APA Group

Financial Results
Year ended 30 June 2013

21 August 2013

APA Group

Result overview and strategic highlights

Mick McCormack
Managing Director and CEO

Consistent strategy, core business growth

Focus on long term, low-risk and sustainable growth of our core business – gas pipelines and distribution infrastructure

- Expanding our core business

  ... achieving appropriate commercial returns for our investment

- Optimising operations and services

  ... driving greater performance and returns from our assets, services and industry skills

- Building flexibility and resilience

  ... capitalising on opportunities and maintaining position strength

FY 2013 activities

- HDF acquisition
- Pipeline and storage expansions
- Diamantina power station development
- Pipeline developments and extensions
- Envestra merger proposal
- East coast grid services
- Strong balance sheet and funding position
- Contract and regulatory positions

... delivering growth, security and value

Result overview

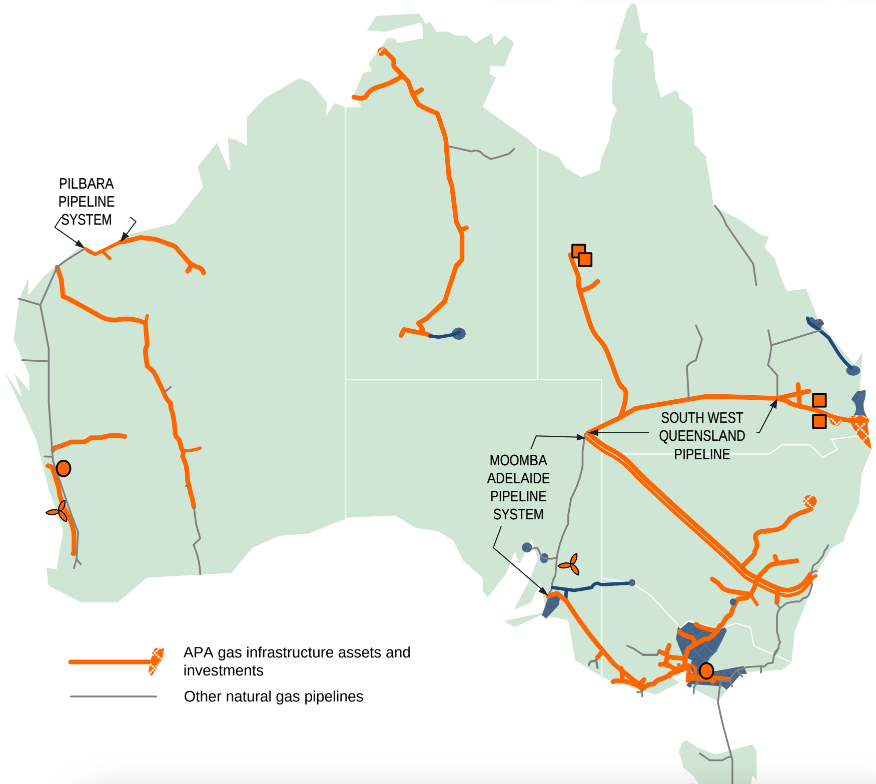
$ million	2013	2012	Change	
Normalised results [1]				
EBITDA	667	535	up	25 %
Profit	179	140	up	27 %
Operating cash flow	433	336	up	29 %
Operating cash flow per security (cents)	56.0	52.5	up	7 %
Statutory results				
EBITDA	769	526	up	46 %
Profit	299	131	up	129 %
Operating cash flow	374	336	up	12 %
Operating cash flow per security (cents)	48.5	52.5	down	8 %
Distributions				
Distribution per security (cents)	35.5	35.0	up	1.4 %
Distribution payout ratio [2]	68.2%	67.0%		

(1) Normalised results exclude significant items. Significant items includes payment of fees made by HDF, costs in relation to the acquisition of HDF, gain on APA's previously held interest in HDF and reversal of some costs booked in relation to the sale of the Allgas business in 2011.

(2) Based on normalised operating cash flow.

Successful HDF acquisition

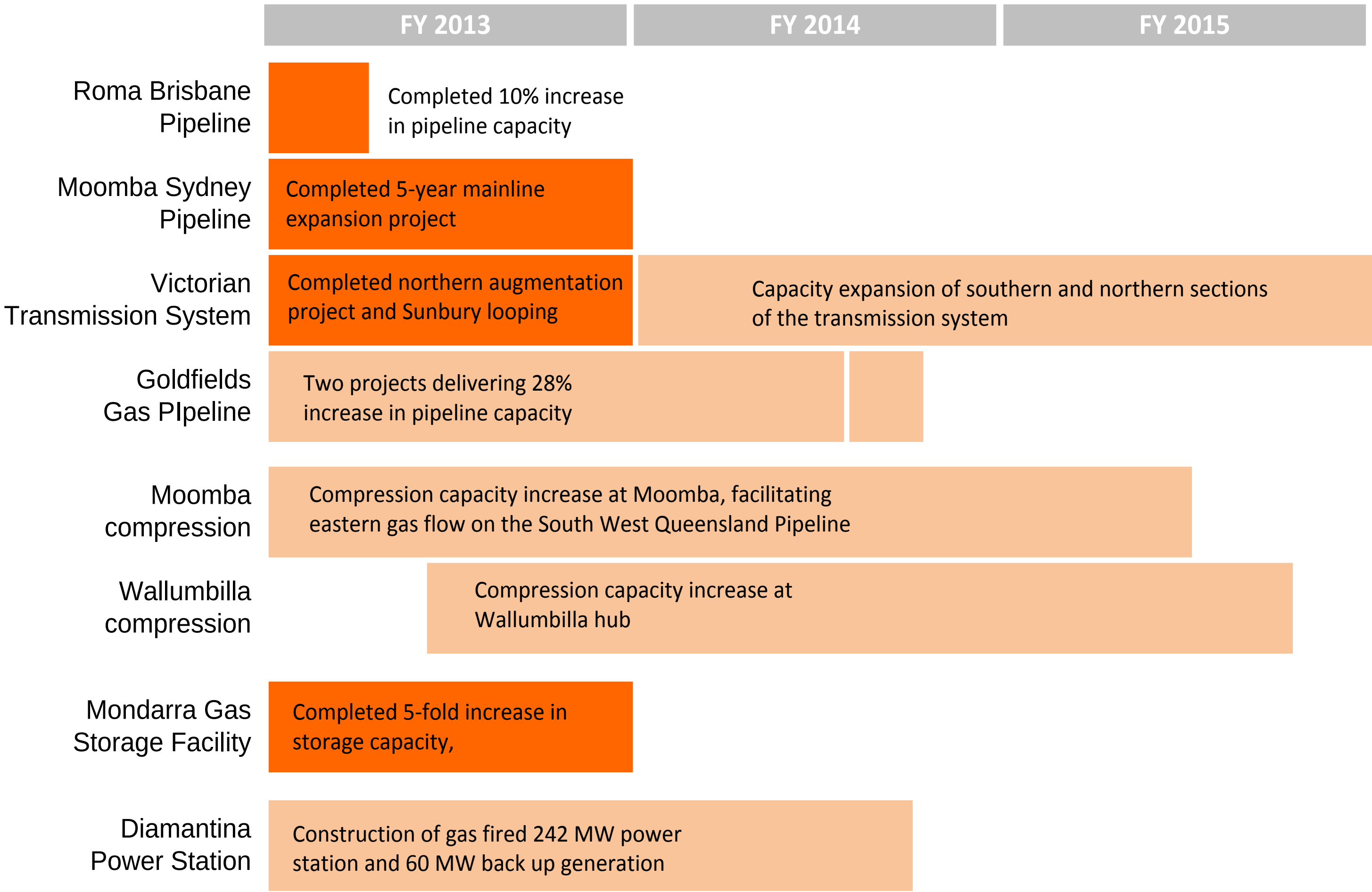
- Value accretive acquisition
  - Quality assets with secure long-term revenue contracts and growth potential
  - Acquisition model exceeded
- Surprised on the upside
  - Growth projects underway on the SWQP – Wallumbilla and Moomba compression projects
  - Recontracted Pilbara Pipeline System revenues
- Sale of MAPS and integration of SWQP and PPS completed within the year
  - No disruption to business and pipeline operations
- Establish grid infrastructure and services in the east and west
  - Value creation for APA and customers
  - Incremental revenue synergies as services are developed across the APA network



Wallumbilla compressor station on the SWQP

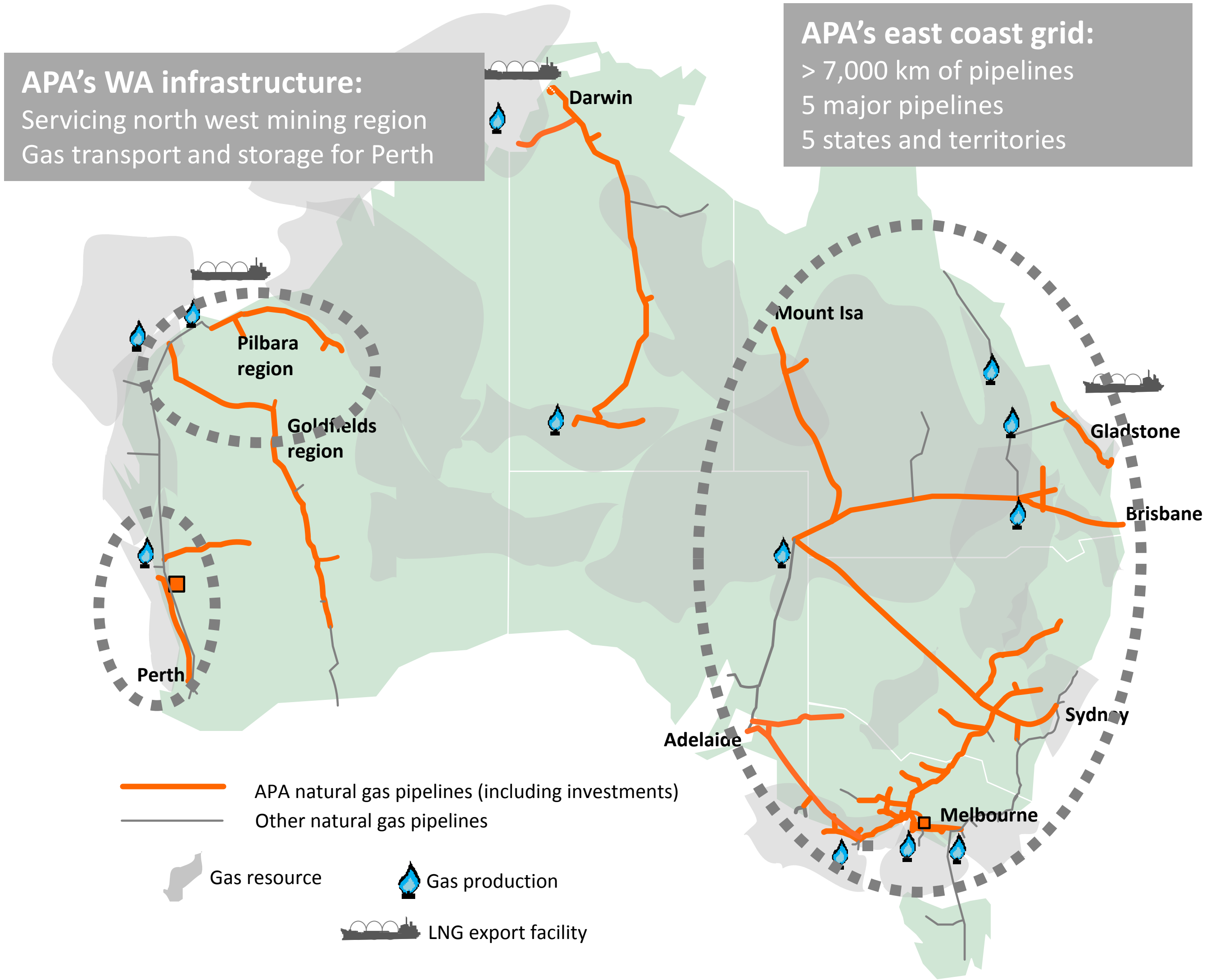
Growth capital projects across the portfolio

- Continued and/or completed \$1.5 billion[1] expansion projects across the country
  - appropriate commercial returns and secure, long-term revenue



(1) Total cost of all projects, including the full Diamantina and Leichhardt power stations construction costs.

Strategic development of pipeline grids

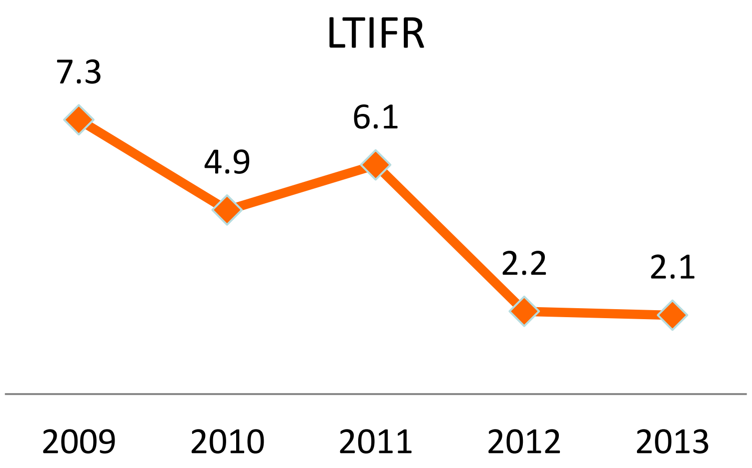


- East coast grid
  - Physical interface of pipelines – operating as one system
  - Seamless service capability across 30 receipt points and 100 delivery points
  - Trans-pipeline transportation agreements in place
  - New service options – storage and flexibility
- West Australian infrastructure
  - Interconnected gas storage and transportation to Perth
  - Only pipeline infrastructure in north west mining region – optimise service

Transformational change in service provision

Safety and sustainability reporting

- Health and safety
  - Long-term safety goal of Zero Harm - program of continuous improvement
  - Decrease of LTIFR[(1)] to 2.1, down from 2.2
- Natural gas and carbon reduction
  - Carbon tax – direct cost impact immaterial due to cost recovery mechanisms
  - Promoting the use of natural gas in reducing carbon emissions
- Community investment program
  - Supporting local and national community initiatives through "Building Brighter Futures" community partnership program



(1) Lost time injury frequency rate (LTIFR) is measured as the number of lost time injuries per million hours worked.

Financial performance

Peter Fredricson
Chief Financial Officer

Solid and consistent result

$ million			2013	2012	Change	
	Normalised	Significant items	**Statutory**	**Statutory**	Normalised	**Statutory**
Revenue excluding pass-through[1]	919.5	-	919.5	758.0	6.6%	21.3%
EBITDA	667.1	101.7	768.8	525.8	24.6 %	46.2 %
Depreciation and amortisation	(130.5)	-	(130.5)	(110.4)	(18.2)%	(18.2)%
EBIT	536.6	101.7	638.3	415.4	26.3 %	53.7 %
Net interest expense	(299.6)	8.7	(290.9)	(234.3)	(27.9) %	(24.2) %
Pre-tax profit	237.0	110.4	347.4	181.1	24.3 %	91.9 %
Tax	(61.0)	9.6	(51.4)	(50.4)	(20.9)%	(2.0) %
Minorities	2.8	-	2.8	0.0	nm	nm
Net profit	178.8	120.0	298.8	130.7	27.4 %	128.7 %

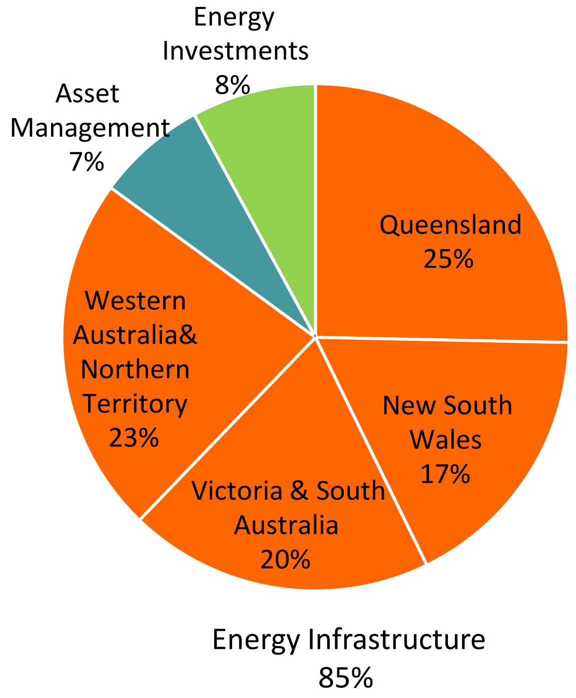
(1) Pass-through revenue is revenue on which no margin is earned.

EBITDA by business segment

$ million	2013	2012	Change
Energy Infrastructure			
Queensland (1)	*163.7*	*79.6*	*105.8 %*
New South Wales	*112.7*	*113.1*	*(0.4) %*
Victoria & South Australia	*125.7*	*123.1*	*2.2 %*
Western Australia (2) & Northern Territory	*147.7*	*125.9*	*17.3 %*
Energy Infrastructure total	549.9	441.7	24.5 %
Asset Management	45.4	31.9	42.4 %
Energy Investments	51.2	41.8	22.6 %
Total EBITDA continuing business	**646.5**	**515.3**	**25.5 %**
Divested business (3)	**20.6**	20.2	
Significant items	101.7	(9.7)	
Total EBITDA after significant items	**768.8**	**525.8**	**46.2 %**

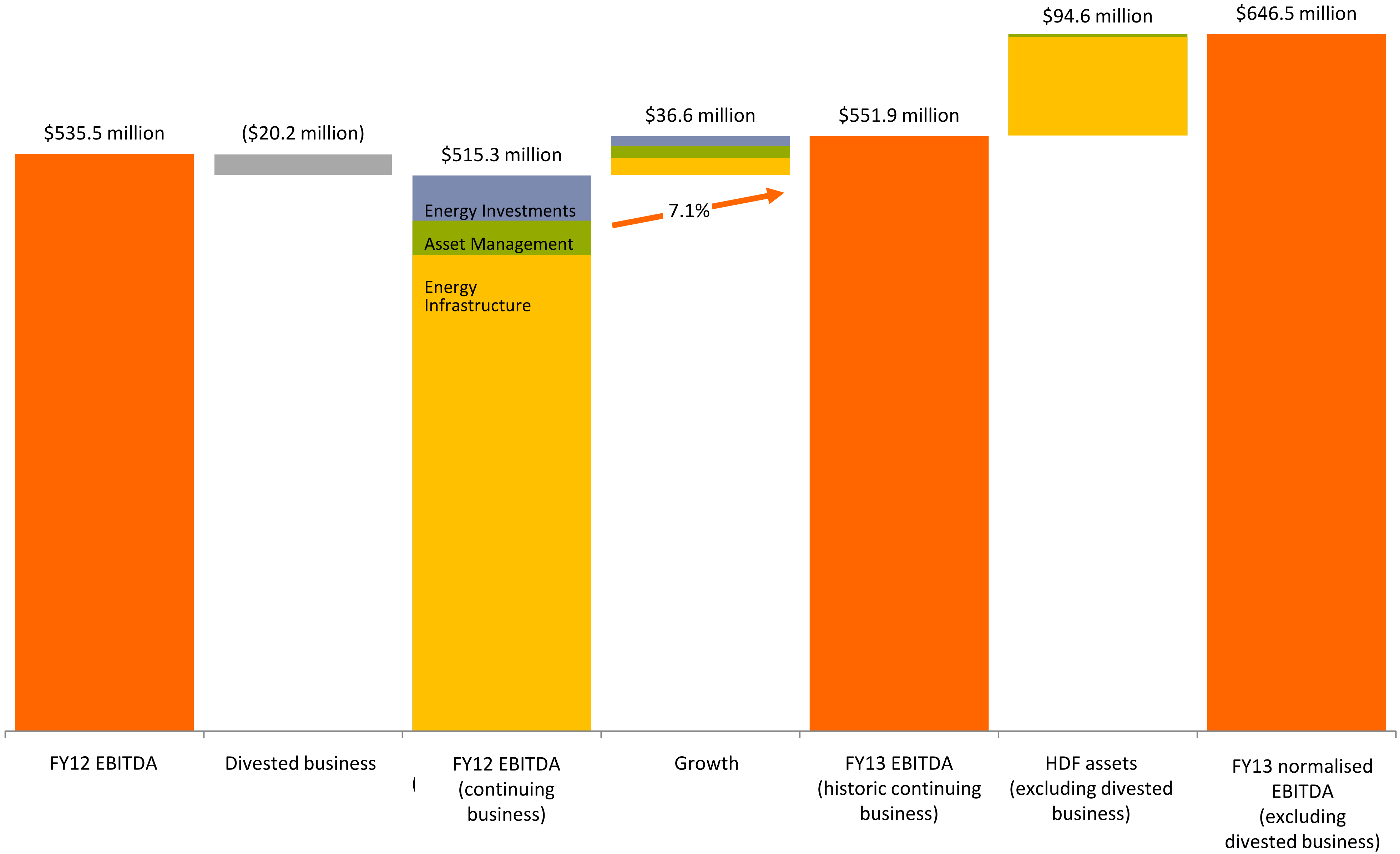
(1) Includes the South West Queensland Pipeline revenue and EBITDA contributions from 9 October 2012 and excludes the Allgas business contribution in 2012.
(2) Includes the Pilbara Pipeline System revenue and EBITDA contributions from 9 October 2012.
(3) 2013: MAPS consolidation on 9 October 2012 to sale of the business on 1 May 2013. 2012: Allgas sold to GDI in December 2011.

FY13 EBITDA by business segment
(continuing business)



APA's portfolio diversity provides stability

EBITDA contributions



Energy Infrastructure

Queensland

Roma Brisbane Pipeline

- 10% increase in capacity
- Commissioned September 2012

South West Queensland Pipeline

- Integration completed
- 9 months earnings contribution

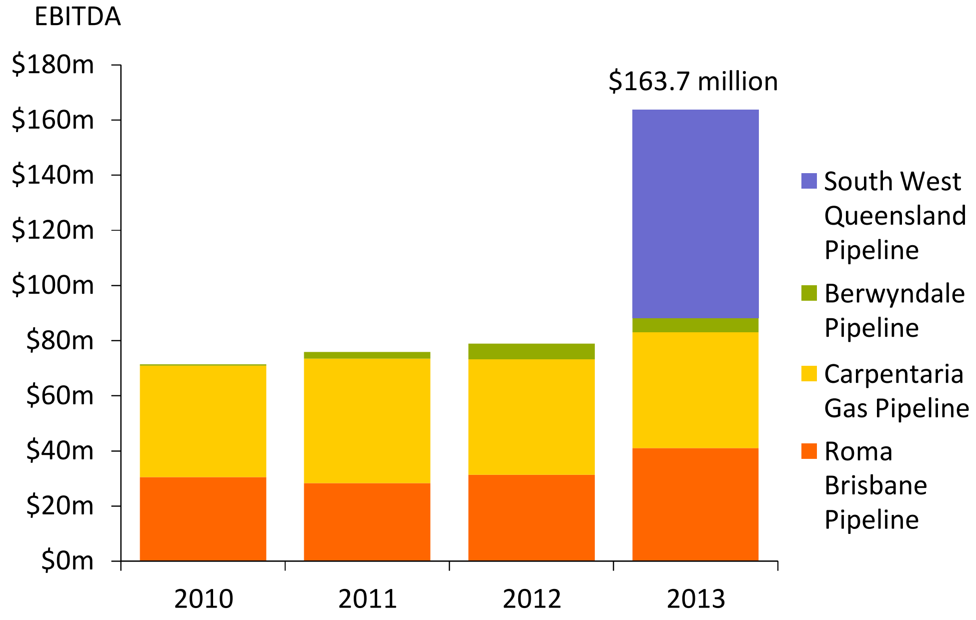
Moomba compression

- Services available second half CY2014

Wallumbilla compression:

- Long-term agreement for compression services
- Procurement of major capital equipment
- Service available from early CY2015

Moomba compression facility



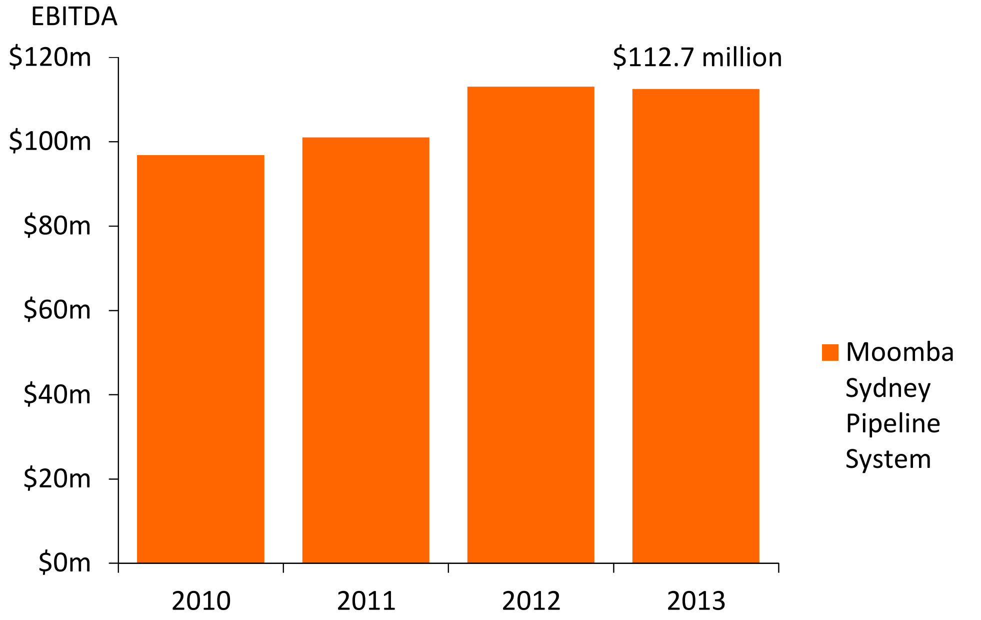
Energy Infrastructure

New South Wales

Moomba Sydney Pipeline

- Completed 5 year expansion program
- Spare capacity recontracted January 2013
- Commenced gas transportation services between Victoria and Sydney
- Focused recontracting program

Young compressor station and control centre



Energy Infrastructure

Victoria & South Australia

Victorian Transmission System

- Gas volume increase of 5% due to cooler weather and gas exports to NSW
- Commissioned Euroa compressor station, part of Northern Augmentation Project, and Sunbury lateral
- Completed upgrade of Longford meter station

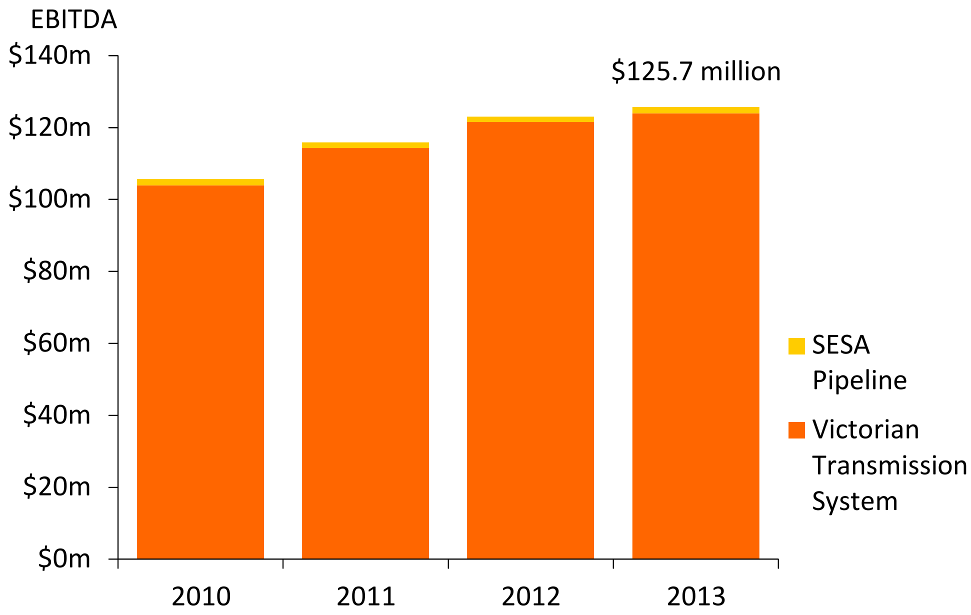
VTS access arrangement

- New access arrangement commenced
- Merits review process underway

Moomba Adelaide Pipeline System

- Sale completed in May 2013, for $401 million

Longford meter station upgrade



Energy Infrastructure

Western Australia & Northern Territory

Goldfields Gas Pipeline

- Construction progressing on compression and off-take facilities

Mondarra Gas Storage Facility

- Expansion completed and operating commercially since July 2013

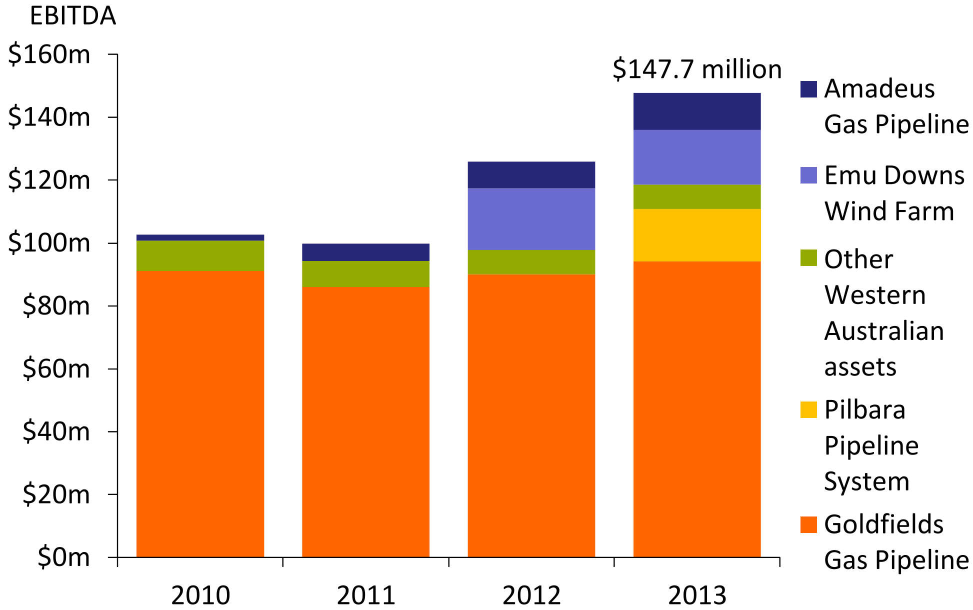
Pilbara Pipeline System

- Integration completed
- 9 months earnings contribution

New developments

- Gas supply to Gove – discussions commenced with Pacific Aluminium and NT Government
- Heads of Agreement with Armour Energy

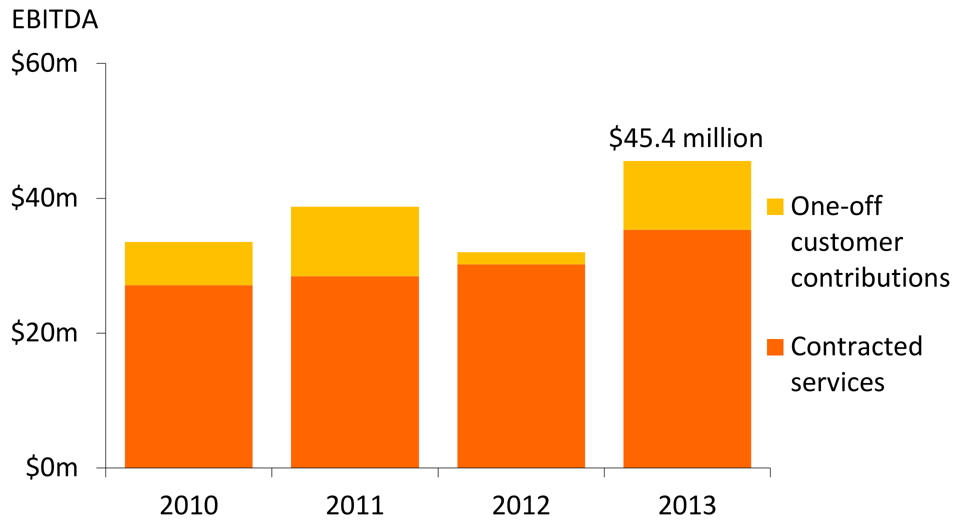
Mondarra Gas Storage Facility



Asset Management and Energy Investments

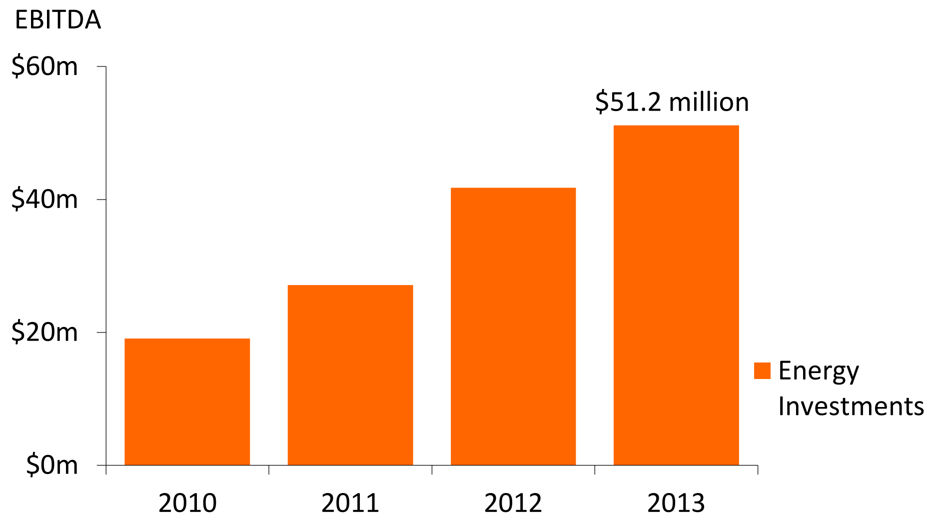
Asset Management

- Increased operator fees from Envestra due to Envestra revenue increases
- Full year contribution of asset management revenue – GDI (EII)
- Customer contributions of $10.2 million

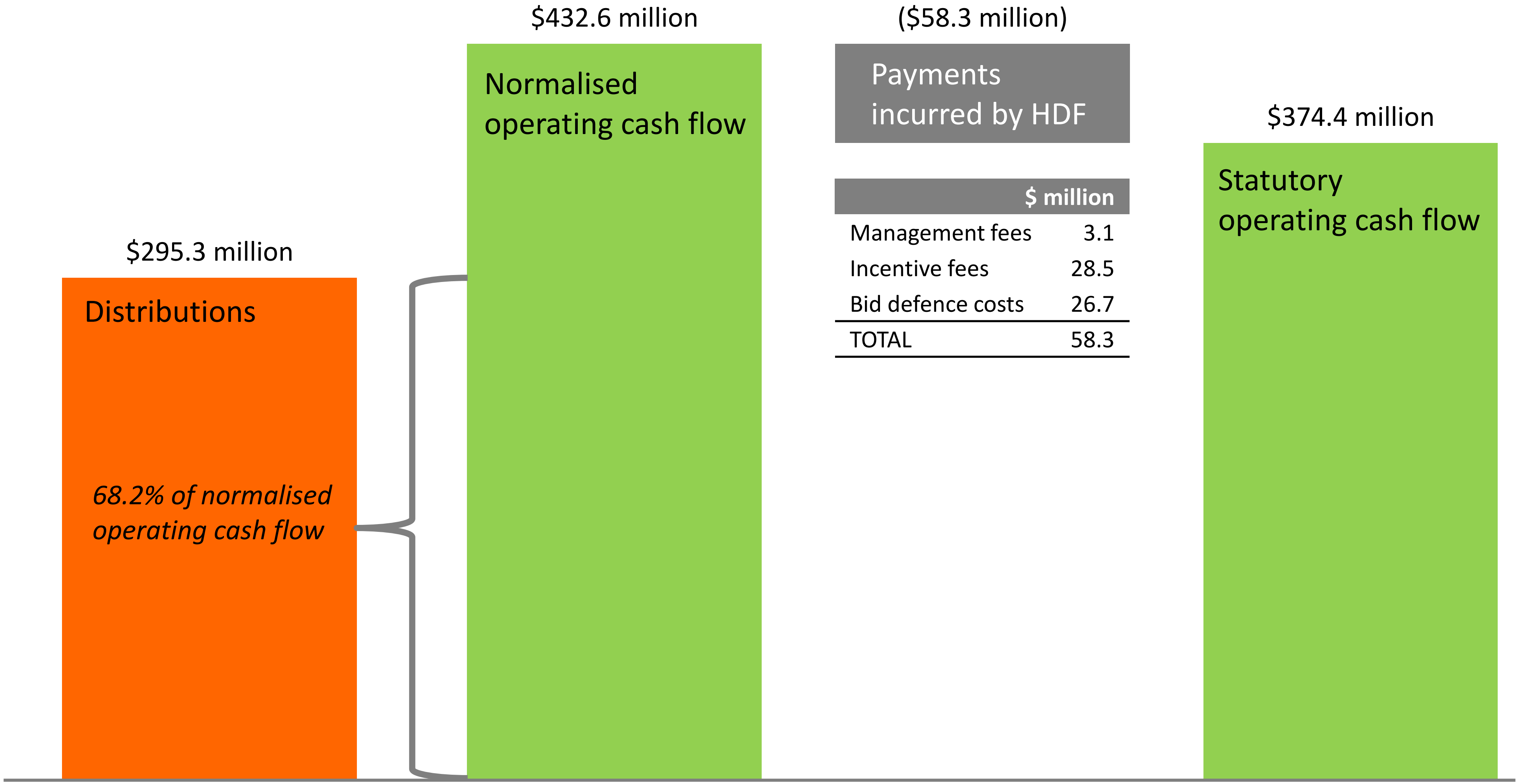


Energy Investments

- Increased investment returns – Envestra
- Additional investment returns – GDI (EII)
- Removal of HDF from the Energy Investment segment following takeover and consolidation
- Increase in Envestra equity interest – participation in DRP and equity placement



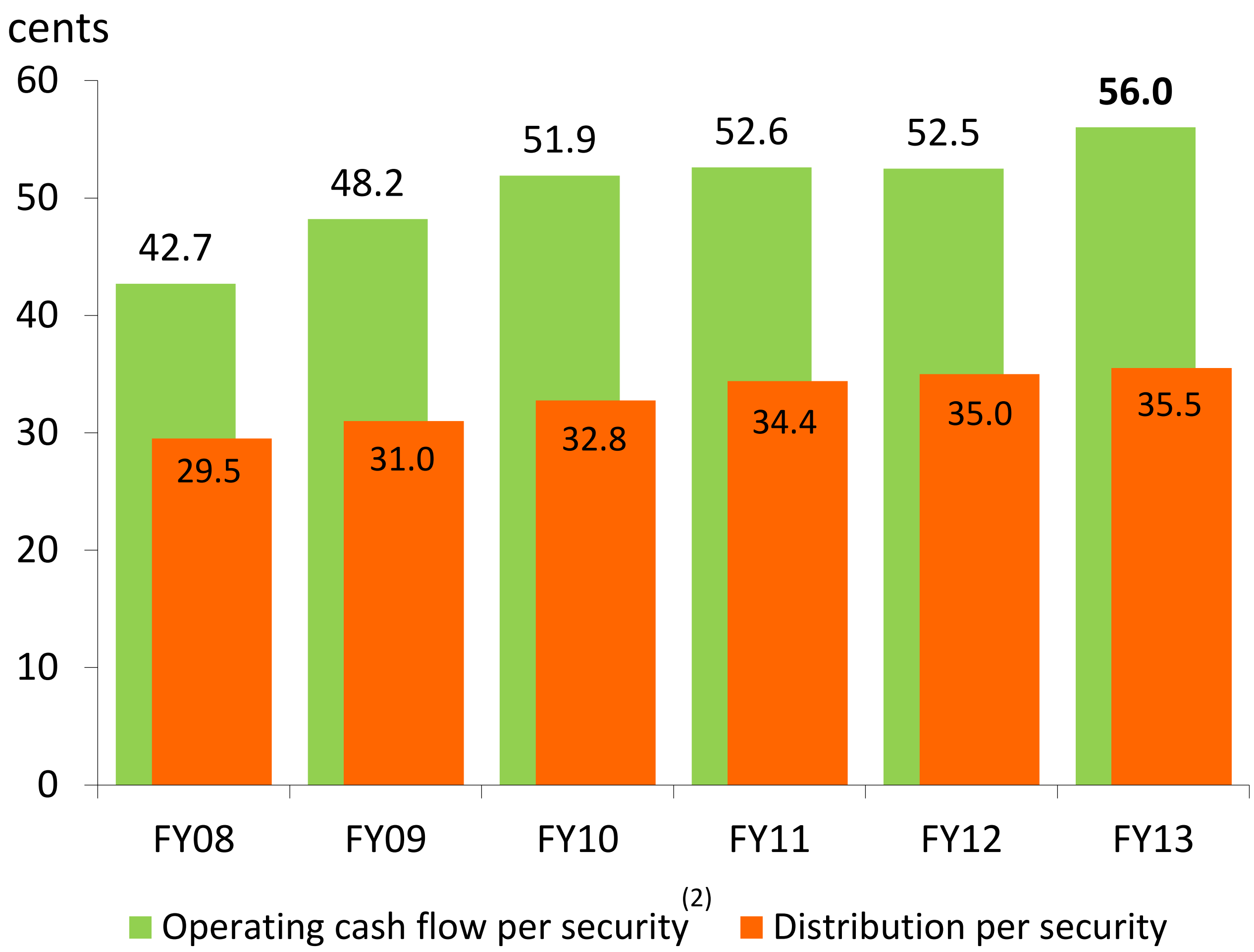
Distribution payout metrics



	$ million
Management fees	3.1
Incentive fees	28.5
Bid defence costs	26.7
TOTAL	58.3

Fully covered distributions

Distributions in line with guidance for FY 2013



- FY13 distribution payout ratio[1] of 68.2%

(1) Distribution payout ratio: distribution payments as a percentage of operating cash flow
(2) Based on normalised operating cash flow

Capital expenditure

$ million	2013	Major projects in FY13	2012
Growth capex			
Regulated (1)	22.6	Victoria Transmission System	43.5
Major Projects			
Queensland expansion	80.8	Roma Brisbane Pipeline ; Wallumbilla and Moomba compression	35.7
New South Wales expansion	24.1	Moomba Sydney Pipeline	18.9
Western Australia expansion	213.7	Mondarra Gas Storage facility; Goldfields Gas Pipeline	116.4
Other	31.5	Victoria LNG and metering; Amadeus Gas Pipeline services	10.2
	350.1		181.2
Acquisition and Investments	330.8	HDF acquisition (net cash) ; Envestra investment	46.4
Total growth capex	**703.5**		**271.1**
Stay in business capex	**24.7**		**24.4**
Total	**728.2**		**295.5**

(1) 2012 includes $8.4 million capital expenditure for Allgas

Strong balance sheet

$ million	30 June 2013	30 June 2012	Change
Current assets	280	585	(52)%
Property, plant and equipment	5,280	3,472	52%
Other non-current assets	2,138	1,439	49%
Total Assets	**7,699**	**5,496**	**40%**
Current debt	81	-	-
Other current liabilities	411	301	37%
Total current liabilities	492	301	64%
Long term debt	4,233	2,906	46%
Other long term liabilities	461	675	(32)%
Total long term liabilities	4,694	3,581	31%
Total Liabilities	**5,187**	**3,882**	**34%**
Net Assets	**2,512**	**1,614**	**56%**

Capital management

- Cash and committed undrawn facilities of $972 million at 30 June 2013

Metrics	30 Jun 2013	30 Jun 2012
Gearing [1]	62.8 %	65.0 %
Interest cover ratio	2.30 times	2.48 times
Average interest rate applying to drawn debt[2]	7.35 %	7.39 %
Interest rate exposure fixed or hedged	83.2 %	80.9 %
Average maturity of drawn senior facilities	6.2 years	4.8 years

- Equity: $83 million raised via Distribution Reinvestment Plan in September 2012 and March 2013

  176 million new securities issued at average $5.035 per security for HDF consideration

  Debt: $515 million Subordinated Notes issued in September 2012

  A$735 million 10-year US144a/Reg S Notes issued in October 2012

  A$536 million 12-year GBP Medium Term Notes issued in November 2012

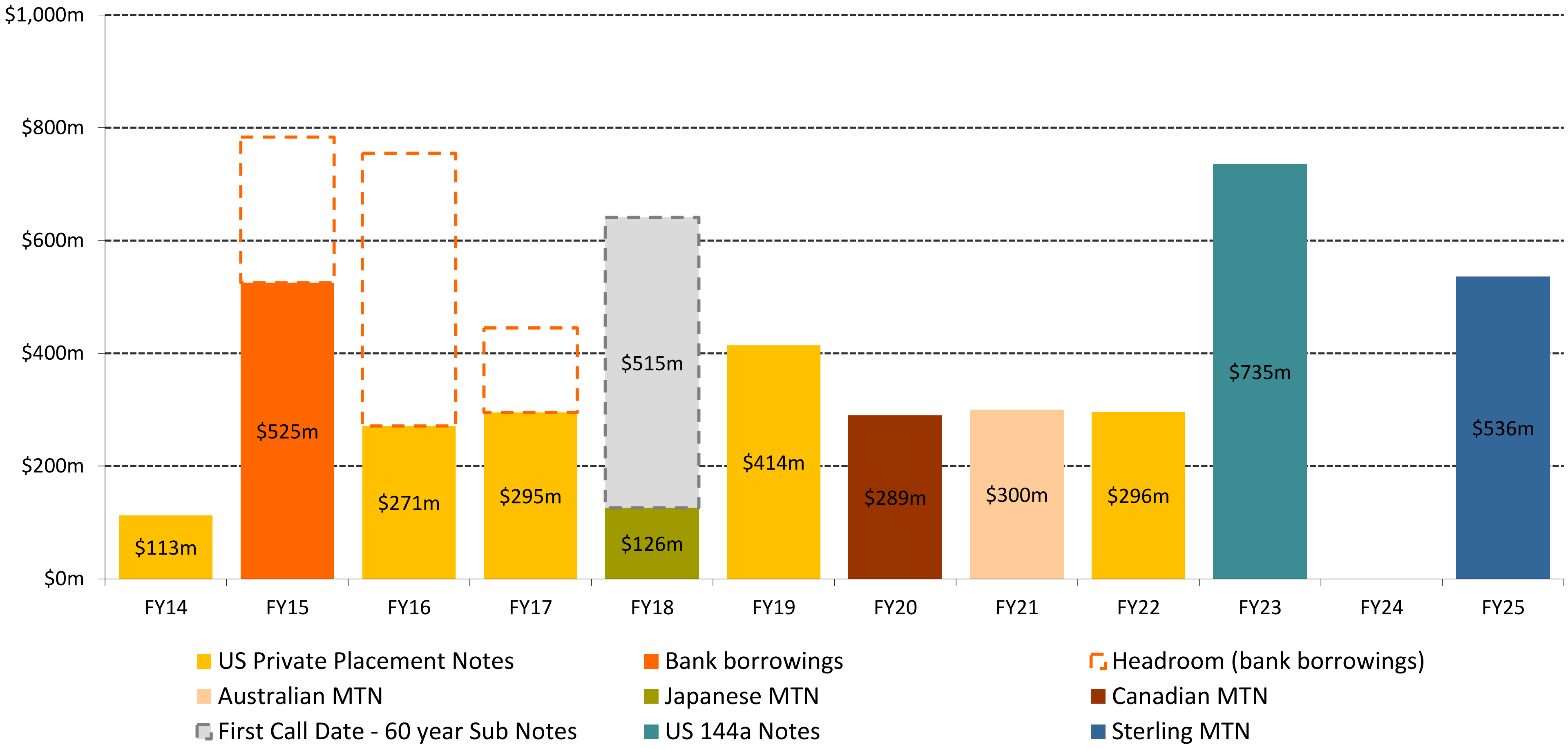
  Repayment of HDF debt totalling $1,325 million and termination of associated facilities

(1) Ratio of net debt to net debt plus book equity.
(2) Includes subordinated debt of $515 million Notes.

Capital management

- Maintain strong BBB/Baa2 investment grade ratings
- Maintain funding flexibility – internal cash flows plus additional equity and/or debt

Debt maturity profile
(30 June 2013)



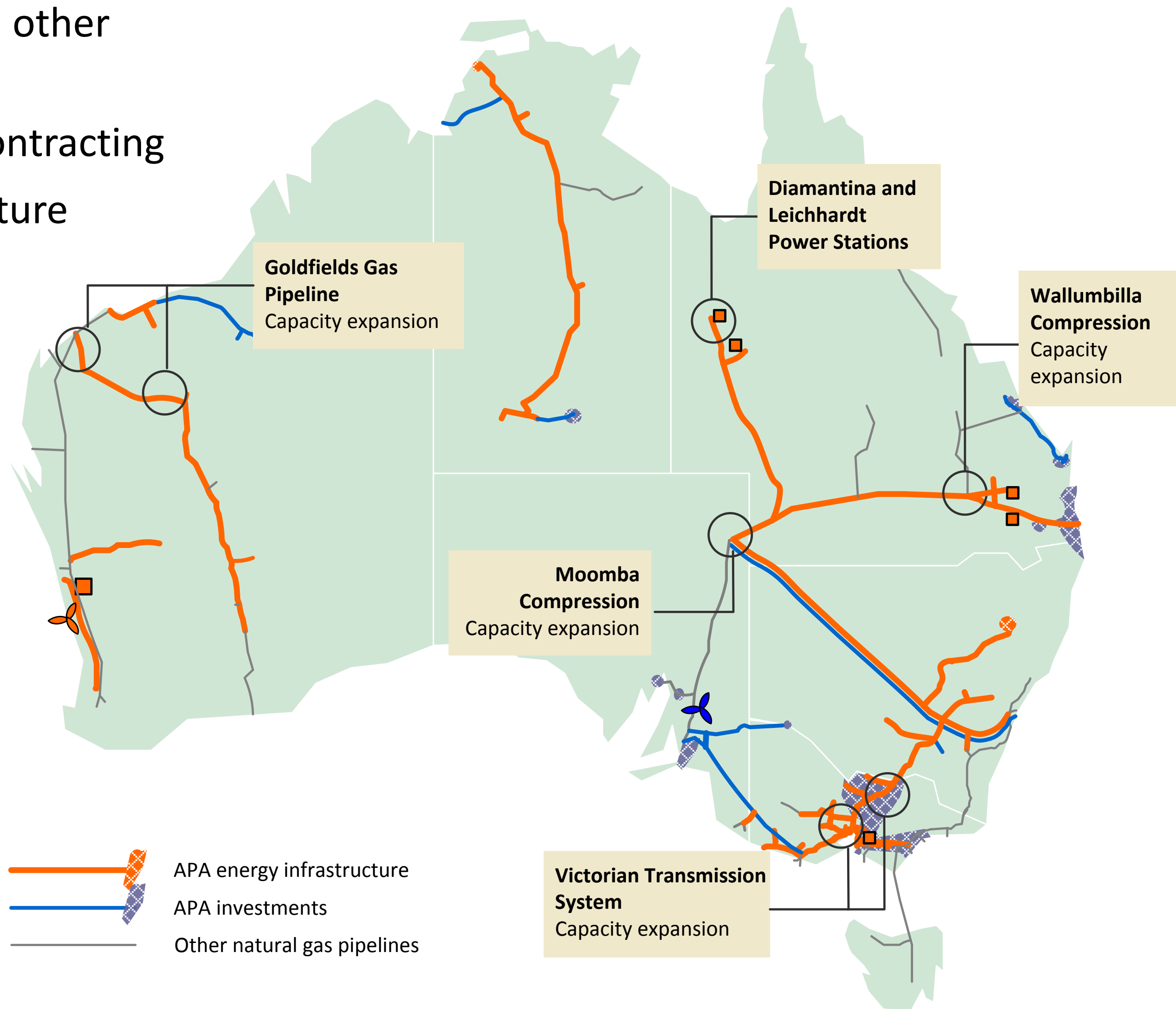
APA Group

Outlook and guidance

Mick McCormack
Managing Director and CEO

Growth across the portfolio

- Continued east coast grid development
  - Demand for trans-pipeline and other services
  - Moomba Sydney Pipeline recontracting
  - FEED for Vic to NSW infrastructure
- Continued expansions projects
  - Goldfields Gas Pipeline and Diamantina Power Station
  - New capacity for mining areas and gas supply for east coast LNG
- New pipeline developments
  - Northern Territory pipelines
  - Connecting new gas sources
- Core business investments
  - Strategic fit with appropriate commercial returns



Envestra rationale and update

- Core business – gas distribution
  - Core competencies – operation and ownership of gas infrastructure
  - Operator since 2007
- Largest shareholder and service provider
  - Align ownership with full operational control and
  - retain value created by industry skills within APA
- Revenue certainty and appropriate commercial returns
  - More than 3 years of revenue certainty with current access arrangements
  - Price reflects appropriate return for low-risk asset
- Significant growth
  - Appropriate return for APA's operational and engineering expertise

Outlook and guidance for FY 2014

Outlook

- Continue development of expansion projects
- East coast gas grid development

Guidance

- EBITDA – expected within a range of $715 million to $730 million
  - 11% to 13% increase on 2013 EBITDA(1)
- Net interest cost – expected within a range of $330 million to $340 million
- Distribution – at least equal to FY 2013 total distributions per security of 35.5 cents

(1) Excluding significant items and MAPS contribution.

APA Group

Supplementary information

Significant items - details

$million	2013	
Significant items impacting EBITDA		
<u>Incurred by APA</u>		
Write back of transaction costs in respect of Allgas sale	18.6	
Gain on APA's previously held interest in HDF	142.3	
Transaction and integration costs on acquisition of HDF	(16.9)	
	144.0	
<u>Incurred by HDF</u>		
Fees charged to HDF by Hastings Funds Management	(35.4)	
Takeover response costs incurred by HDF Group[1]	(6.9)	
	(42.4)	101.7
Finance costs - gain on settlement of HDF interest rate swaps		8.7
Total significant items before tax		110.4
Income tax related to significant items		9.6
Total significant items after tax		**120.0**

(1) Post acquisition – total incurred including pre-acquisition costs amounted to $28.6 million

Revenue by business segment

$ million	2013	2012	Change
Energy Infrastructure			
Queensland (1)	*217.5*	*112.2*	93.8 %
New South Wales	*139.3*	*138.4*	0.6 %
Victoria & South Australia (2)	*164.7*	*163.4*	0.8 %
Western Australia & Northern Territory	*219.9*	*195.9*	12.2 %
Energy Infrastructure total	741.5	610.0	21.6 %
Asset Management	82.3	69.3	18.8 %
Energy Investments	51.2	41.7	22.6 %
Total segment revenue	**874.9**	**721.0**	**21.3 %**
Pass-through revenue	352.7	302.6	16.6 %
Unallocated revenue	11.7	6.3	85.2 %
Divested business	32.9	30.7	nm
Total revenue	**1,272.3**	**1,060.7**	**20.0 %**

(1) Excludes Allgas revenue in FY 2012
(2) Excludes MAPS revenue

Debt facilities

Total committed debt facilities at 30 June 2013

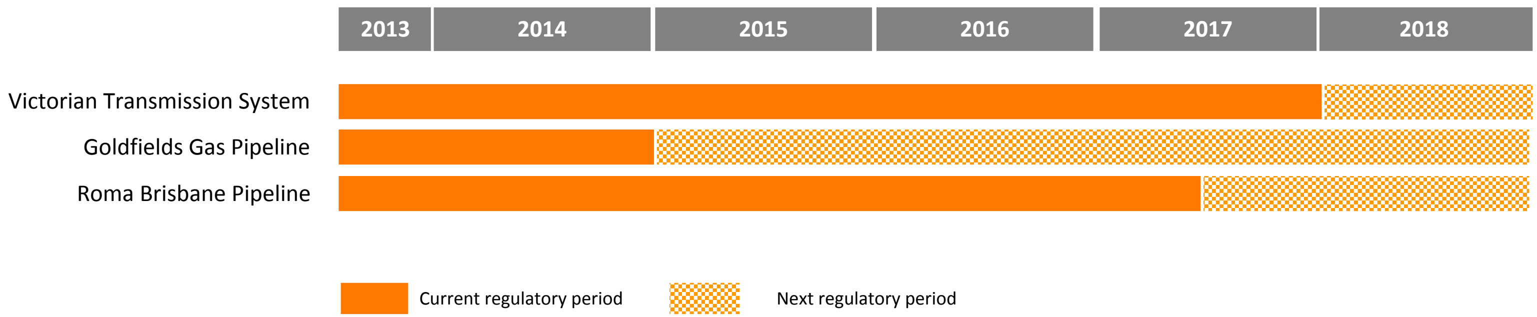
$million[1]	Facility amount	Drawn amount	Tenor
2011 Bilateral borrowings [2]	300	175	3 years maturing July and August 2014
2011 Bilateral borrowing	150	0	5 years maturing October 2016
2011 Syndicated facility [3]	967	350	3 and 4 year tranches maturing November 2014 and 2015
2003 US Private placement	394	394	10, 12 and 15 year tranches maturing September 2013, 2015 and 2018
2007 US Private placement	811	811	10, 12 and 15 year tranches maturing May 2017, 2019 and 2022
2009 US Private placement	185	185	7 and 10 year tranches maturing July 2016 and 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 June 2018
2012 CAD Medium Term Notes	289	289	7.1 year tranche maturing 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 November 2024
2012 Subordinated Notes	515	515	60 year term, first call date March 2018
Total [4]	**5,304**	**4,412**	

(1) Australian dollars. Any foreign notes issued have been hedged into fixed-rate Australian dollar obligations
(2) Comprises four facilities of $75 million each
(3) Comprises two facilities of $483.3 million each
(4) Totals differ from summations due to rounding

Regulatory update

APA's major price regulated assets

- Regulatory resets over the next five years



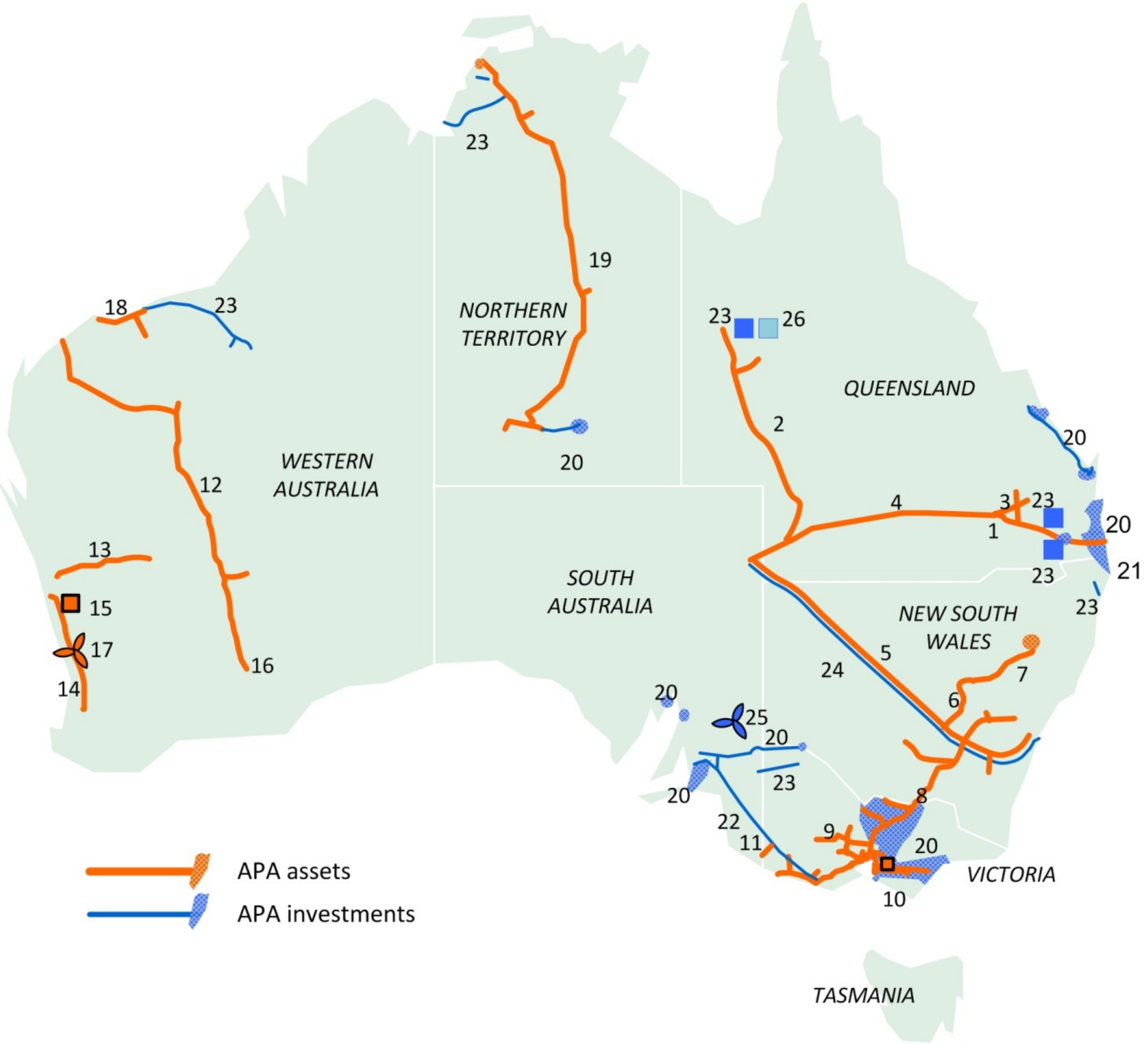
- Roma Brisbane Pipeline access arrangement
  - AER's final decision (10 August 2012) includes 8.75% tariff increase
  - Minimal impact to APA's revenue – the majority of the pipeline's revenue is derived from haulage contracts with set terms, including pricing
- Victorian Transmission System access arrangement
  - AER issued its final decision in March 2013 and the new access arrangement commenced on 1 July 2013
  - The final decision provided for an initial tariff reduction of 21.5% followed by a further 14% in 2014
  - APA has undertaken merit review proceedings before the Australian Competition Tribunal – a decision is expected within the next two months
- Regulatory framework
  - AER is developing its first rate of return guidelines pursuant to the revised National Gas Rules – draft expected at the end of August

APA profile

- APA is Australia's largest natural gas infrastructure business
  - **Energy Infrastructure**: natural gas pipelines and interconnected gas storage facilities across Australia, and the Emu Downs wind farm in Western Australia
  - **Asset Management**: provision of asset management, operating and maintenance services to the majority of APA's investments and other third parties
  - **Energy Investments**: minority interests in energy infrastructure investments, including Envestra, GDI (EII), SEA Gas Pipeline, Energy Infrastructure Investments, EII2 and Ethane Pipeline Income Fund
- APA generates secure cash flows from contractual and regulatory arrangements on its assets
  - with more than 90% of revenue from regulated (natural monopoly) assets and long term contracts
- APA has direct management and operational control over its assets and investments
  - employing over 1,500 skilled and experienced people who perform all commercial, engineering and operational functions for APA's assets and investments

APA transports half of Australia's domestic gas usage

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
(4) South West Queensland Pipeline

New South Wales
(5) Moomba Sydney Pipeline
(6) Central West Pipeline
(7) Central Ranges Pipeline
(8) NSW interconnect with Victoria

Victoria
(9) Victorian Transmission System
(10) Dandenong LNG facility

South Australia
(11) SESA Pipeline

Western Australia
(12) Goldfields Gas Pipeline (88.2%)
(13) Mid West Pipeline (50%)
(14) Parmelia Gas Pipeline
(15) Mondarra Gas Storage Facility
(16) Kalgoorlie Kambalda Pipeline
(17) Emu Downs wind farm
(18) Pilbara Pipeline System

Northern Territory
(19) 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

(20) **Envestra Limited (33.7% as at 1 May 2013)**
Gas distribution networks and pipelines
(SA, Vic, Qld, NSW & NT)

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

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

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

(24) **Ethane Pipeline Income Fund (6.1%)**

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

Under development

(26) **Diamantina Power Station (50%)**

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APA Group

Delivering Australia's energy

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