



ASX & Media Release

Trading Update and Revised FY21 Guidance

21 December 2020

AGL Energy Limited (AGL) has today updated its earnings guidance for the financial year ending 30 June 2021 (FY21). AGL now expects Underlying Profit after tax for FY21 to be between \$500 million and \$580 million, down from the previous guidance range of \$560 million to \$660 million.

This update follows confirmation of the anticipated impact of the transformer incident at Unit 3 of the Liddell Power Station in New South Wales announced on Friday, 18 December 2020. AGL expects the unit will return to service in early March 2021. AGL estimates the financial impact of this outage, including direct trading impacts on the day of the event, estimated portfolio trading impacts through to early March 2021 and the direct cost of replacing the transformer, to be \$25 million (after tax). The update to AGL's FY21 guidance range reflects this impact as well as increasing earnings pressure arising from recent trading performance and a continued deterioration in market and operating conditions in Wholesale Electricity.

This follows AGL's comments at its annual general meeting in October 2020 noting extremely challenging trading conditions arising from lower wholesale electricity prices, reduced aggregate customer volumes, and the impacts of warmer winter weather. AGL's original earnings guidance for FY21 provided in August 2020 noted headwinds including the impact of lower-cost supply contracts maturing in Wholesale Gas, lower market prices in Wholesale Electricity, higher depreciation expense, and costs associated with responding to the COVID-19 pandemic. AGL's most recent forecasts of overall demand and pricing, having regard to December trading results to date, have softened further as a result of these headwinds.

Impact on FY22

The financial impact of the Liddell Unit 3 outage is not recoverable via insurance in future years. AGL also notes that it has previously stated that there will be no recurrence in FY22 of the FY21 contribution to Underlying Profit after tax of \$80 million to \$100 million expected from insurance proceeds related to a prior outage at Unit 2 of the Loy Yang A power station in Victoria. In addition to the non-recurrence of these Loy Yang A insurance receipts, AGL anticipates a further material step-down in Wholesale Electricity earnings in FY22 as hedging positions established when wholesale prices were materially higher progressively roll off, and are re-contracted at lower levels reflecting the deterioration in wholesale prices.

Detail of Liddell Incident

On Thursday 17 December 2020, a fire occurred in the generator transformer of Liddell Unit 3 during a change of an oil cooler filter, causing the transformer to be damaged and the unit to be shut down. Replacement of the affected transformer is expected to be completed using a spare transformer within AGL's inventory. AGL currently expects the unit to return to service in early March 2021. The AGL employee who was seriously injured as a result of the incident is now recovering following medical treatment. An investigation into the incident has commenced, and AGL is working with the relevant authorities and focusing on providing support to the injured worker, his family and colleagues.

Authorised for release by AGL's Board of Directors.



Further enquiries

James Hall
General Manager, Corporate Finance
M: +61 401 524 645
E: jbhall@agl.com.au

Evie Madden
Senior Manager, Media Relations
T: +61 2 9921 2292
M: +61 416 130 997
E: emadden@agl.com.au

About AGL

Proudly Australian for more than 180 years, AGL supplies around 4.2 million energy and telecommunications customer services. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL 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.