



25 August 2021

ASX ANNOUNCEMENT

APT Pipelines Limited (ASX: AP2)

APA Group Results Media Release

Attached is an announcement made by APA Group (ASX: APA) which is provided for the information of APT Pipelines Limited securityholders.

A handwritten signature in black ink, appearing to read 'N Codevelle'.

Authorised for release by Nevenka Codevelle

Company Secretary
APT Pipelines Limited

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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, \$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.

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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.



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ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA REPORTS SOLID FY21 PERFORMANCE AND INCREASED DISTRIBUTIONS

Leading Australian energy infrastructure business APA Group (ASX: APA) today announced its financial results for the year ended 30 June 2021 highlighting solid financial performance and good momentum on its strategic growth priorities.

Key summary for FY21:

- Revenue¹ of \$2,144.5 million, up 0.7%.
- Underlying EBITDA of \$1,633.0 million, down 1.3% due to increased investment in strategic development opportunities and capability, higher insurance and compliance costs and softer contract renewals in challenging market conditions.
- Reported Profit After Tax was \$3.7 million. This was impacted by the \$249.3 million non-cash Orbest impairment charge and \$148.0 million in finance costs associated with bond note redemptions, both of which have been previously disclosed to the market. Excluding these significant items, Profit After Tax was \$281.8 million.
- Free Cash Flow was down 5.7% to \$901.9 million primarily due to a non-recurring benefit in FY20.
- A final distribution of 27.0 cents per security bringing total FY21 distributions to 51.0 cents per security, up 2.0%.
- FY22 distributions are expected to be 53.0 cents per security up 3.9%.
- The organic growth pipeline now exceeds \$1.3 billion, up from over \$1.0 billion at the half year, including the staged expansion of APA's East Coast Gas Grid, and the new Northern Goldfields Interconnect.
- A new Sustainability Roadmap now in place and an ambition for net zero operations emissions by 2050 now embedded into strategy.

APA CEO and Managing Director Rob Wheals said, "In FY21, APA has again delivered stable and reliable earnings in challenging market conditions while at the same time making good progress on our strategy and laying the foundation for future growth.

"Our total distributions for FY21 increased 2.0% to 51.0 cents per security, underscoring our long track record of growth in distributions. Further demonstrating our commitment to value creation and our confidence in our future outlook, we also expect FY22 distributions to increase by 3.9% to 53.0 cents per security.

"Pleasingly, we made meaningful improvements in our safety record and we maintained our exceptionally high standard of operational performance. These strong outcomes reflect our focus on our people, our customers and our communities and demonstrate the strong capability of our dedicated workforce.

¹ Excludes pass-through revenue

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“As a leader in energy infrastructure, we pride ourselves in our ability to respond to the changing energy needs of our customers, whether it be gas, electricity or renewable power generation. Our Gruyere Hybrid Energy Microgrid development is a case in point, delivering an integrated energy solution to our customer in the Goldfields mining region of Western Australia at the same time as helping lower emissions.

“Importantly, gas continues to play a critical role in Australia’s energy mix, both as a critical source of firming for variable renewable energy and helping ensure Australians will have access to a reliable, and affordable source of energy.

“Through our Pathfinder Program we have continued our investments in the energy solutions of tomorrow which have the potential to unlock the economic benefits from repurposing our infrastructure assets while ensuring we can continue to respond to the changing energy needs of our customers.”

“This is consistent with our ambition for net zero operations emissions by 2050 and our vision to be world class in energy solutions.”

“During the year, APA strengthened its balance sheet by refinancing \$2.2 billion of debt, increasing the average term to maturity of our debt and significantly reducing our interest costs. Our liquidity is strong with around \$1.9 billion in cash and undrawn facilities to fund future strategic growth investments.

“APA has strong business fundamentals, a clear strategy aligned to our vision and purpose, confidence in our outlook and the execution capability to continue to deliver value to our Securityholders.

Financial results

Revenue, excluding pass-through, of \$2,144.5 million was up 0.7%, driven in part by the part year contribution from the Orbost Gas Processing Plant.

Underlying EBITDA of \$1,633.0 million was down 1.3%, largely as a result of:

- Softer contract renewals in challenging market conditions;
- Higher insurance and compliance costs;
- Costs associated with building the capability and resilience of APA’s business, including strengthening investment in areas such as sustainability, community engagement and cyber security;
- Investment in strategic growth opportunities in Australia and in the US, including a rise in project evaluation costs to support APA’s growth agenda, strengthening commercial development capability and development of the Pathfinder Program to unlock opportunities in next generation energy technologies; and
- Costs associated with the development of a new leadership team.

Profit after tax excluding significant items was down 9.6% to \$281.8 million due to the lower EBITDA and higher depreciation costs from our growing asset base.

Significant items before tax of \$397.3 million comprise the impairment charge on the Orbost Gas Processing Plant of \$249.3 million, announced in February 2021 and one-off finance costs of \$148.0 million relating to the bond note redemptions completed in May 2021. The refinancing of APA’s corporate bond portfolio has extended the average term to maturity of APA’s debt from 6.4 years to 7.8 years and significantly reduced APA’s ongoing interest costs.

Free Cash Flow of \$901.9 million reduced 5.7% primarily due to a one-off distribution received and interest earned by APA from its investments in SEA Gas in FY20.

Investment update

“APA has invested over \$280 million in growth projects in FY21 which will support revenue expansion in future years. In the longer term, APA’s earnings will be supported by our pipeline of projects totalling over \$1.3 billion in the next three years and reinforcing our position as Australia’s leading energy infrastructure company.

“APA has an extensive growth program, potential US strategic options and our Pathfinder program exploring the longer-term opportunities as we transition to a zero carbon energy outlook.

FY21 final distribution

The Directors have resolved to pay a final distribution for FY21 of 27 cents per security bringing total distributions to 51 cents per security, an increase of 2%. FY21 distributions are 66.7% of Free Cash Flow, in line with APA's distribution payout policy of 60% to 70% of Free Cash Flow.

The 27.0 cent final distribution comprises 18.63 cents from APT and 8.37 cents from APTIT. The APT distribution is a capital distribution. The APTIT distribution represents a 1.67 cent profit distribution and a 6.70 cent capital distribution. Franking credits do not attach to these distributions. The final distribution will be paid on 15 September 2021.

FY22 guidance and outlook

Based on current available information, FY22 distributions are expected to be 53.0 cents per security, an increase of 3.9%. Franking credits allocation will be determined by the cash tax paid by APA during FY21 and FY22.

Webcast and Conference Call

APA will hold a webcast/conference call to provide further detail on the FY21 financial results and progress on strategic priorities at 10am today. <https://webcast.boardroom.media/apa-group/20210825/NaN60ca8754c76988001b0d755b>

Dial-in details:

Within Australia	1800 558 698
Alternative Australia	1800 809 971 or 02 9007 3187
Outside Australia	+61 7 3145 4010
Conference ID	10014579



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Australian Pipeline Limited

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