



APA Group – delivering security and growth

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About APA Group

- APA is Australia's largest gas transmission and distribution infrastructure owner and operator
 - **Gas transmission and distribution:** gas pipelines and storage facilities; gas distribution networks in Qld and NSW
 - **Asset Management:** asset management, operating and maintenance services
 - **Energy Investments:** minority interests in energy infrastructure investments
- APA generates secure cash flows from contractual and regulatory arrangements
 - with more than 90% of revenue from regulated (natural monopoly) assets and long term contracts
- APA has direct management and operational control over its assets and investments
 - no fee leakage or conflicts that arise with external management model
 - employing over 1,100 skilled and experienced people who perform all commercial, engineering and operations functions for APA assets and investments

APA owns, manages and/or operates over \$8 billion in assets

APA's gas infrastructure portfolio



Source: APA data; Energy Quest August 2009

- Australia has an abundance of natural gas reserves
 - 60,300 PJ of 2P reserves, with half (29,700 PJ) in eastern Australia
- Increasing demand for natural gas
- APA delivers gas from all major gas production sources to all major gas markets
 - More than 50% of natural gas used in Australia is transported through APA's pipelines
 - APA transports more than 70% of natural gas in Australia's eastern states
- Progressing new links for gas between east Australian states

APA's unrivalled national portfolio connects all major gas sources to major markets

APA's strengths

- Unrivalled gas asset footprint
 - largest gas transporter of natural gas across Australia by pipeline length, capacity and volume
- Integrated portfolio of gas pipeline assets
 - providing revenue and operating synergies
- Attractive growth opportunities
 - enhancing capacity in APA's existing pipelines serving major growth markets across Australia
- Stable cash flow
 - regulated and contracted revenue
- Internally managed and operated business
 - highly skilled and experienced workforce, extracting greater value from the business and responding to a dynamic energy market

APA's strategy

Maximise value for securityholders

- Focusing on gas infrastructure assets in Australia's growing gas market and enhancing APA's portfolio of assets
- Capturing revenue and operational synergies from APA's significant asset base
- Pursuing opportunities that leverage APA's knowledge and skills base
- Maintaining a strong balance sheet

Record full year result

Underlying result ⁽¹⁾	2009 ⁽²⁾ \$ million	2008 ⁽³⁾ \$ million	Change
Revenue	958.8	897.8	6.8%
Revenue excluding pass-through	687.4	614.9	11.8%
EBITDA	458.7	430.5	6.5%
EBIT	359.1	330.8	8.6%
Net interest expense	(213.0)	(223.8)	4.8%
Tax	(35.9)	(24.8)	(45.0)%
Underlying NPAT	110.1	82.2	34.0%
Reported NPAT	78.8	67.2	17.2%
Operating cash flow	233.6	192.1	21.6%
Operating cash flow per security (cents)	48.2	42.7	12.8%
Distribution per security (cents)	31.0	29.5	5.1%

(1) Underlying results before significant items and AIFRS adjustments

(2) Includes contributions from Central Ranges Pipeline (10 months) and assets sold to EII, including X41 Power Station (5.3 months)

(3) Includes contributions from Alinta O&M agreement (9 months), X41 Power Station (8 months)

Strong underlying cash flow funds distribution and business growth

FY 2009 strategic and operational highlights

Strong balance sheet

- Completed the establishment of Energy Infrastructure Investments
 - Achieved book value and reduced debt
 - Additional avenue for investments
- Completed 2010 debt refinancing
 - Raised \$1.365 billion – Syndicated facility, USPP, bilateral loan
 - S&P 'BBB' credit rating
- Avoided the unholy trinity of the GFC
 - No asset write-down
 - No dilutive capital raising to refinance debt
 - No reduction in distributions, instead increased distributions

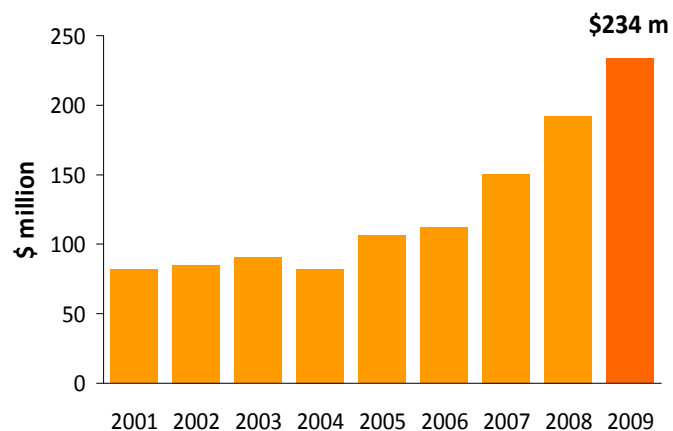
FY 2009 strategic and operational highlights

Business growth

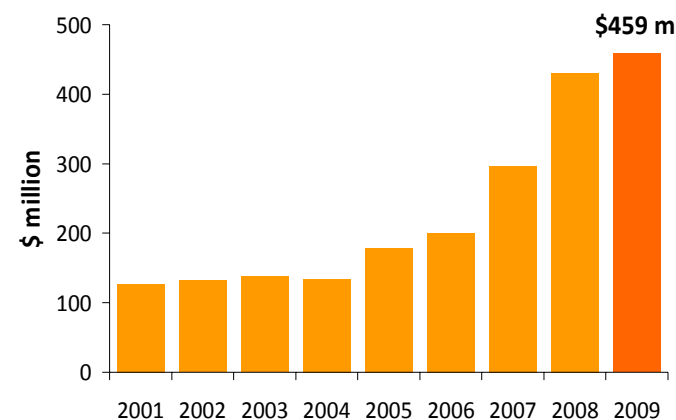
- Capacity expansion of gas transmission pipelines
 - Goldfields Gas Pipeline, Carpentaria Gas Pipeline, Moomba Sydney Pipeline
- Attractive investments
 - Central Ranges Pipeline – part of APA’s New South Wales pipeline system
 - Increase in Envestra equity interest to over 30%
- Construction of the Bonaparte Gas Pipeline
 - Completed ahead of schedule and on budget

Consistent and predictable performance

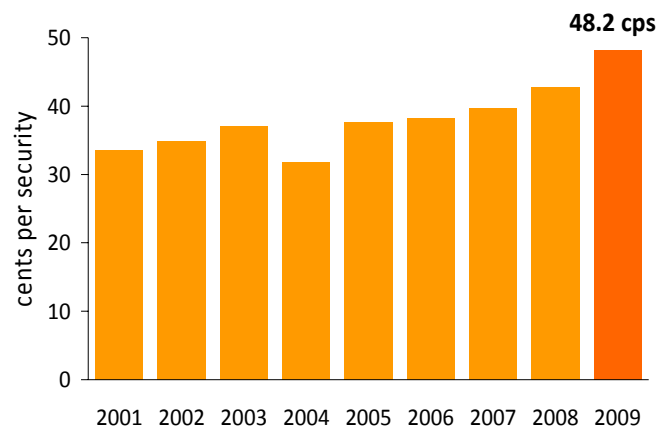
Underlying operating cash flow



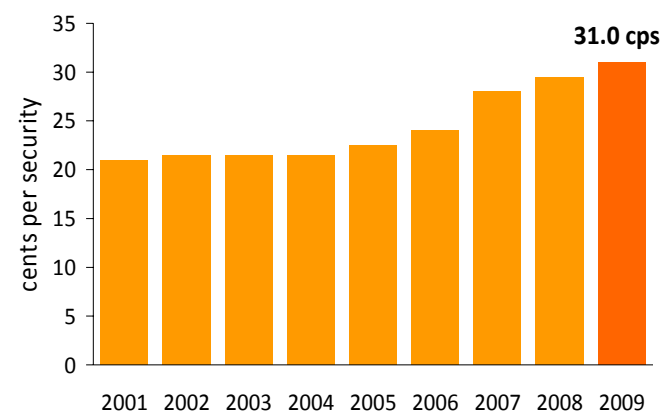
Underlying EBITDA



Operating cash flow per security



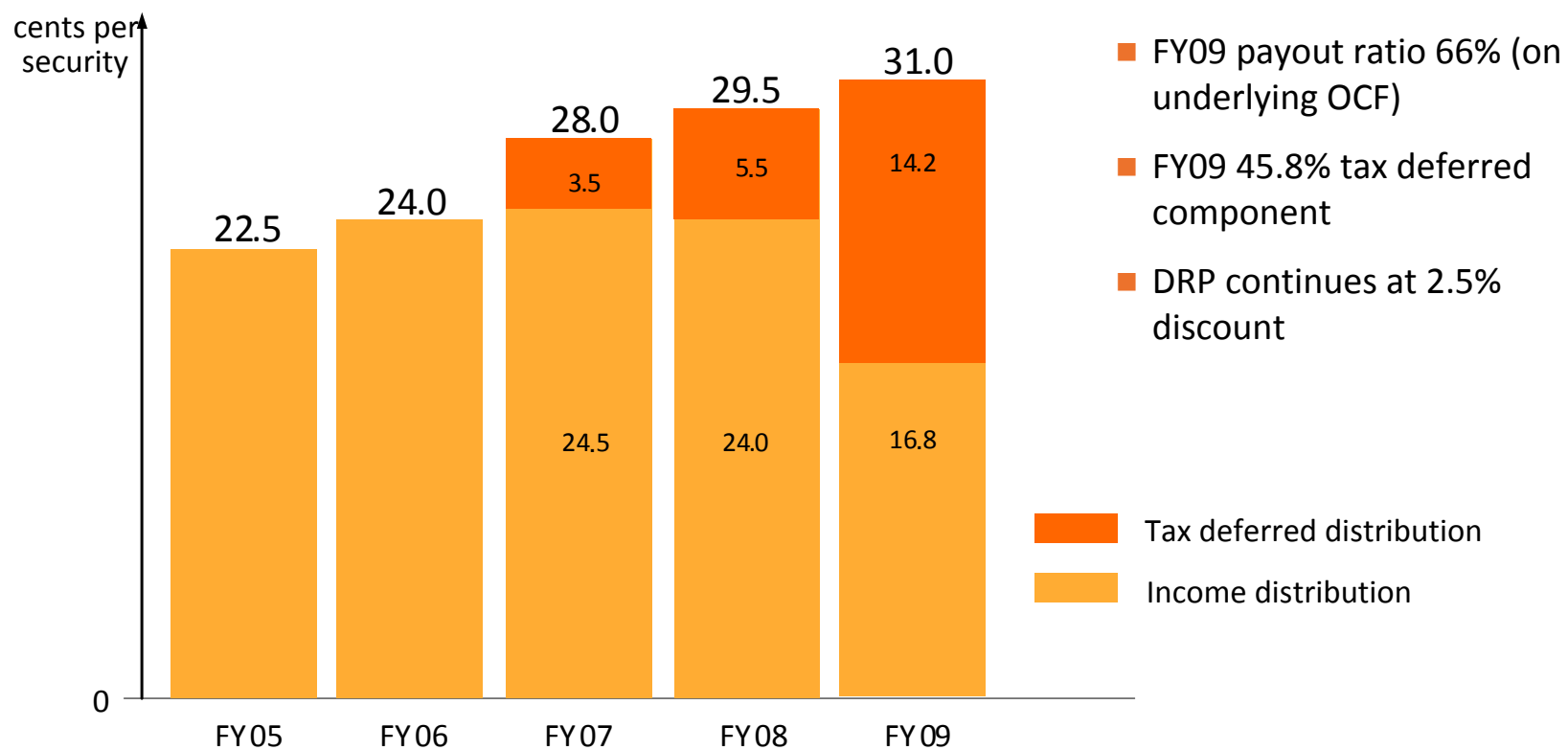
Distributions per security



Creating value for APA securityholders

Growing distributions

Achieved 5% growth guidance for 2009 full year distribution



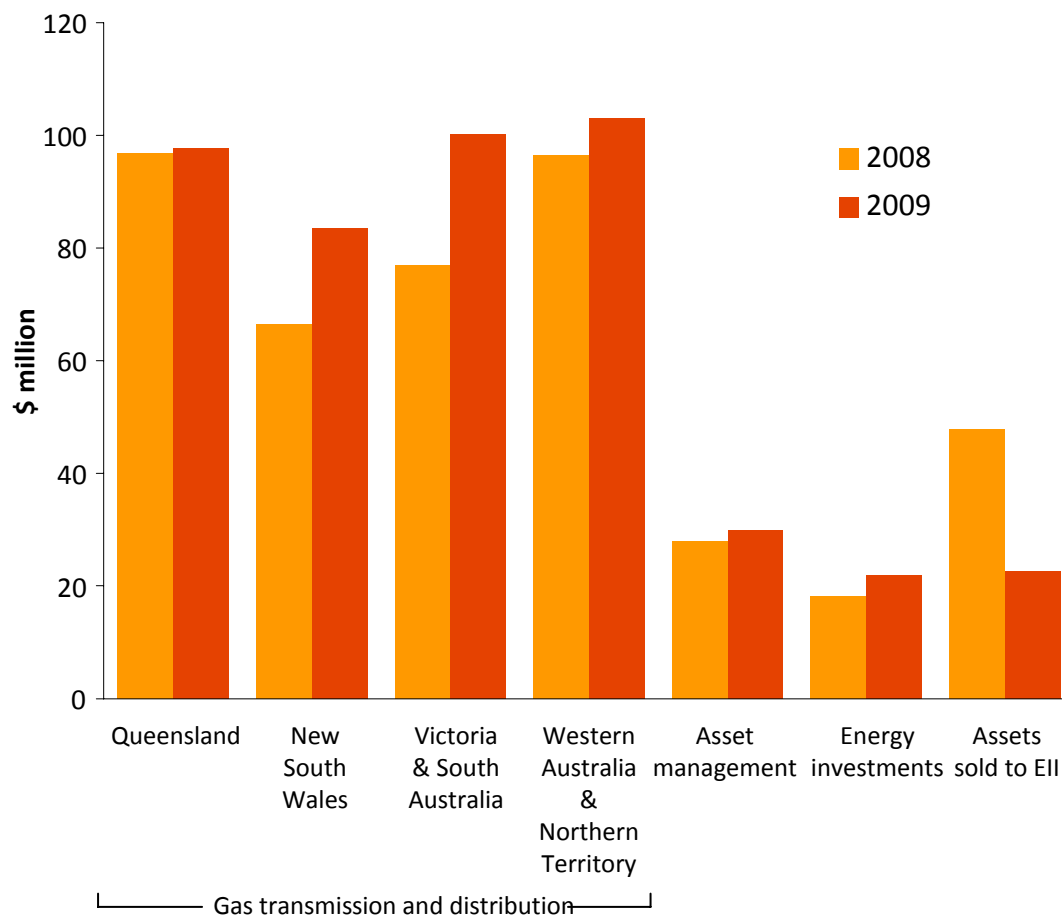
- FY09 payout ratio 66% (on underlying OCF)
- FY09 45.8% tax deferred component
- DRP continues at 2.5% discount

■ Tax deferred distribution
 ■ Income distribution

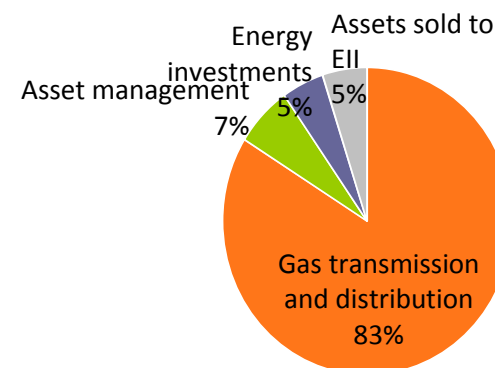
Payout ratio	60%	65%	72%	71%	66%
Based on underlying OCF					

Strong segment performance

Strong EBITDA growth in gas transmission and distribution



EBITDA split by segment



EBITDA growth

- Gas transmission and distribution – up 14%
- Asset management – up 7%
- Energy investments – up 21%

Prudent capital management

- FY2009 metrics
 - Improved gearing⁽¹⁾ of 70.3%, reduced from 72.0% at 30 June 2008
 - Interest Cover Ratio of 2.13x, increased from 1.86x in 2008
- Equity raised – \$79 million (Security Purchase Plan and Distribution Reinvestment Plan)
- Credit rating – S&P ‘BBB’ stable outlook
 - provides funding flexibility - access diverse markets and broader range of financing options
- Refinancing strongly supported
 - Bilateral facility \$165 million in July 2008 – 3 year
 - USPP A\$185m in July 2009 – 7 and 10 year
 - Bilateral facility \$150m in August 2009 – 5 year
 - New syndicated facility \$1,030m in August 2009 – 2 and 4 year
- Balance sheet strategy
 - Diversifying source of funds
 - Extending term of debt facilities in line with long term nature of APA assets

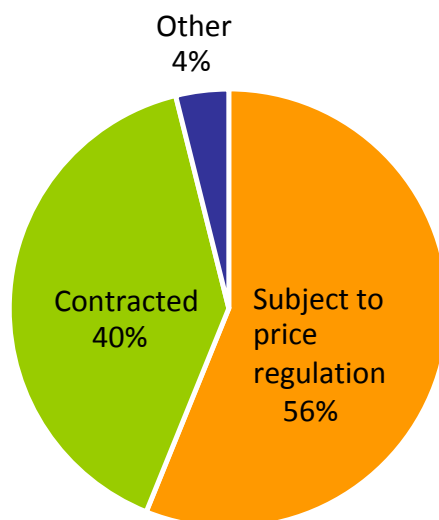
Secure long-term debt portfolio supporting business growth

(1) Gearing ratio determined in accordance with the syndicated loan facilities.

Stable and secure revenue

- More than 90% of APA’s revenues are derived from price regulated (natural monopoly) assets and long-term contracts
- Tariffs are set by regulation for price regulated assets, but existing contract terms remain
- Tariffs commercially negotiated for all other pipelines and new capacity on all pipelines⁽¹⁾, with contract
 - Contract terms are often for periods of in excess of 5 years, and APA’s current average contract length is approximately 7 years

FY2009 Revenue Split



Price Regulated		Commercially Negotiated	
Tariffs set by regulation	Contract terms remain	Light regulation	No regulation
Victorian Transmission System	Roma Brisbane Pipeline	Moomba Sydney Pipeline (Marsden downstream)	Moomba Sydney Pipeline (Marsden upstream)
APA Gas Network	Goldfields Gas Pipeline⁽²⁾	Carpentaria Gas Pipeline	Parmelia Gas Pipeline
Central West Pipeline	Amadeus Gas Pipeline		Mid West Pipeline
Central Ranges Pipeline			
Central Ranges Network			

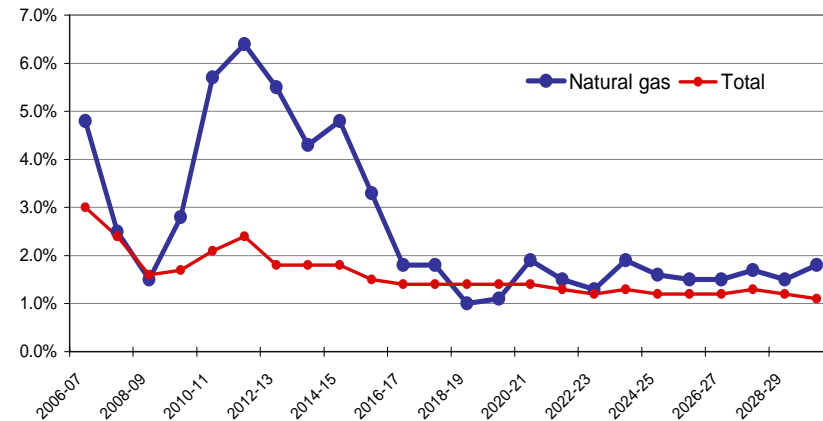
(1) Except Victorian Transmission System

(2) Some contracts provide for regulated price to apply

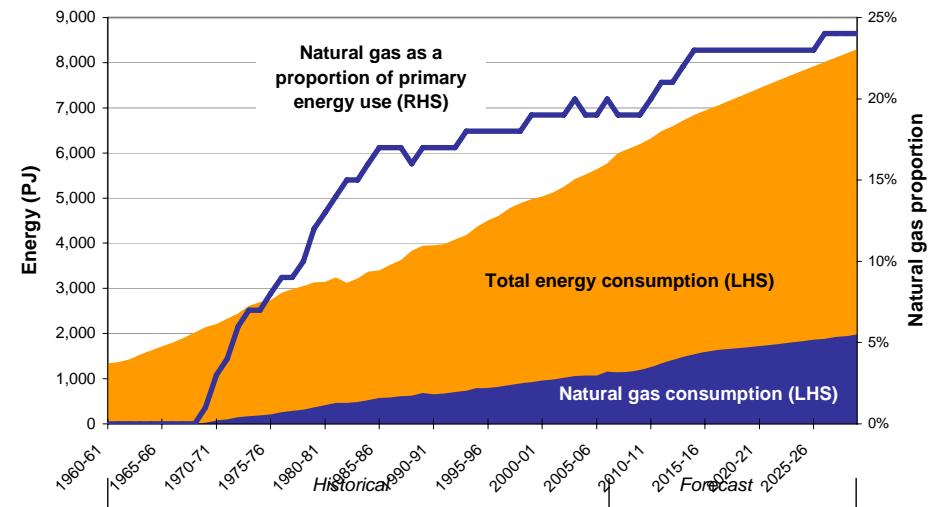
Increased demand for natural gas

- It is estimated that Australia’s underlying gas demand will grow an average of 4%* annually over the next 10 years. Key growth drivers include:
 - Greater use of gas in electricity generation, mining and energy-intensive refining
 - Introduction of carbon reducing legislation should increase use of gas for electricity generation (as gas becomes more competitive)
- Continued growth expected in coal seam gas (CSG) production
- APA infrastructure is ideally positioned to participate in this growth through the sale of transport, load shaping and storage services

Natural gas and Australian primary energy consumption
Growth rates



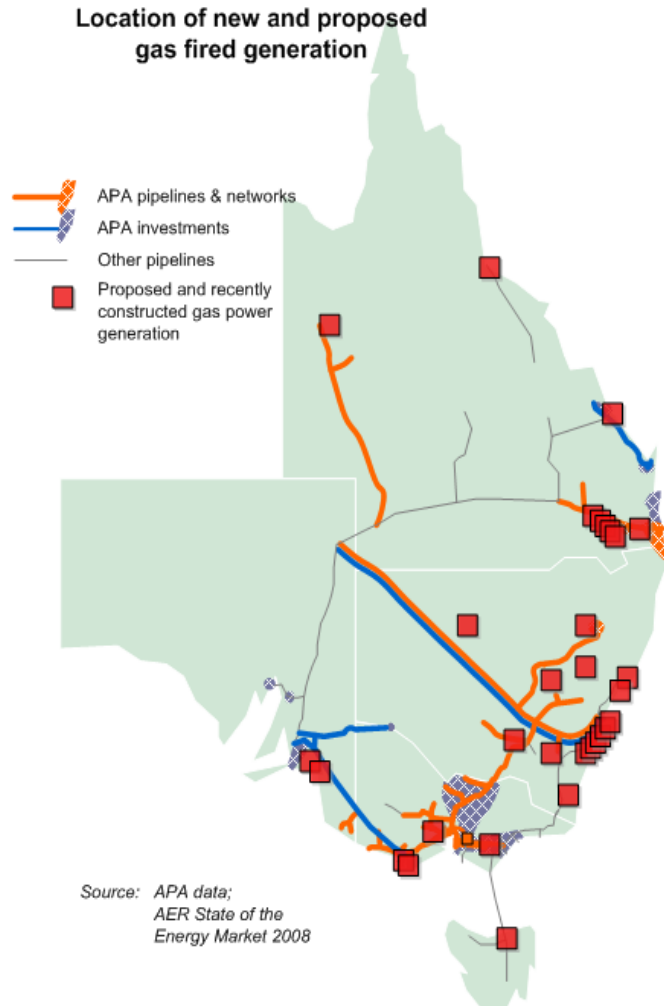
Australian primary energy consumption



Note*: ABARE – Energy Update 2008

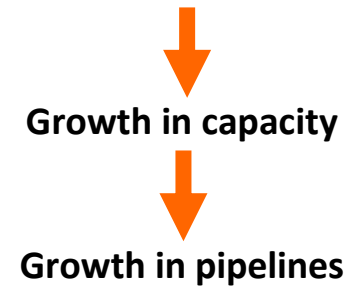
Source: ABARE - Energy Update 2008

Pipeline capacity for power generation



- APA primarily sells pipeline capacity
 - Gas fired power generation requires pipeline capacity and gas throughput:
- Baseload generation
 - capacity and gas volumes throughout the year
- Peak/intermediate generation
 - capacity and storage required throughout the year

Growth in gas fired power generation



Discretionary capital expenditure

- APA has a low level of stay-in-business capex which is required annually – up to \$20 million per annum
 - Bulk of the assets are underground and require a minimal level of maintenance capex
 - APA controls the timing of non-critical capex
- APA maintains flexibility in relation to the amount and timing of larger growth capex projects
- Growth capex enables APA to leverage additional value from its existing assets



APA's infrastructure is underground and require minimal level of stay-in-business capex

Development and growth opportunities

- Northern expansion on the Victorian Transmission System
- Increase Moomba Sydney Pipeline winter capacity in line with contracts
- Installation of automated multi-directional hub at Young, providing flow and storage flexibility
- Increased capacity for gas fired power generation in line with commercial commitments
- Focus on ensuring coal seam gas is efficiently delivered to southern markets (via Moomba or other alternative routes)
- Expansion to new housing developments on APA's Gas Network
- Increased capacity on Roma Brisbane Pipeline in line with commercial commitments
- Progressing opportunities evolving from Queensland's CSG/LNG projects (pipeline and storage infrastructure)
- Expansion of Mondarra gas storage facility

APA's portfolio provides strategic growth opportunities

Summary

- Strong FY2009 results demonstrate strength of APA's business
- APA continues to deliver value to its securityholders through growth in distributions and operating cash flow – at least 5% growth in distributions for FY2010
- Quality portfolio of gas infrastructure assets throughout Australia
- Direct management and operational control over APA's assets and investments delivers further value to the business
- Attractive growth opportunities with APA's pipelines serving Australia's major growth markets

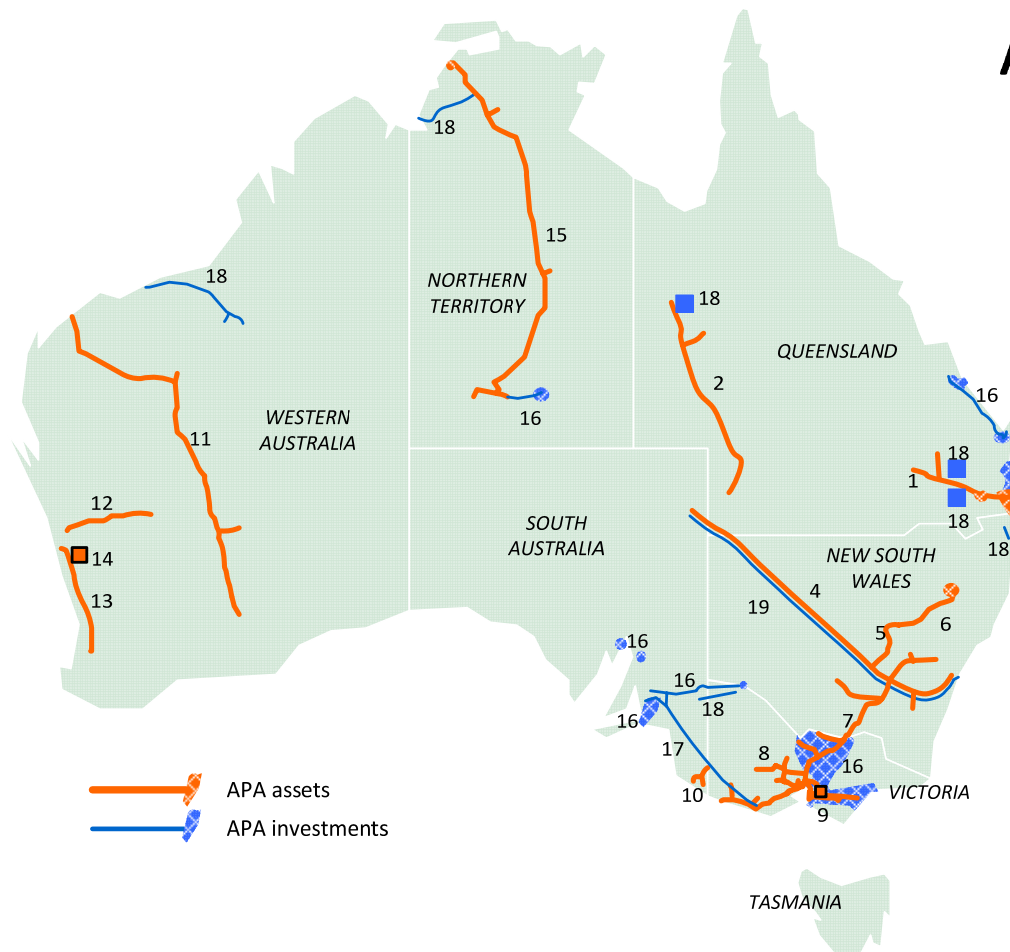


APA Group

Supplementary information

APA's gas infrastructure business

APA Group assets and investments



Gas transmission and distribution
Queensland (1) Roma Brisbane Pipeline (2) Carpentaria Gas Pipeline (3) APA Gas Network
New South Wales (4) Moomba Sydney Pipeline (5) Central West Pipeline (6) Central Ranges Pipeline (7) NSW interconnect with Victoria
Victoria (8) Victorian Transmission System (9) Dandenong LNG facility
South Australia (10) SESA Pipeline
Western Australia (11) Goldfields Gas Pipeline (88.2%) (12) Mid West Pipeline (50%) (13) Parmelia Pipeline (14) Mondarra Gas Storage
Northern Territory (15) Amadeus Gas Pipeline (96%)

Asset Management
Commercial and operational services to: - Energy Infrastructure Investments - Envestra Limited - Ethane Pipeline Income Fund
Operational services to: - SEA Gas Pipeline - other third parties

Energy investments
(16) Envestra Limited (30.4%) Gas distribution networks and pipelines (SA, Vic, Qld, NSW & NT)
(17) SEA Gas Pipeline (33.3%)
(18) Energy Infrastructure Investments (19.9%) Annuity gas pipelines, electricity transmission, small gas-fired power stations and gas processing plants
(19) Ethane Pipeline Income Fund (6%)

APA business segments

		FY2009 EBITDA % ¹
Gas Transmission and Distribution	<ul style="list-style-type: none"> ■ Australia's largest gas pipeline owner, present in each mainland state and territory ■ APA manages and operates all its major gas transmission and distribution assets ■ Gas transmission pipelines: <ul style="list-style-type: none"> – Approximately 10,000 km of high pressure gas transmission pipelines across Australia – Transports more than half of the natural gas used in Australia annually ■ Gas distribution networks: <ul style="list-style-type: none"> – 2,800 km of distribution network – More than 75,000 gas users in Queensland and New South Wales ■ Gas storage: <ul style="list-style-type: none"> – Mondarra gas storage facility (WA) and Dandenong LNG storage facility (Victoria) 	<p>83%</p>
Asset Management	<ul style="list-style-type: none"> ■ APA provides commercial and operating services and/or asset maintenance services to all its investment enterprises, under long term contracts 	<p>7%</p>
Energy Investments	<ul style="list-style-type: none"> ■ Envestra Limited (30.6% interest) <ul style="list-style-type: none"> – ASX-listed, one of Australia's largest natural gas distribution companies – 20,100 km of distribution networks and 1,100 km of transmission pipeline, serving 1.1 million customers ■ SEA Gas Pipeline (33.3% interest) <ul style="list-style-type: none"> – An unlisted 680 km pipeline, transporting over half of Adelaide's natural gas requirements ■ Energy Infrastructure Investments Pty Limited (19.9% interest) <ul style="list-style-type: none"> – Unlisted infrastructure company, holding various low growth annuity-style assets ■ Ethane Pipeline Fund (6.1% interest) <ul style="list-style-type: none"> – ASX listed, with sole operating assets the 1,375 km Moomba Sydney Ethane Pipeline 	<p>5%</p>

⁽¹⁾ FY2009 EBITDA includes contribution from assets sold into Energy Infrastructure Investments (5%)

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