



ASX & Media Release

1H24 Results Announcement

8 February 2024

AGL Energy Limited (AGL) today announced its results for the six months ended 31 December 2023 (1H24).

1H24 Results Highlights and FY24 Guidance

- Statutory Profit after tax: \$576 million, including a positive movement in the fair value of financial instruments of \$297 million
- Underlying EBITDA: \$1,074 million, up 78% on 1H23
- Underlying Net Profit after tax: \$399 million, up 359% on 1H23
- Interim dividend of 26 cents per share (unfranked) declared
- FY24 earnings guidance range narrowed towards the upper end:
 - Guidance range for FY24 Underlying EBITDA between \$2,025 and \$2,175 million (previously between \$1,875 and \$2,175 million)
 - Guidance range for FY24 Underlying Net Profit between \$680 and \$780 million (previously between \$580 and \$780 million)

CEO Commentary - 1H24 Results Highlights and FY24 Guidance

AGL Managing Director and CEO, Damien Nicks, said: "Our first half result was driven by improved fleet availability and flexibility, more stable market conditions, along with the impact of higher wholesale electricity pricing from prior periods being reflected in pricing outcomes and contract positions."

"This improved result, compared with the challenges experienced in the first half of the prior year, which was impacted by volatile energy market conditions and forced plant outages, supports the ongoing investment in our transition. The increase in earnings from our well risk managed gas portfolio and customer business also contributed to this result, despite overall lower customer demand."

"We expect this positive momentum to continue into the second half of FY24 and we are on track to deliver full-year earnings in line with our FY24 guidance range."

1H24 Operational and Strategy Highlights

- Total AGL customer services: 4.3 million¹, up 13k on FY23; Strategic Net Promoter Score (NPS) improved to +7
- Total generation volumes: 15.9 TWh, down 17% on 1H23, primarily due to the closure of the last three units at Liddell Power Station in April 2023
- Fleet Equivalent Availability Factor (EAF) of 84.0% achieved, 9.7pp higher than 1H23
- Total Injury Frequency Rate (TIFR) up to 3.7 (per million hours worked), primarily driven by an increase in low-impact injuries
- 800 MW of new grid scale batteries in operation, in testing or under construction:

¹ Services to customers number is as at 31 December 2023 and excludes approximately 310,000 services to customers of ActewAGL and approximately 72,000 services to customers of OVO Australia



- 250 MW Torrens Island battery operational in August 2023
 - 50 MW Broken Hill battery in testing with AEMO
 - Construction commenced on 500 MW Liddell Battery in New South Wales
- Development pipeline increased from 5.3 GW to 5.8 GW²
- Strong momentum on wholesale and large business customer contracts:
 - 15-year renewable energy certificate agreement signed with Microsoft
 - Renewable linked Power Purchase Agreements (PPAs) signed with NBN Co and CSL
 - Alcoa smelter contract recontracted to 2035

CEO Commentary – 1H24 Operational Highlights

AGL Managing Director and CEO, Damien Nicks, said: “In a period of heightened market activity, where we saw customer churn reach the highest levels for several years, I am pleased that we have seen growth in our overall customer services numbers, largely driven by our growing telecommunications business. We have also maintained positive customer advocacy, and improved Strategic NPS, finishing the half with a score of +7, and maintained a healthy spread to overall market churn.”

“As we announced last year, we are committed to supporting our customers during this difficult time of cost-of-living pressures with our \$70 million customer support package. To date, \$35 million has been spent to deliver assistance to customers experiencing vulnerability.”

“In Integrated Energy, we have seen the performance of our thermal generation fleet continue to improve with an increase in the EAF of the total fleet to 84%, 9.7 percentage points higher than 1H23.”

“Our people are critical to delivering on our strategy, and pleasingly we’ve seen a four percentage-point improvement in our employee engagement score, to 71%, from a “Pulse” survey undertaken in November.”

“Disappointingly, our TIFR remains elevated at 3.7 per million hours worked, up 0.9 from 2.8 in FY23. We’ve increased our focus on health and safety programs, as well as site specific actions to address key issues as they arise. As always, the safety of our people and the safe and reliable operation of our assets is our number one priority, and we must strive further to reverse the trend of this metric.”

CEO Commentary – Business Transition and Strategic Execution

“AGL continues to make significant progress with the delivery of its strategy to connect our customers to a sustainable future and transition our energy portfolio. We continue to progress our development pipeline, which has grown from 3.2 GW to 5.8 GW since our CTAP was released in September 2022, in pursuit of our ambition to deliver 12 GW by 2035, with an interim target of 5 GW by 2030. As we build our pipeline, we will periodically review market dynamics, customer demand and development pipeline options and seek to accelerate options and the decarbonisation pathway where possible. We are also advocating for streamlining the approval and connection process for grid-scale assets in order to accelerate the transition.”

“We now have 800 MW of new grid scale batteries in operation, in testing or under construction. The 250 MW Torrens Island battery became operational in August, the 50 MW Broken Hill battery is currently in testing, and construction is underway for the 500 MW Liddell battery at our Hunter Energy Hub in New South Wales, following FID in December.”

“Our Structured Transition Agreement entered into with the Victorian Government last August was key to providing all stakeholders with a high level of certainty around the ongoing operations of the Loy Yang A Power Station, until its targeted closure in 2035.”

“We have also generated strong momentum in our strategy to connect our customers to a sustainable future. In September, we signed a 15-year renewable energy certificate agreement with Microsoft, with

² AGL’s development pipeline was disclosed as 5.3 GW in the FY23 Result announcement on 8 August 2023

certificates sourced from Rye Park wind farm project in New South Wales, under our PPA with Tilt Renewables.”

“We entered into renewable linked PPAs with CSL and NBN Co, and as announced last August – signed a nine-year agreement to continue to supply Alcoa’s Portland smelter until 2035.”

“We continue to see growth as we help our customers electrify and decarbonise. Our carbon neutral customer services have grown steadily, up 14% compared to 1H23, and we continue to scale one of Australia’s largest demand response program, Peak Energy Rewards, which saw 39% customer growth compared to 1H23.”

Statutory and Underlying Profit

AGL’s Statutory profit after tax was \$576 million. This included a positive movement in the fair value of financial instruments of \$297 million, primarily reflecting the impact of a decline in forward prices for electricity relative to AGL’s hedging of its portfolio position to manage pricing risk through financial instruments. This movement is non-cash, albeit required under Australian Accounting Standards.

Underlying Net Profit after tax, which excludes the movements in the fair value of financial instruments and Significant Items, was \$399 million, up 359%.

Dividends and Capital Management

AGL delivered net cash from operating activities of \$791 million, \$754 million higher than 1H23 due to an increase in Underlying EBITDA and lower working capital outflows compared to the prior corresponding period. Margin variation outflows of \$(25) million were lower than the prior corresponding period, reflecting lower long term wholesale electricity market prices on a net bought position. The rate of conversion of EBITDA to operating cash flow was 78 percent, up from 17 percent in the prior corresponding period, driven by the factors mentioned above.

At 31 December 2023, AGL had \$1,292 million of cash and undrawn committed debt facilities available.

AGL has declared an interim unfranked dividend for FY24 of 26 cents per share. AGL’s dividend policy is to target a payout ratio of 50 to 75 percent of annual Underlying Profit After Tax. The amount of the FY24 interim dividend has been determined using a target 50% payout ratio of Underlying NPAT for the total FY24 dividend. The target 50% payout ratio for the full year considers the upcoming capital requirements of the business including the construction of the Liddell battery. The amount and payment of the FY24 full year dividend remains subject to Board discretion, market conditions, actual FY24 Underlying NPAT and the ongoing funding and liquidity requirements of the business.

The interim dividend will be paid on 22 March 2024. As announced at the FY23 results, the Dividend Reinvestment Plan (DRP) has been suspended indefinitely and will not operate for the interim FY24 dividend.

Outlook

AGL has narrowed its underlying earnings guidance ranges for FY24 towards the upper end:

- Underlying EBITDA between \$2,025 and \$2,175 million (previously between \$1,875 and \$2,175 million)
- Underlying Net Profit after tax between \$680 and \$780 million (previously between \$580 and \$780 million)

The narrowing of FY24 guidance reflects the following drivers:

- Strong first half performance
- Impact of higher wholesale electricity pricing from prior periods, reflected in pricing outcomes and reset through contract positions
- Improved plant availability and flexibility of the asset fleet, including the commencement of operations of the Torrens Island and Broken Hill batteries



This is expected to be partly offset by higher operating costs driven by CPI, variable customer costs, business transformation and investment in generation fleet.

All guidance is subject to any impacts arising from regulatory and government intervention, variability in trading conditions and plant availability.

Presentation, Webcast and Conference Call

AGL will hold a webcast and conference call to discuss the 1H24 result at 11.00am (AEDT), today, Thursday, 8 February 2024. Questions will be taken at the conclusion of the webcast.

A copy of the presentation will be lodged with the ASX and made available on AGL's website.

All 1H24 documents, the pre-recorded presentation and webcast are accessible via agl.com.au/interimFY24.

Pre-registration is required to access the conference call and the live question and answer session.

A transcript and archive of the webcast will be available on AGL's website in due course.

Authorised for release by AGL's Board of Directors.

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About AGL Energy

At AGL, we believe energy makes life better and are passionate about powering the way Australians live, work and move. Proudly Australian for more than 185 years, AGL supplies around 4.3 million^[1] 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 one of Australia's leading private investors 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 Transition Action Plan. We'll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

For more information visit agl.com.au.

^[1] Services to customers number is as at 31 December 2023.