To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	16 August 2017
From	Helen Hardy	Pages	4
Subject	Operational performance drives underlying earnings uplift; $3.1 billion impairment charge recognised; Outlook for growth in FY2018		

Please find attached a release on the above subject.

Regards

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ASX/Media Release

16 August 2017

Operational performance drives underlying earnings uplift; $3.1 billion impairment charge recognised; Outlook for growth in FY2018

Origin Energy Limited (Origin) today announced its FY2017 results including a Statutory Loss of $2.22 billion, principally driven by an impairment charge (post tax) of $3.1 billion.

Underlying EBITDA increased $834 million or 49 per cent to $2.53 billion, driven primarily by an improvement in the electricity and gas portfolios, the ramp up of LNG earnings and commencement of production at the Halladale/Speculant field.

Underlying Profit of $550 million increased by $185 million or 51 per cent primarily due to higher Underlying EBITDA. Net cash flow from operating and investing activities (NCOIA) increased by $163 million or 13 per cent to $1.38 billion.

Performance summary	FY2017	FY2016
Statutory (Loss)	($2,226) million	($628) million
Statutory EPS	(126.9) cps	(39.8) cps
Underlying Profit	$550 million	$365 million
Underlying EPS	31.3 cps	23.2 cps
Underlying EBITDA	$2,530 million	$1,696 million
NCOIA	$1,378 million	$1,215 million
Final dividend unfranked	Nil	Nil
TRIFR	3.2	4.2

Origin CEO, Frank Calabria said, “This year, we’ve made good progress towards our commitments, delivering a $1 billion reduction in debt and improving business performance.

“Our operational performance was solid driving increases in Underlying EBITDA and Underlying Profit. However, the full year statutory result was significantly impacted by a non-cash impairment charge.

“In Energy Markets, our electricity business is performing well, and our natural gas portfolio remains a core differentiator. Australia Pacific LNG has made a strong start to operations, producing 10 per cent above nameplate capacity through the recent Lenders’ Test, proving its resources and facilities are world class.

“We’re aware that rising energy prices are hurting many Australian households and businesses. We’re helping those in hardship by making sure they will not pay the recent price increases and ensuring they are on our best offer with no conditions attached. We’re also behind the push to simplify energy and help customers more easily compare offers.

"Bringing energy prices down will require a whole of industry response, including networks, generators and retailers. Origin is taking action to put downwards pressure on prices by increasing our supply of low-cost renewables to more than 25 per cent of our generation mix within three years, and boosting generation from Eraring.

"We will continue to advocate for policy certainty, particularly the adoption of a Clean Energy Target as the critical action needed to stimulate further investment in new supply and deliver a genuine reduction in prices for Australians.

"We have made good progress this year and we are now focused on continuing this momentum. We operate in an environment where customer, shareholder and community expectations are evolving rapidly. We are committed to meeting those expectations by being more responsive, efficient and adaptable. I'm confident if we do this we can continue to leverage our core strengths, grow new businesses and transform our culture to position Origin for success," Mr Calabria said.

Origin Chairman Gordon Cairns said, "Given our primary focus on reducing debt, we have determined not to pay a dividend for the second half of 2017. We are acutely aware of the importance of dividends to many of our shareholders and this decision was not taken lightly. The Board is of the view that the suspension of the dividend is in the best interests of all shareholders at this time."

OPERATIONAL PERFORMANCE

Business segment	FY2017 ($m)	FY2016 ($m)	Change ($m)	Change (%)
Energy Markets	1,492	1,330	162	12
Integrated Gas	1,104	386	718	186
Corporate	(66)	(81)	15	(19)
Contact Energy	-	61	(61)	(100)
Underlying EBITDA	**2,530**	**1,696**	**834**	**49**

Energy Markets

Energy Markets Underlying EBITDA increased by $162 million or 12 per cent to $1.49 billion.

One of Origin's core strengths is its gas portfolio, and the volume of gas sold to customers increased by 21 per cent. In electricity, volumes increased by 4 per cent and Origin was also able to maintain a competitive cost of energy as wholesale prices rose sharply.

Origin continues to focus on improving the customer experience, and delivered a 4 point increase in Interaction Net Promoter Score to 16.1 and a decline in Ombudsman complaints. This has been enabled by a customer-led digital transformation program, which aims to improve customer relationships, create new revenue streams and reduce operating costs.

Origin has rapidly grown a large, low cost renewable portfolio, committing to 1,200 MW of new solar and wind projects since March 2016. These projects are expected to come online between now and 2020. Renewable energy now represents the lowest cost investment in new generation.

Integrated Gas

Integrated Gas Underlying EBITDA increased by $718 million to $1.1 billion.

This was offset by an increase in interest, tax, depreciation and amortisation and the recognition of financing costs associated with the funding of Origin's investment in Australia Pacific LNG.

Production increased by 40 per cent due to the ramp up of operations at Australia Pacific LNG and the commencement of production at Halladale/Speculant in the Otway Basin.

Australia Pacific LNG production increased by 46 per cent as Train 2 came online, and the operational phase of a 90-day two train Lenders' Test was completed. Australia Pacific LNG continues to meet export commitments and play a major a role in supplying gas to Australia's east coast, where it meets approximately 20 per cent of annual demand.

In response to the low oil price environment, Australia Pacific LNG is focused on improving productivity and significantly reducing its cost base by adopting a lean operating model, implementing advanced analytics and delivering well productivity improvements.

Lattice Energy assets achieved a 27 per cent increase in production. The Yolla compressor was successfully commissioned and is expected to maximise production over the life of the field.

Origin also identified a material shale gas contingent resource in the Beetaloo Basin during FY2017, and increased its interest in this highly prospective joint venture to 70 per cent.

Outlook

Origin's FY2018 guidance is underpinned by growth in Energy Markets and Integrated Gas, subject to market conditions and the regulatory environment.

Energy Markets Underlying EBITDA for FY2018 is expected to be $1.7 billion to $1.8 billion, representing a 14 to 21 per cent increase on FY2017.

Integrated Gas is expected to achieve production of 245 to 265 PJ in FY2018, reflecting an increase of 7 to 16 per cent on FY2017. Earnings contribution from Lattice Energy is expected to be driven by production of 76 to 86 PJe for FY2018. Origin will cease recognising earnings from Lattice Energy upon completion of the expected divestment.

Debt reduction remains a key priority and Origin is targeting adjusted net debt of below $7 billion by the end of FY2018, pending the divestment of Lattice Energy.

Mr Calabria said, "In the year ahead, we will continue to focus on meeting the challenges of energy affordability and security, while improving our operational efficiency and reducing debt so we can improve returns to shareholders. Origin is well positioned to adapt our business to the rapidly evolving market, as we transition to a cleaner and smarter energy future."

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