



Media Release

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Origin Energy announces statutory profit of \$457 million, based on a solid increase in underlying profit of 10% to \$370 million

Origin Energy today announced statutory profit of \$457 million for the year ended 30 June 2007, a year-on-year increase of 38%. After allowing for significant items of \$87 million, underlying net profit after tax and minority interests ("Underlying Profit") was \$370 million, a 10% increase on the previous year.

Origin Chairman Kevin McCann said, "This has been a year of transformation for Origin that has established a strong platform for growth in the years ahead. The acquisition of Sun Retail and sale of our Networks business has demonstrated Origin's strategic focus on the competitive segments of the energy markets in Australia and New Zealand.

"We continue to deepen the integration of Origin's business across the Exploration and Production, Generation and Retail segments and through Contact Energy in New Zealand.

"In a challenging year in wholesale electricity and gas markets, we have delivered a strong result."

Financial highlights of full year results

- Total revenue is up 10% to \$6,456 million
- EBITDAF¹ up 12% to \$1,201 million
- Underlying Profit up 10% to \$370 million
- Earnings per share on Underlying Profit have increased 4% to 44.3 cents per share
- Dividend declared of 11 cents per share fully franked, bringing the total dividend for the year to 21 cents per share, an increase of 17%

Mr McCann said, "Directors are pleased to announce a final fully franked dividend of 11 cents per share bringing total dividends for the year to a fully franked 21 cents per share, an increase of 17% on the previous year."

Origin Managing Director Grant King said, "Higher earnings (EDITDAF) from each of Origin's Australian businesses more than offset a modest decline in the contribution from Contact Energy. Exploration and Production delivered a 22% increase based on record production and sales. Generation earnings were up by 69%, featuring a strong contribution from Mt Stuart. Retail earnings were up 17%, positively impacted by the acquisition of Sun Retail in February 2007. Contact Energy's earnings were down 2% reflecting a return to more normal weather conditions reducing wholesale electricity prices.

¹ To provide a clearer understanding of operational performance in each of the businesses, the Company is reporting earnings before interest, tax, depreciation, amortisation, and the impact of fair value changes to financial instruments (EBITDAF).



Mr King said, "We have had a busy year at Origin, delivering on a number of important projects and initiatives."

Overview of significant projects and initiatives

- Successfully commissioned BassGas achieving targeted rates of production
- Negotiated early termination of the Mt Stuart power purchase agreement, providing Origin with greater flexibility
- Acquired and integrated the Sun Retail business
- Sold Rockgas to Contact Energy
- Sold the Networks business
- Committed to a 120MW expansion of the gas-fired Quarantine Power Station
- Committed to a 630MW combine cycle gas-fired power station on the Darling Downs
- Committed to the development of coal seam gas reserves to supply 44PJ per annum to the Darling Downs Power Station
- Increased Proved and Probable (2P) gas reserves by 42%, including a net increase in coal seam gas reserves of 80%
- Contracted reserves with third parties including Rio Tinto Aluminium

"These initiatives and projects create a very strong platform for the continued growth and development of Origin. There have been significant increases in our gas reserves with our extensive coal seam gas interests up 80%; the commitment to grow installed generation capacity by 86% and a step change in our retail business through the acquisition and integration of Sun Retail."

Mr King said Origin was well prepared as Australia moved to a carbon constrained economy.

"Origin is Australia's leading green product retailer and this year reached the milestone of having over 250,000 customers signed to our Green Energy products. Origin has launched innovative green products such as the Carbon Reduction Scheme.

"Most importantly, gas is ideally placed as the transition fuel," he said.

Outlook

Commenting on the outlook for the Company for the coming financial year Mr King said, "We will see a full year contribution from the integration of Sun Retail, an increasing contribution from Exploration and Production including coal seam gas production rising to meet new contracts, BassGas contributing a full year's earnings, Otway gas commencing sales and a consistent contribution from Contact Energy.

"Based on the above factors, current market conditions and normal weather prevailing, the Company is targeting an increase in Underlying Profit for 2007/08 to be approximately 15%."

"There will be a one off gain from the completion of the sale of the Networks business.

Looking further ahead, Mr King said, "The expansion of Quarantine Power Station, due on line in December 2008, Kupe gas producing by mid 2009, Darling Downs power project and related coal seam gas development, due on line in early 2010 and the commencement of supply to the Rio Tinto Alumina project in 2010 will all contribute to growth.



“The Sun Retail business will be fully integrated by March 2008 with the completion of the transitional arrangements, providing the opportunity to capture the full benefits of scale. Origin will continue to focus on efficiency improvements to reduce cost to serve and increase margins.

“With this range of opportunities before Origin, the company reaffirms its target of 10-15% growth in underlying EPS on average for the next few years,” he said.

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