

28 February 2023

H1 FY23 results: record production, revenue, u-EBITDAX, and OCF

- **Record YTD performance:** production up 16% to 1.82 MMboe, revenue up 6% to \$101.2 million, underlying EBITDAX up 134% to \$59.6 million, and operating cashflow up 98% to \$55.3 million
- **Improved Orbest Gas Processing Plant rates:** average processing rate increased 21% to 47.5 TJ/d compared to H1 FY22
- **FY23 guidance:** production and underlying EBITDAX narrowed and reduced slightly, capex adjusted to include estimated capitalised cost of Orbest transition that was separately identified at start of year
- **Orbest Gas Processing Plant operatorship transfer:** progressing to plan with expected licence transfer in H2 FY23
- **Results webcast:** Scheduled for 8.30am ACDT (Adelaide) / 9.00am AEDT (Sydney, Melbourne), today

Cooper Energy (ASX: COE) has announced record production, revenue, underlying EBITDAX and operating cashflow for the half year period ended 31 December 2022. Increased gas processing rates at the Orbest Gas Processing Plant (OGPP), operated by APA¹, underpinned a 16% increase in total production to 1.82 MMboe, while improved margins following the acquisition of OGPP contributed to a 134% increase in underlying EBITDAX to \$59.6 million, and a 98% increase in operating cashflow to \$55.3 million. An underlying net loss after tax of \$1.2 million was recorded (H1 FY22: \$6.0 million loss).

Managing Director David Maxwell said that H1 FY23 was pleasing, with improved performance at OGPP and high polishing unit utilisation during Q1, however Q2 FY23 performance was well below expectations.

“Interruptions at the Orbest Gas Processing Plant, operated by APA, impacted processing rates in Q2 FY23. The Orbest plant performance throughout November and December was frustrating.

“We are on track for the transfer of the Major Hazard Facility Licence and operatorship of the Orbest plant to Cooper Energy during H2 FY23. In parallel engineering and technical work has been accelerated to improve the plant’s stability and rate in the near term and when Cooper Energy assumes operatorship.

“The headline safety and environmental metrics for H1 FY23 are again outstanding, following on from our industry leading full year results in FY22, and we remain carbon neutral accredited².

“Ms Jane Norman has been appointed the new CEO and Managing Director, effective 20 March.”

¹ Operatorship transfers to Cooper Energy when the Major Hazard Facility Licence transfers within H2 FY23

² Cooper Energy is Australia’s first Climate Active certified carbon neutral domestic gas producer in respect of our scope-1, scope-2 and controllable scope-3 emissions.

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Orbost Gas Processing Plant performance

The performance trend at the OGPP is improving, with a 21% increase in average processing rate compared to H1 FY22. This was driven by strong plant performance in Q1 FY23, averaging 51 TJ/d, with September a particularly good month averaging 56 TJ/d with high utilisation of the polishing unit.

Performance in Q2 FY23 was below expectations, particularly in November and December. Different events impacted the processing rates including a series of power generator related plant trips causing unplanned outages, which lead to foaming issues at the plant inlet, limiting production rates to around 40 TJ/d during November. These trips were not related to the ongoing sulphur treatment issues at the plant.

A subsequent planned 2-day shutdown and several further unplanned, avoidable plant trips also negatively impacted the average processing rate for the quarter.

Whilst the plant remains operated by APA until transfer of the Major Hazard Facility Licence, Cooper Energy has taken action to ensure that improvement opportunities can be implemented as early as possible whilst preserving a safe operating facility. An experienced Cooper Energy gas plant manager is now on site working with APA. Engineering and technical workstreams are being accelerated to stabilise and increase the processing rate.

Gas Sales Agreement with AGL for the next phase of Otway Basin development and exploration

Cooper Energy entered into a long-term GSA with AGL to supply up to 10 PJ per annum, for up to six years, as announced on 10 November 2022. The GSA is conditional on an affirmative final investment decision (FID) on OP3D.

Government intervention

In mid-December 2022 the Federal Government passed legislation, on an accelerated basis, imposing a A\$12/GJ price cap applicable to new agreements entered into for the sale of gas by a producer to a buyer within the east coast gas market during calendar year 2023. Existing contracts are not impacted and the sale of gas into the short-term trading markets and the Victorian declared wholesale gas market are excluded from the price cap.

The A\$12/GJ price cap for 2023 therefore does not apply to Cooper Energy's existing portfolio of gas contracts, including the GSA signed with AGL in November 2022 that underpins OP3D. Nor does it impact Cooper Energy's spot sales, as the Company is a direct seller into the Victorian declared wholesale gas market.

The December 2022 legislation included provision to introduce a mandatory code of conduct on producers, with the intent to:

- regulate conduct relating to supplying or acquiring gas;
- require a person to supply gas in a particular circumstance; and
- deal with and resolve disputes between gas market sellers and buyers.

It is understood that the initial code will be developed in the first half of calendar year 2023, and is proposed to include a reasonable price provision linked to a binding arbitration process if parties fail to agree gas supply terms, including price³.

The timing of OP3D FID is now subject to the finalisation of, and a satisfactory regulatory and commercial outcome under, the proposed government changes, reconfirmation of the economics and joint venture alignment.

Financial results

Record half-year results have been reported across many key metrics. Production for the half was 1.82 MMboe which is a record for the company, and 16% above the prior comparable period. Performance was particularly strong in Q1.

³ Cooper Energy's submission to Treasury on the code and the proposed reasonable price provision is available [here](#).

Revenue of \$101 million was also a record for the first half, 6% higher than first half FY22. Average realised gas prices were up 17.5%, while total gas volumes sold were down by 8% to 10.9 PJ following the reset to a major customer's nomination quantity agreed last year.

Oil prices were up more than 75%, but volumes sold down, mostly due to the one-off change in the Company's offtake arrangements at Port Bonython on 1 July 2022. This one-off change meant a reduction in revenue of around \$1.8 million based on the average realised oil price in the first quarter.

Underlying EBITDAX was up by 134% to \$59.6 million. This was a record for the company, as was operating cash generation, which almost doubled to \$55.3 million.

Capital expenditure of \$22.9 million was 97% higher than the prior corresponding period, attributed to OGPP integration costs, OP3D project spend, and the purchase of 3D seismic in the Gippsland Basin.

FY23 full year guidance

Full year guidance has been revised to account for processing rates at OGPP falling below forecast in Q2 FY23, the failure of the polisher unit returning to service in Q3 FY23 and recent unplanned downtime at Athena.

Production and underlying EBITDAX guidance have been narrowed and the bottom end reduced. Capex guidance has been adjusted to include the estimated capitalised costs of the OGPP transition budget. This budget was explicitly excluded at the beginning of the year. The split of the \$20.0 million OGPP transition budget between capital and expenditure is now known. This is now incorporated into the revised capex guidance and results in a reduction in total spend.

Full year guidance	FY20	FY21	FY22	FY23	FY23 revised	H1 FY23 actuals
Production (MMboe)	1.5	2.6	3.3	3.7 – 4.0	3.55 – 3.70	1.82
u-EBITDAX (\$million)	29.6	30.0	80.7	120 – 150	115 – 133	59.6
Capex (\$million)	76.7	32.3	19.5	28 – 33	42 – 45	22.9

Results webcast

Cooper Energy's Managing Director (David Maxwell) and Chief Financial Officer (Dan Young) will lead a webcast today to discuss the FY23 half year results.

- **Time:** 8.30am ACDT (Adelaide) / 9.00am AEDT (Sydney, Melbourne)
- **Date:** Tuesday, 28 February 2023
- **Webcast link** (listen only): [Webcast link](#)
- **Registration link** (for Q&A participation): [Registration link](#)

A recording of the webcast will be available via the webcast link and the Cooper Energy website during the afternoon of 28 February 2023.

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