



origin

EVERY DAY

Annual General Meeting
Report to Shareholders
23 October 2013

08:30PM

Origin brings power to all aspects of every day. Even some late night shopping.



Strategy Performance Growth

AGM

City Recital Hall
Angel Place, Sydney
New South Wales
23 October 2013

Contents

Chairman's address	02
Managing Director's address	13
Meeting Results	20



01:00PM

Australia Pacific LNG is
positioned to meet
growing LNG demand.



Gordon Cairns
Chairman

ANNUAL GENERAL MEETING

Fellow shareholder

After serving as a Director on the Origin Board for more than six years, I consider it an honour and a privilege to be elected your Company's new Chairman.

Origin has a first class Board and a strong management team led by Managing Director Grant King.

Under the stewardship of my predecessor Kevin McCann, Origin has grown to become a leading Australian company. Today, Origin is the largest energy retailer in Australia with more than 4.3 million customers, has the largest power generation portfolio and, with our joint venture partners, is developing the \$24.7 billion Australia Pacific LNG project.

On 23 October 2013, Origin held its 14th Annual General Meeting in Sydney. At this meeting we reviewed the Company's financial and operating performance in the 2013 financial year, the policy environment and Origin's future prospects.

The 2013 financial year was a more challenging one for Origin. Statutory profit for the year was \$378 million, down from \$980 million reported in the prior year. Underlying Profit of \$760 million decreased from \$893 million in the prior year.

Importantly, Origin has undertaken a number of funding initiatives and the Company has sufficient liquidity to fund its commitments to Australia Pacific LNG.

Contained in this booklet are the addresses presented at the AGM. You can also view a complete webcast of the meeting at our website: **www.originenergy.com.au**

Thank you for your ongoing support and I look forward to steering Origin through its next phase of profitable growth.

A handwritten signature in black ink, appearing to read 'Gordon Cairns', written in a cursive style.

Gordon Cairns
Chairman



H Kevin McCann

Chairman

(retired 23 October 2013)

CHAIRMAN'S ADDRESS

23 October 2013

Origin shareholders and fellow Board members, earlier this month Origin announced that I would be retiring from the Origin Board, to be succeeded by Chairman-elect Gordon Cairns, subject to his re-election as a Director at today's meeting.

In addressing the formal business today, I will first provide a summary of the financial year in review, before outlining the importance of a comprehensive energy policy for Australia. I will then conclude by taking a few moments to share my thoughts on the Company and how it has developed during the period in which I have served as Chairman.

1. Financial overview 2013 financial year

First, to the financial review. As foreshadowed in February, the 2013 financial year was a challenging one for Origin, and this is evident in our financial results. Origin's performance was impacted by a very competitive environment in our Energy Markets business and regulatory decisions related to pricing, particularly in Queensland.

While the contribution from the Energy Markets segment was substantially reduced, we saw an improved performance from all other parts of Origin, reflecting the strong fundamentals of our business overall.

Statutory Profit for the year was \$378 million, down from \$980 million reported in the prior year. The primary factors contributing to this decrease in Statutory Profit include a loss on the movement in the fair value of financial instruments, increased expenditure on Retail Transformation and transition costs relating to the acquired NSW energy assets, along with a lower contribution from the Energy Markets business.

Origin's Statutory Profit contains a number of items that when excluded provide a different perspective on the financial and operational performance of the business consistent with the manner in which the Managing Director reviews the business. Underlying Profit excludes the impact of these items.

Underlying Profit of \$760 million decreased from \$893 million in the prior year, a reduction of 15 per cent year on year which was at the lower end of the guidance provided in February.

Earnings Per Share based on Statutory Profit declined 62 per cent to 34.6 cents per share. Underlying EPS decreased 16 per cent to 69.5 cents per share.

Dividend

A final unfranked dividend of 25 cents per share was paid on 27 September, taking the full year dividend to 50 cents per share which is in line with the Board's dividend policy.

As the interim dividend of 25 cents per share was franked, this brings the franking level for the year to 50 per cent, compared with 100 per cent in the prior year.

As a result of utilisation of available tax losses and the impact of development projects, including Australia Pacific LNG, dividends could not be fully franked. Going forward it is the Company's intention to distribute franking credits to shareholders as sufficient credits become available.

Funding

To support the funding of Origin's commitments to Australia Pacific LNG, the Company undertook a number of funding initiatives during the year.

In August, Origin entered into a new \$7.4 billion bank loan facility, and has subsequently accepted oversubscriptions of \$1.2 billion reflecting strong investor demand.

The new bank facility better reflects the current scope and size of the business, providing financing flexibility for the long term and further extending the Company's debt maturity profile.

Committed funding available to Origin provides sufficient liquidity to fund Origin's commitments to Australia Pacific LNG.

Environmental Social Governance

Beyond the financial results, we are witnessing changes in community attitudes and environmental challenges in our sector, which require improved disclosure to help investors assess both short-term and long-term risks and prospects. This has been one of my focal points throughout the year, and one that I believe to be a key issue for boards to address over the coming decade.

Balanced reporting and transparency is becoming more and more important to investors and other stakeholders.

The Australian Council of Superannuation Investors notes that “institutional investors are increasingly aware of the profound impact that environmental, social and governance factors have on the long-term viability of companies in which they invest. These factors are closely linked to achieving sustainable growth into the future, and therefore disclosure of sustainability risk reporting has become of vital importance”.

In providing an essential service to the community, we face many complex decisions and trade-offs every day. A reliable and competitively priced supply of energy is rightly an expectation of our society, however this objective is often at odds with the desire to lower carbon emissions or reduce environmental impacts from the development of energy.

Each year, we use our Sustainability Report to explain how we make these choices. This year, Origin introduced Material Aspects – a list of activities that are of most importance to our business and our stakeholders at this point in time. Reporting against Material Aspects will help build greater focus and transparency, in line with the G4 standards set by the Global Reporting Initiative.

I encourage shareholders to read the sustainability report. It can be viewed at reports.originenergy.com.au

Coal Seam Gas

With regard to sustainability, it would be remiss of me not to mention natural gas. There has been widespread discussion about gas, in particular coal seam gas and it seems the debate has been clouded by misinformation, creating confusion and uncertainty.

When used to generate electricity, natural gas or CSG, produces up to 70 per cent less emissions than coal. By developing and exporting natural gas, Australia has a key role to play in helping to address the global climate change challenge.

We know that part of the concern around CSG has been centred on its potential impact on water supply and quality, associated with a process we apply to extract CSG, commonly referred to as fracking.

In the areas where we extract CSG for our project, the water we withdraw is from the coal seams and typically contains high levels of salt. Water that is extracted is treated to a potable level before being supplied for beneficial use such as irrigation or returned to the environment through existing creeks and rivers. We continue to strive in taking a leadership position in the management of CSG water across the industry.

In addition, Australia Pacific LNG exclusively uses water-based fracking fluids. The fluid primarily comprises water and sand (approximately 99 per cent). A small percentage of the fluid contains other additives which are found in common household items and are considered entirely safe in the small quantities in which they are used.

Fracking is strictly controlled by regulation and will not contaminate aquifers.

Diversity

Now I would like to briefly address gender diversity. At Origin, we strive to build a more diverse workplace and we place gender at the heart of our diversity agenda. We focus on ensuring fair representation and equitable treatment of women through all levels of our workforce.

At a strategic level, our Diversity Council which is chaired by the Managing Director, has committed publicly to three voluntary targets:

- equality of average pay for men and women at each job grade;
- improving our retention of women; and
- increasing the number of women in senior management, with an increase in women appointed to senior professional and management roles by 15 per cent in FY2014.

We understand the importance of flexible working hours and continue to offer a full range of flexible working options to all employees which includes part-time, job share and parental leave.

We have a proactive program to manage the transition to parental leave, maintaining contact with our employees while they are on leave and subsequently managing their return to work. And we are pleased that the rate of women still with Origin one year after returning from maternity leave is almost 90 per cent.

Currently, women make up approximately 40 per cent of our workforce, 11 per cent of our Executive team, and 22 per cent of our Board of Directors. In addition, 27 per cent of our management and professional roles are held by women. The pursuit of the targets I previously described will see improved outcomes at all levels across Origin.

2. Policy environment

While in the past year, we have contributed to many policy discussions, I would now like to focus on four primary areas which I will address in more detail:

- promoting a comprehensive energy policy for Australia;
- accessing our world class energy resources;
- responding to climate change; and
- deregulating energy prices.

Promoting a comprehensive energy policy for Australia

First to energy policy more broadly. Australia is the world's ninth largest energy producer. Gas is a product in which Australia enjoys a world competitive advantage. Meanwhile, global energy demand continues to increase rapidly in emerging economies, especially in parts of Asia where living standards are improving and populations are growing.

Australia's proximity to Asia, combined with our substantial resource endowment, particularly in natural gas, means we have an opportunity to provide cleaner energy to the region. This will create substantial economic and social benefits for the Australian community as well as our customers.

At the same time, here at home, energy continues to underpin our economy and modern standard of living. We rightly expect an energy supply that is produced on a more sustainable basis.

The increasingly inter-connected nature of the energy supply, both domestically and internationally, means Australia must develop a comprehensive policy framework. This framework should focus on freeing and encouraging resource development, maintaining the appropriate environmental protections and reducing the cost burden on consumers. As a result, Australia will be well positioned not only to capitalise on its legacy resource position but also to capture growing market opportunities.

Accessing world class energy resources

To that end, Australia has the potential to create significant economic, environmental and social benefits through greater development of its substantial natural gas resources. However, we face strong global competition for the capital to develop those resources. We need a supportive market-focused policy environment which fosters productivity and reduces red and green tape in order for these benefits to be realised.

Origin has long-advocated that the greatest economic benefits for Australia are realised by allowing all resources, including natural gas, to flow to their highest value use.

Policies that force producers to supply gas at a specified volume and price are likely to decrease Australia's economic wealth and not leverage the country's natural advantages. The role of policy settings is to promote investment in exploration, which in turn stimulates new supply to meet demand growth.

Government policy and regulation plays a crucial role in providing environmental protections, as well as stimulating or restricting energy investment. This can, in turn, affect energy prices to consumers, reliability of supply, and investment in low carbon energy solutions.

Responding to Climate Change

As part of the broader policy imperative, Australia must balance the need to produce and deliver reliable and affordable energy with the need to progressively reduce carbon emissions. In Australia, there is bipartisan agreement from the two major political parties for a 5 per cent emissions reduction on 2000 levels by 2020.

Currently, the two main climate change-driven policy instruments are the Carbon Pricing Mechanism and the Renewable Energy Target (RET).

We look forward to working with the new Federal government which will replace pricing of carbon with a Direct Action policy. If well designed, this policy can make an effective contribution to reducing Australia's carbon emissions.

The RET is the other major climate change policy instrument and while Origin has been a long-time supporter of this policy to have 20 per cent of our energy supply coming from renewable energy by 2020, we believe this 20 per cent target is already nearly met.

Additional mandatory investments in renewables will further increase the delivered cost of electricity to consumers. We believe government should use the next scheduled review of the scheme in 2014 to review its effectiveness.

Deregulating energy prices

At last year's AGM, we talked at length about the impacts both to customers and our business from State government intervention on energy pricing. I am pleased to report that the policy environment has improved significantly in the past year. In February 2013, South Australia joined Victoria and fully deregulated electricity and gas prices.

Prices in Queensland are still regulated but the Government has committed to move to deregulate retail electricity prices

in south-east Queensland from 1 July 2015, subject to certain conditions being met.

In NSW, the future of regulation is less clear, however we are encouraged by a recent report by the AEMC which noted there is sufficient energy competition in the state and it recommended price controls be removed. We understand that later this year NSW will be considering the removal of price controls.

Origin has long advocated for price deregulation because it promotes competition, investment and innovation, which are in the long-term interests of both consumers and the broader energy market. This is evidenced by the experience in Victoria, which is recognised as one of the most competitive energy markets in the world and has successfully attracted investment in generation assets and new products and services.

3. Reflections

As this will be my last AGM on the Board, I would now like to reflect on Origin's journey to date since our demerger from Boral.

We have seen Origin become one of the top 20 ASX listed companies with a market capitalisation in March 2000 of \$600 million which has grown to more than \$16 billion.

Today we are:

- the leading integrated energy business in Australia and New Zealand;
- an investor in, and operator of, one of the largest LNG projects in Australia; and
- growing resource opportunities domestically and overseas including gas exploration and investments in renewables.

I wanted to take this opportunity to reflect on this period of growth and look at Origin through the lens of four key themes.

They are the:

- opportunities presented in the sector;
- productive relationship between the Board and management;
- benefits of a stable management team; and
- finally, the CSG revolution.

The first theme addresses the opportunities inherent in our sector and how Origin has benefited. Indeed, the timing of our establishment through demerger in 2000, and our subsequent growth, has had an element of serendipity. In short, we have operated in a highly attractive sector of the Australian economy.

At the time of our demerger from Boral, the analysts and the media were sceptical about Origin's prospects and we were widely regarded as a potential takeover target.

Despite this, we had a clear strategy and vision to become an integrated energy company.

At the beginning of the 2000s, the energy sector was going through fundamental change, in terms of structure and innovation, and we adapted and took advantage of the opportunities presented by that change. As governments deregulated and disaggregated formerly State Owned Enterprises, we started to acquire and invest.

Over the years, we have a strong track record of making carefully targeted, strategic acquisitions, investing in major development projects and forging lasting partnership agreements.

As a result, we have become the leading integrated energy business in Australia and New Zealand. Today, customer numbers have risen to more than 4.3 million, from approximately 600,000 customers in the late nineties.

We also have one of Australia's largest power generation portfolios, bolstered more recently with the addition of the Eraring Energy power station. With power generation of more than 6,000 MW of capacity, we represent around 13 per cent of Australia's total capacity. In addition, we have a substantial portfolio in New Zealand across gas, geothermal and hydro technologies.

We also developed a substantial Upstream gas position, with major producing assets such as BassGas and Otway in Australia and Kupe in New Zealand.

Most importantly, and this was a game changer for Origin, we acquired and developed substantial interests in CSG which became the basis for the development of one of Australia's largest LNG projects through our establishment of and investment in Australia Pacific LNG.

Second, I would like to highlight the strength of the relationship between our Board and the management team. Grant and I first met in 1999 and quickly established a strong working relationship. The longevity of the Board/CEO, Management relationship, is considered one of the hallmarks of our success. As we have sought to take advantage of the changes in the energy industry and pursue a strategy to become an integrated energy company, we have chosen to take measured risks, pioneering new areas of energy supply and innovating sources of energy. Throughout, we have been united in our vision as a Board and management.

This was most evident as we faced two of our greatest challenges. In 2006 we rejected an attempted merger and in 2008 defended a hostile takeover bid, as others saw value in Origin sooner than had been recognised by the market. The rejection of both these approaches was based on a belief that these proposals did not appropriately reflect the true value of the Company's assets at the time.

The Origin Board understands the Company's unique position in being involved across both resource development and energy supply, through the value chain, and with a range of stakeholders.

With recent Board renewal, I'm sure that this will continue to be the case.

I will now address the strength and cohesion in the Origin management team over the years. I have been fortunate to work with Grant King who is an outstanding Managing Director. Under his leadership, his management team has fostered the development of the Company through the industry's evolution and from what could be deemed as Origin's humble beginnings to a member of the ASX top 20.

Growth on this scale brings with it significant challenges, and with each acquisition we have made, the task of integration. Given the diversity within the Origin business, the skills among the management are also diverse. It is a testament to the leadership that Origin has been so successful. Grant is rightly considered a visionary leader in the Australian energy sector, and his team has been instrumental in ensuring that his vision has been realised, without losing sight of our focus for shareholders, financial prudence, sustainability and corporate responsibility. In an industry which invests substantial capital for long-term returns, the tenure and stability of Origin's leadership team has been important. It has allowed us to take a long-term and strategic view of the development of Origin.

Finally, I want to focus on the revolution in CSG to LNG. We drilled our first CSG exploration well in 1993 and began acquiring major CSG assets in Queensland in 1996/97. At the time we made those CSG acquisitions, sceptics were as thick on the ground as climate change sceptics are today.

I remember one of my former colleagues saying to me, "Kevin, everyone's tried to develop CSG and it doesn't work". We persevered, continued to build on our CSG assets and now we hold a leadership position in developing these unconventional gas resources.

Through our interest in Australia Pacific LNG, we developed a partnership with ConocoPhillips to provide investment and are on track to deliver LNG by mid 2015. We have signed major long-term supply agreements with Kansai and Sinopec, the latter of which has taken a 25 per cent stake in the project. Australia Pacific LNG holds the largest CSG reserves and is one of the largest CSG to LNG projects in this country. As an industry, it is predicted that by 2017 Australia's LNG sector could rival that of Qatar's as the world's leading LNG producer. This is the beginning of a new phase in Australia's contribution to world energy supply and the country's ongoing prosperity. We are proud to have been one of the pioneers of this development.

Today, as a result of our performance, our leading position in our respective markets and through our LNG interests, Origin has emerged as a more prominent member of the Australian community. We have activities that are geographically diverse, across all states and territories in Australia and in New Zealand. Not only has Origin grown substantially, it has also provided significant shareholder value with Total Shareholder Returns on a compound basis of 22 per cent during the past 13 and a half years and more than 30 per cent during the past 12 months.

Board and Management

The Board and I are very pleased to announce that the Managing Director, Grant King has agreed to extend his service agreement which was due to expire on 30 June 2014.

We are delighted that Grant will continue to lead the Company through the next phase of its development where its core priorities are on improving the performance of the existing business, delivering the Australia Pacific LNG project, managing the funding of Origin's investment in Australia Pacific LNG and creating growth opportunities for the future.

The extension of his contract, together with the continued development of the management team's experience and capabilities, is important to the Company's ongoing success.

The Board considers that the terms of the renewed contract appropriately reward the contribution Grant makes to Origin and weights remuneration to Company performance, good risk management and outcomes, as well as the delivery of sustainable growth in long-term shareholder value. All of these directly align with shareholder interests.

Consistent with modern practice and ASX corporate governance guidelines, Grant's contract is ongoing rather than for a fixed term.

Today I would also like to advise that we are well advanced with the appointment a new female non-executive director to the Board. I expect Gordon Cairns will be in a position to announce the appointment shortly.

When the appointment occurs, it will mean women comprise 33 per cent of our Board, which puts us among the leading top 20 ASX companies, in terms of the proportion of women on its Board.

Conclusion

While we have had a challenging year, your Board and management team have worked hard to ensure that the relevant operational, strategic and funding issues are being addressed and that Origin is well-placed to continue to deliver increasing value for our shareholders.

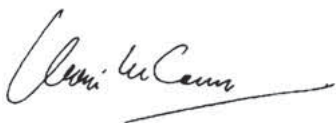
We continue to be aware of the importance we play in society in providing the most basic service, that is energy, to people – every day. Our people have worked very hard in a difficult year. And we acknowledge the commitment they bring to Origin.

I would like to reiterate how proud I am to have been part of the development of this great Australian company, along with our Board and management team.

Continuity of leadership has been one of the hallmarks of Origin's success. I would like to thank the management team, led by our Managing Director Grant King, and all my colleagues at Origin. The Board recognises their dedication and commitment to delivering outcomes, for you, our shareholders and other stakeholders.

I would also like to acknowledge the efforts of my Board colleagues, past and present, who have made an important contribution to key strategic and operating decisions. I thank them for their support and counsel.

Under the Chairmanship of Gordon Cairns, I know Origin will continue to grow its business, build on the opportunities presented by the energy sector and create sustainable value to share with all of its stakeholders. I wish you all every success in the future.

A handwritten signature in black ink, appearing to read 'Kevin McCann', with a long horizontal line extending to the right.

H Kevin McCann

Chairman



Grant King
Managing Director

MANAGING DIRECTOR'S ADDRESS

23 October 2013

Good morning and thank you Chairman.

I would like to talk in more detail about our operational performance during the past year and Origin's future prospects.

Safety

First, I would like to provide an update on our safety performance. At the end of the 2013 financial year, our Total Recordable Injury Frequency Rate was 6.7. This represents a 15 per cent improvement on the prior year. This improvement is particularly pleasing as we include our contractors in this performance measure and we have had a very large increase in contractors working for us, particularly for Australia Pacific LNG.

We believe this improvement reflects in part a number of initiatives, including implementation of 11 Life Saving Rules and a continued focus on observations, in order to drive improvements in safety performance.

Our Life Saving Rules govern safe behaviours across our operations. These rules address the causes of 35 per cent of the potentially serious or catastrophic incidents in our business and we are putting considerable effort into embedding them across our workforce through a range of leadership, training and communication activities.

Since implementation of the Life Saving Rules in March 2013, we have not had any serious injuries resulting from breaches of these rules. We will continue to target further improvements in safety performance.

I would now like to discuss Origin's performance during the 2013 financial year.

Underlying business performance

At Origin we are focusing on four key priorities:

- improving the performance of our existing businesses;
- delivering the Australia Pacific LNG project on schedule and budget;
- managing the funding of Origin's investment in Australia Pacific LNG; and
- creating growth opportunities for the future.

Improving the existing businesses

As the Chairman has mentioned, 2013 was a more challenging year for Origin with Underlying Profit after tax down 15 per cent on the prior year. This is the first time we have seen profit fall compared to a prior year but still the second highest profit recorded by the Company. A number of factors resulted in a reduced contribution from the Energy Markets business, with stronger contributions from all other parts of the business.

In our Energy Markets business, Underlying EBITDA was down 15 per cent reflecting the impact of adverse pricing determinations, particularly in Queensland and an increasingly competitive market, both of which resulted in reduced margins.

Despite very competitive market conditions, Origin achieved a considerable improvement in customer acquisition and retention during the second half, resulting in a net increase of 7,000 customers, compared to a loss of 23,000 customers in the first half and 160,000 customers in the prior year.

In the first half of the financial year we experienced challenges in the implementation of a new SAP billing system, which impacted on billing and collections and led to an increase in provisions for bad and doubtful debts. We took actions to address these issues which resulted in better performance in these areas in the second half of the year.

Earlier in October, we completed the migration of customers acquired from Country Energy to our new billing system. This task was completed one year ahead of schedule. Our significant investment in improved systems capability over recent years is now essentially complete.

Today, all of Origin's mass market customers are being serviced from SAP, which brings scale and operational benefits.

The SAP system has provided new capabilities in channel management and paved the way for delivery of new products and services to customers. These include online self-service, e-billing and smart energy management solutions.

These activities are aligned with Origin's objective of building more direct and engaging relationships with customers, and offering them tools that provide better visibility of energy use and costs, and allow them to manage their energy needs how and when best suits their individual requirements.

Origin operates the largest and one of the most flexible power generation portfolios in Australia with 6,010 MW of capacity. During the 2013 financial year, both units of the Mortlake Power Station commenced commercial operations. On 1 August 2013, Origin completed the acquisition of Eraring Energy, providing further scale and generation flexibility benefits.

We have also taken recent steps to strengthen the Company's gas portfolio to help meet the very large increase in east coast gas demand expected as LNG production commences in Eastern Australia.

In September 2013, we secured up to 432 petajoules of gas over nine years from ESSO and BHP Billiton from Longford in Victoria. Earlier in the year, we secured up to 139 PJe of gas over eight years from Beach Energy. This large volume of gas, combined with the Company's extensive gas transport capabilities, allows Origin to write long-term contracts to meet customers' gas needs, in any market in east coast Australia.

In New Zealand, the benefits of the completion of recent investments in Contact's fuel and generation portfolio were evident in a stronger financial performance. The Stratford Power Station and Ahuroa gas storage increased Contact's ability to respond to changing hydrology by increasing flexibility and reducing the cost of generation. This increased flexibility, along with completion of an additional HVDC Inter-Island link between the North and South islands, will contribute to more reliable earnings from Contact regardless of softening demand or hydrology-driven price volatility.

The 166 MW Te Mihi geothermal power station is also nearing completion and will provide Contact with additional lower cost generation.

In the Exploration & Production business, Origin has completed a number of investments in the Otway and BassGas assets to improve reliability and increase production capacity. Combined with Origin's strong and flexible gas portfolio, and organic growth options through the Halladale/Black Watch and Ironbark gas development projects, this will enable Origin to increase supply into a growing east coast gas market.

Australia Pacific LNG on schedule

The Australia Pacific LNG project, in which Origin has a 37.5 per cent interest, is by far the largest project Origin has undertaken. Delivery of Australia Pacific LNG's CSG to LNG project continues to be one of Origin's key priorities.

Significant progress was made on the project during the year, and it remains on track to deliver first LNG by mid 2015.

At June year end, we reported good progress on the project with both Upstream and Downstream parts of the project approximately 45 per cent complete.

In the Upstream project, drilling is progressing ahead of schedule as is construction of the main pipeline.

In the Downstream project the roof on both LNG tanks was raised ahead of schedule and the first LNG modules, refrigeration compressors and gas turbine generators have been installed.

One of the strengths of the Australia Pacific LNG project is the quality of the resources that underpins it. Australia Pacific LNG is the only CSG to LNG project with acreage in both of the two known 'sweet spots' for CSG production – the Undulla Nose and Spring Gully/Fairview.

Funding our investment in Australia Pacific LNG

As I previously mentioned, our investment in Australia Pacific LNG is by far the biggest single investment we have made. Not surprisingly, funding this investment is therefore a similarly big challenge.

The Chairman also mentioned that we have been active in securing funding for this investment in the debt markets in Australia, Asia, Europe and the US. We are pleased that the Company has been well supported in these markets and we have more than sufficient liquidity to support our investment.

It is also important that we maximise cash flow from our existing businesses. In the past year, we have completed a number of projects such as the Mortlake Power Station, new Retail billing systems, upgrades to BassGas, a new Geographe 2 well at Otway, Contact's investment in Te Mihi and the recently completed acquisition of Eraring Power Station. As the existing businesses mature we have a lower requirement for capital to be reinvested in these businesses resulting in increased cash flows available to fund other activities.

Growth opportunities

We are also mindful of the need to create opportunities for growth beyond the completion of Australia Pacific LNG's CSG to LNG project.

We will continue exploration and development activities focused on gas particularly in Australia and New Zealand as well as pursuing development opportunities in renewable energy for example wind in Australia to meet mandatory renewable energy targets or geothermal in New Zealand. We are also pursuing hydro and geothermal development opportunities in Chile and geothermal opportunities in Indonesia.

Trading update and future prospects

When we released our full year results in August, we did not give specific profit guidance at that time given the very competitive market conditions we were experiencing.

We advised at that time that despite many improving trends in the Energy Markets business, the lagged effect of FY2013 discounts that were necessary to respond to competitive conditions would delay earnings recovery in FY2014.

At the end of the financial year, we were seeing improving trends in a number of areas which have continued into FY2014:

- we have migrated the last of the acquired NSW retail customers, from Country Energy, across to our new billing systems in line with expectations in early October and are beginning to realise the benefits this new technology offers;
- our billing and collection performance has improved;
- we have stopped net losses of customers to competitors and we are making small gains in customer numbers;
- competitive conditions continue to exist in all our retail markets although there are some signs that discounting is moderating in NSW;
- following investment in our Upstream assets in the prior year we are seeing increased availability and production; and
- we have secured new gas contracts from ESSO / BHP which together with additional gas transportation arrangements will continue to strengthen the Company's competitive advantage in gas – particularly when LNG production commences in Eastern Australia.

Notwithstanding these improving trends, the lagged effect of discounts introduced in FY2013 will persist into FY2014 and will delay earnings recovery in this current year. If competitive conditions improve we expect to see some margin recovery in our Energy Markets business from the latter part of FY2014.

Trading conditions for the first quarter of this financial year have been consistent with our expectations at the beginning of the year other than for the effect of very warm winter weather.

As has been widely reported we have experienced what has been recorded in many of our markets in both Australia and New Zealand, the mildest winter on record. This has resulted in lower sales volumes, in the Energy Markets business in Australia and New Zealand, than we would expect in normal weather conditions. We believe this has reduced earnings at an EBITDA level in these businesses by approximately \$30-\$40 million in the first quarter, compared to our expectations at the beginning of the financial year.

Importantly, in Energy Markets we are seeing strong cash flows to start the year, when compared with the start of the last financial year when a number of issues resulted in reduced cash flows.

In respect of Australia Pacific LNG, we reported progress at June of 45 per cent on the Upstream and 45 per cent on the Downstream parts of the project. Progress continues to be good with overall work currently being progressed at the rate of 3-4 per cent per month. The project remains on budget and on schedule for delivery of first LNG by mid 2015.

We will provide more detailed reporting on performance against milestones and overall performance in our quarterly production report to be released at the end of the month.

In this report we will rebase our overall progress reporting to allow for project cost increases already announced in February, the greater part of which was increased contingency on the Upstream part of the project.

Having rebased progress reporting, at the end of September the project was approximately 50 per cent complete on the Upstream and 54 per cent complete on the Downstream.

This rebasing has no effect on the achievement of project milestones or schedule.

Looking more broadly we expect to see LNG production commence in Eastern Australia early in FY2015. We will also see Australia Pacific LNG's project commence by mid 2015. Origin has a strong position in gas which will benefit when LNG production commences.

On the basis outlined, we expect to see strong growth in earnings and cash flow in the period FY2015 to FY2017.

Conclusion

In concluding, I would like to take a moment to acknowledge the contribution of our outgoing Chairman, Kevin McCann.

I have worked with Kevin since Origin listed on the ASX in February 2000, and during the past thirteen and a half years I believe both Origin and I have benefited greatly from his guidance, wisdom, determination and commitment. It is quite rare to have such long-term stability in the leadership of a Company, and as Kevin remarked, stability of the Board and Management is one of the factors that has underpinned Origin's success.

I know Kevin will watch with interest as we pursue the next phase of Origin's growth and development on behalf of shareholders. I am also confident he will continue to make an outstanding contribution to the wider business sector, with additional ongoing interest in important areas such as corporate governance, gender diversity, education and community issues. We wish him well for the future.

As shareholders are aware, Gordon Cairns is our Chairman-elect. Gordon has been a Director for six years and has gained extensive experience and knowledge of our business. He is a worthy successor to Kevin and will serve shareholders well.

I would also like to thank our Directors for their dedication, guidance and ongoing support, and of course my colleagues and all of our employees at Origin who work tirelessly on the continued growth and development of your Company.

Finally, I would like to acknowledge the continued strong support Origin receives from you, our shareholders. While the past year has been a more challenging one for our business, and indeed the broader sector, we believe we are responding to the challenges in our existing energy business and making good progress on the development of Australia Pacific LNG's CSG to LNG project.

These businesses will drive the continued growth and development of Origin in the medium-term.

We look forward to your continued support of Origin.



Grant King
Managing Director

MEETING RESULTS

In accordance with Listing Rule 3.13.2 and Section 251AA of the *Corporations Act*, the outcome in relation to each resolution put to the shareholders of Origin Energy Limited at its Annual General Meeting held on 23 October 2013 is detailed below. Each resolution was determined by a poll at the meeting.

Items of Business

Resolution 2

Election of Mr Bruce W D Morgan

Resolution 3

Re-election of Mr Gordon M Cairns

Resolution 4

Adoption of Remuneration Report (Non-binding advisory vote)

Resolution 5

Renewal of Proportional Takeover Provisions

* Votes cast by a person who abstains on an item are not counted in calculating the required majority on a poll.

	For	Against	Abstain*
	580,573,159	6,309,398	1,577,214
	580,475,770	6,560,318	1,423,683
	550,032,255	33,579,994	2,773,964
	581,042,215	3,961,039	3,456,517



DIRECTORY

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Secretaries

Andrew Clarke
Helen Hardy

Auditor

KPMG

