

MANAGING DIRECTOR & CEO'S ADDRESS

Thank you Graeme, and good morning everyone.

I was honoured to be appointed to lead AGL as Managing Director and CEO in December – after working at AGL for over 12 years. I am immensely proud of our history, our people and the important role we play in the Australian community.

AGL is guided by three priorities: Growth, Transformation and Social Licence.

These priorities are all about delivering real value to you, our shareholders, to our customers and to the broader communities where you live and work.

To set us up for success we undertook a review of our purpose and values during the 2019 financial year to ensure we have the right framework to evolve our organisational culture and guide our decision-making.

The outcome was the concept of Progress for Life as its central theme. At AGL we have a passionate belief in progress - human and technological - and a relentless determination to make things better for our customers, our communities, the Australian economy, and our planet.

Supporting our purpose are our five values: Care in every action, Integrity always, Better together, Deliver your best, and Shape tomorrow. These values help to guide our people to focus on delivery for our customers and our shareholders.

I am excited about the times ahead. I am also proud of our recent performance. AGL delivered a strong operating and financial performance in the 2019 financial year while focusing on delivering fairness, simplicity and transparency for our customers. This strong financial result reflected the resilience of our portfolio and growth of our customer base at a time of increasing industry headwinds. It is testament to the 3,750 people we have on the ground serving our customers, running our plant and operating our business every day.

This past year has seen encouraging feedback from our people, many of them shareholders themselves, and an increased employee engagement score. Our aim is to return to, and ultimately exceed best employer standing. However, it is not enough to have an engaged workforce. We need to make sure our people are safe. While AGL has a strong safety culture and injury severity continues to decrease, we experienced an increase in the rate of injuries overall in the 2019 financial year, which we do not consider acceptable. We have work to do. Our people are at the heart of our business and I am passionate about ensuring that everyone who works at AGL is able to go home at the end of the day safe and well.

Let me now turn to our focus on growth and investment. We have three focus areas for investment which reflect the strength of the business we have, as well as the evolution that is occurring in the energy sector and the opportunities the future presents. Our investments not only ensure that the lights can be turned on in homes and businesses but support many regional communities throughout Australia by employing locals and supporting community groups. We are continuing to enhance the way we engage with the local communities where we operate and want to ensure that the decisions and investments that we make today improve the lives of everyday Australians tomorrow.

Our first focus area is optimising our existing portfolio for performance and value. Investing capital expenditure into our thermal plant is critical to ensuring that they remain reliable and keep electricity affordable for our customers. During the financial year we invested 1 billion dollars in combined operating and capital expenditure to maintain our plants' performance – the highest amount ever. We are also undertaking upgrades to our Bayswater and Loy Yang A power stations to make them more efficient - without increasing emissions.

All of this is happening in the context of the planned closure of our ageing thermal plant at Torrens Island and Liddell power stations. We are keeping AEMO informed of our closure schedule for AGL Torrens and have also informed AEMO of the schedule for closing Liddell. Liddell's first unit will close in April 2022 and the remaining three units will close in April 2023. By this date, and after 50 years of operation, Liddell will have well and truly reached the end of its technical life.

Having clarity around closure dates enables us to provide certainty to our people at AGL Macquarie. We care deeply about assisting with the energy transition and we hope that our commitments to no forced redundancies, retraining and new investment in the region will help to keep the local community thriving for decades to come.

It is in this context that we have welcomed the Commonwealth government's Liddell Taskforce. The objective of this Taskforce is to understand the potential impacts of Liddell's closure with respect to reliability in the National Electricity Market, power prices, dependent facilities and the local region. AGL supports the need for governments and industry to work together to improve the affordability, reliability and security of energy for Australian households and businesses and we are engaging positively with the Taskforce and the NSW Government.

Our second area of focus for investment is evolving and expanding our core energy market offerings.

Bloomberg New Energy Finance forecasts that 130 billion dollars of grid-scale and 70 billion dollars of behind-the-meter investment is required in generation and storage between now and 2050. These significant capital expenditure requirements create opportunities for AGL as we look to provide flexible capacity assets – gas firming, hydro and grid scale batteries – that will enable the transition to renewables.

As we focus on the opportunity to play a key role as an enabler of renewable energy, we are progressing firming capacity options and the Crib Point LNG jetty proposal – and we have expanded our footprint in Western Australia with the Perth Energy acquisition.

Securing the options for the Bells Mountain Pumped Hydro project in the Upper Hunter region of NSW and the Kanmantoo Pumped Hydro Project in South Australia, as well as developing the Newcastle gas firming power station, will help AGL to capture value in the changing market whilst enabling this transition to deliver energy that is not just cleaner, but more affordable and reliable too.

Our third area of focus for investment is creating new opportunities with increasingly connected customers.

We fully support the convergence of energy and data in smart appliances, residential battery orchestration and electric vehicles. We want to make sure AGL is the first choice for customers looking for innovative products and services, new technologies and superior service.

I am encouraged by our research that tells us people would trust AGL to provide their broadband and other data services and that, like us, they see a modern utility as a provider of a range of services. The proposal to acquire Vocus earlier in the year reflected this customer research. However, we need to ensure that we also create value for you, our shareholders. We were not confident that Vocus, at the proposed terms, could create this value for you and as such we did not progress this proposal. We remain confident AGL can continue to evolve as a multi-product brand across energy, data and related products and services.

We are focused on ensuring every one of our customers is experiencing fairness, simplicity and transparency when dealing with AGL. We have announced the extension to gas customers of our automatic loyalty discount for households and small businesses on standing offers which is important to ensure that our longer-term customers know how much they are valued.

During the 2019 financial year, we delivered lower electricity tariffs across all states, put in place a safety net to ensure all electricity and gas standing offer customers get a discount after one year, and developed a \$50 million support package for vulnerable customers. Our customer satisfaction levels are up, and I am delighted that we are seeing increasing customer numbers again with 66 thousand additional AGL customers at the end of the 2019 financial year. I am pleased to report that as at the end of August, we have an additional 13 thousand AGL customers. The trends are positive, but we know that there is more that we can achieve for our customers.

In May this year AGL's Loy Yang Unit 2 experienced an electrical short internal to the generator, forcing it out of service. We have been working to repair the Unit and ensure reliability of electricity supply across the National Electricity Market and we expect Unit 2 to return to service in mid-December this year. To help mitigate this generation impact we are seeking permission from the South Australian Government to continue to operate AGL Torrens A over the upcoming summer.

Due to this Loy Yang Unit 2 outage, as well as depreciation and operating headwinds, our guidance is a material reduction on 2019 – as the Chairman has affirmed today. But our financial position remains strong. We have ample headroom both to fund investment and the share buy-back of up to 5 percent of issued share capital that we announced in August and have now started.

Work needs to continue for AGL to deliver an affordable, sustainable and reliable energy future for the Australian community, and we have an experienced team who are passionate about delivering results.

Our priorities of Growth, Transformation and Social Licence are unchanged as we progress through the 2020 financial year, and we will continue to use them to guide our decision-making and to monitor our performance. I hope that the changes we have made and are continuing to make, and the strategic direction that we are heading in, give you the confidence that I have in AGL delivering the best outcomes for you, our shareholders, our customers, communities, and broader stakeholders in the near and long-term.

Thank you.