

Australian Pipeline Trust

Securities Institute of Australia Corporate Briefing

**J K McDonald
CEO**

30 August 2001

Australian
Pipeline Trust



Agenda

- Introduction and Background
- Summary of Major Assets
- Regulatory Environment
- Growth Prospects
- Investment Credentials



Introduction

WHO WE ARE

- Infrastructure investment vehicle.
- Listed on the ASX on 13 June 2000.
 - Announcing first Full Year profit result on 5 September.
- Market capitalisation of \$610m at \$2.50 unit price.
 - ASX Top 150
- Previously part of AGL.
 - Current ownership structure: -

AGL	30%
Petronas	10%
Public	60%



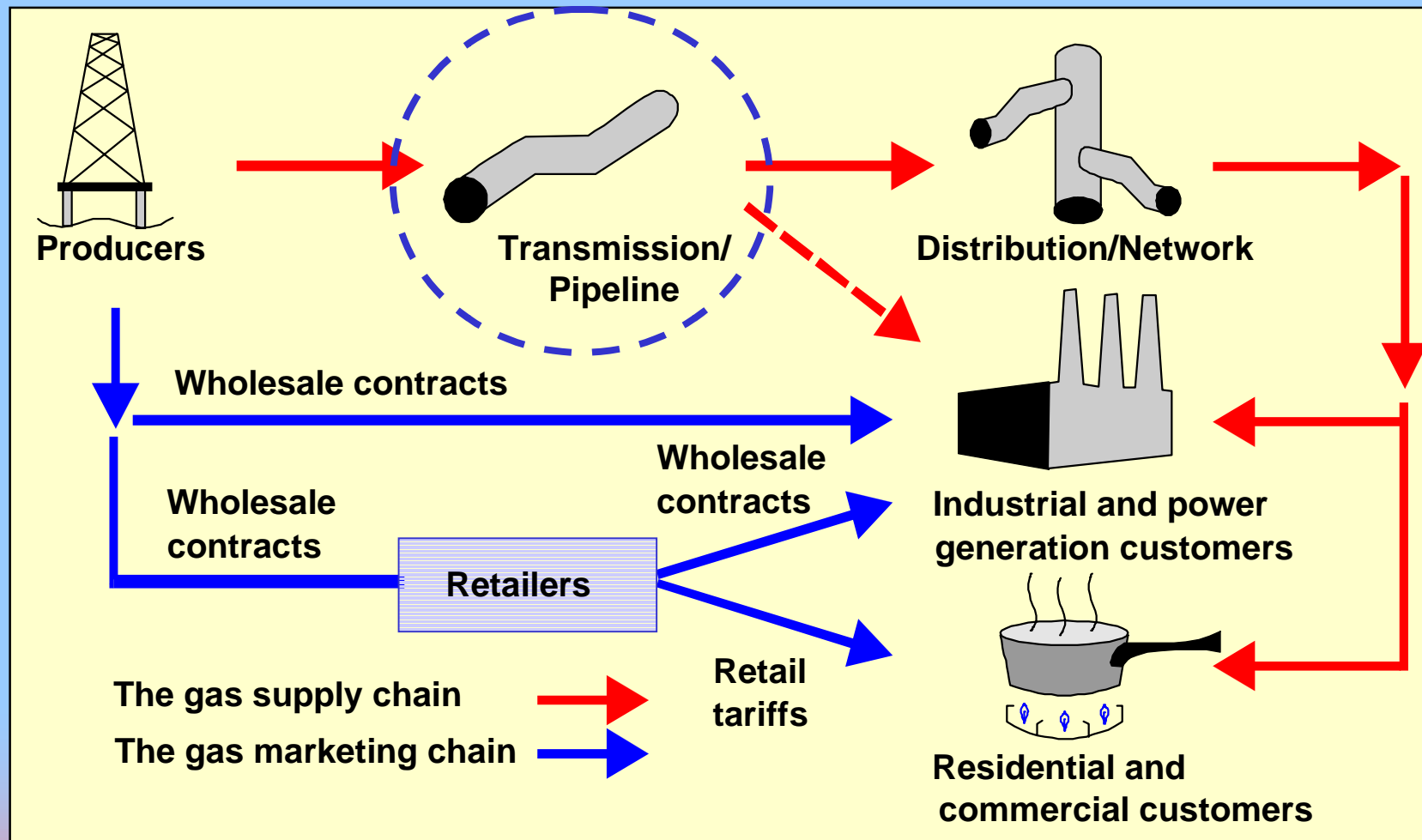
Background

WHAT WE DO

- Own and invest in gas transmission infrastructure.
- Largest owner and operator of high pressure transmission gas lines in Australia.
- Over 7,000 kms high pressure steel pipelines.
- In all States/Territories except Victoria & Tasmania.
- Transport 25% of Australia's domestic natural gas.
- An uncomplicated business.



Natural Gas Supply Chain



NATURAL GAS PIPELINES - AUSTRALIA



Background

MARKET PARTICIPANTS

- Shift from State government ownership to full privatisation since 1994.
- Other pipeline companies
 - EPIC (consortium of domestic and overseas investors)
 - Duke Australia (US-owned)
 - GPU Gasnet (US-owned)
 - Envestra (spin-out from Boral)
- Exit of overseas investors.



Summary of Major Assets

- | | | |
|---|------------|-------|
| ■ Moomba to Sydney Pipeline | SA/NSW/ACT | 100% |
| ■ Roma to Brisbane Pipeline | QLD | 100% |
| ■ Carpentaria Pipeline
(Ballera to Mt Isa, Queensland) | QLD | 70% |
| ■ Goldfields Gas Transmission | WA | 39.7% |
| ■ Midwest Pipeline | WA | 50% |
| ■ Other | | |
| ➤ NT Gas Pipeline/Distribution | | |
| ➤ Small Laterals | | |



Regulatory Environment

- Regulator ACCC - Except in WA - OFFGAR.
- Regulator determines
 - Third Party Access regime.
 - Reference tariff for regulated service(s).
 - Value of asset base.
 - Return on (theoretical) equity.
- Does not affect fixed long term contracts.
 - Majority of APA Revenue is fixed.



Energy Regulation Review

- Productivity Commission Part IIIA review.
- Review of Application of Gas Code.
- CoAG initiative - Council on Energy.
 - Independent review of energy directions.
 - Development of national energy strategy.
- Fiscal regime for long term projects.



Regulation and Gas Policy

- Present regime is unsatisfactory.
 - Incentives are incorrect.
- Pipeline owners resist Code.
 - Eastern Gas Pipeline not covered.
 - Moomba to Sydney revocation case continues.
 - EPIC challenging regulation in W.A.
- Future projects are seriously at risk.
- Planned review of Code is welcome and timely.



Gas Pipelines and Energy Policy

- A constructive regulatory environment.
 - Distribution vs transmission.
 - Mature systems vs greenfields projects.
- Encouragement to expand infrastructure.
- Removal of structures that inhibit the market.
- Streamlined approval processes.
- Appropriate fiscal regimes.
- Cleaner energy programs.



Issues for Pipelines

- Focus must shift to
 - Efficient use of capital
 - Encouragement of system expansion
 - Encouragement of new pipelines
 - Research to lower capital cost
 - Reliability and integrity of system



Growth Prospects

GAS IS A GROWTH INDUSTRY

- Currently forms 18% of Australia's primary energy needs.
- Forecast to grow to 28% of primary energy by 2015 (ABARE).
- Relatively "clean" fuel.
 - Addresses Greenhouse Gas Commitments.
- Mining industry embracing gas fired power.
- Fuel for next generation of power stations.
- Broader applications for gas fuel usage.
 - Micro Turbines
 - Distributed Generation
 - Vehicle Fuel

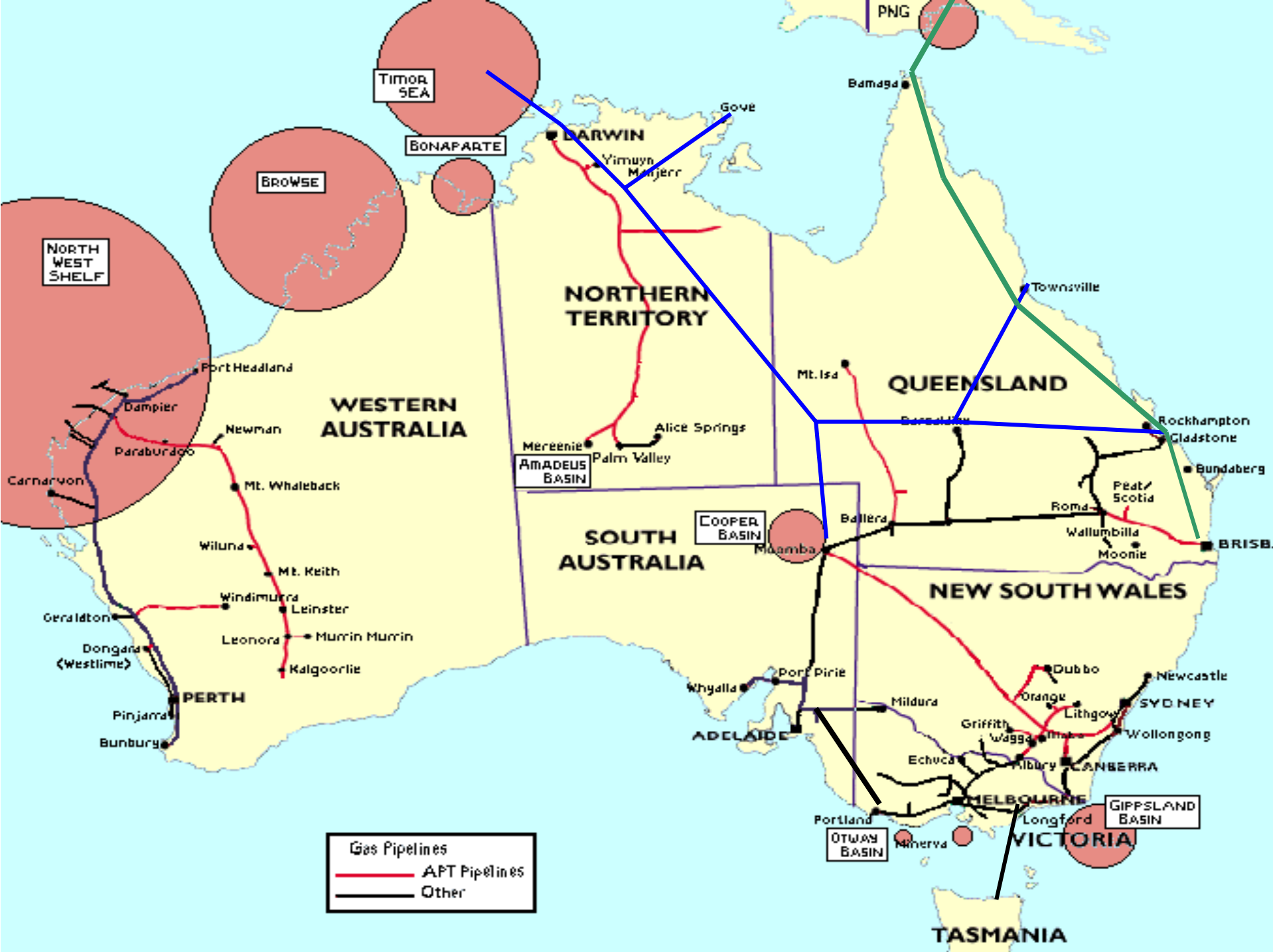


Growth Prospects

OPPORTUNITIES FOR GROWTH

- Organic
 - Cost effective capacity
 - Maximum use of existing pipelines
- Acquisition
 - Minority interests
 - Other pipelines
- Major projects
 - PNG
 - Timor Sea
 - Offshore





Challenges for Domestic Gas

- Supply shortfall in S.E. Australia.
- Substantial investment necessary.
- Large industrials locate at gas source.
- Innovative gas applications needed.
- Gas fired power a must.
- Gas is clean but coal is cheap.
- Gas price is an issue.



Growth Prospects

CONCLUSION

- NT and East Coast gas shortfall must be satisfied.
- New pipelines are needed.
- APA - a party to industry growth.
- Competitive reform is “work in progress”.
- Welcome government policy initiatives.



Investment Credentials

FINANCIAL SUMMARY

- Positioned to exceed Offer Document forecast for 2001.

Year to 30 June	1998	Pro forma 1999	2000	18 days to 30.6.00	6 mos to 31.12.00	Offer Doc 2001
Pipeline Revenue	189.1	211.0	232.0	12.35	124.72	234.4
EBITDA	93.6	113.1	120.9	6.94	65.1	122.6
Depreciation/Amortisation	20.3	23.2	25.5	1.20	13.00	24.4
EBIT	73.3	89.9	95.4	5.74	52.1	98.2
Interest Income				1.25	6.53	12.4
Interest Expense				3.25	29.87	65.5
Pretax Profit				3.74	28.75	45.1
Tax Expense				1.47	12.24	20.5
Minorities				0.02	0.12	0.2
Net Profit				2.25	16.38	24.4



Investment Credentials

- Total return to unitholders of 33% since listing



Australian
Pipeline Trust



Investment Credentials

- IPO \$2.00 per unit.
- Current unit price \$2.50.
- Offer Document forecast distribution.
 - 21.5 CPU to end June 2001.
 - Includes 1c for 18 days June 2000.
- Strong predictable cash flow business.
- An uncomplicated structure.



www.pipelinetrust.com.au

Australian
Pipeline Trust

