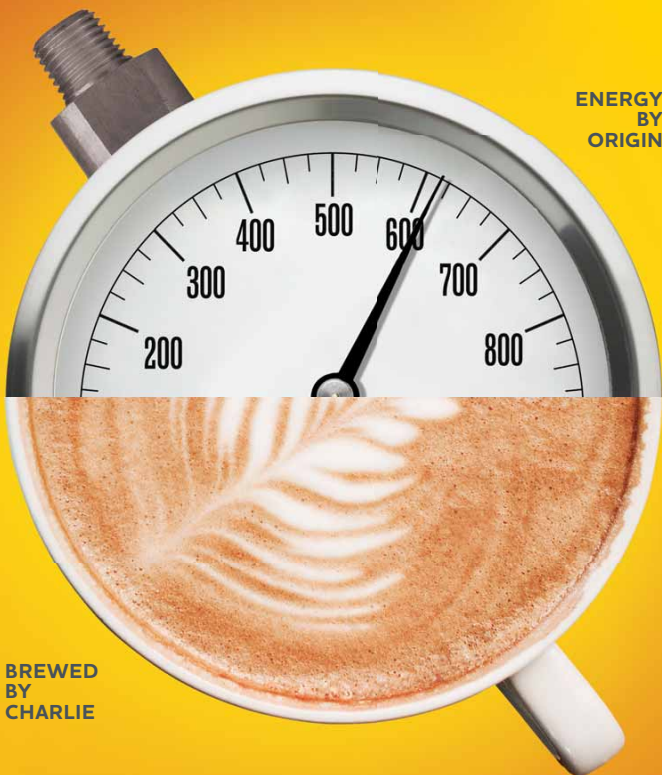


MADE BY ORIGIN



ENERGY
BY
ORIGIN



BREWED
BY
CHARLIE

HALF YEAR REPORT 2015

Strategy Performance Growth

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

Fellow shareholder

For the half year ended 31 December 2014, Origin reported a Statutory Loss of \$25 million reflecting the non-cash impact of the recent depreciation of the Australian dollar on the fair value of financial instruments and debt, and interest expense.

Underlying Profit⁽¹⁾ of \$346 million decreased 9 per cent on the prior corresponding period. Underlying EBITDA⁽¹⁾ was stable at \$1.08 billion, reflecting a higher contribution from Energy Markets, partly offset by a lower contribution from Exploration & Production.

Australia Pacific LNG remains on track for sustained LNG production from Train 1 from the first quarter of the 2016 financial year.

Directors are mindful that during this final phase of investment in Australia Pacific LNG, the recent significant fall in oil price, if sustained at current levels, will result in lower growth in cash flow and earnings than previously expected. Therefore, we continue to ensure capital expenditure is focused on projects that will enhance cash flow and that operating costs are tightly controlled.

At current market expectations of oil prices, the economics of Origin's investment in Australia Pacific LNG remains robust⁽²⁾.

DIVIDEND

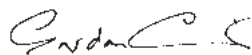
The Board has determined to pay an unfranked interim dividend of 25 cents per share, paid to shareholders on 31 March 2015.

It is still the Board's intention to maintain dividends at the greater of 50 cents per share, on an annual basis, or a minimum 60 per cent payout ratio, as earnings grow following completion of Origin's investment in Australia Pacific LNG.

PROSPECTS

Looking ahead, and notwithstanding the significant reduction in oil prices, Origin expects an increased contribution from its natural gas business, and a substantial increase in earnings and cash flow from the Australia Pacific LNG project.

We look forward to your continued support of Origin.



Gordon Cairns
Chairman



Grant King
Managing Director

ENERGY MARKETS

Energy Markets is Australia's leading electricity, gas and LPG retailer with 4.3 million customer accounts and a major power generator with 6,010 MW of capacity.

INTEGRATED BUSINESS CAPITALISES ON RAMP GAS

Origin has said previously that the 2015 and 2016 financial years will be transitional years for the Company as the energy markets businesses mature and LNG production in Queensland commences. The impact of this transition is evident in the half year with Origin taking advantage of available ramp gas in the Queensland market prior to the start-up of LNG operations and using less gas from its own production. This supported increased gas sales and increased power generation which helped maintain a stable portfolio cost of electricity despite increased market prices.

STRONG GAS POSITION DRIVES HIGHER CONTRIBUTION

Energy Markets reported Underlying EBITDA of \$617 million, a 22 per cent increase on the prior corresponding period mainly due to margin expansion in Electricity and Natural Gas, and higher Natural Gas sales volumes which reflect Origin's ability to source, transport and sell additional ramp gas.

The improving margins in both the Electricity and Natural Gas segments is reflected in an improved Underlying EBIT margin for Energy Markets, which increased from 7.9 per cent⁽¹⁾ at 31 December 2013 to 9.6 per cent at the close of the reporting period.

While the Company's strong position in natural gas increased customer accounts by 28,000, intensive competition resulted in 60,000 electricity customer account losses following a reduction in Origin's discount offers in the first quarter. This led to a net reduction in customer accounts of 32,000 for the half.

The operational performance and quality of service we provide our customers continues to improve following a period of significant investment in new technology.

(1) Excluding carbon impact of 0.7 per cent. Reported as 7.2 per cent in the prior corresponding period.



Providing customers
with greater choice and
improving performance.

(1) Refer to Glossary.

(2) Consistent with forward prices stepping up to US\$85 / bbl (real 2014) from the 2018 financial year.

CONTACT ENERGY

Origin holds a 53.1 per cent shareholding in Contact Energy, one of New Zealand's leading integrated energy companies. Contact supplies energy to approximately 562,000 customers and owns and operates a generation portfolio of 2,359 MW.

LOWER CONTRIBUTION AMID CONTINUED COMPETITION

Contact's Underlying EBITDA increased by \$2 million to \$234 million primarily due to favourable impact of the strengthening of the NZ dollar.

In New Zealand dollars, Underlying EBITDA decreased by 3 per cent to NZ\$257 million, as continued competition and retail price discounting eroded tariff increases to recover increased distribution costs. This was partially offset by increased geothermal generation following the commissioning of Te Mihi Power Station.

EXPLORATION & PRODUCTION

Origin has exploration and production interests principally located in the Otway, Cooper and Bass basins in eastern and southern Australia, the Browse and Perth basins in Western Australia, the Bonaparte and Beetaloo basins in Northern Territory and the Taranaki Basin in New Zealand.

LOWER PRODUCTION IN LINE WITH EXPECTATIONS

Exploration & Production Underlying EBITDA of \$208 million decreased 31 per cent on the prior corresponding period primarily due to lower liquids production and prices. The lower production was foreshadowed due to planned lower nominations from Origin as Energy Markets took advantage of available ramp gas in Queensland, forgoing gas and liquids production until subsequent periods.

Plant shut downs were scheduled to invest in increased production for the years ahead as demand for natural gas increases significantly as all of the new LNG production in Queensland comes on line.

SUSTAINING FUTURE PRODUCTION

Origin continued to focus on development and exploration activities.

The successful lift of condensate and compressor modules onto the Yolla platform at BassGas will help sustain gas supply to the south east Australian market, and potentially commercial quantities of gas were discovered in the Otway Basin (Speculant-1 well) and in the Perth Basin (Senecio-3 appraisal well).



Successful lift of compressor module onto the Yolla platform.

LNG

Australia Pacific LNG is building a CSG to LNG export facility in Queensland. Origin's shareholding in Australia Pacific LNG at 31 December 2014 was 37.5 per cent, consistent with its shareholding as at 31 December 2013.

AUSTRALIA PACIFIC LNG ON TRACK

Underlying EBITDA for LNG increased by \$4 million to \$39 million.

At 31 December 2014, the Upstream project was 90 per cent complete and the Downstream project was 86 per cent complete. The project remains on track for sustained LNG production from Train 1 from the first quarter of the 2016 financial year and from Train 2 in mid financial year 2016.

In the Upstream project, drilling and gathering operations are progressing to plan. A total of 1,019 wells had been drilled at the end of the period and well commissioning is on track to support ramp up to sustained LNG production in the first quarter of the 2016 financial year.

In the Downstream project, the final Train 2 module was set on its permanent foundations, Tank A and B hydro tests were completed, as was the loading platform for the LNG jetty. Commissioning and start-up activities also commenced.

Origin's cash contribution to Australia Pacific LNG was \$1.4 billion during the period. At 31 December 2014, \$23.8 billion⁽¹⁾ of the project capital expenditure had been spent by Australia Pacific LNG.

(1) Includes an unfavourable foreign exchange translation impact of A\$339 million relative to project cost estimates announced in February 2013, which were based on 31 December 2012 exchange rates.

FUTURE PRIORITIES

The 2015 and 2016 financial years are transitional years for Origin. During this period, Origin's key priorities are to:

- Improve returns in the energy markets businesses;
- Deliver growth in the natural gas and LNG businesses;
- Grow capabilities and increase investments in renewable energy; and
- Maintain adequate funding and effective capital management.

Notwithstanding the significant reduction in oil prices, these priorities remain appropriate albeit with some modifications to conserve cash flow and accelerate cost reductions.

IMPROVING RETURNS IN THE ENERGY MARKETS BUSINESSES

Origin expects to improve returns by:

- continuing to increase the contribution from Natural Gas, driven by expanding margins and increasing share of Retail gas markets and the commencement of gas sales agreements to other LNG projects;
- managing margins and customer position amidst continued competition;
- improving operating costs from the realisation of benefits from investments in retail systems and head count reductions;
- continuing to limit capital expenditure to increase cash generation; and
- driving customer experience improvements and extending the range of energy products and services.

DELIVERING GROWTH IN THE NATURAL GAS AND LNG BUSINESSES

LNG

Australia Pacific LNG continues to make good progress on the delivery of the CSG to LNG project and remains on track for sustained production of LNG from Train 1 expected to be achieved from the first quarter of the 2016 financial year and Train 2 in mid financial year 2016. The first full year of production from both trains is expected in the 2017 financial year. Estimated costs to complete are not expected to be materially different from budget ⁽¹⁾.

In the current oil price environment, Australia Pacific LNG is actively reviewing opportunities to defer capital expenditure on sustain and exploration activities. Australia Pacific LNG is transitioning from development to operations and is focused on delivering a reduction of \$1 billion per annum in the project's upstream total cost structure, which will take costs to levels consistent with previous guidance ⁽²⁾.

(1) As announced in February 2013, based on December 2012 exchange rates.

(2) As provided in the update on Amended Loan Facilities and Australia Pacific LNG on 11 December 2014.



The delivery of Australia Pacific LNG remains on track.

Exploration & Production

As foreshadowed in August 2014, the availability of ramp gas in Queensland allowed Origin to use less gas from its own production and invest in growing production for the 2016 financial year.

BassGas is expected to return to full and increased production when the Yolla-5 and Yolla-6 development wells enter into production during the 2015 calendar year.

The appraisal and development focus is on bringing forward projects with the highest returns and shorter payback periods, with development of Speculant and Halladale expected to increase production in the Otway Basin in the near term.

Additional capital investments will be limited to meeting permit and joint venture commitments.

GROWING CAPABILITIES AND INCREASING INVESTMENT IN RENEWABLE ENERGY

Origin continues to focus on growing its capabilities in renewable energy, such as market-driven solar, geothermal and hydro opportunities. Origin is currently limiting spend to a modest level of investment in renewable energy opportunities in Chile and Indonesia.

MAINTAIN ADEQUATE FUNDING AND EFFECTIVE CAPITAL MANAGEMENT

Given the potential for lower oil prices to reduce the expected increase in Origin's earnings and cash flow, Origin is focused on:

- delivering increasing distributions to shareholders in line with the expected increase in Origin's earnings and cash flow following the first full year of production from both LNG trains in the 2017 financial year;
- maintaining adequate liquidity to fund its remaining cash contribution to Australia Pacific LNG;
- maintaining an investment grade credit rating; and
- limiting investments in gas and renewables to higher returning projects.

FINANCIAL HIGHLIGHTS

A reconciliation between Statutory and Underlying Profit measures can be found in note 2 of the Origin Consolidated Interim Financial Statements.

Half year ended December	2014 (\$m)	2013 (\$m)	Change %
Revenue	6,950	7,238	(4)
Underlying EBITDA ⁽¹⁾	1,080	1,082	–
Underlying Profit ⁽¹⁾	346	381	(9)
Underlying EPS (cps) ⁽¹⁾	31.3	34.6	(10)
Statutory Profit	(25)	322	N/A
Statutory EPS (cps)	(2.3)	29.3	N/A
Group OCAT ⁽¹⁾	905	1,038	(13)
Free cash flow per share (cps) ⁽¹⁾	63.9	72.0	(11)
Capital Expenditure (including acquisitions)	1,248	460	171
Origin cash contribution to Australia Pacific ⁽²⁾	1,412	1,437	(2)
Net Debt ⁽³⁾	11,859	9,134	30
Undrawn Committed Debt Facilities and cash ⁽⁴⁾	5,172	6,544	(21)

UNDERLYING EBITDA

Half year ended December	2014 (\$m)	2013 (\$m)	Change %
Energy Markets	617	505	22
Contact Energy	234	232	1
Exploration & Production	208	302	(31)
LNG	39	35	11
Corporate	(18)	8	N/A
Total Underlying EBITDA	1,080	1,082	–

(1) Refer to Glossary.

(2) Origin's cash contribution to Australia Pacific LNG for the current period is net of \$58 million of interest income (31 December 2013: \$Nil) received on Mandatorily Redeemable Cumulative Preference Shares (the mechanism by which remaining funding to Australia Pacific LNG will be provided by the shareholders of Australia Pacific LNG in proportion to their equity interest). Interest on the Mandatorily Redeemable Cumulative Preference Shares is paid to shareholders twice per annum based on a fixed interest rate.

(3) Interest bearing debt less cash. Prior period comparative is 30 June 2014.

(4) Excluding Contact Energy and bank guarantees.

FINANCIAL CALENDAR 2015

31 March	Half year dividend payment
30 June	End of financial year
20 August	Full year results announcement
21 October	Annual General Meeting

FINANCIAL HIGHLIGHTS

FOR THE HALF YEAR ENDED 31 DECEMBER

Underlying EBITDA (\$m) ⁽¹⁾

2014	1,080
2013	1,082
2012	1,055
2011	1,157
2010	818

Underlying Profit (\$m) ⁽¹⁾

2014	346
2013	381
2012	362
2011	489
2010	304

Underlying Earnings Per Share (¢) ^(1,2)

2014	31.3
2013	34.6
2012	33.2
2011	45.5
2010	33.5

Interim Dividend Per Share (¢) ⁽¹⁾

2014	25.0
2013	25.0
2012	25.0
2011	25.0
2010	25.0

(1) Half year on half year comparison.

(2) December 2010 and prior years' Underlying EPS have been restated for the bonus element of the rights issue completed in April 2011.

GLOSSARY

Underlying profit and loss measures:
– EBITDA
– Profit
– EPS

Underlying measures used internally by management to assess the profitability of the Origin business. The Underlying profit and loss measures are derived from the equivalent Statutory profit measures disclosed in the Consolidated Interim Financial Statements and exclude the impact of certain items that do not align with the manner in which the Managing Director reviews the financial and operating performance of the business.

Group OCAT

Group Operating Cash Flow After Tax (OCAT) of the consolidated entity (including Origin's share of Australia Pacific LNG OCAT).

Free cash flow per share

Cash available to fund distributions to shareholders and growth capital expenditure divided by the closing number of shares on issue.

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