

Energy in
action.®

ASX statement

29 October 2009

Attached is the Managing Director's presentation for the Annual General Meeting to be held at 10.30am today.



Paul McWilliams

Company Secretary



2009

Annual General Meeting

Michael Fraser
Managing Director & CEO



 **AGL**

AGL Energy Limited

29 October 2009

2009 Highlights

Delivering on profit, delivering on growth, delivering on strategy

- › Improved safety performance and employee engagement
- › Result at top end of upgraded guidance range
- › \$3.2bn asset sale program completed
 - » BBB credit rating stable outlook re-instated
- › Market leading renewable portfolio
- › Substantial gas reserves upgrade to deliver long term growth
- › New customer billing and service platform implemented – Project Phoenix

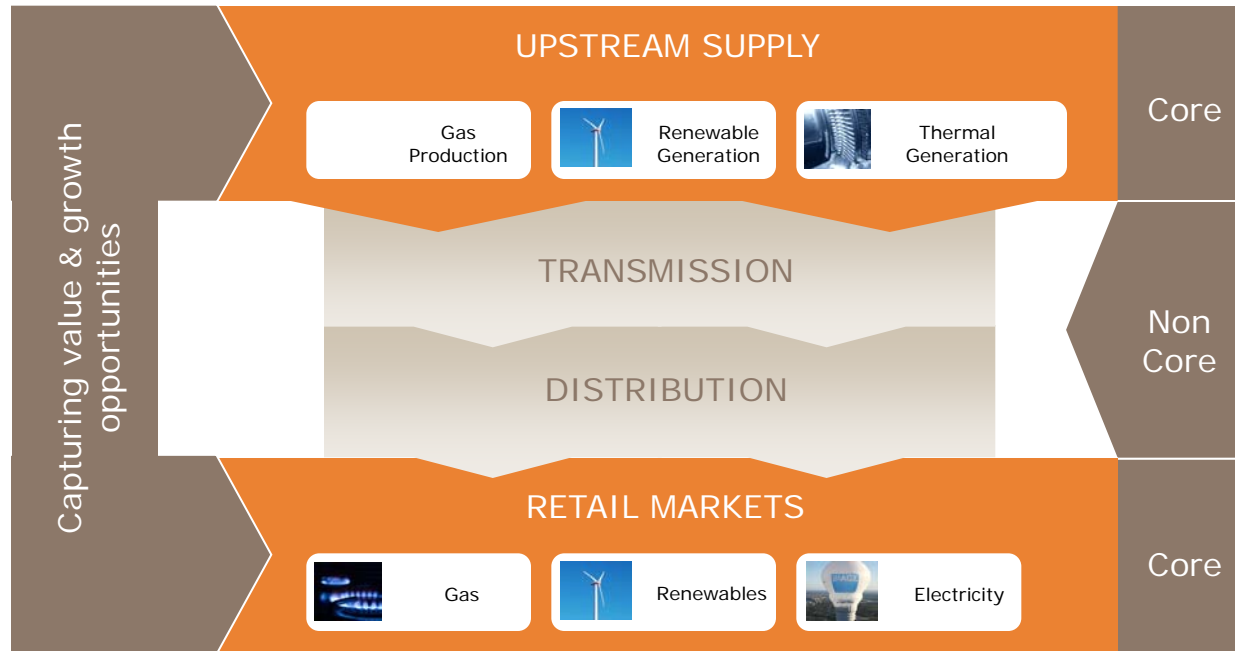


AGL's Integrated Strategy

Managing risk and delivering superior stable returns

Upstream Gas:

- › Targeting ownership of ~2,000 PJ (2P)
- › Essentially CSG strategy
- › Measured acquisition of gas vs. EPS impacts
- › Will continue to contract if achieves superior outcome



Generation:

- › Currently ~3,940 MW of capacity owned and/or operated (includes ~420 MW under construction)
- › Medium term target of ~6,000 MW
- › Achieve 60-70% of load (capacity) internally covered to deliver desired portfolio outcomes

Market Leadership:

- › Focus on managing and growing margins
- › Leveraging upstream strategy & achieving retail economies of scale
- › Service platform capable of supporting 4 to 5 million customers

› 2009 Annual General Meeting

› 29 October 2009

› AGL Energy Limited

2009 Financial Results

Profit at top end of guidance range

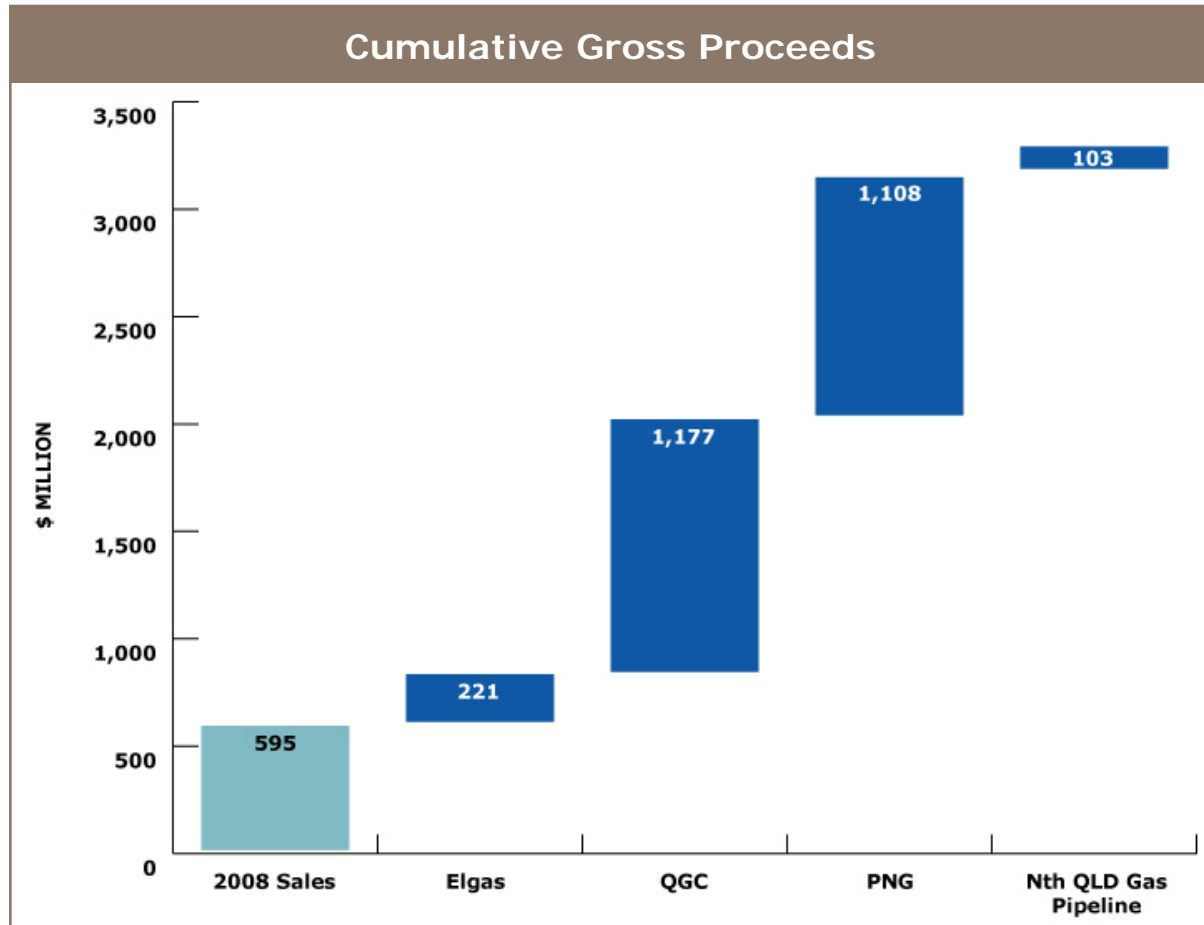
Revenue:	\$5,995.7m	↑ 6.1%
Statutory NPAT:	\$1,596.1m	↑ 597.0%
Underlying NPAT:	\$378.8m	↑ 11.1%
Underlying EPS:	85.0cps	↑ 8.6%
Dividend (fully franked):	54.0cps	↑ 1.9%
Gearing:	7.8%	↓ 21.2pts



- » 2009 Annual General Meeting
- » 29 October 2009
- » AGL Energy Limited

Capital Management – \$3.2bn Non-core assets divested

Proceeds used to reduce debt and re-invest



- › Enables domestic integrated energy company strategy
- › 2009 Sales:
 - › PNG \$1,108m
 - › Queensland Gas Co. \$1,177m
 - › Nth Qld Gas Pipeline \$103m
 - › Elgas \$221m
- › 2009 Investments:
 - › Renewables - wind, hydro, geothermal
 - › Upstream Gas
 - Gloucester \$378m
 - Sydney Gas \$190m
 - › Retail
 - Phoenix migration

› 2009 Annual General Meeting

› 29 October 2009

› AGL Energy Limited

2009 Operational highlights

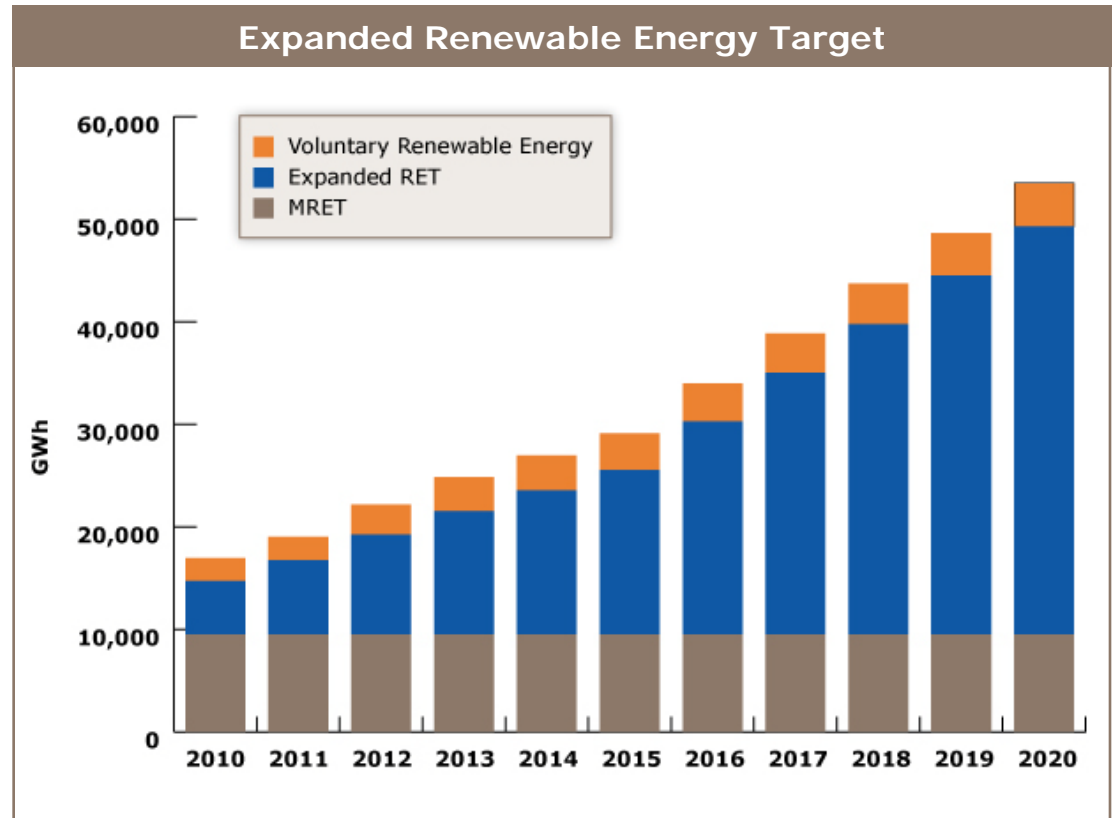
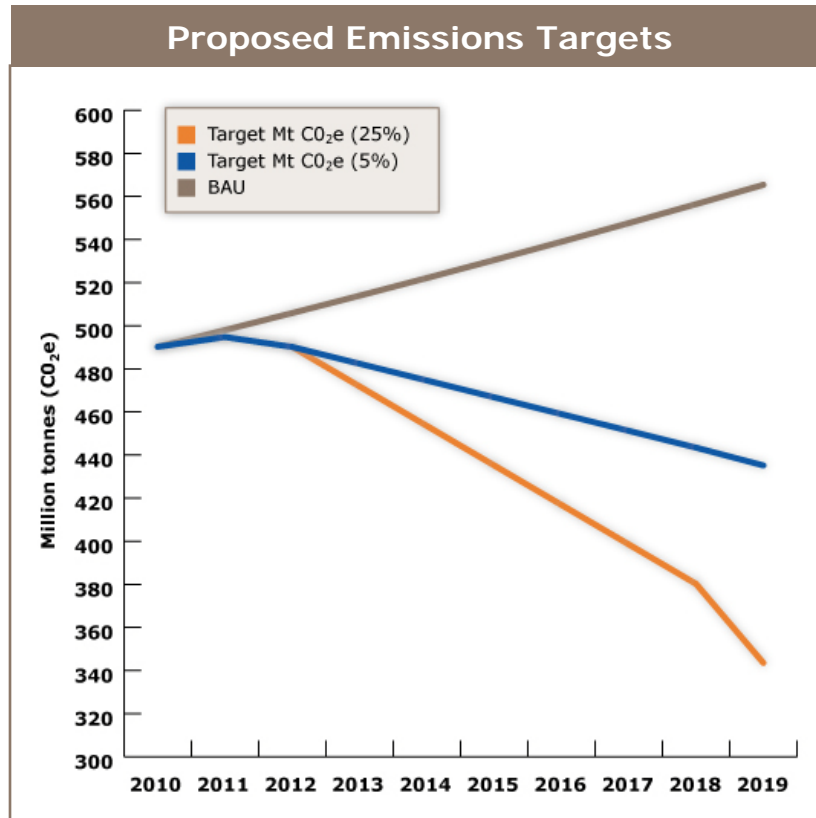
Delivering on profit, delivering on growth

- › Strong Merchant gas and electricity portfolio performance (↑ 32.5%)
- › Retail (↓ 1.8%) adversely impacted by:
 - » Higher transitional costs
 - » Incorrect QLD regulatory decision
- › Increasing retail gross margin per customer (↑ 4.2%), dual fuel customers (↑ 60,000)
- › Substantial 2P gas reserves upgrade (↑ 56%)
- › Renewable development projects on track



Climate policies to transform energy sector

Emissions trading, Expanded Renewable Energy Target and energy efficiency policies to drive change



- » 2009 Annual General Meeting
- » 29 October 2009
- » AGL Energy Limited

AGL well positioned for low carbon future

Market leading portfolio provides growth and strategic options

	Project	Nominal Capacity (MW)	Location	Type	Status	Definition
RENEWABLE	Barn Hill	130	SA - Hallett	Wind	DA Approved	Probable
	Macarthur	330	VIC - West	Wind	In Development, JV with Meridian	Probable
	Hallett 5	50	SA - Hallett	Wind	Permitted	Probable
	Hallett 3	80	SA - Hallett	Wind	In Development	Possible
	Crows Nest	150	QLD - Toowoomba	Wind	Permitted	Possible
	Worlds End	180	SA - Burra	Wind	Permitted	Possible
	Ben Lomond	150	NSW - Armidale	Wind	Landowner Agreements in Place	Possible
	Coopers Gap	300	QLD - Kingaroy	Wind	Landowner Agreements in Place	Possible
	Other – 4 Projects	Up to 720	Various	Various	Under Review	Possible
GAS	Leafs Gully	360	NSW - Appin	Gas Peaker	DA Approved	Probable
	Tarrone	500	VIC - West	Gas Peaker	In Development	Possible
	NQ Peaker	360	Nth QLD - Townsville	Gas Peaker	Site Acquired	Possible
	SEQ 1	360	SE QLD - Ipswich	Gas Peaker	Site Secured	Possible
	SEQ 2	1,150	SW QLD - Kogan	Gas Peaker / CCGT	Site Acquired	Possible
	ACT Peaker	500	ACT	Gas Peaker	Pre-Feasibility	Possible
	Other – 4 Projects	Up to 2,010	Various	Gas Peakers	Sites Secured	Possible

» 2009 Annual General Meeting

» 29 October 2009

» AGL Energy Limited

Major renewable contract wins underpin projects

Contracts provide certainty of returns for renewable investments

Victorian desalination plant:

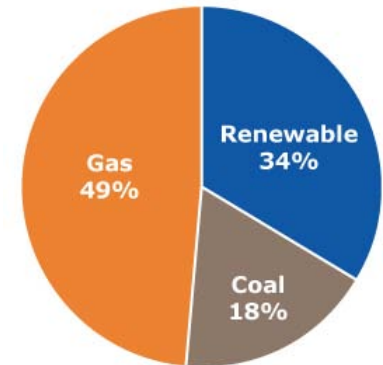
- › 100% renewable energy contract
- › 27 year firm price contract
- › Up to 860 GWh per annum
- › Commences 2011/2012

South Australian desalination plant:

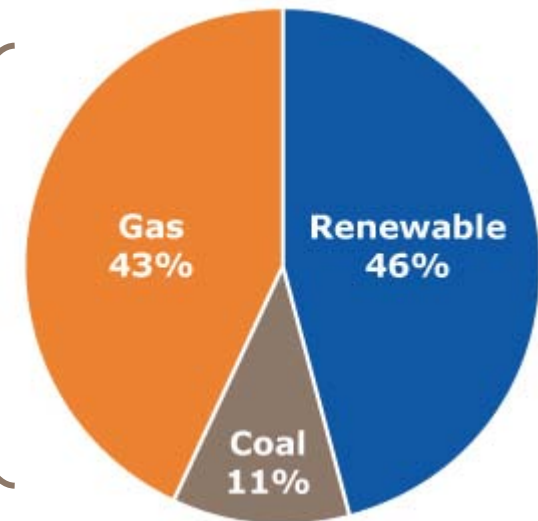
- › 100% renewable energy contract
- › 20 year firm price contract
- › Up to 540 GWh per annum
- › Commences 2011

Additional large renewable contracts being targeted.

Current
Generation
Breakdown
~3,940MW*



Future
Generation
Target
~6,000MW



* Includes plant under construction.

2010 Strategic Priorities

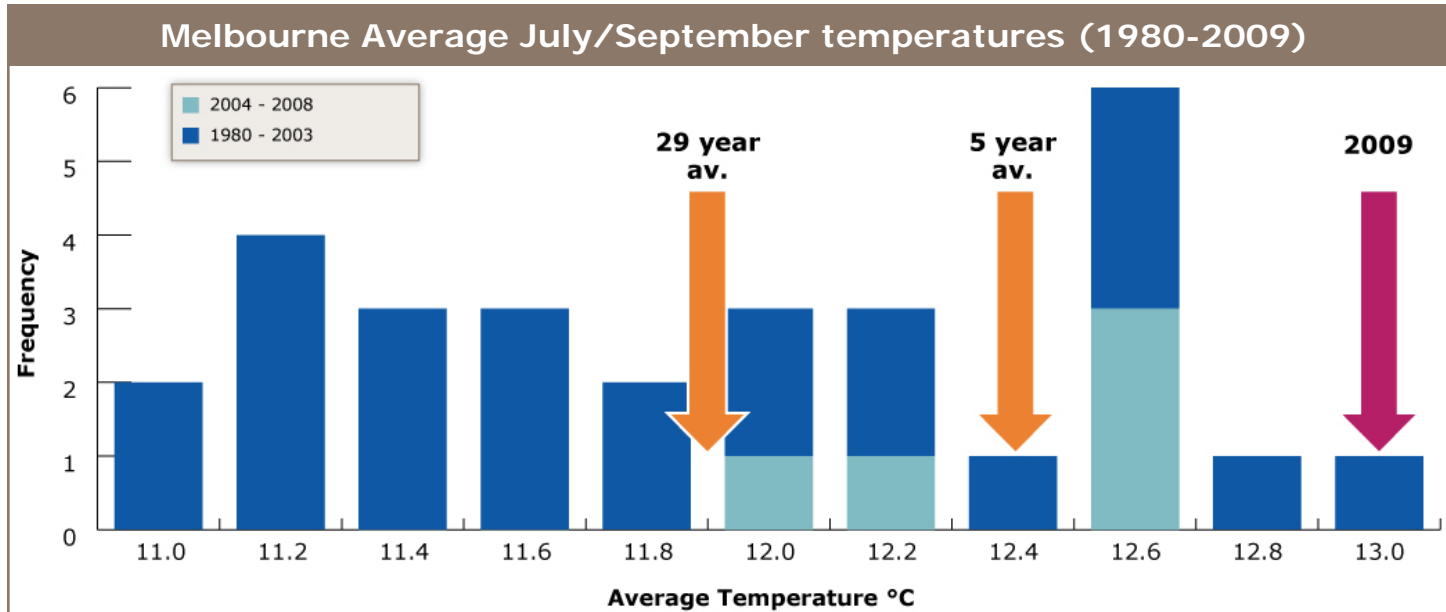
Disciplined growth underpinned by strong core operations

- › Operational excellence in core Retail, Merchant and Upstream Gas business
- › Continued expansion of renewables portfolio
- › Improving customer experience and leveraging new customer systems
- › Measured expenditure on proving up additional gas reserves
- › Potential participation in NSW electricity privatisation:
 - » Capital requirements to be determined
 - » Any equity raising structured to take into account interests of all existing shareholders



2010 Financial Outlook

Solid start to year despite warm winter in key markets



» Solid 1st quarter FY2010:

- » Modest growth in customer numbers in highly competitive markets
- » Good progress in reducing Phoenix implementation cost structure
- » Electricity hedge book continues to perform well
- » Sales volumes across all markets impacted by very warm July/September (approx. impact of \$5-10m NPAT)
- » Project developments on schedule and on budget

» 2009 Annual General Meeting

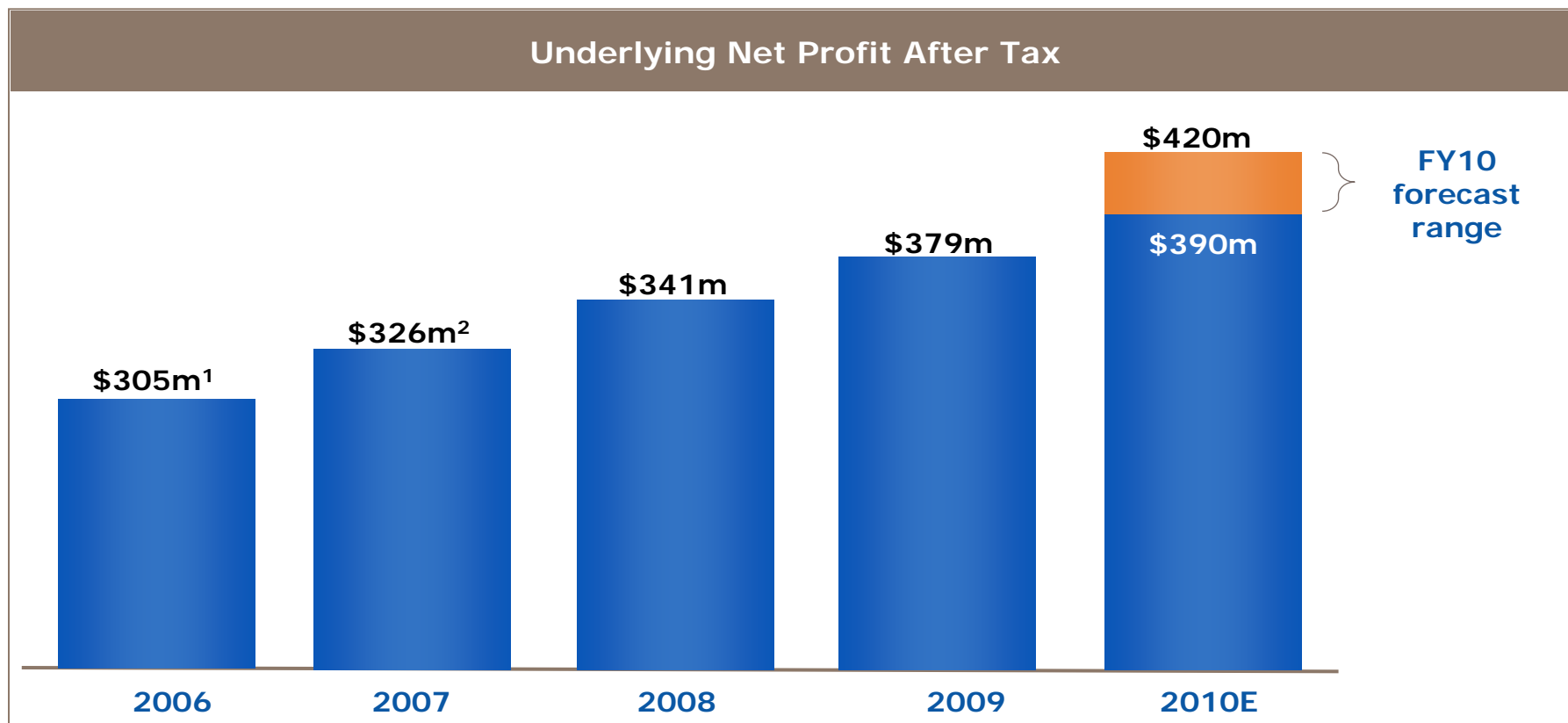
» 29 October 2009

» AGL Energy Limited



2010 Financial Outlook

Underlying FY2010 Net Profit After Tax (NPAT) guidance \$390m to \$420m



1. Proforma as per 2006 Scheme booklet
2. Proforma adjusted

- » 2009 Annual General Meeting
- » 29 October 2009
- » AGL Energy Limited



2009 Annual General Meeting



AGL Energy Limited

29 October 2009