

24 February 2025

ASX ANNOUNCEMENT

APA Group (ASX: APA)

also for release to APA Infrastructure Limited (ASX: AP2)

APA DELIVERS STRONG 1H25 EARNINGS GROWTH AND MOMENTUM IN GROWTH PROJECTS

APA Group (ASX:APA) today announces its financial results for the half-year ending 31 December 2024 (1H25), delivering strong growth in earnings and ongoing growth in free cash flow and distributions, compared to 1H24.

Higher 1H25 earnings were driven by strong contributions from the Pilbara Energy System business, higher variable revenue, inflation-linked tariff escalations and cost growth below inflation.

Key highlights

- Underlying EBITDA up 9.1% to \$1,015 million (1H24: \$930 million), underpinned by strong performance from new assets, higher customer demand for seasonal gas transmission capacity, inflation-linked tariff increases and reduced cost growth.
- Total statutory revenue (excluding pass-through revenue) up 7.1% to \$1,364 million (1H24: \$1,274 million).
- Corporate cost growth has reduced to below inflation. Progressing comprehensive, enterprise-wide cost reduction initiatives to deliver meaningful efficiencies.
- 1H25 distribution of 27.0 cents per security, up 1.9% (1H24: 26.5 cents per security).
- Free Cash Flow (FCF)¹ of \$552 million, growth of 3.6% compared to 1H24.²
- Statutory NPAT (including significant items) decreased to \$34 million (1H24: \$1,049 million) driven by the prior period acquisition of the Pilbara Energy business and the associated 1H24 gain on remeasurement of APA's previously held interest of 88.2% in the Goldfields Gas Pipeline.
- \$339 million capital investment in growth projects, including completing construction of the Port Hedland Solar and Battery project, completing construction of the Kurri Kurri lateral pipeline project and undertaking early works on East Coast Gas Grid expansion projects.
- Execution of the Sturt Plateau Pipeline Development Agreement, progress in the delivery of Hamersley Range and Burrup (Murujuga) electricity transmission corridors with Priority Project status assigned by the Western Australian Government, ongoing progress with development approvals in the Pilbara, and the announcement of APA's five-year East Coast Gas Grid Expansion Plan.
- Balance sheet remains strong with 10.7% FFO/net debt, above target, and ample capacity to fund organic growth pipeline (~\$1.8 billion over FY25 – FY27) from operating cash flow, the DRP and existing balance sheet headroom.³
- FY25 distribution guidance of 57.0 cents per security reaffirmed, up 1.8% on FY24. Underlying EBITDA guidance is also reaffirmed for FY25 of \$1,960 million – \$2,020 million.⁴

¹ Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, acquisition and integration costs and capital returns from joint ventures less start-up-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.

² 1H24 Free Cash Flow (FCF) has been restated from \$546m to \$533m as a result of removing the adjustment for payroll remediation payments to employees, in line with the methodology applied to the FY24 FCF calculation.

³ Estimated organic growth capital expenditure pipeline reflects management's current expectations based on project design and is subject to change up to final investment decision and agreement on definitive documents. Actual expenditure in each year will depend on project commitments and timing, and may differ from estimates. For forecast sources and uses of cash FY25-27 – please see page 17 of the Investor Presentation released to the ASX on 24 February 2025.

⁴ Underlying EBITDA and distribution guidance are subject to asset performance, macroeconomic factors and regulatory changes. It does not take into account the impact of any acquisitions or divestments by APA. Guidance is not a predictor or guarantee of future performance and is subject to uncertainties and risks – please see the Disclaimer on page 2 of the Investor Presentation released to the ASX on 24 February 2025.

CEO comments

APA CEO and Managing Director, Adam Watson, said:

"APA has delivered a strong financial and operating result for the half with growth in revenue, earnings, free cash flow and distribution.

"Today's result demonstrates the strength of our underlying business, our continued focus on operational excellence and asset reliability, and our work to drive further cost optimisation, which is designed to increase free cash flow, support growth projects and ensure we can continue to deliver for investors.

"At the same time, our operating cash flow and strong balance sheet provide the capacity to fund our \$1.8 billion organic growth pipeline internally over the next three years.

"The result highlights the successful integration of the Pilbara business, with these new assets delivering \$66 million in earnings for the half.

"Our growth pipeline in the Pilbara also continued to progress. Construction of the Port Hedland Solar and Battery Project was completed in December and we were awarded Priority Project status for two electricity transmission projects.

"We also continued to progress growth in our core gas transmission and storage business. In December we executed an agreement to build, own and operate the Sturt Plateau Pipeline, which will ensure Beetaloo gas is available to support energy security in the Northern Territory, and today we announced our plans to deliver material infrastructure capacity expansion in our East Coast Gas Grid.

"We will continue to progress these plans with our customers.

"Today's result demonstrates the continued delivery of strong earnings and distributions, alongside organic growth."

Distribution

The Board of Directors has resolved to pay an interim distribution for 1H25 of 27.0 cents per security. This represents a 1.9% increase on the 1H24 interim distribution of 26.5 cents per security.

The 27.0 cent interim distribution is comprised of a distribution of 25.16 cents per security from APA Infrastructure Trust and a distribution of 1.84 cents per security from APA Investment Trust. The APA Infrastructure Trust distribution represents a partially franked profit distribution of 23.48 cents per security and a 1.68 cents per security capital distribution. The APA Investment Trust distribution represents an unfranked profit distribution of 1.22 cents per security and a 0.62 cents per security capital distribution. The distribution will be paid on 17 March 2025.

The Distribution Reinvestment Plan operated for this interim distribution for the half year ended 31 December 2024 at a discount of 1.5%.

FY25 outlook⁵

FY25 distributions are expected to be 57.0 cents per security, an increase of 1.8% on FY24. Underlying EBITDA guidance is reaffirmed for FY25 to be \$1,960 million – \$2,020 million.

Webcast and conference call

A briefing for analysts and investors will be held today, hosted by Adam Watson, Chief Executive Officer and Managing Director, and Garrick Rollason, Chief Financial Officer at 10:30am Australian Eastern Daylight Time (AEDT). The briefing will be a live audio webcast and accessible from the APA website: apa.com.au/investors/. To participate and ask questions in the briefing, pre-registration is required via the link on APA's website. Registered participants will receive a calendar invitation, dial-in details and a unique code which is to be quoted when dialling into the call.

ENDS

Authorised for release by Amanda Cheney

Company Secretary

APA Group Limited

For further information, please contact:

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Investor enquiries:

Andrew Nairn

General Manager Investor Relations

Telephone: +61 3 8416 2887

Mob: +61 437 166 497

Email: ir@apa.com.au

Media enquiries:

Michael Cox

Head of Media Relations & Financial Communications

Telephone: +61 2 8044 7002

Mob: +61 429 465 227

Email: Michael.Cox@apa.com.au

About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. As Australia's energy infrastructure partner, we own and/or manage and operate a diverse, \$27 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose, securing Australia's energy future, we deliver around half of the nation's domestic gas through 15,000 kilometres of gas pipelines that we own, operate and maintain. Through our investments in electricity transmission assets, we connect Victoria with South Australia, Tasmania with Victoria and New South Wales with Queensland, providing vital flexibility and support for the grid. We also own and operate power generation assets, including gas powered, wind and solar assets across the country. APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group. For more information visit APA's website, apa.com.au.

Appendix 1: Financial Results

Financial summary		1H25	1H24	% Change ¹
Revenue (excluding pass-through) ²	\$m	1,364	1,274	7.1 %
Segment revenue (excluding pass-through) ³	\$m	1,363	1,271	7.2 %
Underlying EBITDA⁴	\$m	1,015	930	9.1 %
Non-operating items ⁵	\$m	(44)	(90)	51.1 %
Reported EBITDA ⁶	\$m	971	840	15.6 %
Depreciation and amortisation	\$m	(476)	(435)	(9.4)%
Net interest and other finance costs ⁷	\$m	(412)	(260)	(58.5)%
Income tax expense (excluding significant items)	\$m	(49)	(71)	31.0 %
NPAT (excluding significant items)	\$m	34	74	(54.1)%
Significant items after tax ⁸	\$m	–	975	n.m.
Statutory NPAT (including significant items)	\$m	34	1,049	(96.8)%
Free Cash Flow^{9,10}	\$m	552	533	3.6 %
Distribution per security	cent	27.0	26.5	1.9 %
Cash and undrawn debt facilities ¹¹	\$m	3,216	2,938	9.5 %

- 1 Positive/negative changes are shown relative to impact on profit or other relevant performance metric; n.m. = not meaningful.
- 2 Statutory revenue excluding pass-through. Pass-through revenue is offset by pass-through expenses within EBITDA. Any management fee earned for the provision of these services is recognised within total revenue.
- 3 Segment revenue excluding pass-through is total revenue excluding pass-through revenue, other interest income and the impact of hedge accounting discontinuation relating to Wallumbilla Gladstone Pipeline.
- 4 Underlying earnings before interest, tax, depreciation, and amortisation (Underlying EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.
- 5 Non-operating items are deemed to be activities and transactions that are not directly attributable to the performance of APA Group's business operations.
- 6 Earnings before interest, tax, depreciation, and amortisation (EBITDA) including non-operating items and excluding significant items.
- 7 Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes.
- 8 Prior year significant items comprising of \$1,051 million fair value remeasurement of APA's previously held 88.2% interest in Goldfields Gas Pipeline, partly offset by \$76 million Pilbara Energy System acquisition costs.
- 9 Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, acquisition and integration costs and capital returns from joint ventures less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.
- 10 1H24 Free Cash Flow (FCF) has been restated from \$546m to \$533m as a result of removing the adjustment for payroll remediation payments to employees, in line with the methodology applied to the FY24 FCF calculation.
- 11 APA holds \$1,900 million in liquidity lines to ensure it is meeting Treasury liquidity targets at all times.

Commentary

- 1H25 Segment revenue (excluding pass-through) increased 7.2% to \$1,363 million.
- Underlying EBITDA was up 9.1% to \$1,015 million.
- Growth in underlying EBITDA margin was driven by strong contributions from new assets, inflation-linked tariff escalations, favourable recontracting and optimising APA's cost base with targeted reduction initiatives.
- The result included a net loss from non-operating items of \$44 million (1H24: \$90 million). Adjusting for this, reported EBITDA was up 15.6% to \$971 million (1H24: \$840 million).
- Depreciation and amortisation expense increased 9.4% to \$476 million due to a full six-month's depreciation and amortisation on assets related to the Pilbara Energy System acquisition along with capital expenditure on new assets.
- Net interest and other finance costs increased (58.5)% primarily driven by foreign exchange losses following the discontinuation of the Wallumbilla Gladstone Pipeline hedge relationship, as well as the increase in net debt to fund organic growth, and the full six-month contribution of interest on APA's hybrid subordinated capital securities.
- Tax expense excluding significant items, decreased 31.0% to \$49 million (1H24: \$71 million) due to higher net interest and other finance costs and increased depreciation and amortisation charges.
- Significant items in 1H24 related to the Pilbara Energy System acquisition. The acquisition resulted in the remeasurement to fair value of APA's historical 88.2% interest in the Goldfields Gas Transmission Pipeline (GGTP) following APA's purchase of the remaining 11.8% interest. This resulted in a valuation uplift of \$1,051 million, which was partly offset by \$76 million in acquisition costs. There were no significant items in 1H25.
- Statutory NPAT (including significant items) decreased 96.8% to \$34 million (1H24: \$1,049 million) driven by the acquisition of the Pilbara Energy business in 1H24 and the gain on remeasurement of APA's previously held interest of 88.2% in GGTP.
- Free cash flow⁶ increased 3.6% to \$552 million (1H24: \$533 million)⁷, due to increased earnings and lower tax payments, partially offset by increased interest payments, Stay-in-Business capital expenditure and the timing of cash payments.

⁶ Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, acquisition and integration costs and capital returns from joint ventures less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.

⁷ 1H24 Free Cash Flow (FCF) has been restated from \$546m to \$533m as a result of removing the adjustment for payroll remediation payments to employees, in line with the methodology applied to the FY24 FCF calculation.

Appendix 2: Financial Result – EBITDA by segment

EBITDA by segment		1H25	1H24	% Change ¹
East Coast gas transmission and storage	\$m	376	349	7.7%
West Coast gas transmission and storage	\$m	183	165	10.9%
Wallumbilla Gladstone Pipeline ²	\$m	338	321	5.3%
Contracted Power Generation	\$m	134	110	21.8%
Electricity Transmission	\$m	17	17	–%
Total Energy Infrastructure	\$m	1,048	962	8.9%
Asset Management	\$m	33	34	(2.9%)
Energy Investments	\$m	15	13	15.4%
Corporate Costs	\$m	(81)	(79)	(2.5%)
Underlying EBITDA³	\$m	1,015	930	9.1%

¹ Positive/negative changes are shown relative to impact on profit or other relevant performance metric; n.m. = not meaningful.

² Wallumbilla Gladstone Pipeline is separated from East Coast gas transmission and storage in this table as a result of the significance of its revenue and EBITDA in the Group. It is categorised as part of the East Coast gas transmission and storage cash-generating unit for impairment assessment purposes.

³ Underlying earnings before interest, tax, depreciation, and amortisation (Underlying EBITDA) excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.

Commentary

- Total Underlying EBITDA up 9.1%.
- Energy Infrastructure underlying EBITDA up 8.9% comprising:
 - East Coast gas transmission and storage up 7.7% driven by inflation-linked tariff escalations across portfolio of assets and additional capacity-driven revenue charges. Additionally, APA received insurance proceeds during the period relating to its Moomba Sydney Ethane Pipeline. The proceeds relate to lost revenue following customer plant shutdowns in February 2023. APA is in the process of converting the MSEP to provide natural gas transportation services in the future.
 - West Coast gas transmission and storage up 10.9% due to the additional 11.8% ownership interest in the Goldfields Gas Transmission Pipeline and higher earnings from the Northern Goldfields Interconnect, Mondarra Gas Storage Facility and Parmelia Gas Pipeline.
 - Wallumbilla Gladstone Pipeline up 5.3% driven by tariff escalation linked to the US inflation rate and favourable foreign exchange rates during the period.
 - Contracted Power Generation up 21.8% driven by the full six-month contribution from Pilbara Energy System assets, partially offset by lower availability at North West Power System.
 - Electricity Transmission was in line with the corresponding period for both Basslink and business development costs.
- Asset Management down 2.9% due to lower margin third party projects.
- Energy Investments up 15.4% largely due to a higher SEAGas contribution.
- Corporate costs up 2.5%, below inflation, reflecting a stabilisation of costs as the business also progresses initiatives to further optimise APA's cost base.⁸

⁸ Inflation calculated as trimmed mean of 3.2% for year ended 31 December 2024. Source: ABS