

## Media Release

21 February 2005

### Origin Energy announces a 21% increase in half year profit and Renounceable Rights Issue

An initial three months of contribution from Contact Energy, increased oil production and energy retailing and profits from the sale of the Carpentaria pipeline have contributed to a 21% improvement in Origin Energy's profit to \$152 million for the half year to 31 December 2004.

Earnings per share increased by 18% to 22.6 cents and an interim fully franked dividend of seven cents per share was announced.

Origin Energy Limited also announced a 1 for 6 renounceable rights issue which will raise approximately \$641 million in equity.

#### Highlights of Half Year Results

- Revenue up 24% to \$2,292 million
- EBITDA up 44% to \$440 million\*
- Net profit after tax up 21% to \$152 million
- Contact Energy contributes \$6.6 million profit over three months
- Earnings per share increased 18% to 22.6 cents per share
- Dividend of 7 cents per share fully franked to be paid on 23 March, up 17% on last year

\*includes Contact at 100%

Commenting on the result the Chairman Mr Kevin McCann said, "It is pleasing to see the successful completion of the Contact acquisition and the initial contribution that Contact has made to Origin's profit. We are also pleased to announce a fully franked dividend of seven cents per share which is a 17% increase over last year and will be paid on 23 March 2005 to shareholders of record on 2 March 2005 (shares issued under the Rights Issue will not participate in this dividend). We expect to maintain the dividend for the full year at around 40% of earnings per share."

Mr Kevin McCann said, "The proceeds of the Rights Issue will be used to repay the Convertible Undated Preference Shares issued to fund the acquisition of a 51.4% interest in Contact Energy in 2004 and to strengthen Origin's balance sheet."

Details of the Rights Issue are contained in a Prospectus lodged with ASIC and ASX today. A letter advising shareholders of the Rights Issue will be sent to shareholders today and the Prospectus will be sent no later than 7 March 2005.

The Rights Issue will raise a total of approximately \$641 million. The Rights Issue is fully underwritten by Citigroup and Deutsche Bank and is expected to settle on or around 1 April 2005.

Managing Director Mr Grant King said, "The initial contribution of Contact increased net profit after tax by \$6.6 million while the sale of Origin's interest in the Carpentaria pipeline contributed \$9 million. Increased oil production, improved margins in energy retailing and earnings from the SEA Gas pipeline also contributed to growth in earnings."

"Generation earnings were lower reflecting the one-off tax consolidation benefits last year and lower contributions from Osborne and Mt Stuart."

Commenting on the outlook for the year, Mr King said, "The second half will be lifted in comparison to the second half last year with the inclusion of a full six months of contribution from Contact."

"The Moomba gas plant which saw reduced earnings in the second half last year will deliver the first full six months of production following the disruption to production in January 2004."

"BassGas is currently being commissioned and will progressively increase contribution to earnings as the plant reaches full production."

"Based on current market conditions and following the successful completion of the Rights Issue we expect that our earnings per share for the year to 30 June 2005 will be approximately 15% higher than the prior year."

Looking further ahead, Mr King said, "Our prospects remain strong with a number of major projects which will make significant contributions in future years. These include:

- An increase in production from coal seam gas fields in Queensland to supply long term contracts with AGL from May 2006, QAL from November 2006 and Incitec Pivot from mid 2007;
- The offshore Otway Project which commenced development in the June quarter 2004 which is expected to deliver gas into the South Australian and Victorian markets from mid 2006; and
- The Kupe gas field in New Zealand, in which Origin acquired a 50% interest and became operator in 2004, which is expected to produce around 20PJ of gas and 1.5 million barrels of hydrocarbons per annum from the second half of 2007.

"Origin also continues to progress planning for major power generation projects in Queensland and Victoria."

## Rights Issue

The Rights Issue is being made to all Shareholders with registered addresses in Australia and New Zealand as at 7.00pm (Australian Standard Eastern Time) on 2 March 2005. The issue price for shares under the Rights Issue will be \$5.70 per share. This represents a 17% discount to the closing market price of Origin Energy shares on 18 February 2005.

Shareholders whose registered address is outside Australia or New Zealand will not be eligible to participate in the Rights Issue and arrangements have been made to offer for sale their entitlements. If the rights are sold at a premium to the Issue Price, the excess over the Issue Price, less any selling expenses, will be sent to those non-qualifying shareholders. These arrangements will also apply to those shareholders who do not take up their rights or sell them.

The timetable for the Rights Issue is outlined below.

Full details of the Rights Issue are set out in the Prospectus, which was lodged with the Australian Securities and Investment Commission today. A copy of this Prospectus is available to Eligible Shareholders at [www.originenergy.com.au](http://www.originenergy.com.au).

Eligible Shareholders will also be mailed a Prospectus together with an Entitlement and Acceptance Form no later than Monday, 7 March 2005.

## Rights Issue Timetable

Rights trading on ASX commences	Thursday, 24 February 2005
Record date for determining rights entitlements	Wednesday, 2 March 2005
Prospectus dispatched and Rights Issue opens	Monday, 7 March 2005
Rights trading on ASX ends	Tuesday, 15 March 2005
Shares quoted on a deferred settlement basis	Wednesday, 16 March 2005
Last day for acceptance of application monies	Tuesday, 22 March 2005
Allotment and issue of new shares	Friday, 1 April 2005
Dispatch of shareholding statements for new shares	Friday, 1 April 2005
Trading expected to commence for new shares on a normal T+3 basis	Thursday, 7 April 2005

Applications for new shares under the Rights Issue may only be made in accordance with the instructions in the Entitlement and Acceptance Form which accompanies the Prospectus. Shareholders eligible to participate should read the Prospectus carefully. For further information on the Rights Issue you should contact your professional advisor or call the Origin Rights Issue InfoLine on 1300 664 446 (Australia) or 0800 507 596 (New Zealand).



**For further information on this media release, please contact:**

Mr Grant King  
Managing Director  
Origin Energy  
Telephone: (02) 8345 5435

Mr Angus Guthrie  
Manager, Investor Relations  
Origin Energy  
Telephone: (02) 8345 5558

## Origin Energy Key Financials

Half year ended 31 December	2004 (\$m)	2003 (\$m)	% change
Total revenue	2,292	1,846	24%
EBITDA	440	306	44%
EBIT	305	206	48%
Profit before tax	251	182	38%
Profit after tax	174	127	37%
Profit after tax and outside equity interests	152	126	21%
Free cash flow <sup>(1)</sup>	247	230	7%
OCA ratio <sup>(2)</sup>	13.6%	16.1%	
Capital expenditure (including acquisitions)	1,192	241	394%
Total assets	7,838	3,393	131%
Net debt	2,742	744	268%
Total equity	3,915	1,870	109%
<b>Key Ratios</b>			
Earnings per share	22.6¢	19.2¢	18%
Free cash flow <sup>(1)</sup> per share	36.8¢	35.3¢	4%
Interim dividend per share	7.0¢	6.0¢	17%
Net asset backing per share	\$5.81	\$2.82	106%
Net debt to capitalisation	41%	28%	
Net debt to equity	70%	40%	
EBIT Interest cover (times)	4.9	8.5	
Return on equity <sup>(3)</sup>	5.7%	6.7%	
<b>Segment Analysis (EBITDA)</b>			
Exploration & Production	121.0	102.9	18%
Retail	157.4	147.2	7%
Generation	30.0	43.2	(31)%
Networks	16.5	13.2	25%
Contact	115.5	-	-
<b>Total</b>	<b>440.4</b>	<b>306.5</b>	<b>44%</b>

<sup>(1)</sup> Cash flow available for funding growth and distributions to shareholders

<sup>(2)</sup> Excludes Contact

<sup>(3)</sup> Return on equity calculation treats Convertible Undated Preference Shares (CUPS) used to fund the acquisition of Contact as equity