



**Connecting opportunities**  
**Midstream spotlight: Connecting resources to markets**

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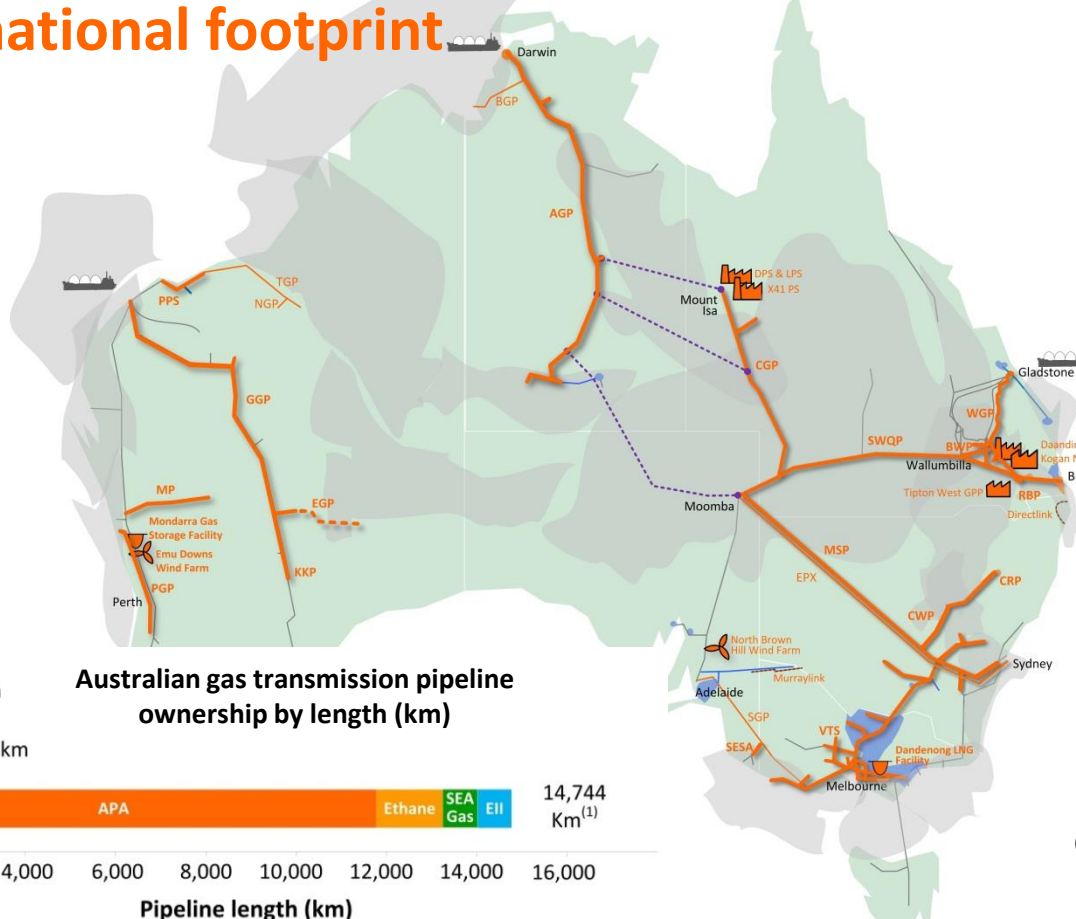
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# APA's national footprint

**S&P/ASX 50**  
ASX RANK

**\$9.8 B**  
MARKET CAP  
AS AT 24 JUL 15

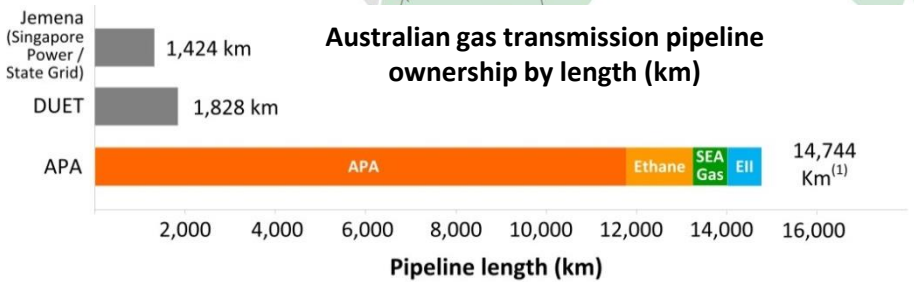
**Moody's: Baa2**  
(outlook Stable)  
**S&P: BBB**  
(outlook Stable)  
**CREDIT RATINGS**



- Assets owned and/or operated**
- ~ \$19 billion
  - Gas transmission**  
14,744<sup>(1)</sup> km transmission pipelines
  - Underground & LNG gas storage**
  - Gas distribution**  
27,100 km gas network pipelines  
1.3 million gas consumers
  - Other energy infrastructure**  
585 MW power generation  
244 km HV electricity transmission  
Gas processing plants

**Employees** More than 1,600

- APA assets and investments
- - - - - APA pipeline under construction
- APA operated assets
- - - - - Possible pipeline routes
- Other natural gas pipelines
- LNG plants



(1) Includes 100% of the pipelines operated by APA Group which form part of its energy investments including Ethane Pipeline Income Fund, SEA Gas and EII. Does not include APA's Eastern Goldfields Pipeline (292 km) currently under construction in WA.

# Today's topic

## Value

Flexibility for customers & the industry

### More Connections



Connect more resources to more markets by further expanding the East & West Coast Grids

**Case study:** NT Link & Armour

### Solutions delivery



Responsive, valuable solutions for customers

**Case study:** Multi asset GTA

### Operational excellence



Leverage asset management, development & operational capabilities

### Midstream integration



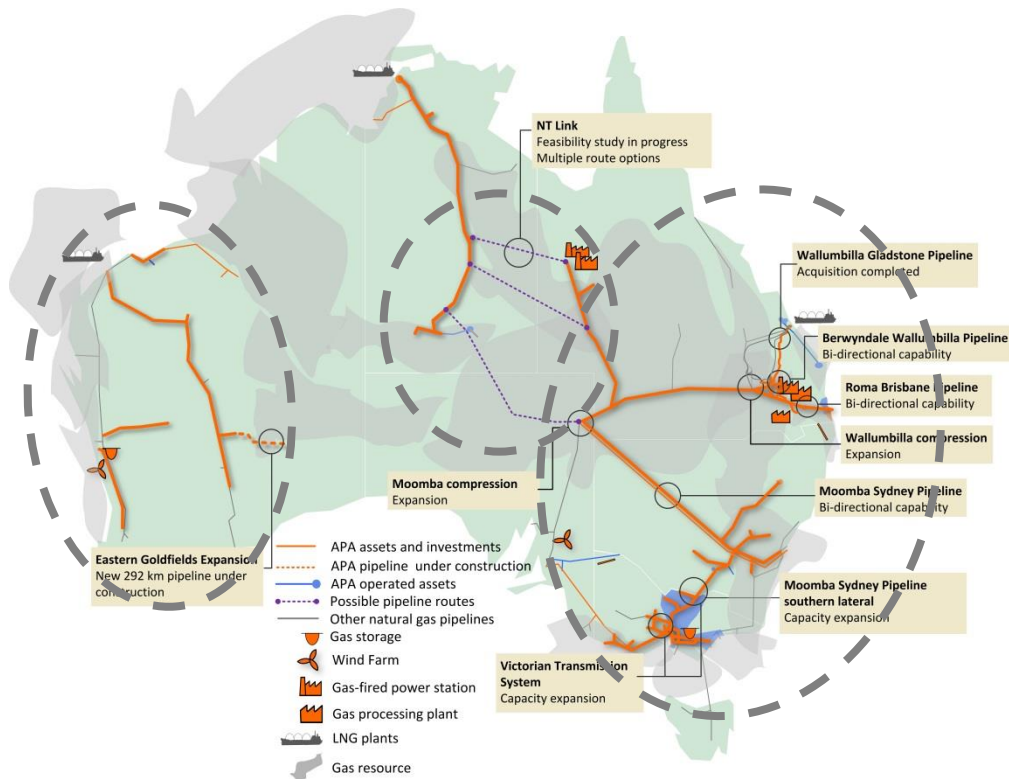
Midstream energy infrastructure

## Solid foundation – Risk management culture & internal management

Allows APA to continue to provide and expand its infrastructure and services

**Case Study:** Eastern Goldfields Pipeline

# Connecting opportunities



- **East Coast Grid** – interconnecting major east coast resources to all major markets and customers
  - **Victorian/NSW Interconnect expansion** – continued expansion to deliver gas northward
  - **Bi-directional capability** – most of the pipelines flow gas in both directions
- **Wallumbilla Gladstone Pipeline** – access to export LNG market, provides access for gas resources not necessarily developed for export LNG
- **NT Link** – possible interconnect to the east coast
- **West Coast Grid** – providing cost effective fuel options to resources sector in the West (eg. EGP)



**Leads to commercialisation of undeveloped resources**

# Case study – Connecting untapped resources

## NT Link

- NT has potential reserves of approximately 240 TCF across 6 basins

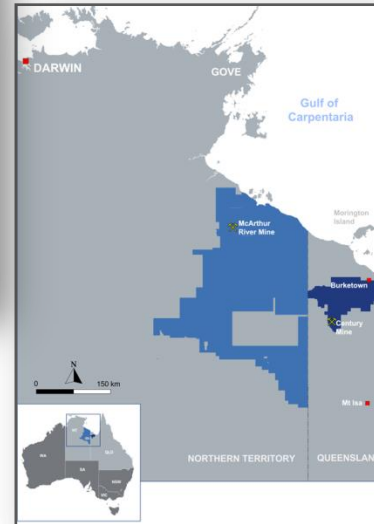
(Source: NT Government media release 19 February 2014)

- Seamless transport between Timor Sea, Bass Strait, Sydney and Gladstone
- Connection to:
  - Existing APA infrastructure
  - APA's 7,500 km East Coast Grid

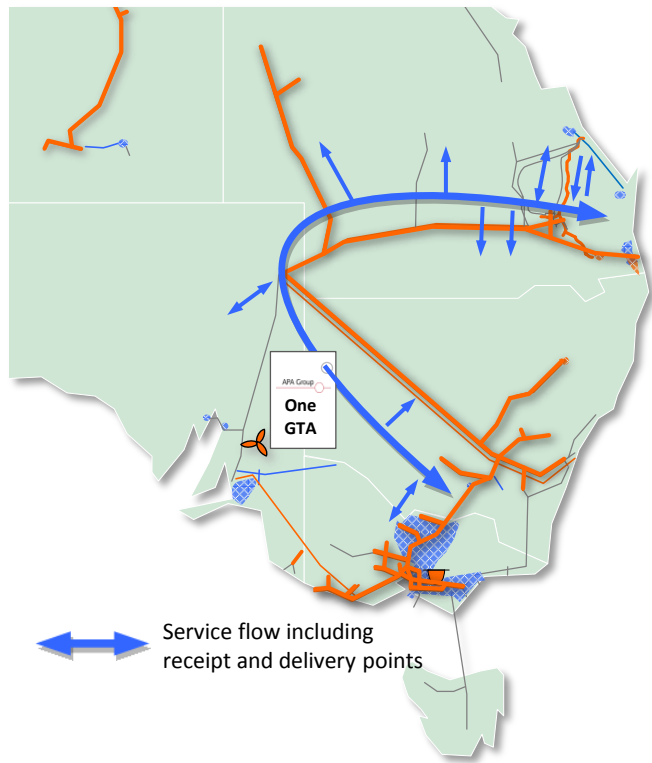


## Armour Energy Heads of Agreement

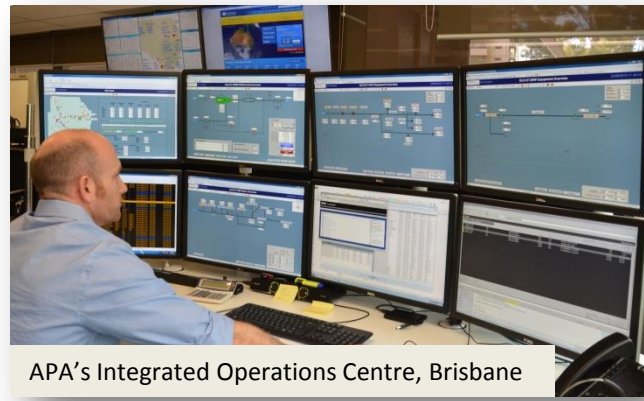
- Signed June 2013, non-binding
- Will facilitate development of Armour's Northern Area Gas Scheme (NORGAS) Project
- Will require construction of a new 350 km link from Burketown to the Carpentaria Gas Pipeline in Mount Isa
- Potential for up to 330 PJ per annum to be transported to markets in Mount Isa, Sydney and Queensland



# Delivering new and innovative solutions



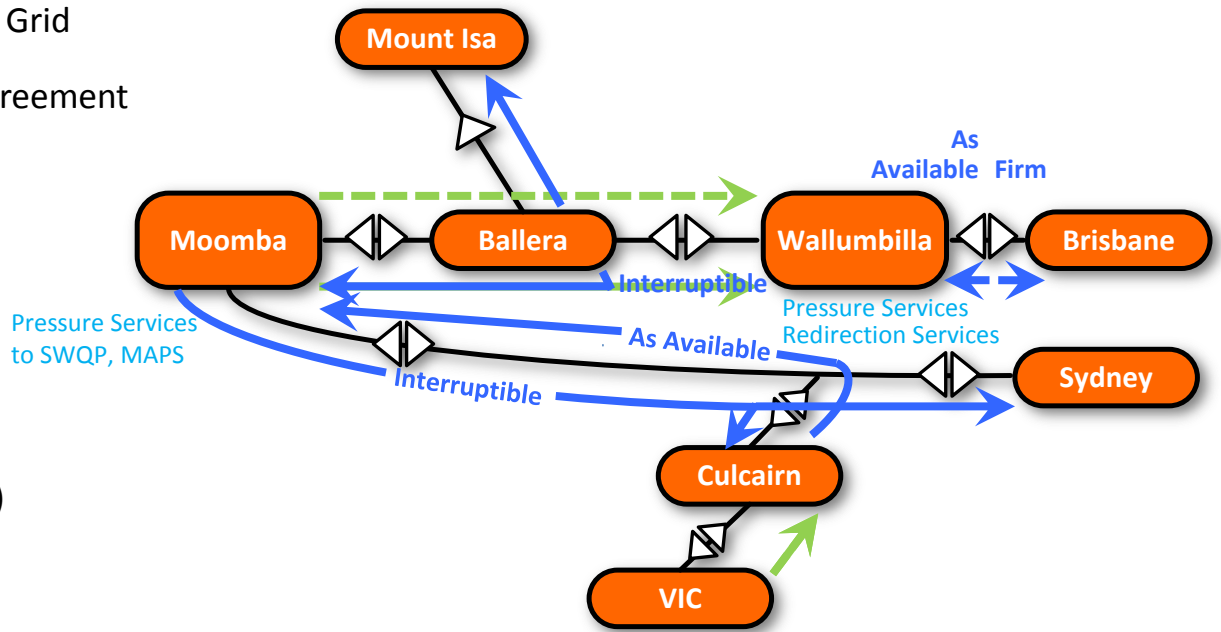
- Past: Point to point delivery of energy
- Now: Holistic energy delivery solution encompassing:
  - Multi receipt points
  - Multi delivery points
  - Storage
  - Interruptible haulage and storage services
- Enabled by the development and installation of:
  - Bi-directional capabilities
  - Customer Management System
  - Integrated Operations Centre ('IOC')



# Case study – Multi asset GTA

An example:

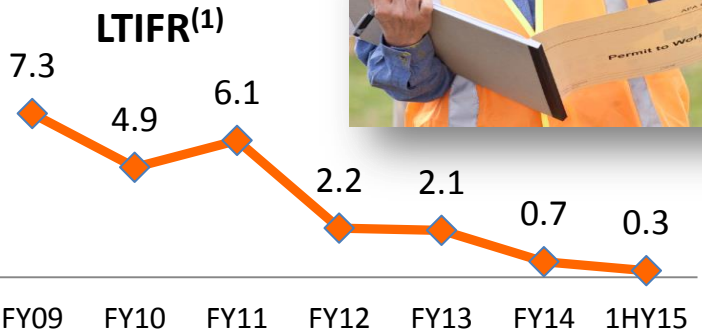
- Combinations of services (and types of services) across almost all of APA’s East Coast Grid
  - Under a single transportation agreement
- Flows in various directions -
  - flexibility provided by bi-directional pipelines
- Services include non-firm services and pressure services
- Managed through APA’s new Integrated Operations Centre (‘IOC’)





# Focus on operational excellence

- Enhancing infrastructure operations and maintenance
  - Consolidating pipeline control and monitoring operations to ensure high reliability
  - Improving asset maintenance management systems and processes across the portfolio
  - Progressively adopting asset management best practice



- Health and safety
  - Long-term safety goal of Zero Harm – a program of continuous improvement
  - Second year of 3 year HSE Strategic Improvement Plan

(1) Loss Time Injury Frequency Rate

*Looking after our people and assets improves service safety and reliability, operational efficiency and extends the economic life of the assets*



## Future opportunities – Australian midstream sector

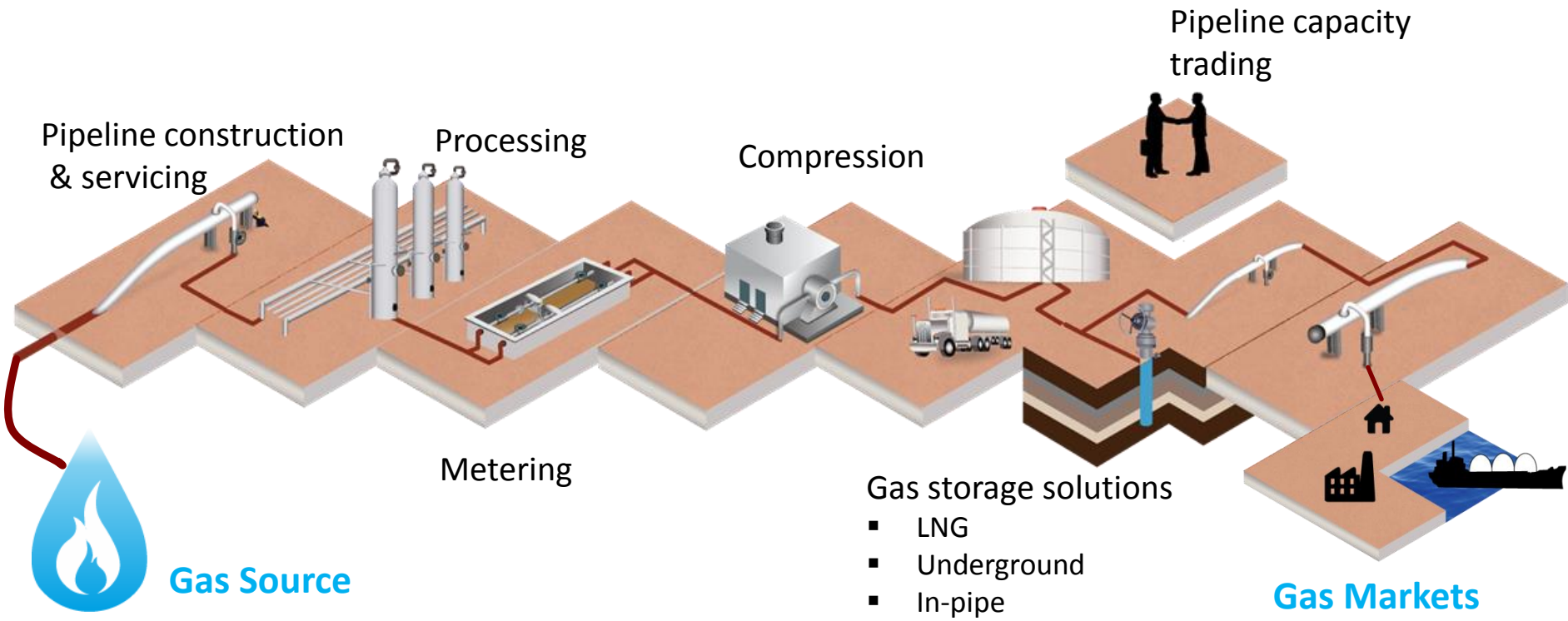
APA will continue to consider investment opportunities in the midstream sector

- North American oil and gas industry has distinct upstream and midstream sectors
- Opportunities for the Australian upstream sector to pursue a similar approach
- APA already has a long history of developing, owning and operating midstream gas assets
  - Moomba and Wallumbilla compressor facilities
  - Mondarra gas storage facility
  - Gas processing plants at Tipton West and Kogan North



*Midstream sector is a potential area of additional opportunities for APA*

# Midstream assets and services



# Risk/return balance

## APA's Risk Management Philosophy

- ✓ Target strong BBB/Baa2 investment grade ratings
- ✓ Target gearing of 65 – 68%
- ✓ Minimise effects of market risk, credit risk and liquidity risk through natural hedges and derivatives
- ✓ Appropriate monitoring of counterparty risk and contract renewal risk

- APA focuses on:
  - customer needs
  - long term value for the customer
  - our ability to fund the development

## Case study: Eastern Goldfields Pipeline (EGP)

- Greenfield, 292 km
- long term GTAs with AngloGold
- GTA utilises 3 interconnected APA pipelines
- replace liquid fuels with gas (long term logistics and cost savings)
- worked with AngloGold to finalise a 'win-win' solution
- completion due Jan 2016



## APA – Connecting Resources to Markets

- ✓ **Largest gas infrastructure portfolio in Australia in terms of scale and geographic diversity**
- ✓ **Unrivalled, interconnected footprint with sustainable growth opportunities**
- ✓ **Stable and predictable cash flow from regulated assets and long term contracts with quality customers**
- ✓ **Quality assets with long expected lives requiring a relatively low level of maintenance capital expenditure**
- ✓ **Strong balance sheet and prudent capital management**
- ✓ **Integrated in-house management and experienced executive management team**



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