

Media Release

29 August 2005

Origin Energy continues earnings growth with profit up 30%

Origin Energy today announced a profit after tax and outside equity interests of \$266 million for the year ended 30 June 2005, a 30% increase on the prior year.

The most significant factors contributing to the result were the initial nine month contribution from Contact Energy, increased sales of oil and other liquids, and an increased contribution from the energy retail business.

Results Summary

- Revenue up 38% to \$4,914 million¹.
- EBITDA up 74% to \$928 million¹.
- Net profit after tax (after elimination of minority interests) up 30% to \$266 million.
- Free cash flow up 28% to \$447 million¹.
- Earnings per share increased 24% to 37.2 cents.
- Normalised Earnings per share increased 16% to 34.9 cents².
- Growth Capital expenditure up 58% to \$375 million.
- Strong balance sheet with net debt to capitalisation of 41%.
- Final Dividend of 8 cents per share fully franked lifting total dividends for the year 15% to 15 cents per share fully franked.

Origin Chairman, Kevin McCann announced that a final fully franked dividend of 8 cents per share will be paid on 26 September 2005 to shareholders of record on 7 September 2005. The Dividend Reinvestment Plan will apply to this dividend without discount.

In commenting on the Company's performance Mr McCann said "The diversity of our business and our strategy of operating across the energy supply chain has continued to deliver growth in earnings. The 15% increase in dividends for the year to 15 cents per share reflects the growth in normalised earnings per share of 16%. Dividend payments have increased 27% on a capital base that was expanded

¹ Origin acquired a 51.4% interest in Contact Energy and has consolidated 100% of the results of Contact within its accounts as per AGAAP. Outside equity interests are recognised in reporting of net profit after tax and total equity.

² Normalised Earnings per Share assumes that the issue of 112.5 million shares in the Renounceable Rights Issue occurred when Origin acquired a 51.4% interest in Contact Energy on 1 October 2004.

following the completion of the one-for-six Renounceable Rights Issue in April this year.”

Managing Director, Grant King said “The main drivers of the result have been the improved contribution from Exploration and Production, a strong performance from the Retail business and a initial contribution from Contact Energy over the nine months since acquisition.”

Results for the **Exploration and Production** business were boosted by increased oil sales, higher oil prices, higher sales from the Cooper Basin than the prior year following reinstatement of full processing capability and a \$10.5 million profit on the sale of the Carpentaria Gas Pipeline. This resulted in a 17% increase in Exploration and Production sales revenue, and a 25% increase in EBITDA to \$245.5 million.

The **Retail** business performed well in an environment of intense competition recording a 7% increase in EBITDA to \$254.1 million. Improved margins from electricity sales reflected reduced purchasing costs and more that offset the adverse effects of mild weather and customer churn in contestable gas and electricity markets.

Generation EBITDA at \$52.7 million was down 23% with non-recurrence of one-off tax consolidation gains last year of \$9.4 million, lower contributions from the Mt Stuart Power Station and increased development costs. **Networks** continued to provide stable and solid earnings with EBITDA of \$29.8 million, up 1% on the prior year, benefiting from the contribution of the SEA Gas pipeline but offset by the impact of milder weather on incentive payments.

Mr King said “**Contact Energy** improved its operating performance over the prior year reflecting continued growth in its businesses. In the first nine months it has made a significant contribution to Origin’s results increasing net profit after tax by \$22.3 million.”

Looking to the year ahead Mr King said “The Spring Gully Coal Seam Gas Project in Queensland which commenced operations in June was completed on schedule and on budget at a capital cost of \$199 million. Spring Gully will contribute to earnings from the September quarter and ramp up production over the year delivering into the long term contract with AGL, and contracts with QAL and Incitec Pivot in 2007.

“Oil production from the Perth Basin and the commissioning of the BassGas Project in the December quarter would also contribute to the company’s performance in the coming year.

“The Retail business will benefit from a full year of tariff increases in South Australia and Queensland and further efficiencies that will reduce the cost to serve customers.

“We will also see 12 months of contribution from Contact Energy further lifting our results for the year.

“The adoption of A-IFRS could create volatility and makes forecasting more difficult. Under these circumstances and based on prospects for the coming year, our current expectation is that estimated recurring A-IFRS earnings of \$299 million will increase by approximately 10% in 2006.”

“Looking further ahead the Otway Gas Project, the Kupe Gas Project in New Zealand and the development of further opportunities in electricity generation will drive our growth in the medium and longer-terms.”

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Origin Energy Key Financials

	2004/05 (\$m)	2003/04 (\$m)	% change
Total revenue	4,914	3,566	38
EBITDA	928	532	74
EBIT	615	329	87
Profit before tax	480	284	69
Profit after tax	333	207	61
Profit after tax and outside equity interests	266.0	204.9	30
Operating cash flow	598	402	49
Capital expenditure	1,474	509	190
Total assets	8014.7	3,707.3	116
Net debt	2,742.5	861.0	219
Shareholders equity	3,989.9	1,939.5	106
Key Ratios			
Basic Earnings per share (cents)	37.2	30.0	24
Normalised Earnings per share (cents)	34.9	30.0	16
Free cash flow* per share (cents)	62.5	51.4	22
Total dividend per share+ (cents)	15.0	13.0	15
OCA ratio#	14.4%	14.8%	-
Net asset backing per share	\$3.47	\$2.89	20%
Net debt to capitalisation	41%	31%	-
Net debt to equity	68%	44%	-
EBIT Interest cover	4.0 times	6.2 times	(34%)
Return on equity	10%	11%	-
Segment Analysis (EBITDA)			
Exploration & Production	245.6	197.2	24
Retail	254.1	237.6	7
Generation	52.7	68.0	(23)
Networks	29.8	29.4	1
Contact Energy	345.6	-	-

* Cash flow available for funding growth and distributions to shareholders

+ Includes interim dividend of 7 cents and final dividend of 8 cents

Excludes Contact as it only contributed for nine months