



2014 Annual General Meeting

Presented by –
Michael Fraser

23 October
2014

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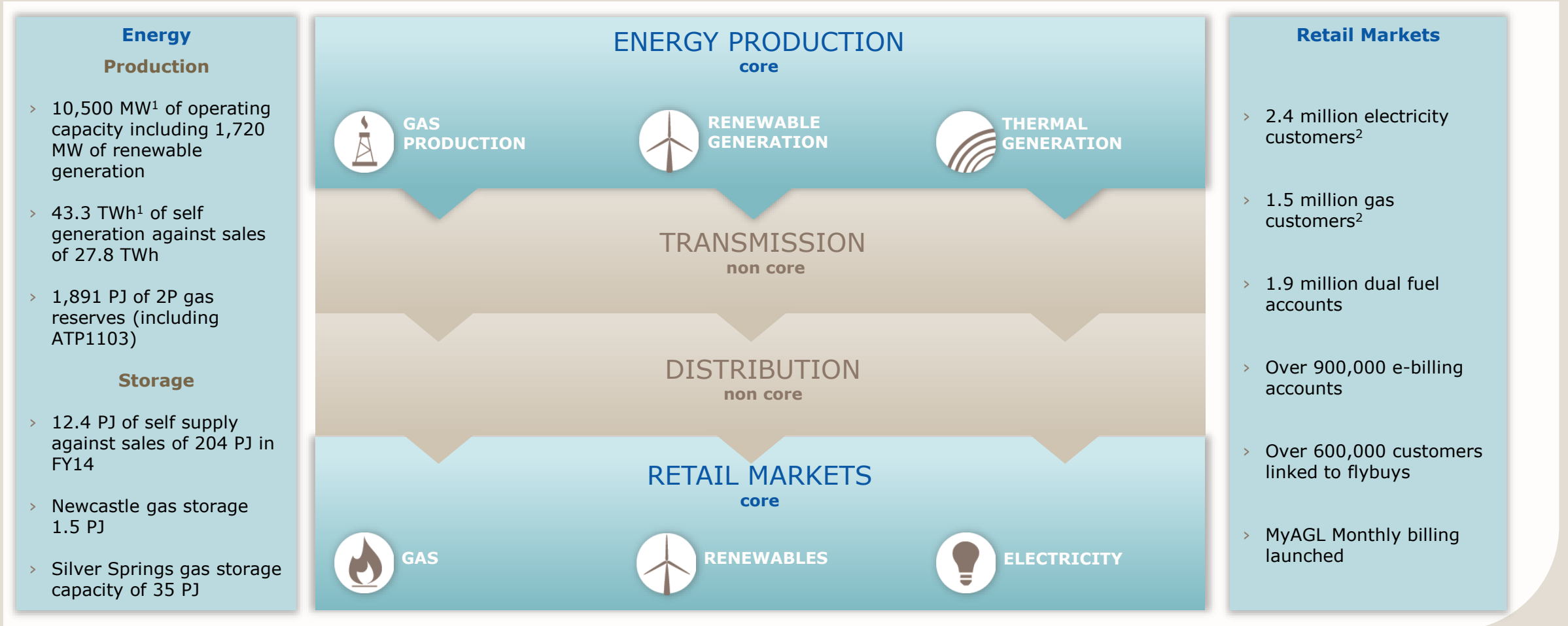
FY14 Highlights

Solid result given soft demand conditions.

- > Statutory Profit of \$570 million up 52.0%
- > Underlying Profit of \$562 million down 3.9%
- > Underlying Operating Cash Flow before interest and tax of \$1.1 billion
- > Underlying EPS of 100.8 cents down 5.2%
- > Dividends per share of 63.0 cents fully franked in line with prior year
- > Total Injury Frequency Rate down 44%
- > Record level of employee engagement maintained
- > Continued improvement in customer service
- > Macquarie Generation acquired for \$1.5 billion post 30 June 2014
- > Standard & Poor's reaffirmed BBB credit rating

Integrated strategy

Delivering growth and diversity of earnings.



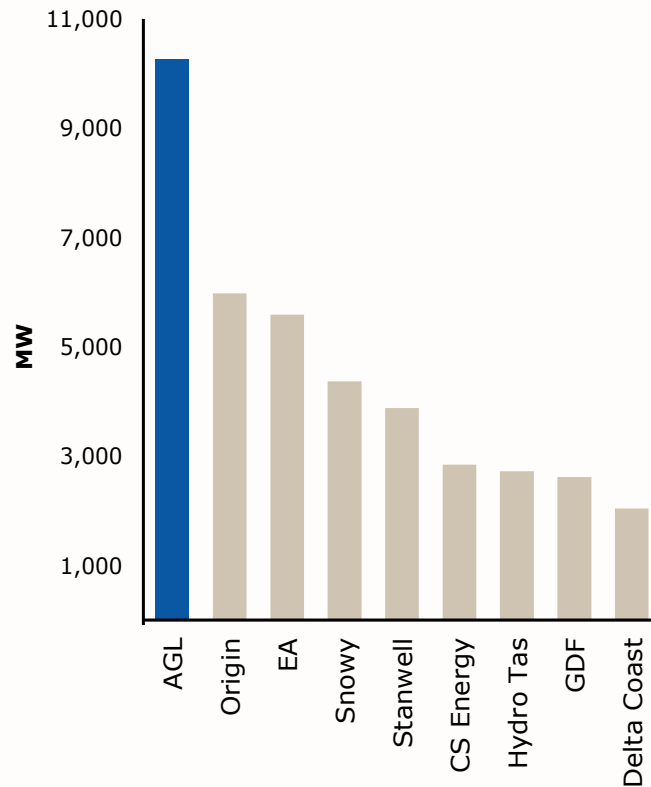
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1. Includes Macquarie Generation.
2. Includes customer numbers from AGL's 50% equity investment in ActewAGL which operates in Australian Capital Territory.

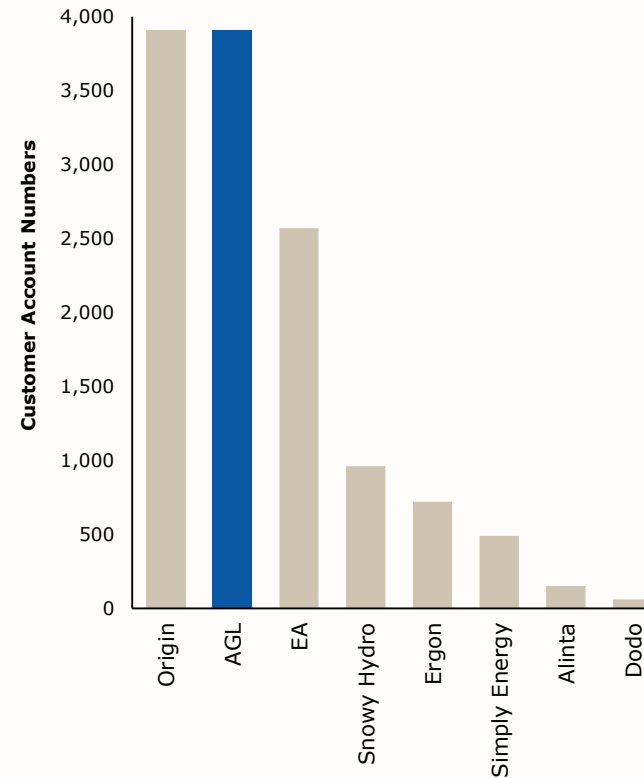
Strong Market Positions

Scale benefits provide competitive advantage.

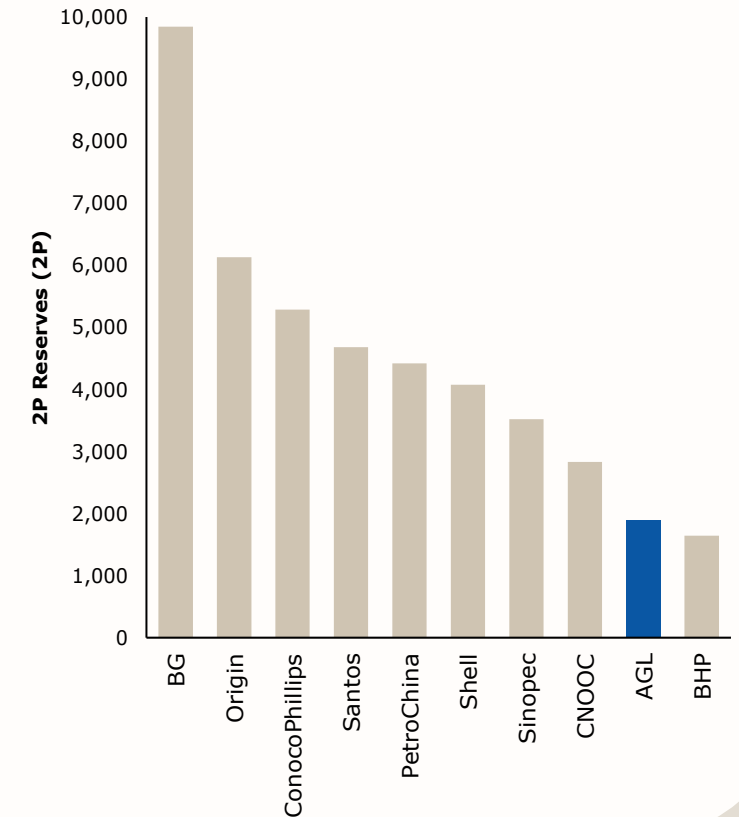
Largest Generator in the NEM¹



Leading Retail Position²

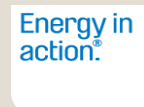


Developing Upstream Business³



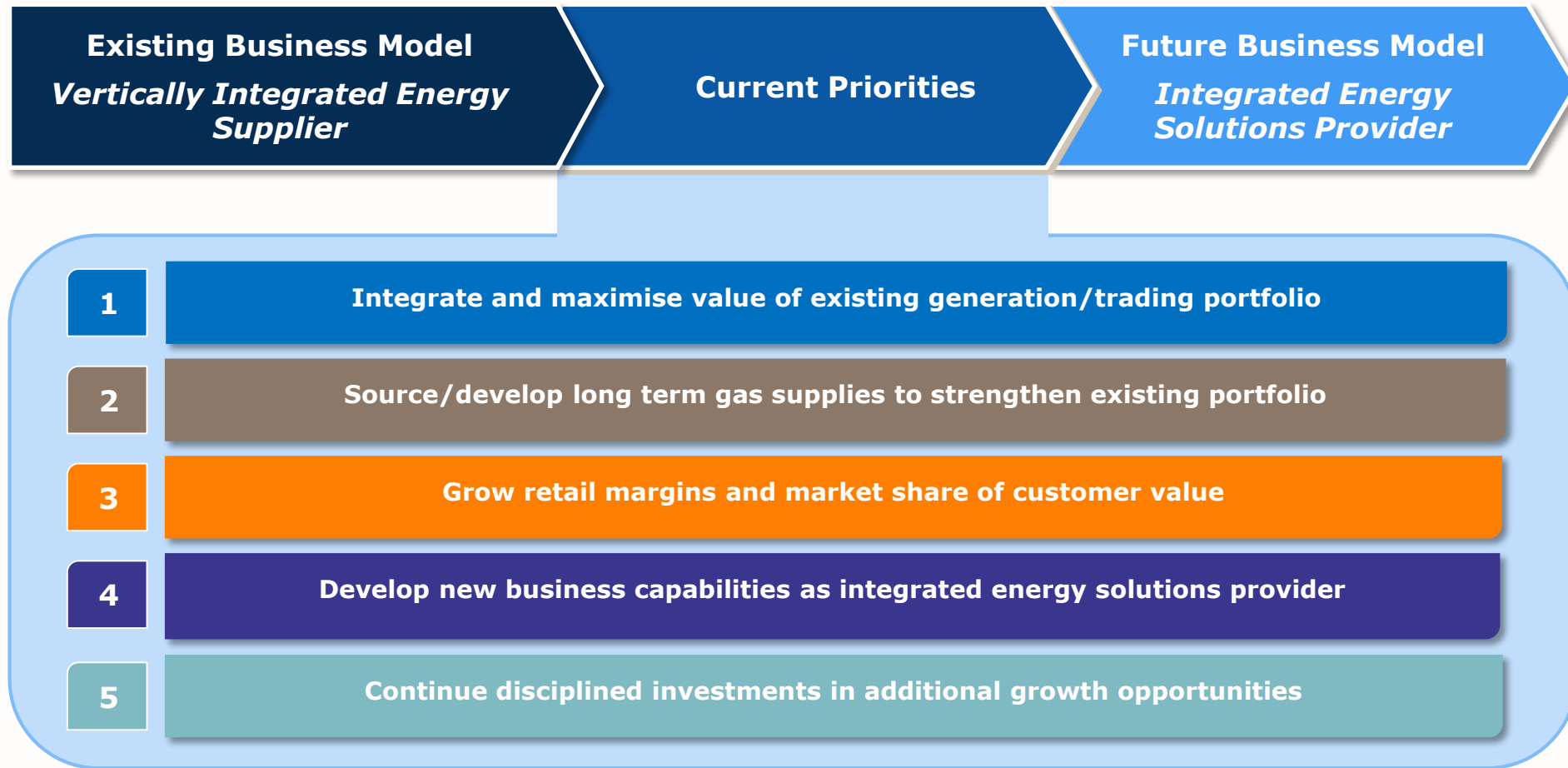
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1. AEMO planning information as at 8 August 2014. Adjusted for Mitsui acquisition of 28% stake in certain GDF assets. Capacity ownership includes rights to long term offtake.
2. Electricity and gas customer account numbers in NEM states as at 30 June 2014 per 'UBS 2014 Utilities Structure' dated 17 October 2014. AGL includes 50% of ActewAGL customers. Snowy Hydro reflects combination of Red Energy and Lumo Energy. Alinta excludes WA customers.
3. EnergyQuest data (August 2014), Eastern Australia proved plus probable gas reserves.



AGL strategic priorities

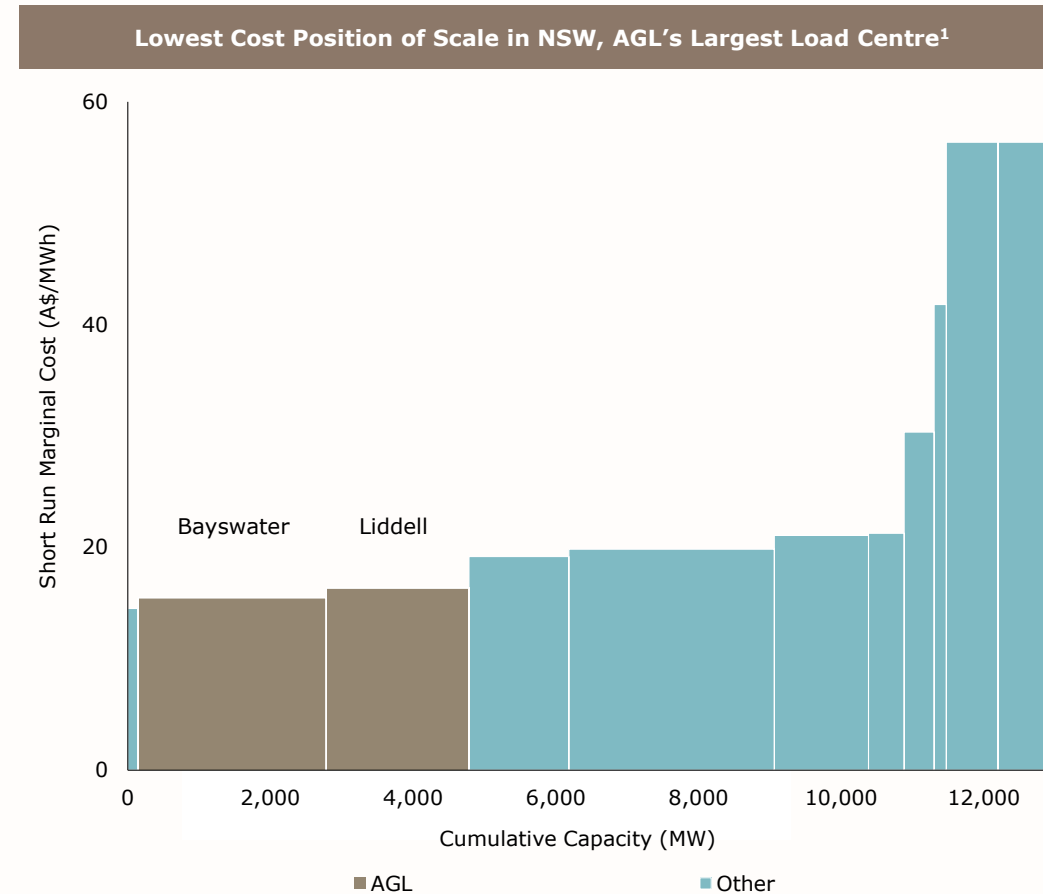
Optimise and grow core business, develop capabilities for future market.



Macquarie Generation

Compelling value for lowest cost, large scale NSW generator.

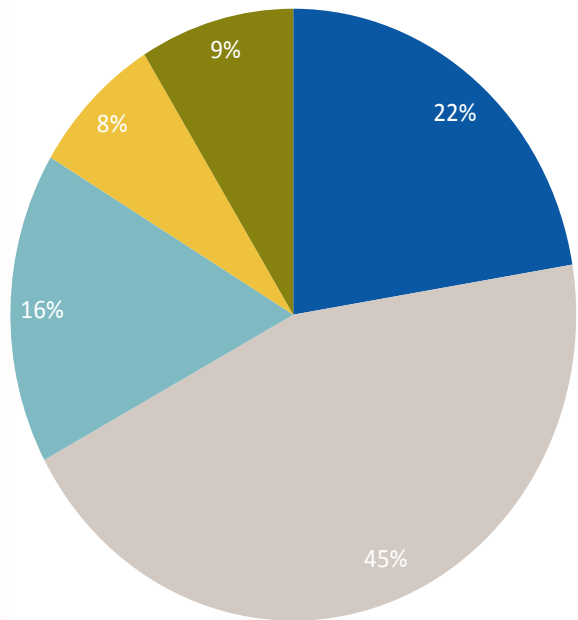
- > Macquarie Generation's key assets are:
 - » Two black coal fired power stations in the Hunter Valley, NSW
 - Bayswater – 2,640 MW
 - Liddell – 2,000 MW
 - » Long term low cost coal contracts that provide significant competitive advantages
- > Acquisition entirely consistent with AGL's integrated strategy
- > Improves AGL's risk arrangement capability
- > Modelled returns exceed both AGL's cost of capital and investment hurdle rate of 12% post tax
- > EPS accretive in FY15








AGL generation portfolio

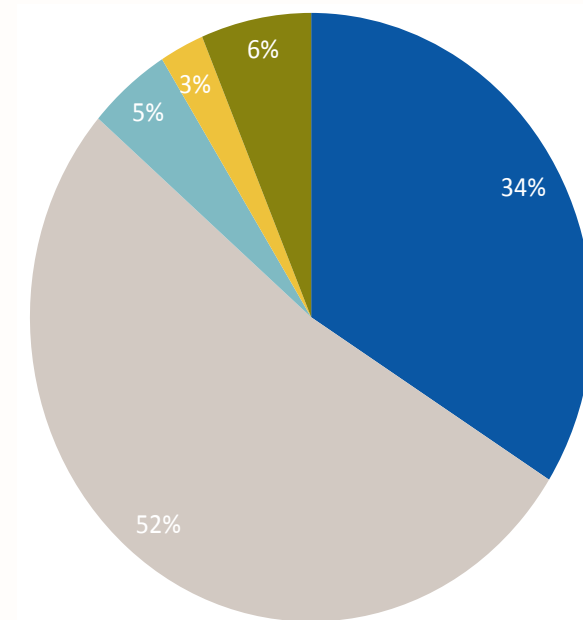
Diversified across renewables, gas and coal.

Generation Capacity - 10.5 GW²



2.2 GW	 Brown coal	14.7 TWh
4.7 GW	 Black coal	22.6 TWh
1.9 GW	 Gas	2.1 TWh
0.8 GW	 Hydro	1.1 TWh
0.9 GW	 Wind	2.8 TWh
10.5 GW	Portfolio Total	43.3 TWh

Generation Sent Out FY14 - 43.3 TWh¹

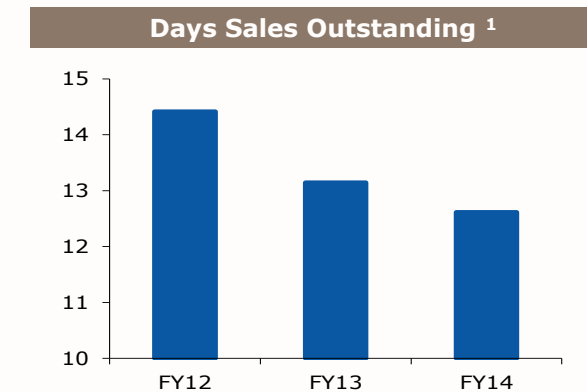
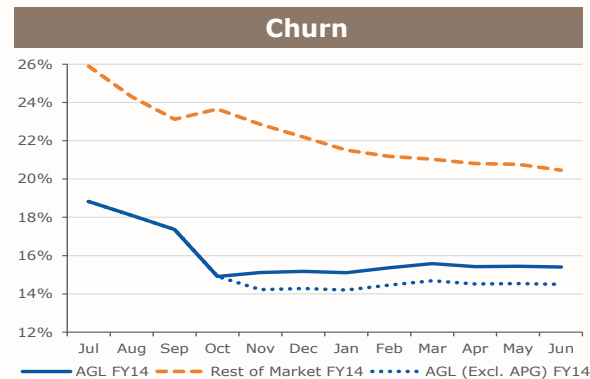
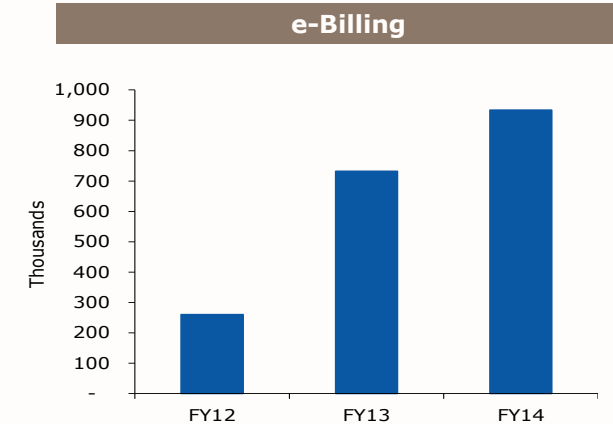
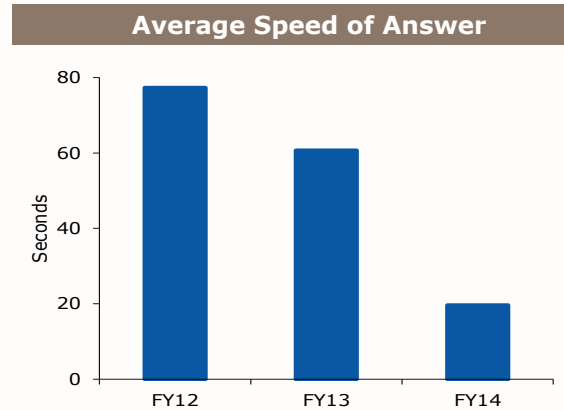


1. Sent out generation for FY14 for AGL inclusive of Macquarie Generation.
 2. Generation capacity as at 30 June 2014 for AGL inclusive of Macquarie Generation.

Retail core operations

Operational excellence continues to improve customer service.

- > Seamless integration of APG customer base
- > Speed to answer down to 20 seconds
- > AGL churn down to 14.5% (vs market churn 20.5%)
- > Excellent Days Sales Outstanding
- > e-Billing approaching 1 million accounts
- > Monthly billing introduced



Regulatory pricing

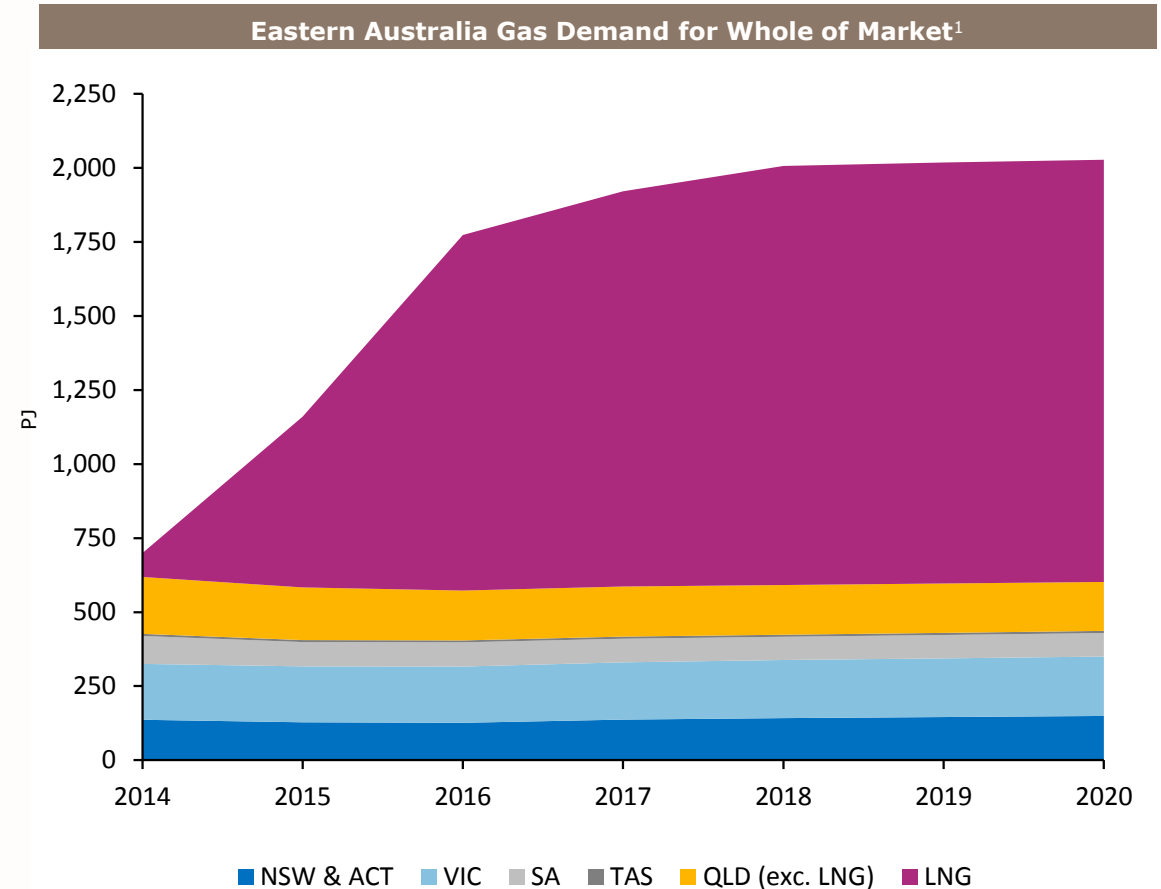
Deregulation of retail markets largely complete.

	Electricity	Gas
New South Wales	✓ Deregulated 1 July 2014	✓ Regulation continues but allows retail prices to reflect market prices (up 11.7% from 1 July 2014)
Queensland	✓ Deregulated (price monitoring) from 1 July 2015	✓ Deregulated 1 July 2007
South Australia	✓ Deregulated 1 February 2013 (AGL commitment on standing price expires January 2015)	✓ Deregulated 1 February 2013
Victoria	✓ Deregulated 1 January 2009	✓ Deregulated 1 January 2009

Gloucester vital for NSW gas supplies

Waukivory pilot proceeding as per approvals.

- > Queensland LNG projects to cause significant shift in Eastern Australia supply/demand balance
- > Demand to triple over next 2-3 years
- > Gloucester project will increase NSW gas supplies by ~20%
 - » Comprehensive water monitoring program in force
 - » Extensive environmental approval conditions
 - » Final Investment Decision expected in Calendar Year 2015



1. Data sourced from AEMO Gas Statement of Opportunities May 2014.

Solid performance expected despite carbon removal and soft demand.

- > 2015 Underlying Profit (after tax) expected to be between \$575 - \$635 million^{1,2}
- > Key factors influencing FY15 Underlying Profit are:
 - » Repeal of carbon
 - » Closure of HCE
 - » Growth in wholesale gas margins
 - » Return to more normal winter weather in July & August
 - » Continued softness in customer demand
 - » Sale of Moranbah gas assets³
- > Major capital projects on track
 - » Diamantina Power Station – commissioned in October 2014
 - » Nyngan Solar Plant and Newcastle Gas Storage commissioning second half FY15
- > Macquarie Generation integration on track

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1. Subject to normal market conditions.
2. Guidance for FY15 Underlying Profit includes the expected contribution from Macquarie Generation from the date of its acquisition on 2 September 2014. AGL's Statutory Profit will include a significant item in relation to Macquarie Generation acquisition costs, previously estimated to be approximately \$156 million (after tax).
3. Moranbah is classified as "held for sale" and, in accordance with accounting standards, is no longer depreciated. If at 30 June 2015 Moranbah is not sold and is no longer classified as held for sale, then non-cash depreciation of approximately \$25 million (pre-tax), for the period 1 January 2014 to 30 June 2015, would need to be recognised. No profit on sale is assumed for providing Underlying Profit guidance.