ORIGIN ENERGY

IMPROVING RETURNS IN ENERGY MARKETS

Investor Day
Melbourne
10 June 2015
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Origin’s strategy of connecting resources to markets is pursued through its 3 businesses, 4 priorities and 5 measures that drive continued improvement in Origin’s performance.

### 3 Businesses
- A regional leader in energy markets
- A regionally significant position in natural gas and LNG production
- A growing position in renewable energy

### 4 Priorities
- Improving returns in energy markets businesses
- Delivering growth in natural gas and LNG
- Growing capabilities and increasing investment in renewables
- Capital management and funding

### 5 Measures
- TRIFR for our safety
- Total Shareholder Return for financial performance
- Net Promoter Score for our customers’ advocacy
- Engagement survey for people at Origin
- RepTrak for community reputation
Improving Returns in Energy Markets

Frank Calabria, CEO
The energy market continues to rapidly change

Demand for gas is increasing

Wholesale electricity market remains oversupplied with additional renewables required

East coast gas demand\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Curtis Island Demand</th>
<th>Gas Fired Generation</th>
<th>Industrial</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td>2019</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reserve energy margin (%)\(^2\)

- 15%
- 20%
- 25%
- 30%

(1) AEMO data
(2) AEMO data and Origin modelling
Consumers have more choice and are demanding more from their energy provider.

Strong retail competition for grid supply

Distributed generation increasingly affordable
Origin aspires to become the most trusted energy solutions provider

Customer centric organisation, using our knowledge of the customer to offer a range of energy related products and services

Grid supply
- Maintain flexibility of gas & electricity (fuel & generation) portfolios
- Pivot to renewables
- Superior customer experience
- World class cost structure
- Leverage analytics & smart meter technology to deliver new energy solutions

Distributed generation
- Leverage existing capabilities in solar to take new propositions to customers
- Own and manage distributed generation for the customer
- Effectively integrate battery storage and electric vehicles into customers’ energy mix
Becoming the most trusted energy solutions provider and improving returns in Energy Markets require focus on four clear Strategic Priorities:

### 3 Businesses

- A regional leader in energy markets
- A regionally significant position in natural gas and LNG production
- A growing position in renewable energy

### 4 Priorities

- Improving returns in energy markets businesses
- Delivering growth in natural gas and LNG
- Growing capabilities and increasing investment in renewables
- Capital management and funding

### Energy Markets Strategic Priorities

- Build customer loyalty & trust
- Maximise the value of the core business
- Grow new products & services
- Engaged, high performing teams
Origin has made significant progress on these Strategic Priorities

<table>
<thead>
<tr>
<th>Progress to date</th>
<th>Focus going forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Increased gas margins and market share</td>
<td>• Capture benefit of rising gas market</td>
</tr>
<tr>
<td>✓ Reduced cost to serve</td>
<td>• Remain competitive on cost of electricity through flexibility; pivot to renewables</td>
</tr>
<tr>
<td>✓ Generation portfolio performance and reduced capital and operating expenditure</td>
<td>• Lower CTS &amp; improve capital efficiency</td>
</tr>
<tr>
<td>✓ Improved consumer and SME customer experience: complaints down; new integrated digital platform; proactive retention</td>
<td>• “OMNI” customer experience</td>
</tr>
<tr>
<td>✓ Improved customer satisfaction in the Business segment</td>
<td>• Data and analytics to deliver new products and services to the consumer</td>
</tr>
<tr>
<td>✓ Acumen Metering well established</td>
<td>• Grow new solar business model, extending into batteries and other home energy services</td>
</tr>
<tr>
<td>✓ Solar – consumer and business growth &amp; PPA product launched</td>
<td>• Extend Acumen Metering capability into consumer and SME markets</td>
</tr>
<tr>
<td>✓ Entered ACT market</td>
<td>• Grow in embedded networks</td>
</tr>
</tbody>
</table>

Maximise value of the core business

Build customer loyalty & trust

Grow new products & services
Increased operating cash flow and reduced capital expenditure are improving returns.
Energy Markets is continuing to deliver improved returns by...

Expanding Natural Gas margins
- Maintain competitive cost of gas through legacy gas positions
- Maximise value of ramp gas opportunities
- Commencement of long dated and well priced gas sales contracts to other LNG projects

Maintaining Electricity margins
- Maintain competitive cost of energy through a flexible fuel and generation portfolio
- Well positioned for future development and growth

Building customer loyalty and trust
- Maintain competitive pricing
- Reduce churn
- Sell further products and services

Reducing operating costs and capital expenditure
- $100 million reduction in Natural Gas & Electricity cash cost to serve and Generation Opex across FY2015 and FY2016
- Total capital expenditure in the core business reduced, with a further reduction of $50 million in FY2016 to ~$250 million

Growing Solar and Energy Services
- Become #1 in the Solar market
- Net loss of $25 million expected in FY2016
- Breakeven by FY2017 and targeting 170 MW installed in FY2018

... with the key risk being the level of competition in retail markets
Energy Markets team

Frank Calabria
CEO

Greg Jarvis
GM Wholesale & Trading, Business Sales

Tony Lucas
GM Energy Risk Management

David Smales
GM Generation

Rebekah O’Flaherty
GM Marketing, Sales & Service

Jon Briskin
GM Retail Customer Operations

Phil Mackey
GM Solar & Emerging Businesses

Andrew Bills
GM LPG & HSE

Phil Moody
GM Commercial & Business Services
Maximising Gas Value and Flexibility

Greg Jarvis, General Manager Wholesale & Trading and Business Sales
Gas portfolio flexibility in rising price environment

1. Gas demand increasing
2. Gas prices rising in all markets
3. Origin has a strong gas supply position ...
4. ... and flexibility to manage shifting market dynamics

Competitive advantage in cost of gas
Increased gas market share
Increased gas margins
The tripling of demand has presented Origin with a number of significant opportunities to maximise the value of gas.

(1) AEMO data
Changing nature of east coast gas market and increasing production costs leading to higher wholesale and retail gas prices

Australian domestic gas prices are moving towards export parity

Once all the east coast LNG projects have secured all of their feed gas, domestic gas prices will likely be driven by production costs of new developments

Wholesale component of retail tariff (NSW)\(^3\)

NSW regulated prices provided for an increase of 18.4%\(^3\) in FY2015

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(1) Average calendar year spot prices across VIC, NSW, SA and QLD. All prices are to 31 December 2014.
(2) EnergyQuest EnergyQuarterly November 2014 Report. Short-run LNG netback at Wallumbilla, based on 14.5% and 0.78 AUD/USD exchange rate
(3) IPART, inclusive of carbon
Origin’s gas for power generation will be sold into the higher priced LNG market ... 

... however, when electricity prices exceed the equivalent LNG sale price, Origin has the option to call back gas to run its gas peaking portfolio.

(1) Assuming a heat rate of 10 GJ/MWh
**In an increasingly tight market, access to reserves at competitive prices is an advantage**

**Origin has significant equity and contracted resources at all major supply hubs**

1. Equity resources (Bass Gas and Otway) and long dated contract with BHP / Esso provides significant volumes in the south

2. Beach gas contracted until December 2024 plus Origin equity gas (Cooper JV)

3. Gas from APLNG contracted until 2034 at legacy prices plus options around further development (Ironbark)

**Additional supply expected from ramp gas and Speculant**
Access to gas reserves is complemented by transport capacity and flexibility

- Historically Queensland gas has flowed to the southern states, however this will reverse once LNG trains are operational.
- During ramp phase, gas flows between Wallumbilla and Moomba can swing up to 300 TJ/d.
- Origin able to manage swings in market given access to bi-directional transport and ability to monetise in the electricity market through gas generation.

Origin was the first to execute favourable gas transport agreements in anticipation of changing market dynamics.
Flexible gas transportation and generation portfolios have allowed Origin to monetise available ramp gas in Queensland.

- 28 PJ of ramp gas monetised in first half of FY2015
- Up to 40 PJ of ramp gas expected to be monetised in second half of FY2015
Origin’s competitive advantages will allow it to continue to capture benefits of rising gas prices, near term ramp gas opportunities, increasing sales volumes and market share ...

- Continued rising domestic gas prices and cost of gas benefit from legacy portfolio
- Short term ramp gas benefit
- Commencement of sales to other LNG projects
  - QGC - up to 30 PJ in calendar 2014 & 2015
  - GLNG – 365 PJ over 10 years from 2015
  - GLNG – up to 194 PJ over 5 years from 2016
- Ability to call back gas during periods of high electricity prices to run its gas generation

... while continuing to provide support to its flexible generation portfolio through the ability to call back gas or to take additional ramp gas
Maximising Fuel and Generation Flexibility

Tony Lucas, General Manager Energy Risk Management
Fuel and generation flexibility in a market with uncertain demand outlook and increasing renewable supply

1. Downside risk to the demand outlook
2. Increasing energy supply & volatility in the NEM
3. Electricity portfolio flexibility
4. Fuel flexibility

Competitive cost of electricity
While some demand growth will come from LNG, increased solar penetration and energy efficiency is expected to continue.

Demand growth primarily in Queensland

- Residential growth offset by efficiency
- Downside risk from solar penetration

Battery storage uptake and further industrial closures represents further risks

(1) AEMO data, Origin assumptions on type of demand splits
(2) Origin modelling and AEMO data. Assumes 16% capacity factor.
Gas-fired generation will decrease as gas prices rise, however with more certainty on the 33 TWh RET, energy supply will increase as wind and/or utility scale solar are built.

Wind is most suited to the southern states where the demand outlook is more subdued.

1. Historical data and Origin modelling
2. AEMO and Origin modelling
Increases in renewables to achieve a 2020 RET will extend the supply curve and place downward pressure on wholesale prices

Low SRMC baseload generation with large take or pay fuel positions will continue to run, placing further downward pressure on wholesale prices

(1) Demand data from AEMO. Supply data based on Origin modelling. Renewable build based on a 33 TWh target.
(2) FY2014. Generation data from NemSight. Demand from company reporting.
Origin’s LRET portfolio has flexibility to contract or build longer term REC liability based on growth in line with AEMO’s system demand.

Origin’s LRET position

Origin has the option to bring in wind in the south or utility scale solar in Queensland.
The intermittency of wind will likely increase volatility for which Origin is well placed to benefit through its gas-peaking portfolio.

Intermittency of renewables increases reliance on peaking generation support

Wind variability driving volatility in SA

Number of 5-minute periods per day where required generator response exceeds coal flexibility to ramp both up and down

Average number per day relative to FY2015

Price Volatility and Wind Generation in South Australia

South Australian Wind (RHS) South Australian Spot Price (LHS)

Wind variability driving volatility in SA

1 Origin modelling
Enough wind has received DA approval to meet the 5 GW of new wind equivalent required under a 33 TWh target

5GW of wind required to be built, with 6GW already having required approvals in place

More economic to build wind rather than pay penalty

Status of Wind Development Options

- FID / Ready to Progress
- DA Approved
- Permitting
- Planning/Development
- Capacity Required by 2020

Wind Capacity (MW)

- 0
- 2,000
- 4,000
- 6,000
- 8,000
- 10,000
- 12,000

33 TWh RET

There is a window of opportunity to build over the next five years which will be more economic than paying the penalty on the scheme

(1) Based on publically available information
(2) Origin modelling; assumes LRET scheme ends 2030 and no carbon price
In a market which is expected to remain oversupplied Origin has a competitive cost of electricity through its flexible generation portfolio with a short position to the pool ...

Origin’s Generation Flexibility

- Limited coal exposure
- Sufficient capacity for $0/MWh short-run renewables to come into the portfolio
- Renewables complement existing peaking fleet, together with call back options under gas sales contracts
- Gas portfolio can ramp up from minimum generation levels to capacity within one hour

Origin has the flexibility to run:
- Coal generation – base, intermediate
- Gas generation – base, intermediate, peaking
- Peaking distillate generation
- Pumped-storage hydro generation
- Purchase from the market

... combined with a peaking fleet of over 3,000 MW and flexible call back options under gas sales contracts that will add significant value as the level of renewable generation in the NEM grows

(1) Eraring operated at a 45% capacity factor in FY2014
Origin’s fuel position is heavily weighted to gas where market prices are increasing $3.50/GJ+.

Large portion of fixed priced gas in Origin’s supply position:

- **Ironbark (new equity gas)**
- **Price Review**
- **Oil Linked**
- **Fixed Price**
- **APLNG purchases**
- **Origin’s existing equity gas**

1,100 PJ of fixed price gas

Coal currently contracted to 2022, with options to increase at low prices:

- **New Contracts**
- **Legacy contracts**

Origin is short coal, with flexibility to take more coal at low prices.
Eraring’s fuel position is contracted at less than 40% of its total capacity with high quality coal

- Upgraded coal handling infrastructure, including rail unloader and coal stockpile (additional 2 mt capacity), enabling Origin to take advantage of coal supply opportunities
- From 2017, 4mtpa firm coal contracted to 2022
- High quality coal lowering ongoing maintenance costs and avoiding requirement for significant ongoing capital expenditure
Across the NEM energy costs are expected to be highest in Queensland given LNG load and gas price increase

Queensland
- Strongest energy growth due to LNG load and withdrawn gas-powered generation
- Highest capacity value due to significant demand flex on hot days

Victoria
- Lowest cost of energy and most over-supplied market
- Wind renewable build expected to be highest in the southern markets
- Further risk of large reductions in industrial demand

New South Wales
- Reduced southerly flows from QLD into NSW
- Surplus capacity in short-mid term to respond to and limit any price increases
- Ageing asset fleet requires capital investment to maintain historic capacity factors, absence of which would result in increased market volatility

South Australia
- High levels of wind installed
- Low energy demand outlook but high capacity value driven by intermittent supply
- Most likely to be impacted by an increase in gas costs due to dependency on gas fired generation

The Victorian outlook remains subdued with a significant level of over-supplied brown coal generation
Generation Operations
David Smales, General Manager Generation
Continuing to increase performance and lower costs through the development and execution of effective asset management strategies

1. Effective asset management
2. Portfolio flexibility, scale & diversity
3. Integration of Eraring
4. Gas generation portfolio
5. Operational effectiveness

Increased asset performance
Increased capability & productivity
Reduced operating costs
Reduced capital expenditure
Continued execution of asset management strategies to maintain portfolio flexibility and performance at lowest optimal cost.

Focused on achieving further reductions in operating cost and capital expenditure from current levels of approximately $220m and $95m respectively.
Origin’s Generation portfolio provides flexibility, scale and diversity to support a competitive cost of electricity whilst also leveraging gas transportation capability.

A highly flexible Generation Portfolio with scale

- Mt Stuart PS OCGT: 414 MW
- Darling Downs PS CCGT: 630 MW
- Eraring PS Coal: 2880 MW
- Shoalhaven Scheme Pumped Storage Hydro: 240 MW
- Unanquinty PS OCGT: 640 MW
- Cullerin Range Wind Farm: 30 MW
- Quarantine PS OCGT: 216 MW
- Ladbrooke Grove PS OCGT: 80 MW
- Mortlake PS OCGT: 550 MW

A proven capability to capitalise on market opportunities

From minimum output to maximum output in less than 1 hour

Flexibility to vary output by circa 85% across a load range

- 2880 MW
- 630 MW
- 1974 MW
- 240 MW
- 5724 MW

- 840 MW
- 96 MW
- 0 MW
- 0 MW
- 936 MW

(1) Origin’s 6GW power generation portfolio consists of 5.7GW of Owned and Operated (O&O) assets and three Joint Venture Companies (50% ownership, non-operated).
(2) With all power stations in service and operating at minimum output (c.1.8GW), Origin’s O&O Portfolio is technically capable of achieving maximum output (c.5.7GW) in circa 52 minutes.
(3) Minimum load in this example relates to having all power stations generating minimum stable output (and with the Hydro power station at zero output). Excludes Cullerin Range WP & JV’s.
Eraring continues to make a significant contribution to Origin’s Generation portfolio and lowers its overall cost of energy

- Achieved 37% improvement in safety performance
- Integration into portfolio concluded ahead of schedule
- Benefits delivered in excess of the acquisition case
- Mid-life capital investment program concluded by end of FY2017
- Continued focus on improving cost and efficiency
Origin’s gas fleet continues to underpin the portfolio’s strong performance track record, responding well to rapidly emerging market opportunities.

### Improving asset management performance

- Summer availability >99% over the last four years
- Start Reliability maintained under heavy utilisation
- Lifecycle costs materially reduced through:
  - active asset management and condition assessment
  - component life extension and optimisation
- Operating costs effectively controlled
- Capital program is driven by utilisation (hours &/or starts)

### Sustained high performance and flexibility

#### Electricity Production – Gas Fleet

<table>
<thead>
<tr>
<th>Year</th>
<th>TWh Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>3</td>
</tr>
<tr>
<td>FY13</td>
<td>4</td>
</tr>
<tr>
<td>FY14</td>
<td>6</td>
</tr>
<tr>
<td>FY15</td>
<td>7</td>
</tr>
</tbody>
</table>

#### Production Activity – Gas Fleet

<table>
<thead>
<tr>
<th>Year</th>
<th>Starts</th>
<th>Start Reliability (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>1,000</td>
<td>50%</td>
</tr>
<tr>
<td>FY13</td>
<td>1,500</td>
<td>60%</td>
</tr>
<tr>
<td>FY14</td>
<td>2,000</td>
<td>70%</td>
</tr>
<tr>
<td>FY15</td>
<td>2,500</td>
<td>80%</td>
</tr>
</tbody>
</table>

* FY15 data is preliminary.
Generation’s Monitoring & Support Centre underpins asset management strategies and operating model, providing systemic ongoing performance improvement across the portfolio.

Leveraging technology to help drive performance

- Smart power generation data & analytics, reducing commercial and technical risk, by:
  - Supporting fact-based decision-making in a complex and fast-moving operating environment
  - Developing insights & creating innovative performance improvement opportunities

- Leveraging information & technology to deliver performance improvement, via:
  - Predictive failure avoidance, focused on minimising &/or eliminating future commercial losses
  - Rapid response and fully coordinated failure recovery from unplanned production events
  - Condition monitoring and risk-based optimisation
Building Loyalty and Trust
Rebekah O’Flaherty, General Manager Marketing, Sales & Service
Jon Briskin, General Manager Retail Customer Operations
Continued execution of Origin’s customer agenda, improving loyalty and trust while lowering cost to serve

1. Value-based retention
2. Origin branded channels
3. Enhance customer experience
4. World class operating structure
5. Customer led culture

- Improved net promoter score
- Improved churn relative to market
- Increase products per customer
- Lower CTS
Competition today is predominantly price led. Origin will continue to meet the market on discounts to defend market share.

Origin’s Average Signed Discount Offers for Electricity and Natural Gas (%)

Competitor offers in market

Electricity and Natural Gas Churn Rates

Electricity and Natural Gas Market Share

Origin must continue to execute the customer agenda to build loyalty and trust, the most powerful mitigant to the impacts of a highly competitive market.
Data and analytics enable identification of high value customers, providing a basis upon which Origin tailors offers and service levels.

Based on Customer Lifetime Value

Current behaviour
- Usage
- Product
- Payment

Future behaviour
- Likelihood to churn / renew

Proactive retention of all customers
Differentiated treatments based on customer value

Delivering benefits for customers and Origin

Lower churn across the lifecycle
Avoided costs to churn, reacquire
Revenue from x-sell, new products
Better customer experience
Improved NPS
Lower call volumes
Less complaints

In a competitive market, proactive retention is key to improving the customer experience, improving churn relative to market and lowering cost to serve.
Origin’s digital platform and sales / service operating model has enabled customers to use Origin branded channels as the channel of choice.

New integrated digital capability

Dedicated sales and service centres

Higher internal sales channel mix

Acquiring and retaining customers through our own channels

- Lower cost
- Better customer experience
- Deeper customer relationships
- Enhanced brand and reputation
Origin is moving towards an ‘OMNI’ customer experience …

Customer able to stop, start, continue their journey seamlessly, across many channel types…

… offering customers greater flexibility and enabling an integrated experience across channels with deeper customer insight
Origin is improving communication with its customers

Simpler, shorter communications
- New single fuel contract
  - 3 page contract pack (3 sheets of paper)
- New dual fuel contract
  - Same product both fuels
  - 4 page contract pack (3 sheets of paper)

Keeping customers informed
- Bill due reminder
- Connection reminder
- 5% improvement in on time payment behaviour
- 34 point improvement in Net Promoter Score for new connections

Transparent, concise, easy to understand

There will be further opportunities to improve customer interactions through continued investment in data and analytics
Executing on the Retail Transformation project has enabled Origin to improve operational metrics and bad debt exposure.

### Improving our operational performance

<table>
<thead>
<tr>
<th>Metric</th>
<th>Jun 13</th>
<th>May 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calls per customer</td>
<td>1.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Ombudsman complaints (per 1,000 customers)</td>
<td>9.0</td>
<td>4.9</td>
</tr>
<tr>
<td>Customers registered on MyAccount</td>
<td>183k</td>
<td>967k</td>
</tr>
<tr>
<td>Customers taking up eBilling</td>
<td>157k</td>
<td>900k</td>
</tr>
<tr>
<td>Customers choosing Direct Debit</td>
<td>390k</td>
<td>680k</td>
</tr>
</tbody>
</table>

### Favourable movement in core metrics to date

- Days Sales Outstanding and 90+ Day Debt to Billed Revenue Ratio
  - Days Sales Outstanding (LHS)
  - 90+ Day Debt / Billed Revenue (RHS)

- Bad and Doubtful Debts
  - Bad & Doubtful Debts (LHS)
  - % of Billings (RHS)
Benefits of Retail Transformation are evident in reducing cost to serve

Cash cost to serve down ...

Cash Cost to Serve ($m)$^1$

... with further reduction from

- Continued reduction in bad and doubtful debts
- More efficient and streamlined credit collections processes
- Reduction in call volumes
- Increased customer experience leading to less complaints
- BPO re-negotiation
- Continued improvement in back office processes

Cash cost to serve is on target to reduce $30m in FY2015, with a further $50m improvement expected in FY2016

(1) Excludes Generation opex
Building loyalty and trust starts with our people, and our cultural transformation is well under way

Reward & recognition tied to customer experience

NPS operating model

New ways for our people to help our customers
Origin’s journey to build customer loyalty and trust continues

**Earlier**
- Contact Centre weekday hours extended
- Customer Service Hubs launched
- Refreshed eBill
- Mobile Payment option
- 'We’re changing
  No exit fees
  No consumer D2D
  No consumer cold-call
- 'My Home Profile'
- 'Energy Manager'
- 'My Account' online portal
- 'EasiPay'

**FY15**
- New Origin website
- Digital analytics capability
- NPS launched
- ‘Success Is’ reward & recognition
- 'New Connection with Origin’ experience improved
- SMS alerts & notifications
- Simplified phone options for customers calling
- Simplified products & pricing
- Value-based proactive retention
- Credit Transformation begins
- Personalised treatment of overdue accounts
- Simplified communications
- Proactive hardship
- Robots to reduce manual processing
- Improved on-boarding for new customers
- EasiPay
- Call me now website button
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- Call me now website button

**Coming up**
- Entered ACT market
- Expansion into Embedded Electricity Networks
- Solar as a Service
- NPS launched
- 'Success Is’ reward & recognition
- ‘New Connection with Origin’ experience improved
- SMS alerts & notifications
- Simplified phone options for customers calling
- Simplified products & pricing
- Value-based proactive retention
- Credit Transformation begins
- Personalised treatment of overdue accounts
- Simplified communications
- Proactive hardship
- Robots to reduce manual processing
- Improved on-boarding for new customers
- EasiPay
- Call me now website button
- Open Saturdays
- Innovative new energy products
- New look bill
- More personalisation of interactions
- BPO contract re-negotiation
- New customer touchpoints
- More digitisation of Contact Centre interactions
- Upfront credit assessment
Origin continues to grow the core energy business into new areas

- Entered ACT market September 2014
- 6,600+ customers
- 50% accounts on dual fuel
- 25% of sales online

- Leading provider of centralised hot water services to high density residential developments in Australia
- Now offering embedded energy solutions
- Offering our customers a complete basket of energy solutions

Building loyalty and trust not only improves retention and cost to serve, it’s a necessary foundation for extending into other products and services, including Solar
Leveraging our Capability
Deepening knowledge of the customer enabled through growing capabilities in data and analytics

- Core data sources...
  - Digital
  - Product
  - Meter
  - Weather
  - Other external

- ...together with core platforms...

- ...deepening our knowledge of the customer

- CLV
- Attitudinal Segmentation
- Propensity Modelling
Leveraging Capability – Floor Walks

- Leveraging our capability in SAP
- Metering capability through our established Acumen Metering business
- Social media managing engagement with our stakeholders
Growing Solar and Energy Services
Phil Mackey, General Manager Solar and Emerging Businesses
Growing new products and services

1. Origin will lead the solar market
2. Deliver *Solar as a Service*
3. Expand service offerings
4. Harness new technology

- Market share
- Customer experience
- Products per customer
Solar will play a significant role in the future energy landscape; Origin aspires to be #1 in rooftop solar

- Remaining addressable market greater than 5 million homes (owner occupied and landlord)
- Growth will be driven by falling costs and new propositions being taken to market
- PPA sales now ~50% of total daily volume following May launch

- Delivered commercial solar projects and built a substantial pipeline of which over 50% are PPA projects
- Strong value proposition for SME PPA and actively pursuing this segment
- Origin is seen as a leading credible counter party for Commercial solar
Origin’s track record provides significant experience and capability

Only two of the top 50 companies were installing solar 10 years ago: Origin is one of them

Origin remains committed to the growth of solar over the long term

Source: Origin, SunWiz
Origin has been trialling, learning and building new capabilities across new energy technologies, products and business models

2002: Origin delivers its first solar offer in the Australian market

2004: Sliver thin film pilot factory online

2005: Home products range in market

2008: Origin remote digital system design: a world first

2009: Cogent Energy acquired

2010: Origin installs its 10,000th system. Installs first commercial systems

2010: Transform JV

2011: Origin first online solar sale

2011: Origin ‘Smart home’ trial

2012: Transform discontinued

2014: Mitsubishi EV relationships

2014: Mitsubishi EV relationships

2015: Origin >80k solar installations

2015: SME PPA

2015: SME PPA

2016: Chargepoint EV Charging

CHP portfolio >13MW

Battery trials

SME PPA

CO2

CHP portfolio

Battery trials

Solar as a Service Trial

>360k Retail customers with solar

Solar as a Service v2 launched

60
Solar as a Service creates long term relationships with our customers and delivers increased value for both parties

TODAY & THE FUTURE

Solar as a Service ... ‘Don’t Waste Your Roof’

- Delivers solar at $0 upfront - customer pays for kWh’s generate
- Products offered: 7, 10 & 15 year terms for 3, 4 and 5kW products
  - Tariffs are compelling being 30-70% below NEM retail tariffs: e.g. Qld 5kW at 11c/kWh tariff
- Origin owns, maintains, monitors and services

Value Creation for customers and Origin

- Customers potential for payback from Day 1 and receive a managed service where Origin monitors and manages the asset
- Retains customer value from our existing customer base and wins new customers:
  - Delivers ~3x value (relative to direct sales) over a long term relationship with customers
  - Establishes long term relationship allowing x-sell and up-sell
Origin aspires to be #1 in the solar market by delivering on the key value drivers

- **Lowest Cost To Acquire**
- **Lowest cost of ownership**
- **Competitive Cost of Finance**

**Value created**

- Large, investable portfolio of energy assets
- Deeper, longer term customer relationships
- Greater value from each customer with increased products per customer
- Path to breakeven in FY17
Origin is leveraging its retail experience and harnessing opportunities to deliver home energy services

10 years+ experience delivering services into homes

Extending service offers

Moving to a deep customer relationship

Appliances Retailing

HOT WATER SOLUTIONS

HEATING & COOLING SOLUTIONS

Servicing Market

EMERGENCY HOT WATER

- 24/7 emergency callouts
- ~400 thousand events per year

SOLAR SERVICING

- 1.4m households installed
- Inverter replacement market will grow significantly over the next three years

TODAY

Retail solar and home appliances

TOMORROW

Retail solar and home appliances

Services

Connected homes
Extending into other energy services and products, including batteries

Our insights into battery use confirm that there is not one battery that fits all

- >12 months of extensive analysis
- Customer needs for battery vary substantially
  - Retrofit to existing solar
  - Fit with new solar
  - Flat tariff versus Time of Use customers
- Grid defection unlikely

Origin is developing solutions that match customer need with the right battery

Conducting trial
- Installing Samsung ESS units
- 3.6kWh integrated unit
- Certified for Australia
- Queensland, NSW, SA

Product suite
- Ongoing evaluation of a range of potential suppliers
- Product selection dependent on:
  - Flexibility
  - Economics
  - Customer experience
Improving Returns in Energy Markets

Frank Calabria, CEO
# Energy Markets Strategic Priorities

**Progress to date**

- Increased gas margins and market share
- Reduced cost to serve
- Reduced capital and operating expenditure on generation portfolio
- Entered ACT market
- Acumen Metering well established
- Solar – consumer and business growth & PPA product launched

**Focus going forward**

- Capture benefit of rising gas market
- Remain competitive on cost of electricity through flexibility; pivot to renewables
- Lower CTS & improve capital efficiency
- “OMNI” customer experience
- Data and analytics to deliver new products and services to the consumer
- Grow new solar business model, extending into batteries and other home energy services
- Extend Acumen Metering capability into consumer and SME markets
- Grow in embedded networks
Energy Markets is continuing to deliver improved returns by...

Expanding Natural Gas margins
- Maintain competitive cost of gas through legacy gas positions
- Maximise value of ramp gas opportunities
- Commencement of long dated and well priced gas sales contracts to other LNG projects

Maintaining Electricity margins
- Maintain competitive cost of energy through a flexible fuel and generation portfolio
- Well positioned for future development and growth

Building customer loyalty and trust
- Maintain competitive pricing
- Reduce churn
- Sell further products and services

Reducing operating costs and capital expenditure
- $100 million reduction in Natural Gas & Electricity cash cost to serve and Generation Opex across FY2015 and FY2016
- Total capital expenditure in the core business reduced, with a further reduction of $50 million in FY2016 to ~$250 million

Growing Solar and Energy Services
- Become #1 in the Solar market
- Net loss of $25 million expected in FY2016
- Breakeven by FY2017 and targeting 170 MW installed in FY2018

… with the key risk being the level of competition in retail markets
Thank you

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