



18 February 2020

ASX ANNOUNCEMENT

APA Group (ASX: APA)

FINANCIAL RESULTS PRESENTATION

The following is attached for release to the market:

- APA Group financial results presentation for the half year ended 31 December 2019

A handwritten signature in dark ink, appearing to read 'N Codevelle'.

Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating around \$21 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

financial results for **half** year ended 31 December 2019.



18 February 2020

energy. connected.

A large graphic of the APA Energy logo, where the letters are formed by a grid of black dots on a background of light gray dots.

apa energy

disclaimer



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APA Group believes that there are reasonable grounds for these forward looking statements and due care and attention have been used in preparing this presentation. However, the forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions and are subject to risk factors associated with the industries in which APA Group operates. Forward-looking statements, opinions and estimates are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of APA Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements, opinions and estimates. A number of important factors could cause actual results or performance to differ materially from such forward-looking statements, opinions and estimates.

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Non-GAAP financial measures: Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures are EBITDA, normalised EBITDA and statutory EBITDA. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although APA Group believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation.



results overview.

Rob Wheals

CEO and Managing Director

financial highlights - solid results



\$ million	1H FY20	1H FY19	change	
Revenue excluding pass-through ⁽¹⁾	1,077.8	1,012.9	Up	6.4%
EBITDA	842.2	787.7	Up	6.9%
Net profit after tax	175.0	157.4	Up	11.2%
Operating cash flow ⁽²⁾	511.9	470.2	Up	8.9%
Operating cash flow per security (cents)	43.4	39.8	Up	9.8%
Distributions per security (cents)	23.0	21.5	Up	7.0%

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.

- First full period contribution from **new growth assets**
- On track to **deliver FY2020 EBITDA guidance** within range \$1,660m to \$1,690m
- Growth **capital expenditure continued** \$145.1m
- **Refinanced ~\$389m higher cost debt** reducing borrowing costs
- Interim **distribution 23 cps (+7% pcg)**, with **3.65 cps franking credits** attached

highlights



Operations

99.9% reliability
gas nomination delivery

\$68.5m
SIB & IT technology capex

Community

Bush fire response
Financial & in-kind proactive
response; ongoing assistance
in communities where our
assets operate

Fire truck
donated to the Shire of
Dandaragan, WA

Growth

\$38.3m EBITDA
from new assets

\$145.1m
growth capex

3 new assets
opened

275MW renewables
45MW gas-fired power
270km pipelines
added to APA's portfolio in
the last 3 years

Customers

APA Customer Promise
launched

8.4/10 Networks
7/10 Transmission
Customer Satisfaction scores

1ST Energy Charter
Independent Accountability
Report delivered

Regulation

RIS submission
Expected outcomes FY21

Regulatory resets
GGP new 5 year period
AGP stakeholder consultation

Orbost Gas Processing Facility



- Commissioning delayed due to construction delays, with further delays due to local bush fire threat & air quality issues from smoke
- Successfully commissioned gas-fired power generation on site & safely introduced sales gas into the plant
- Raw gas from Sole field expected to be brought into the plant late February
- Commercial operations expected to commence in March

safety & environment

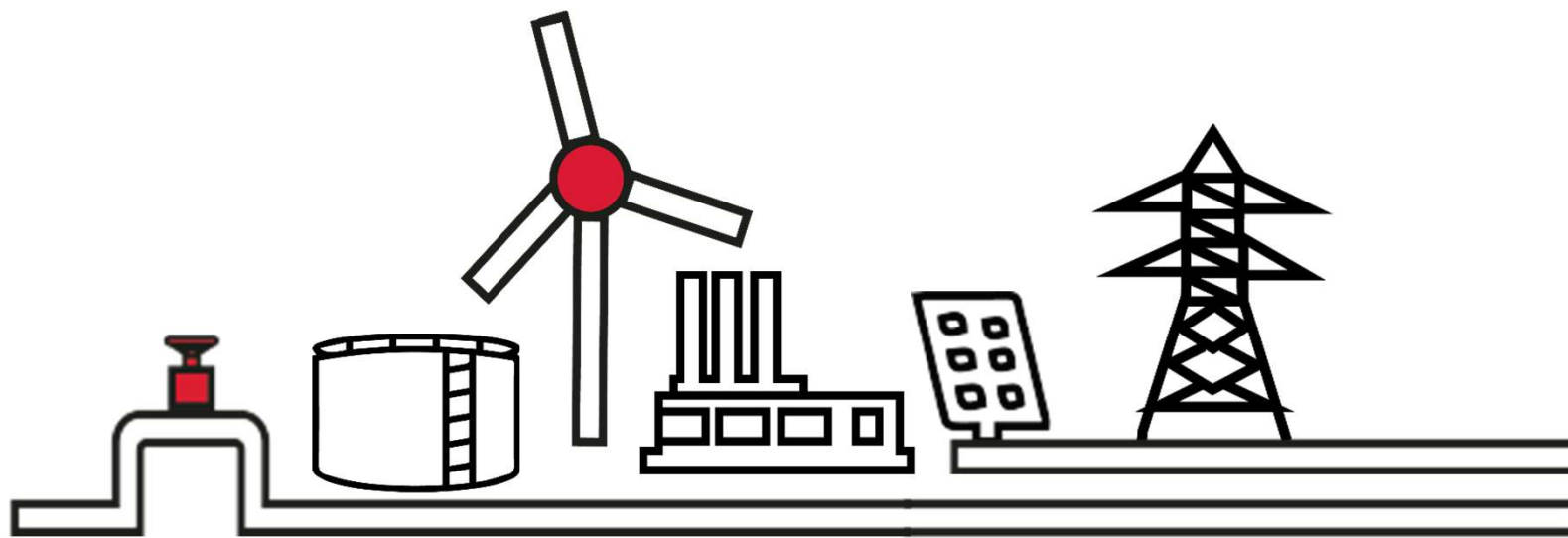
- **TRIFR** safety metric 7.37 (FY2020 target 5.5) & **LTIFR** safety metric 0.6 (FY2020 target 1.0)
 - Injuries are less severe **but still too many**, particularly for contractors
 - **Contractor management** ongoing priority & focus
- New three year **HSE Strategic Plan developed and being rolled out**, 6 key themes:
 - HSE Leadership & Culture
 - Contractor Management
 - Health & Wellbeing
 - Technology, Systems & Analytics
 - Environment & Heritage Management
 - Process Safety
- **Environment** – working with local Councils, utility providers, developers, landowners, community & cultural groups to ensure energy infrastructure is appropriately & safely located; avoid adverse impacts; & take into account future needs & uses

priorities for FY2020 - update

- ✓ complete review of APA's purpose, vision and culture
- ✓ implement new organisational model to support strategy execution

In progress:

- progress APA's growth strategy, both organic in Australia, and possible US acquisition
- continued focus on operational and safety excellence, as well as ESG
- delivering services our customers value





financial performance.

Peter Fredricson

Chief Financial Officer



summary results



\$ million	1H FY20	1H FY19	Change
Revenue excluding pass-through ⁽¹⁾	1077.8	1,012.9	6.4%
EBITDA	842.2	787.7	6.9%
Depreciation and amortisation	(319.4)	(297.6)	7.3%
EBIT	522.8	490.0	6.7%
Net interest expense	(245.3)	(239.6)	2.4%
Pre-tax profit	277.5	250.5	10.8%
Tax	(102.4)	(93.1)	10.0%
Net profit after tax	175.0	157.4	11.2%
Operating cash flow ⁽²⁾	511.9	470.2	8.9%
Operating cash flow per security (cents)	43.4	39.8	9.0%

Notes: Numbers in the table may not add due to rounding.

(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.

1H FY2020 result: EBITDA by business segment

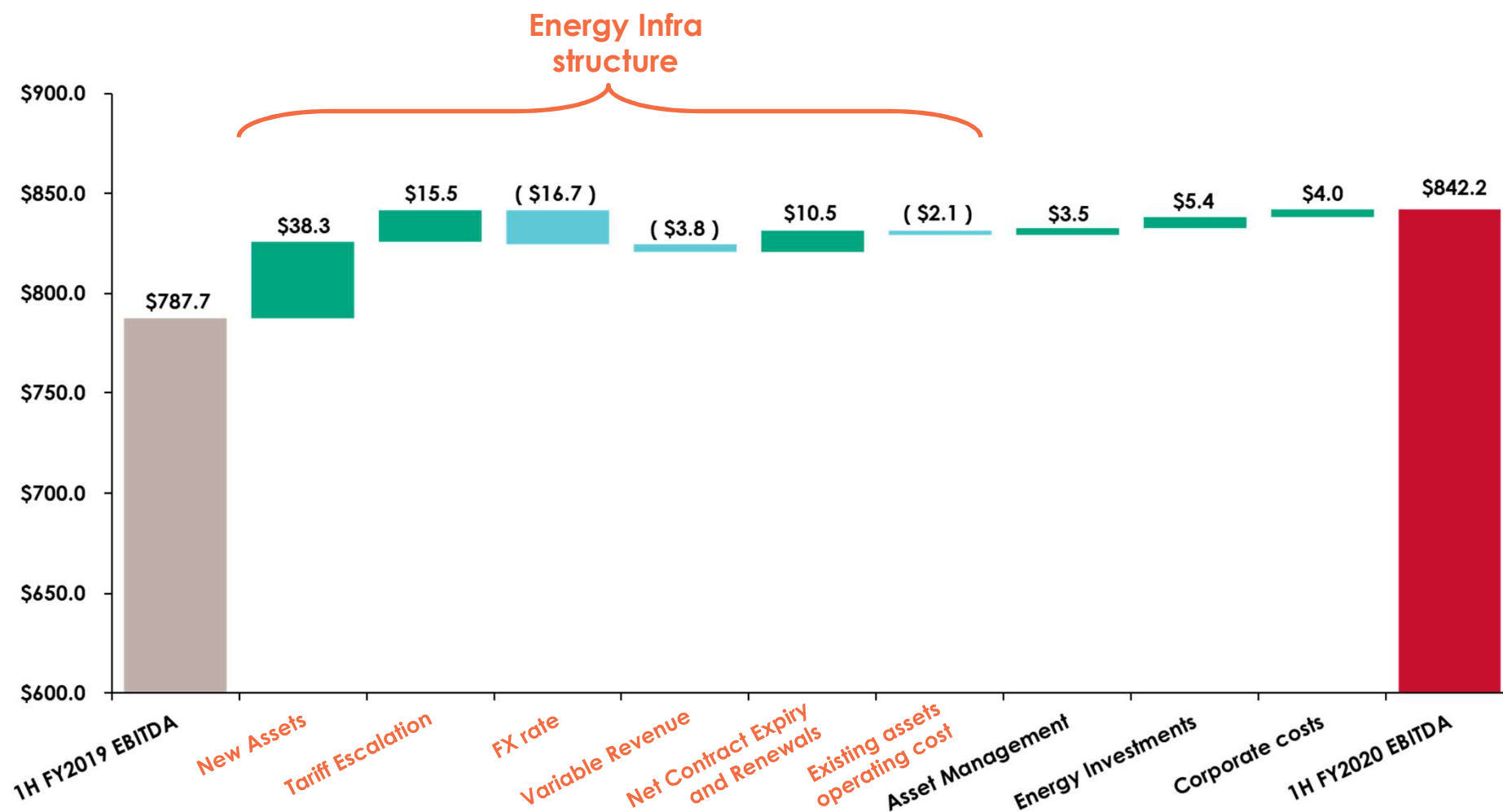
\$ million	1H FY20	1H FY19	Change
Energy Infrastructure			
Queensland	506.3	511.6	(1.0%)
New South Wales	81.6	75.4	8.1%
Victoria & South Australia	63.5	68.8	(7.7%)
Northern Territory	8.6	10.8	(21.0%)
Western Australia	171.1	122.7	39.4%
Energy Infra total	830.9	789.4	5.3%
Asset Management	31.3	27.7	12.8%
Energy Investments	18.4	13.0	41.7%
Corporate costs	(38.4)	(42.4) ⁽²⁾	(9.4%)
Total EBITDA	842.2	787.7	6.9%
CC/EBITDA ⁽¹⁾	4.4%	5.1%	

Notes: Numbers in the table may not add due to rounding.

(1) As a % of EBITDA before corporate costs.

(2) Includes \$11.1 million of costs associated with the CKI proposal and former Managing Director's retirement.

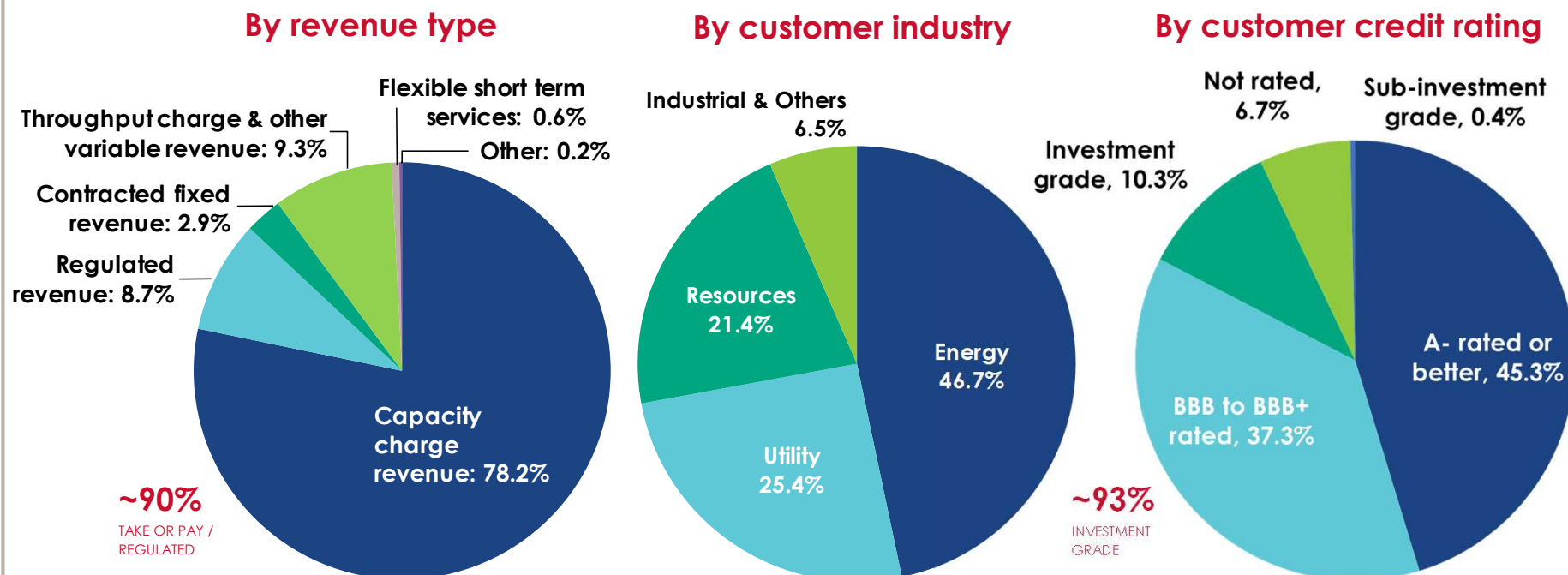
1H FY2020 EBITDA bridge



low risk business model

- Solid risk management processes in place
- Continue to manage counterparty risks by:
 - Diversification of customers and industry exposures
 - Assessment of counterparty creditworthiness
 - Entering into long term contracts to support major capital spend
- Revenue weighted average contract tenor at 1 Jan 2020 is in excess of 12 years

Energy Infrastructure revenue split



capital expenditure

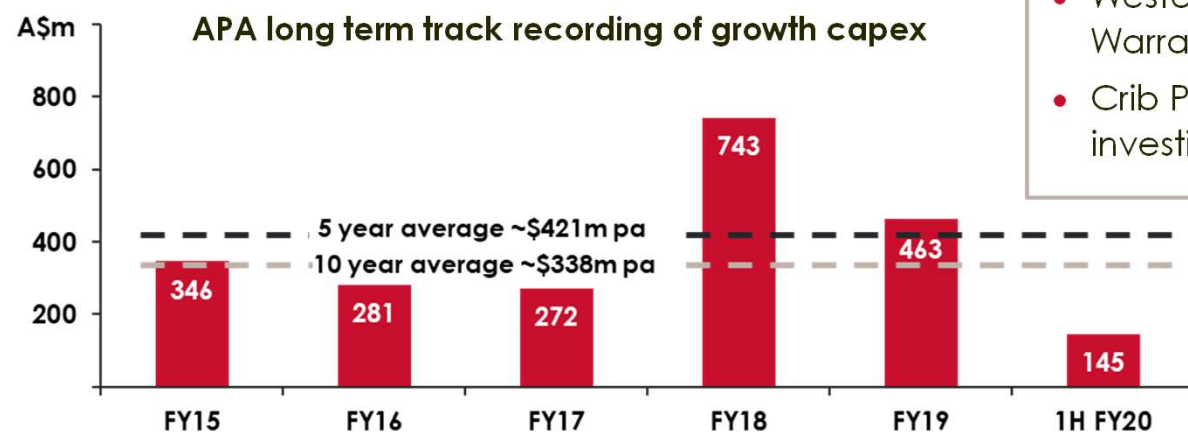
\$ million	1H FY20	1H FY19
Growth capex		
Regulated – Victoria	28.4	14.0
Non-regulated		
East Coast Grid	98.8	104.3
Western Australia and Northern Territory	10.6	132.6
Other	7.3	10.5
Total growth capex	145.1	261.4
Stay-in business capex	52.6	45.7
IT capex	15.9	23.2
Total capital expenditure⁽¹⁾	213.6	330.4

Notes: Numbers in the table may not add due to rounding.

(1) Capital expenditure ("capex") represents cash payments as disclosed in the cash flow statement.

Growth capex projects:

- Orbest Gas Processing Plant in Vic
- Moomba Sydney Pipeline capacity expansion, providing additional capacity of ~20 TJ/day to Sydney/Melbourne
- Gruyere Power Station in WA
- Various works on the Eastern Goldfields Pipeline and associated laterals in WA
- Renewable power - Badgingarra Wind and Solar Farms in WA and Darling Downs Solar Farm in Qld
- Thomson Power Station in QLD
- Metering Station on the Goldfields Gas Pipeline for new customer Kalium Lakes
- Warrego Pressure Regulation in NT
- Western Outer Ring Main project and Warragul Lateral looping in Vic
- Crib Point Pakenham Pipeline - early investigative works in Vic



capital management

- Cash and committed undrawn facilities of around \$1,354 million as at 31 December 2019 to meet the continuing needs of the business
- Credit ratings: S&P BBB (outlook Stable, confirmed Dec 2019)
Moody's Baa2 (outlook Stable, confirmed Dec 2019)
- Key capital ratios are as follows:

Metrics ⁽¹⁾	Dec 2019	Jun 2019	Jun 2018
Funds from Operations to Net Debt ⁽¹⁾	11.4%	10.8%	10.7%
Funds from Operations to interest ⁽¹⁾	3.1 times	3.0 times	3.0 times
Average interest rate applying to drawn debt ⁽²⁾	5.35%	5.53%	5.65%
Interest rate exposure fixed or hedged	99.0%	100%	97.7%
Average maturity of senior facilities	6.5 years	6.8 years	6.9 years

Notes:

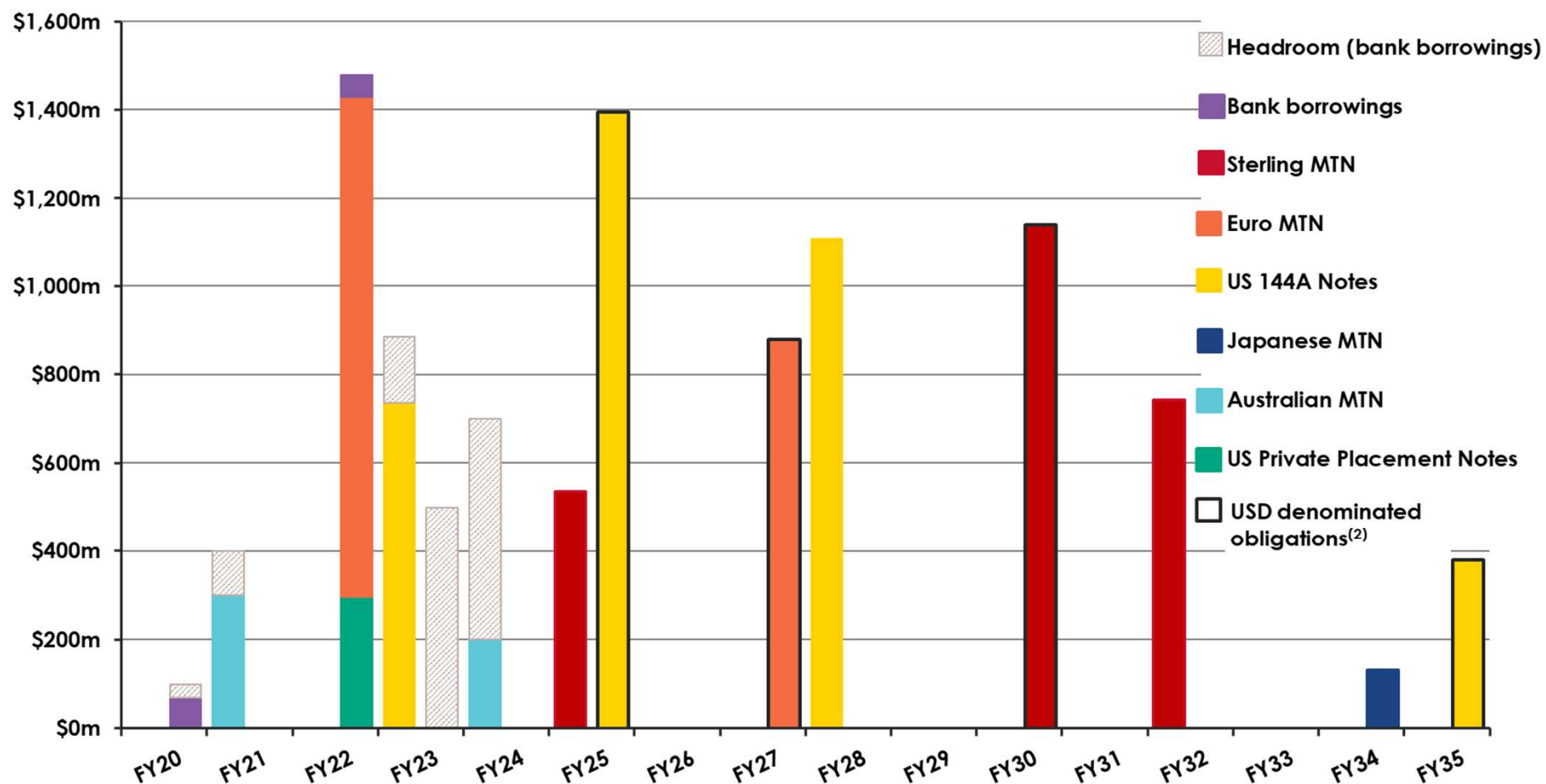
(1) APA calculation

(2) For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) and is in a designated hedge relationship with USD revenue, has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for the US\$144A notes at respective inception dates.

debt maturity profile



APA maintains diversity of funding sources and spread of maturities⁽¹⁾



Notes:

(1) APA debt maturity profile as at 31 December 2019.

(2) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, Euro and Sterling - AUD/USD=0.7772).

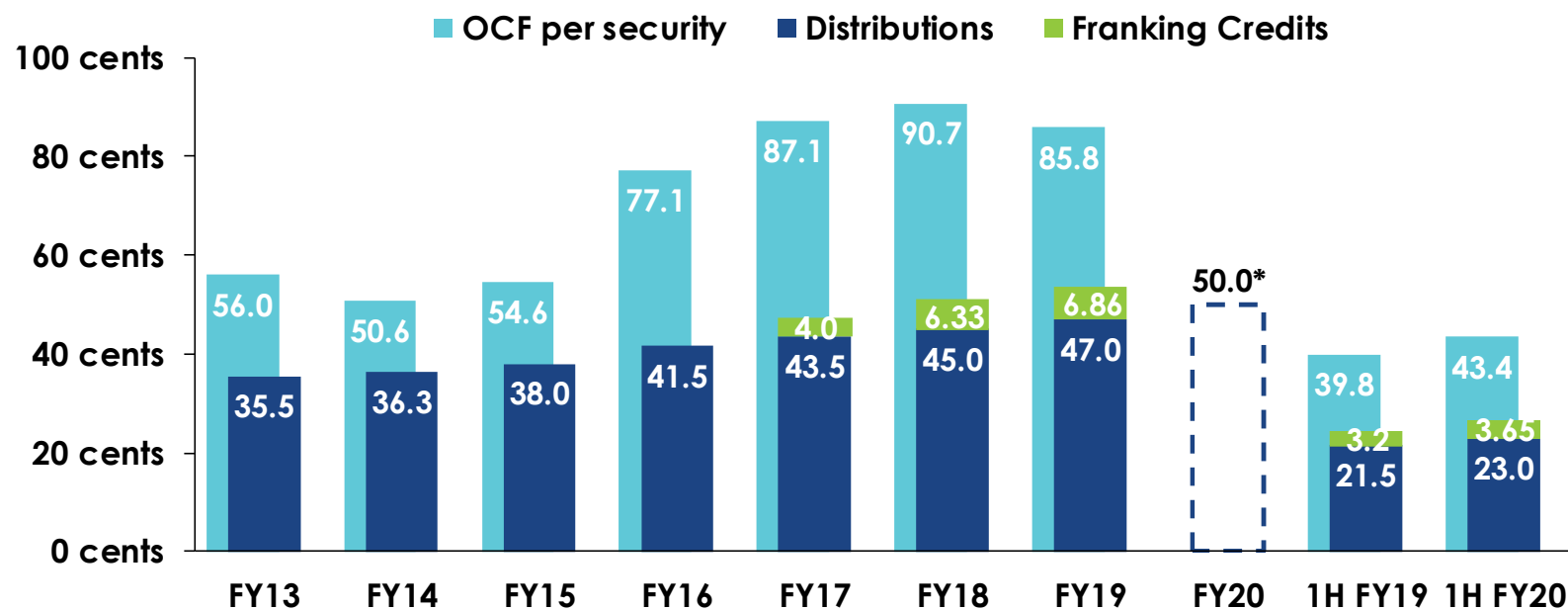
fully covered distributions

- Distribution payout ratio⁽¹⁾ of 53.0%
- Distribution components:
 - 8.52 cents APT franked profit distribution
 - 2.93 cents APT unfranked profit distribution
 - 6.66 cents APT capital distribution
 - 2.40 cents APTIT unfranked profit distribution
 - 2.49 cents APTIT capital distribution

23.00 cents Total final distribution

3.65 cents Franking credits

- \$71.8 million tax paid for FY19 (FY2018: \$52.0 million)
- FY19 effective cash tax rate of 15.5%, due to utilisation of available fraction tax losses and capital expenditure and other timing differences

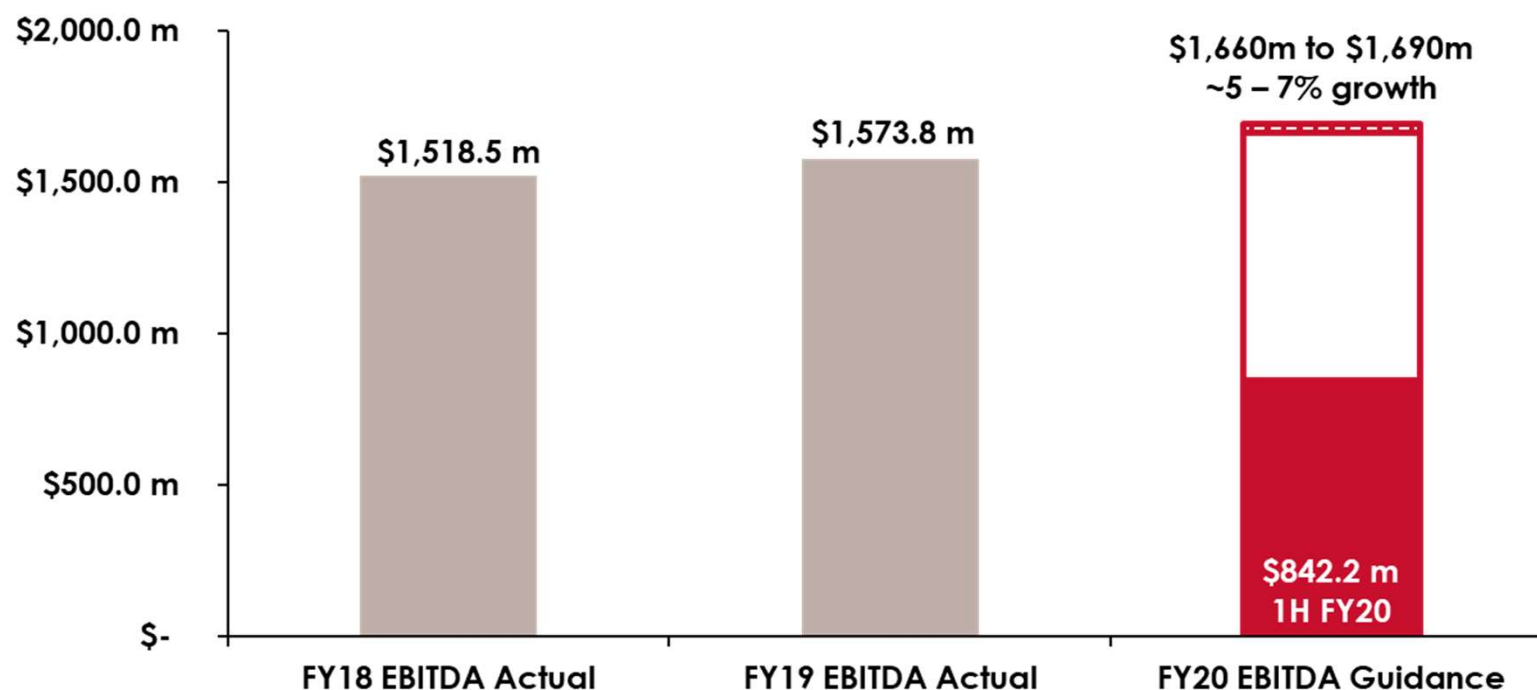


Notes: (1) Distribution payout ratio: distribution applicable to the 1H FY20 as a percentage of operating cash flow.

* FY2020 Guidance

FY2020 guidance

- Based on current operating plans and available information, APA reaffirms its guidance that EBITDA for FY2020 is expected to be within the range of \$1,660 million to \$1,690 million
- Net interest expense for FY2020 expected to settle towards the lower end of the \$505 million to \$515 million range
- Distributions per security for FY2020 expected to be in the order of 50.0 cents per security, with the 3.65 cents per security of franking credits announced for the half year and any further franking credits that may be allocated to the final distribution attaching to that cash payout





outlook.

Rob Wheals

CEO and Managing Director



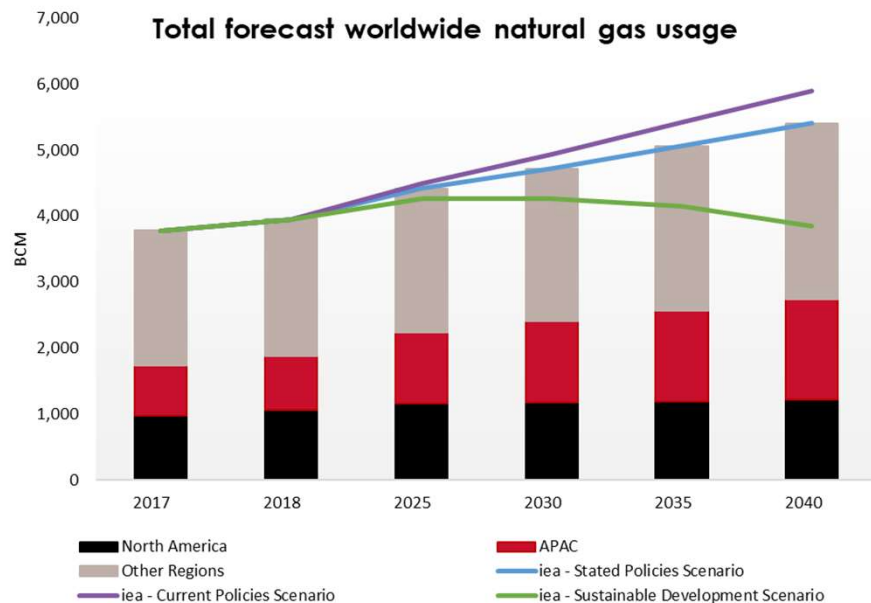
energy outlook



Global energy demand expected to continue steady growth in most scenarios – IEA

Gas remains a key part of the energy mix

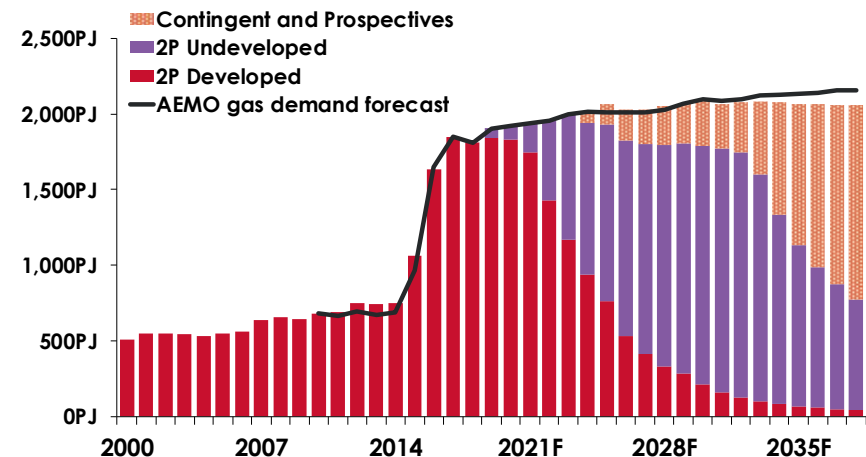
Global



Source: Source: International Energy Agency (IEA 2019), "World Energy Outlook 2019", IEA, Paris <https://www.iea.org/reports/world-energy-outlook-2019>

- Natural gas usage forecast to be a critical part of the energy mix going forward – all scenarios (IEA)

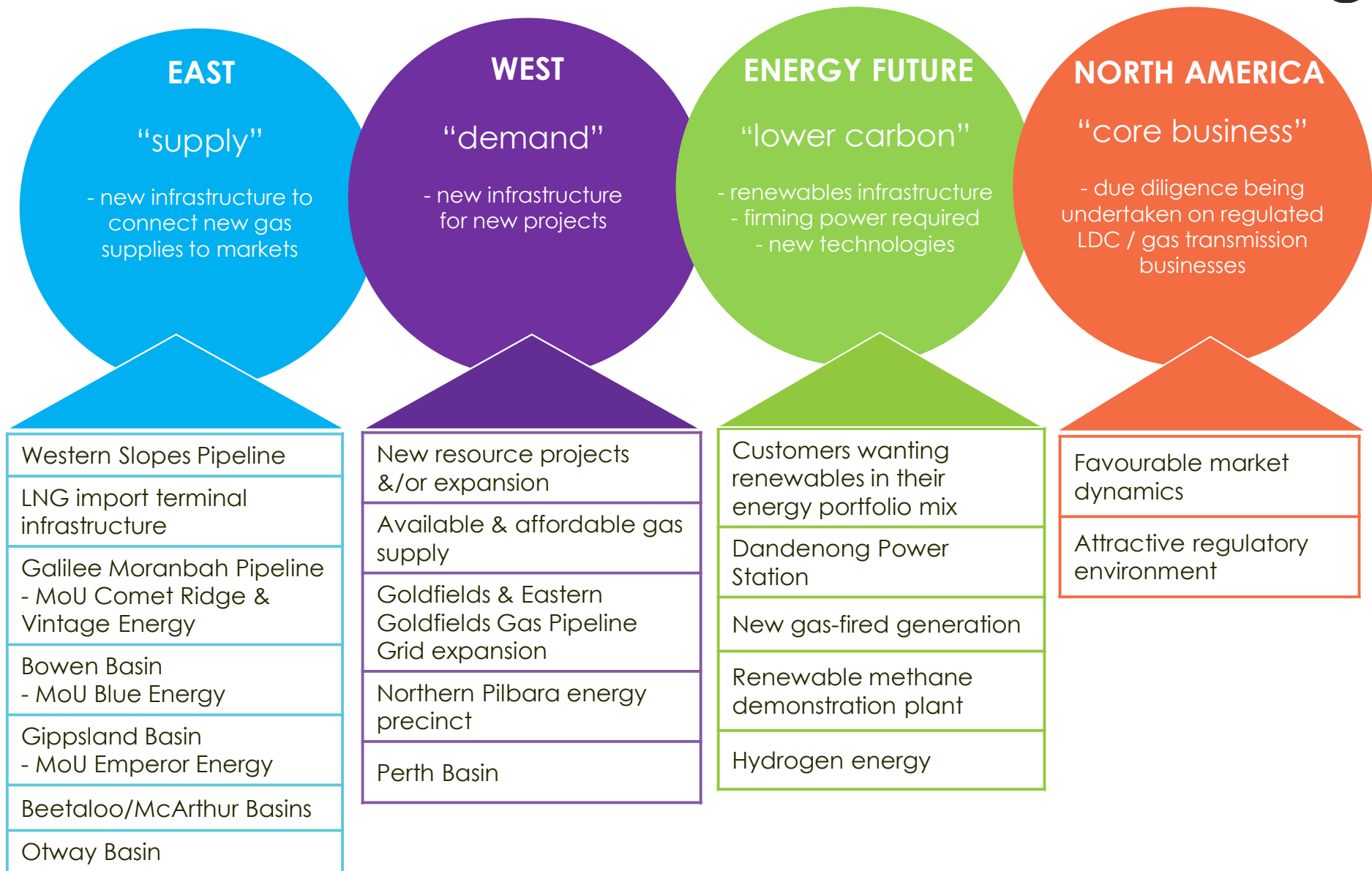
East Coast Australia – Gas supply & demand



Source: AEMO Gas statement of Opportunities 2019

- Between 2025 & 2037, an additional 200PJ p.a. of natural gas is required to meet demand
- Represents significant infrastructure opportunity to process & connect to markets

growth opportunities



organisational review - complete



Purpose: *why we exist*

We strengthen communities through **responsible energy**



Vision: *what we aspire to*

To be **world class** in energy solutions



Culture: *how we do things*

Build on our STARS values, we are **customer focused, innovative** and **collaborative**, with **empowered** and **energised teams**

By **responsible energy** we mean:

- Doing the right thing, even in tough situations
- Creating value for all our stakeholders
- Taking a long term view, being here for future generations
- Investing in new technologies & new energy
- Innovating for a sustainable future

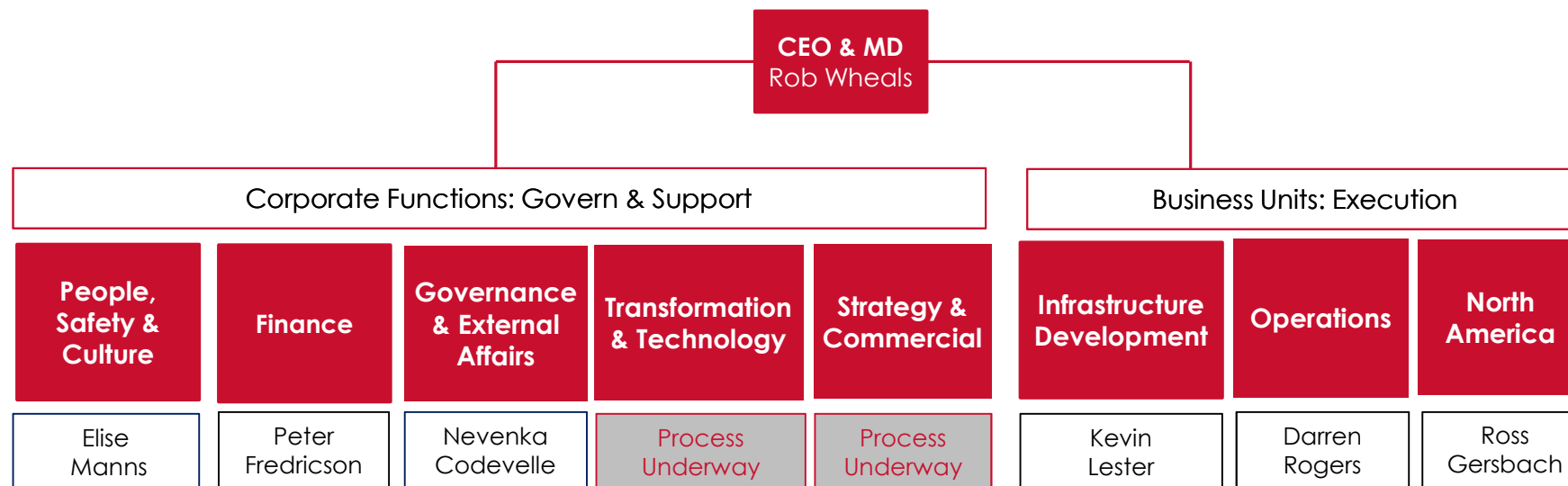
As **world class** we want to be known for:

- High integrity & credibility
- Leadership in responsible energy
- Customer focus
- Operational capability, safety & environmental performance
- Where people are proud to work
- Making a positive impact on communities

APA's operating model

“creates **strategic alignment** across the organisation to **empower APA's people** to make the **best decision every time**, balancing **speed and governance** in pursuit of **superior outcomes** consistent with its **vision** and **purpose**”

New operating structure as at 10 February 2020:



summary and outlook

1H FY2020 – a solid result

- EBITDA up 6.9%
- Operating cash flow up 8.9%
- First full period contribution from new growth assets- \$38.3 million
- Growth capital expenditure continued - \$145.1 million
- Distribution of 23 cps, up 7.0% ps, plus 3.65 cps franking credits

Business strength

- Track record of successful investment in infrastructure to deliver long-term growth
- Reorganised business model to support collaboration on customer service & outcomes, & a 'portfolio' approach to energy assets
- Diversification of customers & industry exposures
- Operational, safety & asset management expertise
- Strong balance sheet

Outlook

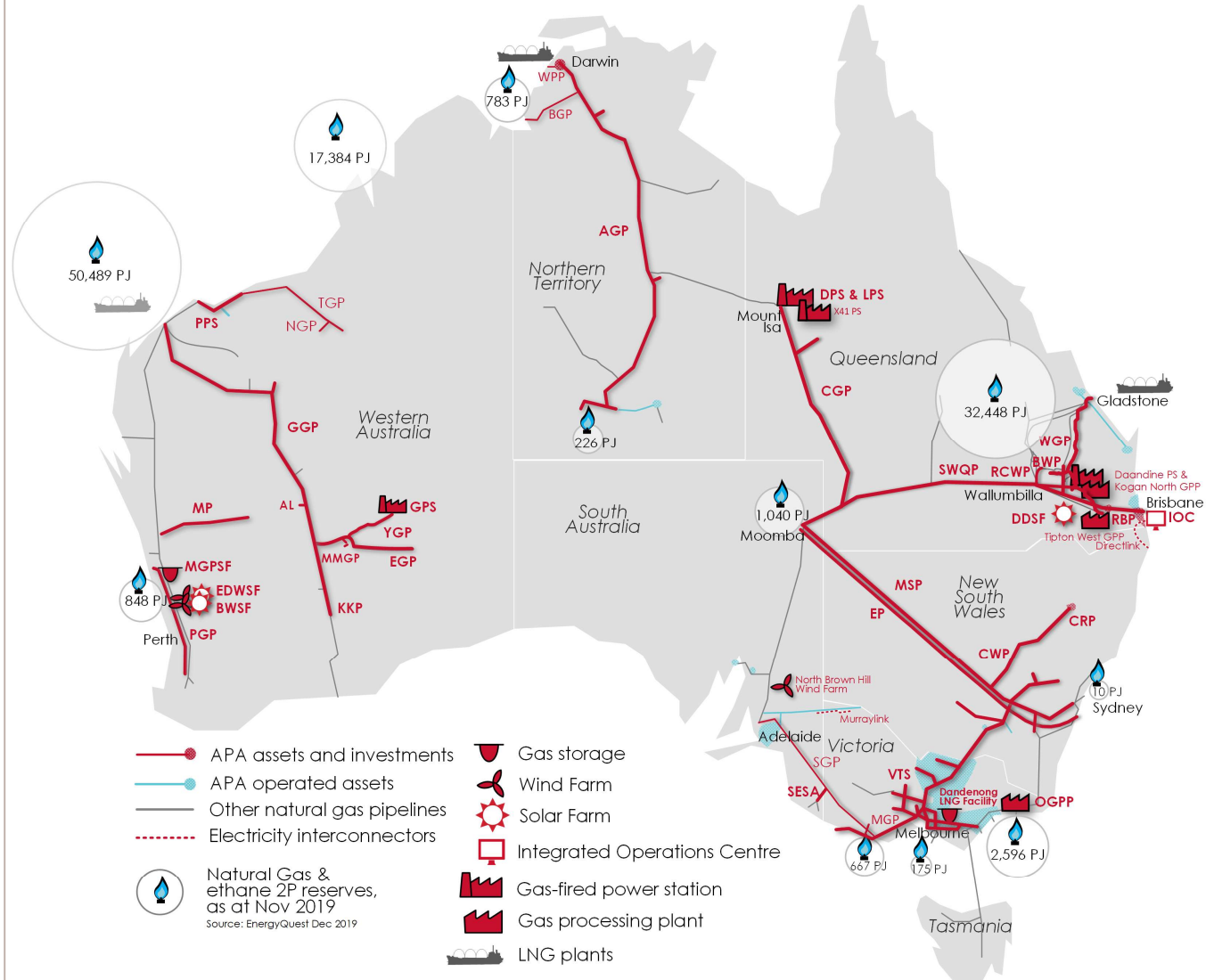
- FY20 EBITDA guidance confirmed: \$1,660 million to \$1,690 million
- FY20 distribution expected to be in the order of 50.0 cps
- Continuing opportunities for growth:
 - *Domestic: gas & renewables*
 - *North America*
 - *New energy technologies*

APA's uniquely integrated energy assets



Assets and Investments Glossary

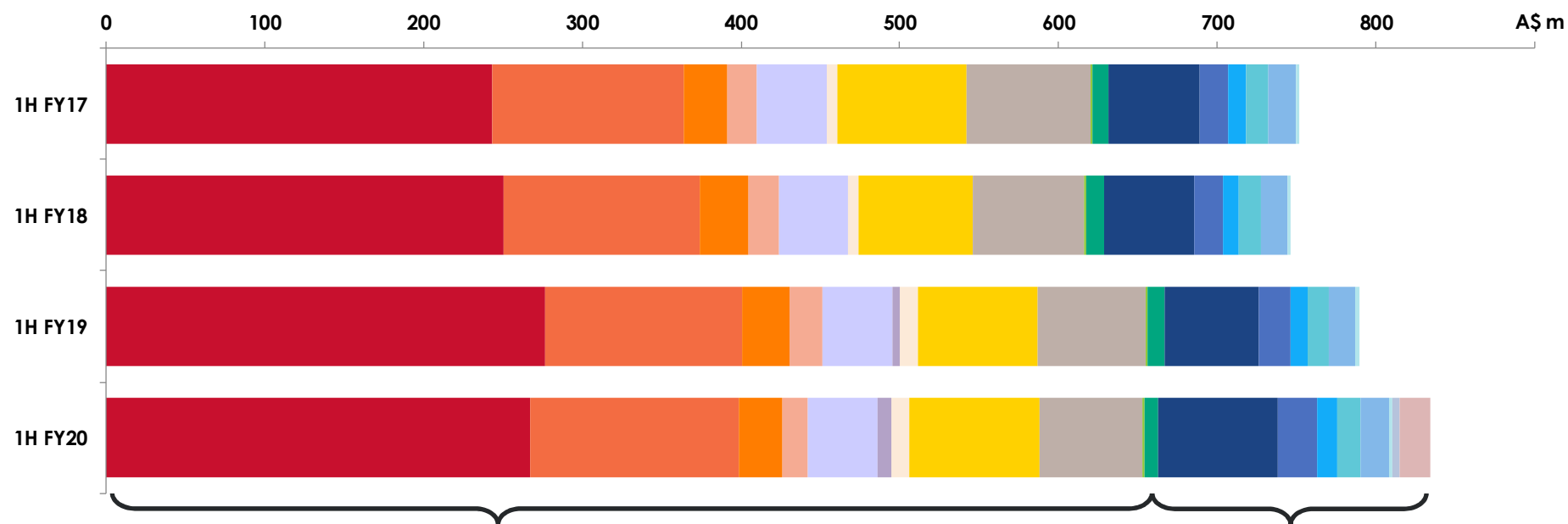
AGP	Amadeus Gas Pipeline
AL	Agnew Lateral
BGP	Bonaparte Gas Pipeline
BWSF	Badgingarra Wind and Solar Farms
BWP	Berwyndale Wallumbilla Pipeline
CGP	Carpentaria Gas Pipeline
CRP	Central Ranges Pipeline & distribution network
CWP	Central West Pipeline
DDSF	Darling Downs Solar Farm
DPS & LPS	Diamantina & Leichhardt Power Stations
EGP	Eastern Goldfields Pipeline
EDWSF	Emu Downs Wind and Solar Farms
EP	Ethane Pipeline
GGP	Goldfields Gas Pipeline
GPS	Gruyere Power Station
IOC	Integrated Operations Centre
KKP	Kalgoorlie Kambalda Pipeline
MP	Mid west Pipeline
MGP	Mortlake Gas Pipeline
MGPSF	Mondarra Gas Processing & Storage Facility
MMGP	Mt Morgans Gas Pipeline
MSP	Moomba Sydney Pipeline
NGP	Nifty Gas Pipeline
OGPP	Orbost Gas Processing Plant
PGP	Parmelia Gas Pipeline
PPS	Pilbara Pipeline System
RBP	Roma Brisbane Pipeline
RCWP	Reedy Creek Wallumbilla Pipeline
SESA	South East South Australia Pipeline
SGP	SEA Gas Pipeline
SWQP	South West Queensland Pipeline
TGP	Tipton Gas Pipeline
VTS	Victorian Transmission System
WGP	Wallumbilla Gladstone Pipeline
WPP	Wickham Point Pipeline
X41	X41 Power Station
YGP	Yamarna Gas Pipeline



**supplementary
information.**

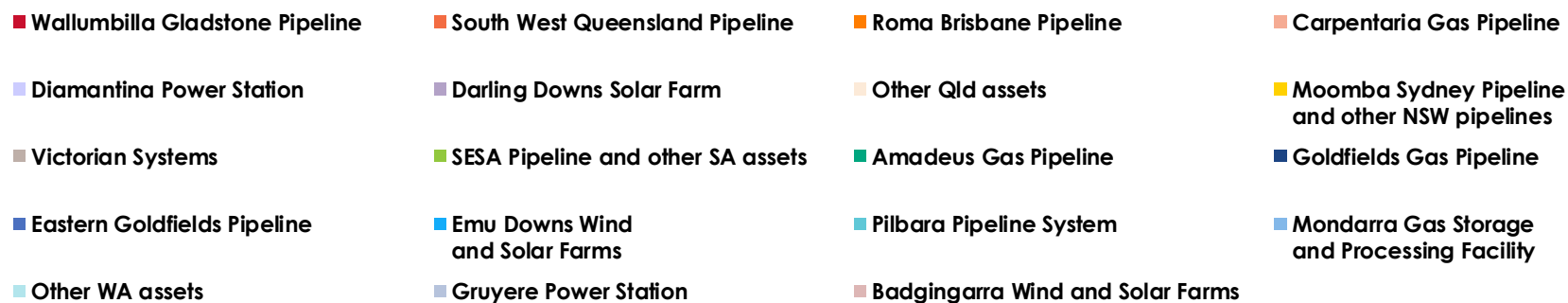


1H FY20 operational summary – Energy Infrastructure



East Coast + Central regions

Western Australia



energy infrastructure contracting



Recontracting ongoing:

- No formal access requests which may trigger arbitration process
- Since the GMRG reforms (1 Aug 2017) were introduced, APA has entered into ~234 contracts or contract changes across all transmission assets (e.g. MDQ changes, new services, new or amended GTAs, amended receipt and delivery points)
- Of the ~234 contracts, 84 relate to firm service contract renewal with existing customers

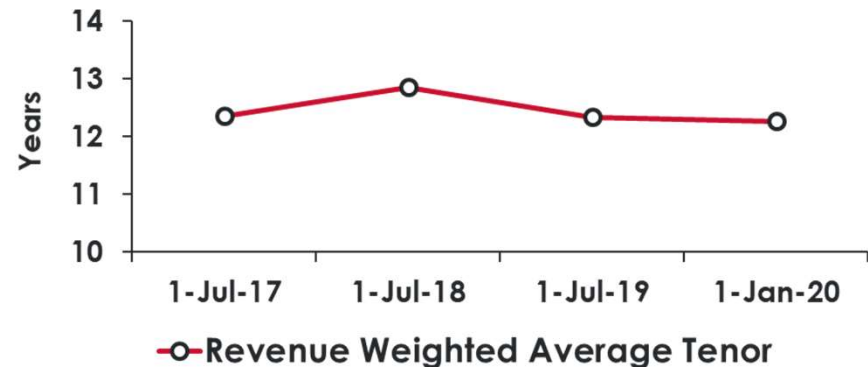
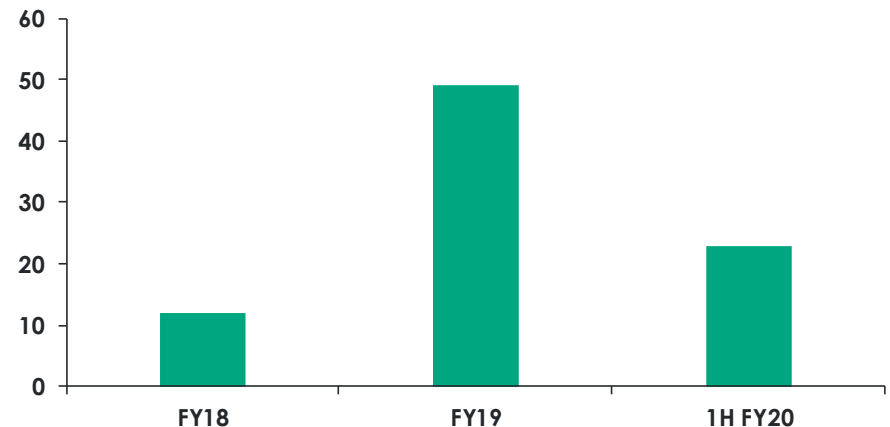
Revenue certainty underpinned by LT contracts:

- Revenue weighted average contract term as at 1 Jan 2020 is in excess 12 years
- Expansions and new infrastructure are underpinned by long term contracts

Contracting flexibility:

- APA offers flexible multi asset, multi service contracts across APA's interconnected portfolio with ~60 receipt points and 170 delivery points nationally operated by APA's integrated operations centre

Number of renewed firm service contracts



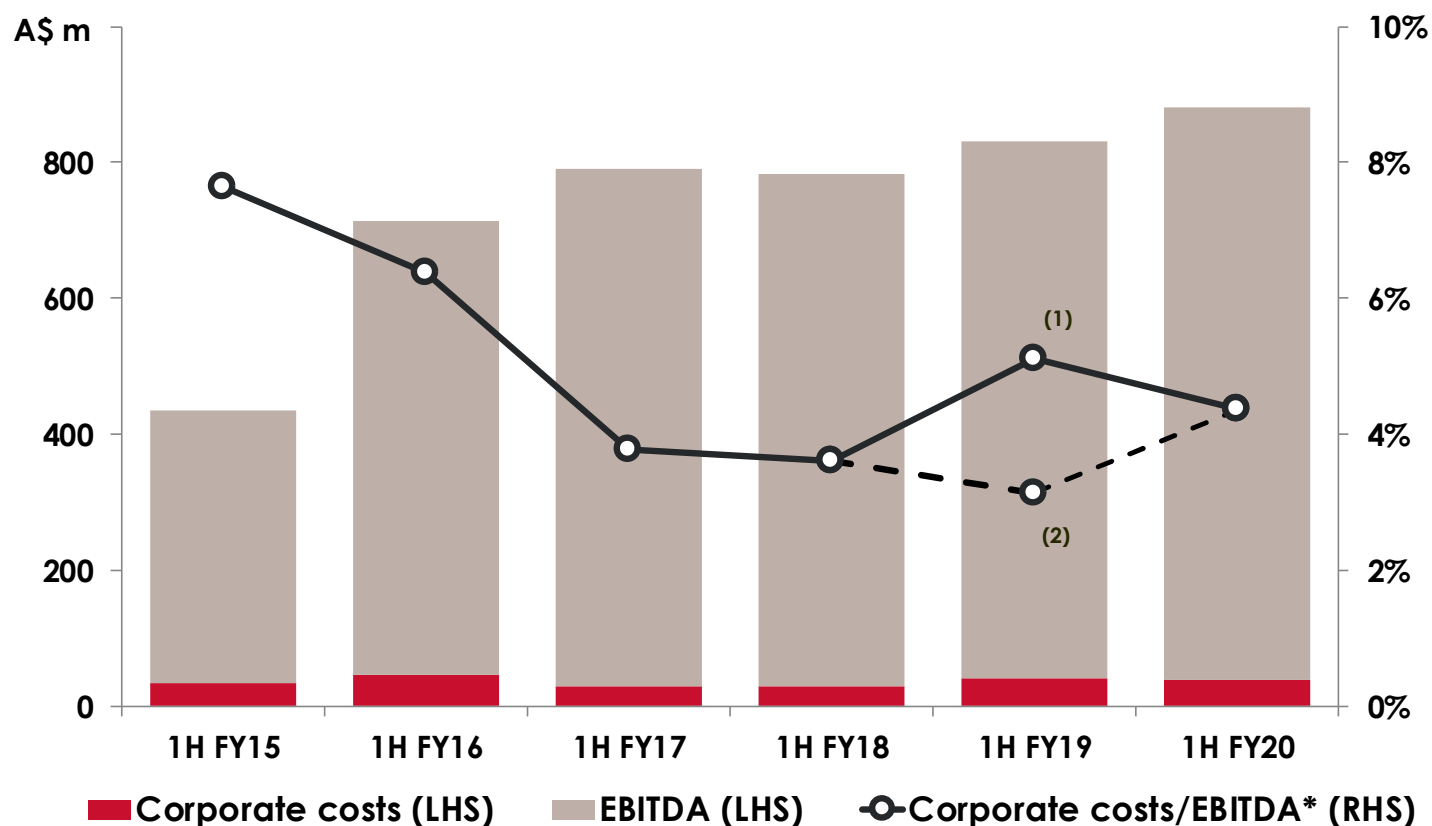
Note:

Jul 17 onwards is based on the Gas Market Reform Group (GMRG) data.

corporate costs



- APA's corporate costs (excluding one-off items) have been steady at ~ \$36 million per half year period, despite EBITDA increasing 109.9% since 1H FY2015



Notes:

*EBITDA excluding corporate cost

(1) Includes \$11.1 million of costs associated with the CKI proposal and former Managing Director's retirement.

(2) Corporate costs excluding one-off items.

debt facilities



Total committed debt facilities at 31 December 2019:

\$ million	Facility amount	Drawn amount	Tenor
2015, 2016, 2017, 2018 & 2019 Bilateral bank facilities	400	120	3 to 5 year facilities maturing between May 2020 to July 2022
2018 Syndicated bank facilities	1,000	0	5 and 5.5 year tranches maturing June and December 2023
2007 US Private placement	296	296	15 year tranches maturing May 2022
2010 AUD Medium Term Notes	300	300	10 year tranche maturing July 2020
2012 US144a/Reg S Notes	735	735	10 year tranche maturing October 2022
2012 GBP Medium Term Notes	536	536	12 year tranche maturing in November 2024
2015 US144a/Reg S Notes ⁽¹⁾	1,777	1,777	10 and 20 year tranches maturing March 2025 and March 2035
2015 GBP Medium Term Notes ⁽¹⁾	1,140	1,140	15 year tranche maturing March 2030
2015 EUR Medium Term Notes	1,132	1,132	7 year tranche maturing March 2022
2015 EUR Medium Term Notes ⁽¹⁾	879	879	12 year tranche maturing March 2027
2016 AUD Medium Term Notes	200	200	7 year tranche maturing October 2023
2017 US144a/Reg S Notes	1,109	1,109	10.3 year tranche maturing July 2027
2019 GBP Medium Term Notes	742	742	12.3 year tranche maturing March 2031
2019 JPY Medium Term Notes	133	133	15 year tranche maturing July 2034
Total	10,379	9,099	

Notes: (1) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN & Sterling - AUD/USD=0.7772)



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