



Macquarie Securities Australia Conference

Ross Gersbach, Chief Financial Officer

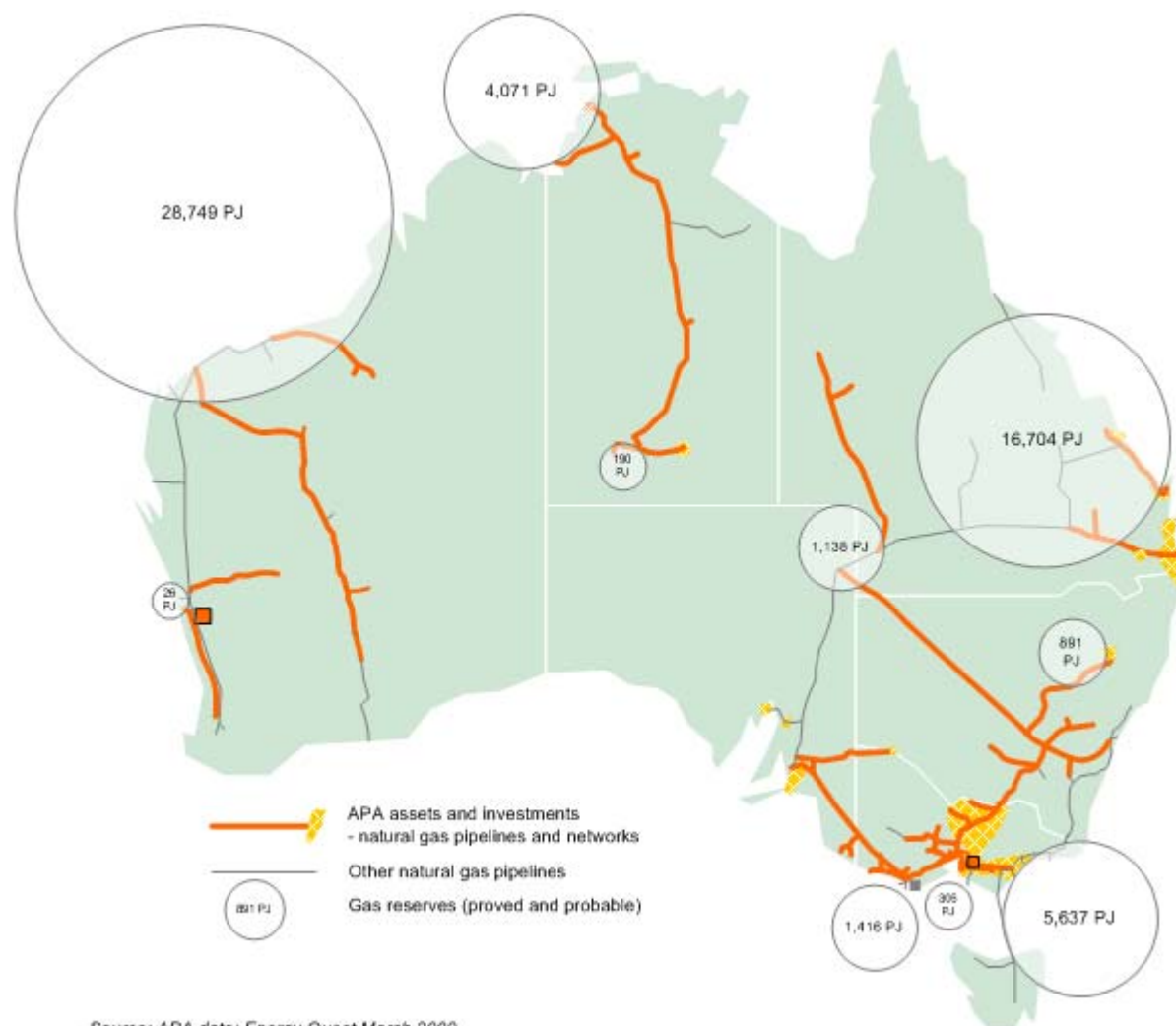
Sydney, 7 May 2009

APA Group overview

- APA is Australia's leading gas transmission and distribution infrastructure owner and operator
 - **Gas transmission and distribution:** gas pipelines, interconnected gas storage facilities across Australia, and gas distribution networks in Queensland and New South Wales
 - **Asset Management:** provides asset management, operating and maintenance services
 - **Energy Investments:** minority interests in energy infrastructure investments, including Envestra, SEA Gas Pipeline, Energy Infrastructure Investments and Ethane Pipeline Income Fund
- APA generates secure cash flows from contractual and regulatory arrangements on its assets
 - with more than 90% of revenue from regulated (natural monopoly) assets and long term contracts
- APA has direct management and operational control over its assets and investments
 - no fee leakage or conflicts that arise with external management model
 - employing over 1,100 skilled and experienced people who perform all commercial, engineering and operations functions for APA assets and investments

APA delivers more than half of Australia's domestic gas use annually

High quality gas infrastructure portfolio



Source: APA data; Energy Quest March 2009

- Australia has an abundance of natural gas reserves
 - 56,700 PJ of 2P reserves, with almost half (26,100 PJ) in eastern Australia
- Increasing demand for gas
 - particularly gas fired power generation
- APA delivers gas from all major gas production sources to all major gas markets
 - More than 50% of gas used in Australia is transported through APA's pipelines
- APA infrastructure is crucial to Australia's eastern states
 - APA transports more than 70% of gas in Australia's eastern states
- Progressing new links for gas between east Australian states

APA has an unrivalled portfolio of pipelines, connecting all major gas sources to major markets

APA's strengths

- Unrivalled gas asset footprint
 - largest gas transporter of natural gas across Australia by pipeline length, capacity and volume
- Integrated portfolio of gas pipeline assets
 - providing revenue and operating synergies
- Attractive growth opportunities
 - enhancing capacity in APA's existing pipelines serving major growth markets across Australia
- Stable cash flow
 - regulated and contracted revenue
- Internally managed and operated business
 - highly skilled and experienced workforce, extracting greater value from the business and responding to a dynamic energy market

APA owns and operates strategically positioned gas infrastructure assets across Australia

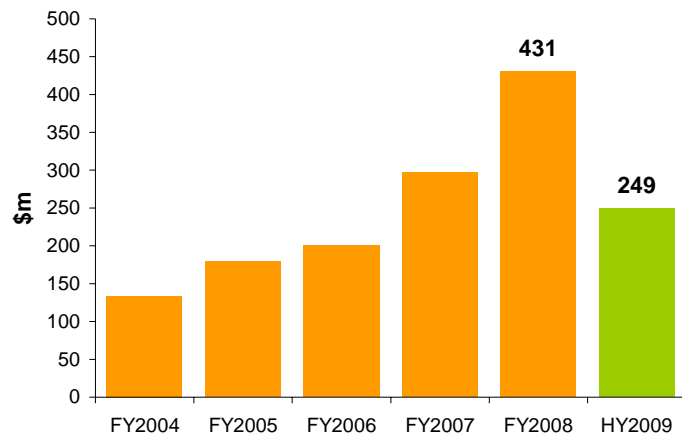
APA's strategy

Maximise value for securityholders by

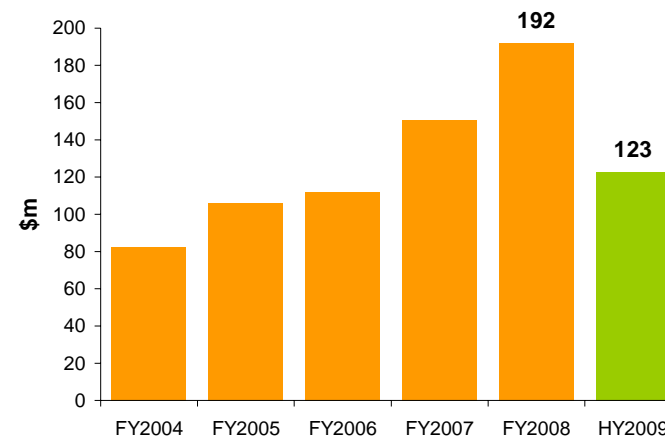
- Focusing on gas infrastructure assets in Australia's growing gas market and further enhance APA's portfolio of assets
- Capturing revenue and operational synergies from APA's significant asset base
- Pursuing opportunities that leverage APA's knowledge and skills base
- Maintaining a strong balance sheet

Proven financial performance

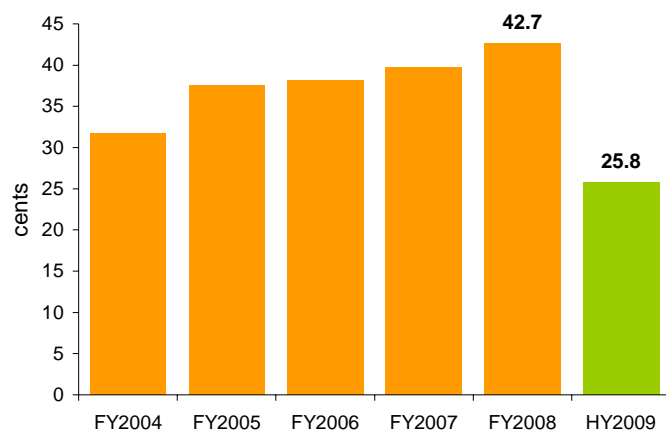
EBITDA



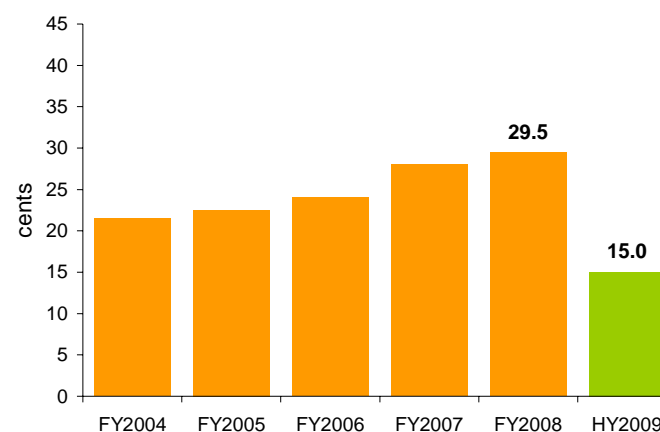
Operating cash flow



Operating cash flow per security



Distributions per security



On target to meet FY09 guidance – EBITDA \$420-430 million

Strong performance in 1H09

Financial highlights

- Underlying revenue (excluding pass-through) \$368 million, up 20%
- Underlying EBITDA \$249 million, up 16%
- Underlying operating cash flow \$123 million, up 12%
- Underlying operating cash flow per security 25.8 cents, up 3.3%
- Distribution 15.0 cents, up 3.4% (distributions covered by operating cash flow)

Strategic highlights

- Established Energy Infrastructure Investments (EII)
 - Proceeds in excess of book value, with \$647 million used to pay down debt
 - APA asset manager for EII
- Construction of the Bonaparte Gas Pipeline
- Organic growth on gas transmission pipelines – Goldfields (WA), Carpentaria (Qld), Moomba Sydney (NSW)
- Attractive investments – Central Ranges Pipeline, Envestra equity

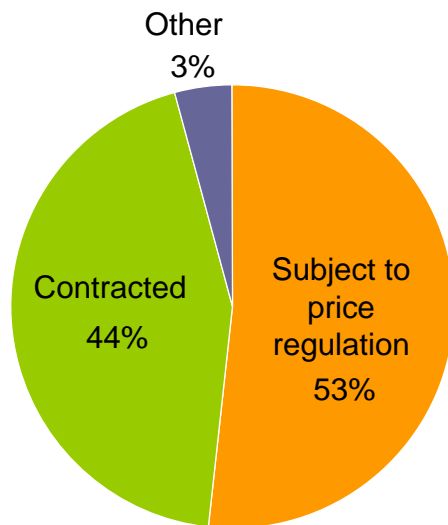


Pipeline stringing - Bonaparte Gas Pipeline

Stable and secure revenue

- More than 90% of APA’s revenues are derived from price regulated (natural monopoly) assets and long-term contracts
- Tariffs are set by regulation for price regulated assets, but existing contract terms remain
- Tariffs commercially negotiated for all other pipelines and new capacity on all pipelines⁽¹⁾, with contract
 - Contract terms are often for periods of in excess of 5 years, and APA’s current average contract length is approximately 7 years

FY2008 Revenue Split



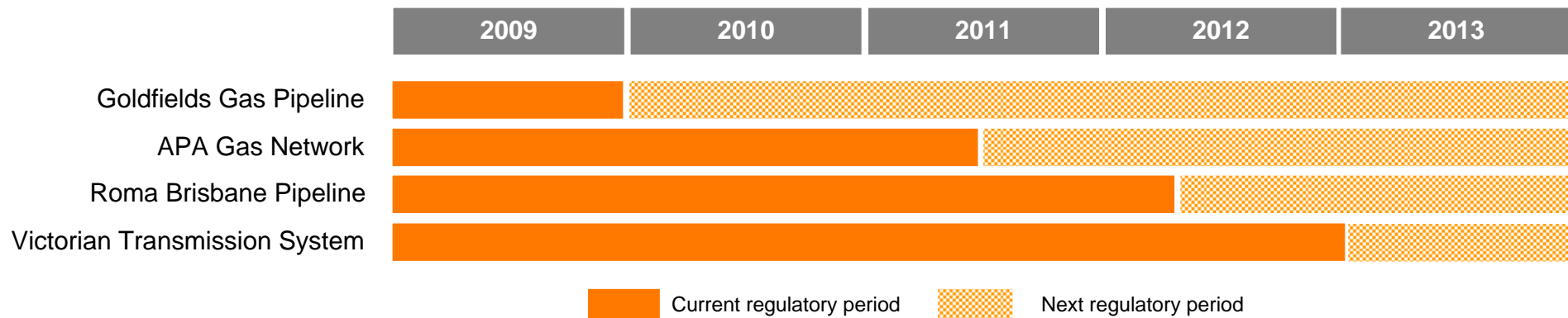
Price Regulated		Commercially Negotiated	
Tariffs set by regulation	Contract terms remain	Light regulation	No regulation
Victorian Transmission System APA Gas Network Central West Pipeline Central Ranges Pipeline Central Ranges Network	Roma Brisbane Pipeline Goldfields Gas Pipeline⁽²⁾ Amadeus Gas Pipeline	Moomba Sydney Pipeline (Marsden downstream) Carpentaria Gas Pipeline	Moomba Sydney Pipeline (Marsden upstream) Parmelia Gas Pipeline Mid West Pipeline

(1) Except Victorian Transmission System
 (2) Some contracts provide for regulated price to apply

Regulatory overview

- Regulatory resets are spread out over five years, with on average one reset per year
 - Next major asset reset is 1 January 2010 – Goldfields Gas Pipeline
- AER Review of WACC for regulated electricity transmission & distribution:
 - Regulated electricity assets, not gas.
 - Decision may influence but is not binding for gas assets - WACC for gas assets are set at the time of individual price reviews, having regard to particular characteristics of that asset.

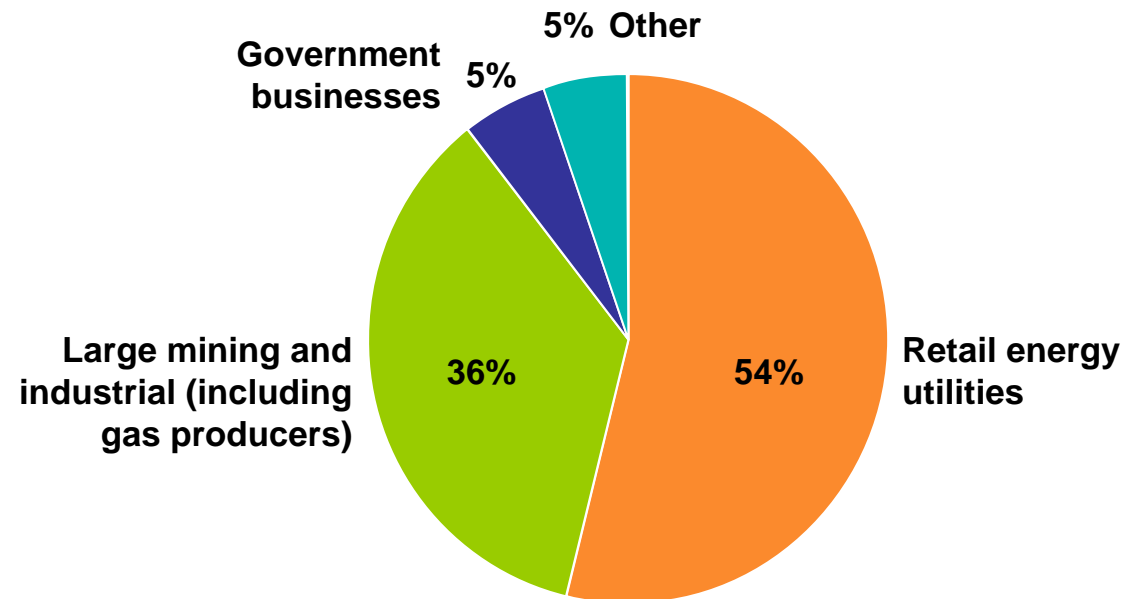
APA's major price regulated assets - regulatory resets over the next five years






Diversified customer base

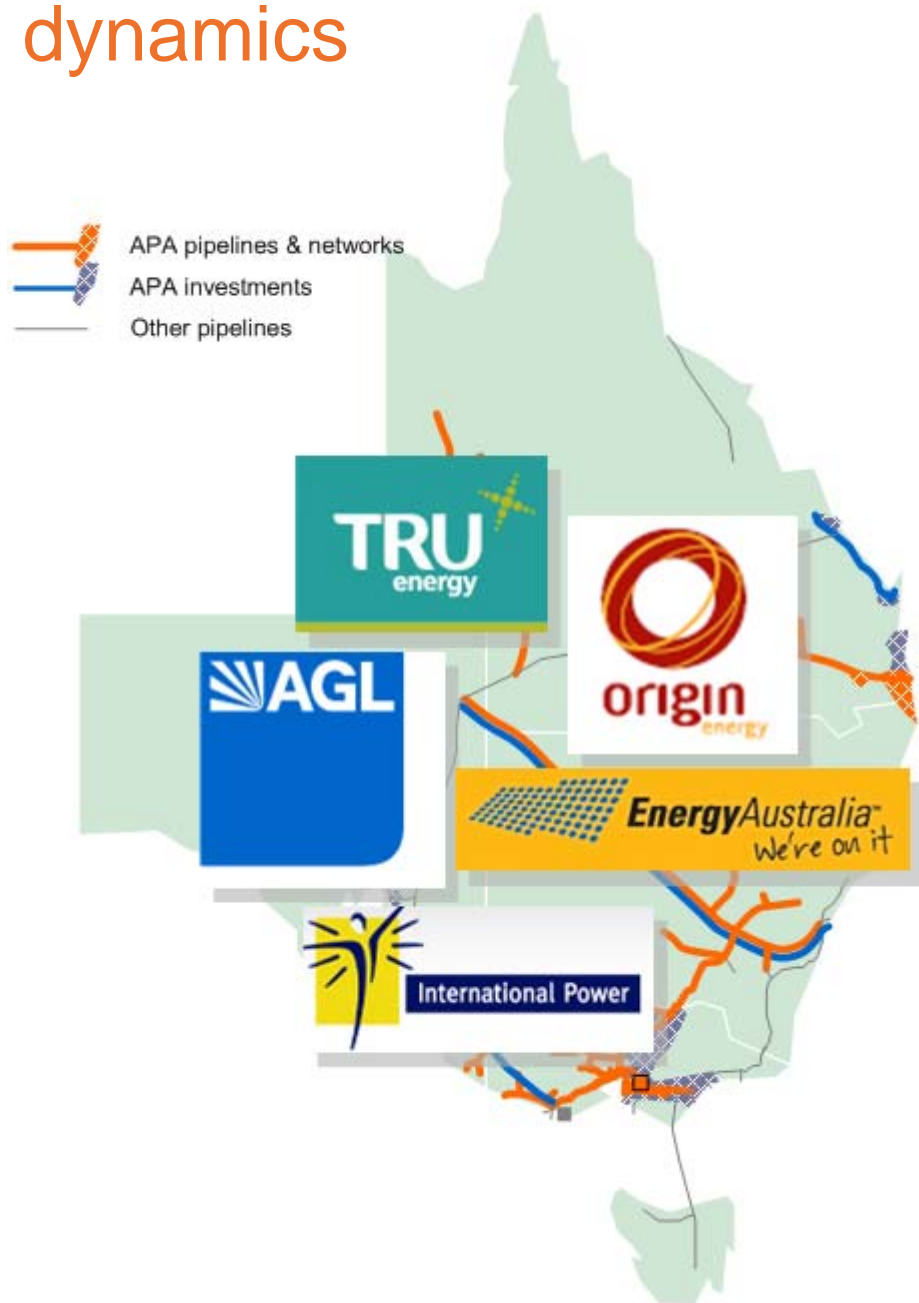
- APA's revenue stream is diversified across customers and industries
- Customers are among the largest in the energy market and include BHP (A+), Origin Energy (BBB+) and AGL Energy (BBB)
- State Government Businesses include Energy Australia, Country Energy, CS Energy, NT's Power and Water Corporation and WA's Verve Energy

FY08 revenue (excluding pass-through) by customer type



Integrated pipelines facilitate retail market dynamics

-  APA pipelines & networks
-  APA investments
-  Other pipelines



- Small number of retailers across east Australian gas and electricity markets
 - Three largest retailers (excluding NSW electricity) supply majority of the East Australian retail market
- Retailers' gas portfolios are diversified across gas basins and producers
 - Three largest retailers hold more than two thirds of east Australia's contracted gas
- APA's infrastructure can move gas from multiple supply sources to multiple markets
 - Cost advantage in expanding or augmenting existing infrastructure

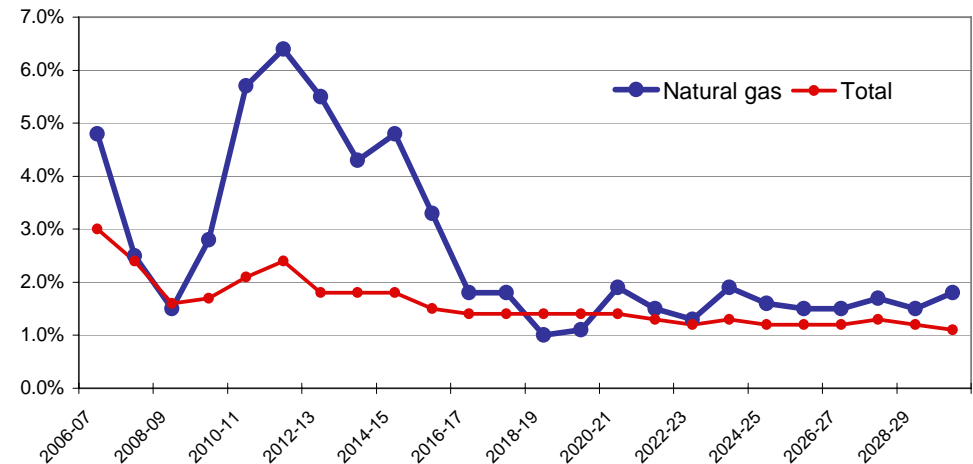
Increased demand for natural gas

- It is estimated that Australia's underlying gas demand will grow an average of 4%* annually over the next 10 years. Key growth drivers include:
 - Greater use of gas in electricity generation, mining and energy-intensive refining
 - Introduction of carbon reducing legislation should increase use of gas for electricity generation (as gas becomes more competitive)

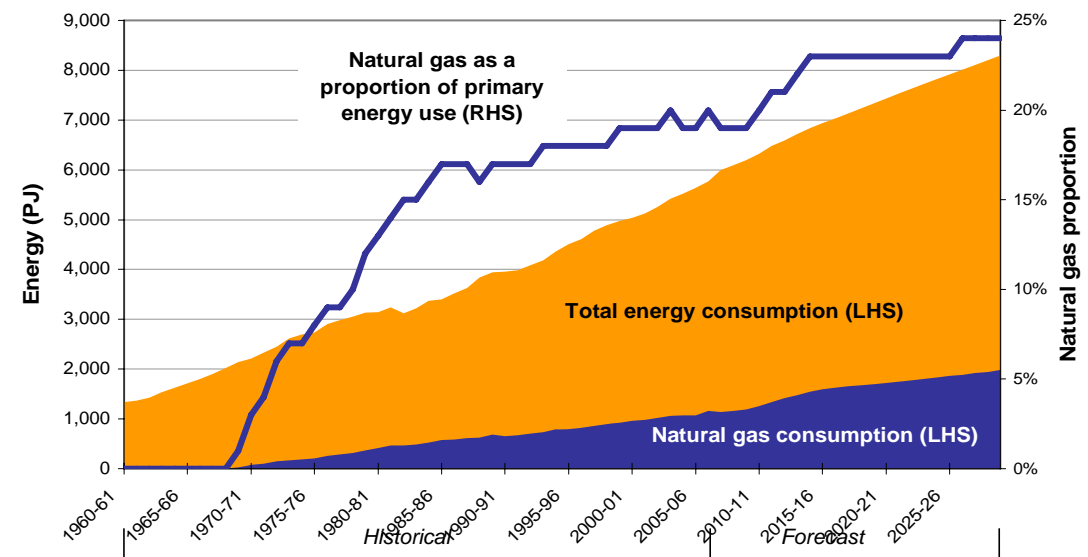
- Continued growth expected in coal seam gas (CSG) production

- APA infrastructure is ideally positioned to participate in this growth through the sale of transport, load shaping and storage services

Natural gas and Australian primary energy consumption
Growth rates

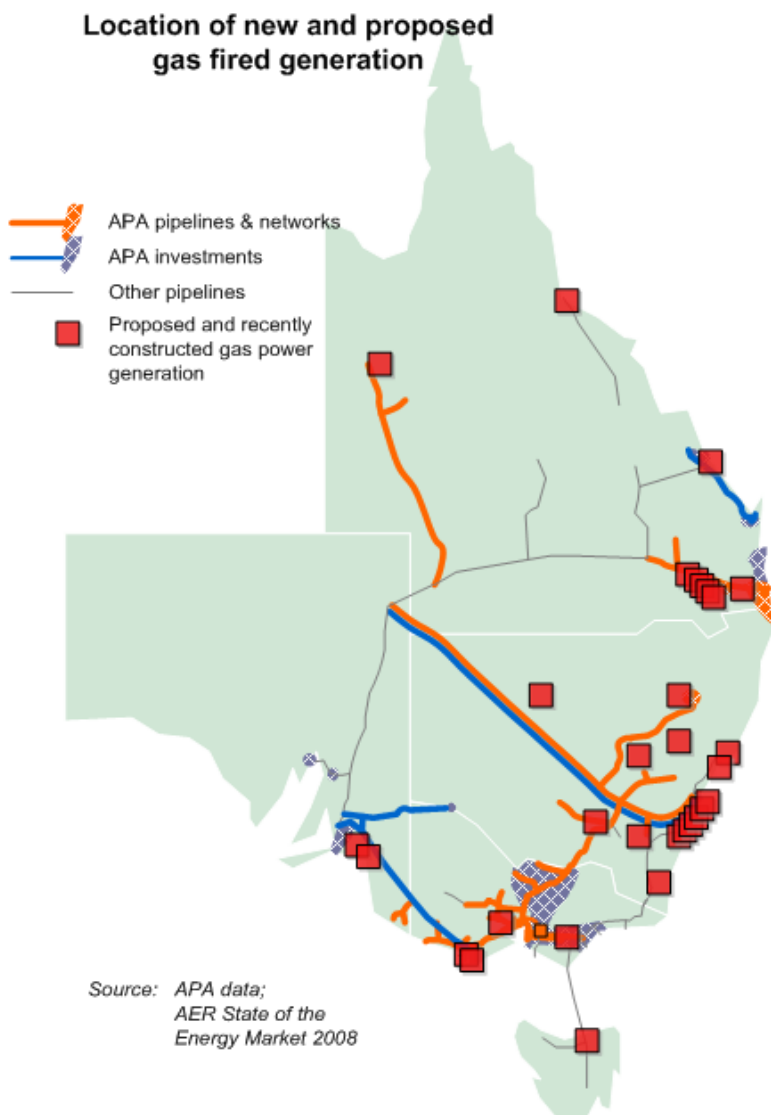


Australian primary energy consumption



Note*: ABARE – Energy Update 2008

Increased pipeline capacity requirements for power generation



- APA primarily sells pipeline capacity
 - Gas fired power generation requires pipeline capacity and gas throughput:
- Baseload generation
 - capacity and gas volumes throughout the year
- Peak/intermediate generation
 - capacity and storage required throughout the year

Growth in gas fired power generation



Growth in capacity



Growth in pipelines

Capital expenditure and timing is discretionary

- APA has a low level of stay-in-business capex which is required annually – up to \$20 million per annum
 - Bulk of the assets are underground and require a minimal level of maintenance capex
 - APA controls the timing of non-critical capex
- APA maintains flexibility in relation to the amount and timing of larger growth capex projects
- Growth capex enables APA to leverage additional value from its existing assets



APA's infrastructure is underground and require minimal level of stay-in-business capex

Secure long term debt portfolio

- Cash and committed undrawn facilities of \$710 million at 31 December 2008, with \$300 million MTN repaid in March 2009
- Recent debt raising experience
 - \$165 million bilateral debt facility - August 2008
 - \$538 million of non-recourse debt raised for EII – December 2008
- 1H09 metrics
 - Gearing ⁽¹⁾ of 69.7%
 - Interest Cover Ratio of 1.9x
 - Interest rates - 80% fixed, with portfolio average interest rate of 7.44%
- Track record of prudent debt portfolio management
 - Refinancing obligations spread over 13 years
 - Currently working on the next debt refinancing due June 2010

Facility	Amount (A\$m)	Tenor
Bilateral borrowings ⁽²⁾	165	July 2011
2003 US Private Placement	496	7, 10, 12 and 15 year tranches (Sep 2010, 2013, 2015, 2018)
2007 US Private Placement	811	10, 12 and 15 year tranches (May 2017, 2019, 2022)
2007 Syndicated Facility	900	June 2010
2007 Syndicated Facility ⁽³⁾	900	June 2012

(1) Gearing ratio determined in accordance with the syndicated loan facilities

(2) Facility is undrawn

(3) Amount drawn at 31 December 2008 was A\$755 m

Capital management and refinancing

- Debt maturing in the next 18 months:
 - \$900 million syndicated bank facility – June 2010
 - \$102 million USPP 2003 Tranche A – September 2010
- Refinancing strategy
 - Access diverse markets and broader range of financing options
 - Reduce discretionary capital expenditure
- Capital management strategy
 - Move towards having no more than 20% debt maturing in any one year
 - Maintain and enhance diversity in APA's debt capital
 - Maintain hedging policy of between 65% and 90% of outstanding debt facilities
 - Target gearing of 65-70%
 - Maintain Distribution Reinvestment Plan (DRP) and Security Purchase Plan (SPP)

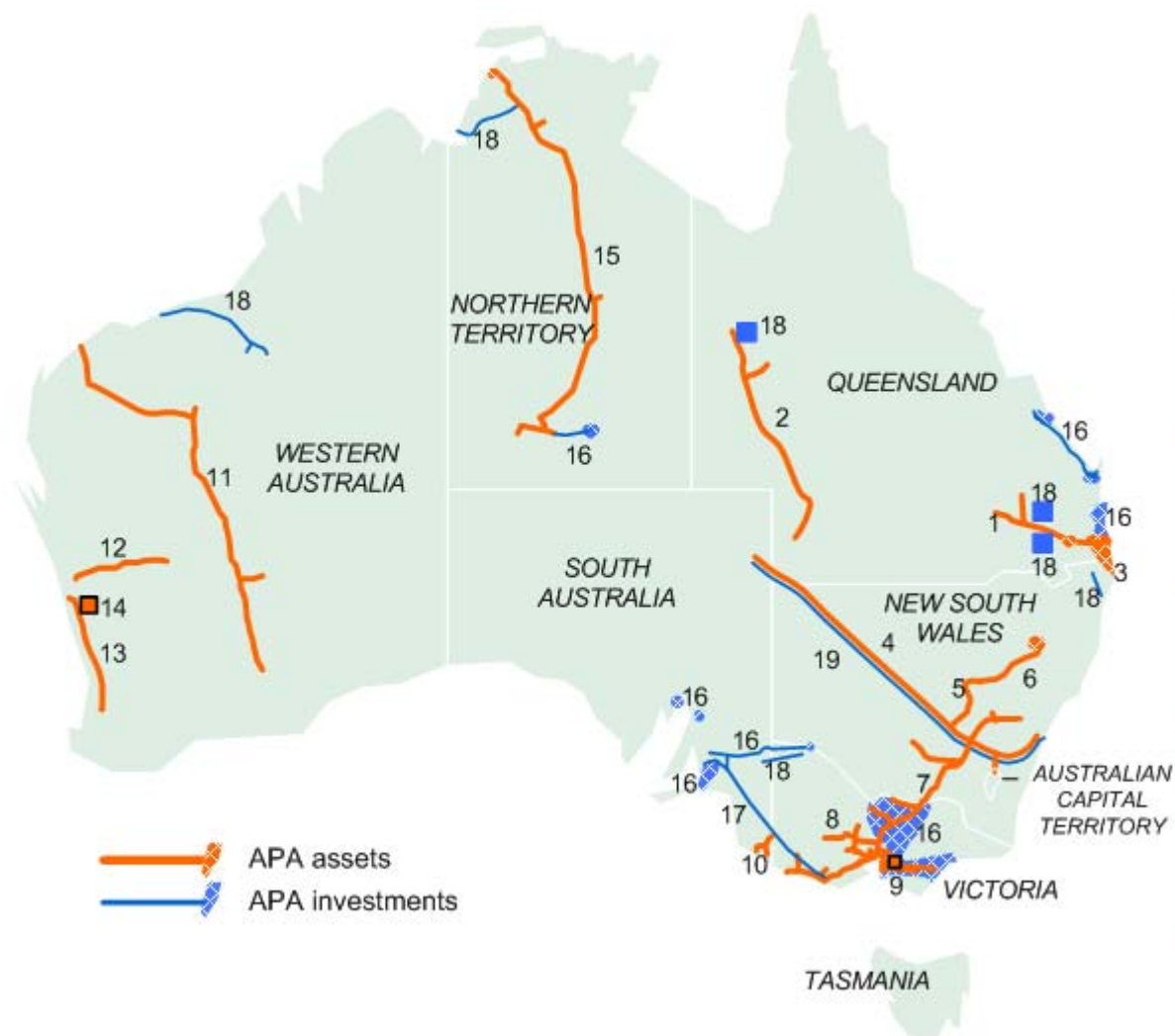
Summary

- APA continues to deliver value to its securityholders through growth in distributions and operating cash flow
- Quality portfolio of gas infrastructure assets throughout Australia
- Direct management and operational control over APA's assets and investments delivers further value to the business
- Attractive growth opportunities with APA's pipelines serving Australia's major growth markets
- Strong focus on capital management and upcoming refinancing



Supplementary information

APA's gas infrastructure business



APA assets and investments (April 2009)

Gas transmission and distribution	Asset Management
Queensland (1) Roma Brisbane Pipeline (2) Carpentaria Gas Pipeline (3) APA Gas Network	Commercial and operational services to: - Energy Infrastructure Investments - Envestra Limited - Ethane Pipeline Income Fund
New South Wales (4) Moomba Sydney Pipeline (5) Central West Pipeline (6) Central Ranges Pipeline (7) NSW interconnect with Victoria	Operational services to: - SEA Gas Pipeline - other third parties
Victoria (8) Victorian Transmission System (9) Dandenong LNG facility	Energy investments
South Australia (10) SESA Pipeline	(16) Envestra Limited (30.6%) Gas distribution networks (SA, Vic, Qld, NSW & NT)
Western Australia (11) Goldfields Gas Pipeline (88%) (12) Mid West Pipeline (50%) (13) Parmelia Pipeline (14) Mondarra Gas Storage	(17) SEA Gas Pipeline (33.3%)
Northern Territory (15) Amadeus Gas Pipeline (96%)	(18) Energy Infrastructure Investments (19.9%) Annuity gas pipelines, electricity transmission, small gas-fired power stations and gas processing plants
	(19) Ethane Pipeline Income Fund (6.1%)

APA business segments

		FY2008 EBITDA % ¹
Gas Transmission and Distribution	<ul style="list-style-type: none"> ■ Australia's largest gas pipeline owner, present in each mainland state and territory ■ APA manages and operates all its major gas transmission and distribution assets ■ Gas transmission pipelines: <ul style="list-style-type: none"> – Approximately 10,000 km of high pressure gas transmission pipelines across Australia – Transports more than half of the natural gas used in Australia annually ■ Gas distribution networks: <ul style="list-style-type: none"> – 2,800 km of distribution network – More than 75,000 gas users in Queensland and New South Wales ■ Gas storage: <ul style="list-style-type: none"> – Mondarra gas storage facility (WA) and Dandenong LNG storage facility (Victoria) 	<p>79%</p>
Energy Investments	<ul style="list-style-type: none"> ■ Envestra Limited (30.6% interest) <ul style="list-style-type: none"> – ASX-listed, one of Australia's largest natural gas distribution companies – 20,100 km of distribution networks and 1,100 km of transmission pipeline, serving 1.1 million customers ■ SEA Gas Pipeline (33.3% interest) <ul style="list-style-type: none"> – An unlisted 680 km pipeline, transporting over half of Adelaide's natural gas requirements ■ Energy Infrastructure Investments Pty Limited (19.9% interest) <ul style="list-style-type: none"> – Unlisted infrastructure company, holding various low growth annuity-style assets ■ Ethane Pipeline Fund (6.1% interest) <ul style="list-style-type: none"> – ASX listed, with sole operating assets the 1,375 km Moomba Sydney Ethane Pipeline 	<p>15%</p>
Asset Management	<ul style="list-style-type: none"> ■ APA provides commercial and operating services and/or asset maintenance services to all its investment enterprises, under long term contracts 	<p>6%</p>

⁽¹⁾ FY2008 EBITDA includes 100% of assets sold into Energy Infrastructure Investments

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