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# ASX & Media Release

## AGL Energy Subordinated Notes – Key Financial Ratios

**7 February 2019**

AGL Energy Limited (AGL) confirms the following financial ratios for the six-month period ended 31 December 2018 (Testing Date). These ratios have been calculated in accordance with the terms of the AGL Energy Subordinated Notes prospectus.

A Mandatory Deferral Condition exists if the Interest Coverage Ratio is less than the Minimum Level (3.0 times) or the Leverage Ratio is above the Maximum Level (4.0 times) on the immediately preceding Testing Date. A Mandatory Deferral Condition continues until AGL's Interest Coverage Ratio is at or above the Minimum Level and its Leverage Ratio is below the Maximum Level for two consecutive Testing Dates.

The Leverage Ratio and Interest Coverage Ratio are tested every six months to determine whether a Mandatory Deferral Condition exists. No Mandatory Deferral Condition existed as at 31 December 2018.

Terms defined in the AGL Energy Subordinated Notes prospectus have the same meaning in this notice.

**Interest Coverage Ratio**

The Interest Coverage Ratio is calculated as Underlying EBITDA for the relevant six-month period divided by Relevant Net Interest Paid for the relevant six-month period.

AGL's Statutory EBITDA contains items that do not portray the performance of the ongoing business. Underlying EBITDA excludes the impact of these items to illustrate better the performance of AGL's business. Relevant Net Interest Paid is Net Interest Paid less 100 percent of the interest paid on the Notes.

The table below shows the Interest Coverage Ratio for the six months ended 31 December 2018, 30 June 2018 and 31 December 2017 respectively:

| **Six months ended ($m)** | **31-Dec-18** | **30-Jun-18*** | **31-Dec-17*** |
|---|---|---|---|
| Underlying EBITDA | 1,157 | 1,142 | 1,084 |
| Interest paid | 66 | 65 | 76 |
| Interest received | (5) | (4) | (2) |
| Relevant Net Interest Paid | 61 | 61 | 74 |
| **Interest Cover Ratio (times)** | **19.0** | **18.7** | **14.6** |

* Comparative figures are as previously reported. These do not reflect the restatement of comparative periods due to the adoption of the new AASB 9 Financial Instruments and AASB 16 Leases accounting standards. As a result, figures stated for this period are not directly comparable to the figures stated for prior periods.

## Leverage Ratio

The Leverage Ratio is calculated as Relevant Net Debt (divided by two) to Underlying EBITDA for the relevant six-month period.

Relevant Net Debt is Adjusted Net Debt less 100% of the outstanding balance of the Notes. Adjusted Net Debt is defined as Net Debt excluding the fair value of hedging instruments.

The table below shows the Leverage Ratio for the six months 31 December 2018, 30 June 2018 and 31 December 2017 respectively:

| **Six months ended ($m)** | **31-Dec-18** | **30-Jun-18*** | **31-Dec-17*** |
|---|---|---|---|
| Underlying EBITDA | 1,157 | 1,142 | 1,084 |
| Adjusted Net Debt | 2,531 | 2,357 | 2,859 |
| Less: Subordinated Notes | (650) | (650) | (650) |
| Relevant Net Debt | 1,881 | 1,707 | 2,209 |
| Relevant Net Debt (divided by two) | 940 | 854 | 1,105 |
| **Leverage Ratio (times)** | **0.8** | **0.7** | **1.0** |

* Comparative figures are as previously reported. These do not reflect the restatement of comparative periods due to the adoption of the new AASB 9 Financial Instruments and AASB 16 Leases accounting standards. As a result, figures stated for this period are not directly comparable to the figures stated for prior periods.

## For further enquires

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### About AGL

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.6 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.