

## Media Release

18 February 2002

### **Strong Retail performance drives 10% increase in half year profit after tax**

Strong performance in the energy retail business saw Origin Energy announce a half year profit after tax of \$54.7 million for the six months ended 31 December 2001, a 10.4% increase on the profit for the previous corresponding period. The Company also announced the payment of a fully franked interim dividend of two cents per share.

Commenting on the result, Managing Director Mr Grant King said "It was a pleasing performance with our acquisition of the electricity retail business delivering immediate results."

Significantly, cash earnings as measured by EBITDA, of \$192.6 million are up 24% on the previous corresponding period. Mr King said "the strong contribution from the retail businesses, particularly the retail electricity business in Victoria, has more than offset the small reductions in Upstream and Generation earnings which reflected lower contribution from oil production and lower wholesale electricity prices."

"The Retail business saw an EBITDA increase of 144% to \$72.5 million for the half year, with a full six months of contribution from the electricity retail business acquired from Powercor in June 2001. Part of this good performance is attributable to lower wholesale electricity prices reflecting mild summer weather. This has been partially offset by reduced contributions from merchant generation also reflecting lower wholesale prices."

"The LPG business benefited significantly from lower supply costs which were a consequence of the reduction in world oil prices."

"Exploration and Production EBITDA contribution was down 2.9% which reflected an 11% reduction in oil production as well as lower delivered oil prices."

"Networks performed well with a 9.2% increase in EBITDA to \$12.3 million, benefiting from increased management fees in South Australia, Queensland and Northern Territory."

Capital raisings during the year totalled \$197 million enabling significant reduction of debt from \$743 million at 30 June 2001 to \$567 million at 31 December 2001, reducing the Company's gearing on a debt:equity basis to 35% from 55%.

Earnings per share were maintained at 8.7 cents on the expanded capital base.

In announcing the interim dividend the Chairman, Mr Kevin McCann said "a two cent fully franked interim dividend will be paid on 22 March 2002 to shareholders of record on 7 March 2002 for which the dividend reinvestment plan will apply."

"Also, to enable small shareholders to realise returns on their investment in Origin a Share Sale Facility will be established. Small shareholders that participated in the buy-back last year will be offered the facility which will enable them to sell 5% of their holding, free of brokerage. Other shareholders with less than 10,000 shares will be able to participate in the facility."

Commenting on the outlook for the full year, Mr King said:

"The sale of the Bodalla assets and the prospect of lower oil prices will reduce the Upstream contribution."

"The retailing business will increase its contributions as a result of tariff increases implemented for electricity and gas sales in Victoria and the Generation business should improve with contribution from the Quarantine Power Station which commenced operation in January."

"Our earnings are also sensitive to weather with mild summer weather potentially reducing earnings from Generation whilst unseasonable winter weather may affect retail earnings."

"Taking account of these factors and also performance for the December half, we expect earnings for the full year to comfortably exceed last year's results."

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## Key Financials

6 months ended 31 December	2001 (\$m)	2000 (\$m)	% change
Total Revenue	1237.5	850.7	45.5
EBITDA	192.6	155.2	24.1
EBIT	105.5	88.5	19.3
Profit before tax	83.0	72.8	14.0
Profit after tax	54.7	49.5	10.4
Capital expenditure	138.4	70.3	96.8
<b>Segment Analysis (EBITDA)</b>			
Exploration & Production	102.8	105.9	-2.9
Retail & Trading	72.5	29.7	144.3
Generation	10.6	12.6	-16.5
Networks	12.3	11.3	9.2
Corporate	-5.6	-4.3	-26.8
<b>Key Ratios</b>			
Earnings per share	8.7 cents	8.7 cents	
Net debt:equity	35%	55%*	
Interest cover	4.7 times	5.7 times*	

\* As at 30 June 2001