



22 August 2018

ASX ANNOUNCEMENT

APA Group (ASX: APA)

(also for release to APT Pipelines Limited (ASX: AQH))

APA FY2018 RESULTS AND FY2019 GUIDANCE

APA Group (ASX: APA), a leading Australian energy infrastructure business, today announced a solid full year financial result of \$1,518.5 million in earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year ending 30 June 2018, an increase of 3.3% compared to the previous corresponding period (FY2017: \$1470.1 million).

APA declared a final distribution of 24.0 cents per security consistent with the estimate announced on 12 June 2018, delivering a total distribution for FY2018 of 45.0 cents per security. This represents an increase of 3.4% or 1.5 cents per security over the previous corresponding period (FY2017: 43.5 cents per security). Franking credits of 3.83 cents per security will be allocated to the final distribution, resulting in FY2018 franking credits totalling 6.33 cents per security.

RESULT HIGHLIGHTS

Financial results

- EBITDA up 3.3% to \$1,518.5 million
- Net profit after tax up 11.8% to \$264.8 million
- Operating cash flow up 5.9% to \$1,031.6 million

Distributions

- Final distribution of 24.0 cents, increasing total FY2018 distribution by 3.4% to 45 cents per security
- Final franking credits of 3.83 cents, increasing total FY2018 franking credits to 6.33 cents per security

Operations and Investments

- 3.3% growth achieved (FY2017, 3.1%)
- On track to deliver approximately \$1.4 billion plus of committed growth projects to FY2019
- Total capital and investment expenditure of \$875.5 million

APA Chairman, Mr Michael Fraser said, "APA's FY2018 results, reflect our continued focus on working with all our stakeholders to develop energy infrastructure that reliably, affordably and sustainably delivers energy across our vast country. We are part of the solution to Australia's energy trilemma and through leveraging our existing portfolio, utilising our smarts and working closely with our customers and the wider energy industry, we will help create a better energy future for Australia.

"For our investors, we continue to deliver value and grow returns. Full year distributions have increased 3.4% on the previous full year and I am proud to highlight the fact that throughout our 18 year history, APA has always paid its investors a distribution that has grown year-on-year."

FY2018 Financial overview

Revenue (excluding pass-through revenue) increased by \$53.1 million to \$1,941.4 million, an increase of 2.8% on the previous corresponding period (FY2017: \$1,883.3 million). The increase is a result of part-year contributions from newly commissioned assets, as well as new contracts on APA's East and West Coast Grids, and benefit from US CPI escalation and favourable exchange rates in relation to the Wallumbilla Gladstone Pipeline contract. Net profit after tax increased to \$264.8 million (FY2017: \$236.8 million), an increase of 11.8% over the previous corresponding period, with depreciation and amortisation expense reflecting an expanded asset base and higher income tax expense reflecting APA's increased earnings.

As part of the largest growth expansion program undertaken by APA and spanning over three years from FY2017 to FY2019, APA to-date has invested in excess of \$1 billion on a range of energy infrastructure assets, all underwritten by long term contracts with our customers. With the expected \$425 million capital expenditure forecast in FY2019, this will take the three year growth program to in excess of \$1.4 billion. Some of those projects have already commenced contributing to APA's future operating cash flow with the full uptick in revenues to flow from FY2020 with the completion of all projects in FY2019. In FY2018, operating cash flow increased by 5.9 per cent to \$1,031.6 million and operating cash flow per security increased by 4.1 per cent to 90.7 cents per security.

APA Group Managing Director, Mr Mick McCormack said, "Despite having to manage regulatory reviews, the new arbitration and disclosure requirements, as well as the current offer by the CKI Consortium to acquire APA, we have gotten on with growing our business and investing in more assets that will provide incremental revenue in the near future.

"We also see a significant number of growth opportunities that remain ahead of APA, having identified more than \$4 billion worth of prospects across gas pipeline development, gas and renewable power generation and other potential projects over the next four to five years. We will continue to deliver value, grow returns and act in the best interests of our Securityholders."

Distributions

Directors have declared a final distribution for FY2018 of 24.0 cents per security which is payable on 12 September 2018. It is comprised of a distribution of 17.96 cents per security from APT and a distribution of 6.04 cents per security from APTIT. The APT distribution represents a 8.93 cents per security fully franked profit distribution and 9.03 cents per security capital distribution. The APTIT distribution represents a 2.90 cents per security profit distribution and a 3.14 cents per security capital distribution. Franking credits of 3.83 cents per security will be allocated to the APT franked profit distribution.

As a result, the total distribution applicable to FY2018 is 45.0 cents per security, a 3.4% increase over the total distribution of 43.5 cents per security applicable to FY2017. Franking credits allocated for the year ended 30 June 2018 distribution totalled 6.33 cents per security.

APA's Distribution Reinvestment Plan remains suspended.

CKI Consortium Implementation Agreement

APA announced on 13 August 2018, that it had entered into a conditional Implementation Agreement with the CKI Consortium (CKI) under which CKI will acquire all of the stapled securities in APA under trust Schemes for A\$11.00 cash per stapled security. There are, at this stage, no further updates to the information provided on 13 August. The Board of Directors unanimously recommends the Schemes in the absence of a superior proposal and subject to an Independent Expert concluding that the Schemes are fair and reasonable and in the best interests of Securityholders. Subject to the Schemes' conditions being met, it is expected that APA Securityholders will be sent an Explanatory Memorandum in mid to late October and have the opportunity to vote on the Schemes at a Securityholder Meeting targeted for late-November 2018.

FY2019 Guidance and Outlook

APA expects that the EBITDA for the full year to 30 June 2019 will be in a range of \$1,550 million to \$1,575 million and net interest costs are expected to fall within a range of \$500 million to \$510 million. In the event that the CKI proposal does not proceed and APA remains as a stand-alone listed company for the full financial year, total distributions per security for the 2019 financial year are expected to be in the order of 46.5 cents per security, with franking credits which may be allocated to those distributions enhancing that cash payout. As per current APA Distribution Policy, all distributions will be fully covered by operating cash flows.

Commenting on APA's outlook Mr McCormack said, "APA continues to demonstrate why it's an industry leader in Australia's energy landscape. We focus on our customers and the big picture of what Australia's energy needs will be in the future, and then we back those requirements by investing in the infrastructure. To-date we've invested over \$13 billion in energy infrastructure for Australia that has provided our customers with flexible and seamless energy generation and flow.

"I am proud of what's been achieved and I remain very excited for APA's future. APA's assets and its people go hand-in-hand and they are all important for the generation and delivery of energy for everyday use by all of us including businesses, now and well into the future. APA's outlook for future growth remains extremely strong."

Webcast and conference call

APA will hold a webcast to discuss these full year results at 10.00am (AEST) today. The webcast will be accessible via a link on APA's homepage at www.apa.com.au or by using the following dial-in details.

APA Group Conference Call Dial-in details:

Within Australia	1800 558 698
Outside Australia	+61 2 9007 3187
Conference ID	145513

A replay of the webcast will be available from www.apa.com.au, shortly after the conclusion of the webcast.



Nevenka Codevelle

Company Secretary
Australian Pipeline Limited

For further information please contact:

Investor enquiries:

Jennifer Blake

Telephone: +61 2 9693 0097

Mob: +61 455 071 006

Email: Jennifer.Blake@apa.com.au

Media enquiries:

Louise Watson

Telephone: +61 2 8011 0591

Mob: +61 419 185 674

Email: lwatson@symbolstrategic.com.au

About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating in excess of \$20 billion of energy infrastructure assets. 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 also 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.

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