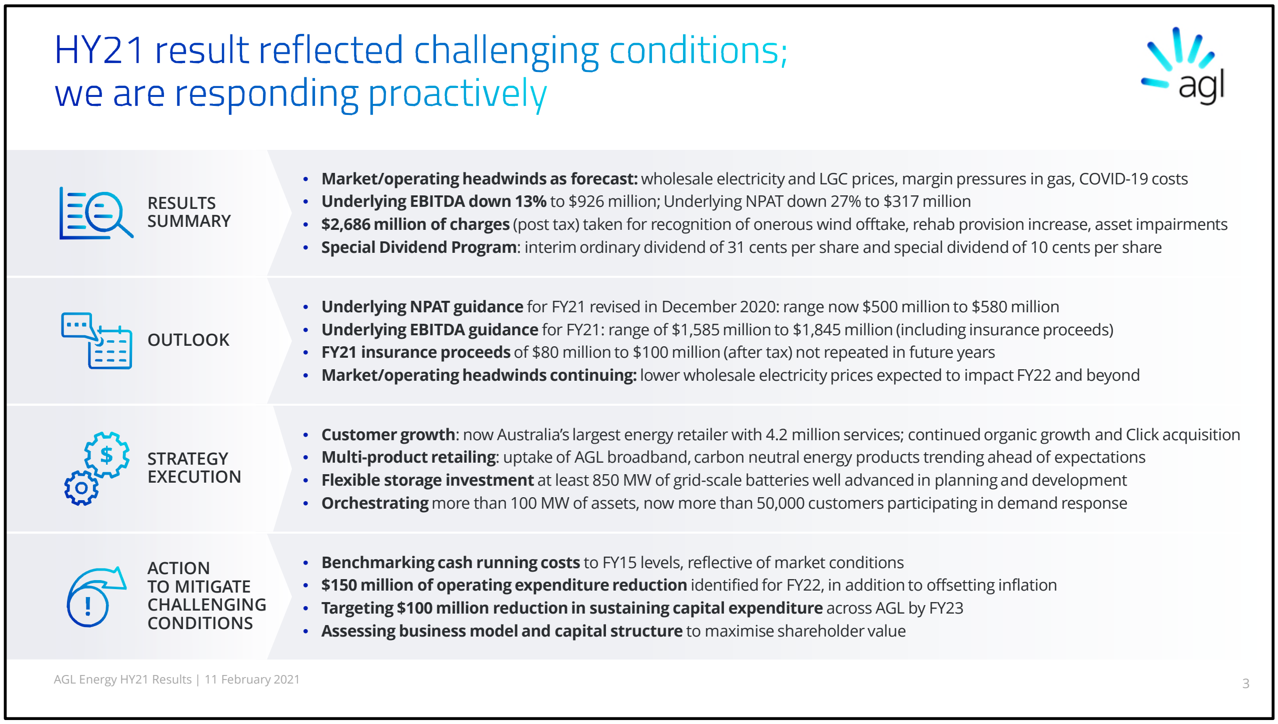
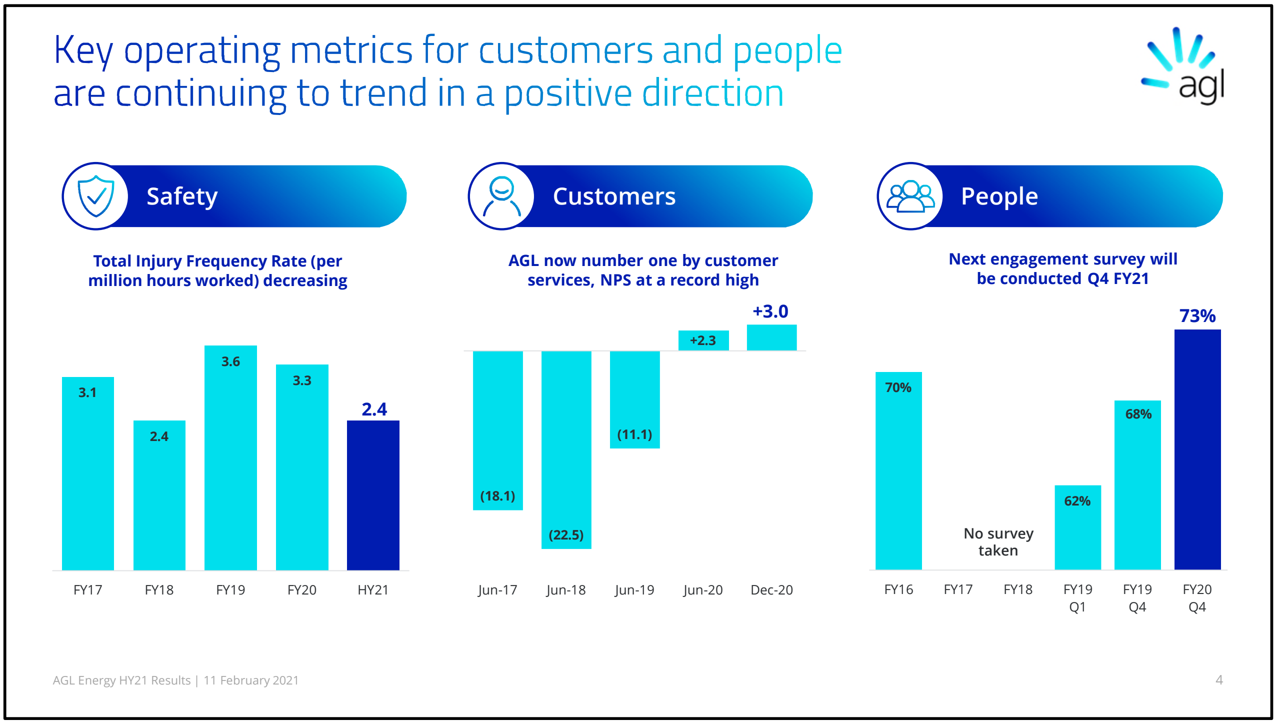
[BRETT REDMAN]
Good morning everyone.
This is Brett Redman speaking.
Thanks for joining us for the webcast of AGL's half-year results for financial year 2021.
I'm joined today by our CFO, Damien Nicks, Chief Customer Officer, Christine Corbett and Chief Operating Officer, Markus Brokhof.
We will have time for all your questions at the end of the presentation.



[BRETT REDMAN]
The results we're announcing today reflect the sharp decline in wholesale prices for electricity and renewable energy certificates, lower gross margins in Wholesale Gas, and costs to support our operational and customer response to the COVID-19 pandemic.
Underlying EBITDA of 926 million dollars was down 13 percent, while Underlying NPAT of 317 million dollars was down 27 percent, reflecting the additional impact of higher depreciation expense.
Our Statutory result has been impacted by the charges associated with onerous wind offtake contracts, rehab provision increase, and other impairments we announced last week.
Dividends reflect the Special Dividend Program to temporarily lift the pay-out ratio to 100 percent of Underlying NPAT, unfranked, comprising an ordinary dividend of 31 cents and a special dividend of 10 cents.
The outlook remains challenging.
We expect Underlying NPAT for FY21 of between 500 and 580 million dollars, consistent with the update we provided in December.
That includes 80 to 100 million dollars of insurance proceeds from the Loy Yang Unit 2 outage of FY20, which won't repeat in future years.
This range reflects pre-existing headwinds, as well as the continued deterioration in wholesale electricity market conditions, and the financial impact of the current outage of Liddell Unit 2.
We are also providing today a guidance range for Underlying EBITDA of 1.585 to 1.845 billion dollars.
As we noted in December, the outlook into FY22 and beyond is impacted by continued market and operating headwinds, with a further material step-down in Wholesale Electricity margin expected.
Amid these challenging conditions, over the half we continued to deliver on our strategy.
We grew our total number of services to customers by 246,000 to 4.2 million, making us Australia's largest energy retailer, thanks both to the Click Energy acquisition and organic growth.
Take-up of our broadband offering and carbon neutral products has exceeded our expectations, while the launch of AGL mobile has just gone live.
We are on track to deliver our plans for at least 850 MW of grid scale batteries, while our orchestration and demand response activities are expanding strongly.
And now, we are taking further definitive action to stay ahead of the challenging conditions.
We are benchmarking cash running costs to FY15, the last time wholesale electricity prices

were around today's levels.
To that end, we have already identified 150 million dollars of operational expenditure savings to deliver in FY22.
We are also targeting a 100-million-dollar reduction in sustaining capital expenditure across the group by FY23.
Finally, we are assessing our business model and capital structure to maximise shareholder value.
We will have more to say on all these initiatives at an investor day we expect to hold around the end of March.



[BRETT REDMAN]
Let me now turn to our three core operational metrics: safety, customer experience and employee engagement.
The Total Injury Frequency Rate per million hours worked decreased markedly to 2.4 for employees and contractors combined in the first half.
That's a 27 percent improvement on FY20, reflecting a sustained focus on safety.
That said, any injury to any person on an AGL site, is unacceptable.
We will continue to do more to keep improving our safety culture and practices.
On the customer front, in addition to growing our customer base to a number one position, we have delivered further improvement in Net Promoter Score.
We have come a long way from June 2018, improving more than 25 points.
For employees, engagement figures improved to FY20, and we are due to take our next survey in a couple of months.
Given the difficult operating conditions of the last year, these are pleasing results.

Financial result reflects seriousness of market and operating headwinds despite strong financial position

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Statutory NPAT	$(2,287)m		
Underlying EBITDA	$926m	(13)%	↓
Underlying NPAT	$317m	(27)%	↓
Net cash provided by operating activities	$614m	(46)%	↓
Dividends	31 cps ordinary 10 cps special	(13)%	↓
Return on Equity	9.0%	(2.2)pp	↓

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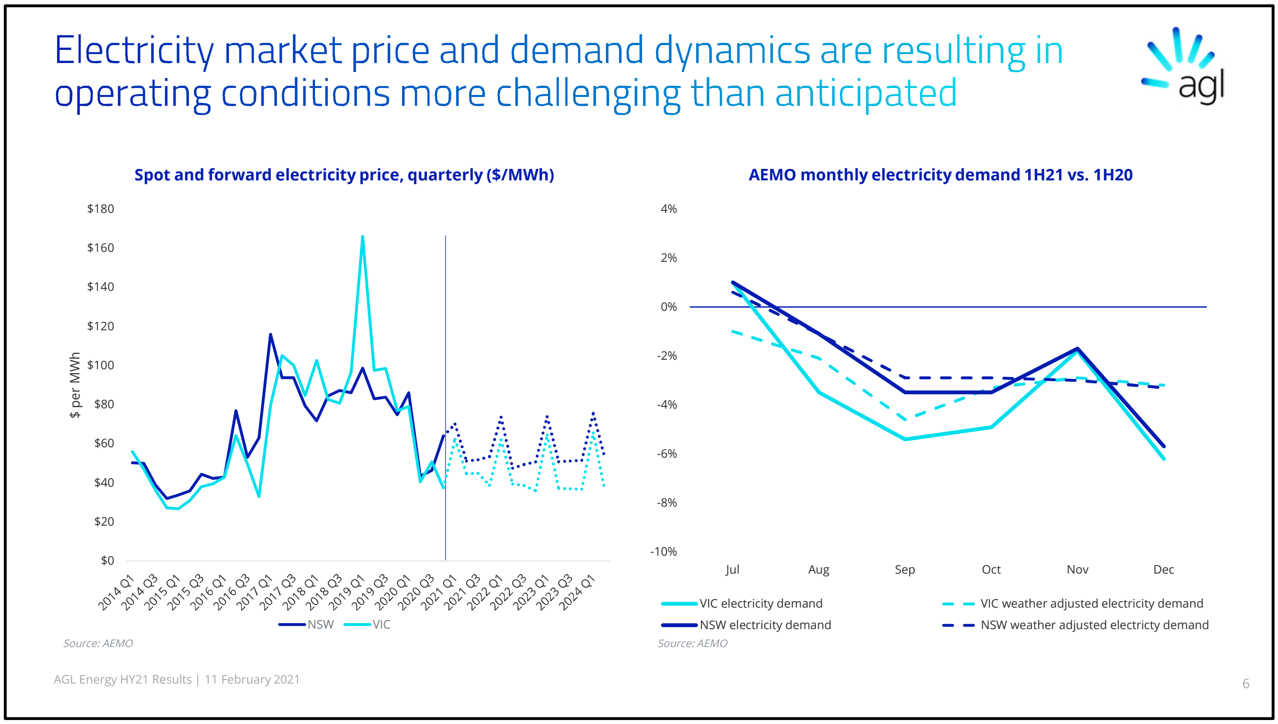
[BRETT REDMAN]
This slide shows a further summary of our financial result, which Damien will cover later in more detail.



[BRETT REDMAN]
I'd now like to look in more detail at market conditions.
Spot and forward electricity prices have decreased rapidly to levels unseen since 2015.
On the one hand, supply has increased as a result of new grid-scale and rooftop renewable generation combined with the deferral of major planned outages at thermal plant as a result of COVID-19.
On the other hand, demand has fallen due to mild weather and COVID-19.
La Nina has created an unusually cool summer, particularly in December.
Business and industrial demand was down approximately 6 percent across the half (excluding Perth Energy), partly mitigated by an increase in residential demand.
Looking ahead, we expect demand will re-stabilise and price will need to lift from the current very low spot conditions or risk a market supply side response.
That said, we expect a sustained impact to long-term wholesale energy prices reflecting policy measures to underwrite new build of electricity generation and lower technology costs, leading to expectations of increased supply.
This lower price environment will put pressure on existing generation in the market, while new generation build will increasingly rely on government contracts.
Amid these conditions, in the near term we expect to see further margin compression as our historic hedge positions roll off.
Longer term, our low cost generation position gives us a relative strength among existing market generators.

We are taking action to support our market-leading position and customer offerings amid accelerating external pressure

	Shaping forces	Impact and implications	Actions underway
Customer	• Strong uptake of multi-product offers and digital services • Increasing demand for decentralised energy	• Retail business accelerating towards future state • Carbon neutral offerings becoming more important • Value of retail becoming more independent of base-load generation • Trading and portfolio management evolving • Coal plant remains essential to reliable supply during transition • Risk/return expectations for new generation structurally lower	• FY24 strategic targets drive focus on growth and transformation • $150m of operating cost efficiency identified for delivery in FY22 • Targeting $100m reduction in sustaining capex by FY23 • Actively assessing business model and capital structure to maximise shareholder value *Further updates to be provided at investor day around late March*
Community	• Accelerating desire for action on climate change • Government policy driving retail pricing; now focused on underwriting generation		
Technology	• Falling costs for renewable generation and storage • Strong funding support for renewables and storage		

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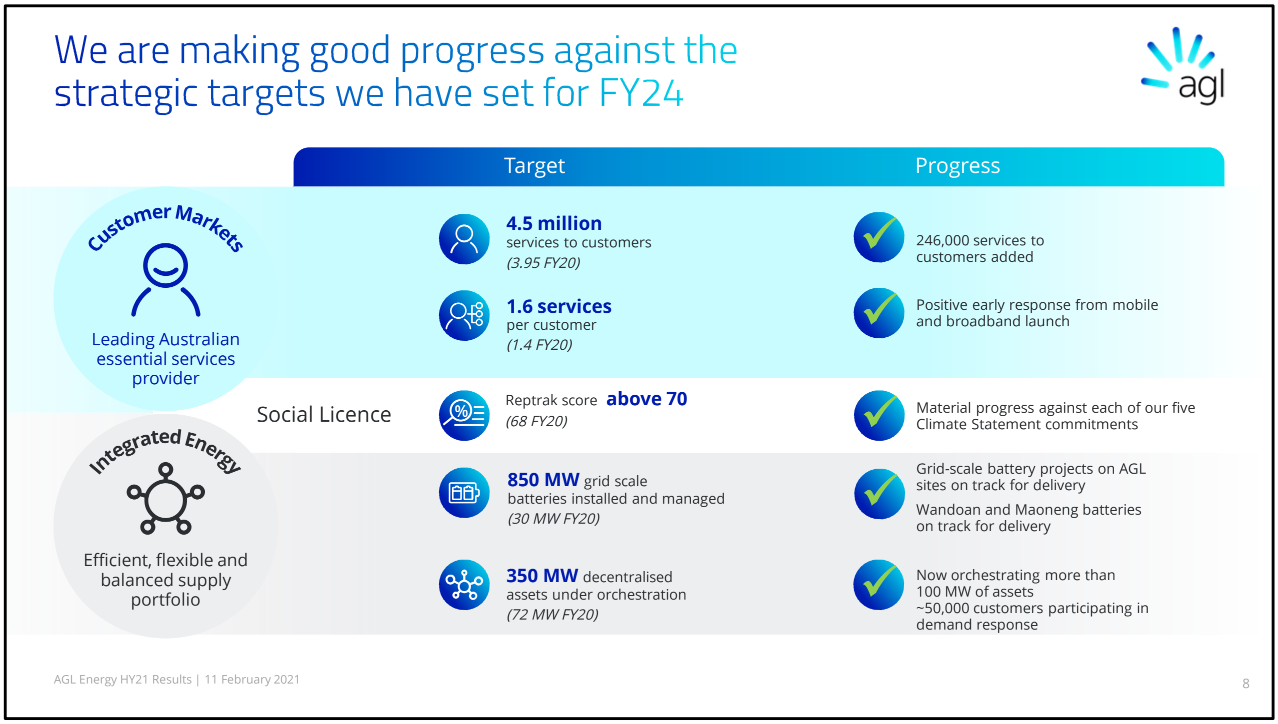
[BRETT REDMAN]
I want now to focus on the actions we are taking to support our market-leading position and customer offerings amid this accelerating external pressure.
The foundations of our business are strong.
We are still Australia's largest energy retailer, largest electricity generator and largest private backer of renewables development – and we intend for all of these things to remain.
The external forces of customer needs, community expectations and technological change have always shaped our market.
As we've said for some time, it is the speed with which those forces change that will dictate the velocity of our strategy.
What we have seen in recent months is an acceleration of all of those forces beyond what we anticipated.
In customer, uptake of our multi-product offerings is both vindicating and exciting,
And demand for decentralised offerings, whether that's home batteries and electric vehicles or remote generation and storage on industrial sites, is really starting to take off.
In community, there is clearly accelerating desire for action on climate change and, with this, a shift in government policy focus.
For several years, major policy initiatives have focused on retail pricing.
More recently, we have seen an increase in policy aimed at accelerating the energy industry transition.
This includes policies that underwrite new generation to deliver faster renewables build and put downward pressure on wholesale prices.
This is coinciding with what's happening in technology: rapidly falling costs for renewables and batteries, and strong support from low-cost funding sources for renewables and clean storage.
What are the impacts and implications for AGL of these accelerating forces?
Our retail business has a clearer path towards a future state in which it provides customers' access to essential energy, data, electric vehicle, battery and other services on a carbon neutral basis.
And we are seeing the value of that retail service become more independent from the value we derive from our large-scale centralised energy supply portfolio.
So much of what a household, small busines or industrial customer now wants is about the

value they perceive from decentralisation.
This requires a different approach to trading and portfolio management from the way a traditional gen-tailer like AGL would manage risk in the past.
At the same time, how we promote the two parts of our business is evolving.
In our retail business, we must seek out greater decarbonisation, lower prices and more individual control in response to customer demand.
In large scale energy supply, we will remain an essential supplier of existing reliable energy through transition, even as policy settings create much lower risk-return expectations for new supply.
Six months ago, we set targets for where we think the business needs to get to in the next few years in delivering growth and transformation.
Today we are communicating further focus on cost and structure.
We have identified 150 million dollars of operating cost efficiencies to deliver in FY22, on top of offsetting inflation.
In addition, we are targeting a 100-million-dollar reduction in sustaining capital expenditure by FY23.
And finally we are actively assessing our business model and capital structure to maximise shareholder value.
At the investor day around late March, we will provide more detail.



[BRETT REDMAN]
Let me summarise by providing a progress report against the strategic targets we set six months ago.
We're delivering strong growth in absolute customer numbers and our strategy of expanding in broadband and mobile will support our objective of increasing services per customer.
We're making good progress with each of the five commitments from last year's Climate Statement.
We're on track to deliver our battery objectives, including at our own legacy generation sites, and have chosen a preferred supplier partner in Wartsila.
We've accelerated strongly our efforts in orchestration of residential and business customer batteries and demand response to more than 100 megawatts and 50,000 customers.
But AGL and the energy industry have seen a material shift in profitability and outlook even in the short time since we set these targets
The market continues to change and the pace of that change is accelerating.
It is incumbent on us, in turn, to accelerate our response.
I will now hand to Christine.

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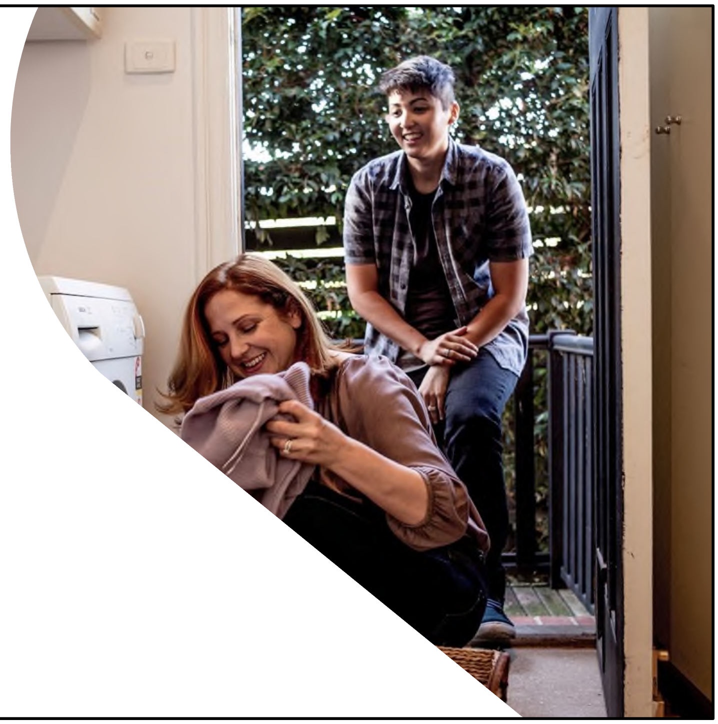
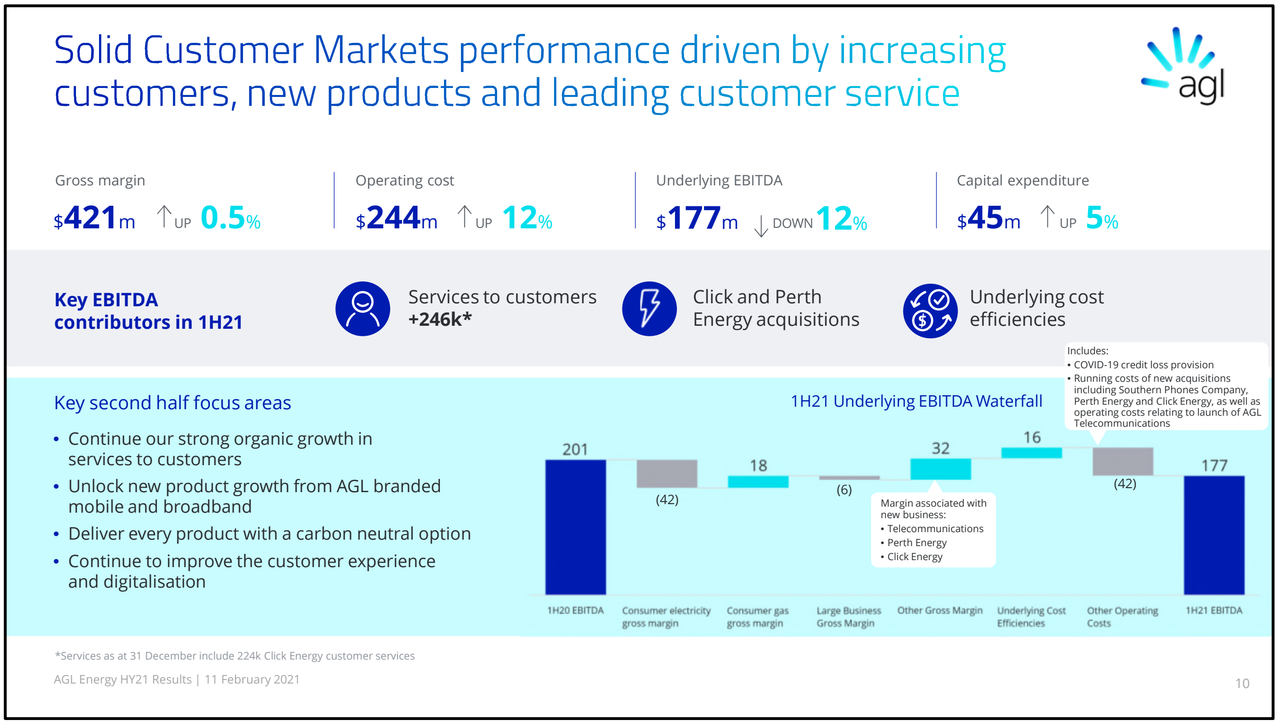
Customer Markets

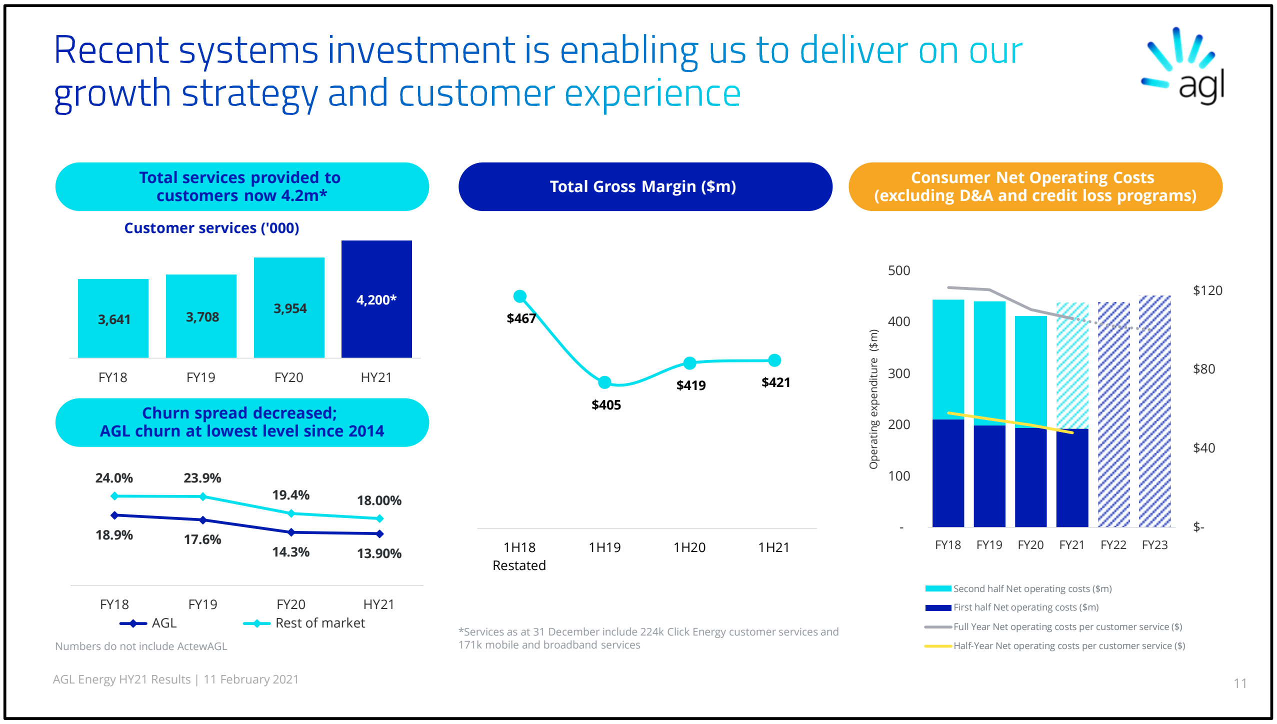


Christine Corbett
Chief Customer Officer

[CHRISTINE CORBETT]
Thank you, Brett, and good morning everyone.
Today, I will provide an update on the financial performance of customer markets and the progress we have made on our multi product retailer strategy.
In a challenging operating environment, I am pleased to say that as a result of our focus on customers, our positive customer advocacy story has continued and we have reported significant growth in our customer base.
At the same time, we have continued to focus on lowering costs, improving the customer experience and building the foundations to become Australia's leading multi-product retailer of essential services.



[CHRISTINE CORBETT]
Our half-year performance was driven by strong customer growth, execution on our multi product strategy and underlying cost efficiencies against a challenging backdrop.
Our Underlying EBITDA of 177 million dollars was down 12 percent, reflective of COVID-19 impacts and the integration of our new acquisitions (Southern Phone, Perth Energy and Click Energy).
This was partially offset by lower operating costs due to a decrease in call-centre volumes and marketing efficiencies together with an increase in the number of digital interactions with our customers.
Regulatory intervention, customer behaviour and high levels of competition have resulted in electricity margin compression in recent years, most prominently in Victoria due to the extent of regulatory changes.
While this will impact in-year results, we expect to see retail energy margins settle to more sustainable levels in the near-medium term.
Meanwhile, our continued focus on growth in customer numbers will continue to result in volume driven margin growth and our multi-product retail strategy will drive an increased share of wallet.
Our overall capex has increased 5 per cent aligned to growth initiatives.
The growth in customer numbers includes the acquisitions of Click and Perth Energy, both of which are tracking ahead of business case.
In the second half, we will continue to focus on energy growth and scaling our AGL internet and mobile service offerings.
We will make further improvements to our customer experience while at the same time continue to improve our cost base as we further digitalise our business.



[CHRISTINE CORBETT]

As we continue to build the size and strength of our retail customer base, Net Promoter Score is now at a record level.

We are seeing the impact of this both in the growth in customer numbers and reduction in customer churn.

Churn is at 13.9 percent – the lowest since 2014 – and we have maintained a healthy spread to the rest of market.

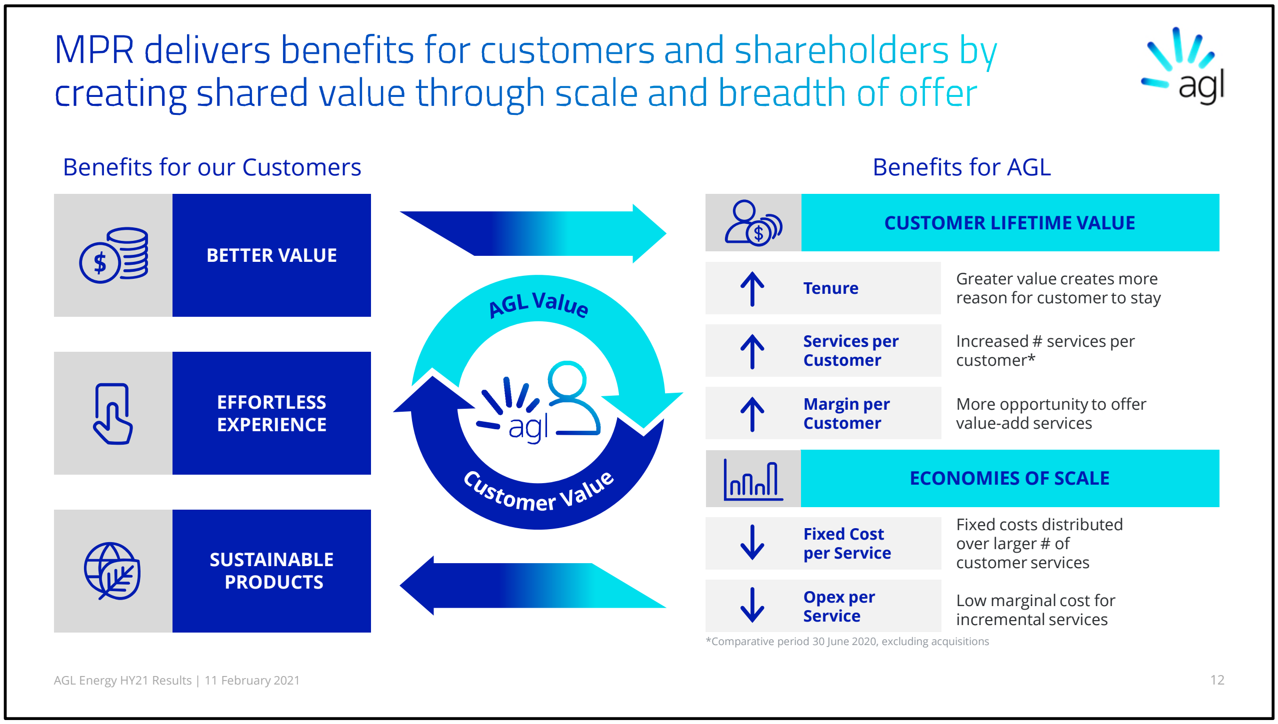
Our strong growth in customer numbers is reflected in our gross margin result, which has remained resilient despite customers switching to lower-priced products over time.

Offsetting this, we've seen gross margin growth from acquired businesses as well as organic customer volume growth and consumer gas.

We feel confident about growing our customer base further, consistent with the target of 4.5 million services by FY24.

Our underlying net operating costs per customer service continue to fall, driven by our recent investment in systems and our ongoing focus on simplification and digitisation.

We are delivering these cost benefits at the same time as we pursue a growth strategy, enabling us to reach more households and businesses with increased efficiency.

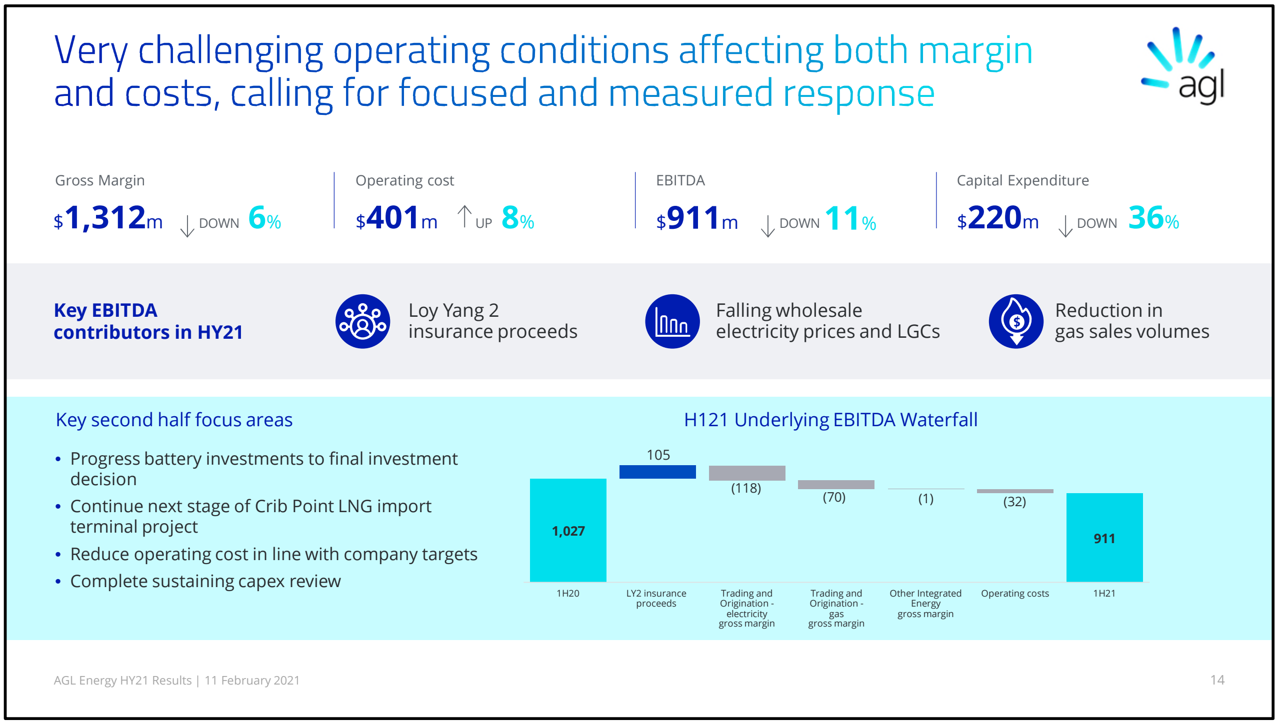


[CHRISTINE CORBETT]
Our focus on customers provides the foundation for our ambition for AGL to be the leading multi-product retailer for the connected customer.
New products and services will help deliver customers better value and an effortless experience with the launch of AGL internet and mobile in the last few months.
By 30 June every product we sell will have a carbon neutral option.
By delivering value and catering for the demand for sustainable products for our customers, we in turn deliver greater long-term value for AGL shareholders.
We will increase customer lifetime value through improved average tenure and overall services and margin per customer.
At the same time, our cost base will be further improved through the economies of scale we deliver across both fixed and operating costs.
We have bold ambitions to make a significant impact in the lives of our customers with positive progress already realised, centred on customer growth, digitisation and building trust and simplicity.
I'll now hand to Markus to talk about Integrated Energy.

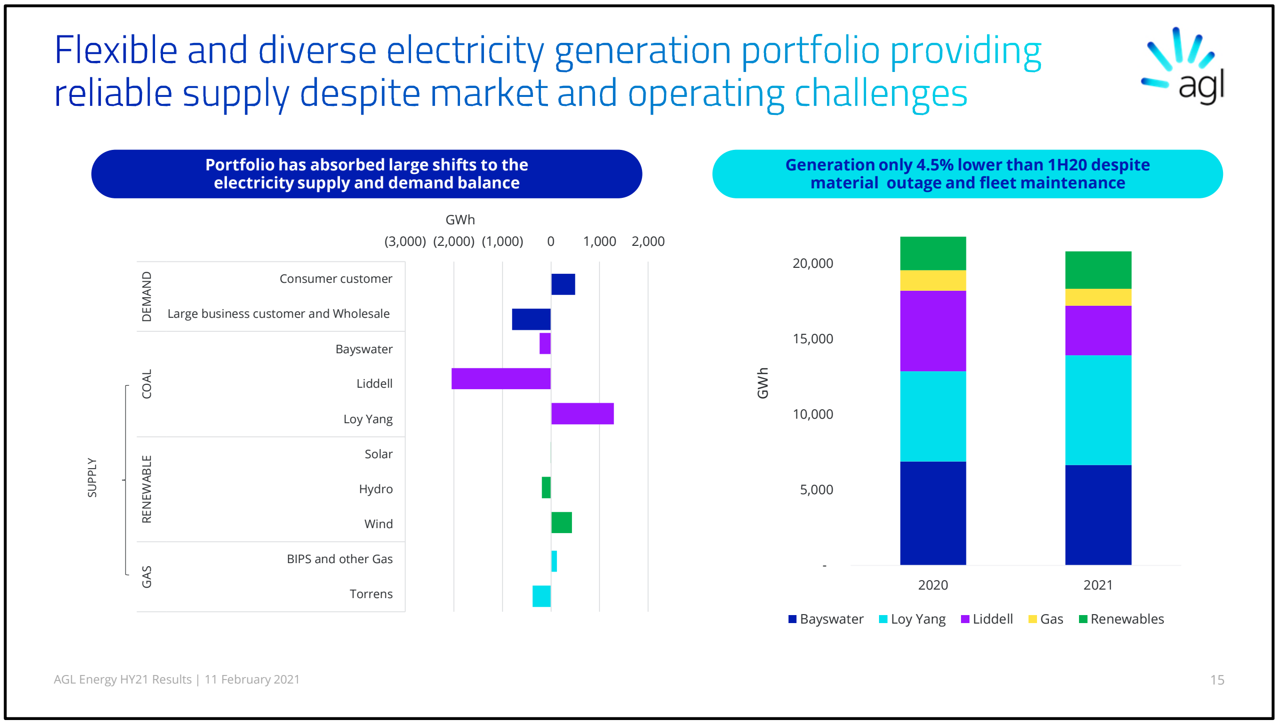
Integrated Energy

Markus Brokhof
Chief Operating Officer

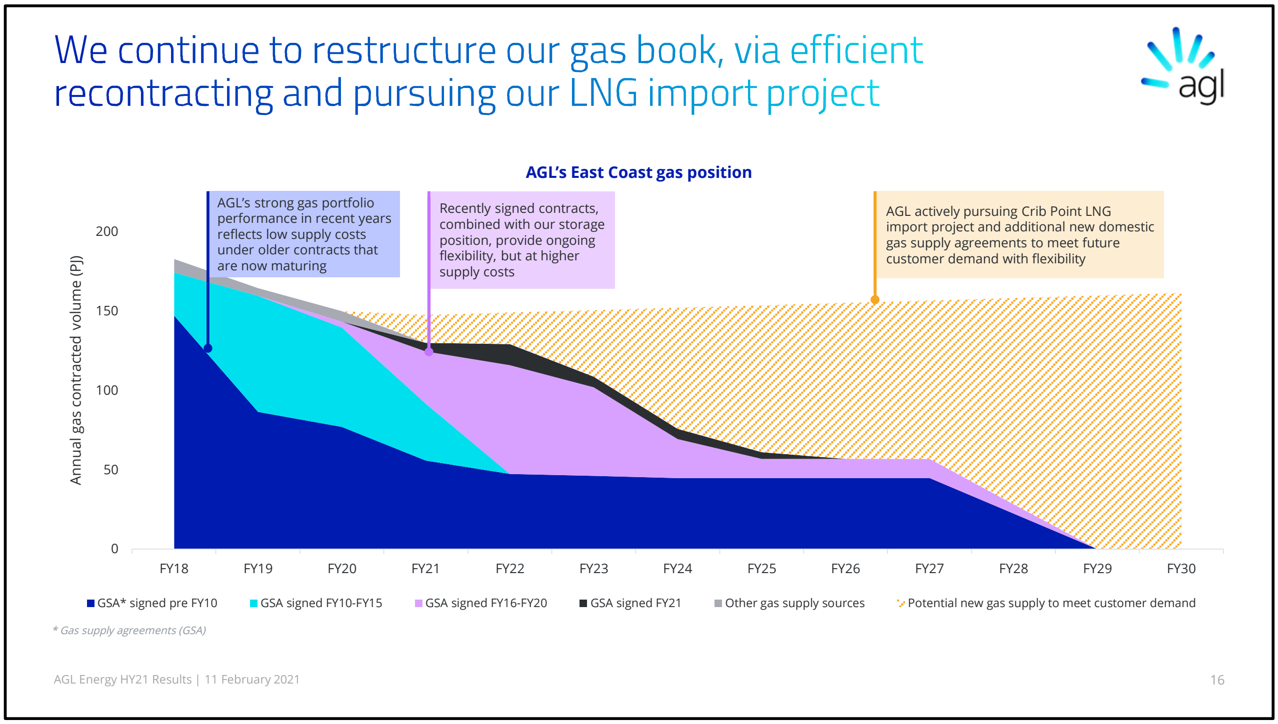
[MARKUS BROKHOF]
Thanks Christine, and good morning everyone.



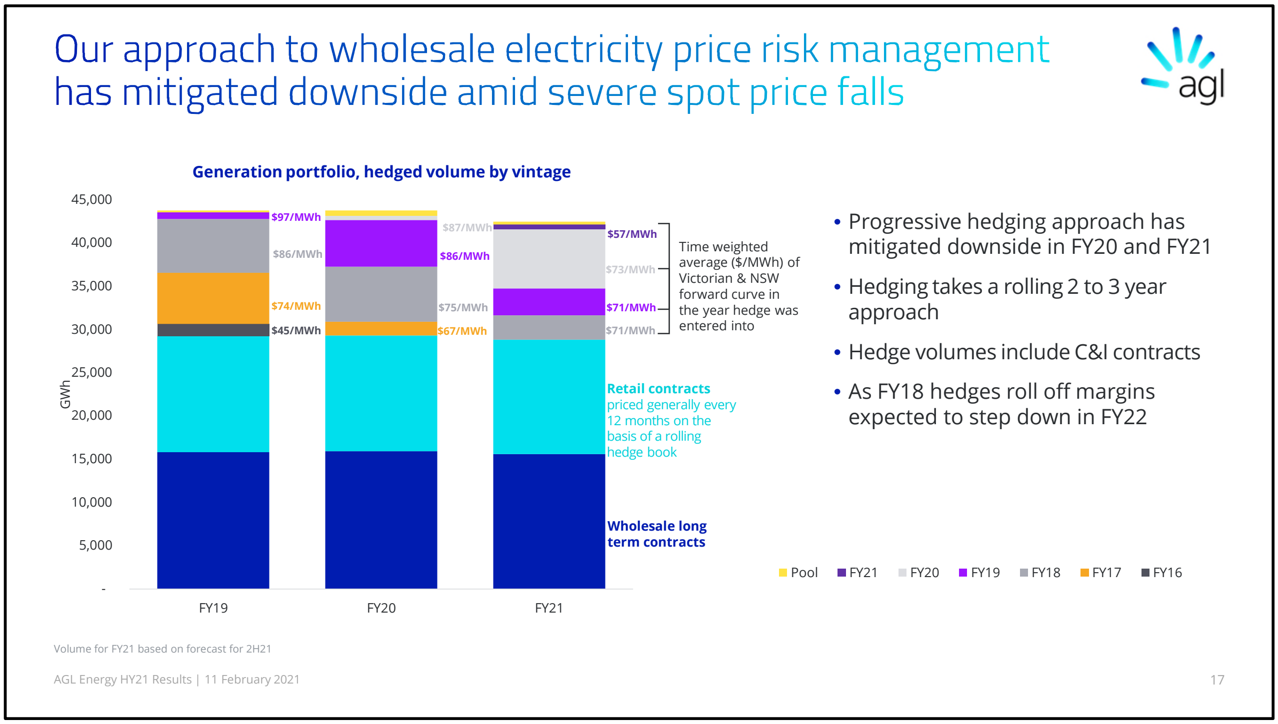
[MARKUS BROKHOF]
To start, this page includes an update on AGL's operational performance and impact on financials.
Underlying EBITDA for the half year was down 11 percent to 911 million dollars.
This includes some of the effects of COVID-19 on demand for gas and the large business and wholesale customer segments of electricity, but also the longer-term impact of the electricity transition on prices.
You will see on the right of this slide a reduction in our capital expenditure year to date by 36 percent.
This reduction is split equally between sustaining capex and growth capex.
In the case of sustaining capex, the reduction is driven by major planned outage deferrals and rescoping due to COVID-19 restrictions that have changed how we are able to safely deliver work and access interstate and international expertise.
For growth capex, the reduction is due to the completion of Barker Inlet Power Station in FY20 compared with this year.
Smaller growth investments have been made in the orchestration platform of our decentralised energy business and the uplift of our trading systems.
In the remainder of the financial year, we will be focusing on bringing our announced battery investments to fruition and advancing our Crib Point LNG import terminal to the final investment stage.
In addition, we are focusing on operating costs.
Integrated Energy will deliver a substantive portion of the total company target of 150 million dollars in FY22.
The primary savings have been identified from asset maintenance optimisation, reduction of contractors, decrease in professional services and consulting services and reduction in overtime.
Finally, we will look to complete a review of sustaining capital expenditure that we have been undertaking with international expert advisors.
We can't assume that the way we have operated our assets in the past will be the way we will operate in the future, and we are working to understand how we can operate more flexibly and efficiently in response to market conditions.
Let's now turn to how our assets performed in the period.



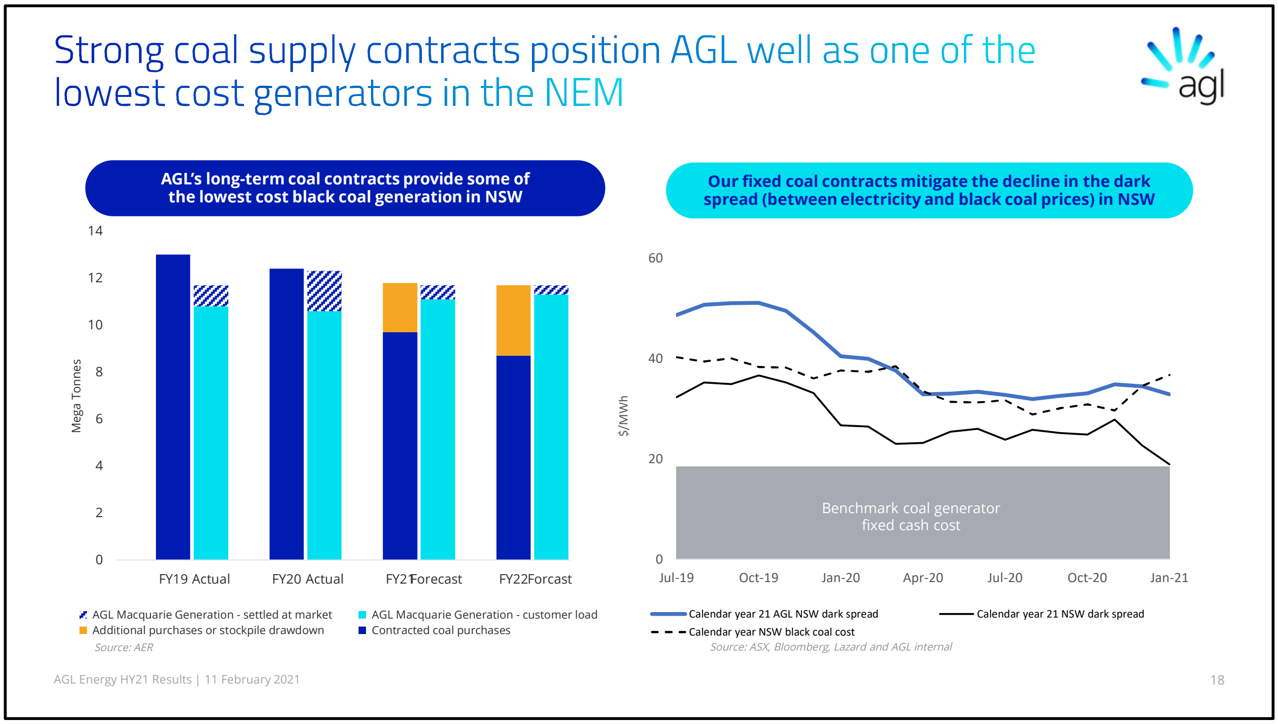
[MARKUS BROKHOF]
Given the challenging conditions I just outlined, I have been happy with the ability of AGL to react and rebalance our resilient asset portfolio.
On the right, you can see that AGL's overall generation is down less than 5 percent, despite some material unplanned outages mainly at our coal power station at Liddell, including the severe Liddell Unit 3 incident on 17 December.
After an in-depth analysis, return to service is scheduled for 26 March.
Loy Yang is running more reliably than in the same period last year.
Renewables generation has increased more than 10 percent compared with the first half of last year, reflecting the increasing role in the AGL portfolio played by Coopers Gap and Silverton.
Barker Inlet Power Station is performing ahead of business case to meet market demand for flexibility and firming up renewable generation.



[MARKUS BROKHOF]
On this page, as we did at the August results, we are showing the AGL gas supply portfolio by the year in which contracts were signed.
The gas book historically has been underpinned by a substantial volume from supply agreements signed when gas prices were much lower.
The margin pressure we are seeing this year has a lot to do with increased procurement costs as these contracts roll off.
Looking ahead, as domestic gas supply availability in the South diminishes and pipelines to key consumption areas look increasingly likely to face capacity constraints, we are planning to shift our sourcing strategy to include gas imports notably via Crib Point.
We believe Crib Point provides the best mechanism to meet Victorian customer requirements and provides the flexibility to ramp up and down to match demand.
The panel assessing Crib Point is expected to provide their report to the planning minister by the end of February.
In the meantime we are contracting on a short-to midterm basis additional supplies to meet our demand forecast, the most recent of which is shown in black on this chart.
Recent portfolio contracts could be secured in the range of 6 to 7 $/GJ which has an positive impact on our overall portfolio price and can compensate partially the roll-off of some legacy contracts.



[MARKUS BROKHOF]
Let me now turn to electricity.
AGL has a rolling two-to-three-year hedging strategy that is influenced by the liquidity of the market and our customer portfolio.
Having this hedging strategy in place has mitigated the downside in FY20 and FY21 as prices have fallen.
In this chart you can see for each of the past three financial years, the hedged generation portfolio and the vintage of the hedged volume including market pricing.
It is this active risk management that has mitigated the downside of declining prices.
However, as you can observe in the price labels, the earlier vintages were hedged at a higher price.
So, as FY17 and FY18 roll off, there will be a continued margin impact going into FY22 and FY23.
We will continue to focus on actively managing our hedge position to manage price and risk exposure, combining this with the evolving nature of our portfolio into the future.



[MARKUS BROKHOF]
I will close by talking about our strong coal supply position in New South Wales and how this translates to our competitive position.
The chart on the left shows our contracted position at AGL Macquarie, which will continue to provide us access to lower priced coal than the market average into the mid 2020s.
The chart on the right shows the evolving dark spread in New South Wales from July 2019 to January of this year.
A dark spread is the difference between the price received by a generator for electricity produced and the cost of coal needed to produce that electricity.
All of the plant's other expenses must come out of this spread.
Hence, it is the main benchmark used to gauge the financial health of coal-powered electricity plants.
With a declining dark spread moving below 20 dollars per megawatt hour, as show in black on the chart, the profitability of much of New South Wales' coal generation will come under pressure.
You can see this trend in the NSW dark spread line converging with the average fixed operating costs in the chart on the right-hand side.
While AGL has a big advantage because of the dark spread premium we enjoy, as shown in blue, we are not immune to this trend.
Hence our focus needs to be on costs and efficiency to keep the plants running economically.
I will now hand to Damien.

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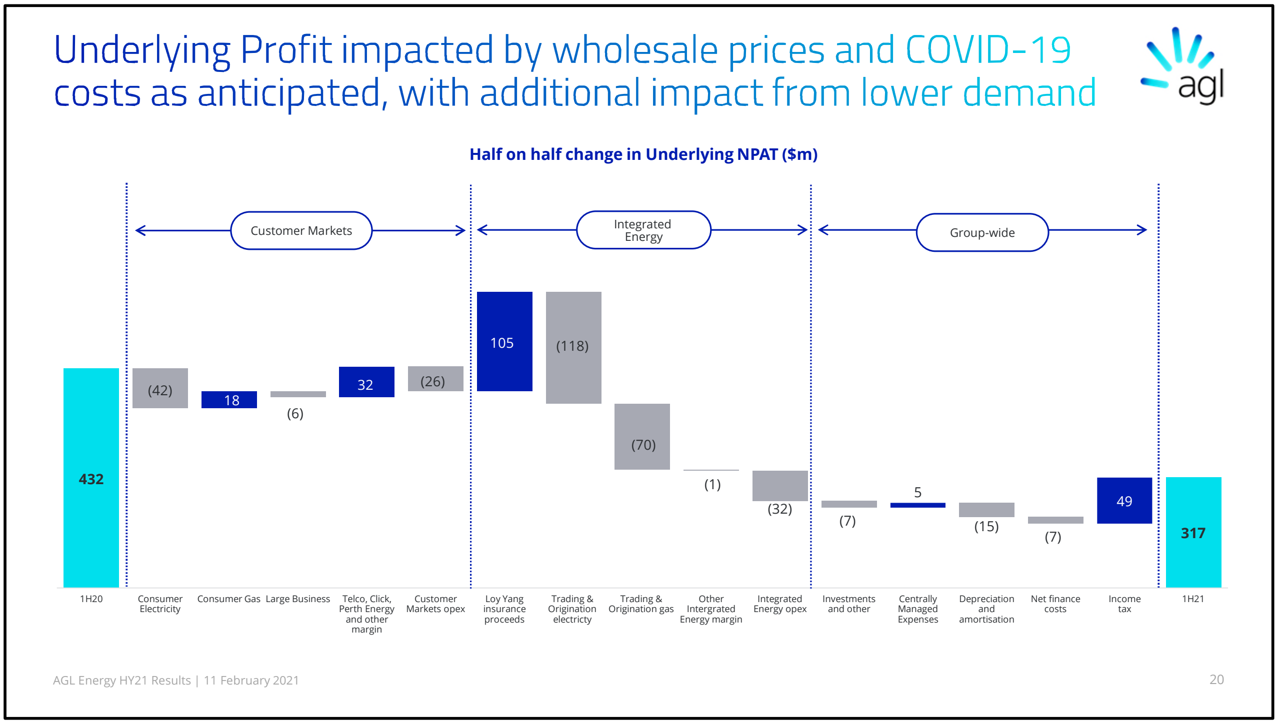
Financial Overview

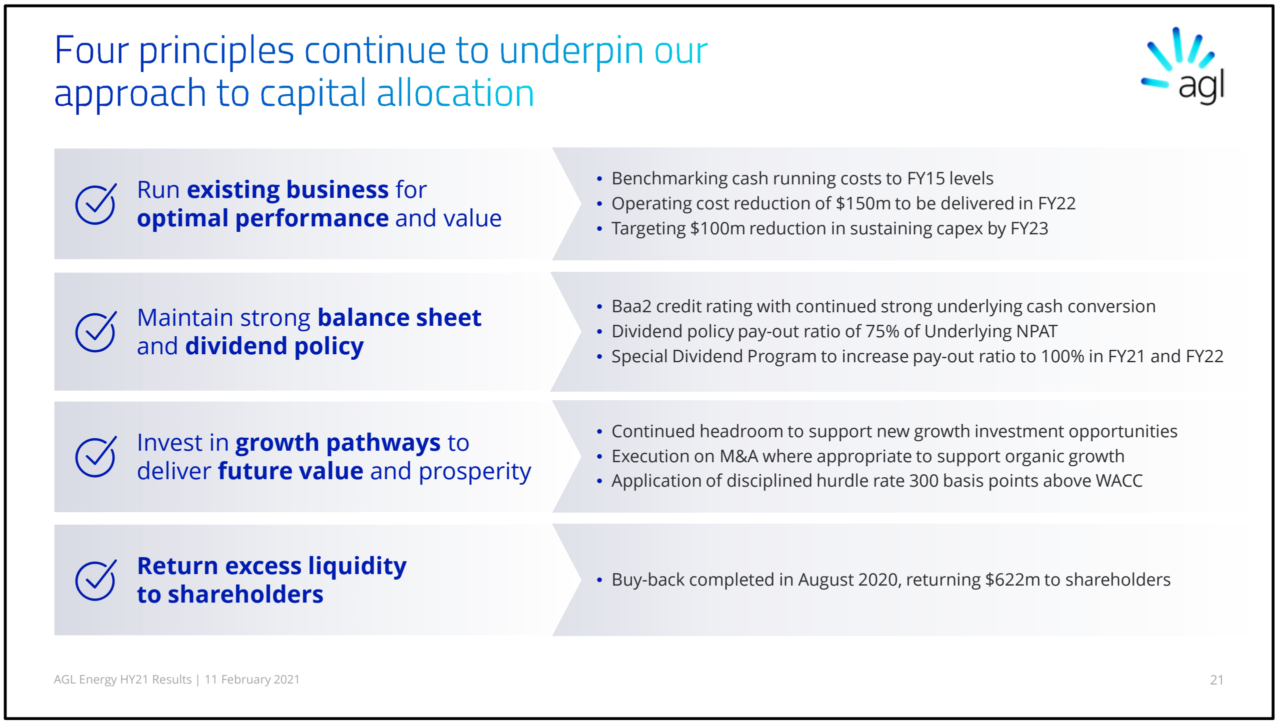
Damien Nicks
Chief Financial Officer

Bayswater Power Station, New South Wales

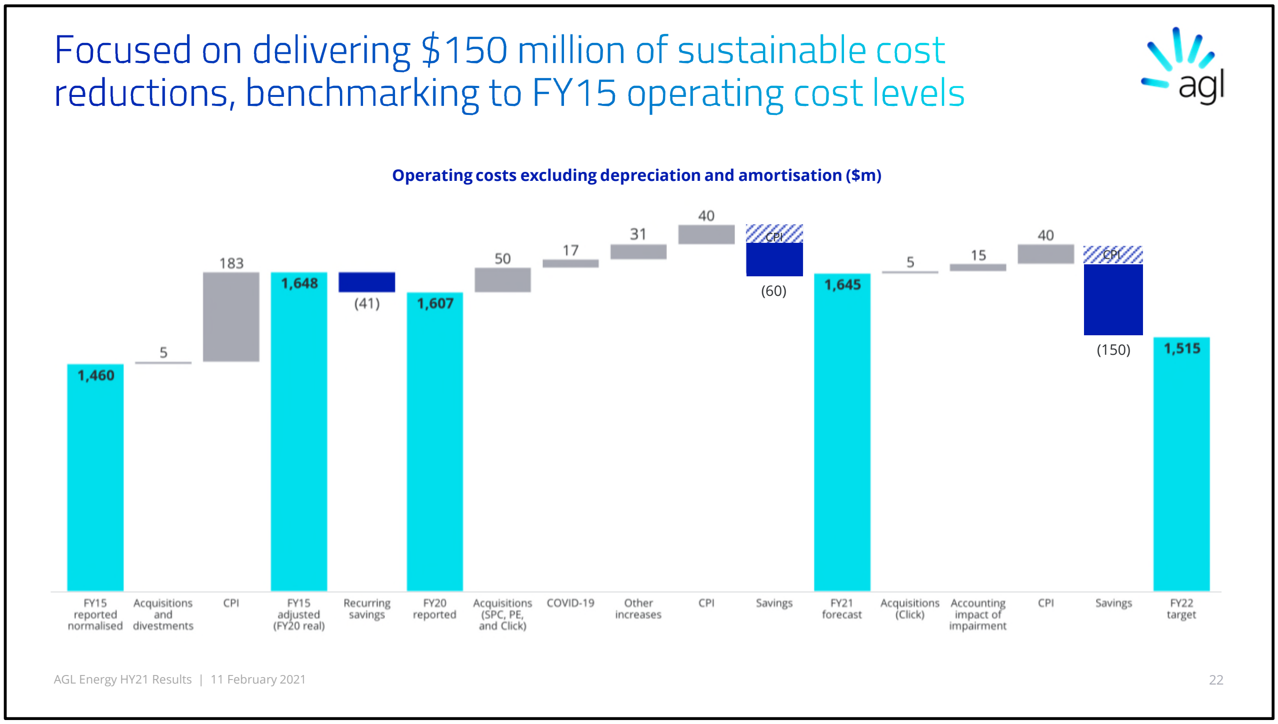
[DAMIEN NICKS]
Thanks Markus, and good morning everyone.



[DAMIEN NICKS]
I will start by taking you through group Underlying Profit in more detail.
The 115-million-dollar reduction in Underlying NPAT in the half was consistent with the material headwinds we flagged last August.
Looking at the chart from left to right, as you have heard from Christine, Customer Markets margin was down slightly as a result of COVID-19 costs and lower pricing, partially offset by a solid performance from Click Energy, Perth Energy and our new telco business, which combined contributed 32 million dollars to margin.
In Integrated Energy, margins were impacted heavily as forecast, offset by the receipt of the majority of the Loy Yang Unit 2 insurance proceeds.
Keep in mind that the 105 million dollars shown is pre-tax.
Post tax, it’s 73 million dollars in the half.
For the full year, we remain confident in the 80-to-100-million-dollar post-tax range we forecast for the full year.
Depreciation was up 15 million dollars before tax in the half, again consistent with our guidance for an increase in this expense.
The reduction in tax expense largely reflected the fall in profit while net finance costs remain tightly managed.



[DAMIEN NICKS]
Now let me remind you of the four principles that underpin our approach to capital allocation.
Consistent with the first, running the existing business for optimal performance and value, we have announced plans to reduce both opex and sustaining capex today.
Since 2015 AGL has grown both our customer book and fleet materially – not to mention the inflation between now and then – so bringing our costs back to this level will be a significant achievement.
Our second principle is to maintain a strong balance sheet and dividend policy.
Underlying cash conversion remains strong, and we remain well within the bounds of our Baa2 credit rating.
We are augmenting our dividend policy with a Special Dividend Program as announced in August.
Our third principle is to invest in growth, which we continue to do with a hurdle rate 300 basis points above our weighted average cost of capital.
The fourth principle is to return excess liquidity to shareholders.
The buyback was completed in August.
I'll now look at our cost reduction program in more detail.



[DAMIEN NICKS]
We have identified 150 million dollars in sustainable operating cost reductions for delivery in FY22, in addition to continuing to offset annual inflation.
That follows our objective to keep FY21 opex flat, excluding COVID-19 impacts and acquisitions, against which we are tracking slightly ahead at the half.
The remainder of those COVID-19 costs include increased allowance for expected customer credit loss, costs to ensure employees and contractors were able to continue to work safely and securely at AGL generation sites during lockdown, and increased leave balances.
The decrease in other costs is being driven by ongoing savings from recent digital transformation initiatives and other efficiency programs, partially offset by a small amount of restructuring and redundancy costs in response to more challenging operating conditions.
You'll note on the slide that the waterfall starts on the left at FY15, which we are using as a benchmark year.
The FY22 cost program is well underway.
We're anticipating savings year on year from lower net bad debt expense as well as savings across labour, asset optimisation, digitisation and reductions in corporate functions.
In addition to a material reduction in professional and consulting services.
We have identified these savings across our business units, they have been budgeted and leaders understand their KPIs.

Underlying credit loss performance better than expected, even during difficult economic conditions

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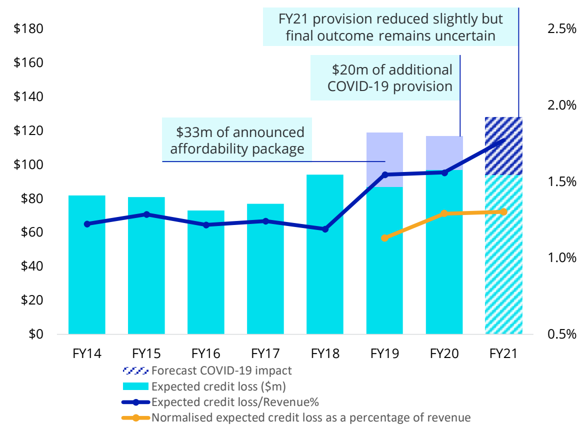
Expected credit loss

- COVID-19 credit losses slightly better than expected in 1H21
- FY21 impact currently forecast at ~$35 million but uncertainty still exists
- ~38,500 energy services to customers accessed AGL's COVID-19 Support Program
- 39% of COVID-19 support customers have been returned to business-as-usual collections
- 60-70% of customer overdue balances either reduced or not increased post application of COVID-19 support
- Click Energy book has been conservatively provisioned for credit loss; to date book has performed better than expected

Historic credit loss and forecast expectations



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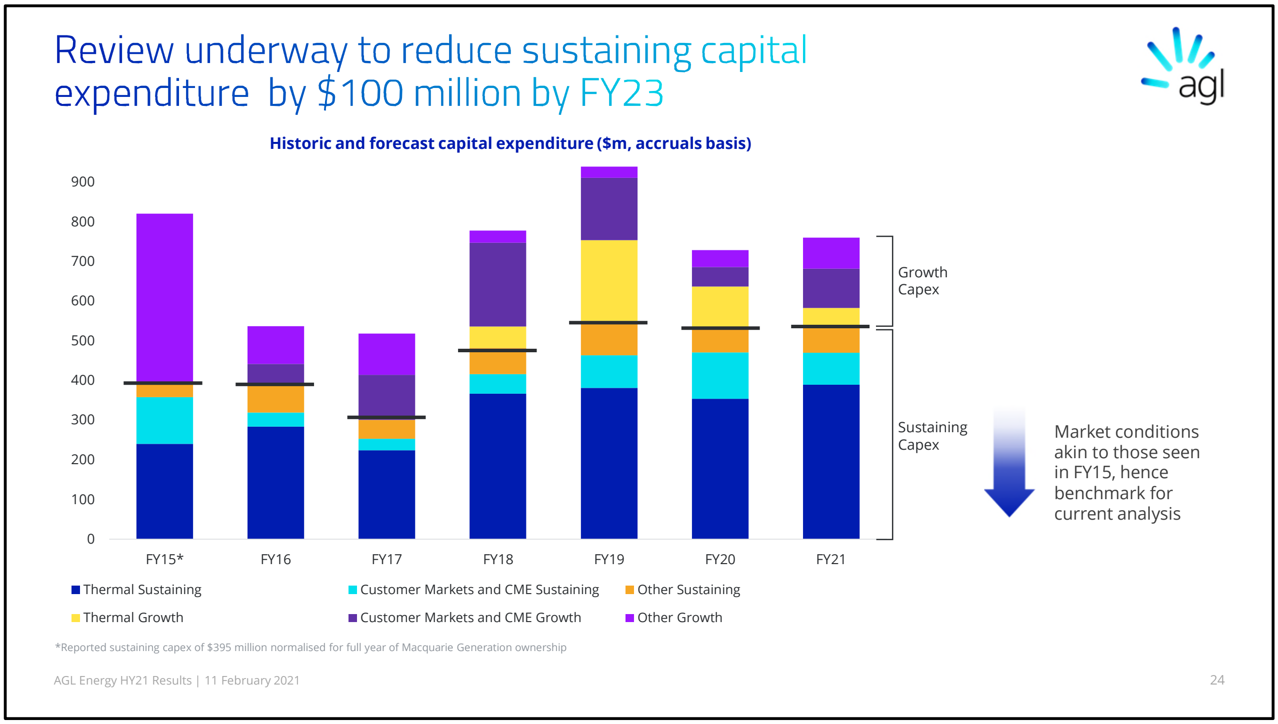
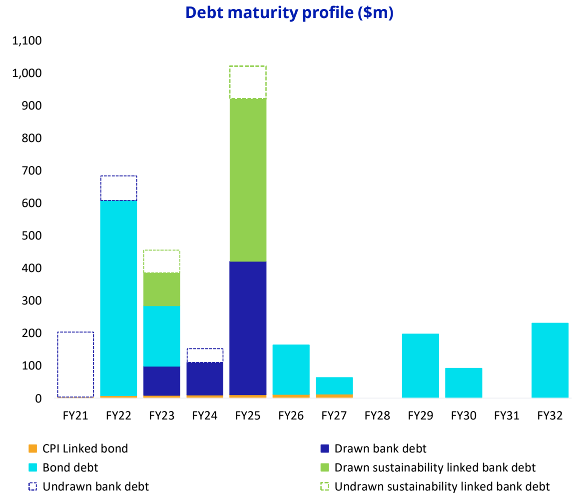
[DAMIEN NICKS]
I want to touch on credit loss in more detail.
I'm pleased to report that our experience is tracking better than we expected year to date.
As a result, we have reduced the provision by 5 million dollars – but of course there is still significant uncertainty around COVID-19 itself and the impact of government support programs rolling off.
Lastly, a comment on the Click Energy acquisition.
We did increase credit loss provisioning as part of our business case assumptions, reflecting the different risk profile but, to date, its collections have performed better than our business case.
Now let's turn to capex.



[DAMIEN NICKS]
Following lower capex in the half, we are now forecasting capex for FY21 of about 750 million dollars – the biggest difference to FY20 being the investment in growing the multi-product retailer offering in Customer.
You can see the level of sustaining capex each year marked on this chart with a black line, again benchmarked to FY15.
This has largely been driven by the mid-life and major outage schedules of our coal-fired generators.
We have detailed programs under way to deliver reductions in sustaining capex as part of our 100 million dollar target for the group by FY23.
This will appropriately balance our maintenance program, prioritising commercial availability and efficient operations with our need for the cost base to reflect market conditions.

Financial position remains robust with strong cash conversion and diverse sources of debt funding

$m	1H21	1H20
Underlying EBITDA	**926**	**1,068**
Equity accounted income and onerous contracts	(17)	(18)
Movements in other assets/liabilities and non-cash items	(28)	4
Working capital – margin receipts/(calls)	(68)	156
Working capital – other	(50)	(11)
Underlying operating cash flow before significant items, interest and tax	**763**	**1,199**
Net finance costs paid	(63)	(62)
Income taxes paid	(75)	5
Significant items	(11)	(7)
Net cash provided by operating activities	**614**	**1,135**
Sustaining capital expenditure (accruals basis)	(211)	(296)
Growth capital expenditure (accruals basis)	(80)	(117)
Other investing activities	(120)	(49)
Net cash used in investing activities	**(411)**	**(462)**
Net cash used in financing activities	**(243)**	**(495)**
Cash conversion rate	82%	112%
Cash conversion rate (excl. margin calls)	90%	98%



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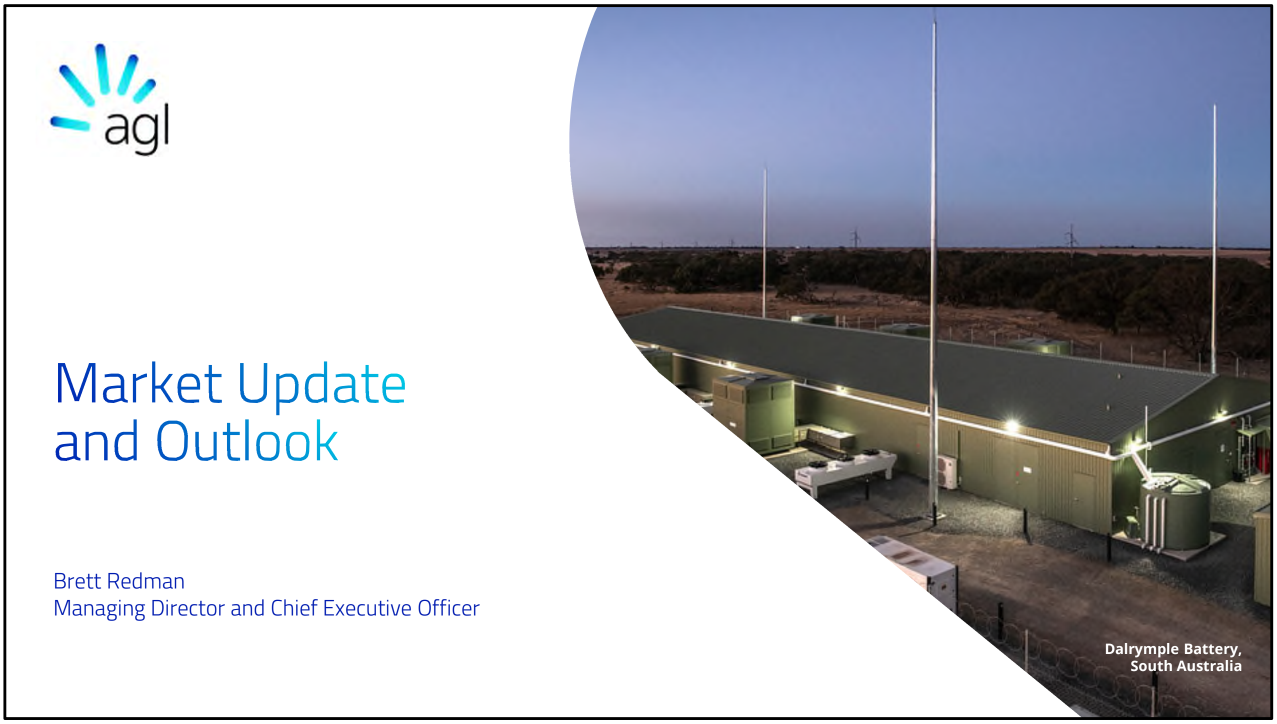
[DAMIEN NICKS]
I'll finish by talking about cash and debt.
In the half, there were increased cash tax payments and negative working capital movements associated with our wholesale electricity market positions.
Most significantly, there was a small outflow from margin calls compared with a large inflow in the first half of FY20.
Excluding margin calls, which move with wholesale prices, underlying cash conversion was strong at 90 percent.
Investing cash flow was about 50 million dollars higher as lower capex was offset partially by increased spending on acquisitions.
Financing cash outflows were about half of last year reflecting debt retirement and the cessation of the buyback.
Despite the impairment, we retain plenty of headroom under our Baa2 credit rating and all our debt covenants.
We have no major refinancing due until November 2021 and approximately 600 million dollars in cash and undrawn debt available.
We did not replace an undrawn facility that matured in September given the high levels of cash in the business.
I'll hand you back to Brett.



[BRETT REDMAN]
Thanks Damien.

Impact of falling wholesale electricity prices to continue in FY22 and beyond; AGL leveraged to wholesale price recovery

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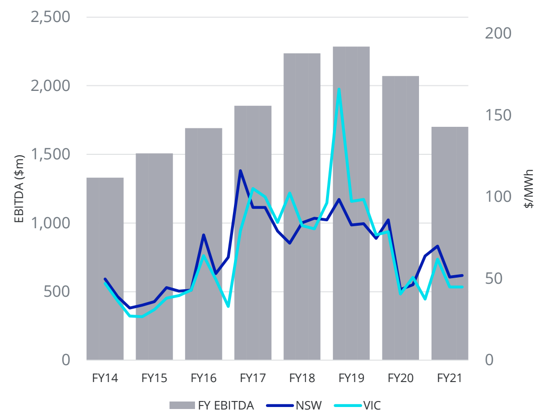
Impact of price volatility on earnings

- Historic relationship reflects correlation between wholesale price and AGL earnings
- Progressive hedging approach smooths earnings outcomes, both downside (FY20 and FY21) and upside impacts
- Market conditions today similar to those of FY15, hence benchmark year to reduce both operating cost and sustaining capex
- Cost reduction and leaner operations will increase leverage to any recovery in wholesale electricity prices, as observed from FY14-FY19

Underlying EBITDA vs. spot electricity prices



Source: AEMO and AGL data

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[BRETT REDMAN]
I want to conclude by looking at the historic relationship between EBITDA and wholesale electricity prices, to help put more context about our outlook beyond this year.
Wholesale electricity prices are the biggest driver of AGL's profitability – and you can see from the chart to the right that there is a strong correlation between the price trend (both up and down) and AGL earnings.
The steady rise that occurred from FY15 to FY18 translated into record profits in FY19, and the decline we've seen since is now translating to much lower earnings this year and into the next couple of years.
Markus has taken you through our hedge book in more detail, from which you can see that our progressive hedging approach smooths our earnings outcomes, both downside and upside.
The chart here shows that wholesale prices are at levels last seen in 2015, hence it is likely earnings will follow.

Outlook continues to reflect challenging market and operating conditions

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FY21 guidance range:
- Underlying EBITDA between $1,585 and $1,845 million
- Underlying NPAT between $500 million to $580 million, per update on 21 December 2020
  - Includes expected $80 million to $100 million after tax benefit from AGL Loy Yang A unit 2 outage insurance claim
- FY21 operating costs (excluding depreciation and amortisation) expected to be flat excluding COVID-19 and acquisition related costs

FY21 guidance reflects:
- Previously forecast impact of lower-cost supply contracts maturing in Wholesale Gas, lower market prices in Wholesale Electricity, higher depreciation expense, and costs associated with responding to the COVID-19 pandemic
- Increasing earnings pressure from recent trading performance and continued deterioration in market and operating conditions in Wholesale Electricity
- Negative $25 million (after tax) due to the Liddell Unit 3 outage, comprising direct trading impacts on the day of the event, estimated portfolio trading impacts through to late March 2021 and the direct cost of replacing the transformer

FY22 outlook:
- Further material step-down in Wholesale Electricity earnings anticipated as hedging positions established when wholesale prices were materially higher progressively roll off and are re-contracted at lower levels reflecting the deterioration in wholesale prices
- No recurrence of $80 million to $100 million (after tax) expected from insurance proceeds related to a prior outage at Loy Yang A unit 2

All guidance is subject to ongoing uncertainty in relation to the economic impacts of the COVID-19 pandemic as well as normal variability in trading conditions

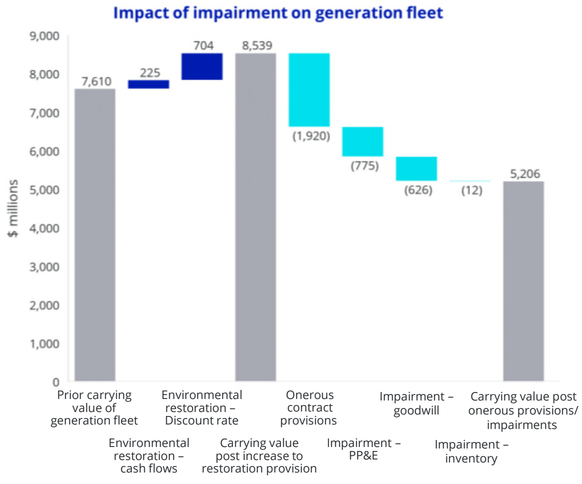
[BRETT REDMAN]
I'll finish by recapping our formal guidance statement, with our outlook continuing to reflect the challenging market and operating conditions.
Today we have provided guidance for Underlying EBITDA of between 1,585 and 1,845 million dollar and affirmed the guidance range we provided in December for Underlying NPAT of 500 million to 580 million dollars.
This includes the expected 80-to-100-million-dollar after-tax benefit from our insurance claims over last year's extended outage at Unit 2 of AGL Loy Yang, which won't repeat next year.
We continue to expect FY21 operating costs (excluding depreciation and amortisation) to be broadly flat on FY20 excluding COVID-19 and acquisition related costs.
Our FY21 guidance reflects the pressure to margin of lower cost supply contracts maturing in Wholesale Gas, lower market prices in Wholesale Electricity, higher depreciation and the costs associated with our COVID-19 response, as well as the 25-million-dollar financial impact of the Liddell incident and further market deterioration and trading performance announced in December.
In FY22, the insurance benefits will not recur.
In addition, we continue to expect a further material step down in Wholesale Electricity margin in FY22 – despite the benefit we will see from having impaired onerous wind farm supply contracts – as older hedging positions progressively roll off and are recontracted at lower levels reflecting the deterioration in wholesale prices.
The cost-out program we have announced today will not be sufficient to offset this negative earnings trajectory.
As always, all our guidance is subject to ongoing uncertainty in relation to the economic impacts of the COVID-19 pandemic as well as normal variability in trading conditions.
Thank you.
We will now take questions.

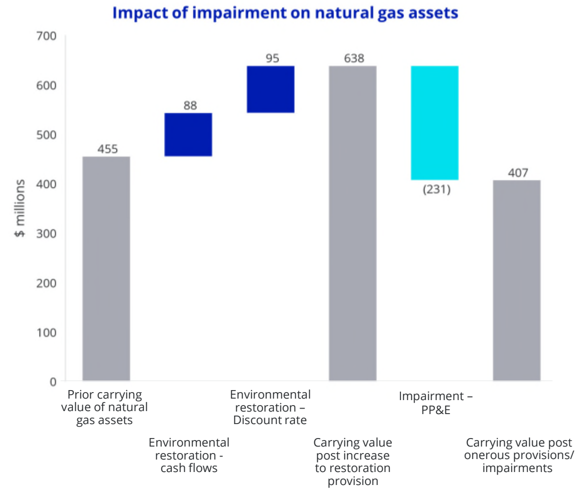
Supplementary Information

Reconciliation of Statutory Profit to Underlying Profit

$m	1H21	1H20	Change
Statutory NPAT	**(2,287)**	**323**	**(2,610)**
Adjust for:			
Impairment losses and onerous contracts	2,686	-	2,686
Perth Energy acquisition costs	-	7	(7)
Click Energy acquisition costs	11	-	11
Powering Australian Renewables (PowAR) partial impairment	-	10	(10)
(Profit)/Loss on fair value of financial instruments after tax	(93)	92	(185)
Underlying NPAT	**317**	**432**	**(115)**

Asset impairment and recognition of onerous contracts reflects decline in long-term wholesale price forecasts





Pool generation volume

GWh	1H21	1H20	Change
Asset			
AGL Macquarie – Bayswater	6,664	6,900	(3)%
AGL Macquarie – Liddell	3,285	5,327	(38)%
AGL Loy Yang	7,263	5,971	22%
AGL Torrens	806	1,182	(32)%
Barker Inlet	203	58	250%
Kwinana Swift	19	-	100%
SA wind	653	661	(1)%
VIC hydro	243	450	(46)%
VIC wind	455	621	(27)%
NSW solar	153	155	(1)%
Other gas	98	119	(18)%
NSW wind	331	213	55%
NSW hydro	23	5	360%
QLD wind	620	131	373%
Total	**20,816**	**21,793**	**(4)%**
Generation type			
Coal	17,212	18,198	(5)%
Gas	1,126	1,359	(17)%
Wind	2,059	1,626	27%
Hydro	266	455	(42)%
Solar	153	155	(1)%
Total	**20,816**	**21,793**	**(4)%**

Customer services

	31 Dec 2020 ('000)	30 June 2020 ('000)	Change
Consumer Electricity	**2,475**	**2,303**	**7%**
New South Wales	921	861	7%
Victoria	764	704	9%
South Australia	371	363	2%
Queensland	419	375	12%
Consumer Gas	**1,537**	**1,466**	**5%**
New South Wales	641	622	3%
Victoria	606	559	8%
South Australia	135	132	2%
Queensland	86	86	-
Western Australia	69	67	3%
Total Consumer energy services	**4,012**	**3,769**	**6%**
Dual fuel services	2,198	2,118	4%
Average consumer energy services	3,893	3,734	4%
Total Large Business energy services	**17**	**17**	**-**
Total energy services	**4,029**	**3,786**	**6%**
Total broadband and phone services	**171**	**168**	**2%**
Total AGL customer services*	**4,200**	**3,954**	**6%**

*Includes 224,000 Click Energy services across all states selling Consumer Electricity and New South Wales and Victoria for Consumer Gas

Electricity sales volumes

GWh	1H21	1H20	Change
Consumer*			
New South Wales	2,965	2,779	7%
Victoria	2,193	2,043	7%
South Australia	1,074	974	10%
Queensland	1,229	1,129	9%
Consumer total	**7,461**	**6,925**	**8%**
Large Business			
New South Wales	2,133	2,106	1%
Victoria	889	1,313	(32)%
South Australia	535	527	2%
Queensland	876	1,078	(19)%
Western Australia	603	-	100%
Large Business total	**5,036**	**5,024**	**0%**
Wholesale total**	**8,045**	**8,191**	**(2)%**
Electricity sales volume total	**20,542**	**20,140**	**2%**

*Includes Click Energy sales volumes during 1H21 of 224GWh
**Includes purchased volumes sold to ActewAGL during 1H21 of 1,267 GWh (1H20 1,445 GWh)

Gas sales volumes

PJ	1H21	1H20	Change
Consumer*			
New South Wales	9.1	10.0	(9)%
Victoria	18.3	18.8	(3)%
South Australia	1.6	1.7	(6)%
Queensland	1.2	1.3	(8)%
Western Australia	0.5	0.4	25%
Consumer total	**30.7**	**32.2**	**(5)%**
Large Business			
New South Wales	0.3	0.6	(50)%
Victoria	4.5	4.2	7%
South Australia	0.2	0.1	100%
Queensland	2.1	2.2	(5)%
Western Australia	2.2	-	100%
Large Business total	**9.3**	**7.1**	**31%**
Wholesale customers & Generation**	**42.5**	**45.2**	**(6)%**
Gas sales volume total	**82.5**	**84.5**	**(2)%**

*Includes Click Energy sales volumes during 1H21 of 0.4PJ
**Includes volumes sold to AGL owned generation assets during 1H21 of 12.4 PJ (1H20 15.3 PJ)

Generation portfolio performance

Asset	State	Type	Status	Capacity* (MW)	Carbon intensity (tCO_2e/MWh)	1H21 sent out generation (GWh)
AGL Macquarie - Bayswater	NSW	Black coal	Owned	2,640	0.95	6,877
AGL Macquarie - Liddell	NSW	Black coal	Owned	2,000	1.02	3,457
AGL Loy Yang	VIC	Brown coal	Owned	2,210	1.30	7,463
Total coal				**6,850**		**17,797**
AGL Torrens	SA	Gas steam turbine	Owned	1,040	0.63	807
Barker Inlet	SA	Gas reciprocating engine	Owned	211	0.46	207
Yabulu	QLD	CCGT	Control dispatch	121	0.50	47
Somerton	VIC	OCGT	Owned	170	0.72	57
Kwinana Swift	WA	OCGT	Owned	116	0.58	18
AGL Macquarie – HVGT	NSW	Diesel	Owned	50	0.00	-
Total oil and gas				**1,708**		**1,136**
Macarthur	VIC	Wind	Control dispatch	420	0.02	389
Hallett	SA	Wind	Control dispatch	351	0.00	562
Wattle Point	SA	Wind	Control dispatch	91	0.00	137
Oaklands Hill	VIC	Wind	Control dispatch	67	0.00	85
Silverton	NSW	Wind	Control dispatch (PARF)	199	0.00	393
Coopers Gap	QLD	Wind	Control dispatch (PARF)	452	0.00	651
VIC hydro	VIC	Hydro	Owned	733	0.02	277
NSW hydro	NSW	Hydro	Owned	53	0.00	10
NSW solar	NSW	Solar	Control dispatch (PARF)	156	0.00	167
Total renewables				**2,522**		**2,671**
Generation portfolio at 31 December 2020				**11,080**	**0.95**	**21,604**
NEM industry average					**0.70**	

Note: The difference between sent out generation and pool generation volume is due to marginal loss factors, non-scheduled generation and auxiliary usage.
*Capacity listed is the AEMO Registered capacity

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- The material in this presentation is general information about AGL's activities as at the date of this presentation. It is provided in summary form and does not purport to be complete. It should be read in conjunction with AGL's periodic reporting and other announcements lodged with the Australian Securities Exchange.
- 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. It does not take into account the potential and current individual investment objectives or the financial situation of investors.
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- This presentation includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results may materially vary from any forecasts in this presentation. Future major expenditure remains subject to standard Board approval processes.

Statutory Profit and Underlying Profit:

- Statutory Profit is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.
- Underlying Profit is Statutory Profit adjusted for significant items and changes in fair value of financial instruments.
- Underlying Profit is presented with reference to the Australian Securities & Investments Commission's 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 Energy Limited.
- Amounts presented as Statutory Profit and Underlying Profit are those amounts attributable to owners of AGL Energy Limited.

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