



19 October 2022

ASX ANNOUNCEMENT

APA Group (ASX: APA)

2022 APA Annual Meeting Speeches

APA Group (ASX:APA) today releases the addresses to securityholders to be given by the Chairman and the Acting CEO at the hybrid meeting.

The live webcast is available here: <https://meetings.linkgroup.com/agm/APA22/register>

Authorised for release by Amanda Cheney

Company Secretary
APA Group Limited

For further information, please contact:

Investor enquiries:

Andrew Gibson

General Manager Investor Relations

Mob: +61 404 865 984

Email: Andrew.Gibson@apa.com.au

Media enquiries:

Michael Cox

Head of Corporate Affairs

Mob: +61 429 465 227

Email: Michael.Cox@apa.com.au

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 also own and operate renewable power generation assets in Australia, with wind and solar projects across the country. APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group. For more information visit APA's website, apa.com.au.

**always
powering
ahead**

Chairman's address

Against the backdrop of significant disruptions to Australia's energy markets over the last year our FY2022 financial performance has again demonstrated the strength and resilience of APA's business and our track record of delivering reliable and solid results.

Compared to last year:

- Revenue was up 4%.
- Underlying EBITDA was also up 4%.
- And our free cash flow was strong, up 20%.

These results meant we were able to declare full year distributions of 53 cents per security in line with our guidance and up 4% on the prior year. This represented a continuation of our history of growth in distributions to securityholders over the last 18 years which says a lot about the robustness of our business.

We can also reiterate our guidance of expected distributions of 55 cents per security for FY2023. Our balance sheet remains strong and ensures we are well positioned to pursue growth opportunities and ultimately create sustainable, long-term value for you, our securityholders.

With energy dominating the headlines over the past year the need for an orderly and planned transition – where the lights stay on, and energy remains affordable – has come into sharp focus.

And with that – the critical role of our business in the energy transition has never been more apparent.

Australia's transition to net zero means there is a continuing need to invest in gas infrastructure. Over time, we believe a combination of natural gas, renewables and other technologies will provide the most economical, secure and rapid pathway to reaching this goal.

Through AEMO's Integrated System Plan (or ISP), we know that to meet the growing demand for electrification by 2050, the National Electricity Market is forecast to need to double the amount of electricity it delivers now and that is a massive task we face as a nation.

These circumstances among other things, influenced our announcement in August to call time on pursuing a US acquisition. Our focus is now solely on the Australian market – which is where we believe we can create the most value for our investors and communities.

Our organic growth pipeline currently exceeds \$1.4 billion – with many of these projects building momentum during the past year.

We're committed to ensuring the investments we're making in gas infrastructure, renewables, hydrogen and electricity transmission all contribute to a reliable, affordable and lower emissions future.

Consistent with that strategy, we have agreed to acquire Basslink – the 370km sub-sea electricity interconnector between Victoria and Tasmania, representing a significant opportunity to grow our electricity transmission business.

Our focus is to put Basslink on a sustainable footing and ensure that it plays a role in bringing new renewable generation onto the grid – as Australia winds down its reliance on coal – as well as providing energy security to Tasmania.

Over the past 12 months, we've consulted with our investors and other stakeholders to produce our Climate Transition Plan, which updates APA's 2021 commitment of net zero emissions by 2050 with more tailored targets, goals and commitments for the next three decades.

Most significantly, we have:

- Accelerated our net zero goal for power generation and electricity transmission from 2050 to 2040.
- Set a 2030 target of a 30% reduction in emissions for our gas infrastructure business. And set a 2030 goal of a 35% reduction in emissions intensity for our power generation portfolio – which we believe is an ambitious commitment given the Diamantina Power Station at Mount Isa is already one of the most efficient gas generators in Australia.

In addition, we have:

- Undertaken detailed work on our gas infrastructure to understand the capital required to support structural abatement of our emissions and committed to structural abatement in preference to acquiring carbon credits where it is reasonable to do so.
- We've also set a timeline for establishing a Scope 3 emissions goal.

These commitments and the pathway to get there are defined in our Climate Transition Plan, which will be put to a non-binding advisory vote today. It is our intention as we move forward to report progress on the Transition Plan on an annual basis and to hold an advisory securityholder vote on a three yearly cycle.

Before I finish, I want to recognise APA's previous CEO and Managing Director, Rob Wheals, for his contribution to the business over the last 14 years including the last 3 years as CEO and Managing Director. As evidenced by our FY2022 financial results, Rob has left the business in good shape, and we wish him all the best for the future.

As securityholders would be aware we are now conducting a comprehensive search for a new CEO but in the meantime, I'm confident our Acting CEO Adam Watson together with the other members of the executive leadership team, will continue to take the business from strength to strength.

In closing, I want to thank all of our employees, contractors and partners who have supported us and worked so hard over the past year to make it another successful one for APA. I also want to thank all our securityholders for your ongoing support.

I will now invite Adam Watson, to address the meeting.

Acting CEO's address

Thank you, Michael. And good morning everyone.

I would also like to acknowledge the Gadigal people of the Eora nation, Traditional Custodians of the land on which I am speaking today. I pay my respects to their Elders past, present and emerging.

It's an absolute privilege to be leading APA as the acting CEO during what is a very exciting time for our organisation and the energy industry more broadly.

There are three key topics I'll discuss with you today.

Firstly, I'll talk to our strong operational and strong financial performance we delivered in FY22. These results underscore the strength of our business to continue delivering benefits for our securityholders, for our customers and for our communities.

Secondly, I'll talk to our strategy.

This is underpinned by the tens of billions of dollars which will be spent to deliver Australia's energy transition.

And thirdly, I'll talk to our Climate Transition Plan, which supports our commitment to delivering better environmental, social and governance outcomes for all stakeholders.

A great example of how our financial performance, our strategy and our Climate Transition Plan converge – is yesterday's announcement confirming our agreement to acquire Basslink – the sub-sea electricity cable connecting Tasmania and the mainland.

We've agreed to acquire a great business, with great people. And we've acquired a set of capabilities that will position us well to support Tasmania's renewable energy plans, as well as the connections necessary to support the development of new energy solutions, such as offshore wind farms, more broadly across Australia.

I'll talk more about this shortly.

But first let's start with our FY22 results.

I want to acknowledge that it's our fantastic people who deserve the credit for delivering such a solid result.

Our operational performance was impressive, ensuring our customers were provided with their energy needs when they needed it.

And we continue to make good progress with improving the safety and wellbeing of our people, as reflected in our Total Recordable Injury Frequency Rate where there was a significant improvement achieved during the year.

But there is always more we can do, and we continue to remain focussed on continually making improvements.

Our FY22 financial performance highlights APA's solid foundations that continue to take the business from strength to strength.

These include:

- Our strong balance sheet
- Our inflation linked revenues
- Our strong cashflow conversion
- And our diverse customer-base.

We remain focussed on delivering value for our investors, customers, and communities.

Distributions are an important way to create value for our investors.

We are always looking to ensure we get the balance right between delivering distribution growth and retaining an appropriate level of cashflow to internally fund our organic growth pipeline. We do this through our strong balance sheet and our focus on capital management.

Our financial performance year to date in this financial year, that is FY23, is progressing well and remains on track to deliver our FY23 distribution guidance of 55 cents per security.

We're pleased that both FY22 and FY23 will deliver almost two decades of year-on-year distribution growth for you, our securityholders.

Now to our strategy.

As Michael outlined, this is an exciting time for APA as we continue to grow and invest in support of Australia's energy transition.

Key to an effective energy system – and a successful energy transition – is ensuring they deliver 4 outcomes.

That is, energy that is (1) safe, (2) reliable, (3) affordable and (4) low emissions.

I'm excited about the role APA can play to deliver this for all Australians, given our experience and exposure to renewables, electricity transmission, gas firming and future fuels.

Our strategy for growth and value creation is underpinned by the fact that Australia's entire energy system is undergoing enormous change.

Right now, coal represents around 60% of our East Coast electricity market.

And the retirement of Australia's coal-fired power generators is accelerating.

This will command significant investment in renewable power generation.

And as an owner, operator and developer of renewable power generation – this is a space APA knows well – and will continue to focus on.

An example is the development of our Mica Creek Solar Farm in Mount Isa, Queensland. It will be Australia's largest solar farm outside the National and Western Australia electricity markets. I visited the project just last week and it's truly impressive.

All of the new renewable power generators need to be connected via electricity transmission.

This is another area in which we have experience and will continue to play a leading role.

Our acquisition of Basslink will further enhance our electricity transmission capability and expose us to new energy markets. We will be the owner and operator of Australia's major sub-sea electricity transmission line.

This acquisition will give us further skills and experience to help Tasmania achieve its growth ambition to be a major renewable energy producer.

We can also potentially help Australia achieve its ambition of being a major producer of energy from offshore wind farms. We now have an Australian owned business – APA – with the expertise to connect these wind farms to the grid.

We're looking forward to working with the State of Tasmania to put Basslink on a sustainable footing and safeguard its critical role in connecting Tasmania to the National Electricity Market.

The investment opportunities in renewable power generation and electricity transmission are clearly attractive.

At the same time, we know gas is essential to fast-track renewables and deliver the most secure, reliable, affordable and low-emissions pathway to the decarbonisation of Australia's energy system.

As we see record levels of supply coming from solar and wind, the firming role of gas-fired powered generation will be increasingly important to ensure grid stability.

When the sun doesn't shine, or the wind doesn't blow, or where renewable power simply isn't intense enough to support major industrial users, gas will be required to step in.

This is a scenario we've seen play out in Australia recently, and we're seeing it play out right now in other parts of the world such as Europe.

The role of gas to secure our energy system is critical.

The 2022 electricity crisis in the National Electricity Market has been challenging for our customers.

However, we're doing all we can to support them with the safe and reliable supply of energy solutions.

This includes delivering key projects like the expansion of our East Coast gas grid, which we initiated ahead of market requirements, to help avoid the then forecast gas supply shortfalls of winter 2023.

As a nation, it will be crucial that governments, communities and the private sector work together. This way we can develop solutions and pathways to ensure the energy transition is delivered in a structured and coordinated way.

The energy market needs sensible policy, and it needs the right incentives and support in place.

And we need to be sensible about our energy sources to ensure our energy system is safe, reliable and affordable, as well as low emissions.

At APA, we're working hard to find ways to play our part in developing the infrastructure required to support the energy transition for the future.

Our Pathfinder program, which is looking a long way into the future, is working in partnership with customers, universities, governments and key industry participants.

It's looking at the necessary transportation and storage infrastructure to support future fuels such as hydrogen and biogas.

Some of this infrastructure will be new, and some will be from the conversion of APA's existing assets.

While the viability of these future fuels is still a long way away, we recognise the importance of doing the hard work now, to ensure we can support Australia in the future.

We also remain focussed on delivering our existing \$1.4 billion organic development pipeline that is supporting our energy needs of today.

Right now, this includes projects like the:

- The Western Outer Ring Main in Victoria
- The pipeline connection to the Hunter Power Project in NSW
- The Northern Goldfields Interconnect project in Western Australia
- And the Mica Creek Solar Farm in Queensland.

Now to our Climate Transition Plan.

A team of representatives across all of the functions and operations of APA have worked hard over the past twelve-months to bring this Plan to life.

We've sought to align our targets and goals with the objectives of the Paris Agreement.

And we've taken a considered approach to assessing the tangible opportunities for emissions reduction – prioritising structural abatement where we can.

As Michael said, these opportunities are based on proven technologies.

We believe our targets and goals are achievable and we will continue to push ourselves to make further improvements in the future.

But our Plan is just one part of our Sustainability Roadmap that we've significantly progressed during FY22.

We've also invested in initiatives consistent with our Roadmap to further improve outcomes for our communities, our First Nations' stakeholders, our customers and our securityholders.

At a community level, we commenced implementation of our new Community and Social Performance Strategy, to further improve the way we support our host communities.

Additionally, we're working to establish a responsible procurement strategy, which will involve developing APA's approach to sustainable, ethical and socially responsible procurement.

We've already signed up to Supply Nation and Social Traders – to drive our supplier diversity and better incorporate First Nations' businesses into our supply chains.

As an Australian business, we are proud of the important role we play in our economy and our communities.

We're proud of the work we do with governments.

We're proud of the partnerships we have formed with local communities.

And we're proud of the jobs we create in regional areas.

Just this year, we expect to create about 575 jobs to deliver our Northern Goldfields Interconnect Pipeline – and around 160 jobs for the Mica Creek Solar Farm, at the peak of construction.

In summary, APA is making good progress.

This is all achieved through the hard work of our 2,100 employees. To the APA team, I say thank you.

You've once again displayed resilience, adaptability and flexibility during the COVID challenges of 2022.

We will continue to invest in our people, systems and processes to ensure we have the necessary capabilities to support our next generation of growth.

I also want to take this opportunity to thank the executive team for their hard work, support and leadership. I'm confident this team will continue to deliver value for you, our securityholders, while improving the lives of our communities.

And thank you to our Board, and to you – our Securityholders – for your ongoing support of APA.

We're a strong business, with strong foundations and with a great future, and we're proud to be at the forefront of responsibly transitioning Australia's energy system.

I'll now hand back to the Chairman.