

# **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."

#### Dividends

The interim dividend of 54 cents per share will be payable on 26 March 2018 with a record date of 23 February 2018. Shares will trade ex-dividend on 22 February 2018. The dividend will be 80 percent franked. The unfranked component of the dividend will be paid from conduit foreign income, meaning it will not be subject to dividend withholding tax for non-Australian shareholders.

AGL's dividend reinvestment plan (DRP) will operate. AGL will buy shares on market to satisfy the DRP and will allot these shares at no discount to the simple average of the daily volume-weighted average price at which AGL's shares trade during each of the 10 days commencing 27 February 2018. The last date at which shareholders can elect to participate in the DRP is 26 February 2018.

#### FY18 outlook

Subject to normal trading conditions and to any adverse impacts arising from policy and regulatory uncertainty, AGL continues to expect Underlying Profit after tax in the financial year ending 30 June 2018 within the previously stated range of \$940 million to \$1.04 billion. AGL's current expectations are consistent with the middle of this range. This guidance reflects expectations of continued margin growth in the Wholesale Markets business offsetting current margin and cost pressures in Customer Markets.

#### Webcast and conference call

AGL will hold a webcast and conference call to discuss the FY18 interim result at 10.30am, Sydney time, today. A copy of the webcast presentation will be lodged with the ASX and made available on AGL's website. The webcast will be accessible via <a href="mailto:agl.com.au/InterimFY18">agl.com.au/InterimFY18</a> or using the following dial-in details:

Dial-in details: Toll-free Australia: 1800 093 431

International: +61 2 8047 9393

Participant pin code: 85 503 908#

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

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#### About AGL

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.6 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.