



Company	APA Group
Code	APA
Meeting	AGM
Date	21 October 2021
Venue	Virtual
Monitor	Lewis Gomes and Sue Howes

Number attendees at meeting	27 shareholders, 5 proxy holders and 222 webcast viewers
Number of holdings represented by ASA	412
Value of proxies	\$30.3 million (as at 20 October 2021)
Number of shares represented by ASA	3.607 million (equivalent to 14 th largest shareholder)
Market capitalisation	\$9.9 billion (as at 20 October 2021)
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chairman Michael Fraser and Chair of People and Remuneration Committee Peter Wasow

APA tested on AusNet Offer

Opening Addresses

This year's AGM was again conducted as a virtual meeting using the agmlive.link/APA21 platform. The meeting was generally low key with an initial presentation from the Chairman, Michael Fraser, followed by a presentation by the CEO, Rob Wheals. There were only a few slides and no videos to support these presentations. There were no contentious issues raised and only 4 resolutions required voting.

The Chairman gave an overview of the FY21 financial results for which he described the revenue and EBIT as "steady" and spoke about the two major impairments being the writedown on the Orbest Gas Processing Plant and the refinancing costs incurred, as described in the Voting Intentions. He mentioned a strategy refresh and rebranding that APA is undertaking, with the main trusts within the APA Group being renamed to reflect the acronym APA meaning "Always Powering Ahead".

Mr Fraser also spoke about the APA offer for AusNet and how APA sees it as an opportunity to leverage its position into what is expected to be a growing electricity market due to increasing renewable power supply and demand. He envisages that APA could become a national energy company supporting decarbonisation efforts. He stated that he believes the takeover would be cash flow positive and accretive in value.

He stressed APA's support for net zero emissions by 2050 and expects to publish its plans and targets during 2022. He has growing confidence in the use of gas as a transition fuel as well as investing in alternatives such as green hydrogen and biogas. In summary, he expressed confidence in the outlook for APA with a strong pipeline of organic growth opportunities outside of the AusNet opportunity.

The CEO spoke about a "solid set of results" and "excellent operational performance" with a 30% reduction in total reportable injuries (TRIFR) over last year. He spoke about the benefits of the AusNet acquisition and stressed that the combined entity, if the offer succeeds, would be Australian owned. He also spoke about APA's Pathfinder programme which is exploring new opportunities such as green hydrogen with a Japanese partner and experimenting with a section of existing gas pipeline for transmission of hydrogen gas.

Resolution 1 – Remuneration Report

There were only a few questions on the Remuneration Report, one querying "why so many directors" on the board and why the directors' fees are "so large". The other questioner asked why should performance rights be granted, thereby suggesting that good performance should just be part of the job. The Chairman replied that directors' fees had not increased for several years and needed to be benchmarked with other companies. He also explained that performance rights were necessary to align executive remuneration with performance and shareholder experience.

The resolution was easily carried with 97.55% of cast votes in favour.

Resolutions 2 and 3 – Re-election of Michael Fraser and Debra Goodin as Directors

Each of these directors spoke to their backgrounds and contributions to the company, and their availability and willingness to continue to serve on the Board. There were no questions and both were easily returned with 98.36% and 97.94 % respectively of cast votes in favour.

Resolution 4 – CEO Performance Rights

The Chairman explained the purpose of the resolution being to align company performance with shareholder experience and noted that the consequences of the Orbost writedown had been reflected in the STI awards even though the current executives were not involved in the original

decision making on that project. There were few questions, and the resolution received strong support with 98.78% of cast votes in favour.

Matters of General Business

There being no further formal business the Chairman invited questions of a general nature. The ASA asked a series of questions relating to the AusNet offer and the financial impacts on APA should the offer succeed, noting the substantial increases in equity and debt that would be needed. The Chairman refrained from giving any further detail on the grounds that until due diligence is available, APA cannot quantify the likely financial impacts. However, he did reiterate that APA's balance sheet was strong and that operational synergies and tax benefits would be achieved. He maintained his view that the deal would be cash flow accretive, but he seemed to be unclear about the timeframe for that outcome.

The ASA also asked about the prospect of further writedowns on Orbost during FY22. The Chairman explained the nature of the problems with the plant which are still being addressed and that a further review of the value of the plant would be undertaken "going forward".

One shareholder queried the benefit of the AusNet offer to APA shareholders, noting that the security price has fallen significantly to about \$8.50 and suggested that the fall was partly a reflection that the market "did not like the offer". The Chairman reiterated his earlier comments on the value, as he saw it, of the offer.

There was some criticism of the Narrabri CSG project of Santos for which APA would develop a connecting pipeline across the Western Plains. The questioner said that the pipeline would be strongly opposed by local land owners. The Chairman said that the Narrabri project was matter for Santos and that APA had approval for the pipeline if it eventuated.

A questioner asked about the search for a US-based gas infrastructure opportunity and the Chairman explained that while nothing had eventuated to date, the search would continue for the time being.

A questioner asked about reinstatement of the dividend reinvestment plan (DRP) and the Chairman advised that the plan was de-activated in 2013 but could be reviewed in the light of capital requirements. He noted that APA's income is 100% from Australia with no overseas income but because of the trust structure within APA, there are limited franking credits available to shareholders.