

# Australian Pipeline Trust

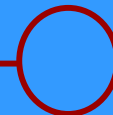
## Acquisition of Murraylink Transmission Company



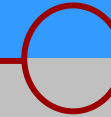
**Mick McCormack**

**Chief Executive Officer**

**30 March 2006**



# Important Notice



This presentation sets out information in relation to the proposed acquisition of Murraylink Transmission Company and associated assets ("Proposed Acquisition") by Australian Pipelines Limited as responsible entity of the Australian Pipeline Trust ("APA") from the HydroQuebec and SNC-Lavalin (together the Vendors).

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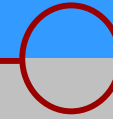
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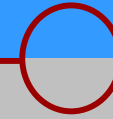
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- Transaction Overview
- Portfolio Impact
- Murraylink System
- Financing
- Financial Impact

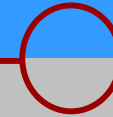


# Transaction Overview



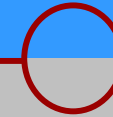
- Acquire 100% of shares in companies that jointly own the underground electricity interconnector between Victoria and South Australia
- Acquisition price \$153 million plus transaction costs
- Murraylink has very similar characteristics to gas transmission pipelines
- Cash flow per unit accretive
- Funded by debt
- Sale completed today

*Strong cash flows from a low risk complementary asset*



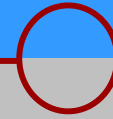
- **This is our first significant non-gas pipeline acquisition**
- Further diversifies asset risk through acquiring complementary assets which fit within our business and investment criteria
- Enhances APA's ability to grow annual distributions by at least CPI

*APA - delivering on strategy*



- Positive financial impact:
  - Revenue certainty to 2013 and beyond
  - An established regulated asset base
- Positive operational benefits
  - Logical extension of APA's existing skills and expertise and very similar to a gas transmission pipeline business
  - Assets now in all mainland States and Territories

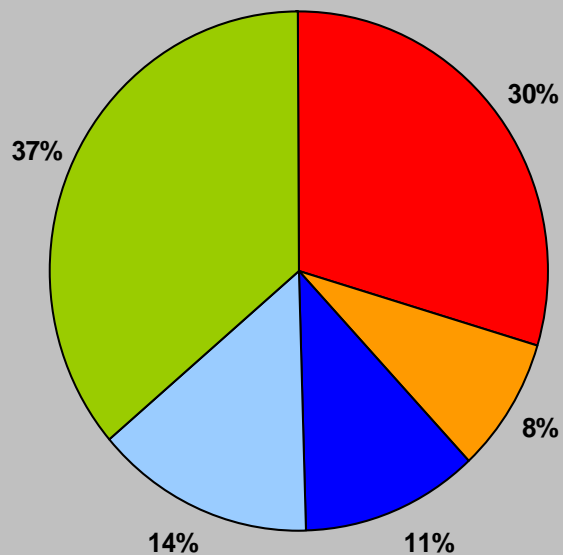
*Sound long term prospects*



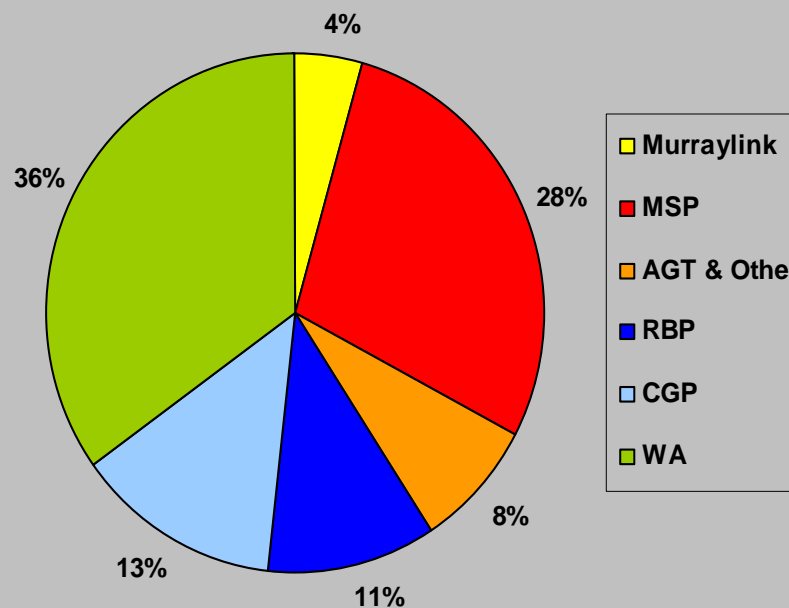
# Portfolio Impact



### APA 2006 Revenues Pre-acquisition



### APA 2006 Revenues Pro forma Post Acquisition

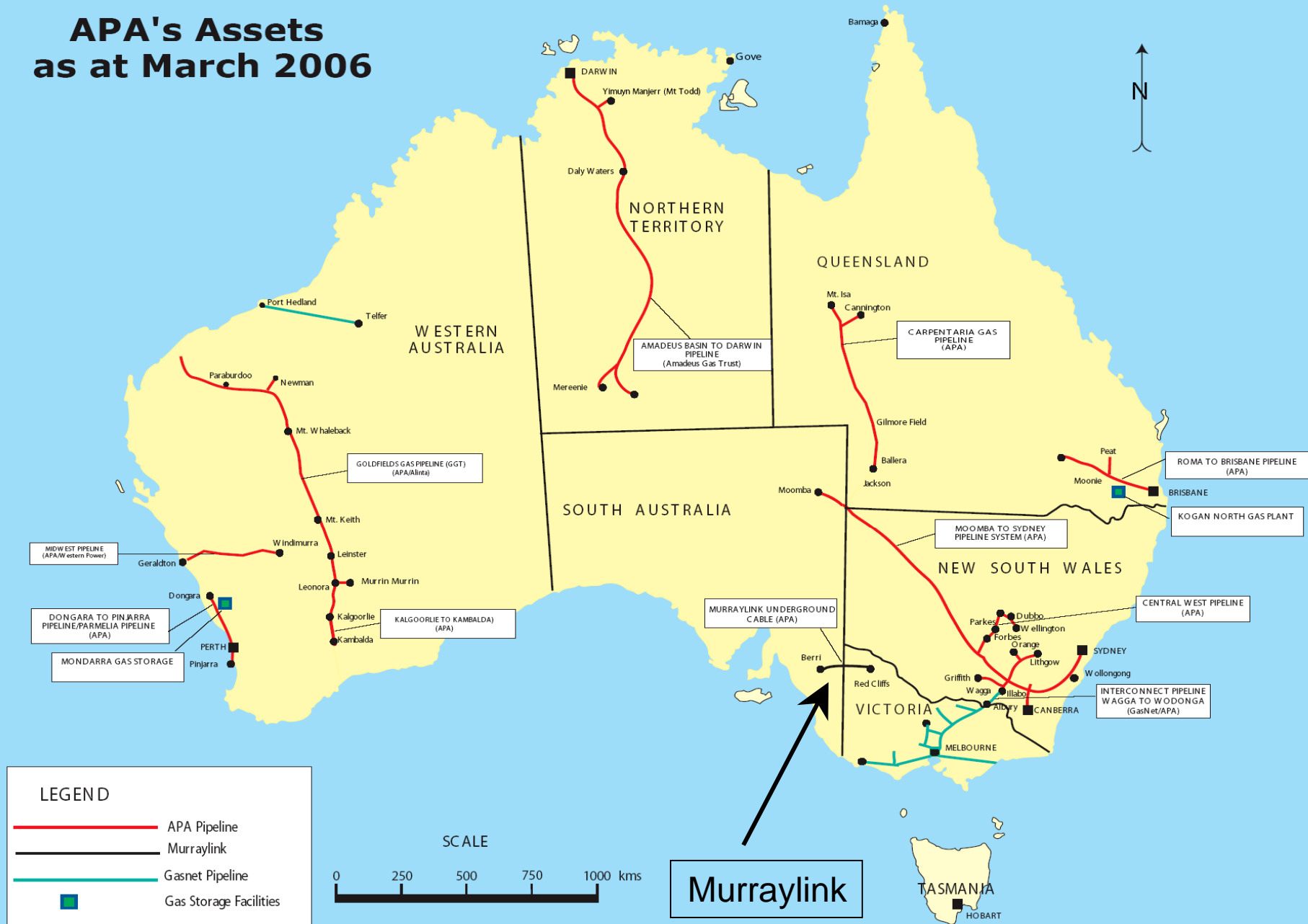


- Murraylink
- MSP
- AGT & Other
- RBP
- CGP
- WA

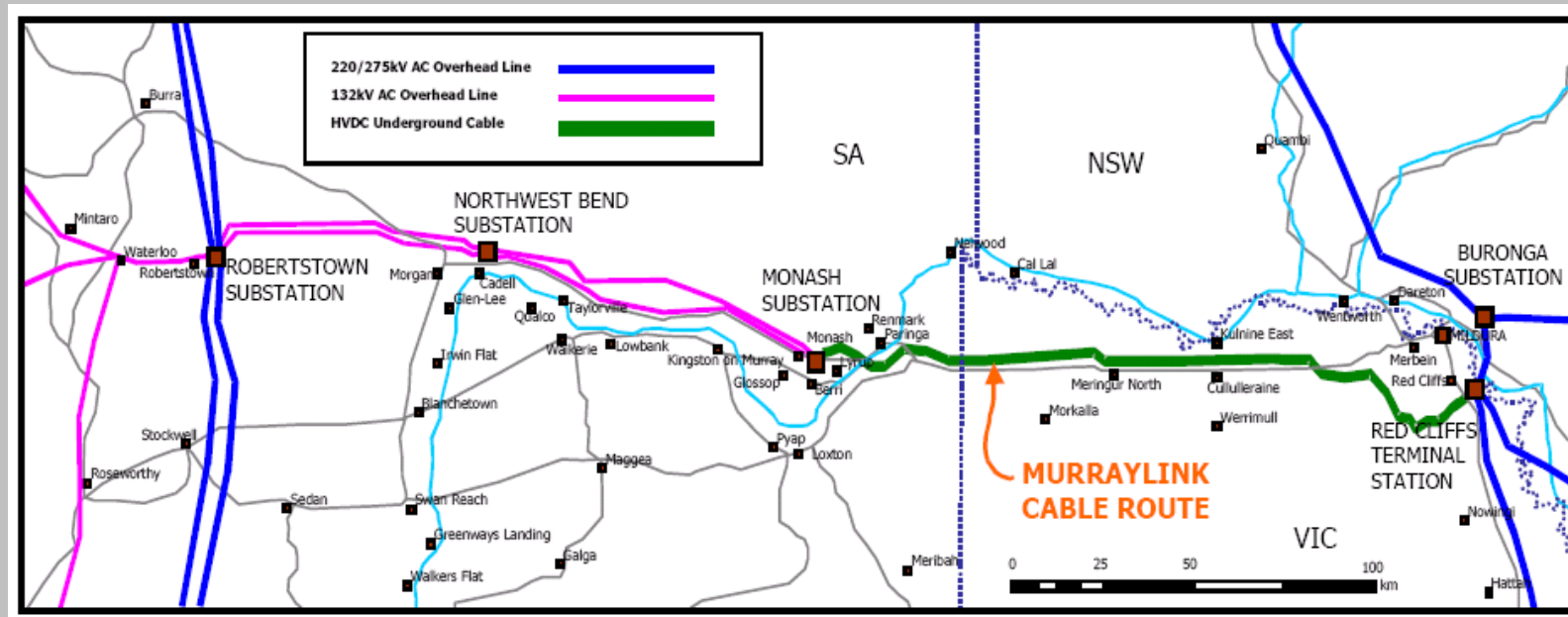
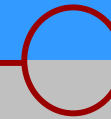


# Murraylink Interconnector System

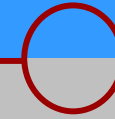
# APA's Assets as at March 2006



Pipeline owners shown in brackets



- Power transfer from Red Cliffs substation (Victoria) to Monash substation in Berri (South Australia) and vice versa
- 180km, world's longest underground HVDC power cable
- Rated at 220 megawatts capacity



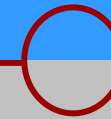
## Aerial Shots



**Red Cliffs Converter Station**



**Berri Converter Station**



## Skills and Attributes Fit to Existing Business

	Gas Pipeline	Murraylink
Linear energy infrastructure	✓	✓
High initial capital cost	✓	✓
Low operating cost	✓	✓
Long life (>40 years)	✓	✓
Operated remotely via SCADA systems	✓	✓
Small number of customers	✓	✓

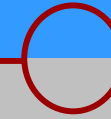
*Strong fit with existing business*



Parmelia Pipeline



Murraylink Underground Cable



## Skills and Attributes Fit to Existing Business

	Gas Pipeline	Murraylink
Fixed revenue (not throughput sensitive)	Substantially	Revenue is fixed (not throughput)
Volume risk	Minor	None
Regulated asset	✓	✓
Easement/land management	✓	✓
Inlet and outlet points	Small number	Only at each end
Contracted third parties carry out operation and maintenance	✓	✓



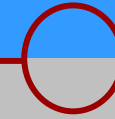
Bulla Park Compressor Coolers



Red Cliffs Station Coolers

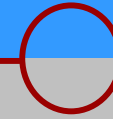
*Straight-forward “bolt-on” acquisition*

# Murraylink



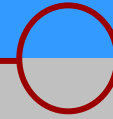
- Murraylink utilises advanced conversion technology, is remotely controlled and consists of:
  - Two converter stations (1 at each end)
  - Designed for 40 years operating life under rated conditions
  - 2 DC Cables
    - buried 1.2 m deep
    - rated capacity of 220MW
- Completed in 2003 for \$180 million



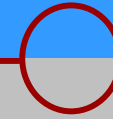


- Major Customers
  - Revenue is paid by the Victorian and South Australian system operators (Vencorp and Electranet) on behalf of the regional Network Service Providers in each state.
  - No volume risk
  - Approved revenue is fixed under ACCC determination to 2013
  - Regulated asset base ensures fixed revenues beyond 2013
- Opportunity for modest upside through performance incentives and operating cost reductions

*Revenue certainty and some upside*



# Financials

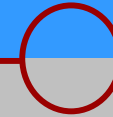


Notional impacts assuming pro-forma gearing:

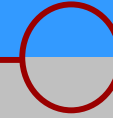
- Strongly cash positive, immediately from acquisition date and in subsequent years
- Cash yield accretive, from day 1
- Earnings neutral for FY2006
- Earnings mildly decreative in subsequent years

On fully funded basis:

- Cash flow positive

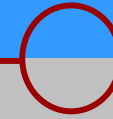


- Total price of \$153 million plus transaction costs
- Acquisition fully funded by one-year acquisition bridging facility
- Pro forma gearing (debt / debt plus book equity) post acquisition is 68.0%, up from 65.1% at Dec '05



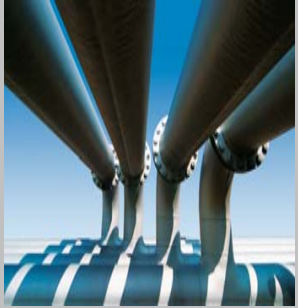
- 2006 results expected to be in line with previous profit guidance (10 to 13% on previous year NPATM before significant items)

*Modest impact in 2006, long term enhances distribution goals*



- Acquired Murraylink at the right price
- Consistent with APA's strategy for growth
- Strengthens APA's core business and diversifies its portfolio
- Strategic redirection of focus towards cash accretion
- Cash flow accretive and will ensure that distributions will increase annually at least by CPI

*Sound investment, focussed on strategic goals*



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