



Australian Pipeline Trust

Chairman's Presentation

**George Bennett
Sydney, 20 October, 2004**

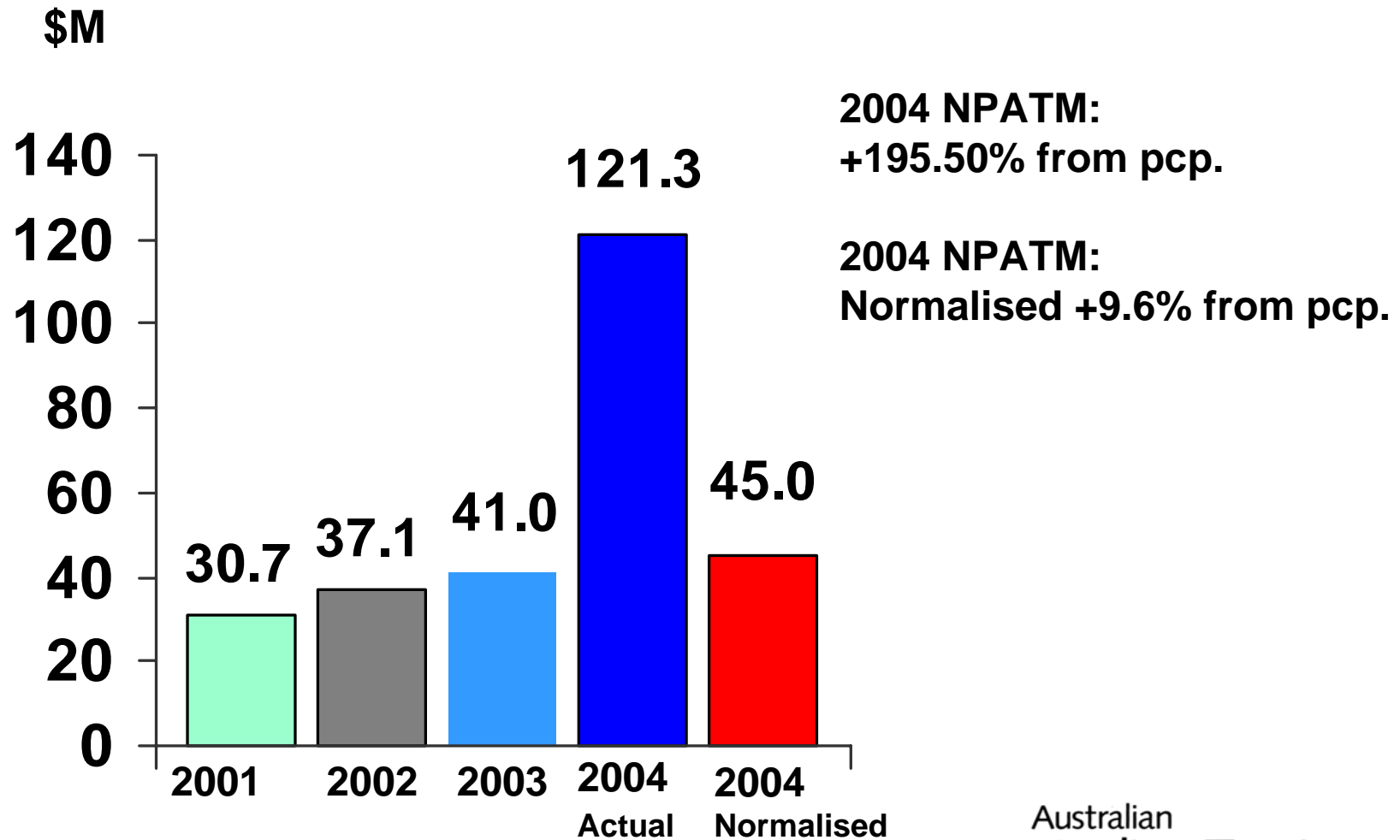
Highlights

- Fourth successive increase in net profit
- Active management of capital resources
- Achieved positive regulatory outcomes
- Involved in industry rationalisation
- Acquired Southern Cross Pipeline Group Assets



Full Year Results in Summary

Net Profit after Tax and minorities (NPATM)



Financials

Non-recurring Items 2004

	\$M
Due diligence cost write-off	(5.8)
Mid West Pipeline write-off	(19.9)
Tax consolidation benefit - SCP	<u>7.0</u>
Non-recurring items before income tax	(18.7)
Tax effect of non-recurring items	2.1
Tax consolidation benefit - APA	<u>92.9</u>
Non-recurring items after income tax	<u><u>76.3</u></u>



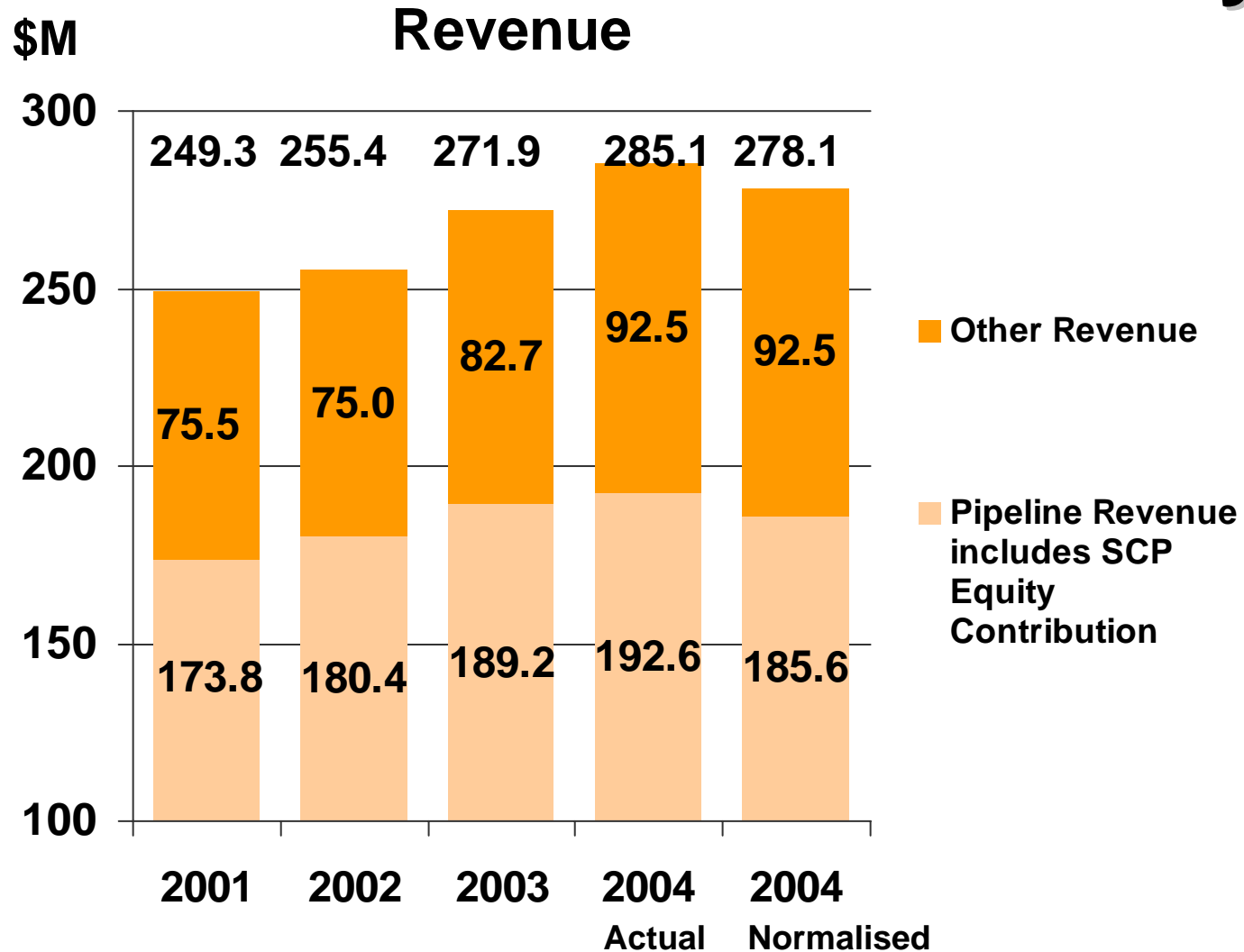
Full Year results - summary

NPATM impacted by non-recurring items

Year ended 30 June	2004 \$M	2003 \$M
Net Profit after income tax and minorities	121.3	41.0
Non-recurring items after tax	76.3	-
Operating profit after tax and minorities	45.0	41.0

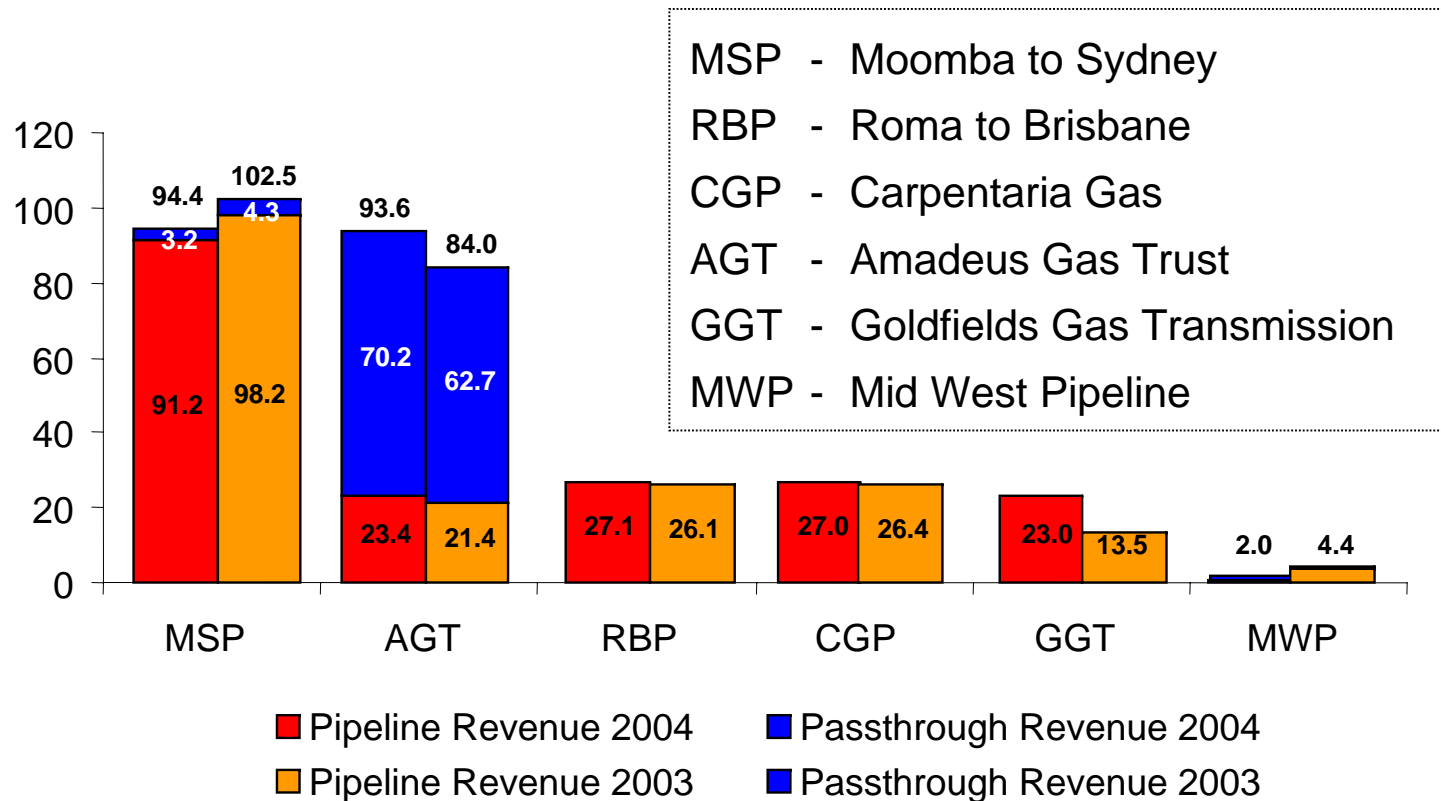


Full Year Results in Summary



Financial Summary

Revenue for Full Year by Pipeline



- a) GGT - is equity accounted contribution (not share of revenue). Includes non-recurring benefit of tax consolidation of \$7.0 million.
 - actual GGT revenue: 3.5% to \$88.9 million to June 2004.
- b) MWP includes pass through revenue of \$1.2 m and pcp \$1.0 m.

Financials Cont'd

Year ended 30 June	Actual 2004 \$M	Normalised 2004 \$M	Actual 2003 \$M	% Change vs normalised
EBITDA	135.1	133.9	137.8	-2.8
Depreciation & Amortisation	22.6	22.6	24.1	+6.2
Net Interest Expense	46.3	46.3	48.6	+4.7
Profit before Tax	46.3	65.0	65.1	-0.2
Tax	(75.2)	19.8	23.8	+16.8
Minorities	0.2	0.2	0.3	-
Net Profit after Tax	121.3	45.0	41.0	+9.6

Financials Cont'd

Year ended 30 June	Actual	Normalised	Actual	% Change vs normalised
	2004	2004	2003	
Earnings per unit (cents)	49.2	18.3	16.8	+8.9
Cash Flow (\$M)	82.3	82.3	90.6	-9.1

Gearing

Borrowing as at 30-Jun-2004	Actual	Actual	Actual
	2004 Pre Acquisition %	2004 Post Acquisition %	2003 %
\$746.0 million	59.1	62.5	63.3



Financials Cont'd

Full Year Distribution Maintained

Cents per unit	Interims Paid to 30/06/04	Final Q4 04	Actual	
			FY 04	FY 03
Total Distribution	15.0	6.5	21.5	21.5
Income Distribution	8.6	6.5	15.1	17.0
Capital Distribution	6.4	0.0	6.4	4.5
Date of Final Distribution	27/09/2004			

- Final profit distribution (2004) franked to 40%, at corporate income tax rate
- Future distributions must be out of consolidated profits first
- DRP is still active



Financials Cont'd

Tax Consolidation

- APA elected to be treated as single entity for tax from 1 July 2003.
- Increase in tax values resulted in an income tax benefit of \$92.9m
- Accounting depreciation remains unchanged
- Effective tax rate will approximate to corporate tax rate
- Future distributions will be partly franked



Progress Update

Positive regulatory outcomes

- Moomba to Sydney
 - Decision to partially revoke coverage
 - Australian Competition Tribunal rejects valuation methodology on access arrangements for MSP
 - ACCC has now appealed to Federal Court of Australia, outcome expected next calendar year



Progress Update Cont'd

Positive regulatory outcomes

- Productivity Commission Final Report
 - Recommends lighter-handed regulation
 - Potential for “no coverage” for 15 years on greenfields pipelines on case-by-case basis
 - Price regulation applies when net benefits outweigh monitoring costs
 - Regulated revenues to be at least sufficient to meet efficient costs of providing services



Progress Update Cont'd

Active Management of Capital Resources

- Raised A\$493.2 million (net) in US Private Placement market;
- Activated Distribution Reinvestment Plan;
- Entered into tax consolidation;
- Raised equity of \$61.2 million (net)



Outlook for 2005

- Acquisition of Goldfields and Parmelia assets will more than offset the contracted reduction in GTD payments;
- Emergence of competition and full retail contestability will begin to improve MSP revenues
- Expectations of improved business in Queensland
- Distribution expected to be at least maintained, and partially franked going forward



APA Strategy

- Continue to grow profitability by: -
 - Filling our existing pipelines and expanding their capacity
 - Acquiring minority interests
 - Participating in industry consolidation
 - Diversifying into other transmission pipelines and complementary industries (gas treatment, water, power)



Summary

- Strong performance
- Acquired Southern Cross Pipeline Group assets
- Positive regulatory outcomes
- Will be involved in consolidation and diversification
- Strong balance sheet

