



20 February 2019

ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA GROUP 1H FY2019 RESULTS

Solid interim performance delivered

APA Group (ASX: APA), a leading Australian energy infrastructure business, today announced it remains on track to deliver its full year 2019 EBITDA within the upper end of the guidance range of \$1,550 million to \$1,575 million.

Solid interim results released today are in line with APA's expectations. Particularly pleasing is the contribution of new revenue from a number of recently completed projects as part of APA's largest committed growth capex program to-date of some \$1.4 billion over three years. APA remains confident that a significant revenue uptick in the order of \$215 million per annum of additional revenue will occur from FY2020 when all projects in progress are fully operating and contributing.

The Board of APA declared an interim distribution of 21.5 cents per security, in line with the estimate announced in December 2018. The distribution represents an increase of 2.4% or 0.5 cents per security over the previous corresponding period (1H FY18: 21.0 cents per security). Franking credits of 3.2 cents per security will be allocated to the distribution.

RESULT HIGHLIGHTS

Results

- EBITDA up 4.3% to \$787.7 million
- Total revenue up 4.1% to \$1,237.2 million
- Total revenue (excluding pass-through revenue) up 6.1% to \$1,012.9 million
- Net profit after tax up 27.0% to \$157.4 million
- Operating cash flow up 1.7% to \$470.2 million

Distributions

- Interim distribution per security of 21.5 cents, an increase of 2.4% on 1H FY2018
- Franking credits of 3.2 cents per security

Operating performance

- New revenues delivered from - Reedy Creek Wallumbilla Pipeline, Darling Downs Solar Farm, Emu Downs Solar Farm, Mt Morgans Gas Pipeline
- Contract variations on the East Coast Grid announced generating \$130 million in new and renewed revenue across 3 years, maximising the flexibility and service offerings to the customers of APA's 7,600 km East Coast Grid
- Expansion of Western Australia assets across all classes - pipelines, gas-fired and renewable power generation

APA Chairman, Mr Michael Fraser said, "This is a very sound result and even more pleasing as it was achieved during a period of relative uncertainty caused by the proposed Scheme of Arrangement with CKI. We said we would get on with business as usual and focusing on our customers' needs whilst the process played out, and the results announced today demonstrate that is what we have done.

"It's very exciting to see a number of APA's newest assets up and running and contributing to revenues now and into the future. APA's diverse growth projects reflect our long-term focus on what our customers need from us to meet their energy portfolio demands and how we can maximise our infrastructure to complement Australia's dynamic energy market."

APA's Managing Director and CEO, Mick McCormack added, "With gas playing an increasingly important role in Australia's energy mix, APA's long term approach to investment and its commitment to nation building, is making a significant contribution to energy supply and the reliability of the energy market generally.

"This result sees the contribution of increased revenue from our new growth projects, as well as an uplift in East Coast Grid contract variations and renewals to support our customers in getting gas to market; where and when it is needed.

"It is a tribute to the APA team that they have delivered on our commitments, and more, against the backdrop of a takeover bid for the company. This focus and drive stands us in good stead to achieve our FY2019 guidance, within the upper end of the range."

1H FY2019 Financial overview

For the six months to 31 December 2018, APA's total revenue (excluding pass-through revenue) increased by \$58.2 million or 6.1% on the previous corresponding period) to \$1,012.9 million, (1H FY2018: \$954.7 million).

APA reported net profit after income tax for 1H FY2019 of \$157.4 million, an increase of 27.0% or \$33.4 million on the previous corresponding period (1H FY2018: \$124.0 million).

EBITDA of \$787.7 million, increased 4.3% or \$32.4 million on the previous corresponding period EBITDA of \$755.3 million.

Net interest and other finance costs paid decreased for the period by 8.8% due to the repayment of higher cost debt within the last 12 months as well as an increase in capitalised interest associated with growth projects. Depreciation and amortisation expense increased 2.9% due to an increased asset base. Income tax expense increased over the period as expected given the increased profitability.

Operating cash flow was \$470.2 million for the six month period, an increase of 1.7% or \$7.7 million over the previous corresponding period (1H FY2018: \$462.5 million). The increase is due primarily to an increase in receipts from customers and a reduction in interest cost offset by an increase in cash tax paid during the period. The cash tax payment of \$49.1 million (1H FY2018: \$36.3 million) has enabled APA to attach franking credits of 3.2 cents per security (1H FY2018: 2.5 cents per security) to the interim distribution.

Distribution

Directors have declared an interim distribution of 21.5 cents per security to be paid on 13 March 2019. Franking credits of 3.2 cents per security will be allocated to the APT franked profit distribution (1H FY2018: 2.5 cents per security). The interim distribution represents a 2.4%, or 0.5 cents per security increase over the previous corresponding period (1H FY2017: 21.0 cents). It is comprised of a distribution of 16.08 cents per security from APT and a distribution of 5.42 cents per security from APTIT. The APT distribution represents a 7.47 cents per security franked profit distribution, a 2.03 cents per security unfranked profit distribution and a 6.58 cents per security capital distribution. The APTIT distribution represents a 2.97 cents per security profit distribution and a 2.45 cents per security capital distribution.

APA's Distribution Reinvestment Plan remains suspended.

FY2019 Guidance

Based on the results to 31 December 2018 and barring any unforeseen circumstances, APA is of the view that full year EBITDA to 30 June 2019 is expected to be within the upper end of the previously advised range of \$1,550 million to \$1,575 million.

Based on actual expenditure to date and our further expectations for the balance of FY2019, we expect net interest costs to settle towards the lower end of the range of \$500 million to \$510 million.

We remain of the view that growth capex for FY2019 will total around \$425 million.

Distributions per security for the 2019 financial year are still expected to be in the order of 46.5 cents per security, with 3.2 cents per security of franking credits announced for the half year and any further franking credits which may be allocated to the final distribution, attaching to that total cash payout.

Webcast and conference call

APA will hold a webcast to discuss these results at 10am (Sydney time) today. The webcast will be accessible via www.apa.com.au or by using the following dial-in details.

Dial-in details:	Toll-free Australia	1800 558 698
	Outside Australia	+61 2 9007 3187
	Conference ID	477220

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



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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