



**Results Announcement
Financial Year 2001**

Outline

- **Performance Highlights**
- **Financial Review**
- **Operational Review**
- **Outlook**

Introduction

- All figures relate to the continuing Origin Energy businesses compared to proforma results for the previous year
- Discontinued activities of Boral's building and construction materials businesses are not part of the current result
- 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
- 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

27 August 2001

Performance Highlights

- PAT up 30% to \$98 million
- EBITDA up 12% to \$305.2 million
- Operating cash flow return of 13.0%
- Growth capital including acquisitions of \$453 million
- Final fully franked dividend of 4 cents per share
- Share Purchase Plan for all shareholders

- Powercor acquisition
- Continued growth of generation projects
- Peat coal seam gas project brought online
- Significant additions to reserves
- Gas sales and purchase agreement for BassGas (Yolla)
- SEA Gas Project initiated



Financial Review

Profit & Loss (Origin continuing businesses)

	2000/01 (\$m)	1999/00 (\$m)	% change
Revenue	1,687.4	1,529.8	+ 10%
EBITDA	305.2	271.4	+ 12%
EBIT	173.3	131.1	+ 32%
Interest	31.7	29.9	+ 6%
Tax	38.0	22.6	+ 68%
PAT before abnormals	98.0	75.3	+ 30%
Earnings per share (cents)	17.1	13.3	+ 29%
Return on equity (%)	7.6	6.2	+ 23%

Cashflow

	2000/01 (\$m)	1999/00 (\$m)
EBITDA	305	271
Change in Working Capital	39	(26)
Stay in business CAPEX	(83)	(69)
Tax/Subvention Payments	(24)	(36)
OCAT	237	140
Interest (Net)	(31)	(33)
Free Cashflow	206	107
OCAT Ratio	13.0%	7.4%

Capital Expenditure

	2000/01 (\$m)
Stay in business	83
Exploration & Production	60
Generation	39
Retail Systems	13
Powercor Retail business	315
Bulwer Island	21
Other	5
Total capital expenditure	536
Disposals	14
Capital expenditure net of disposals	522

Tax reconciliation

	2000/01 (\$m)	1999/00 (\$m)
Profit before tax	141.6	101.1
Prima facie tax (@34%, 36%)	48.1	36.4
<i>less</i> Stratus benefit	(11.3)	(16.2)
<i>add</i> non-deductible amortisation	8.4	10.9
<i>less</i> other permanent differences	(7.2)	(8.5)
<i>equals</i> Tax expense	38.0	22.6
Tax paid	5.3	1.3
Envestra subvention payments	19.0	35.0

Funding

	2000/01	1999/00
Net debt as at 30 June	\$727 m	\$431 m
Net debt to equity	55%*	35%
Net interest expense	\$31.7 m	\$29.9 m
Net interest cover	5.5 times	4.4 times
Average interest rate	6.7%	7.1%

* July share placement raised \$125 million and reduced net debt to equity ratio to 40% at 31 July 2001.

Hedging

	2001/02	2000/01
Oil price		
% hedged	46%	55%
Average hedge price	> US\$27	> US\$ 25
USD		
% hedged	68%	57%
Average hedge price	<56.5 US cents	< 60 US cents

Capital Management and Distributions

- **Share buy-back in lieu of interim dividend**
- **BBB+ Credit Rating**
- **\$125 m institutional placement**
- **Share Purchase Plan**
- **4 cent fully franked dividend**

EBITDA up 12.5% with strong contributions from Production, Retail and Generation

	2000/01 (\$m)	1999/00 (\$m)	% change
Exploration & Production	201.3	185.5	7.9%
Retail & Trading	66.5	58.4	13.9%
Generation	25.0	16.1	54.8%
Networks	21.9	22.6	(2.8%)
Corporate	(9.5)	(12.2)	22.5%
Total	305.2	271.4	12.5%

EBIT of \$173.3 million is up 32.2% on the prior year

	2000/01 (\$m)	1999/00 (\$m)	% change
Exploration & Production	122.1	96.9	26.0%
Retail & Trading	23.7	16.5	43.4%
Generation	17.2	9.6	78.4%
Networks	19.9	20.9	(4.9%)
Corporate	(9.6)	(12.9)	25.7%
Total	173.3	131.1	32.2%

Relative increase in EBIT larger than EBITDA due to Upstream asset write-downs at end of the prior period



One-off Items

	2000/01 (\$m)
Reassessment of Magellan Share value	3.5
Reduction in Newstead Rehabilitation	6.5
Insurance claim provision	(6.2)
Write down of cogeneration project carrying values	(2.2)
LPG debtors review	(1.4)
Net of above items	0.2



Operating Review

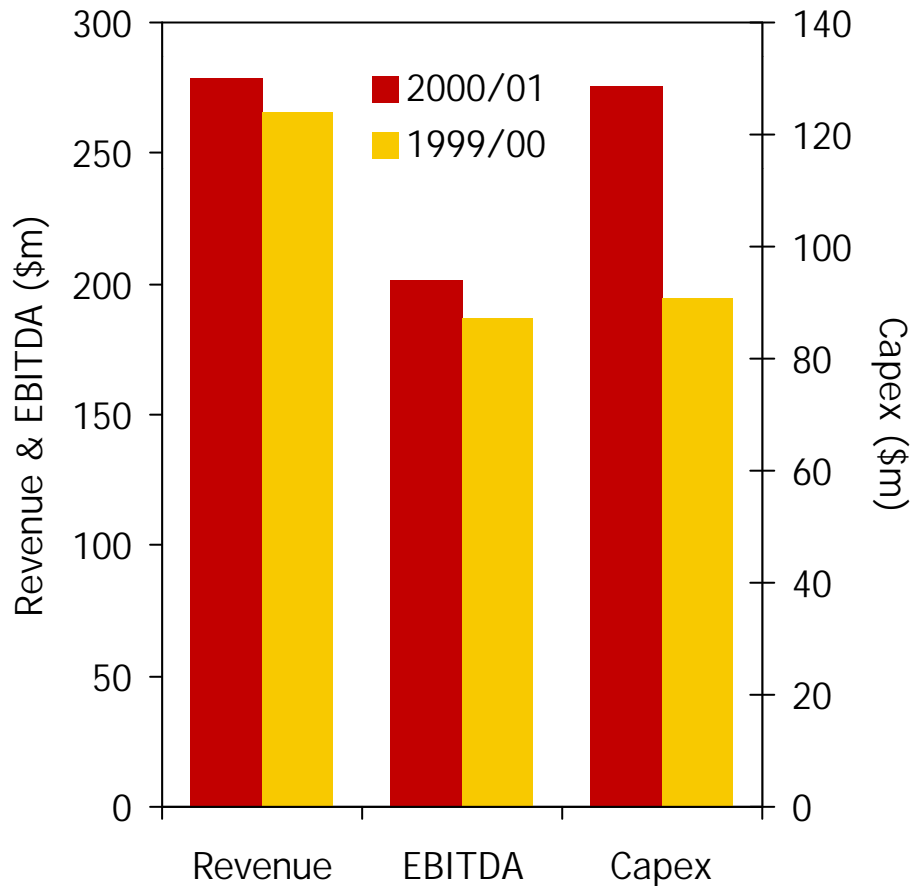
Upstream continues to provide solid cashflow....

	Assets (\$m)	EBITDA (\$m)	OCFR (%)
Exploration & Production	793	201	31%
Retail & Trading	1,482	66	3%
Generation	175	25	30%
Networks	66	22	19%
Corporate	170	(9)	n/a
	Assets (\$m)	EBITDA (\$m)	OCAT Ratio
Total	2,686	305	13.0%

....while Generation is growing strongly and Retail's contribution will increase in the coming year

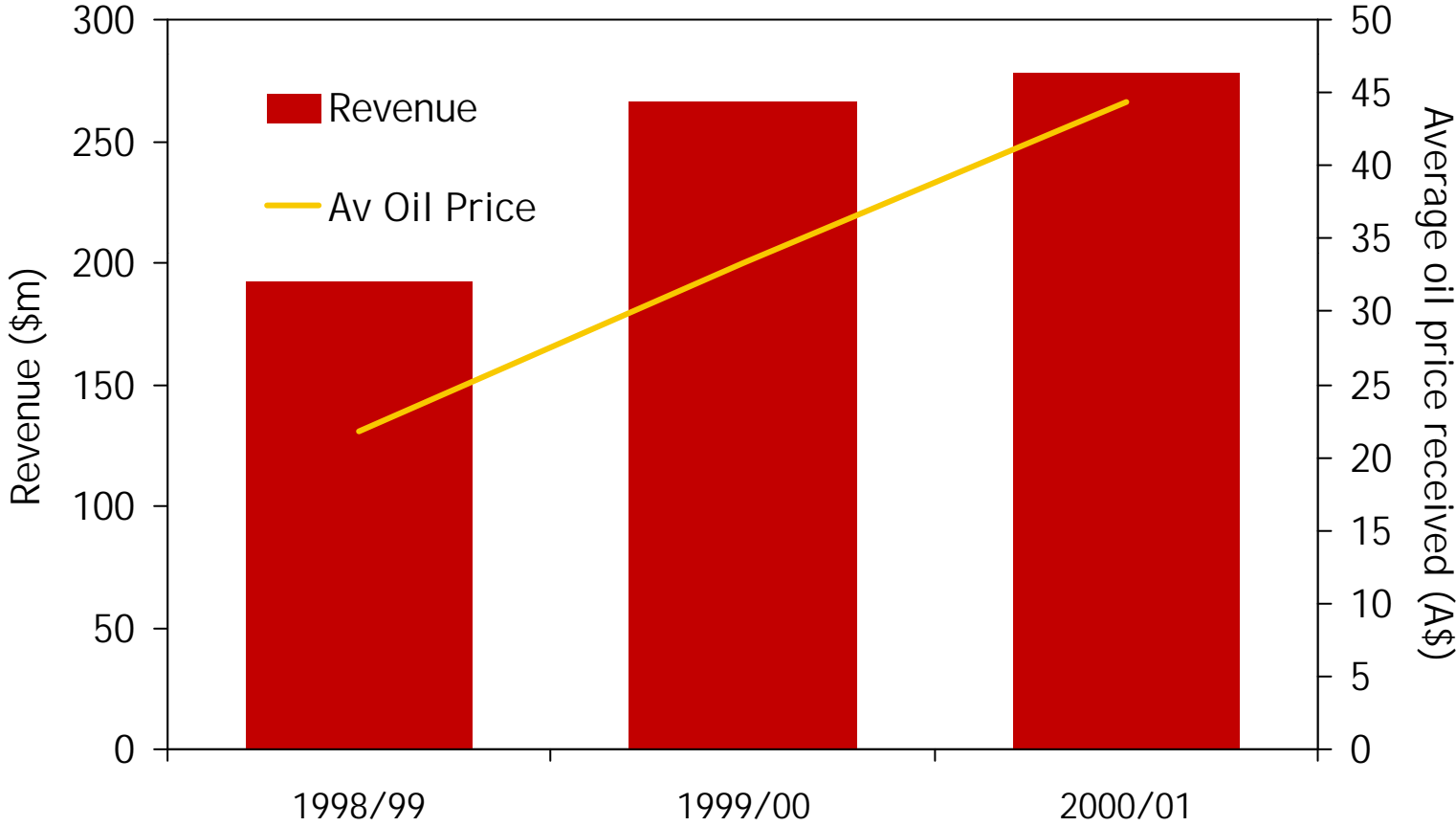


Exploration & Production: EBITDA up 7.9% to \$201 million

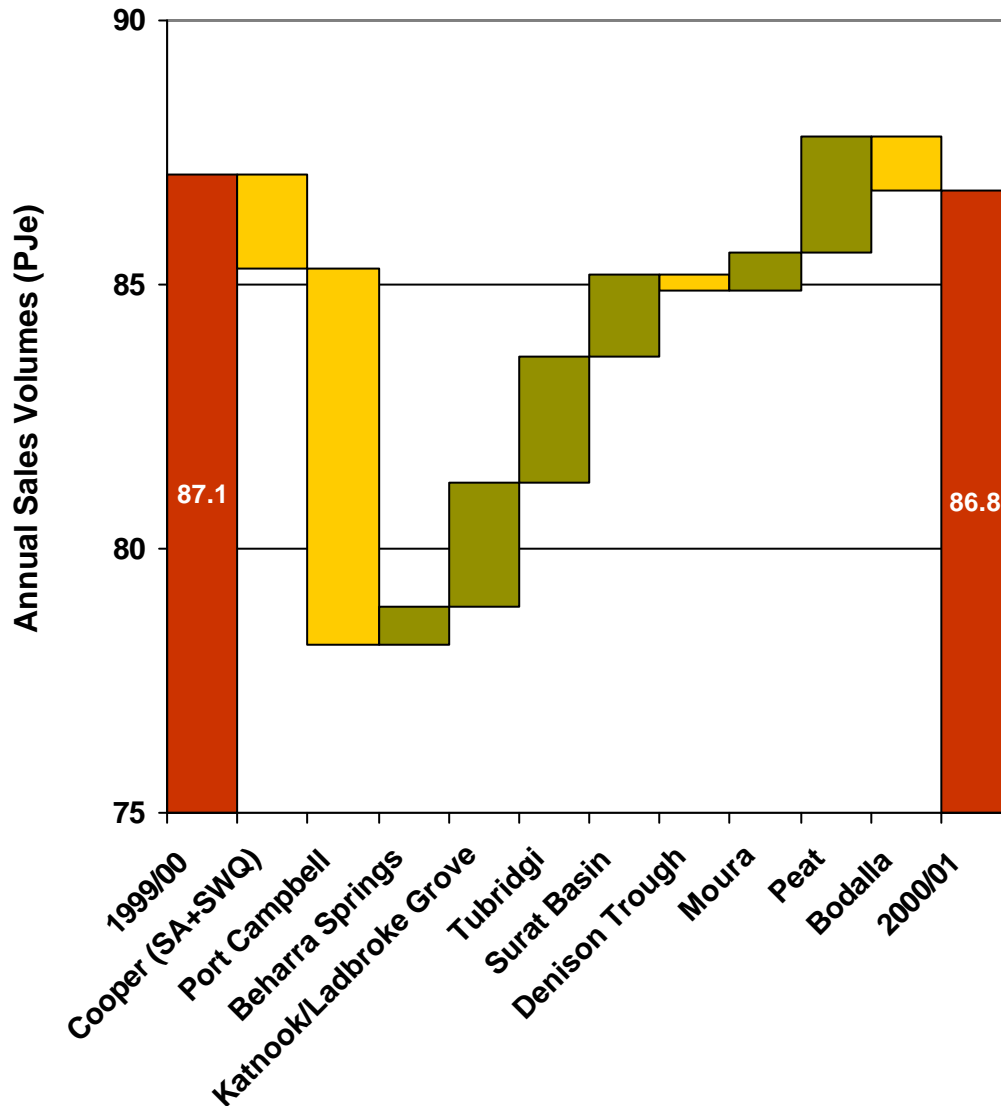


- Higher revenue on steady total volumes, but mix of contributing assets changed.
- Oil price achieved increased 33% taking account of hedges
- D&A charges reduced following write-downs in prior period
- Significant discoveries in the Otway Basin and significant progress on BassGas

The average oil price received was up significantly to A\$44 (inclusive of oil price and currency hedges)



Sale of the Port Campbell fields masked production growth in other areas



- Sales volumes increase by nearly 10PJe in aggregate from
 - Beharra Springs
 - Katnook/Ladbroke Grove
 - Tubridgi
 - Surat Basin
 - Coal seam gas fields
- Sale of Port Campbell reservoirs reduced production by 7.2 PJe
- Cooper volumes down 2 PJe



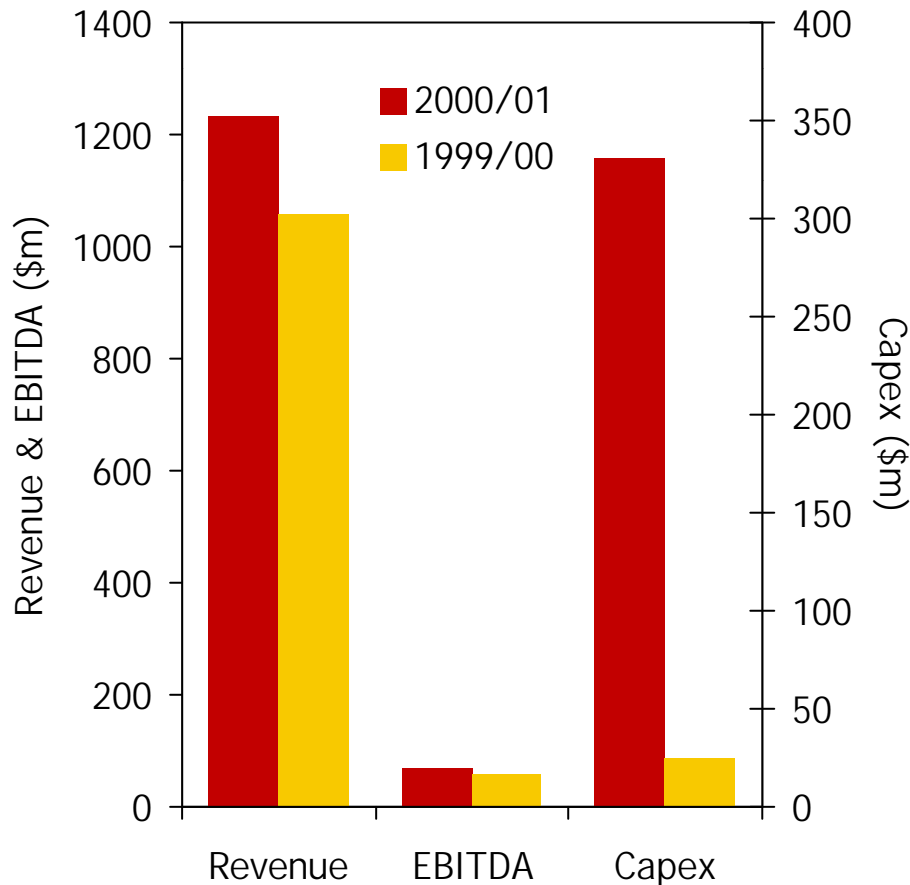
A new category (Scope for Recovery) captures potentially commercial discoveries requiring appraisal

	(PJe)
Origin Energy Reserves 1/7/00	1024
+ Exploration / Appraisal	35
+ Acquisitions / Divestments	11
+ Revisions / adjustments	(14)
- Production	81
Origin Energy 2P Reserves 30/6/01	975
+ Scope for Recovery category	259
Total Reserves all categories	1234

The Thylacine and Geographe discoveries fall into this new category



Retail & Trading: EBITDA increase by 14% to \$66.5 million



- **Natural gas volumes rose 11% on the back of increased sales to industrial markets and colder weather (but still mild by historical standards)**
- **LPG volumes declined in the face of higher world prices but margins were maintained**
- **Electricity sales increased but only had the benefit of one month's contribution from Powercor**

* Includes agency sales in Victoria

Retail business: Revenues in excess of \$1 billion, diversified fuel base, and critical scale economies

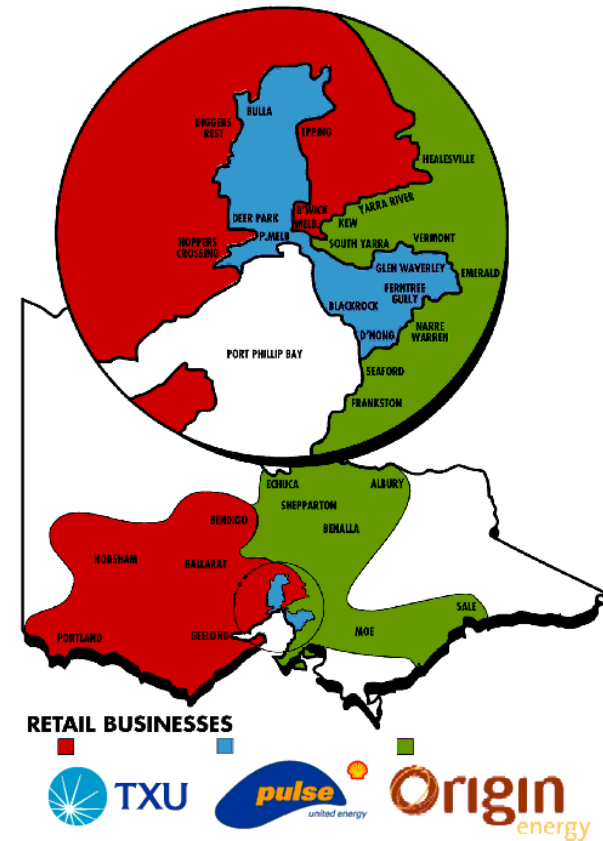
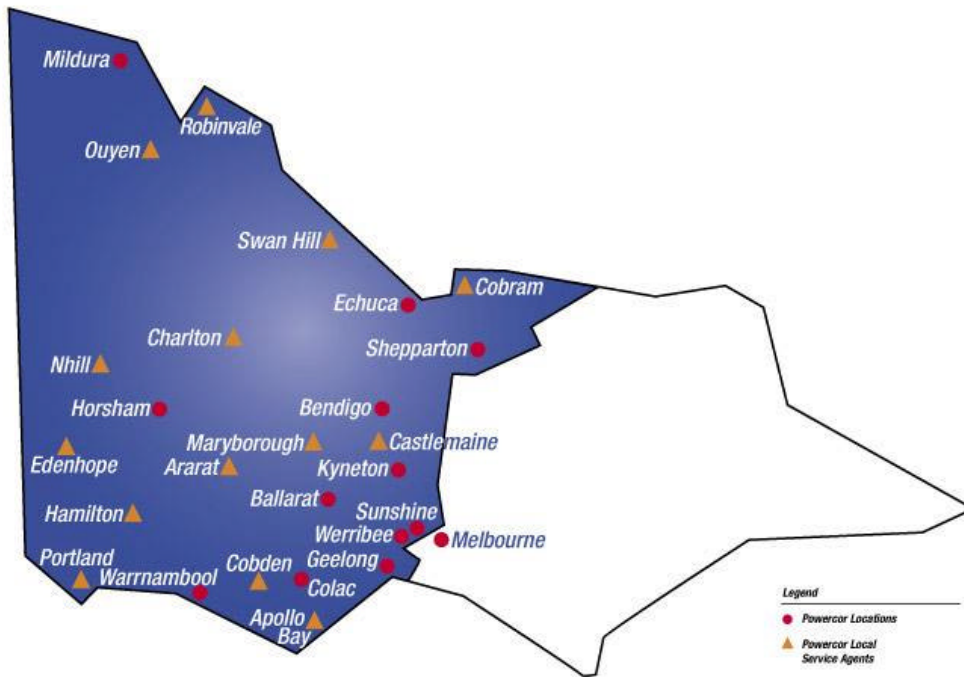
	Natural Gas *	Electricity **	LPG	Total
Revenue (A\$M)	755	117	469	1,340
Sales - (PJ)	110			110
Sales - (TWh)		2.1		2.1
Sales - (k tonnes)			549	549
Total Sales (PJe)	110	7.6	27.0	144.6
Customer Numbers ('000)	969	582	226	1,778

* Includes \$148 million associated with Agency cost of sales

** Includes only one month contribution from Powercor. Powercor annual revenue to 30 June 2001 was \$841m..



Powercor's electricity retail franchise covers western Victoria with 582,000 customers...

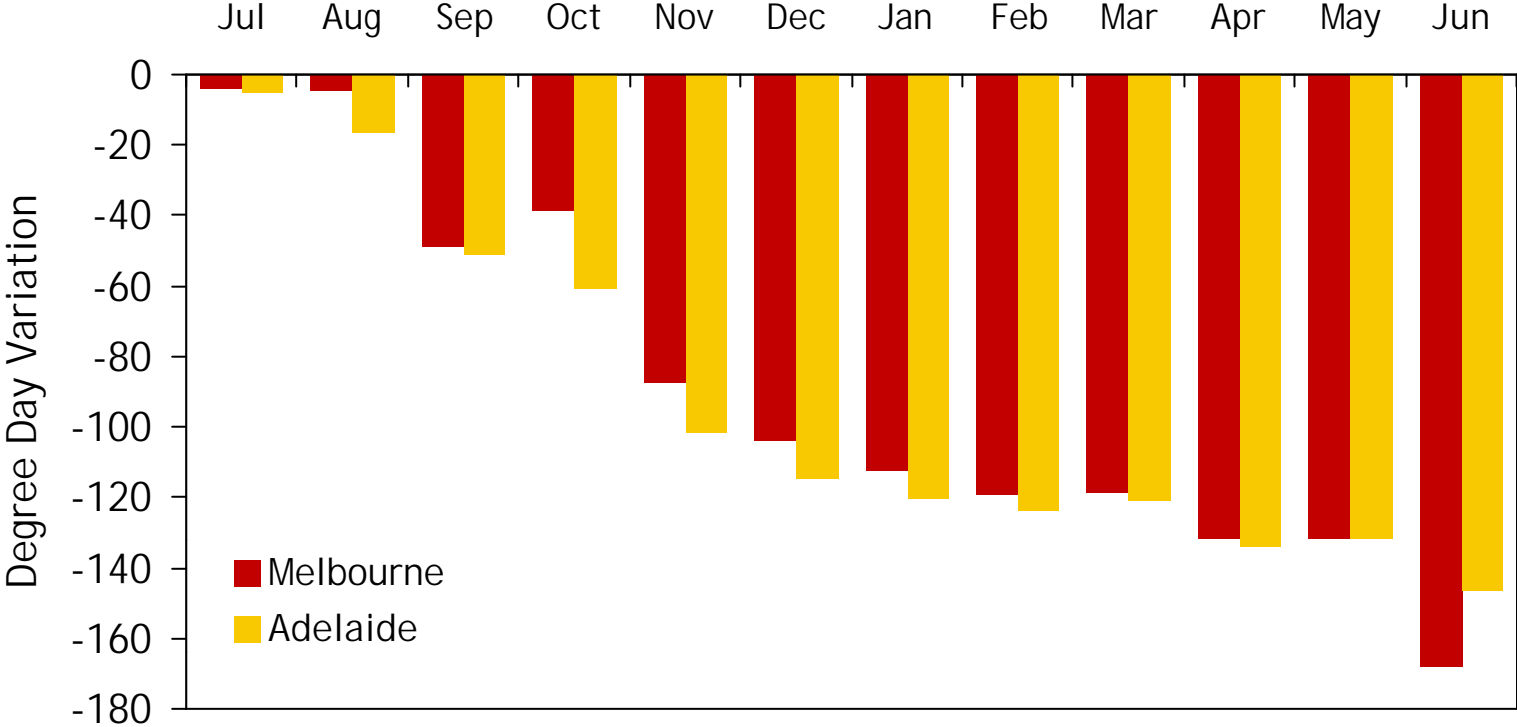


...and combined with the gas franchise provides access to 50% of Victoria's energy market



Warmer than average weather conditions in primary markets again depressed energy sales

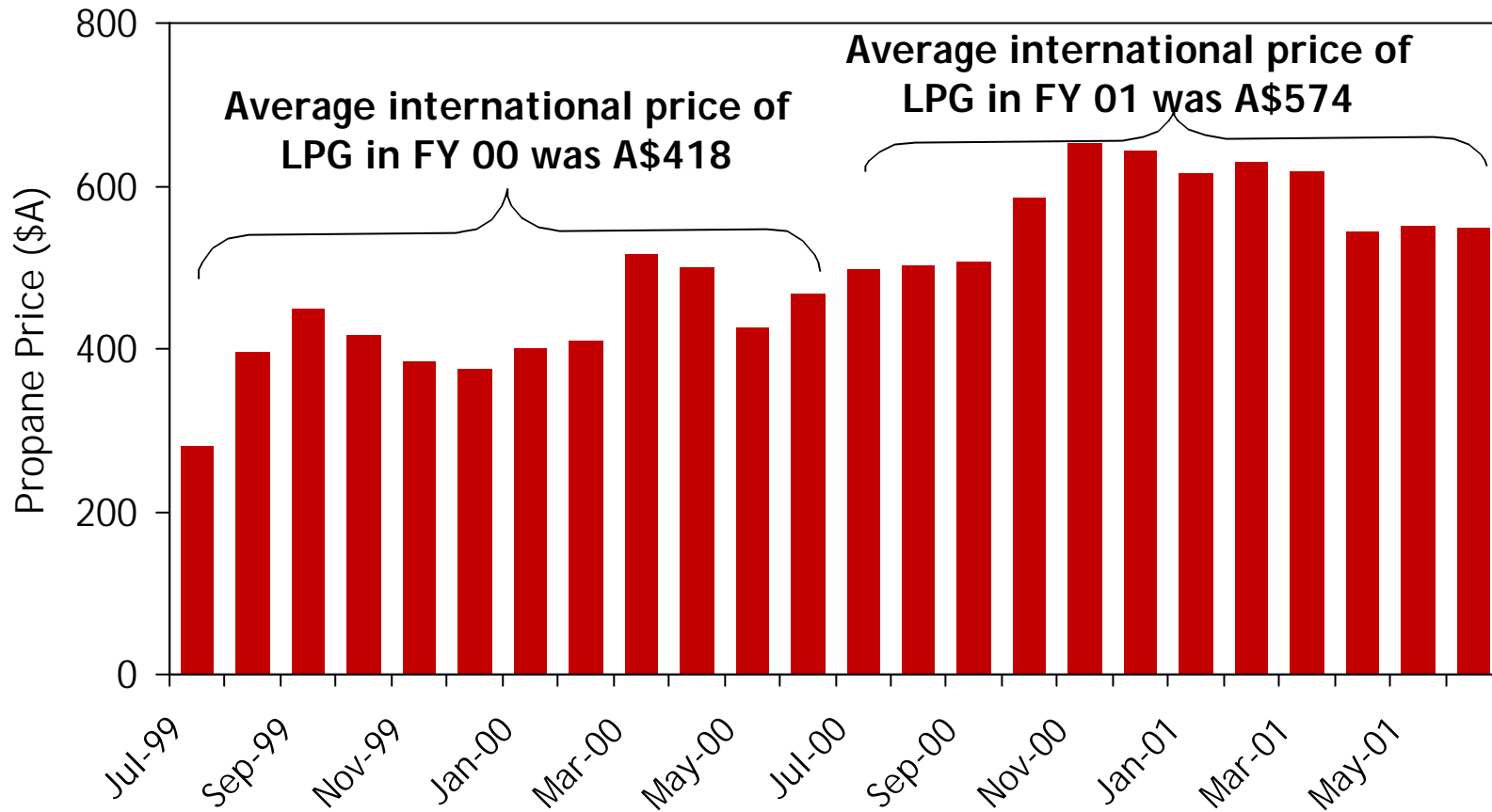
Cumulative Degree Day Variation
(from 10 year average)



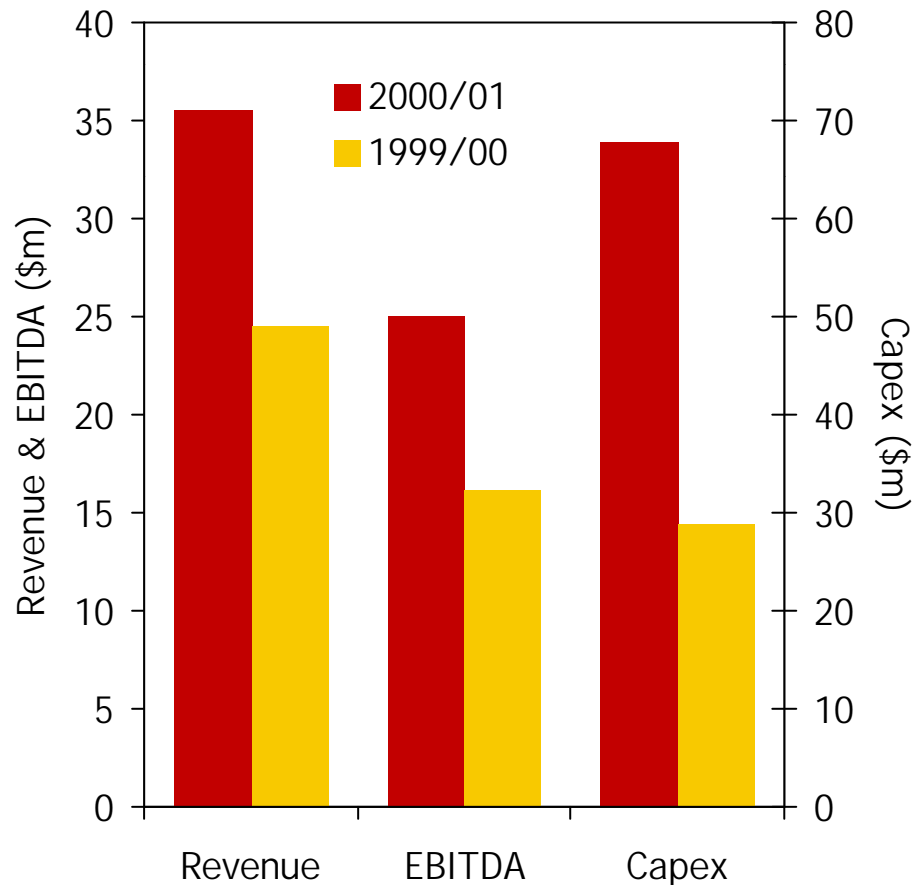
	Actual	10 yr average
Melbourne (EDD)	1065	1233
Adelaide (DD)	908	1055



LPG margins have been maintained despite a 37% increase in LPG cost of supply compared with last year



Generation: EBITDA increased by 55% to \$25.0m



- **BP Bulwer Island cogeneration commenced commercial operations in January 2001**
- **Ladbroke Grove operated profitably through the year and switch to base load operation due to sustained high prices, but is subject to an insurance claim on failed equipment.**
- **Quarantine power station development initiated - scheduled to be on line in December 2001.**
- **Worsley acquisition announced in July 2001.**

The Generation business has developed a balanced portfolio of assets that continue to perform strongly

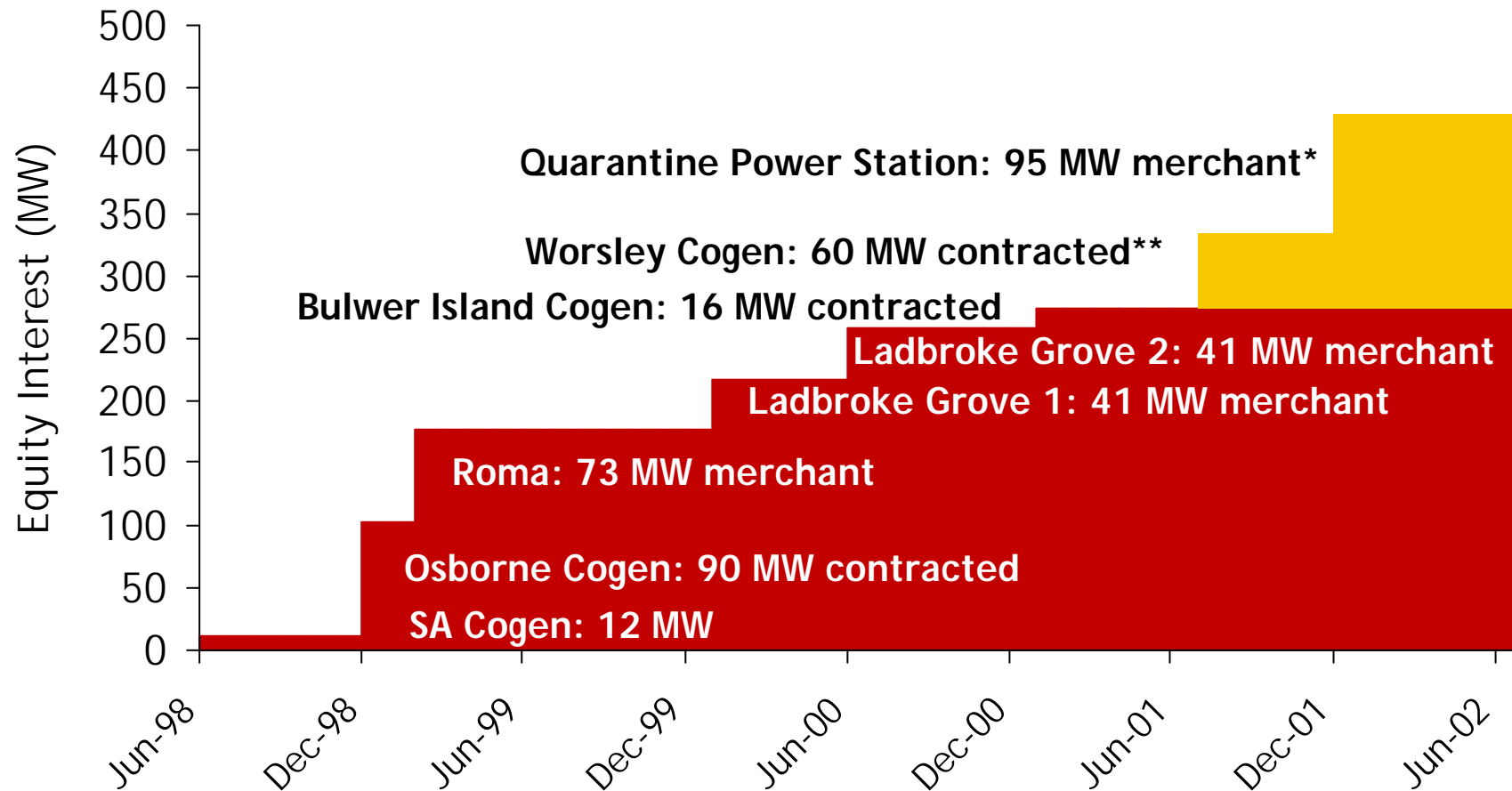
Generation Asset	Generation (net, Mwh)	Type **	Capacity Utilisation	Av. Price (\$/MWh)
BHP Whyalla	66,815	C	Baseload	28.47
Bridgestone Salisbury	10,852	C	Baseload	92.48
Ladbroke Grove	649,400*	M	82%	50.47
Roma	88,300	M	14%	96.22
Osborne	666,453	C	Baseload	48.65
BP Bulwer Island	37,121	C	Baseload	42.00

* Adjusted to reflect successful Ladbroke Grove insurance claim

** Type: C = Contracted, M = merchant



Recent investments in Generation will progressively reach earnings potential through 2001 & 2002

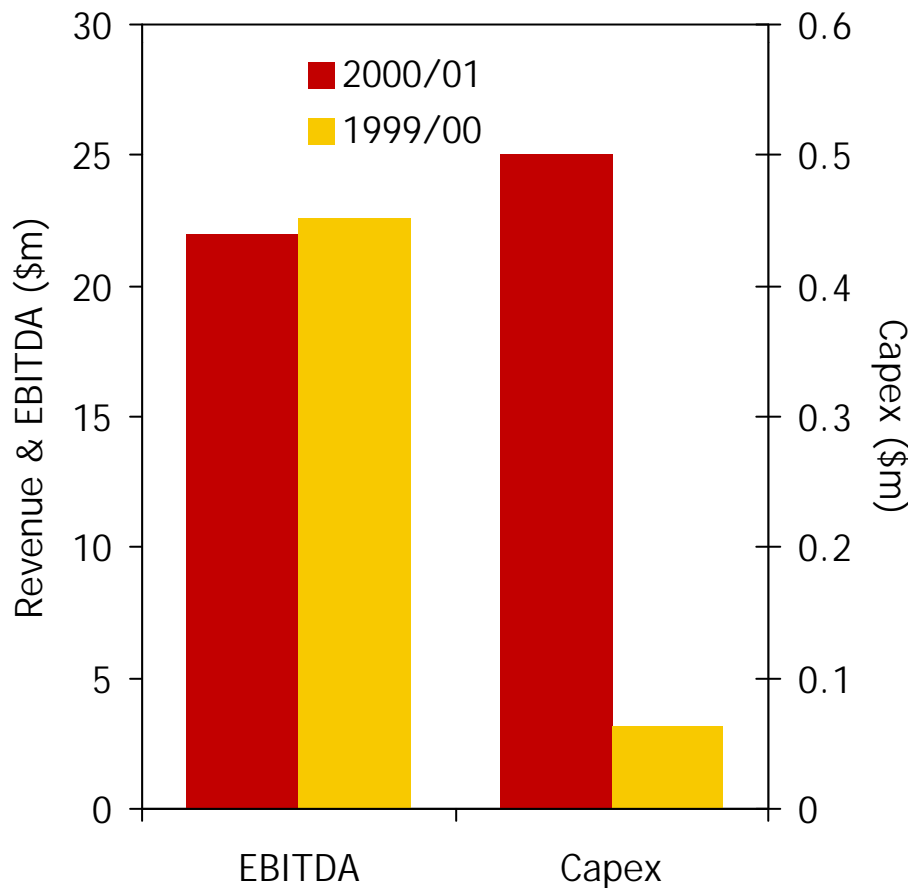


* Under development

** Acquisition subject to conditions precedent



Networks: EBITDA decreased slightly to \$21.9 million. Business remains stable and is seeking new growth opportunities.

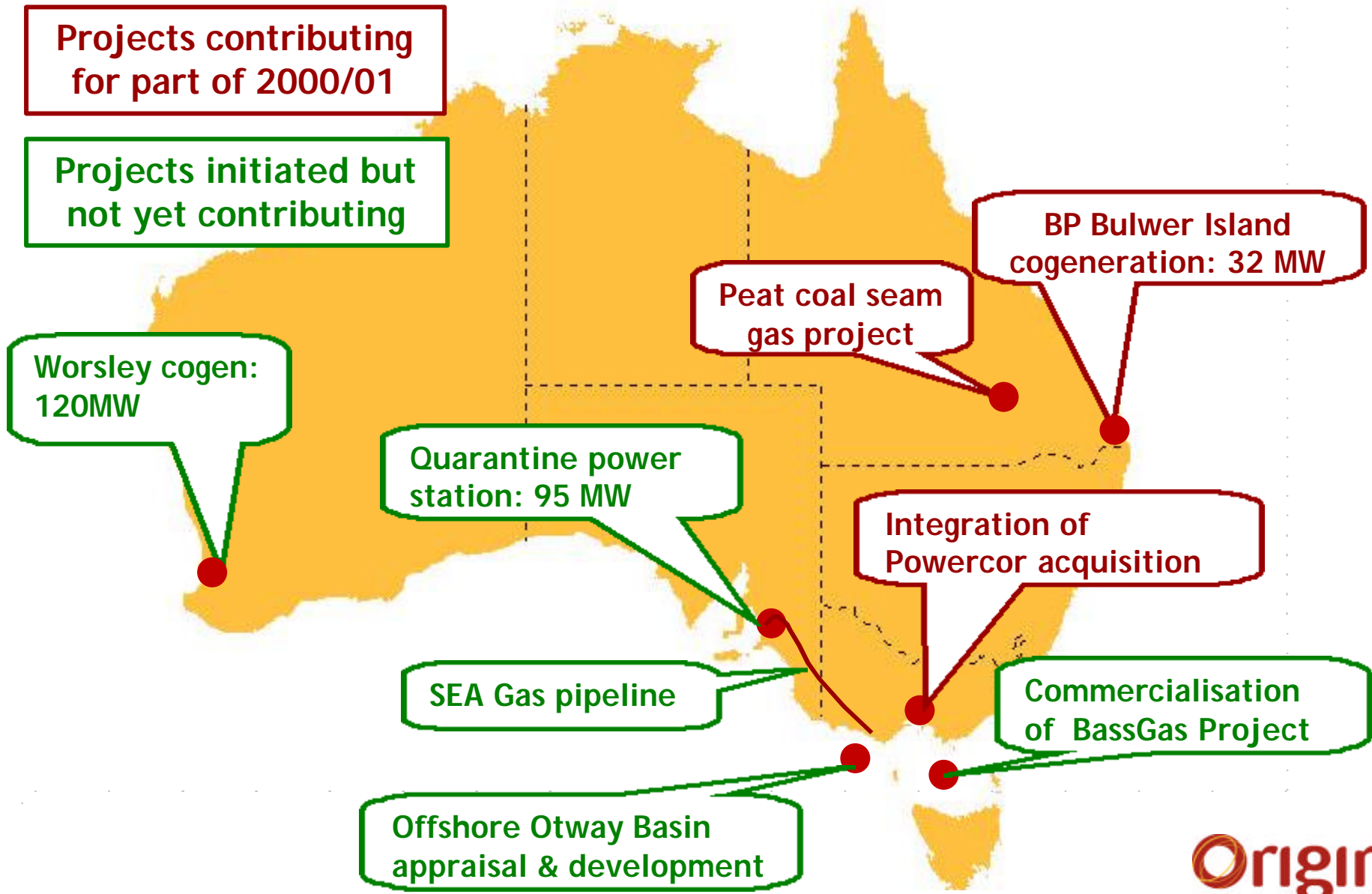


- **23,000 new natural gas consumers connected to networks under management**
- **220 km of new mains laid, 230 km of existing mains replaced**
- **Increased distribution from Envestra**
- **Decreased contribution from asset sales and lower management incentive fees from Envestra**

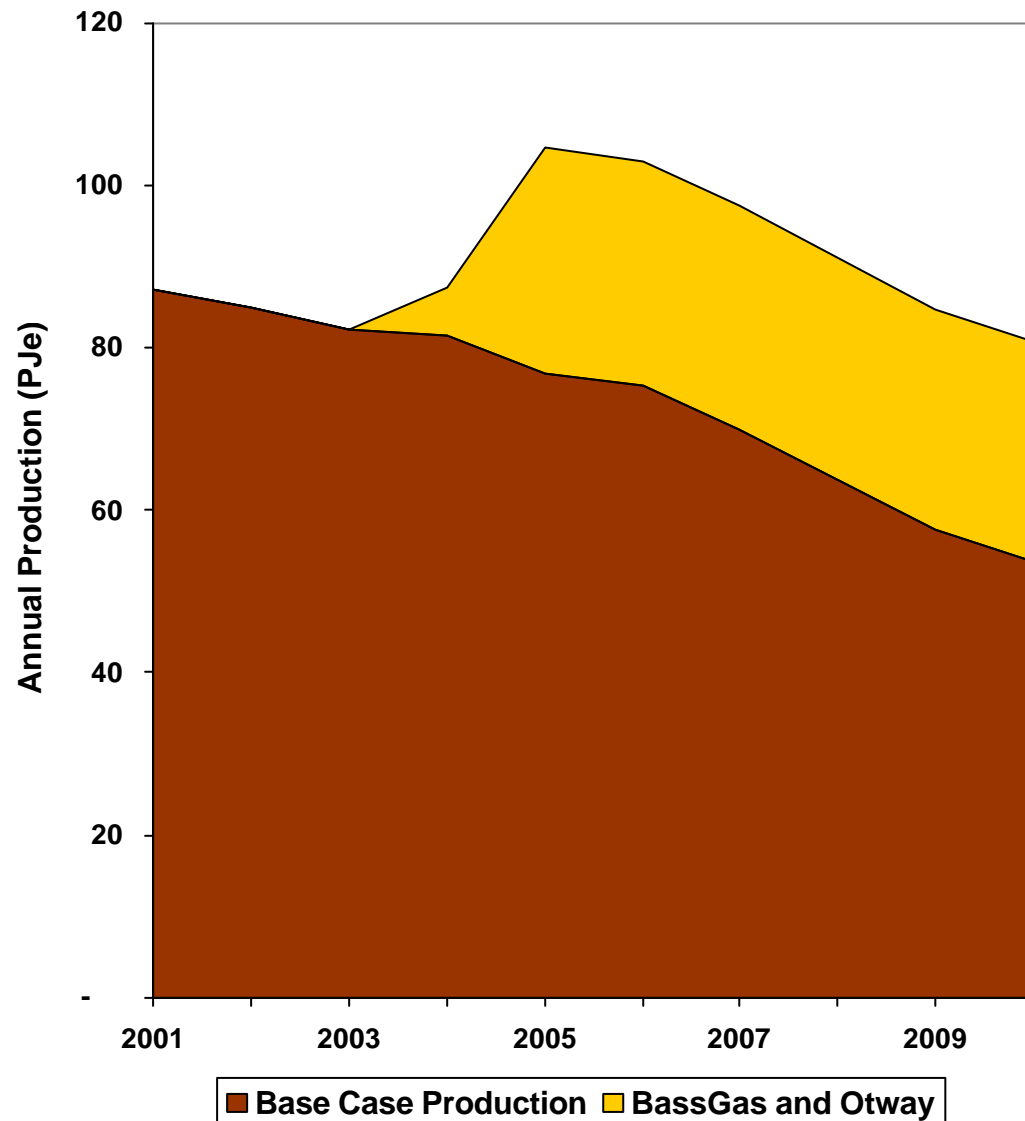


Outlook

Business Development



The BassGas project and the offshore Otway discoveries will add significantly to Origin's net production



- Base case production likely to decline as fields and provinces mature
- BassGas project delivers moderate gas production and high liquids yields (LPG & condensate)
- Otway discoveries lean in liquids, but likely to produce at higher rates.
- Otway development scenarios dependent on current appraisal drilling and future technical and commercial considerations

The timetable for full retail contestability is constantly changing and will impact our operations.

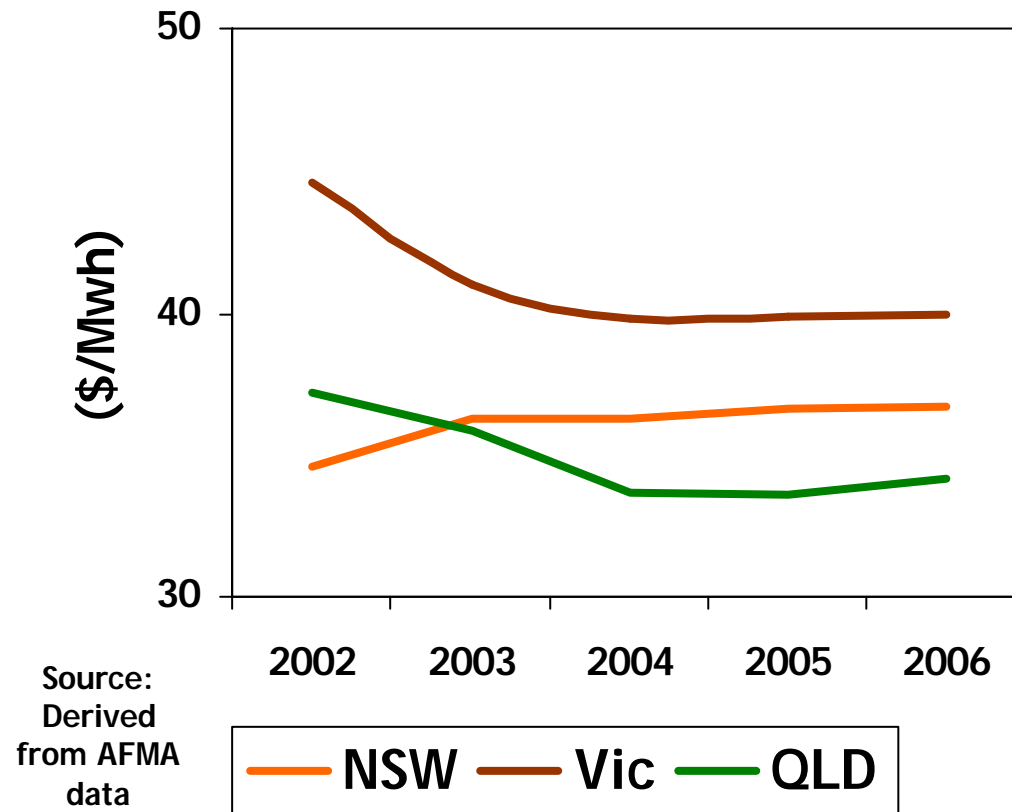
State	Natural Gas	Electricity
Victoria	Originally Sept 01 - all customers. Now likely to be delayed past July 2002 (Oct 2002?)	Jan 02 - all customers
South Australia	Delayed to Jul 02 at earliest	Although contestable most major customers recontracted for 3 year. All customers Jan 03.
NSW	All Customers Jan 02	All Customers Jan 02
Queensland	>100 TJ Jul 01 All customers Jan 03	All customers Jan 02

Origin is undertaking significant investment in systems to ensure readiness to meet the contestability timetable.



Forward projections of electricity prices demonstrate different conditions across the states

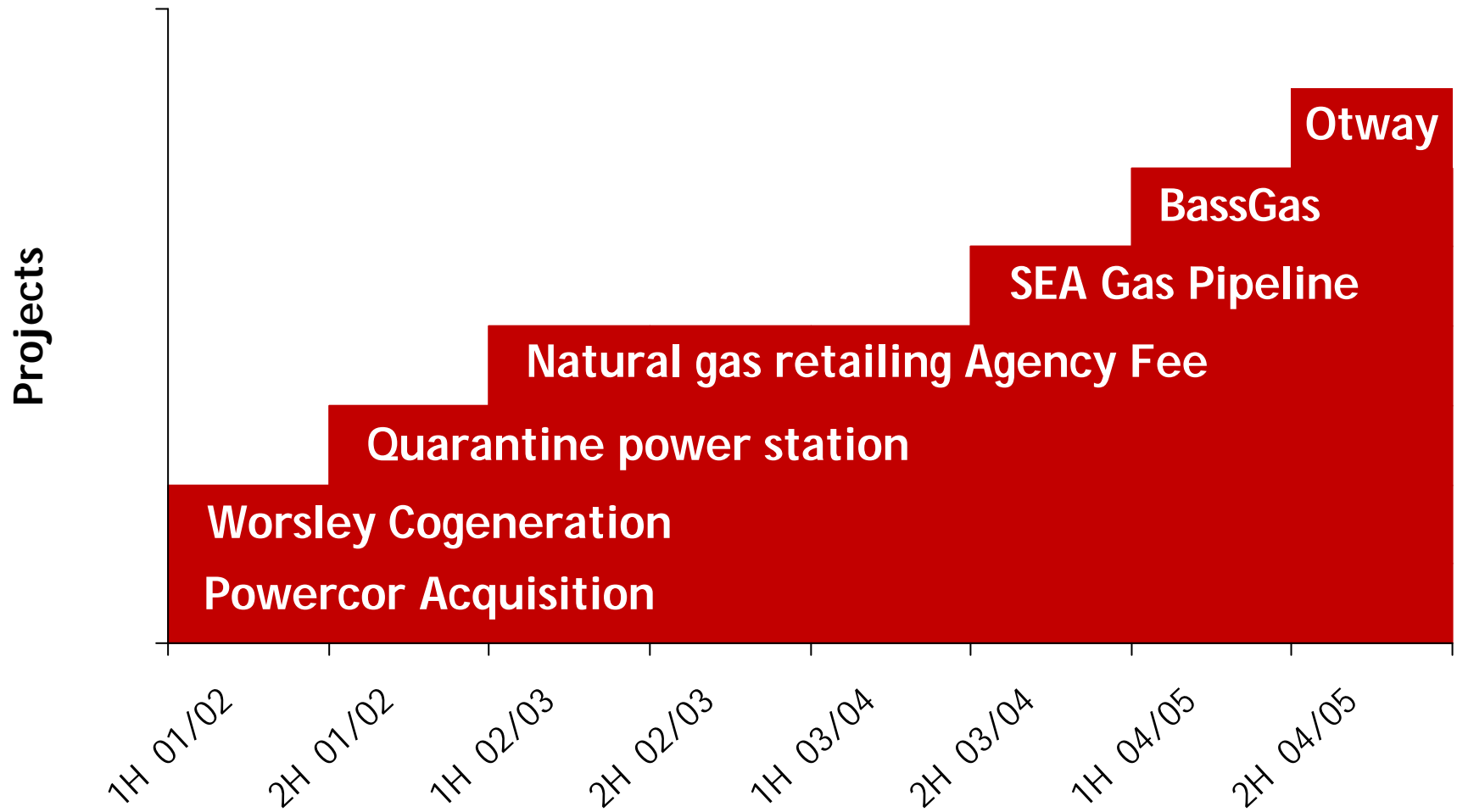
Forecast av. Electricity prices



- Relatively higher prices are predicted in Victoria and South Australia. (SA prices determined by internal modelling - not published by AFMA)
- Origin has competitive advantage in gas supply in these states, and a strong retail customer base.

Power development focus is therefore likely to remain in Vic and SA

These investments and projects will progressively contribute to profit over the coming years



Timing of first significant contribution to Profit



Profit in 2001/02 is currently expected to be higher than 2000/01

- Full year contribution from Powercor acquisition
- Part year contribution from Quarantine power station
- Part year contribution from Worsley acquisition
- Access to Victorian agency fee likely to be delayed
- Sensitivities to EBIT (effect of hedging included):
 - Oil price US\$1 inc/dec = A\$1.8 m inc/dec
 - US\$ 0.01 inc/dec = A\$0.8 m dec/inc
 - Weather 1 degree day colder/warmer = \$0.05m inc/dec*

* Natural gas only

Delivering Value to Shareholders

- Origin Energy has delivered a strong profit performance and has strong cashflows from its ongoing operations
- Sound strategic positioning and effective operational management have delivered a valuable pipeline of new opportunities
- The share placement with institutions (July) and the Share Purchase Plan open to all shareholder will complete capital raising for all currently identified growth projects.

Shareholder wealth will continue to be created by funding ongoing developments through cashflows and the strength of the balance sheet



The logo features a stylized white letter 'O' with several thin, overlapping yellow and orange lines swirling around it, suggesting energy or motion.

origin
energy