

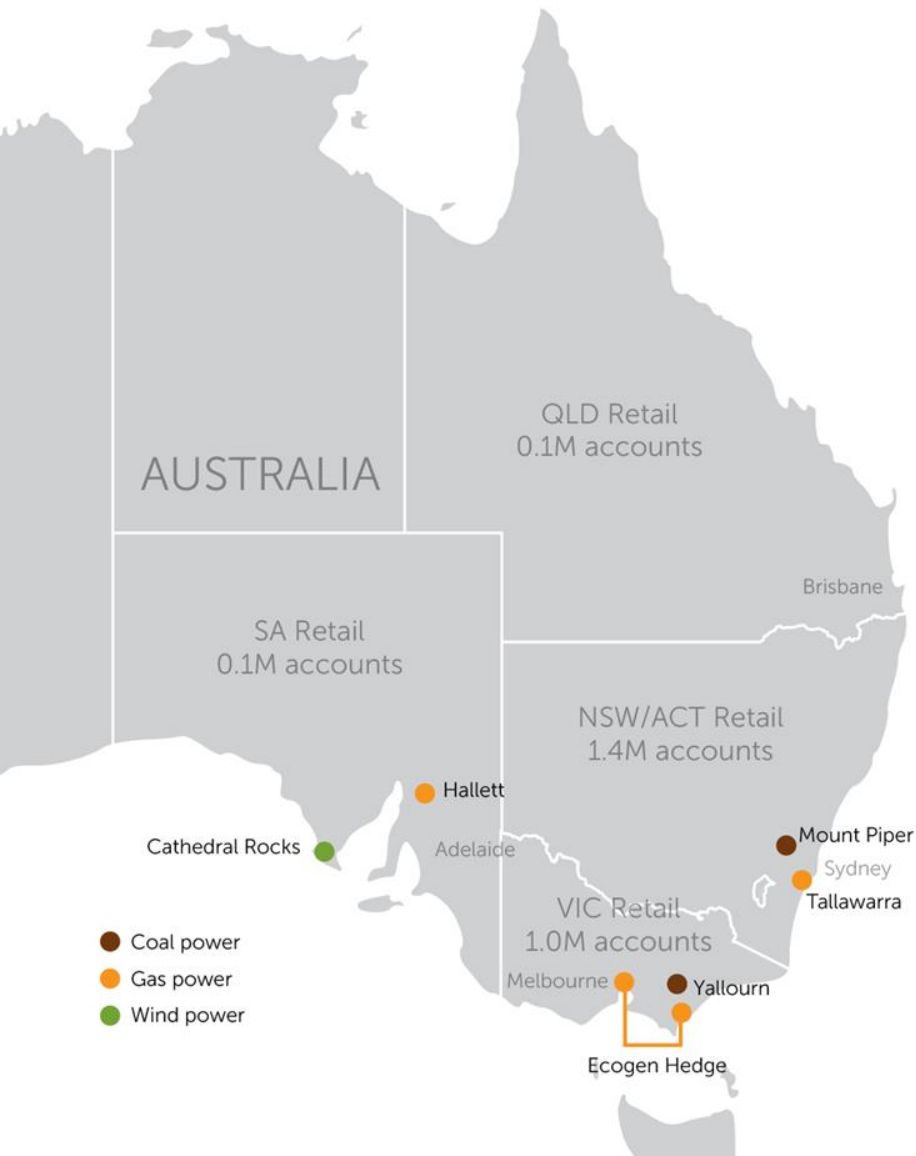
EnergyAustralia media day

Sydney, 7 December 2016

Welcome & agenda

1. Strategy – *Catherine Tanna, Managing Director*
2. Business performance – *Catherine Tanna, Managing Director*
3. Financial highlights – *Alastair McKeown, Chief Financial Officer*
4. Q&A – *Catherine & Alastair*

EnergyAustralia & our portfolio



- 2.6m customer accounts
- ~5000MW capacity generation portfolio
- 19% of CLP Group assets

Wind (495MW)

- Cathedral Rocks (33MW)
- Mortons Lane (20MW)
- Waterloo (56MW)
- Gullen Range (166MW)
- Boco Rock (113MW)
- Taralga (107MW)

Coal (2,880MW)

- Yallourn (1,480MW)
- Mount Piper (1,400MW)

Gas (1,592MW)

- Hallett (203MW)
- Ecogen (966MW)
- Tallawarra (420MW)

Milestones & achievements - 2014 & 2015

2014

Nov - Completed bill integration, bringing all customers on to one system

2015

Apr - Completed 5-year maintenance & efficiency upgrade at Yallourn

May - Launched new corporate strategy

Sep - Completed internal business restructure; established NextGen unit

Nov - Sold Iona gas storage plant in Victoria for \$1.78bn

Milestones & achievements - 2016

- Feb**
 - Achieved \$100m in annual retail cost savings well ahead of schedule
 - Established PRISM network D&I initiative
- Jun**
 - Launched embedded networks business
- Jul**
 - Launched Reconciliation Action Plan & indigenous participation program
- Aug**
 - First energy retailer to sign federal government transparency tax code
 - Credit rating & outlook upgraded by S&P
 - Geelong contact centre named best in Victoria
- Sep**
 - Ranked no.1 partner for small business in Canstar survey
 - Closed Mill Park contact centre; expanded Geelong & opened Manila
 - Ranked no.1 by FCRC for service to financially-vulnerable customers
- Oct**
 - Named Roy Morgan electricity retailer for third month in a row
 - Signed \$9.3m partnership with Redback Technologies
- Nov**
 - First energy retailer to launch Financial Inclusion Action Plan
 - Launched Go Neutral, a carbon-neutral product for our existing customers

Strategy & business performance

Catherine Tanna

Managing Director

Strategy

- Fix the basics
- Focus on retail i.e. put the customer at the heart of everything we do
- Lead the next generation of energy products & services
- Values:
 - Customers are our priority
 - Do the right thing
 - Lead change

Redback Technologies partnership

- Supporting Australian innovation with \$9.3m investment in Brisbane-based solar inverter developer
- System combines smart solar inverter, battery enclosure & “intelligent” energy management software in one package
- Helps customers maximise energy captured by solar systems; makes households less reliant on the grid & more independent
- Available to order from EnergyAustralia in 2017 with battery storage capacity ranging from 3-12kWh





Business performance

Metric	30 Jun '14	31 Oct '16
Customer accts	2.6m	2.6m
Complaints per 10k accts	183	36
Annual churn	17%	16%
Strategic NPS	-49	-23.1
TIFR	3.12	2.79
Yallourn availability	76.6%	89.4%
My Account customers	0	478k
Employee engagement	41%	59%



Managing complaints

Business performance - managing complaints

2013

- Information technology reliability impacting customer management system; complaints at all-time high

2014

- IT stabilised; committed to confront complaints root cause
- Established disciplined, consistent internal complaints process; invested in dedicated, swift-response team comprising 30 of our best agents

2015

- New company-wide strategy & values launched with customers at the heart
- Whole of business mobilised around the customer; each complaint analysed and learnings applied

Business performance - managing complaints

2016

- IT & complaints handling process underpin turnaround – fewer complaints & those we get are addressed quickly & consistently
- Identified scope for improvement – introduced new operating model to manage complaints lifecycle i.e. how they are received, assigned & resolved
- Rolled out NPS in January; helps identify unsatisfied customers before issue turns into a complaint:
 - We ask “was your issue resolved?” If “no”, customer is contacted directly
 - Complaints reduced 49% in six-month trial

Financial highlights

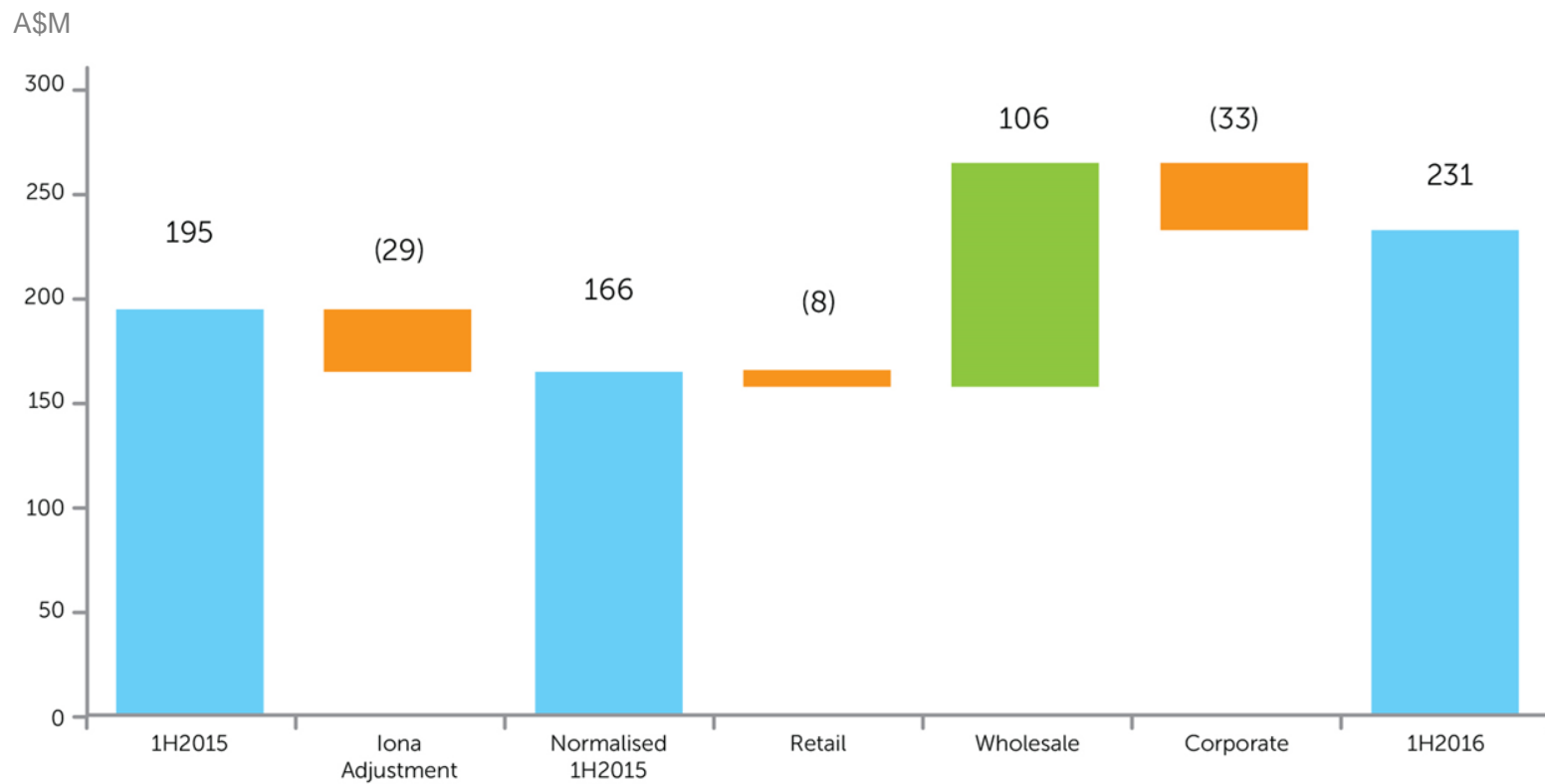
Alastair McKeown

Chief Financial Officer

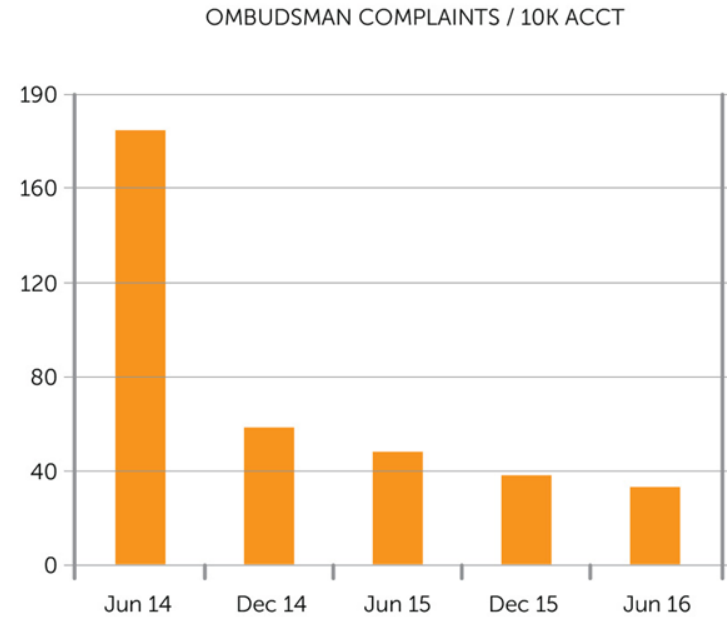
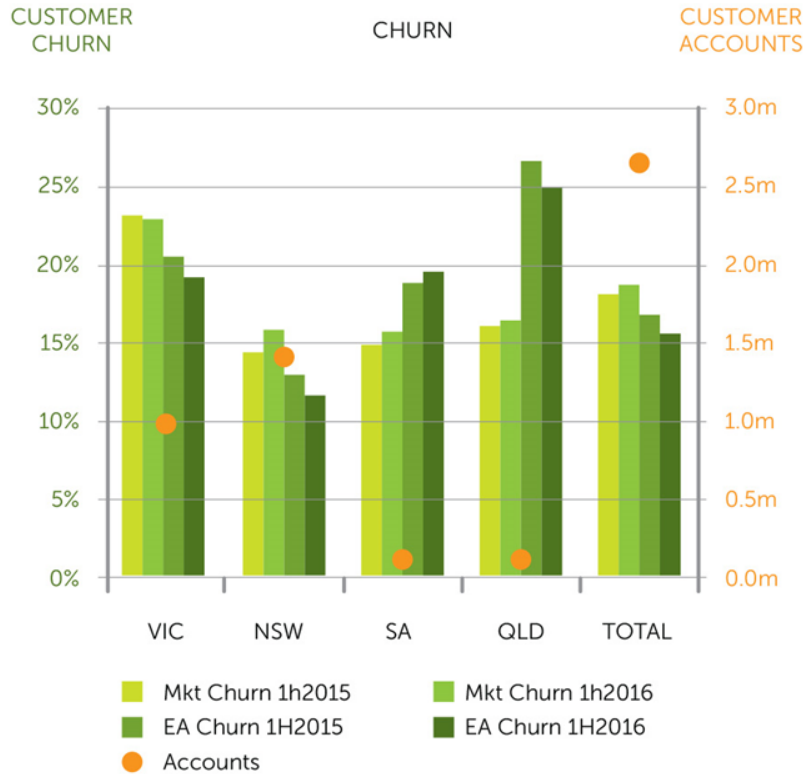
Operating earnings

	HK\$		Local Currency	
	1H2016 HK\$M	1H2015 HK\$M	1H2016 A\$M	1H2015 A\$M
EBITDAF (before items affecting comparability)	1,907	1,938	334	322
Depreciation & Amortisation	(590)	(764)	(103)	(127)
Adjusted Current Operating Income (ACOI)				
Retail	1,285	1,401	225	233
Wholesale	874	455	153	76
Corporate	(842)	(682)	(147)	(114)
Total	1,317	1,174	231	195
Fair value adjustments	65	11	11	2
Net finance costs	(113)	(432)	(20)	(72)
Income tax expense	(372)	(260)	(65)	(43)
Operating earnings	897	493	157	82

ACOI by business unit

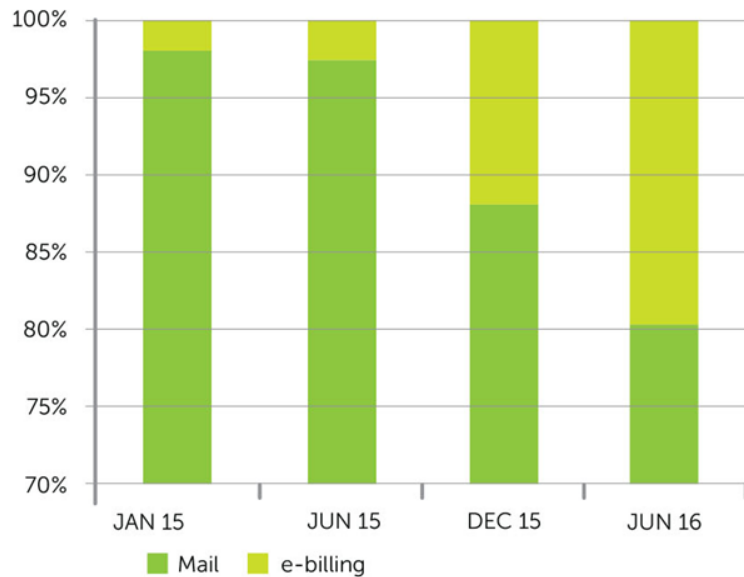


Better service - lower churn & fewer complaints

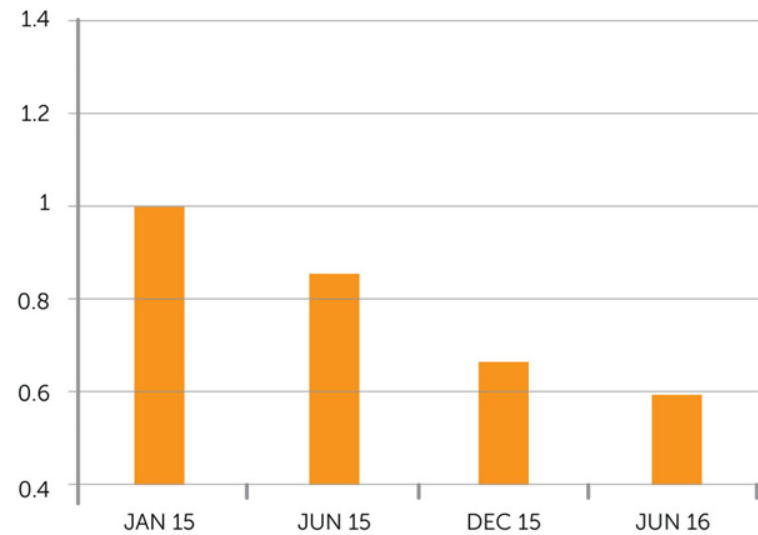


Lowering costs – e-billing & bad debts

ENERGYAUSTRALIA E-BILLING UPTAKE



RELATIVE PERFORMANCE OF MASS MARKET BAD & DOUBTFUL DEBTS AS A % OF REVENUE (BASE: DEC 2014)



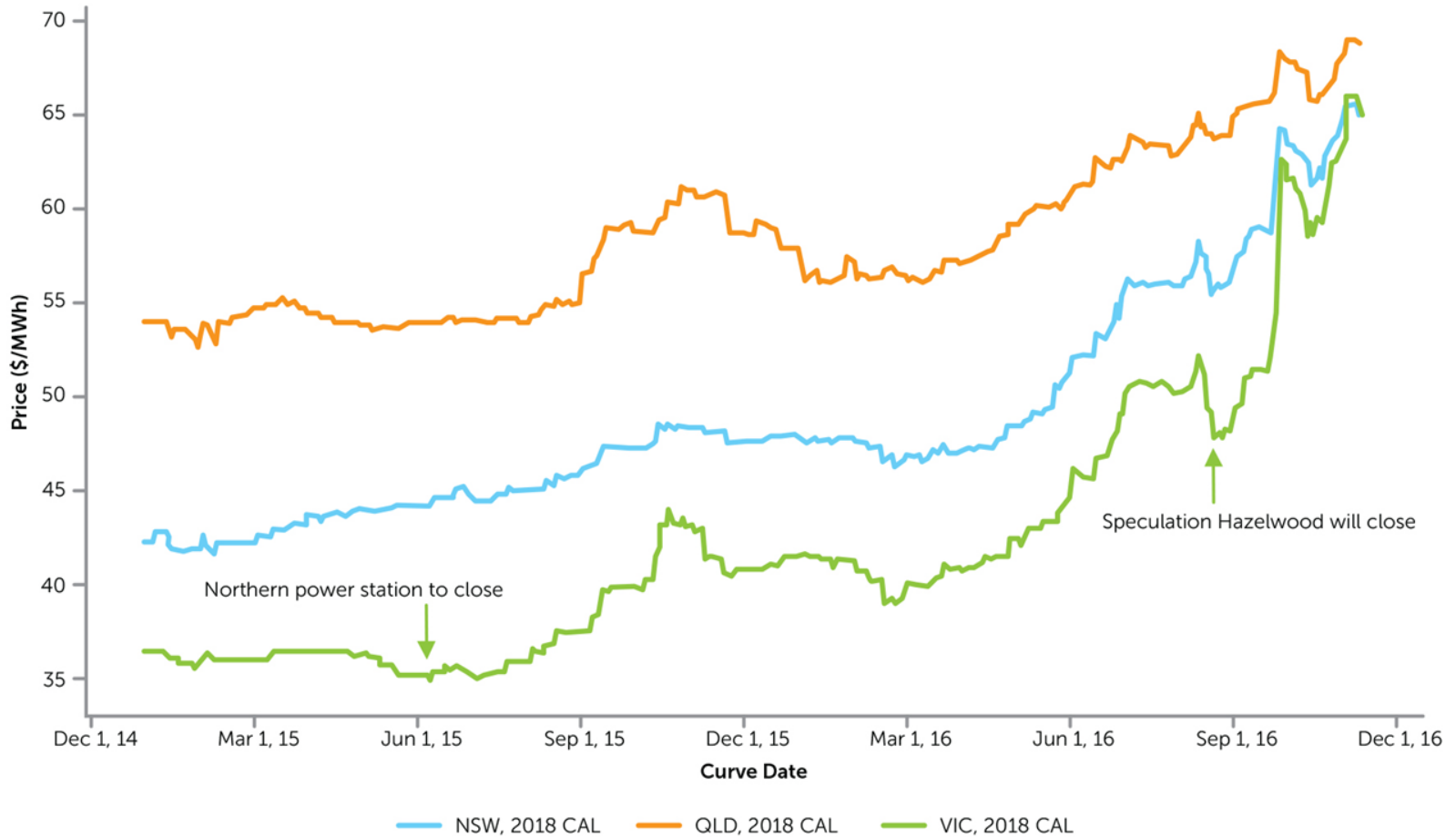
40% reduction of Mass Market Bad & Doubtful Debt as a % of Revenue in 18 months

Strong financial position following Iona sale

- Late 2015 completed sale of Iona gas storage plant to QIC for \$1.78bn
- August 2016 credit rating upgraded by S&P to BBB with positive outlook
- Rating could move higher within next couple of years if:
 - Operational stability maintained
 - Target leverage sustained
- BBB investment grade means lower borrowing costs & access to a wider funding universe



Wholesale market conditions



EnergyAustralia contribution to CLP Group

	2014	2016
Assets	22%	19%
Earnings	1%	14%

Increasingly, we're pulling our weight...

Outlook & challenges

Catherine Tanna

Managing Director

Priorities for 2017

SAFETY

- 1 Programs** - implementing IT & systems which underpin customer service
- 2 Delivery** - continue transformation momentum, focus on quality
- 3 Differentiation** - inspire customers with products, services & through our actions

National Greenhouse & Energy Reporting (NGER)

Facility	Yallourn	Mt Piper	Wallerawang	Tallawarra	Hallett	Other*	Total
Scope 1 Emissions (tCO ₂ e)	15,306,758	6,322,955	51	689,582	34,161	122	22,353,629
Scope 2 Emissions (tCO ₂ e)	178,085	26,169	9,990	2,881	2,265	3,281	222,671
Energy Consumed (GJ)	165,382,839	72,855,311	43,519	13,568,905	685,676	1,759,382	254,295,632
Energy Production (GJ)	203,267,651	26,133,104	-	6,717,747	119,986	1,720,418	237,958,906

A zero emissions future

Planning an orderly transition to cleaner energy starts with the customer.

- Transition must deliver cleaner, reliable and affordable energy for all Australians, not just those who can afford it
- Energy policy is more likely to deliver those outcomes if done via a consistent, national, bi-partisan approach with clear agreement on the problem i.e. how to lower emissions as quickly as possible at lowest cost
- Fossil-fuel generation has a critical short-term role: preserving reliability while new generation is introduced, so customers can have confidence in the transition to a zero emissions future

Please, ask a question