



**Results Announcement  
Financial Year 2000**

23 August 2000

# Outline

- Performance Highlights
- Financial Review
- Operational Review
- Outlook

- All figures relate to the continuing Origin Energy businesses
- Activities relating to Boral building and construction businesses reported in Origin's statutory accounts for the six months ending December 1999, have been excluded for the purposes of this briefing
- Note Boral building and construction materials results for the six months ending December 1999, have been included in the reported numbers for ASX purposes.



## Performance Highlights

23 August 2000

# Financial Highlights

- Revenue increased by 34% to \$1.4 billion
- EBITDA of \$271 million, up 49%
- EBIT increased by 62% to \$131 million
- NPAT before abnormal items increased by 24% to \$75.4 million
- Net debt:equity of 34.8%
- Unfranked dividend of 6 cents per share declared

# Operating Highlights

- Energy 21 and Stratus networks successfully integrated into Origin's business achieving significant synergies
- Ladbroke Grove power station commissioned
- Significant increase in natural gas production
- Net reserves increased by 25 PJe (gross additions & revisions of 110 PJe)
- Established Origin Energy as a separately listed company



## Financial Review

## Profit & Loss (Origin continuing businesses)

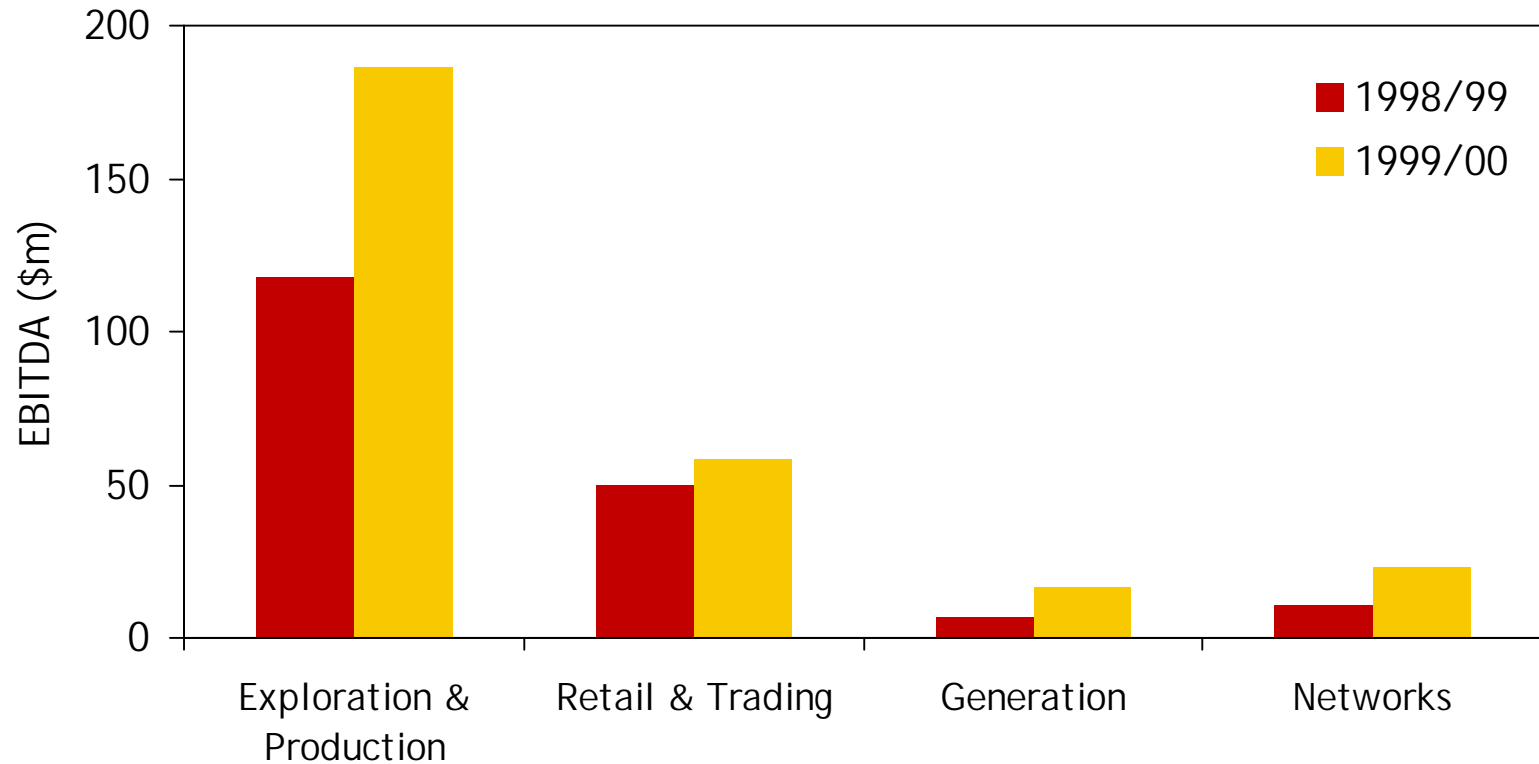
	1999/00 (\$m)	1998/99 (\$m)	% change
Revenue	1,379.6	1,029.0	34.1
EBITDA	271.4	181.7	49.4
EBIT	131.1	81.0	61.9
Interest	29.9	0.8	
Tax	22.6	17.2	31.4
PAT before abnormals	75.4	61.0	23.6
Earnings per share (cents)	13.3	10.7	24.3

# Comparison with projections contained in the Scheme of Arrangement documents

	1999/00 Proforma (\$m)	Scheme projections* (\$m)
Revenue	1,380	1,270
EBITDA	271	215 - 230
EBIT	131	85 - 100
Interest	30	33
Tax	23	1
PAT before abnormals	75	47 - 62

\* Directors' forecasts and Grant Samuel analysis

# EBITDA up 49% with all segments contributing to the improvement



## EBIT of \$131.1 million was up 62% on the prior year

	1999/00 (\$m)	1998/99 (\$m)	% change
Exploration & Production	96.9	49.9	94.1
Retail & Trading	16.5	20.4	(19.2)
Generation	9.6	4.4	121.5
Networks	20.9	8.7	141.5
Corporate	(12.9)	(2.4)	
Total	131.1	81.0	61.9

## Abnormal loss of \$72.6 million after tax reported for the year

	Before tax	Tax effect	After tax
Change in accounting policy	(81.7)	6.6	(75.1)
Other write-downs	(16.0)	1.2	(14.8)
Environmental provision	(5.0)	1.8	(3.2)
GST implementation	(4.5)	1.6	(2.9)
Change in tax rate		13.2	13.2
Exploration tax benefits		10.2	10.2
Total	(107.1)	34.5	(72.6)

# Funding

	1999/00	1998/99	% change
Net debt as at 30 June	\$431 m	\$400 m	7.8
Net debt to equity	34.8%	31.1%	11.9
Net interest expense	\$29.9 m	\$0.8 m	
Average interest rate	7.1%	-	
Net interest cover	4.4 times	-	

Envestra float left Boral's energy businesses with a cash surplus until Energy 21 purchased in April 1999

# Tax reconciliation

	1999/00 (\$m)
Profit before tax	101.2
Prima facie tax (@36%)	36.4
<i>less</i> Stratus benefit	16.2
<i>add</i> other permanent differences	2.4
<i>equals</i> Tax expense	22.6
Tax payable	1.6
Envestra subvention payments	35.0

## Cash flow (Origin continuing businesses)

	1999/00 (\$m)	1998/99 (\$m)
EBITDA	271	182
<i>less</i>		
Increase in working capital	52	79
Capex (net of disposals)	128	197
Major acquisitions	15	527
Major disposals	-	(36)
Net interest paid	33	1
Tax paid	3	7
Subvention payments	35	6
Dividends paid	36	1
Cash surplus/(deficit)	(31)	(600)

# Key ratios

- EPS before abnormal items increased by 2.6 cents to 13.3 cents per share
- Return on equity increased to 6.3%
- Operating cash flow after tax on funds employed of 7.4%

# Operating cash flow after tax return

## Operating cash flow after tax (OCAT)

Funds employed

OCAT = EBITDA

*less* Movement in working capital

SIB capex (net of disposals)

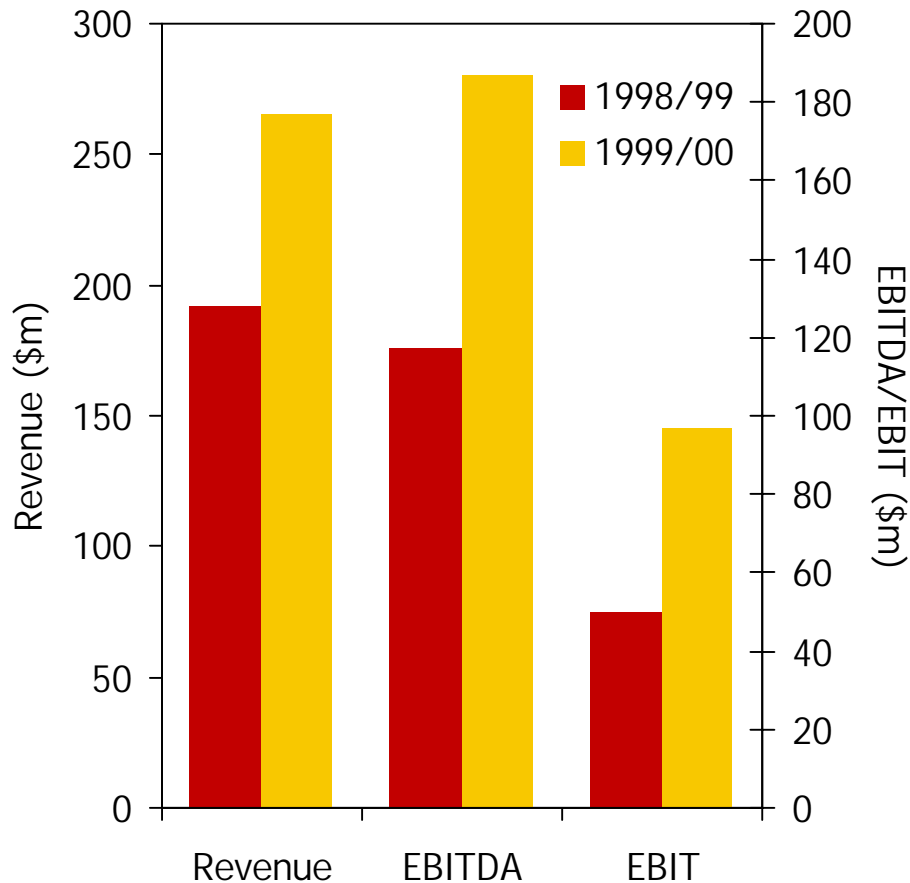
Tax paid

Subvention payment



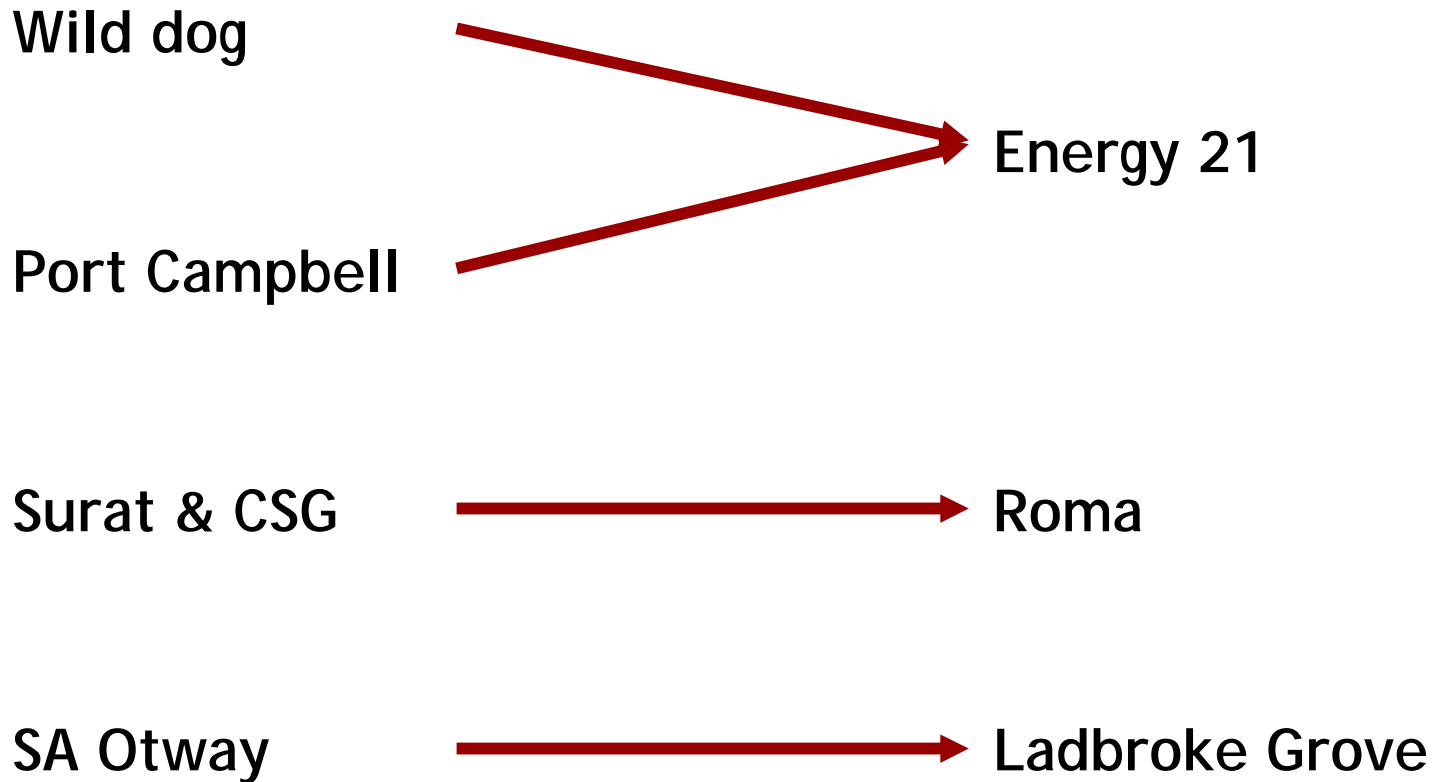
## Operating Review

# Exploration & Production: strong performance with EBITDA up 59% to \$187 million

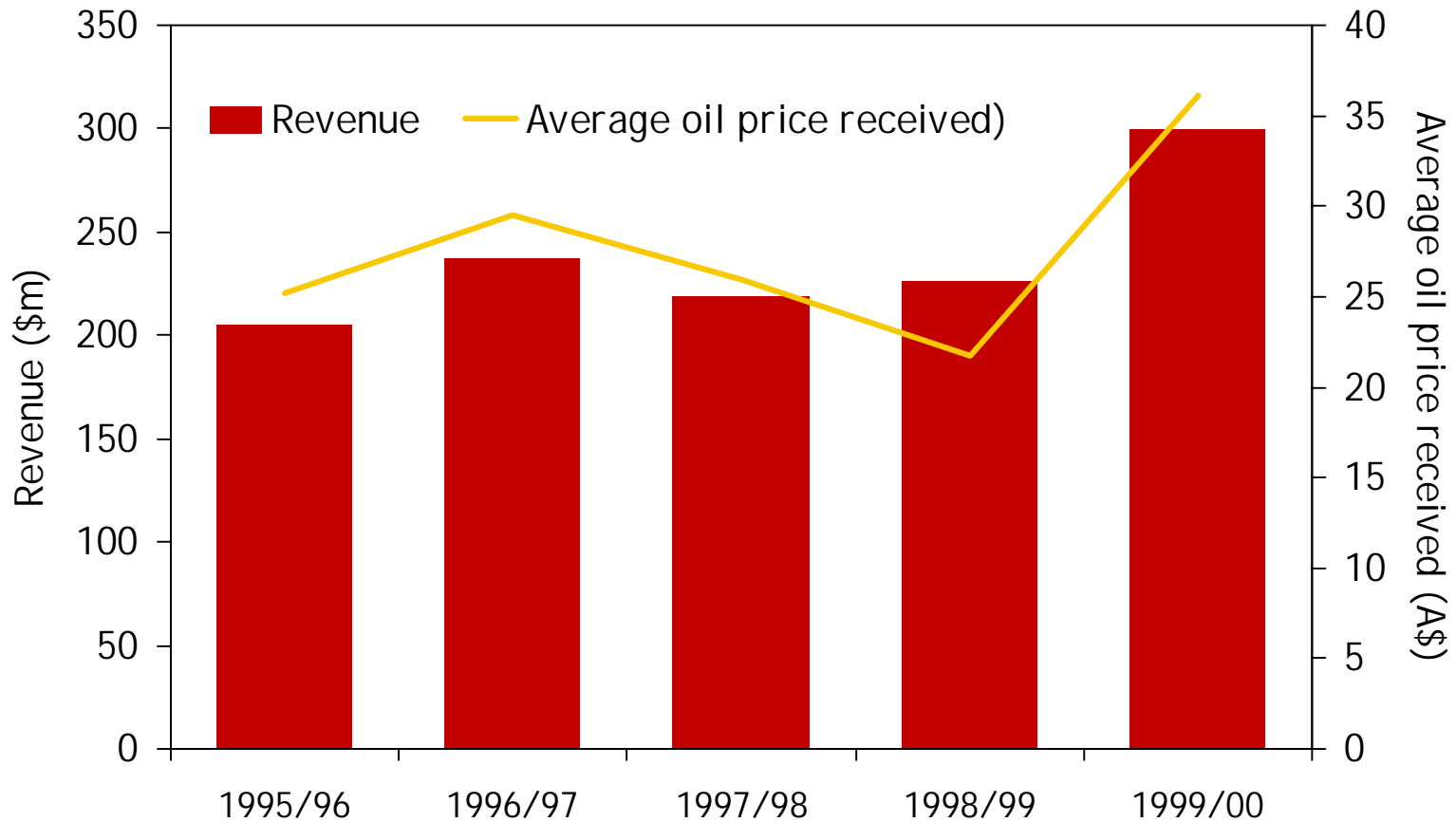


- Increased sales volumes of 15% to 88 PJe accounted for half of the increase in earnings
  - Port Campbell sales of 6.4 PJ accounted for nearly half of the increase
- Strong oil price throughout the year
- D&A up 32% in line with increased production

# An additional 6 PJ was sold as a result of pull through projects



# The average oil price received was up significantly to A\$36

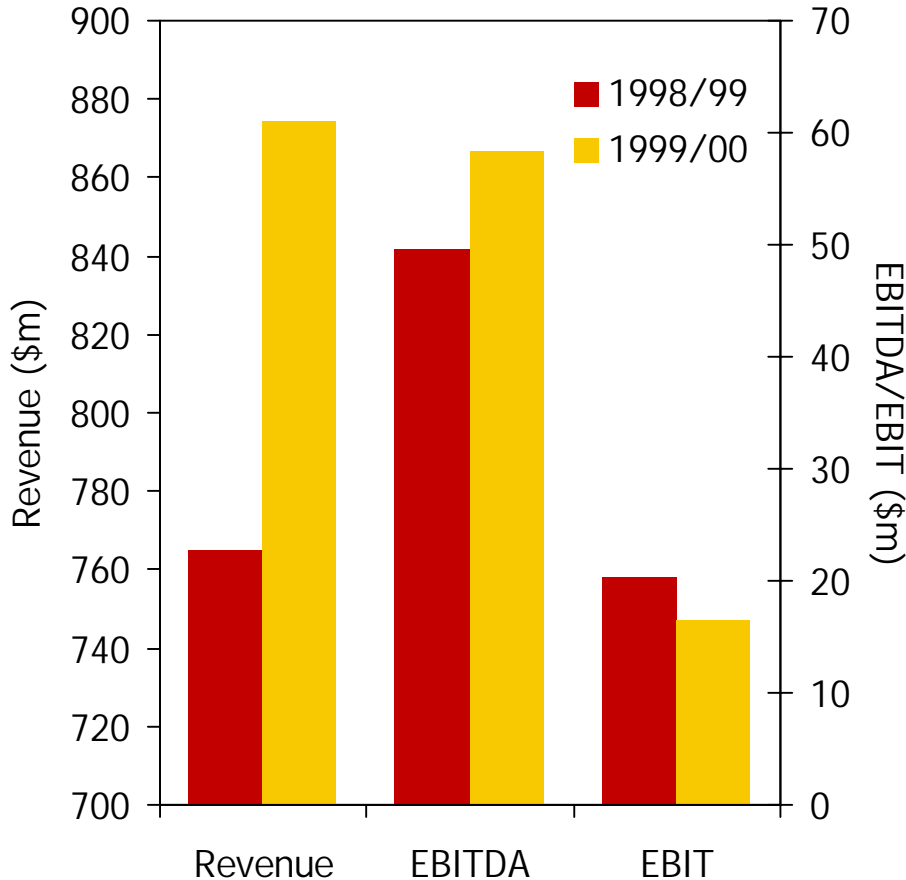


# Reserves

	Sales Gas (PJ)	LPG (‘000 tonne)	Condensate (‘000 barrels)	Crude Oil (‘000 barrels)	Total (PJe)
Estimated reserves as at 30 June 1999	864	762	8940	7538	994
Additions & Revisions	71	341	4130	48	110
Production	70	78	668	1270	85
Estimated reserves as at 30 June 2000	865	1025	12403	6315	1019

- 71 wells drilled at a total cost of \$65 million
- Gross additions & revisions to reserves of 110 PJe

# Retail & Trading: EBITDA increase by 17% to \$58 million



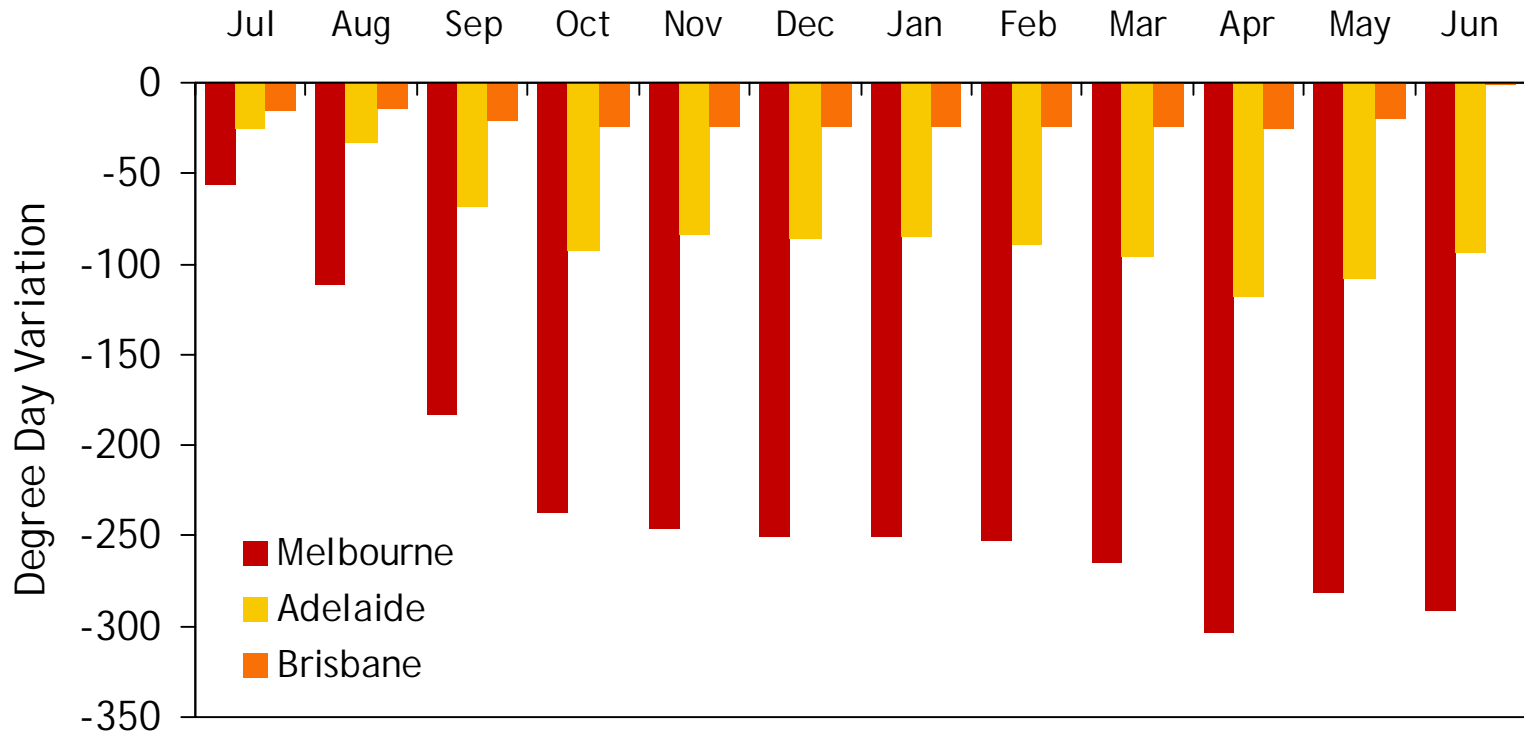
\* Includes agency sales in Victoria

- Sales volumes of 139 PJe\* up significantly from 93 PJe
  - Natural gas up by 41 PJe\* due to full 12 months of Energy 21
- First half impacted by warm winter
- LPG margins severely depressed with an 88% increase in the international price for LPG
- Restructuring and redundancies of \$8 million
- D&A increased with a full year amortisation of Energy 21
- In second half margins improved to 5%
- Customers increased by approx 25,000



# Warmer than average weather conditions were experienced in primary markets

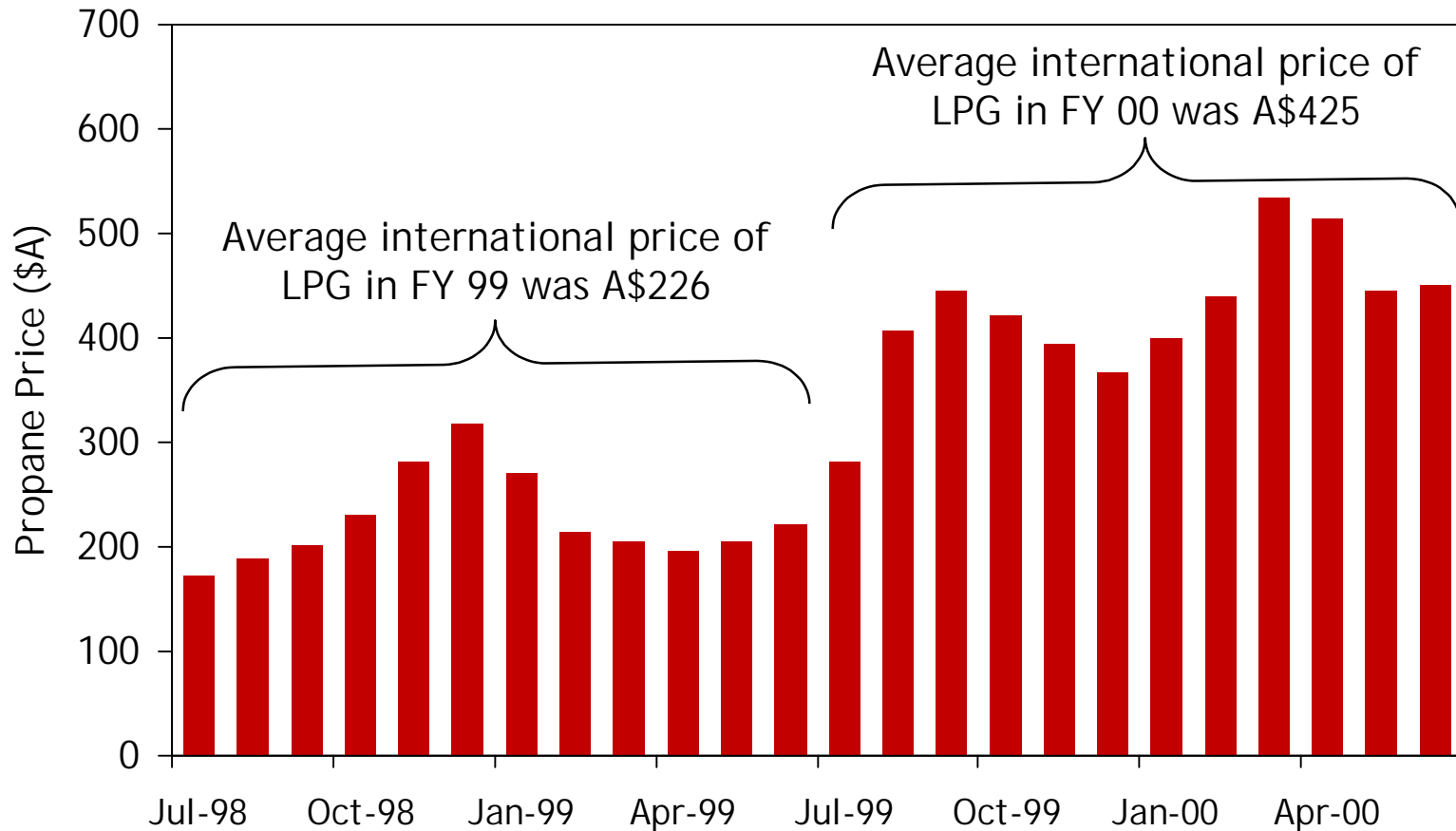
Cumulative Degree Day Variation  
(from 10 year average)



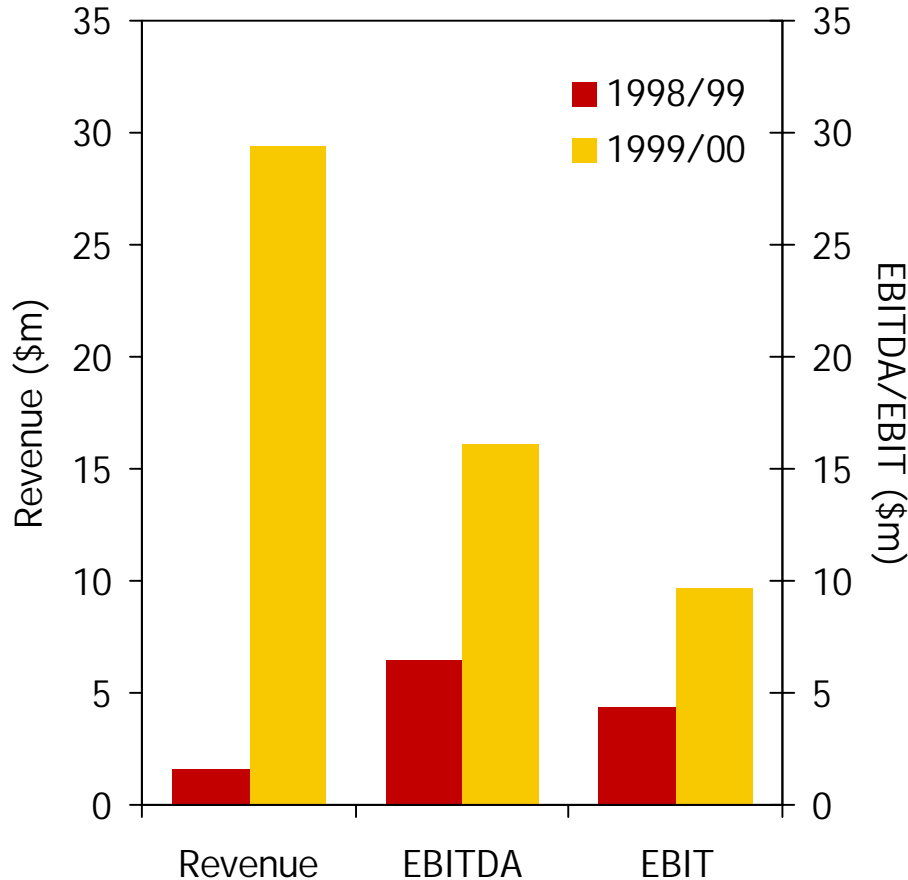
	Actual	10 yr average
Melbourne (EDD)	1246	1537
Adelaide (DD)	977	1070



# LPG margins severely depressed as the average international price of LPG increased by A\$199 per tonne



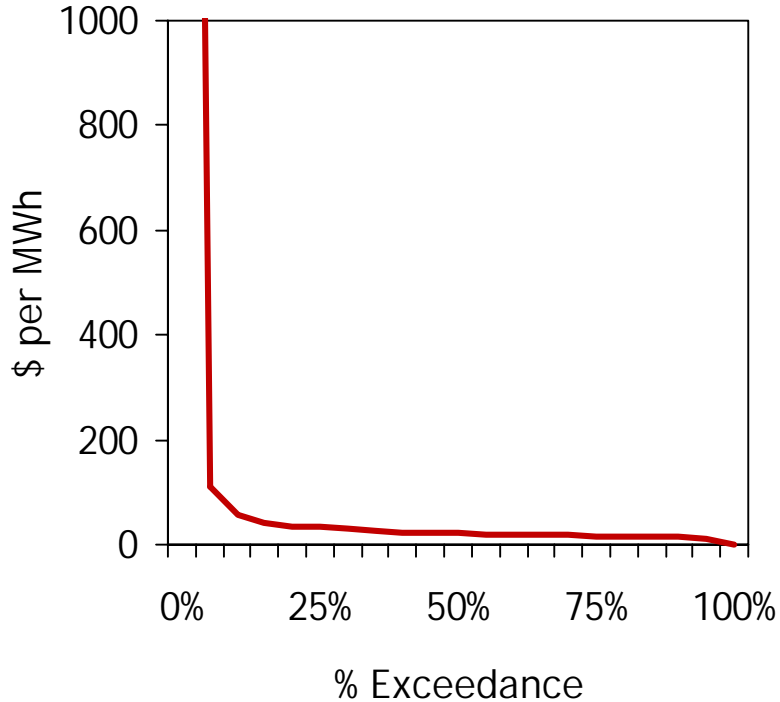
# Generation: EBITDA increased by 152% to \$16.1m



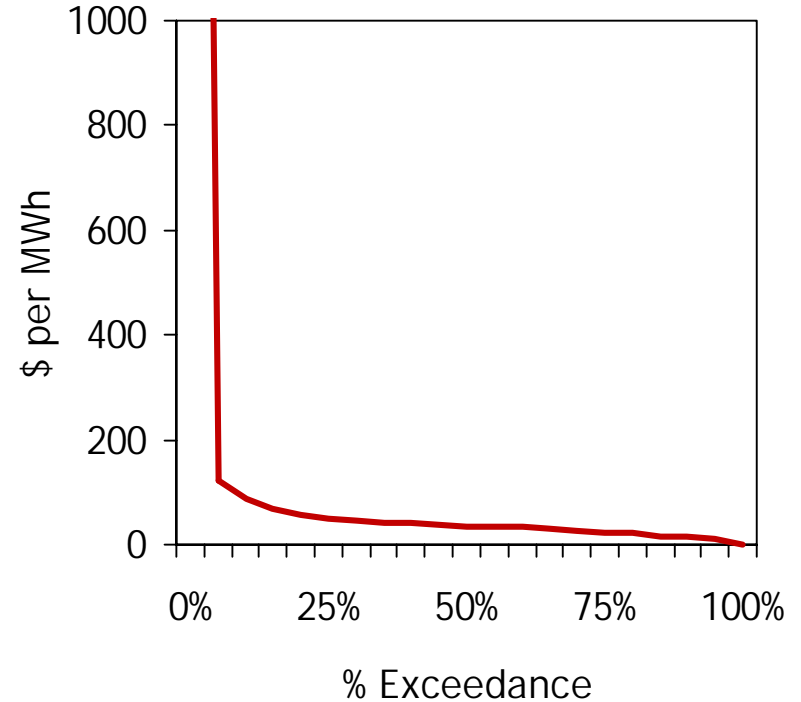
- Full 12 month contribution from Osborne and Roma
- Osborne equity accounted income was \$4.6 m compared to \$1.5 m in prior year
- Ladbroke Grove commissioned
  - Unit 1: January
  - Unit 2: June
- BP Bulwer Island cogeneration on budget and expected to be fully operational in September 2000

# Power Generation

Queensland Load Duration



South Australia Load Duration

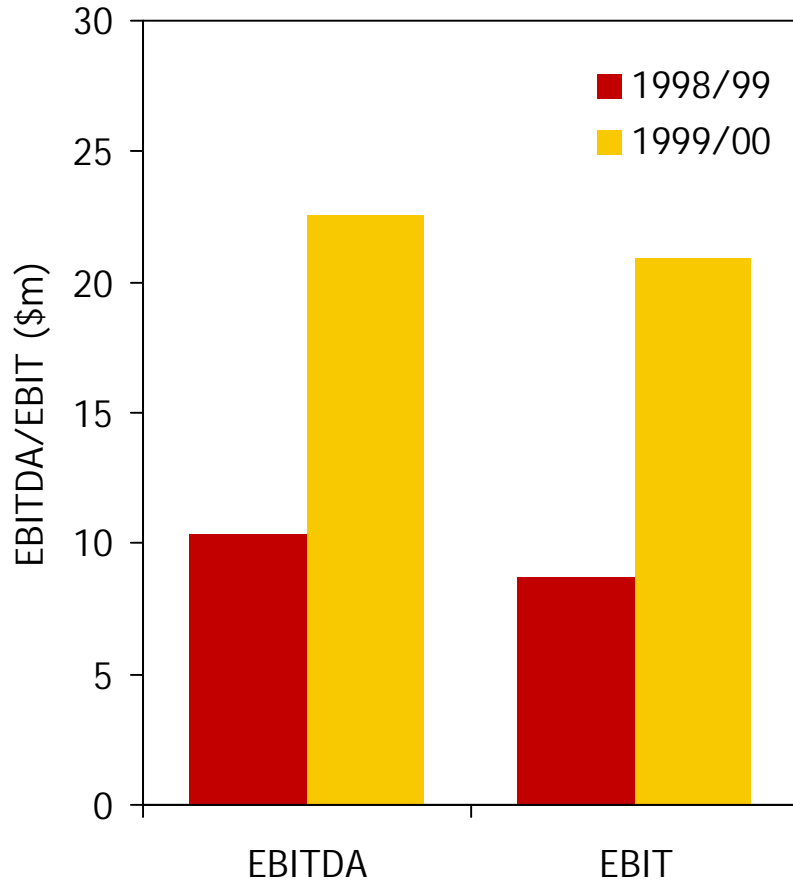


	<u>Roma</u>
Net Generation	82,904 MWh
Capacity factor	13.5%
Average spot price received	\$160 per MWh

	<u>Ladbroke Grove</u>
	151,748 MWh
	84.0%
	\$67 per MWh

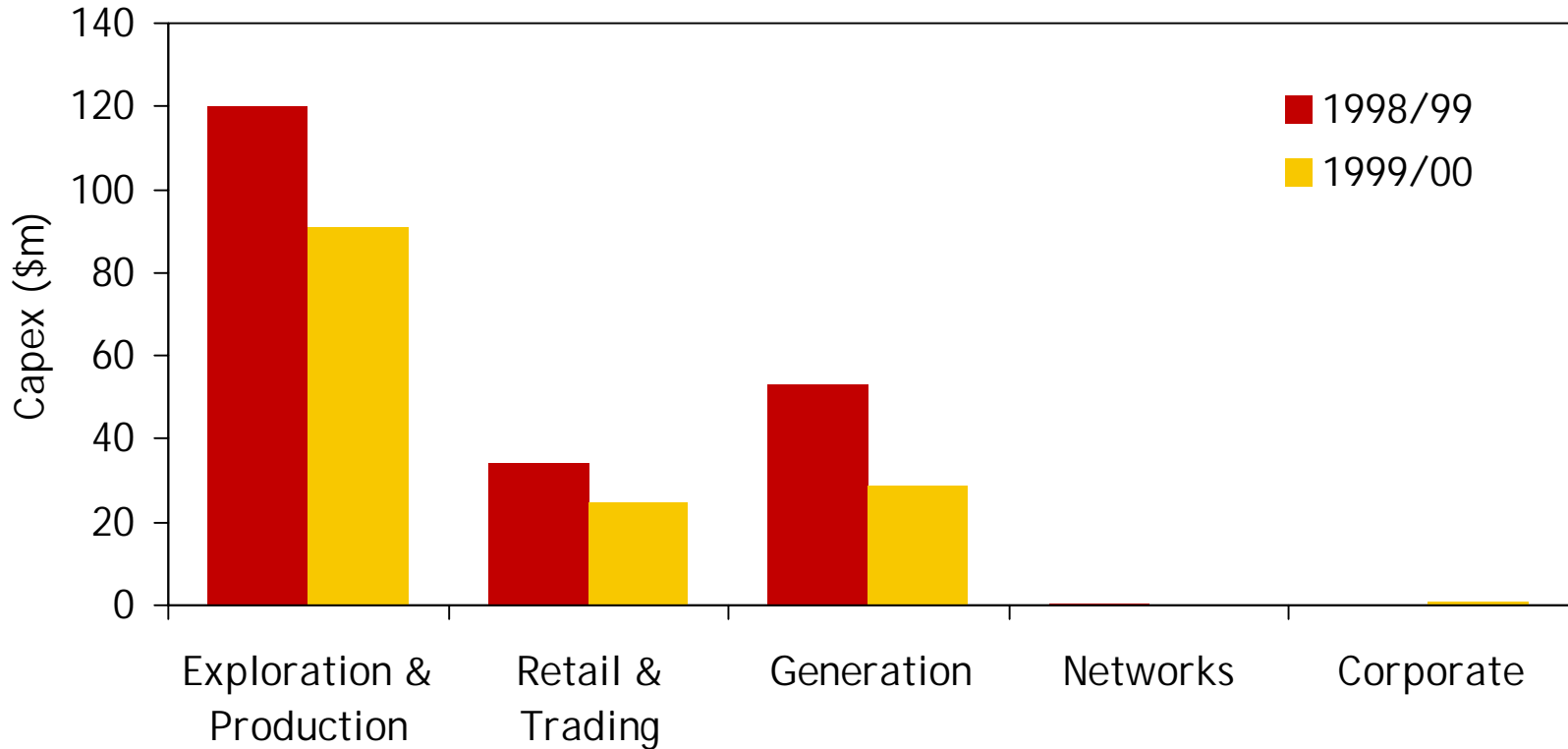


# Networks: EBITDA of \$22.6 million, up significantly from \$10 million in prior year



- Management and incentive fees increased over the prior year
  - Stratus Networks managed on behalf of Envestra for the full 12 months
  - Envestra performance targets exceeded
- Increased holding in Envestra following its rights issue
  - Distribution of \$9.8m compared to \$5.7m in the prior year
- 20,000 customers connected
- Major projects completed:
  - Mildura
  - Bundaberg, Hervey Bay & Maryborough
  - BP Bulwer Island pipeline

# Capital expenditure: SIB capex of \$69 million was unchanged with growth capex down 44% to \$77 million





Outlook

## 2000/01: Profit in 2000/01 currently expected to be higher than 1999/00

- Sensitivities to EBIT:
  - Oil price US\$1 inc/dec = US\$2.9m inc/dec
  - US\$0.01 inc/dec = \$1.1m dec/inc
  - Weather 1 degree day colder/warmer = \$0.05m inc/dec
- Focus on reducing controllable costs and working capital
- Full year contribution from Ladbroke Grove
- BP Bulwer Island to be commissioned in September 00
- Peat CSG on line in January 01 but offset by Port Campbell

# Hedging

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2000/01

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Oil price

% hedged

55%

Average hedge price

> US\$25.00

USD

% hedged

57%

Average hedge price

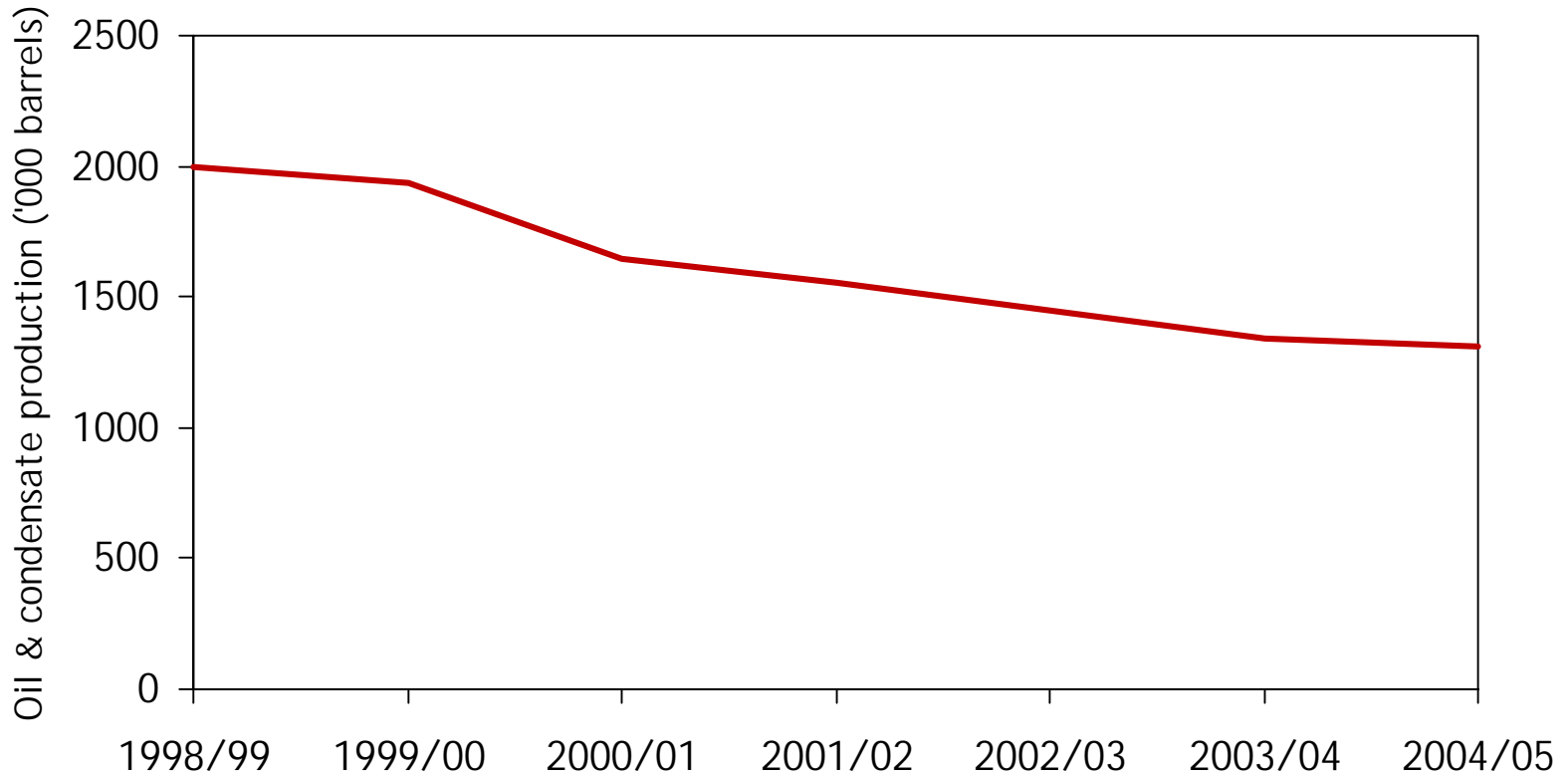
< US\$0.60

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# Beyond 2000/01: Natural gas contestability timetable

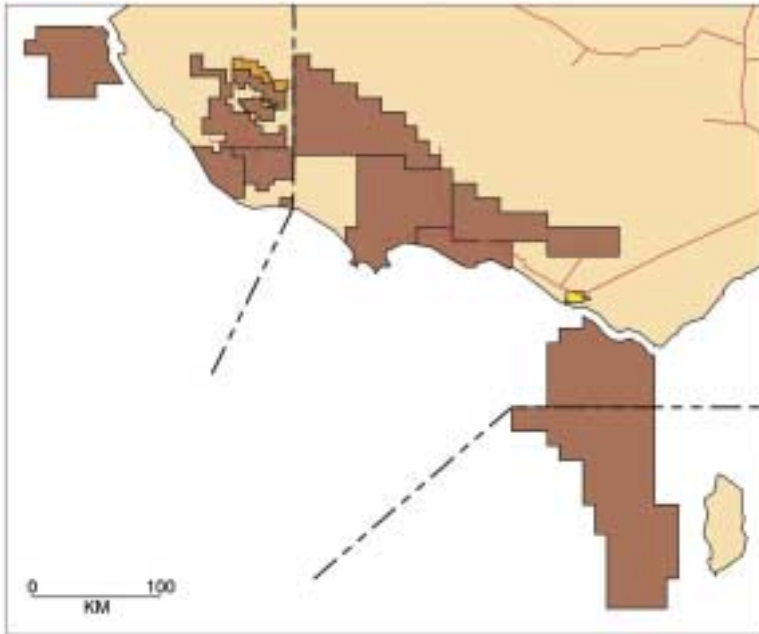
	NSW	Vic	SA	Qld
1 Jul 00	≥1 TJ	≥100 TJ	All non-domestic	
1 Sep 00		≥10 TJ		
1 Dec 00				>100 TJ
1 Jul 01	All		All domestic	
30 Sep 01		All		All
1 Jan 02				
1 Jul 02				

# In the absence of further discoveries, oil & condensate production is expected to decline

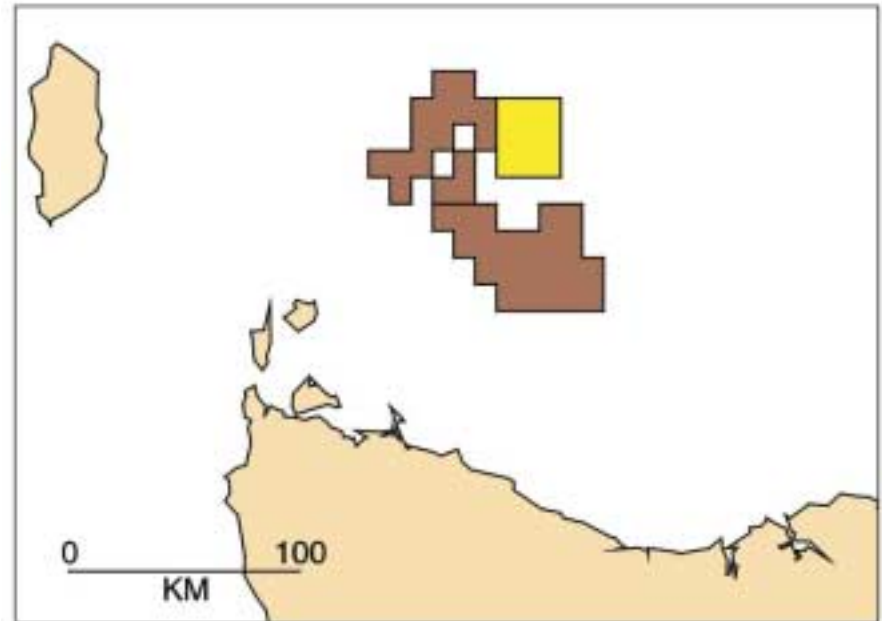


# Potential for natural gas discoveries in the Otway and Bass Basin

## Otway Basin



## Bass Basin



Drilling program for 2000/01 consists of 149 wells at a total cost of \$93 million

# Identifying and delivering growth

- Greenfields exploration
- Electricity retailing capability
- Marketing of Yolla gas to Tasmania
- Pursuing a number of other natural gas fired cogeneration and power projects
- Green power projects in Green Triangle area (bordering SA & Victoria)
- Solar technology
- Acquisitions

# Summary: Origin is creating value through...

## Good Positions

- Positioning
  - Established management team
  - Sound strategic focus
  - Risks being well managed across the business

## Strong Cashflow

- Improving performance of existing business
  - 1999/00 increase in EBITDA of 49%
  - Prospects for coming year look good
  - Earnings from recent investments coming through

## Growth

- Identifying & delivering growth
  - Growth opportunities across businesses
  - Strong cash generation and balance sheet to fund growth

The logo for Origin Energy is displayed against a vibrant red background. The word "origin" is written in a clean, white, lowercase sans-serif font. The letter "o" is stylized, featuring several overlapping, thin, golden-yellow lines that create a sense of motion or energy. Below "origin", the word "energy" is written in a smaller, golden-yellow, lowercase sans-serif font. The background is decorated with subtle, thin white curved lines and a large, soft-focus golden-yellow circular shape in the lower right corner, suggesting a sun or a globe.

origin  
energy