



23 February 2021

ASX ANNOUNCEMENT

APA Group (ASX: APA)

FINANCIAL RESULTS PRESENTATION

APA Group (ASX: APA), a leading Australian energy infrastructure business today released the following to the market:

- APA Group financial results presentation for the half year ended 31 December 2020

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

Authorised for release by Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is a leading Australian energy infrastructure business. 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 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. APA is one of Australia's largest owners and operators of renewable power generation assets, with wind and solar projects across Western Australia, South Australia and Queensland. APA recently announced its first hybrid energy microgrid project at the Gruyere Gold Mine in Western Australia, combining solar energy with battery energy storage.

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

Results for the **half year** ended 31 December 2020



23 February 2021

Internal use only



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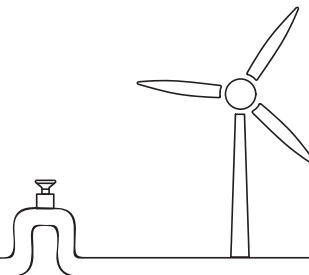
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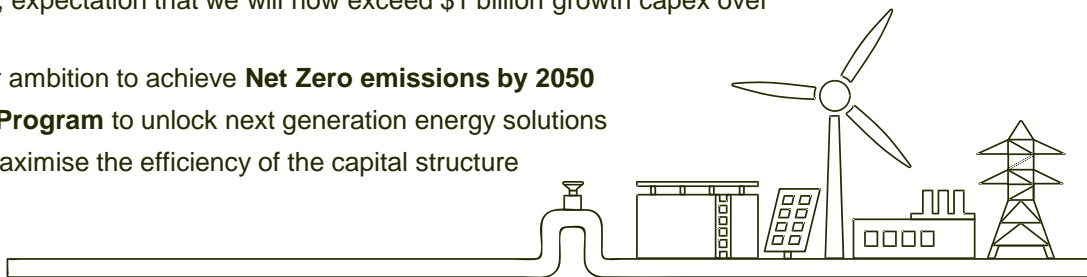
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Non-GAAP financial measures: Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures are EBITDA, 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.



1H21 summary

- **Solid financial performance in challenging market conditions, confirming resilient business model**
- **Revenue down 0.6%, EBITDA down 2.3% and OCF up 1.4%***
 - Volume growth in key markets including WA, NT and sections of the East Coast Grid
 - Flat overall revenue reflects softer contract renewals and lower energy consumption
 - Lower EBITDA due to higher insurance & compliance costs, and higher investment in development opportunities and capability more broadly
- **Distribution growth** reflects confidence to deliver sustainable growth
 - 1H21 distribution of 24.0 cps representing 4.3 % growth
 - FY21 distribution guidance of 51.0 cps, growth of 2.0%
- Recognised a non-cash pre-tax impairment charge of \$249 million against Orbest, resulting in a loss after tax of \$12 million (profit after tax excluding significant item \$163 million)
- Maintained **safe and reliable operations**
- Strong progress with our **organic development** opportunities, expectation that we will now exceed \$1 billion growth capex over the next 2-3 years
- Continued progress towards a sustainable future including our ambition to achieve **Net Zero emissions by 2050**
- Refreshed strategy including the launch of APA's **Pathfinder Program** to unlock next generation energy solutions
- Strong **balance sheet** with opportunities being assessed to maximise the efficiency of the capital structure

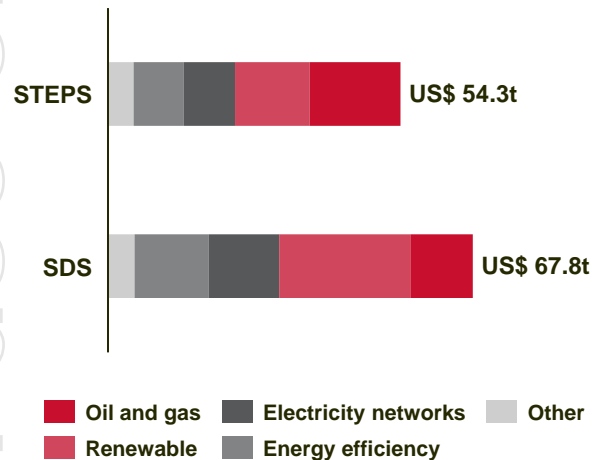


Significant energy infrastructure investment required as global energy market transitions

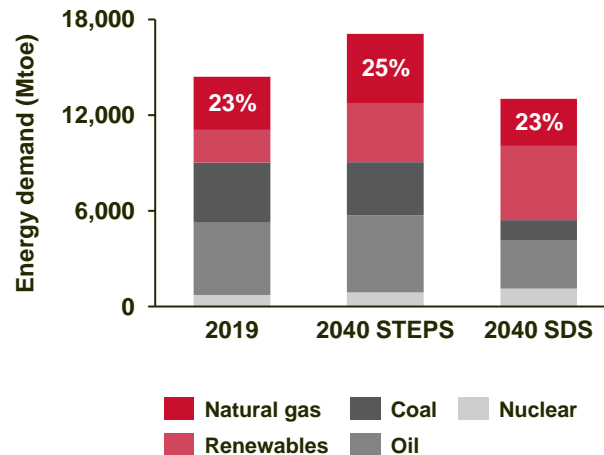
US \$50+ trillion of investment required in next 20 years regardless of scenario

Gas will continue to play critical role in the energy market regardless of scenario

Global Energy Investments



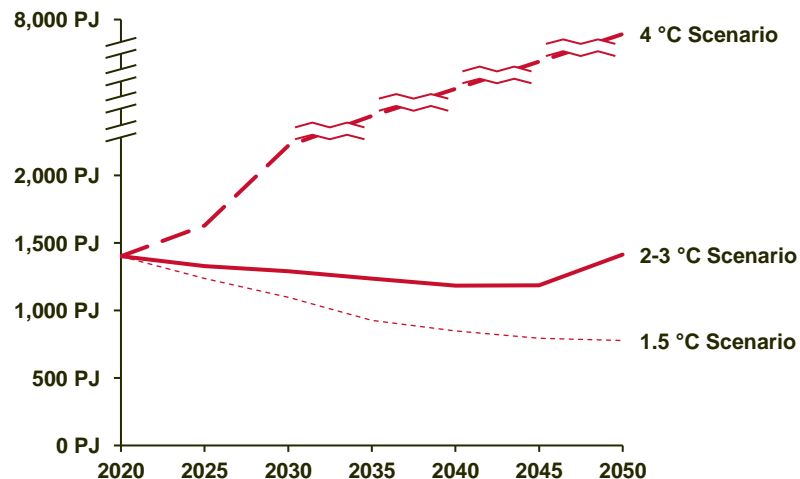
Global Energy Demand



Gas will continue to play a critical role in Australia's energy mix

- Future energy market requires both clean and reliable generation and transmission technologies, with gas providing
 - energy companion for renewables and a net zero future
 - energy security
 - high heat energy source for industrial sector (hard to abate)
 - preferred source of fuel for heating and cooking
- APA is central to government's gas fired recovery plan
 - Progressive expansion of the East Coast Grid critical:
 - Cost and time efficient
 - FEED underway, FID during FY21
- Engaged with government on National Gas Infrastructure Plan (NGIP) and Wallumbilla Hub
- Natural gas pipeline infrastructure to transport clean molecules (e.g. hydrogen)

Australian Domestic Gas Demand Under Different Climate Change Scenarios



Source: Gas demand under different climate change scenarios - APA Resilience Report 2020, Energetics based on IIASA's SSP Database, IEA, AEMO, Frontier Economics. For full information supporting databases, refer "Supporting Information" section of APA's Resilience Report 2020.

Note: *Front End Engineering Design (FEED), Final Investment Decision (FID)

Strong organic growth outlook

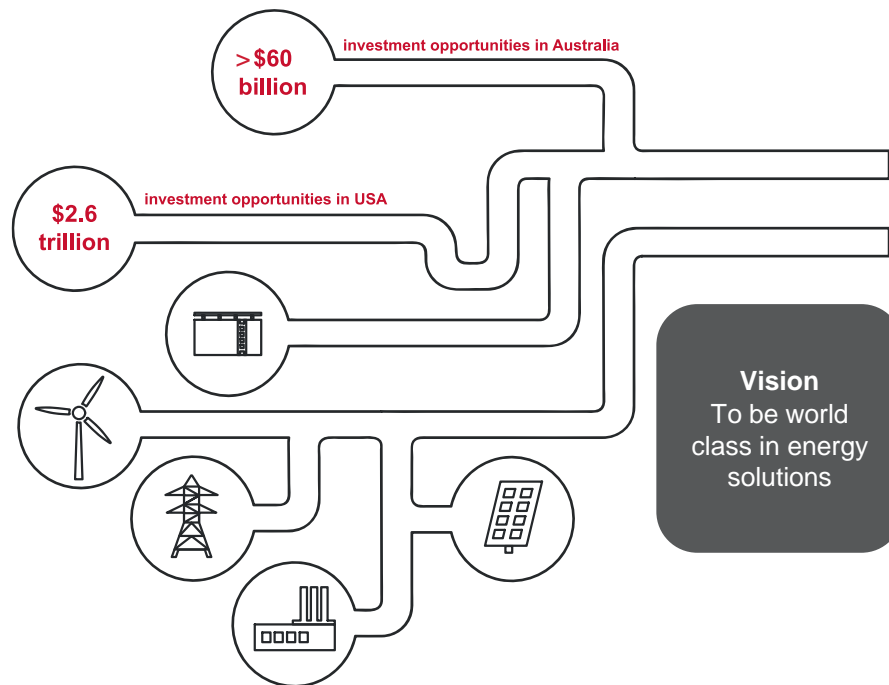
- Forecast **>\$1 billion of organic growth capex** over FY21-23
- Significant progress made during 1H21 with \$500 million+ committed
- APA's prospective organic growth pipeline **>\$5 billion** (renewables and gas generation, transmission and energy storage)

	FY21	FY22	FY23
Committed Projects			
Northern Goldfields Interconnect			\$460m
Gruyere Hybrid Energy Microgrid		\$38m	
Western Outer Ring Main			\$167m
Mt Isa – Thomson Power Station		~\$40m	
Other committed projects		~\$70m	
ECG Expansion*			Up to \$700m

Note: *subject to Final Investment Decision (FID) FY21

Growth markets for energy infrastructure has informed APA's refreshed strategy

- Significant growth opportunities in renewables and firming, electrification and hydrogen infrastructure
- In Australia - **>\$60 billion of investment opportunities** to 2040
 - Renewables + firming + storage >\$40 billion
 - Electrification (primarily transmission) >\$20 billion
- In USA - **US\$2.6 trillion of investment opportunities** to 2040
 - Gas pipeline infrastructure US\$25 billion
 - Renewables + firming US\$1.6 trillion
 - Electrification US\$1 trillion
- The hydrogen economy - up to US\$11 trillion of investments worldwide to 2050



Source: BNEF, AEMO ISP, estimates; 2035 The Report, IEA WEO 2020, INGAA Infrastructure Study

1) Based on AEMO ISP includes renewables and gas

2) Assumes clean molecules assumptions are based on average hydrogen cost, capital costs based on BNEF

Lessons learned through recent assessment of opportunities:

- Opportunities in both the listed and unlisted space
- Limited opportunities in 2020, driven by valuation gaps due to
 - political uncertainty;
 - oil price volatility; and
 - COVID-19
- Large proportion of gas infrastructure assets are part of diversified energy infrastructure businesses
 - many integrated across gas and electricity assets
- APA remains disciplined to ensure that any acquisition achieves our strategic and financial objectives

Transaction pathway entry either via

- gas pipelines and utilities; or
- electricity integrated energy infrastructure



APA launches Pathfinder Program to unlock next generation energy solutions

Designed to identify opportunities to extend our core business by doing:

- **Pilot projects** and strategic partnerships that focus on scalability and replicability
- **Equity investments** in technology with clear market potential in the medium term
- **Research and development** that builds on our core competencies

Purpose to:

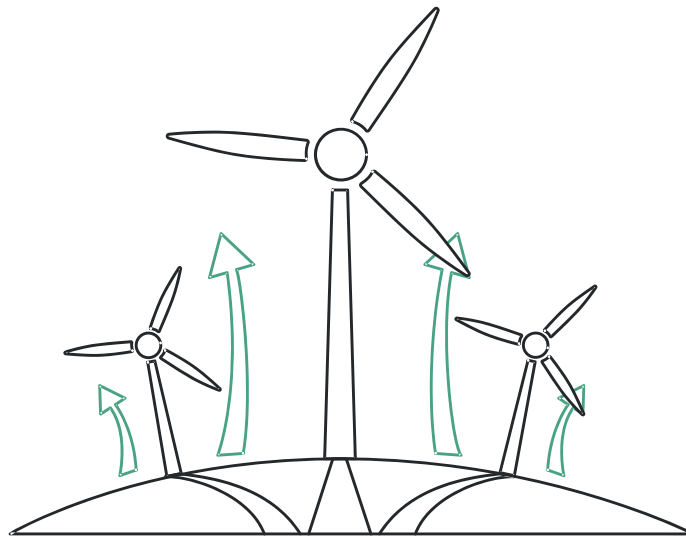
- **Strengthen and grow** our core infrastructure business
- **Forge partnerships** to compete and scale in emerging growth markets
- Create **value** for our customers, investors and people

Initial target markets and technologies include:

- **Clean Molecules:** Hydrogen production, storage, transmission and use
- **Off-grid Renewables:** Energy technologies and systems integration capability
- **Storage:** Renewable generation firming through energy storage



Focused on innovation to support the growth opportunities presented by energy transition



Pathfinder Program: APA's Parmelia Gas Pipeline transformation to 100% hydrogen-ready

- An **Australian-first** and one of few similar pipeline projects in the world today
- 43 km section of the Parmelia Gas Pipeline (PGP) targeted to be **100% hydrogen-ready**
- **Kwinana industrial precinct** an ideal location
- Supported by The Future Fuels Cooperative Research Centre, Wollongong University and specialist engineering support
- Aligns with Australian Government's hydrogen ambition and the WA Government's hydrogen blending goal of 10 per cent by 2030



Research team preparing pipe sections for testing

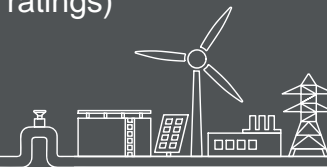


Note: Southern 43km section of PGP to be converted

Refreshed strategy leveraging proven capability in energy infrastructure

Refreshed Strategy:

- Contracted and regulated energy infrastructure (gas, electricity and renewables) in Australia and North America
- Next generation energy technologies (Pathfinder Program), leveraging APA's energy infrastructure capabilities
- Deliver on our Customer Promise
- Disciplined investment, optimising securityholder returns and maintaining a strong balance sheet (including BBB/Baa2 credit ratings)



Purpose: We strengthen communities through responsible energy

Vision: To be world class in energy solutions



New Executive Leadership Team and Structure

- A new operating model and organisational structure
- Aligned with strategic imperatives



New Capabilities

- Strengthening our talent pool
- Sustainability and Community
- Pathfinder program to identify and pursue new energy market solutions



Efficiency and Scale

- Enhancing operational and corporate systems & processes
- Leveraging cloud-based technology and data storage

APA's ambition to achieve Net Zero emissions by 2050



APA supports global transition to a lower carbon future

- Net Zero emissions by 2050 to be embedded into decision-making, planning and business processes
 - Ambition is to achieve net zero operations emissions (Scope 1 and 2) by 2050
 - Interim targets to be established in FY2022
- Building on recent climate change initiatives:
 - TCFD-aligned Climate Change Resilience Report confirmed resilience under modelled scenarios
 - Investment in excess of \$750 million in renewable energy generation (490MW+ capacity to date)
- A Climate Change Management Plan developed with five key priorities:
 - **Reduce and avoid** – optimise emissions reductions in portfolio and during FEED
 - **Innovate** – leverage technology and ensure readiness
 - **Invest** – net zero ambition embedded in strategy and capital allocation
 - **Robust** – built on strong foundations
 - **Responsible** – responsible, integrated and transparent approach

Building our sustainability credentials and roadmap

Sustainability at APA: it's about being responsible in how we do business and contribute to society, so we create value for all stakeholders



- ☑ Strengthened our sustainability and community capability
- ☑ Developing a Sustainability Roadmap to guide and strengthen our approach and performance
- ☑ Accelerated our climate momentum
- ☑ Strengthened non-financial disclosures in alignment with key benchmarks and frameworks (TCFD, SASB, GRI)
- ☑ Increased ambition for gender equality and CEO member of Champions of Change Coalition
- ☑ Improved controls to identify modern slavery risks
- ☑ Participated in key forums: The Energy Charter; Australian Industry Energy Transitions Initiative
- ☑ Recent achievements: MSCI ESG Ratings Report score of AAA (2020); Top 100 Employer finalist

1H21 sustainability summary

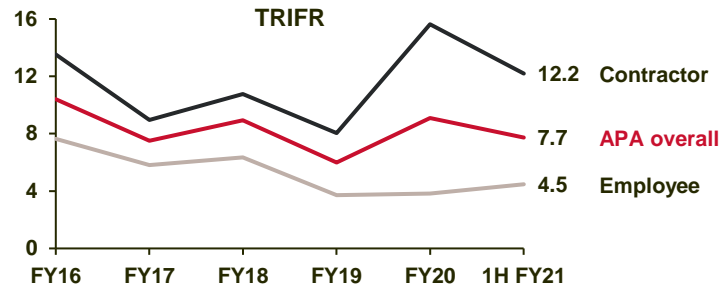
- APA's Climate Change Resilience Report released, demonstrating resilience under a range of climate scenarios including 1.5 c
- Developed the Climate Change Management Plan Framework
- Strengthened risk and procurement processes for modern slavery and published our first Modern Slavery Statement
- Supported employees, customers, suppliers and the community with a range of programs in response to COVID-19



1H21 operational summary

Health, Safety, Environment and Heritage (HSEH)

- TRIFR (7.73) and LTIFR (1.93) above target (6.5 and 1.0 respectively)
- Continue to implement safety education and awareness activities throughout the business, particularly when on-boarding contractors
- Process safety program roll out tracking to plan and winner of 2020 APGA Safety Award
- Completed our corridor condition inspections in Northern Territory, utilising Indigenous Ranger Group
- Environmental survey of invasive weeds across our transmission pipelines in Queensland



Customers and Stakeholders

- Continued **stakeholder engagement** ahead of regulatory reviews
- Improved customer offering with **APA Grid portal**
- Supported **Qenos**, a critical domestic manufacturer of plastics, with new agreement
- Supported **customers and suppliers** with a range of COVID-19 response initiatives:
 - Flexible terms for customers
 - Implemented fee relief and no disconnections program
 - Energy Charter's 'We've Got You' set of Initiatives



Note: LTI = Lost Time Injury, TRIFR = Total Recordable Injury Frequency Rate, LTIFR = Lost Time Injury Frequency Rate. Certain medical treatment injuries have been re-classified to align with market expectations and international standards.



Diamantina Power Station in Qld



Gas turbine disassembled during the overhaul at DPS

Operational Performance

- **Diamantina Power Station** major overhaul completed on budget and schedule, 70,000 hours worked with no LTIs. Tremendous team effort:
 - Challenges of moving specialist and parts from overseas and interstates; and
 - Completed with excellent health and safety performance
- **Orbost Gas Processing Plant**
 - Phase 2A works successfully completed to enable absorbers to run in parallel
 - Sustainable output improving through commissioning, January: 27.7 TJ/d, current: ~45 TJ/d
 - Transition Agreement amended to enable the commencement of Cooper Energy's gas supply agreements
 - Ongoing targeted improvement work and Root Cause Analysis to improve plant performance
- **COVID management** – return to workplaces with minimal risk and support new working arrangements, with the technology in place for all staff remotely concurrently
- 99.92% delivery **reliability** on customer gas nominations
 - Operational flexibility provided on **East Coast Grid**, significant increase in shorter term transportation and storage services
 - Reliable energy delivery on the fully contracted **Goldfields Gas Pipeline**

Financial performance

Adam Watson

Chief Financial Officer



1H21 results summary

Results excluding significant item \$ million	1H21	1H20	Change	Key Drivers
Revenue excluding Pass-through ⁽¹⁾	1,071.8	1,077.8	(0.6%)	Volume growth in key markets, offset by softer contract renewals and lower energy consumption
EBITDA	822.8	842.2	(2.3%)	Higher investment in strategic development opportunities and capability, plus higher insurance and compliance costs
Depreciation and Amortisation	(331.4)	(319.4)	(3.7%)	Larger asset base vs 1H20
EBIT	491.5	522.8	(6.0%)	
Net Interest Expense	(229.1)	(245.3)	6.6%	Unrealised gains on hedges, higher interest income and higher capitalised interest
Profit before tax	262.4	277.5	(5.4%)	
Income tax expense	(99.6)	(102.4)	2.8%	
Profit after tax excluding significant item	162.8	175.0	(7.0%)	
Operating Cash Flow ⁽²⁾	519.2	511.9	1.4%	Timing of receipts and payments
Operating Cash Flow per Security (cents)	44.0	43.4	1.4%	
Significant item ⁽³⁾	(249.3)	-		Impairment in relation to Orbost Gas Processing Plant
(Loss)/Profit after tax including significant item	(11.7)	175.0	(106.7%)	

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.

3) Non-cash pre-tax impairment in relation to Orbost Gas Processing Plant of \$249.3 million, resulting in loss after tax of \$11.7 million including significant item. Please refer to slide 39 for results summary including significant item

Orbost Gas Processing Plant non-cash impairment



Orbost Gas Processing Plant update

- APA and Cooper Energy continue to work together to improve the plant's operation and processing capacity, with the objective to achieve nameplate capacity of 68 TJ/day
- Works planned over the next 12 months include:
 - Ongoing Root Cause Analysis to address foaming and fouling issues
 - Targeted improvement works to support a reliable and sustainable production rate
 - Sustainable reduction in operating costs

Non-cash asset impairment charge

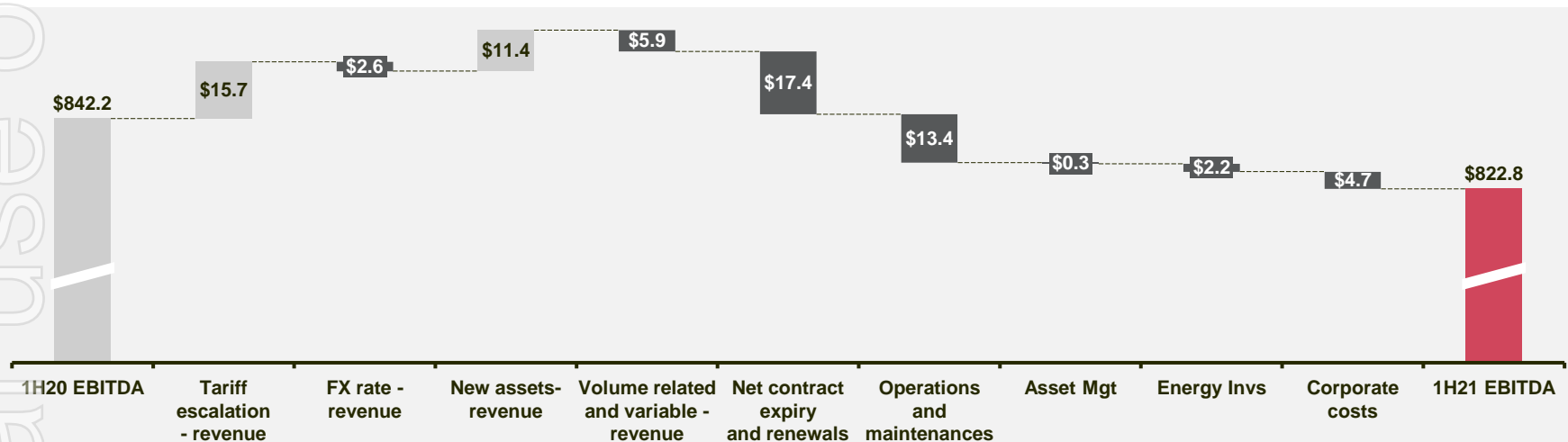
- APA recognises a non-cash pre-tax impairment charge of \$249.3 million¹
 - The non-cash impairment charge is not expected to impact APA's FY21 EBTIDA guidance or its ability to pay FY21 distributions to securityholders
- Given current production levels, management has moderated its view on the following key assumptions:
 - Capital cost to reach nameplate capacity
 - Lower assumed revenue based on current production rates
 - Higher operating cost largely due to foaming and fouling in the absorbers

1) Post tax impairment charge of \$174.5 million, recognised as a significant item

1H21 EBITDA waterfall

Key Drivers

- Inflation linked tariff escalation
- FX movements on CPI portion of Wallumbilla Gladstone Pipeline contract
- Revenue from new asset (principally Orbost)
- Variable revenues impacted by lower gas volumes in Victoria, lower revenues from renewables and power assets, offset by stronger demand on the Goldfields Gas Pipeline
- Softer contract renewals on the South West Queensland Pipeline and the Carpentaria Gas Pipeline
- Lower, but more normalised equity income from Energy Investments (1H20 benefitting from interest income on shareholder loans)

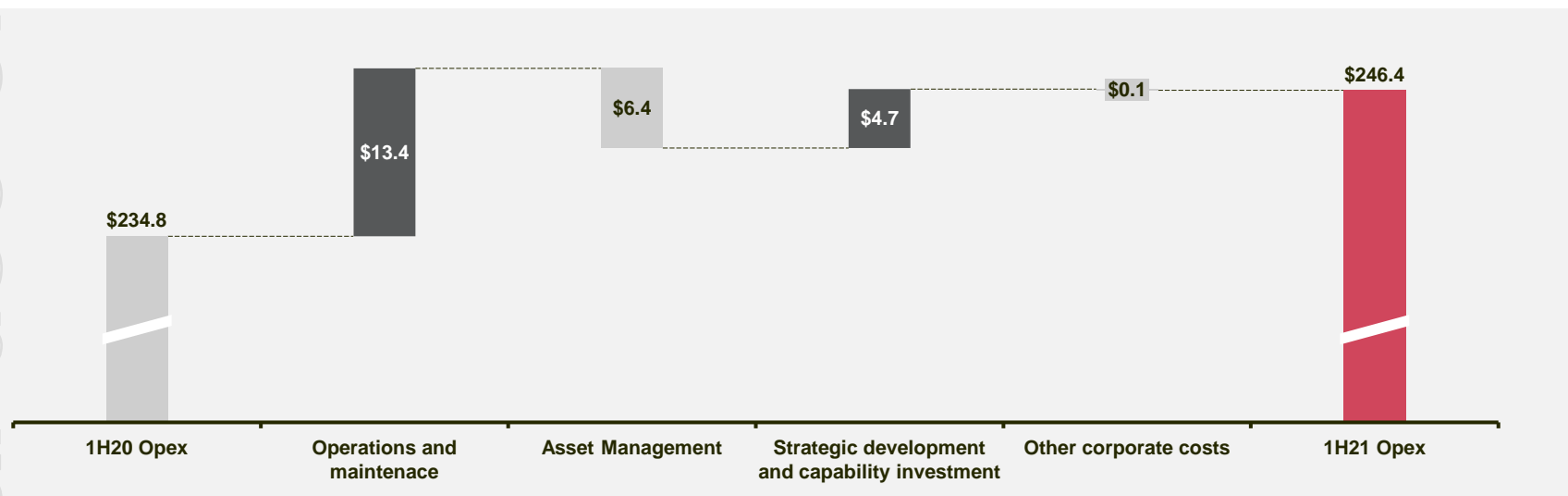


Note: EBITDA excludes significant item

1H21 operating expenditure waterfall

Key Drivers

- Operations and maintenance higher, consistent with volume growth and inflation
- Asset Management included system upgrades in 1H20
- Higher investment in development opportunities and strengthening of capability
- Corporate costs include further increases in insurance premiums and compliance costs



1H21 capital expenditure

\$ Million	1H21	1H20
Growth Capex		
Regulated	21.3	28.4
Non-Regulated		
Queensland	39.5	14.1
Victoria	42.5	77.7
New South Wales	2.7	7.0
Western Australia and Northern Territory	39.0	10.6
Other	9.3	7.3
Total growth capex	154.2	145.1
Stay-in business capex	81.3	52.6
IT capex	16.1	15.9
Total capital expenditure⁽¹⁾	251.6	213.6

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.

Key drivers:

Growth Capex:

- Thomson Power Station construction
- Wallumbilla Hub capacity upgrade
- Orbost Gas Processing Plant commission
- Eastern Goldfields Pipeline capacity expansion
- Gruyere Hybrid Energy Microgrid upgrade
- Lake Way Gas Lateral for Salt Lake Potash
- Karlawinda Gas Lateral for Capricorn

Stay-in business Capex:

- Major periodic overhaul on the Diamantina Power Station

1H21 Distributions

- 1H21 distribution of 24.0 cps, 4.3% increase on 1H20
- Payout ratio⁽¹⁾ of 54.5%

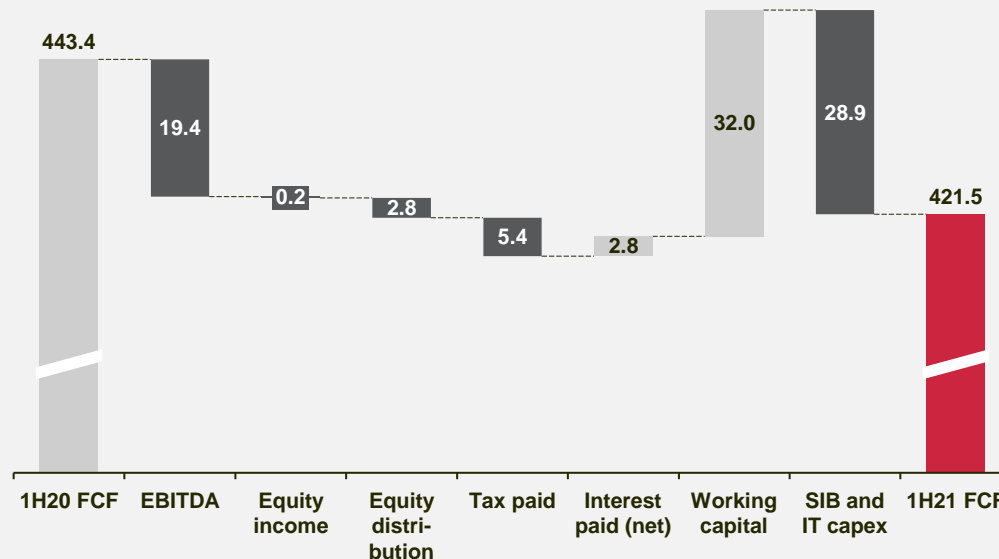
Distribution Guidance

- FY21 distribution guidance of 51.0 cps reflects confidence in ability to consistently grow distributions, timing of capex funding requirements and significant capacity in the balance sheet

Cash Tax

- \$84.5 million tax paid for FY20 (FY2019: \$71.8 million)
- FY20 effective cash tax rate of 16.7% reflecting utilisation of available fraction tax losses and timing differences

Free Cash Flow Waterfall

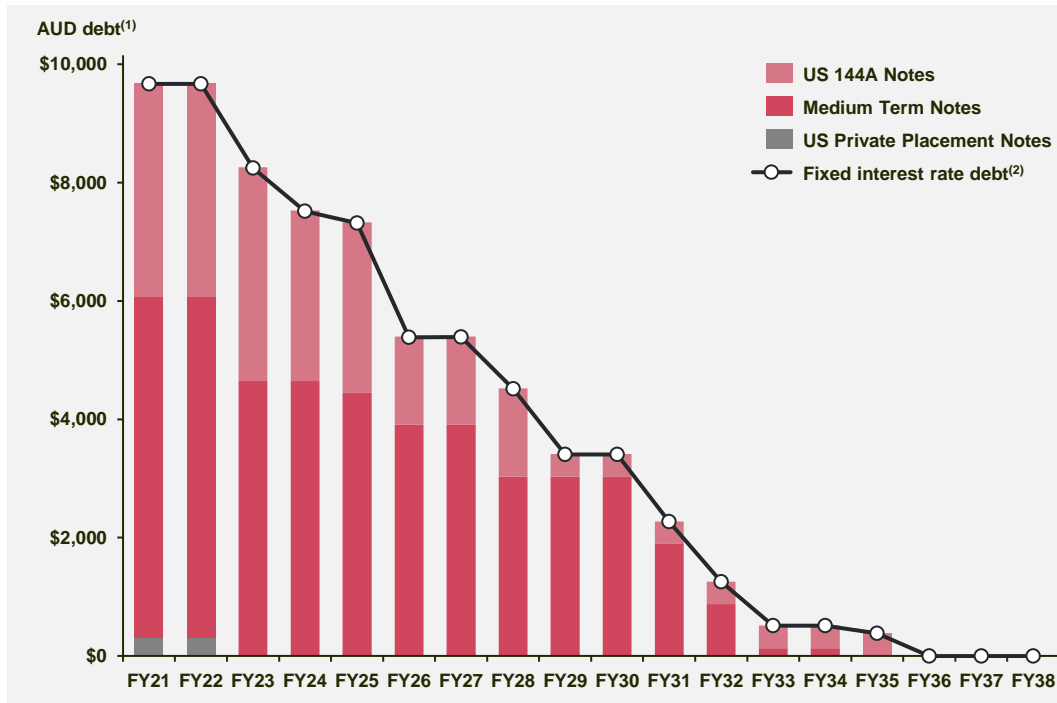


Distribution Policy Review

- Review of capital strategy includes distribution policy and APA's form of guidance

Resilience in a rising rate environment

- Diverse range of long-dated debt facilities mitigates APA exposure to rising interest rate environment
- Debt facilities prudently hedged against interest and currency exposure
 - All interest rate exposure fixed or hedged (99.0%, as at 1H20)
 - Average interest rate of existing debt (5.2% average for 6 year average maturity) significantly higher than current spot rates
- Majority of revenue benefits from inflation linked escalation



Notes:

1) Fixed rate debt divided by drawn debt as at 31 December 2020.

2) Foreign currency risk is 100% hedged into Australian Dollars.

Strong balance sheet with opportunity to further enhance the capital structure

- Cash and committed undrawn facilities of \$2,054 million at 31 December 2020
 - Prudent during uncertain market conditions, however demonstrated to be well in excess of business needs
- Commitment to investment grade credit ratings: S&P BBB (Stable); Moody's Baa2 (Stable)
 - Headroom within rating bands
- Opportunity to further lower interest costs: spot interest rates significantly lower (~200-300 bp delta) than APA average cost of debt
- Opportunity to further extend the average maturity of debt

Metrics	Dec 2020	Dec 2019
Funds from Operations to Net Debt ⁽¹⁾	12.1%	11.4%
Funds from Operations to interest ⁽¹⁾	3.2 times	3.1 times
Average interest rate applying to drawn debt ⁽²⁾	5.18%	5.35%
Interest rate exposure fixed or hedged	100%	99.0%
Average maturity of drawn debt	6.1 years	6.5 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 US144A notes at respective inception dates.

Summary and outlook

Rob Wheals

CEO and Managing Director



Outlook and FY21 guidance

FY21 Guidance – On Track

- FY21 EBITDA: \$1,625 million to \$1,665 million
- FY21 Distribution per security: 51.0 cps (upgraded)
- FY21 Net interest: \$490 million to \$500 million
- Growth capital expenditure – expected to now exceed \$1 billion over FY21-23

Outlook – Growth and scalability

- Solid financial performance in challenging market conditions reflecting **resilience of APA's business model**
- **Refreshed strategy** aligned with energy infrastructure growth opportunities across Australia and North America
- Ambition to achieve **Net Zero** operational emissions by 2050, with interim targets to be developed during FY22
- **Capital management** review underway
- **Investing in capability** with a focus on ensuring the business is highly efficient and scalable
- **Pathfinder Program** launched to extend APA's leading role in energy infrastructure into new energy solutions

Delivering our vision: to be world class in energy solutions



Refreshed Strategy

Aligned with purpose and vision and targeted at energy infrastructure growth markets



Growth opportunities

Energy infrastructure in Australia and North America



Technology and innovation

New energy infrastructure solutions (Pathfinder Program)

Strengthening capability

People, systems, processes, organisational design, operating models



Strong balance sheet

Opportunities to further enhance capital structure



Net Zero ambition

Responsible energy solutions



Questions and Answers



Supplementary information



APA overview



Snapshot of APA

..... a leading energy infrastructure business



Market capitalisation

\$10.9 billion (as at 19 February 2020)
\$0.6 billion (as at 30 June 2000)



Credit ratings

Moody's: Baa2 (outlook Stable)
S&P: BBB (outlook Stable)



Listed

S&P/ASX 50



Employees

~1,900



Register composition

Securities on issue: 1,179.9 million
Securityholders: ~80,000



Gas transmission⁽¹⁾

15,425 km transmission pipelines



Gas distribution⁽²⁾

>29,500 km Gas mains and pipelines
>1.4 million gas consumers



Gas fired power generation⁽¹⁾

418 MW



Renewable energy generation⁽¹⁾

149.3 MW Solar
342 MW Wind



Gas storage

12,000 tonnes LNG
18 PJ gas



Gas processing⁽³⁾

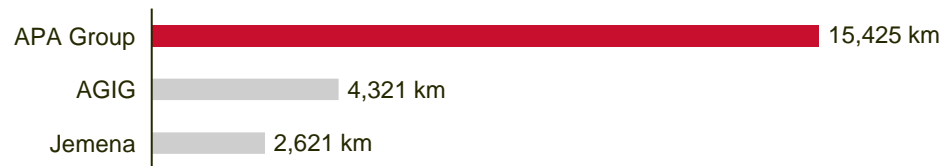
113 TJ/day processing plants



Electricity transmission

243 km HV

Australian gas transmission pipeline ownership by kilometres



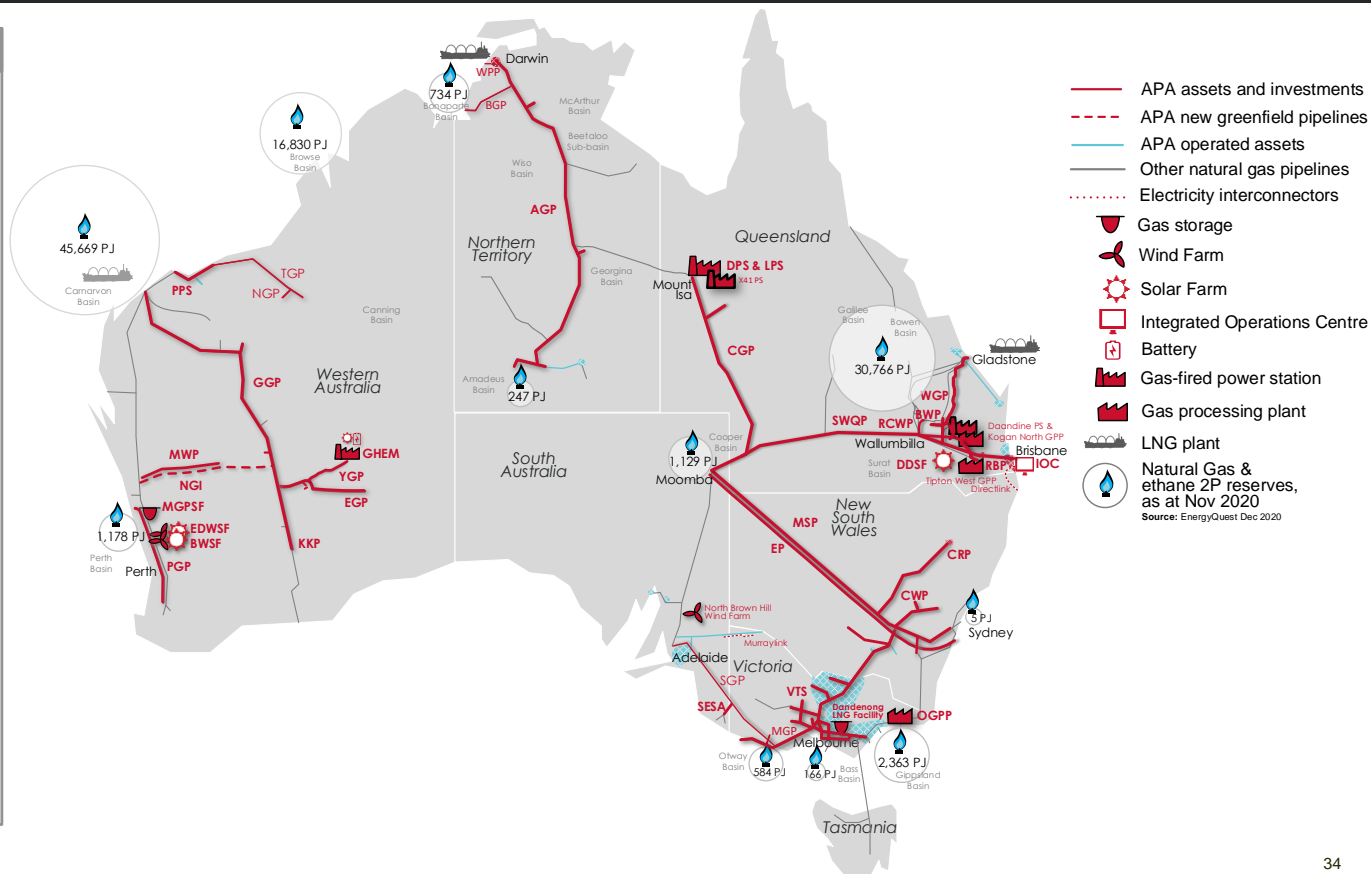
Notes:

- (1) Includes 100% of assets operated by APA Group, which form part of Energy Investments segment, including SEA Gas and EII.
- (2) Includes 100% of assets operated by APA Group in Queensland, New South Wales, Victoria and South Australia.
- (3) Includes Orbest Gas Processing Plant at 68 TJ/day nameplate capacity
- (4) Pipeline length data includes SEA Gas and EII, source from company reports and APA data as at 31 December 2020

Asset footprint

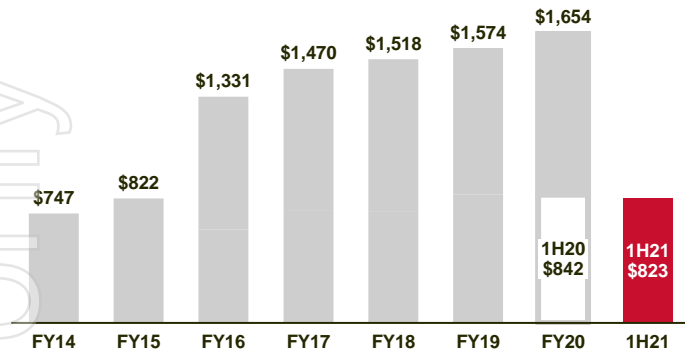
Assets and Investments Glossary

AGP	Amadeus Gas Pipeline
BGP	Bonaparte Gas Pipeline
BWSF	Badgingarra Wind and Solar Farms
BWP	Berwyndale Wallumbilla Pipeline
CGP	Carpentaria Gas Pipeline
CRP	Central Ranges Pipeline and 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
GHEM	Gruyere Hybrid Energy Microgrid (Microgrid under construction)
IOC	Integrated Operations Centre
KKP	Kalgoorlie Kambalda Pipeline
MWP	Mid West Pipeline
MGP	Mortlake Gas Pipeline
MGPSF	Mondarra Gas Storage and Processing Facility
MSP	Moomba Sydney Pipeline
NGP	Nifty Gas Pipeline
NGI	Northern Goldfields Interconnect
OGPP	Orbost Gas Processing Plant (under commissioning)
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	Telfer Gas Pipeline
VTS	Victorian Transmission System
WGP	Wallumbilla Gladstone Pipeline
WPP	Wickham Point Pipeline
X41	X41 Power Station
YGP	Yamarna Gas Pipeline

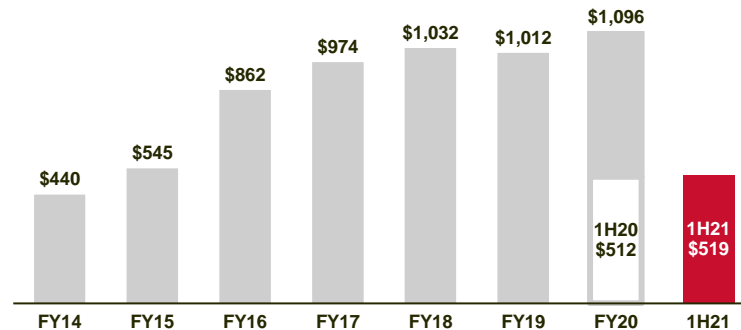


Continued growth momentum

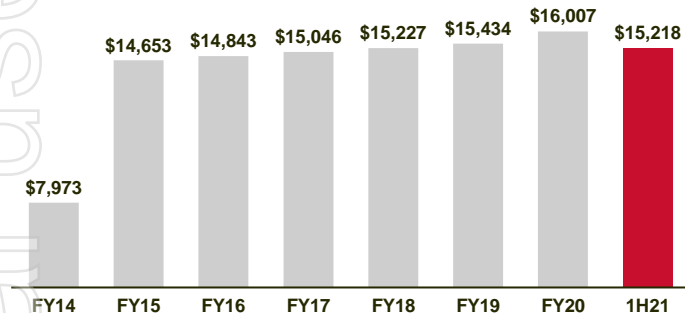
EBITDA



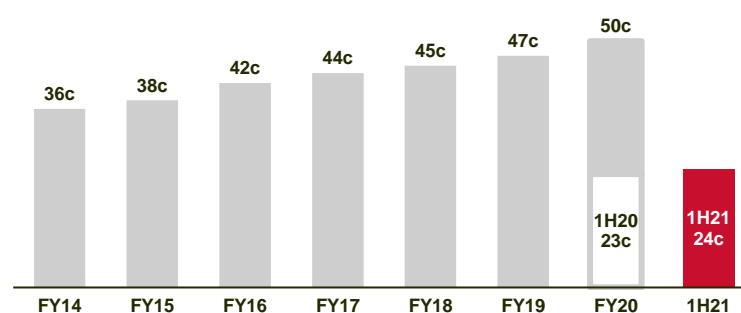
Operating cash flow



Total assets

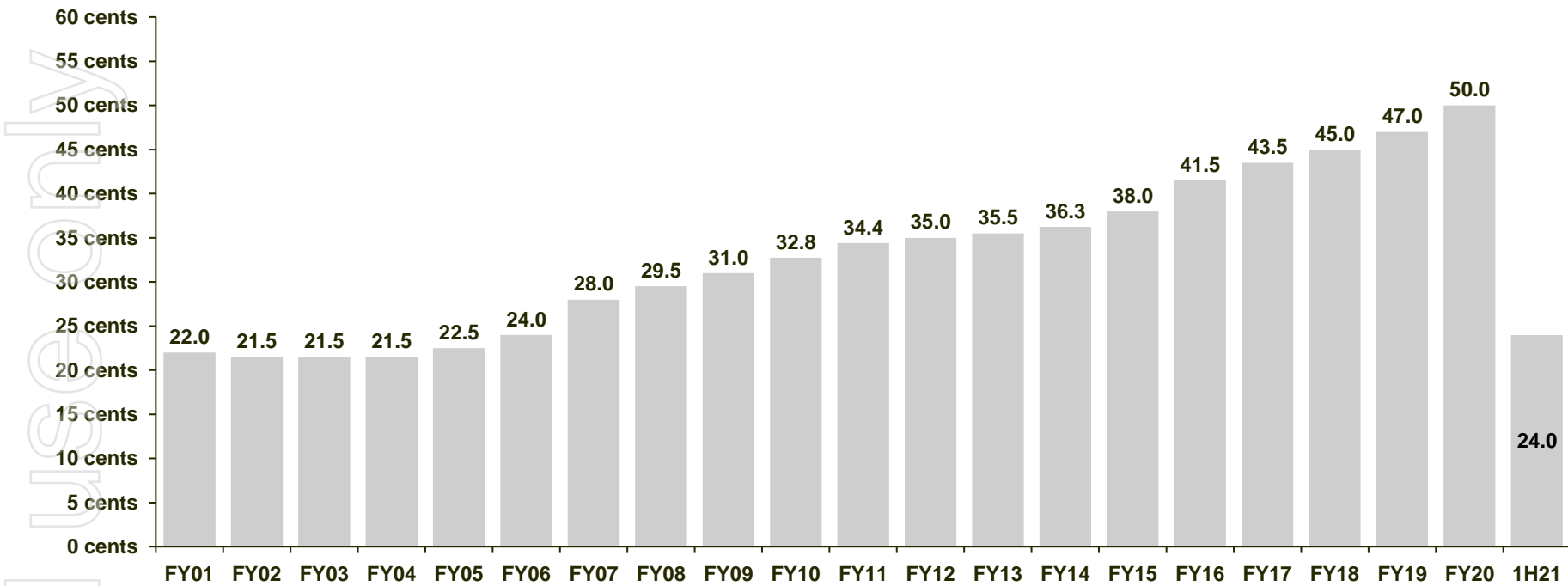


Distributions



Notes: EBITDA excludes significant item

Sustainable distributions

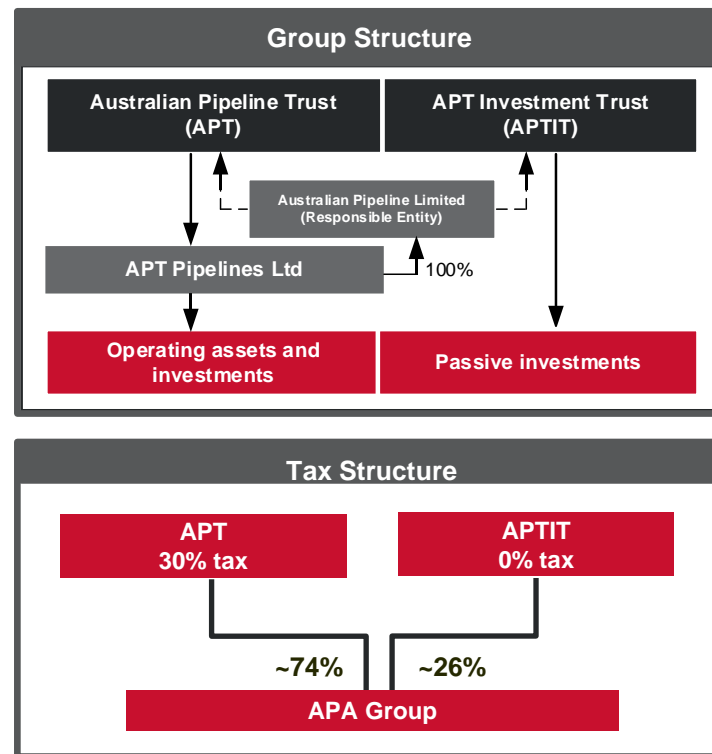


Group structure

- APA Group is **listed** as a **stapled structure** on the **Australian Securities Exchange (ASX:APA)**
- APA is comprised of two registered managed investment schemes:
 - Australian Pipeline Trust (ARSN 091 678 778)
 - APT Investment Trust (ARSN 115 585 441) is a pass-through trust
- Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of APT and APTIT
- The units of APT and APTIT are stapled and must trade and otherwise be dealt with together
- APT Pipelines Limited (ABN 89 009 666 700), a company wholly owned by APT, is APA's borrowing entity and the owner of the majority of APA's operating assets and investments

Financial reporting segments within APT

- **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets
- **Asset Management:** provision of asset management and operating services for the majority of APA's investments
- **Energy Investments:** interests in energy infrastructure investments



Financial Metrics



energy. connected.

1H21 results summary including significant item

Results \$ million	1H21	1H20	Change	Key Drivers
Revenue excluding Pass-through ⁽¹⁾	1,071.8	1,077.8	(0.6%)	Volume growth in key markets, offset by softer contract renewals and lower energy consumption
EBITDA ⁽²⁾	822.8	842.2	(2.3%)	Higher investment in strategic development opportunities and capability, plus higher insurance and compliance costs
Depreciation and Amortisation	(331.4)	(319.4)	(3.7%)	Larger asset base vs 1H20
EBIT ⁽²⁾	491.5	522.8	(6.0%)	
Net Interest Expense	(229.1)	(245.3)	6.6%	Unrealised gains on hedges, higher interest income and higher capitalised interest
Profit before tax ⁽²⁾	262.4	277.5	(5.4%)	
Significant item	(249.3)	-		Impairment in relation to Orbest Gas Processing Plant
Income tax expense	(24.8)	(102.4)	(75.8%)	
(Loss)/Profit after tax including significant item	(11.7)	175.0	(106.7%)	
Operating Cash Flow ⁽³⁾	519.2	511.9	1.4%	Timing of receipts and payments
Operating Cash Flow per Security (cents)	44.0	43.4	1.4%	

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

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

2) Excludes significant item.

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

Segment EBITDA by state

\$ million	1H21	1H20	Change	Key drivers
Queensland	495.5	506.3	(2.1%)	• Softer contract renewals
New South Wales	83.6	81.6	2.4%	• Higher gas volumes
Victoria & South Australia	59.6	63.5	(6.1%)	• Lower energy consumption due to COVID
Northern Territory	11.4	8.6	33.1%	• New gas transportation agreement
Western Australia	168.7	171.1	(1.4%)	• Higher gas volumes in Goldfields • Network curtailment (renewables)
Energy Infrastructure total	818.8	830.9	(1.5%)	
Asset Management	31.0	31.3	(0.9%)	• Timing of third-party projects
Energy Investments	16.2	18.4	(12.3%)	• Lower equity income
Corporate costs	(43.1)	(38.4)	12.1%	• Costs related to departure of two Executives • Higher insurance and compliance costs • Higher Executive recruitment costs
Total EBITDA	822.8	842.2	(2.3%)	

Notes: EBITDA excludes significant item

5 year financials



Financial Performance		1H21	FY20	FY19	FY18	FY17	FY16
Revenue	\$m	1,295.0	2,590.6	2,452.2	2,386.7	2,326.4	2,094.3
Revenue excluding pass-through ⁽¹⁾	\$m	1,071.8	2,129.5	2,031.0	1,941.4	1,888.3	1,656.0
EBITDA ⁽²⁾	\$m	822.8	1,653.9	1,573.8	1,518.5	1,470.1	1,330.5
Depreciation and amortisation expenses	\$m	(331.4)	(651.6)	(611.4)	(578.9)	(570.0)	(520.9)
EBIT ⁽²⁾	\$m	491.5	1,002.4	962.4	939.6	900.1	809.7
Interest expense	\$m	(229.1)	(497.3)	(497.4)	(509.7)	(513.8)	(507.7)
Significant item	\$m	(249.3)	-	-	-	-	-
Income tax expense	\$m	(24.8)	(187.9)	(177.0)	(165.1)	(149.5)	(122.5)
Profit/(Loss) after tax including significant item	\$m	(11.7)	317.1	288.0	264.8	236.8	179.5
Financial Position							
Total assets	\$m	15,218.0	16,007.2	15,433.9	15,227.2	15,045.9	14,842.7
Total drawn debt ⁽³⁾	\$m	9,684.4	9,983.6	9,352.1	8,810.4	9,249.7	9,037.3
Total equity	\$m	3,282.5	3,223.9	3,599.4	4,126.8	3,978.2	4,029.1
Operating Cash Flow							
Operating cash flow ⁽⁴⁾	\$m	519.2	1,095.9	1,012.1	1,031.6	973.9	862.4
Key Financial Ratios							
Earnings per security including significant item ⁽⁵⁾	cents	(1.0)	26.9	24.4	23.3	21.2	16.0
Operating cash flow per security ⁽⁴⁾	cents	44.0	92.9	85.8	90.7	87.1	77.1
Distribution per security	cents	24.0	50.0	47.0	45.0	43.5	41.5
Funds From Operations to Net Debt	%	12.1	12.2	10.7	10.7	10.8	9.5
Funds From Operations to Interest	times	3.2	3.3	3.0	3.0	3.0	2.7
Weighted average number of securities ⁽⁴⁾	m	1,179.9	1,179.9	1,179.9	1,136.9	1,118.5	1,118.5

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

(2) Excludes significant item

(3) APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.

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

(5) On 23 March 2018, APA Group issued 65,586,479 new ordinary securities, resulting in total securities on issue of 1,179,893,848. The weighted average numbers of securities from FY2016 to FY2018 have been adjusted to account for that rights issue

5 year financials (con't)

Segment EBITDA (Excluding Significant Item)		1H21	FY20	FY19	FY18	FY17	FY16
EBITDA (Continuing businesses)							
Energy Infrastructure							
East Coast:							
Queensland	\$m	495.5	1,007.9	1,010.1	962.2	925.4	855.8
New South Wales	\$m	83.6	160.8	149.4	147.1	149.5	121.7
Victoria	\$m	58.4	101.9	114.0	124.6	123.0	120.6
South Australia	\$m	1.2	2.3	2.1	2.6	2.3	2.5
Northern Territory	\$m	11.4	19.9	19.2	22.9	18.8	17.5
Western Australia	\$m	168.7	337.1	277.8	237.6	234.7	217.6
Energy Infrastructure Total	\$m	818.8	1,629.8	1,572.4	1,497.1	1,453.7	1,335.5
Asset Management	\$m	31.0	63.3	53.0	66.2	58.7	53.9
Energy Investments	\$m	16.2	35.7	28.4	23.1	24.4	27.8
Corporate costs	\$m	(43.1)	(75.0)	(80.1)	(67.9)	(66.7)	(86.7)
Divested businesses	\$m	-	-	-	-	-	-

Capital expenditure		1H21	FY20	FY19	FY18	FY17	FY16
Growth Capex	\$m	154.2	287.7	462.8	742.9	271.9	281.0
SIB Capex and other IT expenditure	\$m	97.4	139.4	118.4	112.6	68.8	52.7

Historical EBITDA by asset – Energy Infrastructure



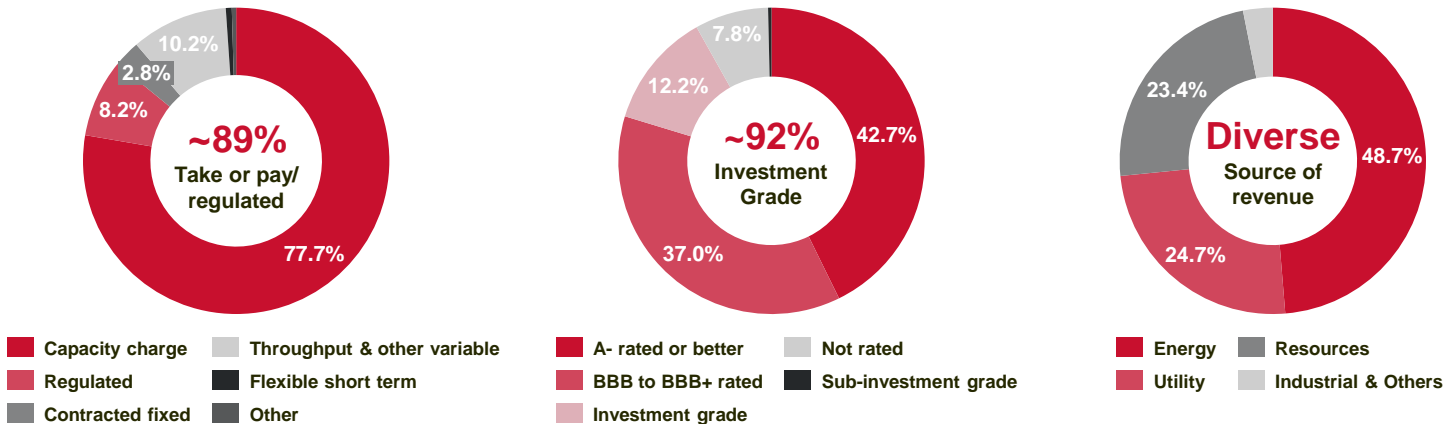
\$ millions	1H21	FY20	FY19	FY18	FY17	FY16
East Coast Grid						
Wallumbilla Gladstone Pipeline	270.0	538.9	542.4	515.9	488.0	475.2
South West Queensland Pipeline	118.0	254.4	250.0	244.3	242.4	240.3
Moomba Sydney Pipeline ⁽¹⁾	83.6	160.8	149.4	147.1	149.5	121.7
Victorian Systems	58.4	101.9	114.0	124.6	123.0	120.6
Roma Brisbane Pipeline	27.1	56.9	58.4	60.9	58.6	57.7
Carpentaria Gas Pipeline	15.2	29.5	36.8	39.0	35.6	38.6
Other Qld assets	11.9	23.1	20.7	14.0	13.5	20.6
East Coast Grid Total	584.1	1,165.5	1,171.5	1,145.7	1,110.5	1,074.8
Northern Territory						
Amadeus Gas Pipeline	11.4	19.9	19.2	22.9	18.8	17.5
Western Australia						
Goldfields Gas Pipeline	76.1	149.9	125.2	111.8	111.5	115.1
Eastern Goldfields Pipeline	26.6	51.0	45.6	37.7	36.3	14.2
Mondarra Gas Storage and Processing Facility	18.6	36.1	33.8	32.8	33.6	31.8
Pilbara Pipeline System	12.9	27.6	28.2	27.8	27.5	28.3
Other WA assets	1.7	7.0	3.6	4.0	3.4	8.2
South Australia						
SESA Pipeline and other SA assets	1.2	2.3	2.1	2.6	2.3	2.5
Power Generation						
Diamantina Power Station	45.6	89.4	90.9	88.3	87.4	23.3
Badgingarra Wind and Solar Farms	16.2	33.5	14.7	0.0	0.0	0.0
Emu Downs Wind and Solar Farms	12.9	24.8	23.2	23.6	22.4	19.9
Darling Downs Solar Farm	7.7	15.7	11.0	0.0	0.0	0.0
Gruyere Power Station	3.8	7.2	3.5	0.0	0.0	0.0
Grand Total	818.8	1,629.8	1,572.4	1,497.1	1,453.7	1,335.6

Notes: EBITDA excludes significant item

Low risk business model

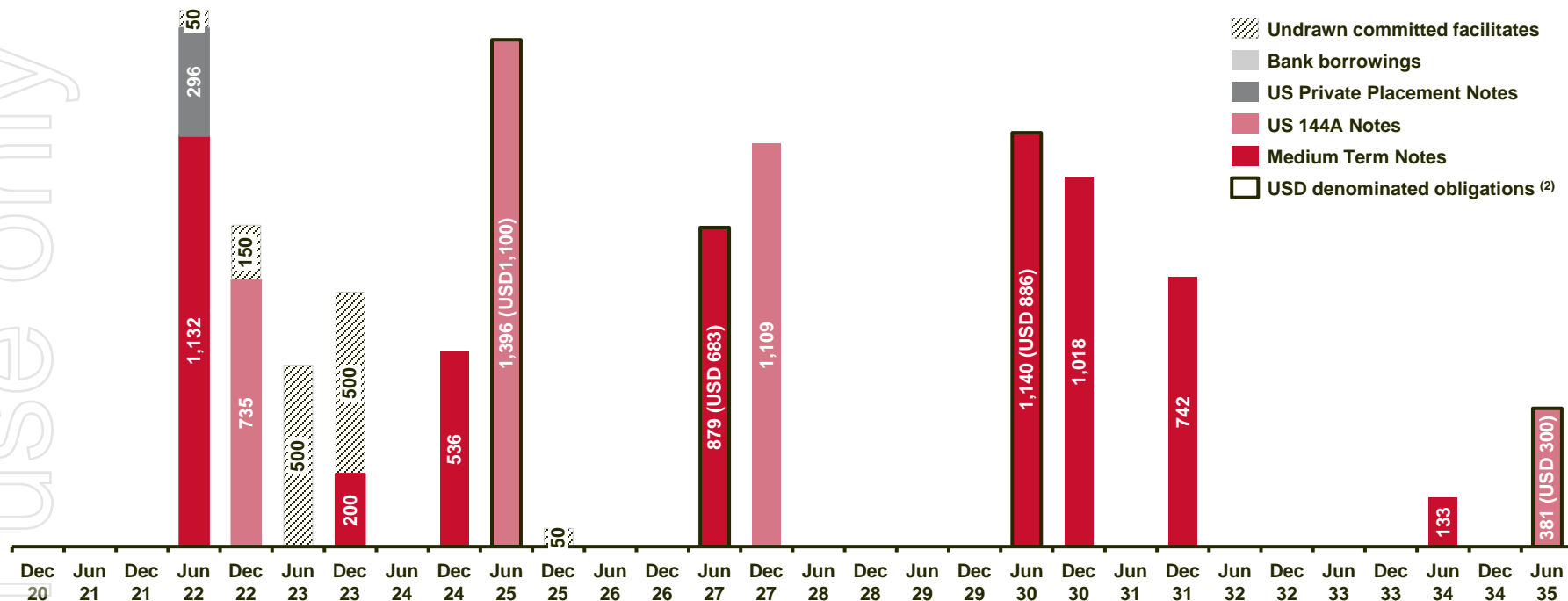
- Solid risk management processes in place
- Continue to manage counterparty risks by:
 - Diversification of customers and industry exposures
 - Assessment of counterparty creditworthiness
 - Entering into long term contracts to support major capital spend

Energy Infrastructure revenue split



Debt maturity profile

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

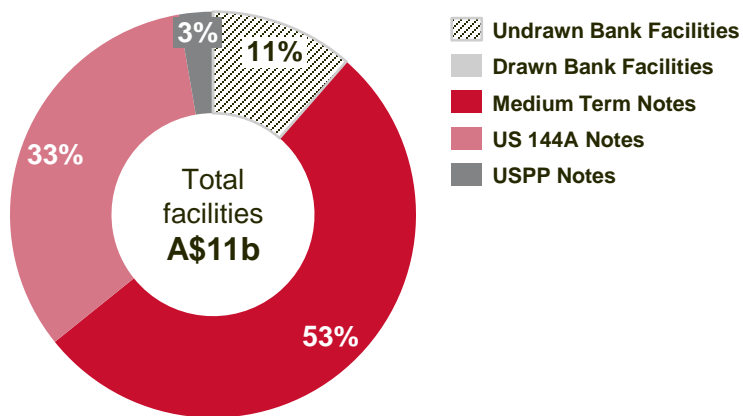


Notes:

(1) APA debt maturity profile as at 31 December 2020.

(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).

Funding source



	31 Dec 2020
Total Debt Facilities*	\$10,947m
Drawn Debt Facilities	\$9,697m
Drawn Bank Facilities	\$0m
Undrawn Bank Facilities	\$1,250m
Cash at Bank	\$804m
Available Liquidity	\$2,054m

Debt facilities

Total committed debt facilities at 31 December 2020

\$ million	Facility amount	Drawn amount	Tenor
2017, 2019 & 2020 Bilateral bank facilities	250	0	3 to 5 year facilities maturing between May 2022 to December 2025
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 tranche maturing May 2022
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
2015 US144a/Reg S Notes ^(1, 2)	1,777	1,777	10 and 20 year tranches maturing March 2025 and March 2035
2015 GBP Medium Term Notes ^(1, 2)	1,140	1,140	15 year tranche maturing March 2030
2015 EUR Medium Term Notes ⁽²⁾	1,132	1,132	7 year tranche maturing March 2022
2015 EUR Medium Term Notes ^(1, 2)	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 July 2031
2019 JPY Medium Term Notes	133	133	15 year tranche maturing June 2034
2020 EUR Medium Term Notes	1,018	1,018	10.2 year tranche maturing July 2030
Total	10,947	9,697	

Energy market dynamics and overview



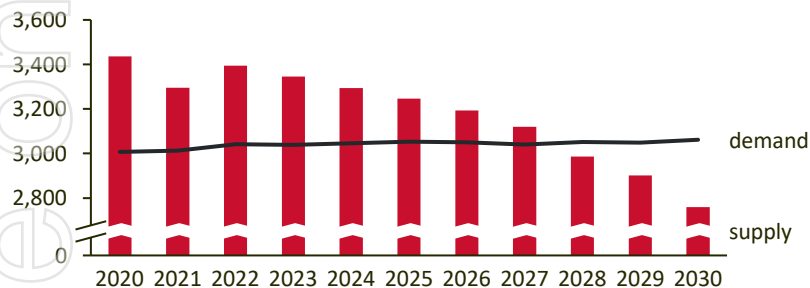
Australian gas market overview

Gas supply and demand

AEMO 2020 Gas Statement of Opportunities:

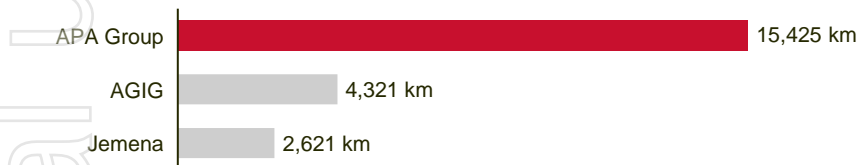
- Gas Supply from existing and committed gas developments is forecast to meet gas demands until 2023/24
- Risks remain that any weather-driven variances could increase gas demand

Gas demand and production



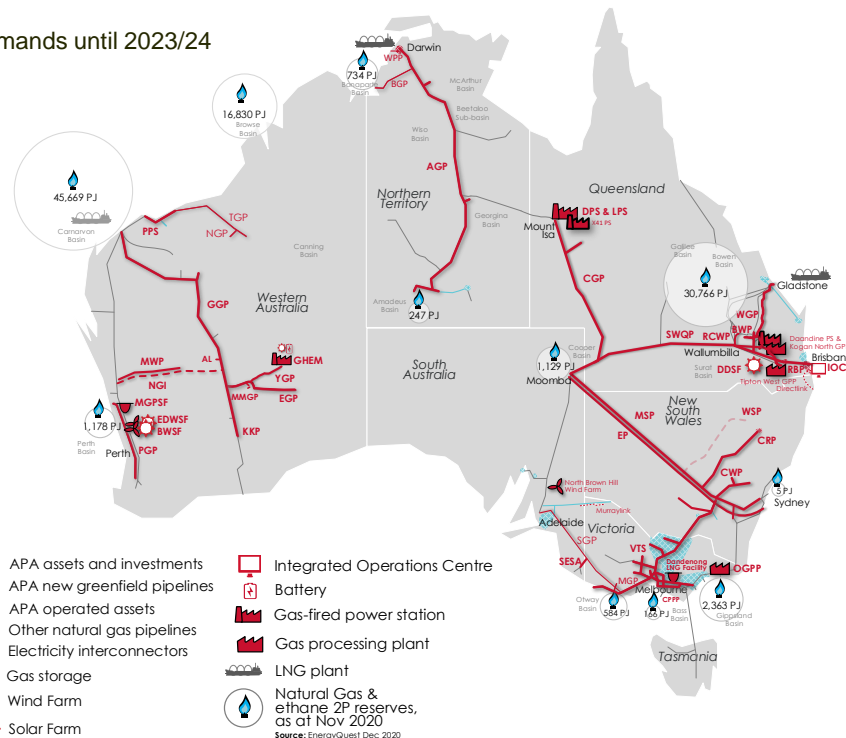
Source: AEMO GSOO 2020, WA GSOO 2020

Australian gas transmission pipeline ownership by kilometres



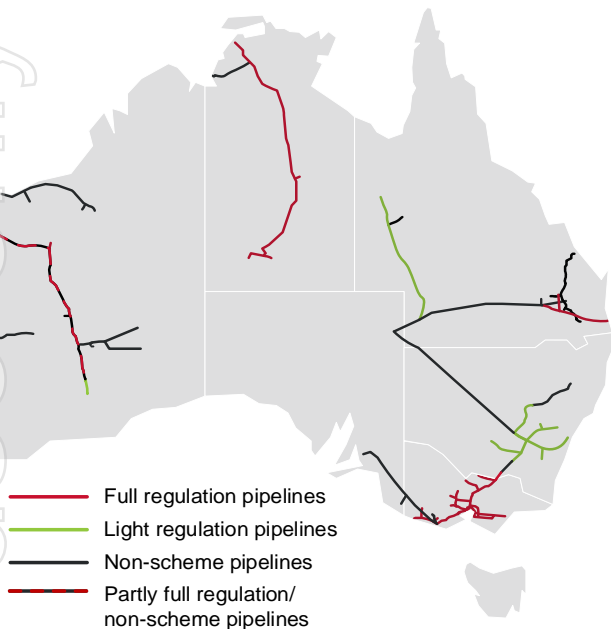
Note: *includes SEA Gas Pipeline and Mortlake Pipeline.

Source: Company reports; APA data as at 31 December 2020



Regulation of Australian gas pipelines

APA pipelines by regulation type



- In 1H21, 8.2% of Energy Infrastructure revenue was from full regulated assets
- Gas pipelines are regulated by the Australian Energy Regulator (AER) or, the Economic Regulation Authority of Western Australia (ERA)
- Australia's economic regulatory regime for gas pipelines is set out in the National Gas Law (NGL) and the National Gas Rules (NGR). Some of APA's pipelines have been covered by the National Gas Access Regime since it was introduced in the 1990's. There are 2 frameworks under the NGR:
- There are 2 frameworks under the National Gas Rules (NGR):
 - 1) Scheme pipelines (NGR Parts 8-12) are subject to either:
 - full regulation, where the AER or ERA must approve a full access arrangement that sets out reference tariffs, terms and conditions. Pipeline users can opt for non-regulated services on full regulation pipelines, or
 - light regulation, where pipeline owners must publish services and prices and comply with information provision requirements to support negotiations or alternatively seek regulatory approval for a limited access arrangement. A regulatory negotiate-arbitrate mechanism is available in the case of access disputes.
 - 2) Non-Scheme pipelines (NGR Part 23) – The Part 23 regime came into effect from August 2017 and provides for additional information disclosure and a commercial negotiate-arbitrate mechanism as part of a dispute resolution framework.

Regulation of Australian gas pipelines (con't)

Schedule of regulatory reset dates for APA

Current regulatory period	2021	2022	2023	2024	2025
Amadeus Gas Pipeline					
Roma Brisbane Pipeline					
Victorian Transmission System					
Goldfields Gas Pipeline					

Access arrangement

- Apply for a term, generally 5 years
- Set out the terms and conditions of third party access, including
 - At least one reference service that is commonly sought by customers – for pipelines, this is generally firm forward-haulage services
 - A reference (benchmark) tariff for the reference service

Reference tariff

- Provides a default tariff for customers seeking the reference service but tariffs can also be negotiated for other services
- Determined with reference to regulated revenue, capacity and volume forecasts

Regulated revenue

- Determined using the building block approach to recover efficient costs
 - Forecast operating and maintenance costs
 - Regulatory asset depreciation and
 - Return on value of regulated assets (regulated asset base) based on WACC determination
 - Return is now a binding (defined methodology) rate of return as at Dec 2018 for the next 4 years
- WACC based on 60:40 debt equity split

Regulated asset base (RAB)

- Opening RABs have been settled with the regulator; there are no reassessments for approved RABs
- RABs adjusted every access arrangement period
 - Increased by capital invested into the asset and reduced by regulatory depreciation costs

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