



# Origin Energy

From where will the fuel come?

Macquarie Connections 12<sup>th</sup> Annual Australia Conference | Sydney, 4-6 May 2011

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All references to "\$" are references to Australian dollars unless otherwise specified.

All references to debt refer to interest-bearing debt.

A reference to Contact is a reference to Contact Energy of New Zealand, a 52% subsidiary of Origin.

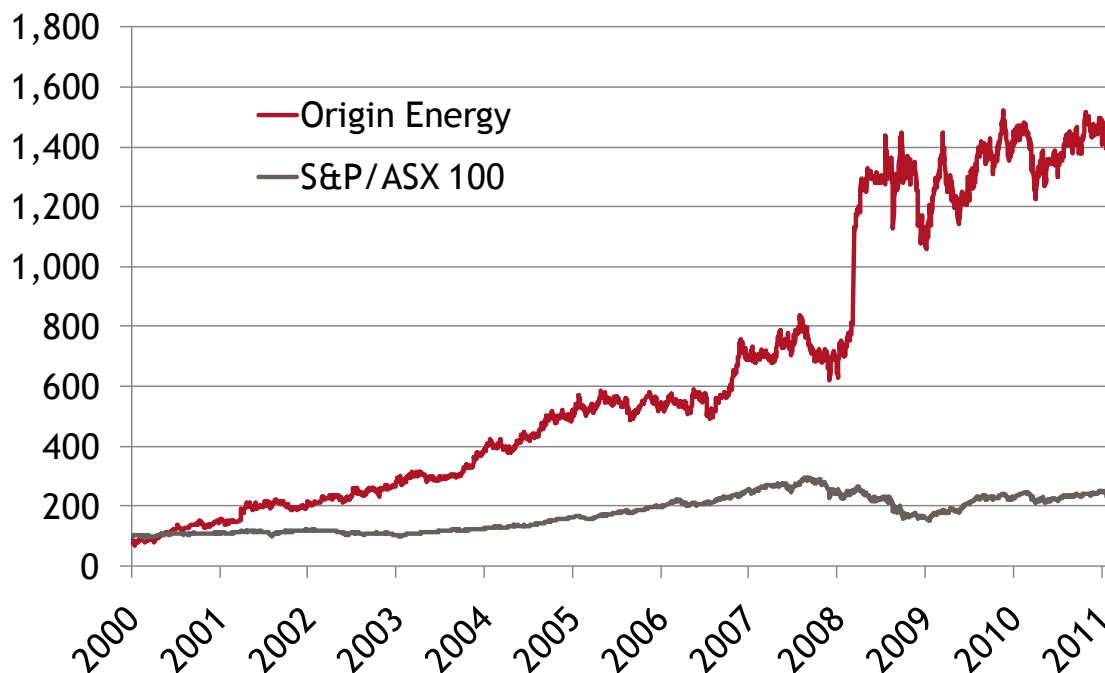
A reference to Australia Pacific LNG or APLNG is a reference to Australia Pacific LNG Pty Limited, an incorporated joint venture that Origin currently holds a 50% interest in.

A reference to the "NSW energy assets" or "NSW acquisition" is a reference to the Integral Energy and Country Energy retail businesses and the Eraring GenTrader arrangements.

Origin's proposition to shareholders is steady and predictable cashflows with EPS growth averaging 10-15% per annum



## Total Shareholder Return - Origin and S&P/ASX 100 Index



Indexed to 100 from 21 February 2000 to 29 April 2011

- Market capitalisation has grown around 20 fold to over \$17 billion
- Origin has delivered 27% per annum compound average growth rate of Total Shareholder Returns from listing to 29 April 2011, versus the S&P/ASX 100 index of 8%

Origin has consistently delivered on this proposition

Source: Origin based on Mercer data

# An investment in Origin today provides a stake in ...



- Australia's leading integrated energy company
  - Largest retail energy customer base
  - Large and diversified generation portfolio across the National Electricity Market
  - Diversified fuel supply position with substantial equity gas and long term contracts for supply and transportation
- Australia's largest CSG reserves base and CSG to LNG project
  - High quality 2P reserves covering domestic and export contracts with significant upside
  - Strong and well aligned joint venture with unrivalled expertise in CSG development and construction of Optimised Cascade LNG liquefaction technology
- An expanding portfolio of diversified energy resource opportunities
  - Domestic and overseas gas exploration opportunities
  - Clean energy development opportunities including wind, geothermal, hydro and solar

... together with an experienced and stable management team with a record of adding value through organic growth and acquisitions

## Origin's acquisition of the NSW energy assets was completed on 1 March 2011 ...



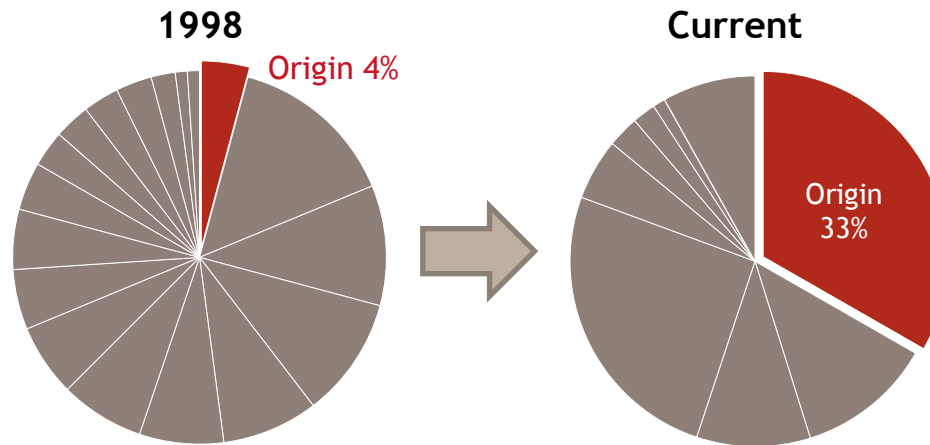
- An effective and cooperative handover of assets has resulted in a smooth transition
- The Transition Services Agreements are supporting Origin's new retail businesses well
- The transaction has provided Country Energy and Integral Energy with new retail products that complement their existing portfolios and strengthen their competitive position
- Initial market data suggests that competition and churn have increased, but levels remain within Origin's expectations
- Origin has been successfully dispatching Eraring Power Station into the market as part of Origin's broader supply portfolio

... and marks the end of a period of disaggregation, privatisation, and consolidation in the deregulating Australian energy market

# Over this period Origin has emerged as the market leading retailer



## Electricity and Gas Market Share in the National Electricity Market regions



Market data as at 30 June 2010; Percentages are based on Origin-estimated customer accounts numbers using publicly available data

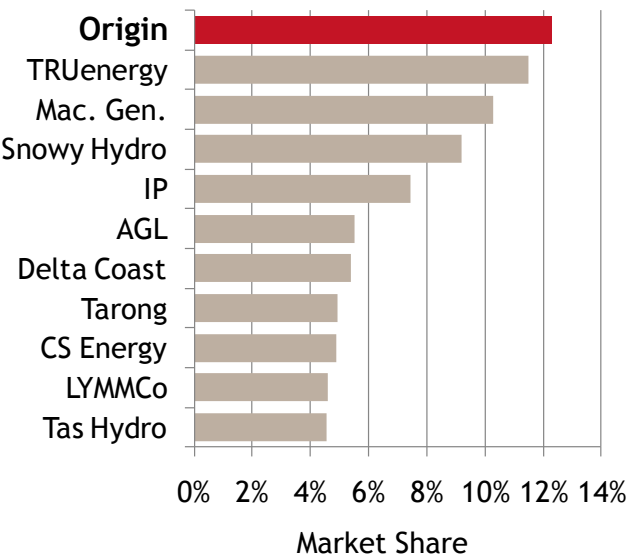
- Origin has grown its Australian energy retail business from around 650 thousand gas and LPG customers in 1998 to around 4.6 million gas, electricity and LPG customer accounts currently
- Origin holds an incumbent retail position, in either gas or electricity, in each mainland region of the National Electricity Market

Origin has also developed a unique generation portfolio through both organic growth and acquisition ...



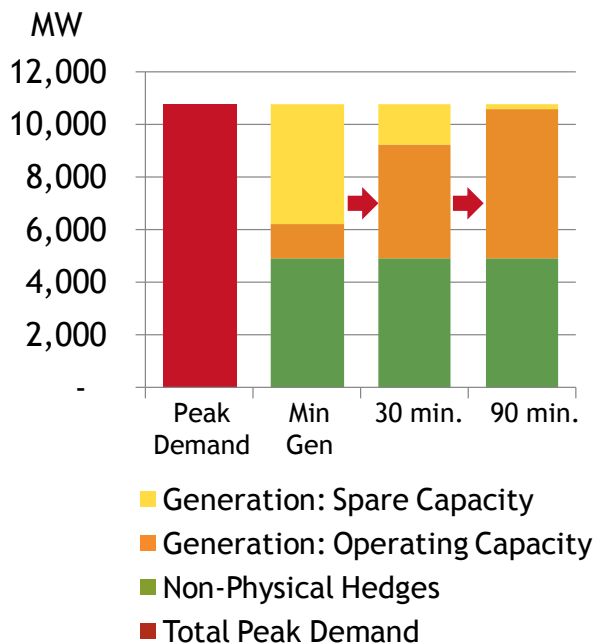
## SCALE

NEM Market Share of Generation Capacity<sup>1,2</sup>



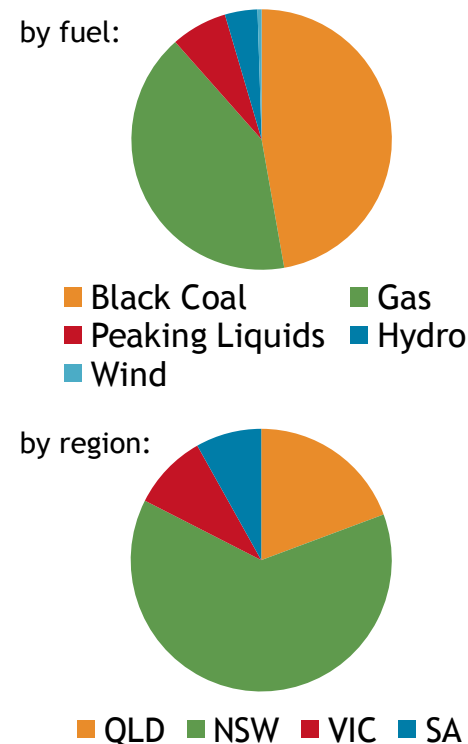
## FLEXIBILITY

Origin Generation Ramp-Up<sup>1,2</sup>



## DIVERSITY

Origin Generation Capacity<sup>1</sup>

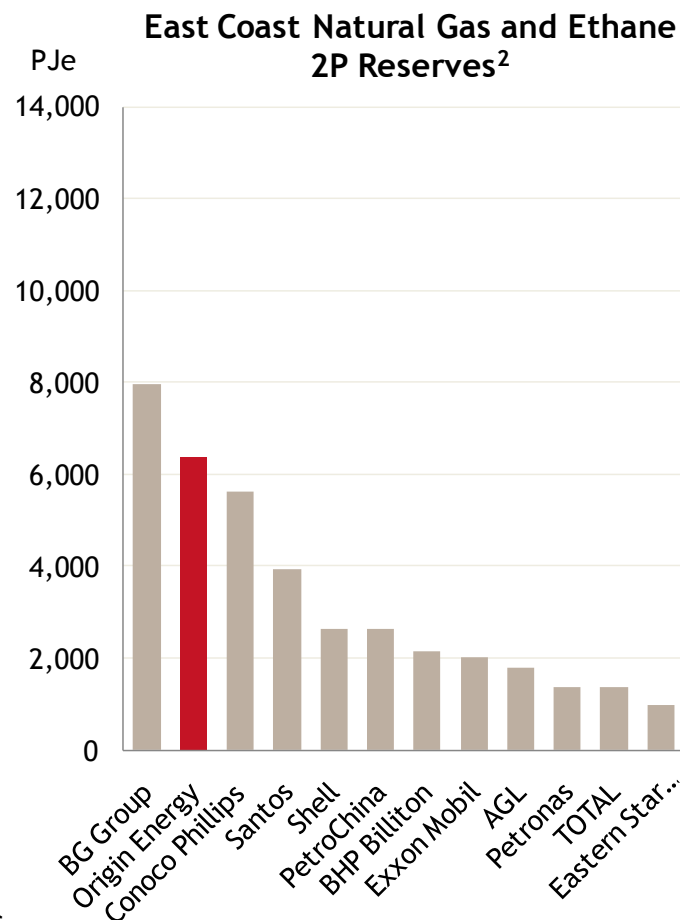
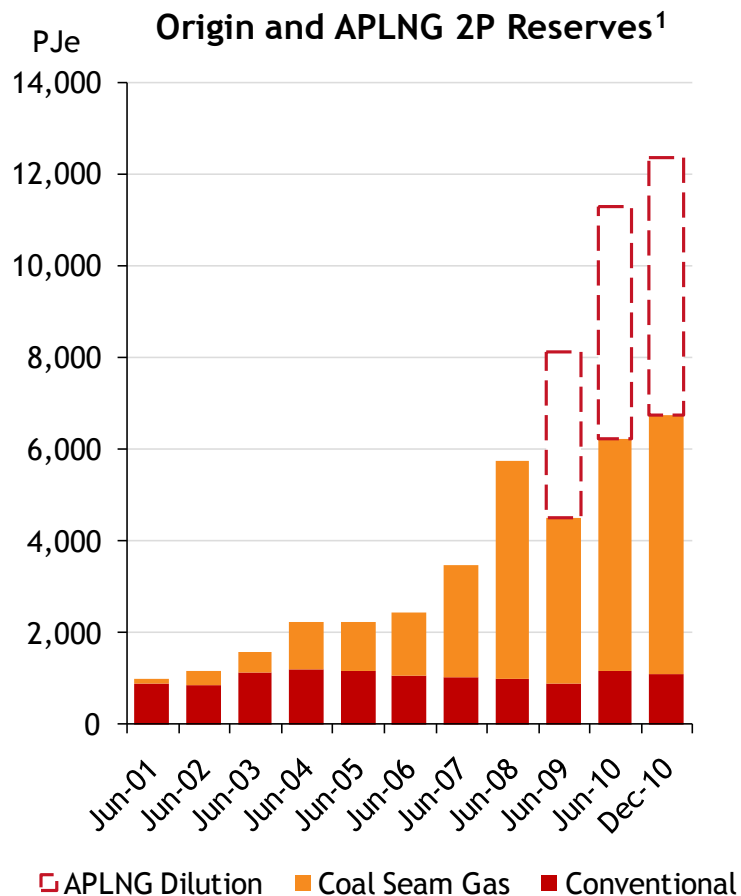


... which provides flexible and cost-effective generation to support Origin's retail business

1) Includes those power stations that Origin owns or has contractual right to; includes Mortlake Power Station which is currently under construction; includes 2,800 MW of capacity for Earing Power Station

2) Includes scheduled generation only, therefore excludes Cullerin Range Wind Farm

# Origin has progressively built its fuel position, initially by focussing on gas resources close to markets ...

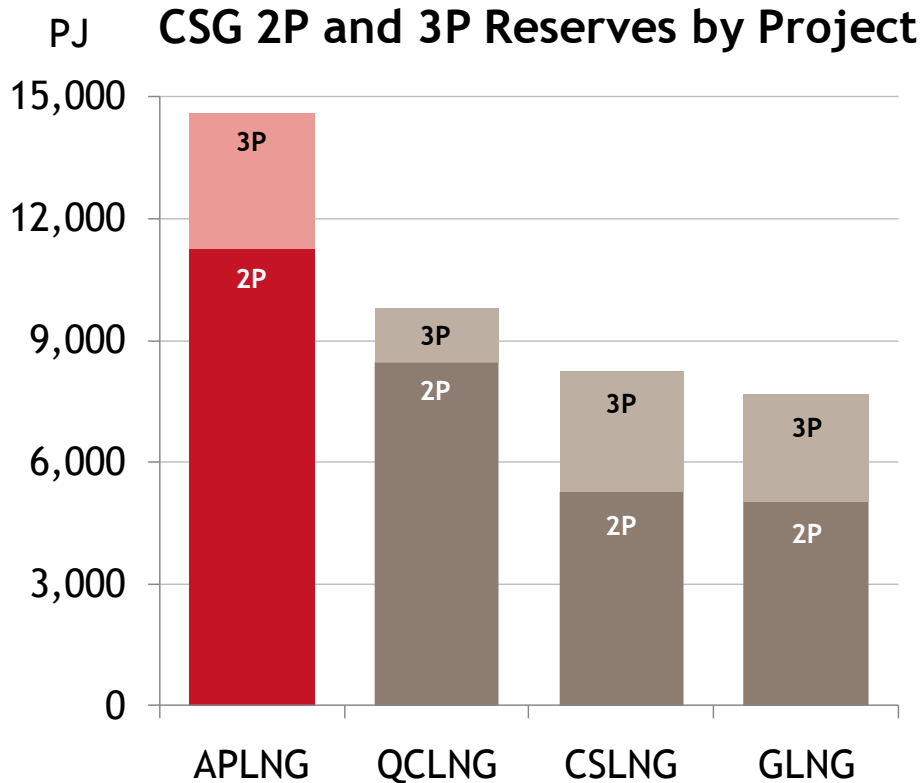


- Origin has rights to around 1,000 PJ of APLNG gas as well as its existing portfolio of conventional reserves

1) Australia Pacific LNG 2P reserves (Origin's current 50% equity share) as at 31 December 2010. Conventional gas reflects 2P reserves as at 30 June 2010 adjusted for year-to-date production as at 31 December 2010

2) EnergyQuest, February 2011

... establishing a strong domestic gas position and the basis for the Australia Pacific LNG project

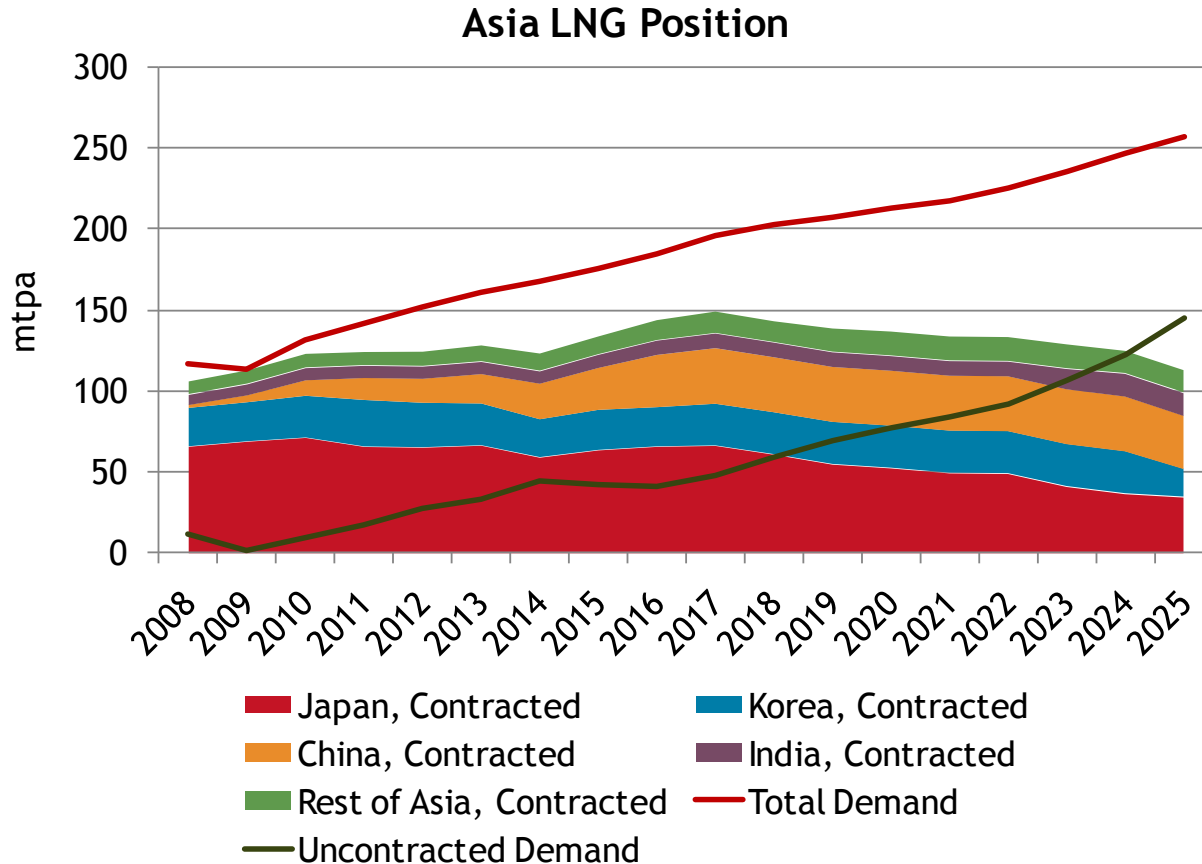


Source: EnergyQuest, February 2011

Over 5,000 PJ is required to service the plateau of a 20-year LNG contract for 4.3 mtpa

*Note: Some of Origin's interest in CSG reserves and resources are subject to reversionary rights  
Refer to Origin's Management Discussion & Analysis for the year ended 30 June 2010 for further information*

# Asian LNG markets are robust, with opportunities for long term contracting ...



Source: Wood Mackenzie, Feb 2011; contracted volumes include binding contracts and Heads of Agreements

... with the world considering how much nuclear energy will be developed post the March 2011 Japan earthquake

# APLNG has made significant progress over the last 12 months ...



Milestone	Timing (Calendar Years)
✓ Initial Advice Statement (IAS) submitted	Q1 2009
✓ Curtis Island Site selected	Q3 2009
✓ Commenced FEED work	Q4 2009
✓ 2P reserves increased to over 11,000 PJ	Q4 2010
✓ Federal and State approvals	Q1 2011
✓ Issued major upstream and downstream contracts	ongoing
✓ Non-binding HOA signed with Sinopec	Q1 2011
✓ Binding SPA and equity subscription with Sinopec	Q2 2011
Target Final Investment Decision (“FID”)	2011
Target first LNG Production	2015

- APLNG has signed a binding Sale and Purchase agreement with Sinopec for the supply of 4.3 mtpa of LNG for 20 years<sup>1</sup>
- APLNG and Sinopec also signed a Subscription Agreement for a 15% interest in APLNG, for a net consideration of US\$1.5 billion
- This agreement will reduce Origin’s and ConocoPhillips’ ownership interest to 42.5% respectively upon completion
- The agreements are subject to approvals by the Chinese Government and in Australia, the Foreign Investment Review Board and are conditional on Australia Pacific LNG reaching a final investment decision

... most recently welcoming Sinopec into the APLNG joint venture

## Having recently secured environmental approvals and a foundation customer ...



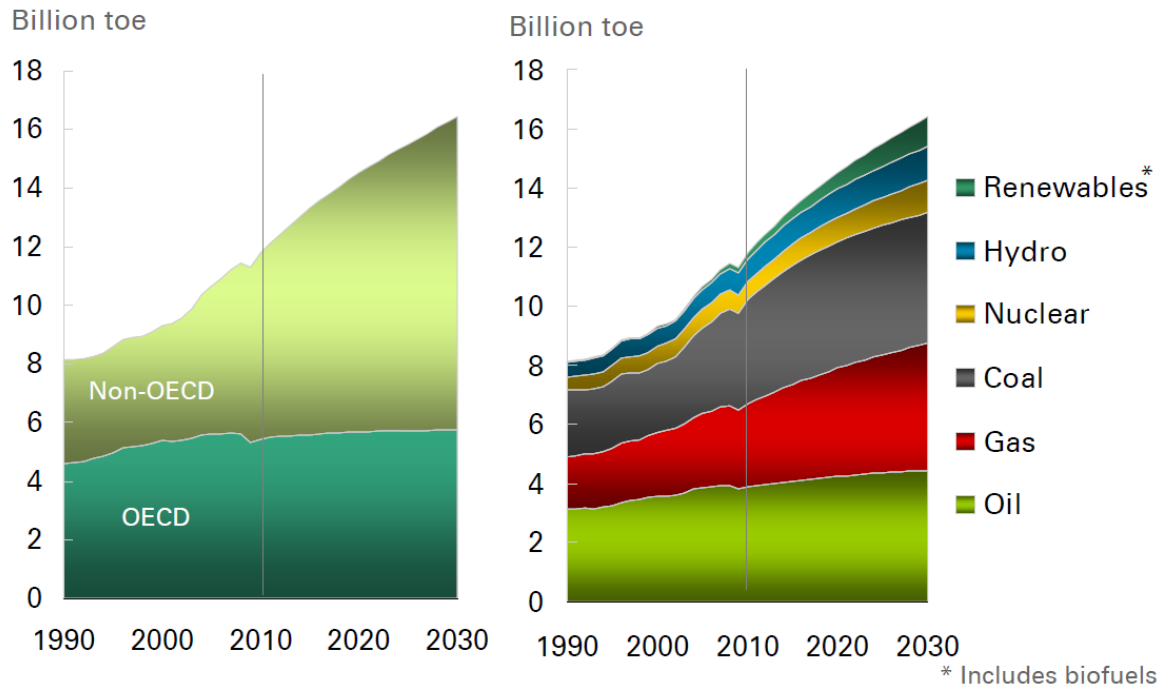
- The next steps for APLNG in the development of its CSG to LNG project include:
  - Finalisation of the conditions precedent in relation to the Sale and Purchase Agreement and Subscription Agreement with Sinopec
  - Continued marketing for LNG sales volumes for a second train
  - Finalisation of negotiations with upstream, pipeline and downstream contractors, including final capital expenditure numbers
  - A final investment decision, targeted for 2011
  - First LNG shipment, targeted for 2015

... APLNG is well progressed towards making a final investment decision

# Origin has always focussed on the strategic question “from where will the fuel come?” to meet future energy needs



Non-OECD economies drive consumption growth...



Source: BP Statistical Review of World Energy June 2010.

- Origin continues to focus on addressing this question in domestic markets in Australia and New Zealand, and is also increasingly responding to growing energy demand globally through LNG and a growing portfolio of gas and renewable resources

Origin has expanded its exploration & development portfolio focussing on gas close to markets ...



In joint ventures with experienced operators including:

- ConocoPhillips (CSG/LNG)
- Anadarko (NZ)
- Apache (Kenya)
- Salamander (SE Asia)

... and in prospective areas where shortages of thermal fuels provide opportunities to enhance shareholder value

# In addressing the world's future energy needs Origin is identifying, creating and adding value to new resource positions



## WIND



- Owns and operates Cullerin Range wind farm in NSW
- Holds around 3,500 MW of wind development sites across Australia

## GEOTHERMAL



- Exposure to 290 MW of geothermal generation and 364 MW of geothermal development through Contact Energy in New Zealand
- Holds interests in Australian geothermal opportunities through Innamincka JVs
- Pursuing the untapped potential of geothermal opportunities in growing markets including Indonesia

## HYDRO



- Holds interests in 750 MW of hydro through Contact Energy in New Zealand
- Evaluating the development of a hydro-electric scheme in PNG and exporting energy into Queensland

## SOLAR



- Installs solar photovoltaic and solar hot water systems in homes and businesses across Australia
- A 50:50 JV partner in Transform with Micron Technology to develop the SLIVER photovoltaic technology

# Origin has consistently delivered on its proposition to shareholders

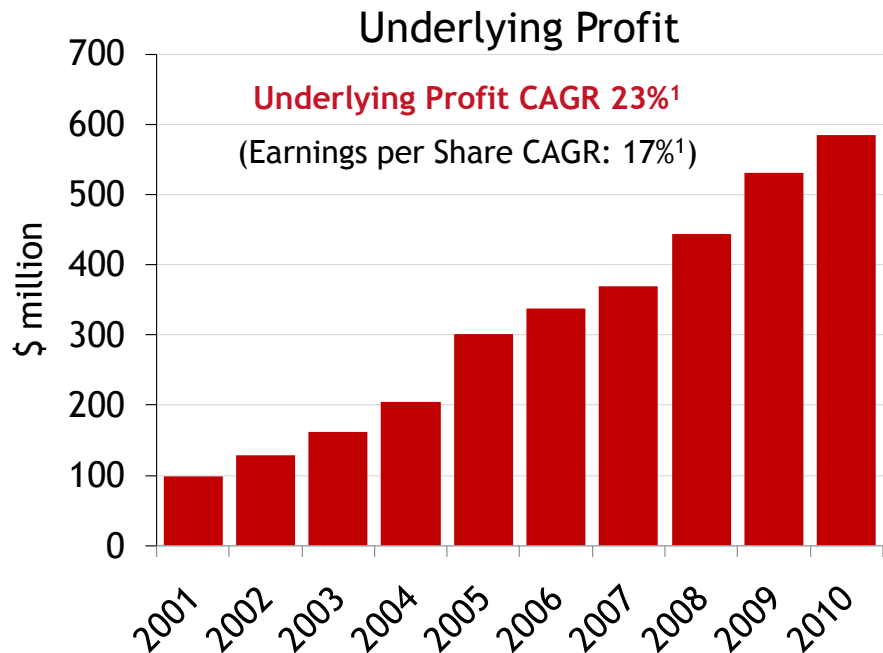


- **Financial Objectives**

- Steady and predictable cashflows
- EPS growth of 10-15% pa on average

- **Business Strategy**

- Positioned in the competitive (rather than regulated) segments of the Australasian energy industry
- Integrated across these segments to:
  - Manage risk through natural hedges
  - Enhance the range of growth opportunities
- Pursue other opportunities that leverage skills and knowledge



Origin is on track to meet these objectives again in 2011

.....  
**Thank you**  
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### Further Information

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