

# FINANCIAL REVIEW

**SE** Companies and Markets  
**HD** **APA deal cements ranking**

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**WC** 260 words

**PD** 12 December 2014

**SN** The Australian Financial Review

**SC** AFNR

**ED** First

**PG** 16

**LA** English

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Gas transporter APA Group has had its BBB credit rating confirmed by Standard & Poor's after it agreed to pay about \$6 **billion** for a BG Group gas pipeline in Queensland. However, **equity** analysts have had mixed reactions to the deal.

S&P also maintained its stable outlook for APA's rating, pointing to the "certainty and cash flow stability of APA's primarily regulated and highly contracted natural gas transmission pipeline **operations**, including the QCLNG pipeline".

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BG's Queensland Curtis pipeline, part of its \$US20.4 **billion** LNG export venture in Queensland, is underpinned by 20-year take-or-pay gas transportation contracts with subsidiaries of the UK gas major and of its partner in the project, **Chinese oil** giant CNOOC. APA is raising about \$1.84 **billion** in a one-for-three renounceable rights issue to help fund the deal, so has halted trading pending the institutional part of that **sale**. It is also taking on a two-year bridging loan of \$US4.1 **billion**, which it said it will look to gradually refinance as soon as possible through the US bank or bond markets.

S&P said funding strategy for the deal met APA's policy of maintaining gearing of 65 per cent to 68 per cent.

Commonwealth Bank noted the metrics of the stand-alone **acquisition** of BG's pipelines "aren't overwhelming". It said the value created through the deal, taking into account the debt, was only about 0.6¢ per security.

**CO** austpi : APA Group | brgas : BG Group PLC

**IN** i1300006 : Pipeline Transportation | i1 : Energy | i13 : Crude Oil/Natural Gas | i1300014 : Natural Gas Extraction | i502 : Heavy Construction | i5020043 : Pipeline Laying | iconst : Construction | icre : Real Estate/Construction | iextra : Natural Gas/Oil Extraction

**NS** ccat : Corporate/Industrial News

**RE** queensl : Queensland | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia

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**AN** Document AFNR000020141211eacc0001d