



APA Group
UBS Emerging Australian Companies Conference

Mick McCormack, Managing Director

Sydney, 1 April 2009

APA is Australia's leading gas pipeline business

Objective

- Maximise value for securityholders in the short, medium and long term
... by growing distributions and operating cash flow

Strategy

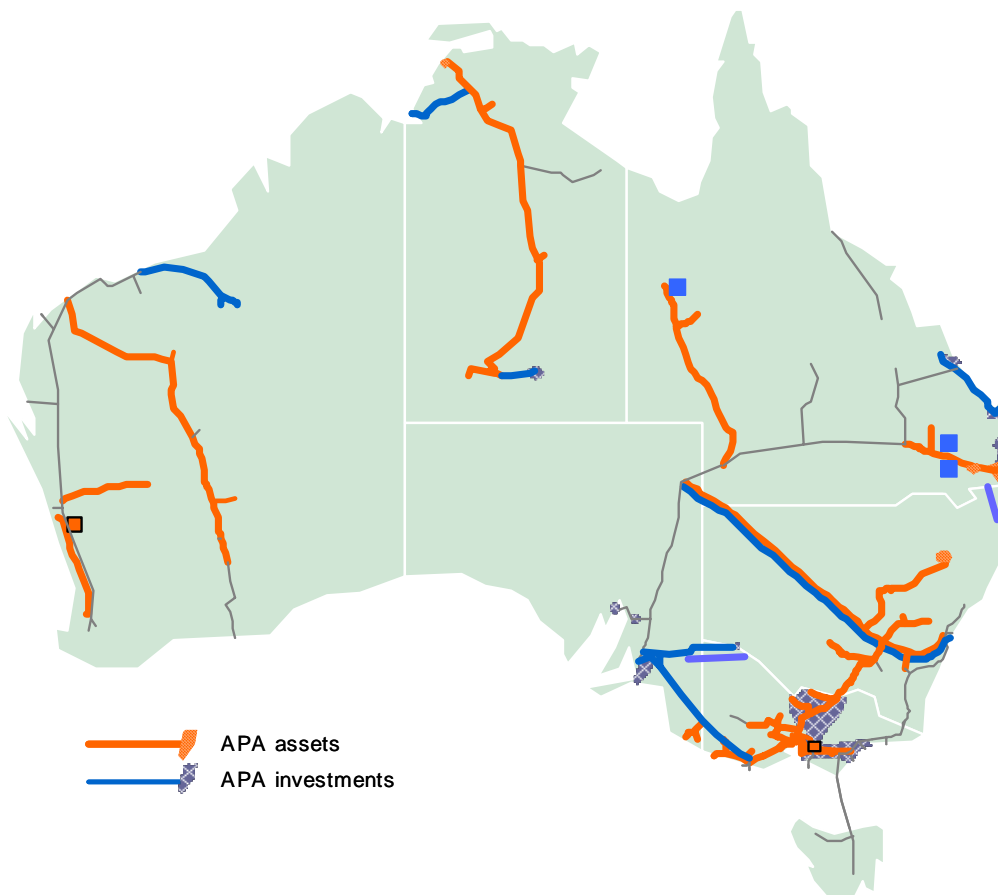
- Focus on gas infrastructure assets in Australia's growing gas market
... transmission, storage and distribution across Australia
and further enhance this portfolio of assets
- Pursue opportunities that leverage APA's knowledge and skills base
... commercial, regulatory, engineering and operational

APA Group owns and operates strategically positioned gas infrastructure assets across Australia

APA's gas infrastructure business

- Owner of strategic gas infrastructure across Australia:
 - More than 12,000 km of gas transmission pipelines
 - 23,000 km of gas distribution networks and 1.1 million connections (APA and Envestra)
- Internal management and operation of APA's wholly and partially owned assets/investments, with 1,100 employees

Gas transmission and distribution
Queensland Roma Brisbane Pipeline Carpentaria Gas Pipeline APA Gas Network
New South Wales Moomba Sydney Pipeline Central West Pipeline Central Ranges Pipeline NSW interconnect with Victoria
Victoria Victorian Transmission System Dandenong LNG facility
South Australia SESA Pipeline
Western Australia Goldfields Gas Pipeline(88%) Mid West Pipeline (50%) Parmelia Pipeline Monarra Gas Storage
Northern Territory Amadeus Gas Trust/NT Gas (96%)



— APA assets
— APA investments

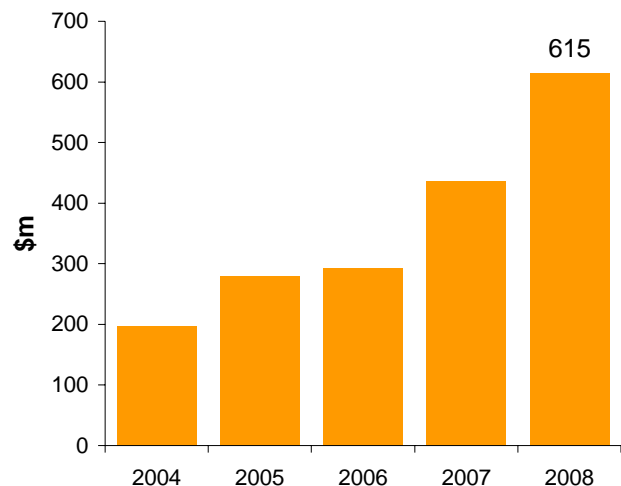
Energy investments
Energy Infrastructure Investments (19.9%) Bonaparte Gas Pipeline(NT) Wickham Point Pipeline(NT) Telfer Gas Pipeline (WA) Murraylink (SA-Vic) Directlink (NSW-Qld) X41 & Daandine power stations(Qld) Kogan Noth & Tipton West gas plants (Qld)
Envestra Limited (30.6%) Gas distribution networks (SA, Vic, Qld, NT) Alice Springs Pipeline(NT) Gladstone to Maryborough Pipeline(Qld) Riverland & Mildura Pipelines(SA-Vic)
SEA Gas Pipeline (33.3%)
Ethane Pipeline Income Fund (6%) Moomba Botany Ethane Pipeline(NSW)
Asset Management
Commercial and operational services to: <ul style="list-style-type: none"> - APA Gas transmission & distribution assets - Energy Infrastructure Investments - Ethane Pipeline Income Fund
Operational services to: <ul style="list-style-type: none"> - Envestra Limited - SEA Gas Pipeline

APA's strengths

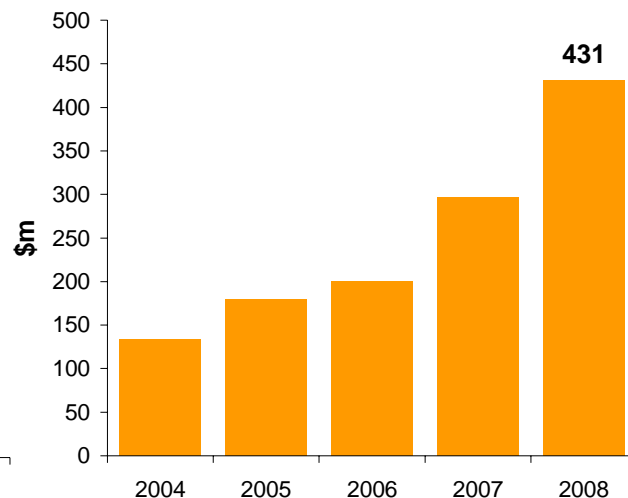
- **Unrivalled gas asset footprint** - largest gas transporter of natural gas across Australia by pipeline length, capacity and volume
- **Integrated portfolio of gas pipeline assets** - providing revenue and operating synergies
- **Attractive growth opportunities** – enhancing capacity in APA's existing pipelines serving major growth markets across Australia
- **Stable cash flow** – regulated and contracted revenue
- **Internally managed and operated business** – highly skilled and experienced workforce, extracting greater value from the business and responding to a dynamic energy market

Solid track record in delivering value

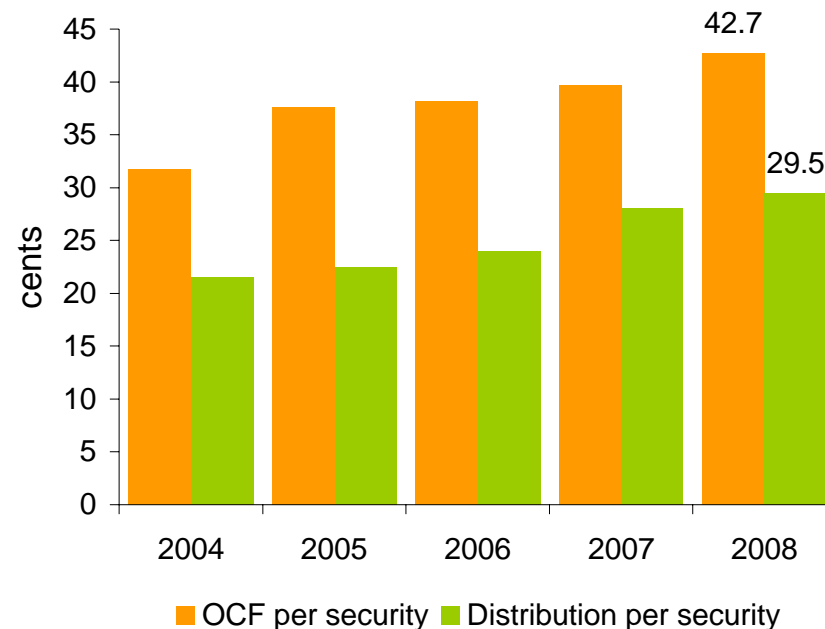
Revenue (excluding passthrough)



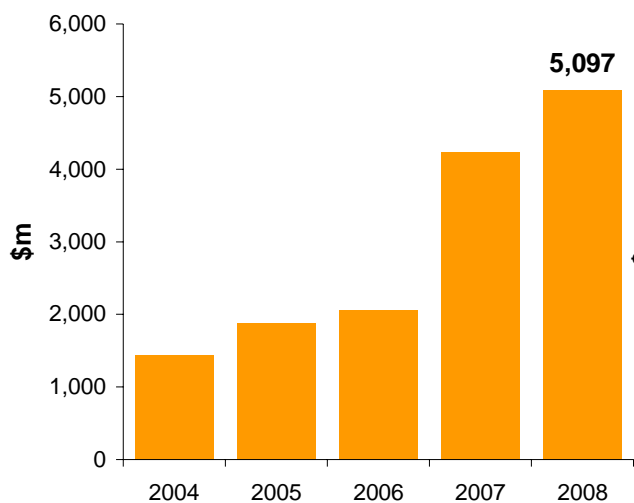
EBITDA



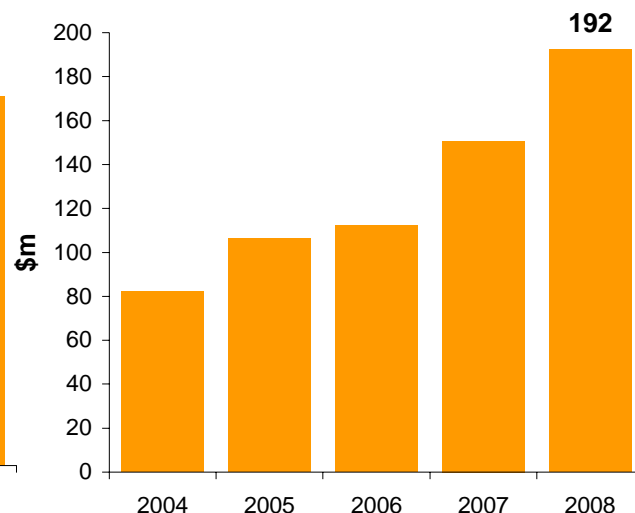
Operating cash flow and distributions per security



Total assets (at 30 June)



Operating cash flow



Continued strong underlying growth in 1H09

\$ million	1H09	1H08	Change	
Underlying revenue ¹ excluding pass-through	367.7	305.5	↑	20%
Underlying EBITDA ¹	248.8	214.7	↑	16%
Underlying NPAT ¹	56.7	44.7	↑	27%
Underlying OCF ²	122.8	109.3	↑	12%
Underlying OCF per security (cents)	25.8	25.0	↑	3.3%
Interim distribution	15.0	14.5	↑	3.4%
Distribution payout ratio	59.8 %	60.8 %		

(1) Adjusted for significant items, and includes Envestra distributions and complementary asset finance leases.

(2) OCF (Operating Cash Flow) - Net cash from operations after interest and tax payments, adjusted for significant items.

Distributions fully funded by operating cash flow

Strategic and operational highlights 1H09

- Completed the establishment of Energy Infrastructure Investments (EII)
 - Proceeds in excess of book value
 - \$647 million used to pay down debt
 - Strong equity partners – Marubeni Corporation and Osaka Gas of Japan
 - APA continues as asset manager for EII
- Construction of the Bonaparte Gas Pipeline
 - Completed ahead of schedule and on budget
- Organic growth on gas transmission pipelines
 - Goldfields Gas Pipeline, Carpentaria Gas Pipeline, Moomba Sydney Pipeline
- Attractive investments
 - Central Ranges Pipeline – part of APA's New South Wales pipeline system
 - Increase in Envestra equity interest to 31% (Feb 09)

Meeting strategic objectives and strengthening the business

Capital management

Strong balance sheet

- Cash and committed undrawn facilities of \$710 million at 31 December 2008
- Gearing* of 69.7% within target range of 65-70%
- Equity raising of \$80 million (FY09 to date) through SPP and DRP
- Interest Cover Ratio – 1.88x

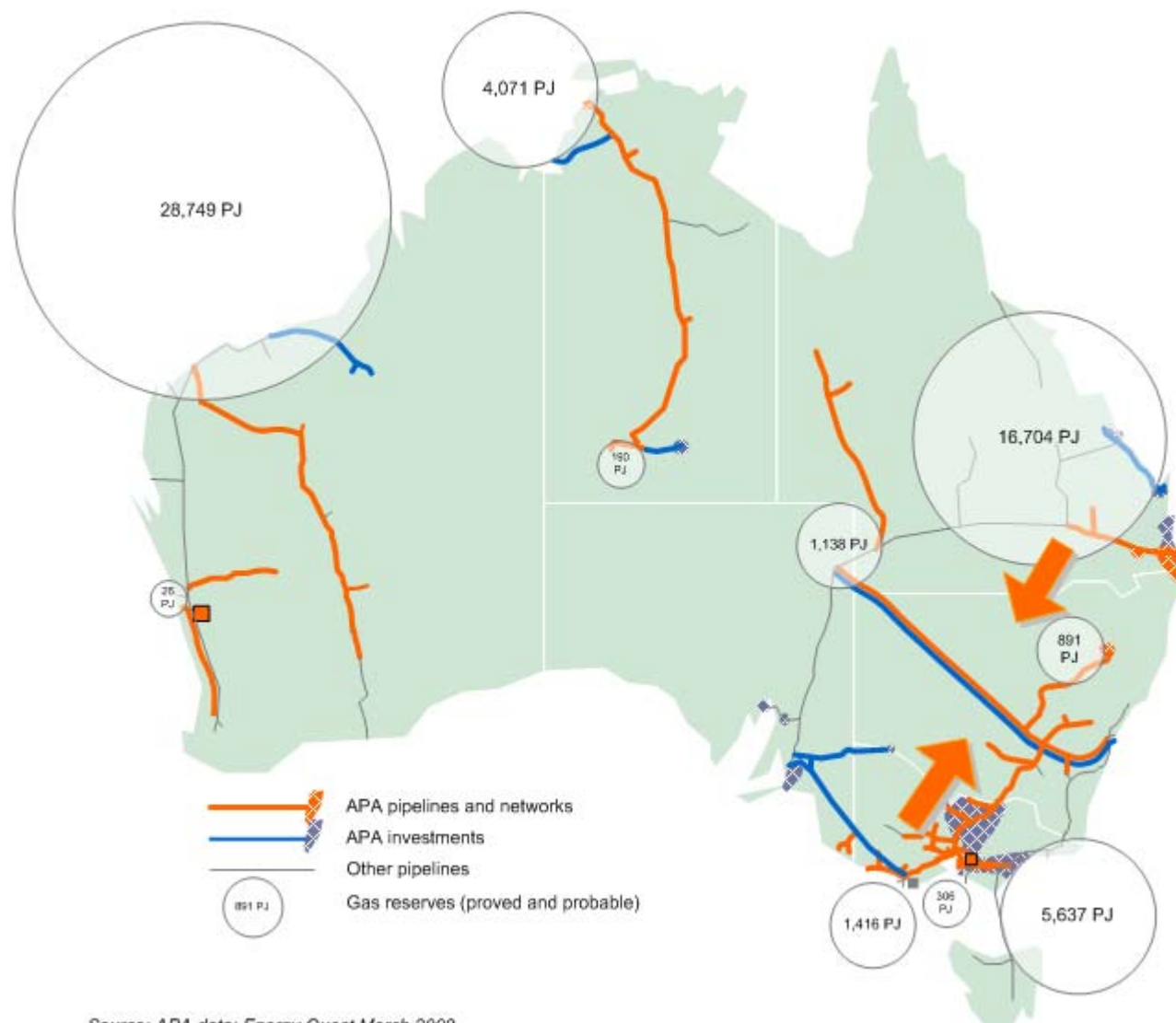
* Gearing ratio determined in accordance with the syndicated loan facilities.

Secure long term debt portfolio

- Refinanced \$150 million MTNs in August 2008 (plus additional \$15 million debt facility)
- Repaid \$300 million MTN in March 2009
- Interest rates - 80% fixed, with portfolio average interest rate of 7.44% (1H09)
- Recent debt raising experience - \$546 million for EII
- Prudent management of debt portfolio
 - Refinancing obligations spread over 13 years
 - Currently working the next debt refinancing due in June 2010

Committed facilities to support ongoing business growth

APA's quality gas infrastructure portfolio

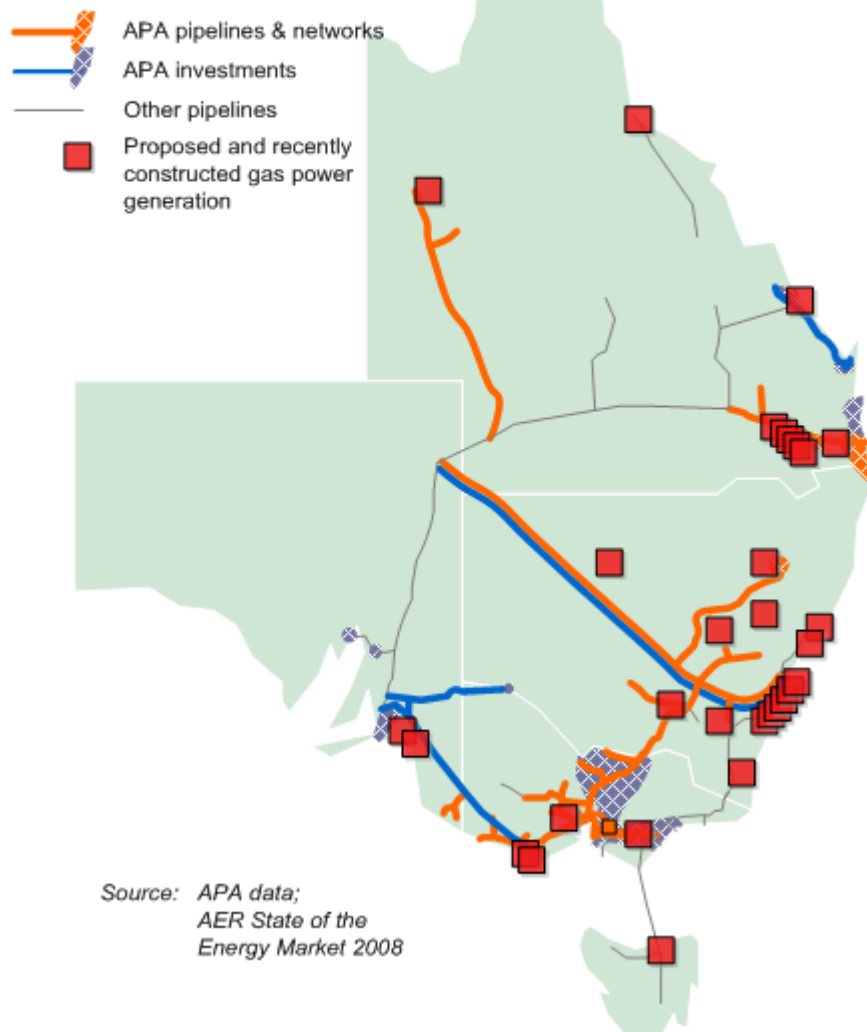


- Delivering gas from all major gas production sources to all major gas markets
 - More than 50% of gas used in Australia is transported through APA's pipelines
- Importance of APA pipelines in eastern states
 - Transporting more than 70% of gas in this region
- Continue to progress new links for gas between eastern states
 - Victorian conventional gas NORTH
 - Queensland/NSW coal seam gas SOUTH

Source: APA data; Energy Quest March 2009

Growing demand for gas - power generation

Location of new and proposed gas fired generation



Source: APA data;
AER State of the
Energy Market 2008

- Pipelines primarily sell capacity - gas fired power generation requires pipeline capacity and gas throughput:
- Baseload → volume throughput
- Peak/intermediate → capacity and storage

Growth in gas fired power generation



Growth in capacity






Growth in pipelines

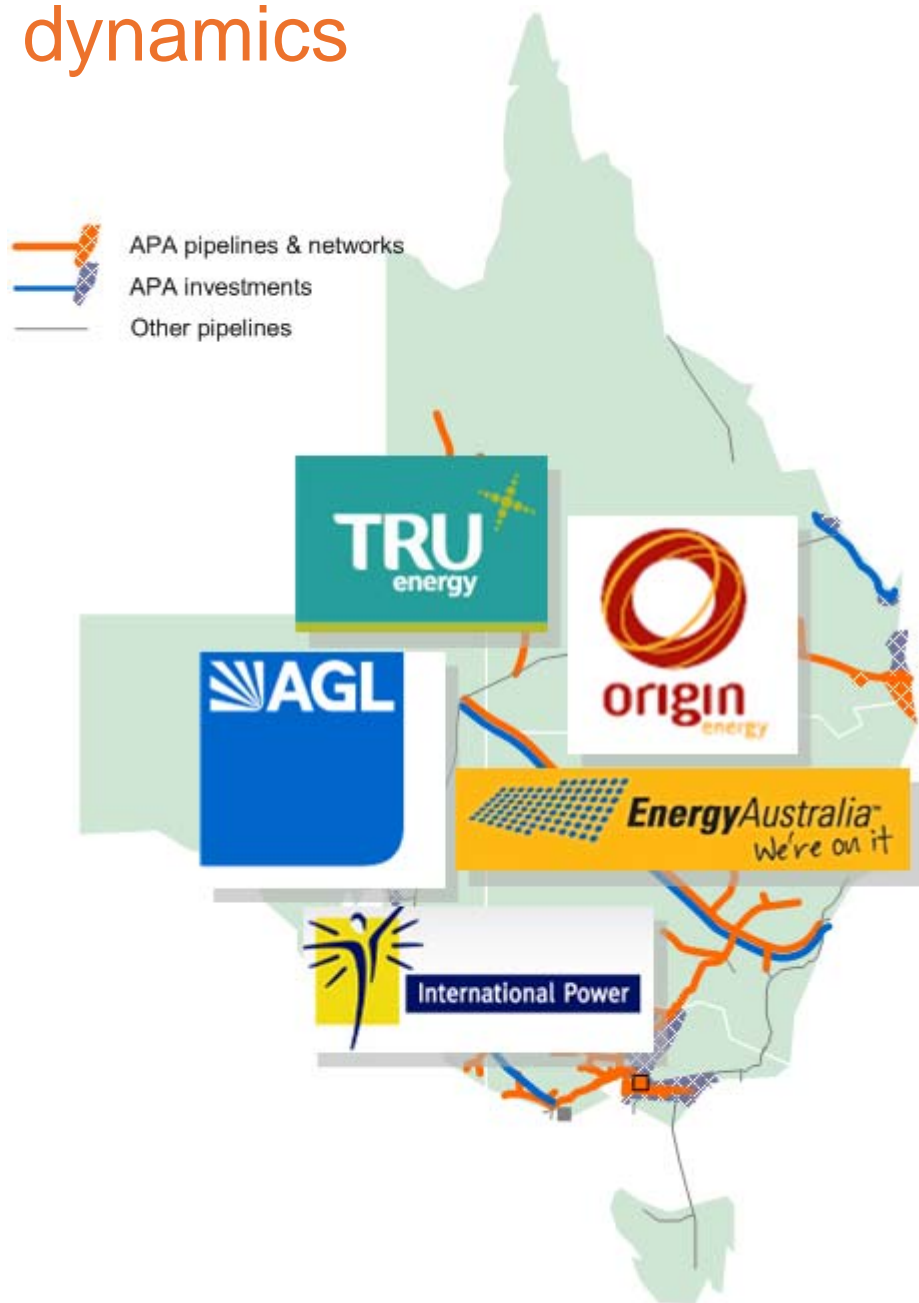
Opportunities in a carbon constrained environment

- Implementation of Carbon Pollution Reduction Scheme (CPRS) and expanded Renewable Energy Target (RET) requires significant new generation investments in the next decade.
 - \$33 billion in new generation capacity, including back-up gas fired generation capacity to support increased renewables (Acil Tasman)
 - Gas is a mature generation technology and is critical in providing peaking power.
- Federal Government is finalising the RET legislation
 - Committed to a 20% RET target (45,000 GWh in 2020)
- Draft CPRS legislation released in March – Treasury modelling suggests permit price of \$35-\$53 in 2020
 - Analysis of impact of \$42 permit price plus RET (Acil Tasman) suggests reduced coal fired generation, 15,000 MW of new capacity of which 7,000 MW is gas-fired plant and 10% reduction in emissions
- Significant new investment in gas networks and transmission will be required to facilitate uptake of gas-fired generation – transportation and storage services

APA has the infrastructure to provide services to new gas fired generation

Integrated pipelines facilitate retail market dynamics

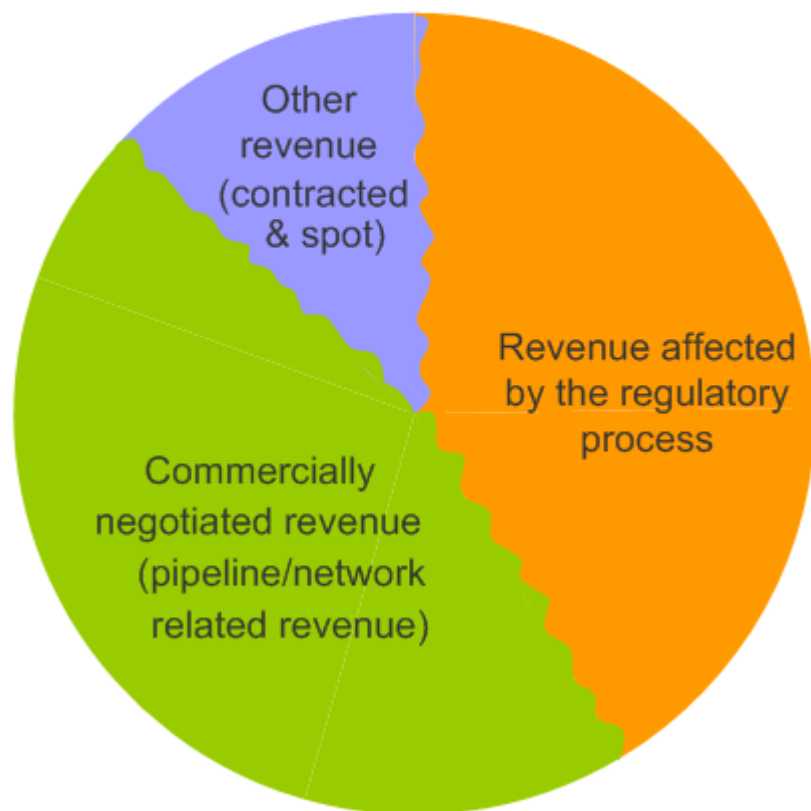
-  APA pipelines & networks
-  APA investments
-  Other pipelines



- Small number of retailers across east Australian gas and electricity markets
 - Three largest retailers (excluding NSW electricity) supply majority of the East Australian retail market
- Retailers' gas portfolios are diversified across gas basins and producers
 - Three largest retailers hold more than two thirds of east Australia's contracted gas
- APA's infrastructure can move gas from multiple supply sources to multiple markets
 - Cost advantage in expanding or augmenting existing infrastructure

Regulated and contracted revenue

APA revenue segments (excluding passthrough, post EII)



- Two categories of price regulated assets:
 - (1) Tariffs set by regulation eg Victorian Transmission System (VTS) and APA Gas Network;
 - (2) Tariffs set by regulation but existing contract terms remain

- Tariffs commercially negotiated for all other pipelines and new capacity on all pipelines (except VTS)
 - Light regulation applies to Moomba Sydney Pipeline (Marsden to Sydney) and Carpentaria Gas Pipeline in the event of a dispute with a shipper the regulator will arbitrate the tariff

Summary

- APA continues to deliver value to its securityholders through growth in distributions and operating cash flow
- Strong focus on capital management
- Quality portfolio of gas infrastructure assets throughout Australia
- Attractive growth opportunities with APA's pipelines serving Australia's major growth markets
- Internal management and operations to deliver further value to the business



Supplementary information

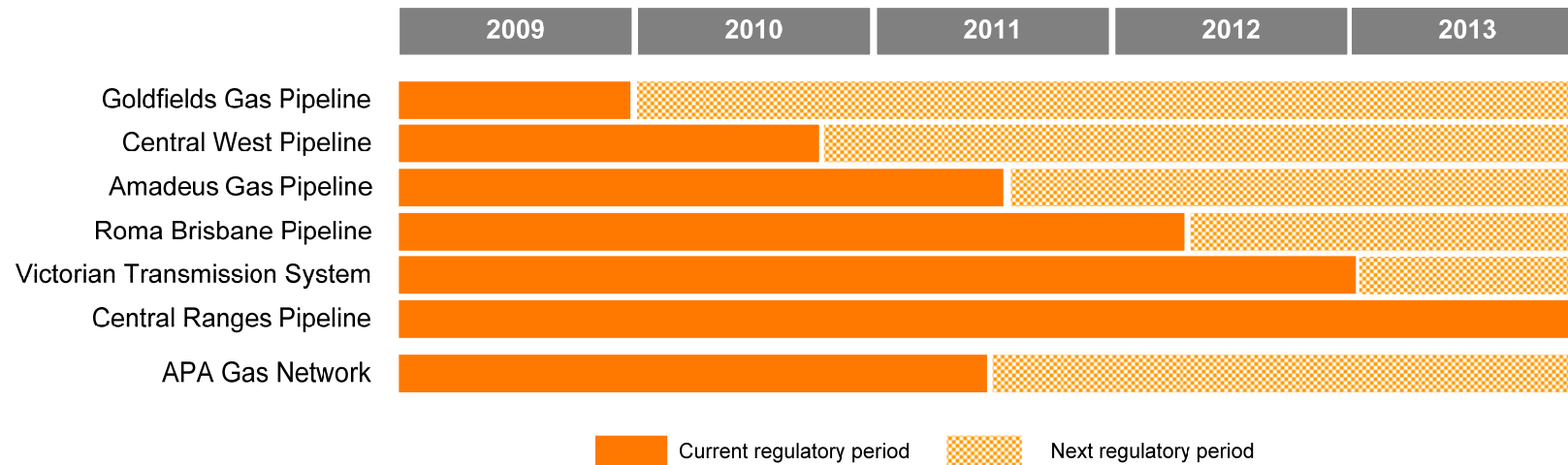
Total committed debt facilities (at 31 December 08)

Facility	Facility amount	Tenor
Medium term notes	\$300 million	March 2009
Bilateral borrowings ¹	\$165 million	July 2011
2003 US private placement	\$496 million	7, 10, 12 and 15 year tranches September 2010, 2013, 2015 and 2018
2007 Syndicated facility ²	\$1,800 million	Equal 3 year and 5 year tranches June 2010 and 2012
2007 US private placement	\$811 million	10, 12 and 15 year tranches May 2017, 2019 and 2022

(1) Facility is undrawn

(2) Amount drawn at 31 December 2008 was \$1,655 million

Regulatory resets over the next five years



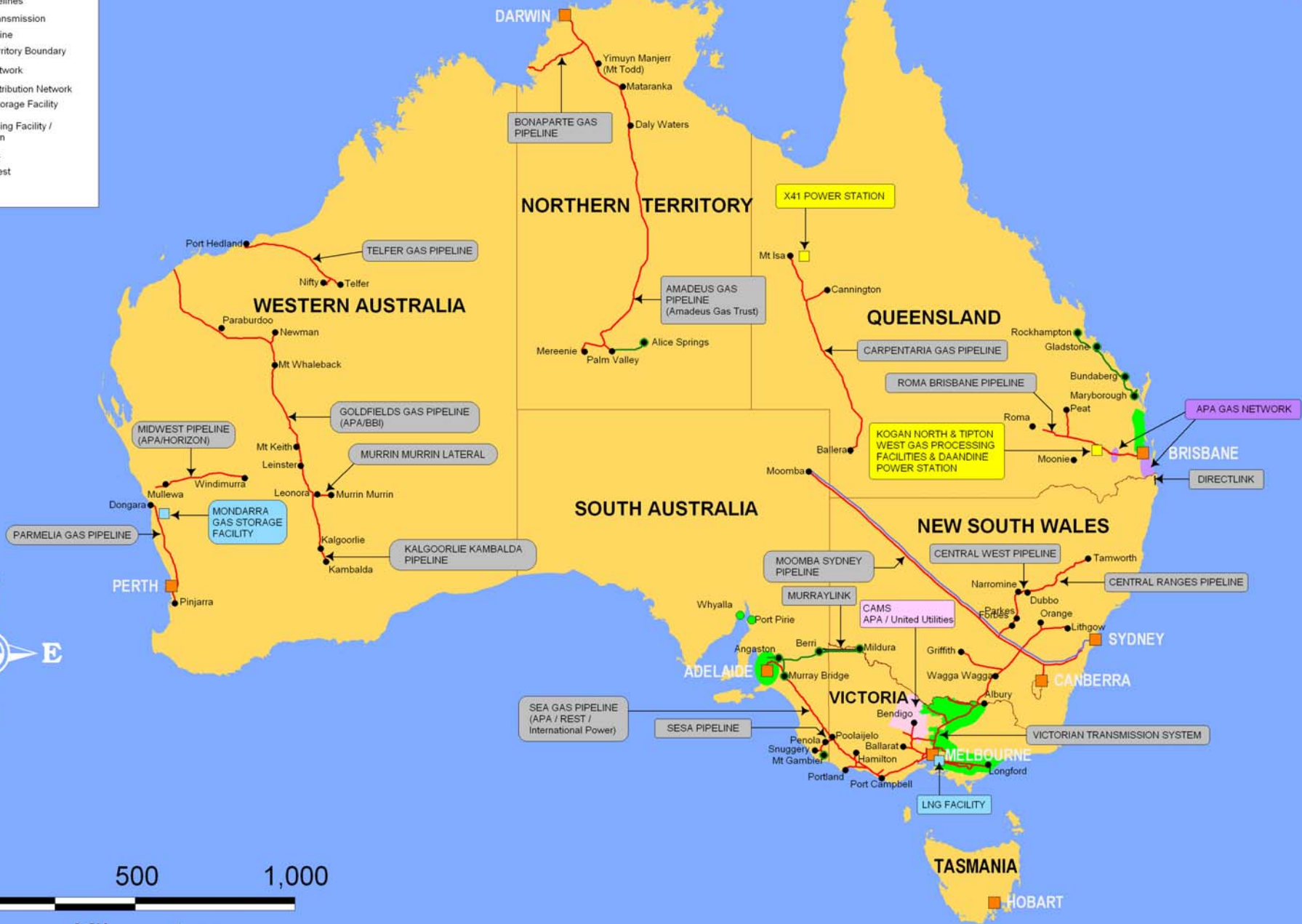
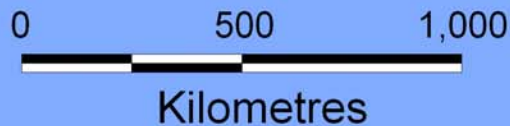
- The Carpentaria Gas Pipeline and Moomba Sydney Pipeline are now both Light Regulation pipelines.
- Murraylink and Directlink assets were sold to EII. The current regulatory revenue arrangements for these electricity transmission assets are due for reset in 2013 and 2015 respectively.

APA's ASSETS AS AT SEPTEMBER 2008

APA Group

LEGEND

- APA Pipelines
- Envestra Pipelines
- Electricity Transmission
- Ethane Pipeline
- State and Territory Boundary
- APA Gas Network
- Envestra Distribution Network
- LNG / Gas Storage Facility
- Gas Processing Facility / Power Station
- Capital Cities
- Point of Interest
- CAMS



Delivering Australia's energy



For further information visit APA's website

www.apa.com.au

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About APA Group (APA)

APA Group, comprising Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in almost 12,000 km of natural gas pipeline infrastructure, over 2,300 km of gas distribution networks in south east Queensland.

APA manages and operates all its assets and also provides management and operation services to gas distribution and transmission company Envestra and other third parties.