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ASX & Media Release

Confirmation of intention to demerge, announcement of dividend actions and affirmation of earnings guidance

30 June 2021

- Board of AGL Energy believes proceeding with proposed demerger will be in the best interests of shareholders, protecting value and providing greater strategic focus
- AGL Energy Limited to become Accel Energy Limited, a baseload power producer focused on redevelopment of its sites as low-carbon industrial energy hubs
- Accel Energy to demerge AGL Australia Limited, a leading multi-product energy retailer backed by flexible energy trading, storage and supply
- Accel Energy leadership: Peter Botten to be Chair, Graeme Hunt identified as Managing Director & CEO
- AGL Australia leadership: Patricia McKenzie to be Chair, Christine Corbett identified as Managing Director & CEO
- Strong support from lenders for new borrowing facilities for both entities
- Accel Energy to retain 15-20 percent shareholding in AGL Australia
- Anticipated completion of demerger in fourth quarter of FY22, subject to relevant approvals
- AGL Energy to terminate Special Dividend Program for remainder of FY21 and FY22 and underwrite the Dividend Reinvestment Plan on ordinary dividends until demerger
- AGL Energy FY21 earnings guidance confirmed within previously provided range

AGL Energy Limited (**AGL Energy**) has today confirmed its intention to undertake a demerger to create two leading energy businesses with separate listings on the Australian Securities Exchange. Under the demerger proposal, AGL Energy will become Accel Energy Limited (**Accel Energy**, previously referred to as "PrimeCo"), an electricity generation business focused on the accelerating energy transition. Accel Energy will demerge a new entity, AGL Australia Limited (**AGL Australia**, previously referred to as "New AGL"), a multi-product energy-led retailing and flexible energy trading, storage and supply business. AGL Australia will retain the AGL brand.

AGL Energy intends to hold a scheme and general meeting to enable shareholders to vote on the proposal, and to complete the demerger in the fourth quarter of the financial year ending 30 June 2022 (FY22) subject to final AGL Energy Board, ATO and relevant regulatory, court and shareholder approvals. After the demerger, AGL Energy shareholders would hold one share in each of Accel Energy and AGL Australia for every share they own in AGL Energy on the applicable record date.

AGL Energy Chairman, Peter Botten, said: "As one of Australia's oldest businesses, AGL Energy has a proud heritage of leading change in the energy industry. This has created significant value for shareholders in prior years, including via the integration of our strong retail footprint with a baseload energy generation business. However, the impact of recent challenging market conditions on our financial performance emphasises that AGL Energy is now at an inflection point, as the transition of the energy sector accelerates, driven by the rapid evolution in renewables and decentralised energy technology, customer needs and community expectations.

"After careful consideration, the Board has confirmed that AGL Energy should move forward as two independently-listed companies as the Board believes this will be in the best interests of shareholders. The clarity of purpose created by this change will protect shareholder value, enabling each business to focus on their respective strategic opportunities and challenges presented by the accelerating energy transition.

"For Accel Energy, this means focusing on the transition of its existing electricity generation assets and investment in the long-term rejuvenation of its valuable operating sites as low-carbon industrial energy hubs, as well as new clean energy projects. For AGL Australia, it means focusing on being Australia's leading multi-product energy retailing business while investing in flexible energy trading, storage and supply and decentralised energy services."

AGL Energy Interim Managing Director & CEO, Graeme Hunt, said: "Our proposal is the next evolution in AGL's 180-year history and is an important step in positioning us to protect shareholder value and establishing platforms for growth while providing greater customer focus and creating opportunities for our people. Accel Energy and AGL Australia will continue to play an important role in the Australian economy as a major employer and provider of essential services. We are excited to be taking this next step towards the creation of these two new businesses, each of which will play a leading role in Australia's energy transition.

"AGL Energy has received strong financing commitments from its banking group and new lenders to establish independent borrowing facilities for both Accel Energy and AGL Australia. We remain committed to, and confident of achieving, investment grade credit ratings for both new businesses. We are now ready to begin the process of executing on establishing new commercial and operational structures and proceeding with the demerger process."

Leadership of Accel Energy and AGL Australia

AGL Energy has today confirmed the following leadership appointments.

For Accel Energy:

- **Peter Botten** AC, CBE, currently Chair of AGL Energy, will continue as Chair when the company becomes Accel Energy. Mr Botten was appointed Chair in April 2021, having joined the Board as a Non-Executive Director in October 2016. Previously, Mr Botten was Managing Director & CEO of Oil Search Limited for more than 25 years, overseeing its development into a major Australian Securities Exchange-listed company. He is also a Council Member of the Australia PNG Business Council, Chairman of the Oil Search Foundation, Hela Provincial Health Authority and the National Football Stadium Trust in Papua New Guinea, and a Director of Karoon Energy Limited.
- **Graeme Hunt**, currently Interim Managing Director & CEO of AGL Energy, has been identified as Managing Director & CEO of Accel Energy. Mr Hunt's role is expected to be for a fixed term of three years commencing on the effective date of the demerger. Mr Hunt was Chairman of AGL Energy from September 2017 to April 2021 having joined the Board as a Non-Executive Director in September 2012. Previously he held senior executive position with a focus in capital intensive industries. He was Managing Director of each of Broadspectrum Limited and Lihir Gold Limited, having held several senior executive positions including CEO of each of the Iron Ore, Aluminium and Uranium businesses over a 30-year career with BHP Group.

For AGL Australia:

- **Patricia McKenzie** will be Chair. Ms McKenzie has been a Non-Executive Director of AGL Energy since May 2019. She has 40 years' experience in the Australian energy sector with particular focus on matters of market design, industry governance and regulatory reform. She was previously a Director of APA Group, Chair of Essential Energy, a Director of Macquarie Generation and Transgrid, CEO of the Gas Market Company and a member of the Gas Market Leaders Group, and a Director of the Australian Energy Market Operator. She is Chair of NSW Ports and the Sydney Desalination Plant group companies.
- **Christine Corbett** has been identified as Managing Director & CEO. Ms Corbett has been Chief Customer Officer of AGL Energy since July 2019. From 2018, she was a Special Advisor at PwC following a career at Australia Post of almost 30 years in which she held senior executive roles including Chief Customer Officer and Interim CEO. Ms Corbett is a former Non-Executive Director of the Royal Children's Hospital, Melbourne.

Further biographical details are available on AGL Energy's website.

The Managing Director & CEO appointments were made following an extensive search process considering both internal and external candidates using external search firms. Executive and Chair appointments were overseen by the independent directors without the participation of those appointed.

While these appointments will take effect upon the demerger becoming effective, AGL Energy will progress towards implementing new internal operational structures during FY22 consistent with the intended demerged structure, with a view to accelerating the benefits of more focused organisations following the demerger.

The key terms and service agreements for the CEO appointments are in the process of being finalised and an update will be provided to the market at the appropriate time. Further Board and management appointments for Accel Energy and AGL Australia will also be confirmed in due course.

Mr Botten said: "We are delighted that we have been able to identify Graeme and Christine from within AGL Energy as the new executive leaders of Accel Energy and AGL Australia. Graeme, in the Managing Director & CEO role on a fixed-term basis, will provide vital continuity of leadership amid this time of great change for our company and in the energy sector, as well as deep experience and know-how in running capital intensive industrial businesses in a complex multi-stakeholder environment.

"Patricia's oversight of the Board of AGL Australia will provide the new business an unrivalled level of knowledge and experience in energy market design, governance and regulation. Christine's elevation to the role of Managing Director & CEO reflects her outstanding performance in stabilising and growing our customer business since joining us two years ago. She will bring a passionate customer focus to the leadership of the business while also providing important continuity."

Minority ownership and contractual arrangements between Accel Energy and AGL Australia

It is proposed that Accel Energy will retain a minority ownership interest of between 15 to 20 percent in AGL Australia following the demerger, which will enable Accel Energy to share in the anticipated value creation in AGL Australia following demerger and provide balance sheet flexibility. Accel Energy will not seek representation on the Board of AGL Australia and will account for its investment in AGL Australia as a minority interest.

At demerger, contracts will be in place between Accel Energy and AGL Australia to assist both companies in managing energy market price and supply risks over the short to medium term. The arrangements will comprise multiple derivative contracts between the two entities in Victoria and New South Wales, including fixed contracted volumes and volumes under options contracts, at market prices reflecting standard commercial energy market terms. Separate bespoke arrangements will be in place in South Australia, including agreements covering the provision of gas by AGL Australia to supply Accel Energy at Torrens Island Power Station, and the sale of electricity derivative products by Accel Energy to AGL Australia.

After FY23, the contracted volumes will reduce to account for the closure of the Liddell Power Station in New South Wales and to provide additional contracting flexibility. This arrangement will provide Accel Energy with the opportunity to contract directly with major industrial customers and other retailers, while enabling AGL Australia to increase supply from other sources. These volumes will be priced with reference to market prices for the relevant products at that time. It is anticipated that firm contracted volume arrangements will end no earlier than FY27.

A heads of agreement will be in place to support potential contracting activity between the two companies as they pursue their transition strategies beyond FY27.

Further details of the offtake arrangements between the two entities will be provided in the demerger scheme documents. It is anticipated that a transitional services agreement will be in place between the two companies for a period for the provision of certain services.

Demerger process and timing

The proposed demerger is subject to final AGL Energy Board, ATO and relevant regulatory, court and shareholder approvals. The demerger is proposed to occur as follows:

- AGL Energy will be renamed Accel Energy.
- Accel Energy will undertake a capital reduction, which will be wholly applied to the acquisition of shares in AGL Australia.
- Following these steps, shareholders will hold one share in Accel Energy (previously their AGL Energy share) and one share in AGL Australia for every share they owned in AGL Energy (on the applicable record date).

A scheme booklet containing detailed information about the demerger is expected to be sent to shareholders to enable shareholder meetings to consider and vote on the demerger and implementation of the demerger in the fourth quarter of FY22.

In the months prior to demerger, the ASX stock code for AGL Energy will change from “AGL” to “AXL”, which will remain post demerger, to reflect the change in AGL Energy’s name to Accel Energy. AGL Australia, the newly created entity, will then obtain the ASX stock code “AGL” post demerger.

AGL Energy anticipates that, on demerger, a share top-up facility will be put in place to enable small shareholders to subscribe to increase or decrease their investment in Accel Energy or AGL Australia.

Accel Energy post demerger

Accel Energy will retain AGL Energy’s position as Australia’s largest baseload electricity supplier via the Loy Yang A, Macquarie Generation and Torrens Island sites and will prioritise the responsible operation of these sites and facilitate their accelerated transition to low-carbon industrial energy hubs. Accel Energy will also be Australia’s largest operator and offtaker of wind energy via the Macarthur, Hallett, Wattle Point and Oaklands Hill wind farms, with the potential to develop 1,600 MW of new wind projects.

AGL Energy has today published a carbon transition statement for Accel Energy highlighting its role in an accelerating energy transition and commitment to publishing progressive decarbonisation targets. Full details of this statement are included in the accompanying slide presentation to this release.

Accel Energy will work with government and other key stakeholders and policy decision-makers to advocate for the establishment of effective frameworks to enable an accelerated energy transition that protects affordability and system security, as well as the fair economic interests of its workforce and capital providers. This will require market design that recognises the value of existing infrastructure, the support required for new generation and system security services, and the benefits that can be derived from incentives to accelerate industrial decarbonisation.

Capital structure and capital allocation

Accel Energy is expected to establish syndicated bank debt facilities comprising an amortising term loan of up to $800 million, as well as revolving cash advance and swingline facilities to fund short-term working capital and liquidity requirements.

Accel Energy will adopt financial policies consistent with the maintenance of an investment grade credit rating, supported by its leading low-cost position in the electricity generation sector and a prudent debt structure. Accel Energy will also benefit from additional balance sheet flexibility provided by the shareholding in AGL Australia.

This structure aligns with the cash flow profile of Accel Energy, enabling sufficient free cash flow to support the payment of an appropriate level of dividends. More details on dividend policy, including the share of free cash flow initially available, will be communicated in the demerger scheme documents. Thereafter, subject to Accel Energy Board discretion, it is anticipated Accel Energy will communicate expected dividends as a proportion of available free cash flow on a periodic basis. It is noted that the level of free cash flow available for dividends is likely to remain leveraged to movements in wholesale electricity prices.

Accel Energy's debt structure, combined with the maturation of onerous contracts on legacy wind farm offtake arrangements, will result in the company having materially lower financial obligations post FY30. This will balance risk as environmental restoration cash flows begin to increase in future years with the closure of the Bayswater, Torrens Island and Loy Yang A power stations.

It is anticipated that Accel Energy will seek to leverage significant demand from capital providers to fund attractive energy transition projects in line with its strategy to redevelop these sites as low-carbon industrial energy hubs.

Subject to the successful execution of these strategies, it is anticipated the timing of rehabilitation cash flows may be able to be reshaped, or that the cost of rehabilitation may decrease, as the economic life of operating sites is extended beyond that of thermal generation.

AGL Australia post demerger

The newly created AGL Australia will be Australia's largest energy-led multi-product retailer of essential services to households and businesses, providing more than 4.5 million[1] electricity, gas, broadband and other services. AGL Australia will own and operate Australia's largest private hydro fleet as well as fast-start gas-fired power stations, a growing battery development portfolio and other wholesale and decentralised electricity and gas trading, storage and supply capabilities. AGL Australia will also own AGL Energy's 20 percent equity investment in PowAR and 50 percent investment in ActewAGL's retail operations.

AGL Australia will be carbon neutral for scope 1 and 2 emissions, with a clear pathway to carbon neutrality for all electricity supply following the cessation in the late 2020s of the initial electricity offtake arrangements it will establish with Accel Energy.

AGL Australia will work with stakeholders to advocate for reforms that drive the continued uptake and integration of decentralised energy services, electric vehicles, broader demand-side participation, and the development of new flexible generation. Such reforms must aim to maximise shared value between energy businesses and customers, leverage private sector investment and minimise energy costs on households and businesses.

Capital structure and allocation

AGL Australia is expected to establish bilateral multi-option bank facilities in aggregate totalling approximately $2,000 million, complemented by new US Private Placement notes replacing AGL Energy's existing $910 million[2] in US Private Placement notes.

AGL Australia will adopt financial policies consistent with maintaining an investment grade credit rating, supported by the essential nature of the services it provides, strong brand and competitive position.

Subject to AGL Australia Board discretion, given the relatively predictable and stable nature of its business, it is anticipated AGL Australia will target a dividend payout ratio range referable to underlying earnings after tax. Further detail of this dividend policy range will be communicated in the demerger scheme documents.

It is anticipated that AGL Australia's short to medium-term investment focus will be on continued development of its multi-product capabilities, customer systems and flexible energy trading, storage and supply. It is anticipated that AGL Australia will continue to source the majority of its electricity supply in a "capital light" manner via offtake arrangements, including those with Accel Energy and PowAR.

[1] Includes approximately 300,000 services of ActewAGL, in which AGL Australia will own a 50 percent shareholding in the retail operations.
[2] Comprises US$695 million of notes and $50 million of Australian dollar denominated notes, prior to fair value adjustments.

AGL Energy prior to demerger

Dividend actions

AGL Energy has commitments to support the proposed value-adding growth investments such as the company's 20 percent equity share in PowAR's acquisition of Tilt Renewables (which is expected to close in August 2021) and the development of the Torrens Island battery (taking place in FY22 and FY23).

As a result, AGL Energy is today announcing the following dividend actions:

- Termination of the Special Dividend Program, meaning AGL Energy no longer intends to pay out an additional 25 percent of Underlying Profit after tax for the FY21 final dividend or in FY22; and
- Intention to underwrite the Dividend Reinvestment Plan (DRP) for the FY21 final and FY22 interim ordinary dividends during the demerger planning period.

The DRP underwrite program will enable shareholders to elect either to receive a cash dividend or participate in the DRP by subscribing to receive AGL Energy shares in lieu of cash payment. AGL Energy will appoint an investment bank to underwrite an amount equal to the total dividend payment. Any shortfall in subscriptions from AGL Energy shareholders for new shares under the DRP will then be issued to the underwriter. The underwriter will arrange for the sale of any shortfall volume on market. The DRP underwrite will enable AGL Energy to retain cash within the business equal to the total value of each dividend during the period it operates. Further details will be provided when each dividend is declared.

The termination of the Special Dividend Program combined with the DRP underwrite have the capacity to preserve approximately $400 million to $500 million in cash within AGL Energy prior to execution of the demerger, thereby supporting Accel Energy and AGL Australia in retaining strong and flexible balance sheets after the demerger.

These actions are in addition to the efficiency initiatives announced at AGL Energy's 30 March 2021 market update including a targeted reduction, from FY20 levels, of $150 million in operating expenditure in FY22 and $100 million in sustaining capital expenditure by FY23. AGL Energy is making solid progress with these initiatives and will provide a detailed update at its FY21 full-year results announcement in August 2021.

Update on earnings outlook

AGL Energy has today announced it expects underlying earnings for the current financial year (FY21) to be within the company's previous guidance as follows:

- Underlying EBITDA is expected to be within the lower half of the previous range of $1,585 million to $1,845 million; and
- Underlying NPAT is expected to be around the middle of the previous range of $500 million to $580 million. This includes approximately $90 million of insurance proceeds relating to the FY19 Unit 2 outage at the Loy Yang A power station, consistent with previous guidance. In addition, it includes a net benefit of approximately $25 million from a change in accounting policy that reduces historically capitalised costs relating to software as a service.

For FY22, AGL Energy continues to anticipate a material step-down in earnings as a result of the lower wholesale electricity prices of the past two years now being realised through forward sold positions, as well as the non-recurrence of the insurance proceeds noted above and increases to wholesale gas supply costs.

Conference call

AGL Energy will host a conference call to discuss today's announcement at 11:15am Australian Eastern Standard Time. Access to the conference call is via pre-registration through the following website link: www.agl.com.au/marketupdate. Upon registration, participants will be provided with a dial-in code to access the conference call facilities. A transcript and archive of the conference call will be made available on AGL Energy's website, shortly after the event.

Authorised for release by AGL's Board of Directors.

Further enquiries

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Intention to undertake demerger

30 June 2021

AGL Energy to become Accel Energy and demerge AGL Australia into separate ASX-listed company

- AGL Energy Limited plans to change its name to Accel Energy Limited and demerge AGL Australia Limited as a separately listed entity via capital reduction
- Current AGL Energy shareholders will retain one share in Accel Energy and receive one share in AGL Australia for every share they own on the applicable record date
- Shareholders will have the opportunity to vote on the demerger
- Accel Energy to hold a 15-20% shareholding in AGL Australia to enable it to share in value creation, with no associated board position
- AGL has received strong endorsement for independent capital structures from its lenders for both entities. These capital structures are anticipated to be investment grade
- Anticipated completion of demerger in fourth quarter of FY22, subject to final Board, regulatory and shareholder approvals

Shaping forces of customer, community and technology continue to affirm our decision to demerge

Separation will deliver strong clarity of purpose for both entities

		DEMERGER RATIONALE
CUSTOMER	• Demand for distributed energy services accelerating rapidly • Demand for carbon neutral products and services • Continued role of baseload supply to meet industrial demand	• Energy requirements of consumer and business users increasingly different from industrial customers • AGL Australia energy needs are aligned with increasing customer demand for distributed energy and carbon neutral products • Accel Energy empowered to contract directly with large energy users, industrial partners in energy hub projects
COMMUNITY	• Government intervention via default retail offers and underwriting of generation • Demand for accelerated action on climate change • Need for adequate compensation for providing system security	• Reducing benefits of integration of retail with baseload generation relative to costs and complexity • AGL Australia able to use customer scale to underwrite flexible generation and new renewables projects • Accel Energy to focus on vital role of assets in providing system security, repurposing of sites as energy hubs
TECHNOLOGY	• Rapidly falling costs for renewables and storage driving policy action to increase supply ahead of demand • Strong funding support for renewables and storage development from non-industry capital providers • Risk/return expectations for new generation development structurally lower than in the past	• New entities with different funding sources able to attract and deploy capital in more targeted manner • AGL Australia more attractive to capital providers • Accel Energy opportunity to repurpose sites using new technology attractive for transition capital providers

Overview of demerger structure and asset allocation between Accel Energy and AGL Australia

Existing AGL Energy shareholders will hold one share in each entity

AGL Energy Limited will become Accel Energy Limited

Accel Energy
ASX Listed (ASX:AXL)

Accel Energy will demerge AGL Australia via capital reduction

Accel Energy will have a 15-20% holding in AGL Australia

agl
ASX Listed (ASX:AGL)

Large industral customers

AGL Australia offtake

Accel Energy will supply a large proportion of AGL Australia's electricity in the early years

Consumer customers

Business customers

Core generation assets undergoing transition

- Liddell and Bayswater → Energy Hub
- Loy Yang A and mine → Energy hub
- Torrens Island → Energy hub
- Legacy wind PPAs → Wind development portfolio

**Accel Energy will also own AGL Energy's legacy upstream gas assets*

Core trading, supply and storage capabilities

- Hydro power stations
- Renewables offtake (e.g. PowAR)
- Batteries and offtake agreements
- Wholesale gas contracts and storage
- Gas-fired peaking power stations
- Decentralised energy

Strategic investments

- PowAR (20%)
- ActewAGL (50% of retail)

*Box size and scale not representative contribution or magnitude of entity

The identified leaders provide deep experience and continuity of leadership for both entities

Chair

Peter Botten

Managing Director & CEO

Graeme Hunt

Chair

Patricia McKenzie

Managing Director & CEO

Christine Corbett

- Managing Director & CEO appointments to take effect upon demerger.
- These appointments were made following an extensive search process considering both internal and external candidates using external search firms.
- Chair appointments were overseen by the independent directors without the participation of those appointed.
- Further Board and management appointments for Accel Energy and AGL Australia will be confirmed in due course.

AGL Energy has received strong commitments from banks supporting independent capital structures for each entity

Committed to and confident of obtaining investment grade credit ratings for both Accel Energy and AGL Australia

Strong financing commitments from existing banking group and new lenders

Accel Energy

- Expected to establish syndicated bank debt facility comprising:
  - Amortising term loan of up to $800 million
  - Revolving cash advance and swingline facilities to fund short-term working capital and liquidity requirements
- Leading low-cost position in electricity generation and prudent debt structure supports investment grade credit rating
- Additional balance sheet flexibility provided by the shareholding in AGL Australia
- Combined with maturation of onerous contracts on legacy wind farm offtake arrangements, debt structure will result in materially lower financial obligations post FY30
- Balances risk as environmental restoration cash flows begin to increase in future years as power stations close
- Structure designed to enable sufficient free cash flow to support payment of appropriate level of dividends (expected to be communicated as a proportion of available free cash flow on a periodic basis)

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- Expected to establish bilateral multi-option bank facilities in aggregate totaling up to $2,000 million
- Complemented by new US Private Placement notes replacing AGL Energy's existing $910 million in US Private Placement notes
- Essential nature of the services it provides, strong brand and competitive position supports investment grade credit rating,
- Anticipated to target a dividend payout ratio range referable to underlying earnings after tax
- Investment focus on continued development of its multi-product capabilities, customer systems and flexible energy trading, storage
- Anticipated to continue to source the majority of electricity supply in "capital light" manner via offtake arrangements, including those with Accel Energy and PowAR

Further detail of dividend policies to be communicated in demerger scheme documents

Long term offtake between Accel Energy and AGL Australia will balance stability and flexibility for both entities

Contract reference to market pricing reduces the risk of the contract becoming unfavourable to one party

TIME PERIOD	VOLUME	PRICE
Separation date - 30 June 2023		
Victoria[1]	Approximately 25% of expected Accel Energy generation contracted as fixed volume standard swaps	Set quarterly with reference to ASX-traded prices[2]
NSW	Approximately 50% of expected Accel Energy generation contracted as fixed volume standard swaps	Set quarterly with reference to ASX-traded prices[2]
Victoria and NSW	Capacity products to enable AGL Australia to manage demand variability	Fixed fee
1 July 2023 - 30 June 2025		
Victoria	Approximately 20% of expected Accel Energy generation contracted as fixed volume standard swaps	Set quarterly with reference to ASX-traded prices
NSW	Approximately 35% of expected Accel Energy generation contracted as fixed volume standard swaps – volume reduces to reflect closure of Liddell Power Station	Set quarterly with reference to ASX-traded prices
NSW	Capacity products to enable AGL Australia to manage demand variability	Fixed fee
1 July 2025 - 30 June 2027[3]		
Victoria and NSW	Reducing quantity of fixed volume standard swaps	Set quarterly with reference to ASX-traded prices

Separate bespoke arrangements will be in place in South Australia, with agreements covering the provision of gas by AGL Australia to supply Torrens Island, and the sale of derivative products by Accel Energy to AGL Australia

Key benefits include

- Offtake is part of a prudent supply portfolio for AGL Australia and gives Accel Energy volume certainty
- Reference to market for pricing ensures the transaction is arms length
- Contract reference to market pricing reduces the risk of the contract becoming unfavourable to one party

[1] Victorian generation includes thermal and wind
[2] Pricing period varies
[3] A heads of agreement will be in place to support potential contracting activity between the two companies as they pursue their transition strategies beyond FY27

Indicative financial split for both entities

Based on FY20 result before pro forma adjustments or corporate allocations

FY20 ($m)	AGL Energy	Accel Energy	AGL Australia	Corporate/ unallocated
Gross Margin ($m)	**3,677**	**~2,200**	**~1,500**	**-**
Opex ($m)	(1,607)	~(700)	~(600)	~(300)
EBITDA ($m)	**2,070**	**~1,500**	**~900**	**~(300)**
EBIT ($m)	**1,317**	**~1,000**	**~700**	**~(400)**
Operating cash flows ($m)	2,212	~1,500	~900	~(200)
Capex ($m)	729	~400	~200	~100
As at 30 June 2020				
Total assets ($m)	14,710	~6,300	~6,600	~1,800

Corporate/unallocated includes predominantly the corporate segment and other items not yet split between the two entities

- The financial information included in this presentation for Accel Energy and AGL Australia has been prepared with reference to the historic underlying financial information of the AGL Group as presented in the 2020 Annual Report.
- The allocation of income, expenses, assets and liabilities to Accel Energy and AGL Australia is based on the expected asset and operational separation at the date of this presentation, which is subject to change as AGL Energy moves closer towards implementing the Demerger
- The financial information does not include any proforma adjustments including any standalone adjustments and may not be representative of the future performance of the separated businesses, or of the historic performance had the separation occurred at some time in the past. Estimates have been used in the preparation of this financial information which are subject to change. The split of information presented has not been audited.
- The financial metrics referenced for Accel Energy and AGL Australia do not include an allocation of any corporate costs or various corporate assets which include cash & cash equivalents, current tax assets, other financial assets/derivatives and deferred tax assets.
- The financial information does not include any allowance for any one off separation costs or ongoing additional standalone costs.
- The information presented should be treated as indicative only.

Indicative financial split for both entities

Based on FY19 result before pro forma adjustments or corporate allocations

FY19 ($m)	AGL Energy	Accel Energy	AGL Australia	Corporate/ unallocated
Gross Margin ($m)	**3,833**	**~2,300**	**~1,500**	**-**
Opex ($m)	(1,548)	~(700)	~(500)	~(300)
EBITDA ($m)	**2,285**	**~1,600**	**~1,000**	**~(300)**
EBIT ($m)	**1,660**	**~1,200**	**~800**	**~(300)**
Operating cash flows ($m)	2,211	~1,600	~800	~(200)
Capex ($m)	939	~500	~300	~100
As at 30 June 2019				
Total assets ($m)	14,821	~6,300	~6,700	~1,800

Corporate/unallocated includes predominantly the corporate segment and other items not yet split between the two entities

- The financial information included in this presentation for Accel Energy and AGL Australia has been prepared with reference to the historic underlying financial information of the AGL Group as presented in the 2020 Annual Report.
- The allocation of income, expenses, assets and liabilities to Accel Energy and AGL Australia is based on the expected asset and operational separation at the date of this presentation, which is subject to change as AGL Energy moves closer towards implementing the Demerger
- The financial information does not include any proforma adjustments including any standalone adjustments and may not be representative of the future performance of the separated businesses, or of the historic performance had the separation occurred at some time in the past. Estimates have been used in the preparation of this financial information which are subject to change. The split of information presented has not been audited.
- The financial metrics referenced for Accel Energy and AGL Australia do not include an allocation of any corporate costs or various corporate assets which include cash & cash equivalents, current tax assets, other financial assets/derivatives and deferred tax assets.
- The financial information does not include any allowance for any one off separation costs or ongoing additional standalone costs.
- The information presented should be treated as indicative only.

AGL Energy is targeting completion of the demerger by fourth quarter of FY22

Stage 1 Complete	**Stage 2** Current workstreams	**Stage 3**
30 MAR – 30 JUN 2021	1 JUL – 31 DEC 2021	1 JAN – 30 JUN 2022
• Confirm strategy and demerged structure • Asset allocation finalised • Confirm capital structures and receipt of banking commitments • Appoint CEO-elect and Chair-elect of Accel Energy and AGL Australia	• FY21 Results • Progress Boards and management teams for AGL Australia and Accel Energy • Annual General Meeting • Tax and regulatory processes progressed • Detailed plans for separation actioned to achieve two fully functioning internal teams by the implementation date	• HY22 Results • Scheme documents issued to shareholders • Shareholder meetings to vote on the demerger proposal • All relevant approvals obtained • Demerger implemented

Asset allocation confirmed to enable both entities to execute on their respective strategies and operate with focus

Accel Energy

Generation portfolio
- Loy Yang A
- Macquarie – Bayswater
- Macquarie – Liddell
- Torrens Island Power Station

Gas assets and related contracts
- 50% interest in Moranbah Gas Project JV and North Queensland Energy JV (including Yabulu PPA)
- Camden
- Silver Springs Gas Storage*
- Newcastle Gas Storage Facility*

Renewable and storage power purchase agreements
- South Australian wind farms (Hallett, Hallett Hill, North Brown Hill, The Bluff, Wattle Point)
- Victorian wind farms (Macarthur, Oaklands Hill)
- Dalrymple battery

Development pipeline
- Loy Yang battery
- Liddell battery
- Bells Mountain pumped hydro
- 1,600MW pipeline of wind development projects

Investments
- Raygen

*Identified for sale

agl

Multi product retailing
- 4.5 million[1] customer services in electricity, gas, broadband and mobile
- Perth Energy, Southern Phone, Click Energy
- Commercial Solar including Solgen and Epho

Flexible generation, storage and demand response
- Hydro assets
    - Victoria (Kiewa scheme, Dartmouth scheme, Eildon, Rubicon scheme, Yarrawonga)
    - NSW (Glenbawn, Copeton, Pindari, Burrendong)
- Barker Inlet Power Station
- Somerton Power Station
- Kwinana Swift Power Station
- AGL's virtual power plant and Distributed Energy Resources services

Gas contracting
- Wholesale gas contracts relating to supply, sale, storage and haulage

Renewable and storage power purchase agreements
- PowAR agreements (Broken Hill and Nyngan solar farms, Silverton and Coopers Gap wind farms)
- Sunraysia and Midgar solar farm
- Wandoan battery
- Maoneng battery

Development pipeline
- Torrens Island battery development project

Investments
- Ovo Energy Australia 51% interest
- ActewAGL 50% interest in retail operations
- PowAR 20% interest (including Tilt Renewables subject to acquisition completion)
- Venture capital investments

[1] Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

Accel Energy

Bayswater Power Station, NSW

Hallett 4 Wind Farm, South Australia

Accel Energy will be Australia's largest electricity generator and well positioned to support the energy transition

ACCEL ENERGY POST DEMERGER

- **33.5 TWh (FY23)** electricity generation
- **~8.0 GW** name-plate thermal capacity
- **~1 GW** wind farm portfolio
- **1600 MW** wind development portfolio
- **Over 16,000 hectares** land for energy hubs

KEY ASSET LOCATIONS

STRATEGIC FOCUS AREAS

- Ensure safe, efficient, flexible running of thermal asset base to reflect market conditions
- Diverse large scale customer base to manage 'long' energy position
- Engage with government and regulators to ensure a fair return for services provided to the NEM (e.g., energy, capacity, system security, inertia)
- Redevelop core generation sites as industrial energy hubs
- Partner with third-party capital to support low carbon development

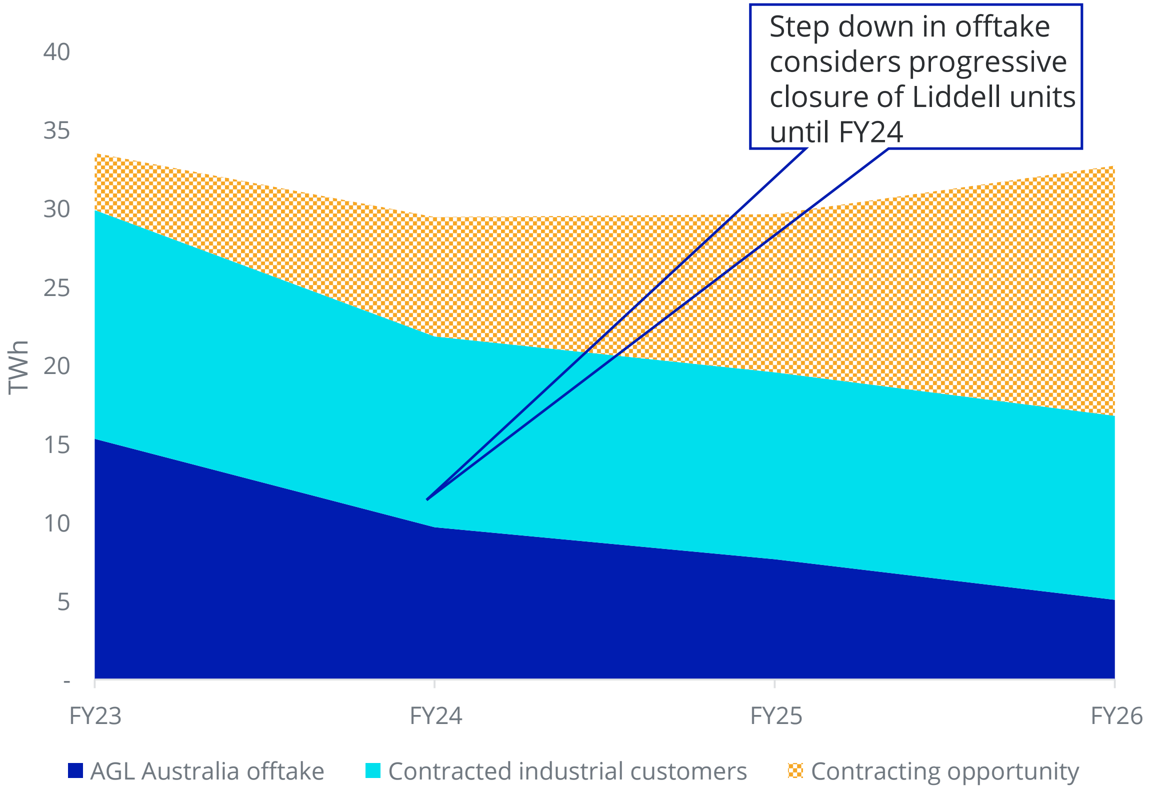
Accel Energy will have ~90% of volumes contracted in 2023, with ~65% already contracted in 2025

Accel Energy will optimise its low cost thermal generation and manage trading risk to deliver cash flows

Accel Energy's cashflows are underpinned by the high percentage of output contracted via offtake agreements with high quality counterparties including:

- Offtake agreement between AGL Australia and Accel Energy runs to FY27, with heads of agreement to be in place to support potential contracting activity beyond FY27
- 7 year offtake with the Tomago smelter until 2028
- 5 year offtake with the Alcoa smelter until 2026

Accel Energy contracted generation volumes

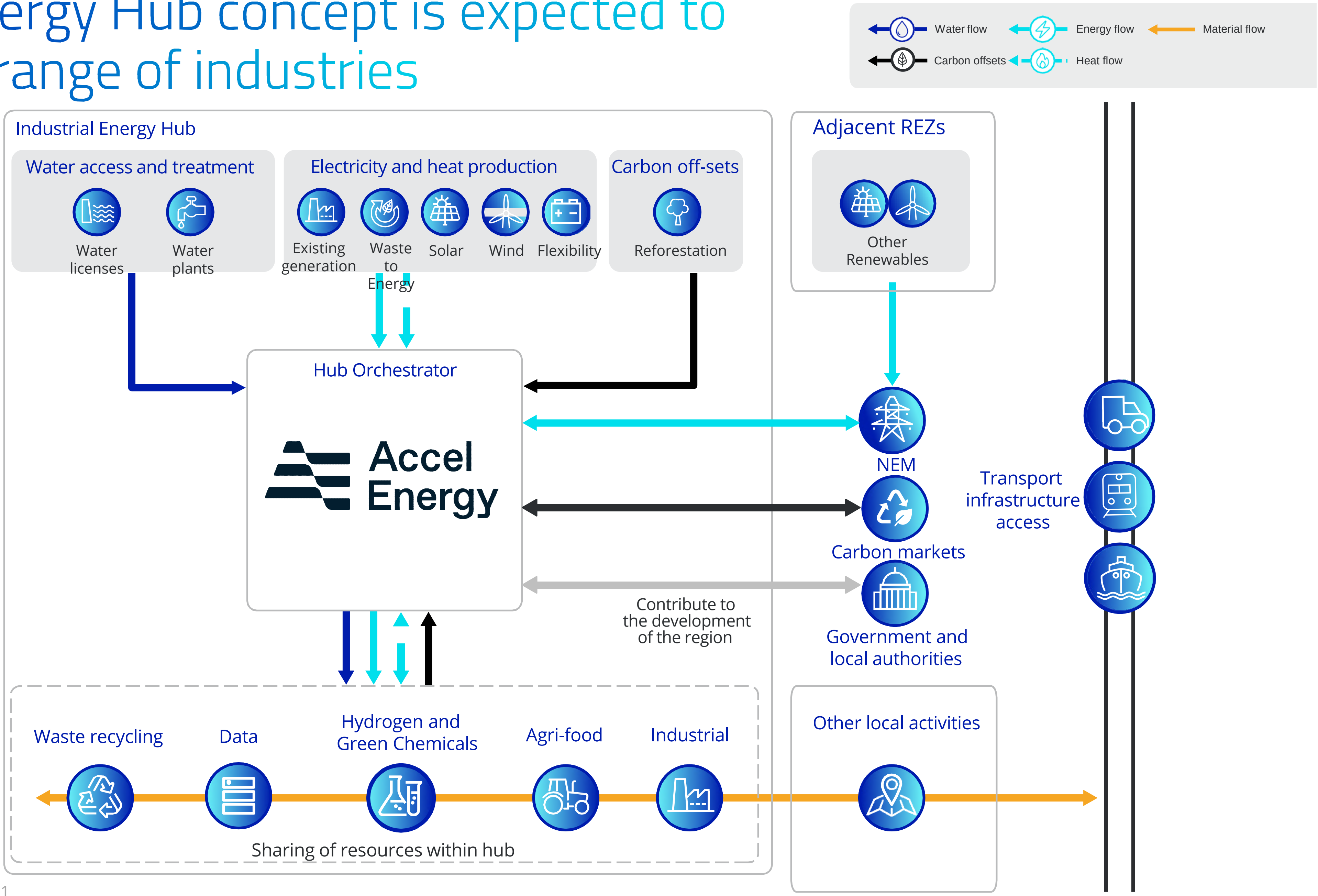


The Industrial Energy Hub concept is expected to connect a broad range of industries

Hubs **orchestrate flows of energy, heat and water**, generating synergies **across the value chains**

Creates **jobs,** sustainable **economic development and rehabilitates sites**

Analogous concept to petrochemical hubs around refineries – with **low carbon electrons** instead of hydrocarbons as common thread



Accel Energy is pursuing Industrial Energy Hubs based on site specific attributes

Plans and growth opportunities for Industrial Energy Hubs are in development, with some early stage works commenced

Macquarie (Bayswater & Liddell)

- Concentrated solar and thermal storage pilot with Raygen, including up to 200MW solar, 100MW Organic Rankine Cycle Turbine[1] with 800MWh Storage
- Waste to Energy JV partner project – potentially 300,000 tpa of landfill diverted, producing 260,000 MWh of electricity
- 150MW x 2-4 hour battery development
- Bowmans Creek Wind Farm, early stage development of 60 turbines and 336MW of generation

Torrens Island

- Air Liquide carbon capture and utilisation
- 250MW battery, 1 hour duration (landlord)[2]
- Battery and gas-fired peaking projects
- Future development options, e.g. Hydrogen, waste, data centres, batteries

Loy Yang A

- Hydrogen Project (HESC) stage 1
- 200MW x up to 4 hours battery development
- Future development options, e.g. floating solar, renewables, hydrogen and CCUS, ammonia and fertilisers

Remediation

- Development of energy hubs will create enduring revenue streams for Accel Energy
- Successful repurposing of the land may defer remediation requirements and potentially reduce remediation
- Future option: provide operations, maintenance and rehab expert services to thermal assets and other industrial operators

Wind farms

- Repowering options at end of lease available on some sites under existing offtake arrangements
- 1,600 MW development pipeline across five sites, beginning with Bowman's Creek (NSW), close to Bayswater/Liddell site

[1] An organic Rankine cycle turbine is a type of generator that works by converting heat energy stored in liquid at low temperatures into electricity
[2] The Torrens Battery will be owned by AGL Australia, with Accel Energy providing land and site services

Existing or under development | Concept and design phase | Future development

Accel Energy's Climate Commitments and Targets

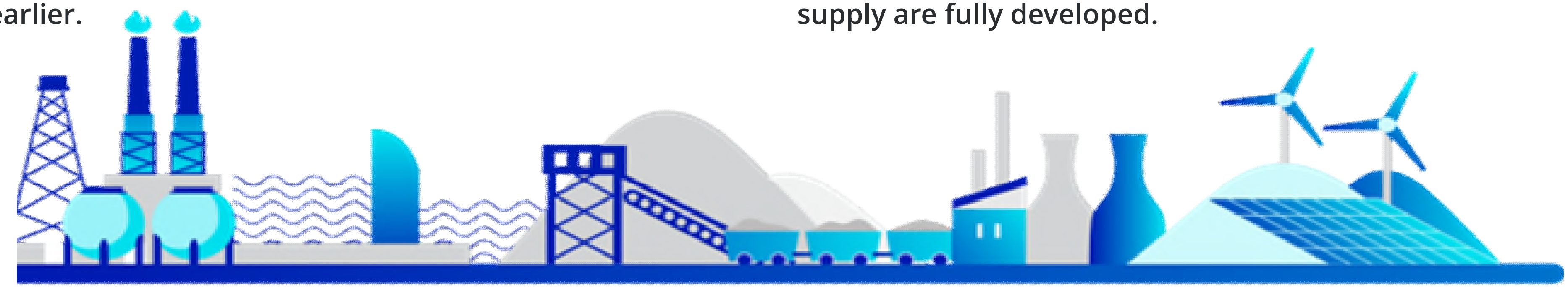
Accel Energy has Australia's most crucial role in the energy transition and is committed to the acceleration of decarbonisation while ensuring energy remains stable and affordable

At Accel Energy, we know the need to take action on climate change is intensifying as demand for energy grows – and we are committed to playing a positive role as the pace of transition accelerates.

As Australia's largest emitter of greenhouse gases and largest electricity generation company, we embrace the responsibility and opportunities this brings to reinvent our business as the community's reliance on thermal power reduces and, ultimately, ends.

We believe we have a unique opportunity to drive the accelerating transition while creating a sustainable future for our business and the communities in which we operate beyond the life of coal-fired power.

1. **We welcome the community expectations and technological developments that are driving change and believe these forces will result in coal-fired power stations operating less and closing earlier.**
2. **We will rejuvenate our unique power station sites into industrial energy hubs to provide new sources of energy storage and supply and extend the sites' lives long beyond that of coal-fired power.**
3. **We will continue to run our coal-fired power plant safely and responsibly, recognising their critical role in supporting renewables while alternative sources of energy storage and supply are fully developed.**
4. **We will work in partnership with First Nations people, our workforce, communities, governments, regulatory bodies and commercial partners to achieve our ambitions.**
5. **We will publish a detailed climate change roadmap including specific decarbonisation targets showing clear progress relative to our existing emissions reduction trajectory *(the baseline of which is a 23% reduction in CO2-e emissions by 2024, 60% reduction by 2036 and 100% by 2050, on FY20 levels[1]).***



[1] Baseline emissions reduction trajectory reflects 'Scenario A' of AGL Energy's FY20 Taskforce for Climate Related Financial Disclosures report, Pathways to 2050.

AGL Australia

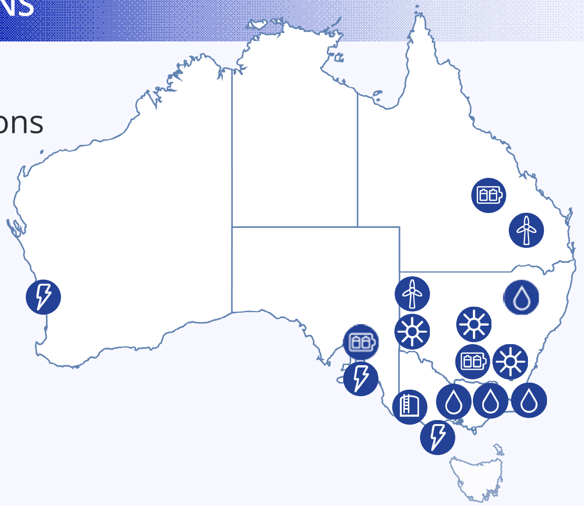
AGL Australia will be Australia's largest multi-product energy retailer, leading the transition to a low carbon future

AGL AUSTRALIA POST DEMERGER

- 4.5m[1] services to customers
- 24.3TWh[2] customer electricity volume
- 140 PJ[2] customer gas volume
- 1.3GW[2] flexible electricity generation/storage

KEY ASSET LOCATIONS

Gas Fired Power Stations
Gas Storage
Wind Farms
Batteries
Hydro Power Stations
Solar Power Stations



STRATEGIC FOCUS AREAS

- Increase customer loyalty through value achieved with multi-product offering
- Continue to focus on commercial customer base and profitability through offers of end-to-end business energy solutions
- Invest in technology to build on existing platform, improving the customer experience and cost base
- Accelerate development of decentralised energy offering to capitalise energy position
- Secure energy portfolio to lead decarbonisation and support customer demand
- Strategic procurement and partnering to balance gas portfolio

[1] Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.
[2] Forecast numbers as at FY23, subject to change

AGL Australia will have a quality energy portfolio supported by flexible generation, storage and material trading expertise

Transitioning to a more flexible and decarbonised supply of electricity over time

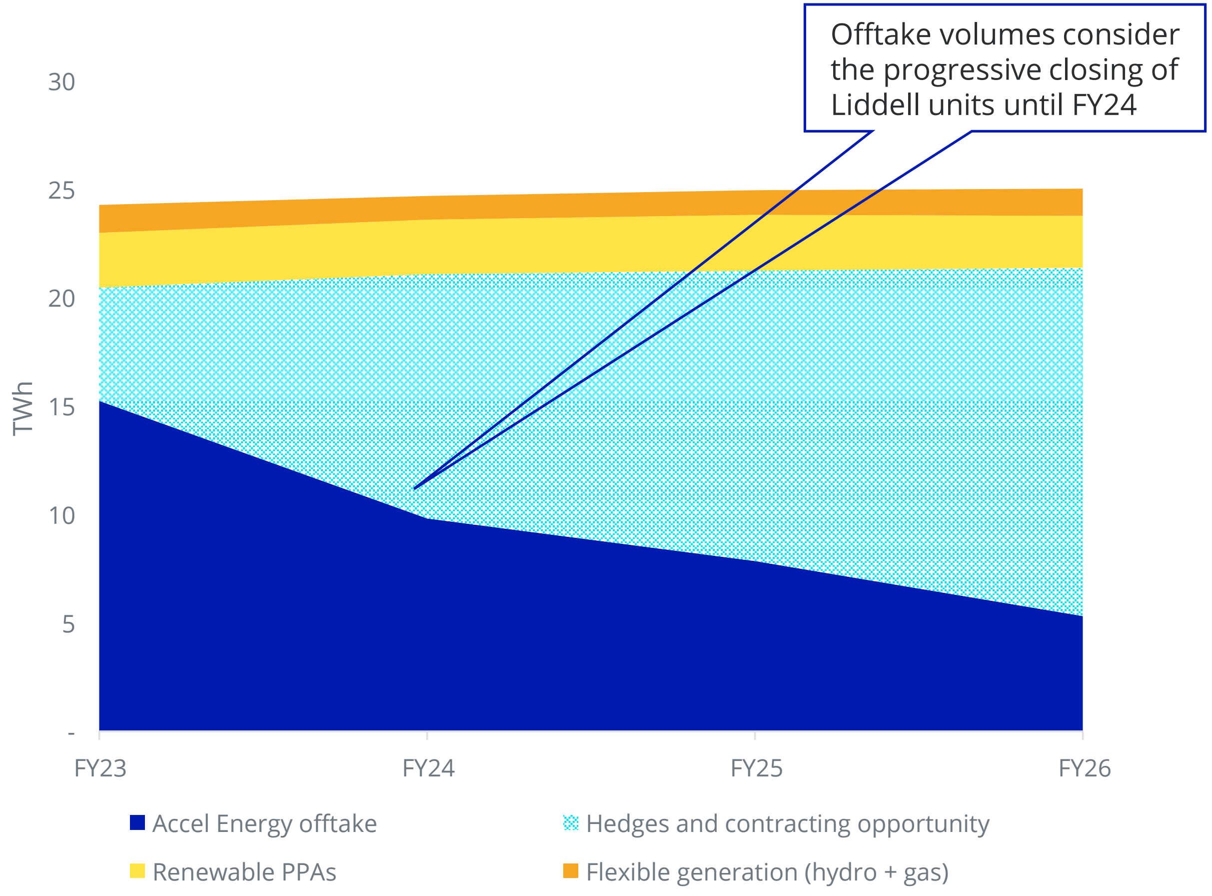
Flexible generation and PPAs will provide base load generation

- PPA contracts with PowAR and other counterparties expected to grow over time as Accel Energy offtake reduces
- Flexible generation and battery storage capability will provide effective risk management against high price event days

Accel Energy offtake tapers off allowing AGL Australia to contract alternate sources of energy

- Residential and C&I load for AGL Australia stable and expected to grow over time
- Enables contractual relationships with other parties and mitigates risk of over hedging
- Offtake agreement between AGL Australia and Accel Energy runs to FY27, with heads of agreement to be in place to support potential contracting activity beyond FY27

AGL Australia Supply Portfolio



AGL Australia's Climate Commitments and Targets

AGL Australia has an important role to play in supporting the development of Australia's renewable generation

At AGL Australia, we accept the climate science behind this vision. By 2050, we believe that Australia has the opportunity to be carbon neutral and an energy superpower. We will play our part in achieving this. We acknowledge the need to reduce scope 3 emissions, we will deliver a detailed climate change roadmap including specific decarbonisation targets showing clear progress relative to our existing emissions reduction trajectory.

As Australia's largest energy retailer we recognise that the pace of the energy transition is accelerating and we are well positioned to support this acceleration.

We will list as carbon neutral for scope 1 and 2 emissions, with a clear pathway to carbon neutrality for all sources of electricity .

1 Offer customers the option of carbon neutral prices across all our products.

Our customers' demand for carbon neutral products is a significant force for accelerating the decarbonisation of the energy system. We will seek to match this with viable carbon-neutral supply options for households, business and industrial customers.

2 Continue investing in new sources of electricity supply.

Both through direct investment and offtake agreements, we will support the development of new renewable energy sources and flexible generation capacity the market needs to support greater penetration of intermittent renewable energy.

3 Support the evolution of Australia's voluntary carbon markets.

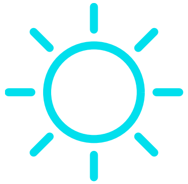
We will seek to supply tradeable products to underpin delivery of the carbon neutral services our customers require. This will include investments in carbon reduction in our own operations, complemented with enhanced trading capability.

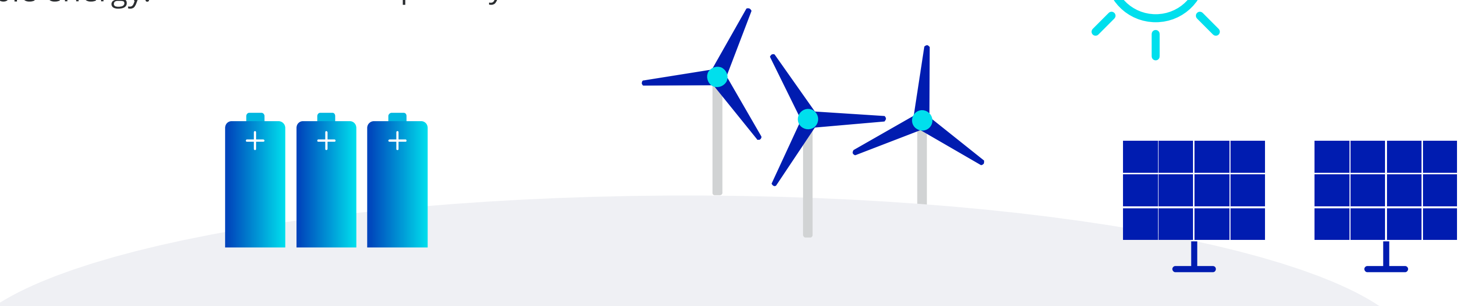
4 Responsibly transition our energy portfolio.

We will support our people and local communities through change and remain flexible to how customers, community and technology shape the pace of the energy transition.

5 Be transparent.

We will engage openly with stakeholders and be transparent in disclosing our decarbonisation strategy, carbon emissions, risks and mitigation activities. Using scenario analysis, we will regularly update our forecasts for the pace and impacts on our business of this transition.





Intention to undertake demerger

30 June 2021

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- The material in this presentation provides an indicative outline of AGL's plans to undertake a demerger. These plans are subject to a number of conditions and requirements and therefore are subject to change. The numerical estimates set out in this presentation are estimates, unaudited and may not add due to rounding. In addition, they are not represented as being indicative of any future financial conditions or performance.