



**Connecting Markets**  
**Creating Opportunities**

**Peter Fredricson, Chief Financial Officer**

**October 2015**

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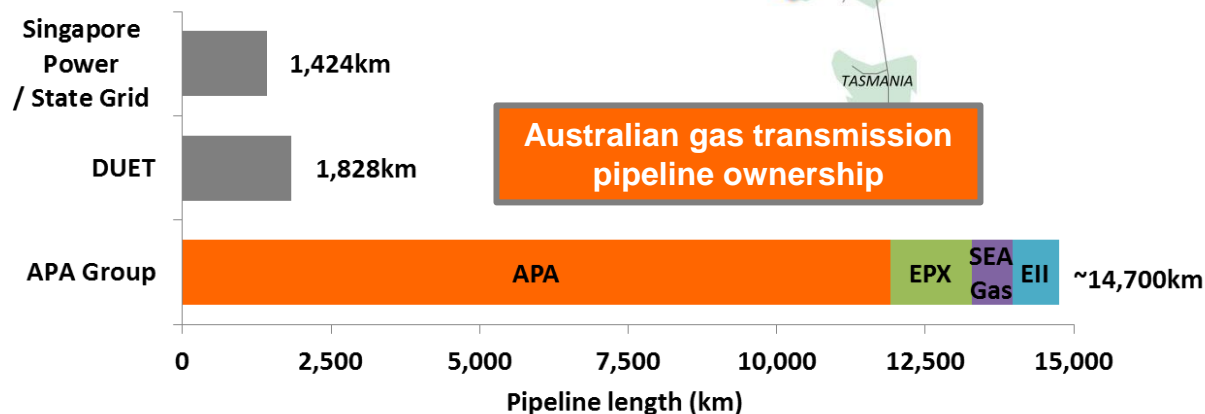
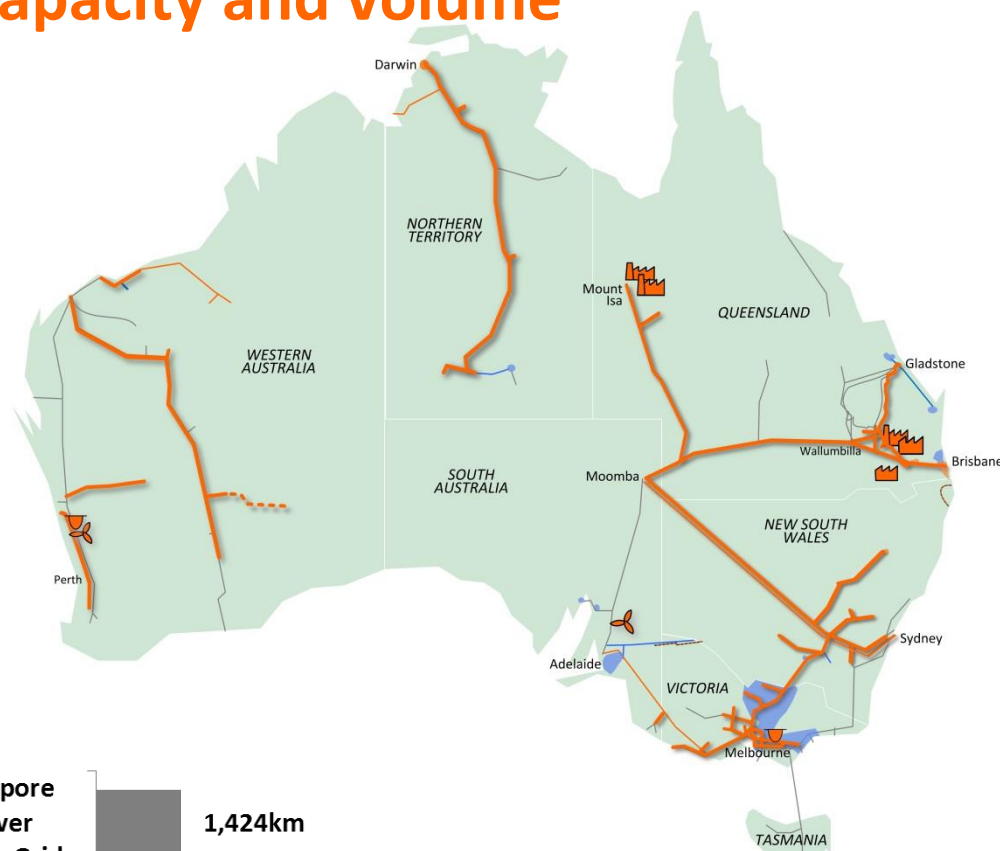
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# Australia's largest gas pipeline owner by pipeline length, capacity and volume

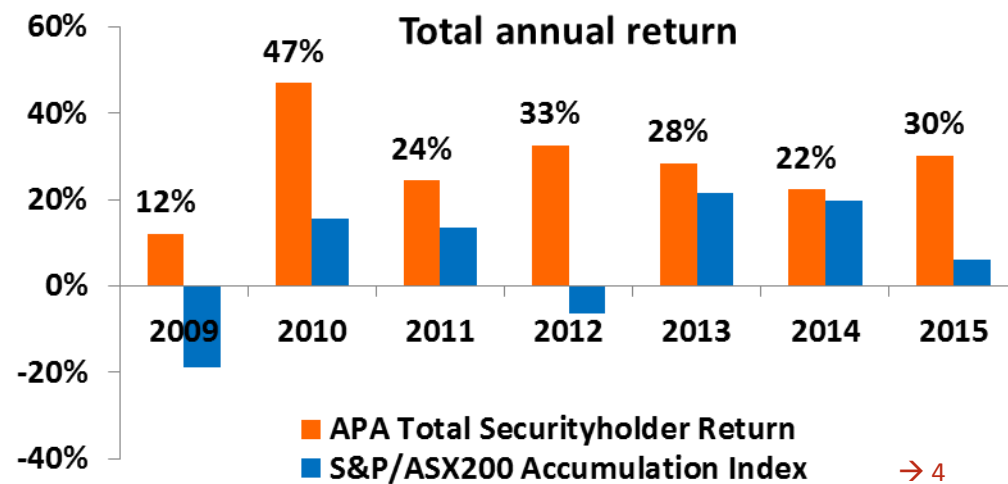
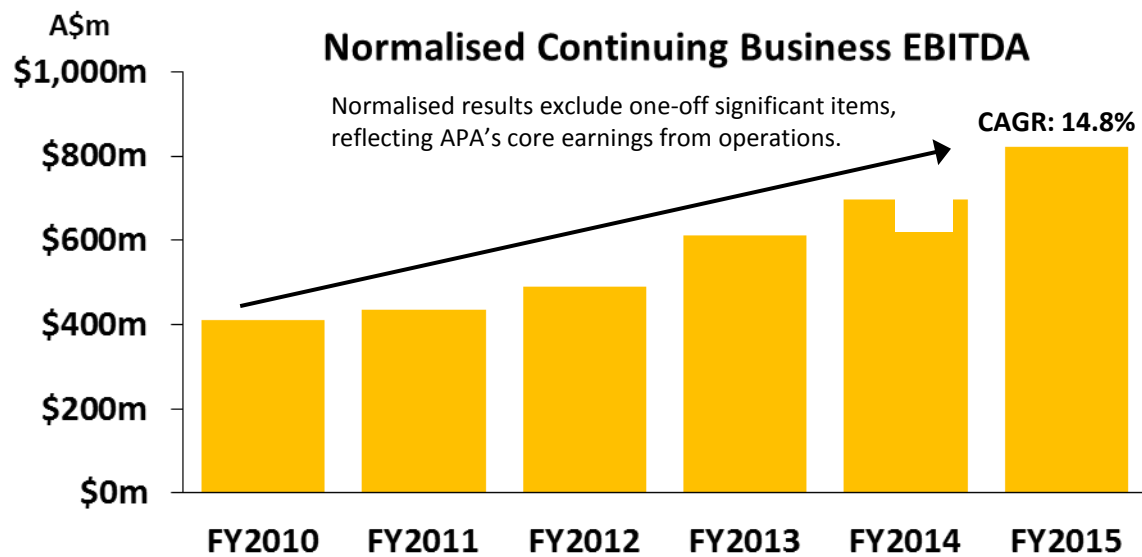
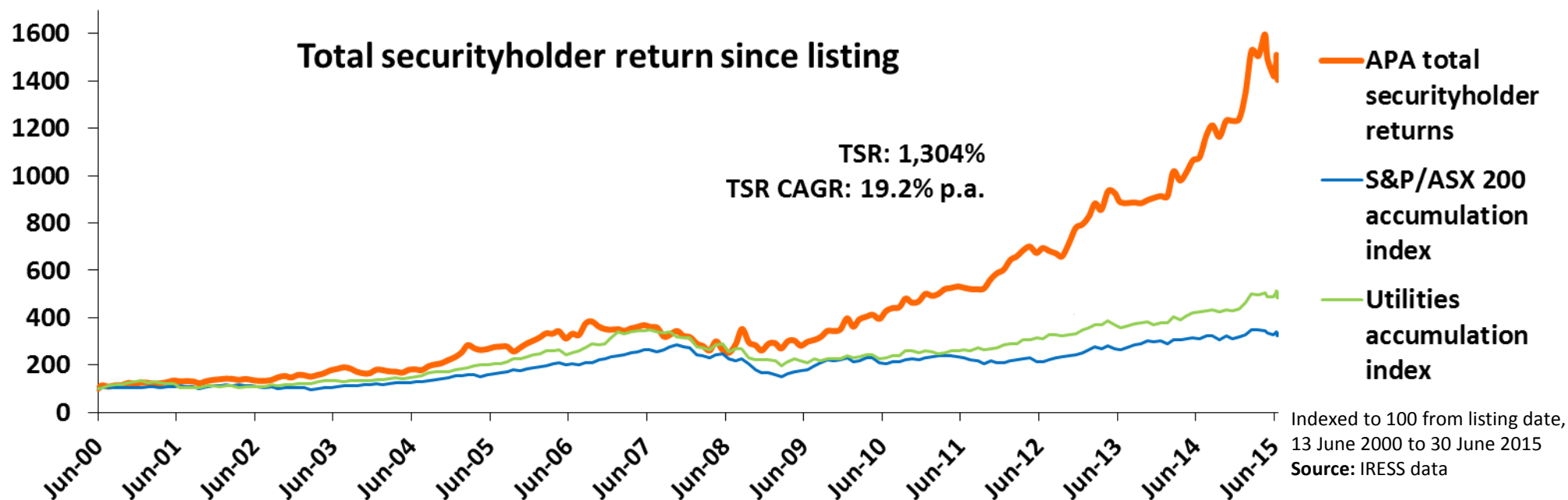


Source: AER State of the Energy Market Dec 2014 ; IMO Gas Market Statement of Opportunities Dec 2014; and APA data as at 30 Jun 2015.

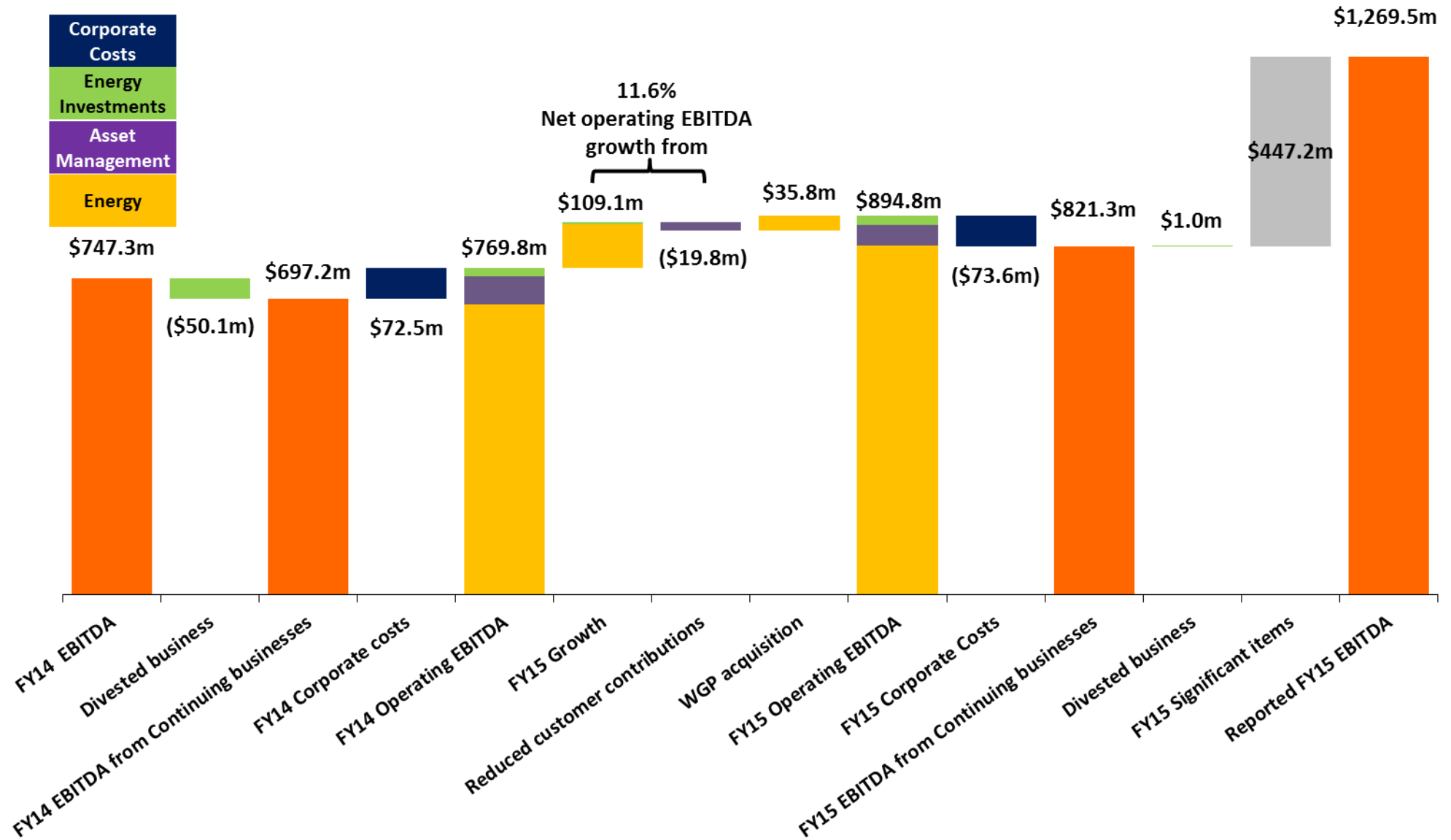
APA Overview	(Ticker: APA AU)
<b>Market capitalisation</b>	A\$9.5 billion (as at 30 September 2015)
<b>ASX rank</b>	S&P/ASX 50
<b>Credit Rating</b>	S&P: BBB (outlook Stable) Moody's: Baa2 (outlook Stable)
<b>Assets owned/operated</b>	~ \$19 billion
	<b>Gas transmission</b>
	14,700 <sup>(1)</sup> km transmission pipelines Underground & LNG gas storage
	<b>Gas distribution</b>
	27,100 km gas network pipelines 1.3 million gas consumers
	<b>Other energy infrastructure</b>
	585 MW power generation 244 km HV electricity transmission Gas processing plants
<b>Employees</b>	More than 1,600

(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. Figure does not include APA's Eastern Goldfields Pipeline (293 km) which is currently under construction in WA.

# Maximising value for securityholders

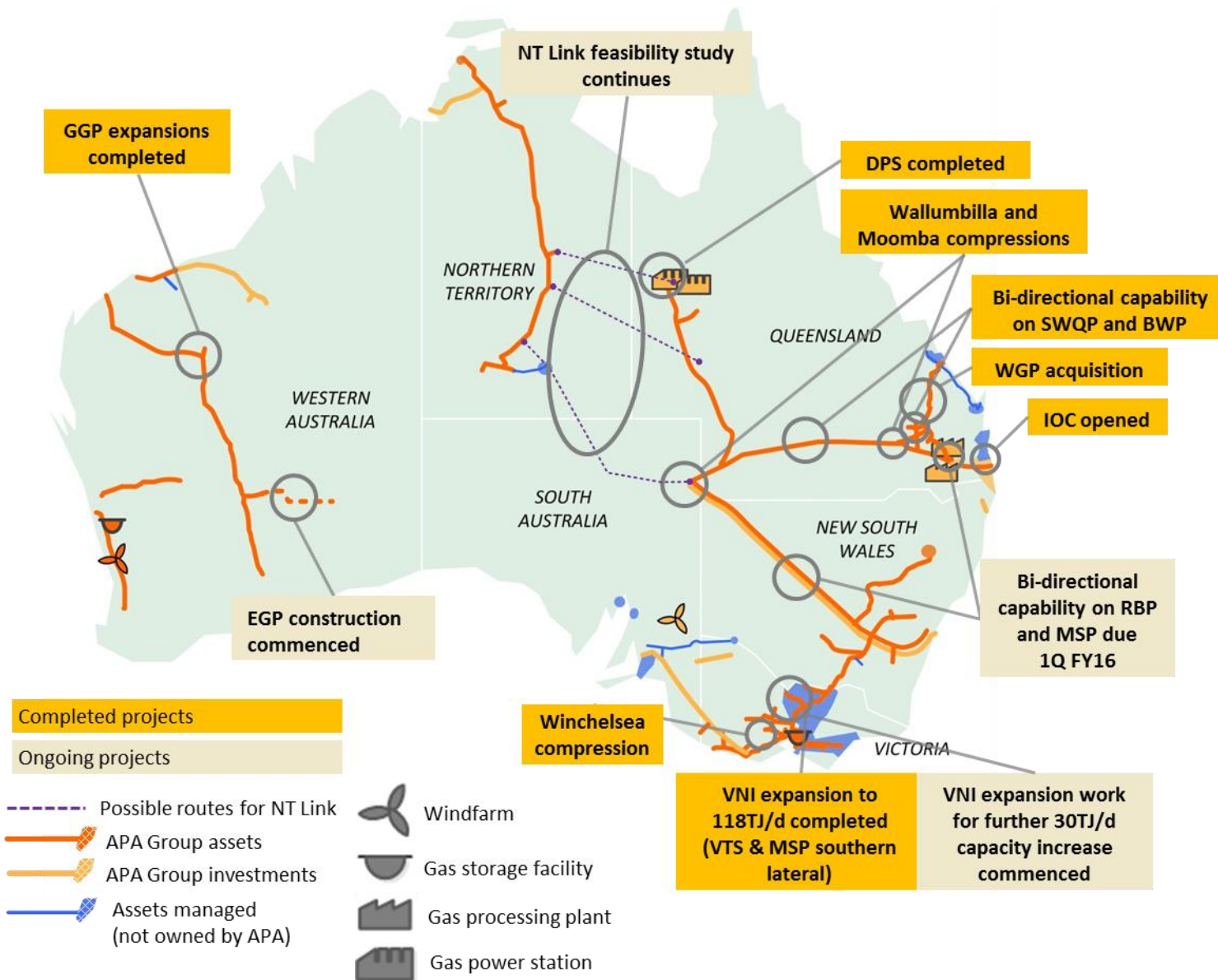


# FY15 EBITDA Bridge



**11.6% organic growth achieved in FY2015**

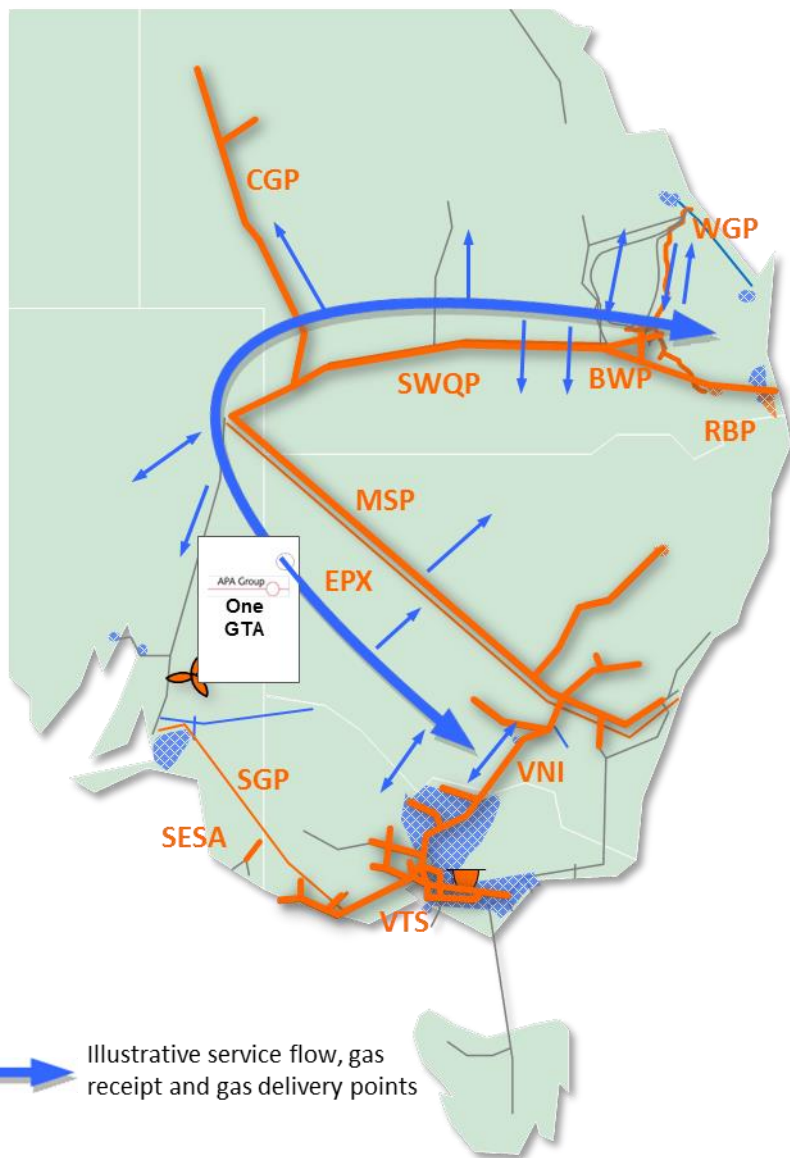
# Developing growth projects across the country



- Continue to connect resources to markets by working with our customers
- Committed projects underwritten by long term revenue contracts and/or regulatory arrangements
- Provision of new services responding to customers' needs and developing new opportunities
- Achieved through funding from a solid balance sheet

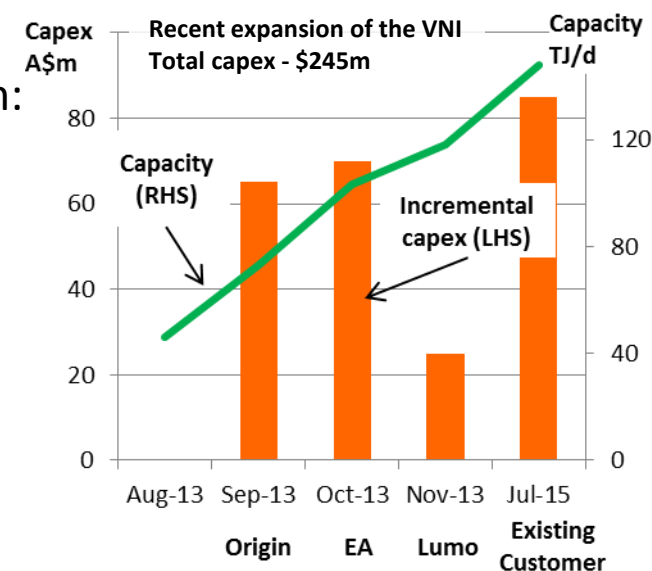
**Unrivalled, interconnected footprint with sustainable growth opportunities**

# East Coast Grid – Australia’s gas superhighway



Illustrative service flow, gas receipt and gas delivery points

- A gas superhighway offering unprecedented levels of service innovation and flexibility:
  - ~30 gas receipt and ~100 gas delivery points
  - Storage (in-pipe, LNG)
  - Interruptible haulage and storage services
  - Capacity trading and in-pipe trades
  - Multi-asset services
- Enabled by APA’s investments in:
  - Pipeline connectivity
  - Pipeline capacity
  - Bi-directional capabilities
  - Customer Management Systems
  - Integrated Operations Centre (opened Apr 2015)
- Basin-on-basin competition is now a reality
  - Shippers can easily and readily transport gas from any number of fields



**APA’s East Coast Grid allows for basin-on-basin competition, benefiting the whole gas industry**

# Wallumbilla Gladstone Pipeline – US\$4.6bn acquisition

- Welcome addition to APA’s East Coast Grid
  - Financial close on 3 June 2015 – 4 weeks of contribution to APA earnings
  - Addition of Gladstone delivery point to the East Coast Grid
  - 20-year take-or-pay contracts with two highly credit-worthy counterparties
  - APA processes, systems and governance in place
- Successful acquisition financing
  - \$1.8bn equity raising successfully completed in January 2015
  - US\$3.7bn global debt raising in three currencies across five tranches, with tenors ranging from 7 to 20 years
  - Net cashflows after servicing US\$ denominated interest costs hedged into A\$ out to September 2018 (FY16 net cashflows of A\$250-255 million)



**Australia’s largest pipeline acquisition completed**

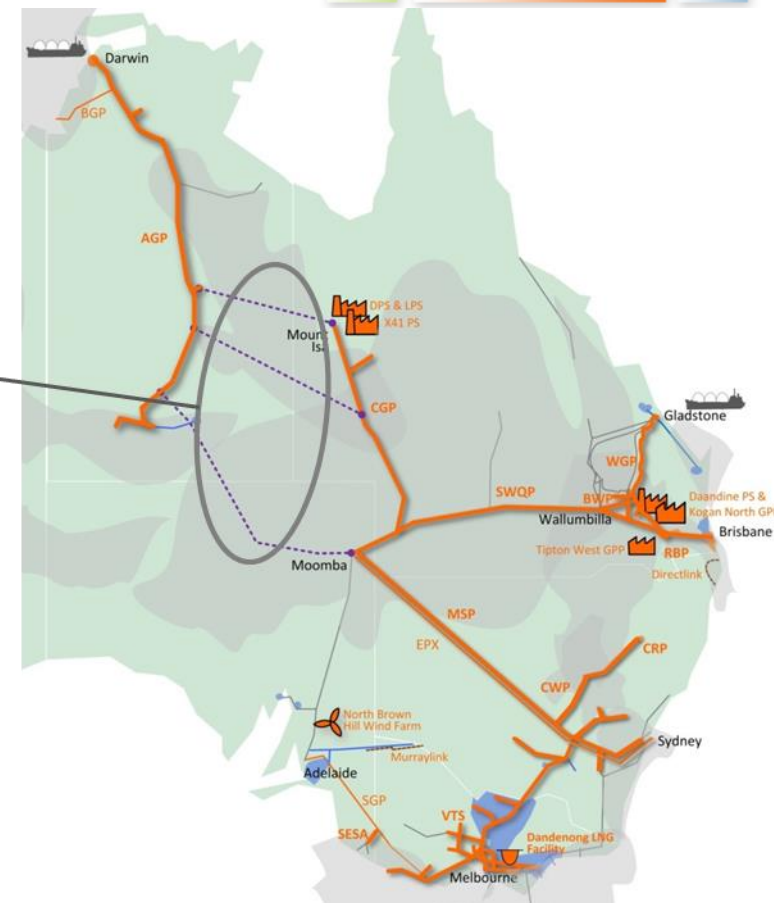


# Western Australia & Northern Territory

- Solid organic growth in the emerging Perth region energy precinct
- Serving mining operations in the Pilbara and Goldfields regions

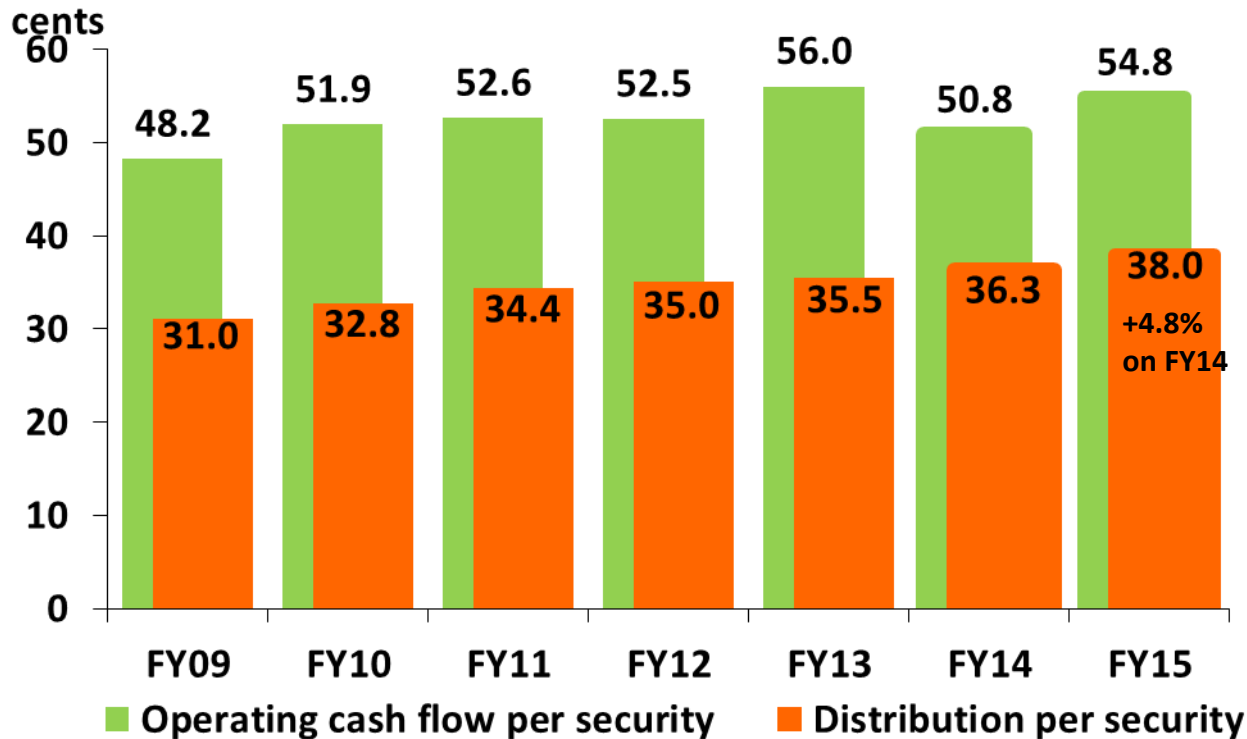


Possible pipeline routes to connect the NT and the East Coast Grid



- NT Link – bids submitted, final bidder announcement expected by year end
- Enables seamless transport between Timor Sea, Bass Strait, Sydney, Brisbane, Melbourne and Gladstone
- Connects to APA’s infrastructure at both ends

# Sustainable growth in Distributions



## APA's Distribution Policy

- Fully covered by Operating Cash Flow
- Regard for capital needs of the business and economic conditions
- Grow generally in line with Operating Cash Flow
- Sustainable over the long term
- Soft target of 60 - 70% payout
- Balance between maintaining BBB/Baa2 rating metrics and funding growth by appropriate mixture of debt and equity

■ FY15 distribution growth of 4.8% on FY14, payout ratio<sup>(1,2)</sup> of 68.8%

■ Distribution components:

38.0 cents profit distribution

nil capital distribution

38.0 cents

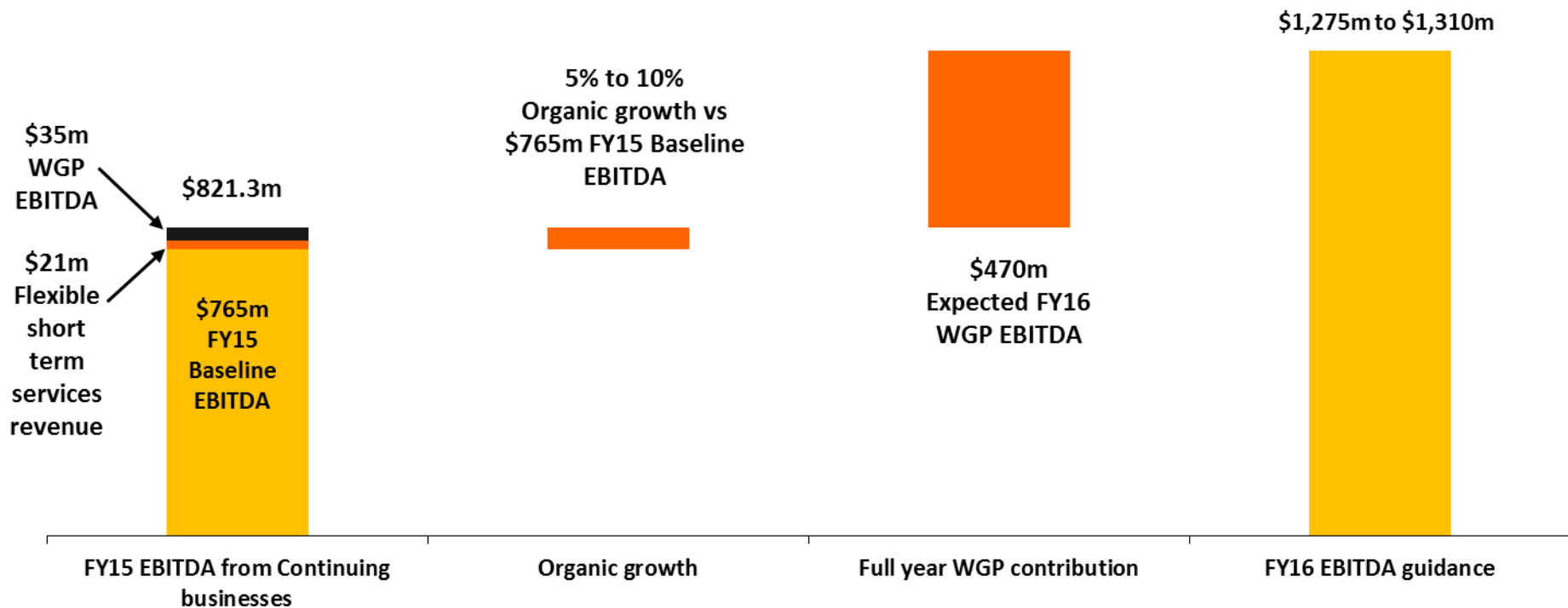
(1) Distribution payout ratio: distribution payments as a percentage of operating cash flow.

(2) Based on normalised operating cash flow.

***Growth in distributions underpinned by growth in operating cashflow***

# Outlook and FY2016 Guidance

- Statutory EBITDA for FY2016 expected within a range of \$1,275 million to \$1,310 million
  - Includes US\$ denominated contribution from Wallumbilla Gladstone Pipeline of approximately US\$355 million
- Net interest costs for FY2016 expected within a range of \$500 million to \$510 million
- Growth capital expenditure expected within a range of \$300 million to \$400 million
- Distribution per security expected to be at least equal to 38.0 cents per security



Note: WGP revenues are denominated in US\$. Net cashflow after servicing US\$ denominated interest costs has been hedged to A\$. Expected US\$ denominated EBITDA and Net interest costs have been converted at the same exchange rate for the purpose of the guidance estimation.

Note: All conversions are based on AUD/USD exchange rate of 0.7804 as at 12.00pm 24 February 2015.

# Connecting gas resources to gas markets

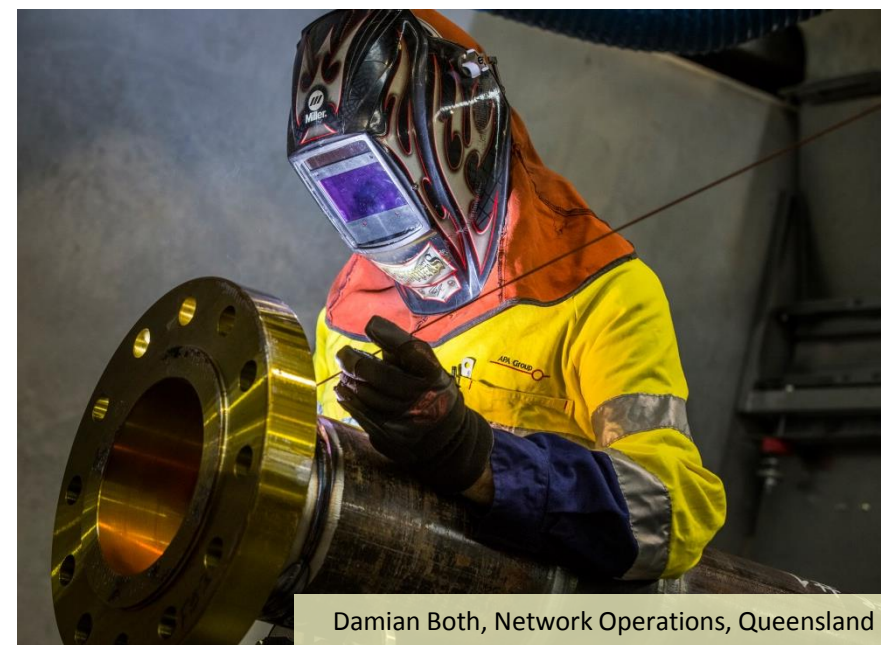
- Organic growth
  - Capacity expansions, enhancements and new services
  - New services and more flexible contracts supplement traditional take-or-pay
- Dynamic energy market conditions
  - Assist customers to manage energy needs and portfolios
  - Integrated operations centre provide holistic grid management
  - Promoting transparent gas industry
- Greenfield developments
  - Eastern Goldfields Pipeline
  - NT Link – bids submitted, outcome due by year end
- M&A
  - Consolidation of WGP, including possible operatorship
  - Complementary broader mid stream assets



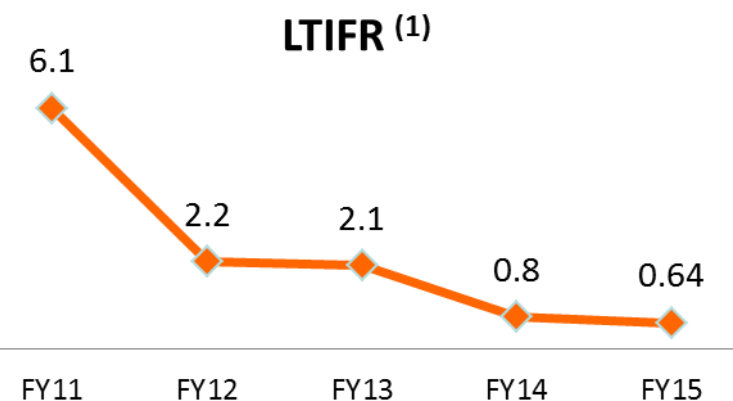
***APA's interconnected assets and holistic solutions provide flexibility for customers and improve transparency for the industry***

# Focus on Safety and Operational Excellence

- Health and safety
  - Long-term safety goal of Zero Harm – a program of continuous improvement
  - Decrease in LTIFR<sup>(1)</sup> to 0.64, down from 0.80
  - Second year of a 3-year HSE Strategic Improvement Plan
  
- 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
  - Adoption of global industry best practice



Damian Both, Network Operations, Queensland



(1) Lost time injury frequency rate (LTIFR) is measured as the number of lost time injuries per million hours worked. Data from FY14 includes both Employees and Contractors. Prior to that, employee only data.

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



# Questions



# Appendix

## FY15 statutory and normalised results

\$ million	2015			2014			Change
	Statutory	Significant items	Normalised	Statutory	Significant items	Normalised	Normalised
Revenue excluding pass-through <sup>(1)</sup>	1,119.2	-	1,119.2	992.5	-	992.5	12.8%
EBITDA – continuing businesses <sup>(2)</sup>	838.5	17.2	821.3	697.2	-	697.2	17.8%
EBITDA – divested business <sup>(3)</sup>	431.0	430.0	1.0	50.1	-	50.1	nm
EBITDA	1,269.5	447.2	822.3	747.3	-	747.3	10.0%
Depreciation and amortisation	(208.2)		(208.2)	(156.2)	-	(156.2)	(33.3%)
EBIT	1,061.3	447.2	614.1	591.1	-	591.1	3.9%
Net interest expense	(324.2)		(324.2)	(325.1)	-	(325.1)	0.3%
Pre-tax profit	737.1	447.2	289.9	266.0	-	266.0	9.0%
Tax	(177.2)	(91.2)	(86.0)	77.7	144.1	(66.4)	(29.5%)
Non-controlling interests	nm	-	nm	nm	-	nm	nm
Net profit after tax	559.9	356.0	203.9	343.7	144.1	199.6	2.1%
Operating cash flow	562.2	17.2	545.0	431.5	(8.2)	439.7	23.9%

Note: Number in the table may not add due to rounding.

(1) Pass-through revenue is revenue on which no margin is earned.

(2) Based on continuing business.

(3) EBITDA – divested business includes the net profit on the sale of AGN (formerly Envestra) of \$430 million.



# FY15 result: EBITDA by business segment

\$ million	2015	2014	Change	% of EBITDA <sup>(3)</sup>
Energy Infrastructure				
<i>Queensland</i>	340.1	234.5	45.1%	38.0%
<i>New South Wales</i>	120.8	115.6	4.5%	13.5%
<i>Victoria &amp; South Australia</i>	132.1	130.0	1.6%	14.8%
<i>Western Australia &amp; Northern Territory</i>	230.6	204.2	12.9%	25.8%
Energy Infrastructure total	823.6	684.2	20.4%	92.0%
Asset Management	49.4	67.6	(26.8%)	5.5%
Energy Investments	21.8	18.0	20.9%	2.4%
Corporate Costs ('CC')	(73.6)	(72.5)	(1.4%)	(8.2%)
<b>Continuing business EBITDA<sup>(1)</sup></b>	<b>821.3</b>	<b>697.2</b>	<b>17.8%</b>	
CC/EBITDA <sup>(2)</sup>	8.2%	9.4%	-1.2%	
Divested business <sup>(3)</sup>	1.0	50.1	(98%)	
Significant items	447.2	0.0	n/a	
<b>Total EBITDA</b>	<b>1,269.5</b>	<b>747.3</b>	<b>69.9%</b>	

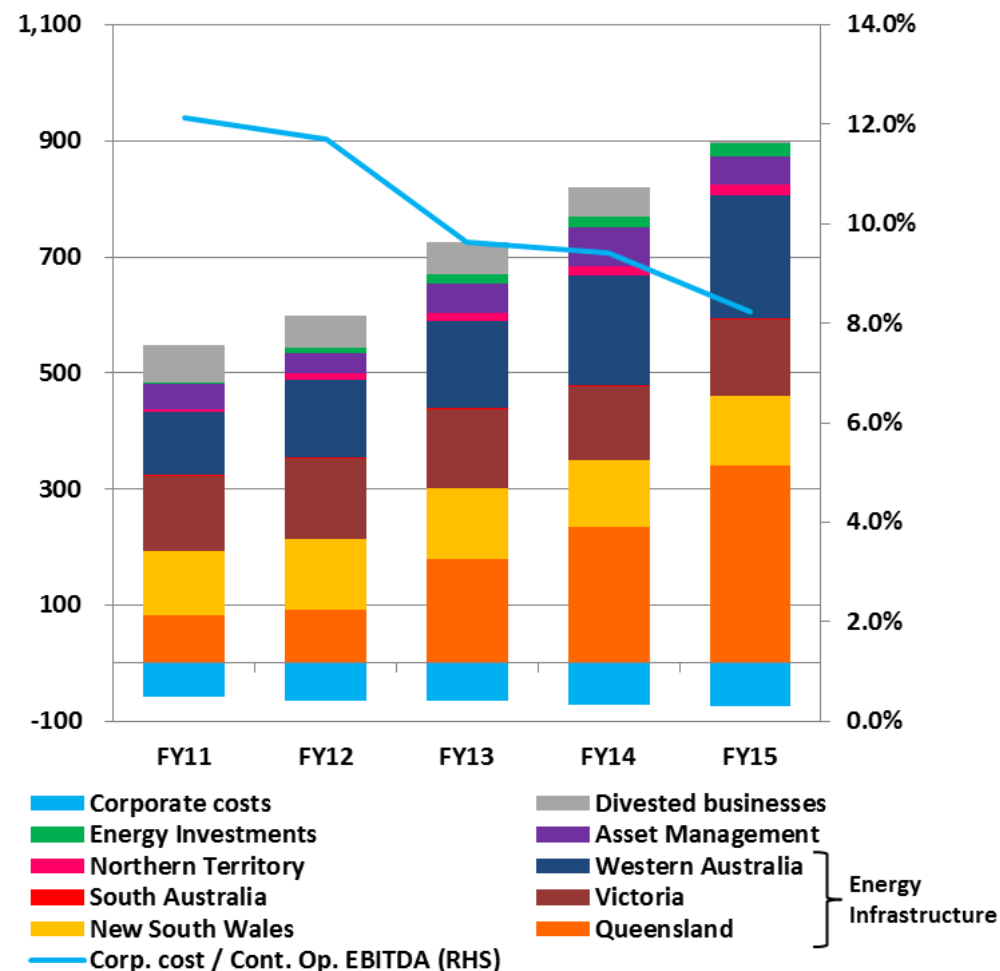
Notes: Numbers in the table may not add due to rounding.

(1) Continuing business EBITDA.

(2) As a % of Continuing business EBITDA before Corporate costs.

(3) Investment in AGN (formerly Envestra) sold in August 2014.

Historical EBITDA by business segment<sup>(1)</sup>

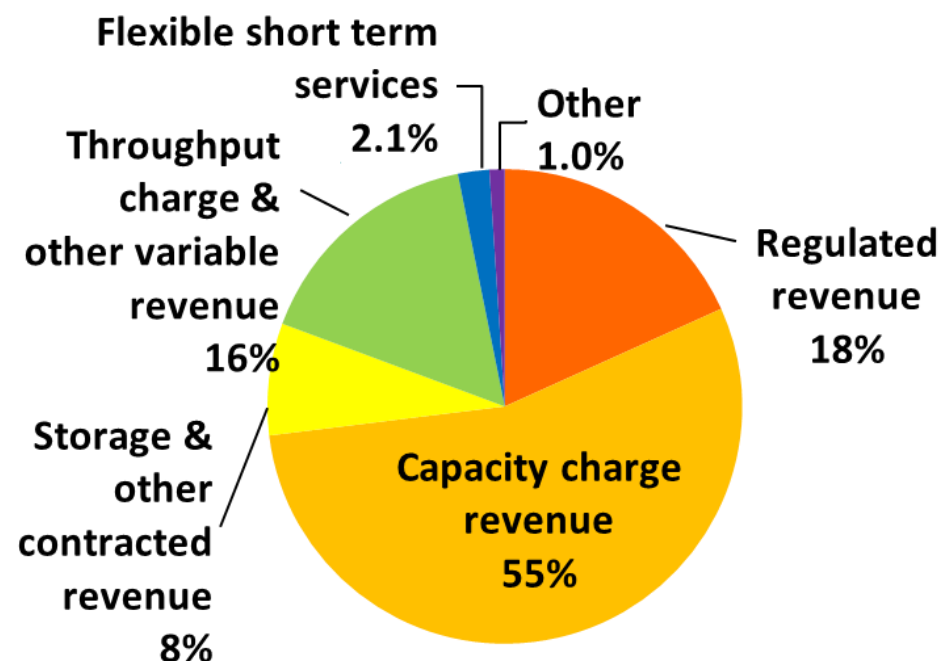


**Expansion projects delivering ongoing earnings increases**

# FY15 Operational summary – Energy Infrastructure

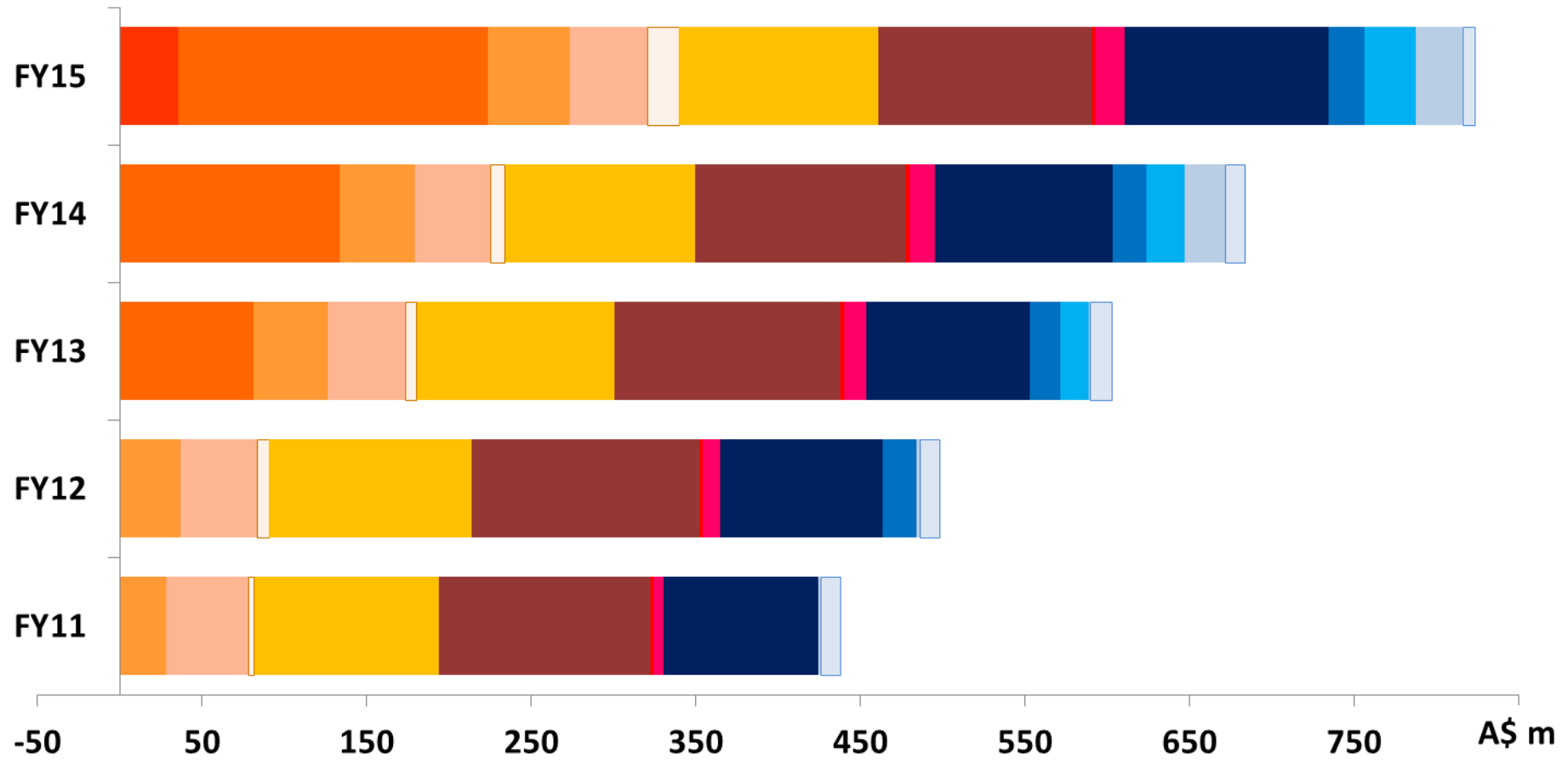
- Expansion of the East Coast Grid capacity and service offerings continues:
  - EBITDA from APA’s East Coast Grid increased by 16.1% prior to inclusion of WGP
  - WGP financial close reached on 3 June 2015, contributing \$35m EBITDA in FY15, with US\$355m EBITDA expected in FY16
  - Moomba and Wallumbilla compression projects completed
  - Victoria – NSW Interconnect 145% capacity expansion completed
  - \$21.4 million of flexible short term services revenue during FY15
  
- Western Australia benefit from expansions and ongoing energy needs from variety of customers:
  - GGP expansion project completed in early FY15, contributed to the delivery of 12.5% increase in West Coast Grid EBITDA
  - EGP construction on track to deliver first gas in 2H FY16

Revenue Split by Contract Type



**Capacity increases at GGP, SWQP and organic growth delivered results for FY15**

# EBITDA by pipeline

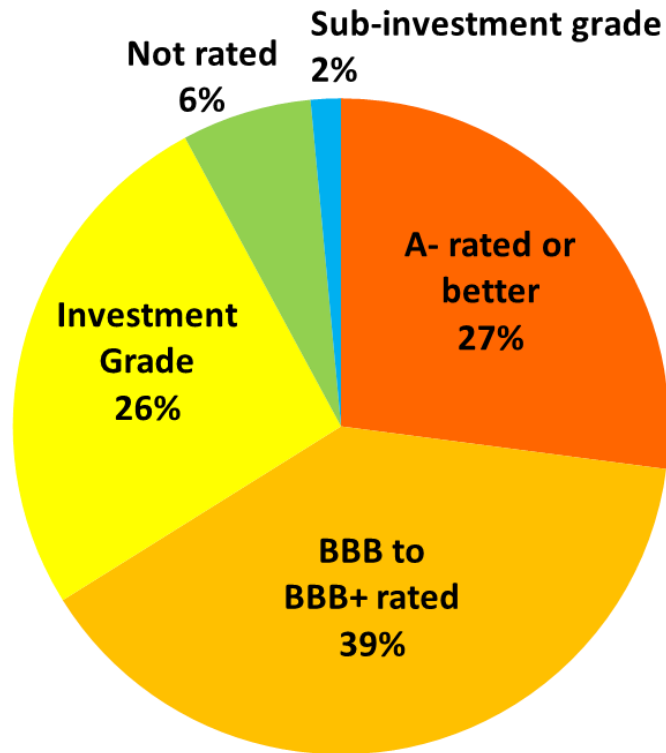


- Wallumbilla Gladstone Pipeline
- South West Queensland Pipeline
- Roma Brisbane Pipeline
- Carpentaria Gas Pipeline
- Other Qld assets
- Moomba Sydney Pipeline
- Victorian Transmission System
- SESA
- Amadeus
- Goldfields Gas Pipeline
- Emu Downs
- Pilbara Pipeline System
- Mondarra
- Other WA

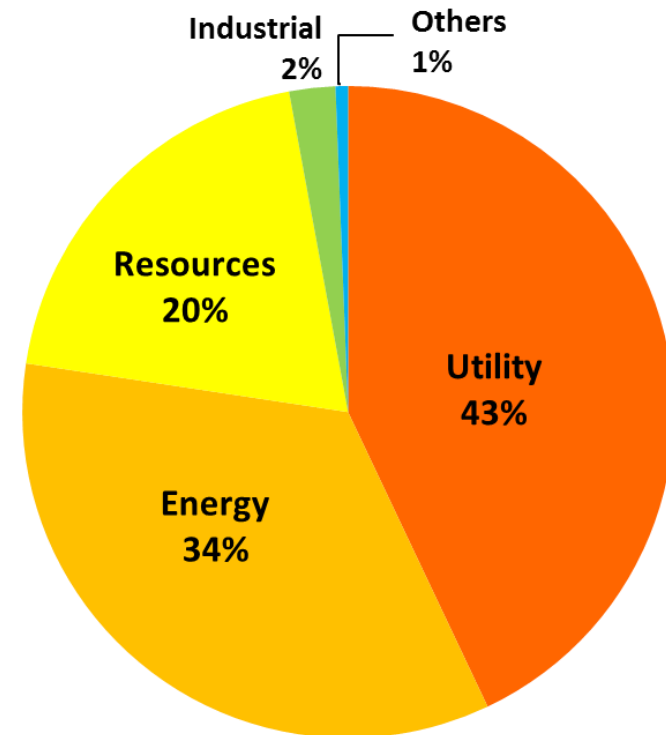
# Stable and predictable cashflows

- Customers associated with many contracted assets provide essential services:
  - Regulated gas distribution systems
  - Major power generation facilities

**FY2015 Revenue by Customer Credit Rating**



**FY2015 Revenue by Customer Industry Segment**

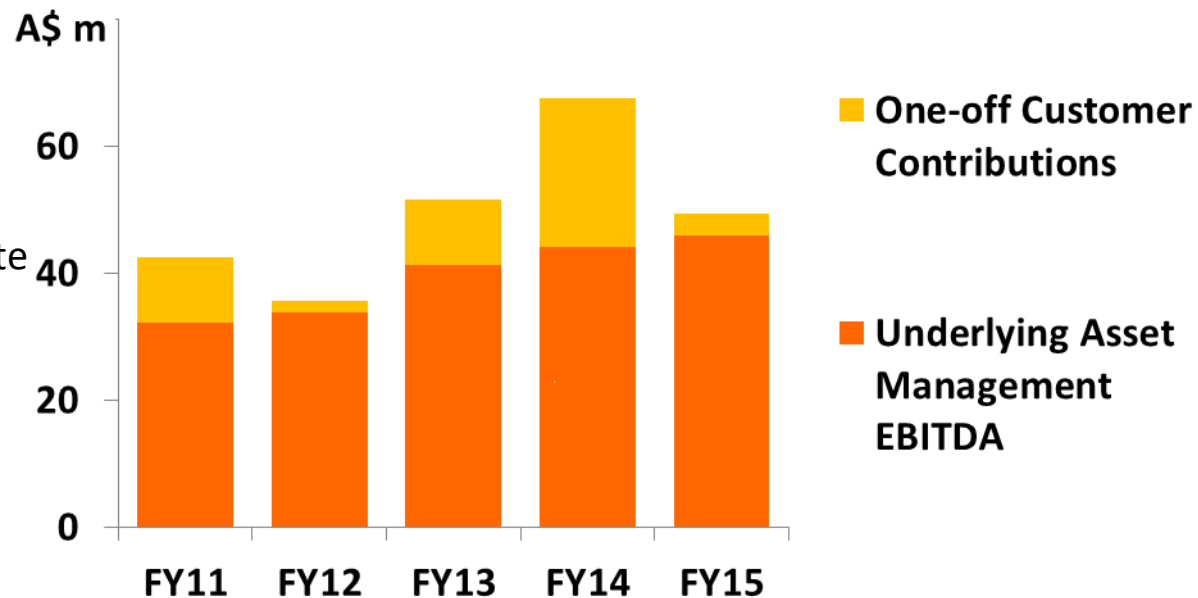
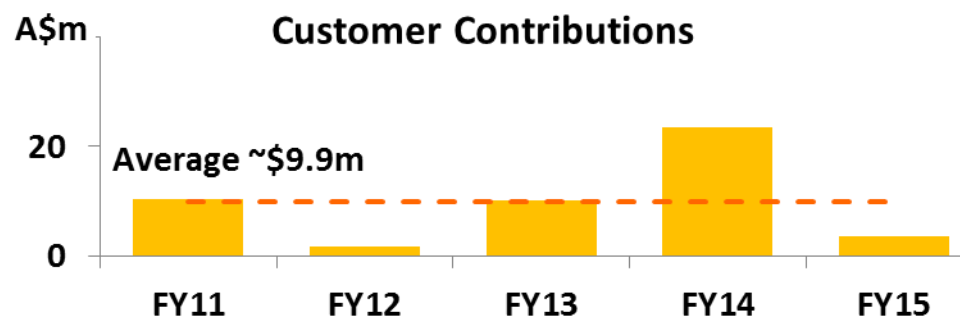


***Stable and predictable cash flow from regulated assets and long term contracts with quality customers***

# FY15 Operational summary – Energy Investments & Asset Management

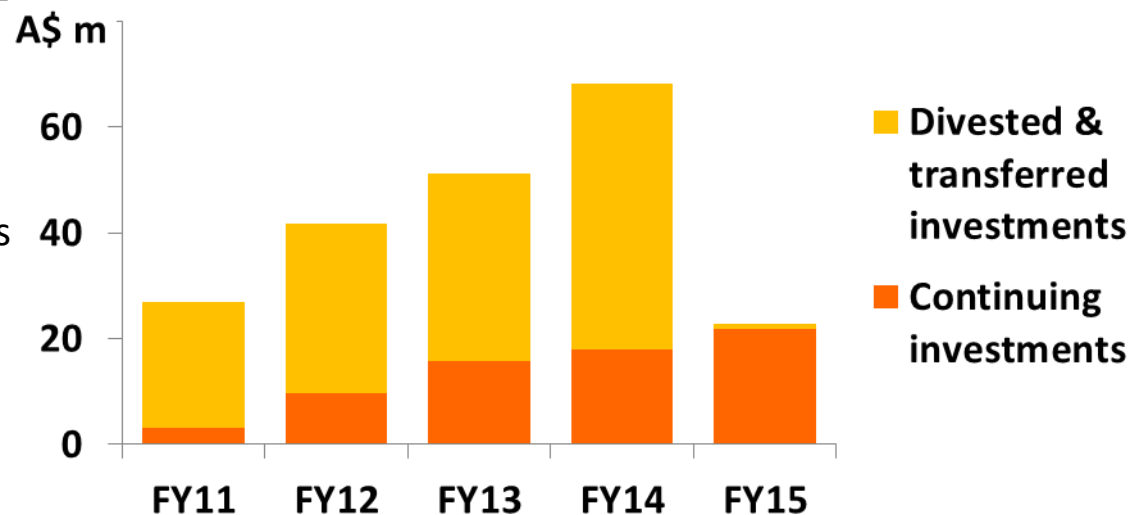
## Asset Management

- Underlying earnings continue to grow
- Reduction in one-off customer contributions for relocating APA infrastructure, however still generate around \$10m p.a. on average in the long term



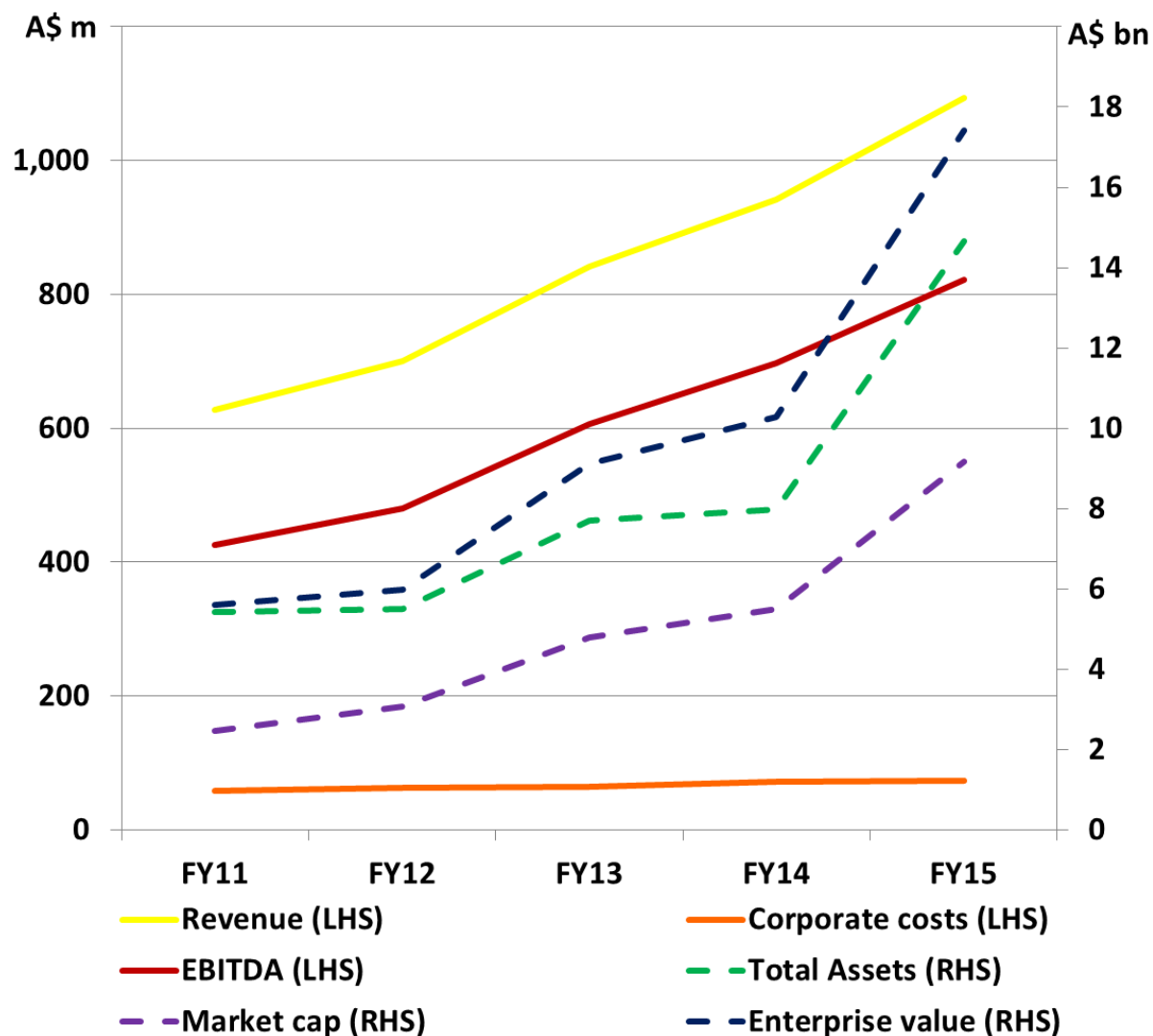
## Energy Investments

- Increased contribution from GDI, EII2 and SEA Gas Pipeline
- Sale of shares in Australian Gas Networks



**Core Asset Management and Energy Investments earnings remain stable**

# Corporate overheads stay flat vs growth



- Corporate costs have remained flat over the last 5 years vis-à-vis growth of the business
- Corporate costs as a portion of EBITDA from continuing operating businesses is at 8.2%
- This is expected to further improve in FY16 with additional revenue and EBITDA from WGP

	FY15	FY11	CAGR
Revenue <sup>(1)</sup>	1,094	628	14.9%
EBITDA <sup>(2)</sup>	821	425	17.9%
Total Assets	14,653	5,428	28.2%
Market cap	9,182	2,470	38.9%
Enterprise value <sup>(3)</sup>	17,413	5,615	32.7%
Corporate costs ('CC')	74	59	5.8%
CC/EBITDA <sup>(4)</sup>	8.2%	12.1%	

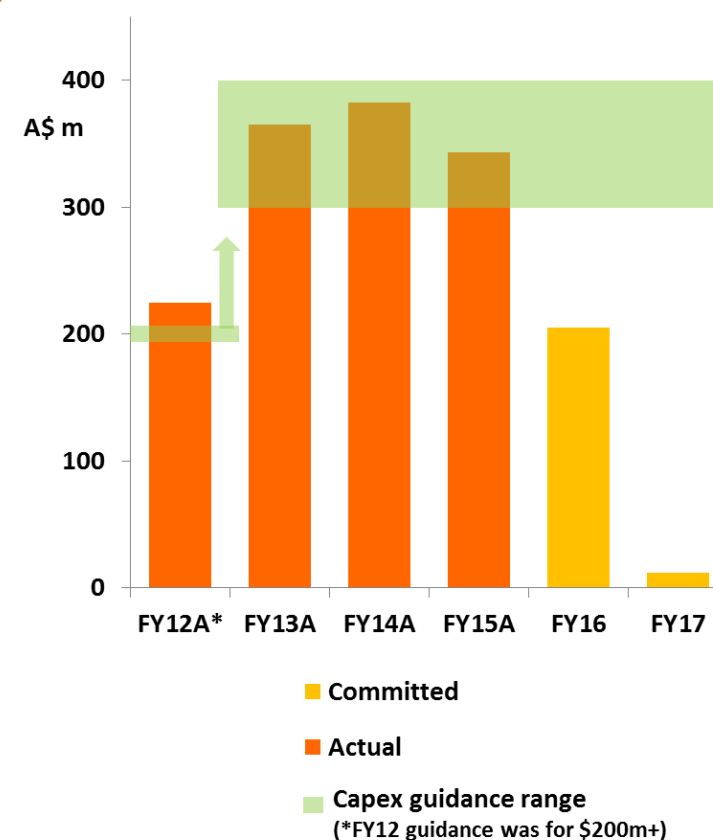
(1) Continuing business revenue, excluding pass-through revenue.  
 (2) Continuing business EBITDA.  
 (3) Market capitalisation plus Net debt at financial year end.  
 (4) CC as % of EBITDA from continuing business before corporate costs.

**Business has grown significantly, but costs remain relatively flat**

# Capital expenditure

\$ million	FY15 <sup>(1)</sup>	FY14 <sup>(1)</sup>
<b>Growth capex</b>		
Regulated - Victoria	136.1	65.5
Major Projects		
Queensland	104.4	206.6
New South Wales	12.1	13.2
Western Australia	64.2	73.2
Other	26.3	23.8
<b>Total growth capex</b>	<b>343.1</b>	<b>382.5</b>
Stay in business capex	50.6	45.1
Customer contributions	2.7	19.1
<b>Total capex</b>	<b>396.3</b>	<b>446.7</b>
Investments and acquisitions	5,888.0	126.1
<b>Total capital &amp; investment expenditure</b>	<b>6,284.3</b>	<b>572.8</b>

Committed growth capex



(1) Capital expenditure represents cash payments as disclosed in the cash flow statement.

**Growth capital expenditure is expected to be in the range of \$300 to 400 million p.a. for the next 2-3 years**

# Capital management

- Cash and committed undrawn facilities of around \$1.6 billion as at 30 June 2015<sup>(1)</sup>

Metrics <sup>(2)</sup>	2015	2014
Gearing <sup>(3,4)</sup>	63.4%	64.2%
Interest cover ratio	2.59 times	2.31 times
Average interest rate applying to drawn debt <sup>(4)</sup>	6.76%	7.12%
Interest rate exposure fixed or hedged	94.0%	72.8%
Average maturity of senior facilities	8.5 years	5.4 years

- Credit ratings – S&P: BBB (outlook Stable), Moody's: Baa2 (outlook Stable)
- Subsequent to the end of FY2015, APA established a new \$830 million syndicated bank facility, replacing the existing \$1.1 billion syndicated facility. This has reduced the cash and committed undrawn facilities available to around \$1.3 billion

(1) Subsequent to the end of FY2015, APA established a new \$830 million syndicated bank facility, replacing the existing \$1.1 billion syndicated facility. This has reduced the cash and committed undrawn facilities available to \$1,316 million.

(2) US\$ denominated debt has been nominally exchanged at AUD/USD exchange rate at the respective inception date of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144a notes.

(3) Ratio of net debt to net debt plus book equity.

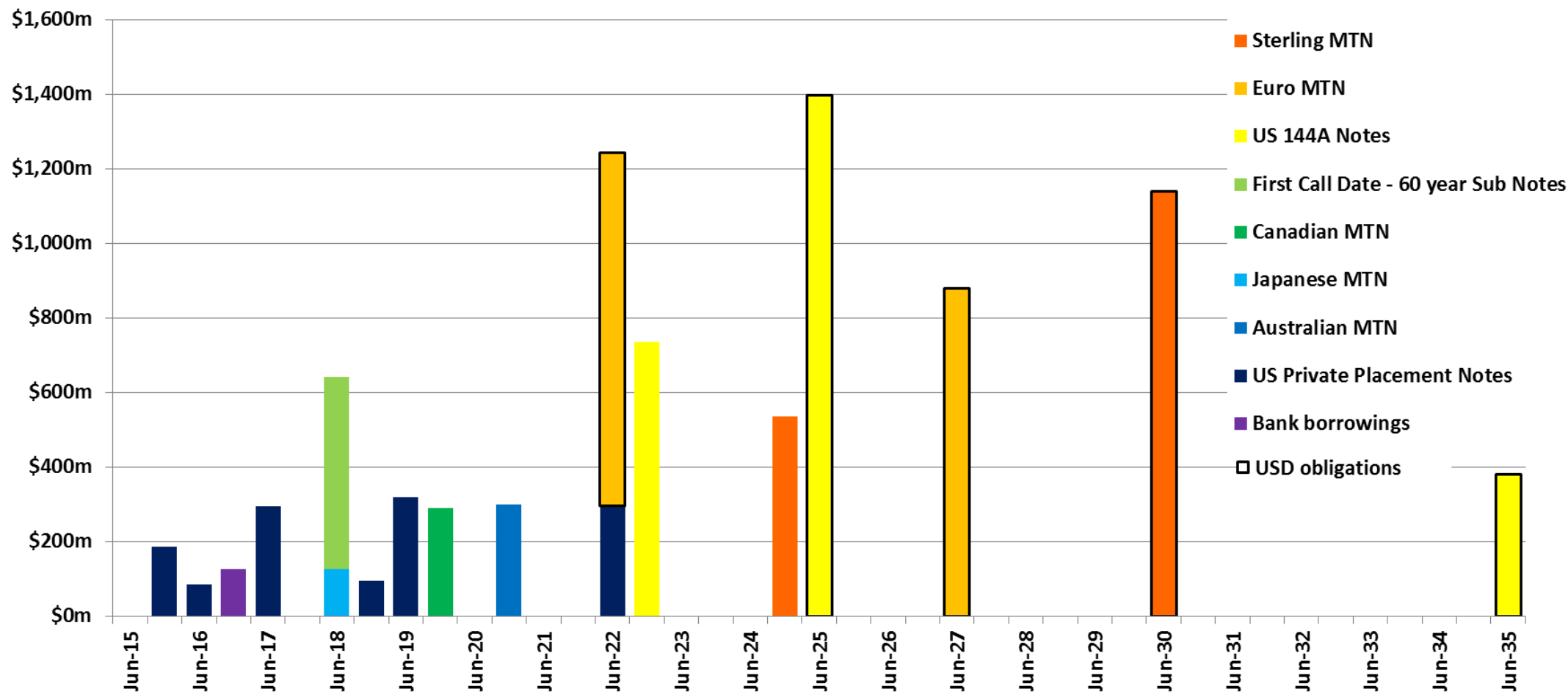
(4) Includes \$515 million of Subordinated Notes.

**Preserving a strong balance sheet and financial flexibility remains a core focus for APA**



# Capital management

■ APA has received solid support from international debt capital markets



\* USD obligations translated at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN AUD/USD=0.7772)

**Maintaining diversity of funding sources and spread of maturities**

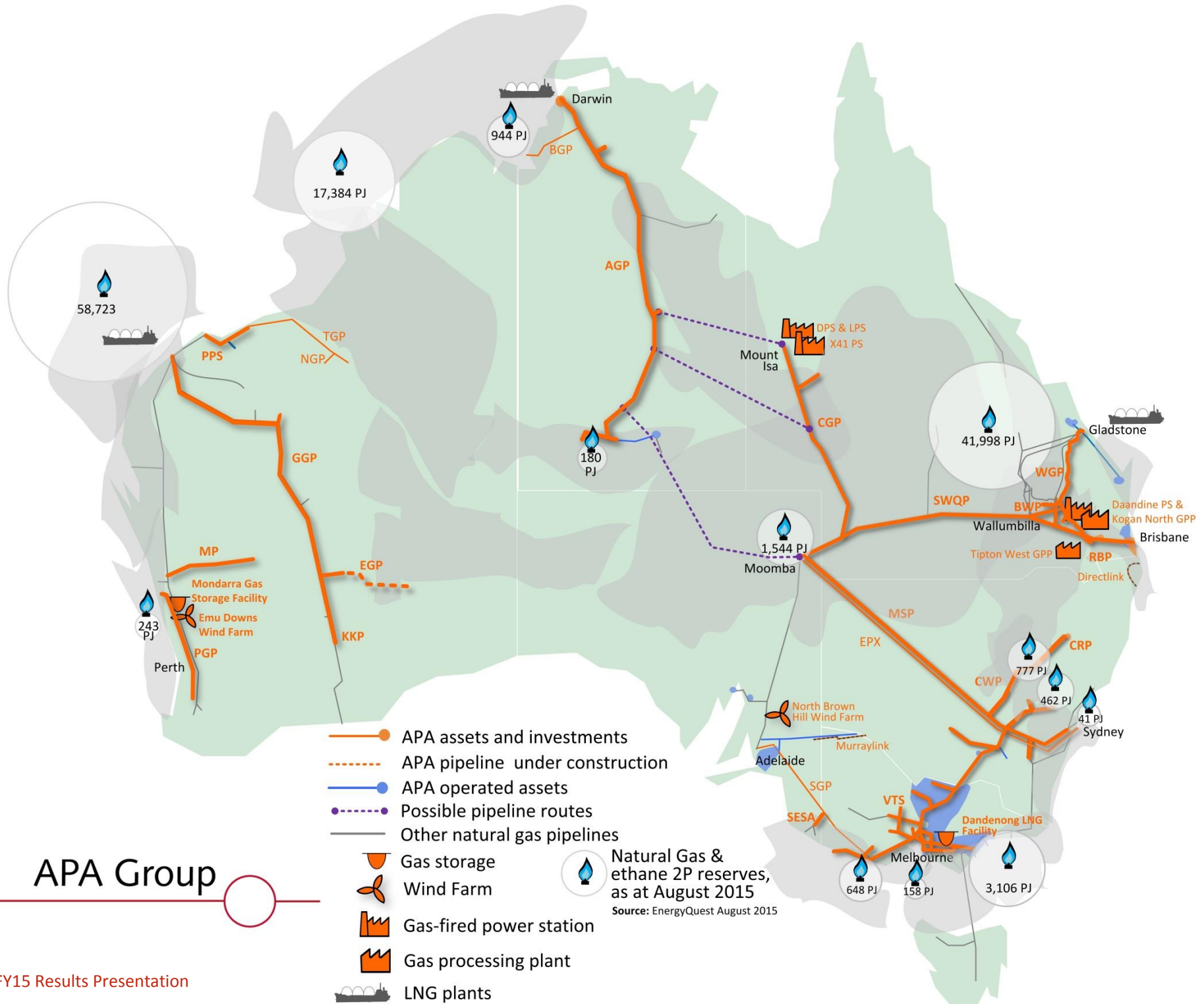
# Debt facilities

## Total committed debt facilities at 30 June 2015

\$million	Facility amount	Drawn amount	Tenor
2013 Bilateral borrowing	200	0	5 years maturing December 2018
2014 Syndicated facilities <sup>(1)</sup>	1,100	125	2.25, 3.25 and 5.25 year tranches maturing September 2016, 2017 and 2019
2003 US Private placement	281	281	12 and 15 year tranches maturing September 2015 and 2018
2007 US Private placement	811	811	10, 12 and 15 year tranches maturing May 2017, 2019 and 2022
2009 US Private placement	185	185	7 and 10 year tranches maturing July 2016 and 2019
2010 AUD Medium Term Notes	300	300	10 year tranche maturing July 2020
2012 JPY Medium Term Notes	126	126	6.5 year tranche maturing in June 2018
2012 CAD Medium Term Notes	289	289	7.1 year tranche maturing in July 2019
2012 US144a/Reg S Notes	735	735	10 year tranche maturing October 2022
2012 GBP Medium Term Notes	536	536	12 year tranche maturing in November 2024
2012 Subordinated Notes	515	515	60 year term, first call date March 2018
2015 US144a/Reg S Notes <sup>(2)</sup>	1,777	1,777	10 and 20 year tranches maturing March 2025 and March 2035
2015 GBP Medium Term Notes <sup>(2)</sup>	1,140	1,140	15 year tranche maturing March 2030
2015 EUR Medium Term Notes <sup>(2)</sup>	1,826	1,826	7 and 12 year tranches March 2022 and 2027
<b>Total</b>	<b>9,820</b>	<b>8,645</b>	

(1) Comprises three facilities, one of \$400 million and two of \$425 million. This facility was amended on 22 July 2015 to incorporate a new limit of \$830m and 2.25, 3.25 and 5.25 year tranches maturing September 2017, 2018 and 2020.

(2) Notes have been hedged into fixed rate US dollar obligations.



# APA Group



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