



Financial Results
Half year ended 31 December 2015

24 February 2016

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Results overview and strategic highlights

Mick McCormack
Managing Director and CEO

Summary financial performance

\$ million	1H 16	1H 15 ⁽⁵⁾	Change	
Normalised results ⁽¹⁾				
EBITDA from continuing operations	667.6	401.3	Up	66.3%
Net profit after tax ⁽²⁾	99.5	111.2	Down	10.5%
Operating cash flow ⁽³⁾	462.1	263.2	Up	75.6%
Operating cash flow per security (cents)	41.5	30.0	Up	38.3%
Statutory results				
EBITDA	667.6	849.6	Down	21.4%
Net profit after tax	99.5	467.3	Down	78.7%
Operating cash flow ⁽³⁾	462.1	280.4	Up	64.8%
Operating cash flow per security (cents)	41.5	31.9	Up	30.1%
Distributions				
Distribution per security (cents)	19.0	17.5	Up	8.6%
Distribution payout ratio ⁽⁴⁾	45.8%	55.6%	Down	17.6%

(1) Normalised results exclude one-off significant items, reflecting APA's core earnings from operations. There were no significant items for the period, therefore normalised and statutory results are the same for 1H16.

(2) Net profit after tax for the period was affected by increased depreciation, amortisation and interest costs.

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

(4) Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

(5) Statutory results for 1H15 included significant items relating mainly to profit on the sale of APA's shareholding in Australian Gas Networks Limited.

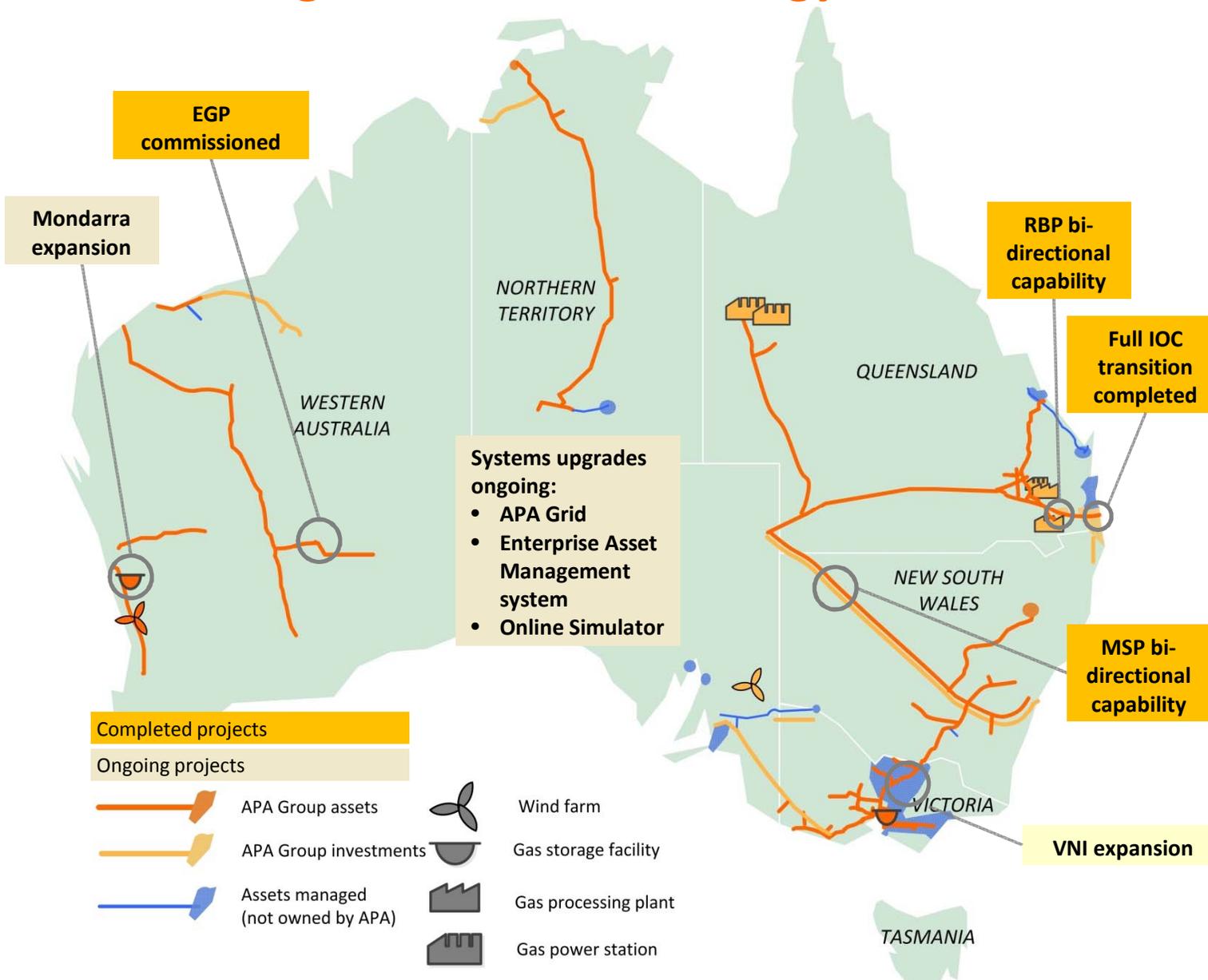
APA – an infrastructure success story

- Ready and responding to the dynamic gas market
 - Enhancing our infrastructure
 - Inter-connecting markets
 - Bi-directional capability
- Providing customer focused solutions
 - Innovative energy solutions
 - Delivering essential services
 - Investing in systems capability
- Industry leading expertise
 - Comprehensive in-house infrastructure expertise and skills – infrastructure development, engineering, operations, commercial – across all of the assets we own and operate

HY16 highlights

- East Coast Grid continues to evolve and deliver for customers:
 - **WGP** full period contribution
 - **Major bi-directional pipeline projects completed**
 - **VNI expansion** continues
- West Coast Grid on a steady path
 - **EGP commissioned** ahead of planned schedule
- **IOC** transition complete
- **\$147.2 million organic growth projects**
- **Gas connection growth** drove Asset Management earnings

Connecting Australia to its energy future



- Continue to connect resources to markets by working with our customers
- Committed projects underwritten by long term revenue contracts and/or regulatory arrangements
- System upgrades in pursuit of more efficient operations
- Achieved through funding from a solid balance sheet

Unique, interconnected footprint with sustainable growth opportunities

End to end customer commitment

Customer focused investments in:

■ Assets

- Interconnected network (WGP, SWQP)
- Expansions (East Coast Grid, EGP, compressor stations)
- Augmentations (bi-directional flows, storage capabilities)

■ Systems

- Integrated Operations Centre
- Enterprise Asset Management System
- APA Grid, enabling managing of complex services such as multi-asset services, bi-directional services, capacity trading and in-pipe trades
- Online simulator

■ People

- Targeted leadership development and technical training
- Cross functional development opportunities
- Focus on health and safety continues

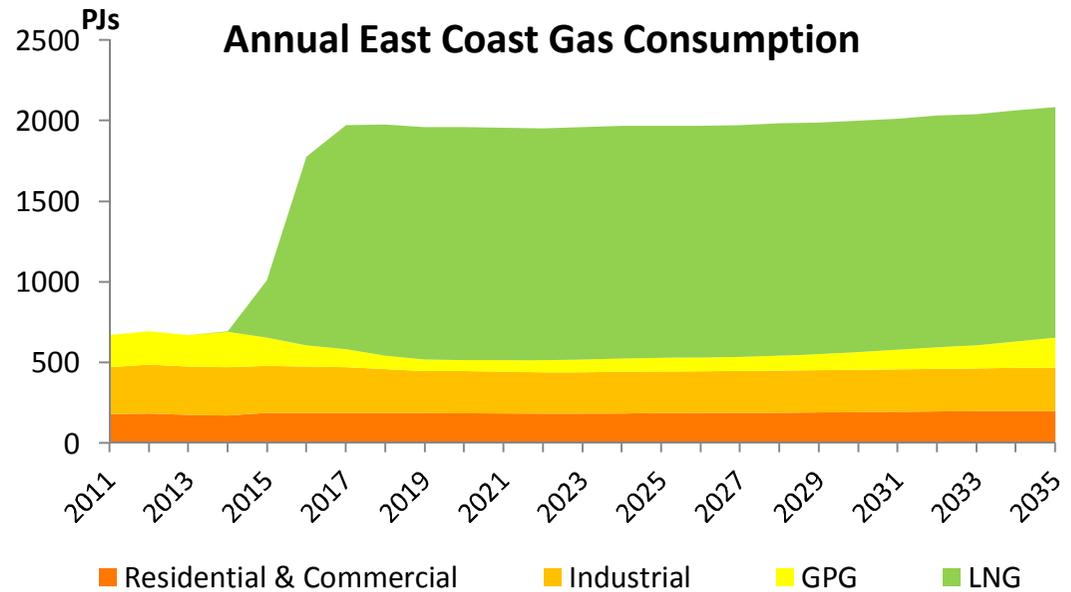
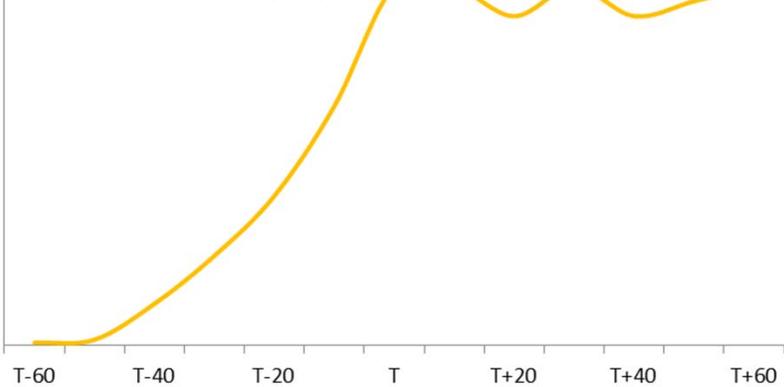


Adding value for customers by offering innovative, flexible and cost-competitive solutions by connecting markets

East coast gas market undergoing transformation

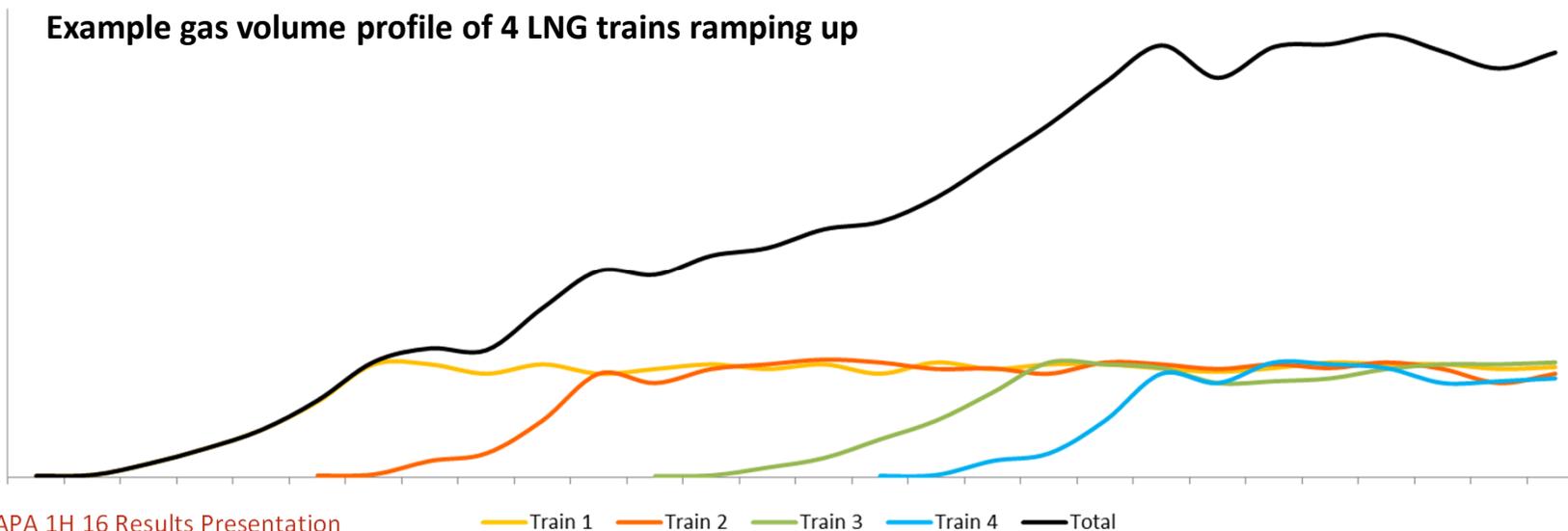
- Significant volumes required to keep the LNG trains running
- Gas volumes will not always be steady

Example gas volume profile of LNG train ramp up



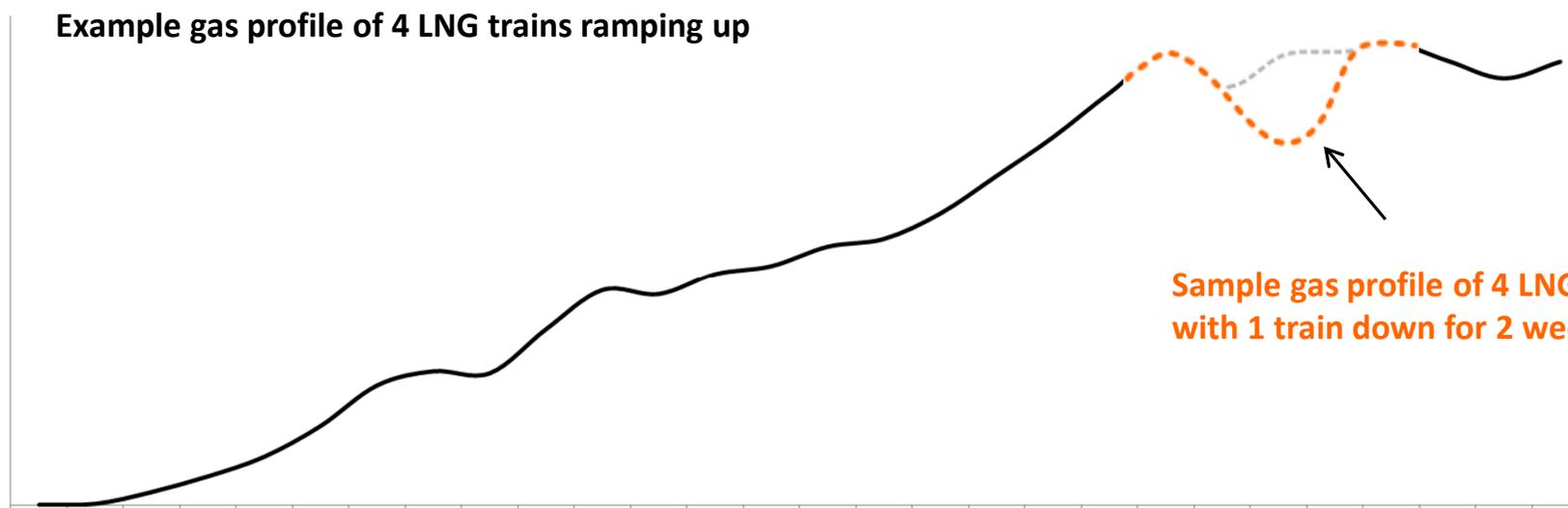
Source: AEMO National Gas Forecasting Report Dec 2015

Example gas volume profile of 4 LNG trains ramping up



Providing optionality for customers delivers opportunities

- Some can be planned, others may not be



Sample gas profile of 4 LNG trains ramping up, with 1 train down for 2 weeks

Options for the customer/opportunities for APA:



Flare it
Loss of resource and revenue

or



Store it
Park & Loan it
Available when needed



Sell it
Earn revenue



Take it elsewhere
100+ delivery points on the Grid

APA services



Financial performance

Peter Fredricson
Chief Financial Officer

Reconciliation – statutory and normalised results

\$ million	1H 16			1H 15			Change
	Normalised	Significant items	Statutory	Normalised	Significant items	Statutory	Normalised
Revenue excluding pass-through ⁽¹⁾	812.5	-	812.5	522.7	-	522.7	55.5 %
EBITDA – continuing businesses	667.6	-	667.6	401.3	17.2	418.5	66.3 %
EBITDA – divested business ⁽²⁾	-	-	-	1.0	430.0	431.0	n/m
EBITDA	667.6	-	667.6	402.3	447.2	849.6	65.9%
Depreciation and amortisation ⁽³⁾	(250.5)	-	(250.5)	(88.5)	-	(88.5)	(183.1)%
EBIT	417.1	-	417.1	313.8	447.2	761.1	32.9%
Net interest expense ⁽⁴⁾	(253.3)	-	(253.3)	(151.3)	-	(151.3)	(67.4)%
Pre-tax profit	163.8	-	163.8	162.6	447.2	609.8	0.8%
Tax	(64.2)	-	(64.2)	(51.3)	(91.2)	(142.5)	(25.2)%
Non-controlling interests	(0.0)	-	(0.0)	(0.0)	-	(0.0)	n/m
Net profit after tax	99.5	-	99.5	111.2	356.0	467.3	(10.5)%
Operating cash flow	462.1	-	462.1	263.2	17.2	280.4	75.6%

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

(2) EBITDA – divested business includes the net profit on the sale of Australian Gas Networks for 1H15.

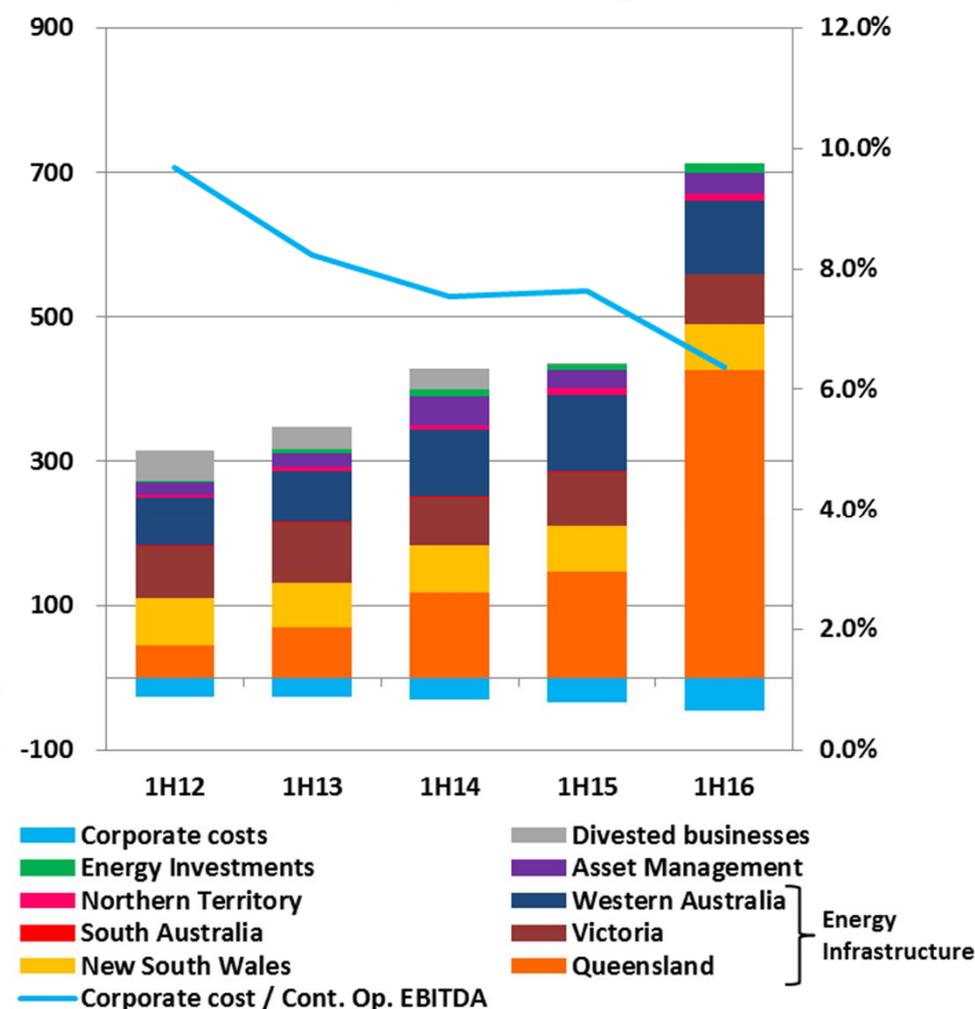
(3) Increased depreciation and amortisation due to the acquisition of the Wallumbilla Gladstone Pipeline, adding further significant fixed and intangible assets that are depreciated and amortised for the full six month period.

(4) Increased net interest expense due to the increased amount of debt included in the funding of the acquisition of the Wallumbilla Gladstone Pipeline.

1H16 result: EBITDA by business segment

\$ million	2015	2014	Change	% of EBITDA ⁽²⁾
Energy Infrastructure				
<i>Queensland</i>	426.7	146.5	191.2%	59.9%
<i>New South Wales</i>	63.3	63.7	(0.6%)	8.9%
<i>Victoria & South Australia</i>	69.8	76.2	(8.4%)	9.8%
<i>Northern Territory</i>	9.9	9.4	5.2%	1.4%
<i>Western Australia</i>	101.5	106.2	(4.5%)	14.2%
Energy Infrastructure total	671.1	402.0	66.9%	94.1%
Asset Management	27.9	24.9	12.0%	3.9%
Energy Investments	14.0	7.6	82.7%	2.0%
Corporate Costs ('CC')	(45.4)	(33.2)	36.7%	(6.4%)
Continuing business EBITDA⁽¹⁾	667.6	401.3	66.3%	
CC/EBITDA ⁽²⁾	6.4%	7.6%	(1.3%)	
Divested business ⁽³⁾	0.0	1.0	(100.0%)	
Significant items	0.0	447.2	(100.0%)	
Total EBITDA	667.6	849.6	(21.4%)	

Historical EBITDA by business segment⁽¹⁾



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

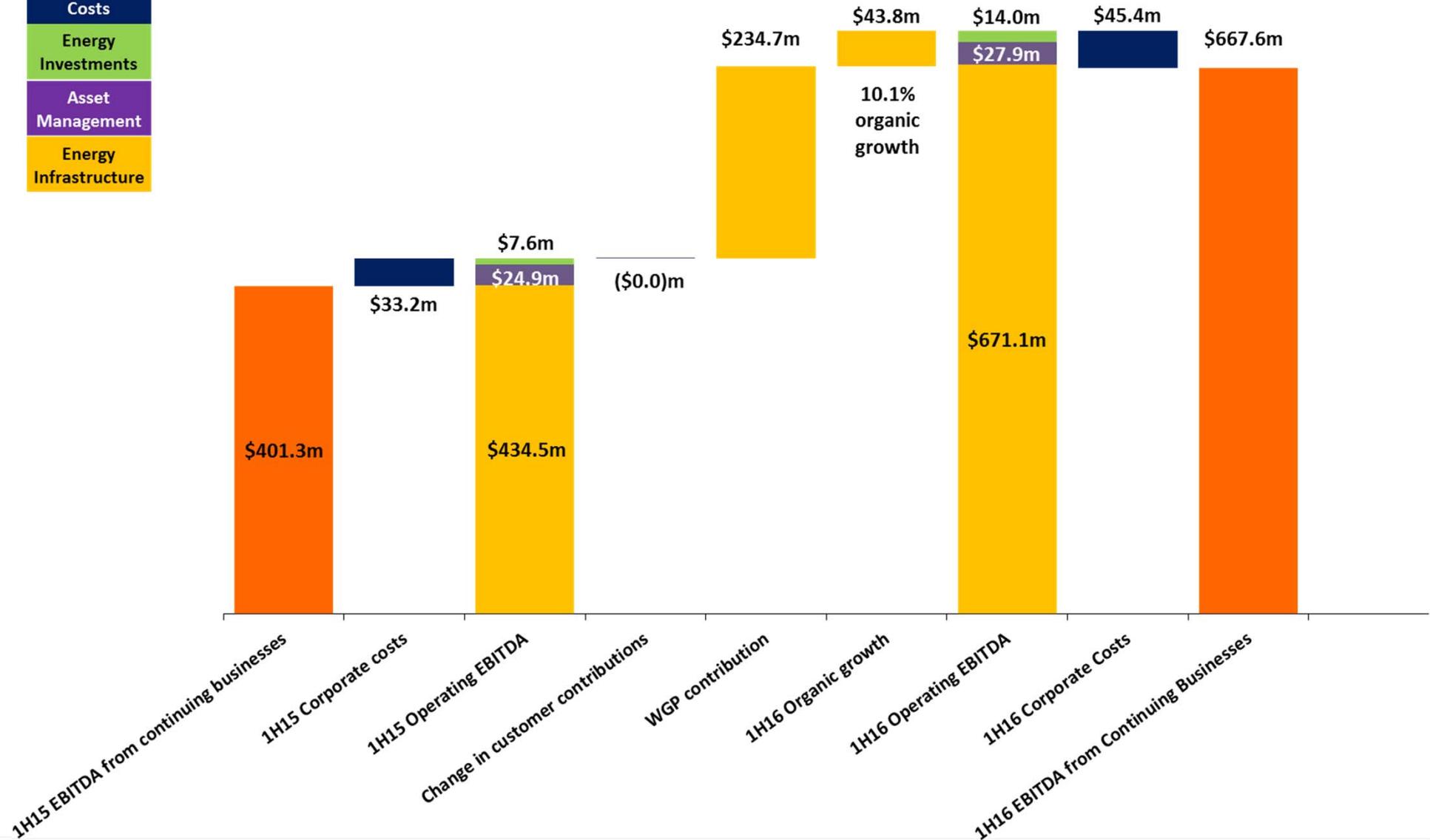
(1) Continuing business EBITDA.

(2) As a % of Continuing business EBITDA before Corporate costs.

(3) Investment in AGN (formerly Envestra) sold in August 2014.

Expansion projects delivering ongoing earnings increases

1H16 EBITDA Bridge

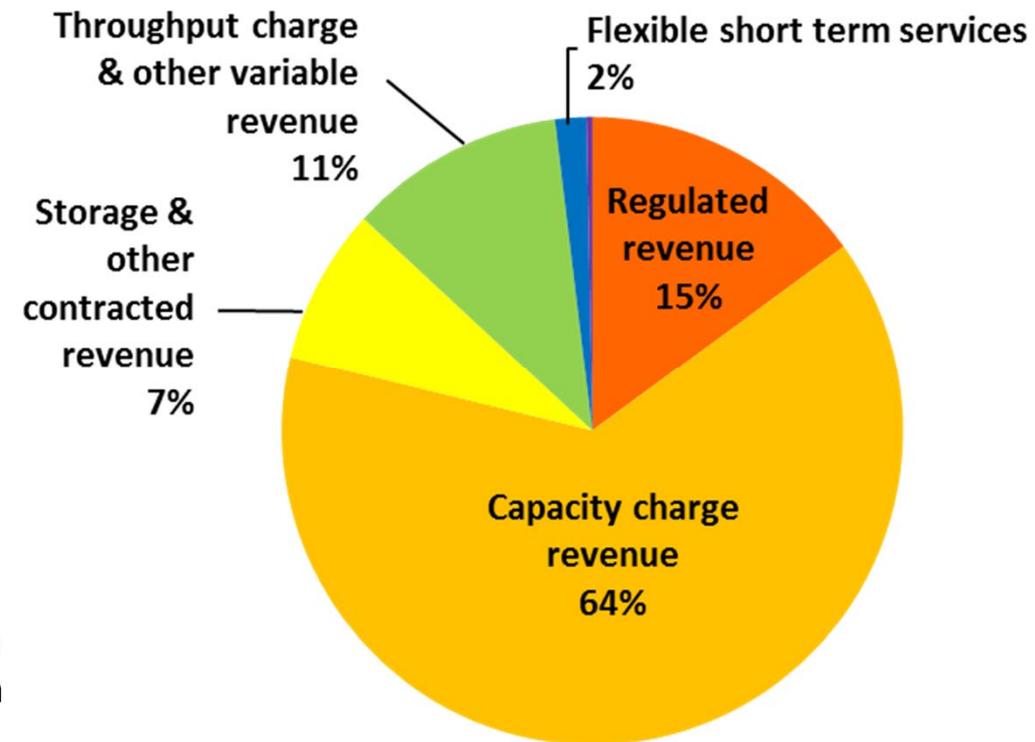


66.3% overall EBITDA growth and 10.1% organic EBITDA growth (ex WGP) achieved

1H16 Operational summary – Energy Infrastructure

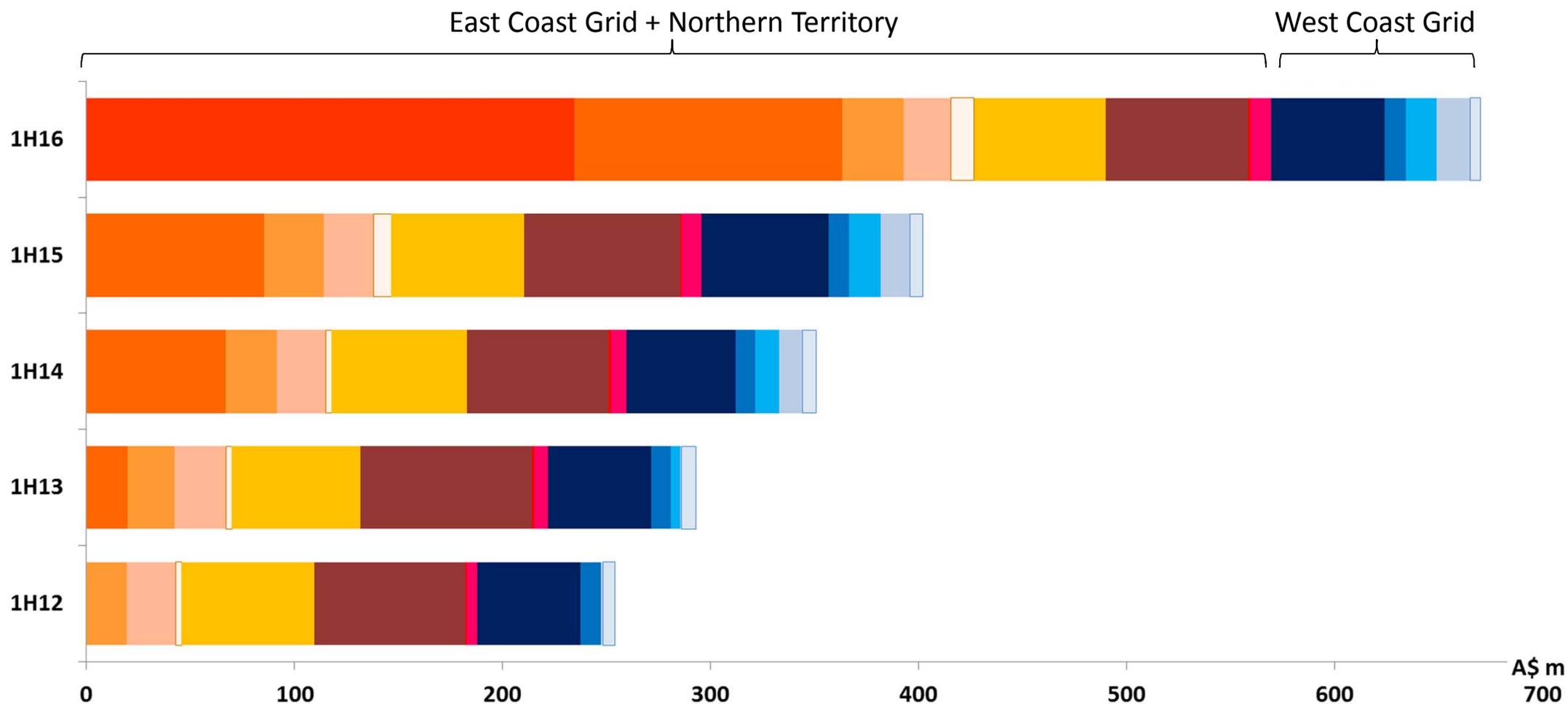
- Expansion of the East Coast Grid ('ECG') capacity and service offerings continues:
 - EBITDA from APA's ECG increased by 13.5% (excl. WGP) or 95.5% (incl. WGP)
 - WGP contributed \$235 million
 - Organic growth due to contribution from the expanded ECG, in particular into Queensland to support LNG
 - Moomba Sydney Pipeline bi-directional capability installed, along with Roma Brisbane Pipeline
- West Coast Grid ('WCG') continues on-track performance:
 - Eastern Goldfields Pipeline commissioned in December 2015, ahead of schedule
 - Mondarra Gas Storage Facility and Emu Downs Wind Farm solid contributors
 - EBITDA from WCG decreased by 4.5% mainly due to the possible reduction in tariff on Goldfields Gas Pipeline, in anticipation of the regulator's draft decision becoming operative

Revenue Split by Contract Type



WGP contributed to nearly double ECG EBITDA

EBITDA by pipeline

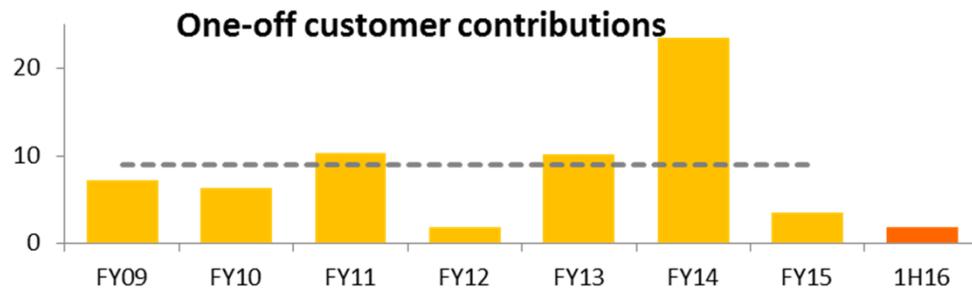


- Wallumbilla Gladstone Pipeline
- South West Queensland Pipeline
- Roma Brisbane Pipeline
- Carpentaria Gas Pipeline
- Other Qld assets
- Moomba Sydney Pipeline
- Victorian Transmission System
- SESA Pipeline
- Amadeus Gas Pipeline
- Goldfields Gas Pipeline
- Emu Downs wind farm
- Pilbara Pipeline System
- Mondarra gas storage
- Other WA

1H16 Operational summary – Asset Management & Energy Investments

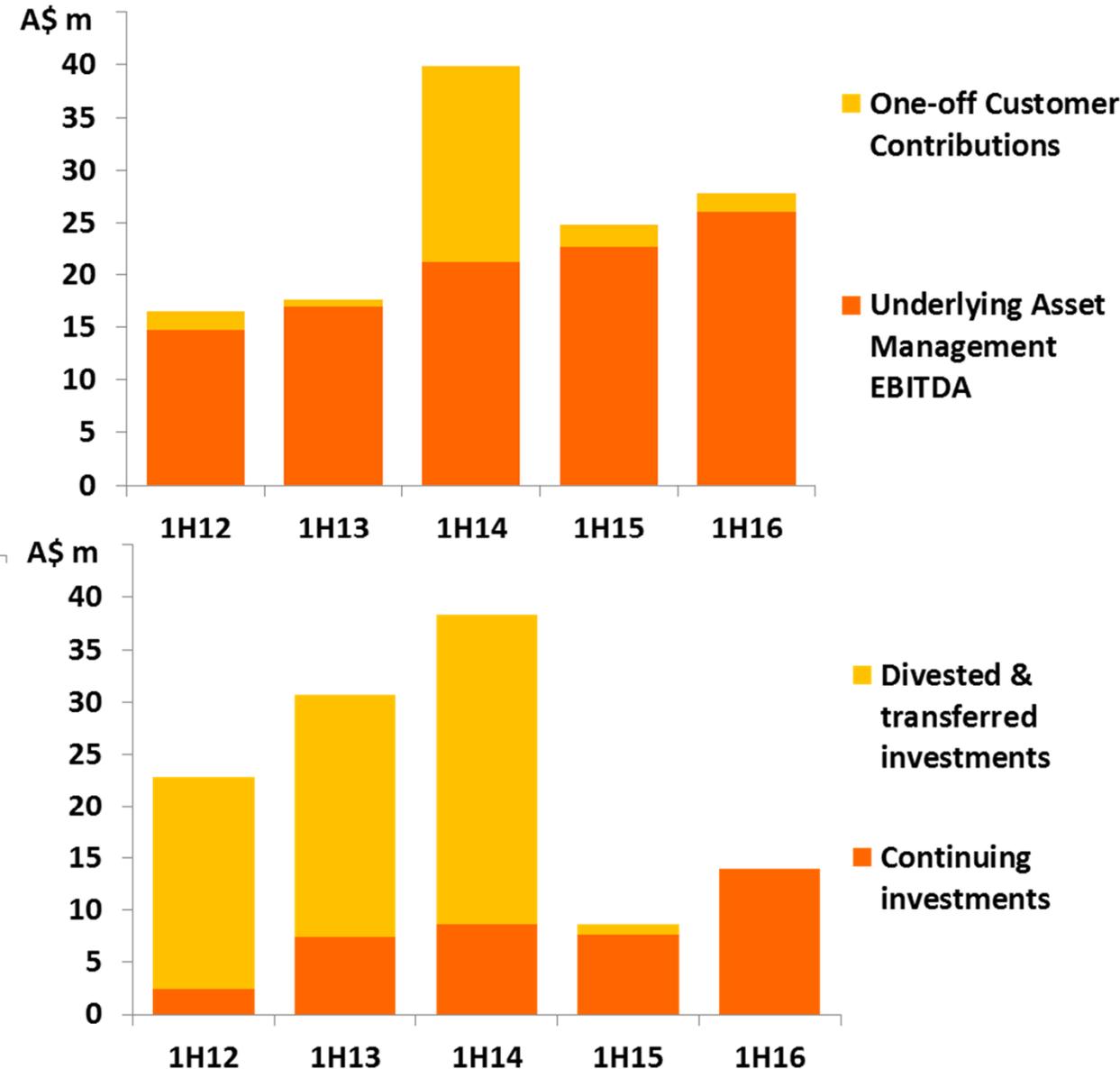
Asset Management

- Underlying earnings continue to grow
- One-off customer contributions for the period were similar to previous period



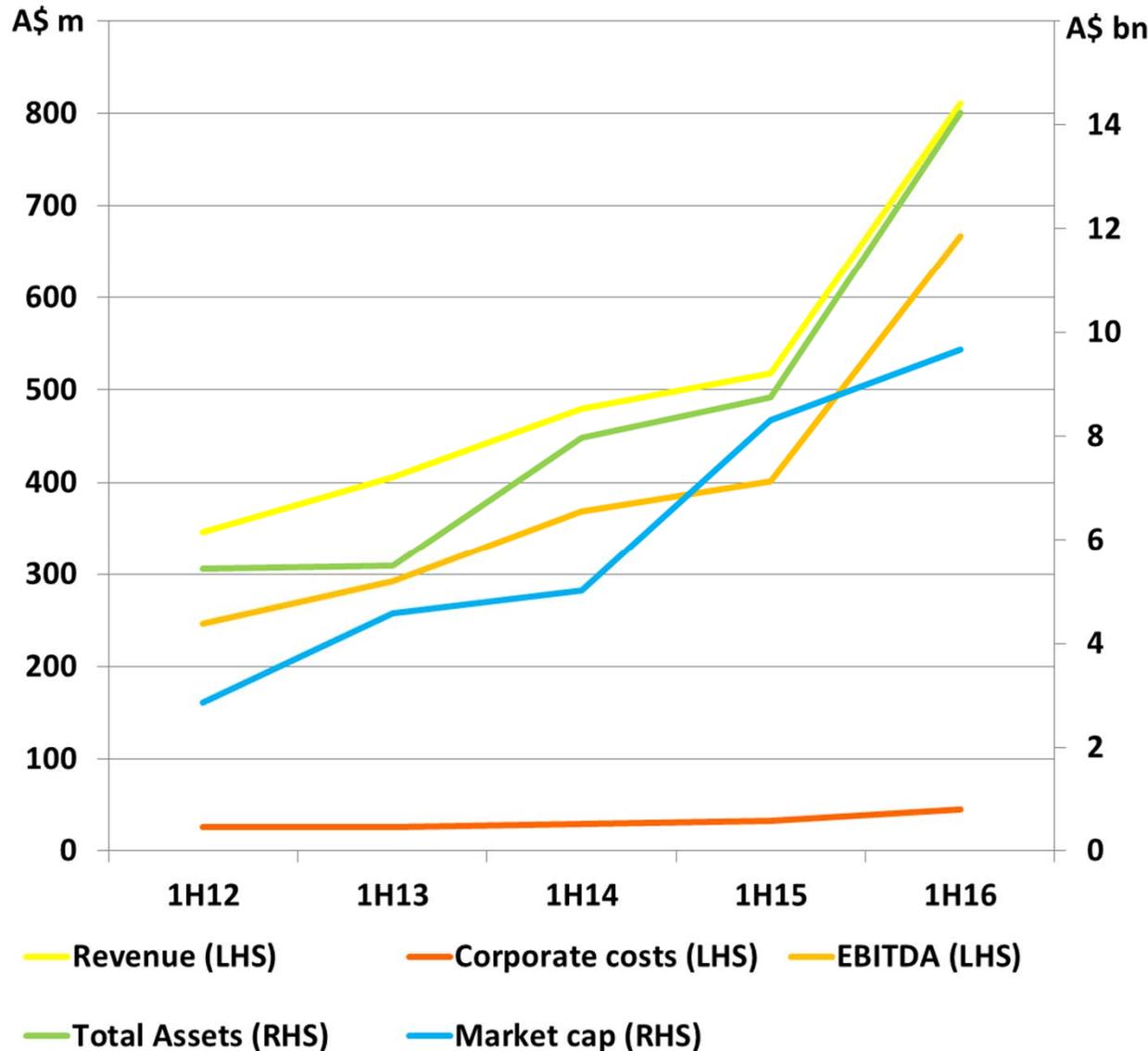
Energy Investments

- Increased contribution from EII, GDI (EII), and SEA Gas Pipeline
- Positive contribution from DPS

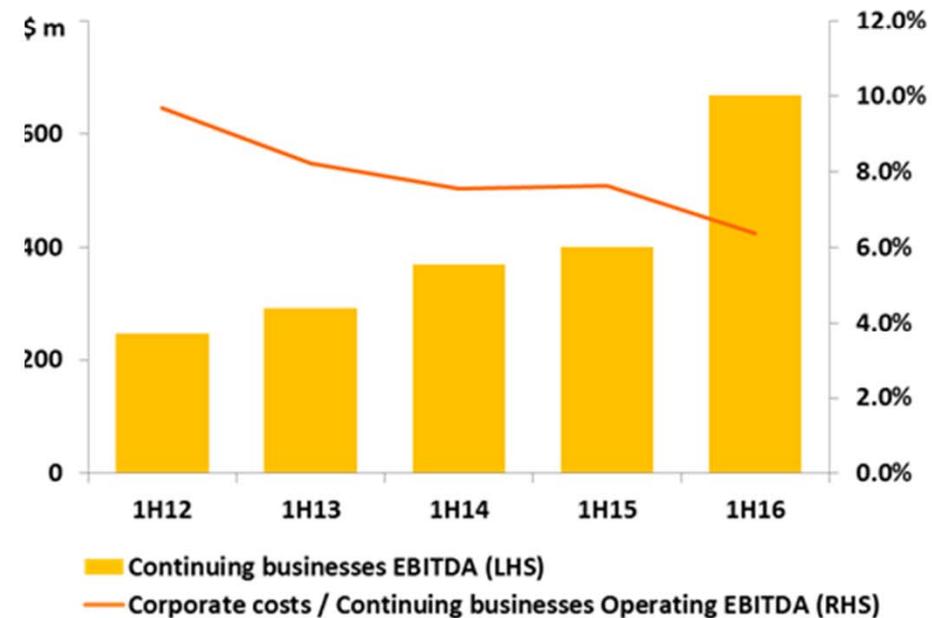


Asset Management and Energy Investments earnings increased period to period

Corporate overheads remain under control



- Corporate costs have remained relatively flat over the last 5 years vis-à-vis growth of the business
- Increase for the period relate to a number of one-off items including cost of APA's unsuccessful bids for NEGI and Iona
- Corporate costs as a portion of EBITDA from continuing operating businesses is at 6.4%

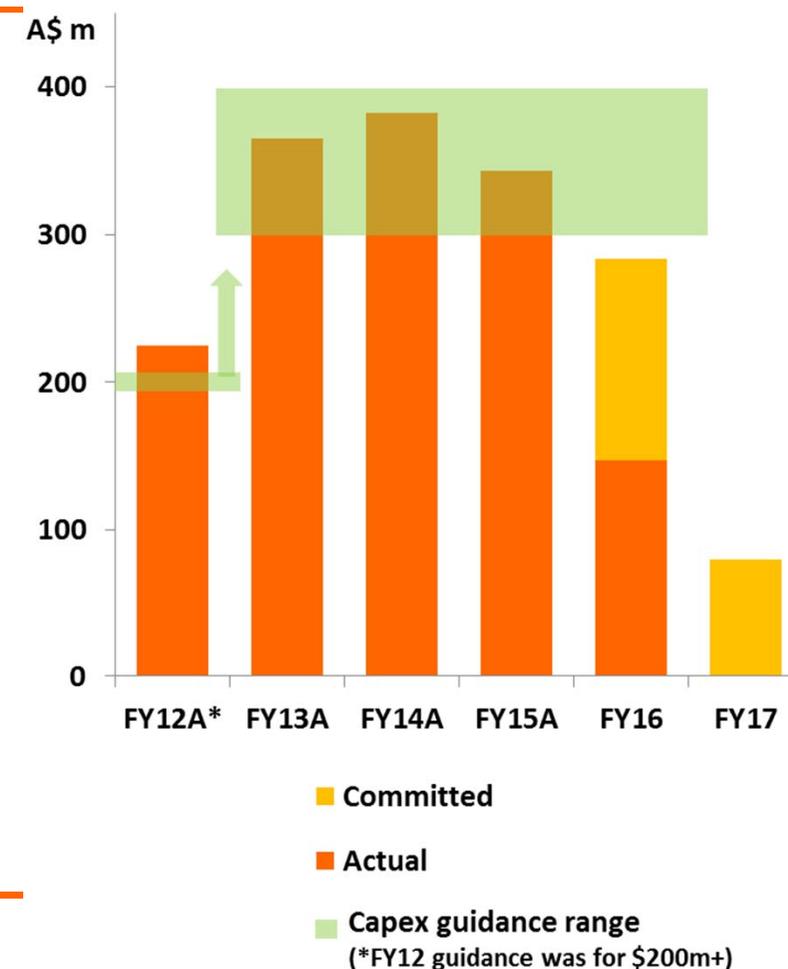


Corporate costs remain relatively flat, reflective of the benefits of economies of scale

Capital expenditure

\$ million	1H16 ⁽¹⁾	1H15 ⁽¹⁾
Growth capex		
Regulated - Victoria	36.0	55.5
Major Projects		
Queensland	12.6	78.5
New South Wales	7.1	0.6
Western Australia	79.1	14.1
Other	12.5	13.3
Total growth capex	147.2	162.0
Stay in business capex	24.7	28.1
Customer contributions	1.5	1.6
Total capex	173.5	191.7
Investments and acquisitions	122.2	20.9
Total capital & investment expenditure	295.7	212.6

Committed growth capex



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

Growth capital expenditure is expected to be at the lower end of guidance range

Capital management

- Cash and committed undrawn facilities of around \$1.1 billion as at 31 December 2015

Metrics ⁽¹⁾	Dec 2015	Jun 2015
Gearing ^(1, 2)	63.7%	63.4%
Interest cover ratio	2.52 times	2.59 times
Average interest rate applying to drawn debt ^(1, 3)	5.69%	6.76%
Interest rate exposure fixed or hedged	93.9%	94.0%
Average maturity of senior facilities	8.2 years	8.5 years

(1) For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) has been nominally exchanged at AUD/USD exchange rate at respective inception date of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144A notes.

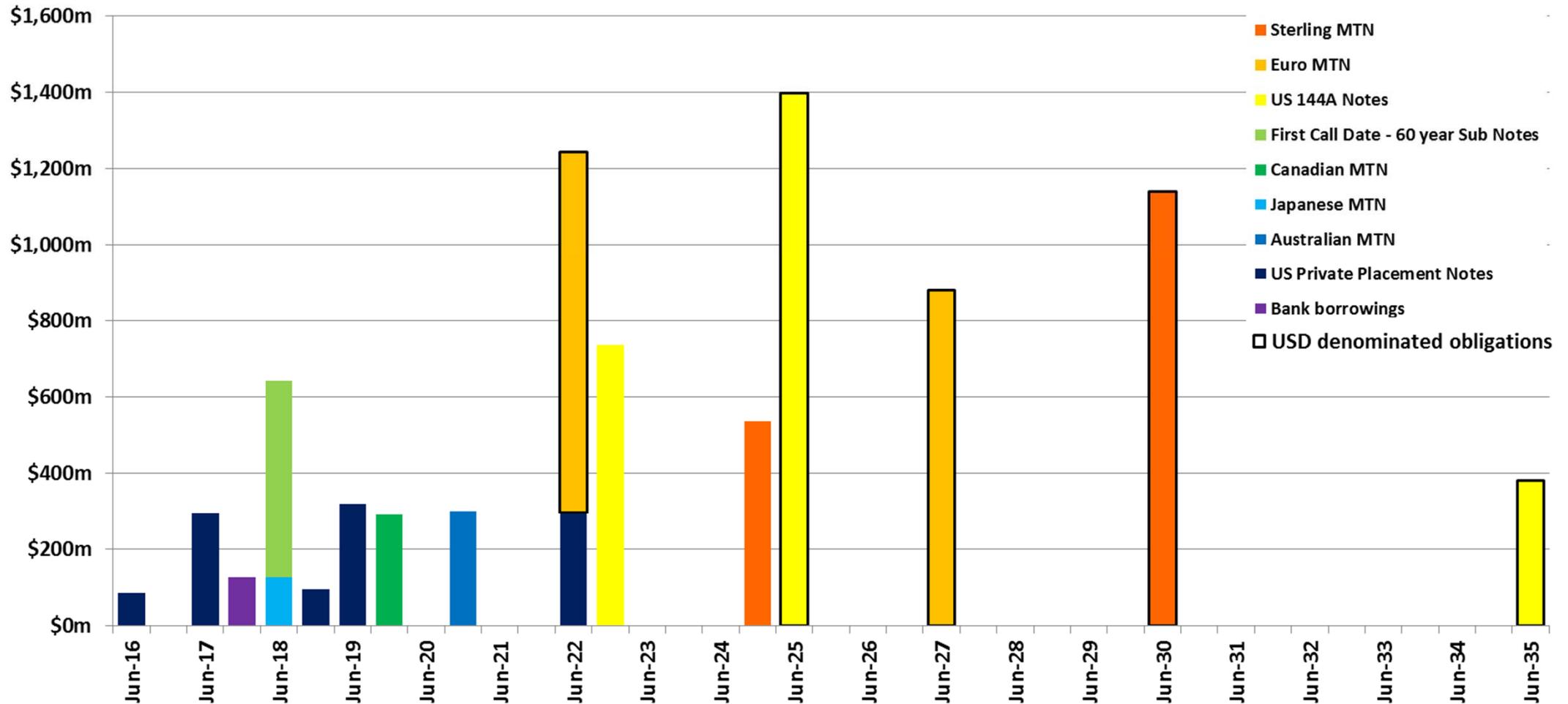
(2) Ratio of net debt to net debt plus book equity.

(3) Includes \$515 million of Subordinated Notes.

- Credit ratings – S&P: BBB (outlook Stable), Moody's: Baa2 (outlook Stable)

APA remains well positioned to fund its planned organic growth activities

Debt maturity profile

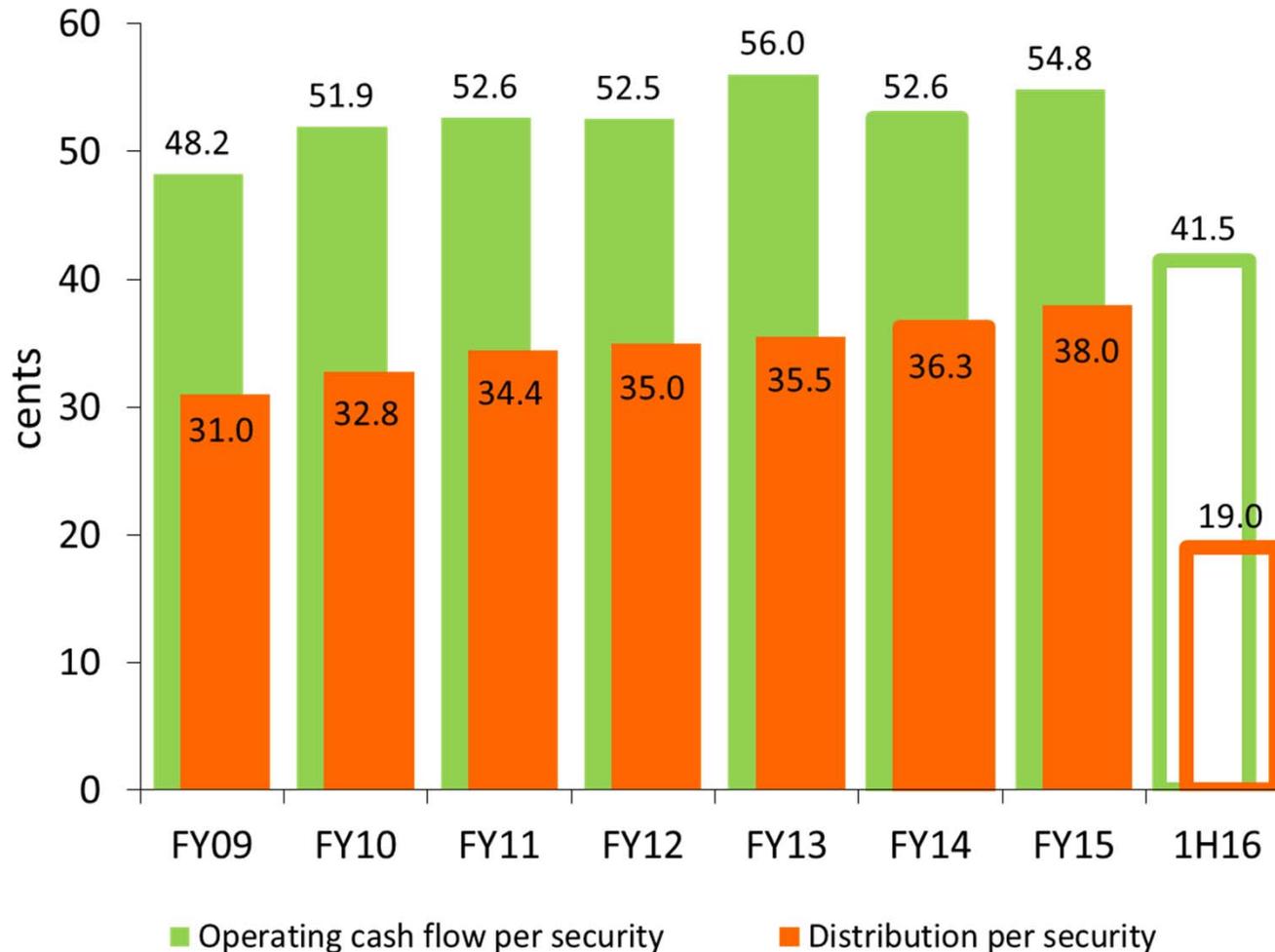


* USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN&Sterling AUD/USD=0.7772)

Maintaining diversity of funding sources and spread of maturities

Fully covered distributions

On target to deliver increased distribution guidance

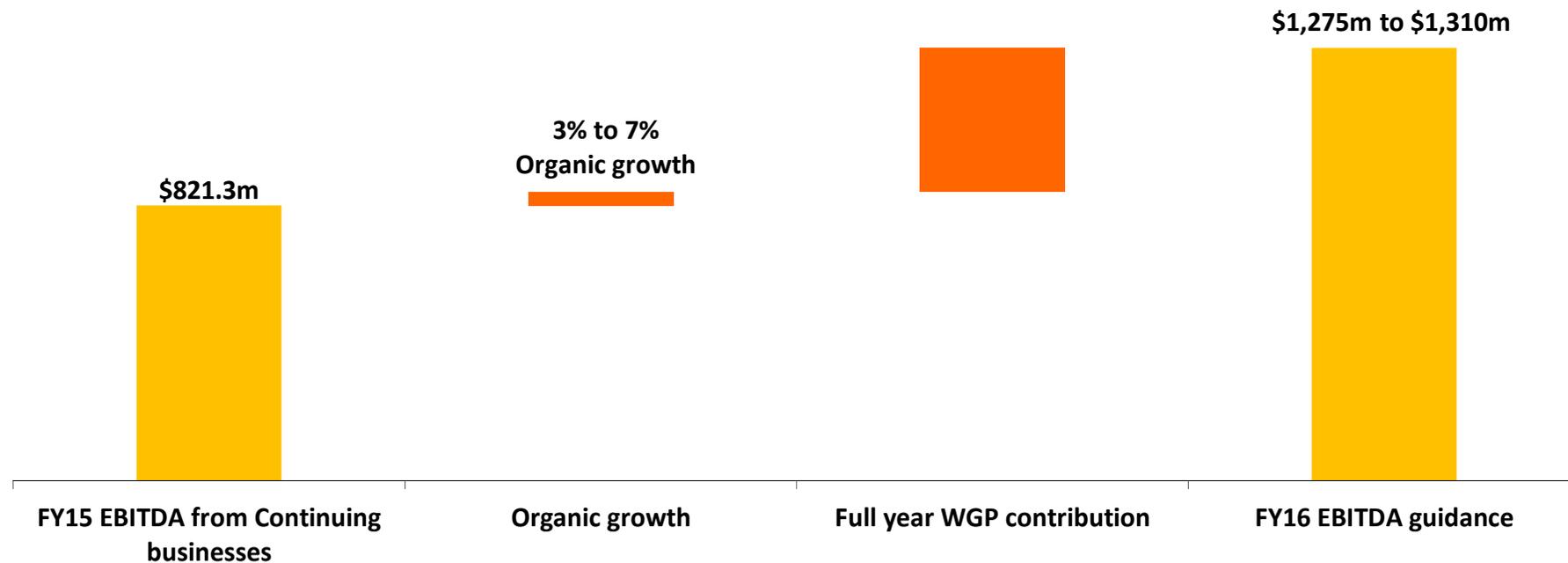


- 1H 16 distribution payout ratio^(1,2) of 45.8%
- Distribution components:
 - 19.0 cents profit distribution
 - nil capital distribution
 - 19.0 cents
- FY16 distribution guidance of 41.5 cents per security, a 9% increase over FY15

(1) Distribution payout ratio: distribution payments as a percentage of operating cash flow.
 (2) Based on normalised operating cash flow.

Outlook and FY2016 Guidance

- Based on current operating plans and available information, EBITDA for FY2016 expected within a range of \$1,275 million to \$1,310 million
 - Includes US\$ denominated contribution from Wallumbilla Gladstone Pipeline of approximately \$470 million
- Net interest costs for FY2016 expected within a range of \$500 million to \$510 million
- Growth capital expenditure expected to fall within the \$300 million to \$400 million range, based on projects that are currently under construction or under discussion
- Distribution per security expected to be in the order of 41.5 cents per security



Note: WGP revenues are denominated in US\$. Net cashflow after servicing US\$ denominated interest costs has been hedged to A\$.
 Expected US\$ denominated EBITDA and Net interest costs have been converted at the same exchange rate for the purpose of the guidance estimation.

FY2016 guidance includes 3% to 7% of organic growth plus full year contribution from WGP



APA Group

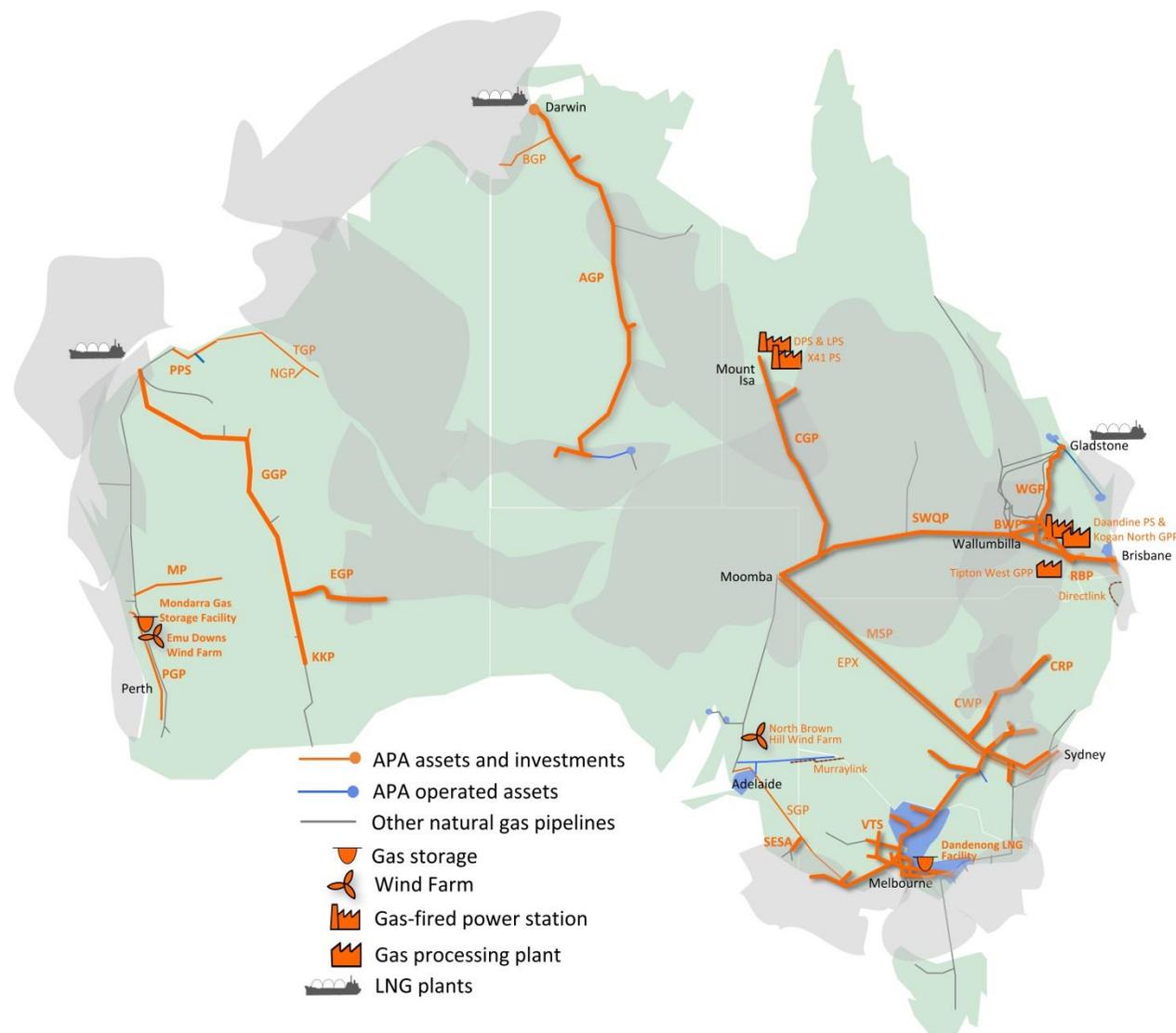
Outlook

Mick McCormack
Managing Director and CEO

Connecting gas markets and resources

- Stand ready to assist customers navigate dynamic markets
 - Investments to enhance our infrastructure
 - Delivery of flexible and innovative services to supplement traditional take-or-pay contracts
 - Delivery of reliable and secure source of energy
 - Maintain prudent capital structure to retain flexibility and to continue to invest in a capital intensive sector

- Customer-led growth
 - Additional gas receipt and delivery points
 - Energy infrastructure complementary to APA’s existing asset footprint



APA has an outstanding track record of successfully delivering reliable quality energy infrastructure to its clients



Questions



Supplementary information

APA Group structure

- APA is a stapled vehicle comprising two registered managed investment schemes:
 - Australian Pipeline Trust (ARSN 091 678 778)
 - APT Investment Trust (ARSN 115 585 441) is a tax pass-through trust

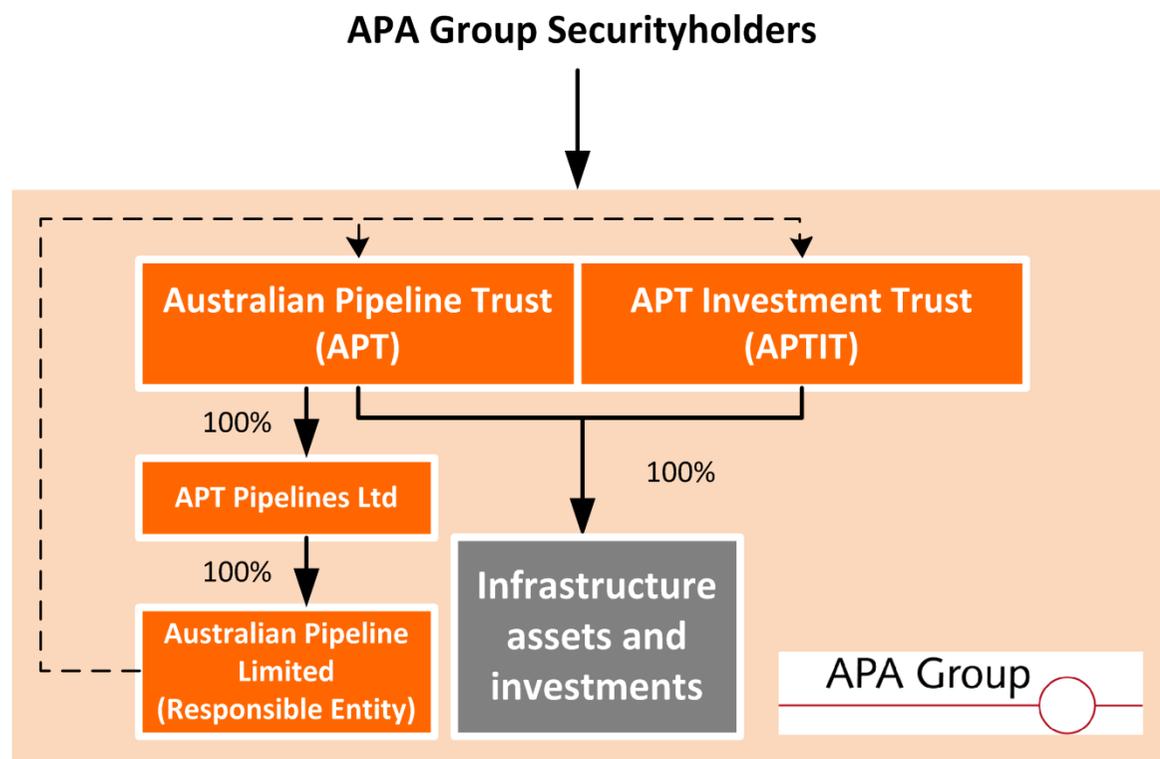
- Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of the Trust and APT

- APA is listed as a stapled structure on the Australian Securities Exchange
 - The units of the Trust and APT are stapled and must trade and otherwise be dealt with together

- APT Pipelines Limited (ABN 89 009 666 700) is APA's borrowing entity, a company wholly owned by APT

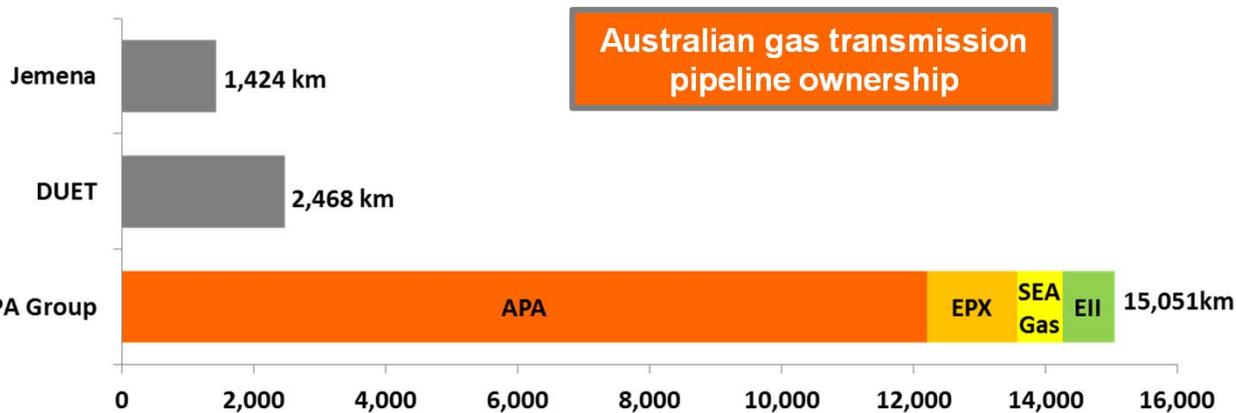
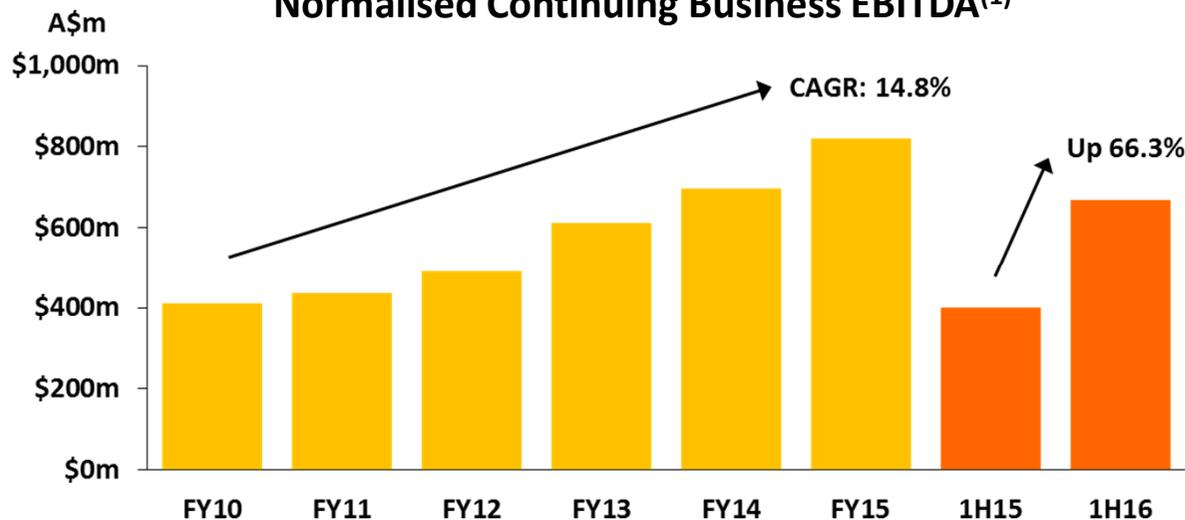
- Reporting segments

- **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



Australia's largest gas pipeline owner by pipeline length, capacity and volume

Normalised Continuing Business EBITDA⁽¹⁾



Source: AER State of the Energy Market Dec 2015 ; Company reports; APA data as at 31 Dec 2015.

APA Overview

(Ticker: APA AU)

Market capitalisation A\$9.9 billion (as at 22 February 2016)

ASX rank S&P/ASX 50

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

Assets owned/operated ~ \$19 billion

Gas transmission

15,051⁽²⁾ km transmission pipelines
Underground & LNG gas storage

Gas distribution⁽³⁾

28,659 km gas mains & pipelines
1.3 million gas consumers

Other energy infrastructure

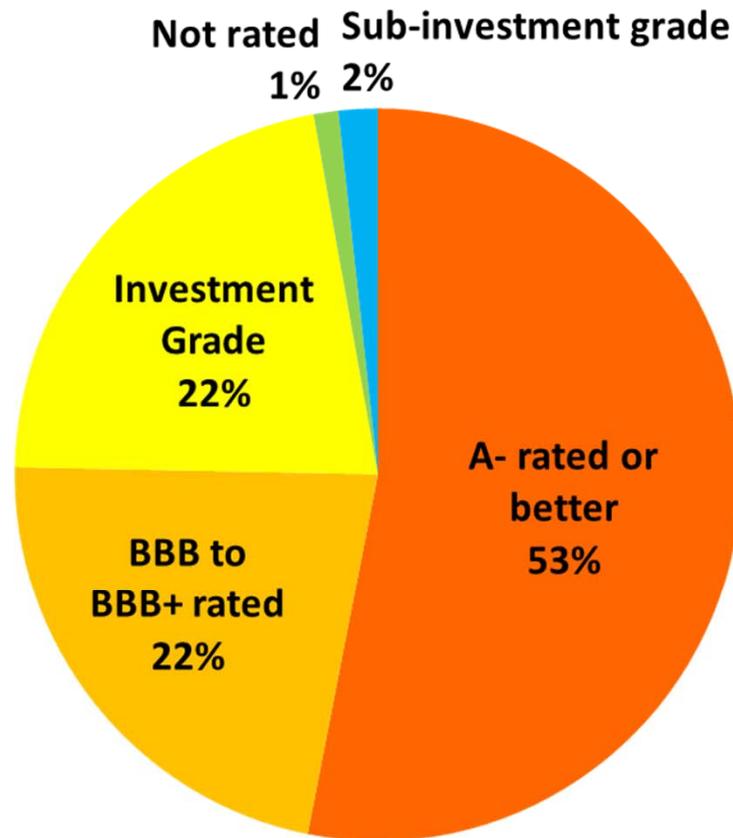
585 MW power generation
244 km HV electricity transmission
Gas processing plants

Employees ~1,600

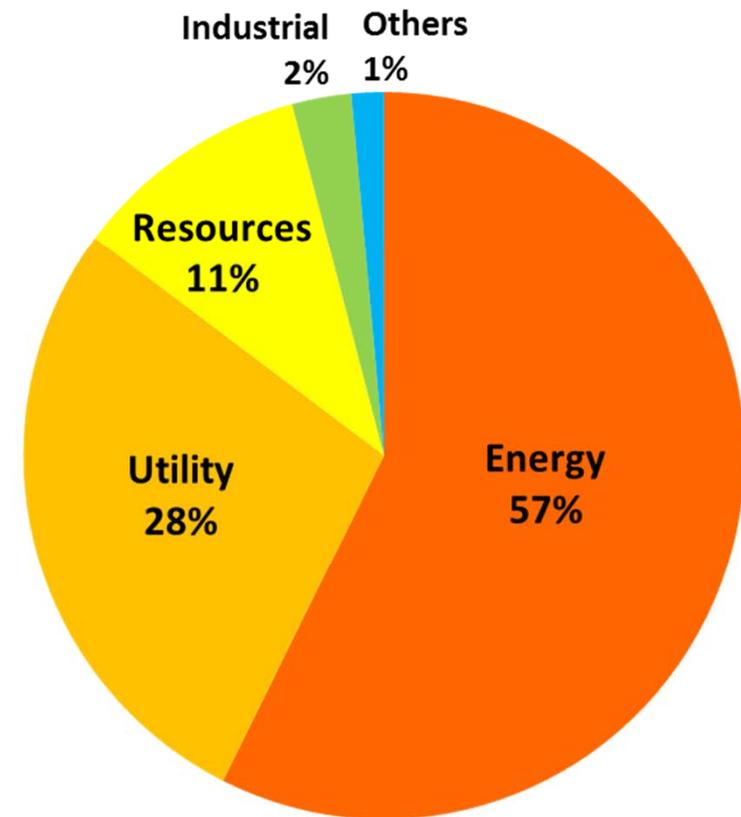
- (1) Normalised results exclude one-off significant items, reflecting APA's core earnings from operations.
- (2) Includes 100% of the pipelines operated by APA Group which form part of its energy investments including Ethane Pipeline Income Fund, SEA Gas and EII.
- (3) Includes 100% of assets operated by APA Group in Queensland, New South Wales, Victoria and South Australia

Stable and predictable cashflows

1HY16 Revenue by Customer Credit Rating



1H16 Revenue by Customer Industry Segment



Stable and predictable cash flow from regulated assets and long term contracts with quality customers

Balance sheet

\$ million	31 Dec 2015	30 Jun 2015	Change
Current assets	438.0	721.3	(39.3%)
Property, plant and equipment	8,329.7	8,355.2	(0.3%)
Goodwill and other intangibles	4,598.9	4,696.7	(2.1%)
Other non-current assets	873.9	879.7	(0.7%)
Total Assets	14,240.5	14,652.9	(2.8%)
Current debt	95.8	164.4	(41.7%)
Other current liabilities	482.1	644.4	(25.2%)
<i>Total current liabilities</i>	<i>577.9</i>	<i>808.8</i>	<i>(28.6%)</i>
Long term debt	9,301.7	9,141.5	1.8%
Other long term liabilities	342.7	320.0	7.1%
<i>Total long term liabilities</i>	<i>9,644.4</i>	<i>9,461.5</i>	<i>1.9%</i>
Total Liabilities	10,222.3	10,270.2	(0.5%)
Net Assets	4,018.2	4,382.7	(8.3%)

Debt facilities

Total committed debt facilities at 31 December 2015

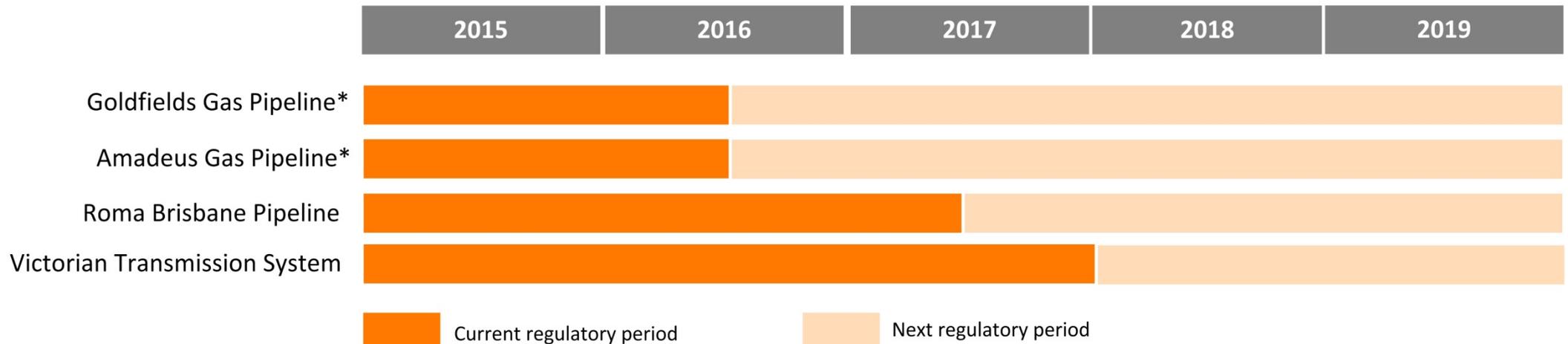
\$million	Facility amount	Drawn amount	Tenor
2015 Bilateral bank facilities	200	0	4.2 and 5.2 year tranches maturing December 2019 and 2020
2015 Syndicated bank facilities	830	125	2.25, 3.25 and 5.25 year tranches maturing September 2017, 2018 and 2020
2003 US Private placement	96	96	15 year tranche maturing September 2018
2007 US Private placement	811	811	10, 12 and 15 year tranches maturing May 2017, 2019 and 2022
2009 US Private placement	185	185	7 and 10 year tranches maturing July 2016 and 2019
2010 AUD Medium Term Notes	300	300	10 year tranche maturing July 2020
2012 JPY Medium Term Notes	126	126	6.5 year tranche maturing in June 2018
2012 CAD Medium Term Notes	289	289	7.1 year tranche maturing in July 2019
2012 US144a/Reg S Notes	735	735	10 year tranche maturing October 2022
2012 GBP Medium Term Notes	536	536	12 year tranche maturing in November 2024
2012 Subordinated Notes	515	515	60 year term, first call date March 2018
2015 US144a/Reg S Notes ⁽¹⁾	1,777	1,777	10 and 20 year tranches maturing March 2025 and March 2035
2015 GBP Medium Term Notes ⁽¹⁾	1,140	1,140	15 year tranche maturing March 2030
2015 EUR Medium Term Notes ⁽¹⁾	1,826	1,826	7 and 12 year tranches March 2022 and 2027
Total	9,366	8,461	

(1) Notes have been hedged into fixed rate US dollar obligations.

Regulatory update

APA’s major price regulated assets

■ Regulatory resets over the next five years



* Decision pending - timing estimate

■ Goldfields Gas Pipeline Access Arrangement Review

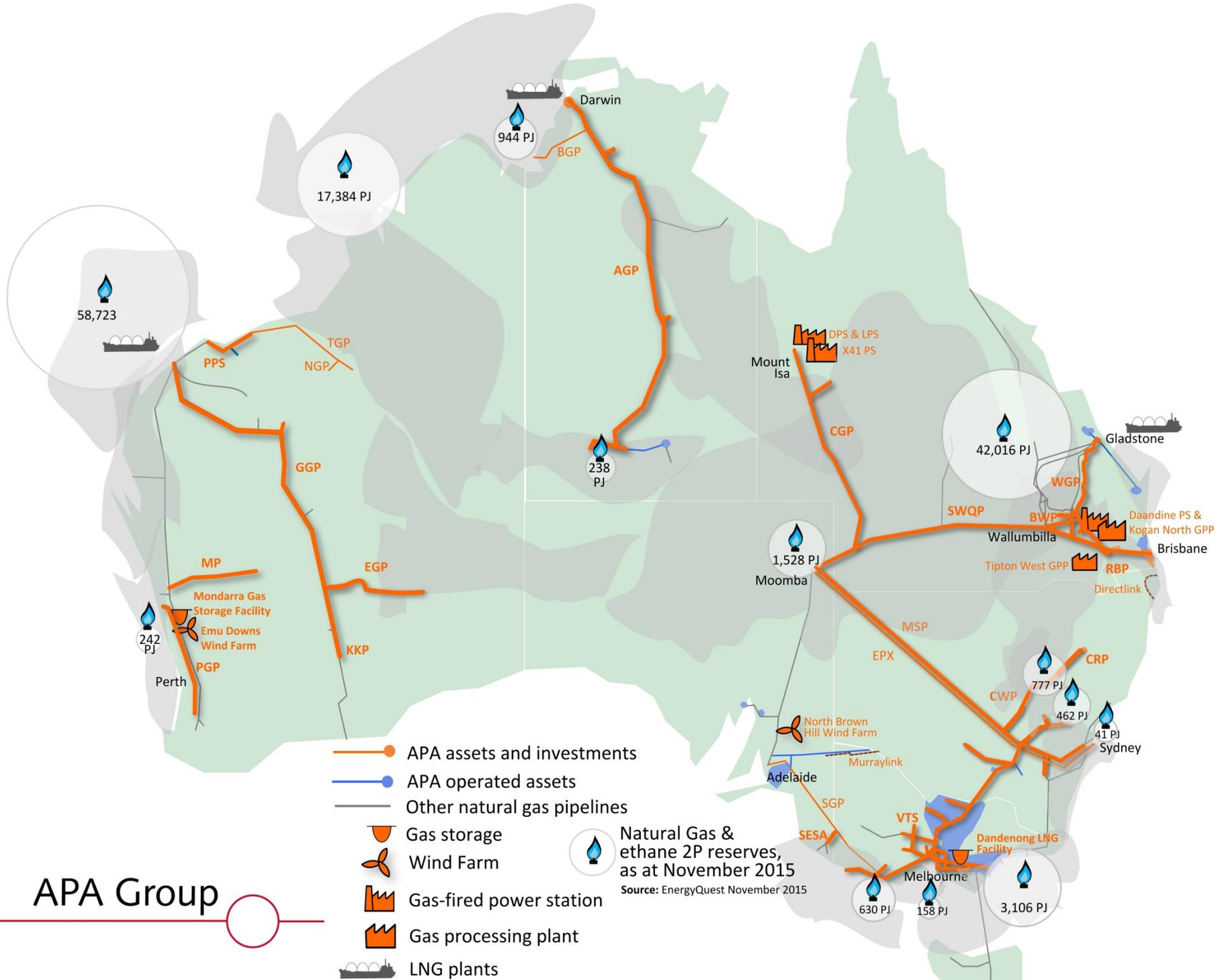
- WA regulator issued a draft decision in December 2015. APA has responded and challenged the regulator’s position that would result in a significant reduction in the regulated tariff. Less than 25% of the Goldfields’ capacity is sold subject to the regulated tariff.

■ Amadeus Gas Pipeline Access Arrangement Review

- A response to the regulator’s draft decision was lodged on 6 January 2016. A final decision is expected in April 2016. Application lodged 15 August 2014. The final decision will have minimal impact on APA’s revenue as the vast majority of service is provided at rates determined under contract.

Economic regulation of gas pipelines and networks

Regulator	<ul style="list-style-type: none"> ■ The Australian Energy Regulator (AER) is responsible for the economic regulation of gas transmission and distribution networks and enforcing the National Gas Law and National Gas Rules in all jurisdictions except Western Australia ■ The Economic Regulation Authority of Western Australia (ERA) is the independent economic regulator for Western Australia
Access arrangement	<ul style="list-style-type: none"> ■ Apply for a fixed term, generally 5 years ■ Set out the terms and conditions of third party access, including <ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Determined using the building block approach to recover efficient costs <ul style="list-style-type: none"> – Forecast operating and maintenance costs – Regulatory asset depreciation costs and – Return on asset capital (regulated asset base) based on WACC determination ■ WACC based on 60:40 debt equity split
Regulated asset base (RAB)	<ul style="list-style-type: none"> ■ Opening RABs have been settled with the regulator; there are no reassessments for approved RABs ■ RABs adjusted every access arrangement period <ul style="list-style-type: none"> – Increased by capital added to the asset and reduced by regulatory depreciation costs
Regulatory coverage	<ul style="list-style-type: none"> ■ The larger distribution networks and some transmission pipelines are covered by economic regulation ■ Price regulated assets are those which the regulatory authorities have determined, among other things, demonstrate natural monopoly characteristics and a degree of market power ■ Coverage can be revoked ■ “Light-handed” regulation is effectively a negotiate/arbitrate regime, where tariffs are negotiated with users and are subject to determination by the regulator only where the customer initiates a dispute



Natural Gas & ethane 2P reserves, as at November 2015
 Source: EnergyQuest November 2015

APA Group

- APA assets and investments
- APA operated assets
- Other natural gas pipelines
- Gas storage
- Wind Farm
- Gas-fired power station
- Gas processing plant
- LNG plants



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