

Media Release

17 August 2004

Origin Energy delivers solid earnings growth

Origin Energy today announced a profit after tax and outside equity interests of \$205 million for the year ended 30 June 2004, a 27% increase on the prior year.

Results Summary

- Revenue up 6% to \$3,556 million.
- EBITDA up 8% to \$532 million.
- Net profit after tax up 27% to \$205 million.
- Free cash flow stable at \$350 million.
- Earnings per share increased 25% to 30.9 cents per share.
- Capital expenditure down 3% to \$509 million.
- Strong balance sheet with net debt to capitalisation of 31%.
- Final Dividend: 7 cents per share
 - Payment Date: 15 September 2004
 - Record Date: 26 August 2004
 - Ex-Dividend Date: 20 August 2004
- Total dividends for the full year up 30% to 13 cents per share fully franked.

Origin Chairman, Kevin McCann announced that a final fully franked dividend of 7 cents per share will be paid on 15 September 2004 to shareholders of record on 26 August 2004. The Dividend Reinvestment Plan will continue to apply for this dividend. As foreshadowed no discount will apply.

In commenting on the Company's performance Mr McCann said "The 30% increase in dividends for the year to 13 cents per share reflects the underlying growth in profits. This growth is based on the strength and diversity of the company's business."

Managing Director, Grant King said "The company's strategy of operating across the energy supply chain delivered earnings growth in an environment of increasing competition and unexpected events."

Increased oil sales from the Perth Basin and higher gas prices boosted the Exploration and Production result and offset a significant disruption to production as a result of a fire at the Moomba Gas Plant in January. In line with increased sales revenue, Exploration and Production EBITDA increased 5% from \$187.6 million to \$197.2 million.

The Retail business recorded a 2% increase in EBITDA to \$236 million. Tariff increases, colder winter weather and lower LPG purchasing costs more than offset increasing levels of customer churn and increased electricity purchasing costs.

A full year contribution from the Mt Stuart Power Station and a one-off tax adjustment boosted Generation EBITDA by 44% to \$69 million, while a maiden contribution from the SEA Gas Pipeline also significantly improved the Network EBITDA of \$29.8 million which is up 25% on the prior year.

“The company’s strong cash flows and balance sheet allowed us to take advantage of opportunities to grow the business. These opportunities add new revenue streams as well as scale and diversity which add to the strength of our business,” Mr King said.

“These included the purchase of the minority interests in Oil Company of Australia and in New Zealand the remaining 50% of the Rockgas LPG business, an interest in the Kupe gas field and, most recently, a conditional agreement to purchase 51.2 % of Contact Energy.”

Mr King said the return to full production at Moomba, increasing oil production from the Perth Basin and the commissioning of the BassGas Project later this year will contribute to the company’s performance over the coming year.

“The Retail business will also benefit from a full year of tariff increases and further efficiencies that will reduce the cost to serve customers,” Mr King said.

“The Otway Gas Project, contracts for coal seam gas with AGL and QAL and the Kupe Gas Project in New Zealand will drive growth in the longer-term.”

“As a result of these factors we expect that earnings from Origin’s existing business for the coming year will increase consistent with the targeted growth rate of 10-15%. Assuming the Contact acquisition proceeds, its impact on earnings is expected to be accretive at an earnings per share level in the coming year.”

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Origin Energy Key Financials

	2003/2004 (\$m)	2002/2003 (\$m)	% change
Total revenue	3,556	3,352	6
EBITDA	532	491	8
EBIT	329	295	11
Profit before tax	284	247	15
Profit after tax	207	166	24
Profit after tax and outside equity interests	205	162	27
Free cash flow	350	350	-
OCAT ratio	14.8%	15.6%	
Capital expenditure	509	524	(3)
Total assets	3,707	3,409	9
Net debt	861	732	18
Shareholders equity	1,939	1,790	8
Key Ratios	2003/2004	2002/2003	% change
Earnings per share	30.9 cents	24.8 cents	24
Free cash flow ⁽¹⁾ per share	52.8 cents	53.7 cents	(2)
Total dividend per share ⁽²⁾	13 cents	10 cents	30
Net asset backing per share	\$2.89	\$2.67	8
Net debt to capitalisation	31%	29%	
Net debt to equity	44%	41%	8
EBIT Interest cover ⁽³⁾	6.2 times	6.0 times	4
Return on equity	11%	9%	15
Segment Analysis (EBITDA)	2003/2004 (\$m)	2002/2003 (\$m)	% change
Exploration & Production	197	188	5
Retail	236	232	2
Generation	69	48	44
Networks	29	23	25

⁽¹⁾ Cash flow available for funding growth and distributions to shareholders

⁽²⁾ Final dividend 7 cents per share (fully franked), interim dividend 6 cents per share (fully franked)

⁽³⁾ Including capitalised interest