To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	17 August 2023
From	Helen Hardy	Pages	5
Subject	**2023 Full Year Results**		

Please find attached a release on the above subject.

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ASX/Media Release

17 August 2023

Origin reports strong operational performance for FY2023 and improved FY2024 outlook

Origin Energy Limited (Origin) Statutory profit for the full year ended 30 June 2023 rose to $1,055 million, compared to a loss of $1,429 million in the prior year.

Underlying profit increased to $747 million, $340 million higher than the prior year, due to improved earnings across Energy Markets, Octopus Energy and Integrated Gas, partly offset by higher income tax expense associated with unfranked distributions from Australia Pacific LNG. Underlying EBITDA rose to $3,107 million.

Origin received higher cash distributions from Australia Pacific LNG of $1,783 million, as a result of higher realised oil prices. Net of oil hedging, Origin received cash distributions of $1,489 million.

Adjusted free cash flow was $965 million, down $97 million on the prior year, as increased cash distributions from Australia Pacific LNG and higher earnings from Energy Markets were more than offset by higher working capital in Energy Markets.

The Board determined a fully franked final dividend of 20 cents per share.

Performance summary	FY2023	FY2022
Statutory profit	$1,055 million	($1,429 million)
Statutory EPS	61.3 cps	(81.5) cps
Underlying profit	$747 million	$407 million
Underlying EPS	43.4 cps	23.2 cps
Underlying EBITDA	$3,107 million	$2,114 million
Final dividend	20 cps fully franked	16.5 cps partially franked

Origin CEO Frank Calabria said, “Operational performance right across Origin was strong this year, with higher earnings contributions from Energy Markets, Integrated Gas, and Octopus Energy in the UK.

“Australia Pacific LNG delivered record revenue and cash distributions to Origin as it benefited from elevated commodity prices, while continuing to meet the gas needs of export customers and as one of the largest suppliers to the east coast domestic market.

“In Energy Markets, electricity earnings improved as higher wholesale costs from previous periods were recovered through electricity tariffs and coal supply costs declined following the introduction of the coal price cap. Higher sales revenue and trading benefits also contributed to higher earnings in the natural gas segment.

“We have significantly increased our support for customers, recognising the cost-of-living challenges across the economy, including the contribution of higher energy prices. We are targeting $45 million to support customers in hardship this year. This is on top of the $30 million spent helping customers who needed support last year.

“We continue to work with governments and regulators on efforts to support the most vulnerable members of our community.

“More customers are choosing Origin as their retailer, with customer accounts having grown across all key product lines. As at year end, Origin had a total customer base of more than 4.5 million accounts, the highest of any energy retailer. We also completed the migration of all electricity and gas customers to Kraken, consistent with our aim to deliver superior service to our customers at lower cost.

“Origin Zero is tracking against its ambition to supply more business customers with a wider range of cleaner energy solutions, announcing a landmark alliance with a leading grocery retailer, to co-invest in, and share benefits from, the installation of solar at 100 supermarkets, as well as batteries and demand management. These devices will be connected to Origin’s virtual power plant, Origin Loop, which has continued to scale rapidly and now has 276,000 connected services and a capacity of 815 MW.

“In FY2023, there has been a step change in earnings from Octopus Energy in the UK, in which Origin has a 20 per cent stake, as it continued to leverage its superior customer experience and trust, and low-cost operating model and market-leading Kraken platform. Having completed the acquisition of Bulb Energy, Octopus is now the second-largest energy retailer in the UK, continues to grow licensing of Kraken, while pursuing a range of growth options in the UK and other markets.

“We are executing at pace our strategy to accelerate renewables and storage in our portfolio, with the strong performance of the business enabling a range of investment decisions. We have approved the first phase of the Eraring battery, acquired the Warrane prospective wind development site in the New England REZ and progressed several renewable and brownfield battery development options across the portfolio.

“The outlook for FY2024 is for further growth in Energy Markets Underlying EBITDA, with Australia Pacific LNG production expected to rebound and cash flow remaining strong. Looking further ahead to FY2025, we expect electricity gross profit in Energy Markets to be lower than FY2024.

“The strong operational performance underscores the value of Origin’s strategic positioning in the energy transition, with an advantaged portfolio of assets and growth options. Origin remains well positioned to capture value for shareholders and deliver benefits to our customers and communities,” Mr Calabria said.

Origin Chairman Scott Perkins said, “The Board’s determination of a final dividend of 20 cents per share, reflects the strength of the recovery in Origin’s performance and our confidence in the future. Execution of Origin’s strategy is gaining momentum and we are confident that our customer base, portfolio of assets and management team position the company advantageously as the energy transition progresses.

“The proposed acquisition of Origin by a Consortium consisting of Brookfield Asset Management and MidOcean Energy, continues to progress through the necessary regulatory steps.

“The scheme and the Board’s recommendation is subject to an independent expert concluding the scheme is in the best interests of shareholders. The independent expert process is underway.

"While the timing of the shareholder vote is uncertain as it relates to the timing of regulatory approvals, Origin and the Consortium are moving expeditiously towards the target to implement the scheme by early in the 2024 calendar year," Mr Perkins said.

Dividend

The Board determined a fully franked final dividend of 20 cents per share. Shareholders received total dividends for FY2023 of 36.5 cents per share, representing 66 per cent of free cash flow. In FY2022, total dividends were 29 cents per share. The payout ratio is above the target range, reflecting the earnings outlook, strong balance sheet and one-off increase in working capital in FY2023. The dividend will be paid on 29 September 2023 to shareholders registered as at 6 September 2023.

OPERATING PERFORMANCE

Energy Markets

Underlying EBITDA for Energy Markets was $1,038 million, up $637 million on the prior year. Electricity profit rose as higher wholesale energy costs in previous periods were recovered in electricity tariffs, and through optimisation of the energy supply portfolio. Natural gas profit also rose, on higher sales revenue and trading benefits.

Total customer accounts increased by 66,000 to 4.52 million primarily driven by electricity, natural gas and broadband. The migration of customers to Kraken completed in May, and stabilisation activities continue. Origin is expecting to deliver cost savings of $200 million to $250 million from an FY2018 baseline, by 2025.

Origin Zero doubled its share of business customers on solutions broader than electricity or natural gas, providing rooftop solar, batteries, electric vehicles and demand management. The team secured several key account wins, including a leading grocery retailer, a water utility, and a data centre operator. Origin Loop, the company's virtual power plant, more than tripled connected assets to 815 MW, and Origin continues to target growth to 2 GW.

Octopus Energy

Origin's share of Octopus Energy (UK) Underlying EBITDA was $240 million, up from a loss of $36 million in the prior year. Octopus' earnings reflect an increase in customer accounts and the lag in reset of tariffs. The acquisition of Bulb Energy added ~2.5 million customer accounts, making Octopus Energy the UK's second-largest energy retailer, with continued growth in the licensing of Kraken to other retailers resulting in 32 million accounts contracted to be on the platform worldwide.

Integrated Gas

Underlying EBITDA for Integrated Gas was $1,919 million, $82 million higher than the prior year, mainly due to higher commodity prices.

Persistent wet weather restricted access to well sites in the first half, contributing to a 3 per cent decline in production for the year. Improved conditions in the second half allowed more well workover and optimisation activities to occur, enabling a rebound in production in the second half.

Outlook

The following guidance is provided on the basis that market conditions and the regulatory environment do not materially change.

Origin expects higher Energy Markets Underlying EBITDA in FY2024 of $1,300 – 1,700 million, excluding Octopus Energy. Electricity gross profit is expected to improve reflecting higher tariffs and an increased contribution from Eraring and the peaking fleet, while natural gas gross profit is expected to moderate due to higher procurement costs as supply contracts reprice.

Octopus Energy is in a rapid growth phase and continues to invest in international growth, technology platform developments and services offerings. Origin's share of Octopus Energy EBITDA is expected to be lower with a wide range of possible outcomes reflecting stronger retail competition. FY2024 will include a full year contribution from Bulb.

Australia Pacific LNG production is expected to be 680 – 710 PJ (APLNG 100 per cent). Capital and operating expenditure is expected to be higher at $3.9 – 4.4/GJ, primarily due to higher power costs, increased well workover and optimisation programs, and higher non-operated development activity. Unit capital expenditure and operating expenditure over FY2025 and FY2026 is expected to be lower at $3.6 – 4.1/GJ.

LNG trading EBITDA in FY2024 is expected to be $40 – $60 million and across FY2025 and FY2026 periods is expected to be $450 – $600 million.

In Energy Markets in FY2025, Origin anticipates a reduction in electricity gross profit, as regulated customer tariffs decline in line with wholesale costs.

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