



18 February 2020

ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA REPORTS SOLID 1H FY2020 RESULTS AND RECONFIRMS FY2020 GUIDANCE

APA Group (ASX: APA) today announced results for the 1H FY2020 reporting period in line with market guidance. APA confirmed that it remains on track to deliver FY2020 earnings before interest, tax, depreciation and amortisation ("EBITDA") within the guidance range of \$1,660 million to \$1,690 million.

APA declared an interim distribution of 23.0 cents per security, consistent with the estimate announced in December 2019. The distribution represents an increase of 7.0% or 1.5 cents per security over the previous corresponding period (1H FY2019: 21.5 cents per security). Franking credits of 3.65 cents per security will be allocated to the distribution. FY2020 distributions are expected to total in the order of 50.0 cents per security with potential for further franking credits to be allocated to the final distribution.

RESULT HIGHLIGHTS

Financial Results

- EBITDA up 6.9% to \$842.2 million
- Total revenue (excluding pass-through) up 6.4% to \$1,077.8 million
- Net profit after tax up 11.2% to \$175.0 million
- Operating cash flow up 8.9% to \$511.9 million

Distributions

- Interim distribution of 23.0 cents, up 7.0% or 1.5 cents per security
- Franking credits of 3.65 cents per security

Safety

- Total Reportable Injury Frequency Rate (TRIFR) 7.37 per million hours worked, above FY2020 target of 5.5
- Lost Time Injury Frequency Rate (LTIFR) 0.60 per million hours worked, below FY2020 target of 1.0

Operations

- Total capital expenditure \$213.6 million, of which \$145.1 million was growth capex
- Full period of earnings from new assets commissioned over the last 18 months - Yamarna Gas Pipeline, Gruyere Power Station, Darling Downs Solar Farm and Badgingarra Wind Farm

APA Chairman, Mr Michael Fraser said, "APA investing in quality growth assets helps our customers meet their energy portfolio requirements; contributes to the success of APA's business; and importantly supports Australia's growing energy needs.

"APA, as a responsible energy infrastructure group, has always invested to meet our customers' needs. This strategy has delivered solid long-term growth and increasing Securityholder returns. This half, we have seen a meaningful uplift in financial performance as the benefits of that continued investment in our customers' needs flowed through to the business."

1H FY2020 Results Overview

APA reported that total revenue (excluding pass-through revenue) for the six months to 31 December 2019, increased by \$64.9 million or 6.4% on the corresponding period to \$1,077.8 million, (1H FY2019: \$1,012.9 million).

EBITDA for the six months to 31 December 2019, increased by 6.9% or \$54.5 million to \$842.2 million, compared to the previous corresponding period (1H FY2019) EBITDA of \$787.7 million.

Net profit after income tax for the reporting period was \$175.0 million, an increase of 11.2% or \$17.6 million on the previous corresponding period (1H FY2019: \$157.4 million). Operating cash flow per security increased 9.0%, or 3.6 cents, to 43.4 cents per security (1H FY2019: 39.8 cents per security). The results include six months of revenues flowing from completed organic growth projects, including the Gruyere Power Station and Yamarna Gas Pipeline, the Darling Downs Solar Farm, and the Badgingarra Wind Farm.

During the reporting period, around \$389 million of maturing debt was repaid with lower cost longer-term debt, reducing APA's annual interest expense going forward.

APA Group Managing Director, Mr Rob Wheals said, "The result for the half demonstrates the benefits of the growth strategy that is set to meet our customers' collective needs for more capacity and more optionality. The completion of around \$1.5 billion of growth projects over the last three years has seen the expected increase in operating cash flow flowing into the business and through to our Securityholders by way of increased distributions and returns.

"It is pleasing to see the positive contribution from the majority of those new projects in these results.

"Next month, APA's Orbest Gas Processing Facility will be processing gas from the Sole gas field – a much needed new gas supply for eastern Australia. And, in the last few years, APA has added more than 300 MW of new power generation, including 275 MW of renewable generation capability and 270 kilometres of new gas transmission pipelines. All of this capital investment is proof positive of APA continuing to support our customers and the energy needs of all Australians."

Safety

A strong safety focus is central to APA's culture. APA set the FY2020 target metrics for its Total Reportable Injury Frequency Rate (TRIFR) at 5.5 and Lost Time Injury Frequency Rate (LTIFR) at 1.0. For the first half, TRIFR was 7.37 and LTIFR was 0.6. Although the severity of incidents during the reporting period has reduced, the interim TRIFR metric indicates there are still too many injuries. This is currently an area of increased focus as APA continues to strive for a zero-harm workplace through ongoing education and awareness activities.

The safety of APA's people and assets has not been compromised by the recent devastating fires across eastern Australia. However, the commissioning process of APA's Orbest Gas Processing plant was impacted by the site being evacuated due to fire activity in the surrounding region, and subsequently commissioning progress has been slowed due to air quality issues. As a result of the profound impact of the fires on communities including people, wildlife and infrastructure, APA made immediate donations of financial assistance and IT equipment to the firefighting effort. We will continue to work with local communities where our assets operate to determine what further support we can provide to help communities rebuild.

Distributions

The Board of Directors has declared an interim distribution for 1H FY2020 of 23.0 cents per security, which is expected to be paid on 11 March 2020. The distribution represents an increase of 7.0% or 1.5 cents per security over the previous corresponding period (1H FY2019: 21.5 cents, \$253.7 million). It is comprised of a distribution of 18.11 cents per security from APT and a distribution of 4.89 cents per security from APTIT. The APT distribution represents a 8.52 cents per security fully franked profit distribution, a 2.93 cents per security unfranked profit distribution and a 6.66 cents per security capital distribution. The APTIT distribution represents a 2.40 cents per security profit distribution and a 2.49 cents per security capital distribution. Franking credits of 3.65 cents per security will be allocated to the APT franked profit distribution.

APA's Distribution Reinvestment Plan remains suspended.

FY2020 Guidance and Outlook

Based on current operating plans and available information, APA reaffirms its guidance that EBITDA for the full year to 30 June 2020 will be within a range of \$1,660 million to \$1,690 million and net interest expense is expected to settle at the lower end of the range of \$505 million to \$515 million. Total distributions per security for FY2020 are expected to be in the order of 50.0 cents per security, with franking credits which may be allocated to those distributions determined by the amount of cash tax that APA pays during the year. All distributions will be fully covered by operating cash flows, as per APA's Distribution Policy.

Commenting on APA's outlook Mr Wheals said, "Gas is a critical part of the energy mix, both now and into the future. Further, it will continue to play a significant and important role in the overall Australian energy system by supporting renewable generation, when the wind doesn't blow and the sun doesn't shine.

"Affordable, reliable and sustainable energy is essential for our nation. The decommissioning of ageing coal-fired power generation will require significant investment in new energy infrastructure.

"At APA, we are holding ourselves to world-class standards in the provision of infrastructure and services and we have reorganised our business model to aid these efforts. We have streamlined APA's operations to support collaboration on customer service and outcomes and to reflect a 'portfolio' approach to our energy assets. The new Group Executive team that we have put in place supports this operational approach and our customer-promise philosophy.

"I am very confident in the opportunities that lie ahead for APA. We continue to broaden our infrastructure offering and our customer service and we continue to invest in growth to deliver on our customers' needs and to generate increasing returns for our Securityholders. In that context, we remain committed to assessing opportunities to expand into the North American gas transmission and distribution sectors.

"APA is committed to working with government, industry and particularly our customers to create a cleaner energy future, and we will play our role and continue to invest in our assets, systems and people to actively support better energy outcomes for all Australians."

Webcast and Conference Call

APA will hold a webcast to discuss these full year results at 10.00am (AEDT-Sydney) today. The webcast will be accessible via a link on APA's homepage at www.apa.com.au or by using the following dial-in details.

APA Group Conference Call Dial-in details:

Within Australia	1800 558 698
Alternative Australia	1800 809 971 or 02 9007 3187
Outside Australia	+61 7 3145 4010
Conference ID	10003259

A replay of the webcast will be available from www.apa.com.au, shortly after the conclusion of the webcast.



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About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating around \$21 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, apa.com.au