



## ASX & Media Release

### Shareholder letter in relation to review of strategic direction

23 June 2022

In accordance with ASX Listing Rule 3.17, please see the attached copy of a letter being sent to shareholders today in relation to AGL Energy's review of its strategic direction.

Authorised for release by AGL Energy's Board of Directors.

#### Further enquiries

James Thompson  
Head of Investor Relations  
M: +61 403 183 563  
E: [JThompson5@agl.com.au](mailto:JThompson5@agl.com.au)

Brett Cox  
Head of Media Relations  
M: +61 498 074 613  
E: [Bcox@agl.com.au](mailto:Bcox@agl.com.au)

#### About AGL Energy

Proudly Australian for more than 180 years, AGL Energy supplies around 4.5 million energy and telecommunications customer services<sup>1</sup>. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL Energy operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia's leading private investor in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Statement. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

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<sup>1</sup> Services to customers number is as at 31 December 2021 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.



**AGL Energy Limited**  
ABN 74 115 061 375

AGL  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## **Shareholder update: AGL Energy defining our future**

23 June 2022

Dear Shareholder,

As you would be aware, on Monday, 30 May 2022, AGL Energy announced that it had withdrawn the Demerger Proposal to separate AGL Energy into two industry leading companies: AGL Australia and Accel Energy.

While your Board believes the Demerger Proposal offered the best way forward for AGL Energy and its shareholders, we made this difficult decision as the anticipated voter turnout and stated opposition from a small number of investors made it clear that the Demerger Proposal would not receive the required 75% support from shares voted that it needed.

At the same time as announcing the withdrawal, we committed to undertaking a review of AGL Energy's strategic direction, renewing the composition of the Board and management, and determining the best way to deliver long-term shareholder value in the context of Australia's energy transition.

### **AGL Energy has a bright future**

AGL Energy is no stranger to change. Although our immediate plans have changed, our priority remains ensuring this great Australian company continues to evolve and lead in an environment where pressure on decarbonisation and energy affordability is accelerating.

And the fundamental strengths of our organisation remain.

We are Australia's largest energy generator and own the largest portfolio of renewable generation and storage assets of any ASX listed company. We are a leading retailer of energy solutions, delivering approximately 4.5 million<sup>1</sup> customer services to Australians across our product range including electricity, gas and telco.

The complexity of the context in which we are operating cannot be underestimated. Even in the year since we first announced our proposal to demerge, the Australian energy market has experienced substantial shifts. Australia is now facing a market with tight gas supply, rising wholesale gas and electricity prices and increasing costs of energy for both households and businesses.

In this environment, we understand the important role we have in keeping the lights on and delivering reliable services to millions of households and businesses, while we work to define our future. This means keeping our power stations running, safely and reliably, continuing to progress our pipeline of renewable and storage projects at our sites to create the Energy Hubs of the future, and importantly, looking after our customers and responding to their needs.

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<sup>1</sup> As at 31 December 2021, comprising of 2.5m electricity services, 1.5m gas services, 0.2m telecommunications services and 0.3m services from AGL Australia's 50% interest in ActewAGL's retail operations.

## Board and Management renewal

The Board and Management renewal process will mean that some of our Directors, including myself, and our Managing Director and CEO Graeme Hunt, will step down to allow for further Board renewal. This renewal began last year with the appointment of Graham Cockcroft in December 2021. Graham has a strong financial and energy background and brings to the Board extensive experience in strategy and business development. Vanessa Sullivan was appointed to the Board in March this year and brings with her extensive experience in the energy, low carbon technology, sustainability, and water sectors.

The selection process for a new Chair is already well advanced, building on the work that we had undertaken as part of the demerger process. We have also commenced a global search for the Managing Director and CEO of AGL Energy. We are committed to ensuring that these processes are both thorough and timely to ensure stability of leadership to take this company forward.

## Review of strategic direction

The AGL Energy Board will review the company's strategic direction with the process being overseen by a Board sub-committee co-chaired by Vanessa Sullivan and Graham Cockcroft with fellow Non-executive Director, Mark Bloom also forming part of the committee which will utilise internal and external resources.

AGL's focus for the strategic direction review will be to develop a robust strategy for an integrated AGL that creates value for Shareholders while ensuring AGL takes a responsible and leading role in helping Australia meet its future energy requirements in the energy transition. AGL has the opportunity to play our part in helping Australia achieve net zero and will do so by leveraging our extensive energy and innovation expertise.

The review will focus on four key areas:

- **Review of existing strategies** – Consideration of strategies developed for AGL Australia and Accel Energy and defining key strategic initiatives which will be retained, reviewed or stopped.
- **Decarbonisation objectives** – Reassess decarbonisation pathways for AGL.
- **Optimal energy mix** – Analysis of the scale and mix of the energy asset portfolio required to meet accelerated decarbonisation pathways and AGL's role in providing the energy and capacity required today and into the future.
- **Capital Structure** - Assess and review options for AGL's capital structure and capital providers.

We commit to keeping all shareholders informed and will provide an update on the progress of the review of AGL Energy's strategic direction at the time of our FY22 results announcement with the initial outcomes of the review to be presented in September.

This is a great company that is well positioned to lead during Australia's energy transition. Thank you for your continued support.

Yours sincerely,



**Peter Botten AC, CBE**  
**AGL Energy Chair**