

To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	17 February 2022
From	Helen Hardy	Pages	5
Subject	Origin Reports Half Year Results		

Please find attached the ASX/Media Release relating to Origin Energy's Results for the half year ended 31 December 2021.

Regards



Authorised by:
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Company Secretary

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ASX/Media Release

17 February 2022

Half-Year Results 2022

Origin Energy Limited (Origin) today announced its results for the half-year ended 31 December 2021. Origin has also signalled its intention to accelerate its exit from coal-fired power generation, potentially retiring Eraring Power Station in mid-2025, delivering on a core aspect of the company's strategy to be a leader in Australia's energy transition to net zero emissions.

For the half year, Origin reported a Statutory Loss of \$131 million, reflecting the one-off impairment and net capital gains tax expense associated with the \$2 billion sale of a 10 per cent interest in Australia Pacific LNG. Once completed, the sale will allow Origin to both crystallise some of the value in that asset and strengthen the balance sheet, while retaining a significant shareholding.

Underlying profit increased 18 per cent to \$268 million, driven by strong commodity prices. Underlying EBITDA was lower at \$1,099 million, as increased earnings from Australia Pacific LNG were offset by expected lower earnings in Energy Markets.

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

The outlook for the full-year has improved on the strength of commodity prices, with guidance for Origin Underlying EBITDA higher at \$1,950 - \$2,250 million.

Performance summary	HY2022	HY2021
Statutory profit	(\$131 million)	(\$183 million)
Statutory EPS	(7.4 cps)	(10.4 cps)
Underlying profit	\$268 million	\$227 million
Underlying EPS	15.2 cps	12.9 cps
Underlying EBITDA	\$1,099 million	\$1,154 million
Free cash flow	\$355 million	\$655 million
Interim dividend (Unfranked)	12.5 cps	12.5 cps

Origin CEO Frank Calabria said, "Origin achieved a solid result in the first half given the continued economic disruptions from COVID-19 and challenging conditions in the electricity market driven by more subdued demand and lower tariffs.

"The performance of Australia Pacific LNG was outstanding, achieving record-high revenue off the back of a strong rebound in commodity prices. Australia Pacific LNG delivered a first half cash distribution of \$555 million.

"Superior field performance and an ability to keep costs low, has put the business in a strong position to benefit from the buoyant commodities market. Australia Pacific LNG is expected to distribute more than \$1.1 billion in cash to Origin for the full-year, net of oil hedging.

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“In Energy Markets, operating conditions remain challenging as previously guided, due to the combination of record low wholesale electricity prices in FY2021 flowing through to customer tariffs in FY2022, and higher wholesale energy procurement costs incurred in the current period. Specifically, Eraring has been impacted by operational constraints at one of its primary suppliers, contributing to a material increase in both coal and wholesale electricity procurement costs.

“Origin continues to compete effectively for customers. We saw retail demand lift in the half, while gas volumes were down due to COVID-19 impacts on business and the expiry of business contracts. Higher domestic gas prices, which will be reflected in customer tariffs from January 2022, are expected to improve future gas margins.

“Strong progress continues to be made on the transformation of the retail business, including the Kraken rollout and new operating model to provide superior customer experience at low cost. More than 850,000 customers are now being serviced in Kraken, and we are on track for all remaining customers to be on the platform by the end of this calendar year.

“More broadly, Origin’s strategic investment in Octopus continues to outperform, with a tripling in the company’s valuation to more than £3 billion. Octopus has now established a retail presence in seven of the world’s largest deregulated energy markets and has increased its UK energy customer numbers by 2.7 million in the past 15 months.

“Origin’s disciplined use of capital to fund growth opportunities was reflected in the acquisition of WINconnect, adding further scale to the community energy services business. We also realised some of the value in Australia Pacific LNG by agreeing to sell 10 per cent of our holding to ConocoPhillips. Origin remains both upstream operator and a substantial shareholder in Australia Pacific LNG, and is well-placed to benefit from future value creation.

“In response to the continuing, rapid transition of the NEM, today we have signalled the potential to accelerate Eraring’s closure to mid-2025. We have carefully weighed Eraring’s future for some time, as it has become increasingly clear that the influx of renewables has changed the nature of demand for baseload power, undermining the economics of the plant. We acknowledge that this will be challenging news for our people, suppliers and the local community, and we commit to supporting them through any transition.

“While the energy transition brings change, it also presents opportunities for Origin to continue to invest in cleaner, reliable and affordable energy,” Mr Calabria said.

Dividend

The Board has determined to pay an unfranked interim dividend of 12.5 cents per share, representing 66 per cent of free cash flow. The interim dividend will be paid on 25 March 2022 to shareholders registered as at 2 March 2022.

OPERATING PERFORMANCE

Energy Markets

Underlying EBITDA for Energy Markets was \$268 million, lower than the prior half-year. This was largely driven by lower electricity customer tariffs, which were set during FY2021 when wholesale electricity prices were at lows due to subdued economic activity and increased

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renewables penetration. In addition, there was an increase in wholesale energy procurement costs primarily related to coal supply issues at Eraring.

The repricing of gas customer tariffs, and with gas supply and transport arrangements in place, means Origin is well positioned in a tightening market.

In an extremely competitive retail market, overall customer accounts increased by 47,000 to more than 4.3 million. Customer growth was achieved through the inclusion of some 39,000 unmetered sites due to an industry change, and customer wins in community energy services, broadband and LPG.

Cost to serve reduced by \$3 million, and Origin continues to target a \$200-250 million reduction in capital and operating cost through the retail transformation by FY2024, from an FY2018 baseline.

Integrated Gas

Integrated Gas Underlying EBITDA increased by \$304 million on the prior half-year to \$870 million. This result reflects the significant rebound in global commodity prices and operating efficiencies as Australia Pacific LNG maintained a low cost of production.

While Australia Pacific LNG production remained stable in the half, its cash distribution to Origin increased 109 per cent on HY2021, to \$555 million, demonstrating the quality of the assets and resource base, and flexibility to capture value from increased international demand for LNG.

Origin's exploration activities continue to progress well. In the Beetaloo, Stage 2 appraisal of three independent shale gas plays was completed in HY2022, and Stage 3 is now underway, targeting the Velkerri dry gas play. In the Canning Basin, the Rafael 1 well was drilled in November 2021, indicating liquids-rich gas potential in a conventional reservoir.

Outlook

Guidance is provided on the basis that market conditions and the regulatory environment do not materially change, adversely impacting on operations. Considerable uncertainty exists relating to the potential ongoing impacts of COVID-19 and this guidance is subject to any further material impact on demand and customer affordability.

FY2022 Origin Underlying EBITDA is now estimated to be higher at \$1,950 - \$2,250 million, compared to previous guidance of \$1,850 - \$2,150 million. This is based on an Australia Pacific LNG realised oil price of US\$67/bbl, including the impact of hedging, and AUD/USD rate of 0.73.

Expected Energy Markets Underlying EBITDA for FY2022 is unchanged at \$450 - \$600 million. Origin expects a rebound of \$150 - \$250 million in Energy Markets Underlying EBITDA in FY2023, to \$600 - \$850 million, with the current higher commodity prices flowing through to customer tariffs. However, some risks to the outlook remain, with the price of uncontracted coal primary amongst them.

Integrated Gas and Corporate Underlying EBITDA is estimated to be higher at \$1,500 - \$1,650 million, compared to previous guidance of \$1,400 - \$1,550 million.

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Origin expects continued stable production in FY2022 of 685 - 710 PJ (Australia Pacific LNG 100 per cent), reflecting strong field performance. Based on an Australia Pacific LNG realised oil price of US\$67/bbl in FY2022, including the impact of hedging, cash flows to Origin are now estimated to be higher at greater than \$1.1 billion, net of oil hedging, compared to the previous guidance of greater than \$1.0 billion.

Capital expenditure is estimated to be \$370 - \$410 million, including \$75 - \$85 million exploration and appraisal spend primarily relating to the Beetaloo and Canning basins. This excludes \$305 - \$315 million in investments relating primarily to Octopus equity investments.

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