



## ASX/Media Release

23 August 2011

### Origin reports 15% growth in Underlying Profit and strong growth outlook for 2012

Origin Energy Limited (Origin) today announced a 15 per cent increase in Underlying Profit to \$673 million for the financial year ended 30 June 2011, when compared with the prior year.

Significant contributions to the increase in Underlying Profit came from the newly acquired NSW energy businesses<sup>1</sup> as well as from investments Origin has made in its Generation and Exploration and Production businesses during the past two years.

The growth in Underlying Profit is accompanied by a 32 per cent increase in Underlying EBITDA to \$1,782 million and a 64 per cent increase in Operating Cash Flow After Tax to \$1,585 million demonstrating the strength of Origin's underlying business.

Statutory Profit for the year was \$186 million, down from \$612 million in the prior year. A number of items including transition and transaction costs, impairments and a decrease in the fair value of financial instruments resulted in the decrease in Statutory Profit<sup>2</sup>.

Financial Highlights	FY2011	FY2010	Change
Statutory Profit	\$186 million	\$612 million	down 70%
Underlying Profit	\$673 million	\$585 million	up 15%
Underlying EBITDA	\$1,782 million	\$1,346 million	up 32%
Underlying EPS	71.0 cps	64.8 cps <sup>3</sup>	up 10%
Operating Cash Flow After Tax	\$1,585 million	\$965 million	up 64%
Final fully franked dividend	25 cps	25 cps	steady
Full year dividend	50 cps	50 cps	steady
Capital Expenditure <sup>4</sup>	\$4,954 million	\$3,027 million	up 64%

Origin Chairman, Mr Kevin McCann said, "During the year, Origin acquired a portfolio of NSW energy businesses, elevating the Company to a position as Australia's leading energy retailer with one of the country's largest and most flexible portfolios of owned and contracted generation. The acquisition has provided strong initial contributions to Underlying Profit and cash flow.

"In July 2011, we took a Final Investment Decision in respect of the Australia Pacific LNG CSG-to-LNG project. Origin's 42.5 per cent share of the first phase of the project requires investment of around US\$6 billion over the next four years.

<sup>1</sup> The NSW energy businesses is a reference to the Integral Energy and Country Energy retail businesses and the Eraring GenTrader arrangements.

<sup>2</sup> A full reconciliation from Statutory Profit to Underlying Profit is provided in the MD&A.

<sup>3</sup> FY2010 Underlying EPS of 66.6 cps restated to 64.8 cps for the bonus element of the rights issue completed in April 2011.

<sup>4</sup> Capital expenditure including acquisitions.



“As a consequence of these decisions, Origin undertook a number of major capital raising activities in both debt and equity markets. The funds raised will meet ongoing capital expenditure requirements of the business and preserve Origin’s balance sheet strength. Equity and debt markets showed strong support for these initiatives.

“Origin is actively managing and will appropriately add to its existing debt facilities to continue to hold sufficient liquidity to cover forward contributions to Australia Pacific LNG and the growth of the balance of Origin’s business.

“The Board has declared a final fully franked dividend of 25 cents per share, taking total dividends for the year to 50 cents per share, which represents 70 per cent of underlying earnings,” Mr McCann said.

The dividend will be paid on 29 September 2011 to shareholders of record on 2 September 2011.

Origin’s Dividend Reinvestment Plan (DRP) will apply to this dividend. Origin will apply a discount of 2.5 per cent to the price of shares issued under the DRP in respect of the dividend for the period ended 30 June 2011. Origin has underwritten up to 100 per cent of the interim and final dividends up to and including the period ending 31 December 2012. The final dividend for the period ended 30 June 2011 will be fully underwritten.

### **Underlying business performance**

Commenting on Origin’s underlying business performance, Managing Director Mr Grant King said, “Growth in Origin’s underlying EBITDA and Operating Cash Flow After Tax demonstrates strong performance from the existing business and benefits flowing through initial or increased contributions from a number of new developments and acquisitions.”

**Exploration and Production** Underlying EBITDA was \$325 million, 30 per cent or \$75 million higher than the prior year due to higher average commodity prices together with a full year contribution from Kupe, a larger share of Otway and higher production from BassGas and Australia Pacific LNG, which was partially offset by lower production from onshore assets and higher exploration expense.

**Generation** Underlying EBITDA increased 80 per cent or \$145 million to \$327 million reflecting the increase in Origin’s owned and contracted generation capacity from 1,710 MW to 5,310 MW, including a full year contribution from the Darling Downs Power Station and four months’ contribution from the GenTrader arrangements for Eraring and Shoalhaven power stations.

**Retail** Underlying EBITDA increased 38 per cent or \$217 million to \$785 million. This was primarily due to the first four months’ contribution from the acquired Integral Energy and Country Energy retail businesses in NSW, effective management of the energy portfolio and growth in non-commodity sales, predominantly solar.

**Contact Energy** Underlying EBITDA decreased \$1 million to \$345 million. Higher generation volumes and increased wholesale electricity prices in New Zealand resulted in a NZ\$14 million increase reported by Contact. The foreign exchange impact of a strengthening Australian Dollar against the New Zealand Dollar resulted in a marginal decrease in the Australian Dollar Underlying EBITDA.



## Outlook

Origin has funded a number of projects and acquisitions in recent years which will contribute to Underlying EBITDA performance in the coming year, including:

- a full year contribution from the acquisition of the Integral Energy and Country Energy retail businesses;
- a full year contribution from the GenTrader arrangements covering the Eraring and Shoalhaven power stations and a contribution from the Mortlake Power Station which is expected to commence commercial operations during the first half of the 2012 financial year;
- increased contribution from the Exploration and Production business due to lower levels of planned exploration expense versus the prior year; and
- improved profitability of Contact Energy in New Zealand as the Stratford Power Station and the Ahuroa Gas Storage project deliver flexibility to the company's energy supply portfolio.

Depreciation and amortisation expense will continue to increase as capital intensive assets come on line or provide a full year's contribution.

Underlying net financing costs will also increase associated with the funding of the NSW acquisition and completed developments. As Australia Pacific LNG is a development project, interest expense associated with its funding is excluded from the guidance of Underlying Profit.

Origin's effective tax rate is expected to remain above 30 per cent due to the non-deductibility for tax purposes of amortisation associated with the GenTrader arrangements.

"Based on Origin's current assessment of operations and prevailing market conditions, Origin anticipates Underlying EBITDA to increase by around 35 per cent and Underlying Profit to increase by around 30 per cent for the 2012 financial year when compared with the prior year," Mr King said.

## Future growth opportunities

In July 2011, Origin committed to fund its 42.5 per cent share of the US\$14 billion of estimated capital expenditure for the first phase of the Australia Pacific LNG project with the option of progressing to a full two-train development. Capital has also been committed to develop the Te Mihi geothermal project via Origin's shareholding in Contact Energy and Origin will fund the continued upgrade of capacity at Eraring Power Station. These commitments will continue to drive growth in the medium term.

"Origin is also pursuing a number of opportunities, which will expand the scale and diversity of the business and provide earnings growth in the medium to long-term," Mr King said.

"Origin has several options available to expand its generation capacity. This includes the development of Australia's largest wind farm at Stockyard Hill and options to convert some open cycle gas turbine sites to highly efficient combined cycle gas turbines.

"In addition, Origin is pursuing a range of low carbon emission and renewable energy opportunities in growing offshore markets. These include exploration and development of geothermal resources, particularly in Chile and Indonesia,



assessment and development of hydro resources such as the potential Purari Hydro Project in Papua New Guinea and exploration for gas particularly in the Canterbury Basin in New Zealand, in South East Asia and Kenya.

“Since first listing in 2000, Origin has demonstrated the ability to deliver sustained growth in earnings which has resulted in long-term growth in shareholder value. Based on the opportunities available to the company, Origin continues to target long term growth in underlying earnings per share of 10 to 15 per cent per annum on average,” Mr King said.

Ends

**For further information please contact:**

**Media**

Lina Melero  
General Manager Corporate Communication  
Ph: 02 8345 5217  
Mobile: 0427 017 798

**Investors**

Angus Guthrie  
Group Manager Investor Relations  
Ph: 02 8345 5558  
Mobile: 0417 864 255

**About Origin Energy**

Origin Energy is Australia’s leading integrated energy company focused on gas and oil exploration and production, power generation and energy retailing. Listed in the S&P ASX top 20 the company has more than 5,300 employees and is a leading producer of gas in eastern Australia. Origin is Australia’s largest energy retailer servicing 4.6 million electricity, natural gas and LPG customer accounts and has one of the country’s largest and most flexible generation portfolios with 5,310 MW of capacity, through either owned generation or contracted rights. Origin’s strategic positioning and portfolio of assets provide flexibility, stability and significant opportunities for growth across the energy industry. Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, 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.

[www.originenergy.com.au](http://www.originenergy.com.au)