

Media Release

20 August 2003

Strong contributions by existing businesses and recent acquisitions drive 26% increase in net profit

Origin Energy announced today a profit after tax and outside equity interests of \$162 million for the year ended 30 June 2003, a 26% increase on the profit for the same period last year. Earnings per share increased by 23% to 24.8 cents.

Highlights

- Revenue up 38% to \$3,352 million.
- EBITDA up 21% to \$491.3 million.
- Net profit after tax up 26% to \$162 million.
- Free cash flow up 37% to \$350 million.
- Earnings per share increased 23% to 24.8 cents per share.
- Capital expenditure up 30% to \$523 million.
- Strong balance sheet with net debt to capitalisation of 29%.
- Total dividends for the full year of 10 cents per share franked to 4 cents.
- Dividend Reinvestment Plan 2.5% discount to apply.

In announcing the final dividend the Chairman, Mr Kevin McCann said “Based on the strength of the company’s current and expected cash flows Directors had previously advised of their intention to target dividend payments at around 40% of earnings per share.

“In line with this objective, we are pleased to announce a 5 cent final dividend franked to 2 cents will be paid on 3 October 2003 to shareholders of record on 19 September 2003 for which the dividend reinvestment plan (DRP) will apply. A 2.5% discount under the DRP will apply for this dividend.

This brings total dividends for the year to 10 cents per share (four cents franked), a doubling of the dividend paid last year.” Mr McCann said.

The increased profit for the year has been mainly driven by contributions from the retail business reflecting the acquisition of CitiPower and good returns from electricity purchase contracts. Initial contributions from oil production in the Perth Basin and the Mt Stuart Power Station also boosted results.

Commenting on the result, Managing Director Mr Grant King said “The Retail business increased contribution to EBITDA by 39% to \$232 million. Our investments in the electricity retail business in particular have delivered results with energy retailing contributing close to half of our total EBITDA.”

“A particularly pleasing feature of this year’s result has been the strength of the Company’s cash flow which has largely funded capital expenditure of \$523 million. Borrowings increased by only \$99 million with gearing at year end a modest 29%,” he said.

Commenting on the outlook for the coming year, Mr King said: “While retail earnings will benefit from reduced costs following the integration of recently acquired businesses and the cessation of agency payments to the Victorian Government, higher electricity purchasing costs will offset these gains. A significant increase in oil production from the Hovea and Jingemia fields in the Perth Basin and a full year contribution from the Mt Stuart Power Station will add to performance.”

“Looking further ahead, the prospects for the company remain strong with development of the BassGas Project, Otway Gas Project, SEA Gas Pipeline and Coal Seam Gas on schedule and within budgeted costs. These projects will all contribute to growth in the medium term.”

“The company’s modest gearing and strong cash flow sees the company well placed to fund our major capital projects and take advantage of opportunities that continue to arise in the energy sector.”

“Taking these factors into account the outlook for the coming year is for Origin to achieve its long-term target for growth in earnings per share of 10-15% per annum.”

For further information on this media release, please contact:

Mr Grant King
Managing Director
Origin Energy
Telephone: (02) 9220 6435

Mr Angus Guthrie
Manager, Investor Relations
Origin Energy
Telephone: (02) 9220 6558