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ASX & Media Release

2016 Earnings Guidance

30 September 2015

AGL Energy Limited (AGL) is today holding its Annual General Meeting at which it is the practice of the Company to provide earnings guidance for the current financial year.

Assuming normal trading conditions for the remainder of the year, Underlying Profit[1] for the year ending 30 June 2016 (FY16) is expected to be in the range $650 million to $720 million.

The main factors affecting FY16 Underlying Profit guidance are:

- Non-cash accounting changes expected to reduce pre-tax profit by ~$50 million
- New Energy operating loss expected to increase by pre-tax $25 million[2]
- Full year contribution from AGL Macquarie
- Cost reductions following AGL's strategy review and corporate restructure
- Modest rises expected in electricity, gas and REC wholesale prices
- Slowing in the decline of residential electricity consumption
- Improved retail margins against a backdrop of continued intense competition
- Renegotiation of the AGL Loy Yang Enterprise Bargaining Agreement

AGL's Statutory Profit will include a Significant Item in relation to restructuring costs of approximately $30 million (pre-tax).

Further inquiries:

Investors

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About AGL

AGL is one of Australia's leading integrated energy companies. It is taking action to responsibly reduce its greenhouse gas emissions while providing secure and affordable energy to its customers. Drawing on over 175 years of experience, AGL serves its customers throughout eastern Australia with meeting their energy requirements, including gas, electricity, solar PV and related products and services. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, solar, landfill gas and biomass.

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1 Underlying Profit is the Statutory Profit after tax adjusted for Significant Items and changes in the fair value of certain electricity derivatives.

2 New Energy business unit break even target in FY18 is revised to $20 million EBIT taking into account the transfer of Energy Services as part of the organizational restructure. Target may be adjusted if new product lines added.