

Media Release

20 February 2003

Origin Energy announces a 64% increase in half year profit

Strong performance in the energy retail businesses saw Origin Energy announce a half year profit after tax of \$89.6 million for the six months ended 31 December 2002, a 64% increase on the profit for the same period last year. Earnings per share increased by 59% to 13.8 cents. An interim dividend of five cents per share franked to two cents was also announced.

Highlights

- Revenue up 35% to \$1,669.9 million.
- EBITDA up 33% to \$255.9 million.
- Net profit after tax up 64% to \$89.6 million.
- Earnings per share increased 59% to 13.8 cents per share.
- Strong balance sheet with net debt to equity of 41% and debt/debt and equity of 30%.
- Dividend of 5 cents per share franked to two cents to be paid on 24 March 2003.
- Dividend Reinvestment Plan (DRP) 5% discount to apply.

Commenting on the result, Managing Director Mr Grant King said "The increased profit for the half year has been driven by contributions from acquisitions, tariff increases and improved margins in energy retailing."

"The Retail business increased contribution to EBITDA by 98% to \$133.8 million. Our investments in the electricity retail business in particular have delivered immediate results with energy retailing now contributing over 50% of our total operating earnings."

"Generation earnings also increased significantly with an EBITDA contribution of \$19.5 million. Quarantine Power Station, higher availability of Ladbroke Grove Power Station and higher electricity pool prices all contributed to this result."

"Improvements in these businesses more than offset the reduced contribution from Exploration and Production reflecting increased provisions and lower oil production."

"The strong half year result has been achieved despite a higher effective tax rate arising from reduced tax loss transfers," he said.

In announcing the interim 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 significantly lift dividends irrespective of the available level of franking.

"We are pleased to announce a five cent interim dividend franked to two cents will be paid on 24 March 2003 to shareholders of record on 7 March 2003 for which the dividend reinvestment plan (DRP) will apply. A 5% discount under the DRP will be maintained for this dividend," Mr McCann said.

Commenting on the outlook for the full year, Mr King said: "A full six months of contributions from the Mt Stuart Power Station will enhance the Generation results and the Exploration and Production division will benefit from increased oil production from the Hovea and Jingemina fields in the Perth Basin."

"However the underlying seasonality in energy retailing, the Victorian Government's rejection of gas and electricity tariff increases and higher electricity purchasing costs in the second half of the financial year will see a lower second half contribution from energy retailing.

Notwithstanding these factors, based on the performance over the last half year we expect earnings for the full year to be higher than previously advised and are now likely to exceed last year's profit by around 20%."

Looking further ahead, Mr King said that "The prospects for the company remain strong with a number of projects to deliver continued growth over the next few years. These include:

- SEA Gas pipeline - construction is proceeding on schedule with first gas to be delivered to Adelaide in late 2003
- BassGas - Construction has commenced and first gas will be delivered to the Victorian market in second half 2004
- Offshore Otway - Joint development of the Thylacine and Geographe fields has been agreed and is expected to proceed to development with completion in late 2006
- Coal Seam Gas - Recent Gas Sales Agreements by Origin and its subsidiary Oil Company of Australia (OCA) will drive development of OCA's extensive CSG resources."

"The company's free cashflow for the six months of \$191 million was up 74% on the prior period. This cashflow together with additional borrowing capacity will fund this growth."

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