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Agenda

- 1** Results Highlights and Strategy Update
Andy Vesey
Managing Director & CEO
- 2** Review of Operations and Financial Results
Brett Redman
CFO
- 3** Market Update and Outlook
Andy Vesey
Managing Director & CEO

Disclaimer and important information



The information in this presentation:

- Is not an offer or recommendation to purchase or subscribe for securities in AGL Energy Limited or to retain any securities currently held.
- Does not take into account the potential and current individual investment objectives or the financial situation of investors; and was prepared with due care and attention and is current at the date of the presentation.
- Actual results may materially vary from any forecasts (where applicable) in this presentation.
- Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.
- Major expenditure remains subject to standard Board approval processes.

Statutory Profit and Underlying Profit

- Statutory Profit is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.
- Underlying Profit is Statutory Profit adjusted for significant items and changes in the fair value of financial instruments.
- Underlying Profit is presented with reference to the Australian Securities & Investments Commission's Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of AGL Energy Limited.
- Amounts presented as Statutory Profit/(Loss) and Underlying Profit are those amounts attributable to owners of AGL Energy Limited.

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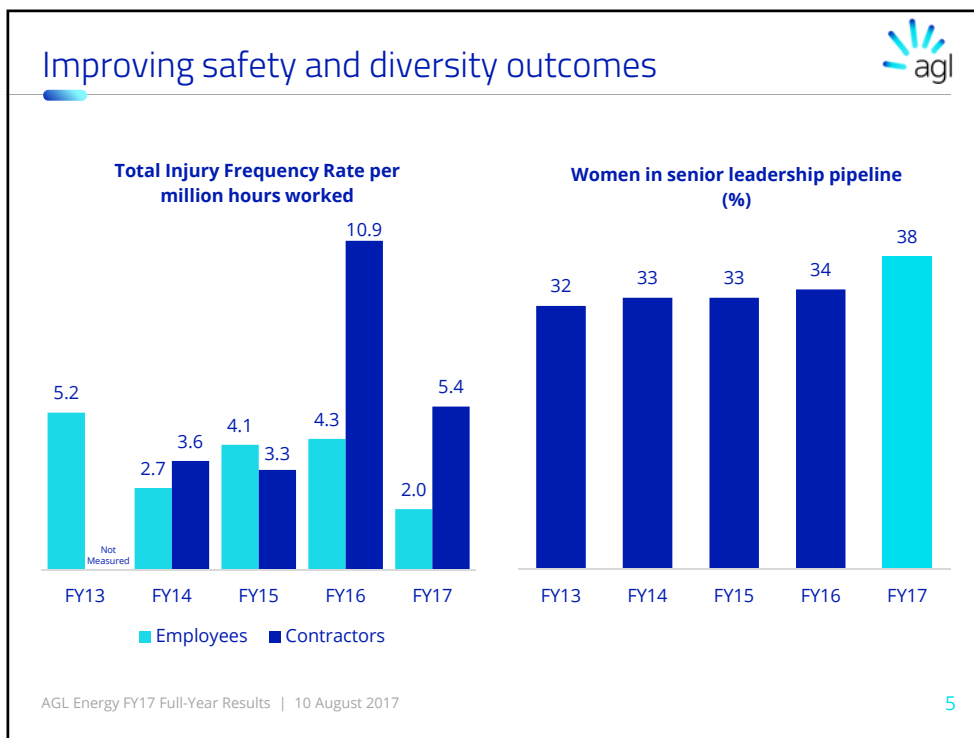
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Results Highlights and Strategy Update

Andy Vesey
Managing Director & CEO



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FY17 was a year of strategy delivery

Financial performance enabling AGL to invest in long-term value creation

- 1
Strong financial performance

\$539m

Statutory Profit after tax, compared with FY16 Statutory Loss of \$(408)m

\$802m

Underlying Profit after tax, up 14% and above guidance range
- 2
Targets delivered for asset sales, opex and sustaining capex reduction
- 3
Uncertainties resolved: Loy Yang enterprise agreement; rehabilitation
- 4
\$1 billion of growth and transformation investment currently under way
- 5
\$2 billion-plus capacity in FY18 to invest in delivering against strategic objectives
- 6
FY18 Underlying Profit after tax expected to be \$940-1,040 million

\$473m

returned through on-market share buy-back program

91c

dividends per share up 34%, reflecting new pay-out ratio and 80% franked

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Acknowledging customers in need



Many initiatives... but more still to do

- 80% of AGL residential and small business customers accessed discounts in some way during FY17
- Aggregate value of discounts across AGL customer base up 28% year on year
- Fees waived for late payments, paper bills and over-the-counter payments for hardship and concession customers
- Concession customers on standing offers asked to get in touch to discuss best deal for them
- New AGL Everyday plan for low energy users offers guaranteed discount
- Proactively moving hardship customers to new plans with high, unconditional discounts on consumption
- Working with government and industry peers on standardisation of how energy offers are presented, so customers can make informed choices

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Expanding our strategic objectives



Strategic Imperatives

 <p>Prosper in a carbon-constrained future</p>	 <p>Build customer advocacy</p>
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Key Objectives

<p>From mass retailer To personalised retailer</p>	<p>From operator of large assets To orchestrator of large and small assets</p>	<p>From high emissions technology To lower emissions technology</p>	<p>From leveraging business platforms in existing markets To leveraging platforms in existing markets and new markets</p>
<p>Customer Experience Transformation</p>	<p>Virtual Power Plant</p>	<p>Powering Australian Renewables Fund</p>	<p>WA expansion and review of opportunities in select offshore developed markets</p>

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Allocating capital for growth and transformation agl

↑ More advanced

Powering Australian Renewables Fund	<ul style="list-style-type: none"> -\$200m AGL equity commitment Coopers Gap investment decision
Customer Experience Transformation	<ul style="list-style-type: none"> -\$300m commitment to FY19 Supported by \$130m ERP upgrade
WA retail gas entry	<ul style="list-style-type: none"> Anticipated investment \$50m First 1,000 customers signed up
NEM re-investment	<ul style="list-style-type: none"> -\$295m Barker Inlet project New generation scenario planning
New Energy investments	<ul style="list-style-type: none"> US\$50m Energy Impact Fund stake August Home, AMS investments
Gas import and storage	<ul style="list-style-type: none"> ~\$250m Crib Point LNG import ~\$250m Silver Springs expansion
Offshore developed markets	<ul style="list-style-type: none"> Several markets assessed Carefully examining opportunities

↓ Less advanced

~\$1 billion of major programs under way during FY17

+

~\$1.1 billion of capital management initiatives in FY17

↓

~\$2 billion-plus headroom to support new initiatives in FY18

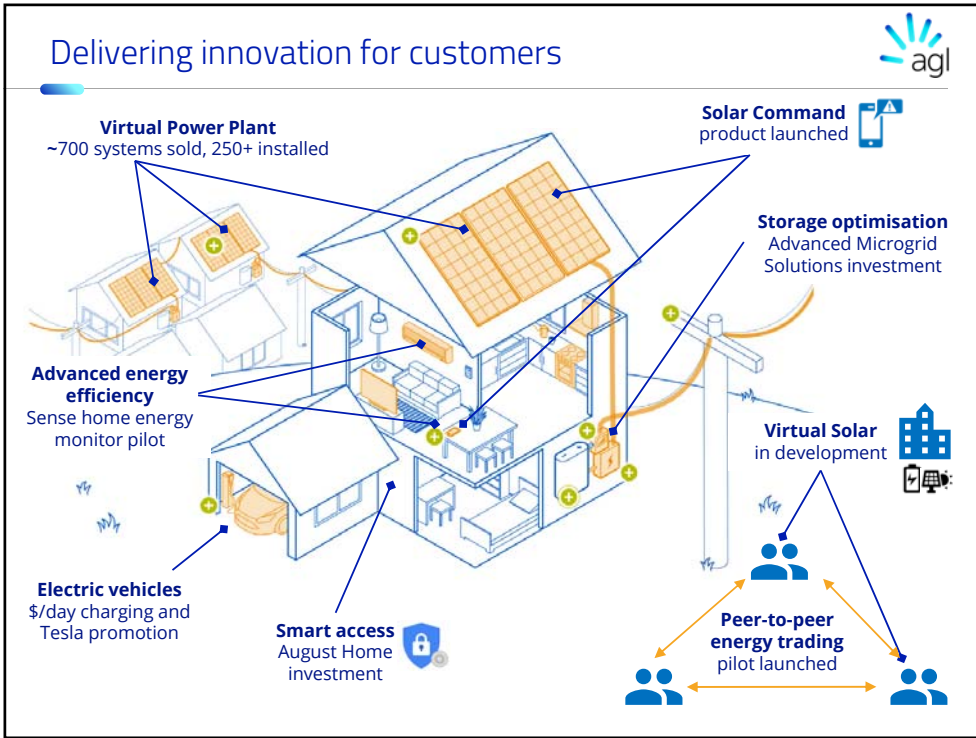
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Investing to support energy supply and security agl

More than \$2 billion of projects under development...

... and assessing scenarios to determine further opportunities

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Key financial outcomes reflect strong result



Underlying Profit after tax up 14%; dividends per share up 34%

	FY17	FY16	Change
Statutory Profit/(Loss) after tax (\$m)	539	(408)	↑ 232%
Underlying Profit after tax (\$m)	802	701	↑ 14%
Statutory EPS (cents)	80.5	(60.5)	↑ 233%
Underlying EPS (cents)	119.8	103.9	↑ 15%
Statutory operating cash flow after tax (\$m)	891	1,186	↓ (25%)
Underlying cash flow from operations (\$m)	1,362	1,588	↓ (14%)
Dividend per share (cents)	91	68	↑ 34%
Return on equity (% , rolling 12 months)	10.2	8.3	↑ 1.9 pts

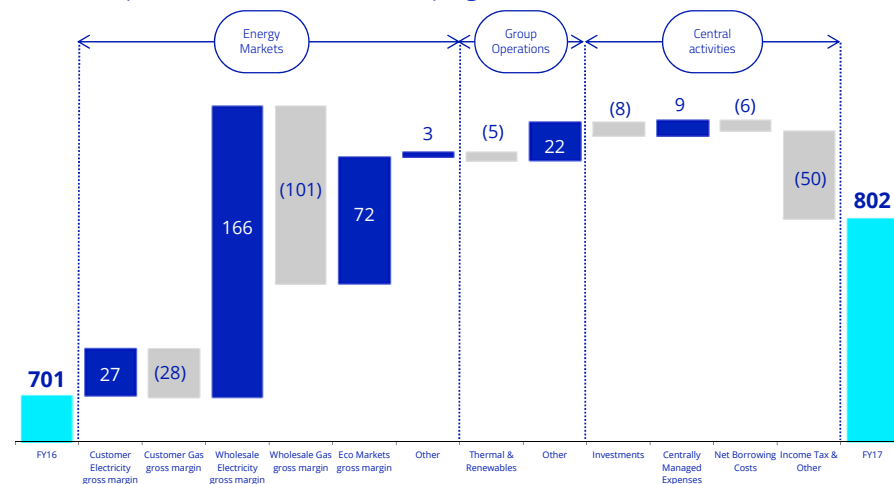
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Wholesale Elec and Eco Markets offset Gas impacts



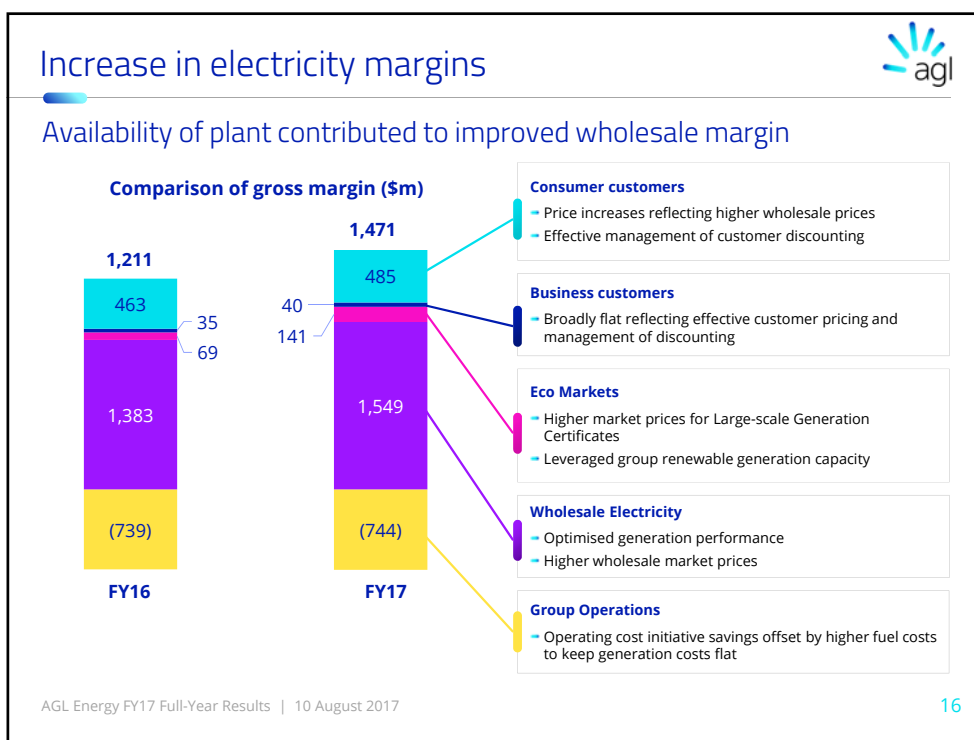
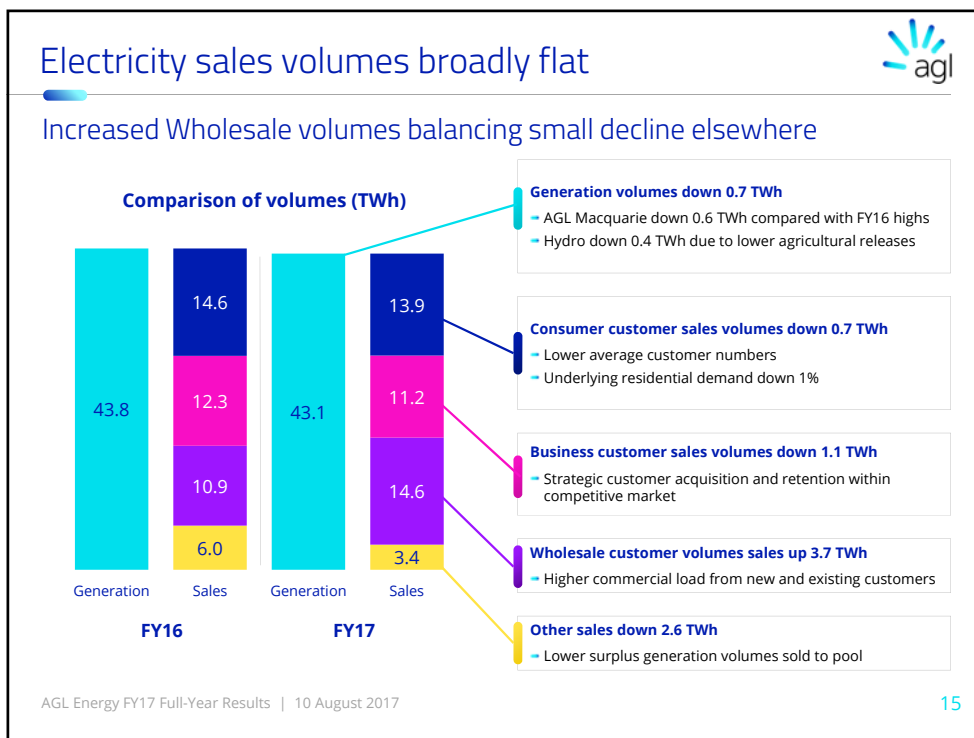
Year-on-year movement in Underlying Profit after tax (\$m)



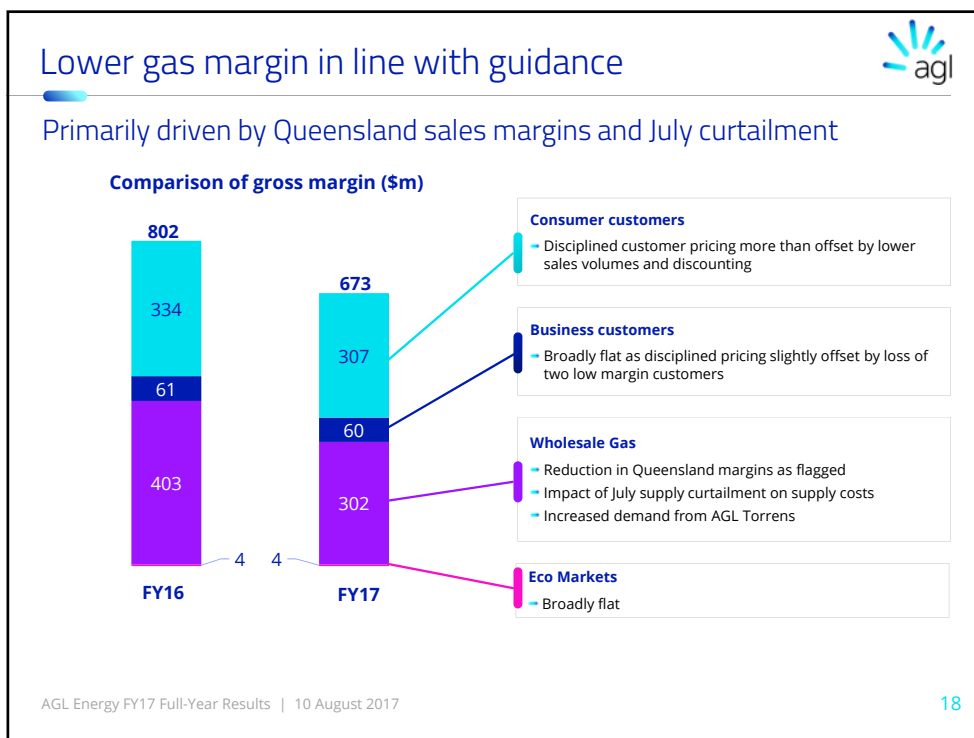
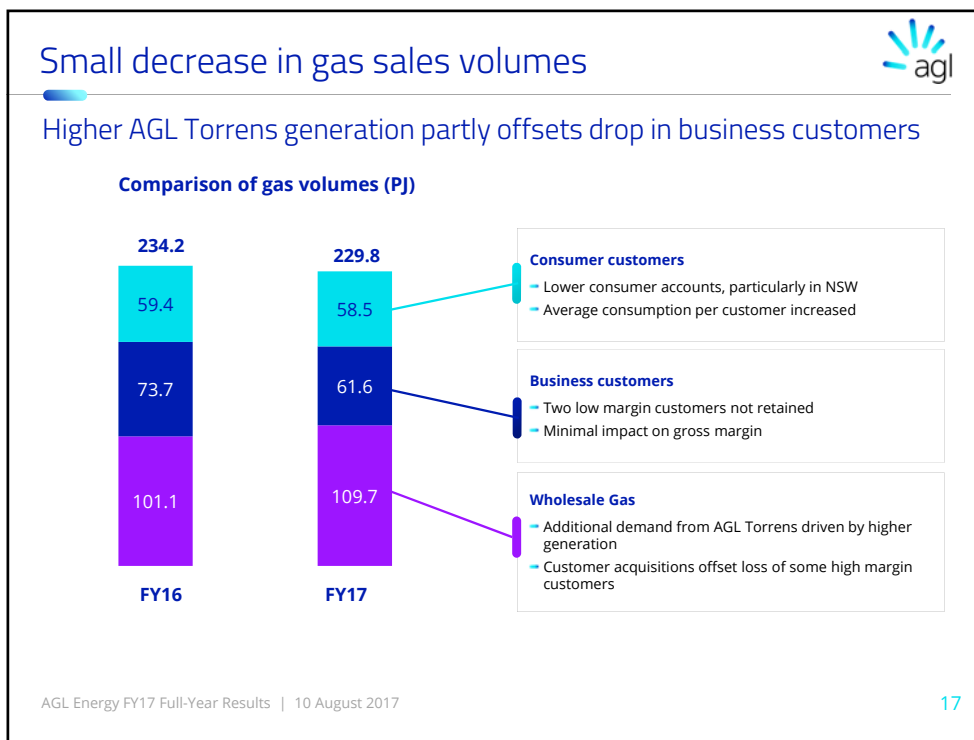
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Key Consumer metrics



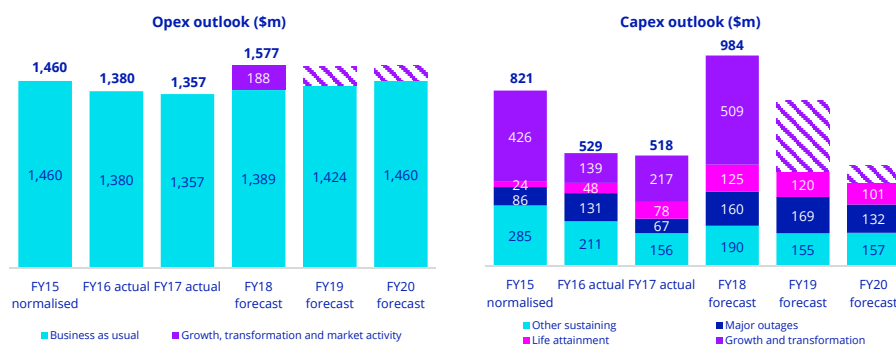
EBIT per customer reduction reflects AGL investment in brand and WA

	FY17	FY16	Change
Average customer accounts ('000)	3,655	3,692	↓ (1%)
Gross margin per customer account	\$217	\$216	↑ 1%
Net operating costs per customer account	\$113	\$108	↑ 5%
Net operating costs/gross margin ratio	52.1%	49.9%	↑ 2.2ppts
Cost to serve per customer account	\$70	\$69	↑ 1%
Cost to grow per customer account	\$87	\$89	↓ (2%)
EBIT per customer account	\$104	\$108	↓ (4%)

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Higher spend to drive growth and life attainment



- Business as usual opex to be maintained below inflation
- On-going lean process improvements to lock in \$170m transformation savings
- 50%-plus of additional FY18 growth opex reflects market activity from higher pricing; balance supports growth and transformation

- Sustaining capex targeted at or below inflation
- Locking in \$100m transformation savings
- Outlook includes major life attainment and planned unit outages

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Margin calls impacted FY17 cash flow



But reflect higher wholesale prices that benefit future earnings

(\$m)	FY17	FY16
Underlying EBITDA	1,852	1,689
Equity accounted income	2	(8)
Onerous contracts	(36)	(42)
Gain on divestments	(23)	-
Other assets, liabilities and non-cash	(53)	28
Receivables	41	138
Creditors	(73)	(109)
Inventories	73	(10)
Derivatives	(58)	(82)
Margin calls	(431)	(52)
Green	54	25
Other working capital	14	11
Total working capital movements	(380)	(79)
Underlying operating cash flow before interest and tax	1,362	1,588
Cash conversion ratio	74%	94%
Cash conversion ratio (excluding margin calls)	97%	97%

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Strong balance sheet and liquidity position

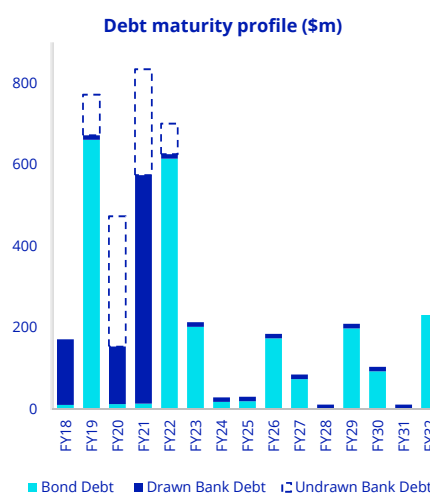


Growth the priority ahead of further capital management

- \$473m spent on on-market buy-back at 30 June 2017, compared with \$596m target
- Reduced focus on buy-back while key growth opportunities assessed
- Net debt up \$420m to \$3.2b in FY17
- Moody's Baa2 credit rating with stable outlook
- \$800m-plus of cash and undrawn debt facilities
- FY17 credit metrics indicate debt headroom of \$2b-plus

Credit metrics ¹	FY17	FY16	Baa2
Interest cover	7.5x	7.6x	4.0x
Funds from operations/net debt	35%	38%	19%

¹ Similar methodology as applied by Moody's



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Rehabilitation obligations reviewed and confirmed



Provision increase of \$69m reflects \$1,754m cash cost over 60 years

(\$m)	FY17 provision	Provision increase
AGL Macquarie	141	59
AGL Torrens	12	(13)
AGL Loy Yang (including mine)	54	22
All other sites	100	1
Total	307	69

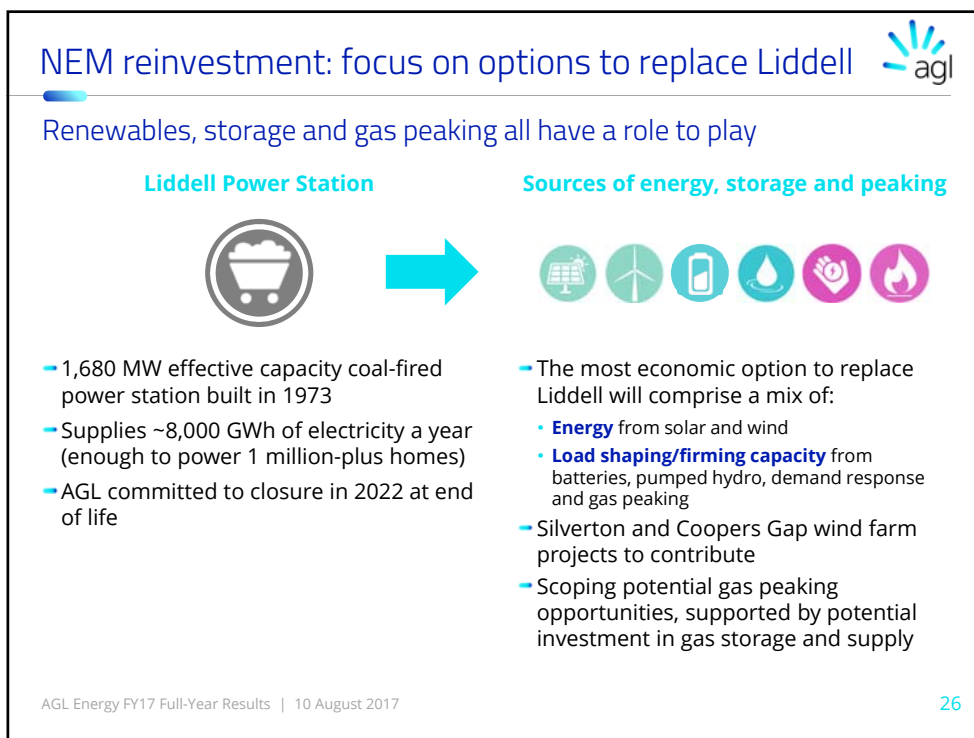
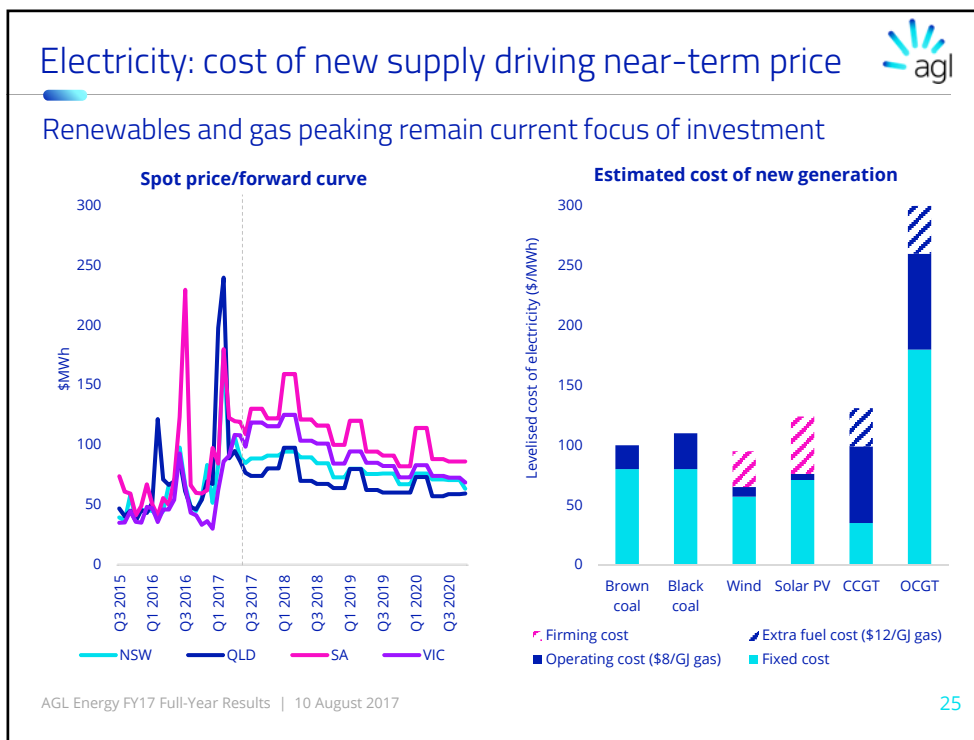
- GHD review of rehabilitation costs for all AGL sites completed and reviewed
- Conservative rehabilitation and cost estimates used
- Resultant \$69m increase in provision balance to \$307m reflected through higher asset base
- Provision is present value of \$1,754m (\$957m real FY17) cash cost of rehabilitation over 60 years
- Full details available in comprehensive Rehabilitation Report
- FY18 Underlying Profit after tax impact from increased depreciation and interest costs ~\$11m, increasing by further ~\$3m in FY19

Market Update and Outlook

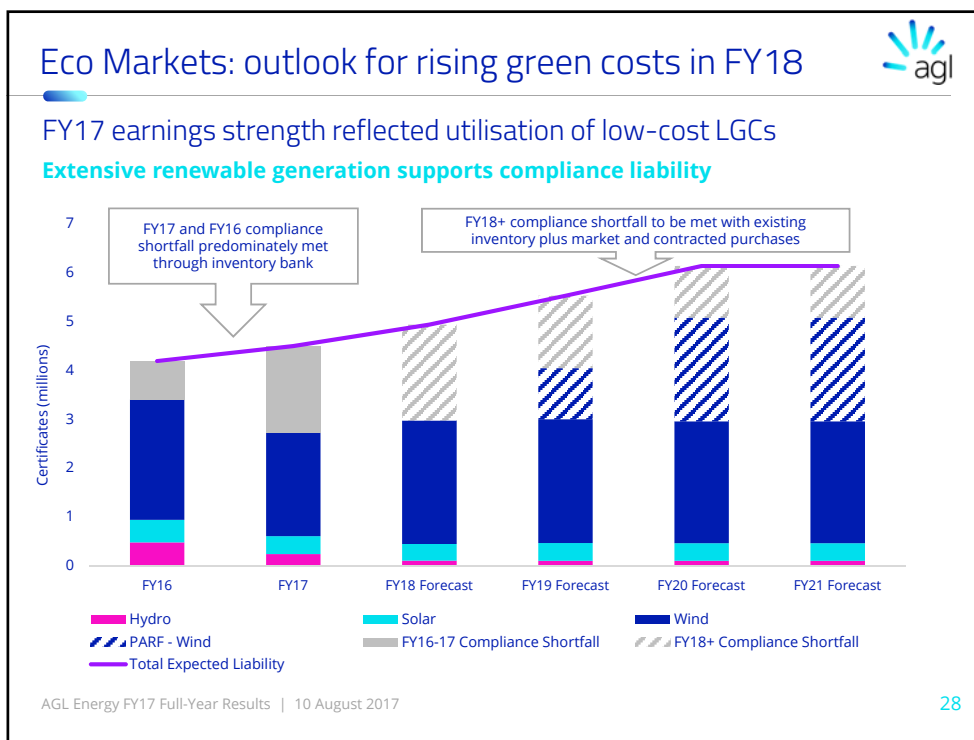
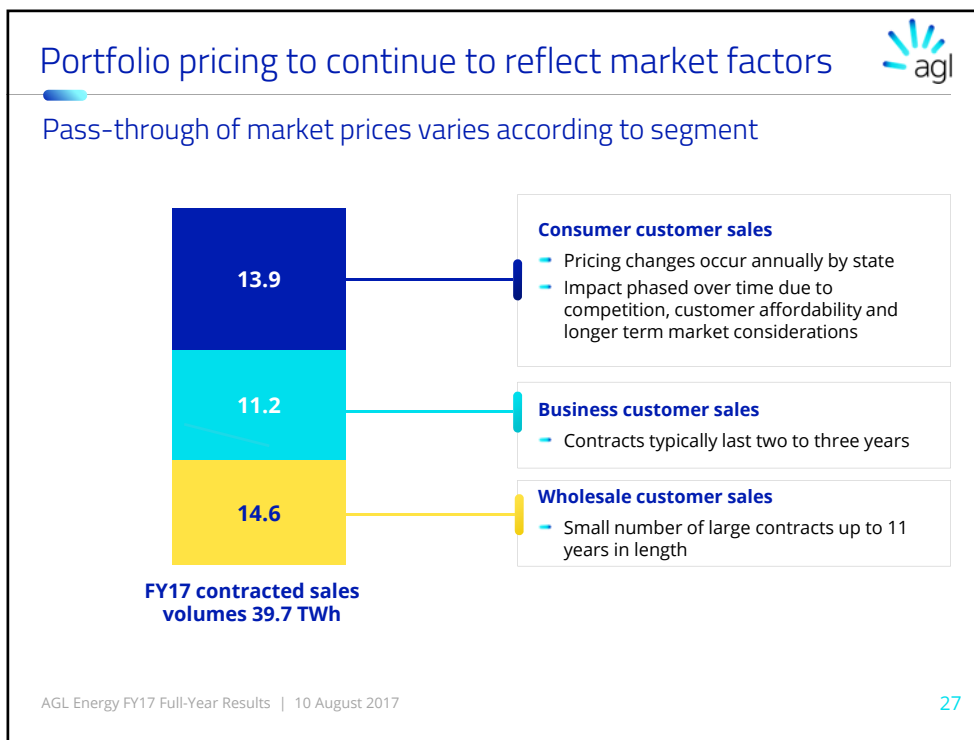
Andy Vesey
Managing Director & CEO



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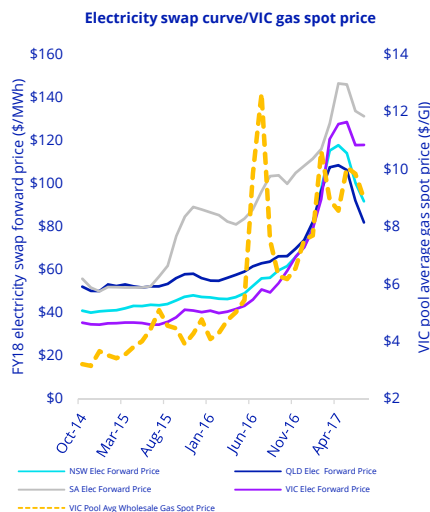
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Gas: anticipating a return to margin growth in FY18



Import and storage strategy all about competitive, secure supply

- FY18 outlook reflects non-recurrence of Queensland wholesale margin step-down and supply curtailment in FY17
- Wholesale gas price rises reflect reduced flexibility of traditional supply and inter-dependence with electricity, LNG
- Potential benefits of Crib Point and Silver Springs projects:
 - Security of gas supply to Australian East Coast
 - Increasing access to competitively priced gas for AGL customers and the broader market
 - Providing fuel for potential generation projects



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Positioned for further profit growth in FY18 outlook



Three key drivers of ongoing shareholder value

Underlying Profit after tax expected to be \$940m to \$1,040m

- Wholesale Electricity and Gas improvements to outweigh impact of reduced Eco Markets
- Subject to normal trading conditions
- Subject to any adverse impacts arising from policy and regulatory uncertainty

Dividend policy: target payout of 75% of annual Underlying Profit after tax

- As announced in September 2016
- Minimum 80% franking
- Supported by strong cash conversion

Focus is on growth before undertaking further capital management

- NEM re-investment, potential offshore opportunities, gas import/storage and delivering New Energy innovation for customers
- Disciplined approach to be maintained

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Supplementary
Information

Reconciliation of Statutory to Underlying Profit



(\$m)	FY17	FY16	Change
Statutory Profit/(Loss) after tax	539	(408)	947
Adjust for the following after tax items:			
Significant Items			
Restructuring costs	-	60	(60)
Natural Gas impairments	-	640	(640)
Asset disposals	-	(8)	8
Changes in fair value of financial instruments	263	417	(154)
Underlying Profit after tax	802	701	101

Underlying Profit summary



(\$m)	FY17	FY16	Change
Revenue	12,584	11,150	13%
Underlying EBITDA	1,852	1,689	10%
Underlying EBIT			
Energy Markets	2,413	2,274	6%
Group Operations	(825)	(842)	(2%)
Investments	17	25	(32%)
Centrally Managed Expenses	(237)	(246)	(4%)
Underlying EBIT	1,368	1,211	13%
Net finance costs	(228)	(222)	3%
Underlying Profit before tax and non-controlling interest	1,140	989	15%
Income tax expense	(338)	(287)	18%
Non-controlling interests	-	(1)	-
Underlying Profit after tax	802	701	14%
Underlying EPS (cents)	119.8	103.9	15%

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Energy Markets – Underlying EBIT



(\$m)	FY17	FY16	Change
Underlying EBITDA	2,508	2,374	6%
Depreciation and amortisation	(95)	(100)	(5%)
Customer EBIT	449	458	(2%)
Consumer Electricity gross margin	485	463	5%
Consumer Gas gross margin	307	334	(8%)
Business Electricity gross margin	40	35	14%
Business Gas gross margin	60	61	(2%)
Net operating costs	(443)	(435)	2%
Wholesale Markets EBIT	1,967	1,828	8%
Electricity gross margin	1,549	1,383	12%
Gas gross margin	302	403	(25%)
Eco Markets gross margin	145	73	99%
Net operating costs	(29)	(31)	(6%)
New Energy Services EBIT	(3)	(12)	(75%)
Gross margin	11	12	(8%)
Net operating costs	(14)	(24)	(42%)
Underlying EBIT	2,413	2,274	6%

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Group Operations – Underlying EBIT

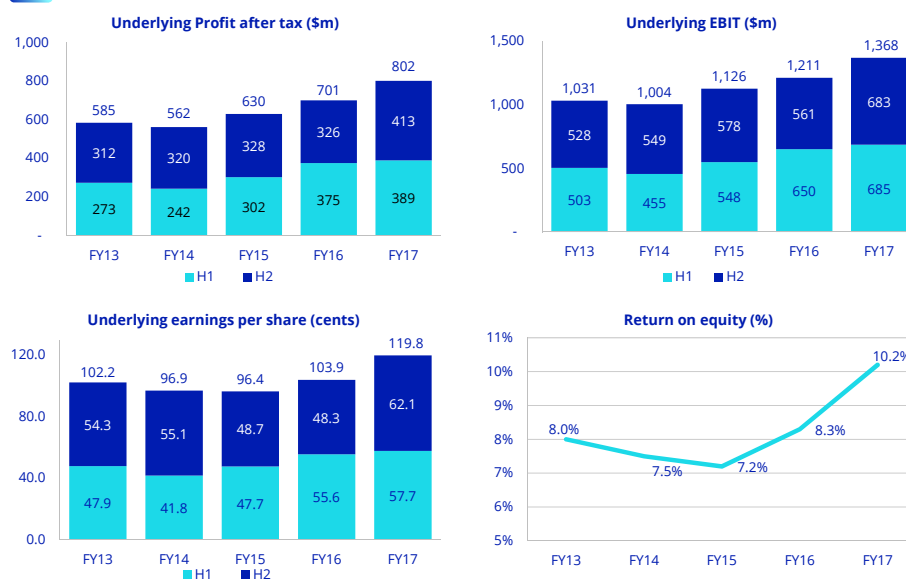


(\$m)	FY17	FY16	Change
Underlying EBITDA	(462)	(494)	(6%)
Depreciation and amortisation	(363)	(348)	4%
Thermal	(692)	(675)	3%
Renewables	(52)	(64)	(19%)
Natural Gas	(31)	(45)	(31%)
Other Operations	(50)	(58)	(14%)
Underlying EBIT	(825)	(842)	(2%)

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Key Underlying Profit trends



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Pool generation volume



GWh	FY17	FY16	Change
Asset			
AGL Macquarie – Bayswater	14,370	16,286	(1,916)
AGL Macquarie – Liddell	8,589	7,239	1,350
AGL Loy Yang	13,924	13,816	108
AGL Torrens	2,669	2,429	240
SA wind	1,167	1,333	(166)
VIC wind	1,035	1,130	(95)
VIC hydro	580	1,006	(426)
NSW hydro	119	131	(12)
NSW solar	364	318	46
Other gas	282	86	196
Total	43,099	43,774	(675)
Generation type			
Coal	36,883	37,341	(458)
Gas	2,951	2,515	436
Wind	2,202	2,463	(261)
Hydro	699	1,137	(438)
Solar	364	318	46
Total	43,099	43,774	(675)

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Generation portfolio performance



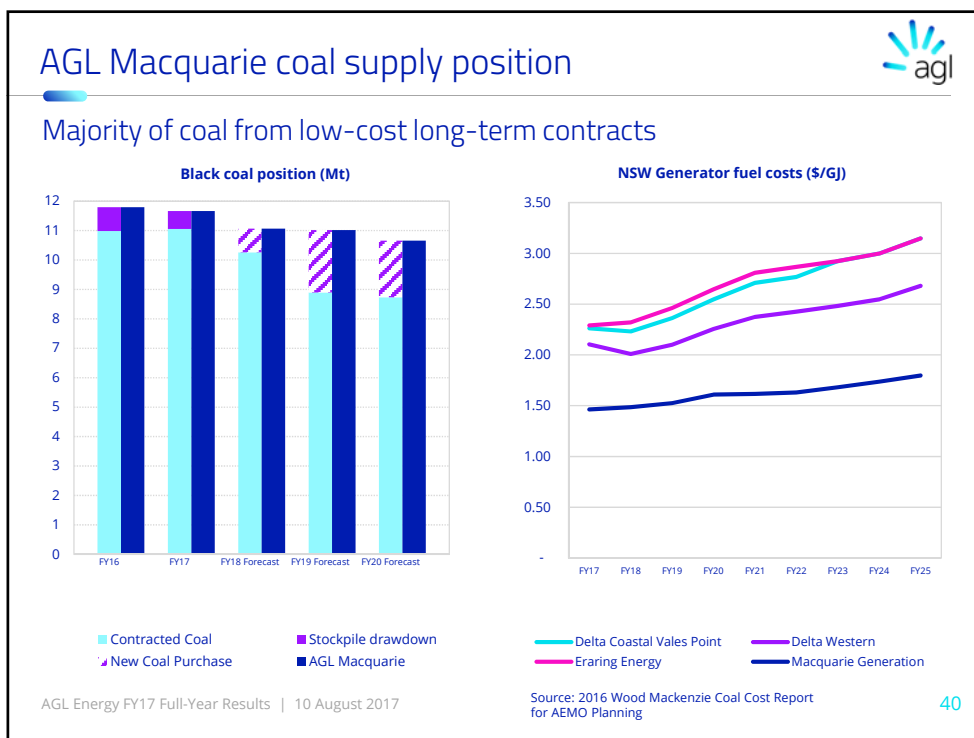
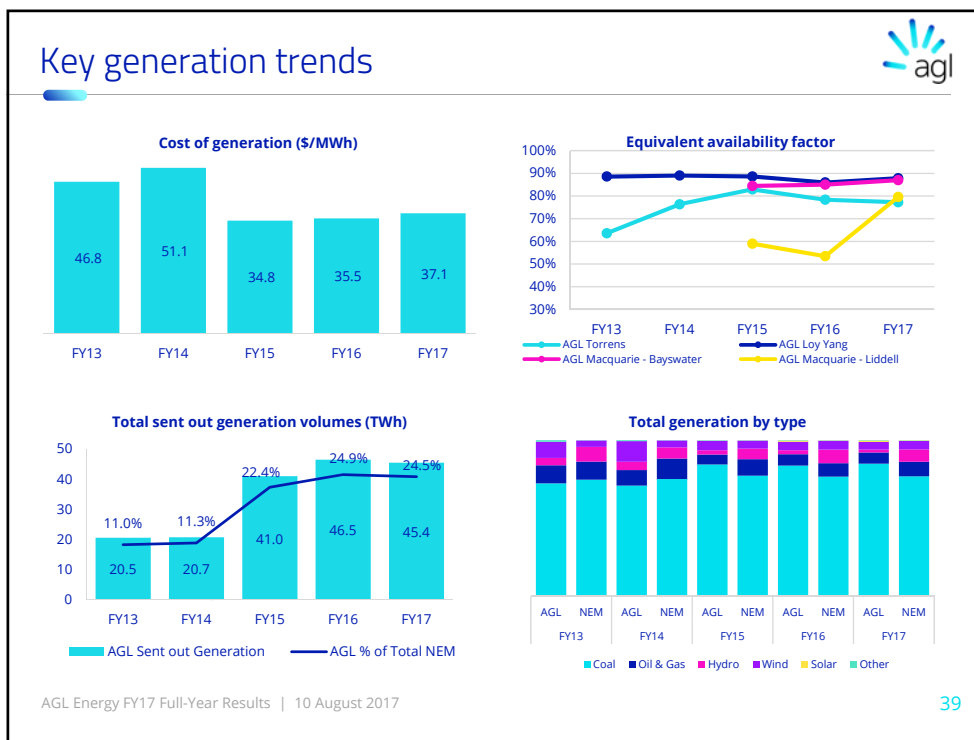
Asset	State	Type	Status	Capacity (MW)	Carbon intensity (tCO ₂ e/MWh)	FY17 sent out generation (GWh)
AGL Macquarie - Bayswater	NSW	Coal	Owned	2,640	0.95	14,980
AGL Macquarie - Liddell	NSW	Coal	Owned	2,000	0.98	9,062
AGL Loy Yang	VIC	Coal	Owned	2,210	1.30	14,544
Total coal				6,850		38,586
AGL Torrens	SA	Gas steam turbine	Owned	1,280	0.61	2,690
Yabulu	QLD	CCGT	Controlled dispatch	122	0.51	257
Somerton	VIC	OCGT	Owned	160	0.83	29
Other	Various	Gas/diesel	Various	88	0.71	284
Total oil and gas				1,650		3,260
Macarthur	VIC	Wind	Controlled dispatch	420	0.00	882
Hallett	SA	Wind	Controlled dispatch	350	0.00	999
Wattle Point	SA	Wind	Controlled dispatch	91	0.00	224
Oaklands Hill	VIC	Wind	Controlled dispatch	63	0.00	165
VIC hydro	VIC	Hydro	Owned	734	0.02	753
NSW hydro	NSW	Hydro	Owned	54	0.01	81
NSW solar	NSW	Solar	PARF	156	0.00	353
Other	Various	Landfill and bio-gas	Various	46	0.09	143
Total renewables				1,914		3,600
Generation portfolio at 30 June 2017				10,414	0.97	45,446
NEM industry average					0.88	

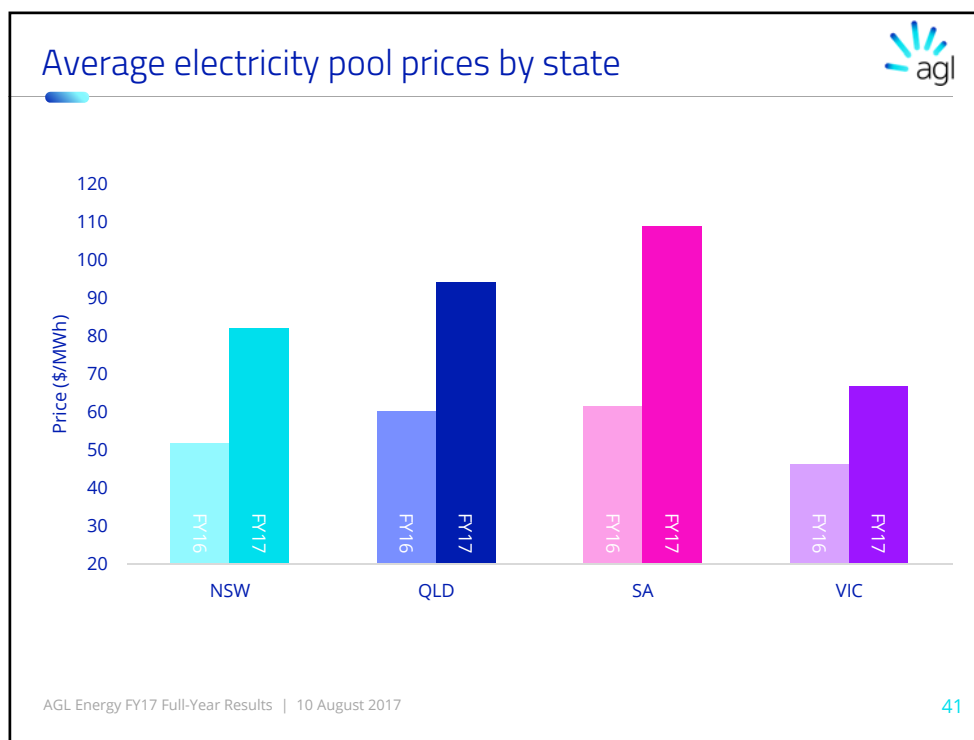
Note: the difference between sent out generation and pool generation volume (as disclosed on the prior slide and in the Operating and Financial Review) is due to marginal loss factors, nonscheduled generation and auxiliary usage.

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Electricity sales volumes

GWh	FY17	FY16	Change
Consumer			
New South Wales	5,566	5,805	(4%)
Victoria	3,638	3,750	(3%)
South Australia	2,093	2,494	(16%)
Queensland	2,591	2,585	0%
Consumer total	13,888	14,634	(5%)
Business			
New South Wales	4,769	4,080	17%
Victoria	2,988	3,742	(20%)
South Australia	2,119	2,582	(18%)
Queensland	1,322	1,864	(29%)
Business total	11,198	12,268	(9%)
Wholesale total*	14,564	10,937	33%
Electricity sales volume total	39,650	37,839	5%

* Includes purchased volumes sold to ActewAGL during FY17 of 3,064 GWh (FY16 2,531 GWh)

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Gas sales volumes



PJ	FY17	FY16	Change
Consumer			
New South Wales	19.8	20.9	(5%)
Victoria	32.6	32.5	0%
South Australia	3.5	3.3	6%
Queensland	2.6	2.7	(4%)
Consumer total	58.5	59.4	(2%)
Business			
New South Wales	17.6	24.9	(29%)
Victoria	26.9	25.4	6%
South Australia	2.6	3.7	(30%)
Queensland	14.5	19.7	(26%)
Business total	61.6	73.7	(16%)
Wholesale Customers & Generation*	109.7	101.1	9%
Gas sales volume total	229.8	234.2	(2%)

* Includes volumes sold to AGL Torrens and Diamantina power stations during FY17 of 33.0 PJ (FY16 44.1 PJ)

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Customer account numbers



('000)	30 Jun 2017	30 Jun 2016	Change
Consumer Electricity			
New South Wales	807	808	(1)
Victoria	638	636	2
South Australia	388	408	(20)
Queensland	404	395	9
Total Consumer Electricity	2,237	2,247	(10)
Consumer Gas			
New South Wales	657	674	(17)
Victoria	531	533	(2)
South Australia	132	132	-
Queensland	82	79	3
Total Consumer Gas	1,402	1,418	(16)
Total Consumer Accounts	3,639	3,665	(26)
Total Business Customer accounts	14	16	(2)
Total Customer accounts	3,653	3,681	(28)
Dual fuel accounts	2,008	1,962	46

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Consumer Market key indicators



	FY17	FY16	Change
Electricity			
Volume (GWh)	13,888	14,634	(5%)
Average Consumer accounts ('000)	2,243	2,255	(1%)
Revenue (\$m)	3,810	3,813	(0%)
Gross margin (\$m)	485	463	5%
Gross margin	12.7%	12.1%	0.6 ppts
Gross margin per customer account (\$)	216	205	5%
Gross margin per MWh (\$)	34.9	31.6	10%
Gas			
Volume (PJ)	58.5	59.4	(2%)
Average Consumer accounts ('000)	1,413	1,437	(2%)
Revenue (\$m)	1,400	1,417	(1%)
Gross margin (\$m)	307	334	(8%)
Gross margin	21.9%	23.6%	(1.7 ppts)
Gross margin per customer account (\$)	217	232	(6%)
Gross margin per GJ (\$)	5.2	5.6	(7%)

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Business Market key indicators

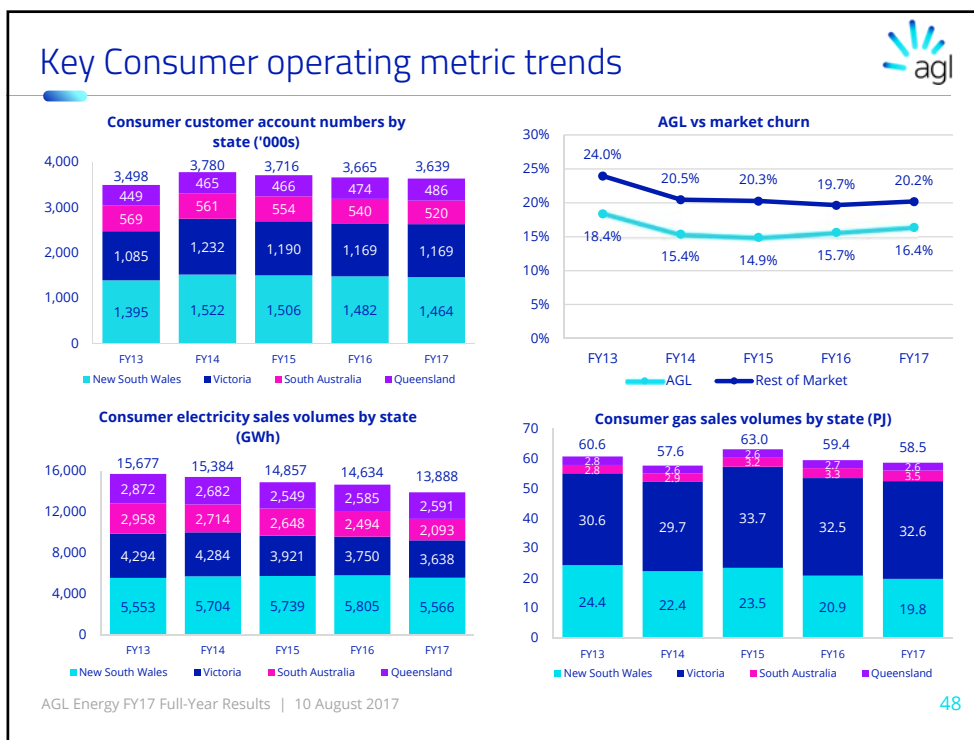
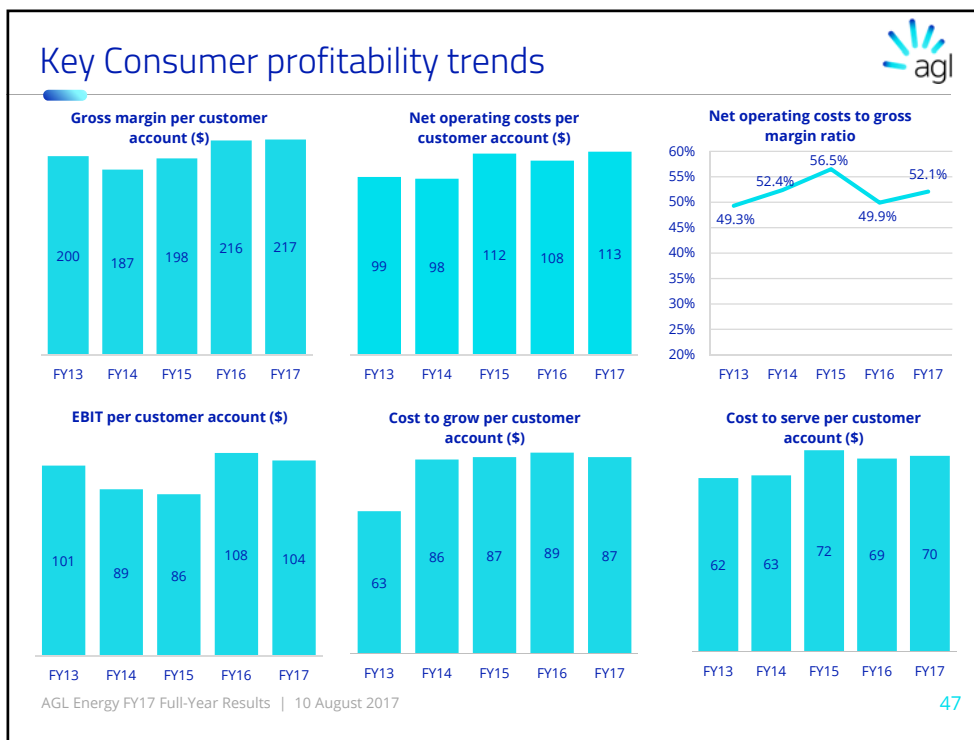


	FY17	FY16	Change
Electricity			
Volume (GWh)	11,198	12,268	(9%)
Revenue (\$m)	1,550	1,573	(1%)
Gross margin (\$m)	40	35	14%
Gross margin	2.6%	2.2%	0.4 ppts
Gross margin per MWh (\$)	3.6	2.9	24%
Gas			
Volume (PJ)	61.6	73.7	(16%)
Revenue (\$m)	513	544	(6%)
Gross margin (\$m)	60	61	(2%)
Gross margin	11.7%	11.2%	0.5 ppts
Gross margin per GJ (\$)	0.97	0.83	17%

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Customer Experience Transformation




Signature moments

Self-service meter reads




- Quick, accurate submission of meter reads
- Avoids estimated bills thus greater accuracy for customers
- Available to all customers via app, MyAccount or by phone
- 700 daily reads and NPS of +42 (30 day average)

Simple sign-on




- Simple login for customers across all channels
- Available to all customers across MyAccount, the app and AGL Community
- Digital engagement easier and reduces calls to contact centre

Energy insights




- Track my energy usage by appliance category
- Customers have more control and visibility over how they use energy
- In pilot with 3,000 digital meter customers
- Gives customers real information to control their energy usage

Digital move



- A faster, easier experience for people who move
- Available to all existing customers through MyAccount
- Live tracking of the connection process
- 75% reduction in customer effort vs. calling

Secure payments




- Payment details stored for easy, on the go bill paying
- One click payment of bills gives customers control and convenience
- Available to all customers via the App and MyAccount, reducing transaction steps

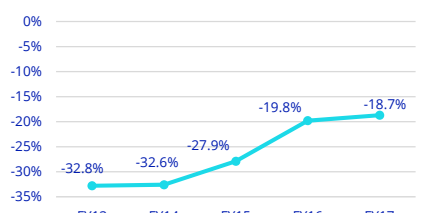
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Customer Experience Transformation metrics

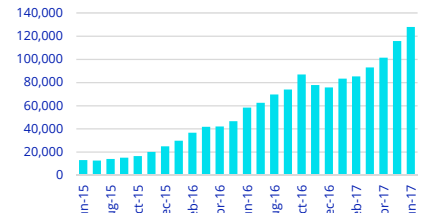


Annual average net promoter score (%)

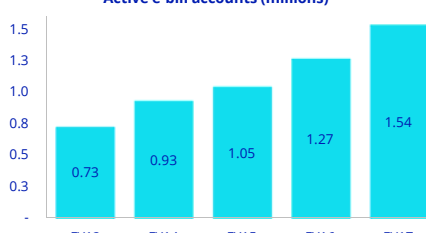


Fiscal Year	Annual average net promoter score (%)
FY13	-32.8%
FY14	-32.6%
FY15	-27.9%
FY16	-19.8%
FY17	-18.7%

Number of mobile app users per month

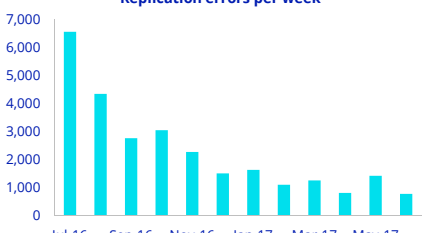


Active e-bill accounts (millions)



Fiscal Year	Active e-bill accounts (millions)
FY13	0.73
FY14	0.93
FY15	1.05
FY16	1.27
FY17	1.54

Replication errors per week



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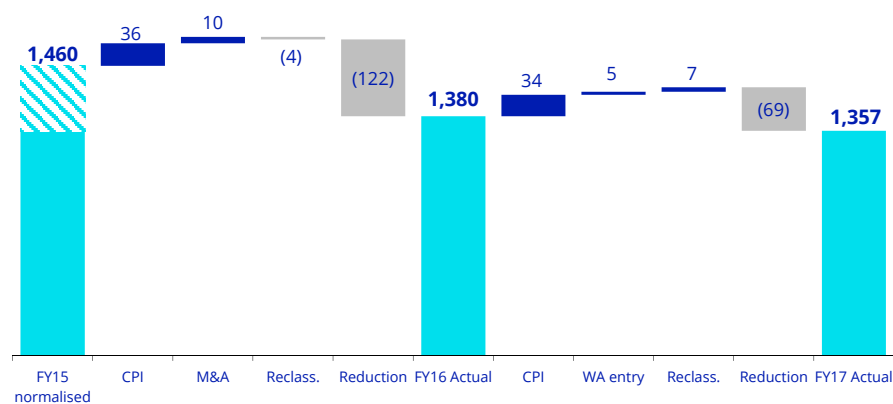
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Operating expenditure reduction



\$191m in real opex savings achieved vs. \$170m target

(\$m)



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Operating expenditure reduction (continued)



(\$m)	FY16	FY17	Total
Group Operations	46	33	79
Maintenance optimisation	20	8	28
Procurement	17	6	23
Labour and contractor	12	14	26
Other	(3)	5	2
Energy Markets	41	25	66
Labour and contractor	14	23	37
Campaign and channel costs	8	-	8
Other	19	2	21
Corporate / Other	35	11	46
Labour and contractor	11	6	17
IT contract costs	8	1	9
Insurance	4	3	7
Other	12	1	13
Total operating cost savings achieved/targeted	122	69	191

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Working capital reduction



(\$m)	FY16 & FY17 Actual	FY16 & FY17 Target
Optimise coal stockpile at AGL Macquarie	30	23
Excess gas bank to be naturally consumed	68	18
Reduce surplus large scale generation certificates and other green assets	86	90
Consumer credit and billing initiatives	(13)	69
Total working capital reduction	171	200

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Debt facilities at 30 June 2017



Debt facility (\$m)	Limit	Usage	Maturity
Syndicated term facility	150	150	FY18
Revolving bilateral facility	100	0	FY19
Subordinated notes*	650	650	FY19
Revolving bilateral facilities	450	130	FY20
Syndicated revolving facility	400	140	FY21
Club facility term	410	410	FY21
A\$600m medium-term notes	600	600	FY22
Revolving bilateral facility	75	0	FY22
USPP US\$165m	186	186	FY23
USPP US\$135m	152	152	FY26
USPP A\$50m	50	50	FY27
CPI bonds	160	160	FY27
USPP US\$150m	198	198	FY29
USPP US\$70m	92	92	FY30
ECA Macarthur amortising facility	156	156	FY30
USPP US\$175m	231	231	FY32
Total debt facilities	4,060	3,305	
Less: Cash		154	
Net Debt		3,151	

* Subordinated Notes - First call date June 2019, final maturity 2039

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Wholesale contracting



AGL's Wholesale Markets Risk Management Policy (Policy) is approved by the Board and establishes the requirements for managing risks arising from wholesale energy markets.

The Policy clearly defines permitted contracting activities, limits and counterparty credit management requirements.

Limits for exposure to market price risk are in place to manage profit, cash flow and dividends. Activities to monitor exposure include:

- Electricity: retail load, generation, contracts monitoring, earnings-at-risk simulation analyses, limits and stress testing of the portfolio.
- Gas and oil: position monitoring of contract exposures, volume risks and customer demand. The aspects of the gas portfolio exposed to oil price is managed using sensitivity and stress test analyses in conjunction with limits.
- Environmental: position monitoring of contract exposures, compliance risks and customer demand.

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