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To	Company Announcements Office	Facsimile	1300 300 021
Company	ASX Limited	Date	23 February 2012
From	Helen Hardy	Pages	6
Subject	<b>RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011</b>		

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We attach the following documents relating to Origin Energy's Results for the half year ended 31 December 2011:

1. Media Release

Regards

A handwritten signature in black ink, appearing to read "Helen Hardy".

Helen Hardy  
Company Secretary

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## ASX/Media Release

23 February 2012

### Origin reports strong increase in half year profit and reaffirms growth outlook for the full financial year

Origin Energy Limited (Origin) today announced a Statutory Profit of \$794 million for the half year ended 31 December 2011, an increase of \$930 million when compared with the \$136 million loss reported in the prior corresponding half year.

A number of items contributed to the increase in Statutory Profit, including a higher Underlying Profit, a gain on dilution relating to Australia Pacific LNG, an increase in the fair value of financial instruments, lower impairment of assets and lower transition and transaction costs.

Underlying Profit for the half increased 61 per cent or \$185 million to \$489 million, when compared with the prior corresponding half year. The acquired NSW energy businesses made a significant contribution to the increase in Underlying Profit, which also benefited from lower exploration expense and higher commodity prices in the Exploration and Production segment.

Financial Highlights	Dec 2011	Dec 2010	Change
Statutory Profit	\$794 million	(\$136) million	-
Underlying Profit	\$489 million	\$304 million	up 61%
Underlying EBITDA	\$1,157 million	\$818 million	up 41%
Underlying EPS	45.5 cps	33.5 cps <sup>1</sup>	up 36%
Operating Cash Flow After Tax	\$736 million	\$794 million	down 7%
Interim dividend	25 cps	25 cps	steady
Capital and APLNG Expenditure	\$1,036 million	\$915 million	up 13%

Origin Chairman, Mr Kevin McCann said, "During the half year, Origin made substantial progress on the integration of the acquired NSW energy businesses into our Energy Markets business and achieved major milestones in the development of the Australia Pacific LNG project.

"The benefits of the acquisition of the NSW energy businesses have resulted in strong increases in Underlying EBITDA and Underlying Profit for the half year.

"The taking of a final investment decision (FID) on the first phase of the Australia Pacific LNG project was another significant milestone for Origin, and we expect this project to deliver substantial value to shareholders over time.

"In addition, Origin has undertaken a number of funding initiatives during the period and as a result is well placed to fund its share of the first phase of the Australia Pacific LNG project and other committed projects.

<sup>1</sup> December 2010 Underlying Earnings Per share of 34.4 cps restated to 33.5 cps for the bonus element of the rights issue completed in April 2011.



"The Board has declared an interim fully franked dividend of 25 cents per share, which represents 55 per cent of Underlying Profit," Mr McCann said.

The interim fully franked dividend will be paid on 30 March 2012 to shareholders of record on 5 March 2012.

Origin's Dividend Reinvestment Plan (DRP) will apply to this dividend. No discount will be applied in the calculation of the DRP price. Given the success of the company's funding activities in 2011, which adequately provide funding for the first phase of the Australia Pacific LNG project and other committed projects, the interim dividend for the period ending 31 December 2011 will not be underwritten.

### **Underlying business performance**

Origin Managing Director, Mr Grant King said, "Origin has reported a 41 per cent increase in Underlying EBITDA for the half year to \$1.16 billion.

"Earnings increased primarily due to a six month contribution from the acquired NSW energy businesses and the benefits of lower exploration expense," Mr King said.

As disclosed to the market on 16 February 2012, Origin has revised its reporting segments. Origin's performance under the new reporting segments is outlined below.

**Energy Markets** Underlying EBITDA increased by 52 per cent or \$282 million to \$820 million. This growth is largely attributable to the contribution from the NSW energy businesses. While mild weather and a change in customer mix, particularly in the small-to-medium enterprise segment, have resulted in lower volumes, overall performance is broadly in line with expectations at the time of the acquisition. The result includes \$139 million from the unwinding of provisions made at the time of acquisition of the NSW energy assets to offset onerous contracts.

**Exploration & Production** Underlying EBITDA increased by 83 per cent or \$81 million to \$179 million driven by a significantly reduced exploration expense which was \$86 million lower than the prior corresponding half year. Higher revenues associated with higher commodity prices were offset by an increase in non-routine operating costs.

**Australia Pacific LNG** Underlying EBITDA decreased by 50 per cent from \$32 million to \$16 million. This was primarily due to lower commodity sales and higher operating costs as support for the CSG to LNG export project increases.

**Contact Energy** Underlying EBITDA increased \$2 million to \$182 million from \$180 million. This was primarily due to improved earnings from lower take-or-pay gas costs and improved spot prices, offset by lower hydro volumes.

**Corporate** recorded Underlying EBITDA expense of \$40 million for the half year, 33 per cent or \$10 million more than the prior half year. This is primarily due to expanded overseas development expenditure in Chile, Indonesia and Papua New Guinea.

"Consistent with the growth of Australia Pacific LNG and other parts of the business, Origin's workforce continued to grow during the half with the addition of more than 300 new employees, taking the total workforce to around 5,600," Mr King said.



## Australia Pacific LNG

Significant progress was made during the half year on the Australia Pacific LNG project, Origin's joint venture with ConocoPhillips and Sinopec to develop a coal seam gas to liquefied natural gas project in Queensland based on Australia's largest 2P CSG reserves.

FID was taken on the first phase of the project in July 2011. Binding sales agreements were signed with Kansai and Sinopec to complete marketing of the second train. Sinopec also subscribed for additional equity in Australia Pacific LNG, completion of which is subject to government approvals and FID on the second train.

On completion, the agreements are expected to dilute Origin's interest to 37.5 per cent. Injection of funds by Sinopec into Australia Pacific LNG will result in a deferral of cash calls to Origin for some months following FID for the second train.

"The Australia Pacific LNG project is progressing on schedule and in line with the currency split estimates at the time of FID for the first phase of the project in July 2011," Mr King said.

"Marketing is now complete and Australia Pacific LNG has continued to mature its reserves base, with 2P reserves increasing by more than 1,000 petajoules equivalent (PJe) to 12,810 PJe, and 3P reserves increasing to more than 16,000 PJe.

"Australia Pacific LNG remains on track to make a FID on the second LNG train by mid 2012," Mr King said.

## Outlook

Performance during the half year has largely been in line with the expectations set at the 2011 full year results on 23 August 2011. While mild weather has led to lower volumes in Australian energy markets, this has been compensated for by benefits from the integration of the Eraring Power Station into the energy portfolio. In New Zealand, the increased portfolio flexibility provided by the Stratford peaker plant and Ahuroa gas storage facility and improved wholesale prices have been largely offset by low hydro generation volumes and high levels of retail competition.

Origin expects the trend in operational performance observed in the first half to continue into the second half, with the following factors also influencing the performance of the underlying business:

- In **Energy Markets**, volumes are expected to be broadly in line with the first half. It is assumed that Origin receives liquidated damages for the impact of the Eraring fire, while higher hedging costs associated with the January quarter, together with higher costs relating to the small-scale renewable energy scheme, will reduce underlying margins in the second half. Underlying EBIT to sales margin for the 2012 financial year is expected to be between 13 and 14 per cent;
- In **Exploration and Production**, Kupe and Otway - which both had scheduled shutdowns during the half year - are back online, however BassGas will be offline for most of the second half as Phase 1 of the Mid Life Enhancement project is completed;
- In **Australia Pacific LNG**, the binding agreements with Sinopec are expected to complete, diluting Origin's interest to 37.5 per cent, which will reduce Origin's share of earnings; and



- **Contact Energy** is expected to continue to benefit from the additional portfolio flexibility, higher wholesale prices driven by current low hydro storage levels and price increases to Commercial & Industrial and mass market customers contributing to a stronger second half.

Depreciation costs will increase in line with the increased asset base, including completion of the Mortlake Power Station and the Eraring Power Station upgrades and the implementation of the new SAP billing and customer relationship management system.

Underlying net financing costs during the second half are expected to increase substantially compared with the first half with higher debt balances and interest no longer capitalised on completed projects.

Origin's Underlying effective tax rate is expected to remain around 30 per cent for the remainder of the 2012 financial year.

"Taking all of these factors into account, and based on prevailing market conditions, Origin restates its guidance of August 2011 for an increase of around 35 per cent in Underlying EBITDA and around 30 per cent in Underlying Profit for the 2012 financial year when compared with the prior year," Mr King said.

#### **Future growth opportunities**

Origin is strongly positioned to meet future demand for energy from its existing portfolio of fuel and energy contracts and its existing generation assets. The company also possesses the flexibility to build low-carbon emission and renewable generation or contract renewable energy from other producers.

"The delivery of the Australia Pacific LNG project remains a key near-term priority for Origin. Australia Pacific LNG provides access to export markets and stands to deliver significant value to Origin shareholders," Mr King said.

"Consistent with our business strategy, Origin is also seeking to build on its domestic success and explore for resources in markets that offer high prospectivity and access to growing demand, which will contribute to earnings growth in the medium and long-term.

"Domestically, we are pursuing exploration opportunities in and around current petroleum permits, as well as in wind and geothermal. Internationally, opportunities include the potential development of geothermal resources in Chile and Indonesia, development of the Purari Hydro Project in Papua New Guinea, and exploration for gas in New Zealand, South East Asia and Kenya and CSG in Botswana.

"Future funding choices for Origin, including additional equity, will be dependent on the timing of FID for the second train, final hold level in Australia Pacific LNG, quantum and cost of project finance for Australia Pacific LNG, consideration of credit metrics and other requirements of the business.

"Origin's performance has been marked by both sustained growth and step changes in shareholder return as the potential to monetise resources has been realised. We continue to target long-term growth in underlying earnings per share of 10 to 15 per cent per annum on average," Mr King said.

Ends



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**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 ASX top 20 the company has around 5,600 employees and is a leading producer of gas in eastern Australia. Origin is Australia's largest energy retailer servicing 4.4 million electricity, natural gas and LPG customer accounts and has one of the country's largest and most flexible generation portfolios with more than 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 2P 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](http://www.originenergy.com.au)

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