

HD United Kingdom : AUSTRALIAN pipeline to be purchased by APA Group from BG Group

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UK **energy** giant BG Group plc has decided to sell its wholly-owned subsidiary QCLNG Pipeline Pty Ltd to Australia's biggest gas infrastructure business APA Group for approximately US\$5 **billion**, as part of its effort to decrease its debts and fund investment.

QCLNG Pipeline Pty Ltd possesses a 543 kilometre, large-diameter underground pipeline network linking BG Group's Surat natural gas fields in southern Queensland to a two-train 8.5 mtpa liquefied natural gas (LNG) export facility at Gladstone on Australia's east coast.

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The pipeline is an important component of the \$20-**billion** QCLNG project, which is aimed on the development of the world's first infrastructure to convert **coal** seam gas to LNG.

The **sale** of this non-core infrastructure is compatible with BG Group's plan of actively managing its global asset portfolio.

The pipeline was build between 2011 and 2014 and has a present book value of US\$1.6 **Billion**.

Tariffs payable on the pipeline are set to offer a fixed rate of return on the asset base with the primary tariff components escalating yearly with US inflation indices.

Andrew Gould, interim Executive Chairman of BG Group, stated: "The **sale** of the QCLNG pipeline is in line with our strategy to focus on BG Group's core areas of **oil** and gas exploration and production and LNG.

"The timing reflects QCLNG's advanced stage of development; we are now on the verge of delivering the world's first large-scale project using natural gas from **coal** seams as a feedstock for LNG."

The pipeline tariff for the year ended 31 December 2016 is likely to deliver to APA Group EBITDA of approximately US\$390 **million** as stated by BG in a statement.

The **sale** is dependent on the start of commercial LNG deliveries from the QCLNG export facility at Gladstone and on the consent of BG's partners in the project **China** National Offshore **Oil** Corp and Tokyo Gas. BG Group and its partners have **firm** capacity rights in the pipeline for 20 years, with choice to extend the duration.

Plan on completion for the first half of 2015, BG expects to make a profit of \$2.7 **billion** through the **sale**, although it will be partly offset by impairment charges to the tune of \$2 **billion** on account of the **company's** remaining QCLNG assets.

The BG Group intends to make use of the **sale** proceeds for reducing **company's** net debt and to fund future growth investment.

BG Group is reconsidering its reference conditions, long-term price assumptions and business plans in light of latest movements in commodity prices, mainly **oil**.

CO austpi : APA Group | brgas : BG Group PLC

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