

## Media Release

23 August 2000

### **Origin Energy announces a 24% increase in net profit to \$75.4 million**

Origin Energy today announced a net profit after tax and before abnormal items from its continuing businesses of \$75.4 million for the 12 months ending 30 June 2000, a 24% increase on the prior year.

The Chairman of Origin Energy, Mr Kevin McCann said "This is an excellent first result for Origin Energy as a stand-alone company. Earnings before interest and tax of \$131 million exceeded, by 31%, the upper range of the EBIT forecast contained in the Explanatory Statement prepared for the demerger of Origin Energy from Boral.

"The improved result was underpinned by a strong result in our exploration and production business on the back of increased production of natural gas and the continuing strong oil price, as well as a higher than expected contribution from power generation," he said.

Origin Energy's Managing Director, Mr Grant King, said "EBITDA was particularly strong at \$271 million, up \$90 million for the year with all operating segments contributing to the improved performance.

"Exploration and Production was up significantly on the prior year to record an EBITDA of \$187 million. This increase was equally attributable to higher natural gas sales and the strong oil price.

"While Retail and Trading recorded an increase in EBITDA of 17% to \$58 million, earnings for the year were lower than expected as a result of the warmest winter on record in Victoria during the first half of the year. In addition, there was severe pressure on LPG margins as a result of a near doubling in the average international cost of LPG.

"Generation reported improved earnings to record an EBITDA of \$16 million with the Osborne cogeneration plant and Roma power station contributing for the full 12 months and Ladbroke Grove contributing for just under six months of the year.

“Increased contributions from infrastructure management fees and distributions relating to the 19.97% interest held in Envestra saw Networks report an EBITDA of \$23 million, up significantly from \$10 million in the prior year,” he said.

As previously indicated, the company reported an abnormal loss of \$73 million after tax and outside equity interests. This comprised predominantly of a write-down of the company’s upstream oil and gas assets following the adoption of discounted cash flows for determining the carrying value of assets.

Commenting on the outlook for the current financial year, Mr Kevin McCann said “We currently expect a further improvement in earnings in this year.

“This improvement in earnings will be driven by a higher contribution from natural gas retail sales assuming normal weather conditions, as well as a continuing focus on LPG margin management.

“In addition, the contribution from Generation is expected to increase with a full twelve months operation of Ladbroke Grove and the BP Bulwer Island cogeneration plant coming on line in September.

“The company has limited its exposure to movements in the oil price, hedging approximately 55% at prices over US\$25 per barrel,” he said.

An unfranked final dividend of 6 cents per share was declared. The company also announced the reinstatement of the Dividend Reinvestment Plan (DRP) for the final dividend.

*Ends*

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## Origin Energy Continuing Businesses Key Financials

	1999/00	1998/99	% change
Total revenue	1,379.6	1,029.0	34.1
EBITDA	271.4	181.7	49.4
EBIT	131.1	81.0	61.9
Profit before tax	101.2	80.2	26.2
Profit after tax	75.4	61.0	23.6
Abnormals after tax	(72.6)	8.2	
Profit after tax and abnormals	2.8	69.2	
Capital expenditure	145.5	208.0	(30.1)
Total assets	2,231.2	2,401.4	(7.1)
Net debt	431.0	400.0	7.8
Shareholders equity	1,240.3	1,287.8	(3.7)
<b>Key Ratios</b>			
Earnings per share	13.3 cents	10.7 cents	24.3
Dividend per share	6 cents	N/A	
Net tangible asset backing	\$1.35	\$1.41	(4.3)
Net debt:equity	34.8%	31.1%	11.9
Interest cover	4.4 times	N/A	
Return on equity	6.3%	4.9%	28.6
<b>Segment Analysis (EBITDA)</b>			
Exploration & Production	186.5	117.6	58.6
Retail & Trading	58.4	49.7	17.3
Generation	16.1	6.4	151.8
Networks	22.6	10.3	120.0
Corporate	(12.2)	(2.3)	
Total	271.4	181.7	49.4