Origin energy

Results Announcement
Six months ended 31 December 2001

18 February 2002

Outline

- Performance Highlights
- Financial Review
- Operational Review
- Outlook

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Performance Highlights

Financial highlights

- EBITDA up 24.1% to $192.6 million
- PAT up 10.4% to $54.7 million
- Capital expenditure up 97% to $138.4 million
- Share Placement and Share Purchase Plan
  - Net $197 million raised
  - 71 million shares issued (approx 11% of capital)
- Earnings per share of 8.7 cents constant on expanded capital base
- OCAT and Free Cash Flow up 44%
- Interim dividend 2.0 cents per share fully franked
- Credit rating and Debt Issuance Facility

Operating highlights

- Successful appraisal of Thylacine
- Perth Basin discoveries
- Acquisition of coal seam gas interests
- Successful integration of Powercor business
- Performance of wholesale trading book
- Systems and processes ready for Full Retail Contestability
- Quarantine power station commissioned
- 12 month Lost Time Injury Frequency Rate (LTIFR) reduced from 4.9 to 3.7 injuries per million hours worked

Financial Review

Profit & Loss

	Dec 01 ($m)	Dec 00 ($m)	% change
Revenue	1,237.5	850.7	+ 45%
EBITDA	192.6	155.2	+ 24%
EBIT	105.5	88.5	+ 19%
Net Interest	22.5	15.6	+44%
Tax	25.8	20.6	+25%
Outside Equity Interests	2.5	2.8	-11%
PAT	54.7	49.5	+ 10%
Earnings per share (cents)	8.7	8.7	-
Free cash flow (cents per share)	17.5	13.3	32%

Operating cash flow after tax over funds employed is used as the primary performance measure

	Dec 01 ($m)	Dec 00 ($m)
EBITDA	192.6	155.2
Change in Working Capital	(0.1)	(3.3)
Stay in business CAPEX	(36.4)	(45.9)
Tax/Subvention Payments	(24.1)	(14.2)
OCAT	132.0	91.8
Net Interest Paid	(22.4)	(16.1)
Free cash flow	109.6	75.7
Funds Employed	2,123	1,687
OCAT Ratio (annualised)	12.4%	10.9%

Performance has improved compared to the pcp and exceeds our established targets

Capital Expenditure - focus on growth

	Dec 01 ($m)	Dec 00 ($m)
Stay in business	36.4	45.9
Growth		
Exploration & Production	42.9	22.4
Retail & Trading	27.4	0.2
Generation	31.2	0.7
Networks	0.6	0.0
Corporate	-	1.1
Total capital expenditure	138.4	70.3
Net Acquisitions and Disposals	7.0	(10.5)
Capital expenditure net of disposals	145.4	59.8

Tax reconciliation

	Dec 01 ($m)	Dec 00 ($m)
Profit before tax	**83.0**	**72.8**
Prima facie tax	**24.9**	**24.9**
less **Subvention benefit**	**(5.7)**	**(5.7)**
add **non-deductible amortisation**	**8.4**	**4.0**
less **other permanent differences**	**(1.8)**	**(2.6)**
equals **Tax expense**	**25.8**	**20.6**
Tax paid	**14.1**	**3.2**
Subvention payments	**10.0**	**11.0**

Funding

	Dec 01	Jun 01	Dec 00
Net debt	$546m	$727m*	$397m
Shareholder funds	$1,569m	$1,328m	$1,305m
Net debt to equity	35%	55%	30%
Net interest expense	$22.5m	$16.1	$15.6m
Net interest cover (EBIT)	4.7 times	5.3 times	5.7 times
Average interest rate	6.8%	6.7%	7.4%

* Net debt increased in June 2001 by $315 million following acquisition of Powercor electricity retail business

Hedging

	Jan-Jun 02	2002/03
Oil price		
% hedged	61%	32%
Average hedge price	> US$26	> US$ 23
USD		
% hedged	70%	48%
Average hedge price	<57 US cents	< 53 US cents
Electricity		
% hedged – peak (capacity)	111%	109%
% hedged – average (energy)	100%	99%

Capital Management and Distributions

- $123 m institutional placement
- $74 m Share Purchase Plan
- BBB+ Credit Rating
- Debt Issuance Program
- 2 cent fully franked interim dividend
  - DRP to apply
- Share Sale Facility

EBITDA is up 24% on prior corresponding period (pcp) as a result of a strong contribution from Retail

	Dec 01 ($m)	Dec 00 ($m)	% change
Exploration & Production	102.8	105.9	-3%
Retail & Trading	72.5	29.7	144%
Generation	10.6	12.6	-17%
Networks	12.3	11.3	9%
Corporate	(5.5)	(4.3)	-27%
Total	192.6	155.2	24%

…….offset by lower contributions from Upstream, Generation and Corporate

Annualised operating cash flow return before tax is used to assess performance of the business segments

Segments	Funds Employed ($m)	Operating Cash flow ($m)	OCFR (%)
Exploration & Production	725.9	70.7	19.5%
Retail & Trading	1079.5	68.6	12.7%
Generation	184.4	10.6	11.5%
Networks	153.2	12.1	15.8%

Retail has improved significantly while Generation and E&P have declined due to mild weather and lower liquids volumes & prices

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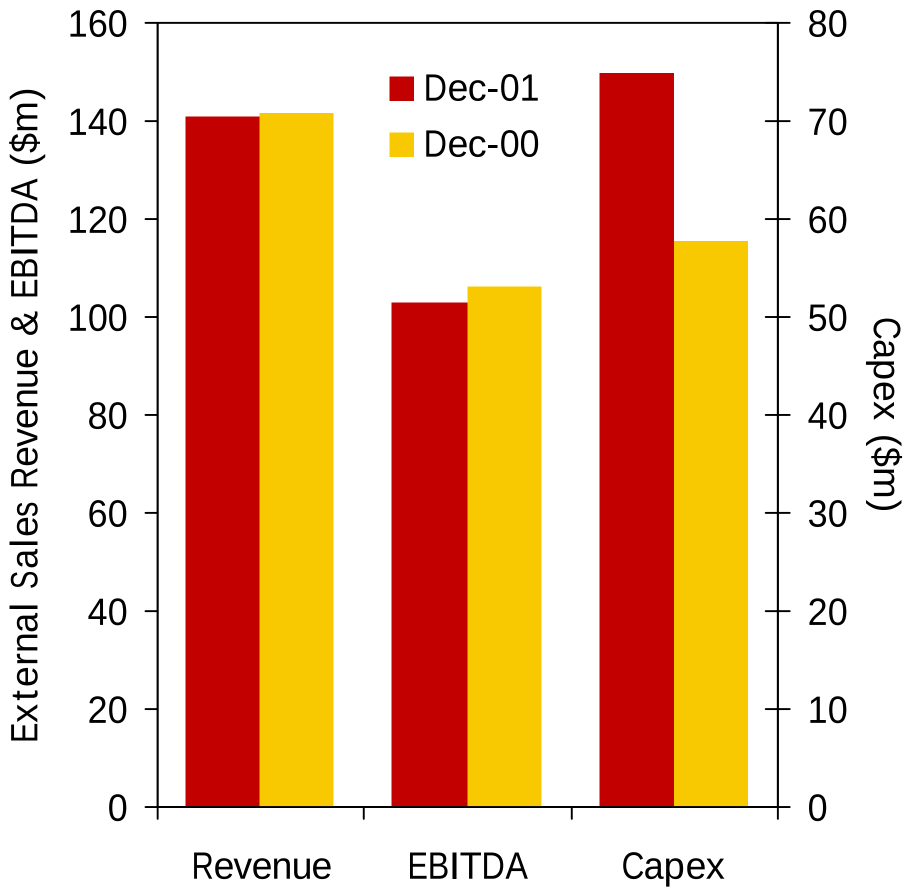
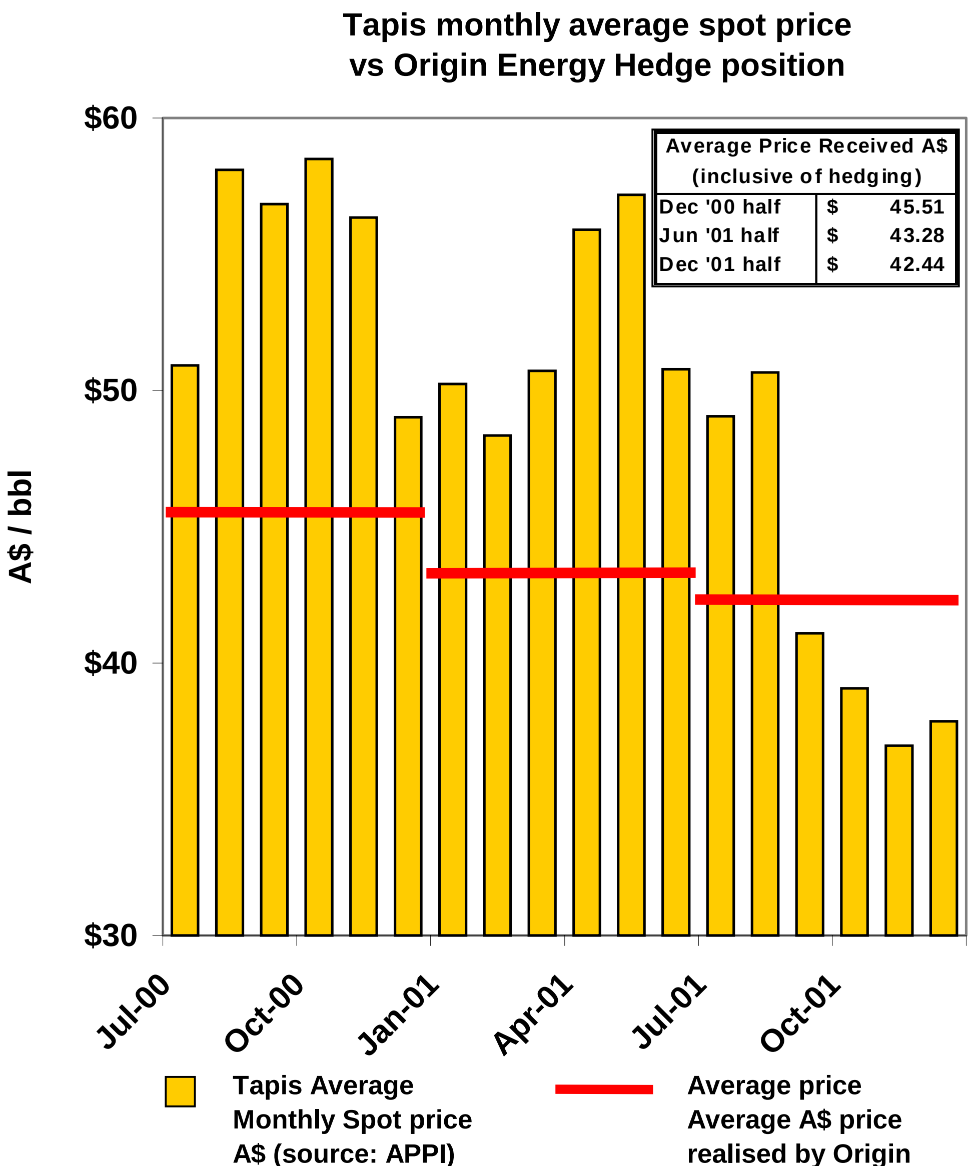
Operating Review

Exploration & Production: EBITDA down 3% to $102.8 million



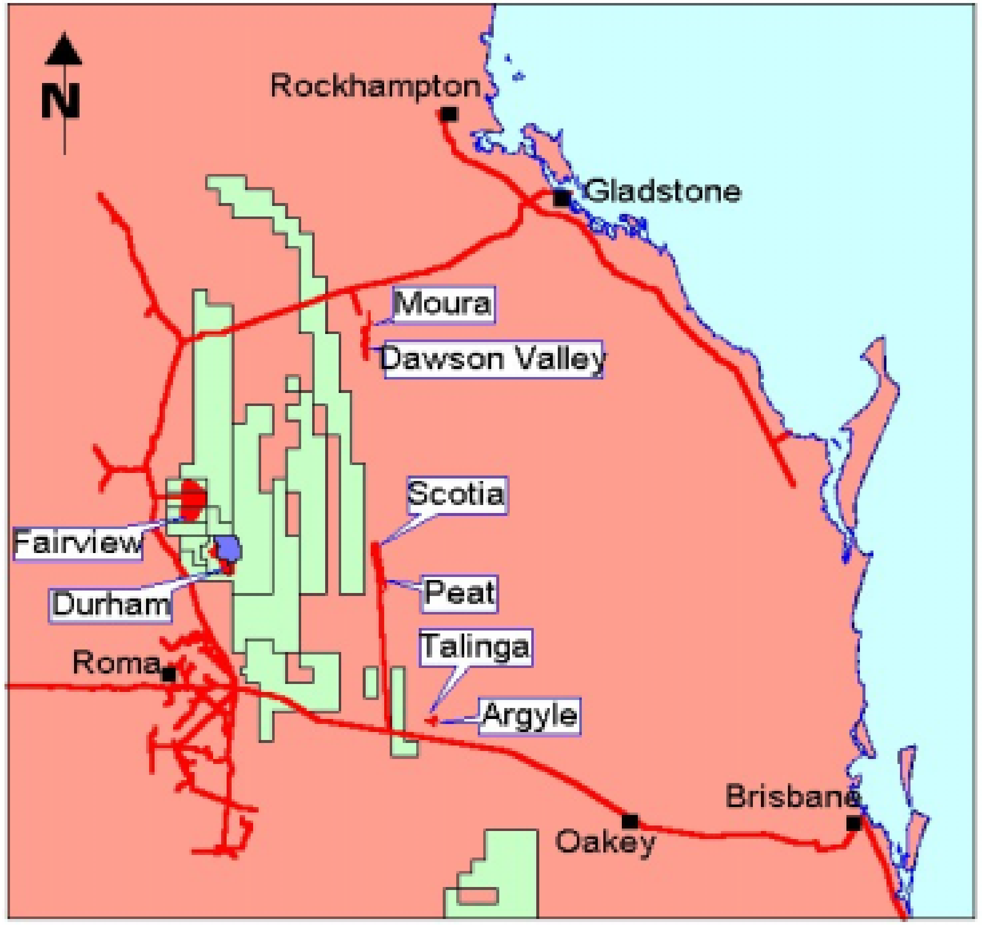
- **Higher gas volumes offset by lower liquids volumes & prices**
- **Higher capital expenditure associated with Cooper Basin SIB, Greenfields exploration and coal seam gas**
- **Significant reserves addition through exploration and acquisition.**
- **Sale of Bodalla assets in progress**

The average Australian dollar oil price received was down marginally, with volatility reduced by hedging.



- Average prices realised by Origin Energy through the 2000/01 financial year were lower than if unhedged
- Prices for the last half provide a small positive variance to unhedged position
- Net result is to have dampened the volatility of oil price movements on revenues and profits

Origin has added significant reserves through acquisition and exploration



Legend
Gas Pipeline
Tristar Permits
Transfield Permits
CSG Field

SE Queensland
Location Map
Tristar &
Transfield Permits

- **Acquisition of coal seam gas assets adds significant reserves and potential**
  - **180 PJ 2P reserves***
  - **Over 2 TCF potential in existing fields***
- **Thylacine 2 confirmed early assessment of Scope for Recovery of around 260 PJ* in Thylacine and Geographe**
- **Hovea production test produced a stabilised flow of 1880 bopd with no water cut - largest sustained onshore oil flow in the Perth Basin.**
- **Beharra Springs North gas discovery extends play fairway in the northern Perth Basin**

*** Origin Energy share**

The BassGas and Otway projects are currently proceeding to schedule

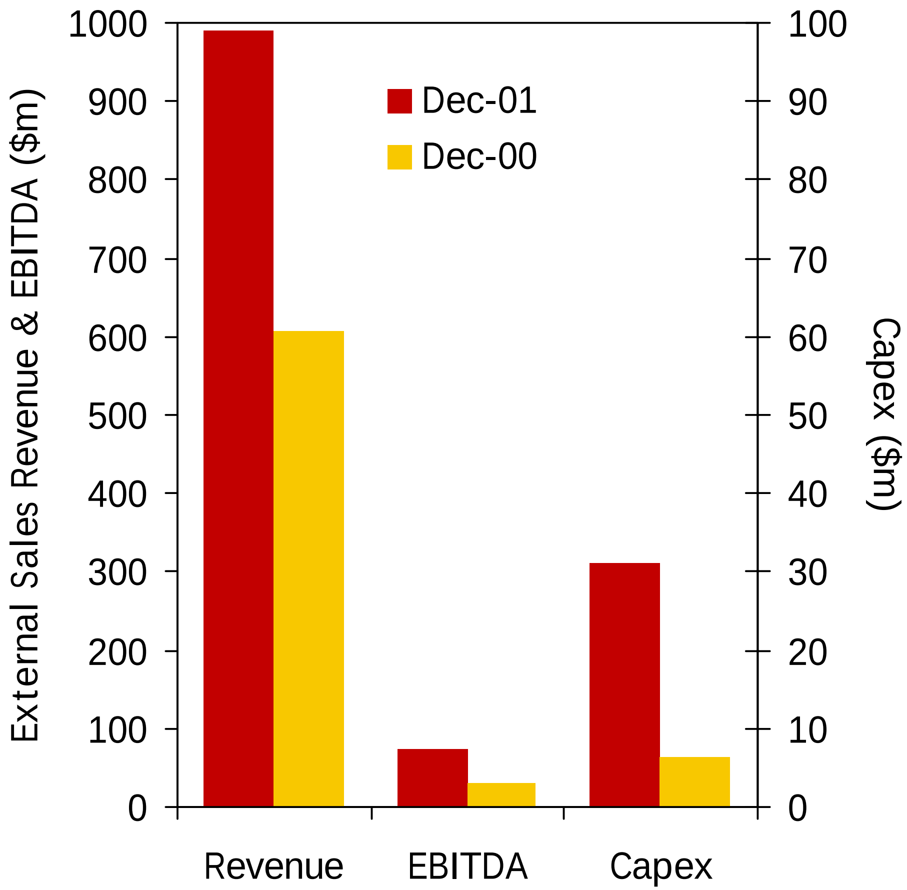
BassGas

- EPC tender submissions being reviewed – decision expected this quarter
- EES / EIS on public exhibition - submissions close on 22 February
- Interest in project lifted to 37.5%
- Origin retail has contracted 95% of sales gas
- First gas calendar 2004

Otway

- Review of development options to be complete second quarter 2002
- Detailed development studies will be carried out through remainder of 2002
- Development decision early 2003
- First gas FY 2005/06

Retail & Trading: EBITDA increased by 144% to $72.5 million on the back of electricity retail and LPG gains



- **Gas volumes increased but mild weather continues to depress overall sales**
- **Strong 6 month contribution from new electricity business at both the retail and wholesale level**
- **LPG margins increased on the back of falling supply costs**
- **Significant expenditure on retail systems has ensured readiness for FRC**

* Includes agency sales in Victoria

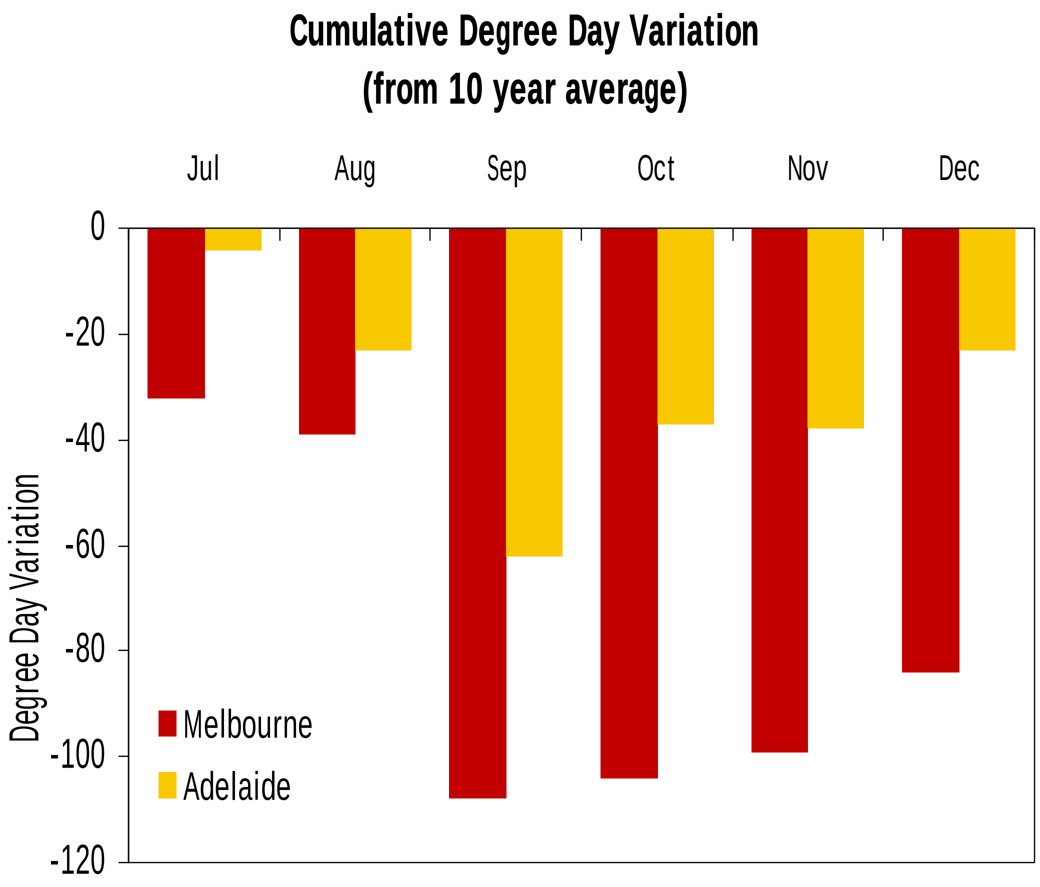
Retail business: all areas contributed to the result

	Natural Gas **	Electricity	LPG	Total*
Revenue (A$M)	431	410	216	1,057
Gross Margin (A$M)	53	62	77	192
Sales - (PJ)	61.8			
Sales - (TWh)		6.9		
Sales - (k tonnes)			259	
Total Sales (PJe)	61.8	24.7	12.7	99.2
Customer # ('000)	980	590	200	1,770

* Does not include revenue or gross margin from energy services & appliances

** Includes 85m revenue & 18m gross margin associated with agency cost of sales

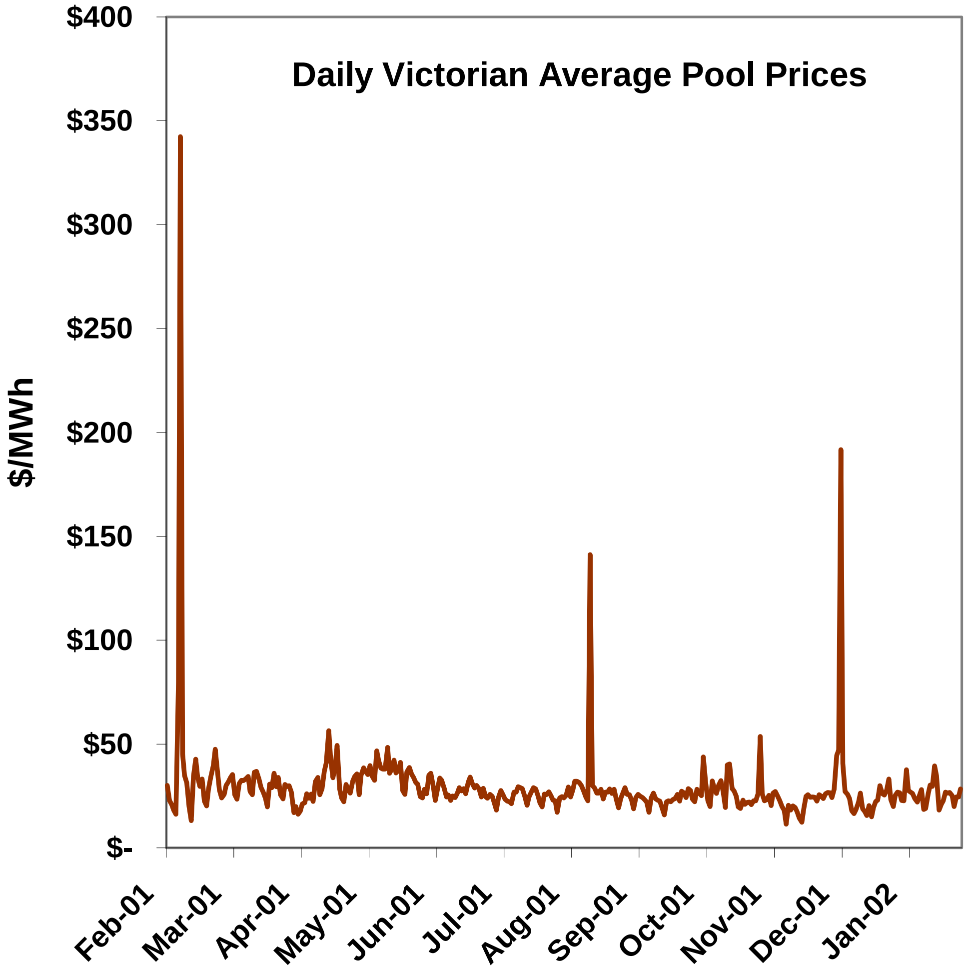
Average weather conditions were again warmer than the 10 year average



	Actual	10 yr average
Melbourne (EDD)	860	945
Adelaide (DD)	656	679

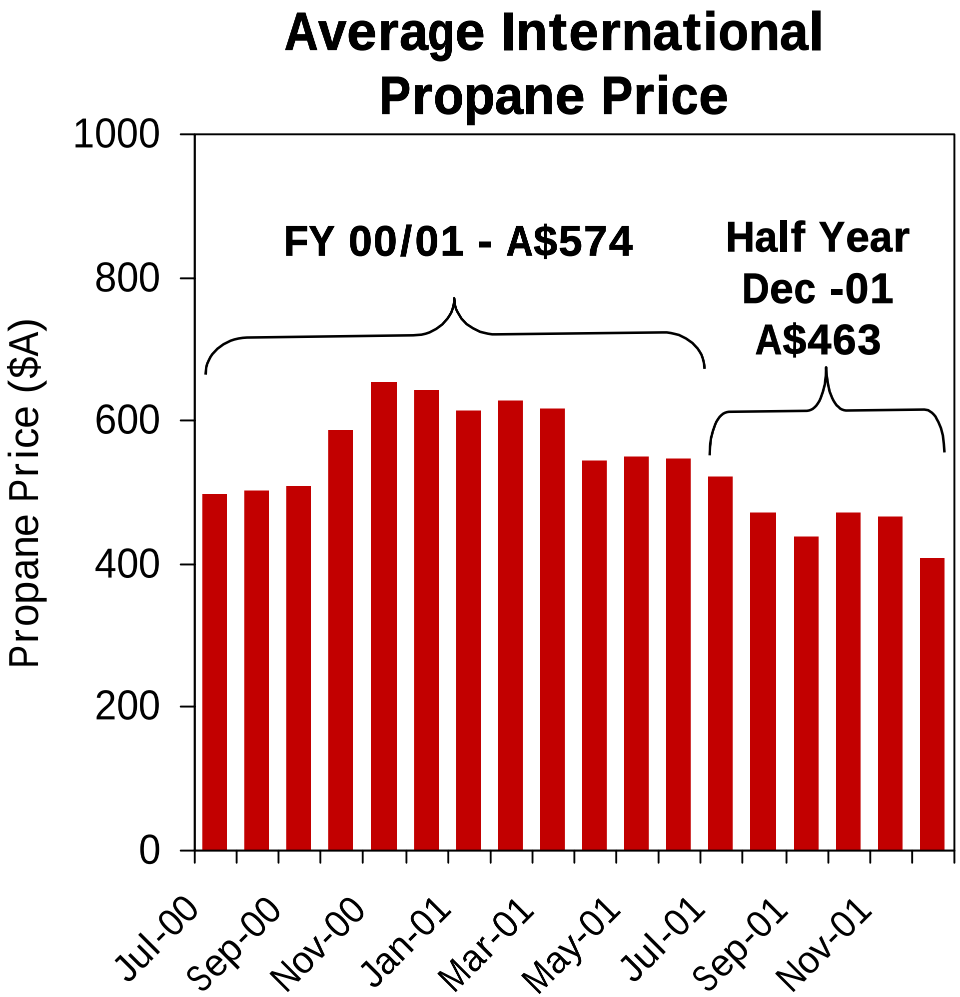
- **Effective degree days 9% below ten year average in Melbourne, and slightly lower in Adelaide**
- **Gas volumes up on prior corresponding period by 6%**
- **Tariff increase of 2.5% achieved in Victoria after access undertakings reviewed**
- **Origin has initiated tariff reviews in SA & Qld following finalisation of access agreements in those States**

The maiden six month contribution from the electricity retailing business has been above expectations



- **Successful integration of retail electricity business acquired from Powercor**
- **Strong performance from hedge book**
- **Origin granted an average 13.5% tariff increase on customers < 160 MW effective January 02 (additional $75 million revenue per annum)**
- **Margins still slim leaving little room for price based retail competition**

Margins have increased in the LPG business reflecting lower supply costs



- **Autogas volumes down 19%**
- **LPG volumes to residential and I&C customers marginally lower**
- **Management focus on improved results has eliminated costs and increased margins as supply costs have fallen**

The company is well prepared for FRC

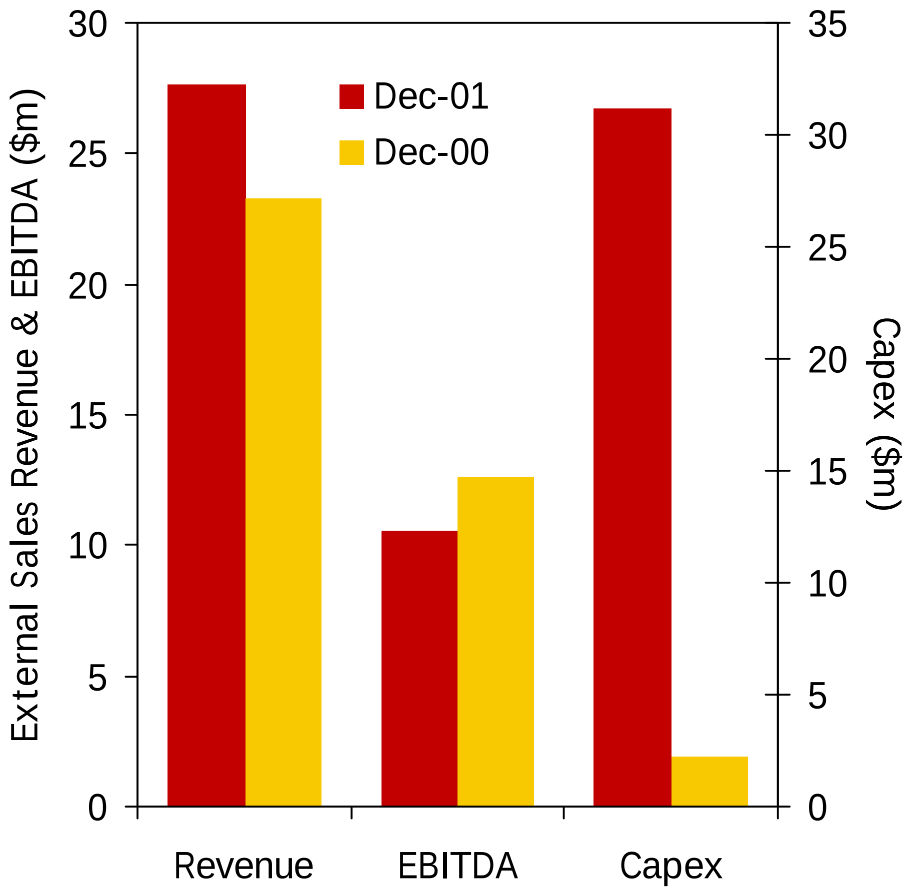
Electricity

- **FRC implemented**
  - **14 January in Victoria**
  - **1 January NSW**
- **Integrated customer service, marketing, sales and market management systems on time and on budget**
- **Call centre staff trained and ready**
- **Churn levels to date low**
  - **NEMMCO reported less than 5,000 transfer requests as of 1st Feb 2002 across all of Vic and NSW**
- **Origin tariffs and marketing campaign launched 12 February**

Gas

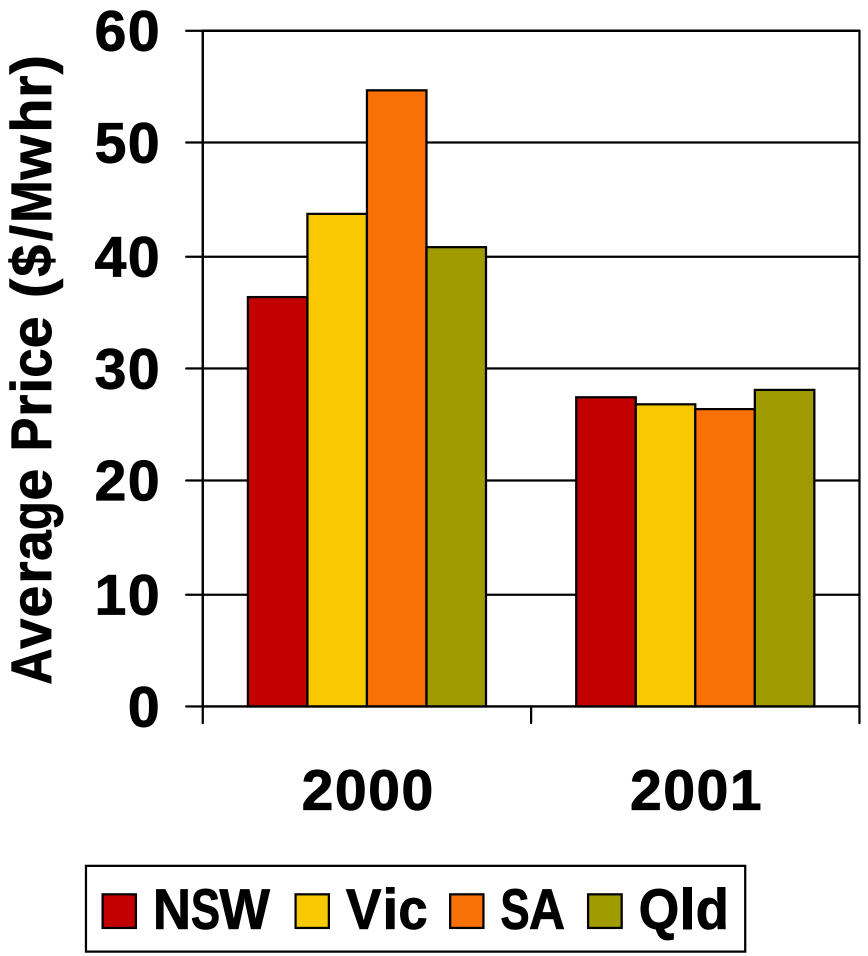
- **Preparations for Victorian Gas FRC in October 2002 on schedule**

Generation: EBITDA decreased by 17% to $10.5m



- **Quarantine power station on line in late December 2001 but no material contribution this half**
- **Lower pool prices have significantly reduced performance**
- **Worsley acquisition announced in July 2001, closure anticipated this month**

Generation prices during 2001 have been significantly lower than during 2000

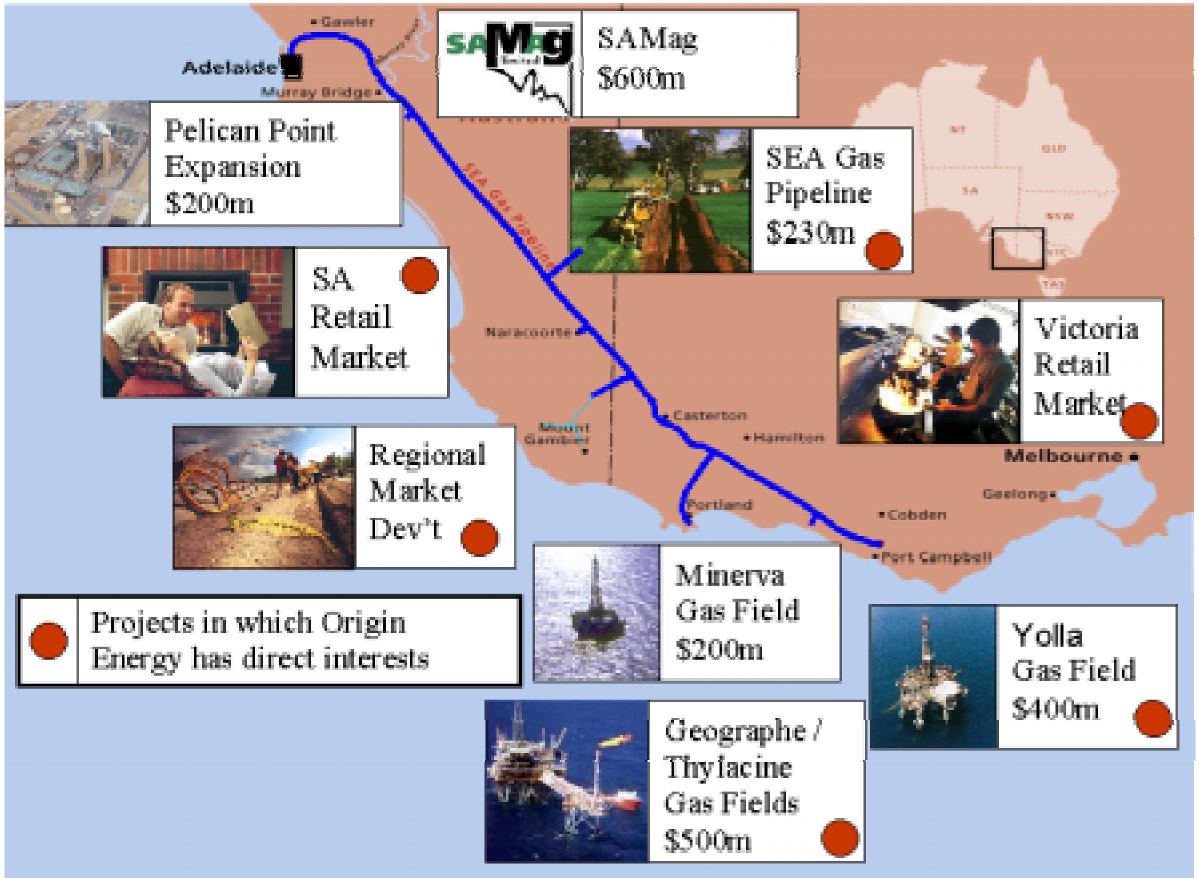


- Prices in Qld and SA lower following commissioning of new base load plant
- SA experienced mildest start to a summer since 1969.
- SA average price for the half was $26.40 – 52% down on pcp
- Lower prices also led to lower dispatch levels from merchant plant

Quarantine Project: 95 MW open cycle gas turbines. All four new turbines in place on budget and on schedule for the summer peak period……..

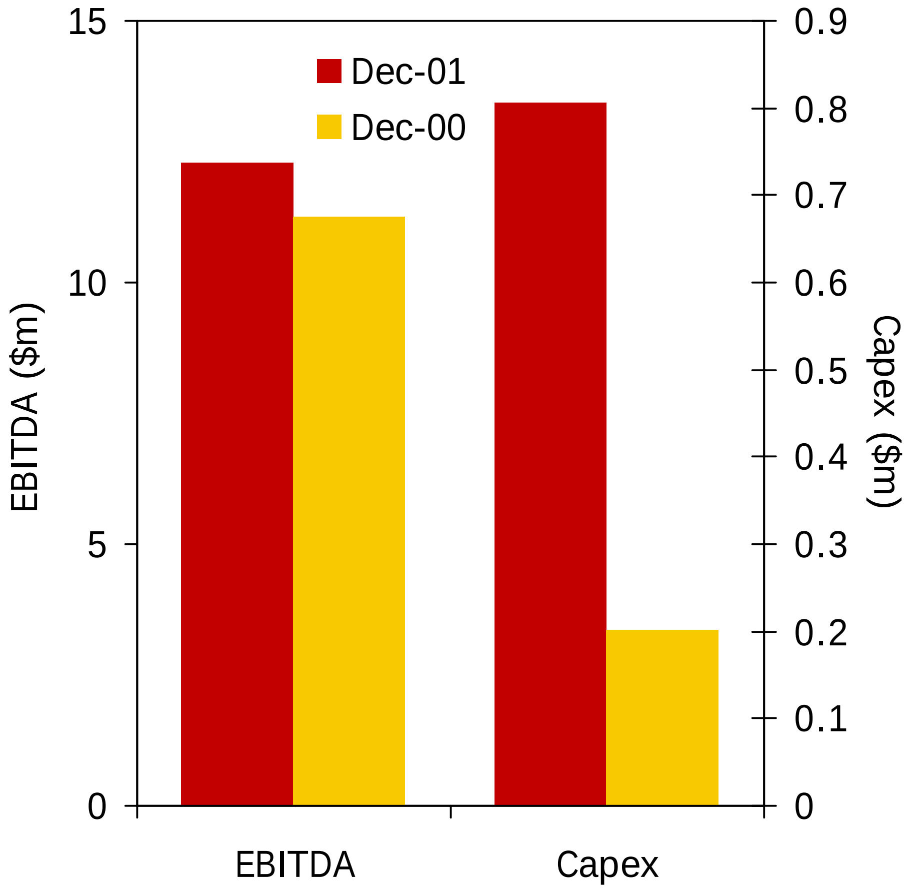
…….now just waiting for a "normal" summer

SEAGas project granted pipeline licence in South Australia on 12 February



- 680 km route fully surveyed & easement options concluded with the vast majority of landholders
- Community consultation on environmental impact completed in both States
- Negotiations with construction contractors and financiers at an advanced stage
- Financial close scheduled in the first quarter calendar 2002
- First gas deliveries in third quarter calendar 2003

Networks: EBITDA increased from $11.3 to $12.3 million.



- **10,400 new natural gas consumers connected to networks under management**
- **136 km of new mains laid, 56 km of existing mains replaced**
- **Management fee on SA, QLD & NT networks increased from 2.5% to 3.0%**
- **Access arrangements for Envestra in Qld and SA finalised, reducing regulatory uncertainty**

Outlook

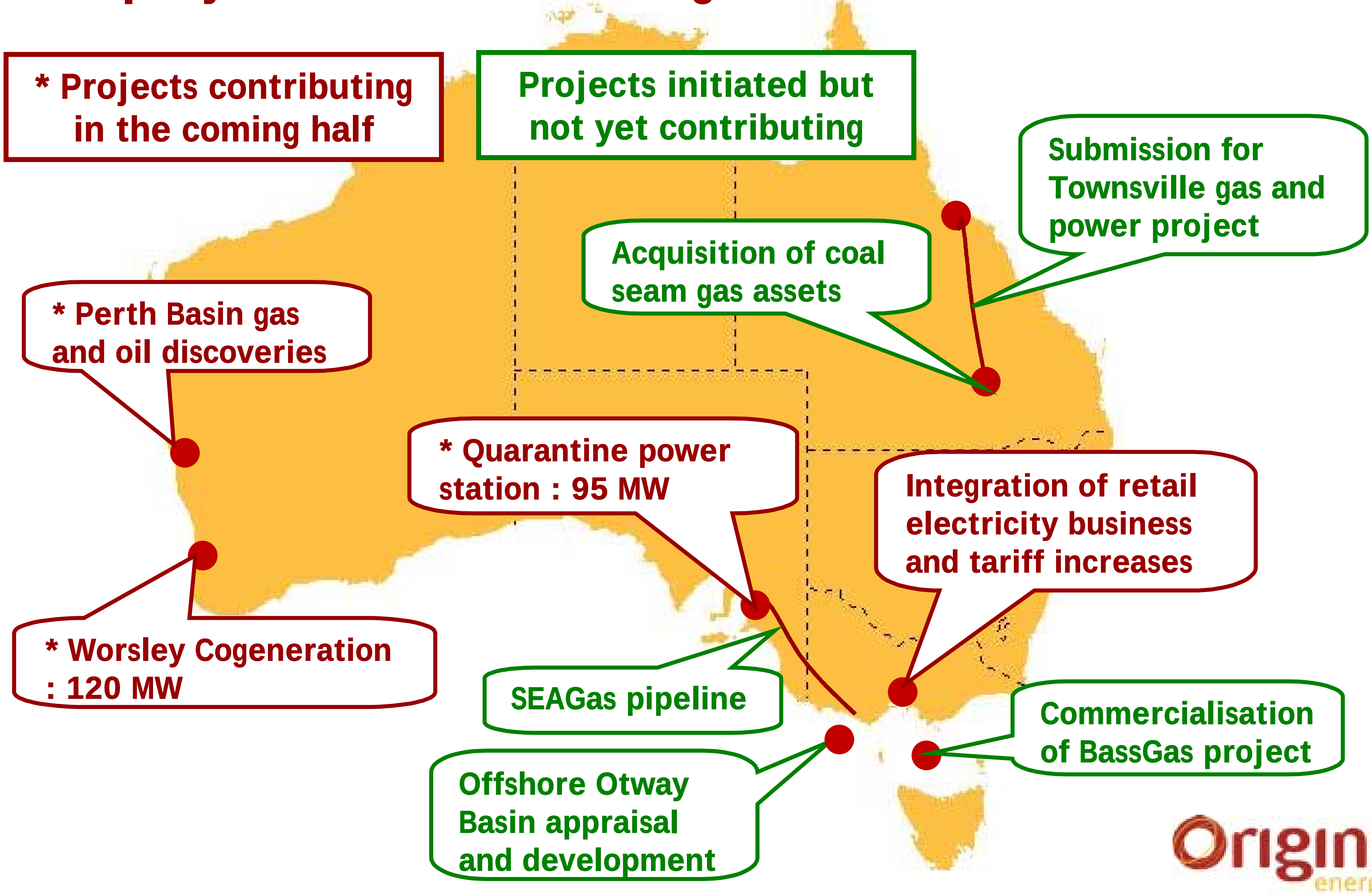
Expect trends evident in the first half of the 2001/02 financial year to be maintained in the second half

- Lower oil volumes (Bodalla sale) & lower oil prices
- Increased contribution from higher electricity and gas prices (offset by additional payment to CKI)
- Initial contribution from Quarantine power station
- Mild summer weather reduces generation outlook
- Sensitivities to EBIT (effect of hedging included):
  - Oil price US$1 inc/dec = A$1.1 m inc/dec
  - US$ 0.01 inc/dec = A$0.7 m dec/inc
  - Weather 1 degree day colder/warmer = $0.05m inc/dec*

The outlook for the full year remains an increase in profit over the prior year

* Natural gas only

Origin continues to identify and develop acquisitions and projects that will drive growth



Implementation of full retail contestability has commenced but is in its infancy

State	Natural Gas	Electricity
Victoria	Likely October 2002	*Implemented January 2002*
South Australia	Delayed to Jul 02 at earliest	Although contestable most major customers recontracted for 3 year. All customers Jan 03.
NSW	*Implemented January 2002*	*Implemented January 2002*
Queensland	>100 TJ Jul 01 All customers Jan 03	All customers Jan 02

Pressure should remain on governments to complete the process and remove impediments to the efficient operation of contestable markets

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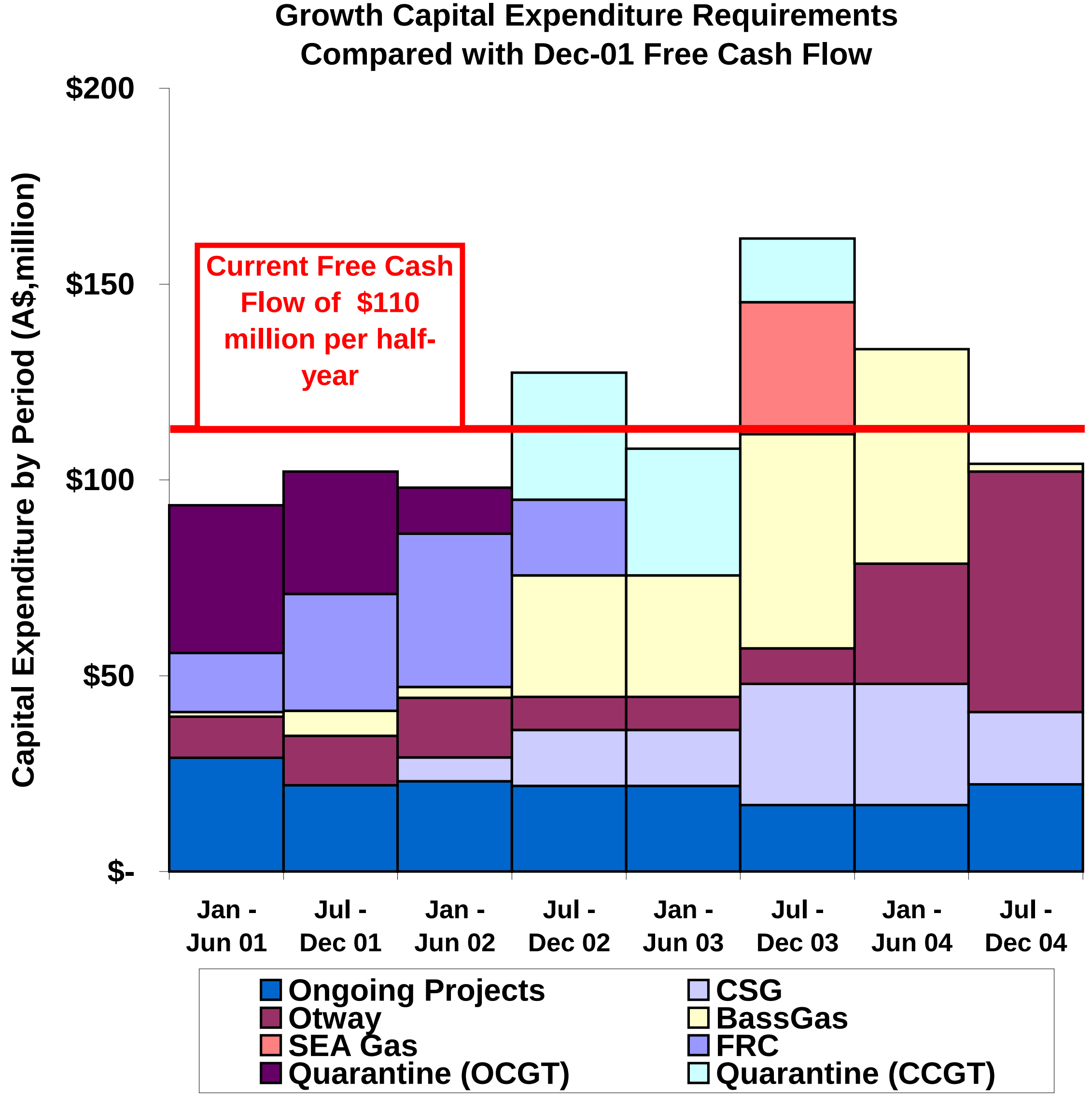
Capital expenditure on growth projects can be largely funded from Origin's strong cash flow position



- Ongoing Projects include exploration and development around producing areas
- Estimated commitments for newly acquired CSG acreage highlighted
- Potential expansion of Quarantine to CCGT
- Current cash flow per half as illustrated does not include impact of electricity price reviews or Quarantine power station

Delivering Value to Shareholders

- **Origin Energy has delivered increased profit and cash flows**
- **Sound strategic positioning and effective operational management continue to deliver new opportunities for growth**
- **Recent capital raising and strong cash flow ensure growth opportunities can be funded**

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

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