



ASX & Media Release

AGL FY18 interim results and affirmation of FY18 guidance

8 February 2018

AGL Energy Limited (AGL) today reported Statutory Profit after tax of \$622 million for the six months ended 31 December 2017 (1H18), an increase of 91 percent on the prior corresponding period. The increase reflected continued underlying earnings growth and a positive movement in the fair value of financial instruments used for hedging activities of \$127 million.

Underlying Profit after tax, which excludes significant items and movements in the fair value of financial instruments, was \$493 million, up 27 percent. The increase reflected strong margin growth in Wholesale Markets, which more than offset a small decline in Customer Markets margin and planned increases in operating expenditure to support consumer market activity, growth and transformation activities.

AGL has declared an interim dividend of 54 cents per share, 80 percent franked, an increase of 32 percent or 13 cents per share on the previous interim dividend. The dividend is consistent with AGL's policy to target a dividend payout ratio of 75 percent of annual Underlying Profit after tax, with total dividends normally weighted to the second half.

Profit and dividend summary

- Statutory Profit after tax: \$622 million, up 91 percent
- Statutory earnings per share: 94.8 cents, up 97 percent
- Underlying Profit after tax: \$493 million, up 27 percent
- Underlying earnings per share: 75.2 cents, up 30 percent
- Interim dividend: 54 cents per share (80 percent franked), up 32 per cent
- Return on equity: 11.7%, up 2.8 percentage points (rolling 12-month basis)

AGL Managing Director & CEO, Andy Vesey, said: "This strong first-half result reflects disciplined capital allocation and the continued strength of our Wholesale Markets business and provides a solid foundation for the delivery of our objectives for the full 2018 financial year.

"Our results reflect the strong operation of the diverse generation portfolio AGL has invested many billions of dollars developing over recent years. Today, as the energy industry transitions to new technologies and lower carbon emissions, our financial performance is enabling us to invest in the future. We have started construction on approximately 900 MW of new generation. In total, we have \$2 billion of energy supply projects either under development or subject to ongoing feasibility studies. And we are spending more than ever to upgrade and ensure the reliability of our existing plant.

"At the same time, we are doing what we can to address the impact on customers of high market prices for energy through our emphasis on fairness, simplicity and transparency. For example, in recent months we applied automatic loyalty discounts for customers on standing offers in some states and launched AGL Essentials – a guaranteed low-rate, digital -only product – and we are soon to launch AGL Pre-Paid, a product designed to provide peace of mind to customers. We are committed to delivering further solutions for customers in coming months – and to doing all this at the lowest possible cost.

"Amid a competitive market and ongoing transition in our sector, AGL is delivering value for customers and shareholders."

