



23 February 2022

ASX ANNOUNCEMENT

**APA Group (ASX: APA)**

## **APA REPORTS SOLID 1H22 RESULT AND INCREASED INTERIM DISTRIBUTION**

Leading Australian energy infrastructure business, APA Group (ASX: APA), today announced its financial results for the half year ended 31 December 2021 (1H22), highlighting a solid financial performance and positive momentum on its strategic growth priorities.

### **Key highlights from today's announcement**

- Revenue<sup>1</sup> of \$1,117.7 million, up 4.3% (1H21 \$1,071.8m)
- Underlying EBITDA<sup>2</sup> of \$859.8 million, up 4.5% (1H21 \$822.8m)
- Profit after tax of \$155.6 million, compared to a loss of \$15.5 million in 1H21, noting the prior year's \$249.3 million non-cash Orbest impairment charge
- Free Cash Flow up 22.6% to \$515.1 million due to higher EBITDA, lower interest costs and lower tax payments
- An interim distribution of 25.0 cents per security (1H21 24.0 cents per security), up 4.2%
- FY22 distributions are expected to be 53.0 cps, up 3.9%
- The organic growth pipeline now exceeds \$1.4 billion
- Rights to acquire 100% of Basslink senior secured debt, enabling APA to work with the receivers to put Basslink on a sustainable footing and negotiate an appropriate commercial arrangement
- Progress on development of targets for Net Zero 2050 ambition and hydrogen investigations with ongoing feasibility studies to explore our ability to repurpose our existing gas infrastructure

APA CEO and Managing Director Rob Wheals said, "APA has delivered another solid financial result. We are making good progress on our strategy and laying the foundation for future growth.

"The 4.2% increase in our interim distribution reflects our strong cash conversion, benefits from last year's debt refinancing activity and our confidence in the outlook for the remainder of FY22.

"Pleasingly, we continue to make meaningful improvements in our safety record, and we maintained our exceptionally high standard of nomination delivery performance of around 99.9%.

"With coal generated electricity retiring over the coming decades, we remain highly confident in the critical role for gas as a source of timely, cost effective and secure energy. It is an essential companion for the ongoing growth in renewable energy. Gas is also the critical energy source in high heat and hard to abate sectors, supporting Australia's industrial businesses.

"At the same time, we have continued to invest in renewables, battery storage, microgrids, electricity transmission and the energy solutions of tomorrow."

### **About APA Group (APA)**

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. We own and/or manage and operate a diverse, \$21 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose to strengthen communities through responsible energy, we deliver approximately half of the nation's gas usage and connect Victoria with South Australia and New South Wales with Queensland through our investments in electricity transmission assets. We are also one of the largest owners and operators of renewable power generation assets in Australia, with wind and solar projects across the country. 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](http://apa.com.au).

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## Financial results

Revenue (excluding pass-through) for the six months to 31 December 2021, increased by 4.3% to \$1,117.7 million. (1H21 \$1,071.8m). Underlying EBITDA increased by 4.5% to \$859.8 million (1H21 \$822.8m). This underlying result was driven by revenue growth across all segments of the business, with particularly strong growth from the Victorian Transmission System and Diamantina Power Station. We also benefited from tariff escalation with almost all of APA's contract revenues linked to inflation.

Profit after tax including significant items was \$155.6 million, increasing by \$171.1 million (1H21 loss after tax \$15.5m), largely due to a non-cash impairment of \$249.3 million recognised against the Orbest Gas Processing Plant during the previous corresponding period.

Free cash flow was \$515.1 million for the six-month period, an increase of 22.6% or \$95.0 million on the previous corresponding period (1H21 \$420.0m), primarily due to higher earnings, lower tax and lower interest paid. This in part reflects the successful refinancing activity undertaken in March 2021, which lowered the ongoing cost of debt, whilst at the same time strengthened APA's balance sheet.

## Investment update

APA has reached Final Investment Decision (FID) on \$150 million in growth projects in the half, which will support revenue expansion in future years. Importantly, organic growth continues to be sourced across all of APA's strategic focus areas, with new projects underway across gas pipelines, and renewable energy generation.

APA is also executing its strategy to grow its electricity footprint with a strategic investment in the senior secured debt of Basslink<sup>3</sup>. We will work with Hydro Tasmania, the State of Tasmania, the Australian Energy Regulator and other key stakeholders to convert Basslink to a regulated asset.

## Interim distribution

The Directors declared an interim distribution for 1H22 of 25.0 cents per security (1H21 24.0 cps), representing an increase of 4.2%.

The 25.0 cent interim distribution comprises 20.12 cents from APT and 4.88 cents from APTIT. The interim distribution will be paid on 17 March 2022.

## FY22 Guidance and Outlook

Based on current available information, APA confirms previous guidance that distributions for FY22 are expected to be 53.0 cents per security.

APA CEO and Managing Director Rob Wheals said, "APA has strong business fundamentals, a clear strategy aligned to our vision and purpose, confidence in the outlook of its business and the execution capability to continue to deliver value for our Securityholders."

## Webcast

APA will hold a webcast to provide further detail on the 1H22 financial results and progress on strategic priorities at 10am today. The webcast is accessible via a [link here](#).

**Authorised for release by Amanda Cheney**

Company Secretary  
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1 Excluding pass through

2 Excluding significant items

3 Refer ASX announcement 21 February 2022