APA Group

Financial Results
Half year ended 31 December 2009

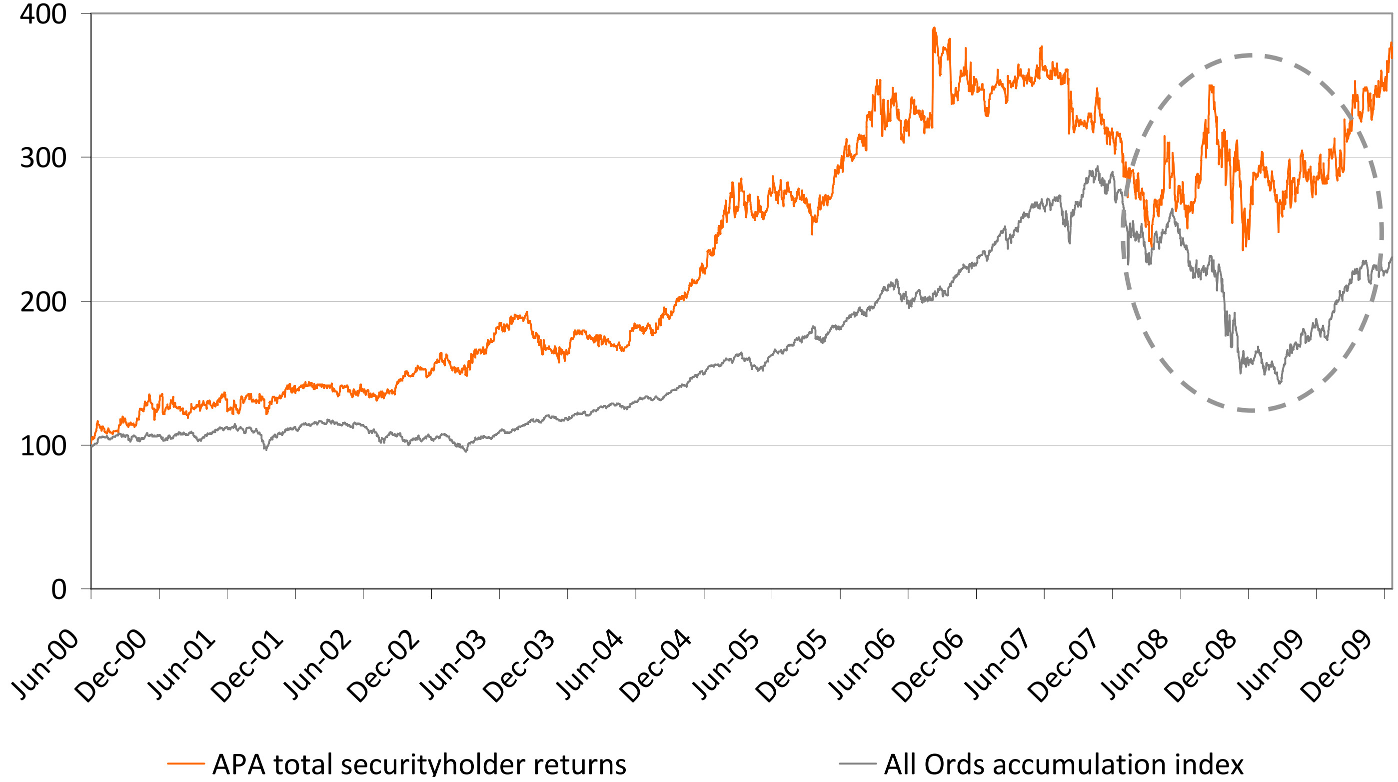
24 February 2010

APA Group

Result overview and strategic highlights

Mick McCormack
Managing Director and CEO

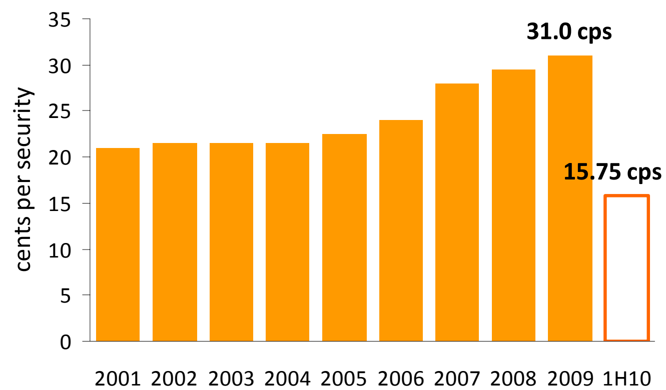
Ten years of consistent, strong performance



Source: APA based on IRESS data

APA maintains its value

- no asset write-down
- no dilutive capital raising
- no distribution cut



Delivering securityholder value since listing

Strong cash generating business

	1H10 $ million	1H09 $ million	Change	
Operating cash flow	**159.5**	122.8	**up**	30%
Operating cash flow per security (cents)	**31.6**	25.8	**up**	23%
Interim distribution	**15.75**	15.0	**up**	5%
Distribution payout ratio	**50.2%**	59.8%		
Revenue excluding pass-through	**343.3**	357.0	**down**	(4)%
EBITDA	**244.3**	238.2	**up**	3%
Profit	**63.6**	49.6 [1]	**up**	28%

(1) Before significant items

Predictable, consistent business

Strong performance from continuing business

	1H10 $ million	1H09 $ million	Change	
Continuing Business performance				
Revenue excluding pass-through	**336.3**	308.5	**up**	9%
EBITDA	**244.3**	213.9	**up**	14%

Continued organic growth of APA's core business

Strategic and operational highlights

- Capturing and developing the growth opportunities on APA's asset portfolio available from the growing demand for gas
  - Committed capital expenditure of $250 million to expand gas transmission and distribution assets, including
    - Moomba Sydney Pipeline system mainline and southern lateral expansion
    - Victorian Transmission System northern zone expansion
    - APA Gas Network (Queensland) extension into new housing developments
    - Mondarra underground storage facility development (Western Australia)
- Transforming the business
  - Three major company-wide initiatives implemented to extract and deliver benefits of scale and corporate know-how
    - Focus on customers, finance and operating excellence
- Strengthening the balance sheet
  - Completing the refinance of debt maturing in 2010

Financial performance

Peter Fredricson
Chief Financial Officer

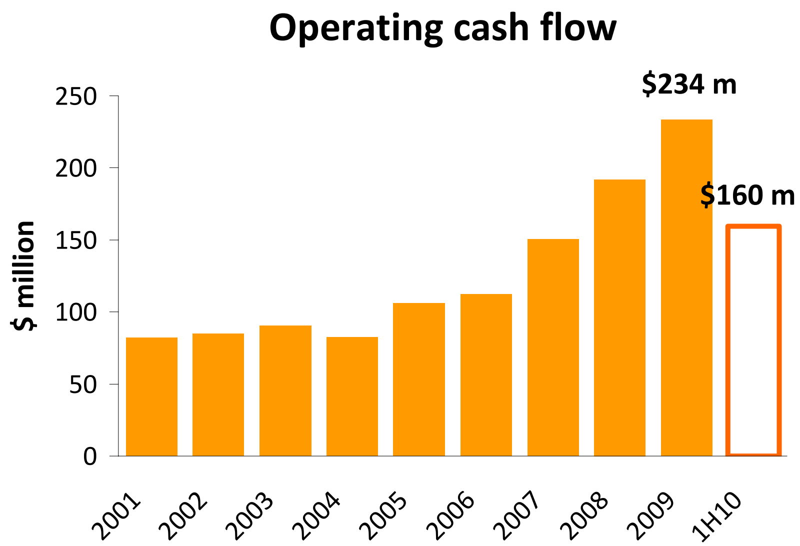
Strong interim result

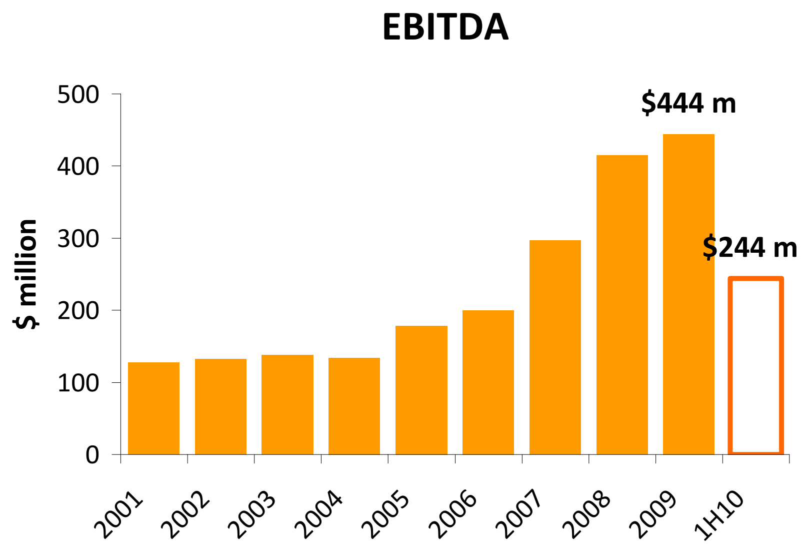
	1H10 $ million	1H09 $ million	Change
Total revenue excluding pass-through[1]	**343.3**	357.0	3.8 %
Total revenue	**495.9**	490.0	1.2 %
EBITDA	**244.3**	238.2	2.5 %
EBIT	**197.4**	189.1	4.4 %
Net interest expense	**(111.1)**	(121.9)	8.9 %
Tax	**(22.7)**	(17.6)	(28.8)%
Profit	**63.6**	49.6 [2]	28.3 %
Operating cash flow	**159.5**	122.8	29.9%
Operating cash flow per security (cents)	**31.6**	25.8	22.5%
Earnings per security (cents)	**12.6**	11.9	5.9%
Interim distribution per security (cents)	**15.75**	15.0	5.0%
Distribution payout ratio	**50.2%**	59.8%	

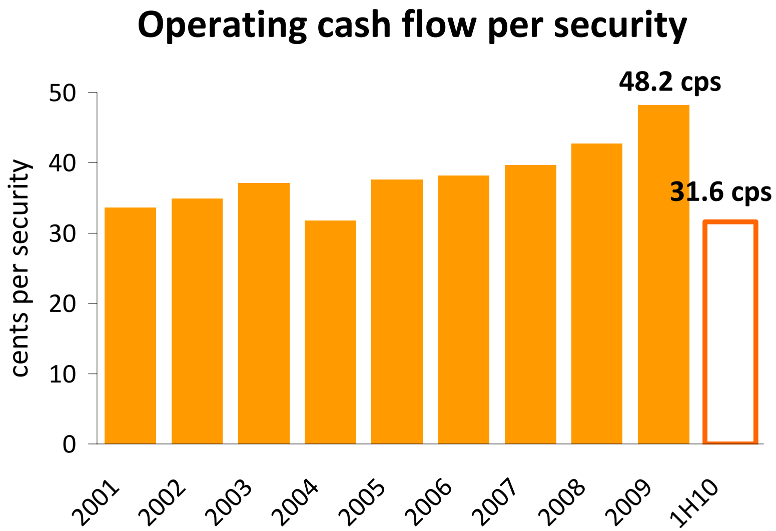
(1) Pass-through revenue is revenue on which no margin is earned.
(2) Before significant items

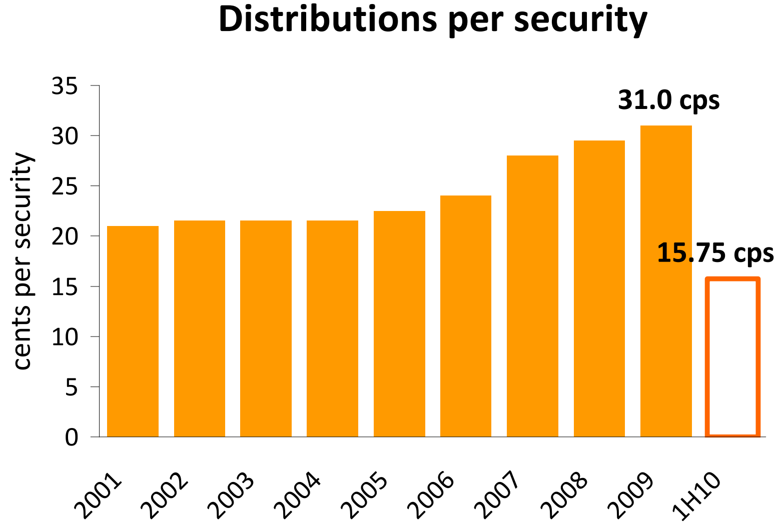
Strong underlying cash flow supports distribution growth

History of strong performance









Secure and growing business, internally managed

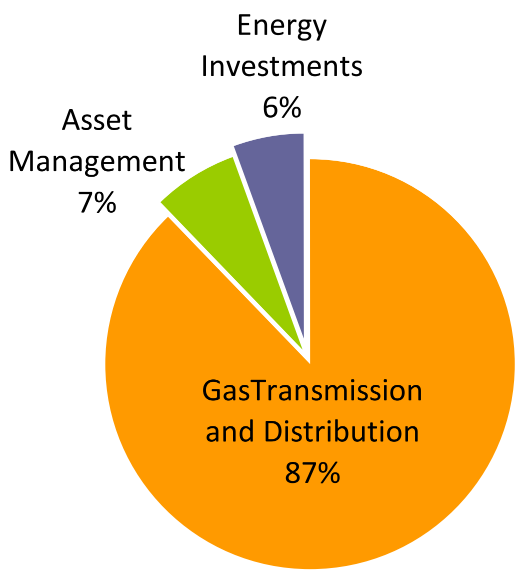
EBITDA growth across business segments

	1H10 $ million	1H09 $ million	Change
Gas Transmission and Distribution			
Queensland	***51.6***	*50.5*	*2%*
New South Wales	***53.1***	*44.0*	*21%*
Victoria	***56.4***	*54.5*	*3%*
South Australia	***0.8***	*0.8*	*-*
Western Australia	***51.0***	*48.7*	*5%*
Northern Territory	***1.2***	*1.4*	*(14)%*
Gas Transmission and Distribution - total	**214.1**	199.9	7%
Asset Management	**16.3**	10.9	50%
Energy Investments	**13.8**	3.0	360%
Total EBITDA from continuing business	**244.3**	213.9	14%
Total EBITDA from divested business [1]	**-**	24.3	(100)%
Total EBITDA	**244.3**	238.2	3%

(1) Assets sold to Energy Infrastructure Investments, December 2008

EBITDA growth across business segments

EBITDA split by segment



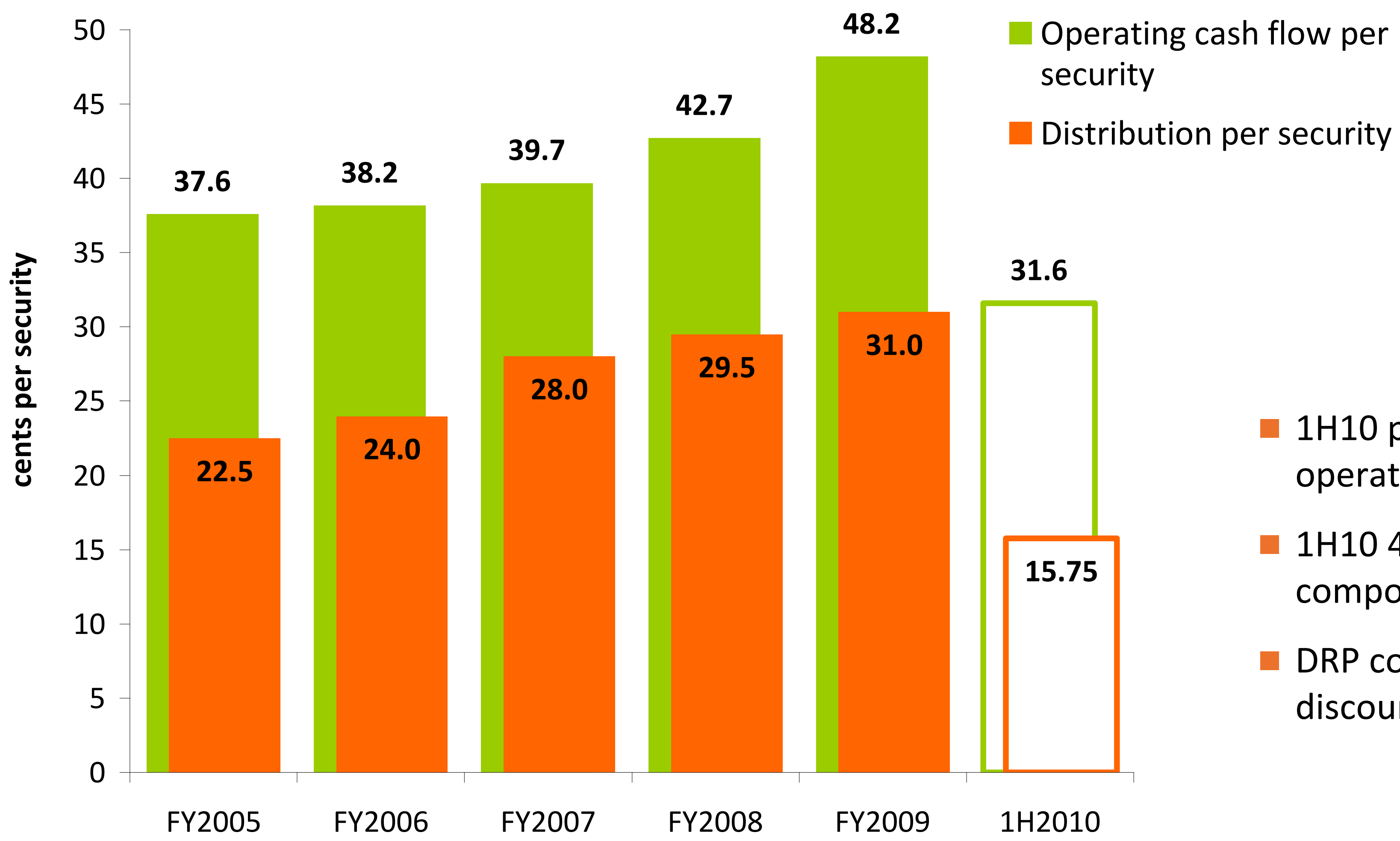
Major capital expenditure

	1H10 $ million	1H09 $ million	
Regulated			
Victoria Transmission System	**16.6**	8.0	Includes northern expansion (1H10); Brooklyn Lara Pipeline (1H09)
APA Gas Networks (Qld)	**8.7**	7.0	Includes southern network expansion
	25.3	15.0	
Major Projects			
Queensland expansion	**8.4**	9.9	Davenport Downs compressor station
New South Wales expansion	**11.4**	21.1	Moomba Sydney Pipeline expansion; Culcairn compressor station
Western Australia expansion	**9.0**	21.1	Ned's Creek, Wyloo West compressor stations; Gwalia lateral; Mondarra
Northern Territory	**-**	122.2	Bonaparte Gas Pipeline; Wickham Point Pipeline
	28.8	174.3	
Stay in business capex	**11.6**	5.0	
Total	**65.7**	194.3	

Growth projects approved total $250 million

Fully covered distributions

On target to deliver at least 5% growth for FY2010 distribution



- 1H10 payout ratio 50% on operating cash flow
- 1H10 41.7% tax deferred component
- DRP continues at 2.5% discount

Prudent capital management

Strong balance sheet

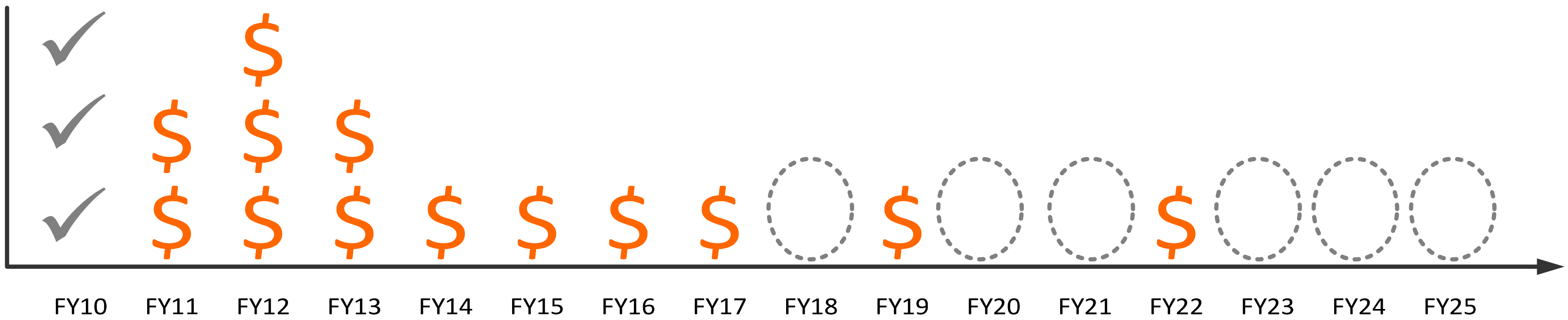
- Cash and committed undrawn facilities of $650 million at 31 December 2009
- 1H10 metrics
  - Gearing[1] of 69.9%, reduced from 70.3% at 30 June 2009
  - Interest Cover Ratio of 2.16x, increased from 2.13x at 30 June 2009
  - Interest rate exposure fixed or hedged – 79.0%
- Equity raising through the DRP and SPP
  - DRP – $29 million in September 2009 and $30 million expected in March 2010
  - SPP – offer currently open to APA securityholders (closes 10 March 2010)
  - Interim DRP and SPP at equivalent pricing

(1) Ratio of Net Debt to Net Debt plus Book Equity.

Prudent capital management

Secure long-term debt portfolio supporting business growth

- Refinanced debt maturing in FY2010, plus raised headroom to refinance maturities in FY2011
  - $1,365 million raised in 1H10 – USPP, bilateral loan, new syndicated facility
- Continuing implementation of balance sheet strategy
  - Diversifying source of funds
  - Extending term of debt facilities in line with long term nature of APA assets



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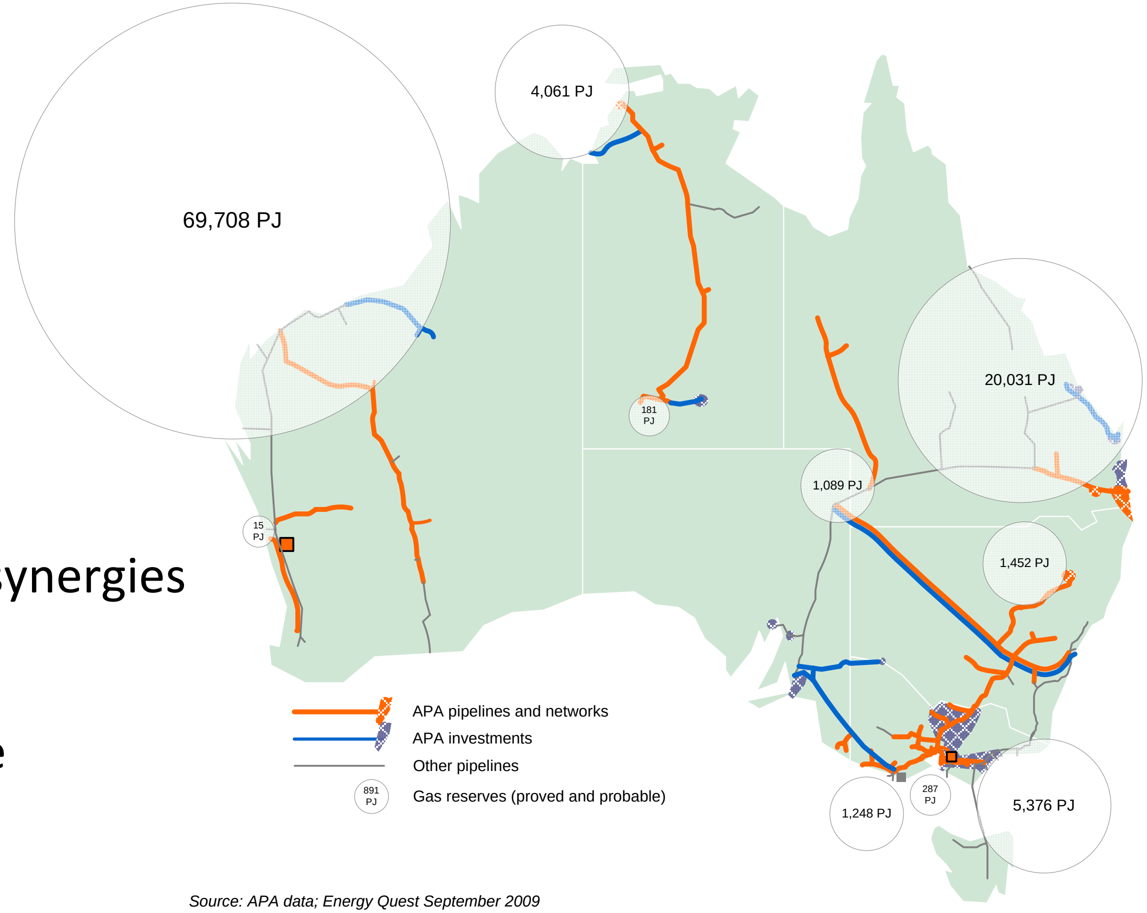
Operational performance and outlook

Mick McCormack
Managing Director and CEO

APA strategy firm

Maximise value for securityholders

- Focusing on gas infrastructure assets in Australia’s growing gas market and enhancing APA’s portfolio of assets
  - Abundant domestic gas reserves
  - Increasing demand for natural gas, in particular for power generation
  - Gas users focused on reducing carbon emissions regardless of CPRS, RET or other schemes
- Capturing revenue and operational synergies from APA’s significant asset base
- Pursuing opportunities that leverage APA’s knowledge and skills base

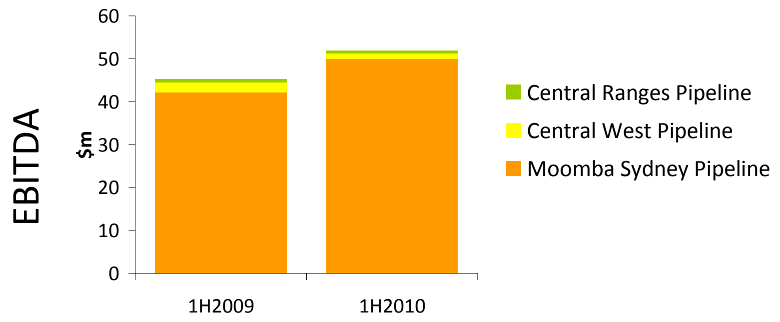


Source: APA data; Energy Quest September 2009

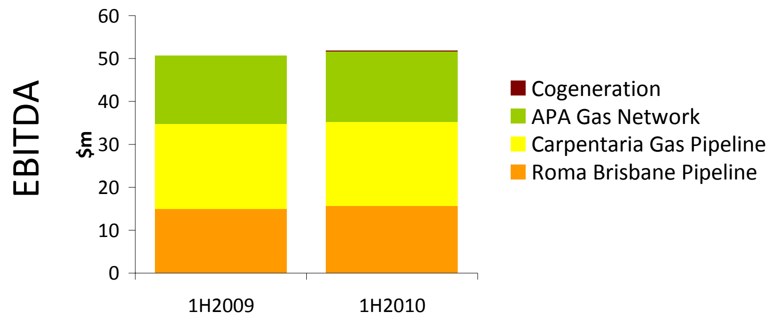
Underpinned by a strong and responsive balance sheet

Gas transmission and distribution

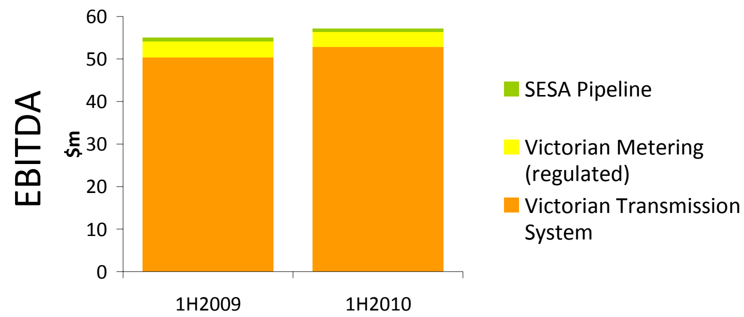
- New South Wales
  - Continuation of Moomba Sydney Pipeline mainline expansion program (5-year)
  - Commenced expansion of southern lateral for transport and storage services



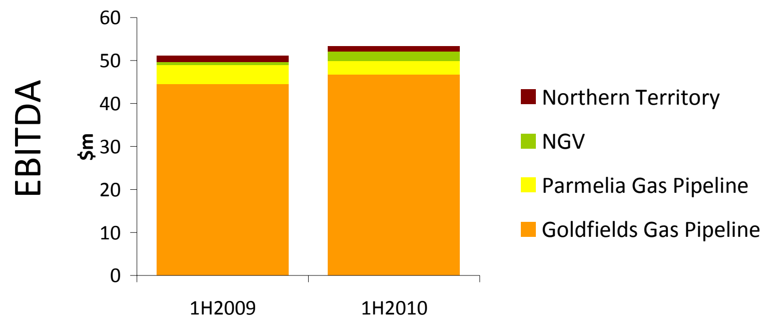
- Queensland
  - Extending APA Gas Network to new housing developments in south Brisbane/Gold Coast



- Victoria and South Australia
  - Commenced work on northern zone expansion

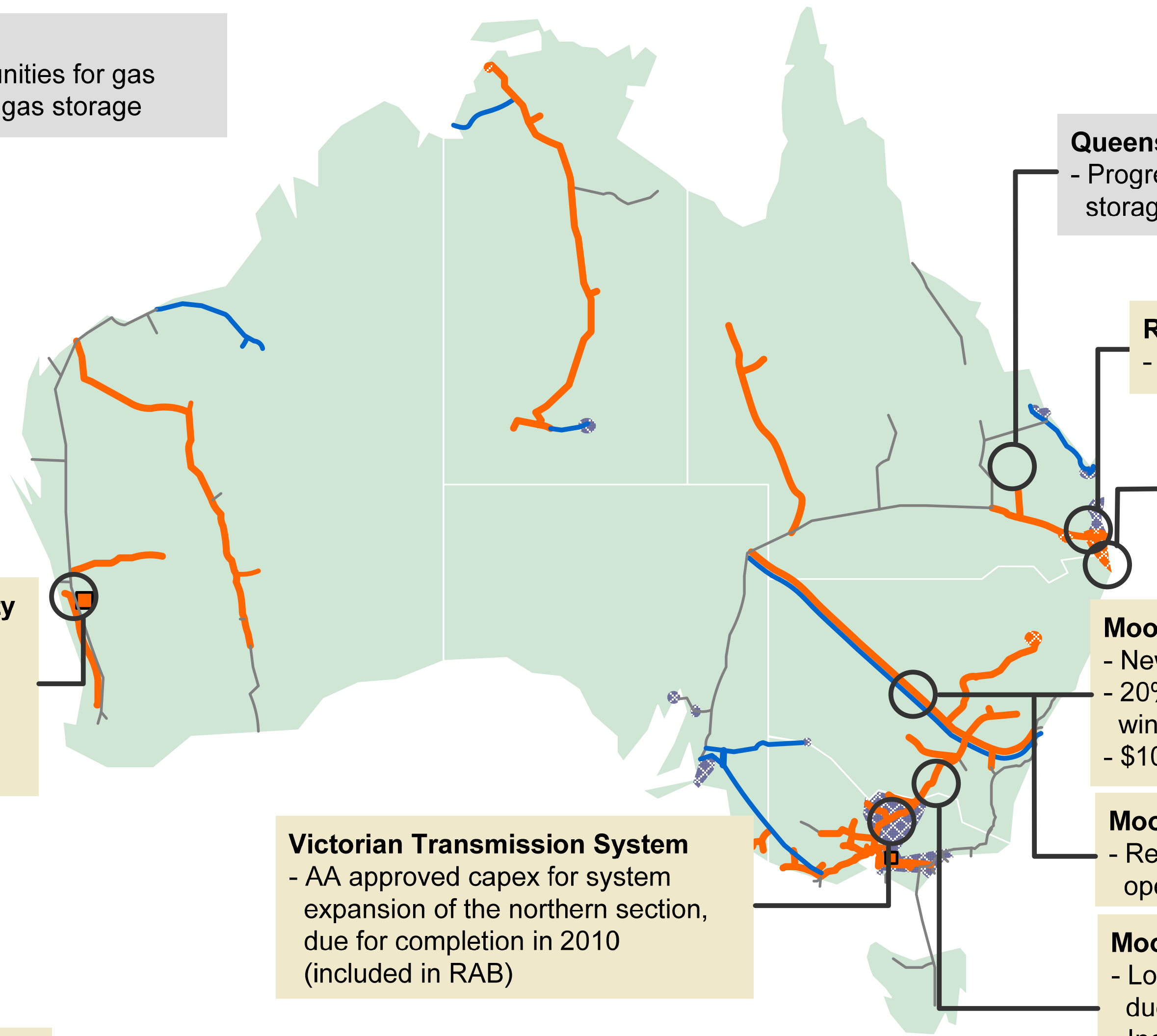


- Western Australia and Northern Territory
  - Submitted revised Access Arrangement (AA) for the Goldfields Gas Pipeline – new AA commences when ERA completes the review process
  - Development of the Mondarra gas storage facility



APA transports more than 50% of the gas used in Australia

Development and growth opportunities



All pipelines
- Expansion opportunities for gas transportation and gas storage

Queensland CSG/LNG
- Progressing new pipeline and gas storage opportunities

Roma Brisbane Pipeline
- Construction of customer lateral

APA Gas Network
- Expansion of network to deliver gas to 9,000 new homes
- $17m capex over 3 years (included in RAB)

Mondarra Gas Storage Facility
- Commenced engineering design work to significantly increase storage capacity
- Finalising customer demand requirements

Moomba Sydney Pipeline
- New peak service agreements
- 20% increase in capacity to meet winter peak demand
- $100m capex over 5 years

Victorian Transmission System
- AA approved capex for system expansion of the northern section, due for completion in 2010 (included in RAB)

Moomba Sydney Pipeline
- Reconfiguration of compressor operations

Moomba Sydney Pipeline
- Looping Young to Culcairn lateral; due for completion in 2010
- Increased gas storage and transportation capacity to meet contracted demand

Committed projects

Development opportunities

APA's portfolio provides strategic growth opportunities

Guidance for FY2010

Distribution guidance unchanged

- Distribution guidance
  - Interim distribution confirmed at 5% (yoy)
  - Barring unforeseen circumstances, anticipate delivering 5% growth in FY2010
  - Full year distribution expected to be in line with previous years' pay-out ratio (60-70%)
- EBITDA guidance
  - EBITDA expected to fall within a range from $445 million to $460 million

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Questions

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Supplementary information

APA profile

- APA is Australia's largest natural gas infrastructure business
  - **Gas Transmission and Distribution**: gas pipelines, interconnected gas storage facilities across Australia, and gas distribution networks in Queensland and New South Wales
  - **Asset Management**: provides asset management, operating and maintenance services
  - **Energy Investments**: minority interests in energy infrastructure investments, including Envestra, SEA Gas Pipeline, Energy Infrastructure Investments and Ethane Pipeline Income Fund
- APA generates secure cash flows from contractual and regulatory arrangements on its assets
  - 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's assets and investments

APA delivers more than half of Australia's domestic gas usage

Financials

Key financial ratios

	1H10	1H09
Underlying operating cash flow (cps)	**31.6**	25.8
Weighted average securities on issue (m)	**504.5**	475.8
Payout ratio	**50.2%**	59.8%
Earning per security (cps)		
underlying	**12.7**	11.9
reported	**12.6**	3.8
Interest cover ratio (times)	**2.16**	1.88
Gearing ratio	**69.9%**	69.7%
Total assets ($m)	**4,792**	4,858
Net assets ($m)	**1,315**	1,125
Net tangible asset backing per security ($)	**1.23**	0.88

Financials

Cash flow

	1H10 $ million	1H09 $ million	Change
Operating cash flow (OCF)	**159.5**	122.8	29.9%
Distributions (net of DRP)	**50.6**	43.7	
Available operating cash flow	**108.9**	79.1	37.7%
Operating cash flow per security (cents)	**31.6**	25.8	22.5%
Distributions per security (cents)	**15.75**	15.0	5.0%
Distribution payout ratio	**50.2%**	59.8%	
Capital expenditure	**65.7**	194.3	
Investments	**32.9**	40.1	
Acquisitions	**-**	23.5	

Financials

Revenue analysis by business segment

	1H10 $ million	1H09 $ million	Change
Gas Transmission and Distribution			
Queensland	***76.8***	*71.8*	*7%*
New South Wales	***64.3***	*54.3*	*18%*
Victoria	***72.8***	*75.3*	*(3)%*
South Australia	***1.0***	*1.4*	*(29)%*
Western Australia	***72.5***	*69.1*	*5%*
Northern Territory	***5.6***	*5.9*	*(5)%*
Gas Transmission and Distribution - total	**293.0**	277.9	6%
Asset Management	**29.1**	27.6	6%
Energy Investments	**14.2**	3.1	359%
Total revenue from continuing business	**336.3**	308.5	9%
Total revenue from divested business [1]	**-**	34.1	(100)%
Total revenue	**336.3**	342.6	(2)%
Pass-through revenue	**152.6**	133.0	15%
Unallocated revenue	**7.0**	14.4	(52)%
Total revenue	**495.9**	490.0	1%

(1) Assets sold to Energy Infrastructure Investments, December 2008

Financials

Reconciliation – statutory and underlying

	1H10 $ million	1H09 $ million	Change
Statutory result			
Revenue	495.9	490.0	*1%*
EBITDA	244.3	238.2	*3%*
Profit (after significant items)	63.6	18.0	*254%*
Underlying result			
Revenue	498.0	500.7	*(1)%*
EBITDA	246.3	248.8	*(1)%*
Profit	64.3	56.7	*13%*
Adjustments to underlying result			
Capital distributions [1]	0.7	7.1	
Finance leases [2]	1.4	3.6	
	2.1	10.6	
Significant items (after tax) [3]	-	31.6	

(1) The capital component of the distributions received from EPX and HDF. Prior year included Envestra distributions of $6.7 million.

(2) Earnings from assets treated as finance leases under A-IFRS, i.e. finance lease principal repayments.

(3) Significant items in the 6 months to 31 December 2008 relate to "one-off" costs associated with the creation of EII, settlement of acquisition related liabilities and a revaluation loss on interest rate hedges which are deemed ineffective.

Financials

Total committed debt facilities (as at 31 December 2009)

Facility	Facility amount	Tenor
2008 Bilateral borrowings [1]	$165 million	July 2011
2009 Bilateral borrowing [2]	$150 million	August 2014
2007 Syndicated facility [2]	$900 million	June 2012
2009 Syndicated facility [3]	$1,030 million	2 and 4 year tranches maturing July 2011 and July 2013
2003 US private placement [4]	$496 million	7, 10, 12 and 15 year tranches maturing Sept 2010, 2013, 2015 and 2018
2007 US private placement	$811 million	10, 12 and 15 year tranches maturing May 2017, 2019 and 2022
2009 US private placement	$185 million	7 and 10 year tranches maturing July 2016 and 2019

(1) Comprises three facilities, drawn to $145m cash limit. $20m balance is fully utilised as a bank letter of credit.

(2) These facilities fully drawn.

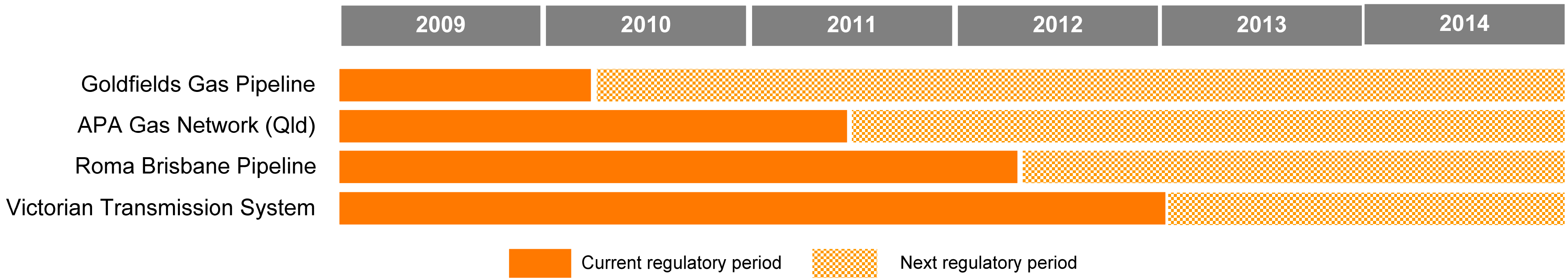
(3) Amount drawn at 31 Dec 2009 was $430 million. Amount drawn reduced to $405m in Feb 2010.

(4) Sept 2010 maturity of $102m more than covered by $150m 2009 Bilateral borrowing.

Regulatory update

APA’s major price regulated assets

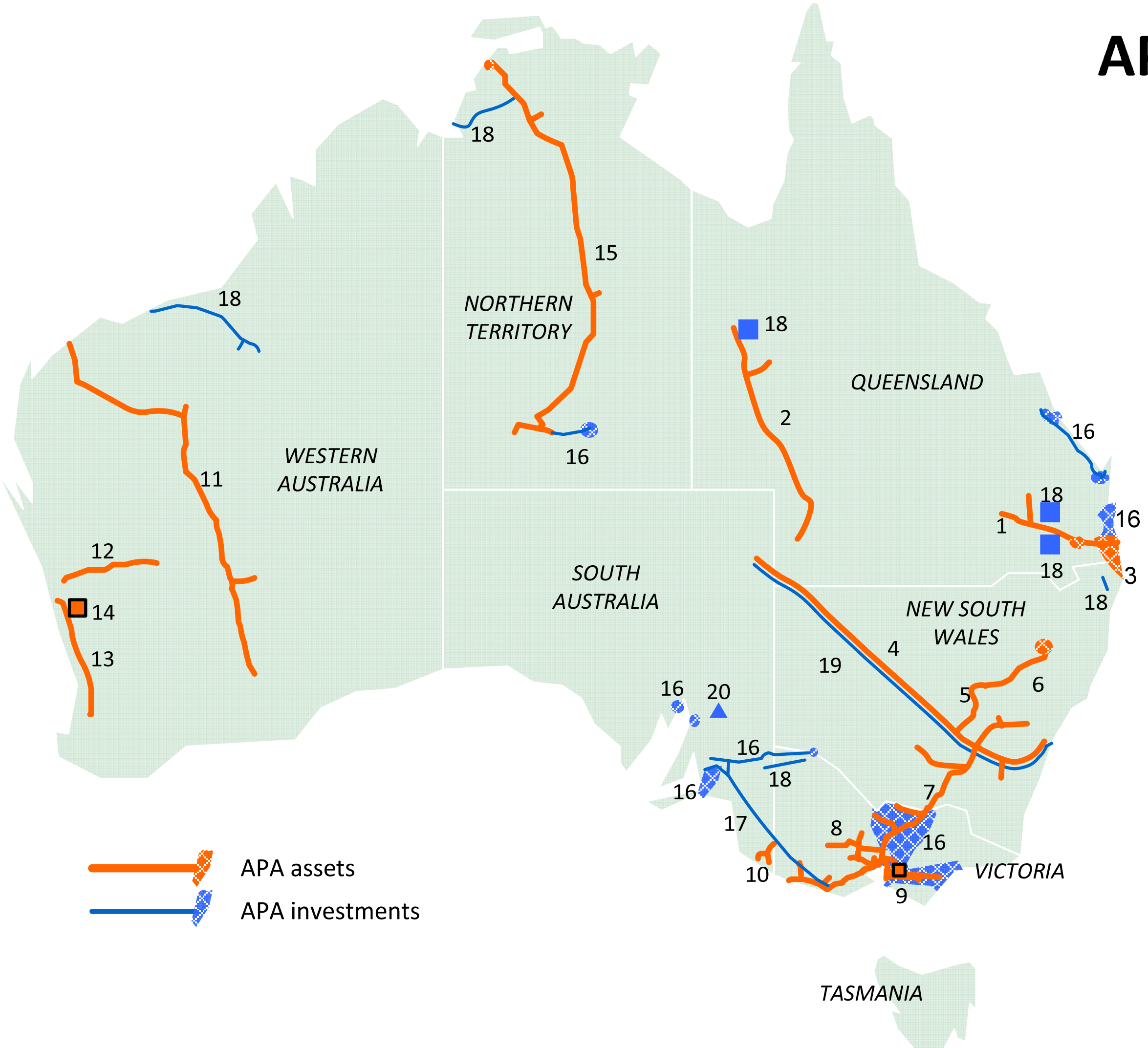
Regulatory resets over the next five years



- Regulatory resets are spread out over five years, with on average one reset per year
  - Next major asset reset - Goldfields Gas Pipeline
    Revised Access Arrangement (AA) for the Goldfields Gas Pipeline submitted in 2009
    New AA commences when ERA[1] completes the review process
- The Carpentaria Gas Pipeline, Moomba Sydney Pipeline and Central West Pipeline are now Light Regulation pipelines.

(1) Economic Regulation Authority of Western Australia

APA asset and investment portfolio



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 (31%)
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%)

(20) North Brown Hill wind farm (20.2%)

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