



8 May 2020

ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA 2020 Virtual Investor Day

APA Group (ASX: APA) today provides the attached presentations from APA Group's management team in relation to its 2020 Virtual Investor Day.

The Virtual Investor Day will be [webcast](#) live at 8:30am (Sydney time) today, Friday 8 May 2020. A replay of the webcast will be made available on APA's website to view on demand for those unable to attend the live webcast. Further details are available on APA's website in the [investor reports and presentation](#) section.

A handwritten signature in black ink, appearing to read 'N Codevelle', written in a cursive style.

Authorised for release by Nevenka Codevelle

Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating around \$21 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

APA Group

investor briefing day

2020.



Friday, 8 May 2020
Virtual event



Disclaimer



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All references to dollars, cents or '\$' in this presentation are to Australian currency, unless otherwise stated.

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APA Group believes that there are reasonable grounds for these forward looking statements and due care and attention have been used in preparing this presentation. However, the forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions and are subject to risk factors associated with the industries in which APA Group operates. Forward-looking statements, opinions and estimates are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of APA Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements, opinions and estimates. A number of important factors could cause actual results or performance to differ materially from such forward-looking statements, opinions and estimates.

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Agenda

8:30am **Jennifer Blake**
Investor Relations
-welcome & logistics

8:33am **Rob Wheals**
CEO & Managing
Director
-overview & growth
opportunities

9:03am **Ross Gersbach**
President North American
Development
-US update

9:21am **Hannah McCaughey**
GE Transformation &
Technology
-megatrends & energy
transformation

9:33am **Q&A session**

10:05am 15m **BREAK**

10:20am **Darren Rogers**
GE Operations
-overview

10:28am **Craig Stellan**
Acting GE Strategy &
Commercial
Kevin Lester
GE Infrastructure
Development
-Orbost project

10:36am **Peter Fredricson**
Chief Financial
Officer
-capital
management

10:45am **Nevenka Codevelle**
GE Governance &
External Affairs
-working with
stakeholders to create
long term value

10:51am **Elise Manns**
GE People, Safety &
Culture
-unique environments
& PSC focus areas

11:00am **Q&A roundup**

~11:30am **END**



Ask a question

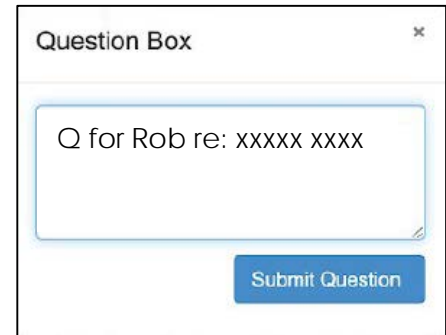
At any time during the webcast, you can submit a question using the **ASK A QUESTION** box on the webcast dashboard:

3. To **close the dashboard view at any time** click the **minus button** at the top of the dashboard menu.



1. Select the **'Ask a question'** box under 'Interact' on the dashboard menu.

2. A **question box will pop-up** where you can **type and submit your question**. No need to include your details.



Analysts using the **teleconference facility dial *1**

Rob Wheals

CEO & Managing Director

- Welcome & overview
- The changing energy landscape
- Purpose, vision & strategic imperatives
- Decision compass, values & customer promise
- Operating model and leadership team
- Growth opportunities
- Summary



A leading Australian energy infrastructure business



our footprint



Market capitalisation
 \$12 billion (as at 1 May 2020)
 \$0.6 billion (as at 30 Jun 2000)



Assets owned/operated
 ~\$21 billion



Credit ratings
 Moody's: Baa2 (outlook Stable)
 S&P: BBB (outlook Stable)



Listed
 S&P/ASX 50



Employees
 ~1,800



Register composition
 Securities on issue: 1,179.9 million
 Securityholders: ~75,000
 Institutional/retail: 70:30
 Domestic/international: 75:25



Gas transmission⁽¹⁾
 15,425 km transmission pipelines



Gas distribution⁽²⁾
 ~29,000 km gas mains & pipelines
 ~1.4 million gas consumers



Gas fired power generation⁽¹⁾
 418 MW



Renewable energy generation⁽¹⁾
 149.3 MW Solar
 342 MW Wind



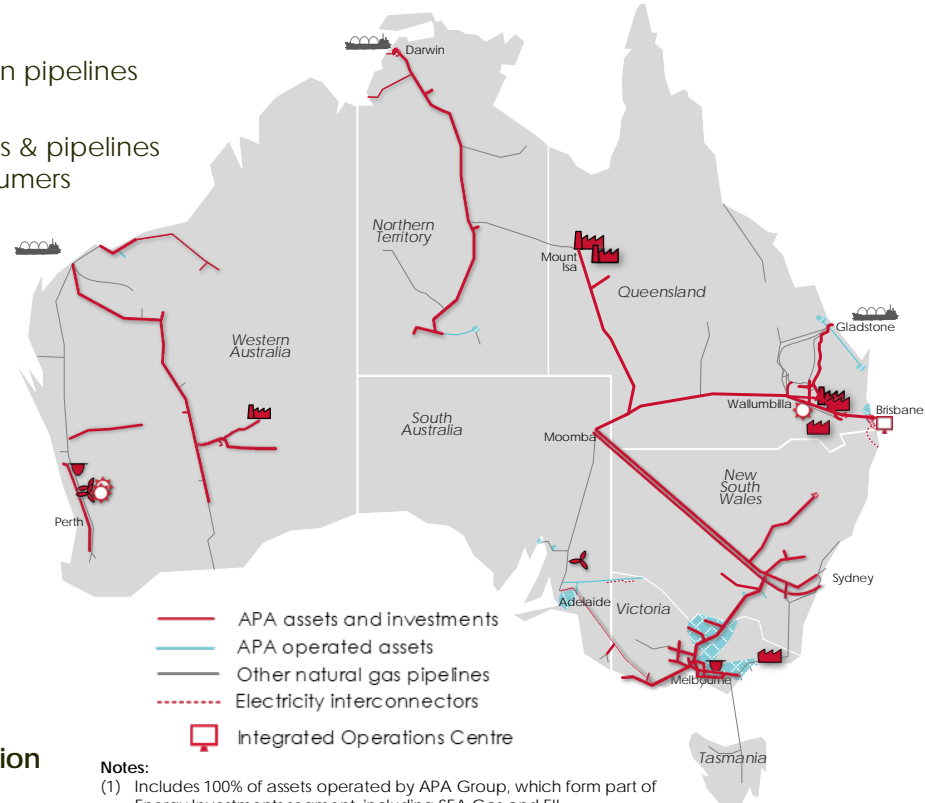
Gas storage
 12,000 tonnes LNG
 18 PJ gas



Gas processing
 113 TJ/day⁽³⁾
 processing plants



Electricity transmission
 244 km HV



Notes:

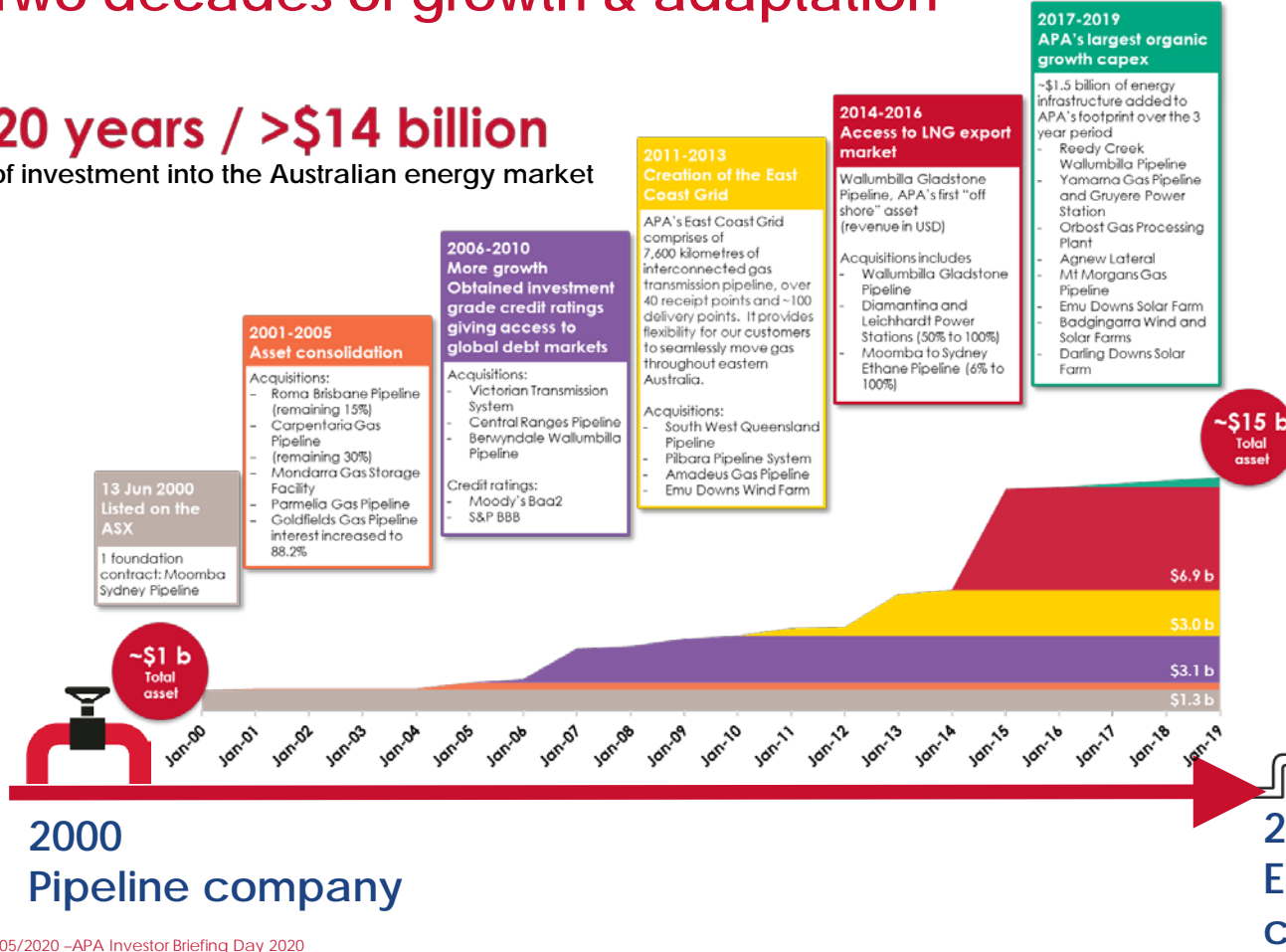
- (1) Includes 100% of assets operated by APA Group, which form part of Energy Investments segment, including SEA Gas and EII.
- (2) Includes 100% of assets operated by APA Group in Queensland, New South Wales, Victoria and South Australia.
- (3) Includes Orbest Gas Processing Plant at 68 TJ/day nameplate capacity.

Two decades of growth & adaptation



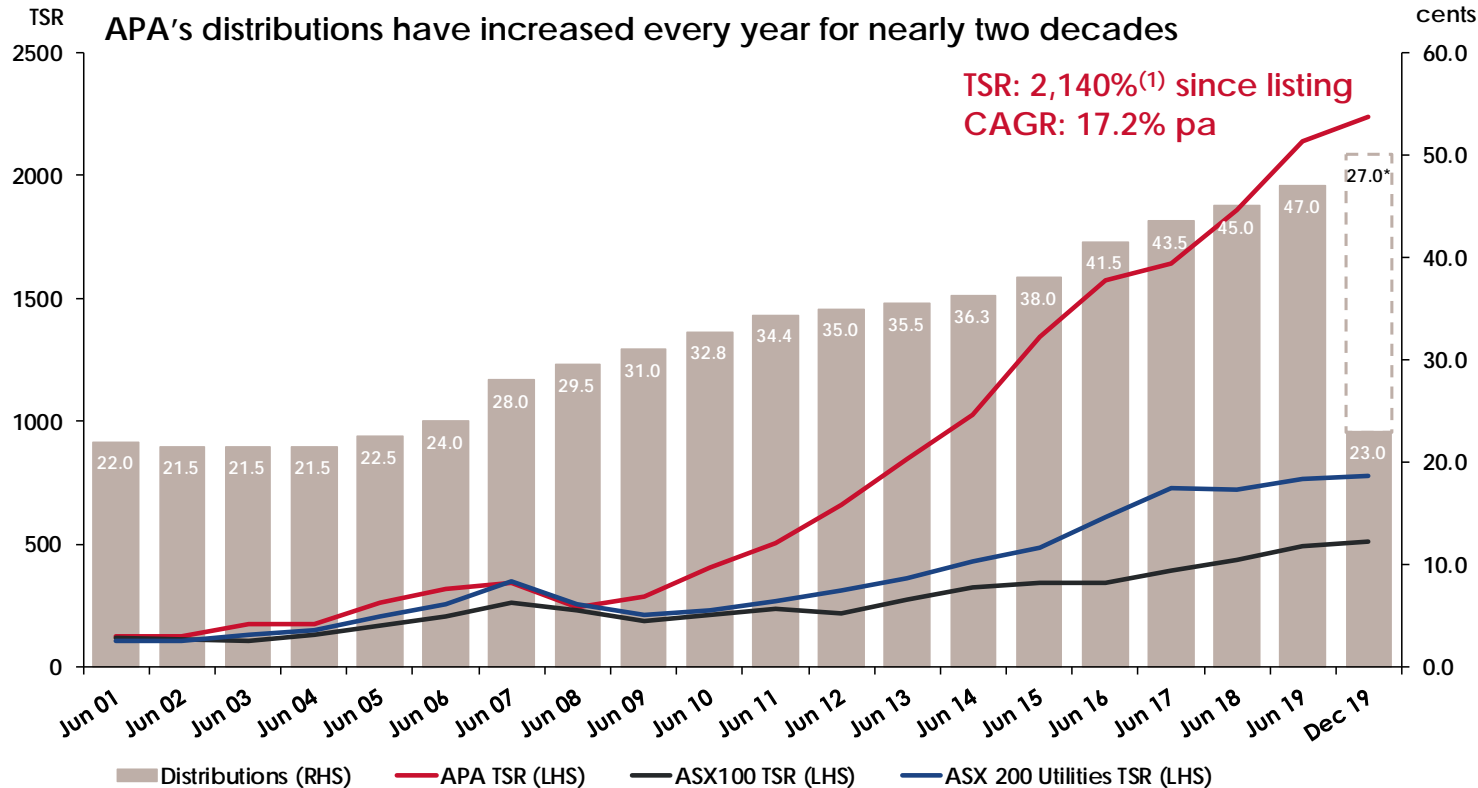
20 years / >\$14 billion

of investment into the Australian energy market



20 years creating value for securityholders

strong track record



Note: 1) Indexed from 13 June 2000, the date of APA's listing on the ASX to 31 December 2019

* Estimated distribution for 2H FY2020

Covid-19 & oil prices

- Pivotal part of essential service supply chain
 - capacity contracts & regulated revenues protect against near-term volume risk
 - but not entirely immune from longer term economic downturn
- Employees have responded to the challenge
 - enabled continuing strong results & confirmation of distribution guidance
- Ample liquidity & available headroom with ratings metrics
 - debt markets remained open to increase liquidity and reduce cost of debt
- Near term organic growth likely to be impacted in current environment
 - base-case is U-shaped recovery, possibly extended, with some customer decisions deferred
- Optimal timing for acquisitions may be pushed out
 - although current market might create unique opportunity if right target identified

Long-term success driven by fundamentals

- Growth in global energy demand
- Resilience of our low risk business model through economic cycles
- Portfolio of high-quality long-life assets
- Strong skills and capability to navigate a constantly changing environment
- Operational and safety excellence
- Financial strength and flexibility

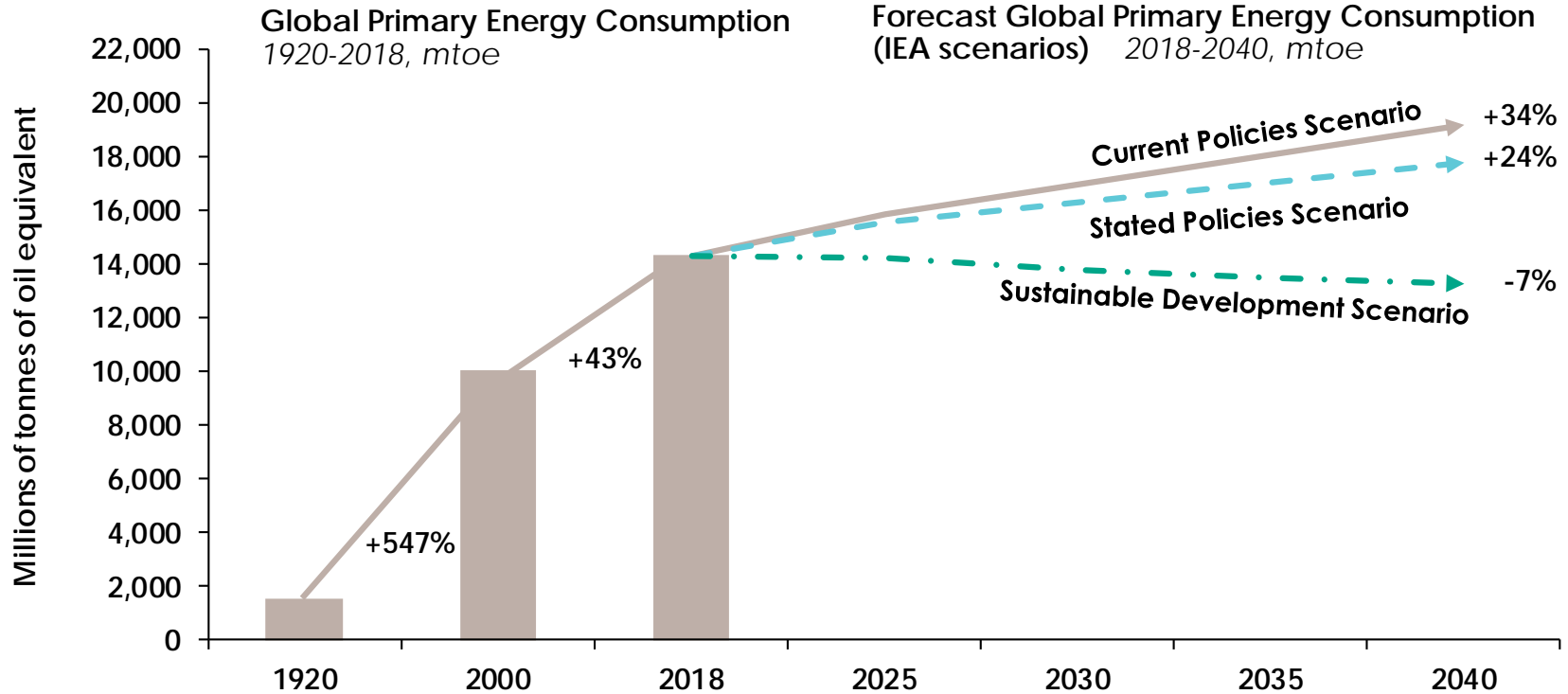
Rob Wheals

CEO & Managing Director

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global primary energy demand continues to grow under most scenarios



Source: IEA World Energy Outlook 2019, Vaclav Smil (2017)

The energy transformation is underway

significant ongoing investment required

Transformation is underway

- Coal to renewables & gas
- Rooftop solar
- Consumers selling into grid
- Electrification e.g. EVs
- Customers & technology

Challenges & opportunities

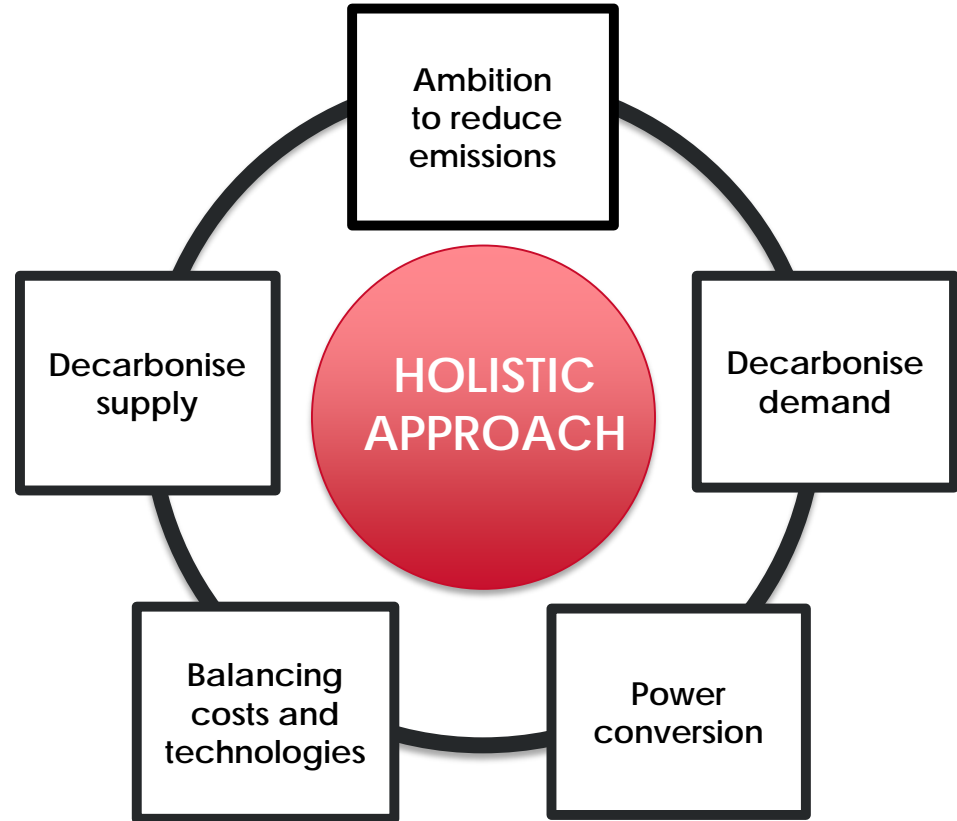
- Firming generation
- Market structure
- New gas supply
- New technologies
- Emotions versus economics

Significant ongoing investment in generation required ~ US\$122bn ⁽¹⁾ for Australia

Source: (1) Bloomberg New Energy

Transformation requires an holistic approach

- Ambition needs to be supported by a plan
- Plan needs to include impact on costs, reliability and resilience



A spectrum full of business opportunity for APA

along the entire decarbonisation continuum

low decarbonisation

Illustrative

deep decarbonisation

\$ Alternative Policy approaches

\$\$\$\$\$\$\$

lowest investment

highest investment

Status quo	Partial decarbonisation (~50% by 2050)	Technology Transition decarbonisation (~75% by 2050)	Net zero carbon (~100% by 2050)
<ul style="list-style-type: none"> Economic transition from coal to gas & renewables Some policy intervention New technology where economical 	<ul style="list-style-type: none"> Transition away from coal to gas and renewables Partial EV Energy efficiency New technology through customer adoption 	<ul style="list-style-type: none"> Carbon power offset High EV take-up Large-scale energy efficiency Net zero carbon fuel & new technologies <ul style="list-style-type: none"> - Biogas; ren. methane - CCUS - Hydrogen - Batteries 	<ul style="list-style-type: none"> 100% carbon power offset Very high EV take-up Liquid fuels transition to Hydrogen Net zero fuels and other new technologies where electrification not feasible

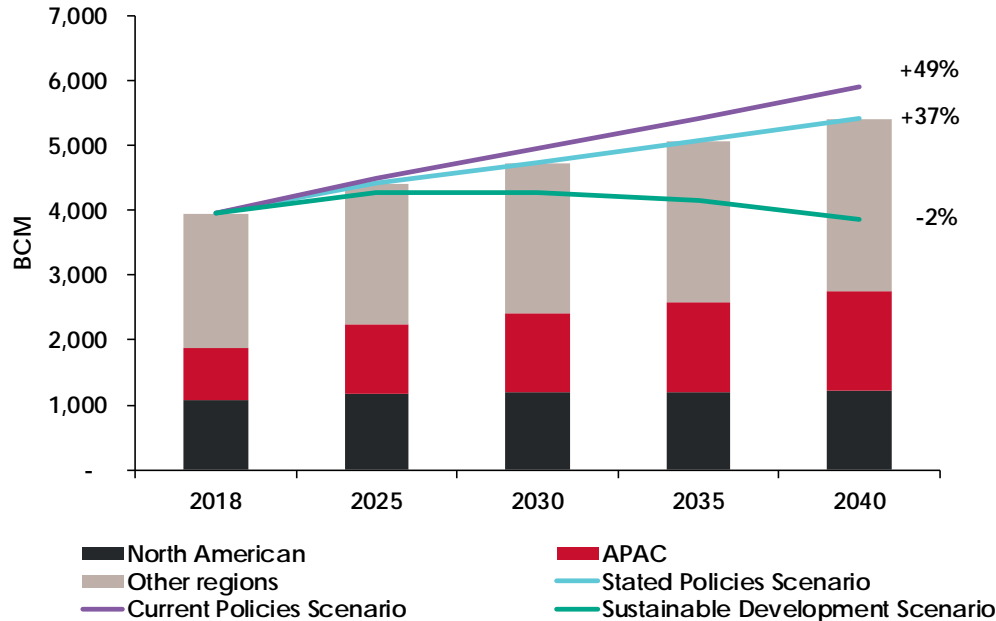
Historic asset classes

New asset classes

Gas is a key enabler of the future energy mix regardless of future scenario



Total forecast worldwide natural gas usage



The future of gas

- Electricity – decarbonising & firming
- Industrial – key energy source
- Residential & Commercial – cost efficient and small emissions contribution
- Growth in our target regions

Source: International Energy Agency (IEA 2019), "World Energy Outlook 2019", IEA, Paris <https://www.iea.org/reports/world-energy-outlook-2019>

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APA - embracing change – adapting and leading



Purpose: *why we exist*

We strengthen communities through **responsible energy**

By **responsible energy** we mean:

- Doing the right thing, even in tough situations
- Creating value for all our stakeholders
- Taking a long term view, being here for future generations
- Investing in new technologies & new energy
- Innovating for a sustainable future



Vision: *what we aspire to*

To be **world class** in energy solutions

As **world class** we want to be known for:

- High integrity & credibility
- Leadership in responsible energy
- Customer focus
- Operational capability, safety & environmental performance
- Where people are proud to work
- Making a positive impact on communities

Our Strategic Imperatives



Strategic imperatives

(Where we aspire to be world class)

People & Culture	<ul style="list-style-type: none">• Empower employees to make decisions.• Foster robust governance.• Reward the right behaviours.
Operational Excellence	<ul style="list-style-type: none">• Leverage our expertise to drive value.
Customer Centric	<ul style="list-style-type: none">• Provide single point of accountability.• Allow us to provide the right solution every time.
Financial Strength	<ul style="list-style-type: none">• Optimise value, efficiency and effectiveness.• Ensure costs are controlled and justifiable.
Growth & Innovation	<ul style="list-style-type: none">• Position us for future growth and success.
Stakeholder Relationships	<ul style="list-style-type: none">• Enable us to build strong internal and external relationships.

Our Decision Compass, Values & Customer Promise



Our **Purpose** is we strengthen communities through responsible energy.



Our **Vision** is to be world class in energy solutions.



Our **Decision Compass**:

- Do things safely.
- Take a long-term focus.
- Manage APA money as if our own.
- Do what we say we'll do.
- Know our reputation matters.



Our **Customer Promise** is to deliver service you value.

We will...

- Listen to understand.
- Enable our people to respond.
- Do what we say we'll do.

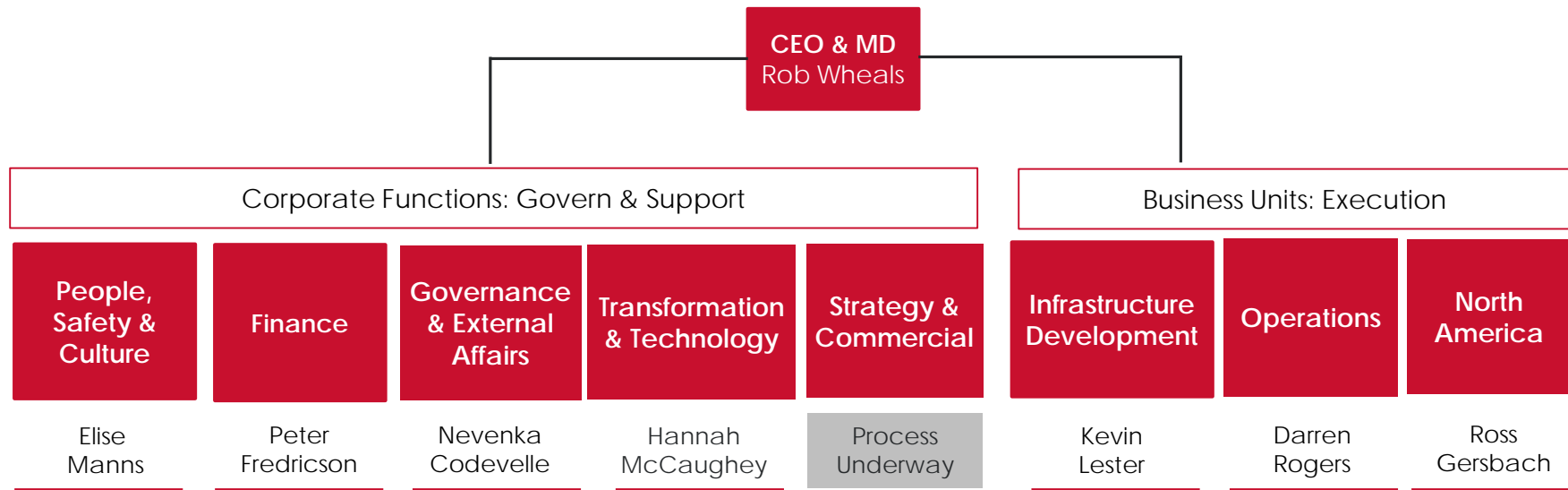


Our **STARS** values:

- S**afe.
- T**rustworthy.
- A**daptable.
- R**esults.
- S**ervice.

Operating model & leadership team

strategic alignment



Rob Wheals

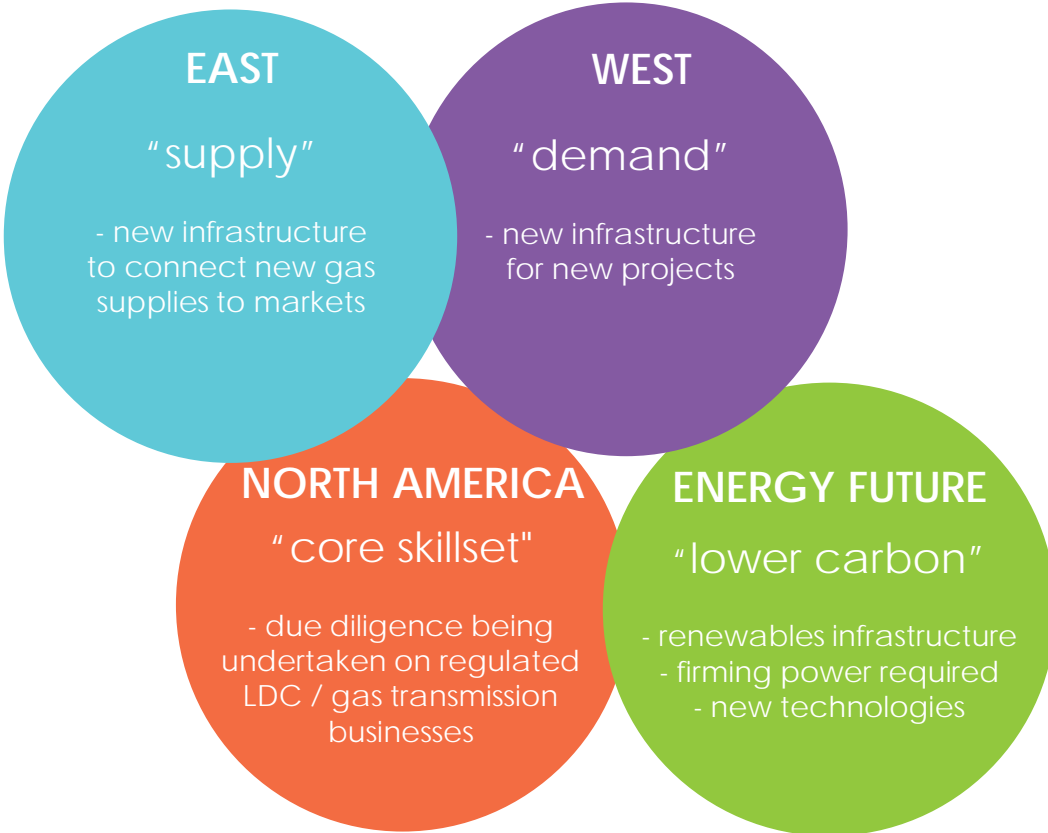
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growth strategy

playing a leadership role in a responsible energy environment



APA's strategy:

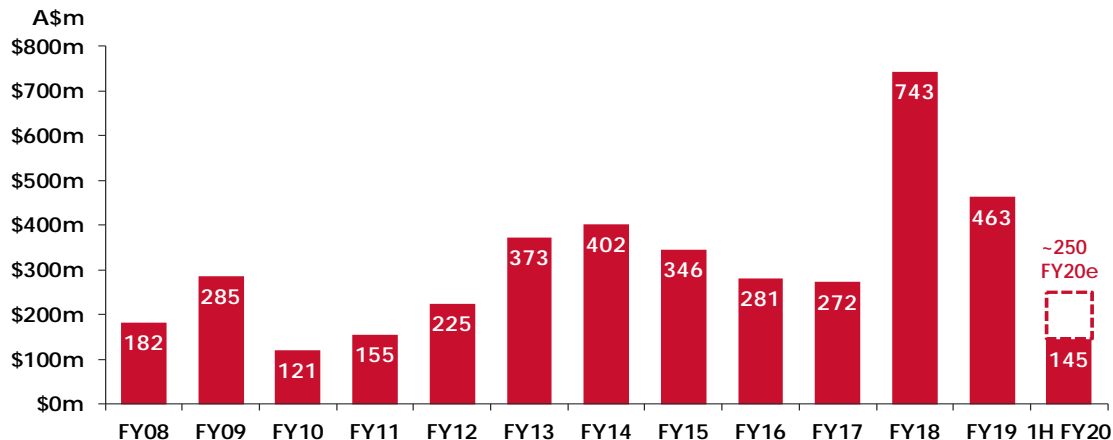
- Deliver services our customer value consistent with our Customer Promise
- Grow our pipelines and midstream portfolio
- Expand renewable and gas power portfolio
- Secure North American investment
- Deep exploration into technology transformation of energy
- Maintain BBB/Baa2 credit ratings

Line of sight to over \$4bn of growth opportunities

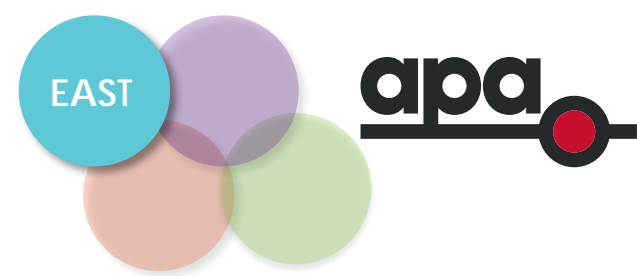


Track record of growth capex investment:

>\$400 m pa average over the last 5 years
>\$300 m pa average over the last 10 years

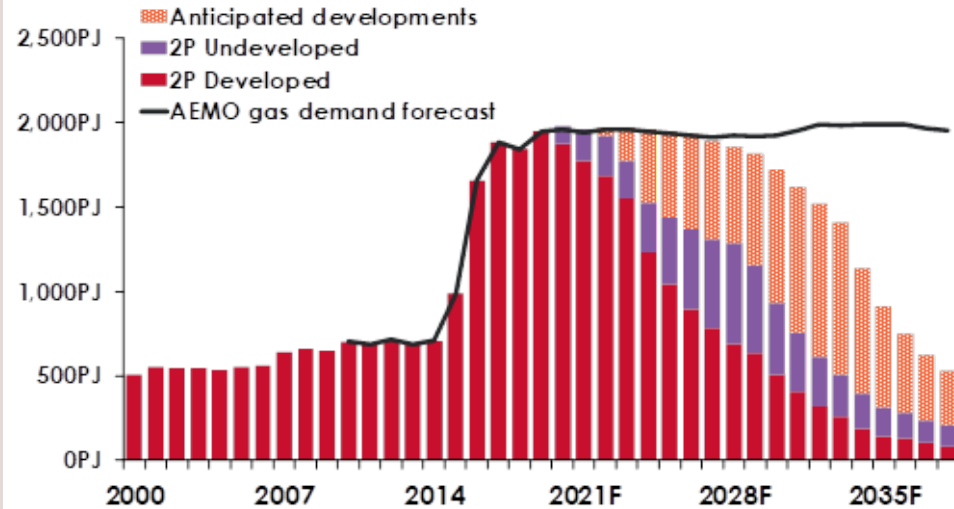


Connection to new gas supply - East



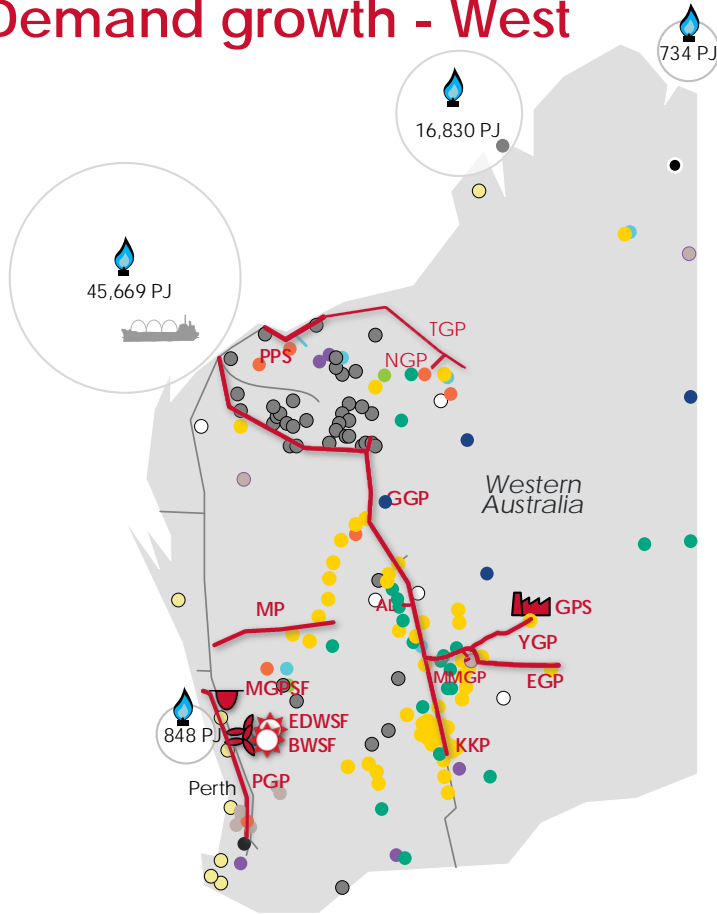
- Southern basins in accelerated decline, additional volumes required 2021
- New supply required to meet existing demand
- Western Slopes Pipeline
- Frontier basin opportunities including:
 - Beetaloo / McArthur
 - Galilee (MoU Comet Ridge & Vintage Energy)
 - Bowen (MoU Blue Energy)
 - Nicholson
 - Offshore NT
- Gippsland basin (MoU Emperor Energy)
- LNG import terminals:
 - Multiple options considered, with Crib Point (AGL) and Port Kembla (AIE) ahead in terms of timetable

East Coast Australia gas supply and demand



Source: AEMO GSOO 2020

Demand growth - West



- Available and affordable supply
 - Prospective Perth basin
 - Resource outlook remains strong with new connection demand continuing
- Iron ore
 - Gold, Silver
 - Nickel, Cobalt, Manganese, Vanadium
 - Copper
 - Lithium, Magnesium
 - Bauxite
 - Rare earth

Source: Major Mines and Mineral Deposits in Australia, Geoscience Australia

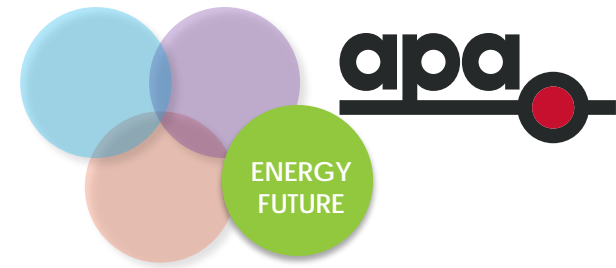
Energy transformation

planning for an orderly transition

*"...the only way to meet the energy needs of the future without sacrificing standards of living, or undermining the economy, is by **planning for an orderly transition that embraces science and technology** as the stepping stones to the future we want."*

*"... we need an **energy companion** today that can react rapidly to changes in solar and wind output. An energy companion that is itself **relatively low in emissions**, and that only operates when needed....**natural gas will play that critical role.**"*

*Dr Alan Finkel AO, Australia's Chief Scientist,
12 Feb 2020*

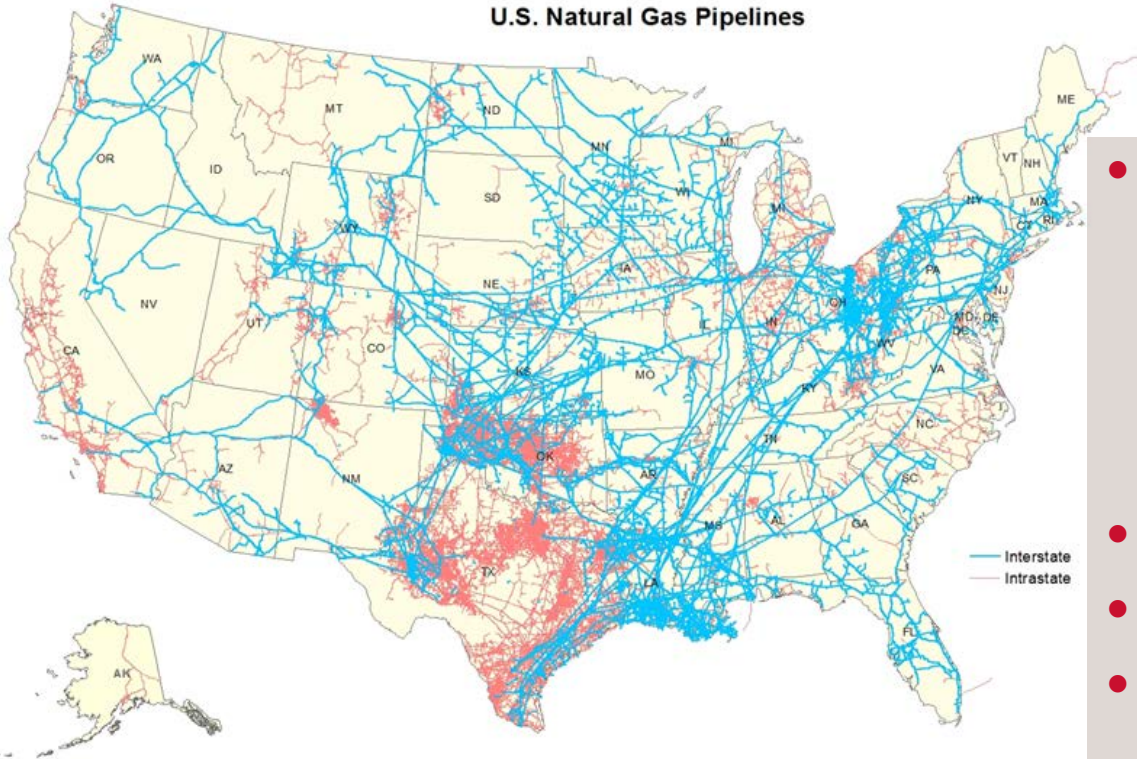


- Renewables – for APA's gas customers
- Firming gas generation
- New technologies
- Renewable methane demonstration plant - underway

US due diligence



U.S. Natural Gas Pipelines



- Gas industry dynamics
 - Significant reserves, >30 years
 - Conservative pricing
 - Increasing domestic & export demand
 - Cost of electrification in colder regions is prohibitive & counterproductive from an emissions perspective
- Diversity of opportunities
- Political stability
- Appropriate risk/return environment
- Supportive regulatory environment

Source: American Energy Mapping (AEM) 2013

Growth with Reasonable Yield

- High quality asset footprint
- Long term & low risk growth capex
- Steady & growing distributions

Strong business fundamentals

- Long term contracts
- Creditworthy counterparties
- Regulated assets
- Interest rate / inflation protection
- Financial strength

Capability to navigate a constantly changing world

- Highly experienced team
- Operational & safety excellence

Resilience through all phases of the economic cycle

Ross Gersbach

President North American Development

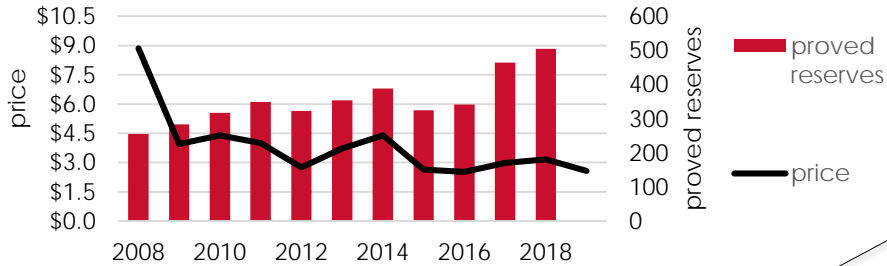
- US natural gas market overview
- Current market trends – LDCs and pipelines
- Economic & regulatory environment
- Screening criteria & target sectors
- US decarbonisation considerations



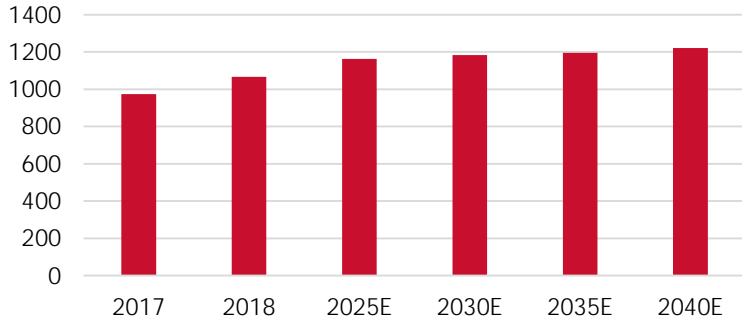
U.S natural gas market overview

shale plays providing abundant, low-priced natural gas

U.S. natural gas proved reserves & Henry Hub price (tcf & USD)

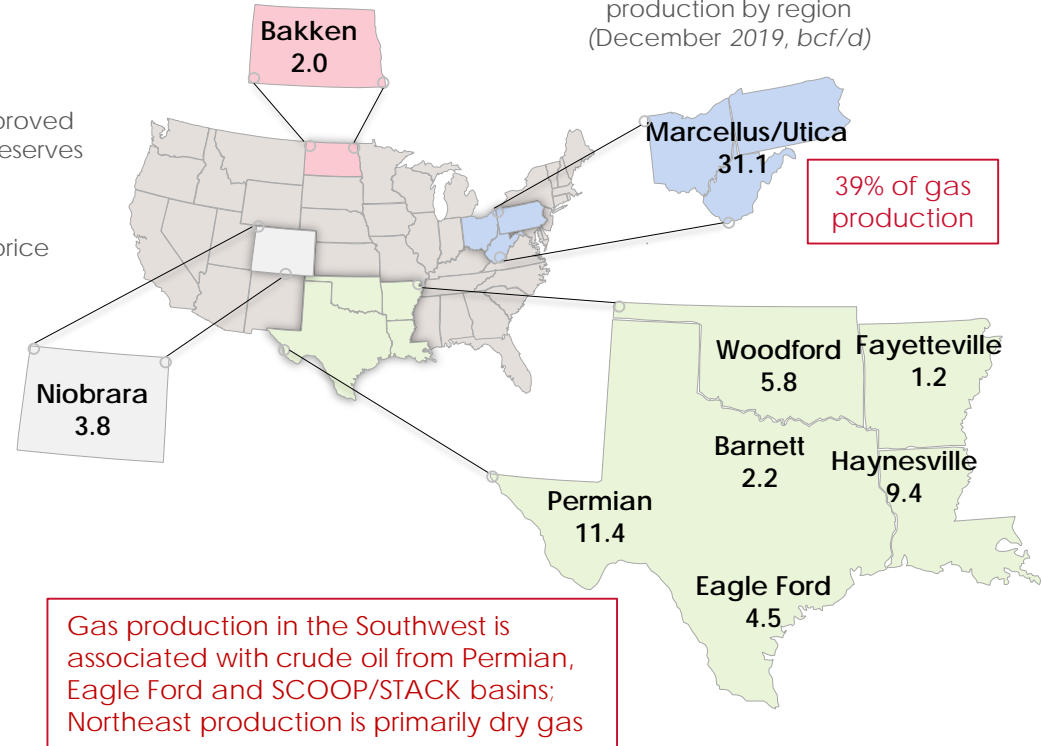


U.S. projected natural gas consumption (tcf)



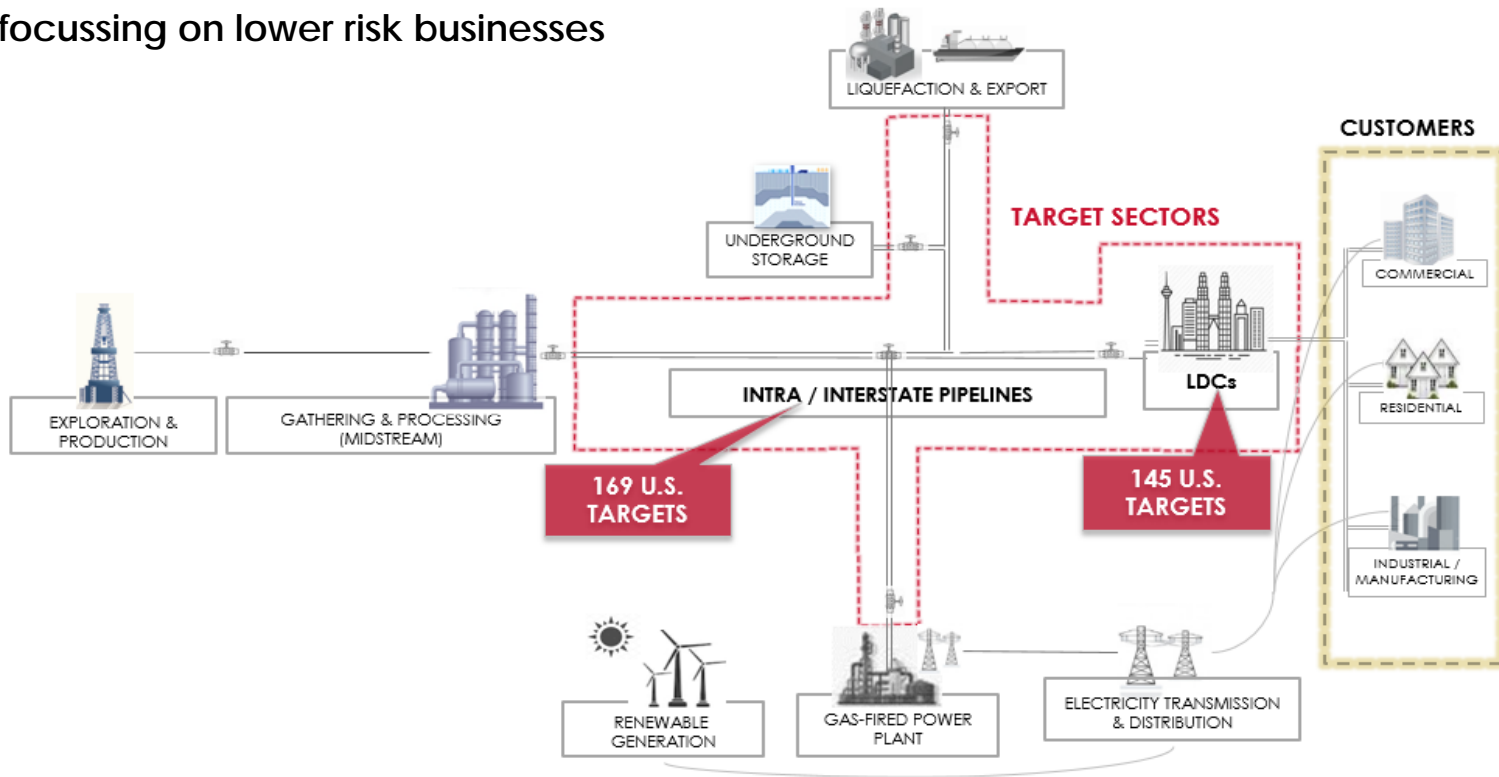
Source: U.S. EIA: Annual Summary of Natural Gas Production; IEA

Current daily average dry gas production by region (December 2019, bcf/d)



Target sectors

APA is focussing on lower risk businesses



Screening criteria

APA's experience to date has revealed a preference for the following asset characteristics

#1	Commercial environment	<ul style="list-style-type: none"> • Regulated and/or contracted businesses • Supportive regulatory environment • Geographic advantages and availability of follow on transactions
#2	Operational alignment	<ul style="list-style-type: none"> • Existing operational expertise that fits with current APA businesses
#3	Organisational structure	<ul style="list-style-type: none"> • Transparent and quantifiable performance record and / or existing infrastructure management team with proven track record
#4	Credit	<ul style="list-style-type: none"> • Supportive of credit rating targets based on S&P/Moody's criteria • Minimal counterparty risk
#5	Financial returns	<ul style="list-style-type: none"> • Acceptable IRR • OCF accretive in first full fiscal year
#6	Investment size	<ul style="list-style-type: none"> • Appropriate size for initial investment • Meaningful size but not "betting" the company
#7	Environmental impacts	<ul style="list-style-type: none"> • Compatible with long-term energy transition objectives

Economic & regulatory environment

US regulators have different objectives than Australian regulators

Pipelines

- Returns are significantly higher in the US than in Australia, due to differing objectives among the regulators
 - **US Federal Energy Regulatory Commission (FERC)** has a positive obligation to encourage investment through an attractive rate of return
 - Mandated by the law and court decisions⁽¹⁾
 - **Australian Energy Regulator (AER)** wants low prices
- Allowed ROEs are usually in the 13-15% range. Rate cases are not usually initiated unless shippers see that earned ROEs are >15% and they see a scope for rate reduction
- Pipelines' revenue is determined by contractual arrangements set as either foundation contracts or on contract renewal.
 - Generally, competition among pipelines is a larger determinant of returns than FERC allowances

LDC's

- LDC returns are set by State based regulators and often set as part of a "black box" negotiation
- Recent allowed ROEs have been in the range of 9-10%
- Equity is usually 50-55% of total capital

(1) Example: FPC v. Hope Natural Gas Co., 320 U.S. 591 (1944); Bluefield Water Works & Improvement Co. v. Public Service Comm'n, 262 U.S. 679 (1923) **Source:** S&P Global

Current market trends in US LDCs & pipelines

estimated asset class of approximately USD 450 billion at the end of 2019⁽¹⁾

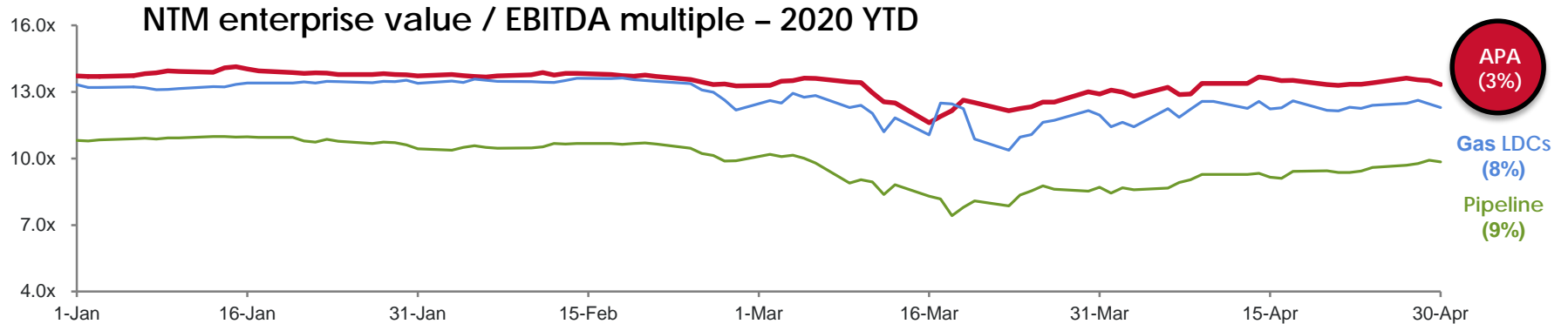
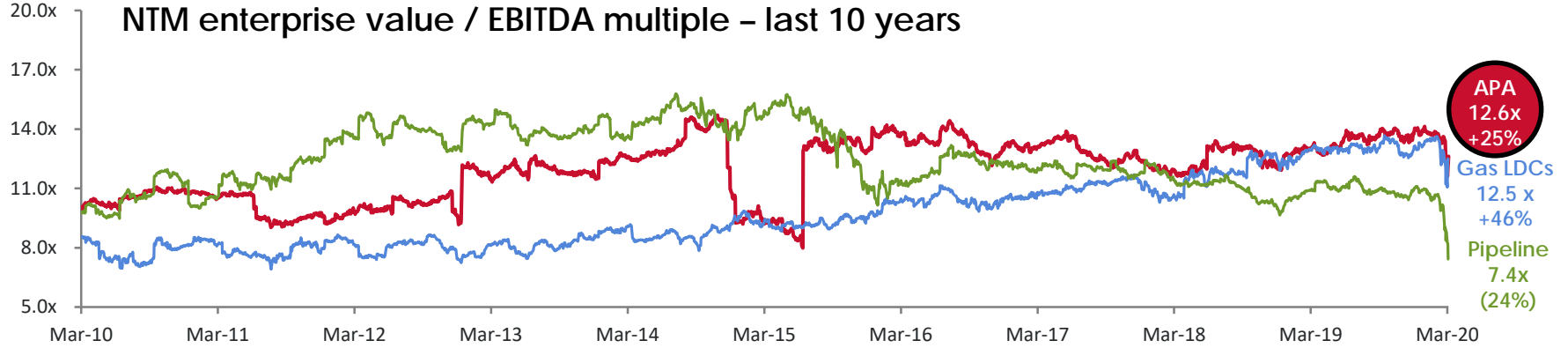
- **LDCs investing heavily** in reliability, modernisation & integrity programs, often pre-approved by regulators & with favourable returns on equity, to replace bare-steel & unsuitable plastic pipelines
- Pipeline operators have turned inward to **rework their balance sheets & corporate structures** after the dislocation of 2014-2015
 - Most greenfield projects focused on connecting the Permian Basin to eastern Texas market hubs, as well as LNG export terminals & petrochemical facilities
 - Some greenfield projects connecting the Marcellus/Utica gas producing regions to east coast market centres; however, those are facing significant opposition from environmental groups
- **Opportunities exist for APA** to participate in asset sale processes today
 - Highly levered midstream companies may put assets on the market to raise capital
 - Pandemic and fall in oil prices have caused substantial balance sheet pressure
 - LDC owners are looking to **take advantage of current valuation levels**

Notes: (1) Estimated asset class based on rate base for FERC-regulated interstate pipelines, gas utilities and gas plant value within diversified utilities **Source:** S&P Global

Price cycles



APA's currency relative to US gas LDC & pipeline peers has been quite favourable

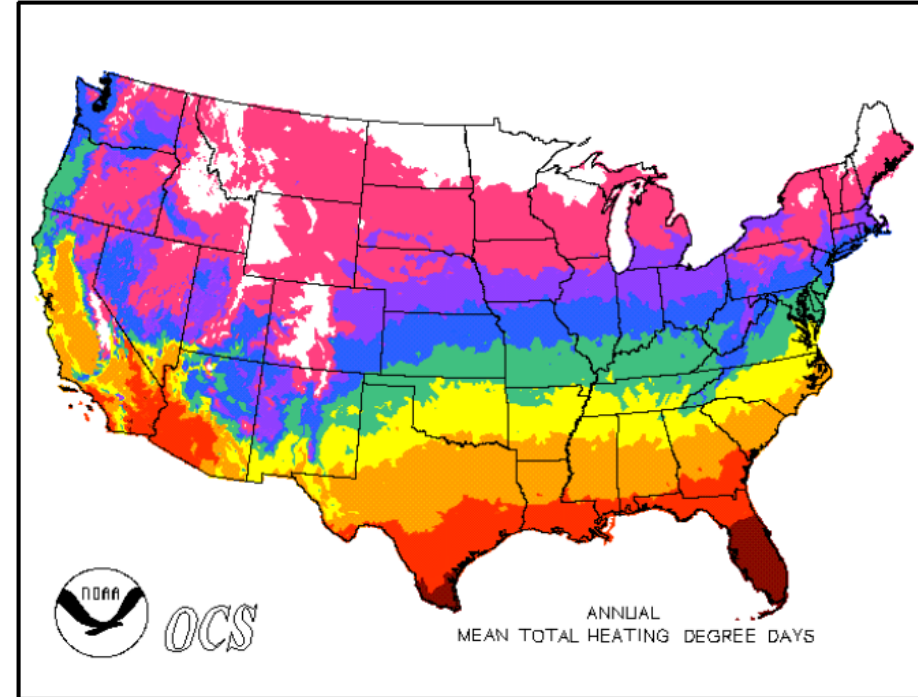


Note: Gas LDC peers include ATO, CPK, NI, NJR, NWN, OGS, SJI, SR and SWX; Pipeline peers include TRP-CA, ENB-CA, ET, KMI, EPD and WMB **Source:** FactSet as of 30 April 2020

US decarbonisation considerations

significant regional variation in cost and feasibility

- No US federal policy on economy-wide CO2 emissions reduction
 - Unlikely one will be enacted in the near term given the political environment
- Some states have set aggressive emissions-reduction targets requiring contributions from all sectors
 - includes the residential and commercial buildings served by LDCs, (only 8.5% of total US CO2 emissions)
 - Assumes that natural gas usage is replaced by renewable electricity
- Local climate is also an important consideration as winter space heating is a key driver of natural gas use
 - 46% of the US population lives in climates with cold winters
 - Colder climates have much higher peak usage
 - Requires more new renewable generation and distribution infrastructure → substantially higher cost



Source: NOAA

(1) Defined as states with >5,000 mean total heating degree days per year (blue, pink, purple regions on the map)

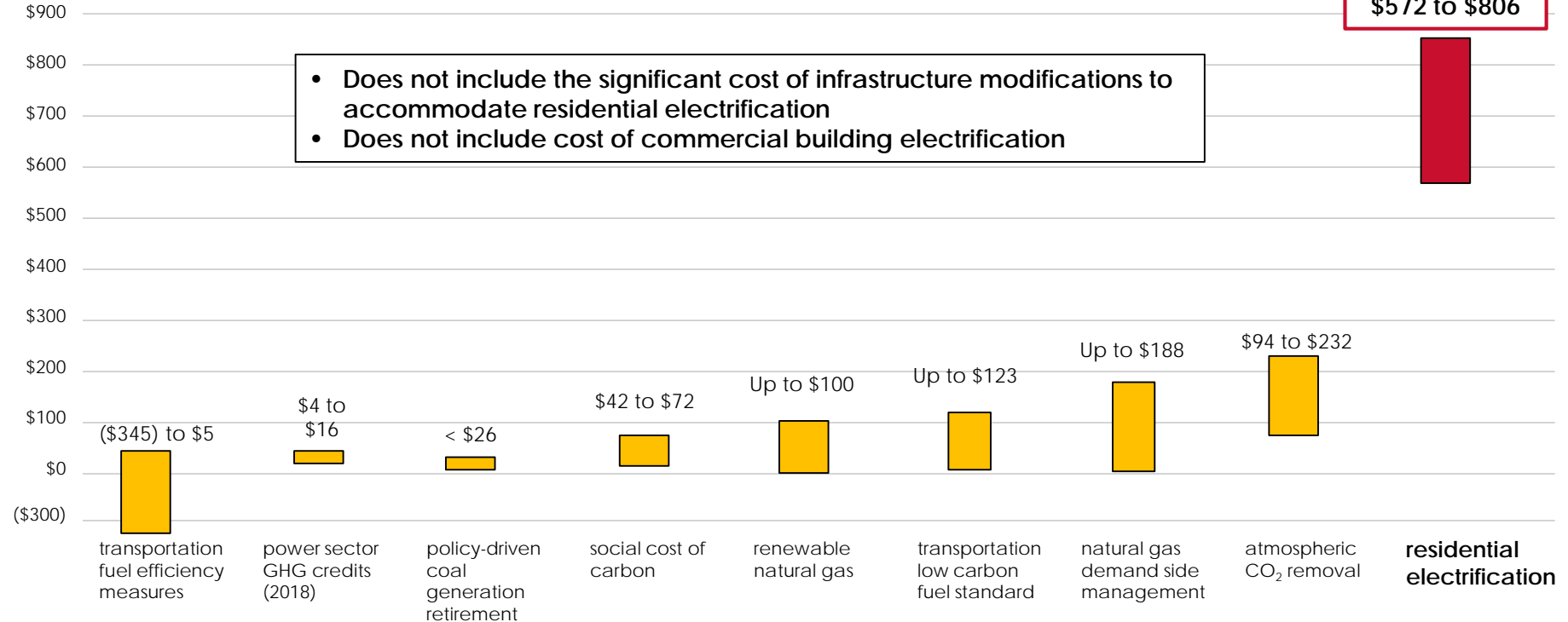
GHG emission reduction options



electrification of residential heating the most costly option for decarbonisation

(USD* / mt of CO₂e removed)

* Figures in real 2016 USD



US decarbonisation & gas pipelines

continued uses of natural gas will require pipeline transportation for years to come

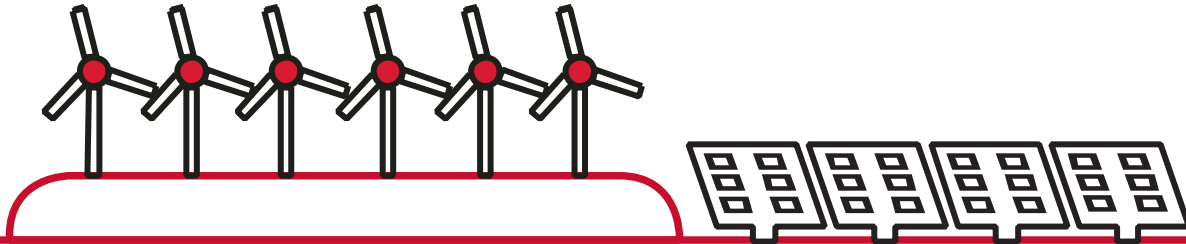
- Natural gas has uses in the U.S. not impacted by state-imposed emissions mandates or goals
 - Petrochemicals and plastics, LNG exports and exports to Mexico
 - LNG exports projected at 16.8 PJ/d by 2040, up from 7.4 PJ/d today
- Even with decarbonisation, many natural gas power plants will remain needing reliable and consistent access to fuel
 - Bloomberg projects 703 GW of natural gas power generation to be in service in the U.S. in 2050, comprising 36% of power generation capacity
 - 46% increase from the 481 GW installed today
- Also, natural gas utilities will need reliable and consistent access to natural gas in order to meet their service obligations
- The geographic diversity of these uses of gas, and the concentration of low-cost gas production in a few discrete supply basins, can moderate the impact of decarbonisation on pipelines
 - Weather, local politics and other geographic and market-specific considerations are crucial value drivers

Hannah McCaughey

GE Transformation & Technology



- The energy transformation is underway
- Key technology transformations in play today and new waves emerging
- Gas is a key enabler of energy decarbonisation



Transformation of energy is reshaping our world

clear trends are emerging



Key Trends



Decarbonisation is underway – significant investment already made and more required



A portfolio of technology solutions will be required to meet the energy trilemma



Data and technology will transform large infrastructure into smart infrastructure

Four major energy technology transformations from recent decades that are still playing out



1



LNG (and floating LNG) has created new markets and further developments in technology will increasingly drive price convergence.

2



Shale gas has changed the economics of US industry and global energy markets and significant reduced emissions from power industry.

3



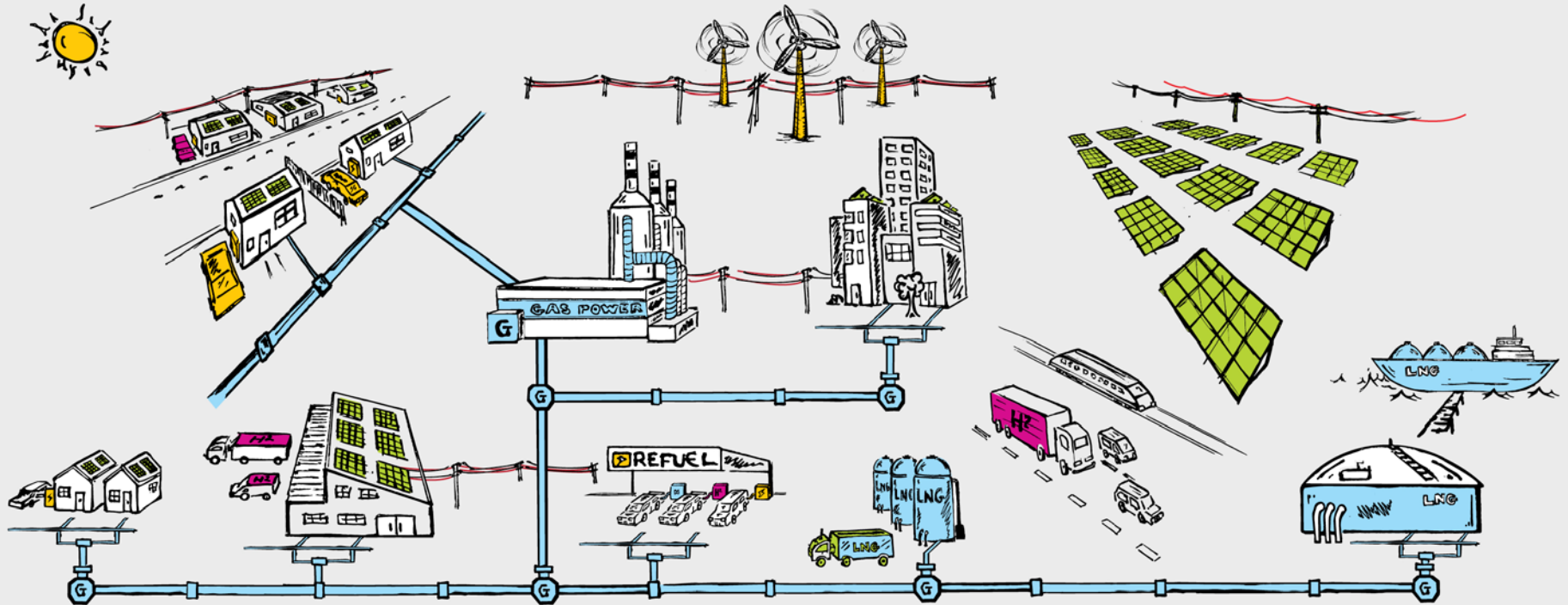
Renewables, specifically, cost of electricity from solar has dropped 85% and wind has fallen 49% and increasingly are price setting technology

4



New suites of firming and storage technology are emerging to support renewables including gas reciprocating, batteries and platforms

Gas is a key enabler of the energy decarbonisation roadmap

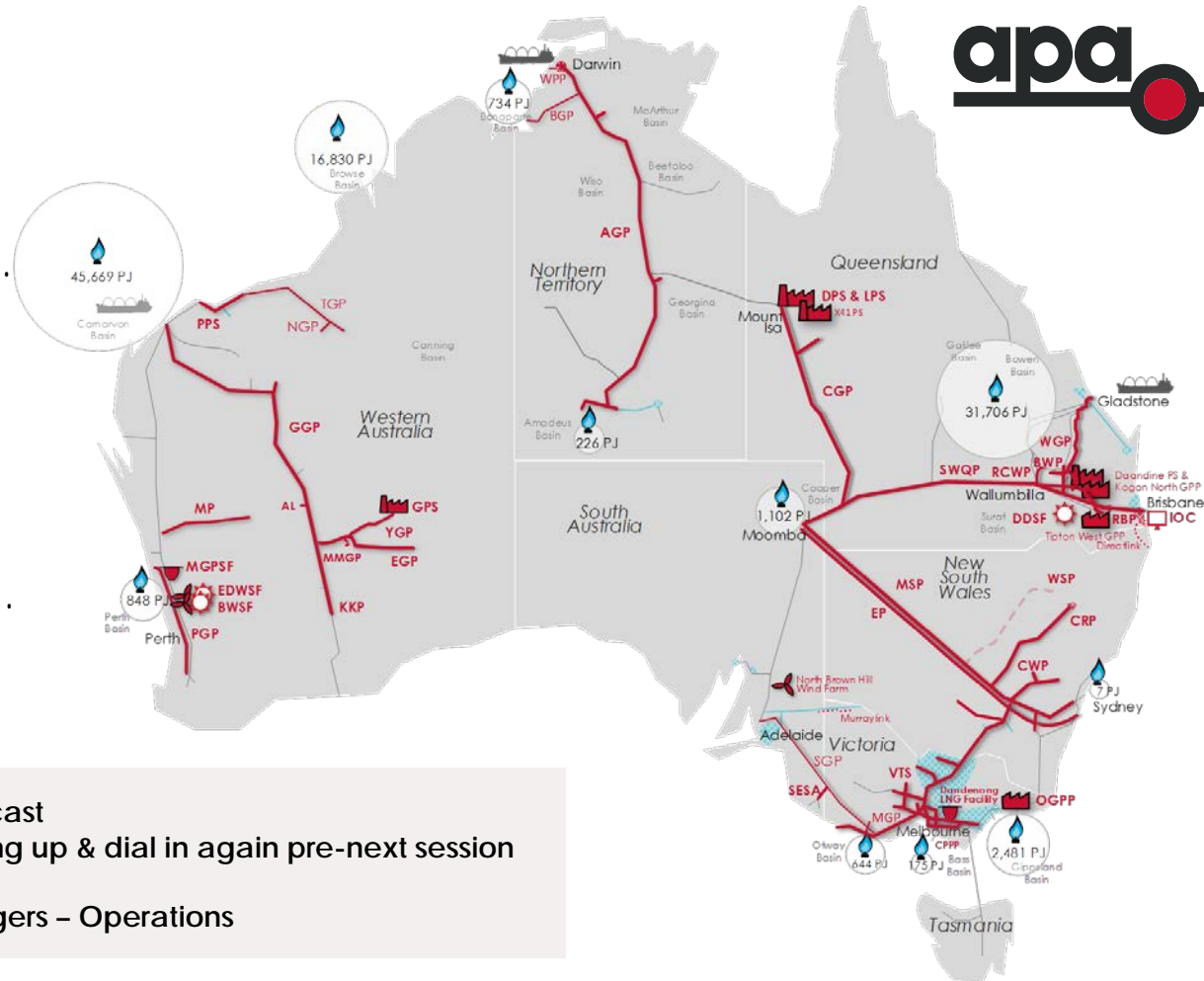


Q&A – session 1



Use the **ASK A QUESTION** button to submit a question.

For those dialled in, **press *1** & wait for the operator before asking your question.



15min BREAK – stay logged into webcast
-teleconference participants can hang up & dial in again pre-next session

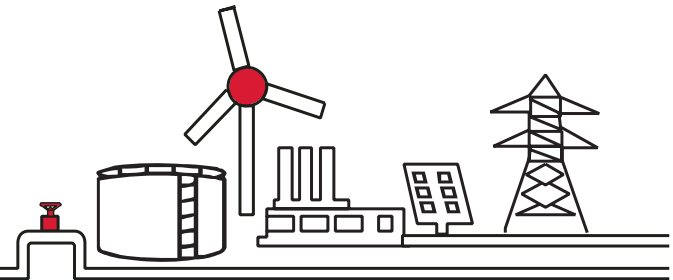
Next session: 10:20am Darren Rogers – Operations

Darren Rogers

GE Operations



- Operations – leverage scale & efficiency
- Customer focus
- Integrated Operations Centre
- Operational excellence



Operating model - operations

Purpose

APA has brought together its Power, Transmission, Midstream and Network assets to **safely drive efficiency and effectiveness by leveraging its scale to deliver value for its customers.**

Asset Management

Market Services

Engineering & Planning

Health & Safety

Operations & Maintenance

Networks

Networks Services

Strategic imperatives



Operational excellence



Customer centric



People & culture



Stakeholder relationships



Financial strength



Growth & Innovation

Operations overview

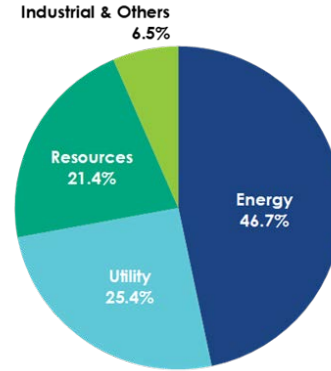
Assets

- Transmission Pipelines: + 15,000km , +250 Receipt & Delivery
- 74 compressors, + 30 operating bases across every state & territory
- 357 MW of renewable energy, 377 MW gas fired generation
- Storage: Dandenong LNG ~12,400 Tonnes, Mondarra: ~18PJ
- Mid stream assets Kogan North, DLNG & Mondarra safe operations for + 10 yrs

People skills – senior management

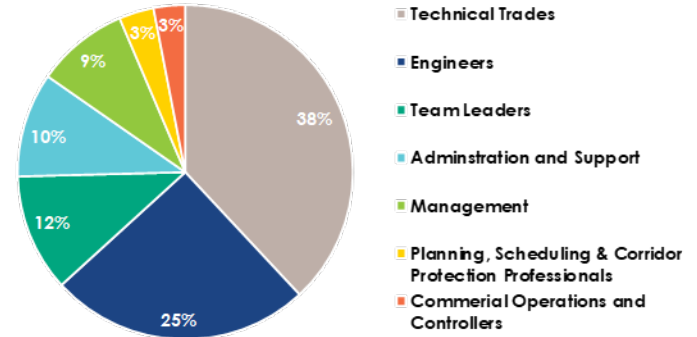
- + 210 yrs industry experience in senior team
- Diverse industry backgrounds:
 - Gas Transmission and Networks
 - Upstream & Downstream Oil & Gas
 - Power Generation
 - Renewable Energy
 - Commercial & Market Operations

Customers



Operations Capability

1250 FTE – 1500 Contractors



Customer centric - IOC

central point of contact for all national customers (scheduling, control and payment)





- **Recently incorporated power & mid stream capability**
- **Scale delivers benefits – technology investment has paid off**
 - 7.5m kilometres driven every year, all monitored through IVMS
 - Controls & monitors 74 compressors at 34 sites
 - Remotely monitors ~156,000 SCADA points responding to over 340,000 alarms p.a.
 - Schedules, allocates & invoices over 6,500 shipper nomination points each day
 - Generates and sends over 10,500 market and regulatory reports each year
 - Central emergency response 107,000 calls to the IOC each year
- **Covid 19 – technology investment benefits realised**
 - Critical services provided throughout the pandemic with little operational impact to customers
 - Back up control rooms, social distancing and remote access to sites maintained
 - Investment by APA in the IOC remote control and monitoring technology has paid off

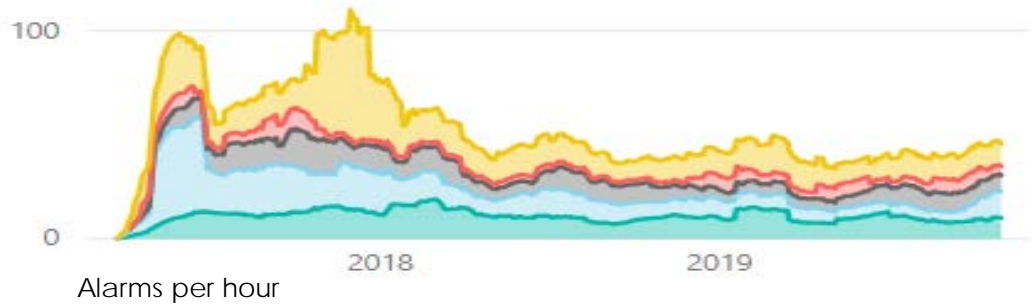


IOC – essential operations practising social distancing requirements

Operational excellence- process safety

- **Process Safety** - The safe operation of APA's assets such that there is **no major accident event** as a result of a harmful substance release.
- APA framework based off international best in class
- Final stages of a 2 year implementation
- KPI & dashboard to drive performance and compliance with senior management review

Process Safety Fundamentals	 Harmful Substance Release	 Safety Critical Device	 Management of Change	 Alarm Management
Target	<ul style="list-style-type: none"> • Zero Tier 1 or Tier 2 Incident 	<ul style="list-style-type: none"> • Safe trips or limit breaches numbers within design and risk assumptions 	<ul style="list-style-type: none"> • Zero unauthorised or overdue <u>MoC</u> 	<ul style="list-style-type: none"> • Good: 6 and Tolerable: 12 alarms/controller/hour



Integrity and reliability



Integrity Maintenance

Comprehensive program to ensure the integrity of our assets including

- Intelligent pigging, direct excavation and inspection of pipelines
- Integrity program for above ground facilities

Key contributor to Australian standard updates

Share industry best practice in USA/Canada and Australia

Reliability-Optimisation Pyramid



Risk Based Inspection (RBI)

Systematic approach based on risk to concentrate effort on most important integrity work

Reliability Centred Maintenance (RCM)

Right tasks, right equipment at the right time

Craig Stallan
Acting GE Strategy & Commercial

Kevin Lester
GE Infrastructure Development

- Orbost Gas processing plant



Orbost gas processing plant – project background



- acquired by APA from Cooper Energy in 2017
- extensive upgrade of the plant by APA
 - Multi Year Gas Processing Agreement + Options
- Former Patricia Baleen Gas Plant
 - Commissioned 2003
 - Process Patricia Baleen Gas, export to EGP
 - Upgraded for Longtom Gas in 2008/9
 - Mercury Recovery Unit Upgrades in 2009/10
 - Longtom field shut-in January 2015
 - Plant in care & maintenance



Plant comparison

original



current



Transaction & project timeline

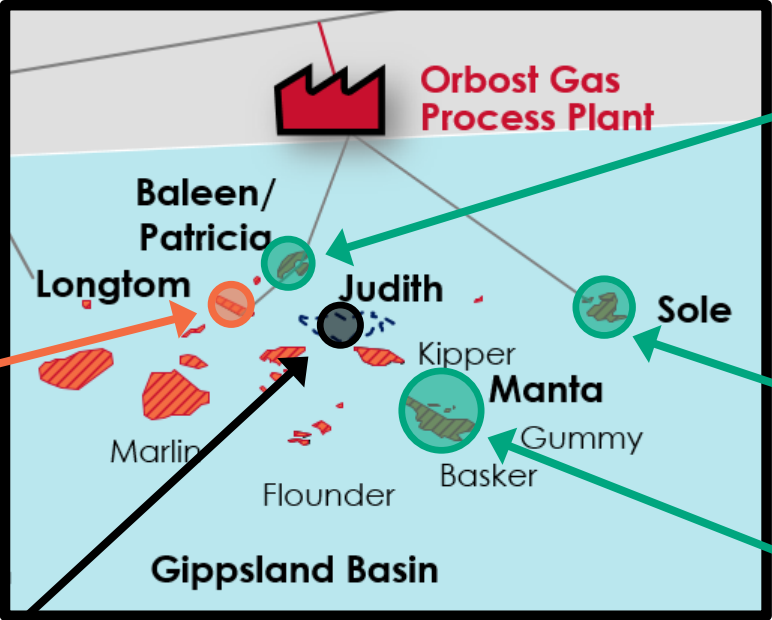
- Jan 2017 Cooper Energy commenced Sole Project detailed design
- Q1 2017 APA Due diligence of gas plant & development project
- Q2 2017 APA acquired Orbost gas plant from Cooper Energy
- Conditional agreements with Cooper for plant, project & processing
- 1 Jul 2017 APA takes control of onshore development project
- Oct 2017 Transaction completion
- Jan 2017 – Jan 2019 Detailed design & procurement activities
- Aug 2017 – Jan 2020 Construction
- Sept 2019 – Feb 2020 Pre-commissioning
- Nov 2019 - ongoing Commissioning
- Mar 2020 First gas exported
- Commercial operations as soon as practicable

Orbost supply



The **Longtom gas field** was developed and connected to Orbost following depletion of Patricia/Baleen fields.

Emperor Energy own the **Judith gas field** located between Longtom and Manta. APA have an MoU with Emperor to assist with the concept development work.



Orbost Gas Processing Plant was originally built to process gas from the **Patricia / Baleen fields**.

Cooper Energy developed the **Sole Gas field** with two wells and constructed a 65km pipeline connecting the field to Orbost.

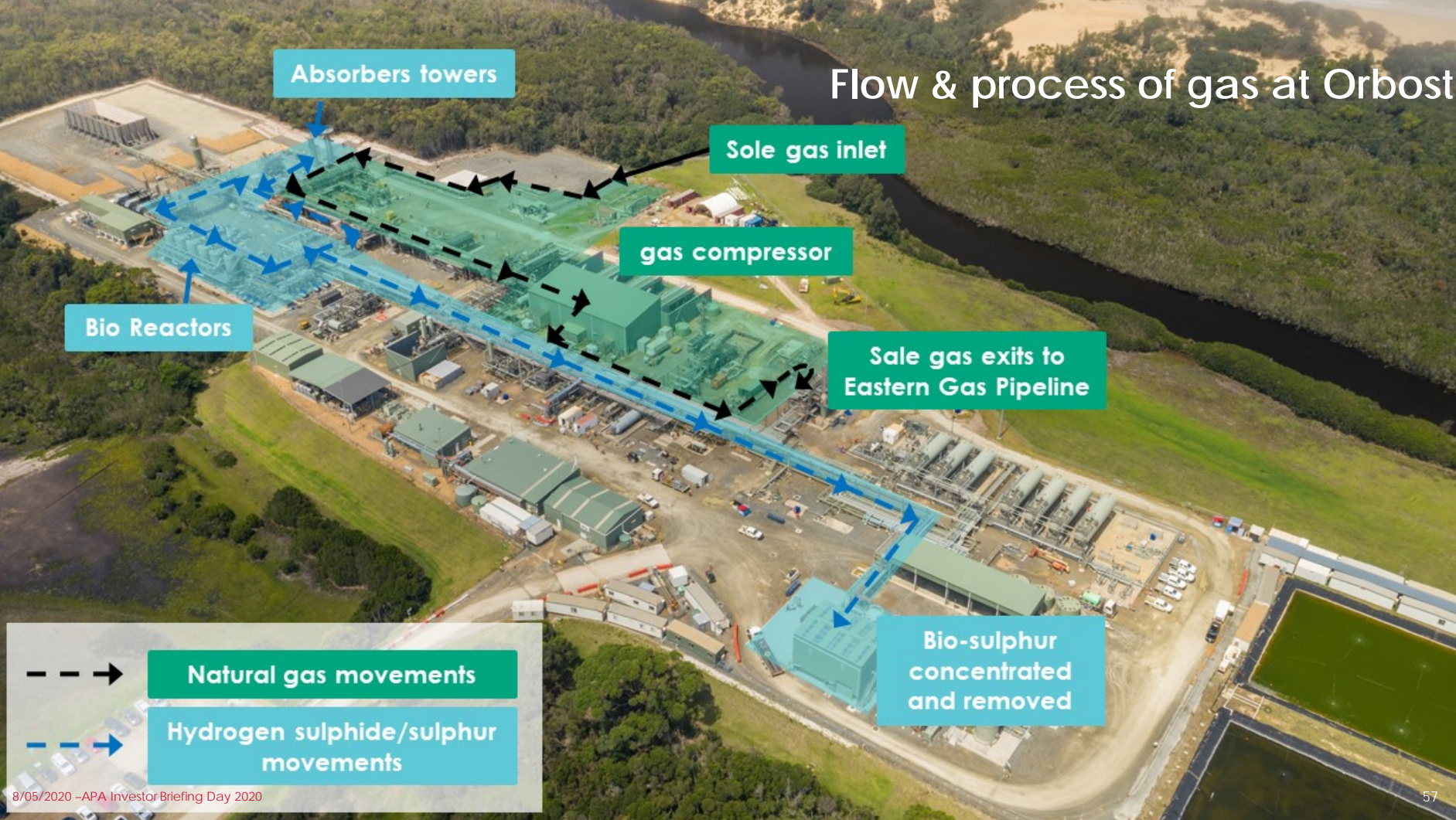
Cooper Energy also own the **Manta gas field**. APA has a development and processing agreement with Cooper Energy.

- Cooper Energy developments
- Judith Gas Field (Emperor Energy)
- Longtom Gas Field (Seven Group Holdings)

APA upgrade project scope

- Plant upgrades to process sour gas to meet sale gas specification
 - Design specification - sour gas containing up to 3000ppm H₂S at 68TJ/d
- Upgrade and modification to the existing Orbost Gas Plant:
 - Subsea control interfaces
 - Inlet metering & quality monitoring
 - Inlet separation
 - Mercury removal
 - Sulphur removal and handling
 - Dew point control unit modifications
 - Relocated flare facilities
 - Integration of OGP into APA communications and controls systems
- Integrity works to reinstate the plant to fit-for-service operation and compliance
- New major hazardous facility plant licencing
- Inspection and assessment of design life for sale gas pipeline reinstatement

Flow & process of gas at Orbost



---> Natural gas movements

---> Hydrogen sulphide/sulphur movements

Highlights & challenges

- Sole and Orbost Gas Plant will supply 10% of Victoria's gas demand
- HSE performance – 1.4 million man hours and 20 months of construction and commissioning with zero LTIs (TRIFR = 2), no reportable environmental incidents and zero community complaints
- APA is a significant employer and supporter of the local community
- Ecologically sensitive area with stringent EPA requirements on noise, emissions, water discharge and sulphur waste disposal
- Worksafe assessment as Major Hazardous Facility (MHF)
- Construction and commissioning challenges with hot and inclement weather, bush fires, subsequent smoke and COVID19
- Regional Industrial Relations
- Engineering delays impacting procurement processes and construction contracting strategy



Source: Snowy River Rovers Football and Netball Club

Orbost – March 2020



Peter Fredricson

Chief Financial Officer



- Capital management
- Debt maturity profile & EMTN outcome
- Contract & counterparty creditworthiness
- FY20 Guidance



Strong liquidity & debt position



overview

Cash and committed undrawn facilities of around **\$2.2 bn as at 30 April 2020** to meet the continuing needs of the business

credit ratings

Moody's Baa2
(outlook Stable, confirmed Feb 2020)

S&P BBB
(outlook Stable, confirmed Feb 2020)

distribution policy

- ✓ Fully covered by operating cash flow
- ✓ Grow generally in line with operating cash flow
- ✓ Sustainable over the long term
- ✓ Considered in the context of the capital needs of the business and economic conditions

Key capital ratios:

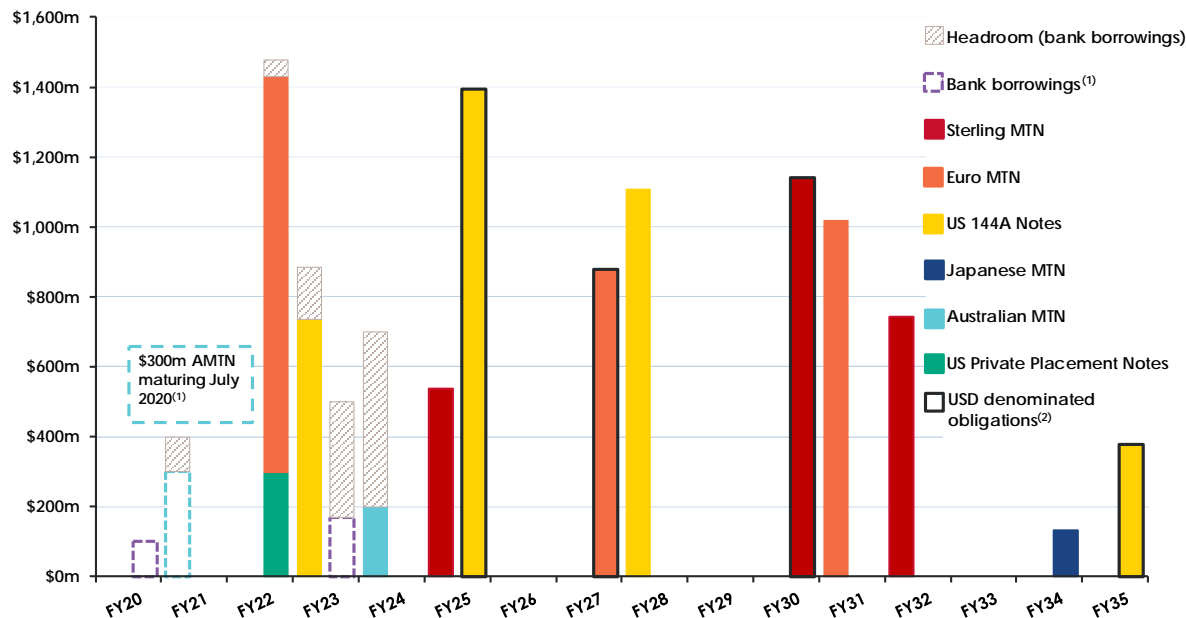
Metrics ⁽¹⁾	current	Dec 2019	Jun 2019
Funds From Operations to Debt ⁽¹⁾	10.9%	11.2%	10.7%
Funds From Operations to Interest ⁽¹⁾	3.1 times	3.1 times	3.0 times
Average interest rate applying to drawn debt ⁽²⁾	5.2%	5.35%	5.53%
Interest rate exposure fixed or hedged	97%	99%	100%
Average maturity of senior facilities	6.5 years	6.5 years	6.8 years

Notes: (1) APA Calculation as at 31 March 2020.

(2) For the purpose of the calculation, drawn debt has been kept in USD (rather than AUD) and is in a designated hedge relationship with USD revenue, has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for the US144A notes at respective inception dates

Debt maturity profile – post Euro MTN

APA's debt maturity profile as at 30 April 2020



Notes:

(1) Proceeds from recent €600m EMTN to be used to repay (a) \$270m bank debt in May 2020 and (b) \$300m AMTN in July 2020.

(2) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, Euro and Sterling - AUD/USD=0.7772).

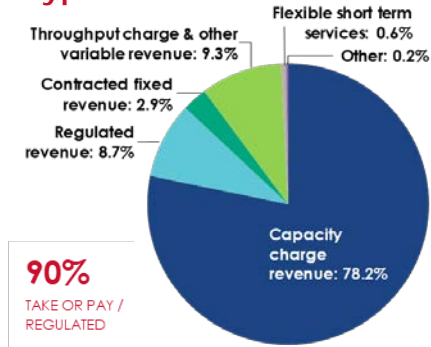
EUR 600 million 10.2 year Medium Term – 24 April 2020

- Maturity date of 15 July 2030
- Fixed coupon rate of 2.0% p.a.
- All-in fixed rate of 3.866% (principal and interest obligations hedged into AUD dollars)
- Average portfolio term 6.5 years
- Reduced APA's average cost of debt to around 5.2% (annualised)
- Continued strong support from the global debt capital markets

Contract & counterparty creditworthiness

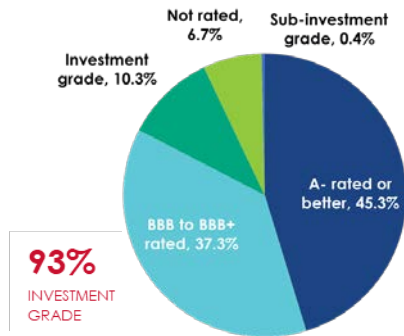
1H FY20 Energy Infrastructure revenue split:

Revenue Type



- APA's assets deliver energy to markets, often long distances from where gas is produced
- Energy remains an essential input into our daily lives
- APA has not seen material & unusual changes to energy volumes going through our assets over the last 6 weeks
- Contractually, we note that:

Customer Credit Rating



- Majority of our revenues are derived from long term contracts, based on capacity reserved
- Majority of our customers have investment grade credit ratings
- We continue to work with our customers' and monitor their credit & liquidity positions

FY20 guidance – 21 April 2020



	1H FY2020 results	Revised 21 April 2020	Revised vs FY2019 results
EBITDA	\$1,660 - \$1,690 million	\$1,635 - \$1,655 million	+3.8% to +5.2% (\$1,574 million)
Distribution per security	In the order of 50.0 cents per security	Unchanged	+6.4% (47.0cps)

- EBITDA reflects the full range of possibilities of timing of commercial operations at the Orbost Gas Processing Plant
- DPS – potential for further franking credits to be allocated to the final distribution

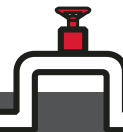
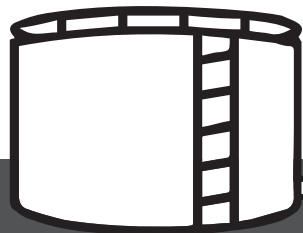
Nevenka Codevelle

GE Governance & External Affairs



Working with our stakeholders to create long term value

- Stakeholder value creation
- Consumers and communities
- Government and regulators
- Sustainable growth – a long term view



Stakeholder value creation



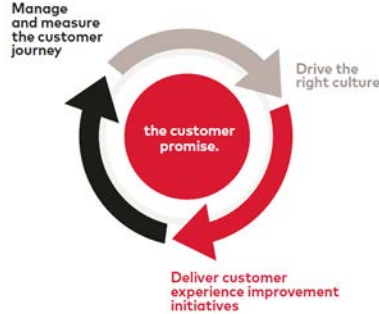
A purpose-led organisation

Driving change and shaping our internal and external environment through:

- strategic focus on APA's role in an interconnected energy system
- strengthened relationships with all stakeholders, including with customers, regulators and Government
- collaboration across the value chain to drive stakeholder shared value
- embedding a mature risk culture



Customers and energy industry getting it right



Customer Promise

Keeping the customer at the centre of everything we do.

Red Dot Program

Focus on corporate culture enhancement, measurement and improvement initiatives.

The Energy Charter

Founding signatory to The Energy Charter, lead and contribute to #BetterTogether initiatives

Consumers and communities new ways of working



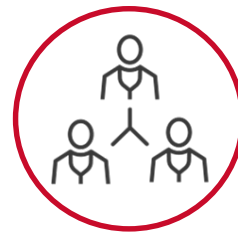
Increased focus on the people who use the energy we deliver for the lives they live



Community Investment Program connecting our business and our people to the communities where we work



Engaging with, and listening to consumers and the communities we operate in – Consumer Reference Groups established for key projects



Understanding and communicating our value proposition for consumers and communities

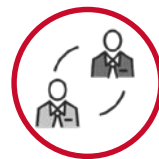
Government and regulators

collaborating for common goals



Evolving ways of working...

- Strengthen relationship with regulators and Government
- Collaborative approach, co-design for mutually beneficial outcomes
- Broadening range of stakeholder understanding and engagement



to drive better outcomes

- Engaging with customers, consumer groups in lead up to regulatory engagement
- Participating in broader policy development as well as regulatory resets
- Understanding and communicating our value proposition for all stakeholder groups

Taking a long term view

making risk-based decisions today to deliver sustainable growth for the future



Risk maturity: frameworks, measures and metrics. Embedding risk culture.



Corporate governance framework, early adoption of standards.



Understanding emerging risks, including non-financial risk.



Developing ESG capability, integrated approach.

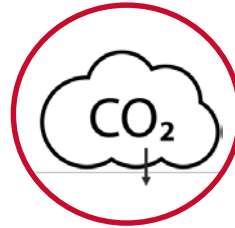
ESG spotlight: Responding to the risks and opportunities of climate change



Understand



Act



Communicate



Examples

Scenario analysis

- Second climate-related scenario analysis in flight
- Building and improving on 2019 analysis
- Results published in TCFD-aligned disclosures in annual reporting suite

Carbon management plan

- Enterprise-wide carbon management plan
- Focussing on both strategic and tactical actions

Climate change position statement

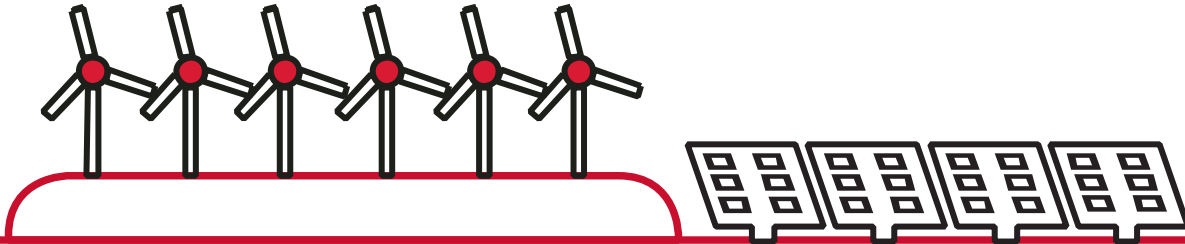
- APA Climate Change Position Statement published
- Four guiding principles that articulate our position and inform decision-making

Elise Manns

GE People, Safety & Culture



- Operating under unique circumstances
- Focus areas
- HSE Strategic Plan FY20-FY22



Our people are our strength

from raging bush fires, floods and a global Pandemic, this year has been like no other

Our focus has been on:

- Keeping our people and our contractors safe and healthy everyday;
- Proactively managing our business through business continuity plans with a focus on our customers' and employees' experience;
- Ensuring there is no material impact to the safe and reliable operation of our assets & services
- Being agile, flexible and responsive in changing the way we work especially in a COVID 19 world;
- Collaborative stakeholder relations to support communities in the short and long term
- Embracing a de-centralised and digitally enhanced operating model to deliver industry leading support at the front line;
- Leveraging our culture of care and diversity to provide inclusive leadership in trying times.

Key Areas of Focus



Safety and Environment:

- FY 2020 TRIFR rate is disappointing but LTIR remains low
- New HSE Strategy with targeted health, safety and wellbeing interventions
- Organisational structural changes to put expertise in the front-line
- Building greater governance and capability
- No material Safety or Environmental regulatory breaches

Our STARS values:

Safe.

Trustworthy.

Adaptable.

Results.

Service.

People:

- Our Purpose and Values are the core component in everything we do
- New organisational design delivering new ways of working – customer centric, empowered, collaborative and innovative
- Digital people strategy taking shape for implementation across FY21
- Recognition and rewards programs reshaped to support performance & culture
- Leadership & results through multiple crisis's demonstrates the effectiveness of our development programs

HSE Strategic Framework: FY20 – FY22

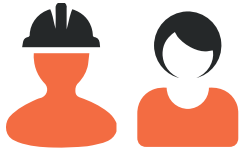


Caring for people, communities, the environment and our assets



HSE leadership and culture

Creating a proactive HSE culture with empowering leadership and strong enabling behaviours



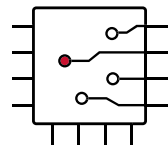
Contractor management

Critical to operational excellence – accountable, streamlined, performing



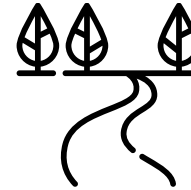
Health and wellbeing

Caring for the whole person – at work and beyond



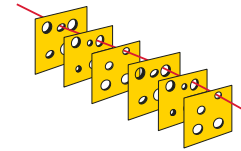
Technology systems and analytics

Increasing efficiency and simplicity of HSE processes, data and analytics



Environment and heritage management

Delivering on our responsibilities to the environment and communities – past, present and future



Process safety

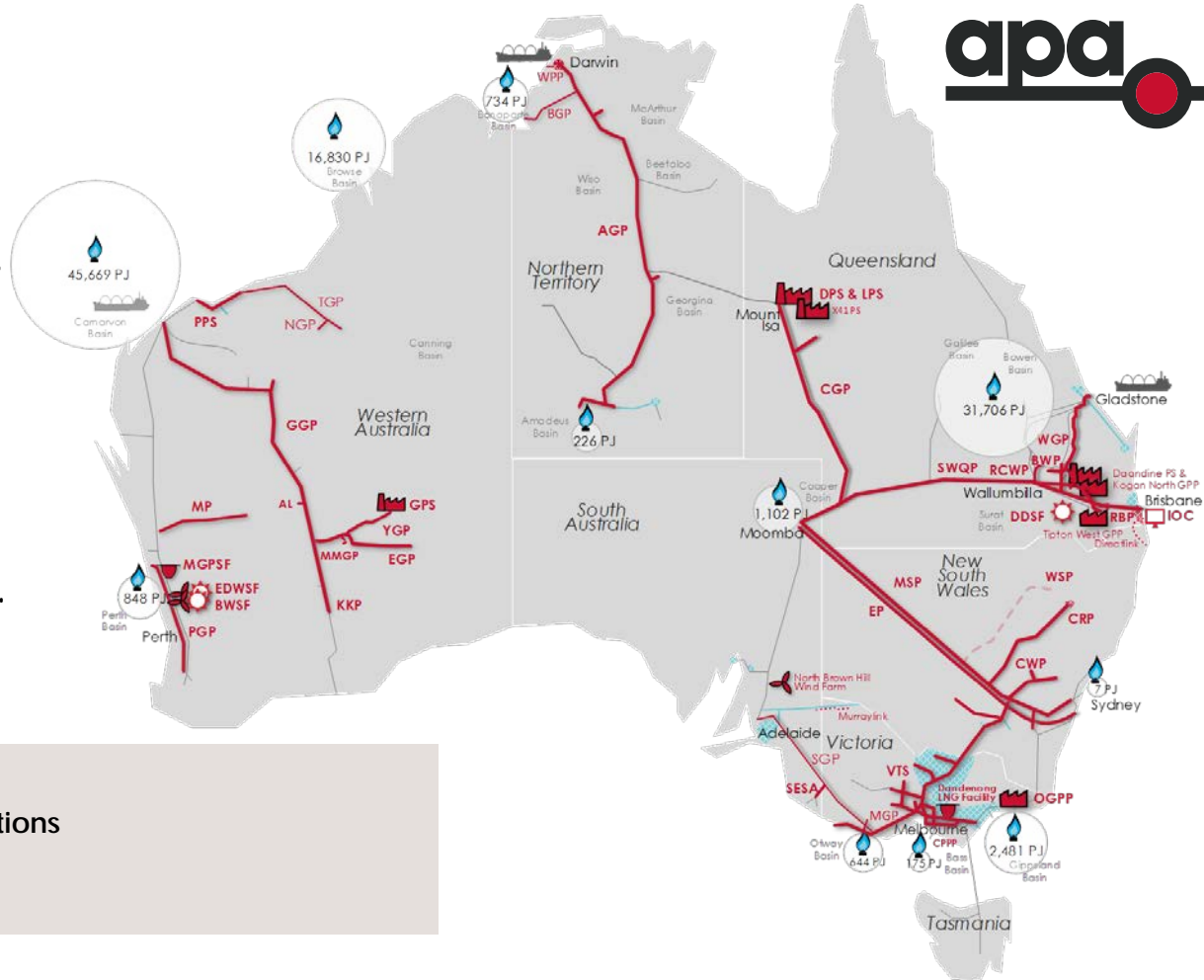
Clear ownership by the business and integrated processes to support operational excellence

Final Q&A session



Use the **ASK A QUESTION** button to submit a question.

For those dialled in, **press *1** & wait for the operator before asking your question.



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