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APA Group | apa.com.au

26 May 2021

ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA 2021 Investor Day

Strategy and capability to deliver growth

APA Group (ASX: APA) today provides the attached presentations from APA Group's management team in relation to its 2021 Investor Day.

The Investor Day will be webcast live at 9:00am (Sydney time) today, Wednesday 26 May 2021. 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.

Authorised for release by Nevenka Codevelle
Company Secretary
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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, $22 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.

always powering ahead

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.

always powering ahead

APA Investor Day
26 May 2021

Strategy and capability to deliver growth

disclaimer

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The information in this presentation does not contain all the information which a prospective investor may require in evaluating a possible investment in APA Group and should be read in conjunction with the APA Group's other periodic and continuous disclosure announcements which are available at www.apa.com.au.

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

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Forward looking statements: This presentation contains certain forward looking information, including about APA Group, which is subject to risk factors. "Forward-looking statements" may include indications of, and guidance on, future earnings and financial position and performance. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance' and other similar expressions and include, but are not limited to, forecast EBIT and EBITDA, operating cash flow, distribution guidance and estimated asset life.

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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Non-IFRS financial measures: APA Group results are reported under International Financial Reporting Standards (IFRS). However, investors should be aware that this presentation includes certain financial measures that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of the APA Group. These non-IFRS financial measures include EBIT, EBITDA and other "normalised" measures. Such non-IFRS information is unaudited, however the numbers have been extracted from the audited financial statements.

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Non-GAAP financial measures: Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures are EBITDA, normalised EBITDA and statutory EBITDA. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although APA Group believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation.

Acknowledgement: Certain icons used in the presentation were designed by Freepik, Icongreek26, Nikita Golubev, Eucalyp and Srip from Flaticon.

Welcome

Ask a question

Please click on ASK A QUESTION

Or Press *1

Wind farm blade, Badgingarra Wind Farm in Western Australia

Rob Wheals

CEO & Managing Director

Strategy execution

Growth strategy with proven capability in energy infrastructure

Strategy:

- Invest in gas, electricity and renewables infrastructure (contracted and regulated) in Australia and North America
- Leverage our energy infrastructure capabilities into next generation energy technologies (Pathfinder Program)
- Respond to the changing needs of our customers
- Maintain disciplined investment, securityholder returns and a strong balance sheet (including BBB/Baa2 credit ratings)

Purpose: **We strengthen communities through responsible energy**
Vision: **To be world class in energy solutions**

Proven success as a leading Australian energy infrastructure business

The drivers of our success to date

- Consolidated pipeline assets across Australia over the past 20 years
  - Built the East Coast Grid
  - Acquired Wallumbilla Gladstone Pipeline, APA's first "off-shore" asset
- Diversified into other energy asset classes (solar and wind)
- Highly contracted and regulated revenues
- Skills and capability in infrastructure operations and development
- Low cost of capital

Diverse energy infrastructure portfolio

Gas infrastructure

Transmission (1)
15,425 km transmission pipelines

Storage
12,000 tonnes LNG
18 PJ gas

Processing
90 TJ/day processing plants

Distribution(2)
>29,500 km gas mains and pipelines
>1.4 million gas customers

Power Generation

Renewable energy (1)
342 MW Wind
149 MW Solar

Gas fired (1)
440 MW

Electricity transmission

243 km high voltage lines(1)

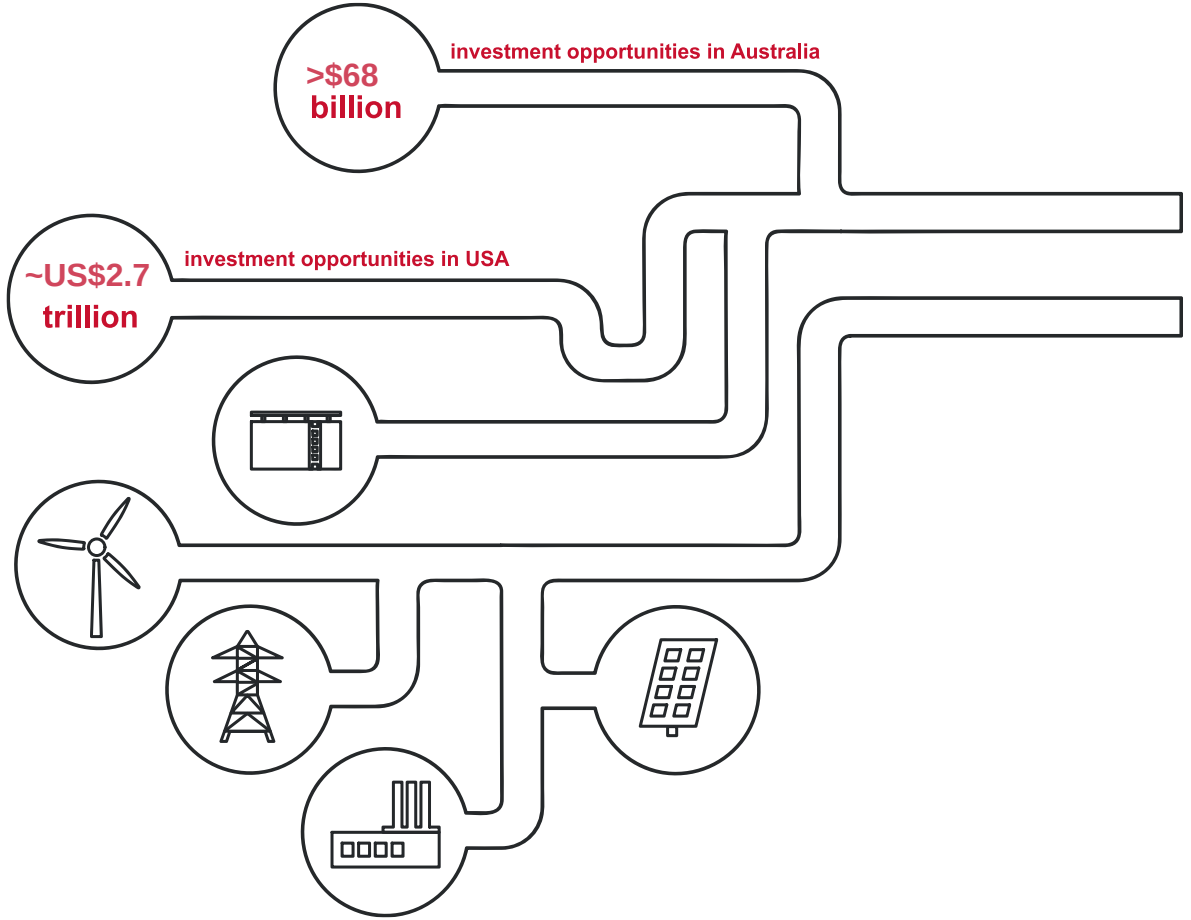
US

Entry: regulated gas or integrated gas and electricity utilities

(1) Includes 100% of assets operated by APA Group, which form part of Energy Investments segment, including SEA Gas and EII (partially owned)
(2) Includes 100% of assets operated by APA Group in Queensland, New South Wales, Victoria and South Australia

Growth markets for energy infrastructure have informed our strategy

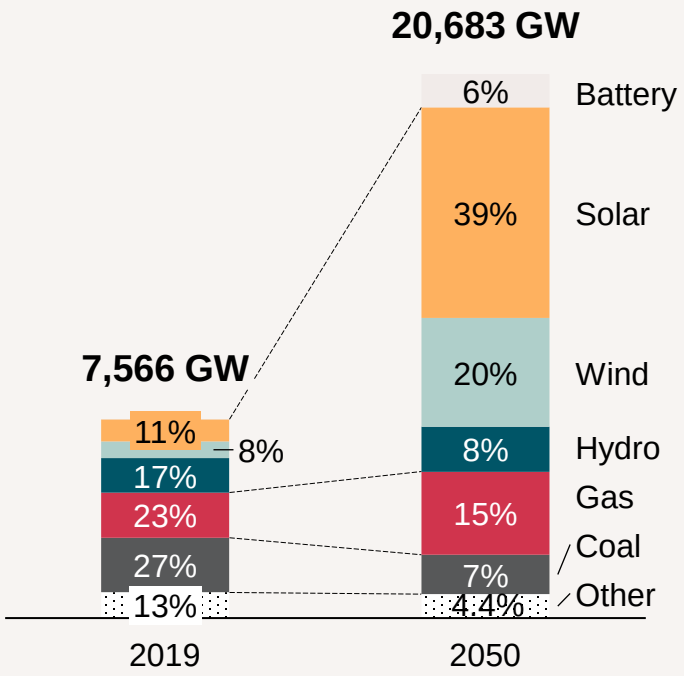
- Significant growth opportunities in renewables and firming, electrification and hydrogen infrastructure
- In Australia - >**$68 billion of investment opportunities** to 2040
  - Gas pipeline infrastructure $8 billion
  - Renewables + firming + storage >$40 billion
  - Electrification (primarily transmission) >$20 billion
- In USA - ~**US$2.7 trillion of investment opportunities** to 2040
  - Gas pipeline infrastructure US$125 billion
  - Renewables + firming US$1.6 trillion
  - Electrification US$1 trillion
- The hydrogen economy - up to US$11 trillion of investments worldwide to 2050



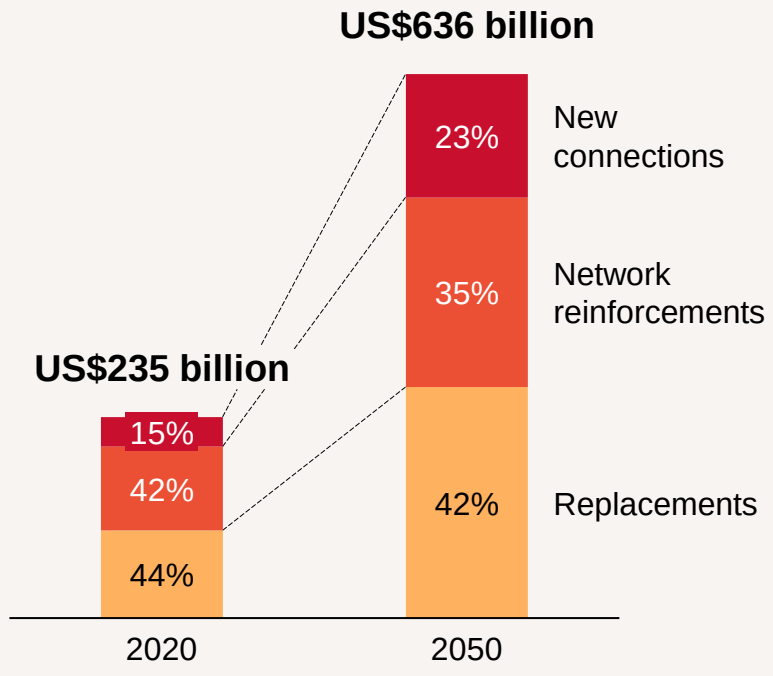
Source: BNEF, AEMO ISP, estimates; 2035 The Report; IEA WEO 2020; INGAA Infrastructure Study; APA estimates
1) Based on AEMO ISP includes renewables and gas
2) Assumes clean molecules assumptions are based on average hydrogen cost, capital costs based on BNEF
3) All investment forecast are in real terms

Changing generation mix requires significant global investment

Generation capacity growth ~3x
Wind & solar accounting for ~60% by 2050
Gas key to firming



Significant annual investment in electricity transmission(1)

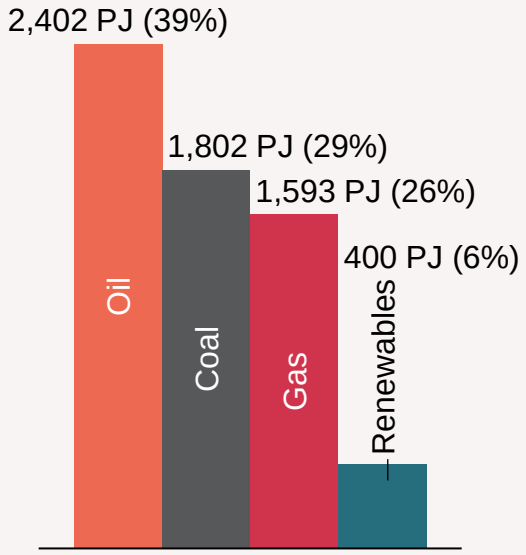


Source: BNEF (Bloomberg New Energy Finance); New Energy outlook 2020; Power Grid long term outlook 2021
Note: 1) investments represents real annual spend estimates

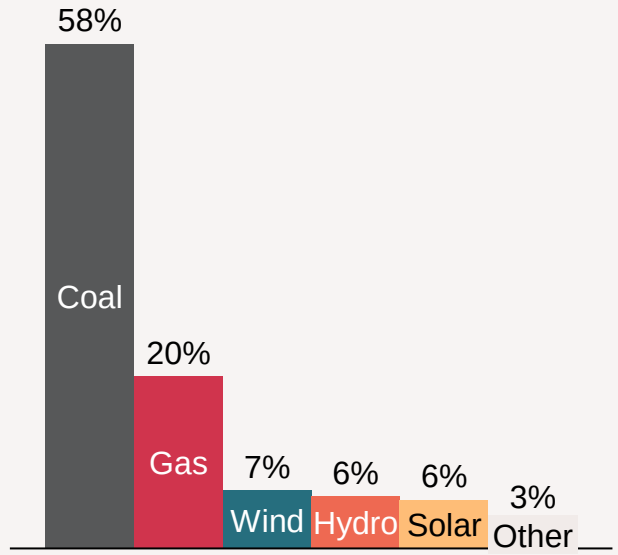
Gas remains a critical energy source

- Gas accounts for 26% of primary energy consumption
- 40% of domestic gas is used for electricity generation
- 20% of electricity generated from gas(1)
- In Victoria – peak gas demand ~1,300TJ/d is equivalent to 2x the peak electricity consumption in Victoria(2)
- Gas is critical to offset reliability constraints of renewable energy (firming)

Current Australian primary energy consumption by fuel type(1)



Current Australian electricity generation by fuel type(1)



Source:
1) Australian Energy Statistics FY2019 data, Australian domestic natural gas flow excluding LNG uses
2) Based on AEMO GSOO 2021 data of Victorian winter peak of 1,300 TJ/d which is equivalent to running the Victorian electricity network at 15,000MW/h for an entire day. 1 GJ = 0.28 MWh
Charts: Department of Industry, Science, Energy and Resources, Australian Energy Statistics, Australian natural gas flows excluding LNG uses and exports - figure 2.3, Table C and Table O, September 2020

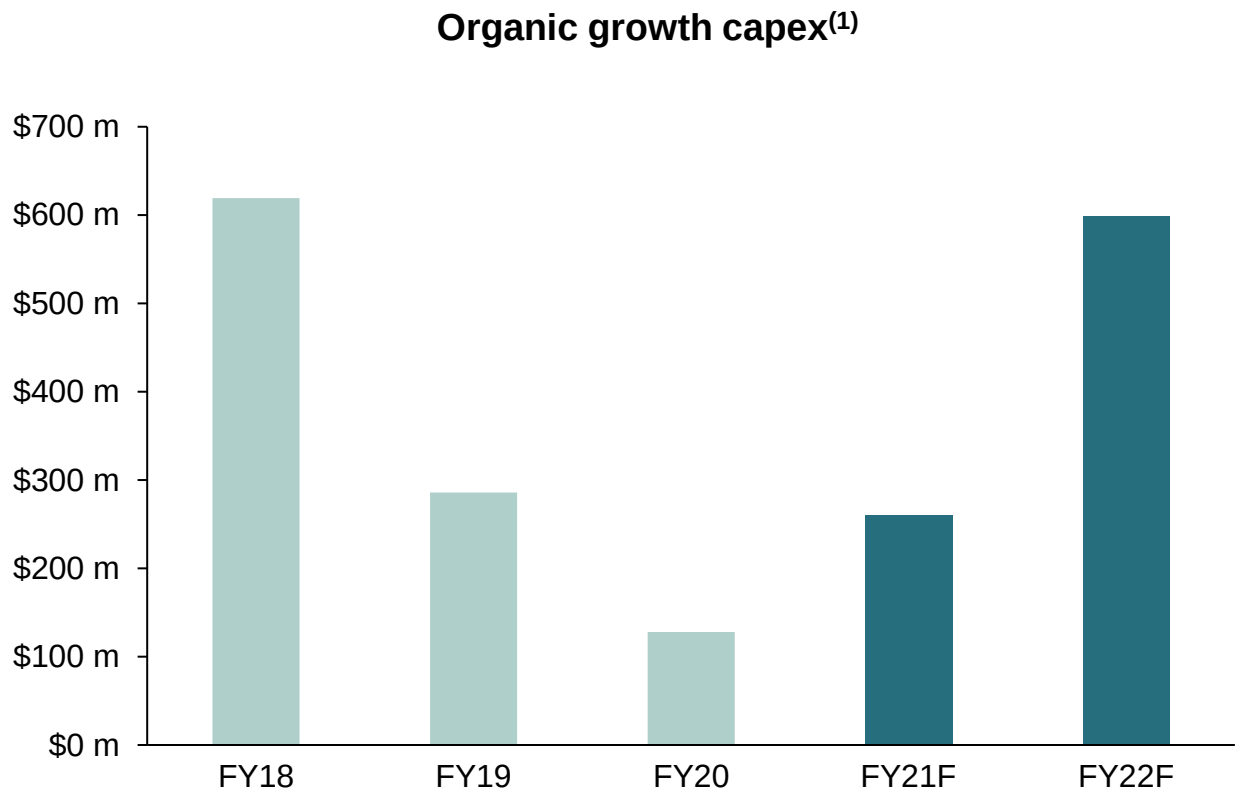
Growth capex accelerating from recent lows

Current market dynamics

- Policy uncertainty
- Shorter contract terms
- Flexible supply arrangements with customers
- Lower inflationary environment

Recent developments

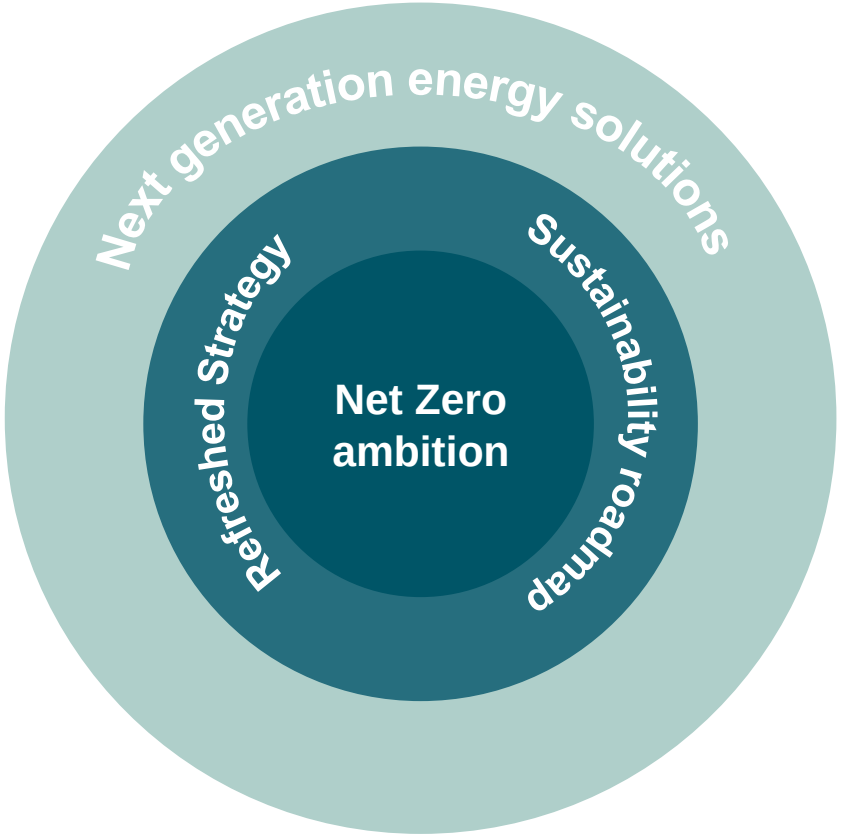
- RIS decision outcome
- Northern Goldfields Interconnect
- East Coast Grid expansion
- Gruyere Hybrid Energy Microgrid



Note: 1) Excluding Orbost Gas Processing Plant capital expenditure; FY21 and FY22 are forecast estimates, representing committed projects, subject to change.

Growth strategy aligned with Net Zero ambition and Sustainability Roadmap

- Net Zero ambition embedded in our decision-making
  - Interim targets to be established in FY2022
- A Climate Change Management Plan developed
- Future growth opportunities will be considered against our Net Zero ambition



The right team to deliver

Darren Rogers

Operations and asset management

- Process safety and security of supply
- Asset life cycle planning and management

Nevenka Codevelle

Governance and external affairs

- Sustainability, community and external affairs
- Governance, legal, risk, compliance and regulatory

Julian Peck

Commercial and strategy

- Business and corporate development
- Customer engagement and contracting

Ross Gersbach

North American development

- US strategy development and market position
- Local regulatory engagement

Hannah McCaughey

Technology and transformation

- Operational and information technology
- Next generation energy solutions - Pathfinder program

Kevin Lester

Infrastructure development

- Energy infrastructure development and delivery
- Stakeholder engagement

Jane Thomas

People safety and culture

- Culture and high performance
- HSEH framework

Adam Watson

Finance

- Corporate services
- Finance and capital management

Uniquely positioned for growth as the energy transition accelerates

What we are

- Uniquely diversified and integrated energy infrastructure business
- 8th largest renewable energy generator in Australia(1)
- Electricity transmission operations in SA-Vic, NSW-Qld
- US strategy aimed at leveraging existing capability in one of the world's largest energy markets
- Pathfinder program established to unlock next generation energy solutions

Why invest in APA

- Proven capabilities, skills and experiences in energy infrastructure operations and development
- Low risk business model underpinned by stable, inflation linked earnings from largely contracted and regulated revenues
- Scale of assets that provides an unmatched ability to operate as a network
- Strong balance sheet to fund growth and steadily growing distribution for securityholders

(1) BNEF renewables rankings - owner summary

We have the strategy, capability and balance sheet to grow

Strategy

9:20am – 11:00am

- **Growth in Australia** – Julian Peck
- **Pathfinder** – Hannah McCaughey
- **Growth in North America** – Ross Gersbach

Q & A session #1

20 min break

Capability

11:20am – 12:30pm

- **Capabilities to deliver growth**
  - Darren Rogers, Nevenka Codevelle
- **Capital Management** – Adam Watson

Q & A session #2

- **Closing Comments** – Rob Wheals

Julian Peck

Group Executive Strategy and Commercial

Targeting growth markets in energy infrastructure

Significant energy infrastructure investment required as the energy market transitions

Energy transition in Australia requires multiple energy solutions

- Market forecast and visible pipeline suggests ~$68 billion of investment required by 2040
- Significant investment expected in electrification and renewables
- Gas to play a critical role in the energy transition

$8 billion
of gas pipeline infrastructure

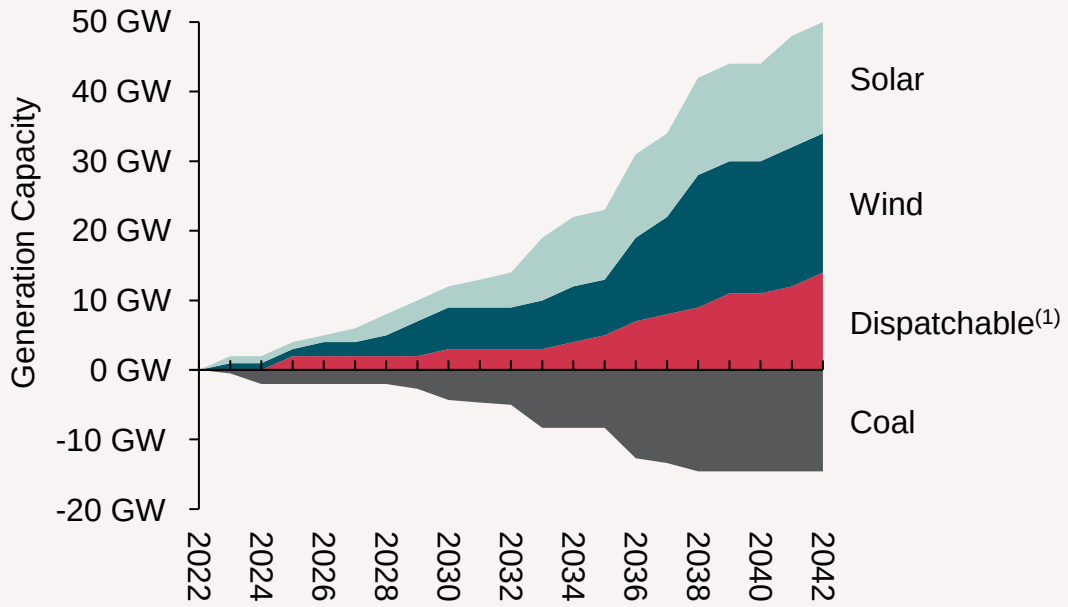
$40 billion
of renewables + firming

$20 billion
of electrification

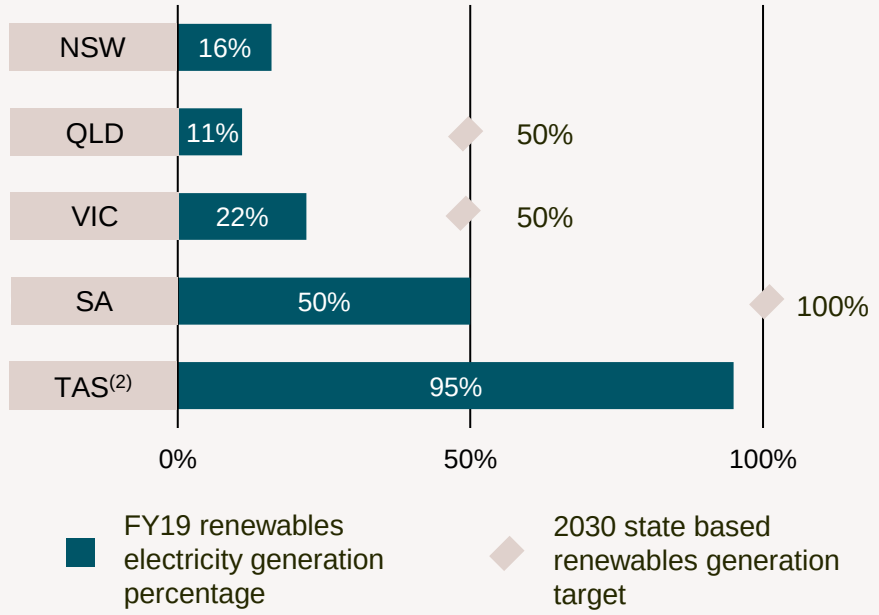
Source: Investment forecast in real terms based on renewables and firming and electrification based on AEMO ISP includes renewables and gas, APA estimates

Energy transition is well underway in Australia

AEMO Integrated System Plan 2020



State based support for continued renewables investment



Source: AEMO Integrated System Plan, 2020 central scenario; Australian Energy Statistic update 2020 Table O Electricity generation, by fuel type, by state
Note: 1) Dispatchable generation includes utility-scale pumped hydro, gas-powered generation and battery storage
2) Tasmania has a renewable generation of 200% to 2040

Positioned for further growth in renewables

Existing presence in renewables

- APA is the 8th largest owner of Australian renewable energy projects(1)
- APA's combined portfolio of renewables and gas powered plant has an average portfolio emissions intensity of 0.27, less than half of NEM average(2)
- Next generation energy solutions including the Gruyere hybrid energy microgrid

Foundations for further growth and investment

- Capacity to leverage APA's existing national footprint to develop wind and solar projects
- Growing demand from existing mining, commercial and industrial customers for clean energy solutions
- Gas is the perfect companion for renewables to provide firm energy
- Greenfield opportunities currently represent the best return on investment
- Highly selective in assessing opportunities given competition for brownfield assets

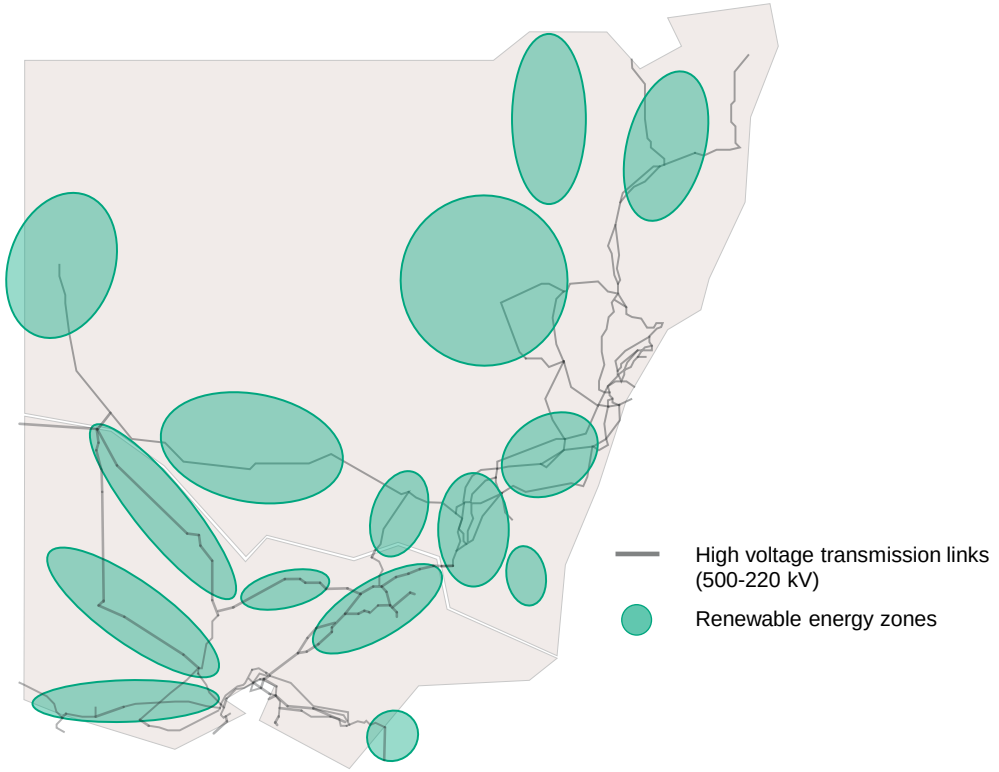
Badgingarra wind and solar farms, WA

Source: 1) BNEF renewables rankings - owner summary
Note: 2) NEM – National Electricity Market in Australia

Electrification via transmission and distribution networks

- Governments developing renewable energy zones (REZs) to combine infrastructure and attract private investment
- Governments expected to welcome development contestability through procurement structures
- Significant investment to 2040
  - NSW projects up to $14 billion
  - Victoria projects up to $4 billion
- These commitments are ~2x the current installed electricity transmission capital bases of NSW and Vic(1)

NSW and Victorian Renewable Energy Zones

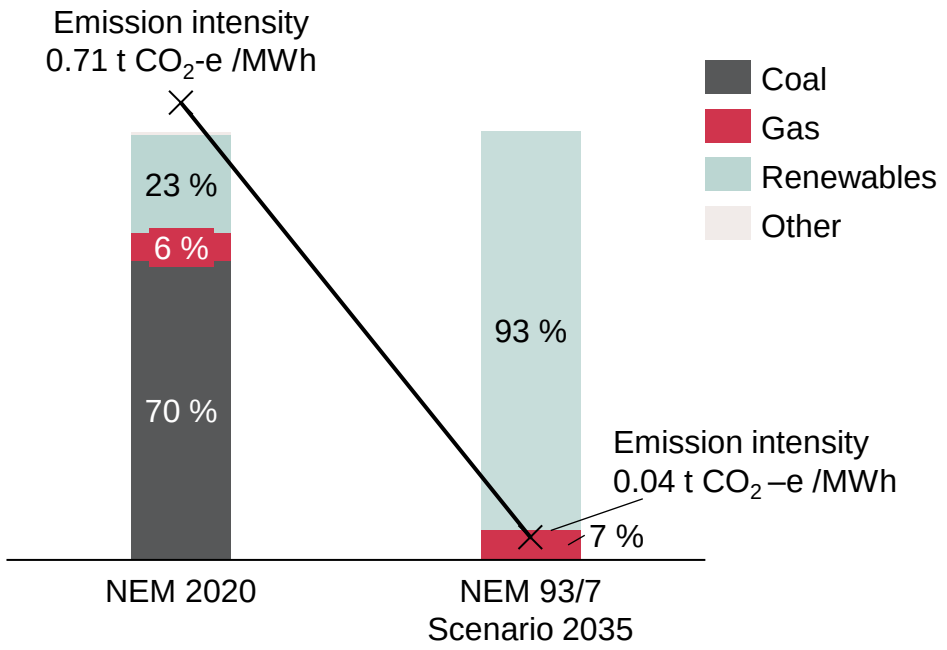


Source: AEMO Integrated System Plan 2020 - Projected transmission network requirements; NSW Electricity Infrastructure Roadmap
Note: 1) Estimate based on TransGrid and Ausnet electricity transmission Regulated Asset Base

Gas supporting energy decarbonisation

- Australia's NEM[1] can be largely decarbonised by further investment in known gas and renewables technologies
- Multiple studies[2], including an indicative NEM 93/7 scenario have concluded that gas and renewables is the most economical and secure pathway to net zero
  - Full renewable electrification is higher cost, less flexible and less reliable
  - Offsets will support Net Zero at a significantly lower cost

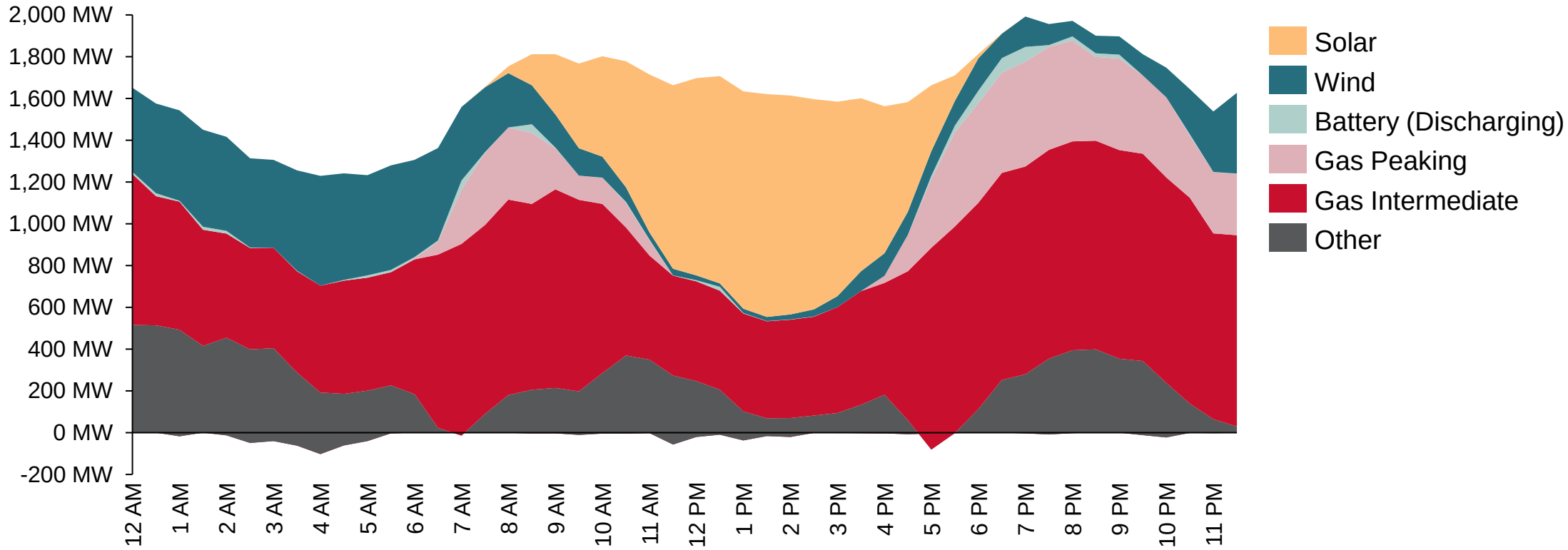
Gas can ensure the reliability of a very high renewable generation system (93%) at a lower cost and lower emissions[3]



Source: 1) National Electricity Market
2) Potential for Gas-Powered Generation to support renewables, Frontier Economics; Climate Change Commission (NZ), 2021 Draft Advice for Consultation; 2035 The Report, Goldman School of Public Policy UC Berkeley
Note: 3) Indicative NEM 93/7 Scenario – APA estimate of emission intensity based on 93% renewables unconstrained scenario from Potential for Gas-Powered Generation to support renewables, Frontier Economics and the emission data from the NGER Greenhouse and energy information by designated generation facility 2019-20

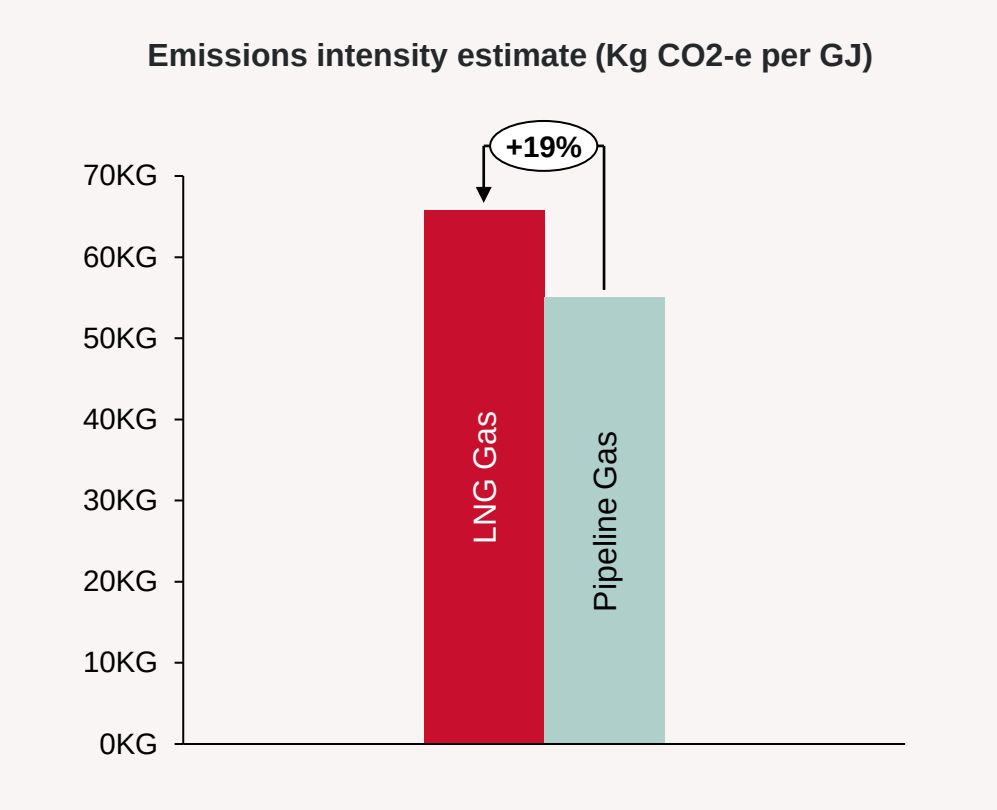
Gas is the most reliable companion for renewables

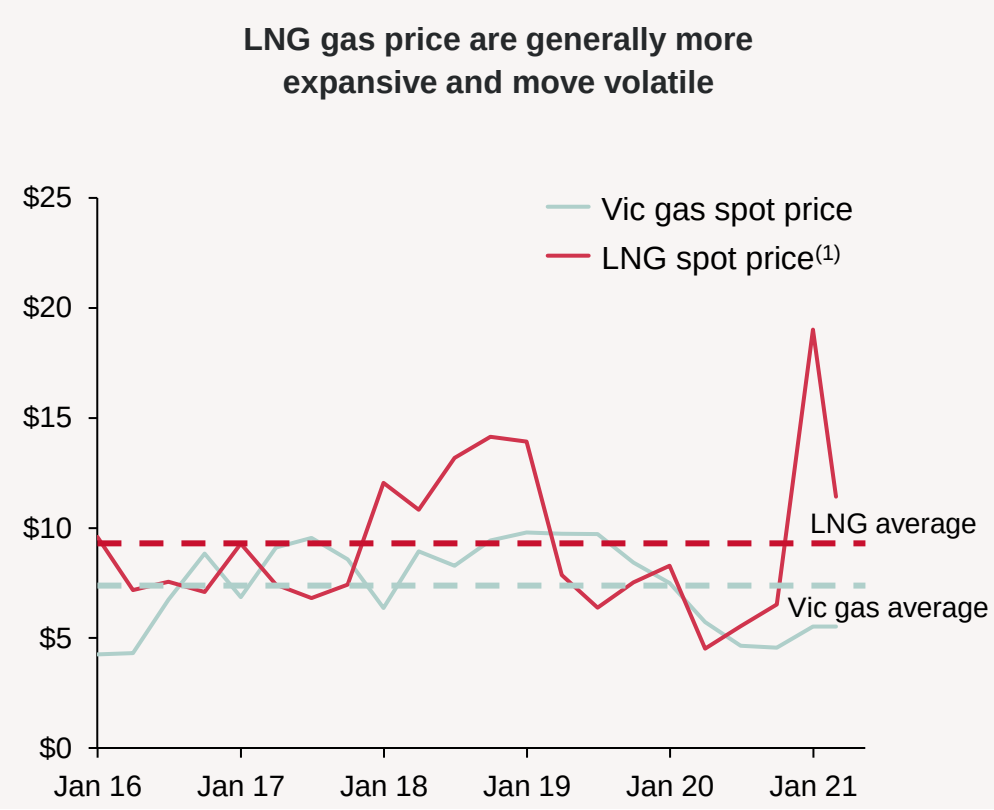
Case Study South Australia 12th May 2021
– Gas delivered 75% of peak electricity consumption due to low wind and solar availability



Source: Chart – OpenNEM, Solar includes utility scale and rooftop solar, other includes import, export and Distillate

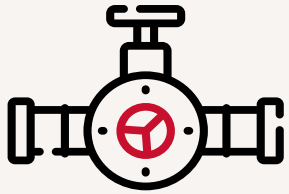
Pipeline gas is lower emissions and generally lower cost than imported LNG



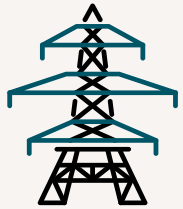


Source: Gas emissions intensity estimates based on UK Government, Department for Environment Food & Rural Affairs and Department for Business, Energy & Industrial Strategy; LNG spot prices from Ministry of Economy, Trade and Industry Japan
Note: 1) Natural Gas at Victorian short term spot market price, LNG pricing excludes regasification and landing costs

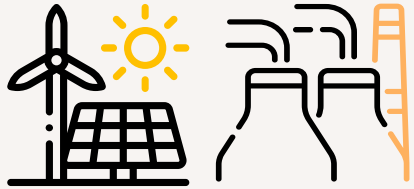
Capability to grow in energy infrastructure



Regulated/contracted Gas Infrastructure



Regulated/contracted Electricity Infrastructure



Renewables & Firming

Infrastructure development

- Commercial development
- Project development and management
- Planning, heritage and environmental management
- Construction delivery

Stakeholder management

- Regulatory management
- Access and approvals
- Governance and risk management

Operational capability

- People and process safety
- Asset lifecycle management
- Asset maintenance
- Network management
- Customer metering operations

Funding

- Investment appraisal
- Access to capital
- Counterparty risk management
- Investor relations

Hannah McCaughey

Group Executive
Transformation & Technology

Next generation energy technologies

Pathfinder to unlock next generation energy solutions

Initial focus areas

Clean fuels

Energy storage

Microgrids

01

R&D

Investigate net zero technologies
(e.g. Parmelia Hydrogen Project)

02

Projects

Clean fuels, energy storage and renewable hybrids
(e.g. Gruyere Power Station Microgrid)

03

Technology

Invest to scale opportunities in new markets
(e.g. Hunter Hydrogen Network Project)

APA is well placed to participate in Australia’s clean hydrogen economy

Australia has a natural competitive advantage in clean hydrogen due to its vast land mass and abundant renewable resource

Extensive pipeline network in proximity of existing and proposed renewables linking to major industrial centres and ports

Potential for APA’s existing pipeline network to be repurposed for hydrogen (fully or blended)

Parmelia hydrogen project confirming adaptability of existing pipelines

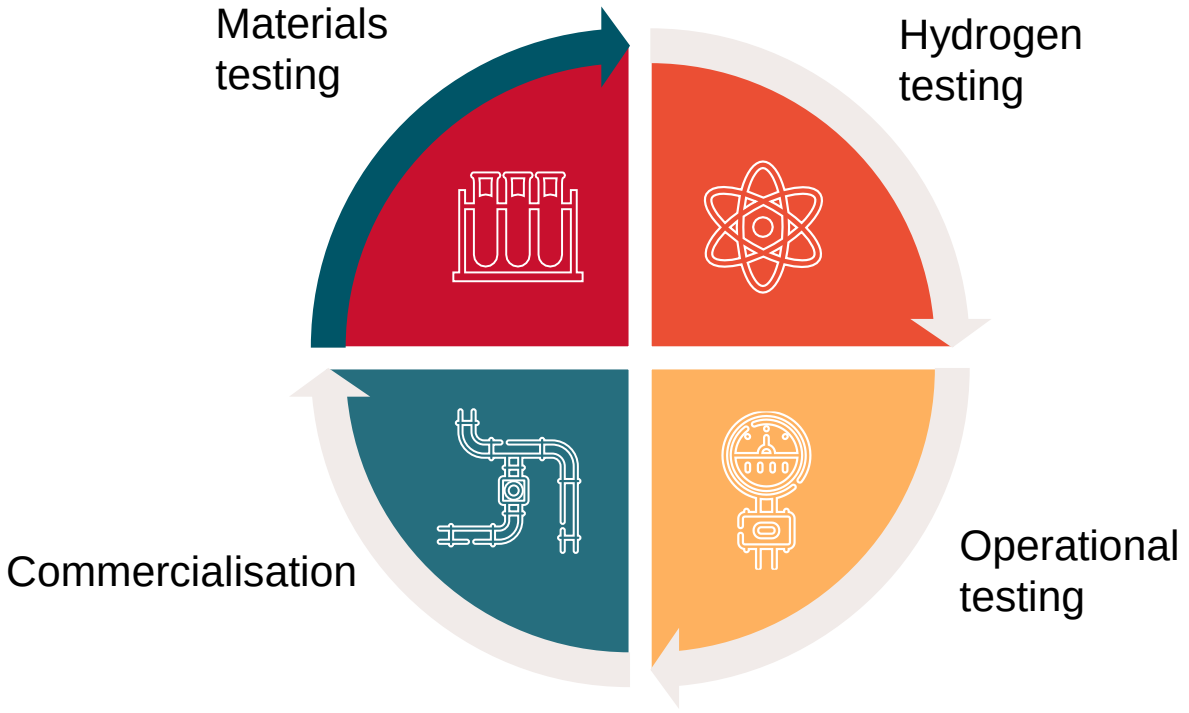
Phase 1 (materials lab testing) completed(1)

Testing of the pipeline confirms the technical viability of the pipeline material to transport hydrogen

Project objective

Convert 43km of the PGP to a hydrogen ready pipeline in a key hydrogen production and usage location, linked to a large industrial base and transport hub, with the potential to service export markets

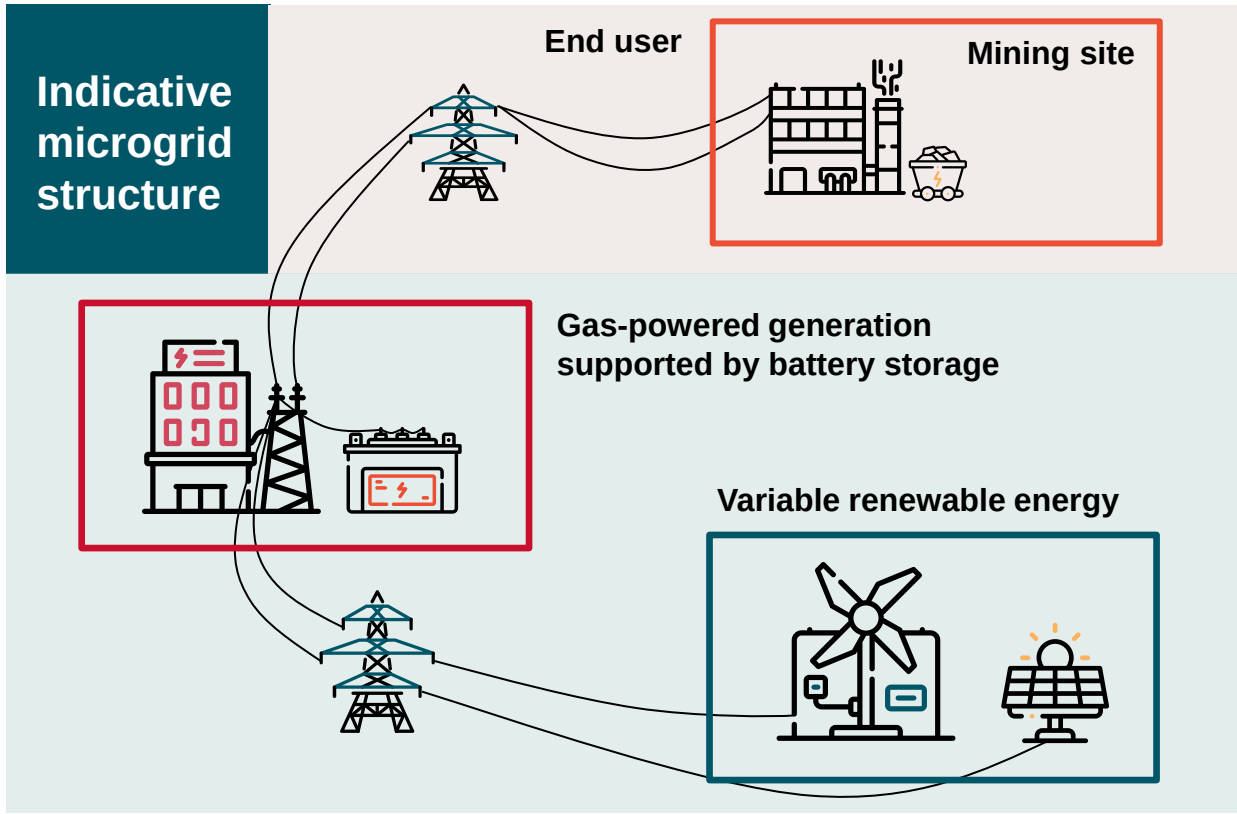
Parmelia Gas Pipeline (PGP) Hydrogen Project



Note: 1) pipeline material tested against US standard to transport Hydrogen

Actively investigating energy storage and microgrids

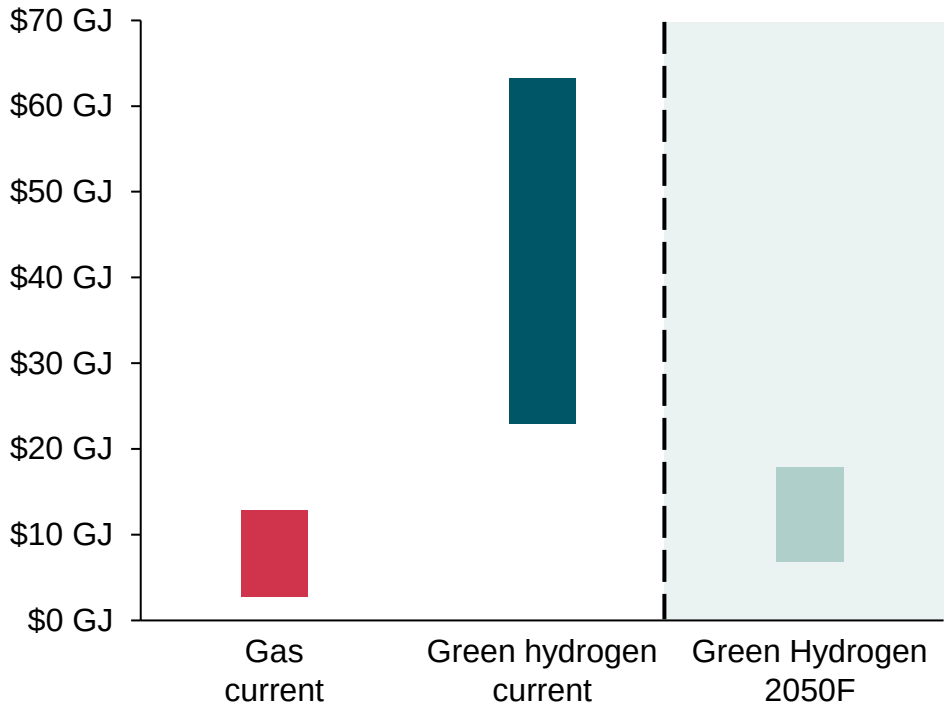
- Energy storage will be an important technology both on and off-grid
- Customers are increasingly seeking integrated renewable solutions through innovation such as microgrids (e.g gas, solar and battery storage)
- Gruyere Power Station being augmented with low carbon energy infrastructure
  - 13MWp solar farm
  - 4.4 MWh energy storage system
  - Hybrid control system



Economics of future energy solutions will drive demand

- Clean hydrogen will become economical through:
  - government support and regulatory reform
  - scaled investments
  - low-cost renewable energy
  - low-cost transportation
- Forecasts generally suggest that clean hydrogen will achieve parity with gas in ~2050
  - However, there may be niche industrial applications where clean hydrogen is cost competitive earlier
- Battery prices are closely linked to the battery technology advancements to support electric vehicle industry and alternate uses such electricity network frequent control

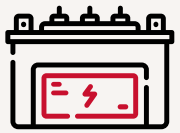
Global green hydrogen cost could be comparable to natural gas by 2050



Source: Cost of green hydrogen is a blend between IRENA (2019), BNEF (2020), Energy Transition Commission (2021) and Hydrogen Council (2020) forecast; Gas price and forecast from AEMO GSOO (2021) and WA GSOO (2020)

Capability to participate in future energy solutions

Clean fuels



Energy storage

Microgrids

Infrastructure development

- Commercial development
- Project development and management
- Planning, heritage and environmental management
- Construction delivery

Stakeholder management

- Regulatory management
- Access and approvals
- Governance and risk management

Operational capability

- People and process safety
- Asset lifecycle management
- Asset maintenance
- Network management
- Customer metering operations

Funding

- Investment appraisal
- Access to capital
- Counterparty risk management
- Investor relations

Ross Gersbach

President North American Development

Leveraging capability in one of the world's largest energy markets

Energy infrastructure investment in the US will be significant

Energy transition in the US will require investment in multiple energy sources

- Market forecast suggests ~US$2.7 trillion of investment required by 2040
- Significant investment expected in electrification and renewables
- Gas to play a critical role in the energy transition

US$125 billion
of gas pipeline infrastructure

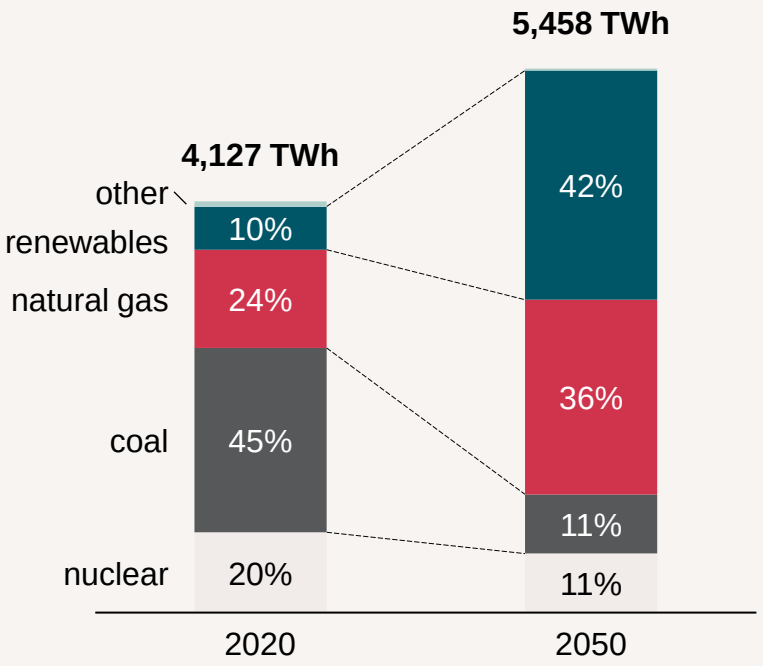
US$1.6 trillion
of renewables + firming

US$1 trillion
of electrification

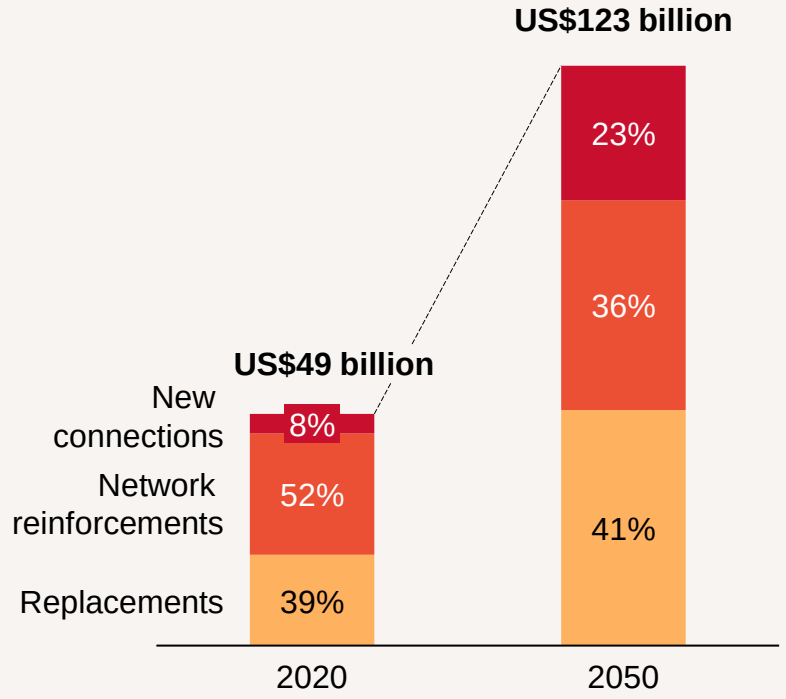
Source: 2035 The Report; IEA WEO 2020; APA estimates
Note: All investment forecast are in real terms

Growth in multiple energy sources to support the energy transition

Renewables, coupled with gas, expected to attract significant investment through the energy transition



Significant annual investment in electricity transmission(1)

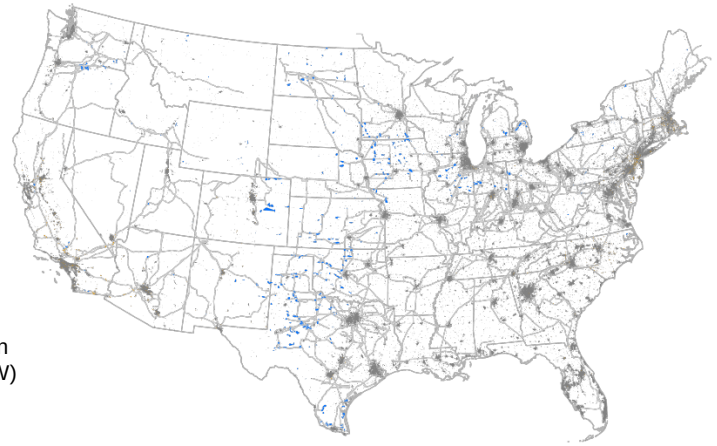


Source: US Energy Information Administration; BNEF
Note: 1) investments represents real annual spend estimates

Substantial investment to be made developing renewables and electrification to achieve Net Zero

Installed capacity on continental US as of 31 December 2020

- **~0.22 TW** Wind and Solar
- **~59,000 km²** land used (0.6% of US land mass)



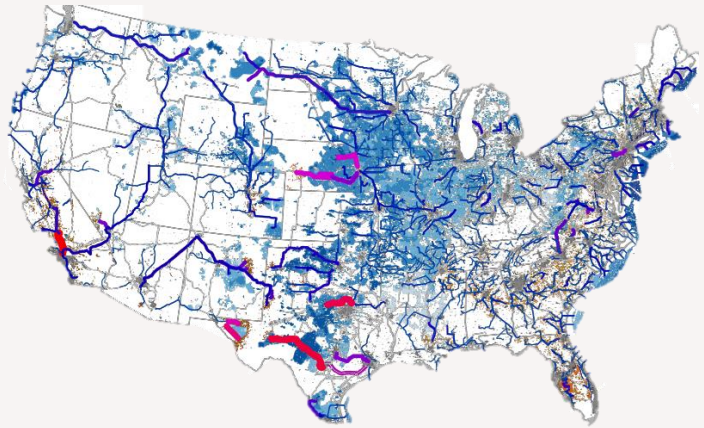
Transmission capacity (GW)

- 0.0006
- 0.0006 – 70.5
- 70.5
- 0.0006
- 23.5004
- 47.0002
- 70.5

- Offshore Wind
- Solar
- Wind
- Population density ≤ 100 people per square km
- Population density > 100 people per square km
- Existing transmission (>345 kV), thickness does not reflect capacity

2050 RE+ High electrification, renewables only scenario - Significant challenges exist to achieve Net Zero without gas

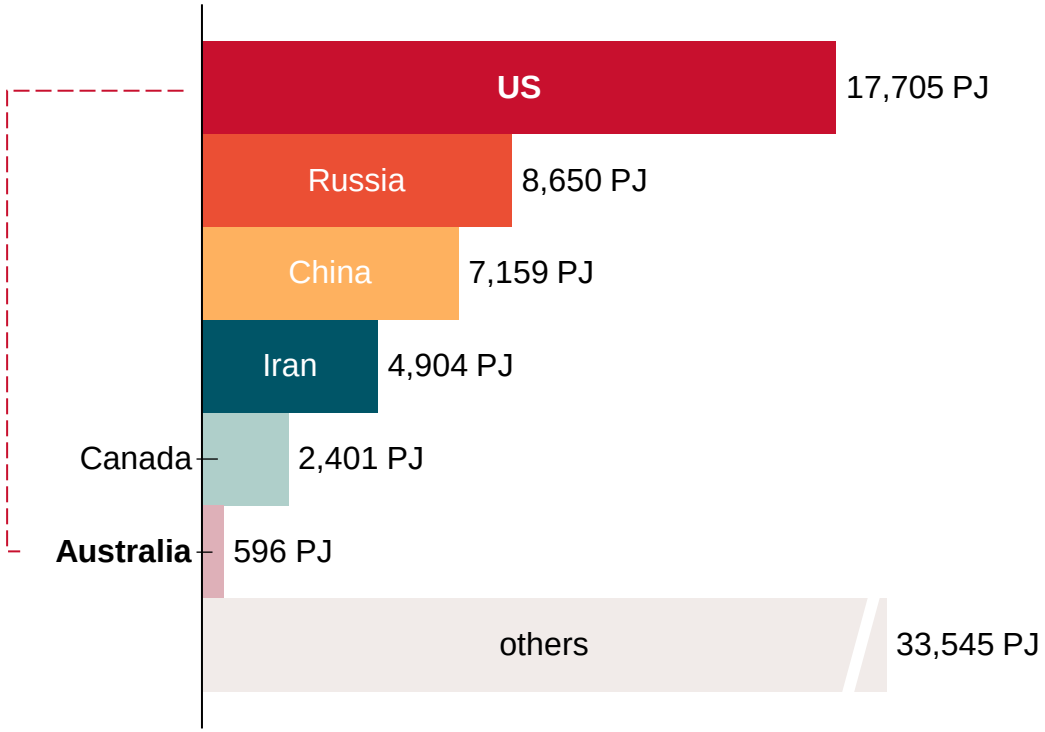
- **5.8 TW** wind and solar capacity (26 times)
- **1,075,000 km²** land used (~11% of US land mass)
- **US$8.73 trn** capital invested (2018$)



Source: The Net Zero America: Potential Pathways, Infrastructure and Impacts, Princeton University. Investment and capacity is cumulative from 2020-2050.
Net Zero America is a comprehensive and rigorous report that sets forth the economic, technological, land use and energy system changes that would be required for the US to achieve Net Zero emissions by 2050

Favourable dynamics driving US to be the world's largest natural gas market

The US is the world's largest consumer of natural gas



Note: Natural gas final consumption in 2018, (PJ-gross)

Abundance of natural gas reserves

- ~3,400 TCF of total US gas resources

A primary source of energy

- 3 million miles of natural gas pipeline supplying ~77 million customers

Favourable demand drivers

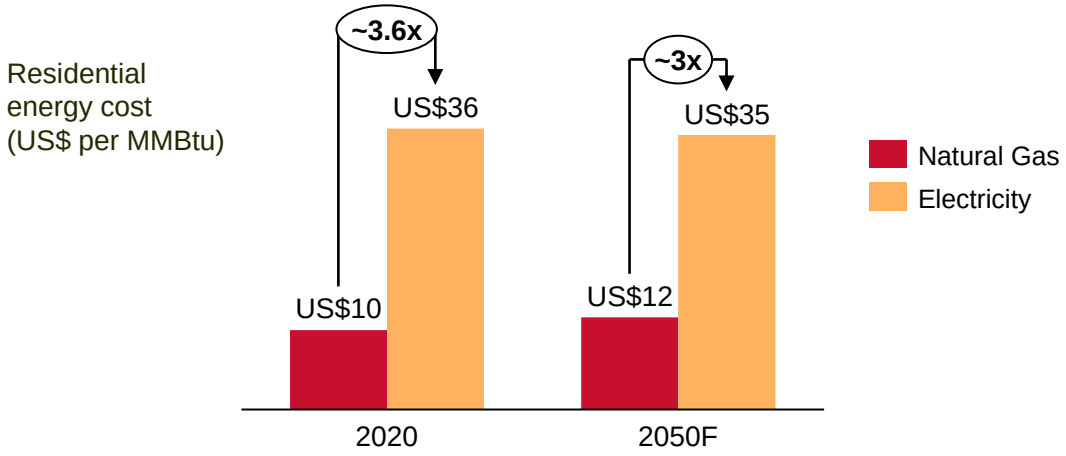
- Low cost energy source; cold winter climate regions; constructive regulatory frameworks

Source: IEA Gas Information 2020; American Gas Association Play book 2021

Natural gas is the most cost-efficient and competitive source of energy for heating

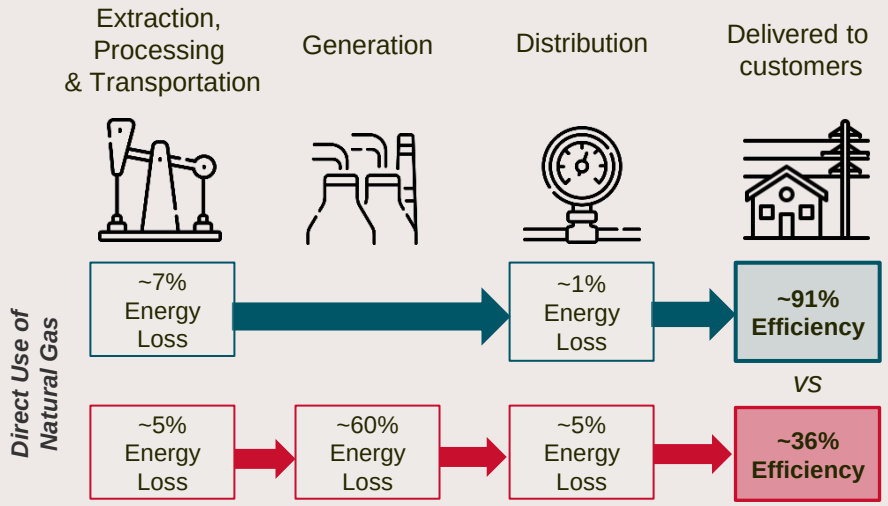
Low-cost natural gas in US

- Proximity to abundant reserves
- Gas is cheaper than alternative energy sources



Efficient delivery system also drives down costs

- Direct use natural gas delivery systems are highly efficient with ~91% of source energy reaching the end customer
  - This compares favourably to the process of converting natural gas into electricity which results in significant leakage of energy during generation and distribution. i.e ~36% efficiency



Source: AGA 2021 playbook; US Energy Information Administration; Annual Energy Outlook 2021, Table 3. Energy Prices by Sector and Source, US overall, reference case

The US remains highly attractive

Disciplined focus

- Cold winter climate regions
- Low cost energy sources
- Stable and predictable earnings
- Attractive returns on equity
- Supportive policy, legislative and regulatory regimes
- Capacity to expand into growth energy markets
- Ability to leverage APA's existing capabilities in owning, operating and developing energy infrastructure
- High quality management teams and local talent
- Value accretion

Target markets aligned with refreshed strategy

We have capability to successfully own, operate and develop energy infrastructure

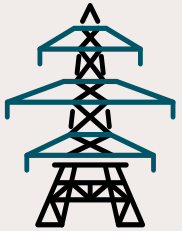
We have a competitive cost of capital

We remain disciplined

US energy infrastructure ambition

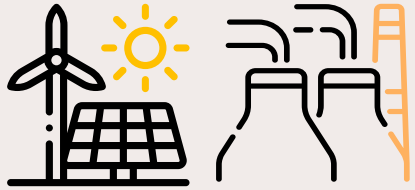
Regulated/contracted Gas Infrastructure

- Attractive entry point
- Comparable to APA's existing Australian capability
- Supportive market environment



Regulated/contracted Electricity Infrastructure

- Integrated gas and electricity distribution networks
- Complementary portfolio opportunities
- Energy transition as a growth driver



Renewables and Firming

- Transferable skills and project development experience
- Complementary portfolio opportunities
- Energy transition as a growth driver

Q&A session #1

Ask a question

 Please click on 

Or  Press *1

Break

Capability to deliver growth

Darren Rogers
Group Executive Operations

Nevenka Codevelle
Group Executive Governance
and External affairs

Existing APA operational footprint diversified across a range of energy infrastructure assets

Assets

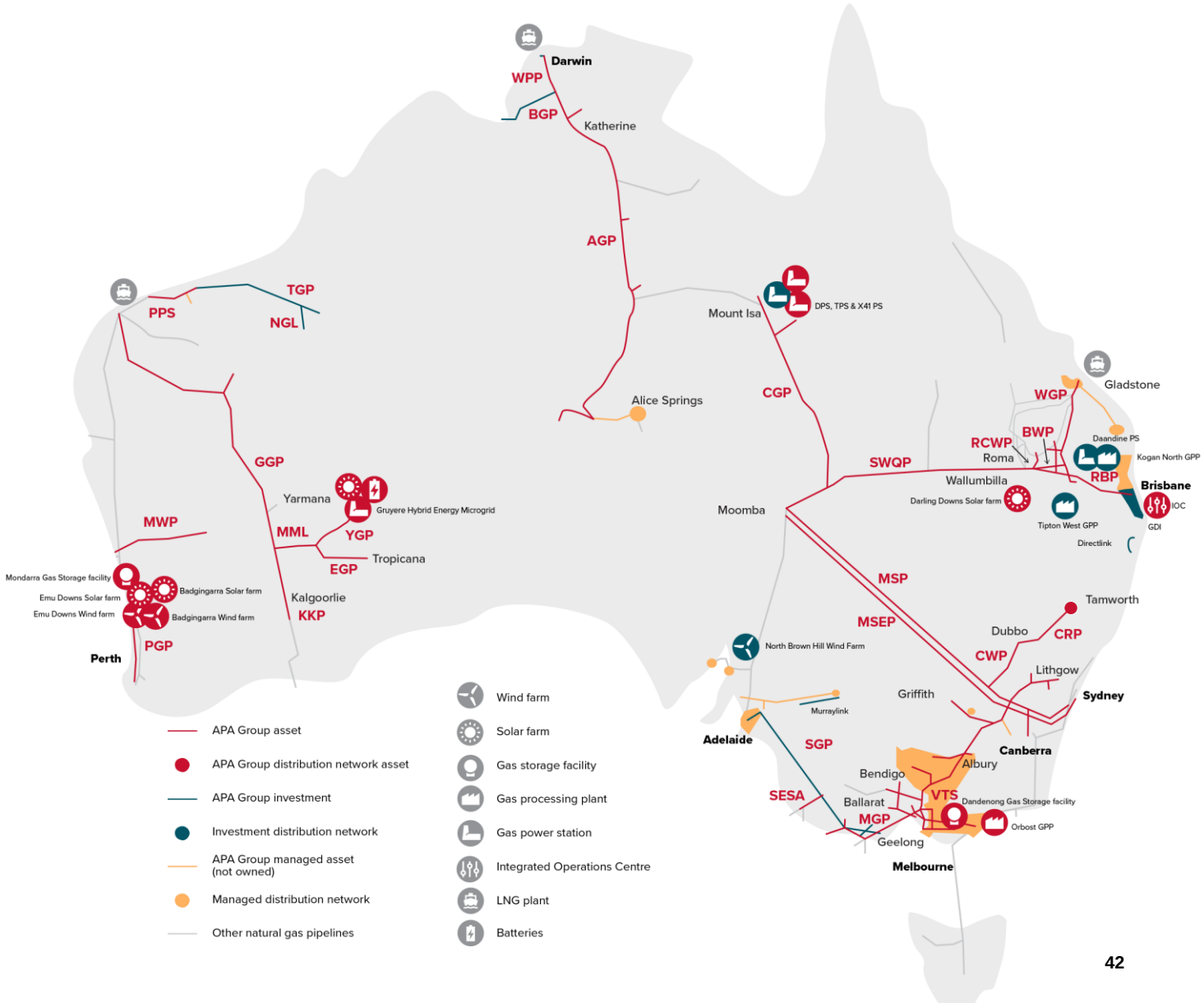
Gas Pipeline, Processing & Storage
Gas-fired Generation
Renewables Generation
Electricity Transmission

Customers

Servicing ~100 wholesale and
>1.4 million network customers

Operations

>1,200 employee spread across more than 50 locations in Operations & Maintenance, Engineering, Health, Safety & Environment and Networks operations



Note: Gruyere Hybrid Energy Microgrid is under construction

APA has deep experience owning and operating energy infrastructure

15,425 km of pipelines, **18 PJ** of storage and **90 TJ/d** processing plant(1)

- Peak gas demand in Victorian is around two times that of electricity
- The energy stored at APA's Mondarra gas storage facility is the equivalent to 25,000 South Australian big batteries

440 MW of gas-fired power generation

- Diamantina Power Station is roughly half the emission intensity of the Queensland electricity generation(2)

243 km of electricity transmission

- Murray Link remains the world's longest underground power transmission system

342 MW of wind generation and
149 MW of solar generation

- Badgingarra Wind Farm has saved 690,000 tonnes of greenhouse gas emissions since commissioning(3)

Proven Reliable Infrastructure

99.9%

Gas transmission nominations delivery

>97%

Gas transmission compressors average reliability

98.28%

Availability factor with 810 GWh of renewable energy

Note
(1) Includes 100% of assets operated by APA Group, which form part of Energy Investments segment, including SEA Gas and EII.
(2) Based on NGER Greenhouse and energy information by designated generation facility 2019-20, Queensland average emission intensity
(3) Based on total energy exported since commissioning multiplied by the emissions factor given by the National Greenhouse and Energy Reporting

Delivered over $2 billion of energy infrastructure over the past 5 years

Murrin Murrin Compressor Station, WA

Darling downs Solar Farm, QLD

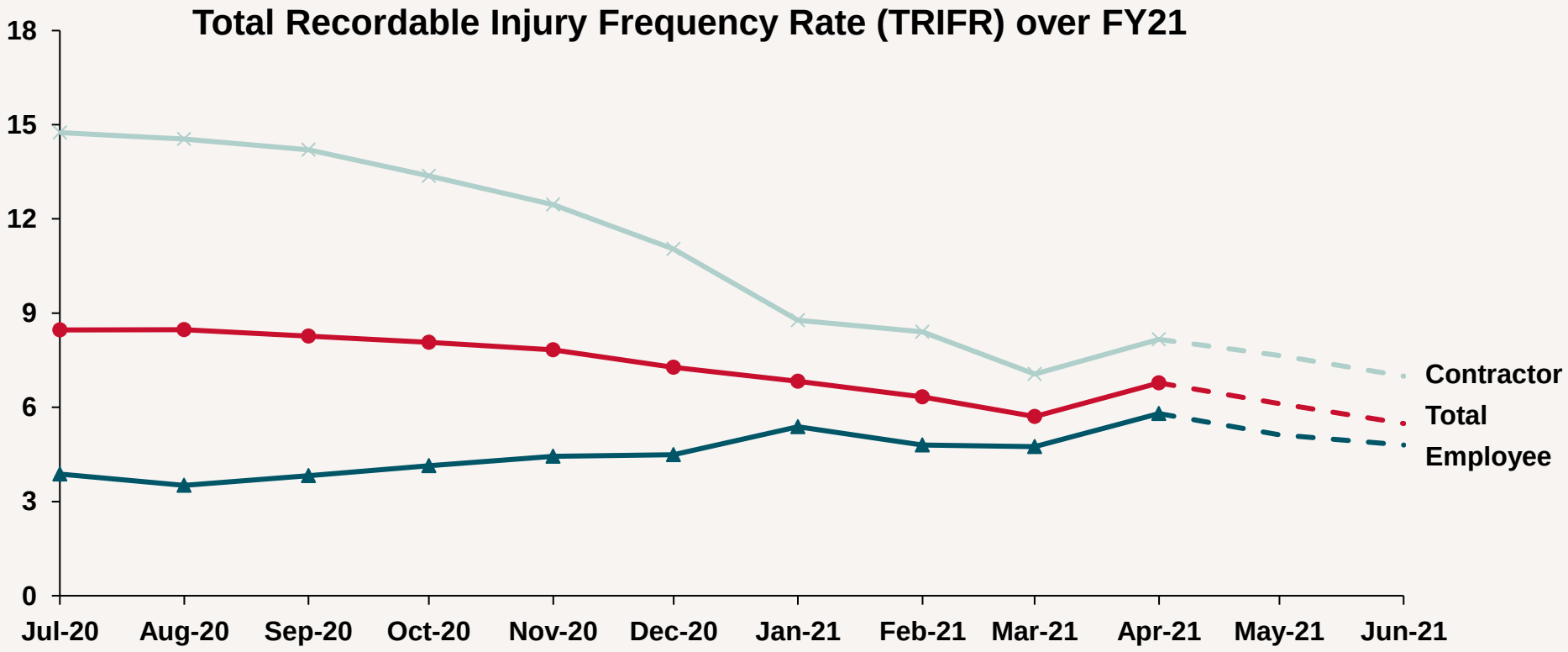
Reedy Creek Wallumbilla Pipeline, QLD

Badgingarra Wind and Solar Farms, WA

Gruyere Power station and
Yamarna gas pipeline, WA

Emu Downs Solar Farm, WA

Relentless focus on the health, safety and wellbeing of our employees and contractors



Process safety at the heart of ensuring safe and reliable energy supply

Wallumbilla Gas Hub in Queensland

APA received the 2020 APGA annual safety award for process safety fundamentals

Utilising technology to ensure operations are safe and efficient

- Integrated Operations Centre (IOC) – centralised control and contact for all assets and customers
  - >$30m invested in technologies
  - Commercial, Operations and Asset Management capability for faster response
- Threats and vulnerabilities continually assessed; controls aligned to Australian Cyber Security Centre standards and Critical Infrastructure obligations
- Digital Twin technology
- Internal pipeline inspection technology
- APA Grid platform
- Aerial surveys

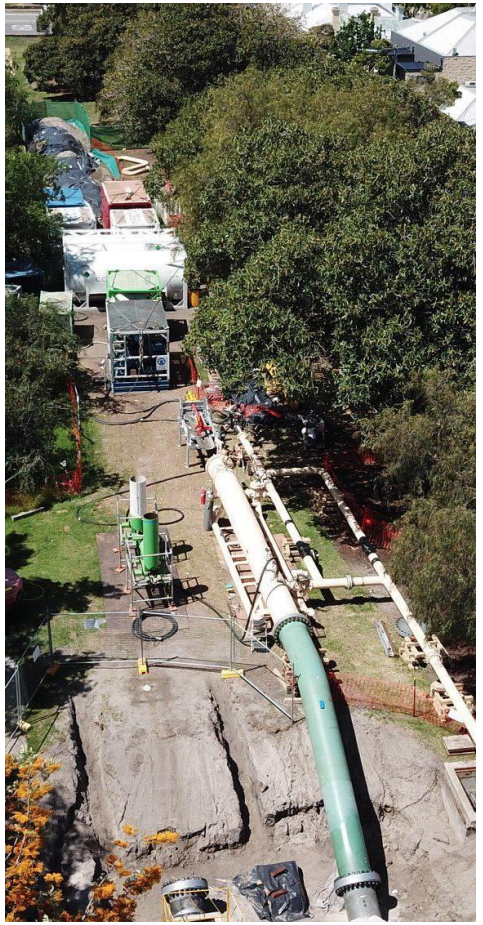
Integrated Operations Centre in Spring Hill, Queensland

Case study: Pigging the Victorian Transmission System

- Maintaining safe operation of the Victorian Transmission System (VTS)
- Pipeline inspections using a bi-directional Pipeline Inspection Gauges (PIG)
- 2km narrow section of VTS
  - Three years of planning, trials and preparation
  - Collaboration across various stakeholder groups
    - APA business units
    - Australian Energy Market Operator
    - Delivery partners and external stakeholders

Location of the 2km pipeline section of the VTS


APA's team at the PIG insertion location in South Melbourne



Transferrable skills and experience to support delivery of APA's diversified energy infrastructure ambitions

Capabilities which are replicable across different energy infrastructure assets

Operations

- People and Process safety
- Customer & stakeholder engagement
- Asset management and planning
- Asset integrity & life cycle planning
- Field operations
- Network management
- Easement management
- Operational and information technology
  - IOC (control room), energy nomination and dispatch platforms
- System modelling – digital twin and operational simulation
- SCADA engineering / management
- Specialist service & support e.g. welding

Infrastructure development

- Infrastructure engineering and design including hybrid energy systems
- Community & stakeholder engagement
- Environment and heritage management
- Licencing and approvals
- Landowner consultation, land access and management
- Procurement and purchasing
- Project management and scheduling
- Construction management
- Equipment selection, design, installation and management
- Specialist technical service and support

Commercial and corporate

- Contract negotiation and management
- Corporate development
- Corporate finance
- Capital funding
- Financial and regulatory reporting
- Investment management
- People resource planning and talent development
- Information technology and Cyber security
- Business continuity management
- Government and regulator relations
- Legal and compliance
- Risk management
- Governance and corporate affairs

Positioning APA as an employer of choice

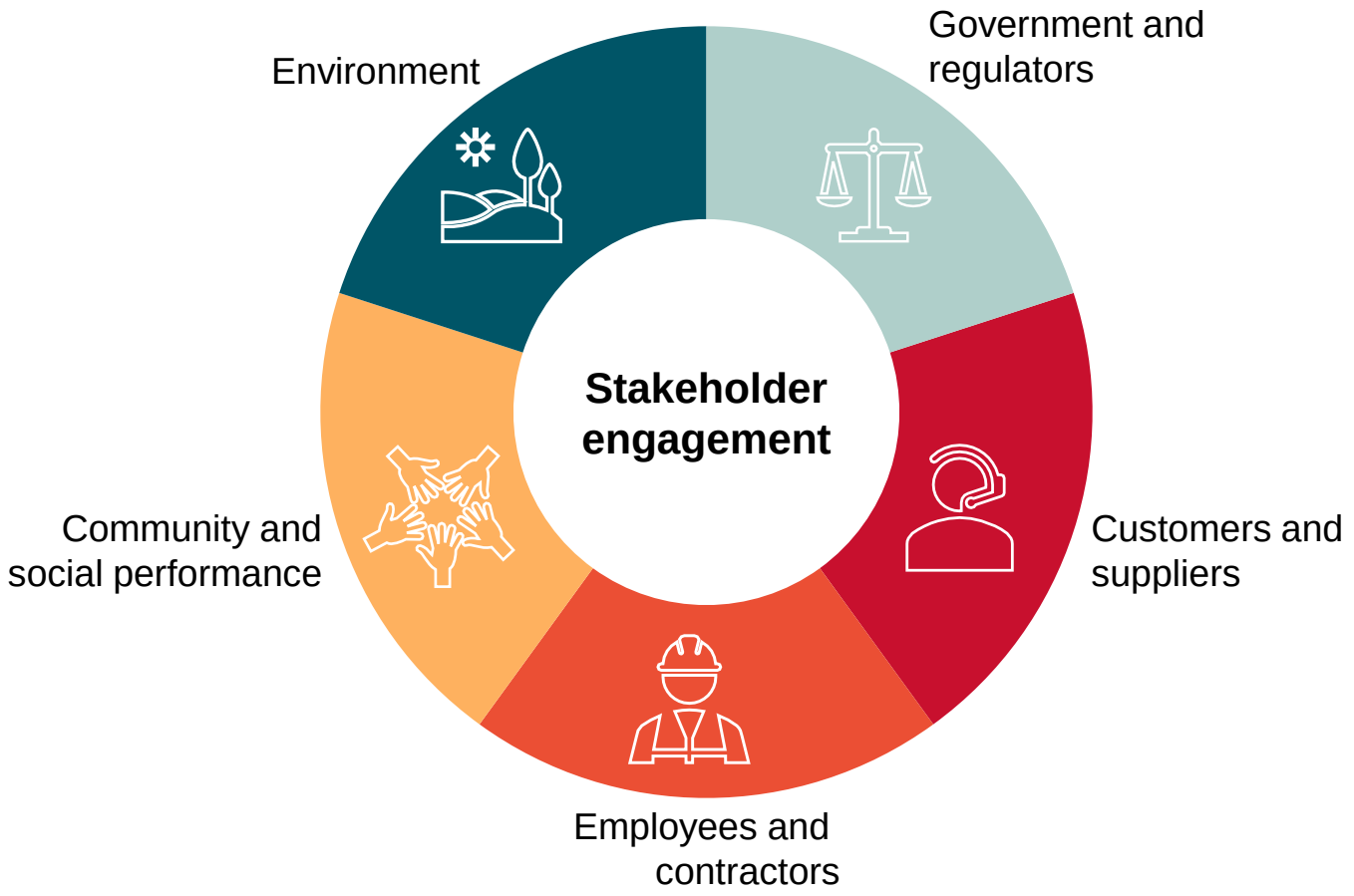
- Bright Sparks Graduate program: Top 100 Graduate Employer finalist
- Australian Association of Graduate Employers: Top 40 intern program
- Apprenticeship programs including partnership with Clontarf Foundation supporting young Aboriginals and Torres Strait Islanders
- Creating jobs for local communities
- High performance training and development
- Diversity and inclusion targets

Rob Wheals with 2020 graduates

APA graduates during a strategy exercise

Accelerating momentum for improved sustainability outcomes

- Sustainability roadmap developed
- Net Zero ambition embedded in our strategy
- Positive Regulatory Impact Statement (RIS) outcome
- Foundation Energy Charter signatory
- Diversity and Inclusion targets established
- Expanded stakeholder engagement approach



Case study: building the West Coast Grid / Northern Goldfields Interconnect

- Detailed environmental surveys completed

Environment

Customers and suppliers

- Embedded key social performance indicators

- Pipeline licence and regulatory referrals submitted

Government and regulators

Communities

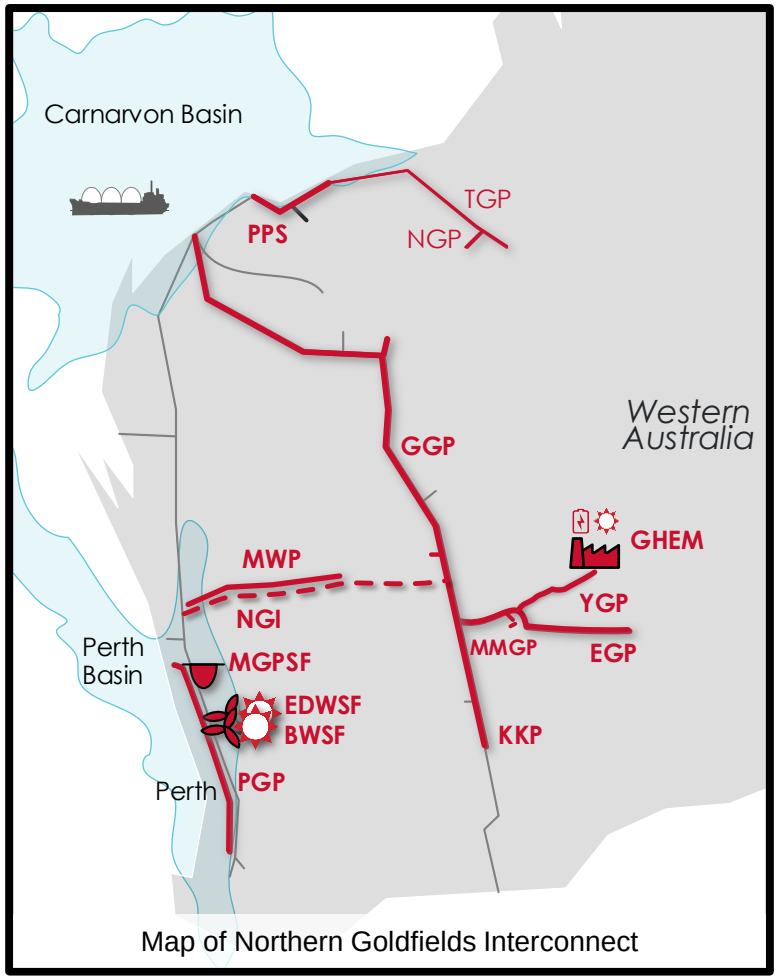
- Advanced stage engagement with landholders and local government authorities

- Cultural Heritage surveys completed
- Traditional Owner engagement about site recommendations and protections

Culture heritage

Social impact

- Relationship agreements being negotiated with Traditional Owners including mechanisms to access employment and business opportunities



Map of Northern Goldfields Interconnect

Adam Watson

Chief Financial Officer

Capital management strategy

Capital management strategy focused on maximising security holder returns

The Capital Management Strategy review has resulted in a number of modifications:

- Established investment hurdle rates by asset class
- Execution of the liability management exercise
- Revision of the Treasury Risk Management Policy
- A more flexible Distribution Policy
- Market guidance focus on distributions (cash generation)
- Enhanced investor communication

APA remains competitive and disciplined in its ambitions for growth

Assessment completed to ensure appropriate funding of various asset classes (renewables, electricity transmission, gas pipelines, power generation, U.S. energy infrastructure):

- Cost of capital
- Capital structures

Investment hurdle rates established to reflect:

Cost of capital for each asset class based on risk profile

Gearing and credit rating metrics based on risk profile

Forward looking cost of debt and asset beta assumptions

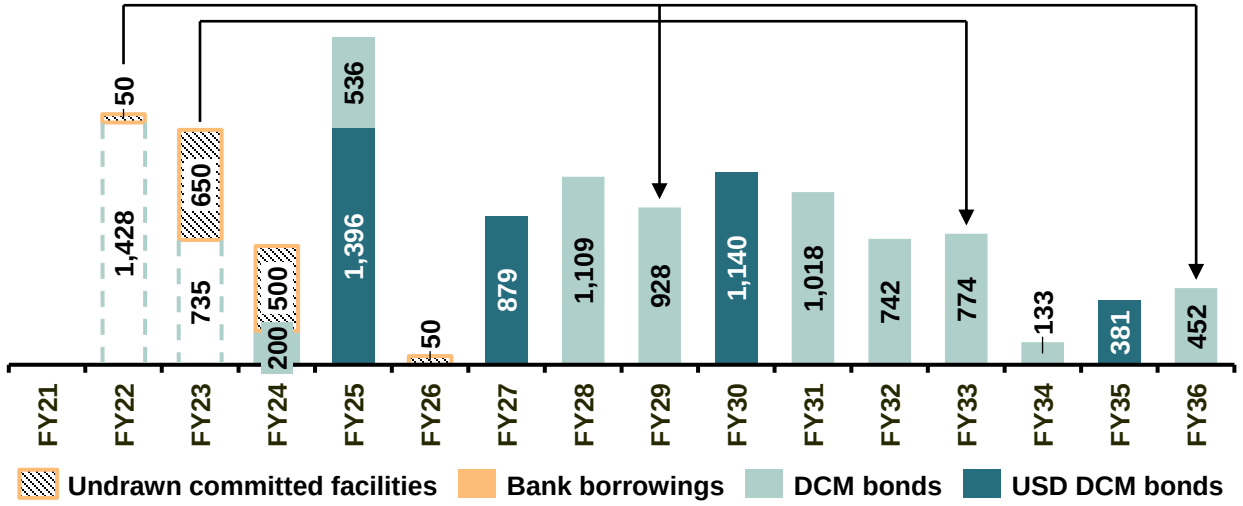
Enhanced corporate models and investment assessment tools

Strong demand for APA capital and capacity to create value

Low interest rates and strong support for APA credit provided an opportunity to proactively address the $2.2 billion of debt scheduled to mature in CY2022 (liability management exercise):

- Improved Free Cash Flow (~5 cps over next 12 months, inclusive of tax benefit)(1)
- NPV accretive despite $148m redemption costs
- Lower average cost of debt (5.2% to 4.8%)
- Extended the average term to maturity of debt portfolio from 6 to 8 years
- No material bond maturities until March 2025

Debt maturity profile as at 30 April 2021

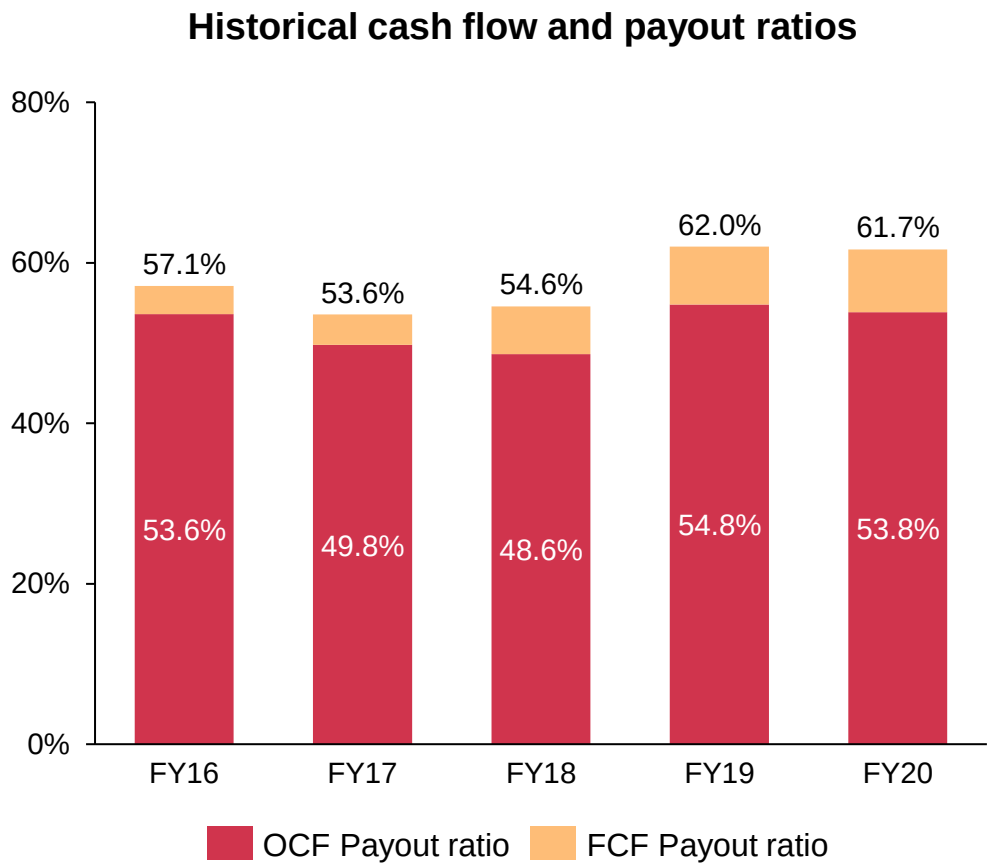


Metrics(2)	Dec 2020 proforma(3)	Dec 2020	Dec 2019
Funds from Operations to Net Debt(3)	12.1%	12.1%	11.4%
Funds from Operations to interest(3)	3.4 times	3.2 times	3.1 times
Average interest rate applying to drawn debt	4.7%	5.18%	5.35%
Interest rate exposure fixed or hedged	100%	100%	99.0%
Average maturity of drawn debt	8.3 years	6.1 years	6.5 years

Notes:
(1) Includes a once-off tax deduction for the transactions.
(2) For the purposes of these calculations, the US 144A Notes maturing in 2025 and 2035, the EUR MTN maturing in 2027 and the GBP MTN maturing in 2030 were retained in or swapped to USD denominated debt obligations at issuance. These have been translated into AUD at the prevailing FX rate at inception (US 144A Notes at AUD:USD=0.7879, EUR MTN and GBP MTN at AUD:USD=0.7772) and are being managed as a "designated hedge" with the highly probable Wallumbilla Gladstone Pipeline USD revenues.
(3) APA calculations. The proforma excludes the once-off redemption costs of $148m from interest expense.

Distribution policy balances strong investor returns whilst maintaining capital to fund organic growth

- APA targeting a payout ratio of approximately 60-70% of its Free Cash Flow:
  - Maintenance (stay-in-business) capex fully funded from cash flows
  - Supports appropriate level of funding for organic growth capex
  - Provides flexibility to consistently grow distributions, regardless of potential short-term fluctuations to earnings or cash flows
  - Comfortably supports BBB / Baa2 credit ratings
- Change to the payout ratio denominator**:**
  - Replacing Operating Cash Flow (OCF) with Free Cash Flow (FCF)
  - FCF more aligned with peers, providing investors with a comparable benchmark
  - FCF broadly calculated as OCF less maintenance (stay-in-business) capex



Market guidance to be aligned with peers and focussed on investor returns

FY21 guidance reconfirmed:

- Distributions per security of 51.0 cps
- Underlying EBITDA of between $1,625 million to $1,665 million
- Underlying net interest of between $490 million to $500 million
- The above excludes potential impacts as a result of Significant Items[1,2,3] and liability management[4]

Distributions a key value driver for APA securityholders:

- Reflects focus on sustainable cash generation
- Ignores non-cash impacts to earnings

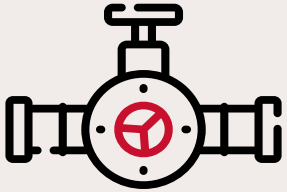
Challenges of accounting based guidance:

- Changes to accounting standards[1]
- Non-cash fair value adjustments[2]
- Liability management impacts[4]
- Driving the right behaviours to ensure APA invests for long term value creation

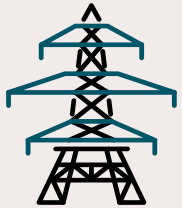
- APA will move to providing only distribution per security guidance from FY22, representing the key value driver for Securityholders, consistent with market peers
- Growth capex targets and other operating metrics will continue to be communicated

Notes:
1) Accounting standards changes related to the treatment for SaaS/ Cloud based investments
2) Accounting non-cash fair value adjustment on mark-to-market impacts on renewables portfolio
3) Carry value impairment – Orbost Gas Processing Plant
4) Liability management incurred an early redemption costs of $148 million

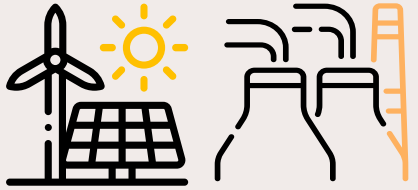
A capital strategy that supports our growth ambitions



Regulated/contracted Gas Infrastructure



Regulated/contracted Electricity Infrastructure



Renewables & Firming

Distribution policy

balances organic growth capex funding with strong investor returns

Low cost of capital

and competitive investment hurdle rates

Investment grade credit metrics

provides prudent levels of gearing and access to capital markets

Treasury policies

ensures strong levels of liquidity and minimises risk

Insightful communications

ensuring strong investor engagement

Q&A session #2

Ask a question

 Please click on 

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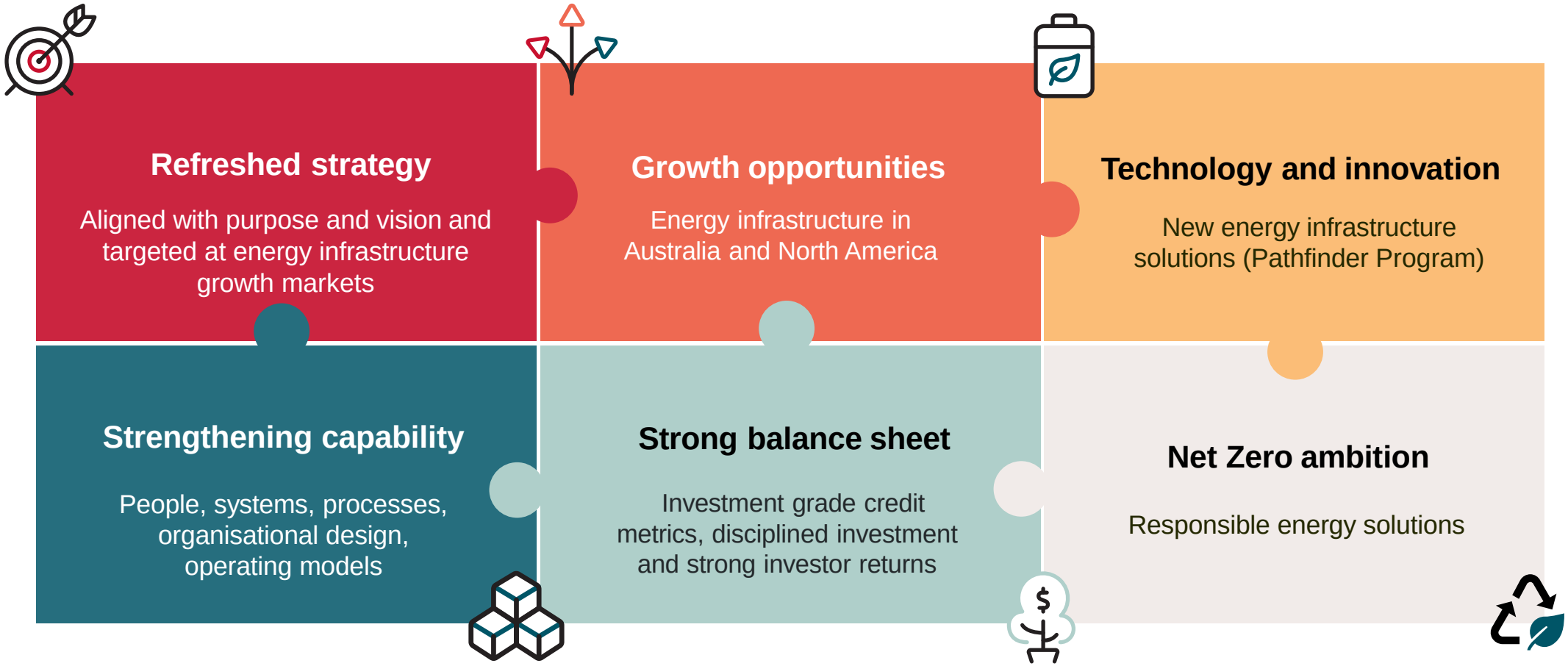
Strategy and capability to deliver our vision



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