To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	20 August 2020
From	Helen Hardy	Pages	6
Subject	Origin reports continued improvement in operational performance for FY2020		

Please find attached a release on the above subject.

Authorised for lodgement by:

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ASX/Media Release

20 August 2020

Origin reports continued improvement in operational performance for FY2020

Origin Energy Limited (Origin) today announced a Statutory Profit of $83 million for the full year ended 30 June 2020, reflecting stable underlying profit of $1,023 million and year-end impairments and adjustments primarily driven by revised oil and LNG price assumptions over the medium and long term.

Underlying EBITDA was $3,141 million, $91 million lower than the prior year, largely reflecting softer electricity gross profit in Energy Markets following the introduction of retail price regulation. Free cash flow increased by $105 million to $1,644 million, driven by record production by Australia Pacific LNG and a record cash distribution to Origin of $1,275 million, up $301 million from the previous year.

Adjusted net debt decreased by $773 million during the year to $4,644 million excluding the recognition of lease liabilities under the new accounting standard. After recognition of $514 million in lease liabilities, adjusted net debt was $5,158 million at the end of the period.

The board determined an unfranked final dividend of 10 cents per share, bringing total dividends for the year to 25 cents per share.

Performance summary	FY2020	FY2019
Statutory profit	$83 million	$1,211 million
Statutory EPS	4.7 cps	68.8 cps
Underlying profit	$1,023 million	$1,028 million
Underlying EPS	58.1 cps	58.4 cps
Underlying EBITDA	$3,141 million	$3,232 million
Free cash flow	$1,644 million	$1,539 million
Underlying ROCE (12-month rolling)	8.8%	9.1%
Gearing (debt/debt + equity)	29%	29%
Final dividend	10cps	15cps
Total Recordable Injury Frequency Rate (TRIFR)	2.6	4.4

Origin CEO Frank Calabria said, “We have faced significant challenges as a community this year amid bushfires, ongoing drought, and the COVID-19 pandemic. Throughout, our focus has been on maintaining reliable energy supply, keeping our people safe, supporting our customers who have been financially impacted, as well as supporting the broader community.

"Despite the external challenges, Origin's underlying business performance continued to improve across the year, driving growth in free cash flow, which allowed further debt reduction, disciplined investment in growth opportunities and distributions to shareholders.

"Our people have shown great care for our customers, assisting them with payment extensions and access to hardship services, and in July we passed on lower wholesale costs helping to reduce prices for most customers. In addition, we further improved our digital platforms to make it easier to engage with us, all of which helped lift customer satisfaction to all-time highs.

"With the pandemic causing a reduction in electricity and gas demand, Origin was able to utilise the flexibility of our generation fleet and wholesale gas portfolio, as well as portfolio flexibility at Australia Pacific LNG, to adapt to market conditions and mitigate impacts on the business.

"Strong field performance helped drive record production for Australia Pacific LNG and we also received record cash distributions back to Origin.

"We have continued to focus on growth and take steps to respond to the rapidly changing energy market, establishing a strategic partnership with fast-growing UK retailer and technology company, Octopus Energy. We are progressing with plans to customise Octopus' unique technology platform, Kraken, and adopt its globally distinctive retail operating model, with the aim of delivering a superior customer experience at market-leading cost.

"We are undertaking a progressive decarbonisation of our business, with targets to halve Scope 1 and 2 emissions by 2032 and we aim to achieve net zero emissions by 2050. This year, we made further progress on our decarbonisation journey, reducing Scope 1 and 2 emissions by 9 per cent. Today we have also committed to a new short-term target to reduce our Scope 1 emissions by 10 per cent on average over FY2021 to FY2023[1].

"With extraordinary changes to the way we work this year and challenges in many forms, it has been heartening to see our people pull together and support each other and this has been reflected in strong improvements in safety performance and engagement. Our TRIFR reduced to 2.6, and employee engagement improved substantially to 75 per cent, our highest ever score and placing Origin in the top quartile of companies in Australia and New Zealand," Mr Calabria said.

Dividend

The board has determined to pay an unfranked final dividend of 10 cents per share. This brings Origin's total distributions to shareholders for FY2020 to 25 cents per share, in line with the prior year, and representing 27 per cent of free cash flow. The final dividend will be paid on 2 October 2020 to shareholders registered as at 9 September 2020.

Origin Chairman Gordon Cairns said, "At a time of considerable economic uncertainty and lower commodity prices, we have taken a prudent decision to pay a full year dividend marginally below our targeted range of 30-50 per cent of free cash flow."

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

[1] From an FY2017 baseline.

OPERATIONAL PERFORMANCE (CONTINUING OPERATIONS)

Business segment	FY2020	FY2019	Change	Change
Energy Markets	$1,459 million	$1,574 million	($115 million)	(7%)
Integrated Gas	$1,741 million	$1,892 million	($151 million)	(8%)
Corporate	($59 million)	($234 million)	$175 million	75%
Underlying EBITDA	**$3,141 million**	**$3,232 million**	**($91 million)**	**(3%)**

Energy Markets

Underlying EBITDA in Energy Markets was $1,459 million, down 7 per cent on the prior year. This was largely driven by a reduction in electricity gross profit, due to lower retail margins following the introduction of the Default Market Offer and Victorian Default Offer. Electricity and gas volumes were also lower due to milder weather, lower SME and C&I customer numbers, and higher solar uptake and energy efficiency. COVID-19 also impacted demand in the final quarter, particularly in the SME and C&I segments. Origin's net customer accounts increased by 21,000 for the year, led by growth in residential gas and embedded network customers.

Gas profit rose by 4 per cent to $744 million driven mainly by lower supply costs.

Cost to serve fell 6 per cent or $40 million as a result of operational cost savings, partially offset by accounting impacts including higher provisioning for bad and doubtful debts related due to COVID-19.

Integrated Gas

Underlying EBITDA for Integrated Gas was $1,741 million, 8 per cent lower than the prior year, primarily reflecting a change in accounting treatment for dewatering and workover costs at Australia Pacific LNG.

Improved field performance and higher well and facility reliability contributed to record production of 708 petajoules for Australia Pacific LNG, up 4 per cent on FY2019. A continued focus on cost reduction resulted in operating and capital costs falling by 8 per cent.

Strong field performance as well as appraisal success and the addition of Ironbark, contributed to a 447 petajoule increase in 2P reserves (before production) from Australia Pacific LNG operated areas, enabling a decision not to participate in less economic non-operated fields. Reserves performance has been very strong from operated areas, with 2P reserves additions replacing around 90 per cent of production since June 2017. Australia Pacific LNG shipped its 500th cargo in June and the distribution breakeven improved to US$29/boe from US$36/boe in the prior year.

The first price review under Australia Pacific LNG's contract with Sinopec was completed with no change to the contract price.

Exploration in the Beetaloo Basin paused due to the pandemic and is expected to resume in Q3/Q4 of 2020, including fracture stimulation of the Kyalla well, subject to restrictions related to COVID-19. Origin has increased its share of the joint venture by 7.5 per cent to 77.5 per cent in an agreement that increases Origin's carry of Falcon Oil and Gas's share of costs by $25 million over a number of years.

Positioning Origin for the future

Successful execution of Origin's strategy to connect customers to the energy and technologies of the future will enable the company to prosper in a world of increasingly decarbonised, decentralised and digitised energy.

The share of renewable energy in Origin's energy supply portfolio has continued to grow and now sits at around 20 per cent of generation capacity. With a strong position in natural gas development and trading, a large fleet of gas peaking power stations and pumped hydro, as well as options to upgrade or expand existing sites, or install batteries, the company is in a strong position to firm increasing levels of variable renewable supply.

Productivity continues to improve in Origin's gas operations and the company is increasingly employing leading-edge technology – including artificial intelligence and machine learning – to achieve further productivity gains, improve the quality of decision making, and drive further reductions in the breakeven consistent with the strategy to be a low-cost operator. Disciplined investment will continue to be made in gas exploration in Queensland and the Beetaloo Basin over coming years, targeting further growth in conventional and unconventional gas resources.

Robust growth in the rooftop solar market again in 2020, with installed capacity now exceeding 15 per cent of total generation capacity in Australia, continues to reinforce the importance of data, analytics and orchestration to more efficiently manage the distributed assets in the energy system to the benefit of both customers and stability of the grid.

Origin has continued to invest in technology, with the company on track to close primary data centres by 2021, with full transition to cloud-based services. The use of artificial intelligence has accelerated across the business, including projects to optimise well production for Australia Pacific LNG and real time optimisation of output at Eraring Power Station, while reducing costs and improving agility in everyday processes.

Origin's proprietary Virtual Power Plant continues to grow and now has >85 MW connected from more than 11,000 customers, using artificial intelligence to orchestrate distributed assets such as air conditioners, batteries, hot water systems and electric vehicle chargers. Rapid growth in the scale of the VPP has positioned Origin to offer demand management and grid stability as value added services.

Development of a new retail operating model and customised IT platform under a strategic partnership with Octopus Energy is progressing, to unlock a step change improvement in customer experience and cost. A specialist team deployed on the rollout are on track to transition the first group of customers to the new Kraken platform by the end of 2020.

Origin launched its first mass market demand management product, Spike, earlier this month in partnership with US start-up OhmConnect. The product gamifies energy savings to make it fun and engaging and offers customers the opportunity to earn rewards in exchange for powering down appliances during peak periods.

Outlook

Origin provides the following FY2021 guidance 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.

Energy Markets Underlying EBITDA guidance is $1,150-$1,300 million, reflecting lower electricity gross profit due to passthrough of lower wholesale prices to customers and higher network costs absorbed in the regulated tariffs and lower natural gas gross profit with legacy contracts rolling off and tariffs repricing, partially offset by a targeted $70 million reduction in cost to serve.

Australia Pacific LNG production is expected to be lower at 650-680 petajoules, reflecting anticipated lower demand with strong field capability to increase production in response to changes in demand. Distribution breakeven is expected to be in the range of US$27-31/bbl at an average AUD/USD exchange rate of 0.69.

Capital expenditure (excluding investments) is estimated to be $420-470 million, including $65-80 million for exploration and appraisal in the Beetaloo Basin.

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