



ASX/Media Release

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Origin delivers record underlying profit - up 20%

Origin Energy ("Origin") today announced an Underlying Profit¹ of \$530 million for the year ended 30 June 2009, an increase of 20 per cent compared with the prior financial year.

Origin's Statutory Profit was \$6.9 billion which includes a gain of \$6.7 billion from the investment by ConocoPhillips in the Australia Pacific LNG joint venture². This compares with Statutory Profit of \$517 million in the prior year.

Profit and Dividends	FY 2009	FY 2008	Change
Statutory Profit	\$6,941 million	\$517 million	up 1,243%
Statutory EPS	791 cps	59 cps	up 1,241%
Underlying Profit	\$530 million	\$443 million	up 20%
Underlying EPS	60 cps	51 cps	up 19%
Final Dividend ⁺	25 cps	13 cps	up 92%
Full Year Dividend ^{**}	50 cps	50 cps	-

+ All dividends in the table above are fully franked

* The 2008 dividend includes an additional fully franked dividend paid in November 2008 of 25 cps

Origin Chairman Mr Kevin McCann said, "Despite the challenging economic environment, Origin has delivered record profits combined with unprecedented balance sheet strength. We have finished the year with no net debt, cash reserves and undrawn committed debt facilities of \$5.3 billion."

Origin Directors have declared a final fully franked dividend of 25 cents per share, almost double the final dividend paid to 30 June 2008. Following the Australia Pacific LNG transaction an additional fully franked dividend of 25 cents per share was paid on 21 November 2008 to rebase the 2008 financial year dividend to 50 cents per share. The 2009 full year dividend is therefore in line with the dividend attributable to the prior year.

The dividend will be paid on 23 September 2009 to shareholders of record on 31 August 2009.

Mr McCann said, "Our strong financial position lays the foundation for Origin to continue to grow as we bring new projects on line and identify and develop new opportunities."

¹ Underlying Profit represents profit after tax and minority interests and before significant items

² Origin's Statutory Profit was \$6.9 billion which includes a gain of \$6.7 billion resulting from the dilution in Origin's investment in Australia Pacific LNG following ConocoPhillips subscription for shares to form a 50:50 joint venture.

Underlying Business Performance

Overall Origin's EBITDAF³ for the year was \$1.2 billion compared with \$1.3 billion for the prior year. Origin's Managing Director, Mr Grant King said, "The challenging circumstances faced by Contact in New Zealand was the primary driver of this reduction with the full consolidation of Contact's EBITDAF of \$369 million compared with the prior year of \$494 million, a reduction of \$125 million.

"EBITDAF from Origin's integrated business, excluding Contact, increased by \$20 million. This was achieved despite the dilution of Origin's interests in its CSG assets as part of the Australia Pacific LNG transaction, lower oil prices and margin foregone in the Retail business as a result of the initial 2008/09 tariff decision by the Queensland Competition Authority," he said.

Exploration & Production EBITDAF was \$264 million for full year 2009 compared with \$266 million in 2008 despite the 50 per cent dilution of Origin's CSG interest following completion of the Australia Pacific LNG transaction as well as lower oil and condensate prices.

Generation EBITDAF increased \$42 million or 65 per cent from \$65 million to \$107 million due mainly to the initial contributions from the new Uranquinty Power Station and the expansion of the Quarantine Power Station.

Retail EBITDAF was \$479 million compared with \$499 million for the year ended June 30 2009. This was primarily due to margin foregone resulting in an initial adverse 2008/09 tariff decision by the Queensland Competition Authority that was only rectified in June 2009.

Contact Energy contributed \$369 million to overall EBITDAF - a 25 per cent reduction on the previous year of \$494 million. Contact's business remains sound notwithstanding the combination of extreme weather and transmission constraints which adversely affected Contact's wholesale costs and generating revenue.

Following completion of the Australia Pacific LNG transaction, Origin repaid a substantial portion of debt facilities and retains a strong cash balance. Interest earned on deposits and interest saved on loans repaid more than offset the total reduction in EBITDAF from Origin's business segments. Origin's net underlying finance cost reduced from \$220 million in 2008 to \$32 million in 2009, a year on year benefit of \$188 million.

This effect when added to underlying business performance resulted in a 20 per cent increase in underlying profit to \$530 million.

Mr King said, "Origin's financial strength has supported a significant capital expenditure program throughout the year, with total investment in growth capital, stay-in-business capital and acquisitions of \$2.3 billion.

"Investments included approximately \$1.2 billion in generation developments, \$597 million in Exploration and Production assets, \$415 million invested by Contact in New Zealand and \$124 million on Retail projects and assets," Mr King said.

Outlook

Commenting on the outlook Mr King said, Origin has commenced the 2009/10 financial year with its existing business well placed to contribute ongoing growth, its CSG to LNG joint venture with ConocoPhillips effectively established and a very strong financial position with access to \$5.3 billion of cash and undrawn committed debt facilities.

Within its existing businesses, a number of development projects and acquisitions are expected to contribute to Origin's financial performance during 2010. These include:

- a full year contribution from the Uranquinty and expanded Quarantine power stations;
- a full year contribution from the 30 MW Cullerin Range Wind Farm in NSW - completed in late June 2009;
- continued development of domestic CSG production, which is expected to reach more than 100 PJ per annum for Australia Pacific LNG by 2011 (Origin share 50 per cent);

³ Earnings before interest, tax, depreciation, amortisation, financial instruments and significant items (EBITDAF)

- the Kupe Gas Project in New Zealand which is expected to open the wells and bring first raw gas ashore in the December quarter 2009;
- the 126 MW expansion of the Mt Stuart Power Station in Townsville - due for completion in late calendar year 2009; and
- completion of the 630 MW combined cycle gas fired Darling Downs Power Station in Queensland which is expected to be fully commissioned in the latter half of the 2010 financial year.

Mr King said, "Origin also expects increased contributions from Contact Energy based on the presumption that weather in New Zealand will return to more normal levels. The Retail business will benefit from the final Queensland Competition Authority decision for 2009 financial year which will result in underlying cost increases being appropriately reflected in tariffs for the coming year.

"Taking all these factors into account and based on current market conditions, Origin expects the Underlying Profit for the 2010 financial year to be around 15 per cent higher than the prior year.

"During the coming year Origin has committed to a substantial program of offshore exploration in the Bass and Otway Basins in southern Australia and the Northland Basin in New Zealand. The initial program of five wells is expected to cost approximately \$100 million. This program is targeting substantial reserves increases addressing opportunities near domestic markets in Australia and New Zealand."

Mr King noted that it is possible some elements of this program may be unsuccessful and could result in substantial write-off of exploration expense occurring in this year.

"Work commenced on a number of other major projects which will contribute to growth in the years ahead including the Mortlake power station in Victoria and, through Contact Energy in New Zealand, the Stratford peaking power station, the Ahuroa storage project and expansion of geothermal generation.

"Origin has also developed a substantial portfolio of renewable energy opportunities. This includes wind, geothermal and solar photovoltaic energy. Passage of the renewable energy legislation through the Australian Parliament will generate substantial further investment in these areas.

"The Australia Pacific LNG joint venture between Origin and ConocoPhillips is established and working effectively towards the development of a CSG to LNG project in Queensland. As reported by Origin at 30 June 2009 Australia Pacific LNG's Proved and Probable reserves increased by more than 50 per cent to 7,265 PJe. This reserves increase demonstrates the size and quality of the CSG resource available to the joint venture.

"Australia Pacific LNG has secured a site for its project at Laird Point on Curtis Island in the Port of Gladstone from the Queensland Government. The project continues to target FID by the end of 2010 with production commencing at the end of 2014.

"The past year has been a challenging year for financial markets and many companies have been severely constrained in accessing capital to fund their business. Following the transaction with ConocoPhillips to establish the Australia Pacific LNG joint venture, Origin begins the new financial year with \$5.3 billion of cash and undrawn committed debt facilities. Origin is therefore able to fund the many opportunities it has to continue to grow and develop its business," said Mr King.

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About Origin Energy

Origin Energy is Australasia's leading integrated energy company focused on gas and oil exploration and production, power generation and energy retailing.

Listed in the ASX top 20 the company has approximately 4,000 employees, is a leading producer of gas in eastern Australia, is the largest owner and developer of gas-fired electricity generation in Australia and is a leading wholesaler and retailer of energy. The company services more than 3.5 million electricity, natural gas and LPG customers across Australia, New Zealand and the Pacific. Origin's strategic positioning and portfolio of assets provide flexibility, stability and significant opportunities for growth in the ever changing energy industry. Through Australia Pacific LNG, its 50:50 incorporated joint venture with ConocoPhillips, Origin is developing one of Australia's largest CSG to LNG projects based on Australia's largest CSG reserves base.

In New Zealand, Origin is the major shareholder in Contact Energy, the country's leading integrated energy company, operating geothermal, thermal and hydro generation facilities and servicing electricity, gas and LPG customers across both the North and South islands. Origin also operates several oil and gas projects in New Zealand and is one of the largest holders of petroleum exploration acreage in the country.

Origin has a strong focus on ensuring the sustainability of its operations, is the largest green energy retailer in Australia and has significant investments in renewable energy technologies.
For more information go to www.originenergy.com.au