



ASX & Media Release

AGL update on FY17 gas portfolio margins

7 July 2016

AGL Energy Limited (AGL) today advised that it has acquired a higher than anticipated proportion of wholesale gas for the first quarter of FY17 from the spot market and other short-term sources. This has been driven by the recent curtailment of Queensland gas supply arising from safety issues at a key supplier's project, other supply constraints in the gas market and increased demand at the AGL Torrens power station.

These recent gas market constraints are not expected to have any impact on AGL's ability to meet customer gas demand. However, given the unusually high prices prevalent in the spot market arising from strong East Coast demand, AGL expects a negative impact on its pre-tax wholesale gas margin in the first quarter of FY17 of approximately \$35 million.

Although AGL expects to deliver earnings growth in FY17, the company expects the total pre-tax contribution to margin from its Energy Markets gas portfolio in FY17 to be lower than FY16 by at least \$100 million, reflecting:

- The above-mentioned \$35 million impact;
- In line with AGL's market release of 6 May 2016, the expectation that Queensland wholesale gas sales margin will remain attractive, but be approximately \$1 per gigajoule lower than FY16 (on firm sales of 60 petajoules, unchanged from FY16), equating to a pre-tax impact of approximately \$60 million lower margin in FY17;
- Slightly lower consumer market margins, including as a result of higher competition; and
- Flat business customer margins.

Pending the completion of winter trading, AGL expects to provide formal guidance for FY17 Underlying Profit at its AGM on 28 September 2016, in line with its usual practice.

There is no change to AGL's FY16 guidance for Underlying Profit in the upper half of the guidance range of \$650 million to \$720 million.

Further inquiries:

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About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action to gradually 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 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.