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ASX & Media Release

Presentation to Macquarie Securities Conference

4 May 2021

AGL Energy Limited's Interim Managing Director & Chief Executive Officer, Graeme Hunt, will present at the Macquarie Securities Conference today. A copy of the presentation and speech is attached.

The presentation confirms that AGL is progressing its consideration of a structural separation and intends to provide more details by 30 June. It also reaffirms AGL's FY21 guidance as most recently stated in AGL's FY21 Half year results (refer to slide 7).

Authorised for release by AGL's Market Disclosure Committee.

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About AGL

Proudly Australian for more than 180 years, AGL supplies around 4.5 million energy and telecommunications customer services[1]. 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.

[1] Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

[GRAEME HUNT]
Thank you, Ian and good morning to everyone listening.

I didn't expect to be up here presenting today, but it is my pleasure to be joining you this morning given the recent resignation of Brett.

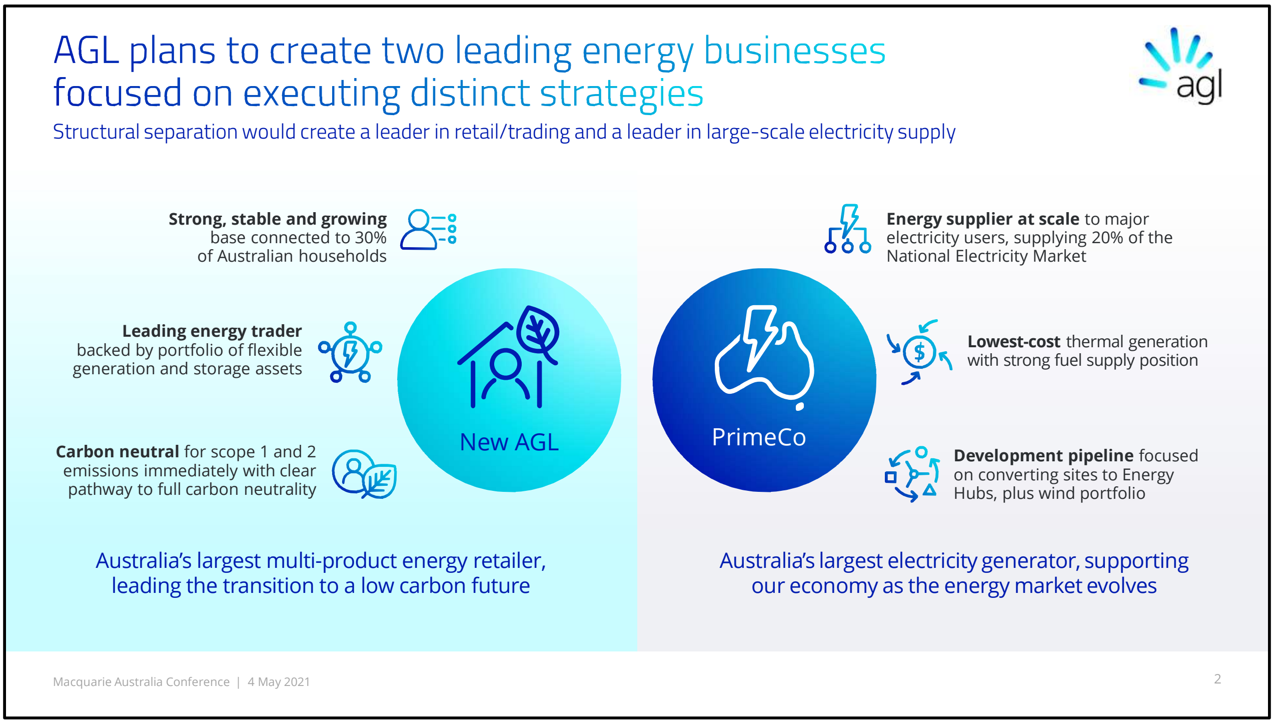
Notwithstanding a change in CEO, I am here to tell you our strategic direction has not changed.

Today, you'll notice, a number of the slides I'm using, we presented at our recent Investor Day, when we announced our intention to separate.

The Board endorsed that information and it endorses the direction we are taking without delay. And I see my role as driving the processes to completion.

Our plans for separation build on AGL's history of adaptation and innovation while carving two new paths.

The separation will set up both entities to ensure they are best positioned to succeed in an environment where the forces of customer, community and technology are rapidly accelerating.



[GRAEME HUNT]
This first slide many of you will recognise from our investor day in late March.

To recap, our proposal involves creating two distinct businesses, which for now, we are calling New AGL and PrimeCo.

Both would be leading energy businesses, each with individually focused strategies.

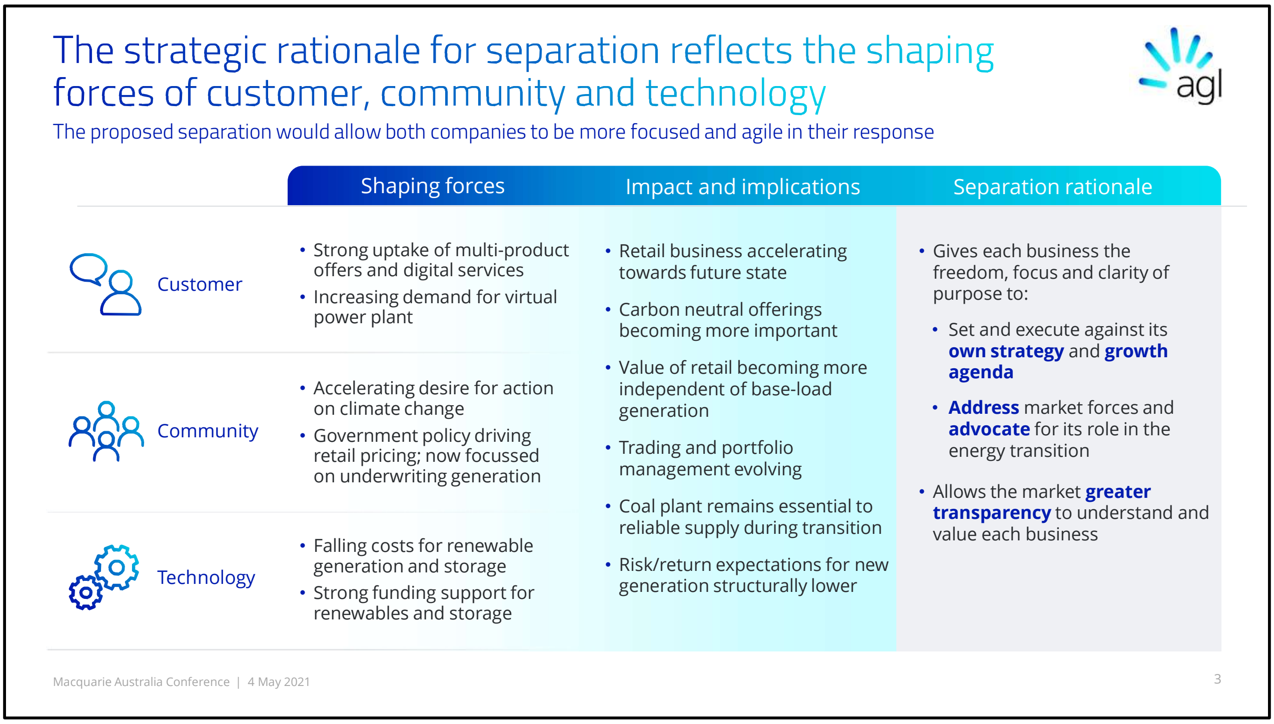
New AGL would be Australia's largest multi-product energy retailer with over 4.5 million customer services and growing, leading the transition to a low carbon future.

New AGL would be carbon neutral for scope one and two emissions, with a clear pathway to full carbon neutrality.

PrimeCo would be Australia's largest electricity generator, accounting for 20% of the generation in the National Electricity Market (NEM) and playing a vital role in supporting the energy market over the transition.

PrimeCo. would operate some of Australia's highest quality, lowest cost thermal generation, backed by hedging expertise and a strong fuel supply position.

PrimeCo would also play its own role in the energy transition by re-developing the Bayswater / Liddell, Torrens Island and Loy Yang sites as energy hubs. It will also operate Australia’s largest wind portfolio and will have development options on additional sites.



[GRAEME HUNT]
Again as we discussed at the investor day, the shaping forces of customer, community and technology are rapidly accelerating.

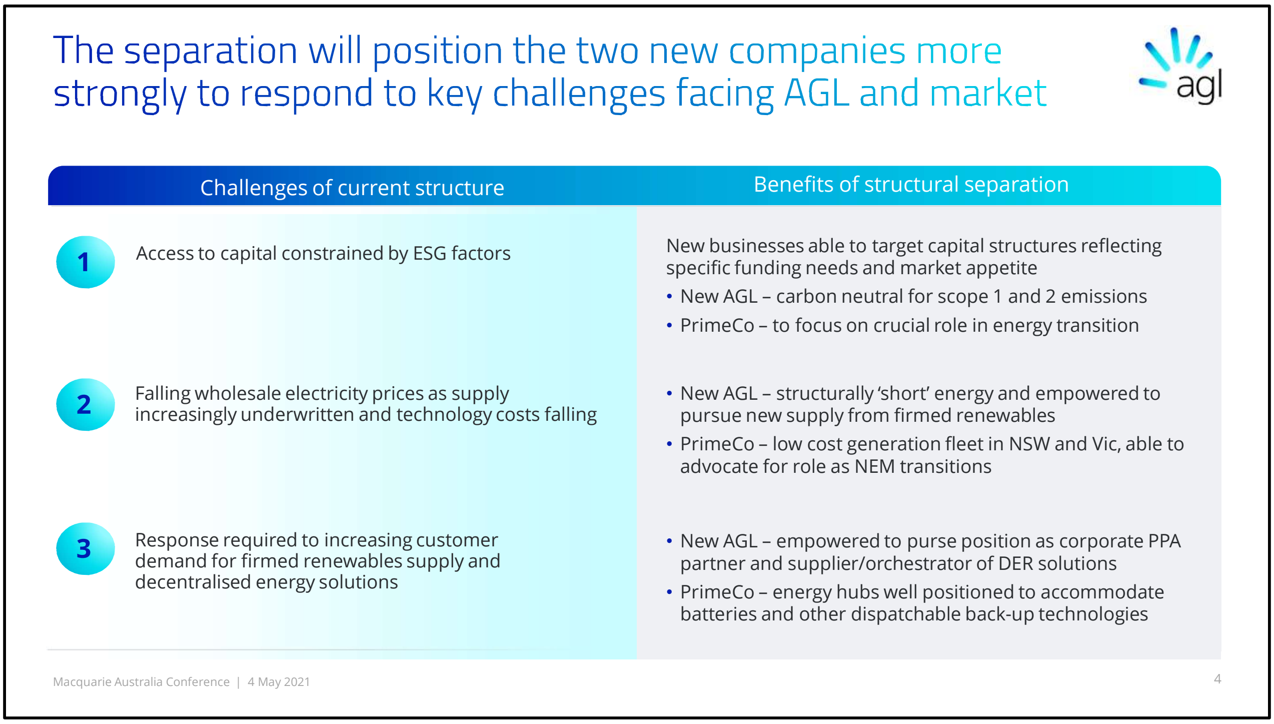
These forces have materially changed Australian energy markets.

Markets have been impacted by the need for action on climate change and government policy focused on underwriting new generation and re-regulation of retail prices. Markets have also had to adapt to rapidly falling technology costs, in particular for grid-scale renewables and now for batteries.

And these impacts are all driving the rationale for separation.

Just in the last few days we have seen a new set of announcements, this time from the Energy Security Board and the Victorian government, these both give us confidence that separation is the right strategy – separation allows for each business to pursue its own strategy and advocate for their own optimal outcomes. For Prime Co, individual advocacy would relate to keeping assets available when they're needed, and allowing them to run efficiently and flexibly, which talks to the ESB mothballing proposal.

And for New AGL a good example is the Victorian government announcement on the weekend, which included a $100 million electric vehicle subsidy. This is great news for EVs as part of the broader distributed energy strategy and reinforces the strategy for New AGL.



[GRAEME HUNT]

From my perspective there are three big reasons why we need to separate this business. And when I reflect on the feedback we have received to date, the majority of concerns we have heard relate to issues that existing AGL contends with today. So lets look at this feedback and I'll illustrate why we think the separated businesses will be in a better position to respond.

Firstly, today given our coal exposure existing AGL is subject to growing capital market constraints, both in debt and equity.

A separation would allow both businesses to pursue capital structures which reflect their funding needs and market appetite.

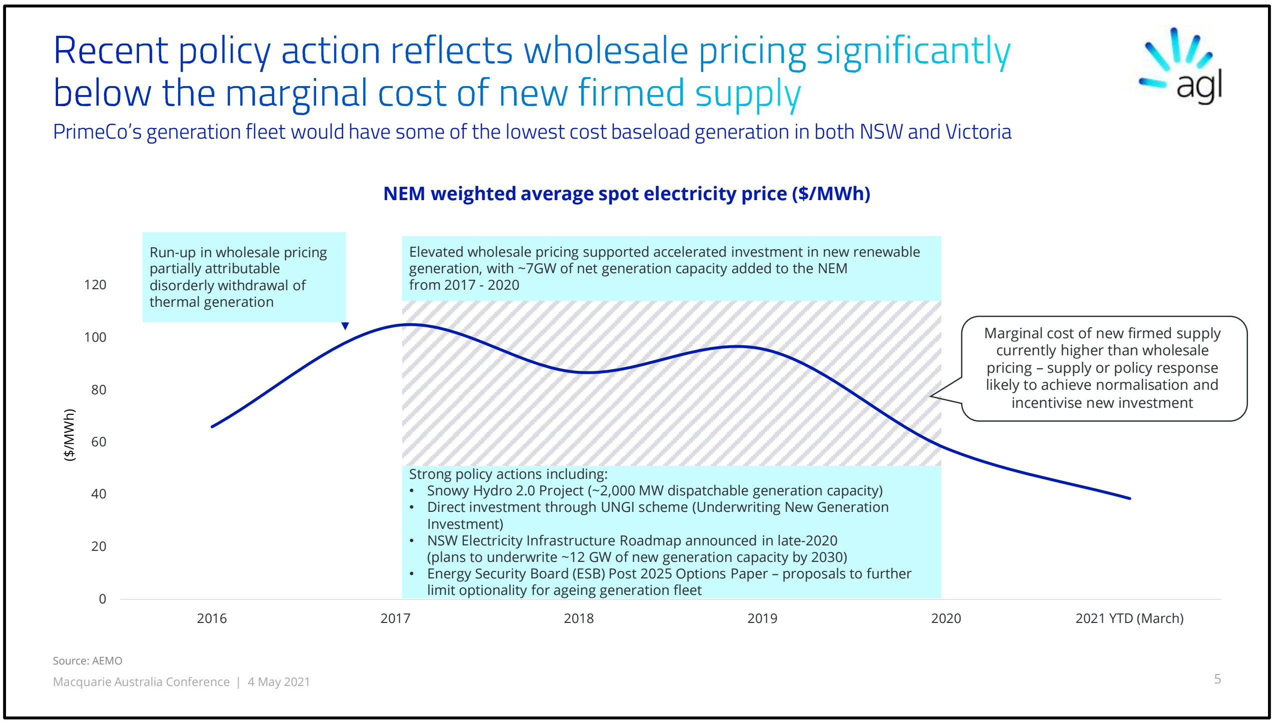
New AGL given it would be carbon neutral, for scope 1 and 2 emissions, would be free of many ESG concerns. And whilst not yet confirmed, we envisage PrimeCo would pursue a debt structure providing lenders a clear line of sight to reduce their exposure to coal.

Secondly, the outlook for wholesale electricity pricing remains challenged, as supply is increasingly being underwritten and technology costs continue to fall.

However, New AGL's short energy position would give it agility and supply options in the medium term. Whilst a lean and focused PrimeCo would retain its low-cost operating advantage, and be well positioned for any recovery in wholesale pricing.

And finally, our customers are increasingly demanding firmed renewable supply and de-centralised energy solutions.

A separated New AGL would be empowered to pursue a position as corporate PPA partner and supplier/orchestrator of choice for DER solutions. Where as PrimeCo's energy hubs would be well positioned to accommodate batteries and other dispatchable back-up technologies.



[GRAEME HUNT]

I've talked so far about the market conditions which have driven our decision to separate, I now want to look in more detail at AGL's most important exposure, wholesale electricity prices.

Spot and forward electricity prices have decreased rapidly to levels unseen since 2015.

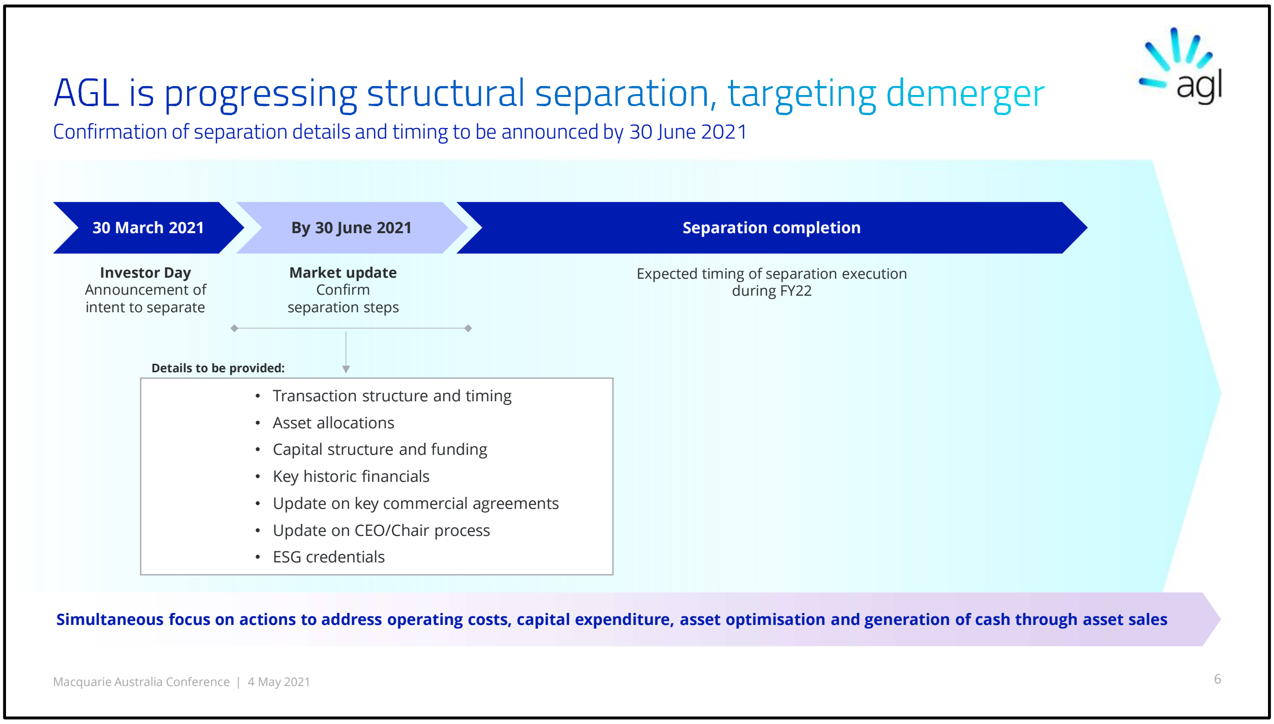
Supply has increased as a result of new grid-scale and rooftop renewable generation combined with the deferral of major planned outages as a result of COVID-19. And demand has fallen due to mild weather and pandemic impacts.

Pleasingly, we have begun to see a stabilisation of demand as economic growth has picked up and Australia is beginning to normalise, however forward prices have remained depressed.

There continues to be a significant gap between spot prices and the cost of firmed renewable generation, reflecting policy measures to underwrite new build of electricity generation.

We are seeing this lower price environment put pressure on existing generation, while new generation build will increasingly rely on government contracts. A fact which was noted in the ESB's proposals released last week.

In this environment, a focused and lean PrimeCo, with some of the lowest cost thermal generation, will be needed for decades to come - positioning the business well. While NewAGL with Australia's largest customer book, quality renewable offtakes and a strong position in the decentralised energy and multi product markets, will be well set up.



[GRAEME HUNT]
Since the announcement in late-March, we have had constructive and positive engagement with our lenders and investors.

The timeline is progressing well and we'll next update the market by 30 June with intended details on the transaction structure and timing. In addition, the update will include asset allocations, capital structures, key commercial agreements and other material details for both entities.

There is still significant work to do before execution, but we are confident in our strategy. We will continue to seek feedback and shareholder support for the proposal. And following the next update, we will seek to execute as soon as we can.

This slide broadly outlines the indicative pathway and timing to completion over the next financial year.

Outlook continues to reflect challenging market and operating conditions

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Reaffirming AGL's FY21 guidance as most recently stated in AGL's FY21 Half year results

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, as previously advised
- 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) previously advised 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

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[GRAEME HUNT]
I want to conclude by reaffirming our guidance today, as provided in December.

Our outlook continues to reflect the challenging market and operating conditions.

And as we announced yesterday, we are ceasing development of the Crib point gas project and expect to recognise pre-tax expenses of up to $108 million as a significant item – this will not affect our guidance.

Looking forward, to FY22, we continue to expect a further material step down in Wholesale Electricity margin.

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.

And finally, while our market and financial outlook is challenging, AGL has a long history of adaption, innovation and growth. And I am confident we now have a clearly defined strategy and pathway to protect shareholder value and address both the challenges and opportunities that the future holds.

I'll now pass back to Ian for any questions.

Disclaimer and important information

- 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.
- 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.
- 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, projects and proposals remain subject to standard Board approval processes.
- The material in this presentation provides an indicative outline of AGL's proposed separation plans. These plans are subject to a number of conditions and requirements and therefore are subject to change. The numerical estimates set out in this presentation are provided for illustrative purposes only and are not represented as being indicative of any future financial conditions or performance. The company names "New AGL" and "PrimeCo" are project names and the icons and logos have been created for the purpose of illustration only.

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