



ASX ANNOUNCEMENT

29 March 2016

**APA Group (ASX: APA)**  
**(also for release to APT Pipelines Limited (ASX: AQH))**

## **APA moves to 100% ownership of Diamantina and Leichhardt Power Stations**

Australia's largest gas infrastructure business APA Group (ASX:APA) today announced it will acquire the remaining 50 per cent of the Diamantina Power Station project ("DPS") that it does not currently own, from its project partner AGL Energy Limited ("AGL"), for \$151 million. Financial Close is expected to be on Thursday, 31 March 2016.

DPS is a large scale gas fired power station that owns and operates two separate power facilities with shared infrastructure – the 242MW combined cycle gas turbine Diamantina Power Station and the adjacent 60MW open cycle gas turbine Leichhardt Power Station. DPS is underpinned by long term power purchase agreements with major electricity users in Mount Isa. AGL will continue to supply gas to DPS, under an existing long term gas supply contract. DPS has been jointly developed by APA and AGL.

APA Managing Director, Mick McCormack said, "We are pleased to have had the opportunity to acquire the remaining 50 per cent interest in DPS and become the sole owner of this quality asset. The acquisition fits with APA's growth strategy to build out our energy infrastructure business and to leverage our asset management, development and operational capabilities. DPS complements our existing energy infrastructure portfolio as it is connected to APA's East Coast Gas Grid and is underwritten by two highly creditworthy counterparties."

"APA is well positioned to continue to provide essential energy to businesses and communities in the mineral-rich North West Queensland region well into the future."

Fully commissioned in November 2014, the Diamantina and Leichhardt Power Stations are modern, low emission, efficient power stations, delivering competitive and reliable energy supply. They are remote power stations which are unconnected to the National Electricity Market.

DPS receives gas via APA's Carpentaria Gas Pipeline and supplies electricity under long term contracts with Glencore's Mount Isa Mines and the Queensland Government owned Ergon Energy, the two main electricity users in the region.

Mr McCormack said, "Importantly, the acquisition enables us to further diversify APA's revenue base and deliver increased returns to our securityholders."

#### **Funding and financial Impact**

The acquisition satisfies APA's investment criteria of secure long-term revenue and returns, commensurate with the risk undertaken. DPS will be immediately accretive on an operating cashflow per security basis.

APA will fund the acquisition with a mix of existing cash and available undrawn committed corporate debt facilities. The total funding requirement is approximately \$550 million, including transaction costs and replacement of the project finance facility at the asset level. The acquisition of AGL's equity interest equates to an enterprise value for DPS of approximately \$700 million, at an EBITDA multiple of approximately 8 times FY2017 earnings.

As a result of this acquisition, APA's full year guidance for FY2016 has been updated as follows:

- EBITDA is upgraded to be in the range of \$1,300 to \$1,335 million (from \$1,275 million to \$1,310 million);
- Net interest cost is expected to fall towards the upper end of the current guidance range of \$500 million to \$510 million; and
- FY2016 total distribution guidance is unchanged – i.e., expected to be in the order of 41.5 cents per security, representing a 9.2 per cent increase on the previous year.



*Photo: Leichhardt Power Station in the foreground with Diamantina Power Station behind, and APA's Carpentaria Gas Pipeline metering station to the right.*

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**About APA Group (APA)**

APA is Australia's largest natural gas infrastructure business, owning and/or operating around \$19 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 minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, 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, [www.apa.com.au](http://www.apa.com.au)