

Energy in  
action.®

## ASX statement

29 October 2009

Attached is the Managing Director's presentation for the Annual General Meeting to be held at 10.30am today.



Paul McWilliams

Company Secretary



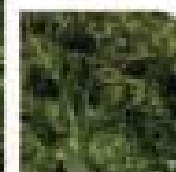
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**2009**

# Annual General Meeting

Michael Fraser  
Managing Director & CEO



 **AGL**

**AGL Energy Limited**

29 October 2009

# 2009 Highlights

Delivering on profit, delivering on growth, delivering on strategy

- › Improved safety performance and employee engagement
- › Result at top end of upgraded guidance range
- › \$3.2bn asset sale program completed
  - » BBB credit rating stable outlook re-instated
- › Market leading renewable portfolio
- › Substantial gas reserves upgrade to deliver long term growth
- › New customer billing and service platform implemented – Project Phoenix



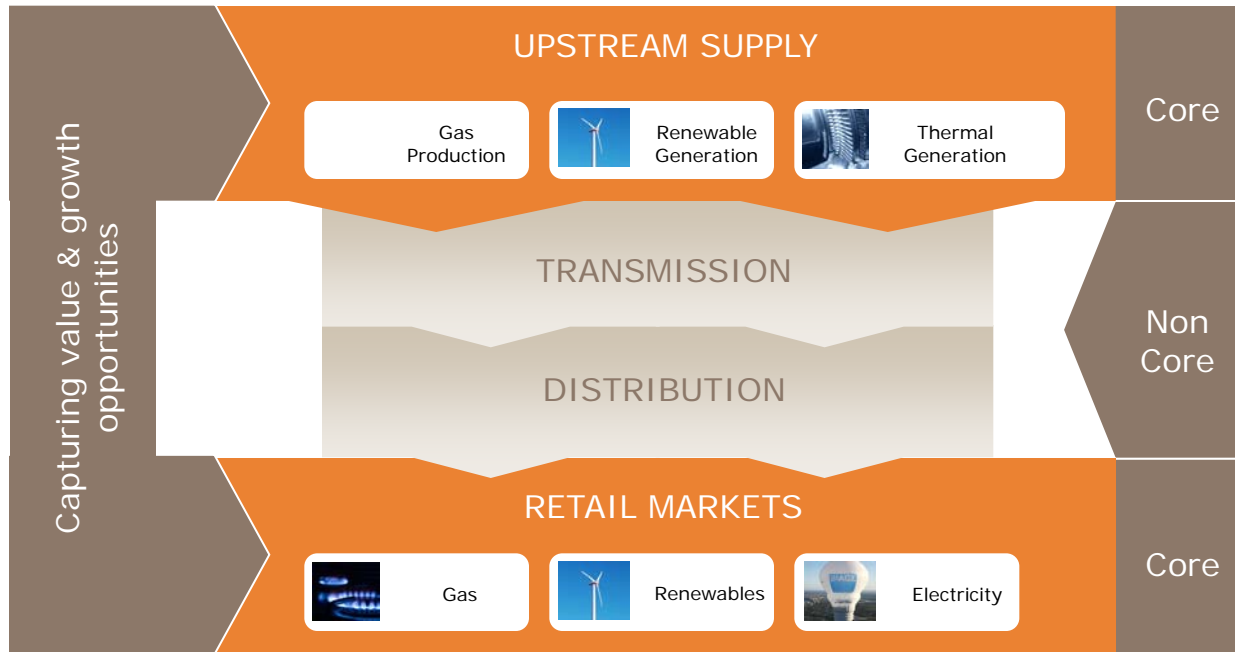
# AGL's Integrated Strategy

Managing risk and delivering superior stable returns

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## Upstream Gas:

- Targeting ownership of ~2,000 PJ (2P)
- > Essentially CSG strategy
- Measured acquisition of gas vs. EPS impacts
- Will continue to contract if achieves superior outcome



## Generation:

- > Currently ~3,940 MW of capacity owned and/or operated (includes ~420 MW under construction)
- > Medium term target of ~6,000 MW
- > Achieve 60-70% of load (capacity) internally covered to deliver desired portfolio outcomes

## Market Leadership:

- > Focus on managing and growing margins
- > Leveraging upstream strategy & achieving retail economies of scale
- > Service platform capable of supporting 4 to 5 million customers

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# 2009 Financial Results

Profit at top end of guidance range

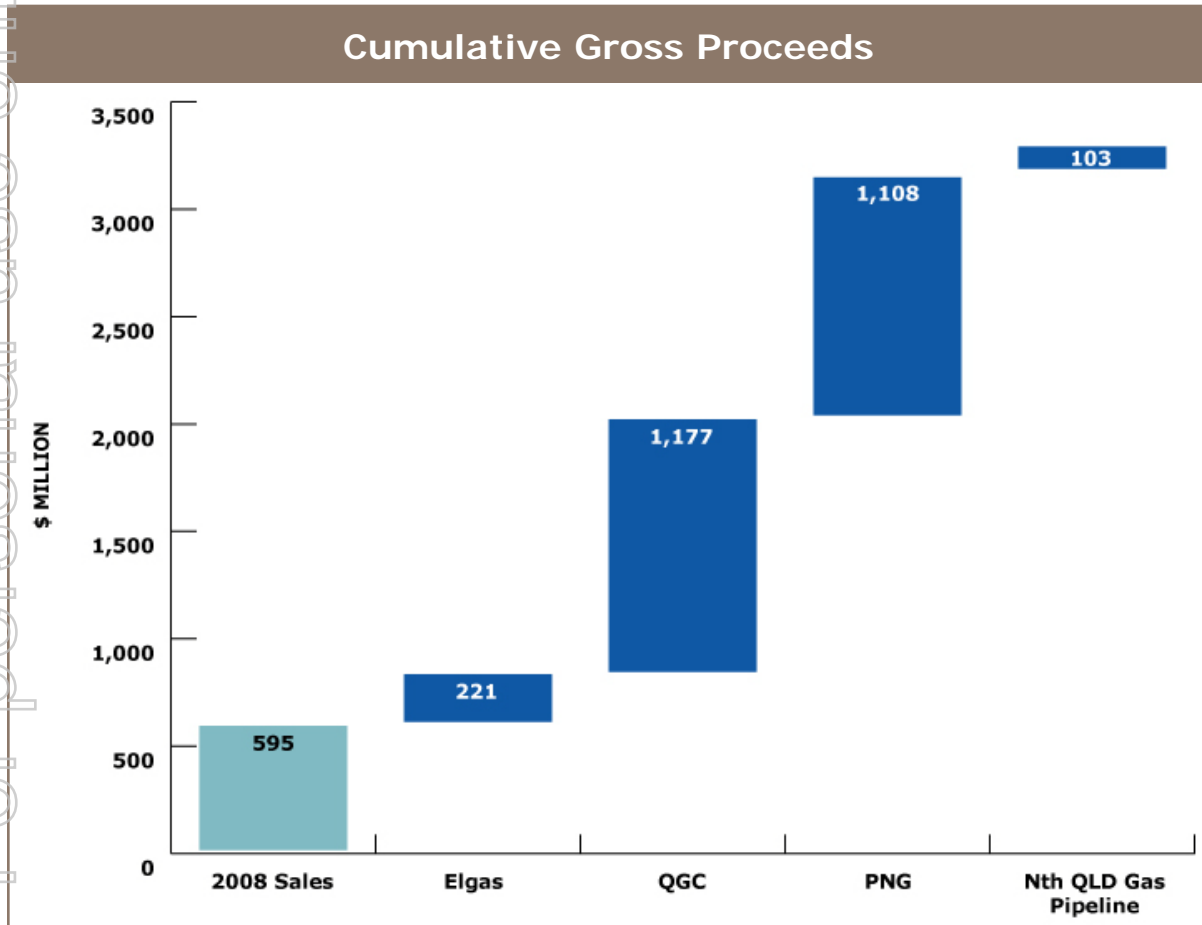
<b>Revenue:</b>	\$5,995.7m	↑ 6.1%
<b>Statutory NPAT:</b>	\$1,596.1m	↑ 597.0%
<b>Underlying NPAT:</b>	\$378.8m	↑ 11.1%
<b>Underlying EPS:</b>	85.0cps	↑ 8.6%
<b>Dividend (fully franked):</b>	54.0cps	↑ 1.9%
<b>Gearing:</b>	7.8%	↓ 21.2pts



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# Capital Management – \$3.2bn Non-core assets divested

Proceeds used to reduce debt and re-invest



- › Enables domestic integrated energy company strategy
- › 2009 Sales:
  - › PNG \$1,108m
  - › Queensland Gas Co. \$1,177m
  - › Nth Qld Gas Pipeline \$103m
  - › Elgas \$221m
- › 2009 Investments:
  - › Renewables - wind, hydro, geothermal
  - › Upstream Gas
    - Gloucester \$378m
    - Sydney Gas \$190m
  - › Retail
    - Phoenix migration

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# 2009 Operational highlights

Delivering on profit, delivering on growth

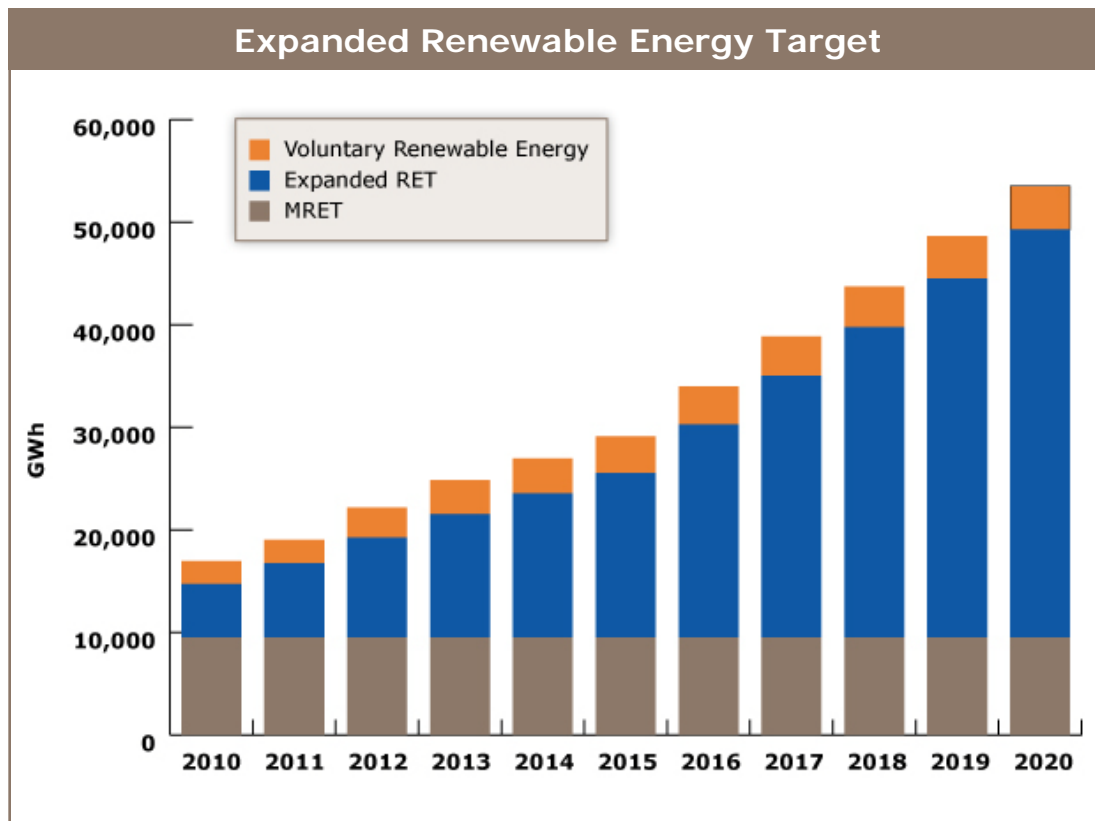
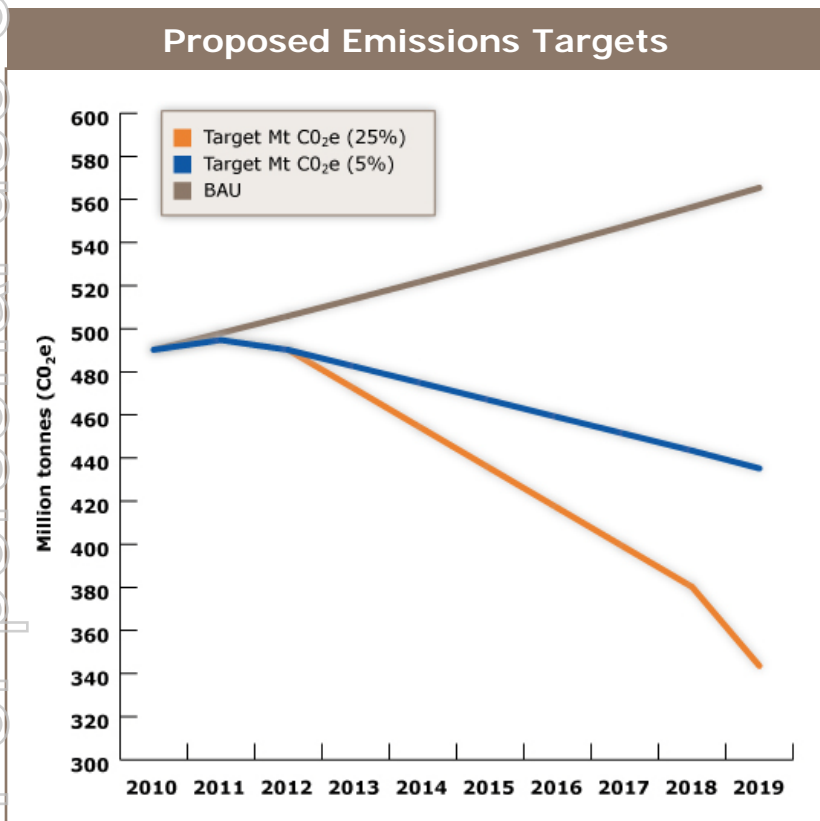
- › Strong Merchant gas and electricity portfolio performance (↑ 32.5%)
- › Retail (↓ 1.8%) adversely impacted by:
  - » Higher transitional costs
  - » Incorrect QLD regulatory decision
- › Increasing retail gross margin per customer (↑ 4.2%), dual fuel customers (↑ 60,000)
- › Substantial 2P gas reserves upgrade (↑ 56%)
- › Renewable development projects on track



# Climate policies to transform energy sector

Emissions trading, Expanded Renewable Energy Target and energy efficiency policies to drive change

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# AGL well positioned for low carbon future

Market leading portfolio provides growth and strategic options

	Project	Nominal Capacity (MW)	Location	Type	Status	Definition
RENEWABLE	Barn Hill	130	SA - Hallett	Wind	DA Approved	Probable
	Macarthur	330	VIC - West	Wind	In Development, JV with Meridian	Probable
	Hallett 5	50	SA - Hallett	Wind	Permitted	Probable
	Hallett 3	80	SA - Hallett	Wind	In Development	Possible
	Crows Nest	150	QLD - Toowoomba	Wind	Permitted	Possible
	Worlds End	180	SA - Burra	Wind	Permitted	Possible
	Ben Lomond	150	NSW - Armidale	Wind	Landowner Agreements in Place	Possible
	Coopers Gap	300	QLD - Kingaroy	Wind	Landowner Agreements in Place	Possible
	Other – 4 Projects	Up to 720	Various	Various	Under Review	Possible
GAS	Leafs Gully	360	NSW - Appin	Gas Peaker	DA Approved	Probable
	Tarrone	500	VIC - West	Gas Peaker	In Development	Possible
	NQ Peaker	360	Nth QLD - Townsville	Gas Peaker	Site Acquired	Possible
	SEQ 1	360	SE QLD - Ipswich	Gas Peaker	Site Secured	Possible
	SEQ 2	1,150	SW QLD - Kogan	Gas Peaker / CCGT	Site Acquired	Possible
	ACT Peaker	500	ACT	Gas Peaker	Pre-Feasibility	Possible
	Other – 4 Projects	Up to 2,010	Various	Gas Peakers	Sites Secured	Possible

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# Major renewable contract wins underpin projects

Contracts provide certainty of returns for renewable investments

## Victorian desalination plant:

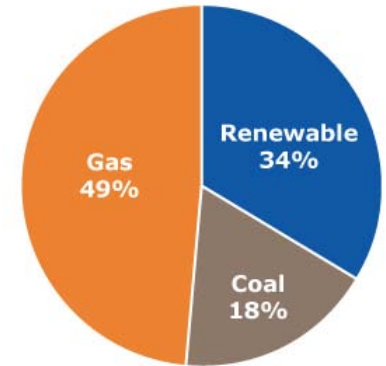
- > 100% renewable energy contract
- > 27 year firm price contract
- > Up to 860 GWh per annum
- > Commences 2011/2012

## South Australian desalination plant:

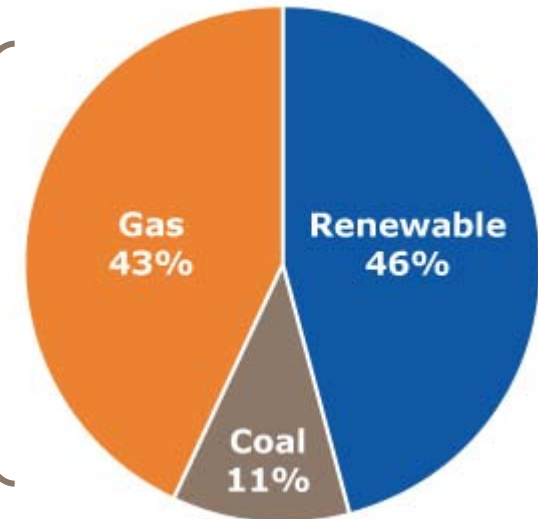
- > 100% renewable energy contract
- > 20 year firm price contract
- > Up to 540 GWh per annum
- > Commences 2011

Additional large renewable contracts being targeted.

Current  
Generation  
Breakdown  
~3,940MW\*



Future  
Generation  
Target  
~6,000MW

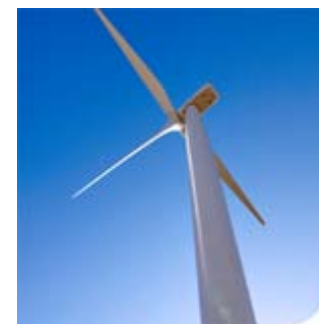


\* Includes plant under construction.

# 2010 Strategic Priorities

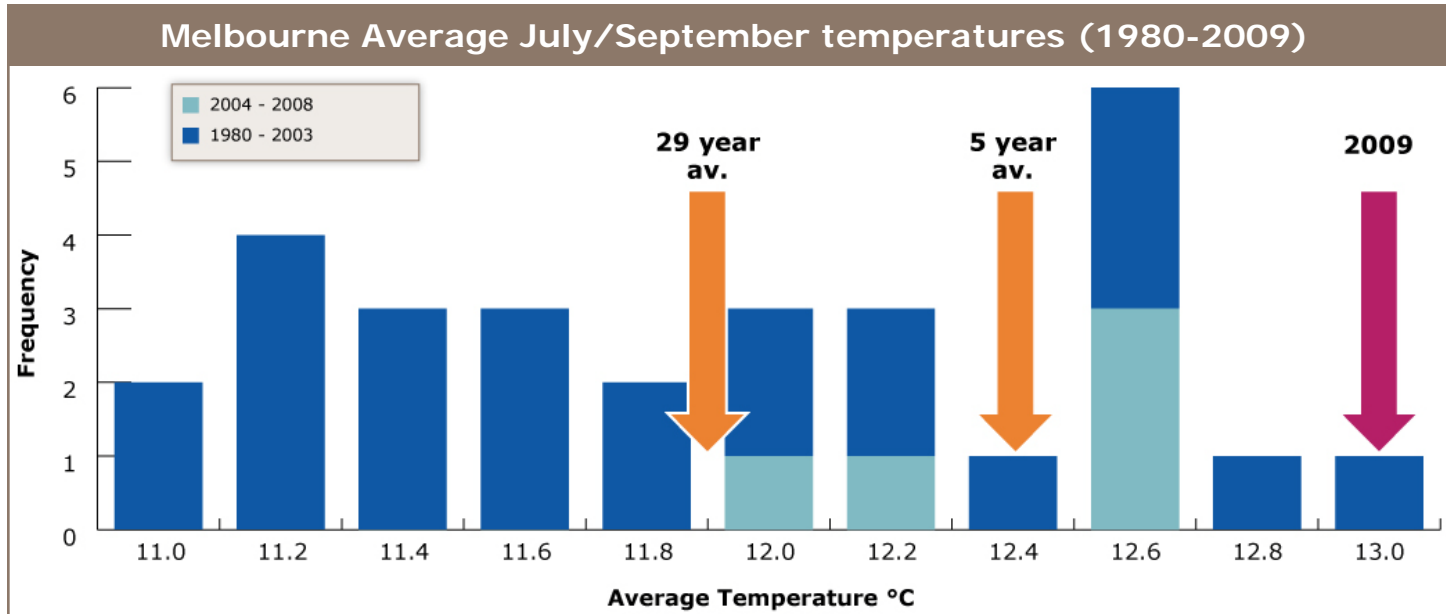
Disciplined growth underpinned by strong core operations

- › Operational excellence in core Retail, Merchant and Upstream Gas business
- › Continued expansion of renewables portfolio
- › Improving customer experience and leveraging new customer systems
- › Measured expenditure on proving up additional gas reserves
- › Potential participation in NSW electricity privatisation:
  - ›› Capital requirements to be determined
  - ›› Any equity raising structured to take into account interests of all existing shareholders



# 2010 Financial Outlook

Solid start to year despite warm winter in key markets



Solid 1<sup>st</sup> quarter FY2010:

- » Modest growth in customer numbers in highly competitive markets
- » Good progress in reducing Phoenix implementation cost structure
- » Electricity hedge book continues to perform well
- » Sales volumes across all markets impacted by very warm July/September (approx. impact of \$5-10m NPAT)
- » Project developments on schedule and on budget

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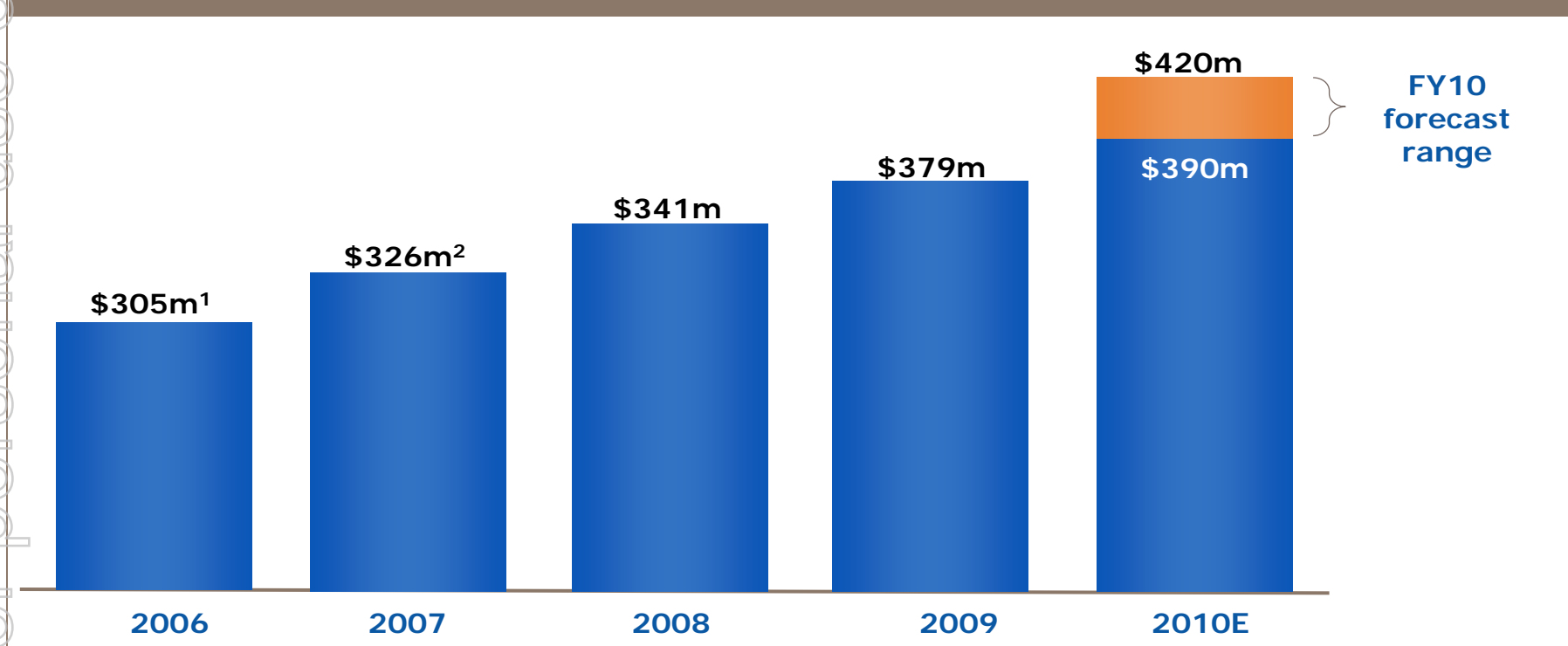
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# 2010 Financial Outlook

Underlying FY2010 Net Profit After Tax (NPAT) guidance \$390m to \$420m

## Underlying Net Profit After Tax



1. Proforma as per 2006 Scheme booklet
2. Proforma adjusted

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