



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	6 December 2016
From	Helen Hardy	Pages	5
Subject	IPO of Conventional Upstream Business		

Please find attached a release on the above subject.

Regards

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Company Secretary
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ASX/Media Release

6 December 2016

Origin to focus the business and accelerate debt reduction with the planned IPO of its conventional upstream business

Highlights

- **Origin has taken the strategic decision to focus on its Energy Markets business, the leading energy retailer in Australia, and its simplified Integrated Gas business, Australia's largest on-shore unconventional gas developer**
- **Origin intends to divest by IPO its conventional upstream business supplying Australian and New Zealand domestic markets**
- **New company ('NewCo') will be a mid-cap geographically diversified upstream exploration and production company listed on ASX with 2P reserves of 948 PJ¹ and FY16 production of 75 PJ**
- **Proposal accelerates Origin's debt reduction and reduces Origin's on-going capital expenditure requirements**
- **Contracts will be put in place with NewCo to provide Origin with access to existing resources and rights over undeveloped resources in support of its east coast gas portfolio**
- **Transaction expected to be Earnings Per Share (EPS) accretive from FY19 and to deliver an improved return on capital to Origin from completion**

Origin Energy Limited (Origin) today announced its intention to divest its conventional upstream business via Initial Public Offering (IPO) with NewCo to be listed on the Australian Securities Exchange (ASX).

NewCo will include Origin's interests in the Otway Gas Project, BassGas Project, Kupe Gas Project, and the Perth, Cooper, Bonaparte and Canterbury basins. Origin will retain its interests in Australia Pacific LNG, Ironbark and the Browse and Beetaloo basins.

Origin Chairman Gordon Cairns said, "The divestment of Origin's conventional upstream business will allow the company to focus on its Energy Markets business and the simplified Integrated Gas business. The decision to divest is consistent with Origin's strategy to focus the business, reduce debt and improve returns for shareholders.

"Given Origin's ability to invest capital in the NewCo assets is constrained, their long term value will be better supported by them being an independent business."

Origin CEO Frank Calabria said, "The divestment of Origin's conventional upstream business will be a major step towards restoring the company's financial flexibility and is expected to improve Origin's return on capital.

¹ As at 30 June 2016



“The Energy Markets business will continue to be focussed on driving improved earnings through our customer led strategy combined with a competitive wholesale cost of energy.

“Origin is uniquely positioned to lead the transition to less carbon intensive energy through the acceleration of renewables development supported by a flexible gas supply portfolio and generation fleet which we see as a source of competitive strength. Origin will retain the benefits of integration in the east coast gas market through long term contractual arrangements to be put in place between Origin and NewCo prior to listing.

“As the upstream operator for Australia Pacific LNG, Origin’s Integrated Gas business is the largest onshore unconventional gas developer in Australia. Origin has clear scale and capability in this area with onshore unconventional resources available to supply both the growing LNG demand and the east coast domestic gas market.

“Both LNG trains in the Australia Pacific LNG project are now in operation and the Integrated Gas business is continuing to focus on reducing costs and improving well productivity,” Mr Calabria said.

Creation of a diversified ASX-listed mid cap exploration and production company

At IPO, NewCo will be a mid-cap exploration and production company listed on the ASX with a sound capital structure and core capabilities as an on-and-offshore operator and developer of conventional resources. NewCo will have diversified exposure to the Australian east coast, west coast and New Zealand gas markets. It will have a mix of production and exploration assets. Both of these provide a foundation for further growth and development.

NewCo will also benefit from near term revenue certainty through contracts that will be put in place with Origin. These contracts will be structured to reflect current and future prevailing market prices.

NewCo will have an independent Board and a dedicated management team with deep industry and market experience who will develop a strategy, cost structure and culture tailored to the scale and nature of its assets. Origin will assist with appropriate transitional services for a limited period. It is not intended that Origin will hold an ongoing equity interest in NewCo.

NewCo assets will include:

- A 67.23 per cent interest in the Otway Gas project as well as interests in various exploration permits;
- A 100 per cent interest in the Halladale and Speculant gas fields located offshore Victoria and Tasmania;
- A 42.5 per cent interest in the BassGas project located offshore Victoria;
- Various interests in the Cooper Basin including the SACB and SWQ joint ventures and CBOS exploration;
- Various interests in the Perth Basin including a 50 per cent interest in the Waitsia Gas project and a 67 per cent interest in Beharra Springs;
- Various interests located offshore New Zealand including a 50 per cent interest in the Kupe Gas project and Canterbury exploration; and
- Various interests in the Bonaparte Basin, including exploration and a 5 per cent interest in the Petrel development.



Structure and timing

The proposed IPO will not require Origin shareholder approval and a listing of NewCo is targeted for 2017.

“Despite active interest in the Perth Basin assets, Origin has terminated the sale process of these assets and will include them in NewCo’s portfolio. The inclusion of these assets adds to the geographic diversification and exploration potential of NewCo. The sale processes for the Darling Downs pipeline and Stockyard Hill wind farm are underway and progressing as planned and are on target for completion by June 2017,” Mr Calabria said.

On completion it is expected that the proceeds of the NewCo IPO will be applied to debt reduction less the costs of sale and an amount to close out two oil forward sale agreements that Origin entered into in FY13. Based on current market pricing, the estimated cost to close out these contracts is around \$350 million. At the time of entering into the transactions Origin received \$482 million.

The proposal is subject to market conditions and final Origin Board approval. That approval will be sought once all necessary arrangements have been finalised and NewCo’s Board and management are in place. Further detail will be released in due course.

Origin has appointed Macquarie Capital and UBS AG, Australia Branch to act as joint financial advisors and joint lead managers in respect of the proposed IPO.

Important notice

This document does not contain or constitute an offer or invitation to purchase or subscribe for any shares in NewCo in any jurisdiction including the United States and should not be relied on in connection with any decision to purchase or subscribe for any such shares.

A Prospectus in relation to the IPO will be made available when the shares under the proposed IPO are offered in Australia. Any person should consider the Prospectus in deciding whether to acquire any shares in NewCo. Any person who wants to acquire the shares in NewCo will need to complete the application form that will be in or will accompany the Prospectus.

Any shares referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the **Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. Any shares described in this document may not be offered or sold in the United States except in accordance with the registration requirements of the Securities Act, or pursuant to an applicable exemption from the registration requirements of the Securities Act and any other applicable securities laws.

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This document contains forward looking statements. These forward looking statements are not representations, guarantees or predictions of future performance, and are based on assumptions and known and unknown risks, uncertainties and other contingencies, many of



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About Origin Energy

Origin Energy (ASX: ORG) is the leading Australian integrated energy company with market leading positions in energy retailing (approximately 4.2 million customer accounts), power generation (approximately 6,000 MW of capacity owned and contracted) and natural gas production (1,204 PJ of 2P reserves and annual production of 75 PJ). Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing Australia's biggest CSG to LNG project based on the country's largest 2P CSG reserves base.