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APA Group



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

ASX RELEASE

2 May 2012

The Manager

ASX Market Announcements
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Dear Sir or Madam

Company Announcement

I attach the following announcement for release to the market:

- Presentation – Growth over the long term

Yours sincerely

Mark Knapman
Company Secretary



Growth over the long term

Ross Gersbach
Chief Executive Strategy and Development

Macquarie Australia Conference
2 May 2012

Disclaimer

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APA – well positioned in a growing industry

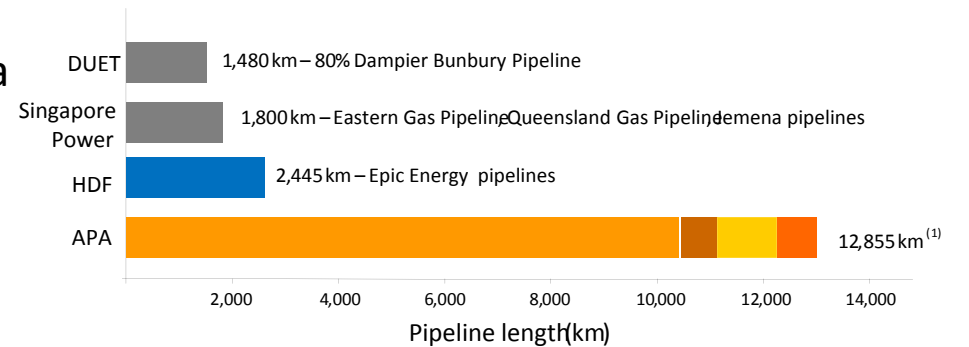
- Unrivalled gas asset footprint
 - Largest transporter of natural gas across Australia
- Integrated portfolio of assets
 - Providing revenue and operating synergies
- Increasing gas supply
 - Australian 2P conventional and unconventional gas reserves exceed 140,000 PJ⁽¹⁾
- Increasing gas demand
 - Forecast to almost double by 2030 to 2,565 PJ⁽²⁾ with gas fired electricity generation a key growth driver
- Internally managed and operated business
 - Highly skilled and experienced workforce, with internal capability to expand and integrate portfolio
- Attractive growth opportunities
 - Expanding and enhancing asset portfolio to meet increasing gas demand

(1) EnergyQuest February 2012

(2) Australian Energy Resource Assessment, July 2010

APA: Macquarie Australia Conference, May 2012

Australia's largest natural gas pipeline owners

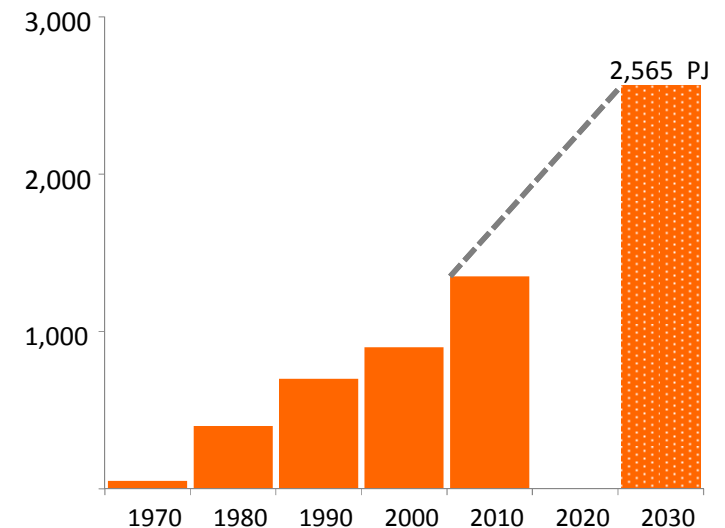


(1) Includes 100% of the pipelines operated by APA Group which form part of its energy investments (excluding HDF)

Source: APA & AER State of the Energy Market 2011

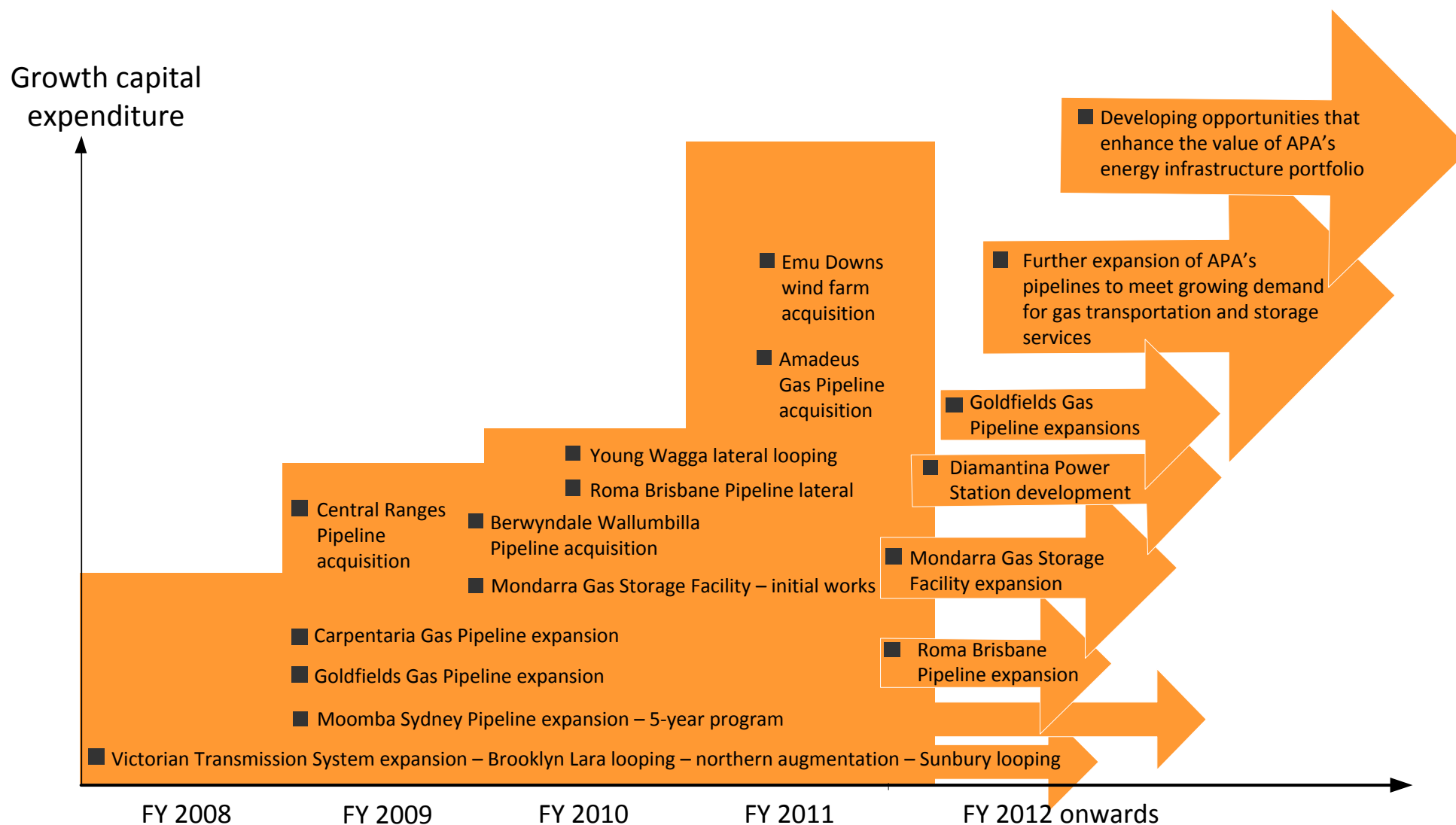
APA energy investments
 SEA Gas
 Envestra
 EII
 HDF

Australian gas consumption



Source: Australian Energy Resource Assessment, July 2010

Developing profitable growth opportunities



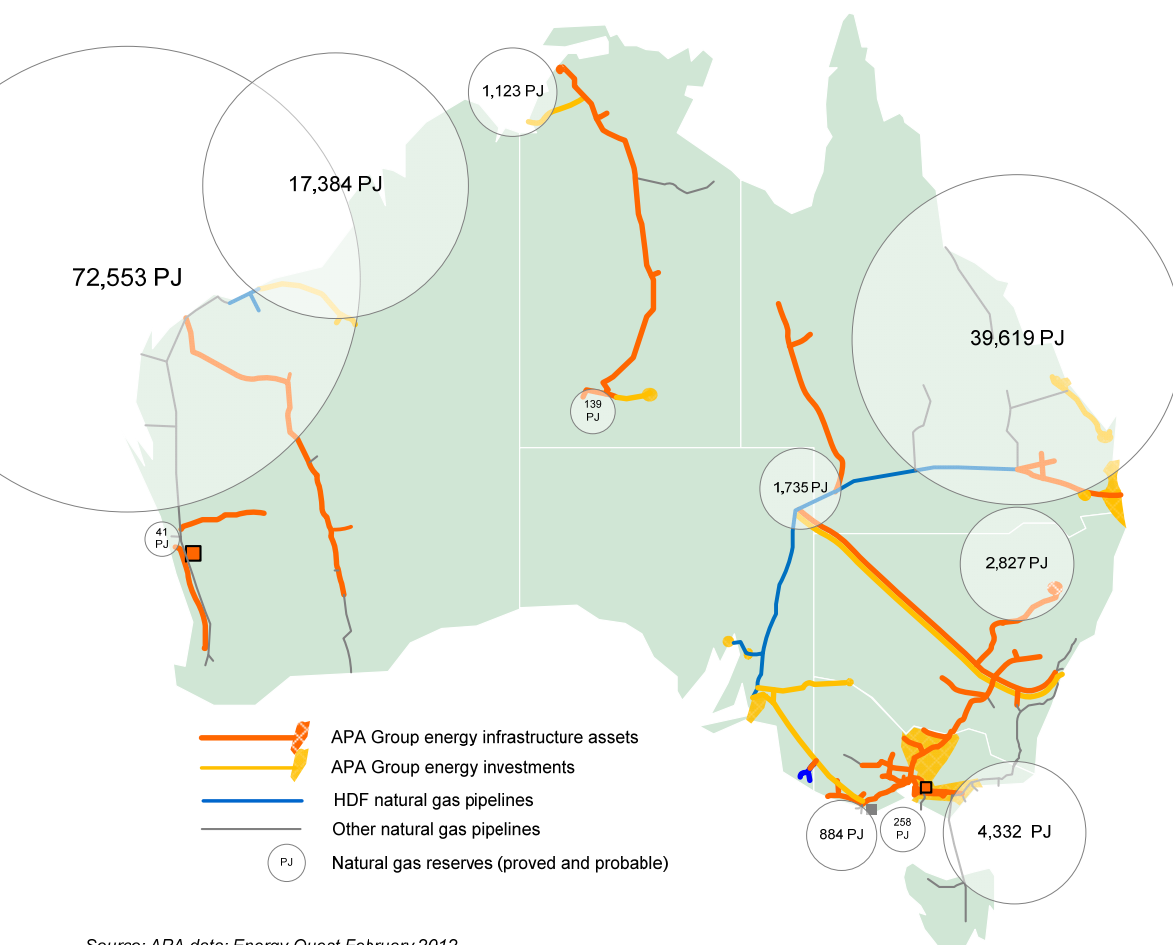
Almost \$1 billion of asset portfolio expansions over the last four years

APA's value creating growth

- Core business growth – optimal gas delivery
 - Pipeline portfolio extensions – maximising 'gas source to market' connections
 - Pipeline expansions – matching demand with capacity efficiently
 - Gas storage – balancing supply and demand
- Further growth – optimal asset use
 - Energy investments – leveraging internal smarts and capability
 - Energy developments (power generation) – leveraging existing infrastructure

Core growth – pipeline portfolio extension

Extending APA's natural gas pipeline portfolio to optimise connections between gas sources to markets of energy users



Source: APA data; Energy Quest February 2012

- Pipeline developments
 - 2008: Bonaparte (NT)
- Pipeline acquisitions
 - 2004: Parmelia (WA)
 - 2006: Gasnet (Vic, WA)
 - 2007: SEA Gas (Vic-SA)
 - 2008: Central Ranges (NSW)
 - 2009: Berwyndale (Qld)
 - 2011: Amadeus (NT)
 - 2012: Epic Energy? (Qld, SA, WA)
- APA has extended its pipeline network from 7,000 km to 13,000 km⁽¹⁾ since 2004

(1) Includes pipelines partially owned and operated by APA

Core growth – pipeline expansions

Incremental expansion of pipeline capacity to match demand ... a cost efficient approach

■ Process

- Understanding customer and market requirements for pipeline service – throughput, peak, pressure, storage, flexibility etc.
- Test existing infrastructure capacity to meet requirements
- Design optimal, cost efficient incremental expansion
- Determine commercial arrangements

■ Means of increasing capacity

- Alter existing operating parameters
- Compressor upgrades – increased compressor power at existing compressor stations
- Additional compressor stations
- Looping part or all of an existing pipeline



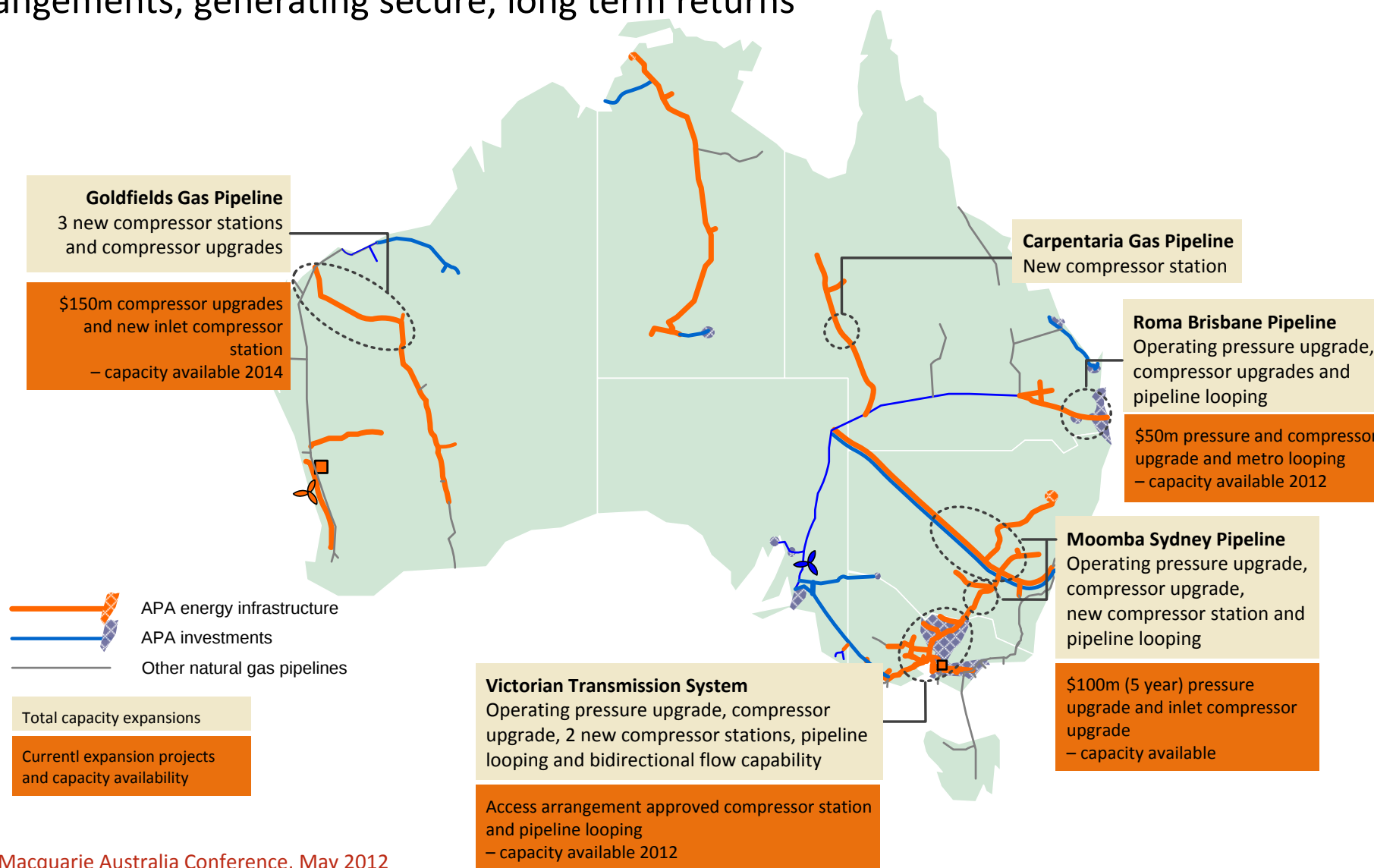
Wollert compressor station, Vic



Young Wagga looping project, NSW

Core growth – pipeline expansions

Past and current pipeline expansions are underpinned by contractual or regulatory arrangements, generating secure, long term returns



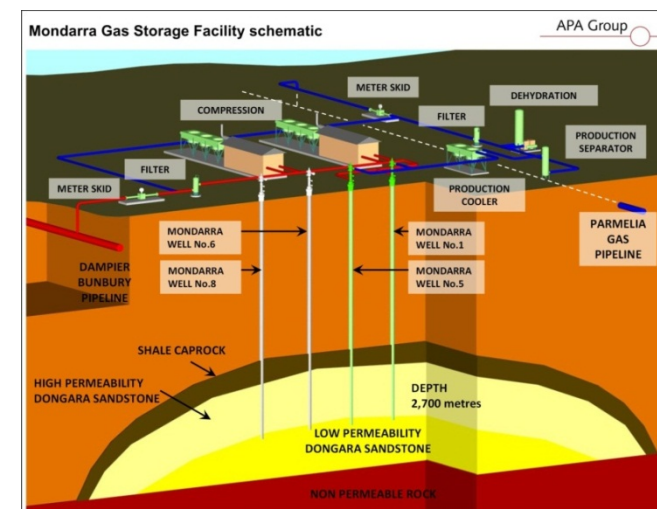
Core growth – gas storage

Interconnected gas storage provides for supply and demand balancing, as well as supply security

■ APA's gas storage infrastructure

- Mondarra Gas Storage Facility (Western Australia) – underground gas storage (depleted gas reservoir) connected to Parmelia Gas Pipeline (APA) and Dampier Bunbury Pipeline
- LNG storage facility (Victoria) – LNG bullet connected to the Victorian Transmission System
- Line pack (pipeline) storage – existing infrastructure

■ APA is developing both infrastructure and services offering to meet customers' unique storage requirements



Mondarra Gas Storage Facility, WA

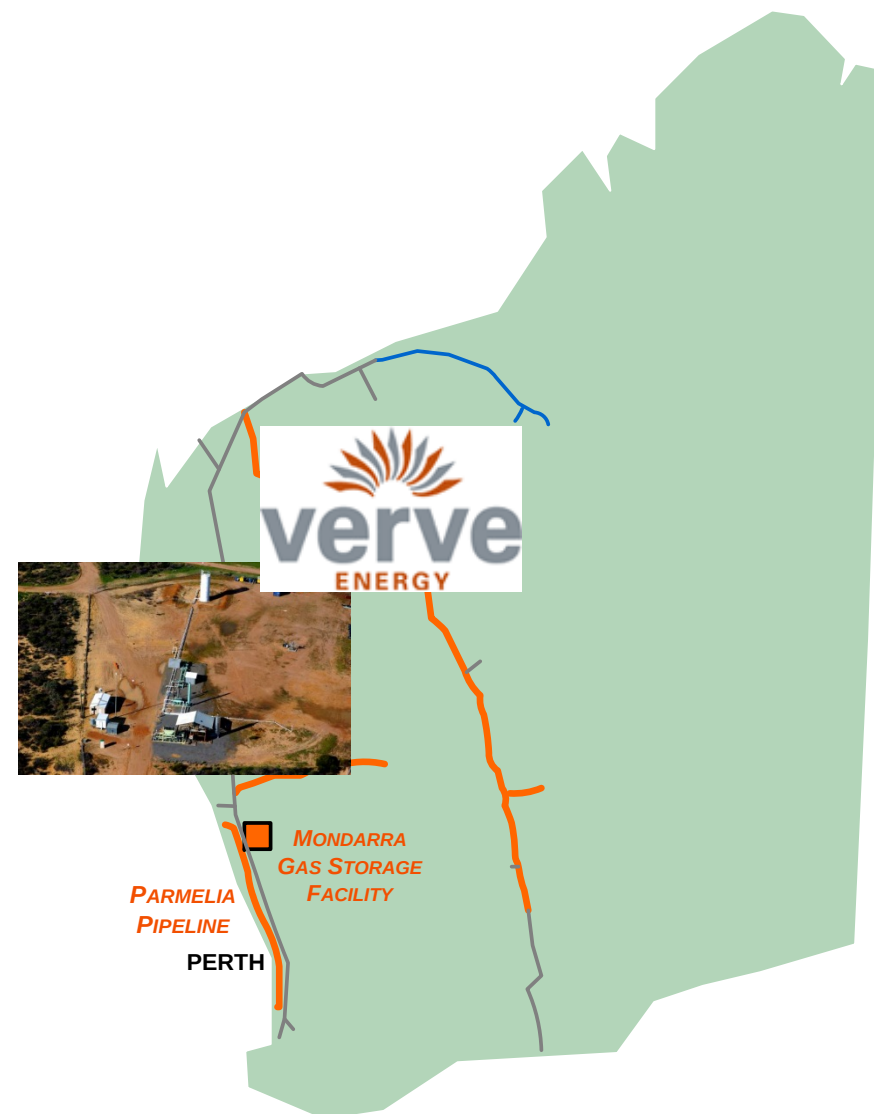


Dandenong LNG Storage Facility, Vic

Mondarra Gas Storage Facility expansion

Drivers for expansion

- Increasing demand for gas storage services for downstream Western Australian market
 - Power generation and peak gas supply
- Recent gas supply interruptions highlighted vulnerability of supply
 - Gas storage capacity will mitigate potential future interruptions
- Anticipated demand from gas users for temporary storage services
 - Market arbitrage / users operations changes / gas portfolio management



Further growth – energy investments

APA's energy investments leverage internal capability, both people and systems

- Minority equity stakes in secure, relatively low growth energy infrastructure assets and businesses, together with

Long term operating agreements – mix of asset management, operations and maintenance and corporate functions

- Benefits include

- Invest capital in higher growth assets
- Receive asset return plus management fee
- Long term security – revenue, operations and partnerships

- APA created energy investments

- 2008: Energy Infrastructure Investments (APA 19.9%)
- 2009: EII2 (APA 20.2%)
- 2011: GDI (EII) - Sale of 80% of APA Gas Network (Allgas) (APA 20.0%)

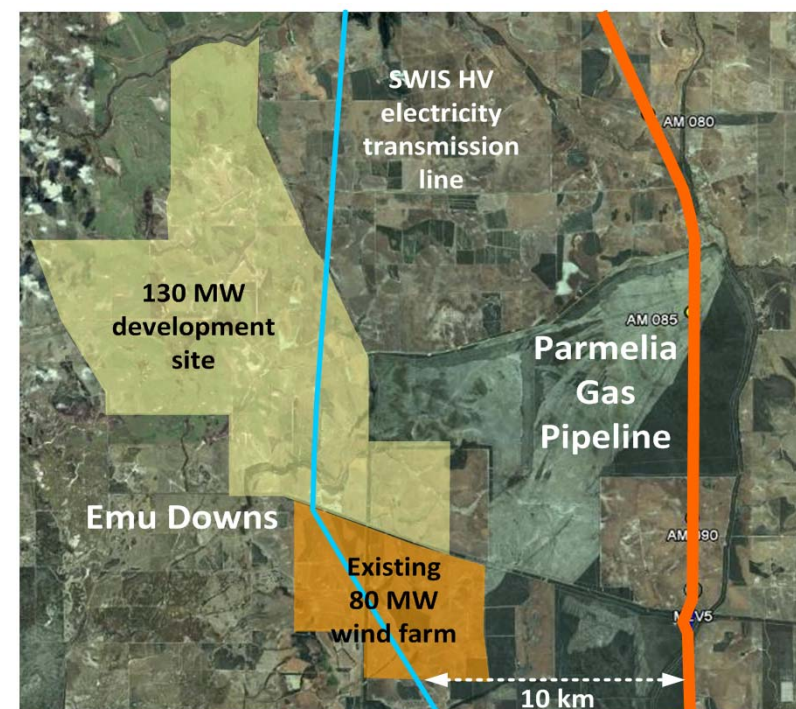
Further growth – energy developments

Developing energy infrastructure that leverages APA's existing infrastructure

- Power generation that enhances or protect APA's infrastructure
- Providing customers with a suite of services
- Maintaining APA's risk profile – long term secure revenue contracts
- Recent acquisitions and current projects
 - 2011: Emu Downs wind farm
 - 2012-2013: Diamantina Power Station

Emu Downs wind farm

- Acquired at attractive multiples
 - FY12 EBITDA multiple of approx. 8.5 times
 - Includes 130 MW wind farm development rights on an adjacent site
- Delivering secure earnings
 - Long term revenue contracts for black and green products from the existing wind farm
 - No commodity price risk
 - Well understood and predictable wind resource – 5 year operating dataset and 10 year wind dataset
 - Long term O&M agreement with capacity availability warranty above 97%



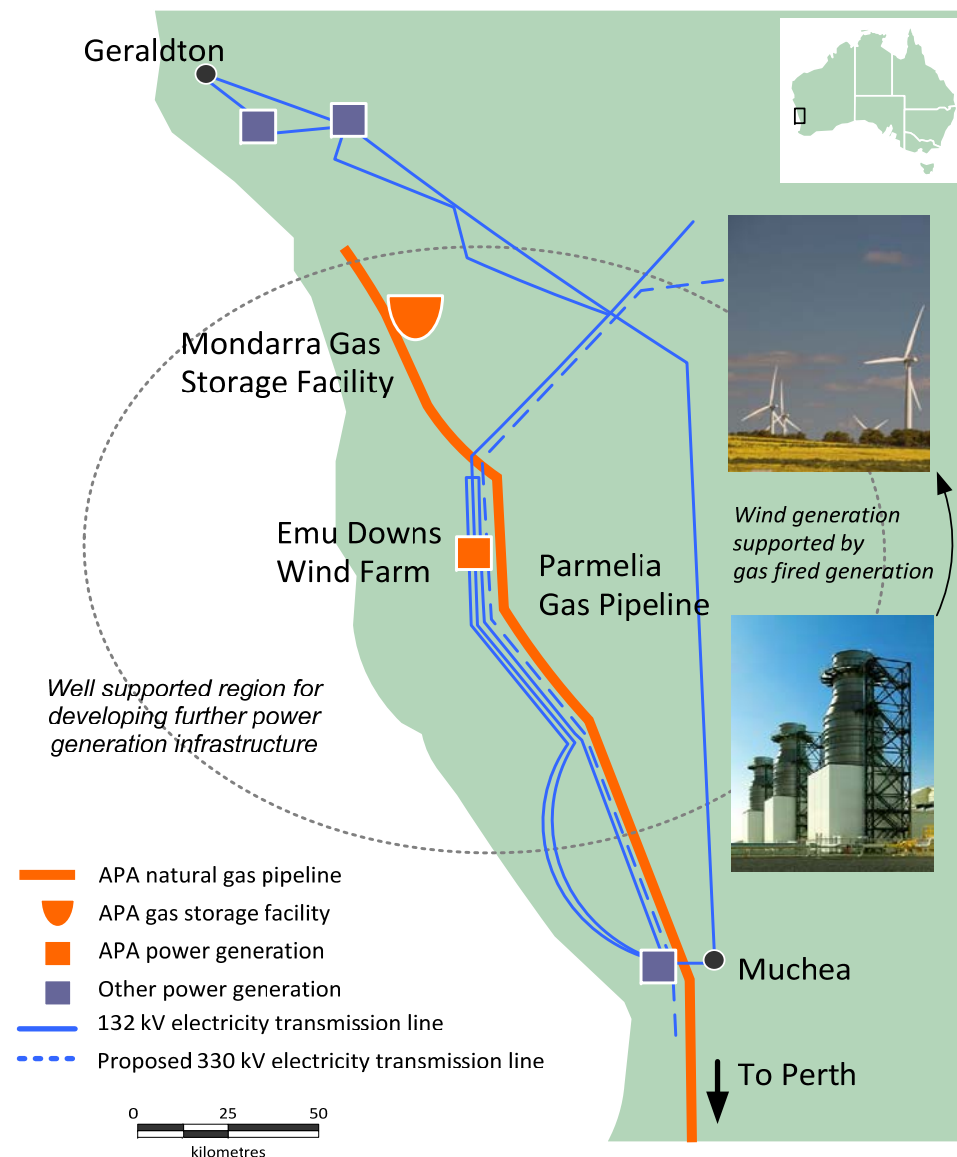
Emu Downs wind farm

Location	200 km north of Perth, Western Australia
Capacity	79.2 MW – 48 Vestas turbines x 1.65 MW Development right for a further 130 MW on adjacent site
Capacity factor ⁽¹⁾	37% - average based on almost 5 years operating data
Operation	Operating since October 2006

(1) Capacity factor is the ratio of actual yield to the maximum output of the wind farm.
Capacity factor includes the warranted availability of at least 97%

Providing total energy solution

- Wind generation and gas fired generation linkage
 - Variability in wind generation production supplemented with gas peaking generation
 - Essential in Western Australian market
 - Provides an opportunity for gas-fired peaking generation to be developed
- Located adjacent to APA assets
 - Wind farm and potential new gas-fired generation near APA's gas pipeline and gas storage facility (Parmelia Gas Pipeline and Mondarra Gas Storage Facility)
 - Access to existing electricity infrastructure
 - Proposed expansion of transmission line capacity accommodates new generation



Diamantina Power Station – a win-win solution

An APA and AGL Energy power generation development to supply energy users in Mt Isa and surrounding regions

■ Energy efficient

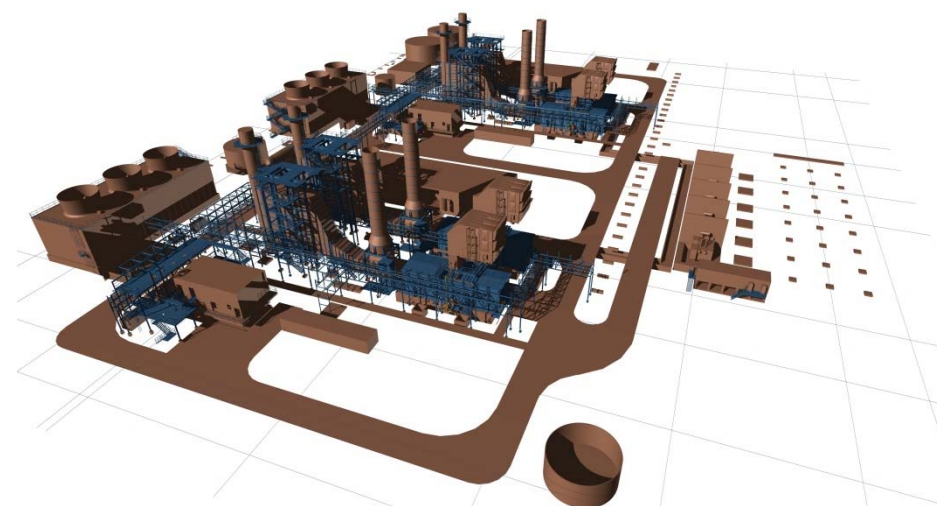
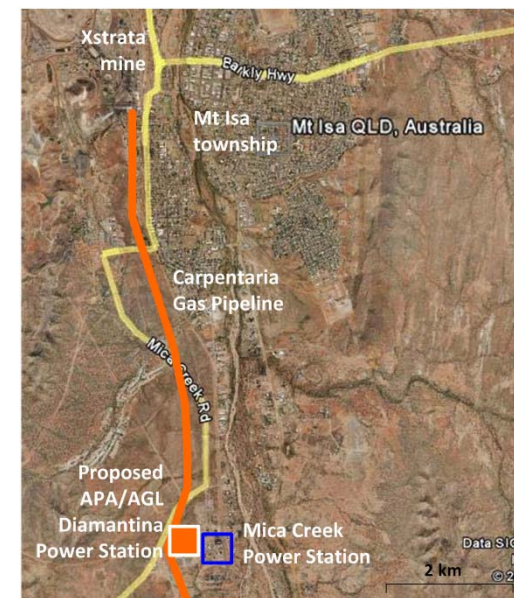
- 242 MW combined cycle plant, with high energy efficiency of 55% (compared with 35% for coal fired)
- Local generation, with no transmission losses

■ Cost efficient

- Use existing gas and electricity transmission infrastructure
- Ideally suited to expand in line with regional growth
- Significantly lower cost and lower carbon impact than state grid alternative

■ Enhancing APA's portfolio

- Secures future value for Carpentaria Gas Pipeline
 - long term gas transportation agreement
- Attractive returns from Diamantina Power Station
 - long term electricity supply agreement

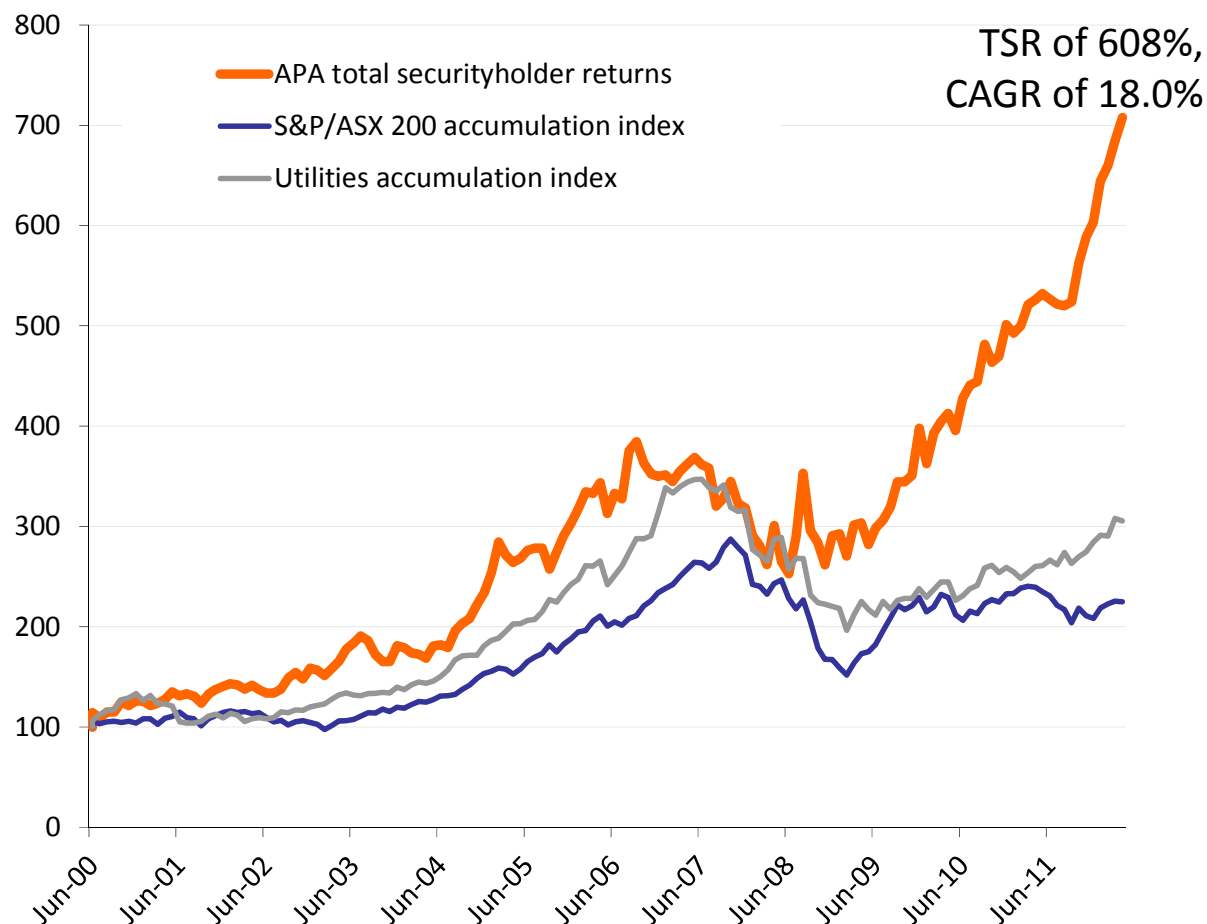


Investment considerations and criteria

- Strategic – core asset versus leverage opportunity
 - Ownership percentage depends on the strategic nature of the asset and the ability to extract synergies with APA's asset footprint
- Economic – returns appropriate to risk
 - Cash flows over the life of the project with positive impact on APA's operating cash flow
 - Project returns which meet hurdle or target rates commensurate with risk
- Risk – revenue and operating security
 - Secure revenue through regulatory arrangements or long term contracts with creditworthy counterparties
 - Maintain asset management and operation of APA's assets and energy investments
- Customer relationship – long term focus
 - Enhance total service offering across assets
- Funding
 - Options that at a minimum maintain investment grade credit rating

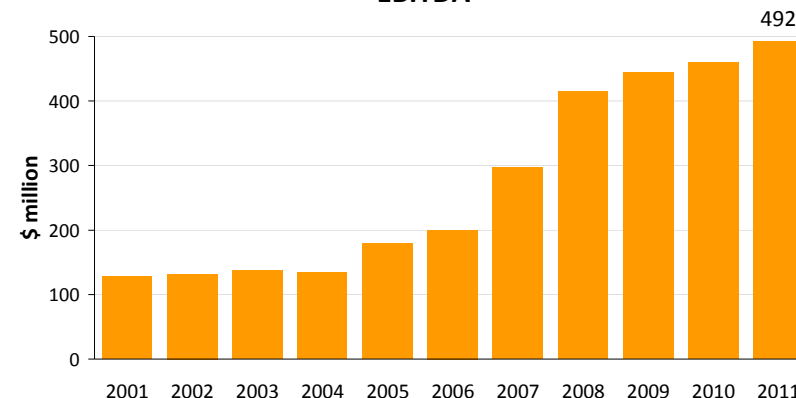
APA growth – creating value for investors

Total securityholder returns since listing

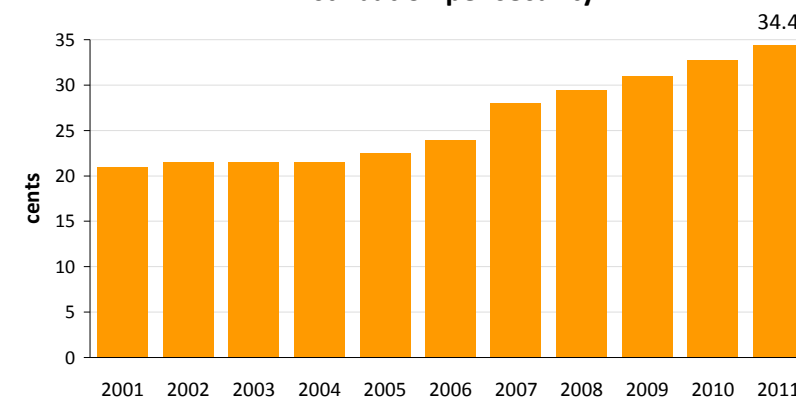


Indexed to 100 from listing date, 13 June 2000 to 13 April 2012
Source: APA based on IRESS data

EBITDA



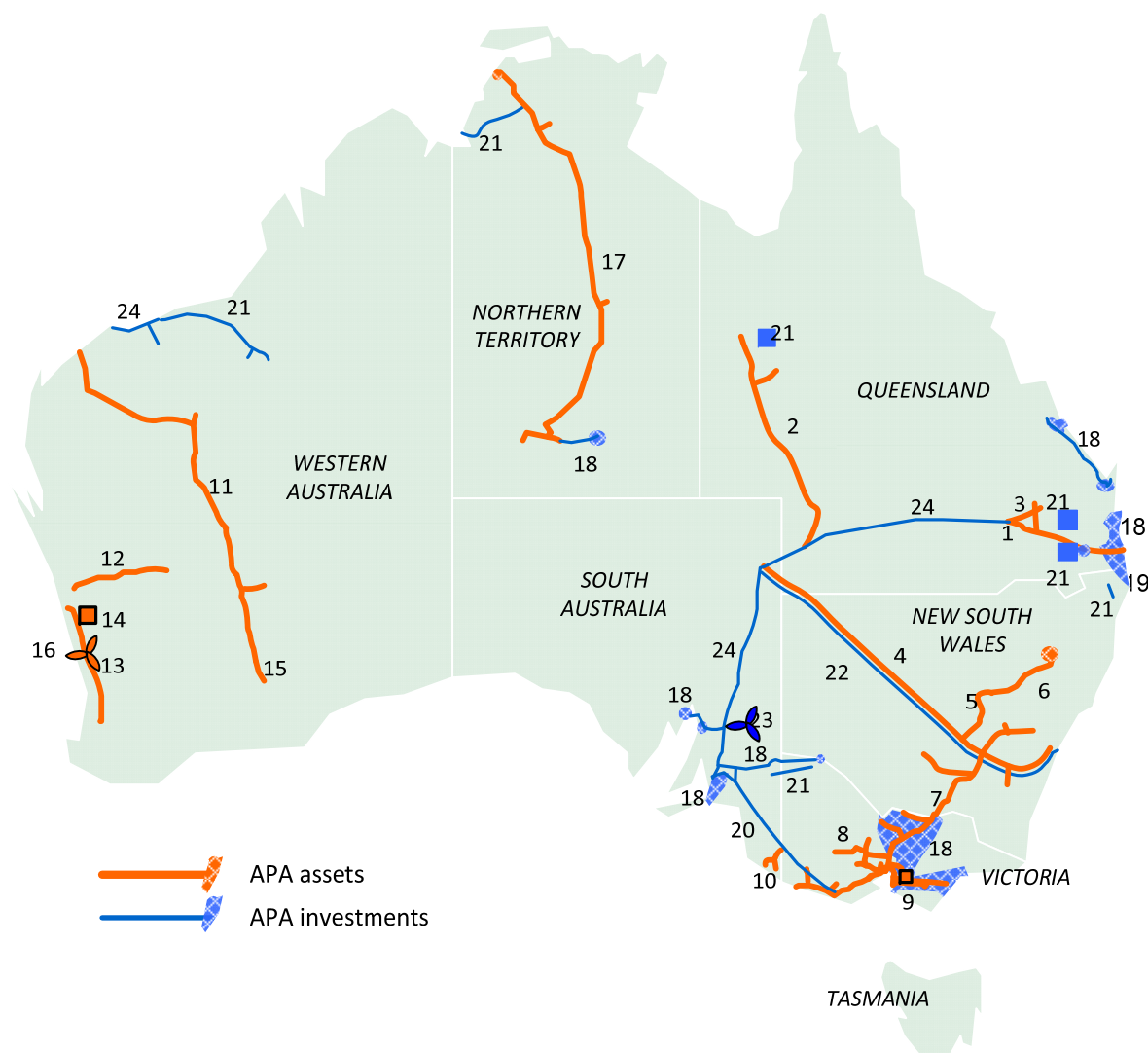
Distribution per security



Conclusion

- APA is well positioned in a growing market
 - Continuing to expand and enhance our energy infrastructure portfolio across Australia in line with increasing demand for gas and energy
- Focused growth for the long term
 - Core business growth – optimal gas delivery
 - Further growth – optimal asset use
- Creating value for the long term
 - Preserving or increasing the value of APA's energy infrastructure portfolio
 - Developing responsive energy infrastructure and service solutions to meet the requirements of our customers in a dynamic energy market

APA asset and investment portfolio



APA Group assets and investments

Energy Infrastructure

Queensland

- (1) Roma Brisbane Pipeline
- (2) Carpentaria Gas Pipeline
- (3) Berwyndale Wallumbilla Pipeline

New South Wales

- (4) Moomba Sydney Pipeline
- (5) Central West Pipeline
- (6) Central Ranges Pipeline
- (7) NSW interconnect with Victoria

Victoria

- (8) Victorian Transmission System
- (9) Dandenong LNG facility

South Australia

- (10) SESA Pipeline

Western Australia

- (11) Goldfields Gas Pipeline (88.2%)
- (12) Mid West Pipeline (50%)
- (13) Parmelia Gas Pipeline
- (14) Mondarra Gas Storage
- (15) Kalgoorlie Kambalda Pipeline
- (16) Emu Downs wind farm

Northern Territory

- (17) Amadeus Gas Pipeline

Asset Management

Commercial and/or operational services to:

- Envestra Limited
- GDI (EII) - Allgas
- Energy Infrastructure Investments
- Ethane Pipeline Income Fund
- SEA Gas Pipeline
- EII2
- other third parties

Energy investments

(18) **Envestra Limited (32.7%)**
Gas distribution networks and pipelines (SA, Vic, Qld, NSW & NT)

(19) **GDI (EII) (20%)** Allgas
Gas distribution network in Queensland

(20) **SEA Gas Pipeline (50%)**

(21) **Energy Infrastructure Investments (19.9%)**
Gas pipelines, electricity transmission, gas-fired power stations and gas processing plants

(22) **Ethane Pipeline Income Fund (6%)**

(23) **EII2 (20.2%)** North Brown Hill wind farm

(24) **Hastings Diversified Utilities Fund (20.7%)**



APA Group

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Delivering Australia's energy