| | | | |
|---|---|---|---|
| To | Company Announcements Office | Facsimile | 1300 135 638 |
| Company | ASX Limited | Date | 22 October 2021 |
| From | Helen Hardy | Pages | 3 |
| Subject | Origin agrees sale of 10 per cent interest in Australia Pacific LNG for $2.12 billion | | |

Please find attached a release on the above subject.

Regards

Authorised for lodgement by:
Helen Hardy
Company Secretary

02 8345 5000

## ASX/Media Release

22 October 2021

# Origin agrees sale of 10 per cent interest in Australia Pacific LNG for $2.12 billion

Origin Energy Limited (Origin) has executed an agreement with global energy investor, EIG, to sell a 10 per cent shareholding in Australia Pacific LNG for $2.12 billion[1].

Following completion of the sale, the Australia Pacific LNG joint venture shareholders will comprise ConocoPhillips (37.5 per cent), Origin (27.5 per cent), Sinopec (25 per cent) and EIG (10 per cent).

Origin will retain its existing seats on the Australia Pacific LNG board. EIG will have one board seat, with voting rights commensurate with its 10 per cent shareholding. The divestment will not change Origin's role as upstream operator, responsible for the upstream exploration, development, and production activities.

Based on an estimated completion timing of 31 December 2021, the net proceeds of the sale are expected to be approximately $2.0 billion[1] after adjustments and transaction costs. Following the sale, Origin's guidance for cash flow from Australia Pacific LNG for the 2022 financial year is unchanged at greater than $1 billion[2], net of Origin oil hedging. The dilution of 10 per cent in the second half is estimated to be broadly offset by the improved commodity price outlook.

Origin CEO Frank Calabria said, "Divesting a 10 per cent interest allows Origin to crystalise some of the significant value we have created in Australia Pacific LNG, while retaining upside to further value creation through a continuing substantial shareholding.

"Origin will continue our important role as upstream operator of the world class Australia Pacific LNG asset.

"A diverse asset portfolio, combined with strategic investments over the past 18 months, have put Origin in a strong position to lead the energy transition. The material cash injection from this divestment provides further flexibility to deliver returns to shareholders and pay down debt, while allowing Origin to accelerate investment in growth opportunities.

"We are very proud of what we have helped build alongside our partners, and the performance of Australia Pacific LNG continues to go from strength to strength. The quality of its assets and resource base, and the hard work over recent years to materially reduce the cost base, have rightly made Australia Pacific LNG an attractive proposition for investors.

[1] Assuming an AUD/USD rate of 0.750. US$700 million has been hedged via an option at an AUD/USD strike rate of 0.756, US$285 million has been hedged at a forward rate of AUD/USD 0.749 with the balance to be used to repay USD denominated debt.

[2] Represents 37.5 per cent of cash distributions to 31 December and 27.5 per cent thereafter. Assuming realised FY2022 JCC oil price of US$73/bbl, an average AUD/USD rate of 0.73 and assuming all APLNG debt serviceability tests are met. Origin hedge losses estimated to be $153 million.

“We look forward to the contribution our new joint venture partner, EIG, will make to the venture in the years ahead,” Mr Calabria said.

As part of the transaction, Origin has agreed that it will guarantee EIG’s obligations to satisfy any future cash calls made by Australia Pacific LNG. An entity controlled by EIG will indemnify Origin in respect of the guarantee.

Completion of the sale is subject to pre-emption rights in favour of ConocoPhillips and Sinopec and also ConocoPhillips being reasonably satisfied that EIG is capable of satisfying its obligations under the Australia Pacific LNG Shareholders’ Agreement with the benefit of Origin’s supporting guarantee.

Origin expects the sales proceeds to be broadly in line with the carrying value. No tax is expected to be payable as a result of this transaction.

**For further information:**


**Media**
Anneliis Allen
Ph: +612 8345 5119
Mobile: +61 428 967 166

**Investors**
Liam Barry
Ph: +61 2 9375 5991
Mobile: +61 401 710 367


**About EIG**
EIG is a global energy investor with approximately 40 years’ experience of investing in the oil & gas sector www.eigpartners.com