

ASX & Media Release

2014 Earnings Guidance

23 October 2013

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

Assuming normal trading conditions continue for the remainder of the year, Underlying Profit for the year ended 30 June 2014 (FY14) is expected to be in the range \$560 million to \$610 million. Underlying Profit is the statutory profit adjusted for significant items and changes in the fair value of certain electricity derivatives.

After adjusting for changes in accounting standards that came into effect on 1 July 2013, the FY14 earnings guidance compares with an Underlying Profit of \$585.4 million in FY13¹.

The main factors affecting FY14 Underlying Profit are:

- Changes to accounting for defined benefits superannuation arrangements as a result of changes to accounting standard AASB119. The effect of these changes is to reduce Underlying Profit by approximately \$10 million (\$12.9 million in FY13).
- Record warm temperatures in July to September in much of eastern Australia, with a consequential fall in the demand for energy. This has reduced Underlying Profit by \$25 million to \$30 million.
- The continued effects of high levels of competitive behaviour and price discounting which, although now starting to abate, will constrain profit growth in FY14.

Guidance for FY14 Underlying Profit also includes the expected contribution from Australian Power and Gas Company Limited (APG). In July 2013, AGL announced its intention to acquire APG. APG's 354,000 customer accounts would increase AGL's total customer accounts to approximately 3.85 million, including 800,000 electricity customers in New South Wales. AGL currently owns more than 98 percent of APG's shares and expects to complete the compulsory acquisition of the remaining shares and options by the end of October.

¹ FY13 restated for AASB119



Further inquiries:

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About AGL

AGL Energy Limited (AGL) is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. 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, landfill gas and biomass. AGL is Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.