



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	15 February 2017
From	Helen Hardy	Pages	3
Subject	Origin announces expected non-cash impairment and improves Underlying EBITDA guidance for FY2017		

Please find attached a release on the above subject.

Regards

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Company Secretary  
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## ASX/Media Release

15 February 2017

### Origin announces expected non-cash impairment and improves Underlying EBITDA guidance for FY2017

Origin Energy Limited (Origin) today advises that it expects to recognise an impairment charge of approximately \$1.9 billion (post tax) in its HY2017 results to be released on 16 February 2017.

Origin's Underlying EBITDA guidance range has improved to \$2,450 million to \$2,615 million for the 2017 financial year, subject to market conditions.

Australia Pacific LNG (APLNG) has recognised an impairment charge on its assets of which Origin expects to reflect its 37.5 per cent share (\$1,031 million post tax) in the financial statements. In addition, Origin expects to impair its investments in the Browse Basin \$578 million, NewCo conventional exploration assets \$170 million and Energía Austral SpA \$114 million.

In determining the carrying value of its assets, APLNG considers a range of project and macro assumptions – including oil price, AUD/USD exchange rates, discount rates and costs. The cumulative net effect of these has reduced the valuation over time but had not warranted a revision by APLNG of the carrying value of its assets until now. Since the last assessment at 30 June 2016, there has been a change in a number of relevant assumptions but principally an increase in US dollar interest rates which caused an increase in the discount rate from 9.0 per cent to 10.2 per cent (pre-tax)<sup>1</sup>. As a result, APLNG is now recognising an impairment.

Origin's own assessment of the carrying value of its equity accounted investment in APLNG identified that no further impairment was required, based on the same discount rate as APLNG and using Brent oil price consistent with the forward curve at 31 December 2016 for the short term, stepping up to US\$71/bbl (real) from FY2021 and an AUD/USD exchange rate consistent with the 31 December 2016 forward curve and a long term rate of 0.70 from FY2021. Origin's valuation of its investment in APLNG is sensitive to changes in these assumptions which could impact the financial statements in the future.

The impairment of the Browse Basin has been made following an assessment of the likely timing and potential commercialisation of the resource. Based on new information, Origin has formed the view that the Caldita-Barossa fields are now the lead prospects to be developed to backfill Darwin LNG and other commercialisation alternatives are unlikely in the near term.

Following a review of the carrying value of the assets to be included in the proposed Initial Public Offering of our conventional gas assets (announced in December 2016) an impairment of exploration assets that primarily offer low growth has been recognised.

After an extended sale process, the impairment of Energía Austral SpA reflects the reduced prospects of an asset sale proceeding.

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<sup>1</sup> The discount rate calculation uses the current market observed interest rate on the US Government 20 year bond as the risk free rate



### Impairment Details

Asset	Post-tax impairment (\$m)
Assets held by APLNG	1,031
Browse Basin	578
NewCo conventional exploration assets	170
Investment in Energia Austral SpA	114
<b>Total</b>	<b>1,893</b>

The aggregate impairment charge is subject to finalisation of Origin's half year financial statements and is an after tax, non-cash item with no impact on cash flow or EBITDA.

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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 (1,093 PJ of 2P reserves and annual production of 82 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.