APA Group FY26 HY Results
19 February 2026

Speakers: APA Group CEO and Managing Director, Adam Watson, and APA Group CFO, Garrick Rollason

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CEO and Managing Director Adam Watson address

Good morning everyone.

Thank you for joining us for today's first half FY26 results presentation.

I'm joined by Garrick Rollason, our CFO, as well as our Investor Relations team.

Let me start by acknowledging the Gadigal people of the Eora nation, Traditional Custodians of the land on which I'm speaking. First Nations people have taken care of our lands and waterways for the past 60,000 years. We acknowledge and pay our respects to their Elders past and present.

As always, I'll start today's presentation with a safety share, on slide 4.

To prepare for extreme weather conditions, we conduct a summer readiness program, including activities such as site-clearing and weed prevention. I'm pleased to say that we haven't had any weather-related customer impacts so far this summer.

I'd like to thank the APA Operations team for the fantastic work they do, to keep our people and our assets safe, and to keep our customers' operations going 24/7. Suffice to say, we are very pleased with today's results.

I'll highlight three takeaways:

First, we've delivered a strong financial result. We're continuing to deliver against our commitments.

Underlying EBITDA is up 7.6% and our EBITDA margins have expanded by 280 basis points.

Much of this has been driven by our cost reduction initiatives, which included a 13.6% reduction in corporate costs. Looking forward, we expect to see our FY26 EBITDA above our guided midpoint.

Second, we have a compelling growth outlook. The ongoing role of gas in the energy transition is now well understood. This has been reinforced by outcomes of the Federal Government's recent Gas Market Review, and the move to establish a domestic gas reservation. These thematics, together with strong customer demand, give us the confidence to move ahead with the next phase of our East-Coast-Gas-Grid-Expansion-plan.

We've completed the first stage of our Beetaloo development.

We've announced an agreement with CS Energy to deliver the Brigalow Peaking Power Plant and our organic growth pipeline has increased from $2.1 billion dollars, to $3 billion dollars, reflecting the strong growth we see in our target markets.

The third highlight is that we have ample capacity available to fund our growth. The S&P threshold modification announced in December 2025 has provided an additional $1 billion dollars of capacity to fund new growth. This threshold modification reflects our disciplined focus on our core growth markets - of gas transmission & storage, and contracted power generation. By focussing on our core markets, and applying our competitive advantages, we have delivered returns well above our cost of capital, creating value for our security holders.

Slide 6 sets out our financial highlights.

The strength of our business is demonstrated by our 7.6% growth in underlying EBITDA for the half and we have the confidence to say we expect to exceed the midpoint of guidance for the full year. It's worth noting that the midpoint of guidance would represent growth of more than 7% on FY25, which would be another very strong result.

Our EBITDA margins are now at 77.3%.

The great progress we have made with our cost reductions, coupled with strong contributions from our recently commissioned assets, and our inflation-linked revenues, puts the business in a strong position. Free Cash Flow is higher, in-line with expectations, noting we had a one-off working capital timing impact, relating to the divestment of our Networks business. Our distribution of 27.5 cents per security is up 1.9%, and our distribution guidance for FY26 is reaffirmed at 58 cents per security - which will be our 23rd consecutive year of distribution growth.

Let's move to slide 8 to cover our strategy.

The key point to note - is that our strategy remains unchanged. We remain extremely confident in our ability to create long-term value. While it's easy to think about our business in terms of markets - our strategy is about creating value, by developing energy infrastructure assets, with inflation linked revenues, under long-term contracts, with tier-one counterparties. Underpinning this, is our focus on core assets, and projects that deliver returns well above our cost of capital.

We remain focussed on growth markets where APA has a clear competitive advantage. Examples of what we're focussed on are set out on Slide 9.

APA has two core businesses.

The first has been the foundation of our growth for the past 25 years – that's our gas transmission & storage business.

The growth here – is centred on:

• our East Coast Gas Grid expansion;

• supporting new basin developments such as the Beetaloo and the Taroom Trough; and

• building laterals to support growing customer demand for GPG on Australia's east and west coast.

Our other focus, is on contracted power generation. This includes growth coming from new Gas Powered Generation projects - across the country. AEMO forecasts the need for 13GW of new GPG investment - in the NEM alone. More recent analysis, from Griffith University, suggests up to around 20GW may be required. This is all largely before factoring in the likely growth in energy demand to support new data centre developments. Demand for remote contracted power generation presents similar growth opportunities.

Slide 10 demonstrates the strong, long-term demand for gas in Australia - and the significant domestic supply available to service it. This supports the investment case for expanding our East Coast Gas Grid. The chart on the right shows the significant volumes of domestic gas reserves and resources available to meet domestic demand. These reserves will also continue to supply Australia's critically important, LNG export market.

Over 68,000 petajoules of 2P reserves and 2C resources are available in eastern Australia - to serve an east coast domestic market that consumes around 500 petajoules of natural gas each year. Domestic gas supply is simply not a constraint and taking steps to unlock this supply, including our expansion of the East Coast Gas Grid, and the proposed domestic reservation for the east coast, is in Australia's national interest.

Moving to slide 11.

Given our announcement today of our East Coast Gas Grid expansion plans, I want to ensure we address the debate regarding LNG import terminals, relative to the transportation of domestic gas. As we've said, at APA, we're somewhat agnostic as to whether we transport domestic gas or imported LNG. Most of these molecules will end up flowing through our network in any event. What we advocate for, however, is the delivery of the lowest cost, lowest emissions, and most reliable energy source to service gas demand. And that, without question, comes from domestic gas supply. Some of the arguments used to advocate for LNG import terminals, don't withstand closer scrutiny.

The main argument is that imported LNG can be cost competitive. The truth is, multiple data points confirm that, in the short and long term, LNG imports will continue to present a higher cost option than pipeline infrastructure expansion and domestic gas. Asian LNG spot prices have rarely been lower than domestic wholesale gas prices. Modelling from Rystad forecasts long-term pricing somewhere between 8 and 12 US dollars per gigajoule, for spot LNG arriving into Asia. This is before you factor in transport and regassification costs, and foreign exchange, which take the forecast delivered cost into Australia to an average of over 20 Australian dollars per gigajoule. Australian manufacturers, and consumers generally, cannot afford such high prices.

Another argument for import terminals is that domestic supply to meet southern market demand, is entirely dependent on the Beetaloo. While opening the Beetaloo will no doubt benefit Australia's gas market, domestic gas demand on our east coast can be met from multiple existing basins, including the Surat and Bowen Basins in Queensland. Quite simply, domestic gas is the clear solution for the Australian market.

Slide 12 provides detail about Stage 3 of our East Coast Gas Grid Expansion Plan, which would increase the capacity of the east coast network by around 30%. Final investment decision has been reached on Stage 3A, with an investment of $260 million dollars to deliver three new compressors. This will increase north-to-south capacity by 11%, including a 20% increase in capacity for northern gas into Victoria – and it will be ready by winter 2028.

We're also investing $220 million dollars in Stage 3B to enable continued early works and procurement of long lead items for the Bulloo Interlink, including the purchase of 342km of 28 inch line pipe. It's worth acknowledging that the favourable regulatory outcomes for the Bulloo development, along with the Federal Government's support to implement a domestic gas reservation on the east coast, builds confidence to make these investments. Strong interest from customers is also driving our progress on the Bulloo. The demand for Stage 3 is clear, and domestic gas supply is not a constraint.

This Expansion Plan - is a timely and cost-competitive solution to our predicted southern market supply shortfalls. In short, APA's Expansion Plan will deliver the capacity that ensures certainty of supply into Victoria, and the east coast more broadly. Gas supply, whether it be molecules or transport, is no longer a constraint. It's now up to our Federal Government to bring this to life.

Moving to slide 13

We're also continuing to support new basin developments in Australia, including the Beetaloo which is showing particularly strong near-term momentum. We've completed construction of the Sturt Plateau Pipeline, with gas to flow to Darwin from mid-2026. We're now working on plans to expand the SPP, with additional compression that could increase capacity to ~100TJ/day.

In December, we announced that the Northern Territory Government granted APA a Pipeline Permit, to survey a potential route for the North to East Australia Pipeline. The NEAP, as we call it, has the potential to connect to APA's East Coast Gas Grid, utilising our existing Carpentaria corridor. We're also planning work for a new pipeline to go north, to Darwin, with one option being to utilise the same existing corridor as our Amadeus pipeline. The key point - is that we're well prepared to support our Beetaloo customers with either a northern or eastern transport route, as developments in the Basin continue to progress.

Moving to slide 14

We were pleased to announce, late last year, that we're partnering with CS Energy in Queensland, to develop the 400 MW Brigalow Peaking Power Plant. The project expands APA's footprint in GPG and deepens our partnership with CS Energy. The peaker will connect into APA's Roma Brisbane Pipeline, via a new transport and storage lateral, which is currently being developed separately by APA. There's a strong list of opportunities for similar GPG developments that we're currently investigating across the country.

Moving to slide 15.

Our Pilbara business continues to perform strongly, and in line with our acquisition business case. It's worth noting, that the vast majority of the value ascribed to the Pilbara acquisition, was allocated to existing assets, not to growth. These assets are generating a lot of cash, about $140 million of EBITDA last year - representing a yield of around 10%, which is obviously very strong and while demand for new power generation developments by our customers in the Pilbara, is a little slower than anticipated - the development pipeline is now larger – supported by new opportunities, such as the Burrup transmission line. We remain confident about the opportunities ahead in the Pilbara, and other remote regions such as Kalgoorlie and Mt Isa.

With that, I'll now hand to Garrick for a deeper dive into our financial performance.

CFO address Garrick Rollason

Thanks Adam, and good morning everyone.

I'll start with our headline financials on slide 17.

In the first half, we have delivered strong growth in Underlying EBITDA, up 7.6% for the half year, as the benefits of inflation-linked tariffs, earnings from new assets and cost-reductions were realised. Pleasingly, Underlying EBITDA margin increased to 77.3 per cent.

Free cash flow was up slightly as the benefits of higher earnings were offset by increased funding costs and cash tax payments, as well as movements in working capital and SIB capex. I will have more to say on these on a subsequent slide.

Moving to slide 18, where I'll step through the drivers of our 7.6 per cent uplift in Underlying EBITDA.1H26 represents a strong, clean result, and I'll call out some of the key period on period movements.

We delivered new earnings from the Kurri Kurri Lateral and Atlas to Reedy Creek pipelines, as well as the Port Hedland solar and battery, alongside inflation-linked tariff escalations and savings from enterprise wide cost reduction initiatives. Offsetting this, was the non-recurring $13 million in insurance proceeds relating to the Moomba Sydney Ethane Pipeline, that was received and disclosed in the corresponding period. Corporate costs of $70 million decreased by 13.6% in the half compared with 1H25. We are making strong progress with our enterprise-wide cost reduction initiatives, and I'll touch on this further, later in the presentation.

Slide 19 summarises the drivers of free cash flow, which was up slightly half on half to $556 million. Consistent with our previous statements, the uplift in Underlying EBITDA was partially offset by higher interest and cash tax paid. Higher interest costs reflect increases in net debt to fund growth and a marginally higher average cost of debt. Higher cash tax reflects the continuation of tax instalment payments, which recommenced in the second half of last year.

The change in working capital in the first half is primarily related to one-off timing impacts arising from the divested Networks business. This will unwind upon conclusion of this service under the Transition Services Agreement, expected in the first half of FY27.

Stay-in-business capex was lower due to timing of expenditure in the first half of last financial year. Looking forward to the full year, we continue to expect broadly flat free cash flow. Beyond this year, we expect to see free cash flow growing as earnings continue to increase and tax begins to normalise.

Moving to Slide 20 which outlines our statutory results.

Net profit after tax of $95 million was higher than the corresponding period, noting that higher reported EBITDA and lower net finance costs were offset by higher depreciation due to the inclusion of new assets. Within non-operating items, aside from the non-cash hedge and technology transformation related items that you have seen before, there were two one-off items in the first half:

- First, a $15m non-cash loss on sale of the Networks business, primarily due to the write-off of historical goodwill; and
- Second, a $14 million payment for the settlement of a legacy revenue-related legal claim that has been in dispute since 2015.

Moving to slide 21 and an overview of capex.

We continued to invest in projects to support long-term growth, strengthen our foundations and maintain safe and reliable asset operations. We invested in growth capital expenditure through early works on the East Coast Gas Grid expansion, the Sturt Plateau and Brigalow pipelines, and the proposed Brigalow Peaking Power Plant.

We are maintaining our full-year guidance for foundational and stay-in-business capex. And as Adam said previously, we have increased our organic growth capex pipeline from $2.1 billion to approximately $3 billion over the next three years.

All of this capital expenditure is consistent with our capital allocation framework, which is outlined in the appendix, and is expected to achieve returns over our hurdle rate of 150 basis points above post-tax WACC. The framework is designed to ensure we allocate our free cash flow to those initiatives that can create the most value for our securityholders. To that point, I'll cover funding on the next slide.

We have existing balance sheet capacity to fund in excess of our $3 billion organic growth pipeline over FY26 to FY28. Apart from the DRP, APA does not need to issue ordinary equity to fund this identified growth pipeline. The $3 billion organic growth pipeline includes inflight and probable growth projects across gas transmission and storage, GPG, remote grid and other on-grid contracted power generation projects.

This strong balance sheet position, combined with active capital management and the predictable, capacity-based, inflation-linked revenues, leaves us well positioned to deliver on our organic growth opportunities. In short, we are very confident we have the funding flexibility required to deliver the attractive growth opportunities available to us. More detail on our key balance sheet metrics, near term maturities and capital management activities are provided in the appendix.

Finally, I'll cover our progress on our cost reduction target on slide 23. The key message is we are making strong progress towards our $50 million cost reduction target in FY26. We are achieving this by leveraging the foundational investments made into the business over the past three years. These included investments in technology, business resilience, climate and community, and capability uplift. These investments have enabled the initiatives which are reducing costs and driving margin expansion across the business. We now have the business set-up to drive ongoing, enduring and sustainable efficiency and cost improvements. We will provide a further update at the full-year results, along with our target for FY27.

And with that, I'll hand back to Adam.

CEO and Managing Director Adam Watson address

Thanks Garrick.

As you can see on Slide 25, we believe we have APA in a strong position. We've simplified our business. Our core business is performing well. And we continue to drive a lean and efficient cost base. There's good momentum in our growth markets and we remain disciplined in capital allocation, prioritising projects with the highest returns. Our balance sheet is strong, and we have ample capacity to fund growth.

Which takes us to the wrap up on Slide 26.

We've delivered another strong half year result with underlying EBITDA up 7.6%. The outlook for the full-year, is also strong. We're well placed to capitalise on emerging opportunities, with a $100 billion-plus addressable market, and a $3 billion organic growth pipeline for FY26 – FY28, which can be funded from our existing balance sheet.

Thank you for your time. Let's now move to Q&A.