



Financial Results
Half year ended 31 December 2011

22 February 2012



Result overview and strategic highlights

Mick McCormack
Managing Director and CEO

Delivering on strategy

- Optimised our energy infrastructure portfolio
 - Continued work on capacity expansion projects – pipelines and gas storage
 - New capacity expansions announced – Goldfields Gas Pipeline
 - Gas-fired energy development for Mt Isa
 - Sell down of APA Gas Network (Allgas)
 - Takeover offer for HDF – Epic Energy pipelines
- Maintained secure operations and earnings
 - Completed debt refinancing program – \$2 billion of new funds raised
 - Revenue underpinned by long term contracts or regulatory arrangements
- Customer focused
 - Responding to customer demands and developing tailored services

Solid result

	1H12 \$ million	1H11 \$ million	Change	
Revenue excluding pass-through ⁽¹⁾	400	370	up	8%
EBITDA before significant items ⁽²⁾	289	254	up	14%
Profit before significant items ⁽²⁾	76	63	up	21%
Operating cash flow ⁽³⁾	157	170	down	(8%)
Operating cash flow per security ⁽³⁾ (cents)	24.7	31.0	down	(20%)
Distribution per security (cents)	17.0	16.5	up	3%
Distribution payout ratio ⁽³⁾	69.2%	53.6%		
Net tangible asset per security	\$1.64	\$1.34	up	22%

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

(2) Significant items – 1H12: Profit on the sale of APA Gas network less transaction costs; 1H11: APA share of EII2 investment allowance benefit.

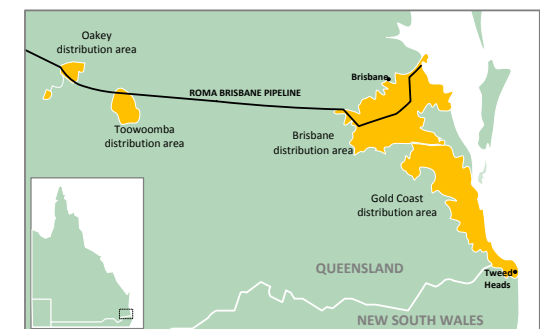
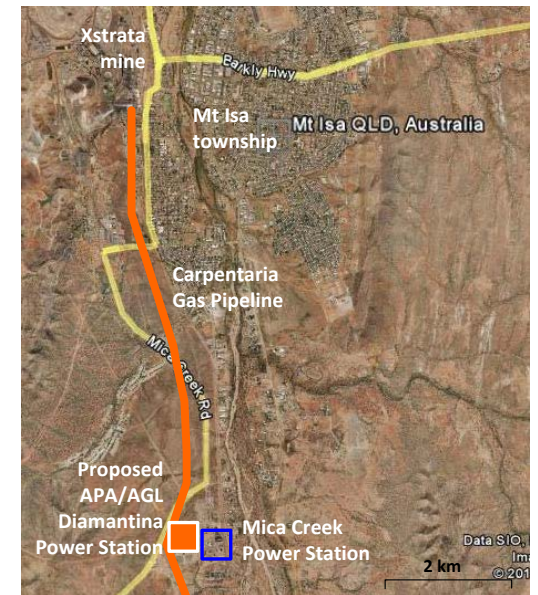
(3) Operating cash flow and associated metrics impacted by the receipt of a significant monthly payment, due on the last day of December 2011, on the first business day in January 2012, as 31 December fell on a weekend.

Operational and strategic highlights

- Assets operating at full capacity – contracted and regulated
 - Customer requirements for additional capacity is supplied by organic expansions
 - Work progressed on expansion projects – Mondarra Gas Storage Facility and pipelines in Queensland, New South Wales and Victoria
 - Further expansion of the Goldfields Gas Pipeline

- Diamantina Power Station – *October 2011*
 - APA and AGL Energy joint development of 242 MW gas-fired power station
 - Underpinned by long term energy supply contracts
 - New gas transportation agreement for Carpentaria Gas Pipeline

- Sale of 80% of APA Gas Network (Allgas) – *December 2011*
 - Creation of GDI (EII) joint venture – APA retains exposure to the network through equity interest (20%) and long term asset management agreement
 - Net proceeds of \$478 million reinvested in the business



Strategic highlights

APA off-market offer for Hasting Diversified Utilities Fund (HDF)

■ Rationale

- HDF Epic Energy pipelines form a natural fit with APA's assets
- Enhanced gas transmission pipeline network – benefits securityholders (HDF and APA) and customers

■ Process update

- Takeover offer announced 14 December – cash and scrip offer for HDF securities (APA owns 20.7%)
- Bidder's statement dispatched 3 January

■ Next steps

- Offer remains conditional – includes ACCC clearance, FIRB approval and further HDF market disclosure
- Working constructively with the ACCC as part of its process
- Offer open until 31 March 2012 unless extended



Financial performance

Peter Fredricson
Chief Financial Officer

Solid financial performance

	1H12 \$ million	1H11 \$ million	Change
Total revenue excluding pass-through ⁽¹⁾	399.6	369.8	8.1 %
Total revenue	530.5	554.7	(4.4%)
EBITDA ⁽²⁾	278.9	263.9	5.7 %
EBIT	222.6	219.0	1.7 %
Net interest expense	(131.7)	(124.5)	(5.7%)
Tax	(24.9)	(24.2)	(3.0%)
Profit ⁽²⁾	66.0	70.2	(5.9%)
Operating cash flow ⁽³⁾	157.1	169.8	(7.5%)
Operating cash flow per security ⁽³⁾ (cents)	24.7	31.0	(20.3%)
Distribution per security (cents)	17.0	16.5	3.0 %
Distribution payout ratio ⁽³⁾	69.2%	53.6%	
Net tangible asset per security	\$1.64	\$1.34	22.4 %

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

(2) EBITDA and Profit includes significant items – 1H12: Profit on the sale of APA Gas network less transaction costs; 1H11: APA share of EII2 investment allowance benefit.

(3) Operating cash flow and associated metrics impacted by the receipt of a significant monthly payment, due on the last day of December 2011, on the first business day in January 2012, as 31 December fell on a weekend.

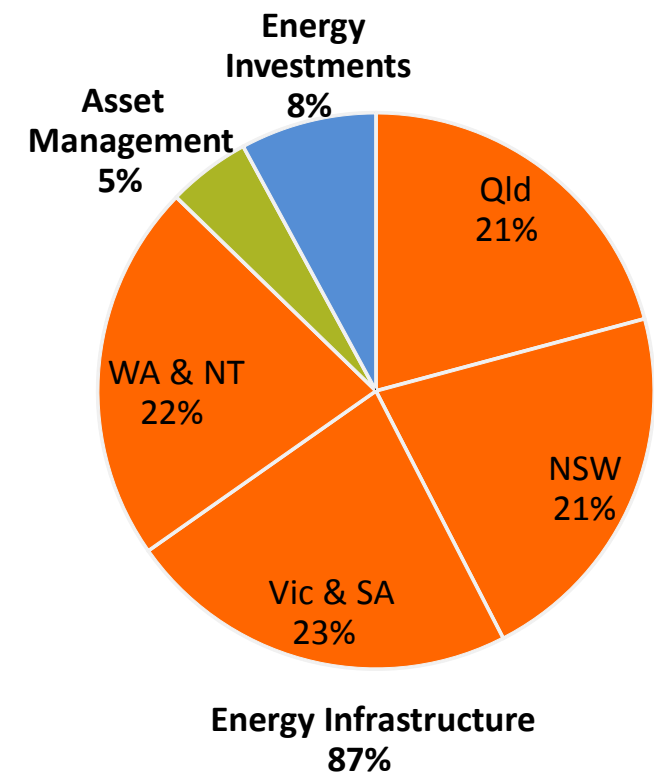
Significant items - reconciliation

	1H12 \$ million	1H11 \$ million
EBITDA	278.9	263.9
Significant item		
Profit on sale of Allgas, less transaction costs	(10.4)	
Share of EII2 investment allowance benefit		9.8
EBITDA before significant items	289.3	254.0
Profit after tax	66.0	70.2
Significant items after tax		
Profit on sale of Allgas, less transaction costs	(10.4)	
Share of EII2 investment allowance benefit		6.9
Profit after tax, before significant item	76.5	63.3

EBITDA by business segment

	1H12 \$ million	1H11 \$ million	Change
Energy Infrastructure			
<i>Queensland</i>	61.0	54.9	11.2 %
<i>New South Wales</i>	60.2	52.9	13.7 %
<i>Victoria & South Australia</i>	66.8	62.0	7.8 %
<i>Western Australia & Northern Territory</i>	64.5	48.6	32.8 %
Energy Infrastructure (total)	252.5	218.3	15.6 %
Asset Management	14.0	19.5	(28.3%)
Energy Investments	22.9	16.2	41.0 %
Total segment EBITDA	289.3	254.0	13.9 %

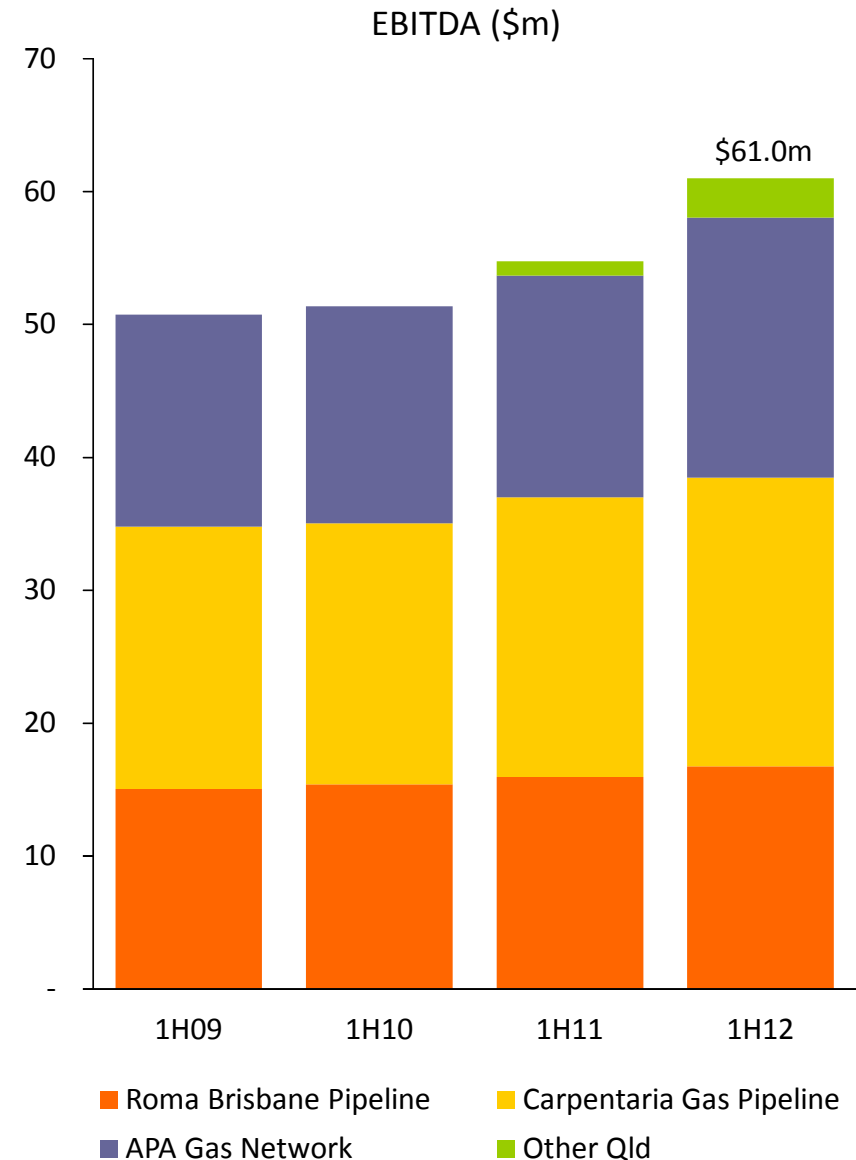
1H12 EBITDA
by business segment



Energy Infrastructure

Queensland

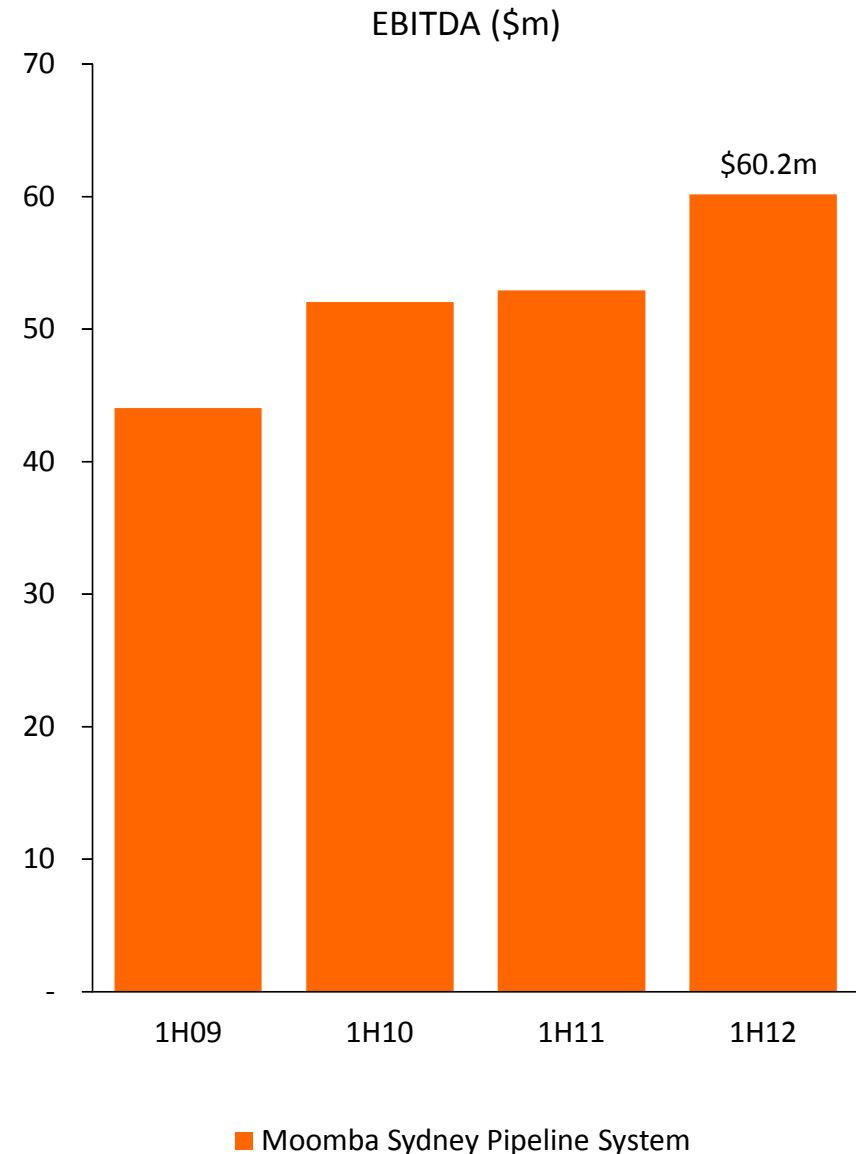
- Roma Brisbane Pipeline
 - Expansion project progressing – compression and looping
 - Repairs on easement following 2011 summer floods
- Diamantina Power Station, Mt Isa – joint development of
 - 17-year energy supply agreements with Mt Isa Mines (Xstrata) and Ergon Energy
 - 10-year gas transportation agreement on the Carpentaria Gas Pipeline
- Sell down of APA Gas Network (Allgas) into joint venture GDI (EII)



Energy Infrastructure

New South Wales

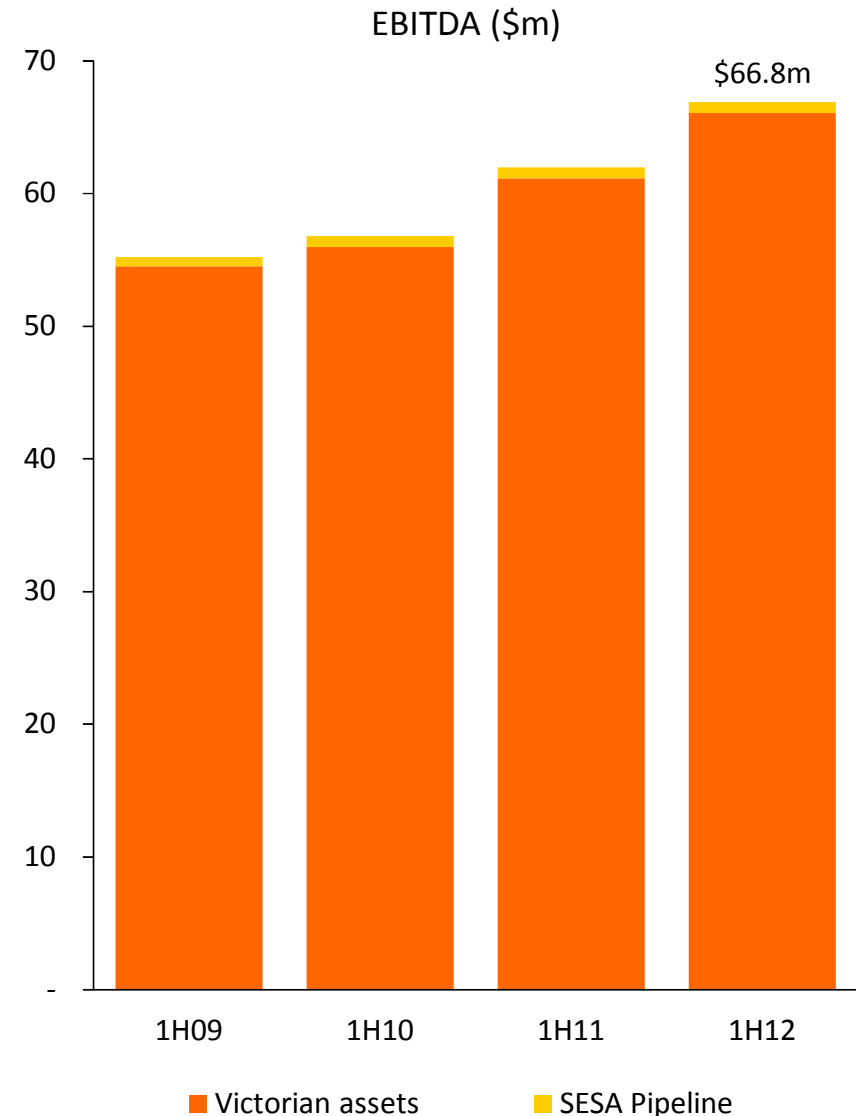
- Continued Moomba Sydney Pipeline mainline expansion program
 - 4th year in 5-year expansion program
- Increased northern gas flow – Victoria to New South Wales
- First full 6 months additional capacity available from Young Wagga looping project



Energy Infrastructure

Victoria & South Australia

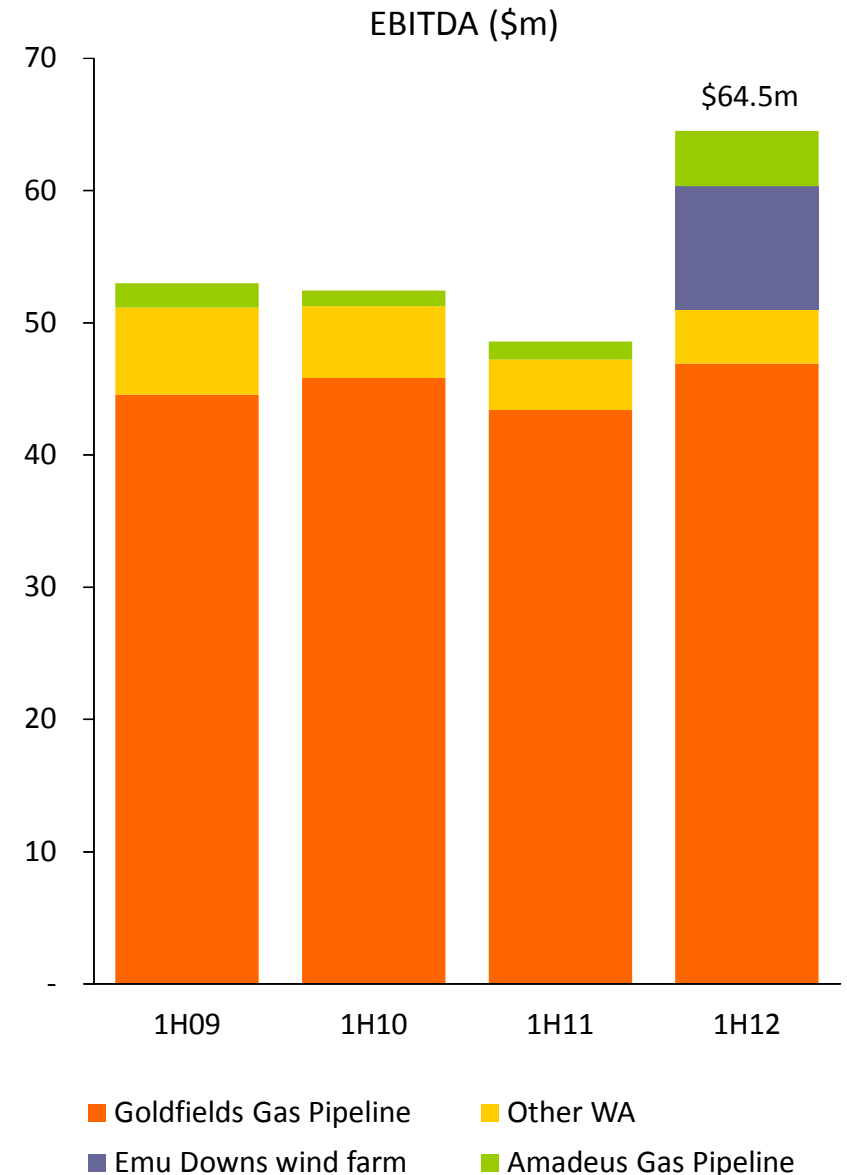
- Lower gas volumes due to milder weather impact, offset by annual tariff increase
 - 6% decrease in gas flows to 125 PJ
- Capital works continued for additional peak capacity and supply security
 - Euroa compressor station
 - Sunbury 8.4 km looping project
- LNG storage service
 - First 6 months of new contracts



Energy Infrastructure

Western Australia & Northern Territory

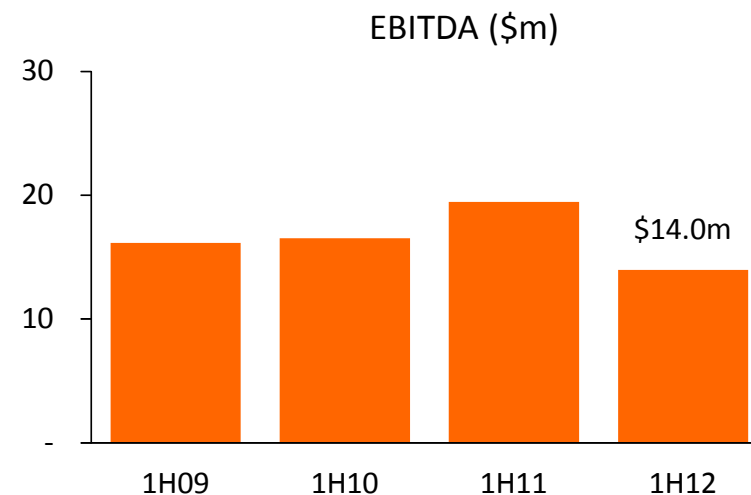
- Mondarra Gas Storage Facility
 - Commenced construction of surface works
- Emu Downs wind farm
 - first six months of ownership
- Amadeus Gas Pipeline
 - first six months under ownership and new contract
- Goldfields Gas Pipeline expansion
 - 2 new long term agreements requiring 28% increase in pipeline capacity
- Goldfields Gas Pipeline access arrangement
 - APA pursued merits review of the regulator's decision within the regulatory framework
 - Final decision by Review Board expected in March 2012



Asset Management and Energy Investments

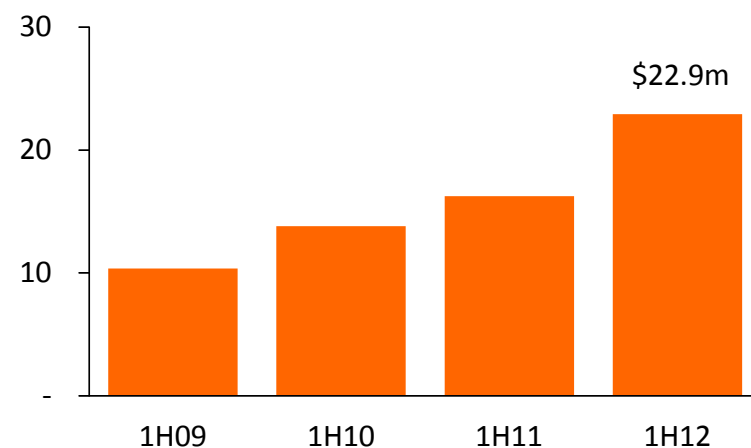
Asset Management

- Sell down of APA Gas Network (Allgas) into joint venture GDI (EII)
 - APA remains manager and operator of the gas network under a 10-year agreement (plus 2 x 5-year options)
- Higher level of customer contributions in 1H11



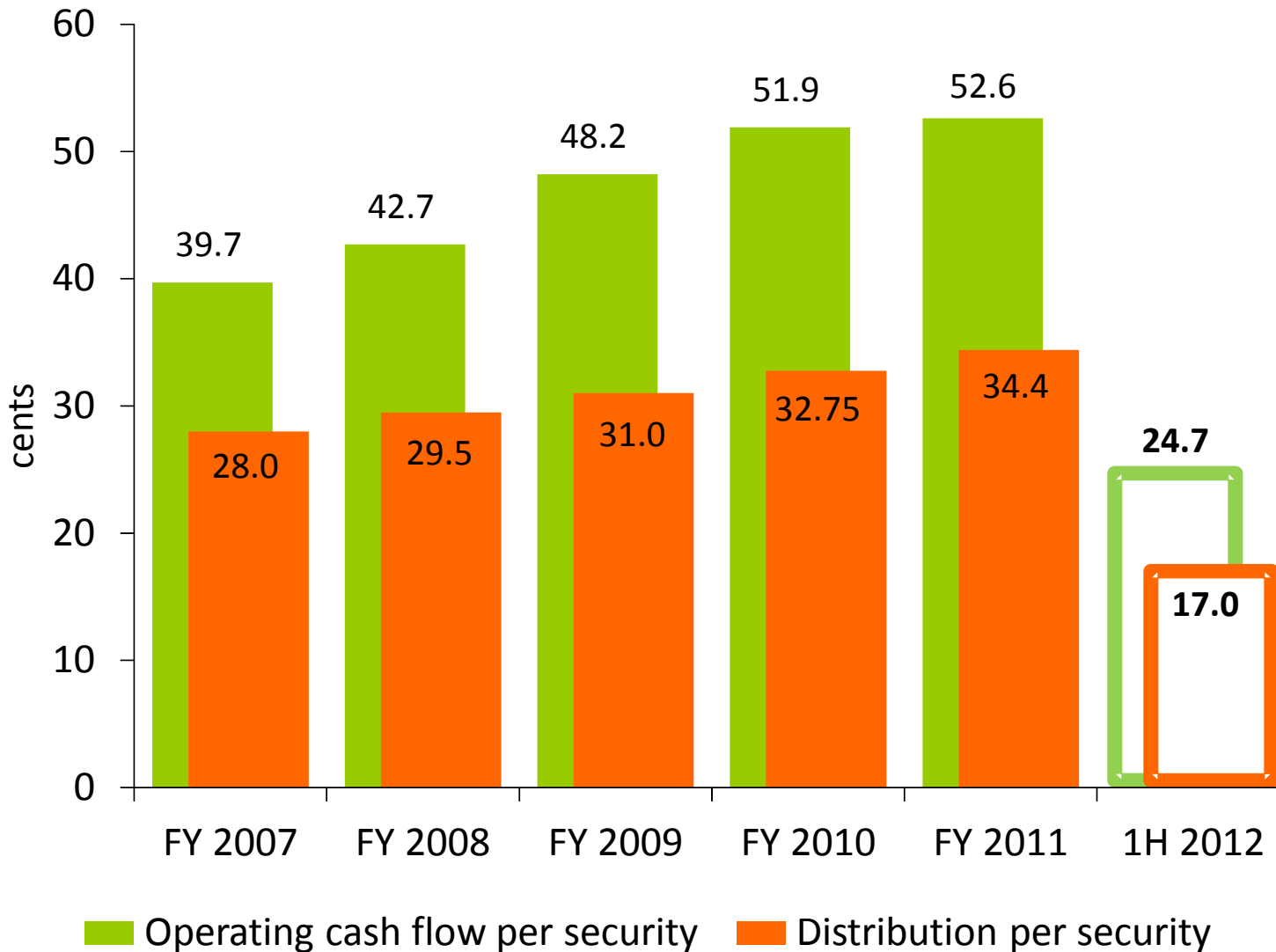
Energy Investments

- Contribution from additional investments
 - Increased investment in Envestra (32.7%)
 - Increased investment in Hastings Diversified Utilities Fund (20.7%)
- Sell down of APA Gas Network (Allgas) into joint venture GDI (EII)
 - APA retains 20% equity interest



Fully covered distributions

On target to deliver distribution guidance



- 1H12 distribution payout ratio⁽¹⁾ of 69.2% ⁽²⁾
- Distribution components:
8.42 cents profit distribution
8.58 cents capital distribution

(1) Distribution payout ratio: distribution payments as a percentage of operating cash flow
 (2) Operating cash flow per security and payout ratio for 1H12 impacted by payment

Major capital expenditure for 1H12

	1H12 \$ million	Description of 1H11 major projects	1H11 \$ million
Growth capital expenditure			
Regulated			
Victoria Transmission System	13.2	Northern augmentation project, Euroa compression	13.5
APA Gas Networks (Qld)	8.4	Includes southern network expansion	11.6
Major Projects			
Queensland expansion	13.3	Roma Brisbane Pipeline expansion	13.2
New South Wales expansion	9.3	MSP mainline expansion; Young compression	28.6
Western Australia expansion	28.8	Mondarra Gas Storage Facility	24.9
Other	6.8	National finance and customer systems; Victoria metering	8.0
Investment			
Energy Infrastructure	9.7	Emu Downs and Amadeus Gas Pipeline final purchase adj.	-
Energy Investments	25.7	Increase in Hastings Diversified Utilities Fund and Envestra	81.1
	115.3		180.9
Stay in business capex	9.2		6.3
Total	124.5		187.2

Capital management

- Cash and committed undrawn facilities of \$835 million at 31 December 2011
 - Includes funds released from sale of APA Gas Network (Allgas)

Metrics	31 Dec 2011	30 Jun 2011
Gearing ⁽¹⁾	63.4 %	66.2 %
Interest cover ratio	2.19 times	2.03 times
Average interest rate applying to drawn debt ⁽²⁾	7.34 %	7.47 %
Interest rate exposure fixed or hedged	70.0 %	73.5 %

- \$20 million equity raised through the Distribution Reinvestment Plan
- \$1.9 billion of new debt facilities raised as part of 2012 refinancing program
 - Refinanced \$1.065 billion of debt maturing in FY 2012 and replaced \$515 million of higher cost debt due to mature in FY 2014
 - A further A\$126 million raised in Jan 2012 – JPY10 billion 6.5-year Medium Term Notes
- APA funding efficiently and cost effectively in volatile markets

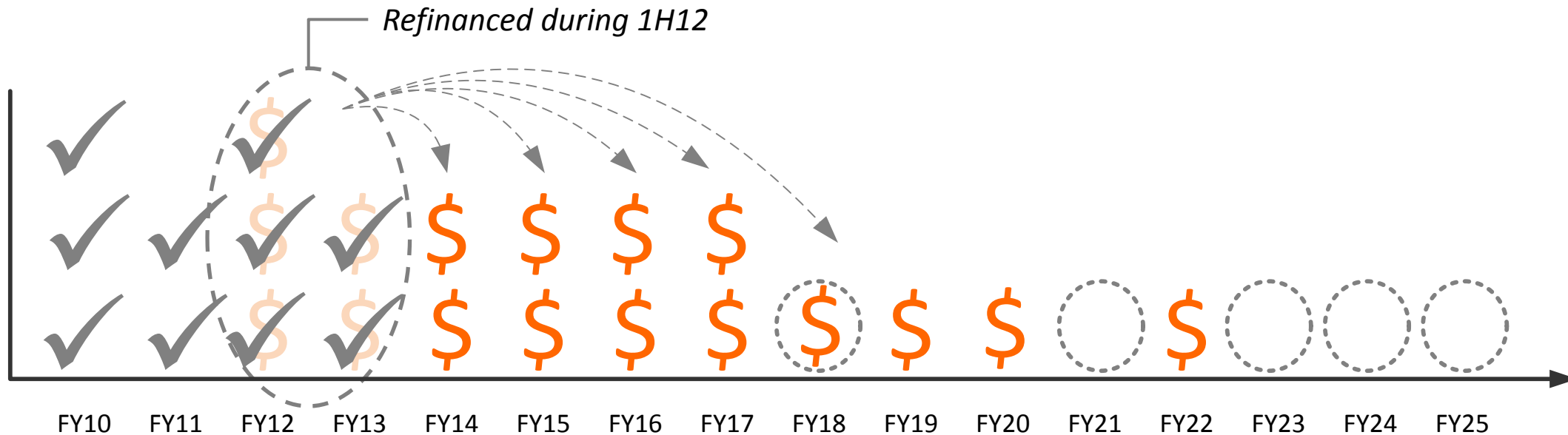
(1) Ratio of net debt to net debt plus book equity

(2) For the 6 month period to 31 Dec 2011/30 June 2011

Capital management strategy

- Managing balance sheet to maintain minimum investment grade credit rating metrics
 - Standard & Poor’s BBB; Moody’s Baa2

- Refinancing program focused on extending debt maturity, diversifying funding sources and reducing borrowing costs
 - Next refinancing obligation in September 2013 (\$113 million)
 - AMTN, EMTN and US 144A programs in place
 - Optionality available – short term debt can be replaced with long term debt without penalty





Outlook and guidance

Mick McCormack
Managing Director and CEO

Sustainable long term growth

Strategic imperatives

■ Optimising our energy infrastructure portfolio

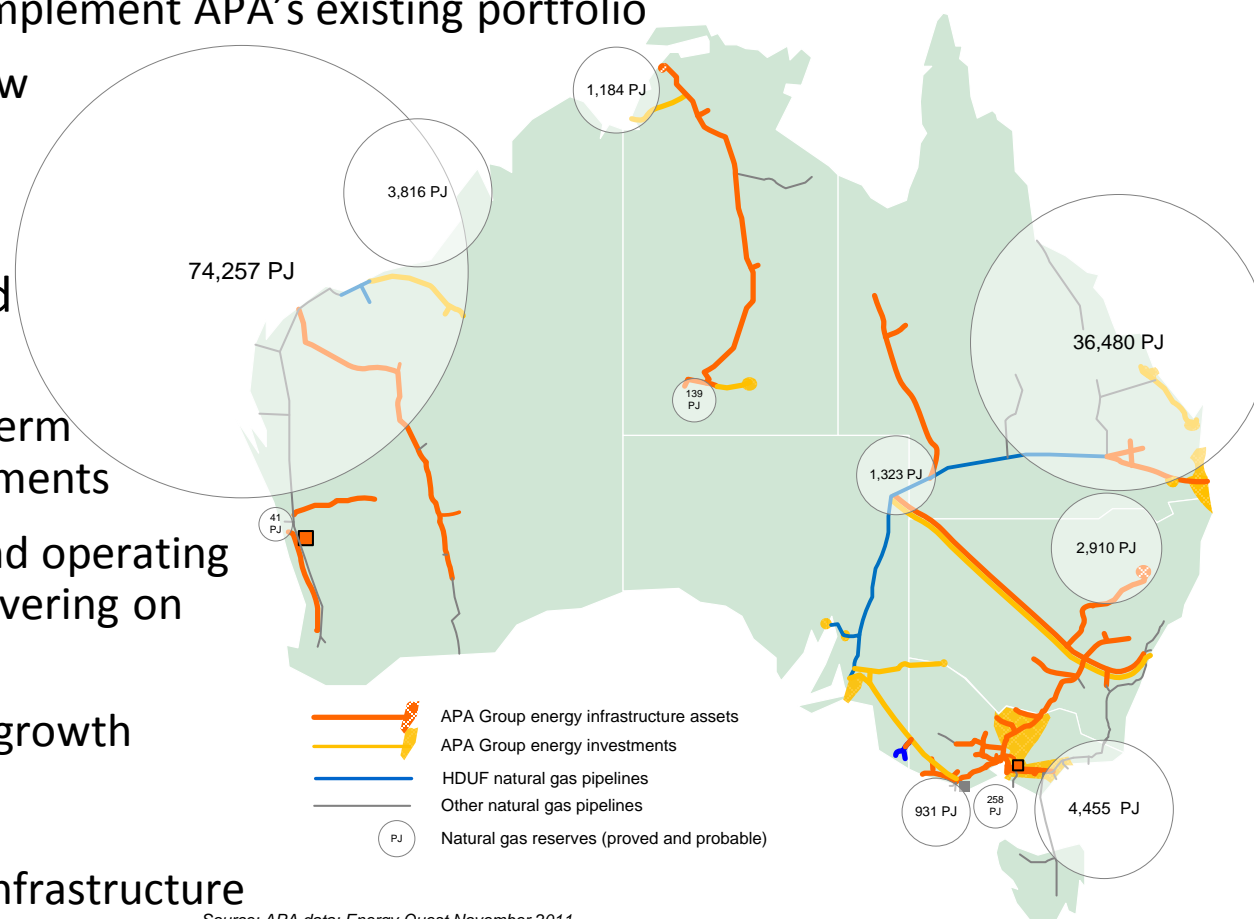
- Enhance, extend, protect or complement APA's existing portfolio
- Expansions, acquisitions and new developments
- Maximise long term growth

■ Maintaining secure operations and earnings

- Revenue underpinned by long term contracts or regulatory arrangements
- Internal capability, managing and operating assets and investments and delivering on capital projects
- Balance sheet strength to fund growth

■ Customer focused

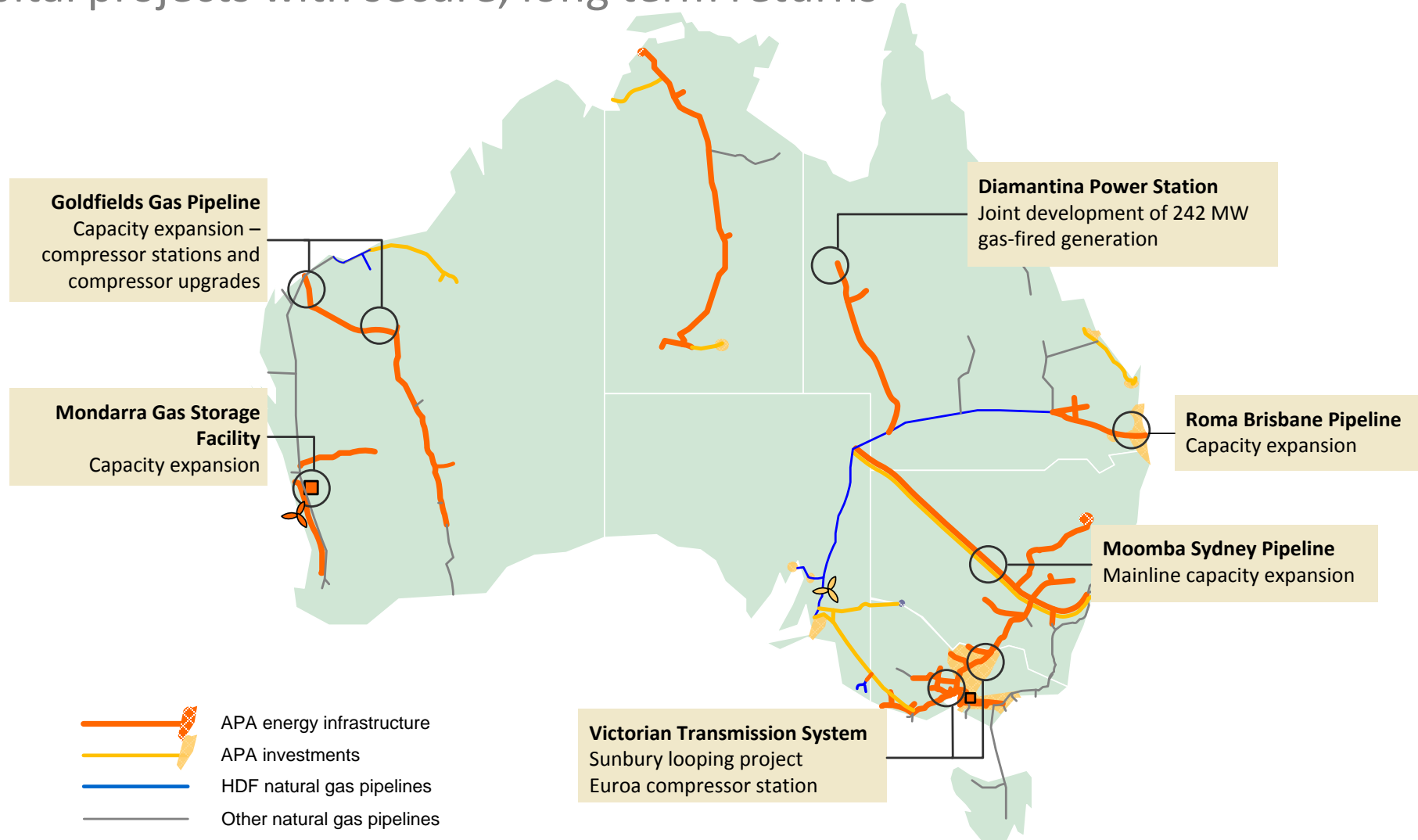
- Developing responsive energy infrastructure and service solutions for customers



Source: APA data; Energy Quest November 2011

Developing real growth opportunities

Capital projects with secure, long term returns



Growth projects totalling over \$400 million announced or in progress

Guidance for FY 2012

No change to full year EBITDA and distribution guidance

- EBITDA – expected within the range of \$530 million to \$540 million
- Distribution – at least equal to FY2011 total distributions per security, that is at least 34.4 cents per security

Interest cost guidance revised

- Net interest cost – expected to be below the lower end of previous guidance range (within a range of \$260 million to \$265 million)



Supplementary information

Financials

Key financial ratios

	1H12	1H11
Operating cash flow per security ⁽¹⁾ (cents)	24.7	31.0
Weighted average securities on issue (million)	637.2	547.8
Distribution payout ratio ⁽¹⁾	69.2%	53.6%
Earning per security (cents)	10.4	12.8
Interest cover ratio (times)	2.19	2.06
Gearing ratio	63.4%	70.1%
Total assets (\$ million)	5,293	5,113
Net assets (\$ million)	1,648	1,432
Net tangible asset backing per security	\$1.64	\$1.34

(1) Operating cash flow and associated metrics impacted by the timing of a significant monthly payment due on the last day of December but received on 3 January 2012

Financials

Cash flow

	1H12 \$ million	1H11 \$ million
Operating cash flow	157.1	169.8
Distributions (net of DRP)	79.3	57.6
Available operating cash flow	77.8	112.2
Operating cash flow per security (cents)	24.7	31.0
Distributions per security (cents)	17.0	16.5
Distribution payout ratio	69.2%	53.6%
Capital expenditure	89.1	106.1
Investments and acquisitions	35.4	81.7
Sale of business	(478.4)	-

Financials

Revenue analysis by business segment

	1H12 \$ million	1H11 \$ million	Change
Energy Infrastructure			
<i>Queensland</i>	86.2	83.3	3.5%
<i>New South Wales</i>	71.9	64.3	11.8%
<i>Victoria & South Australia</i>	85.3	79.6	7.2%
<i>Western Australia & Northern Territory</i>	96.7	77.4	24.9%
Energy Infrastructure	340.1	304.6	11.7%
Asset Management	34.1	32.1	6.4%
Energy Investments	22.9	16.2	41.0%
Total segment revenue	397.1	352.9	12.5%
Share of EII2 investment allowance benefit	-	9.8	
Pass-through revenue	130.9	184.9	(29.2%)
Unallocated revenue	2.4	7.0	(65.3%)
Total revenue	530.5	554.7	(4.4%)

Financials

Total committed debt facilities at 31 December 2011

Facility	Facility amount ⁽¹⁾	Tenor
2011 Bilateral borrowings	\$300 million ⁽²⁾	3 years, maturing in July 2014 (3 x \$75m) and August 2014 (\$75m)
2011 Bilateral borrowings	\$150 million	5 years, maturing in October 2016
2007 Syndicated facility	\$900 million ⁽³⁾	5 years, maturing in June 2012
2011 Syndicated facility	\$1,450 million ⁽⁴⁾	2, 3 and 4 year equal tranches, maturing November 2013, 2014 and 2015
2003 US private placement	\$394 million	10, 12 and 15 year tranches, maturing September 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
2010 Medium Term Notes	\$300 million	10 years, maturing July 2020

(1) Australian dollars. All debt denominated in foreign currency (e.g. some US private placement notes) have been hedged into fixed-rate AUD obligations.

(2) These facilities undrawn by \$45 million in total as at 31 December 2011.

(3) As a result of 2011 refinancing activities, this facility was reduced to only \$230 million as at 31 December 2011 and subsequently repaid in full and cancelled on 9 January 2012, utilising the 2011 Syndicated facility. The previously reported 2009 Syndicated facility was repaid in full and cancelled prior to 31 December 2011.

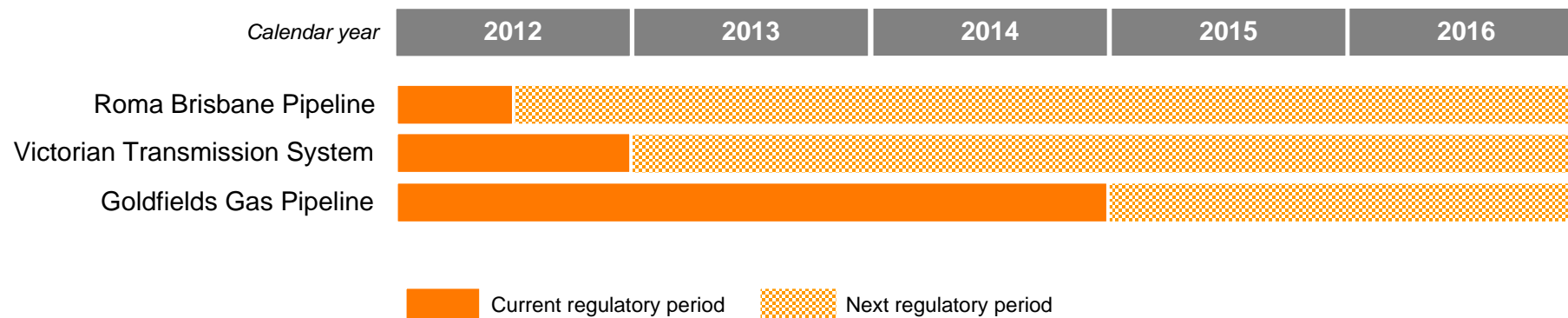
(4) These facilities undrawn by \$655 million in total as at 31 December 2011 but \$230 million was committed to repay the loans outstanding under the 2007 Syndicated facility.

Note: On 24 January 2012, JPY10 billion (~AUD126 million) of June 2018 Medium Term Notes were issued and hedged into AUD.

Regulatory update

APA's major price regulated assets

Regulatory resets over the next five years



- Regulatory resets are spread out over five years – no more than one per year
 - Roma Brisbane Pipeline proposed access arrangement submitted October 2011

Merits Review

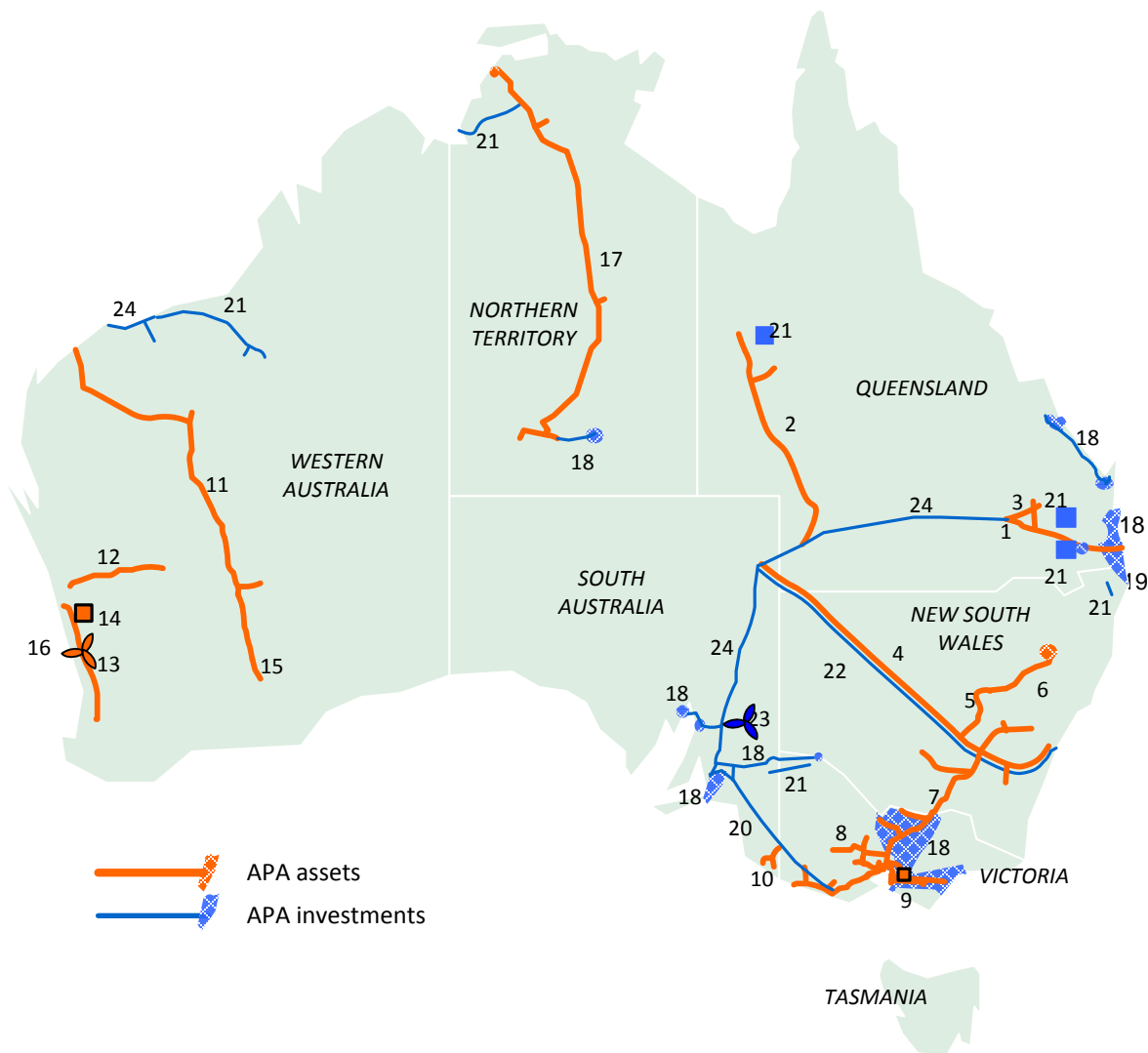
- Goldfields Gas Pipeline: The Electricity Review Board's final decision expected by end of March 2012
- To date, favourable outcomes have been achieved on coverage tests for expansion of pipeline capacity and cost allocation methodology

APA Group profile

- APA is Australia's largest natural gas infrastructure business
 - **Energy Infrastructure:** natural gas pipelines and interconnected gas storage facilities across Australia
 - **Asset Management:** provision of asset management, operating and maintenance services to the majority of APA's investments and other third parties
 - **Energy Investments:** minority interests in energy infrastructure investments, including Envestra, GDI (EII) (Allgas), SEA Gas Pipeline, Energy Infrastructure Investments, Hastings Diversified Utilities Fund, EII2 (North Brown Hill wind farm) 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 1,200 skilled and experienced people who perform all commercial, engineering and operational functions for APA's assets and investments

APA delivers half of Australia's domestic gas usage

APA asset and investment portfolio



APA Group assets and investments

Energy Infrastructure	Asset Management
Queensland (1) Roma Brisbane Pipeline (2) Carpentaria Gas Pipeline (3) Berwyndale Wallumbilla Pipeline	Commercial and/or operational services to: - Investra Limited - GDI (EII) - Allgas - Energy Infrastructure Investments - Ethane Pipeline Income Fund - SEA Gas Pipeline - EII2 - other third parties
New South Wales (4) Moomba Sydney Pipeline (5) Central West Pipeline (6) Central Ranges Pipeline (7) NSW interconnect with Victoria	Energy investments
Victoria (8) Victorian Transmission System (9) Dandenong LNG facility	(18) Investra Limited (32.7%) Gas distribution networks and pipelines (SA, Vic, Qld, NSW & NT)
South Australia (10) SESA Pipeline	(19) GDI (EII) (20%) Allgas Gas distribution network in Queensland
Western Australia (11) Goldfields Gas Pipeline (88.2%) (12) Mid West Pipeline (50%) (13) Parmelia Gas Pipeline (14) Mondarra Gas Storage (15) Kalgoorlie Kambalda Pipeline (16) Emu Downs wind farm	(20) SEA Gas Pipeline (50%)
Northern Territory (17) Amadeus Gas Pipeline	(21) Energy Infrastructure Investments (19.9%) Gas pipelines, electricity transmission, gas-fired power stations and gas processing plants
	(22) Ethane Pipeline Income Fund (6%)
	(23) EII2 (20.2%) North Brown Hill wind farm
	(24) Hastings Diversified Utilities Fund (20.7%)

Disclaimer

This presentation has been prepared by Australian Pipeline Limited (ACN 091 344 704) the responsible entity of the Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441) (**APA Group**).

Summary information: This presentation contains summary information about APA Group and its activities current as at the date of this presentation. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with the APA Group's other periodic and continuous disclosure announcements which are available at www.apa.com.au.

Not financial product advice: Please note that Australian Pipeline Limited is not licensed to provide financial product advice in relation to securities in the APA Group. This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire APA Group securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and consult an investment adviser if necessary.

Past performance: Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance: This presentation contains certain "forward-looking statements" such as indications of, and guidance on, future earnings and financial position and performance. 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.

This presentation contains such statements that are subject to risk factors associated with the industries in which APA Group operates which may materially impact on future performance. Investors should form their own views as to these matters and any assumptions on which any forward-looking statements are based. APA Group assumes no obligation to update or revise such information to reflect any change in expectations or assumptions.

Investment risk: An investment in securities in APA Group is subject to investment and other known and unknown risks, some of which are beyond the control of APA Group. APA Group does not guarantee any particular rate of return or the performance of APA Group.

Not an offer: This presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security.



For further information contact

Chris Kotsaris

Investor Relations, APA Group

Tel: +61 2 9693 0049

E-mail: chris.kotsaris@apa.com.au

or visit APA's website

www.apa.com.au

Delivering Australia's energy