

## Media Release

28 February 2001

### Origin Energy Delivers a 77% increase in Profit After Tax

Strong performances in all its businesses today saw Origin Energy announce a half-year profit after tax of \$49.5 million for the six months ended 31 December 2000, a 77% increase on the pre-abnormals profit for the previous corresponding period.

Commenting on the result, Managing Director Mr Grant King said: " Over the past three years, Origin Energy has undertaken a substantial investment program aimed at growing its activities in the competitive segments of the energy chain. This strong result, combined with the improved result in the June 2000 half-year, demonstrates the success of this program and reflects the ongoing strategic focus of the company."

Significant improvement in the Retail & Trading, Exploration & Production and Generation groups drove an almost doubling of EBIT to \$88.5 million.

Mr King said: "Of particular significance was a \$16 million turnaround in Retail & Trading. This improvement was the result of better margin management and stronger sales volumes resulting from a cooler winter and, more importantly, sales to a number of new large industrial customers.

"Exploration & Production reported a 33% increase in EBIT to \$65.0 million with higher oil prices accounting for around two-thirds of this increase. Particularly pleasing was a 5% increase in sales volumes, primarily driven by the pull through of volumes relating to Origin Energy projects, including the Ladbroke Grove power station.

"A six month contribution from Ladbroke Grove saw Generation also report a significant growth in earnings from a small loss in the December 1999 half-year to an EBIT of \$8.9 million.

"Networks performed in line with expectation, reporting a 14% increase in EBIT to \$10.3 million," Mr King said.

Origin Energy today also announced a proposed on-market buy-back of up to 5% of its issued shares. The proposal will be put to shareholders for approval at a General Meeting scheduled for the first half of April 2001.

Mr Kevin McCann, Chairman of Origin Energy, said: "Origin Energy is unable to pay a franked dividend and expects limited franking credits to become available over the next three to five years. For the majority of shareholders the payment of an unfranked dividend is an inefficient means of providing returns to shareholders. This is particularly true for those 50,000 shareholders who elect to participate in the Dividend Reinvestment Plan and must fund the consequential tax liability from alternative sources of income.

"An on-market buy-back provides a better option for all shareholders. Those wishing to realise a cash return can participate in the buy-back, and as many have a cost base close to, or in excess of, the company's current market price (resulting from the Demerger from Boral Limited), they will pay little or no capital gains tax on the proceeds from the buy-back.

"Those shareholders currently participating in the Dividend Reinvestment Plan may elect not to participate in the buy-back. This has the effect of proportionately increasing their holding in the company without crystallising any tax liability," he said.

In order to make the on-market buy-back equally accessible and cost effective to all shareholders, each shareholder will be provided with the equal opportunity to sell up to 5% of their holding into the buy-back without incurring brokerage.

A decision on an interim dividend has been deferred, pending the outcome of the General Meeting. Decisions on future returns to shareholders' will be reviewed on an ongoing basis. The company intends to pay dividends as franking credits become available and indicated a small (one or two cents per share) fully franked dividend is likely be paid in the second half of 2001.

Commenting on the outlook for the full year, Mr King said: "On the back of the strong performance in the first half and initial contributions from the Peat coal seam gas project and the BP Bulwer Island cogeneration plant, Origin Energy expects earnings for the full year to materially exceed that of last year.

"Origin is well positioned to pursue further growth opportunities. This includes an aggressive exploration drilling program planned for the June 2001 half, power generation and cogeneration opportunities and the continued development of the company's energy retailing capability," he said.

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## Key Financials

6 months ended 31 December	2000 (\$m)	1999 <sup>1</sup> (\$m)	% change
Sales revenue	672.0	561.9	19.6
EBITDA	155.2	113.4	36.8
EBIT	88.5	45.7	93.6
Profit before tax	72.8	32.0 <sup>2</sup>	127.9
Profit after tax	49.5	28.0 <sup>2</sup>	77.2
Capital expenditure	70.3	88.8	(20.8)

### Segment Analysis (EBITDA)

Exploration & Production	105.9	92.8	14.1
Retail & Trading	29.7	14.7	101.4
Generation	12.7	1.2	922.8
Networks	11.3	10.1	11.6
Corporate	(4.3)	(5.4)	20.4

### Key Ratios

Earnings per share	8.7 cents	4.9 cents	77.6
Operating cash flow after tax on funds employed	6.1%	NA	
Net debt:equity	31.3%	35.6% <sup>3</sup>	4.3
Interest cover	5.7 times	4.4 times <sup>3</sup>	29.5

<sup>1</sup> Pro forma

<sup>2</sup> Before abnormal items

<sup>3</sup> As at 30 June 2000