

## AGL ENERGY LIMITED (AGL)

9 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Revenue (\$m)	12,816	12,584	+1.8%
Cost of Sales (\$m)	(9,070)	(9,192)	-1.3%
Underlying EBIT (\$m)	1,668	1,368	+21.9%
Gross margin (\$m)	3,795	3,216	+18%
Underlying Profit after tax (\$m)	1,023	802	+27.6%
Underlying Profit consensus (\$m)	995		
Final Dividend (\$)	0.63	0.50	+26%

### AGL Energy Limited (AGL) strong result boosted by higher electricity prices

- **Energy provider, AGL Energy Limited (AGL)** recorded a 1.8% lift in revenue over the year. AGL's underlying profit increased by 28% boosted by a solid and growing performance from its wholesale division with higher electricity prices offsetting a fall in AGL's Customer Markets business and higher costs.
- Underlying Profit after tax, totalled \$1,023 million and was at the upper half of AGL's guidance range of \$940 to \$1,040 million. The company's markets team also report positive hedging results which did help buffer energy costs over the year.
- The customer churn (view on how many customers leave their business) continued to increase but at a slower pace than the average churn of the broader market. AGL churn rate now sits at 18.9% with the market rate at 24.0%. AGL acquired 722,000 new clients over the year up from 626,000 last year, with customer accounts now totalling 3.63 million.
- AGL is now reaping the reward from its multibillion-dollar investments in its electricity generation portfolio that has allowed AGL to meet customer demands and ask a higher price for its wholesale electricity
- The intense scrutiny on regulation and focus on meeting the demands of the Australian energy markets are still in focus for AGL. Today AGL said *"In this environment, we recognise that many Australian households are facing cost-of-living pressures because of the higher energy bills that have resulted from higher market prices. For that reason, we are investing to create new supply in the market."*
- Today AGL announced it will invest \$2 billion in new energy generation, with 1,215 megawatts of new generation capacity set to come online. AGL is looking at a new wind farm at Coopers Gap in Queensland and a dual-fire power plant at Barker Inlet in South Australia. This is in line with AGL focus on developing new energy strategies.
- AGL said it expects underlying profit after tax in FY19 to be between \$970 and \$1,070 million. AGL will pay a final dividend of \$0.63 on 21 September 2018 with an ex-dividend date of 22 August 2018.

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