

To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	27 January 2023
From	Helen Hardy	Pages	3
Subject	Updated FY2023 earnings outlook		

Please find attached a release on the above subject.

Regards



Authorised for lodgement by:
Helen Hardy
Company Secretary

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ASX/Media release

27 January 2023

Updated FY2023 earnings outlook

Origin Energy Limited (Origin) provides the following update on earnings guidance and operating conditions for the 2023 financial year. This guidance is provided on the basis that market conditions and the regulatory environment do not materially change.

For FY2023, Origin now expects Energy Markets Underlying EBITDA to be between \$600 million and \$730 million, up from \$500 million to \$650 million, excluding the potential impact of the introduction of the legislated coal price cap.

The improvement in Energy Markets Underlying EBITDA is driven by an expected increase in natural gas and electricity gross profit due to good operating and trading performance, as well as improved coal delivery under legacy contracts. No material impact is expected on FY2023 Energy Markets earnings as a result of the introduction of the \$12/GJ cap on uncontracted gas, given gas supplies for the year had been almost entirely contracted prior to the cap coming into effect.

The guidance excludes the potential impact of any compensation Origin may receive to recover coal costs that exceed the legislated coal price cap of \$125/tonne, or further coal supply contracts that may be executed at the capped price, noting the mechanism and timing through which the government policy will be administered remains uncertain. Origin notes the implementation of the coal cap will be important to achieve the Government's intended aim of lowering wholesale electricity prices in order to put downward pressure on prices for customers in future periods.

The Energy Markets business is expected to earn a return on capital employed¹ in FY2023 of less than 4 per cent, at the top end of the above guidance range. The estimated return remains below the company's cost of capital. The Energy Markets return on capital employed in FY2022 was -1.5 per cent, primarily reflecting the under recovery of wholesale electricity costs in customer tariffs.

As foreshadowed in October, Australia Pacific LNG production has continued to be impacted by the cumulative effects of wet weather earlier in the financial year, and as a result, production guidance for FY2023 is now expected to be lower at 660-680 PJs, down from 680-710PJs. Australia Pacific LNG capital and operating expenditure guidance is unchanged.

The outlook for the LNG trading business has improved following additional hedging at favourable market prices, resulting in a further \$140 million to \$180 million of LNG trading EBITDA. Previously, LNG trading EBITDA for FY2023 and FY2024 was expected to be slightly positive, and is now expected to be \$40 million to \$80 million. FY2025 LNG trading EBITDA was previously expected to be \$350 to \$450 million, and is now expected to be \$450 million to \$650 million across FY2025 and FY2026. This outlook remains subject to market prices on unhedged volumes, operational performance and delivery risk of physical cargoes, and shipping and regasification costs.

¹ Return on capital employed is calculated as Adjusted EBIT / Average Capital Employed.



Updated guidance		FY2023 prior guidance	FY2023 updated guidance
Energy Markets Underlying EBITDA	A\$m	500 – 650	600 – 730
Integrated Gas - APLNG 100% Production	PJ	680 – 710	660 – 680

For further information:

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