

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$m	Restated 2018 \$m ¹
Cash flows from operating activities			
Receipts from customers		14,426	14,157
Payments to suppliers and employees		(12,440)	(11,726)
Dividends received		27	40
Finance income received		11	9
Finance costs paid		(162)	(178)
Income taxes paid		(263)	(159)
Net cash provided by operating activities	35(b)	1,599	2,143
Cash flows from investing activities			
Payments for property, plant and equipment and other assets		(915)	(720)
Payments for investments in associates and joint ventures		(60)	(28)
Payments for equity instrument financial assets		(27)	(49)
Payments of deferred consideration		(35)	(34)
Payments for sale of joint operations, net of cash disposed		(2)	-
Proceeds from the sale of property, plant and equipment		6	29
Proceeds from sale of equity instrument financial assets		-	13
Proceeds from the sale of subsidiaries and businesses, net of transaction costs	29	129	160
Net cash used in investing activities		(904)	(629)
Cash flows from financing activities			
Purchase of shares on-market for equity based remuneration		(5)	(10)
Proceeds from borrowings		508	730
Repayment of borrowings		(772)	(1,243)
Dividends paid	8	(774)	(682)
Net cash used in financing activities		(1,043)	(1,205)
Net (decrease)/increase in cash and cash equivalents		(348)	309
Cash and cash equivalents at the beginning of the financial period		463	154
Cash and cash equivalents at the end of the financial period	35(a)	115	463

1. Comparatives have been restated for the adoption of AASB 9 Financial Instruments and AASB 16 Leases. Refer to Note 38(c).

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

1. Segment information

Operating Segments

AGL reports segment information on the same basis as the internal management reporting structure. The operating segments reflect the manner in which products are sold, whether retail or wholesale, and the nature of the services provided.

AGL views the business as four interrelated segments collectively servicing our customers' needs. AGL's segments are:

- **Customer Markets** comprises the Consumer and Large Business customer portfolios and is responsible for the retailing of electricity, gas, solar and energy efficiency products and services to residential, small and large business customers. Customer Markets sources its energy from Wholesale Markets at a transfer price based on methodologies that reflect the prevailing wholesale market conditions and other energy costs in each state. Customer Markets also includes product innovation, sales, marketing, brand and operations.
- **Wholesale Markets** comprises Wholesale Electricity, Wholesale Gas and Eco Markets and is responsible for managing the price risk associated with procuring electricity and gas for AGL's customers and for managing AGL's obligations in relation to renewable energy schemes. Wholesale Markets also controls the dispatch of AGL's owned and contracted generation assets and associated portfolio of energy hedging products.
- **Group Operations** comprises AGL's power generation portfolio and other key sites and operating facilities.
- **Investments** comprises AGL's interests in the ActewAGL Retail Partnership, Powering Australian Renewables Fund, Digital Energy Exchange, Advanced Microgrid Solutions Inc, Energy Impact Partners' Fund, Activate Capital Partners, Solar Analytics Pty Limited, Sunverge Energy Inc and Ecobee Inc.

In the segment financial results, the 'Other' category consists of various Corporate activities. These are not considered to be reportable segments.

Segment financial results

The measurement of segment results is in line with the basis of information presented to the Board of Directors for internal management reporting purposes. The performance of each segment is measured based on their Underlying earnings before interest and tax (Underlying EBIT) contribution to AGL. Certain items of income and expense are excluded from the segment results to show a measure of underlying performance. These items include changes in fair value of financial instruments and significant items.

AGL operates as an integrated business and uses a portfolio approach to manage the operations and assets to drive value and efficiency. AASB 8 *Operating Segments* requires AGL to report segment information on the same basis as the internal management structure. As a result, the Customer Markets and Wholesale Markets segments report the revenue and margin associated with satisfying the gas and electricity requirements of AGL's wholesale consumer and business customer portfolio. In contrast, the Group Operations segment reports the majority of expenses associated with these operations and is therefore a cost centre.

For the purposes of reviewing the carrying values of AGL's assets, the segments impute a revenue transfer between Customer Markets, Wholesale Markets and Group Operations. Revenues are derived to approximate prices similar to transactions with third parties.