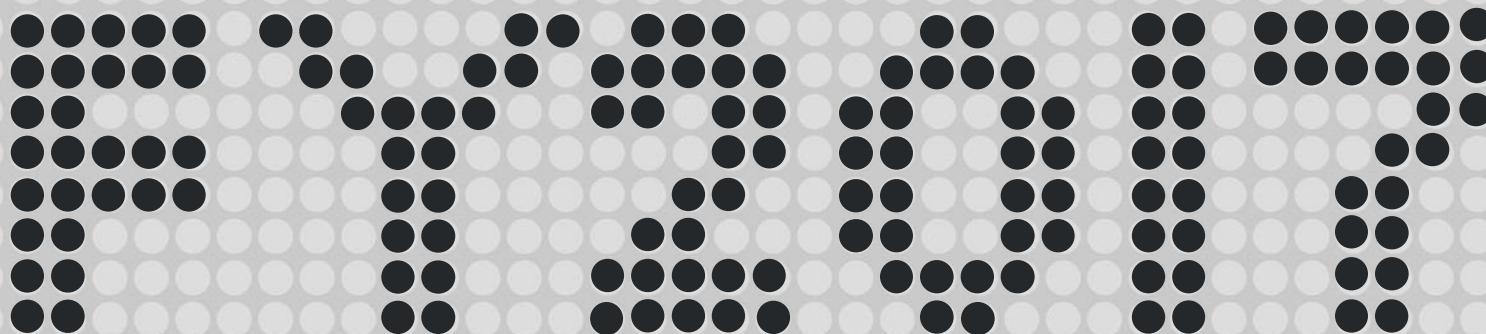


# financial results year ended 30 June 2017.



23 August 2017

energy. connected.



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APA Group believes that there are reasonable grounds for these forward looking statements and due care and attention have been used in preparing this presentation. However, the forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions and are subject to risk factors associated with the industries in which APA Group operates. Forward-looking statements, opinions and estimates are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of APA Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements, opinions and estimates. A number of important factors could cause actual results or performance to differ materially from such forward-looking statements, opinions and estimates.

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**Non-IFRS financial measures:** APA Group results are reported under International Financial Reporting Standards (IFRS). However, investors should be aware that this presentation includes certain financial measures that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of the APA Group. These non-IFRS financial measures include EBIT, EBITDA and other "normalised" measures. Such non-IFRS information is unaudited, however the numbers have been extracted from the audited financial statements.

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**Non-GAAP financial measures:** Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures are EBITDA, normalised EBITDA and statutory EBITDA. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although APA Group believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation.

# results overview and strategic highlights

**Mick McCormack**  
**Managing Director and CEO.**



# FY2017 highlights



\$ million	FY2017	FY2016	change	
Statutory results				
Revenue excluding pass-through <sup>(1)</sup>	1,888.3	1,656.0	Up	14.0%
EBITDA	1,470.1	1,330.5	Up	10.5%
Net profit after tax	236.8	179.5	Up	32.0%
Operating cash flow <sup>(2)</sup>	973.9	862.4	Up	12.9%
Operating cash flow per security (cents)	87.4	77.4	Up	12.9%
Distributions				
Distributions per security (cents)	43.5	41.5	Up	4.8%
Franking credits per security (cents)	4.0	0		
Distribution payout ratio <sup>(3)</sup>	49.8%	53.6%		

## Notes:

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

(2) Operating cash flow = net cash from operations after interest and tax payments.

(3) Distribution payout ratio = total distribution applicable to the financial year as a percentage of operating cash flow.

# investing in Australia's energy future



- **Solid results, further pipeline of opportunities announced to continue to deliver customer-focused energy solutions**
  - Expanded network of integrated assets
  - Enhanced services offering flexibility and reliability

## Existing assets

- Full year contribution from **DPS and Ethane Pipeline** acquisitions
- Full year contribution from **EGP**
- **Bi-directional and multi-asset, flexible services** to meet customer needs
- **Capacity augmentation**
  - VNI expansion completed
  - Moomba Interconnect completed
- **IOC** – generating operational, safety and financial benefits for customers
- **\$377.5 million** capex and investments

## \$1.2bn of new projects announced

- **New supply to the dynamic east coast gas market:**
  - Reedy Creek Wallumbilla Pipeline
  - Orbost Gas Processing Plant
- **Renewable energy portfolio:**
  - Emu Downs Solar Farm
  - Badgingarra Wind Farm
  - Darling Downs Solar Farm
- **Energy to remote mining areas:**
  - Yamarna Gas Pipeline
  - Yamarna Power Station
- **Future prospects (not included in \$1.2bn)**
  - Western Slopes Pipeline (subject to Narrabri Gas Project FID)
  - Northern Queensland gas connection (MOU)

# APA is facilitating cheaper domestic gas on the east coast



## infrastructure

- Interconnected 7,500+ km grid
- Bi-directional pipelines
- Capacity expansions  
-compression & looping
- Victorian-Northern Interconnect  
expansions
- Reedy Creek Wallumbilla Pipeline  
(under construction)
- Integrated Operations Centre
- Orbest gas processing plant  
(refurbishment underway)
- Western Slopes Pipeline  
(subject to FID)

## services



Standardised  
contracts



Information  
transparency



Capacity trading  
platform



Integrated  
services



Customer service  
portal



Park & Loan  
services



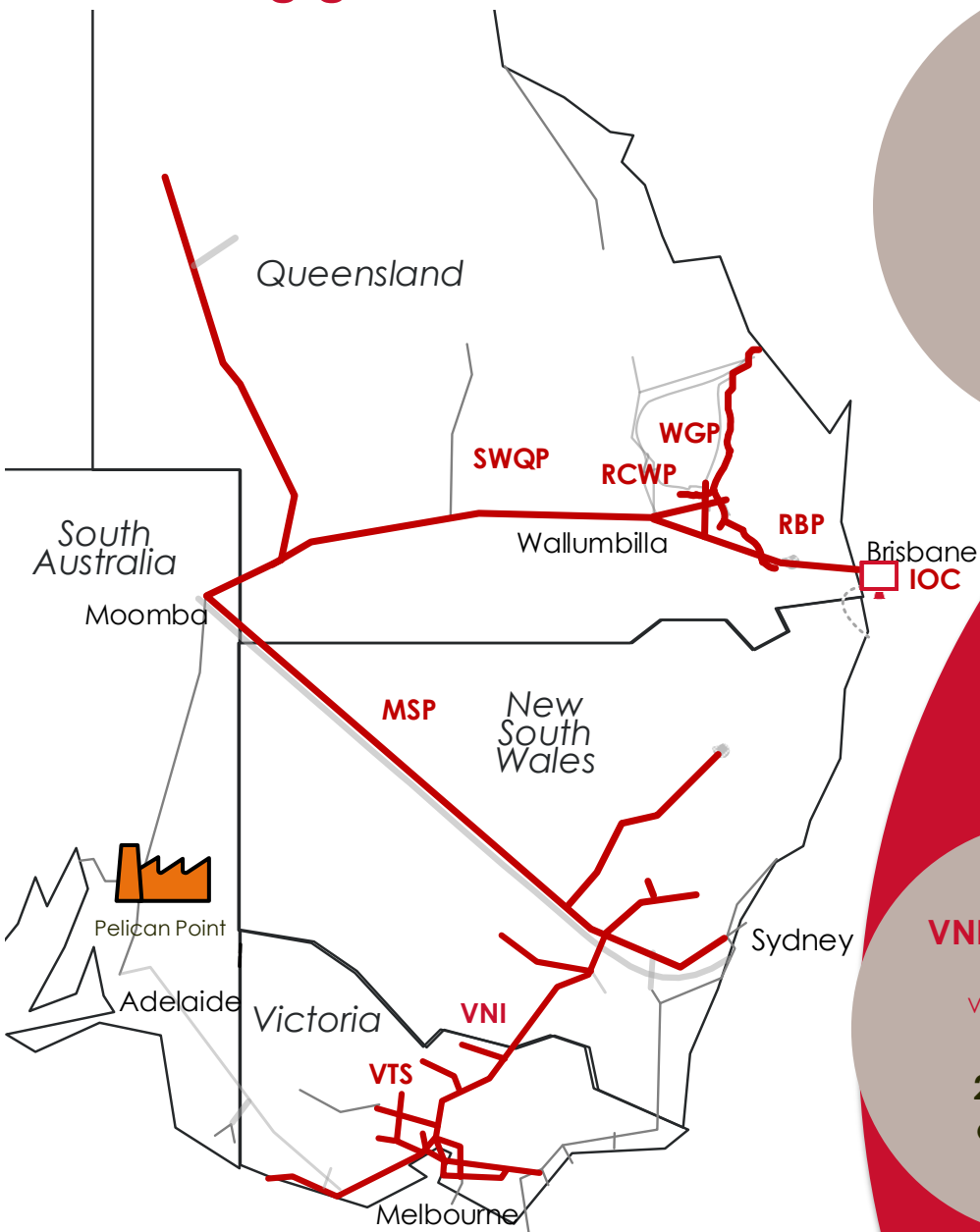
Rationalised  
products



Storage  
services



# APA's East Coast Grid is instrumental to flexibly delivering gas to the domestic market



## In Queensland

Existing shipper

Facilitating gas  
fired power  
generation

## RBP (west)

Roma Brisbane Pipeline

Existing shipper

Supports gas from  
QLD to Pelican Point  
Power Station in SA

## SWQP (west) &

South West Queensland Pipeline

## MSP (south)

Moomba Sydney Pipeline

Existing flexible  
contracts

Gas to southern &  
domestic markets

## VNI (Longford to Sydney)

Victorian-Northern  
Interconnect

2 industrial  
customers

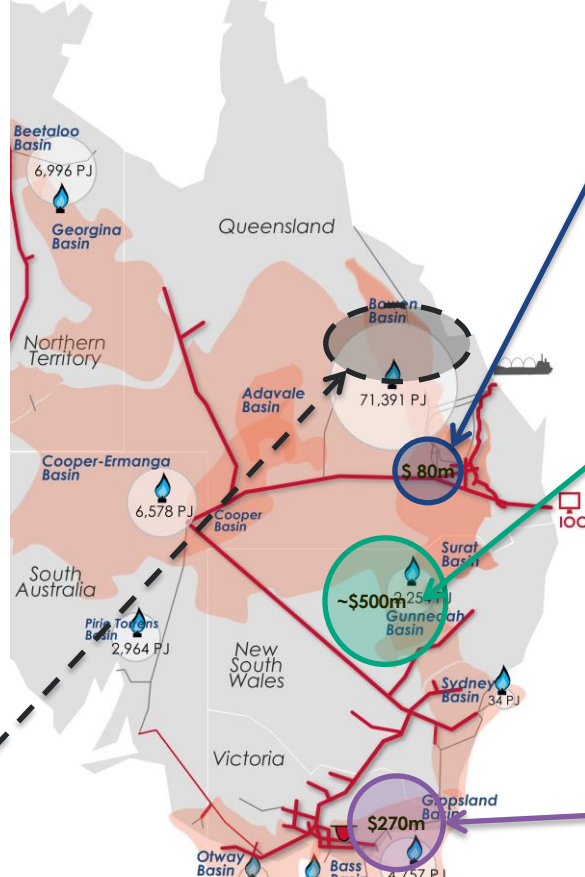
A number of  
customers

Short term  
contracts at a  
discount to the  
published tariff

# partnering with producers to bring gas to market



## Leveraging the unique capabilities of APA's East Coast Grid



### Reedy Creek Wallumbilla Pipeline

#### Project description:

- 50km, 300TJ/day bi-directional pipeline
- \$80m construction cost
- Commissioning expected mid 2018
- 20-yr contract with Australia Pacific LNG

#### Domestic gas implications:

- APLNG able to participate flexibly and fully in Australia's dynamic gas market
- APLNG's 2P reserves: 13,529PJ\*

\* Source: EnergyQuest Energy Quarterly June 2017

### Western Slopes Pipeline

#### Project description:

- 450km, 200TJ/day pipeline
- ~\$500m cost
- Secretary's Environmental Assessment Requirements (SEARs) received, landowner & stakeholder engagement underway, and EIS process commenced

#### Domestic gas implications:

- Santos estimates the Narrabri Project could supply up to half\* of the natural gas used in NSW

\* Source: The Narrabri Gas Project Environmental Impact Statement, Santos

### Orbost Gas Processing Plant

#### Project description:

- Acquire, expand and upgrade the gas processing plant
- \$270m acquisition and development cost
- Term contract with Cooper Energy to process gas from their Sole Gas Project

#### Domestic gas implications:

- Sole Gas Project expected to produce ~25PJ/pa\*, with 20PJ/pa\* contracted to AGL, Energy Australia, Alinta and Owens Illinois
- Cooper's 2C gas resources in the Gippsland at ~390PJ\*

\*Source: Company Data

### Northern Queensland Pipeline

#### Project description:

- MOU with Blue Energy and Comet Ridge to develop a Northern Queensland Pipeline
- ~750 km of greenfield pipeline and compression facilities
- Total investment ~\$800 million

#### Domestic gas implications:

- Gas to the east cost from Bowen and Galilee Basins



# APA's unique power offering



## Emu Downs Solar Farm

### Project description:

- 20MW solar farm
- \$50m cost, incl \$5.5m funding via ARENA grant
- Commissioning expected Jan 2018
- 13 year offtake contract with Synergy

### APA's unique offering:

- Adjacent to Emu Downs Wind Farm and Badgingarra Wind Farm
- Shared infrastructure

## Badgingarra Wind Farm

### Project description:

- 130MW wind farm
- \$315m construction cost
- Commissioning expected Jan 2019
- 12 year offtake contract with Alinta Energy

### APA's unique offering:

- Adjacent to Emu Downs Wind and Solar Farms
- Leverage existing operational and on-the-ground resources

## Yamarna Gas Pipeline & Power Station

### Project description:

- 198km pipeline + 45MW gas fired power station
- \$180m construction cost
- 15 year offtake contracts with Gruyere JV (Gold Road Resources & Gold Fields Limited)

### APA's unique offering:

- Transport gas 1,500km using Goldfields Gas Pipeline, Murrin Murrin Lateral, Eastern Goldfields Pipeline
- Leverage existing operational and on-the-ground resources

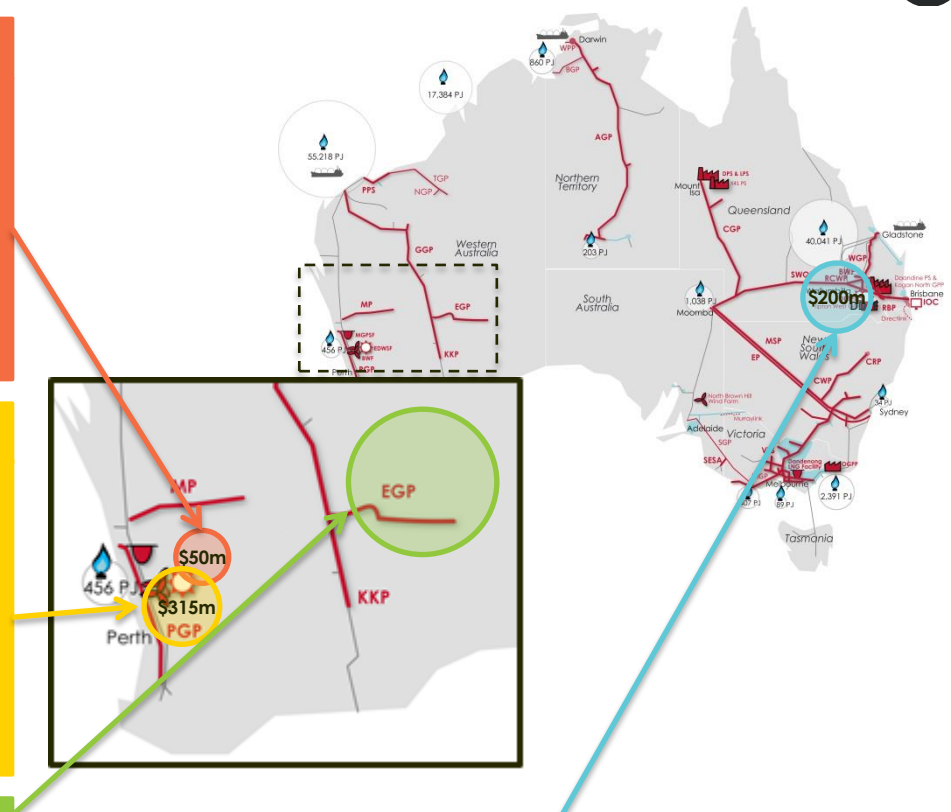
## Darling Downs Solar Farm

### Project description:

- 110MW solar farm
- \$200m acquisition & construction cost, incl \$20m funding via ARENA grant
- Commissioning expected late 2018
- 12 year offtake contract with Origin Energy

### APA's unique offering:

- Ability to manage ARENA relationship and process
- Leverage existing operational resources



# focused on delivering industry best practice

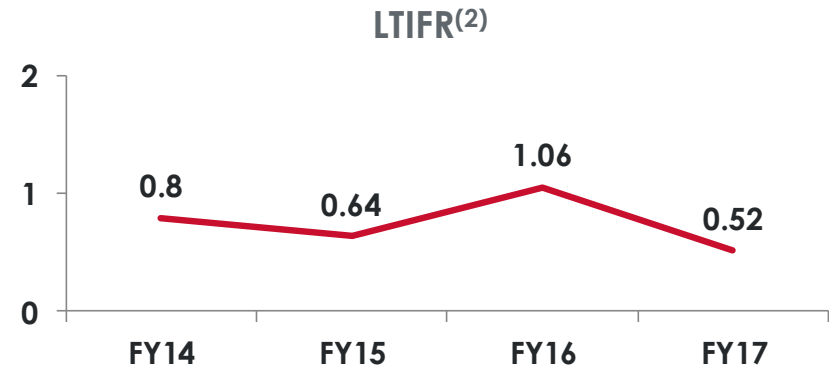
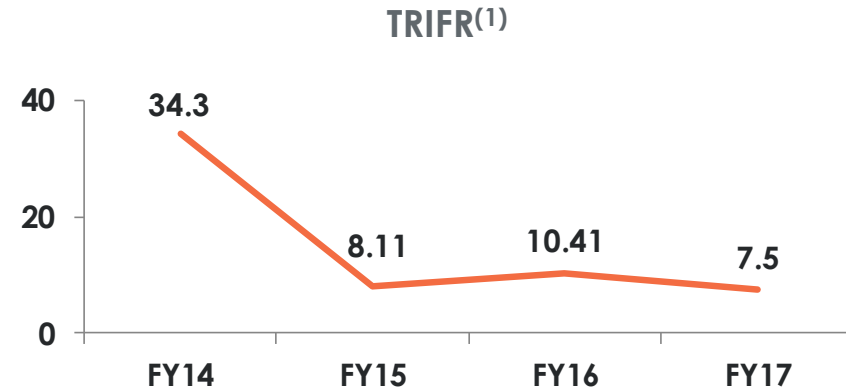


## Health and safety

- Continue to target a Zero Harm workplace
- First year of a new 3-year HSE Strategic Improvement Plan
- Fatal Risk Protocols workshops completed and governance group established
- SafeDrive+: APGA's Health & Safety Excellence Award

## Environment

- Environmental Training and Awareness Package received LearnX Impact Awards
- Environmental management structure and support model implemented



### Notes:

- (1) Total reportable injury frequency rate (TRIFR) is measured as the number of lost time and medically treated injuries sustained per million hours worked. All data includes both employees and contractors.
- (2) Lost time injury frequency rate (LTIFR) is measured as the number of lost time injuries per million hours worked. All data includes both employees and contractors.

## ***Enterprise Asset Management***

- Integrated asset management system (performance, safety, risk, compliance)
- Informed risk based decision making to sustain and improve asset performance
- Standardised processes and systems for managing and maintaining all of our assets
- Reliability focus to improve asset availability
- Ongoing development of bench strength in asset management expertise

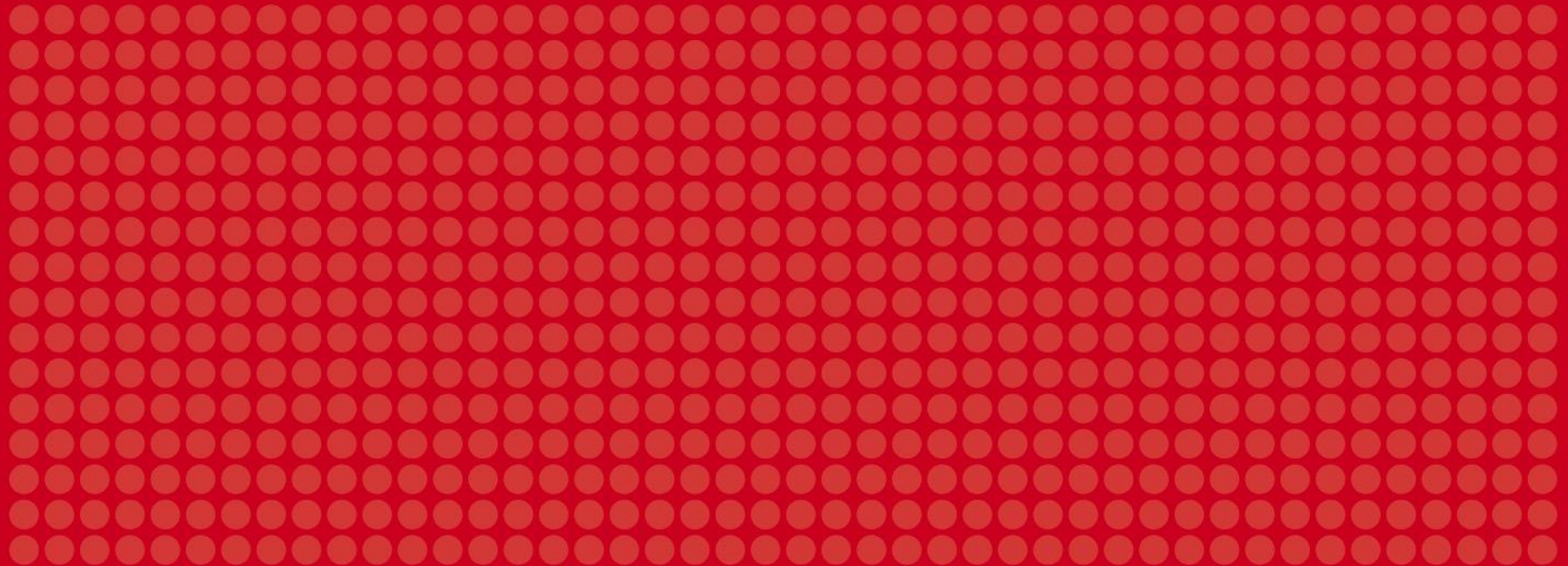


APA Pipeline Engineer Sam Pattemore inspecting Darwin City Gate infrastructure

# financial performance

## Peter Fredricson

### Chief Financial Officer



## summary results



\$ million	FY2017	FY2016	Change
Revenue excluding pass-through <sup>(1)</sup>	<b>1,888.3</b>	1,656.0	<b>14.0%</b>
EBITDA	<b>1,470.1</b>	1,330.5	<b>10.5%</b>
Depreciation and amortisation	<b>(570.0)</b>	(520.9)	<b>(9.4%)</b>
EBIT	<b>900.1</b>	809.7	<b>11.2%</b>
Net interest expense	<b>(513.8)</b>	(507.7)	<b>(1.2%)</b>
Pre-tax profit	<b>386.3</b>	302.0	<b>27.9%</b>
Tax	<b>(149.5)</b>	(122.5)	<b>(22.0%)</b>
Net profit after tax	<b>236.8</b>	179.5	<b>32.0%</b>
Operating cash flow <sup>(2)</sup>	<b>973.9</b>	862.4	<b>12.9%</b>
Operating cash flow per security (cents)	<b>87.4</b>	77.4	<b>12.9%</b>
Distribution per security (cents)	<b>43.5</b>	41.5	<b>4.8%</b>
Distribution payout ratio <sup>(3)</sup>	<b>49.8%</b>	53.6%	

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

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

(2) Operating cash flow = net cash from operations after interest and tax payments.

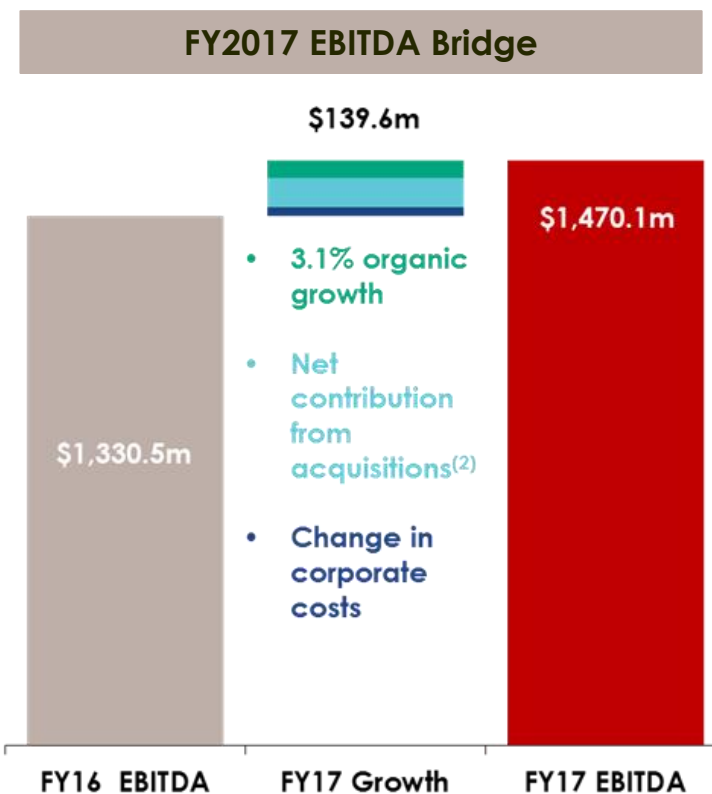
(3) Distribution payout ratio = total distribution applicable to the financial year as a percentage of operating cash flow.

**APA made the following contributions to the broader economy during FY2017:**

- **\$995 million** paid to Suppliers
- **\$186 million** paid to Employees
- **\$254 million** paid in Taxes
- **\$479 million** paid to Securityholders
- **\$481 million** interest paid to Lenders

## FY2017 result: EBITDA by business segment

\$ million	FY2017	FY2016	Change	% of FY17 EBITDA <sup>(1)</sup>
Energy Infrastructure				
Queensland	925.4	855.8	8.1%	60.2%
New South Wales	149.5	121.7	22.8%	9.7%
Victoria & South Australia	125.3	123.1	1.8%	8.2%
Northern Territory	18.8	17.5	7.5%	1.2%
Western Australia	234.7	217.6	7.9%	15.3%
Energy Infra total	1,453.7	1,335.6	8.8%	94.6%
Asset Management	58.7	53.9	9.0%	3.8%
Energy Investments	24.4	27.8	(12.3%)	1.6%
Corporate costs	(66.7)	(86.7)	23.1%	4.3%
<b>Total EBITDA</b>	<b>1,470.1</b>	<b>1,330.5</b>	<b>10.5%</b>	



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

(1) As a % of EBITDA before Corporate costs.

(2) Net contribution from acquisitions during the period of Diamantina and Leichhardt Power Station and the Ethane Pipeline.

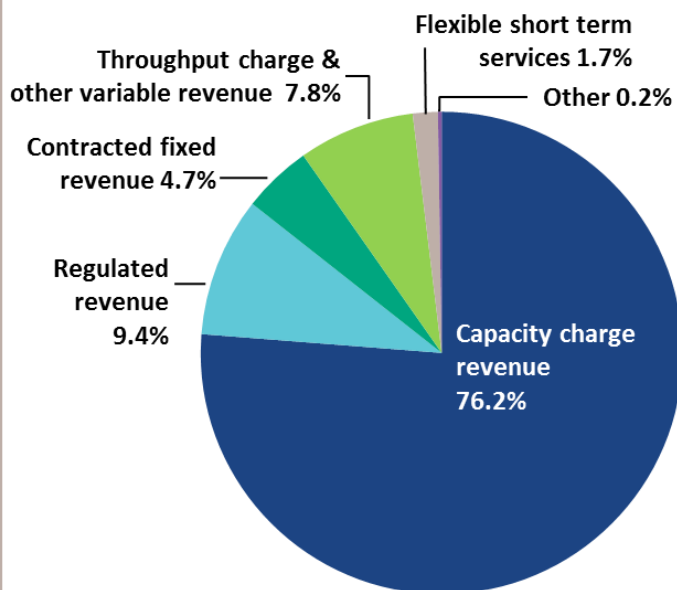


## low risk business model

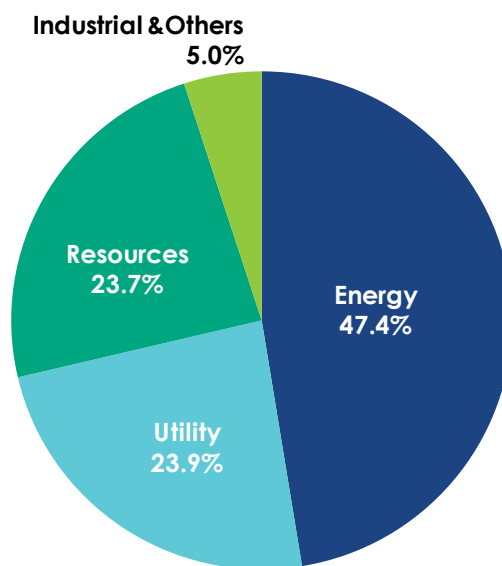
- APA has robust risk management processes in place
- Continue to manage counterparty risks by:
  - Diversification of customer & industry exposure
  - Assessment of counterparty creditworthiness
  - Entering into long term contracts to support major capital spend
- Revenue weighted average contract tenor remaining: in excess of 12 years

### Energy Infrastructure revenue split

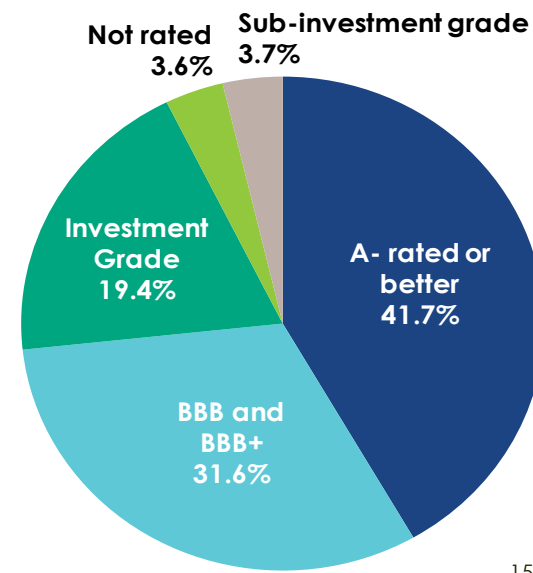
#### By revenue type



#### By customer industry



#### By customer credit rating



# capital expenditure and investment cash flows

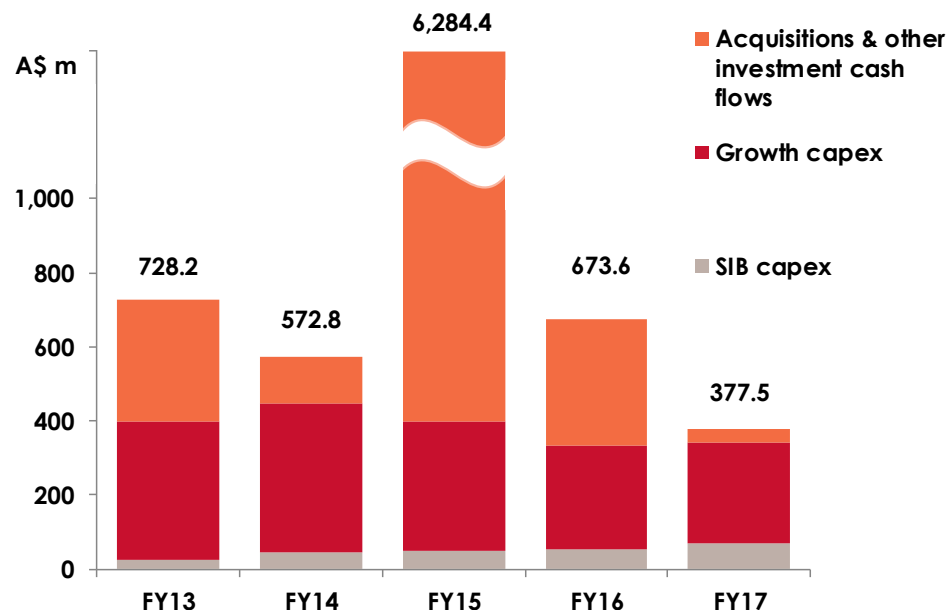


\$ million	FY17	FY16
<b>Growth capex</b>		
Regulated – Victoria	106.1	130.9
Non-regulated		
East Coast	78.7	18.8
Western Australia	30.6	97.6
Other	56.5	33.7
<b>Total growth capex</b>	<b>271.9</b>	<b>281.0</b>
Stay-in business capex	68.8	52.7
<b>Total capex</b>	<b>340.7</b>	<b>333.7</b>
Investments & acquisitions <sup>(1)</sup>	36.8	339.9
<b>Total capital &amp; investment expenditure<sup>(2)</sup></b>	<b>377.5</b>	<b>673.6</b>

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

(1) Investments & acquisitions capex is net of gains on disposals.

(2) Capital expenditure ("capex") represents net cash used in investing activities as disclosed in the cash flow statement, and excludes accruals brought forward from the prior period and carried forward to next period.



**Notes:**

(1) Value of acquisitions are as prescribed in the notes to the financial statements.

## Growth capex projects included:

- VNI expansion
- Reedy Creek Wallumbilla Pipeline
- Emu Downs Solar Farm, Badgingarra Wind Farm, Darling Downs Solar Farm
- Yamarna Gas Pipeline and Yamarna Power Station

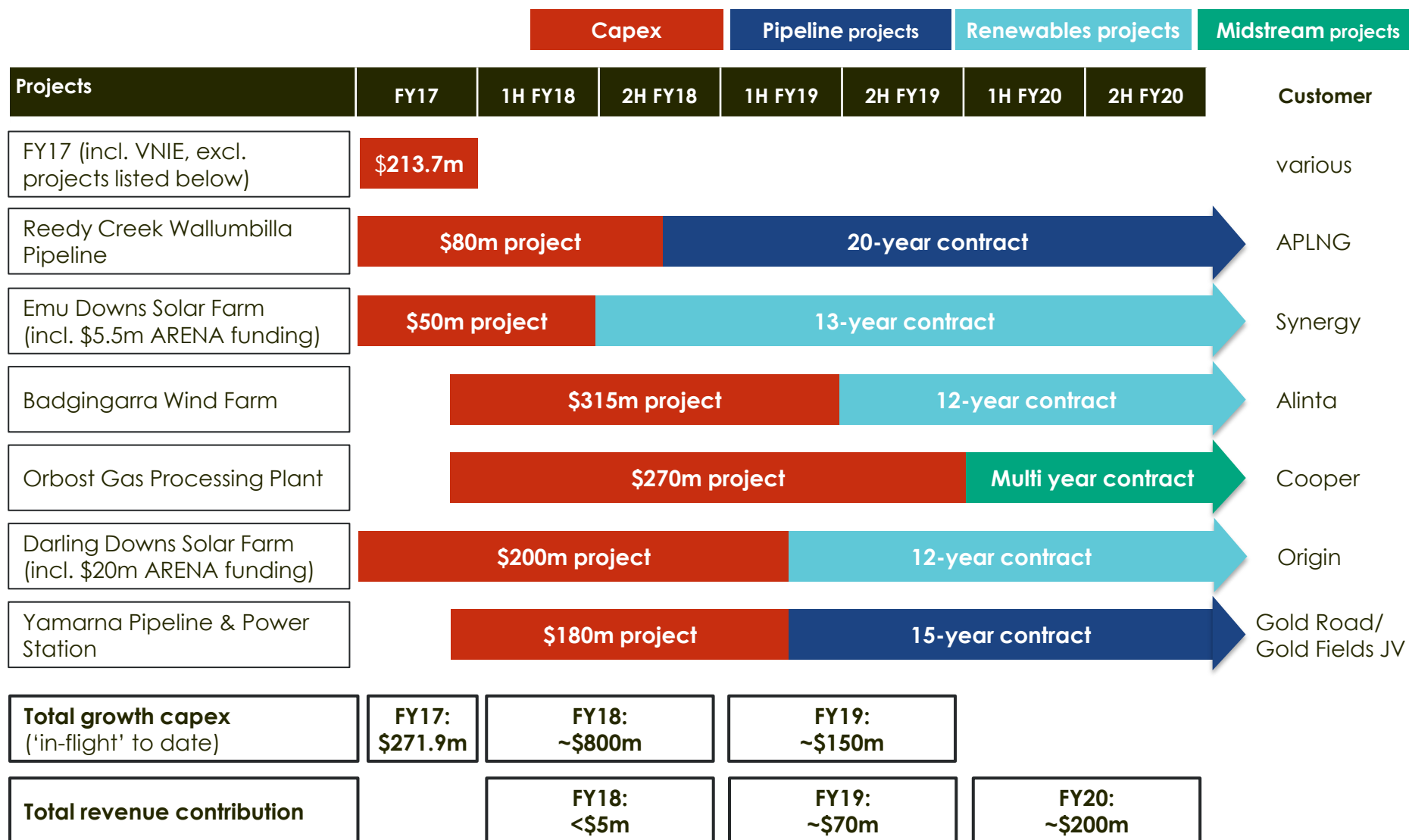
## Acquisitions and investments included:

- 50% interest in Mortlake Pipeline

# growth projects – \$1.2bn announced to date



- \$200m in incremental revenue to be delivered in FY20 through new projects



Note:

(1) Above diagram is illustrative only.

- Cash and committed undrawn facilities of over \$1.46 billion as at 30 June 2017 to meet the continued capital growth needs of the business
- Credit ratings: S&P BBB (outlook Stable, confirmed Dec 2016), Moody's Baa2 (outlook Stable, confirmed Mar 2017)
- Majority of interest costs obligations known today are hedged – 94.5% as at 30 June 2017
- Issued A\$200 million, 7-year Australian dollar Medium Term Notes (AMTN) in Oct 2016 and US\$850 million 10.3-year senior guaranteed notes into the US 144A market in Mar 2017
- All facilities out to 2035 other than \$515 million Sub Notes, are fully hedged at fixed rates.

Metrics <sup>(1)</sup>	Jun 2017	Jun 2016
Gearing <sup>(1, 2)</sup>	67.4%	66.4%
Interest cover ratio	2.8 times	2.6 times
Average interest rate applying to drawn debt <sup>(1, 3)</sup>	5.56%	5.78%
Interest rate exposure fixed or hedged	94.5%	86.5%
Average maturity of senior facilities	7.5 years	7.4 years

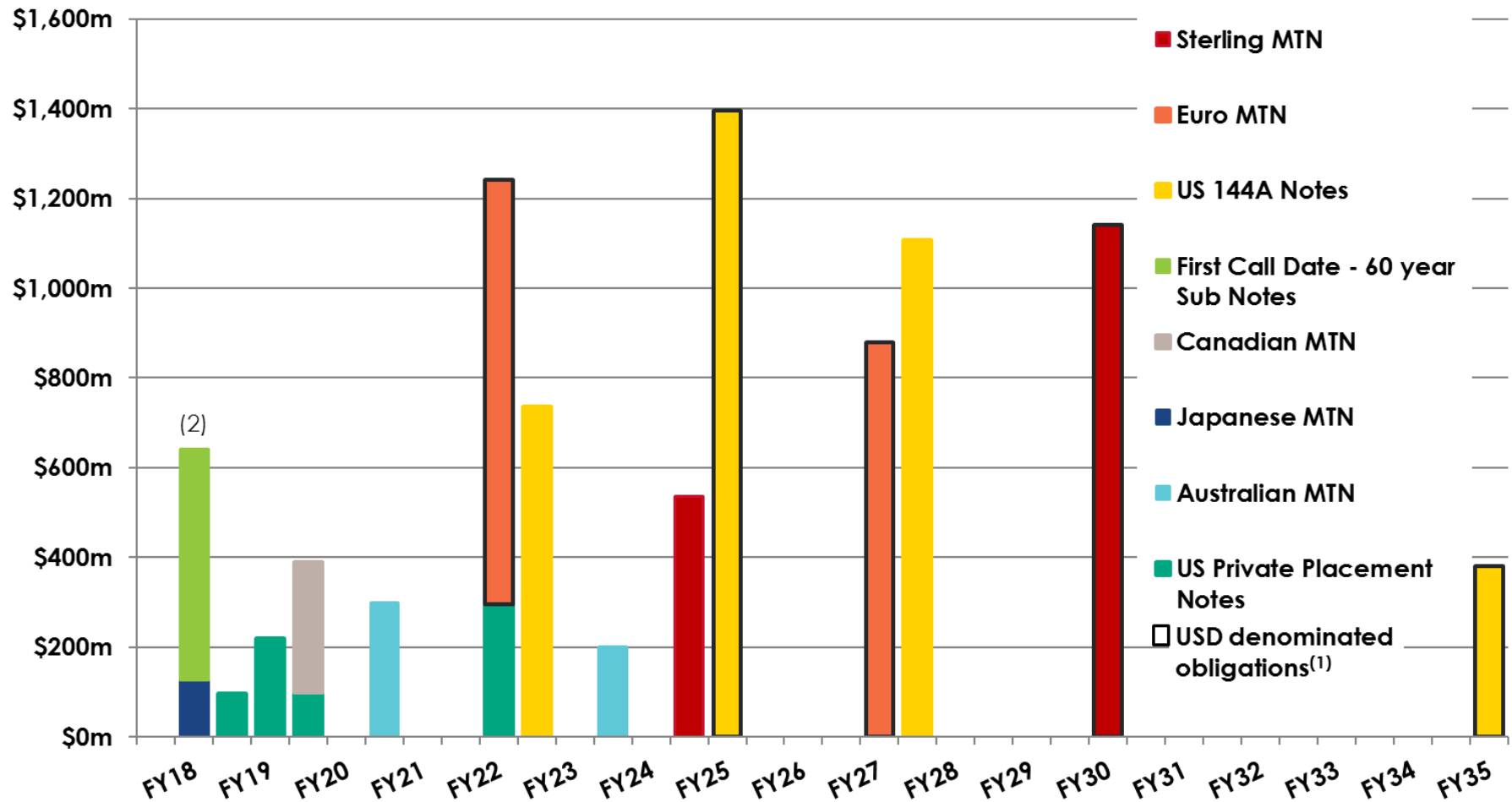
**Notes:**

- (1) For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for the US144A notes at the respective inception dates.
- (2) Ratio of net debt to net debt plus book equity.
- (3) Includes \$515 million of Subordinated Notes.

# debt maturity profile



APA maintains diversity of funding sources and spread of maturities



Note:

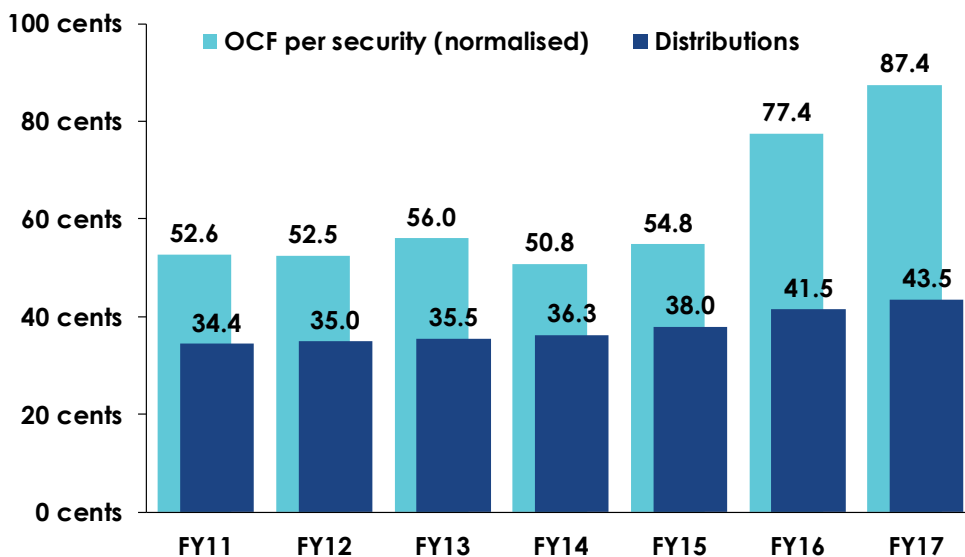
(1) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN & Sterling - AUD/USD=0.7772)

(2) Subordinated Notes first call date of 31 March 2018. Contractual maturity date is 30 September 2072

## fully covered distributions

- FY2017 distribution payout ratio<sup>(1)</sup> of 49.8%
- Components for FY17 distribution:
 

15.05 cents	APT profit distribution
16.25 cents	APT capital distribution
6.55 cents	APTIT profit distribution
<u>5.65 cents</u>	APTIT capital distribution
43.50 cents	



### Notes:

(1) Distribution payout ratio: total distribution applicable to the financial year as a percentage of operating cash flow.

### Franking Credits

- APA cash tax payer - calendar year 2017
- Franking credits of 2.0 cents per security allocated to the final APT profit distribution, taking the FY17 franking credits to 4.0 cents per security
- Expect future profits from APT to be distributed with some level of franking credits

### 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
- Funding growth with appropriate mixture of funds retained, debt and equity to maintain BBB/Baa2 ratings



- Based on current operating plans and available information, EBITDA for FY2018 is expected to be in the range of **\$1,475 million to \$1,510 million**
- Net interest costs for FY2018 expected within a range of **\$525 million to \$535 million**
- Distributions per security for FY2018 expected to be **in the order of 45.0 cents per security**, cash payout, with franking credits of up to 5.0 cents per security expected to be allocated
- Capital expenditure update:
  - At FY2016 results, APA announced \$1.5 billion of growth opportunities were available over 3 years
  - Of this, \$1.2 billion<sup>(1)</sup> of projects have been announced and/or committed to in the last year
  - Growth capital expenditure on these projects over the 3-year period is expected to be:

FY2017(Actual):	\$272 million
FY2018(Forecast):	approx. \$800 million
FY2019(Forecast):	approx. \$150 million
  - Revenue from FY2018 capital investment is expected to begin flowing from FY2019.  
We expect approx. \$70m additional revenue in FY2019 and approx. \$200m additional revenue in FY2020 (minimal amount during FY2018)
  - Stay-in-business capex is expected to be in the order of **\$100 million p.a. going forward**
  - Growth capex: beyond FY2018, APA expects **\$300 to \$400 million p.a. over the next 2-3 years**

## Notes:

(1) Includes FY2017(Actual) growth capex. Excludes uncommitted projects such as Western Slopes Pipeline

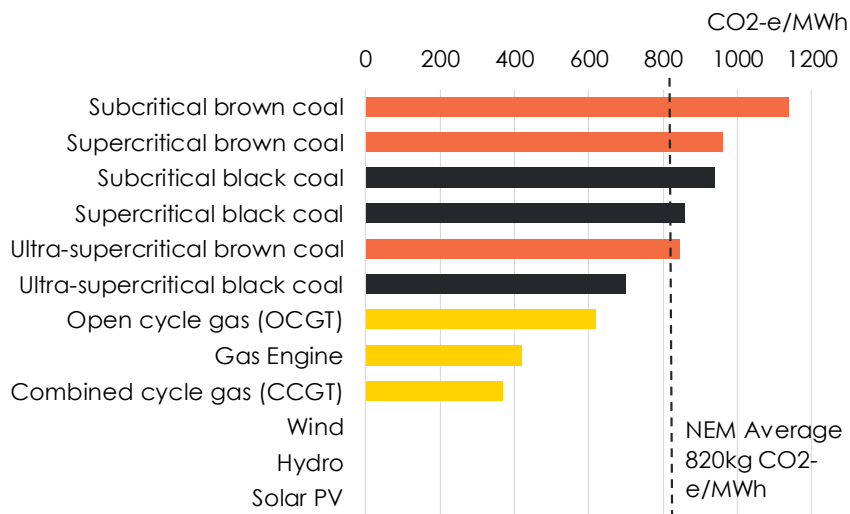
# outlook industry background & APA strategy

**Ross Gersbach**  
**Chief Executive Strategy & Development.**



- **Gas will continue to be an essential fuel in Australia's energy mix, as a cleaner, abundant fuel source**
- **Gas price crisis can only be solved by increased gas supply**
- **Governments' moratoria and drilling bans hindering supply**
- **Policy and regulatory reforms need to be based on facts, evidence and good process**

## Estimated operating emissions for new power stations



Source: Commonwealth, A Cleaner Future for Power Station – Interdepartmental Task Group Discussion Paper, 2010)

- Finkel Report (June 2017) noted that:
  - gas can support variable renewable electricity generation and also contribute to emissions reduction as replacement for ageing coal-fired generation fleet
  - state governments should adopt evidence based regulatory regimes to manage the risk of individual gas projects on a case-by-case basis
- Numerous policy and regulatory reviews:
  - GMRG's development of pipeline information disclosure and arbitration framework
  - GMRG: secondary pipeline capacity trading platform
  - GMRG: auction process for contracted but un-nominated gas pipeline capacity
  - AEMC: review of the Victorian Gas Wholesale Market
  - Removal of the Limited Merits Review



- Amendments to National Gas Rules came into effect 1 August 2017, to implement GMRG developed information disclosure and commercial arbitration regime for unregulated pipelines.
- Pipeline disclosure requirements
  - Include details of available services, prices, pricing methodologies, costs of service and average prices paid by current shippers
  - Financial reporting (details to be determined)
- Commercial arbitration framework
  - Binding regime
  - Price to reflect:
    - cost including a commercial rate of return
    - risks in providing the service
  - Asset valuation methodology that reflect outcomes of a workably competitive market





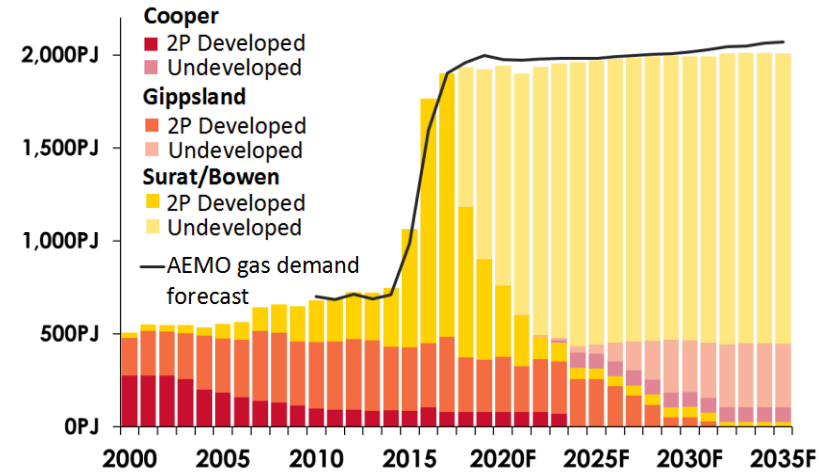
# APA's strategy



APA is committed to delivering energy solutions that are safe, reliable, innovative and cost-effective.

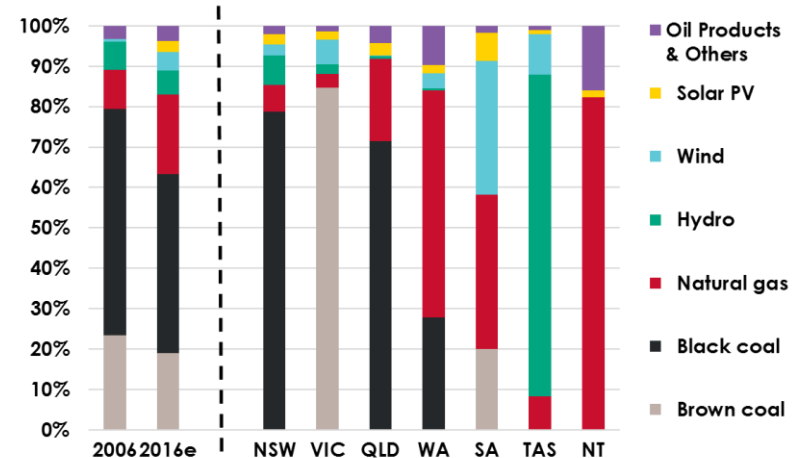
- Our growth focus is to enhance our portfolio:
  - of gas transmission pipelines;
  - of power generation: gas-fired and renewable energy;
  - of midstream energy infrastructure assets, including gas storage and gas processing; and
  - explore opportunities in North America.
- We will continue to strengthen asset management, development and operational capabilities.
- We will maintain APA's financial strength.

## East coast gas demand & production by field



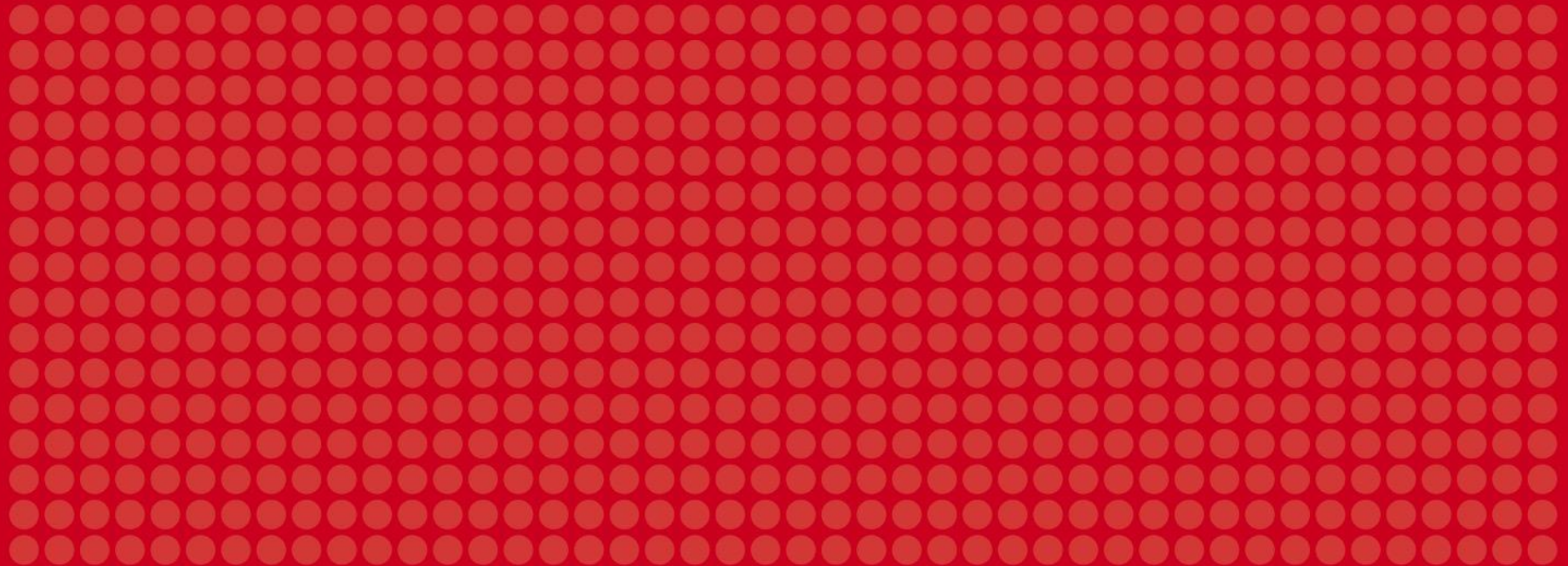
Source: Demand – AEMO, National Gas Forecasting Report 2016  
Supply - EnergyQuest (actuals); AEMO 2017 GSOO (forecast)

## Australian electricity supply by fuel source



Source: Office of the Chief Economist, Australian Energy Statistics

# supplementary information

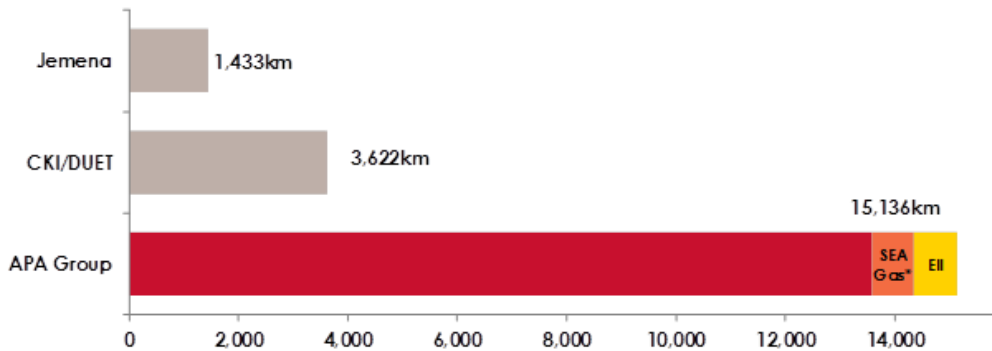




# snapshot of APA



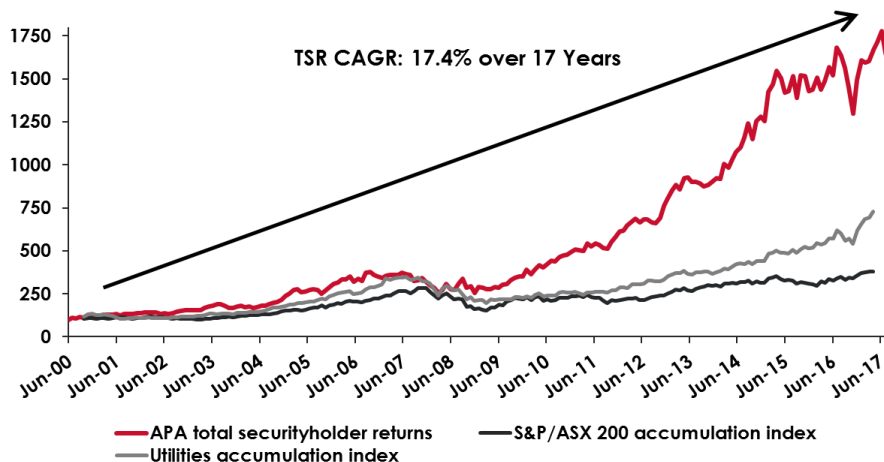
## Australian gas transmission pipeline ownership by kilometres ~ APA is Australia's largest gas pipeline owner ~



**Note:** includes SEA Gas Pipeline and Mortlake Pipeline

**Source:** AER State of the Energy Market Dec 2015; Company reports; APA data as at 31 Dec 2016 and includes the Ethane Pipeline.

## Total securityholder returns since listing vs index ~ Strong track record of delivering securityholder returns ~



**Source:** IRESS, TSR performance to 18 August 2017

## APA Overview

(Ticker: APA AU)

**Market cap** A\$ 9.37 billion (as at 22 Aug 2017)

**ASX rank** S&P/ASX 50

**Credit rating** Moody's: Baa2 (outlook Stable)  
S&P: BBB (outlook Stable)

**Assets owned/operated** approximately \$20 billion

- Gas transmission<sup>(1)</sup>** 15,136km transmission pipelines  
Underground & LNG gas storage
- Gas distribution<sup>(2)</sup>** 28,680 km gas mains & pipelines  
1.4 million gas consumers
- Other energy infrastructure** 585 MW power generation  
244 km HV electricity transmission  
Gas processing plants

**Employees** ~1,600

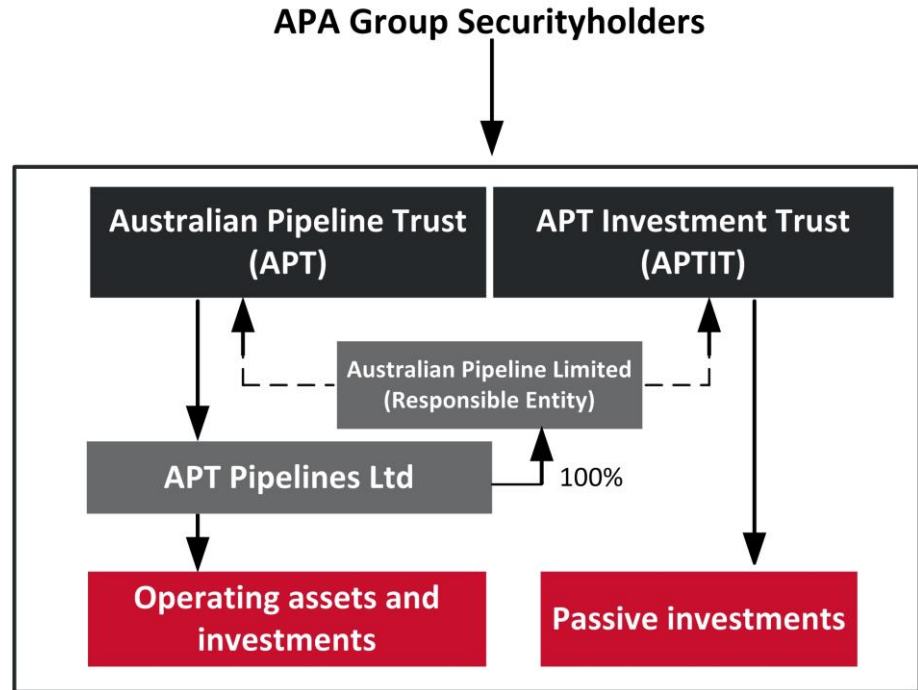
### Notes:

- (1) Includes 100% of pipelines operated by APA Group, which form part of Energy Investments segment, including SEA Gas and EII.
- (2) Includes 100% of assets operated by APA Group in Queensland, New South Wales, Victoria and South Australia.

# group structure



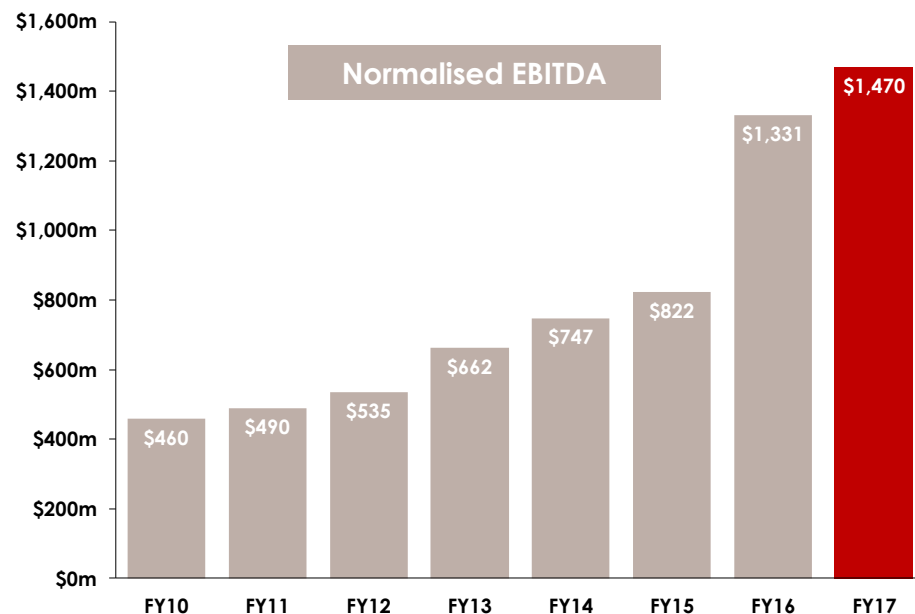
- APA is a stapled structure comprising two registered managed investment schemes:
  - Australian Pipeline Trust (ARSN 091 678 778)
  - APT Investment Trust (ARSN 115 585 441) is a pass-through trust
- Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of APT and APTIT
- APA is listed as a stapled structure on the Australian Securities Exchange
- The units of APT and APTIT are stapled and must trade and otherwise be dealt with together
- APT Pipelines Limited (ABN 89 009 666 700) is APA's borrowing entity, a company wholly owned by APT, and the owner of the majority of APA's operating assets and investments
- Reporting business segments
  - **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets
  - **Asset Management:** provision of asset management and operating services for the majority of APA's investments
  - **Energy Investments:** interests in energy infrastructure investments



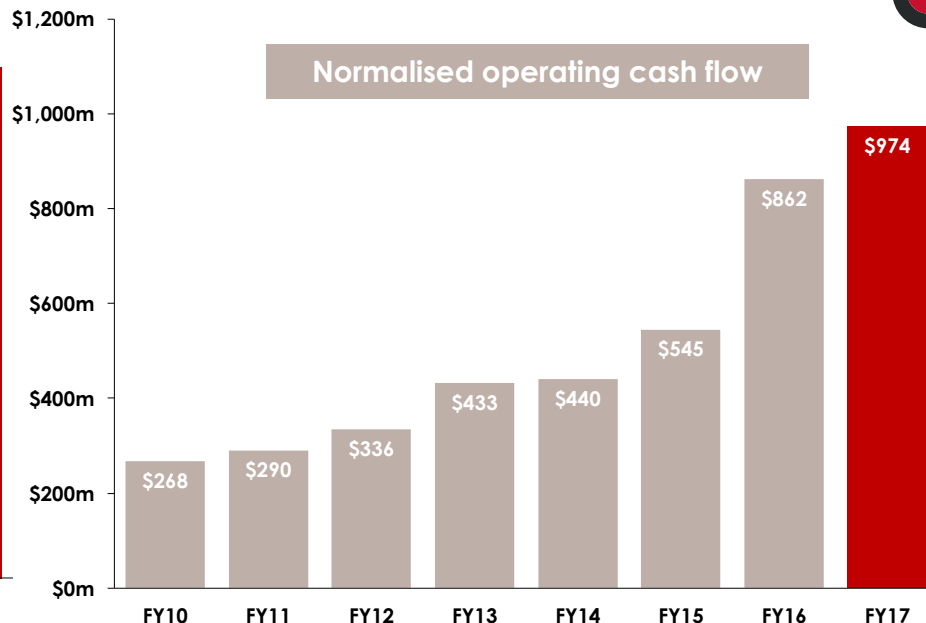
# solid historical performance



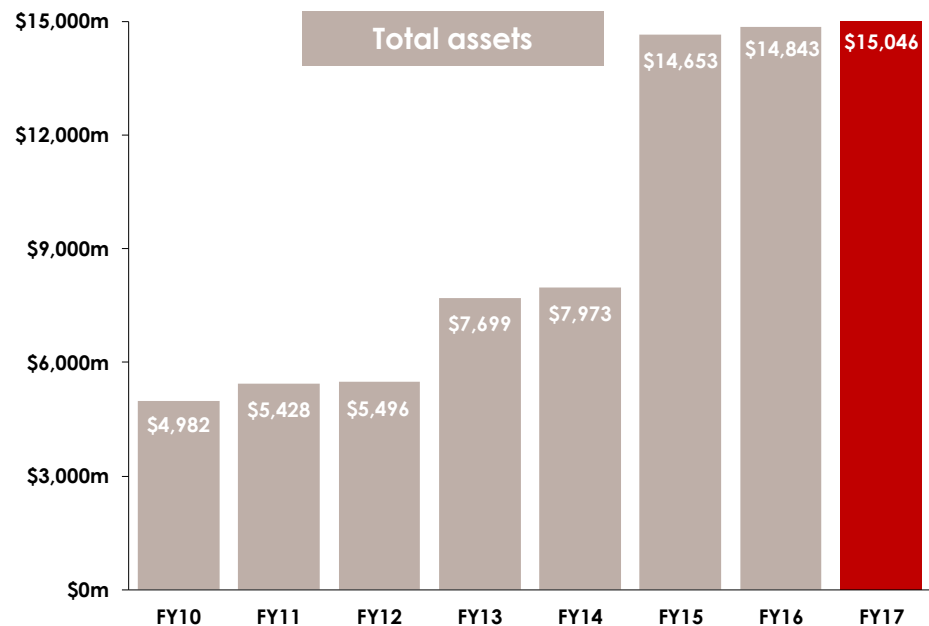
Normalised EBITDA



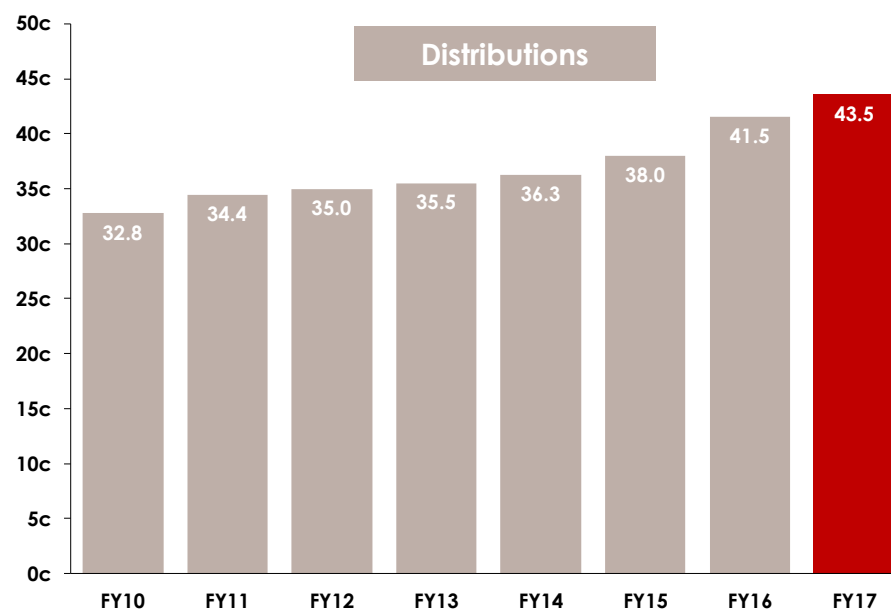
Normalised operating cash flow



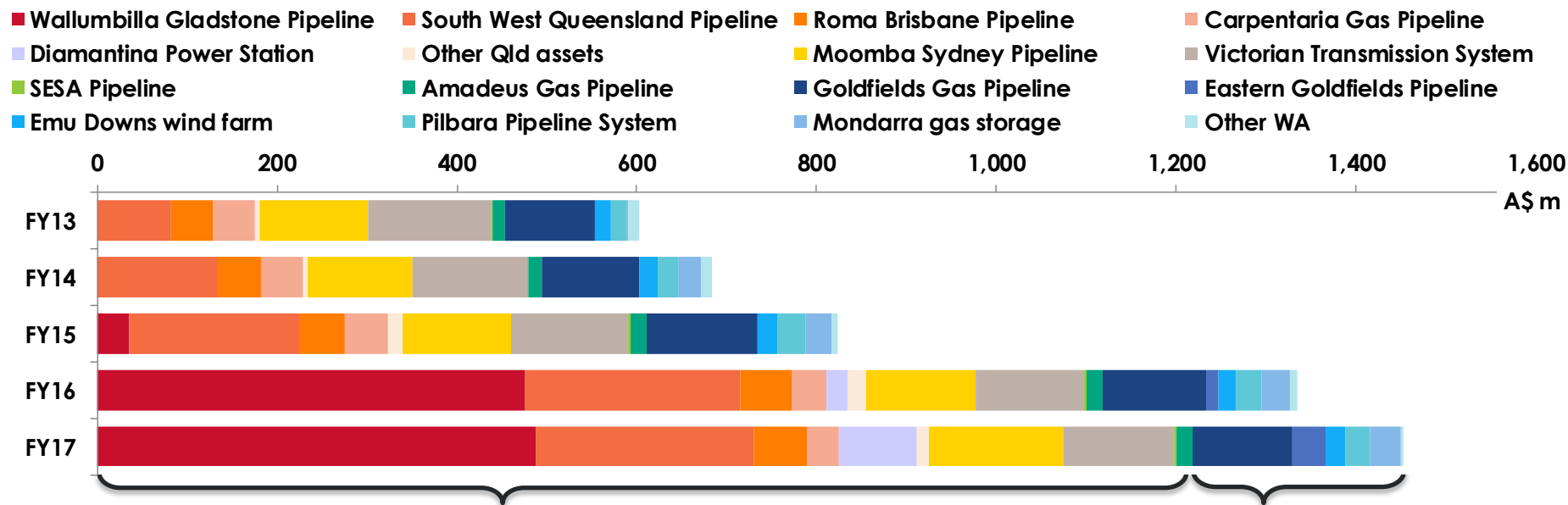
Total assets



Distributions



# FY2017 operational summary – Energy Infrastructure



## East Coast + Northern Territory

- EBITDA increased by 9% for East Coast, 7.5% for NT
- VNI expansion benefits reflected in NSW and Victoria
- NSW includes full period contribution from the Ethane Pipeline
- Queensland benefited from full year earnings from DPS
- Benefits of multi asset contracts
- New opportunities developed across pipeline, renewables and midstream businesses

## Western Australia

- EBITDA from WA assets increased by 7.5%
- EGP contributed for the full year period
- Mondarra earnings increased due to expansion project in FY2016
- Emu Downs benefited from better wind resource
- New projects announced

# FY2017 operational summary – Asset Management, Energy Investments and Corporate costs

## Asset Management

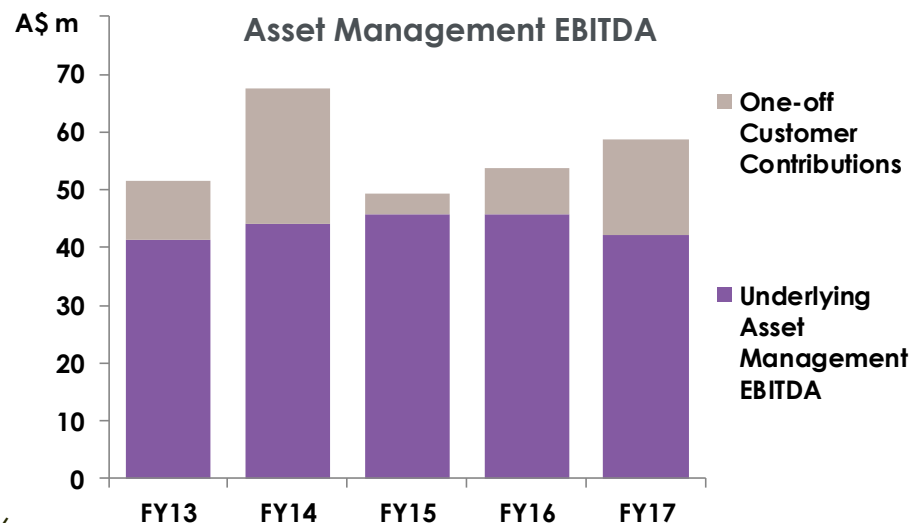
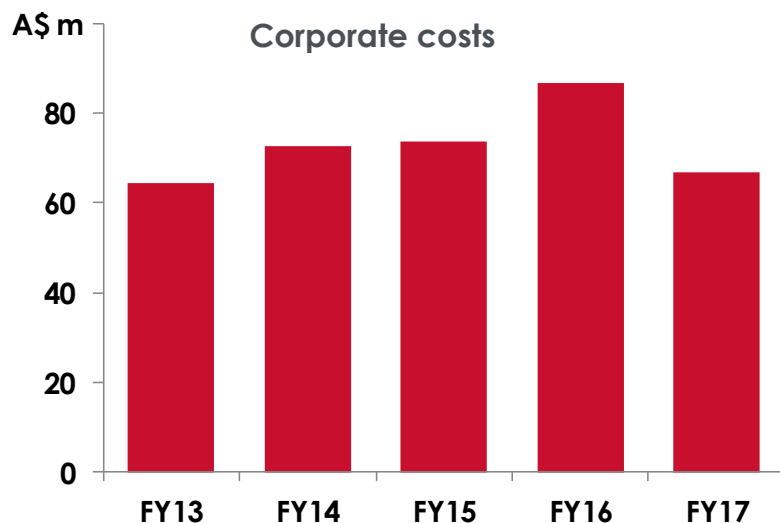
- Connections continued to grow, however lower tariffs due to new SA access arrangement from July 2016
- Customer contribution average remains ~\$10m p.a.

## Energy Investments

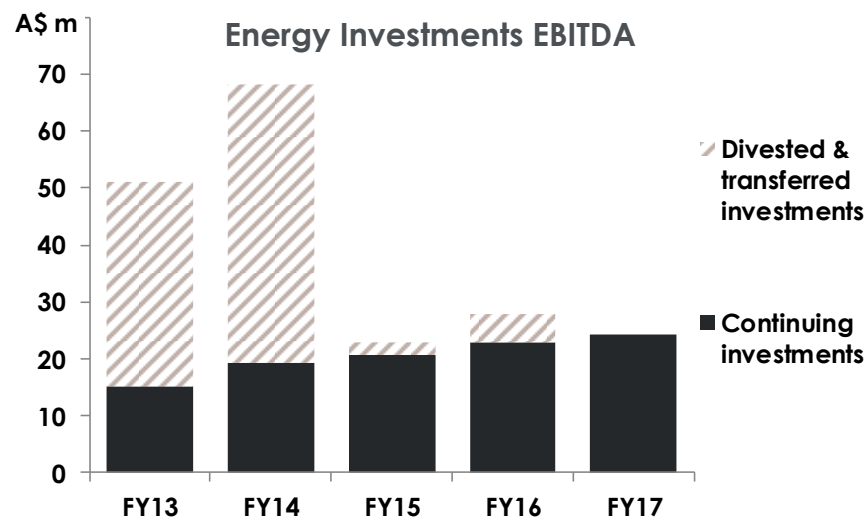
- Ethane Pipeline and DPS transferred out of the segment into Energy Infrastructure as 100% owned assets
- Investments generally performed well

## Corporate costs

- Corporate cost decreased due to one-off items in FY2016



**Note:** Fees from DPS and the Ethane Pipeline were no longer received in FY17 due to these assets being fully owned and managed within the Energy Infrastructure segment.



**Note:** Historical earnings from EP and DPS in this graph are classified as Divested & transferred investments.

## debt facilities



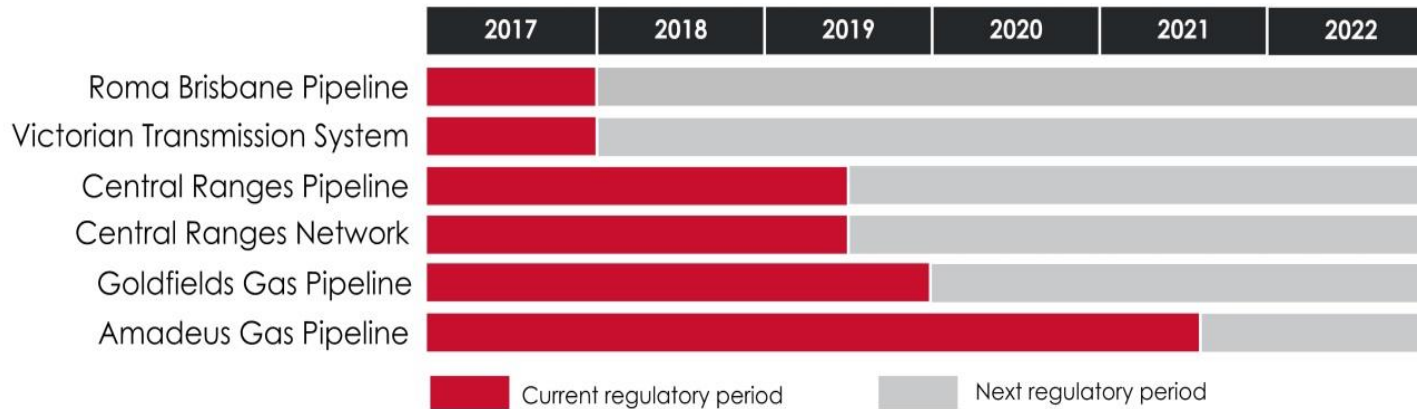
Total committed debt facilities at 30 June 2017

\$ million	Facility amount	Drawn amount	Tenor
2015 & 2016 Bilateral bank facilities	550	-	2 to 5 year facilities maturing between May 2018 to May 2021
2015 Syndicated bank facilities	519	-	3.25 and 5.25 year tranches maturing September 2018 and 2020
2003 US Private placement	96	96	15 year tranche maturing September 2018
2007 US Private placement	516	516	12 and 15 year tranches maturing May 2019 and 2022
2009 US Private placement	99	99	10 year tranche maturing July 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>(1)</sup>	1,777	1,777	10 and 20 year tranches maturing March 2025 and March 2035
2015 GBP Medium Term Notes <sup>(1)</sup>	1,140	1,140	15 year tranche maturing March 2030
2015 EUR Medium Term Notes <sup>(1)</sup>	1,826	1,826	7 and 12 year tranches March 2022 and 2027
2016 AUD Medium Term Notes	200	200	7 year tranche maturing October 2023
2017 US144a/Reg S Notes	1,109	1,109	10.3 year tranche maturing July 2027
<b>Total</b>	<b>10,333</b>	<b>9,264</b>	

**Note:** (1) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN & Sterling - AUD/USD=0.7772)



- Approximately 9.4% of APA's Energy Infrastructure revenue in FY17 was regulated revenue
- APA's major regulatory resets over the next few years are as follows:



- Victorian Transmission System access arrangement review
  - A draft decision by the AER on APA's access arrangement revision proposal on 6 July
  - The draft decision sets aggregate forecast revenue for the next 5-years period (2018-2022) at 12.9% higher than the previous period
  - APA does not agree with the rate of return and has responded with strong counter arguments
- Roma Brisbane Pipeline access arrangement review
  - A draft decision by the Australian Energy Regulator ("AER") was released on 6 July 2017, with final decision expected by the second half of 2017
  - The draft decision provides for a tariff relatively equivalent to the existing tariff
  - Currently majority of shippers pay individually negotiated tariffs

# economic regulation of gas pipelines and networks



<b>Regulator</b>	<ul style="list-style-type: none"><li>• The Australian Energy Regulator (AER) is responsible for the economic regulation of gas transmission and distribution networks and enforcing the National Gas Law and National Gas Rules in all jurisdictions except Western Australia</li><li>• The Economic Regulation Authority of Western Australia (ERA) is the independent economic regulator for Western Australia</li></ul>
<b>Access arrangement</b>	<ul style="list-style-type: none"><li>• Apply for a term, generally 5 years</li><li>• Set out the terms and conditions of third party access, including<ul style="list-style-type: none"><li>— At least one reference service that is commonly sought by customers – for pipelines, this is generally firm forward-haulage services</li><li>— A reference (benchmark) tariff for the reference service</li></ul></li></ul>
<b>Reference tariff</b>	<ul style="list-style-type: none"><li>• Provides a default tariff for customers seeking the reference service but tariffs can also be negotiated for other services</li><li>• Determined with reference to regulated revenue, capacity and volume forecasts</li></ul>
<b>Regulated revenue</b>	<ul style="list-style-type: none"><li>• Determined using the building block approach to recover efficient costs<ul style="list-style-type: none"><li>— Forecast operating and maintenance costs</li><li>— Regulatory asset depreciation and</li><li>— Return on value of regulated assets (regulated asset base) based on WACC determination</li></ul></li><li>• WACC based on 60:40 debt equity split</li></ul>
<b>Regulated asset base (RAB)</b>	<ul style="list-style-type: none"><li>• Opening RABs have been settled with the regulator; there are no reassessments for approved RABs</li><li>• RABs updated every access arrangement period<ul style="list-style-type: none"><li>— Increased by capital invested into the asset and reduced by regulatory depreciation costs</li></ul></li></ul>
<b>Regulatory coverage</b>	<ul style="list-style-type: none"><li>• The larger distribution networks and some transmission pipelines are price regulated</li><li>• Price regulated assets are those which the regulatory authorities have determined, among other things, demonstrate natural monopoly characteristics and a degree of market power</li><li>• Coverage can be revoked</li><li>• “Light-handed” regulation, where tariffs are negotiated with users and are subject to determination by the regulator only where the customer initiates a dispute</li></ul>

For further information contact:

Yoko Kosugi

Head of Investor Relations

Tel: +61 2 9693 0049

E-mail: [yoko.kosugi@apa.com.au](mailto:yoko.kosugi@apa.com.au)

Jennifer Blake

Investor Relations Manager

Tel: +61 2 9693 0097

Email: [jennifer.blake@apa.com.au](mailto:jennifer.blake@apa.com.au)

Or visit the APA website at:

[www.apa.com.au](http://www.apa.com.au)

# APA's uniquely integrated energy infrastructure



## Assets and Investments Glossary

<b>AGP</b>	Amadeus Gas Pipeline
<b>BGP</b>	Bonaparte Gas Pipeline
<b>BWF</b>	Badgingarra Wind Farm
<b>BWP</b>	Berwyndale Wallumbilla Pipeline
<b>CGP</b>	Carpentaria Gas Pipeline
<b>CRP</b>	Central Ranges Pipeline & distribution network
<b>CWP</b>	Central West Pipeline
<b>DDSF</b>	Darling Downs Solar Farm
<b>DPS &amp; LPS</b>	Diamantina & Leichhardt Power Stations
<b>EGP</b>	Eastern Goldfields Pipeline
<b>EDWSF</b>	Emu Downs Wind and Solar Farms
<b>EP</b>	Ethane Pipeline
<b>GGP</b>	Goldfields Gas Pipeline
<b>IOC</b>	Integrated Operations Centre
<b>KKP</b>	Kalgoorlie Kambalda Pipeline
<b>MP</b>	Mid west Pipeline
<b>MGP</b>	Mortlake Gas Pipeline
<b>MGPSF</b>	Mondarra Gas Processing & Storage Facility
<b>MSP</b>	Moomba Sydney Pipeline
<b>NGP</b>	Nifty Gas Pipeline
<b>OGPP</b>	Orbost Gas Processing Plant
<b>PGP</b>	Parmelia Gas Pipeline
<b>PPS</b>	Pilbara Pipeline System
<b>RBP</b>	Roma Brisbane Pipeline
<b>RCWP</b>	Reedy Creek Wallumbilla Pipeline
<b>SESA</b>	South East South Australia Pipeline
<b>SGP</b>	SEA Gas Pipeline
<b>SWQP</b>	South West Queensland Pipeline
<b>TGP</b>	Tipton Gas Pipeline
<b>VTS</b>	Victorian Transmission System
<b>WGP</b>	Wallumbilla Gladstone Pipeline
<b>WPP</b>	Wickham Point Pipeline
<b>X41</b>	X41 Power Station
<b>YGP</b>	Yamarna Gas Pipeline
<b>YPS</b>	Yamarna Power Station

