APA Group

Diamantina and Leichhardt Power Stations

29 March 2016

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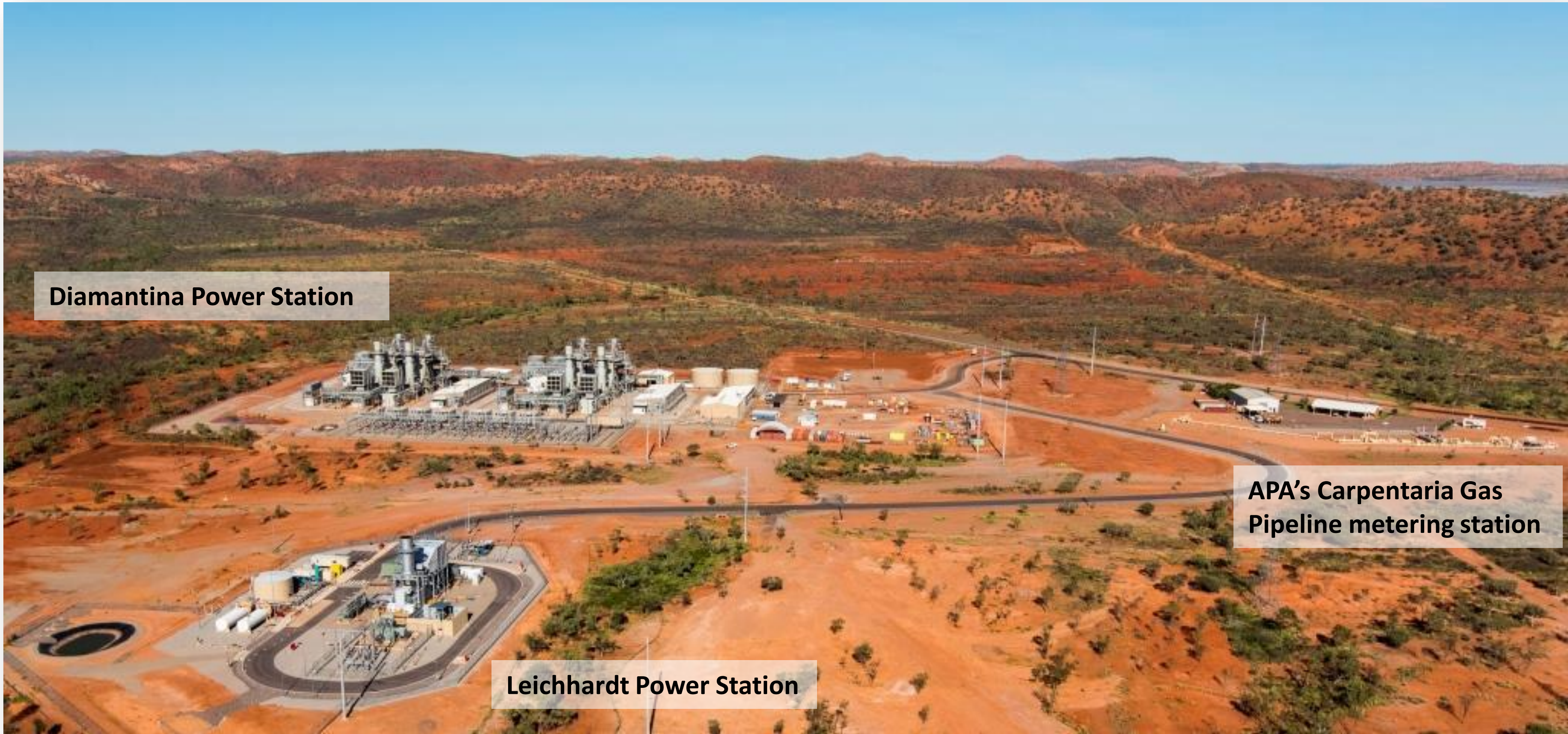
Agenda

- Overview of the transaction
- Strategic rationale for the acquisition



Overview of the Transaction

Transaction

- APA to acquire the remaining 50% of the Diamantina Power Station project ("DPS") that it does not currently own from project partner, AGL Energy Limited ("AGL")
- Financial close expected by Thursday, 31 March 2016

Asset overview

- Comprises:
  - 242MW combined cycle gas turbine Diamantina Power Station
  - 60MW open cycle gas turbine Leichhardt Power Station
- Fully commissioned in November 2014
- Underpinned by long term power purchase agreements with Glencore's Mount Isa Mines and the Queensland Government owned Ergon Energy
- North West Queensland region that DPS serves is not connected to the National Electricity Market
- AGL continues to supply gas to DPS, under an existing long term gas supply contract through APA's Carpentaria Gas Pipeline

Funding

- Total funding requirement is approximately $550 million
- APA will fund the acquisition with a mix of existing cash and available undrawn committed corporate debt facilities

Strategic rationale for the acquisition

- DPS is connected to APA's East Coast Grid
- Fits APA's growth strategy by adding further to our energy infrastructure business
- Leverage APA's asset management, development and operational capabilities
- Long term offtake contracts in place with highly creditworthy counterparties
- Modern, low emission and efficient turbine technology with sound operating history
- Provides competitive and reliable energy supply to community and businesses of North West Queensland
- Ongoing growth opportunities in the minerals-rich North West Queensland region

Diamantina Power Station – Power Block 1 (of 2)

Latest turbine technology –smart, efficient, low emission

The acquisition delivers growth, security and value to APA securityholders

The acquisition satisfies APA's investment criteria

Acquisition metrics

- Acquisition on an EV/EBITDA* multiple of around 8 times
- Immediately accretive on an operating cashflow per security basis

Sources & uses

Sources (A$ million)		Uses (A$ million)	
Existing cash and available corporate debt facilities	$550	Payment to AGL for 50% interest in DPS	$151
		Repayment of DPS project finance plus transaction costs, net of cash in the business	$399
Total sources	**$550**	**Total uses**	**$550**

Guidance revision

- FY16 EBITDA upgraded to $1,300 to $1,335 million (from $1,275 to $1,310 million)
- FY16 net interest cost expected to fall towards the upper end of $500 to $510 million
- FY16 total distribution expected to be in the order of 41.5 cents per security (unchanged)

Note: EV = Enterprise Value, EBITDA = FY17 EBITDA estimate

APA Group

Delivering Australia's energy

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