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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

15 June 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

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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating more than \$8 billion of gas transmission and distribution assets. Its pipelines and assets span every state and territory on mainland Australia, delivering 50% of the nation's gas usage. Unique amongst its peers, APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in energy infrastructure enterprises including Envestra, SEA Gas Pipeline, Hastings Diversified Utilities Fund and Energy Infrastructure Investments.

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



Growth over the long term

Ross Gersbach
Chief Executive Strategy and Development

UBS Utilities Conference
15 June 2012

Disclaimer

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APA is well positioned in a growing industry

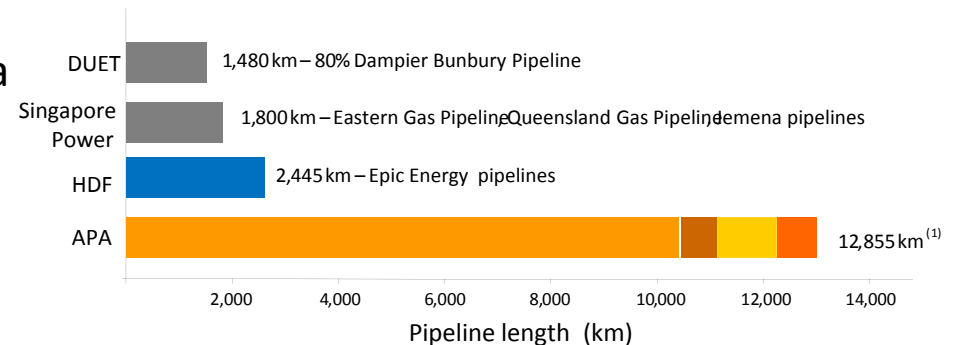
- Unrivalled gas asset footprint
 - Largest transporter of natural gas across Australia
- Integrated portfolio of assets
 - Providing revenue and operating synergies
- Increasing gas supply
 - Australian 2P conventional and unconventional gas reserves exceed 140,000 PJ⁽¹⁾
- Increasing gas demand
 - Forecast 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 May 2012

(2) Australian Energy Resource Assessment, July 2010

APA Group: UBS Utilities Conference, June 2012

Australia's largest natural gas pipeline owners

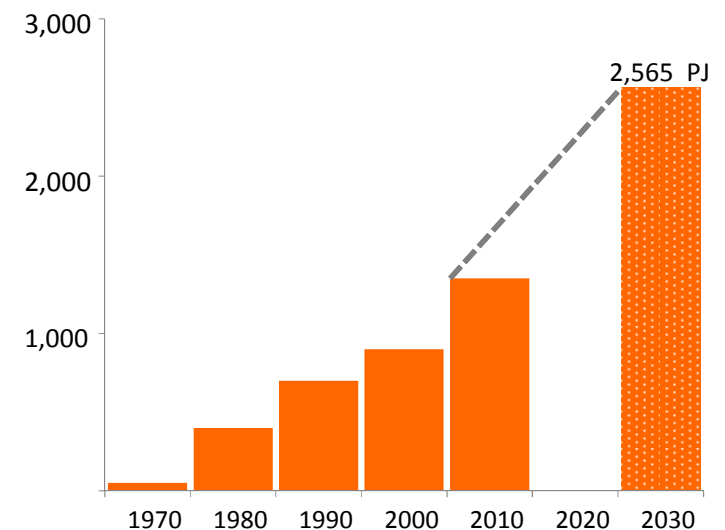


(1) Includes 100% of the pipelines operated by APA Group which form part of its energy investments (excluding HDF)

Source: APA & AER State of the Energy Market 2011

APA energy investments
 SEA Gas EII
 Envestra HDF

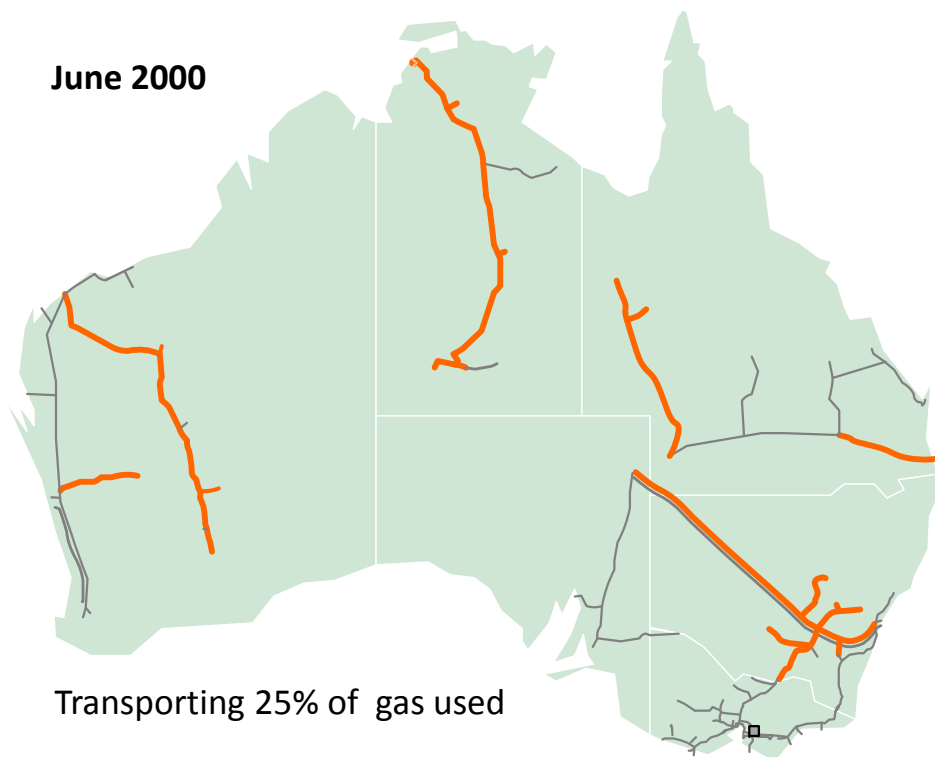
Australian gas consumption



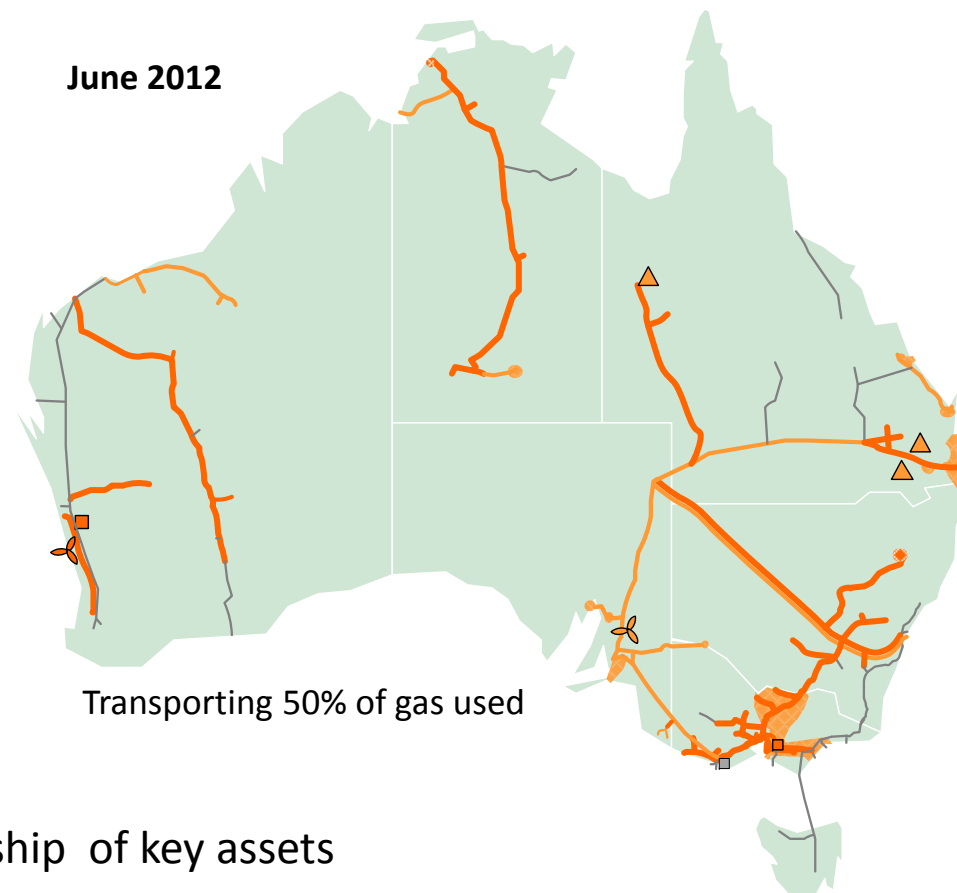
Source: Australian Energy Resource Assessment, July 2010

Developing a national energy infrastructure footprint

June 2000



June 2012



**Over 12 years ...
APA has developed an
interconnected energy
infrastructure portfolio and
responded to a growing
domestic energy market**

- Increasing ownership of key assets
- Acquiring interconnected assets
- Constructing new pipelines and energy assets
- Expanding pipeline capacity
- Developing energy investments business
- Adding energy infrastructure assets

- APA energy infrastructure
- APA investments¹
- Other natural gas pipelines

(1) Includes HDF pipeline assets (APA 21%)

Future growth

APA's growth opportunities over the next decade ...

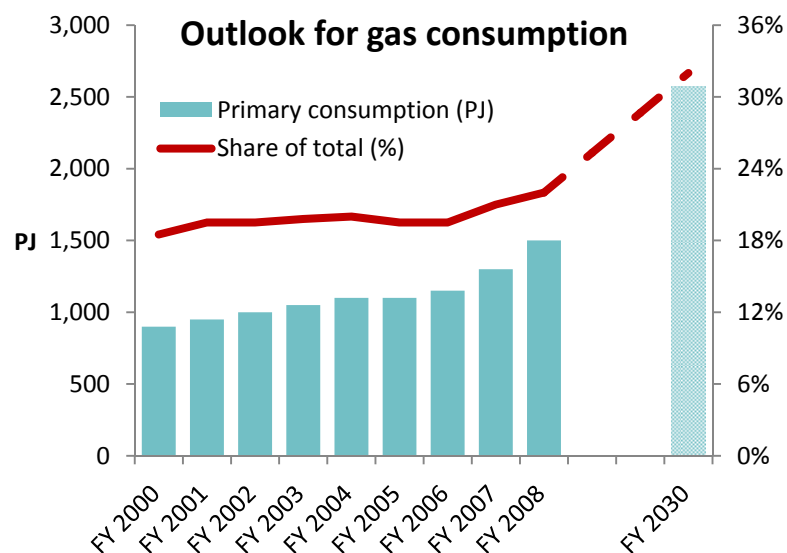
- Pipeline infrastructure for power generation and mining projects
- Infrastructure to optimise energy delivery and security in dynamic regional markets
- Energy developments that leverage existing APA infrastructure, expertise and relationships
- Energy investments that leverage internal operating and management capability

... satisfying APA's key investment criteria

- Strategic – investment fit and ability to extract synergies with APA's assets, expertise and customer relationships
- Economic – cash flow and investment returns appropriate to risk
- Risk – maintain low-risk level with revenue and operating security
- Customers – long term relationship focus and enhanced total service offerings
- Funding – options that at a minimum maintain investment grade credit rating

Building APA with disciplined, targeted investment in energy infrastructure

Increasing demand for gas, driven by electricity generation



■ Growth in gas volumes ⁽¹⁾

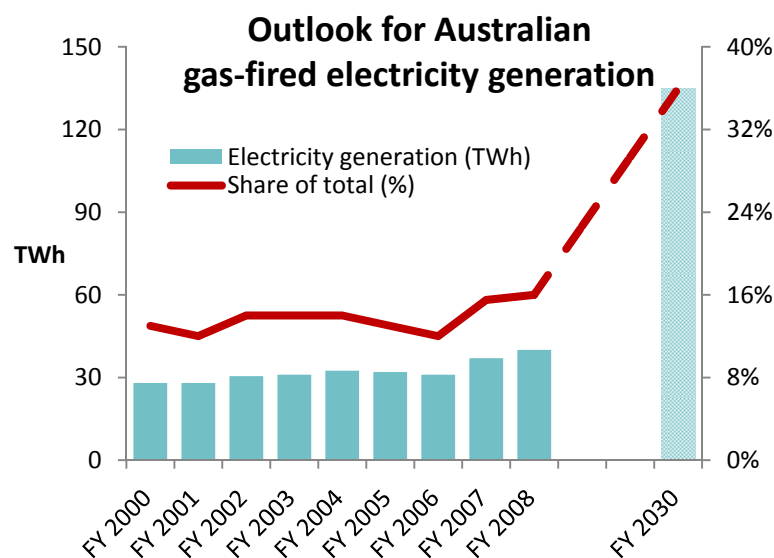
- Average annual growth rate of 3.4% pa over the next 20 years (compared with 1.4% for primary energy)
- 1,240 PJ in 2007-08, doubling to 2,570 PJ in 2029-30

■ Factors influencing gas demand increase

- Investments in new gas-fired electricity generation
- Mining sector (gas mainly used for electricity generation)
- Government policies supporting gas uptake as relatively clean energy source
- Population growth of 1.3% pa and GDP growth of 2.9% pa

■ Growth in gas-fired electricity generation ⁽¹⁾

- Average growth rate of 5% pa
- Share of total generation: 19% in 2007-08 increasing to 37% in 2029-30.



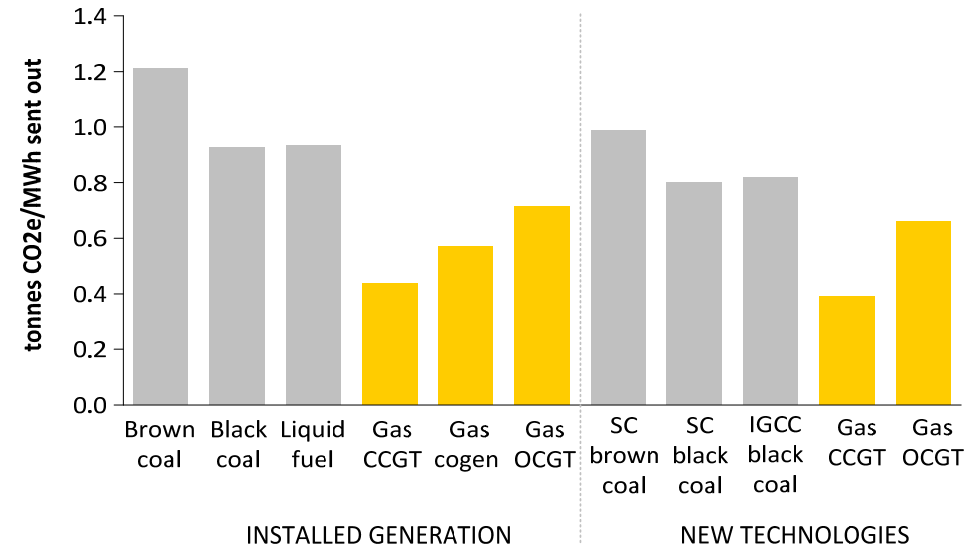
(1) ABARE, "Australian energy projections to 2029-30", March 2010

APA infrastructure is ideally positioned to participate in gas growth through the sale of transport, load shaping and storage services

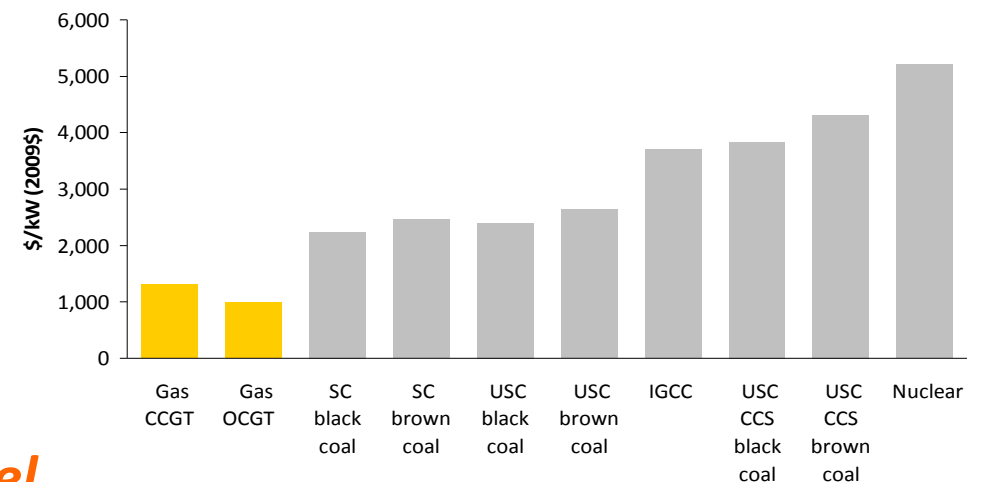
Good reasons for gas-fired generation

- Reduced carbon emissions
 - Produces 30% to 50% of the emissions produced by current coal technologies in generating electricity
- Quick start generation
 - Suitable for managing peak demand
 - Provides 'natural hedge' for electricity retailers
 - Provides back-up power for intermittent wind generation
- Mature technology, competitive capital cost
 - Proven performance
 - Lower capital cost and construction lead time

Emission intensity - electricity generation



Capital cost - electricity generation



Source: ACIL Tasman, "Fuel resource, new entry and generation costs in the NEM", April 2009

Natural gas is the optimum transition fuel for lower carbon emissions

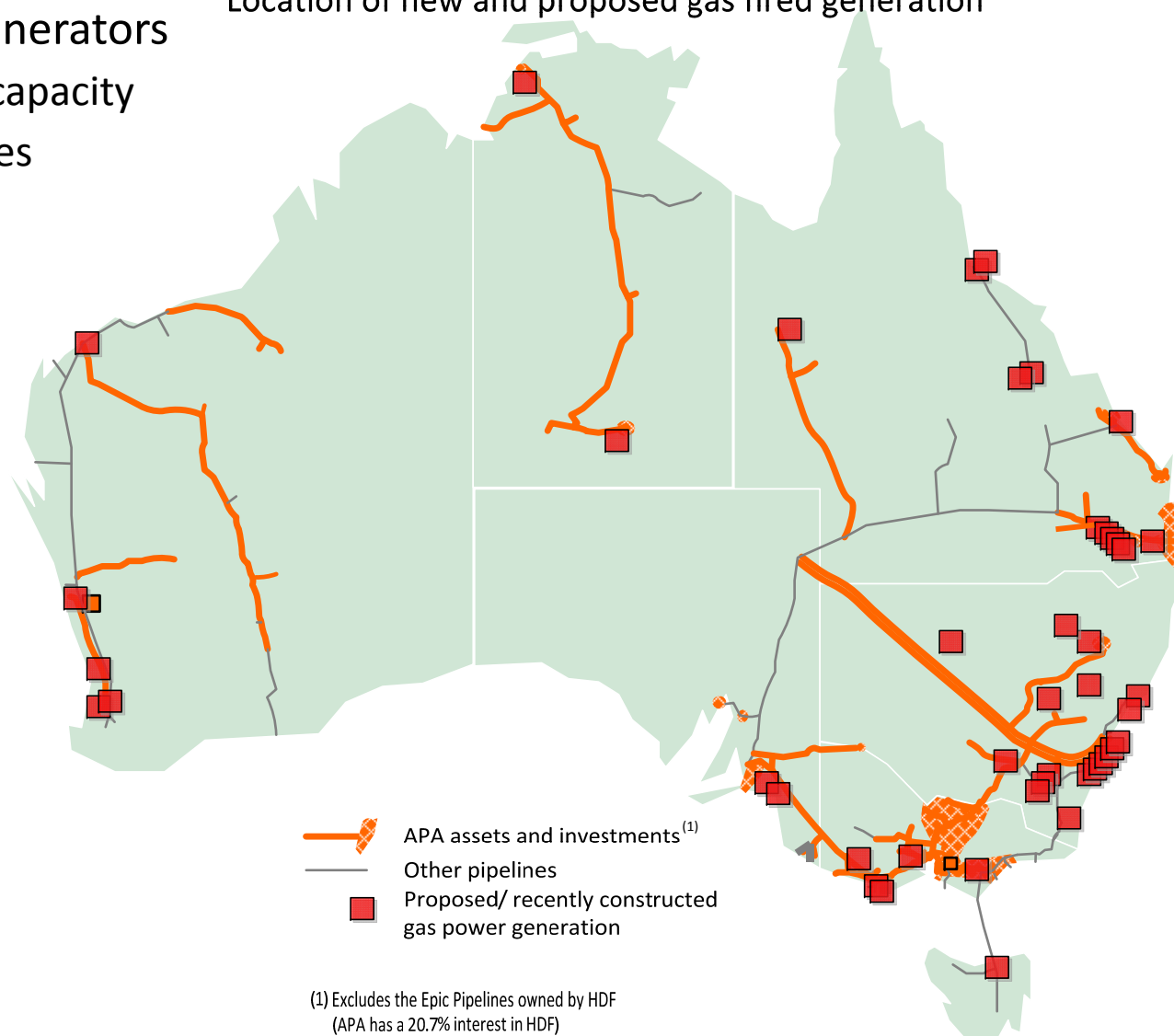
Well positioned infrastructure for gas-fired generation

■ APA infrastructure benefit for generators

- Incrementally expand pipeline capacity
- Deliver gas from multiple sources
- Supply security

Location of new and proposed gas fired generation

Generation (MW)	Eastern market	WA & NT market
Gas generation		
Existing - network	9,824	3,812
Existing - non network	818	1,593
Recently completed/ under construction/ planned	3,810	832
Proposed	12,976	618
Wind generation		
Existing - network	621	191
Existing - non network	998	-
Recently completed/ under construction/ planned/proposed	11,868	1,040



Source: APA data; ESAA, "Electricity Gas Australia 2011 Report"

Developing energy infrastructure

Developing energy infrastructure that leverages APA's existing infrastructure, expertise and customer relationships

- Strong energy infrastructure service provision
- Understanding the market and our customers to develop a suite of tailored services
- Investing in power generation that enhances or leverages APA's assets
- Maintaining APA's risk profile with long term secure revenue contracts

Diamantina Power Station – a low-risk investment

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

■ Energy efficient

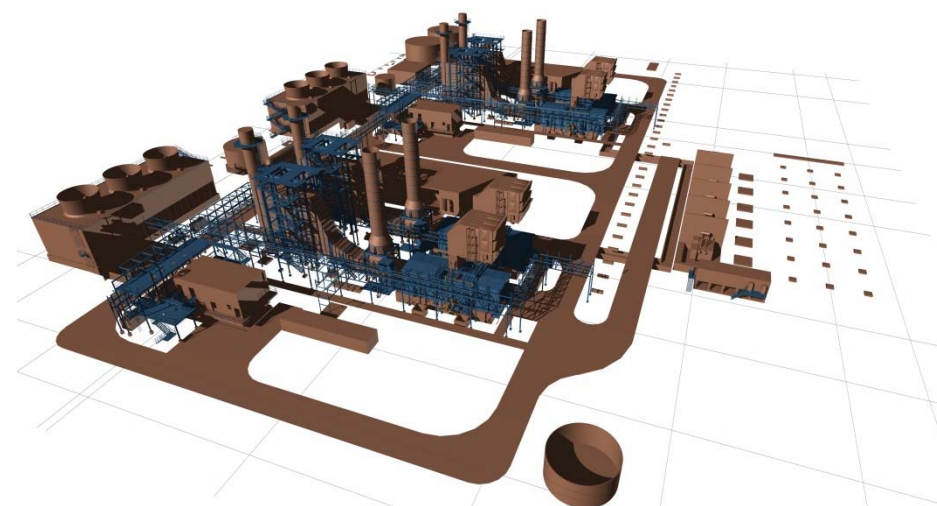
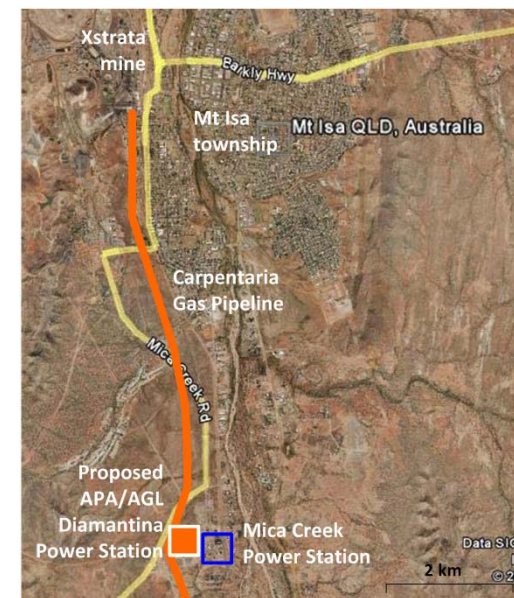
- 242 MW combined cycle plant, with high energy efficiency of 55% (compared with 35% for coal fired)
- Local generation, with no transmission losses

■ 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

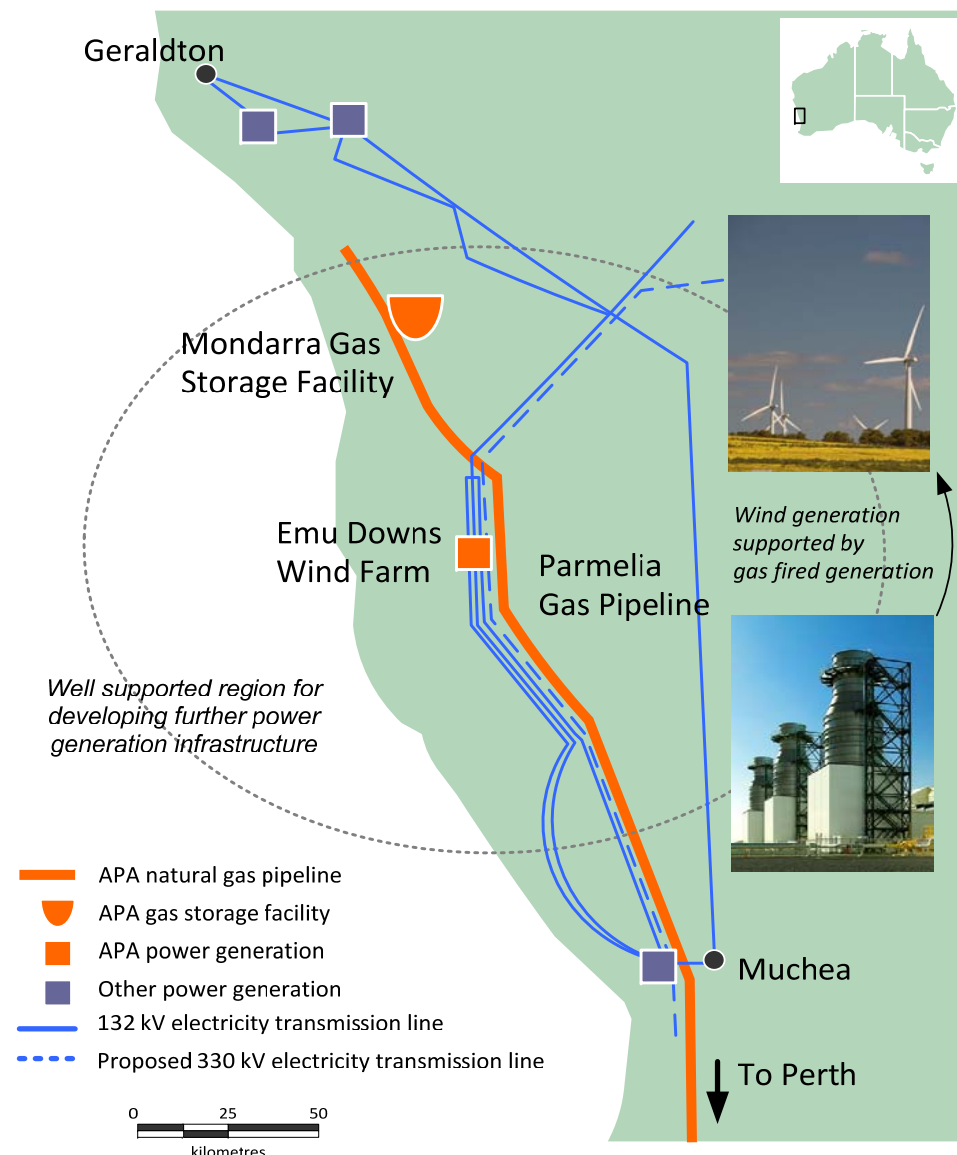


Infrastructure provider in WA energy precinct

Emu Downs wind farm acquisition

- 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
- Servicing APA's existing customer
- 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

Developing seamless infrastructure services for customers



Source: APA, Western Power (Mid West Energy Project)

Developing gas storage - Mondarra expansion

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

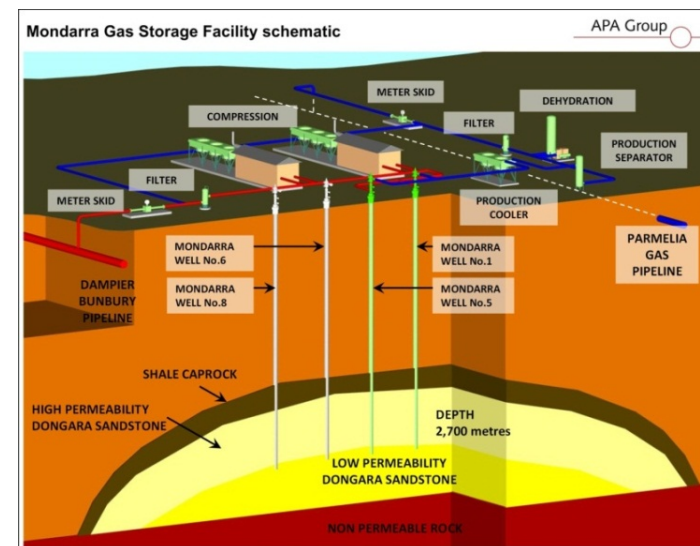
Mondarra Gas Storage Facility (Western Australia)

- Underground gas storage (depleted gas reservoir) connected to Parmelia Gas Pipeline (APA) and Dampier Bunbury Pipeline

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

Developing infrastructure and service offerings to meet customers' unique storage requirements



Developing APA's energy investment business

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

- Co-investing in secure, relatively low growth energy infrastructure assets and businesses, together with ...

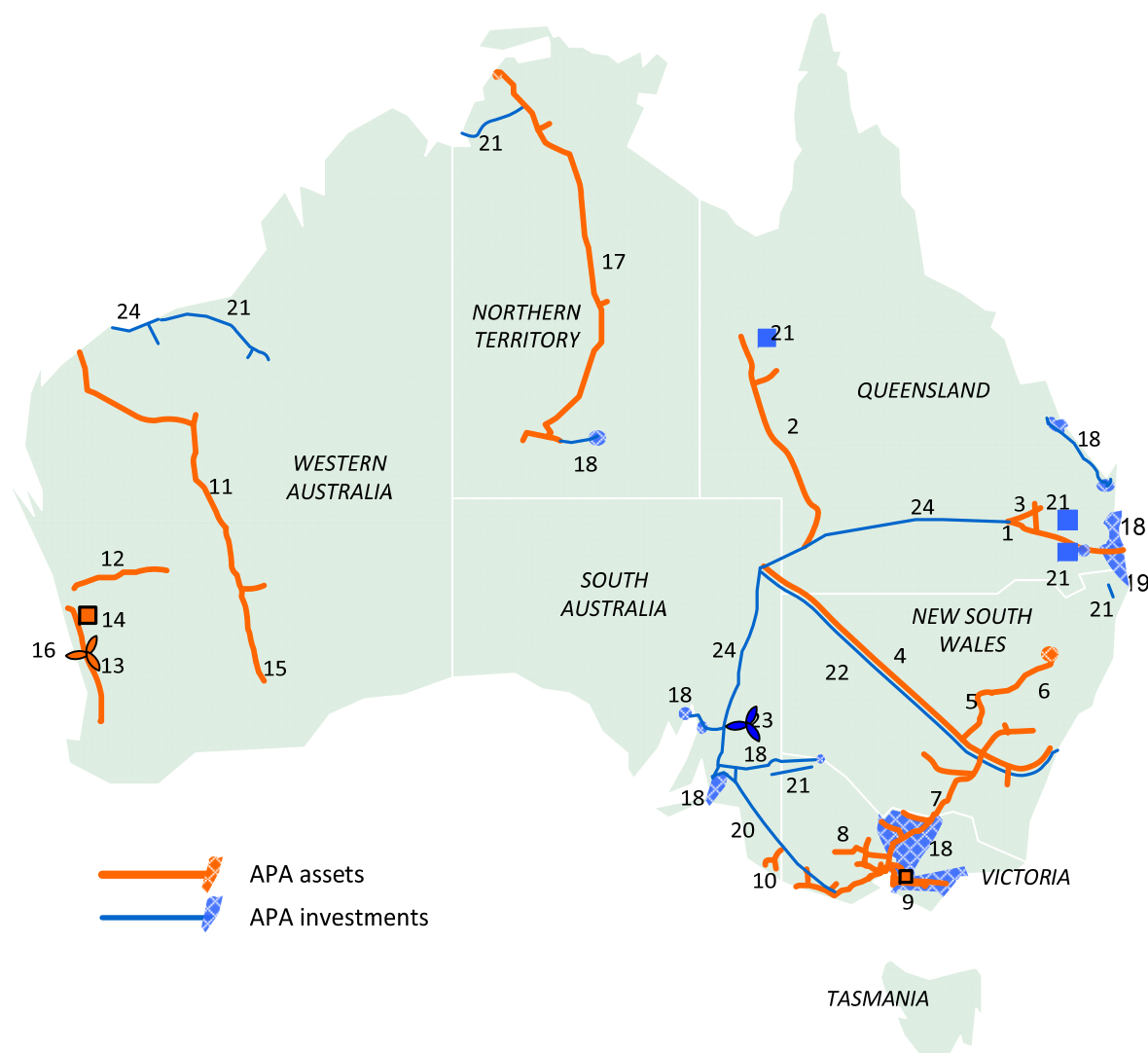
Providing a mix of asset management, operations and maintenance and corporate functions under long term operating agreements

- Benefits include
 - Reinvest capital in higher growth assets
 - Receive asset returns plus management fee
 - Long term security – revenue, operations and partnerships
- APA created energy investments
 - 2008: Energy Infrastructure Investments (APA 19.9%) – power generation, pipelines, gas processing and HV electricity transmission
 - 2009: EII2 (APA 20.2%) – wind farm
 - 2011: GDI (EII) (APA 20.0%) – Allgas gas distribution network

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
 - Developing opportunities that leverage APA's infrastructure, expertise and relationships
 - Maintaining consistent, strategic investment approach and risk profile
- Creating value for the long term
 - Preserving and 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%)**



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Delivering Australia's energy