

To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	19 August 2021
From	Helen Hardy	Pages	5
Subject	2021 full-year results		

Please find attached a release on the above subject.

Authorised for lodgement by:



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ASX/Media Release

19 August 2021

2021 full-year results

Origin Energy Limited (Origin) has announced a statutory loss of \$2,291 million for the full-year ended 30 June 2021, primarily comprising \$2,247 million of non-cash charges including impairments and a deferred tax liability.

Underlying profit of \$318 million reflected lower commodity prices both in the Energy Markets and Integrated Gas divisions. This was partially offset by lower operating costs in Australia Pacific LNG, retail cost savings, lower interest expense and oil hedging gains.

Free Cash Flow remained robust at \$1,140 million driven by a high cash conversion in Energy Markets due to lower working capital requirements, \$709 million in cash distributions from Australia Pacific LNG, lower capital expenditure, and lower interest and tax payments. Strong cash flow enabled debt reduction of \$519 million, while allowing for investment in growth and dividends to shareholders.

The board determined an unfranked final dividend of 7.5 cents per share.

Performance summary	FY2021	FY2020
Statutory profit/(loss)	(\$2,291 million)	\$83 million
Statutory EPS	(130.2 cps)	4.7 cps
Underlying profit	\$318 million	\$1,023 million
Underlying EPS	18.1 cps	58.1 cps
Underlying EBITDA	\$2,048 million	\$3,141 million
Operating cash flow	\$964 million	\$951 million
Adjusted net debt	\$4,639 million	\$5,158 million
Final dividend (unfranked)	7.5 cps	10 cps

Origin CEO Frank Calabria said, "Operating conditions were challenging this year due to low prices and the impacts of COVID-19 across our key commodities of electricity, natural gas and oil. Energy Markets headwinds are expected to persist into FY2022, though this should be largely offset by the strong performance of our Integrated Gas business.

"Our immediate focus is on capital discipline and cost management to continue to build balance sheet resilience, with a rebound in Energy Markets earnings expected in FY2023 assuming current forward commodity prices continue and flow through to tariffs.

"There were a number of operational highlights across Origin's two businesses, contributing to stable cash flows. Australia Pacific LNG was outstanding, safely curtailing output when the market was subdued, and rapidly ramping up production when demand recovered, matching previous daily production records and shipping a record 130 cargoes for the year. Improved field performance and successful appraisal led to a very high reserves replacement ratio.



“Strong field capability and improved productivity helped deliver record low costs, with a distribution breakeven almost half what it was just three years ago, which supported a strong cash distribution to Origin.

“The generation fleet continued to have very high reliability, and Origin was able to respond with increased supply to support reliability and cover unplanned outages at a number of other plants across the NEM. Origin also boosted gas supply and transport arrangements to help address the expected future supply shortage in southern markets forecast by AEMO.

“In retail, strategic NPS reached a record high and customer accounts increased through our Everyday Rewards plan and growth segments including solar, broadband and community energy services. Progress with our new, more efficient retail operating model continues, and more than 250,000 customer accounts are now on Kraken as we accelerate towards a target of greater than 850,000 customer accounts by end December.

“The growth trajectory of Octopus Energy continues to impress, with strong organic growth of more than 100,000 new customer accounts in the UK each month and expansion into new markets, including the US, Japan, Germany and Spain, all of which has helped to drive a material value uplift in the company since our initial investment in 2020.

“Strong, diversified cash flow from our two core businesses allows Origin to balance the priorities of paying down debt and delivering returns to shareholders, while continuing to invest in targeted growth opportunities.

“To address lower earnings in the near-term, we are focused on continued capital discipline and achieving the targeted \$100-\$150 million in retail cost savings by FY2024, over and above the previous cost out target of \$100 million achieved this year.

“With many Australian households and businesses affected by the pandemic at various times over the past year, I am proud of everything we have done, and continue to do, to look after our customers, including payment extensions and other assistance,” Mr Calabria said.

Dividend

The board has determined to pay an unfranked final dividend of 7.5 cents per share, representing 31 per cent of free cash flow, taking total dividends for FY2021 to 20 cents per share. The final dividend will be paid on 1 October 2021 to shareholders registered as at 7 September 2021.

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 in future.

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 \$991 million, down 32 per cent on the prior year. Lower electricity gross profit was driven primarily by the impact of lower wholesale prices on tariffs, higher network and metering costs, and assistance provided to customers adversely affected by the pandemic, partially offset by a reduction in the cost of energy. Lower gas margins were driven by a combination of lower gas tariffs, the roll-off of long-term capacity contracts and higher supply costs.

Cost to serve continued to reduce this year, with a total of \$110 million in retail cost savings achieved since 2018, exceeding the target commitment.

Total customer accounts increased by 30,000, largely driven by growth in broadband, community energy services and gas. Higher solar installations and customer and licencing growth at Octopus Energy also made a positive contribution.

Origin continues to accelerate and expand its digital offerings, with the virtual power plant growing to more than 159 MW across 79,000 connected assets. As the VPP grows, Origin is well positioned to share benefits with customers and to support demand management and grid stability in the NEM.

Integrated Gas

Integrated Gas Underlying EBITDA was \$1,135 million, a 35 per cent reduction on the prior year, primarily due to lower realised oil prices partially offset by lower costs. Realised prices are expected to improve in FY2022 due to the lag in oil price changes flowing through to Australia Pacific LNG long-term contract prices.

Australia Pacific LNG highlights included stable production of 263 PJ (Origin share) on record low development activity and operating expenditure and strong field performance. Origin's share of Australia Pacific LNG 2P reserves increased by 6 per cent before production translating to a 94 per cent reserves replacement ratio, due to higher estimated recoveries from producing fields and maturation of the Ramyard South and Spring Gully East Flank fields to reserves.

In the growth assets and future fuels portfolios, initial flowback and production testing on the Kyalla well in the Beetaloo Basin was completed, with preparations for an extended production test continuing. The first well in the Canning Basin farm-in was spudded in July. Work on a number of hydrogen and renewable fuels projects continues, with a feasibility study on a green ammonia export project in Tasmania's Bell Bay expected to be completed by the end of 2021.

Outlook

On 30 July 2021, Origin issued guidance for FY2022 and partial guidance for FY2023. Additional guidance is below and is provided on the basis that market conditions and the regulatory environment do not materially change and noting there continues to be considerable uncertainty and increased volatility in commodity markets.

Origin consolidated Underlying EBITDA is estimated to be \$1,850-\$2,150 million, based on an assumption of a higher Australia Pacific LNG realised oil price of US\$68/bbl and



AUD/USD rate of 0.75. A change of US\$10/bbl in the realised oil price is estimated to impact group Underlying EBITDA by ~A\$120 million.

In FY2022, Energy Markets Underlying EBITDA is expected to be \$450-\$600 million, stepping up by an estimated \$150-\$250 million¹ in FY2023 to \$600-\$800 million, assuming current forward commodity prices continue and are reflected in tariffs.

Cash flows to Origin from Australia Pacific LNG are estimated to be greater than \$1 billion in FY2022 net of oil hedging² based on an assumption of a realised US\$68/bbl oil price. Australia Pacific LNG is expected to have stable production of between 685-710 PJ, reflecting strong field performance and a distribution breakeven of between US\$20-\$25/bbl³.

Capital expenditure is estimated to be \$370-\$410 million, including \$75-\$85 million primarily in relation to exploration and appraisal in the Beetaloo and Canning basins and excluding \$210-\$220 million in investments relating primarily to the payment of an instalment for the equity investment in Octopus Energy.

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¹ Based on current forward prices for key commodities such as electricity, coal and oil. Assuming JKM prices reduce by US\$2-\$3/mmbtu from current forward prices, and assuming no material change in sales volumes and other costs.

² Assuming an Australia Pacific LNG realised JCC oil price of US\$68/bbl, an average AUD/USD rate of 0.75 and assuming all Australia Pacific LNG debt serviceability tests are met. Origin hedge losses estimated to be \$134 million based on the same assumptions.

³ Based on AUD/USD rate of 0.75. Operating expenditure excludes purchases and reflects royalties at breakeven oil price.

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