

Media Release

17 February 2004

40% increase in half year profit demonstrates continued growth

Origin Energy announced today a half year profit after tax of \$125.6 million for the six months ended 31 December 2003, a 40% increase on the profit for the same period last year. Earnings per share increased by 39% to 19.2 cents.

The Chairman, Mr Kevin McCann said, "All parts of the business have contributed to the growth in profit.

"On the basis of the strength of the company's profits and cash flow for the first half, we are pleased to announce an increased interim fully franked dividend of six cents per share."

"Furthermore the Board has today decided that, subject always to the impact of changes in tax legislation, it is intended that Origin's future dividends will be fully franked."

Highlights

- Revenue up 11% to \$1,845.8 million.
- EBITDA up 20% to \$306.5 million.
- Net profit after tax up 40% to \$125.6 million.
- Earnings per share increased 39% to 19.2 cents per share.
- Strong balance sheet with net debt to capitalisation of 28%.
- Dividend of 6 cents per share fully franked, up 20%.
 - Payment date: 18 March 2004
 - Record date: 26 February 2004
 - Ex-Dividend date: 19 February 2004
- Dividend Reinvestment Plan (DRP) 2.5% discount to apply.

The increased profit for the half year has been driven by strong contributions from energy retailing, oil production and power generation.

Exploration and Production contribution to EBITDA was up 14% to \$102.9 million, Retail increased contribution by 13% to \$146.7 million and the contribution from Generation was up 83% to \$43.7 million.

Commenting on the result, Managing Director, Grant King said, "Oil production has been well above levels of last year which, with the strong oil price, resulted in a higher contribution. Cooler winter weather and a cool spring in the retail

markets of Victoria and South Australia has led to increased electricity and gas sales.

“The increased contribution from Generation reflected a full six months ownership of the Mt Stuart power station (further boosted by an additional capacity payment) and a one-off increased contribution from the Osborne Power Station following its entry into the new tax consolidation regime.

“While the underlying business is performing strongly, the first half result did benefit from a few favourable circumstances unlikely to be repeated in the second half. In addition, the cost of the recent incident at Moomba will reduce second half earnings.”

Mr King said “Despite these factors we can confirm our previous guidance that earnings per share for the full year is expected to be around 20% higher than the prior year.”

Looking further ahead, Mr King said, “The prospects for the company remain sound with a number of projects to deliver continued growth over the next few years. The company’s free cash flow of \$230 million for the half year was up 20% on the prior period. This cash flow together with additional borrowing capacity will fund this growth,” Mr King said.

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Origin Energy Key Financials

Half year ended 31 December	2003 (\$m)	2002 (\$m)	% change
Total revenue	1,845.8	1,669.9	11
EBITDA	306.5	255.9	20
EBIT	205.9	163.7	26
Profit before tax	181.9	138.8	31
Profit after tax	127.1	91.7	39
Profit after tax and outside equity interests	125.6	89.6	40
Free cash flow	230	191	20
OCA ratio	16.1%	16.5%	(3)
Capital expenditure (including acquisitions)	241	382	(37)
Total assets	3,393	3,326	2
Net debt	744	704	6
Shareholders equity	1,870	1,731	8
Key Ratios			
Earnings per share	19.2 cents	13.8 cents	39
Free cash flow ⁽¹⁾ per share	35.3 cents	29.4 cents	20
Interim dividend per share	6 cents	5 cents	20
Net asset backing per share	\$2.80	\$2.70	5
Net debt to capitalisation	28%	29%	
Net debt to equity	40%	41%	
EBIT Interest cover	8.6 times	6.6 times	
Return on equity	7%	5%	
Segment Analysis (EBITDA)			
Exploration & Production	102.9	90.2	14
Retail	146.7	129.5	13
Generation	43.7	23.9	83
Networks	13.2	12.3	7

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