

24 August 2022

ASX ANNOUNCEMENT

**APA Group (ASX: APA)**

## **APA REPORTS SOLID FY22 RESULT AND ANNOUNCES 2030 CLIMATE COMMITMENTS**

APA Group (ASX: APA), a leading Australian energy infrastructure business, today announced its financial results for the full year ended 30 June 2022 (FY22), reporting a solid financial performance in a year that has underscored the critical role that gas plays in providing energy security and reliability.

### **Key highlights**

- FY22 underlying EBITDA up 3.9% to \$1,692 million (FY21 \$1,629 million<sup>1</sup>) driven by solid performance from key Energy Infrastructure assets and positive leverage to inflation
- Strong Free Cash Flow, up 19.8% to \$1,081 million (FY21 \$902 million) and a further strengthening of the balance sheet
- A full year distribution of 53.0 cents per security, up 3.9% on FY21 and in line with guidance, with FY23 distributions anticipated to be 55.0 cents per security, up 3.8% on FY22
- Introduction of 2030 interim climate commitments to reduce emissions by 30% in gas transmission, reduce emissions intensity by 35% in power generation and implement an active program to reduce emissions it can control in electricity transmission<sup>2</sup>
- Assessing the resilience of APA's key assets based on the scenario analysis undertaken in FY22<sup>3</sup>
- Progression of significant investments to support the energy transition across gas transmission, electricity transmission and renewables with an organic growth pipeline in excess of \$1.4 billion

APA CEO and Managing Director Rob Wheals said, "APA has delivered another solid result in a year that has highlighted the critical role that APA's gas transmission assets play in delivering energy security to Australians when it is needed most.

"Gas power generation and APA's existing gas infrastructure has stepped up to help fill the electricity supply gap across Australia's east coast, underscoring the critical role that gas and gas infrastructure will play as the energy transition accelerates, including as the perfect complement to firm renewable generation."

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<sup>1</sup> FY21 is restated as a result of the provision for payroll review

<sup>2,3</sup> Further information in relation to APA's climate targets, goals and commitments can be located in the Climate Transition Plan

### **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. 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](http://apa.com.au).



## Financial Results

Revenue<sup>4</sup> (excluding pass through) for the twelve months to 30 June 2022 increased 4.3% to \$2,237 million. Underlying EBITDA was up 3.9% to \$1,692 million, with:

- Favourable tariff escalation from exposure to Australian and US inflation indices, particularly for the Wallumbilla Gas Pipeline which realised a +7.5% increase in tariffs from 1 January 2022
- Higher operating activity in Energy Infrastructure with the ramp up of Orbost Gas Processing Plant and stronger demand in the Victorian Transmission System
- Lower earnings from Asset Management, which saw a decrease in customer contributions in 2H22, and Energy Investments, which was impacted by a lower contribution from APA's 50% interest in SEA Gas Pipeline

Financial summary		FY22	FY21 <sup>(vi)</sup>	% Change <sup>(vii)</sup>
Revenue (excluding pass through) <sup>(i)</sup>	\$m	2,236.6	2,144.5	+4.3%
<b>Underlying EBITDA <sup>(ii)</sup></b>	<b>\$m</b>	<b>1,692.3</b>	<b>1,628.8</b>	<b>+3.9%</b>
Non-operating items	\$m	-62.1	10.1	n.m.
Reported EBITDA <sup>(iii)</sup>	\$m	1,630.2	1,638.8	-0.5%
Depreciation and amortisation	\$m	-735.2	-674.4	-9.0%
Net interest expense <sup>(iv)</sup>	\$m	-483.0	-504.8	+4.3%
Income tax expense	\$m	-171.9	-180.8	+4.9%
Reported NPAT	\$m	240.0	278.9	-13.9%
Significant items after tax	\$m	19.7	-278.1	n.m.
Statutory NPAT inc significant items	\$m	259.7	0.7	n.m.
Free Cash Flow <sup>(v)</sup>	\$m	1,080.6	901.9	+19.8%
Distribution per security	cents	53.0	51.0	+3.9%
Cash and undrawn debt facilities	\$m	2,190.0	1,902.4	+15.1%

- Statutory revenue excluding pass-through. Pass-through revenue is offset by pass-through expenses within EBITDA. Any management fee earned for the provision of these services is recognised within asset management revenues.
- Underlying Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.
- Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excluding significant items.
- Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes.
- Free cash flow is Operating cash flow adjusted for strategically significant transformation projects, less stay-in-business (SIB) capital expenditure, which includes operating asset replacement costs and technology lifecycle costs.
- FY21 is restated as a result of the provision for payroll review.
- Positive/negative changes are shown relative to impact on profit or other relevant performance metric. n.m. = not meaningful.

## Investment update

APA has invested over \$500 million in growth projects in FY22 as part of our strategy of investing in energy infrastructure for today and tomorrow. Importantly, organic growth continues to be sourced across all of APA's strategic focus areas, with new projects underway across gas transmission and renewable energy generation.

Key projects progressed in FY22 include the \$270 million Stage 1 and 2 expansion of the East Coast Grid which will help address forecast winter gas shortfalls as well as facilitate the firming of renewables, the \$460 million Northern Goldfields Interconnect, Mica Creek Solar Farm and the acquisition of 100% of Basslink senior secured debt.

<sup>4</sup> Statutory revenue

## **FY22 final distribution**

The Directors have resolved to pay a final distribution for FY22 of 28 cents per security bringing total distributions to 53.0 cents per security, an increase of 3.9% on FY21 and in line with guidance.

The 28.0 cent final distribution comprises 21.71 cents from APA Infrastructure Trust and 6.29 cents from APA Investment Trust. The APA Infrastructure Trust distribution represents a 6.31 cent profit distribution and a 15.40 cent capital distribution. The APA Investment Trust distribution represents a 1.14 cent profit distribution and a 5.15 cent capital distribution. Franking credits of 2.70 cents per security are attached to these distributions. The final distribution will be paid on 14 September 2022.

## **FY23 Outlook**

Based on current available information, FY23 distributions are expected to be 55.0 cents per security, an increase of 3.8% on FY22. Franking credits allocation will be determined by the cash tax paid by APA in respect of FY22 and FY23.

## **Webcast**

APA will hold a webcast call to provide further detail on the FY22 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  
APA Group Limited

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