Australian Pipeline Ltd ACN 091 344 704 | Australian Pipeline Trust ARSN 091 678 778 | APT Investment Trust ARSN 115 585 441
Level 25, 580 George Street Sydney NSW 2000 | PO Box R41 Royal Exchange NSW 1225
Phone +61 2 9693 0000 | Fax +61 2 9693 0093
APA Group | apa.com.au

27 October 2017

ASX ANNOUNCEMENT

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

Annual Meeting Presentation

Attached is the Chairman's and Managing Director's address to the Annual Meeting.

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Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

For further information please contact:

Investor enquiries:
Jennifer Blake
Telephone: +61 2 9693 0097
Mob: +61 455 071 006
Email: jennifer.blake@apa.com.au

Media enquiries:
Louise Watson
Telephone: +61 2 8079 2970
Mob: +61 419 185 674
Email: lwatson@symbolstrategic.com.au

About APA Group (APA)

APA is Australia's leading energy infrastructure business, owning and/or operating in excess of $20 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 ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, 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, apa.com.au

APA Group 2016 Annual Meeting
27 October 2017

Address by Chairman, Len Bleasel AM

Ladies and gentlemen,

I am pleased to present another solid year of results for APA. Our strategy and proactive approach to growth and innovation, combined with prudent management of the business has delivered consistently strong returns to securityholders for many years. The 2017 financial year has been no exception. Indeed during the year, APA announced around $1.2 billion of committed new projects that will start delivering returns from financial year 2019.

As in previous years, I will focus my address on an overview of our performance and the strategy that has underpinned APA's 17 years of continuous growth since listing.

Our Managing Director, Mick McCormack, will then provide a more detailed report on our business, in particular the growth opportunities that are ahead of us and APA's outlook. We'll then move to the formal business of the meeting and the three resolutions to be voted on at today's meeting.

There's nothing more pleasing as a Chairman than to show securityholders a slide where all the key metrics for the year have increased, which is what is up on the screen today. The solid FY2017 results demonstrate the success of our disciplined growth and acquisition strategy and the continued appropriateness of this approach for our business. Revenue excluding pass-through revenue increased by $232 million or 14% for the period and earnings before interest, tax, depreciation and amortisation (that is, EBITDA) increased by almost 11%, or $140 million. Net profit after tax increased by 32%.

Importantly, the key value driver for APA which is Operating Cash Flow or OCF increased 12.9% or just over $111 million. OCF is the amount of cash flow generated from operations, after subtracting interest and tax payments and it is what we use to continue to grow the business and pay our distributions from.

APA's infrastructure is built for long term use and therefore we take a low risk approach to build a resilient business. APA's prudent approach to distribution growth has meant that we have increased distributions every year since listing 17 years ago. Your Board declared a final distribution of 23 cents in August, bringing total distributions for FY2017 to 43.5 cents per security which was in line with guidance provided earlier in the financial year.

As APA paid around $20 million in tax during the period, Securityholders also benefitted from an enhancement of that distribution payout of 4 cents per security in franking credits over the full year. We expect to be in a similar tax paying position this financial year and therefore expect franking credits to be applied to FY2018 distributions.

The distribution paid this year represents 49.8% of operating cash flow. Delivering long term value for securityholders and growing sustainable distributions continues to be a focus for the business. Our distribution policy balances a number of requirements including distributions to be fully covered by operating cash flows. We also take into consideration future capital needs of the business to drive growth and new revenues and prevailing economic conditions.

Mick will talk in detail about the $1.2 billion of growth projects that we announced during the 2017 financial year which will require significant growth capex in FY2018, somewhere in the order of $800 million. But I make mention here to demonstrate how the Board balances distributions with capital needs. We see the increase in distributions in FY2017 as supporting our distribution policy but also enabling the retention of funding for committed growth projects that will deliver revenues in FY2019 and beyond for the benefit of Securityholders.

APA's total securityholder return, or TSR, which takes into account the capital appreciation of APA's security price and assumes the reinvestment of distributions when they are declared, has outperformed the market and our peers in the utilities sector since listing in June 2000. Over the past five years, APA Group has delivered a TSR of 19.9% per annum, which compares to the ASX100 performance of 12.2% per annum over the same period. That means if you had invested $10,000 in APA securities on the 30th of June 2012, the value of that investment including reinvested distributions would be approximately $25,000 as at the 30th of June 2017. The equivalent investment in the ASX100 would be worth approximately $18,000.

I am always proud to show investors the map of our assets and investments, particularly as each year the map has more red colouring added to it, showing the growth of our energy infrastructure footprint.

Seventeen years ago, APA had 100% ownership in one major pipeline, the Moomba Sydney Pipeline, and a percentage interest in a handful of other pipelines, with a total asset value of around $1 billion. Today, APA owns and/or operates over $20 billion in assets and is a leading energy infrastructure business. We have significant pipeline transmission assets, gas-fired and renewable power generation facilities, network distribution investments, gas storage and gas processing plants. Most importantly, the greatest asset we have built and invested in, is the expertise and skillset of the 1,600 APA employees who keep the business moving forward.

Australia's energy predicament and rising power bills have certainly been in the media and political spotlight over the last year. Several factors have contributed to the new dynamics in Australia's energy sector. These include blackouts in South Australia; the tripling of gas demand in eastern Australia to meet export commitments; moratoriums on onshore gas exploration; and global climate change commitments. Lack of cohesion between state and federal energy policies, particularly with respect to getting the balance right with renewable energy has also been a contributing factor to this perfect storm of events.

For APA and our customers, the new dynamics also create opportunities. Certainly, there have been some challenges for us too, navigating through the many regulatory reviews and over the next year we'll be implementing the new Gas Market Reform requirements. But APA is a solid, well-managed business, that simply gets on with what it needs to do, adapting to circumstances as they arise.

At the FY2016 results just over a year ago, we advised the market and our investors that APA had identified around $1.5 billion of organic growth opportunities that we looked to pursue over the next 3 years.

So it is very pleasing to update you a year on to advise that we have already achieved $1.2 billion of committed new projects across gas transmission, mid-stream processing and renewable power generation. And we continue to announce new contracts with our customers, regardless of market volatility and the lack of clarity around the new gas market reform regime of disclosure and arbitration.

In recent months, APA has entered into an agreement with one of the gas-fired power stations in Queensland to facilitate electricity generation at that plant. On the Roma Brisbane Pipeline, we have a new contract that will see gas delivered over 2,500 kilometres away in South Australia to the Pelican Point Power Station. In Western Australia, we've connected a fourth customer onto the Goldfields Grid that will see gas transported over 1,200 kilometres to a gold mine using 4 APA pipelines.

Each year, the Board and senior management review our past performance and more importantly, look at our go-forward strategy, particularly in light of current energy market dynamics.

We ask ourselves are we pursuing the right opportunities or is there anything missing given the changing market dynamics? From the review earlier this year, we are confident of the direction APA is heading in and we continue to see opportunities ahead for growth. Importantly to you our investors, we continue to see growth that will support the ongoing growth in distributions that has been a hallmark of APA's performance over the last 17 years.

To-date, we have built a business that is solid and sustainable and one that the Board and APA's employees are very proud to be a part of. From having an appropriately structured balance sheet and risk framework, to using our in-house operational and development expertise to deliver energy when and where it is needed, APA is a very sound business.

In the last couple of months, we have opened a 'small' office - two people in fact, in Houston, Texas to continue due diligence work we have been doing on the North American gas transmission and distribution market over the last couple of years. Given APA's depth of experience in these areas, it would be negligent of us not to investigate opportunities outside Australian shores where we may benefit from the competitive advantage that we believe we can bring to investment in that market. Rest assured anything we do will be consistent with APA's strategy and will be operating cashflow accretive, and we won't be betting the company.

APA is, and will continue to be, an owner and operator of long term energy infrastructure that is underwritten by creditworthy counterparties. We will pursue opportunities that leverage our existing assets and skills. And, we will ensure appropriate risk allocation and funding mix ensuring we maintain the BBB and Baa2 investment grade credit ratings that underpin the strength of our balance sheet, as we continue to pursue appropriate growth for the business.

Your Board remains confident in APA's ability to deliver sustainable growth into the future as we continue the execution of our strategy.

Based on what we can see in the business and the energy markets today and taking into account the new gas market reforms, we are comfortable with the EBITDA guidance of between $1.475 billion to $1.510 billion, an increase of $5 million to $40 million. This is the same level provided by management at the full year results announcement. As is always the case, the range in EBITDA is generally attributable to the discretionary business that our customers do with us during the year but we feel comfortable with this range and that new revenues will begin to flow off this year's capital projects in FY2019. Net interest costs are expected to be in the range of $525 million to $535 million.

Your Board expects to pay total distributions in FY2018 in the order of 45.0 cents per security. Franking credits are also expected to be allocated, but this will only be confirmed after APA's tax return is filed and taxes for FY2017 and FY2018 are paid over the remainder of the financial year.

In closing, I would to make some comments around the feedback I have received from investors during the year. This follows the announcement at last year's annual meeting of the Board's decision to give Securityholders the ability to vote on APA's Remuneration Report and to proceed as though the "two strikes rule" applies to APA.

The Board adopted a new Corporate Governance Framework as at 1 July 2017 which is available on APA's website, and hopefully you've had a chance to look at it. The full details of additional entitlements for Securityholders in relation to governance and remuneration matters are outlined in the framework, but a summary is up on the screen. Given our stapled structure, APA is not required to put the Remuneration Report to a vote. But your Board believes that robust corporate governance policies and practices will facilitate the responsible creation of long-term value for APA's Securityholders and help us to meet the expectations of our stakeholders. Therefore, during today's formal business, we will be putting the FY2017 Remuneration Report to your vote.

Investors have appreciated APA's initiative to voluntarily put the Remuneration Report to a vote. We have also received some feedback around additional information in relation to short term and long term incentive disclosure which the Board and management team will take on board for next year's report.

On behalf of the Board and our Securityholders, I would like to thank our Managing Director, Mick McCormack and his management team and all of our employees, for their commitment and effort this year that has continued the success of APA.

Finally, I again thank you, our investors, for your continued support, as APA continues to invest in and connect Australia to its energy future.

I will now ask the Managing Director, Mick McCormack, to address the meeting.

Address by Managing Director, Mick McCormack

Thank you, Chairman, and welcome, ladies and gentlemen.

APA has indeed delivered another year of solid growth and results as the Chairman has just said. APA has delivered similar results for almost two decades now, including consecutive year on year increases in securityholder distributions. I hope many of you here today who have been long term investors of APA have benefitted from the reliable and steady returns the company has provided.

Before I talk more about the FY2017 results, I'd like to firstly comment on the challenges Australia's energy markets are currently facing. I'll also talk about what APA has been doing to facilitate more gas supply and power generation to help ease the angst being felt by consumers and industrial energy users around the rising cost of energy in Australia.

This year saw energy policy and pricing thrust under the media and political spotlight as we've all seen our energy bills skyrocket – sadly some households in Australia's first world society are having to choose between putting food on the table and paying their energy bills, whilst some local industries are struggling to stay viable.

Most Australian's are wondering how we got to this situation of paying some of the highest energy prices in the world. We live in the lucky country which is blessed with an abundance of natural energy resources, a robust economy and a generally stable political environment, except for the occasional in-house stoush over who should be the party leader or who has dual citizenship.

The 'how did we get here' answer is simple – lack of energy policy planning for more than a decade by successive governments and a lack of cooperation amongst state and federal governments.

The 'how do we fix it' answer is a little more challenging, but not impossible to achieve. It is incumbent upon all stakeholders – producers, pipeliners, generators, retailers and policy makers alike - to work together to secure an energy future for the benefit of all Australians. One which protects investment and jobs; while keeping energy affordable and reliable for households and businesses across the country.

What we all need though, is policy certainty from a national energy plan that has bi-partisan support across all levels of government and all states. So I was pleased to see the Prime Minister's announcement last week regarding the National Energy Guarantee or NEG, which included gas as one of the ready-to-use and reliable sources of dispatchable energy that retailers can access to meet reliability and emissions guarantees. This policy is heading in the right direction, and along with the Prime Minister's encouragement of the states to lift blanket bans on gas extraction, further supports gas as an essential source of supply for Australia's future energy mix.

APA supports Australia's commitment to the Paris Agreement. However, if Australia is going to meet this pledge of reducing emissions to 26–28 per cent of 2005 levels by 2030, more gas will be required along with more renewables to take over from coal. We need consideration given to reliability, affordability and emissions in that order if we are to solve the current energy challenges.

Gas produces half of the emissions of black coal, a third of brown coal and the best part is – we have plenty of it. Australia has known gas reserves of more than 31 years' worth of gas at current rates of consumption including committed exports. It's clean, reliable and there is enough to meet both domestic and export demand. The only issue is the current high price, which is a function of available supply. Therein lies the root of the problem – state bans on development of gas resources.

Unfortunately, APA bore the brunt of the initial enquiries into the high price of gas which led to a lot of APA's time and resources spent responding to several government inquiries in the last 18 months. As I've been on record saying time and time again, tariffs for firm transportation commitments on our pipelines haven't increased in real terms for 15 years.

While gas prices have increased dramatically recently, pipeline tariffs haven't. Gas transmission charges account for only 5-10% of the delivered price of gas for residential consumers. So, the allegation that transport tariffs are to blame for the increase in gas prices on the east coast, just doesn't stack up.

Fortunately, the truth has at last been separated from the fiction and the Australian Competition and Consumer Commission, or ACCC, has outlined the trifecta of factors that have put upward pressure on the price of gas. Firstly, Australia's increasing exposure to the global LNG export market with the commissioning of 3 LNG export projects at Gladstone over the last couple of years; secondly a fall in the oil price curtailing investment in exploration; and thirdly the regulatory uncertainty and state bans on limiting new gas supply.

Certainly, the days of cheap gas are over as the most easily developed and cheapest sources of gas have or are being exhausted, so naturally extraction costs are increasing. But we all want to see gas prices stabilise and return to a level that is both affordable and sustainable.

The Prime Minister has met with east coast LNG exporters and has their guarantee to ensure enough gas is supplied to the domestic market for the next couple of years at reasonable prices and we are starting to see a change in the direction of gas flow back into the domestic market.

For pipeliners, some additional formal processes have been introduced around information disclosure and arbitration reforms so that all customers have a level playing field when negotiating contracts. As we have done for decades, we will continue to negotiate in good faith with our customers with the aim always to do mutually acceptable deals with them so that we can help them get on and grow their business.

APA's success is driven entirely by the degree to which we are able to help our customers succeed, so we are always focussed on reaching agreement with them, not disagreement. Notwithstanding the commencement of the new regime on the 1st of August this year, we have already negotiated 6 contracts with existing customers without any recourse to the new arbitration process.

So what has APA been doing to facilitate more gas supply to assist with downward pressure on energy prices?

APA has continued throughout FY2017 to build its unique and diverse portfolio of energy infrastructure across the nation to deliver energy reliably and cost effectively. In particular FY2017 saw further increases in the number of multi asset, multi service contracts that we have with our customers.

We continue to add strategically important assets and expansions to our portfolio as we invest to assist our customers in getting energy to their customers and encouraging new gas supply development.

During the financial year, our earnings were boosted by full year contributions from two assets acquired in FY2016 - the Diamantina Gas-Fired Power Station in Queensland and the Ethane Pipeline in NSW, both of which have long term contracts with creditworthy counterparties. These strategic acquisitions demonstrate the benefit of past investments to earnings in the future. We also had a full year contribution from APA's newest greenfield pipeline - the Eastern Goldfields Pipeline in Western Australia. Since commissioning in late 2015, APA now has four customers connected to it that use over 1,500 kilometres of our interconnected West Coast Grid.

It's both the interconnected nature of our assets and the diversity of our asset base and skills that gives APA a competitive and unique advantage when working with our customers to help solve their energy challenges.

Since 2000 when we listed, APA has invested some $12 billion in acquiring and developing infrastructure and technology. We have created one of the world's most unique pipeline grids - APA's interconnected 7,500 kilometre East Coast Grid that has transformed energy and export markets in eastern Australia.

Our ongoing growth strategy has proven to be the right strategy given the physical size and market value we are today, and I believe it to be the best strategy for APA going forward. We still see opportunities within Australia as well as the potential for extending our pipeline expertise overseas. We remain a low risk, stable return business with a prudent approach to all investments and acquisitions and we build astute minimisation of risk into every aspect of what we do.

The Chairman earlier referred to the announcement in August 2016 of a pool of $1.5bn of growth opportunities that we saw ahead of us over the three years to FY2019. I am pleased to confirm that $1.2bn of those projects have already been committed to.

Given FY2018 will see our largest annual capital expenditure to-date, I'd like to spend a couple of slides talking about these new and exciting projects.

Firstly though, let me briefly put the projects into perspective for you. Up on the screen is a timeline of the $1.2bn of projects.

We've found this table has been quite useful in explaining the value of these growth projects for APA.

Firstly you'll see they are spread across several areas of our expertise - pipelines, renewables and mid-stream processing. These are all now core skills of APA. Secondly you can see they are all long term contracts with customers that are well known to APA and are highly creditworthy.

Most of the projects commenced in FY2017, with all of them now well underway as I stand here today. Our estimated growth capex spend for FY2018 is in the order of $800m with another $150m to complete these committed projects in FY2019. We expect the remaining $300m of our initial $1.5b of projects still to come through, with capex spend from FY2019 for the next 2 to 3 years forecast to be in the order of $300 to $400 million per year.

The most important information that you are probably keen to hear, is when will the revenue from these projects start to contribute to earnings and into your bank accounts as distributions. You can see on the slide that the expectation for FY2018 is sub $5m of additional revenue as most of the projects are still under construction and around $70m for FY2019. But in FY2020, we expect a kick up to $200m of additional revenues from the capex investment of $1.2bn. Now I'll give you an overview of the committed projects, as well as some additional opportunities that we are working with our customers on which we hope will also come to fruition.

I know when I talk about APA on the East Coast that it's always a busy slide, but APA's East Coast Grid has been transformational not only for us but for our customers and the energy industry.

We're continuing to invest in expanding our gas pipeline network, and in FY2017 committed $80 million to develop a 50 kilometre, bi-directional gas pipeline between our Wallumbilla Hub and the Australia Pacific LNG Facility at Reedy Creek. This pipeline will further expand the capacity of our East Coast Grid and more importantly, it will facilitate much needed increased domestic gas supply.

We've also been partnering with producers to bring new gas sources to market. APA's Western Slopes Pipeline project in Northern NSW supports the Santos Narrabri gas project and is another example of producers and pipeliners working together to develop new gas resources to bring downward pressure on energy prices. This proposed project is a critical step towards addressing the gas shortage on the East Coast. It has the potential to deliver more than 50% of NSW's gas demand.

APA has partnered with Santos and has committed to providing the necessary infrastructure to move gas from Narrabri to the East Coast market – 450 kilometres across the country, through the newly built Western Slopes Pipeline. APA has identified a preferred pipeline route and is currently consulting with landowners along that route.

Narrabri isn't the only project with the potential to substantially increase supply to the eastern market. APA recently announced agreements to work with gas producers in both the Bowen and Galilee Basins in Queensland for the development of gas reserves and resources equating to roughly 10 years of East Coast domestic demand.

APA is partnering with Blue Energy and Comet Ridge to investigate the development of the Northern Queensland Pipeline and associated infrastructure. Valued at approximately $800 million, the potential Northern Queensland Pipeline would enable increased gas supply into the tight east coast gas market, and like the Santos Narrabri project, could put downward pressure on gas prices.

For APA's part, we stand shoulder to shoulder with producers, ready to bring gas to market for the benefit of Australian consumers. It's what we have done since we listed 17 years ago. It is what we will continue to do.

But gas pipelines are only one of APA's core assets. We are committed to 'connecting Australia to its energy future'. In recent years, this has meant leveraging our assets and experience to broaden our energy portfolio.

The Orbost gas processing plant east of Melbourne is one example. The plant is being refurbished by APA and will process raw natural gas from Cooper Energy's Sole gas field. Once developed, there is scope within the agreement for the plant to receive gas from Cooper's Manta gas field, and potentially gas from the Patricia Baleen and Longtom gas fields. More gas means downward pressure on gas prices.

Over the years, we have gradually adapted our keystone skills in gas transmission to other areas of energy infrastructure – we have over 13 years' experience in gas processing and storage, running the Mondarra Gas Processing and Storage facility and over 8 years' experience in renewables.

Up on this slide you'll see four more of the projects committed to in FY2017 which are all currently under construction. Uniquely to APA, all of these projects leverage either existing infrastructure and or existing operational resources. That's what gives APA its competitive advantage. The Darling Downs Solar Farm and Yamarna Gas Pipeline and Power Station projects were all subject to competitive tender processes in which APA was successful. The other two organic growth projects were as a result of working with our existing customers to meet their energy requirements.

Each project is very interesting in its own right. The Yamarna project consists of a 198 kilometre greenfield gas pipeline that will connect to our Eastern Goldfields Pipeline. Gas will be transported across four APA pipelines to the Gruyere joint venture gold mine. We also won the bid to build a 45 MW gas-fired power station for the mine that will convert the gas we transport into electricity to power the mining operations.

The Emu Downs Solar Farm and Badgingarra Wind Farm sites are adjacent to our existing 80MW Emu Downs Wind Farm, creating a 230MW renewable energy precinct. All three sites will share infrastructure and operational resources. They complement each other in the fact that when the wind isn't blowing the sun is usually shining and vice versa. All our renewable projects reflect the execution of APA's strategy to invest in and operate energy infrastructure with long term offtake arrangements and high quality customers. We've also benefitted from $25 million of funding for the two new solar farms from the Federal Government's Australian Renewables Energy Agency fund.

Of course we cannot achieve our growth strategy if we don't do the basic things right. Our values are represented by our STARS. Our decisions are guided by our Decision Compass and together, they represent the way we go about our business - the APA way.

APA continues to target being a zero harm workplace for its employees, contractors and the broader communities in which we operate. I am pleased to report an improvement in our safety statistics in FY2017. Our injury performance continues to show a downward trend that is supported by the very strong focus we place on health and safety throughout APA. On a personal level, nothing is more important to me than ensuring all of our people return home safely to their loved ones each day.

APA's infrastructure is built for the long term to meet our customers' needs for long term supply. We are very mindful of our presence amongst communities and the environment where our assets are located. As with our customers, two way relationships with communities, landowners and other stakeholders are essential to our business and valued deeply by us.

Energy is critical to all of us regardless of how tech savvy or technology agnostic you are. It got each of us here to this meeting today through providing the basics of power to our homes and powering the technology we use to go about our daily lives. Gas is critical to Australia's energy reliability, affordability and emissions future.

Whilst natural gas and renewable energy are key enablers of Australia's economic de-carbonisation, the transition to a lower carbon economy will not be without its challenges, which is what Australians are experiencing now as we are yet to get the balance right and our energy policies in order.

APA believes that climate change is a real and current issue that needs to be considered and managed both globally and within our own domestic backyard. We support Australia's commitment to the Paris Agreement and effective bipartisan environmental and energy policies as sensible risk mitigation to climate change. We look forward to working with all energy industry stakeholders as Australia transitions to a cleaner energy future. We all need to be part of the solution.

As I conclude my address, I would like to thank APA's investor's for your continued support of our business. APA has achieved a lot, but there is certainly more to do given the changing energy environment. I look forward to leading our team of 1,600 committed employees to ensure your investment continues to provide growing returns, as has been our track record for 17 years.

[ENDS]

APA Group
2017 annual meeting
27 October 2017.

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APA Group Chairman

Leonard Bleasel AM

APA Group Board

Mick McCormack
Managing Director

Steve Crane

John Fletcher

Russell Higgins AO

Patricia McKenzie

Michael Fraser

Debbie Goodin

APA Group senior management

Peter Fredricson

Ross Gersbach

Sam Pearce

Rob Wheals

Kevin Lester

Elise Manns

Nevenka Codevelle
Company Secretary & General Counsel

minutes of last meeting
26 October 2016.

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agenda
annual meeting 2017.

- Chairman’s address
- Managing Director’s address
- Formal business
- General business
- Meeting close

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Chairman’s address

Victorian-Northern Interconnect Expansion Project completed in FY2017

FY2017 results

	FY2017	change	
Statutory results			
Revenue excluding pass-through[(1)]	**$1,888.3 m**	Up	14.0%
EBITDA	**$1,470.1 m**	Up	10.5%
Net profit after tax	**$236.8 m**	Up	32.0%
Operating cash flow[(2)]	**$973.9 m**	Up	12.9%
Operating cash flow per security	**87.4 c**	Up	12.9%
Distributions			
Distributions per security	**43.5 c**	Up	4.8%
Franking credits per security	**4.0 c**		
Distribution payout ratio[(3)]	**49.8%**		

Notes:

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

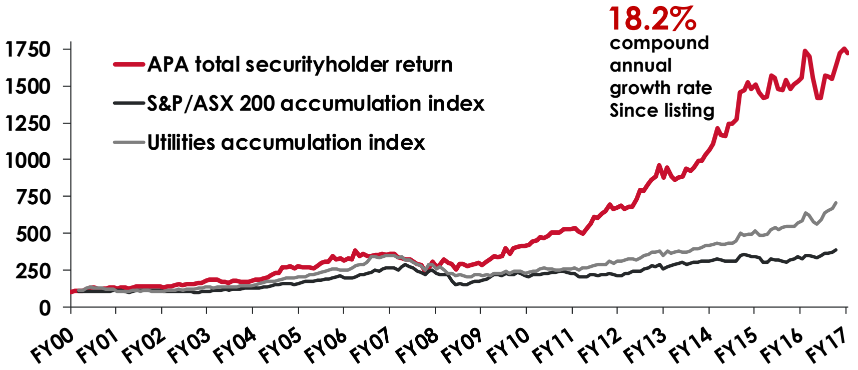
(2) Operating cash flow = net cash from operations after interest and tax payments.

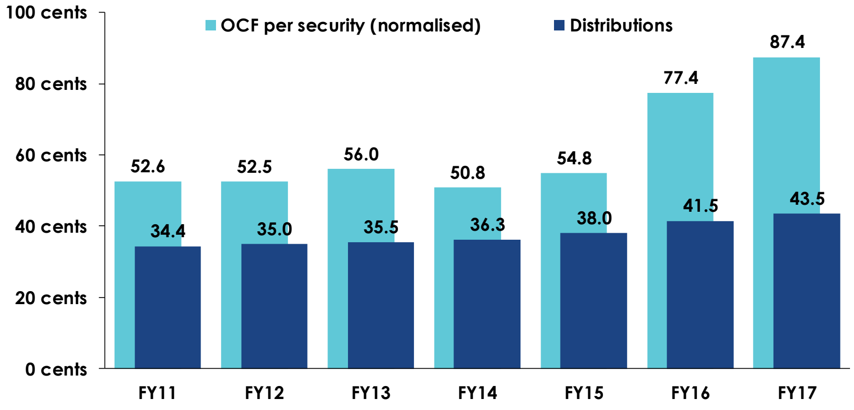
(3) Distribution payout ratio = total distribution applicable to the financial year as a percentage of operating cash flow.

sustainable distribution growth

- FY2017 distribution payout ratio[1] of 49.8%
- Components for FY17 distribution:

15.05 cents	APT profit distribution
16.25 cents	APT capital distribution
6.55 cents	APTIT profit distribution
5.65 cents	APTIT capital distribution
43.50 cents	



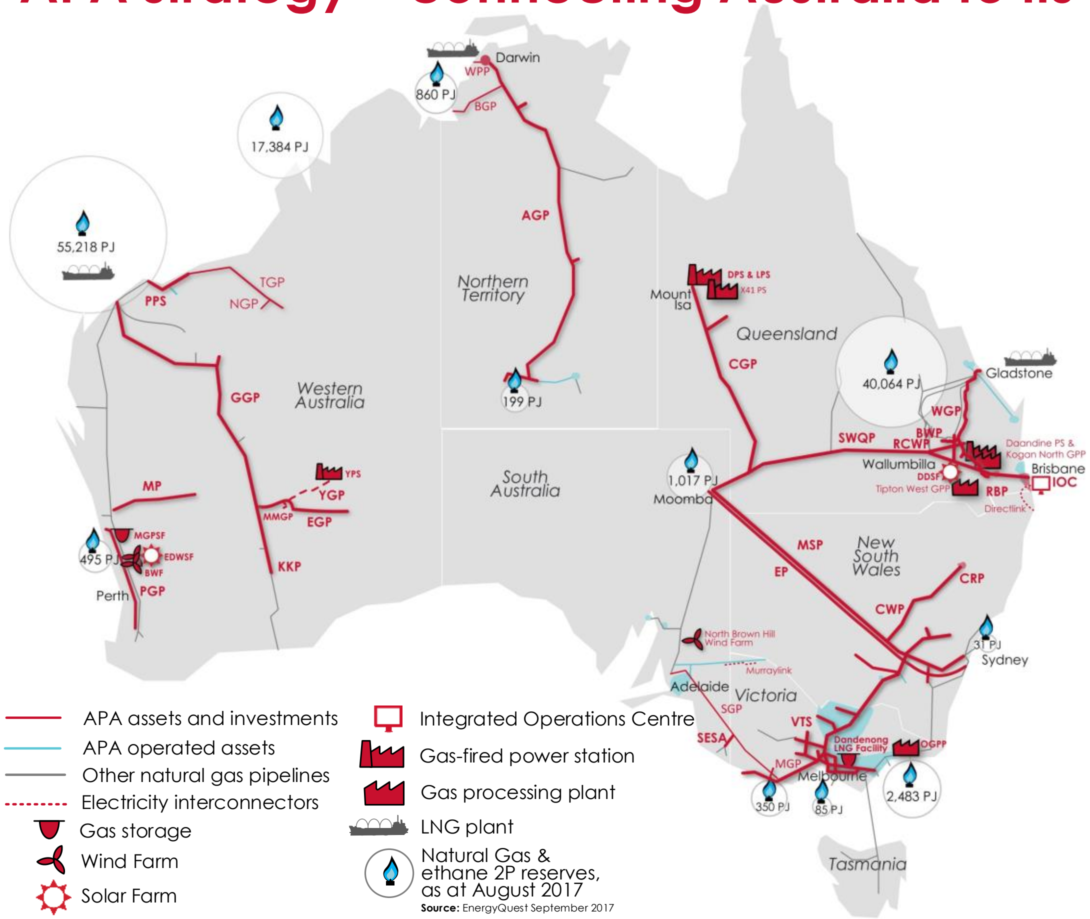


Franking Credits

- APA cash tax payer - calendar year 2017
- Franking credits of 2.0 cents per security allocated to the final APT profit distribution, taking the FY17 franking credits to 4.0 cents per security
- Expect future profits from APT to be distributed with some level of franking credits

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

APA strategy – connecting Australia to its energy future

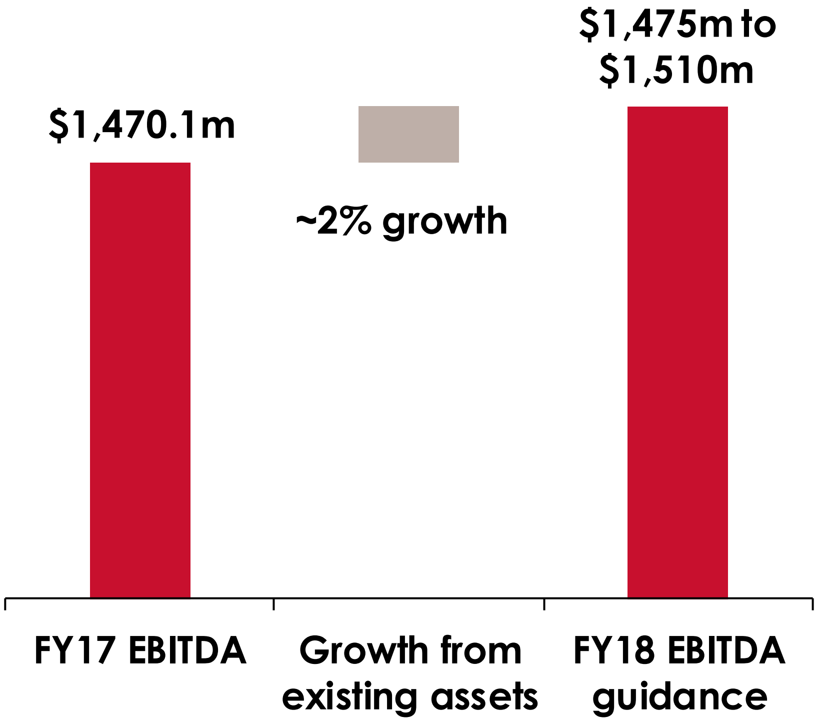


$1.2bn of new projects announced

- **New supply to the dynamic east coast gas market:**
  - Reedy Creek Wallumbilla Pipeline
  - Orbost Gas Processing Plant
- **Renewable energy portfolio:**
  - Emu Downs Solar Farm
  - Badgingarra Wind Farm
  - Darling Downs Solar Farm
- **Energy to remote mining areas:**
  - Yamarna Gas Pipeline
  - Yamarna Power Station
- **Future prospects (not included in $1.2bn)**
  - Western Slopes Pipeline (subject to Narrabri Gas Project FID)
  - Northern Queensland gas connection (MOU)

FY2018 outlook

- Based on current operating plans and available information, EBITDA for FY2018 is expected to be within a range of **$1,475 million to $1,510 million**
- Net interest costs for FY2018 expected within a range of **$525 million to $535 million**
- Distributions per security for FY2018 expected to be **in the order of 45.0 cents per security**, cash payout, with franking credits of up to 5.0 cents per security expected to be allocated



good governance practice

As at 1 July 2017 APA adopted a corporate governance framework which is designed to be as consistent, as far as is practicable, with the best practice procedures of public listed companies

- Advisory vote at each Annual Meeting on the Remuneration Report
- Application of the "two strikes" regime will be applied to APA as if it were a listed company
- Securityholder vote on increases to Non Executive Director fee cap
- Power to remove directors from office by passing an ordinary resolution
- Application of termination benefits regime to key management personnel

Managing Director’s address

Emu Downs Solar Farm in WA, under construction

dynamic energy markets

- Finkel Report (June 2017) noted that:
  - Gas can support variable renewable electricity generation and also contribute to emissions reduction as replacement for ageing coal-fired generation fleet
  - State governments should adopt evidence based regulatory regimes to manage the risk of individual gas projects on a case-by-case basis

- Numerous policy and regulatory reviews:
  - GMRG's development of pipeline information disclosure and arbitration framework
  - GMRG: secondary pipeline capacity trading platform
  - GMRG: auction process for contracted but unnominated gas pipeline capacity
  - AEMC: review of the Victorian Gas Wholesale Market
  - Removal of the Limited Merits Review

FY2017 achievements

Existing assets

- Full year contribution from **DPS and Ethane Pipeline** acquisitions
- Full year contribution from **Eastern Goldfields Pipeline**
- **Bi-directional and multi-asset, flexible services** to meet customer needs
- **Capacity augmentation**
  - VNI expansion completed
  - Moomba Interconnect completed
- **IOC** – generating operational, safety and financial benefits for customers
- **$377.5 million** capex and investments

growth projects – $1.2bn announced in FY2017

- **$200m in incremental revenue to be delivered in FY20 through new projects**

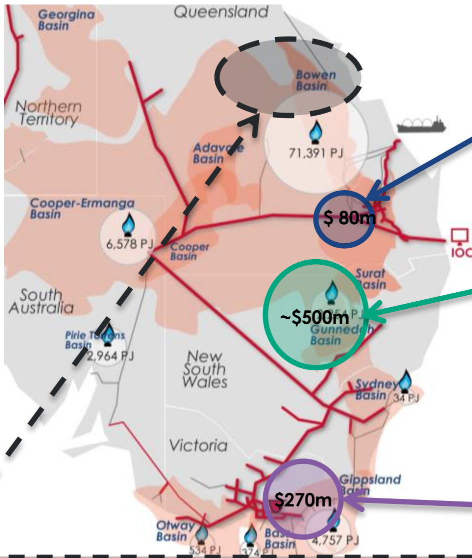
Capex | Pipeline projects | Renewables projects | Midstream projects

Projects	FY17	1H FY18	2H FY18	1H FY19	2H FY19	1H FY20	2H FY20	Customer
FY17 (incl. VNIE, excl. projects listed below)	$213.7m							various
Reedy Creek Wallumbilla Pipeline	$80m project		20-year contract					APLNG
Emu Downs Solar Farm (incl. $5.5m ARENA funding)	$50m project		13-year contract					Synergy
Badgingarra Wind Farm		$315m project			12-year contract			Alinta
Orbost Gas Processing Plant		$270m project				Multi year contract		Cooper
Darling Downs Solar Farm (incl. $20m ARENA funding)	$200m project			12-year contract				Origin
Yamarna Pipeline & Power Station		$180m project		15-year contract				Gold Road/ Gold Fields JV
Total growth capex ('in-flight' to date)	**FY17: $271.9m**	**FY18: ~$800m**		**FY19: ~$150m**				
Total revenue contribution		**FY18: <$5m**		**FY19: ~$70m**		**FY20: ~$200m**		

Note: Above diagram is for illustrative purpose only.

FY2018 projects – East Coast Grid

- **Leveraging the unique capabilities of APA's East Coast Grid**



Reedy Creek Wallumbilla Pipeline

Project description:
- 50km, 300TJ/day bi-directional pipeline
- $80m construction cost
- Commissioning expected mid 2018
- 20-yr contract with Australia Pacific LNG

Domestic gas implications:
- APLNG able to participate flexibly and fully in Australia's dynamic gas market
- APLNG's 2P reserves: 13,529PJ*

* **Source:** EnergyQuest Energy Quarterly June 2017

Western Slopes Pipeline

Project description:
- 450km, 200TJ/day pipeline
- ~$500m cost
- Secretary's Environmental Assessment Requirements (SEARs) received, landowner & stakeholder engagement underway, and EIS process commenced

Domestic gas implications:
- Santos estimates the Narrabri Project could supply up to half* of the natural gas used in NSW

* **Source:** The Narrabri Gas Project Environmental Impact Statement, Santos

Orbost Gas Processing Plant

Project description:
- Acquire, expand and upgrade the gas processing plant
- $270m acquisition and development cost
- Term contract with Cooper Energy to process gas from their Sole Gas Project

Domestic gas implications:
- Sole Gas Project expected to produce ~25PJ/pa*, with 20PJ/pa* contracted to AGL, Energy Australia, Alinta and Owens Illinois
- Cooper's 2C gas resources in the Gippsland at ~390PJ*

***Source:** Company Data

Northern Queensland Pipeline

Project description:
- MOU with Blue Energy and Comet Ridge to develop a Northern Queensland Pipeline
- ~750 km of greenfield pipeline and compression facilities
- Total investment ~$800 million

Domestic gas implications:
- Gas to the east cost from Bowen and Galilee Basins

APA's unique power offering

Emu Downs Solar Farm

Project description:
- 20MW solar farm
- $50m cost, incl $5.5m funding via ARENA grant
- Commissioning expected Jan 2018
- **13 year offtake contract with Synergy**

APA's unique offering:
- Adjacent to Emu Downs Wind Farm and Badgingarra Wind Farm
- Shared infrastructure

Badgingarra Wind Farm

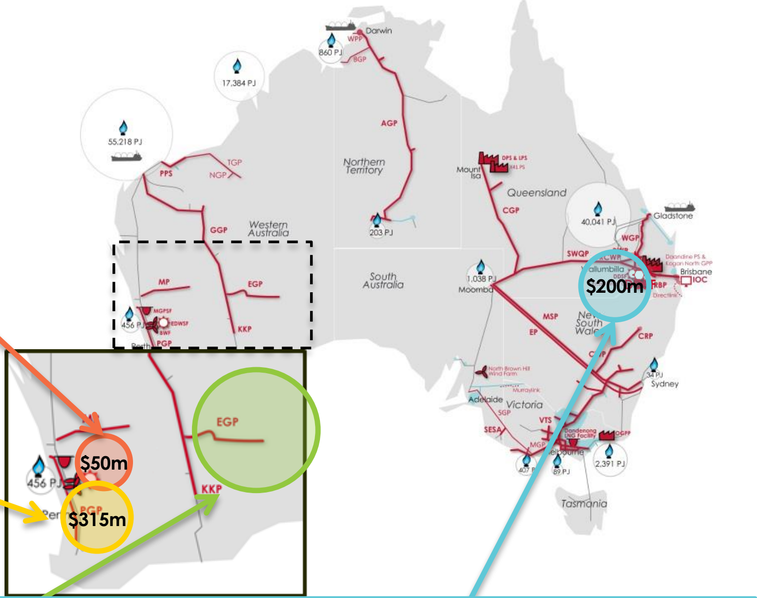
Project description:
- 130MW wind farm
- $315m construction cost
- Commissioning expected Jan 2019
- 12 year offtake contract with Alinta Energy

APA's unique offering:
- Adjacent to Emu Downs Wind and Solar Farms
- Leverage existing operational and on-the-ground resources

Yamarna Gas Pipeline & Power Station

Project description:
- 198km pipeline + 45MW gas fired power station
- $180m construction cost
- 15 year offtake contracts with Gruyere JV (Gold Road Resources & Gold Fields Limited)

APA's unique offering:
- Transport gas 1,500km using Goldfields Gas Pipeline, Murrin Murrin Lateral, Eastern Goldfields Pipeline
- Leverage existing operational and on-the-ground resources



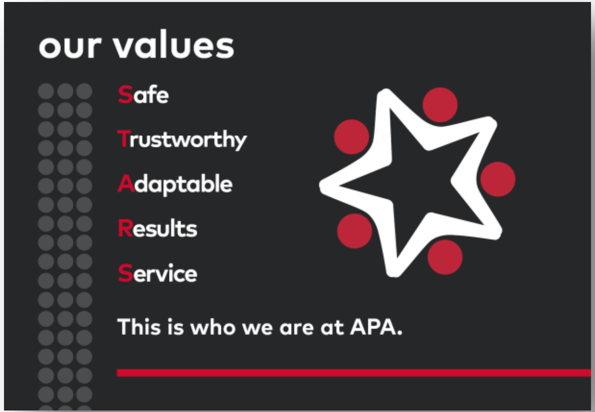
Darling Downs Solar Farm

Project description:
- 110MW solar farm
- $200m acquisition & construction cost, incl $20m funding via ARENA grant
- Commissioning expected late 2018
- 12 year offtake contract with Origin Energy

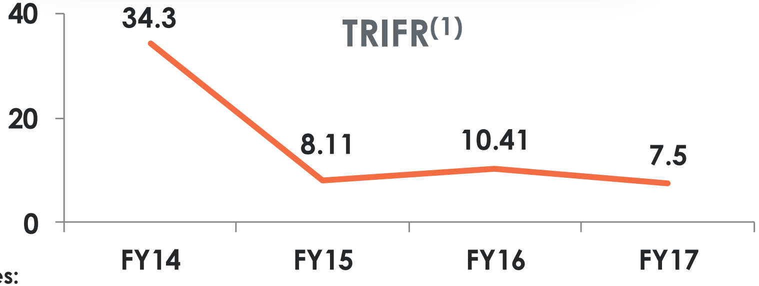
APA's unique offering:
- Ability to manage ARENA relationship and process
- Leverage existing operational resources

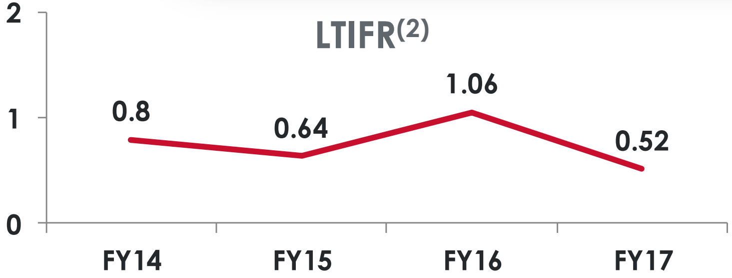
Sustainability – here for the long term

Our Values – STARS



Our Decision Compass





Notes:

(1) Total reportable injury frequency rate (TRIFR) is measured as the number of lost time and medically treated injuries sustained per million hours worked. All data includes both employees and contractors.

(2) Lost time injury frequency rate (LTIFR) is measured as the number of lost time injuries per million hours worked. All data includes both employees and contractors.

Formal business

Orbost Gas Processing Plant, VIC

registration and voting

Yellow card - person entitled to vote

Red card - non-voting member

Blue card - visitor and non-voting

Ordinary Resolutions

- **Resolution 1:**
  Adoption of the Remuneration Report

- **Resolution 2:**
  Nomination of Patricia McKenzie for re-election as a Director

- **Resolution 3:**
  Nomination of Michael Fraser for re-election as a Director

Resolution 1

Adoption of
the Remuneration Report

Resolution 1

- Adoption of **FY2017 Remuneration Report**
- Valid available proxy votes received:

for	open	against	abstain*
653,304,688	11,304,429	15,815,761	6,452,253
96.01%	**1.66%**	**2.32%**	-

* votes by a person who abstains on an item are not counted in calculating the required majority on a poll

Ordinary Resolutions 2 and 3

- **Resolution 2:**
  Nomination of Patricia McKenzie for re-election as a Director

- **Resolution 3:**
  Nomination of Michael Fraser for re-election as a Director

Resolution 2

Nomination of
Patricia McKenzie
for re-election as a Director

Resolution 2

- Nomination of **Patricia McKenzie** for re-election as a Director
- Valid available proxy votes received:

for	open	against	abstain*
672,187,969	11,795,348	1,432,937	2,218,400
98.07%	**1.72%**	**0.21%**	-

* votes by a person who abstains on an item are not counted in calculating the required majority on a poll

Resolution 3

Nomination of
Michael Fraser
for re-election as a Director

Resolution 3

- Nomination of **Michael Fraser** for re-election as a Director
- Valid available proxy votes received:

for	open	against	abstain*
629,939,891	11,799,283	42,433,844	3,461,586
92.07%	**1.72%**	**6.20%**	-

* votes by a person who abstains on an item are not counted in calculating the required majority on a poll

voting and proxy votes

Yellow card	**Person entitled to vote**
Red card	**Non-voting member**
Blue card	**Visitor and non-voting**

	for	open	against	abstain*
Resolution 1	653,304,688	11,304,429	15,815,761	6,452,253
Adoption of the **Remuneration Report**	**96.01%**	**1.66%**	**2.32%**	**-**
Resolution 2	672,187,969	11,795,348	1,432,937	2,218,400
Nomination of **Patricia McKenzie** for re-election as a Director	**98.07%**	**1.72%**	**0.21%**	**-**
Resolution 3	629,939,891	11,799,283	42,433,844	3,461,586
Nomination of **Michael Fraser** for re-election as a Director	**92.07%**	**1.72%**	**6.20%**	**-**

* votes by a person who abstains on an item are not counted in calculating the required majority on a poll

General business

Expansion of the Victorian Northern Interconnect was completed in FY2017. Simon Heath, Lead E&I Drafter, provided electrical support during the construction of the Young Pressure Reduction Station, part of the VNIE project.

for more information visit

www.apa.com.au

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