

SE Business

HD **APA Group To Buy BG Group's Queensland Curtis LNG Pipeline For \$5 Bln**

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(RTTNews) - Australian **energy** infrastructure business APA Group (APA.JF.PK, APA.AX) said Tuesday that it has agreed to acquire the Queensland Curtis LNG pipeline from British **energy company** BG Group Plc. (BG.L, BRGYY.PK) for \$5 **billion**, or A\$6.05 **billion**.

APA Group, which owns and operates in excess of \$12 **billion** of **energy** assets, noted that QCLNG pipeline links gas fields in the Surat Basin to the QCLNG project's LNG plant on Curtis Island. The pipeline is a key component of the QCLNG project.

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Mick McCormack, Managing Director of APA Group said, "The **acquisition** of the QCLNG pipeline further enhances APA's position as Australia's largest owner of gas transmission pipelines and builds on APA's strategy of expanding its revenue base and east coast grid."

The QCLNG Project is an integrated project to convert gas to LNG and will convert gas supplied from the Surat Basin to LNG at facilities located on Curtis Island. The project comprises two QCLNG trains with a combined nameplate capacity of 8.5 mtpa.

Under gas transportation agreements, the pipeline revenues are fully contracted with BG Group companies and an entity owned by **China** National Offshore **Oil** Corp. or CNOOC on a 20-year take-or-pay basis. The primary tariff components are escalated at US CPI.

APA Group plans to raise A\$1.84 **billion** through a fully underwritten pro-rata accelerated entitlement offer to partly fund the **acquisition**. The **company** will fund the balance of the amount through a US\$4.10 **billion** syndicated bank bridge facility.

The transaction is expected to close in early second quarter of 2015. For the first full financial year ending June 30, 2016, the pipeline is expected to contribute additional EBITDA of \$383 **million** and additional operational cash flow of about \$200 **million** to \$221 **million**.

Looking ahead to fiscal 2015, APA Group reaffirmed its stand-alone, pre-**acquisition** financial guidance. Excluding the impact of the **acquisition**, the **company** expects statutory earnings before interest, tax, depreciation and amortisation or EBITDA in a range of A\$1.17 **billion** to A\$1.19 **billion**. This is inclusive of the accounting gain on the **sale** of APA's holding in Envestra.

APA.JF closed Tuesday's trading at \$6.60, down \$0.19 or 2.81 percent on a volume of 8,600 shares.

BRGYY closed Tuesday's trading at \$14.07, up \$0.09 or 0.64 percent on a volume of 438,055 shares.

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