

To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	18 February 2021
From	Helen Hardy	Pages	4
Subject	<b>Origin Reports Half Year Results</b>		

Please find attached the ASX/Media Release relating to Origin Energy's Results for the half year ended 31 December 2020.

Regards



Authorised by:  
Helen Hardy  
Company Secretary

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## ASX/Media Release

18 February 2021

### 2021 half-year results

Origin Energy Limited (Origin) today announced a statutory profit of \$13 million for the half-year ended 31 December 2020, reflecting lower underlying profit of \$224 million largely due to subdued economic conditions and lower commodity prices associated with the ongoing impacts of the COVID-19 pandemic.

Underlying EBITDA was \$1,154 million, down \$436 million, as lower commodity prices flowed through into revenue for both Energy Markets and Australia Pacific LNG. This was partially offset by lower operating costs and a net gain in Origin's oil hedging.

Free cash flow remained strong at \$655 million, driven by lower working capital requirements, with \$265 million in cash distributions from Australia Pacific LNG as well as reductions in capital expenditure, interest, and tax payments. The strong cash flow position enabled Origin to continue to invest in growth, reduce debt by a further \$460 million during the half to \$4.7 billion and continue to deliver returns to shareholders.

The board determined an unfranked interim dividend of 12.5 cents per share.

Performance summary	HY2021	HY2020
Statutory profit	\$13 million	\$599 million
Statutory EPS	0.7 cps	34.0 cps
Underlying profit	\$224 million	\$528 million
Underlying EPS	12.7 cps	30.0 cps
Underlying EBITDA	\$1,154 million	\$1,590 million
Free cash flow	\$655 million	\$680 million
Interim dividend	12.5 cps	15 cps

Origin CEO Frank Calabria said, "Throughout the first half, Origin continued to navigate the very challenging operating conditions facing the sector, as the pandemic caused a reduction in energy demand and depressed prices across key commodities.

"Our two businesses were able to continue to generate strong cash flow, allowing Origin to further reduce debt, pay a dividend to shareholders and invest in select growth opportunities aligned to our strategic priorities.

"Australia Pacific LNG responded to a rebound in market demand with record production in the December quarter, demonstrating the high quality of its assets, while also reducing capital and operating expenditure to record low levels. Australia Pacific LNG delivered cash distributions of \$265 million to Origin for the first half.

"The recent rally in oil and gas markets is expected to have a positive impact on Australia Pacific LNG's earnings in the second half, given the lag in contract LNG prices.



“However, as flagged in our recent earnings update, the near-term outlook for Energy Markets is more challenging. A mild summer has compounded already weaker demand and reduced volatility, gas supply costs are expected to increase, and wholesale electricity prices remain depressed, particularly as renewable supply continues to come online.

“Encouragingly, in the first half, EBITDA to cash conversion remained strong in Energy Markets and further progress was made on our retail cost-out program, already achieving \$85 million of the targeted \$100 million in full-year cost savings.

“We continue to move forward with our advanced digital customer strategy, and we expect our partnership with Octopus Energy will help extend our retail leadership over coming years and further materially reduce capital and operating costs. We recently added to our investment in Octopus to maintain our 20 per cent holding, reflecting our confidence in its management, strategy, and impressive growth trajectory.

“Good progress has also been made on future growth options in gas and zero and low-carbon fuels, with early results from the Beetaloo exploration program confirming elevated liquids yields and low levels of CO<sub>2</sub>, and a farm-in to the highly prospective Canning Basin. Our work in hydrogen is advancing with export-scale projects under consideration in both Queensland and Tasmania, along with storage options in our generation portfolio.

“The strong fundamentals of Energy Markets and Integrated Gas, including a high-quality suite of assets, puts Origin in a strong position to continue maximising value from these businesses and pursue growth opportunities, as we aim to become a truly customer-focused business positioned for a low-carbon future,” Mr Calabria said.

### **Dividend**

The board has determined to pay an unfranked interim dividend of 12.5 cents per share, representing 34 per cent of free cash flow<sup>1</sup>. The interim dividend will be paid on 26 March 2021 to shareholders registered as at 4 March 2021.

Going forward, the board continues to target a payout ratio of 30 to 50 per cent of free cash flow per annum, and will consider a combination of ordinary dividends and on-market share buybacks.

The dividend reinvestment plan (DRP) will operate with nil discount. The requirements of the DRP shares will be satisfied through on-market purchase.

## **OPERATING PERFORMANCE**

### **Energy Markets**

Underlying EBITDA for Energy Markets was down 12 per cent on the prior half-year to \$635 million. Lower electricity gross profit was driven by lower wholesale prices, the one-off impact of higher network costs not recovered in regulated tariffs and cost of support for customers financially impacted by COVID-19. Lower gas gross profits were also driven by lower wholesale prices and roll-off of long-term contracts, partially offset by higher retail customer numbers and wholesale contract wins.

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<sup>1</sup> Expenditure on the strategic partnership with Octopus Energy of \$61 million during the half is classed as major growth expenditure and excluded from free cash flow when measuring the dividend payout percentage.



Amid a highly competitive retail market, Origin's overall customer accounts increased by 4,000, driven by growth in natural gas, LPG and broadband accounts partially offset by a reduction in electricity accounts.

Cost to serve fell by 5 per cent, or \$13 million. Further capital and operating cost savings of \$100-150 million are targeted by FY2024 with the Kraken rollout and new operating model.

### **Integrated Gas**

Integrated Gas Underlying EBITDA was \$566 million, a 38 per cent reduction on the prior half-year, primarily due to the impact of lower oil prices on contracted LNG sales, partially offset by hedging gains and lower operating costs.

Australia Pacific LNG continued to demonstrate the superior quality and flexibility of its assets and resource base. Production was quickly scaled up to respond to the recovery in gas demand, setting a new production record of 182 PJ in the December quarter, as well as matching a previous operated daily production record of 1,614 TJ/day.

Beetaloo exploration continues to progress, with encouraging early results on the Kyalla well. An update is expected to be provided in the fourth quarter of FY2021, following extended production testing targeted for the dry season, and a detailed evaluation.

### **Outlook**

Updated guidance for FY2021 was provided on 4 February 2021. Outlook is provided on the basis that market conditions and the regulatory environment do not materially change. Considerable uncertainty exists in relation to the potential ongoing impacts of COVID-19.

Energy Markets Underlying EBITDA is expected to be \$1,000-1,140 million.

Production for Australia Pacific LNG is expected to be 685-705 PJ, and the distribution breakeven expected to be US\$24-28/boe<sup>2</sup>, which is inclusive of ~US\$11/boe project finance and interest and principal payments. Full-year cash distributions from Australia Pacific LNG are expected to be \$575-675 million, at an estimated realised oil price of US\$43/bbl<sup>3</sup>.

Corporate costs are estimated to be \$90-\$100 million, and capital expenditure is expected to be \$400-440 million.

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<sup>2</sup> Reflects royalties at breakeven oil prices and AUD/USD rate of 0.74.

<sup>3</sup> As at 29 January 2021, ~97 per cent of FY2021 Australia Pacific LNG-related JCC oil exposure (~24mmbbl Origin share) has been priced at ~US\$43/bbl before hedging, based on contract lags.